ORASCOM CONSTRUCTION

Press Release

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Orascom Construction Reports FY 2015 Results

Backlog Grows 14% to Secure Future Profitability and Strong MENA Performance Outweighed by One-Off Loss in USA

Highlights

- Backlog increased 14% to USD 6.7 billion as the Group signed new contracts amounting to USD 4.8 billion in Egypt and USA during 2015
- Pro forma backlog including the Group's 50% share in BESIX increased 10% to USD 8.4 billion
- MENA EBITDA margin of 15.4% and net income of USD 175.8 million highlight the strength of the Group's regional operations
- Consolidated results impacted by one-off loss in USA
- Net cash position of USD 135.5 million as of 31 December 2015 and operating cash flow of USD 201.2 million generated in 2015
- Return to profitability expected in Q1 2016 with estimated revenue of approximately USD 900 million and positive consolidated EBITDA

Statement from the CEO – Osama Bishai

Our financial results highlight both our accomplishments and challenges this year. We are pleased with our performance in the Middle East and North Africa (MENA) where we generated healthy profits and cash flow. We also reinforced our position as a leading contractor in MENA and are currently executing a number of landmark infrastructure projects, including almost 10,400 MW of combined cycle power projects and three tunnels below the Suez Canal in Egypt.[1]

While we are facing a challenging market environment in Saudi Arabia that has affected our project execution and profitability, we are working on mitigating our exposure there and are focused on executing our current projects while remaining selective on new opportunities.

Complementing our Egyptian and Saudi Arabian presence, Algeria remains a consistent source of industrial and infrastructure work as we recently signed sizable contracts during Q1 2016. We are also selectively pursuing new opportunities in other markets in the Middle East and Africa that fit our criteria. Our overarching focus in all of our markets is to pursue quality projects where we have a competitive edge and are confident in the project's source of funding.

Our U.S. subsidiaries Weitz and Contrack Watts continue to expand in-line with our strategy to increase our U.S. presence to create additional value to shareholders at no expense of the MENA growth. The combined backlog of both entities in the U.S. grew 40% in 2015 to represent 21% of our consolidated backlog. Weitz in particular signed USD 1.2 billion in new awards in 2015 compared to USD 626 million in 2014 as it capitalized on a rebounding US market and targeted larger projects.

On the other hand, certain challenges related to the construction of Iowa Fertilizer Company (IFCo) have weighed on our financial performance this year, overshadowing the success of other major parts of the business. We

[1] Suez Canal tunnels expected to be included in H1 2016 backlog.

booked the revised cost to complete the project, resulting in a consolidated net loss for the Group. At the same time, we have worked to mitigate the challenging issues at IFCo to avoid further losses.

Furthermore, we continue to work on creating a sustainable concessions portfolio alongside our EPC, building materials and property management business units to support our long-term growth and provide additional recurring cash flows. While our investment efforts have been mostly focused on infrastructure projects in Egypt, where we are progressing on power and water projects, we are also exploring potential concession opportunities in other markets, particularly the United States where we are working on replicating our MENA strategy.

Looking ahead, we expect profitability to recover in 2016, starting with the first quarter which already indicates revenue in the range of USD 900 million and positive consolidated EBITDA.

Consolidated Backlog

USD million	FY 2015	FY 2014	*Change*	Q4 2015	Q4 2014	*Change*
Equity consolidation						
Backlog	6,662.3	5,833.1	*14.2%*	6,662.3	5,833.1	*14.2%*
New Awards	4,846.1	4,881.0	*(0.7%)*	1,093.1	1,011.3	*8.1%*
Pro forma incl. 50% of BESIX						
Backlog	8,413.3	7,633.4	*10.2%*	8,413.3	7,633.4	*10.2%*
New Awards	6,116.7	6,359.6	*(3.8%)*	1,525.8	1,236.3	*23.4%*

Consolidated backlog grew 14% y-o-y to USD 6.7 billion as of 31 December 2015, providing the Group with sufficient revenue and profitability coverage. The Group delivered another strong year of new awards backed by key projects in MENA and USA totaling USD 4.8 billion.

MENA

The Group signed new contracts across the infrastructure sector in Egypt during the fourth quarter, bringing Egypt's total contribution to the backlog to 48.6%.

The largest addition in Q4 2016 relates to the conversion of West Damietta and Assiut power plants in Egypt from simple cycle to combined cycle on an EPC + Finance basis. With these new contracts, approximately 66% of the backlog in Egypt is attributable to four combined cycle power plants, all of which are under construction on an EPC + Finance basis whereby the foreign currency is sourced by the client from international banks with export credit agency coverage.

Contribution from Algeria is expected to increase in Q1 2016 as the Group signed two infrastructure and industrial projects, while backlog in Saudi Arabia continues to decrease as no new awards were signed since H1 2015. The Group remains focused on completing its existing projects in Saudi Arabia while only pursuing new projects on a selective basis. Furthermore, the Group continues to target new projects in other Middle East and Africa markets that meet its technical and funding criteria.

USA

The combined backlog of Weitz and Contrack Watts in the US grew 40% y-o-y to represent 21% of the Group's total backlog. Weitz already grew its backlog 3.5x times since acquisition in December 2012 through work independent of any intergroup projects.

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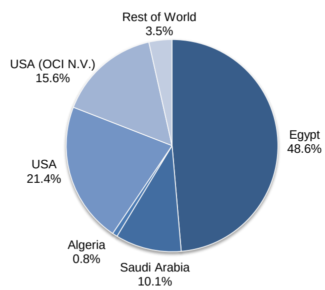
BESIX Group

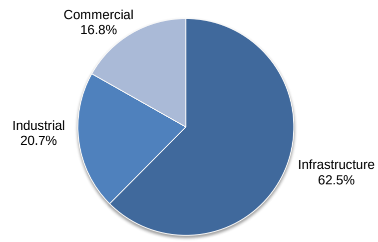
Pro forma backlog including OC’s 50% share in BESIX rose 10% y-o-y to USD 8.4 billion while FY 2015 new awards stood at USD 6.1 billion. Reported standalone backlog as of 31 December 2015 increased 9% to EUR 3.2 billion as BESIX added a strong selection of projects. Recent new awards include a 600 meter underpass in Netherlands, a marine Public Private Partnership contract in the Netherlands, a major development on the Palm Island in Dubai and airport work in Qatar.

Backlog by Segment – Equity Consolidation

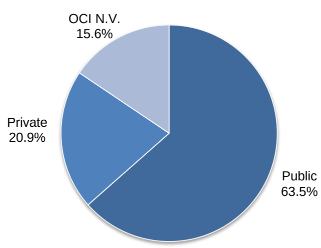
Backlog by Geography



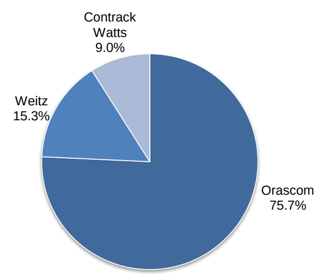
Backlog by Sector



Backlog by Client



Backlog by Brand



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Summary Financial Results:

Summary Income Statement	FY 2015			Pro Forma[2]	Q4 2015		
USD million	MENA	USA	Total	Total	MENA	USA	Total
Revenue	2,030.2	1,852.2	3,882.4	3,055.8	560.1	302.7	862.8
EBITDA	312.5	(614.9)	(302.4)	330.9	121.6	(587.1)	(465.5)
Margin	*15.4%*	*(33.2%)*	*(7.8%)*	10.8%	*21.7%*	*(193.9%)*	*(53.9%)*
BESIX	-	-	(0.4)	(0.4)	-	-	(13.0)
Net income to shareholders	175.8	(523.2)	(347.8)	199.0	85.9	(484.8)	(411.9)
Margin	*8.7%*	*(28.2%)*	*(9.0%)*	6.5%	*15.3%*	*(160.1%)*	*(47.7%)*

Summary Balance Sheet	31-Dec-15	1-Jan-15	Change
USD million			
Cash and cash equivalents	574.9	368.9	*55.8%*
Total debt	439.4	466.0	*(5.7%)*
Total equity	560.5	804.4	*(30.3%)*
Net debt (cash)	(135.5)	97.1	*(239.5%)*

The Group generated 52% of FY 2015 revenue in MENA and the balance in USA.

MENA EBITDA of USD 312.5 million and net income to shareholders of USD 175.8 for FY 2015 highlight the strength of the Group's MENA operations. These items include the impact of some provisions on certain projects in Saudi Arabia and a one-off gain of USD 38.4 million related to the positive outcome of the Group's arbitration against Golden Pyramids Plaza for the City Stars project in Egypt.

Excluding contribution from IFCo and Natgasoline, the Group recorded pro forma EBITDA of USD 330.9 million, reflecting an EBITDA margin of 10.8%, and pro forma net income attributable to shareholders of USD 199.0 million.

In the U.S., a non-recurring negative impact related to the construction of Iowa Fertilizer Company (IFCo) led to a consolidated net loss of USD 347.8 million for the Group. The estimated future loss was identified and booked, as the revised cost to complete exceeded the contract value including change orders. The Group has worked to mitigate challenges faced at IFCo, such as productivity levels as well as higher labor and subcontractor costs, to avoid future losses at this project.

Income from investments amounted to USD 5.0 million in FY 2015. Provisions on certain projects by BESIX impacted net income contribution, which resulted in OC's share of BESIX's net loss of USD 0.4 million in FY 2015. However, BESIX's strong recent order intake in Europe and the Middle East drove standalone backlog to EUR 3.2 billion and is expected to improve future profitability.

The Group was in a net cash position at 31 December 2015 and generated USD 201.2 million in operating cash flow in 2015.

[2] Pro forma income statement for FY 2015 excluding contribution from Iowa Fertilizer Company and Natgasoline.

Subsidiaries and Associates

The Group's materials and industrial property subsidiaries continues to perform well and provide operational synergies for the Group.

Particularly, Suez Industrial Development Company (SIDC), an owner and operator of an 8.8 million square meter industrial park in Ain El Sokhna, sold 500 thousand square meters of land during Q4 2015 to house 5 new industrial investments and is well-positioned to sell additional plots. Furthermore, National Steel Fabrication (NSF), the Group's wholly owned fabricated steel subsidiary, is already working on a number of important projects in the power and industrial sectors and is expected to further benefit from strong demand for infrastructure work in Egypt.

Dividend Distribution

The Board of Directors and Management do not recommend a dividend distribution on FY 2015 earnings. A decision on 2016 interim dividends will be considered during the second half of the year.

Group Outlook

Although the loss booked in USA has weighed on consolidated earnings, the Board of Directors and Management of the Group are pleased with the strong performance of other major parts of the business and are confident in the Group's ability to execute its long-term strategy.

- The Group expects significant improvement in EBITDA and net income in 2016 led by continued strong performance in MENA as the Group added quality infrastructure work during 2015 and 2016 which will be partially executed in 2016;
- Current backlog level of USD 6.7 billion driven by USD 4.8 billion in new awards provides healthy revenue and profitability coverage;
- Project pipeline in Egypt to remain strong coupled with additional selective opportunities in other MENA markets. The Group is also focused on growing the U.S. backlog;
- The estimated future loss in the U.S. was identified and booked in 2015. The Group is actively mitigating future losses at IFCo;
- Return to profitability expected in Q1 2016 with estimated revenue of approximately USD 900 million and positive consolidated EBITDA.

About Orascom Construction

Orascom Construction Limited (OC) is a leading global engineering and construction contractor primarily focused on infrastructure, industrial and high-end commercial projects in the Middle East, North Africa, the United States, and the Pacific Rim. OC has consistently ranked among the world's top contractors and is ranked number 40 on ENR's 2015 Top 250 International Contractors list in 2015. The Group also develops and invests in infrastructure opportunities, owns 50% of BESIX Group, and holds a construction materials and property management portfolio. For more information, please visit www.orascom.com

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