Press release

Drake and Scull International Reports Q3 2017 Financial Results

New management continues to consolidate and streamline operations with renewed focus on UAE market

Q3 2017 Highlights

- *Recapitalization Program successfully completed*
- *Tabarak Investment Injects AED 500 million in Equity*
- *Debt restructuring expected to be concluded across key markets in Q4 2017*
- *Q3 2017 Revenue stood at AED 590 million*
- *Ongoing UAE projects portfolio contributes 42% of the company's Q3 2017 revenue*
- *The New Management conducts a projects commercial review and records additional provisions, revenue and margin adjustments for legacy projects across key markets*
- *The lack of liquidity prior to the completion of the Recapitalization Program and to the Equity injection, impacted the overall productivity of projects and resulted in a Net loss of AED 359 million in Q3 2017*
- *UAE project tenders in advance stages of negotiations expected to materialize in Q4 2017*

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UAE, November 14, 2017 - Drake & Scull International PJSC (DSI), a regional market leader in engineering and construction services, reported today (14 November 2017) its financial results for Q3 2017.

Revenue for the third quarter of 2017 stood at AED 590 million. The lack of liquidity prior to the completion of the Recapitalization Program and to the Equity injection by Tabarak Investment impacted the overall productivity of ongoing projects. Consequently, additional provisions, revenue, and margin adjustments were recorded across several markets resulting in a Net Loss of AED 359 million in Q3 2017.

The ongoing projects portfolio in the UAE remains robust and continues to be the main revenue driver, with the debt restructuring positively progressing in the local market. The debt restructuring effort is expected to be concluded across key markets in the fourth quarter of 2017 enabling the Group to secure its funding requirements and to move forward with its turnaround plan.

Furthermore, the company revealed that the UAE project tenders in advance stages of negotiations are expected to materialize in Q4 2017.

The company's quarterly financial results were released as the new leadership team continues to review projects and identify pertinent risks to mitigate its exposure on the operating and financial performance of the Group. The move represents another essential step in DSI's operational restructuring, which will set the stage for improved and consistent performance in the coming quarters.

Rabih Abou Diwan, Investor Relations Director of Drake & Scull International said: "We expect our financial performance to normalize in the fiscal year 2018 in line with our continued pursuit of restructuring and reinforcing our operations. Our primary objective is to strengthen our financial position, to accelerate projects delivery and to improve the operational performance across all sectors."

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"For the fourth quarter of 2017, we are confident that our performance will improve as we steam ahead with our restructuring program. We reassure our shareholders that we are on the right track to restore our leadership position in the mechanical, electrical, and plumbing (MEP) sector as the new board of directors remains fully committed to stabilizing the business and reinstating our trajectory for profitability and growth," Abou Diwan concluded.

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<u>About Drake & Scull International PJSC</u>

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 manages 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 centers, petrochemical, rail, commercial, government, leisure, and infrastructure sectors.

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