



Burullus Combined Cycle Power Plant – Egypt

FY 2018 Results Presentation

27 March 2019



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Financial Highlights

- **Adjusted net income excluding one-off U.S. legal provision increased 78.5% to USD 184.7 million in FY 2018**
- **Consolidated adjusted EBITDA increased 16.1% to USD 247.1 million and pro forma EBITDA including 50% in BESIX (excluding one-off legal provision) increased 16.1% to USD 323.0 million in FY 2018**

- **Consolidated backlog of USD 4.3 billion as of 31 December 2018 and new awards of 2.3 billion in FY 2018**
 - *Consolidated new awards increased 29.0% to USD 831.3 million in Q4 2018*
 - *Backlog size and quality remains at a healthy level that provides sufficient visibility on future revenue and profit*

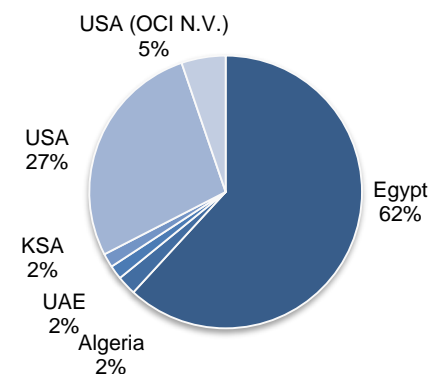
- **BESIX standalone backlog of EUR 4.8 billion as of 31 December 2018 and new awards of EUR 3.2 billion in FY 2018**
 - *Pro forma backlog including Orascom Construction's 50% share in BESIX of USD 7.0 billion as of 31 December 2018 and pro forma new awards of USD 4.3 billion in FY 2018*
 - *Net income contribution from BESIX of USD 54.7 million in FY 2018*

- **The Board of Directors proposes a dividend distribution to shareholders**
 - *Total value of USD 35 million (USD 0.30 per share)*
 - *Shareholders will be asked to approve the dividend at the upcoming Annual General Meeting in May 2019*

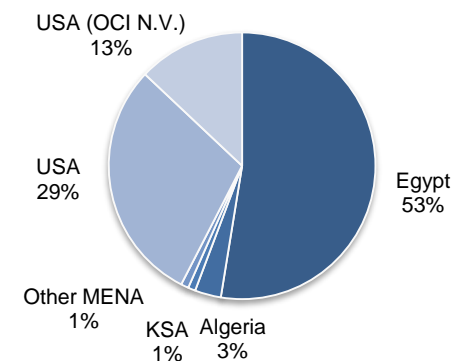
Summary Income Statement

USD Million						
	FY 2018	FY 2017	Change	Q4 2018	Q4 2017	Change
Revenue	3,013.5	3,678.7	(18.1)%	777.8	860.4	(9.6)%
<i>MENA</i>	2,032.6	2,130.6	(4.6)%	569.8	533.5	6.8%
<i>USA</i>	980.9	1,548.1	(36.6)%	208.0	326.9	(36.4)%
Adjusted EBITDA*	247.1	212.9	16.1%			
Adjusted EBITDA Margin*	8.2%	5.8%				
Adjusted net income*	184.7	103.5	78.5%			
Adjusted net income Margin*	6.1%	2.8%				
EBITDA	207.1	212.9	(2.7)%	36.2	47.3	(23.5)%
<i>MENA</i>	239.6	287.5	(16.7)%	34.2	117.9	(71.0)%
<i>USA</i>	(32.5)	(74.6)	56.4%	2.0	(70.6)	102.8%
EBITDA margin	6.9%	5.8%		4.7%	5.5%	
<i>MENA margin</i>	11.8%	13.5%		6.0%	22.1%	
<i>USA margin</i>	(3.3)%	(4.8)%		1.0%	(21.6)%	
Net income attrib. to shareholders	144.7	78.5	84.3%	33.1	4.4	635.6%
<i>MENA</i>	129.2	152.1	(15.1)%	8.3	73.3	(88.7)%
<i>USA</i>	(39.2)	(128.0)	69.4%	0.5	(82.7)	100.6%
<i>BESIX</i>	54.7	54.4	0.6%	24.3	13.8	76.1%
Net income margin	4.8%	2.1%		4.3%	0.5%	
<i>MENA margin</i>	6.4%	7.1%		1.5%	13.8%	
<i>USA margin</i>	(4.0)%	(8.3)%		0.2%	(25.3)%	

Revenue by Geography – FY 2018



Revenue by Geography – FY 2017

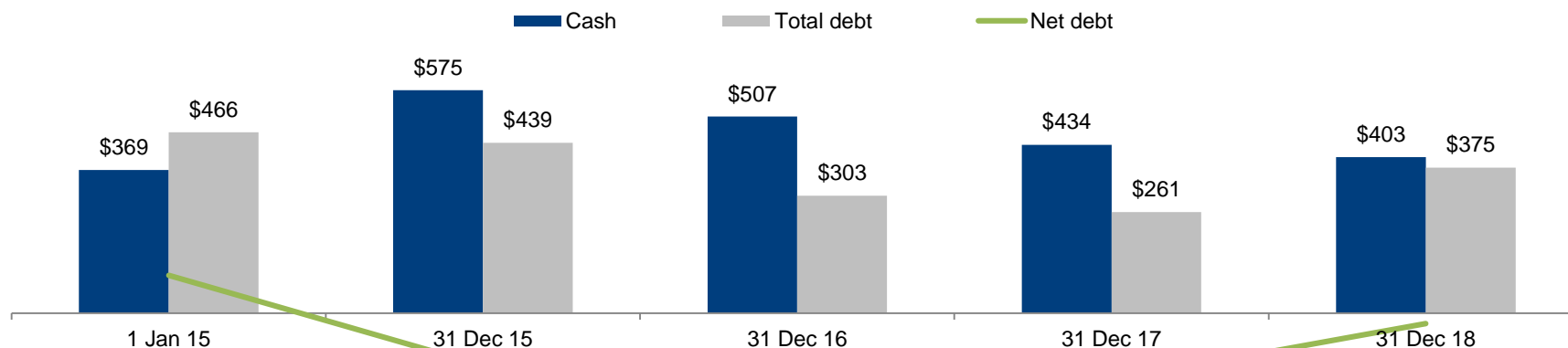


* Adj. EBITDA & net income for FY 2018 exclude a one-off provision of USD 40 million recorded in Q3 2018 related to a legal case with a subcontractor at Iowa Fertilizer project in USA. Adj. net income for FY 2017 excludes a one-off USD 25 million non-cash charge in Q4 2017 due to the revaluation of a deferred tax asset related to the U.S. operations as a result of the reduction in the U.S. corporate tax rate.

Net Cash Position as of 31 December 2018

Net cash position of USD 27.2 million as of 31 December 2018

Evolution of Net Debt (USD Million)



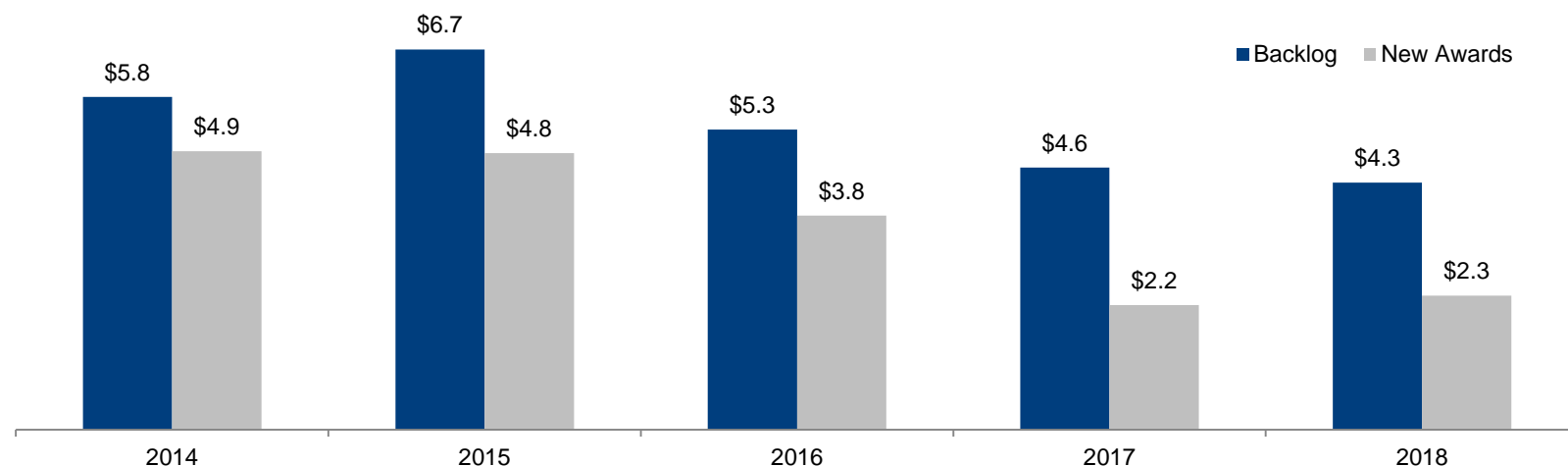
Debt and Equity Summary Based on IFRS Statements

USD million	1 Jan 15	31 Dec 15	31 Dec 16	31 Dec 17	31 Dec 18
Cash	368.9	574.9	506.9	434.2	402.5
Total debt	466.0	439.4	302.8	260.7	375.3
Net debt	97.1	(135.5)	(204.1)	(173.5)	(27.2)
Total equity	804.4	560.5	302.4	402.5	471.5
ND/equity	0.12	(0.24)	(0.67)	(0.43)	(0.06)
EBITDA	N/A	(302.4)	99.0	212.9	207.1

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

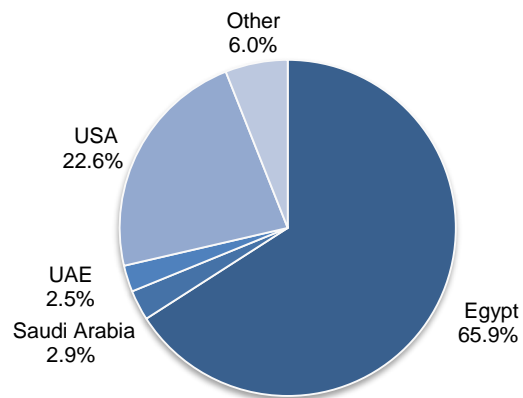
Consolidated backlog stood at USD 4.3 billion as of 31 December 2018



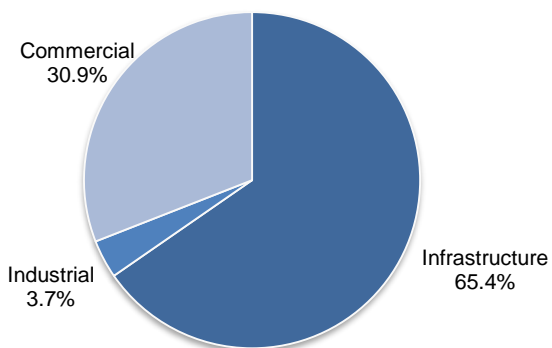
- Consolidated backlog (excluding BESIX) of USD 4.3 billion as of 31 December 2018 and total new awards of USD 2.3 billion million in FY 2018
- Middle East and Africa new awards of approximately USD 1.5 billion in FY 2018 (USD 520 million in Q4 2018):
 - New projects in Egypt in Q4 include a water desalination and additional work in the New Administrative Capital and Alamein cities
 - Also signed a contract to build to hydropower plants in Burundi (financed by the World Bank, European Investment Bank and African Development Bank)
- USA new awards of approximately USD 850 million in FY 2018 (USD 310 million in Q4 2018):
 - Strongest quarter of new awards in the U.S.; new projects mostly private-sector commercial and light industrial work

Backlog Diversification

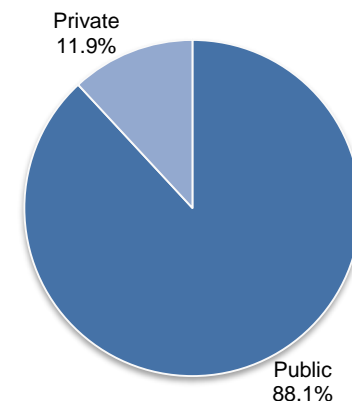
Backlog by Geography



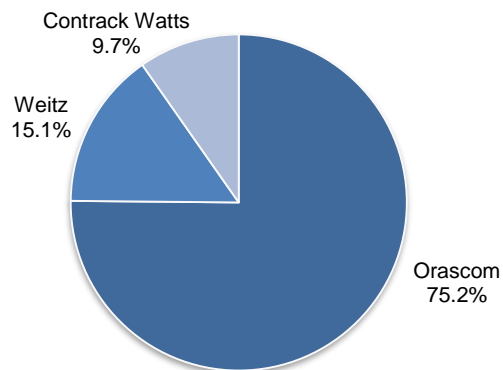
Backlog by Sector



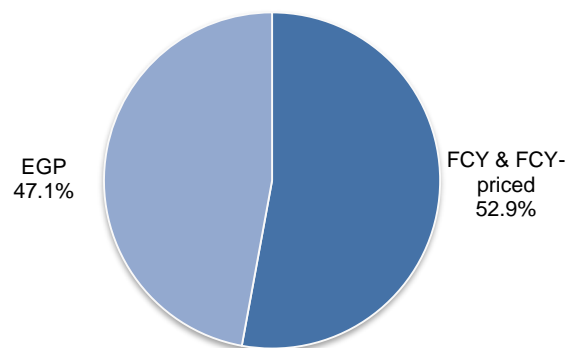
Backlog by Client



Backlog by Brand



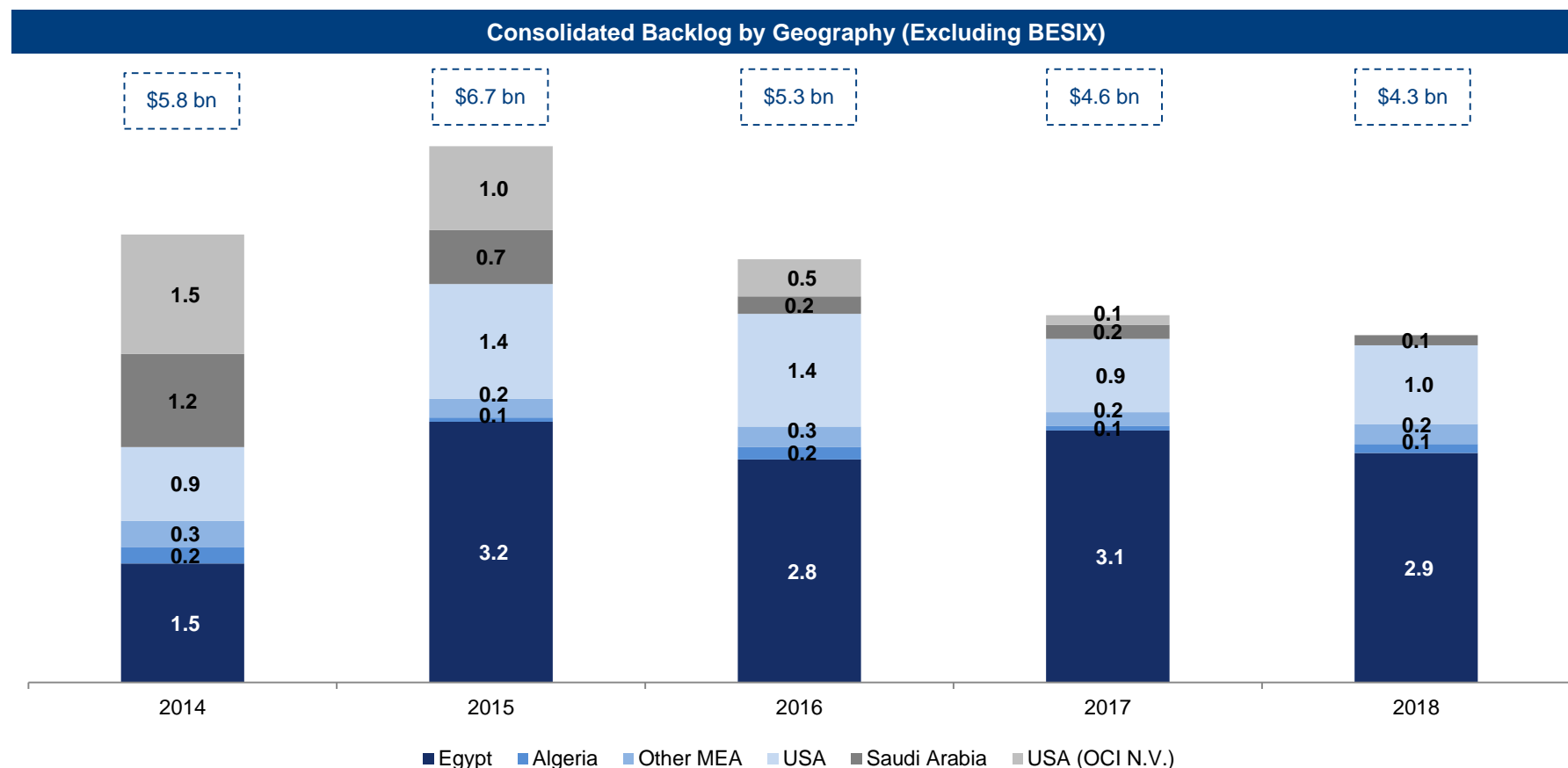
Backlog by Currency



Currency Exposure

- 53% of the Group's total backlog is in FCY or priced in FCY
 - 29% 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



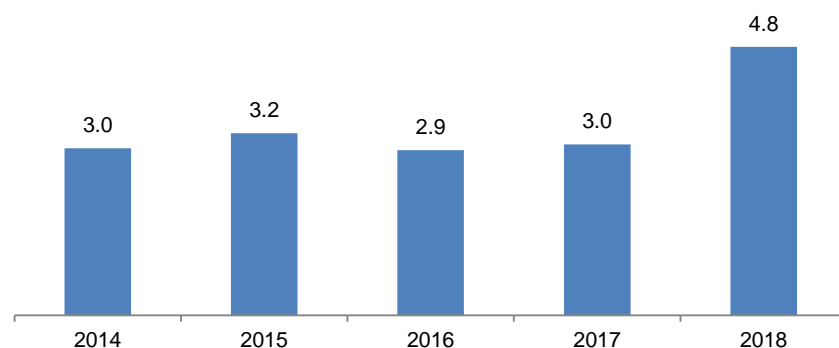
- Two main markets of Egypt and USA remain strong while backlog related to Saudi Arabia and OCI N.V. projects declined from their peaks
- The Group is pursuing quality projects in new markets in the Middle East and Africa across sectors in which it enjoys a competitive edge
- Egypt backlog in 2015 is based on a USD/EGP exchange rate of 7.8

Pro Forma Snapshot Including BESIX

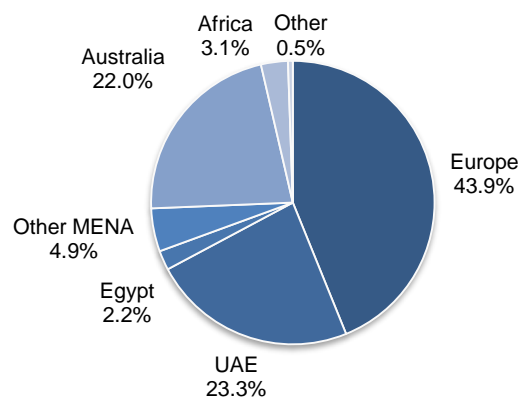


- Standalone backlog of EUR 4.8 billion and new awards of EUR 3.2 billion in FY 2018
- Q4 2018 awards increased 150.2% to EUR 1.4 billion comprised of new projects in the UAE, Africa and Europe
- Consolidated 100% of Watpac in Australia following the completion of 100% acquisition, adding EUR 1 billion to BESIX's backlog
- BESIX book value of USD 394.5 million in Orascom's non current assets on the balance sheet
- BESIX standalone net cash position of EUR 135.7 million

Standalone Backlog Evolution (EUR billion)



Standalone Backlog by Geography



USD million

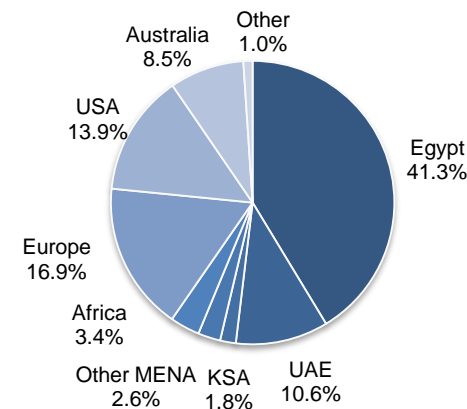
OC

50% of BESIX

Pro Forma





USD million	OC	50% of BESIX	Pro Forma
Revenue	3,013.5	1,531.9	4,545.4
EBITDA	247.1 ⁽¹⁾	75.9	323.0
Net Income	130.0 ⁽¹⁾	54.7	184.7
Net Debt (Cash)	(27.2)	(77.5)	(104.7)
Backlog	4,327.7	2,721.5	7,049.2
New Awards	2,349.1	1,959.6	4,308.7

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	FY 2018 Revenue	Description
	100%	USD 52 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 26 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 104 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 7 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 17 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 51 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 17 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 11 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 11 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	FY 2018	FY 2017	Q4 2018	Q4 2017
Revenue	3,013.5	3,678.7	777.8	860.4
Cost of sales	(2,673.4)	(3,354.0)	(710.9)	(784.5)
Gross profit	340.1	324.7	66.9	75.9
<i>Margin</i>	11.3%	8.8%	8.6%	8.8%
Other income	8.3	4.9	(1.1)	(0.8)
SG&A expenses	(181.3)	(153.9)	(40.1)	(36.6)
Operating profit	167.1	175.7	25.7	38.5
EBITDA	207.1	212.9	36.2	47.3
<i>Margin</i>	6.9%	5.8%	4.7%	5.5%
Financing income & expenses				
Finance income	23.0	36.3	4.3	10.6
Finance cost	(28.1)	(60.1)	(9.7)	(10.4)
Net finance cost	(5.1)	(23.8)	(5.4)	0.2
Income from associates (net of tax)	56.3	55.6	24.9	14.6
Profit before income tax	218.3	207.5	45.2	53.3
Income tax	(63.6)	(122.4)	(9.8)	(50.5)
Net profit	154.7	85.1	35.4	2.8

Profit attributable to:

Owners of the company	144.7	78.5	33.1	4.4
Non-controlling interests	10.0	6.6	2.3	(1.6)
Net profit	154.7	85.1	35.4	2.8

Results Commentary

Revenue:

- MENA comprised 73% and 67% of total revenue in Q4 and FY 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 in FY 2018 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

Income from associates:

- BESIX contributed USD 24.3 million in Q4 2018 and USD 54.7 million in FY 2018

Net Income:

- Net income increased 84.3% in FY 2018 and 635.6% in Q4 2018

Balance Sheet

USD million	31 Dec 2018	31 Dec 2017	Results Commentary
ASSETS			
Non-current assets			Non-current assets
Property, plant and equipment	159.3	155.4	▪ PPE of USD 159.3 million, with capex of USD 50.2 million in FY 2018
Goodwill	13.8	13.8	▪ Total investment in associates includes BESIX at an equity value of USD 394.5 million
Trade and other receivables	15.2	15.8	
Equity accounted investees	419.5	421.8	Current assets:
Deferred tax assets	35.9	34.5	▪ Trade and other receivables as of 31 Dec 2018 include USD 634.1 million in accounts receivables, USD 179.9 million in retentions and USD 176.7 million in supplier advance payments
Total non-current assets	643.7	641.3	▪ 63% of current accounts receivables as of 31 Dec 2018 are not yet due
Current assets			
Inventories	283.3	232.2	
Trade and other receivables	1,243.1	1,146.7	
Contracts work in progress	526.7	488.8	
Current income tax receivables	0.1	3.2	
Cash and cash equivalents	402.5	434.2	
Total current assets	2,455.7	2,305.1	
TOTAL ASSETS	3,099.4	2,946.4	

Balance Sheet

USD million	31 Dec 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	(335.6)	(318.8)	
Retained earnings	170.5	(201.6)	
Equity to owners of the Company	431.9	357.9	
Non-controlling interest	39.6	44.6	
TOTAL EQUITY	471.5	402.5	
LIABILITIES			Liabilities:
Non-current liabilities			▪ Trade and other payables includes USD 438.9 million in accounts payable, USD 376.8 million in accrued expenses and USD 111.1 million in retentions payable to subcontractors
Loans and borrowings	2.3	11.3	
Trade and other payables	43.0	44.9	
Deferred tax liabilities	3.3	4.9	
Total non-current liabilities	48.6	61.1	
Current liabilities			
Loans and borrowings	373.0	249.4	
Trade and other payables	1,025.7	1,076.5	
Advance payments	606.0	484.7	
Billing in excess of construction contracts	410.8	529.7	
Provisions	103.3	62.3	
Current income tax payable	60.5	80.2	
Total current liabilities	2,579.3	2,482.8	
Total liabilities	2,627.9	2,543.9	
TOTAL EQUITY AND LIABILITIES	3,099.4	2,946.4	

Cash Flow Statement

USD million	31 Dec 2018	31 Dec 2017	Results Commentary
Net profit	154.7	85.1	Cash flow used in operating activities:
Adjustments for:			<ul style="list-style-type: none"> Operating cash outflow of USD 53.9 million in FY 2018 as a result of changes in working capital items Total dividends of EUR 37.5 million were received from BESIX during FY 2018 for OC's 50% share
Depreciation	40.0	37.2	
Interest income (including gains on derivatives)	(16.2)	(17.4)	
Interest expense (including losses on derivatives)	26.2	18.2	
Foreign exchange gain / (loss) and others	(4.9)	23.0	
Share in income of equity accounted investees	(56.3)	(55.6)	
Loss (gain) on sale of PPE	(1.6)	(0.9)	
Income tax expense	63.6	122.4	
Change in:			
Inventories	(51.1)	(41.1)	
Trade and other receivables	(62.3)	(95.9)	
Contract work in progress	(37.9)	(39.6)	
Trade and other payables	(128.4)	60.2	
Advanced payments construction contracts	121.3	102.4	
Billing in excess on construction contracts	(118.9)	(131.1)	
Provisions	41.0	(53.9)	
Cash flows:			
Interest paid	(24.9)	(16.9)	
Interest received	8.0	17.4	
Dividends from equity accounted investees	43.2	30.0	
Income taxes paid	(49.4)	(42.2)	
Cash flow (used in) from operating activities	(53.9)	1.3	

Cash Flow Statement

USD million	31 Dec 2018	31 Dec 2017	Results Commentary
Investment in PPE	(50.2)	(41.8)	Cash flow used in investing activities: <ul style="list-style-type: none"> Investments in PPE in of USD 50.2 million in FY 2018 primarily in MENA
Proceeds from sale of PPE	7.3	11.5	
Cash flow used in investing activities	(42.9)	(30.3)	Cash flow from financing activities: <ul style="list-style-type: none"> Total cash from financing activities of USD 67.8 million in FY 2018
Proceeds from borrowings	313.1	133.1	
Repayments of borrowings	(198.5)	(175.2)	
Other long term liabilities	(1.9)	(0.5)	
Dividends paid to shareholders	(30.0)	-	
Other	(14.9)	(7.8)	
Net cash from (used in) financing activities	67.8	(50.4)	
Net decrease in cash and cash equivalents	(29.0)	(79.4)	
Cash and cash equivalents at 1 January	434.2	506.9	
Currency translation adjustments	(2.7)	6.7	
Cash and cash equivalents at 31 December	402.5	434.2	

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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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