



Condensed Consolidated
Interim Financial Information

30 September 2020

RAK Ceramics PJSC and its Subsidiaries

Condensed consolidated interim financial information
30 September 2020

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Report of the Board of Directors

On financial performance during the nine months period ending 30 September 2020
03 November 2020

Dear Members,

It is our pleasure to present the business & operations report for the nine months period ending 30 September 2020, along with the condensed consolidated interim financial information for the same period.

Performance improved across global operations

RAK Ceramics' Q3 performance has gained momentum as markets are showing signs of recovery from the impact of Covid-19. The speed and trajectory of demand remains uncertain, however, quarter on quarter revenue has increased by 52.1%. Based on growing market demand, production in the UAE has scaled up to meet demand from Saudi Arabia. Production in India and Bangladesh have also resumed in phases. The tiles revenue increased by 7.1% year on year driven by growth in Saudi Arabia and Europe. The tableware business continues to suffer due to the impact of COVID-19 on the hospitality and airline sectors.

Covid-19 recovery leads to stable revenue

Total revenue remained stable and increased by 0.2% year on year to AED 625.7 million for the quarter, driven by growth in Saudi Arabia and Europe. Excluding the tableware business, revenue increased by 4.8% year on year.

Growth in Saudi Arabia

RAK Ceramics has positioned itself as a premier product supplier in Saudi Arabia, offering differentiated product lines compared to local manufacturers. Sales improved in the retail channel through the three showrooms. The business continues to roll-out the retail concept through a mix of flagship showrooms. The imposition of anti-dumping duties on tiles from China and India has been effective since June 2020 and has supported revenue growth during the quarter. Revenue from Saudi Arabia increased by 95.8% year on year to AED 137.8 million mainly driven by the tiles business.

Growth in Europe and stability in India

Revenue in Europe increased by 12.9% to AED 91.5 million due to the easing of lockdowns resulting in improved economic activity. Revenue in India has also rebound to pre-Covid levels to AED 66.7 million.

Financial highlights for the nine months period ending 30 September 2020

Particulars	Unit	30 September 2020	30 September 2019	Change
Total Revenue	AED Mio	1,629.8	1,890.0	-13.8%
Gross Profit	AED Mio	505.5	626.1	-19.3%
GP Margin	%	31.0%	33.1%	-210bps
EBITDA	AED Mio	240.1	348.5	-31.1%
EBITDA Margin	%	14.7%	18.4%	-370bps
Reported Net Income	AED Mio	44.5	155.8	-71.4%
Reported Net Income margin	%	2.7%	8.2%	-550bps
Net income before one-off, provisions & strategic gains	AED Mio	69.8	139.5	-50.0%
Net income margin before one-off, provisions & strategic gains	%	4.3%	7.4%	-310bps
Reported Profit after NCI (Minority)	AED Mio	47.2	129.3	-63.5%
Reported Earnings per share	AED	0.05	0.13	-
		30 September 2020	31 December 2019	Change
Total Assets	AED Mio	5,460.0	5,486.8	-0.5%
Share Capital	AED Mio	993.7	946.4	5%
Shareholder's Equity	AED Mio	2,297.5	2,426.3	-5.3%
Net Debt	AED Mio	1,421.6	1,374.3	3.4%
Net Debt / EBITDA	Times	3.8	2.9	-
Cost of Debt	%	4.3%	4.2%	10bps

CSR activities, exhibitions, sponsorships and awards

During the nine month period, the Company participated in KBB exhibition in the UK and Revestir exhibition in Brazil and exhibited its latest range of products and innovations.

The Company has been awarded as 'Best Tiling Brand' as well as 'Best Sanitary-ware Brand' by BKU Awards (UK). The Company also secured 2nd Place in Environmental Sustainability Award in the Industrial Sector organized by Environment Protection and Development Authority (EPDA) of Ras Al Khaimah.

Future Outlook

The operations have begun to see a return to pre-Covid-19 levels, across our global business. While the sanitary-ware and tableware businesses remain impacted, our tiles business has witnessed healthy growth in Europe and Saudi Arabia, leading to an increase in overall revenue. RAK Ceramics has shown great resilience given the disruptions that the pandemic has brought to our business. There is no escaping that our business was heavily impacted earlier in the year, but we are confident in our ability to adapt, recover and deliver value to our shareholders in the long term.

Looking ahead, we will continue to implement initiatives to manage the impact of Covid-19. We also plan to diversify and improve profitability in export markets, while focusing on improving operations in India and Europe.


Financial Reporting

The condensed consolidated interim financial information of the Company, prepared in accordance with International Financial Reporting Standards (IFRSs), fairly presents its financial position, the result of its operations, cash flows and changes in equity. Appropriate accounting policies have been consistently applied and accounting estimates are based on reasonable and prudent judgments. There are no matters which call into question the company's ability to continue as a going concern.

Vote of Thanks

The Board would like to take this opportunity to thank Government bodies, the shareholders, investors, bankers & employees for their continuous commitment, co-operation, confidence & support in achieving the Company's objectives.

DocuSigned by:



Chairman
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03 NOV 2020



Group Chief Executive Officer