

Arabtec Holding announces Q3 2015 results

- Q3 revenue of AED 1.6bn
- Q3 net loss of AED 945mn
- Significant non-recurring charges contributing to net loss
- Cost-reduction programme has realised annualised SG&A savings of more than AED 95mn with further reductions expected in 2016

Dubai, 10 November 2015 – Arabtec Holding PJSC, a leading engineering and construction group of companies specialising in complex projects in the Middle East and North Africa, today announced its Q3 2015 results.

As a result of the continuation in the difficult environment, the company's revenues from continuing operations declined by 24% to AED 1.6bn in Q3 2015 compared with AED 2.1bn in Q3 2014. However, during the quarter Arabtec made good progress on two new projects of over AED 1bn, combined, for Emaar Properties including the building of 382 villas in the Rosa, Rasha and Yasmeen communities and 219 villas in the Lily community, both in Arabian Ranches 2. The group also saw a number of project wins, totalling more than AED 215mn for the quarter.

The company's balanced approach to revenue, cost and profit recognition, led the company to take charges against a limited number of challenging projects and reverse AED 379mn of previously recognised claims. The cumulative effect of the abovementioned items has resulted in the company reporting a significant increase in direct costs and, consequentially, a gross loss of AED 617mn from continuing operations (compared with a gross profit of AED 269mn in Q3 2014). As a consequence of a number of internal project reviews, the group has introduced a more selective approach to project targeting, in line with the group's strategic direction for its businesses to focus on their core markets with strong market positioning and / or clear competitive advantage.

General and administrative expenses from continuing operations in Q3 2015 increased 34% to AED 302mn compared with AED 225mn in Q3 2014. The increase was primarily as a result of AED 136mn of provisions against receivables being recognised in Q3 2015; adjusting for this item, the group saw a strong reduction in ongoing general and administrative expenses. As a result of the above, the company has reported a net loss attributable to the shareholders of the parent company amounting to AED 945mn in Q3 2015, compared with a net profit of AED 69mn in Q3 2014.

In light of the difficult regional construction market, Arabtec continues to implement its restructuring and cost reduction programme. The Board reports that, to date, the company's cost saving initiatives have realised annualised savings of more than AED 95mn with further actions expected to further reduce the group's cost base in 2016.

The Board recognises that the regional construction market is currently very challenging, a dynamic that is expected to persist throughout the remainder of 2015 and possibly into early 2016. Accordingly, the Board remains confident in its cost reduction strategy and the implementation of the restructuring programme, ensuring Arabtec's operations are as lean, flexible and efficient as possible to service its clients.

The company maintains a healthy backlog of over AED 18.7bn and continues to improve its operational capabilities, demonstrating its commitment to deliver world-class project execution expertise for its clients. The recently awarded projects are further testament to the company's strong history of project delivery of the highest quality. Additionally, the group is currently in advanced discussions with several major clients in respect of a number of sizable projects, which it hopes to conclude before the end of the year.

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About Arabtec Holding

A leading engineering and construction group specialising in complex projects in the Middle East and North Africa, including high-rise commercial and residential development, infrastructure and oil and gas.

The UAE-based group's list of completed projects includes iconic buildings such as the world's tallest building, the Burj Khalifa in Dubai, and Abu Dhabi landmark, the Emirates Palace Hotel; 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 many subsidiaries, with specialisations spanning 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 Louvre Museum in Abu Dhabi.

For more information, please visit www.arabtecholding.com

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