



## **Arkan reports increase in revenues for the first half of 2018 and improved outlook for the second half of the year**

29 July 2018

Arkan Building Materials Co. PJSC (ADX: ARKAN) (“**Arkan**” or “**the Group**”), a leading construction and building materials company in the UAE, today announced its financial results for the first half of 2018.

Net revenue for H1 2018 was AED 473.6 million, an increase of 3%, compared with AED 459.6 million for the same period in 2017 as a result of strong sales of Pipes, Blocks, Dry Mortar and Bags, notwithstanding a very competitive market situation.

Arkan’s Pipes division, Anabeeb, increased its market share in the UAE and abroad for its GRP and PVC products. Anabeeb continued to penetrate markets in the Far East and Central Africa and explore new market opportunities for standard and bespoke products and solutions. Arkan’s Blocks division successfully penetrated Dubai market and winning new contracts for Blocks, Pavers and Dry Mortar products. Further, to meet customer demand, Dry Mortar increased its production capacity this year from 165,000 to 222,000 tonnes per annum.

Pipes and concrete product businesses are running at close to full capacity thereby maximizing their efficiency. Additionally Arkan continues to optimize its cash management resulting in lower financing costs.

As previously communicated this year regarding the uncertainty of the continuation of its own quarry, Al Ain Cement Factory started blending a portion of imported limestone from Oman with its own limestone resulting in an additional cost of AED 11 million for the period. Which impacted negatively its profits of the period compared to last year’s. Results were also impacted by additional land lease rental. Overall, net profit for the Company was AED 15.5 million, compared with AED 25.0 million in H1 2017.

Commenting on the results, Eng. Jamal Salem Al Dhaheri, Chairman of Arkan said: “Arkan continues to make operational progress and record improving revenues. Our Pipes, Blocks and Dry Mortar products are generating strong sales and profits, partially offsetting the market challenges we face in our Cement Division. Our strategy to develop a more diversified platform of building material products is creating a more balanced business and will support Arkan through future market cycles.



Looking ahead, we expect a better year end outcome as the construction market improves, supported by more building and infrastructure projects in Abu Dhabi coming on stream. Further, we are confident that an agreement will be reached with the authorities regarding the quarry which will help avoiding additional costs of import from Oman, meanwhile we continue extracting the limestone from our existing quarry while being fully compliant with Environment, health and safety regulations.”

**Ends**