

Building
Our Future

H1 2017
Investor Presentation

August 2017

arabtec

Strategic Roadmap

Key focus on strategic alignment of the Group to its vision, mission and values…

2017
Phase – 1: Stabilise

- Implementing the Recapitalisation Programme
- Establishing Arabtec Holding as a strategic management company
- Building and implementing a strong risk management approach
- Stabilising the Group's organisation structure and role
- Embedding a performance-based culture
- Resolving legacy project claims, receivables and WIP
- Disposal of non-core assets

Positive Momentum

2018
Phase – 2: Prepare

- Consistently secure annual backlog of new projects of at least AED 8-9 billion at Group level
- Maintain leaner organisation with SG&A at target benchmark level
- Ensure on-time and on-budget delivery of projects
- Risk management framework
- Remuneration framework
- Capital recycling

2019+
Phase – 3: Grow

- Consistent growth in net profit and improved cash flow generation
- Attract, retain, and develop appropriate resources to deliver growth
- Continue to improve project gross margins and ensure on-time delivery

  Grow capabilities in MEP, EPCM, Infrastructure and Special Construction
- Target return to dividend distribution
- Grow from existing capital base

Group CEO's Agenda

2017 Phase-1: Stabilise	
Implement the Recapitalisation Programme	✓ Implementation of the Recapitalisation program 🕑 Restore the Group's balance sheet ✓ Resolution of the covenant breaches
Establish Arabtec Holding as a strategic management company	✓ Transform Arabtec Holding into a strategic management company and align with the Group's vision, mission, and values ✓ Refocus the Group on its core competencies and key geographies ✓ Measure, manage and control risk, selectively allocate capital, track and manage the performance of the Group's operating entities and investments 🕑 Develop cooperation across operating entities 🕑 Perform a strategic review of all operating entities and investments to ensure alignment with the Group's Vison and objectives 🕑 Recycle capital and divest non core investments
Stabilise the Group's organisation structure and role	✓ Establish and implement the Group structure 🕑 Review Group-wide delegation of authority (DOA) aligned with the operating model 🕑 Create a solid foundation of processes to monitor and drive the performance of the Group and its entities, including the ERP system 🕑 Simplify, harmonise and automate processes, policies and procedures
Build and Implement a strong risk management approach	✓ Develop a risk management process and culture across the Group ✓ Establish the ability to strictly monitor projects' cash flow and provide management with information on the progress, risks and opportunities associated with projects ✓ Implement a gate control process for all pre-contract activities to ensure work won feeds a pipeline of profitable projects
Embed a performance-based culture	🕑 Instil a strong performance culture with accountability balanced with the empowerment of our people ✓ Support the continuous development of senior teams across the Group 🕑 Align the reward and remuneration of key executives with KPIs that support shareholder returns 🕑 Develop the Group's short-term incentive (STI) plan
Resolve legacy project claims, receivables and WIP	🕑 Implement action plan on legacy claims, receivables, and WIP to enable the Group to focus on the future growth of the business without being restricted by problems from the past 🕑 Strengthen relationships with banks ✓ Establish a Treasury plan
Disposal of non-core assets	🕑 Conduct a strategic review of the portfolio of current investments 🕑 Dispose of non-core investments 🕑 Recycle capital to generate cash and sustainable returns on capital

✓ **Completed** 🕑 **Ongoing**

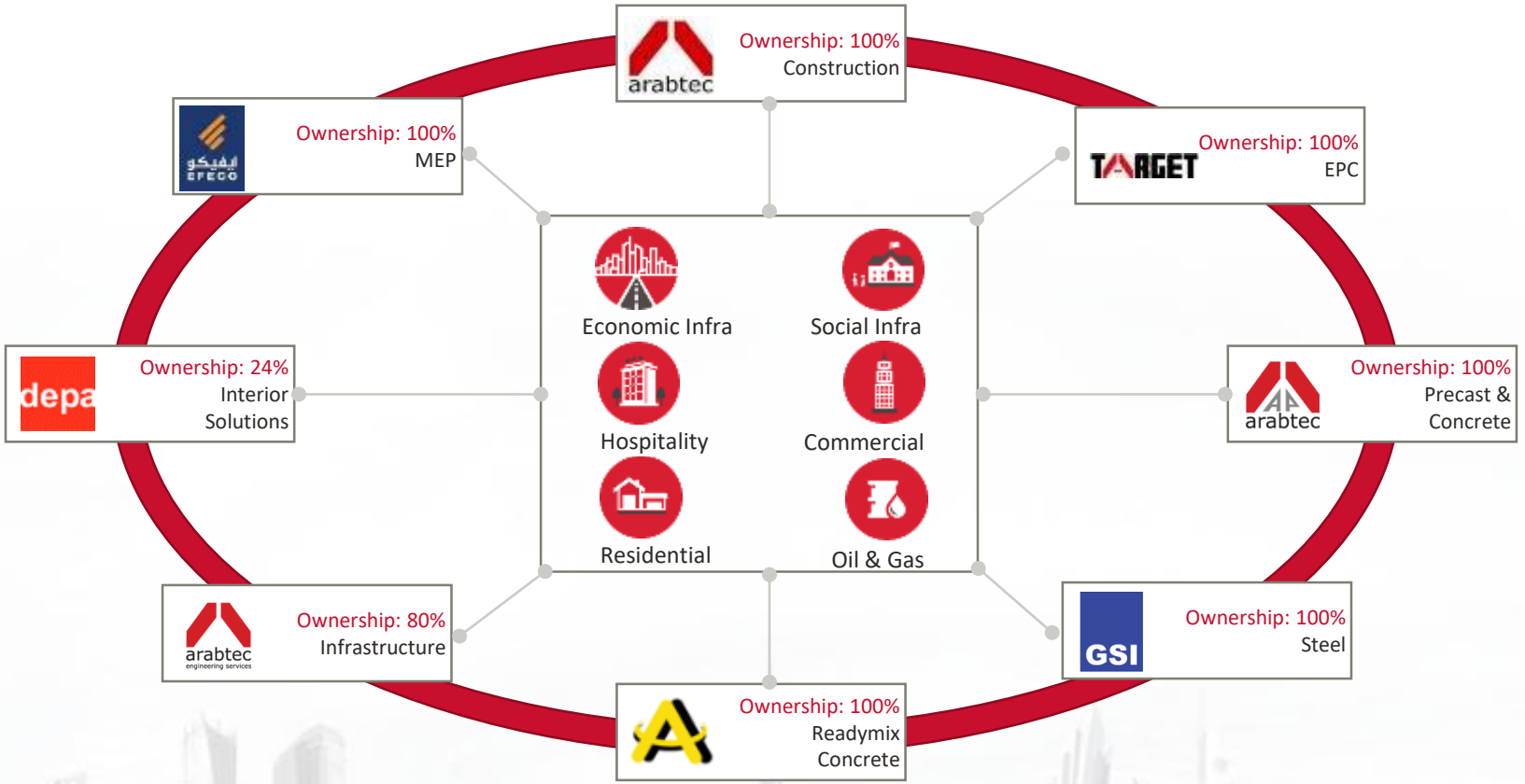
H1 2017 Highlights

Successful completion of key initiatives

Recapitalisation	▪ Successfully completed the Recapitalisation Programme
Improved Profitability	▪ Net profit attributable to owners of parent of AED 57 mn compared to a loss of AED 233 mn in H1 2016
Healthy Backlog	▪ Backlog of AED 17.4 bn; more than two years of revenue ▪ Major new wins - wasl Tower, UAE Pavilion and Dubai Creek Harbour Development ▪ Strong tender pipeline
New Management	▪ Established and implemented the Group structure ▪ Concluded the appointments of key management positions (GCFO, ATC CEO, EFECO MD, ATC COO, Regional Directors and Group Treasury Director amongst others)
Operational Improvement	▪ Implemented the 4-Gate Work Winning Process ▪ Implemented Business Performance Reporting across all projects
Strategic Focus	▪ Refocused Group on core competencies in key geographies

Integrated Capabilities

Delivering a competitive advantage to the group



Through multiple delivery methods

EPC | Lump Sum | Design / Build | Partnering | Construction Management

Recapitalisation Overview

Rationale for Recapitalisation

- Requirement of additional capital to
  - Fund completion of ongoing projects
  - Support Management's business plan
  - Provide financial flexibility to pursue growth opportunities
- Eliminate accumulated losses as at 31st December 2016
- Accelerating potential for future dividends
- Eliminate need for a continuation vote
- Strengthening of balance sheet

Key Information

Size	• AED 1.5 bn at AED 1.00
Structure	• 1 new share for every 3.07671 shares held • Share capital increase from AED 4.6 bn to AED 6.1 bn
Subscription Price	• AED 1.00 per new share
Participation	• All shareholders invited to subscribe for new shares • Non-participating shareholders would be diluted up to 24.53%[1]
Commitment	• Rights Issue fully committed by Aabar Investments PJS

Timeline of Events



Profit & Loss Statement

(AED mn)	Half Year Ended		Variance
	2017	2016	(AED mn)
Revenue	4,246	4,160	86
Direct Costs	(4,036)	(4,108)	72
Gross Profit	210	52	158
Margin (%)	4.9%	1.3%	
EBIT	**61**	**(171)**	**232**
Margin (%)	1.4%	nm	
Net Profit / (Loss) for the period	**42**	**(243)**	**285**
Margin (%)	1.0%	nm	
Net Profit attributable to the owners of the parent	57	(233)	290
Net Profit attributable to Non-Controlling Interest	(16)	(10)	(6)

Balance Sheet

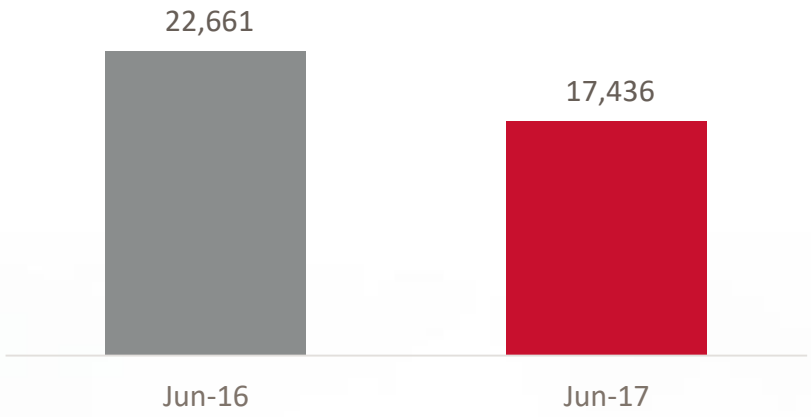
Balance Sheet Summary (AED mn)	As on		Variance AED mn
	Jun-17	Dec-16	
ASSETS			
Fixed assets	807	848	(41)
Trade and other receivables	6,981	6,010	971
Inventories	127	115	12
Due from related parties	461	306	155
Other assets	1,595	1,591	4
Cash and cash equivalents	1,513	1,054	459
TOTAL ASSETS	**11,484**	**9,924**	**1,560**
EQUITY AND LIABILITIES			
Equity	1,282	(251)	1,533
Bank borrowings	2,500	2,282	218
Trade and other payables	6,596	6,739	(143)
Due to related parties	480	367	113
Other liabilities	626	787	(161)
Total Liabilities & Equity	**11,484**	**9,924**	**1,560**

Cashflow Statement

Cash Flow Summary (AED mn)	H1 2017	H1 2016	Variance AED mn
Cashflow from operations before working capital changes	170	5	165
Change in working capital	(1,136)	(153)	(983)
Others	(19)	(38)	19
Cash from (used in) operating activities	(985)	(186)	(799)
Cash from (used in) investing activities	(48)	10	(58)
Cash from (used in) financing activities	1,626	(93)	1,719
Net increase/(decrease) in cash	593	(269)	862
Cash at the beginning of the period	543	(480)	1,023
Net foreign exchange difference	0	15	(15)
Cash at the end of the period	**1,136**	**(734)**	**1,870**

Backlog

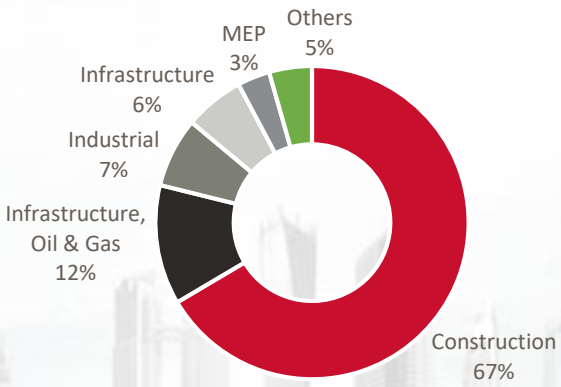
Backlog (AED mn)



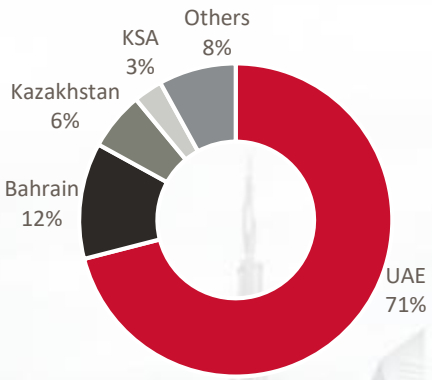
Major New Wins (H1 2017)

- Al Wasl Tower: AED 1.46 bn
- UAE Pavilion: AED 353 mn
- Dubai Creek Harbour Dev't: AED 113 mn
- Target Engineering new wins: 289 mn

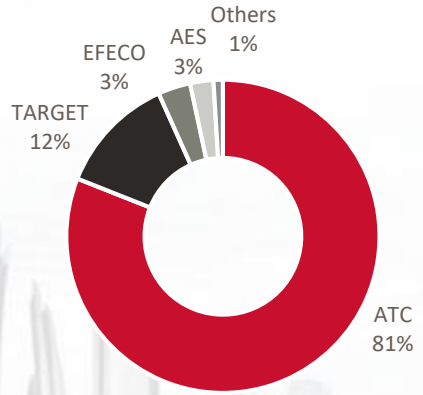
By Sector (Jun 2017)



By Geography (Jun 2017)



By Subsidiary (Jun 2017)



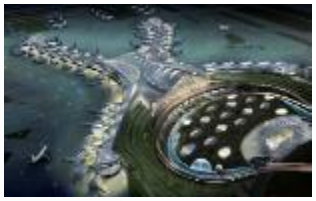
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Key Projects

A strong project portfolio with a solid client base



wasl Tower, UAE
- High Rise
- Client: Wasl Asset Management



Midfield Terminal, UAE
- Joint Venture
- Client: Abu Dhabi Airports Co.



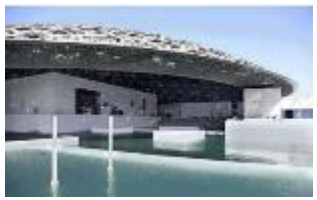
Abu Dhabi Plaza, Kazakhastan
- Joint Venture
- Client: Aldar Properties



Bahrain Intl. Airport, Bahrain
- Terminal Modernisation
- Joint Venture
- Client: Bahrain Airport Co.



Al Ain Hospital, UAE (Main works)
- Joint Venture
- Client: Musanada



Louvre Museum, UAE
- Joint Venture
- Client: Tourism Development Investment Co.



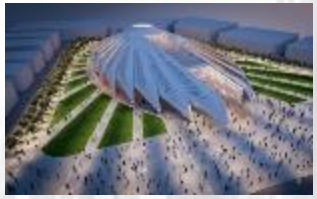
Saraya Aqaba Project, Jordan
- Joint Venture
- Client: Saraya Aqaba Real Estate Development Co.



Msheireb Downtown, Qatar
- Client: Msheireb Properties



West Yas, UAE (1,017 villas)
- Client: Aldar Properties



UAE Pavilion, UAE
- Client: Abu Dhabi National Media Council

Awards

Testament to maintaining best-in-class human capital relationship

The Taqdeer Award has been created to recognise and reward excellence in labour relations, strengthening the Emirate of Dubai's position as home to the most progressive employers in the Middle East

taqdeer تقدير

جائزة حمدان بن محمد بن راشد آل مكتوم
لتكريم العمّال وشركات المقاولات المتميزة

Hamdan Bin Mohammed Bin Rashid Al Maktoum Award
Honouring Labourers & Construction Companies for Excellence

The Taqdeer Award honours companies for their overall treatment to labourers including their labour policies, accommodation, health and safety, labour security, innovation drive, recruitment and wages

Arabtec was honoured with a 5 star rating at the 2016 Taqdeer Awards. This demonstrates Arabtec's pioneering role in the UAE towards the welfare of its workers, protecting their rights in accordance with the international norms and laws

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The companies with 4 and 5-star ratings will receive:

- Priority in government projects
- Competitive advantage in bidding for international contracts

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Backlog and new contract awards are non-IFRS metrics based on management's estimates of awarded, signed and ongoing contracts which have not yet been completed, and serve as an indication of total size of contracts to be executed. These figures and classifications are unaudited, have not been verified by a third party, and are based solely on management's estimates.

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Commitment | Integrity | Team Spirit | Professionalism | Accountability

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