

# RAK

## CERAMICS

ANNUAL GENERAL MEETING

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30TH MARCH 2021

# Strong rebound in Q4 2020

## MANAGEMENT COMMENTS

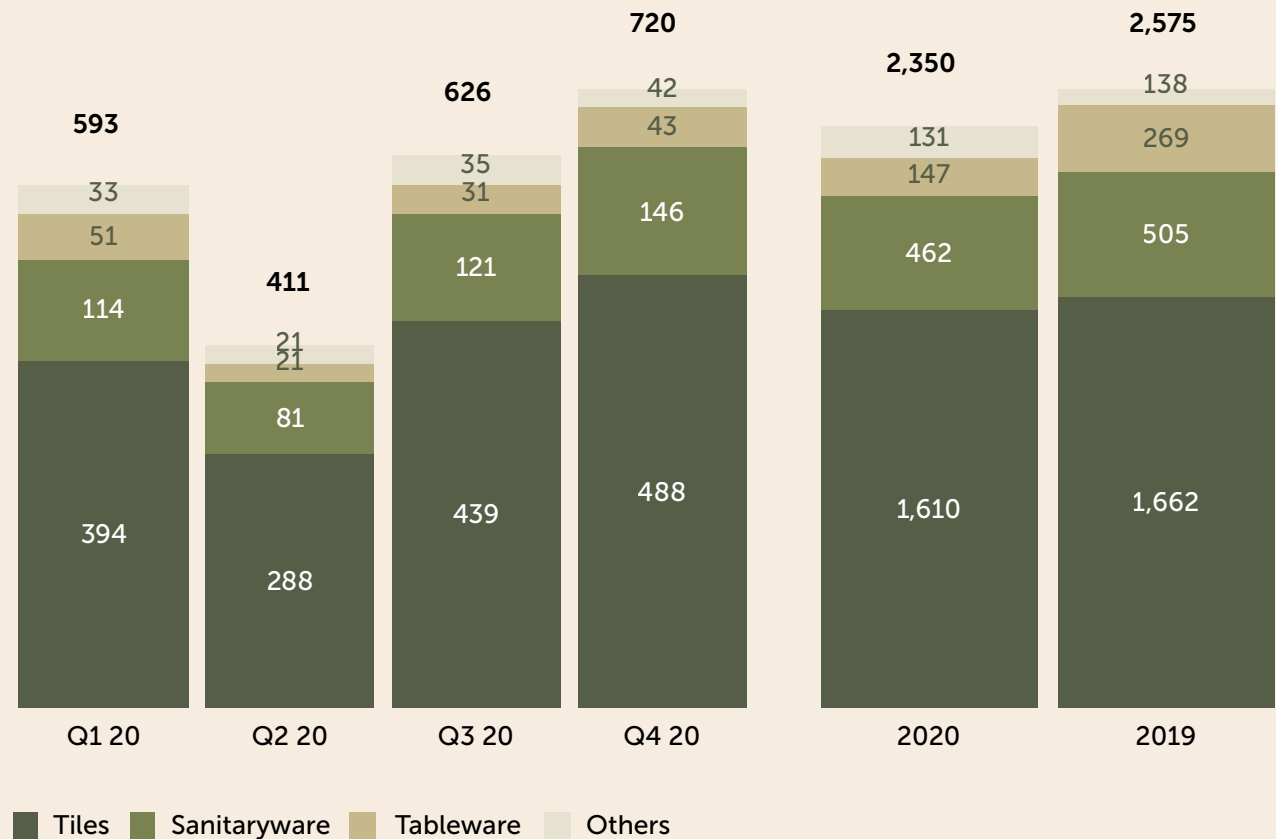
2020 performance started well in Q1 but was negatively impacted in Q2 due to COVID-19 pandemic lockdowns across all our core markets.

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.

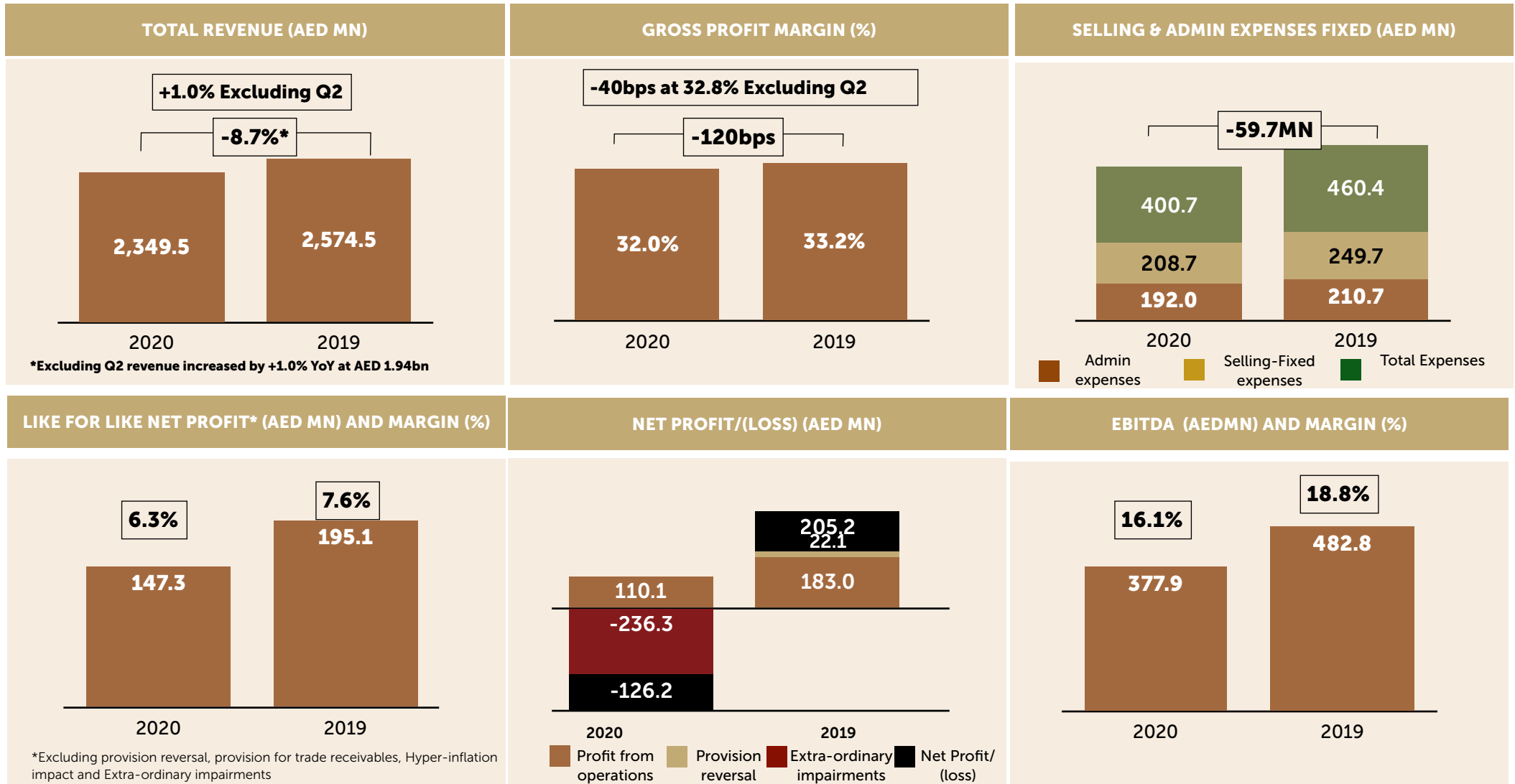
## QUARTERLY & YEARLY SEGMENT REVENUE (AEDM)



# Mitigating the impact of Covid-19 in 2020

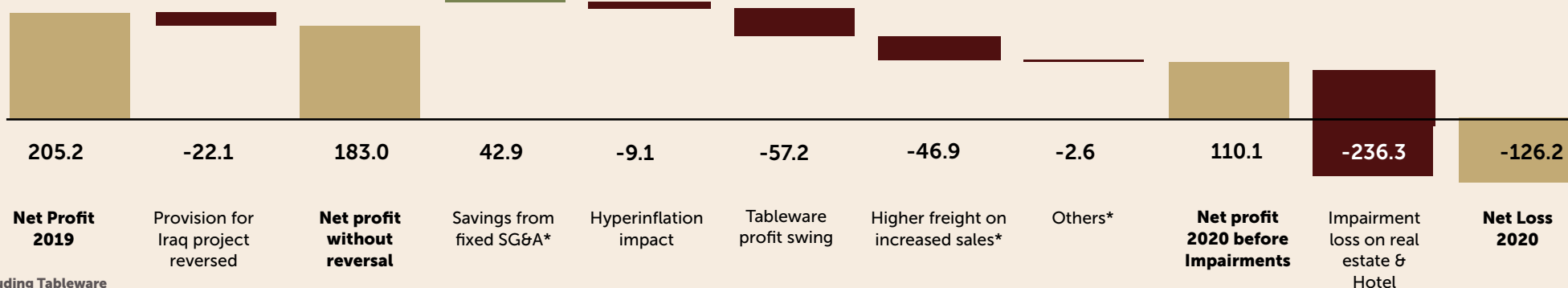
	PROTECT	TURNAROUND	IMPROVE	GROW
MARKET	<ul style="list-style-type: none"> <li>• <b>UAE Market</b> was impacted heavily due to lockdown in Q2 and a slowdown in projects where sales fell by 19.3%</li> <li>• <b>Bangladesh</b> had to shutdown production in Q2 but was able to contain costs effectively and 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> </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 resulted in improved performance.</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>

# FY 2020 Key financial highlights



# Net profit bridge

## 2020 VS 2019 (AEDM)



\*Excluding Tableware

## 2020 BREAKDOWN OF IMPAIRMENT LOSS ON REAL ESTATE AND HOTEL (AED M)

	2020
	Amount
Impairment loss on waterfront land (Q4 2020 AED 697.2m vs Q3 2020 AED 899.3m)	202.1
Other real estate properties (Q4 2020 AED 98.1m vs Q3 2020 AED 109.2m)	11.1
<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	23.1
<b>Total extra-ordinary provision provided due to pandemic</b>	<b>236.3</b>

# Balance sheet highlights

## 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.

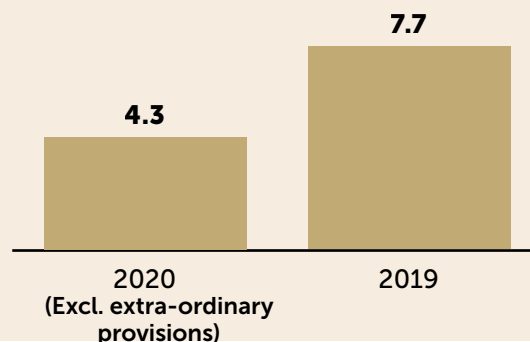
Trade payable days is lower by 2 days at 65 days YoY.

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.

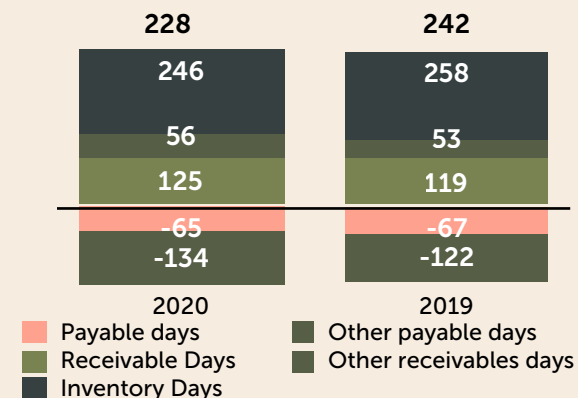
Due to current COVID-19 pandemic, we are continuing to take measures to manage our liquidity. Capex for 2021 is expected to be in the range of AED 175-200 million as we are placing non-essential capex on hold.

Despite pandemic, we were able to decrease our net debt level by AED 145 million YoY to AED 1.23 billion, reflecting the strength of the business.

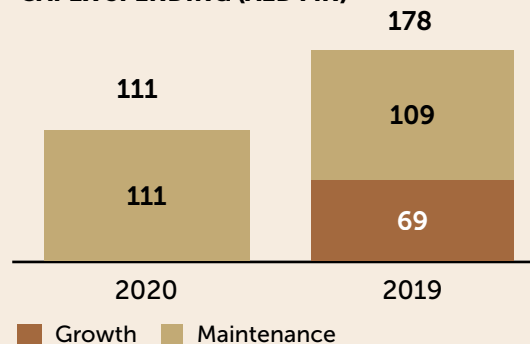
### RETURN ON EQUITY (%)



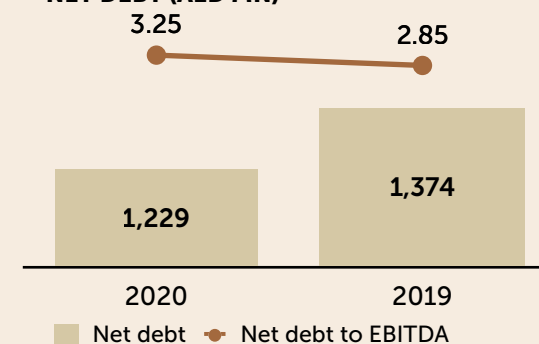
### WORKING CAPITAL CYCLE (DAYS)



### CAPEX SPENDING (AED MN)



### NET DEBT (AED MN)



# 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.

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