

Press Release

Emirates Steel Arkan reports AED 2.14 billion revenue in Q1 2024

Abu Dhabi, United Arab Emirates, 8 May 2024: Emirates Steel Arkan (ADX: EMSTEEL) (the “Group”), one of the largest publicly traded steel and building materials manufacturers in the region, today announced its financial results for the Q1 2024, with revenues of AED 2.14 billion and EBITDA of AED 294 million. The Group’s positive performance in the first three months of the year demonstrates its resilience and efficiency amidst challenging market conditions.

During the quarter, the Group’s performance was supported by a strong UAE domestic market. However, our export business faced challenges due to tough market conditions. In Q1 2024, global commodity steel prices were negatively affected by a slowdown in the Chinese economy and a lack of investor confidence in Europe. Additionally, regional geopolitical challenges led to elevated freight costs. As a result, the Group has registered a marginal 8% year-on-year decrease of net profit before tax to AED 140 million, compared to AED 152 million reported in Q1 2023.

Financial highlights Q1 2024:

- The Group achieved a solid operating performance in Q1 2024, maintaining volumes of UAE domestic steel sales, and recorded revenues of AED 2.14 billion, despite a challenging and volatile global economic landscape and its impact on commodity prices.
- EBITDA in Q1 2024 was AED 294 million. The EBITDA margin in Q1 2024 was 13.6% versus 13.3% reported in Q1 2023.
- Revenue from the Steel division totalled AED 1.95 billion during Q1 2024, generating a profit after tax of AED 86 million. Revenue from the Building Materials division was AED 187 million in Q1 2024, with profit after tax of AED 42 million.
- The Group’s positive performance demonstrates its resilience in challenging market conditions. In particular, the Group’s continuing cost reduction and transformation programme contributed incremental savings of AED 46 million in Q1 2024.
- The Group’s net profit after tax was AED 128 million, reflecting the standard tax rate of 9% in this first period that the Group’s profits have been subject to corporate taxes.
- During the quarter the Group has further improved its net borrowing position and as of the end of Q1 2024, the Group has AED 155 million Net Cash Position compared to Net Bank Debt of AED 63 million as of 31 December 2023.

Strategic highlights Q1 2024:

- In line with its long-term strategy and growth objectives, the Group has entered a framework memorandum with Omani counterparts to explore a green metal project.
- The Group has been recognized as a 2024 Steel Sustainability Champion by the World Steel Association for its efforts in enhancing sustainability in its operational practices throughout 2023.

- Successfully marketed its Z-type and U-type sheet piles as sustainable flood defence solutions to strengthen communities against floods.
- Continued to build the foundations for a new low-carbon emission iron hub – associated MoUs signed with Abu Dhabi Department of Economic Development, AD Ports Group, ITOCHU and JFE Steel.

Eng. Saeed Ghumran Al Remeithi, Director and Group Chief Executive Officer, Emirates Steel

Arkan, said: “Despite the challenging global economic landscape impacting commodity prices, Emirates Steel Arkan has maintained its resilience and solid performance. We remain committed to prioritizing the safety of our people, achieving operational excellence, effective cost management, and fostering customer relationships. In addition, our dedication to financial prudence has yielded tangible results, underscoring our financial strength and strategic foresight.” He added “As we navigate throughout 2024, we remain focused on delivering value to our stakeholders while advancing towards the sustainable production of steel and building materials. We will continue to build on this strong progress throughout the year.”

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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

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