



RHI MAGNESITA

RHI MAGNESITA INDIA LTD.
(Formerly Orient Refractories Ltd.)

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www.rhimagnesiaindia.com

Date: 31 May 2023

To,

BSE Limited

Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai – 400 001, India
BSE Scrip Code: 534076

National Stock Exchange of India Limited

Exchange Plaza, Plot No. C/1, G Block,
Bandra Kurla Complex, Bandra (East)
Mumbai – 400 051, India
NSE Symbol: RHIM

Dear Sir/ Madam,

Sub: Presentation of Conference Call – fourth quarter and year ended 31 March 2023

Pursuant to the Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, and further to our earlier intimation dated 25 May 2023 and 30 May 2023, the presentation of the conference call held on 31 May 2023, is enclosed herewith and the same will also be uploaded on website of the Company <https://www.rhimagnesiaindia.com/>

Kindly take the same on record.

Thanking you,

Yours faithfully

For **RHI Magnesita India Limited**

Sanjay Kumar

Company Secretary

(ICSI Membership No. -17021)

Investor Presentation

RHI Magnesita India Limited

May 2023



Agenda



- 1 FY 2023 Update
- 2 Financial Review
- 3 M&A
- 4 Awards & Initiatives

FY 2023 update



Profit and Loss Summary



RHI MAGNESITA

	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%
<i>EBITDA (%)</i>	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%
<i>Profit before Tax (%)</i>	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%
<i>Profit after Tax (%)</i>	-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%
<i>Adjusted EBITDA (%)</i>	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%
<i>Adjusted Profit before tax (%)</i>	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 (5th 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 (19th 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

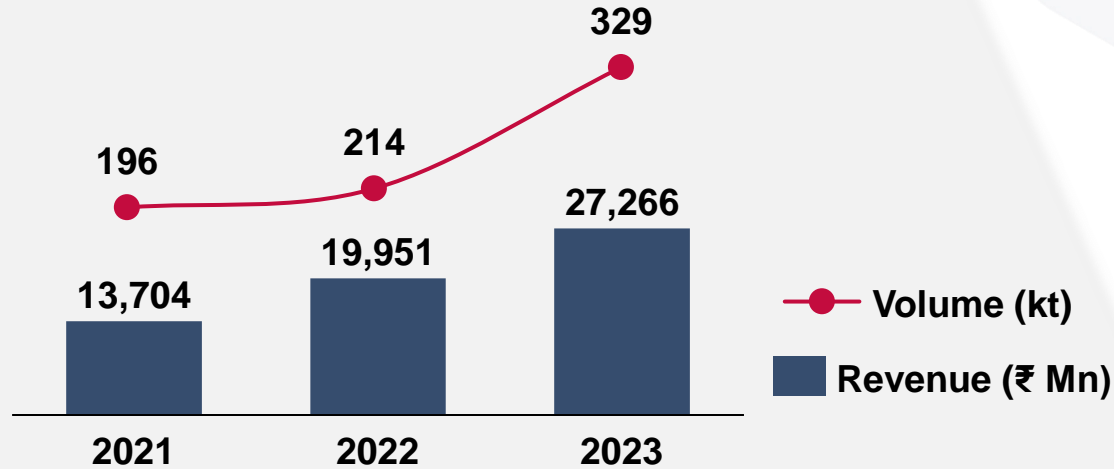
DOCL : Revenue : ₹ 2,378 m and Adjusted EBITDA ₹ 239 m @ 10.1%

Hitech (JSP) : Revenue : ₹ 321 m and Adjusted EBITDA ₹ 55 m @ 17.1%

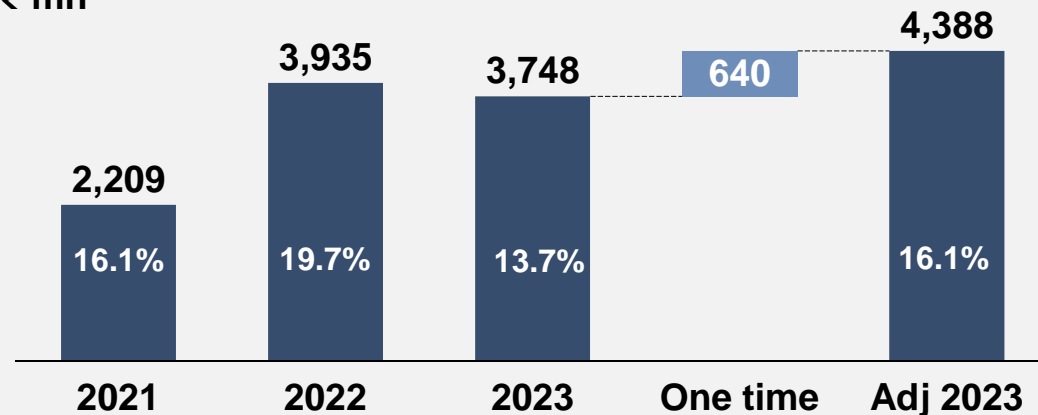
Standalone RHIM adjusted Revenue : FY23 ₹ 24,562 m, EBITDA ₹ 4,069m @ 16.6% and Q4 FY 23 Revenue ₹ 6,082 m & Adjusted EBITDA ₹ 877 m @ 14.4%

Strong Revenue Growth on consolidated levels

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

Total Revenue

₹27,263m

 37%

Adjusted EBITDA

₹4,388m

 11.5%

Adjusted EBITDA margin

16.1%

 363bps

Cash returned to shareholders

₹402m

Free cash flow

₹2,602m

Capex

₹423m

Dividend per share

₹2.5ps

 0%

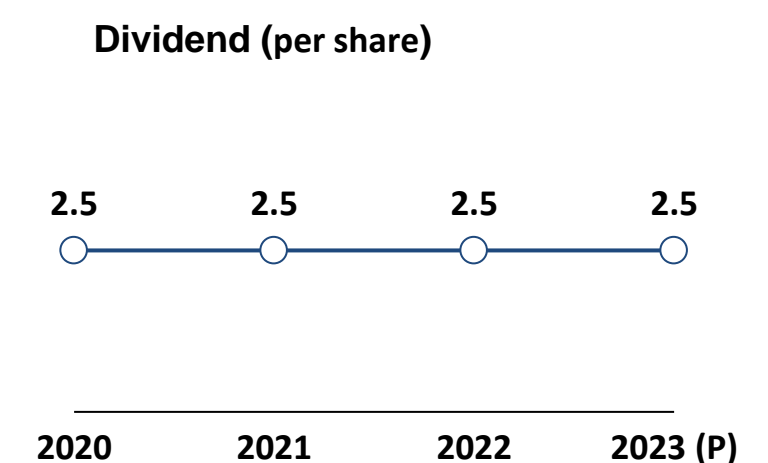
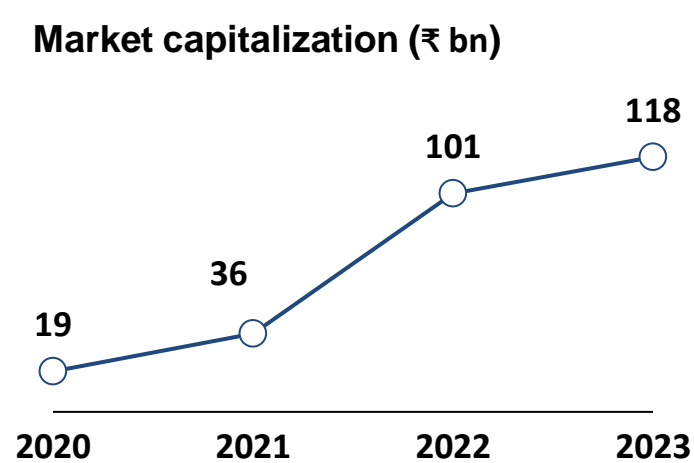
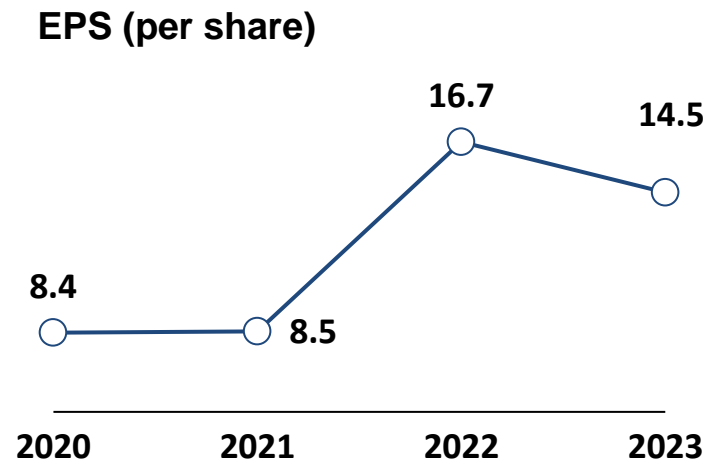
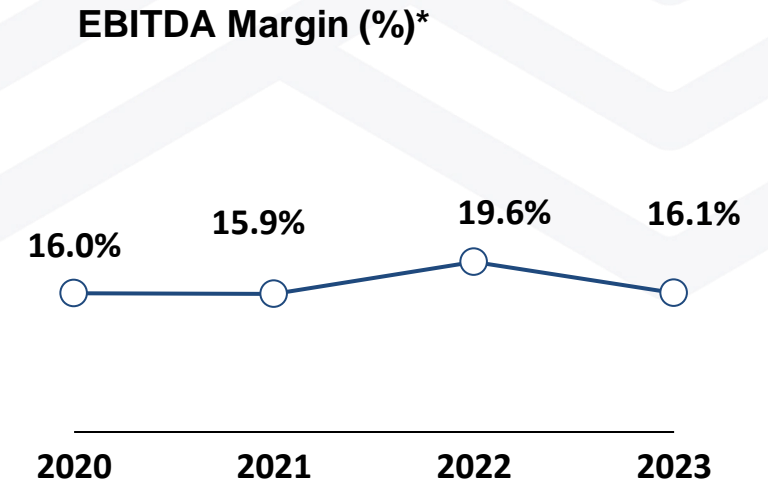
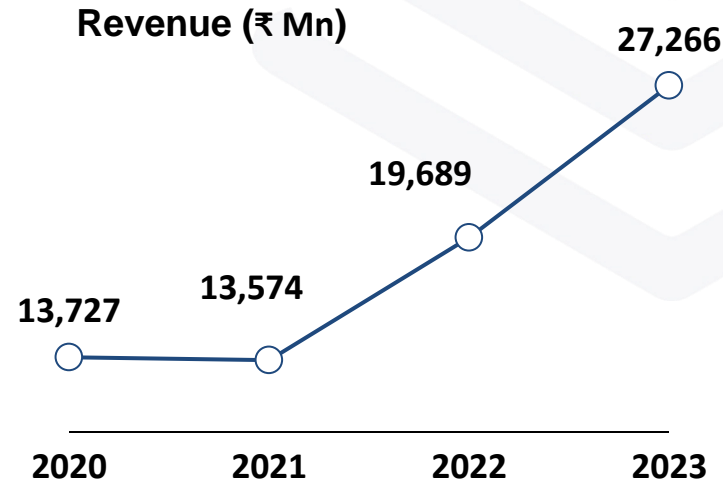
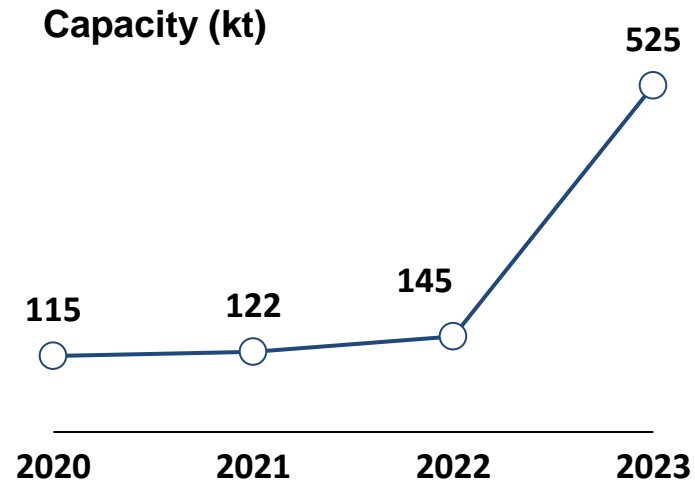
Earnings per share*

₹14.5ps

 13.1%

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

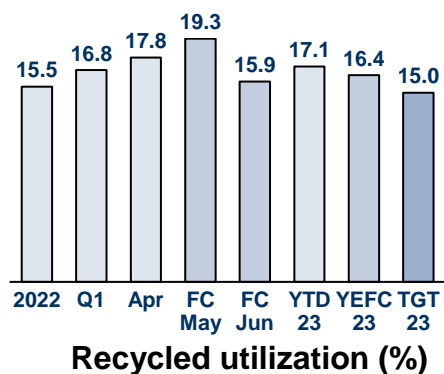
Financial Highlights on consolidated levels



* Adjusted for one timers

2023: A year of strategic progress

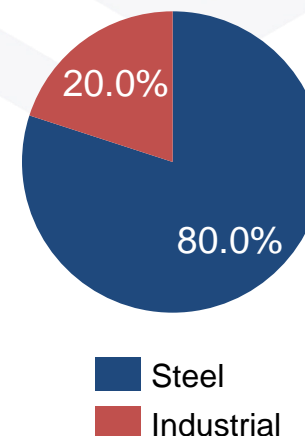
Sustainability at core



- ✓ Utilization of recycled refractory material significantly reduces emissions (*Every tonne recycled represents 2 tonnes of avoided CO₂*)
- ✓ 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

Financial Review



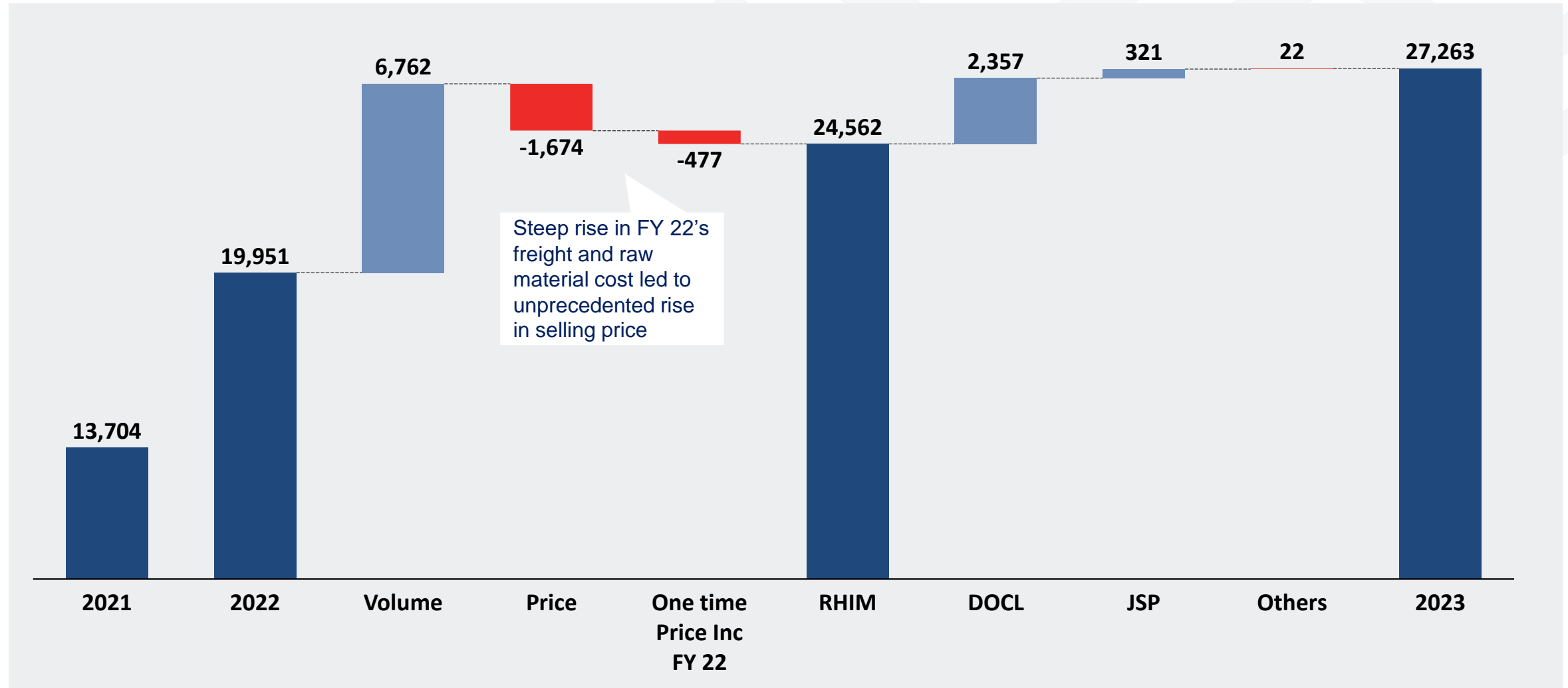
2023 Revenue Bridge

Strong revenue growth through increased volumes offset by slightly softer pricing



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₹ mn

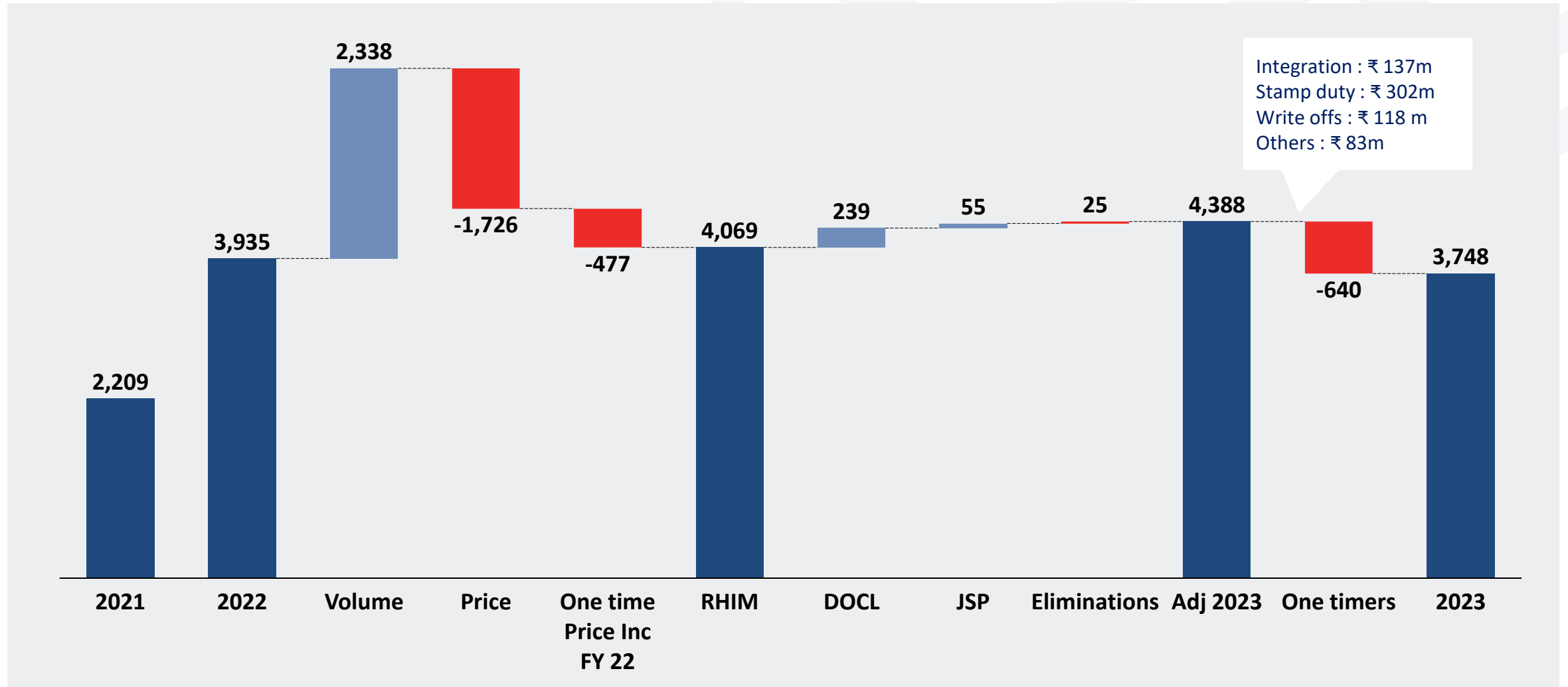


2023 EBITDA Bridge

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



₹ mn



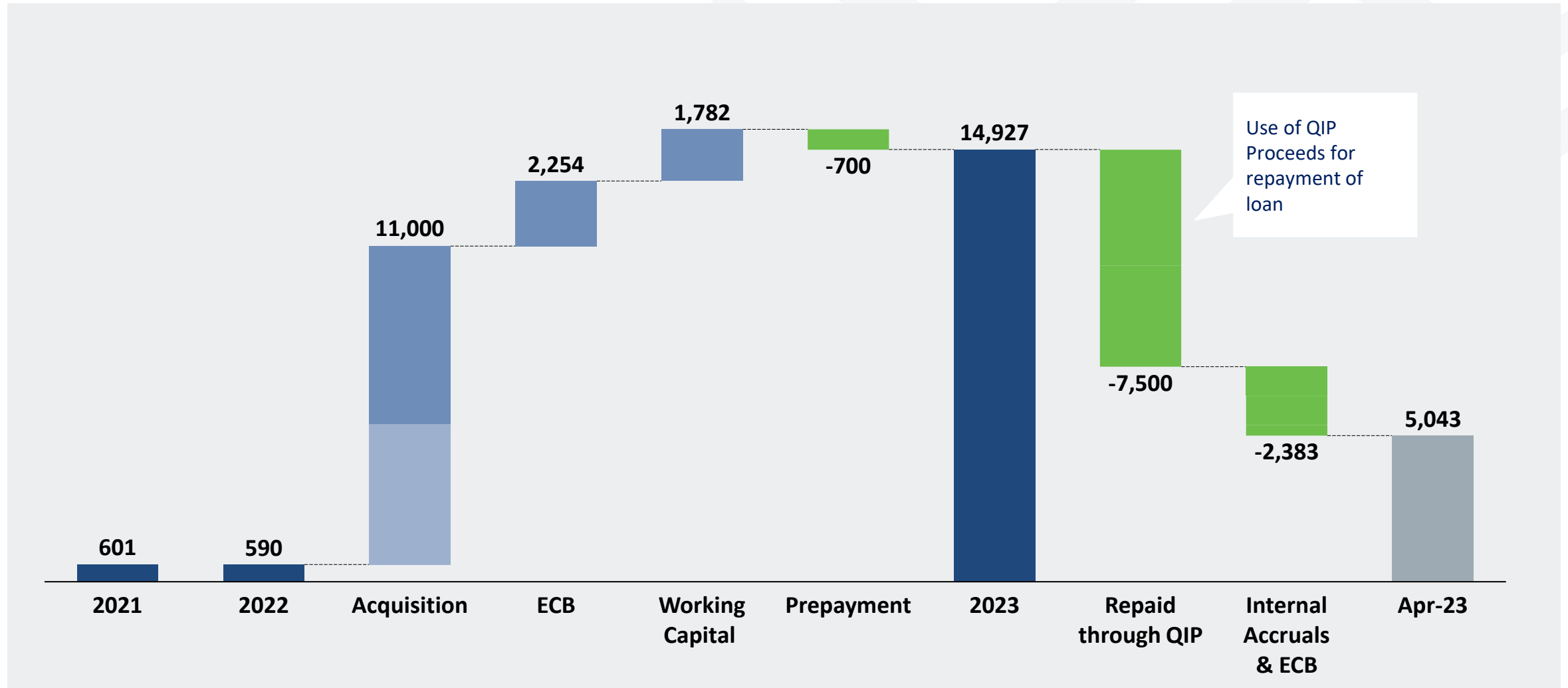
2023 Debt including short term

Comfortable debt position following successful QIP paying majority acquisition debt



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₹ mn

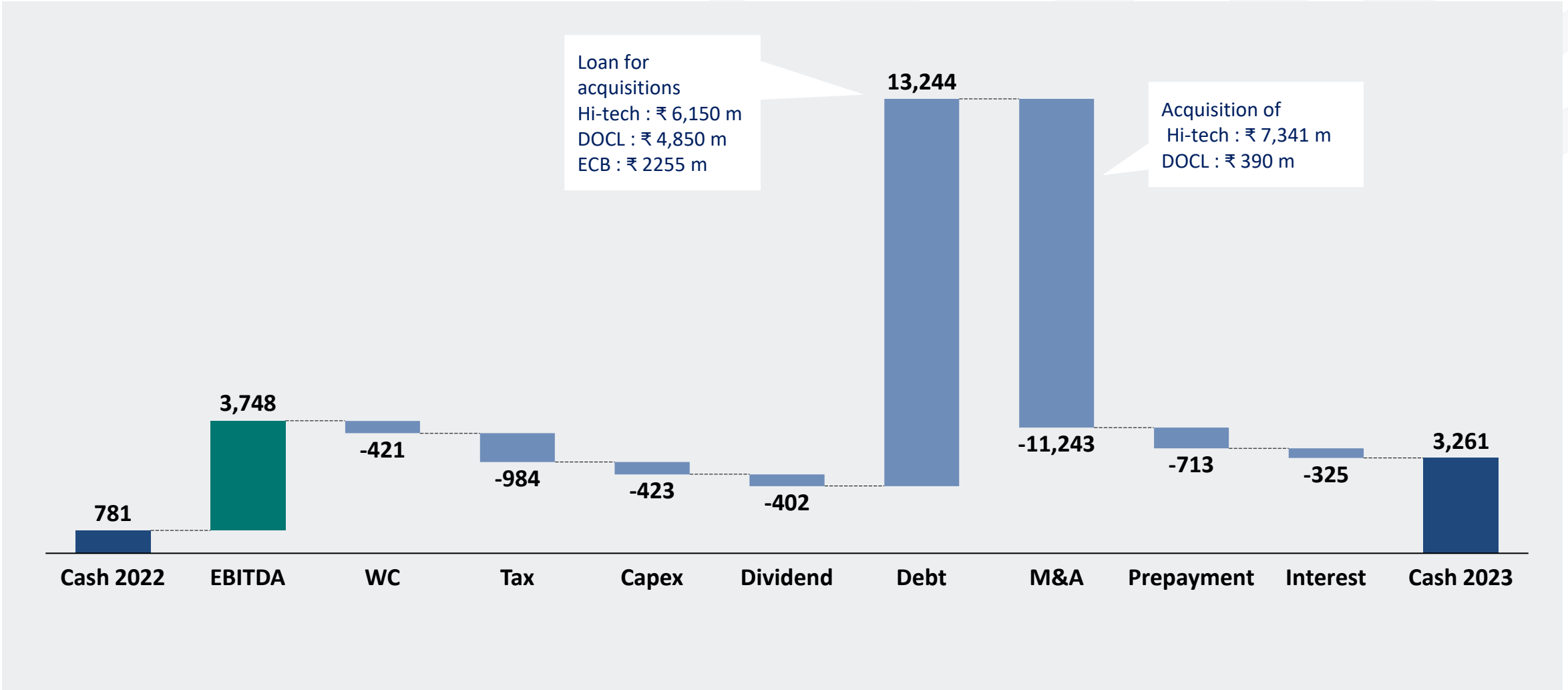


2023 Cashflow

Comfortable cash position post acquisitions

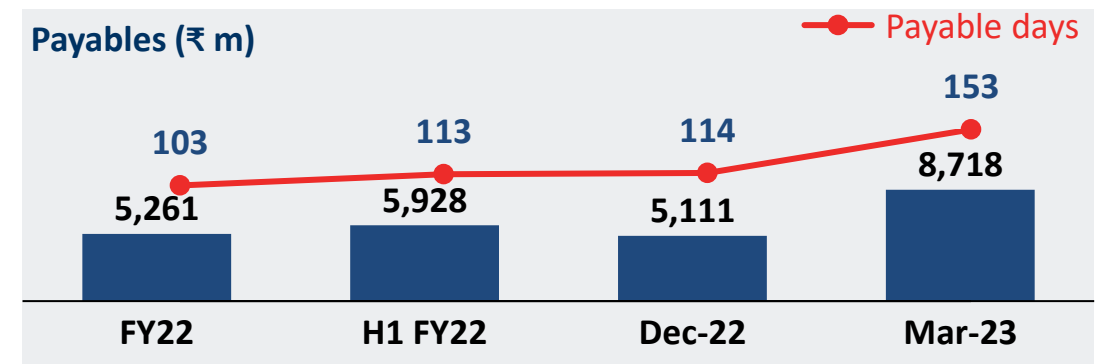
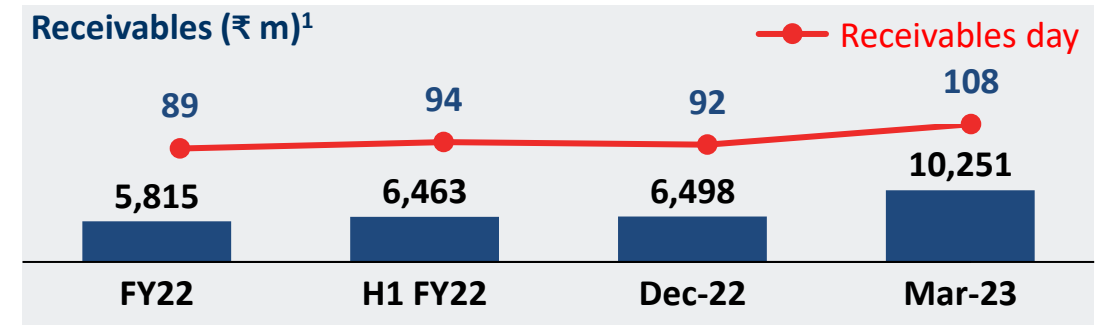
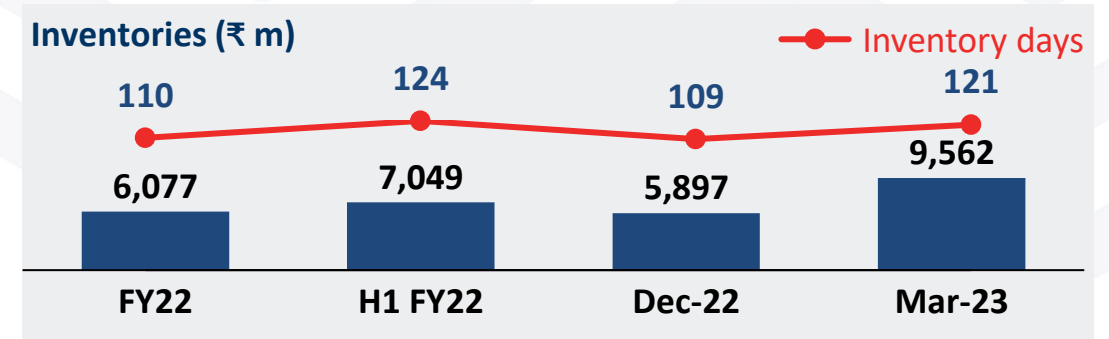
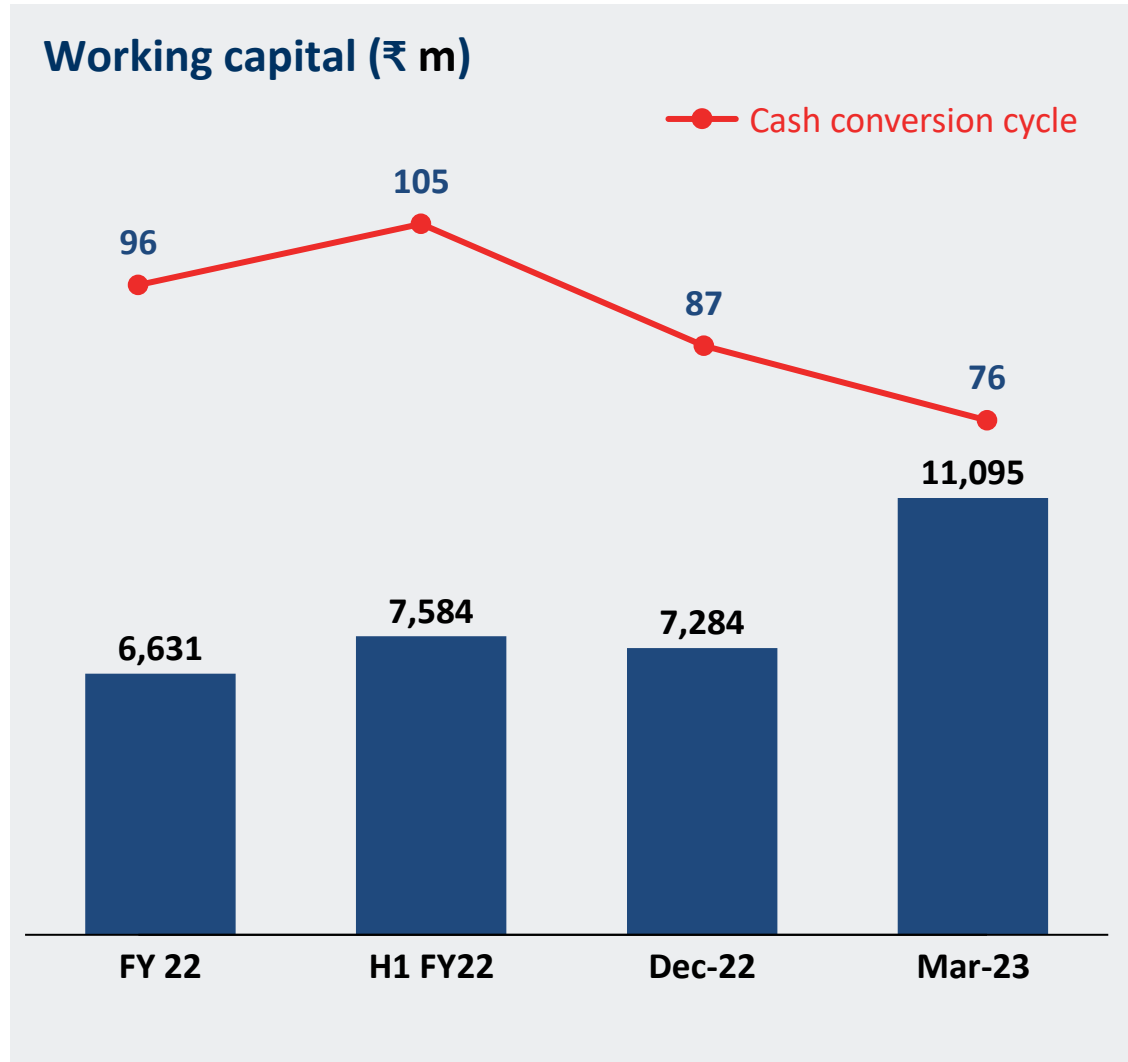


₹ mn



Working Capital

Improved cash conversion cycle



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

M&A



Acquisition of Dalmia OCL

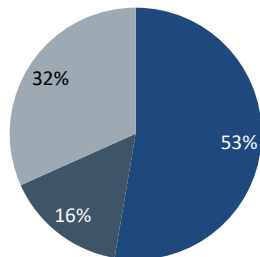
Overview

Transaction History

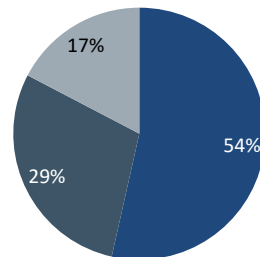
- Executed Business transfer agreement and share swap agreement in November 2022
- Completion of acquisition and SSA in January 2023
- Product Portfolio:** NGG, MGU, F (incl. FM, FS, FP, FI, FB), NU, MGG
- Mining sites:** two quartzite, one bauxite, one dolomite (not operated)
- Production capacity:**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

Product portfolio

Revenue (2023)



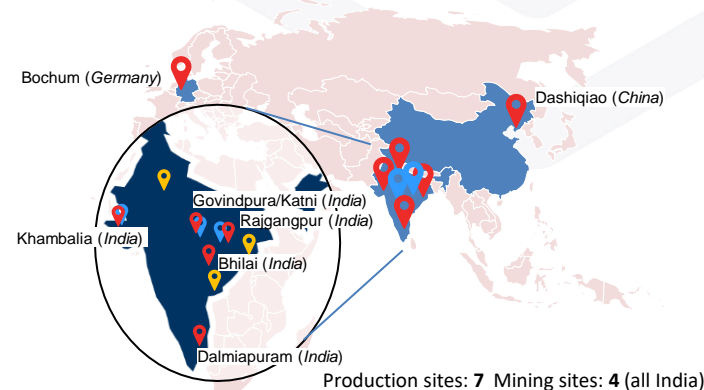
Revenue (2024 Est.)



■ Steel ■ Cement ■ Industrial

Production & mining footprint

Operations footprint DOCL production DOCL mine RHI Magnesita



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)

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

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)**

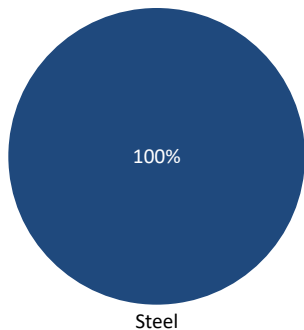
Acquisition of Hi-tech Chemicals

Overview

Transaction History

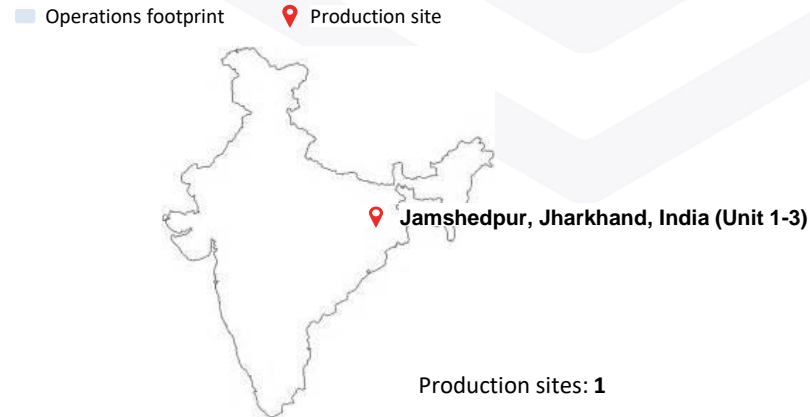
- Executed Business transfer agreement in October 2022
- Completion of acquisition in January 2023
- Product Portfolio:** nozzle opening compound (well-filler), ISO, taphole clay, monolithic tundish mixes (MUT), slide-gates, dart, NU/FM, others
- Production capacity:** c.62 kt
- Key customer Industry:**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

Product portfolio & markets



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

Production & mining footprint



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

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 Bhivadi plant
- Semi-automated, modern production plant in a low cost and high growth market

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 CO2 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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