ORASCOM CONSTRUCTION

21 November 2019 / Dubai, UAE / Cairo, Egypt

RESULTS ANNOUNCEMENT

9M 2019

ORASCOM CONSTRUCTION REPORTS 25.2% GROWTH IN CONSOLIDATED BACKLOG TO USD 5.2 BILLION AND 10.7% INCREASE IN NET INCOME TO USD 32.2 MILLION IN Q3 2019

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 September 2019 and positive operating cash flow of USD 79.1 million in 9M 2019
- Consolidated backlog grew 25.2% y-o-y to USD 5.2 billion and pro forma backlog including 50% share in BESIX increased 26.2% y-o-y to USD 7.7 billion as of 30 September 2019
- Consolidated new awards increased 81.6% y-o-y to USD 2.8 billion and pro forma new awards including 50% share in BESIX increased 48.4% y-o-y to USD 4.0 billion in 9M 2019
- BESIX reported a standalone backlog of EUR 4.5 billion and new awards of EUR 2.1 billion in 9M 2019

STATEMENT FROM THE CEO

Our performance in the first nine months of the year illustrates the overall strength and trajectory of our business.

New awards increased 81.6% y-o-y to USD 2.8 billion in 9M 2019, driving backlog to a recent high of USD 5.2 billion and exceeding our initial targets. These new contracts are comprised of quality, well-funded projects across several exciting sectors including transportation, water and data centers in Egypt and United States as we also pursue further opportunities in new and existing markets.

Our operations in the Middle East and Africa have been delivering consistent, healthy revenue and margins. In the U.S., we are pleased with the progress of our turnaround efforts and successful business development activities. Furthermore, we generated positive operating cash flow in 9M 2019 and have maintained our overall net cash position despite a challenging first quarter.

Over the past year we have further expanded our portfolio of infrastructure investments and Operation & Maintenance (O&M) projects that provide recurring income and cash flows. Most recently, we constructed Egypt's largest renewable energy project—a 262.5 MW wind farm in Ras Ghareb—45 days ahead of schedule. In addition to our EPC role, we own a 20% stake in the project, highlighting our strategy to build and own infrastructure assets. We also signed in a consortium during Q3 2019 a contract to not only build Egypt's first monorails, but also to operate and maintain the project for 30 years. Such steps add to our other existing investments and O&M projects in wastewater, water and facilities management.

Lastly, BESIX's backlog stood at another robust level of EUR 4.5 billion at the end of the quarter. We also continue to evaluate new opportunities for collaboration between OC and BESIX on projects in Egypt and the region.

OSAMA BISHAI

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RESULTS ANNOUNCEMENT

9M 2019

CONSOLIDATED BACKLOG

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 as of 30 September 2019. Consolidated new awards increased 158.0% y-o-y and 43.5% q-o-q to USD 1.3 billion in Q3 2019, and grew 81.6% y-o-y to USD 2.8 billion in 9M 2019.

Including the Group's 50% share in BESIX, pro forma backlog as of 30 September 2019 increased 26.2% y-o-y to USD 7.7 billion. Pro forma new awards increased 116.8% y-o-y to USD 1.6 billion in Q3 2019 and 48.4% y-o-y to USD 4.0 billion in 9M 2019.

Middle East and Africa

The Group signed approximately USD 1.8 billion of new awards in the Middle East during 9M 2019, of which USD 965 million were added in Q3 2019.

OC strengthened its leadership in the transportation sector in Egypt in Q3 2019, mirroring its achievements in other market segments such as power and water. The Group signed a new contract in a consortium with Bombardier and Arab Contractors to design, build and operate two monorail systems in Egypt for USD 4.5 billion on an EPC + Finance basis. OC's share amounts to approximately USD 900 million, including a 30-year O&M scope. In addition, an OC joint venture will execute all 160 km of track work for the new electric light rail transit project in Egypt.

With the addition of these two projects, OC further reinforces itself as a major player in all traditional and new segments in the transportation sector including Cairo Metro, airports, roads and tunnels.

USA

The U.S. subsidiaries continued the positive new awards momentum generated in H1 2019 and signed new contracts totaling USD 380 million in Q3 2019. New awards in 9M 2019 stood at USD 910 million, marking a 71% increase y-o-y.

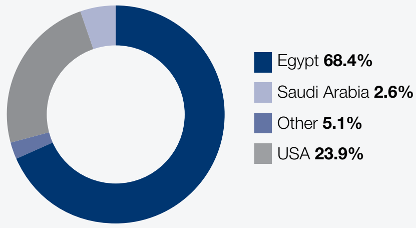
This growth in new awards is partly driven by the Group's focused business development strategy which capitalizes on core private-sector sectors such as commercial, student housing and senior living while pursuing new segments such as data centers. Furthermore, building on its presence at Phoenix International and San Francisco International airports, it is worth noting that the Group is part of a consortium to build the new USD 1.5 billion terminal at Kansas City International Airport.[1]

BESIX Group

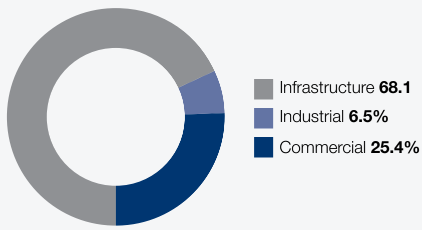
BESIX's standalone backlog increased 40.3% y-o-y to EUR 4.5 billion as of 30 September 2019. New awards grew 24.4% y-o-y to EUR 475.8 million in Q3 2019 and 8.4% y-o-y to EUR 2.1 billion in 9M 2019. Excluding contribution from Watpac, which was acquired in December 2018, BESIX's backlog increased 10.0% to EUR 3.5 billion as of 30 September 2019.

Backlog by Segment – Equity Consolidation

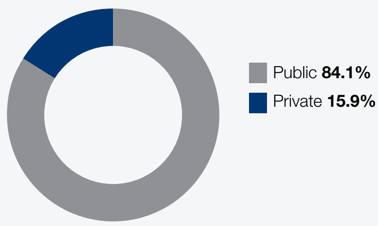
Backlog by geography



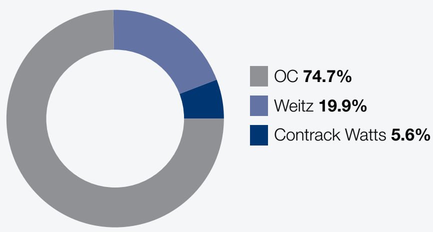
Backlog by sector



Backlog by client



Backlog by brand



[1] Project not included in the backlog and will be accounted for under the equity method.

21 November 2019 / Dubai, UAE / Cairo, Egypt

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9M 2019

SUMMARY FINANCIAL RESULTS

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%**
MEA	1,630.6	1,462.8	11.5%	513.9	497.7	3.3%
USA	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)%**
MEA	215.6	205.4	5.0%	77.8	88.7	(12.3)%
USA	(15.9)	(34.5)	53.9%	(20.5)	(30.1)	31.9%
EBITDA margin	**8.7%**	**7.6%**		**7.3%**	**8.0%**	
MEA margin	13.2%	14.0%		15.1%	17.8%	
USA margin	(2.4)%	(4.5)%		(7.4)%	(13.0)%	
Net income attributable to shareholders	**93.7**	**111.6**	**(16.0)%**	**32.2**	**29.1**	**10.7%**
MEA	89.8	120.8	(25.7)%	43.3	52.8	(18.0)%
USA	(22.4)	(39.6)	43.4%	(21.4)	(29.7)	27.9%
BESIX	26.3	30.4	(13.5)%	10.3	6.0	71.7%
Net income margin	**4.1%**	**5.0%**		**4.1%**	**4.0%**	
MEA margin	5.5%	8.3%		8.4%	10.6%	
USA margin	(3.4)%	(5.1)%		(7.7)%	(12.9)%	

Net Debt (cash)

USD million	30 Sep 19	31 Dec 18	Change
Cash and cash equivalents	408.1	402.5	1.4%
Total debt	344.7	375.3	(8.2)%
Total equity	540.7	471.5	14.7%
Net debt (cash)	(63.4)	(27.2)	

Consolidated revenue increased 8.3% y-o-y to USD 789.6 million in Q3 2019 and 2.2% to USD 2,285.3 million in 9M 2019. The MEA operations comprised 71% and 65% of total revenue in Q3 2019 and 9M 2019, respectively, while the U.S. operations accounted for the balance.

Consolidated 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. MEA margins remained healthy in Q3 2019 and 9M 2019 at 15.1% and 13.2%, respectively, while the ongoing U.S. operations reported positive EBITDA for the third consecutive quarter.

EBITDA and net income in the U.S. were negatively impacted in Q3 2019 by a one-off charge related to an undisclosed settlement with MEI, a subcontractor at the completed Iowa Fertilizer project, the first world-scale nitrogen fertilizer plant to be built in the U.S. in nearly 30 years. This final settlement was announced in the H1 2019 earnings release on 27 August 2019. All payments have been made and there are now no outstanding obligations related to this dispute or the Iowa Fertilizer project.

Including the Group's 50% share in BESIX, pro forma EBITDA increased 15.3% to USD 253.5 million in 9M 2019. Net income contribution from BESIX increased 71.7% y-o-y to USD 10.3 million in Q3 2019, bringing total income contribution from BESIX in 9M 2019 to USD 26.3 million.

Net income attributable to shareholders increased 10.7% y-o-y to USD 32.2 million in Q3 2019 and decreased 16.0% y-o-y to USD 93.7 million 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.

The Group maintained its net cash position at USD 63.4 million as of 30 September 2019, compared to a net cash position of USD 27.2 million as of 31 December 2018. Operating cash flow stood at USD 79.1 million in 9M 2019 compared to operating cash outflow of USD 64.3 million in 9M 2018. Total equity increased 14.7% to USD 540.7 million compared to the level at 31 December 2018.

21 November 2019 / Dubai, UAE / Cairo, Egypt

RESULTS ANNOUNCEMENT

9M 2019

ABOUT ORASCOM CONSTRUCTION PLC

Orascom Construction PLC is a leading global engineering and construction contractor primarily focused on infrastructure, industrial and high-end commercial projects in the Middle East, Africa and the United States. The Group has consistently ranked among the world's top contractors and is ranked number 42 on ENR's 2019 Top 250 International Contractors list. Orascom Construction PLC also develops and invests in infrastructure opportunities, owns 50% of BESIX Group, and holds a construction materials and facilities management portfolio. For more information, please visit www.orascom.com

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