



## **Arkan remains profitable in First Half 2020 despite pandemic through rigorous cost management**

Abu Dhabi, UAE, 10 August 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 first half of 2020.

Despite the pandemic and its negative impact on the building material sector, Arkan remained profitable with a net profit for the period of AED 2.1 million. This compared to AED 8.5 million in H1 2019, before one off gains of AED 25.3 million from the sale of scrap assets at the Emirates Cement Factory and proceeds from an insurance claim in the Cement Division.

Even with a secured order book, overall group revenue was AED 387.4 million compared to AED 458.9 million in H1 2019 primarily due to limitations resulting from the measures taken to counter the spread of COVID-19.

The decrease in revenue was offset by rigorous cost saving programs to cover vital processes such as; raw material prices negotiation, reduced outsourced services, reduced manpower cost, higher efficiencies in energy utilization coupled with lower electricity cost as a result of the Abu Dhabi Government’s ‘Electricity Tariff Incentive Programme’, which supports the industrial sector in the Emirate. In parallel, the Company focused on maintaining its market share by securing supply to all active projects.

While the Company’s Cement, Dry Mortar and Blocks businesses were negatively affected by the pandemic with a marked slowdown in sales despite solid order pipeline; revenues from Arkan’s GRP Pipes segment doubled to AED 43.3 million, versus H1 2019, due to significant market share gains. This has again shown the value of a broader diversified business.

Commenting on the results, Eng. Jamal Salem Al Dhaheri, Chairman of Arkan said: “Arkan has proven its ability to manage through even the toughest market environment and still remain profitable. This was due to the strong and decisive measures taken by management to implement over AED 30 million of cost improvement initiatives across the business, as well as the team’s ability to continue the reliable and uninterrupted supply of product to customers. Arkan continues to be recognized as one of the largest and most respected building material suppliers in the Emirates, with a diversified portfolio of high-quality products and services and a strong order book. We will manage the business prudently through the remainder of the year and believe we are well positioned to emerge stronger as the pandemic passes, and markets recover.”

**Ends**

**For investor relations enquiries, please contact:**

Brunswick Group

Phone: +971 (0)2 234 4600 / +971 (0)4 446 6270



Mobile: 056 416 9258 / 050 940 3018

Email: [arkan@brunswickgroup.com](mailto:arkan@brunswickgroup.com)

### **About Arkan**

Arkan Building Materials Co. PJSC (ADX: ARKAN) is part of ADQ, one of the region's largest holding companies with a broad portfolio of major enterprises spanning key sectors of Abu Dhabi's diversified economy. 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 more information, please visit our website: [www.arkan.ae](http://www.arkan.ae).