

RAK CERAMICS

INVESTOR PRESENTATION Q1 2018 RESULTS

MAY 2018

Attendees



Abdallah Massaad

Group Chief Executive Officer

Abdallah Massaad is Group CEO of RAK Ceramics, and has over 21 years experience in ceramics manufacturing, sales management, product marketing and business leadership. Prior to RAK Ceramics, Mr. Massaad was General Manager of ICC SARL, Lebanon.

Mr. Massaad holds post graduate qualifications in Management (DEA in Business Administration) and an undergraduate degree (Maitrise in Business Administration - Marketing) from Université Saint-Esprit de Kaslik, Lebanon.



PK Chand

Group Chief Financial Officer

Pramod Kumar Chand is the Group Chief Financial Officer of RAK Ceramics. Mr. Chand has wide experience in dealing with corporate finance matters including treasury and working capital financing, project finance, venture capital, debt & equity capital market instruments, fund raising processes and general management.

Mr. Chand is a Member of the Institute of Chartered Accountants of India (CA) and has been a rank holder and winner of A F Ferguson award.

Disclaimer

This information contained in the enclosed presentation summarises preliminary and introductory information on RAK Ceramics PJSC (the Company). This presentation has been prepared for information purposes only and is not and does not form part of or constitute any prospectus, offering memorandum or offering circular or offer for sale or solicitation of any offer to subscribe for or purchase or sell any securities nor shall it or any part of it form the basis of or be relied on in connection with any credit evaluation or third party evaluation of any securities or any offerings or contract or commitment whatsoever.

The information contained herein has been prepared by the Company. Some of the information relied on by the Company is obtained from sources believed to be reliable but does not guarantee its accuracy or completeness. All potential recipients of the enclosed presentation are expected to be aware that the information contained herein is preliminary as of the date hereof, supersedes any previous such information delivered and will be superseded by any such information subsequently delivered. The information contained herein is subject to change without notice. The Company is under no obligation to update or keep current the information contained herein. No person shall have any right of action (except in case of fraud) against the Company or any other person in relation to the accuracy or completeness of the information contained herein.

Some of the information in this presentation may contain projections or other forward-looking statements regarding future events or the future financial performance of The Company. These forward-looking statements include all matters that are not historical facts. The inclusion of such forward-looking information shall not be regarded as a representation by the Company or any other person that the objectives or plans of the Company will be achieved. Future events are subject to various risks which cannot be accurately predicted, forecasted or assessed. No assurance can be given that future events will occur or that the company's assumptions are correct. Actual results may differ materially from those projected

and past performance is not indicative of future results. The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. Accordingly all potential recipients are expected to conduct their own due diligence on the information provided.

These materials are confidential and are being submitted to selected recipients only for the purpose described above. They may not be taken away, reproduced (in whole or in part), distributed or transmitted to any other person without the prior written consent of the Company. These materials are not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation and must not be acted on or relied on by persons who are not relevant persons. If this presentation has been received in error it must be returned immediately to the Company.

Key business highlights

Core business growth

Core business growth led by strong sales in UAE and India markets.

India turnaround

Expansion in Morbi JV and a new Greenfield project in Morbi underway, due for commercial production by the end of the year.
Exploring export options.

Saudi Arabia Integration

Integration of recently acquired JV's is in progress, focusing on workforce and warehousing rationalisation.

Stable tableware growth

Stable growth and improved gross margins.

Flagship showroom launched in Ras Al Khaimah.

US market growth in progress.

Margin enhancements

Cost reduction with better production efficiencies.

Stable GP margins despite increased energy and material costs.

Non-core exits

Discontinuation of rough grading business and sale of machineries completed.

Key financial highlights

Core revenues increased by +1.0% to AED626.8m YoY.

Total revenues decreased by -2.8% to AED661.8m YoY Q1 2017 due to a decrease in Non-core revenues by -42.1%

+1.0%

Core gross profit margin

remained stable at 32.0% compared to Q1 2017.

Total Gross margin increased by 20bps to 31.8%.

32.0%

Core EBITDA increased by +3.0% to AED99.3m YoY, with margins of 15.8% an increase of +30bps.

Total EBITDA decreased by 3.4% to AED110.9 YoY

AED99.3M

Reported net profit increased by 1.5% to AED65.4m with margins of 9.9% YoY.

AED65.4M

Like for like net profit*

decreased by 2.6% to AED 49.9m with stable margin of 7.5% YoY

AED49.9M

Net Debt increased by 10.4% to AED1.55bn compared to December 2017 and Net Debt to EBITDA increased from 2.64x to 2.94x for payment of dividends.

2.94x

*exc. provisions and gains

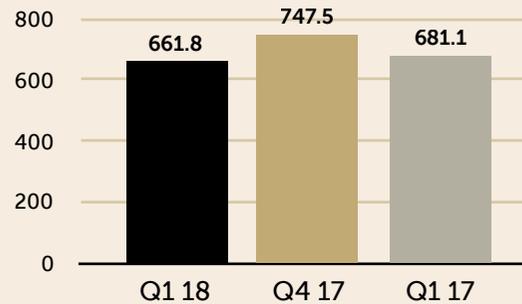
Revenue highlights

MANAGEMENT COMMENTS

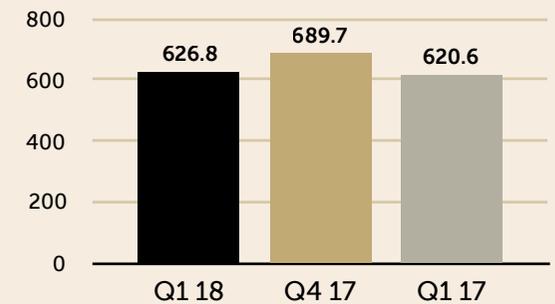
Total revenue in Q1 2018 decreased by 2.8% compared to Q1 2017, mainly due to decrease of 42.1% in non core revenue on account of discontinuance of the rough grading business.

Tiles revenue increased by 2.1% compared to Q1 2017 driven by UAE, India & Bangladesh markets. Sanitaryware revenue is decreased by 2.9% in Middle East, Saudi & Europe markets.

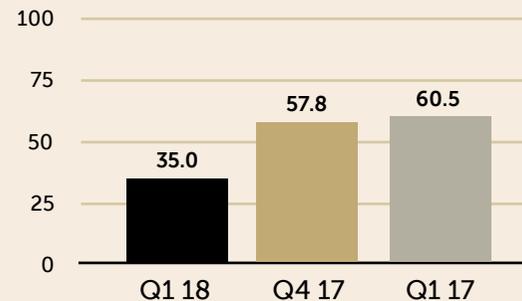
TOTAL REVENUES (AED M)



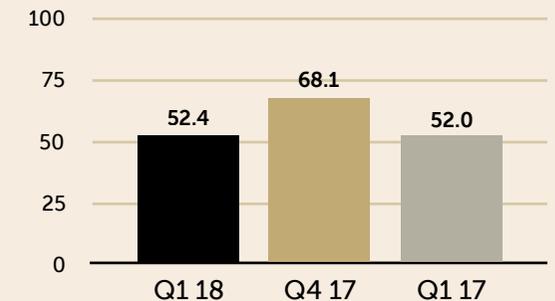
CORE REVENUES (AED M)



NON-CORE REVENUES (AED M)



TABLEWARE REVENUE (AED M)



Revenues by end market

	TILE REVENUES BY END MARKET					SANITARYWARE REVENUES BY END MARKET				
	Quarterly Comparison			Yearly Comparison		Quarterly Comparison			Yearly Comparison	
	Q1 18	Q4 17		Q1 17		Q1 18	Q4 17		Q1 17	
	Amount	Amount	Growth	Amount	Growth	Amount	Amount	Growth	Amount	Growth
United Arab Emirates	156.9	170.4	-7.9%	131.9	19.0%	42.1	54.1	-22.2%	38.5	9.3%
Kingdom of Saudi Arabia*	55.2	42.1	31.2%	44.8	23.2%	5.8	2.7	115.3%	6.2	-6.7%
Middle East (Ex. UAE & KSA)	28.6	27.7	3.1%	32.4	-11.7%	2.3	4.0	-43.1%	6.1	-62.9%
India	80.2	82.1	-2.2%	69.2	15.9%	4.6	4.4	3.6%	4.1	11.6%
Europe	45.2	52.3	-13.5%	60.4	-25.0%	32.1	38.9	-17.5%	34.7	-7.5%
Bangladesh	49.2	58.4	-15.8%	47.4	3.9%	25.8	30.2	-14.6%	24.5	5.4%
Africa	16.4	21.2	-22.6%	32.8	-49.9%	1.4	1.6	-11.6%	3.9	-63.1%
Rest of the world	24.1	27.6	-9.2%	27.6	-9.3%	4.5	3.9	14.7%	4.2	8.4%
Total	455.9	481.7	-5.2%	446.4	2.1%	118.6	139.9	-15.2%	122.2	-2.9%

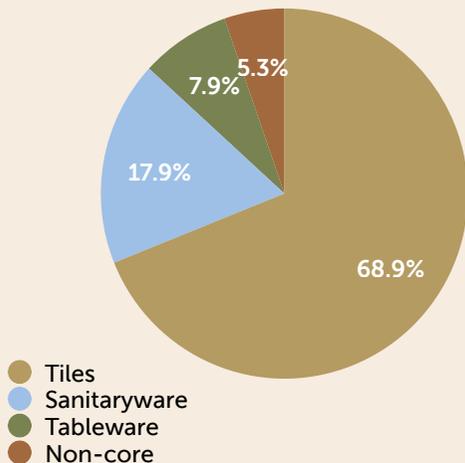
*Excluding consolidation of Saudi JV's, tiles growth is +3.1% and Sanitaryware -6.6% year on year

Revenue contribution

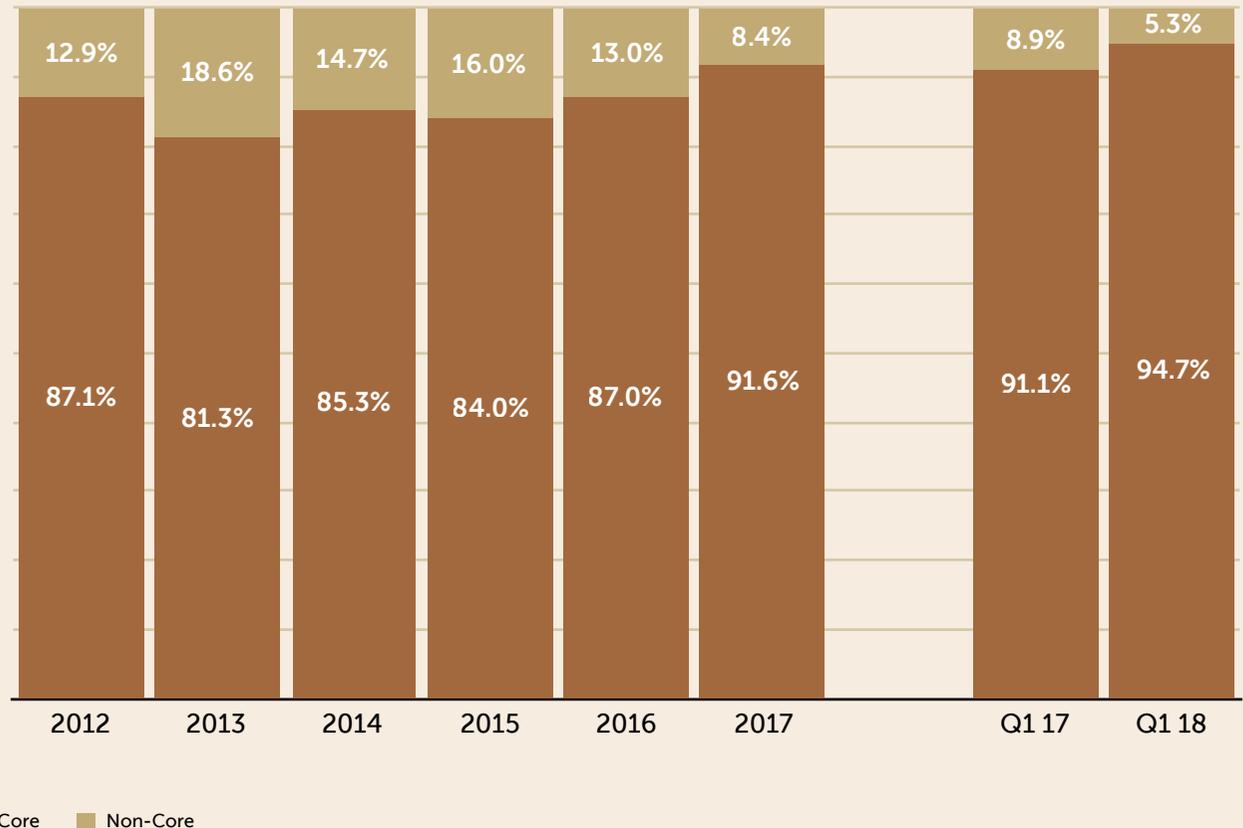
MANAGEMENT COMMENTS

Non-core revenue contribution at an all time low of 5.3% driven by our strategic focus on divesting non-core operations. During the Quarter Rough grading business has been discontinued.

Q1 2018 SEGMENT CONTRIBUTION (%)



CORE AND NON-CORE REVENUE (%)



Gross profit margins

MANAGEMENT COMMENTS

Total gross margin increased by +20bps compared to Q1 2017.

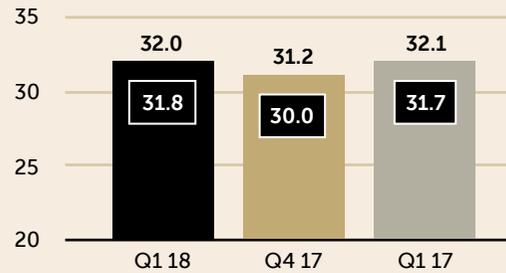
Core margins remained stable at 32.0% despite of an increase in energy and raw material costs.

Continued improvement in operational efficiencies has offset the increased costs.

Tile gross margins decreased slightly to 26.8%, whilst sanitaryware margins remained stable YoY

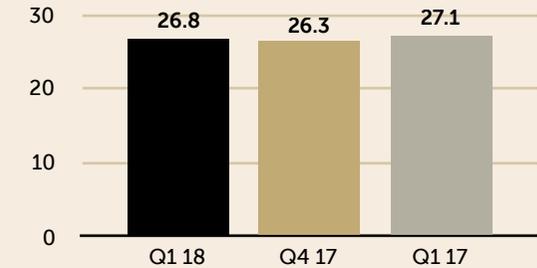
Tableware margins increased due to a change in product mix.

CORE GROSS MARGINS (%)

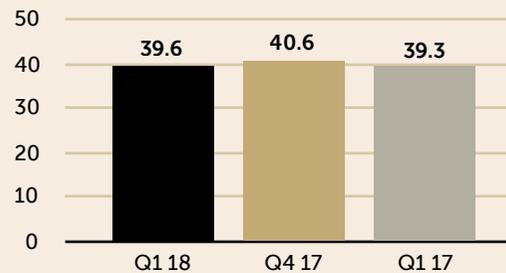


Total gross profit margin

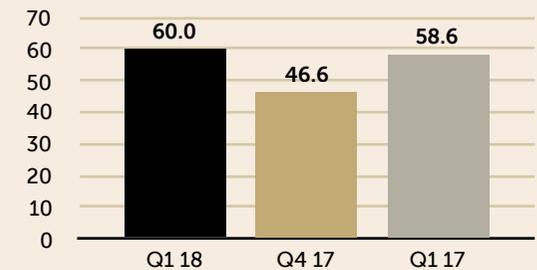
TILES GROSS MARGINS (%)



SANITARYWARE GROSS MARGINS (%)



TABLEWARE GROSS MARGINS (%)



Financial highlights

FINANCIAL HIGHLIGHTS (AED M)

	Quarterly Comparison		Yearly Comparison		
	Q1 18	Q4 17	Q1 17		
	Amount	Amount	Growth	Growth	
Revenue	661.8	747.5	-11.5%	681.1	-2.8%
Core Revenue	626.8	689.7	-9.1%	620.6	1.0%
Gross margin (%)	31.8%	30.0%	1.8%	31.7%	0.1%
Core Gross Margin	32.0%	31.2%	0.8%	32.1%	-0.1%
EBITDA	110.9	122.8	-9.7%	114.8	-3.4%
Core EBITDA	99.3	104.9	-5.3%	96.4	3.0%
Reported Net profit	65.4	53.2	23.0%	64.5	1.5%
Extraordinary gain (net)	-15.5	11.7	n/a	-13.4	n/a
Like for like Net Profit	49.9	64.9	-23.1%	51.1	-2.3%
Capital expenditure	31.1	36.0	-13.6%	19.7	57.9%
Net debt	1,555.0	1,407.9	10.4%	1,728.4	-10.0%
Net Debt / EBITDA	2.94x	2.64x	-12.0%	3.74x	-21.5%

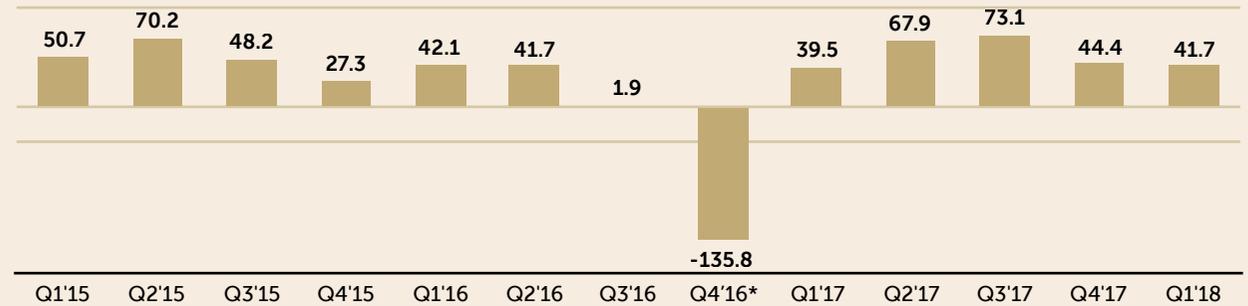
Core net profit and shareholder return

MANAGEMENT COMMENTS

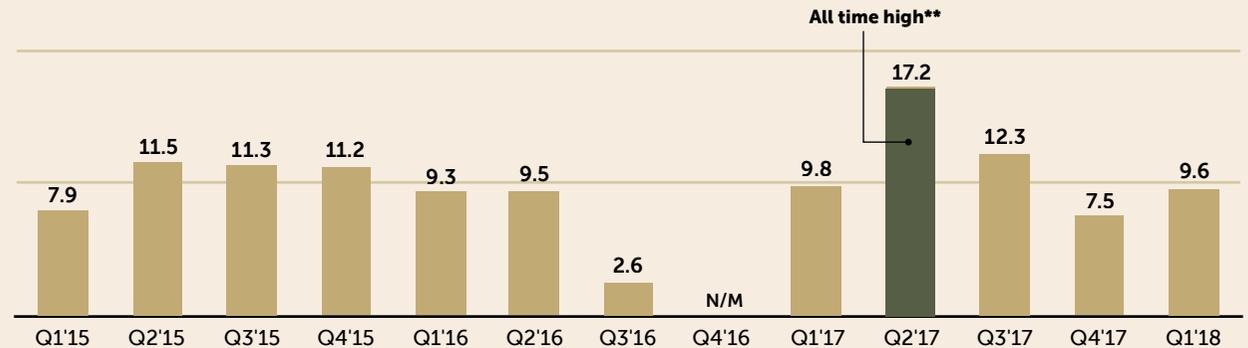
Core net profit increased by 5.4% compared to last year with a margin improvement of +30bps YoY.

Shareholder's return enhanced quarter on quarter.

CORE NET PROFIT (AED MN)



RETURN ON EQUITY (%)



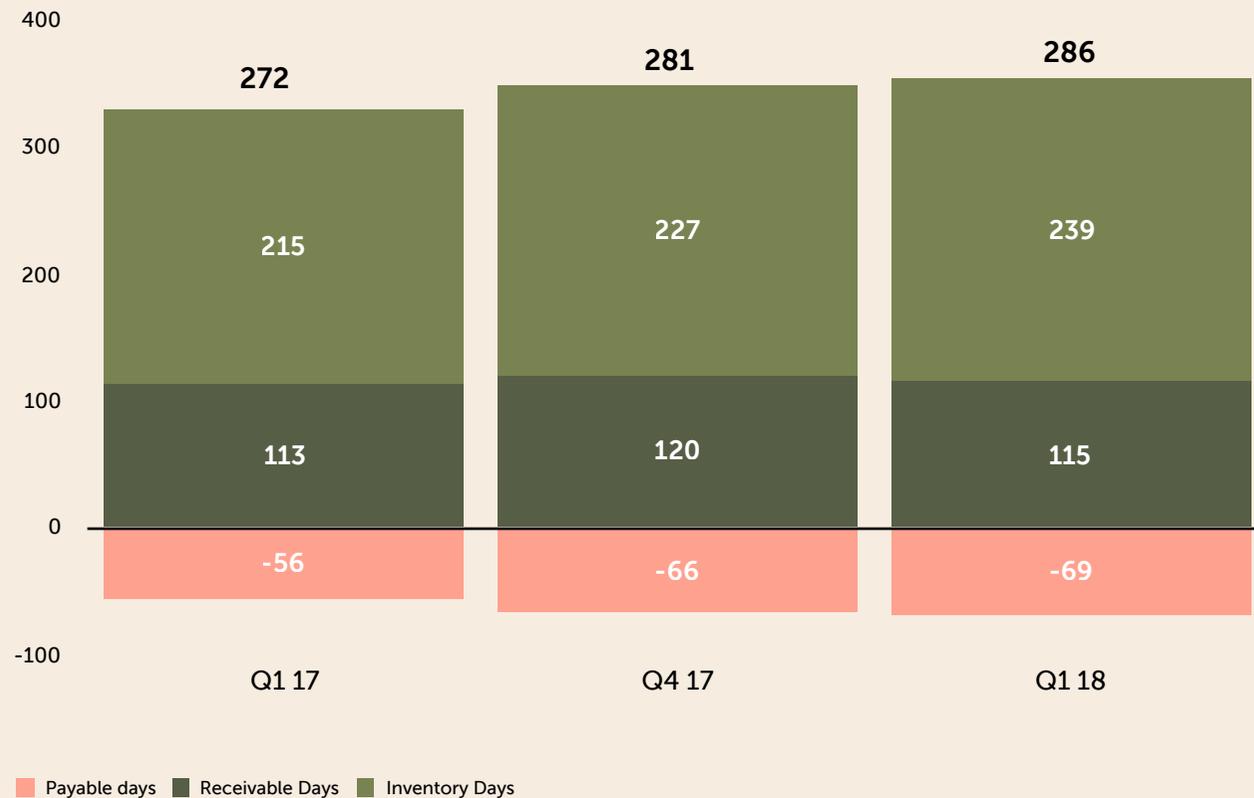
* Includes extraordinary provision of AED131.8m **Includes extraordinary Net Gain of AED34.8m towards sale of RAK Warehouse Leasing stake. Impact was 5.3%.

Operating cycle

MANAGEMENT COMMENTS

Inventory days has increased due to consolidation of Saudi Arabia JV. Excluding this impact, actual inventory days is 233 days.

OPERATING CYCLE (DAYS)



2018 Priorities

Maintain/Increase market share & profitability of UAE, India, Bangladesh, Porcelain and Kludi

Europe profitability improvement

Continue product portfolio optimization

Optimized production

India turnaround and hub for exports

Continue focus on branding roll out supported by shop in shop concept

Continue cost efficiencies and manage margins

Finalise post acquisition integration in Saudi Arabia

Identify opportunistic acquisitions

Contacts

INVESTOR RELATIONS

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

Investor Relations

RAK Ceramics
Al Jazeera Al Hamra
PO Box 4714
Ras Al Khaimah
United Arab Emirates

T: +971 7 246 7000
ir@rakceramics.com
rakceramics.com

RAK

CERAMICS

