

# RAK

## CERAMICS

ANNUAL GENERAL MEETING

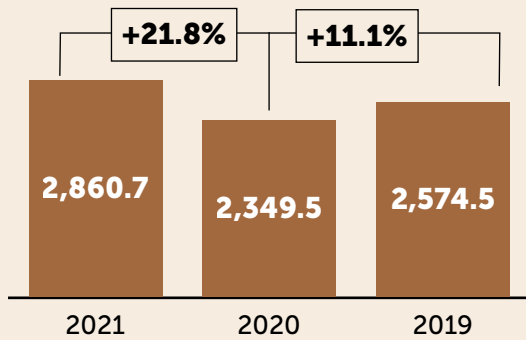
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15TH MARCH 2022

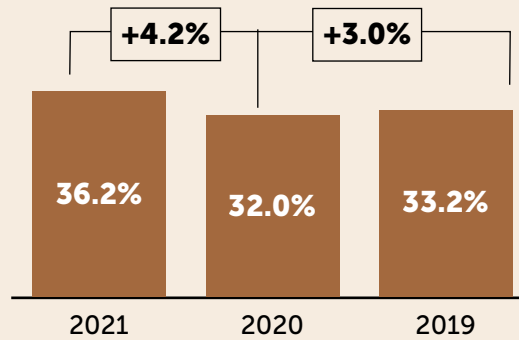
# FY 2021 Key financial highlights

Revenue and profitability surpass pre-pandemic levels to record high performance despite significantly higher freight costs due to supply chain disruptions

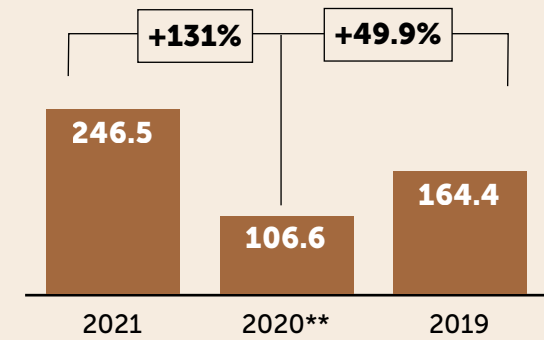
**TOTAL REVENUE (AEDM)**



**GROSS PROFIT MARGIN (%)**

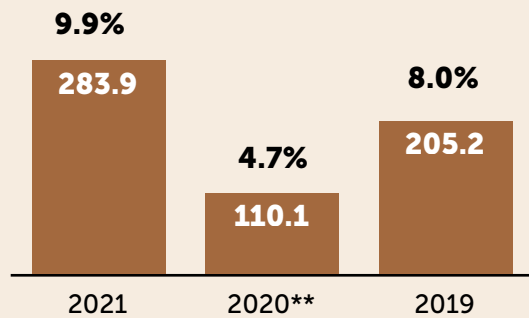


**NET PROFIT AFTER MINORITY (AED MN)**



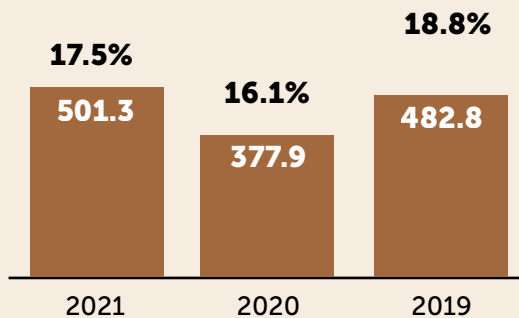
\*\*Excluding Impairment loss of AED 236.1m

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

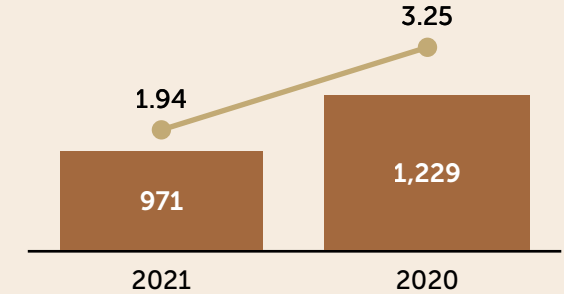


\*\*Excluding Impairment loss of AED 236.1m

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



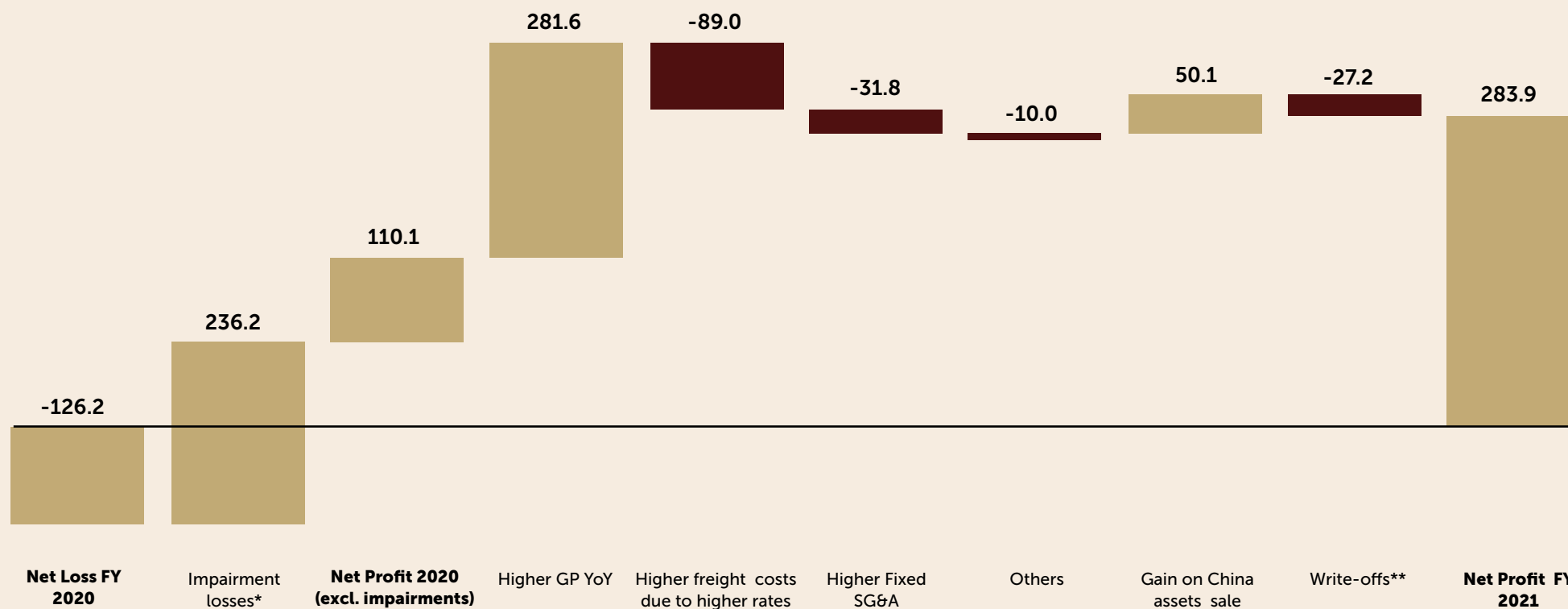
**NET DEBT (AEDM) AND NET DEBT TO EBITDA (X)**



■ Net debt — Net debt to EBITDA

# Net profit bridge

FY 2021 VS FY 2020 (AEDM)



\* Including Impairment loss on real estate and receivables from hotel business . \*\* Write-off of excess lease rent recognised in earlier years

# FY 2021 revenue recovery by end market

## REVENUE BY END MARKET (AED M)

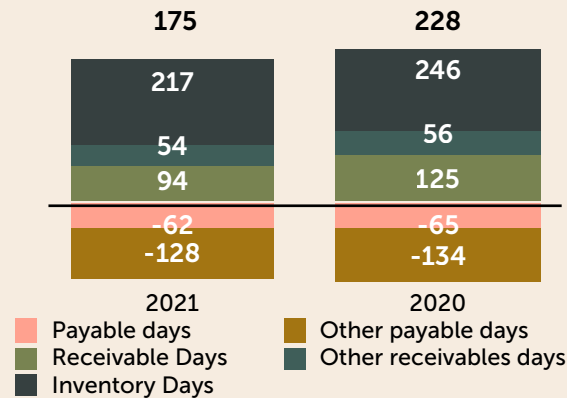
	YEARLY COMPARISON				
	2019	2020	2021	Growth	
	Amount	Amount	Amount	Vs 2019	YoY Growth
<b>United Arab Emirates</b>	<b>761.0</b>	614.5	<b>595.4</b>	<b>-21.8%</b>	<b>-3.1%</b>
<b>Kingdom of Saudi Arabia</b>	<b>271.8</b>	429.2	<b>543.6</b>	<b>100.0%</b>	<b>26.7%</b>
<b>Middle East</b> (Ex. UAE and KSA)	<b>77.8</b>	87.1	<b>129.0</b>	<b>65.8%</b>	<b>48.1%</b>
<b>India</b>	<b>272.7</b>	241.8	<b>389.0</b>	<b>42.6%</b>	<b>60.9%</b>
<b>Europe</b>	<b>328.6</b>	337.5	<b>395.0</b>	<b>20.2%</b>	<b>17.0%</b>
<b>Bangladesh</b>	<b>279.9</b>	227.1	<b>295.6</b>	<b>5.6%</b>	<b>30.1%</b>
<b>Africa</b>	<b>81.5</b>	63.5	<b>79.3</b>	<b>-2.7%</b>	<b>24.8%</b>
<b>Rest of the world</b>	<b>93.2</b>	71.1	<b>68.5</b>	<b>-26.5%</b>	<b>-3.7%</b>
<b>Tiles and sanitaryware revenue</b>	<b>2,166.5</b>	<b>2,071.9</b>	<b>2,495.3</b>	<b>15.2%</b>	<b>20.4%</b>
<b>Tableware revenue</b>	<b>269.4</b>	147.0	<b>254.4</b>	<b>-5.6%</b>	<b>73.0%</b>
<b>Others revenue</b>	<b>138.6</b>	130.7	<b>111.1</b>	<b>-19.9%</b>	<b>-15.0%</b>
<b>Total Revenue</b>	<b>2,574.5</b>	<b>2,349.6</b>	<b>2,860.7</b>	<b>11.1%</b>	<b>21.8%</b>

# Balance sheet highlights

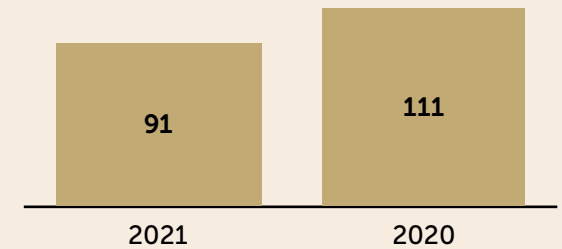
Overall working capital days are decreased from 228 days to 175 days due to reduction in receivables and Inventories days. In absolute terms overall working capital is reduced YoY by AED 76m at AED 1.29bn.

The Board proposed to distribute semi-annual cash dividend of 10 fils per share for second half of the year 2021 (AED 99.4million),

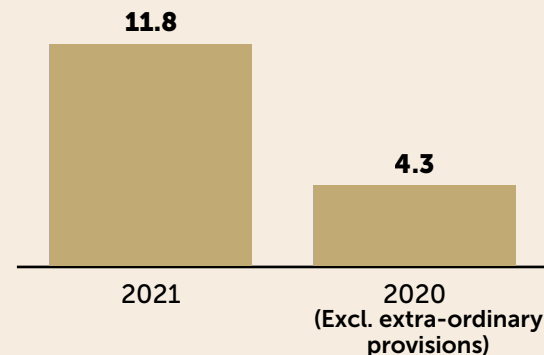
## WORKING CAPITAL CYCLE (DAYS)



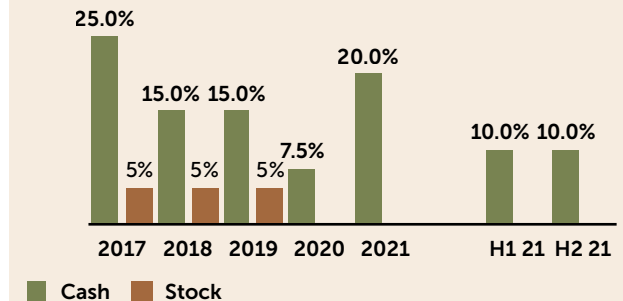
## CAPEX SPENDING (AED MN)



## RETURN ON EQUITY (%)



## HISTORICAL ANNUAL DIVIDEND PAID 2021



# Board recommends revision to dividend policy

## MANAGEMENT COMMENTS

The proposed revision is carried out by the Board to provide its shareholders a visible payback strategy for every 3 years commencing from FY 2022 and to reflect their expectation of growth and strong cash flow generating position. The revision also factors the capex funding requirement for the ongoing operational requirements and continued investment plans for the medium term growth.

The proposal is being presented to shareholders for approval in this Annual General Meeting.

## EXISTING POLICY

“RAK Ceramics is committed to returning capital to shareholders vis a sustainable dividend policy, aiming at a payout ratio in excess of 60% of consolidated net income 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”

## REVISED POLICY

“RAK Ceramics is committed to returning capital to shareholders vis a sustainable dividend policy, aiming at a minimum payout of 20 fils on a semi-annual basis for 2022. To further enhance the visibility to the shareholders, RAK Ceramics commits to pay a minimum dividend of 60 fils over the 3 years [i.e. 2022-2024]. The above commitments are 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.”

# 2022 Priorities

## **Protect market share**

Providing continuous innovation and strengthening relationships with key stakeholders

## **Production expansion**

Building, acquiring and enhancing production plants to increase productivity in UAE, KSA and Bangladesh

## **Explore untapped market potential**

Increasing market share in nascent markets with untapped value potential

## **Embracing digitization**

Launching E-commerce platform increasing as such brand accessibility and serving the end market

## **Launch new products and projects**

Introducing new segments, range of products and collaborations to capture further growth and unlock value

## **Establish a solid retail presence**

Increasing footprint by building retail concepts in KSA, UK, India and Bangladesh and opening outlet stores in UAE and KSA

## **Boost productivity & efficiency**

Ongoing improvement in productivity and efficiency to sustain current operating costs in light of rising challenges

## **Operation optimization**

Mitigating impact of supply chain disruption by optimizing logistics and warehousing

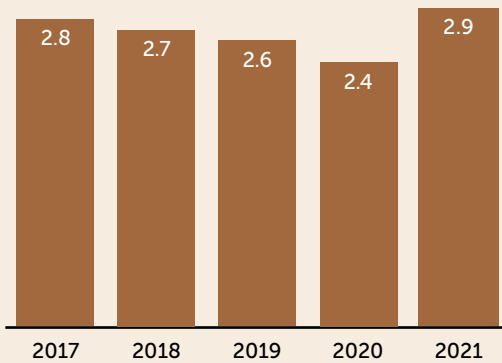
## **Sustainably Responsible Brand**

Improving practices in compliant with ESG initiatives to achieve sustainability on a business level

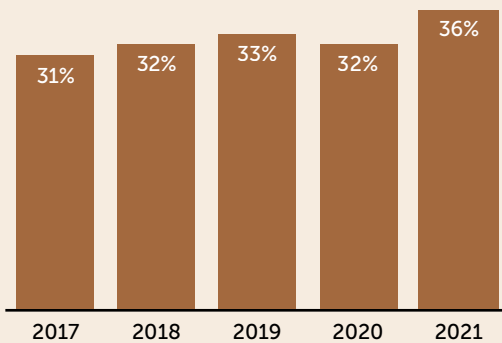
# 2022 Key challenges

## PERFORMANCE HIGHLIGHTS

### REVENUES (AED BN)



### GROSS PROFIT MARGIN (%)



## PARAMETERS

## CHALLENGES

## ACTION POINTS

### Rising Inflation

Global Inflation surge, increased demand and rising challenges for supply

- Translate price increase onto consumers while preserving market share and growth
- Continue increasing efficiencies to sustain margins

### Supply Chain Disruption

Supply chain slowed, causing shortages affecting consumer patterns

- Optimize logistics and warehouse
- Continue to maintain healthy inventory days level

### Rising Energy Costs

Vulnerable supply and post-pandemic recovery result in energy cost increase

- Better contract negotiations with local vendors/suppliers to hedge fluctuations/increase in costs
- Install equipment to decrease energy costs

### Trade Challenges

Increased barriers to entry with the introduction of Custom Duty in KSA

- Implement necessary measures to comply with local laws to avail exemption incentives
- Initiate production facility in Saudi Arabia

### Response to the Pandemic

COVID-19 variants on the rise causing further business interruption

- Disaster Management Committee to continue monitoring and minimizing the risk arising from the pandemic on business



# RAK

## CERAMICS

