



RAK
CERAMICS

Close to you worldwide

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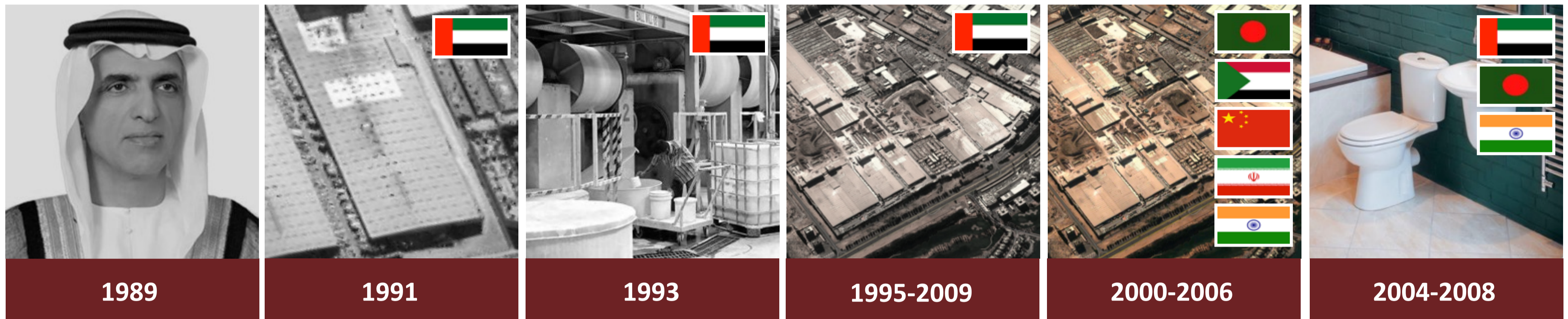
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ABOUT RAK CERAMICS

BRIEF CORPORATE HISTORY



1989
 Founded by H.H. Sheikh Saud Bin Saqr Al Qasimi, Ruler of Ras Al Khaimah

1991
 First tile plant started in Ras Al Khaimah (RAK) with capacity of **1.7mn square meters (sqm) per year**

1993
 First sanitaryware plant started in RAK with capacity of **350,000 pieces per year**

1995-2009
 Further 9 tile plants were started in RAK adding **76mn sqm. of capacity**

2000-2006
 Plants in Bangladesh, China, Sudan, Iran and India add tile capacity of **21.8mn sqm per year**

2004-2008
 Additional sanitaryware plants in UAE, Bangladesh and India. Sanitaryware output increases to **4.5mn pieces per year**



2006
 RAK Porcelain launched with output of **13.4mn pieces per year**

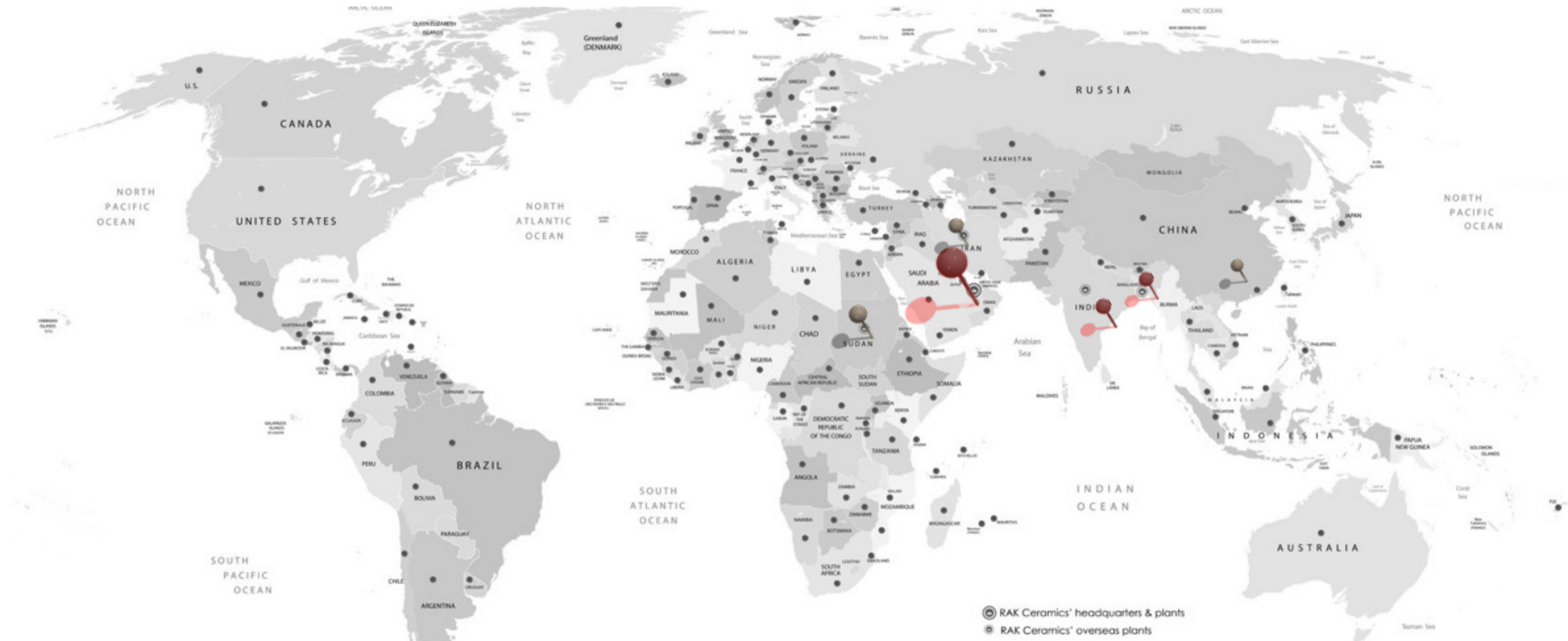
2007
 Kludi-RAK launched with output of **0.4mn pieces per year**

2010
 World's largest ceramics manufacturer with **115mn sqm of annual capacity**

2014
 SAMENA Capital acquires **30.4%** from largest shareholder

2015
 Expansion of tiles and sanitaryware capacity in Bangladesh and sanitaryware in UAE

OUR CAPACITY BY PRODUCT & LOCATION



TILES (MN SQM)

UAE	81.9
Bangladesh	8.0
India	8.0
Iran	6.0
Total	103.9
China*	5.4
Sudan **	7.9

TAPS/ FAUCETS (MN PCS)

UAE	0.6
Total	0.6

TABLEWARE (MN PCS)

UAE	24
Total	24

SANITARYWARE (MN PCS)

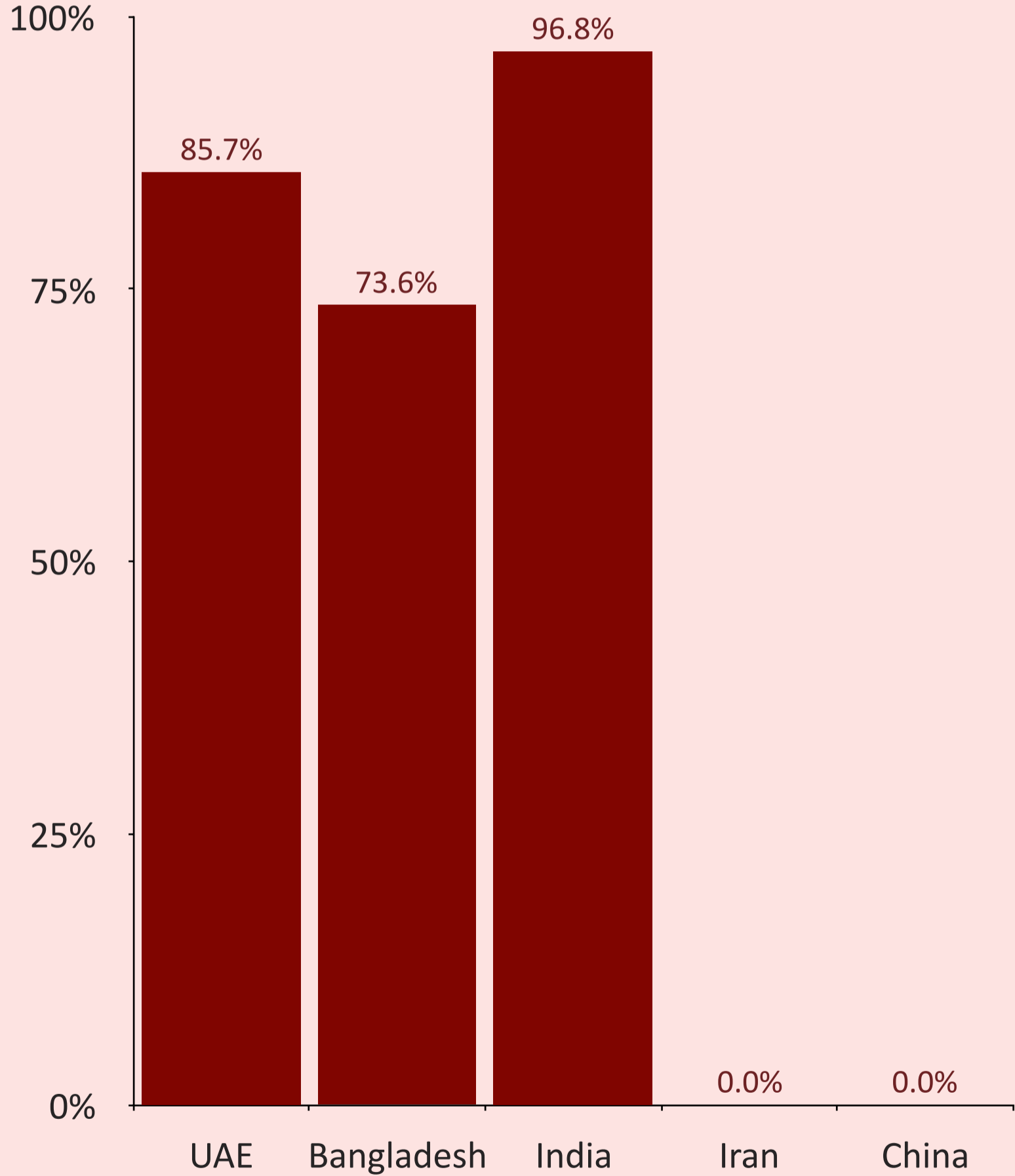
UAE	2.7
Bangladesh	1.6
India	0.7
Total	5.0

*Production halted. **Exiting investment

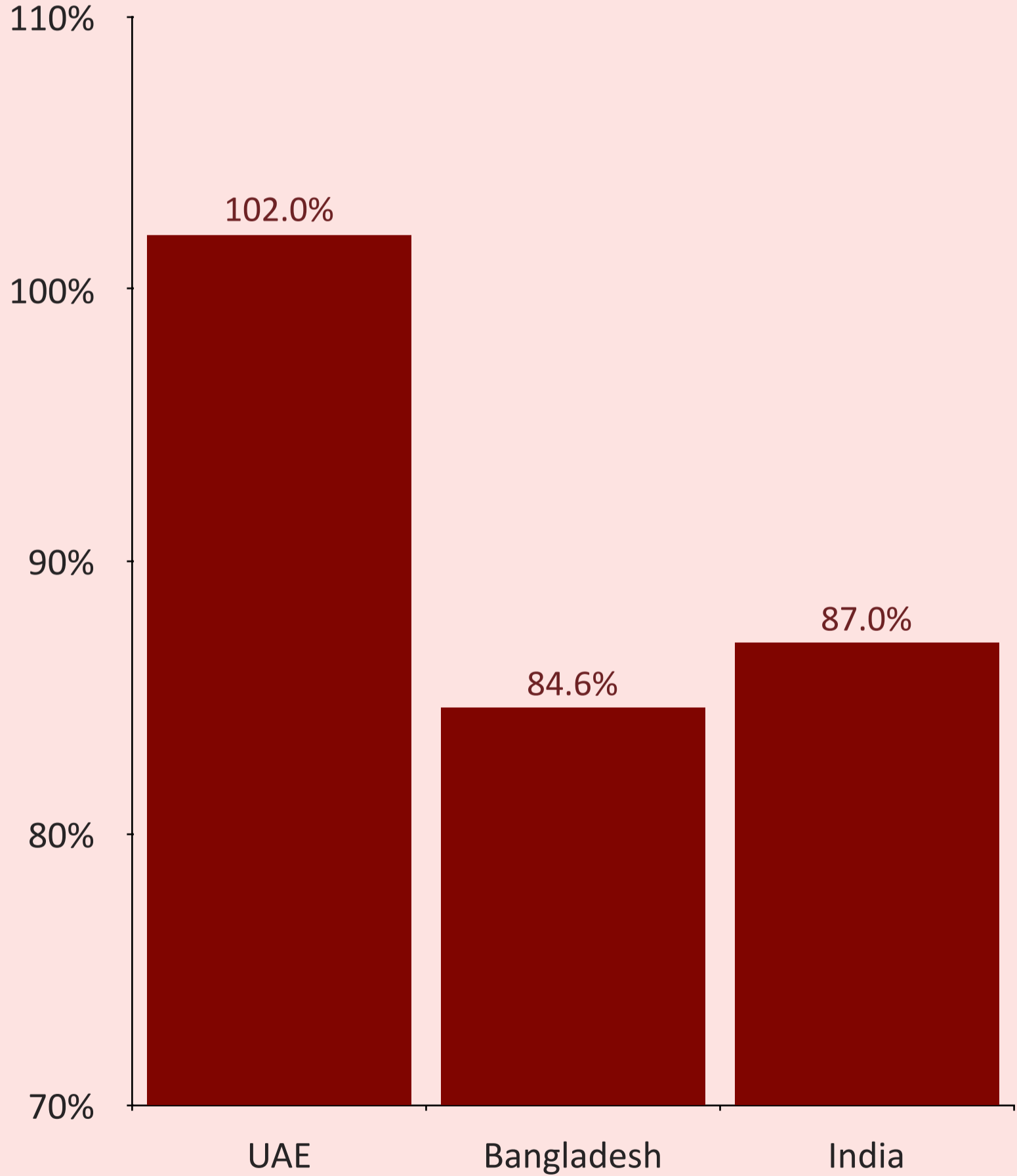
DISTRIBUTED TO MORE THAN 150 COUNTRIES

CAPACITY UTILISATION BY PLANT

TILES CAPACITY UTILISATION* (AT JUNE 2015)



SANITARYWARE CAPACITY UTILISATION* (AT JUNE 2015)

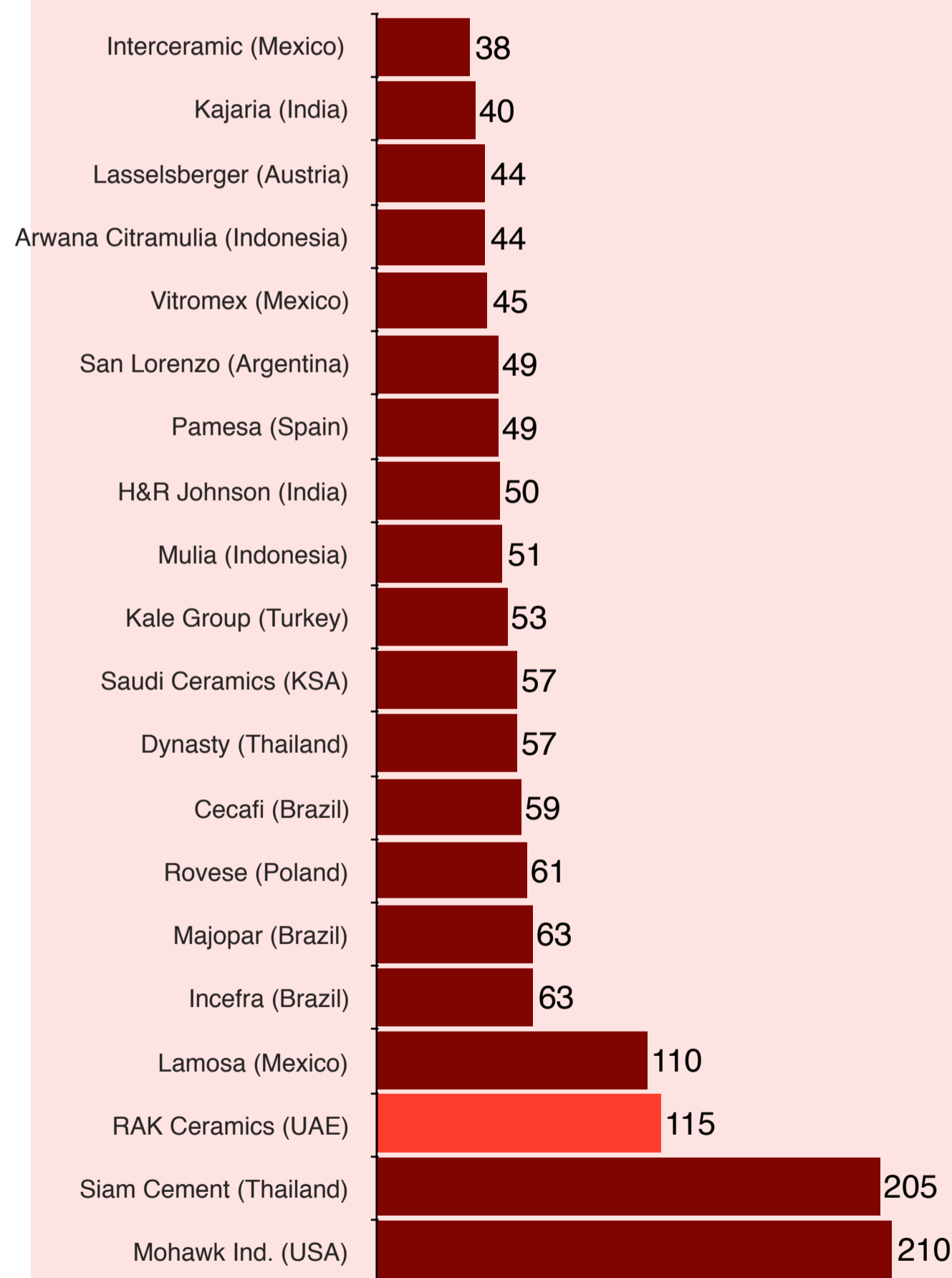


*Capacity utilisation rate calculated as production as a percentage of theoretical plant capacity, based on a standard size or unit
RAK Ceramics. Copyright 2015.

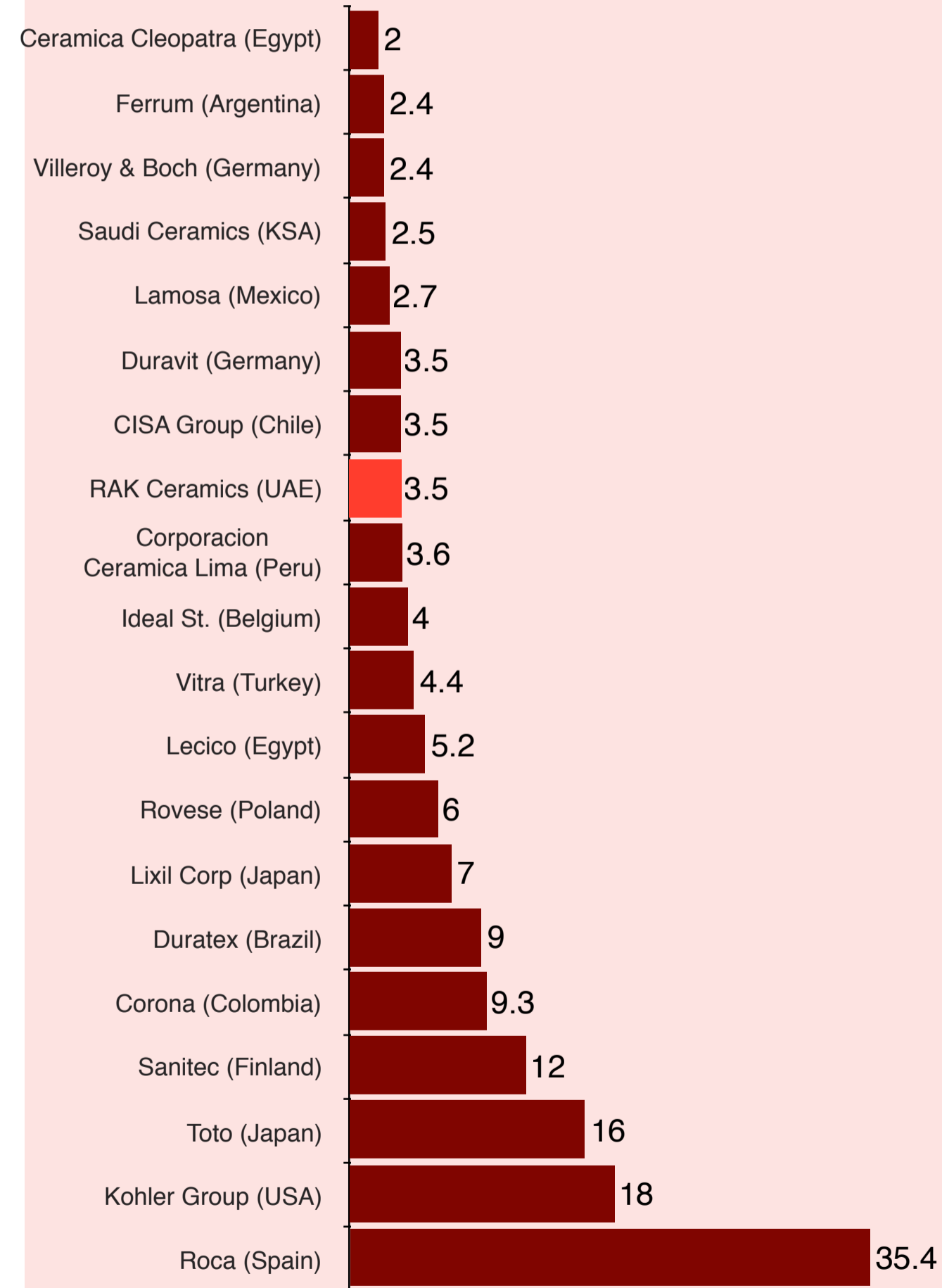
AND A MAJOR GLOBAL PLAYER

In 2014, RAK Ceramics was the 3rd largest producer of ceramic tiles globally and the 13th largest sanitary ware producer. This data does not reflect our sanitaryware capacity addition in Bangladesh and sale of our Sudan tile business in 2015. Holding all else equal, we are 10th largest sanitaryware player globally and 4th largest tile player.

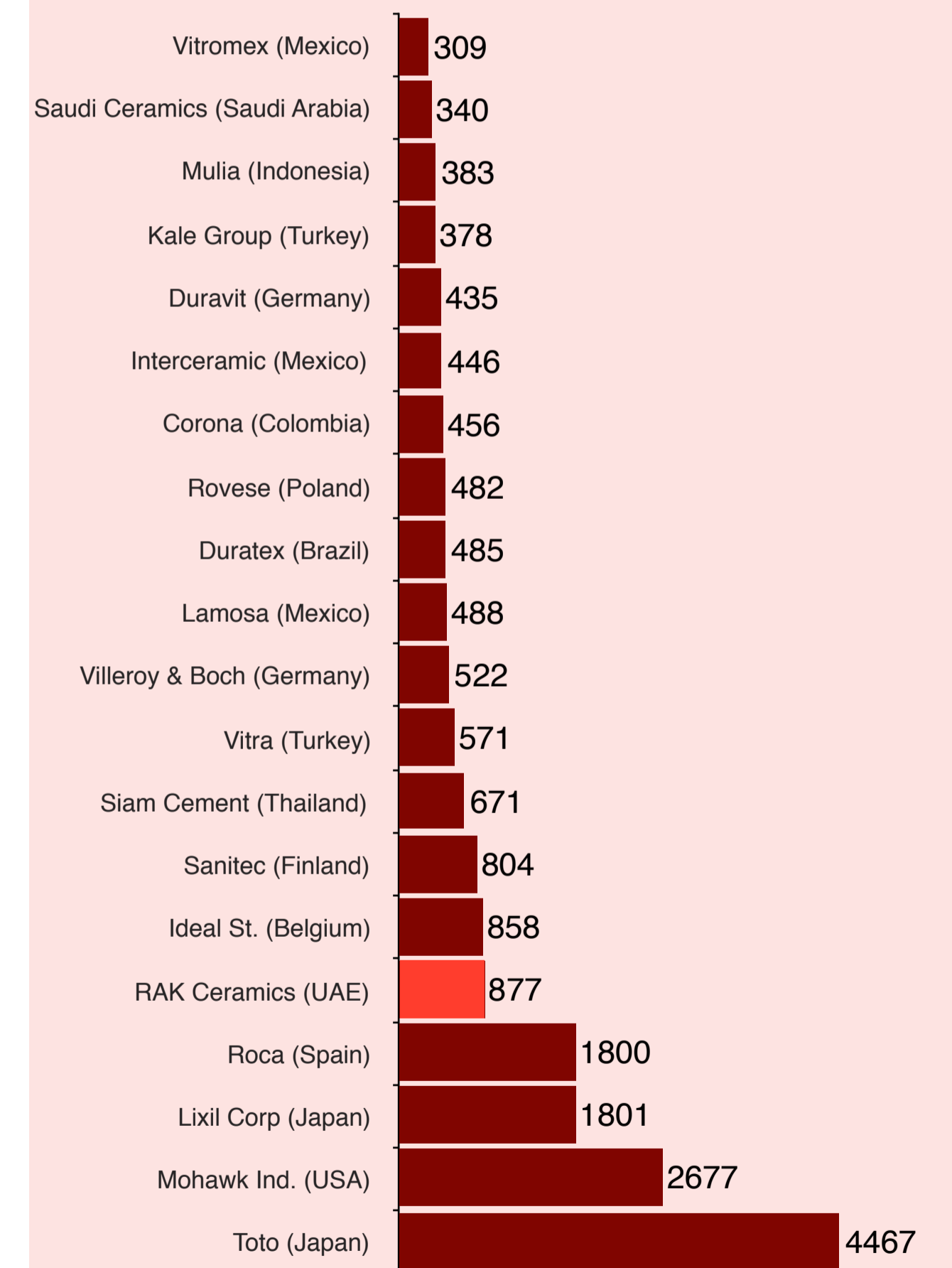
**TILES MARKET PRODUCTION
(MN PCS)**



**SANITARYWARE MARKET PRODUCTION
(MN PCS)**



**TILES & SANITARYWARE SALES
(US\$ MN)**

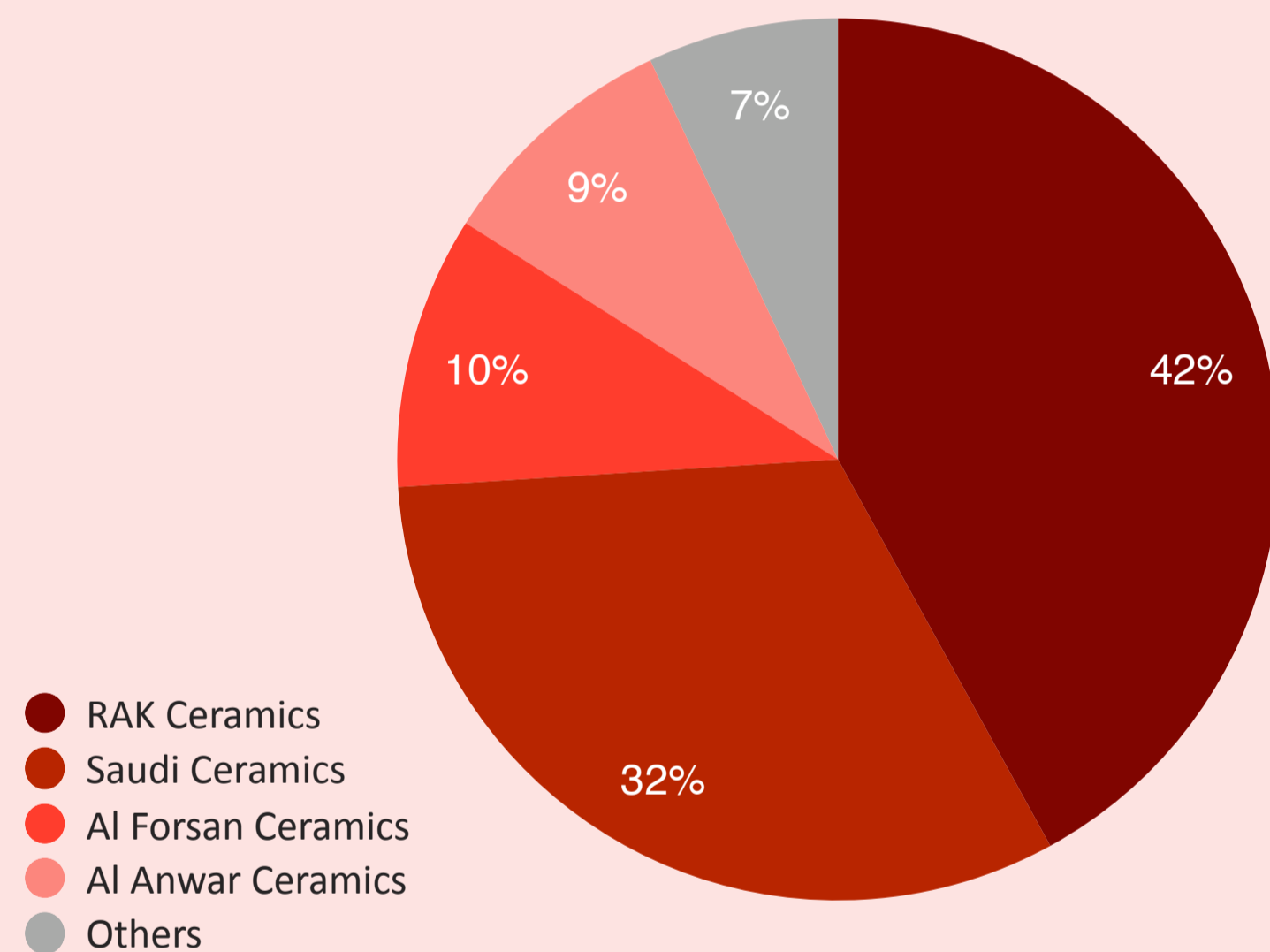


Source: Ceramic World Review 2014, company filings.

UNDISPUTED REGIONAL LEADER

RAK Ceramics sells its products in over 150 countries but 4 countries in particular form its core markets: UAE, KSA, Bangladesh and India. The company has manufacturing capacity in 3 of these 4 markets and is amongst the top players in each of these markets.

GCC TILES MARKET SHARE BY CAPACITY, TOP 6 (2013)



▶ RAK Ceramics is the market leader in the GCC region with the highest production capacity among its peers. The market is highly concentrated with the top 4 players representing 93% of the market

TILES MARKET – SALES 2014

	UAE	Saudi Arabia	India	Bangladesh
Market Size (US\$m)	860	938	735	168
RAK Market Position	#1	#2	#4	#1
RAK Market Share	13%	12%	2%	22%

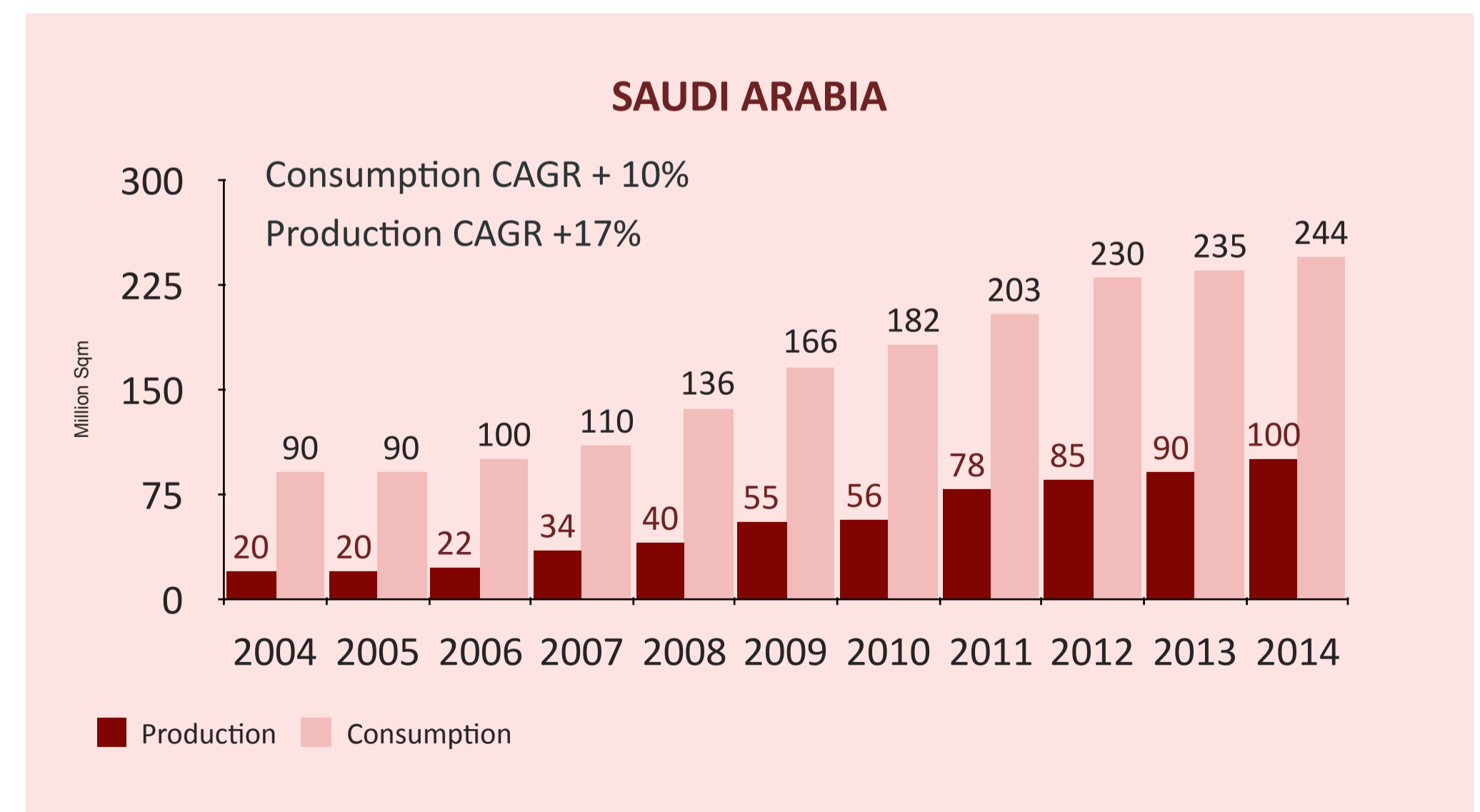
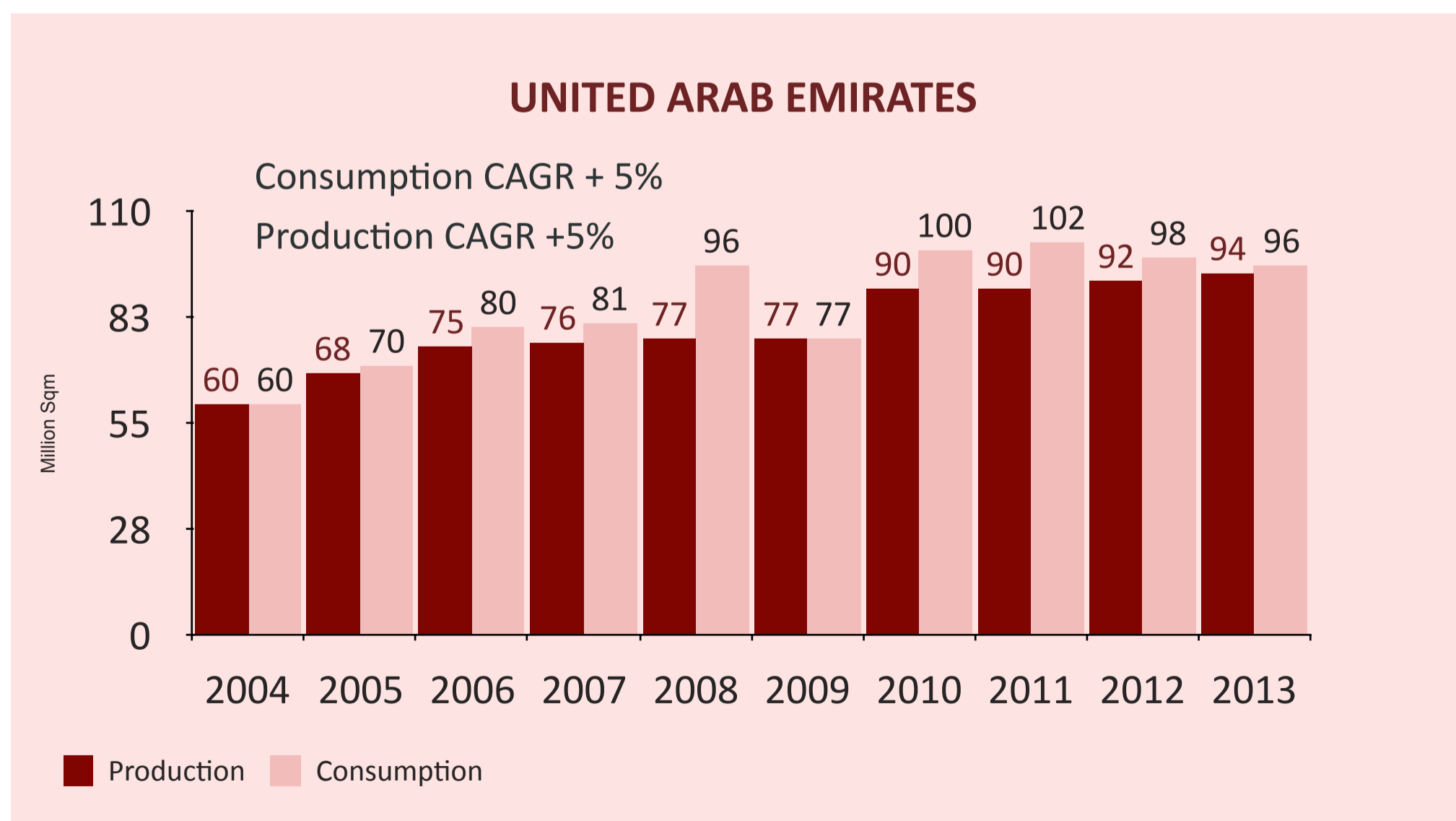
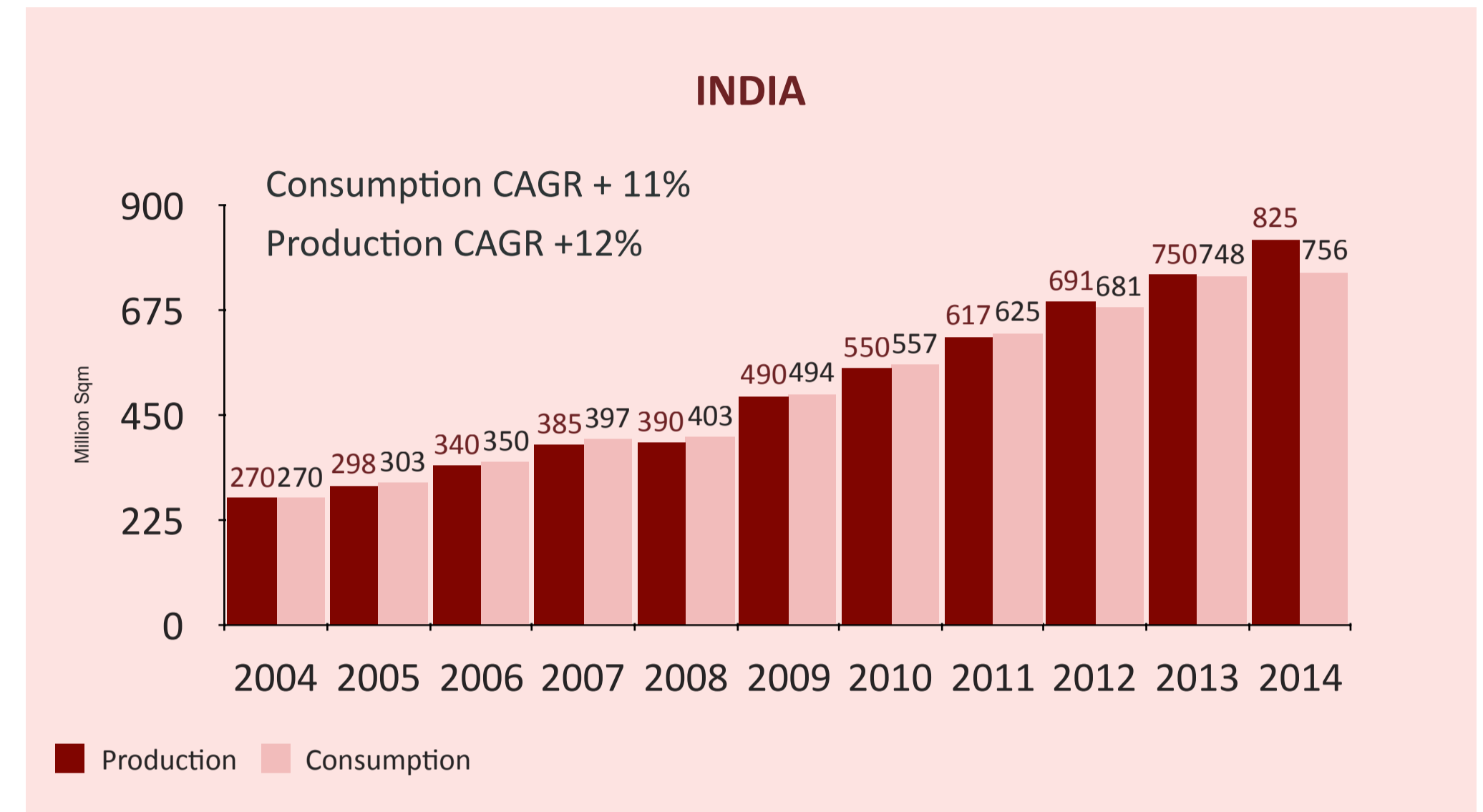
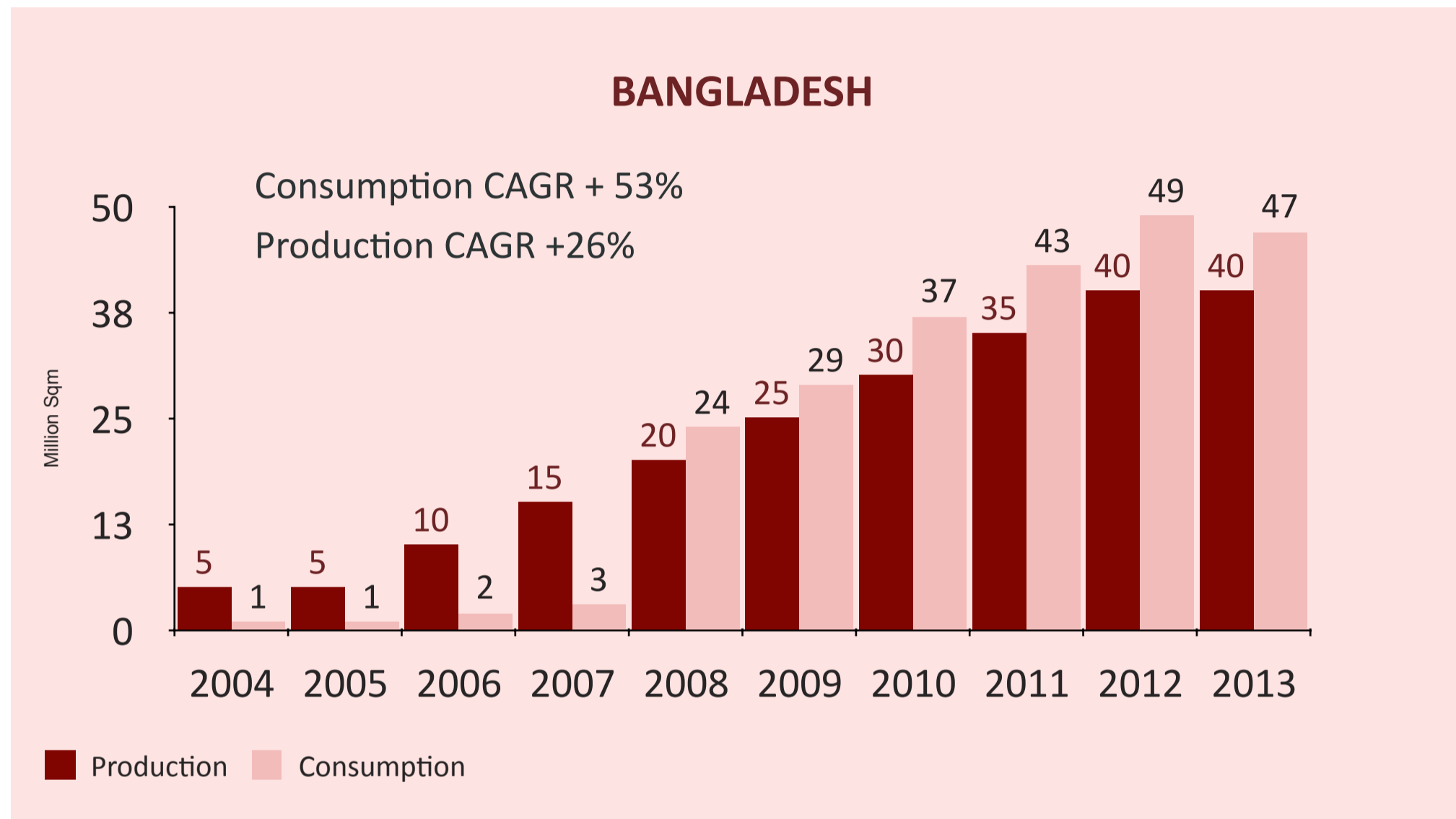
SANITARYWARE MARKET – PRODUCTION 2014

	UAE	Saudi Arabia	India	Bangladesh
Market Size (US\$m)	432	194	1,478	35
RAK Market Position	#1	Top 5	Top 10	#1
RAK Market Share	14%	4%	1%	65%

Source: Ceramic World Review 2014, company filings.

TILE SUPPLY/DEMAND IN OUR FOCUS MARKETS

Between 2004 and 2014, Global tile production and consumption* has grown at a CAGR of 6-7%. In our 4 focus markets of the UAE, KSA, Bangladesh and India, production and consumption grew at CAGR of 12% during similar period.



Source: Ceramic World Review, Frost & Sullivan.

*Production and consumption data in millions of square meters. Note that 2014 data for UAE and Bangladesh is not yet available

OUTLOOK FOR SOME OF OUR CORE MARKETS

INDIA OUTLOOK

DEMAND FOR TILES IS EXPECTED TO GROW AT CAGR OF 8.7% FOR 2014-2019.

“Ceramic Tiles Market in India 2015-2019” by Technavio

INDIA’S SANITARY WARE MARKET WILL GROW AT A CAGR OF ABOUT 12% DURING 2013-18.

“India Sanitary Ware Market Forecast & Opportunities, 2018” by Technavio

GCC OUTLOOK

CERAMIC TILES MARKET IN GCC TO GROW AT A CAGR OF 11.71% OVER THE PERIOD 2015-2019.

Tiles and Ceramics Market Assessing Growth Trends and New Opportunities in the GCC by Frost & Sullivan

SAUDI ARABIA PROJECTED TO REGISTER A CAGR OF AROUND 28%, IN REVENUE TERMS, DURING 2014-19.

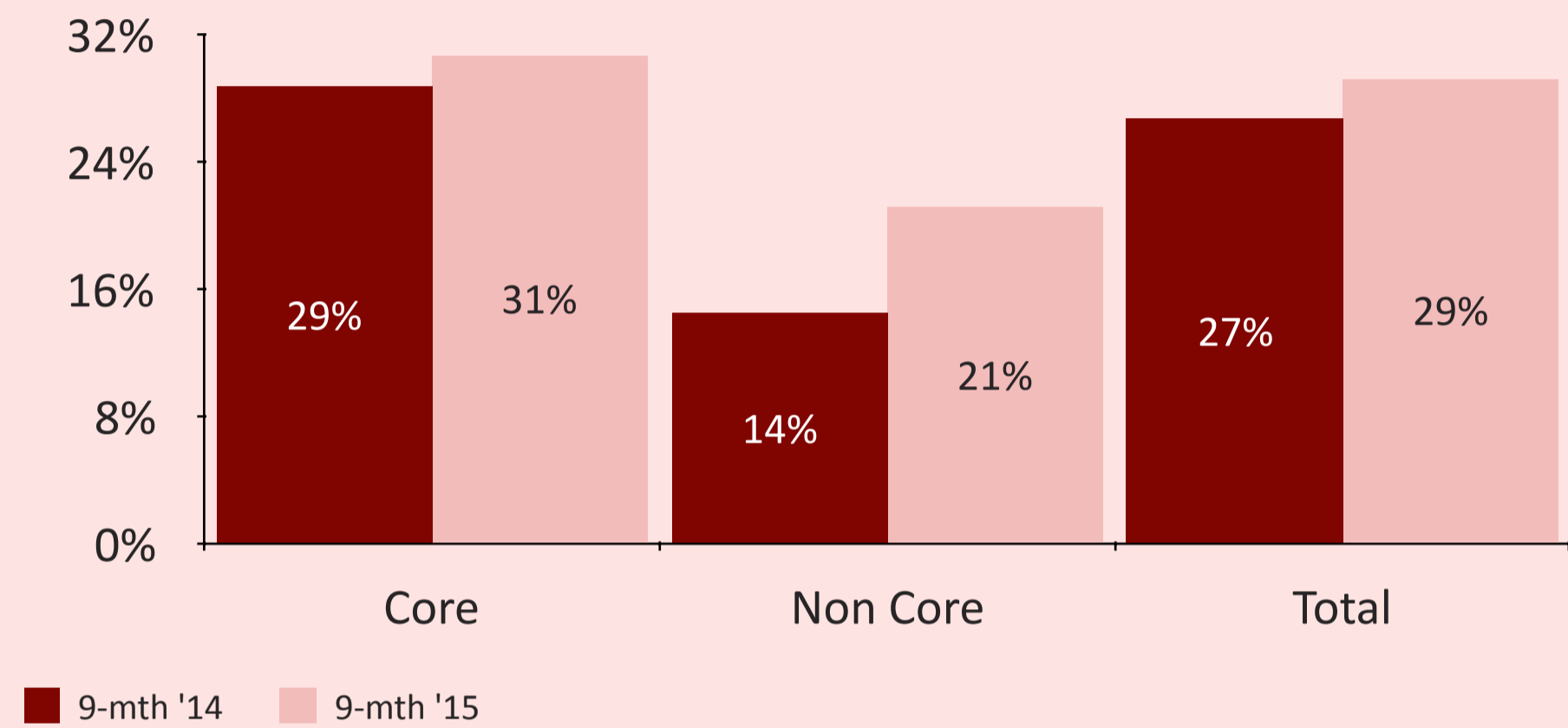
“Saudi Arabia Sanitary Ware Market Forecast & Opportunities, 2019” by TechSci Research

RECENT RESULTS

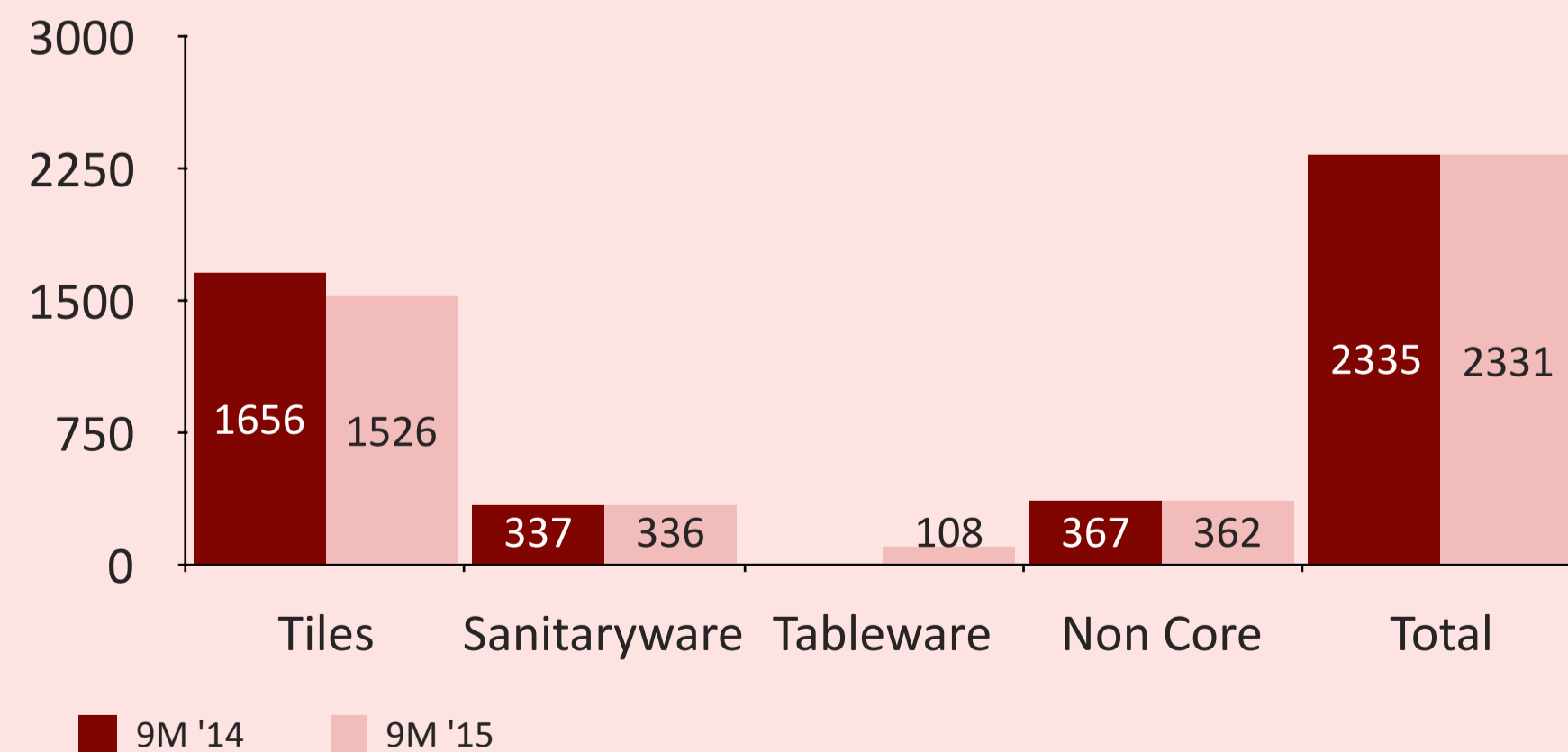
YTD 2015 RESULTS OVERVIEW

- ▶ YTD total sales are flat reflecting exit of Sudan and China, curtailed production in Iran and currency related weakness in Europe. Offsetting this was strength in core ceramics in UAE and KSA which rose 7.9% and 11.7% YoY respectively.
- ▶ Margins expanded in core business as result of raw material and packaging cost savings of AED33mn YTD . Non core margins rose from strong results in construction segments
- ▶ Net income adjusted for hyperinflation losses rose was AED261mn vs. AED259 for 9-mth '14. Lower net realization reflects higher provisioning and pre expansion costs. 9-mth '15 net profit also reflect impact of divestments and one offs of AED7mn

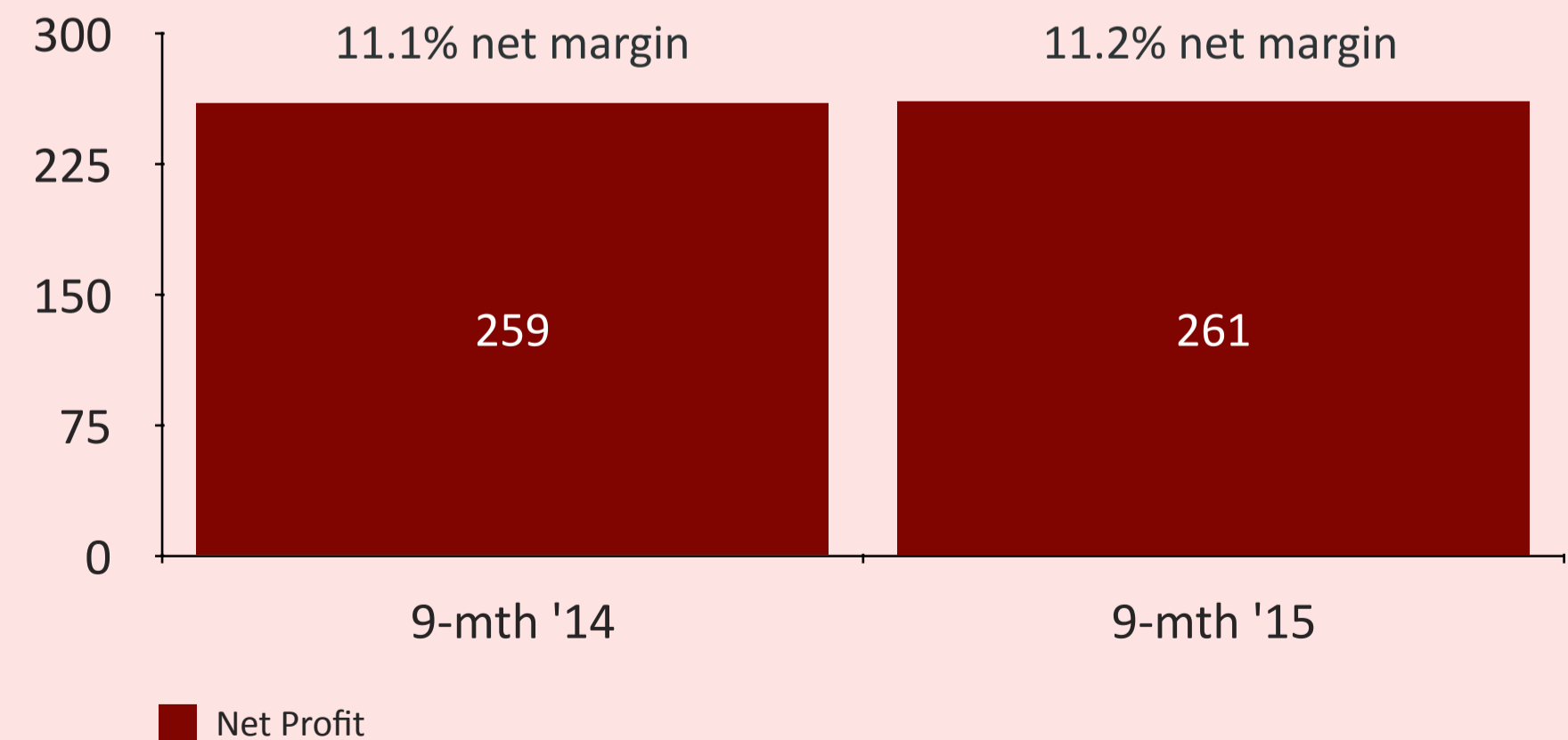
YTD GROSS MARGIN



TYD REVENUES (AED MN)

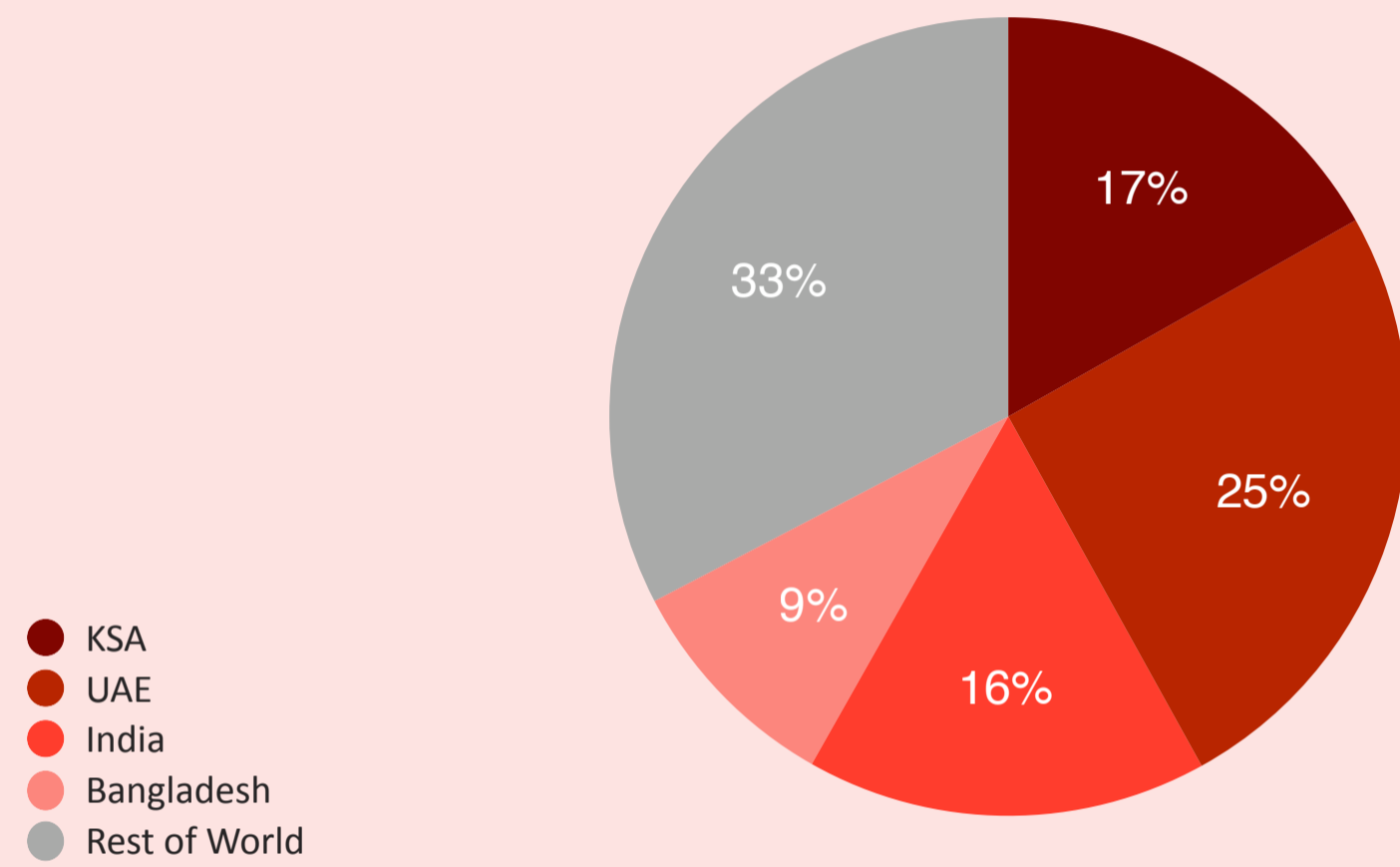


YTD ADJUSTED NET PROFIT (AED MN)

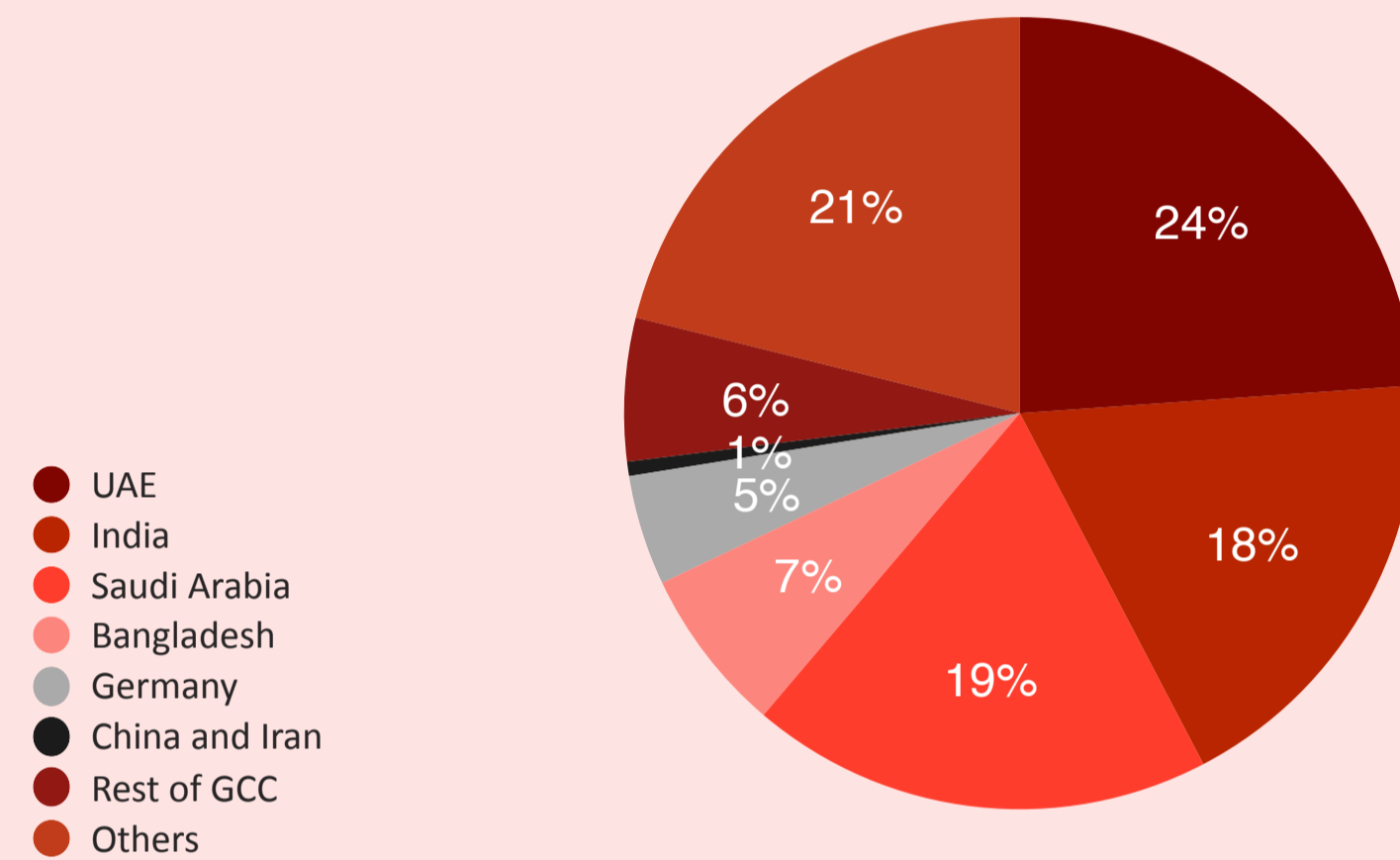


SALES BREAKDOWN

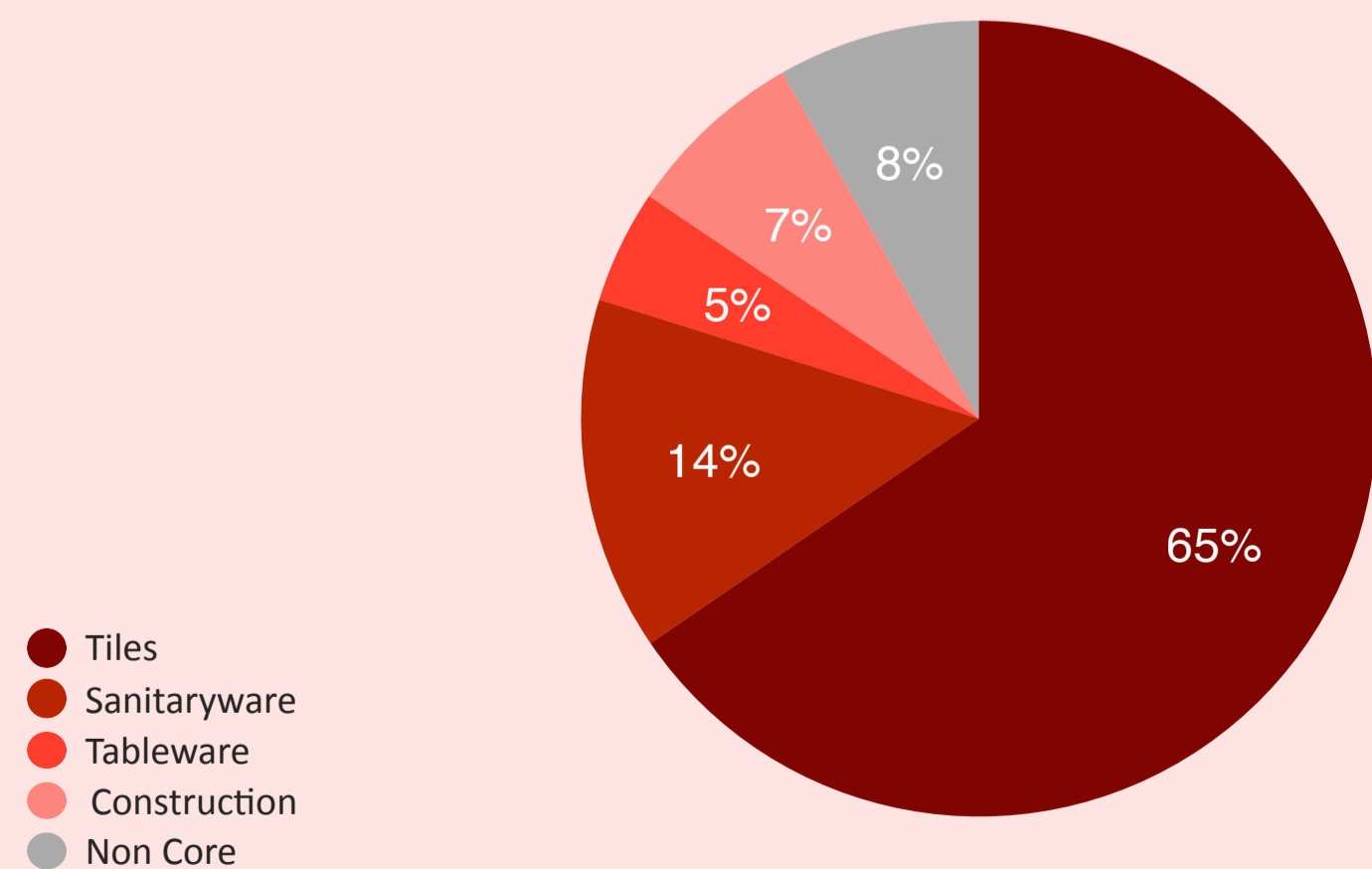
CORE MARKETS AS % OF TILE AND SW SALES (9-MTH 2015)



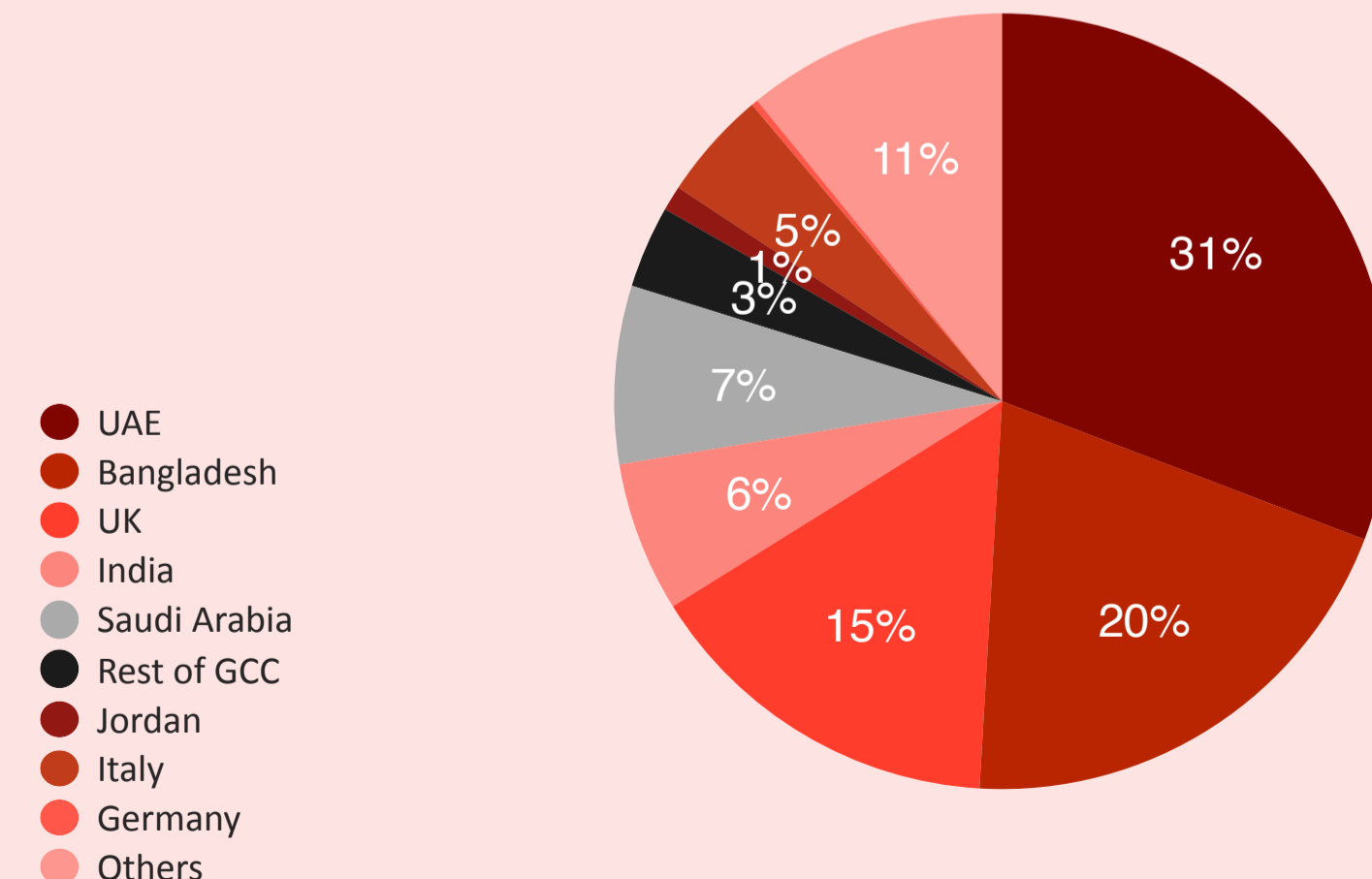
TILE SALES BY COUNTRY (9-MTH 2015)



SALES BY SEGMENT (9-MTH 2015)



SANITARYWARE SALES BY COUNTRY (9-MTH 2015)

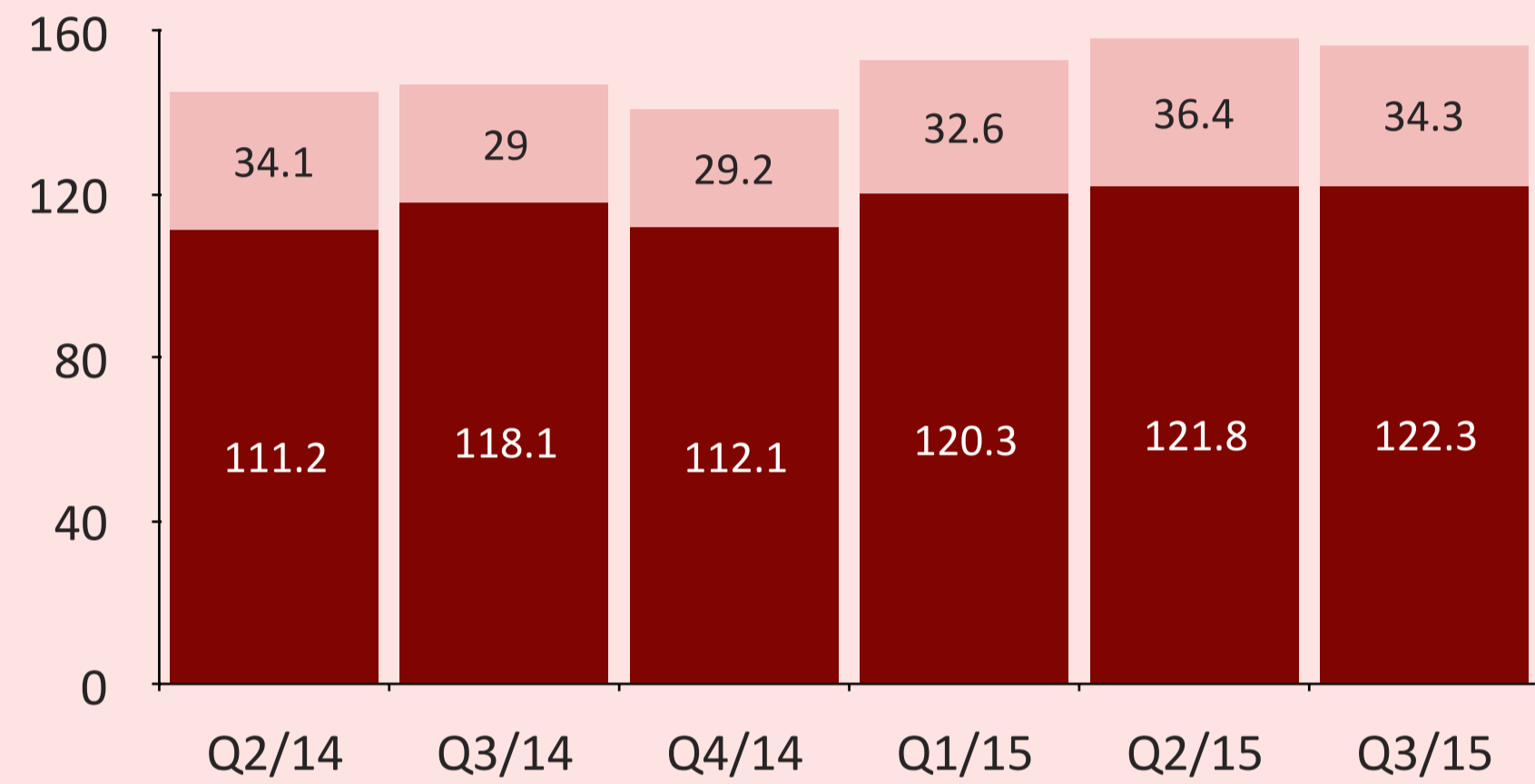


Source: Ceramic World Review, Frost & Sullivan.

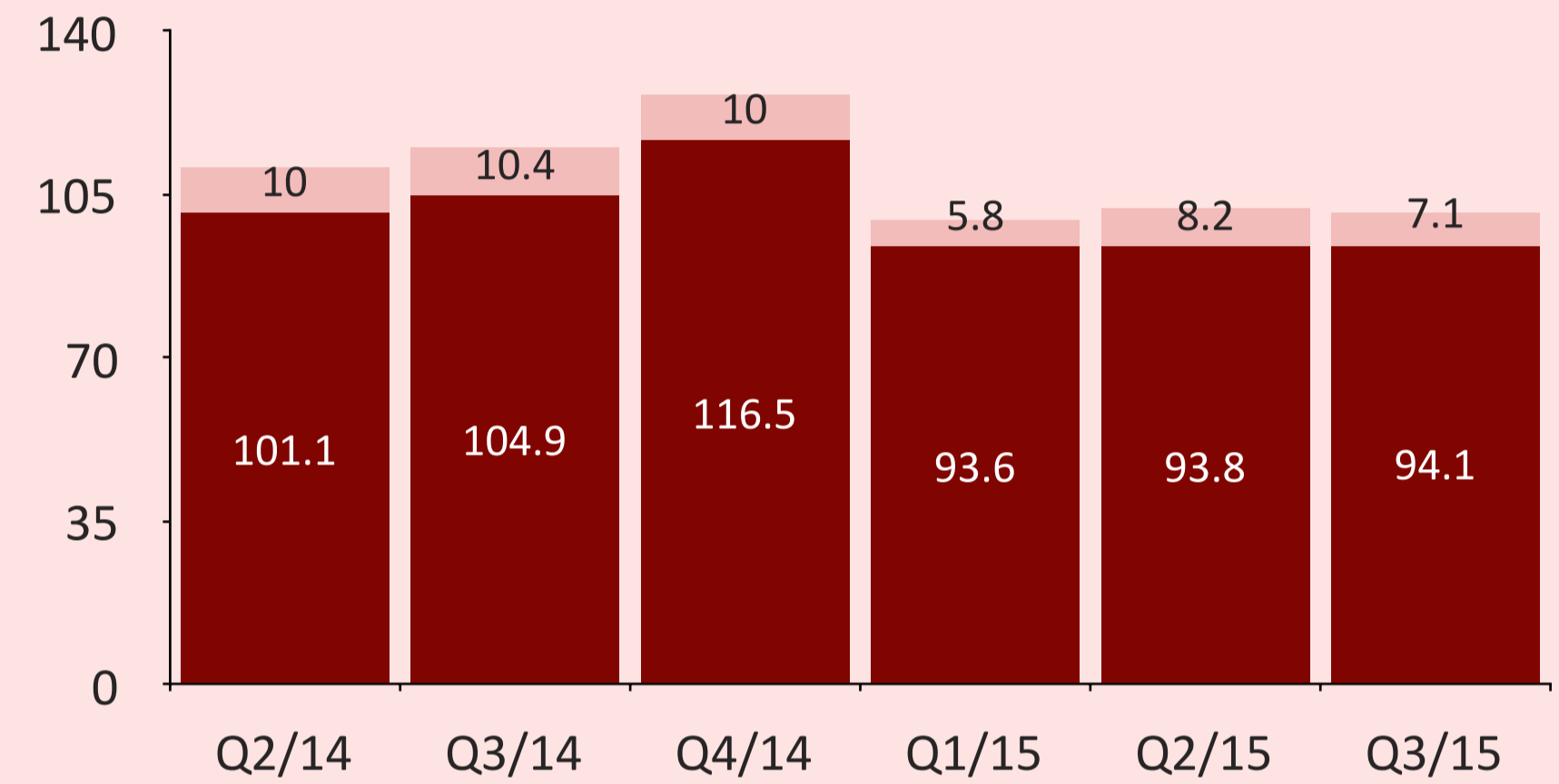
CORE MARKET SALES TRENDS

Shown in AED Millions

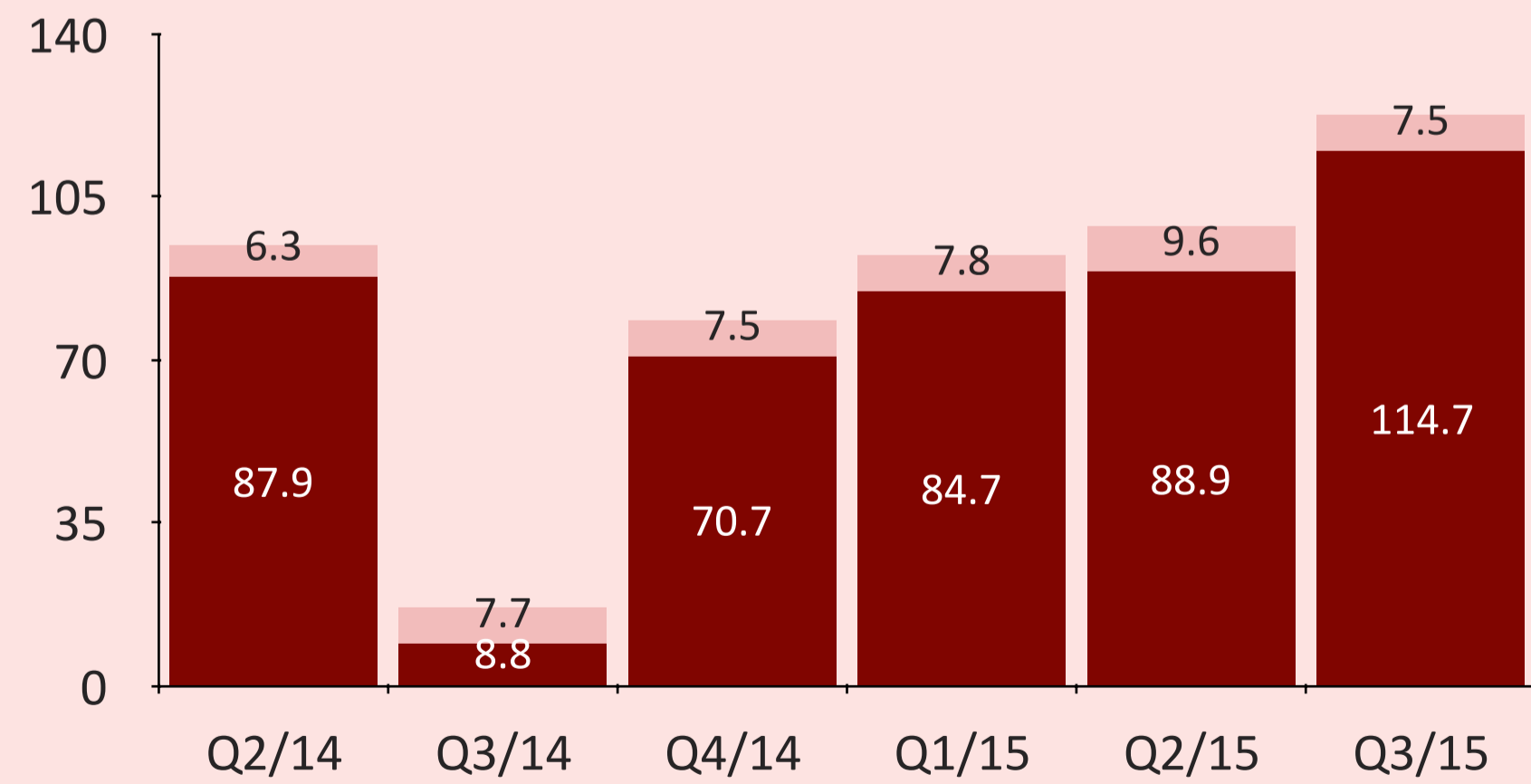
UNITED ARAB EMIRATES



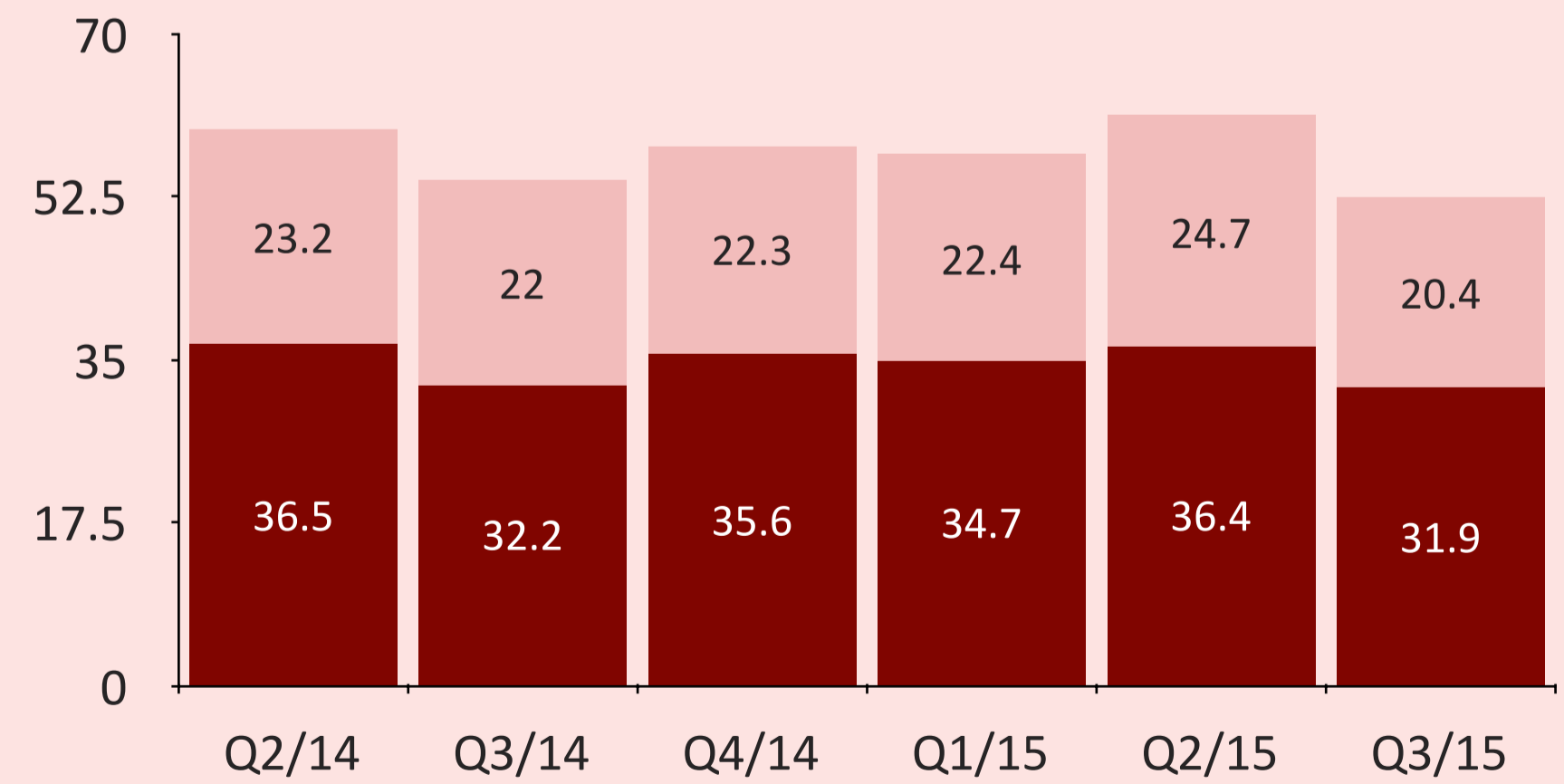
INDIA



SAUDI ARABIA



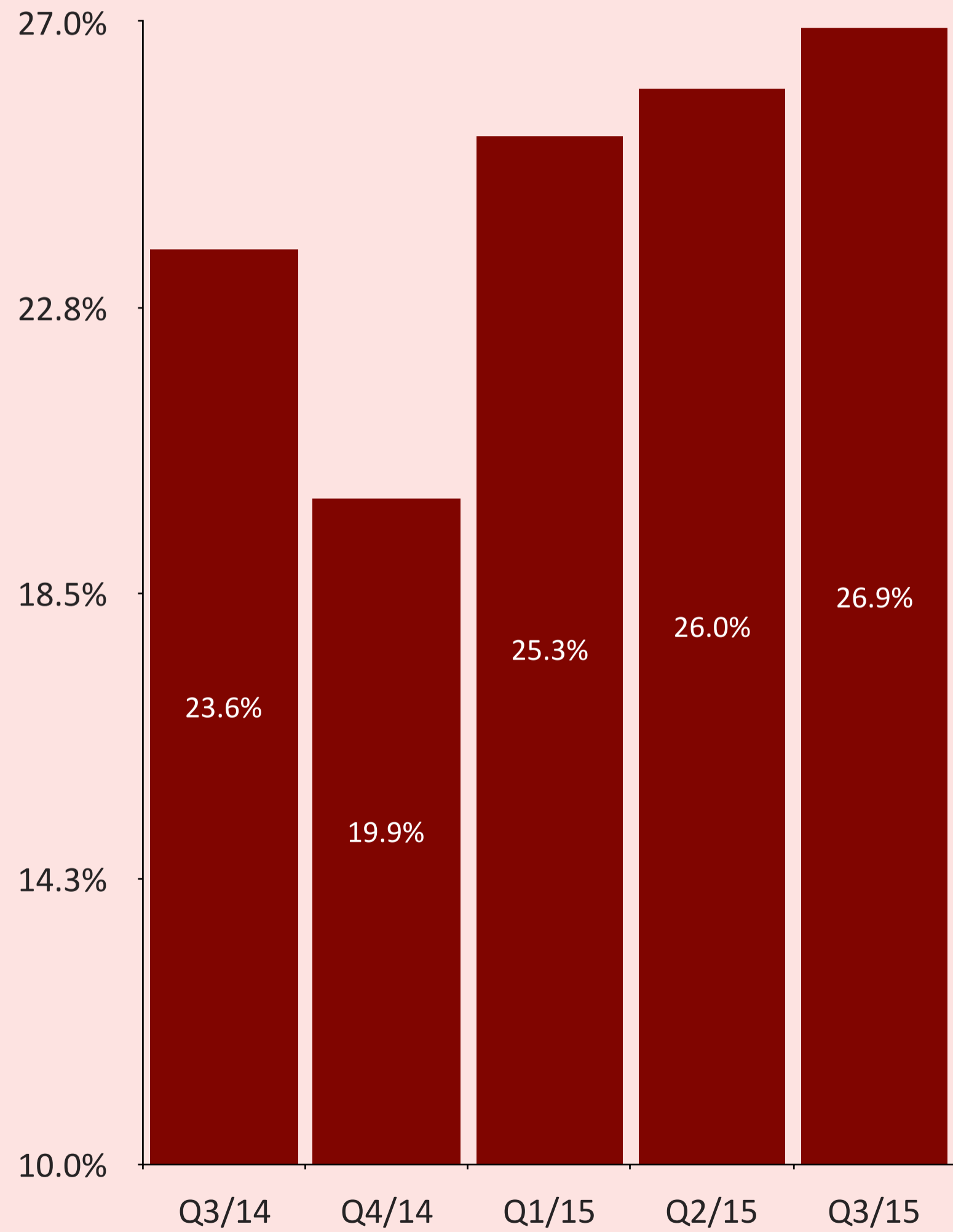
BANGLADESH



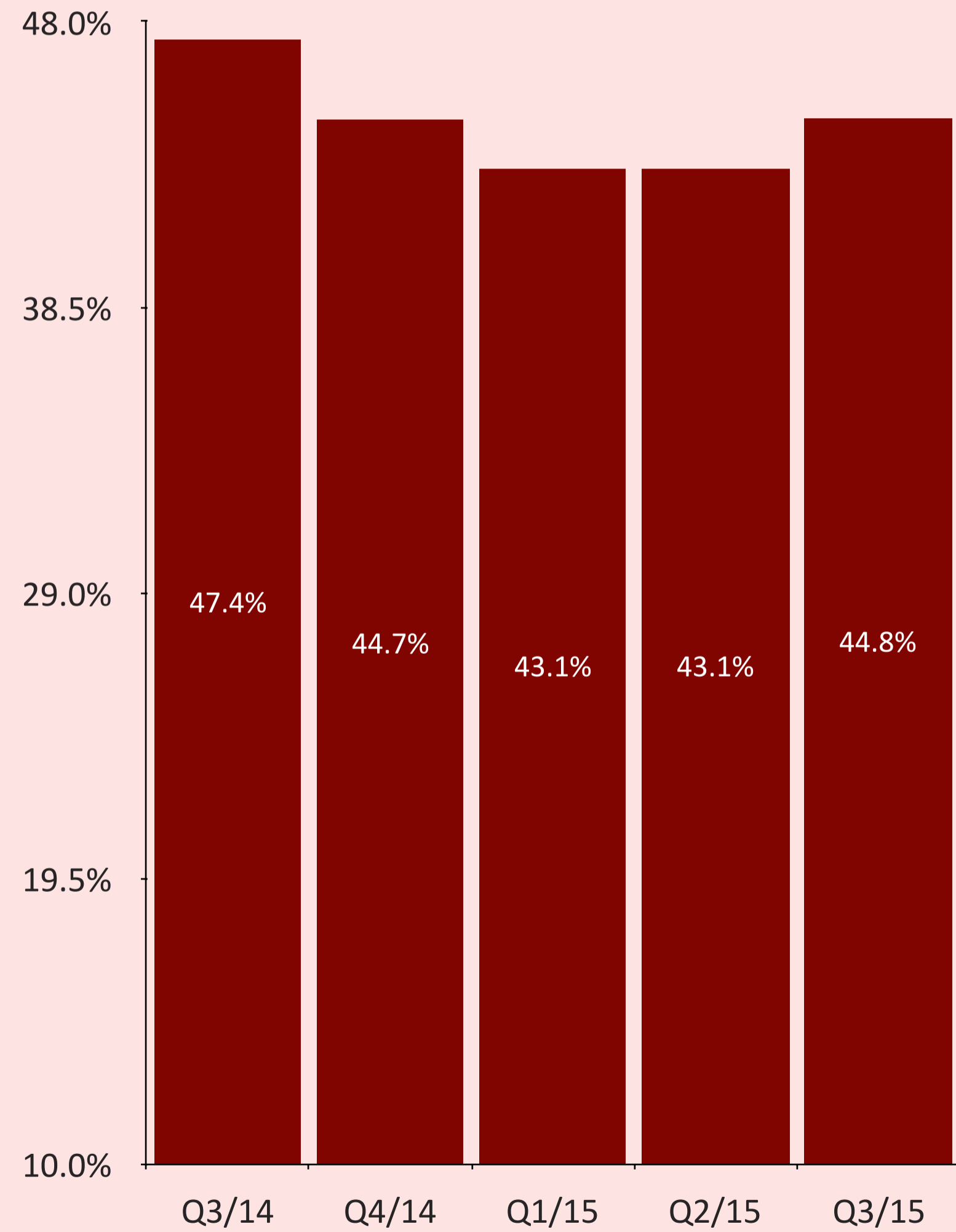
■ Tiles ■ Sanitaryware

GROSS MARGIN TRENDS

TILE GROSS MARGINS



SANITARYWARE GROSS MARGINS



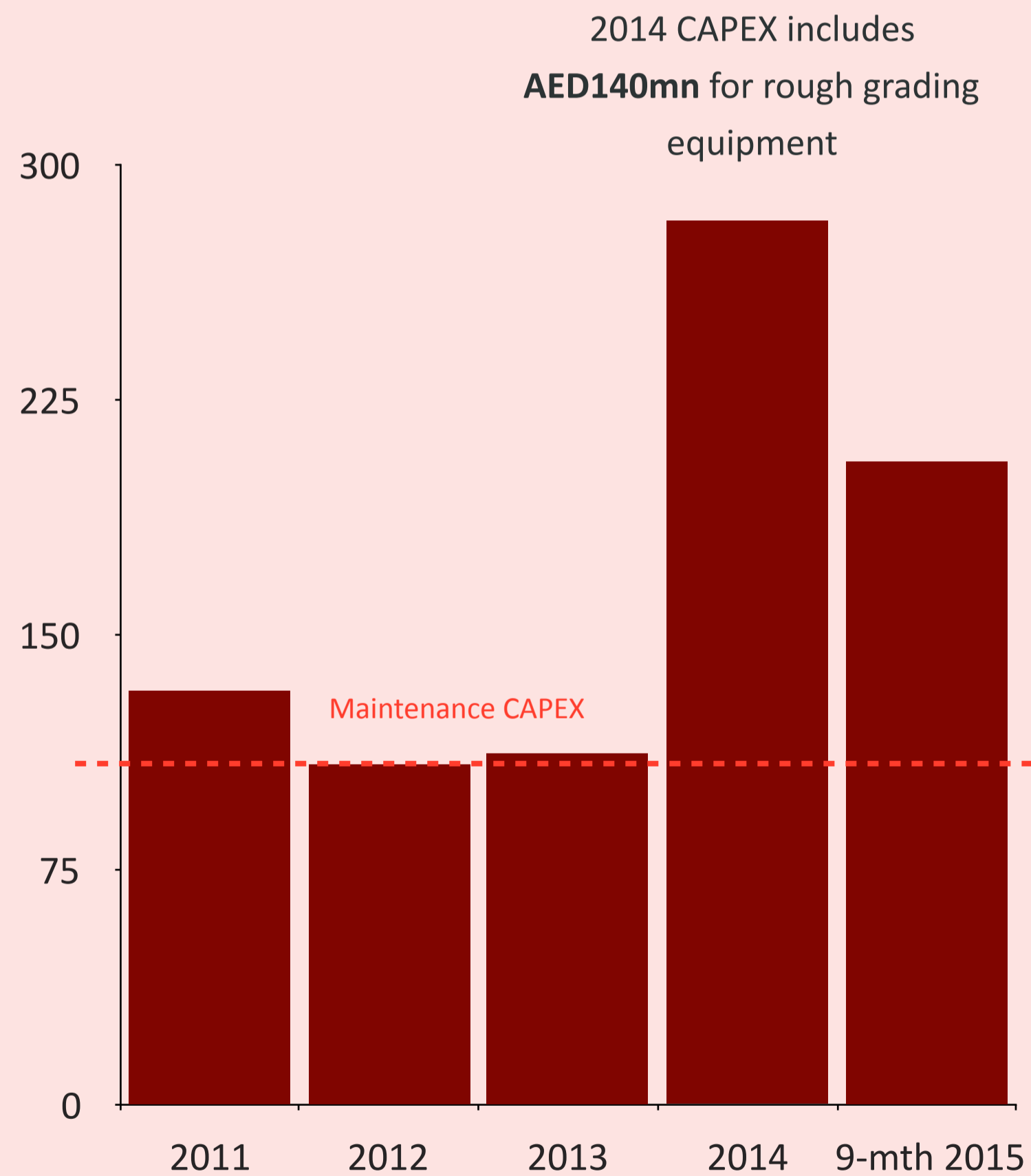
STRATEGY & OUTLOOK

Q4/15 AND 2016 FOCUS

STRATEGIC PRIORITY	INITIATIVES	FOCUS FOR Q4/15 AND 2016
Revenue Growth	Tiles expansion	Bangladesh capacity to grow 45%
	SW Expansion	UAE capacity to grow 22%
	Tableware	Product range expansion
	Integrated Sales	Hired B2B Head in Q3 and early efforts will focus on UAE
	Branding and Positioning	Brand review in progress with marketing push in 2016
	India	Looking for new CEO to drive sales turnaround. Recently acquired minority interest bringing ownership to 100%
	Iran	Evaluating plant upgrade and production restart if sanctions lifted. Low costs and material availability support using Iran as export base
	Asia and US Markets	Developing Asia after establishing Singapore office and looking at setting up showroom in US
Margin Enhancement	Procurement	Explore further opportunities for cost savings
	Non Core Operations	Ongoing turnaround at ElectroRAK (loss to gain in Q3/15)
Cash Generation	Non Core Disposals	Further asset sales expected
Enhanced Control and Governance	JV Restructuring	Looking to acquire full ownership of our distribution JVs in Europe and restructure sales clearly along channels

CAPACITY GROWTH RESUMES

CAPACITY SPENDING - LAST 4 YEARS



TILE CAPACITY ADDITIONS BY SEGMENT

	2015	2016	Timing	Cost USD mn
Bangladesh	8.0	11.6	Q1/16	26.5

Shown in SQM millions

SANITARYWARE CAPACITY ADDITIONS BY SEGMENT

SW Capacity	2015	2016	Timing	Cost USD mn
UAE	2,700	3,294	Q1/16	22
India	700	1065	On Hold	4

Shown in millions of pieces

2015 NON CORE ASSET DISPOSALS

Disposals

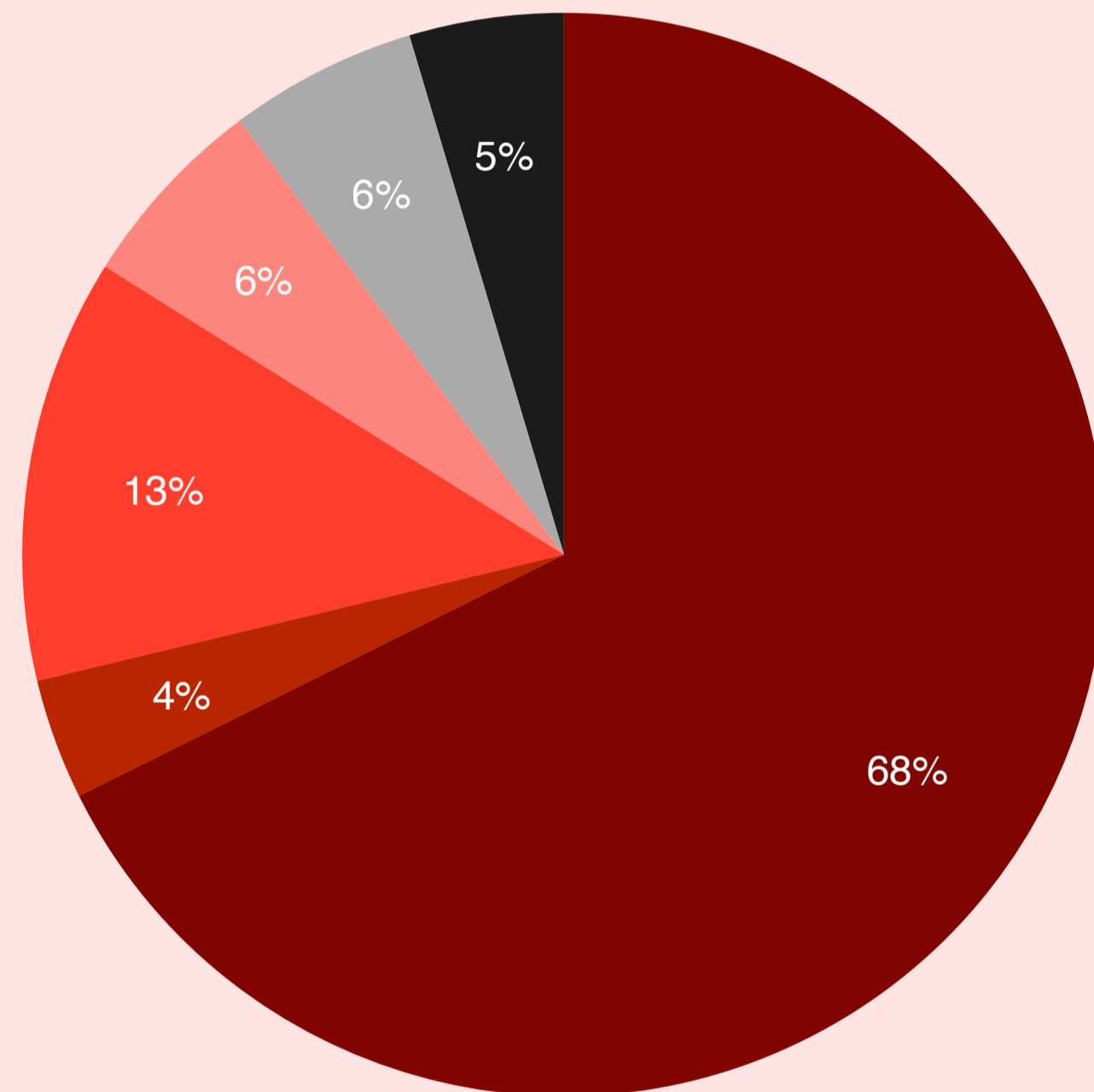
Company/Assets disposed	Total consideration
RAK Pharmaceuticals Pvt Ltd, Bangladesh	
RAK Moshfly Pvt Ltd, Bangladesh	
15 Townhouses at Al Hamra Village, RAK	
Laticrete RAK LLC, RAK	
RAK Piling LLC, RAK	
RAK Watertech LLC, RAK (39% stake sold)	
Al Hamra Aluminium & Glass Industries LLC, UAE	
RAK Gypsum & Decorations LLC, UAE	
Total Proceeds	95.5

Held

Held for Sale	Year of disposal
RAK Ceramics Sudanese Investment Co., Sudan	Q4/2015

ASSET DISPOSAL CYCLE HAS ROOM TO GO

ASSETS PER SEGMENT – AED BILLIONS



- Ceramics
- Investment Properties
- Land at Jazira al Hamra
- Contracting
- Other Industrials
- Other non industrials

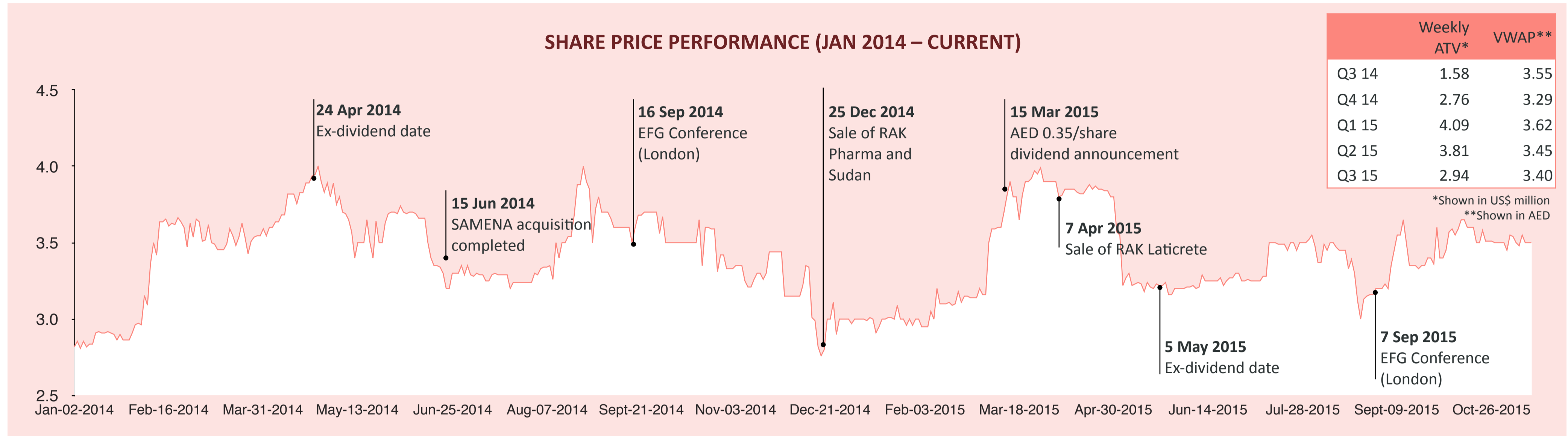
SUMMARY

- ▶ Assets outside of the ceramics business are 32% of our total assets but only 16% of our total revenues.
- ▶ Land contributes no income.
- ▶ We aim to exit non core businesses in the next 12-18 months, depending on market conditions.

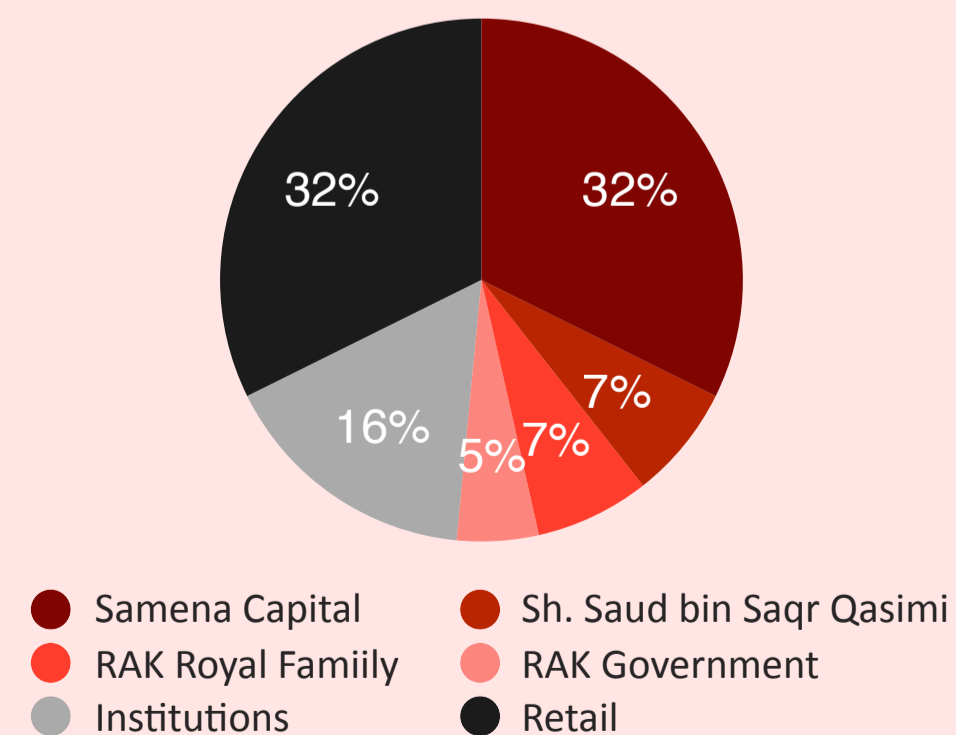
STOCK PROFILE

STOCK PROFILE

Weekly average traded value increased from c.USD 1.5mn to c.USD4.1mn in Q1 2015 and USD2.9mn in Q3, on the back of investor relations efforts locally and abroad. RAKC is currently trading at 8.0x EV/EBITDA and 9.5x P/E on LTM financials, and at 1.0x P/B



CURRENT SHAREHOLDER STRUCTURE



INVESTOR RELATIONS ACTIVITIES

Conferences

- ✓ 5 Sep 2014 HSBC – London
- ✓ 15 Sep 2014 EFG Hermes – London
- ✓ 2 Mar 2015 EFG Hermes – Dubai
- ✓ Sep 2015 EFG Hermes – London
- ✓ Sep 2015 Arqaam – Abu Dhabi
- Nov 2015 BAML – Dubai
- Nov 2015 HSBC – Dubai
- Feb 2016 HSBC – Dubai
- Feb 2016 MS – New York
- Mar 2016 EFG Hermes – Dubai
- May 2016 GS – Dubai

Analyst Coverage Initiated (Date: Broker – Target Price)

- 26 Nov 2014 NBAD – AED 3.98/share
- 9 Dec 2014 CI Capital – AED 4.60/share, update on 13 Jul AED 4.40/share
- 25 Jun 2015 EFG Hermes – AED 4.30/share
- 21 Sep 2015 SICO – AED 4.20/share

In-House Investor Relations Initiatives

- Quarterly earnings presentations & earnings calls launched as of Q2 2014
- Proactive and targeted PR campaign; hired Philippe Habeichi as Head of IR

COMP TABLE

		Share Price		M Cap	EV	EV / Sales			EV / EBITDA			P / E			Net Debt /
		(Local)	(USD)			LTM	2015E	2016E	LTM	2015E	2016E	LTM	2015E	2016E	LTM EBITDA
Ceramics Producers															
Ras Al Khaimah Ceramics PSC	AED	3.5	1.0	780	1,191	1.4x	1.4x	1.4x	7.8x	8.4x	7.9x	9.3x	9.7x	8.7x	2.8x
RAK Ceramics (Bangladesh) Limited	BDT	63.5	0.8	269	309	4.6x	na	na	28.7x	na	na	31.2x	na	na	NM
The Siam Cement Public Company Limited	THB	462.0	12.9	15,534	18,031	1.7x	1.7x	1.6x	10.7x	10.2x	9.9x	13.0x	12.5x	11.7x	2.4x
Mohawk Industries Inc.	USD	180.8	180.8	13,362	16,472	2.1x	2.0x	1.8x	12.4x	11.9x	10.2x	23.4x	18.0x	15.1x	2.3x
Grupo Lamosa, SAB de CV	MXN	34.5	2.2	847	1,100	1.7x	na	na	8.3x	na	na	38.4x	na	na	1.9x
Saudi Ceramic Company	SAR	53.0	14.1	706	900	2.1x	2.1x	1.9x	7.5x	7.4x	7.2x	9.2x	9.3x	9.0x	1.7x
Kajaria Ceramics Limited	INR	856.1	13.1	1,041	1,070	3.1x	3.0x	2.5x	17.7x	16.2x	13.8x	33.6x	30.1x	25.2x	0.6x
Dynasty Ceramic Public Company Limited	THB	4.0	0.1	728	759	3.8x	3.7x	3.5x	13.1x	13.6x	12.2x	18.4x	19.5x	17.4x	0.4x
Al Anwar Ceramic Tiles Company SAOG	OMR	0.3	0.8	245	210	2.4x	2.9x	2.6x	7.1x	8.5x	7.1x	9.5x	11.8x	10.5x	NM
Eternit S.A.	BRL	2.3	0.6	107	148	0.6x	0.5x	0.5x	2.9x	2.9x	2.8x	6.3x	4.0x	3.8x	0.8x
Mean						2.2x	2.3x	2.1x	10.0x	10.1x	9.0x	19.0x	15.0x	13.2x	1.4x
Median						2.1x	2.1x	1.9x	9.5x	10.2x	9.9x	15.7x	12.5x	11.7x	1.7x
Sanitary Ware Producers															
LIXIL Group Corporation	JPY	2,881.0	23.5	6,723	11,385	0.8x	0.8x	0.7x	11.4x	11.2x	9.5x	nm	nm	18.7x	4.3x
Toto Ltd.	JPY	4,450.0	36.2	6,095	5,279	1.2x	1.2x	1.2x	11.0x	11.5x	10.1x	22.0x	23.9x	21.0x	NM
Villeroy & Boch AG	EUR	13.4	14.3	379	598	0.5x	0.5x	0.5x	6.0x	5.2x	4.9x	14.3x	15.4x	12.9x	0.3x
Rovese Spolka Akcyjna	PLN	1.3	0.3	279	478	1.0x	na	na	8.5x	na	na	na	na	na	3.6x
Lecico Egypt S.A.E.	EGP	4.7	0.6	48	117	0.8x	0.8x	0.7x	4.4x	4.5x	3.6x	nm	14.5x	7.1x	2.9x
Mean						0.9x	0.8x	0.8x	8.2x	8.1x	7.0x	18.2x	17.9x	14.9x	2.7x
Median						0.8x	0.8x	0.7x	8.5x	8.2x	7.2x	18.2x	15.4x	15.8x	3.2x
All Producers															
Mean						1.7x	1.7x	1.6x	9.3x	9.4x	8.3x	18.8x	15.9x	13.9x	1.9x
Median						1.7x	1.7x	1.6x	8.5x	10.2x	9.5x	16.4x	14.9x	12.9x	1.9x

REFERENCE AND CONTACT INFORMATION

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