

East Pipes achieves significant return to profitability in FY23, driven by accelerated revenue growth

DAMMAM, SAUDI ARABIA, May 29, 2023 /EINPresswire.com/ -- East Pipes Integrated Company for Industry ("East Pipes" or "the Company", 1321 on the Saudi Exchange), the top manufacturer of Helical Submerged Arc Welded (HSAW) pipes in Saudi Arabia, today announced its financial results for the fiscal year ended 31 March 2023 ("FY23"), recording a firm recovery in net profit, amounting to SAR 100 million, supported primarily by strong growth in revenues and maintenance of healthy margins.

Financial overview for FY23

- Revenues of SAR 1,439 million increased 141% YoY (FY22: SAR 597 million) due to the dual impact of a rising trend in sales volumes and improved average sales prices, supported by a robust recovery in demand.
- EBITDA of SAR 161 million, increased 312% YoY from SAR 39 million in FY22, which is primarily driven by the solid top-line performance during the year.
- EBITDA margin of 11% in FY23 (FY22: 7%) largely benefitted from the general improvement in market conditions, which translated to a strong pipeline of key projects, as part of the government's continued focus on infrastructure development across the Kingdom, under the Vision 2030 umbrella.
- Net profit after zakat and income tax amounted to SAR 100 million in FY23, compared to a net loss of SAR 3 million in FY22, which is attributed to a substantial improvement in project activity, with the outlook for both the water and oil and gas sectors in the Kingdom being quite promising.
- Cash and cash equivalents stood at SAR 53 million, compared to SAR 74 million as of 31 March 2022. Meanwhile, total borrowings decreased 11% from SAR 274 million to SAR 245 million, and net debt to equity decreased from 0.39x to 0.31x as of 31 March 2023.
- Effective management of working capital resulted in a remarkable improvement in cashflow from operations, which amounted to SAR 18 million (SAR -99 million as of 31 March 2022).

Key highlights during the period

- Capital increase through bonus shares, whereby shareholders received 1 share for every 2 shares held. As a result, the total number of issued shares by East Pipes has increased from 21 million shares to 31.5 million shares, with a corresponding increase in paid-in capital from SAR 210 million to SAR 315 million. The bonus share issuance is in line with the Company's focus on optimizing its capital structure, whilst returning value to its shareholders.
- Increasing focus on selling and marketing activities to augment brand name in the market and allow for capturing a large share of project awards.
- Operational excellence remains a key priority for the Company, supported by integrated and advanced manufacturing facilities, and is resulting in industry-leading yield on raw materials. In recognition of this, East Pipes has obtained several quality certifications such as ISO 9001:2005, API Spec Q1, and ISO 17025.
- Solid relationships strengthened, with SWCC and other key strategic partners.

During the year, East Pipes signed numerous important contracts, as follows:

- o Three contracts with Saline Water Conversion Corporation (SWCC) valued at nearly SAR 1.3 billion, for the manufacture and supply of steel pipes for water transmission;
- o Multiple contracts with NEOM Co., for a total value of SAR 385 million, for supplying steel pipes for water transmission lines;
- o A contract with PETROJET Co., valued at SAR 196 million, for the supply of steel pipes;
- o Several contracts with a number of strategic contractors, for the manufacturing of pipes and pipe coating works

Mohammed Al Shaheen, Chief Executive Officer at East Pipes said:

"As we conclude our fiscal year, we are proud of the accomplishments of East Pipes, during this transformational period that was challenging and completely new for us, as we transitioned from a private shareholding to a public shareholding company. We have clearly defined our goals at East Pipes, which are in line with our aspirations, as well as those of our valued shareholders. Our journey in the past year was quite exciting, starting with the financial results of the first quarter, which we expected, by virtue of the natural project cycle that could reach 12 months, followed by a quarter-on-quarter improvement, to witnessing a solid return to profitability.

Amongst our most prominent achievements during the year is the increase of our market share

to more than 80%, through leveraging our strong positioning, as well as our core capabilities and extensive expertise, and our advanced manufacturing facilities, and key competitive advantages such as the diversity and quality of our product offerings. The Company has also secured several significant projects, with SWCC and a number of strategic business partners.

In light of our focus on creating a balance between investing for the purpose of growing our business, and providing significant value to our shareholders, the Board of Directors is recommending the distribution of SAR 1 per share in cash dividends for FY23.

Our growth and development would not have been possible without the support and trust that our stakeholders have continued to place in us, and the remarkable dedication and hard work of the entire East Pipes team. We look forward to reaching even greater horizons in the years to come, as market conditions continue to notably improve. We remain strongly placed to play a pioneering role in Saudi Arabia's large-scale development programs, particularly in the oil and gas and water sectors, which are crucial to the economy."

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