

DEPA reports strong increase in Q3 2014 and year-to-date Net Profit and Backlog

Dubai, UAE; 23 November 2014: Depa Limited (NasdaqDubai: DEPA), one of the world's leading interior contracting companies, today issued its third quarter and year-to-date trading update for the nine month period ended 30 September 2014, showing an encouraging improvement in Net Profit and Backlog.

Net Profit after Non-controlling Interest for Q3 2014 was AED 19 million compared to a loss of AED 22 million in Q3 2013. This significant increase came from higher contract profits despite slightly reduced revenues of AED 517 million (Q3 2013: AED 577 million). The current performance demonstrates the effectiveness of Depa's current strategy to be more selective by signing contracts with low risk profiles and healthy margins.

For the nine month period, Depa consequently reported Net Profit after Non-controlling Interest of AED 46 million (YTD Sept 2013: AED 11 million). Major driver of this increase was Vedder - Depa's German subsidiary specializing in the fit-out of luxury yachts and private jets. Over the last year, Vedder has successfully integrated the Loher acquisition into its business and as a result, generated a YTD Net Profit of AED 14m compared to a YTD Net Loss of AED 5 million in FY2013. Depa's operations in the Far East continue to perform well, doubling the YTD profit from AED 16 million in FY2013 to AED 32 million in YTD 2014. In addition to the above, as announced in the Annual Report 2013, Depa is streamlining its business by closing down loss making businesses and this has also contributed to the four fold increase in Net Profit as compared to YTD 2013.

Depa's balance sheet remains strong with total assets of AED 3.17 billion as at 30 September, 2014 (December 2013: AED 3.21 billion) and total equity of AED 1.49 billion (December 2013: AED 1.46 billion).

Nadim Akhras, Interim Group CEO said: "Our strategy to be extremely selective in what we bid for and how projects are priced is starting to see tangible results with contract gross margins in Q3 2014 returning to healthy margins significantly higher than what we achieved in the first nine months of FY2013. We are seeing strong business generation coming from our overseas operations and an increase in hospitality sector work as the construction cycle starts to enter the interior contracting phase. We will continue to drive our diversification strategy which creates value and mitigates

Trading Statement



Global Interior Solutions

business risk during different market cycles as well as evaluate opportunities in new higher margin emerging markets.”

Depa’s Backlog at 30 September 2014 totalled AED 2.63 billion, an increase of 8.7% on the Backlog of AED 2.42 billion as at 30 June 2014. The increase came from a strong surge in business from Asia, moving from 30.3% of our total backlog at 30 June 2014 to over 36.3% at 30 September 2014 as the Company’s subsidiary, Design Studio Group, signed a AED 220 million contract with OUE Limited, a Singaporean real estate owner, developer and operator.

From a sector perspective, during the third quarter, the backlog saw a continued increase in interior contracting for the hospitality industry which started earlier in the year and at the period end accounted for 49.4% of the backlog (30 June 2014: 36.0%). In line with Depa’s current policy to be very selective in signing new contracts, the Company secured a AED 108m interior fit-out contract for Emerald Palace Kempinski Hotel at Palm Jumeirah in Dubai during the third quarter, in addition to other projects.

Backlog – As at 30 September 2014

S.N	Projects	Total Backlog (AED M)
1	Rest of the World	1,270
2	Asia	942
3	Europe	415
		2,627

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