# COGNIZANCE

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#### THE GM'S MID-YEAR WORD

#### **MD MESSAGE**

Since we started the Internal Newsletter, I have been connected with all of you on a monthly basis through my messages that are aimed at providing strategic vision, improving our overall culture, performance, product development and more... As we have reached the first half of 2022, I wanted you to learn what is happening in Unitech & SFSP operations and the market they serve - through the lens of the managers that are running these operations.



# UNITECH A

With utmost pleasure we look at how far we have come from the formation of UNITECH to this present day. With the trust on us, to the best of our abilities, tried to satisfy our customers and with their positive feedbacks have confirmed us that our efforts were not in vain. The efficiency of a commercial company lies on its ability to react positively to changes in the market and it is in this dynamic of perpetual growth that we have decided to enlarge our products basket and services in order to support our customers far more. Finding opportunities rather than seeing obstacles illustrates the approach of UNITECH and this ongoing process has allowed us to create an efficient, flexible and dedicated company to its customers.

Our vision by end of 2023 is to generate feasible net returns with a cash positive position where

- Unitech will have well-trained and highly motivated sales team to achieve the yearly sales budgets.
- Our operations will have human capital with highly motivated and efficient staff compatible with the governmental regulations.
- Marketing Department and UTO (Unitech Technical Office) shall be engaged with their expertise to make UNITECH as the customers first choice.
- Credit Control Office aims to significantly improve the quality and quantity of the receivables to avoid any negative impact on the profitability of Unitech.
- Internal Audit Office will be engaged to have clean, transparent and precise operations free of any dispute or violation to the company policy and procedure and code of ethics.
- Finance Department in coordination with Accounts Department is taking care of strategic budgeting, cost containment, cash flow management, debt services, tax planning and keeping accurate records leading to a minimum utilization of the credit line.
- Stock Control Department to have enough fresh inventories free of any non-sellable or expired items.
- Our product/business development department is engaged in digging the resources and market to have a featured product range increasing cash and profits.
- Last but not least our Purchasing Unit (TOSL) and manufacturing units (SFSP & HDG) are in support of UNITECH with unconditional competencies.



# Message from OMAR AL SAHT

# UNITECH B1

The UAE construction market recorded strong activity in the first quarter of 2022, but rising material and financing costs has hindered growth potential ahead. The UAE was among the few countries worldwide to report rise in workloads in the first quarter and show an increase in expectations for profit margins for the year ahead, the Global Construction Monitor (GCM) results indicated. However, the global supply chain shortages, financial constraints and competition could weigh on market activity in the coming months. Generally, the United Arab Emirates is always capable of a speedy recovery from any challenges as well as the opportunity of expanding the growth of business in all sectors. Despite the recent global setbacks the UAE government spending on construction activities is expected to support market growth in the UAE. Several government initiatives such as the Energy Strategy 2050, the Sheikh Zayed Housing Program, and the Dubai Tourism Strategy are expected to support the growth of the construction sector in the UAE over the next four to eight quarters. Moreover, the government is also focusing on the development of smart cities, digitization of up to 1,000 government services, and installation of 2,000 Wi-Fi hotspots in the country. The liberal trade policies of the government are also attracting foreign investors, thereby propelling the growth of the construction market in the country.

Oman's construction industry has been declining since 2017, with output shrinking by an annual average rate of %5 from 2017 to 2019. The COVID19- outbreak aggravated the weakness in the industry, as it contracted sharply in 2020, plummeting by an estimated %15.6 in real terms, as the industry struggled with the challenges that emerged due to the outbreak, including lockdowns, low oil prices, production cuts owing to OPEC guidelines and the impact of sovereign credit rating downgrades. However In 2022, the industry is projected to register growth of %3.3, and then expand by an annual average rate of %4 over the remainder of the forecast period (2025-2023). The government's programs to promote the development of affordable housing, transport and renewable energy infrastructure are expected to continue to support the expansion of the industry in the coming years. These programs coupled with Oman' Vision 10 & 2040th five-year development plan 2025-2021 is giving us hope.

Unitech, has been established for +20 years in the UAE & Oman and its well-known excellent service and quality of its own products and continuous improvement and innovation. We have maintained our market share and we will continue to grow towards the vision set by our management "To be the Customers First Choice".



# UNITECH **EGYPT**

The construction market in Egypt is maintaining its momentum of being the most active in the Middle East and North Africa region in 2022. Several strategic factors are at play here - political stability, economic reforms, a relentless push by the government to deliver more projects (even bid for the 2036 Olympics), and a major uptick in crude oil prices. Infrastructure development tops the agenda, particularly the Cairo monorail and the high- and light-speed rail projects that have now reached various stages of implementation. There is a planned Cairo International Airport expansion and there are plans to develop smaller airports in the west of Egypt primarily to serve international tourists, besides catering to a projected growth in aviation traffic into Post-Covid Egypt. The New Administrative Capital (NAC) City project in Cairo is off the ground with some government agencies due to relocate there. Growth is also forecast in the domestic real estate sector as demand is always on the rise with the economy putting forth a higher purchasing power.

In Egypt, we are targeting the expansion of AEG market in addition to increase its basket of products and so we launched a new showroom in west Cairo (6th October City - Giza). Our participation in the Big 5 Egypt has given new opportunities to Unitech to introduce the operation to higher professional customers looking for some innovative construction solutions that we are able to provide. In 2023, If things go according to plan we are planning to launch another two showrooms in East Cairo and Alex. Increase our sales force by hiring 2 to 4 sales engineers. Achieve at least %20 growth in revenue and seek local alternatives for some products to overcome lack of import.

# UNITECH LEBANON

Throughout the past two years, the Lebanese construction market has witnessed a massive slowdown, where most projects were put on hold. Amid this disruption in the economic cycle of the construction industry, a boom in the sustainable energy market has emerged, to cover the shortage in the electricity supply in the country. Unitech Lebanon has entered this market from its widest doors, by providing a complete solution of solar energy systems for residential and commercial projects. These systems include Tier 1 Photovoltaic Panels, as well as on-grid, off-grid, and hybrid inverters, all kinds of batteries including lead acid tubular batteries, lithium iron phosphate batteries (LIFEPO4). Unitech Lebanon has provided complete solar energy solutions to hotels, educational institutions, commercial shops, medical clinics, agricultural projects, and to the residential projects as well. Unitech Lebanon is also promoting and marketing the steel mounting system of solar PV panels which is manufactured at SFSP factories. Being a leader within its market for mechanical cladding fixation system, Unitech Lebanon has recently introduced a semi-cladding system for the installation of wall cladding internally and externally, and has been able to serve several projects in Lebanon and the African continent, amongst is Novotel Hotel project in Senegal. In addition, the company has introduced special aluminum and stainless steel systems for the installation of ceramic wall cladding tile, which is a growing trend nowadays. Such system can accommodate thin ceramic tile of a thickness of as low as 0.8cm, and is considered economical when compared to the traditional aluminum mechanical cladding system with less components and higher efficiency.

Due to its continuous efforts in the MEP sector, Unitech Lebanon was able to take major projects in Lebanon, Syria and some African countries, from Libya to Congo, Benin, Senegal and other African countries. Among the projects that Unitech has been serving in the African market is Benghazi Airport, Kempinsi Hotel in Congo, Novotel Hotel in Benin, as well as several other major projects. Standing on solid grounds, Unitech Lebanon is becoming a key player in the solar energy market, and is planning to expand its line of products in its sector to include all types of accessories and AC/DC protection devices, as well as industrial power storage systems.



# UNITECH O A T A R

Financial crisis consequent to the unforeseen pandemic situation put the world on the back foot. Business sectors encountered heavy setbacks and losses. Inflicting human lives, the pandemic led to a downturn in the markets. Real estate space was one of the most affected fields due to COVID19-. Qatar's construction market felt the heat and was on the verge of going down, the government soon interfered and implemented constructive measures. The timely actions were effective in reviving the real estate sector, especially the construction industry. Qatar's economy is likely to continue to grow for the foreseeable future due to the end of the embargo on Qatar (which was put in place in 2017) by the Gulf Cooperation Council (GCC), Qatar's national vision for 2030 and the preparations for the FIFA World Cup in 2022.

As a result of Qatar's commitment to hosting the 2022 FIFA World Cup, its commitment to its National Vision 2030, and its ambition to host the Asian games in 2030, Qatar is undertaking an impressive array of infrastructure and industrial projects. The current government is continuing to focus on the country's domestic welfare through implementing the Second National Development Strategy. Launched in March 2018, the Second National Development Strategy sets national priorities aimed at transforming Qatar into a knowledge-based economy through infrastructure investments, economic diversification, private sector development, natural resources management, human development, sustainable social development and sustainable environmental development. This Strategy is being driven by expectations of growth for the real economy through activities within the non-oil and gas sector, especially in the areas of merchandise and traded services.

Unitech Qatar have been able to maintain our market position and grow. We have achieved %23 growth in profit compared to the end of June 2021. Sales of 1 Million SAR. of NEXUS products secured and there is high prospect of this range to grow in the future. CUBIX Toilet Partitions is already installed on 5 projects and there is 250,000 QRS. Supply & Apply in the pipeline. We have been awarded two project in Lusail City (www.lusail.com) with PIXEL Access Flooring. Eagle Seal Silicon is now available in many traders shop and the brand is gaining recognition. Our Coordination & Cooperation with our Sister Company (QCTC) has proven to be beneficial on winning projects, currently we have joined forces for the installation of STI's Fire Stop System in the expansion of Doha International Airport along with the installation of Expansion Joint & Impact Protection System in the biggest military hospital in Doha. Unitech is already registered as a vendor/supplier with Qatar Energy and Unitech is one of the top suppliers on the Vendor List of Winter Wonderland Project. The Goals and targets will stimulate action over the next 6 months where we will do our best to accelerate product development, continuously educate/train our workforce and close the benchmark figures in 2022.



# ALL SFSP

Every single company, has felt the supply chain disruptions in some way. Raw materials disruptions are the biggest pandemic supply challenge we faced and many other COVID19-issues SFSP Factories still battling with. As the manufacturing entity of UNITECH we in SFSP faced negative impacts from:

- · Long Order to Deliver Lead Times.
- · Material Shortages.
- Supplier or Mill unplanned disruption in their operations.
- Price Fluctuation.
- Port Congestions/Closures.

SFSP Factories as the main arm of our Sales Force (UNITECH) our supply chain resilience strategies primarily focus its relations management to our trusted supplier to continue in delivering results in the market. SFSP Factories currently mitigate the following strategies and for the future disruptions:

- Broadening our Supply Base.
- Renegotiating / Re-evaluating of our Supplier Agreements.
- · Utilizing Supply Chain Financial Management Program.

SFSP Factories maintains its durability and steadfast commitment to its core despite all the challenges that every firm faces. SFSP are in the process of enhancing our brands and websites. One of the major steps in order to stay and keep our market share, as the manufacturing unit we are on the process of increasing the product range provided by SFSP to enhance sales and profitability and compensate the deficient caused by the decrease demand on other items and the decline in projects. SFSP had worked on the following: PIXEL [Raised Flooring], CUBIX [Toilet Partition], NEXUS [Expansion joints, Entrance mats, Fire barrier, Nexus decorative profiles] & SFSP ALM CLADDING FIXATION

Highlighting the accomplishments of the first six months at the following production sites:

# SFSP KSA

- SASO certificate had been acquired which become essentials in many governmental projects in the region.
- · An approved customer for SABIC HADDED.
- Amazing historical growth (50 %) comparing to previous year and the highest in the history of SFSP KSA in terms of revenue.
- · Consolidating the operation with SFSP UAE successfully.
- Delivering 3,000 toilets for MINA project in lesser than one month (usually our capacity is 1,500 Toilets per month).
- Crossing 10,000 Ton in the first six months this year in our hot dipped galvanization facility which is a remarkable figure since we started this new facility in 2017.
- SFSP KSA has acquired a new plot of land from MODON (about 20,000 square feet) where we may construct our own slitting line and cease sharing our inventories with others.
- Working on a proper structure for SFSP KSA to acquire Duty exemption on all imported materials related to our manufacturing activities.

# SFSP UAE

- The Solar Power System has now completed one year after it was commissioned and linked to the GRID in May 2021.
- SFSP UAE has successfully consolidated and merged SFSP KSA certain divisions.
- Nexus Fire Barrier UL Certification have been acquired.
- New Product Development of SFSP ALM Cladding Fixation System.
- Restricting and enhance the warehousing and logistic system to comply with international coding standards such as DHL and FedEx.
- Working on redesign the existing warehouses to increase the vertical utilization of the available space.
- A new Quality procedure had been implemented to insure productivity and quality are at the highest rate.

# SFSP EGYPT

- The development of our new SFSP Egypt is now underway.
- The new Nexus and Pixel products were also unveiled in SFSP Egypt.
- A new product basket, as well as our powder coating option, is now available for the Nexus range in Egypt.
- Revenue increased by 30 % percent gain in sales compared to the same time in 2021.
- Profit Growth compared to the same time in 2021.
- Full implementation and activation for the ERP system in Egypt
- · Solve the Raw materials supply chain issue for SFSP EGYPT

# SFSP LEBANON

- SFSP LEBANON, initiate to cover areas where UNITECH does not exist to manage their sales directly or through distributors.
- Start manufacturing new Products Stainless Steel Semi Cladding specially for Ceramic tiles,
- Making Installation supply & apply for Solar steel structure supports for Many big Project in Lebanon specially for factories in Bekaa area near our factory location,
- Suggested proposal new plan to supplying new HDG raw materials with Zinc quoted Z400-350 gr/SQM to compete the HDG Turkish Cable Tray in all Markets and specially for Africa markets.

# MID-YEAR PERFORMANCE HIGHLIGHTS UNITECH A & B TOP 20 SALES EXECUTIVES AS OF JUNE 2022

# PERFORMANCE BASED ON GROSS (SAR)









































# MID-YEAR PERFORMANCE HIGHLIGHTS UNITECH A & B TOP 20 SALES EXECUTIVES AS OF JUNE 2022

#### PERFORMANCE BASED ON COLLECTIONS (SAR)









































# **PROJECT HIGHLIGHTS**

# APPLICABLE PRODUCTS ON THE FOLLOWING PROJECTS













- Gypsum Systems (Mada UMI G Board)
- ► Fire Stop Solutions (STI)
- ▶ PVC Electrical Conduit System (Uniduct)
- ► Sealants (Poly TI)
- ► Expansion Joints (NEXUS-SFSP)
- ▶ Technical Profiles (NEXUS-SFSP)
- ► Entrance Matting (NEXUS-SFSP)
- ► Toilet Partition (CUBEX)
- ▶ Phenolic Solutions (SFSP)
- ▶ Cable Management Systems (SFSP)
- ▶ Steel Doors (BMG)
- ▶ Roof Hatches and Access Panels (BMG)
- ▶ Metal Ceiling (BMG)
- ▶ Acoustic ceiling Solutions (Rockfon)
- Geosynthetic Solutions

(Terram Especially in King Salman Park and the Red Sea)

- ▶ Mateen Bar & Dowel Bar (Especially on NEOM & Red Sea)
- ▶ Paints (Caparol)
- ▶ Water Stop System (Unicrete)
- ▶ Pipe Clamps (SFSP T-MECH Eaton)
- Mechanical & Chemical Anchoring Systems (Rawlplug)
- ► Raised Flooring (PIXEL)
- ▶ Impact Protection Systems (U Guard)
- Construction Chemicals and Insulation Systems (PLEKO)
- ▶ Tile Adhesives (PLEKO)
- ▶ Power Tools Cordless (AEG)
- ► Hand Tools (XAKT IRWIN)
- ▶ Thermal Insulation Extruded Polystyrene (Esscofoam)
- ► Construction Sustainable Adhesive (BISON)
- Cladding Fixation (SFSP)

# **BIG 5 EGYPT EVENT**



We are pleased to have been part of THE BIG 5 CONSTRUCT EXHIBITION, one of the largest and most influential building and construction shows in the MENA region.

3 successful days full of discussions, meetings and interactions with the audience. This event offered us the opportunity to showcase our wide range of products and the advantage to reach new potential clients. Thanks to our dedicated team in Egypt for their great efforts, they went above & beyond to make our participation as fruitful as possible.







# PRODUCTS SPOTLIGHT **AEG CORDLESS**







# PRO TOOLS. ONE BATTERY.







ADHA MUBARAK



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# unitech\_ikk

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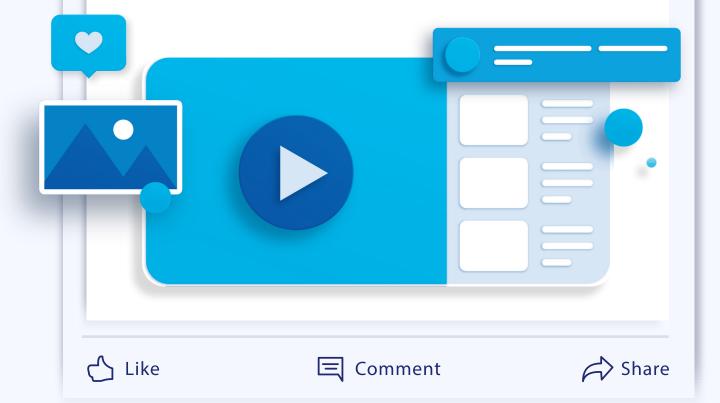






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