

Investor presentation

RHI Magnesita India Limited

September 2022



Agenda

1 Introduction

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3 Financial review

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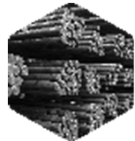
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Introduction



Refractories are essential for our modern world



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

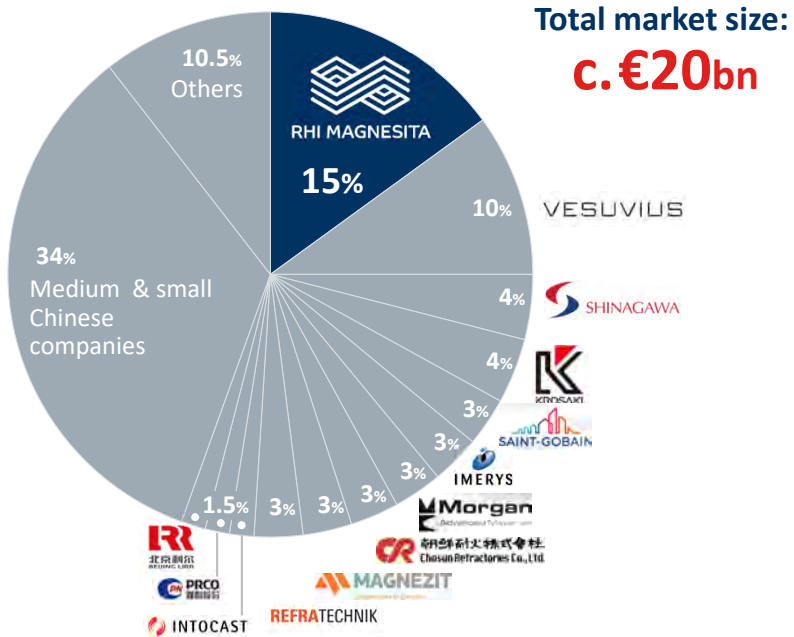
Customer industries	Main application	Lifetime and costs	Refractory characteristics
Steel 70% of revenues	Basic oxygen furnace, Electric arc furnace, ladles, flow control 	<ul style="list-style-type: none"> • 20 minutes to 2 months • c.3% of customers' costs 	<ul style="list-style-type: none"> • Part of customers' operational expenditure • Systems and solutions for complete refractory management • Demand correlated to output <ul style="list-style-type: none"> • Part of customers' capital expenditure • Longer replacement cycles based on project driven demand • Complete lining concepts including refractory engineering • Wide areas of application
Cement/Lime 10% of revenues	Rotary kiln 	<ul style="list-style-type: none"> • Annually • c. 0.5% of customers' costs 	
Non-ferrous metals 7% of revenues	Copper flash smelter 	<ul style="list-style-type: none"> • 1 to 10 years • c. 0.2% of customers' costs 	
Glass¹ 7% of revenues	Glass furnace 	<ul style="list-style-type: none"> • Up to 10 years • c. 1% of customers' costs 	
Energy, Environmental, Chemicals¹ 6% of revenues	Secondary reformer 	<ul style="list-style-type: none"> • 5 to 10 years • c. 1.5% of customers' costs 	

Industrial division
 Project businesses

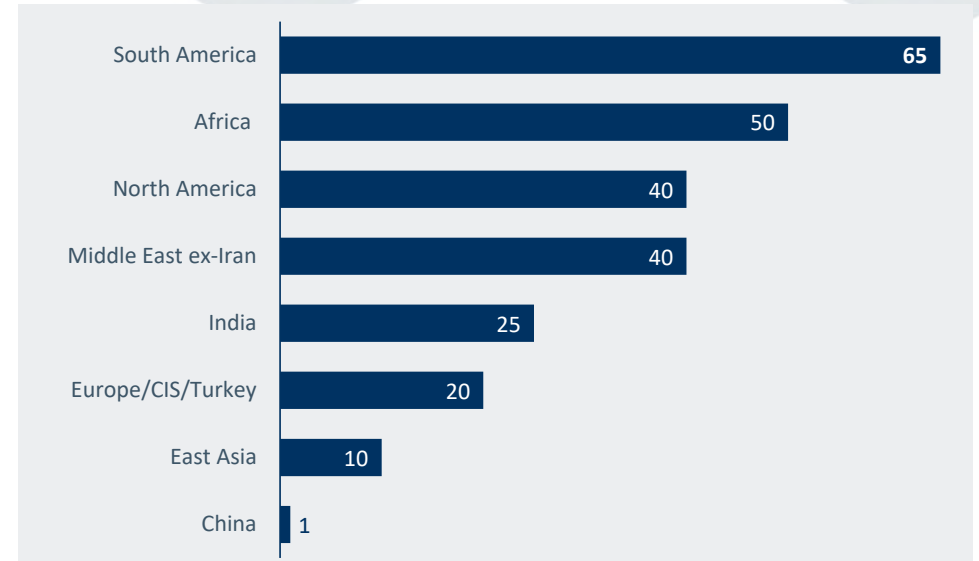
Global leader in a highly fragmented market

Growth opportunity through consolidation

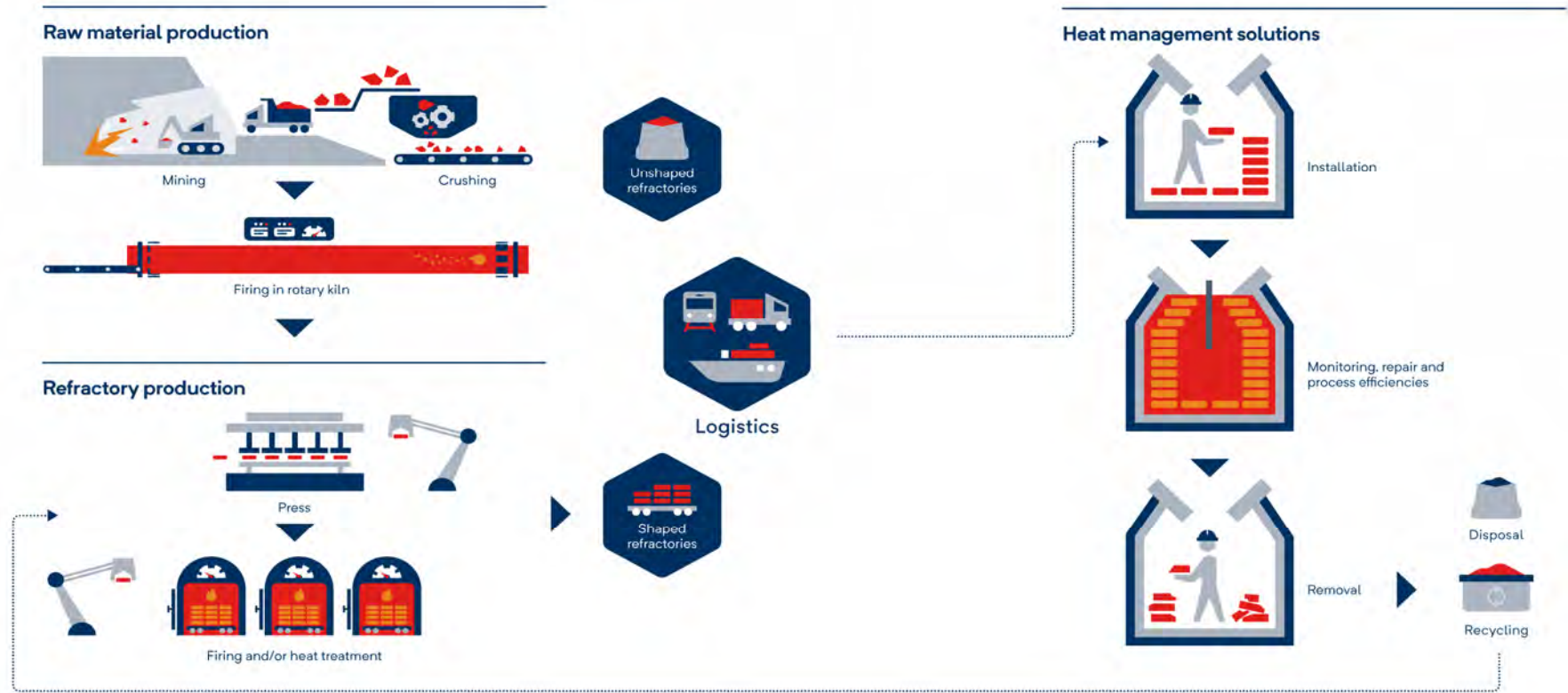
Global market share



Regional market share %¹



Raw material and refractory process overview



Solutions contracts

RHI Magnesita can offer full 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

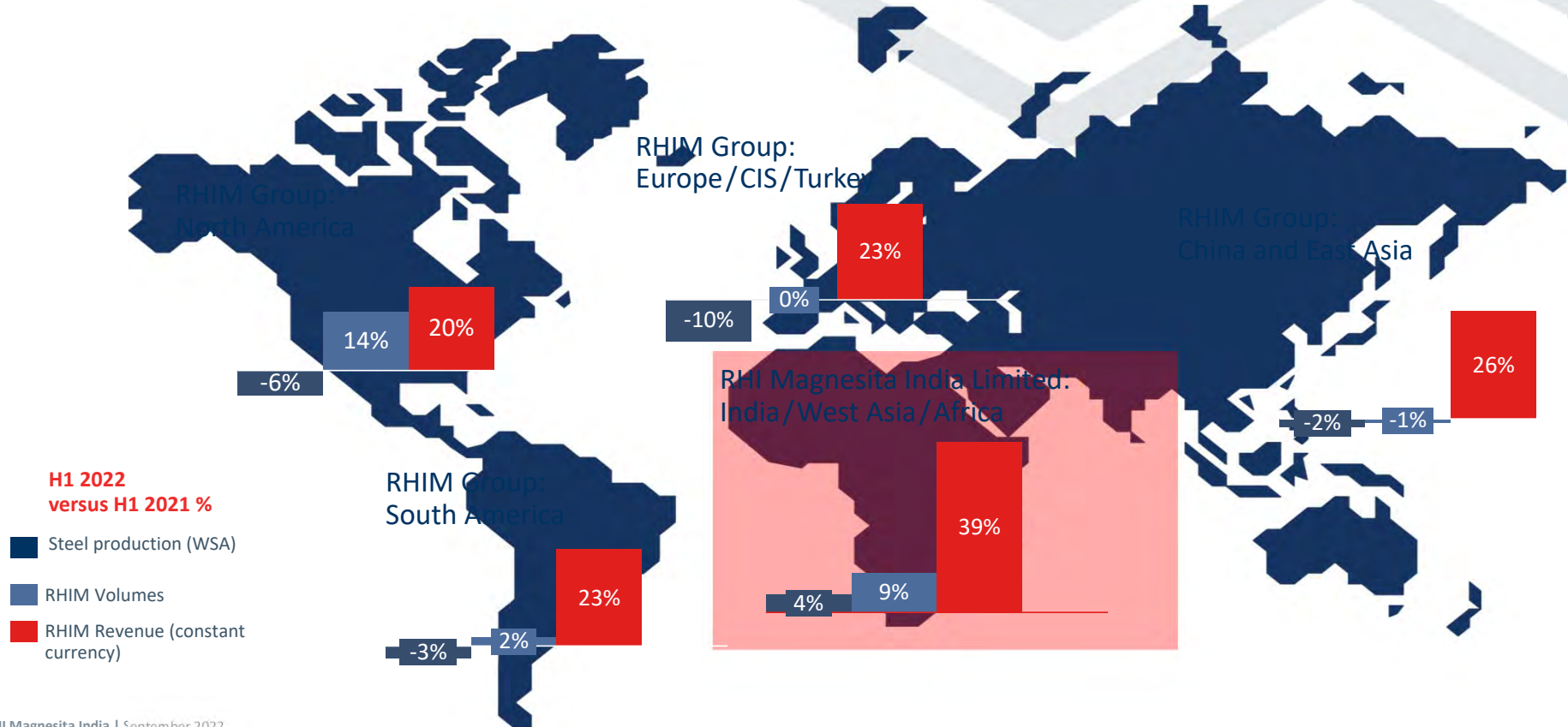
RHI Magnesita benefit

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



Strong growth in the Indian market

Market share growth and pricing power, 6 months to 30 June 2022



FY 2022 Update



Financial highlights, year to 31 March 2022¹

Revenue

₹19,951m

↑ 45.6%

EBITDA

₹3,935m

↑ 78.1%

EBITDA margin

19.7%

↑ 360bps

Cash returned to shareholders

₹402m

Free cash flow

₹(347)m

↓ (143)%

Capex

₹620m

↓ (27.3)%

Dividend per share

₹2.5ps

— 0%

Earnings per share

₹16.7ps

↑ 96.8%

1. Denoted on a reported and consolidated basis

Financial review



Summary Financials

Consolidated and reported financials year to 31 March 2022

Profit and loss ₹m	2022	2021	Change %
Revenue from operations	19,951	13,704	46%
Other Income	97	123	-21%
Total Revenue	20,048	13,827	45%
Expenses	16,113	11,618	39%
EBITDA	3,935	2,209	78%
EBITDA Margin	19.7%	16.1%	360bps
Finance Cost	22	65	-66%
Depreciation & amortization	338	298	13%
Profit before tax	3,575	1,846	94%
Taxes	885	480	84%
Profit after tax	2,690	1,366	97%
Earnings per share (₹)	16.71	8.49	97%

Balance sheet ₹m	2022	2021	Change %
Non-current assets	3,345	3,016	11%
Financial assets	17	16	6%
Total non-current assets	3,362	3,032	11%
Current assets	7,704	4,674	65%
Financial assets	5,676	4,890	16%
Total current assets	13,380	9,564	40%
Total assets	16,742	12,596	33%
Equity attributable to shareholders	10,287	8,058	28%
Non-current liabilities	15	10	50%
Financial liabilities	379	616	-38%
Total non-current liabilities	394	626	-37%
Current liabilities	345	196	76%
Financial liabilities	5,716	3,716	54%
Total current liabilities	6,061	3,912	55%
Total liabilities	6,455	4,538	42%
Total equity and liabilities	16,742	12,596	33%

Cash flow ₹m	2022	2021	Change %
Profit before tax	3,575	1,846	94%
Adjustments	390	290	34%
Operating profit before working capital changes	3,965	2,136	86%
Changes in operating assets and liabilities	(2,833)	16	
Cash generated from operations	1,132	2,152	-47%
Cash tax	(859)	(498)	72%
Net cash inflow from operating activities	273	1,654	-83%
Net cash outflow from investing activities	(699)	(788)	-11%
Net cash outflow from financing activities	(503)	(537)	-6%
Net increase/(decrease) in cash and cash equivalents	(929)	329	-382%
Cash and Cash equivalents at the end of the year	622	1,551	-60%

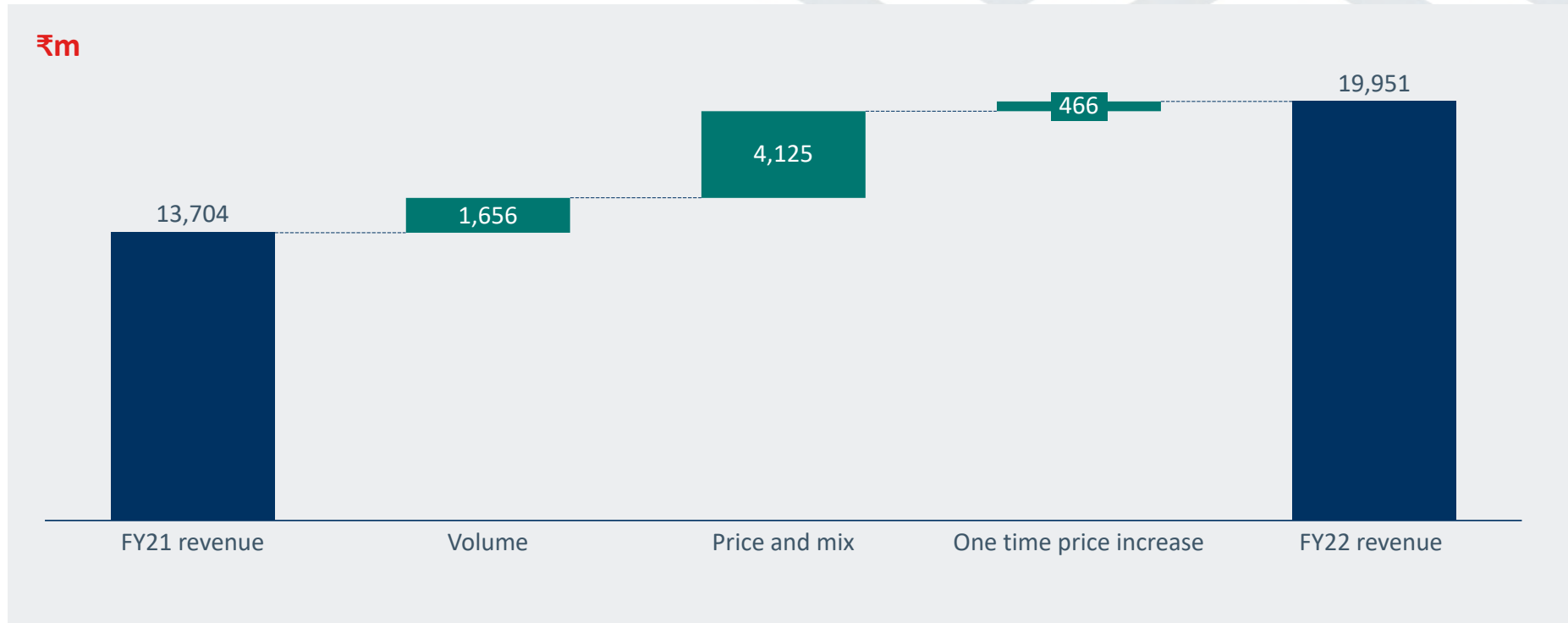
Summary Financials – Q1 2022

Consolidated and reported three months to 30 June 2022

Profit and loss ₹m	Qtr Jun'22	Qtr Mar'22	Change % (Jun'22 Vs. Mar'22)	Qtr Jun'21	Change % (Jun'22 Vs. Jun'21)	Balance sheet ₹m	Jun'22	Jun'21	Change %	Cash flow ₹m	Jun'22	Jun'21	Change %
Revenue from operations	6,020	5,900	2%	4,293	40%	Non-current assets	3,366	3,053	10%	Profit before tax	1,108	675	64%
Other Income	42	20	110%	36	17%	Financial assets	17	16	6%	Adjustments	83	87	-5%
Total Revenue	6,062	5,920	2%	4,329	40%	Total non-current assets	3,383	3,069	10%	Operating profit before working capital changes	1,191	762	56%
Expenses	4,863	4,523	8%	3,550	37%	Current assets	8,156	6,419	27%	Changes in operating assets and liabilities	102	(788)	-113%
EBITDA	1,199	1,397	-14%	779	54%	Financial assets	6,566	4,925	33%	Cash generated from operations	1,293	(26)	
EBITDA Margin	19.9%	23.7%	380bps	18.1%	180bps	Total current assets	14,722	11,344	30%	Cash tax	(166)	(92)	80%
Finance Cost	(1)	(3)	-67%	26	-104%	Total assets	18,105	14,413	26%	Net cash inflow (outflow) from operating activities	1,127	(118)	
Depreciation & amortization	92	93	-1%	78	18%	Equity attributable to shareholders	11,108	8,557	30%	Net cash outflow from investing activities	(112)	(110)	2%
Profit before tax	1,108	1,307	-15%	675	64%	Non-current liabilities	15	11	36%	Net cash outflow from financing activities	(13)	15	-187%
Taxes	285	309	-8%	175	63%	Financial liabilities	370	633	-42%	Net increase (decrease) in cash and cash equivalents	1,002	(213)	
Profit after tax	823	998	-18%	500	65%	Total non-current liabilities	385	644	-40%	Cash and Cash equivalents at the end of the period	1,624	1,338	21%
Earnings per share (₹) (Non-Annualised)	5.11	6.20	-18%	3.10	65%	Current liabilities	385	286	35%				
						Financial liabilities	6,227	4,926	26%				
						Total current liabilities	6,612	5,212	27%				
						Total liabilities	6,997	5,856	19%				
						Total equity and liabilities	18,105	14,413	26%				

FY 2021-2022 revenue bridge

Higher value product mix drives strong revenue growth



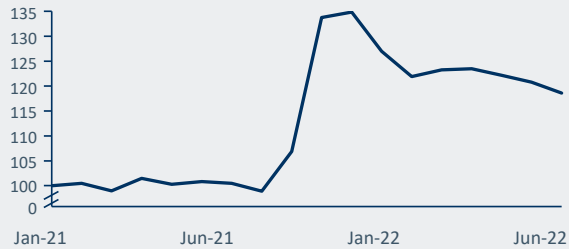
Cost outlook

Further cost inflation expected from energy and labour

Raw material outlook

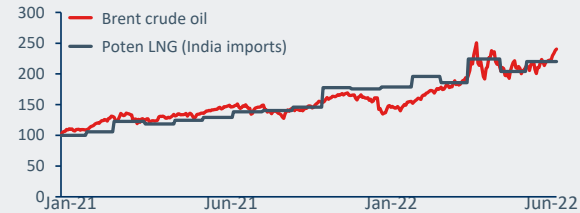
Likely to maintain elevated levels

Rebased to 100



Energy outlook

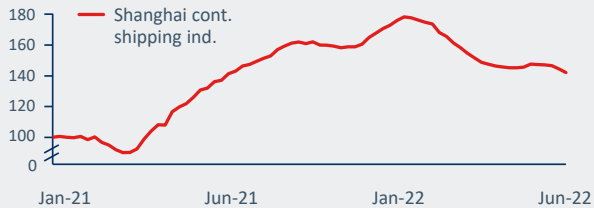
Energy supply risk in Europe due to Russia/Ukraine conflict has led to a global energy crisis



Sea freight outlook

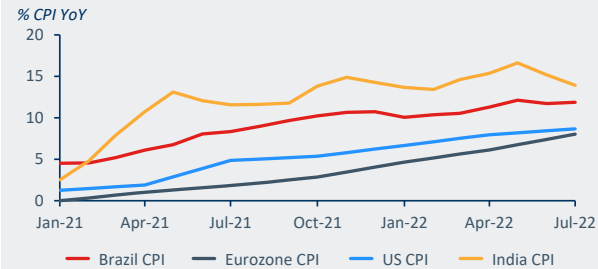
New capacity and demand moderation could lead to easing in H2 2023

Rebased to 100



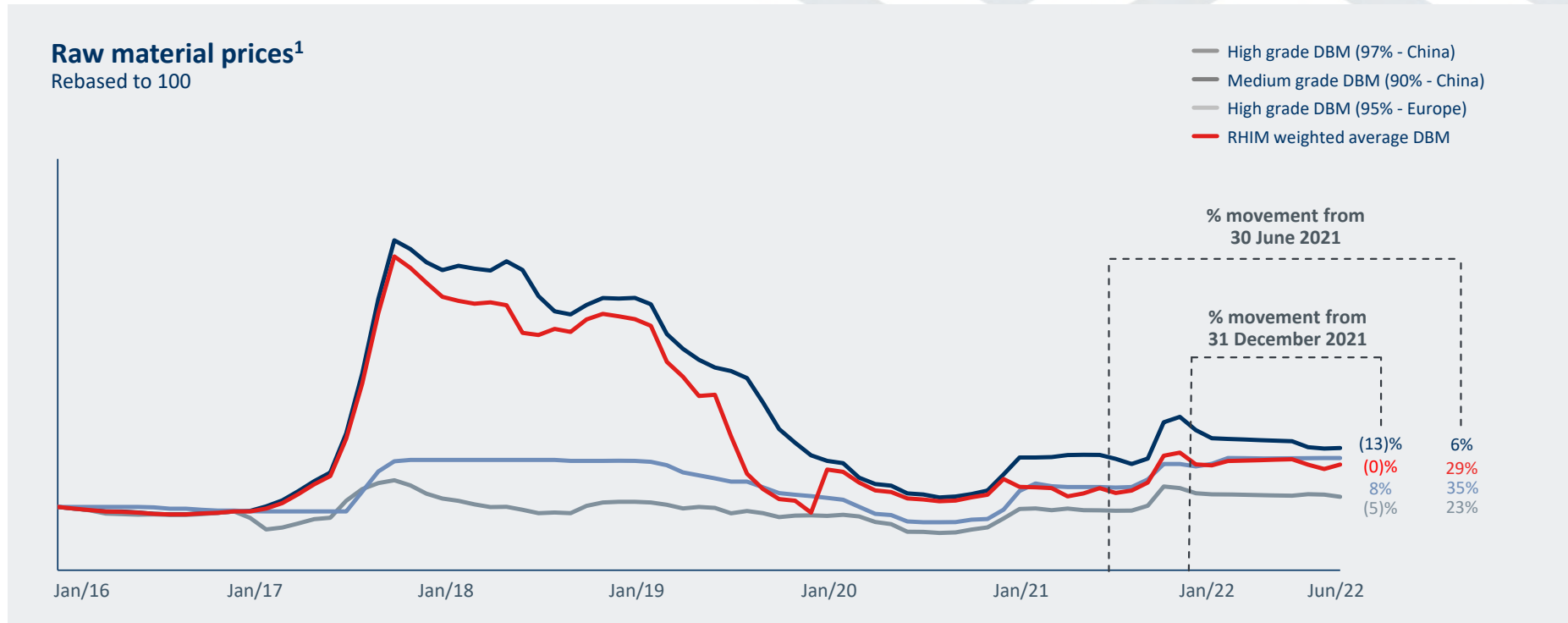
Wage inflation outlook

Wage inflation across all key regions in line with CPI



Raw material prices

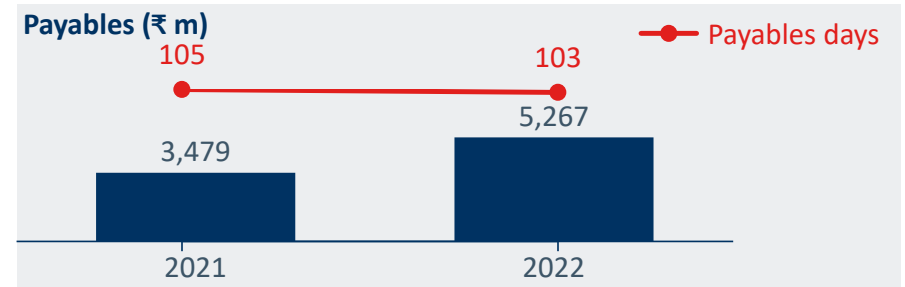
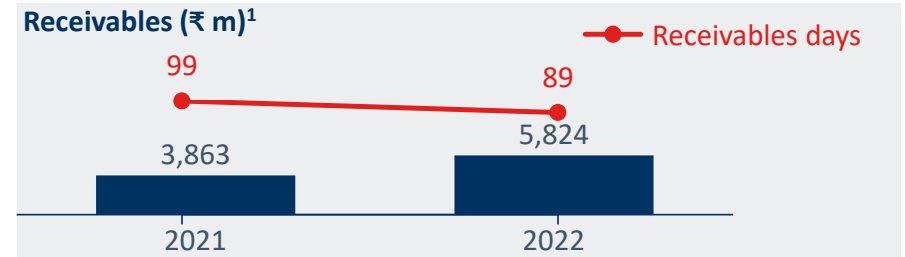
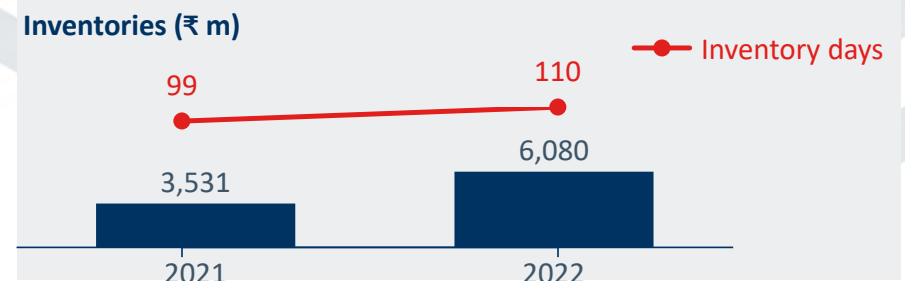
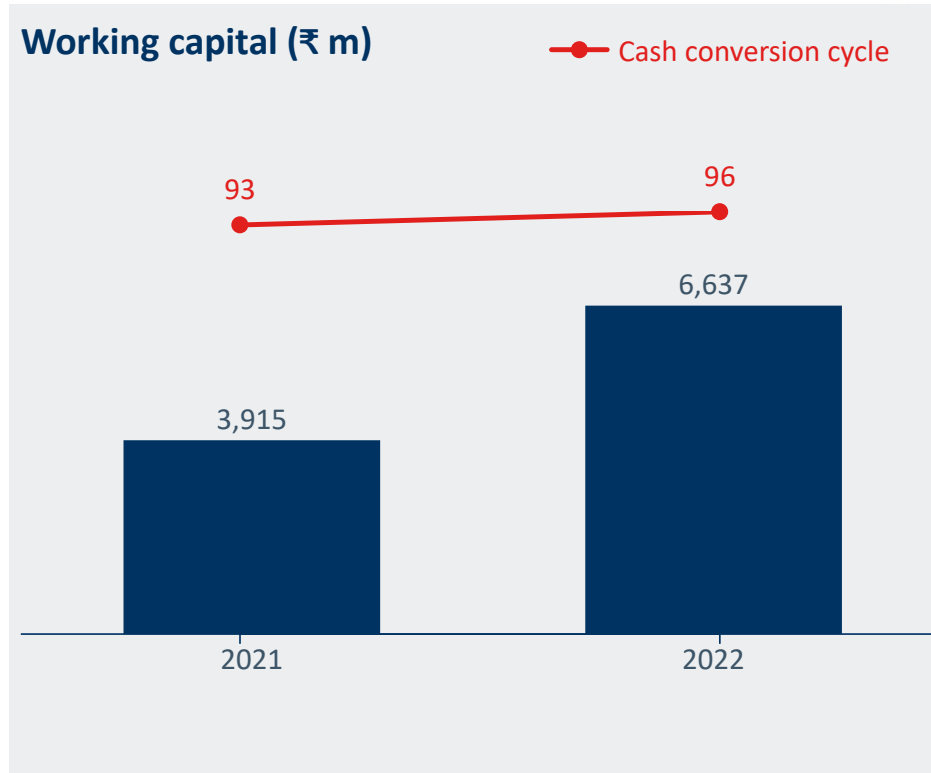
Prices increased and held higher levels year-on-year



1. Asian metal

Working capital

Increased working capital in 2022 due to higher inventory volumes and value



1. Receivables calculated as trade receivables plus contract assets minus contract liabilities

Financial ratios

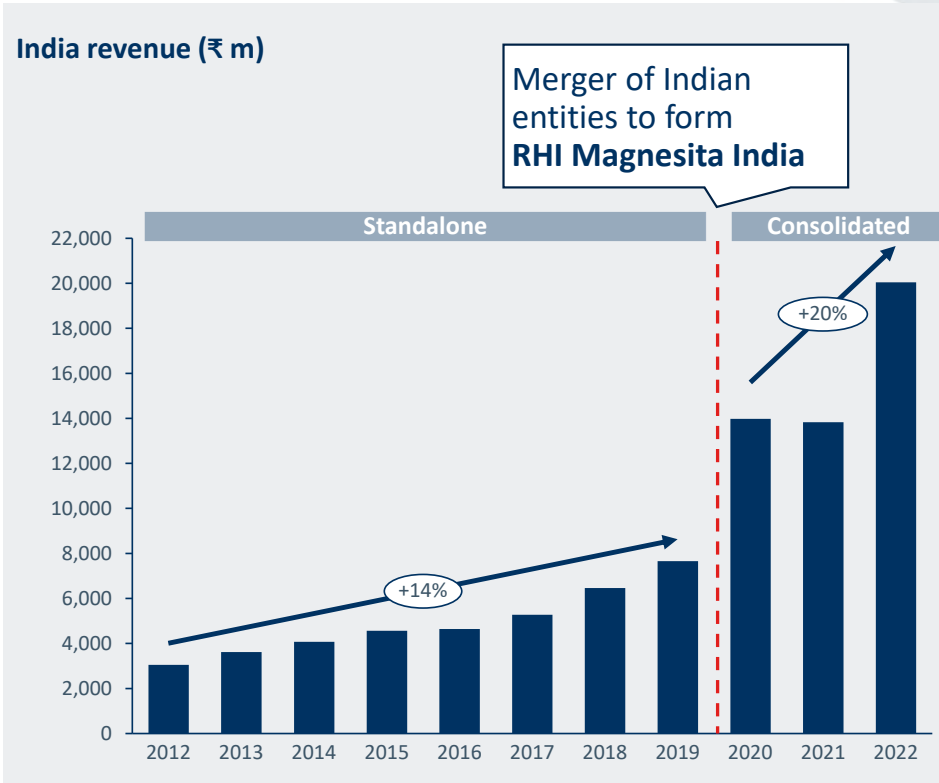
Prices increased and held higher levels year-on-year

Ratio	Numerator	Denominator	Jun'22 Qtr	F.Y. 2021-22
Net capital turnover ratio	Sales	Average Working capital	3.69x	3.78x
Net profit ratio	Profit for the period	Sales	13.68%	13.48%
Return on capital employed	Earnings before interest and tax	Average Capital employed = Net worth + total debt	39.25%	36.82%
Return on investment	Earnings before interest and tax	Average total assets	25.41%	24.52%
Return on equity ratio	Profit for the period	Average shareholder's equity	30.79%	29.33%
Debt-equity ratio	Total debt	Shareholder's equity	0.05x	0.06x
Debt service coverage ratio	Earnings available for debt service = Net profit after taxes + Non-cash operating expenses + Finance cost	Debt service = Interest and principal repayments	385.37x	302.90x
Current-ratio	Current assets	Current liabilities	2.23x	2.21x
Inventory turnover ratio	Cost of goods sold	Average inventory	3.07x	3.31x
Trade receivables turnover ratio	Sales	Average trade receivable	4.13x	4.12x
Trade payables turnover ratio	Purchases	Average trade payable	3.08x	3.56x

Strategic initiatives



Sales strategies



RHIM Group sales strategies

- The Group sales strategies are focused on the Solutions business, growth in new markets (India and China) and flow control

India flow control

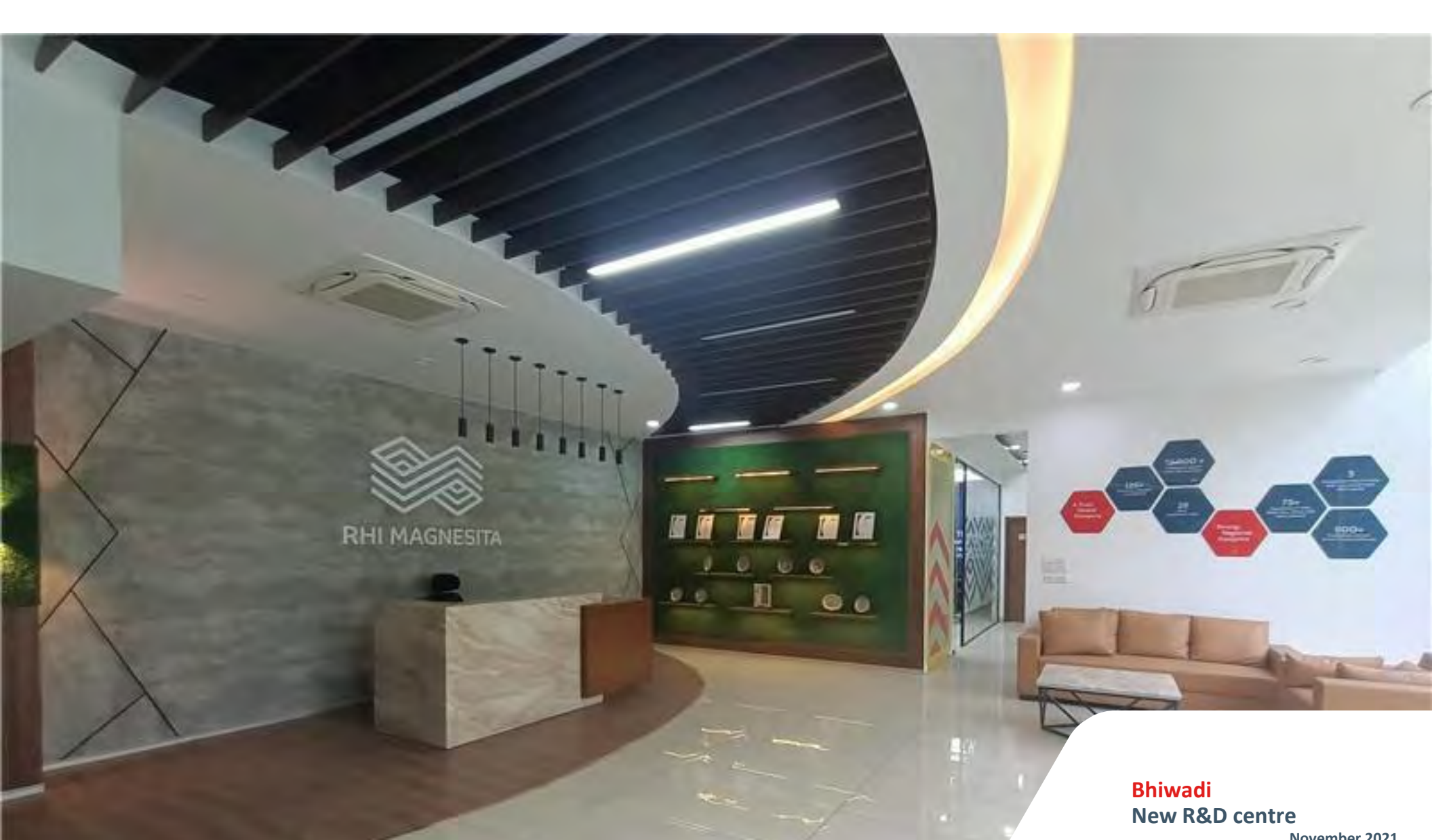
- Market share in slide gates increased from existing customers, greenfield expansion and new product launch
- New manufacturing facility at Bhiwadi for purge plugs, increased market share
- Market leader in the long segment of Tundish and ISO



TK-04 DRYER
VIZAG

TUNNEL KILN-04
VIZAG

Vizag
New tunnel kiln
August 2022




RHI MAGNESITA



Bhiwadi
New R&D centre

November 2021

History of RHI Magnesita India

The leader of refractories in India, West Asia and Africa

- RHI Magnesita India Ltd. was created from the integration of three Indian subsidiaries of RHI Magnesita Group in 2021:
 - RHI Clasil - manufacturer of high alumina based refractory products with its plant in Vizag, Andhra Pradesh. Incorporated in 2006 as a result of acquisition of 51% shares of Clasil Refractories Pvt. Ltd
 - RHI India - the wholly owned Indian subsidiary of RHI Magnesita. It had been involved in selling refractory products and services to Indian steel industry with 8 sales offices across the country
 - Orient Refractories Ltd (ORL) - a public limited company incorporated on 26/11/2010. ORL had been a market leader in manufacturing and supplying a wide variety of Refractories and Monolithic in India and International markets. In 2013, RHI AG acquired 70% of the share capital of ORL
- The integration has synergized, simplified and consolidated our strength in India to serve our customers more efficiently as one combined entity
- RHI Magnesita N.V. retains a 70% stake in RHI Magnesita India Ltd



Q&A



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