Investor Presentation

RHI Magnesita India Limited

June 2023

Agenda

RHI MAGNESITA

Introduction

Refractories are essential for our modern world

RHI MAGNESITA

Concrete	Copper	Steel	Glass	Aluminium
1,500°C	1,350°C	1,760°C	1,650°C	1,250°C

1 tonne of STEEL
demands ~10-15 Kg
of refractories

1 tonne of CEMENT
demands ~1 Kg
of refractories

1 tonne of GLASS
demands ~4 Kg
of refractories

1 tonne of ALUMINIUM
demands ~6 Kg
of refractories

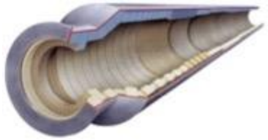
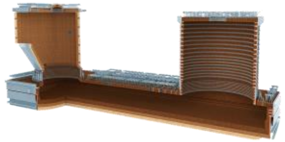
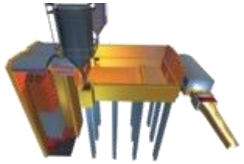
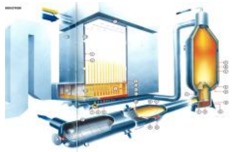
1 tonne of COPPER
demands ~3 Kg
of refractories

Refractory applications

RHI MAGNESITA

Industrial division

Project businesses

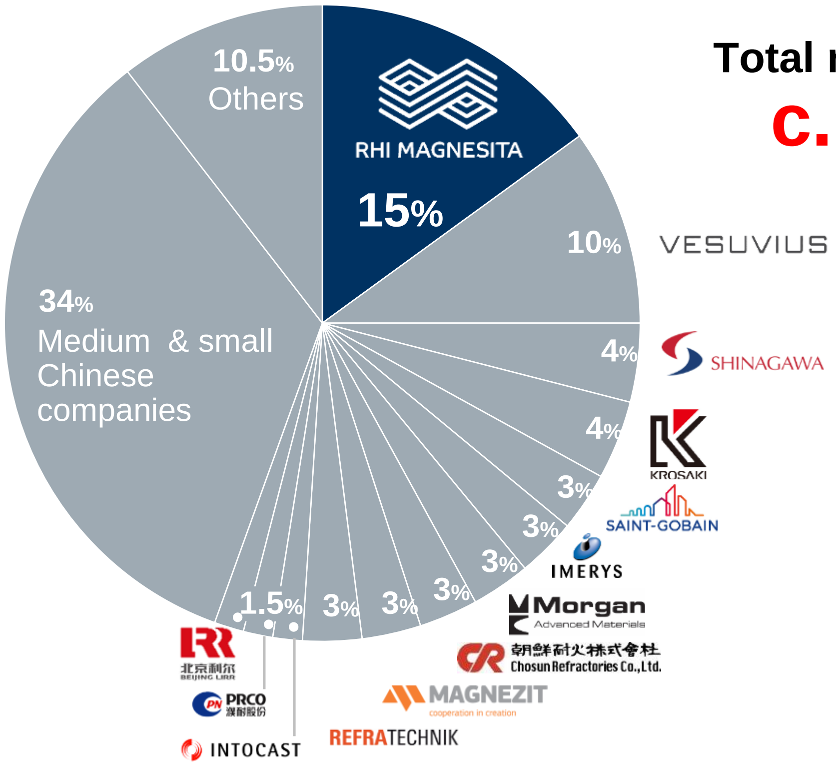
Customer industries	Main application	Lifetime and costs	Refractory characteristics
Steel 70% of global market	Basic oxygen furnace, Electric arc furnace, ladles, flow control 	• 20 minutes to 2 months • c.3% of customers' costs	• Part of customers' operational expenditure • Systems and solutions for complete refractory management • Demand correlated to output
Cement/Lime 10% of global market	Rotary kiln 	• Annually • c. 0.5% of customers' costs	
Non-ferrous metals 7% of global market	Copper flash smelter 	• 1 to 10 years • c. 0.2% of customers' costs	• Part of customers' capital expenditure • Longer replacement cycles based on project driven demand • Complete lining concepts including refractory engineering • Wide areas of application
Glass[1] 7% of global market	Glass furnace 	• Up to 10 years • c. 1% of customers' costs	
Energy, Environmental, Chemicals[1] 6% of global market	Secondary reformer 	• 5 to 10 years • c. 1.5% of customers' costs	

1. Includes revenue from mineral sales

Global leader in a highly fragmented market

RHI Magnesita Group strategy - growth through consolidation

Global market share (RHI Magnesita Group)

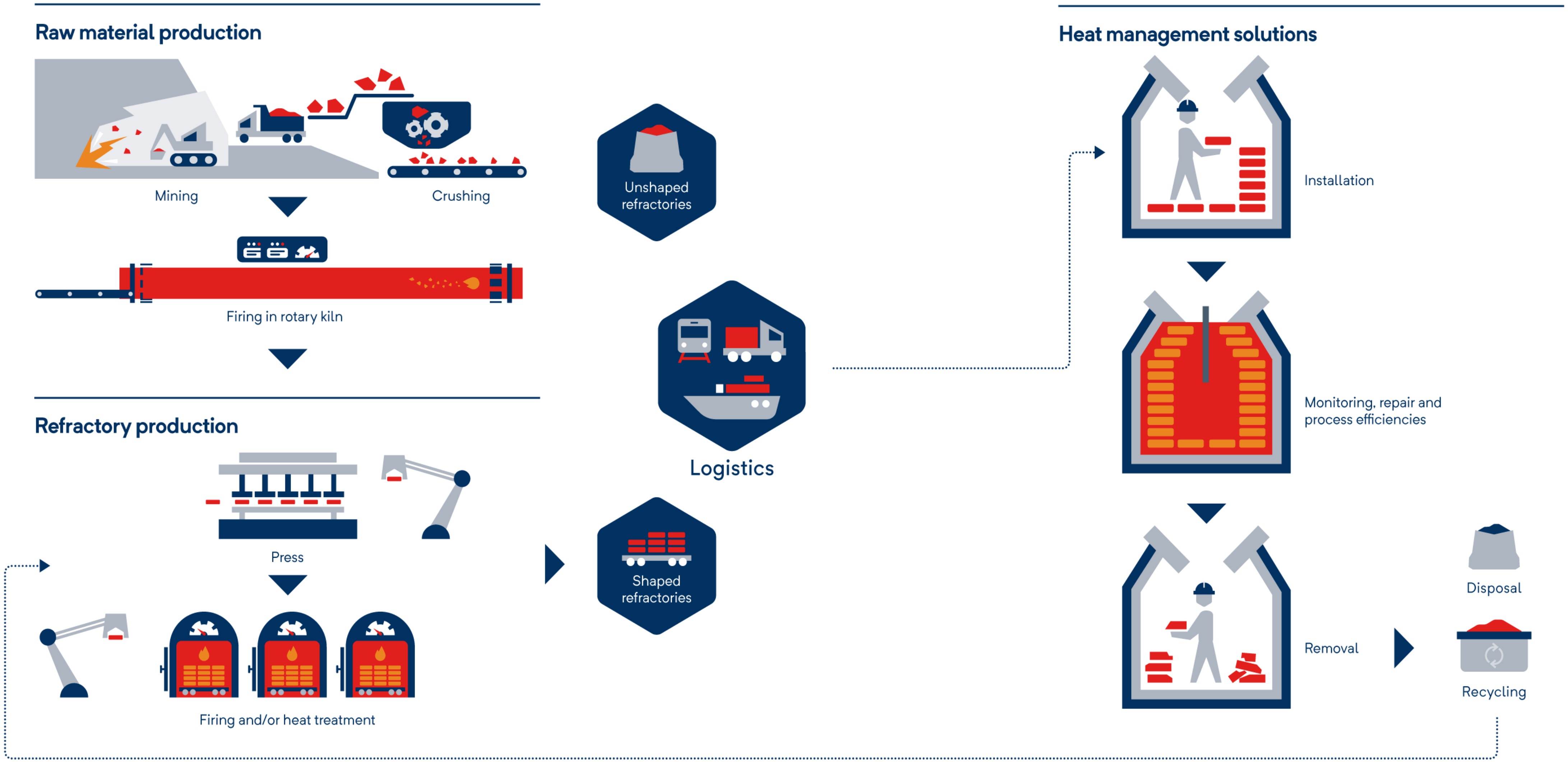


Total market size:

c.€20bn

- RHI Magnesita Group is the leading global refractory supplier with a 15% global market share and 30% ex-China
- The Group's strategy is to grow in geographies and product segments in which it is under-represented, including in India, Türkiye and China and in the flow control product segment
- RHI Magnesita India has a market share of 30% in the India refractory market following the Dalmia OCL and Hi-Tech acquisitions

Raw material and refractory process overview



Solutions contracts

RHI Magnesita can offer a range of heat management solutions to its customers

Client benefit

- ✓ Reduced downtime
- ✓ Lower refractory consumption
- ✓ Lower energy and other raw materials consumption
- ✓ Higher productivity and cost savings

RHI Magnesita benefit

- ✓ Higher client retention
- ✓ Barriers to entry
- ✓ Longer contracts
- ✓ Higher share & margins as contract matures

History of RHI Magnesita India

The leader of refractories in India, West Asia and Africa

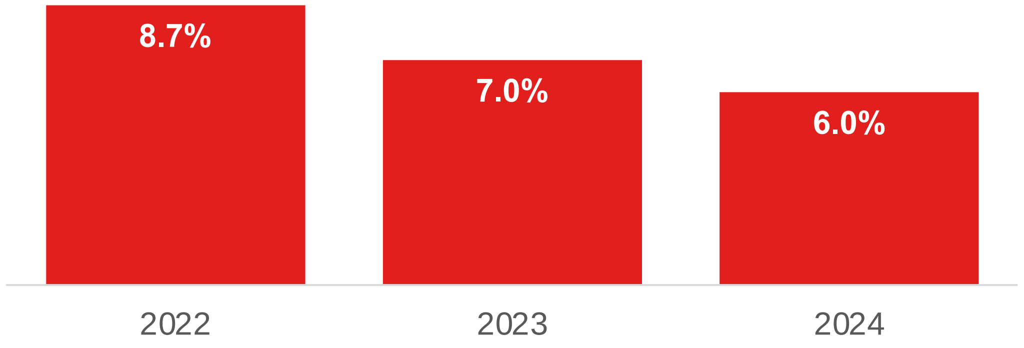
- Our Company (formerly known as Orient Refractories Limited) amalgamated with our two subsidiaries at the time, RHI India Private Limited ("RHI India") and RHI Clasil Private Limited ("RHI Classil") through a scheme of amalgamation approved in May 2021:
  - **RHI Clasil** - 51% shares of Clasil Refractories Pvt. Ltd acquired in 2006
  - **RHI India**
  - **Orient Refractories Ltd** ("ORL") - a public limited company incorporated in 2010. In 2013, RHI AG acquired 70% of the share capital of ORL
- In January 2023, RHI Magnesita India Ltd completed the acquisitions of Dalmia OCL Limited and Hi-Tech Chemicals Limited
- Dutch US Holding B.V., Netherlands, Dutch Brasil Holding B.V., Netherlands and VRD Americas B.V., Netherlands, collectively hold a 60% stake in RHI Magnesita India Ltd

Industry outlook

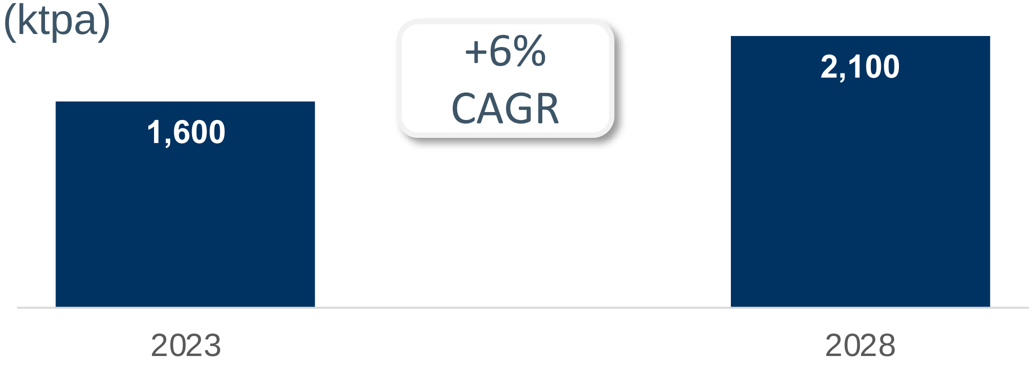
India refractory demand forecast to grow with 6% CAGR

- India has emerged as the fastest-growing major economy in the world and is expected to be one of the top three economic powers in the world over the next five years
- India growth is expected to be refractory intensive, driven by end markets of construction, autos, machinery consumer goods and energy
  - These end markets are supplied by RHI Magnesita's customers in the steel, cement, metals and glass industries
- Government has published target to increase domestic steel production to 300 Mtpa by 2030, double the current level of c.150 Mtpa
  - Green steel production technologies to be emphasized, to reduce CO_2 emissions
  - RHI Magnesita has strong market share and product offering in this segment (e.g. EAF)
- Import substitution represents further growth potential for domestic Indian refractory producers

India real GDP growth forecast 2022-24



India refractory demand forecast 2023-28 (ktpa)

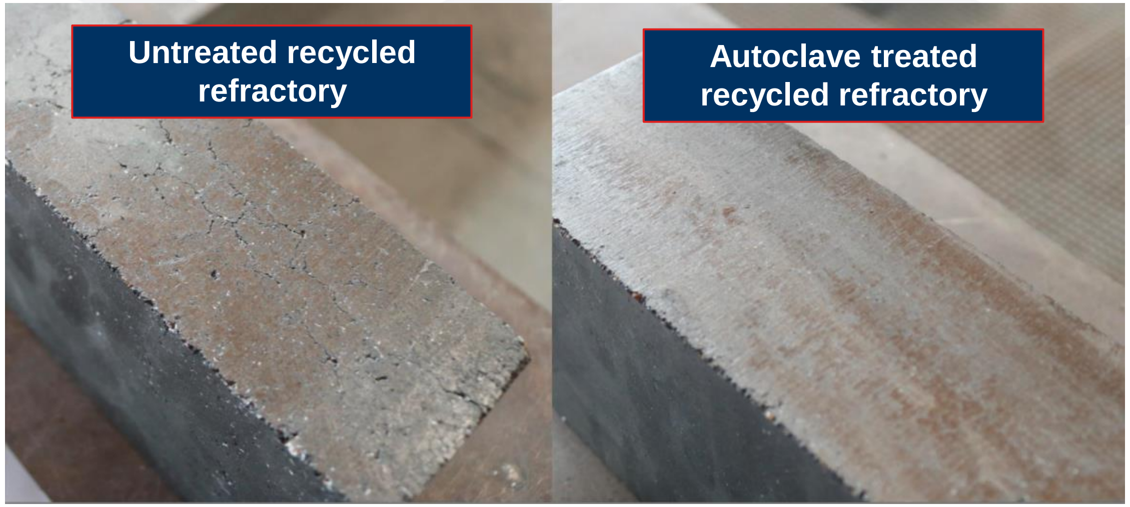


Source: Crisil / S&P Global

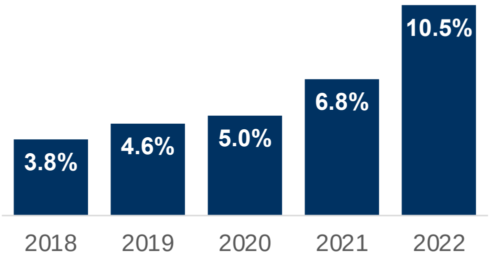
Sustainability leadership

RHI Magnesita Group is seeking to transform sustainable business practices in the refractory industry

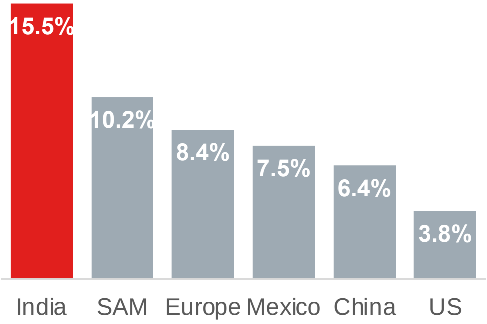
- Refractories are a ‘hard to abate’ industry with CO_2 emissions arising from fossil fuel use and processing of carbonate raw materials
- RHI Magnesita Group has developed proprietary technology to utilize recycled refractory material which significantly reduces emissions
  - Every tonne recycled represents 2 tonnes of avoided CO_2
- RHI Magnesita India benefits from Group R&D and investments in sustainable technologies



Group recycling rate



By region



Backed by the RHI Magnesita Group

RHI MAGNESITA

Market leadership position with
30% market share in India

- ✓ ‘Local for local manufacturing strategy - ‘Make in India’
- ✓ Recent acquisitions create balanced portfolio of refractory products and a strong platform for growth in India and the wider region
- ✓ India is the highest growth major market for refractories globally, with 6% CAGR forecast
- ✓ Access to capital for further growth and expansion in India
- ✓ Opportunity to increase regional exports from India manufacturing hub

56% ownership by RHI Magnesita Group
brings significant benefits:

- Group is actively seeking to grow in India through this listed entity, making investments in M&A, capex and a shared service centre
- Access to technology, R&D and full range of products and services
- Ability to offer heat management solutions contracts with access to global product range
- Raw material security of supply and purchasing power

FY 2023 update

Profit and Loss Summary

	FY23	FY22	Change	Q4 FY23	Q3 FY23	Change	Q4 FY22	Change
Revenue from Operations	27,263	19,951	37%	8,748	6,454	36%	5,900	48%
EBITDA	3,748	3,935	-5%	535	962	-44%	1,398	-62%
EBITDA (%)	*13.7%*	*19.7%*	*-598 bps*	*6.1%*	*14.9%*	*-880 bps*	*23.7%*	*-1758 bps*
Finance Charges	395	22	1711%	337	74	352%	(3)	-13515%
Profit before Tax	2,644	3,575	-26%	(226)	788	-129%	1,308	-117%
Profit before Tax (%)	*9.7%*	*17.9%*	*-822 bps*	*-2.6%*	*12.2%*	*-1479 bps*	*22.2%*	*-2475 bps*
Profit after Tax	(4,657)	2,690	-273%	(6,833)	788	-967%	1,308	-623%
Profit after Tax (%)	*-17.1%*	*13.5%*	*-3056 bps*	*-78.1%*	*12.2%*	*-9032 bps*	*22.2%*	*-10027 bps*
One timers	640	-	-	640	-	-	-	-
Exceptional Item	6,607	-	-	6,607	-	-	-	-
Adjusted EBITDA	4,388	3,935	12%	1,175	962	22%	1,398	-16%
Adjusted EBITDA (%)	*16.1%*	*19.7%*	*-363 bps*	*13.4%*	*14.9%*	*-148 bps*	*23.7%*	*-1026 bps*
Adjusted Profit before tax	3,284	3,575	-8%	414	788	-47%	1,308	-68%
Adjusted Profit before tax (%)	*12.0%*	*17.9%*	*-587 bps*	*4.7%*	*12.2%*	*-747 bps*	*22.2%*	*-1743 bps*

FY 23 Vs FY 22

Impairment loss on account of Goodwill
In accordance with Indian accounting practices, the purchase price consideration paid to acquire Indian Refractory Business of Dalmia Group is fair valued using the share price at acquisition date (5*th* Jan 2023) i.e., ₹ 877.2. This creates a difference of ₹ 245 per share with the price agreed on the date of signing of Business Transfer Agreement (19*th* Nov 2022 – ₹ 632.5 per share) and has resulted in the creation of additional securities premium which is fully impaired as of 31st March 2023. This is a one-time, non-cash accounting adjustment and do not affect our adjusted earnings

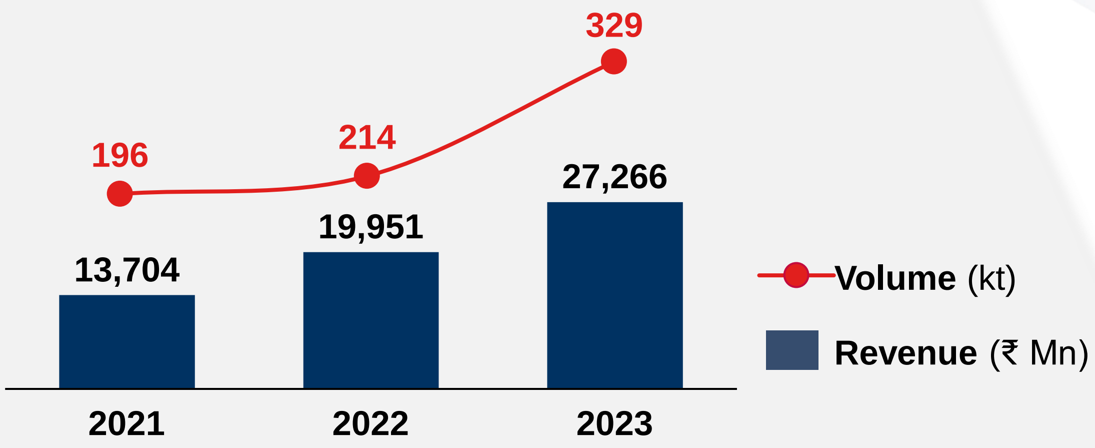
One timers – ₹ 640 m including stamp duty (₹ 302 m), cost on integration of 2 newly acquired entities

Financials - DOCL from January 05 to March 31 & Hitech (JSP) from January 31 to March 31
DOCL : Revenue : ₹ 2,378 m and Adjusted EBITDA ₹ 239 m @ 10.1%
Hitech (JSP) : Revenue : ₹ 321 m and Adjusted EBITDA ₹ 55 m @ 17.1%
Standalone RHIM adjusted Revenue : FY23 ₹ 24,562 m, EBITDA ₹ 4,069m @ 16.6% and Q4 FY 23 Revenue ₹ 6,082 m & Adjusted EBITDA ₹ 877 m @ 14.4%

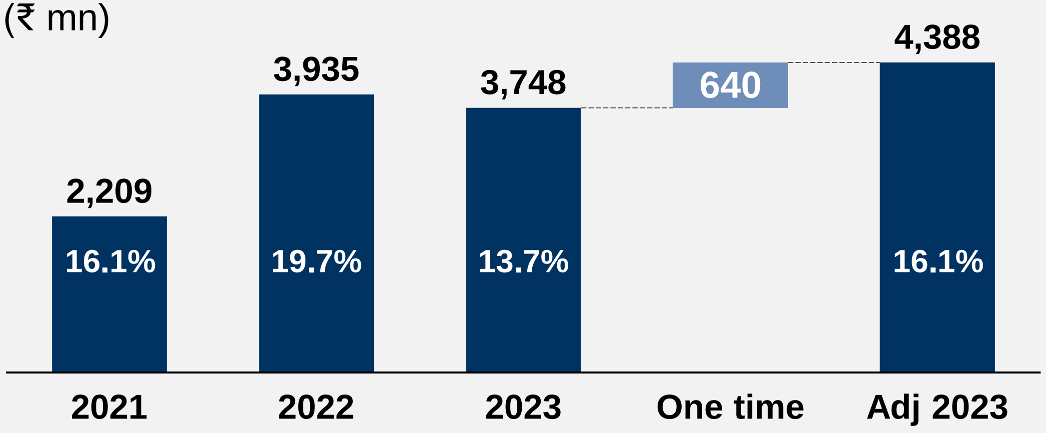
Strong Revenue Growth on consolidated levels

RHI MAGNESITA

Revenue supported by significant volume increase



EBITDA (Higher Volume offset by price decrease and cost increase) (₹ mn)



- Market share gain in steel and industrial with the acquisition of DOCL and Hi-tech Chemicals (JSP)
  - Volume increase @ 54% including standalone @ 34%
- Price softening in FY 23 due to steep rise in FY 22's freight and raw material cost which led to rise in selling price in FY 22
- Ongoing progress on our strategic initiatives
  - Complement production footprint in South and West of India
  - Product offering across all segments and industries

Consolidated Financial highlights

Revenue and EBITDA growth with slight decline in margins

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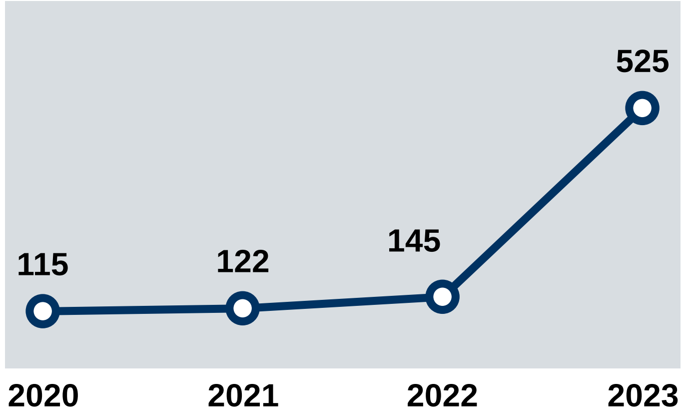
Total Revenue	₹27,263 (up 37%)
Adjusted EBITDA	₹4,388m (up 11.5%)
Adjusted EBITDA margin	16.1% (down 363bps)
Cash returned to shareholders	₹402m
Free cash flow	₹2,602m
Capex	₹423m
Dividend per share	₹2.5ps (0%)
Earnings per share*	₹14.5ps (down 13.1%)

* Based on Adjusted profits for one off costs (₹ 640 m) net of taxes and exceptional items

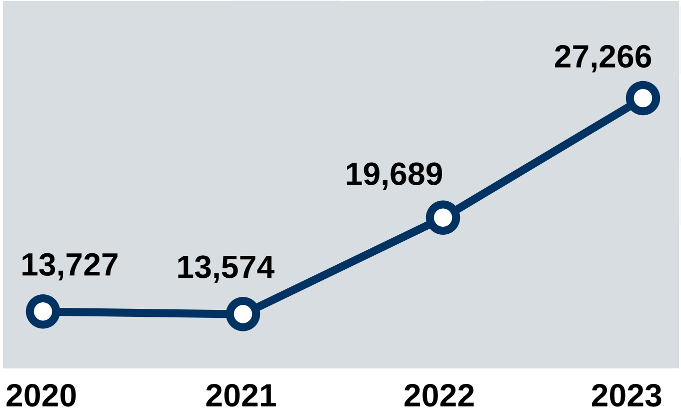
Financial Highlights on consolidated levels

RHI MAGNESITA

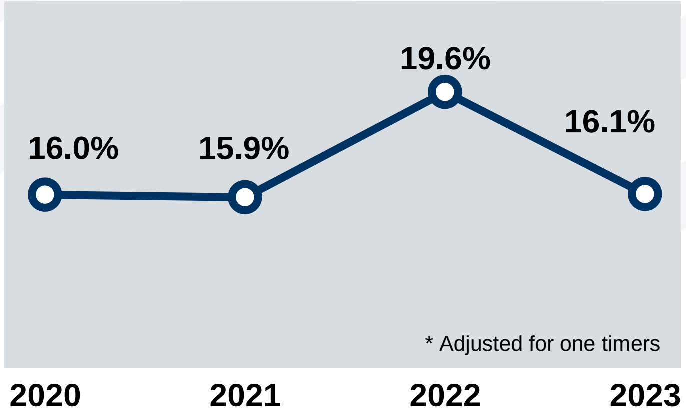
Capacity (kt)



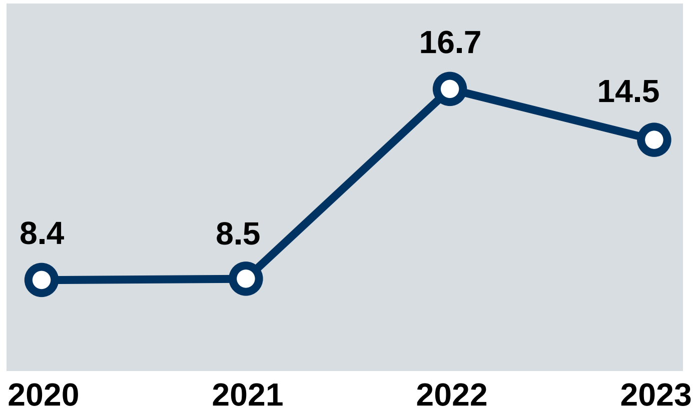
Revenue (₹ Mn)



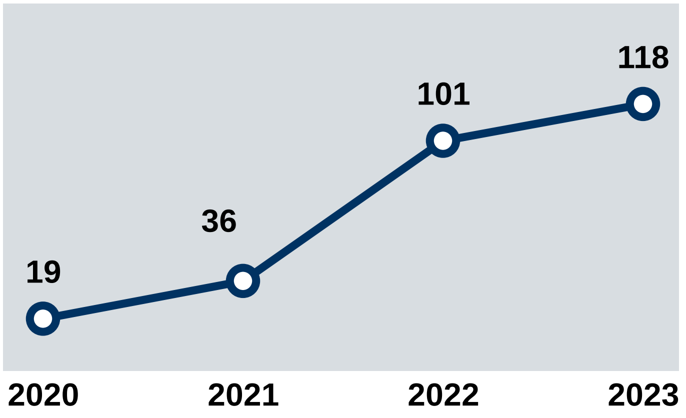
EBITDA Margin (%)*



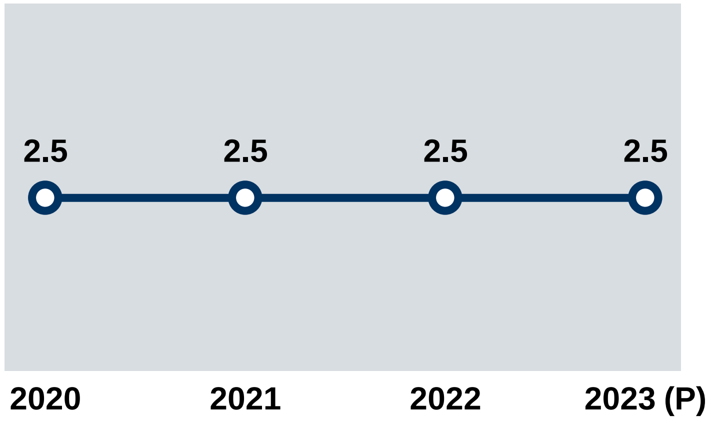
EPS (per share)



Market capitalization (₹ bn)



Dividend (per share)



2023: A year of strategic progress

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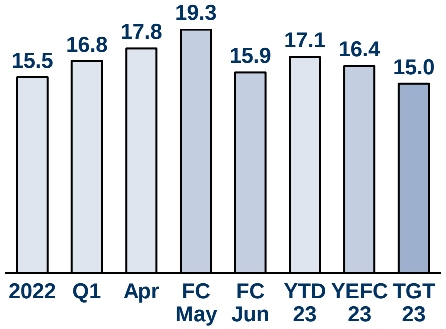
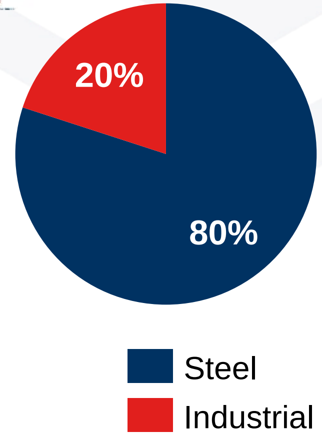
Sustainability at core



Recycled utilization (%)

- ✓ Utilization of recycled refractory material significantly reduces emissions
  (Every tonne recycled represents 2 tonnes of avoided CO_2)
- ✓ Multiple initiatives underway
- ✓ RHI Magnesita India benefits from Group R&D and investments in sustainable technologies

Balanced Portfolio and go-to-market



- ✓ Recent acquisitions create balanced portfolio and a strong platform for growth in India and the wider region
- ✓ Well established operations with a complementary local production footprint in west and south India and a strong industrial product offering

Financial Performance

- ✓ Consolidated EBITDA of ₹ 4,388 Mn
- ✓ Cashflow from operations of ₹ 2,387 Mn
- ✓ Net Debt to Adjusted EBITDA at 3.40

Capital Returns

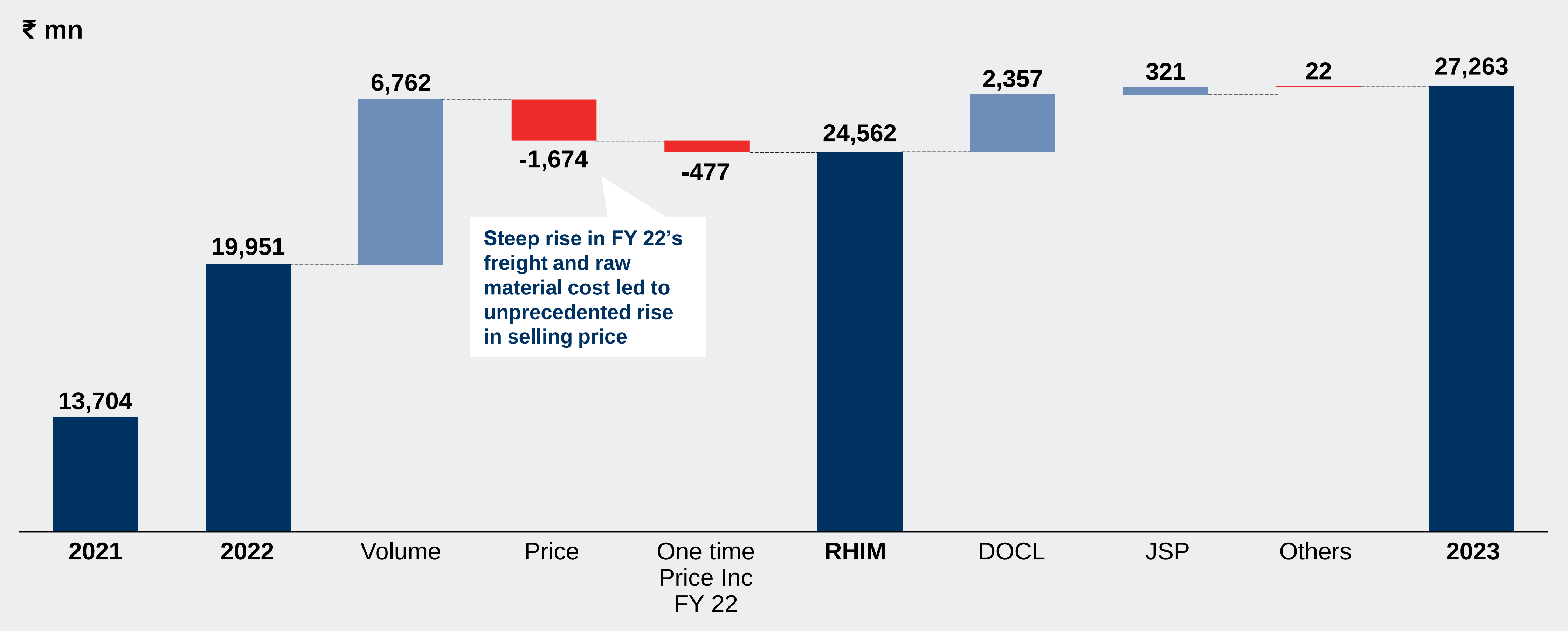
- ✓ Dividend recommended of Rs 2.50 per fully paid-up equity share
- ✓ Constant dividend payout since 2017

1. Approximate market shares based on company estimates, split by revenue

Financial Review

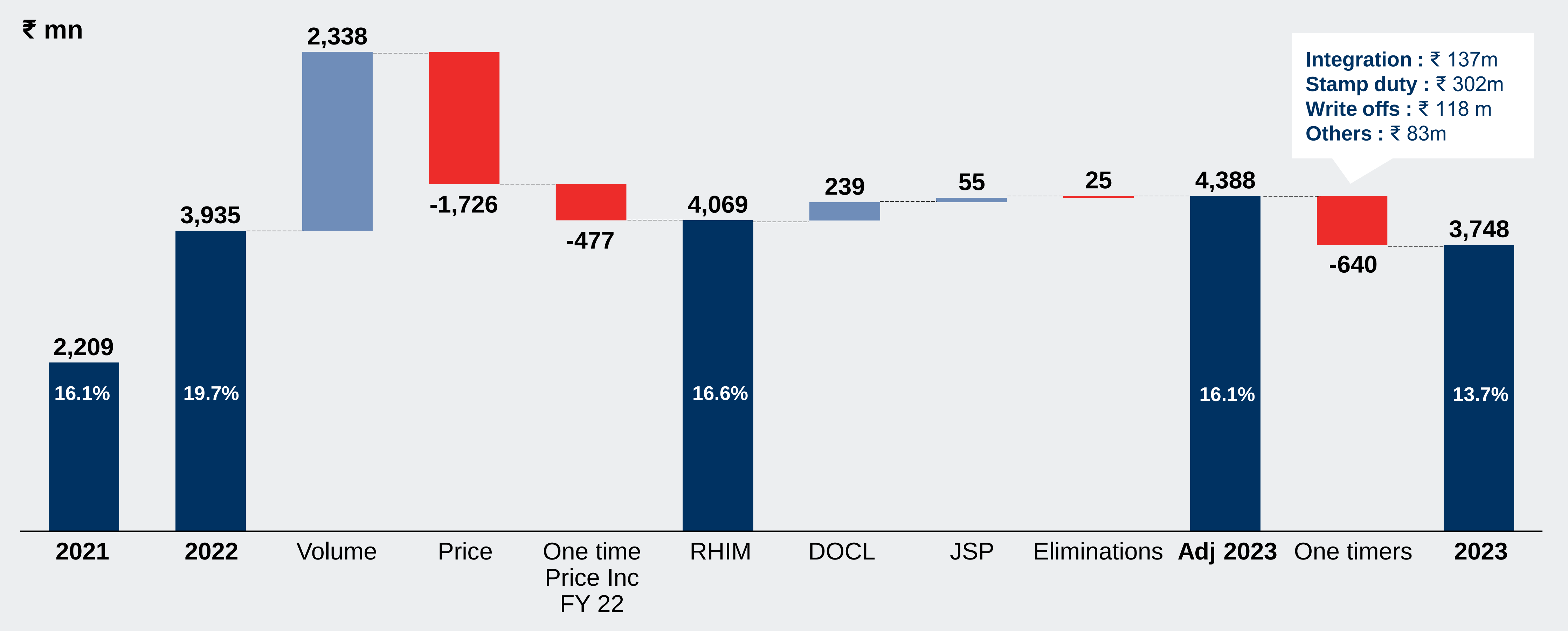
2023 Revenue Bridge

Strong revenue growth through increased volumes offset by slightly softer pricing



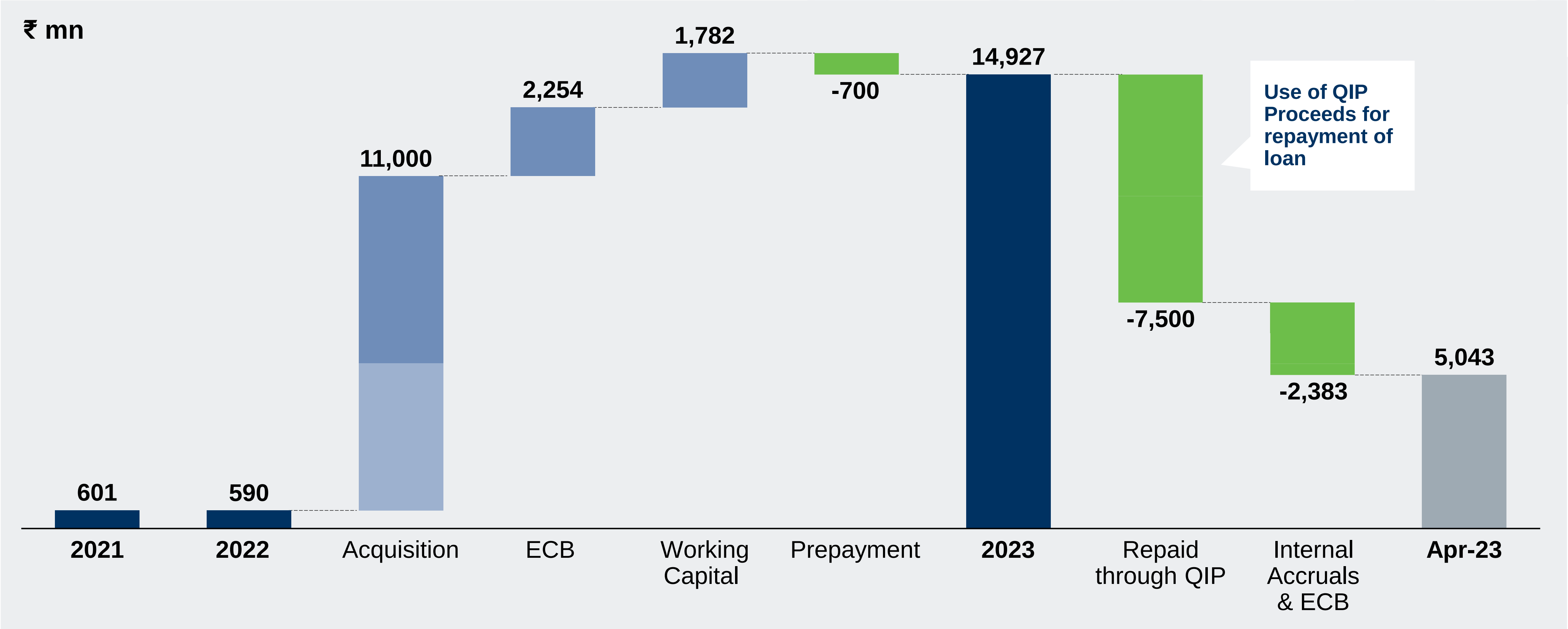
2023 EBITDA Bridge

Higher volumes offset by softening of prices and one-time costs impacted EBITDA



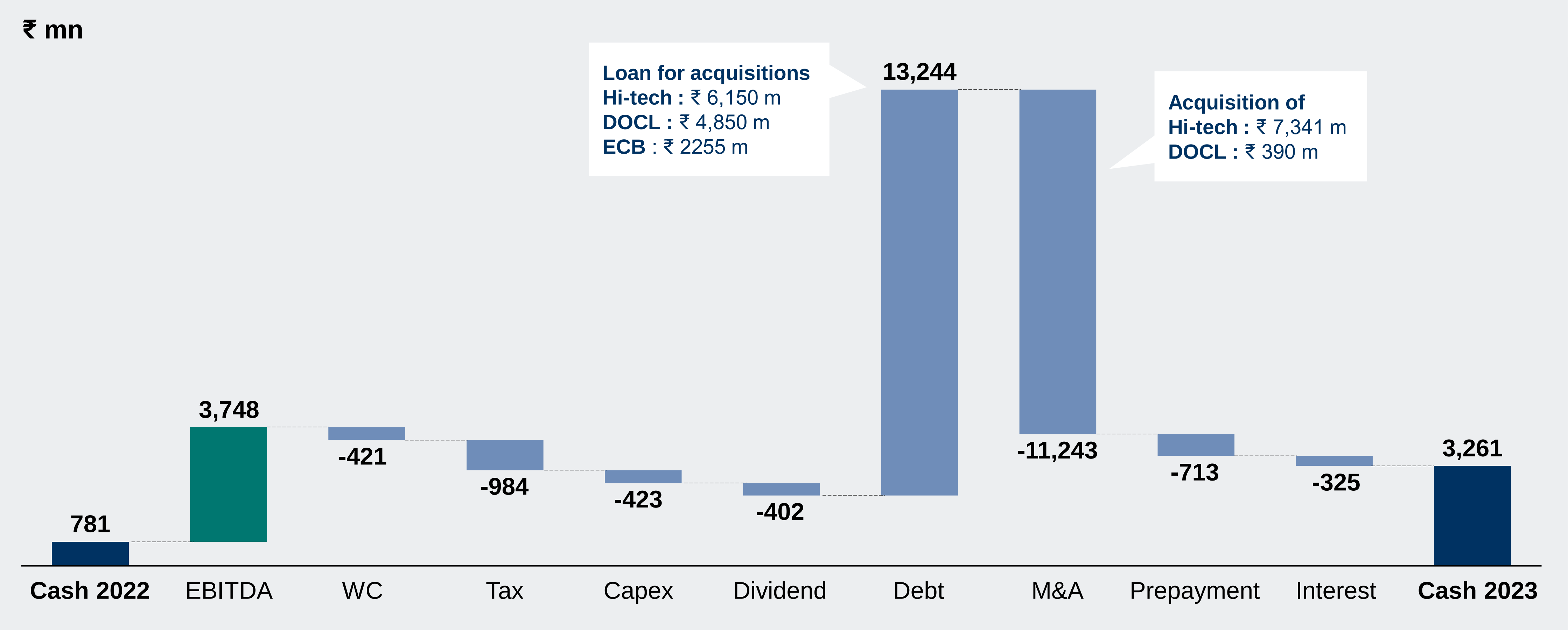
2023 Debt including short term

Comfortable debt position following successful QIP paying majority acquisition debt



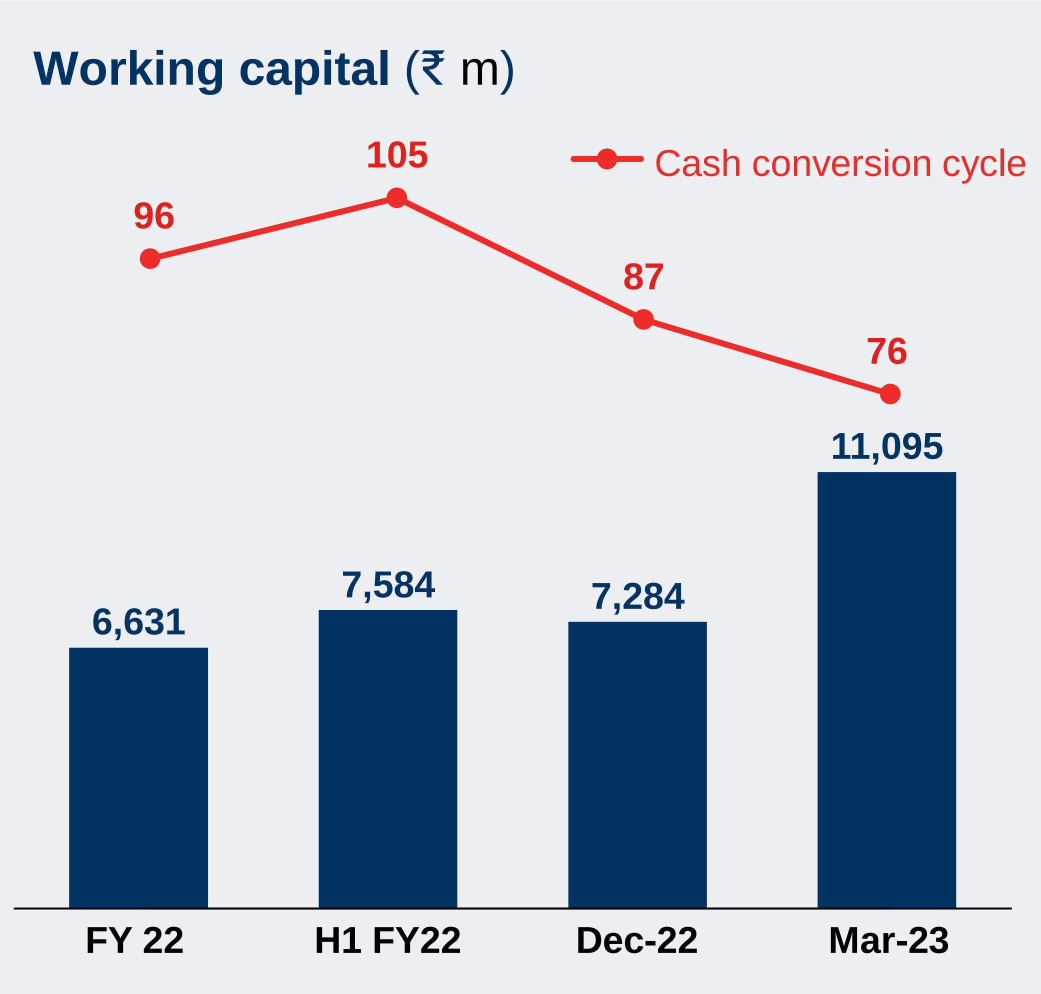
2023 Cashflow

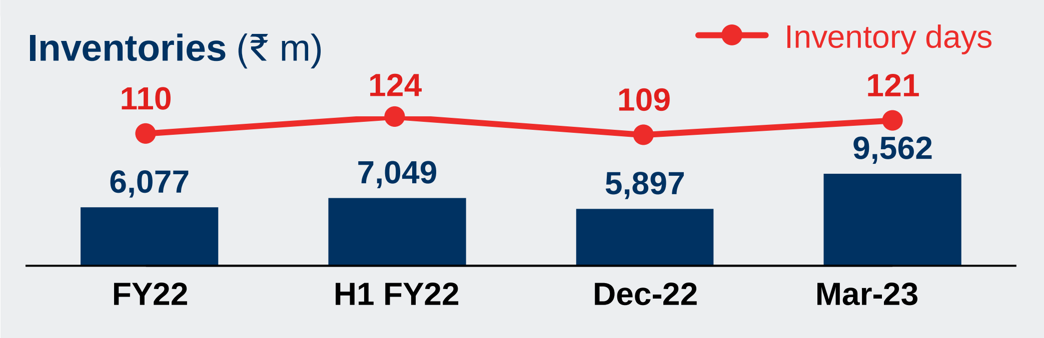
Comfortable cash position post acquisitions

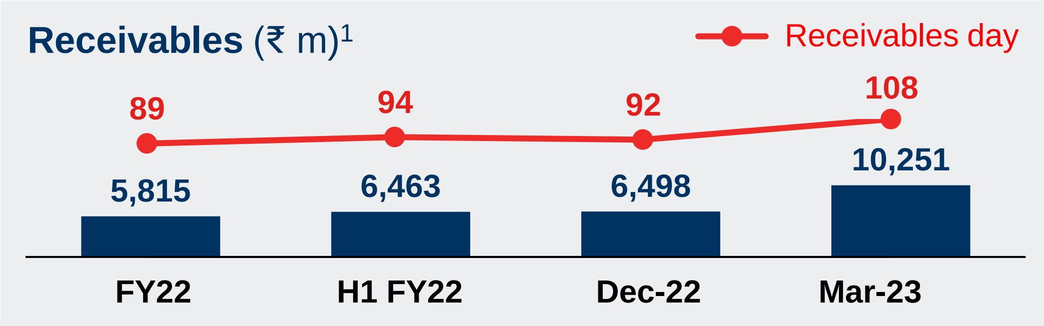


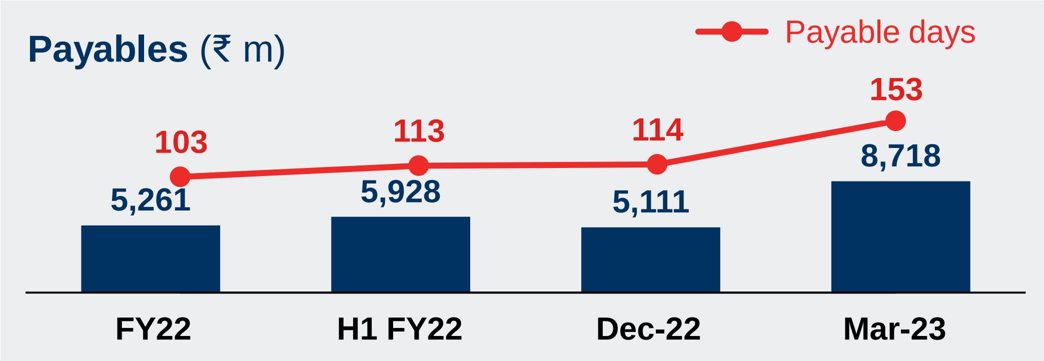
Working Capital

Improved cash conversion cycle









1. Receivables – Trade receivables + Contract Assets – Contract Liabilities

M&A

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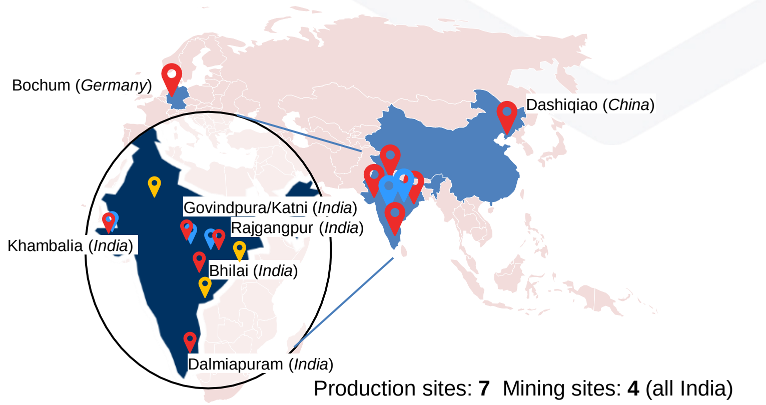
RHI MAGNESITA
RHI MAGNESITA
L.B.M.-St.E. 173
5000KG

Acquisition of Dalmia OCL

Overview

- **Transaction History**
  - Executed Business transfer agreement and share swap agreement in November 2022
  - Completion of acquisition and SSA in January 2023
- **Product Portfolio:** NGG, MGU, F (incl. FM, FS, FP, FI, FB), NU, MGG
- **Mining sites:** two quartzite, one bauxite, one dolomite (not operated)
- **Production capacity:** c.300 kt
- **Key customer Industry:** Steel (53%), Cement (16%), Others (32%)

Production & mining footprint



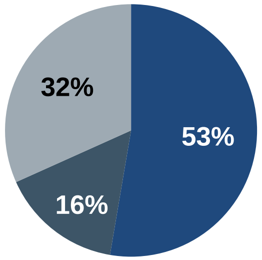
Production sites: **7** Mining sites: **4** (all India)

Strategic focus for acquisition

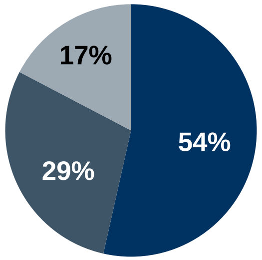
- Well established operations with production footprint in west and south India and a strong industrial product offering
- Complement the go-to-market portfolio with well-established product offering across all segments and industries (N*, M*, F*)
- Synergies expected from cross-selling and improved cost baseline from fixed cost optimisation, resource bundling and economies of scale

Product portfolio

Revenue (2023)



Revenue (2024 Est.)



Steel Cement Industrial

Purchase Consideration

Preliminary Purchase Consideration

Enterprise value of ₹ 28,524 m

- 27 m shares at ₹ 632.5 (issue price) Completion of acquisition and SSA in January 2023 : ₹ 17,078 m
- Cash consideration ₹ 3,930 m
- Working capital ₹ 910m
- Goodwill calculated at ₹ 15,016 m & impaired ₹ 6,607 m as per IndAs 103 - Business Combination for the difference between fair value on acquisition (₹ 877.7 per share) and issue price (₹ 632.5 per share)

FY 23 Update

- **Shipment :** 37 kt
- **Revenue :** ₹ 2,357 m
- **Adjusted EBITDA :** ₹ 239 m
- **EBITDA Margin (%) :** 10.2%
- **O/s Debt:** ₹ 8,861 m
- **(Debt for acquisition :** ₹ 4,050 m, ECB ₹ 2254, WC ₹ 2,557)

Acquisition of Hi-tech Chemicals

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Overview

- **Transaction History**
  - Executed Business transfer agreement in October 2022
  - Completion of acquisition in January 2023
- **Product Portfolio:** nozzle opening compound (well-filler), ISO, taphole clay, monolithic tundish mixes (MUT), slide-gates, dart, NU/FM, others
- **Production capacity:** c.62 kt
- **Key customer Industry:** Steel

Production & mining footprint

Production sites: **1**

Strategic focus

- Increase RHIM´s flow-control production capacities in India with market standard low-pressure technologies
- Significant cross-selling synergies and cost synergies from production optimization with Bhiwadi plant
- Semi-automated, modern production plant in a low cost and high growth market

Product portfolio & markets

Product Name
Isostat. Pressed Ceramics
Pre-Cast
Slidegate
Castable (Mixes)
Tundish Nozzle
Spray Mass ,Dvm,Gunning Mass
Thc & Trough
Nozzlex
Dart
Ptp

Purchase Consideration

Preliminary Purchase Consideration

Enterprise value of ₹ 8,794 m
- Business value ₹ 6,983 m
- Working Capital ₹ 1,811 m

Net identifiable net assets acquired at fair value : ₹ 5,121 m

Goodwill : ₹ 3,672 m

FY 23 Update

- **Shipment :** 4.6 kt
- **Revenue :** ₹ 321 m
- **Adjusted EBITDA :** ₹ 55 m
- **EBITDA Margin (%) :** 17%
- **Debt raised :** ₹ 6,150 m
- **(Debt for acquisition and repaid:** ₹ 700 m)

Awards and Initiatives

Awards & Initiatives

The India West Asia Africa Regional President ranks top as best CEOs in India

India's Best Organisation for Women by The Economic Times

Safety Performer Award for 2022

Vizag recognized as Best Safety Performer (in Cat-3) and won the Bronze award out of total 40 industries

Record breaking performance at new FLS contract site

Highest-ever EAF life of 606 heats against guaranteed life of 550 heats at JSW BPSL

Steps towards cleaner and greener environment

Installation of Wet Scrubber at Bhiwadi will help reduce CO_2 emissions

Bandhan 2023 - RHI Magnesita India Supply Partner Meet

Recognition of the contributions made by the suppliers in our growth.

CSR Initiatives

Education Amenities at Venkatapuram Government School

Health Amenities Supporting VRD Trust Hospital

Funded for a hostel building at LV Prasad Eye Institute

Damaka Village Road (NH 16 – Damaka Village)

Before

After

Spreading awareness through campaigns

Disclaimer

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