

# RAK

## CERAMICS

EFG HERMES ONE ON ONE INVESTOR CONFERENCE 2023

---

MARCH 2023

# Contents

- 01 | Company in Brief**
- 02 | Business Strategy Update**
- 03 | Stock Profile**
- 04 | Financial Highlights**
- 05 | Appendix**

## DISCLAIMER

This information contained in the enclosed presentation summarizes preliminary and introductory information on RAK Ceramics PJSC (the Company). This presentation has been prepared for information purposes only and is not and does not form part of or constitute any prospectus, offering memorandum or offering circular or offer for sale or solicitation of any offer to subscribe for or purchase or sell any securities nor shall it or any part of it form the basis of or be relied on in connection with any credit evaluation or third party evaluation of any securities or any offerings or contract or commitment whatsoever.

The information contained herein has been prepared by the Company. Some of the information relied on by the Company is obtained from sources believed to be reliable but does not guarantee its accuracy or completeness. All potential recipients of the enclosed presentation are expected to be aware that the information contained herein is preliminary as of the date hereof, supersedes any previous such information delivered and will be superseded by any such information subsequently delivered. The information contained herein is subject to change without notice. The Company is under no obligation to update or keep current the information contained herein. No person shall have any right of action (except in case of fraud) against the Company or any other person in relation to the accuracy or completeness of the information contained herein.

Some of the information in this presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of The Company. These forward-looking statements include all matters that are not historical facts. The inclusion of such forward-looking information shall not be regarded as a representation by the Company or any other person that the objectives or plans of the Company will be achieved. Future events are subject to various risks which cannot be accurately predicted, forecasted or assessed. No assurance can be given that future events will occur or that the company's assumptions are correct. Actual results may differ materially from those projected and past performance is not indicative of future results. The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. Accordingly all potential recipients are expected to conduct their own due diligence on the information provided.

These materials are confidential and are being submitted to selected recipients only for the purpose described above. They may not be taken away, reproduced (in whole or in part), distributed or transmitted to any other person without the prior written consent of the Company. These materials are not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation and must not be acted on or relied on by persons who are not relevant persons. If this presentation has been received in error it must be returned immediately to the Company.

# Attendees



## **Abdallah Massaad**

Group Chief Executive Officer

Abdallah Massaad is Group CEO of RAK Ceramics and has more than 25 years experience in ceramics manufacturing, sales management, product marketing and business leadership. Prior to RAK Ceramics, Mr. Massaad was General Manager of ICC SARL, Lebanon.

Mr. Massaad holds post graduate qualifications in Management (DEA in Business Administration) and an undergraduate degree (Maitrise in Business Administration - Marketing) from Université Saint-Esprit de Kaslik, Lebanon.



## **PK Chand**

Group Chief Financial Officer

Pramod Kumar Chand is Group CFO of RAK Ceramics. Mr. Chand has wide experience in dealing with corporate finance matters including treasury and working capital financing, project finance, venture capital, debt and equity capital market instruments, fund raising processes and general management.

Mr. Chand is a Member of the Institute of Chartered Accountants of India (CA) and has been a rank holder and winner of the A F Ferguson award.

# Company in Brief



# RAK Ceramics at a glance

Leading lifestyle brand offering premium ceramic solutions

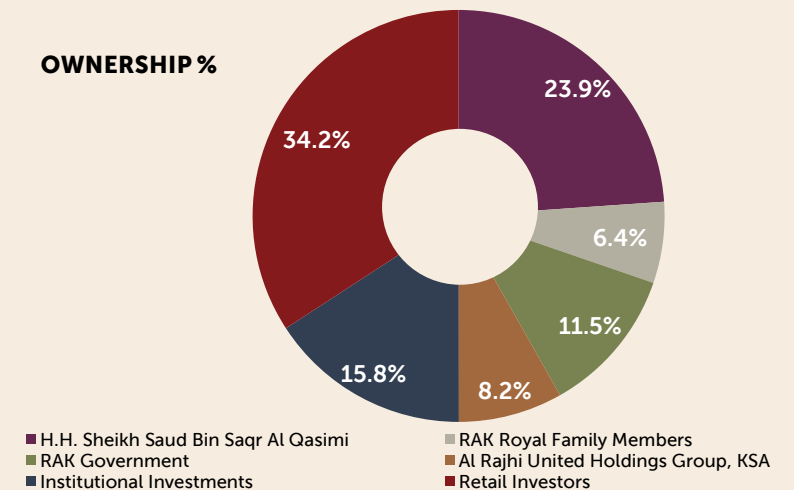
+30 YEARS  
Ceramic expertise

~13,000  
Global workforce

~US\$800M  
Market cap.

~US\$1.0BN  
Annual group turnover

## OWNERSHIP %



# 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  
Joint Venture with KLUDI Group was established



2010  
Became the world's largest ceramics manufacturer



2010-PRESENT

## ENHANCEMENT

2014  
Samena Capital acquired 31% stake in RAK Ceramics



2015  
Launched region's largest super-sized slab manufactured

2016  
Launch of new brand identity



2021  
Samena Capital exited

2022  
Launch Elie Saab & UAE Ecommerce

2022  
Acquired 100% KLUDI Group

2022  
RAK Porcelain Minority Buy-out

# Product offering

## TILES

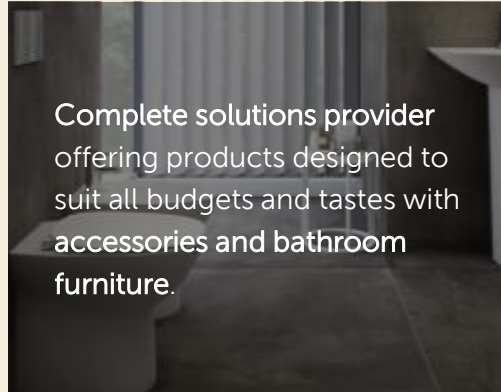
We offer **one of the largest collection** of ceramic wall and floor tiles, gres porcelain and super-sized slabs in the industry. Our tiles are **luxury design and quality** available at a **lower price point** than industry standard.



## SANITARYWARE



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



## 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.





# Manufacturing footprint

## GLOBAL PRODUCTION

### 24 plants worldwide

- 15 Tiles Plants in UAE (10), India (3), Bangladesh (1) and Iran (1).
- 4 Sanitaryware Plants in UAE (2), India (1), and Bangladesh (1)
- Tableware - UAE (1),
- Faucets – Germany (1), Austria (1), Hungary (1) and UAE (1)

118<sub>MN</sub>

Square metres of tiles

5<sub>MN</sub>

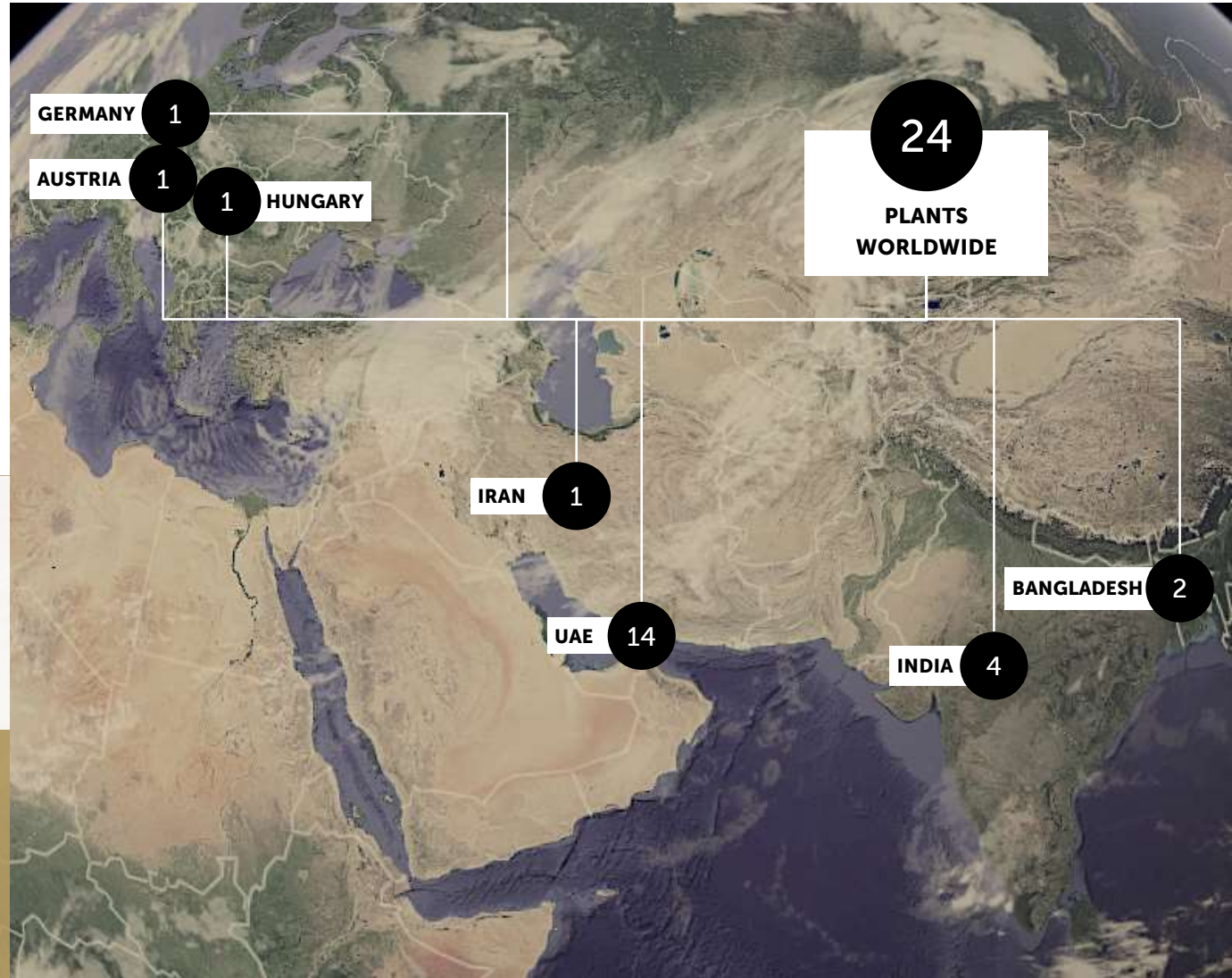
Pieces of sanitaryware

24<sub>MN</sub>

Pieces of tableware

2<sub>MN</sub>

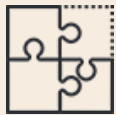
Pieces of faucets and taps





# Vision and key strengths

To become the world's leading ceramic lifestyle solution provider



## LIFESTYLE BRAND

We are globally recognized ceramics lifestyle solutions provider.



## INNOVATION

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



## HIGH-END QUALITY

We are known for our wide product range and our ability to produce premium quality products at a value price point.



## SUSTAINABILITY

We operate in harmony with our local communities embracing safe and ethical work and aiming for a positive contribution to our environment.

# Business Strategy Update

# 2022 Key strategic updates

## KLUDI Group 100% Acquisition

KLUDI Group's consolidation with the financial statements of RAK Ceramics PJSC was made with effect from 1<sup>st</sup> of June 2022.

RAK Ceramics has initiated a value creation plan that prioritizes a turn-around strategy and capitalizes on synergies.

The progress of the plan's implementation is being carefully monitored and the impact can be expected to reflect starting of 2024.



## RAK Porcelain Minority Buy-out

RAK Ceramics increased its ownership in RAK Porcelain, the company's tableware division, to 92% by acquiring a total of 42% stake in 2022 through an all-cash proposal offered to minority shareholders.

RAK Porcelain acquired 9% minority position in its subsidiary, RAK Porcelain Europe S.A., reaching a 100% stake.



## Greenfield Expansion in Bangladesh

Greenfield expansion in Bangladesh is expected to add Tiles capacity of 4.8m sqm and Faucets plant for 400k pcs.

Land acquisition, title ownership and registration process completed along with obtaining NOC and approvals from Municipal bodies.

In parallel, team is working on shortlisting consultant for designing layout of faucets factory & premises.



## Land Allocation in Saudi Arabia

RAK Ceramics has filed an application with Marafiq to support with transfer of previously obtained Gas allocation approval from KAEC to Yanbu.

RAK Ceramics' technical team is working jointly with local consultants to prepare the factory layout plan and seek environmental clearances and approvals in parallel.





# 2022 Key Market Updates

## United Arab Emirates

Strong performance bolstered by solid market fundamentals; showroom refurbishments, promotional discounts and international fairs participation increased further brand visibility and strengthened positioning in 2022.

E-commerce continued picking up following increased marketing efforts.

## Saudi Arabia

Performance was marginally improved accounting for the full year impact of the custom duty and given rising local competition and price wars. Top-line growth remained strong driven by retail and project business, where focus remains, with further retail expansionary plans and increased efforts on securing mega-projects.

## India

Strong performance supported by expanding dealer's network and retail footprint with the opening of a 5 new showrooms in 2022.

Performance remained solid following growth in top-line and improved efficiencies, hindered however by rising energy costs and currency devaluation.

## Bangladesh

Macroeconomic conditions weighed heavily on performance in 2022; currency devaluation halted top-line growth and gas supply shortages caused production disruption till the 7<sup>th</sup> of December.

Effective February, energy price will increase by >150%; management closely monitoring situation.

## Europe

Slowdown in economic activity reflecting growth on in 2022; pressure on performance has been reduced following exchange rate correction and freight rate drops.

Focus is to strengthen brand visibility, to accelerate project strategy and to expand e-commerce segment.

## Tableware

Robust growth in top-line on the back of strong demand, mostly from regional markets, and differentiated offering. Performance remained solid despite impact of rising input costs; further improvement is estimated given drop in transportation costs and currency correction.

Focus is to strengthen brand presence and invest in innovation and design.

## Faucets

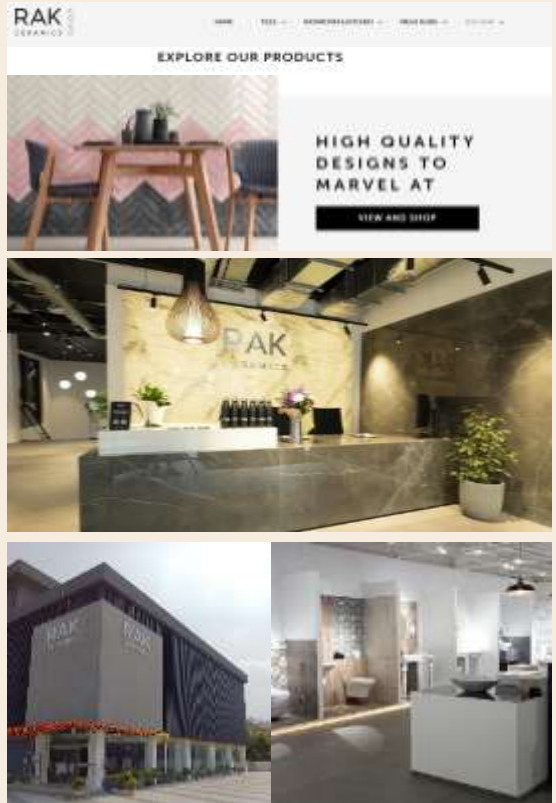
Drop in demand in Europe as a result of geopolitical and economic challenges; performance was highly impacted during the year following higher input and energy costs.

Management launched a turn-around strategy for KLUDI with a clear value creation plan; impact to be felt starting 2024.

# 2022 Key marketing updates

Presence and Footprint

- **E-commerce platform** for the UAE market in **January 2022**; roll-out to gradually include further business lines and focus markets
- **RAK Ceramics Design Hub** in **May 2022**, the first global design hub in London's design quarter for architects, project designers and developers
- **9 New Showrooms** opened in **2022** adding to total of **32 showrooms** (UAE 10), KSA (5), India (11), Bangladesh (1), UK (2), Italy (1) and Germany (2)



Events and Exhibitions

- **Salone del Mobile Milano** in **June 2022**, exhibition for international furniture and design industries
- **CERSAIE** in **September 2022**, international exhibition of ceramic tile and bathroom furnishings
- **Downtown Design** in **November 2022**, being the commercial highlight of Dubai Design week, attracting leading designers from Middle East, Africa and South Asia



2022 awards

Best Marking & brand awareness strategy



B-Materia Winner - Archiproducts Design Awards 2022



Ceramics and Tiles Brand of the Year - 2022 Design Middle East Awards



Best CX Leadership Award – SAP



GCC Best Employer Brand of the Year



# Closer look... KLUDI Group acquisition

## MANAGEMENT COMMENTS

The acquisition of KLUDI Group by RAK Ceramics is a strategic move that presents an opportunity for RAK Ceramics to lead expansion and fortify its core businesses in European markets. The addition of KLUDI's brand is expected to complement RAK Ceramics' existing suite of products and enhance its offering in the sanitaryware and faucet business. This will strengthen RAK Ceramics' position internationally as a leading provider of ceramic lifestyle solutions.

To support KLUDI's growth strategy, RAK Ceramics plans to leverage its global presence and expand the brand's reach beyond Europe, while preserving its unique identity. Following the transaction's completion, management has launched an integration process aimed at unlocking synergies and ensuring a seamless transition while mitigating integration risks.

Overall, RAK Ceramics' acquisition of KLUDI Group represents a significant opportunity to expand its business and enhance its positioning in the global market.

## Strategic initiatives outlining the integration process

Strengthen sales by cross-selling and leveraging on existing channels

Optimize brand portfolio and maximize value

Rationalize footprint to improve operational efficiencies

Upgrade existing facilities and invest in modern technologies

Launch new products complementary to existing offering

Align team and culture with group strategy while preserving brand identity

Incorporate smart engineering solutions driving further sustainability

KLUDI 



# Revisiting RAK Porcelain acquisition

## MANAGEMENT COMMENTS

RAK Ceramics successfully closed acquisition of 42% stake in RAK Porcelain in 2022, bringing its total holdings to 92%.

Additionally, RAK Porcelain attained full ownership of its subsidiary, RAK Porcelain Europe S.A., by acquiring the remaining 9% minority position.

This move is in line with RAK Ceramics' priorities to strengthen its tableware business and finance its growth strategy. RAK Porcelain is committed to surpassing pre-pandemic levels by expanding its sales outreach, increasing its manufacturing capacity, and growing its product offering.

With these developments, RAK Ceramics and RAK Porcelain are well-positioned to further strengthen their reach in the tableware industry and drive growth in the years ahead.



## Strategic direction behind minority stake buy-out

Unlock brand value and support fast-growing core business with untapped potential

Sustain and drive top-line growth by funding production expansionary projects

Enhance governance given now-consolidated shareholder base

Leverage on current market conditions and macroeconomics

Expand product portfolio and sales channels building on RAK Ceramics existing foundations

Align and unify shareholder aspiration on growth potential

# 2022 Key sustainability updates

## Introducing Online Mosaic Process

Online mosaic production system enabling the efficient production of mosaic tiles using less energy and less manpower

## Recycling Rejected Tiles

Recycling equipment, allowing for the 100% reuse of fine powder generated by broken or wasted-fired porcelain tiles as input, with a capacity of up to 50,000 metric tons of powder per year

## Upgrading Design Scanning Solutions

Design development scanner, allowing for optimized production and elevated design capabilities with its enhanced scanner format and higher optical resolution

## Enhancing glazing system

Digital glazing system that fully automates glaze levels, allowing for 30-45% reduction in glaze waste by eliminating shade variation caused by glaze weight variation

## Introducing E-bikes

70 e-bikes across UAE manufacturing facilities, allowing for a reduced emission, noise pollution and environmental impact



Online Mosaic Tile Project



Fired Tile Crusher Plant



Electronic Vehicle Initiative

# 2022 Key challenges

Critical Parameters	Key Challenges	Our Action
High Inflation	<b>High inflation</b> , seen today no longer accelerating, sparked <b>interest rate hikes</b> from central banks in effort of taming inflation	<ul style="list-style-type: none"> <li>• Translate increase in incurred costs onto selling prices while remaining in line with the market</li> <li>• Closely monitor and manage Cash Flows focusing on optimizing debt position and reducing time on idle cash</li> </ul>
Energy Crisis	Vulnerable supply coupled with an on-going Russia-Ukraine conflict resulted in an <b>increase in energy prices</b> , however seen most recently to be off their peaks	<ul style="list-style-type: none"> <li>• Maintain renegotiated formula with local UAE suppliers</li> <li>• Absorb increase in energy costs across India &amp; Bangladesh, translating increase onto pricing in-line with competition</li> <li>• Optimize production footprint, efficiencies &amp; utilization</li> </ul>
Recessionary Fears	<b>Devaluating currencies</b> , given increased uncertainty and raised worry of a global recession; correction for GBP & EUR has been felt most recently	<ul style="list-style-type: none"> <li>• Opt for natural currency hedging techniques to limit working capital exposure</li> <li>• Focus on diversified revenue streams geographically to minimize bottom line effect</li> </ul>
Supply Chain Challenges	<b>Freight rates</b> , heightened previously following supply chain dislocation, are on a sharp downward trend	<ul style="list-style-type: none"> <li>• Easing on the bottom-line has been recorded given reduced transportation costs; full impact to be materialized in 2023</li> </ul>
Trade Challenges	<b>Custom Duty in Saudi Arabia</b> on imports from the UAE burdening distributors	<ul style="list-style-type: none"> <li>• Continued effort to comply with local laws to avail custom duty exemptions</li> </ul>



# 2023 Priorities

## **Protect Market Share**

Maintain healthy competition across all core markets and segments albeit increased challenges

## **Production Capabilities Growth**

Rationalize footprint and increase capacity across all core businesses via plant additions, enhancements in addition to greenfield

## **Operational Diversification**

Explore and diversify into new markets in terms of sales, sourcing and potentially manufacturing

## **Digital Acceleration**

Improve operating model practicing agility and digitization to enable enhanced analytics and data-driven decision-making capabilities

## **B2C, D2C & Retail Expansion**

Focus on strengthening retail presence in focus markets via opening new showrooms, refurbishing existing outlets, and rolling out e-commerce into additional markets

## **KLUDI Turn-around**

Transform KLUDI into a global high-end faucet brand, complementing RAK Ceramics sanitaryware offering, and build-on identified synergies and integration plan to improve performance

## **Business, Operations & Risk management**

Optimize operations enhancing efficiencies and mitigate actively rising risks improving bottom-line performance across all subsidiaries

## **Sustainability stimulation**

Define and implement a sustainability strategy incorporating ESG initiatives into RAK Ceramics identity and across all operations



# Stock Profile

# RAK Ceramics Share Price Movement

## RAK CERAMICS (RAKCEC) SHARE PRICE PERFORMANCE (AED)



## CURRENT VALUATION (AED M)

	21/02/2023	31/12/2021
	Amount	Amount
Share price	2.96	2.85
Number of shares (in Mn)	994	994
<b>Market Cap</b>	<b>2,942</b>	2,832
Net debt	<b>1,301*</b>	971
Minorities	<b>133</b>	227
<b>Enterprise Value</b>	<b>4,376</b>	4,030

\*Net debt and minorities as of 31<sup>st</sup> December 2022

## LTM TRADING MULTIPLES

As of 21 <sup>st</sup> February 2023	Multiple
EV / Sales	1.2x
EV / EBITDA	7.4x
P / E	9.35x
P / B	1.3x

# Dividend update

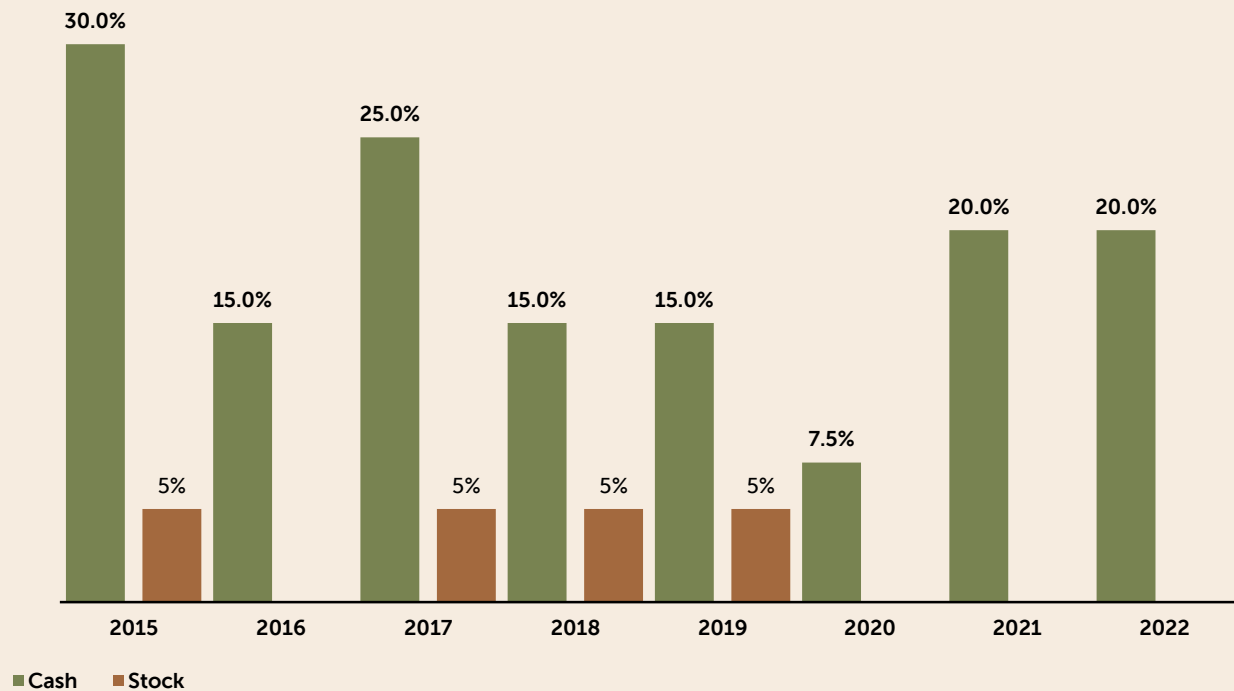
## MANAGEMENT COMMENTS

RAK Ceramics is committed to returning capital to shareholders via a sustainable dividend policy, aiming at a minimum payout of 20 fils on a semi-annual basis for FY 2022 subject to consideration of factors such as business outlook, capital requirement for growth opportunities, expansion plans, optimal leverage levels and healthy cash reserves in addition to regulatory approvals. To further enhance the visibility to the shareholders, RAK Ceramics commits to pay a minimum dividend of 60 fils over the next 3 years (i.e. 2022-2024)

In-line with its dividend policy commitment, the Board proposed to distribute semi-annual cash dividend of 10 fils per share for second half of 2022 (AED 99.4million).

This follows a previously approved and distributed semi-annual cash dividend of 10 fils per share, representing AED 99.4m, for H1 2022.

## HISTORICAL ANNUAL DIVIDEND PAID (%)







# Financial Highlights

# 2022 Financial performance snapshot

Record-high full year performance for 2022 despite challenging economic environment, successfully achieved on the back of **growth across all core businesses** and translating into an **all-time high net profit**.

**Total revenue** increased by +22.9% YoY to AED 3.52bn in 2022 versus AED 2.86bn in 2021 driven by increase in Tiles (+11.0%), Sanitaryware (+4.1%), Tableware (+38.9%) and following faucets consolidation (+ AED 276.5m)

AED 3.52BN

**Total gross profit margin** remained stable YoY at 36.1% despite full year impact of KSA customs duty and increase incurred in input prices

36.1%

**Total EBITDA** increased to AED 577.2m in 2022 compared to 501.3m in last year. Margin decreased by -1.1% YoY to 16.4% due to increase in freight costs

AED 577.2M

**Reported net profit** increased to AED 340.1m in 2022, an all-time high versus to AED 283.9m in 2021 albeit recording further finance costs; profit includes one-off gain of AED 30.8m compared to AED 22.9m in last year. NP Margin is 9.7% compared to 9.9% in last year

AED 340.1M

**Net profit after minority** increased to AED 302.8m compared to AED 246.5m in last year (addition of AED 14.5m from RAK Porcelain minority acquisitions). Margin is stable YoY at 8.6% in 2022

AED 302.8M

**Like for Like Net profit\*** increased to AED 315.5m in 2022 compared to AED 265.3m in last year following increase in revenue. Margin is 9.0% compared to 9.3% in last year

AED 315.5M

\*Like for Like net profit working is given in Slide # 35

# Revenue Highlights FY 2022

## MANAGEMENT COMMENTS

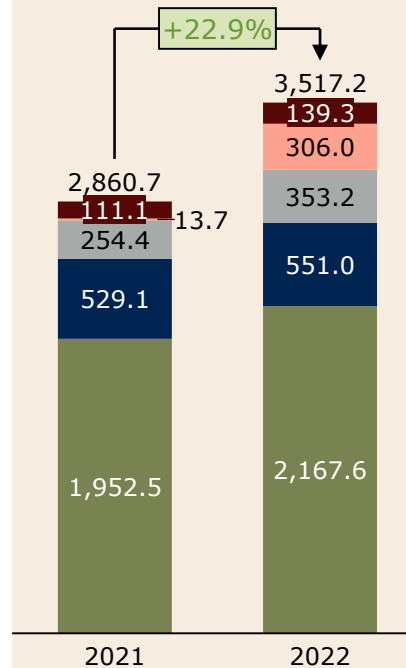
Total revenue in 2022 increased by +22.9% YoY to AED 3.52bn – highest level since 2009 (AED 3.77bn including revenue of AED 1.35bn from non-core business) – driven by Tiles (+11.0%), Sanitaryware (+4.1%) and Tableware (+38.9%) YoY. On constant currency of last year, revenue is higher by +28.1%.

Tiles revenue is higher by +11.0% YoY at AED 2.17bn and Sanitaryware revenue is higher by +4.1% YoY at AED 551.0m driven by increase in selling price and robust economic growth across the GCC. Tableware revenue increased by +38.9% YoY to AED 353.2m following a post-pandemic economic recovery boosting volumes and an increase in selling price. Faucets revenue is AED 306.0m out of which KLUDI revenue amounted to AED276.5m following consolidation in June 2022.

Revenue from other units increased by +25.4% YoY to AED 139.2m driven mainly by our ceramic raw material trading business.

## TOTAL REVENUE (AEDM)

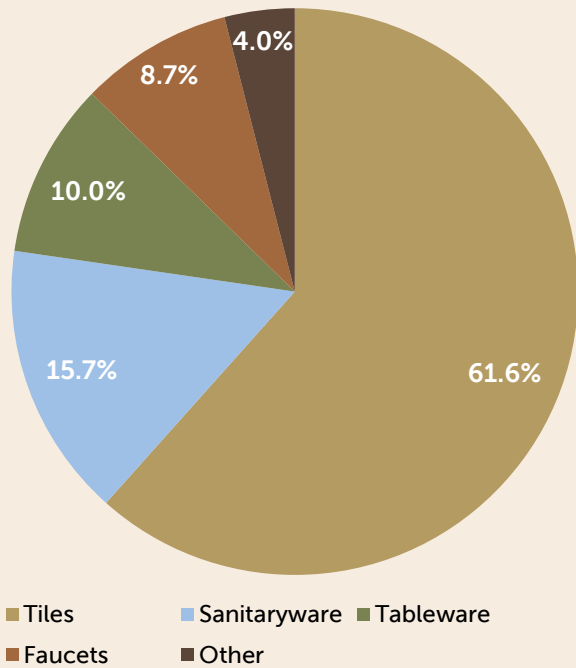
■ Tiles    ■ TW    ■ Others  
■ SW    ■ Faucets



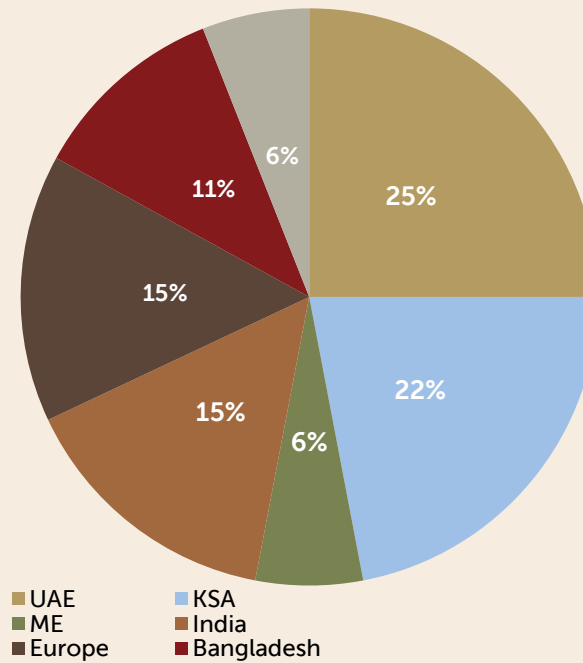
	YEARLY COMPARISON		
	2021	2022	
	Amount	Amount	YoY Growth
<b>United Arab Emirates</b>	558.1	668.1	19.7%
<b>Kingdom of Saudi Arabia</b>	537.5	586.1	9.0%
<b>Middle East (Ex. UAE &amp; KSA)</b>	125.5	153.3	22.2%
<b>India</b>	389.0	400.4	2.9%
<b>Europe</b>	395.0	408.7	3.5%
<b>Bangladesh</b>	295.6	292.0	-1.2%
<b>Africa</b>	107.8	122.5	13.6%
<b>Rest of the world</b>	73.1	87.5	19.6%
<b>Tiles and SW revenue</b>	<b>2,481.5</b>	<b>2,718.6</b>	9.6%
<b>Tableware revenue</b>	<b>254.4</b>	<b>353.2</b>	38.9%
<b>Faucets</b>	<b>13.7</b>	<b>306.0</b>	NM
<b>Others revenue</b>	<b>111.1</b>	<b>139.2</b>	25.4%
<b>Total Revenue</b>	<b>2,860.7</b>	<b>3,517.2</b>	22.9%

# Revenue performance contribution

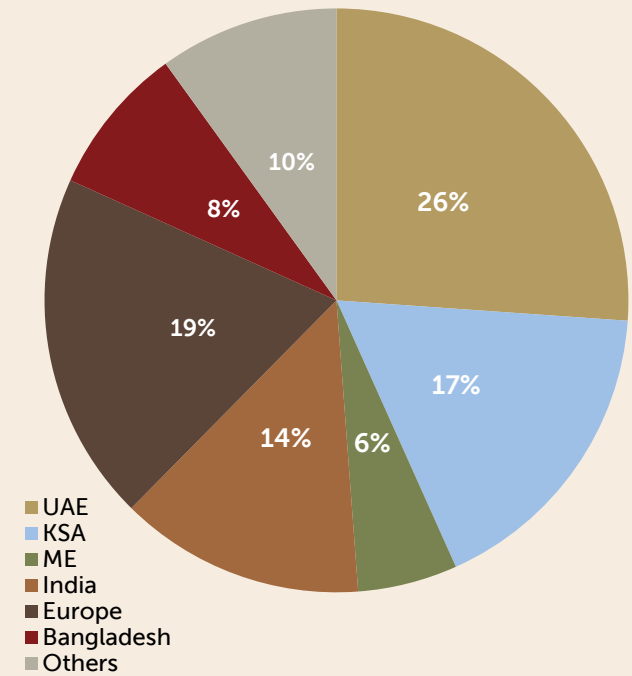
**REVENUE CONTRIBUTION BY SEGMENT  
2022 %**



**TILES & SANITARYWARE REVENUE  
CONTRIBUTION BY REGION 2022 %**



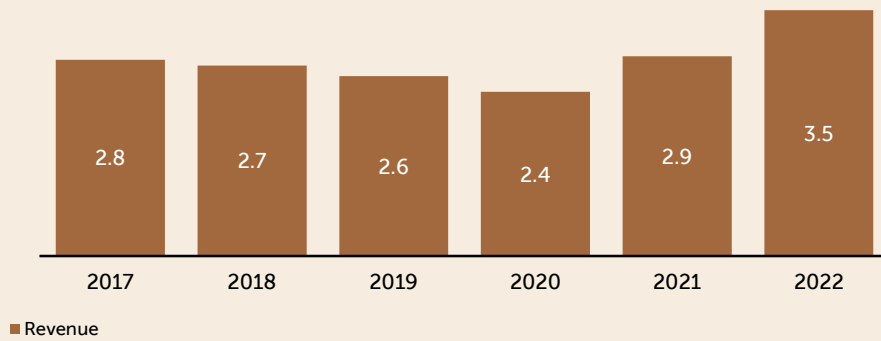
**TOTAL REVENUE CONTRIBUTION BY  
REGION 2022 %**



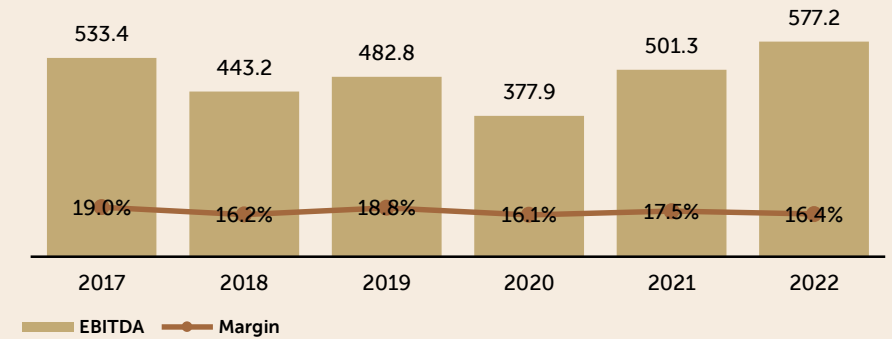


# Financial performance trend

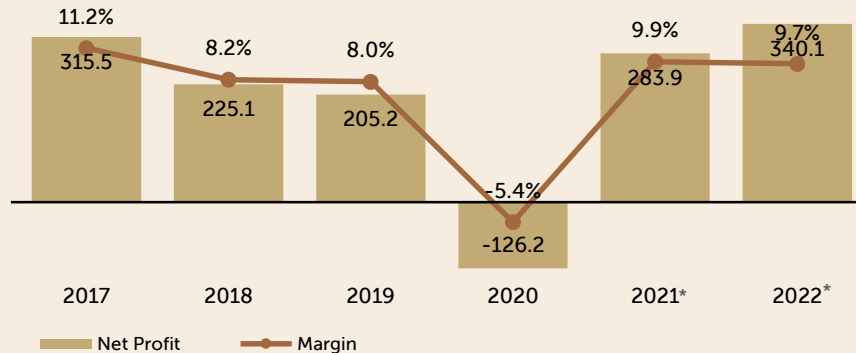
**REVENUE (AED BN)**



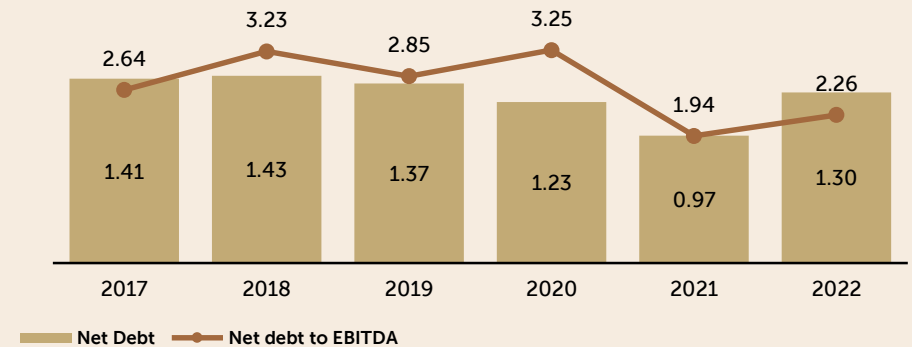
**EBITDA (AED MN) AND MARGIN (%)**



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



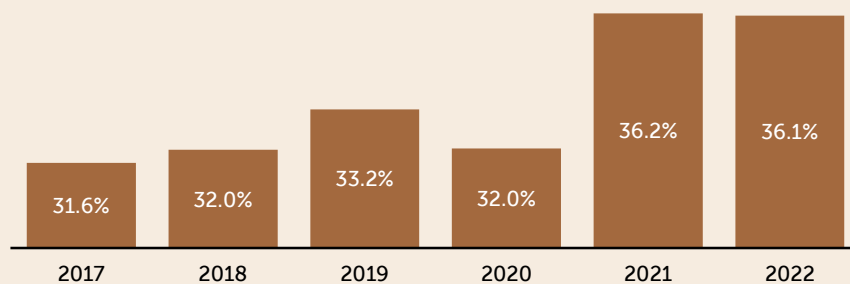
**NET DEBT (AED BN) AND NET DEBT TO EBITDA (X)**



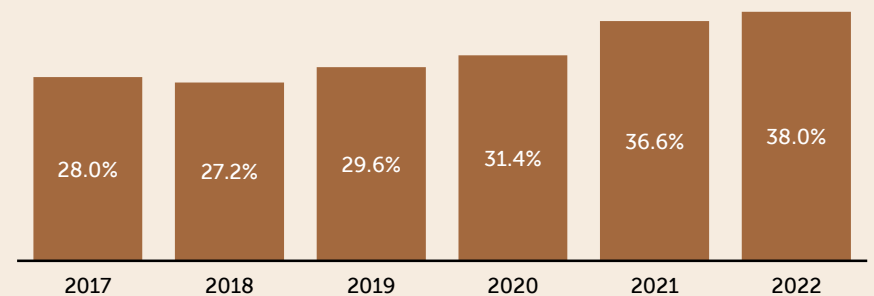
\*Profit includes one-off gains of AED 30.8m for 2022 and AED 22.9m in 2021,.

# Gross Profit Margin trend

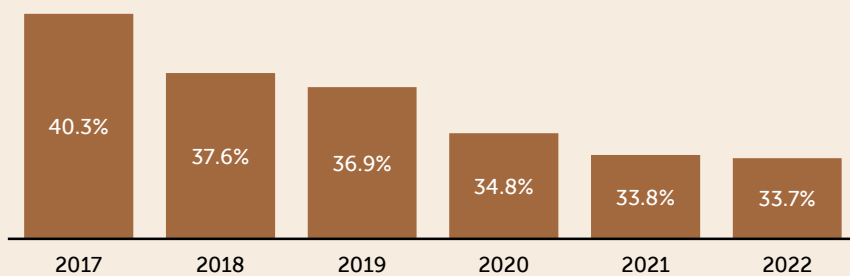
**TOTAL GROSS PROFIT MARGIN (%)**



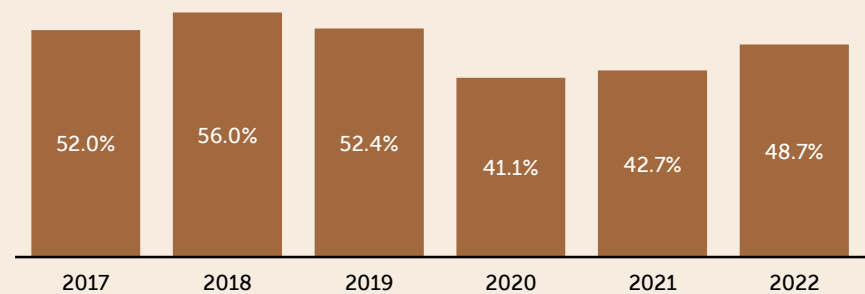
**TILES GROSS PROFIT MARGIN (%)**



**SANITARYWARE GROSS PROFIT MARGIN (%)**



**TABLEWARE GROSS PROFIT MARGIN (%)**

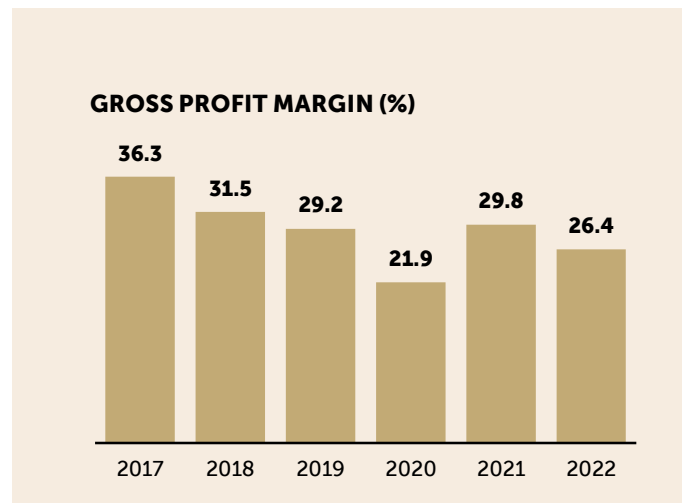
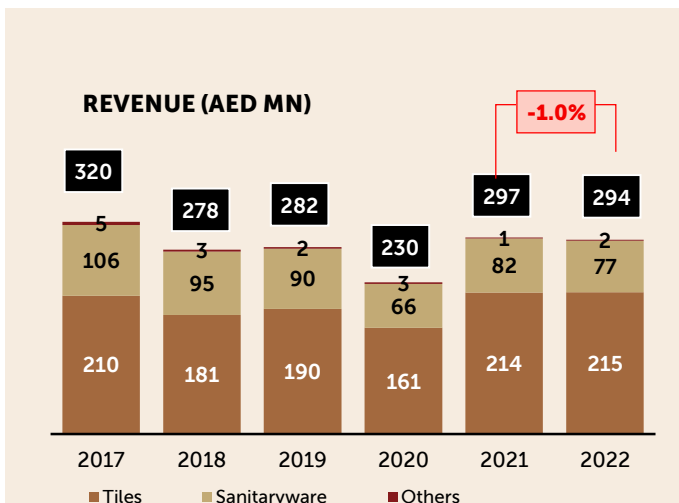


# Closer look... Bangladesh operations

## MANAGEMENT COMMENTS

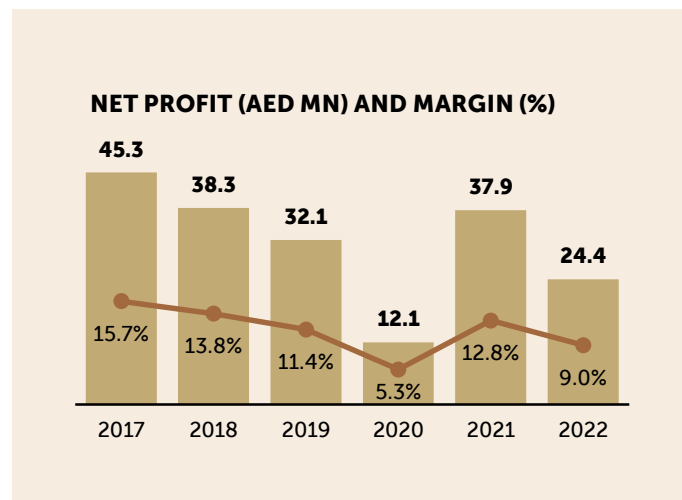
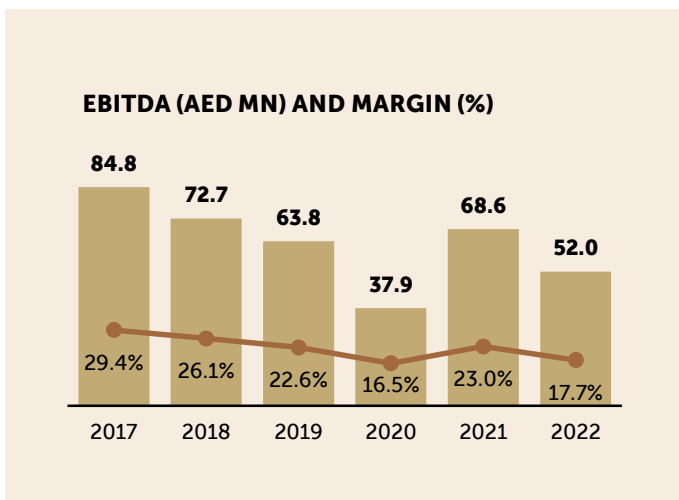
Company demonstrated a minor decrease in 2022 revenue due to currency devaluation and disruption in operations following gas supply shocks. Revenue growth in Local currency is +8.79% YoY. Lower productivity and higher input costs weighed in on margin and realized losses, however performance remained positive given product mix shift, increase in prices and growth in retail footprint.

Share price is stable in last one year at BDT 42.9 with high BDT 54.8 per share in June 2022 and trading with a P/E multiple of 27.3x.



### BANGLADESH

<b>68%</b> Ownership	<b>~\$175M</b> Market Cap (Listed in DSE). As at 21 <sup>st</sup> Feb 23	<b>~21.8%</b> of RAKC Market Cap while revenue contribution is 8.3%
Strengthening the dealers network and improve B2B sales through corporates	Improve Brand position with introduction of new products	<b>27.3x</b> P/E Multiple



# Closer look... Indian operations

## MANAGEMENT COMMENTS

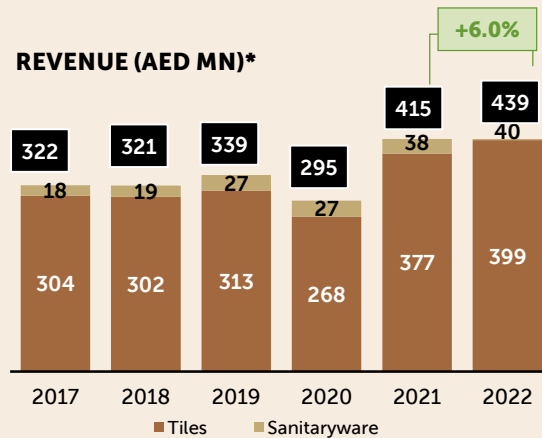
Robust performance on the back of improved top-line, margins hindered however by rising energy costs and currency devaluation. Production efficiency have improved and energy consumption was reduced following installation of energy-saving instruments.

Revenue in 2022 increased by 6.0% year on year, to AED 439m, in Local currency growth is 12.5% YoY supported by expanding dealer's network and retail footprint with the opening of a 5 new showrooms in 2022 and another 5 showrooms to be added in 2023.

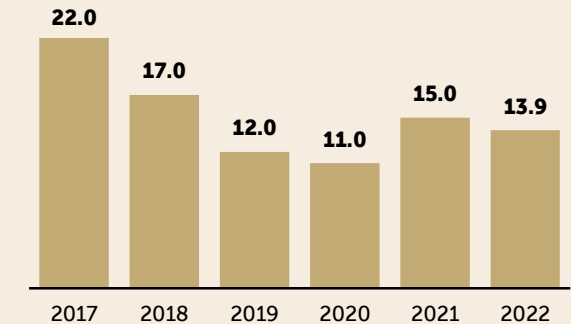
GP margin is lower by 1.1% YoY in 2022 mainly due to increase in energy prices.

Despite increase in energy prices, minor price adjustments were applied across the local ceramics industry; we remain in-line with peers and focused on preserving market share.

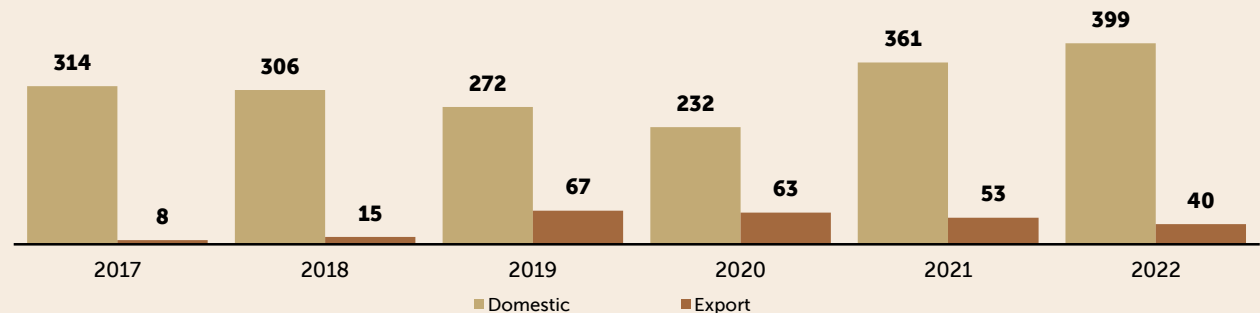
REVENUE (AED MN)\*



GROSS PROFIT MARGIN (%)



DOMESTIC VS. EXPORT REVENUES (AED MN)



\*Including sales to group companies



# Closer look... Tableware operations

## MANAGEMENT COMMENTS

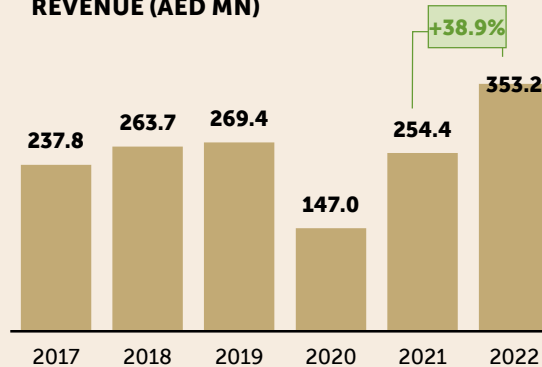
Tableware performance across core markets significantly improved supported by recovery in the hospitality and tourism, the introduction of new range of products and the increase in selling price –reflected to pass on the impact of inflation, high shipping rates and devaluation.

Revenue increased by 38.9% year on year to AED 353.2 million in 2022.

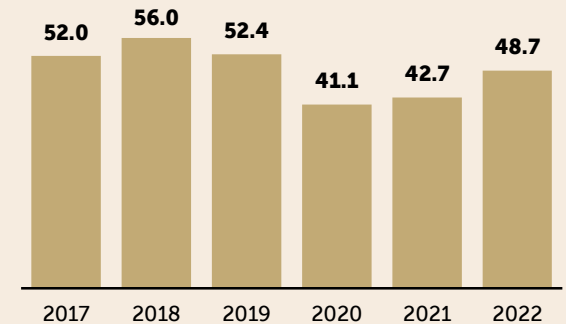
GP margin increased by +600bps year on year to 48.7% in 2022 following top line rebound and increased productivity.

Production has been increased to meet demand; further capacity expansion is in process..

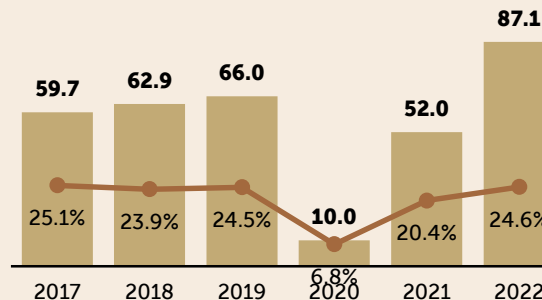
REVENUE (AED MN)



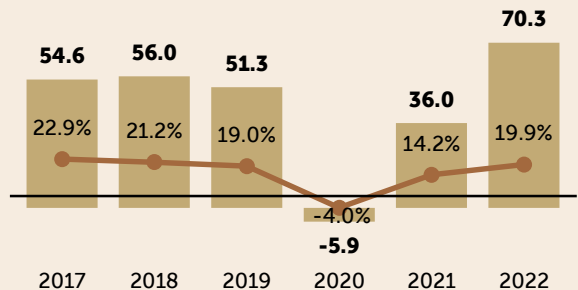
GROSS PROFIT MARGIN (%)



EBITDA (AED MN) AND MARGIN (%)



NET PROFIT (AED MN) AND MARGIN (%)



# Balance Sheet Highlights

## MANAGEMENT COMMENTS

Overall working capital cycle decreased from 175 days in 2021 to 146 days in 2022. In absolute terms, working capital increased by AED 116m YoY to AED 1.41bn in 2022,

Inventory days reduced from 217 days to 197 days YoY

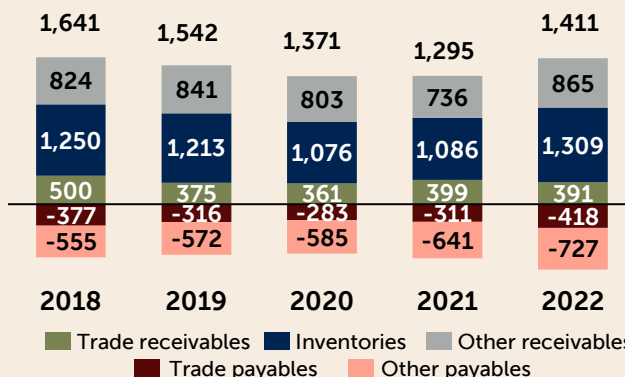
Trade receivable days decreased from 94 days to 84 days YoY.

Trade payable remained stable at 63 days in 2022.

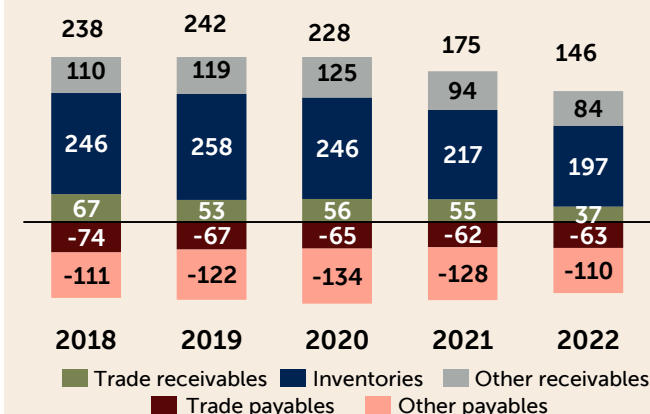
Net Debt to EBITDA increased from 1.94x to 2.26x YoY due to acquisition of Kludi group and 42% minority stake in Porcelain.

Capex guidance for 2023 is AED 300-350m.

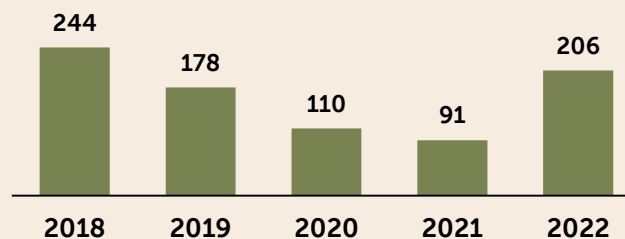
## WORKING CAPITAL (AEDM)



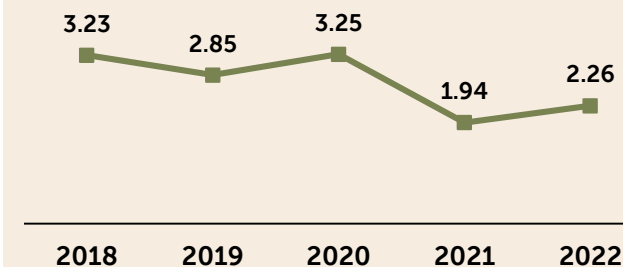
## WORKING CAPITAL CYCLE (LTM DAYS)



## CAPEX (AEDM)



## NET DEBT TO EBITDA (X)



# Appendix

# Tiles & SW Revenues by end market

	TILES			SANITARYWARE (SW)		
	2021	2022		2021	2022	
Amount in AED M	Amount	Amount	Growth YoY	Amount	Amount	Growth YoY
<b>United Arab Emirates</b>	434.2	520.4	19.8%	123.9	147.7	19.2%
<b>Kingdom of Saudi Arabia</b>	525.0	573.1	9.1%	12.5	13.0	4.4%
<b>Middle East</b> (Ex. UAE and KSA)	109.8	133.2	21.3%	15.7	20.1	28.2%
<b>India</b>	359.0	369.6	3.0%	30.0	30.8	2.8%
<b>Europe</b>	164.6	186.3	13.2%	230.4	222.4	-3.5%
<b>Bangladesh</b>	214.0	214.6	0.3%	81.6	77.4	-5.1%
<b>Africa</b>	88.2	101.8	15.5%	19.7	20.7	5.2%
<b>Rest of the world</b>	57.7	68.7	19.0%	15.4	18.8	22.2%
<b>Total</b>	1,952.5	2,167.6	11.0%	529.1	551.0	4.1%

# EBITDA Workings

Amount in AED M
<b>Net profit/(loss) after tax</b>
Tax
Interest- net
Depreciation & amortizations
Gain on KLUDI Group acquisition accounting
Extra-ordinary Impairment provisions on other receivables
Impairment on Investment properties & PPE
Gain on sale of Land in Australia
(Gain)/Loss on sale of assets/CWIP write-off
Loss on de-recognition of excess lease rent recognized in earlier years
Gain on sale of China assets
<b>EBITDA</b>

YEARLY COMPARISON	
2021	2022
Amount	Amount
<b>283.9</b>	<b>340.1</b>
17.0	32.2*
55.8	70.9
167.1	178.5
-	(32.4)
-	27.6
(0.6)	3.8
-	(42.2)
1.1	(1.2)
27.2	-
(50.1)	-
<b>501.3</b>	<b>577.2</b>

\*Includes Capital gain tax of AED 10.2m on sale of land in Australia, .



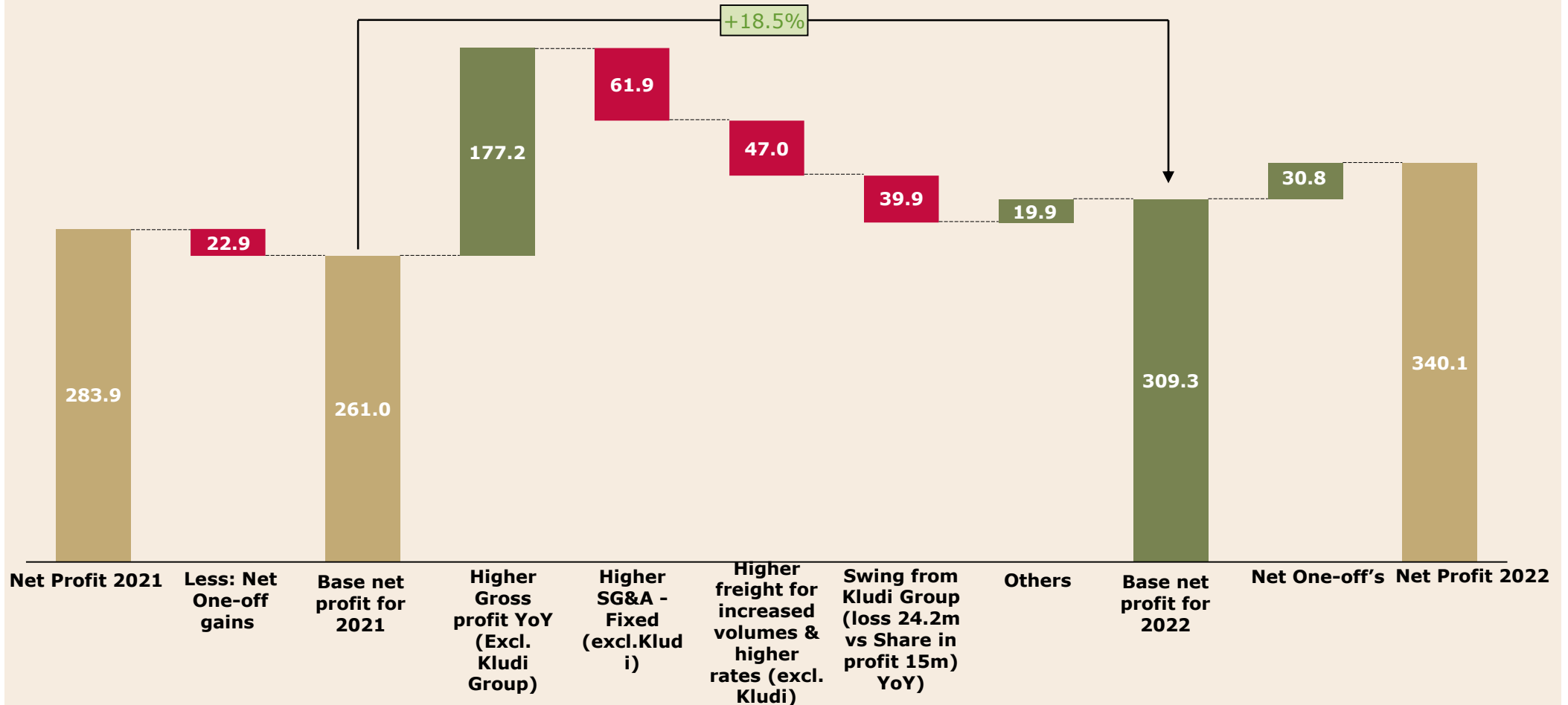
# Like-for-Like Profit Workings

Amount in AED M
<b>Net profit /(loss) after tax</b>
Add: Extra-ordinary impairment provision on other receivables/ stocks
Add: Impairment on Investment properties & PPE
Add: Hyper-inflation impact
Less: Gain on KLUDI Group acquisition accounting
Less: Gain on sale of land in Australia
Add: Capital gain & withholding tax on sale of Land in Australia
Add: Loss on de-recognition of excess lease rent recognized in earlier years
Less: Gain on sale of assets in China
<b>Like for Like Net profit</b>

YEARLY COMPARISON	
2021	2022
<b>283.9</b>	<b>340.1</b>
-	30.0
-	3.8
4.3	6.2
-	(32.4)
-	(42.2)
	10.2
27.2	-
(50.1)	-
<b>265.3</b>	<b>315.5</b>

# Profitability Bridge

2022 vs 2021 Profit Bridge (AEDM)



\* Net one-off's details on Slide # 38

# Net-one off's breakdown

	YEARLY COMPARISON	
	2021	2022
Amount in AED M		
Gain on KLUDI Group acquisition accounting	-	(32.4)
Gain on Sale of land in Australia	-	(42.2)
Gain on sale of assets in China	(50.1)	-
Impairment on Investment properties & PPE	-	3.8
Extra-ordinary impairment provision on other receivables /stocks	-	30.0
Capital gain & withholding tax on sale of Land in Australia	-	10.2
Loss on de-recognition of excess lease rent recognized in earlier years	27.2	-
<b>Total</b>	<b>22.9</b>	<b>30.8</b>

# Thank you

**RAK**  
CERAMICS

---

**CONTACT US**

If you have any questions or require further information, please visit [corporate.rakceramics.com](https://corporate.rakceramics.com) or contact Investor Relations team at [ir@rakceramics.com](mailto:ir@rakceramics.com)