

# RAK

## CERAMICS

EFG HERMES VIRTUAL INVESTOR CONFERENCE 2021



MARCH 2021

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# Company Overview

► Overview

Strategy

Results

# RAK Ceramics at a glance



One of the largest ceramic brands in the world.



+150  
Countries exported



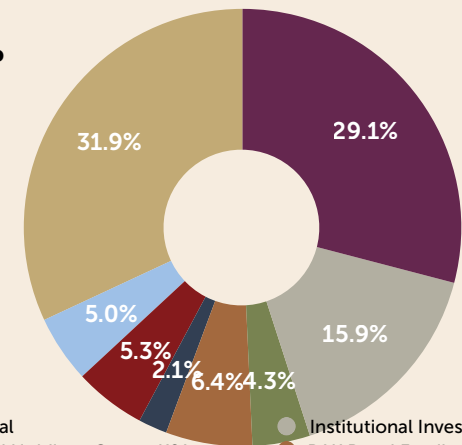
~12,000  
Global workforce



~US\$468MN  
Market Cap.(~)

US\$640MN  
Group turnover

## OWNERSHIP




- Samena Capital
- Al Rajhi United Holdings Group, KSA
- General Pension Social Authority, UAE
- RAK Government
- Institutional Investments
- RAK Royal Family Members
- H.H. Sheikh Saud Bin Saqr Al Qasimi
- Retail Investors

# Eras of RAK Ceramics



1990-2000

## FOUNDATION



1989  
Founded by H.H. Sheikh Saud Bin Saqr Al Qasimi

1991  
First tile plant began in the UAE




1993  
First sanitaryware plant began in the UAE

2000  
Opening of first overseas tile plant in Bangladesh





2000-2010

## EXPANSION



2004  
RAK Porcelain was established

2006  
Indian operations began



2007  
1 billion square meters of global tile sales.

2010  
Became the world's largest ceramics manufacturer





2010-2020

## ENHANCEMENT




2014  
Samena Capital acquires 31% stake in RAK Ceramics

2015  
Launched the largest super-sized slab to be manufactured in region



2016  
Launch of new brand identity

2020  
Launched virtual reality showroom experience on our website



# Tiles



## TILES

We offer **6,000+ models**, **one of the largest collections** of ceramic wall and floor tiles, gres porcelain and super-sized slabs in the industry.

# Sanitaryware

## SANITARYWARE

Complete solutions provider offering products designed to suit **all budgets** and **tastes** with **accessories** and **bathroom furniture**.



# Tableware & Faucets



## TABLEWARE

Products supplied to over **40,000** hotels in more than **165 countries** with clients including JW Marriott, Hilton, Hyatt, and Sheraton amongst others.



## FAUCETS

Eco-friendly faucets and bathroom fittings with a strong focus on water-saving technology, offering up to **60% saving** on water consumption.



# Vision and key strengths

To become the most profitable brand for home ceramic lifestyle products across the world



## EXPERIENCE

We have helped to create some of the world's most iconic buildings.



## WIDE RANGE

We are known for our wide product range and our ability to produce bespoke ranges for small and large scale projects.



## INNOVATION

Innovation is at the heart of our philosophy and we have continuously led the way in terms of product development.



## QUALITY

We are able to consistently manufacture high quality products with an impeccable finish.

# Business Strategy Update



Overview

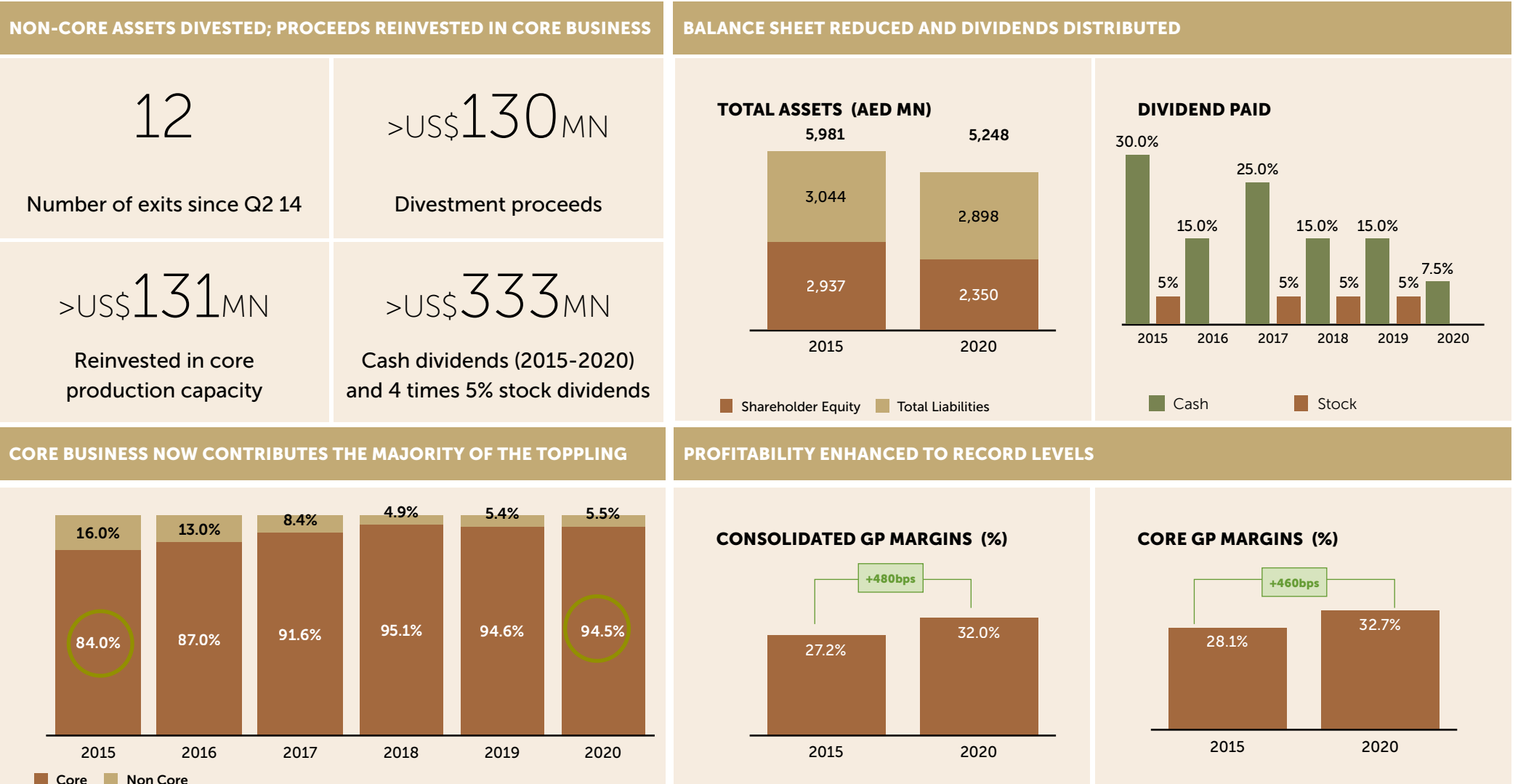
► Strategy

Results

# Value creation plan achievements

	ISSUES AND OPPORTUNITIES IDENTIFIED IN 2014	VALUE CREATION INITIATIVES AND IMPACT
<b>TRANSFORM "RAK INC." BACK TO "RAK CERAMICS"</b>	Exit of non-core operations	<ul style="list-style-type: none"> <li>✓ Divestment proceeds of &gt;USD 130m from 12 non-core exits</li> <li>✓ Proceeds used to fund capex, de-lever the balance sheet and pay dividends</li> </ul>
	Loss-making Sudan and China operations	<ul style="list-style-type: none"> <li>✓ RAK Sudan exit generated proceeds of AED 220m</li> <li>✓ Shut down of RAK China removed losses from consolidated P&amp;L</li> </ul>
<b>REFOCUS AND GROW THE CORE BUSINESS</b>	Production capacity	<ul style="list-style-type: none"> <li>✓ Increased Bangladesh tiles capacity by 45% to 11.6mn sqm, India tile capacity increased by 63% to 18mn sqm through expansion and green field project in Morbi Gujarat</li> <li>✓ Increased SW capacity by 20% in the UAE and 25% in Bangladesh</li> </ul>
	"Push" sales and distribution model	<ul style="list-style-type: none"> <li>✓ Switched to a "Pull" sales and distribution model</li> <li>✓ Created a B2B sales team targeting real estate and hospitality sectors</li> <li>✓ Flaashio wins: Emaar and Al Habtoor (UAE). H&amp;M and Starbucks (Int'l)</li> </ul>
	Manufacturing brand	<ul style="list-style-type: none"> <li>✓ Switched to a lifestyle brand</li> <li>✓ New brand launched in Q3 2016</li> </ul>
	Inefficient distribution network in key markets	<ul style="list-style-type: none"> <li>✓ Acquired UK, Germany, Italy and Saudi Arabia distribution JV's</li> <li>✓ Gained control over access into new markets, channels and customers</li> </ul>
	Untapped value in India operations	<ul style="list-style-type: none"> <li>✓ Initiated a turnaround plan</li> <li>✓ Production capacity increased by 38% through Morbi acquisition</li> <li>✓ Dealer network rationalised and new brand rolled-out</li> </ul>
	Tableware potential; candidate for unlocking value	<ul style="list-style-type: none"> <li>✓ RAK Porcelain has grown from a start-up into a leading player in the HoReCa industry</li> <li>✓ Potential for strategic scale up the business and unlock value</li> </ul>
<b>INSTITUTE A WORLD- CLASS CORPORATE GOVERNANCE STRUCTURE</b>	Improve corporate governance structures across the group	<ul style="list-style-type: none"> <li>✓ Overhauled corporate structure; streamlined ownership of subsidiaries</li> <li>✓ Added Independent Directors to the Board</li> </ul>
	Gaps in HR and Investor Relations	<ul style="list-style-type: none"> <li>✓ Recruited top-talent into leadership positions</li> </ul>

# Value creation plan achievements (cont'd)



# Strong rebound in Q4 2020

## MANAGEMENT COMMENTS

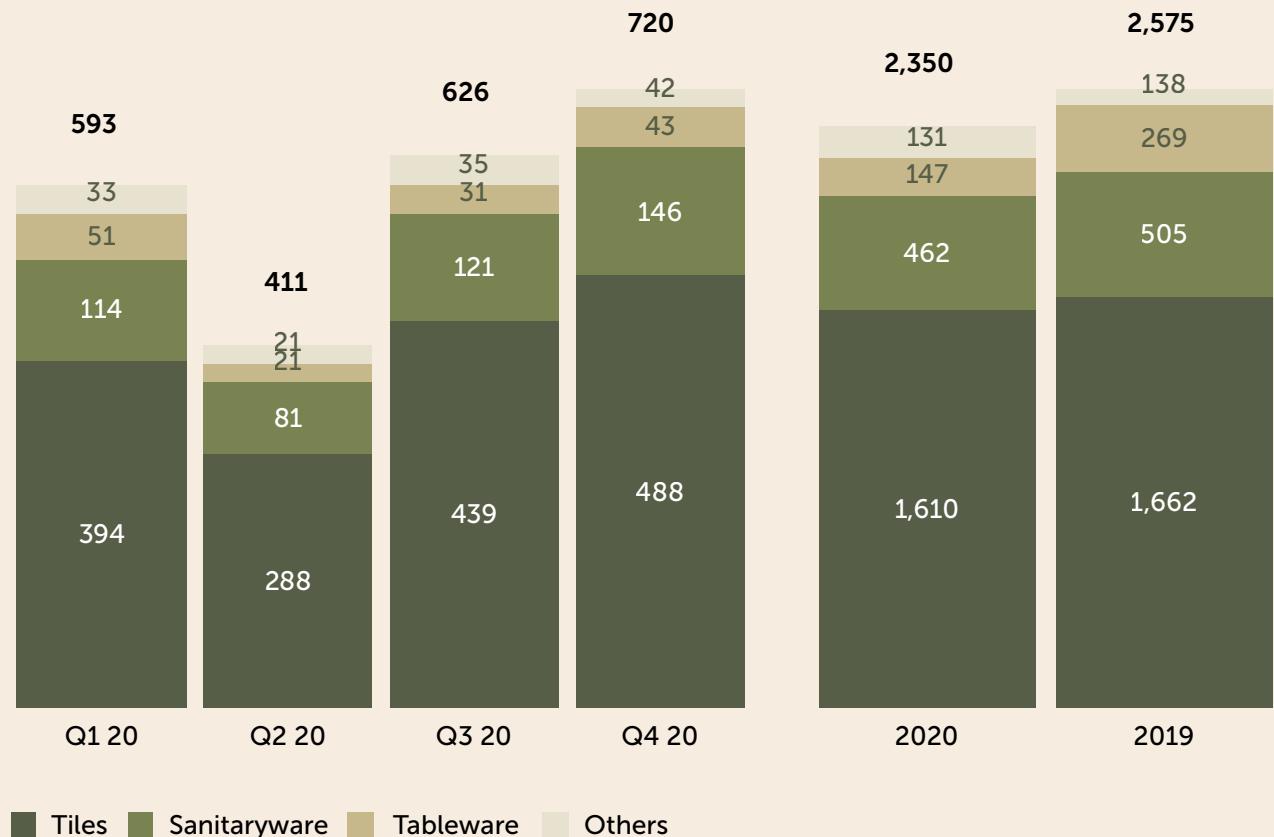
2020 performance started well in Q1 but was negatively impacted in Q2 due to COVID-19 pandemic lockdowns across all our core markets.

Markets recovered to pre-COVID levels in Q3 in both tiles and sanitaryware segments, however, tableware performance continued to suffer due to the second wave of COVID-19 lockdowns and hotel closures.

Q4 was a strong operational quarter, with revenue increasing 5.1% YoY and 15.0% QoQ supported by growth in all core markets.

Total revenue excluding Q2 was higher by +1% YoY at AED 1.94 bn in 2020.

## QUARTERLY & YEARLY SEGMENT REVENUE (AEDM)



# Mitigating the impact of Covid-19 in 2020

	PROTECT	TURNAROUND	IMPROVE	GROW
MARKET	<ul style="list-style-type: none"> <li>• <b>UAE Market</b> was impacted heavily due to lockdown in Q2 and a slowdown in projects where sales fell by 19.3%</li> <li>• <b>Bangladesh</b> had to shutdown production in Q2 but was able to contain costs effectively and rebounded quickly in H2.</li> <li>• <b>Tableware</b> was severely impacted with revenue was 45.4% lower than 2019 with net profit 112% lower AED (-)5.9m.</li> <li>• <b>FAUCETS</b> business was able to maintain the same net profit as 2019 despite major impact on revenue in Export markets.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>RAK India</b> was able to stop historical losses in Q4 through a focused effort to reduce cost by 20%.</li> <li>• <b>European entities</b> were able to mitigate the impact and reduced losses by AED 17.8m compared to 2019.</li> </ul>	<ul style="list-style-type: none"> <li>• In <b>export markets</b>, the focus was on maintaining supplies to customers to ensure products were available throughout the lockdown period.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Saudi Arabia</b> grew by 57.9% despite border closure in Q2. The ground-work laid down over the previous years along with the positioning and penetration in the market resulted in net profit of AED 25.4m.</li> </ul>
OPERATIONS	<ul style="list-style-type: none"> <li>• Protecting the Health and Safety of <b>Employees</b> through strict measures across the group.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Inventory</b> reduced by 12 days across the group</li> <li>• The group's <b>cash</b> position improved by AED 230m at 613m due to focus on collections and working capital improvement.</li> </ul>	<ul style="list-style-type: none"> <li>• Continue improving efficiency in <b>production</b> with improvement in first choice products.</li> <li>• Introducing <b>differentiated products</b> supported improvement in Gross profit margins.</li> </ul>	<ul style="list-style-type: none"> <li>• The <b>retail</b> footprint continued to expand with new showrooms in UAE, Saudi Arabia, India and Bangladesh.</li> </ul>

# Strategic initiatives and Priorities 2021

## **Protect Market Share**

Protect market share and profitability in the UAE, Bangladesh and faucets businesses.

## **Improve tableware performance**

Improve performance in light of the ongoing impact in the Airlines and Hospitality sector.

## **Build On**

Retail concept in focus markets through franchising.

## **To Grow**

Profitability in Saudi Arabia through differentiated products and retail roll-out.

## **Turnaround**

Turnaround in Europe and Indian operations by ongoing cost control measures.

## **Branding**

Brand perception with collaborations with designers such as Ellie Saab.

## **Outlet stores and E-commerce**

Outlet stores across UAE and Saudi Arabia. Online presence by launching e-commerce platform.

## **Productivity & efficiency**

Improve productivity and efficiency to control operating costs.

## **Covid Measures**

Employee Health Safety as the pandemic continues.

# Branding Activity

## Enhanced Digital Channels

First Virtual Showroom in the UAE  
Webinar, video presentations, live chats, e-meetings  
Product Video Presentation and Training meeting  
A new E-commerce channel in Europe, UAE and Saudi (2021)

## Advertising & Press Coverage

+25 online and printed magazines  
+45 press adverts  
+150 press editorials

## New Social Media Followers

Facebook new followers  
123,000 - 26% increase  
Instagram new followers  
43,000 - 215% increase  
Youtube new subscribers  
1,300 - 100% increase +200 posts & +120 stories

## Increased retail footprint by opening new showrooms

+28 Company owned showrooms globally  
+11 New Company owned showrooms planned in 2021 globally

## Events & Award winners

Special 30th Anniversary Events  
'Best Tile Brand' at the BKU Awards  
"Best Sanitaryware Brand" at the BKU Awards

## Premium Sponsorships

English Premier League, La Liga and Series A TV sponsorship  
"Design makes the difference" CRS sponsorship  
Dubai Expo Italian Pavilion  
Dubai Design Week in 2021



# Financial Performance

Overview

Strategy

▶ Results

# Q4 2020 Performance across global operations

## UAE Production Optimisation

Production running at an optimal capacity due to increasing demand from Saudi Arabia. Cost-saving measures initiated to limit discretionary expenses. A slow recovery in project sales while wholesale and retail channels has performed well.

## Strong Growth in Saudi Arabia

Introduction of differentiated tile sizes and a focus on retail and wholesale sales has led to growth in volumes and increase in our average selling prices.

## European Recovery

European markets reached pre COVID-19 levels with positive growth year on year. The cost-saving measures initiated to limit discretionary expenses have led to an improvement in the bottom line.

## India turnaround

Performance in India has gained momentum with a strong year on year growth. Cost-saving measures initiated, including reducing workforce and discretionary expenses, resulting in a positive bottom line in Q4.

## Bangladesh Rebound

Bangladesh reached pre-COVID-19 levels with stable YoY growth. Production is running at optimal capacity. Differentiated products for rural and urban segments and improved brand visibility led to market share improvement in the rural segment.

## Tableware Performance

Our tableware business has slowly improved in quarter on quarter but the second wave of COVID-19 related government restrictions has led to the shutdown of hotels, and the implementation of 'disposable plates' has resulted in a slowdown of sales.

# Q4 2020 Key financial highlights

**Total revenue** increased by +5.1% YoY to AED 719.7m driven by growth in Saudi Arabia, India and European markets.

AED 719.7<sub>M</sub>

**Total gross profit margin** increased by +80bps YoY to 34.4%. Tiles margin increased by +350 bps at an all-time high of 34.8%

34.4%

COVID-19 pandemic impacted real estate sector and hotel industry resulting in an **Impairment loss** on valuation of real estate properties and receivable provisions on leased hotel amounting to AED 236.3.

AED -236.3<sub>M</sub>

**Reported net profit** (excl. impairment losses) is higher at AED 65.6m compared to AED 49.4m last year. **Net profit after minority** (excl. impairment losses) is AED 59.3m compared AED 35.1m in last year.

AED 65.6<sub>M</sub>

**Like for like net profit\*** is higher at AED 77.5m compared to AED 55.6m in Q4 2019. Margin is 10.8% compared to 8.1% in Q4 2019.

AED 77.5<sub>M</sub>

**Total EBITDA** is at AED 137.8m compared to AED 134.4m in Q4 2019. Margin is 19.1% compared to 19.6% in Q4 2019.

AED 137.8<sub>M</sub>

\*Like for Like net profit working is given in Slide # 36

# Break down of provisions in Q4 2020

## MANAGEMENT COMMENTS

COVID-19 pandemic has impacted the real estate sector. Therefore, the waterfront land and specific properties' fair value have been reassessed, resulting in an impairment loss of AED 213.2m.

COVID-19 pandemic also significantly affected the tourism sector, which has specifically impacted the hotel industry's performance. Given the performance impact during the year and lower probability of collecting the old dues from the lessee, we have taken the provisions of AED 23.1m in the Q4.

COVID-19 pandemic did not affect the core operations in terms of the collectability of receivables, and therefore no extraordinary provisions were taken on trade receivables.

## Q4 2020 BREAKDOWN OF PROVISIONS (AED M)

	Q4 20
	Amount
Impairment loss on waterfront land (Q4 2020 AED 697.2m vs Q3 2020 AED 899.3m)	<b>202.1</b>
Other real estate properties (Q4 2020 AED 98.1m vs Q3 2020 AED 109.2m)	<b>11.1</b>
<b>Total impairment loss on real estate properties</b>	<b>213.2</b>
Provision on dues in relation to leased hotel impacted by COVID-19	<b>23.1</b>
<b>Total extra-ordinary provision provided due to pandemic</b>	<b>236.3</b>

# 2020 Key financial highlights

**Total revenue** decreased by -8.7% YoY to AED 2.35bn mainly due to lower revenue in Q2 2020 as a result of COVID-19 lockdowns. However, excluding Q2, revenue increased by +1.0% YoY at AED 1.94bn

AED 2.35<sub>BN</sub>

**Total gross profit margin** decreased by -120bps YoY to 32.0%, due to lower revenue and lower productivity resulting in higher unabsorbed fixed costs of AED 43m.

32.0%

**Reported net loss** is AED -126.2m after considering impairment losses of AED 236.3m compared to a net profit of AED 205.2m in 2019. **Net loss after minority** is AED -129.7m compared to a profit of AED 164.4m in 2019.

AED(-)126.2<sub>M</sub>

**Like for like net profit\*** decreased by AED -47.9m YoY to AED 147.3m, with a margin decrease of -130bps YoY to 6.3%, mainly due to lower revenues.

AED 147.3<sub>M</sub>

**Total EBITDA** decreased by -21.7% YoY to AED 377.9m, with a margin decrease of -2.7% YoY to 16.1%.

AED 377.9<sub>M</sub>

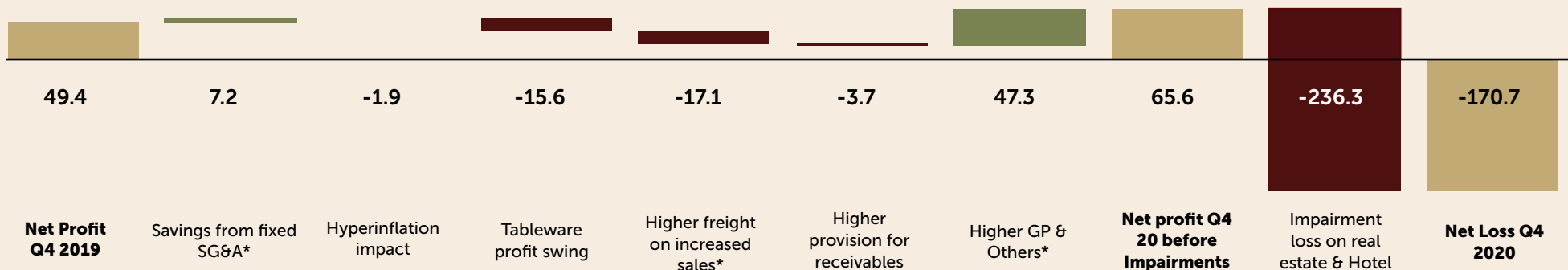
**Net Debt** decreased from AED 1.37bn in Dec 2019 to AED 1.23bn in Dec 2020. **Net Debt to EBITDA** increased from 2.85x in Dec 2019 to 3.25x in Dec 2020 on lower EBITDA (Sep 2020, Net debt to EBITDA 3.80x).

3.25<sub>x</sub>

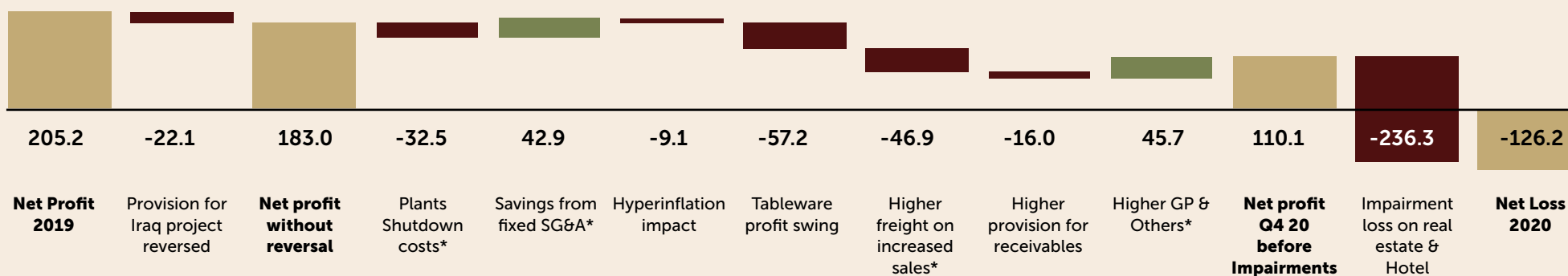
\*Like for Like net profit working is given in Slide # 36

# Net profit bridge

**Q4 2020 VS Q4 2019 (AEDM)**



**2020 VS 2019 (AEDM)**



# Quarterly revenue recovery by end market

REVENUE BY END MARKET (AED M)	QUARTERLY COMPARISON						YEARLY COMPARISON		
	Q1 20	Q2 20	Q3 20	Q4 20	Q4 19		2020	2019	
	Amount	Amount	Amount	Amount	Amount	Growth	Amount	Amount	Growth
<b>United Arab Emirates</b>	159.5	138.2	147.4	<b>169.3</b>	207.1	<b>-18.3%</b>	<b>614.5</b>	761.0	<b>-19.3%</b>
<b>Kingdom of Saudi Arabia</b>	91.5	69.1	137.8	<b>130.8</b>	77.8	<b>68.1%</b>	<b>429.2</b>	271.8	<b>57.9%</b>
<b>Middle East</b> (Ex. UAE and KSA)	20.9	19.6	19.2	<b>27.3</b>	13.9	<b>97.4%</b>	<b>87.1</b>	77.8	<b>12.0%</b>
<b>India</b>	57.7	29.1	66.7	<b>88.5</b>	64.3	<b>37.7%</b>	<b>241.8</b>	272.7	<b>-11.3%*</b>
<b>Europe</b>	81.6	65.3	91.5	<b>99.0</b>	76.2	<b>30.0%</b>	<b>337.5</b>	328.6	<b>2.7%</b>
<b>Bangladesh</b>	63.1	21.2	61.9	<b>81.0</b>	81.8	<b>-1.0%</b>	<b>227.1</b>	279.9	<b>-18.9%</b>
<b>Africa</b>	17.1	9.4	18.7	<b>18.3</b>	18.3	<b>0.2%</b>	<b>63.5</b>	81.5	<b>-22.1%</b>
<b>Rest of the world</b>	16.8	17.3	16.5	<b>20.1</b>	21.8	<b>-7.5%</b>	<b>71.1</b>	93.2	<b>-23.7%</b>
<b>Tiles and sanitaryware revenue</b>	<b>508.4</b>	<b>369.3</b>	<b>559.7</b>	<b>634.4</b>	<b>561.1</b>	<b>13.1%</b>	<b>2,071.8</b>	<b>2,166.5</b>	<b>-4.4%</b>
<b>Tableware revenue</b>	51.3	21.4	31.3	<b>43.0</b>	78.2	<b>-45.1%</b>	<b>147.0</b>	269.4	<b>-45.4%</b>
<b>Others revenue</b>	33.0	20.4	34.8	<b>42.4</b>	45.4	<b>-6.7%</b>	<b>130.6</b>	138.6	<b>-5.8%</b>
<b>Total Revenue</b>	<b>592.8</b>	<b>411.3</b>	<b>625.7</b>	<b>719.7</b>	<b>684.7</b>	<b>5.1%</b>	<b>2,349.5</b>	<b>2,574.5</b>	<b>-8.7%</b>

\*in LCY (-) 6.8%

# Q4 & 2020 Revenue highlights

## MANAGEMENT COMMENTS

Q4 2020 performance improved across all our businesses.

Total revenue is increased by +5.1% YoY to AED 719.7m.

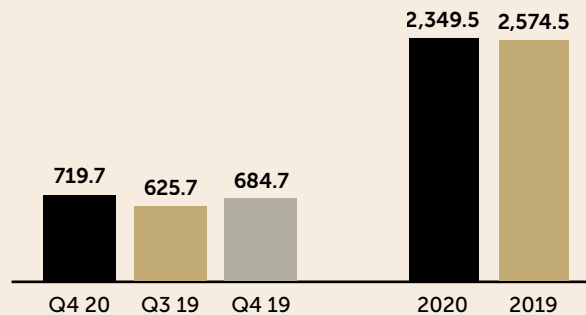
Tiles revenue is higher by +14.0% driven by Saudi Arabia, India and European markets.

Sanitaryware revenue is also higher by 10.1% YoY driven all markets, except the UAE and Bangladesh.

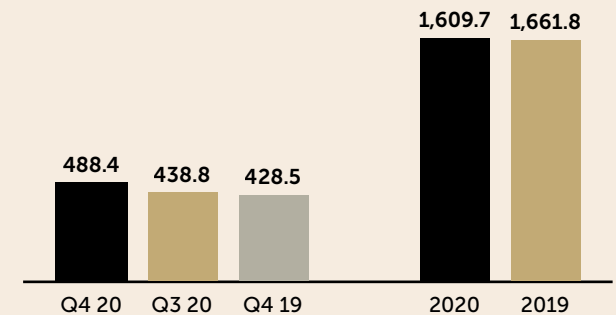
Tableware revenue is significantly lower by -45.1% due to sustained COVID-19 impact in the hospitality and airlines sectors.

Revenue from other business is lower by -6.6% YoY to AED 42.4m due to lower lease income from the hotel as it is under maintenance.

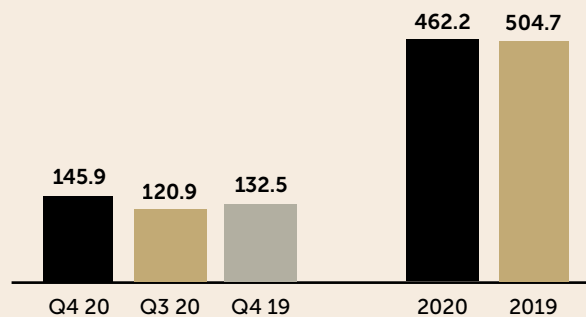
### TOTAL REVENUE (AEDM)



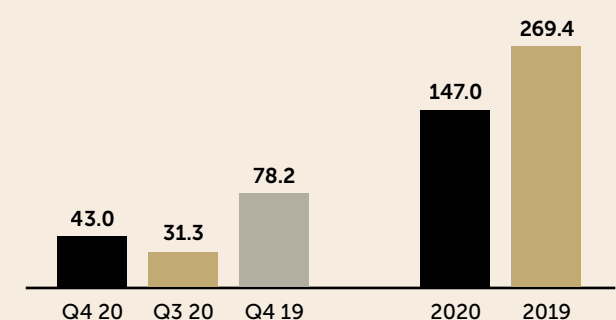
### TILES REVENUE (AEDM)



### SANITARYWARE REVENUE (AEDM)



### TABLEWARE REVENUE (AEDM)

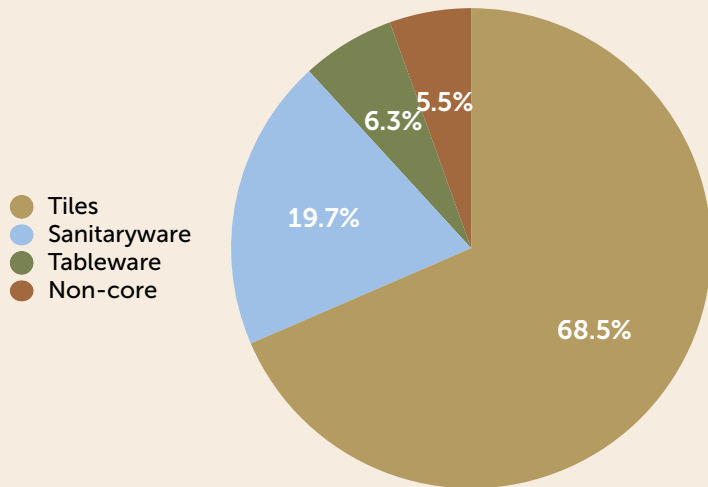




# Revenue performance contribution

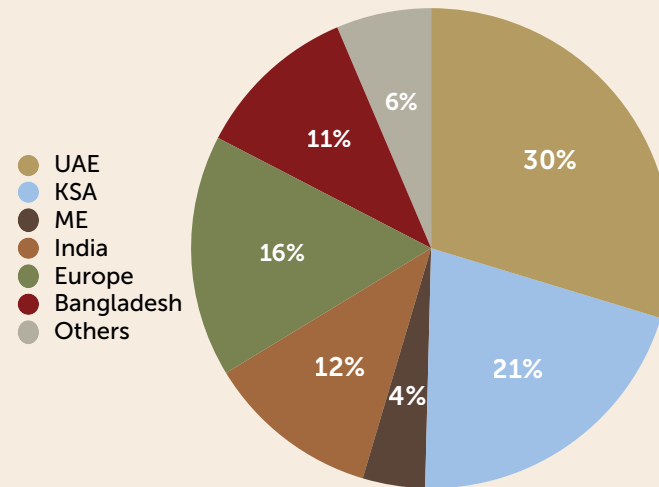
## REVENUE CONTRIBUTION BY SEGMENT 2020 %

Total revenue is lower by -8.7% year on year in 2020 due to a significant COVID-19 impact in the second quarter of 2020. Tableware revenue has impacted due to COVID-19 restrictions in the hospitality and airline sector.



## TILES & SANITARYWARE REVENUE CONTRIBUTION BY REGION 2020 %

Strong performance across global markets in United Arab Emirates, Saudi Arabia, India, Middle East, Bangladesh and European markets in Q4 2020.



# Financial performance trend

Total revenue for 2020 decreased by -8.7% year on year to AED 2.35 billion due to a significant COVID-19 impact in the second quarter of 2020. Excluding Q2, revenue increased by 1.0% at 1.94 billion.

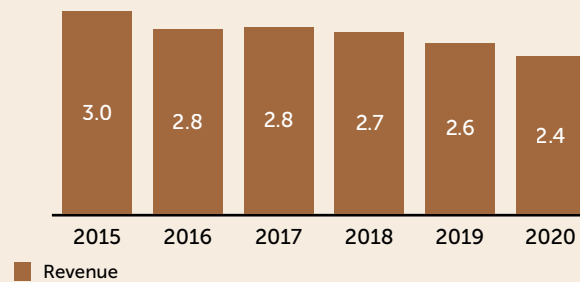
Total gross margin in 2020 decreased by -120bps year on year to 32.0% due to lower revenue and lower production resulting in unabsorbed fixed costs of AED 43 million.

EBITDA decreased by -21.7% to AED 377.9 million year on year in 2020. EBITDA margin is lower by -270bps year on year at 16.1%

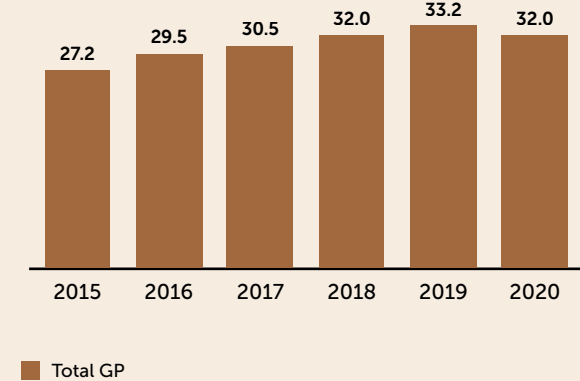
Like for Like net profit\* was AED 147.3 million compared to AED 195.1 million last year demonstrating our healthy performance, when excluding one-offs.

We have built a strong foundation at RAK Ceramics and we are confident to navigate the current challenging environment and deliver value to our shareholders in the long term.

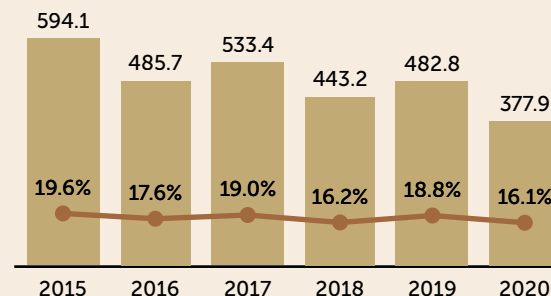
**REVENUE (AED BN)**



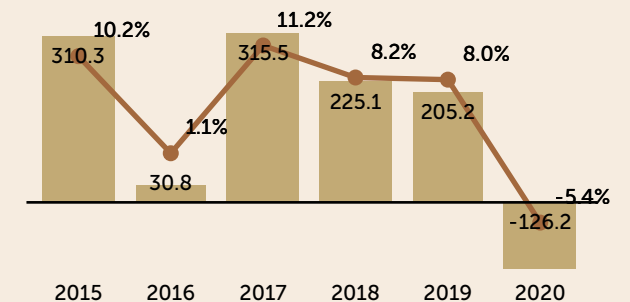
**GROSS PROFIT (%)**



**EBITDA (AED MN) AND MARGIN (%)**



**NET PROFIT (AED MN) AND MARGIN (%)**



\*Excluding receivables provisions, impairment loss on real estate properties, provision for dues from leased hotel and hyperinflation impact

# Gross profit margins trend

Total gross profit margin decreased by -120bps YoY to 32.0% in 2020, however tiles margin increased by +180bps YoY to all-time high at 31.4% in 2020.

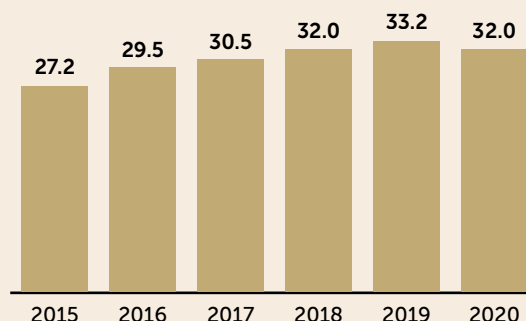
The increase in gross profit margins reflect improved efficiencies and streamlined operations, placing the company in a strong position to continue to recover from the impact of COVID-19.

Sanitaryware and tableware margins decreased YoY in 2020 due to lower revenue and lower production.

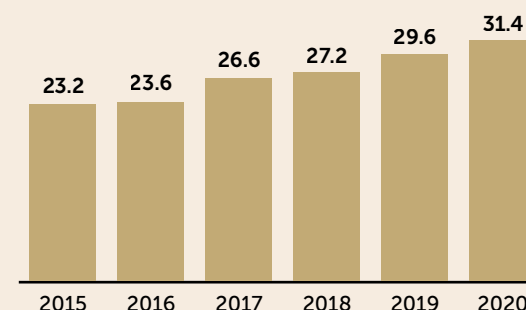
We pay higher gas price than our peers. Once the gas exploration starts from the new field in UAE, advantage will accrue to us in terms of lower gas costs.

Presently we have opted a hedging strategy to counter the fluctuation on crude oil price since April 2019.

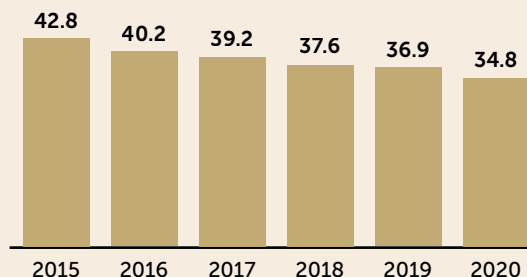
**GROSS PROFIT (%)**



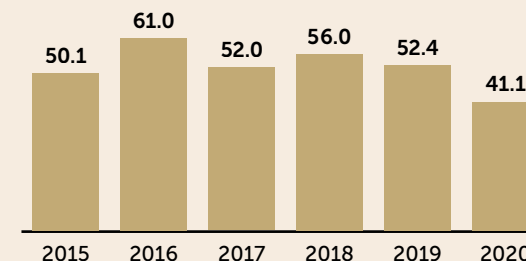
**TILES GROSS PROFIT (%)**



**SANITARYWARE GROSS PROFIT (%)**



**TABLEWARE GROSS PROFIT (%)**



2015-2017 GP margins have been reclassified in line with 2018-2019 reported numbers. The reclassification is reduction of commission & rebates paid to customers from revenue.

# Value and Growth in UAE Market

## UAE MARKET

85<sub>MN</sub> SQM

Market consumption\*

25%

RAKC Market share

## KEY ACHIEVEMENTS

2 new showrooms opened in 2020 in Fujairah and Abu Dhabi

Increased retail footprint by revamping of our own showrooms/opening new showrooms

Launched virtual reality showroom experience, which allows customer to view and interact with our products virtually from our website

Initiated new corporate deals with EMAAR, DAMAC & NSHAMA

Enhanced relationships with architects, interior designers and consultants

Maintained position with focus on media and digital marketing

## Growth/ Value

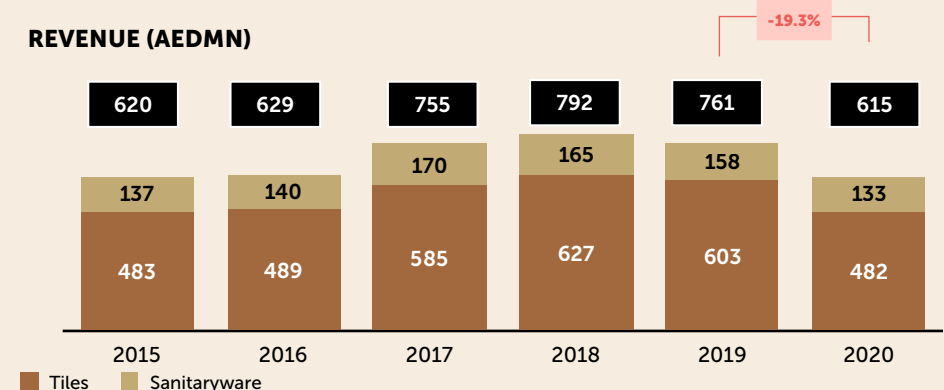
Production lines have been operating at an optimal capacity range of 4.8 - 5.0 million sqm from July 2020 due to a surge in demand from Saudi Arabia and other markets.

Continue upgrading UAE plants to produce more profitable products

Differentiate ourselves from competitors through better product management

To invest more in sales & marketing to protect our market share

## REVENUE (AEDMN)

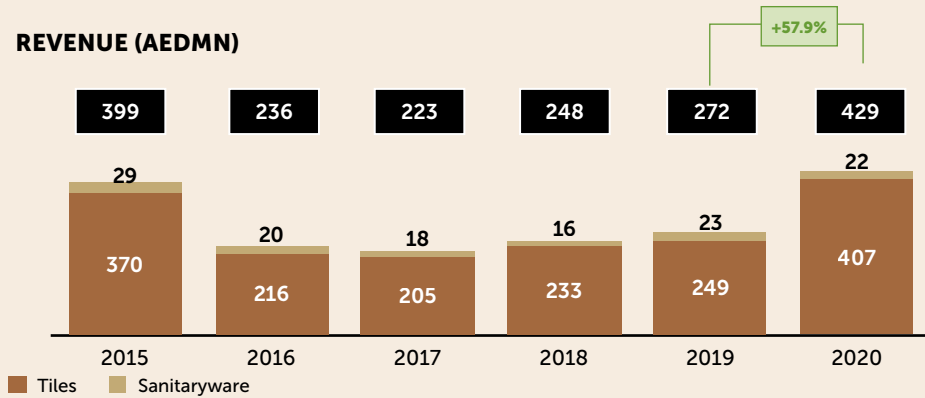


Source: 2019 Ceramic World Review,

# Improved performance in Saudi & Europe

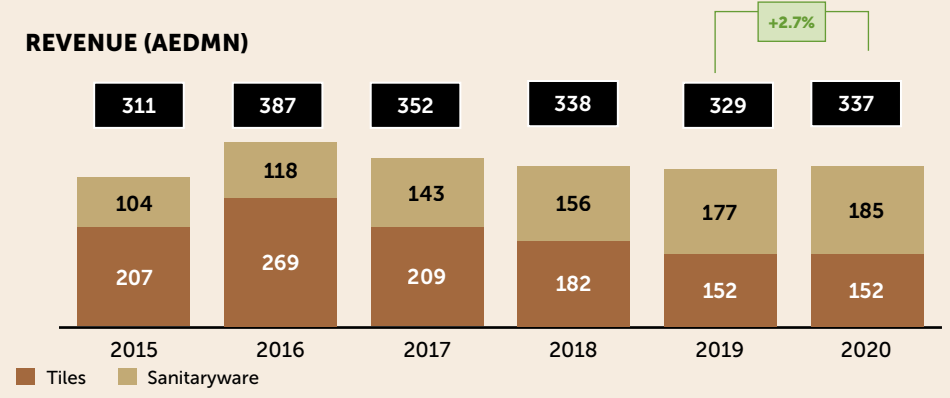
## SAUDI ARABIA

### REVENUE (AEDMN)



## EUROPE

### REVENUE (AEDMN)



### Growth /Value

Restructuring and integration of operations, introduction of differentiated tile sizes and focus on retail sales have supported the strong growth in 2020.

Positioned ourselves as premium product supplier with differentiated products compared to local manufacturers.

Retail channel sales improved following the launch of 3 flagship showrooms. Opening 4 new showrooms in Riyadh & Jeddah to increase retail foot-print and taking initiatives to increase B2B and B2C channels

The imposition of anti-dumping duty on imported tiles from China and India came into effect on 6th June 2020 and has also supported revenue growth in 2020.

### Growth /Value

Performance has significantly improved in Q4 20. Revenue increased by 30% YoY. Operational performance continued to improve with higher Gross profit margins.

Taking initiatives to build on the current strength of relationship and increase customer base in Central Europe.

Differentiate ourselves from competitors through better product management.

Rationalization of costs structure has improved bottom line. In view of recent lockdowns again business sentiment remains uncertain.

# Value and Growth in Bangladesh operations

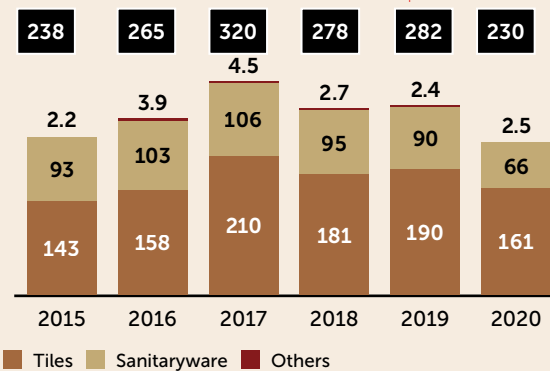
Revenue in 2020 has impacted due to Covid-19 lockdowns. However the market recovered well in Q3 2020, and in Q4 2020, reached pre-COVID-19 levels.

In 2020, revenue is lower by 18.9% YoY at AED 230.0million.

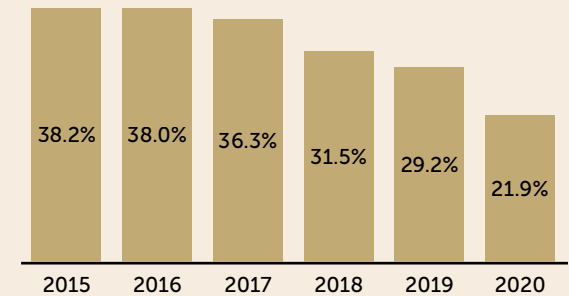
Plants are currently operating at full capacity post Covid-19 lockdowns.

We are continuing to strengthen the dealers network. We have differentiated products for rural and urban segments like supplying commodity products for rural segment and value added products for urban and luxury construction.

## REVENUE (AED MN)



## GROSS PROFIT MARGIN (%)



## BANGLADESH

68%

Ownership

\$135

Market Cap  
(Listed in DSE).

28.7%

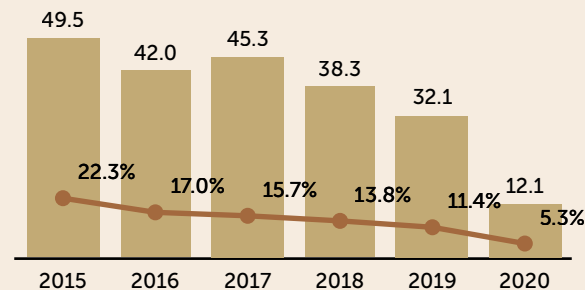
of RAKC Market Cap  
while revenue  
contribution is 10%

Increased competition due to capacity increase and imports from china

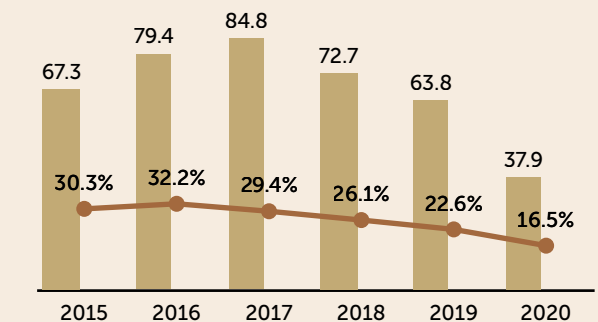
Improve Brand visibility by opening showrooms

37.2x  
P/E Multiple

## NET PROFIT (AED MN) AND MARGIN (%)



## EBITDA (AED MN) AND MARGIN (%)



Effective 2018 revenue is after reduction of commissions paid to customers (AED 25m) as per IFRS 15

# Performance rebound from Indian operations

Performance in India has gained momentum with strong year on year revenue growth in Q4 2020 by +37.7% at AED 88.5 million. In full year of 2020 it was lower by -6.8% in local currency.

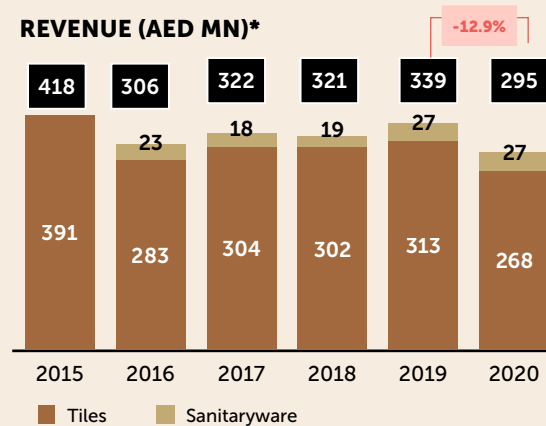
Samalkot plant is currently running at two thirds capacity while Morbi plants are running at full capacity.

In addition to our own production we also outsource tiles and Sanitaryware. The contribution of outsourced materials to our total revenue is ~ 40%-45%.

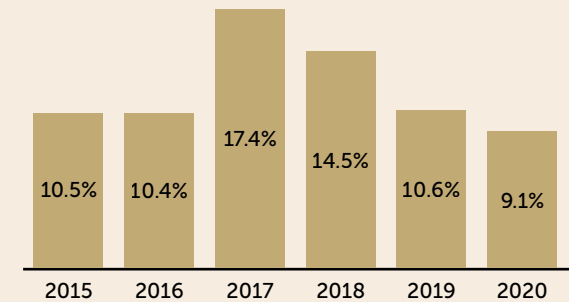
Gross profit margin in FY 2020 is lower by -1.5% at 9.1% due to plant shutdowns in Q2 on account of COVID-19 lockdowns.

We have taken number of short-term and long-term initiatives to streamline the operations and make it viable; these include team restructuring, geographical expansion of business, strengthening sales strategy, production cost optimization, sales and admin set-up rationalization amongst others.

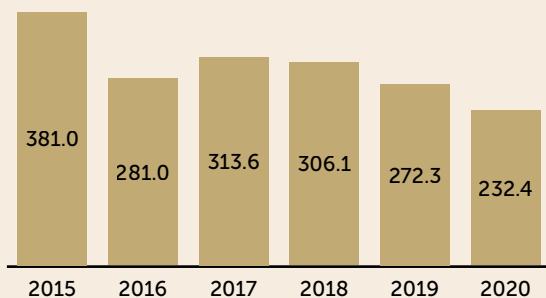
**REVENUE (AED MN)\***



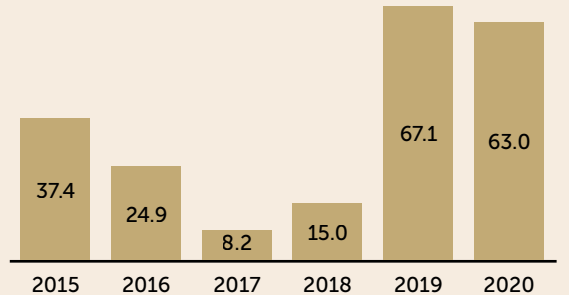
**GROSS PROFIT MARGIN (%)**



**DOMESTIC REVENUE (AED MN)**



**EXPORTS REVENUE (AED MN)**



\*Including sales to group companies

# Tableware performance trend

Tableware business continued to suffer further COVID-19 restrictions which led to the shutdown of hotels and restaurants in UK and Europe markets which resulted in revenue decrease of 45.4% YoY to AED 147 million in 2020.

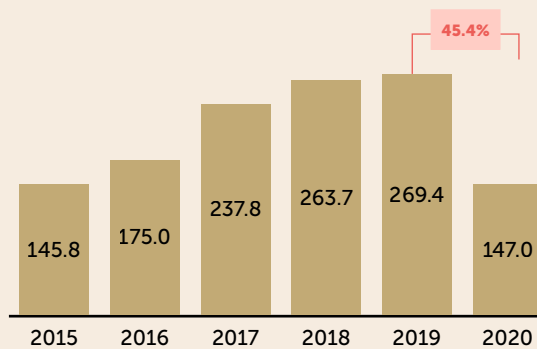
Local regulation for implementation of 'disposable plates' has resulted in a slowdown of sales, however revenue in Q4 2020 is increased by 37.5% quarter on quarter.

Based on market demand production lines have been optimized to operate at ~40%-50% capacity.

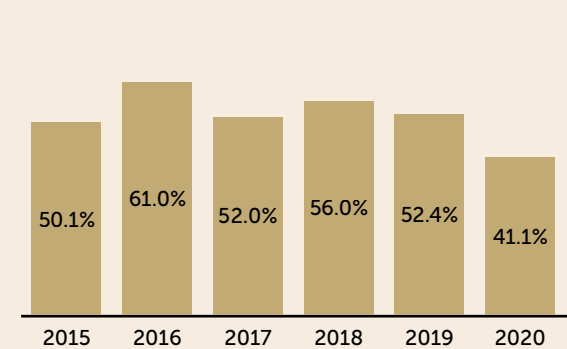
Strategic focus on developing market share with launch of stoneware, bone china and anti-bacterial products with existing ranges will turn to a one stop manufacturer for all Porcelain variants available in the market.

Venturing into online sales in Europe and UAE.

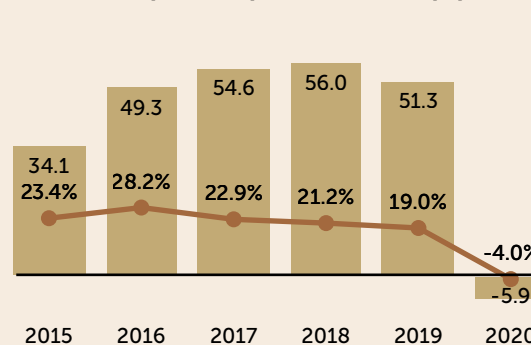
**REVENUE (AED MN)**



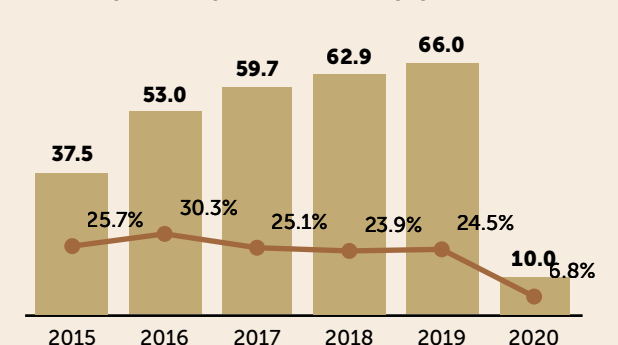
**GROSS PROFIT MARGIN (%)**



**NET PROFIT (AED MN) AND MARGIN (%)**



**EBITDA (AED MN) AND MARGIN (%)**





# Balance sheet evolution

## 2020 RESULTS

Inventory days decreased from 258 days to 246 days YoY.

Trade receivable days increased from 119 days in 2019 to 125 days in 2020 due to decreased sales in 2020.

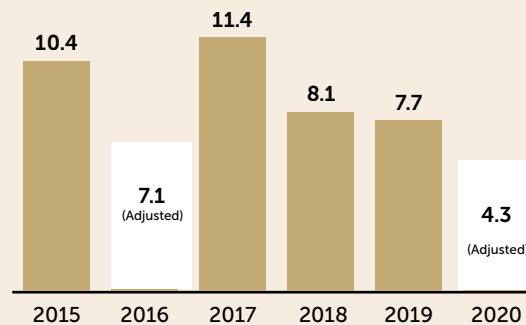
Trade payable days is lower by 2 days at 65 days YoY.

Overall working capital days are decreased from 242 days to 228 days due to inventory reduction. In absolute terms overall working capital is reduced YoY by 170m at AED 1.37bn.

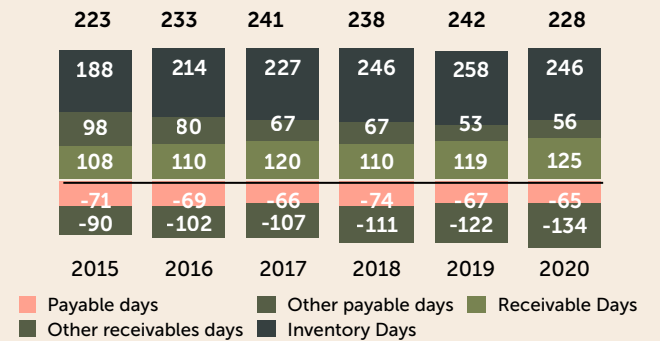
Due to current COVID-19 pandemic, we are continuing to take measures to manage our liquidity. Capex for 2021 is expected to be in the range of AED 175-200 million as we are placing non-essential capex on hold.

Despite pandemic, we were able to decrease our net debt level by 10.6% YoY to AED 1.23 billion, reflecting the strength of the business.

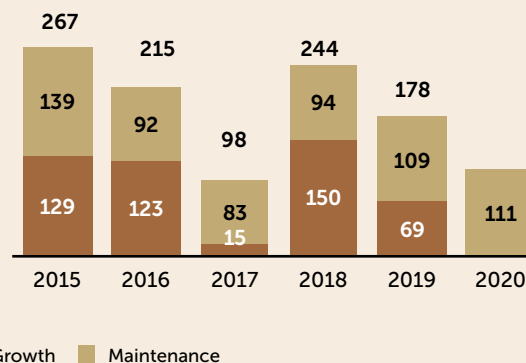
### RETURN ON EQUITY (%)



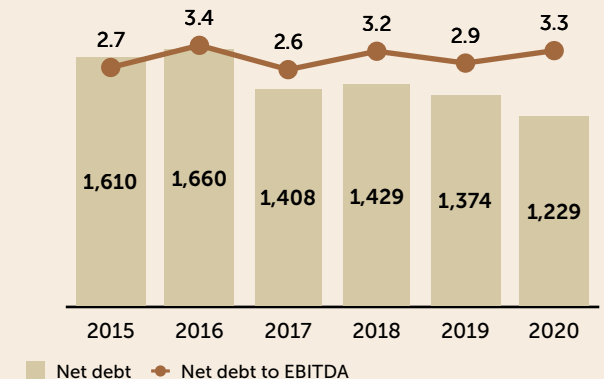
### WORKING CAPITAL CYCLE (DAYS)



### CAPEX SPENDING (AED MN)



### NET DEBT (AED MN)



# Appendix



# EBITDA working

	QUARTERLY COMPARISON		YEARLY COMPARISON	
	Q4 20	Q4 19	2020	2019
Amount in AED M	Amount	Amount	Amount	Amount
<b>Net profit/(loss) after tax</b>	<b>(170.7)</b>	<b>49.4</b>	<b>(126.2)</b>	205.2
Tax	10.2	20.1	14.6	26.7
Interest- net	18.5	18.2	70.7	74.8
Depreciation & amortisations	43.3	46.1	175.4	175.9
Depreciation on hyper inflated assets	0.8	0.0	5.8	0.0
Impairment loss on real estate properties	213.2	0.0	213.2	0.0
Provision on dues in relation to leased Hotel impacted by Covid 19	23.1	0.0	23.1	0.0
Loss /(gain)on sale of assets and CWIP write-off	(0.5)	0.6	1.4	0.2
<b>EBITDA</b>	<b>137.8</b>	<b>134.4</b>	<b>377.9</b>	<b>482.8</b>

# Like for Like net profit working

	QUARTERLY COMPARISON		YEARLY COMPARISON	
	Q4 20	Q4 19	2020	2019
Amount in AED M	Amount	Amount	Amount	Amount
<b>Net profit /(loss) after tax</b>	<b>(170.7)</b>	<b>49.4</b>	<b>(126.2)</b>	205.1
Add: Impairment on trade receivables	10.0	6.3	28.1	12.1
Less: Reversal of provision on Iraq project receivables	0.0	0.0	0.0	(22.2)
Add: Hyper-inflation impact	1.9	0.0	9.1	0.0
Impairment loss on real estate properties	213.2	0.0	213.2	0.0
Provision on dues in relation to leased Hotel impacted by Covid 19	23.1	0.0	23.1	0.0
<b>Like for Like Net profit</b>	<b>77.5</b>	<b>55.6</b>	<b>147.3</b>	<b>195.1</b>

# RAK

## CERAMICS

