



Burullus Combined Cycle Power Plant – Egypt

Q1 2019 Results Presentation

22 March 2019



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Financial Highlights

- **Consolidated EBITDA increased 16.6% to USD 70.3 million and pro forma EBITDA including 50% in BESIX increased 17.3% to USD 86.2 million in Q1 2019**
- **Net income attributable to shareholders of USD 30.2 million in Q1 2019**

- **Consolidated backlog of USD 4.3 billion as of 31 March 2019 and new awards of USD 480.7 million in Q1 2019**
 - *Backlog size and quality remains at a healthy level that provides sufficient visibility on future revenue and profit*

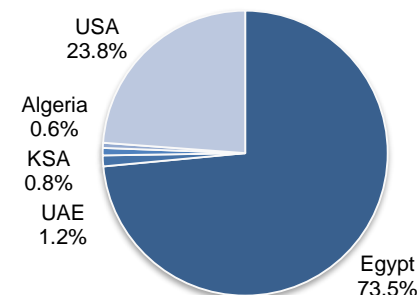
- **BESIX standalone backlog of EUR 4.7 billion as of 31 March 2019 and new awards of EUR 662.0 million in Q1 2018**
 - *Pro forma backlog including OC's 50% share in BESIX of USD 7.0 billion as of 31 March 2019 and pro forma new awards of USD 857.2 million in Q1 2019*
 - *Net income contribution from BESIX of USD 7.5 million in Q1 2019*

- **Shareholders approved a dividend distribution of USD 0.30 per share at the Annual General Meeting**
 - *Total value of USD 35 million*
 - *To be paid in July 2019*

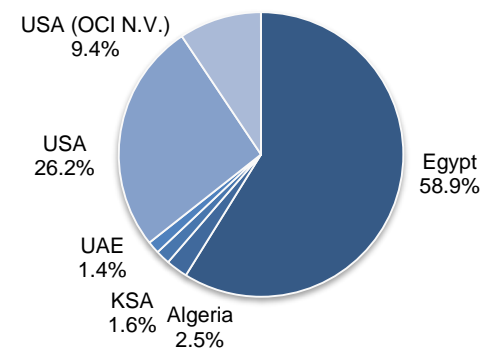
Summary Income Statement

USD Million			
	Q1 2019	Q1 2018	Change
Revenue	705.6	756.8	(6.8)%
MENA	537.4	487.4	10.3%
USA	168.2	269.4	(37.6)%
EBITDA	70.3	60.3	16.6%
MENA	67.9	58.6	15.9%
USA	2.4	1.7	41.2%
EBITDA margin	10.0%	8.0%	
MENA margin	12.6%	12.0%	
USA margin	1.4%	0.6%	
Net income attributable to shareholders	30.2	31.9	(5.3)%
MENA	22.6	25.1	(10.0)%
USA	0.1	(0.4)	
BESIX	7.5	7.2	4.2%
Net income margin	4.3%	4.2%	
MENA margin	4.2%	5.1%	
USA margin	0.1%	(0.1)%	

Revenue by Geography – Q1 2019



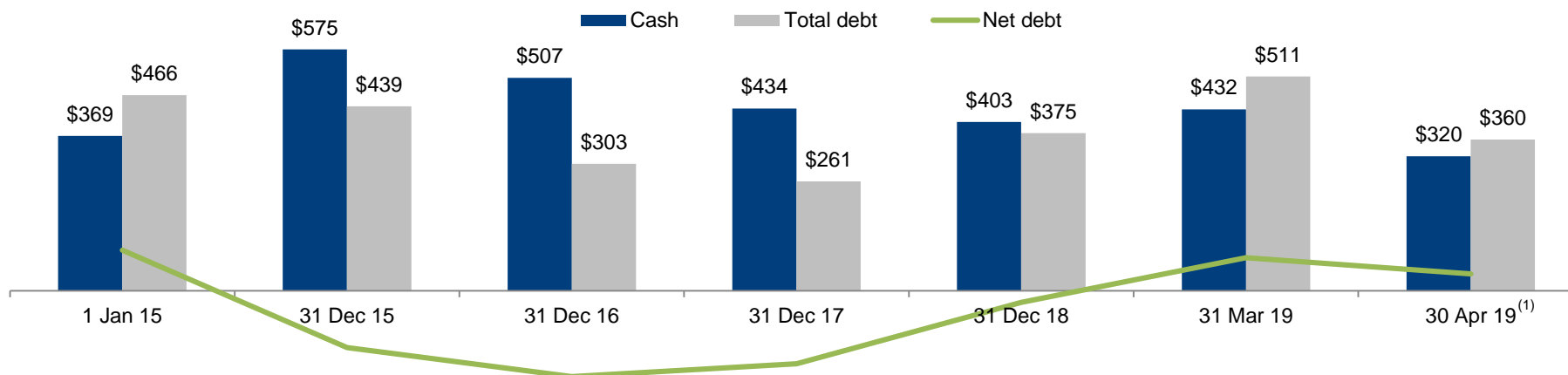
Revenue by Geography – Q1 2018



Net Debt Position

Net debt position of USD 70.3 million as of 31 March 2019, which was reduced to approximately USD 40 million as of 30 April 2019

Evolution of Net Debt (USD Million)



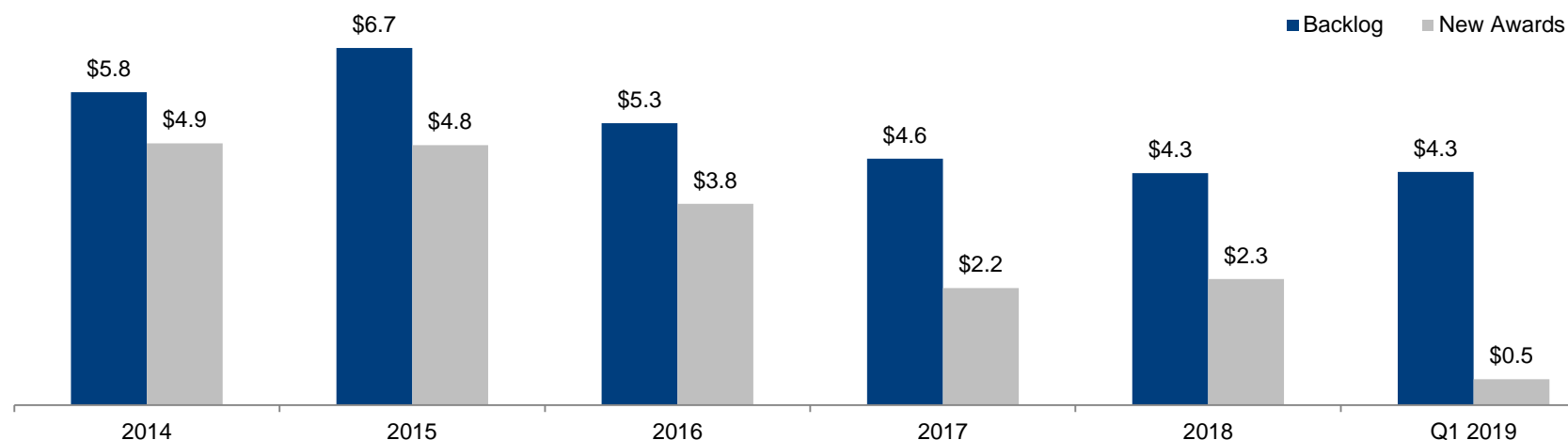
Debt and Equity Summary Based on IFRS Statements

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

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

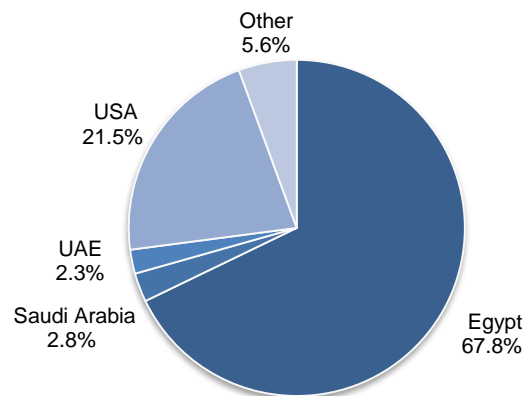
Consolidated backlog stood at USD 4.3 billion as of 31 December 2019



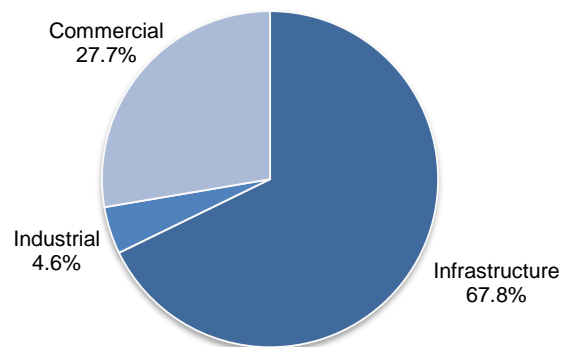
- Consolidated backlog (excluding BESIX) of USD 4.3 billion as of 31 March 2019 and total new awards of USD 480.7 million in Q1 2019
- Egypt new awards of approximately USD 355 million in Q1 2019
 - New projects in marine and infrastructure sectors as well as the New Administrative Capital
- USA new awards of approximately USD 125 million in Q1 2019
 - New private-sector projects in the commercial and light industrial sectors
 - A joint venture of Clark Construction, Clarkson Construction and The Weitz Company has commenced early works on the new USD 1.5 billion terminal at Kansas City International Airport in Missouri (project not in the backlog)

Backlog Diversification

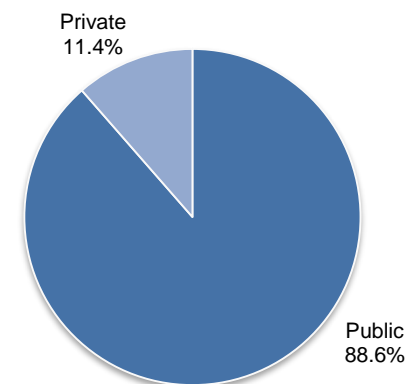
Backlog by Geography



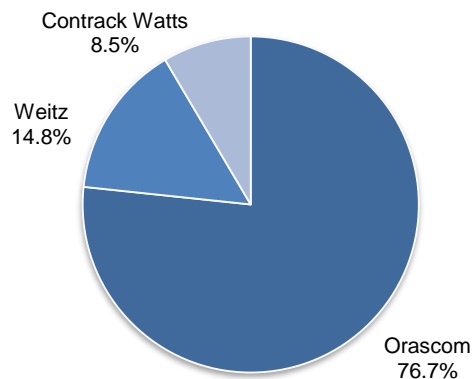
Backlog by Sector



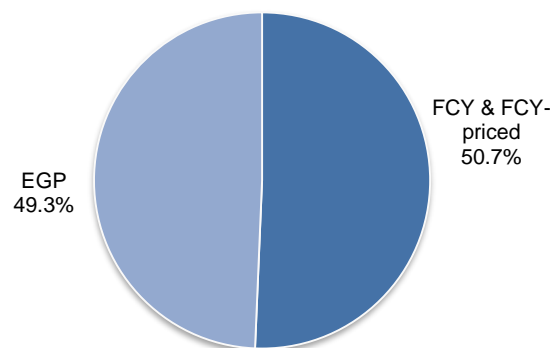
Backlog by Client



Backlog by Brand



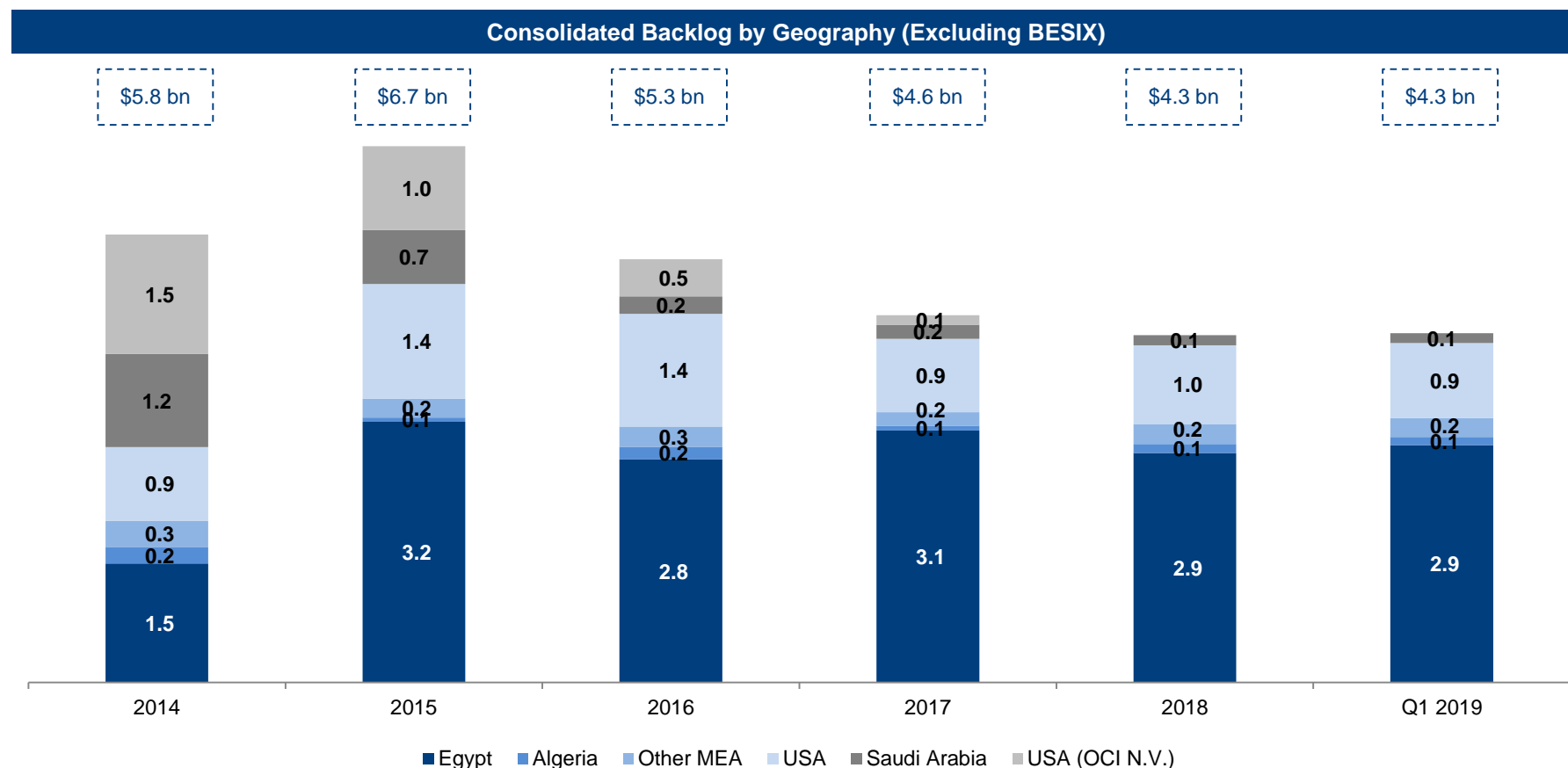
Backlog by Currency



Currency Exposure

- 51% of the Group's total backlog is in FCY or priced in FCY
 - 27% 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



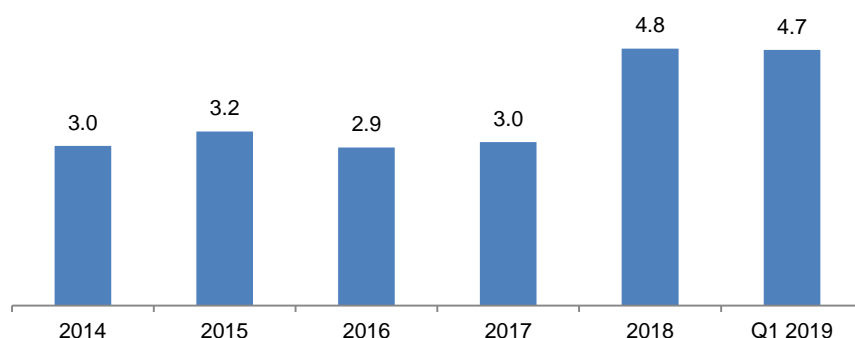
- Two main markets of Egypt and USA remain strong while backlog related to Saudi Arabia and OCI N.V. projects declined from their peaks
- The Group is pursuing quality projects in new markets in the Middle East and Africa across sectors in which it enjoys a competitive edge
- Egypt backlog in 2015 is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

Pro Forma Snapshot Including BESIX

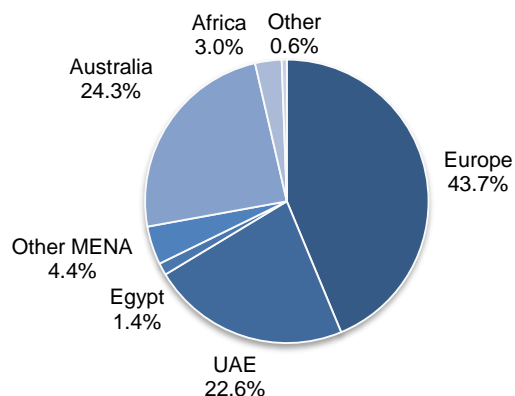


- Standalone backlog of EUR 4.7 billion and new awards of EUR 662.0 million in Q1 2019
- BESIX book value of USD 401.7 million in Orascom Construction's non current assets on the balance sheet
- BESIX standalone net cash position of EUR 125.4 million

Standalone Backlog Evolution (EUR billion)



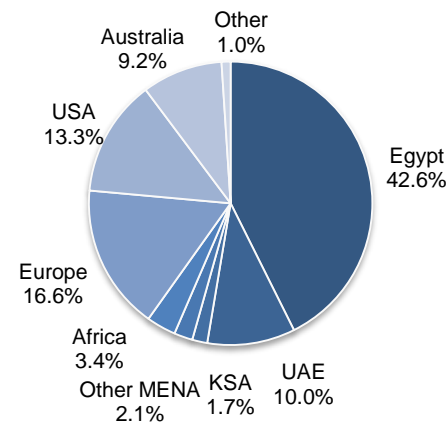
Standalone Backlog by Geography



USD million


	OC	50% of BESIX	Pro Forma
Revenue	705.6	422.8	1,128.4
EBITDA	70.3	15.9	86.2
Net Income	22.7	7.5	30.2
Net Debt (Cash)	78.6	(70.3)	8.3
Backlog	4,346.8	2,657.4	7,004.2
New Awards	480.7	376.6	857.2

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	Q1 2019 Revenue	Description
	100%	USD 6 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 8 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 32 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 2 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 6 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 12 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 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 1 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 2 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	Q1 2019	Q1 2018	Results Commentary
Revenue	705.6	756.8	Revenue:
Cost of sales	(614.3)	(666.8)	
Gross profit	91.3	90.0	<ul style="list-style-type: none"> MENA comprised 76% of total revenue in Q1 2019 while the USA operations accounted for the balance
<i>Margin</i>	12.9%	11.9%	<ul style="list-style-type: none"> Revenue decrease compared to last year mainly due to the completion of the large methanol plant in the Texas, USA in 2018
Other income	3.6	4.1	
SG&A expenses	(37.6)	(43.1)	EBITDA
Operating profit	57.3	51.0	
EBITDA	70.3	60.3	<ul style="list-style-type: none"> EBITDA increased 16.6% y-o-y to USD 70.3 million in Q1 2019
<i>Margin</i>	10.0%	8.0%	Income from associates:
Financing income & expenses			
Finance income	5.4	5.6	<ul style="list-style-type: none"> BESIX contributed USD 7.5 million in Q1 2019, in-line with the level achieved in Q1 2018
Finance cost	(27.4)	(15.2)	
Net finance cost	(22.0)	(9.6)	Net Income:
Income from equity accounted investees	8.7	7.4	
Profit before income tax	44.0	48.8	<ul style="list-style-type: none"> Net income reached USD 30.2 million due to higher net financing cost, which is expected to subside as the Group reduced its debt position so far in Q2 2019
Income tax	(10.3)	(13.8)	
Net profit	33.7	35.0	
Profit attributable to:			
Owners of the company	30.2	31.9	
Non-controlling interests	3.5	3.1	
Net profit	33.7	35.0	

Balance Sheet

USD million	31 Mar 2019	31 Dec 2018	Results Commentary
ASSETS			
Non-current assets			Non-current assets
Property, plant and equipment	179.4	159.3	<ul style="list-style-type: none"> Total investment in associates includes BESIX at an equity value of USD 401.7 million
Goodwill	13.8	13.8	
Trade and other receivables	16.4	15.2	Current assets:
Equity accounted investees	428.0	419.5	<ul style="list-style-type: none"> Trade and other receivables as of 31 March 2019 include USD 708.4 million in accounts receivables, USD 192.4 million in retentions and USD 200.7 million in supplier advance payments
Deferred tax assets	35.6	35.9	<ul style="list-style-type: none"> 61% of gross trade receivables as of 31 March 2019 are not yet due
Total non-current assets	673.2	643.7	
Current assets			
Inventories	315.8	283.3	
Trade and other receivables	1,367.0	1,243.1	
Contracts work in progress	634.8	526.7	
Current income tax receivables	0.1	0.1	
Cash and cash equivalents	432.0	402.5	
Total current assets	2,749.7	2,455.7	
TOTAL ASSETS	3,422.9	3,099.4	

Balance Sheet

USD million	31 Mar 2019	31 Dec 2018	Results Commentary
EQUITY			Equity:
Share capital	116.8	116.8	<ul style="list-style-type: none"> The movement in reserves relates primarily to currency translation differences
Share premium	480.2	480.2	
Reserves	(327.3)	(335.6)	Liabilities:
Retained earnings	202.9	170.5	
Equity to owners of the Company	472.6	431.9	<ul style="list-style-type: none"> Trade and other payables includes USD 427.5 million in trade payables, USD 396.2 million in accrued expenses and USD 105.5 million in retentions payable to subcontractors
Non-controlling interest	41.7	39.6	
TOTAL EQUITY	514.3	471.5	<ul style="list-style-type: none"> Total debt amounted to USD 510.6 million as of 31 March 2019, which was reduced to approximately USD 350 million by early May 2019, below the level at year-end 2018
LIABILITIES			
Non-current liabilities			
Loans and borrowings	2.2	2.3	
Trade and other payables	56.6	43.0	
Deferred tax liabilities	3.5	3.3	
Total non-current liabilities	62.3	48.6	
Current liabilities			
Loans and borrowings	508.4	373.0	
Trade and other payables	1,031.1	1,025.7	
Advance payments	726.5	606.0	
Billing in excess of construction contracts	407.8	410.8	
Provisions	100.5	103.3	
Current income tax payable	72.0	60.5	
Total current liabilities	2,846.3	2,579.3	
Total liabilities	2,908.6	2,627.9	
TOTAL EQUITY AND LIABILITIES	3,422.9	3,099.4	

Cash Flow Statement

USD million	31 Mar 2019	31 Mar 2018	Results Commentary
Net profit	33.7	35.0	Cash flow used in operating activities:
Adjustments for:			<ul style="list-style-type: none"> Operating cash outflow of USD 100.3 million in Q1 2018 as a result of changes in working capital items Operating cash flow impacted by several large infrastructure and commercial projects in Egypt at peak construction levels
Depreciation	13.0	9.3	
Interest income (including gains on derivatives)	(2.4)	(4.2)	
Interest expense (including losses on derivatives)	16.5	4.5	
Foreign exchange gain / (loss) and others	7.9	9.3	
Share in income of equity accounted investees	(8.7)	(7.4)	
Loss (gain) on sale of PPE	(0.3)	(0.2)	
Income tax expense	10.3	13.8	
Change in:			
Inventories	(32.5)	(11.1)	
Trade and other receivables	(137.8)	0.5	
Contract work in progress	(108.1)	(51.5)	
Trade and other payables	7.4	(79.6)	
Advanced payments construction contracts	120.5	68.9	
Billing in excess on construction contracts	(3.0)	(4.3)	
Provisions	(2.8)	(2.6)	
Cash flows:			
Interest paid	(16.7)	(4.1)	
Interest received	2.7	4.2	
Dividends from equity accounted investees	0.0	0.0	
Income taxes paid	-	(4.0)	
Cash flow used in operating activities	(100.3)	(23.5)	

Cash Flow Statement

USD million	31 Mar 2019	31 Mar 2018	Results Commentary
Investment in PPE	(13.3)	(17.3)	Cash flow used in investing activities: <ul style="list-style-type: none"> Investments in PPE in of USD 13.3 million in Q1 2019 mainly in MENA
Proceeds from sale of PPE	0.7	0.5	
Cash flow used in investing activities	(12.6)	(16.8)	Cash flow from financing activities: <ul style="list-style-type: none"> Total cash from financing activities of USD 134.7 million in Q1 2019
Proceeds from borrowings	178.5	46.4	
Repayments of borrowings	(43.2)	(24.9)	
Other long term liabilities	1.8	(6.6)	
Dividends paid to shareholders	(2.4)	(0.5)	
Net cash from financing activities	134.7	14.4	
Net decrease in cash and cash equivalents	21.8	(25.9)	
Cash and cash equivalents at 1 January	402.5	434.2	
Currency translation adjustments	7.7	1.8	
Cash and cash equivalents at 31 March	432.0	410.1	

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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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