

RAK Ceramics (Bangladesh) Ltd. (DSE: RAKCERAMIC)

Current Price (April 07 , 2016)	65.8
Total Number of Share (Mn)	336.9
Sponsor holding (%)	77.2%
Free Float (%)	22.8%
Annualized PE - RAKCERAMIC*	20.3
Trailing PE - RAKCERAMIC	20.3
Annualized PE - Ceramics	20.8

*Based on annual earnings of 2015

Financials (BDT Mn)*	2013	2014	2015
Revenue	4,725	5,047	5,059
Gross Profit	1,847	1,975	2,162
Operating Profit	1,125	1,057	1,456
Net profit after tax	775	650	1,094
Total Asset	8,987	9,477	10,753
Total Equity	5,842	5,860	6,039

*Year ends on Dec 31

YoY Growth (%)	2013	2014	2015
Revenue	-3.7%	6.8%	0.2%
Net Profit after Tax	54.9%	-16.1%	68.4%

Per share (BDT)	2013	2014	2015
Restated EPS	2.3	1.9	3.2
Book Value Per Share (BVPS)	17.3	17.4	17.9

Others (%)	2013	2014	2015
Gross Profit Margin	39.1%	39.1%	42.7%
Operating Profit Margin	23.8%	20.9%	28.8%
Net Profit Margin	16.4%	12.9%	21.6%
Return on Asset (ROA)	9.0%	7.0%	10.8%
Return on Equity (ROE)	13.5%	11.1%	18.4%
Stock Dividend	10.0%	-	-
Cash Dividend	15.0%	25.0%	25.0%

3 Years' CAGR	Peers		
	RAKCERAMIC	SPCERAMICS	FUWANGCER
Revenue	1.0%	-4.1%	-3.1%
NPAT	29.8%	-124.0%	-32.0%

Source: Annual Reports of SPCERAMICS, FUWANGCERA 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 quarters

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.

As a leading player in ceramic industry of Bangladesh, RAK Ceramics produces and markets Ceramic & GP Tiles, Décor and Borders and Sanitary Wares. Besides, it has two subsidiaries, RAK Power Pvt. Ltd. and RAK Security & Services Pvt. Ltd. However, the company sold off its ownership portion of one subsidiary, RAK Pharmaceuticals Ltd. and two associates, RAK Paints Pvt. Ltd. and RAK Mosfly Pvt. Ltd. during 2015.

Key Revenue Drivers & Company Insight

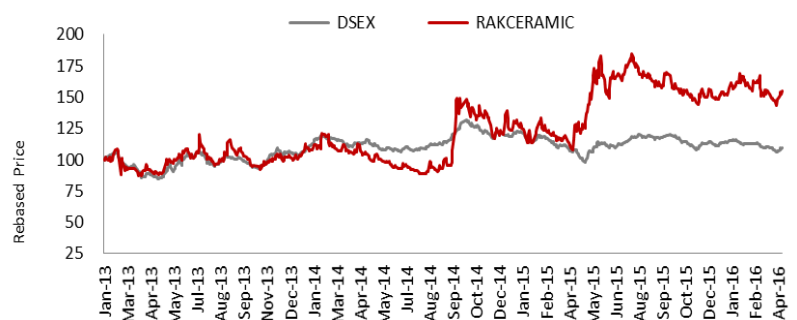
RAK Ceramics generates its revenue by manufacturing and marketing Ceramic Tiles, Bathroom Sets and Sanitary Ware products. Amid these, Ceramic Tiles contributes majority portion of total revenue. During 2015, local sales contributed about 99.6% of total sales, while rest was exported. RAKCERAMIC has already expanded Sanitary Ware capacity by 33% to 4,000 pcs per day in 2015. It is also enhancing its Ceramic Tiles capacity by 0.5 Mn sqm to reach at an annual capacity of 8.53 Mn sqm which is expected to be operational by 2016.

During 2015, the company sold its loss incurring subsidiary, RAK Pharmaceuticals Pvt. Ltd. (55% ownership) to Gulf Pharmaceuticals Industries Julphar PJSC. It also sold two associate companies, RAK Paints and RAK Mosfly in that year. While, ownership stake in RAK Power and RAK Security had been increased from 57.0% and 35.0% to both 100.0%.

Financial Performance

In 2015, RAKCERAMIC's top line was flat. Gross Profit Margin (GPM), Operating Profit Margin (OPM) and Net Profit Margin (NPM) expanded by 3.6%, 7.9% and 8.7% points, respectively from that of 2014. In the meantime, the company netted the gains on subsidiary and associates' sale against loan and interest write off previously given to subsidiary. Significant gain on disposal finally contributed to NPAT, growing by 68.4% YoY.

Recently, the Company has reported consolidated net profit after tax of Tk. 1,094.34 million with consolidated EPS of Tk. 3.25 for the year ended in December 2015 as against Tk. 562.79 million and Tk. 1.67 respectively in 2014.



Source : DSE; Research, IDLCIL

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