



Condensed Consolidated  
Interim Financial Information

*30 June 2020*

# **RAK Ceramics PJSC and its Subsidiaries**

Condensed consolidated interim financial information  
*30 June 2020*

## ***Table of contents***

---

### **Section A:**

1. Report of the Board of Directors

### **Section B:**

1. Independent auditors' report on review of Condensed Consolidated Interim Financial Information.
2. Condensed Consolidated Interim Financial Information.

on financial performance during the six months period ending 30 June 2020  
10 August 2020

---

**Dear Members,**

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

Amid COVID 19 pandemic, the total revenue decreased by 20.6% year on year to AED 1,004.1 million due to national lockdowns in India, Bangladesh and Europe. The decrease in revenue and the shutdown costs impacted gross profit margins and the bottom line to remain positive at AED 10.5 million. Total EBITDA remained positive at AED 135.7 million.

### **COVID-19 impact on revenue**

RAK Ceramics' revenue in all markets except Saudi Arabia was negatively impacted due to COVID-19 in the second quarter of 2020. There was a decrease in revenue in April and May as the business began to feel the impact of lockdowns and reduced demand in the construction, hospitality and airline industries. The decrease in revenue had an impact on the bottom line and there is reported net loss of AED 11.6 million, after minority, for the second quarter of 2020. The decrease in revenue also had an impact on gross profit margins, due to AED 25 million of unabsorbed fixed costs driven by the temporary shutdown of production plants. However, as economies began to reopen in June, revenues have started to recover and the company saw a surge in demand from Saudi Arabia and Bangladesh.

### **Early signs of recovery across global operations**

RAK Ceramics' implementation of operational measures to mitigate the impact of COVID-19 has resulted in early signs of recovery from June 2020 onwards across the business. Production has restarted in Bangladesh and India in June and July in phases; however, the tableware business has been severely impacted due to the slowdown in the hospitality and airline industries and is currently operating at 65% capacity. In the UAE, production lines were optimised to meet demand. From July, UAE production began running at optimal capacity due to an increase in demand from Saudi Arabia.

### **Growth in Saudi Arabia**

The imposition of anti-dumping duties on tiles imported from India and China and the reopening of Saudi borders in June supported increased demand for RAK Ceramics products. The company was able to successfully meet demand by scaling up the production in the UAE and transporting products across the borders.

## Financial highlights for the six months period ending 30 June 2020

Particulars	Unit	30 June 2020	30 June 2019	Change
Total Revenue	AED Mio	1,004.1	1,265.3	-20.6%
Gross Profit	AED Mio	311.0	417.9	-25.6%
GP Margin	%	31.0%	33.0%	-200bps
EBITDA	AED Mio	135.7	239.7	-43.4%
EBITDA Margin	%	13.5%	18.9%	-540bps
Reported Net Income	AED Mio	10.5	110.3	-90.5%
Reported Net Income margin	%	1.0%	8.7%	-770bps
Net income before one-off, provisions & strategic gains	AED Mio	22.6	90.4	-75%
Net income margin before one-off, provisions & strategic gains	%	2.2%	7.1%	-490bps
Reported Profit after NCI (Minority)	AED Mio	14.1	90.2	-84.4%
Reported Earnings per share	AED	0.01	0.09	-
		<b>as at 30 June 2020</b>	<b>as at 31 December 2019</b>	<b>Change</b>
Total Assets	AED Mio	5,558.9	5,486.8	1.3%
Share Capital	AED Mio	993.7	946.4	5%
Shareholder's Equity	AED Mio	2,241.7	2,426.3	-7.6%
Net Debt	AED Mio	1,468.1	1,374.3	6.8%
Net Debt / EBITDA	Times	3.9	2.9	-
Cost of Debt	%	3.3%	4.2%	-90bps

### CSR activities, exhibitions, sponsorships and awards

During the six 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.

### Future Outlook

In the month of June 2020, we began to see signs of recovery in revenue as borders opened and economies restarted. The business in Saudi Arabia contributed to overall revenue recovery, as the implementation of anti-dumping duties on tiles from India and China led to an increase in demand for our products. In Europe, revenue improved month by month despite continued lockdowns in the UK and Italy. Looking ahead, the priority will be to continue to manage the impact of COVID-19 by protecting the market share in the UAE, Bangladesh and in India, driving growth in Saudi Arabia, and investing in the brand.

### New members on the Board of Directors

Members of the Board welcome Mr. Yousef Ali and Mr. Khalid Al Eisiri who have been appointed as members of the board effective till February 2021. They will replace Sheikh Ahmed Bin Humaid Al Qassimi and Mr. Khalid Al Yahmadi following their resignation from their positions as members of the board.

**Financial Reporting**

The condensed consolidated 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.



\_\_\_\_\_  
Chairman

10 AUG 2020



\_\_\_\_\_  
Group Chief Executive Officer

