

## RAS AL KHAIMAH CEMENT (RKCC.AD)

- Ras Al Khaimah Cement (RAK Cement) had released their 1H2009 financials late yesterday. Though we do not have the detailed information on the sales volume, average cement prices and EBITDA for the quarter, our preliminary assessment indicates reported figures were in line with our forecasts.
- RAK Cement reported revenues of AED 65.7 million in 2Q2009, a decline of 40% compared to the same quarter last year. We logically assume the decrease was more due to drop in prices than in sales volume. The dip in 1H2009 revenues was comparatively subdued at 14.2% to AED 163.5 million. This was 4% lower than our forecast of AED 170.2 million for 1H2009.
- We estimate the company has reported EBITDA of AED 28.7 million in 2Q2009, compared to our forecast of AED 28.5 for the same period.
- EBITDA margins more than doubled to 38.2% in 1H2009 compared to 16.5% in 1H2008. We assume this was mainly due to lower energy costs.
- Net profit for the company more than doubled to AED 51.1 million in 1H2009 compared to AED 22.5 million in 1H2008. Net profit for 2Q2009 was up 76.7% at AED 21.7 million compared to the same quarter a year ago.
- In our initiation dated 16 July, 2009, we had forecasted 2H2009 to witness a decline in revenue due to lower sales volume and drop in cement prices compared to 1H2009. The management's expectation for the remaining part of the year in the 1H2009 financials corroborates our 2H2009 view.
- Our long term fair value for RAK Cement is at AED 1.44 per share, 17% over the company's closing price as of 20 July 2009.

### Rajat Bagchi

T. +965 2259 5115

E. [rajat.bagchi@nbkcapital.com](mailto:rajat.bagchi@nbkcapital.com)

### RELATED RESEARCH

- RAK Cement Initiation - 02 July 2009

**NBK CAPITAL****Kuwait****Head Office**

17th Floor, Dar Al-Awadi Building  
Ahmed Al-Jaber Street, Sharq  
P.O.Box 4950, Safat 13050  
Kuwait  
T. +965 2224 6900  
F. +965 2224 6905

**MENA Research**

19th Floor, Dar Al-Awadi Building  
Ahmed Al-Jaber Street, Sharq,  
P.O.Box 4950, Safat 13050, Kuwait  
T. +965 2224 6663  
F. +965 2224 6905  
E. menaresearch@nbkcapital.com.kw

**Brokerage**

8th Floor, Dar Al-Awadi Building  
Ahmed Al-Jaber Street, Sharq  
P.O.Box 4950, Safat 13050, Kuwait  
T. +965 2224 6964  
F. +965 2224 6978  
E. brokerage@nbkcapital.com

**United Arab Emirates****NBK Capital Limited**

Precinct Building 3, Office 404  
Dubai International Financial Center  
P.O.Box 506506, Dubai,  
UAE  
T. +971 4 365 2800  
F. +971 4 365 2805

**Turkey****NBK Capital**

Arastima ve Musavirlik AS,  
Sun Plaza, 30th Floor,  
Dereboyu Sk. No.24  
Maslak 34398, Istanbul, Turkey  
T. +90 212 276 5400  
F. +90 212 276 5401

**DISCLAIMER**

This document and its contents are prepared for your personal information purposes only and do not constitute an offer, or the solicitation of an offer, to buy or sell a security or enter into any other agreement. Projections of potential risk or return are illustrative, and should not be taken as limitations of the maximum possible loss or gain. The information and any views expressed are given as of the date of writing and are subject to change. While the information has been obtained from sources believed to be reliable, we do not represent that it is accurate or complete and it should not be relied on as such. Watani Investment Company (NBK Capital), its affiliates and subsidiaries accept no liability for any direct, indirect or consequential loss arising from use of this document or its contents. At any time, the employees of NBK Capital and its affiliates and subsidiaries may, at their discretion, hold a position, subject to change, in any securities or instruments referred to, or provide services to the issuer of those securities or instruments.

**© COPYRIGHT NOTICE**

This is a publication of NBK Capital. No part of this publication may be reproduced or duplicated without the prior consent of NBK Capital.