



RAK
CERAMICS

Close to you worldwide

RAK CERAMICS PSC
Q4 2015 RESULTS PRESENTATION



Disclaimer

This information contained in the enclosed presentation summarizes preliminary and introductory information on RAK Ceramics PSC (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contained herein is preliminary as of the date hereof, supersedes any previous such information delivered and will be superseded by any such information subsequently delivered.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.

2015 HIGHLIGHTS

Mr. Abdallah Massaad, *Chief Executive Officer*

2015 OPERATIONAL HIGHLIGHTS

Group Revenue

AED3.08bn, -1.5% YoY

Consolidated GM

28.2%, +230 bps YoY

UAE Raw Material Savings

AED 44mn

Net Profit

AED310mn, +10.2% YoY

Core Business CAPEX

AED257mn, +85% YoY

Non Core Disposals

AED 110mn

Int'l Core Restructuring

5 Acquisitions, 2 Exits

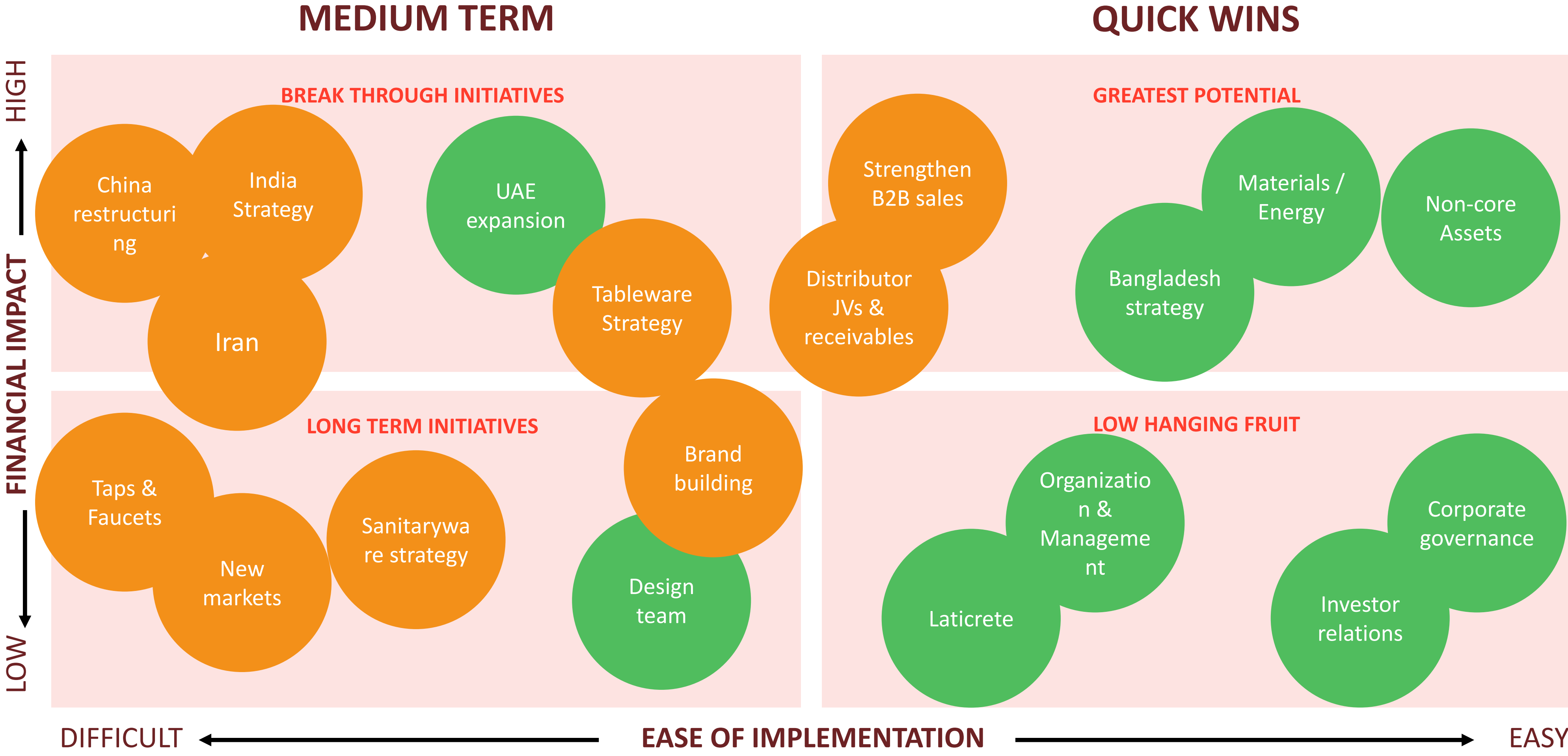
Senior Leadership

15 new hires

Dividends per Share

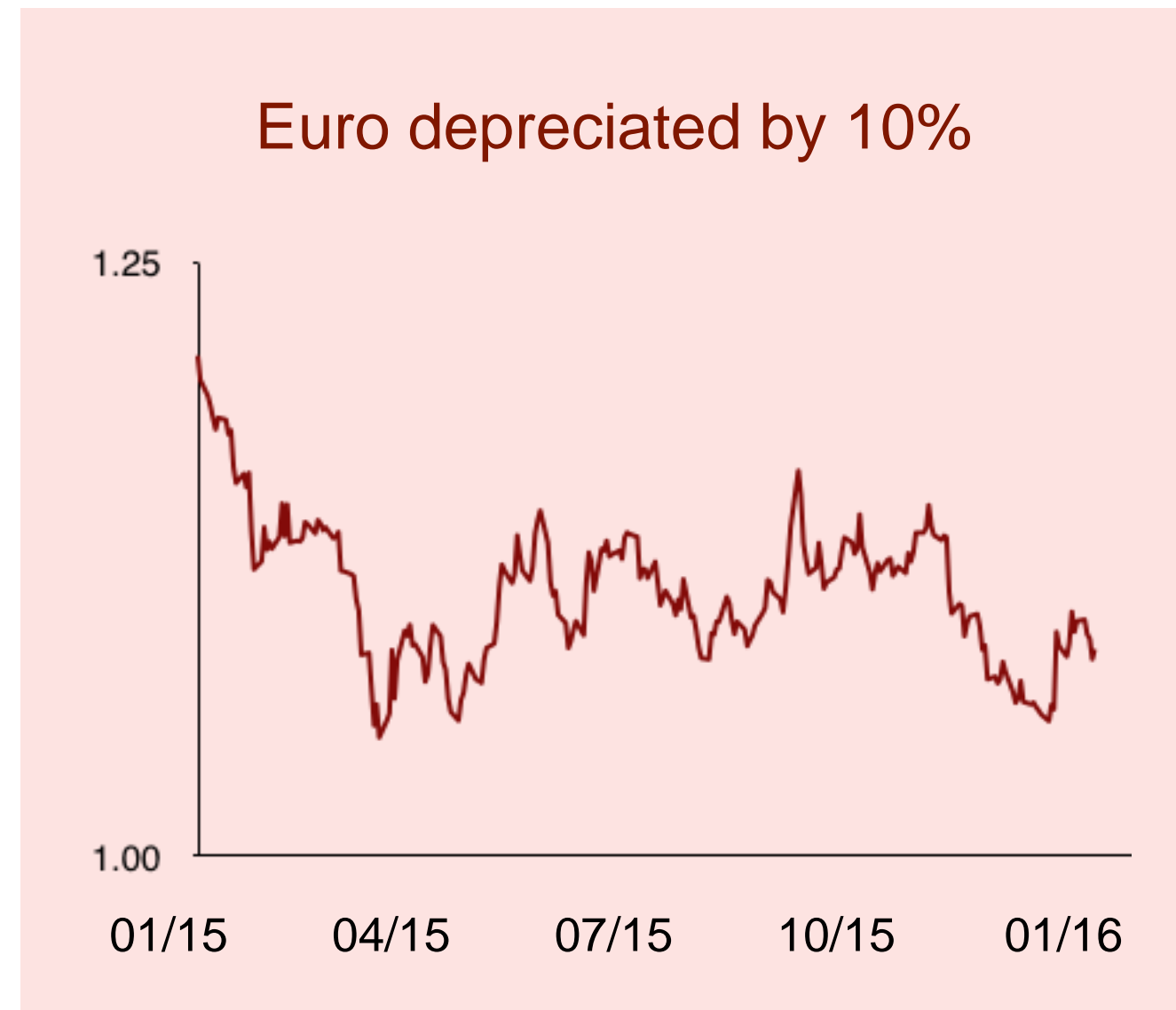
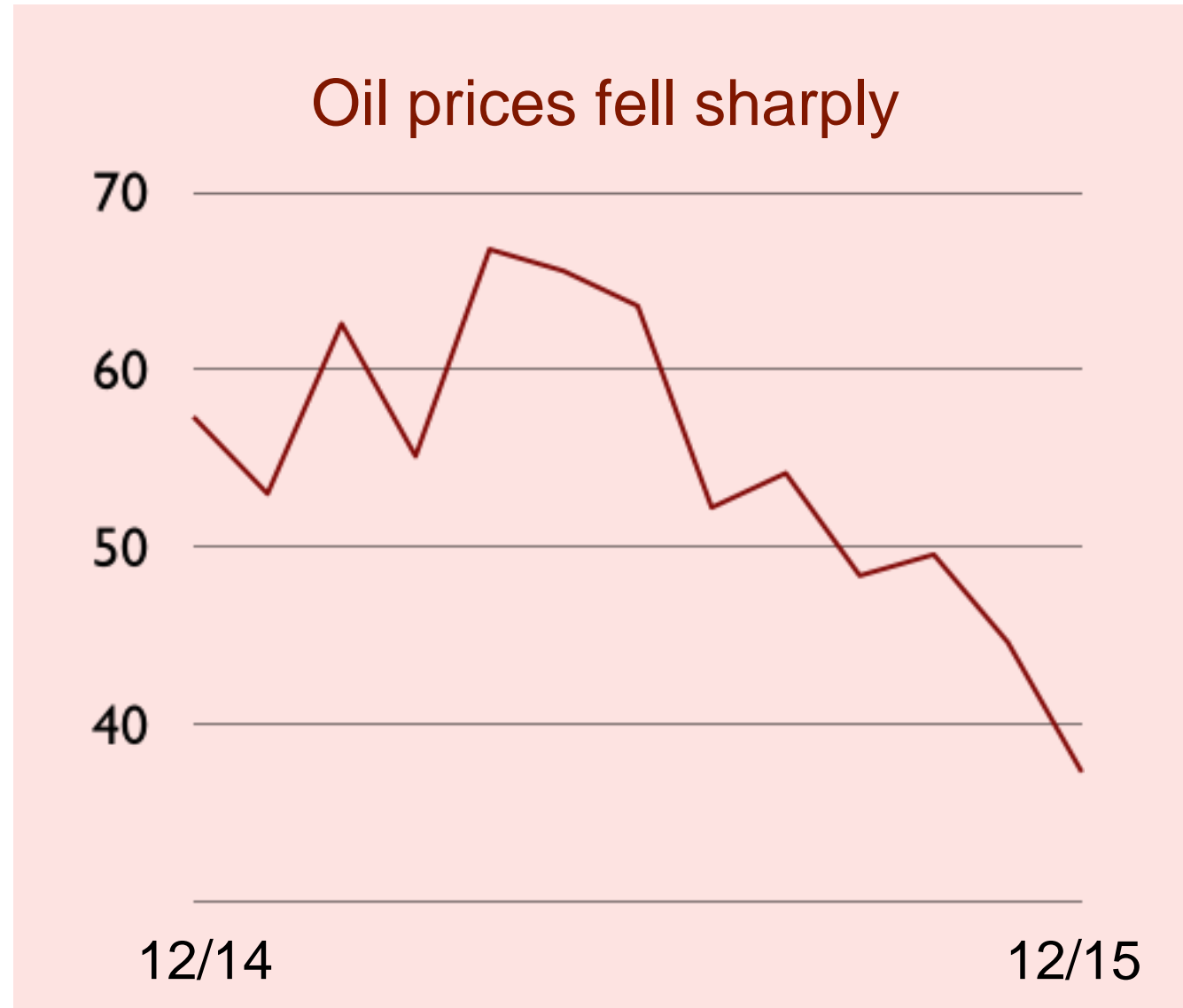
**25 fils (reg) + 10 fils
(special) for 2015
30 fils + 5% stock (reg)
for 2016**

VALUE CREATION PLAN PROGRESS



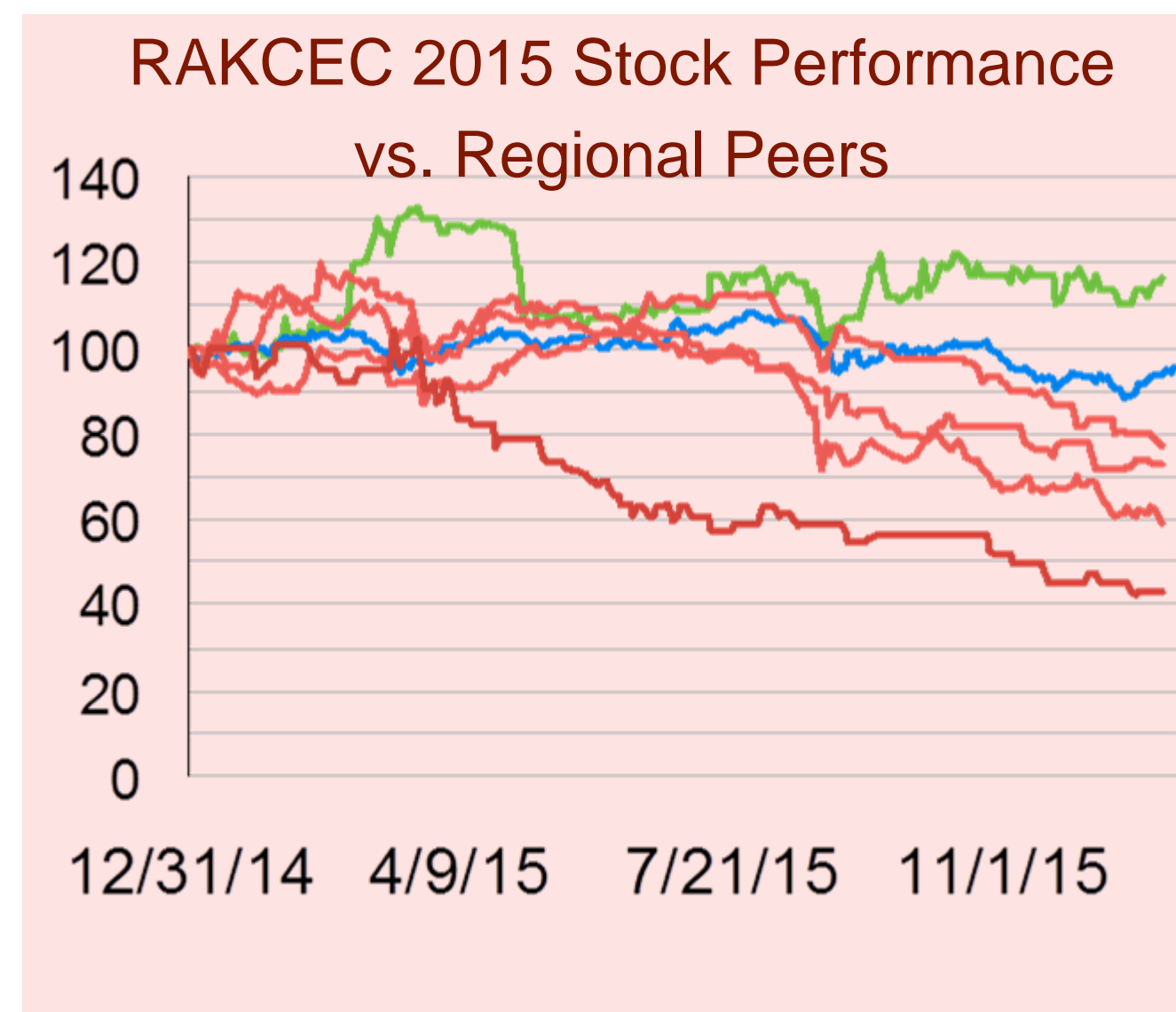
For 2016, focus moves from delivering quick wins to executing the medium term initiatives that will reshape the business

DESPITE CHALLENGING MACROECONOMIC AND POLITICAL FACTORS



While our Cost for Natural Gas in UAE Went Up 24% YoY

In spite of these challenges, our stock substantially outperformed its peers in 2015



- RAKCEC
- ADX INDEX
- AI MAHA CER.
- SAUDI CER.
- LECICO

SEGMENT HIGHLIGHTS

TILE - REVENUES

Q4 Tile sales were down 10.2% YoY. If we exclude China and Iran where we consciously curtailed production during the year and the current issue we are facing in India, sales declined 4.3% YoY.

Q4 Tile sales in UAE and KSA, our two largest markets rose 5.4% and 17.4% respectively. Strong result in KSA reflects our efforts in the past year to improve our distribution and we are regaining lost share.

Sales in MENA continue to be weak and fell 39.6% YoY IN Q4/15 on a mix of currency weakness and geopolitical issues in the region.

Tile Revenues by End Market

AED Mns	Q4/14	Q4/15	YoY	2014	2015	YoY
UAE	112.0	118.1	5.4%	451.1	482.6	7.0%
India	116.5	82.5	-29.2%	426.4	364.0	-14.6%
KSA	70.1	82.3	17.4%	330.6	370.4	12.0%
Bangladesh	35.6	40.7	14.3%	145.5	143.6	-1.3%
Europe	54.0	44.5	-17.5%	258.7	215.5	-16.7%
China & Iran	5.0	2.7	-46.0%	39.6	17.5	-55.8%
MENA	43.9	26.5	-39.6%	173.0	110.6	-36.1%
All Others	87.2	73.5	-15.7%	355.5	292.7	-17.7%
Total	524.3	470.8	-10.2%	2180.4	1996.9	-8.4%

Tile Revenues by Production Location

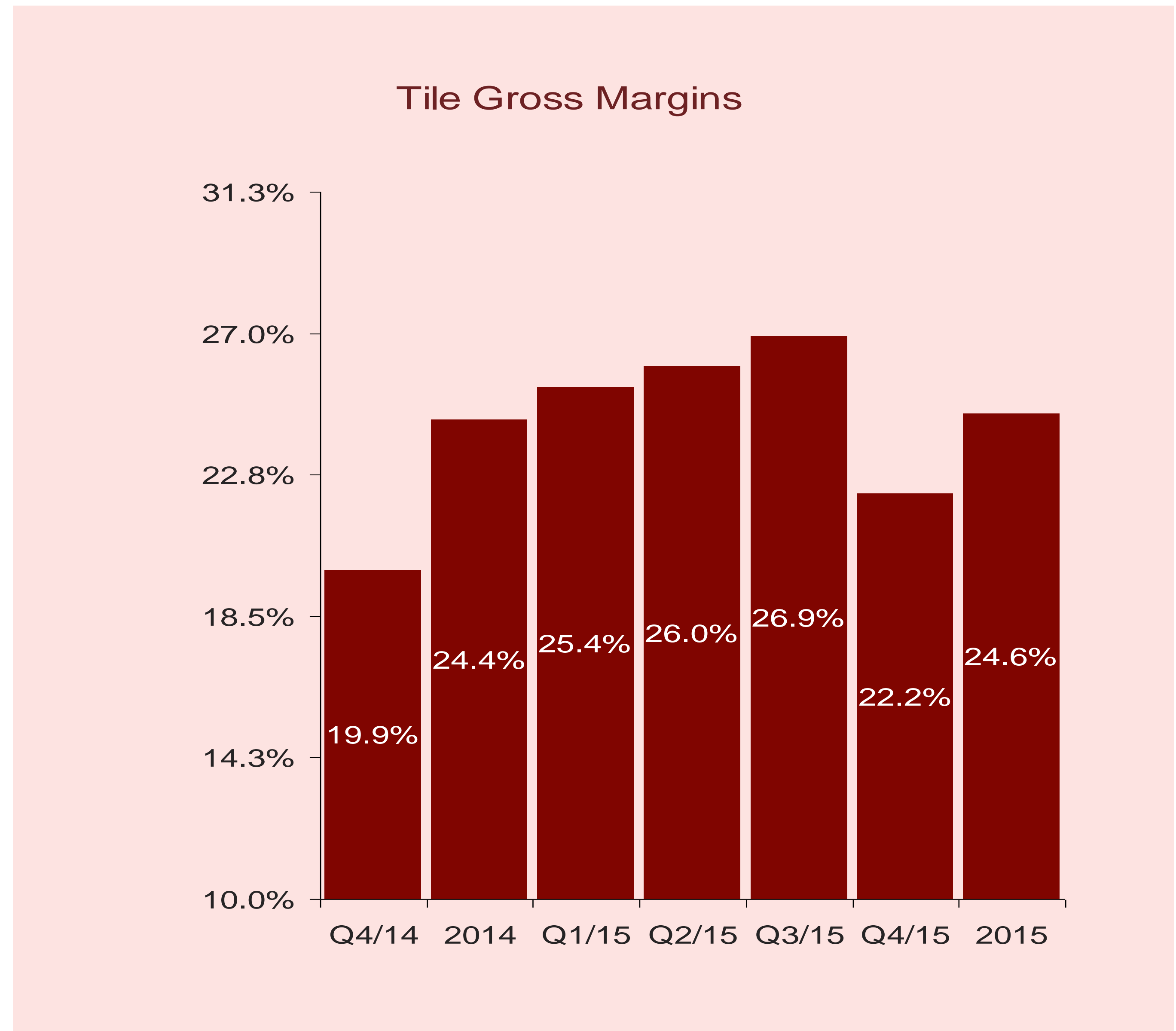
AED Mns	Q4/14	Q4/15	YoY	2014	2015	YoY
UAE	364.4	355.7	-2.4%	1,559.7	1,505.2	-3.5%
India	117.0	91.9	-21.4%	432.7	390.7	-9.7%
Bangladesh	35.5	40.5	14.2%	145.3	143.3	-1.4%
China and Iran	14.7	2.9	-80.5%	97.7	23.2	-76.2%
Total Gross	531.6	491.0	-7.6%	2,235.4	2,062.5	-7.7%
Total Net	524.3	470.8	-10.2%	2,180.4	1,996.9	-8.4%

TILE - MARGINS

Q4/15 Tile margins fell 470ps QoQ but were up 230bps YoY.

Results demonstrate raw material procurement, transportation and packaging savings and favorable LPG costs in India. Consolidated results still reflect ongoing losses (though lower YoY) from the China operations and startup expenses at the Iran plant.

On a country basis, Q4/15 Tile Gross margins were 200 bps lower in the UAE to 25.4% while they rose 290bps in Bangladesh to 37.2% and 390bps in India to 19.9%.



SANITARYWARE - REVENUES

Sanitaryware sales fell 3.0% YoY in Q4/15. A very strong performance in the UAE(+15.1% YoY) and Bangladesh (+13.8%) was offset by 37% decline in sales in India and 41% decline in KSA.

Indian sales performance continues to be affected by brand perception after the quality issues that surfaced in Q1/15. We continue to think performance in India will improve after Q2/16. ASPs in India Sanitaryware have already stabilized QoQ.

Sanitaryware Revenues by End Market

AED Mns	Q4/14	Q4/15	YoY	2014	2015	YoY
UAE	29.2	33.6	15.1%	123.5	136.9	10.9%
Bangladesh	22.3	25.4	13.8%	91.9	92.9	1.1%
Europe	28.4	27.5	-2.9%	110.8	104.5	-5.7%
India	10.0	6.2	-37.4%	39.9	27.4	-31.4%
KSA	7.5	4.4	-41.3%	27.9	29.3	5.0%
MENA	3.1	1.9	-39.1%	13.5	11.7	-13.6%
All Others	11.1	9.2	-17.1%	41	41.3	0.7%
Total	111.6	108.2	-3.0%	448.5	444.0	-1.0%

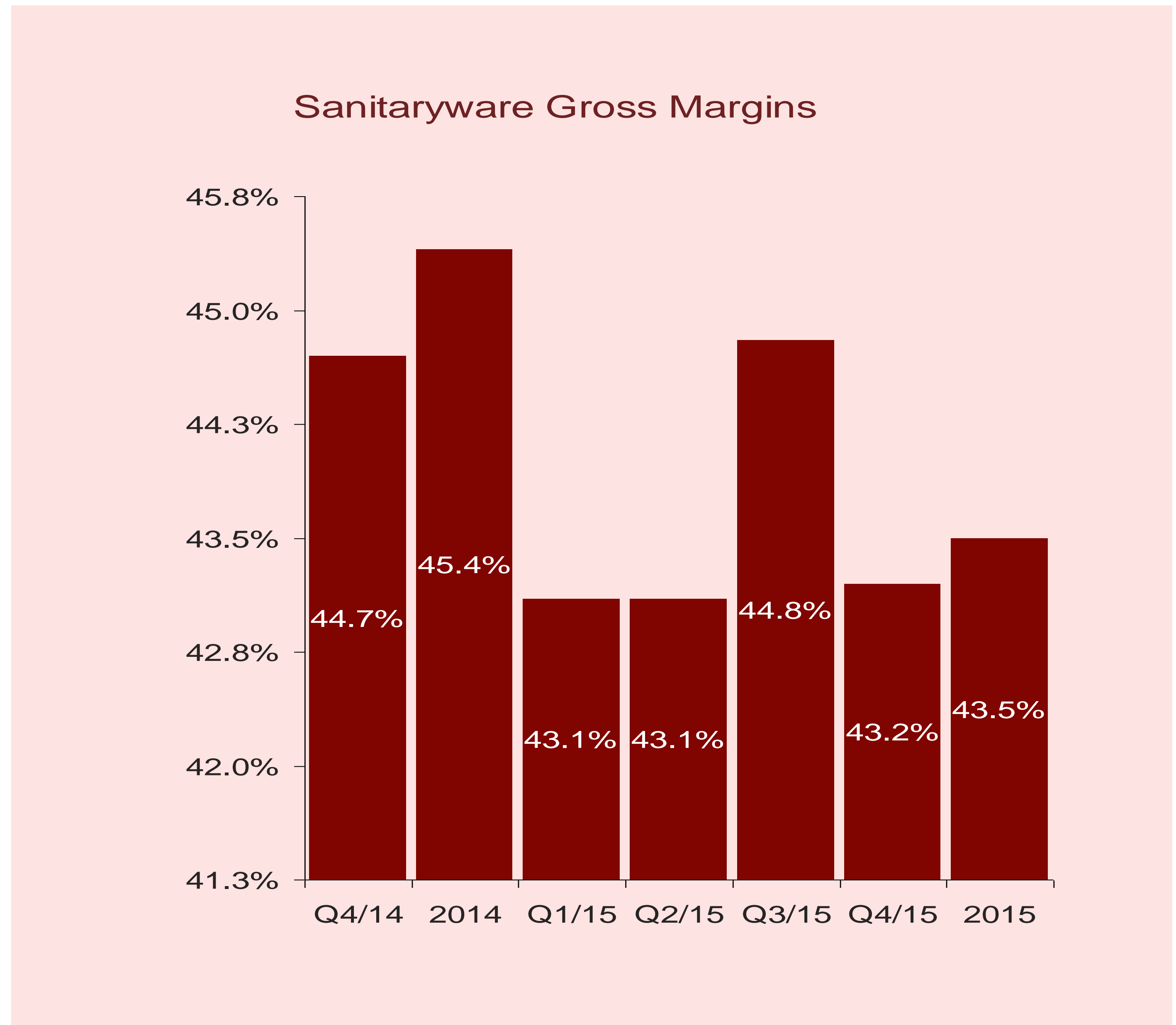
Sanitaryware Revenues by Production Location

AED Mns	Q4/14	Q4/15	YoY	2014	2015	YoY
UAE	79.8	77.6	-2.7%	319.6	328.3	2.7%
India	9.8	6.7	-31.6%	39.9	27.7	-30.6%
Bangladesh	22.3	25.4	13.8%	91.9	92.9	1.1%
Total Gross	111.9	109.7	-2.0%	451.4	449.0	-0.6%
Total Net	111.6	108.2	-3.0%	448.5	444.0	-1.0%

SANITARYWARE - MARGINS

Q4/15 Sanitaryware margins fell QoQ and YoY but was above H1/15 levels.

In terms of production location, Bangladesh margins fell 350bps to 41.4% UAE margins fell 240bps 45.2% and India margins fell 160bps YoY to 17.8%. On a QoQ, basis, India GM is up 300 bps as ASPs begin to recover.



TABLEWARE

Revenues

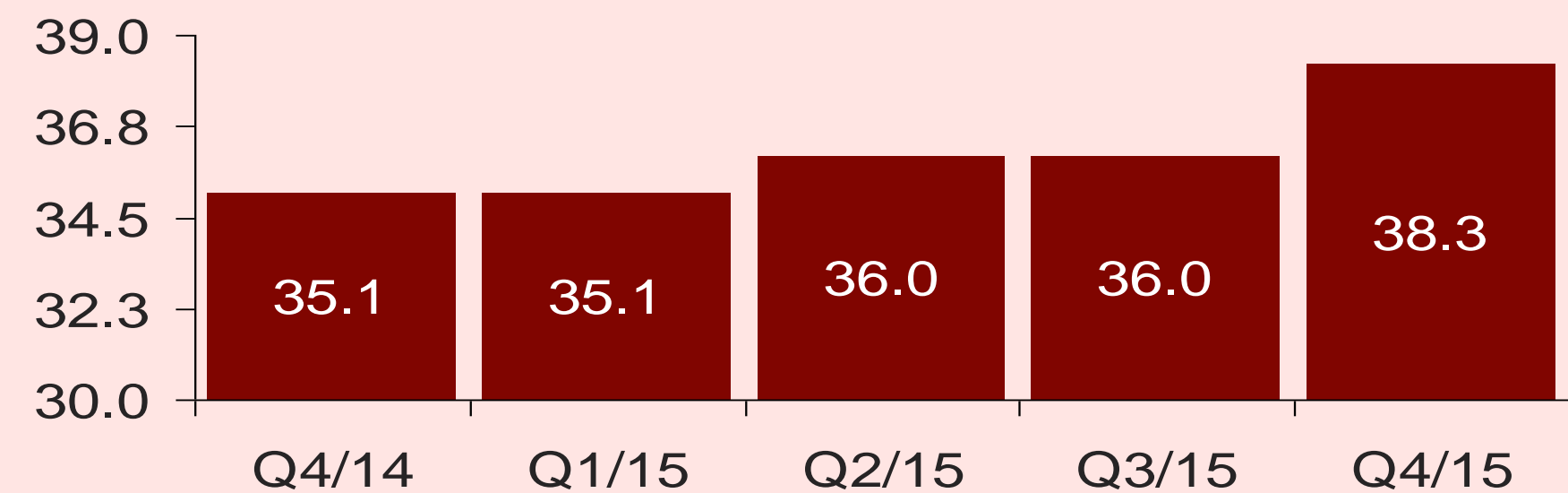
Q4/15 revenues came in at AED38mn. Excluding the impact of the acquisition of further 20% stake in RAK Europe (we now own 91%), revenues were stable QoQ and YoY.

A number of product ranges were introduced in Q4/15 including a new line of utensils and we are confident of solid growth for tableware in 2016.

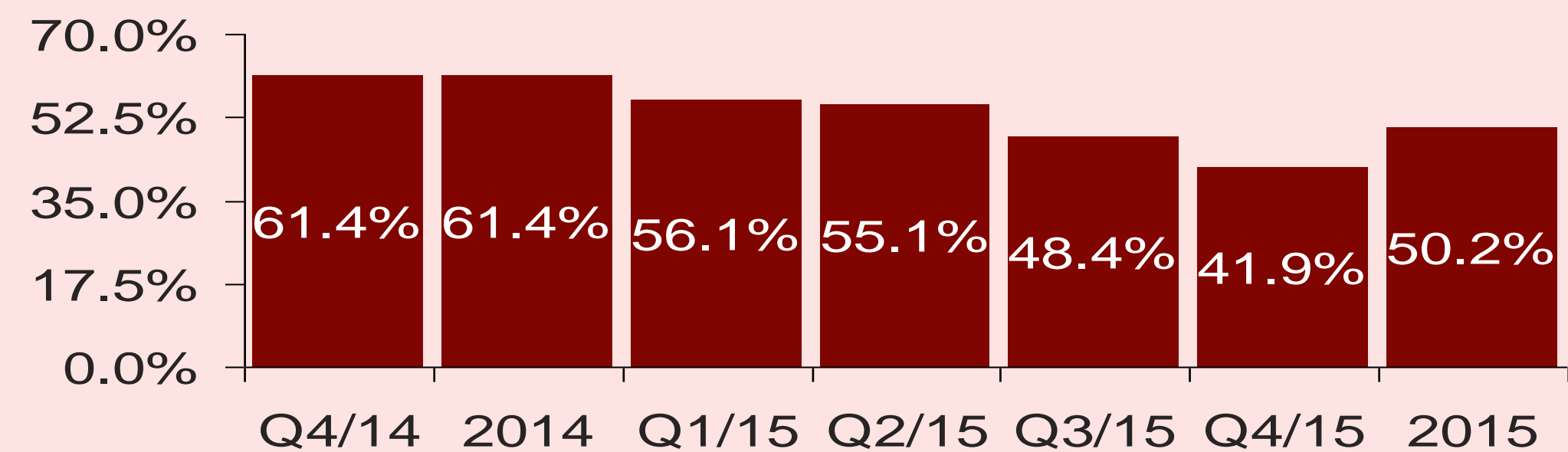
Margins

Margins decline in Q4/15 reflects continued pressure from the lower Euro and the lower margins at RAK Europe (Distribution business).

Tableware Revenues



Tableware Gross Margins

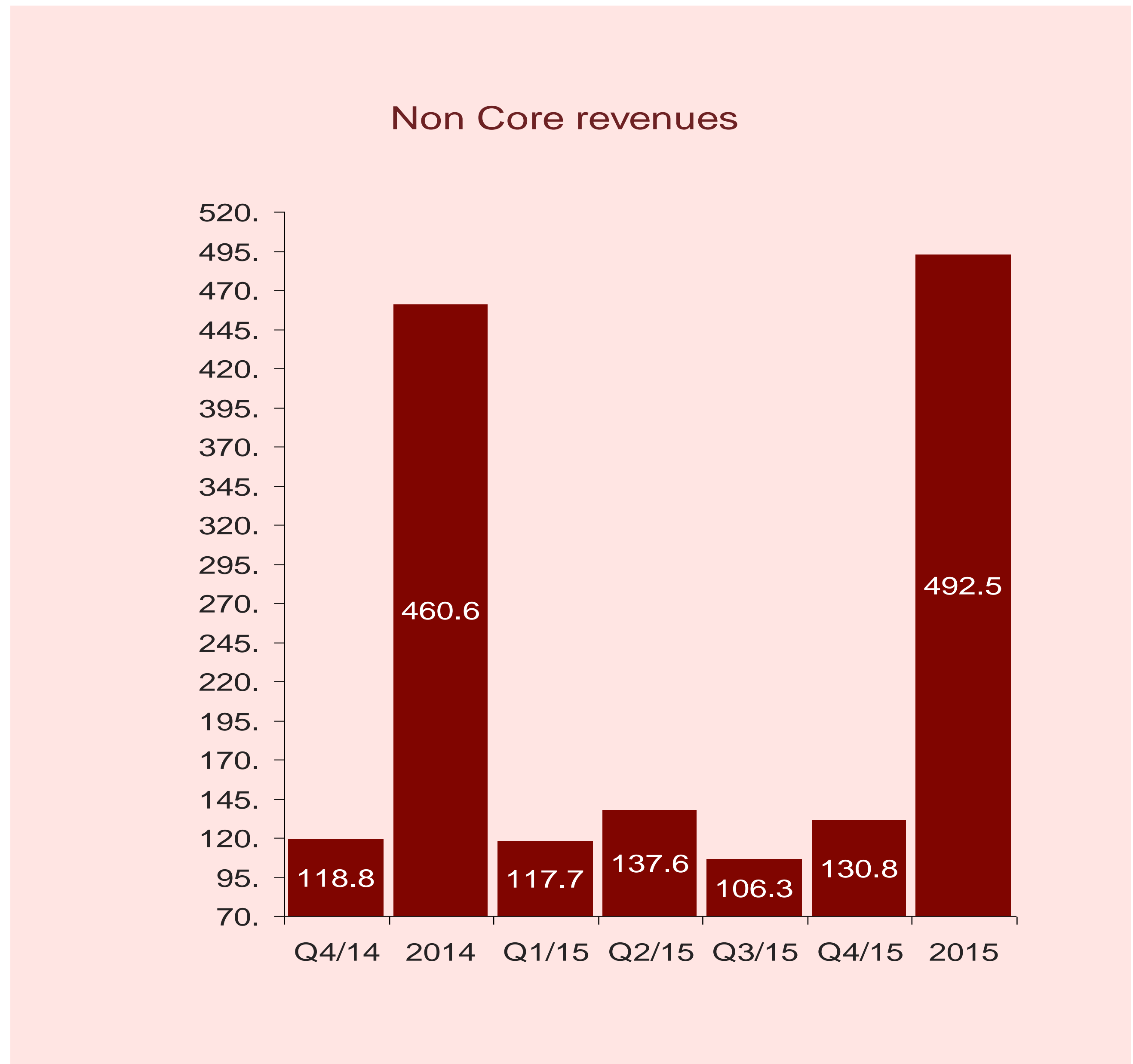


NON CORE

Non Core revenues in Q4/15 rose 23.1% QoQ and 10.1% YoY. Higher revenues for the quarter and year largely reflect higher contribution from Electrogrouop, our MEP business.

2015 non core revenues reflect a lower contribution from RAK logistics of AED120mn vs. AED155mn in 2014.

During the first 9 months of 2015, we sold 8 non core assets (RAK Pharma, Moshfly, RAK townhouses, Laticrete, RAK piling, 39% of RAK Watertech, Al Hamra Aluminum and RAK Gypsum) for AED95mn. In Q4/15, an agreement to sell RAK Logistics for AED16mn was reached and the unit will no longer be consolidated starting 2016.



NON CORE MARGINS

Non Core Margins witnessed a substantial turnaround in their profitability in 2015 with non core EBITDA margin increasing from 13.5% to 35.6%.

Turnaround was driven by a reversal of profitability at ElectroGroup and improved profitability at AHCC, our construction unit as the current rough grading work being performed by AHCC ramps up.

Improvement in Other Consolidated results from better performance at Kludi RAK our taps and faucets JV and RAK Warehouse leasing. Results also reflect sale of RAK Paints Bangladesh during the year which was loss making.

Non Core EBITDA by Segment

Non Core EBITDA	Q4/14	Q4/15	YoY	2014	2015	YoY
AHCC	18.5	10.7	-42.2%	12.3	92.5	652.0%
ElectroGroup	-2.1	7.4	nm	-4.5	17.6	nm
Ceramin	0.9	3.4	277.8%	9.4	15.3	62.8%
RAK Logistics*	0.8	1.0	25.0%	6.3	2.6	-58.7%
Other Consolidated	-3.1	15.8	nm	41.6	47.0	13.2%
Total	15.1	38.3	153.6%	65.1	175.0	+169.0%

*Sold during Q4/15

2015 FINANCIAL REVIEW

Mr. PK Chand, *Chief Financial Officer*

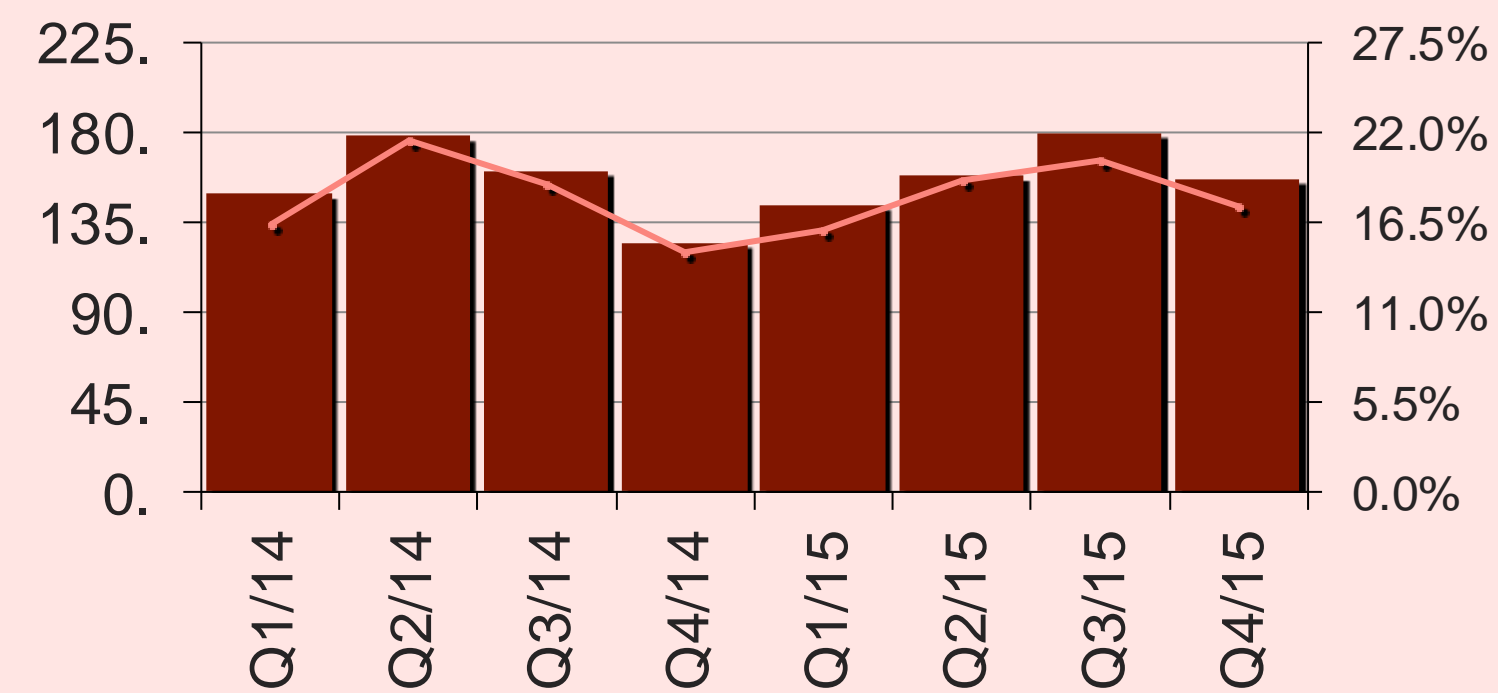
2015 FINANCIAL HIGHLIGHTS

AED Mn	2014					2015					Variance	
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q4 /15 vs. Q4/14	2015 vs. 2014
Revenue (Net)												
Tiles	539.8	574.3	542.0	524.3	2,180.4	480.3	514.3	531.5	470.8	1,996.9	-10.2%	-8.4%
SW	110.1	115.0	111.8	111.6	448.5	110.9	116.2	108.6	108.2	444.0	-3.0%	-1.0%
Porcelain	-	-	-	35.1	35.1	35.1	36.0	36.2	38.3	145.7	9.3%	
Core revenue	649.9	689.3	653.7	670.9	2,663.9	626.2	666.6	676.4	617.3	2,586.5	-8.0%	-2.9%
Non Core Revenue	87.6	123.5	131.1	118.8	460.6	118.0	137.3	106.4	130.8	492.5	10.1%	6.9%
Total Revenue	737.5	812.8	784.9	789.7	3,124.5	744.2	803.9	782.8	748.1	3,078.9	-5.3%	-1.5%
EBITDA	134.2	176.1	154.2	119.9	584.4	130.4	155.4	165.6	142.7	594.1	19.0%	1.7%
<i>Margin</i>	18.2%	21.7%	19.6%	15.2%	18.7%	17.5%	19.3%	21.9%	19.1%	19.3%		
Net Profit	58.7	91.2	57.4	74.4	281.7	60.4	85.9	82.1	81.9	310.3	10.0%	10.2%
<i>Margin</i>	8.0%	11.2%	7.3%	9.4%	9.0%	8.1%	10.7%	10.5%	10.9%	10.1%		
Adjusted Net Profit	62.0	115.1	81.8	79.4	338.3	75.8	94.5	90.7	87.9	349.0	10.7%	3.2%

Results restated to exclude Sudan

EBITDA

EBITDA and EBITDA Margin Trend – Last 8 Quarters



EBITDA Calculation

	Q4/14	Q4/15	2014	2015
Net Profit	74.4	81.9	281.7	310.3
Tax	5.1	6.4	23.4	22.4
D&A	41.3	46.8	164.1	177.9
Finance Expense	9.8	17.6	39.4	45.4
Loss on Asset Sale	-7.6	-5.6	-5.1	-9.5
Provisions	-8.0	17.6	24.3	29.5
Hyperinflation Impact	4.9	6.0	56.6	38.6
Other Non Recurring	0.0	-28.0	0.0	-20.7
EBITDA	119.8	142.7	584.4	594.1
EBITDA Margin	15.2%	19.1%	18.7%	19.3%

NET PROFIT

Net Profit (Reported and Adjusted)

	Q4/14	Q4/15	YoY	2014	2015	YoY
Reported Net Profit	74.4	81.9	10.1%	281.7	310.3	10.2%
Hyperinflation	4.9	6.0	22.4%	56.6	38.6	-31.8%
Adjusted Net Profit	79.3	87.9	10.8%	338.3	349.0	3.2%

NET DEBT & CAPEX HIGHLIGHTS

During the year a short term loan of USD 100 mn has been converted to long term loans. Maturity profile of long term loans has increased from remaining reduced costs. Average Borrowing costs for the group have reduced from 3.0% in 2014 to 2.6% in 2015

2015 saw RAK Ceramics reinvest in expansionary CAPEX to grow its core business. During the year we spent AED257mn in CAPEX on the core business, an 85% YoY increase. SW expansion in Bangladesh was completed during 2015 while Tile expansion in Bangladesh and SW expansion in UAE are due to complete in Q1/16 (see slide 25 in Appendix)

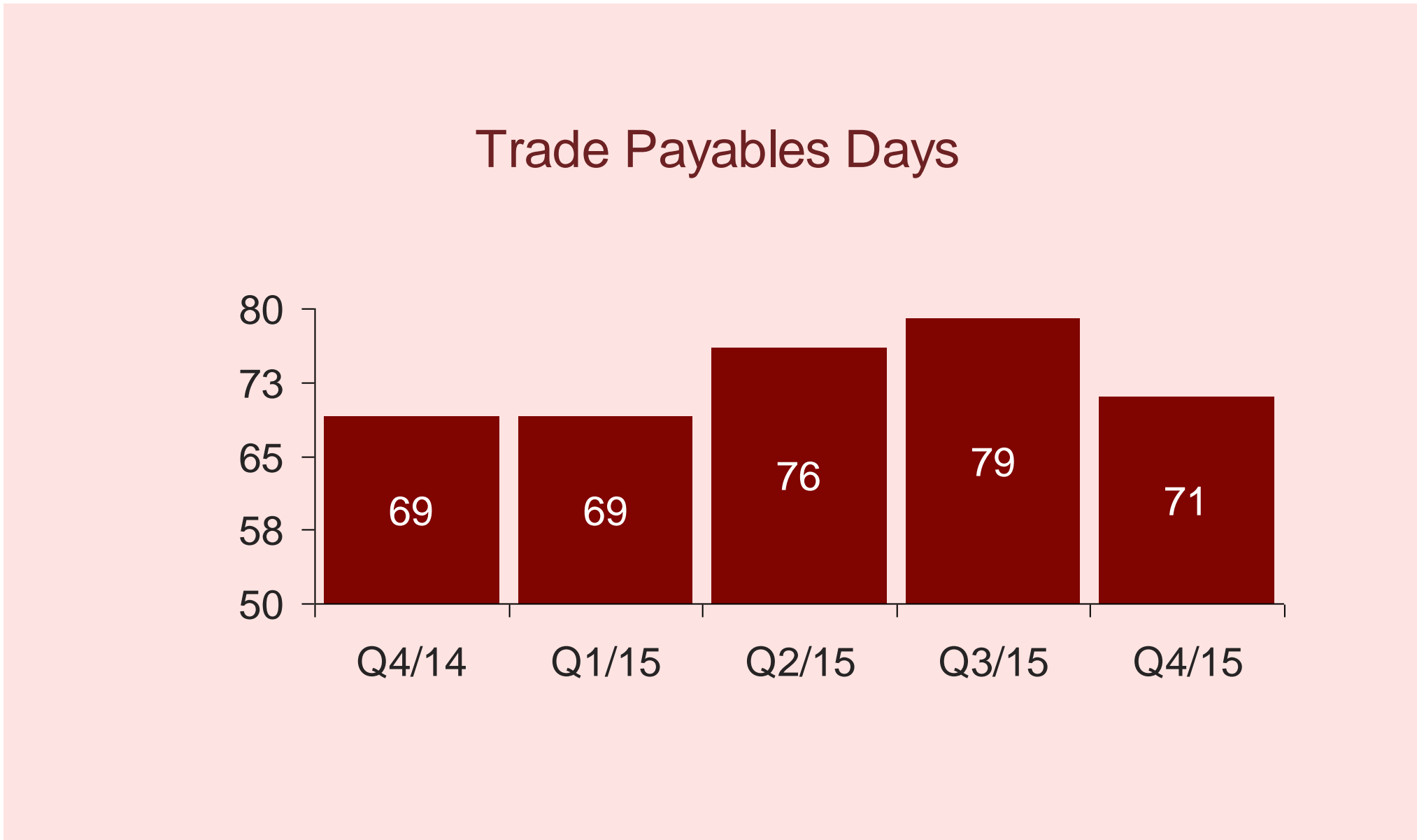
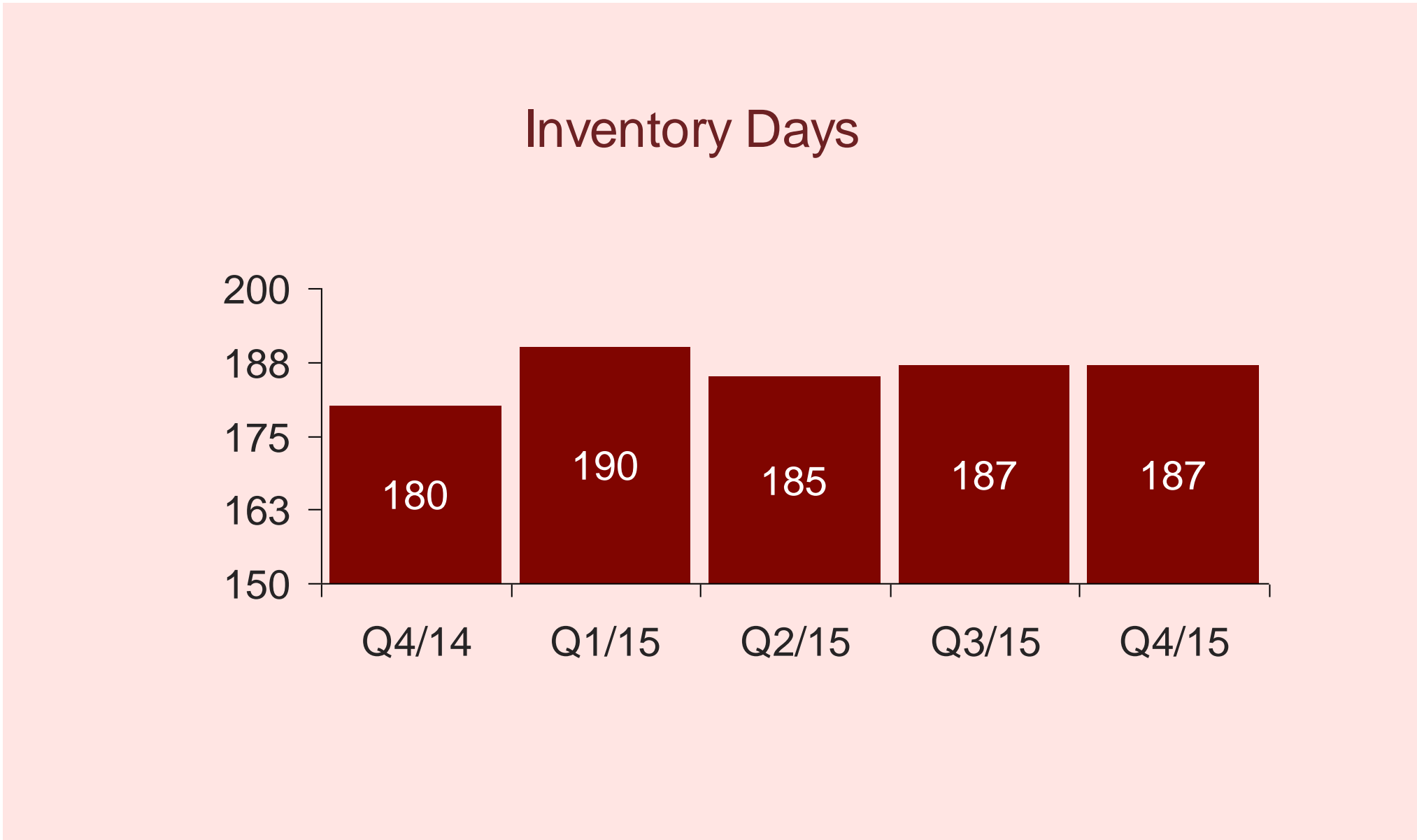
Net Debt

Net Debt	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15
Long Term Loan	770.4	809.3	1,244.5	1,350.3	1,309.7
STL & TR	976.9	1,045.3	803.8	629.7	654.7
Overdraft	122.3	164.7	177.1	121.3	8.6
Gross Debt	1,869.6	2,019.3	2,225.4	2,101.3	1,973.0
<i>Cash & Bank*</i>	<i>(448.4)</i>	<i>(652.5)</i>	<i>(627.2)</i>	<i>(508.1)</i>	<i>(363.4)</i>
Net Debt	1,421.2	1,366.7	1,598.3	1,593.2	1,609.6
<i>Cost of Debt</i>	<i>3.00%</i>	<i>2.80%</i>	<i>2.60%</i>	<i>2.45%</i>	<i>2.60%</i>
Net Debt to EBITDA	2.43	2.60	2.80	2.64	2.71

CAPEX

Capex	2014	Dec'15
RAKC UAE	93.2	149.9
Bangladesh	19.7	92.2
India	19.3	11.8
Other Core	6.9	3.1
Total Core	139.1	257.0
AHCC -Rough Grading	141.8	5.9
Other Non core	1.4	4.5
Total Non Core	143.2	10.4
Total CAPEX	282.3	267.4

WORKING CAPITAL AND DIVIDEND HIGHLIGHTS



Receivable Days were flat QoQ and two days better YoY. Consolidation of JVs in Germany and the UK in Q4/15 had a (AED16mn) impact.

Inventory rose to 187 from 180 at Q4/14. We are looking at ways to move slower selling items in the current year.

CFO after Working Cap. was up 56.5% YoY in 2015 to AED383.8mn. Company is proposing a 30 fils cash dividend (AED245mn) and a 5% stock dividend subject to shareholder approval at AGM.

CLOSING COMMENTS

Mr. Abdallah Massaad, *Chief Executive Officer*

STRATEGIC UPDATE

Branding Project

Iran Restart

India Turnaround

China Plant

**Restructuring of
Distribution JVs**

**Evaluate Options for further
SW Expansion**

**Continued Non-Core
Disposals**

Inventory Management

Opportunistic Acquisitions

APPENDIX

CAPACITY EXPANSION GUIDANCE

Tile Production Capacity

Tile Capacity SQM millions	2014A	2015A	2016E	16E/15A	Expected Completion
UAE	81.9	81.9	81.9		
India	8.0	8.0	8.0		
Bangladesh	8.0	8.0	11.4	43.0%	Q1/16
Sudan *	7.9	0	0		
China **	5.4	5.4	5.4		
Iran***	6.0	6.0	6.0		H2/16
Sum	117.2	109.3	112.7	3.1%	

Shown in Millions of Sqm

Sanitaryware Production Capacity

SW Capacity	2014A	2015A	2016E	16E/15A	Expected Completion
UAE	2,700	2,700	3,250	20.0%	Q1/16
India	700	700	700		
Bangladesh	1,250	1,558	1,558		
Sum	4,650	4,958	5,508	11.1%	

Shown in Millions of Pieces

*Sudan operation was sold in Q4/15

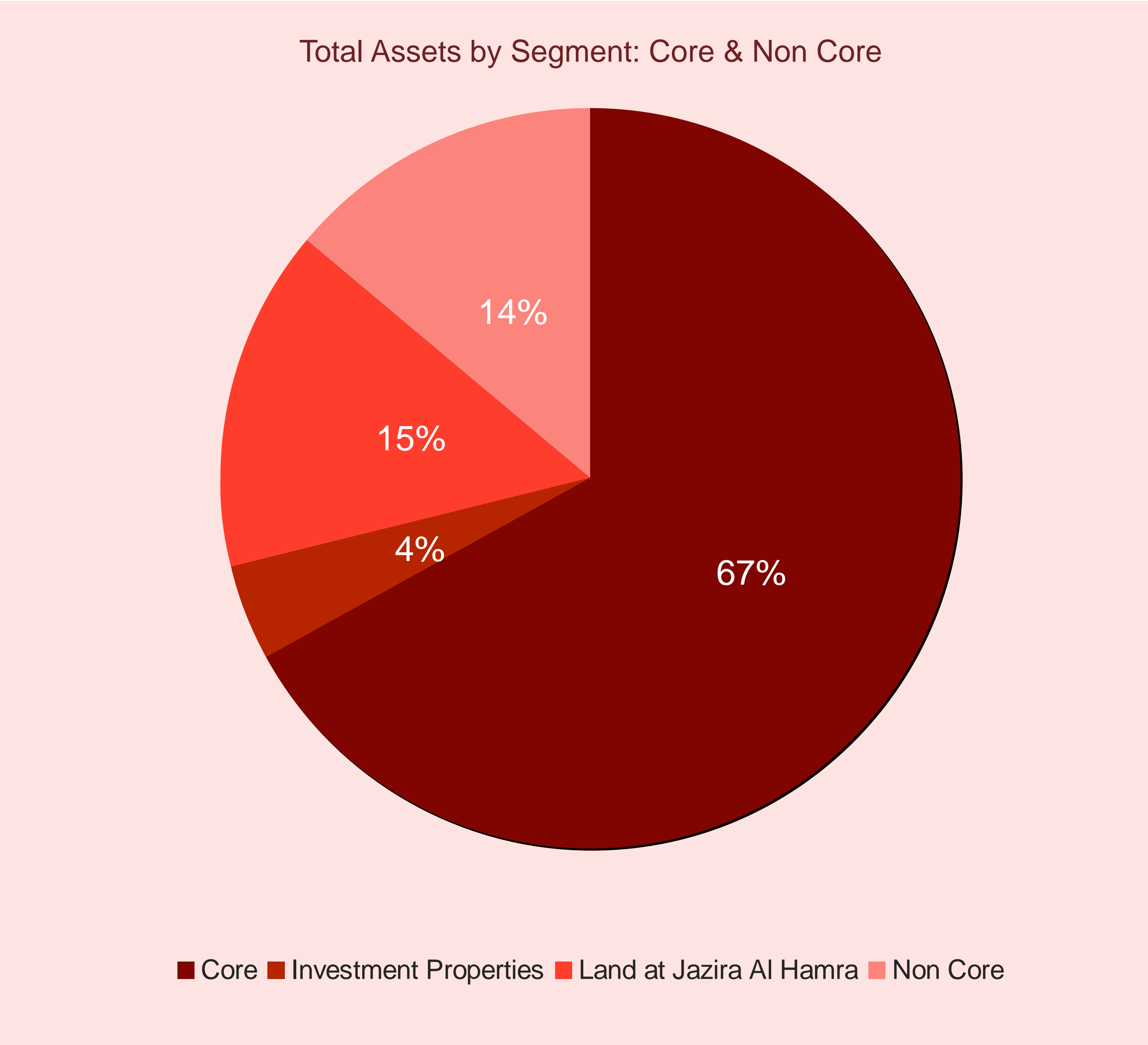
**China production has been stopped . We are looking to sell our assets in that country.

***Iran production was halted in 2014. We anticipate resuming production in H2/16, if sanctions permit

NON CORE ASSET DISPOSALS

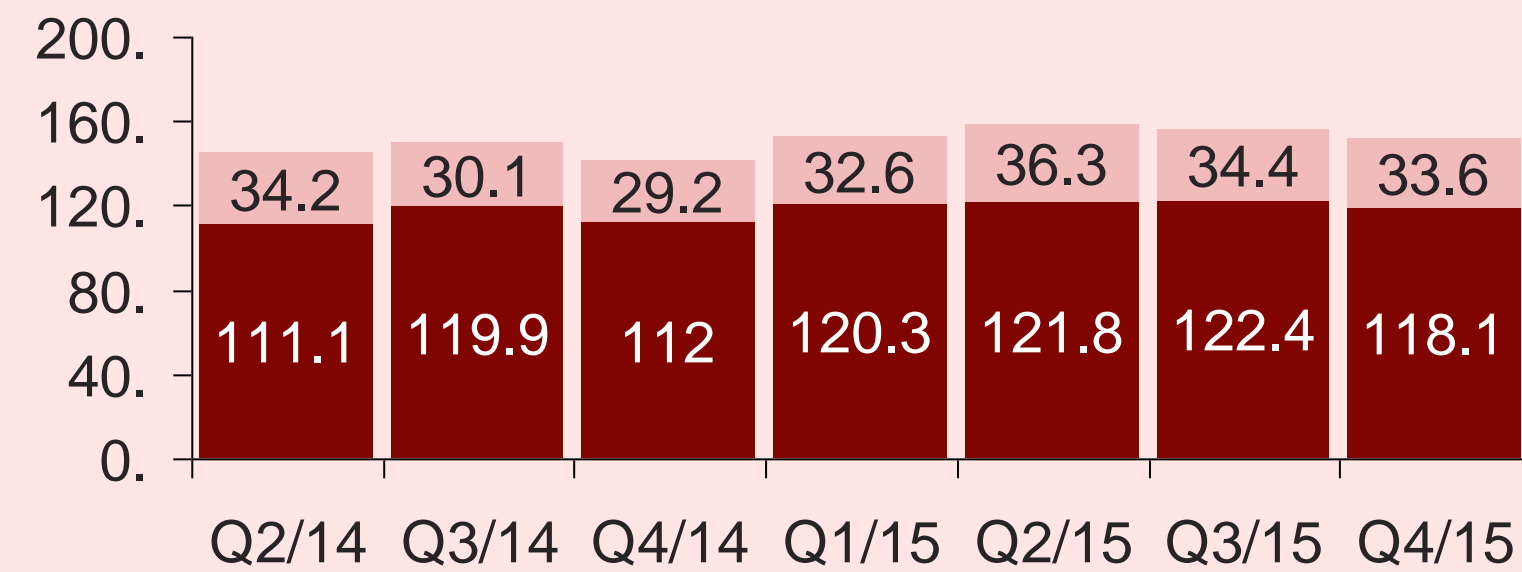
2015 disposals were AED 110mn and included 9 disposals with most important being Laticrete, Al Hamra, Aluminium and RAK Gypsum, 15 townhouses in RAK and RAK Logistics.

The disposal program for Non Core assets is ongoing and has room to go with only 67% of our total assets deemed core.

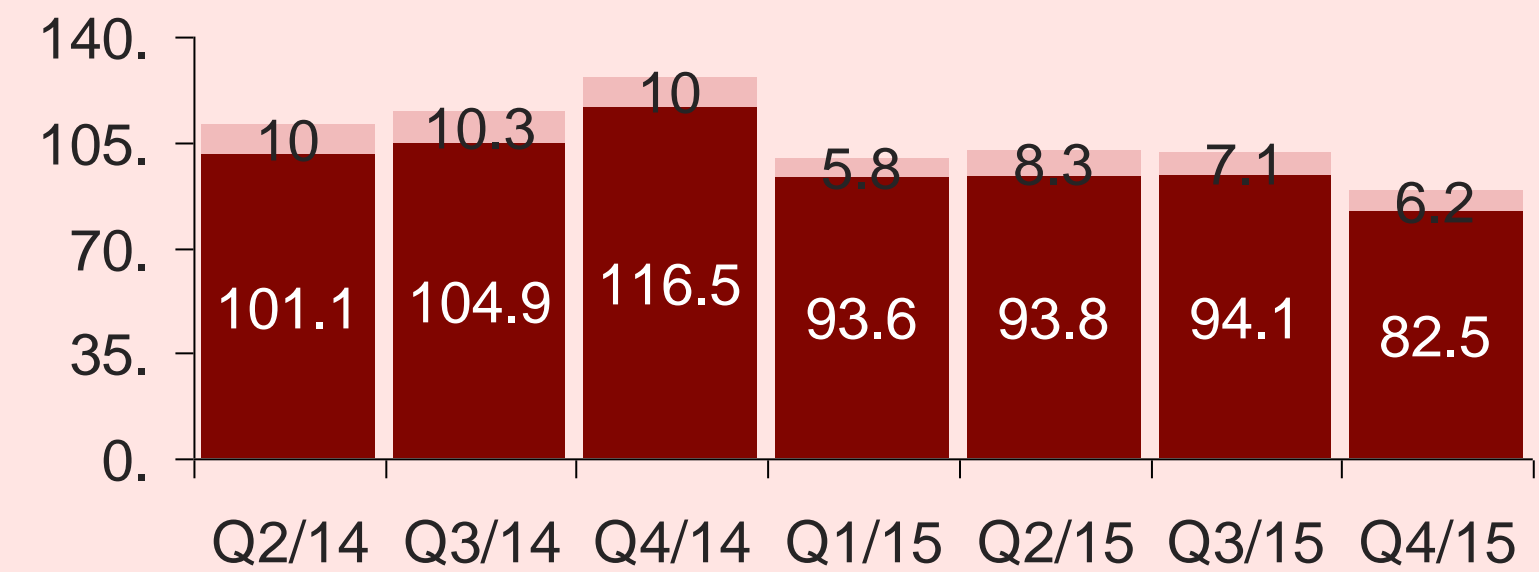


FOCUS MARKET SALES TRENDS

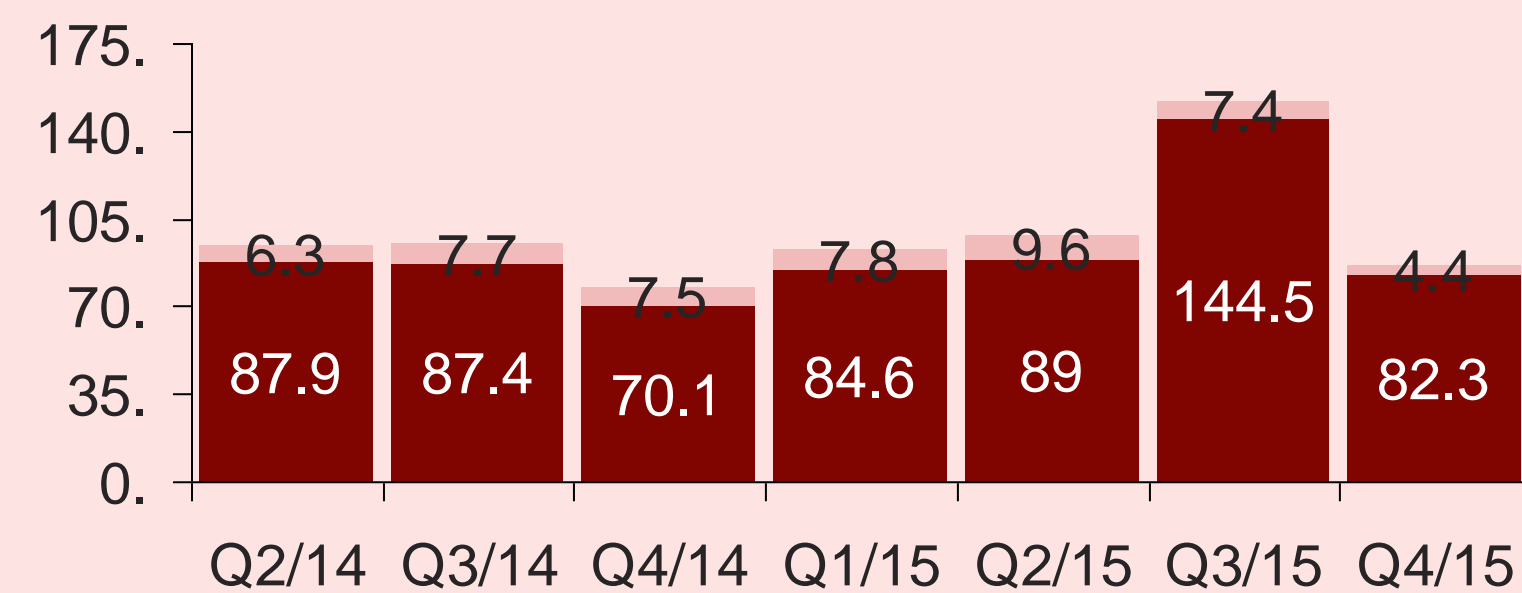
United Arab Emirates



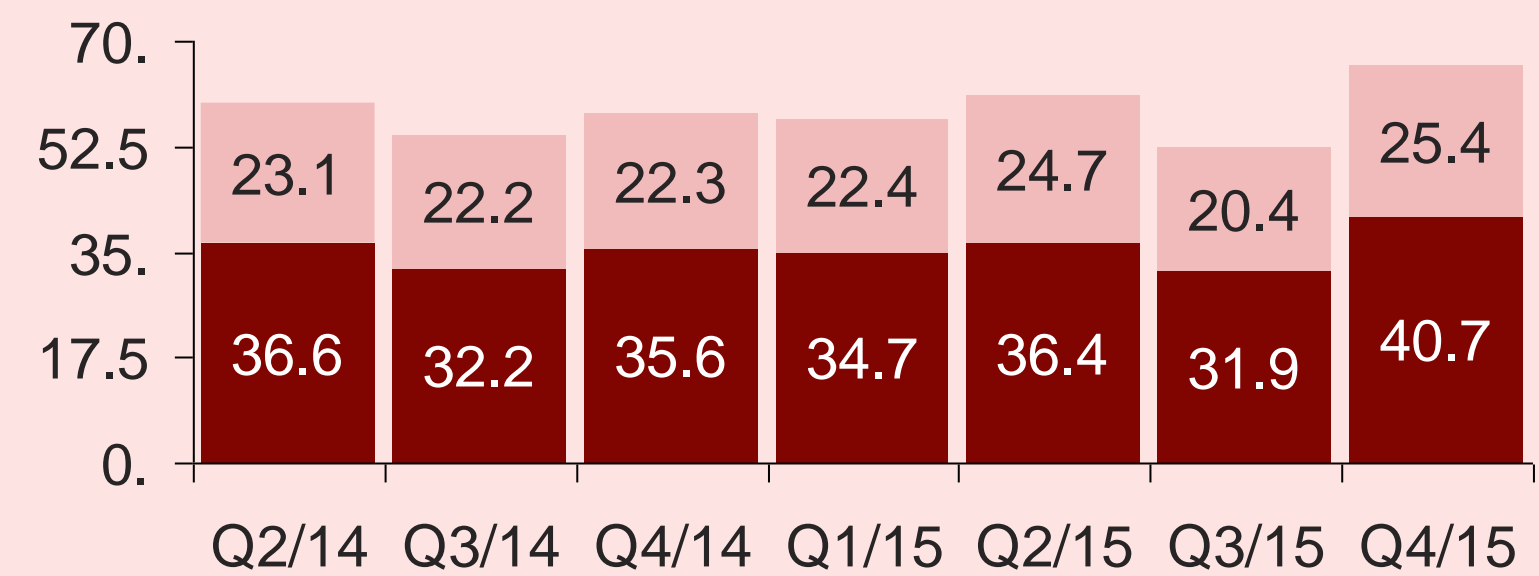
India



Saudi Arabia



Bangladesh



■ Tiles ■ Sanitaryware

CONSOLIDATED NET INCOME

	Dec 2014	Dec 2015
Revenue	3,124.5	3,078.9
Cost of sales	(2,315.5)	(2,210.8)
Gross profit	809.0	868.0
Administrative and general expenses	(242.4)	(220.8)
Selling and distribution expenses	(326.7)	(332.1)
Other income	69.0	60.3
Results from operating activities	309.0	375.4
Finance cost	(87.2)	(84.5)
Finance income	17.3	6.4
Share of profit in equity accounted investees	38.0	16.5
(Loss) / gain on disposals of subsidiaries - net	11.1	-28.8
Gain / (loss) on disposal of equity accounted investees	(6.8)	49.0
Gain on settlement of related party balances	59.1	0.0
Gain on net monetary position	10.5	0.0
Profit before tax	350.9	334.0
Tax (expense)/income	(23.4)	(22.4)
Profit from continuing operations	327.5	311.6
Loss from discontinued operations	(45.8)	(1.3)
Profit for the year	281.7	310.3
Profit attributable to:		
Owners of the Company	278.9	281.4
Non-Controlling interests	2.8	29.0
Profit for the year	281.7	310.3
Earnings per share:		
Basic and diluted earnings per share (AED)	0.34	0.35
Earnings per share - continuing operations		
Basic and diluted earnings per share (AED)	0.39	0.35

CASH FLOW STATEMENT

	Dec-14	Dec-15
Operating activities		
Profit for the year before tax	305.1	332.7
Adjustments for:		
Share in profit of equity accounted investees	(38.0)	(16.5)
Loss on net monetary position	18.8	2.3
Gain on settlement of related party balances	(59.1)	0.0
Interest expense	63.0	51.7
Interest income	(32.4)	(6.4)
Gain on sale of property, plant and equipment	(2.6)	(8.2)
Depreciation on property, plant and equipment	195.1	190.9
Capital work in progress written off	9.0	0.7
Amortisation of intangible assets	2.9	3.3
Gain on disposal of investment property	0.0	(2.0)
Depreciation on investment property	7.3	9.6
Impairment loss on receivables & due from related parties	39.1	26.0
Provision for employees' end-of-service benefits	25.6	13.9
(Gain)/loss on disposal of equity accounted investees	6.8	(49.0)
Loss/(gain) on sale of a subsidiary	(11.1)	28.8
	529.6	577.7
Change in:		
- inventories (including contract work in progress)	35.1	19.6
- trade and other receivables (including long term receivables)	(33.5)	(41.1)
- due from related parties (including long term receivables)	(22.5)	(138.7)
- deferred tax assets	2.4	(0.0)
- due to related parties	(11.7)	(33.2)
- trade and other payables (including billings in excess of valuation)	(202.1)	23.5
- derivative financial instruments	1.2	0.0
- deferred tax liabilities	1.3	(0.4)
Employees' end of services benefits paid	(26.8)	(13.6)
Income tax paid	(27.1)	(9.5)
Currency translation adjustment	(0.7)	(0.5)
Net cash generated from operating activities	245.3	383.8

	Dec-14	Dec-15
Cash flows from investing activities		
Addition to property, plant and equipment and capital work in progress	(282.3)	(267.4)
Proceeds from disposals of property, plant and equipment	3.9	10.6
Additions to of intangible assets	(6.4)	(0.7)
Proceeds from disposal of investment property	0.0	17.8
Interest received	29.4	6.4
Investment made in equity accounted investees	0.0	(1.7)
Dividend received from equity accounted investees	32.2	23.6
Sale proceeds of held for sale assets	0.0	41.3
Acquisition of shares in subsidiaries	0.0	(45.9)
Cash forgone as part of disposal of shares in subsidiaries - net investee into subsidiary	0.0	(51.8)
	50.1	6.6
Proceeds from sale of equity accounted investees	10.3	49.0
Addition to investment property	(0.1)	0.0
Proceeds from sale of shares in subsidiary	0.7	16.8
Net cash used in investing activities	(162.2)	(195.5)
Cash flows from financing activities		
Long term bank loans availed	165.3	1,480.1
Long term bank loans repaid	(295.9)	(1,095.9)
Change in bank deposits	31.8	(17.2)
Net movement in short term bank borrowings	94.4	(167.0)
Interest paid	(63.0)	(51.7)
Dividend paid to non-controlling interests	(7.2)	(44.8)
Remuneration paid to the Board of Directors	(2.4)	(4.2)
Funds invested by non-controlling interests	0.8	0.0
Dividend paid	(111.5)	(286.1)
Net cash used in financing activities	(187.7)	(186.8)
Net increase/(decrease) in cash and cash equivalents	(104.5)	1.5
Cash and cash equivalents at the beginning of the year	436.0	331.5
Cash and cash equivalents at the end of the year	331.5	333.0
These comprise the following:		
Cash in hand and at bank (net of bank deposits on lien)	453.7	341.6
Bank overdraft	(122.3)	(8.6)
	331.5	333.0

CONSOLIDATED BALANCE SHEET

Assets	Dec 2014	Dec 2015
Non-current assets		
Property, plant and equipment	1,180.6	1,065.5
Capital work-in-progress	73.3	182.3
Goodwill	50.4	50.4
Intangible assets	19.4	18.0
Investment properties	1,113.9	1,158.9
Investments in equity accounted investees	151.3	127.5
Long term portion of receivable (Sudan)	0.0	127.6
Deferred tax assets	0.3	0.3
Total Non Current Assets	2,589.0	2,730.6
Current assets		
Inventories	1,139.4	1,141.2
Trade and other receivables	1,147.9	1,207.4
Contract work-in-progress	28.6	15.4
Due from related parties	314.9	523.8
Cash in hand and at bank	448.3	363.4
Assets classified as held for sale	331.6	0.0
Derivative financial assets	-	-
Total Current Assets	3,410.8	3,251.2
Total assets	5,999.8	5,981.8

Equity and liabilities	Dec 2014	Dec 2015
Equity		
Share capital	817.5	817.5
Reserves	1,990.8	1,950.6
Equity attributable to owners of the Company	2,808.3	2,768.1
Non-controlling interests	226.5	169.2
Total equity	3,034.8	2,937.5
Non-current liabilities		
Long term bank loans	770.4	1,309.7
Provision for employees' end-of-service benefits	78.9	78.3
Deferred tax liabilities	8.8	8.3
Total Non Current Liabilities	858.0	1,396.3
Current liabilities		
Short-term bank borrowings	1,099.2	663.3
Trade and other payables	814.0	835.9
Billings in excess of valuation	3.3	2.8
Provision for taxation	103.1	122.6
Due to related parties	56.6	23.3
Liabilities classified as held for sale	30.8	0.0
Derivative financial liabilities	(0.0)	0.0
Total Current Liabilities	2,107.0	1,648.0
Total liabilities	2,965.0	3,044.3
Total equity and liabilities	5,999.8	5,981.8

