



Ras Ghareb Wind Farm - Egypt

9M 2019 Results Presentation
21 November 2019



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Financial Highlights

- Consolidated EBITDA increased 16.9% y-o-y to USD 199.7 million and pro forma EBITDA including 50% in BESIX increased 15.3% y-o-y to USD 253.5 million in 9M 2019
- Net income attributable to shareholders of USD 32.2 million in Q3 2019 and USD 93.7 million in 9M 2019
- Net cash position of USD 63.4 million as of 30 Sep 2019 and positive operating cash flow of USD 79.1 million in 9M 2019

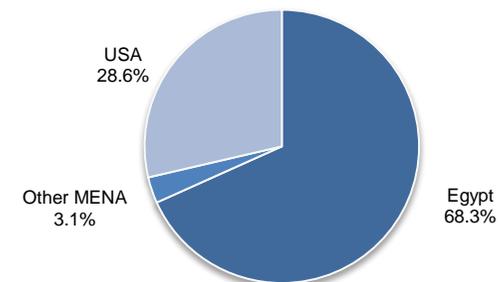
- Consolidated backlog increased 25.2% y-o-y to USD 5.2 billion and new awards grew 81.6% y-o-y to 2.8 billion in 9M 2019
- Consolidated new awards increased 158.0% y-o-y and 43.5% q-o-q to USD 1.3 billion in Q3 2019
- Backlog size and quality at a healthy level that provides strong visibility on future revenue and profit

- BESIX standalone backlog increased 40.3% y-o-y to EUR 4.5 billion as of 30 Sep 2019 and new awards grew 8.4% y-o-y to EUR 2.1 billion in 9M 2019
- Pro forma backlog including Orascom Construction's 50% share in BESIX increased 26.2% y-o-y to USD 7.7 billion and pro forma new awards grew 48.4% y-o-y to USD 4.0 billion in 9M 2019
- Net income contribution from BESIX of USD 26.3 million in 9M 2019

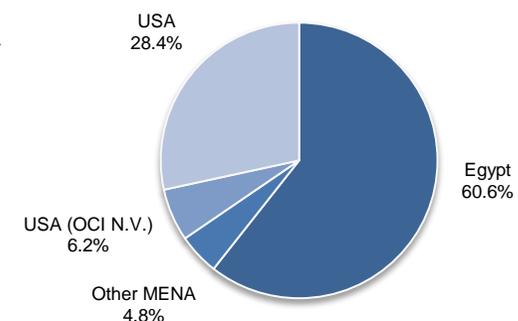
Summary Income Statement

USD million						
	9M 2019	9M 2018	Change	Q3 2019	Q3 2018	Change
Revenue	2,285.3	2,235.7	2.2%	789.6	728.8	8.3%
<i>MENA</i>	1,630.6	1,462.8	11.5%	513.9	497.7	3.3%
<i>USA</i>	654.7	772.9	(15.3)%	275.7	231.1	19.3%
EBITDA	199.7	170.9	16.9%	57.3	58.6	(2.2)%
<i>MENA</i>	215.6	205.4	5.0%	77.8	88.7	(12.3)%
<i>USA</i>	(15.9)	(34.5)	53.9%	(20.5)	(30.1)	31.9%
EBITDA margin	8.7%	7.6%		7.3%	8.0%	
<i>MENA margin</i>	13.2%	14.0%		15.1%	17.8%	
<i>USA margin</i>	(2.4)%	(4.5)%		(7.4)%	(13.0)%	
Net income attrib. to shareholders	93.7	111.6	(16.0)%	32.2	29.1	10.7%
<i>MENA</i>	89.8	120.8	(25.7)%	43.3	52.8	(18.0)%
<i>USA</i>	(22.4)	(39.6)	43.4%	(21.4)	(29.7)	27.9%
<i>BESIX</i>	26.3	30.4	(13.5)%	10.3	6.0	71.7%
Net income margin	4.1%	5.0%		4.1%	4.0%	
<i>MENA margin</i>	5.5%	8.3%		8.4%	10.6%	
<i>USA margin</i>	(3.4)%	(5.1)%		(7.7)%	(12.9)%	

Revenue by Geography – 9M 2019



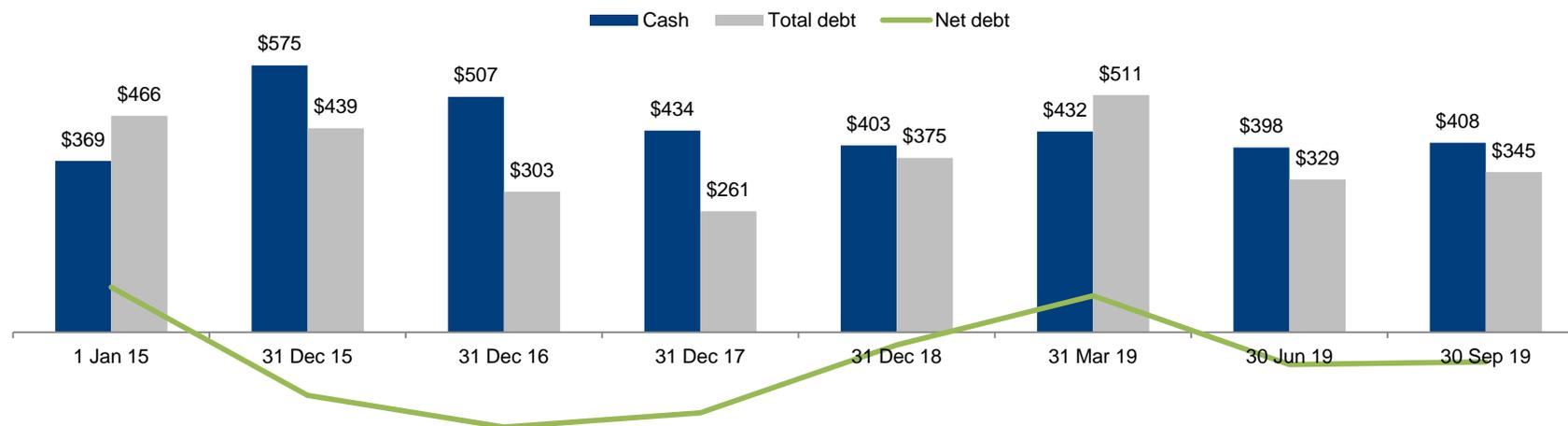
Revenue by Geography – 9M 2018



Net Cash Position

Net cash position of USD 63.4 million as of 30 September 2019

Evolution of Net Debt (USD Million)



Debt and Equity Summary Based on IFRS Statements

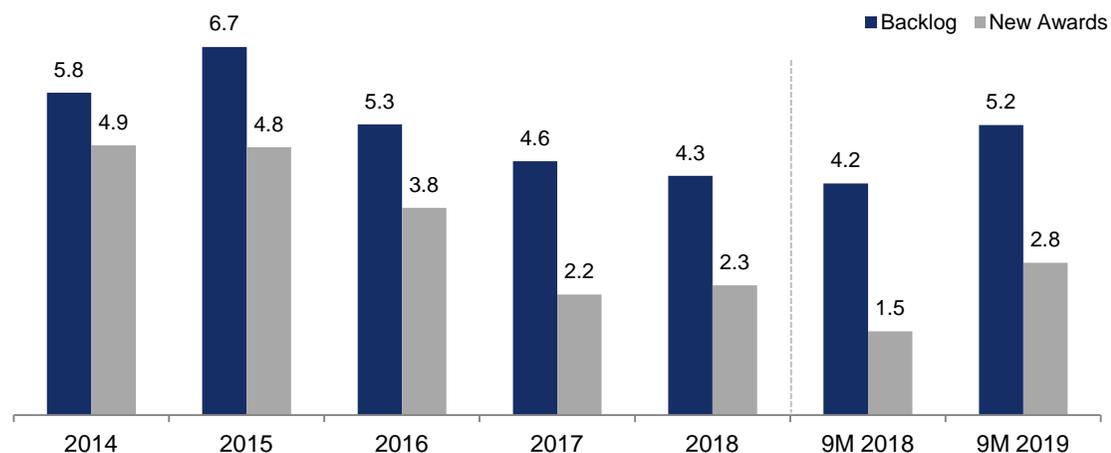
USD million	1 Jan 15	31 Dec 15	31 Dec 16	31 Dec 17	31 Dec 18	31 Mar 19	30 Jun 19	30 Sep 19
Cash	368.9	574.9	506.9	434.2	402.5	432.0	397.8	408.1
Total debt	466.0	439.4	302.8	260.7	375.3	510.6	328.6	344.7
Net debt	97.1	(135.5)	(204.1)	(173.5)	(27.2)	78.6	(69.2)	(63.4)
Total equity	804.4	560.5	302.4	402.5	471.5	514.3	528.3	540.8
ND/equity	0.12	(0.24)	(0.67)	(0.43)	(0.06)	0.15	(0.13)	(0.12)
EBITDA	N/A	(302.4)	99.0	212.9	207.1	70.3 ⁽¹⁾	142.4 ⁽²⁾	199.7 ⁽³⁾

Consolidated Backlog Growth

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

Evolution of Consolidated Backlog⁽¹⁾



Backlog and New Awards Growth in 2019

USD million	9M 2019	9M 2018	Change	Q3 2019	Q3 2018	Change
Equity consolidation						
Backlog	5,249.7	4,193.1	25.2%			
New Awards	2,756.9	1,517.9	81.6%	1,341.5	519.9	158.0%
Pro forma inc. 50% of BESIX						
Backlog	7,720.7	6,119.7	26.2%			
New Awards	3,966.3	2,672.9	48.4%	1,608.7	741.9	116.8%

- Consolidated backlog (excluding BESIX) increased 25.2% y-o-y to USD 5.2 billion in 9M 2019
- Strong consolidated new awards growth of 81.6% in 9M 2019 and 158.0% in Q3 2019

MENA

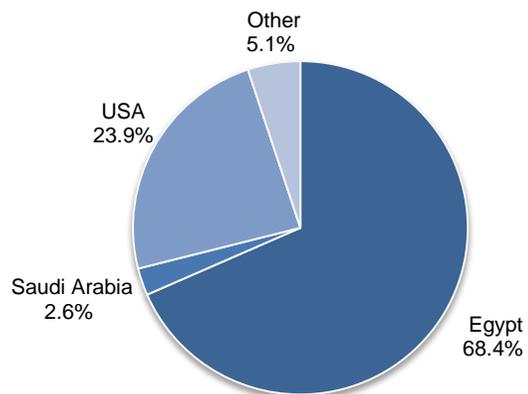
- New awards of approx. USD 1.8 billion YTD and USD 965 million in Q3 2019
- New projects in Q3 2019 include:
 - Egypt's first monorails; OC share is USD 0.9 billion
 - Contract to build all 160 km of track work for Egypt's new light rail transit

USA

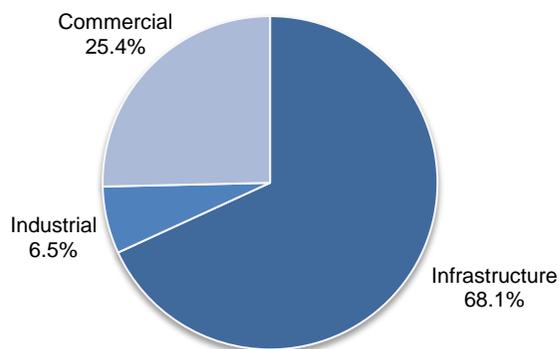
- New awards of approx. USD 910 million YTD and 380 million in Q3 2019
- New projects in Q3 2019 include:
 - Private-sector projects in the commercial and light industrial sectors
 - Additional work in the growing data center sector

Backlog Diversification

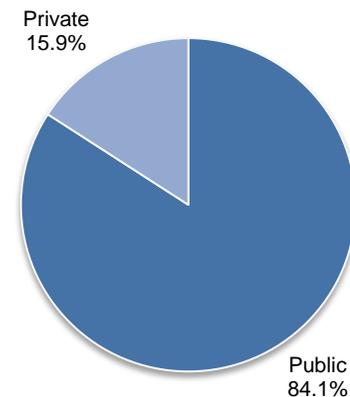
Backlog by Geography



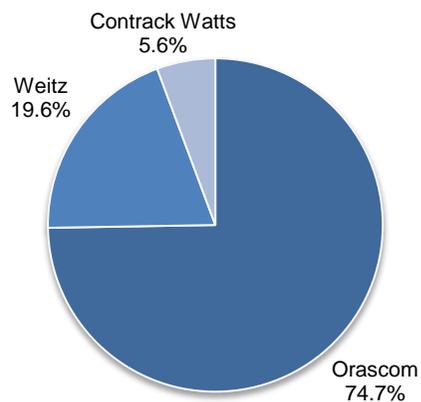
Backlog by Sector



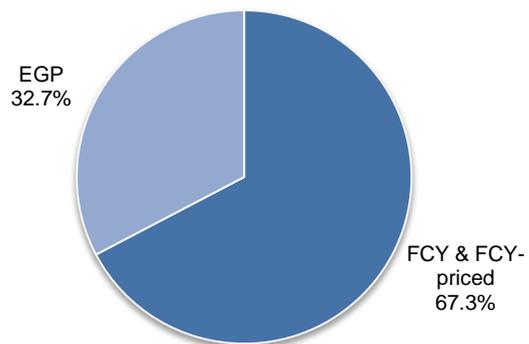
Backlog by Client



Backlog by Brand



Backlog by Currency

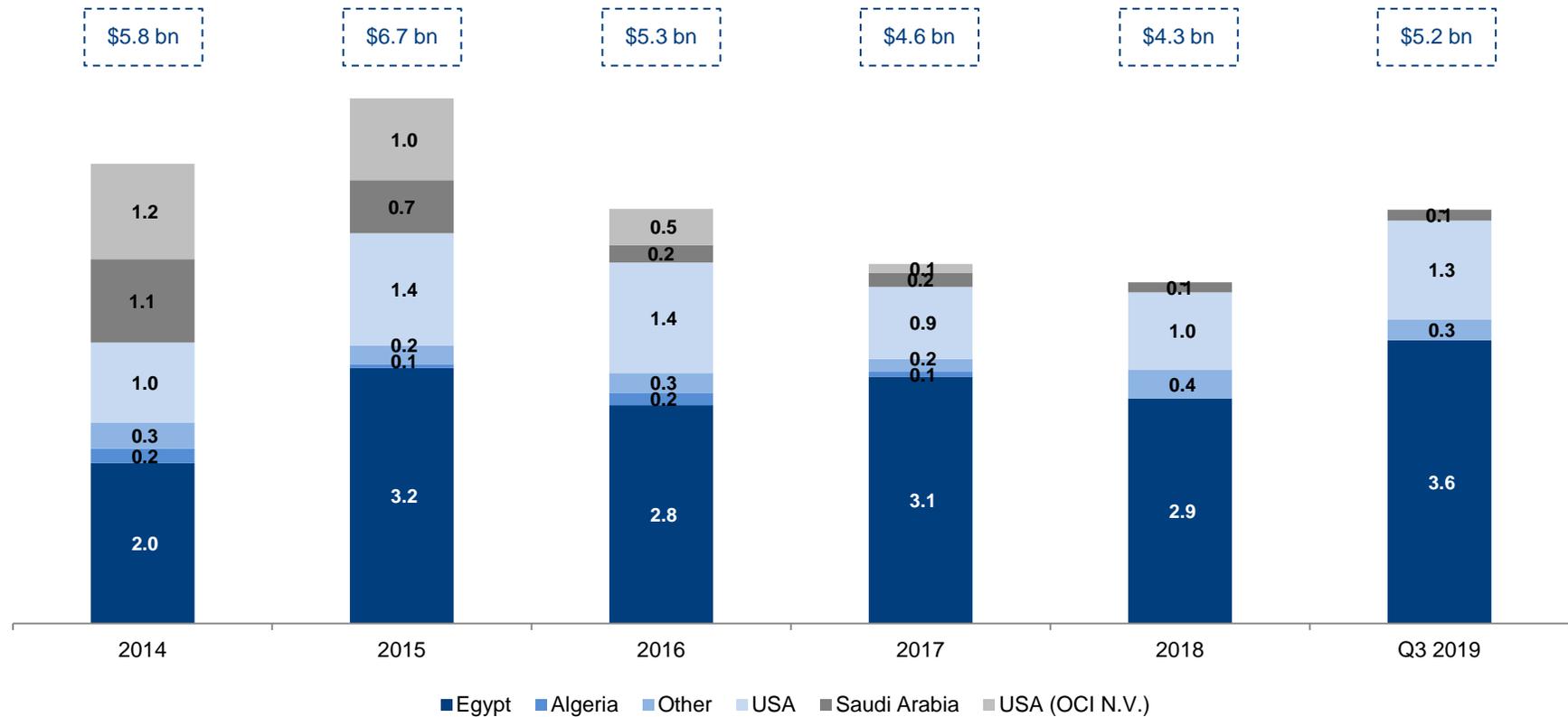


Currency Exposure

- 67% of the Group's total backlog is in FCY or priced in FCY
 - 52% 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

Evolution of Backlog by Geography

Consolidated Backlog by Geography (Excluding BESIX)



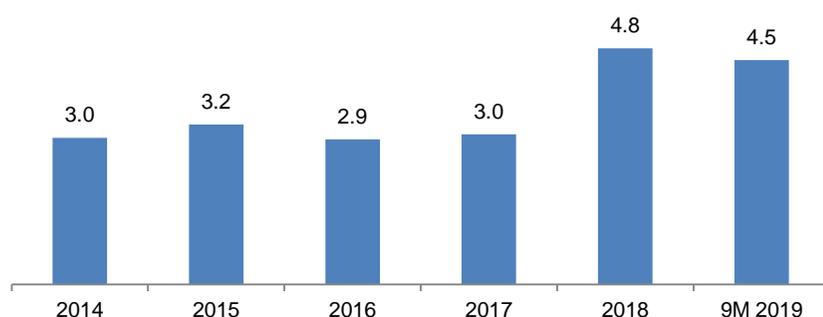
- Two main markets of Egypt and USA remain strong as the Group continues to pursue opportunities in new and existing markets
- The Group is pursuing quality projects in new markets in the Middle East and Africa across sectors in which it enjoys a competitive edge
- Egypt backlog in 2015 is based on a USD/EGP exchange rate of 7.8

Pro Forma Snapshot Including 50% of BESIX – 9M 2019



- BESIX standalone backlog increased 40.3% y-o-y to EUR 4.5 billion in 9M 2019⁽¹⁾, and new awards increased 11.6% y-o-y to EUR 2.1 billion in 9M 2019 and 24.4% y-o-y to EUR 476 million in 9M 2019
- BESIX standalone net cash position of EUR 124.5 million
- BESIX book value of USD 382.1 million in Orascom Construction's non current assets on the balance sheet
- Orascom Construction received from BESIX a dividend in June 2019 of EUR 20 million

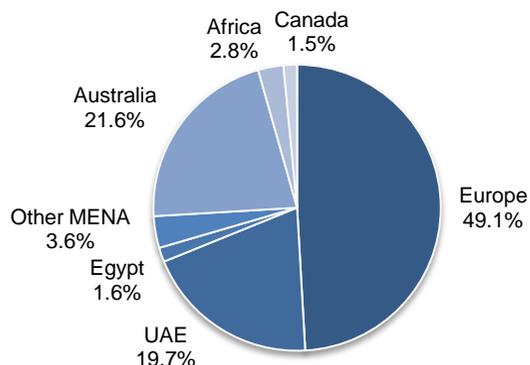
BESIX Standalone Backlog Evolution (EUR billion)



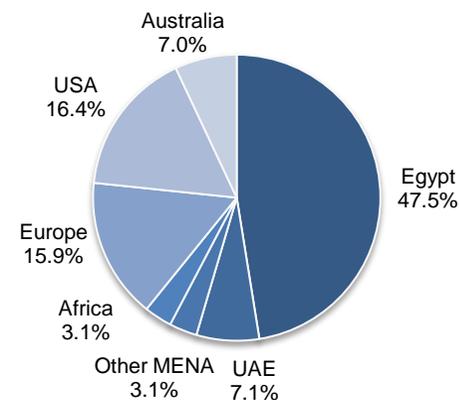
USD million

	OC	50% of BESIX	Pro Forma
Revenue	2,285.3	1,381.4	3,666.7
EBITDA	199.7	53.8	253.5
Net Income	67.4	26.3	93.7
Net Debt (Cash)	(63.4)	(68.0)	(131.4)
Backlog	5,249.7	2,471.0	7,720.7
New Awards	2,756.9	1,209.5	3,966.3

BESIX Standalone Backlog by Geography



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 2019 Revenue	Description
 NSF National Steel Fabrication	100%	USD 26.7 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
 ALICO	100%	USD 26.6 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
 UHC	56.5%	USD 95.8 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
 UPC UNITED PAINTS & CHEMICALS	56.5%	USD 6.9 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
 NPC	40%	USD 15.7 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
 scib Paints	14.7%	USD 39.9 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
 CONTRACK FM	100%	USD 15.4 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
 SIDC SEZ INDUSTRIAL DEVELOPMENT COMPANY	60.5%	USD 3.6 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
 ORASQUALIA	50%	USD 6.7 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
 RASSHARED WIND ENERGY S.A.E.	20%	Fully commissioned on Oct 31	<ul style="list-style-type: none"> The largest renewable energy IPP project in Egypt; a 262.5 MW build-own-operate wind farm under a 20-year Power Purchase Agreement Full commercial operation commenced 45 days ahead of schedule on 31 October 2019

Financial Statements

Income Statement

USD million	9M 2019	9M 2018	Q3 2019	Q3 2018	Results Commentary
Revenue	2,285.3	2,235.7	789.6	728.8	Revenue:
Cost of sales	(2,011.8)	(1,962.5)	(705.9)	(632.4)	
Gross profit	273.5	273.2	83.7	96.4	<ul style="list-style-type: none"> MEA comprised 71% and 65% of total revenue in Q3 2019 and 9M 2019, respectively, while the USA operations accounted for the balance Revenue in 9M 2018 included contribution of 6.2% from the large methanol plant in Texas (Natgasoline)
<i>Margin</i>	12.0%	12.2%	10.6%	13.2%	
Other income	10.0	9.4	4.7	2.7	
SG&A expenses	(122.2)	(141.2)	(44.7)	(50.4)	
Operating profit	161.3	141.4	43.7	48.7	EBITDA
EBITDA	199.7	170.9	57.3	58.6	<ul style="list-style-type: none"> EBITDA decreased 2.2% y-o-y to USD 57.3 million in Q3 2019 and increased 16.9% y-o-y to USD 199.7 million in 9M 2019
<i>Margin</i>	8.7%	7.6%	6.8%	8.0%	
Financing income & expenses					
Finance income	11.9	18.7	3.7	4.5	Income from associates:
Finance cost	(71.9)	(18.4)	(17.6)	(6.7)	
Net finance cost	(60.0)	0.3	(13.9)	(2.2)	<ul style="list-style-type: none"> BESIX contributed USD 10.3 million in Q3 2019 and USD 26.3 million in 9M 2019
Income from associates (net of tax)	29.6	31.4	11.9	6.5	Net Income:
Profit before income tax	130.9	173.1	41.7	53.0	<ul style="list-style-type: none"> Net income attributable to shareholders increased 10.7% y-o-y in Q3 2019 and decreased 16.0% y-o-y in 9M 2019 Net income in 9M 2019 was negatively impacted by higher net financing costs in Egypt in H1 2019, which was reduced at the end of Q2 2019 and in Q3 2019
Income tax	(30.6)	(53.8)	(8.6)	(20.7)	
Net profit	100.3	119.3	33.1	32.3	
Profit attributable to:					
Owners of the company	93.7	111.6	32.2	29.1	
Non-controlling interests	6.6	7.7	0.9	3.2	
Net profit	100.3	119.3	33.1	32.3	

Balance Sheet

USD million	30 Sep 2019	31 Dec 2018	Results Commentary
ASSETS			
Non-current assets			Non-current assets
Property, plant and equipment	180.0	159.3	<ul style="list-style-type: none"> Total investment in associates includes BESIX at an equity value of USD 382.1 million
Goodwill	13.8	13.8	
Trade and other receivables	13.5	15.2	Current assets:
Equity accounted investees	420.8	419.5	<ul style="list-style-type: none"> Trade and other receivables as of 30 Sep 2019 include USD 530.4 million in accounts receivables, USD 202.0 million in retentions and USD 212.0 million in supplier advance payments
Deferred tax assets	38.9	35.9	<ul style="list-style-type: none"> 62% of gross trade receivables as of 30 Sep 2019 are not yet due
Total non-current assets	667.0	643.7	<ul style="list-style-type: none"> Contracts work in progress should be assessed along with advance payments
Current assets			
Inventories	311.3	283.3	
Trade and other receivables	1,203.6	1,243.1	
Contracts work in progress	869.2	526.7	
Current income tax receivables	0.9	0.1	
Cash and cash equivalents	408.1	402.5	
Total current assets	2,793.1	2,455.7	
TOTAL ASSETS	3,460.1	3,099.4	

Balance Sheet

USD million	30 Sep 2019	31 Dec 2018	Results Commentary
EQUITY			Equity:
Share capital	116.8	116.8	<ul style="list-style-type: none"> The movement in reserves relates primarily to currency translation differences
Share premium	480.2	480.2	
Reserves	(327.0)	(335.6)	Liabilities:
Retained earnings	226.0	170.5	
Equity to owners of the Company	496.0	431.9	<ul style="list-style-type: none"> Trade and other payables includes USD 425.6 million in trade payables, USD 481.1 million in accrued expenses and USD 108.7 million in retentions payable to subcontractors
Non-controlling interest	44.7	39.6	
TOTAL EQUITY	540.7	471.5	<ul style="list-style-type: none"> Total debt amounted to USD 344.7 million as of 30 Sep 2019, reflecting a 8.2% decrease compared to the level at 31 Dec 2018 and a 32.5% decrease from 31 March 2019
LIABILITIES			
Non-current liabilities			
Loans and borrowings	1.9	2.3	
Trade and other payables	55.1	43.0	
Deferred tax liabilities	3.3	3.3	
Total non-current liabilities	60.3	48.6	
Current liabilities			
Loans and borrowings	342.8	373.0	
Trade and other payables	1,159.3	1,025.7	
Advance payments	897.2	606.0	
Billing in excess of construction contracts	364.1	410.8	
Provisions	52.9	103.3	
Current income tax payable	42.8	60.5	
Total current liabilities	2,859.1	2,579.3	
Total liabilities	2,919.4	2,627.9	
TOTAL EQUITY AND LIABILITIES	3,460.1	3,099.4	

Cash Flow Statement

USD million	30 Sep 2019	30 Sep 2018	Results Commentary
Net profit	100.3	119.3	Cash flow used in operating activities:
Adjustments for:			<ul style="list-style-type: none"> Positive operating cash of USD 79.1 million in 9M 2019 compared to an outflow of USD 64.3 million in 9M 2018
Depreciation	38.4	29.5	
Interest income (including gains on derivatives)	(6.4)	(12.7)	
Interest expense (including losses on derivatives)	44.7	15.3	
Foreign exchange gain / (loss) and others	21.7	(2.9)	
Share in income of equity accounted investees	(29.6)	(31.4)	
Loss (gain) on sale of PPE	(0.7)	(1.9)	
Income tax expense	30.6	53.8	
Change in:			
Inventories	(28.0)	(26.3)	
Trade and other receivables	(6.5)	(71.4)	
Contract work in progress	(342.5)	(124.4)	
Trade and other payables	109.6	(137.2)	
Advanced payments construction contracts	291.2	178.4	
Billing in excess on construction contracts	(46.7)	(81.0)	
Provisions	(50.4)	44.7	
Cash flows:			
Interest paid	(41.8)	(15.3)	
Interest received	6.5	12.7	
Dividends from equity accounted investees	22.8	43.2	
Income taxes paid	(34.1)	(56.7)	
Cash flow from (used in) operating activities	79.1	(64.3)	

Cash Flow Statement

USD million	30 Sep 2019	30 Sep 2018	Results Commentary
Investment in PPE	(29.5)	(35.7)	Cash flow used in investing activities: <ul style="list-style-type: none"> Cash outflow for investments in PPE of USD 29.5 million in 9M 2019 and USD 16.2 million in Q3 2019 mainly in MENA
Proceeds from sale of PPE	5.2	3.4	
Cash flow used in investing activities	(24.3)	(32.3)	Cash flow from financing activities: <ul style="list-style-type: none"> Total cash used in financing activities of USD 69.2 million in 9M 2019, mainly driven by debt repayment and dividends paid to shareholders in July 2019
Proceeds from borrowings	199.5	164.6	
Repayments of borrowings	(230.1)	(106.4)	
Dividends paid to shareholders	(34.7)	(30.0)	
Other	(3.9)	(8.2)	
Net cash (used in) from financing activities	(69.2)	20.0	
Net decrease in cash and cash equivalents	(14.4)	(67.6)	
Cash and cash equivalents at 1 January	402.5	434.2	
Currency translation adjustments	20.0	(1.0)	
Cash and cash equivalents at 31 March	408.1	356.6	

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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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