

RAK

CERAMICS



Q4 / FY 2024
Earnings Release

RAK Ceramics Announces Q4 & FY 2024 Financial Results

- **Group revenue:** Experienced an increase of 0.5% year- on- year (YoY) to AED 870.9 million in Q4 2024, while the FY 2024 period reported a decline of 6.5% to AED 3.23 billion largely driven by global macro-economic volatility, geopolitical tensions, inflationary pressures and supply chain disruptions, which have significantly impacted export reliant sectors.
- **Gross profit margin:** Continued improvement by 163bps YoY to 37.2% in Q4 2024, while in FY 2024 improved by 143bps YoY to 39.3%.
- **Profit Before Tax:** Profit before tax decreased by 7.1% YoY to AED 82.0 million, compared to AED 88.4 million in Q4 2023. In FY 2024 it decreased by 19.9% YoY to AED 276.6 million, primarily attributable to political instability in Bangladesh, Red Sea crisis which has led to higher logistics cost, and challenges faced in ongoing Kludi's (faucet division) transformation plan in Europe.
- **EBITDA performance:** EBITDA decreased by 4.7% YoY in Q4 2024 to AED 158.0 million, while in FY 2024 EBITDA decreased 8.5% YoY to AED 592.2 million.
- **Financial health:** Net debt position stood at AED 1.39 billion in Q4 2024, down 11.1% compared to Q3 2024. The net debt to EBITDA ratio decreased from 2.61x in Q3 2024 to 2.35x in Q4 2024.
- **Dividend:** The Board of Directors proposed a dividend distribution of 10 fils per share (AED 99.4million) for H2 2024

Ras Al Khaimah, United Arab Emirates, 13 February 2025: RAK Ceramics PJSC (Ticker: RAKCEC: Abu Dhabi), one of the largest ceramics and porcelain lifestyle solutions providers in the world, today announced its financial results for the year ended 31st December 2024.

Q4 and FY 24 Financial Highlights

Total revenue increased by 0.5% YoY to AED 870.9 million in Q4 2024 and in FY 2024 it fell by -6.5% YoY to AED 3.23 billion, due to a range of global macro-economic factors including ongoing geopolitical tensions, inflationary pressures and supply chain disruptions, which particularly impacted export reliant divisions. The tiles division recorded strong Q4 growth in both volumes and value, led by robust performance across a number of core markets, including the UAE, KSA, India, and Europe.

In Q4 2024, on a YoY basis the gross profit margin increased by 163ps to 37.2% and for FY 2024 it increased by 143bps YoY to 39.3%, driven by improved efficiency and robust performance across all core markets.

EBITDA decreased to AED 158.0 million in Q4 2024, compared to AED 165.9 million over the same period last year, similarly in FY24, EBITDA decreased 8.5% to 592.2 million. EBITDA margins for Q4 2024 have decreased slightly to 18.1%, compared to 19.2% in Q4 2023. In FY 2024, EBITDA margins decreased 0.4% YoY to 18.3%.

Total Revenue

AED 3.23 BN

-6.5% YoY

Gross Margin

39.3%

+143 bps YoY

EBITDA

AED 592.2 M

-8.5% YoY

Profit before tax

AED 276.6 M

-19.9% YoY

Net Profit after tax

AED 234.1 M

-27.0% YoY

UAE Corporate tax 33.9m

Profit before tax decreased by 7.1% YoY to AED 82.0 million, compared to AED 88.4 million in Q4 2023. This decrease was primarily driven by a lower other income of AED 20.9 million and an increase in logistics cost. In FY 2024, net profit before tax decreased by 19.9% to AED 276.6million from AED 345.5 million. This decrease was primarily driven by political instability in Bangladesh, Red Sea crisis which has led to higher logistics cost, challenges faced in ongoing Kludi's (faucet division) transformation plans in Europe and lower other income by 34.4m YoY.

Net profit after tax decreased by 21.5% YoY to AED 64.2 million, compared to AED 81.8 million in Q4 2023, while in FY24, net profit after tax decreased 27.0% to AED 234.1 million from AED 320.9 million. The impact of the 9% UAE Corporate Tax was AED 11.6 million for Q4 2024, while for FY24 it was AED 33.9 million.

Net debt position stood at AED 1.39 billion, down 1.8% YoY. The net debt to EBITDA ratio also decreased from 2.61x in Q3 2024 to 2.35x in Q4 2024.

Income statement highlights

Amount in AED M	Quarterly comparison					Yearly Comparison		
	Q4 23	Q3 24	Q4 24			2023	2024	
	Amount	Amount	Amount	YoY Growth	QoQ Growth	Amount	Amount	YoY Growth
Revenue	866.4	802.5	870.9	0.5%	8.5%	3,457.8	3,232.0	-6.5%
Gross margin (%)	35.6%	41.2%	37.2%	1.6%	-4.0%	37.9%	39.3%	1.4%
EBITDA	165.9	146.2	158.0	-4.7%	8.1%	647.4	592.2	-8.5%
Profit before tax	88.4	60.8	82.0	-7.1%	34.8%	345.5	276.6	-19.9%
Profit after tax	81.8	55.9	64.2	-21.5%	14.8%	320.9	234.1	-27.0%
Capital expenditure	89.0	35.2	50.8	-42.9%	44.3%	273.4	183.3	-33.0%
Net debt	1420.4	1,568.4	1,394.2	-1.8%	-11.1%	1,420.4	1,394.2	-1.8%
Net debt / EBITDA	2.2x	2.61x	2.35x			2.2x	2.35x	-

Segmental performance highlights

- **Tiles** revenue recorded strong Q4 growth, up 4.8% year-on-year to AED 518.1 million, led by strong performance in the UAE, KSA, India, and Europe, while full year results saw a YoY decline of 6.4% at AED 1.86 billion, with declines across most markets apart from the UAE and India.
- **Sanitaryware** experienced a moderate revenue decline in Q4 2024 of 4.7% at AED 120.4 million, while FY 2024 saw a decline of 8.6% YoY at AED 467.8 million primarily attributable to weaker demand across all major markets except KSA market.
- **Tableware** revenue declined in both for Q4 and FY 2024 7.5% and 5.8% respectively, due to demand being impacted by severe logistical issues and currency depreciation in Europe, USA which have affected other major markets.

- **Faucets** revenue declined by 3.3% YoY to AED 109.5 million in Q4 2024, while in FY 2024 it declined by 2.5% to AED 444.6m YoY largely impacted by geopolitical tensions affecting the European and Asian markets. Also, transformation of Kludi Europe has been considerably affected by inflation, recessionary pressures and higher logistics cost. These challenges have strained our ability to sustain healthy margins.

Tiles & Sanitaryware market highlights

- **UAE:** Registered a YoY revenue growth of 9.6% in Q4 2024, while revenue increased 7.1% to 842.5 million on an annual basis, in FY 2024 primarily due to growth in the real estate sector and favorable market dynamics.
- **Saudi Arabia:** KSA market began its recovery in Q4, with revenue growing 20.1% YoY and 23.7% Quarter on Quarter, driven by customs duty relief on UAE exports, which supported a regain in market share in the wholesale segment.
- **Europe:** Weakened demand in Europe persisted, driven by inflation, recessionary pressures, and ongoing geopolitical tensions. Increased logistics cost further challenged our ability to sustain healthy margins.
- **India:** Revenue increased by 13.7% in Q4 2024, while revenue grew 0.8% in FY 2024 as the Indian market continues to witness growth, driven by robust infrastructure development and rising disposable income.
- **Bangladesh:** Revenue declined by 11.1% YoY in Q4 and 20.6% YoY for FY 2024, primarily due to political instability, which significantly affected market and economic conditions. Additionally, a severe gas crisis in the country continued to impact business operations, resulting in lower capacity utilization.

Commenting on the results, Abdallah Massaad, Group CEO, RAK Ceramics said:

"In Q4 and FY2024, we faced a complex macroeconomic landscape, characterized by geopolitical uncertainties, inflationary pressures, and shifting consumer demand. This was compounded by currency fluctuations and supply chain constraints, which knocked our top-line performance and profitability.

We remain committed to investing in our brand, expanding our retail presence, and strengthening brand awareness through strategic events and engagements – in our key markets. Looking ahead, our strategic priorities center on protecting our market share, optimizing operations, further diversifying our offering, accelerating digitalization, and expanding our production capabilities. We want to continue to deliver a best-in-class product to our customers, that sets itself apart from the competition. By leveraging technology and targeted investments, we aim to enhance resilience and create long-term value for our investors and customers."

Strategic Highlights

Expansion

- In the UAE, our continued investment in the overall brand positioning and strategy has also allowed us to maintain higher ASPs compared to competition in the market.
- We continue to invest in upgrading our Tiles production facilities to allow us to produce differentiated and large format Tiles.
- We are also investing in our UAE Sanitaryware production facility to improve efficiencies and allow us to reduce our carbon emission and reduce the energy consumption.

Greenfield projects

- In Saudi Arabia, we continue to work towards setting up a production facility in KSA.

Awards & Recognitions

- Recognized as the "UAE Industry 4.0 Leader" by the Ministry of Industry & Advanced Technology highlighting our contributions and advancement in digital transformation within the industrial sector.
- Received the TECNA Award 2024 for Innovation and sustainability in recognition of the technological investments made by RAK Ceramics in 2024.

About RAK Ceramics

RAK Ceramics is one of the largest ceramics brands in the world. Specializing in ceramic and gres porcelain wall and floor tiles, tableware, sanitaryware and faucets, the Company has the capacity to produce 118 million square meters of tiles, 5.0 million pieces of sanitaryware, 36 million pieces of porcelain tableware and 2.6 million pieces of faucets per year at its 24 state-of-the-art plants across the United Arab Emirates, India, Bangladesh and Europe.

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.

Contact Us

If you have any questions or require further information, please do not hesitate to contact our investor relations department.

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