Press Release

DSI reports results of its Board Meeting

The Company forges ahead with the capital restructuring program, adopts strategic measures to improve liquidity and undertakes further provisioning against legacy projects

Key Highlights

- Tabarak Investment reaffirms its commitment to DSI, acquires majority stake from former CEO and extends an interest-free‘Qard Hasan’ loan of up to AED 100 million to the Group
- Capital Restructuring Program progressing on schedule and is set to be concluded by the end of Q3 2017
- Ongoing talks with Banks on Debt restructuring to improve liquidity by extending new credit facilities and by negotiating extended medium to long term schemes for recourse and non-recourse loans
- Continued progress in the disposal and monetization of non-core assets
- Net losses for Q2 2017 reduced by 12% to AED 199 million as compared to AED 226 million during Q2 2016
- Further one-off provisions and impairments charges of AED 68 million undertaken in Q2 2017 resulted in AED 199 million in Net loss for Q2 2017
- Successful strides in operational restructuring and cost savings, reducing normalized SG&A by AED 5 million year-on-year
- Total backlog stands at AED 6.6 billion as of 30th June 2017 mainly in the MEP sector

UAE, August 13, 2017 - Drake & Scull International PJSC, a regional market leader in engineering and related services, has reported the results of its Board meeting held on 13th August 2017 including the financial results for Q2 2017 as it continues to execute its Capital Restructuring Program aimed at streamlining its financial position to improve operational performance and to restore the profitability of the Group.

Revenues for the quarter stood at AED 660 million compared to AED 806 million recorded for the same period last year. The revenue achieved for the quarter is consistent with the parameters of the financial targets set forth by the Group at the outset of the fiscal year and is reflective of a sustained performance in key markets mainly the UAE.

The Net loss of the quarter stood at AED 199 million as a result of the AED 68 million additional one-off provisions and impairments charges undertaken during Q2 2017. The provisions recorded in the quarter characterizes the strategic direction of the Group aimed at mitigating all contingent exposures to set a solid foundation for sustainable growth and profitability post completion of the Capital Restructuring Program.

The Group's Board in its meeting to review and approve the financial results, also resolved to terminate the services of the CEO – Mr. Wael Allan. The Board also approved the resignations of several Board members including that of former Exeutive Vice Chairman Khaldoun Al Tabari.

The Capital Restructuring Program is steaming ahead on schedule and is set to be concluded by the end of Q3 2017. Phase 1 of the program (capital reduction) will be concluded in few weeks with the approval for the issuance of the new equity to Tabarak Investment LLC expected to be completed in September. Phase 2 will see the Group's capital increase by AED 500 million with Tabarak Investment's entry as a Strategic Investor.

Tabarak Investment LLC currently the largest shareholder of DSI, recently reaffirmed its commitment to the Company and extended an interest-free'Qard Hasan' loan of up to AED 100 million to the Group. The loan will be directed towards DSI's working capital requirements to accelerate projects performance and delivery as it proceeds with its Capital Restructuring Program.

The Group advanced with the disposal of its non-core assets and has also finalized negotiations for the release of the remaining funds from the sale of its One Palm investment in Dubai in Q3 2017. The funds along with the fresh equity infusion from Tabarak Investment will help restore the liquidity of the Group, enabling DSI to successfully execute its projects backlog and improve productivity across all operating segments.

As of 30th June 2017, the Group has a diverse order backlog of AED 6.6 billion and is in the advanced stages of negotiation for new orders, with the latest project wins expected to be announced during the second half of the year.

Feras Kalthoum, Acting CFO, Drake & Scull International, said:

"The results of the quarter should be viewed within the context of our turnaround plan and the capital restructuring program and are consistent with our financial targets set out at the outset of the fiscal year."

"Our efforts to complete the Capital and Debt Restructuring of the Group coupled with continued balancing of our portfolio to mitigate any contingent exposure that may impact our future profitability will soon reflect positively on our financial performance and top line targets."

Mohammed Atatreh, Board Member, Drake & Scull International PJSC, added:

"The year 2017 will continue to be a transitional year for DSI as we proceed with the execution of our turnaround plan. Our efforts to streamline our operations and restore our financial position will enable us to set solid foundation for sustainable growth."

"The continued support of Tabarak Investment has enabled us to maintain good progress year to date, keeping us on track to set up the Group for growth in 2018 and beyond. We look forward to shifting our focus on aggressively delivering and growing our order pipeline and invigorating our industry leadership."

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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, Engineering (MEP), Rail & Infrastructure, Oil & Gas, and Water & Wastewater Treatment, through People, Innovation, and Passion.

DSI's main business streams include engineering, construction, oil and gas, rail and infrastructure, and water and waste. The company operates across the GCC, Middle East, North Africa and India as well as manage projects in Europe.

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DSI has delivered more than 700 projects around the world in the last five decades catering to aviation, residential and mixed-use real estate, power plants, district cooling plants, hospitality, healthcare, renewable energy, data centres, petrochemical, rail, commercial, government, leisure, and infrastructure sectors.

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