أرابـــتـــك الـقـــابـــضـــة (ش.م.ع.)
Arabtec Holding (PJSC)

أرابتك القابضة

"Arabtec" upholds high revenues and incurs interim loss due to the decline of reporting commercial rights

Dubai – 13 May 2015 – "Arabtec Holding" a leading engineering and construction group of companies specializing in complex projects in the Middle East and North Africa Region, and a UAE-based group, announced that it has maintained increased revenues during Q1 of 2015 compared to the same period of the past year. Although its profits recorded from projects suffered from continued pressures due to the high costs resulted from the continuous burdens on the claims' returns and variation orders from developers.

The total revenues remained stable at AED 1.8 billion, with a slight growth compared with Q 1 of 2014. Meanwhile, the revenues' costs increased by about 28% on a quarterly basis, reaching AED 1.93 billion as a result of the high costs of the projects.

The high cost of the projects coincides with noticable pressure on the Company's ability to document its claims and variation orders, at a time where the construction sector generally witnesses significant presusure due to the economic and political circumstances in the region. This has prompted developers to re-prioritize projects and control costs, in addition to the negative implications on the spending levels in the region as a result of lower oil prices, which all in turn had adversely affected the Company's profits.

Consequently, the loss attributable to the shareholders of the parent company amounted to AED 279.8 million in Q 1 of the current year, compared to a net profit of AED 137.9 million for the same period of the past year.

Commenting on the results, Mr. Mohamed Thani Murshed Al Rumaithi, Chairman of "Arabtec Holding" stated "the construction sector in general and Arabtec in particular are affected by low returns from commercial positions accrued on its projects with developers, which has prompted us to adopt a more conservative policy in announcing our projects' profits and issuing our financial results".

"We are intensively following up the collection and negotiating on such commercial rights arising from the variation orders and claims to the projects execution; however in order not to face risk and market volatility, and as a commitment to the principles of transparency with our shareholders and investors, we have been conservative in preparing the financial results". Al Rumaithi added.

The Company still has a strong cash position, and is able to provide funding and deliver the projects with the highest quality standards which Arabtec is well known for.

In this regard, Al Rumaithi confirmed that such loss would not affect the performance of the Company in the future as well as its capacity to move ahead in its backlog. The projects awarded during Q 1, valued at more than AED 1.7 billion and the competitiveness of "Arabtec" in the construction market are strong evidence of our ability to achieve success and prosperity in the coming period.

Arabtec will continuously consider the impact of these changes on its performance, and it will highly focus on collecting and following up the aforesaid commercial rights in order to reduce the risks on its future results.

On the other hand, the Company continued its strategy to control its expenditures, resulting in a favorable reduced general and administrative expenses position of its operations to reach to about AED 139 million, representing 29.5% reduction compared with Q 4 of 2014, which amounted to AED 180 million approximately. Arabtec will continue to apply this strategy to achieve the highest level of operational efficiency.

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About Arabtec Holding

A leading engineering and construction group of companies specializing in complex projects in the Middle East and North Africa region, including high-rise commercial and residential development, infrastructure and oil and gas.

The UAE-based group's impressive list of completed projects includes iconic buildings such as the world's tallest building, the Burj Khalifa in Dubai, and Abu Dhabi landmark, the Emirates Palace Hotel; as well as other technically challenging work on airports and related infrastructure.

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Arabtec was the first private construction firm to go public when it was listed on the Dubai Financial Market in 2005. Today, Arabtec Holding consists of many subsidiaries, with specializations spanning all segments of the construction cycle. The group is currently working on some of the most prestigious projects in the Middle East, such as the Louvre Museum in Abu Dhabi, and is expanding into other regions. The group is also expanding in the oil and gas, power and related infrastructure sectors.

Arabtec's strong track record and commitment to timely and cost-efficient delivery has contributed to its rapid growth in recent years and a reputation for quality that has often translated into a market-led pricing premium for completed projects.

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