

Press Release

Emirates Steel Arkan (EMSTEEL) reports strong performance in 9 months with AED 6.48 billion in revenues

Abu Dhabi, United Arab Emirates, 1 November 2023: Emirates Steel Arkan (ADX: EMSTEEL) (“the Group”), one of the largest publicly traded steel and building materials manufacturers in the region, today announces financial results for the first 9 months of 2023.

The performance reflected the agility of the Group's Steel division in the face of adverse market conditions, as well as a continued improvement of revenues and profits from the Building Materials division.

Financial highlights for the first 9 months of 2023:

- The combined business recorded revenues for the 9 months of AED 6.48 billion, marked by stable margins, despite reductions in commodity steel prices. This was supported by a continuing increase in the manufacture and sale of value-added products for both the domestic and export markets and bolstered by growth in construction activities.
- EBITDA for the period was AED 884 million, up by 3% on the same period in 2022.
- The EBITDA margin for the period was 13.6% versus 12.1% reported in the same period of 2022.
- Revenue from the Steel division totalled AED 5.81 billion during the 9-month period and profit from the division amounted to AED 295.3 million.
- Revenue from the Building Materials division was AED 670.7 million for the period, with a profit of AED 92.3 million, supported by the continued growth of the UAE construction sector.
- The Group's net profit for the period was AED 387.6 million, compared to a net profit of AED 383.2 million during the same period in 2022.
- Since 31 December 2022, the Group has reduced its net bank debt by 61% from AED 1.1 billion to AED 424 million, resulting in a Net debt-to-EBITDA ratio of 0.36 as of 30 September 2023.

Operational highlights for the first 9 months of 2023:

- Successfully delivered the first order of the new U-type sheet piles family product, highlighting the Group's unique position as the region's sole producer of hot-rolled sheet piles and providing an opportunity to attract new foundation, marine, and civil customers, increasing market share and supplying the sector with distinctive low-carbon products.
- Became a member of the global not-for-profit multi-stakeholder standard and certification initiative “ResponsibleSteel” to drive socially and environmentally responsible production of net-zero steel globally.
- Signed a MoU with Oman and Etihad Rail Company (OERC) to facilitate the export of raw materials from the Sultanate of Oman to the UAE.

Eng. Saeed Ghumran Al Remeithi, Group CEO, said, "Emirates Steel Arkan's financial results for the first nine months of 2023 mark a continuation of our robust performance, underscoring the Group's resilience and agility. This demonstrates our ability to maintain solid profits despite challenging market conditions. During this time, we remained committed to prioritizing higher-value-added products, while delivering greater efficiencies and optimizing EBITDA through our Namaa' 2.0 transformation program."

He added, "We continue to work on realizing our decarbonization roadmap, aiming for a 40% reduction in carbon emissions by 2030 and achieving net zero emissions by 2050. This commitment involves leveraging our growing portfolio of low-carbon products, developing our cross-border supply chain, and fostering partnerships; enabling the Group to drive its decarbonization efforts forward."

Emirates Steel Arkan's healthy financial performance reflects its commitment to delivering value to stakeholders. With a focus on innovation, sustainability, and efficiency, the Group is determined to continue its growth in the steel and building materials sectors, further cementing its position as an industry leader.

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About Emirates Steel Arkan (ESA)

Emirates Steel Arkan (the Group) is a public joint stock company (ADX: EMSTEEL) and the UAE's largest steel and building materials manufacturer. The Group leverages cutting-edge technologies to supply both the local market and more than 70 international markets with high-quality finished products, creating a one-stop shop for the manufacturing and construction sectors.

Emirates Steel Arkan is committed to contributing to the UAE's industrial strategy 'Operation 300 billion' by delivering market-leading products to support local industries, creating job opportunities for UAE Nationals, and enhancing its sustainable practices. The Group is also among the leading decarbonized steel manufacturers in the world and is recognized for its world-class safety performance.

The Group's steel and building materials have been used in some of the UAE's most iconic construction projects, including the Burj Khalifa, Emirates Palace, Etihad Towers, Yas Island, and more.

Emirates Steel Arkan is majority owned by 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.

For more information, please visit our website: www.emiratessteelarkan.com