أرابـــتـــك الـقـــابـــضـــة (ش.م.ع.)
Arabtec Holding (PJSC)

أرابتك القابضة

The Board recommended that the AGM approve a dividend distribution of 5% bonus shares

"Arabtec Holding" records profits of AED 241.6 M in 2014

Gross profits climb by 68.4% to AED 918.56 million compared to 2013

Total revenues hike by 46% to AED 8.3 billion compared to 2013

- "Arabtec" won new contracts worth AED 9.6 billion during the past year buoyed by the Board of Directors' efforts which laid a solid base during the second half of 2014 to boost revenues and ensure operational efficiency.
- Al Qubaisi "We have strong presence in the local market and have expanded our business in Saudi Arabia, particularly in the specialized construction sectors in oil and gas industries.
- Successful restructuring empowered "Arabtec" more than ever to win new projects.
- The Board of Directors invited the AGM and EGM to convene on April 23.
- Increase "Aabar" stake in Arabtec to 36.11% evidenced the Government support.
- The Company is in the final stages of concluding the one million housing units' contract in Egypt and deems it strategic.
- "Arabtec" is a national joint stock company listed on the Dubai Financial Market and it will never be delisted.

Dubai – 22 March 2015 – "Arabtec Holding" a leading engineering and construction group of companies specializing in complex projects in the Middle East and North Africa Region, and a UAE-based group, announced that it has achieved impressive revenues and gross profits during the past year, benefiting from the continued delivery of projects, the Company's expansions in the UAE and the GCC countries, and the positive results realized through the successful restructuring process which has been undertaken during the second half of the past year.

The Company recorded net profits of AED 241.6 million in 2014, compared to AED 468.26 million in 2013. The profits were decreased due to the high non-recurring general and

administrative expenses, amounting to AED 749.9 million compared to AED 429.3 million in 2013, representing an increase of 74.7%.

The Board of Directors expressed dissatisfaction with the increased general and administrative expenses, which have prompted the Board to intervene at the right time in June last year and instruct the carrying out of a restructuring process to curb the unnecessary expenses that do not achieve positive returns for the Company. Had the Board not intervined and exerted positive efforts to protect the shareholders' equity, there would have been much greater expenses.

The Board confirmed that the Company aims to significantly reduce the proportion of the general and administrative expenses to the gross income during the year 2015, without affecting its productivity and to enhance the operational efficiency.

Despite the decline in net profit, the Company's gross profits amounted to AED 918.56 million, achieving an increase of 68.4% compared with the gross profits recorded during 2013, which amounted to AED 545.3 million.

The Company's revenues revealed a remarkable improvement during the past year, as the total revenue rose to AED 8.3 billion, growing by 46% from the previous year's revenue of AED 5.66 billion.

The distributable dividends, attributed to the parent company, amounted to AED 214.5 million, compared to AED 377.8 million in the past year. A decrease due to the high non-recurring general and administrative expenses.

The results were announced during the Board of Directors' meeting last Thursday, whereas it has invited the Ordinary General Assembly to hold its annual meeting on 23 April at 9 A.M. at the Armed Forces Officers Club & Hotel in Abu Dhabi. The Annual Ordinary General Assembly Meeting will discuss the Company's financial results, hear to the auditor's report and the Board's reports and future plan, and elect a new Board of Directors in accordance with the instructions of the Securities & Commodities Authority. Another Extraordinary General Assembly meeting for the Company will be held to approve amendments to the Articles of Association and the Memorandum of Association

of the Company, which aim to enhance the governance, transparency and accountability principles as per the best practices in this regard.

In case of lack of quorum in the first meeting, the Annual Ordinary General Assembly and Extraordinary General Assembly will be convened one week later, on 30 April, at the same time and place.

In this regard, the Board decided to recommend the Annual Ordinary General Assembly to approve a dividend distribution of 5% bonus shares to the shareholders for the financial year 2014, equivalent to 219,765,000 shares of the Company's share capital.

Second Half 2014 Developments

The Board expressed its satisfaction with the Company's results, considering that it has established a solid base, and surpassed many obstacles and challenges over the past period. Such developments prompted the Board, which is committed to protecting the Company's higher interest as well as the shareholders' and investors' interests, to intervene and instruct the carrying out of a thorough and successful restructuring process during the second half of 2014. This will continue to reflect positively on the Company's business activities in the coming years.

Arabtec has explored the potential growth in the markets in which it operates, with a view to reformulating the expansion policies to achieve the highest benefit for the Company. In this context, it has suspended its operations in Russia and Pakistan to reduce costs, and it will keep an eye on any beneficial investment opportunities.

Among the development decisions taken by the Company, are to merge some operational departments and to strengthen the role played by the central management of the support services at the group level, to ensure the implementation of the plans as required, and achieve operational efficiency. This is in addition to utilizing the resources optimally to make financial savings that would be reflected on the Company's balance sheet inthe coming period.

Also, the Company developed its policies to optimize using its assets, including taking a decision to rent the office spaces in the World Trade Center in Abu Dhabi, which was not

utilised in the past two years, to ensure constant revenues for Arabtec in the coming years.

Despite the challenges facing the construction industry in general, "Arabtec" focused deeply during the second half of 2014 to pursue its commercial rights, which has improved the gross profits in 2014, and will contribute to achieving better returns for both the shareholders and investors.

As part of the comprehensive restructuring procedures, the Company focused on the administrative and technical projects' activities on site, which resulted in better performance and reduced the structural risks significantly.

The Company benefited from a broad base of distinctive customers, who placed great confidence in the Company's growing capabilities and abilities to complete projects accurately and with high quality within the scheduled time, which is evidenced by signing new contracts with them during the past year.

Growing Operational Activities

The Chairman, Mr. Khadem Al Qubaisi, stressed the important and well-considered positive changes by the Board in cooperation with the Executive Management during the second half of 2014; in particular the successful restructuring that led to strengthening the corporate business activities in "Arabtec" and its Group of Companies. Along with that, the restructuring process contributed to control the operating expenses significantly, empowered the Company's technical and administrative capabilities, and increased its competitiveness, making it capable more than ever to win new projects.

Al Qubaisi commented "this has been confirmed by the Company's business results, as the Group's companies won contracts in all the specialized construction sectors with a value of AED 9.6 billion during the past year, whereas the actual share of Arabtec's Group of companies amounted to AED 6.67 billion, diversified into geographical and other business streams."

"We have a strong presence in the local market and have expanded our business in Saudi Arabia; particularly in the specialized construction sectors in oil and gas industries" Al Qubaisi added.

"The Executive Management, worked under the direct guidance and close supervision of the Board, to elevate the Company's administrative and technical level during the second half of the past year. We developed the operational and managerial policies in collaboration with one of the largest international companies, to keep pace with the Group's current and future growing requirements. We also adopted an administrative structure in line with the best international practices in this field." the Chairman stated.

"The decisions taken by the Company increased the productivity level through a streamlined planning, raising the strategic performance efficiency. This is evident through the revenue growth in 2014 compared with the prior year." Al Qubaisi added.

In this context, "Arabtec" recently adopted a developed ERP system from Oracle that achieves higher efficiency at the operational level, contributes to control the business process and enhances the oversight role, in order to accomplish the Group's goals and ensure maximum professionalism in performing the job duties.

The Board adopted amendments to the regulations relating to the rules of governance and transparency, to enhance integrity and accountability, and achieve the greatest fairness in accordance with the best practices in this field.

These measures played an essential role in facilitating the work completion at the Group level.

On the other hand, the Board welcomed "Aabar" action to increase its stake in "Arabtec" during the past year gradually reaching 36.11% as it stands currently. This boosted the Company and lauded the confidence placed by the Government of Abu Dhabi in Arabtec's future and its capabilities, being a widespread construction Company capable of growing and making sustainable returns.

The Board discussed the importance of the press conference held last July and attended by the Board members, where the Chairman explained the Company's situation and

future plans and interacted, transparently and clearly, with the media representatives about the Company's plans, objectives and how to overcome the challenges it encounters.

The Board reiterated that "Arabtec Holding" will continue to operate as a national joint stock company listed on the Dubai Financial Market, stressing that the Company has absolutely no plans for delisting.

2015 Aspirations

The Company continues its well-considered expansion policy during this year, following a precise strategy that ensures improved returns for both shareholders and investors.

The Board commented that the Company's plan focuses on three main aspects: the first is to continue expansion in the attractive markets, mainly the Gulf Region; in particular the Saudi market, and to study the expansion opportunities in other markets, taking into account the importance of the Egyptian market, whether through the one million housing units' project or any other vital projects in the future.

Regarding the business sectors, which is the second aspect of the plan, the Company focuses on supporting its services in the oil and gas industries and the electromechanical work activities, through its subsidiaries "Target" and "Efeco", in the UAE and abroad.

As to the third aspect, the Company will explore opportunities for acquisitions, especially in the fields that serve its expansion endeavors.

أرابـــتـــك الـقـــابـــضـــة (ش.م.ع.)
Arabtec Holding (PJSC)

أرابتك القابضة

The one million housing units project in Egypt

Regarding the one million housing units in Egypt, the Company indicated that the project is in progress, confirming that it reached to the final stages of signing the contract with the Egyptian Authorities.

The Company pointed out that the delayed announcement of the final agreement by both sides was to achieve the best possible results, and agree on the accurate details in all aspects relating to the project, to accomplish the desired results.

The intensive negotiations and talks are still ongoing which would produce positive and satisfactory results to both sides, while the Company confirmed that the Egyptian market is important and strategic for "Arabtec".

"Arabtec" emphasized that the Board's instructions and the Executive Management efforts resulted in very positive outcomes during the negotiation period; therefore, the project became a reality achieving a worthwhile return on investment.

The Company clarified that such a project will strongly engage it with the Egyptian market, confirming its commitment to invest in Egypt.

"Arabtec" pointed out its important and active participation at Egypt Economic Development Conference recently held in Sharm El-Sheikh.

Concluding the meeting, Al Qubaisi commented "Arabtec aspires to move ahead with the well-considered expansion and growth plans, and is eager to continuously improve its revenues through competing for more profitable contracts, to achieve the highest returns for both the shareholders and investors."

- THE END –

أرابـــتـــك الـقـــابـــضـــة (ش.م.ع.)
Arabtec Holding (PJSC)

أرابتك القابضة

About Arabtec Holding

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

The UAE-based group's impressive 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.

Arabtec was the first private construction firm to go public when it was listed on the Dubai Financial Market in 2005. Today, Arabtec Holding consists of many subsidiaries, with specializations 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, and is expanding into other regions. The group is also expanding in the oil and gas, power and related infrastructure sectors.

Arabtec's strong track record and commitment to timely and cost-efficient delivery has contributed to its rapid growth in recent years and a reputation for quality that has often translated into a market-led pricing premium for completed projects.

For more information, please visit www.arabtecholding.com

For further information, please contact:
Media Department – Arabtec Holding
Baha Haroun
Tel. +971 2 333 6784
Mob: +971 50 819 2530
Email: baha.haroun@arabtecholding.com
Email: media@arabtecholding.com