



Grand Egyptian Museum – OC/BESIX JV

**FY 2017 Results Presentation**

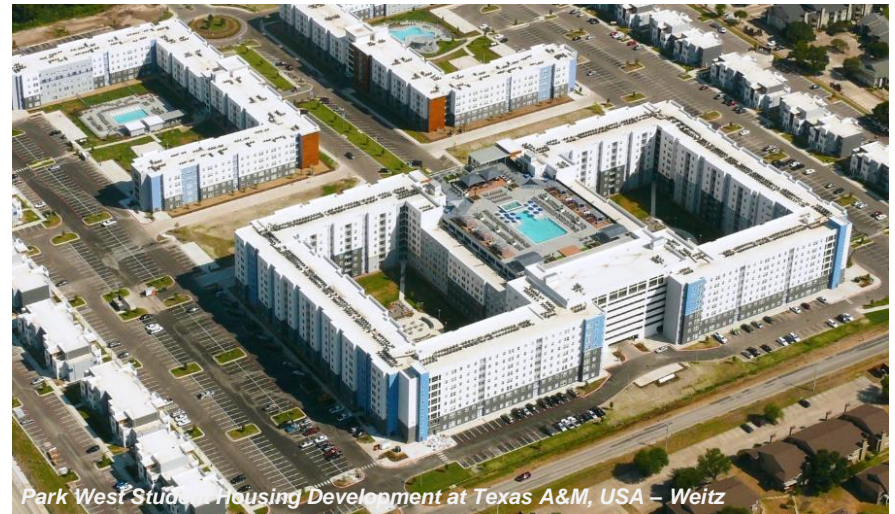
**12 April 2018**





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# Financial Highlights

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- **Adj. net income excluding one-off non-cash tax effect increased 112.5% y-o-y to USD 103.5 million in FY 2017**
    - *Net income attributable to shareholders (after one-off tax effect) increased 61.2% y-o-y to USD 78.5 million in FY 2017*
  - **Consolidated EBITDA increased 115.1% y-o-y to USD 212.9 million in FY 2017**
  - **Net cash position of USD 173.5 million as of 31 December 2017**
- 
- **Backlog size and quality remains at a healthy level that provides sufficient visibility on future revenue and profit**
    - *Consolidated backlog of USD 4.6 billion and pro forma backlog including the Group's 50% share in BESIX of USD 6.4 billion as of 31 December 2017*
    - *New awards of USD 2.2 billion and USD 3.5 billion including 50% share in BESIX in FY 2017*
- 
- **BESIX continues to deliver sustained profitability and a healthy backlog**
    - *Backlog of EUR 3.0 billion as of 31 December 2017 and new awards of EUR 2.3 billion in FY 2017*
    - *Net income contribution of USD 54.4 million in FY 2017*
    - *Annual dividend of EUR 25 million for Orascom's 50% share received in June 2017*
- 
- **The Board of Directors proposes a dividend distribution to shareholders**
    - *Total value of USD 30 million (USD 0.26 per share)*
    - *Shareholders will be asked to approve the dividend at the upcoming Annual General Meeting in May 2018*

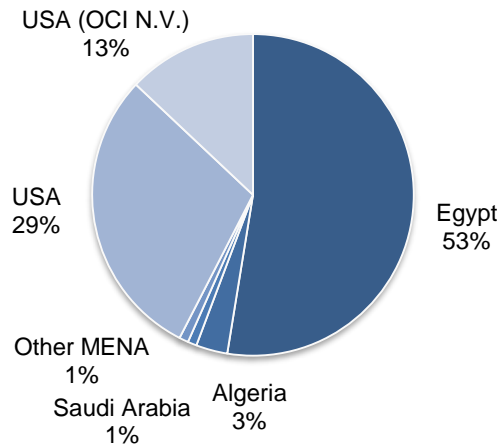
# Summary Income Statement

USD million						
	FY 2017	FY 2016	Change	Q4 2017	Q4 2016	Change
<b>Revenue</b>	<b>3,678.7</b>	<b>4,033.1</b>	<b>(8.8)%</b>	<b>860.4</b>	<b>1,074.0</b>	<b>(19.9)%</b>
<i>MENA</i>	2,130.6	2,123.7	0.3%	533.5	632.7	(15.7)%
<i>USA</i>	1,548.1	1,909.4	(18.9)%	326.9	441.3	(25.9)%
<b>EBITDA</b>	<b>212.9</b>	<b>99.0</b>	<b>115.1%</b>	<b>47.3</b>	<b>(40.4)</b>	<b>217.1%</b>
<i>MENA</i>	287.5	309.1	(7.0)%	117.9	143.4	(17.8)%
<i>USA</i>	(74.6)	(210.1)	64.5%	(70.6)	(183.8)	61.6%
<b>EBITDA margin</b>	<b>5.8%</b>	<b>2.5%</b>		<b>5.5%</b>	<b>(3.8)%</b>	
<i>MENA margin</i>	13.5%	14.6%		22.1%	22.7%	
<i>USA margin</i>	(4.8)%	(11.0)%		(21.6)%	(41.6)%	
<b>Adjusted net income excluding one-off US tax effect<sup>(1)</sup></b>	<b>103.5</b>	<b>48.7</b>	<b>112.5%</b>	<b>29.5</b>	<b>(26.7)</b>	<b>210.5%</b>
<b>Net income attributable to shareholders</b>	<b>78.5</b>	<b>48.7</b>	<b>61.2%</b>	<b>4.5</b>	<b>(26.7)</b>	<b>116.9%</b>
<i>MENA</i>	152.1	231.0	(34.2)%	73.4	156.7	(53.2)%
<i>USA</i>	(128.0)	(246.5)	48.1%	(82.7)	(222.6)	62.8%
<i>BESIX</i>	54.4	64.2	(15.3)%	13.8	39.2	(64.8)%
<b>Net income margin</b>	<b>2.1%</b>	<b>1.2%</b>		<b>0.5%</b>	<b>(2.5)%</b>	
<i>MENA margin</i>	7.1%	10.9%		13.8%	24.8%	
<i>USA margin</i>	(8.3)%	(12.9)%		(25.3)%	(50.4)%	

(1) Excludes a one-time USD 25 million non-cash charge in Q4 2017 due to the revaluation of a deferred tax asset related to the U.S. operations as a result of the reduction in the U.S. corporate tax rate

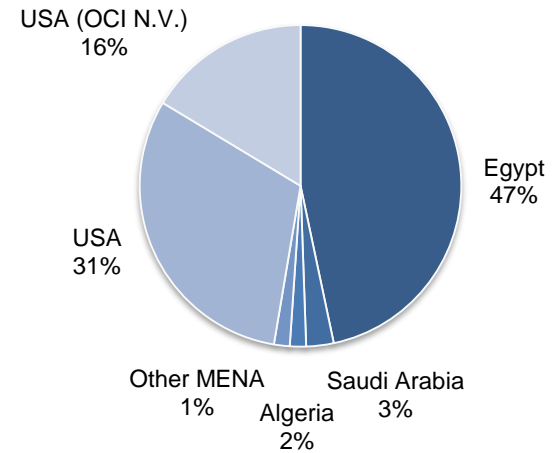
# Revenue by Geography

FY 2017 Breakdown



USD 3,678.7 million

FY 2016 Breakdown



USD 4,033.1 million



Ain Sokhna Product Hub, Egypt  
OC/BESIX JV



Port Said Tunnels (TBM completion), Egypt  
OC

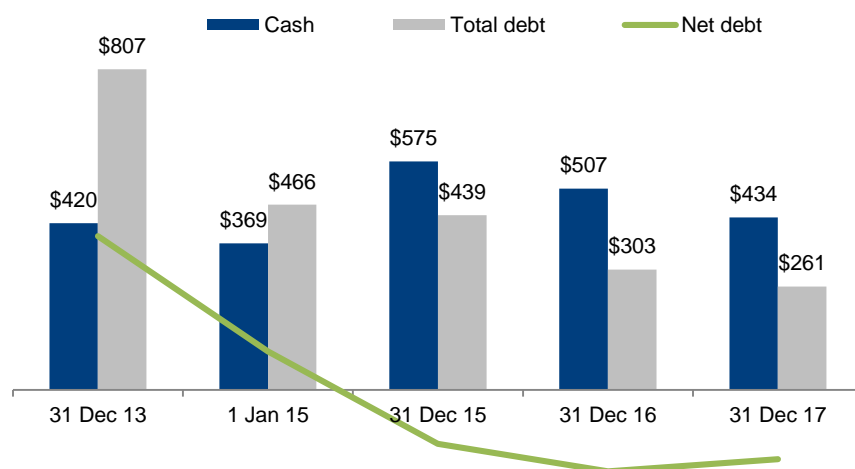


Hilton Downtown Des Moines, Iowa, USA  
Weitz

# Net Cash Position as of 31 December 2017

Net cash position of USD 173.5 million as of 31 December 2017

## Evolution of Net Debt



## Debt and Equity Summary

USD million	31 Dec 13	1 Jan 15	31 Dec 15	31 Dec 16	31 Dec 17
Cash	420	369	575	507	434
Total debt	807	466	439	303	261
Net debt	387	97	(136)	(204)	(174)
Total equity	875	804	561	302	403
ND/equity	0.44	0.12	(0.24)	(0.67)	(0.43)
EBITDA	48	N/A	(302)	99	213

### Note on the Group's total equity:

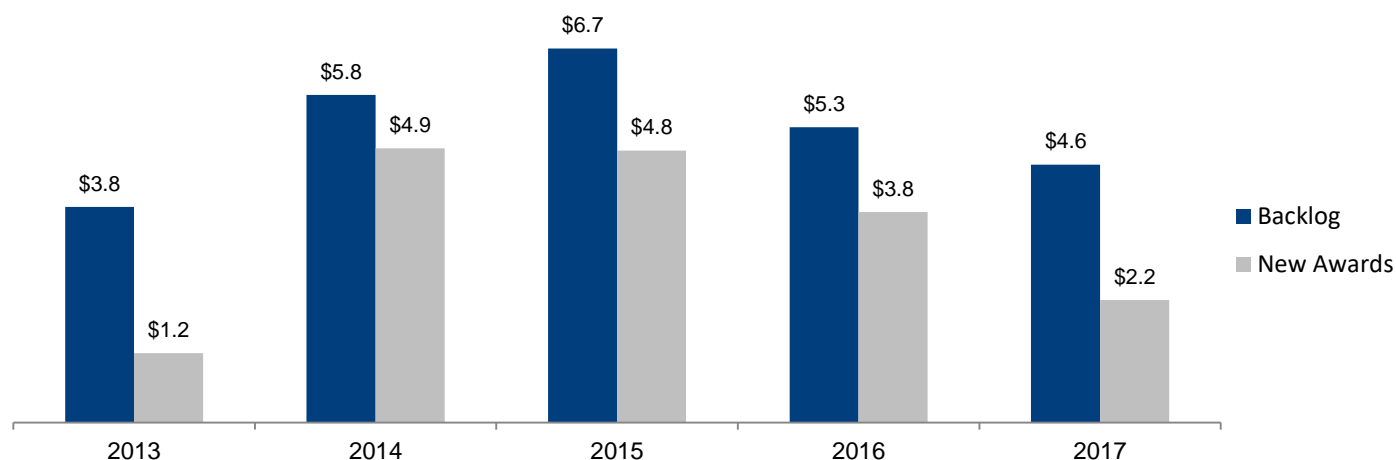
- The fair market value exceeds the book value of the land and the buildings for a total amount of USD 101.6 million
- If the Group would change the accounting principles for land and buildings to fair value, total equity would increase by USD 78.7 million to USD 481.2 million and the deferred tax liability by USD 22.9 million



# Consolidated Backlog Level

Current backlog size and quality fully 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  
US backlog complements MENA operations and provides additional value

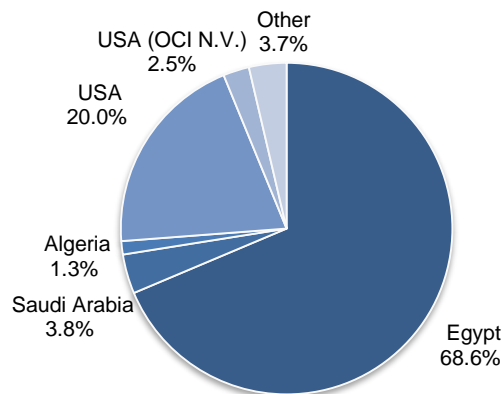
Backlog excluding BESIX stood at USD 4.6 billion as of 31 December 2017



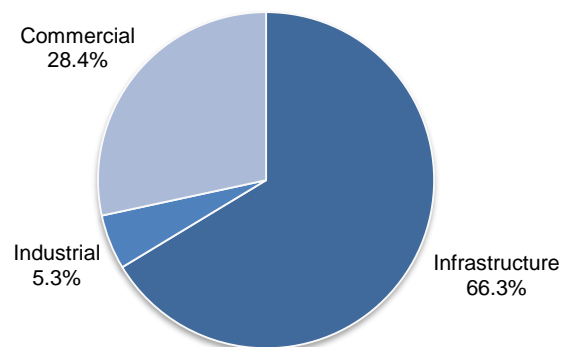
- Pro forma backlog including the Group's 50% share in BESIX of USD 6.4 billion as of 31 December 2017 and consolidated backlog of USD 4.6 billion
- Q4 2017 new awards of USD 644.4 million compared to 264.1 million in Q4 2017
- New awards in Egypt total ~USD 1.6 billion in FY 2017; projects across a wide range of sectors including water desalination, wastewater treatment, power, roads, commercial and the administrative capital and Alamein cities
- Weitz and Contrack Watts signed USD 590 million in FY 2017 across the private commercial and public sectors

# Backlog Diversification

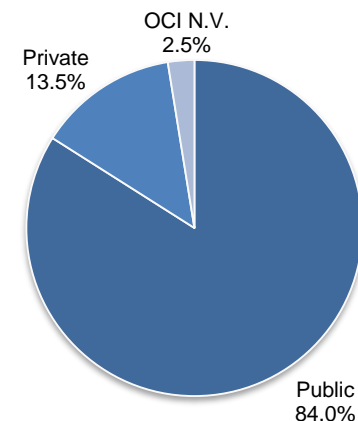
Backlog by Geography



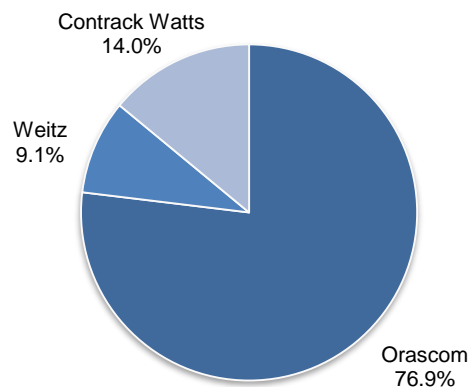
Backlog by Sector



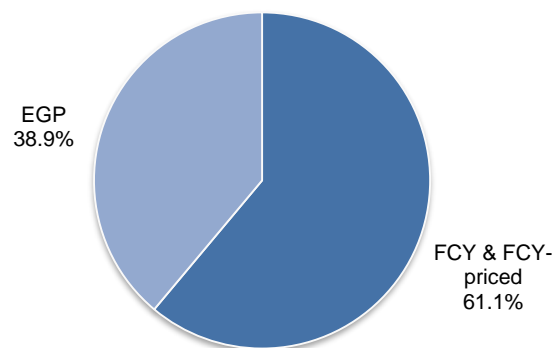
Backlog by Client



Backlog by Brand



Backlog by Currency



Currency Exposure

- 61% of the Group's total backlog is in FCY or priced in FCY
  - c.57% 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



# Pro Forma Snapshot Including BESIX

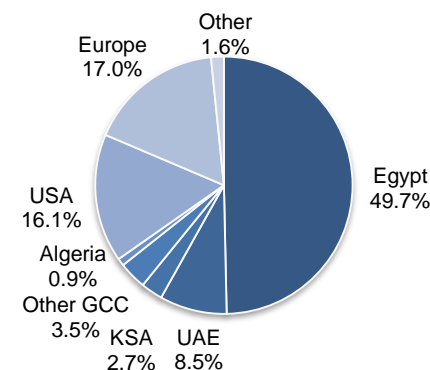
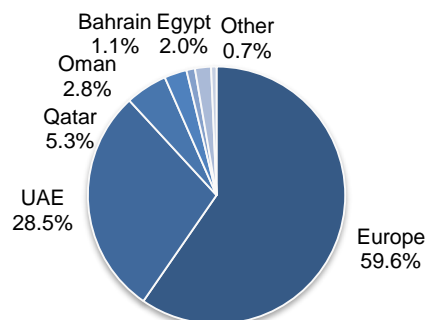


- BESIX continues to report sustained profitability while signing key projects in its core markets in the Middle East and Europe
- Standalone backlog of EUR 3.0 billion and new awards of EUR 2.3 billion in FY 2017
- Standalone net cash position of EUR 34 million as of 31 December 2017; excluding real estate, BESIX's net cash position is EUR 146 million
- BESIX book value of USD 398.2 million in Orascom's non current assets on the balance sheet

Standalone Backlog Evolution (EUR billion)		USD million			
			OC	50% of BESIX	Pro Forma
Revenue			3,678.6	1,337.8	5,016.5
EBITDA			212.9	65.4	278.3
Net Income <sup>(1)</sup>			24.1	54.4	78.5
Adj. Net Income <sup>(2)</sup>			49.1	54.4	103.5
Net Debt (Cash)			(173.5)	(20.5)	(194.0)
Backlog			4,562.2	1,818.4	6,380.6
New Awards			2,180.4	1,282.3	3,462.7

**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 with Orascom and BESIX

Company	Ownership	2017 Revenue	Description
 NSF National Steel Fabrication	100%	USD 54 million	<ul style="list-style-type: none"> <li>Manufactures and supplies fabricated steel products in Egypt and North Africa – total capacity of 120k/year</li> <li>Operates four facilities plants in Egypt and Algeria, two of which are the largest in MENA</li> </ul>
 ALICO	100%	USD 16 million	<ul style="list-style-type: none"> <li>Manufactures and installs glass, aluminum and architectural metal works</li> <li>Operates facility in Egypt with a capacity of 250k sqm, supplying primarily Egypt and North Africa</li> </ul>
 UHC	56.5%	USD 76 million	<ul style="list-style-type: none"> <li>Holds 50% stakes in BASF Construction Chemicals Egypt, Egyptian Gypsum Company and A-Build Egypt</li> <li>Subs operate from 4 plants in Egypt and Algeria, supplying products primarily in Egypt and North Africa</li> </ul>
 UPC UNITED PAINTS & CHEMICALS	56.5%	USD 6 million	<ul style="list-style-type: none"> <li>Owns DryMix, Egypt's largest manufacturer of cement-based ready mixed mortars in powdered form used in the construction industry</li> <li>Capable of producing 240k metric tons of product and supplies products to clients in Egypt and North Africa</li> </ul>
 NPC	40%	USD 6 million	<ul style="list-style-type: none"> <li>Manufactures precast/pre-stressed concrete cylinder pipes and pre-stressed concrete primarily</li> <li>Two plants located in Egypt supply Egypt and North Africa; production capacity of 86 km/yr of concrete piping</li> </ul>
 scib Paints	14.7%	USD 53 million	<ul style="list-style-type: none"> <li>Production capacity of 130k kilolitres of decorative paints and industrial coatings primarily for the construction industry</li> <li>Operates two plants in Egypt and supplies products to clients in Egypt and North Africa</li> </ul>
 CONTRACK FM	100%	USD 13 million	<ul style="list-style-type: none"> <li>Egypt's premier facility and property management services provider</li> <li>Hard and soft facility management in commercial, hospitality and healthcare</li> </ul>
 SIDC Suez Industrial Development Company	60.5%	USD 11 million	<ul style="list-style-type: none"> <li>Owner and developer of an 8.8 million square meter industrial park located in Ain Sokhna, Egypt</li> <li>Provides utility services for light, medium and heavy industrial users in Ain Sokhna, Egypt</li> </ul>
 ORASQUALIA	50%	USD 11 million	<ul style="list-style-type: none"> <li>A 250m<sup>3</sup>/day wastewater treatment plant; OC is a co-owner and co-operator of the facility</li> <li>Egypt's first Public Private Partnership project</li> </ul>
<b>250MW BOO Wind Farm</b>	20%	Under construction	<ul style="list-style-type: none"> <li>250 MW build-own-operate wind farm; the consortium will operate and maintain the wind farm under a 20-year Power Purchase Agreement</li> <li>Currently under construction (by OC) with operation expected in January 2020</li> </ul>

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## Financial Statements



# Income Statement

USD million	FY 2017	FY 2016	Q4 2017	Q4 2016	Results Commentary
Revenue	3,678.7	4,033.1	860.4	1,074.0	<b>Revenue:</b>
Cost of sales	(3,354.0)	(3,841.0)	(784.5)	(1,100.2)	
<b>Gross profit</b>	<b>324.7</b>	<b>192.1</b>	<b>75.9</b>	<b>(26.2)</b>	<ul style="list-style-type: none"> <li>MENA accounted for 58% of total revenue in FY 2017 while USA comprised the balance</li> </ul>
<i>Margin</i>	8.8%	4.8%	8.8%	(2.4%)	
Other income	4.9	16.1	(0.8)	10.9	<b>EBITDA</b>
SG&A expenses	(153.9)	(164.2)	(36.6)	(37.8)	
<b>Operating profit</b>	<b>175.7</b>	<b>44.0</b>	<b>38.5</b>	<b>(53.1)</b>	<ul style="list-style-type: none"> <li>Consolidated EBITDA increased 115.1% y-o-y to USD 212.9 million FY 2017 and 217.1% y-o-y to USD 47.3 million in Q4 2017</li> </ul>
<b>EBITDA</b>	212.9	99.0	47.3	(40.3)	
<i>Margin</i>	5.8%	2.5%	5.5%	(3.8%)	<ul style="list-style-type: none"> <li>Improvement in consolidated EBITDA margin in both FY and Q4 2017 compared to the previous year to 5.8% and 5.5%, respectively</li> </ul>
<b>Financing income &amp; expenses</b>					
Finance income	36.3	94.5	10.6	59.6	<ul style="list-style-type: none"> <li>MENA EBITDA margin of 13.5% in FY 2017 and 22.1% in Q4 2017</li> </ul>
Finance cost	(60.1)	(61.9)	(10.4)	(18.4)	
<b>Net finance cost</b>	<b>(23.8)</b>	<b>32.6</b>	<b>0.2</b>	<b>41.2</b>	<b>Income from associates:</b>
Income from associates (net of tax)	55.6	68.5	14.6	37.8	
<b>Profit before income tax</b>	<b>207.5</b>	<b>145.1</b>	<b>53.3</b>	<b>25.9</b>	<ul style="list-style-type: none"> <li>BESIX contributed USD 54.4 million in FY 2017 and USD 16.8 million in Q4 2017</li> </ul>
Income tax	(122.4)	(92.1)	(50.5)	(50.6)	
<b>Net profit</b>	<b>85.1</b>	<b>53.0</b>	<b>2.8</b>	<b>(24.7)</b>	<b>Net income</b>
<b>Profit attributable to:</b>					<ul style="list-style-type: none"> <li>Net income margin improved to 2.1% in FY 2017 from 1.2% in FY 2016</li> </ul>
Owners of the company	78.5	48.7	4.4	(26.7)	
Non-controlling interests	6.6	4.3	(1.6)	2.0	
<b>Net profit</b>	<b>85.1</b>	<b>53.0</b>	<b>2.8</b>	<b>(24.7)</b>	

# Balance Sheet

USD million	31 Dec 2017	31 Dec 2016	Results Commentary
<b>ASSETS</b>			
<b>Non-current assets</b>			<b>Non-current assets</b>
Property, plant and equipment	155.4	158.4	▪ PPE of USD 155.4 million, with capex of USD 41.8 million in FY 2017
Goodwill	13.8	13.8	▪ Investment in associates includes BESIX at an equity value of USD 398.2 million
Trade and other receivables	15.8	16.2	▪ The Group decreased deferred tax assets by USD 45 million during FY 2017 related to the U.S. operations; USD 25 million in Q4 2017 relates to the reduction in the U.S. corporate tax rate
Equity accounted investees	421.8	371.4	
Deferred tax assets	34.5	81.6	
<b>Total non-current assets</b>	<b>641.3</b>	<b>641.4</b>	
<b>Current assets</b>			<b>Current assets:</b>
Inventories	232.2	167.4	▪ Trade and other receivables in December 2017 include USD 581.0 million in accounts receivables, USD 209.6 million in retentions and USD 126.0 million in supplier advance payments
Trade and other receivables	1,146.7	1,076.3	▪ The majority of current accounts receivables as of 31 December are not yet due
Contracts work in progress	488.8	449.2	
Current income tax receivables	3.2	0.6	
Cash and cash equivalents	434.2	506.9	
<b>Total current assets</b>	<b>2,305.1</b>	<b>2,200.4</b>	
<b>TOTAL ASSETS</b>	<b>2,946.4</b>	<b>2,841.8</b>	

# Balance Sheet

USD million	31 Dec 2017	31 Dec 2016	Results Commentary
<b>EQUITY</b>			<b>Equity</b>
Share capital	116.8	117.8	<ul style="list-style-type: none"> <li>The movement in reserves is primarily due to currency translation differences related to BESIX equity investment</li> </ul>
Share premium	761.5	768.8	
Reserves	(318.8)	(348.4)	<ul style="list-style-type: none"> <li>Total equity would have increased by USD 78.7 million to USD 481.2 million and (deferred tax liability by USD 22.9 million) if the group changes the accounting principles for land and buildings to fair value</li> </ul>
Retained earnings	(201.6)	(281.3)	
<b>Equity to owners of the Company</b>	<b>357.9</b>	<b>256.9</b>	
Non-controlling interest	44.6	45.5	
<b>TOTAL EQUITY</b>	<b>402.5</b>	<b>302.4</b>	
<b>LIABILITIES</b>			<b>Liabilities:</b>
<b>Non-current liabilities</b>			<ul style="list-style-type: none"> <li>Total debt down 13.9% compared to the level at 31 December 2016</li> <li>Trade and other payables includes USD 494.9 million in accounts payable, USD 366.2 million in accrued expenses and USD 144.9 million in retentions payable to subcontractors</li> </ul>
Loans and borrowings	11.3	59.6	
Trade and other payables	44.9	10.4	
Deferred tax liabilities	4.9	6.7	
<b>Total non-current liabilities</b>	<b>61.1</b>	<b>76.7</b>	
<b>Current liabilities</b>			
Loans and borrowings	249.4	243.2	
Trade and other payables	1,076.5	1,017.5	
Advance payments	484.7	382.3	
Billing in excess of construction contracts	529.7	660.8	
Provisions	62.3	116.2	
Current income tax payable	80.2	42.7	
<b>Total current liabilities</b>	<b>2,482.8</b>	<b>2,462.7</b>	
<b>Total liabilities</b>	<b>2,543.9</b>	<b>2,539.4</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,946.4</b>	<b>2,841.8</b>	



# Cash Flow Statement

USD million	31 Dec 2017	31 Dec 2016	Results Commentary
<b>Net profit</b>	<b>85.1</b>	<b>53.0</b>	<b>Cash flow from operating activities:</b>
<b>Adjustments for:</b>			<ul style="list-style-type: none"> <li>Operating cash flow of USD 1.3 million in FY 2017 as a result of changes in working capital items, primarily driven by negative operational working capital in the U.S. (Iowa Fertilizer and Natgasoline projects)</li> <li>Interest paid in FY 2017 decreased 30.1% y-o-y to USD 16.9 million</li> <li>BESIX resumed annual dividend in June 2017, distributing EUR 25 million for Orascom's 50% share</li> </ul>
Depreciation	37.2	55.0	
Interest income (including gains on derivatives)	(17.4)	(29.2)	
Interest expense (including losses on derivatives)	18.2	26.9	
Foreign exchange gain / (loss) and others	23.0	(30.3)	
Share in income of equity accounted investees	(55.6)	(68.5)	
Loss (gain) on sale of PPE	(0.9)	(6.0)	
Income tax expense	122.4	92.1	
<b>Change in:</b>			
Inventories	(41.1)	36.0	
Trade and other receivables	(95.9)	127.0	
Contract work in progress	(39.6)	36.2	
Trade and other payables	60.2	(67.8)	
Advanced payments construction contracts	102.4	(216.1)	
Billing in excess on construction contracts	(131.1)	382.4	
Provisions	(53.9)	(94.1)	
<b>Cash flows:</b>			
Interest paid	(16.9)	(24.4)	
Interest received	17.4	29.2	
Dividends from equity accounted investees	30.0	-	
Income taxes paid	(42.2)	(45.1)	
<b>Cash flow from / (used in) operating activities</b>	<b>1.3</b>	<b>256.3</b>	

# Cash Flow Statement

USD million	31 Dec 2017	31 Dec 2016	Results Commentary
Investment in PPE	(41.8)	(91.7)	<b>Cash flow used investing activities:</b> <ul style="list-style-type: none"> <li>Total cash used in investing activities decreased 62.9% y-o-y to USD 30.3 million due to lower investments in PPE</li> <li>Investments in PPE in FY 2017 amounted to USD 41.8 million, a 54.4% decrease compared to the previous year</li> </ul>
Proceeds from sale of PPE	11.5	9.9	
<b>Cash flow from / (used in) investing activities</b>	<b>(30.3)</b>	<b>(81.8)</b>	<b>Cash flow used financing activities:</b> <ul style="list-style-type: none"> <li>Financing cash outflow in FY 2017 is down 66.3% y-o-y to USD 50.4 million</li> <li>Repayments of borrowings decreased 30.8%</li> </ul>
Proceeds from borrowings	133.1	82.1	
Repayments of borrowings	(175.2)	(218.7)	
Other long term liabilities	(0.5)	(3.4)	
Purchase of treasury shares	-	(8.3)	
Other	(7.8)	(1.6)	
<b>Net cash from (used in) financing activities</b>	<b>(50.4)</b>	<b>(149.9)</b>	
<b>Net increase (decrease) in cash</b>	<b>(79.4)</b>	<b>24.6</b>	
Cash and cash equivalents at 1 January	506.9	574.9	
Currency translation adjustments	6.7	(92.6)	
<b>Cash and cash equivalents at 31 December</b>	<b>434.2</b>	<b>506.9</b>	

# Pro Forma Snapshot Excluding Iowa Fertilizer and Natgasoline Projects

The long-term underlying business continues to demonstrate healthy performance

USD million				
	FY 2017	FY 2016	Change	FY 2015
Revenue	3,205.6	3,373.0	(5.0)%	3,055.8
EBITDA	292.0	326.1	(10.5)%	330.9
<i>EBITDA margin</i>	9.1%	9.7%		10.8%

- The Group's consolidated performance was impacted by losses in the U.S. operations in FY 2015-2017
- Excluding losses from Iowa Fertilizer and profits from Natgasoline projects, the Group would have reported consolidated EBITDA of USD 292.0 million in FY 2017
- Construction at Iowa Fertilizer was complete in 2017 and at Natgasoline in April 2018



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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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