



Arkan announces 2019 financial results

25th February 2020

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 2019.

Arkan continues to maintain its leadership position in the building materials Industry. Overall Group revenue in 2019 was AED 902.43 million, compared to AED 967.64 million for the same period in 2018. Revenues throughout the year were impacted by intense competition and pressure on product pricing. Net profit for 2019 was AED 46.009 million compared to AED 53.46 million in 2018. Lower revenues were offset by cost management initiatives, income recognized from the sale of scrap assets at the Emirates Cement Factory and proceeds from an insurance claim in the Cement Division.

Profits from the cement division increased due to reduced raw material costs, higher factory utilization and lower electricity prices as per the ‘Electricity Tariff Incentive Programme’, which supports the growth of the industrial sector in the Emirate of Abu Dhabi.

Arkan’s Concrete products segment saw increased sales volumes, revenues and gross profits resulting from a successful expansion of the division’s product range. Net profit was impacted by increases in land lease tariffs and provisions on receivables as per IFRS 9 “Financial Instruments”. PVC Pipe profits increased due to savings in raw material costs, while GRP Pipes saw profits slip primarily due to delays in export projects.

Arkan continues to win significant contracts and is involved in major developments such as Abu Dhabi’s Riyadh City, the largest housing project in the Emirate and Khalifa Industrial Zone (KIZAD), where the Company is supplying specialist concrete products; including blocks, pavers and dry mortar as well as GRP and PVC pipes for infrastructure works.

The Company’s balance sheet remains strong with cash and cash equivalents of AED 81.28 million as of 31 December 2019 versus AED 53.65 million at the end of 2018.

Commenting on the results, **Eng. Jamal Salem Al Dhaheri, Chairman of Arkan** said: “Arkan remains resilient to the continued challenging construction market cycle. The Company continues to win major contracts in residential and infrastructure projects, driving revenue growth across its divisions as well as improving factories’ efficiencies and reducing raw material costs to strengthen the bottom line. The Abu Dhabi Government’s “Ghadan21” Programme launched earlier in 2019, is an important step in supporting the industrial sector and ensuring local businesses remain competitive.”

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