Press Release

Drake & Scull

DSI Reports AED 4.83 billion in Revenues and AED 110 million in Net Profit in Fiscal 2014

Order Backlog closes at AED 14.4 billion an increase of 20 % over fiscal 2013

- **FY 2014 Revenues and Net Profit were AED 4.83 billion and AED 110 million respectively**
- **EBITDA for fiscal 2014 reached AED 304.3 million**
- **Total project awards for fiscal 2014 was AED 5.34 billion**
- **Total Backlog for fiscal 2014 reached AED 14.4.billion an increase of 20 % over fiscal 2013**
- **EPS for the year were AED 0.047**
- **Q4 2014 Revenues and Net Profit were AED 1.24 billion and AED 13 million**
- **Q4 2014 EBITDA was AED 60 million**

[Dubai, 12th February, 2015] Drake & Scull International PJSC (DSI), a regional market leader in the integrated design, engineering and construction disciplines of Civil Contracting, Mechanical, Electrical and Plumbing (MEP), Water and Power, Rail and Oil and Gas reported today the preliminary financial results for the fiscal year 2014 ended December 31st.

Net profit for the fiscal year was AED 110 million and revenues were AED 4.83 billion. Earnings per share (EPS) reached AED 0.047.

Revenues recorded for the fiscal year were flat compared to last year and were primarily generated by the KSA and UAE markets each contributing 43% and 26% respectively. The General Contracting and Engineering businesses generated 40% and 51 % of the cumulative revenues achieved in fiscal 2014. The Oil & Gas division and Waste Water division maintained their yearly contribution to the top line by 5 % and 3 % respectively.

Profitability for the fiscal year was impacted by the delays in the KSA market in the General Contracting sector and the UAE receivables provisions which affected the overall operating and net margins of the group. The Oil & Gas business delivered solid margins and consistent results throughout the fiscal year contributing 50% of the consolidate bottom line in 2014.

DSI continued to increase its market share in the MENA region and managed to win AED 5.34 billion worth of new projects across multiple sectors in fiscal 2014.The UAE market and particularly Dubai witnessed accelerated growth for DSI as total project awards in its home market reached AED 1.4 billion in fiscal 2014.

The Order Backlog reached a record high of AED 14.4 billion representing a year on year increase of 20 %. KSA and the UAE markets remain the largest contributors to the backlog accounting for 34 % and 18% respectively as of 31st December 2014.

Commenting on the results, Khaldoun Tabari, CEO of DSI said, "The economic scenario in our region underwent a rapid change in the last few months which has had an impact on the regional construction industry. A cautious sentiment in the real estate sector has led developers to become more price conscious, which has lengthened the project development cycle in all our key markets. This has resulted in delays in our collections which created a slowdown in our revenue generation. The impact of this also affected our profitability margins. "

"Reviewing our performance in 2014, we had a strong start in the first half of the year, with a lot of positive momentum in the form of multiple project awards in our region and especially the UAE. In the second half of the year, the entire region experienced unforeseen global economic challenges and uneven geopolitical developments that had a far reaching effect on the region's economy. From a corporate perspective, we experienced considerable delays in our operations, particularly in our biggest market KSA, which had a significant impression on our top line target for the year.

The magnitude of our operations in KSA meant that we devoted our synergies and efforts in overcoming continuous delays in receivables, which strained our liquidity and impacted our working capital for the year. We also dealt with provisions in the UAE market which influenced our bottom line in a significant measure."

"Despite the recent decline in oil prices which has created a cautious economic environment in the MENA region, we remain confident in our ability to refine our efficiencies and deliver improved profitability in 2015. Our strategy of service diversification and integration, as well as our geographic footprint will help our versatile business model to ride through the current cycle of economic downturn in our region.

We continue to see the KSA and the UAE as the main drivers of the region's economic development and expect to derive a large share of our business from these two vital markets. We also hope to see an upswing in Qatar's real estate as the World Cup preparations gather momentum, while we anticipate Kuwait to continue its current levels of investment and development of infrastructure.

DSI will continue to focus on consolidating its position as a leader in the Engineering and General Contracting business in the GCC, while also gaining market share in the greater Levant region. We will concentrate on improving and strengthening our traditional high margin businesses like Engineering and Rail. We will devote our energies to consolidating our position in the civil business, in our key areas of UAE, KSA, Jordan and Algeria and lay emphasis on the delivery of our projects at hand. We will reinforce our high margin Oil & Gas business and empower it by increasing our services offering and capabilities to improve our eligibility to participate in and undertake large scale petrochemical projects across the GCC.

Our established market leader position in our regional industry gives us the leverage to be selective in our project bidding, focusing on key projects with a high potential to grow our core business. We will be selective in our tendering process and only focus on projects developed by select key clients with established track records. ”

Mukhtar Safi, CFO of DSI added, “We aim to complete the integration of our delivery systems and operations to reduce our operational costs and overheads and improve our margins. We will be cautious in managing the growth of our backlog and concentrate on improving the strength of our working capital which will boost our project delivery capabilities. We have managed in 2014 through the Sukuk issuance to improve our capital structure to deliver on our backlog growth.

We affirm our intention to bolster our balance sheet and maintain our current leverage ratios and liquidity position and enhance our return on capital for our stakeholders and investors.

We are confident that our experience, knowledge, substantial projects backlog, professional work culture, corporate governance driven structure and the region’s most skilled workforce will hold us in good stead and help us deliver improved results in 2015.”

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About Drake & Scull International PJSC

Drake & Scull International PJSC (DSI) is a regional market leader delivering world class quality projects via end to end solutions that provide integrated design, engineering and construction disciplines of General Contracting, Mechanical, Electrical and Plumbing (MEP), Water and Power, Rail, Water and Wastewater Treatment, Waste to Energy and Oil and Gas, through People, Innovation, and Passion.

DSI established its first office in Abu Dhabi in 1966, and has since expanded operations to encompass offices in Dubai, Abu Dhabi, Egypt, Kuwait, Oman, Saudi Arabia, Qatar, Jordan, Algeria, Iraq, India, Thailand, as well as managing projects in Europe and other parts of North Africa.

DSI's main business streams include Drake & Scull Engineering, which serves as the MEP and Water & Power arm, Drake & Scull Construction (DSC), which is the General Civil Contracting unit, Drake & Scull Oil & Gas, which undertakes oil pipelines and related petrochem projects, Drake & Scull Rail, Germany based Passavant Energy & Environment which focuses on Water and wastewater treatment as well as waste to energy and Drake and Scull Development, focusing on the Infrastructure sector.

In 2008, DSI offered 55% of its shares to the public and the IPO was oversubscribed 101 times. Ernst & Young ranked the IPO among the top 20 global IPOs in 2008.

DSI has since then used the funds to integrate, establish and acquire businesses that complement its corporate strategy of expansion into new markets, via organic and inorganic growth.

The fully Integrated Management Systems, certified to ISO 9001:2008, ISO 14001:2005 and OSHAS 18001:2007 standards are compliant with leading building, health and safety regulations, as well as sound environmental and energy management procedures.

DSI is a leader through experience, and has established a regional leadership position over 48 years of successfully completing the most complex projects on time, within budgets and matching set quality parameters.

DSI has delivered more than 700 projects around the world in the last five decades catering to aviation, residential, mixed use, power plants, district cooling plants, hospitality, healthcare, renewable energy, data centers, petrochemical, rail, commercial, government, leisure, and infrastructure sectors.

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