



Arkan Reports Improved Operating Profit in Q1 2020

Arkan Building Materials Co. PJSC (ADX: ARKAN) (“Arkan” or “the Group”), a leading construction and building materials company in the UAE, today announced its consolidated financial results for the three months to 31 March 2020.

Net profit before sale of scrap assets for Q1 2020 almost doubled to AED 10.01 million, from AED 5.25 million in the same period in 2019 as a result of continued cost saving initiatives, a more efficient mix of raw materials used in the cement business and lower electricity costs, as per the Abu Dhabi Government’s ‘Electricity Tariff Incentive Programme’, which supports the industrial sector.

Despite this, overall net profit for the period was AED 10.53 million, compared to AED 12.21 million in Q1 2019. This was due to lower income recognised from the sale of scrap assets, from the closed Emirates Cement Factory, than in the previous year.

Group revenue was AED 208.17 million, compared to AED 234.99 million in Q1 2019, and this was primarily due to persistent intense competition in the cement business, adversely impacting selling prices.

GRP Pipes had an especially strong period increasing local market share significantly and PVC Pipes was able to benefit, during the period, from cost cutting initiatives . Bags reported good profit growth on increased sales volumes and Blocks and Dry Mortar saw profits edge up on reduced revenues.

Commenting on the results, **Eng. Jamal Salem Al Dhaheri, Chairman of Arkan** said: “The challenging construction market has not been helped by the emergence of COVID-19, towards the end of the first quarter. The increase in operating profit is due to a better performance from our Pipes business and the cost control measures the management team has been implementing right across the business. We continue to supply a number of the largest projects in the Emirate and increase our market share where possible.

“We are committed to supporting the Government’s efforts during this period of economic and social uncertainty. Arkan’s employees have shown remarkable solidarity contributing a full day’s salary on a monthly basis, starting from April 2020, to the ‘Together We Are Good’ programme run by the Authority for Social Contribution’s (Ma’an). We hope that our support of the Government’s efforts will inspire other businesses to follow suit, so that together we can beat this pandemic and support the economic recovery.”

Ends