

# Investor Presentation

**RHI Magnesita India Limited**

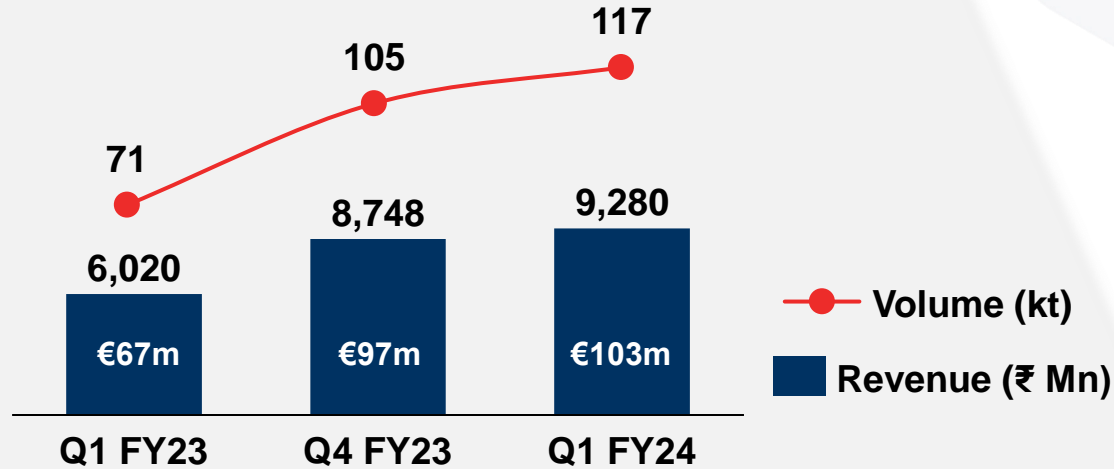
August 2023



# Strong Revenue Growth

M&A drives revenue gain with nominal organic growth

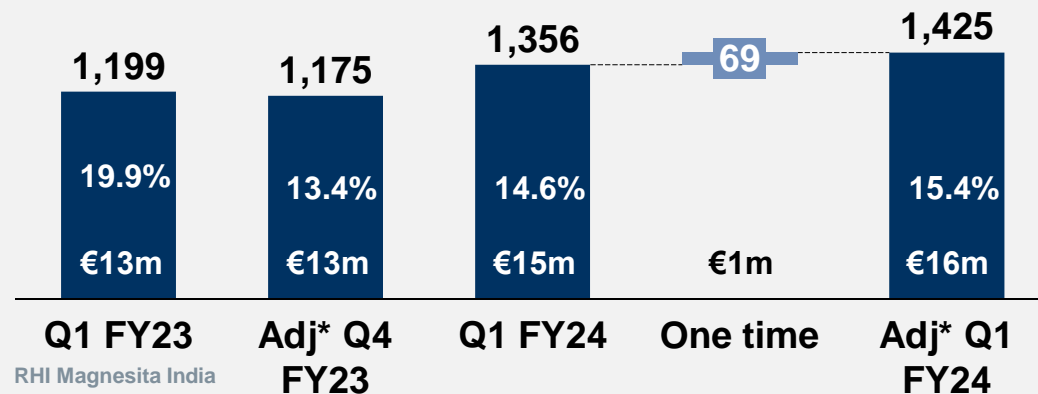
Revenue supported by significant volume increase



Q1 FY24 Vs Q4 FY23

- 6% revenue growth driven through volume +11% offset by price weakening @ 4% and sales mix
- Adjusted EBITDA margins increased by 1.9% to 15.4% primarily due to
  - Material cost improvement 2.8%
  - Increase in other expenses

EBITDA  
₹ mn



Q1 FY24 Vs Q1 FY23

- 54% revenue growth driven through
  - Volume +66% (RHIM 3% and M&A 62%)
  - Price weakening @7% due to sales mix, RHIM price maintained
- Adjusted EBITDA margin 15.4% dropped by 4.5% primarily due to
  - Increase in employee related and other expenses
  - offset by decrease in material cost 0.7%

\*Adjusted EBITDA includes impact of cost allocation by group for integration and Global Service Center

# Consolidated Financial highlights –Q1 FY24

Upward Revenue and EBITDA trends with M&A



Total Revenue

**₹9,306m,  
€104m**

**↑ 54%**

Adjusted\* EBITDA

**₹1,425m,  
€16m**

**↑ 19%**

Adjusted\* EBITDA margin

**15.4%**

Cashflow from operations

**₹1,333m,  
€15m**

Debt to Adjusted EBITDA

**3.5x**

Capex

**₹184m,  
€2m**

Debt

**₹5,003m,  
€56m**

Adjusted Earnings per share\*\*

**₹9.1ps,  
€0.1ps**

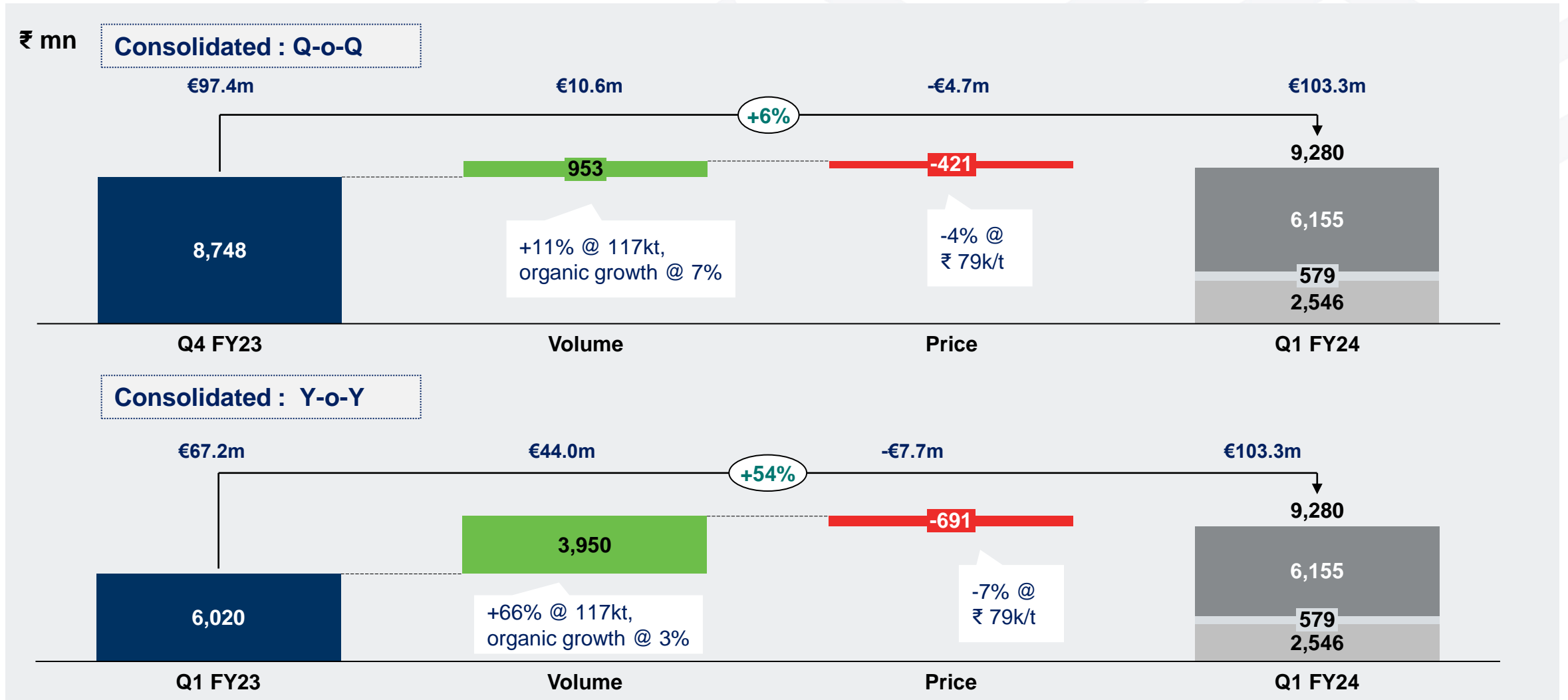
*Comparison with Q1 FY23*

*\* Adjusted EBITDA includes impact of cost allocation by group for integration and Global Service Center*

*\*\* Adjusted EPS calculated on annualized basis*

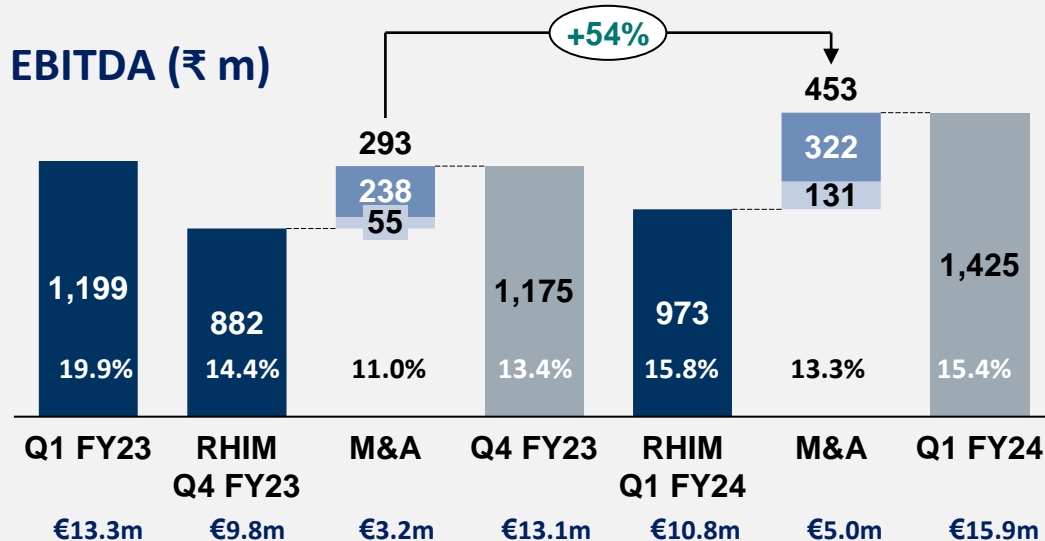
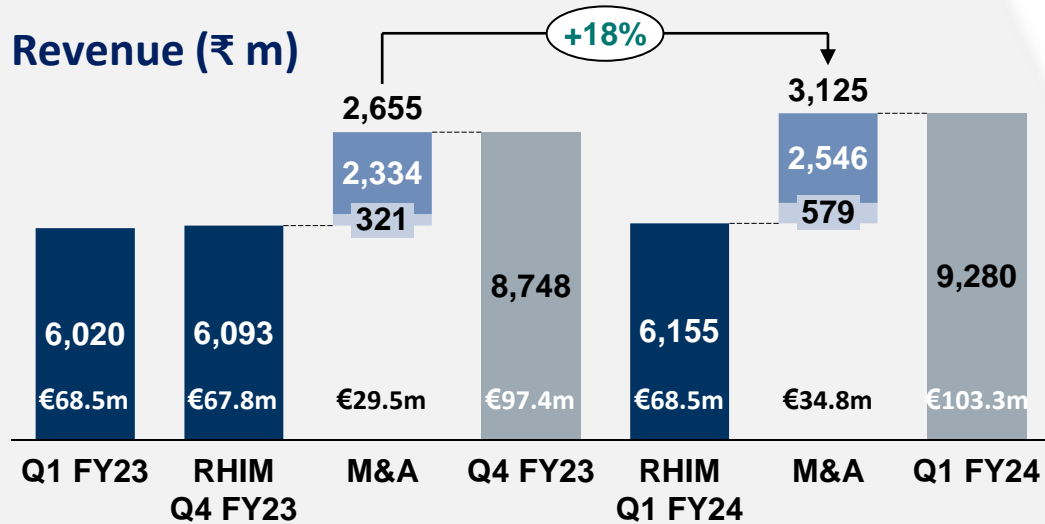
# Revenue Bridge

Growth via volumes offset by price softening due to mix change



# M&A Progress

## Upward Revenue\* and EBITDA trends with M&A

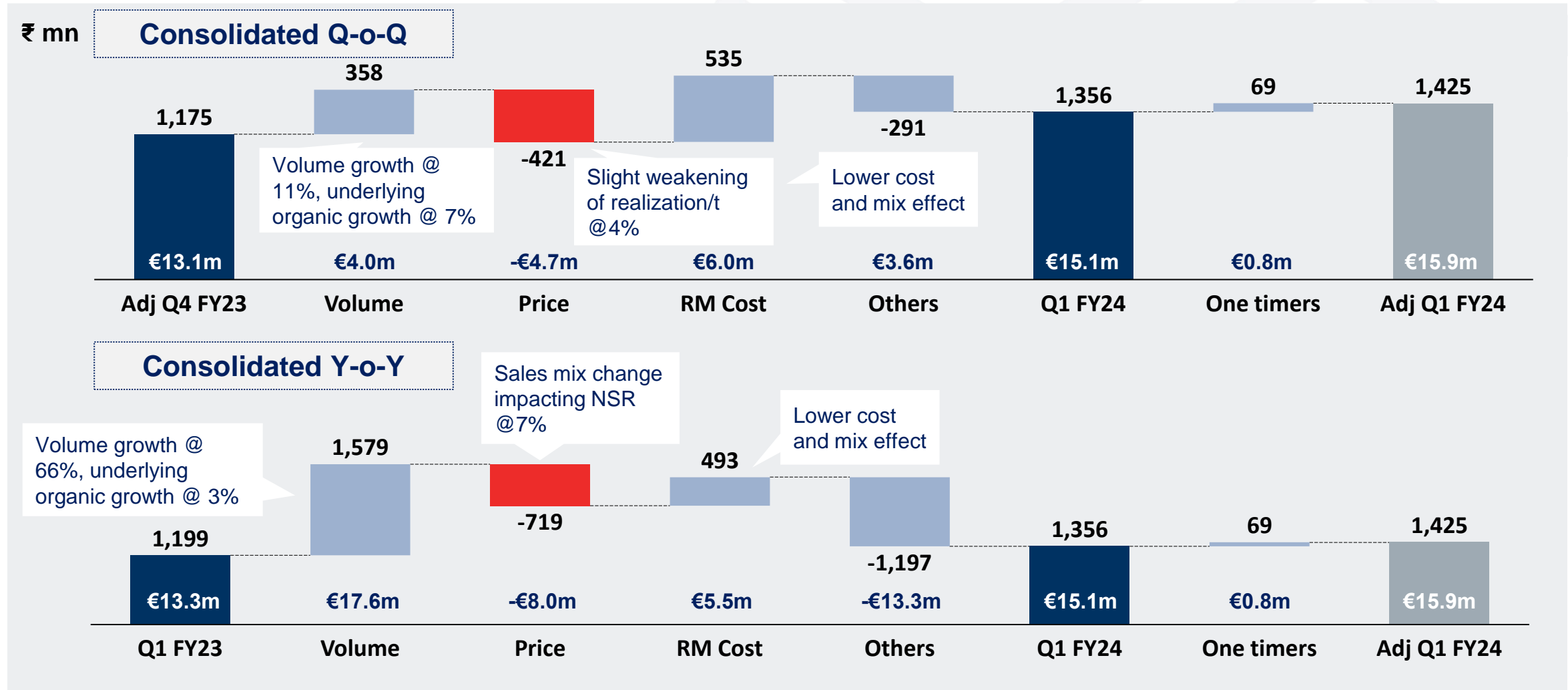


- **M&A Revenue** : In Q1 FY 24, M&A contributed 33% to consolidated revenue and +18% Q-o-Q
- RHIMIR Revenue : +9%
- JSP Revenue : +20%
- **M&A EBITDA** : +2.3% to 13.3% in Q1 FY24 reflecting synergies and RHIM's capabilities
- RHIMIR : 11.7% (Q4 FY23 : 10.2%)
- Hi-tech : 20.0% (Q4 FY23 : 15.8%)
- Significant cost and revenue synergies, network optimization and product range benefits identified
- Recipe and raw material harmonization
- Product transfers
- Secondary raw material usage

• Revenue excluding intercompany transactions  
 • JSP – Q4 FY23 from 1<sup>st</sup> February 2023.

# EBITDA Bridge

Higher volumes and lower material cost impacted by low fixed cost absorption



# Consolidated Profit and Loss Snapshot

Consolidated	Q1 FY24		Q4 FY23		Change	Q1 FY23		Change
Production	85,117		76,744		10.9%	32,794		159.5%
Shipment	117,448		105,911		10.9%	70,915		65.6%
Avg realisation/MT	79,010		82,598		-4.3%	85,128		-7.2%
<b>Income</b>	<b>9,306</b>		<b>8,813</b>		<b>5.6%</b>	<b>6,062</b>		<b>53.5%</b>
Revenue from operations	9,280		8,748		6.1%	6,037		53.7%
Other Income	27		65		-59.1%	25		6.0%
<b>Expenses</b>	<b>7,951</b>	<b>85.7%</b>	<b>8,279</b>	<b>94.6%</b>	<b>9.0%</b>	<b>4,864</b>	<b>80.6%</b>	<b>-5.1%</b>
Material Cost	5,519	59.5%	5,459	62.4%	2.9%	3,630	60.1%	0.7%
Employee Benefits expense	934	10.1%	855	9.8%	-0.3%	382	6.3%	-3.7%
Other expenses	1,497	16.1%	1,964	22.5%	6.3%	852	14.1%	-2.0%
<b>EBITDA</b>	<b>1,356</b>	<b>14.6%</b>	<b>535</b>	<b>6.1%</b>	<b>8.5%</b>	<b>1,199</b>	<b>19.9%</b>	<b>-5.2%</b>
Depreciation	459	4.9%	424	4.8%	-0.1%	92	1.5%	-3.4%
<b>EBIT</b>	<b>897</b>	<b>9.7%</b>	<b>111</b>	<b>1.3%</b>	<b>8.4%</b>	<b>1,107</b>	<b>18.3%</b>	<b>-8.7%</b>
Finance Cost	260	2.8%	337	3.8%	1.0%	(1)	0.0%	-2.8%
<b>Profit before exceptional</b>	<b>637</b>	<b>6.9%</b>	<b>(226)</b>	<b>-2.6%</b>	<b>9.4%</b>	<b>1,108</b>	<b>18.4%</b>	<b>-11.5%</b>
Exceptional item	-	0.0%	6,607	75.5%	75.5%	-	0.0%	0.0%
<b>Profit before Tax</b>	<b>637</b>	<b>6.9%</b>	<b>(6,833)</b>	<b>-78.1%</b>	<b>85.0%</b>	<b>1,108</b>	<b>18.4%</b>	<b>-11.5%</b>
Tax	169	1.8%	(45)	-0.5%	-2.3%	285	4.7%	2.9%
<b>Profit After Tax</b>	<b>468</b>	<b>5.0%</b>	<b>(6,788)</b>	<b>-77.6%</b>	<b>82.6%</b>	<b>823</b>	<b>13.6%</b>	<b>-8.6%</b>
One timers	69	0.7%	640	7.3%	6.6%	-	0.0%	-0.7%
<b>Adj EBITDA</b>	<b>1,425</b>	<b>15.4%</b>	<b>1,175</b>	<b>13.4%</b>	<b>1.9%</b>	<b>1,199</b>	<b>19.9%</b>	<b>-4.5%</b>
<b>Adj Profit Before Tax</b>	<b>706</b>	<b>7.6%</b>	<b>414</b>	<b>4.7%</b>	<b>2.9%</b>	<b>1,108</b>	<b>18.4%</b>	<b>-10.7%</b>

## Q1 FY24 Vs Q4 FY23

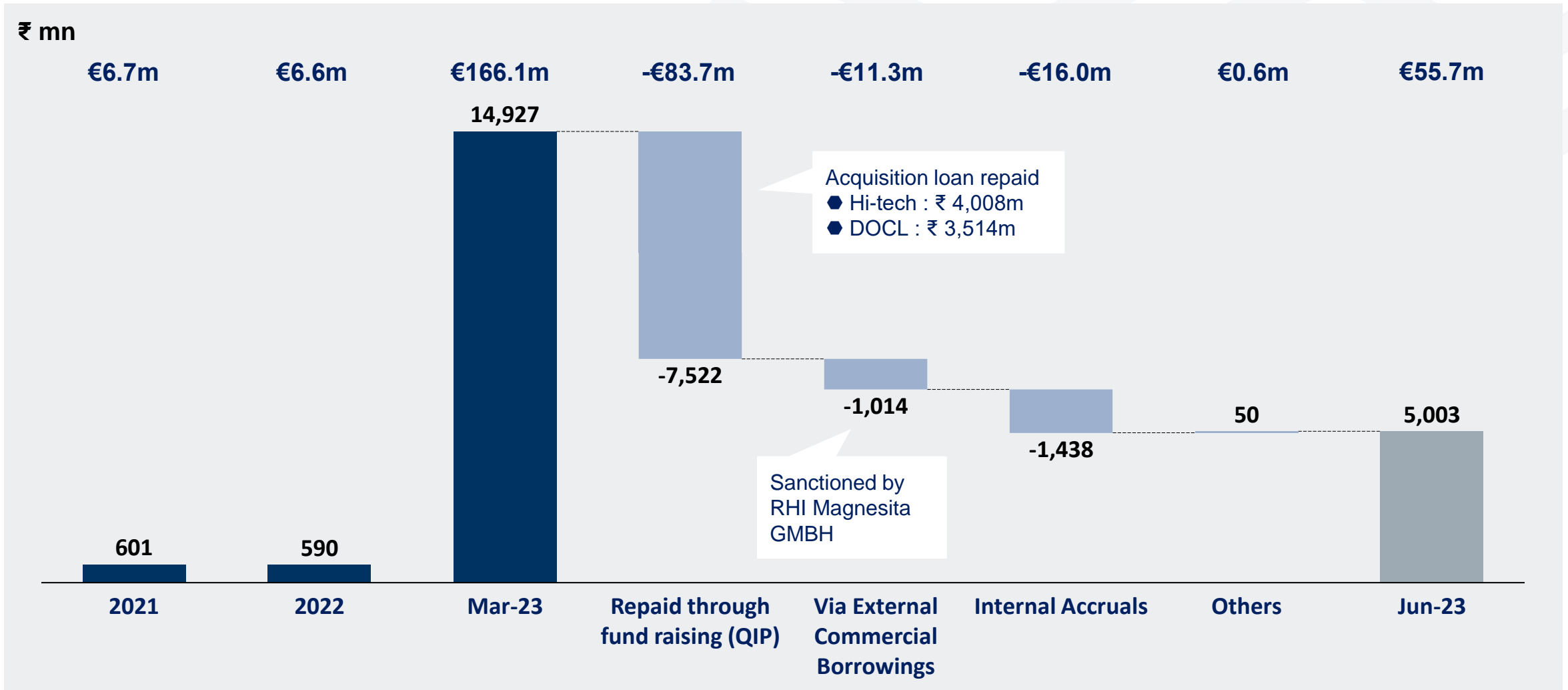
- Adjusted EBITDA (%) increased by 1.9% to 15.4% driven through lower material cost @ 2.9%
- Finance charges decreased by 1% with issue of equity through QIP and repayment of acquisition loans

## Q1 FY24 Vs Q1 FY23

- Adjusted EBITDA (%) decreased by 4.5% to 15.4% due to
  - Higher volume @66% and lower material cost @ 2.9%
  - Higher Power and fuel by 0.5%, Processing charges by 0.3%, Provision for doubtful debts 0.6% and employee related expenses

# Debt including short term

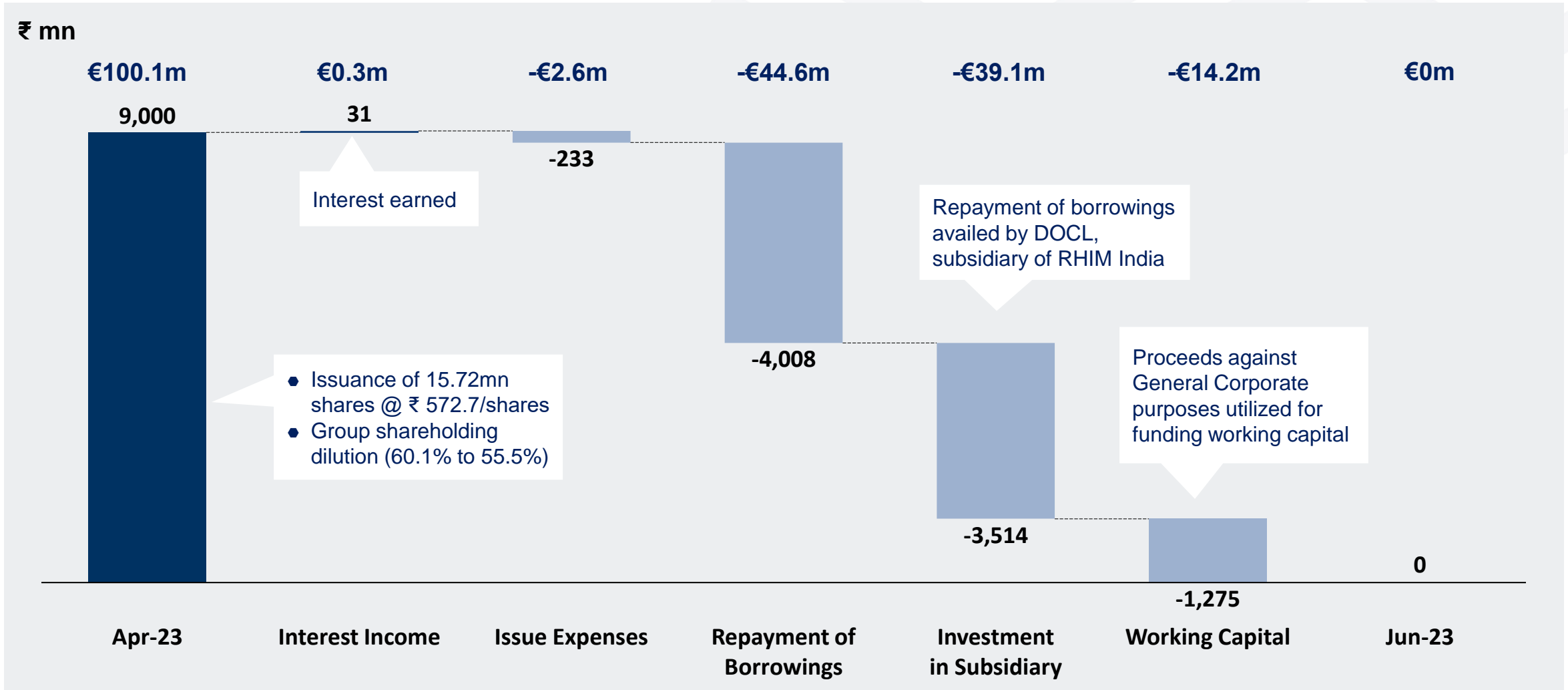
Comfortable debt position following successful QIP paying majority acquisition debt





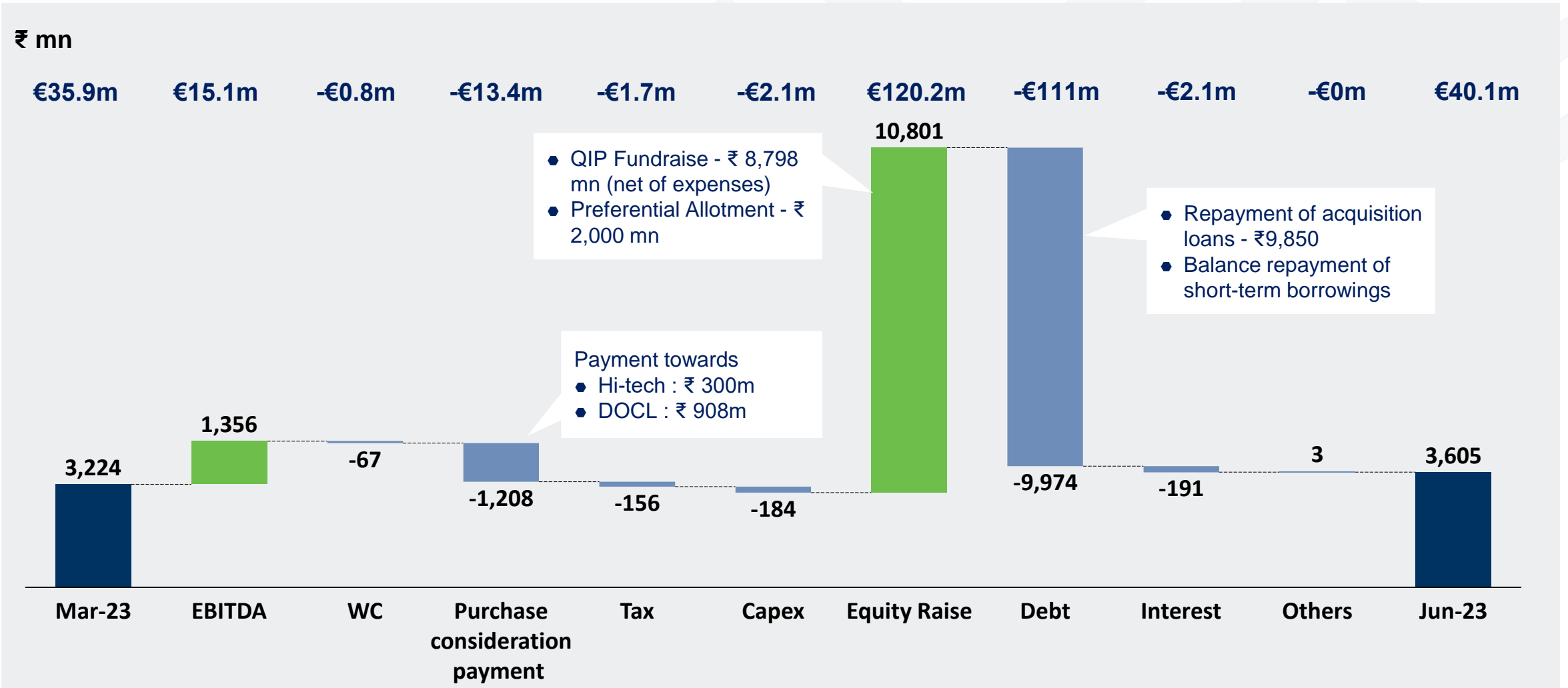
# Utilisation of QIP Proceeds

Acquisitions funded by equity raise leading to decline in debt



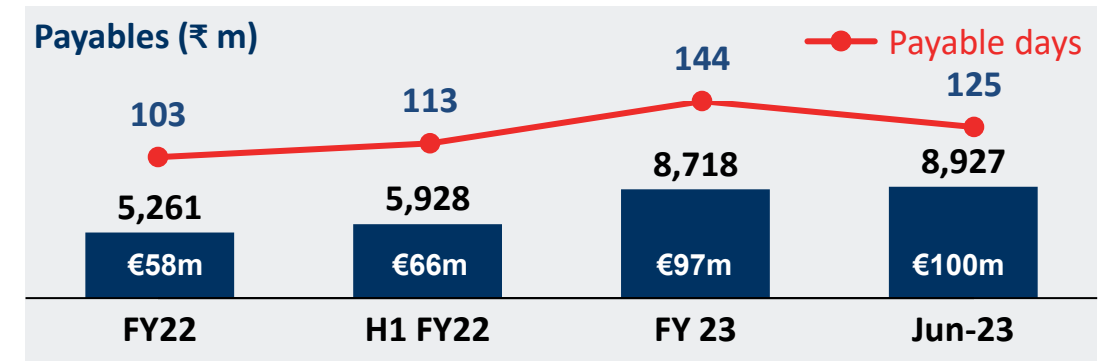
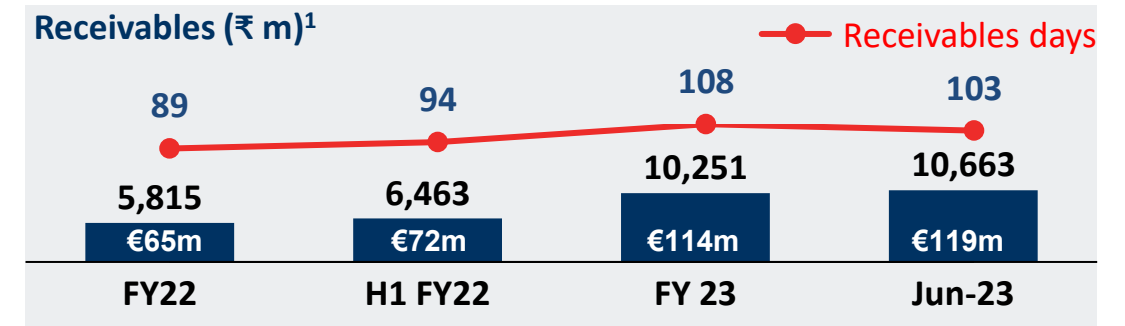
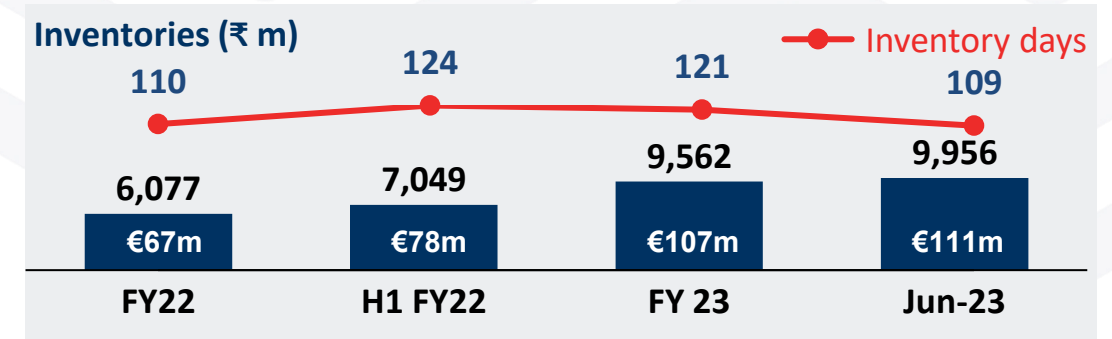
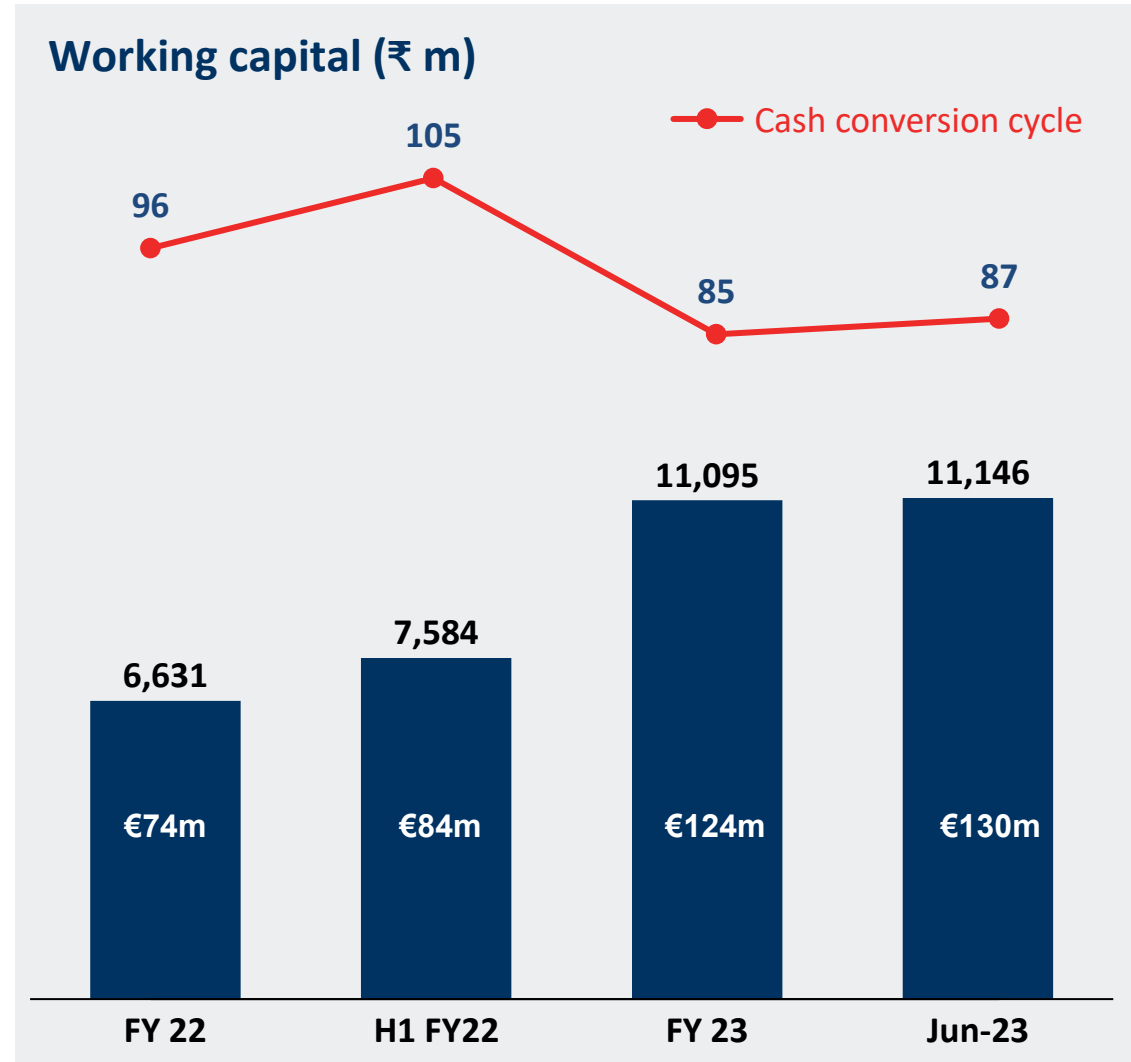
# Cashflow

Comfortable cash position post acquisitions



# Working Capital

Continuous focus on cash conversion cycle



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

# Disclaimer



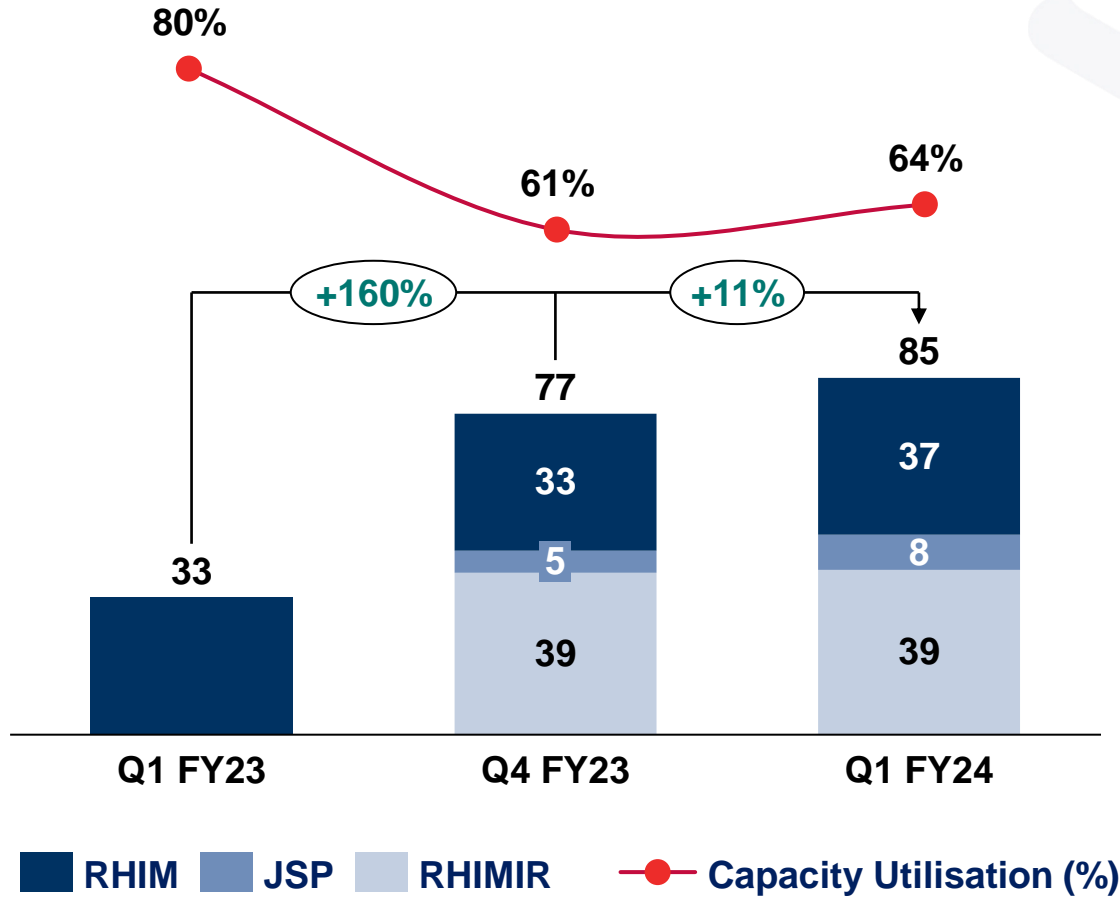
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# Production (kt)

Focus on continuous improvement and increasing utilization levels



- **Production : +160% from Q1 FY23 to 85kt and +11% from Q4 FY23**
  - RHIM : +15% to 37kt as compared to Q1 & Q4 FY23
  - JSP : +6%\* to 8kt
  - RHIMIR\*\* : +1% from 38.8kt to 39.4kt
  
- **Capacity Utilisation**
  - **Q1 FY23 RHIM @ 80% Vs Consolidated Q1 FY24 @ 64%**  
i.e., (RHIM 85%, DOCL 54%, Hi-tech 54%)
  - **Consolidated Q4 FY23 61% Vs Q1 FY 24 - 64%**  
(Q4 FY 23 : RHIM 80%, DOCL 51%, Hi-tech 51%)
  
- Expanded capacity at Cuttack, at 30 kt previously at 18kt
  
- Bhilai lances to be produced in RGP due to cost optimisation

\* JSP calculated on pro rata basis

\*\* "Dalmia OCL Limited" to RHI MAGNESITA INDIA REFRACTORIES LIMITED" (RHIMIR) w.e.f. 09-08-2023.