Arabtec Holding PJSC

FY 2019 AUDITED EARNINGS RELEASE

Dubai, UAE – 12th June 2020

Arabtec Holding PJSC ("Arabtec" or "Group"), a leading contractor for social and economic infrastructure, announces its financial results for 12 months ended 31st December 2019.

Arabtec reported a net loss to parent of AED 774 million in 2019 which was attributable to the construction business (Arabtec Construction). Other core businesses including Target (Industrial), Arabtec Engineering Services (Infrastructure) and EFECO (MEP) traded profitably and remain well-positioned within their respective sectors.

Construction

The full year loss is primarily attributable to:

- Tight liquidity in the real estate and construction sector.
- Slowing real estate sector has resulted in limited new awards.
- Settlement and recoverability of claims
- Loss from investment in an associate company.

Arabtec continues to make good progress on handing over key projects. Since Q3, Arabtec Construction has handed over six legacy projects and is confident that it will hand over additional nine legacy projects by the end of 2020. This will significantly reduce the Group's risk around costs and will allowing Arabtec to fully focus on pursuing its contractual entitlements with clients.

Arabtec Construction is taking a selective approach to geography, clients and contract terms and will focus on its core strengths such as villas where it is well recognised for delivering quality and value.

Industrial

Arabtec Group through its subsidiary Target is a leading local EPC contactor in the Oil & Gas sector working for key clients. Target is well-positioned to continue to grow its revenue and backlog through a strong pipeline of opportunities in the UAE and KSA.

Infrastructure

Consistent with Group's strategy Arabtec is focusing more on the infrastructure sector through its subsidiary Arabtec Engineering Services, a leading local infrastructure and utility contractor which is well

positioned to take advantage of future growth opportunities in UAE including roads, bridges, sewerage, water and irrigation networks.

MEP

EFECO is a leading local Mechanical, Electrical and Plumbing (MEP) contractor in the UAE.

Material uncertainty related to going concern

The key assumptions included in the Group's forecast cash flows over the going concern period are: the Group's ability secure adequate financial support, obtaining covenant waivers on its existing financing facilities and closing out ongoing, completed and legacy projects in accordance with forecast cash flows.

Going Forward

The Group continued to reduce debt in 2019 and is working closely with key lenders to align its debt with its business needs. The Group continues to right-size its workforce, reducing manpower and support functions in line with the operational requirements of the business, reducing cost and improving productivity and efficiency for the Group.

Consistent with conditions being experienced across the industry, the uncertainty due to turmoil in the oil and gas market further worsened by the impact of COVID-19 may materially affect the assumptions made in preparing these financials statements, particularly the timing of financing, new contract awards and our ability to meet project milestones. At the date of approval of these financial statements, our projects continue to operate and have been moderately affected by lockdown and social distancing measures in the UAE and Middle East so far. If the pandemic increases in magnitude and duration, the continuation of these circumstances could result in an even broader economic downturn which could have a negative impact on the Group's financial results. Notwithstanding the measures implemented by the Group to prevent and/or detect the virus, the variety of possible outcomes related to the course of the pandemic and its adverse impact on the regional and global economy represents a material uncertainty.

Financial Performance Summary

AED (million)	2019	2018	Variance
Revenue	7,786	9,853	(2,067)
Net (Loss)/Profit for the year	(849)	257	(1,106)
Net Margin (%)	-10.9%	2.6%	-
Net (Loss)/Profit attributable to the owners of the parent	(774)	256	(1,030)
Net Margin attributable to the owners of the parent (%)	-9.9%	2.6%	-
Earnings per share	(0.52)	0.17	-

About Arabtec Holding

A leading engineering and construction Group specialising in projects in the Middle East and North Africa. Through its operating companies and investments, the Group delivers construction and infrastructure projects, including commercial, residential, social, industrial and economic infrastructure in UAE and other selected countries in the region. The UAE-based group's list of completed projects includes iconic buildings such as the world's tallest building, the Burj Khalifa in Dubai, Abu Dhabi landmark, the Emirates Palace Hotel and Louvre Abu Dhabi Museum; as well as other technically challenging work on airports and related infrastructure. In 2005, Arabtec became the first construction company to be listed on the Dubai Financial Market. Today, Arabtec Holding consists of operating companies which span all segments of the construction cycle. The group is currently working on some of the most prestigious projects in the Middle East, such as the UAE Pavilion and the Midfield Terminal Building in Abu Dhabi.

Arabtec Holding PJSC

1st Floor Low Rise IPIC Building,

Sultan Bin Zayed the First Street

(Al Muroor Road)

✉ ir@arabtecholding.com

☎ +971 (0) 2 333 7798

For more information, please visit

www.arabtecholding.com

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