

Depa PLC FY2019 Financial Results



21 April 2020

Global Interior Solutions



Summary income statement

AED mn	FY2019	FY2018	Change
Revenue	1,375.8	1,802.3	(426.5)
Expenses	(1,595.2)	(1,762.3)	167.1
Net provision for doubtful debts and due from construction contract customers	(157.7)	(4.5)	(153.2)
Impairment loss on goodwill and intangibles	(35.4)	(129.6)	94.2
Share of loss from associates	(4.5)	(2.5)	(2.0)
Loss before interest and tax	(417.0)	(96.6)	(320.4)
Net - finance cost	(13.1)	(10.0)	(3.1)
Loss before tax	(430.1)	(106.6)	(323.5)
Income tax expense	(10.8)	(18.6)	7.8
Loss for the year	(440.9)	(125.2)	(315.7)
Non-controlling interests	31.8	1.7	30.1
Loss for the year after NCI	(409.1)	(123.5)	(285.6)

- Revenue negatively impacted by increases to cost to complete on four major delayed UAE and KSA based projects and significantly lower revenue from DSG
- Net provisions for doubtful debts primarily mainly relates to DSG and Depa Interiors
- Non-cash non-recurring write down of goodwill (AED 29.3mn) and intangibles (AED 6.1mn)

Summary balance sheet

AED mn	FY2019	FY2018	Change
Cash and bank balances	217.0	381.6	(164.6)
Trade and other receivables	605.5	730.1	(124.6)
Due from construction contract customers	535.6	627.4	(91.8)
Inventories	40.1	41.1	(1.0)
Total current assets	1,398.2	1,780.2	(382.0)
Contract retentions	157.8	137.9	19.9
Property, plant and equipment	194.3	195.2	(0.9)
Goodwill	104.9	167.7	(62.8)
Other non-current assets	89.7	111.1	(21.4)
Total non current assets	546.7	611.9	(65.2)
Total assets	1,944.9	2,392.1	(447.2)
Trade and other payables	955.1	1,074.0	(118.9)
Borrowings	169.1	60.5	108.6
Income tax payable	18.8	20.2	(1.4)
Current liabilities	1,143.0	1,154.7	(11.7)
Employees' end of service benefits	74.6	75.5	(0.9)
Borrowings	23.4	22.8	0.6
Other non-current liabilities	40.8	11.4	29.4
Non current liabilities	138.8	109.7	29.1
Total liabilities	1,281.8	1,264.4	17.4
Total equity including minorities	663.1	1,127.7	(464.6)

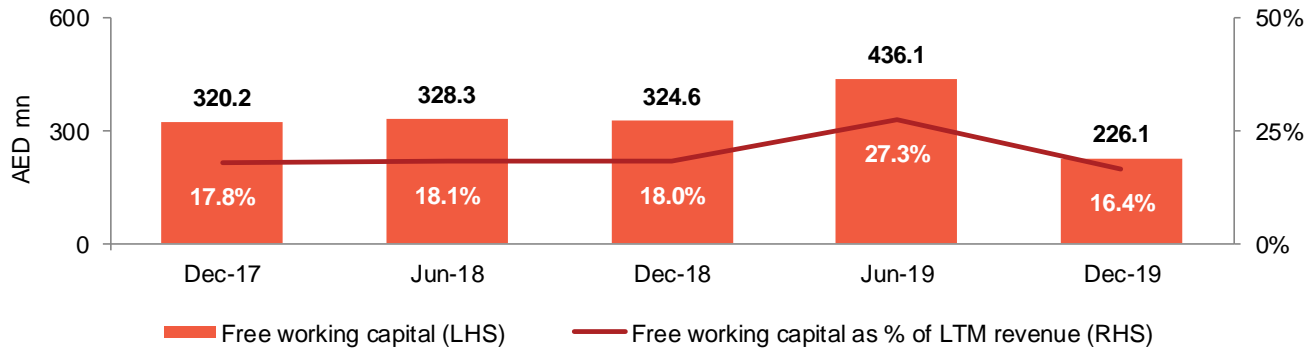
- Cash balance of AED 217.1mn and positive net cash (ex-restricted) of AED 2.2mn
- Goodwill reduced due to both disposal of TPC and LME amounting to AED 33.6mn and write down of AED 29.3mn
- Short term bank borrowings increased to AED 169.1mn
- Net asset value per share AED 1.08 and tangible net asset value per share of AED 0.87

Summary cash flow

AED mn	FY2019	FY2018	Change
Operating activities	(181.8)	57.8	(239.6)
Working capital changes	105.9	(47.1)	153.0
Other movements	(23.3)	(24.0)	0.7
Net cash flows from/(used in) operating activities	(99.2)	(13.3)	(85.9)
Investing activities			
Net capex	(1.5)	(21.9)	20.4
Long term deposits	(8.3)	21.4	(29.7)
Disposal of TPC and LME (net of cash disposed)	25.6	0.0	25.6
Disposal of investment in associates	0.0	7.0	(7.0)
Dividends received from associates	2.7	3.2	(0.5)
Other movements	(1.5)	(1.1)	(0.4)
Net cash flows from/(used in) investing activities	17.0	8.6	8.4
Financing activities			
Movement in borrowings	34.7	(19.6)	54.3
Dividend paid to shareholders	0.0	(95.4)	95.4
Dividends paid to non-controlling interests	(1.8)	(6.9)	5.1
Interest paid	(12.4)	(10.7)	(1.7)
Finance lease payments	(7.4)	0.0	(7.4)
Net cash flows from/(used in) financing activities	13.1	(132.6)	145.7
Net movement in cash and cash equivalents	(69.1)	(137.3)	68.2
Cash and cash equivalents at the period end	86.6	159.7	(73.1)

- Operating activities impacted by DSG and Depa Interiors losses
- Net cash outflows from operating activities AED 99.2 mn (2018: AED 13.3mn)
- Disposal of TPC and LME generated AED 25.6mn net of cash disposed
- Borrowings excluding overdrafts increased by AED 34.7mn
- Cash and cash equivalents AED 86.6mn (2018: AED 159.7mn)

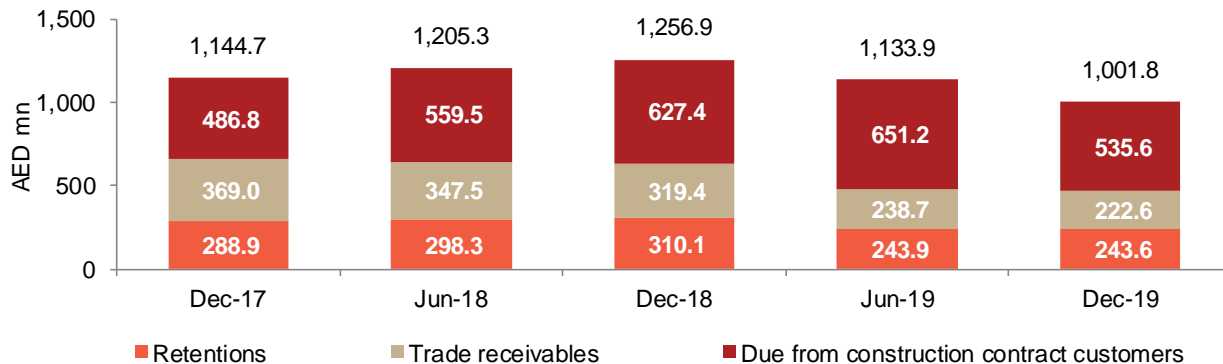
Working capital balance



- Free working capital value and ratio reduced over 2019

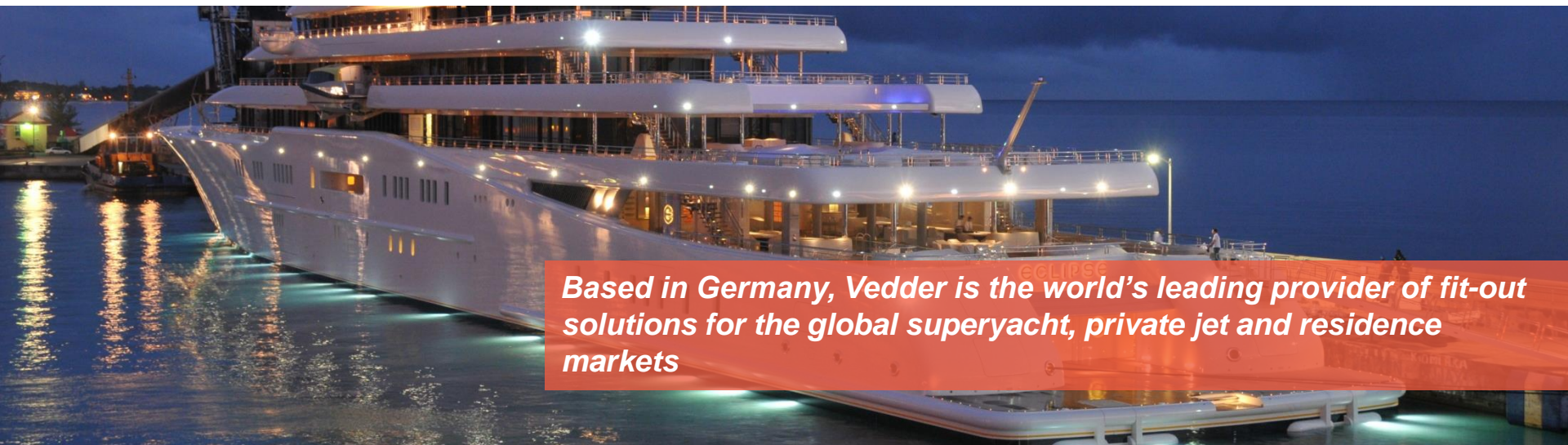
Note: Free working capital: non interest bearing current assets less non interest bearing current liabilities, excluding income tax payable

Receivables movement

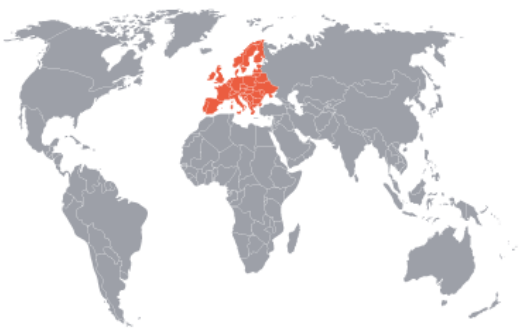


- Cash collection remains a key focus across the Group
- Reduction in 2019 due to increased certifications and collections and includes the impact of provisions, in addition to lower revenues

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



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



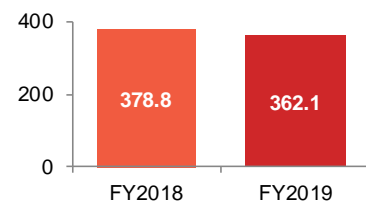
Financial highlights

- Revenue: AED 362.1mn
- EBIT: AED 31.0mn
- Results impacted by non-recurring warranty expenses, redundancy costs and the settlement of a legal case

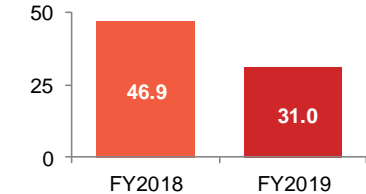
Operational highlights

- Secured three new-build superyacht projects worth over AED 100mn
- Actively increasing focus on exterior and refit sectors to further facilitate continued growth

Revenue



EBIT





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



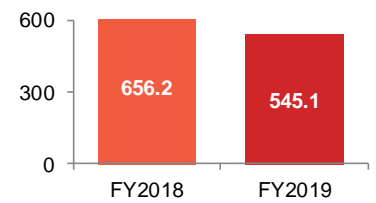
Financial highlights

- Revenue: AED 545.1mn
- EBIT: AED (143.3mn)
- Delays on a number of projects and provisions for receivables negatively impacted 2019 results

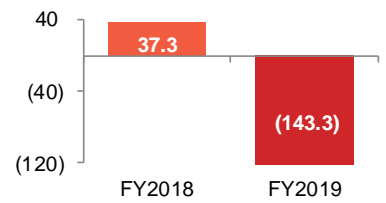
Operational highlights

- Secured major commercial and social infrastructure projects in the UAE
- Delivered significant hospitality and commercial projects in Dubai

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



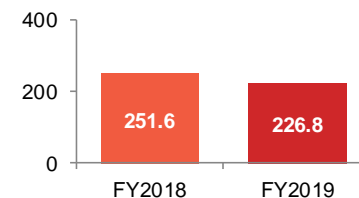
Financial highlights

- Revenue: AED 226.8mn
- EBIT: AED (25.3)mn
- 2019 EBIT negatively impacted by delays on a select number of Eldiar projects and costs relating to the restructure of Eldiar's joinery facilities, 2018 EBIT positively impacted by AED 4.4mn profit on sale of leasing rights

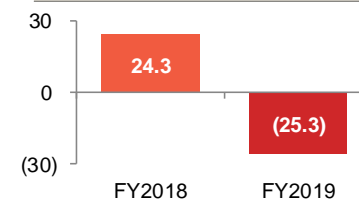
Operational highlights

- Strong relationships with long-term clients securing and delivering projects for Chanel, Dior and Louis Vuitton during 2019

Revenue



EBIT





Based out of Singapore, one of Asia's leading premium fit-out providers and joinery specialists



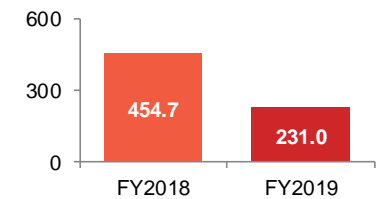
Financial highlights

- Revenue: AED 231.0mn
- EBIT: AED (224.2mn)
- 2019 EBIT impacted by decreased revenue from Singapore, Malaysia and manufacturing business units, increases in expected project costs and provisions for receivables

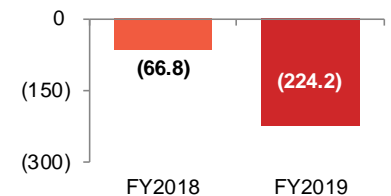
Operational highlights

- Restructure of senior management including the appointment of a Chief Restructuring Officer
- DSG's Singaporean and Malaysian entities have filed for creditor relief under their respective regulatory regimes and significant cost saving initiatives have been implemented across the group

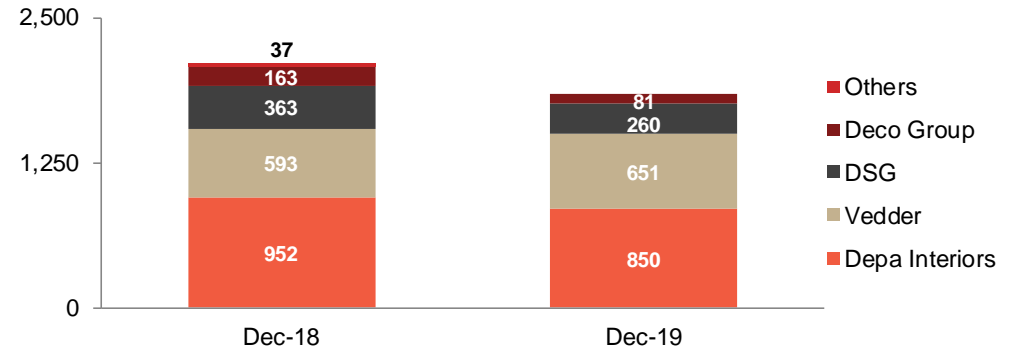
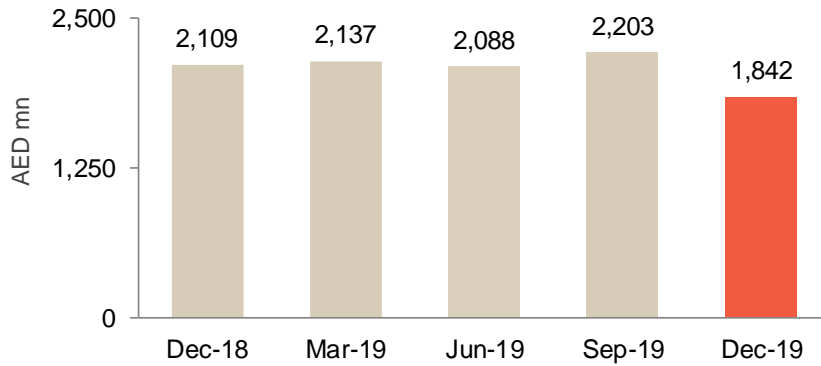
Revenue



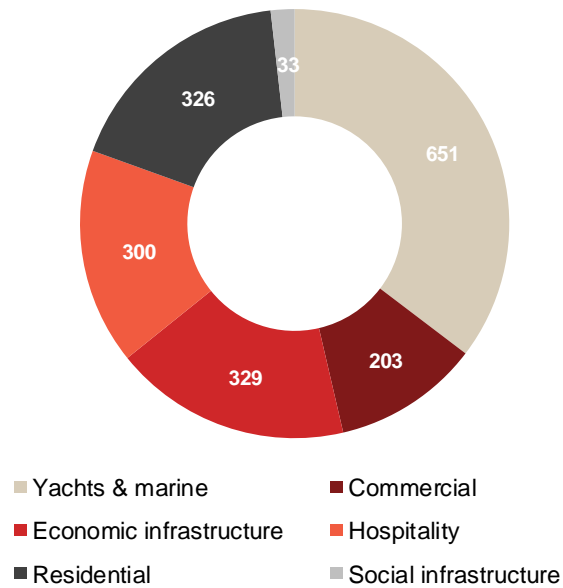
EBIT



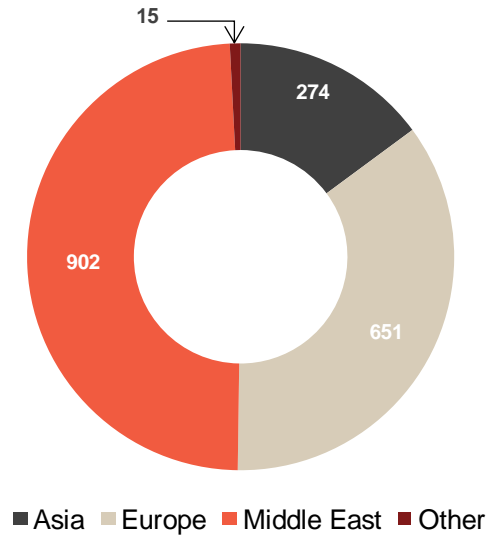
Backlog



By project type



By geography



Outlook



The Group-wide outlook is challenging. Whilst Depa's European business continues to benefit from a strong market and its market leading position, the market in the Middle East holds structural challenges, and in Asia DSG is in the midst of a restructuring exercise.

Covid-19 presents its own set of challenges for the Group with a number of countries' operations affected by lock-downs. Covid-19 will undoubtedly adversely affect the Group's FY2020 project awards, financial performance and liquidity position. Depa has already seen its banks take a more cautious approach to lending in addition to developers delaying project awards and clients holding payment. Depa's management will continue to seek to address the challenges presented by this global issue by taking swift and decisive action to reduce its cost base globally.



Cautionary statement

This document may contain 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 any such forward looking statements.