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Arabtec Holding PJSC

Arabtec announces 2016 preliminary unaudited financial results and prepares to launch Recapitalisation Programme

- **Arabtec announces FY 2016 revenue of AED 7.7 billion, up 5.6% from FY 2015**
- **Group maintains AED 18.1 billion backlog**
- **FY 2016 net loss of AED 3.5 billion**
- **Group plans to raise AED 1.5 billion in equity via a Rights Offering fully committed by its largest shareholder, Aabar Investments PJS**

Dubai, UAE – 13 February 2017: Arabtec Holding PJSC ("**Arabtec**" or "**the Group**"), a leading contractor for social and economic infrastructure, announces its preliminary unaudited financial results for the fiscal year ending 31 December 2016 ("**FY 2016**") and the Board's decision to launch a Recapitalisation Programme to secure the Group's sustainable and successful future. The Board's action builds on the appointment, in late 2016, of a new management team brought in to restructure the company as it looks ahead to a strong, committed growth pipeline.

His Excellency Mohamed Thani Al Rumaithi, Chairman of Arabtec Holding PJSC said: "Our Board is taking confident, sensible steps to underpin the company's capital structure as we look ahead to a robust pipeline of business in the years ahead. Aabar Investments PJS's commitment to the Rights Offering represents a strong vote of confidence from our largest shareholder in the long-term future of Arabtec."

FY 2016 Preliminary Unaudited Financial Results

Arabtec achieved revenue of AED 7.7 billion for FY 2016, an increase of 5.6 per cent from AED 7.3 billion recorded in FY 2015. The Group also announces that its backlog of existing and committed future projects stands at AED 18.1 billion, equivalent to two years of annual revenue. Arabtec's increased annual revenue, the extent of its project backlog and potential new business pipeline highlight the continuing strength of the Group's operating divisions.

The Group recorded a net loss of AED 3.5 billion for FY 2016, compared to a net loss of AED 2.8 billion in 2015. The Group's net loss resulted from a combination of impairment charges on high-risk items, which amounted to AED 2.8 billion in total, as well as recurring, non-recurring and operational expenses.

The Group's financial performance is a reflection of the adverse market conditions, which are having a negative impact on the construction industry throughout the GCC.

The Group expects to announce its audited 2016 consolidated financial statements in March 2017.

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Hamish Tyrwhitt, Group CEO of Arabtec Holding PJSC said, "The Group had a number of significant challenges in 2016, however the underlying strength of the business enabled our revenue to keep growing while measures were introduced to contain costs."

Recapitalisation Programme

The Board has conducted an extensive strategic review and commissioned detailed studies of the Group's operational and financial position. The review highlighted the need for Arabtec to raise capital for the Group's ongoing and future funding requirements.

The Board has therefore announced its intention to propose to shareholders a Recapitalisation Programme, which will involve, amongst other items:

- **Rights Offering:** Raising AED 1.5 billion in equity via a fully committed Rights Offering by issuing new shares

- **Capital Reduction:** Reducing Arabtec's share capital via cancellation on a pro-rata basis of shares to extinguish accumulated losses on the balance sheet and facilitate the raising of new equity capital (see below)

Management will also be proactively engaging with creditors to support the recapitalisation.

The proposed Recapitalisation Programme is subject to the approval of Arabtec's shareholders and the Emirates Securities and Commodities Authority. The Board intends to call for an Annual General Assembly of the shareholders during April 2017 to provide details of the structure of the Recapitalisation Programme and vote on resolutions giving the Board the necessary authorisation to implement the Recapitalisation Programme.

Rights Offering

The proceeds from the Rights Offering will be used to fund the completion of ongoing projects, support management's business plan, and provide financial flexibility to pursue growth opportunities. The details of the Rights Offering will be described in the related offer document.

Arabtec's largest shareholder, Aabar Investments PJS, has committed to subscribe to its full entitlement under the Rights Offering and any unsubscribed shares remaining up to AED 1.5 billion, reflecting its continued support for the Group.

All shareholders are invited to subscribe to the Rights Offering. The proposed Recapitalisation Programme strengthens the Group's financial position and is for the benefit of all stakeholders. The holdings of shareholders who do not subscribe to the Rights Offering would be diluted.

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Capital Reduction

The Group's accumulated losses as of 31 December 2016 limit the Group's ability to raise new equity capital. Extinguishing accumulated losses on the balance sheet enables Arabtec to secure a fully committed Rights Offering.

Ongoing Repositioning to Capitalise on Positive Future Outlook

In conjunction with the Recapitalisation Programme, Arabtec has developed a phased strategic roadmap to reposition the Group to deliver profitable and sustainable growth for its shareholders.

Under the leadership of the new management team, Arabtec will focus on stabilising the business in 2017, with key priority given to implementing a strong risk management approach, resolving legacy claims and receivables, and disposal of non-core assets.

The combination of the Recapitalisation Programme and strategic repositioning would enable Arabtec to capitalise on the positive long-term outlook for the construction and engineering sector in its key geographies.

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About Arabtec Holding:

Arabtec is a leading contractor for social and economic infrastructure. The Group improves the quality of life of people living in the communities that it creates. Arabtec's impressive list of completed projects includes iconic buildings such as the world's tallest building, the Burj Khalifa in Dubai, and Abu Dhabi landmark, the Emirates Palace Hotel; as well as other technically challenging work on airports and related infrastructure.

Arabtec was the first private construction firm to list on the Dubai Financial Market in 2005. Today, the Group consists of numerous subsidiaries with specialisations spanning all segments of the construction cycle, with a vision of building the future.

For more information, please visit www.arabtecholding.com.

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