



*Global Interior Solutions*

## Market Release

Dubai, UAE / 25 November 2016, 9:00am

### **Depa Limited** **Results for the nine months ended 30 September 2016**

#### **HIGHLIGHTS**

- Gross profit up 65% to AED 195mn and 16% margin, at the upper end of targeted range
- Solid nine month revenue of AED 1,186mn
- Net profit after NCI of AED 29mn
- Net cash position of AED 172mn
- Backlog of AED 2,077mn

Depa Limited (“Depa”), the leading global interior solutions group, announces its results for the nine months ended 30 September 2016.

#### **SUMMARY FINANCIAL RESULTS**

	<b>YTD Q3 2016</b>	<b>YTD Q3 2015</b>	<b>% change</b>
Revenue	AED 1,186mn	AED 1,188mn	-
Gross profit	AED 195mn	AED 118mn	+ 65%
Gross margin	16%	10%	+ 66%
Net profit / (loss) after NCI	AED 29mn	(AED 7mn)	Up AED 36mn
Net cash	AED 172mn	AED 179mn	- 4%
Backlog	AED 2,077mn	AED 2,303mn	- 10%

#### **Financial Performance**

For the nine months to 30 September 2016, Depa generated revenue of AED 1,186mn, in line with the same period for 2015 (AED 1,188mn). The restructuring programme initiated at the beginning of 2016, establishing Depa Limited as a strategic management company supporting the operating companies through the provision of strategic leadership, has begun to bear fruit. Resultantly, the group generated solid gross profit of AED 195mn, compared with the same period for 2015 (AED 118mn). Accordingly, the group’s gross margin returned to 16%, at the upper end of its targeted range.

General and administrative cost control remains a key focus of the group. As a result of this and the strong gross profit creation, the group generated net profit after non-controlling interests of AED 29mn (net loss of (AED 7mn) in 2015).



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### **Cash flow and Financial Position**

Cash generation in Q3 was strong, with the net cash position increasing by AED 47mn from Q2 2016. The group's financial position improved, ending with net cash of AED 172mn (AED 179mn in 2015).

### **SUMMARY OPERATIONAL PERFORMANCE**

The majority of the group's operating companies performed satisfactorily.

Whilst Depa Interiors continues to experience challenging market conditions, the performances of the Deco and Design Studio groups were pleasing at a revenue, gross profit and net profit level. Additionally, the steady positive trends seen at Vedder continued, much in line with H1 2016, with marginally improved net profit seen year on year.

### **SENIOR MANAGEMENT TEAM APPOINTMENTS**

Depa has recently appointed Chris Gordon as Group Chief Strategy, Human Resources and Communications Officer and Steven Salo as Group Chief Financial Officer. Both come with extensive experience in their respective fields and will provide a valuable contribution to the group in its next phase of growth.

### **BACKLOG**

Depa's backlog decreased 10% to AED 2,077mn, compared with 2015 (AED 2,303mn). Whilst down slightly on 2015, the current backlog remains robust, representing more than 1x full year 2015 revenue.

The group has secured contracts worth AED 1,171mn in the nine months to 30 September 2016. Additionally, the group is currently implementing a new approach to project tendering, which will involve a four stage gate system and should be in place by the start of 2017. This new approach, which is in line with the group's enterprise risk management systems and culture, will enable the group to better manage its risk and enhance its operating companies' efforts to focus on projects in their respective sweet spots.

### **OUTLOOK**

Whilst the group's key markets remain challenging, the quality and strength of Depa's existing backlog and strong net cash position ensure the company is well placed to compete in on its core markets and navigate risk.



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**Hamish Tyrwhitt, Group Chief Executive Officer**, added: *“Depa’s Q3 results reflect the positive momentum built in the first half of 2016. The group continues to improve its operational delivery with many key enhancements under implementation. These delivery enhancements, in addition to the strategic and financial support provided by our senior management team, will enable the group’s operating companies to better service our clients and ultimately lead to our capturing a greater share of our addressable market. Importantly, given the current challenging conditions, the group has maintained its core focus on cash generation, increasing its net cash position in Q3.*

*“Much has been achieved during the first nine months of the year but there still remains much to do.”*

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Steven Salo, Group Chief Financial Officer

For more information, please refer to the corporate website: [www.depa.com](http://www.depa.com)

**Notes to editors:**

Depa is a strategic management company specialising in global interior solutions. Many of Depa’s operating companies hold market leading positions in their respective regions, including Design Studio, Vedder, Depa Interiors, Eldiar, Carrara Mid-East, Deco and The Parker Company. Employing thousands of people worldwide, the group’s operations are centred through three operating hubs: the UAE, Germany and Singapore.

Depa’s mission, shared by each of its operating companies, is to deliver sustainability, profitability and performance for our clients, shareholders and employees. The group’s five core values are transparency, integrity, accountability, professionalism and exceptional service.

Depa Limited is listed on the Nasdaq Dubai and headquartered in the United Arab Emirates.

**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 will occur in the future and 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, 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.

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