# RAK CERAMICS

## EARNINGS PRESENTATION – Q2 & H1 2026 RESULTS

AUGUST 2026

# Agenda

# Speakers

Abdallah Massaad is Group CEO of RAK Ceramics and has more than 28 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.

Abdallah Massaad
Group Chief Executive 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.

PK Chand
Group Chief Financial Officer

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# Business Highlights

Speaker: Abdallah Massaad

Group CEO

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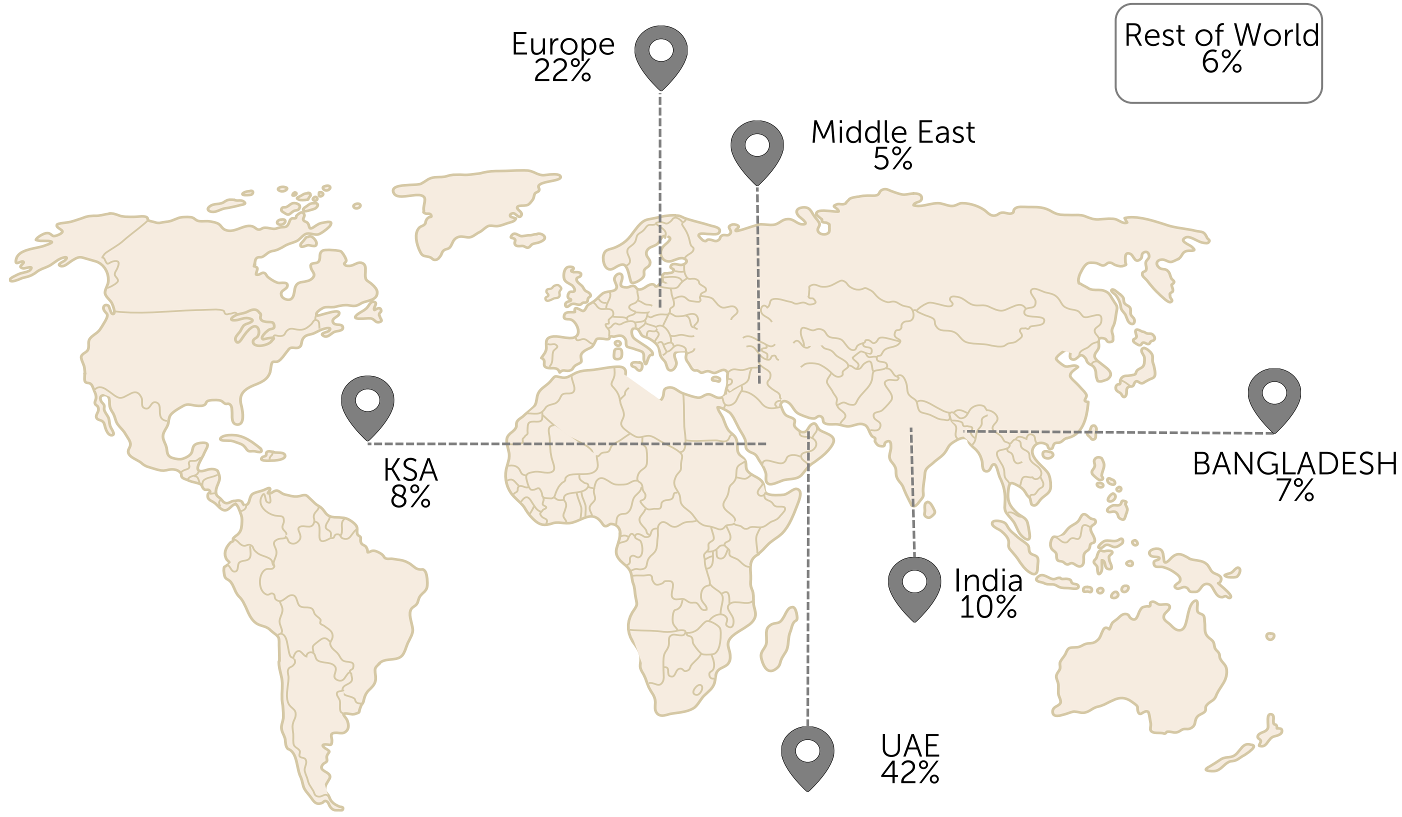
# Global Business Presence

## Where we sell




## What we sell (Revenue Mix)

Tiles 58%

Sanitaryware 14%

Tableware 10%

Faucets 15%

Others 3%

## Capacity

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

# REGIONAL CONFLICT UPDATE – Q2 BUSINESS IMPACT

## WHAT HAS CHANGED SINCE Q1 - IMPACT, RESPONSE & OUTLOOK

**Crisis management measures** established in Q1 2026 continues to remain in place, with continued focus on **strict cost control**, liquidity management, **logistics optimization, employee cost optimization** across the Group, and continued **sales efforts to UAE & GCC, along with** partial **revival of exports in Q2**

### SITUATION UPDATE - Since Q1

- **Regional tensions continue** to **disrupt** trade and normal **business activity across** our **operating regions**

- **Strait of Hormuz disruption continues** to **affect export shipments** outside GCC **(20–25%** of Group **revenue** from UAE plants) **and** inbound **raw materials.**

- **Freight, insurance & energy costs** (India) continue to **increase** operating **pressure** across the **business.**

### Q2 GROUP IMPACT

- **Shipment** routes **disruption** has led to **increased freight costs**, thereby **resulting** in **lower export** volumes

- **Ocean freights** have **increased** by **2.5x – 3.0x** against **pre-war ocean** freight rates
- **Rerouting** via **Jeddah port, Oman & Khor Fakkan** port (UAE)

**Higher diesel prices** increased land transportation costs
- ~ +**10% in UAE**
- ~ **+28% - 35% in KSA** & other GCC markets
- **Gas supply disruption in** the **UAE** during April **resulted** in production **shutdowns**

- A **slowdown** in tourism-led **hospitality demand** drove a **44.4%** reduction in **UAE** and **GCC Tableware sales.**

### MANAGEMENT ACTIONS

- **Production optimized to stop inventory build up as** the **export** sales were **halted**
- **Alternative shipping routes via Jeddah port, Oman & Khor Fakkan** port (UAE) activated to ensure **continuity of supplies** even with higher logistic costs
- Though **logistic costs increased**, **re-routing helped** in continuity of supplies, with **incremental** logistic **costs partially passed** on to **end customers** (mainly EU) as **freight surcharge**
- **Inventory buffers** used across regions **(EU & India)** to continue **customer supply**
- Shifted focus to **higher-margin** sales in UAE and KSA - Projects

### Q3 OUTLOOK

- **Continuing** to **capture incremental market share (Tiles & SW)** in **UAE, KSA** and GCC markets as **imports** remain **constrained**

- **Regional tensions** continue to create uncertainty
- **Demand may** soften due to project delays
- **Tight liquidity** could put **pressure** on working capital
- **Loss** of **export sales** shipments **due to higher logistics cost** and **disrupted shipping route**
- **Continued** headwind **pressure** on **HORECA segment**
- Higher **Direct costs**

# Q2 2026 Business Performance Highlight



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## Segment Highlights

- **Tiles:** Revenue grew 1.7% YoY to AED 482.5 million, supported by strong growth in the UAE, KSA, and Bangladesh markets. Other export markets were impacted by ongoing regional conflicts..
- **Sanitaryware:** Revenue declined 6.9% YoY, primarily due to lower sales in India, Europe, and other export markets.
- **Tableware:** Revenue declined 13.3% YoY due to ongoing regional conflicts. While export demand remained resilient, weaker hospitality sector demand amid lower tourism impacted the UAE and Rest of GCC markets, resulting in a 44.4% YoY decline in regional revenue.
- **Faucets:** Revenue increased 2.5% YoY, driven by growth across most markets, partially offset by weaker performance in Asia and Africa due to ongoing regional conflicts. We continue to progress with our cost-optimization strategy.

## Tiles & Sanitaryware Market Highlights

- **UAE:** Revenue increased by 22.7% YoY, driven by strong growth in the project and retail channels, demonstrating resilience amid regional geopolitical challenges. Performance was supported by sustained real estate and construction activity, while import disruptions arising from regional tensions are expected to further support market share gains.
- **KSA:** Revenue increased by 11.6% YoY, primarily driven by Project and wholesale channels on account of strategic shift from volume base (ceramic) to quality of sales (GP) led value creation. .
- **Europe**: Revenue declined by 35.7% YoY, primarily due to supply chain disruptions that led to significantly higher export freight costs. Despite these challenges, inventory buffers were leveraged to maintain service levels and ensure continuity of supply
- **India**: Revenue declined by 15.8% YoY due to currency headwinds and supply constraints for outsourced materials in Morbi. Inventory buffers ensured uninterrupted supply and supported business continuity.
- **Bangladesh**: Revenue increased by 20.7% YoY at AED 59.0 Mn reflecting strong domestic demand. Growth was achieved despite the impact of Eid holidays in May 2026. To further strengthen performance, we have initiated targeted management actions focused on value creation and regaining market share.

# Key Strategic Updates – Q2 2026

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## UAE

- We remain focused on enhancing our product portfolio and integrating technology to meet rising global demand for cost-effective, high-quality tiles.
- Our Sanitaryware facility is being modernized with energy-efficient technology, reducing carbon emission 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

## KSA

- We are making steady progress on the greenfield production facility in Yanbu, KSA.-expected completion by Q2 2027, a quarter delay due to supply chain disruptions.
- We are working closely to maintain our presence in GIGA projects while increasing our conversion rate in small and medium-sized private sector projects.
- We are focusing on premium and differentiated product offerings to strengthen our retail and project channels, thereby enhancing margins

## Europe

- We are focusing on operational cost-optimization strategy to strengthen margin resilience and drive cost efficiencies.
- We remain committed to improving Kludi's operational performance and are progressing with our cost-optimization strategy

## India

- We are accelerating retail & Company Owned-Company Operated (COCO) stores execution in line with expansion roadmap
- We are focusing on geographical expansion by adding new dealers to strengthen our presence across more districts in India and grow our institutional business reach

## Bangladesh

- Implementing focused initiatives to recover lost market share while improving operational efficiency to restore and sustain profitability.
- We are strengthening our distribution network through partnerships with local retailers and expanding direct-to consumer channels.
- We are implementing competitive pricing strategies tailored to local purchasing power and market dynamics.

# Q2 & H1 2026 Financial Performance Update

Speaker: PK Chand
Group CFO

# Financial Snapshot – Q2 2026

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**REVENUE**
AED 822.8M
⇩ 0.5% YoY

**GROSS MARGIN**
41.0%
⇧ 40 bps YoY

**PROFIT BEFORE TAX**
AED 85.7M
⇩ 1.1% YoY

**NET PROFIT AFTER TAX**
AED 68.3M
⇧ 2.9% YoY

**NET PROFIT After Minority**
AED 66.3M
⇧ 1.1% YoY

**EBITDA**
AED 157.5M
⇩ 2.0% YoY

**NET DEBT**
AED 1.52BN
⇩ 41M QoQ

**Net Debt to EBITDA**
2.48x
2.53x in March 2026

# Financial Snapshot – H1 2026

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**REVENUE**
AED 1.58BN
⇩ 1.2% YoY

**GROSS MARGIN**
40.2%
⇧ 10 bps YoY

**PROFIT BEFORE TAX**
AED 138.7M
⇩ 8.3% YoY

**NET PROFIT AFTER TAX**
AED 106.5M
⇩ 7.6% YoY

**NET PROFIT After Minority**
AED 102.2M
⇩ 8.6% YoY

**EBITDA**
AED 284.8M
⇩ 3.9% YoY

**NET DEBT**
AED 1.52BN
⇧ 21.6M vs December 25
Due to payment of dividend

**Net Debt to EBITDA**
2.48x
2.40x in December 25

# Revenue Highlights – Q2 2026

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## MANAGEMENT COMMENTS

- Q2 2026 revenue stood at AED 822.8 million, with marginal decrease of 0.5% year-on-year despite continued regional conflicts, and supply chain disruptions.
- Tiles revenue increased by 1.7% at AED 482.5 million, primarily driven by UAE, KSA & Bangladesh markets.
- Sanitaryware segment recorded a revenue decrease of 6.9%, primarily due to lower sales in India, Europe and other export markets.
- Tableware recorded revenue de-growth of 13.3%, on account of the ongoing regional conflicts. While export demand remained resilient, the regional market continued to face weaker demand in hospitality sector amid a decline in tourism, impacting the UAE and Rest of GCC revenue by 44.4% YoY.
- Faucets revenue grew by 2.5% YoY in Q2 2026, primarily driven by higher sales in all the markets except Asia & Africa Markets due to impact of ongoing regional conflicts..
- Others revenue increased by 18.2% YoY

## TOTAL REVENUE (AED MN)

| | Quarterly Comparison | | | | | Yearly Comparison | | |
|---|---|---|---|---|---|---|---|---|
| | Q2 25 | Q1 26 | Q2 26 | | | 6M 2025 | 6M 2026 | |
| | Amount | Amount | Amount | YoY Growth | QoQ Growth | Amount | Amount | Growth |
| United Arab Emirates | 242.9 | 211.5 | 298.2 | 22.7% | 41.0% | 453.5 | 509.7 | 12.4% |
| Kingdom of Saudi Arabia | 54.5 | 63.1 | 60.8 | 11.6% | -3.5% | 123.6 | 123.9 | 0.2% |
| Middle East (Ex. UAE & KSA) | 37.6 | 23.0 | 35.4 | -5.8% | 54.3% | 69.7 | 58.4 | -16.2% |
| India | 87.6 | 79.4 | 73.7 | -15.8% | -7.2% | 174.4 | 153.1 | -12.2% |
| Europe | 90.0 | 78.1 | 57.8 | -35.7% | -25.9% | 167.0 | 135.9 | -18.6% |
| Bangladesh | 48.9 | 51.9 | 59.0 | 20.7% | 13.6% | 92.6 | 110.9 | 19.8% |
| Africa | 23.6 | 16.2 | 7.7 | -67.3% | -52.5% | 45.1 | 23.9 | -46.9% |
| Rest of the world | 10.6 | 15.4 | 2.9 | -72.9% | -81.3% | 24.2 | 18.3 | -24.5% |
| **Total Tiles & Sanitaryware Revenue** | **595.7** | **538.6** | **595.6** | **0.0%** | **10.6%** | **1,150.1** | **1,134.2** | **-1.4%** |
| Tableware revenue | 84.9 | 78.7 | 73.6 | -13.3% | -6.4% | 170.8 | 152.3 | -10.8% |
| Faucets revenue | 122.3 | 123.1 | 125.4 | 2.5% | 1.9% | 233.9 | 248.4 | 6.2% |
| Others revenue | 23.9 | 20.3 | 28.2 | 18.2% | 38.7% | 48.5 | 48.6 | 0.2% |
| **Total Revenue** | **826.8** | **760.7** | **822.8** | **-0.5%** | **8.2%** | **1,603.3** | **1,583.5** | **-1.2%** |

# Gross Profit Margin

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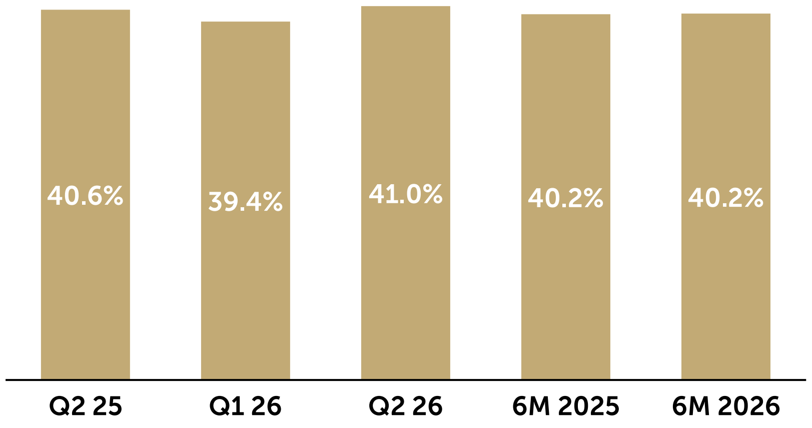
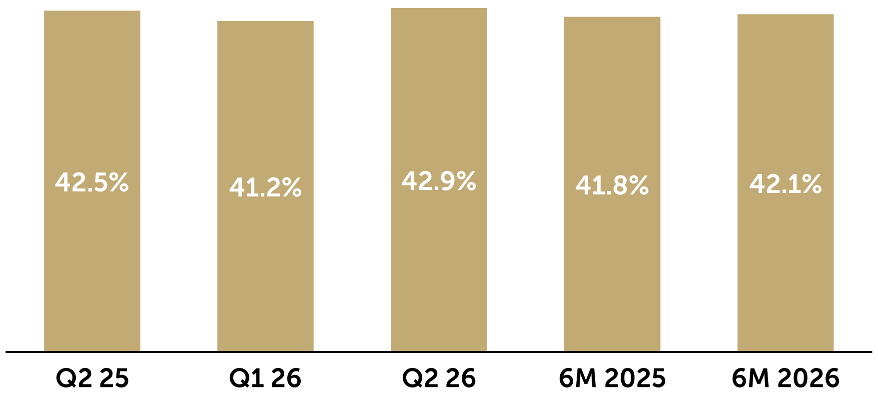
## MANAGEMENT COMMENTS

- In Q2 2026, GP margin reached 41.0%, up 40bps YoY and 140bps above budget, driven by strong UAE sales despite raw material, energy and geopolitical cost pressures. Elevated costs & shutdown losses on account Gas disruption (in April) reduced Gross profit in Q2 2026 by AED 15.1m; excluding this impact, GP margin would have been 42.9%.
- Tiles gross profit margin rose by 30 bps YoY to 42.9%, primarily due to higher sales in UAE market.
- SW margin improved by +230bps YoY at 34.9% mainly driven by higher sales in UAE market
- Tableware margin decreased by -210bps at 53.9% due to increase freight costs (+1.5m) and lower UAE & GCC sales.
- Faucets margin is lower by -390 bps YoY at 23.0% due to lower utilisaton of capacity in UAE..

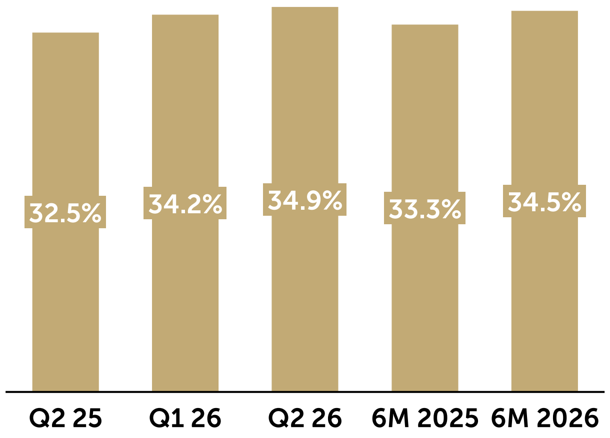
## Total Gross Margin (%)



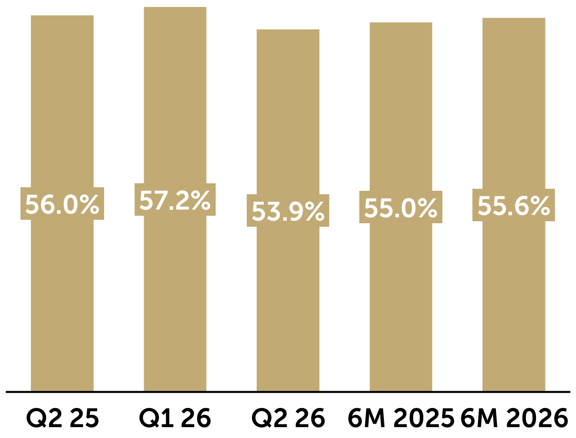

## Tiles Gross Margin (%)



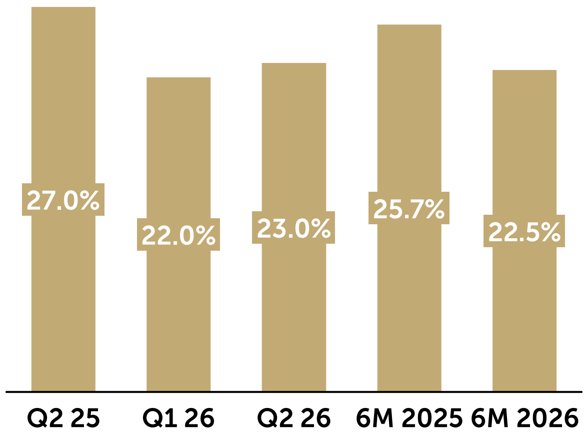

## Saniataryware Gross Margin (%)




## Tableware Gross Margin (%)




## Faucets Gross Margin (%)



# Profitability Bridge



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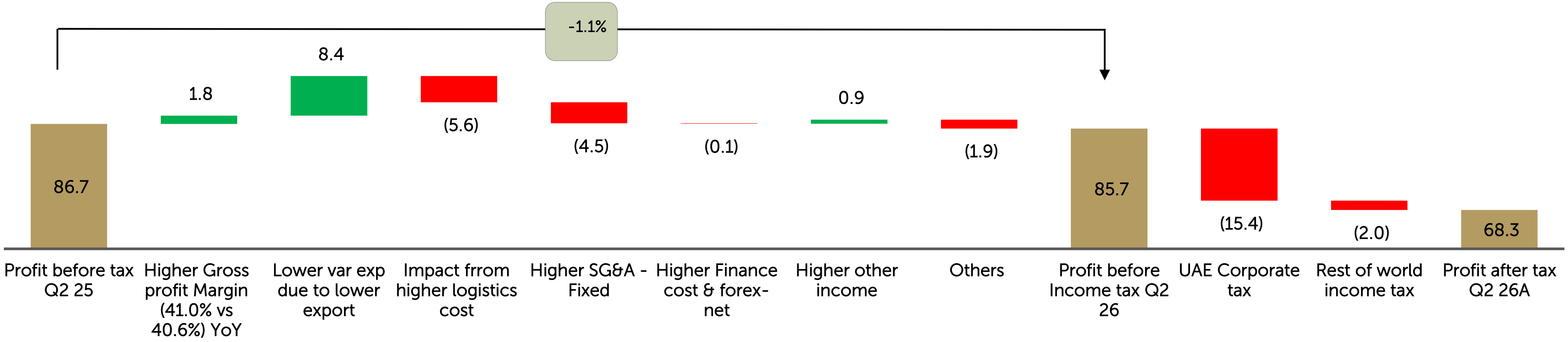
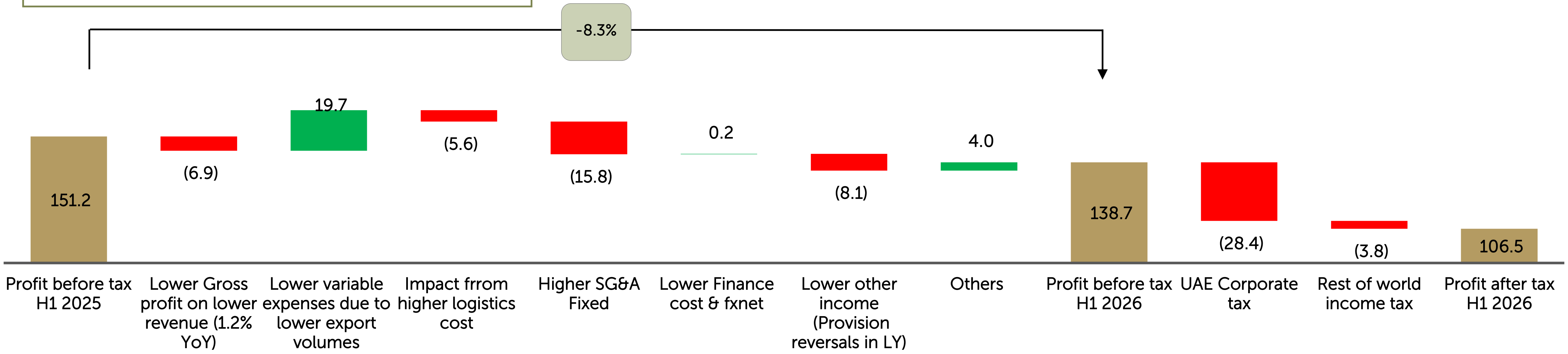
## Q2 2025 vs Q2 2026 Profit Bridge (AEDM)




## H1 2025 vs H1 2026 Profit Bridge (AEDM)



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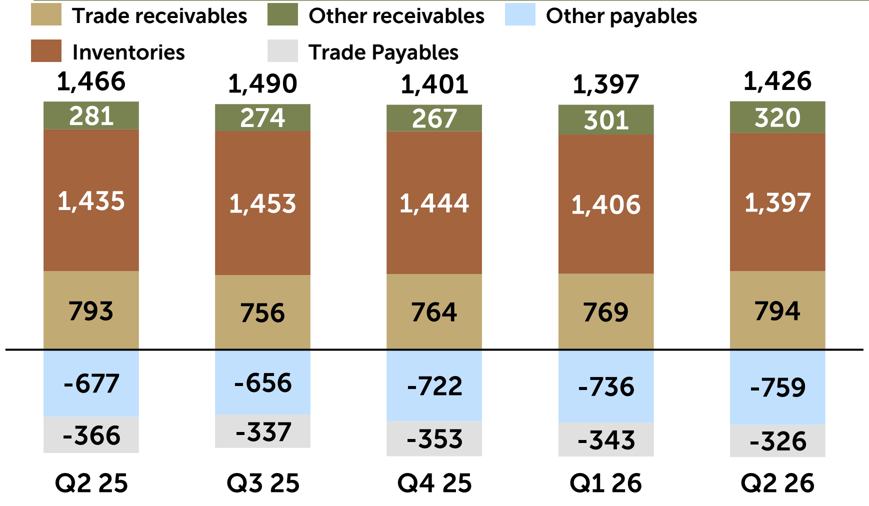
# Balance Sheet Highlights

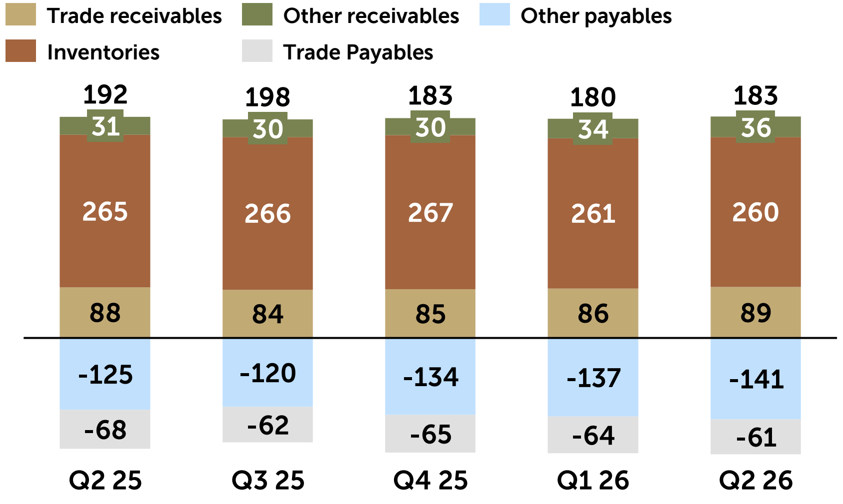
## MANAGEMENT COMMENTS

- Overall working capital increased by AED 29 million at 1.43 billion in Q2 2026 compared to Q1 2026 due to increase in trade receivables on account of increased QoQ sales by 8.2%.
- Trade receivables days increased from 86 days in Q1 2026 to 89 days in Q2 2026 due to higher UAE sales where credit terms is longer than exports.
- Inventory days decreased from 261 days to 260 days QoQ.
- Trade payable decreased from 64 days in Q1 2026 to 61 days in Q2 2026.
- Other payable days increased from 137 days in Q1 2026 to 141 days in Q2 2026 due to increase in provisions.
- Net debt decreased by AED 41m at 1.52 billion compared to march 2026. Net debt to EBITDA also decreased from 2.53x in March 2026 to 2.48x in June 2026
- Capex Spending was AED 100.1million in H1 2026 out of which ~ 19.0million relates to upgradation of large-format tiles/Sanitaryware plant and 22m KSA green field. Capex guidance for 2026 is at AED 250-300 million (including capex of 100-125 million for Green field project in KSA. Total estimated capex (excluding working capital) for KSA project is AED 250 million.

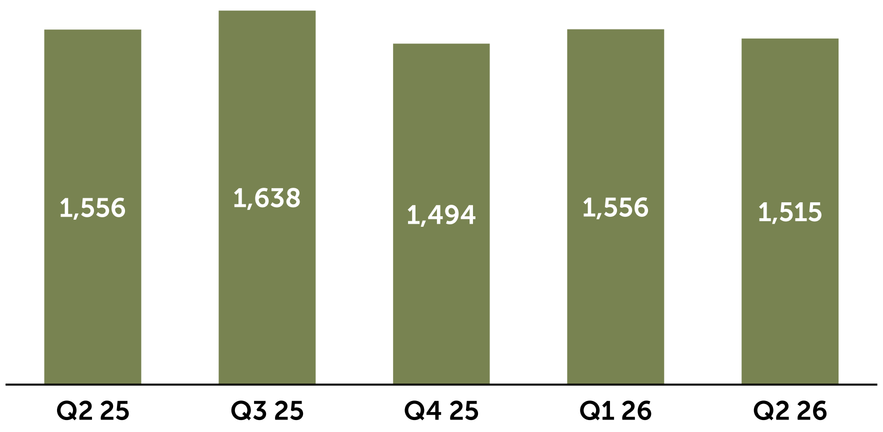
## WORKING CAPITAL CYCLE (AED MN)




## WORKING CAPITAL (DAYS)




## NET DEBT (AED MN)




## NET DEBT TO EBITDA (X)

# Share Price Update

Speaker: PK Chand

Group CFO

# Dividend Update

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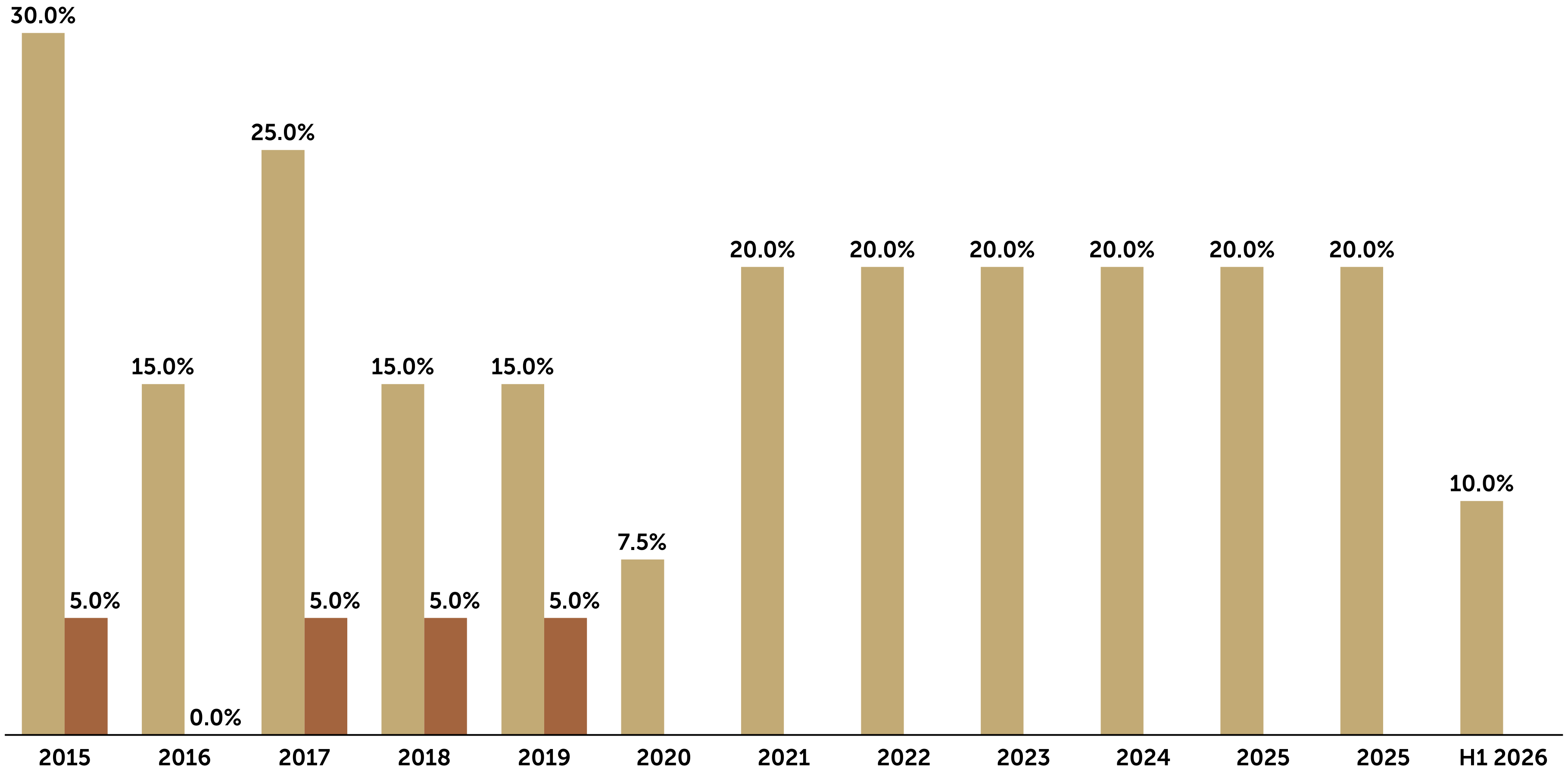
## Management comments

In-line with its dividend policy commitment, the Board proposed to distribute interim cash dividend of 10 fils per share for first half of 2026 (AED 99.4million).

For 2025-2027, the following Dividend policy was approved in Annual General Meeting in March 2025.

"RAK Ceramics is committed to returning capital to shareholders via a sustainable dividend policy, aiming at a minimum payout of 20 fils per share on a semi-annual basis for FY 2025 subject to consideration of factors such as business outlook, capital requirement for growth opportunities, expansion plans, optimal leverage levels and healthy cash reserves in addition to regulatory approvals. To further enhance the visibility to the shareholders, RAK Ceramics commits to pay a minimum dividend of 60 fils over the next 3 years (i.e. 2025 – 2027".



# RAK Ceramics Share Price Movement

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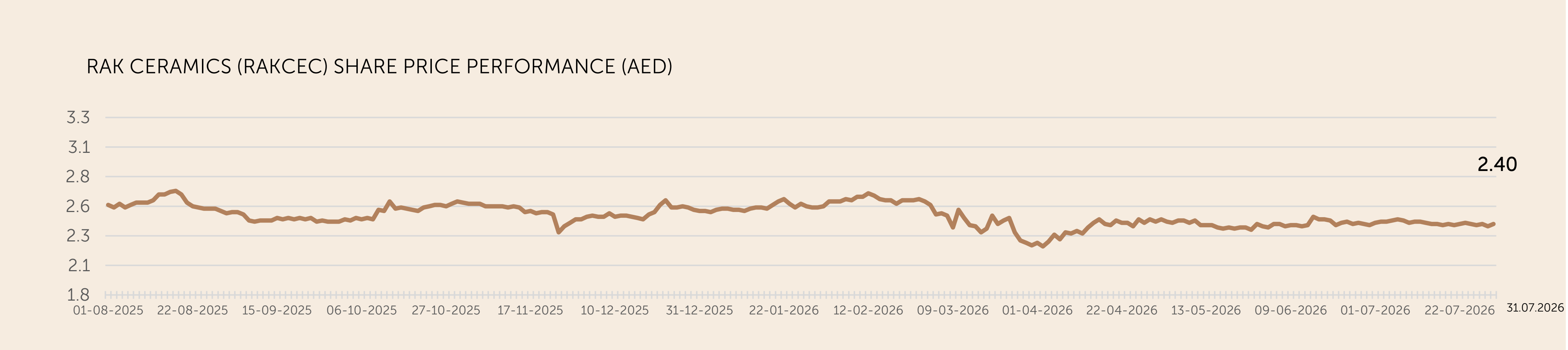
## RAK Ceramics (RAKCEC) Share Price Performance (AED- LTM)




| | AED |
|---|---|
| WAP | **2.49** |
| 52 week high | **2.68** |
| 52 week low | **2.21** |

As on 31.07.2026

## CURRENT VALUATION (AED M)

| | 30/7/2026 | 31/12/2025 |
|---|---|---|
| | Amount | Amount |
| Share price | 2.40 | 2.49 |
| Number of shares (in Mn) | 994 | 994 |
| Market Cap | 2,385 | 2,475 |
| Net debt | 1,515 | 1,494 |
| Minorities | 84 | 85 |
| **Enterprise Value** | **3,984** | **4,054** |

*Net debt and minorities as of 30th June 2026

## LTM TRADING MULTIPLES

| | Multiple | |
|---|---|---|
| | 30/7/2026 | 31/12/2025 |
| EV / Sales | 1.22 | 1.23 |
| EV / EBITDA | 6.51 | 6.50 |
| P / E | 10.19 | 11.51 |
| P / B | 1.06 | 1.14 |

~ AED **2.4 Bn**

Market Cap (~)

# Closing Remarks

Speaker: Abdallah Massaad

Group CEO

# 2026 Priorities

## Market share growth & preservation, Operational discipline

Maintain strong foothold in UAE & GCC, and capture incremental market share as imports remain constrained

Centralized crisis management measures established in Q1 2026 – continued focus on strict cost control, improved liquidity and logistics efficiencies across the group

Protect and grow our Tableware division

## 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

## Business, Operations & Risk management

Optimize operations enhancing efficiencies and mitigate actively rising risks

Improving bottom-line performance across all subsidiaries, by implementing turnaround strategies

## 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

## Production Capabilities Growth

Rationalize footprint and increase capacity across all core businesses via plant addition and enhancements

Accelerate completion of the Greenfield Tiles project in Yanbu, KSA

## Operational Excellence

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

Leveraging on KLUDI Sanitaryware to fuel growth by catering to premium projects

## Efficiencies across the Group

Improved efficiency across manufacturing, working capital, compliance & sustainability - supported by a clearly defined ESG-led sustainability strategy integrated across all operations

## Digital Acceleration

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

# Q&A

# APPENDIX

# Financial Highlights

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| | Quarterly comparison | | | | | Yearly Comparison | | |
|---|---|---|---|---|---|---|---|---|
| | Q2 25 | Q1 26 | Q2 26 | | | 6M 2025 | 6M 2026 | |
| Amount in AED M | Amount | Amount | Amount | YoY Growth | QoQ Growth | Amount | Amount | YoY Growth |
| Revenue | 826.8 | 760.7 | **822.8** | -0.5% | 8.2% | 1,603.3 | **1,583.5** | -1.2% |
| Gross margin (%) | 40.6% | 39.4% | **41.0%** | 0.4% | 1.7% | 40.2% | **40.2%** | 0.1% |
| EBITDA | 160.8 | 127.3 | **157.5** | -2.0% | 23.8% | 296.4 | **284.8** | -3.9% |
| Profit before tax | 86.7 | 53.0 | **85.7** | -1.1% | 61.8% | 151.2 | **138.7** | -8.3% |
| Profit after tax | 66.4 | 38.2 | **68.3** | 2.9% | 78.6% | 115.2 | **106.5** | -7.6% |
| Capital expenditure | 59.6 | 42.8 | **57.3** | -3.9% | 33.9% | 156.2 | **100.1** | -35.9% |
| Net debt | 1,555.6 | 1,556.3 | **1,515.3** | -2.6% | -2.6% | 1,555.6 | **1,515.3** | -2.6% |
| Net debt / EBITDA | 2.59x | 2.53x | **2.48x** | -0.11x | -0.05x | 2.59x | **2.48x** | -0.11x |

# EBITDA Working

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| | Quarterly comparison | | | Yearly comparison | |
|---|---|---|---|---|---|
| | Q2 25 | Q1 26 | Q2 26 | 6M 2025 | 6M 2026 |
| Amount in AED M | Amount | Amount | Amount | Amount | Amount |
| **Net profit/(loss) after tax** | **66.4** | **38.2** | **68.3** | 115.2 | 106.5 |
| Tax | 20.3 | 14.8 | 17.4 | 36.0 | 32.2 |
| Interest- net | 23.7 | 21.5 | 23.5 | 46.8 | 45.0 |
| Depreciation & amortization | 53.8 | 54.1 | 53.8 | 105.7 | 107.9 |
| (Gain) on sale of assets/CWIP write-off | (3.4) | (1.3) | (5.5) | (7.2) | (6.8) |
| **EBITDA** | **160.8** | **127.3** | **157.5** | **296.4** | **284.8** |

# Thank You

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CONTACT US

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