



Grand Egyptian Museum – OC/BESIX JV

9M 2018 Results Presentation

27 November 2018



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Financial Highlights

- **Adjusted net income excluding one-off U.S. legal provision increased 208.5% to USD 69.1 million in Q3 2018 and 104.6% to USD 151.6 million in 9M 2018**
- **Consolidated adjusted EBITDA of USD 210.9 million and pro forma EBITDA including 50% in BESIX (excluding one-off legal provision) of USD 259.8 million in 9M 2018**

- **Consolidated backlog of USD 4.2 billion as of 30 September 2018 and new awards of 1.5 billion in 9M 2018**
 - *Consolidated new awards increased of USD 519.9 million in Q3 2018*
 - *Backlog size and quality remains at a healthy level that provides sufficient visibility on future revenue and profit*

- **BESIX standalone backlog of EUR 3.2 billion as of 30 September 2018 and new awards of EUR 1.9 billion in 9M 2018**
 - *Pro forma backlog including the Group's 50% share in BESIX of USD 6.1 billion as of 30 September 2018 and pro forma new awards of USD 2.7 billion in 9M 2018*
 - *Net income contribution from BESIX of USD 30.4 million in 9M 2018*

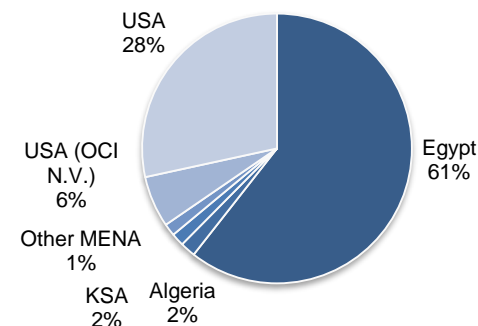
- **Certificate of Final Acceptance received for Natgasoline**
- **A one-off provision related to a legal case with a subcontractor at Iowa Fertilizer project in the U.S. was recorded in Q3 2018 for USD 40.0 million**

Summary Income Statement

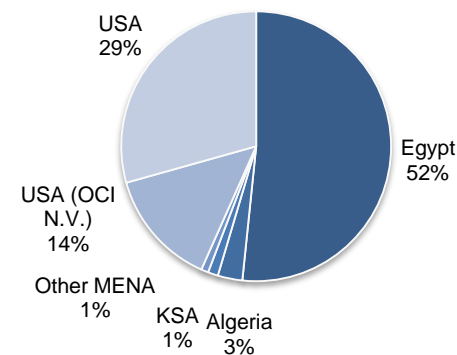
USD Million						
	9M 2018	9M 2017	Change	Q3 2018	Q3 2017	Change
Revenue	2,235.7	2,818.3	(20.7)%	728.8	805.4	(9.5)%
<i>MENA</i>	1,462.8	1,597.1	(8.4)%	497.7	518.0	(3.9)%
<i>USA</i>	772.9	1,221.2	(36.7)%	231.1	287.4	(19.6)%
Adjusted EBITDA*	210.9	165.6	27.4%	98.6	54.5	80.9%
Adjusted EBITDA Margin*	9.4%	5.9%	+350 bp	13.5%	6.8%	+670 bp
Adjusted net income*	151.6	74.1	104.6%	69.1	22.4	208.5%
Adjusted net income Margin*	6.8%	2.6%	+420 bp	9.5%	2.8%	+670 bp
EBITDA	170.9	165.6	3.2%	58.6	54.5	7.5%
<i>MENA</i>	205.4	169.6	21.1%	88.7	85.0	4.4%
<i>USA</i>	(34.5)	(4.0)	(762.5)%	(30.1)	(30.5)	1.3%
EBITDA margin	7.6%	5.9%	+170 bp	8.0%	6.8%	120 bp
<i>MENA margin</i>	14.0%	10.6%	+340 bp	17.8%	16.4%	+140 bp
<i>USA margin</i>	(4.5)%	(0.3)%	(420) bp	(13.0)%	(10.6)%	(240) bp
Net income attrib. to shareholders	111.6	74.1	50.6%	29.1	22.4	29.9%
<i>MENA</i>	120.8	78.8	53.3%	52.8	44.0	20.0%
<i>USA</i>	(39.6)	(45.3)	12.6%	(29.7)	(38.2)	22.3%
<i>BESIX</i>	30.4	40.6	(25.1)%	6.0	16.6	(63.9)%
Net income margin	5.0%	2.6%	+240 bp	4.0%	2.8%	(120) Bp
<i>MENA margin</i>	8.3%	4.9%	+340 bp	10.6%	8.5%	+210 bp
<i>USA margin</i>	(5.1)%	(3.7)%	(140) Bp	(12.9)%	(13.3)%	(40) bp

* Adjusted EBITDA and net income exclude a one-off provision of USD 40 million recorded in Q3 2018 related to a legal case with a subcontractor at Iowa Fertilizer project in the U.S.

Revenue by Geography – 9M 2018



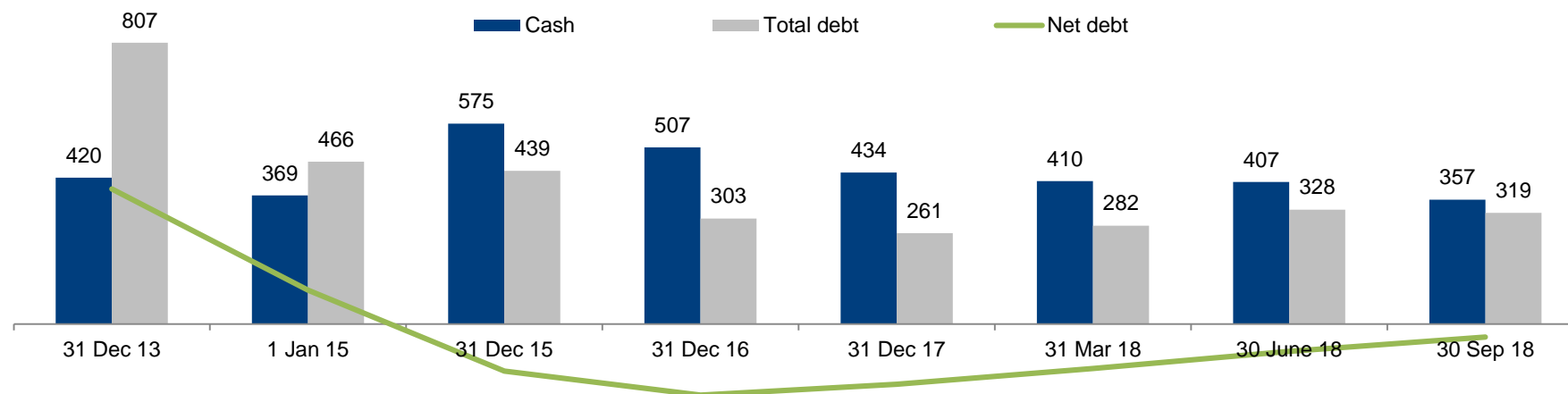
Revenue by Geography – 9M 2017



Net Cash Position as of 30 September 2018

Net cash position of USD 38 million as of 30 September 2018

Evolution of Net Debt (USD Million)



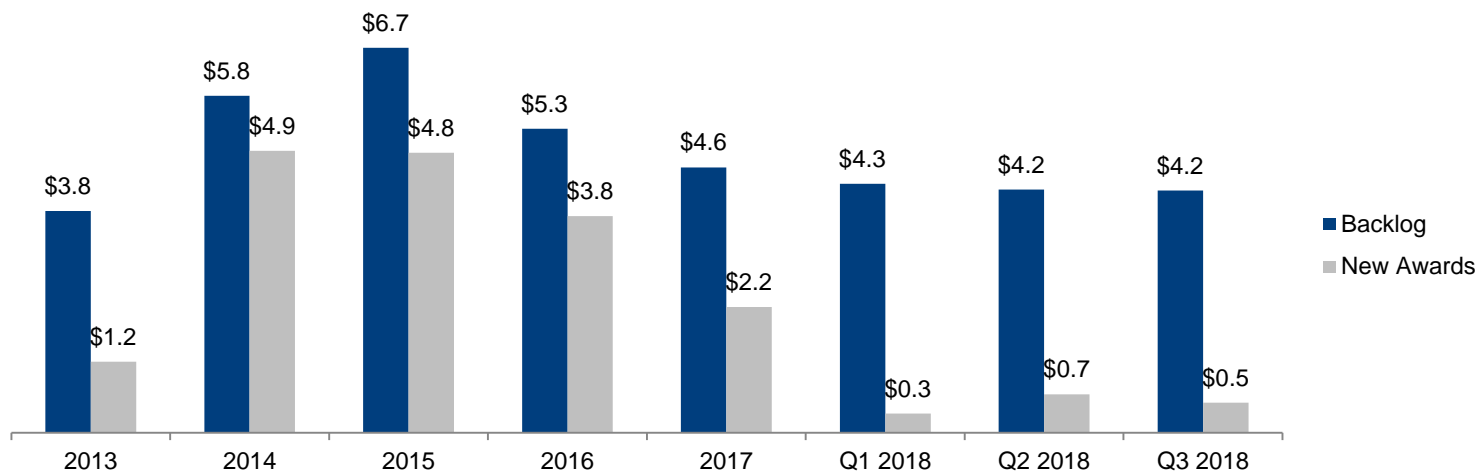
Debt and Equity Summary

USD million	31 Dec 13	1 Jan 15	31 Dec 15	31 Dec 16	31 Dec 17	31 Mar 18	30 June 18	30 Sept 18
Cash	420	369	575	507	434	410	407	357
Total debt	807	466	439	303	261	282	328	319
Net debt	387	97	(136)	(204)	(174)	(128)	(79)	(38)
Total equity	875	804	561	302	403	430	436	456
ND/equity	0.44	0.12	(0.24)	(0.67)	(0.43)	(0.30)	(0.18)	(0.08)
EBITDA	48	N/A	(302)	99	213	60 ⁽¹⁾	112 ⁽²⁾	171 ⁽³⁾

Consolidated Backlog Level

Current backlog size and quality supports the Group's revenue and profitability targets
Focus on pursuing quality projects where the Group has a competitive edge and is confident in the source of funding

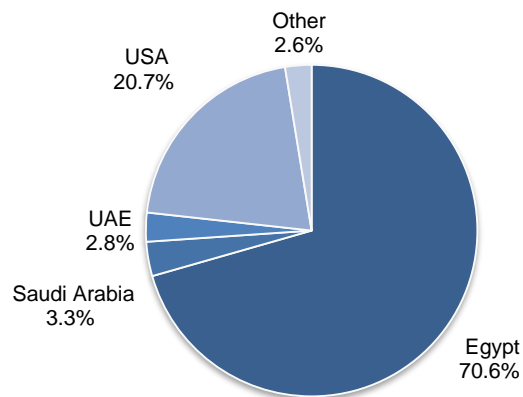
Backlog excluding BESIX stood at USD 4.2 billion as of 30 September 2018



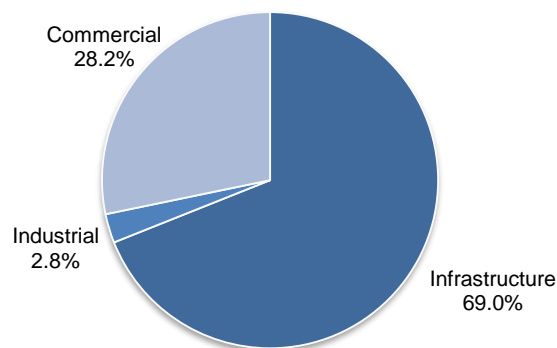
- Consolidated backlog (excluding BESIX) of USD 4.2 billion as of 30 September 2018 and total new awards of USD 1.5 billion million in 9M 2018
- MENA new awards of approximately USD 985 million in 9M 2018 (USD 300 million in Q3 2018):
 - New awards in Egypt include infrastructure work, such as water-related projects and roads, in addition to new projects in the New Administrative Capital and Alamein cities
 - Expansion of Fujairah International Airport, UAE for USD 180 million, of which OC's share is USD 108 million (Q1 2018 award)
- USA new awards of approximately USD 535 million in 9M 2018 (USD 215 million in Q3 2018):
 - Mostly private-sector commercial and light industrial work. Also signed PHX Sky Train® Project at Phoenix Sky Harbor International Airport in Arizona, USA in Q2 2018

Backlog Diversification

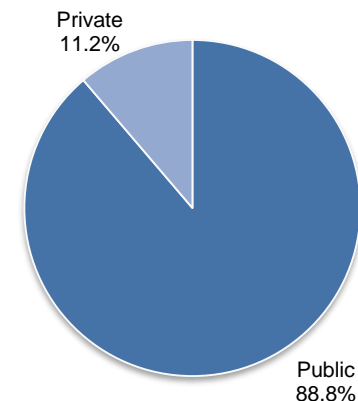
Backlog by Geography



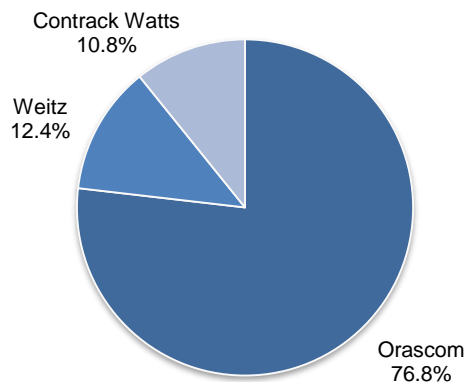
Backlog by Sector



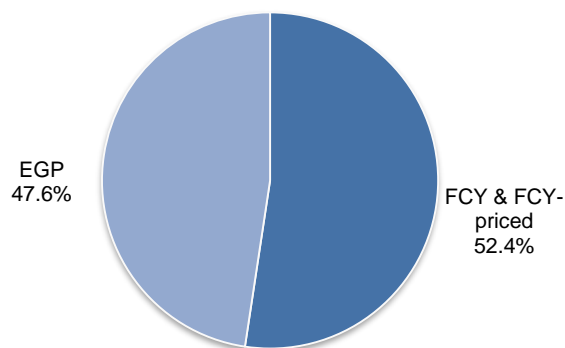
Backlog by Client



Backlog by Brand



Backlog by Currency



Currency Exposure

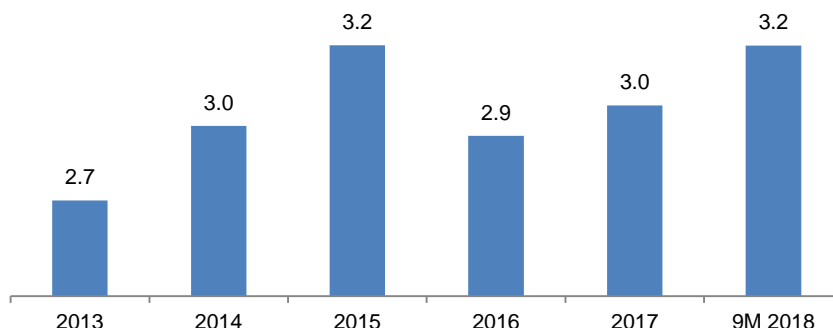
- 52% of the Group's total backlog is in FCY or priced in FCY
 - 33% of backlog in Egypt is in FCY
 - FCY and FCY-priced backlog outweigh FCY costs in Egypt
- The Group incorporates cost escalation clauses in most EGP contracts to protect against potential cost inflationary pressures

Pro Forma Snapshot Including BESIX

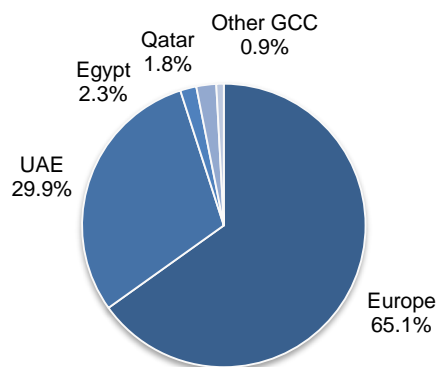


- Standalone backlog of EUR 3.2 billion and new awards of EUR 1.9 billion in 9M 2018
- BESIX book value of USD 376.4 million in Orascom's non current assets on the balance sheet
- Q3 2018 awards comprised of new projects in Europe, UAE and a hydropower plant in Cameroon

Standalone Backlog Evolution (EUR billion)



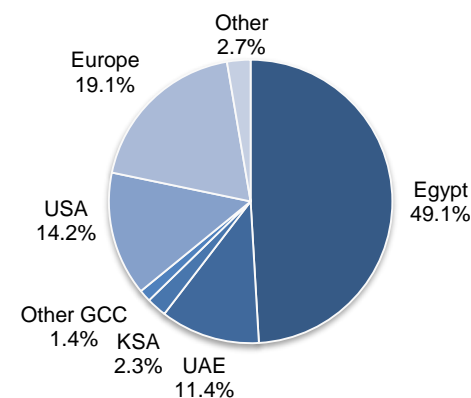
Standalone Backlog by Geography



USD million

	OC	50% of BESIX	Pro Forma
Revenue	2,235.7	1,122.3	3,358.0
EBITDA ⁽¹⁾	210.9	48.9	259.8
Net Income ⁽¹⁾	121.2	30.4	151.6
Net Debt (Cash)	(37.7)	23.2	(14.5)
Backlog	4,193.1	1,926.6	6,119.7
New Awards	1,517.9	1,155.0	2,672.9

Pro Forma Backlog – 50% of BESIX



Construction Materials and Investments

Investments are benefitting from increased construction and industrial activity as well as operational synergies

Company	Ownership	9M 2018 Revenue	Description
	100%	USD 41 million	<ul style="list-style-type: none"> Manufactures and supplies fabricated steel products in Egypt and North Africa – total capacity of 120k/year Operates four facilities plants in Egypt and Algeria, two of which are the largest in MENA
	100%	USD 16 million	<ul style="list-style-type: none"> Manufactures and installs glass, aluminum and architectural metal works Operates facility in Egypt with a capacity of 250k sqm, supplying primarily Egypt and North Africa
	56.5%	USD 74 million	<ul style="list-style-type: none"> Holds 50% stakes in BASF Construction Chemicals Egypt, Egyptian Gypsum Company and A-Build Egypt Subs operate from 4 plants in Egypt and Algeria, supplying products primarily in Egypt and North Africa
	56.5%	USD 5 million	<ul style="list-style-type: none"> Owns DryMix, Egypt's largest manufacturer of cement-based ready mixed mortars in powdered form used in the construction industry Capable of producing 240k metric tons of product and supplies products to clients in Egypt and North Africa
	40%	USD 12 million	<ul style="list-style-type: none"> Manufactures precast/pre-stressed concrete cylinder pipes and pre-stressed concrete primarily Two plants located in Egypt supply Egypt and North Africa; production capacity of 86 km/yr of concrete piping
	14.7%	USD 39 million	<ul style="list-style-type: none"> Production capacity of 130k kilolitres of decorative paints and industrial coatings primarily for the construction industry Operates two plants in Egypt and supplies products to clients in Egypt and North Africa
	100%	USD 12 million	<ul style="list-style-type: none"> Egypt's premier facility and property management services provider Hard and soft facility management in commercial, hospitality and healthcare
	60.5%	USD 8 million	<ul style="list-style-type: none"> 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
	50%	USD 8 million	<ul style="list-style-type: none"> A 250m³/day wastewater treatment plant; OC is a co-owner and co-operator of the facility Egypt's first Public Private Partnership project
	20%	Under construction	<ul style="list-style-type: none"> 250 MW build-own-operate wind farm; the consortium will operate and maintain the wind farm under a 20-year Power Purchase Agreement Currently under construction (by OC) with commissioning expected in H2 2019

Financial Statements

Income Statement

USD million	9M 2018	9M 2017	Q3 2018	Q3 2017
Revenue	2,235.7	2,818.3	728.8	805.4
Cost of sales	(1,962.5)	(2,569.5)	(632.4)	(724.0)
Gross profit	273.2	248.8	96.4	81.4
<i>Margin</i>	12.2%	8.8%	13.2%	10.1%
Other income	9.4	5.7	2.7	1.8
SG&A expenses	(141.2)	(117.3)	(50.4)	(37.0)
Operating profit	141.4	137.2	48.7	46.2
EBITDA	170.9	165.6	58.6	54.5
<i>Margin</i>	7.6%	5.9%	8.0%	6.8%
Financing income & expenses				
Finance income	18.7	25.7	4.5	4.1
Finance cost	(18.4)	(49.7)	(6.7)	(22.2)
Net finance cost	0.3	(24.0)	(2.2)	(18.1)
Income from associates (net of tax)	31.4	41.0	6.5	17.2
Profit before income tax	173.1	154.2	53.0	45.3
Income tax	(53.8)	(71.9)	(20.7)	(21.8)
Net profit	119.3	82.3	32.3	23.5

Profit attributable to:

Owners of the company	111.6	74.1	29.1	22.4
Non-controlling interests	7.7	8.2	3.2	1.1
Net profit	119.3	82.3	32.3	23.5

Results Commentary

Revenue:

- MENA comprised 68% and 65% of total revenue in Q3 and 9M 2018, respectively, while the USA operations accounted for the balance
- Revenue decrease compared to last year mainly due to the completion of the two large chemical plants in the U.S.

EBITDA

- EBITDA was impacted a one-off provision related to a legal case with a subcontractor in the U.S. recorded in Q3 2018 for USD 40.0 million
- Adjusted EBITDA excluding legal provision of USD 210.9 million in 9M 2018 and USD 98.6 million in Q3 2018
- MENA EBITDA margin of 17.8% in Q3 2018 and 14.0% in 9M 2018

Income from associates:

- BESIX contributed USD 30.4 million in 9M 2018

Balance Sheet

USD million	30 Sep 2018	31 Dec 2017	Results Commentary
ASSETS			
Non-current assets			Non-current assets
Property, plant and equipment	159.6	155.4	▪ PPE of USD 159.6 million, with capex of USD 35.7 million in 9M 2018
Goodwill	13.8	13.8	▪ Investment in associates includes BESIX at an equity value of USD 376.4 million
Trade and other receivables	17.2	15.8	
Equity accounted investees	400.7	421.8	Current assets:
Deferred tax assets	37.3	34.5	▪ Trade and other receivables as of 30 Sept 2018 include USD 628.5 million in accounts receivables, USD 172.1 million in retentions and USD 172.5 million in supplier advance payments
Total non-current assets	628.6	641.3	▪ 68% of current accounts receivables as of 30 Sept 2018 are not yet due
Current assets			
Inventories	258.5	232.2	
Trade and other receivables	1,237.4	1,146.7	
Contracts work in progress	613.2	488.8	
Current income tax receivables	1.6	3.2	
Cash and cash equivalents	356.6	434.2	
Total current assets	2,467.3	2,305.1	
TOTAL ASSETS	3,095.9	2,946.4	

Balance Sheet

USD million	30 Sep 2018	31 Dec 2017	Results Commentary
EQUITY			Equity:
Share capital	116.8	116.8	▪ An amount of USD 280 million was converted from share premium to retained earnings in May 2018
Share premium	480.2	761.5	▪ Following that, in combination with profits in FY 2017 and H1 2018, a dividend of USD 30 million (USD 0.26 per share) was paid to shareholders in July 2018
Reserves	(334.1)	(318.8)	
Retained earnings	148.5	(201.6)	
Equity to owners of the Company	411.4	357.9	
Non-controlling interest	44.2	44.6	
TOTAL EQUITY	455.6	402.5	
LIABILITIES			Liabilities:
Non-current liabilities			▪ Trade and other payables includes USD 413.8 million in accounts payable, USD 361.1 million in accrued expenses and USD 117.6 million in retentions payable to subcontractors
Loans and borrowings	2.4	11.3	
Trade and other payables	44.7	44.9	
Deferred tax liabilities	4.6	4.9	
Total non-current liabilities	51.7	61.1	
Current liabilities			
Loans and borrowings	316.5	249.4	
Trade and other payables	989.0	1,076.5	
Advance payments	663.1	484.7	
Billing in excess of construction contracts	448.7	529.7	
Provisions	107.0	62.3	
Current income tax payable	64.3	80.2	
Total current liabilities	2,588.6	2,482.8	
Total liabilities	2,640.3	2,543.9	
TOTAL EQUITY AND LIABILITIES	3,095.9	2,946.4	

Cash Flow Statement

USD million	30 Sep 2018	30 Sep 2017	Results Commentary
Net profit	119.3	82.3	Cash flow used in operating activities:
Adjustments for:			<ul style="list-style-type: none"> Operating cash outflow of USD 64.3 million in 9M 2018 as a result of changes in working capital items; flat operating cash flow in Q3 2018 Total dividends of approximately EUR 35 million were received from BESIX in 9M 2018 for OC's 50% share
Depreciation	29.5	28.4	
Interest income (including gains on derivatives)	(12.7)	(13.9)	
Interest expense (including losses on derivatives)	15.3	12.8	
Foreign exchange gain / (loss) and others	(2.9)	25.1	
Share in income of equity accounted investees	(31.4)	(41.0)	
Loss (gain) on sale of PPE	(1.9)	(0.5)	
Income tax expense	53.8	71.9	
Change in:			
Inventories	(26.3)	(26.0)	
Trade and other receivables	(71.4)	(134.3)	
Contract work in progress	(124.4)	(14.2)	
Trade and other payables	(137.2)	9.6	
Advanced payments construction contracts	178.4	153.3	
Billing in excess on construction contracts	(81.0)	(81.8)	
Provisions	44.7	(42.9)	
Cash flows:			
Interest paid	(15.3)	(12.8)	
Interest received	12.7	13.6	
Dividends from equity accounted investees	43.2	28.2	
Income taxes paid	(56.7)	(40.1)	
Cash flow from / (used in) operating activities	(64.3)	17.7	

Cash Flow Statement

USD million	30 Sep 2018	30 Sep 2017	Results Commentary
Investment in PPE	(35.7)	(24.6)	Cash flow used in investing activities: <ul style="list-style-type: none"> Investments in PPE in of USD 35.7 million in 9M 2018 primarily in MENA
Proceeds from sale of PPE	3.4	7.9	
Cash flow from / (used in) investing activities	(32.3)	(16.7)	Cash flow from financing activities: <ul style="list-style-type: none"> Total cash from financing activities of USD 20.0 million in 9M 2018
Proceeds from borrowings	164.6	126.0	
Repayments of borrowings	(106.4)	(195.4)	
Other long term liabilities	(0.2)	2.8	
Dividends paid to shareholders	(30.0)	-	
Other	(8.0)	(2.7)	
Net cash from (used in) financing activities	20.0	(69.3)	
Net increase (decrease) in cash	(76.6)	(68.3)	
Cash and cash equivalents at 1 January	434.2	506.9	
Currency translation adjustments	(1.0)	6.2	
Cash and cash equivalents at 30 September	356.6	444.8	

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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 serves 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.



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