

Building
Our Future

Q3 2017
Investor Presentation

November 2017

arabtec

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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.

Performance Highlights

9M 2017 vs 9M 2016

Revenue	EBIT	Net Profit	Backlog
↑ AED 6,346 mn	↑ AED 125 mn	↑ AED 75 mn	AED 16.8 bn
Revenue increased to AED 6,346 million in 9M17 compared to AED 6,148 million in 9M16; up 3.2%	EBIT increased to AED 125 million in 9M17 compared to a loss of AED 471 million in 9M16	Net profit attributable to Parent was AED 75 million compared to a net loss of AED 458 million in 9M16	Backlog stood at AED 16.8 bn with a solid pipeline of tender opportunities going forward

New Awards



Villas at AKOYA Oxygen



Phase 1 Forte Downtown Dubai



Dubai South Mall

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 ✓ Resolution of the covenant breaches ◷ Restore the Group's balance sheet
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 ◷ Recycle capital and divest non core investments ✓ Perform a strategic review of all operating entities and investments to ensure alignment with the Group's Vison and objectives
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**

Q3 2017 Highlights

Successful completion of key initiatives

Improved Profitability	▪ Third quarter of profitability and a 3.2% YoY growth in revenue ▪ Net profit attributable to owners of parent of AED 75 mn compared to a loss of AED 458 mn in 9M 2016
Healthy Backlog	▪ Backlog of AED 16.8 bn has remained steady with a strong tender pipeline ▪ New awards across all OpCo's including Dubai South Mall, Villas at AKOYA Oxygen & Emaar's Phase 1 of Forte ▪ Louvre Abu Dhabi announces official opening in November
Performance Driven	▪ Continued to strengthen management with the on-boarding of key appointments, underpinning the development of capable, empowered senior management across the Group
Operational Improvement	▪ Continuing to role out the 4-Gate work winning process and tools through Groups OpCo's ▪ Driving accountability through rigid project and business performance reporting ▪ Strong emphasis on cash, collections and closing out legacy projects
Group Structure	▪ Continuing strategic review of operating entities and investments to align with Group vision ▪ Closer integration of core businesses ▪ Divested 14.6% stake in JWICO a listed Jordanian company manufacturing furniture
Market Position	▪ Successfully completing the Recapitalisation Programme in 1H17 has supported Arabtec this quarter to regain its competitive advantages and solid relationships across the supply chain, clients and the broader market.

Income Statement

AED (mn)	Q3 2017	Q3 2016	Variance	9M 2017	9M 2016	Variance
Revenue	2,100	1,987	113	6,346	6,148	198
EBIT	39	(264)	303	125	(471)	596
EBIT Margin (%)	1.8%	(13.2)%		2.0%	(7.7%)	
Net Profit/ (Loss) for the period	10	(281)	291	52	(524)	576
Margin (%)	0.5%	(14.1%)		0.8%	(8.5%)	
Net Profit attributable to the owners of the parent	18	(226)	244	75	(458)	533
Net Profit attributable to Non-Controlling Interest	(8)	(55)	47	(23)	(66)	43

Balance Sheet

(AED mn)	Sep-17	Dec-16
Non-current Assets		
Fixed assets	783	848
Goodwill	249	249
Trade and other receivables	706	590
Advances to subcontractors	302	312
Investment properties	596	596
Investment in associate	218	192
Others	39	43
Total non-current assets	**2,893**	**2,829**
Current		
Trade and other receivables	5,110	4,286
Advances to subcontractors	1,351	822
Other financial assets	118	115
Due from related parties	613	485
Inventories	147	115
Other current assets	371	396
Cash and cash equivalents	977	1,054
Total current assets	**8,687**	**7,273**
Total Assets	**11,580**	**10,102**

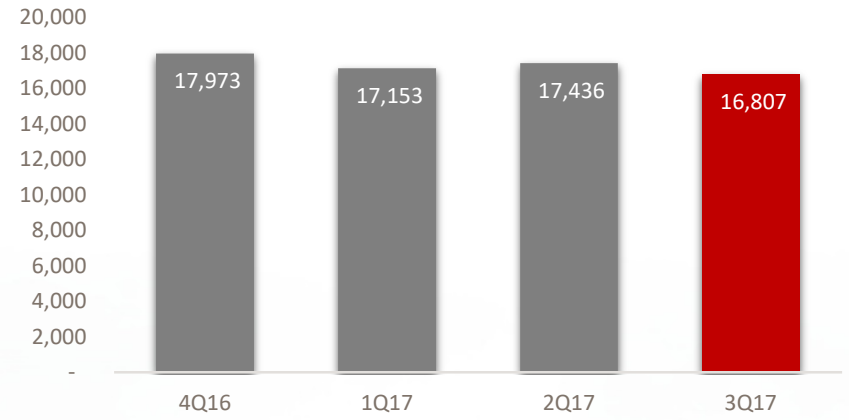
	Sep-17	Dec-16
Equity		
Share capital	1,500	4,615
Reserves and other equity balances	(48)	(9)
Retained earnings	75	(4,645)
Non-controlling interests	(238)	(211)
Total Equity	**1,289**	**(251)**
Non-current liabilities		
Bank borrowings	605	140
Others	612	770
Total non-current liabilities	**1,217**	**910**
Current		
Bank borrowings	1,907	2,142
Trade and other payables	4,589	4,780
Advances received	2,078	1,959
Due to related parties	483	546
Income tax payable	17	17
Total current liabilities	**9,074**	**9,443**
Total Liabilities	**10,291**	**10,353**
Total Liabilities & Equity	**11,580**	**10,102**

Cashflow Statement

(AED mn)	9M2017	9M2016
Cash flow from operations before working capital changes	275	(183)
Change in working capital	(1,737)	50
Others	(43)	(49)
Cash from (used in) operating activities	**(1,505)**	**(182)**
Cash from (used in) investing activities	(53)	(16)
Cash from (used in) financing activities	1,377	47
Net increase/(decrease) in cash	**(181)**	**(151)**
Cash at the beginning of the period	543	(480)
Net foreign exchange difference	(3)	15
Cash at the end of the period	**359**	**(616)**

Backlog

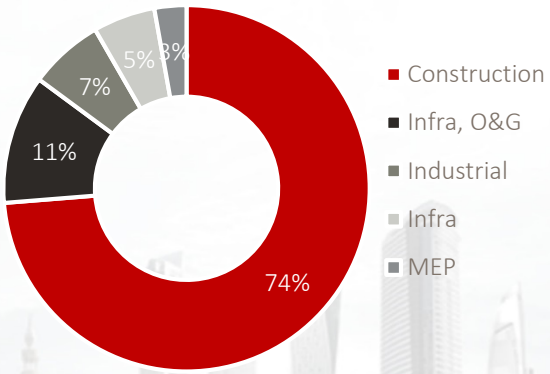
Backlog (AED mn)



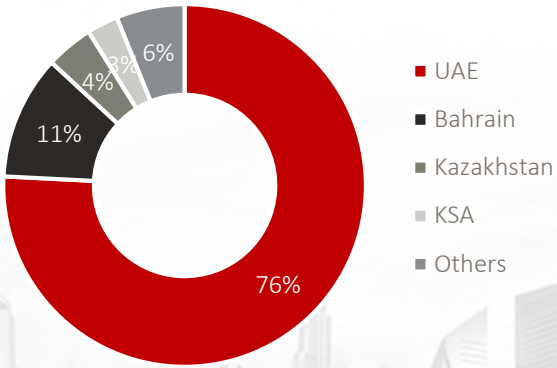
Major New Wins (9M 2017)

- Al Wasl Tower: AED 1.46 bn
- UAE Pavilion: AED 353 mn
- Dubai Creek Harbour Dev't: AED 113 mn
- Target Engineering new wins: 488 mn
- Villas at AKOYA Oxygen: AED 628 million
- Dubai South Mall by Emaar: AED 363 million
- Phase 1 of Forte Dubai : AED 196 million

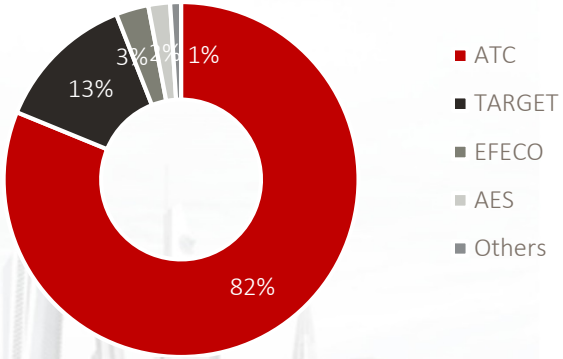
By Sector (Sep 2017)



By Geography (Sep 2017)



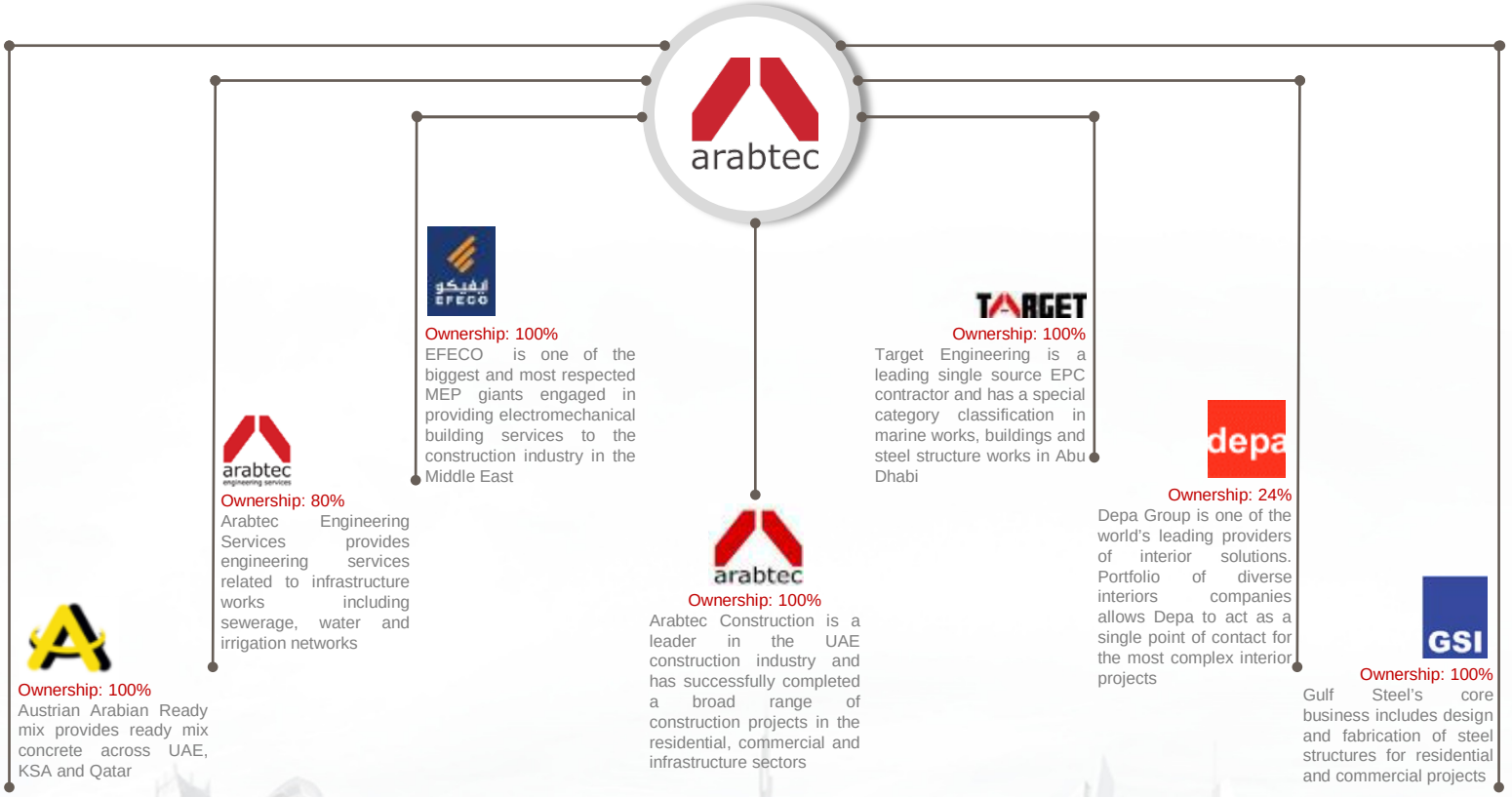
By Subsidiary (Sep 2017)



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Integrated Capabilities

Delivering a competitive advantage to the group



Core Competencies

- Economic Infrastructure
- Commercial
- Hospitality
- Social Infrastructure
- Residential
- Oil & Gas



Commitment | Integrity | Team Spirit | Professionalism | Accountability

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