



## **Arkan reports 77% earnings growth in 2018**

13<sup>th</sup> March 2019

Arkan Building Materials Co. PJSC (ADX: ARKAN) (“Arkan” or “the Group”), a leading construction and building materials company in the UAE, today published its audited and consolidated financial results for the fiscal year 2018.

The net profit for 2018 was up 77% to AED 53.46 million, compared to AED 30.17 million in 2017, as a result of an increase in gross profit, savings in finance costs due to better cash management and the repayment of loans and income of AED 21.9 million only, recognized from the sale of assets from the old Emirates Cement Factory, which was shut down in 2016.

Overall Group revenue increased by 6.5% in 2018 to AED 967.63 million, compared to AED 908.59 million the previous year. The improvement was driven by an increase in sales across the Pipes, Bags and Blocks businesses and reclassification of transportation revenue in 2018.

Arkan’s specialty businesses continued to perform well overall with higher selling prices supporting increased revenues and a focus on higher margin products. PVC Pipes and Dry Mortar continuing to see strong sales growth during the year. 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.

The Cement Division saw profitability rise due to a reduction in direct costs and to the income recognized from the sale of the old Emirates Cement Factory assets. Despite this, revenue in the Cement Division was marginally down as the cement market continued to be challenging. Average selling prices remained flat and demand was constrained due to increased market competition, principally from the excess of capacity compared to the demand in the UAE cement market and GCC lack of export opportunities.

Commenting on the results, Eng. Jamal Salem Al Dhaheri, Chairman of Arkan said: “Our strong net profit for the year comes despite the continued competitive market environment. This is a result of the implementation of the strategy set by the Board of Directors and a tribute to the management team who have worked hard to improve operating margins and increased the profit contribution of specialty products. Our increasingly well-balanced portfolio, high quality products and strong cost discipline demonstrate our resilience.