
Amana to enjoys better growth during H1 2009 - Mr Bsaibes

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Emirates Business cited Mr Riad Bsaibes COO of Amana Contracting and Steel Buildings as saying that Steel buildings and structures have benefitted as construction within the industrial sector has not been affected much by the economic slowdown.

During the past 6 months Amana has won several contracts whereby the company has experienced a better growth during the H1 compared to the same period in 2008. The price of building materials has dramatically slowed down during the past year.

Mr Bsaibes said that “The global financial crisis has affected the construction sector across the globe although the impact on the region has been much less. Within the UAE, there has been a slowdown in activity as far as construction activity in Dubai and the Northern Emirates is concerned compared to last year. Abu Dhabi has slowed down as well compared to the previous year. But there has been a lot of construction and it continues to be robust. He said that it has been a mixed outcome with some markets continuing to perform better compared to others. In Saudi Arabia and Qatar, we are able to witness a construction industry that is robust. We are able to witness the slowdown in Kuwait although there are a lot of structural reasons attached to it. In Oman it has been slower than in 2008. Overall there has been a movement as far as infrastructure development is concerned. It has not been affected as much as other sectors.

Mr Bsaibes said that “Steel buildings were also hit in the downturn but in this part of the world, it is mostly used in industrial sector. Industrial sector has not been affected as badly as the residential sector, especially in Dubai. Construction costs have definitely reduced following a drop in the prices of building materials. Steel prices went down massively compared to 2008. We saw a lot of projects being renegotiated with developers trying to bring down the contract value. This was especially true in contracts signed over a year ago when the prices were really high.”

The drop in building materials happened between October 2008 and April 2009. But for the past few months we have seen it stabilizing. However, the bottleneck now is the availability of finance which more or less has become a driving factor than the cost of construction itself. The finance issue is the critical element. However, we see witnessing the situation improving. We are expecting the building material prices to start increasing by the end of the year if not before. This is basically for 2 reasons. First, the global economy looks like it is beginning to hit the bottom. Second, the oil price is already around USD 70 and commodity prices in general will increase in line with oil prices.

He said that the cost of energy is an important factor in every commodity. We expect that the cost of building materials to go up. Moreover, demand from China and India is growing. We are cautioning the clients that if they continue to re tender the project until the end of the year they might find surprises. I don't expect the prices to jump but it is going to gradually go up.

Mr Bsaibes said that our position has been quite good. We are currently working on about 40 to 60 projects across the region. We have a healthy backlog. The H1 of 2009 has been a growth year for us compared to 2008. Given the present situation it's ironic but we have achieved it as we have a presence across the region. We have not been affected like contractors who are concentrating on one city. The downturn that has affected us in Dubai has been offset by contracts in Qatar and Saudi Arabia. Our growth in 2008 was in line with the growth in the construction industry in the region.

He said that the latest one is for additional work at Masdar City. We will be working on auxiliary buildings for Phase B. Three weeks ago we won a turnkey contract from Qatar International Cable Company for the construction of a cable manufacturing facility at Messaieed Industrial City. The 19,000 square meter facility will be built on 75,000 square meters of land. The specifically designed factory will be constructed on a fast track basis with construction work already under way. The project will take 365 days to complete. We also won a turnkey contract to construct a manufacturing facility for Jubail Metal Galvanising Company at Jubail Support Industrial City in Saudi Arabia. The facility totals 4,400 square meters and will require eight months to complete. Work on the project is expected to start within weeks.

In June, we won a design build contract from Advanced Oil Field Technology Company to construct a fabrication workshop in Oman. Work on the project started in mid July and will require 240 days to complete. Similarly Al Marai Company awards us a contract to design and build a new bakery production facility at Haradh Road in Al Kharj in Jeddah, Saudi Arabia. Work on the 40,000 square meters facility will be completed in 365 days.

(Sourced from Emirates Business)

