

Trading update for the three months ended 31 March 2019

Depa PLC (“**Depa**”), the leading global interior solutions group, releases its unaudited trading update for the three months ended 31 March 2019.

Whilst Depa continued its positive operational momentum during the first quarter of 2019, the financial performance of each of its key business units lagged that of 2018 from both a revenue and earnings before interest and tax perspective. Although Vedder, Depa Interiors and Deco Group all generated profits during the period, the Group as a whole generated a net loss due to the financial performance of Design Studio Group (“**DSG**”), the Group’s Asian subsidiary. As reported by DSG on 8 May 2019, DSG’s revenue decreased significantly year on year, in part due to a delay in its international projects, impacting factory utilisation and overall profitability.

From an operational perspective in the Middle East, Depa Interiors delivered a significant hospitality project in Dubai and secured a prominent social infrastructure project in Abu Dhabi worth more than AED 50mn. Deco Group continued to secure multiple luxury retail fit-out projects from repeat clients. In Europe, Vedder began the year with backlog at record levels and continues to perform strongly. Whilst DSG’s performance continues to lag the rest of the Group’s key business units, during the quarter DSG continued to execute its right-sizing plan and other efficiency initiatives, and ended the quarter with a significantly improved backlog position to that of first quarter 2018.

As part of Depa’s 2017 strategic review, its shareholding in Lindner Middle East was identified as non-core. As part of its planned disposal programme of these non-core assets, Depa has now agreed terms on the disposal of Lindner Middle East which is expected to complete in the second half of the year.

On 25 April 2019 Depa announced the appointment of Kevin Lewis as Acting Group Chief Executive Officer. Kevin remains the Managing Director of Depa Interiors and is an experienced construction professional with over 18 years of experience in the UK and the Middle East. Following Kevin’s appointment, the management team will be conducting a Group-wide operational review to assess each business unit’s performance. This review is expected to be completed prior to the announcement of the Group’s financial results to 30 June 2019.

Depa continues to maintain a positive net cash position excluding restricted cash: AED 56.2mn at 31 March 2019.

Depa’s backlog grew to AED 2,138mn, up AED 243mn or 13% on 31 March 2018 and remains at more than one times revenue.

The Group-wide outlook for the remainder of 2019 is mixed. Whilst Depa’s European business continues to benefit from a strong market and its market leading position, the market in the Middle East holds both structural challenges as well as opportunities. Whilst in Asia significant market opportunities are presently identifiable, caution must be observed in new market expansion.

Kevin Lewis, Acting Group Chief Executive Officer, commented: *“Three of Depa’s key business units made a steady start to 2019 with highlights including Depa Interiors successfully handing over a major project and some significant project wins for Depa Interiors and Deco Group. Whilst DSG’s performance has continued to lag the rest of the Group, its focus on driving efficiencies and productivity, and its improved backlog provide positive markers. However, our Group-wide operational review is underway and where required swift action will be taken.”*

Depa PLC

23 May 2019



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

Notes to editors:

Depa is a strategic management company specialising in global interior solutions. Depa's four key business units hold leading positions in their respective markets: DSG, Vedder, Depa Interiors and Deco Group. Employing thousands of people worldwide, the Group's operations are centred on three regional hubs: Asia, Europe and the Middle East.

Depa's mission, shared by each of its key business units, is to deliver sustainability, profitability and performance for its clients, shareholders and employees. The Group's five core values are integral to everything Depa does: transparency, integrity, accountability, professionalism and exceptional service.

Depa PLC is listed on the Nasdaq Dubai (DEPA: DU) and is headquartered in Dubai, United Arab Emirates.

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, which 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.

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