



Condensed Consolidated
Interim Financial Information

31 March 2018

RAK Ceramics PJSC and its Subsidiaries

Condensed consolidated interim financial information
31 March 2018

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Report of the Board of Directors

On financial performance during the three month period ending 31 March 2018

09 May 2018

Dear Members,

It is our pleasure to present the business & operations report for the three month period, ending 31 March 2018, along with the Condensed Consolidated Interim Financial Information for the same period. The results for the period continued to enhance the core business while the company reported stable year on year performance.

We have completed acquisition of further stake of 30% in the distribution entity in KSA enhancing our control on Saudi operations. We have also completed sale of rough grading equipment in one of the contracting subsidiary of the group in continuation of downsizing the non-core business. We have successfully implemented VAT in the UAE & KSA with filing all monthly returns on time.

Financial & Operating Results

The group revenue amounted to AED 661.8 million for the period, down by 2.8% due to lower non-core revenue. The core revenues increased by 1.0% to AED 626.8 million compared to the first quarter of 2017. Core revenue grew, year on year, driven by strong sales in the UAE, KSA, India and Bangladesh.

Reported net profit is increased by 1.5% to AED 65.4 million compared to first quarter of the last year. Core EBITDA increased by 3.0% to AED 99.3 million compared to Q1 2017 with margins of 15.8% and core gross profit margin remained stable at 32.0%, owing to improvement in operational efficiencies backed by value creation plan, despite an increase in raw material costs and natural gas prices. The tableware business performed well with gross margins increasing due to a change in the product mix.

Financial highlights for the three month period ending 31 March 2018

Particulars	Unit	YTD March 2018	YTD March 2017	Change
Total Revenue	AED Mio	661.8	681.1	-2.8%
Gross Profit	AED Mio	210.8	215.7	-2.3%
GP Margin	%	31.8%	31.7%	16bps
EBITDA	AED Mio	110.9	114.8	-3.4%
EBITDA Margin	%	16.8%	16.9%	-
Reported Net Income	AED Mio	65.4	64.5	1.5%
Reported Net Income margin	%	9.9%	9.5%	40bps

Particulars	Unit	YTD March 2018	YTD March 2017	Change
Net income before one-off, provisions & strategic gains	AED Mio	49.9	51.1	-2.4%
Net income margin before one-off, provisions & strategic gains	%	7.5%	7.5%	-
Reported Profit after NCI (Minority)	AED Mio	56.0	55.0	1.9%
Reported Earnings per share	AED	0.06	0.06	-
		31 March 2018	31 December 2017	Change
Total Assets	AED Mio	5,590.1	5,800.9	-3.6%
Share Capital	AED Mio	901.3	858.4	5%
Shareholders' Equity	AED Mio	2,599.3	2,850.9	-8.8%
Net Debt	AED Mio	1,555.0	1,407.9	10.4%
Net Debt / EBITDA	Times	2.94	2.64	0.3
Cost of Debt	%	3.59%	3.15%	44bps

Corporate Social Responsibility, Exhibitions, Awards & Other Activities

Awards

The Company received

- Rebrand 100 Award

The CEO received

- Visionary CEO Award for Manufacturing Leadership from Frost & Sullivan
- CEO Today – Middle East Award from CEO Today Magazine
- Game Changer Award from Finance Monthly

Corporate Social Responsibility

- Participation in Terry Fox Run, RAK
- Participation in Earth Hour
- Participation in 'Beach Clean Up' campaign
- Donations to charity & sports clubs

Exhibitions

- Participation in KBB 2018 - Kitchen and Bathrooms

Future Outlook

Looking ahead to 2018, there are a number of external factors that might affect our business with increased competition, gas and oil price volatility and geo-political headwinds. However, we see that GDP is growing in all of our core markets and the UAE and KSA have higher government infrastructure budgets this year giving positive trends for growth.

Financial Reporting

Consolidated Financial Statements of the Company, prepared in accordance with International Financial Reporting Standards (IFRSs), fairly present 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 & continuous support in achieving the company's objectives.



Chairman



Director

09 MAY 2018



Chief Executive Officer