Press Statement

DSI Announces its Un-audited Preliminary Financial Results for Fiscal 2015

Profitability normalized following the **Q3 2015** one-off provisions; the company reports revenue of **AED 1.4 billion** and **AED 14.7 million** in net profit in **Q4 2015**

[**Dubai, 11th February, 2016]** Drake & Scull International PJSC (DSI) announced its preliminary un-audited financial results for the fiscal year **2015 ended December 31st** today.

In the midst of a prolonged slowdown in the regional construction sector, DSI continued to execute its projects on schedule and reported revenue of **AED 1.4 billion** in **Q4 2015** compared to **AED 1.1 billion** reported for the same period last year.

DSI normalized its profitability following the **Q3 2015** one-off provisions and reported a net profit of **AED 14.7 million** in **Q4 2015** as compared to **AED 3.8 million** reported during the same period last year.

The group's results for the fiscal year 2015 were affected by the unprecedented measures undertaken in **Q3 2015** in response to the challenging market conditions, leading to the adoption of a conservative approach towards the company's financial position in relation to its exposure on certain projects in key markets.

The impact of these measures was felt in the top line and bottom line performance for fiscal 2015. DSI's profitability for the year was impacted by the **AED 984 million** one-off provisions undertaken in **Q3 2015** related to ongoing arbitration and legal cases in the **UAE** and **KSA** in addition to revenue and gross profit adjustments for uncertified variations orders and disputed extensions of time claims, accrued certified work and other general provisions across several major projects in the GCC.

As a result, the company reported **AED 4.23 billion** in revenue for FY 2015 compared to **AED 4.76 billion** reported in FY 2014. The net loss for the period was **AED 936.7 million** compared to a net profit of **AED 101 million** reported for fiscal 2014.

DSI's order backlog reached **AED 11.86 billion** as on **December 31st 2015** and the total value of project awards secured in FY 2015 stood at **AED 3 billion.** The UAE and the Engineering business accounted for **70%** and **82%** of total project awards respectively, reflecting the company's strategic and ongoing focus on its home market and core engineering business.

The company will continue to pursue its outstanding receivables and claims and expects a number of provisions to be reversed in the future.

The company has also initiated a cost-cutting programme to improve operational efficiency and reduce its SG&A. DSI is also committed to improving its working capital, reducing debt levels, improving its capital structure and boosting liquidity.

Despite the current challenging market conditions, the underlying long term growth outlook for the regional industry presents promising opportunities for DSI, particularly in the UAE. The company reiterated its commitment to the process of fiscal consolidation, discipline and austerity in light of the prevailing macro-economic environment in the region. DSI retains its optimism about the prospects for its Engineering business which is expected to remain the key growth driver for DSI with an additional promising potential for growth in the rail sector in 2016.

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Press Statement

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 petrochemical 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 14001:2004, ISO 27001:2013 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 49 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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