



Q1 2015 Results Presentation

4 June 2015

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# Orascom Construction to Build 9.6 GW in Egypt

Leveraging technical and financing capabilities to conclude landmark power transaction

## Overview

- Two state-of-the-art 4,800 MW combined cycle power plants to be constructed by OC and Siemens
- OC's share of the contracts is EUR 1.6 billion out of EUR 4.0 billion
- Once complete the power plants will be the largest in the world and have the highest efficiency level in Egypt

## Location

- One power plant will be located on the Mediterranean coast, north of Borolos Lake in Kafr El Sheikh Governorate and the other in the new capital city development
- OC to be the first contractor to mobilize on a large scale at the new development

## Competitive Financing

- OC arranged a 15-year financing package on behalf of the Egyptian Electricity Holding Company
- A mix of local and international commercial banks with ECA coverage
- Structure ensures the lowest possible pricing for the client and provides Egypt with an inflow of foreign currency from abroad

*Highlights OC's ability to structure competitive financing packages through international and local institutions*

*Underpins position as leading power player and builds on recent success in Egypt's emergency power program*

*Solidifies strategic partnership not just limited to Egypt*

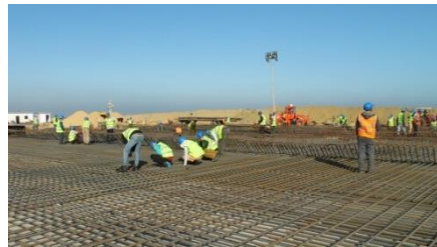
# World Record Execution at Assiut and West Damietta



Awarded in  
December 2014

Construction in record timing

375 MW installed  
on national grid in  
5.5 months



## Project Description

- OC part of a consortium awarded to build two simple cycle power plants as part of Egypt's emergency power program
- OC's share of both power plants is approximately USD 642 million
- Power generation capacity of 1,000 MW in Assiut and 500 MW in West Damietta

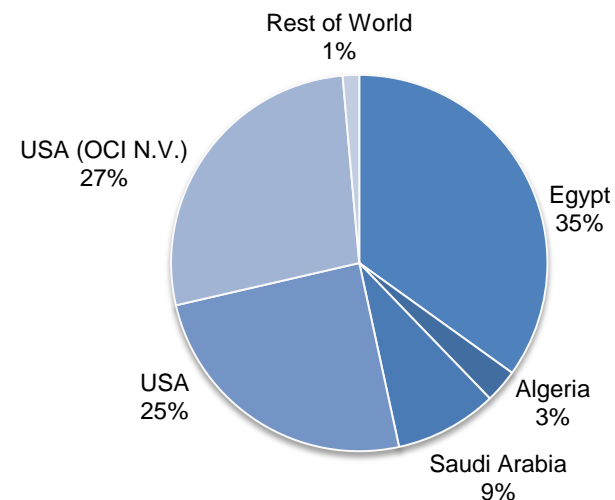
## Achievements

- Started engineering and construction on 15 Dec 2014 and installed 375 MW on the national grid at Assiut in 5.5 months
  - Normal construction time would be approximately 14 months
- Another 625 MW scheduled for installation on July 1
- Set industry precedents for planning, procurement and construction
- Over 10,000 employees currently on both sites and a combined 8.9 million man-hours without injury to date since mid-December 2015

# Summary Financials

USD million			
	Q1 2015		
Revenue	857.8		
EBITDA	38.0		
<i>Margin</i>	4.4%		
Net income	9.5		
<i>Margin</i>	1.1%		
	31-Mar-15	01-Jan-15	Change
Total equity	934.9	804.4	16.2%
Total debt	370.7	466	-20.5%
Cash and cash equivalents	396.7	368.9	7.5%
Net debt (cash)	(26.0)	97.1	-126.8%

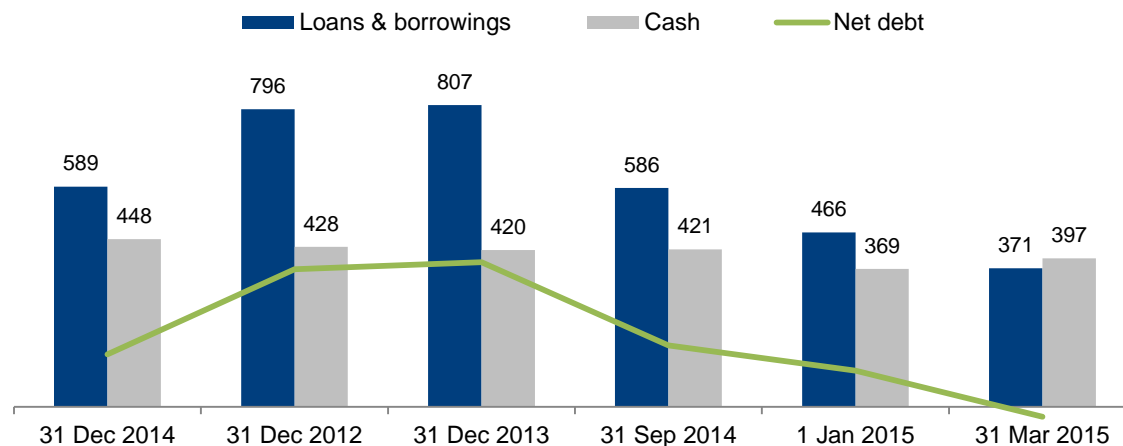
Q1 2015 Revenue by Geography<sup>1</sup>



- **Revenue of USD 857.8 million and EBITDA margin of 4.4%**
  - Revenue in Egypt led by Assiut and West Damietta power plants while US contribution largely attributable to execution of Iowa Fertilizer Company
- **Net income excluding BESIX contribution amounts to USD 15.3 million**
  - BESIX results affected by winter season and one-off provision
- **Net debt reduced primarily through debt settlement in Egypt using proceeds from the IPO on the EGX**
  - Current net cash of USD 26.0 million compared to net debt of USD 97.1 million on 1 January 2015 and USD 164.3 million on 30 September 2014

# Current Net Cash Position

## Evolution of Net Debt



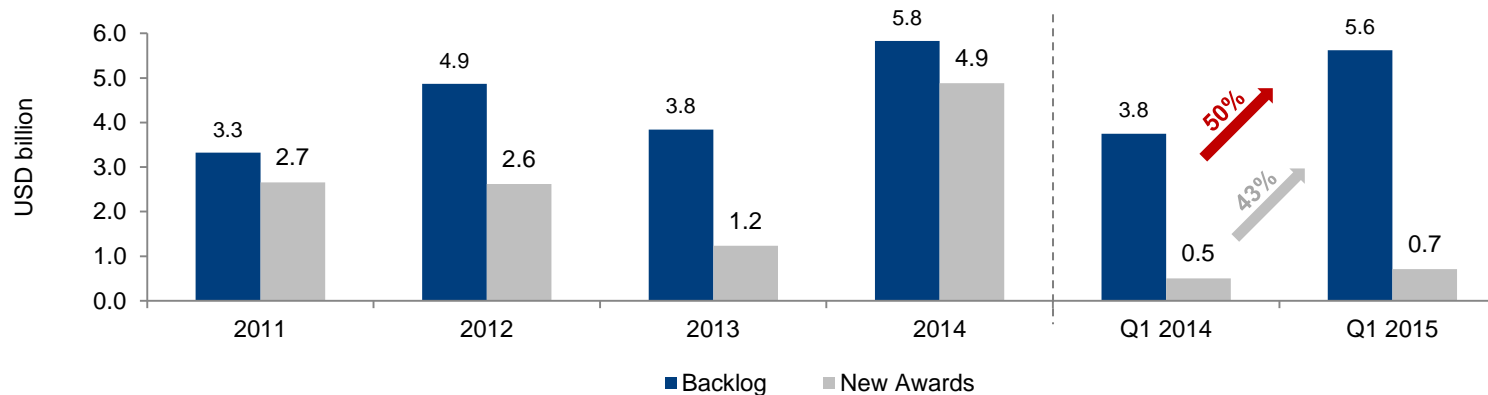
USD million	31 Dec 2011	31 Dec 2012	31 Dec 2013	31 Sep 2014	1 Jan 2015	31 Mar 2015
Total debt	588.7	795.6	806.8	<b>585.5</b>	<b>466.0</b>	<b>370.7</b>
Cash	448.1	428.0	419.7	421.2	368.9	396.7
<b>Net debt</b>	<b>140.6</b>	<b>367.6</b>	<b>387.1</b>	<b>164.3</b>	<b>97.1</b>	<b>(26.0)</b>
EBITDA	290.5	14.8	47.9	-136.5	N/A	38.0
Total equity	1,111.20	431.3	874.5	811.9	804.4	934.9

*Reduction of net debt and improvement in capital structure using proceeds from the IPO on the EGX*

# Record Backlog Maintained in 2015

Majority of Current Backlog Signed in 2014 and 2015

*Q1 2015 backlog and new awards exclude the addition of EUR 1.6 billion power plants in Egypt*



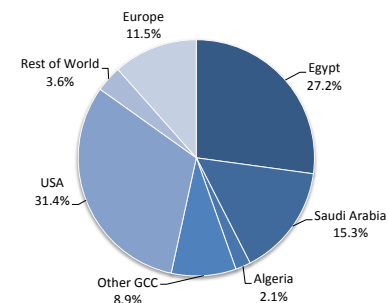
USD million	2011	2012	2013	9M 2014	2014	Q1 2015
<b>Backlog</b>	3,321.3	4,869.3	3,839.9	5,566.2	5,833.1	5,622.9
<b>New Awards</b>	2,659.7	2,618.9	1,233.3	3,869.6	4,881.0	713.2

- Strong momentum carried into 2015 with 50% and 43% growth in backlog and new awards, respectively
- OC well-positioned to capitalize on further infrastructure and industrial spending in its core markets
- Key new awards signed in Egypt during Q1 2015 include Phase 4A of Greater Cairo Metro line 3 for c.USD 100 million and road projects part of the first phase of the country's road expansion program
- Weitz's backlog is at the highest levels since its acquisition in December 2012 while Contrack Watts maintained its focus on US federal work, particularly the Pacific Rim

# Proforma Financials and Backlog – consolidating 50% of BESIX

USD million	Orascom Construction	50% of BESIX	Proforma combined
Revenue	857.8	276.7	1,134.5
EBITDA	38.0	1.6	39.6
Net Debt	(26.0)	(64.2)	(90.2)
Backlog	5,622.8	1,736.6	7,359.3
New Awards	713.2	314.0	1,027.2

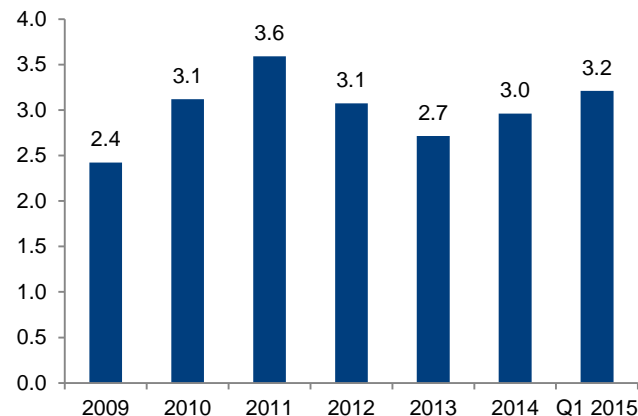
## Combined Backlog by Geography



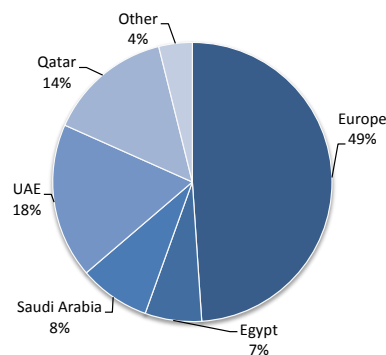
## Standalone BESIX Backlog

## Proforma backlog – 50% of BESIX (EUR bn)

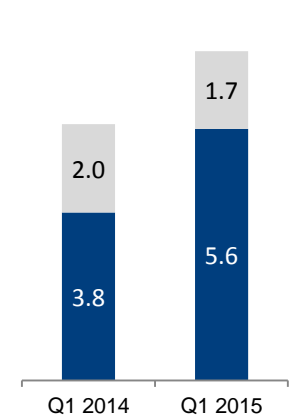
### Backlog Evolution (EUR billion)



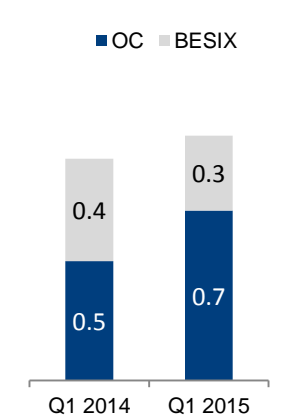
### Backlog by Geography



### Backlog



### New Awards

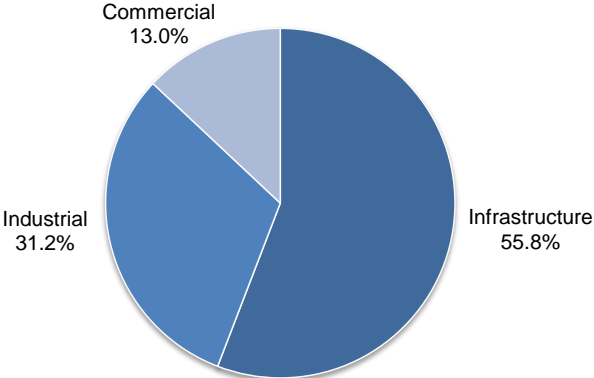


**BESIX backlog up 12% y-o-y to EUR 3.2 billion and net cash position of EUR 128 million**

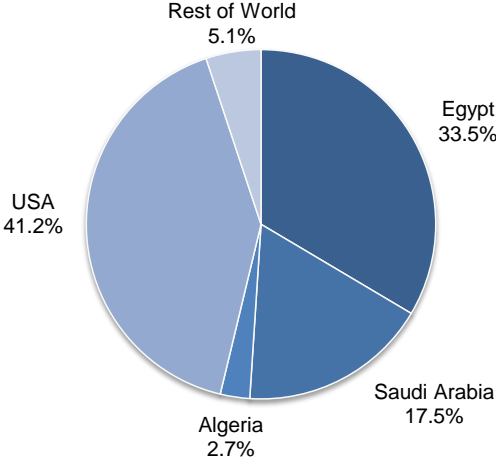


# Backlog Segmentation – 31 March 2015

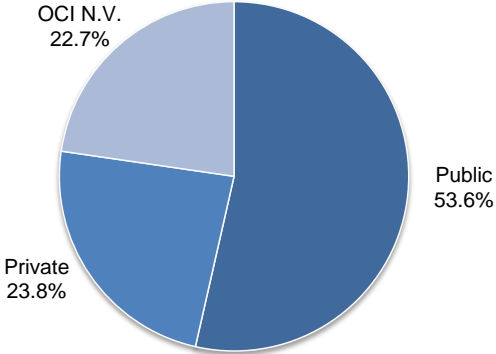
**Backlog by Sector**



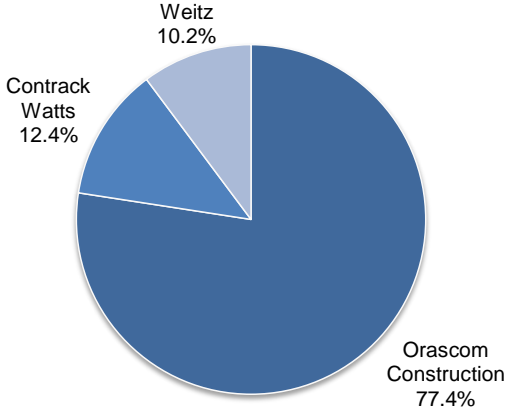
**Backlog by Geography**



**Backlog by Client**



**Backlog by Brand**

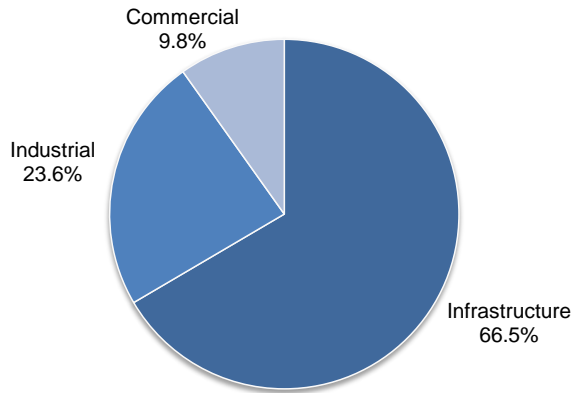


<sup>1</sup>Backlog excludes BESIX and JVs accounted for under the equity method

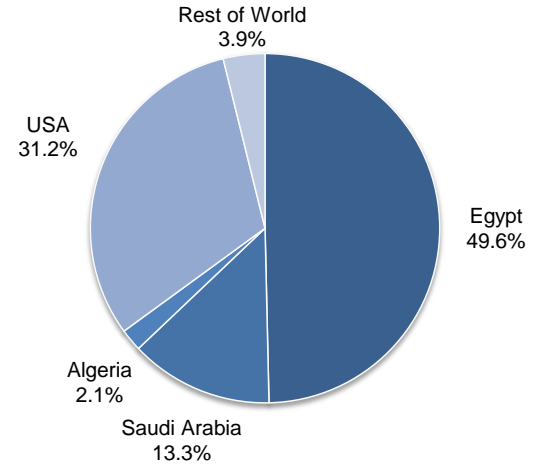
# Proforma Backlog Including New Power Projects – 31 March 2015

31 March 2015 backlog adding the new EUR 1.6 billion combined cycle power plants in Egypt

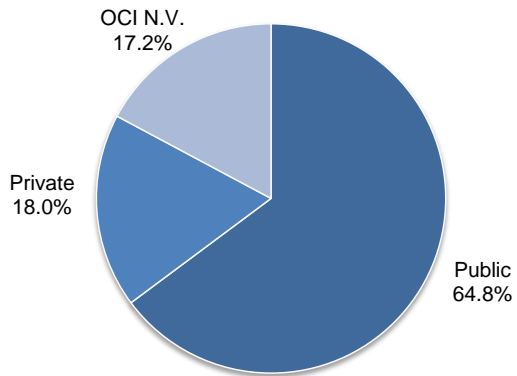
## Backlog by Sector



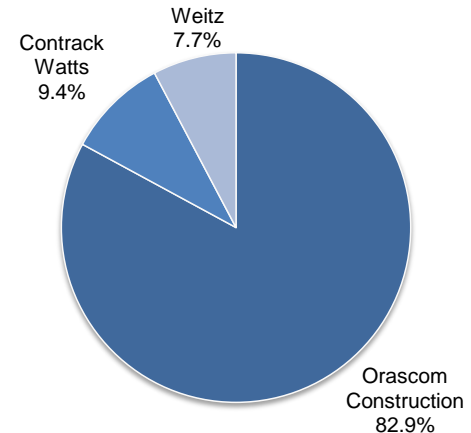
## Backlog by Geography



## Backlog by Client



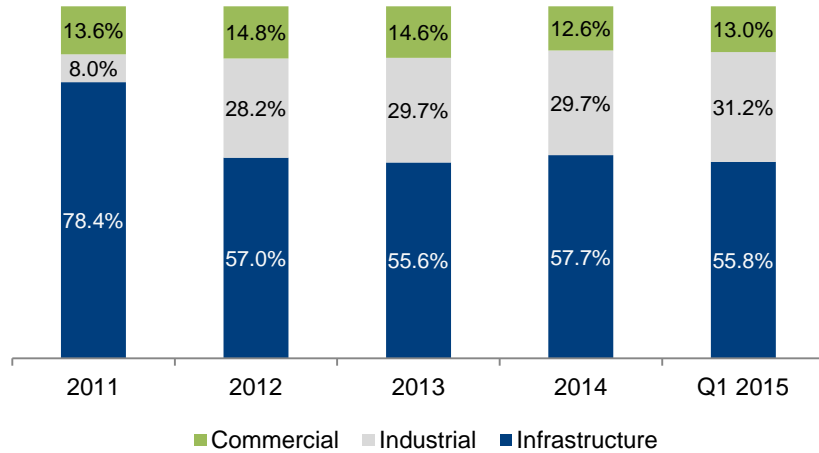
## Backlog by Brand



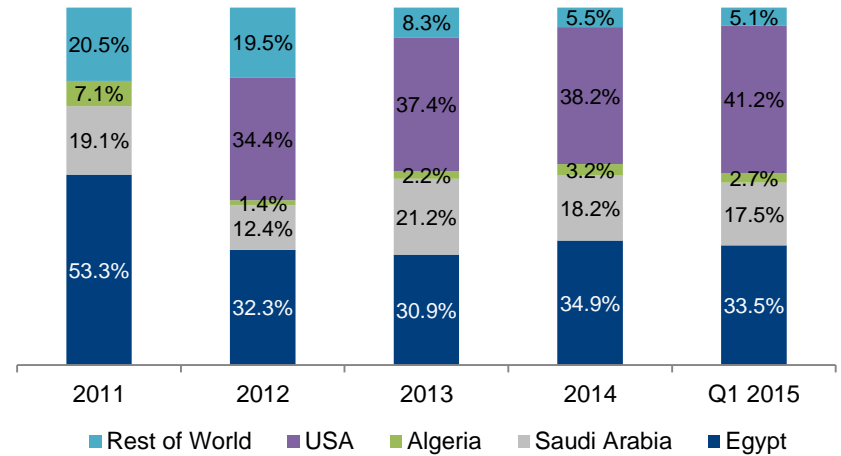
<sup>1</sup>Backlog excludes BESIX and JVs accounted for under the equity method

# Backlog Evolution

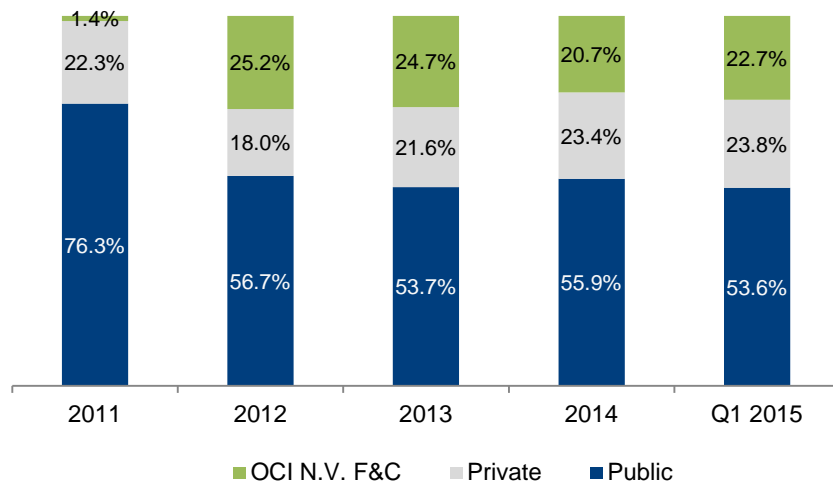
### Backlog by Sector



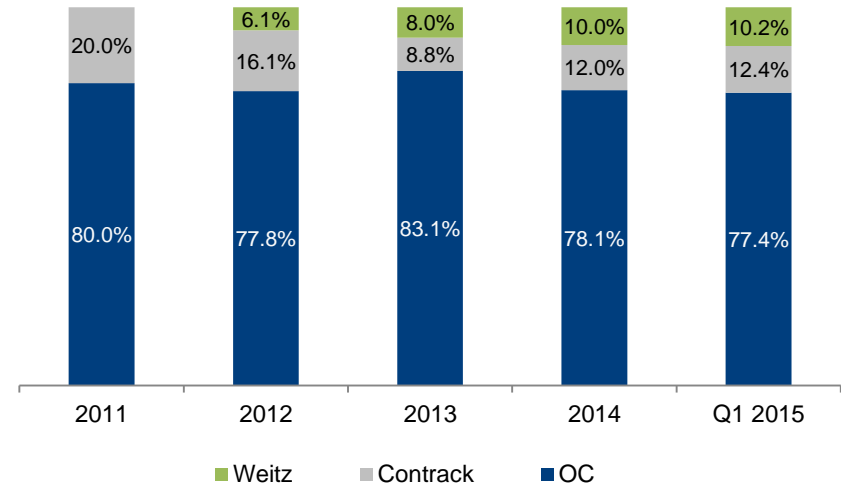
### Backlog by Geography



### Backlog by Client



### Backlog by Brand



# Construction Materials and Property Management

Positive performance by materials and property management subsidiaries in Q1 2015

Blended EBITDA margin of 25% in Q1 2015 and proportionate book value of portfolio exceeding USD 75 million as of 31 March 2015

Attractive outlook for portfolio on the back of increased construction spending in the region



100%

- Currently experiencing increased demand largely due to higher power and industrial investments
- **NSF to benefit from the recent award of the two mega power plants to Orascom Construction**
- Founded in 1995, manufactures fabricated steel products primarily for energy, petroleum, industrial and construction clients
- Operates two plants in Egypt, supplying clients primarily in North Africa, the Middle East and Europe



60.5%

- Owner, developer, operator and utility facilitator of an 8.75 million square meter industrial park located in Ain Sokhna, Egypt
- Develops industrial land and provides utility services for light, medium and heavy industrial users in Ain Sokhna, Egypt



56.5%

- Holds 50% stakes in BASF Construction Chemicals Egypt, Egyptian Gypsum Company and A-Build Egypt, forming a group of companies that manufacture diversified building materials, construction chemicals and specializing contracting services
- Subsidiaries operate from 4 plants in Egypt and 1 in Algeria, supplying products to clients primarily in Egypt and North Africa

**United Paints & Chemicals**  
56.5%

- Established in 1997, UPC owns DryMix, Egypt's largest manufacturer of cement-based ready mixed mortars in powdered form used by the construction industry
- Capable of producing 240k metric tons of product and supplies products to clients in Egypt and North Africa



50%<sup>1</sup>

- Established in 2000, manufactures and installs glass, aluminum and architectural metal works
- Provides services in projects across its core markets, often in conjunction with Orascom Construction and BESIX
- Operates facility in Egypt with a production capacity of 250k square meters, supplying products primarily to Egypt and North Africa

**National Pipe Company**  
40%

- Manufactures precast/pre-stressed concrete cylinder pipes and pre-stressed concrete primarily
- The two plants located in Egypt supply Egypt and North Africa, with annual production capacity of 86 km of concrete piping



14.7%

- Manufactures up to 70k kilolitres of decorative paints and industrial coatings primarily for the construction industry
- Founded in 1981 and operates two plants in Egypt, supply products to clients in Egypt and North Africa

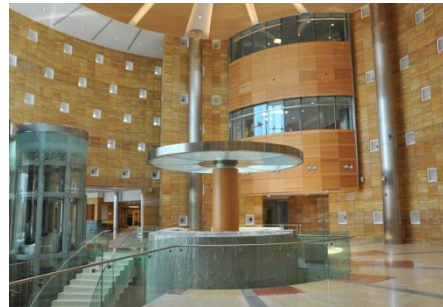
# SIDRA Medical & Research Center Update – Qatar

## Overview

- In July 2014, a consortium of Obrascón Huarte Lain (OHL) and Contrack received a Notice of Termination from the Qatar Foundation for Education, Science & Community Development regarding the contract for the design and build of Sidra Medical & Research Center in Doha, Qatar
- Contrack's share of the project is 45%
- The project was more than 95% complete and does not contribute to backlog, in-line with equity method consolidation

## Arbitration

- The matter was referred to the UK court of arbitration
- OC provisioned for its share of this project in 2014 for a total value of USD 188 million
- The joint venture submitted its statement to the UK tribunal on 26 May 2015



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## **Appendix**

### **Financial Statements**

# Income Statement

USD million	Q1 2105
Revenue	857.8
Cost of sales	(801.7)
<b>Gross profit</b>	<b>56.1</b>
<i>Margin</i>	<i>6.5%</i>
Other income	2.2
Selling, general and administrative expenses	(34.7)
<b>Results from operating activities</b>	<b>23.6</b>
<b>EBITDA</b>	<b>38.0</b>
<i>Margin</i>	<i>4.4%</i>
<b>Financing income &amp; expenses</b>	
Finance income	5.7
Finance cost	(11.3)
<b>Net finance cost</b>	<b>(5.6)</b>
Income from associates (net of tax)	(1.7)
<b>Profit before income tax</b>	<b>16.3</b>
Income tax	(6.8)
<b>Net profit</b>	<b>9.5</b>
<b>Profit attributable to:</b>	
Owners of the company	5.8
Non-controlling interests	3.7
<b>Net profit</b>	<b>9.5</b>

# Balance Sheet

USD million	31-Mar-15	01-Jan-15
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	267.7	272.3
Goodwill	12.4	12.4
Trade and other receivables	133.6	117.2
Investment in associates and joint ventures	358.3	389.4
Deferred tax assets	3.6	3.9
<b>Total non-current assets</b>	<b>775.6</b>	<b>795.3</b>
<b>Current assets</b>		
Inventories	182.9	184.3
Trade and other receivables	796.4	809.0
Contracts work in progress	884.5	614.4
Current income tax receivables	1.2	16.9
Cash and cash equivalents	396.7	368.9
<b>Total current assets</b>	<b>2,261.7</b>	<b>1,993.5</b>
<b>TOTAL ASSETS</b>	<b>3,037.3</b>	<b>2,788.7</b>



# Balance Sheet

USD million	31-Mar-15	01-Jan-15
<b>EQUITY</b>		
Share capital	118.0	-
Share premium	772.8	-
Reserves	62.3	(17.0)
Retained earnings	28.4	744.7
<b>Equity attributable to owners of the Company</b>	<b>856.9</b>	<b>727.7</b>
Non-controlling interest	78.0	76.7
<b>TOTAL EQUITY</b>	<b>934.9</b>	<b>804.4</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Loans and borrowings	27.1	30.8
Trade and other payables	22.7	33.2
Deferred tax liabilities	7.1	7.7
<b>Total non-current liabilities</b>	<b>56.9</b>	<b>71.7</b>
<b>Current liabilities</b>		
Loans and borrowings	343.6	435.2
Trade and other payables	669.4	712.3
Advanced payments construction contracts	538.5	398.3
Billing in excess on construction contracts	381.9	251.5
Provisions	97.8	102.7
Current income tax payable	14.3	12.6
<b>Total current liabilities</b>	<b>2,045.5</b>	<b>1,912.6</b>
<b>Total liabilities</b>	<b>2,102.4</b>	<b>1,984.3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,037.3</b>	<b>2,788.7</b>

# Cash Flow Statement

USD million	31-Mar-15
<b>Net profit</b>	<b>9.5</b>
<b>Adjustments for:</b>	
Depreciation	14.3
Interest income (including gains / losses on derivatives)	(1.2)
Interest expense	9.4
Foreign exchange (gain) / loss and others	(2.6)
Share in income of equity accounted investees ( gain ) / loss	1.7
Losses (gain) on sale of PPE	(0.5)
Income tax expense	6.8
<b>Change in:</b>	
Inventories	1.4
Trade and other receivables	18.9
Contract work in progress	(270.1)
Trade and other payables	(46.9)
Advanced payments construction contracts	140.2
Billing in excess on construction contracts	130.4
Provisions	(0.2)
<b>Cash flows:</b>	
Interest paid	(9.4)
Interest received	1.2
Income taxes paid	(5.7)
<b>Cash flow from / (used in) operating activities</b>	<b>(2.8)</b>

# Cash Flow Statement

USD million	31-Mar-15
Proceeds from sale of property, plant and equipment	2.8
Investments in PPE and projects under construction	(22.8)
<b>Cash flow from / (used in) investing activities</b>	<b>(20.0)</b>
Proceeds from borrowings	173.1
Repayments of borrowings	(268.4)
Other long term liabilities	(10.5)
Issue of new shares (net of transaction costs )	168.7
Purchase of treasury shares	(4.2)
Dividends paid to non-controlling interest	(0.4)
<b>Net cash from (used in) financing activities</b>	<b>58.3</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>35.5</b>
Cash and cash equivalents at 1 January 2015	368.9
Currency translation adjustments	(7.7)
<b>Cash and cash equivalents at 31 March</b>	<b>396.7</b>

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Backlog is a non-IFRS metric 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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