

depa.com

Depa PLC FY2018 Financial Results



25 April 2019

Global Interior Solutions



FY2018 highlights



Revenue
AED **1,802.3**mn

Stable revenue

- Revenue of AED 1,802.3mn
- Up 2.0mn on 2017
- 2017 revenue positively impacted by two major receivable recoveries

Profit before goodwill impairment
AED **4.4**mn

Robust performance across group with DSG the exception

- 2018 results impacted by DSG operating loss of AED 71.5mn and DSG goodwill impairment of AED 129.6mn
- Net loss after NCI of AED 123.5mn

Net cash
AED **110.8**mn

Robust balance sheet

- Net cash (ex-restricted) of AED 110.8mn following AED 95.4mn of dividend payments during 2018

Backlog
AED **2,109**mn

Backlog of AED 2,109mn

- Up AED 315mn or 18% during 2018 (2017: AED 1,794mn)
- Supported by strong pipeline of opportunities
- Expo 2020, superyacht orders and growth in core markets provide tailwinds

Depa's strategic framework



Depa PLC
FY2018 Financial Results

Financial Review



Summary income statement



AED mn	FY18	FY17	Change
Revenue	1,802.3	1,800.3	2.0
Expenses	(1,896.4)	(1,617.1)	(279.3)
Share of profit from associates	(2.5)	(1.4)	(1.1)
Profit before interest and tax	(96.6)	181.8	(278.4)
Net - finance cost	(10.0)	(11.4)	1.4
(Loss)/profit before tax	(106.6)	170.4	(277.0)
Income tax expense	(18.6)	(16.8)	(1.8)
(Loss)/profit for the period	(125.2)	153.6	(278.8)
Non-controlling interests	1.7	(1.3)	3.0
(Loss)/profit after NCI	(123.5)	152.3	(275.8)

- Stable revenue, up AED 2.0mn year-on-year
- 2018 expenses include AED 129.6mn of DSG goodwill impairment, AED 8.1mn in relation to Malaysia factory and showroom closures, and AED 3.7mn of loss on asset disposal
- DSG operating loss of AED 71.5mn and goodwill impairment of AED 129.6mn negatively impacted 2018 results
- 2017 revenue and expenses both positively impacted by recovery of two major long outstanding receivables

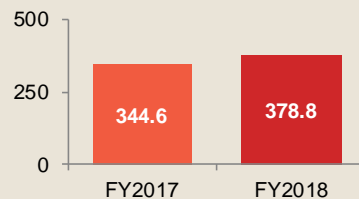
Key operating group performance

All figures in (AEDmn)

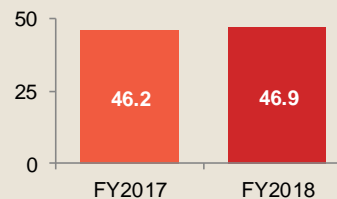
Vedder

- Strong revenue growth: up 10% on 2017 to AED 378.8mn
- EBIT margin of 12.4%
- Largest project ever secured and three full interior projects awarded

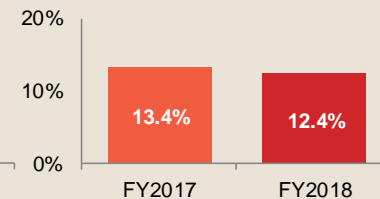
Revenue



EBIT

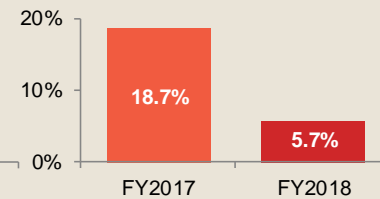
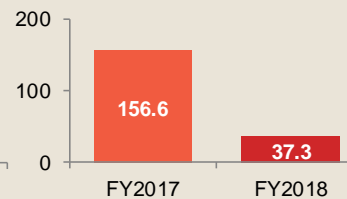
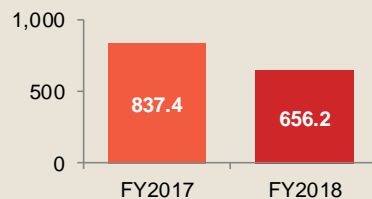


EBIT Margin



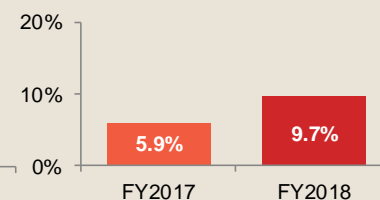
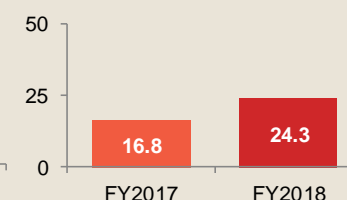
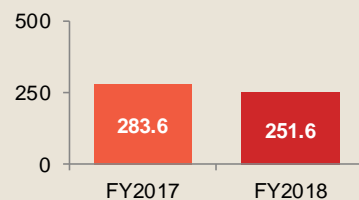
Depa Interiors

- Revenue of AED 656.2mn
- EBIT margin of 5.7%
- Significant backlog growth during 2018 following a number of key management appointments
- 2017 positively impacted by recovery of two major long outstanding receivables



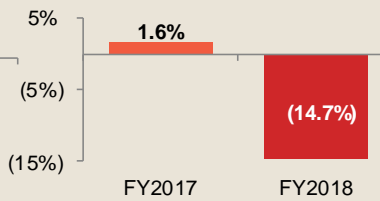
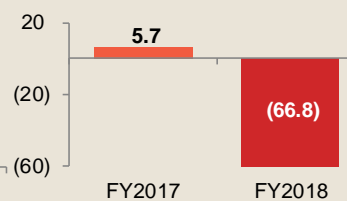
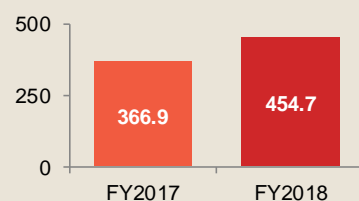
Deco Group

- Revenue of AED 251.6mn
- EBIT margin of 9.7%, includes positive impact of sale of leasing rights, up on 2017 margin of 5.9%
- Strong project delivery during 2018
- Solid backlog growth during second half of 2018



DSG

- Revenue of AED 454.7mn, up 24% on 2017
- Profit negatively impacted by underutilisation of factories, a delayed Dubai based project and restructuring costs relating to consolidation of manufacturing operations and showroom closures
- Backlog growth during 2018



Summary balance sheet

AED mn	FY2018	FY2017	Change
Cash and bank balances	381.6	504.3	(122.7)
Trade and other receivables	730.1	797.1	(67.0)
Due from construction contract customers	627.4	486.8	140.6
Inventories	41.1	49.8	(8.7)
Total current assets	1,780.2	1,838.0	(57.8)
Contract retentions	137.9	138.1	(0.2)
Property, plant and equipment	195.2	209.6	(14.4)
Goodwill	167.7	297.3	(129.6)
Other non-current assets	111.1	137.1	(26.0)
Total non current assets	611.9	782.1	(170.2)
Total assets	2,392.1	2,620.1	(228.0)
Trade and other payables	1,074.0	1,013.5	60.5
Borrowings	60.5	81.6	(21.1)
Income tax payable	20.2	17.8	2.4
Current liabilities	1,154.7	1,112.9	41.8
Employees' end of service benefits	75.5	76.1	(0.6)
Borrowings	22.8	25.9	(3.1)
Other non-current liabilities	11.4	9.4	2.0
Non current liabilities	109.7	111.4	(1.7)
Total liabilities	1,264.4	1,224.3	40.1
Total equity including minorities	1,127.7	1,395.8	(268.1)

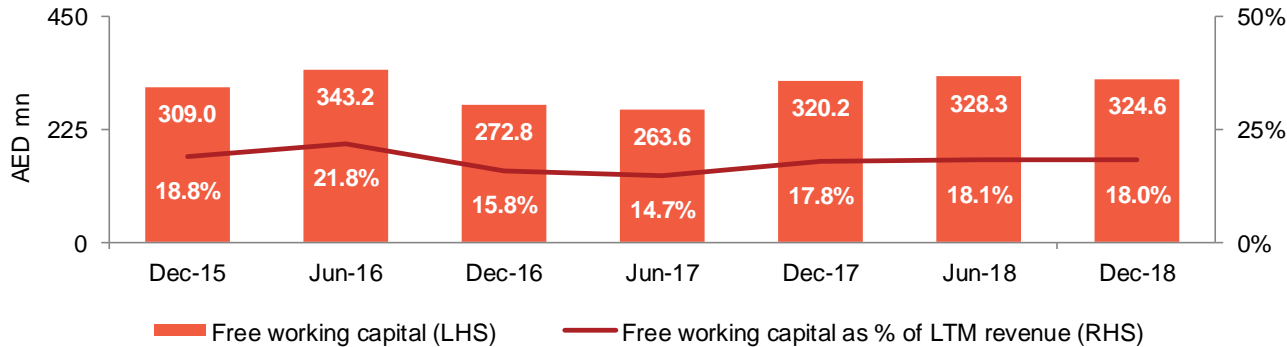
- Cash balance of AED 381.6mn following AED 95.4mn dividend payments during 2018
- Net cash (ex-restricted) of AED 110.8mn
- Goodwill reduced due to DSG impairment
- Net asset value per share AED 1.84 and tangible net asset value per share of AED 1.51

Summary cash flow

AED mn	FY2018	FY2017	Change
Operating activities	57.8	214.8	(157.0)
Working capital changes	(47.1)	(43.6)	(3.5)
Other movements	(24.0)	(27.7)	3.7
Net cash flows from/(used in) operating activities	(13.3)	143.5	(156.8)
Investing activities			
Net capex	(21.9)	(27.0)	5.1
Long term deposits	21.4	(5.5)	26.9
Disposal of investment in associates	7.0	0.0	7.0
Dividends received from associates	3.2	7.3	(4.1)
Other movements	(1.1)	1.7	(2.8)
Net cash flows from/(used in) investing activities	8.6	(23.5)	32.1
Financing activities			
Movement in borrowings	(19.6)	(76.7)	57.1
Dividend paid to shareholders	(95.4)	(15.4)	(80.0)
Dividends paid to non-controlling interests	(6.9)	(9.9)	3.0
Interest paid	(10.7)	(13.1)	2.4
Net cash flows from/(used in) financing activities	(132.6)	(115.1)	(17.5)
Net movement in cash and cash equivalents	(137.3)	4.9	(142.2)
Cash and cash equivalents at the period end	159.7	308.6	(148.9)

- Net cash outflows from operating activities AED 13.3mn (2017: AED 143.5mn inflow)
- Working capital outflow primarily due to project payment timings
- Disposal of associate generated AED 7.0mn of cash
- Dividend payments of AED 95.4mn in 2018 (2017: 15.4mn)
- Cash and cash equivalents AED 159.7mn (2017: AED 308.6mn)

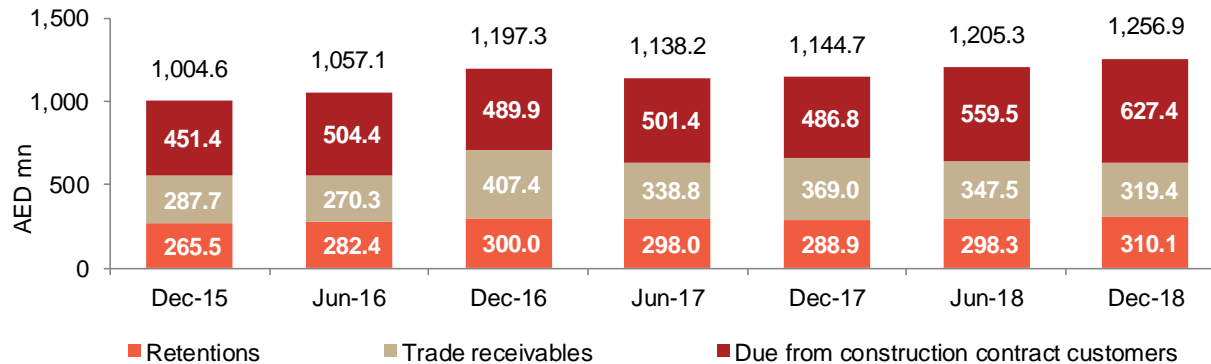
Working capital balance



- Increase in amounts due from construction contract customers during FY18 partially offset by decrease in trade receivables and increase in trade payables versus Dec-17

Note: Free working capital: non interest bearing current assets less non interest bearing current liabilities, excluding income tax payable

Receivables movement



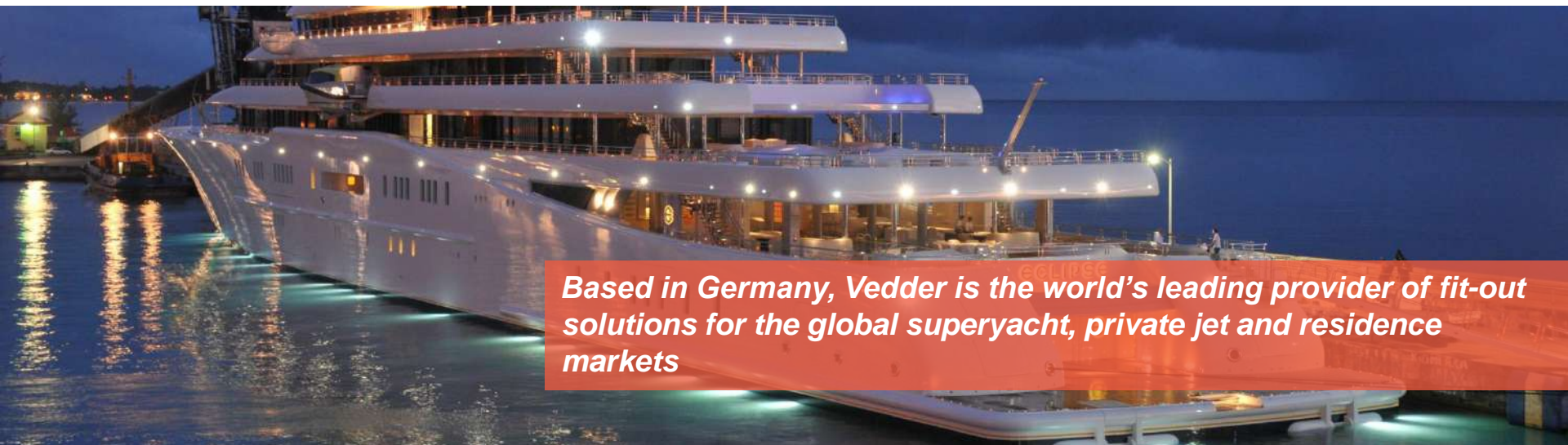
- Scope to improve receivable position with cash collection a key focus across the Group
- Growth in DSG has driven expansion in due from construction contract customer balance

Note: Receivables movement includes net amounts due from construction contract customers, net trade receivables and net current and non current retentions receivable

Depa PLC
FY2018 Financial Results

Operational
Review





Based in Germany, Vedder is the world's leading provider of fit-out solutions for the global superyacht, private jet and residence markets



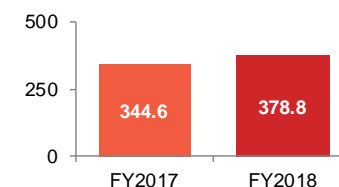
Financial highlights

- Revenue: AED 378.8mn
- EBIT: AED 46.9mn
- EBIT margin of 12.4%

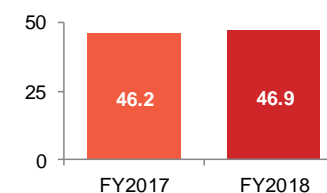
Operational highlights

- Secured largest superyacht project to-date
- Secured entire interior fit-out of 3 superyachts
- Backlog at record levels
- Record project delivery during 2018
- Expansion of facilities being evaluated

Revenue



EBIT





The Middle East's leading provider of interior solutions for the hospitality, residential, commercial, transport and civil infrastructure markets



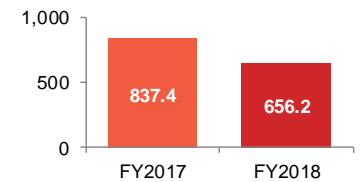
Financial highlights

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- EBIT: AED 37.3mn
- EBIT margin of 5.7%
- 2017 results positively impacted by recovery of two major long outstanding receivables

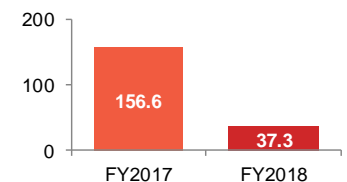
Operational highlights

- Secured major KSA and Abu Dhabi infrastructure projects
- Significant backlog growth
- Restructuring of business ensures it is well placed to compete and grow

Revenue



EBIT





The Middle East's leading provider of interior solutions for the luxury retail market, premium marble supply and installation, and high-quality furniture and joinery works



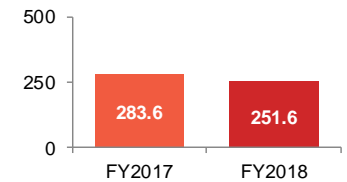
Financial highlights

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- EBIT: AED 24.3mn
- EBIT margin of 9.7%
- Sale of leasing rights positively impacted EBIT

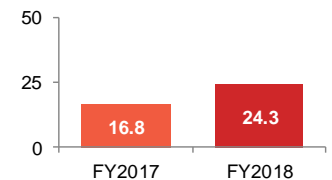
Operational highlights

- Strong project execution, delivering seven retail stores in the Dubai Mall Fashion Avenue extension
- Strong relationships with long-term clients securing Chanel store in Dubai Mall and Gucci and Louis Vuitton stores in Mall of the Emirates

Revenue



EBIT





Singapore's leading interior fit-out solutions provider and one of Asia's fastest growing providers of joinery solutions



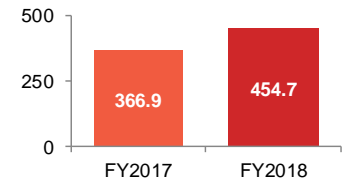
Financial highlights

- Revenue: AED 454.7mn
- EBIT: AED (66.8mn)

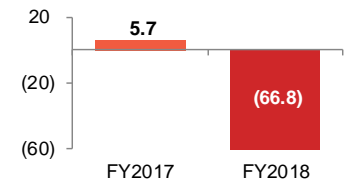
Operational highlights

- Strong revenue growth
- Profit negatively impacted by underutilisation of factories, cost overruns on a Dubai based project and restructuring costs relating to manufacturing consolidation and closure of showrooms
- Continues to win opportunities both within its key markets of Singapore and Malaysia as well as the Middle East, Thailand and China

Revenue



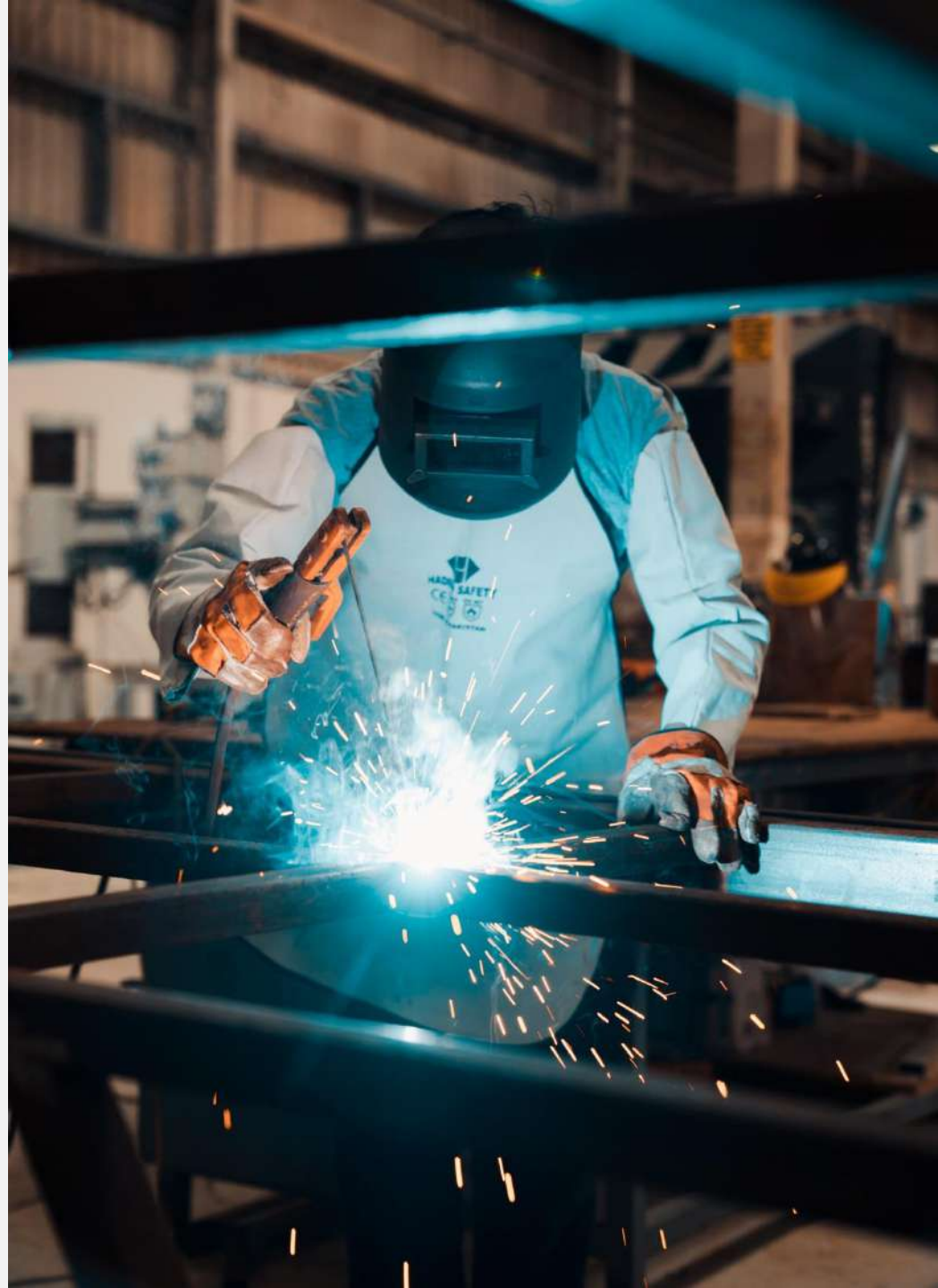
EBIT



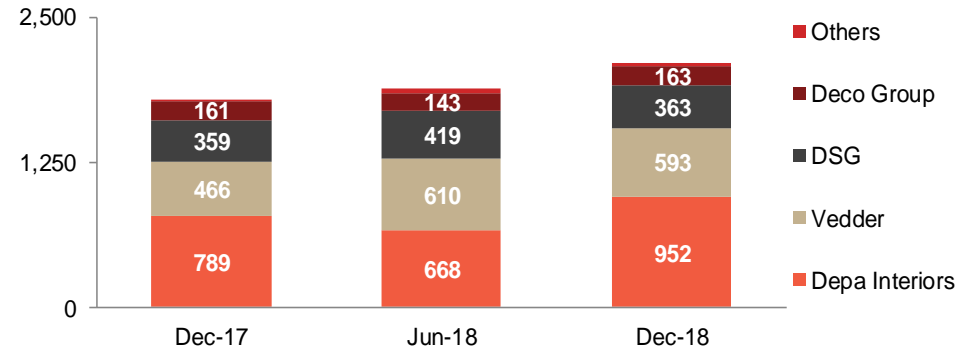
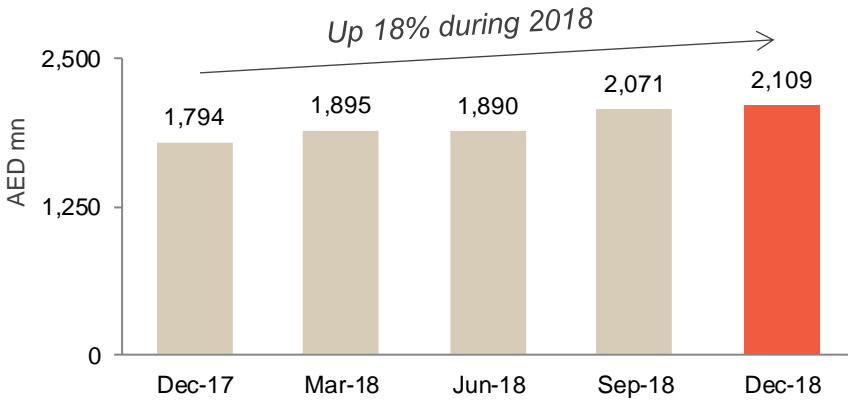
Depa PLC
FY2018 Financial Results

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**Backlog and
Outlook**

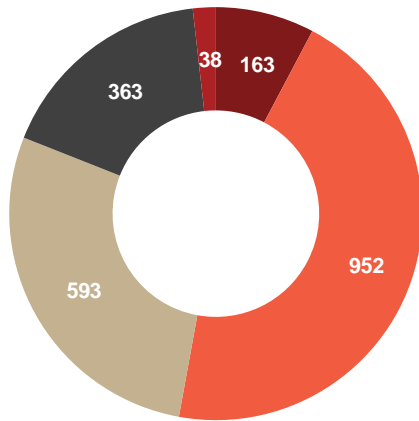
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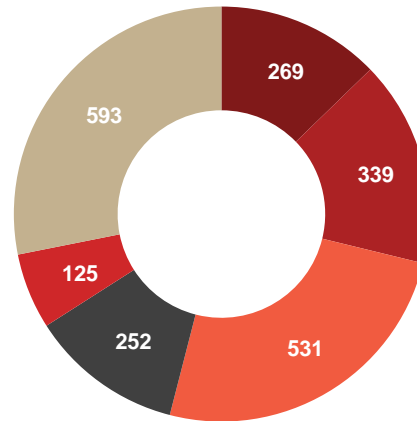
Backlog



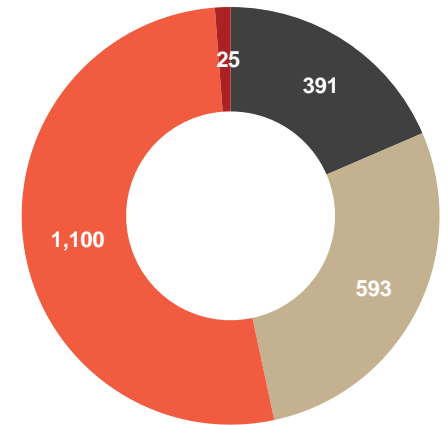
By key business unit



By project type



By geography



■ Deco Group ■ Depa Interiors ■ Vedder ■ DSG ■ Other

■ Commercial
■ Hospitality
■ Social infrastructure

■ Economic infrastructure
■ Residential
■ Yachts & marine

■ Asia ■ Europe ■ Middle East ■ Other

- The continued improvement in the quality and strength of Depa's backlog and a solid pipeline of prospective work ensure that the Group is well placed to succeed in its core markets and navigate risk
- The market leading positions enjoyed by each of its key operating groups and its robust balance sheet position will enable the Group to take advantage of both organic and inorganic growth opportunities
- Expo 2020 in Dubai, superyacht orders and growth in the Group's core markets provide healthy tailwinds
- Despite certain challenges, the outlook for the Group remains positive





Cautionary statement

This document contains certain 'forward looking statements' with respect to Depa's financial condition, results of operations and business, and certain of Depa's plans and objectives with respect to these items. By their very nature, forward looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events, and depend on circumstances, that may occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward looking statements. All written or verbal forward looking statements, whether made in this document or made subsequently, which are attributable to Depa or any other member of the Group or persons acting on their behalf are expressly qualified on this basis. Depa does not intend to update these forward looking statements.