

Arabtec Holding PJSC

9M 2019 EARNINGS RELEASE

Total Revenue of AED 5.8 billion, Net Loss to Parent AED 380 Million and negative cash flow from operations of AED 92 million

Dubai, UAE – 14 November 2019

Arabtec Holding PJSC (“**Arabtec**” or “**Group**”), a leading contractor for social and economic infrastructure, announces its financial results for nine months ended 30th September 2019.

Arabtec reported a net loss to parent of AED 380 million for 9M 2019 attributable to Arabtec Construction (one of the Group’s subsidiaries), mainly due to delays in handing over legacy projects, along with the continued decline of the real estate and construction sector. Key challenges have been project funding, regional geopolitical factors and tight liquidity in the construction sector.

On the positive side, the Group’s other subsidiaries continued to be profitable. The Group’s industrial business, specifically oil and gas, has increased its backlog, reflecting the strong pipeline of opportunities.

Total revenue for the nine month period declined by 18.5% to AED 5.8 billion, impacted primarily by a decline in construction business revenue of 15.6% to AED 4.3 billion. This drop is reflective of weakness in the UAE construction sector, resulting in a reduction of construction contract awards. The Group’s backlog remained healthy at AED 13.5 billion despite the decline in new awards during the first nine months of 2019.

In line with the Group’s strategic priority to strengthen the balance sheet, total debt was reduced by AED 341 million in 9M 2019.

The Group continues to rightsize its workforce reducing manpower and support functions in line with the operational requirements of the business reducing cost and improving productivity and efficiency for the Group.

Group Chief Executive Officer, Peter Pollard said:

“We are disappointed with the Group performance during the third quarter 2019. As previously stated, the board and management remain fully committed to handing over legacy projects. Many of these projects are in final testing and commissioning stage now and we expect most will be progressively handed over by mid-2020 reducing future risk to the Group.

Additionally, we have focused on stabilising the construction business by reorganising the management team, cost optimisation, rationalising our workforce, enhancing corporate governance, implementing initiatives to strengthen the balance sheet and diversifying our backlog towards industrial and infrastructure projects.”

9M 2019 net loss attributable to Parent was AED 380 million

9M 2019 revenue was AED 5.8 billion

Negative cash flow from operations of AED 92 Million in 9M 2019

Key contract wins included:

5 Construction

- Navin Minar (AED 219 mn)
- Villanova (AED 207mn)
- EXPO 2020 (AED 169 mn)
- Uptown Cairo (AED 408 mn)
- Wilton Park (AED 192 mn)

2 Infrastructure & Industrial

- Bu Hasa Project (AED 315 mn)
- Qatif’s GOSP-1 (SAR 280 mn)

Backlog of AED 13.5 billion as at 30th September 2019

Total debt reduction of AED 341 million in 9M 2019

14th November 2019, Dubai, UAE

Financial Performance Summary

AED (million)	9M 2019	9M 2018	Variance
Revenue	5,830	7,152	(18.5)%
Net (Loss)/Profit for the period	(442)	183	(342)%
Net Margin (%)	(7.6)%	2.6%	
Net (Loss)/Profit attributable to the owners of the parent	(380)	181	(310)%
Net Margin attributable to the owners of the parent (%)	(6.5)%	2.5%	

About Arabtec Holding

A leading engineering and construction Group specialising in projects in the Middle East and North Africa. Through its operating companies and investments, the Group delivers construction and infrastructure projects, including commercial, residential, social, industrial and economic infrastructure in UAE and other selected countries in the region. The UAE-based group's list of completed projects includes iconic buildings such as the world's tallest building, the Burj Khalifa in Dubai, Abu Dhabi landmark, the Emirates Palace Hotel and Louvre Abu Dhabi Museum; as well as other technically challenging work on airports and related infrastructure. In 2005, Arabtec became the first construction company to be listed on the Dubai Financial Market. Today, Arabtec Holding consists of operating companies which span all segments of the construction cycle. The group is currently working on some of the most prestigious projects in the Middle East, such as the UAE Pavilion and the Midfield Terminal Building in Abu Dhabi.

Arabtec Holding PJSC

1st Floor Low Rise IPIC Building,
Sultan Bin Zayed the First Street
(Al Muroor Road)

✉ ir@arabtecholding.com

☎ +971 (0) 2 333 7798

For more information, please visit

www.arabtecholding.com

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