

RAK Ceramics (Bangladesh) Ltd. (DSE: RAKCERAMIC)	
Current Price (May 21, 2015)	71.3
Total Number of Share (Mn)	306.9
Sponsor holding (%)	77.2%
Free Float (%)	22.8%
Annualized PE – RAKCERAMIC*	25.8
Trailing PE – RAKCERAMIC	33.9
Annualized PE - Ceramics Sector	26.3

*Based on annualized earnings of Q1, 2015

Financials (BDT Mn)*	2013	2014	Q1, 2015*
Net Revenue	4,725	5,047	1,226
Gross Profit	1,847	1,975	529
Operating Profit	1,125	1,057	313
Net profit after tax	775	650	245
Total Asset	8,987	9,477	9,672
Total Equity	5,842	5,860	6,300

*Year ends on Dec 31

Growth (%)	2013	2014	Q1, 2015
Net Revenue	-3.7%	6.8%	-18.1%
Net profit after tax	54.9%	-16.1%	56.1%

Per share (BDT)	2013	2014	Q1, 2015
Restated EPS	13.7	11.5	4.3
Book Value Per Share (BVPS)	103.4	103.7	111.5

Others (%)	2013	2014	Q1, 2015
Gross Profit Margin	39.1%	39.1%	43.1%
Operating Profit Margin	23.8%	20.9%	25.6%
Net Profit Margin	16.4%	12.9%	19.9%
Return on Asset (ROA)	9.0%	7.0%	-
Return on Equity (ROE)	13.5%	11.1%	-
Stock Dividend	10.0%	-	-
Cash Dividend	15.0%	25.0%	-

3 years'	Peers			
	RAKCERAMIC	SPCERAMICS	FUWANGCER	MONNOCERA
CAGR				
Revenue	3%	-4%	22%	-3%
NPAT	0%	-64%	36%	30%

Source: Annual Reports of SPCERAMICS, FUWANGCER and MONNOCERA and; Research, IDLC Investments Limited.

Terminologies

Free Float : % of total shares not owned by Sponsors/ Directors, and Govt.

Annualized PE: Based on Annualized Earnings of the latest declared quarter

Trailing PE: Based on Latest 12 Months Earnings

Company Profile

RAK Ceramics (Bangladesh) Limited was incorporated in Bangladesh as a UAE-Bangladesh joint venture private company in 1998. It started its commercial operation in 2000. Later in 2008, the company became a public limited company and subsequently was listed in DSE and CSE in 2010 under Book Building method. At present, 77.2% of total shares of RAKCERAMIC are held by the sponsors.

As a leading player in ceramic industry of Bangladesh, RAK Ceramics produces and markets Ceramic & GP Tiles, Décor and Borders and Sanitary Wares. In addition, the company is securing presence in energy, security service and paints market through its one subsidiary and two associates.

Key Revenue Drivers & Company Insight

RAK Ceramics generates its revenue by manufacturing and marketing Ceramic Tiles, Bathroom Sets and Sanitary Ware products. Amid these, Ceramic Tiles contributes majority portion of total revenue. During 2014, local sales contributed about 99.6% of total sales, while rest was exported.

RAKCERAMIC is broadening its existing capacity of Sanitary Ware and Tiles by 33.2% and 45.5% from its existing production capacity of 1.1 Mn Pcs and 8.0 Mn Sqm to 1.5 Mn Pcs and 11.7 Mn Sqm, respectively.

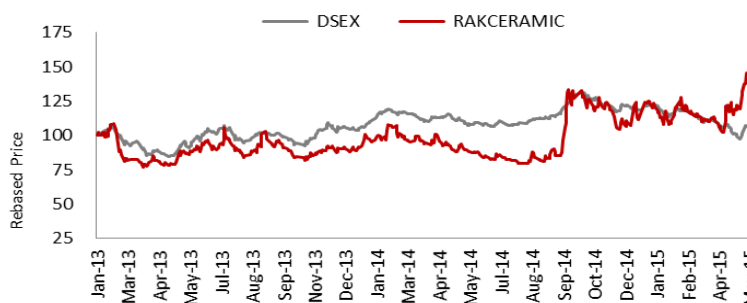
During Q1 2015, the company sold its loss incurring subsidiary (with a negative retained earnings of BDT BDT 1,380.0 Mn), RAK Pharmaceuticals Pvt. Ltd. (55% ownership) to Gulf Pharmaceuticals Industries Julphar PJSC. While the gain on sale was netted off against significant amount of loan & interest write off, letting a minimal positive impact on bottom line.

Financial Performance

In 2014, RAKCERAMIC's revenue grew by 6.8% mainly due to increased price. Despite the increase in top line, Gross Profit Margin (GPM) remained almost flat at 39.1% like previous year. The rise in operating expense by 27.0% YoY mainly on account of 36.5% rise in marketing expense in 2014, attributed to the decline in Operating (OPM) as well as Net Profit Margins (NPM) to 20.9% and 12.9%, respectively from the previous year's level of 23.8% and 16.4%.

However, due to the sale of loss incurring unit, RAK Pharma and company's increased focus on core ceramic business its GPM, OPM and NPM increased significantly to 43.1%, 25.6% and 19.9%, respectively in Q1 2015.

Recently, the Company has reported consolidated net profit after tax (excluding non-controlling interests) of Tk. 233.16 million with consolidated EPS of Tk. 0.69 for the period of three months (Jan'15 to Mar'15) as against Tk. 176.47 million and Tk. 0.52 respectively for the same period of the previous year.



Source : DSE; Research, IDLCIL

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