

# Speech of the Chairman of the Board of Directors

**H.E. Othman Muhammad Sharif Abdullah Zaman**

*Dear Shareholders,*

*May the peace, blessings, and mercy of God be upon you,*

*I would like to express my pleasure in meeting you today at the forty-sixth annual general assembly of Sharjah Cement Industrial Development Company (PJSC).*

*On my own behalf and on behalf of the members of the Board of Directors, I thank you for your continued support for the company and for the precious confidence in the Company's Board of Directors, which constituted a strong motivation for the Board of Directors to exert more effort to achieve and maintain growth in light of the current economic and financial conditions.*

***The company's performance during the year 2023:***

***Gentlemen/Dear Shareholders,***

*Thanks to God and the efforts of my fellow board members and company employees, Sharjah Cement and Industrial Development Company continues to achieve greater efforts in facing the great challenges facing the cement industry.*

*It is notable that the global economy achieved a reasonable growth rate during 2023 despite the rise in inflation, which led to an increase in the cost of borrowing. The UAE economy has also witnessed similar growth driven by non-oil sectors such as travel and tourism, construction, technological advancement, etc.*

*In the cement industry, we have witnessed better local demand for cement with a slight improvement in prices. However, the main reason why our industry is going through a difficult period remains the same, namely an excessive manufacturing capacity, which does not allow prices to stabilize. These lower domestic selling prices have resulted in all manufacturers incurring operating losses.*

*Demand in international markets was also very weak due to lack of liquidity in importing countries or new barriers imposed with duties to restrict imports. However, the company wisely managed all production costs, especially energy costs, and ensured that company remains profitable before financing costs, taxes and depreciation. The company's EBITDA has been positive through 2023 and has improved by more than 100% from the previous year.*

*During the year 2023, the company achieved sales amounting to 634 million dirhams, a gross profit of 36 million dirhams, and a net profit of 3.7 million dirhams, despite the high finance cost. In comparing with 2022 the company sales were similar, however, our margin improved due to lower energy costs and use of a greater amount of alternative fuels. Investment income also improved from AED 5.7 million to AED 10.3 million, mainly due to the improvement in rental income from investment in real estate.*

*Given the small net profits achieved after reversing the impairment in the value of investment in real estate by 14.8 million dirhams, the Board of Directors recommended no distribution of dividends to shareholders for the year 2023 and taking into account our commitments to Financial Institutions.*

### ***Corporate social and environmental responsibilities:***

*Recognizing our responsibilities towards preserving and constantly improving the environment, the company is actively following the Green Agenda and Vision 2030 that were adopted during the Carbon Neutrality Summit “COP28” in Abu Dhabi.*

*We are committed to implementing the directives of local environmental authorities and contributing to our local communities to achieve the common goal, as the company’s sustainability policy has been aligned with international global standards.*

*As stated during the last Annual General Assembly, we have committed to investing in additional equipment to increase the use of alternative fuels beyond the minimum required by the Ministry of Environment of 10%. We are pleased to confirm that this project has been approved by your Board of Directors after conducting the required independent study, and is expected to be completed by the end of 2024. Once operational, we hope that this project will contribute fundamentally by improving the environment and reducing the cost of production.*

*The company continues to support many charities and social institutions in fulfillment of its corporate and social responsibilities.*

*The company is committed to the development of Emirati youth, by following the guidance and rules of the Ministry of Labor, in addition to organizing trips for engineering students at Sharjah universities to our factories.*

### ***Global economic outlook for 2024:***

*Until the recent past, we expected 2024 to be better, despite the ongoing war in Ukraine. However, the new conflict in our region has dampened hopes. Our main concern will be how to overcome the deterioration in the supply chain of our import of raw materials and spare parts and export of our products through the sea, escalating costs, especially energy and transportation, and stubborn interest rates that will remain high through most of 2024.*

*On the positive side, we believe that oil prices will remain at the current level and are likely to rise, which will lead to improved economic activity in our region. Furthermore, our drive forward in increasing the use of alternative fuels to reduce cost, and the Board's continued support for investment in technology and the introduction of new products, will help us improve profitability during 2024.*

*Finally, we are honoured to express our sincere gratitude to His Highness Sheikh Dr. Sultan bin Muhammad Al Qasimi, Ruler of Sharjah, Member of the Supreme Council, for his continued guidance and support.*

*I would also like to thank the company's shareholders, fellow members of the Board of Directors, executive management, and the company's employees, each for his/her dedicated efforts in achieving the company's goals and growth.*

*Peace, mercy and blessings of God be upon you,*

***Othman Muhammad Sharif Abdullah Zaman***  
***Chairman of Board of Directors***

