Drake & Scull International announces Q3 2020 Results

Despite the difficulties the company and the market is facing owing to the pandemic, the company has delivered a Gross Profit of AED 7 million and a margin of 17% for the 3 months ended 30 September 2020 compared to a Gross Loss of AED 110 million recorded for the same period last year.

Dubai, UAE, 14 November 2020: Drake & Scull International PJSC (DSI), a regional market leader in the integrated design, engineering and construction disciplines of engineering (MEP), Water and Power, and Oil and Gas reported today its unaudited financial results for Q3 ended 30 September 2020 reporting a Net Profit of AED 129 million for the nine months ended 30 September 2020.

- For the 9 months ended 30 September 2020, Revenue achieved was AED 118 million compared to AED 339 million for the same period in 2019.

- For the 9 months ended 30 September 2020 Gross Profit achieved was AED 14 million compared to a Gross Loss of AED 227 million for the same period in 2019.

- There was a Gain on Disposal of a subsidiary amounting to AED 354 million.

- For the 9 months ended 30 September 2020 profit from Continued Operations was AED 130 million, compared to a loss of AED 1,200 million for the same period in 2019.

- For the 9 months ended 30 September 2020 Net Profit of AED 129 million compared to Net Loss of AED 1,210 million for the same period in 2019

- For the 3 months ended 30 September Net Loss of AED 70 million, mainly resulting from legal and bond provisions compared to Net Loss of AED 372 million for the same period in 2019

- Accumulated Losses have been reduced from AED 5,005 million as of 31 December 2019 to AED 4,876 million as of 30 September 2020.

- Total Negative Equity has improved from AED 3,987 million as of 31 December 2019 to AED 3,854 million as of 30 September 2020.

DSI recorded revenues of AED 118 million and the order backlog remained stable at AED 570 million, which includes AED 157 million from Joint-Ventures, driven by on-going operations in the UAE, Algeria, Kuwait, Iraq and Germany.

Gross Profit for the third quarter of 2020 is AED 14 million and the Net Profit is AED 129 million for nine months ended 30 September 2020 compared to a Net Loss of AED 1,210 million recorded for the same period last year.

Munir Mansour, CEO of DSI, said: "As per the Shareholders' approval the organisational restructuring is progressing well especially after the sale of some of the loss-making entities, the continued focus on the MEP business and the successes of our subsidiary Passavant GmbH. We are making a continuous effort to acquire more projects, whether in UAE or overseas, in addition to the on-going operations in Tunisia, Kuwait, Iraq, Algeria and Germany.

The financial restructuring with the support of the Board of Directors and the advisors have progressed considerably since the involvement of the Ministry of Finance's Financial Reorganization Committee (FRC). We have reached advanced stages in the negotiations with the key banks ahead of finalizing the framework and details of the restructuring plan. In September a formal process to allow all creditors to register their claims with the FRC appointed expert through press advertisements and direct contact with all known creditors. This was an important step forward signifying the progress of the broader plan to reorganise the Company. The FRC appointed expert is administering the process of registering and verifying the creditor claims before submitting an official report to the FRC. The results of the exercise will be published in the Newspapers in the near future as soon the exercise has been completed and subsequently approved by the FRC".

It is worth mentioning that earlier this year, for business continuity purposes and to facilitate the Company's financial reorganization process, DSI made an application for its financial reorganisation process to be conducted under the supervision of the FRC. That application was accepted by the FRC in May 2020; and in June 2020 the FRC approved the appointment of the expert in accordance with the FRC Regulations. This acceptance marked a significant development towards achieving a successful financial reorganisation of DSI.

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About Drake & Scull International PJSC

Drake & Scull International PJSC (DSI) is a regional market leader in world-class integrated design, engineering, and construction projects. DSI's main business streams include engineering (MEP), construction, oil & gas, and water & wastewater. The company operates across the GCC and the rest of the Middle East as well as Europe. DSI has completed more than 700 projects around the world in the aviation, residential and mixed-use real estate, power plant, cooling plant, hospitality, healthcare, renewable energy, data center, petrochemical, rail, commercial, government, leisure and infrastructure sectors.

For media inquiries, please contact:

Drake & Scull International PJSC

Dalia Zaher

Investor Relations Manager

Tel: +971-4-528-3444

E-mail: dalia.zaher@drakescull.com