



Press release

Drake & Scull reports Q3 2018 Financial Results *Company announces appointment of restructuring advisors*

- Restructuring Committee formed to initiate a comprehensive operational and financial plan to stabilize the business and support future growth
- Ongoing measures to accelerate bidding and secure new projects
- Incurred a net loss of AED 498m due to portfolio of legacy projects
- Operating losses attributable to the handover phase of legacy projects
- Multifaceted efforts to restore the financial position of the Group amid a balance sheet clean up

Dubai, UAE – 14 November 2018: Drake & Scull International PJSC ('DSI' or the 'Company') a regional leader in engineering and construction services, reported today results for Q3 2018 and the appointment of external restructuring advisors to work with the recently appointed Restructuring Committee on the financial plan to restore operations and stabilize the business.

Drake & Scull's Board, on the 22 October 2018, approved the formation of a Restructuring Committee after shareholders voted on 4 October 2018 by special resolution at the General Assembly to continue operations. The four-person committee made of up Mr Khamis Buamim (Board Member), Mr Ahmed Kilani, (Board Member), Mr Obaid Al Marri (Board Member) and Mr Yousef Al Mulla, Group Chief Executive Officer. Mr Al Mulla, an industry veteran, was appointed Group Chief Executive and joined the Company, during the third quarter, on 26 August 2018.

The Restructuring Committee has now formally appointed advisors to work on the development of a new financial restructuring plan to put the Company on a strong path to recovery. Trussbridge Advisory (DIFC) Limited has been appointed financial advisors to the restructuring; Allen & Overy LLP, legal advisors; Al Tamimi & Company, regulatory advisors and, Deloitte has been appointed to advise on the development of a new and comprehensive business plan.

At the end of Q3 2018, the Company has incurred a net loss of AED 498 million. The [operating] loss is attributable to the final phase of the project (close-out and handover) of the Company's legacy projects. This comes as part of the ongoing restructuring programme which includes the reassessment of all current and legacy projects. Furthermore, in light of this reassessment, several legacy projects which are due to be closed-out and handed-over could lead to further potential losses in the fourth quarter 2018.

Concurrently, the Company is pursuing ongoing measures to accelerate bidding and secure new projects and continues to submit proposals for carefully selected projects, predominantly in the UAE, with several [fully financed] projects due to sign in the coming months. Notwithstanding its financial situation, Drake & Scull continues to be sought after by developers for high quality and important construction projects.

Yousef Al Mulla, Group CEO, Drake & Scull International PJSC said: "The appointment of an experienced restructuring advisory team is an important step as we move forward with our financial and operational restructuring plan. That team working with our newly formed Restructuring Committee, will not shy away from taking the tough decisions necessary to refocus the business and, with support from our many stakeholders, restore the Company to financial health."

The Restructuring Committee and its strong team of advisors will develop a comprehensive restructuring plan that will build on the restructuring and recapitalization that started in 2017 and continued throughout 2018. The plan will be developed in the best interests of all stakeholders including lenders, suppliers and current and previous employees.

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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 managing projects in Europe.

DSI has delivered more than 700 projects around the world in the last five decades catering to aviation, residential, mixed use, power plants, district cooling plants, hospitality, healthcare, renewable energy, data centres, petrochemical, rail, commercial, government, leisure, and infrastructure sectors.