

RAK

CERAMICS

ANNUAL GENERAL MEETING

11TH MARCH 2019

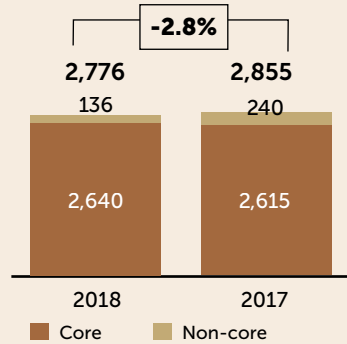
Financial Results 2018



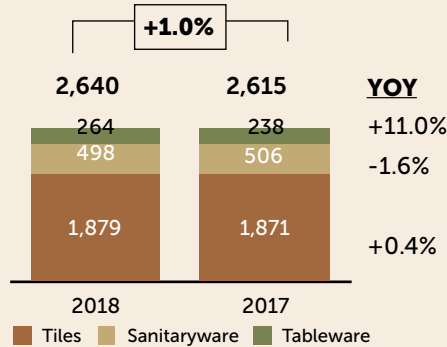
FY 2018 Key financial highlights

REVENUES

TOTAL REVENUE (AED MN)

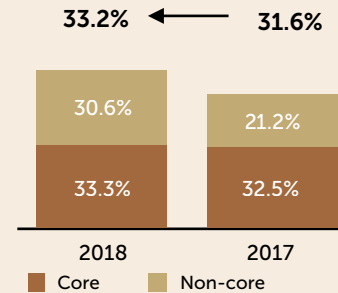


CORE REVENUE (AED MN)

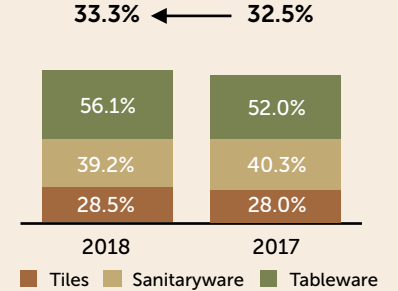


GROSS MARGINS (%)

CONSOLIDATED GP MARGINS (%)

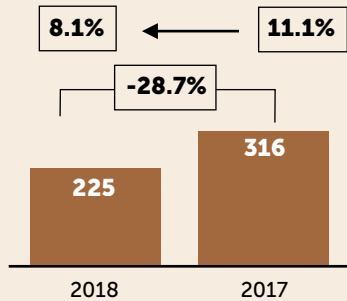


CORE GP MARGINS (%)

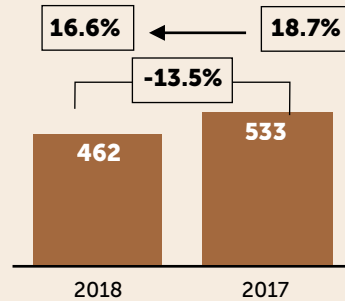


NET PROFIT AND EBITDA (AED MN)

NET PROFIT / MARGINS (%)

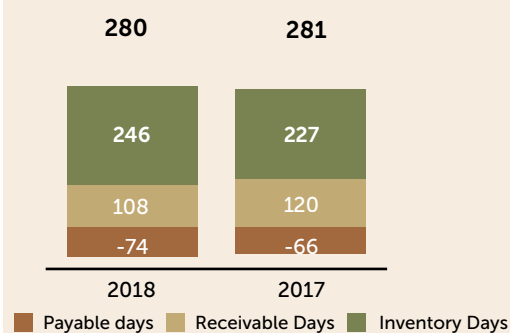


EBITDA / MARGINS (%)

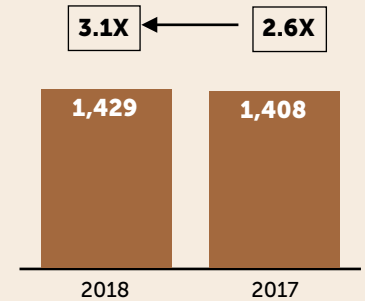


WORKING CAPITAL DAYS AND NET DEBT (AED MN)

WORKING CAPITAL (DAYS)



NET DEBT AND NET DEBT/EBITDA



FY 2018 Highlights and challenges

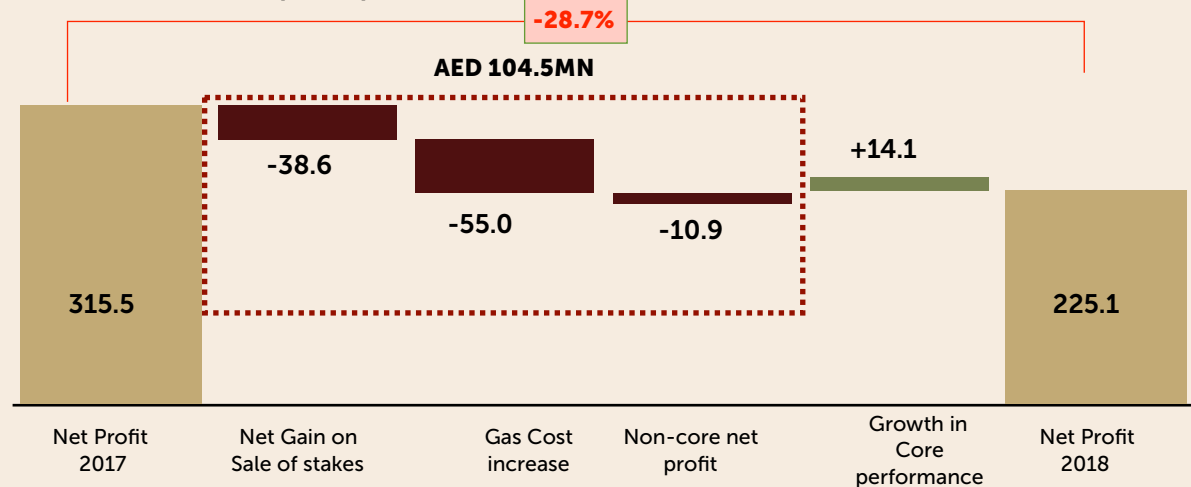
2018 HIGHLIGHTS

- Revenue growth in the UAE, India and Tableware
- Stable performance in Bangladesh
- Continued cost efficiencies, increasing GP margins
- Increased A- Grade production across all tile plants
- Iran Turnaround
- Robust performance in Tableware and Kludi RAK

2018 CHALLENGES

- Europe profitability still struggling
- India turnaround;
- Impact of Saudi Arabia integration
- China exit still in progress

NET PROFIT BRIDGE (AED M)



2017 reported net profit of AED 315.5mn included extraordinary gains of 38.6mn, related to the disposal of RAK Warehouse and Electro RAK

In 2018 reported net profit of AED 225.1mn (-28.7% YoY), is driven by:

- An AED 55.0mn increase in the company's gas bill, with gas at an average price of \$10.86/ mmbtu in 2018 (+27% YoY)
- A reduction in non-core profit of AED 10.9mn, following the discontinuation of operations at Al Hamra Construction (non-core asset)
- Growth in core business profitability of AED 14.1mn; driven by operational efficiency improvements and higher gross profit in the UAE, Bangladesh and the Tableware business

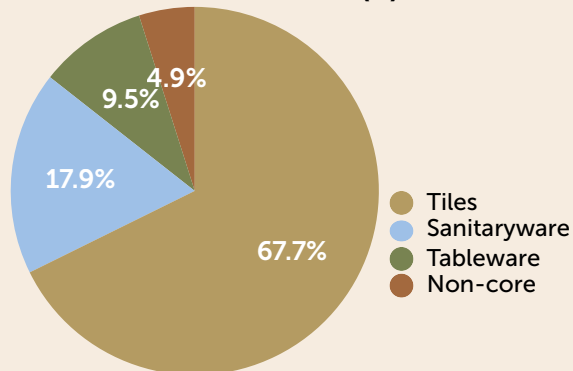
FY 2018 Performance by segment

FY 2018 RESULTS

Core revenue in 2018 increased by +1.0% due to strong performance in tiles and tableware segments.

Effective from 1st Jan 2018, revenue recognition is changed as per IFRS 15. Based on dispatches core revenue increased by +1.7% YoY.

REVENUE BY SEGMENT 2018 (%)



REVENUE BY SEGMENT (AED MN)

	2018	2017	
	Amount	Amount	Growth
Tiles	1,878.9	1,871.3	0.4%
Sanitaryware	497.5	505.9	-1.7%
Tableware	264.0	237.8	11.0%
Total Core	2,640.4	2,615.0	1.0%
Non-Core	135.8	239.9	-43.4%
Total Revenue	2,776.2	2,854.9	-2.8%

FY 2018 Performance by region

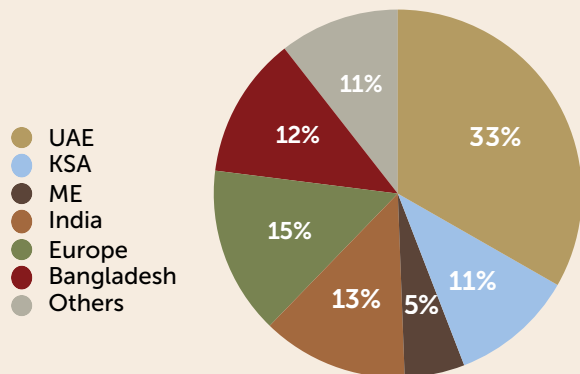
FY 2018 RESULTS

UAE and Saudi Arabia markets are key drivers of growth year on year.

In local currency growth in India is +2.5%

Due to election in December 2018 in Bangladesh revenue in local currency decreased -1.3%.

REGIONAL CONTRIBUTION 2018(%)



TILES & SANITARY WARE REVENUE BY REGION (AED MN)

	2018	2017	
	Amount	Amount	Growth
UAE	792.8	754.5	5.1%
Saudi Arabia	258.1	225.3	14.6%
Middle East	124.8	138.6	-9.9%
India	307.2	322.6	-4.8%
Europe	352.1	368.9	-4.6%
Bangladesh	297.7	316.6	-6.0%
Africa	87.2	125.0	-30.3%
Rest of the world	156.5	125.6	24.6%
Total	2,376.4	2,377.1	-0.0%

Balance sheet evolution

FY 2018 RESULTS

Return on equity is 8.1% in 2018.

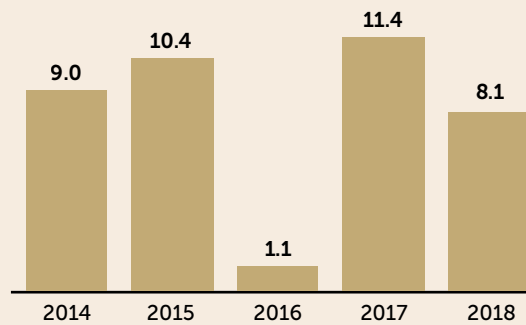
Operating Cycle is stable at 280 days.

Payable days has also increased from 66 days in 2017 to 74 days in 2018.

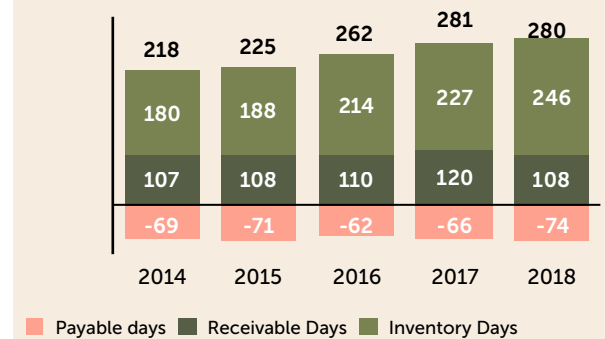
Capex in 2018 is higher due to Co-Gen plants installation and in India JV plants.

Capex for 2019 is ~AED 250mn including ~AED 125mn for Maintenance.

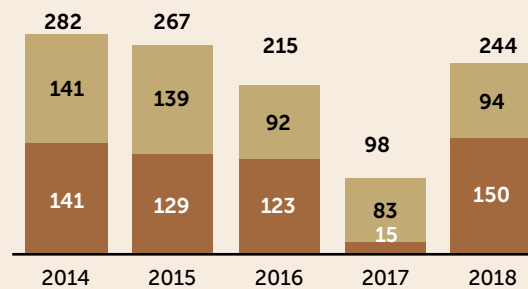
RETURN ON EQUITY (%)



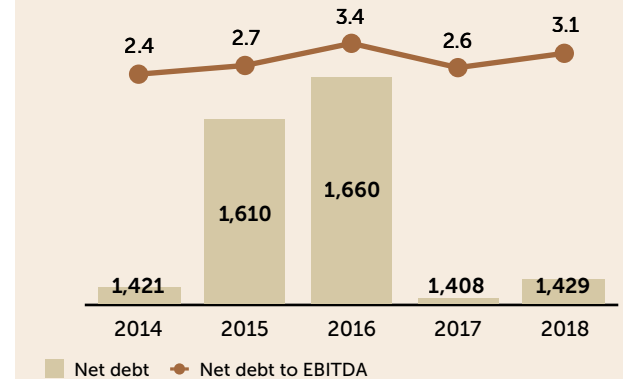
OPERATING CYCLE (DAYS)



CAPEX SPENDING (AED M)



NET DEBT (AED M)



GCC Expansion Strategy Update



GCC expansion strategy

The Board has approved the construction of a secondary, low-cost manufacturing facility in Saudi Arabia. This will enable the company to be more competitive in the commodity/fast-moving segments of regional and European markets

The state-of-the-art production facility will utilize the latest technology in ceramics manufacturing

10_{MN} SQM

Tile Production Cap in 1st Phase

~2 YEARS

Estimated time line of commissioning

~US\$100_M

Investment

Western province

Location

Strategy for Expansion

- Regain market share in the biggest market in the region
- Move to a location with lower production cost with cheaper gas, electricity, raw materials and transportation cost to KSA
- Ensure RAK Ceramics is well placed to take advantage of the construction and housing boom
- Safeguard RAK Ceramics from any local content policy in KSA for project specification

	RAS AL KHAIMAH	SAUDI ARABIA
Gas price/MMBtu	US\$ 10.91 Variable	US\$1.62 Fixed until 2039
Electricity price/KWH	US\$0.13	US\$0.05
Water price/m ³	US\$2.37	US\$2.13

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