arabtec holding

Recapitalisation Programme Update

April 2017

Recapitalisation Programme to Strengthen Group's Financial Position

- FY 2016 audited financials include an emphasis of matter
  - Accumulated losses of AED 4.6bn (101% of issued share capital)
  - Shareholder continuation vote required
  - Total liabilities exceed total assets by AED 250.7m
- Group requires new capital to meet its financial obligations
  - Fund completion of ongoing projects
  - Support Management's business plan
  - Provide financial flexibility to pursue growth opportunities
- New capital to be raised in form of equity given highly leveraged balance sheet

CAPITALISATION SUMMARY

AED k	31-Dec-16	31-Dec-15
Total Assets	9,923,503	12,931,647
Total Debt [1]	2,459,402	1,749,348
Total Liabilities	10,174,196	9,731,923
Equity		
Share Capital	4,615,065	4,615,065
Accumulated Losses	(4,645,248)	(2,227,363)
Non-Controlling Interests	(211,091)	(162,576)
Statutory Reserve	148,159	1,152,593
Other	(157,578)	(177,995)
Total Equity	**(250,693)**	**3,199,724**
Debt / Equity	*NMF*	*55%*
Accumulated Losses as % of Share Capital	*(101%)*	*(48%)*

Board has launched a Recapitalisation Programme to secure the Group's sustainable and successful future

1. Includes bank borrowings and loan from a related party

Proposed Recapitalisation Programme to Raise AED 1.5bn in Equity and Extinguish Accumulated Losses

Recapitalisation Programme

STEP 1: RIGHTS OFFERING	STEP 2: CAPITAL REDUCTION	STATUTORY RESERVE
▪ Raising AED 1,500,000,000 in equity by issuing new shares at an Offer Price of AED 1 per new share ▪ Fully committed by Aabar Investments PJS (largest shareholder)	▪ Cancellation on a pro-rata basis of up to 4,615,065,000 shares to extinguish accumulated losses on balance sheet ▪ Facilitates a fully committed Rights Offering	▪ Authorizing Board of Directors, during FY 2017, to apply statutory reserve to offset any of the Group's losses — AED 148.2m statutory reserve as of 31 December 2016

- Recapitalisation Programme is subject to approval of shareholders and the Securities and Commodities Authority
  - Group has received approval in principle from the Securities and Commodities Authority
- General Assembly scheduled on 18 April 2017 for shareholders to approve Recapitalisation Programme and vote on resolutions

✓ ***Strengthens Group's financial and liquidity position***

✓ ***Provides solid foundation for growth***

✓ ***Achieves a stable, long term capital structure***

✓ ***Benefits all stakeholders***

Step 1: AED 1.5bn Rights Offering

OVERVIEW

EQUITY RAISE	• AED 1,500,000,000
SIZE AND OFFER STRUCTURE	• Issuance of 1,500,000,000 new shares (nominal value of AED 1) • Priority right entitles 1 new share for every 3.07671 shares held • Share capital to increase from AED 4,615,065,000 to AED 6,115,065,000
OFFER PRICE	• AED 1 per new share
SHAREHOLDER PARTICIPATION	• All shareholders invited to subscribe • Non participating shareholders would be diluted up to 24.53% (1)
AABAR COMMITMENT	• Rights Offering fully committed by Aabar Investments PJS
RECEIVING BANK	• National Bank of Abu Dhabi

KEY BENEFITS

✓ Raise sufficient capital to ensure Group's long-term future and achieve its full potential

✓ Positions Group to capitalise on positive long-term sector outlook and growth opportunities

✓ Strengthened balance sheet puts Group in an advantageous position relative to peers

1. Subject to minor adjustments as fractional shares would not be issued

Rights Offering Fully Committed by Aabar Investments PJS

- Aabar Investments PJS is the largest shareholder in Arabtec and holds a 36.1% stake
- Aabar Investments PJS has irrevocably committed to subscribe to its full entitlement under the Rights Offering and any unsubscribed shares remaining as of the closing day of the subscription period
- Irrevocable commitment provides the Group with high degree of certainty on raising new equity capital
- Represents a strong vote of confidence in the long-term outlook of Arabtec

Step 2: Capital Reduction on a Pro-Rata Basis

OVERVIEW

- Subsequent to Rights Offering, Arabtec's share capital to be reduced via a cancellation, on a pro-rata basis, of up to 4,615,065,000 shares of AED 1
- Combination of capital reduction and application of statutory reserve to extinguish entire accumulated losses on balance sheet as of 31 December 2016
- Capital reduction to have no dilutive impact as shares would be cancelled pro-rata to shareholders' holdings following completion of Rights Offering (1)
  - Percentage share of Arabtec held by each shareholder would not be impacted (1)
- Market capitalisation would not be impacted at time of effecting capital reduction
  - Share price to be adjusted by Dubai Financial Market

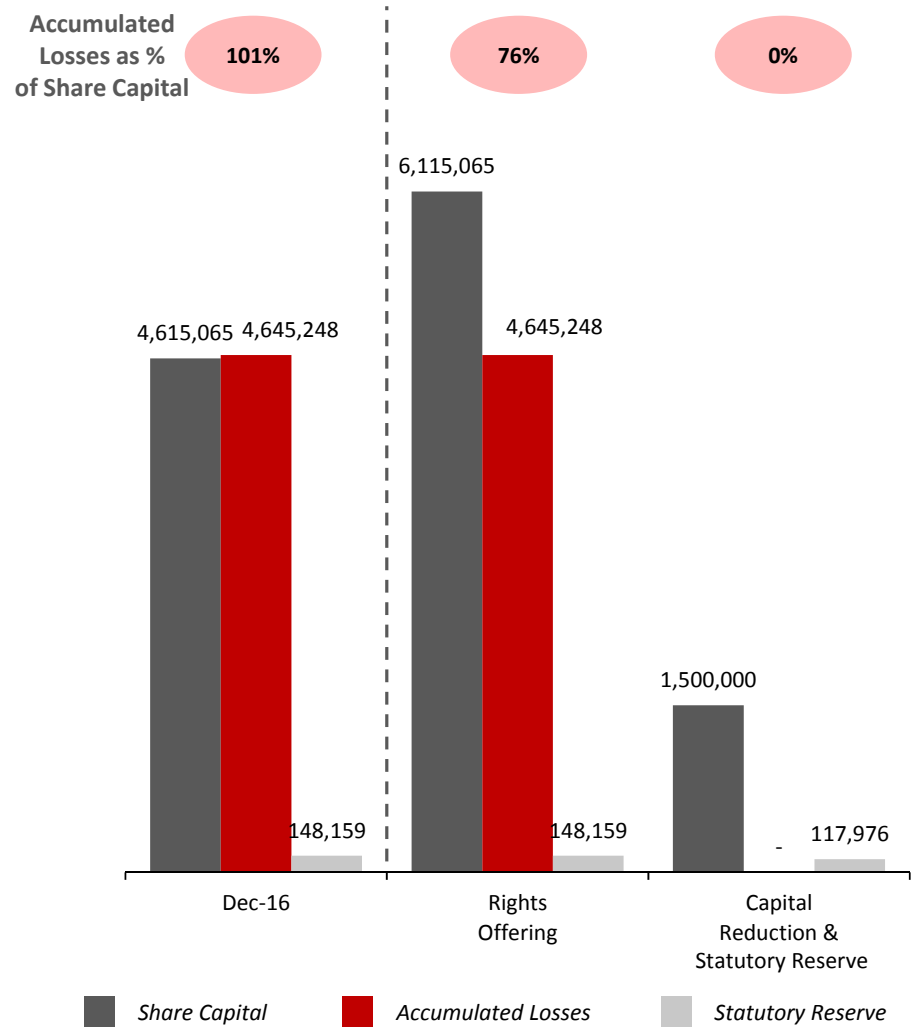
KEY BENEFITS

✓ Extinguishing accumulated losses enables Arabtec to secure fully committed Rights Offering

✓ Accelerates path to resuming dividends

PRO-FORMA ILLUSTRATION

Figures in AED k



1. Subject to minor adjustments as fractional shares would not be issued

Pro-Forma Equity Capitalisation

Key assumptions in illustration:

- Rights Offering: issuance of 1,500,000,000 new shares at Offer Price of AED 1 per new share
- Entire accumulated losses on balance sheet of AED 4,645,248,000 as of 31 December 2016 extinguished via:
  - Capital reduction of AED 4,615,065,000
  - Application of statutory reserve of AED 30,183,000

		Pro-Forma Adjustments		
AED k	**Dec-16**	**Rights Offering**	**Capital Reduction & Statutory Reserve**	**Pro-Forma**
Equity				
Share Capital	4,615,065	1,500,000	(4,615,065)	1,500,000
Statutory Reserve	148,159	-	(30,183)	117,976
Fair Value Adjustment Reserve	-	-	-	-
Foreign Currency Translation Reserve	36,661	-	-	36,661
Other Reserves	(194,239)	-	-	(194,239)
Retained Earnings / (Accumulated Losses)	(4,645,248)	-	4,645,248	-
Non-Controlling Interests	(211,091)	-	-	(211,091)
Total Equity	**(250,693)**			**1,249,307**
Accumulated Losses as % of Share Capital	*100.7%*			-

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