# 9M 2016 Results Presentation

22 November 2016

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# Summary Financials

- **Net income attributable to shareholders increased 17.3% y-o-y to USD 75.4 million in 9M 2016 and 6.1% to USD 26.0 million in Q3 2016**
  - EBITDA margin driven by the Group's performance in the MENA region
- **Continued improvement in BESIX's performance**
  - Contribution to net income of USD 25.0 million in 9M 2016 compared to USD 12.6 million in 9M 2015
  - 9M 2016 new awards increased 23.6% y-o-y to EUR 1.8 billion, bringing backlog to EUR 3.3 billion
- **Consolidated net cash position of USD 236.4 million and operating cash flow of USD 223.1 million generated in 9M 2016**
- **Backlog at USD 7.5 billion driven by new awards of USD 3.5 billion in 9M 2016**

| Consolidated Income Statement | | | | | | |
|---|---|---|---|---|---|---|
| **USD million** | **9M 2016** | **9M 2015** | **Change** | **Q3 2016** | **Q3 2015** | **Change** |
| Revenue | 2,959.1 | 3,019.6 | (2.0%) | 962.1 | 1,145.2 | (16.0%) |
| EBITDA | 139.3 | 163.1 | (14.6%) | 40.2 | 61.7 | (34.8%) |
| *Margin* | *4.7%* | *5.4%* | *(70 bp)* | *4.2%* | *5.4%* | *(120 bp)* |
| BESIX | 25.0 | 12.6 | 98.4% | 15.5 | 1.5 | 933.3% |
| Net income attributable to shareholders | 75.4 | 64.3 | 17.3% | 26.0 | 24.5 | 6.1% |
| *Margin* | *2.5%* | *2.1%* | *+40 bp* | *2.7%* | *2.1%* | *+60 bp* |

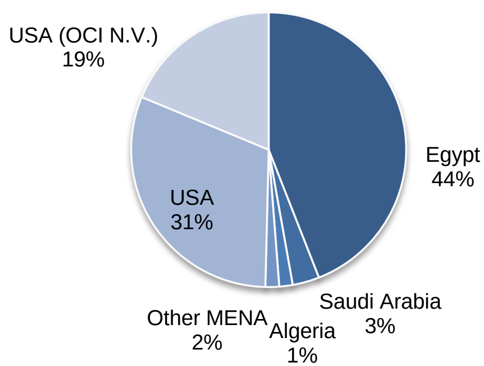
| Summary Balance Sheet | | | |
|---|---|---|---|
| **USD million** | **30-Sep-16** | **31-Dec-15** | **Change** |
| Cash and cash equivalents | 518.9 | 574.9 | (9.7%) |
| Total debt | 282.5 | 439.4 | (35.7%) |
| Total equity | 580.2 | 560.5 | 3.5% |
| Net debt (cash) | (236.4) | (135.5) | 74.5% |

# Summary Income Statement by Geography

- **MENA accounted for 50% of revenue in 9M 2016 led by Egypt, which represented 44% of total**
  - OCI N.V. work comprised 38% of revenue in USA during 9M 2016
- **EBITDA driven by continued strong performance in the MENA segment**
  - MENA EBITDA margin of 9.8% in 9M 2016 and 11.7% in Q3 2016, mainly driven by projects in Egypt
- **MENA net income margin in strengthened to 7.6% and 5.0% in Q3 and 9M 2016**
- **Contribution from BESIX increased to USD 15.5 million in Q3 2016, compared to USD 7.5 million in Q2 2016 and USD 1.5 million in Q3 2015**

| Consolidated Income Statement | 9M 2016 | | | Q3 2016 | | |
|---|---|---|---|---|---|---|
| USD million | MENA | USA | Total | MENA | USA | Total |
| Revenue | 1,491.0 | 1,468.1 | 2,959.1 | 475.9 | 486.2 | 962.1 |
| EBITDA | 145.6 | (6.3) | 139.3 | 55.9 | (15.7) | 40.2 |
| *Margin* | *9.8%* | *(0.4%)* | *4.7%* | *11.7%* | *(3.2%)* | *4.2%* |
| BESIX | - | - | 25.0 | - | - | 15.5 |
| Net income attributable to shareholders | 74.3 | (23.9) | 75.4 | 36.4 | (25.9) | 26.0 |
| *Margin* | *5.0%* | *(1.6%)* | *2.5%* | *7.6%* | *(5.3%)* | *2.7%* |

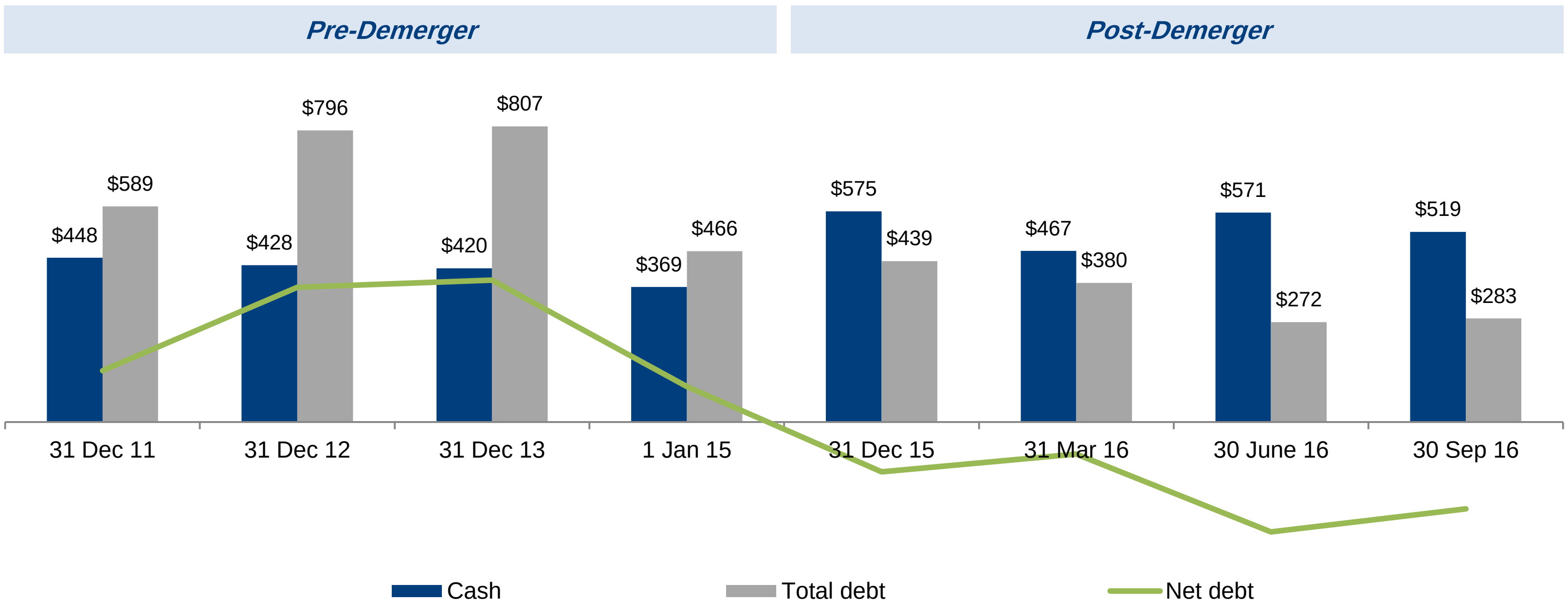
**9M 2016 Revenue by Geography**



# Net Cash Position as of 30 September 2016

**Net cash position of USD 236.0 million as of 30 June 2016**

**Evolution of Net Debt**




| USD million | 31 Dec 11 | 31 Dec 12 | 31 Dec 13 | 1 Jan 15 | 31 Dec 15 | 31 Mar 16 | 30 Jun 16 | 30 Sep 16 |
|---|---|---|---|---|---|---|---|---|
| Net debt | 141 | 368 | 387 | 97 | (136) | (87) | (299) | (236) |
| EBITDA | 291 | 15 | 48 | N/A | (302) | 49[(1)] | 99[(2)] | 139[(3)] |
| Total equity | 1,111 | 431 | 875 | 804 | 561 | 531 | 539 | 580 |
| *ND/equity* | *0.13* | *0.85* | *0.44* | *0.12* | *(0.24)* | *(0.16)* | *(0.55)* | *(0.41)* |

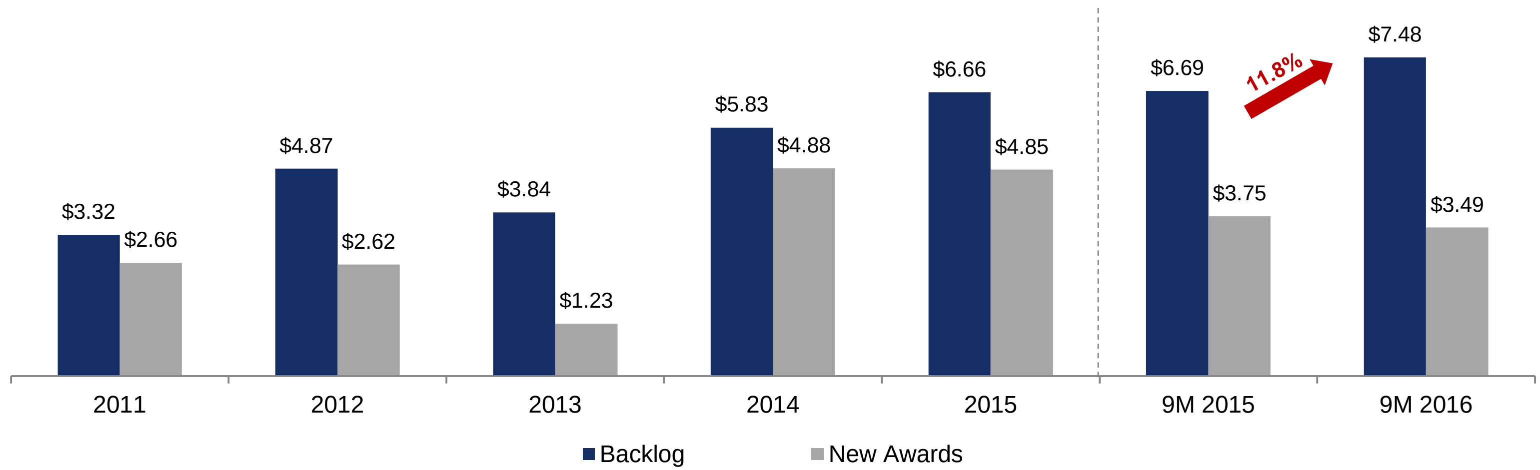
(1) Q1 2016 EBITDA; (2) H1 2016 EBITDA; (3) 9M 2016 EBITDA

# Healthy Consolidated Backlog Level

**Focus on pursuing quality projects where the Group has a competitive edge and is confident in the source of funding**

**Growing US backlog to complement MENA operations and provide incremental value**

**Backlog Excluding BESIX Increased 11.8% in 9M 2016**




- Pro forma backlog including the Group's 50% share in BESIX increased 11.5% to USD 9.3 billion as of 30 September 2016
- Consolidated backlog at USD 7.5 billion, providing sufficient future revenue and profitability coverage
- 9M 2016 new awards of USD 3.5 billion signed in Egypt, Algeria and USA
- Q3 2016 new awards increased 56.5% y-o-y to USD 755.9
- Approximately USD 575 million of Q3 2016 new awards is attributable to Weitz and Contrack Watts in USA and the balance was awarded in Egypt
- USA new awards comprised mainly of infrastructure work in the Pacific Rim for Contrack Watts and commercial projects across Weitz's core markets

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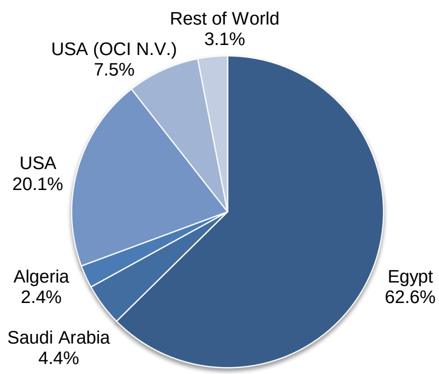
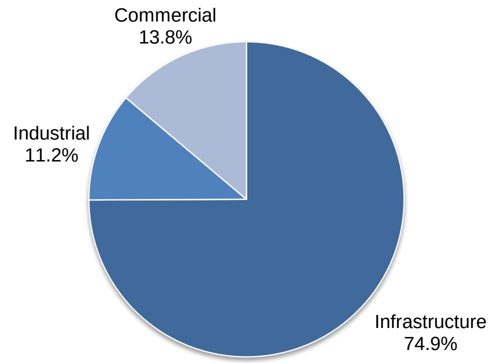
Note: Backlog excludes BESIX/JV's accounted for under the equity method and intercompany work

# Strategic Backlog Diversification

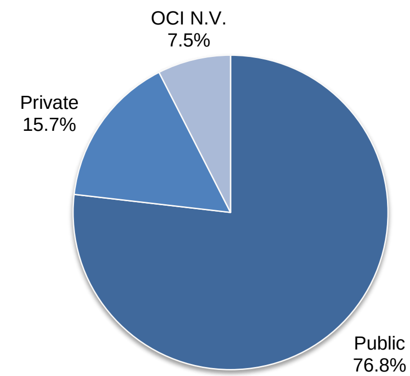
## Backlog by Geography



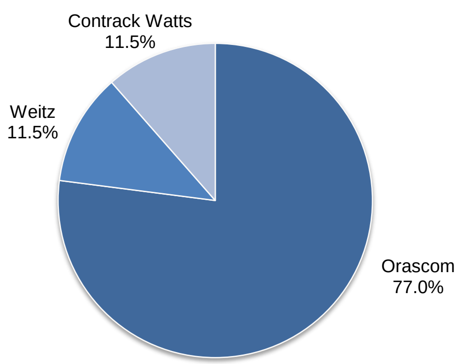

## Backlog by Sector



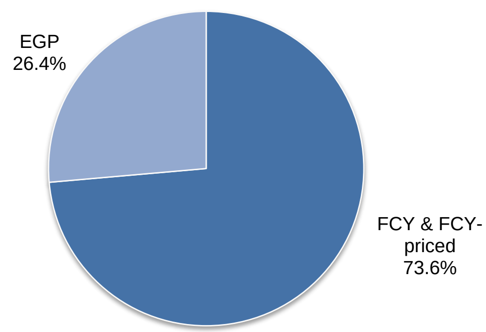

## Backlog by Client




## Backlog by Brand




## Backlog by Currency



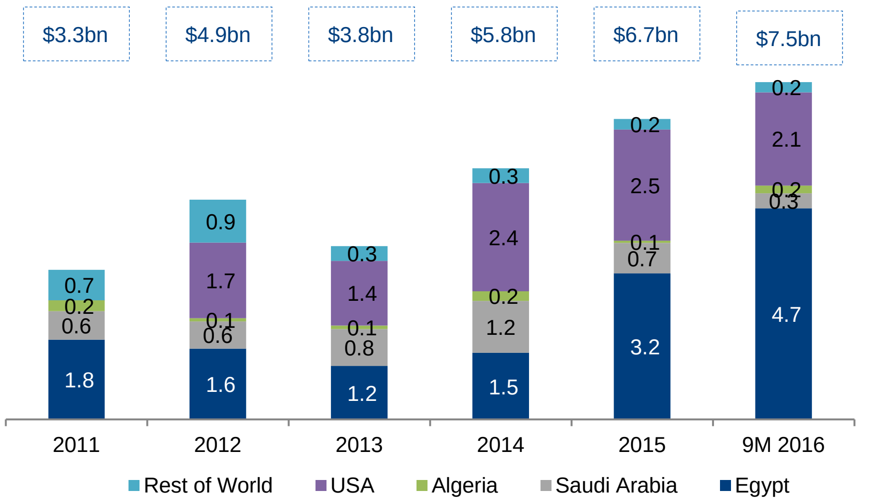

## Currency Exposure

- 74% of the Group's total backlog is in FCY or priced in FCY
  - c.42% of backlog in Egypt is in EGP
  - FCY and FCY-priced backlog outweigh FCY costs in Egypt
- The Group incorporates cost escalation clauses in most EGP contracts to protect against potential cost inflationary pressures

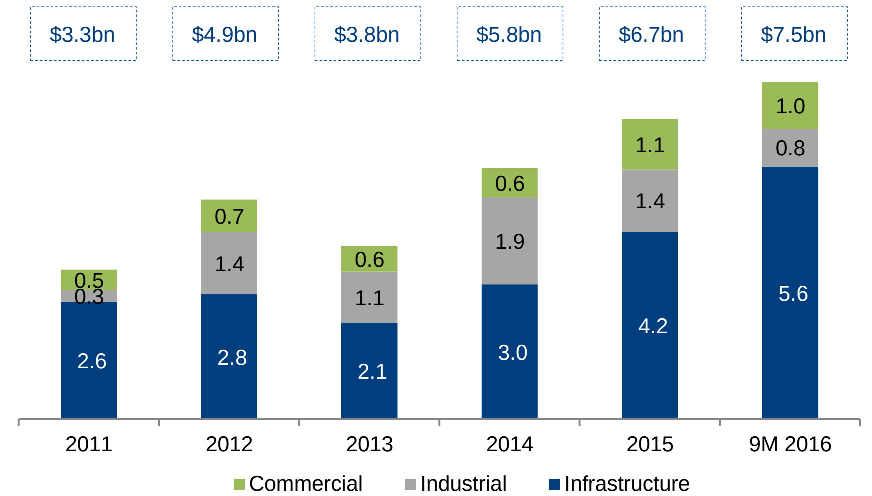
Note: Backlog breakdown as of 30 September 2016; backlog excludes BESIX/JV's accounted for under the equity method and intercompany work

# Backlog Evolution

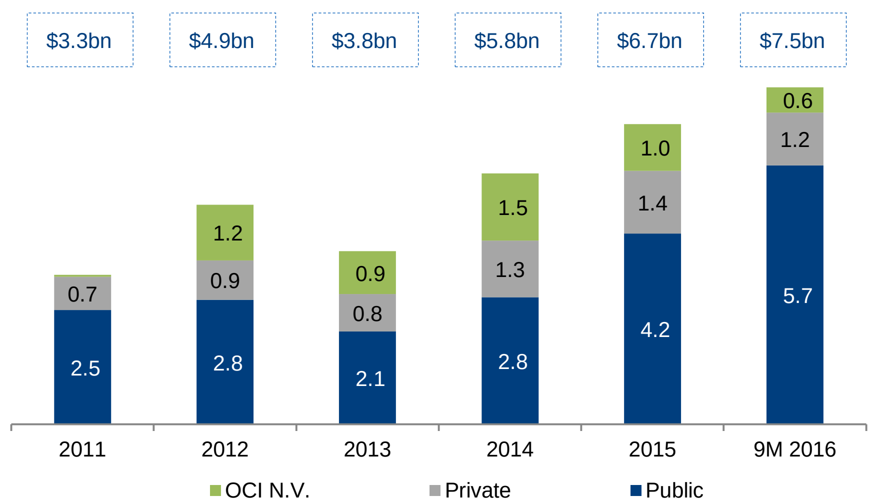
## Backlog by Geography



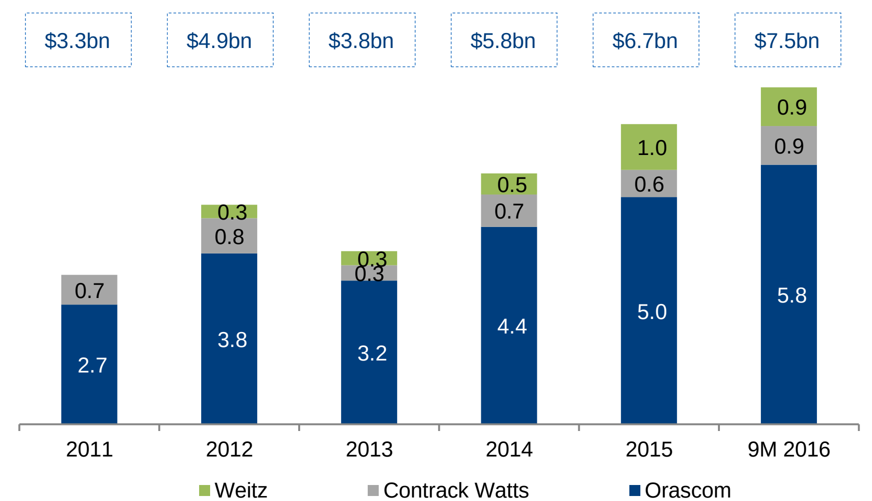

## Backlog by Sector




## Backlog by Client




## Backlog by Brand

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Note: Backlog excludes BESIX/JV's accounted for under the equity method and intercompany work

# BESIX: Strong Rebound in 2016

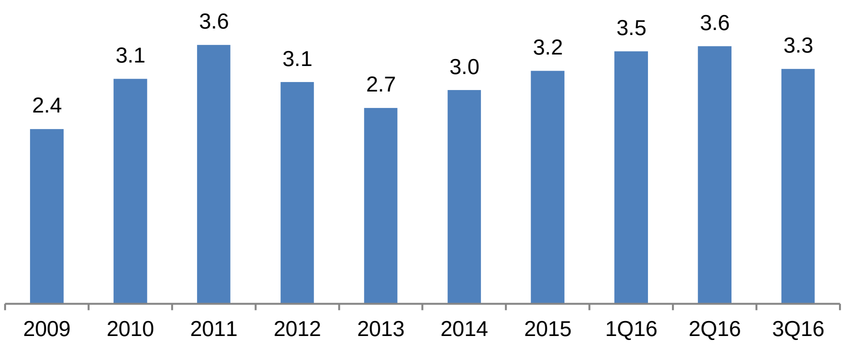
**Net income contribution to Orascom reached USD 25.0 million in 9M 2016 compared to USD 12.6 million in 9M 2015**

**BESIX's standalone backlog up 10% y-o-y to EUR 3.3 billion**

**9M 2016 new awards up 24% y-o-y to EUR 1.8 billion**

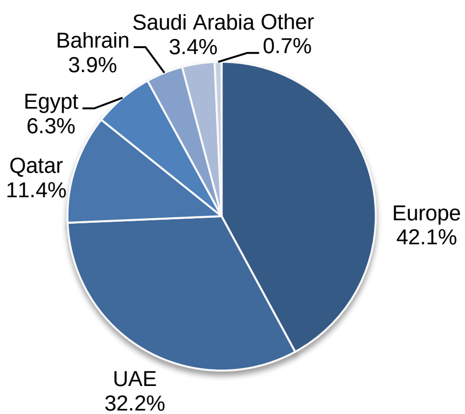
**BESIX book value of USD 317.7 million, representing 55% of Orascom's total equity value of USD 580.2 million**

## Standalone Backlog Evolution (EUR billion)

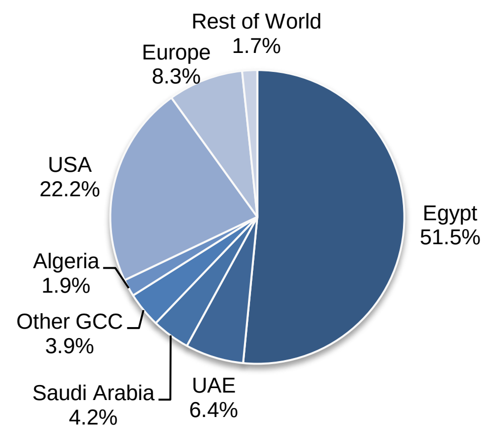



| USD million | OC | 50% of BESIX | Pro Forma |
|---|---|---|---|
| Revenue | 2,959.1 | 956.9 | 3,916.0 |
| EBITDA | 139.3 | 41.2 | 180.5 |
| Net Income[(1)] | 50.4 | 25.0 | 75.4 |
| Net Debt (Cash) | (236.4) | 1.9 | (234.5) |
| Backlog | 7,480.3 | 1,830.4 | 9,310.6 |
| New Awards | 3,487.4 | 1,017.5 | 4,505.0 |

## Standalone Backlog by Geography




## Pro Forma Backlog – Consolidating 50% of BESIX




Note: BESIX is recorded as an equity investment in OC's financial statements
(1) Net income attributable to shareholders; OC net income excludes contribution from BESIX

# Complementary Construction Materials and Property Management Portfolio

**Subsidiaries currently benefitting from increased construction and industrial activity**

**Operational synergies with Orascom and BESIX**

### NSF National Steel Fabrication

- **Ownership:** 100%
- **9M 2016 revenue:** USD 65 million
- Founded in 1995, manufactures and supplies fabricated steel products in Egypt and North Africa
- Operates four facilities plants in Egypt and Algeria, two of which are the largest in MENA
- Total capacity of 120k per year
- Increased demand from power and industrial projects including OC's recent large power plant projects

### ALICO

- **Ownership:** 100%
- **9M 2016 revenue:** USD 8 million
- Established in 2000, manufactures and installs glass, aluminum and architectural metal works
- Provides services in projects across its core markets, often in conjunction with Orascom Construction and BESIX
- Operates facility in Egypt with a capacity of 250k sqm, supplying primarily Egypt and North Africa

### CONTRACK FM

- **Ownership:** 100%
- **9M 2016 revenue:** USD 16 million
- Founded in 2004 and currently Egypt's premier facility and property management services provider
- Hard and soft facility management in commercial, hospitality and healthcare
- Clients include Nile City Towers, Smart Village, Fairmont Nile City and Capital Business Park

### SIDC

- **Ownership:** 60.5%
- **9M 2016 revenue:** USD 2 million
- Established in 1998
- Owner and developer of an 8.8 million square meter industrial park located in Ain Sokhna, Egypt
- Provides utility services for light, medium and heavy industrial users in Ain Sokhna, Egypt
- Sold a total of 500k sqm in Q4 2015 for a total of EGP 195 million; a third of the land is still vacant

### UHC

- **Ownership:** 56.5%
- **9M 2016 revenue:** USD 65 million
- Holds 50% stakes in BASF Construction Chemicals Egypt, Egyptian Gypsum Company and A-Build Egypt
- A group of companies that manufacture diversified building materials, construction chemicals and specializing contracting services
- Subs operate from 4 plants in Egypt and Algeria, supplying products primarily in Egypt and North Africa

### United Paints & Chemicals

- **Ownership**: 56.5%
- **9M 2016 revenue:** USD 7 million
- Established in 1997, UPC owns DryMix, Egypt's largest manufacturer of cement-based ready mixed mortars in powdered form used by the construction industry
- Capable of producing 240k metric tons of productand
- Supplies products to clients in Egypt and North Africa

### National Pipe Company

- **Ownership:** 40%
- **9M 2016 revenue:** USD 7 million
- Manufactures precast/pre-stressed concrete cylinder pipes and pre-stressed concrete primarily
- The two plants located in Egypt supply Egypt and North Africa
- Annual production capacity of 86 km of concrete piping

### scib Paints

- **Ownership:** 14.7%
- **9M 2016 revenue:** USD 56 million
- Manufactures up to 70k kilolitres of decorative paints and industrial coatings primarily for the construction industry
- Founded in 1981 and operates two plants in Egypt,
- Supplies products to clients in Egypt and North Africa

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Note: Revenue figures represent 100% of each unit's revenue

# Legal Update

## Golden Pyramids Plaza / City Stars Project Arbitration

- The Group and its partner, Consolidated Contractors International Co. SAL, were awarded a positive outcome against Golden Pyramids Plaza for the City Stars project in Egypt
- The claim related to the value of additional work performed, extension of time for all delays, return of the improperly liquidated bonds, and payment for outstanding re-measurement items
- A gain of USD 38.4 million was booked in Q4 2015 for awarded damages and the Group is committed to collect this sum

## SIDRA Medical Research Center arbitration

- The Group is part of an ongoing arbitration case against the Qatar Foundation for Education, Science & Community Development
- The arbitration relates to the design & build of Sidra Medical & Research Center in Doha, Qatar
- The project was under construction by a 55/45 consortium of OHL and Contrack
- Arbitration is developing in a positive way





## Appendix
Financial Statements

# Income Statement

| USD million | 9M 2016 | 9M 2015 | Q3 2016 | Q3 2015 |
|---|---|---|---|---|
| Revenue | 2,959.1 | 3,019.6 | 962.1 | 1,145.2 |
| Cost of sales | (2,740.8) | (2,788.2) | (896.3) | (1,054.4) |
| **Gross profit** | **218.3** | **231.4** | **65.8** | **90.8** |
| *Margin* | *7.4%* | *7.7%* | *6.8%* | *7.9%* |
| Other income | 5.2 | 14.2 | 0.9 | 8.5 |
| SG&A expenses | (126.4) | (124.8) | (40.8) | (50.7) |
| **Results from operating activities** | **97.1** | **120.8** | **25.9** | **48.6** |
| **EBITDA** | 139.3 | 163.1 | 40.2 | 61.7 |
| *Margin* | *4.7%* | *5.4%* | *4.2%* | *5.4%* |
| **Financing income & expenses** | | | | |
| Finance income | 34.9 | 20.5 | 4.2 | 12.8 |
| Finance cost | (43.5) | (48.0) | (0.1) | (20.5) |
| **Net finance cost** | **(8.6)** | **(27.5)** | **4.1** | **(7.7)** |
| Net loss arising from a business combination | - | (12.2) | - | - |
| Income from associates (net of tax) | 30.7 | 17.6 | 16.6 | 1.1 |
| **Profit before income tax** | **119.2** | **98.7** | **46.6** | **42.0** |
| Income tax | (41.5) | (28.7) | (17.4) | (16.7) |
| **Net profit** | **77.7** | **70.0** | **29.2** | **25.3** |
| | | | | |
| **Profit attributable to:** | | | | |
| Owners of the company | 75.4 | 64.3 | 26.0 | 24.5 |
| Non-controlling interests | 2.3 | 5.7 | 3.2 | 0.8 |
| **Net profit** | **77.7** | **70.0** | **29.2** | **25.3** |

## Results Commentary

**Revenue:**

- Revenue split evenly in 9M 2016 between MENA and USA

**Gross profit and EBITDA**

- 9M and Q3 2016 gross profit impacted by increased costs in the USA segment
- EBITDA driven by strong performance in the MENA region, which recorded 9.8% and 11.7% EBITDA margin in 9M and Q3 2016, respectively
- Lower income from the sale of PPE in Q3 2016 compared to previous year

**Net financing cost:**

- Increase in finance income in 9M 2016 due to higher interest income
- Finance cost impacted by fair value loss on a yen-related derivative but helped by smaller FX loss

**Income from associates:**

- BESIX contribution rose to USD 15.5 million in Q3 2016 from USD 1.5 million in Q3 2015, and USD 25.0 million in 9M 2016 from USD 12.6 million in 9M 2015

**Net income**

- Net income to shareholders increased 17% to USD 75.4 million at an improved margin of 2.5% compared to 9M 2015

Note: Based on reviewed financials; full financial statements are available on the corporate website

# Balance Sheet

| USD million | 30 Sept 2016 | 31 Dec 2015 |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 284.1 | 280.2 |
| Goodwill | 13.8 | 13.8 |
| Trade and other receivables | 31.2 | 33.0 |
| Investment in associates and joint ventures | 372.2 | 339.4 |
| Deferred tax assets | 94.8 | 102.0 |
| **Total non-current assets** | **796.1** | **768.4** |
| **Current assets** | | |
| Inventories | 234.5 | 203.4 |
| Trade and other receivables | 1,433.2 | 1,194.9 |
| Contracts work in progress | 817.6 | 485.4 |
| Current income tax receivables | 4.8 | 8.9 |
| Cash and cash equivalents | 518.9 | 574.9 |
| **Total current assets** | **3,009.0** | **2,467.5** |
| **TOTAL ASSETS** | **3,805.1** | **3,235.9** |

## Results Commentary

**Non-current assets**

- PPE of USD 284.1 million, including USD 78.1 million in new additions purchased during 9M 2016
- Goodwill relates to the acquisition of Weitz in December 2012 and of Alico in April 2015
- Investment in associates includes BESIX at a value of USD 317.7 million
- Deferred tax asset includes carry loss forward in USA where the Group expects to realize via future profits in 2016-2019

**Current assets:**

- Approximately 75% of the total USD 737.0 million trade receivables is not yet due
- Increase in receivables is also due to supplier and subcontractor advance payments related to new projects in Egypt
- Contracts work in progress should be viewed along with billings in excess on construction contracts

Note: Based on reviewed financials; full financial statements are available on the corporate website

# Balance Sheet

| USD million | 30 Sept 2016 | 31 Dec 2015 |
|---|---|---|
| **EQUITY** | | |
| Share capital | 117.8 | 118.0 |
| Share premium | 768.7 | 772.8 |
| Reserves | (117.5) | (81.2) |
| Retained earnings | (254.7) | (325.2) |
| **Equity to owners of the Company** | **514.3** | **484.4** |
| Non-controlling interest | 65.9 | 76.1 |
| **TOTAL EQUITY** | **580.2** | **560.5** |
| **LIABILITIES** | | |
| **Non-current liabilities** | | |
| Loans and borrowings | 66.5 | 26.3 |
| Trade and other payables | 10.2 | 13.8 |
| Deferred tax liabilities | 7.0 | 7.3 |
| **Total non-current liabilities** | **83.7** | **47.4** |
| **Current liabilities** | | |
| Loans and borrowings | 216.0 | 413.1 |
| Trade and other payables | 1,064.3 | 1,075.2 |
| Advance payments | 792.2 | 598.4 |
| Billing in excess of construction contracts | 911.4 | 278.4 |
| Provisions | 120.0 | 210.3 |
| Current income tax payable | 37.3 | 52.6 |
| **Total current liabilities** | **3,141.2** | **2,628.0** |
| **Total liabilities** | **3,224.9** | **2,675.4** |
| **TOTAL EQUITY AND LIABILITIES** | **3,805.1** | **3,235.9** |

## Results Commentary

**Equity**

- The decrease in share capital and share premium is due to the cancellation of 280,113 treasury shares
- The movement in reserves is due to currency translation differences primarily impacted by the EGP devaluation in Q1 2016

**Liabilities:**

- Total debt down 36%
- Advance payments primarily relate to new projects in Egypt
- Billing in excess up from USD 649.6 million on 30 June 2016 mainly in relation to projects in Egypt
- The decrease in provisions due to provisions used for projects in Egypt and USA

**EGP currency impact :**

- The overall impact on net income going forward related to our operations in Egypt is expected to be limited as the downwards impact will be neutralized by foreign currency portions in the contract values and contractual escalation clauses
- However, the Group expects a substantial negative translation impact related to the “net investment” value of the Egyptian operations and a permanent EGP loan, which will be recorded as a direct charge to the equity

Note: Based on reviewed financials; full financial statements are available on the corporate website

# Cash Flow Statement

| USD million | 30 Sept 2016 | 30 Sept 2015 |
|---|---|---|
| **Net profit** | **77.7** | **70.0** |
| | | |
| **Adjustments for:** | | |
| Depreciation | 42.2 | 42.3 |
| Interest income (including gains on derivatives) | (23.1) | (10.2) |
| Interest expense (including losses on derivatives) | 30.0 | 28.6 |
| Foreign exchange gain / (loss) and others | 1.7 | 9.1 |
| Share in income of equity accounted investees | (30.7) | (17.6) |
| Loss from acquisition of subsidiary | - | 12.2 |
| Loss (gain) on sale of PPE | (0.9) | (3.4) |
| Income tax expense | 41.5 | 28.7 |
| | | |
| **Change in:** | | |
| Inventories | (31.1) | (10.6) |
| Trade and other receivables | (189.2) | (379.9) |
| Contract work in progress | (332.2) | (105.3) |
| Trade and other payables | (52.8) | 265.7 |
| Advanced payments construction contracts | 193.8 | 187.3 |
| Billing in excess on construction contracts | 633.0 | 98.1 |
| Provisions | (90.3) | (13.8) |
| | | |
| **Cash flows:** | | |
| Interest paid | (19.7) | (28.6) |
| Interest received | 23.1 | 10.2 |
| Income taxes paid | (49.9) | (15.7) |
| **Cash flow from / (used in) operating activities** | **223.1** | **167.1** |

## Results Commentary

**Cash flow from operating activities:**

- The Group generated operating cash flow of USD 223.1 million in 9M 2016 compared to USD 167.1 million in 9M 2015
- Cash flow mainly driven by the Group’s operations in the MENA region and changes in working capital items



Note: Based on reviewed financials; full financial statements are available on the corporate website

# Cash Flow Statement

| USD million | 30 Sept 2016 | 30 Sept 2015 |
|---|---|---|
| Investment in subsidiary, net of cash acquired | - | (2.7) |
| Investment in PPE | (78.1) | (53.6) |
| Proceeds from sale of PPE | 4.6 | 9.2 |
| **Cash flow from / (used in) investing activities** | **(73.5)** | **(47.1)** |
| | | |
| Proceeds from borrowings | 125.5 | 399.8 |
| Repayments of borrowings | (282.4) | (494.9) |
| Other long term liabilities | (3.6) | (7.2) |
| Issue of new shares (net of transaction costs) | - | 168.7 |
| Purchase of treasury shares | - | (3.0) |
| Dividends paid to non-controlling interest | (1.9) | (5.5) |
| **Net cash from (used in) financing activities** | **(162.4)** | **57.9** |
| | | |
| **Net increase (decrease) in cash** | **(12.8)** | **177.9** |
| Cash and cash equivalents at 1 January | 574.9 | 368.9 |
| Currency translation adjustments | (43.2) | (23.3) |
| **Cash and cash equivalents at 30 September** | **518.9** | **523.5** |

## Results Commentary

**Cash flow used investing activities:**

- Cash outflow mainly driven by customary capex requirements in the MENA region, in-line with the Group's expectations and project requirements
- Total equipment purchased amounted to USD 78.1 million, mostly attributable to the Group's MENA operations, USD 18.7 million of which is attributable to Q3 2016

**Cash flow used financing activities:**

- Proceeds from borrowings at significantly lower level compared to 9M 2015
- The Group repaid a total of USD 282.4 million in borrowings during 9M 2016



Note: Based on reviewed financials; full financial statements are available on the corporate website

# Important Notice and Disclaimer

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