

DSI announces Q1 2017 Financial Results

Shareholders approve the proposed capital restructuring plan, pursue additional capital reduction and endorse the AED 500 million capital increase

Capital Restructuring Program

Phase 1 – Capital Reduction

- The capital restructuring plan was approved by the shareholders at the Annual General Assembly Meeting held on 4th of May 2017
- The proposed share capital reduction of AED 992 million was approved by the shareholders and the Emirates Securities and Commodities Authority (SCA)
- Subsequently, the shareholders requested for an additional capital reduction of AED 722 million to extinguish additional losses incurred by the Company
- The additional capital reduction of AED 722 million will take the total proposed share capital reduction to AED 1,714 million, equivalent to 75% of the total paid-up share capital
- Upon SCA's approval, the proposed capital reduction through the cancellation of 1,714 million shares will be on a pro-rata basis and will apply to all DSI shareholders
- The Company is seeking the approval of the Emirates Securities and Commodities Authority (SCA) on the additional capital reduction to consecutively initiate the regulatory and financial procedures to complete the AED 500 million capital increase

Phase 2 – Capital Increase

- The shareholders approved the AED 500 million capital increase and conceded to offer the new shares to the Strategic Investor

- The Strategic Investor agreed to buy 500 million shares at par value (AED 1 per share) for an amount of AED 500 million subsequent to the approval of the Securities and Commodities Authorities on the proposed 75% capital reduction

Q1 2017 Financial Highlights

- Q1 2017 Revenues AED 796 million, down 23% Year-on-Year
- Q1 2017 Net Loss attributed to the owners of the parent was AED 722 million due to the provisions and impairment charges undertaken in the quarter
- Order Backlog stood at AED 7.3 billion as of March 31st 2017

Dubai, UAE; 15th May, 2017 – Drake & Scull International PJSC (“DSI” or the “Company”), a regional engineering and services leader, reported today its preliminary un-audited financial results for Q1 2017 ended 31 March 2017.

The Company obtained shareholders’ approval on the proposed capital restructuring program at the Annual General Assembly meeting held on 4th of May 2017. The first phase of the program includes the share capital reduction that is expected to be completed in Q2 2017.

The 75% share capital reduction will enable the company to extinguish its total accumulated losses attributed to the owners of the parent amounting to AED 1,714 million. The reduction is imperative to the continuity of the business and will allow the company to eliminate the financial constraints that hinder the operating performance of the Group and impact the ability of the Company to secure new work.

The completion of phase 1 (Capital reduction) of the capital restructuring program will enable the Company to successfully execute phase 2 (Capital increase) of the program which includes the AED 500 million capital increase; a critical and strategic endeavour that is equally important and essential to resolve the liquidity challenges of the company.

Phase 2 of the program will be initiated upon the Emirates Securities and Commodities Authority (SCA) approval of Phase 1.

The company expects to complete the capital restructuring program in the first half of 2017 and is concurrently implementing several strategic measures to improve the operational performance of the Group in core markets in the MEP sector. During the first quarter of 2017 the Group progressed successfully with its divestment program

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and disposed of a major non-core asset to generate immediate cash for the business. The divestment program is set to continue throughout the fiscal year and will further contribute to resolving the liquidity challenges of the Group.

Wael Allan, CEO, Drake & Scull International PJSC, commented:

“We are confident that the completion of the capital restructuring program will enable us to stabilize the business and help to resolve our financial challenges.”

“We are undertaking several strategic measures to improve our operations, control costs and eliminate inefficiencies affecting our business across all operating segments. We will continue to focus on our core competencies in the UAE market in the MEP sector and we expect to resolve our legacy issues in 2017 to set a solid foundation for recovery and sustainable growth.”

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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.

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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