

Orascom Construction Announces FY 2016 Results and Reports a Sustainable Return to Profitability

Highlights

- Backlog of USD 5.3 billion as of 31 December 2016 and new awards of USD 3.8 billion in FY 2016
- Revenue of USD 4,033.1 million, EBITDA of USD 99.0 million and net income to shareholders of USD 48.7 million in FY 2016
- MENA EBITDA of USD 309.1 million and net income to shareholders of USD 233.4 million in FY 2016
- BESIX demonstrates a strong rebound and contributes USD 64.2 million to net income in FY 2016
- Additional losses at IFCo weighed on Q4 2016 results; the plant started production in April 2017
- Net cash position of USD 204.1 million as of 31 December 2016 and operating cash flow of USD 256.3 million in FY 2016

Statement from the CEO – Osama Bishai

We indicated at the beginning of the year that our focus in 2016 would be on operations. We capitalized on the size and quality of our backlog to focus on improving our cost structure and bottom line while selectively pursuing new projects. This approach was in place year-round and we have now returned to profitability on a Group level, emphasizing the strength of our long-term businesses.

Our net result this year was affected by further delays at the IFCo plant in the U.S. Nevertheless, we are pleased to announce that the facility has started production and that handover to the client has commenced.

The MENA segment built on its robust performance achieved in 2015, with margins maintained above targets and net income to shareholders increasing 31.4%. Operationally in Egypt, we continue to make excellent progress on our large infrastructure projects and have already surpassed the execution record we set last year for the fast-track execution of power projects. In addition, as previously mentioned, we had adequately prepared for the devaluation of the Egyptian pound and have now seen a positive impact from that.

In other MENA markets, we have continued to build synergies between Orascom and BESIX and recently delivered landmark projects in the UAE and Egypt. Together, we have also started work on Dubai Expo 2020's infrastructure program.

In the U.S., we added over USD 1.2 billion of new awards during the year, projecting a sustainable volume of activity for 2017. We also remain committed to growing our U.S. business to complement the MENA operations.

Furthermore, we are pleased with the resilient turnaround demonstrated by BESIX this year. Not only did it record its strongest ever set of net results, but it has also secured new committed work both in the Middle East and Europe in 2017.

Looking ahead, we have a substantial and healthy backlog mix that fully supports our revenue and profitability targets. This has allowed us to maintain our focus on the continued strength of the quality of our backlog while simultaneously pursuing new construction and long-term investment opportunities.

Consolidated Backlog

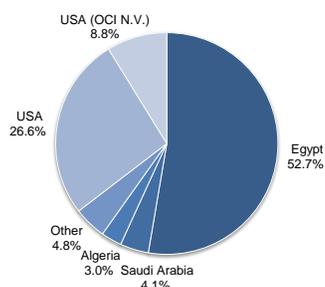
USD million	FY 2016	FY 2015	Change	Q4 2016	Q4 2015	Change
Equity consolidation						
Backlog	5,260.0	6,662.3	(21.0%)			
New Awards	3,751.5	4,846.1	(22.6%)	264.1	1,093.1	(75.8%)
Pro forma incl. 50% of BESIX						
Backlog	6,800.8	8,413.3	(19.2%)			
New Awards	4,914.8	6,116.7	(19.6%)	409.9	1,525.8	(73.1%)

Consolidated year-end backlog excluding BESIX stood at USD 5.26 billion, a level that exceeds the Group's revenue visibility target. This backlog reflects movement of approximately 15% from the previous year due to changes in the USD value of projects denominated in Egyptian pounds.

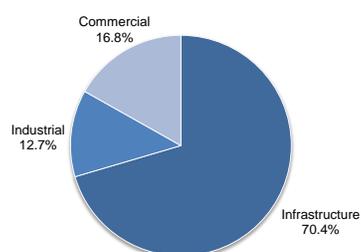
Infrastructure and industrial work account for over 80% of total backlog.

Backlog by Segment – Equity Consolidation

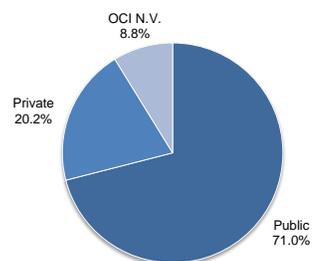
Backlog by Geography



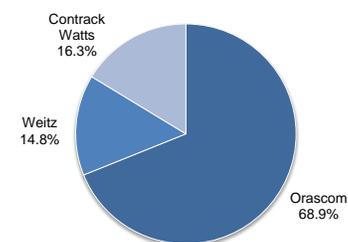
Backlog by Sector



Backlog by Client



Backlog by Brand



MENA

Egypt remains the largest constituent of the Group's backlog, contributing 52.7% of total. Orascom signed several important infrastructure contracts throughout the year. The Group is proud to be an integral part of Egypt's development, with activity spanning across a wide range sectors including roads, power, water treatment and

healthcare. Furthermore, this significant involvement across all major segments uniquely positions the Group for future projects across the construction market.

In addition, the recent involvement and progress in Egypt's power sector has created a launching pad for the Group's EPC power capability in the region and beyond.

In the UAE, an Orascom-BESIX joint venture was awarded in Q4 2016 an infrastructure contract for Dubai Expo 2020. The joint venture, which recently delivered a number of projects in Dubai and Egypt, continues to pursue further Expo-related opportunities.

USA

Weitz and Contrack Watts signed over USD 1.2 billion of new awards in the U.S. during 2016. Weitz continues to progress on its main commercial projects such as the Park West Texas A&M Housing Development, the largest student housing complex in the U.S., while Contrack Watts remains active in the federal market in mainland U.S. and the Pacific Rim. Combined, both entities have sustained their backlog level compared to 2015.

Backlog attributable to OCI N.V. stood at 8.8% of total backlog as of 31 December 2016. Since then, significant progress has been made; Iowa Fertilizer Company (IFCo) has started production and Natgasoline is on track for commissioning in Q4 2017.

BESIX Group

BESIX's standalone backlog stood at EUR 2.93 billion at year-end while new awards amounted to EUR 2.1 billion. The decrease in backlog compared to last year was due to the withdrawal from projects in Saudi Arabia. Furthermore, BESIX has already identified new projects that will contribute to its backlog in early 2017.

With over 20 projects under execution in the Middle East, BESIX is well-positioned to capitalize on a number of new opportunities. Recently handed over projects include works for the Dubai Canal while current projects include Jebel Ali wastewater treatment plant, the first Expo 2020 award along with Orascom, and World Cup-related stadium work in Qatar.

In Europe, BESIX delivered a number of important projects throughout the year including Docks Bruxsel, a new shopping center along the Brussels canal, the Wilfried Martens building, a new office building for the European Parliament, and the station hall of OVT Utrecht railway station in The Netherlands.

Summary Financial Results:

Summary Income Statement						
USD million	FY 2016	FY 2015	Change	Q4 2016	Q4 2015	Change
Revenue	4,033.1	3,882.4	3.9%	1,074.0	862.8	24.5%
MENA	2,123.7	2,030.2	4.6%	632.7	560.1	13.0%
USA	1,909.4	1,852.2	3.1%	441.3	302.7	45.8%
EBITDA	99.0	(302.4)	132.7%	(40.4)	(465.5)	91.3%
MENA	309.1	312.5	(1.1)%	143.4	121.6	17.9%
USA	(210.1)	(614.9)	65.8%	(183.8)	(587.1)	68.7%
Consolidated margin	2.5%	(7.8)%	+1,030 bp	(3.8)%	(54.0)%	+5,020 bp
MENA margin	14.6%	15.4%	(80) bp	22.7%	21.7%	+100 bp
USA margin	(11.0)%	(33.2)%	+2,220 bp	(41.6)%	(194.0)%	+15,240 bp
BESIX	64.2	(0.4)	16,150%	39.2	(13.0)	401.5%
Net income attributable to shareholders	48.7	(347.8)	114.0%	(26.7)	(411.9)	93.5%
MENA	231.0	175.8	31.4%	156.7	85.9	82.4%
USA	(246.5)	(523.2)	52.9%	(222.6)	(484.8)	54.1%
Consolidated margin	1.2%	(9.0)%	+1,020 bp	(2.5)%	(47.7)%	+4,520 bp
MENA margin	10.9%	8.7%	+220 bp	24.8%	15.3%	+950 bp
USA margin	(12.9)%	(28.2)%	+1,530 bp	(50.4)%	(160.2)%	+10,980 bp

Summary Income Statement Excluding IFCo & Natgasoline			
USD million	FY 2016	FY 2015	Change
Revenue	3,373.0	3,055.8	10.4%
EBITDA	326.1	330.9	(1.5)%
Margin	9.7%	10.8%	(110) bp
BESIX	64.2	(0.4)	16,150%
Net income attributable to shareholders	299.1	199.0	50.3%
Margin	8.9%	6.5%	+240 bp

Net debt (cash)			
USD million	31-Dec-16	31-Dec-15	Change
Cash and cash equivalents	506.9	574.9	(11.8)%
Total debt	302.8	439.4	(31.1)%
Total equity	302.4	560.5	(46.0)%
Net debt (cash)	(204.1)	(135.5)	(50.6)%

Consolidated revenue increased 3.9% y-o-y to USD 4,033.1 million in FY 2016 and 24.5% to USD 1,074.0 million in Q4 2016. The MENA region accounted for 53% of total revenue in FY 2016, primarily driven by the execution of large infrastructure projects in Egypt. Weitz and Contrack Watts accounted for 31% of total revenue in FY 2016.

Consolidated EBITDA improved to USD 99.0 million in FY 2016 as a result of the strong performance in the MENA region in which EBITDA reached USD 309.1 million and net income grew 31.4% to USD 231.0 million. This performance was neutralized by additional losses at IFCo affecting the Group's U.S. segment. Consolidated EBITDA margin stood at 2.5% in FY 2016 compared to negative 7.8% in FY 2015.

Net income contribution from BESIX increased significantly to USD 64.2 million in FY 2016 and USD 39.2 million in Q4 2016. This robust performance was driven by the contracting, real estate and concessions businesses as well as withdrawal from projects in Saudi Arabia in agreement with the client.



Press Release

Consolidated net income attributable to shareholders stood at USD 48.7 million in FY 2016 compared to negative USD 347.8 million a year earlier. This was primarily driven by the MENA segment and BESIX, as well as a net FX gain of USD 27.8 million related to the changes in all operating currencies.

Excluding contribution from IFCo and Natgasoline, the Group recorded pro forma EBITDA of USD 326.1 million and EBITDA margin of 9.7%. Furthermore, pro forma net income attributable to shareholders increased 50.3% to USD 299.1 million.

The Group's net cash position stood at USD 204.1 million as of 31 December 2016, compared to USD 236.4 million as of 30 September 2016 and USD 135.5 million as of 31 December 2015. Total equity declined to USD 302.4 million due to the effect of currency translations on the reserve and investment balances of EGP-reporting entities following the devaluation of the EGP.

The Group generated operating cash flow of USD 256.3 million in FY 2016 compared to USD 201.2 million in FY 2015.

About Orascom Construction Limited

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 was ranked number 34 on ENR's 2016 Top 250 International Contractors list. 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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Press Release

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