

Building
Our Future

Q1 2018
Investor Presentation

May 2018

arabtec

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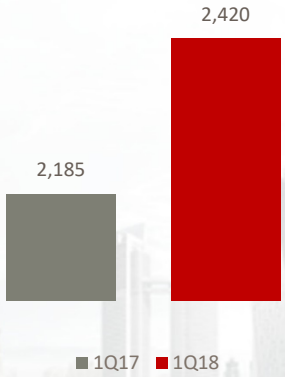
Backlog and new contract awards are non-IFRS metrics based on management's estimates of awarded, signed and ongoing contracts which have not yet been completed, and serve as an indication of total size of contracts to be executed. These figures and classifications are unaudited, have not been verified by a third party, and are based solely on management's estimates.

Performance Highlights

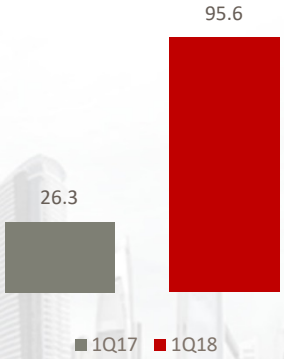
1Q 2018 vs 1Q 2017

Revenue ↑	EBIT ↑	Net Profit ↑	Backlog ↓	SG&A ↑
AED 2,420 mn	AED 95.6 mn	AED 63.6 mn	AED 16.2 bn	3.4%
Revenue increased to AED 2,420 million in 1Q18 compared to AED 2,185 million in 1Q17; up 10.7% y-o-y	EBIT increased to AED 95.6 million in 1Q18 compared to AED 26.4 million in 1Q17; up 263% y-o-y	Net profit attributable to Parent was AED 63.6 million in 1Q18 compared to AED 17.6 million in 1Q17 up 261% y-o-y	Backlog stood at AED 16.2 bn with a solid pipeline of tender opportunities of AED 16 billion	SG&A as a % of revenue declined 21% y-o-y from 4.3% in 1Q17

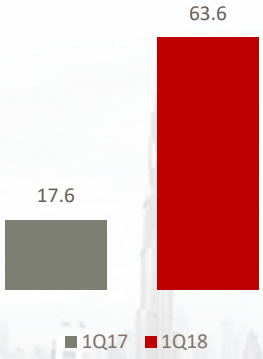
Revenue (AED, mn)



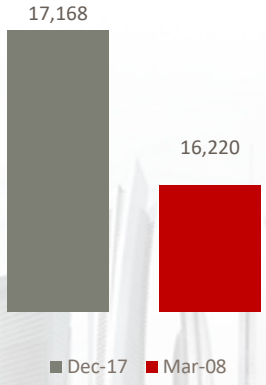
EBIT (AED, mn)



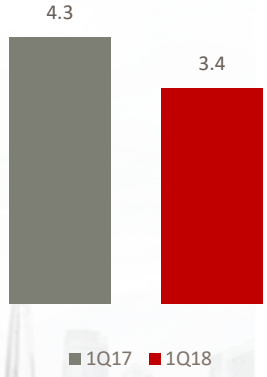
Net Profit (AED, mn)



Backlog (AED, mn)



SG&A Ratio (% of Revenue)



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

Successfully implemented

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

Progressing

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
- Grow from existing capital base

Strategic Priorities 2018

Productivity	▪ Measures to increase workforce productivity ▪ Implement short- term incentive plan
Efficiency	▪ Simplify and closely integrate the Group's operating structure ▪ Remove duplicated functions and activities through shared services and outsourcing ▪ Implement benchmark organisational spans and layers to create a lean and agile organisation
Innovation	▪ Implementation of innovative methods for construction ▪ Improve cost savings and benefits through integrated supply chain management ▪ Integrate of BIM and 3D modelling into new projects ▪ Explore opportunities to reduce waste through the modularisation of building design
Strengthen Balance Sheet	▪ Improve net debt to equity ratio ▪ Continue to divest or develop non-core assets and investments
Market & Growth	▪ Achieve target work winning rate ▪ Pursue opportunities in the infrastructure sector to secure sustainable growth of the Group ▪ Develop framework & competency to offer other funding solutions for Government projects
Governance	▪ Complete roll-out of Business Standards across the Group ▪ Roll out 4-gate work winning tools across OpCo's ▪ Implement standardised processes and tools across the Group

"In 2018 we move to rebasing the business through a range of initiatives "

Income Statement

AED (mn)	Q1 2018	Q1 2017	Variance
Revenue	2,420	2,185	235
EBIT	95.6	26.4	69.2
EBIT Margin (%)	4.0%	1.2%	2.8%
Net Profit/ (Loss) for the period	65.8	1	64.8
Margin (%)	2.7%	0.1%	2.7%
Net Profit attributable to the owners of the parent	63.6	17.6	46.0

"The Group has consistently reported a steady increase in profitability since 2017"

Balance Sheet

AED mn	Mar-18	Dec-17
Non-current assets		
Property, plant and equipment	727	754
Goodwill	249	249
Investment properties	596	596
Trade and other receivables	751	750
Advances paid to suppliers and subcontractors	291	291
Investment in associates	226	224
Other non-current assets	38	38
Total non-current assets	**2,878**	**2,902**
Current assets		
Inventory	123	117
Trade and other receivables	5,446	5,290
Advances paid to suppliers and subcontractors	1,284	1,258
Other financial assets	208	182
Due from related parties	719	714
Other current assets	332	335
Cash and bank balances	633	1,144
Total current assets	**8,745**	**9,040**
Total assets	**11,623**	**11,942**

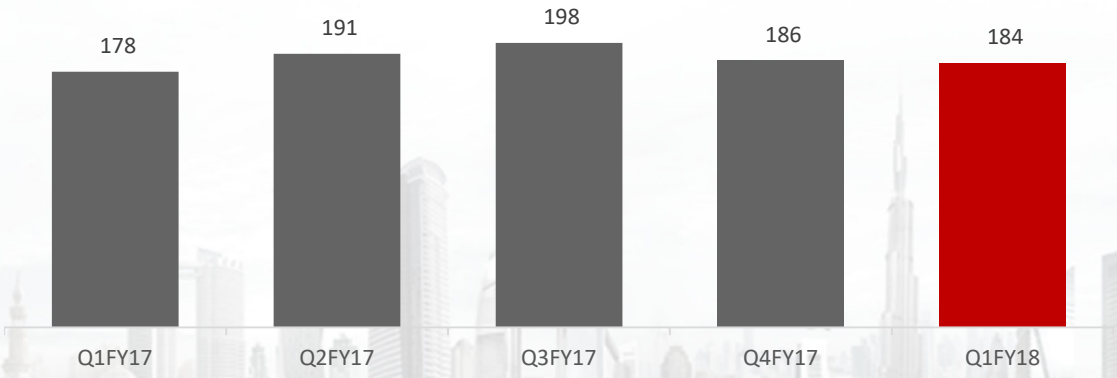
	Mar-18	Dec-17
Equity		
Share capital	1,500	1,500
Other reserves	(40)	(37)
Retained earnings (accumulated losses)	83	120
Equity attributable to equity holders of the Parent	**1,543**	**1,583**
Non-controlling interests	(254)	(243)
Total equity	**1,289**	**1,340**
Non-current liabilities		
Bank borrowings	741	790
Loan from a related party	-	-
Provision for EOS	196	201
Retention payable	389	386
Total non-current liabilities	**1,326**	**1,377**
Current liabilities		
Bank borrowings	1,652	1,843
Trade and other payables	4,828	4,816
Adv. received from customers for contract work	1,948	2,010
Due to related parties	563	536
Income tax payable	17	20
Total current liabilities	**9,008**	**9,225**
Total liabilities	**10,334**	**10,602**
Total equity and liabilities	**11,623**	**11,942**

Receivables Analysis

Current Receivables AED mn	Q1FY17 31Mar	Q2FY17 30Jun	Q3FY17 30Sep	Q4FY17 31Dec	Q1FY18 31Mar
Contract receivables [1]	1,591	1,773	1,813	1,876	1,869
Amounts due from customers for contract work [2]	2,682	2,713	2,909	2,981	3,199
Trade and other receivables	73	83	74	57	55
Provision for doubtful debts	(267)	(266)	(266)	(264)	(378)
Total (excluding retentions)	**4,079**	**4,302**	**4,531**	**4,650**	**4,745**
Retentions receivable	541	520	579	640	701
Total current receivables	4,621	4,822	5,110	5,290	5,446
Advances paid to suppliers and sub contractors	**1,020**	**1,185**	**1,351**	**1,258**	**1,284**

Notes:
1. Revenue certified and payable by clients
2. Work completed including a. billed but not certified and b. unbilled

Debtor Days*



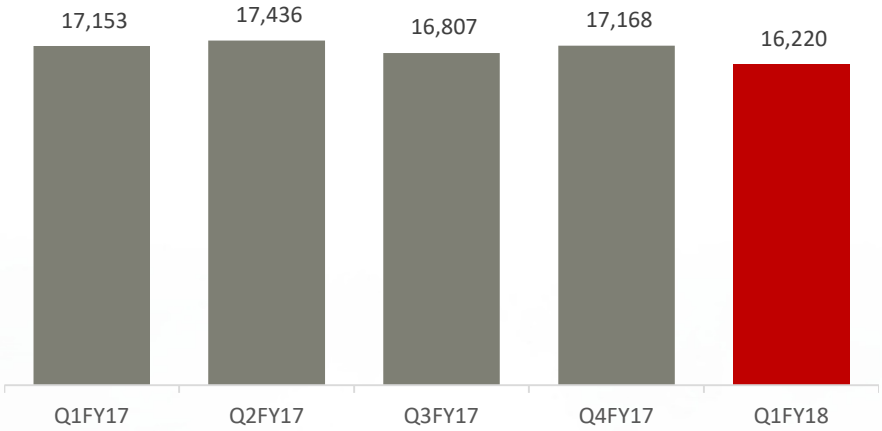
* Calculated based on rolling 12 months actual revenue and excluding retentions

Cashflow Statement

(AED mn)	1Q18	1Q17	Variance
Cash flow from operations before working capital changes	158	80	78
Change in working capital	(324)	(358)	34
Others	(32)	(21)	(11)
Cash used in operating activities	(198)	(299)	101
Cash used in investing activities	(42)	(42)	0
Cash from financing activities	(142)	132	(274)
Net decrease in cash	(382)	(209)	(173)
Cash at the beginning of the period	501	543	(43)
Net foreign exchange difference	(5)	1	(5)
Cash at the end of the period	114	335	(221)

Backlog

Backlog (AED mn)

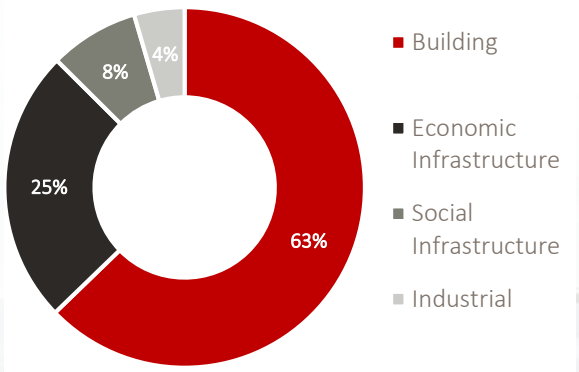


Major New Wins (FY 2018)

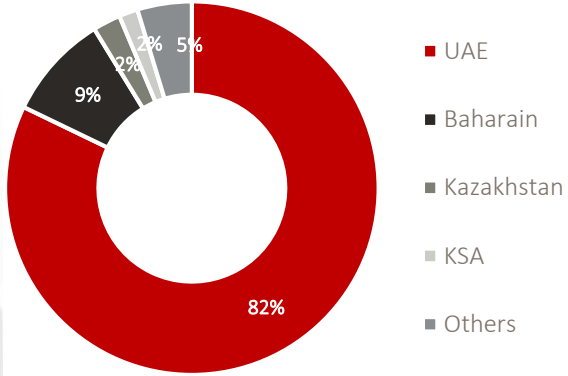
916 Villas in AKOYA Oxygen from DAMAC Properties
AED 424 million

DS188 infrastructure project from Dubai Municipality
AED 433 million

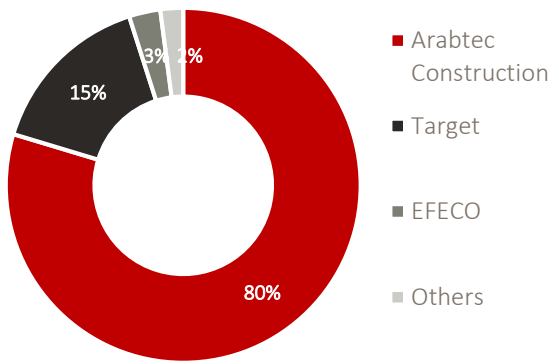
By Sector (Mar. 2018)



By Geography (Mar. 2018)

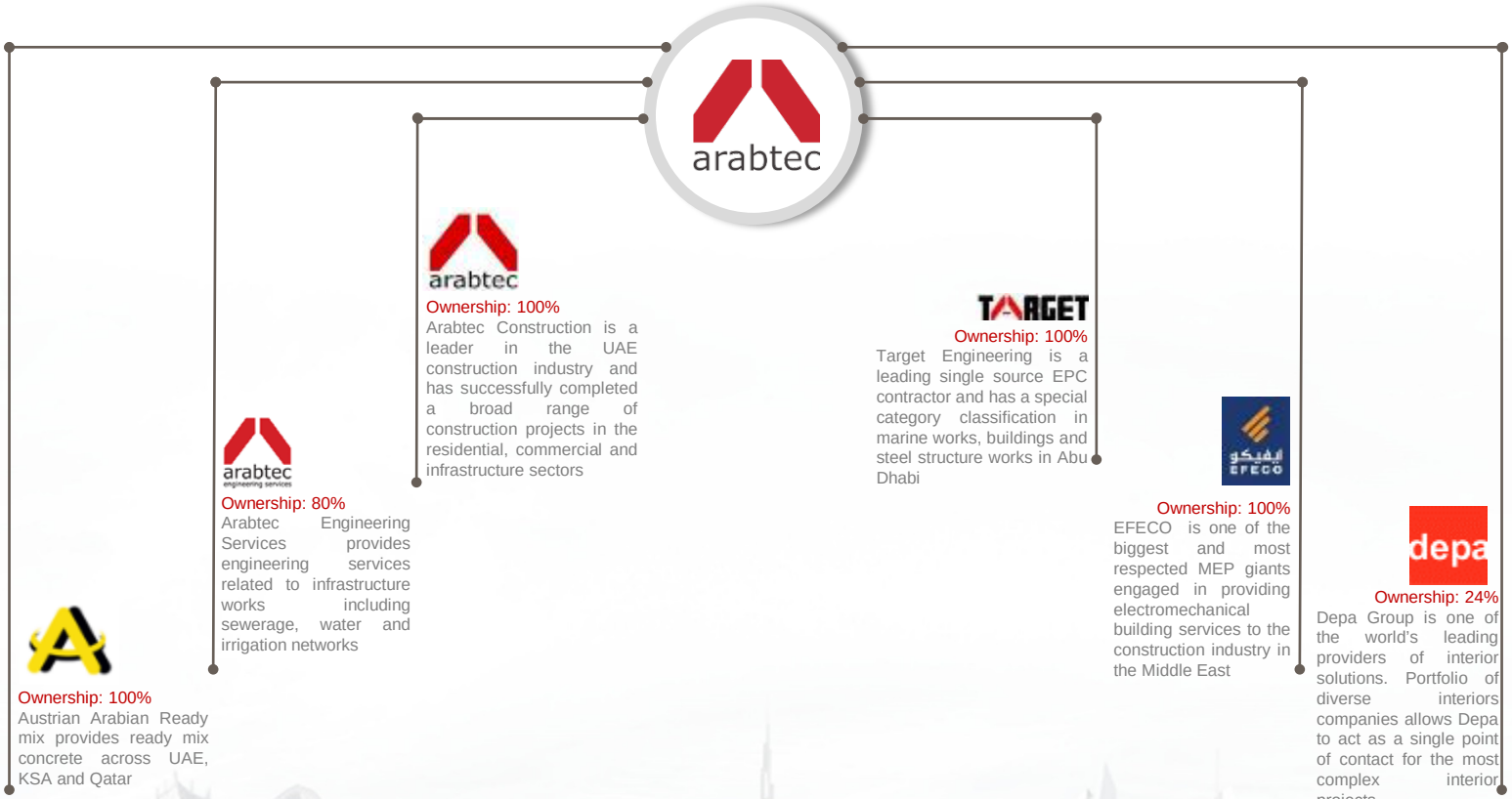


By Subsidiary (Mar. 2018)



Integrated Capabilities

Delivering a competitive advantage to the group

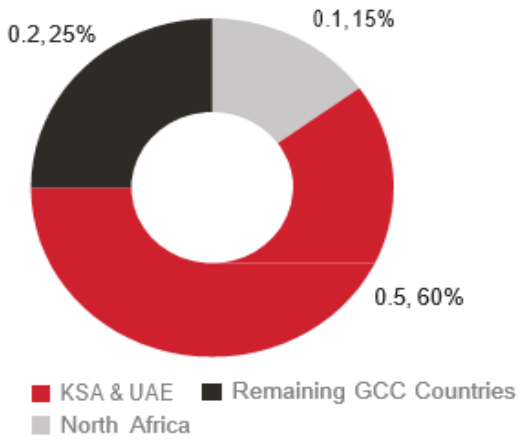


Core Competencies

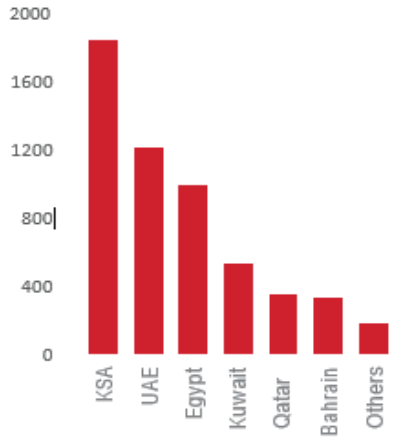
- Economic Infrastructure
- Residential
- Hospitality
- Social Infrastructure
- Commercial
- Industrial

Market Outlook

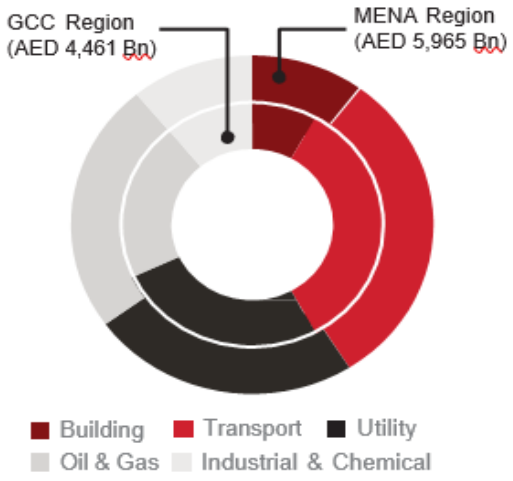
The UAE construction market is estimated to grow at 9.1% CAGR



No. of Construction Contracts: MENA Region (2017, AED Tn, %)



Pre-Execution Construction Projects by Country (2018-2022)



Pre-Execution Construction Projects by Segment (2018-2022)

- Over 25,000 live construction projects in the MENA region exceeding AED 0.9 Tn in 2017 (vs. AED 0.6 Tn in 2014) of which 60% are in the UAE & KSA.
- Investments in real estate and infrastructure are estimated be over AED 3.7 Tn and AED 3 Tn respectively, in 2016-22.

- The UAE construction market is estimated to grow at 9.1% Compound Annual Growth Rate (CAGR) in line with work ramping up on projects connected to Expo 2020 and the UAE Vision 2021.
- The UAE's construction industry project pipeline for pre-execution construction projects is estimated at AED 1.2 Tn.

Source: Industry articles, MEED, BMI



Commitment | Integrity | Team Spirit | Professionalism | Accountability

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