
Slowdown signs - UAE cement firms post declines in their profits

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Emirates Business 24|7 quoted senior industry officials as saying that cement firms in the region and especially in the UAE will continue to announce below par results until the end of 2010.

Cemex said that sales figures fell in most markets including the Middle East, bringing down its Q3 net income for a 6th straight quarter.

A senior official of a RAK based cement firm said that business in the UAE continues to fall and the companies will not be able to show better profits for another year. He said that "We are not expecting a revival of fortunes at least until 2011. The market is pretty bad and unless several major construction projects that were suspended resume, we will not see any major profit making."

Union Cement said that its net income dropped to AED 10.8 million from AED 35.4 million per year earlier. The company said that in a filing to the Abu Dhabi bourse sales for the 3 month period fell 49% to AED 152 million.

Mr Deepak Vaishnav marketing manager of Sharjah Cement said that the current market situation continues to be weak. Following a drop in demand and excess availability of the product in the market we are witnessing a drop in prices. If the situation continues to go down further we will see the prices falling further.

Mr Mustafa Gorgunel manager at Union Cement Norcem said that the situation will not revive any time soon. It will take a year or more for the situation to improve. There is currently an oversupply in the UAE market.

The firm said that Saudi Arabian companies too have registered a severe fall in earnings. Southern Province Cement, the kingdom's largest cement maker by market value, posted 5.4% fall in Q3 net profit due to a long standing exports ban. Quarterly earnings amounted to SAR 141 million compared to SAR 149 million in the same period a year ago.

The Saudi Government banned cement exports to force prices down after large infrastructure projects sent demand soaring at a time cement firms eyed more lucrative markets abroad. Recently, Saudi Arabian Cement posted a 14.9% drop in net profits to SAR 123 million.

Mr Mohammed Muqaibal chairman of Raysut said that "The cement industry in Oman, even with higher demand during the year is impacted by the competition from manufacturers in the UAE. The competition is likely to continue for some time."

(Sourced from Emirates Business 24|7)

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