ORASCOM CONSTRUCTION

ANNUAL REPORT

2019

International Shooting Club - New Capital

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Annual Report
2019

INTRODUCTION

Orascom Construction PLC is a leading global engineering and construction contractor with operations covering the infrastructure, industrial and commercial sectors and a footprint primarily spanning the Middle East, Africa and the United States.

New Alamein Towers

AT A GLANCE

Orascom Construction PLC is a leading global engineering and construction contractor with a footprint covering the Middle East, Africa and the United States and operations encompassing the infrastructure, industrial and commercial sectors.

Orascom Construction PLC (Orascom or "the Group") began in 1950 as a local contractor based in Upper Egypt and has since grown to become a leading global engineering and construction group with a reputation for excellence across its operational footprint. Its primary operations include infrastructure, industrial and high-end commercial projects. In the MENA region, the Group operates through Orascom Construction; while in the US, the Group operates through its two operational subsidiaries – Contrack Watts and The Weitz Company, which were consolidated under the same management in 2018.

Orascom also owns a 50% stake in the Belgium-based BESIX Group and has investments in infrastructure and concession projects in addition to maintaining a portfolio of subsidiaries and affiliates operating in industries adjacent to construction.

The Group is dual-listed on NASDAQ Dubai and the EGX and as of 31 December 2019 holds a total pro forma backlog of USD 8.1 billion.

65+
Years of contracting experience

60K
Employees

10
Countries where Orascom is currently executing projects

8.1 USD BN
Pro forma backlog as of FY 2019

3.6 USD BN
Pro forma new awards FY 2019

3.2 USD BN
Revenues for FY 2019

Grand Egyptian Museum

NOTE FROM THE CEO

Osama Bishai
Chief Executive Officer

Dear shareholders and partners,

A rapidly changing environment has been taking place during the preparation of our FY 2019 financial results and annual report. While the markets in which we operate are vulnerable to global events related to COVID-19, the safety of our people remains our top priority and we have implemented a proactive plan that is driving us through the upcoming period.

We are communicating closely with our clients and partners to address current events and to mitigate potential challenges ahead. We are also monitoring our subcontractors and supply chain to detect any bottlenecks. Furthermore, we continue to focus on collections and cash flow.

Our solid FY 2019 results provide us with the right platform to address these issues as we build on the operational and financial health of the company.

Operationally, we continue to strive to execute our projects with the highest levels of quality, health, safety and environmental protections in place. Building on our recent success in Egypt, we completed a number of high-profile projects during FY 2019 that further reinforce our ability to deliver complex projects on challenging timelines across several sectors including transportation, water and renewable energy.

In the US we continued to progress on several key projects in existing and new markets such as student housing, senior living and data centers. In addition, we are pleased with the progress on PHX Sky Train® guideway and maintenance facility project at Phoenix International Airport and the new USD 1.5 billion terminal at Kansas City International Airport, illustrating our presence across transportation and airports alongside our usual core segments.

Complementing our achievements in project execution, we successfully grew our backlog 25.8% y-o-y to USD 5.4 billion as of 31 December 2019. Throughout the year, we added a total of USD 3.6 billion of new awards, marking an increase of 51.1% y-o-y and highlighting our success in adding wide-ranging, well-funded projects while maintaining our selective criteria.

In Egypt, we reinforced our leading position across the infrastructure sector by signing new projects in transportation and water including a USD 4.5 billion contract — of which our share is USD 900 million — to design, build, operate and maintain the country's first monorail systems and a USD 750 million contract to build the country's largest water treatment plant. In the US, our efforts to expand our scope in the data center sector have borne fruit, as we signed additional projects in this growing sector along with new projects in the commercial and senior living sectors.

"Building on our recent success in Egypt, we completed a number of high-profile projects during FY 2019 that further reinforce our ability to deliver complex projects on challenging timelines across several sectors including transportation, water and renewable energy."

Abu Rawash Wastewater Treatment Plant

We also completed Ras Ghareb Wind Farm, Egypt's first renewable energy project, 45 days ahead of schedule and have begun selling electricity to the government under a 20-year Power Purchase Agreement. In addition, in 2019, we signed two key O&M contracts in water and power for periods extending five and 20 years, respectively. With these milestones in place, we now have grown our O&M operations to encompass in power, water, wastewater treatment, facilities management and transportation.

We continue to partner with BESIX on exploring construction opportunities in existing and new markets. Including our 50% share in BESIX, our pro forma backlog stood at USD 8.1 billion, marking a 15.4% increase y-o-y.

Financials

Our financial performance in 2019 reflects the execution of our strategy and backlog coupled with strict cashflow and debt management.

Revenues increased 5.7% to USD 3,184.0 million in FY 2019. The Middle East and Africa segment accounted for 69% of total revenues while the US business comprised the balance.

Consolidated EBITDA increased 29.5% to USD 268.2 million in FY 2019, driven by healthy performance in both MEA and the US Similarly, consolidated EBITDA margin increased to 8.4% in FY 2019 from 6.9% in FY 2018.

It is also worth noting that the results in the US include a one-off charge related to a final undisclosed settlement to a subcontractor at the completed Iowa Fertilizer project, the first world-scale nitrogen fertilizer plant to be built in the US in nearly 30 years. All payments have been made and there are no further outstanding obligations related to this dispute or the Iowa Fertilizer project.

Despite lower net income contribution from BESIX in FY 2019, its standalone backlog remains at a robust level of EUR 4.8 billion as of 31 December 2019 and we received total dividends of EUR 20 million during the year.

Operating cash flow generated in FY 2019 increased to USD 319.9 million from an outflow of USD 53.9 million in FY 2018, reflecting the Group's focus collection, cash and debt management. Furthermore, the Group's net cash position stood at USD 279.1 million as of 31 December 2019 compared to USD 27.2 million a year earlier.

Dividend

We have also reiterated our commitment to shareholders and have proposed to distribute a dividend of USD 0.21 per share, marking our third consecutive dividend distribution. While our FY 2019 financial results and current financial position allow us to distribute a higher dividend, we elected to take a more prudent approach given the potential uncertainty related to COVID-19. That said, the Board and management will continue to monitor our cash levels and needs to assess the possibility for a second dividend distribution in 2020.

Looking Ahead

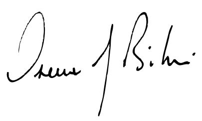
I want to thank all of our employees for their continuous efforts to drive the Company forward. They are the driving force behind our repeated achievements over the years and are the backbone of the Group as we tackle the current uncertain environment we are experiencing globally.

Our operational and financial achievements in FY 2019 reflect the success of our overall strategy to date and provide a solid foundation as we traverse the current environment. We continue to focus on executing our projects with HSE at the forefront while selectively pursuing quality projects across sectors in which we hold a competitive advantage. In addition, we expect our recurring income business to gradually contribute more to our bottom line and cash flows, creating a sustainable segment that complements our existing activities.

In Memory of Khaled Bichara

On behalf of the Board of Directors and employees, we collectively mourn the unexpected passing of Khaled Bichara on 31 January 2020 and offer our deepest condolences to his family, friends and colleagues.

Khaled was an invaluable member of our Board of Directors. He was an advisor and, most of all, a friend. Khaled's impactful contribution will be definitely missed.



Osama Bishai
Chief Executive Officer

HIGHLIGHTS OF 2019

2019 saw Orascom Construction PLC extend its leadership across its core sectors, expand operations geographically by opening new markets in the Middle East and Africa and grow its infrastructure investments and Operation and Maintenance (O&M) business. The Group also further increased its backlog through the addition of sizable projects in both the Middle East and US.

Continued Strength in Egypt

During 2019, OC's growth in Egypt continued on its upward trajectory, with infrastructure projects making up the lion's share of the company's portfolio. It continued to work on numerous water and wastewater projects, while also focusing on transportation and energy projects, in addition to playing an active role in the construction of new cities throughout the country.

Water and Wastewater Projects

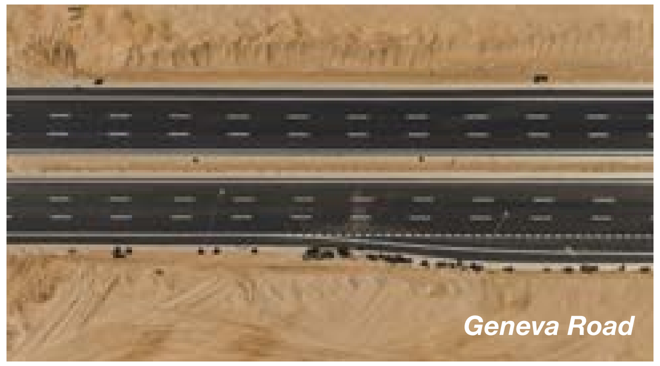
Building on the company's strategy of focusing on vital infrastructure projects, OC's water and wastewater projects were a key driver in 2019 as they were in 2018. The **East Port Said Seawater Desalination Plant**, with a capacity of 150,000 m3 per day extendable to 250,000 m3 per day, is currently under construction and expected to be completed in 1Q20.

OC broke ground on several other water and wastewater projects in 2019, like the **Al Alamein Pumping Station and Force Mains**, consisting of main gravity lines with diameters varying from 1.2 meters to 1.8 meters with a total length of 4.5 km; the **Abu Rawash Wastewater Treatment Plant** with a capacity of 1.6 million m3 per day; the **Al Alamein Wastewater Treatment Plant** with a capacity of 90,000 m3 per day; the **Bahr El Baqr Wastewater Treatment Plant**, the largest wastewater treatment plant in Egypt with a capacity of 5 million m3 per day; and the **Sixth of October City Treated Water Booster and Pipelines** facility.

Energy Projects

Orascom has been in the forefront of developing energy and renewable energy projects. The company successfully completed the 262.5 MW **Ras Ghareb Wind Farm**, the first and largest wind farm of its size in Egypt, 45 days ahead of schedule. The project is developed under a build-own-operate scheme out of which OC owns 20%.

Simultaneously, OC is pressing on with construction of the **Walideya 650 MW Supercritical Power Plant**, scheduled for completion in 3Q20.



Geneva Road

Transportation Projects

Transportation and road projects are among the most important construction ventures due to their impact on improving the quality of life and facilitating the overall growth of the country. In 2019, OC worked on several transportation projects including the first of its kind **monorail**, with two lines one reaching the New Administrative Capital and the other reaching Sixth of October City.

OC constructed highways and internal roads in new cities across the country for a total constructed road length of c. 371 km and successfully delivered the **Suez Canal Submerged Tunnels** in Port Said. Additionally, OC is executing all phases of the **Greater Cairo Metro** currently under construction.

Bahr El Baqr Wastewater Treatment Plant

New Cities

OC is spearheading the country's efforts to branch into new urban communities to keep pace with population growth and shift administrative and government-related bodies from Cairo to ease the capital's density.

OC's joint ventures completed infrastructure works for several new developments in New Cairo, Sixth of October and the New Administrative Capital. The company also undertook several strategically important projects in the New Administrative Capital such as the construction of the **New Cultural Center**, the **Ministry of Defense**, the **New Cabinet** building, **Banque Misr's New Headquarters** and the **Central Bank of Egypt New Headquarters**, in addition to **Al Massah Hotel** in the New Alamein City, the **New Alamein High-Rise Towers** and Phase I of the **New Alamein Old City**.

Regional Expansion

Realizing the opportunity for infrastructure projects in the Middle East and Africa, OC poured even greater focus during the year on these markets, leveraging its strength and competitive advantage as a globally recognized EPC contractor throughout its footprint, particularly in infrastructure projects. OC's efforts don't stop at the EPC stage, as the company can assist in projects' funding, thanks to its experience in raising capital on behalf of clients.

In 2019, the company began construction on the **Jiji and Muluembue Hydropower Plants** in Burundi with a combined capacity of about 51 MW and entered into a consortium with Metito and Mowah for the construction of the **Dammam West Independent Sewage Treatment Plant (ISTP)**.

Growing Investment and O&M Portfolio

Orascom Construction PLC bolstered its investment and O&M portfolio to diversify revenue streams and create long-term shareholder value. In 2019, the Group identified and pursued O&M opportunities in water, wastewater, power, transportation and facilities management with strategic projects like the **Bahr El Baqr Water Treatment Plant** and the **two new monorail lines** in Egypt.

Growth of US Backlog

Following the consolidation of the US business, the company grew its backlog through the addition of projects across the Group's key sectors including data centers, student housing, senior living and commercial structures.

Operationally, Weitz began construction on the new single USD 1.5 billion terminal at **Kansas City International Airport** and on a 72 MW **data center in West Des Moines**, Iowa. It also undertook work on numerous student and senior housing projects such as the **Sagewood Phase 2 Independent Living Building**, **The Standard at Berkeley**, **Heritage at Brentwood** and others.

GROUP OVERVIEW

From 1950 to today, Orascom Construction PLC has grown from a family-owned local contractor to an industry leader with a world-wide footprint.

Assiut (Walideya) Supercritical Power Plant

OUR HISTORY

1950 - 1985

- **1950:** Onsi Sawiris establishes a construction company in Upper Egypt.
- **1976:** Orascom Onsi Sawiris & Co. (OOSC) is founded as a general contractor and trading company.
- **1985:** OOSC establishes its first overseas company, Contrack International LLC (Contrack) in Virginia, US.

1998 - 1999

- **1998:** OOSC is converted from a limited partnership into a joint-stock company and renamed Orascom Construction Industries S.A.E. (OCI S.A.E.).
- **1999:**
  - OCI S.A.E. IPOs on Egyptian Exchange (EGX) at a value of c .USD 600 million and becomes the largest company on the EGX.
  - OCI S.A.E.'s first cement subsidiary, the Egyptian Cement Company (ECC), commences operations with a total annual capacity of 1.5 million tons.

2000 - 2008

- **2002:** OCI S.A.E. announces the 50-05 Action Plan aimed at having 50% of consolidated revenue generated from outside Egypt by 2005.
- **2004:** OCI S.A.E. acquires a 50% shareholding in the BESIX Group, adding significant exposure to the European and Gulf construction markets.
- **2007:** OCI S.A.E. divests its cement group to Lafarge SA at an enterprise value of USD 15 billion.
- **2008:** Proceeds from the cement divestment are allocated to grow OCI S.A.E's fertilizer investments.

2010 - 2015

- **2010:** Founded Orascom Saudi Limited (OSL), targeting infrastructure and industrial projects in the Kingdom of Saudi Arabia.
- **2012:** OCI S.A.E. acquires The Weitz Company (Weitz) and establishes a strong presence in the US construction market.
- **2013:** Watts Constructors, a former Weitz wholly owned subsidiary, is consolidated into Contrack — forming Contrack Watts.
- **2015:** Orascom Construction Limited is demerged from OCI N.V. and dual-listed on NASDAQ Dubai and the EGX.

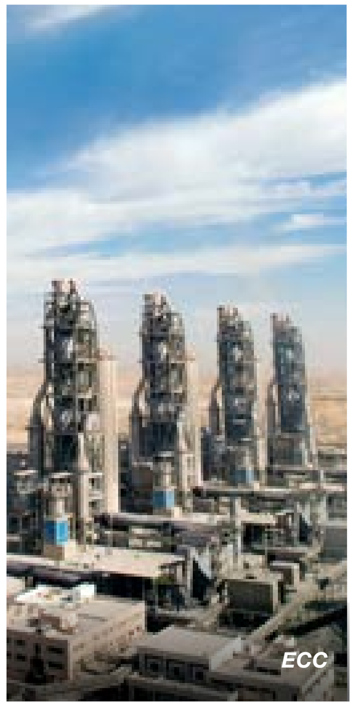
2016 - 2018

- **2016:** The Group sets the global benchmark for fast-tracked execution of power projects.
- **2017:** The Group builds on its strategy of expanding in the concession business and enters into an agreement to develop a 262.5 MW wind farm in Ras Ghareb, Egypt.
- **2018**:
  - Commissioning of the Natgasoline project in Beaumont, Texas, the world's largest methanol production facility on a nameplate capacity basis.
  - Orascom inaugurates ahead of schedule two of the largest power plants in the world, each with a generation capacity of 4,800 MW.

2019

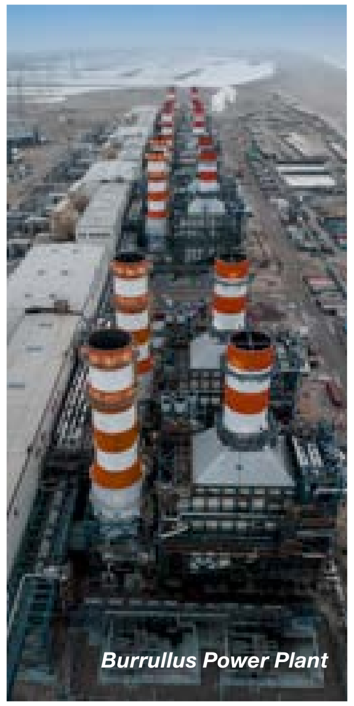
- **2019:**
  - The Group further diversifies its revenue streams by expanding its O&M business, adding three new projects in Egypt, including two water treatment plants and the monorail for the New Administrative Capital.
  - Orascom Construction solidifies its status as a renewable energy leader by completing 45 days ahead of schedule the largest windfarm in Egypt with a 262.5 MW capacity.


Nile City Towers


ECC


EFC


Grand Egyptian Museum


Burrullus Power Plant


Ras Ghareb Wind Farm

OUR STRATEGY

Orascom Construction PLC's strategy is built on four core pillars: strengthening its construction market leadership, leveraging strategic partnerships, growing investments and O&M portfolio and a continuing commitment to excellence, health, safety and the environment as it seeks to deliver shareholder value.

Grow Investments and O&M Portfolio

Orascom Construction PLC will continue to pursue investments in Operation and Maintenance (O&M) projects to further diversify its income streams and create long-term shareholder value. Thanks to the Group's solid track record in O&M investments in several industries such as cement, ports and fertilizers, it has been able to identify and pursue new opportunities in wastewater and wind energy projects alongside rapid expansion in transportation, water and facilities management.

Commitment to Excellence, Health, Safety and the Environment

The Group's strategy is centered on a strong commitment to excellence underscored by an entrepreneurial drive to become the leading private sector contractor. We firmly believe that integrating our commitment to quality, safety, the environment and ethical business practices into every aspect of our business model is key to our success. The Group is also deeply engaged in corporate social responsibility in the areas in which it does business as part of a commitment to leave the communities in which it operates better than when it entered.

Strengthen Construction Market Leadership

Orascom Construction PLC's core strategic plank solidifies its position as an EPC contractor of choice across its existing footprint and new markets. The Group aims to continue pursuing projects in key infrastructure and industrial sectors throughout its core MENA and US markets, where it holds a competitive edge and can capitalize on a track record of securing the necessary financing to ensure that it delivers a broad range of projects on time and to spec. In addition, the Group is increasing investments in untapped markets in the African continent to address their need for infrastructure and industrial projects.

Orascom Construction PLC's focus on the MENA region has proven to be a successful strategy thus far, with the market possessing young and growing populations and a strong need for infrastructure and industrial projects in pursuit of key strategic directives outlined by their respective governments. In the US, the Group's vision of integrating its operations into one organization has already borne fruit, with Orascom Construction PLC increasing its backlog for the year. This focus on these markets will allow the group to pursue a geographical expansion strategy that capitalizes on the proven success across its footprint.

Leverage Strategic Partnerships

The Group continues to develop strategic partnerships with repeat clients and industry leaders to complement and expand current capabilities. Historically, these relationships and joint ventures have allowed the Group to partake in some of the largest construction projects in the MENA region and strengthening relationships with repeat clients has continued to allow the Group to reap in a pipeline of new projects and awards unmatched by others in the industry.

Delivering Shareholder Value
Orascom Construction PLC's adherence to its strategic pillars has enabled the Group to continue delivering shareholder value — a commitment it has followed since inception in the 1950s. Its operational success as a leading private sector contractor and incubator of new businesses is guided by the Group's entrepreneurial drive. Our founding shareholders and current management embody this commitment as they guide the Group into the next phase of its sustainable growth trajectory.

Al Massah Hotel - New Alamein

OUR FOOTPRINT

Orascom Construction PLC, through its two main subsidiaries and 50% stake in the BESIX Group, has one of the world's largest footprints.

Egypt	48.2%
UAE	6.8%
Other MENA	2.7%
Europe	17.6%
USA	14.5%
Australia	5.6%
Africa	4.1%
Other	0.6%
Total	**100.0%**

Orascom Construction	67.0%
BESIX	33.0%
Total	**100.0%**

* This map depicts main countries of operation. Breakdown of backlog figures is based on Orascom Construction PLC's pro forma backlog which includes the Group's 50% stake in BESIX. On the Group's statutory financial statements, BESIX is accounted under the equity method.

OUR BRANDS

OC PLC's construction arm is comprised of two distinct brands each focusing on a geographic market: Orascom Construction operating in the Middle East and Africa and Orascom Construction USA operating in the US market through its two operational subsidiaries – Contrack Watts and The Weitz Company. These companies, along with a 50% stake in the Belgium based BESIX Group, encompass a strong and well diverse expertise in the construction field worldwide.

East Port Said Seawater Desalination Plant

ORASCOM CONSTRUCTION

100% Ownership

Core Markets:
Egypt, Algeria, UAE, Saudi Arabia and Africa

Expertise:
Infrastructure, industrial and high-end commercial projects

ORASCOM CONSTRUCTION | USA — CONTRACK WATTS — WEITZ

100% Ownership

Core Markets:
USA (including the Pacific Rim) and MENA

Expertise:
Infrastructure, including EPC services and facilities maintenance for federal projects, as well as commercial, industrial and plant services projects. Registered in all 50 states and Washington D.C.

BESIX

50% Ownership

Core Markets:
Europe and MENA

Expertise:
Infrastructure, marine and high-end commercial projects

Orascom Construction grew from a family business to a regional heavyweight. It cemented its position as the EPC contractor of choice by undertaking mega infrastructure, industrial and commercial projects in the Middle East and Africa.

Over the course of more than six decades of industry experience, Orascom Construction (OC) has built a reputation for quality work delivered on time and to spec, helping it become the contractor of choice for both public and private sector clients for large-scale infrastructure, industrial and commercial projects in the MENA region. The company follows rigorous international standards, positively impacting its health and safety records.

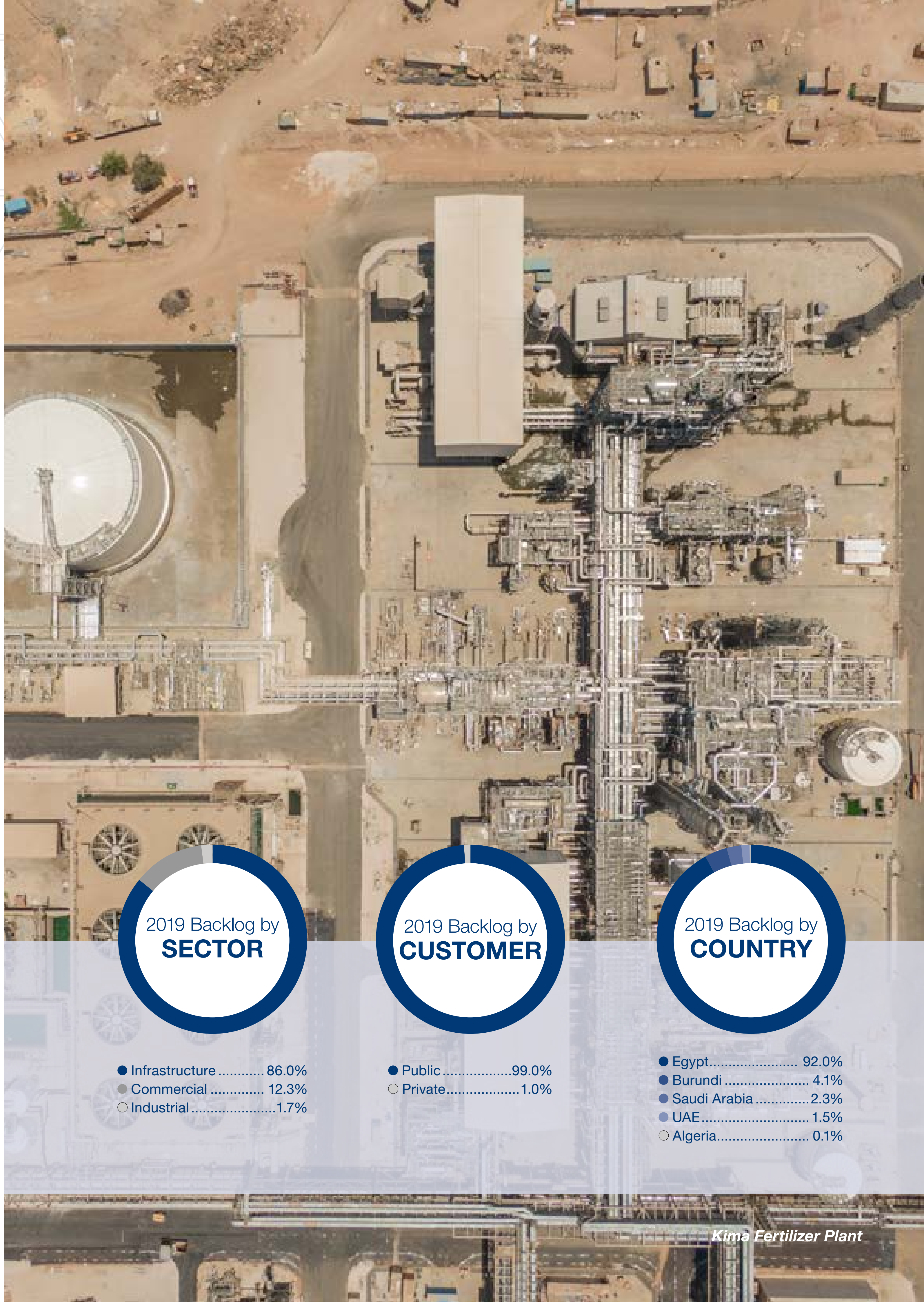
OC's success in infrastructure and industrial projects in Egypt, Africa and the GCC, has propelled it into the company of choice for largescale developments in the region, with projects spanning Saudi Arabia to Algeria and all the way to Burundi. Recently in Egypt, OC delivered, ahead of schedule, the 262.5 MW Ras Ghareb Wind Farm, the first renewable energy project of its kind and size in Egypt; executed several phases of Cairo's Metro Line III; signed the agreement to design and build two new monorail lines; and contributed heavily the country's road development program.

In 2019, OC expanded its scope to include several Operation and Maintenance (O&M) endeavors in addition to EPC ones such as **Egypt's two new monorail lines**, the **Abu Rawash Wastewater Treatment Plant** and the **Bahr El Baqr Wastewater Treatment Plant**. This addition to the company's scope will ensure that these projects, once completed, will be effectively operated and maintained to remain an asset for generations to come.

The year also saw the company maintain a laser-sharp focus on water projects, the **East Port Said Seawater Desalination Plant** is scheduled for completion in 1Q20. A 50:50 joint venture between Orascom Construction and the Arab Contractors took on the EPC works on the **Bahr El Baqr Wastewater Treatment Plant**, the largest wastewater treatment plant in Egypt with a capacity of 5 million m3 per day as well as the **Al Alamein Wastewater Treatment Plant**.

Regionally, OC is also working on several infrastructure projects, including the **Fujairah International Airport and Expo 2020 in the UAE**, the **Jiji and Muluembue Hydropower Plants** in Burundi, in addition to being recently awarded the **Dammam West Sewage Treatment Plant** in Saudi Arabia.

4,207	53K	100%	0.01
FY 2019 Backlog (USD MN)	Employees	Ownership	LTIR



Kima Fertilizer Plant

ORASCOM CONSTRUCTION | USA

By integrating the capabilities and recognition of The Weitz Company and Contrack Watts, Orascom Construction USA experienced a successful first full year under the new consolidated structure.

The integration process of the US operations included all Corporate Services Group functions such as Communications, Finance, Human Resources, IT, Legal, Payroll, Risk Management and Safety, all of which are now centralized at the Des Moines, Iowa headquarters. Business development efforts were structured to be more collaborative, with multiple federal and mission-critical pursuits receiving support from employees working within each US entity.

Another significant step that maximized efficiency and profitability within Orascom Construction USA was the creation of the Operations Leadership Group. OLG is tasked with ensuring project teams are engaged and that they manage their work with consistency and accountability to deliver exceptional performance and quality. The group is championed by operational and preconstruction leaders across the commercial, industrial and federal business lines.

Several key projects started and progressed in 2019, including two highly visible aviation projects in the US. The most noteworthy was breaking ground on the new single terminal at **Kansas City International Airport** where the Weitz Company was part of the joint venture and design-build construction team tasked with delivering the project. The Weitz Company also worked on **Phase II of PHX Sky Train®** in partnership with Bombardier to extend the current guideway system at Phoenix Sky Harbor International Airport.

Work also continued at two **data center projects** — one in Iowa and the other in Arizona — that will be completed in 2020. Totaling more than 110 MW combined, the scope for both data centers includes power distribution centers, building shells for the colocations and all associated civil, mechanical, electrical, telecom and security work.

1,237	2,067	100%	0.07
FY 2019 Backlog (USD MN)	Employees	Ownership	LTIR

Iowa Data Center, USA

The BESIX Group is a leading Belgian contractor based in Brussels, with operations covering a wide spectrum of construction, property development and concessions markets across Europe, the Middle East and Australia.

Since its founding in 1909, BESIX has grown to become a leading contractor with projects in over 20 countries and a diverse experience covering high-end commercial infrastructures, marine structures, environmental works, sports and leisure facilities and industrial projects. BESIX is also an active real estate developer in Western Europe and manages concessions through public-private partnerships in Europe and in the Middle East.

In early 2019, BESIX finalized the acquisition of the Australian construction company Watpac Ltd, cementing its position in the Australian market. In line with the company's strategy of geographical expansion and taking on vital projects, it broke ground on several projects throughout the year including the **Uptown Tower** in Dubai and the **Belgian and French Pavilions in the 2020 Dubai Expo** in the UAE. Additionally, the company continued the construction of the **Crown Princess Mary Bridge in Denmark**, the **Ferrero Headquarters in Luxembourg** and the **North Queensland Stadium in Australia**. Since the acquisition, Orascom has continued to collaborate with BESIX to capitalize on synergies inherent in their respective business model, with 2019 seeing the companies press on with construction on the world's largest archaeological museum, the **Grand Egyptian Museum**.

4,794	13,351	50%	0.5
FY 2019 Backlog (EUR MN)	Employees	Ownership	LTIR

Duqm Marine Works, Oman

CONSTRUCTION MATERIALS AND INVESTMENTS

Orascom Construction PLC holds a portfolio of construction materials and investment companies that complement the Group's core activities, including manufacturers of fabricated steel products, glass curtain walling, paints and concrete pipes as well as an industrial free zone and two facility management companies.

Orascom Construction PLC's Construction Materials and Investment Portfolio

Company	Ownership %	Employees	2019 Revenues (USD mn)
National Steel Fabrication	100%	1,483	41.69
Alico Egypt	100%	778	32.72
United Paints and Chemicals	56.6%	180	9.42
United Holding Company	56.5%	484	127.50
National Pipe Company	40%	749	21.67
SCIB Chemical	14.7%	611	54.50
Contrack FM	100%	3,515	22.20
Suez Industrial Development Company	60.5%	150	11.02
Orasqualia	50%	71	11.90
Ras Ghareb Wind Energy	20%	25	7.85

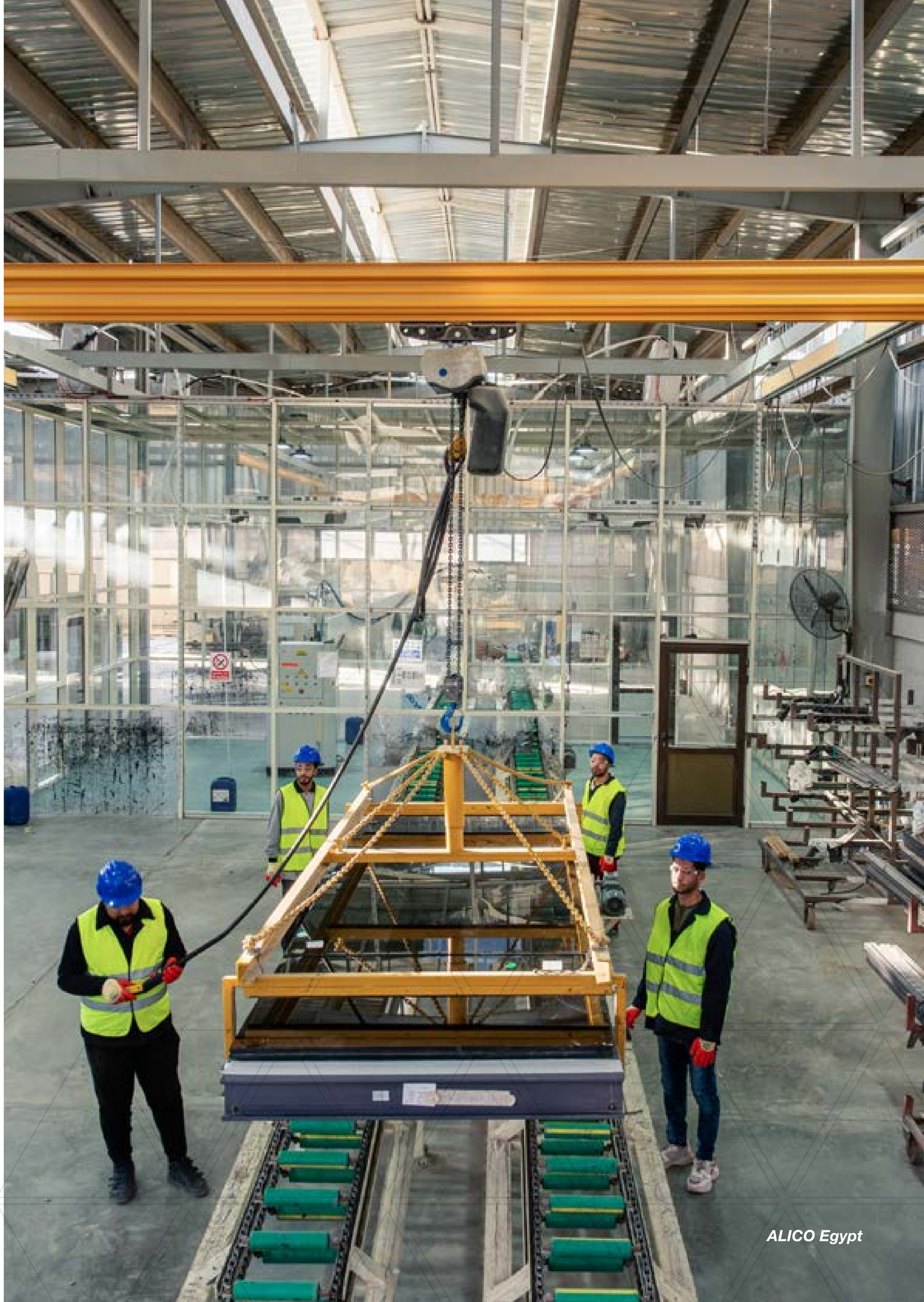
Construction Materials Portfolio

National Steel Fabrication

Headquartered in Cairo, Egypt, National Steel Fabrication (NSF) is a leader in the highly diversified field of steel fabrication and erection. This wholly owned subsidiary of Orascom Construction PLC provides services to multiple industries, including power and energy generation, oil and gas, industrial and bridges and heavy steel work sectors in Africa, Asia and Europe. The company's highly complex product range include steel structures, steel collector elements, plate work, pressure vessels, boilers, heat recovery steam generators, heat exchangers, piping, tanks and packaged skids. Since its establishment in 1995, NSF has developed a reputation for delivering outstanding quality that meets international standards across all its products and services. NSF owns and operates four major facilities in Egypt and Algeria with a total combined production capacity of 120,000 tons annually.

Alico Egypt

Founded in 2000 as an Orascom Construction subsidiary, Alico Egypt has become one of the leading companies in



ALICO Egypt

Egypt and the Middle East in manufacturing and installing glass and aluminum façades and architectural metal work for building projects. Its leadership position is underpinned by pioneering solutions that ensure the delivery of high-quality products on schedule and within budget.

The company's product range includes aluminum doors, windows to stick, unitized curtain walls, skylights, handrails, standing seam roofs, laminated stone products and architectural metal work such as aluminum, stainless steel, expanded metal mesh and perforated metal cladding. It also provides complete façade technical solutions and support during pretender and design phases.

Alico has partnered with leading global façade system suppliers like **SCHUCO International-Germany** and **Wicona-Hydro Group**.

Alico's Ain Sokhna plant is outfitted with top-of-the line production and fabrication facilities that produce all types of façade work. The 60,000 m2 plant, located in the New Suez Industrial Area, is equipped to produce some of the finest raw materials as a result of the facility's unmatched quality control standards.

United Paints and Chemicals (UPC)

UPC owns and operates the **DryMix factory** located in Sixth of October City, Egypt. Established in 2000, DryMix is the largest manufacturer of cement-based, ready-mixed mortars in powdered form. Core products include mortars for plaster and skim coats, putty for smoothing cementitious substrates, decorative façade renders, tile adhesives for internal and external use, colored tile grout, sealing slurries and a flooring range. The plant has a production capacity of 240,000 metric tons and c. 90,000 colors and its products are widely used in Egypt and North Africa's construction industry.

United Holding Company (UHC)

UHC maintains a 50% stake in a conglomerate of companies manufacturing premium and diversified building materials and construction chemicals and specializing in contracting services, including **BASF Construction Chemicals Egypt (BASF)**, **Egyptian Gypsum Company (EGC)** and **A-Build Egypt (A-Build)**, all of which were established in 2000. Operating through four plants in Egypt and one in Algeria, UHC's subsidiaries cater to Egyptian and North African markets.

BASF is one of the largest producers of specialty chemicals in the Egyptian and Algerian markets, namely admixtures and construction products. The company operates two production facilities, one in Sadat City, Egypt with a production capacity of 100,000 metric tons per shift, while the second facility in Baby Aly, Algeria has a production capacity of 20,000 metric tons per shift. The Egyptian and Algerian facilities were established in 2000 and 2006, respectively. Meanwhile, UHC subsidiary EGC is the largest producer of gypsum and its derivatives in the Egyptian market, with three facilities in Sadat City, Amereya and Ballah. The company produces over 430,000 metric tons per year and holds concessions for reserves of 150 million tons. Finally, A-Build is a market-leading specialized contractor in Egypt operating in the construction protection and repair fields. A-Build's lies in several domains, including waterproofing, lining and geomembranes, thermal insulation, concrete repair, injection and fire proofing, industrial coatings and joints sealants.

National Pipe Company (NPC)

NPC was founded in 1993 as an Egyptian manufacturer of precast concrete pipes and pre-stressed concrete primarily for infrastructure projects. Today, the company operates two plants in Egypt with a combined annual production capacity of 86 kilometers of concrete piping that range from 700 to 3,000 millimeters; its products are distributed to clients in Egypt and North Africa.

SCIB Chemical

Since 1981, SCIB has manufactured high quality decorative paints and industrial coatings for the construction industry. The company's two plants located in Egypt have a combined production capacity of 130,000 kiloliters of paint per year. SCIB serves clients in Egypt and North Africa.

Saint-Goban Gyproc (UHC subsidiary), Egypt

Investment Portfolio

Contrack FM

Contrack Facilities Management S.A.E. (Contrack FM) is an integrated services company managing and operating high-value and technologically advanced fixed physical assets thanks to the extensive expertise and knowledge of its 4,000 employees.

Founded in 2004, ContrackFM was created around what is arguably the most exclusive commercial address in Cairo, the 32-story Nile City Towers building on Corniche El Nil, Ramlat Boulak. The company has been delivering first-class services daily since inception, including building maintenance, fit-outs, cleaning and soft janitorial services to the luxurious twin towers.

As a result of ContrackFM's services, Nile City Towers have been maintained in excellent condition and created added value for clients, allowing them to lease the space at prime rents to international organizations like the European Union.

The company currently commands the largest market share in the facilities management industry in Egypt with an impressive client portfolio covering most commercial property types including local and multinational corporation, banks, hospitals, commercial real estate, as well as prominent business parks, namely Smart Village in Abu Rawash. It also boasts long-term partners such as Children's Cancer Hospital, Cairo Festival City Mall, Credit Agricole, the Central Bank of Egypt, Alshaya Group and Dar El Handasa.

Suez Industrial Development Company (SIDC)

Since 1998, SIDC has been a developer, operator and utility facilitator of an 8.75 million sqm industrial park in Ain Sokhna on Egypt's Red Sea Coast. SIDC develops industrial land and provides utility services for light, medium and heavy industrial users in Ain Sokhna. The utilities network of SIDC's industrial park provides a wide range of products and services including power, water, firefighting, sewage treatment and telecommunications connections. Other services include flood control protection, solid waste disposal and access to roads and railways.

Orasqualia

Established in 2009, Orasqualia was founded by Orascom and FCC Aqualia to execute the first PPP project in Egypt. Orasqualia was awarded the concession for the construction and operation of the New Cairo Wastewater Treatment Plant with a capacity to pump 250,000 cubic meters per day and serve 1 million people. This award established a blueprint for Egypt's PPP legislation and was named 'Water Deal of the Year' by Global Water Intelligence and 'PPP African Deal of the Year' by Euromoney and Project Finance Magazine in 2010. Construction works were successfully completed in 2013 and operation and maintenance works began in 2014.

Ras Ghareb Wind Energy

OC has successfully delivered the 262.5 MW build-own-operate (BOO) wind farm in Ras Ghareb, Egypt along with French and Japanese partners 45 days ahead of schedule. The consortium will operate and maintain the wind farm under a 20-year power purchase agreement (PPA). The project is Egypt's first renewable energy project of its type and scale.

Contrack FM

OPERATIONAL REVIEW

Throughout 2019, Orascom Construction PLC cemented its position as a leading global construction group concentrating on infrastructure projects worldwide and a driving force behind the development of Egypt's new cities and mega national projects.

New Opera - New Administrative Capital

MENA

Orascom Construction – Infrastructure


Abu Rawash Wastewater Treatment Plant


East Port Said Seawater Desalination Plant

Water Infrastructure in Egypt

During 2019, Orascom Construction continued to focus on developing Egypt's water infrastructure assets to guarantee the availability of clean drinking water to its millions of citizens. It also prioritized expanding its wastewater treatment capabilities, with this year seeing a significant uptick in wastewater treatment project awards. OC's existing water-related projects saw tangible progress and OC branched out into the Operation and Maintenance side of the business to ensure water plants continue being an asset for generations to come.

Orascom Construction entered into a 50:50 consortium with Metito to build and later operate and maintain for one year the **East Port Said Seawater Desalination Plant**, which has a capacity of 150,000 m3 per day (extendable to 250,000 m3 per day). Work on this turnkey project started in 2Q17 and is due for completion in 1Q20.

A 50:50 joint venture between Orascom Construction and Metito was formed in January 2019 to complete the **Al Alamein Pumping Station and Force Mains**. The scope of work consisted of constructing the main gravity lines, which had diameters varying from 1.2 meters to 1.8 meters with a total length of 4.5 km, the main pumping station, as well as a force main with a diameter of 1.0 meter and a total length of 11.5 km. The project is scheduled to be completed by 4Q20.

In the past few years, OC and Aqualia have formed several partnerships. In 2Q18, the companies formed a 50:50 joint venture to undertake the engineering, procurement and construction (EPC) works of the **Abu Rawash Wastewater Treatment Plant** with a capacity of 1.6 million m3 per day. The joint venture will also operate and maintain the plant for three years. The plant is scheduled for completion in 2Q21 when it is slated to begin serving six million people. While in 1Q19, the joint venture was awarded the EPC works of the **Al Alamein Wastewater Treatment Plant** with a capacity of 90,000 m3 per day. The project is scheduled to be completed in 4Q21.

A 50:50 joint venture between Orascom Construction and the Arab Contractors signed in 2Q19 an EPC contract to build the **Bahr El Baqr Wastewater Treatment Plant**, the largest wastewater treatment plant in Egypt with a capacity of 5 million m3 per day. The plant will treat water for irrigation purposes. In addition to the EPC works, the joint venture will also operate and maintain the plant for five years.

In August 2019, Orascom Construction and Hassan Allam entered into a 50:50 consortium to complete the **Sixth of October City Treated Water Booster and Pipelines** facility. OC's scope includes the installation of pipelines, which range in diameter from 800 mm to 1,500 mm. Works on the project are scheduled for completion in 3Q20.

Water Infrastructure in Saudi Arabia

In 1Q19, a consortium between Orascom Construction, Metito and Mowah signed a Sewage Treatment Agreement (STA) with the Water and Electricity Company (WEC) for the **Dammam West Independent Sewage Treatment Plant** (ISTP) in Saudi Arabia. Financial closure is expected in 1Q20, with construction work to start immediately after. The project, which was signed on a Build-Own-Operate-Transfer (BOOT) basis, will have an initial capacity of 200,000 m3/day, expandable to 350,000 m3/day. Orascom Construction will take the lead on the engineering, procurement and construction of the project.

Ras Ghareb Wind Farm

Power Generation in Egypt

In line with Orascom Construction's efforts to play an active role in developing renewable energy projects in Egypt, it delivered in 4Q19 the first renewable energy project of its kind and size in Egypt — the **Ras Ghareb Wind Farm** with a capacity of 262.5 MW. Completed ahead of schedule, OC was the contractor responsible for engineering, procurement, construction, completion, testing and commissioning of the BOO wind farm and the substation that connects it to the national grid.

Meanwhile, the **Walideya 650 MW Supercritical Power Plant** is still undergoing construction. The company is undertaking all civil, architectural, electrical and mechanical work. The project began in 2017 and is scheduled to be completed by 3Q20.

Power Generation in Africa

Orascom Construction began constructing the **Jiji and Muluembue Hydropower Plants** in Burundi with a combined capacity of about 51 MW. The scope includes earthworks, civil works such as river diversion, dam intake, sandtrap and purge channel, as well as tunneling, pipelines, six turbines, generators, transformers, switchgears, road works and the operation city. The project is scheduled to be completed by 2023.

Infrastructure and Utilities in Egypt

Egypt continues to expand new urban communities to both keep pace with population growth and shift administrative and government-related bodies from Cairo to disperse the growing urban population. Orascom Construction has once again played an active role in the construction of these new cities through infrastructure projects that support their completion.

Orascom Construction's joint venture with Hassan Allam completed infrastructure work of the **Beit El Watan** projects in Sixth of October in 2019, with the New Cairo projects due for completion in 1Q20. Works on both projects include earthwork, extending sewage, water and electrical networks for a total of 2,485 acres.

Another joint venture with Hassan Allam was established to complete infrastructure of the **Residential Districts R3**, **Mostakbal Residential Districts and Academic Area** in Egypt's in New Administrative Capital, this project includes earthwork and extending sewage, water, irrigation and electrical networks for a total area of 751,451.27 m2. The project is on schedule and will be completed in 2020.

New Capital Power Plant

Egypt Monorails

In August 2019, Bombardier Transportation, Orascom Construction and the Arab Contractors signed an agreement with the National Authority for Tunnels to design and build **two new monorail lines in Egypt**. The contract includes EPC works for both lines and once completed the consortium will undertake their Operation and Maintenance (O&M) for 30 years. The first monorail line will extend 54 km from East Cairo to the New Administrative Capital with 22 stations and a depot. The second line will be around 42 km in length connecting the Giza Governorate to Sixth of October City with 12 stations and a depot, making the project the first public transport facility to connect the New Administrative Capital with Sixth of October City.

Roads in Egypt

Orascom Construction is an integral player in Egypt's road development program. During 2019, it constructed internal roads in new cities in addition to highways all over the country linking governorates together for a total constructed road length of c. 371 km.

Orascom Construction is executing three internal roads in the New Administrative Capital with a total length of 167 km. The company is currently working on the construction of roads in **Al Kayan Project** consisting of internal roads and roundabouts with widths ranging between meters to 16 meters, the project is slated for completion in 2Q20. In addition, the roads on **Phases I and II of the New Administrative Capital City** are under construction, including the six-lane main roads and three-lane service roads with a combined length of 81 km in both directions, the project will be completed in 4Q20.

Orascom Construction completed three roads linking Greater Cairo with Port Said with a total length of 37.5 km. It successfully delivered Phases I and II of the **30 June Axis** with a combined length of 32.5 km divided into six lanes in both directions and completed construction of the **3 July Axis** with a length of 5 km divided into three lanes in both directions. The construction of the **Sharq El Tafria Roads** is still ongoing, the project is located in the industrial zone of East Port Said with a combined length of 53 km and will be completed in 2Q20 and construction of the **Geneva Road** linking Suez and Ismailia Governorates with a total length of 24 km divided into three lanes in both directions.

Construction work on the **Nakhl El Nakab Road** in Sinai is undergoing. The 30 km road is divided into three lanes in both directions. The project is scheduled to be completed in 2Q20.

OC was recently awarded the **Maadi Fayoum Road** as part of the Middle Ring Road with a length of seven km and five lanes.

30 June Axis

Suez Canal Submerged Tunnels in Port Said

During 2019, the joint venture between Orascom Construction and Arab Contractors successfully delivered the **Suez Canal Submerged Tunnels in Port Said** as part of the Canal Region development plan. The tunnels' external diameters are 12.60 meters with a length of 3.90 km for each tunnel. This project links Sinai with other regions of Egypt, creating new opportunities for the development of Sinai and the Suez Canal zone.

Greater Cairo Metro Line III in Egypt

As part of the French Egyptian Consortium, Orascom Construction is executing several phases of the **Greater Cairo Metro Line III in Egypt**. Orascom Construction's scope covers civil and electromechanical work for **Phase 3**, which consists of 15 stations for a total length of c 18 km and includes eight underground stations, five elevated stations and two atgrade stations in addition to annex structures, a stabling area and light repair workshop. The project began in 2016 and is expected to be completed in 2023. By the end of 2019, Orascom Construction had successfully concluded 5 km of track works on **Phase 4A**, the scope of which is to extend Line III to incorporate five underground stations.

Additionally, Orascom Construction's joint venture with the Arab Contractors is progressing on schedule with the execution of civil, architectural, electromechanical and power supply work for **Phase 4B** with an approximate length of eight km. This phase starts from Hesham Barakat station on a viaduct (about 6.4 km long) along Gesr El Suez street up to the intermodal station Adly Mansour with five elevated stations and the workshop (the depot) near Adly Mansour station covering an area of about 275,000 m2.

Dubai Expo 2020 – UAE

In a 50:50 joint venture with BESIX, Orascom Construction is progressing on the roads and utility infrastructure for the **Expo 2020 Project in Dubai**. These include the construction of a road network, stormwater drainage, street lighting, traffic control and potable water systems, a sewerage network, main irrigation, firefighting facilities, electrical power, telecommunications, security ducts, a gas network, as well as the relocation of existing utilities. Awarded end of 2016, the project is expected be completed by 1Q20.

Airports in the UAE

Orascom Construction entered in 2018 a joint venture to undertake a project at the **Fujairah International Airport** consisting of the construction of a new runway, an extension of the old runway, taxiways, a new air traffic control tower, in addition to related buildings and infrastructure work. The project will be completed by 2021.

Orascom Construction – Industrial

KIMA Fertilizer Plant - Egypt

In 3Q19, Orascom Construction delivered on schedule the KIMA Fertilizer Plant in Aswan, Egypt. As a subcontractor, our scope included obtaining the licenses, design, engineering, procurement of equipment and materials, civil construction, erection, start-up, performance tests and training for a 1.20 SCM/day feed gas to the plant.

Network Node 1 (NN1) Data Center Project - Egypt

Orascom Construction and Shaker Group are collaborating in the construction of the Network Node 1 (NN1) Data Center Project in the New Administrative Capital. The project spans a total land area of 47,476 m2 and has a total built-up area of 38,043 m2. The scope includes civil, architectural, mechanical and electrical work, as well as the concrete skeleton, finishing activities and plastering preparation. The project will be completed on schedule by 3Q20.

El Beida Cement Plant in Algeria

In 1Q19, Orascom Construction successfully completed the construction and erection of El Beida Cement Plant with a capacity of 6,000 tons of clinker per day. The scope of work included earthwork, civil work, steel structure and plate work supply, steel structure erection and mechanical and electrical equipment erection.

Orascom Construction – Commercial

Grand Egyptian Museum in Egypt

In a joint venture with BESIX, Orascom Construction continues to make progress on the landmark Grand Egyptian Museum. The total land area of the project is around 491,400 m2, with a total built-up area of 167,000 m2 divided into three basic categories: exhibition galleries, conference center and landscaping and commercial retail areas and restaurants. Once inaugurated, it will be the largest archaeological museum in the world.

New Administrative Capital in Egypt

The New Administrative Capital is a massive national project of great importance and OC is at the forefront of the construction, with the company undertaking several strategically important projects to see through its completion.

Orascom Construction was awarded two contracts to construct the **Mansoura Compound Packages 6 and 7** in the New Administrative Capital with a total built-up area of 370,800 m2 and 660,870 m2 respectively. The project, that started in 2017, is scheduled to be completed by 2021.

Orascom Construction is also developing the **R5 Project** located in the New Administrative Capital. The apartment buildings project with a total built-up area of 1,204,285 m2. The project was awarded to OC in 3Q18 and will be completed as scheduled in 4Q21.

Orascom Construction is the main contractor of the **New Cultural Center**, a turnkey project with a total footprint area of 537,000 m2. The project consists of an Opera House, an Arts City, studios for sculpture and dancing, a cinema, an oud house and open theaters and external areas and utilities with a total area of 464,565 m2.

For the Egyptian Government, OC is constructing two new ministry buildings. It continues its work on the **Ministry of Defense,** which consists of two fully finished buildings with octagonal shapes with a total built-up area of 520,000 m2. The buildings are linked with bridges in each floor and are connected by service and escape tunnels with a total length of about 14 km. The scope also includes electromechanical work for two substations serving the buildings, as well as structural work for five substations and district cooling plants serving the buildings and connected with the tunnels.

New Cabinet Building - New Administrative Capital

Work on the **New Cabinet** building is undergoing. This is a turnkey project with a total built-up area of 84,000 m2. The project also includes soft scape, hardscape and the main fountain.

In 2Q19, Orascom Construction was awarded two contracts to build bank headquarters in the New Administrative Capital. OC started working on the core and shell of **Banque Misr's New Headquarters** with a total footprint area of 11,250 m2.

Concurrently, OC began work on the **Central Bank of Egypt New Headquarters**, a turnkey project with a total footprint area of 27,400 m2. The building contains a museum of coins, meeting rooms, offices, a bank governor office, a VIP restaurant, a medical center and a gym.

New Alamein Towers

New Alamein in Egypt

In October 2017, Orascom Construction started working on **Al Massah Hotel** in the New Alamein City with a total built-up area of 276,300 m2. The project is scheduled to be completed in 4Q20. The scope includes civil, finishes, elevations and electromechanical work for six towers with two upper linking caps; three towers hotel and three towers hotel apartments, a three-star hotel, a mosque, a shopping mall, utility and service buildings, an external fence, roads, hardscape, soft scape and water features.

OC is currently working on the New **Alamein High-Rise Towers at LD-01**. The scope includes excavation, backfilling, foundation, insulation and concrete structure. The project is divided into four towers and a podium with a total built-up area of 320,649 m2. The project started in 1Q18 and is scheduled for completion in 2Q20.

OC is also carrying on with the construction work on **Phase I of the New Alamein Old City**. The project's scope includes excavation, backfilling, insulation, foundation and the skeleton for buildings with a total built-up area of 140,112 m2 as well as external work, in addition to excavation and backfilling work for the landscape and roads. The buildings consist of a cinema complex, C&M buildings, a library, a church, a city hall, a museum, luxury apartments, an exhibition hall, a Roman theater, an Opera, a talents development building, a left chiller and two substations.

Contrack Watts – Infrastructure

P-970 Ship Maintenance Support Facility, NSA, Bahrain

This design-build facility was successfully handed over four weeks ahead of schedule in 2Q19. The project scope covered the design and construction of a dedicated and efficiently configured joint Littoral Combat Ship (LCS) and Forward Deployed Regional Maintenance Center (FDRMC) waterfront facility. The new facility has adequate staging and laydown area to provide sea-frame maintenance, mission module sustainment and exchange, Littoral Combat Ship (LCS) Squadron detachment command and control and support for forward deployed LCS missions. In addition, this facility will support maintenance and repair to combatant and patrol craft and permanent intermediate level maintenance to service and maintain homeport vessels, including forward deployed naval forces ships, deployed vessels operating out of Bahrain and deployed ships that use NSA Bahrain for maintenance and logistics. The project achieved over one million man-hours with zero lost time injuries – a safety achievement later acknowledged by the US Army Corps of Engineers in its final Contractor Performance Assessment Report (CPARS).

Repair to Quay Wall, NSA, Bahrain

Work was completed on Quay Wall in 2Q19 following the construction and repair of 1,000 LM of quay wall at NSA2 Mina Salman seaside. The work included deconstruction, demolition and reconstruction of the concrete cap, asphalt and concrete pavement, cathodic protection, high mast flood lights and fire protection elements. The construction work was divided into seven phases (five phases under US and two phases under U.K.). Each completed phase had its own Beneficial Occupancy Date with a final BOD at the completion of the entire scope.

P-955 P-8A Tension Fabric Hangar, Isa Airbase, Bahrain

Working in partnership with the USACE Bahrain Resident Office, this design-build project was delivered in 2Q19. The completion of the tension fabric hangar provides the US Navy a sheltered space with maintenance support spaces serving the hangar. This building houses support facilities, including maintenance, administration offices and supply and equipment storage.

Contrack Watts – Commercial

P-990 Medical Dental Clinic Replacement, NSA, Bahrain

This design-build facility was awarded in 2Q19 to construct a 56,859-square-foot, two-story replacement medical and dental clinic. The clinic building includes outpatient primary and selected specialty care clinics, ancillary departments, medical logistics, dental services and administrative spaces. The supporting facilities include utilities to support the facilities and other ancillary site improvements to include the relocation of the military working dog training area.

The dog training facility was handed over to the government in April 2018. The entire project was completed 4Q19.

UNITED STATES

Contrack Watts – Infrastructure

Repair Dry Dock 2 Portal Crane Rail, Electrical Duct Banks and Manholes, Washington

The design-bid-build project consists of upgrades to the electrical and steam systems surrounding Dry Dock 2 at NBK Bremerton. This entails demolition of existing structures, substations, utilities and paving and the installation of concrete utility trench, duct banks, repair of nuclear rated crane rail foundations and rails, installation of new electrical conduits, feeders, manholes, substations and installation of a new 15KV service loop for the 10 new substations third-party commissioning of new equipment. The Beneficial Occupancy Date was achieved on the west side of DD2 (50% of the project) in June 2019. The east side of the project is scheduled to be completed in 3Q20.

Mooring A, Mission Restoration, B721, PSNS and IMF, Washington

Work is 89% complete on this design-bid-build project that consists of repairs to deteriorated structural components, including sheet pile, concrete spalling, cofferdams and mooring on Mooring A. Mechanical repair includes the compressed air system while the electrical repair includes cathodic protection, electrical distribution, fire alarm, communications and lighting systems.

Contrack Watts – Commercial

Joint Traffic Management Center, Honolulu, Hawaii

The construction of this three-story, 56,000-square-foot traffic operations and administrative facility in Honolulu, Hawaii, was turned over in January 2020. Multiple government agencies will occupy the building, including five departments from the City and County of Honolulu (transportation services, police, fire, emergency services and Honolulu Authority for Rapid Transportation) and the Hawaii Department of Transportation. Constructed on a very congested site in downtown Honolulu, the Joint Traffic Management Center incorporates significant data and telecommunications systems necessary for the smooth control and flow of traffic management and public safety systems. It provides a secure, protected, comfortable, collaborative and enabling environment to improve and enhance the core functions of traffic management and Public Safety Answering Point personnel on the island of Oahu.

HNL Consolidated Car Rental Facility (CONRAC), Honolulu, Hawaii

The new Consolidated Rental Car Facility (CONRAC) at Daniel K. Inouye International Airport (HNL) in Honolulu, Hawaii, will significantly increase efficiency and security to better serve rental car companies and their customers. To construct the 1.8-million-square-foot facility, the existing car rental buildings were demolished to make way for the five-level, cast-in-place concrete structure that will provide vehicular parking areas, rental agency areas, office spaces, car wash equipment and commercial fueling stations. In total, the CONRAC will include 2,250 parking stalls. The facility incorporates the only multi-story fueling system in Hawaii, a total of 20 escalators in the complex and a 35,000-square-foot customer service building on the second level. The entire project, which is aiming for LEED Silver certification, is estimated for completion in spring 2022.

The Weitz Company – Infrastructure

Kansas City International Airport, Kansas City, Missouri

Construction started in 1Q19 on the new single terminal at Kansas City International Airport in Kansas City, Missouri The airport's existing Terminal A was demolished in July 2019 and deep foundations works started in 4Q19. Scheduled for completion in early 2023, the new airport will open with 39 gates on two concourses with the ability to expand up to 50 gates in the future. Additional project scope includes a 6,300-space parking structure, 15,000-square-foot central utility plant and landside and airside improvements. At just over one million square feet, the new airport is the largest, single infrastructure project in Kansas City's history.

The Weitz Company is part of a design-build joint venture team with Clark Construction and Clarkson Construction to deliver the new terminal that will be built in the footprint of Terminal A to replace the aging B and C terminals, which were built in 1972.

PHX Sky Train Phase II, Phoenix, Arizona

Construction activities advanced in 2019 on Phase II of the PHX Sky Train® guideway and maintenance facility at Phoenix Sky Harbor International Airport. The expanded maintenance and operations facility will be completed in 2020. The 32,545-square-foot addition will accommodate 24 new rail cars. Work on the 2.5-mile extension of the current guideway will be completed in 2022. Two new stations will be added to the railway in order to connect the fully automated, electric, pinched loop, train system from Terminal 3 to the airport's Rental Car Center.

The Weitz Company – Commercial

Coral Gables Public Safety Building, Coral Gables, Florida

Construction is progressing on the new public safety building for the City of Coral Gables. The five-story, 120,000-square-foot building will function as the headquarters for the City's police department, fire department and Emergency Operations Center (EOC). It will house a 911 call center and first responders' dispatch center; EOC command and operations; Fire Station 1; and the city's human resources, information technology and labor relations departments. Scheduled for completion in fall of 2020, the project includes an adjoining parking garage that will measure 70,000 square feet and provide secure parking for 163 vehicles.

Sagewood Phase 2 Independent Living Building, Phoenix, Arizona

Work on a new 280,000-square-foot expansion project at Sagewood, a resort-style senior living community in northeast Phoenix, started in 1Q19. This new phase of construction, which is the 14th project Weitz has built at Sagewood since originally constructing the 85-acre Life Plan Community, is the largest addition to the campus since it opened in 2010. The project scope includes a four-story building that will have 101 units and 23,000 square feet of common spaces constructed above an underground, 156-stall parking garage. The new independent living wing will tie in to Sagewood's existing main entry and lobby. Final completion is expected at the end of 2020.

Sammons Financial Group Corporate Headquarters, West Des Moines, Iowa

A new corporate headquarters is under construction for Sammons Financial Group in an area of West Des Moines, Iowa, where The Weitz Company has built four other large offices. Ground was broken in June 2019 on the six-story, 230,000-square-foot building that will allow Sammons Financial Group to centralize its local employees into one office. A two-story amenity area that will provide employees and visitors with access to outdoor walking trails surrounding the property is part of the project's scope of work – as are surface parking and a below-grade parking garage. Delivery is scheduled for the fall of 2020.

UNO Mammel Hall Addition, Omaha, Nebraska

Work continues on a 42,000-square-foot addition of Mammel Hall on the campus of the University of Nebraska at Omaha. Earth work started in July 2019 to prepare the site for a geothermal system that will heat and cool the building. Drilling and geopier foundations both started in October 2019 and wrapped up in December 2019. Omaha Public Power District handled the exterior well field installation while The Weitz Company is now coordinating and scheduling activities to tie the geothermal system into the building's interior mechanical systems.

Mammel Hall's new wing will add six classrooms, four seminar rooms, a newly designed and expanded Koraleski Commerce and Applied Behavioral Lab and a 180-person general purpose room. Equipped with cutting-edge technology to be a cloud-reliant building, the expanded space will also be home to UNO's new School of Accounting, CBA Scholars Academy and Entrepreneurship Lab. The entire project is scheduled for completion in 2Q21.

Radiant, Denver, Colorado

Radiant — an 18-story, 329-unit multi-family residential high-rise in downtown Denver — was completed on 2Q19. The project was constructed on a very complex (and tight) 1.57-acre jobsite. It was constrained on one side by an operational light rail transit system while the other side was limited by a concurrent construction project across the street. The cast-in-place structure totaled 486,000 square feet, including the 142,000-square-foot above grade parking garage that makes up the first four levels of the building. Radiant also features a 9,000-square-foot amenity deck with a pool and hot tub on the fifth floor; a fitness center and a patio on the sixth floor; and panoramic rooftop social lounge on the 17th floor.

Broward County Convention Center Expansion, Fort Lauderdale, Florida

The Weitz Company is serving as the owner representative to oversee and collaborate with the design-build construction team for the Broward County Convention Center Expansion. The project scope includes adding more than 525,000 square feet of meeting space to the convention center and an 800-room, four-diamond Omni Hotel on the property. Enabling projects (demolition of the Portside Center and site preparations) began in June 2019. The demolition and site work will continue through March 2020, at which time construction on the expanded portions of the convention center and the hotel will begin. The full project is scheduled to be completed in the fall of 2023.

When complete, the expanded convention center will boast more than 1.2 million square feet of event space, a new 65,000-square-foot waterfront ballroom, the latest in technology, enhanced water taxi access and an iconic waterfront plaza with public access.

Florida Power and Light Corporate Campus, Palm Beach Gardens, Florida

Awarded in 4Q19, this six-story, 270,000-square-foot Class A office building is expected to break ground in 1Q20. It will be a harden building designed to withstand Category 5 hurricane force winds. Office amenities will include a cafeteria with commercial kitchen, fitness/wellness center and a conferencing center. The project will also include an attached, three-level, 700-space parking structure that features a photovoltaic solar array, back-up battery storage and electric vehicle charging capabilities. A Tier 3 data center and mechanical center to control all Florida Power and Light's power plant substations are part of the project's scope. The structures will be a combination of concrete, structural steel, curtain wall and precast.

6900 Layton, Denver, Colorado

Work has progressed on 6900 Layton, a 380,000-square-foot Class AA office building in Denver. The 16-story project topped out in September 2019, keeping it on schedule for completion in the summer of 2020. Included in its scope of work are 14,000 square feet of ground floor retail space, six levels of parking (one underground level) and 10 stories of office floor plates (36,150 square feet each) with floor-to-ceiling glass around the entire perimeter of the building. When finished, tenants will enjoy a walkable urban environment and 6,000 square feet of amenities.

The Standard at Berkeley, Berkeley, California

Following six months of demolition, construction activities started on The Standard at Berkeley in October 2019 for the off-campus student housing development near the University of California-Berkeley. The 171,000-square-foot project will be eight stories tall with 407 beds. Amenities will include a courtyard, rooftop deck, clubhouse, state-of-the-art fitness center, gaming area and study lounge. Preserving the exterior and renovating the interior of the adjoining Fred Turner Building, a Julia Morgan-design city landmark that was originally constructed in 1940, is part of the project's scope of work. Delivery is expected in July 2021.

Waterside Health Center, Fort Myers, Florida

The Waterside Health Center was awarded in 3Q19. Located at the front entry of Florida's largest Continuing Care Retirement Community, the new skilled nursing facility will include 180 beds with private rooms across its six levels. The 200,000-square-foot building will include a grand entrance and lobby, rehabilitation center with therapy pool, health clinic, pharmacy, dental suite, nurse stations, dining and living rooms, sunrooms, plus a salon and day spa. Additional features include a butterfly garden, chapel and prayer garden, boardwalk, gazebo and bistro. Estimated completion is fall of 2021.

10th and Acoma, Denver, Colorado

Awarded in late 2018, this 17-story, 393-unit multi-family residential project broke ground in November 2019. Located blocks from the Colorado State Capitol building in Denver's Civic Center Neighborhood, the project scope will cover 604,000 square feet. The first five levels of the post-tension concrete structure will consist of a parking garage and wrapped town homes. The sixth level will house amenity spaces such as a gym, club room, outdoor gathering areas and a speakeasy. The 17th floor will have a rooftop pool and club room featuring 360-degree views of the mountains and downtown Denver. Delivery is expected in 1Q22.

Heritage at Brentwood, Brentwood, Tennessee

More than 100 senior living residences were delivered in 2Q19 to complete the fourth and final phase of expansion at The Heritage at Brentwood. Five total buildings spanning 256,660 square feet were constructed and connected to the existing building that remained occupied during the 20-month project. In addition to the 97 independent living and 11 assisted living residences, a Healthy Life Center with a state-of-the-art indoor pool, expanded fitness center, group exercise suite, day spa with a massage room and beauty salon were added to the 48-acre community. Underground parking for the new residences, a 300-plus-seat auditorium, woodworking shop, outdoor courtyard and commons clubhouse were also part of the project scope.

The Weitz Company – Industrial

Data Center, West Des Moines, Iowa

Construction is progressing on a 72-megawatt data center consisting of two, 240,000-square-foot building shells being built simultaneously. Both shells include the power distribution centers, the build-out of two collocation spaces per building and all associated civil, mechanical, electrical, telecom and security work. The project, which is scheduled for completion in 2Q20, also included all site work for the greenfield building complex that will total 500,000 square feet.

Tyson Foods Feed Mill, Center, Texas

Work started in September 2019 on a new feed mill for Tyson Foods, Inc. in Center, Texas. Early site work will lead into construction of three separate concrete slipform structures – a 198-foot main batching tower, 198-foot bulk loadout tower and 20,000-ton grain storage and grinding structure. In addition to designing and self-performing the millwright work, flatwork concrete, slipform concrete, structural steel erection and installation of equipment supports and service platforms, Weitz will also lead the startup and commissioning team. When complete in the spring of 2021, the feed mill will have a capacity of 14,000 tons per week.

New Fashion Pork Feed Mill, Round Lake, Minnesota

Construction of a concrete slipform swine feed mill for New Fashion Pork was completed in June 2019. The greenfield, turnkey facility has a manufacturing capacity of 150,000 tons per year with a storage capacity of 2,000 tons for bulk ingredient and finished feed. Truck receiving and loadout building were included in the contract. In addition to self-performing the 150-foot mill with a continuous concrete pour in seven days, Weitz also self-performed the design and installation of the material handling equipment, including drag conveyors, bucket elevators, screw feeders, a mixer, rollermills, hammermills and a micro ingredient dosing system.

BESIX

During 2019, BESIX continued to strengthen its position in the markets in which it operates, cementing its position as the contractor of choice for multi-size projects with a high-level of complexity particularly in terms of technical and environmental components.

Belgium Pavilion Expo 2020

A Growing Global Backlog

2019 saw the completion of numerous projects as well as the start of others throughout the company's expansive footprint, with work taking place from Dubai to Denmark, Luxembourg and Australia. This year saw an increased focus sustainable development, with several projects taking into consideration impact on the environment and surrounding communities in line with international best practice.

In January 2019, following a highly competitive international bidding process, BESIX subsidiary Six Construct was awarded the contract to build the 339-meter high, 78-storey **Dubai Uptown Tower**. With construction beginning in July 2019, the tower will house a 188-key five-star luxury hotel, 45,000 m2 floor areas comprised of Grade A office space, as well as amenities of the highest standards. The building will be LEED certified, thus meeting the highest criteria for environmental standards pertaining to high-rise structured.

During the year, BESIX began construction on the **Belgian Pavilion for Expo 2020 Dubai**. The building will set the standard for eco-design in the region, with a green arch showcasing Belgian industrial, technological and scientific know-how. An ode to the circular economy, the pavilion is a zero-waste 'smart building' designed with nine priority objectives, of sustainable ventilation, renewable energies, an optimized use of water as well as a zero-waste logic.

BESIX also won a tender in 2019 to build the **French Pavilion for Expo 2020 Dubai** under the theme of Light, Lights. The building, a genuine technical feat with a spectacular 1,800 m2 interior façade, will be almost self-sufficient in energy and have wastewater recycled. The project's designers have set a triple bio-climatic objective: to control solar gains, to propose a high-insulation envelope and to curb the use of fossil fuel consumption.

RBAI, a joint venture between BESIX, Rizzani de Eccher and Acciona Infraestructuras, completed the construction of the **Crown Princess Mary's Bridge in Denmark** in September 2019, three months ahead of schedule. The project included the construction of a four-lane 8.2 km long highway, including a 1.4 km bridge over Roskilde Fjord as well as 11 smaller civil engineering works like bridges, tunnels and wildlife crossings, one km in retaining wall and a three km acoustic barrier. The highway and bridge cross an EU Natura 2000 zone, meaning works were subject to demanding environmental requirements, including strict control of noise, vibration, light and dust.

Crown Princess Mary Bridge

BESIX took on a dual role in the development of the new **Ferrero Headquarters in Luxembourg**, being both a real estate developer and construction group along with affiliates Lux TP and Wust. Completed in 2019, this 29,500 m2 building serves as the new global headquarters of the international agribusiness group Ferrero.

BESIX's Watpac began constructing the **North Queensland Stadium in Townsville, Australia** in 2017. Parts of the stadium were designed and built to withstand Townsville's cyclonic conditions. The project is a brand new 25,000 seat multi-purpose stadium slated to host the 2020 National Rugby League Premiership Season.

Pavilion France Expo 2020

A World Leader in Marine Works

During 2019, BESIX solidified its position as the contractor of choice for marine works. The company's extensive experience and knowledge in the field allowed it to win, build and deliver key state-of-the-art marine projects worldwide.

As far as projects already in the works, 2019 saw BESIX and Decmil complete infrastructure work on **Port Hedland's new harbor** in Australia, including new berthing and mooring facilities, an approach jetty, access walkways, as well as facilities specific to harbor tugs.

The company collaborated with Boskalis in Oman at the **Port of Duqm** to deliver a one km quay wall as well as two jetties. Using state-of-the-art techniques, it built the marine infrastructure in the dry, 20 meters below sea level.

BESIX also carried out the expansion of the **Port of Fujairah's container terminal** in the UAE, a contract that includes a new one km quay, deepening the berth and constructing a 30,000 m2 storage area.


Marine works, Duqm

BESIX deepened 600 meters of quay walling at the **Port of Antwerp** in Belgium, a project that was completed six months ahead of schedule thanks to the company's intricate engineering techniques.

In the Netherlands, BESIX completed the **Princess Beatrix Lock**, the country's largest inland waterway lock. The company contributed to the design, construction and financing of a third lock chamber, the widening of the Lek Canal and the creation of additional berths. The lock was inaugurated in February 2019 by H.R.H Princess Beatrix.

In Mozambique, BESIX and its partner Mota-Engil were awarded the contract to design and build **prominent marine facilities** during the year, including one of the world's longest jetty structures. The project will be carried out by BESIX's own marine fleet and will comply with the highest quality and safety standards in the sector.

Meanwhile in Canada, BESIX and Vancouver Pile Driving won the bid to construct a world-class **LNG export** facility on the country's west coast.

The company will also build **a shipping channel** through the Vistula Spit Peninsula in Poland with NDI. The project includes breakwaters, quays, a channel, lock infrastructure with rotating bridges and sluice gates, as well as an artificial island.
BESIX was also awarded the construction of **a new 1,071-meter quay wall at Belgium's Port of Zeebrugge**, the largest automotive port in the world.

Sustainable Water and Waste Management

BESIX designs and builds environmental projects, most notably in the water and energy sectors. Its achievements include major water treatment facilities and waste-to-resource facilities. BESIX and Six Construct have carried out iconic projects, including some of the world's largest and most advanced facilities in the Benelux area, the Middle East and Africa.

Sustainable Water Supply

Water is a strategic resource worldwide. Leveraging its 'BESIX Environment' department, the group has become a leading expert in the field of water treatment and water reuse; the most sustainable alternatives to desalination and boreholes. BESIX also carries out civil engineering works specific to the water sector.

In the UAE, BESIX is a leader in the wastewater treatment sector. The group operates, maintains and has built multiple facilities, notably in Abu Dhabi, Dubai, Sharjah and Ajman. In 2019, Qatra, a joint venture between BESIX (49%) and the Sharjah Investment and Development Authority – Shurooq (51%), started the construction of **a purification station** in the emirate that will convert the treated water into high-quality water suitable for commercial and industrial applications. The joint venture's scope is to develop, operate and maintain the project for 25 years.

In the Ivory Coast, BESIX began in 2019 the civil engineering works on one of the **largest water treatment plants in West Africa**. With a capacity of 240 million liters of drinking water per day, this project will produce 30% the water needs for Abidjan, a city projected to house almost six million inhabitants by 2025. The project will be completed in 2020.

Waste-to-Resource

BESIX has become a market leader in the waste-to-resource sector in the UAE. The group has developed a strong expertise in the sustainable recovery of both organic and non-organic solid waste.

In the Emirate of Umm Al Quwain, BESIX and its partners have begun construction on the **first large-scale Refuse Derived Fuel (RDF) plant** in the Middle East. The facility will convert the solid waste of c. 550,000 people into an alternative energy source, which will be used in cement factories as a fuel to partially replace the gas or coal.

While in Warsan (Dubai), BESIX and Hitachi Zosen Inova are developing one of the **world's largest Thermal Waste Recycling Plants**. The facility will convert 5,000 tons of solid waste per day to produce 171 MW per hour to power around 120,000 homes in the region. The Dubai Municipality awarded BESIX a contract to build and operate the **Al Qusais Landfill Gas-to-Energy** project in 2019. This project consists of capturing methane gas from the landfill and treating it to produce electricity. This sustainable method prevents this environmentally harmful gas from escaping into the atmosphere.

Energy-Neutral Infrastructure Projects

In the Netherlands, BESIX has upgraded **Tiel's sewage treatment plant** to a 100% energy neutral facility. Today, the plant meets its own energy needs thanks to the installation of a sludge treatment process to produce biogas which is then used to provide heat and electricity. The treatment also includes a production facility of natural fertilizer that can be sold to the agriculture industry. The project was inaugurated in November 2019.

In June 2019, Six Construct was awarded the contract for a **sludge-to-energy facility** in Ajman, the first of its kind in the UAE. The company will design and build the facility that will enable the wastewater treatment plant to produce green electricity by processing its own waste and use it to meet part of its energy needs.

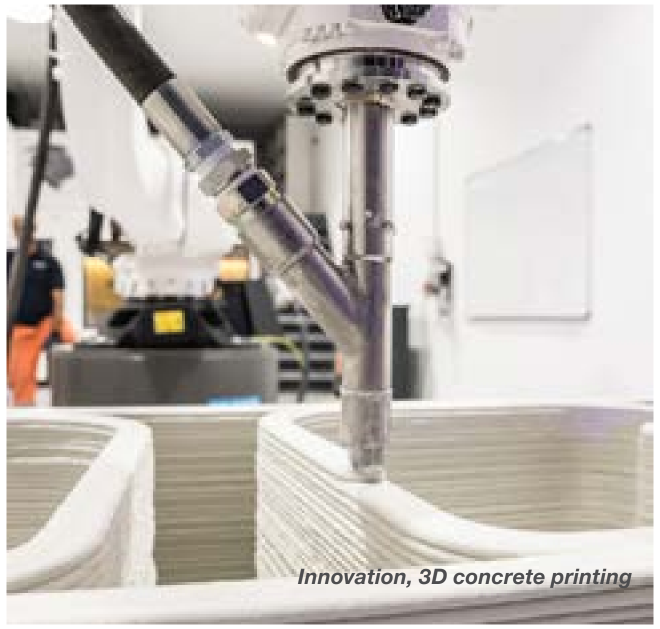

Innovation, Clean Air

Innovation

In recent years, BESIX has created several initiatives to support and further develop innovative ideas. These include a start-up accelerator open to mature start-ups from around the world, an internal program promoting open innovation and partnerships with external companies.

Projects Created by BESIX Employees:

BESIX 3D is a department specialized in 3D concrete printing, a technology that will allow for shorter construction times, more flexibility, less waste and lower CO2 emissions. In 2019, BESIX 3D inaugurated a lab in Dubai and was awarded its first contracts in the UAE. The year also saw the department initiate research programs and collaborated with the Ghent University as well as companies specializing in 3D printing.


Innovation, 3D concrete printing

BESIX Clean Air develops air filtration panels made of moss, a natural substance that can effectively reduce the concentration of pollutants and fine particles in the air. This method is particularly useful in improving air quality in dense locations, such as tunnels. In 2019, on a pilot project basis, BESIX Clean Air panels were installed on the future N434, one of the RijnlandRoute road infrastructure projects carried out by the COMOL5 consortium (Vinci, TBI, Deme). The project is subsidized by the Brussels-Capital Region Innoviris.

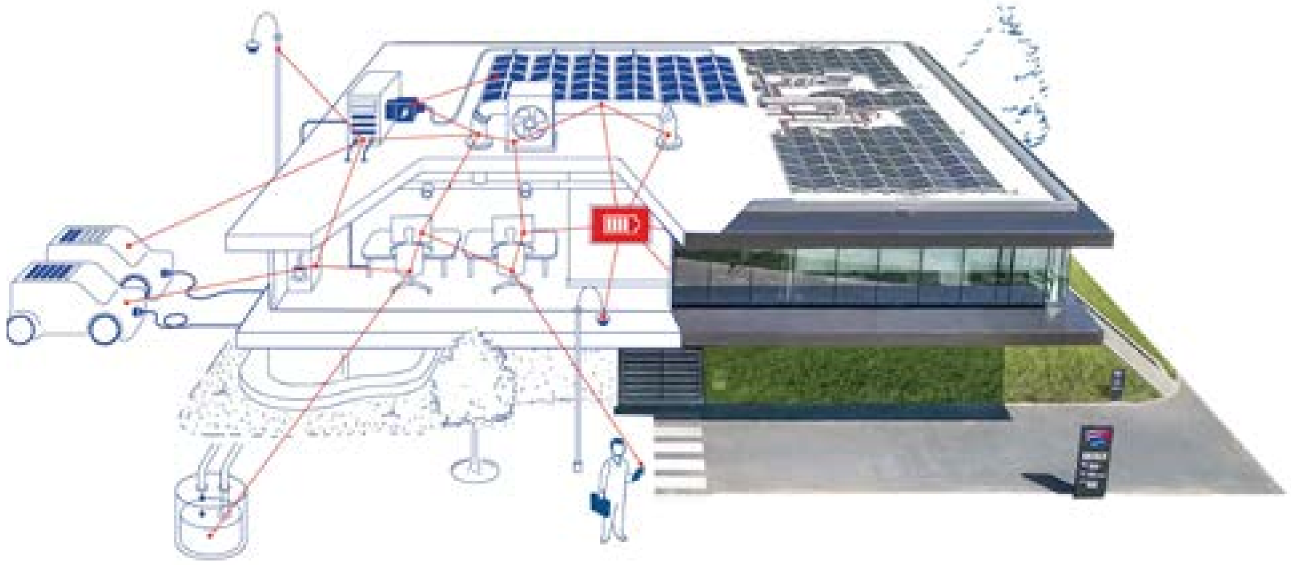
Start-Up Accelerator

The BESIX Start-Up Accelerator is a global acceleration program targeting mature start-ups active in the ConTech or PropTech sectors to help them target new business opportunities and hasten their growth. BESIX provides the start-ups with technical resources, tailored support and opportunities for on-site experimentation. Since its creation in 2018, nine start-ups have joined the accelerator each year, making it an important addition to the creativity and innovation in the construction sector.

In 2019, several innovative services and products developed by these start-ups were tested on construction sites, including a tool optimizing safety and operational performance, a smart assistance system to better manage deliveries on construction sites and a real-time solution to monitor concrete's curing process.

Partnerships

BESIX and Proximus have been developing innovative solutions and next-generation smart buildings since 2018. Their first building, which opened in Dordrecht in 2019, is considered a European landmark in the field, notably in terms of energy management and efficiency.



Innovation, Smart Building

BESIX Foundation – 10 Years

In 2019, the BESIX Foundation celebrated its tenth anniversary. The foundation financially supports associations active in the sectors of the environment (renewable, waste treatment), education (literacy, vocational training) and construction (access to housing, sustainable construction).

During the year, the BESIX Foundation organized an event in Dubai where 40 BESIX employees helped 15 young disabled individuals transform construction waste into works of art and organized an auction raising EUR 25,000 for the benefit of the Integreat Centre in Dubai.

The foundation has also launched a bilingual construction discovery game, titled Construction Heroes for children aged 10 and 11 years. Meanwhile, globally, the foundation and the BESIX QHSE staff organized the first BESIX Clean-Up Day. Some 1,800 employees, divided into 60 teams over four continents, collected more than five tons of waste.

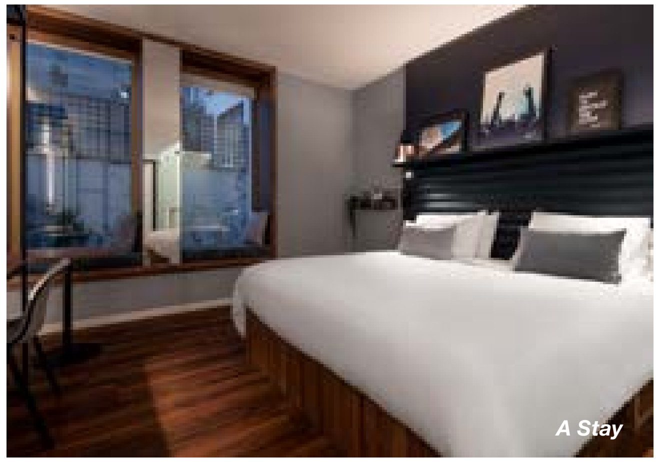
A Stay

Diversification

BESIX has acquired significant stakes in new business categories in recent years, including A-STAY, Flamant and LN24.

A-STAY

This is an innovative concept developed by A-Star Group and BESIX, comprised of developing flats for short and extended stays. In November 2019, A-STAY opened its first European location, just outside the central train station in Antwerp, Belgium. The project combines the use of new technologies such as IoT, biometric recognition and extensive software algorithms with lower pricing to deliver added value to customers.



A Stay

Flamant

In May 2018, BESIX acquired Flamant, a reputed Belgian interior decoration company with stores in Belgium and France and products available in more than 200 shops worldwide. Flamant reopened its flagship store in Brussels after renovating it in October 2019 and took advantage of the event to unveil its new logo.

LN24

BESIX participated in the creation of LN24, Belgium's first continuous news channel in 2018 and since September 2019, the news channel has been available 24/7 on television and on the internet.

INFRASTRUCTURE INVESTMENTS, CONCESSIONS AND OPERATION AND MAINTENANCE

Orascom Construction PLC continues to pursue infrastructure investment and Operation and Maintenance (O&M) opportunities that generate recurring cash flows and income, driving long-term shareholder value.

Infrastructure Investments and Concessions

The Group has a long and proven history of identifying and incubating new lines of business alongside the existing core EPC activities. This long-term growth strategy is firmly centered on building a sustainable business model with an eye on delivering lasting shareholder value. To achieve this goal, the Group has pursued infrastructure investment opportunities and concessions to build its backlog of construction project revenues while simultaneously developing ones that generate a recurring source of cash flow and adding value to each project.

This strategy follows the Group's previous efforts across the cement, port and fertilizer industries.

In the cement industry, Orascom invested in a single factory in the 1990s and through this method it rapidly grew into a global cement player with 35 million tons of capacity across 12 emerging markets. In 2007, Orascom successfully divested from the cement group by selling it to Lafarge SA at an enterprise value of USD 15 billion. The Group was also part of the construction of the new Ain Al Sokhna Port in Egypt, holding a 45% stake in what was then the only BOT privatized port in the Middle East. In 2007, the Group divested from the project, generating an IRR of 49% over an 8.5-year investment period.

Divestment proceeds helped fuel the Group's drive to become one of the world's largest nitrogen fertilizer producers by acquiring and constructing production facilities in Egypt, Algeria, the Netherlands and the US. In March 2015, the construction group was demerged from the fertilizer business.

Ras Ghareb Wind Farm
Orascom Construction PLC formed a consortium with France's Engie and Japan's Toyota Tsusho in 2018 to develop, construct and operate the first renewable energy project of its kind and size in Egypt, a 262.5 MW wind farm in Ras Ghareb. The project combined fast-track construction with financing from Japan and was completed in 4Q19, an impressive 45 days ahead of schedule. The consortium will operate the wind farm for 20 years under a Power Purchase Agreement (PPA) with the Egyptian Electricity Transmission Company, with Orascom controlling a 20% stake in the project.

Building on this success, the Group is currently negotiating the development of a second wind farm in Ras Ghareb, Egypt with a 500 MW generation capacity. This project would overtake the recently completed 262.5 MW wind farm as the largest renewable energy project of its type and size in the country.

Orasqualia
In 2009, Orascom Construction PLC and Spanish wastewater management company Aqualia established a 50-50 joint venture, Orasqualia, to develop the New Cairo Wastewater Treatment Plant, Egypt's first Public Private Partnership (PPP). Construction of the plant, which has a capacity of 250,000 m3/day, was completed in 2013 and operations began in Q4 2013.

The success of this project established a blueprint for Egypt's PPP legislation and was awarded in 2010 both 'Water Deal of the Year' by Global Water Intelligence and 'PPP African Deal of the Year' by Euromoney/Project Finance Magazine.

Dammam Sewage Treatment Plant
OC formed a consortium in 2019 with Metito and Mowah, signing a BOOT contract for the Sewage Treatment Agreement (STA) with the Water and Electricity Company (WEC) for the Dammam West Independent Sewage Treatment Plant (ISTP) in Saudi Arabia. OC will take the lead on the engineering, procurement and construction of the project, which is expected to start in 1Q20.

Ras Ghareb Wind Farm

Operation and Maintenance (O&M)

Orascom Construction PLC continues to expand its presence in the Operation and Maintenance (O&M) space. The Group has cultivated significant O&M experience, building on its track record in the facilities management industry through its subsidiary ContrakFM in addition to new sizable opportunities in water, wastewater, transportation and renewable energy.

Bahr El Baqr Wastewater Treatment Plant
In 2Q19, Orascom Construction and the Arab Contractors signed an EPC contract to build the Bahr El Baqr Wastewater Treatment Plant, the largest wastewater treatment plant in Egypt with a capacity of 5 million m3 per day. The joint venture will also operate and maintain the plant for five years.

Abu Rawash Wastewater Treatment Plant
In 2018, Orasqualia undertook the EPC work of the Abu Rawash Wastewater Treatment Plant, which it will also operate and maintain for three years. The plant will have a capacity of 1.6 million m3/day and will serve six million people once complete.

Future Opportunities

Orascom Construction PLC continues to explore new opportunities in the infrastructure investment and O&M spaces. The current infrastructure gap in the MENA region presents an unparalleled opportunity for the Group as governments work to engage the private sector more in infrastructure development.

Group is also working to expand and diversify its roster of O&M projects to create new revenue streams and maximize shareholder value. In parallel, Orascom Construction PLC is working to expand its presence in the US market by replicating this investment model in its US operations.

MANAGEMENT DISCUSSION AND ANALYSIS

New Capital Power Plant

FINANCIAL PERFORMANCE

USD MN	2019	2018
Revenue	**3,184.0**	**3,013.5**
Cost of sales	(2,820.5)	(2,673.4)
Gross profit (loss)	363.5	340.1
EBITDA	**268.2**	**207.1**
Operating profit (loss)	**216.4**	**167.1**
Income tax	(39.1)	(63.6)
Non-controlling interest	9.8	10.0
Net income (loss) attributable to shareholders	**121.3**	**144.7**
Basic earnings per share	1.04	1.24
Total assets	3,505.3	3,099.4
Total equity	585.7	471.5
Gross interest - Bearing debt	95.7	375.3
Net debt	(279.1)	(27.2)
Capital expenditure	39.5	50.2

	2019		2018	
USD MN	MENA	USA	MENA	USA
Revenue	**2,182.2**	**1,001.8**	**2,032.6**	**980.9**
Cost of sales	(1,857.0)	(963.5)	(1,720.9)	(952.5)
Gross profit (loss)	325.2	38.3	311.7	28.4
EBITDA	**276.4**	**(8.2)**	**239.6**	**(32.5)**
Operating profit (loss)	**231.7**	**(15.3)**	**201.4**	**(34.3)**
Income tax	(39.1)	0.0	(62.7)	(0.9)
Non-controlling interest	8.1	1.7	7.7	2.3
Net income (loss) attributable to shareholders*	**138.8**	**(17.5)**	**183.8**	**(39.2)**

**MENA figures include contribution from the Group's 50% stake in BESIX amounting to USD 22.9 million in 2019 and USD 54.7 million in 2018.*

Revenue

Orascom Construction PLC recorded revenues of USD 3,184.0 million in 2019 versus USD 3,013.5 million in 2018. Operations from the MENA region accounted for 69%, while US operations delivered the balance. In 2018, OC's revenue split between the MENA and the US was 68% and 32%, respectively.

In the MENA region, revenue was mainly driven by the execution of mega infrastructure projects, including various projects in the New Capital, the Grand Egyptian Museum and several Metro projects in Egypt. Meanwhile in the US, 100% of revenue was attributed to Orascom USA (The Weitz Company and Contrack Watts) and was driven by a mix of commercial and infrastructure projects like data centers, car rental facility, student housing and office buildings.

EBITDA

The Group booked an EBITDA of USD 268.2 million in 2019 versus the USD 207.1 recorded in 2018, with an EBITDA margin of 8.4%, up from 6.9% in previous year. The MENA region continued to deliver solid performance in 2019, recording an EBITDA of USD 276.4 million and an EBITDA margin of 14.9%. Meanwhile, operations in the US recorded a negative EBITDA of USD 8.2 million, which includes a one-off charge related to the settlement of a subcontractor at the completed Iowa Fertilizer project.

Selling, General and Administrative Expenses

Selling, General and Administrative Expenses (SG&A) expenses dipped to USD 162.1 million in 2019 from USD 181.3 million in the previous year. It is worthy to note that SG&A in 2019 included a one-off charge of USD five million in legal fees, due to an ongoing case in Qatar.

Net Finance Costs

Net finance costs consist of interest income, gain or loss on foreign exchange and interest expense on interest-bearing liabilities. Finance income stood at USD 25.2 million in 2019, which includes USD 8.2 million in interest income and USD 17 million gain on foreign exchange activities. Meanwhile, finance costs stood at USD 98.5 million in 2019, which includes USD 53 million in interest expense and USD 45.5 million loss on foreign exchange activities.

Income Tax

Income tax expense amounted to USD 39.1 million in 2019, compared to USD 63.6 million in 2018. The effective tax rate recorded in 2019 was 22.9% versus 29.2% in 2018.

Cash Flow

Condensed Consolidated Statement of Cash Flow for the year ended 31 December

USD MN	2019	2018
Net profit for the period	**131.1**	**154.7**
Adjustments:		
Depreciation of PPE and amortization	51.8	40.0
Changes in working capital	163.4	(277.3)
Changes in provisions	(50.0)	41.0
Dividends received from equity accounted investees	22.8	43.2
Other cash flows from operating activities	0.8	(55.5)
Cash Flow from operating activities	**319.9**	**(53.9)**
Investments in associate, net of cash acquired	(16.6)	0.0
Investments in property, plant and equipment	(39.5)	(50.2)
Proceeds from sale of property, plant and equipment	8.1	7.3
Cash Flow from investing activities	**(48.0)**	**(42.9)**
Proceeds from borrowings	167.1	313.1
Repayment of borrowings	(446.7)	(198.5)
Dividends paid to shareholders	(34.7)	(30.0)
Other cash flows from financing activities	(5.8)	(16.8)
Cash Flow from financing activities	**(320.1)**	**67.8**
Net decrease in cash and cash equivalents	**(48.2)**	**(29.0)**
Cash and cash equivalents as of 1 January	402.5	434.2
Currency translation adjustments	20.5	(2.7)
Cash and cash equivalents as of 31 December	**374.8**	**402.5**

Cash Flow from Operating Activities

Cash inflows from operating activities in 2019 recorded USD 319.9 million. The positive operational cash flow was generated by operating companies in the MENA and US as well as changes in working capital.

Cash Flow from Investing Activities

Cash outflows from investing activities reached USD 48 million compared to USD 42.9 million in 2018, where capital expenditure for the year recorded USD 39.5 million (2018: USD 50.2 million). Investments in associate relates to Orascom Construction's ownership in Ras Ghareb Wind Energy.

Cash Flow from Financing Activities

Cash outflows from financing activities totaled USD 320.1 million in 2019 as a result of repayment of borrowings (2018: USD 67.8 million). Moreover, a dividend distribution of USD 34.7 million (USD 0.30 per share) was paid out to shareholders in July 2019.

Net Debt

USD MN	December 2019	December 2018
Long-term interest-bearing debt	5.4	2.3
Short-term interest-bearing debt	90.3	373.0
Gross interest-bearing debt	**95.7**	**375.3**
Cash and cash equivalents	374.8	402.5
Net debt	**(279.1)**	**(27.2)**

The Group witnessed a boost in its positive net cash position to USD 279.1 million as of 31 December 2019, compared to USD 27.2 million as of 31 December 2018. Additionally, the Group's y-o-y gross debt decreased by 75%.

Condensed Consolidated Statement of Financial Position as of 31 December

USD MN	2019	2018
Total non-current assets	709.1	643.7
Total current assets	2,796.2	2,455.7
Total Assets	**3,505.3**	**3,099.4**
Shareholder's Equity	541.9	431.9
Non-controlling interest	43.8	39.6
Total Equity	**585.7**	**471.5**
Total non-current liabilities	65.7	48.6
Total current liabilities	2,853.9	2,579.3
Total liabilities	**2,919.6**	**2,627.9**

Non-Current Assets

As of 31 December 2019, OC PLC's non-current assets stood at USD 709.1 million (2018: USD 643.7 million), with property, plant and equipment recording USD 181.3 (2018: USD 159.3) PPE increased as a result of the implementation of IRFS 16 – lease/right of use assets. Total additions purchased at year-end amounted to USD 39.5 million.

Investments in associates amounted to USD 430 million, with the majority representing the Group's investment in the BESIX group. At year-end 2019, deferred tax assets stood at USD 39.6 million, primarily relating to carry-forward losses in the US, which are expected to be realized against future profits.

Current Assets

Current assets increased to USD 2,796.2 million (2018: USD 2,455.7 million) on the back of higher inventory balance, trade and other receivables, with the latter being driven by increased operational activities. Additionally, outstanding contractual customer retentions increased to USD 222.7 million in 2019 from USD 179.9 million in the previous year. Cash and cash equivalent recorded USD 374.8 million at year-end 2019 (2018: USD 402.5 million). A total amount of USD 18.4 million is restricted cash and certain other cash balances are dedicated to specific joint ventures.

Equity

The Group's total equity at year-end 2019 recorded USD 585.7 million, up from USD 471.5 as of year-end 2018. The boost in total equity came on the back of the Group's strong operational results.

Non-Current Liabilities

The increase in non-current liabilities was mainly driven by the implementation of IFRS-16 – lease/right of use assets.

Current Liabilities

Current liabilities increased to USD 2,853.9 million (2018: USD 2,579.3 million) primarily due to an increase in advances from customers of USD 1,096.1 million (2018: USD 606 million).

Number of Employees

The number of staff employed in the Group totaled 59,776 at year-end 2019, these include 23,085 permanent employees and 36,691 temporary employees (2018: 87,159 employees).

Outlook

The Company is experiencing a rapidly changing environment resulting from the impact of COVID-19 as it operates in markets vulnerable to global events related to this novel virus.

In MEA, management expects to execute large projects in Egypt across sectors including transportation, water and infrastructure. In addition, the Group will continue to execute a hydropower project in Burundi and a wastewater treatment plant in Dammam, Saudi Arabia.

In the US, management expects to continue the positive developments as shown in 2019, driven by the benefits related to the turnaround efforts that took place the past two years and aided by the addition of sizable new awards in FY 2019 across new and existing sectors such as student housing, senior living and data centers.

Management has earmarked approximately USD 35 million for capital expenditures in FY 2020.

OUR PEOPLE

One of the keys to Orascom Construction PLC's worldwide success is its ability to both attract and retain some of the most highly skilled and talented individuals in the industry.

Old Alamein City

Our People

Corporate Management Team (left to right)

Hussein Marei, Legal Counsel Director; **Omar Bebars,** Group Financial Controller and MENA Chief Financial Officer; **Osama Bisha**i, Chief Executive Officer; **Reham El-Beltagy,** Vice President and Group Treasurer; **Hesham El Halaby,** Investor Relations Director; **Heba Iskander,** Corporate Development Director; **Mark Littel,** Group Chief Financial Officer

Orascom Construction PLC is committed to providing each and every one of its employees with an environment that is conducive to professional development, a strategy that is underpinned by a belief that a company's employees are its most valuable asset when it comes to sustainable growth. Orascom Construction PLC adheres to the highest standards of human capital development, making sure that every employee is afforded with the tools to grow and develop within the organization through numerous training and educational programs tailored to their career goals. Its proven track record when it comes to nurturing talent, combined with a competitive remuneration system and a merit-based promotion scheme, means Orascom Construction PLC continues to attract and retain individuals of the highest caliber from all around the world.

Organizational Development

Learning and Development (L&D) Unit

Orascom Construction PLC's Learning and Development Unit was established to provide employees with bespoke training programs that further their career development aspirations. The unit places individual employees in respective programs based on an assessment model aligned with the Group's organizational objectives. This year, the unit continued to improve its internal assessment capabilities by building a pool of certified assessors, directly sourced from the company's HR division and authorized by the British Psychological Society.

Performance Review Revamp

In an effort to streamline the performance review process and bolster engagement, the Group switched the performance rating scale from five to three during the year, enabling line managers to better rate their subordinates' performance and identify top talents. This resulted in a 97% completion rate for performance reviews in 2019 compared to 90% during the last two years, which not only reflected positively on the new system, but contributed to a boost in talent retention.

Post-Graduate Studies

The Group's commitment to developing its employees' capabilities extends to sponsoring post-graduate education for eligible staff members. The year saw Orascom Construction PLC continue to extend post-graduate support to employees in the form of sponsorships of master's degrees, post graduate diplomas or certifications that feed directly into their career development goals. The Group's commitment to advanced learning stems from its belief in the value of education as a means to support professional development and build a working community that values ambition and drive.

Training Programs

This year, we successfully delivered 10,704 total training hours to 600 staff members to enhance their technical and soft-skill knowledge and afford them with the right tools to complete their day-to-day tasks. The 35 training programs were delivered by both highly qualified internal instructors and top external providers and were instrumental in building a culture of learning and development throughout the organization.

LEAD Program – Lead, Develop, Grow and Learn

LEAD is a two-year program designed for university students planning on pursuing careers at Orascom Construction PLC. The program is rotational, giving participants the opportunity to explore different departments throughout the organization. LEAD also allows graduates to undergo a live simulation detailing the real-life experiences of working at Orascom Construction PLC, am immersive experience that feeds directly into the Group's highly effective onboarding process. LEAD provides young employees with the tools to develop professional, interpersonal and leadership skills not just at Orascom Construction PLC, but throughout their careers. This year, 12 new LEAD participants joined the program and the first cohorts from the program will graduate in January 2020.

First Batch of LEAD Program

Final Presentation and Graduation Ceremony for the Summer Internship Program

Internships

Every year, Orascom Construction PLC extends internship opportunities to eligible undergraduate students, offering them the opportunity to gain valuable work experience. In 2019, 28 students participated in our summer internship program where they received a hands-on work experience and the opportunity to explore their careers early on.

Award to the Best Intern with Eng. Osama Bishai, CEO of Orascom Construction PLC

Literacy

OC PLC's commitment to fighting illiteracy continued throughout 2019, stemming from our belief that education not only benefits the individual but also improves economic development as a whole. This year, we created several projects that certified 500 of our blue-collar workers.

Community Development

This year, Orascom Construction PLC joined 28 other major corporations in Egypt in the 2019 Corporate Race.

The event featured a full-day of activities for employees to come together to support equal opportunity for women, particularly young girls and educational opportunities. Participants built chairs, desks and school bells, in addition to designing school bags, notebooks and classroom tools.

Orascom Construction gained the second place in the 2019 Corporate Race

Adherence to Labor Laws and Children Rights

Integrity is one of Orascom Construction PLC's core values, committing ourselves to conducting business ethically, responsibly, efficiently, transparently and with respect towards all stakeholders. We follow the company's Code of Business Principles and Conduct to guarantee all employees, subsidiaries and partners — including suppliers, subcontractors, agents and joint venture partners — conduct themselves with the highest level of legal and ethical standards.

We adhere to state, local and federal labor laws across our footprint. This reflects the company's commitment to contribute to the economic and social development while also promoting the observance of human rights in the communities where we operate. To embed these principles into the company's culture, we give our employees, in our head offices and on sites around the world, the appropriate training, ongoing guidance from management and the frameworks to allow them to raise concerns confidentially.

As a global company operating in MEA and the US, Orascom Construction PLC is committed to complying with children's rights and labor requirements across all markets within its jurisdiction. Senior management, with the assistance of our general counsel, Legal Department and Human Resources Department ensure we meet these requirements. These standards are expected of staff members directly employed by the company and its subsidiaries and are integrated into legal agreements and arrangements with subcontractors and third-party suppliers to ensure that our entire supply chain is also in compliance.

Commitment to Quality

At Orascom Construction PLC, we are committed to delivering the highest quality construction projects. We actively work to exceed customers' expectations by periodically reviewing and continuously enhancing our quality control and environment systems. We received the ISO 9001 certification as a testament to management's tireless efforts in ensuring that all changes required to attain quality are consistently met.

Commitment to Health, Safety and the Environment (HSE)

Orascom Construction PLC's compliance to health, safety and environment requirements continued during 2019 throughout all its projects:

Company	2019 LTIR
Orascom Construction	0.0102
Orascom Construction USA	0.07

Orascom Construction

This year, OC's HSE management team introduced a program titled Verification of Competencies to provide a safer working environment for the company's employees in all ongoing projects. Additionally, the team continues to reinforce HSE performance standards that were set last year in engineering and construction activities throughout our projects and strengthening the environmental performance of the company's engineers. The company also upholds OHSAS 18001:2007 for Occupational Health and Safety and ISO 14001:2015 for Environmental Management. These initiatives put OC on the HSE map and set it apart from its competitors.

Verification of Competencies (VoC)

The VoC program is a systematic assessment of workers' ability to perform core responsibilities relating to their specific trade. It was introduced in 2018 in select projects and showed immediate positive results. In 2019, the program was expanded to all our active projects. Seven key trades were targeted in the VoC program for 2019:

Trade	Pass			Failed	Total No. of VoC
	A	B	C		
Drivers VoC	333	577	397	2	1,309
Electricians VoC	648	942	333	495	2,418
Forklift VoC	57	115	27	2	201
Grinder Users VoC	360	1,746	505	96	2,707
Operators of Lifting Equipment and Riggers VoC	518	517	104	25	1,164
Scaffold VoC	1,838	1,727	939	1,062	5,566
Welders VoC	151	221	87	5	464
Total	3,905	5,845	2,392	1,687	13,829

The results of the VoC program indicate that the vast majority of staff meet or exceed the standards expected in their specific trade. The pass rate across all trades reached an average of 88%. Based on the outcome, employees either maintained their position, were demoted or terminated. This information was passed to HR to use those categories according to the needs of the projects.

We are proud that this verification and evaluation program exceeds some of the employee preparation systems applied in international companies like Bechtel and Mobil and following the program's success in 2019, management decided to expand it to cover all trades in 2020.

Man-Hours

By the end of 2019, the total man-hours worked stood at more than 254 million:

Sector	Hours Worked
Airport Projects	2,661,337
Commercial Buildings Projects	181,224,794
Banks	674,874
Power Generation Projects	10,924,049
Infrastructure	10,545,642
LNG, Oil and Gas and Petrochemical Projects	238,784
Marine Work	574,207
Cement, Ammonia and Urea Fertilizer Projects	3,576,008
Transportation Projects	23,359,974
Water Treatment Plants	6,216,946
Wastewater Projects	5,393,204
Foundation	149,760
Workshops	2,316,555
Industrial	6,373,224
Total	**254,229,358**

HSE Audits

At OC, health and safety audits are a mandatory requirement to thoroughly evaluate a project's compliance with OC's HSE standards.

To accurately gauge our sites' actual HSE standards, OC's HSE audits have been carried out unannounced since 2016, meaning that projects must be constantly prepared. Since then, our sites have been receiving favorable audit results, reflecting the excellent effort carried out by our construction and HSE teams. This is also an indication of an improved understanding of HSE standards and a better and more effective management of risks on OC projects.

Year	2015	2016	2017	2018	2019
Number of Conducted Audits	154	163	184	193	233
Number of Conducted Environmental Audits	42	43	68	62	72
Number of Conducted Environmental Measurements	34	46	56	64	48

Abu Rawash Wastewater Treatment Plant

Maged Abadir
Chief Operations Officer, Executive Director Infrastructure, Heavy Civil and Roads

Mohamed Abdel Razik
Executive Director Finance, Egypt

Philip Megally
Executive Director Industrial Unit

Ihab Mehawed
Managing Director and Commercial Director, Orascom Construction Egypt

HSE Training

What started as the Practical Training Center evolved into the Project Onboarding and Training Center, an initiative that incorporates the onboarding functions of administration, human resources and medical department with the induction training functions of theory, practical and verification of competence under one roof. This program is crucial in the construction industry as workers are routinely exposed to numerous hazards and high risks in their daily tasks.

Every new site-based employee is required to go through the onboarding and training center successfully before they are allowed to enter the site. This ensures our workforce remains healthy and able to undertake the tasks they were hired to do.

Training conducted by HSE corporate training managers in the last six years

Year	2014	2015	2016	2017	2018	2019
Number of Trainees	1,414	1,321	2,341	1,792	1,380	1,262
Total Hours	11,147	10,051	19,171	18,684	12,654	13,784

Note: In 2017, OC conducted OSHA trainings for 2,750 engineers (most of the company engineers) by an external trainer for a total number of 27,500 hours.

Trainings conducted on site by HSE Team

Training Type	Total Hours	No. of Attendees
Induction	119,233	119,233
Toolbox Talks	645,462	1,290,849
Other Training by HSE Manager on Site	181,398	104,079

Third Party Training

Training Type	Total Hours	No. of Attendees
Miscellaneous HSE topics	7,408	257

Port Said Tunnels

Subcontractor Performance

During recent years, we have been paying close attention to the performance of our subcontractors. We evaluate their HSE performance by auditing and reviewing their work on a monthly basis via an assessment carried out by site HSE Managers and based on key elements of HES compliance.

2019 saw a notable reduction in the number of poorly performing subcontractors, proof that our review system is effective.

The graph represents the percentage of subcontractors audited who earned low scores, 60% or less. If a subcontractor records a low score in an audit it triggers an internal action plan divided into the following steps:

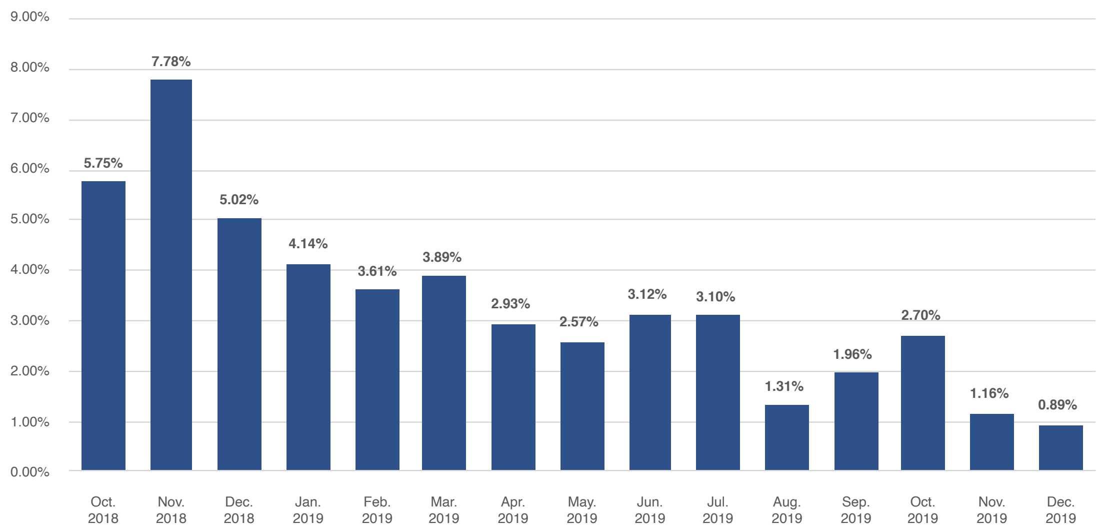
First low score – The OC site management notifies the subcontractor and requests an action plan to improve the score.

Second low score – The OC site management calls a meeting with the subcontractor to discuss performance and actions required.

Third low score – The subcontractor is removed from site.

To ensure our subcontractors' performance is satisfactory, OC excludes those with low scores from working on any of our projects, while high-performing subcontractors are rewarded by placing them on the top of the selection list when a new project starts.

Poorly Performing Sub Contractors %



Kevin McClain
President and Chief Executive Officer, US Operations

Jeremy Marron
Chief Financial Officer, US Operations

Shane Bauer
Executive Vice President of Operations, US Operations

Orascom Construction USA

In 2019, safety was a high priority throughout our US operations; both company and individual objectives were outlined to achieve best-in-class safety standards.

To foster the safest working conditions for employees, we implemented a heat illness prevention program, administered an annual safety competency test at all locations and conducted OSHA 30-hour trainings across the company. We also held safety boot camps in every business unit to ensure full awareness of the new initiatives and personal development programming.

Safety goals were also added to the company's Performance Management Process to help employees prioritize and maintain their safety in their day-to-day job functions.

In the past year, OC USA continued to integrate safety procedures and policies by consolidating a safety management system, a lessons learned protocol, OSHA 30-hour trainings and regular safety knowledge tests.

Al Massah Hotel - New Alamein

CORPORATE GOVERNANCE

Orascom Construction PLC has undertaken a commitment to implement a corporate governance framework that ensures transparency, efficiency and safeguards the interest of the company's shareholders and the communities where it operates.

Grand Egyptian Museum

BOARD OF DIRECTORS

Orascom Construction PLC's Board of Directors ensures that business is conducted efficiently and in a manner that maximizes profitability and long-term value, while simultaneously upholding the highest levels of integrity and ethics. The Board's responsibilities include adopting and developing efficient corporate governance structures in addition to managing the company to ensure its success.

Mr. Jérôme Guiraud graduated from Ecole des Hautes Etudes Commerciales in 1984 (HEC Paris). He started his career at the French Embassy in Zagreb (Croatia) in 1985 as Deputy to the Commercial Attaché. He joined the Société Générale group in 1986 and held multiple senior managing positions, in Europe and emerging countries, mainly on capital markets, then as Country Manager and Director of various Société Générale group's listed and non-listed subsidiaries.

Mr. Guiraud joined the NNS group in 2008. He is currently Executive Chairman and CEO of NNS Luxembourg and Chief Operating Officer of NNS Advisers (two non-listed entities). He is also a Director and Member of the Audit and the Nomination Committees of OCI N.V. (a leading fertilizer company listed on the Euronext Amsterdam stock exchange) and a Board and Audit Committee Member of BESIX Group. He was a member of the Board of Directors and the Audit Committee of Lafarge S.A. from May 2008 till August 2016.

Jérôme Guiraud

Chairman — Non-Executive Director

Mr. Osama Bishai joined Orascom in 1985 and currently serves as Chief Executive Officer of Orascom Construction PLC, he has been the Managing Director of the construction business since 1998.

Mr. Bishai played a key role in developing the construction business, particularly in the cement, infrastructure and industrial sectors and led the development of OCI N.V.'s investments in the fertilizer industry in Egypt, Algeria and USA. Mr. Bishai currently spearheads the Group's efforts to create a long-term concession portfolio and is leading the growth of US business. Mr. Bishai is a board member of BESIX Group. He holds a BSc. in Structural Engineering from Cairo University and a Construction Management Diploma from the American University in Cairo.

Osama Bishai

Chief Executive Officer — Executive Director

Mr. Sami Haddad has decades of experience in both the private and public sectors, specifically in finance, politics and academia. Mr. Haddad worked for the International Finance Corporation, part of the World Bank Group, for more than 20 years in a variety of positions including Cairo-based Director of the MENA region. In 2005, he became Minister of Economy and Trade in Lebanon, a position which he held for three years. Mr. Haddad was also General Manager of Byblos Bank from 2008 to 2014. He is currently Chairman of Inventis, a management consulting company.

Mr. Haddad holds an MA in Economics from the American University in Beirut and pursued his postgraduate studies at the University of Wisconsin-Madison.

Sami Haddad

Non-Executive Director

The Board of Directors mourns the loss of Khaled Bichara and offers its heartfelt condolences to his family and friends. Khaled was an invaluable member of the Board and a friend. He will be dearly missed.

Mr. Bichara unexpectedly passed away on 31 January 2020.

Mr. Khaled Bichara was the Chief Executive Officer of Orascom Development Holding. He was also a Co-Founder of Accelero Capital. Mr. Bichara previously served as Group President and Chief Operating Officer of VimpelCom Ltd (VimpelCom). He was also Chief Executive Officer of Orascom Telecom Holding S.A.E. (OTH) as well as Chief Operating Officer of Wind Telecomunicazioni S.p.A. (Wind Italy). Mr. Bichara managed 10 operations across the globe through OTH and Wind Italy and 22 operations across the globe through VimpelCom. Mr. Bichara was the Co-founder, Chairman and CEO of 'LINKdotNET'. Mr. Bichara held a Bachelor of Science degree from the American University in Cairo.

Khaled Bichara

Non-Executive Director

July 1971 – January 2020

Mr. Johan Beerlandt is the Chairman of BESIX Group and former Chief Executive Officer from 2004 to 2017. He oversaw the transformation of the business into a major regional player in Europe and the Middle East. In 2004, Mr. Beerlandt was instrumental in the 50-50 leveraged management buyout of the BESIX holding company executed by BESIX management and Orascom. Mr. Beerlandt brings a wealth of knowledge and experience in regional and international construction and concessions markets to the Board.

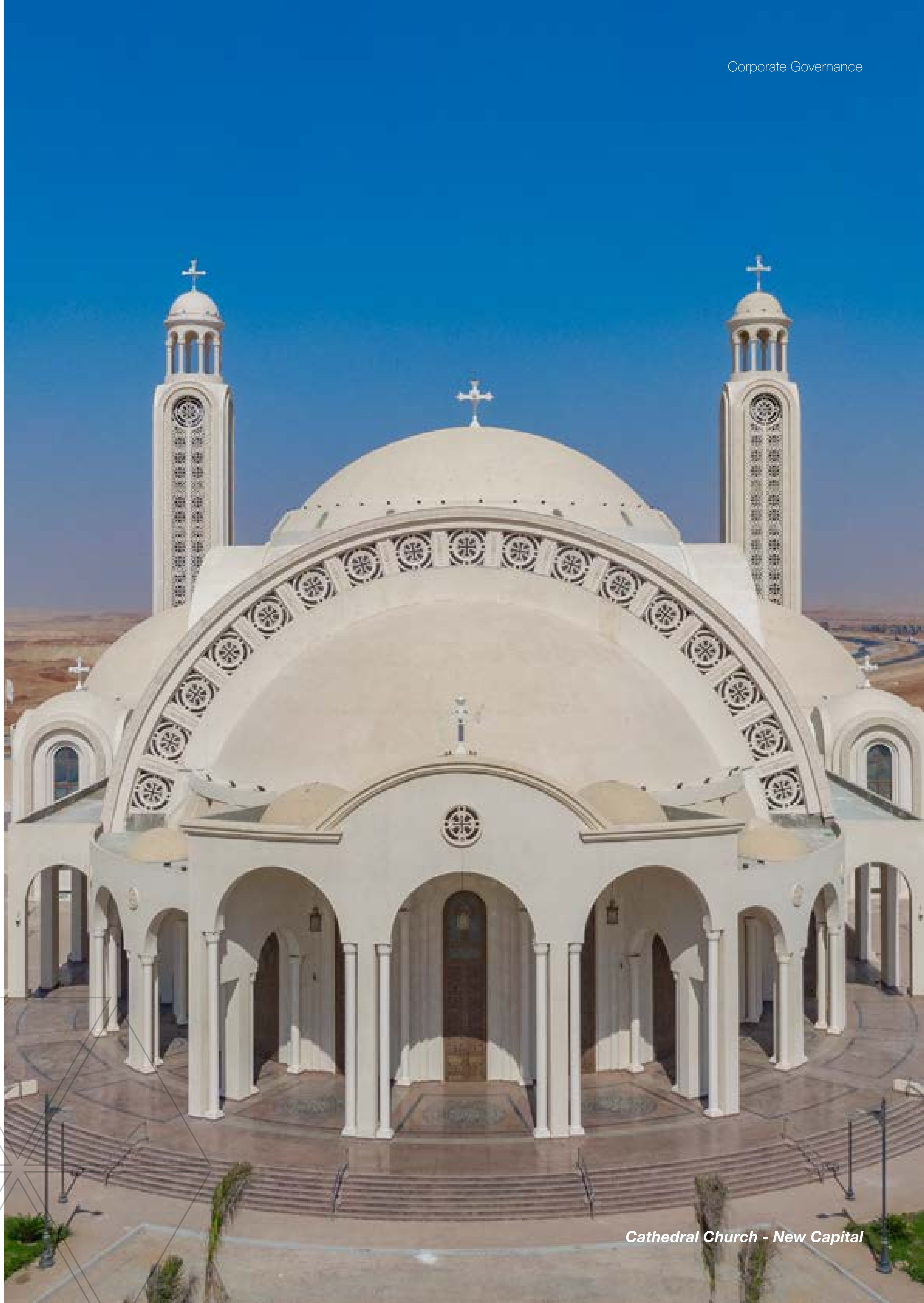
Johan Beerlandt
Non-Executive Director

Mr. Wiktor Sliwinski is a Senior Adviser at NNS Advisers, the London-based advisory office owned by the Nassef Sawiris family. Prior to joining the NNS Group in 2018, Mr. Sliwinski spent 12 years at Elliott Advisors (UK) Limited. In his role, Wiktor was responsible for managing a multi-strategy portfolio consisting of positions across the capital structure including in listed and non-listed equities and in various types of credit instruments. His investment experience covers numerous sectors ranging from real estate, TMT, energy, aerospace and defense, heavy industrials and chemicals. He also served on the boards of numerous companies, including three publicly listed entities in the real estate, steel and finance sectors.

Between 2001 and 2004, Mr. Sliwinski was an investment banking analyst at Merrill Lynch in the Corporate Finance division with a focus on the technology, media and telecom sectors.

Mr. Sliwinski obtained a BSc. in Economics from University College London in 2001 and an MBA from Wharton (USA) in 2006.

Wiktor Sliwinski
Non-Executive Director



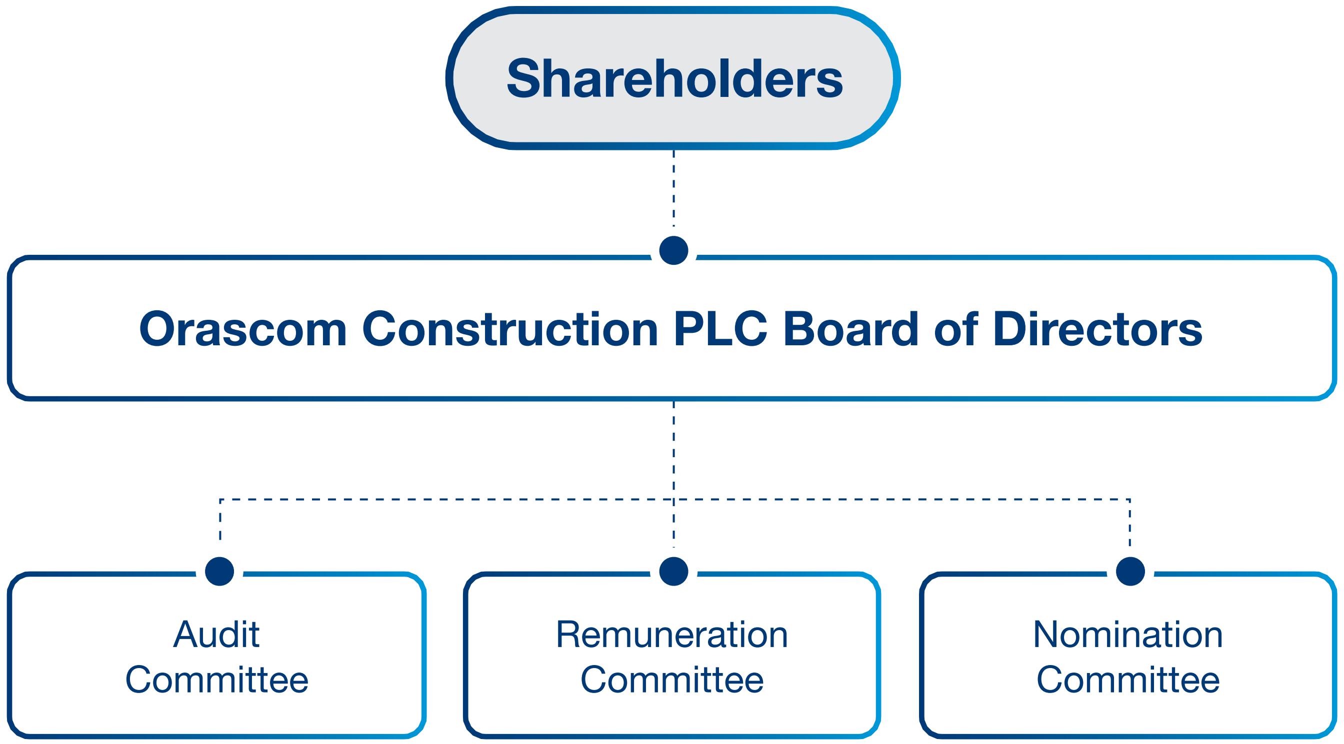
Cathedral Church - New Capital

CORPORATE GOVERNANCE STRUCTURE

Orascom Construction PLC's Board of Directors ensures that business is conducted efficiently and in a manner that maximizes profitability and long-term value, while simultaneously upholding the highest levels of integrity and ethics. The Board's responsibilities include adopting and developing efficient corporate governance structures in addition to managing the company to ensure its success.

The Board is tasked with reviewing and monitoring the company's corporate governance framework and ensuring it complies with all applicable laws and stock exchange regulations for NASDAQ Dubai and EGX Cairo. The Board is also committed to continuously improving the company's transparency and disclosure standards.

The Board of Directors has established three committees, including an Audit Committee, a Remuneration Committee and a Nomination Committee. The Board is responsible for constituting, assigning, co-opting and fixing the terms of service for the committee members who perform their duties on its behalf. The Board delegates certain duties to these committees as defined by their respective terms of reference and the committees report to the Board on a regular basis. Separate committees may be set up occasionally by the Board of Directors when the need arises.



Audit Committee

The Audit Committee consists of three non-executive directors. The Audit Committee is tasked with assisting the Board in its oversight of:

1. The integrity of the Company's financial statements.
2. The Company's compliance with legal and regulatory requirements.
3. The independent auditor's qualifications and independence. and
4. The performance of the Company's internal audit function and independent auditors.

In addition to preparing and publishing an annual committee report and other reports required under all applicable securities laws and stock exchange regulations.

The role and responsibilities of the Audit Committee are stated in written terms of reference and include the appointment, compensation and retention of the independent auditor, review of the Company's interim and annual financial statements with management and the independent auditor and review of the Company's internal control and risk management systems. The Audit Committee meets at least two times a year and as otherwise requested by its chairman.

Members:
Sami Haddad – Chair
Khaled Bichara – 31 January 2020
Jérôme Guiraud

Remuneration Committee

The Remuneration Committee consists of three non-executive directors. The primary role of the Remuneration Committee is to assist the Board in overseeing all matters relating to director and executive officer compensation and to preparing and publishing an annual committee report on director and executive compensation and all other reports required under all applicable securities laws and stock exchange regulations.

The role and responsibilities of the Remuneration Committee are stated in written terms of reference and include the review, evaluation and approval of director and executive officer compensation, incentive-compensation plans and equity-based plans. In determining the compensation of the directors and executive officers of the Company, the Remuneration Committee considers the Company's performance and relative Shareholder return, the compensation level of directors and executive officers at comparable companies and the compensation of the directors and executive officers in past years. No director is solely involved in deciding their own compensation. Executive officers do not receive additional compensation for their service as an executive director. Non-executive directors receive an annual stipend and may participate in the share-based incentive program of the Company. The Remuneration Committee will meet at least once a year and as otherwise requested by its chairman.

Members:
Khaled Bichara – Chair – 31 January 2020
Jérôme Guiraud (from April 2019)
Sami Haddad (from April 2019)
Mustafa Abdel Wadood (till April 2019)

Nomination Committee

The Nomination Committee consists of two non-executive directors. The primary role of the Nomination Committee is to assist the Board in identifying individuals qualified to become Board members and recommending to the Board the director nominees for the next annual meeting of Shareholders, recommending to the Board director nominees for each committee of the Board and overseeing the evaluation of the Board and management.

The role and responsibilities of the Nomination Committee are stated in written terms of reference and include determining on an annual basis the independence of each director as may be required under any applicable securities laws and stock exchange regulations, the compliance of each director and executive officer with the Company's code of business conduct and ethics and such other activities as the Board may assign to the committee from time to time. The Nomination Committee will meet formally at least once a year.

Members:
Sami Haddad – Chair
Jérôme Guiraud
Mustafa Abdel Wadood (till April 2019)

Shareholders' Rights

The company's shareholders exercise their rights through the Annual General Meeting of Shareholders held in May each year, no later than six months after the end of the company's financial year. Additional Extraordinary General Shareholders meetings may be convened at any time by the Board of Directors or by one or more shareholders representing more than 10% of issued share capital. Important matters that require the approval at the Annual General Meeting of Shareholders include the following:

- Adoption of financial statements;
- Declaration of dividends;
- Significant changes to the company's corporate governance;
- Remuneration policies;
- Remuneration of Non-Executive Directors;
- Discharge from liability of the Board of Directors;
- Appointment of an external auditor;
- Appointment, suspension or dismissal of members of the Board of Directors;
- Issuance of shares or rights to shares, restriction or exclusion of preemptive rights of Shareholders and repurchase or cancellation of shares; and
- Amendments to the Articles of Association.

External Auditor

The General Meeting of Shareholders appoints an external auditor. The Audit Committee recommends to the Board an external auditor to be proposed for (re)appointment by the General Meeting of Shareholders. In addition, the Audit Committee evaluates the functioning of the external auditor on a regular basis. On 21 May 2019, the General Meeting reappointed KPMG as independent external auditor for the company for the 2019 financial year.

Disclosed Shareholders as of 31 December 2019

Shareholder	Number of Shares	Percent of Outstanding Shares
Mr. Nassef Sawiris and entities held for his benefit	33,825,323	29.0%
Mr. Onsi Sawiris and entities held for his benefit	19,319,225	16.5%
Mr. Samih Sawiris and entities held for his benefit	7,336,894	6.3%
Sustainable Capital Africa Alpha Fund	9,180,363	7.9%
Cascade Investment, LLC and Bill and Melinda Gates Foundation Trust	6,787,852	5.8%
Total Outstanding Shares	**116,761,379**	

Kima Fertilizer Plant

Board of Directors Report

Composition and Independence

Orascom Construction PLC's Board is intentionally composed to equip the company with leaders who possess diverse skills, experience and backgrounds, thereby maximizing the Board's ability to act independently and critically without emphasizing particular interests.

Assessment and Evaluation of the Board

The Board concluded that the composition, processes and scope of its activities and the personal contribution of each member has been satisfactory in 2019. Board policy states that formal evaluation will be performed every three years with the aid of an external consultant.

Board Meetings

The Board met four times during 2019. In 2019, Board discussions focused on the following issues:

- Strategy, focus markets and plans, including potential business;
- Business performance;
- Approval of the 2018 annual report and external quarterly reporting through 2019; and
- Approval of key financing, operational and investment activities as well as other business developments.

Audit Committee Report

The Audit Committee is mandated with monitoring and supervising activities related to the Company's financial, internal audit, compliance and tax performance. In 2019, the Audit Committee held four meetings.

In accordance with its Charter, the Audit Committee reviewed and advised on the following issues:

- Financial reporting and non-financial information;
- Financing strategy, including mitigation of forex exposures;
- Working capital development and financial exposures to individual clients;
- The implications of new International Financial Reporting Standards;
- The functioning of the Company's internal control processes, internal audit function and audit approach;
- Effective tax rate and tax compliance;
- Litigation and major legal and arbitration cases such as the MEI and Sidra cases; and
- Risk analysis and audit-related matters.

Financial Reporting and External Auditor

The company's external auditor is KPMG. The external auditor attended all Audit Committee meetings in 2019 before signing off on the year's and quarters financial statements.

New Cabinet - New Capital

Risk Management and Controls

Introduction

The construction business inherently involves risks. Our management is cognizant of these risks and takes a measured mitigation approach to maximize our ability to successfully pursue sustained growth. Our Board and management foster a transparent company-wide approach to risk management and internal controls, which allows our businesses to operate effectively. We are working diligently to further enhance our Risk Management within the Company. Our risk appetite is flexible to account for our diversified market presence and is tailored to four main categories:

Strategic	As a leading player in our markets, we are able to take certain calculated strategic risks that create opportunities to maximize our ability to deliver outstanding value to our shareholders. Our ability to adapt our risk management to meet the requirements of our diversified exposure to emerging and developed markets is key to maintaining our success.
Operational	We aim to minimize operational risks while maximizing our ability to capitalize on our leadership positions in our markets. We strive to maximize operational efficiency while fostering a safe and entrepreneurial environment for our employees.
Financial	We implement a prudent financial and reporting strategy to maintain a strong financial position. Our key financial policies are described in the notes of the financial statements.
Compliance	All employees are bound by our Code of Business Principles and Conduct and Code of Ethics, which we are in the process of embedding throughout the company. It is in the values of the company and its employees to act with honesty, integrity and fairness to foster a business climate that maintains such standards. We strive to comply with applicable laws and regulations everywhere we do business.

Key Risk Factors

Our key risks as perceived by management are outlined below, accompanied by an overview of how these risks are mitigated and the opportunities that can arise from these actions. The sequence in which these risks are presented in no way reflects any order of importance, chance or materiality. If any of the following risks actually occur, the company's business, prospects, financial condition or results of operations may be materially affected. Although management believes the risks and uncertainties described below are the most material risks, they are not the only risks to which Orascom Construction PLC is exposed. All of these factors are contingencies that may or may not occur. Additional risks and uncertainties not presently known to management or currently deemed immaterial may also have a materially adverse effect on the company or its operational results.

Risk Type	Risk	Mitigant
STRATEGIC	**Economic and Political Conditions:** Orascom Construction PLC operates in both developed and emerging markets, which means we are exposed to certain countries, especially in the Middle East and Africa, where there is a risk of adverse sovereign action. Accordingly, developments in any of the countries in which we operate can create an uncertain environment for investment and business activity and may adversely impact our business.	We mitigate the impact of any single market by diversifying our operations in both emerging and developed markets. We actively monitor economic, political and legal developments and strive to be a 'local' player in each of our markets.
	Risk of Adverse Sovereign Action: We do business in locations where we are exposed to a greater-than-average risk of adverse sovereign action, including overt or effective expropriation or nationalization of property, renegotiation of contract terms, placement of foreign ownership restrictions, limitations on extracting cash and dividends or changes in tax structures or free zone designations.	We work and cooperate closely with the governments in countries in which we do business to maintain positive working relationships. Although there is no guarantee that the government of a location in which we operate will not adopt adverse policies going forward, we have worked to minimize this risk through contractual arrangements. Our legal team also works diligently to monitor and review our practices and any changes in laws or regulations in the countries in which we operate to provide reasonable assurances that we remain in line with all relevant laws.
	Global Economic Conditions: Economic changes may result in business interruption, inflation, deflation or decreased demand in the construction sector. Our success will depend in part on our ability to manage continued global economic uncertainty, especially in our markets. We have substantial operations in countries with primarily hydrocarbon economics and whose ability to fund construction projects is materially dependent on oil and gas prices.	We aim to maintain a strong financial position that would cushion any global economic or cyclical downturns. We focus on infrastructural projects such as metro and roads, power generation and waste water facilities, which are less likely to be affected by funding restrictions in a country.
	Concentration Risk: Orascom Construction PLC is to a certain extent dependent on a number of key clients, being the Egyptian government through its various ministries and to a lesser extent the US Federal Government.	We are diversifying in US markets through our subsidiaries. We also strive to have a stronger client base in countries other than Egypt and Saudi Arabia in the Middle East and Africa.

Risk Type	Risk	Mitigant
Operational	**Project Costs:** Our project costs are subject to fluctuations in the costs of procurement, raw materials (including steel and cement) and foreign exchange rates, which can expose us to the risk of reduced profitability and potential project losses. Our projects can also be subject to delays and cost overruns due to delays in engineering and design, equipment delivery, engineering issues, unanticipated cost increases, shortages of materials or skilled labor or other unforeseen problems.	We have established internal processes with clear delegated authorities for approving major contracts and specific contractual clauses. All contracts are reviewed by the legal department. Contracts with larger monetary values require approval from the CEO. During the execution of projects, cost control reports are prepared and analyzed on a periodic basis. To safeguard appropriate change orders, claims and requests for time extensions are issued to clients in a timely manner. We continuously upgrade contractual terms and conditions to reflect lessons learned from previous projects.
	Risks Associated with Our Joint Ventures: We participate in joint ventures and other partnerships including BESIX Group SA in Belgium. Our investments in joint ventures involve risks that are different from the risks involved in executing projects under our full control.	The Shareholders Agreements for our joint ventures include clauses that protect our economic and operating interests as applicable. We maintain close working relationships with our partners and monitor the operating and financial results of the joint ventures in which we hold minority stakes or do not have management control. In our larger joint ventures and partnerships, such as BESIX Group S.A., we retain seats on the Board of Directors. In addition, we have a policy of periodically reviewing all businesses to determine whether they continue to be core businesses worth retaining on a long-term basis. This is particularly applicable to investments of less than 50%. If a business becomes non-core or has reached a certain level of maturity, we actively pursue monetizing it through divestment.

Risk Type	Risk	Mitigant
Financial	**Ability to Raise Debt or Meet Financial Requirements:** Our ability to refinance existing debt and overdrafts is contingent on our access to new funding. Although we strive to ensure that adequate levels of working capital and liquidity are maintained, unfavorable market conditions in a country may adversely affect our financing costs, hinder our ability to achieve additional financing, hinder our ability to refinancing existing debt and/or postpone new projects. This could therefore have an adverse effect on business prospects, earnings and/or our financial position.	We maintain a strong financial position and strive to maintain our creditworthiness with our creditors. Our treasury department closely monitors our cash position and credit lines to ensure our financial flexibility. We have also diversified our funding sources to avoid dependence on a single market.
	Currency Fluctuations Currency Fluctuations: Significant changes in the exchange rates of operational currencies, which include the US Dollar, Japanese Yen, Euro, Egyptian Pound and Algerian Dinar, can have a material effect on the reported and actual financial performance of a specific construction project and the company.	We assess on a project-by-project basis the remaining currency exposures, taking into account contractual in and outflows and clauses. On a case-by-case basis we hedge significant remaining exposures. It should be noted no financial instruments are available to directly hedge the Egyptian Pound against the US Dollar. We strive to mitigate this exposure contractually.

Risk Type	Risk	Mitigant
Compliance	**Regulatory Conditions in the Markets Where We Operate:** Changes in laws, regulations and the related interpretations may alter the environment in which we do business. This includes changes in environmental, competition and product-related laws, as well as changes in accounting standards and taxation requirements. In addition, it includes regions where corrupt behavior exists that could impair our ability to do business in the future or result in significant fines or penalties. Our ability to manage regulatory, tax and legal matters and to resolve pending matters within current estimates may impact our results.	We closely monitor the legal developments in each of our markets. Our Code of Business Principles and Conduct and Code of Ethics outline our commitment to comply with the laws and regulations of the countries in which we operate. It is in the values of the company and its employees to act with honesty, integrity and fairness to foster a business climate that maintains such standards. We strive to comply with applicable laws and regulations everywhere we do business.
	Ability to Maintain Our Health, Safety and Environment (HSE) Standards: HSE is a vital aspect of our business. We have a deep commitment to maintaining our strong HSE track record. Despite the nature of our businesses, we aim to prevent every accident through stringent HSE rules, standards and training programs.	We implement strict HSE training and operating discipline at every construction project to minimize HSE risks and closely monitor our projects through regular internal audits.

West Damietta Power Plant

Risk Management Approach

Our risk management framework is being developed to provide reasonable assurances that the risks we face are properly evaluated and mitigated and that management is provided with information necessary to make informed decisions in a timely manner. The key elements of our internal risk management, compliance and control systems in 2019 were the following:

Code of Conduct: Orascom Construction PLC is committed to conducting all business activities responsibly, efficiently, transparently and with integrity and respect towards all stakeholders. Our values underpin everything we do and form the essence of the company's Code of Business Principles and Conduct, which should be read in conjunction with our Code of Ethics (together forming the Code of Conduct). The Code of Conduct contains the policies and principles that govern how each director, executive officer and employee of Orascom Construction PLC is expected to conduct themselves while carrying out their duties and responsibilities on behalf of Orascom Construction PLC.

Whistleblower Policy: The Whistleblower Policy applies to all employees, officers and directors of Orascom Construction PLC. Internal reporting of suspected criminal or unethical conduct by or within the company is vital to maintaining our success. If received, all reports are treated with the utmost confidentiality and are promptly investigated without the risk of recourse for the reporting employee so long as their report is made in good faith.

Insider Trading Policy: The Insider Trading Policy applies to all employees, officers and directors of Orascom Construction PLC and prohibits every employee from using insider information on a transaction in Orascom Construction PLC securities or executing a transaction in Orascom Construction PLC securities if that transaction may reasonably appear to have been executed while the employee was in possession of or had access to inside information.

Internal Financial Reporting and Audits: All management teams of our subsidiaries are required to provide corporate management with a monthly report in respect of their financial performance, new awards and operating issues. These monthly reports are reviewed centrally by Group Controlling and discussed by the Chief Executive Officer and Chief Financial Officer in monthly review meetings with responsible management.

The Board of Directors is given a full financial, operational and strategic updates by the CEO at each Board meeting.

A detailed budget for each subsidiary is prepared and presented to management in the fourth quarter of each preceding year and includes a one-year forecast. Subsidiary budgets are updated monthly to account for actuals and forecasts are updated at a mid-year review. These budgets and forecasts are consolidated into Orascom Construction PLC's budget and forecast, which is used by management as a tool to evaluate the company's investment strategy, performance indicators and operations. The Orascom Construction PLC Budget is approved by the Board of Directors.

Periodic Internal Audits are conducted to review any specific issues at the subsidiary and/or project level. Internal audit findings that need follow-up are reported to local and corporate management. The Head of Internal Audit reports a summary of findings to the Audit Committee, which also approves the yearly internal audit plan.

Group Controlling provides guidance on internal and financial controls that must exist for each process and monitors the implementation of these controls in collaboration with the Internal Audit Department.

Non-financial Letters of Representation: On a yearly basis, management of our more significant subsidiaries are requested to provide corporate management with a non-financial letter of representation in which they confirm, among several other assurances, that they are compliant with our codes and policies and that proper internal controls have been maintained through the financial year.

Ras Ghareb Wind Farm

Statement of Directors' Responsibility

The following statement is meant to be read in conjunction with the Auditors' responsibility section of the Independent Auditors' Report. It has been prepared in order to distinguish the respective responsibilities of the Directors and Auditors in relation to the company's Consolidated Financial Statements.

The Directors are required to prepare the Consolidated Financial Statements for 2019. These Statements provide a true and fair view of the state of affairs of both Orascom Construction PLC (the "Company") and its subsidiaries (collectively the "Group") at the end of the financial year and disclose the profit and loss for the financial year 2019.

The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards. To prepare these Statements, the Directors are required to select appropriate accounting policies and apply them consistently, make reasonable and prudent judgments and estimates and state whether all accounting standards they consider to be applicable have been followed, subject to any material departures disclosed and explained in the Statements. Unless stated otherwise, the Directors use a going-concern basis in preparing the Consolidated Financial Statements.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose, with reasonable accuracy at any given time, the financial position of the Company. The accounting records must also enable the Directors to ensure that the Consolidated Financial Statements comply with the applicable laws in the relevant jurisdiction.

The Directors are generally responsible for taking necessary and reasonable steps to safeguard the Group's assets and to prevent and detect fraud and other irregularities.

The Directors are also responsible for preparing a Directors' Report and Corporate Governance Statement in accordance with applicable laws and regulations. The Directors consider both the Annual Report and the Consolidated Financial Statements to be fair, balanced and easy to understand. These documents provide necessary information for shareholders to assess the Company's performance, business model and strategy.

West Damietta Power Plant

CORPORATE SOCIAL RESPONSIBILITY

The last 69 years have seen Orascom Construction PLC grow from a small, ambitious family business to Egypt's largest engineering and construction contractor and a global force with presence across dozens of countries in the Middle East, Africa and North America. Growing operations means growing responsibilities, which is why we make sure that our social and economic contributions remain active and up to date in surrounding communities and our countries of operation at large. We prioritize the development of sustainable solutions and models with tangible impact in human development that focus on education and health.

Central Bank of Egypt - New Capital

CORPORATE SOCIAL RESPONSIBILITY

2019 Highlights

Naga' El Fawal and El Deir Village Integrated Sustainable Development Project

In 2018, an integrated development program was inaugurated with the aim of improving the quality of life at Naga' El Fawal and El Deir Village in Esna, Luxor. In partnership with the EFG Hermes Foundation, the Sawiris Foundation for Social Development and the Kuwaiti Initiative for the Support of the Egyptian People, Orascom Construction PLC concentrated its efforts on reforming education, healthcare and infrastructure in the area, as well as empowering its 60,000+ residents socially and economically.


Naga' El Fawal – Family Day Sports Camp


Naga' El Fawal – Family Day Sports Camp

Accomplishments to Date

Infrastructure

Significant strides were made to improve the water infrastructure of the area as we successfully installed a new, sanitary water network — now fully operational — in place of the old network that was ravaged with asbestos. Additionally, new water pipes were installed in all Naga' El Fawal houses, giving 10,000 inhabitants easy access to clean water. The area's newly built community center was also at the receiving end of a substantial infrastructure upgrade, with the installation of a new solar power system that covers 100% of its electricity needs.


Renovating and Refurbishing the Health Unit


Family Day Sports Camp

Education

Actions taken to improve educational conditions and prospects in the area included the construction of a new community center, which became fully operational in November 2019. The center encompasses a number of facilities, most notably and in support of new mothers, a fully furnished Montessori nursery capable of hosting up to 50 children and a fully furnished Montessori nursery for children with disabilities, ready to host up to 20 children. In addition and in collaboration with Funtasia Egypt, we opened 40 new developmental classes that use interactive learning to assist children in honing various life skills. Funtasia uses innovation, story-telling and creative learning to widen children's perspectives and foster their civic participation, with the aim of building strong senses of self and of team. Through the use of creative teaching, we aim to nurture a generation of innovators and problem-solvers, facilitate self-discovery, curiosity and acceptance and foster a cycle of lifelong learning in the area. In addition, five different capacity building and creative facilitation training programs were held for school teachers and volunteers in the area to teach effective implementation methods with students and create a successful classroom environment that maximizes benefits.


Establishing Montessori Nursery


Kids' First Day


Trained Teachers and Students for Montessori Nursery

Complementary to children's educational needs in the village is family support and the provision of the right psychological environment that enables them to perform at the top of their capabilities. A lighthearted effort to spread awareness on the matter was the conduction of a large-scale June event, 'Family Day', in cooperation with WellSpring, where 590 individuals from 198 families from Naga' El Fawal came together to enjoy a day of fun, revive the spirit of participation and spread more awareness on children's needs.


Funtasia Training to Enhance Youth Talents


Training of School Teachers and Volunteers


Medical Convoy for Detecting Anemia


Medical Convoy for Detecting Eye Disease

Healthcare

A total of 75,000 people are dependent on the area's health unit, which is why Orascom Construction prioritized renovating and refurbishing the unit in 2018, with a resident general practitioner assigned and specialists made available on a weekly basis. In further effort, four fully-fledged medical convoys specialized in anemia and eye disease detection were deployed and have resulted in scheduling 291 eye surgeries, as well as the provision of 875 people with eye medication and 867 people with eyeglasses. Some 463 village residents were diagnosed with anemia and have since received the proper medication and treatments. To sustain the knowledge of basic healthcare and spread awareness among residents, the company has also conducted sessions on utilizing surrounding tools and resources in maintaining basic levels of healthcare.

Orascom Construction also participated in the government's nationwide initiative, '100 Million Healthy Lives' and facilitated its reach across Naga' El Fawal and El Deir village. The campaign worked to eradicate hepatitis C and raise awareness on prevalent chronic diseases in Egypt, like diabetes and high blood pressure.

Economic Empowerment

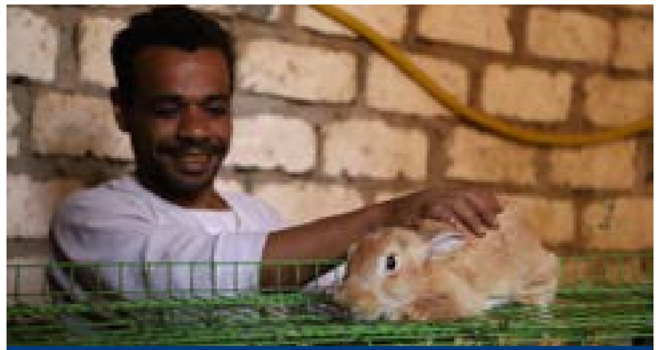
Several types of trainings were completed in the area throughout 2019; they included six training courses on managing and marketing a project, with 126 beneficiaries in attendance and a comprehensive training on breeding and handling livestock, with 36 beneficiaries in attendance. Furthermore and following the conduction of a needs assessment, 115 in-kind grants of an average of EGP 10,000 each were offered to beneficiaries, coupled with technical trainings that would facilitate the launch and sustainability of new projects in the area. Trainings delivered included insight into grocery shop and vegetable cart ownership, rabbit and pigeon breeding, sewing projects and the ownership and operation of irrigation machines and pesticide-sprayers. Regular follow up mechanisms were also put in place to ensure the continuity and sustainability of these new projects and their resulting income.


Economic Empowerment


Economic Empowerment

Upcoming Plans

Currently underway is the first stage of housing construction that Orascom Construction is seeing through in the area, with ground already broken and the construction of 44 new houses and units about to begin. As our efforts continue to expand in the village, we remain committed to introducing quality education, providing sustainable job opportunities and renovating and refurbishing the area's infrastructure.


Economic Empowerment

Community Schools in Assiut

Marginalized communities see high rates of children slipping from the education system, with the only way back to ensure their completion of school studies being community schools. Orascom Construction believes in the unmatched importance of providing equal access to quality education and so for the third year running, the company has participated in the Schools for Egypt (SFE) project, run by the Ministry of Education in Egypt. Through the program, we have established 15 community schools in the villages of El Fath and Abnoub in Assiut, giving 450 girls and boys the opportunity to continue their education.


Training of teachers – Assiut Community schools

The creation of these Assiut schools was a collaborative effort between the community and donors. The first provided land and the latter — comprised of Orascom Construction in partnership with the Sawiris Foundation for Social Development and the Assiut Childhood and Development Association (ACDCA) — provided all needed resources and services including efficient plumbing and electricity systems, full school furnishings, all needed learning materials and the appropriate trainings for teachers. In selecting teachers for the schools, 38 candidates were chosen by the Directorate of Education in Assiut, 30 of whom were selected after receiving training on active learning. In addition, 11 supervisors from the directorate were trained on the application of active learning strategies, so that they can ensure their efficient application by teachers. In creating this holistic learning system where the innovative use of tools and resources like mini-theaters and puppets, tablets and age-appropriate tools, schools will be capable of providing quality learning environments that are fun and accessible to all children in the area. The schools will also become a point of access for children to receive quality nutrition provided by the World Food Programme.


Training of teachers – Assiut Community schools

Enactus Egypt

Cairo University Team Wins Enactus World Cup Championship by Project Rosie

2019 saw Orascom Construction extend its partnership with Enactus Egypt, in support of the organization's aim to invest in students who will fuel positive change and sustainability across their communities and countries.

Orascom Construction sponsored Enactus' General Orientation Training in 2019, where 6,700 student leaders from over 53 universities came together for a training module created to provide knowledge and guidance that raises the bar for national competitions and in turn, for future representation at the Enactus World Championship.

Orascom Construction Sponsored the 2019 National Champion to Enactus World Cup

Cairo University Team Sponsored by Orascom Construction Wins the Social Innovation Enactus World Cup Championship

Enactus' Thematic Competition on Improving Livelihoods, where students volunteer throughout the academic year to implement outreach projects that empower and improve community standards of living where most needed, took impressive strides in 2019. Students from 53 universities implemented 125 projects that directly impacted over 130,000 citizens and Cairo University's team was named national champion by a panel of Orascom Construction officials and other multinational corporate representatives for Rosie, a now-national sanitation project. The self-sufficient social enterprise creates organic sanitary pads to tackle feminine hygiene products from an affordable and environmentally sustainable angle. The project's efforts are also in line with three of UN sustainable development goals (SDGs), specifically goal 6, clean water and sanitation; goal 8, decent work and economic growth; and goal 10, reduced inequalities. The company then co-sponsored the team at the Enactus World Cup in San Jose, California, where they were named World Cup Champion.

Supporting Education in Egypt

Orascom Construction believes that sustainable development is rooted in quality education that promotes critical and visionary thinking, innovation and entrepreneurship. It therefore continues to heavily invest in different projects that fortifies chances for fair education, from building and refurbishing schools and learning facilities to funding trainings and scholarships for students and teachers alike.

Onsi Sawiris Scholarship Program

For the 19th year running, the Onsi Sawiris Scholarship Program sponsored students looking to complete their undergraduate and graduate studies at leading US higher education institutions, through full scholarships that cover tuition fees, living expenses, health insurance and travel fees. Five students received scholarships in 2019 and the program expanded to provide full scholarships to those interested in pursuing a Master of Business Administration (MBA) or a Master of Engineering. The program also covers undergraduate degrees at the University of Chicago, Stanford University, Harvard University and University of Pennsylvania. Some of the program's students have made the dean's list at their schools and have gained recognition as high achievers in academia and extracurricular activities.

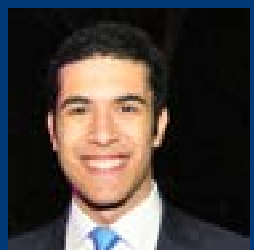
The program entails return to Egypt for a minimum of two years upon completion of studies, in an effort to cultivate skilled leaders with lasting impact who contribute to the country's economic development.

Onsi Sawiris scholarship recipients for the year 2019 with Engineer Osama Bishai, CEO of Orascom Construction PLC

Testimonials

Nadia Negm:

A student athlete who is pursuing her studies at the University of California at Berkeley said "I want to thank the Onsi Sawiris Scholarship Program for providing me with the support I needed to continue my education and athletic training. Thanks to this generous support, I'm able to follow my passion in both studies and athletics. I'm enjoying this experience tremendously and cannot wait to graduate and work in the field that I have always wanted to work in."



Hussein EL Kheshen, SB'19:

"Receiving an Onsi Sawiris Scholarship enabled me to take a risk and launch a start-up company in the beginning of my career, a move that could have been hindered by university tuition debt. Returning home debt-free now allows me to invest all my immediate earnings in my venture's continuing growth. The program also served as a reminder that it is never too early to give back to your community and that even small contributions, like mentoring other students, can have a great impact."

The AMENDS program, powered by Orascom Construction, supported fellows to:

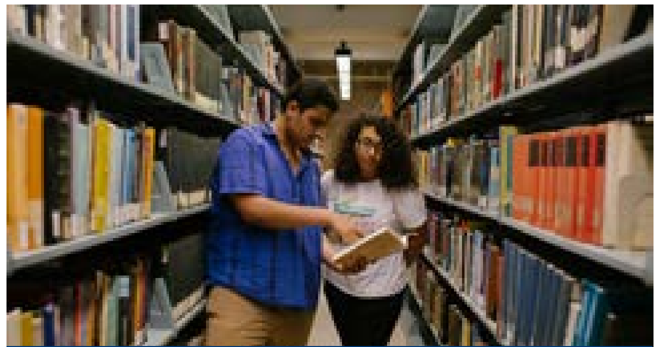
- *Win Chevening and Fulbright scholarships for graduate study in the US and UK*
- *Testify as expert commentators at the United Nations Headquarters in New York*
- *Host American Fellows at social enterprises in Egypt, Jordan and Lebanon*

Thank you, Orascom Construction, for your support of AMENDS – we hope to continue working together to empower changemakers from across the Middle East in highlighting their work at Stanford and around the world!

Driving Engineering Education – TU Berlin El Gouna Scholarship

Orascom Construction resumed providing academic scholarships to students of excellent academic and professional backgrounds interested in completing Master's Degrees in the Water Engineering and Electric Engineering fields at TU Berlin El Gouna. The university is the first German higher education institution to operate a campus in Egypt and Orascom Construction has supported its students since the university's inception in 2012.

The Orascom Construction PLC – AUC Upper Egypt Youth Scholarship



Sponsored students Beshoy Aziz and Nada Yacoub at the AUC Library

2019 is the sixth year where Orascom Construction awards full scholarship to students from Aswan and Sohag to pursue their undergraduate degrees in Economics at the American University in Cairo (AUC). The Orascom Construction-AUC scholarship program is consistently proving itself a successful venture, with its students continuously achieving academic excellence and showcasing impressive leadership skills and in turn, making their way towards joining cadres at private corporations, civil organizations and governmental entities.

OC-AUC scholars at AUC 2019

INJAZ Egypt

Orascom Construction is a longstanding supporter of INJAZ Egypt, an organization whose mission is to encourage private sector involvement in the development and delivery of specialized curricula that encourage student empowerment and entrepreneurship. Through various INJAZ programs, Orascom Construction has positively affected the lives of more than 760,000 young people, from 2009 to date. INJAZ promotes employability skills among youth and partners with businesses and educational institutions across the country to include thousands of students, schools, startups and volunteers in an experiential learning journey that realizes youth potential across the country.

San3ety Graduates Initiative

Following the success of last year's round, INJAZ Egypt's San3ety Graduates initiative received over 800 applicants at the start of the program in 2019. More than 200 applicants were accepted, with around 150 graduating from the Work Readiness Training and 113 graduating from the Technical Training program. Participants gained critical transferrable and specific skills in three phases:

San3ety Closing Ceremony

1. **Work Readiness Training:**
   Delivered through the 18-block 'Building Blocks for Employment' program, a program created to bridge the gap between vocational education and the labor market's requirements through specialized trainings.

INJAZ Work Readiness training

2. **Technical Training:**
   Implemented at various academies including NASS Academy and Amir and Joseph Center, the internationally certified training program covers specializations that include automotive, air conditioning systems, gas and electrical systems.
3. **Internships and Job Placement Assistance:**
   Support is shown to graduating participants in their search for proper employment in multiple ways, most recently through a partnership with Shaghalni, the employment website, to help connect graduates with suitable opportunities.

The 2019 Corporate Race

Orascom Construction joined other leading corporations in a race to raise funds and awareness for "The Company Program", a 100-year-old entrepreneurship program repurposed by INJAZ Egypt that enables female students to set up business enterprises and acquire skills needed for

The 2019 Corporate Race

Corporate Race to raise Funds for Underprivileged Girls

operation. The program primarily targets underprivileged females attending public universities and the race has succeeded in raising EGP one million in funds.

Accessible Sidewalks and Crossings around Cairo University

Helm Foundation Streets and Metro Accessibility Project

Helm Foundation's efforts in creating and implementing an 'Accessible Pavements and Metro Stations' model that facilitates persons of disabilities' public transportation movement in Greater Cairo were sponsored by Orascom Construction in 2019. The company assisted Helm in successfully designing and installing one km of accessible sidewalks and crossings around Cairo University and transforming the Cairo University and Faisal metro stations to accessible points of access for over 1,000 persons with disabilities daily. Orascom Construction's active participation in similar projects is a move that aims to influence policy makers to amend our national code of construction, to ensure that from this point onwards, everything is built with accessibility to all in mind.

Accessible Metro Stations for Disabled

Sponsoring Future Athletes

Orascom Construction observed the inspiring athletic talents of Roger and Chris Baddour, sons of a company employee and proceeded to sponsor both athletes' training and coaching programs, as well as their latest squash tournaments in 2019. The athletes have consistently ranked highly among squash players in the last couple of years; 2019 results include Roger ranking third in the Madinaty International Junior and Masters Squash Open and first in the Ardic Egyptian Junior Open for boys under 17 and Chris ranking second in the British Junior Open. 2018 tournaments which the athletes participated in include the Shooting Club Squash Open, Sharm El Sheikh Squash Open and Wadi Degla Squash Open. The Egypt Squash Federation additionally chose Chris and Roger to represent Egypt in numerous tournaments and Roger ranked sixth in the USA Squash Junior Open.

Roger Baddour

Chris Baddour

A Focus on Healthcare

The active development of social healthcare across Egypt is at the forefront of Orascom Construction's priority list. This year, the company particularly invested in campaigns that spread awareness about the treatment of hepatitis C, a disease rampant among over 15% of Egyptians and donated funds to several non-profit organizations dedicated to this cause. It additionally maintained its efforts across initiatives it has been committed to since their inception.

The Karim Camel-Toueg International Fellowship in Hepatology

Orascom Construction remained an avid sponsor of the fellowship program. Established in 2011 in memory of OCI Board Member Karim Camel-Toueg, the program provides Egyptian hepatologists with the opportunity to become fellows at the Cleveland Clinic's Hepatology Center for six months. The aim is to increase the number of top-tier specialists in Egypt who possess best-in-class real-time experiences in patient-handling, cultivated in an environment supported with top quality medical and research facilities. The ultimate goal is to increase excellence in the treatment of prevalent liver diseases in Egypt.

Fostering Community Development

Orascom Construction continues to support a variety of initiatives that tackle a spectrum of societal issues, in active pursuit of improved conditions that would alleviate levels of poverty, illness and hunger and to implement projects that improve movement, living conditions and human development across the country. The company's subsidiaries provide time, resources and financial support to community organizations to apply meaningful changes that have lasting impacts on communities.

Sawiris Foundation for Social Development

Orascom Construction PLC continues to be one of the primary sources of funding for the Sawiris Foundation for Social Development (www.sawirisfoundation.org) since its inception. The Sawiris Foundation for Social Development works toward the improvement of society by enabling people to help themselves. The Foundation focuses on projects that are innovative, answer socioeconomic needs and clearly demonstrate potential for success while serving as a model that can be replicated and adopted by other institutions.

CONSOLIDATED FINANCIAL STATEMENTS

KIMA Fertilizer Plant

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Orascom Construction PLC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Orascom Construction PLC ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Dubai International Financial Centre ("DIFC") and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Accounting for construction contracts

Refer to notes 13 and 25 of the consolidated financial statements

Key audit matter

The Group recognises revenue and profit based on the progress of the construction contracts which is assessed with reference to the proportion of contract costs incurred for the work performed as at the reporting date, relative to the estimated total costs of the contract at completion.

The recognition of revenue and profit therefore relies on estimates made by management in relation to the final out-turn of revenue and costs on each contract. Changes to these estimates could give rise to material variances in the amount of revenue and profit/loss recognised. Cost contingencies may also be included in these estimates to take account of specific uncertainties, or disputed claims against the Group, arising within each contract. These contingencies are reviewed by the Group's management on a regular basis throughout the contract life and adjusted where appropriate. Subsequent variations from the initially agreed scope of work and claims arising under contracts may also be included in these estimates. The amounts to be included in the estimate are based on a contract-by-contract basis when the Group believes it is highly probable that a significant revenue reversal will not occur when the uncertainty associated with the variations are subsequently resolved.

There is a high degree of risk and significant management judgment associated with estimating the amount of revenue to be recognised by the Group based on the final out-turn on contracts; assessing the level of the contingencies; and recognising variations and claims. Accordingly, revenue recognition from construction contracts is considered a key matter in relation to our audit of the Group.

How our audit addressed the key audit matter

Using a variety of quantitative and qualitative criteria, we have selected a sample of contracts to assess the reasonableness of the significant and complex contract estimates used by management in accounting for these contracts.

We obtained the detailed project status reports ("the reports") and assessed, where necessary, the judgments underlying those reports with the audit evidence obtained including discussion with the Group's senior operational, commercial and financial management. In this area, our audit procedures included:

- identifying and testing key controls over the revenue recognition process over construction contracts;
- reviewing the accounting policies adopted by the Group and ensured these policies had been applied to individual contracts with customers appropriately;
- evaluating the financial performance of contracts against budget, available third party evidence and historical trends;
- conducting site visits to certain higher risk or larger value contracts, physically observing the progress of individual projects and identifying areas of complexity through observation and discussion with site personnel;
- assessing the reasonableness of the Group's judgment in respect of forecast contract out-turn, contingencies, settlements and the recoverability of contract balances via reference to our own assessments based on certain quantitative and qualitative factors, historical outcomes and industry norms;
- analyzing correspondence and other relevant documents obtained by management from customers around variations and claims and considering whether this information is consistent with the estimates made by the management;
- inspecting selected contracts for key clauses, identifying relevant contractual mechanisms such as liquidated damages, defects liability and warranties and, assessing whether these key clauses have been appropriately reflected in the amounts recognised in the financial statements;
- assessing whether the amounts recognised in the financial statements resulting from the estimates and assumptions made represent a balanced view of the risks and opportunities pertaining to each contract position;
- considering whether provisions against contracts sufficiently reflect the level of risk, and challenging management's judgment in this area with reference to our own assessments; and
- considering the adequacy of the Group's disclosures in the consolidated financial statements in respect of contract accounting and the key risks relating to these amounts.

2 Expected credit loss allowances on receivables

Refer to note 9 of the consolidated financial statements

Key audit matter

The Group is exposed to credit risk on its receivable balances including contract receivables, contract assets, and retention receivables. The determination of expected credit loss ("ECL") involves significant estimates and judgement.

Key areas involving judgements include current and future looking external factors, probability of default and loss given default. Due to judgement and complexities involved in the computation of ECL for determining impairment provision, this is considered as a key audit matter.How our audit addressed the key audit matter

- obtaining an understanding of the Group's process for estimating ECL and assessing the appropriateness of the ECL preparation methodology against the requirement of IFRS 9.
- identifying and testing key controls over the ECL model;
- assessing the reasonableness of key assumptions and judgments made by the management in determining the ECL allowances including segmentation of receivables, selection of ECL models and macroeconomic factors; and
- testing key inputs of the model, such as those used to calculate the likelihood of default and the subsequent loss on default, by comparing to the historical data.

3 Litigation and claims

Refer to note 26 of the consolidated financial statements

Key audit matter

Considering the nature of the Group's operations, it can be exposed to a number of litigations and claims. The recognition and measurement of provisions, contingent liabilities and contingent assets as well as making the necessary disclosures in respect of litigation and claims requires significant judgment by the management in assessing the outcome of each legal case which is based on management's discussion with internal and external legal advisors. Due to the significance of the litigations and claims and the judgment applied in assessing and measuring the resulting outcome, this is considered as a key audit matter.

How our audit addressed the key audit matter

Our audit procedures included the following:

- evaluating the Group's policies, procedures and controls in relation to litigation, claims and provision assessments;
- obtaining inputs from the Group's legal counsel in regards to the Group's litigations and claims, making independent enquiries and obtaining confirmations from internal and external lawyers to understand the background of each case, legal position and the material risks that may impact the Group's financial statements; and
- assessing reasonableness of judgment made by management in assessing and measuring the current and final outcome of the claim, determining the adequacy of the level of provisioning or disclosure in the consolidated financial statements in accordance with IAS 37.

4 Accounting for tax

Refer to note 11 of the consolidated financial statements

Key audit matter

The Group operates in a number of tax jurisdictions. The complexities of local and international tax legislations requires an understanding of the applicable tax laws and regulations in these jurisdictions. Furthermore, the recognition of deferred tax assets involves significant judgment and estimates with regards to the Group's future operations and the applicable tax laws in the respective jurisdictions and, as a result, this is considered as a key audit matter.

How our audit addressed the key audit matter

Our approach included:

- involving our tax specialists to assess the Group's tax positions including deferred tax, its compliance with the relevant tax legislations, to analyse and challenge the assumptions used by management in determining the tax provisions;

- identifying and testing key controls over calculation for income tax and deferred tax;

- For the purpose of assessing the valuation of deferred tax assets recognised in the Group's statement of financial position, we have reviewed and assessed the reasonableness of the assumptions used in projecting the Group's future taxable profits, the applicable tax losses in the respective jurisdictions and evaluated the expected tax planning strategies; and

- considering the adequacy of the Group's tax disclosures in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the Companies Law pursuant to DIFC Law No. 5 of 2018 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We further report that the consolidated financial statements comply, in all material respects, with the applicable provisions of the Companies Law pursuant to DIFC Law No. 5 of 2018.

KPMG

KPMG LLP
Dubai, United Arab Emirates

Freddie Cloete
Partner

Date: 25 March 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at

$ millions	Note	31 December 2019	31 December 2018
Assets			
Non-current assets			
Property, plant and equipment	(7)	181.3	159.3
Goodwill	(8)	13.8	13.8
Trade and other receivables	(9)	44.4	15.2
Equity accounted investees	(10)	430.0	419.5
Deferred tax assets	(11)	39.6	35.9
Total non-current assets		**709.1**	**643.7**
Current assets			
Inventories	(12)	293.0	283.3
Trade and other receivables	(9)	1,258.5	1,243.1
Contracts work in progress	(13)	869.8	526.7
Current income tax receivables		0.1	0.1
Cash and cash equivalents	(14)	374.8	402.5
Total current assets		**2,796.2**	**2,455.7**
Total assets		**3,505.3**	**3,099.4**
Equity			
Share capital	(15)	116.8	116.8
Share premium		480.2	480.2
Reserves	(16)	(304.6)	(335.6)
Retained earning		249.5	170.5
Equity attributable to owners of the Company		**541.9**	**431.9**
Non-controlling interest	(17)	43.8	39.6
Total equity		**585.7**	**471.5**
Liabilities			
Non-current liabilities			
Loans and borrowings	(18)	5.4	2.3
Trade and other payables	(19)	56.7	43.0
Deferred tax liabilities	(11)	3.6	3.3
Total non-current liabilities		**65.7**	**48.6**
Current liabilities			
Loans and borrowings	(18)	90.3	373.0
Trade and other payables	(19)	1,192.0	1,025.7
Advanced payments from construction contracts		1,096.1	606.0
Billing in excess of construction contracts	(13)	375.3	410.8
Provisions	(20)	53.3	103.3
Income tax payables		46.9	60.5
Total current liabilities		**2,853.9**	**2,579.3**
Total liabilities		**2,919.6**	**2,627.9**
Total equity and liabilities		**3,505.3**	**3,099.4**

The notes on pages 133 to 173 are an integral part of these consolidated financial statements.
This consolidated financial statements were approved by the Board of Directors and authorized for issue on 25 March 2020 and signed on their behalf by:

------------------------ Director

------------------------ Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended

$ millions	Note	31 December 2019	31 December 2018
Revenue	(25)	3,184.0	3,013.5
Cost of sales	(21)	(2,820.5)	(2,673.4)
Gross profit		**363.5**	**340.1**
Other income	(22)	15.0	8.3
Selling, general and administrative expenses	(21)	(162.1)	(181.3)
Operating profit		**216.4**	**167.1**
Finance income	(23)	25.2	23.0
Finance cost	(23)	(98.5)	(28.1)
Net finance cost		**(73.3)**	**(5.1)**
Income from equity accounted investees (net of tax)	(10)	27.1	56.3
Profit before income tax		**170.2**	**218.3**
Income tax	(11)	(39.1)	(63.6)
Net profit for the year		**131.1**	**154.7**
Other comprehensive income:			
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences		34.6	(17.0)
Other comprehensive income (loss), net of tax		**34.6**	**(17.0)**
Total comprehensive income		**165.7**	**137.7**
Net profit attributable to:			
Owners of the Company		121.3	144.7
Non-controlling interest	(17)	9.8	10.0
Net profit for the year		**131.1**	**154.7**
Total comprehensive income attributable to:			
Owners of the Company		152.3	127.9
Non-controlling interest	(17)	13.4	9.8
Total comprehensive income		**165.7**	**137.7**
Earnings per share (in USD)			
Basic earnings per share	(24)	1.04	1.24

The notes on pages 133 to 173 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended

$ millions	Share capital (15)	Share premium	Reserves (16)	Retained earnings (accumulated losses)	Equity attributable to owners of the Company	Non-controlling interest (17)	Total equity
Balance at 1 January 2018	**116.8**	**761.5**	**(318.8)**	**(201.6)**	**357.9**	**44.6**	**402.5**
Net profit	-	-	-	144.7	144.7	10.0	154.7
Other comprehensive loss	-	-	(16.8)	-	(16.8)	(0.2)	(17.0)
Total comprehensive income	**-**	**-**	**(16.8)**	**144.7**	**127.9**	**9.8**	**137.7**
Share premium conversion	-	(281.3)	-	281.3	-	-	-
Dividends	-	-	-	(30.0)	(30.0)	(12.5)	(42.5)
Change in non-controlling interest	-	-	-	-	-	(2.3)	(2.3)
Other	-	-	-	(23.9)	(23.9)	-	(23.9)
Balance at 31 December 2018	**116.8**	**480.2**	**(335.6)**	**170.5**	**431.9**	**39.6**	**471.5**
Net profit	-	-	-	121.3	121.3	9.8	131.1
Other comprehensive income	-	-	31.0	-	31.0	3.6	34.6
Total comprehensive income	**-**	**-**	**31.0**	**121.3**	**152.3**	**13.4**	**165.7**
Dividends	-	-	-	(34.7)	(34.7)	(2.0)	(36.7)
Change in non-controlling interest	-	-	-	-	-	(7.2)	(7.2)
Other	-	-	-	(7.6)	(7.6)	-	(7.6)
Balance at 31 December 2019	**116.8**	**480.2**	**(304.6)**	**249.5**	**541.9**	**43.8**	**585.7**

The notes on pages 133 to 173 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended

$ millions	Note	31 December 2019	31 December 2018
Net profit for the year		**131.1**	**154.7**
Adjustments for:			
Depreciation	(7)	51.8	40.0
Interest income (including gain on derivatives)	(23)	(9.7)	(16.2)
Interest expense (including loss on derivatives)	(23)	53.0	26.2
Foreign exchange gain (loss) and others	(23)	30.0	(4.9)
Share in income of equity accounted investees	(10)	(27.1)	(56.3)
Gain on sale of property, plant and equipment	(22)	(1.7)	(1.6)
Income tax	(11)	39.1	63.6
Changes in:			
Inventories	(12)	(9.7)	(51.1)
Trade and other receivables	(9)	(92.3)	(62.3)
Contract work in progress	(13)	(343.1)	(37.9)
Trade and other payables	(19)	153.9	(128.4)
Advanced payments construction contracts		490.1	121.3
Billing in excess of construction contracts	(13)	(35.5)	(118.9)
Provisions	(20)	(50.0)	41.0
Cash flows:			
Interest paid	(23)	(53.4)	(24.9)
Interest received	(23)	8.7	8.0
Dividends from equity accounted investees	(10)	22.8	43.2
Income taxes paid		(38.1)	(49.4)
Cash flow from (used in) operating activities		**319.9**	**(53.9)**
Investment in associate, net of cash acquired		(16.6)	-
Investments in property, plant and equipment	(7)	(39.5)	(50.2)
Proceeds from sale of property, plant and equipment		8.1	7.3
Cash flow used in investing activities		**(48.0)**	**(42.9)**
Proceeds from borrowings	(18)	167.1	313.1
Repayment of borrowings	(18)	(446.7)	(198.5)
Dividends paid to shareholders		(34.7)	(30.0)
Other		(5.8)	(16.8)
Cash flow (used in) from financing activities		**(320.1)**	**67.8**
Net decrease in cash and cash equivalents		**(48.2)**	**(29.0)**
Cash and cash equivalents at 1 January	(14)	402.5	434.2
Currency translation adjustments		20.5	(2.7)
Cash and cash equivalents at 31 December	**(14)**	**374.8**	**402.5**

The notes on pages 133 to 173 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General

Orascom Construction PLC ('OC PLC') is a Public Company, incorporated with registered number 1752 in the Dubai International Financial Center (DIFC) with its head office located at Gate Village-Building 1, DIFC, Dubai, UAE. OC PLC is dual listed on the NASDAQ Dubai and the Egyptian Stock Exchange. The consolidated financial statements for the year ended 31 December 2019 comprise the financial statements of OC PLC, its subsidiaries and joint operations (together referred to as the 'Group') and the Group's interests in associates and joint ventures.

OC PLC was incorporated on 18 January 2015 as Orascom Construction Limited, a company limited by shares and converted to a Public Company under the Law, DIFC Law No. 5 of 2018 as at 12 November 2018.

OC PLC is primarily engaged as an international engineering and construction contractor focused on large-scale infrastructure, complex industrial and high-end commercial projects in the United States,Middle East, Africa and Central Asia for public and private clients.

2. Basis of preparation

2.1. General

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards("IFRS"), and applicable requirements of the Commercial Companies Law and the Capital Market Authority in Dubai / Egypt.

This is the first set of the Group's annual financial statements in which IFRS 16 Leases has been applied. The related changes to significant accounting policies are described in Note 3.17.

The consolidated financial statements have been prepared on the historical cost basis, except when otherwise indicated.

The financial year of OC PLC commences on 1 January and ends on 31 December.

These consolidated financial statements are presented in US dollars ('USD'), which is OC PLC's presentation currency. All values are rounded to the nearest tenth million (in millions of USD), except when stated otherwise.

The consolidated financial statements have been authorised for issue by the Company's Board of Directors on 25 March 2020.

3. Summary of significant accounting policies

3.1 Consolidation

The consolidated financial statements include the financial statements of OC PLC, its subsidiaries and the proportion of OC PLC's ownership of joint operations.

Subsidiaries

Subsidiaries are all companies to which OC PLC is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its control over the investee, generally accompanying a shareholding of more than half of the shares issued and related voting power. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. Subsidiaries are fully consolidated from the date that control commences until the date that control ceases. When OC PLC ceases to have control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in profit or loss including related cumulative translation adjustments accumulated in other comprehensive income. If it becomes an associate, the interest retained is subsequently valued in accordance with the equity method. The principal subsidiaries are listed in the section 'Miscellaneous'.

Transactions eliminated in the consolidated financial statements

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of OC PLC's interest in the investees. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3.2 Discontinued operations / assets held for sale

A discontinued operation is a component of OC PLC's business which:

- has operations and cash flows that can be clearly distinguished from the rest of OC PLC;
- represents a separate major line of business or geographical area of operations; and
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative information in the statement of comprehensive income and the consolidated statement of cash flows are reclassified as if the operation had been discontinued from the start of the comparative period. In the statement of financial position, the comparative numbers are not reclassified.

3.3 Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument, is measured at fair value with changes in fair value recognized either in profit or loss or as a change to other comprehensive income. Contingent consideration classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Non-controlling interests

Non-controlling interests are presented as a separate component in equity. Changes in the Group's interest in a subsidiary or joint operation that do not result in a loss of control are accounted for as an equity transaction.

3.4. Associates

Associates are those companies in which the Group exercises significant influence, but does not have control over the financial and operating policies, which is presumed to exist when the Group holds 20 percent to 50 percent of the shareholding and related voting rights of the other entity. Associates are accounted for by applying the 'equity method'. The Group's share of profit or loss of an investee is recognized in profit or loss from the date when significant influence begins up to the date when that influence ceases. Investments in associates with negative shareholder's equity are impaired and a provision for its losses is recognized only if the Group has a legal or constructive obligation to cover the losses. Equity changes in investees accounted for using the equity method that do not result from profit or loss are recognized directly in other comprehensive income. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Unrealized gains on transactions between two associates are not eliminated.

3.5. Joint arrangements

Under IFRS 11 investments in joint arrangements are classified as either joint ventures or joint operations depending on the contractual rights and obligations of each investor. Those joint arrangements that are assessed as joint ventures are accounted for using the equity method. Joint operations are accounted for using the line-by-line accounting.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted subsequently for the group's share in the post-acquisition profit or losses and movements in comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interest that, in substance, forms part of the Group's net investment in joint ventures), the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

A joint operation is proportionately consolidated until the date on which the Group ceases to have joint control over the joint operation. Upon loss of joint control, the Group reassesses the joint operation.

3.6. Foreign currency translation

Foreign currency transactions

The financial statements of subsidiaries and joint operations are prepared in the currencies which are determined based on the primary economic environment in which they operate ('the functional currency'). Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the transaction dates. At each balance sheet date, monetary items denominated in foreign currencies are translated into the entity's functional currency at the then prevailing closing-rates. Exchange differences arising on the settlement and translation of monetary items are included in profit or loss for the period except when deferred to other comprehensive income for available-for-sale assets and the effective part of qualifying cash flow hedges.

Foreign operations

Upon consolidation, the assets and liabilities of subsidiaries with a functional currency other than the US dollar are translated into US dollars using the exchange rates prevailing at the balance sheet date. Income and expense items are translated using exchange rates prevailing at the date of the transactions. Investments in joint ventures and associates with a functional currency other than the US dollar are translated into US dollar using exchange rates prevailing on the balance sheet date. Exchange rate differences arising during consolidation and on the translation of investments in subsidiaries, joint arrangements and associates are included in other comprehensive income, as 'currency translation adjustments'. When a foreign operation is (partly) disposed of or sold, (the proportionate share of) the related currency translation differences that were recorded in other comprehensive income are recycled to profit or loss as part of the gain and loss on disposal or sale. Goodwill and fair value adjustments arising on the acquisition of a foreign subsidiary are considered as assets and liabilities denominated in the functional currency of the foreign subsidiary.

3.7. Financial instruments

I. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

II. Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment:

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement – financial assets

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see accounting policy on impairment). Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income is calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

III. Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

IV. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.8. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date (original maturity) that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments. Restricted cash comprises cash balances where specific restrictions exist on the Group's ability to use this cash. Restricted cash includes cash deposited as collateral for letters of credit issued by the Group.

3.9. Share capital

Ordinary shares are classified as equity. Share premium is the excess amount received over the par value of the shares. Incremental costs directly attributable to the issue of new shares are recognized in equity as a deduction, net of tax, from the proceeds. When ordinary shares are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of tax effects, is recognized as a deduction from 'Reserves'. Repurchased shares are classified as treasury shares and are presented in 'Reserves'. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in 'Reserves', and the resulting surplus or deficit on the transaction is presented in share premium.

3.10. Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes cost of material, direct labour, other directly attributable cost incurred to bring the asset ready to its intended use, cost of asset retirement obligations and any capitalized borrowing cost.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss. Subsequent expenditures are capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance costs are expensed as incurred. Spare parts of property, plant and equipment are recognized under property, plant and equipment if the average turn-over exceeds 12 months or more, otherwise they are recognized within inventories.

Property, plant and equipment under construction

Expenditures incurred for purchasing and constructing property, plant and equipment are initially recorded as 'under construction' until the asset is completed and becomes ready for use. Upon the completion of the assets, the recognized costs are reclassified from 'under construction' to its final category of property, plant and equipment. Assets under construction are not depreciated and measured at cost less any impairment losses.

Depreciation

Items of property, plant and equipment are depreciated on a straight line basis through profit or loss over the estimated useful lives of each component, taking into account any residual values. Land is not depreciated. Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for items of property, plant and equipment are as follows:	Years
Buildings	10 - 50
Equipment	5 - 25
Fixtures, fittings and scaffolding	3 - 10

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Borrowing costs
Borrowing costs attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are recognized as part of the cost of those assets. All other borrowing costs are recognized as 'Finance cost' in the period in which they are incurred.

3.11. Goodwill
Goodwill represents the excess of the cost, being the excess of the aggregate of the consideration transferred including the amount recognized for non-controlling interest, of an acquisition over the fair value of the Group's share in the net identifiable assets and liabilities assumed of the acquired subsidiary at the date of acquisition.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss.

Goodwill on acquisition of entities that qualify as subsidiaries is presented under 'Intangible assets'. Goodwill on acquisitions of entities that qualify as associates or joint ventures is included in 'Associates'. Goodwill on acquisition of subsidiaries is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or group of units that are expected to benefit from the business combination through which the goodwill arose, based on past experience.

Goodwill is initially measured at cost. After initial recognition, goodwill is measured at cost less any impairment losses. Goodwill is tested annually for impairment; an impairment loss is recognized for the amount by which the cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount of the cash-generating unit is determined by the higher of its fair value less cost to sell and its value in use. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold. All other expenditures on internally generated goodwill and other intangible assets are recognized in profit or loss as incurred.

3.12. Inventories
Inventories are measured at the lower of cost and net realisable value. The cost of inventories of raw materials, spare parts and supplies cost are based on weighted average principle or the first-in-first-out method, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3.13. Impairment of assets
Non-derivative financial assets
The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

Loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- the trade receivable is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs:
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets
At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset.

Derivative financial assets
Derivative financial assets are measured at fair value and the Group investigates whether the counterparty creditworthiness gives rise to an impairment.

Non-financial assets
Non-financial assets that have an indefinite useful life, for example goodwill, are not subject to amortization but are tested annually for impairment or more frequently when indicators arise. Assets with a finite useful life are subject to depreciation or amortization and are reviewed (at least at the balance sheet date) for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped based on the lowest level for which there are separately identifiable cash flows (cash-generating units). Impairment is recognized as an expense in

profit or loss. Non-financial assets, which are impaired, are tested periodically to determine whether the recoverable amount has increased and the impairment has to be (partially) reversed. Impairment losses on goodwill are not reversed. Reversal of impairments is only permitted if in a subsequent period after an impairment loss has been recognized, the amount of the impairment loss decreases and the decrease can be related objectively to an event after the impairment loss was recognized.

3.14. Provisions

Provisions are recognized when a present legal or constructive obligation as a result of a past event exists, and it is probable that an outflow of economic benefits is required to settle the obligation. The non-current part of provisions is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

Warranties

A provision for warranties is recognized with respect to services performed and goods sold.

Restructuring

A provision for restructuring is recognized when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced, the Group has committed itself by public announcement or is expected to commit itself to a restructuring plan.

Onerous contract

A provision for contracts onerous loss is recognized if the Group expects that the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it. A provision for contracts onerous loss is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

Legal

The Group is subject to legal and regulatory proceedings in various jurisdictions. Such proceedings may result in criminal or civil sanctions, penalties or disgorgements against the Group. If it is probable that an obligation to the Group exists, which will result in an outflow of resources and the amount of the outflow can be reliably estimated, a provision is recognized.

3.15. Revenue from Contracts with Customers

The Group recognises revenue from contracts with customers based on the five steps model set out in IFRS 15:

Step 1 Identify the contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2 Identify the performance obligations in the contract: A performance obligation is a unit of account and a promise in a contract with a customer to transfer a good or service to the customer.

Step 3 Determine the transaction price: The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4 Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 Recognise revenue when the entity satisfies a performance obligation.

The Group satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

i. The customer simultaneously receives and consumes the benefits provided by the Group’s performance as and when the Group performs; or
ii. The Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
iii. The Group’s performance does not create an asset with an alternative use to the Group and its an enforceable right to payment for performance completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Variable consideration

Variable consideration amounts are estimated at either their expected value or most likely amount and included in revenue to the extent that it is highly probable that the revenue will not reverse.

Significant financing component

The Group evaluates significant financing component, if the period between customer payment and the transfer of goods/services (both for advance payments or payments in arrears) is more than one year. The Group adjusts the promised amount of consideration for the time value of money using an appropriate interest rate reflecting the credit risk.

Contract modification

A contract modification occurs when the Group and the customer approve a change in the contract that either creates new enforceable rights and obligations or changes the existing enforceable rights and obligations. Revenue related to a modification is not recognised until it is approved. Approval can be in writing, oral, or implied by customary business practices.

The Group treats the contract modification as a separate contract if it results in the addition of a separate performance obligation and the price reflects the standalone selling price of that performance obligation. Otherwise, a modification (including those that only affect the transaction price) is accounted for as an adjustment to the original contract, either prospectively or through a cumulative catch-up adjustment.

The Group accounts for a modification prospectively if the goods or services in the modification are distinct from those transferred before the modification. Conversely, the Group accounts for a modification through a cumulative catch-up adjustment if the goods or services in the modification are not distinct and are part of a single performance obligation that is only partially satisfied when the contract is modified.

Cost of obtainment and fulfillment

The Group capitalises incremental costs to obtain a contract with a customer except if the amortisation period for such costs is less than one year.

If the costs incurred in fulfilling a contract with a customer are not in the scope of other guidance - e.g. inventory, intangibles, or property, plant and equipment - then the Group recognises an asset only if the fulfillment costs meet the following criteria:

- Relate directly to an existing contract or specific anticipated contract;
- Generate or enhance resources that will be used to satisfy performance obligations in the future; and
- Are expected to be recovered.

If the costs incurred to fulfill a contract are in the scope of other guidance, then the Group accounts for such costs using the other guidance.

The Group amortises the asset recognised for the costs to obtain and/or fulfill a contract on a systematic basis, consistent with the pattern of transfer of the good or service to which the asset relates. In the case of an impairment, the Group recognises these losses to the extent that the carrying amount of the asset exceeds the recoverable amount.

Revenue from sale of goods

Sales are recognised when control of the products is transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Revenue from the sale is recognised in the statement of profit or loss on when the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Revenue from construction

As regards the Contracting business lines, the Group has carried out in-depth analysis of a set of contracts that represent material transactions and contract types. The analysis confirms the following conclusions:

- Revenue generated from most construction and service contracts is recognised as a single performance obligation involving the gradual transfer of control. This approach remains consistent with IFRS 15.
- To measure a contract's percentage of completion, the Group uses either a cost-based method or a method based on the physical percentage of completion. For contracts in which the measurement method corresponds to the physical percentage of completion, the introduction of IFRS 15 is unlikely to lead to the recognition of any material adjustments to opening equity.
- Contracting business lines may receive advances, which are mainly intended to secure and limit non-recovery risks in relation to work done for the customer. As a result, analysis has shown that the primary objective of these advances is not to meet the funding requirements of Group subsidiaries. Lastly, advances received are consumed over relatively short timeframes. In conclusion, the Group has taken the view that the IFRS 15 provisions relating to the identification of a financial activity are not met.

In the Concessions business, the Group has not identified any impact on the method for recognising revenue from concession contracts based on the current IFRIC 12 model. Analysis confirms that there is only one performance obligation during the construction phase of the Group's concession contracts. The provisions of concession contracts have not led to the identification of any distinct performance obligation relating to infrastructure maintenance and renewal works. Those works will continue to be subject to specific provisions measured and recognised in accordance with IAS 37.

3.16. Government grants

An unconditional government grant related to an asset is recognized in profit or loss as 'Other income' when the grant becomes receivable. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset. Grants that compensate the Group for expenses incurred are recognized in profit or loss as 'Other income' on a systematic basis in the periods in which the expenses are recognized. Other government grants are recognized initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant, and are then recognized in profit or loss as 'Other income' on a systematic basis over the useful life of the asset.

3.17. Leases

Policy applicable before 1 January 2019

Finance leases

Leased assets in which the Group bears substantially all the risks and rewards incidental to ownership are classified as finance leases and recognized under property, plant and equipment. Upon initial recognition, the leased asset is measured at the lower of its fair value and the present value of minimum lease payments. Minimum lease payments made under finance leases are apportioned between the interest expenses and the reduction of the outstanding liability. The interest expenses are recognized as other financing cost over the lease term. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operation leases

Leases in which a significant portion of the risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made by Orascom Construction PLC under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of profit or loss and other comprehensive income on a 'straight-line' basis over the period of the lease.

Policy applicable from 1 January 2019

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and the effect of initial application is recognized in retained earnings at 1 January 2019.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 was not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision- making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Component's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets in 'property, plant and equipment' and lease liabilities in 'trade and other payables' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.18. Finance income and cost

Finance income comprises:

- interest income on funds invested;
- gains on the disposal of financial assets;
- fair value gains on financial assets at fair value through profit or loss;
- gains on the re-measurement to fair value of any pre-existing interest in an acquired business combination;
- gains on hedging instruments that are recognized in profit or loss and reclassifications of amounts previously recognized in other comprehensive income; and
- interest income is recognized as it accrues in profit or loss, using the effective interest method.

Dividend income is recognized in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance cost comprise:

- interest expense on borrowings;
- unwinding of the discount on provisions and contingent consideration;
- losses on disposal of financial assets;
- fair value losses on financial assets at fair value through profit or loss; and
- impairment losses recognized on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss are expensed as incurred.

Foreign currency gains and losses are recognized on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.19. Employee benefits

Defined contribution plan

Certain Group subsidiaries provide 'pension plans', 'end of service remuneration plans' and 'long-term service benefits'. These pension plans qualify as defined contribution plans. Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term employee benefits

The Group long-term employee benefits are recognized if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably to determine its present value. The discount rate is the yield at the balance sheet date on triple-A ('AAA') credit rated bonds that have maturity dates approximating to the terms of the Group's obligations. Re-measurements are recognized in profit or loss in the period in which they arise.

Termination benefits

Employee termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. OC PLC recognizes termination benefits when OC PLC is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or when OC PLC is providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

3.20. Income tax

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends. Current income tax assets and liabilities are offset when there is a legally enforceable right to offset and when the current income tax relates to the same fiscal authority.

Deferred tax

Deferred income tax liabilities are recognized for all taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements ('liability' method). Deferred income tax assets are recognized for all deductible temporary differences, unused carry forward losses and unused carry forward tax credits, to the extent that it is probable that future taxable profit will be available against which the deferred income tax assets can be utilized.

Deferred income tax is not recognized if it arises from initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss. Also, no deferred income tax is recognized regarding the initial recognition of goodwill.

Deferred income tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax relates to the same fiscal authority.

3.21. Segment reporting

An operating segment is a component of an entity that engages in business activities for which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resource allocation to the segment and to assess its performance and for which discrete financial information is available. The Group determines and presents operating segments on the basis of information that internally is provided to the CODM during the period.

3.22. Consolidated statement of cash flows

The consolidated statement of cash flows has been prepared using the 'indirect' method. Cash flows in foreign currencies have been translated applying average exchange rates. Currency translation differences are shown separately in the consolidated statement of cash flows. Cash flows from investing activities consist mostly of investments and divestments in property, plant and equipment, intangible assets, and acquisitions insofar as these are paid for in cash. Acquisitions or disposals of subsidiaries are presented as acquisition of subsidiary, net of cash, acquired. Cash flows relating to capitalized borrowing cost are presented as cash flows from investment activities similar as other cash flows to acquire the qualifying asset.

3.23. Earnings per share

Earnings per ordinary share are calculated by dividing the profit or loss (net) attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the year. In making this calculation the (ordinary) treasury shares are deducted from the number of ordinary shares outstanding. The calculation of the diluted earnings per share is based on the weighted average number of ordinary shares outstanding plus the potential increase as a result of the conversion of convertible bonds and the settlement of share-based compensation plans (share option plans). Anti-dilutive effects are not included in the calculation. With regard to the convertible notes it is assumed that these are converted in full. An adjustment is made to profit or loss (net) to eliminate interest charges, whilst allowing for effect of taxation. Regarding equity-settled share option plans it is assumed that all outstanding plans will vest. The potential increase arising from share option plans is based on a calculation of the value of the options outstanding. This is the number of options multiplied by the exercise price, divided by the average share price during the financial year. This potential increase is only applied if the option has intrinsic value.

3.24. Subsequent events

The Group assesses whether events occurring between the balance sheet date and the date of issues of the Consolidated Financial Statements have given rise to either adjusting events or non-adjusting events. Adjusting events are events that provide evidence of conditions that existed at the end of the reporting period and have to be recognized in the financial statements. Non-adjusting events are those events that are indicative of conditions that arose after the reporting period, these events are disclosed. Changes in estimates are only adjusted if the estimates contain errors.

4. New accounting standards and policies

On a regular basis, the IASB issues new accounting standards, amendments and revisions to existing standards and interpretations.

4.1. Standards, amendments, revisions and interpretations effective to the OC PLC in 2020

There are no significant effects with respect the adoption of any standards, amendments and revisions to existing standards and interpretations.

4.2. Standards, amendments, revisions and interpretations not yet effective to OC PLC

There are no significant new standards, amendments, revisions and interpretations that may have significant effects on the Group.

5. Critical accounting judgement, estimates and assumptions

The preparation of the financial statements in compliance with IFRS requires management to make judgements, estimates and assumptions that affect amounts reported in the consolidated financial statements. The estimates and assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances and are used to judge the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised or in the revision period and future periods, if the changed estimates affect both current and future periods. The most critical accounting policies involving a higher degree of judgment and complexity in applying principles of valuation and for which changes in the assumptions and estimates could result in significantly different results than those recorded in the financial statements are the following:

Intangible assets

Intangible assets with finite useful lives are carried at cost less cumulative amortization and any impairment. Amortization is calculated using the 'straight-line' method based on the estimated useful lives. Management makes estimates regarding the useful lives and residual values and assumes that amortization takes place on a 'straight-line' basis. The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. For intangible assets with finite useful lives, OC PLC assesses annually or more frequently whether indicators exist that suggest the intangible asset might be impaired by comparing the recoverable amounts with their carrying amounts. In determining the recoverable amounts of intangible assets, OC PLC makes estimates and assumptions about future cash flows based on the value in use. In doing so, OC PLC also makes assumptions and estimates regarding the discount rates in order to calculate the net present value of the future cash flows.

OC PLC tests at least annually whether goodwill is impaired by comparing the recoverable amounts of cash-generating units with their carrying amounts. The recoverable amount is the higher of the fair value less cost to sell and the value in use. In determining the recoverable amount, OC PLC makes estimates and assumptions concerning future revenues, future costs, future working capital, future investments, Weighted Average Cost of Capital (WACC) and future inflation rates.

Property, plant and equipment

Depreciation is calculated using the 'straight-line' method based on the estimated useful lives, taking into account any residual values. Management makes estimates regarding the useful lives and residual values and assumes that depreciation takes place on a 'straight-line' basis. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. OC PLC assesses annually, or more frequently, whether indicators exist that suggest that an item of property, plant and equipment might be impaired by comparing the recoverable amounts with their carrying amounts. In determining the recoverable amounts of property, plant and equipment, OC PLC makes estimates and assumptions about future cash flows based on the value in use. In doing so OC PLC also makes assumptions and estimates regarding the discount rates to be used in order to calculate the net present value of the future cash flows.

Financial instruments (including trade receivables and contract assets)

The implementation of business model approach under IFRS 9 require judgement to ensure that financial assets of the Group are classified in to the appropriate category. Deciding whether the classified categories will require assessment of contractual provisions that do or may change the timing or amount of the contractual cash flows.

Impairment financial instruments (including trade receivables)

Objective evidence may exist in circumstances in which a counterparty has been placed in bankruptcy, or has failed on the repayments of principal and interest. In other circumstances OC PLC uses judgment in order to determine whether a financial asset may be impaired using new ECL model. OC PLC uses judgement in order to determine whether an impairment can be reversed, an assumption in doing so might be an improvement in the debtor's credit rating or receipt of payments due. In addition, Group also make judgments in deciding whether the measurement of expected credit loss reflect reasonable and supportable information that is available without undue cost or effort that include historical, current and forecast information.

Inventories

In determining the net realisable value of inventories, OC PLC estimates the selling prices in the ordinary course of business, cost of completion and cost to sell. In doing so, OC PLC makes estimates and assumptions based on current market prices, historical usage of various product categories versus current inventory levels and specific identified obsolescence risks (e.g. end of life of specific goods and spare parts and the impact of new environmental legislation).

Provisions

Recognition of provisions include significant estimates, assumptions and judgements. IFRS requires only those provisions to be recognized if there is an expected outflow of resources in the near future and if the cost of these outflows can be estimated reliably. Accordingly, management exercises considerable judgment in determining whether there is a present obligation as a result of a past event at the end of the reporting period, whether it is probable that such a proceeding will result in an outflow of resources and whether the amount of the obligation can be reliably estimated. These judgements are subject to change as new information becomes available. The required amount of a provision may change in the future due to new developments in the particular matter. Revisions to estimates may significantly impact future profit or loss. Upon resolution, the Group may incur charges in excess of the recorded provisions for such matters.

The group uses past experiences to estimate the likelihood and cost of future warranties with respect to services provided and goods sold.

OC PLC recognizes a provision for restructuring regarding cost-saving restructuring measures. Provisions for restructuring include, amongst other, estimates and assumptions about severance payments and termination fees.

Provisions for asset retirement obligations, represent estimated costs of decommissioning. Due to the long time frame over which future cash outflows are expected to occur including the respective interest accretion require assumptions. Amongst others, the estimated cash outflows could alter significantly if, and when, political developments affect future laws and regulation with respect to asset retirements.

In case of contracts future loss the Group estimates the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. In doing so, the Group has to estimate the future cash flows and the discount rates used. In addition to this the Group has to estimate any possible impairments.

With respect to legal cases, the Group has to estimate the outcome of the legal cases. Regulatory and legal proceedings as well as government investigations often involve complex legal issues and are subject to substantial uncertainties. The Group periodically reviews the status of these proceedings with both the internal and external legal counsels.

Revenue recognition on revenue contracts with client

The Group conducts a significant portion of its business under construction contracts with customers. The Group recognizes revenue from construction contracts over time using the input method as Group believes this method faithfully represent the transfer of goods or services to the customer over the period of construction contract. This method places considerable importance on accurate estimates of the extent of progress towards completion and may involve estimates on the scope of deliveries and services required for fulfilling the contractually defined obligations. In addition, in determining the transaction price, the Group make significant judgment as to whether any variable consideration to be included in the contract price. The significant estimates include total contract costs, remaining costs to completion, contract price, contract risks, including technical, political and regulatory risks, and other judgments. Management of the operating divisions continually review all estimates involved in such construction contracts, including commercial feasibility, and adjusts them as necessary.

Income taxes

OC PLC is subject to income taxes in numerous jurisdictions. Estimates are required in determining the worldwide provision for income taxes. There are some transactions and calculations for which the ultimate tax position is uncertain during the ordinary course of business. The Group recognizes provisions for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made. OC PLC recognizes deferred tax assets to the extent that it is probable that future taxable profits will be available for the deferred tax asset to be recovered. This is based on estimates of taxable future income by jurisdiction in which OC PLC operates and the period over which deferred tax assets are expected to be recoverable. In the event that actual results or new estimates differ from previous estimates and depending on the possible tax strategies that may be implemented, changes to the recognition of deferred tax assets could be required, which could impact the financial position and profit or loss.

Asset held for sale and discontinued operations

OC PLC used judgment in determining what a disposal group or a discontinued operation is and when it qualifies for reclassification according to IFRS 5 (management commitment, ready for sale / demerger, highly probable, completion within one year). In determining what is a disposal group or a discontinued operation, OC PLC judges whether the cash flows of the disposal group or a discontinued operation can be distinguished from the rest of the group, what determines a major line of operation and whether a single coordinated plan to dispose exists and at what date it was formally approved.

6. Financial risk and capital management

Overview

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

These risks arise from exposures that occur in the normal course of business and are managed on a consolidated company basis. This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

Senior management has an overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by the Internal Audit Department. The Internal Audit Department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

6.1. Exposure to credit risk

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures. The carrying amount of financial assets represents the maximum credit exposure. With respect to transactions with financial institutions, the group sets limits to the credit worthiness rating of the counterparty. The maximum credit risk is the carrying amount of financial instruments, for an overview reference is made to the tables financial instruments by category. The major exposure to credit risk at the reporting date was as follows:

$ millions	Note	31 December 2019	31 December 2018
Trade and other receivables (excluding prepayments)	(9)	1,292.5	1,249.4
Contract work in progress	(13)	869.8	526.7
Cash and cash equivalents (excluding cash on hand)	(14)	373.8	401.8
Total		**2,536.1**	**2,177.9**

The major exposure to credit risk for trade and other receivables by geographic region was as follows:

$ millions	31 December 2019	31 December 2018
Middle East and Africa	948.4	880.3
Asia and Oceania	147.1	148.7
Europe and United States	197.0	220.4
Total	**1,292.5**	**1,249.4**

6.2. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. This is also safeguarded by using multiple financial institutions in order the mitigate any concentration of liquidity risk.

The availability of cash is monitored internally at Group level, on an ongoing basis by the corporate treasury department. In addition management prepared at closing date a cash flow projection to assess the ability of the Group to meet its obligations.

The following are the contractual maturities of financial liabilities, including estimated interest payments and exclude the impact of netting arrangements.

At 31 December 2018 $ millions	Note	Carrying amount	Contractual cash flow	6 months or less	6–12 months	1–5 years
Financial liabilities						
Loans and borrowings	(18)	375.3	416.0	217.2	196.2	2.6
Trade and other payables	(19)	1,068.7	1,068.7	1,025.7	-	43.0
Advanced payments from construction contracts		606.0	606.0	606.0	-	-
Total		**2,050.0**	**2,090.7**	**1,848.9**	**196.2**	**45.6**

At 31 December 2019 $ millions	Note	Carrying amount	Contractual cash flow	6 months or less	6–12 months	1–5 years
Financial liabilities						
Loans and borrowings	(18)	95.7	105.2	53.9	45.5	5.8
Trade and other payables (excluding lease obligation)	(19)	1,230.4	1,230.4	1,185.8	-	44.6
Lease obligation	(19)	18.3	21.9	2.9	3.1	15.9
Advanced payments from construction contracts		1,096.1	1,096.1	1,096.1	-	-
Total		**2,440.5**	**2,453.6**	**2,338.7**	**48.6**	**66.3**

The interest on floating rate loans and borrowings is based on forward interest rates at year-end. This interest rate may change as the market interest rate changes.

6.3. Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, commodity prices and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group is exposed to foreign currency risk arising in separate ways:

Foreign exchange translation exposure

Due to the Group's international presence, OC PLC's Financial Statements are exposed to foreign exchange fluctuations as these affect the translation of the subsidiaries' assets and liabilities presented in foreign currencies to the US dollar (the Group's presentation currency). The currencies concerned are mainly Egyptian Pound, Algerian Dinar and Euro. Foreign exchange translation exposure is considered a part of doing business on an international level; this risk is not actively managed, nor is it hedged.

OC PLC is not exposed to Saudi Riyal, UAE Dirham and Qatar Riyal. These currencies are pegged to the US dollar.

Foreign exchange transaction exposure

The Group entities predominantly execute their activities in their respective functional currencies. Some Group subsidiaries are, however, exposed to foreign currency risks in connection with the scheduled payments in currencies that are not their functional currencies. In general this relates to foreign currency denominated supplier payables due to project procurement, capital expenditures and receivables. The Group monitors the exposure to foreign currency risk arising from operating activities.

The Group is exposed to foreign exchange transaction exposure to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily Euro, US Dollar, Egyptian Pound, Saudi Riyal, Algerian Dinar and UAE Dirham.

The Group uses foreign exchange contracts to manage its foreign exchange transaction exposure. No hedge accounting is applied; therefore all fair value changes are recognised in profit and loss.

The summary of quantitative data about the Group's exposure to foreign exchange transaction exposure provided to management of the Group based on its risk management policy for the main currencies was as follows:

At 31 December 2018 $ millions	EUR	EGP
Cash and cash equivalents (including loans and borrowings)	65.4	21.2
Trade and other receivables	16.6	134.2
Trade and other payables	(30.5)	(81.7)

At 31 December 2019 $ millions	EUR	EGP
Cash and cash equivalents (including loans and borrowings)	56.7	41.1
Trade and other receivables	2.1	145.2
Trade and other payables	(4.4)	(0.2)

Significant rates

The following significant exchange rates applied during the year ended 31 December 2019:

	Average 2019	Closing 31 December 2019	Opening 1 January 2019
Egyptian pound	0.0595	0.0624	0.0558
Saudi riyal	0.2666	0.2666	0.2666
Arabic Emirates Dirham	0.2723	0.2723	0.2723
Algerian Dinar	0.0084	0.0084	0.0085
Euro	1.1210	1.1212	1.1427

The following tables demonstrate the sensitivity to a reasonably possible change in EUR and EGP exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities, including inter company positions. The Group's exposure to foreign currency changes for all other currencies is not material.

As of 31 December 2019, if the functional currencies had strengthened/weakened by 10 percent against the Euro and 10 percent against the Egyptian Pound with all other variables held constant, the translation of foreign currency receivables, payables and loans and borrowings that would have resulted in an increase/decrease of USD 24.1 million of the profit of the year ended 31 December 2019.

31 December 2018 $ millions	Change in FX rate*	Effect on profit before tax**	Effect on equity**
EUR - USD	10%	5.1	39.5
EGP - USD	10%	7.4	-

31 December 2019 $ millions	Change in FX rate*	Effect on profit before tax**	Effect on equity**
EUR - USD	10%	5.4	39.5
EGP - USD	10%	18.7	-

* Determined based on the volatility of last year for the respective currencies.
** Effects are displayed in absolute amounts.

Interest rate risk

The Group's cash flow interest rate risks arise from the exposure to variability in future cash flows of floating rate financial instruments. The Group reviews its exposure in light of global interest rate environment after consulting with a consortium of global banks.

The Group calculates the impact on profit or loss of a defined interest rate shift. The same interest rate shift is used for all currencies. The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

$ millions	In basis points	31 December 2019	31 December 2018
Effect on profit before tax for the coming year	+100 bps	(0.9)	(4.1)
	- 100 bps	0.9	4.1

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly lower volatility than in prior years.

Categories of financial instruments

$ millions	Note	31 December 2019 Financial assets at amortized cost	31 December 2019 Derivatives at fair value	31 December 2018 Financial assets at amortized cost	31 December 2018 Derivatives at fair value
Assets					
Trade and other receivables	(9)	1,301.4	1.5	1,258.3	-
Contracts work in progress	(13)	869.8	-	526.7	-
Cash and cash equivalents	(14)	374.8	-	402.5	-
Total		**2,546.0**	**1.5**	**2,187.5**	**-**
Liabilities					
Loans and borrowings	(18)	95.7	-	375.3	-
Trade and other payables (excluding lease obligation)	(19)	1,230.4	-	1,068.7	-
Advanced payments construction contracts		1,096.1	-	606.0	-
Total		**2,422.2**	**-**	**2,050.0**	**-**

All financial instruments are in the fair value hierarchy category level 2, there were no transfers between the fair value hierarchy categories.

6.4. Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, retained earnings and non-controlling interest of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders. The Group's net debt to equity ratio at the reporting date was as follows:

$ millions	Note	31 December 2019	31 December 2018
Loans and borrowings	(18)	95.7	375.3
Less: cash and cash equivalents	(14)	374.8	402.5
Net debt		**(279.1)**	**(27.2)**
Total equity		585.7	471.5
Net debt to equity ratio		**(0.48)**	**(0.06)**

7. Property plant and equipment

$ millions	Land	Buildings	Equipment	Fixtures, fittings and scaffollding	Under construction	Total
Cost	5.8	72.3	250.9	126.0	5.1	**460.1**
Accumulated depreciation	-	(28.2)	(189.1)	(83.5)	-	**(300.8)**
At 1 January 2019	**5.8**	**44.1**	**61.8**	**42.5**	**5.1**	**159.3**
Movements in the carrying amount:						
Additions purchased during the year	6.9	19.1	25.9	8.9	2.5	**63.3**
Disposals	(0.1)	(2.8)	(2.6)	(0.9)	-	**(6.4)**
Depreciation	-	(5.8)	(24.7)	(21.3)	-	**(51.8)**
Transfers	-	0.3	2.2	0.5	(3.0)	**-**
Effect of movement in exchange rates	1.3	4.5	6.5	4.0	0.6	**16.9**
At 31 December 2019	**8.1**	**15.3**	**7.3**	**(8.8)**	**0.1**	**22.0**
Cost	13.9	93.7	273.3	135.9	5.2	**522.0**
Accumulated depreciation	-	(34.3)	(204.2)	(102.2)	-	**(340.7)**
At 31 December 2019	**13.9**	**59.4**	**69.1**	**33.7**	**5.2**	**181.3**

Property, plant and equipment' comprise owned and leased assets:

$ millions	2019
Owned assets	162.9
Right to use	18.4
At 31 December	**181.3**

The information about 'Right to use' for which assets of the Group is presented below:

$ millions	Buildings	Equipment	Total
Cost	17.8	6.0	23.8
Depreciation	(3.4)	(2.0)	(5.4)
At 31 December 2019	**14.4**	**4.0**	**18.4**

8. Goodwill

$ millions	Goodwill
Cost	13.8
At 1 January 2019	**13.8**
Movements in the carrying amount:	
Additions	-
Impairment	-
At 31 December 2019	**-**
Cost	13.8
Impairment	-
At 31 December 2019	**13.8**

On 31 July 2012, the Group acquired the Weitz Company LLC, a United States general contractor based in Des Moines, Iowa, resulting in USD 12.4 million of goodwill. The transaction was completed on 12 December 2012. On 2 April 2015, the Group acquired Alico resulting in USD 1.4 million of goodwill.

Goodwill was tested for impairment in the 4th Quarter of 2019 or whenever an impairment trigger exists. No impairment was recorded in the year 2019. The impairment test is based on cash-flow projections of the five year plan. Key assumptions used in the projections are:

i. Revenue growth: based on expected growth in 2020 as a result of development in backlog and expected general market growth in the USA.
ii. Margin development: based on actual experience and management's longer-term projections.

The terminal value was calculated using a long-term average market growth rate of 2.5%. The estimated cash flows are discounted to their present value using a weighted average cost of capital of 9.73%. An increase or decrease of 100 basis points in the assumed WACC or the terminal growth rate would not have resulted in an impairment.

9. Trade and other receivables

$ millions	31 December 2019	31 December 2018
Trade receivables (gross)	640.6	646.0
Allowance for trade receivables	(12.3)	(11.9)
Trade receivables (net)	**628.3**	**634.1**
Trade receivables due from related parties (Note 27)	25.7	52.2
Prepayments	10.4	8.9
Other tax receivable	62.4	74.5
Supplier advanced payments	203.9	176.7
Other investments	2.4	6.3
Retentions	222.7	179.9
Derivative financial instruments	1.5	-
Other receivables	145.6	125.7
Total	**1,302.9**	**1,258.3**
Non-current	44.4	15.2
Current	1,258.5	1,243.1
Total	**1,302.9**	**1,258.3**

The carrying amount of 'Trade and other receivables' as at 31 December 2019 approximates its fair value.

Prepayments relate for the largest part to the amounts prepaid to sub-contractors, retentions related for the largest part to amounts withheld by customers resulting from contractual clauses.

The aging of gross trade receivables at the reporting date that were as follows:

$ millions	31 December 2019	31 December 2018
Neither past due nor impaired	387.7	409.8
Past due 1 - 30 days	32.4	29.5
Past due 31 - 90 days	58.9	21.6
Past due 91 - 360 days	70.8	110.1
More than 360 days	90.8	75.0
Total	**640.6**	**646.0**

Management believes that the unimpaired amounts that are past due by more than 30 days are collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

The movement in the allowance for impairment in respect of trade receivables during the year ended 31 December 2019 was as follows:

$ millions	2019	2018
At 1 January	(11.9)	(27.1)
Unused amounts reversed	0.9	-
Amount formed	(0.7)	(0.5)
Other	(0.6)	15.7
At 31 December	**(12.3)**	**(11.9)**

Derivative financial instruments include the following:

Foreign exchange contracts

The group entered into forward exchange contracts to hedge its currency risk exposure to the Egyptian Pound in certain projects. As at 31 December 2019 the remaining notional amounts of these contracts are USD 70 million related to the Egyptian Pound. The foreign exchange contracts have a fair value of USD 1.5 million. The Group does not apply hedge accounting, therefore all fair value changes related to these financial instruments are recognized in profit and loss.

10. Equity accounted investees

The following table shows the movement in the carrying amount of the Group's associates and joint ventures:

$ millions	2019	2018
At 1 January	419.5	421.8
Acquisition	8.3	-
Share in results	27.1	56.3
Dividends	(22.8)	(43.2)
Effect of movement in exchange rates	(2.1)	(15.4)
At 31 December	**430.0**	**419.5**

The entity disclosed under 'Equity accounted investees' that is significant to the Group is BESIX.

BESIX Group (BESIX)

Established in 1909 in Belgium, BESIX is a global multi-service group offering engineering, procurement and construction (EPC) services. BESIX operates in the construction, real estate and concession sectors in 15 countries focusing on Europe, Africa, the Middle East and Australia. Their core construction competencies include buildings, infrastructure and environmental projects, industrial civil engineering, maritime and port works and real estate development. In addition to EPC services, BESIX is active in real estate development and holds concessions in several Public Private Partnerships (PPP) and design, build, finance, and maintain/operate (DBFM) contracts, through which it develops, operates and maintains projects.

The below table summarizes the financial information of BESIX based on the percentage of interest the Group has in it:

BESIX Group 50% $ millions	2019	2018
Assets	1,644.4	1,529.6
Liabilities	(1,249.6)	(1,135.1)
Net assets at 31 December	**394.8**	**394.5**
Construction revenue	1,933.2	1,572.8
Construction cost	(1,910.3)	(1,518.1)
Net profit at 31 December	**22.9**	**54.7**

The Group has interests in a number of equity accounted investees including the following:

Name	Parent	Country	Participation %
BESIX Group	OC IHC3 B.V.	Belgium	50.0
Medrail Ltd.	Orascom Construction Holding Cyprus	UAE	50.0
Egyptian Gypsum Company	UHC	Egypt	28.3
Sidra Medical Center (see note 26)	Contrack Cyprus	Qatar	45.0
Ras Ghareb Wind Energy	Orascom Construction SAE	Egypt	20.0
Clark,Weitz, and Clarkson	The Weitz Group	USA	30.0
Watts - Webcor Obayashi	Contrack Watts Inc	USA	34.0
National Pipe Company	OCI Construction Egypt Orascom Construction SAE	Egypt	40.0
El Yamama	OCI Egypt	KSA	50.0
Orasqualia, Orasqualia for Construction S.A.E. and Orasqualia for Maintenance	Orascom Construction SAE	Egypt	50.0

The following table summarizes the financial information of the Orascom Construction Group's share on equity accounted investees including BESIX, El Yamama, National Pipe Company, all of Weitz's associates, Egyptian Gypsum Company and Sidra Medical Centre:

$ millions	2019	2018
Assets	1,779.0	1,585.1
Liabilities	(1,349.0)	(1,165.6)
Net assets at 31 December	**430.0**	**419.5**
Income	1,951.7	1,586.5
Expense	(1,924.6)	(1,530.2)
Net profit at 31 December	**27.1**	**56.3**

Transaction between Group entities and associates / joint ventures

There are no significant transactions between entities of the group and the associates / joint ventures, except for the investments in and the dividends received from these associates and joint ventures.

11. Income taxes

11.1. Income tax in the statement of profit or loss

The income tax on profit before income tax amounts to USD 39.1 million (31 December 2018: USD 63.6 million) and can be summarized as follows:

$ millions	31 December 2019	31 December 2018
Current tax	43.3	66.3
Deferred tax	(4.2)	(2.7)
Total income tax in profit or loss	**39.1**	**63.6**

Reconciliation of effective tax rate

OC PLC's operations are subject to income taxes in various foreign jurisdictions, the statutory income tax rates vary from 0.0% to 28.0%.

Reconciliation of the effective tax rate can be summarized as follows:

$ millions	31 December 2019	%	31 December 2018	%
Profit before income tax	170.2		218.3	
Tax calculated at weighted average group tax rate	(58.2)	34.2	(42.1)	19.3
Recognised in deferred tax asset	4.2	(2.5)	2.7	(1.2)
Other	14.9	(8.8)	(24.2)	11.1
Total income tax in profit or loss	**(39.1)**	**22.9**	**(63.6)**	**29.2**

11.2. Deferred income tax assets and liabilities

The majority of the deferred tax assets of USD 39.6 million (31 December 2018: USD 35.9 million) relate to carried forward tax losses. The carried forward losses recognized in the statement of financial position is expected to be realized in the period 2020-2025.

12. Inventories

$ millions	31 December 2019	31 December 2018
Finished goods	17.6	11.1
Raw materials and consumables	239.9	238.7
Fuels and others	5.8	6.1
Real estate	29.7	27.4
Total	**293.0**	**283.3**

During the year, the total write-downs amount to USD 10.2 million (31 December 2018: USD 9.8 million), which all related to raw materials.

The real estate relates to the land owned by Suez industrial Development Company in Egypt, which owns and develops an industrial park.

13. Contracts work in progress / billing in excess of construction contracts

$ millions	31 December 2019	31 December 2018
Costs incurred on incomplete contracts (including estimated earnings)	21,850.7	17,848.1
Less: billings to date (Net)	(21,356.2)	(17,732.2)
Total	**494.5**	**115.9**
Presented in the consolidated statements of financial position as follows:		
Construction contracts in progress - current assets	869.8	526.7
Billing in excess on construction contracts - current liabilities	(375.3)	(410.8)
Total	**494.5**	**115.9**

14. Cash and cash equivalents

$ millions	31 December 2019	31 December 2018
Cash on hand	1.0	0.7
Bank balances	355.4	368.3
Restricted funds	6.7	6.5
Restricted cash	11.7	27.0
Total	**374.8**	**402.5**

Restricted funds

The restricted amounts mostly relate to letters of credits of Orascom E&C (USD 4.7 million) and Alico (USD 1.3 million) and to letters of guarantee of OCI Algeria (USD 0.1 million), Alico (USD 0.1 million), and United Holding Company (USD 0.5 million).

Restricted cash

Restricted cash relates to amounts withheld in relation to amounts restricted for use for an amount of USD 11.7 million as collateral against loans.

15. Share capital

The movements in the number of shares (nominal value USD 1 per share) can be summarized as follows:

	2019	2018
At 1 January	116,761,379	116,761,379
At 31 December - fully paid	**116,761,379**	**116,761,379**
At 31 December (in millions of USD)	**116.8**	**116.8**

The shareholders of the Company at the Extraordinary General Meeting (EGM) held on 9 May 2018, approved the resolution passed by the Board of Directors for reducing the share premium of the Company with USD 281.3 million.

16. Reserves

$ millions	Currency translation	Total
At 1 January 2018	(318.8)	(318.8)
Currency translation differences	(16.8)	(16.8)
At 31 December 2018	**(335.6)**	**(335.6)**

$ millions	Currency translation	Total
At 1 January 2019	(335.6)	(335.6)
Currency translation differences	31.0	31.0
At 31 December 2019	**(304.6)**	**(304.6)**

17. Non-controlling interest

31 December 2018 $ million	United Holding Company	Orascom Saudi	Suez Industrial Development	Other individual insignificant entities	Total
Non-controlling interest percentage	43.5%	40.0%	39.5%		
Non-current assets	5.5	0.2	4.4	4.8	14.9
Current assets	35.6	110.8	19.7	3.0	169.1
Non-current liabilities	-	(1.0)	(10.9)	(0.1)	(12.0)
Current liabilities	(21.6)	(102.6)	(5.8)	(2.4)	(132.4)
Net assets	**19.5**	**7.4**	**7.4**	**5.3**	**39.6**
Revenue	45.1	20.0	4.5	0.7	70.3
Profit	7.5	(2.9)	1.4	4.0	10.0
Other comprehen-sive income	-	-	(0.1)	(0.1)	(0.2)
Total comprehen-sive income	**7.5**	**(2.9)**	**1.3**	**3.9**	**9.8**

31 December 2019 $ million	United Holding Company	Orascom Saudi	Suez Industrial Development	Other individual insignificant entities	Total
Non-controlling interest percentage	43.5%	40.0%	39.5%		
Non-current assets	7.1	-	6.4	1.7	15.2
Current assets	47.9	101.4	21.2	3.2	173.7
Non-current liabilities	-	(0.9)	(11.8)	-	(12.7)
Current liabilities	(28.9)	(95.1)	(5.5)	(2.9)	(132.4)
Net assets	**26.1**	**5.4**	**10.3**	**2.0**	**43.8**
Revenue	55.5	12.6	4.4	5.8	78.3
Profit	7.4	(2.0)	2.4	2.0	9.8
Other comprehen-sive income	2.5	-	1.0	0.1	3.6
Total comprehen-sive income	**9.9**	**(2.0)**	**3.4**	**2.1**	**13.4**

18. Loans and borrowings

Borrowing Company	Interest rate	Date of maturity	Long term portion	Short term portion	Bank facilities	Total
Orascom Construction	USD: LIBOR + 2.28 - 4.00% EUR: LIBOR + 2.21 - 5.00% EGP: Corridor 17.25 - 20.75%	Annual	-	-	286.1	286.1
Orascom Saudi	Saibor + 3.00%	Annual	-	26.2	-	26.2
Orascom Construction Industries- Algeria	Fixed 6.97%	04/2019	-	15.2	-	15.2
The Weitz Group, LLC	Multiple rates	Multiple	2.3	12.3	-	14.6
Contrack Watts Inc	LIBOR + 2.5%	Annual	-	-	24.9	24.9
Other	Multiple rates	-	-	-	8.3	8.3
Total as of 31 December 2018			**2.3**	**53.7**	**319.3**	**375.3**

Borrowing Company	Interest rate	Date of maturity	Long term portion	Short term portion	Bank facilities	Total
Orascom Construction	USD: LIBOR + 2.0 - 2.5% EGP: Corridor 12.40 - 13.35%	Annual	-	-	40.7	40.7
OCI Saudi Limited	Saibor + 1.80%	Annual	3.6	8.7	-	12.3
Orascom Construction Industries- Algeria	Fixed 6.97%	10/2020	-	4.8	-	4.8
The Weitz Group, LLC	Multiple rates	Multiple	1.8	0.6	-	2.4
Contrack Watts Inc	LIBOR + 2.5%	Annual	-	-	11.1	11.1
Other	Multiple rates	-	-	13.8	10.6	24.4
Total as of 31 December 2019			**5.4**	**27.9**	**62.4**	**95.7**

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is disclosed in the financial risk and capital management paragraph in Note 6. The fair value of loans and borrowings approximates the carrying amount. Certain covenants apply to the aforementioned borrowings.

19. Trade and other payables

$ millions	31 December 2019	31 December 2018
Trade payables	466.6	438.9
Trade payables due to related party (Note 27)	2.8	4.4
Other payables	169.6	95.3
Accrued expenses	453.4	376.8
Deferred revenues	4.6	4.5
Other tax payables	10.1	34.5
Lease obligation	18.3	-
Retentions payables	119.9	111.1
Employee benefit payables	3.4	3.2
Total	**1,248.7**	**1,068.7**
Non-current	56.7	43.0
Current	1,192.0	1,025.7
Total	**1,248.7**	**1,068.7**

Information about the Group's exposure to currency and liquidity risk is included in Note 6. The carrying amount of 'Trade and other payables' approximated the fair value.

Retentions payable relate to amounts withheld from sub-contractors.

20. Provisions

$ millions	Warranties	Onerous contracts	Other (including claims)	Total
At 1 January 2018	15.7	15.5	31.1	62.3
Provision formed	-	2.4	47.5	49.9
Provision used	(0.1)	(2.3)	(3.7)	(6.1)
Provision no longer required	(0.1)	-	(2.5)	(2.6)
Others	-	-	0.6	0.6
Effect of movement in exchange rates	(0.6)	(0.1)	(0.1)	(0.8)
At 31 December 2018	**14.9**	**15.5**	**72.9**	**103.3**

$ millions	Warranties	Onerous contracts	Other (including claims)	Total
At 1 January 2019	14.9	15.5	72.9	103.3
Provision formed	-	0.8	12.0	12.8
Provision used	-	-	(2.6)	(2.6)
Provision no longer required	(5.9)	(8.0)	(52.2)	(66.1)
Others	0.8	-	2.4	3.2
Effect of movement in exchange rates	0.3	0.9	1.5	2.7
At 31 December 2019	**10.1**	**9.2**	**34.0**	**53.3**

Warranties

The warranties are based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

Other (including claims)

The Group is involved in various litigations and project related disputes. In cases where it is probable that the outcome of the proceedings will be unfavorable, and the financial outcome can be measured reliably, a provision has been recognized. Reference is made to Note 26 for detailed information with respect to major ongoing litigations and claims.

21. Cost of sales and selling, general and administrative expenses

i. Expenses by nature

$ millions	31 December 2019	31 December 2018
Changes in raw materials and consumables, finished goods and work in progress	2,272.1	2,104.1
Employee benefit expenses (ii)	559.4	580.5
Depreciation and amortization	51.8	40.0
Maintenance and repairs	42.6	38.3
Consultancy expenses	11.7	9.8
Other	45.0	82.0
Total	**2,982.6**	**2,854.7**

The expenses by nature comprise 'cost of sales' and 'selling, general and administrative expenses'.

ii. Employee benefit expenses

$ millions	31 December 2019	31 December 2018
Wages and salaries	460.2	488.6
Social securities	4.0	3.7
Employee profit sharing	3.3	5.5
Pension cost	6.5	6.1
Other employee expenses	85.4	76.6
Total	**559.4**	**580.5**

During the year ended 31 December 2019, the average number of staff employed in the Group converted into full-time equivalents amounted to 23,085 permanent and 36,691 temporary employees.

A Long-Term Incentive Plan ("LTIP") to attract, motivate and retain key employees in the organization by providing market competitive compensation packages has been put in place in June 2016. Under the plan target awards will be granted annually to executives and senior management and employees in critical positions or high performers. These awards will carry a 3-year vesting period. They will be focused on EBITDA, cash flow from operations and share performance. The plan is cash-settled; no transfer of equity instruments will take place under this plan.

22. Other income

$ millions	31 December 2019	31 December 2018
Net gain on sale of property, plant and equipment	1.7	1.6
Scrap and other	13.3	6.7
Total	**15.0**	**8.3**

23. Net finance cost

$ millions	31 December 2019	31 December 2018
Interest income on financial assets measured at amortized cost	8.2	16.2
Fair value gain on derivatives	1.5	-
Foreign exchange gain	15.5	6.8
Finance income	**25.2**	**23.0**
Interest expense on financial liabilities measured at amortized cost	(53.0)	(26.2)
Foreign exchange loss	(45.5)	(1.9)
Finance cost	**(98.5)**	**(28.1)**
Net finance cost recognized in profit or loss	**(73.3)**	**(5.1)**

The above finance income and finance cost include the following interest income and expense in respect of assets (liabilities) not measured at fair value through profit or loss:

$ millions	31 December 2019	31 December 2018
Total interest income on financial assets	8.2	16.2
Total interest expense on financial liabilities	(53.0)	(26.2)

24. Earnings per share

i. Basic

	31 December 2019	31 December 2018
Net profit attributable to shareholders (1 million USD)	121.3	144.7
Number of ordinary share (million)	116.8	116.8
Basic earnings per ordinary share	**1.04**	**1.24**

25. Segment reporting

The Group determines and presents operating segments on the information that internally is provided to the Chief Executive Officer during the period. The Group has three reportable segments, as described below. Each of the segments is managed separately because they require different operating strategies and use their own assets and employees. Factors used to identify the Group's reportable segments, are a combination of factors and whether operating segments have been aggregated and types of products and services from which each reportable segment derives its revenues.

Business information for 31 December 2018

$ millions	MENA	USA	Besix	Total
Total revenue	**2,032.6**	**980.9**	**-**	**3,013.5**
Share in profit of associates	1.5	0.1	54.7	56.3
Depreciation and amortization	(38.1)	(1.9)	-	(40.0)
Interest income (including gain on derivatives)	15.8	0.4	-	16.2
Interest expense (including loss on derivatives)	(24.0)	(2.2)	-	(26.2)
Profit before tax	**199.6**	**(36.0)**	**54.7**	**218.3**
Investment in PP&E	49.7	0.5	-	50.2
Non-current assets	196.6	52.6	394.5	643.7
Total assets	**2,253.7**	**451.2**	**394.5**	**3,099.4**
Total liabilities	**2,213.2**	**414.7**	**-**	**2,627.9**

Business information for 31 December 2019

$ millions	MENA	USA	Besix	Total
Total revenue	**2,182.2**	**1,001.8**	**-**	**3,184.0**
Share in profit of associates	2.5	1.7	22.9	27.1
Depreciation and amortization	(44.8)	(7.0)	-	(51.8)
Interest income (including gain on derivatives)	9.6	0.1	-	9.7
Interest expense (including loss on derivatives)	(50.6)	(2.4)	-	(53.0)
Profit before tax	**163.1**	**(15.8)**	**22.9**	**170.2**
Investment in PP&E	39.5	23.8	-	63.3
Non-current assets	245.3	69.0	394.8	709.1
Total assets	**2,657.5**	**453.0**	**394.8**	**3,505.3**
Total liabilities	**2,533.4**	**386.2**	**-**	**2,919.6**

Segment revenues have been presented based on the location of the entity which is managing the contracts.

BESIX is presented as part of 'equity accounted investees', therefore in the above schedule only the income from equity accounted investees and the asset value are reflected. For further information with respect to liabilities, revenues and cost, reference is made to note 10.

The geographic information above analysis the Group's revenue and non-current assets by the Company where the activities are being operated. The Orascom Construction Group has customers that represent 10 percent or more of revenues:

Percentage	2019	2018
Egyptian Government	57.6%	51.5%

26. Contingencies

26.1. Contingent liabilities

26.1.1. Letters of guarantee / letters of credit

Letters of guarantee issued by banks in favor of others as at 31 December 2019 amount to USD 1,384.6 million (31 December 2018: USD 1,164.7 million). Outstanding letters of credit as at 31 December 2019 (uncovered portion) amount to USD 55.7 million (31 December 2018: USD 56.7 million).

Certain of our sub-holdings have put general performance guarantees for the execution of more significant projects by our subsidiaries.

As of 31 December 2019, mechanic liens have been received in respect of one of our US project for a total of USD 5.0 million (31 December 2018: USD 58.7 million).

26.1.2. Litigations and claims

In the ordinary course of business, the Group entities and joint ventures are involved in some arbitration or court cases as defendants or claimants. These litigations are carefully monitored by the entities' management and legal counsels, and are regularly assessed with due consideration for possible insurance coverage and recourse rights on third parties. OC PLC does not expect these proceedings to result in liabilities that have a material effect on the company's financial position. In cases where it is probable that the outcome of the proceedings will be unfavourable, and the financial outcome can be measured reliably, a provision has been recognized in the financial statements which is disclosed in note 20 'Provisions'. It should be understood that, in light of possible future developments, such as: (a) potential additional lawsuits, (b) possible future settlements, and (c) rulings or judgments in pending lawsuits, certain cases may result in additional liabilities and related costs. At this point in time, OC PLC cannot estimate any additional amount of loss or range of loss in excess of the recorded amounts with sufficient certainty to allow such amount or range of amounts to be meaningful. Moreover, if and to the extent that the contingent liabilities materialize, they are typically paid over a number of years and the timing of such payments cannot be predicted with confidence. While the outcome of said the cases, claims and disputes cannot be predicted with certainty, we believe, based upon legal advice and information received, that the final outcome will not materially affect our consolidated financial position but could be material to our results of operations or cash flows in any one accounting period.

26.1.3. Sidra Medical Center

The contract for the design and build of the Sidra Medical and Research Centre in Doha, Qatar, was awarded by the Qatar Foundation for Education, Science & Community Development (the "Foundation") in February 2008 to the associate owned by Obrascón Huarte Lain (55%) and Contrack (45%), for a total contract value of approximately USD 2.4 billion. The project was more than 95% complete and is not part of the Construction Group's backlog as the project is accounted for under the equity method.

In July 2014, the consortium received a Notice of Termination from the Foundation. On 23 July 2014, the Foundation commenced arbitration proceedings against the associate by serving a Request for Arbitration with the ICC (seat in London) dated 23 July 2014. Procedural hearings and expert meetings took place, with the substantive hearing being held 23 October 2017 to 17 November 2017. In February 2018, the Arbitral Tribunal issued a partial award in respect of certain variation claims and defects, and further agreed that questions of quantum as well as the remaining matters in dispute will be addressed in three long hearings, two that were held in April/May and October/November 2018, and upcoming hearings, including for procedural matters, scheduled to be held on 2020 and beyond.

In August 2017, the Foundation again served a Request for Arbitration, this time in parallel proceedings against OCI SAE with the ICC (seat in London). The claims made by the Foundation in this new arbitration arise in connection with a Parent Company Guarantee (the "PCG") issued by OCI SAE on 7 February 2018. The Foundation alleged that the terms of the PCG protect it in respect of liabilities and obligations of Contrack (Cyprus) Limited on the Project. The Foundation has not yet specified the amount/s that it claims against OCI under the PCG. OCI filed its Answer to the Request for Arbitration on 9 November 2017 asserting lack of jurisdiction, premature and inadmissible claim, and that the PCG has expired. The Terms of Reference were signed on 22 January 2018, and the Tribunal issued its first Procedural Order on 12 March 2018. The Foundation filed its Statement of Case on 23 April 2018, and OCI filed its Statement of Defence in 15 August 2018. At this time, the Tribunal has not ordered the parties to take any further substantive steps.

26.1.4. Iowa Fertilizer Project

In relation to this dispute a settlement has been finalised with MEI in the second half of August. All outstanding liens on the Iowa Fertilizer project have been released.

27. Related party transactions

The following is a list of significant related party transactions and outstanding amounts

Related party	Relation	Revenue transactions during the year	AR and loan outstanding at year end	Purchases transactions during the year	AP and advances outstanding at year end
Medrail	Equity accounted investee	-	5.2	-	-
Iowa fertilizer Company	Related via Key Management personnel	6.0	30.8	-	-
Natgasoline	Related via Key Management personnel	151.8	2.8	-	-
OCI N.V.	Related via Key Management personnel	-	1.1	-	2.4
OCI SAE “fertilizer”	Related via Key Management personnel	-	5.1	-	-
Other		-	7.2	-	2.0
Total as at 31 December 2018		**157.8**	**52.2**	**-**	**4.4**

Related party	Relation	Revenue transactions during the year	AR and loan outstanding at year end	Purchases transactions during the year	AP and advances outstanding at year end
Medrail	Equity accounted investee	-	4.4	-	-
Ras Ghareb Wind Energy	Equity accounted investee	-	8.3	-	-
Iowa fertilizer Company	Related via Key Management personnel	0.9	0.9	-	-
Natgasoline	Related via Key Management personnel	(2.9)	0.1	-	-
OCI N.V.	Related via Key Management personnel	-	0.5	-	-
OCI SAE “fertilizer”	Related via Key Management personnel	-	2.0	-	-
Other		0.6	9.5	-	2.8
Total as at 31 December 2019		**(1.4)**	**25.7**	**-**	**2.8**

In addition to the related party transactions in the table above, the company incurs certain operating expenses for immaterial amounts in relation to services provided by related parties.

27.1. Demerger of Construction and Engineering business

27.1.1. General

The demerger from OCI N.V. was completed successfully in March 2015, with the listing of shares on Nasdaq Dubai as of 9 March 2015 and a secondary listing on the Egyptian Exchange as of 11 March 2015.

After the demerger, OCI N.V. and OC PLC each operate as separately listed companies. There are no cross-directorships, other than Jérôme Guiraud who is a non-executive director in both. The senior management teams of OCI N.V. and OC PLC are different and all agreements between the two companies are executed based on agreed terms.

Services between OCI N.V. and OC PLC Group entities in the areas of accounting, treasury, information technology, etc, are payable on a cost-plus basis.

OC PLC and OCI N.V. are party to continuing commercial arrangements. The existing commercial arrangements were entered into on agreed terms and are not materially different from the terms on which OC PLC has contracted with other customers. The most relevent are listed below:

27.1.2. Conditional sale agreement

On 5 February 2015, OC IHC 4 B.V. (a subsidiary of OC PLC) and OCI MENA B.V. (a subsidiary of OCI N.V.) entered into an Agreement for the Conditional Sale and Purchase of the Share Capital of Construction Egypt. Under the Conditional Sale Agreement, OCI MENA B.V. has agreed to sell to OC IHC 4 B.V. all of the shares it will receive as a result of the Egypt Demerger. These shares (the Construction Egypt Shares) will be shares in an Egyptian joint stock company (Construction Egypt) which, as a result of the Egypt Demerger, will hold the construction projects and construction business of Orascom Construction Industries S.A.E in the Middle East and North Africa which, in order to comply with local law and regulation, cannot be transferred to OC PLC prior to completion of the Demerger. The transfer of the Construction Egypt Shares will be conditional on the completion of the Egypt Demerger, the approval of Egyptian Financial Supervisory Authority (“EFSA”) regarding the issue of the Construction Egypt shares to OCI MENA B.V. and incorporation of Construction Egypt. In addition, OCI MENA B.V. commits to appoint management personnel in the construction operations, such personnel to be nominated by OC IHC 4 B.V.; to appoint accounting personnel responsible for the preparation of the carve out financials of the construction operations, such personnel to be nominated by OC IHC 4 B.V., and to vote on the board of directors of Orascom Construction Industries S.A.E. in matters related to the construction operations based on the recommendation of OC IHC 4 B.V. The Conditional Sale Agreement also provides for the economic benefits/liabilities of the Construction Egypt Shares including the underlying Relevant Construction Projects (together with the right to any dividends) to pass from OCI MENA B.V. to OC IHC 4 B.V. with effect from the date of the Conditional Sale Agreement as if such shares had been in existence since 30 September 2014. This transfer of economic benefit will remain in force until the earlier of completion of the Egypt Demerger and transfer of the Construction Egypt Shares to the Company and completion of all of the Relevant Construction Projects, while any new awards are sought through wholly-owned subsidiaries of OC PLC.

27.1.3. Tax indemnity agreement

On 6 February 2015, OC PLC and Orascom Construction Industries S.A.E. (a subsidiary of OCI N.V.) entered into a tax indemnity agreement which sets out the obligations of the parties in respect of the tax claim lodged by the tax authorities in Egypt relating to the sale of the Orascom Construction Industries S.A.E.’s cement business to Lafarge SA in 2007. The parties have agreed that, to the extent that any liability is incurred by Orascom Construction Industries S.A.E. in relation to the Tax Claim (including the costs of dealing with the Tax Claim), this will be shared between the parties on a 50%/50% basis. In addition, to the extent that any recoveries, including interests, are made in relation to the Tax Claim, these will be shared between the parties on a 50%/50% basis (excluding the amount of EGP 2.5 billion for which it was announced that the rights will be transferred to Tahya Misr social fund in Egypt).

27.2. OCI Foundation and Sawiris Foundation

The OCI Foundation invests company resources in educational programs that improve the communities in which the company operates. OCI has cultivated strong ties with several leading universities, including the University of Chicago (Onsi Sawiris Scholars Exchange Program), Stanford (The American Middle Eastern Network Dialogue) and Yale (Master of Advanced Management program and Global Network for Advanced Management program).

Furthermore, the Sawiris Foundation for Social Development also provides grants to fund projects implemented by charitable organizations, educational institutions, local government and private business.

28. Remuneration of the Board of Directors (Key management personnel)

During the year ended 31 December 2019, we considered the members of the Board of Directors (Executive and Non-executive) and the senior management to be the key management personnel as defined in IAS 24 'Related parties'. The total remuneration of the key-management personnel amounts for the year ended 31 December 2019 to an amount of around USD 10.0 million.

29. List of principal subsidiaries, associates and joint ventures

Companies	Country	Percentage of interest	Consolidation method
Cementech Limited	BVI	100.00	Full
Orascom Construction Industries Algeria Spa	Algeria	99.90	Full
IMAGRO Construction SRL	Italy	49.90	Full
BESIX Group SA	Belgium	50.00	Equity
Aluminium & Light Industries Co Ltd	Egypt	100.00	Full
OCI Construction Limited	Cyprus	100.00	Full
Orascom Construction	Egypt	100.00	Full
Orascom Road Construction	Egypt	99.98	Full
Orasqualia for the Development of the Wastewater Treatment Plant	Egypt	50.00	Equity
National Steel Fabrication	Egypt	99.90	Full
Suez Industrial Development Company	Egypt	60.50	Full
Orascom Saudi Company	Kingdom of Saudi Arabia	60.00	Full
Contrack Watts Inc	USA	100.00	Full
Orascom E&C USA	USA	100.00	Full
Orascom Construction USA Inc	USA	100.00	Full
Orascom Investments	Netherlands	100.00	Full
The Weitz Group LLC	USA	100.00	Full
Orascom for Wind Energy	Egypt	100.00	Full

Furthermore, OC PLC has various holding companies in the Netherlands and the countries it operates in.

On 21 May 2019, the shareholders at the Annual General Meeting had approved a dividend of USD 0.30 per share amounting to USD 35 million.

30. Subsequent events

Subsequent to the year-end, the Board of Directors has proposed a dividend of USD 0.21 per share, which is to be approved by the shareholders at the Annual General Meeting on May 2020.

The coronavirus outbreak in early 2020 has brought additional uncertainties and might impact the Group's projects in the areas we operate in, given our activities are concentrated in Egypt and the USA. The Group is closely monitoring the developments' impact on the Group's business and has put in place contingency measures. These measures include, but are not limited to, communicating plans with our clients, implementing mitigation plans at projects level to minimize the impact of possible slowdowns, if any, and putting measures to safeguard the welfare of our employees and subcontractors at our sites and offices. Furthermore, we are assessing the level of available credit lines and whether additional lines are needed to manage liquidity. The Group will keep these contingency measures under constant review, as the situation is fast evolving and the effects of the outbreak are subject to uncertainty, with the full possible effects unknown.

Dubai, UAE, 25th of March 2020

The Orascom Construction PLC Board of Directors,

Jérôme Guiraud	Chairman
Osama Bishai	Chief Executive Officer
Sami Haddad	Member
Johan Beerlandt	Member
Wiktor Sliwinski	Member

orascom.com