

Drake & Scull reports AED 1.03 Billion in revenue and net profit of AED 9.52 Million for First Quarter of 2016

New management appointments, revamped strategic focus to revitalize operations and introduce efficiencies and costs rationalization drive to increase operational margins across the GCC

- Reduction of SG&A, improvement of operating margins, enhancement of working capital and liquidity and de-leveraging are the cornerstone of the fiscal strategy for the year
- Revenue for the first three months is AED 1.03 billion
- Operating profit for the period is AED 23.08 million
- Net profit for the period is AED 9.52 million
- Total backlog stands at AED 11.3 billion as of March 31st 2016 with a significant AED 343 million project award for the Doha Metro Depot and Yards secured by Drake & Scull Rail
- Total project awards for the quarter closed at AED 343 million
- EPS for the quarter was AED 0.004

[UAE, May 12, 2016] – Drake & Scull International PJSC, (DSI PJSC), a regional market leader in the integrated design, engineering and construction disciplines of General Contracting, Mechanical, Electrical and Plumbing (MEP), Rail & Infrastructure, Oil & Gas, and Water & Wastewater Treatment, reported today its financial results for the first quarter of the fiscal year ended March 31st, 2016.

The company reported a Year-on-Year (YoY) decline of 7% in revenue, which stood at AED 1.03 billion in Q1 2016 as compared to AED 1.11 billion reported during the same period in 2015. Net profit during the first three months of 2016 was AED 9.52 million as compared to a net profit of AED 27.85 million reported for the same period last year. DSI's total backlog stood at AED 11.3 billion as of 31st March 2016, as compared to AED 13.8 billion reported during the same period in 2015.

Commenting on the results, Khaldoun Tabari, CEO and Vice-Chairman of Drake & Scull International PJSC, said: “We are pleased to start 2016 on a positive note by returning to profitability in the first quarter of the year. The effects of strategic decisions and unprecedented measures initiated by DSI's management last year have started to materialize, and have aided our determined efforts to continue the refinement and consolidation of our businesses in our key markets. We expect to continue making changes that will create positive impacts on the bottom

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line in the next couple of quarters. I believe that adapting our business model to the current market challenges is key to the success of our business.”

“We will continue to focus on the efficient use of our Working Capital through financial discipline with an aim to generate free cash flow. Our austerity drive, which had been initiated last year in light of the new economic realities of the regional industry, will help us to sustain our efforts to streamline our costs and reduce our overall SG&A, which we believe will have a positive impact on our bottom line target this year. Besides our profitability, we remain committed to improving our liquidity, which remains one of the key areas of focus for our corporate strategy for the year,” he added.

“We also continue to refine and strengthen our operations and have enhanced our management with the recent appointments of Mr. Wael Allan as our first Chief Operating Officer and Mr. Kailash Sadangi as our Chief Financial Officer, whose combined experience and expertise will complement and revitalize our operations and enhance the synergy and efficiencies of our business streamlines,” Tabari stated.

“Our Rail business continues to gain traction as a result of its strategic alliances with global industry leaders, and is actively engaged with the region’s leading rail network and infrastructure developers. The AED 343 million Doha Metro Depot and Yards project win is an indicator of the considerable progress achieved by our Rail business, which we believe is strongly positioned in the industry due to its substantial global rail experience and expertise which bodes well for our prospects of securing major rail development projects in our key markets.”

“We remain cautious about the economic prospects of the region in the short and midterm. We believe that our strategic emphasis on the pursuit of high margin business growth potential will be influenced by the future development of the UAE market. The UAE Expo 2020 and Abu Dhabi Vision 2030 will continue to drive infrastructure investment and project announcements and we remain positive about our prospects of securing high margin growth oriented projects for our Engineering and Rail businesses,” said Tabari.

“KSA, currently our largest market by backlog, will continue to be a critical market for us, especially for high margin sectors like our Rail business and we will be highly selective in developing our presence while prudently consolidating our position in the kingdom’s construction sector. Saudi Arabia’s bold and ambitious Vision 2030 is remarkable for its foresight and the announced reforms will aid the kingdom achieve economic diversification. We are hopeful that the reforms will add positive momentum to the kingdom’s real estate and infrastructure drive in the years ahead.

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We reiterate our commitment to strengthening our operational fundamentals through a continuous and vigilant process of refinement. We expect 2016 to be a difficult year across the regional industry with considerable challenges posed by a volatile global economy. We believe that our unique blend of unmatched global experience, versatile business model and strategic presence in key regional markets will help us to benefit from a surge in our primary markets in the short and long term. Our proactive strategic initiatives and revamped management structure in light of the new reality in our regional industry have helped us to absorb the impact of the overall slowdown in the regional industry, and we hope to sustain our performance by securing more high margin projects while improving our bottom line growth for the rest of the year,” concluded Tabari.

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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), Rail & Infrastructure, Oil & Gas, and Water & Wastewater Treatment, 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 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 for Rail related Infrastructure, 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 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 50 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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