



Burullus Combined Cycle Power Plant – Egypt

H1 2019 Results Presentation
27 August 2019



Table of Contents

Section	Page
Financial Highlights	1
Summary Financials	2-3
Consolidated Backlog	4-6
Pro Forma Snapshot Including BESIX	7
Construction Materials and Investments	8
Financial Statements	10-14

Financial Highlights

- **Consolidated EBITDA increased 26.8% to USD 142.4 million and pro forma EBITDA including 50% in BESIX increased 15.6% to USD 176.0 million in H1 2019**
- **Net income attributable to shareholders of USD 31.3 million in Q2 2019 and USD 61.5 million in H1 2019**

- **A return to a net cash position and positive operating cash flow**
 - *Net cash position of USD 69.2 million as of 30 June 2019 and positive operating cash flow of USD 140.5 million in Q2 2019*
- **Dividend of USD 0.30 per share was paid to shareholders in July 2019 (15% increase over FY 2018 level)**

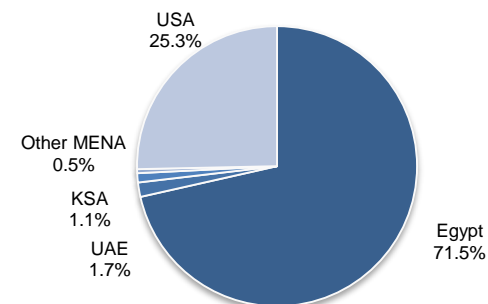
- **Consolidated backlog increased 9.4% y-o-y to USD 4.6 billion and new awards grew 41.8% y-o-y to 1.4 billion in H1 2019**
 - *Consolidated new awards increased 40.5% y-o-y to USD 934.7 million in Q2 2019*
 - *Backlog size and quality remains at a healthy level that provides sufficient visibility on future revenue and profit*

- **BESIX standalone backlog of EUR 4.8 billion as of 30 June 2019 and new awards of EUR 1.7 billion in H1 2019**
 - *Pro forma backlog including Orascom Construction's 50% share in BESIX increased 19.3% y-o-y to USD 7.3 billion and pro forma new awards grew 22.1% y-o-y to USD 2.3 billion in H1 2019*
 - *Net income contribution from BESIX of USD 16.0 million in H1 2019*

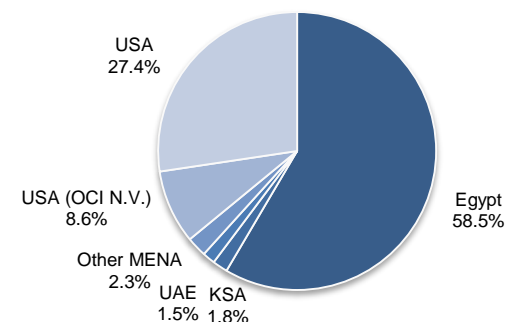
Summary Income Statement

USD million						
	H1 2019	H1 2018	Change	Q2 2019	Q2 2018	Change
Revenue	1,495.7	1,506.9	(0.7)%	790.1	750.1	5.3%
MENA	1,116.7	965.1	15.7%	579.3	477.7	21.3%
USA	379.0	541.8	(30.0)%	210.8	272.4	(22.6)%
EBITDA	142.4	112.3	26.8%	72.1	52.0	38.7%
MENA	137.8	116.7	18.1%	69.9	58.1	20.3%
USA	4.6	(4.4)	204.5%	2.2	(6.1)	136.1%
EBITDA margin	9.5%	7.5%		9.1%	6.9%	
MENA margin	12.3%	12.1%		12.1%	12.2%	
USA margin	1.2%	(0.8)%		1.0%	(2.2)%	
Net income attrib. to shareholders	61.5	82.5	(25.5)%	31.3	50.6	(38.1)%
MENA	46.5	68.0	(31.6)%	23.9	42.9	(44.3)%
USA	(1.0)	(9.9)	89.9%	(1.1)	(9.5)	88.4%
BESIX	16.0	24.4	(34.4)%	8.5	17.2	(50.6)%
Net income margin	4.1%	5.5%		4.0%	6.7%	
MENA margin	4.2%	7.0%		4.1%	9.0%	
USA margin	(0.3)%	(1.8)%		(0.5)%	(3.5)%	

Revenue by Geography – H1 2019



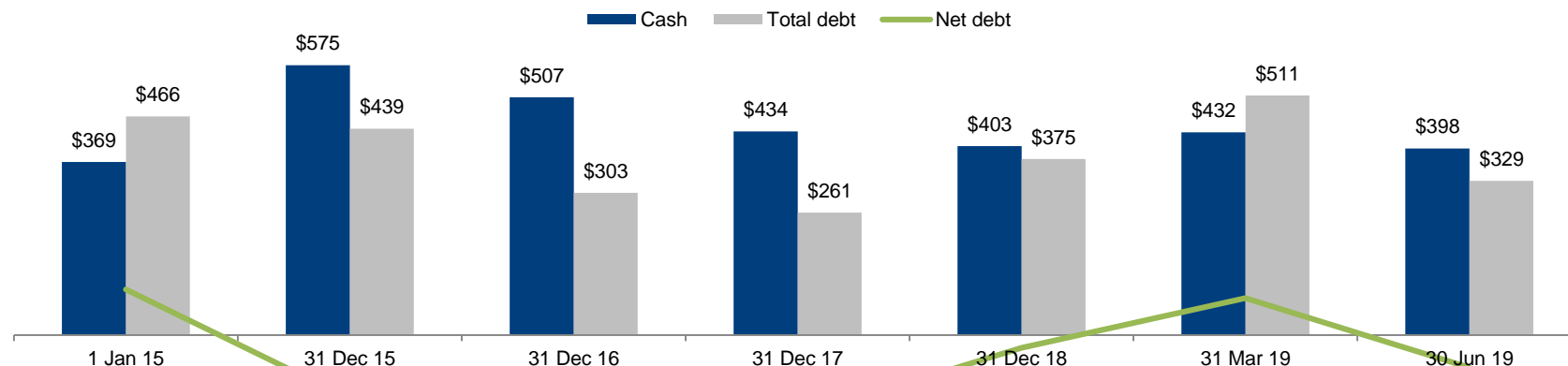
Revenue by Geography – H1 2018



Net Cash Position

Return to a net cash position of USD 69.2 million as of 30 June 2019

Evolution of Net Debt (USD Million)



Debt and Equity Summary Based on IFRS Statements

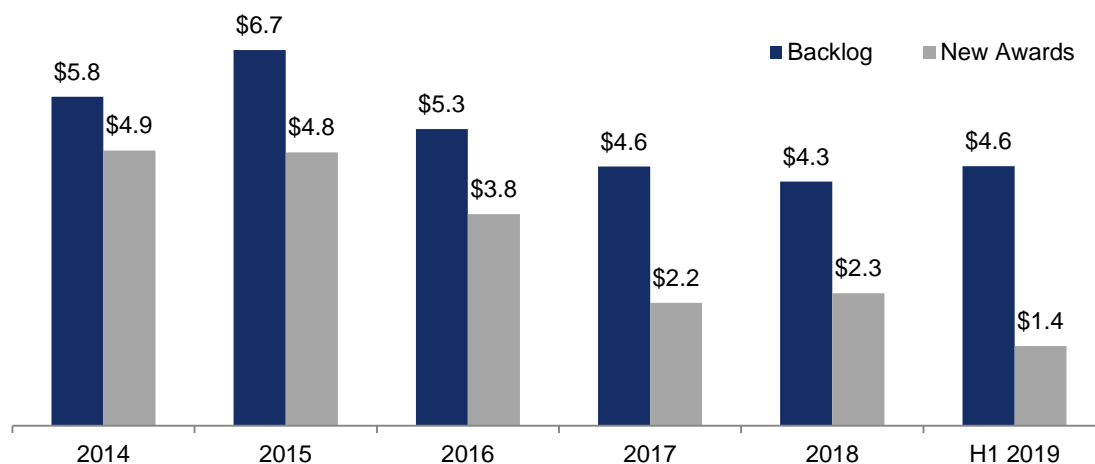
USD million	1 Jan 15	31 Dec 15	31 Dec 16	31 Dec 17	31 Dec 18	31 Mar 19	30 Jun 19
Cash	368.9	574.9	506.9	434.2	402.5	432.0	397.8
Total debt	466.0	439.4	302.8	260.7	375.3	510.6	328.6
Net debt	97.1	(135.5)	(204.1)	(173.5)	(27.2)	78.6	(69.2)
Total equity	804.4	560.5	302.4	402.5	471.5	514.3	528.3
ND/equity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

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	H1 2019	H1 2018	Change	Q2 2019	Q2 2018	Change
Equity consolidation						
Backlog	4,602.1	4,207.4	9.4%			
New Awards	1,415.3	997.9	41.8%	934.7	665.1	40.5%
Pro forma inc. 50% of BESIX						
Backlog	7,338.0	6,150.8	19.3%			
New Awards	2,357.6	1,931.0	22.1%	1,500.3	1,004.4	49.4%

- Consolidated backlog (excluding BESIX) increased 9.4% y-o-y to USD 4.6 billion in H1 2019
- Strong consolidated new awards growth of 41.8% in H1 2019 and 40.5% in Q2 2019

MENA

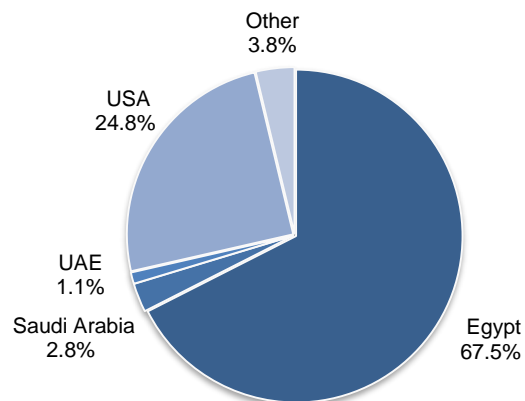
- New awards of approx. USD 880 million YTD and 525 million in Q2 2019
- New projects in Q2 2019 include:
 - The largest water treatment plant in Egypt for USD 739 million (OC 50% share) and additional road/highway expansions
 - Contract Watts signed a new project with a US federal client in Saudi Arabia

USA

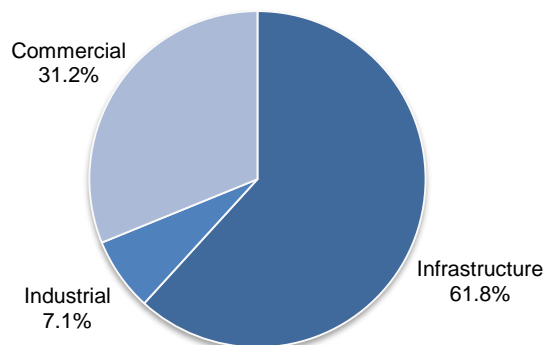
- Highest level of quarterly order intake since Q3 2016
- New awards of approx. USD 535 million YTD and 410 million in Q2 2019
- New projects in Q2 2019 include:
 - Private-sector projects in the commercial and light industrial sectors
 - Additional work in the growing data center sector

Backlog Diversification

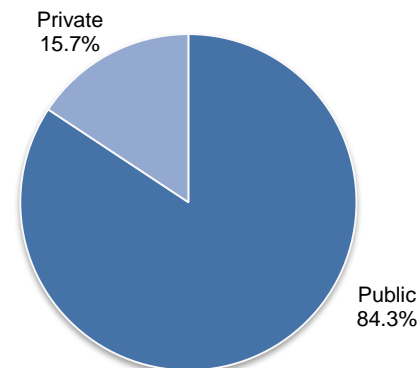
Backlog by Geography



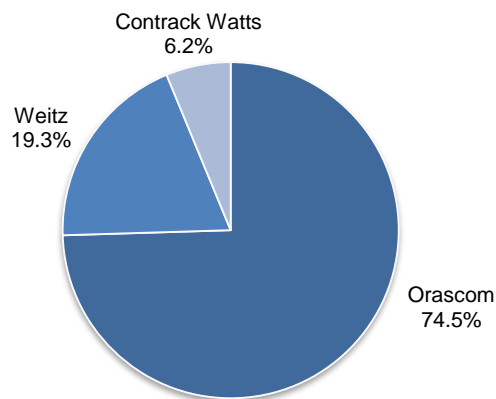
Backlog by Sector



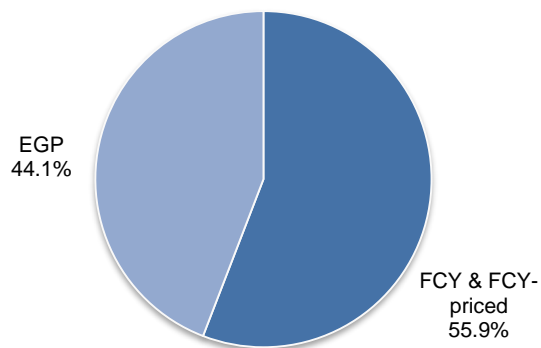
Backlog by Client



Backlog by Brand



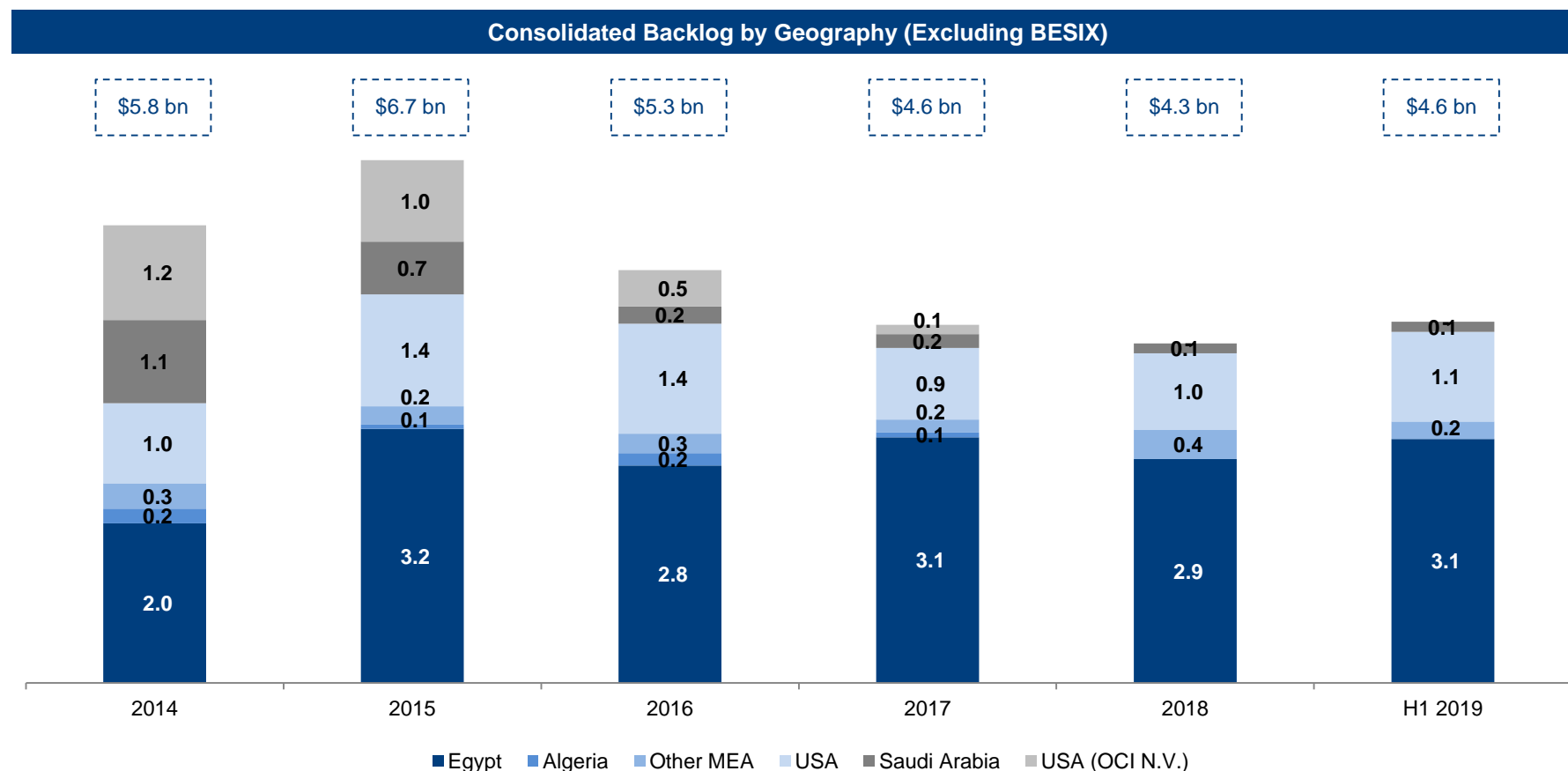
Backlog by Currency



Currency Exposure

- 56% of the Group's total backlog is in FCY or priced in FCY
 - 35% 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



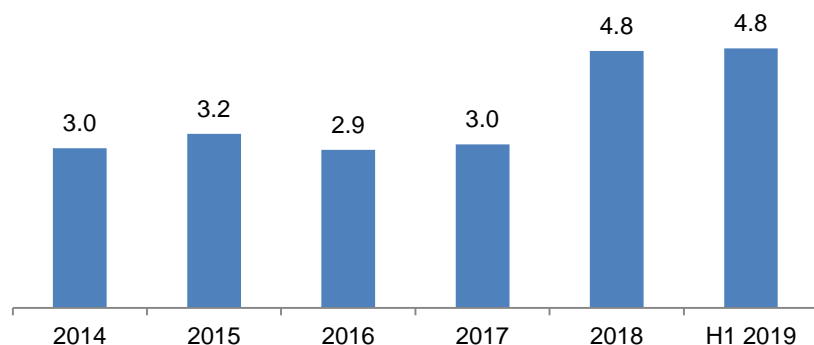
- Two main markets of Egypt and USA remain strong while backlog related to Saudi Arabia and OCI N.V. projects declined from their peaks
- The Group is pursuing quality projects in new markets in the Middle East and Africa across sectors in which it enjoys a competitive edge
- Egypt backlog in 2015 is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

Pro Forma Snapshot Including BESIX – H1 2019

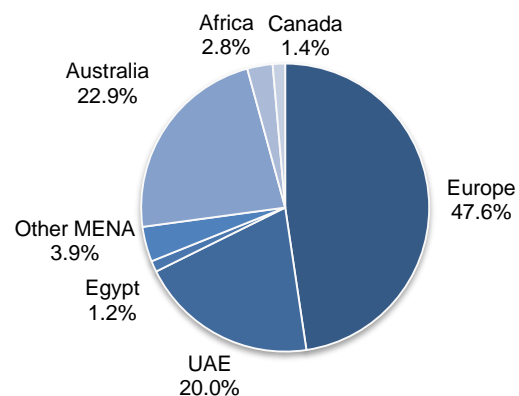


- Standalone backlog increased 44.7% y-o-y to EUR 4.8 billion in H1 2019⁽¹⁾
- New awards increased 77.6% y-o-y to EUR 1.0 billion in Q2 2019 and 8.4% y-o-y in H1 2019
- BESIX standalone net cash position of EUR 58.8 million
- BESIX book value of USD 392.9 million in Orascom Construction's non current assets on the balance sheet
- Orascom Construction received from BESIX a dividend in June 2019 of EUR 20 million

Standalone Backlog Evolution (EUR billion)



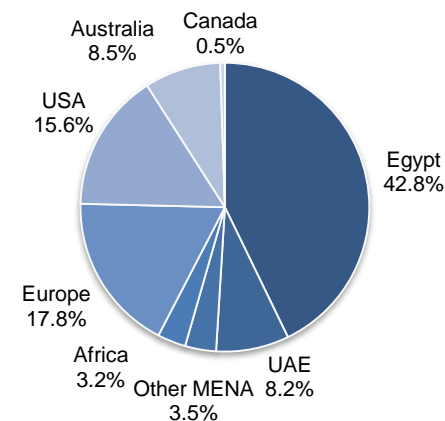
Standalone Backlog by Geography



USD million

	OC	50% of BESIX	Pro Forma
Revenue	1,495.7	928.5	2,424.2
EBITDA	142.4	33.6	176.0
Net Income	45.5	16.0	61.5
Net Debt (Cash)	(69.2)	(33.4)	(102.6)
Backlog	4,602.1	2,735.9	7,338.0
New Awards	1,415.3	942.3	2,357.6

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 2019 Revenue	Description
	100%	USD 15.4 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 17.5 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 66.6 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 4.5 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 9.8 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 25.1 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 9.5 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 2.6 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
	50%	USD 4 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	H1 2019	H1 2018	Q2 2019	Q2 2018
Revenue	1,495.7	1,506.9	790.1	750.1
Cost of sales	(1,305.9)	(1,330.1)	(691.6)	(663.3)
Gross profit	189.8	176.8	98.5	86.8
<i>Margin</i>	12.7%	11.7%	12.5%	11.6%
Other income	5.3	6.7	1.7	2.6
SG&A expenses	(77.5)	(90.8)	(39.9)	(47.7)
Operating profit	117.6	92.7	60.3	41.7
EBITDA	142.4	112.3	72.1	52.0
<i>Margin</i>	9.5%	7.5%	9.1%	6.9%
Financing income & expenses				
Finance income	8.2	14.2	2.8	8.6
Finance cost	(54.3)	(11.7)	(26.9)	3.5
Net finance cost	(46.1)	2.5	(24.1)	12.1
Income from associates (net of tax)	17.7	24.9	9.0	17.5
Profit before income tax	89.2	120.1	45.2	71.3
Income tax	(22.0)	(33.1)	(11.7)	(19.3)
Net profit	67.2	87.0	33.5	52.0
Profit attributable to:				
Owners of the company	61.5	82.5	31.3	50.6
Non-controlling interests	5.7	4.5	2.2	1.4
Net profit	67.2	87.0	33.5	52.0

Results Commentary

Revenue:

- MENA comprised 73% and 75% of total revenue in Q2 2019 and H1 2019, respectively, while the USA operations accounted for the balance
- Revenue in H1 2018 included contribution of 8.6% from the large methanol plant in Texas (Natgasoline)

EBITDA

- EBITDA increased 38.7% y-o-y to USD 72.1 million in Q2 2019 and 26.8% y-o-y to USD 142.4 million in H1 2019
- Growth in MENA EBITDA and positive EBITDA in USA

Income from associates:

- BESIX contributed USD 8.5 million in Q2 2019 and USD 16.0 million in H1 2019

Net Income:

- Net income was impacted primarily by higher net financing costs in Egypt in H1 2019
- The Group has already successfully reduced its debt in Egypt at the end of Q2 2019 and will continue these efforts moving forward

Balance Sheet

USD million	30 June 2019	31 Dec 2018	Results Commentary
ASSETS			
Non-current assets			Non-current assets
Property, plant and equipment	174.4	159.3	▪ Total investment in associates includes BESIX at an equity value of USD 392.9 million
Goodwill	13.8	13.8	
Trade and other receivables	15.0	15.2	Current assets:
Equity accounted investees	420.7	419.5	▪ Trade and other receivables as of 30 June 2019 include USD 578.3 million in accounts receivables, USD 191.2 million in retentions and USD 179.8 million in supplier advance payments
Deferred tax assets	36.4	35.9	▪ 62% of gross trade receivables as of 30 June 2019 are not yet due
Total non-current assets	660.3	643.7	▪ Contracts work in progress should be assessed along with advance payments
Current assets			
Inventories	315.3	283.3	
Trade and other receivables	1,211.9	1,243.1	
Contracts work in progress	761.2	526.7	
Current income tax receivables	0.2	0.1	
Cash and cash equivalents	397.8	402.5	
Total current assets	2,686.4	2,455.7	
TOTAL ASSETS	3,346.7	3,099.4	

Balance Sheet

USD million	30 June 2019	31 Dec 2018	Results Commentary
EQUITY			Equity:
Share capital	116.8	116.8	▪ The movement in reserves relates primarily to currency translation differences
Share premium	480.2	480.2	
Reserves	(307.3)	(335.6)	Liabilities:
Retained earnings	194.0	170.5	▪ Trade and other payables includes USD 428.2 million in trade payables, USD 444.0 million in accrued expenses and USD 105.6 million in retentions payable to subcontractors
Equity to owners of the Company	483.7	431.9	▪ Total debt amounted to USD 328.6 million as of 30 June 2019, reflecting a 12.4% decrease compared to 31 Dec 2018 and a 35.6% decrease from 31 March 2019
Non-controlling interest	44.6	39.6	
TOTAL EQUITY	528.3	471.5	
LIABILITIES			
Non-current liabilities			
Loans and borrowings	2.0	2.3	
Trade and other payables	54.1	43.0	
Deferred tax liabilities	3.3	3.3	
Total non-current liabilities	59.4	48.6	
Current liabilities			
Loans and borrowings	326.6	373.0	
Trade and other payables	1,122.3	1,025.7	
Advance payments	805.7	606.0	
Billing in excess of construction contracts	359.0	410.8	
Provisions	107.7	103.3	
Current income tax payable	37.7	60.5	
Total current liabilities	2,759.0	2,579.3	
Total liabilities	2,818.4	2,627.9	
TOTAL EQUITY AND LIABILITIES	3,346.7	3,099.4	

Cash Flow Statement

USD million	30 June 2019	30 June 2018	Results Commentary
Net profit	67.2	87.0	Cash flow used in operating activities:
Adjustments for:			<ul style="list-style-type: none"> Positive operating cash of USD 40.2 million in H1 2019 and USD 140.5 million in Q2 2019
Depreciation	24.8	19.6	
Interest income (including gains on derivatives)	(4.6)	(9.3)	
Interest expense (including losses on derivatives)	32.2	9.4	
Foreign exchange gain / (loss) and others	18.5	(2.6)	
Share in income of equity accounted investees	(17.7)	(24.9)	
Loss (gain) on sale of PPE	(0.5)	(0.4)	
Income tax expense	22.0	33.1	
Change in:			
Inventories	(32.0)	(19.3)	
Trade and other receivables	(19.3)	(11.4)	
Contract work in progress	(234.5)	(34.3)	
Trade and other payables	62.8	(113.3)	
Advanced payments construction contracts	199.7	71.5	
Billing in excess on construction contracts	(51.8)	(58.3)	
Provisions	4.4	(0.5)	
Cash flows:			
Interest paid	(30.5)	(9.4)	
Interest received	4.6	9.3	
Dividends from equity accounted investees	22.8	32.1	
Income taxes paid	(27.9)	(42.5)	
Cash flow from (used in) operating activities	40.2	(64.2)	

Cash Flow Statement

USD million	30 June 2019	30 June 2018	Results Commentary
Investment in PPE	(17.0)	(27.6)	Cash flow used in investing activities: <ul style="list-style-type: none"> Investments in PPE in of USD 17.0 million in H1 2019 and USD 3.7 million in Q2 2019 mainly in MENA
Proceeds from sale of PPE	4.7	1.3	
Cash flow used in investing activities	(12.3)	(26.3)	Cash flow from financing activities: <ul style="list-style-type: none"> Total cash from financing activities of USD 49.0 million in H1 2019, mainly driven by USD 219.3 million of debt repayment
Proceeds from borrowings	172.6	93.7	
Repayments of borrowings	(219.3)	(26.2)	
Other long term liabilities	0.6	(1.8)	
Dividends paid to shareholders	(2.9)	(0.6)	
Net cash (used in) from financing activities	(49.0)	65.1	
Net decrease in cash and cash equivalents	(21.1)	(25.4)	
Cash and cash equivalents at 1 January	402.5	434.2	
Currency translation adjustments	16.4	(1.6)	
Cash and cash equivalents at 31 March	397.8	407.2	

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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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