



RAK

CERAMICS

EARNINGS PRESENTATION – Q1 2025 RESULTS
MAY 2025



Agenda

- 01 | Executive Summary
- 02 | Business Highlights
- 03 | Q1 2025 Financial Results Update
- 04 | Trading Update
- 05 | Closing Remarks
- 06 | Appendix



Abdallah Massaad
Group Chief Executive Officer

Abdallah Massaad is Group CEO of RAK Ceramics and has more than 26 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 Group CFO 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 and 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 the A F Ferguson award.

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Business Highlights

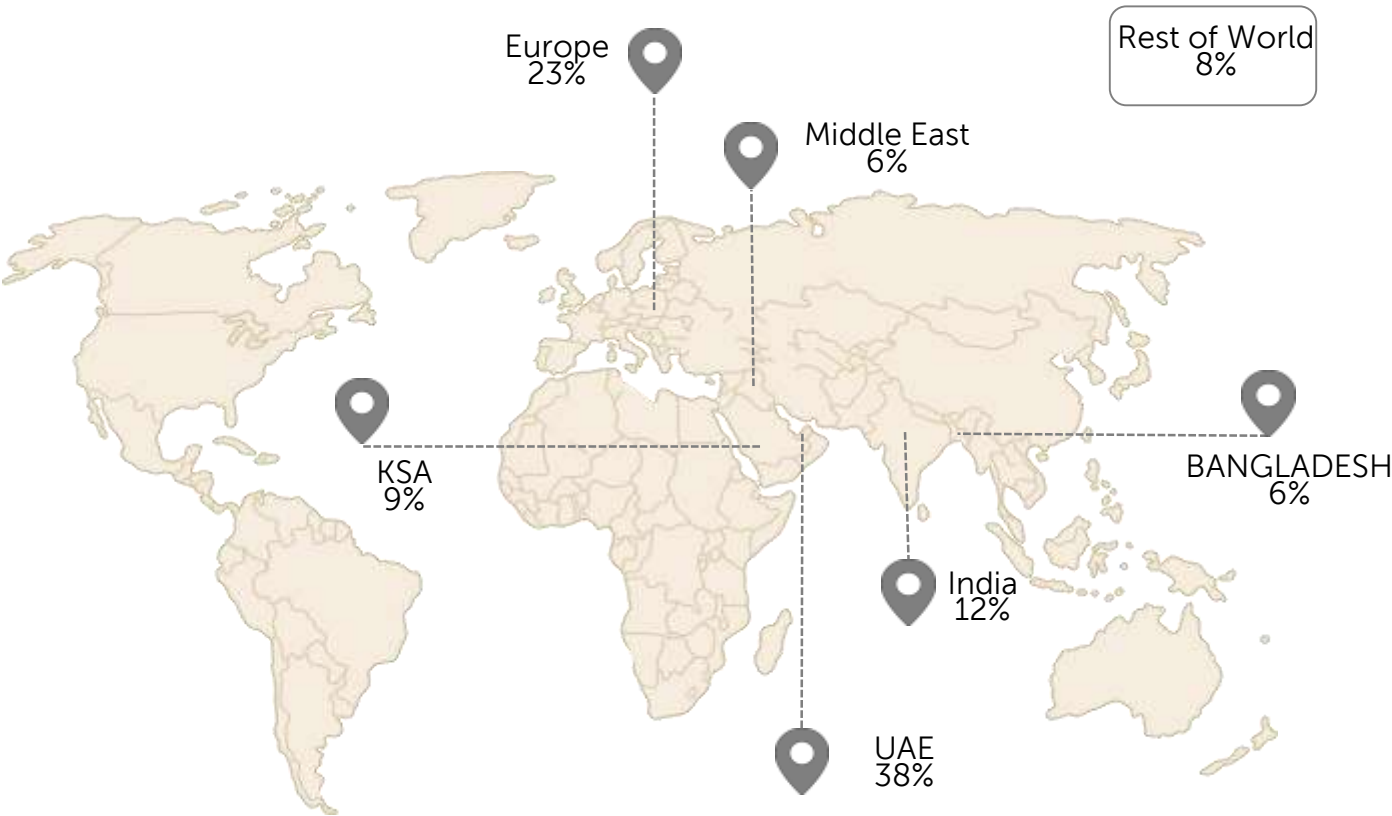
Speaker: Abdallah Massaad
Group CEO

Global Business Presence

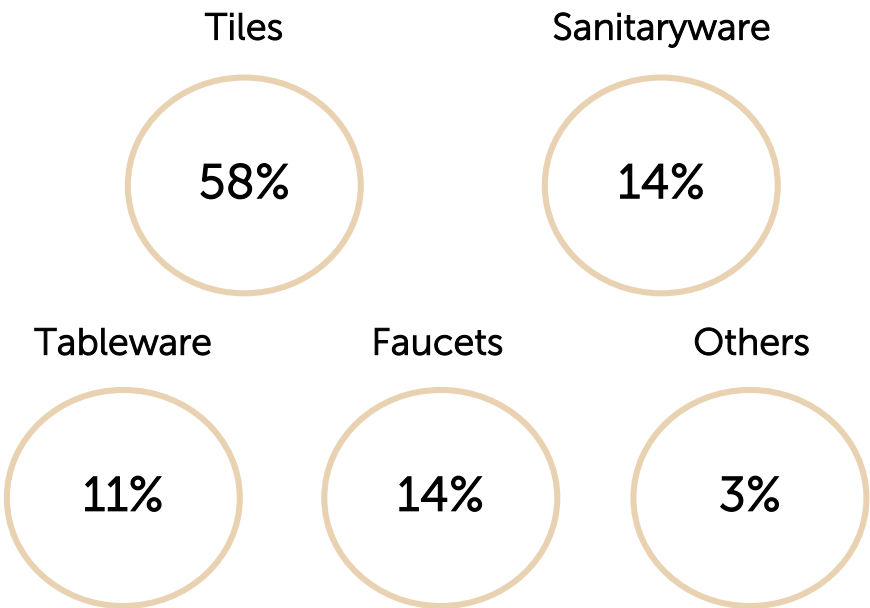
EARNINGS PRESENTATION Q1 2025



Where we sell



What we sell (Revenue Mix)



Capacity

118MN	5MN	36MN	2.6MN
Square metres of tiles	Pieces of sanitaryware	Pieces of tableware	Pieces of faucets and taps

Q1 2025 Business Performance Highlight

EARNINGS PRESENTATION Q1 2025

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Segment Highlights

- Tiles revenue recorded growth in both volumes (+5.7%) and value (+1.2%) at AED 449 million, led by robust performance in the UAE, Rest of GCC, India, and Asia Pacific
- Sanitaryware revenue witnessed a decline of 6.5% YoY to AED 105.5 million, mainly due to strong USD and weaker demand in Bangladesh, India, and other markets.
- Tableware revenue declined by 4.5% YoY to AED 85.9 million, impacted by weaker Euro and slower demand in US. However, UAE and Middle East market have performed well driven by new agreement with Airline and expansion of distributors.
- Faucets revenue declined by 4.4% YoY, reaching AED 111.7 million, due to a weaker Euro, recessionary fears in Europe, and a struggling real estate sector in China. We are progressing towards our plan for cost optimisation by shifting major EU Faucets production facilities to UAE.

Tiles & Sanitaryware Market Highlights

- **UAE:** Registered a strong 4.5% YoY revenue growth, driven by continued boom in real estate sector and favorable market dynamics.
- **KSA:** Revenue grew by 4.5% YoY driven by strong growth in wholesale channel supported by customs duty relief, and strong growth in Sanitaryware segment. We are actively focusing on project and retail segments, with an emphasis on premium and differentiated products, to drive both revenue growth and margin improvement.
- **Europe:** Revenue remained resilient YoY in local currency. Demand in Europe continues to be lower driven by inflation, recessionary pressure, weak Euro vs USD and the ongoing geopolitical tensions. Logistics costs have begun to stabilize following regional normalization. We also inaugurated a new Design Hub in Milan during Milano Design Week in April, aimed at strengthening our positioning in premium markets.
- **India:** Revenue increased by 2.8% YoY in local currency, supported by strong infrastructure development, reduced interest rates and growing disposable income. India's growth momentum highlights its potential as a key driver of future expansion in our portfolio.
- **Bangladesh:** Revenue declined by 17.6% YoY in local currency driven by ongoing political instability and severe gas crisis which has significantly disrupted overall market dynamics and economic conditions.

Key Challenges – Q1 2025

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Core Markets	Key Challenges	Our Actions
UAE	Import of cheaper products has increased on account of free trade agreements signed between UAE and other countries	<ul style="list-style-type: none"> In order to compete with Indian & Chinese entry level tiles, we are in process of selectively introducing a different brand to secure commercial projects that require cheaper tiles.
Saudi Arabia	Oversupply of tiles by local manufacturers, liquidity crunch has created price war in the market has impacting gross margins, particularly in housing and commercial segments that are highly price - sensitive	<ul style="list-style-type: none"> Recent relief by the government by way of exemption from payment of custom duty on imports has allowed us to regain the market share lost in wholesale segment. Our focus on premium products to strengthen our retail and projects business is helping us to enhance our margins.
Europe	Demand in Europe, particularly in the UK, remains under pressure due to stagnant growth, persistent inflation, and recessionary fears Delay in transformation of Kludi Europe business	<ul style="list-style-type: none"> Planned initiatives include strengthening brand awareness and presence through events and engagements at the Design Hub with architects and designer community Continue implementing KLUDI turnaround plan including shift in production capabilities from EU to UAE to improve performance
India	Lower demand, currency devaluation and intense competition	<ul style="list-style-type: none"> Plans to strengthen our Retail presence and experience We are working on a plan to introduce product offering from UAE
Bangladesh	Political instability, severe gas crisis, intense local competition and currency devaluation	<ul style="list-style-type: none"> We are working on offering competitive pricing strategies that consider local purchasing power and competitor pricing. We are working to expand retail presence with 4 new showrooms - by Q2/Q3 2025. One new showroom in Chittagong has been inaugurated recently

Key Strategic Updates -2025

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UAE

- Our Tiles Division is undergoing an upgrade with cutting-edge technology to manufacture differentiated, large-format tiles catering to high-end markets.
- Our Sanitaryware facility is being modernized with energy-efficient technologies, reducing carbon emissions and aligning with our sustainability objectives.
- We are running a full-scale program that leads to a radical improvement of product supply flows (both make-to-order and make-to-stock), on-time-delivery performance, and rotation of the finished goods inventory

India

- We are enhancing our retail presence and elevating the in-store experience to better engage customers
- We are working on a plan to introduce product offering from UAE to improve revenue.

Bangladesh

- To mitigate the gas shortfall, we have partially substituted natural gas with CNG, allowing for continued production.
- We are focusing on establishing a robust distribution network to ensure reliable delivery of high-quality products, leveraging innovation to differentiate ourselves from competitors
- We are working to expand retail presence with 4 new showrooms which are under construction, estimated to complete by Q2/Q3 2025.

KSA

- We continue to work towards setting up a production facility in KSA.
- New product development with competitive pricing, will support us in competing with local regional players in housing and commercial projects.
- Additionally, we are focusing on premium and differentiated product offerings to strengthen our retail and project channels, thereby enhancing margins



Q1 2025 Financial Performance Update

Speaker: PK Chand
Group CFO

Financial Snapshot – Q1 2025

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REVENUE

AED 776.5M

↓ 0.7% YoY

↑ 0.7% YoY on
Constant currency



GROSS MARGIN

39.7%

↑ 33 bps YoY



PROFIT BEFORE TAX

AED 64.5M

↓ 12.7% YoY*

** Profitability was impacted mainly due to Kludi Group's ongoing transformation initiatives. Excluding this impact, profit before tax was AED 74.4 million, marginally down by 1.4% YoY*



NET PROFIT AFTER TAX

AED 48.9M

↓ 22.3% YoY*

** UAE Corporate tax impact 13.1m vs 8.0m in last year*



NET PROFIT
After Minority

AED 46.3M

↓ 19.6% YoY



EBITDA

AED 135.6M

↓ 10.3% YoY



NET DEBT

AED 1.43BN

↑ 40.8M QoQ
Due to higher capex



Net Debt to EBITDA

2.49x

2.35x in Dec 24

Revenue Highlights – Q1 2025

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MANAGEMENT COMMENTS

- Q1 2025 revenue at AED 776.5m remained stable YoY.
- Tiles revenue grew by 1.2% at AED 449 million, led by robust performance in the UAE, Rest of GCC, India, and Asia Pacific
- Sanitaryware revenue witness a decline of 6.5% YoY to AED 105.5 million, mainly due to strong USD and weaker demand in Bangladesh, India, and other markets.
- Tableware revenue declined by 4.5% YoY to AED 85.9 million, impacted by lower demand particularly in USA market. Currency depreciation further impacted performance, especially in Egypt, Asia, and Africa.
- Faucets revenue declined by 4.4% YoY, reaching AED 111.7 million, impacted by, challenges in transformation of Kludi Europe. The slowdown in China's real estate sector and continued sanctions on Russia also contributed to the decline.
- Other revenue increased by 33.5% to AED 24.5m driven by Ceramic trading business.

TOTAL REVENUE (AED MN)

	Quarterly Comparison				
	Q1 24	Q4 24	Q1 25		
	Amount	Amount	Amount	YoY Growth	QoQ Growth
United Arab Emirates	201.5	226.8	210.5	4.5%	-7.2%
Kingdom of Saudi Arabia	66.2	85.3	69.1	4.4%	-19.0%
Middle East (Ex. UAE & KSA)	26.3	33.5	32.1	22.3%	-4.1%
India	87.8	103.9	86.8	-1.2%	-16.4%
Europe	78.2	80.2	77.0	-1.4%	-4.0%
Bangladesh	58.8	65.7	43.7	-25.7%	-33.5%
Africa	25.1	24.6	21.5	-14.2%	-12.7%
Rest of the world	12.6	18.5	13.6	8.3%	-26.4%
Total Tiles & Sanitaryware Revenue	556.5	638.5	554.4	-0.4%	-13.2%
Tableware revenue	90.0	101.8	85.9	-4.5%	-15.6%
Faucets revenue	116.8	109.5	111.7	-4.4%	2.0%
Others revenue	18.4	21.0	24.5	33.5%	16.5%
Total Revenue	781.6	870.9	776.5	-0.7%	-10.8%

Gross Profit Margin

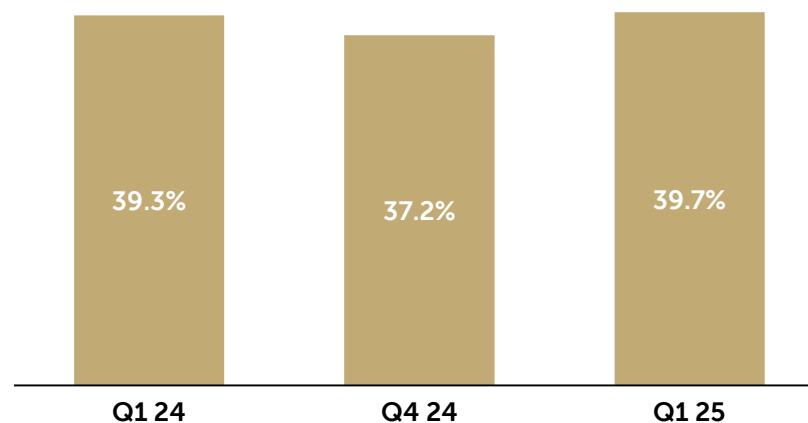
EARNINGS PRESENTATION Q1 2025

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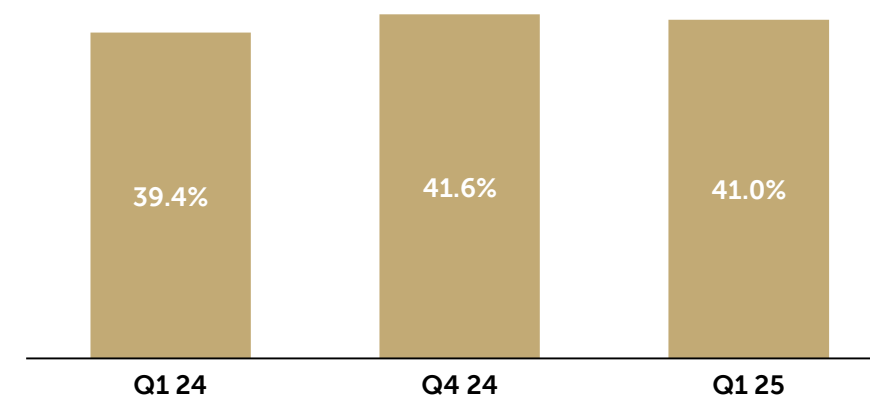
MANAGEMENT COMMENTS

- Q1 2025 Gross profit margin increased by 33 bps year-on-year to 39.7%.
- Tiles margin in Q1 2025 increased by 160bps compared to Q1 2024 at 41.0% driven by improvement in efficiencies and higher sales of Porcelain tiles over Ceramics.
- Sanitaryware margin improved by 440bps year-on-year at 34.1% in Q1 2025 backed by improvement in UAE and Indian operations.
- Tableware margin remained stable year on year at 53.9%.
- Faucets GP margin decreased by 764bps year on year at 23.4% in Q1 2025 due to lower margins in European market on account of transformation activities in Europe.

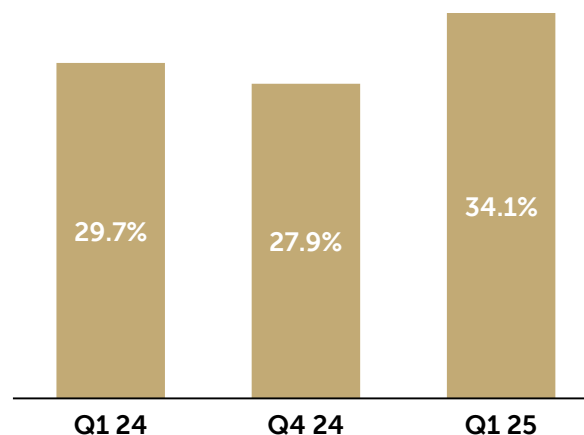
Total Gross Margin (%)



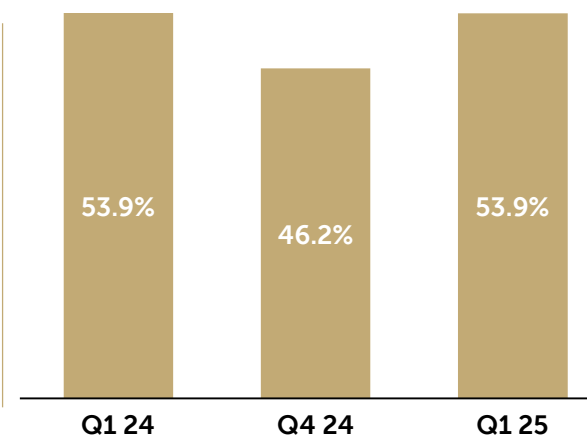
Tiles Gross Margin (%)



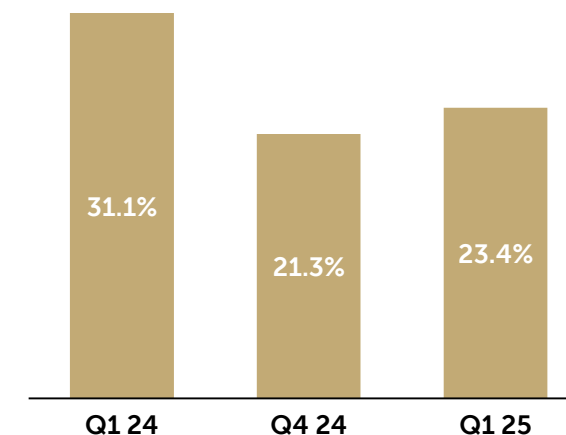
Sanitaryware Gross Margin (%)



Tableware Gross Margin (%)

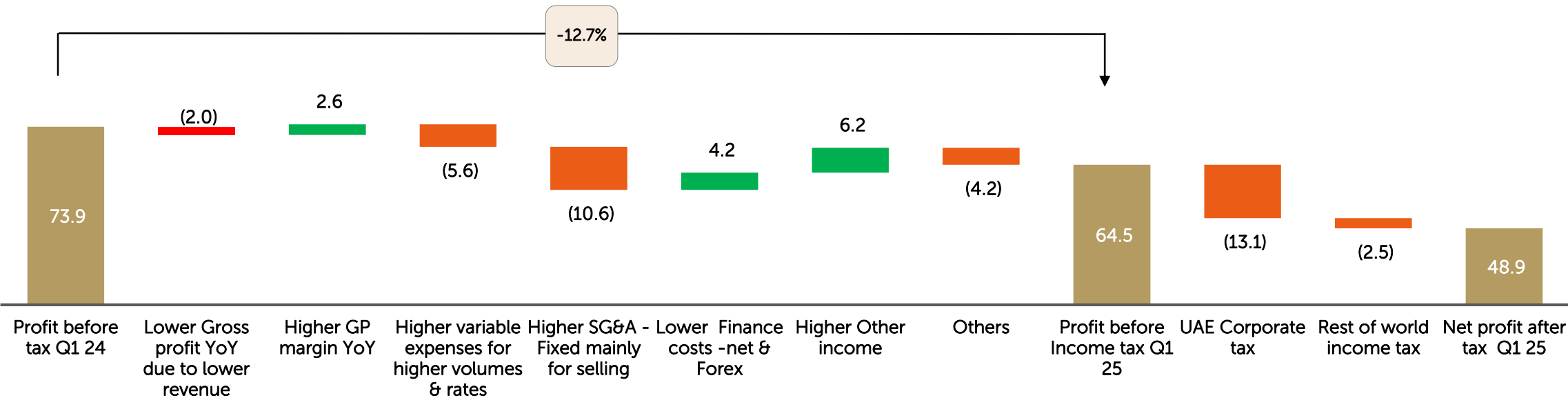


Faucets Gross Margin (%)



Profitability Bridge

Q1 2025 vs Q1 2024 Profit Bridge (AEDM)



Balance Sheet Highlights

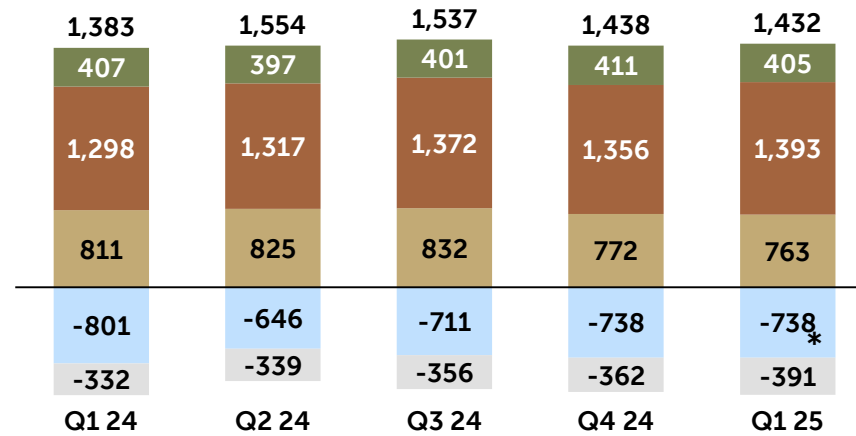
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MANAGEMENT COMMENTS

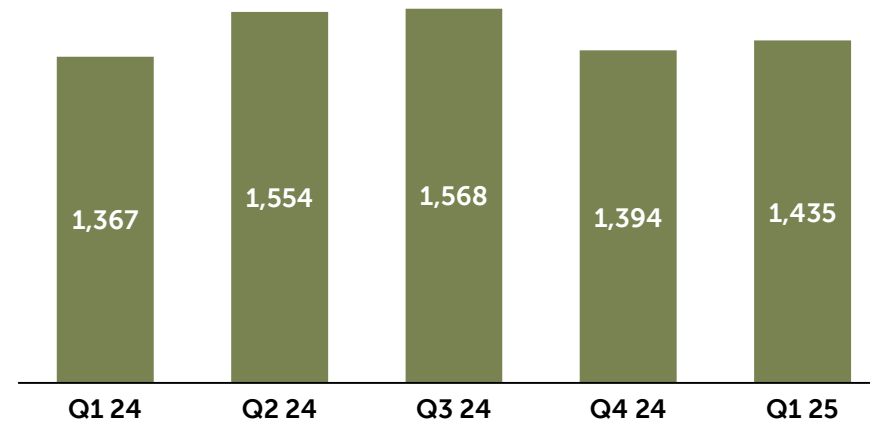
- Overall working capital remained stable at AED 1.43 billion in Q1 2025 compared to December 2024.
- Trade receivables decreased from 87 days in Q4 2024 to 86 days in Q1 2025.
- Inventory days increased from 252 days to 260 days QoQ due to increase in Finished goods stock in Bangladesh and Kludi Europe
- Trade payable increased from 67 days in Q4 2024 to 73 days in Q1 2025 mainly due to Capex procurement.
- Net debt increased by AED 41m at 1.43 billion compared to December 2024 due to higher capex. Net debt to EBITDA also increased from 2.35x in December 24 to 2.49x in March 2025.
- Capex Spending was AED 97 million in Q1 2025 out of which ~68 million relates to upgradation of large-format tiles manufacturing plant. Capex guidance for 2025 is at AED 350-400 million.

WORKING CAPITAL CYCLE (DAYS)

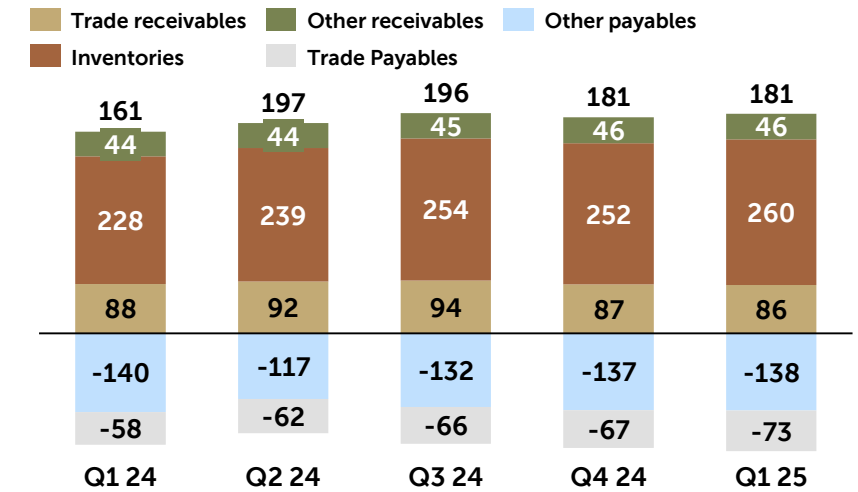


*Excluding Dividend payable of AED 112.0m

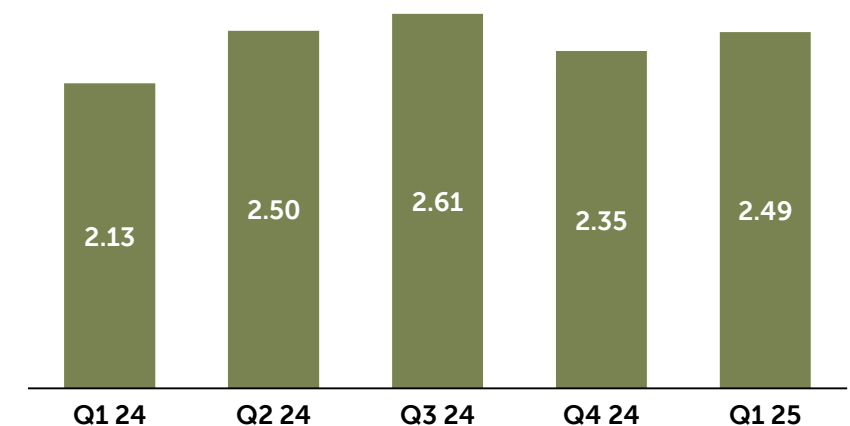
NET DEBT (AED MN)



WORKING CAPITAL (DAYS)



NET DEBT TO EBITDA (X)





Share Price Update

Speaker: PK Chand
Group CFO

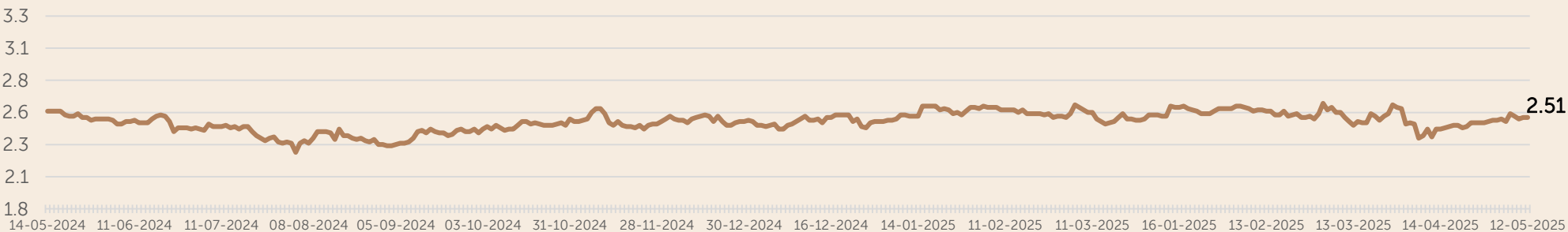
RAK Ceramics Share Price Movement

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RAK Ceramics (RAKCEC) Share Price Performance (AED- LTM)

RAK CERAMICS (RAKCEC) SHARE PRICE PERFORMANCE (AED)



	AED
WAP	2.47
52 week high	2.62
52 week low	2.24

As of 13th May 2025

CURRENT VALUATION (AED M)

	13/05/2025	31/12/2024
	Amount	Amount
Share price	2.51	2.49
Number of shares (in Mn)	994	994
Market Cap	2,494	2,475
Net debt	1,435	1,394
Minorities	84	95
Enterprise Value	4,014	3,965

LTM TRADING MULTIPLES

	Multiple	
	13/05/2025	31/12/2024
EV / Sales	1.24	1.23
EV / EBITDA	6.96	6.69
P / E	11.89	11.51
P / B	1.18	1.14

~ AED 2.5 Bn

Market Cap (~)

*Net debt and minorities as of 31st March 2025



Closing Remarks

Speaker: Abdallah Massaad
Group CEO

2025 Priorities

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Market share growth and preservation

Maintain healthy competition across all core markets and segments albeit increased challenges



KLUDI Transformation

Transform KLUDI into a global high-end faucet brand, complementing RAK Ceramics sanitaryware offering, and build-on identified synergies and integration plan to improve performance



Retail Expansion & Brand awareness

Focus on strengthening retail presence & create Brand awareness in focus markets by opening new showroom, refurbishing existing outlets, and rolling out e-commerce into additional markets



Business, Operations & Risk management

Optimize operations enhancing efficiencies and mitigate actively rising risks improving bottom-line performance across all subsidiaries



Digital Acceleration

Improve operating model practicing agility and digitization to enable enhanced analytics and data-driven decision-making capabilities



Production Capabilities Growth

Rationalize footprint and increase capacity across all core businesses via plant additions, enhancements in addition to greenfield



Operational Diversification

Explore and diversify into new markets in terms of sales, sourcing and potentially manufacturing



Sustainability stimulation

Define and implement a sustainability strategy incorporating ESG initiatives into RAK Ceramics identity and across all operations





APPENDIX

Financial Highlights

EARNINGS PRESENTATION Q1 2025

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	Quarterly comparison				
	Q1 24	Q4 24	Q1 25		
Amount in AED M	Amount	Amount	Amount	YoY Growth	QoQ Growth
Revenue	781.6	870.9	776.5	-0.7%	-10.8%
Gross margin (%)	39.3%	37.2%	39.7%	0.3%	2.4%
EBITDA	151.1	158.0	135.6	-10.3%	-14.2%
Profit before tax	73.9	82.0	64.5	-12.7%	-21.3%
Profit after tax *	62.9	64.2	48.9	-22.3%	-23.9%
Capital expenditure	35.2	50.8	96.6	174.3%	90.1%
Net debt	1367.2	1,394.2	1,435.0	5.0%	2.9%
Net debt / EBITDA	2.13x	2.35x	2.49x		

*UAE Corporate tax impact AED 13.1m vs 8.0m in last year

EBITDA Working

EARNINGS PRESENTATION Q1 2025

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	Quarterly comparison		
	Q1 24	Q4 24	Q1 25
Amount in AED M	Amount	Amount	Amount
Net profit/(loss) after tax	62.9	64.2	48.9
Tax	11.0	17.8	15.7
Interest- net	27.1	26.1	23.0
Depreciation & amortization	50.6	54.2	51.9
(Gain) on sale of assets/CWIP write-off	(0.6)	(4.3)	(3.9)
EBITDA	151.1	158.0	135.6

Thank You

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CONTACT US

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