

RAK Ceramics Announces 9M 2019 Financial Results

- Total revenue decreased by 6.2% to AED 1.92 billion compared to the same period in 2018. On constant currency basis, total revenue decreased by 2.8% year on year.
- Sanitaryware revenue increased by 4.4% year on year driven by sales in Saudi Arabia and Europe.
- Tableware revenue increased by 1.3% year on year driven by growth in US and GCC markets
- Total gross profit margin increased by 110bps year on year to 34.3%, driven by an increase in tiles gross profit margins by 200bps to 30.4%.
- Reported net profit decreased by 7.2% year on year to AED 155.8 million, with a margin of 8.1%.
- EBITDA increased by 6.9% year on year to AED 348.5 million.

Ras Al Khaimah, United Arab Emirates, 6th November 2019

RAK Ceramics PJSC (Ticker: RAKCEC: Abu Dhabi), one of the largest ceramics' brands in the world, announced its financial results for the nine months ended 30th September 2019.

Performance in line with expectations

Even though reported net profit decreased by 7.2% year on year to AED 155.8 million, EBITDA increased by 6.9% year on year to AED 348.5 million. EBITDA margins increased by 220bps year on year to 18.1%.

Total and gross profit margins increased as RAK Ceramics continues to focus on optimising production and increasing operational efficiencies by leveraging automation.

Saudi Arabia expansion update

RAK Ceramics has completed the rationalisation of its work force and warehouses in Saudi Arabia, and the company is starting to see the benefits. The Company is still in the process of studying and finalizing the plans for the development of a new tiles manufacturing facility.

India turnaround on track

RAK Ceramics is strengthening its position in India by opening orientation centres and dealer outlets. The company's two production facilities in Morbi, Gujarat are currently operating at a 65% and 100% production utilisation respectively.

RAK Ceramics' business in India is growing – exports have contributed 14.2% of total India revenue in 9M 2019 compared to 4.2% during the same period in 2018.

Abdallah Massaad, Group CEO, and RAK Ceramics said: "Our performance has been in line with expectations amid challenging market conditions. Excess supply of ceramics globally has put pressure on prices and has created a competitive environment.

Given these challenges, we are investing in sales and marketing while maintaining our brand image and differentiated product portfolio.

We are also focused on optimising production and increasing operational efficiencies by leveraging automation and process enhancements thereby improving margins.

Looking ahead, we will focus on sustaining our revenue in India, Bangladesh and the UAE and improving revenue in our Tableware and Faucets & Taps business.”

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About RAK Ceramics

RAK Ceramics is one of the largest ceramics’ brands in the world. Specialising in ceramic and gres porcelain wall and floor tiles, tableware, sanitaryware and faucets, the company has the capacity to produce 123 million square metres of tiles, 5 million pieces of sanitaryware, 24 million pieces of porcelain tableware and 1 million pieces of faucets per year at its 21 state-of-the-art plants across the United Arab Emirates, India and Bangladesh.

Founded in 1989 and headquartered in the United Arab Emirates, RAK Ceramics serves clients in more than 150 countries through its network of operational hubs in Europe, Middle East and North Africa, Asia, North and South America and Australia.

RAK Ceramics is a publicly listed company on the Abu Dhabi Securities Exchange in the United Arab Emirates and as a group has an annual turnover of approximately US\$1 billion.

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