

Market Data

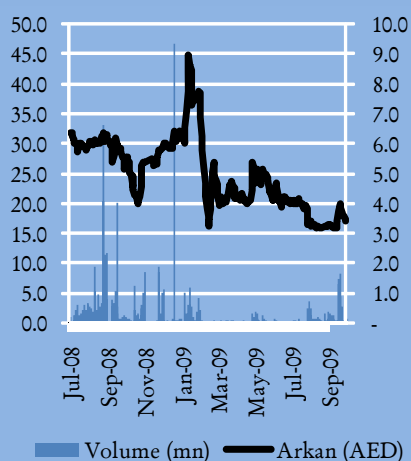
Bloomberg Code:	ARKAN UH
Reuters:	ARKAN.AD
CMP (28 Oct 2009):	AED3.39
O/S (mn):	1,750.0
Market Cap (AEDmn):	5,512.5
Market Cap (US\$m):	1,500.8

Price Performance

1-Yr

High (AED):	8.93
Low (AED):	3.18
Average Volume (000):	1,078

Share Price Performance



Source: Zawya

Arkan Building Materials Co. – 9M/2009 Review

- Arkan Building Material Company (ARKAN) announced 9M-2009 net loss of AED14.9mn (LPS: AED0.01), 109% decline as compared to AED158.9mn (EPS: AED0.09) in 9M-2008. 3Q-2009 net profit at AED28.2mn (EPS: AED0.016) is down 8.2% on a Y-o-Y basis.

ARKAN Interim Results

(AED mn)	9M-2008	9M-2009	% Change
Sales Revenue	590.8	502.9	-14.9%
Cost of Sales	372.9	383.7	2.9%
Gross Profit	217.9	119.2	-45.3%
Operating Profit	163.2	74.2	-54.5%
Net Profit / Loss	158.9	(14.9)	-109.4%
EPS / LPS (AED)	0.09	(0.01)	-109.4%
Assets	2,775.3	2,425.6	-12.6%
Gross Margin (%)	36.9%	23.7%	

Source: ADX & Zawya

- Reason for decline in the profits can be attributed to the lower sales volume as well as to the depressed realization prices of cement.
- Arkan sales revenue dropped by 17.8% to AED194.3mn in 9M-2009 and it was able to roll out 561,199tons of cement at an average realization price of AED346.2/ton.
- On the other hand blocks business continued to perform well registering an increase of 53% to AED71.2mn in 9M-2009 as compared to AED46.4mn in 9M-2008.
- Arkan sales revenue from the steel segment continued to increase. Revenue rose from the segment to AED251.7mn as compared to AED168.9mn recorded during 1H-2009. Nevertheless segment's gross losses declined to AED14.2mn for 9M-2009 as compared AED14.6 during 1H-2009.
- Depressed sales prices and lesser volumes declined the gross margins of the Company to 23.7% for 9M-2009 as compared to 36.9% in 9M-2008. Third quarter margins were pretty depressed as compared to previous quarter of 2009 at 19.9%.
- Arkan continues to get cushioned from profit of associates. The profit rose to AED20.9mn in 9M-2009 as compared to AED12.6mn in the corresponding period last year
- The losses reported by the Company due to write down of inventory and write-down of machinery has been recorded till 1H-2009 and 3Q-2009 figures are purely the operation numbers.

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