



Arkan reports nine-months financial results

30th of October 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 nine months of 2018.

Net revenue for the period was AED 676.9 million, flat compared to AED 677.6 million recorded in the same period of last year. Arkan continued to see strong revenue growth from its Pipes, Blocks and Dry Mortar businesses. Pipes recorded increased export sales to markets in the Far East and Central Africa and Blocks and Dry Mortar reported strong growth across construction projects in the UAE.

This revenue growth offset the decline in the sale of Clinker and the tough pricing environment in the UAE for cement. Clinker sales were impacted by stiff competition from grinders in the market importing cheaper clinker from Iran. Overall, Q3 revenues were impacted by expected summer project slowdowns.

The net profit for the first nine months of 2017 was AED 36.2 million. Whilst the strong sales from Pipes, Blocks and Dry Mortar generated a positive profit contribution, the Group’s net profit for the nine-months period was impacted by a number of challenges and accounting treatments disclosed in prior quarterly updates. Profits were impacted by higher clinker production costs over the course of the year as the plant continued using limestone imported from Oman and till sustainable solution is reached around the Company’s quarry in Al Ain with the concerned authorities. Profits were also impacted by the additional land lease rental and a lower share of profits from its holding in Vision Group. The Overall impact resulted in a net profit of AED 10.2 million.

On the other hand, The Group is in the process of finalizing the awarding of selling Emirates Cement Factory’s assets and the results will be revealed soon.

Commenting on the results, Eng. Jamal Salem Al Dhaheri, Chairman of Arkan said: “We are currently having on-going discussions with the authorities to resolve our quarry issue in Al Ain, which, once resolved, will eliminate our need of importing limestone from Oman and help in reducing our cost of production. We continue to implement our strategy of developing a diversified portfolio of products that balances our business through market cycles and we are pleased to see significant growing interest in our specialist products, especially Pipes and Dry Mortar. Pricing across our cement division remains challenging and we are looking forward to seeing the construction market improve as expected by the latter part of this year. ”

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About Arkan

Arkan Building Materials Co. PJSC (ADX: ARKAN), is a public joint stock company specializing in manufacturing of building and construction products in the UAE. Arkan's vision is to build a large integrated building products business that serves the local and regional construction industries. Arkan's portfolio companies include the Al Ain Cement Factory, Emirates Blocks Factories, ANABEEB and Arkan Dry Mortar. For further information, please visit our website: www.arkan.ae.