



Grand Egyptian Museum – OC/BESIX JV

## H1 2018 Results Presentation

29 August 2018





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# Financial Highlights

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- **Net income attributable to shareholders increased 113.5% y-o-y to USD 50.6 million in Q2 2018 and 59.6% y-o-y to USD 82.5 million in H1 2018**
- **Consolidated EBITDA increased 1.1% y-o-y to USD 112.3 million and pro forma EBITDA including 50% share in BESIX increased 11.2% to USD 152.2 million in H1 2018**

- **Consolidated backlog of USD 4.2 billion as of 30 June 2018 and new awards of 1.0 billion in H1 2018**

- *Consolidated new awards increased 84.8% to of USD 665.1 million in Q2 2018*
- *Backlog size and quality remains at a healthy level that provides sufficient visibility on future revenue and profit*

- **BESIX standalone backlog of EUR 3.3 billion as of 30 June 2018 and new awards of EUR 1.5 billion in H1 2018**

- *Pro forma backlog including the Group's 50% share in BESIX of USD 6.2 billion as of 30 June 2018 and pro forma new awards of USD 1.9 billion in H1 2018*
- *Net income contribution from BESIX of USD 24.4 million in H1 2018*

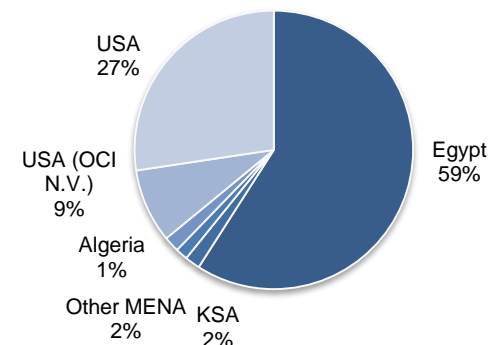
- **A dividend of USD 30 million was paid out to shareholders in July 2018**

- *Total value of USD 30 million (USD 0.26 per share)*

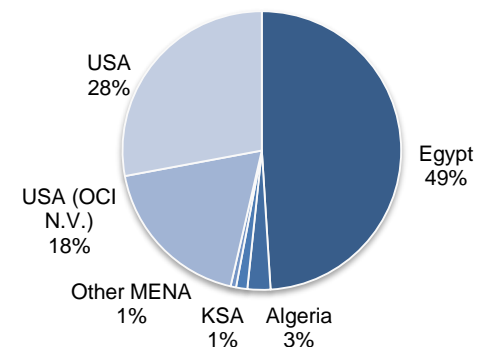
# Summary Income Statement

| USD million                               |                |                |                |              |              |                |
|---|----------------|----------------|----------------|--------------|--------------|----------------|
|   | H1 2018        | H1 2017        | Change         | Q2 2018      | Q2 2018      | Change         |
| <b>Revenue</b>                            | <b>1,506.9</b> | <b>2,012.9</b> | <b>(25.1)%</b> | <b>750.1</b> | <b>947.2</b> | <b>(20.8)%</b> |
| MENA                                      | 965.1          | 1,079.1        | (10.6)%        | 477.7        | 484.3        | (1.4)%         |
| USA                                       | 541.8          | 933.8          | (42.0)%        | 272.4        | 462.9        | (41.2)%        |
| <b>EBITDA</b>                             | <b>112.3</b>   | <b>111.1</b>   | <b>1.1%</b>    | <b>52.0</b>  | <b>54.0</b>  | <b>(3.7)%</b>  |
| MENA                                      | 116.7          | 84.6           | 37.9%          | 58.1         | 48.0         | 21.0%          |
| USA                                       | (4.4)          | 26.5           | (116.6)%       | (6.1)        | 6.0          | (201.7)%       |
| <b>EBITDA margin</b>                      | <b>7.5%</b>    | <b>5.5%</b>    |                | <b>6.9%</b>  | <b>5.7%</b>  |                |
| MENA margin                               | 12.1%          | 7.8%           |                | 12.2%        | 9.9%         |                |
| USA margin                                | (0.8)%         | 2.8%           |                | (2.2)%       | 1.3%         |                |
| <b>Net income attrib. to shareholders</b> | <b>82.5</b>    | <b>51.7</b>    | <b>59.6%</b>   | <b>50.6</b>  | <b>23.7</b>  | <b>113.5%</b>  |
| MENA                                      | 68.0           | 34.8           | 95.4%          | 42.9         | 21.9         | 95.9%          |
| USA                                       | (9.9)          | (7.1)          | (39.4)%        | (9.5)        | (11.7)       | 18.8%          |
| BESIX                                     | 24.4           | 24.0           | 1.7%           | 17.2         | 13.5         | 27.4%          |
| <b>Net income margin</b>                  | <b>5.5%</b>    | <b>2.6%</b>    |                | <b>6.7%</b>  | <b>2.5%</b>  |                |
| MENA margin                               | 7.0%           | 3.2%           |                | 9.0%         | 4.5%         |                |
| USA margin                                | (1.8)%         | (0.8)%         |                | (3.5)%       | (2.5)%       |                |

Revenue by Geography – H1 2018



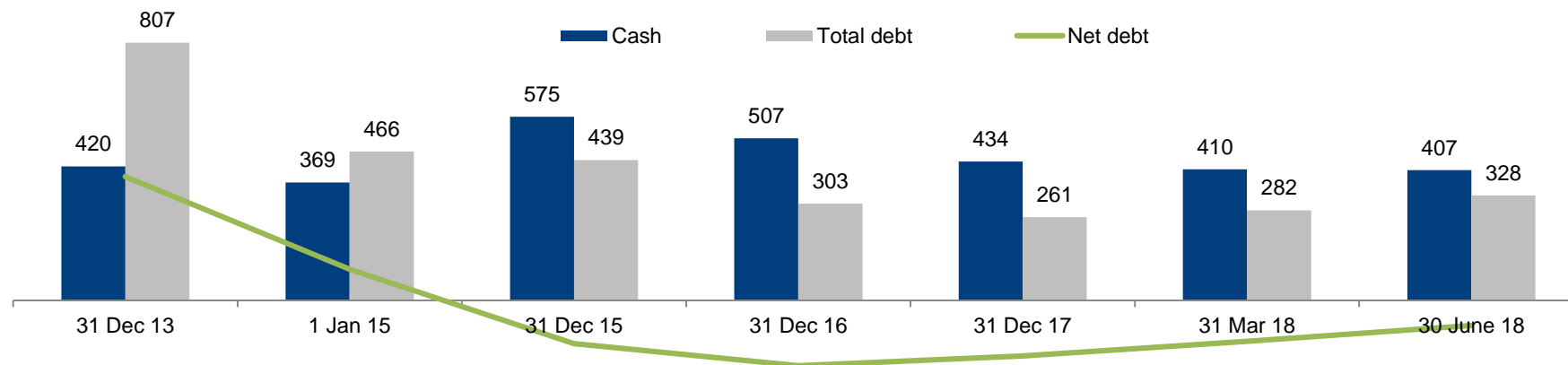
Revenue by Geography – H1 2017



# Net Cash Position as of 30 June 2018

Net cash position of USD 79 million as of 30 June 2018

## Evolution of Net Debt (USD Million)



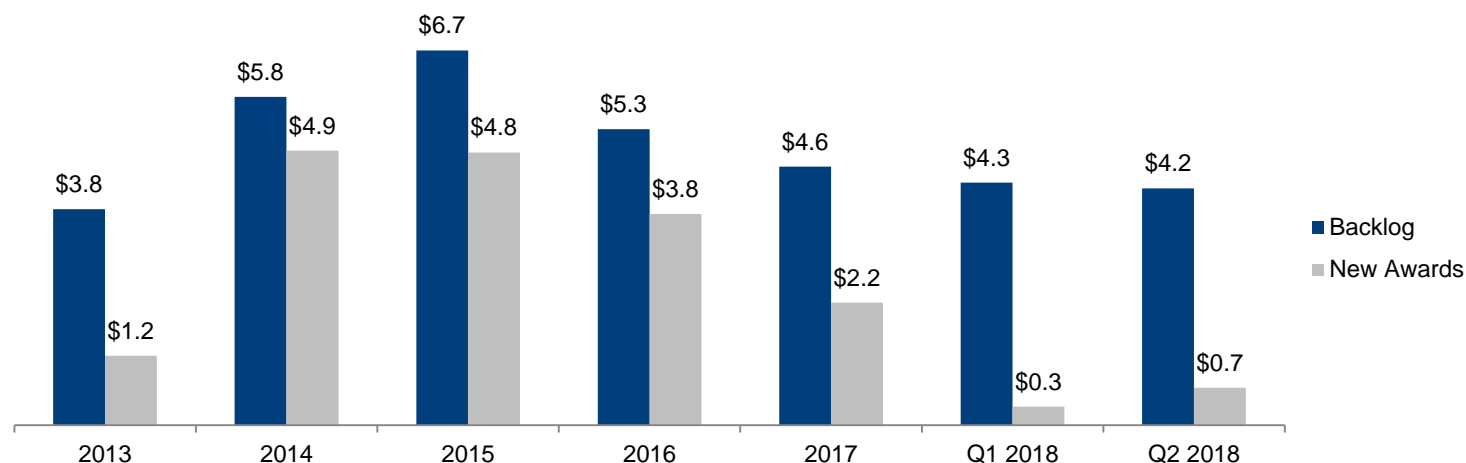
## Debt and Equity Summary

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

# 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  
US backlog complements MENA operations and provides additional value

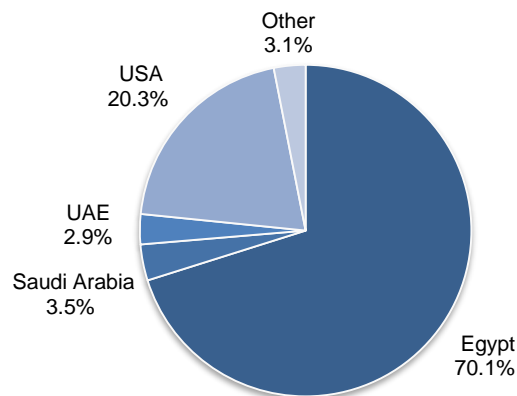
Backlog excluding BESIX stood at USD 4.2 billion as of 30 June 2018



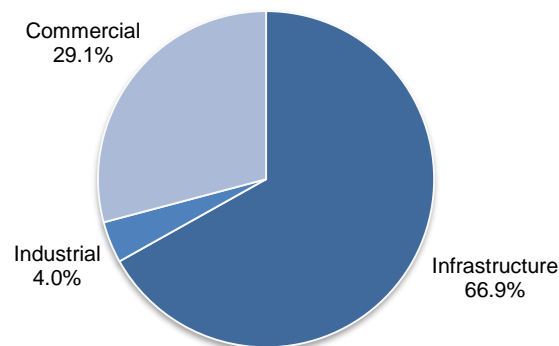
- Consolidated backlog (excluding BESIX) of USD 4.2 billion as of 30 June 2018
- Notable H1 2018 new awards of USD 997.9 million in Egypt, UAE and USA:
  - New awards in Egypt include infrastructure work, such as water-related projects and roads, as well as the New Administrative Capital and Alamein cities
  - Expansion of Fujairah International Airport, UAE for USD 180 million, of which OC's share is USD 108 million
  - PHX Sky Train® Project at Phoenix Sky Harbor International Airport in Arizona, USA

# Backlog Diversification

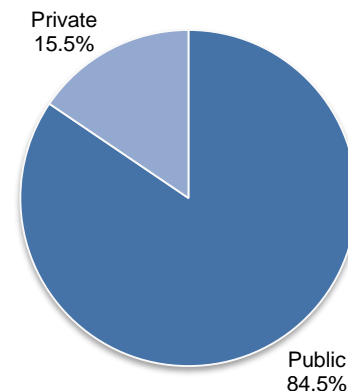
Backlog by Geography



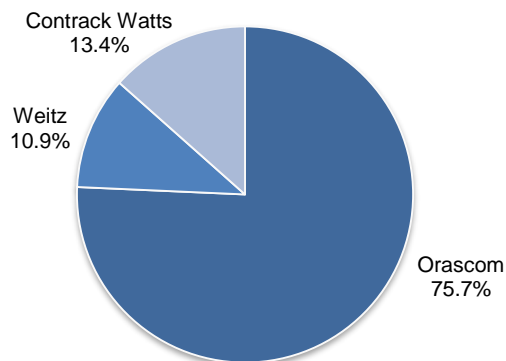
Backlog by Sector



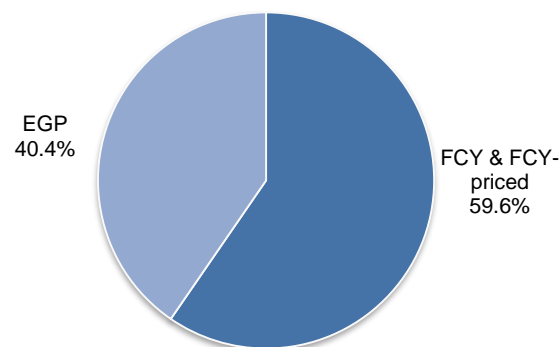
Backlog by Client



Backlog by Brand



Backlog by Currency



Currency Exposure

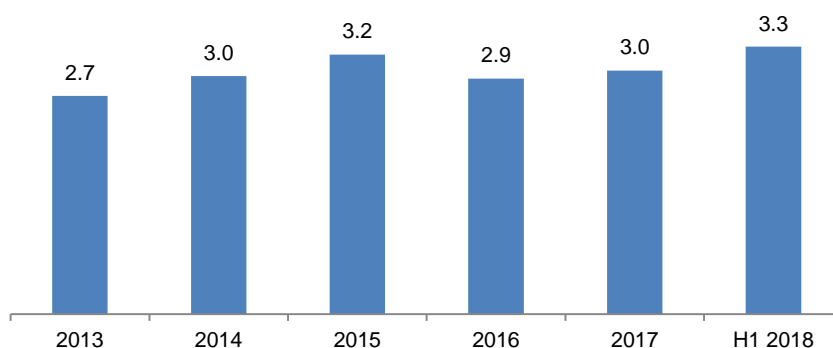
- 60% of the Group's total backlog is in FCY or priced in FCY
  - 58% of backlog in Egypt is in EGP
  - FCY and FCY-priced backlog outweigh FCY costs in Egypt
- The Group incorporates cost escalation clauses in most EGP contracts to protect against potential cost inflationary pressures

# Pro Forma Snapshot Including BESIX

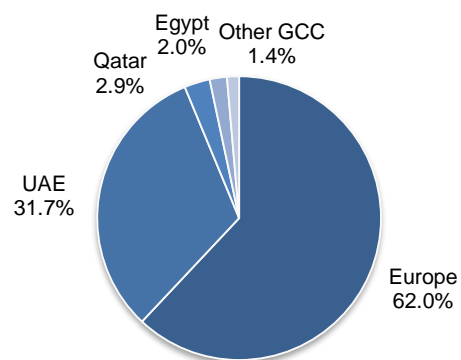


- Standalone backlog of EUR 3.3 billion and new awards of EUR 1.5 billion in H1 2018
- BESIX book value of USD 384.0 million in Orascom's non current assets on the balance sheet
- Orascom Construction received a dividend of EUR 27.5 million from BESIX in June 2018 for OC's 50% share

**Standalone Backlog Evolution (EUR billion)**

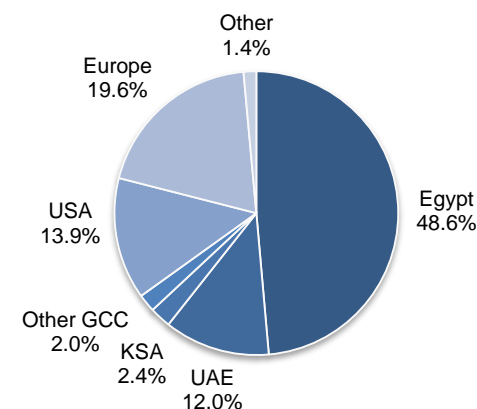


**Standalone Backlog by Geography**



| USD million               | OC      | 50% of BESIX | Pro Forma |
|---------------------------|---------|--------------|-----------|
| Revenue                   | 1,506.9 | 758.5        | 2,265.4   |
| EBITDA                    | 112.3   | 39.9         | 152.2     |
| Net Income <sup>(1)</sup> | 58.1    | 24.4         | 82.5      |
| Net Debt (Cash)           | (79.0)  | 0.5          | (78.5)    |
| Backlog                   | 4,207.4 | 1,943.4      | 6,150.8   |
| New Awards                | 997.9   | 933.1        | 1,931.0   |

**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 | H1 2018 Revenue    | Description   |
|---|-----------|--------------------|---|
|    | 100%      | USD 29 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>                                       |
|    | 100%      | USD 9 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>   |
|    | 56.5%     | USD 50 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>                                     |
|    | 56.5%     | USD 3 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> |
|    | 40%       | USD 7 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>                                  |
|    | 14.7%     | USD 25 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>                          |
|   | 100%      | USD 8 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>   |
|  | 60.5%     | USD 7 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>  |
|  | 50%       | USD 5 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>   |
|  | 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 commissioning expected in H2 2019</li> </ul>                              |

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## Financial Statements

# Income Statement

| USD million                            | H1 2018      | H1 2017      | Q2 2018     | Q2 2017      | Results Commentary  |
|--|--------------|--------------|-------------|--------------|---|
| Revenue                                | 1,506.9      | 2,012.9      | 750.1       | 947.2        | <b>Revenue:</b> <ul style="list-style-type: none"><li>MENA comprised 64% of total revenue while the USA operations accounted for the balance in Q2 and H1 2018</li><li>The decline in revenue compared to last year is mainly attributable to the completion of the two large chemical plants in the U.S.</li></ul> |
| Cost of sales                          | (1,330.1)    | (1,845.5)    | (663.3)     | (866.1)      |   |
| <b>Gross profit</b>                    | <b>176.8</b> | <b>167.4</b> | <b>86.8</b> | <b>81.1</b>  |   |
| <i>Margin</i>                          | 11.7%        | 8.3%         | 11.6%       | 8.6%         |   |
| Other income                           | 6.7          | 3.9          | 2.6         | 2.2          |   |
| SG&A expenses                          | (90.8)       | (80.3)       | (47.7)      | (40.1)       | <b>EBITDA</b> <ul style="list-style-type: none"><li>Consolidated EBITDA during Q2 and H1 2018 in-line with same periods last year</li><li>Improvement in consolidated EBITDA margin in to 6.9% in Q2 2018 and 7.5% in H1 2018</li><li>MENA EBITDA margin of 12.2% in Q2 2018 and 12.1% in H1 2018</li></ul>         |
| <b>Operating profit</b>                | <b>92.7</b>  | <b>91.0</b>  | <b>41.7</b> | <b>43.2</b>  |   |
| <b>EBITDA</b>                          | 112.3        | 111.1        | 52.0        | 54.0         |   |
| <i>Margin</i>                          | 7.5%         | 5.5%         | 6.9%        | 5.7%         |   |
| <b>Financing income &amp; expenses</b> |              |              |             |              |   |
| Finance income                         | 14.2         | 21.6         | 8.6         | 12.0         | <b>Income from associates:</b> <ul style="list-style-type: none"><li>BESIX contributed USD 17.2 million in Q2 2018 and USD 24.4 million in H1 2018</li></ul>  |
| Finance cost                           | (11.7)       | (27.5)       | 3.5         | (17.6)       |   |
| <b>Net finance cost</b>                | <b>2.5</b>   | <b>(5.9)</b> | <b>12.1</b> | <b>(5.6)</b> |   |
| Income from associates (net of tax)    | 24.9         | 23.8         | 17.5        | 14.8         |   |
| <b>Profit before income tax</b>        | <b>120.1</b> | <b>108.9</b> | <b>71.3</b> | <b>52.4</b>  |   |
| Income tax                             | (33.1)       | (50.1)       | (19.3)      | (25.1)       | <b>Net income</b> <ul style="list-style-type: none"><li>Net income attributable to shareholders increased 113.5% to USD 50.6 million in Q2 2018 and 59.6% to USD 82.5 million in H1 2018</li><li>Improvement in net income margin in to 6.7% in Q2 2018 and 5.5% in H1 2018</li></ul>                               |
| <b>Net profit</b>                      | <b>87.0</b>  | <b>58.8</b>  | <b>52.0</b> | <b>27.3</b>  |   |
| <b>Profit attributable to:</b>         |              |              |             |              |   |
| Owners of the company                  | 82.5         | 51.7         | 50.6        | 23.7         |   |
| Non-controlling interests              | 4.5          | 7.1          | 1.4         | 3.6          |   |
| <b>Net profit</b>                      | <b>87.0</b>  | <b>58.8</b>  | <b>52.0</b> | <b>27.3</b>  |   |

# Balance Sheet

| USD million                     | 30 June 2018   | 31 Dec 2017    | Results Commentary   |
|---------------------------------|----------------|----------------|--|
| <b>ASSETS</b>                   |                |                |  |
| <b>Non-current assets</b>       |                |                | <b>Non-current assets</b>  |
| Property, plant and equipment   | 161.8          | 155.4          | ▪ PPE of USD 161.8 million, with capex of USD 27.6 million in H1 2018  |
| Goodwill                        | 13.8           | 13.8           | ▪ Investment in associates includes BESIX at an equity value of USD 384.0 million  |
| Trade and other receivables     | 15.0           | 15.8           |  |
| Equity accounted investees      | 407.7          | 421.8          | <b>Current assets:</b>   |
| Deferred tax assets             | 37.2           | 34.5           | ▪ Trade and other receivables as of 30 June 2018 include USD 580.0 million in accounts receivables, USD 166.6 million in retentions and USD 154.4 million in supplier advance payments |
| <b>Total non-current assets</b> | <b>635.5</b>   | <b>641.3</b>   | ▪ The majority of current accounts receivables as of 30 June 2018 are not yet due  |
| <b>Current assets</b>           |                |                |  |
| Inventories                     | 251.5          | 232.2          |  |
| Trade and other receivables     | 1,161.7        | 1,146.7        |  |
| Contracts work in progress      | 523.1          | 488.8          |  |
| Current income tax receivables  | 5.0            | 3.2            |  |
| Cash and cash equivalents       | 407.2          | 434.2          |  |
| <b>Total current assets</b>     | <b>2,348.5</b> | <b>2,305.1</b> |  |
| <b>TOTAL ASSETS</b>             | <b>2,984.0</b> | <b>2,946.4</b> |  |

# Balance Sheet

| USD million                                 | 30 June 2018   | 31 Dec 2017    | Results Commentary   |
|---|----------------|----------------|--|
| <b>EQUITY</b>                               |                |                | <b>Equity:</b>   |
| 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                                    | (330.1)        | (318.8)        |  |
| Retained earnings                           | 120.5          | (201.6)        |  |
| <b>Equity to owners of the Company</b>      | <b>387.4</b>   | <b>357.9</b>   |  |
| Non-controlling interest                    | 48.2           | 44.6           |  |
| <b>TOTAL EQUITY</b>                         | <b>435.6</b>   | <b>402.5</b>   |  |
| <b>LIABILITIES</b>                          |                |                | <b>Liabilities:</b>  |
| <b>Non-current liabilities</b>              |                |                | ▪ Trade and other payables includes USD 491.7 million in accounts payable, USD 278.7 million in accrued expenses and USD 137.6 million in retentions payable to subcontractors |
| Loans and borrowings                        | 3.8            | 11.3           |  |
| Trade and other payables                    | 43.1           | 44.9           |  |
| Deferred tax liabilities                    | 4.6            | 4.9            |  |
| <b>Total non-current liabilities</b>        | <b>51.5</b>    | <b>61.1</b>    |  |
| <b>Current liabilities</b>                  |                |                |  |
| Loans and borrowings                        | 324.4          | 249.4          |  |
| Trade and other payables                    | 1,023.8        | 1,076.5        |  |
| Advance payments                            | 556.2          | 484.7          |  |
| Billing in excess of construction contracts | 471.4          | 529.7          |  |
| Provisions                                  | 61.8           | 62.3           |  |
| Current income tax payable                  | 59.3           | 80.2           |  |
| <b>Total current liabilities</b>            | <b>2,496.9</b> | <b>2,482.8</b> |  |
| <b>Total liabilities</b>                    | <b>2,548.4</b> | <b>2,543.9</b> |  |
| <b>TOTAL EQUITY AND LIABILITIES</b>         | <b>2,984.0</b> | <b>2,946.4</b> |  |



# Cash Flow Statement

| USD million  | 30 June 2018  | 30 June 2017 | Results Commentary  |
|--|---------------|--------------|---|
| <b>Net profit</b>                                      | <b>87.0</b>   | <b>58.5</b>  | <b>Cash flow used in operating activities:</b>  |
| <b>Adjustments for:</b>                                |               |              | <ul style="list-style-type: none"> <li>Operating cash outflow of USD 64.2 million in H1 2018 as a result of changes in working capital items</li> <li>A dividend of EUR 27.5 million was received from BESIX in June 2018 for OC's 50% share</li> </ul> |
| Depreciation   | 19.6          | 20.1         |   |
| Interest income (including gains on derivatives)       | (9.3)         | (12.0)       |   |
| Interest expense (including losses on derivatives)     | 9.4           | 10.8         |   |
| Foreign exchange gain / (loss) and others              | (2.6)         | 7.1          |   |
| Share in income of equity accounted investees          | (24.9)        | (23.8)       |   |
| Loss (gain) on sale of PPE                             | (0.4)         | (0.6)        |   |
| Income tax expense                                     | 33.1          | 50.1         |   |
| <b>Change in:</b>                                      |               |              |   |
| Inventories  | (19.3)        | (13.4)       |   |
| Trade and other receivables                            | (11.4)        | (273.1)      |   |
| Contract work in progress                              | (34.3)        | 47.4         |   |
| Trade and other payables                               | (113.3)       | 76.2         |   |
| Advanced payments construction contracts               | 71.5          | 75.9         |   |
| Billing in excess on construction contracts            | (58.3)        | 27.9         |   |
| Provisions   | (0.5)         | (41.6)       |   |
| <b>Cash flows:</b>                                     |               |              |   |
| Interest paid  | (9.4)         | (9.7)        |   |
| Interest received                                      | 9.3           | 12.0         |   |
| Dividends from equity accounted investees              | 32.1          | 28.2         |   |
| Income taxes paid                                      | (42.5)        | (30.5)       |   |
| <b>Cash flow from / (used in) operating activities</b> | <b>(64.2)</b> | <b>9.8</b>   |   |

# Cash Flow Statement

| USD million  | 30 June 2018  | 30 June 2017  | Results Commentary  |
|--|---------------|---------------|---|
| Investment in PPE                                      | (27.6)        | (16.0)        | <b>Cash flow used in investing activities:</b> <ul style="list-style-type: none"> <li>Investments in PPE in of USD 27.6 million in H1 2018 primarily in MENA</li> </ul> |
| Proceeds from sale of PPE                              | 1.3           | 1.3           |   |
| <b>Cash flow from / (used in) investing activities</b> | <b>(26.3)</b> | <b>(14.7)</b> | <b>Cash flow from financing activities:</b> <ul style="list-style-type: none"> <li>Total cash from financing activities of USD 65.1 million in H1 2018</li> </ul>       |
| Proceeds from borrowings                               | 93.7          | 75.0          |   |
| Repayments of borrowings                               | (26.2)        | (143.1)       |   |
| Other long term liabilities                            | (1.8)         | 2.3           |   |
| Dividends paid to non-controlling interest             | (0.6)         | (0.7)         |   |
| <b>Net cash from (used in) financing activities</b>    | <b>65.1</b>   | <b>(66.5)</b> |   |
| <b>Net increase (decrease) in cash</b>                 | <b>(25.4)</b> | <b>(71.4)</b> |   |
| Cash and cash equivalents at 1 January                 | 434.2         | 506.9         |   |
| Currency translation adjustments                       | (1.6)         | 1.3           |   |
| <b>Cash and cash equivalents at 30 June</b>            | <b>407.2</b>  | <b>436.8</b>  |   |

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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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