depa

Global Interior Solutions

Press Release

DEPA ANNOUNCES H1-2015 FINANCIAL RESULTS

Dubai, UAE; 27 August 2015: Depa Limited [Nasdaq Dubai: DEPA; “the Company”/“the Group”], one of the world’s leading interior contracting companies, today announced its financial and operational results for the six months period ended 30 June 2015 [“H1-2015”].

FINANCIAL HIGHLIGHTS*

- AED 2,326 million Backlog [30 June 2014: AED 2,405 million;
  31 December 2014: AED 2,083 million]
- AED 841 million YTD-Revenue [H1-2014: AED 877 million]
- AED 15 million YTD-Net Profit after NCI [H1-2014: AED 27 million]
- 10% Gross Margin [H1-2014: 13%]
- AED 89 million Cash generated from operations [H1-2014: AED 56 million]
- AED 214 million Net Cash as at 30 June 2015 [31 December 2014: AED 138 million]

Nadim Akhras, Group CEO, Depa, said: *“The first half of 2015 has witnessed Depa continue to implement its strategy of geographical diversification and operational consolidation, creating a secure base for sustainable long-term growth. We are encouraged by our performance in mature European and Far Eastern markets, as well as our progress in emerging and frontier markets in Africa and South Asia. Following several challenging years for the industry in our core UAE market, we are also cautiously optimistic about the recent pick-up in fit-out activity, which we anticipate will continue in the second half of the year.*

“While maintaining a cautious approach to signing new contracts, Depa’s Backlog increased during the first six months of 2015 as we won a number of high-quality projects across a range of geographies. Despite global economic issues that had a negative impact on several of our key markets, the work we have done to further streamline and diversify the business in recent years leaves Depa well positioned over the coming period.”

FINANCIAL OVERVIEW

Depa’s Revenue during the first six months of 2015 reached AED 841 million, 4% lower than in the corresponding period of 2014. The slight decrease was due to a lower Backlog at the start of 2015, which in turn was the result of the Company being highly selective in project selection. The Backlog was replenished with a number of high quality contract wins in the first six months of 2015, and ended the period at approximately the same level as the corresponding period of 2014.

Net Profit after Non-Controlling Interest for H1-2015 was AED 15 million as compared to AED 27 million in H1-2014. This resulted from costs revisions involving few major projects and additional costs incurred from delays. Gross Margin during the period was 10% compared to 13% in H1-2014.

Total Assets as at 30 June 2015 stood at AED 2,755 million, compared to AED 2,981 million as at 31 December 2014. Total Liabilities at the end of the period decreased to AED 1,266 million as compared to AED 1,492 million at the end of 2014. Total Equity decreased slightly from AED 1,490 million to AED 1,489 million due to currency exchange losses recorded on translation of foreign operations.

GROWING BACKLOG

Depa signed new contracts in H1-2015 worth approximately AED 946 million, a 64% increase on the H1-2014 performance. Key drivers came from Dubai based Depa Interiors signing contracts worth AED 348 million in the UAE, Kuwait and Bangladesh as well as from German-based luxury yacht interiors specialist Vedder securing five contracts totalling AED 279 million; Design Studio, Singapore's premier furniture manufacturer, winning projects worth AED 175 million.

Depa's Backlog reached AED 2,326 million as at 30 June 2015, approximately 12% higher than at 2014 year end. The significant increase was mainly due to a rebound in the Dubai market and continued strong contribution from the Company's German and Asian operations.

The hospitality sector now accounts for 57% of Depa's Backlog, which is a 21% increase in relative terms. Retail spaces and corporate offices have also increased their relative share and now account for 6% of the Backlog.

During the first six months of 2015, the Company finished work on 37 significant projects. Completed hospitality projects included Hyatt, Novotel, Sheraton and Ritz Carlton properties. Retail fit-out work ranged from stores for Dior, Louis Vuitton, D&G, Michael Kors and Chaumet to Pottery Barn. The Company also finalised office projects for Richemont, Shell and Mastercard, among others.

INCREASINGLY DIVERSIFIED GEOGRPAHIC FOCUS

During the first six months of the year, Depa moved forward with its strategy of diversifying towards countries harbouring fast-growth and high-margin opportunities, while continuing to compete aggressively in core home markets. This included a retrenchment from markets such as Egypt and

Jordan, and an increased business development focus on countries including Oman, Kuwait, Sri Lanka, Bangladesh, Angola, Nigeria and Kazakhstan, where governments and the private sector are investing heavily in infrastructure and hospitality projects.

*** Note to Comparatives**

Effective 1 January 2014, Depa signed a memorandum of understanding with its Joint Venture partner Lindner AG, based on which both parties now share all interests in the JV companies [Lindner Depa Interiors and Lindner Middle East] in proportion to their respective ownership. This triggered loss of control on part of Depa as previously these entities were consolidated in the Company's books. Consequently, the Company adopted a proportionate consolidation method in accordance with IFRS 11 – 'Joint Arrangements'. Accordingly the comparative amounts have been restated to incorporate this impact.

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For further enquiries, please contact:

ASDA'A Burson-Marsteller
Tom Drummond or Jonathan Smith
Tel: +971 4 4507600
depa@bm.com

Depa Ltd
Umar Saleem
Chief Financial Officer
Tel: + 971 4 446 2100
ir@depa.com

For more information, please refer to the corporate website: www.depa.com