



RAIN INDUSTRIES LIMITED

RIL/SEs/2023

August 4, 2023

The General Manager Department of Corporate Services BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Fort <u>Mumbai-400 001</u>	The Manager Listing Department The National Stock Exchange of India Limited Bandra Kurla Complex Bandra East <u>Mumbai – 400 051</u>
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Dear Sir/ Madam,

Sub: Earnings Presentation on the Un-Audited Financial Results of the Company (Standalone, Consolidated and Segment) for the second quarter ended June 30, 2023.–Reg.

Ref : Scrip Code: 500339 (BSE) & Scrip code : RAIN (NSE)

With reference to the above stated subject, please find enclosed herewith Rain Industries Limited Earnings Presentation on the Un-Audited Financial Results of the Company (Standalone, Consolidated and Segment) for the second quarter ended June 30, 2023.

This is for your information and records.

Thanking you,

Yours faithfully,
for Rain Industries Limited

S. Venkat Ramana Reddy
Company Secretary



RAIN INDUSTRIES LIMITED

Earnings Presentation – Q2 CY23

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RAIN is a leading vertically integrated global producer of a diversified portfolio of products that are essential raw materials for staples of everyday life. We operate in three business segments: Carbon, Cement and Advanced Materials. Our Carbon business segment converts the by-products of oil refining and steel production into high-value carbon-based products that are critical raw materials for the aluminium, graphite, carbon black, wood preservation, titanium dioxide, refractory and several other global industries. Our Cement segment consists of two integrated cement plants that operate in the South Indian market, producing two primary grades of cement: ordinary portland cement ("OPC") and portland pozzolana cement ("PPC"). Our Advanced Materials business segment extends the value chain of our carbon processing through the downstream refining of a portion of this output into high-value chemical products that are critical raw materials for the specialty chemicals, coatings, construction, petroleum and several other global industries. We have longstanding relationships with most of our major customers, including several of the largest companies in the global aluminium, graphite and specialty chemicals industries, and with most of our major raw material suppliers, including several of the world's largest oil refiners and steel producers. Our scale and process sophistication provides us the flexibility to capitalize on market opportunities by selecting from a wide range of raw materials, adjusting the composition of our product mix and producing products that meet exacting customer specifications, including several specialty products. Our production facility locations and integrated global logistics network also strategically position us to capitalize on market opportunities by addressing raw material supply and product demand on a global basis in both established and emerging markets.



Forward-Looking Statement

This presentation contains forward-looking statements based on management's current expectations, estimates and projections. All statements that address expectations or projections about the future, including our statements addressing our expectations for segment volumes and earnings, the factors we expect to impact earnings in each segment, demand for our products, our expected uses of cash, and our expected tax rate, are forward looking statements. These statements are not guarantees of future performance and are subject to risks, uncertainties, and other factors, some of which are beyond our control and difficult to predict. If known or unknown risks materialize, or should underlying assumptions prove inaccurate, our actual results could differ materially from past results and from those expressed in the forward-looking statement. Important factors that could cause our results to differ materially from those expressed in the forward-looking statements include, but are not limited to lower than expected demand for our products; the loss of one or more of our important customers; our failure to develop new products or to keep pace with technological developments; patent rights of others; the timely commercialization of products under development (which may be disrupted or delayed by technical difficulties, market acceptance, competitors' new products, as well as difficulties in moving from the experimental stage to the production stage); changes in raw material costs; demand for our customers' products; competitors' reactions to market conditions; delays in the successful integration of structural changes, including acquisitions or joint ventures; the laws, regulations, policies and economic conditions, including inflation, interest and foreign currency exchange rates, of countries where we do business; and severe weather events that cause business interruptions, including plant and power outages or disruptions in supplier or customer operations.

Results for Second Quarter - 2023

Financial Highlights

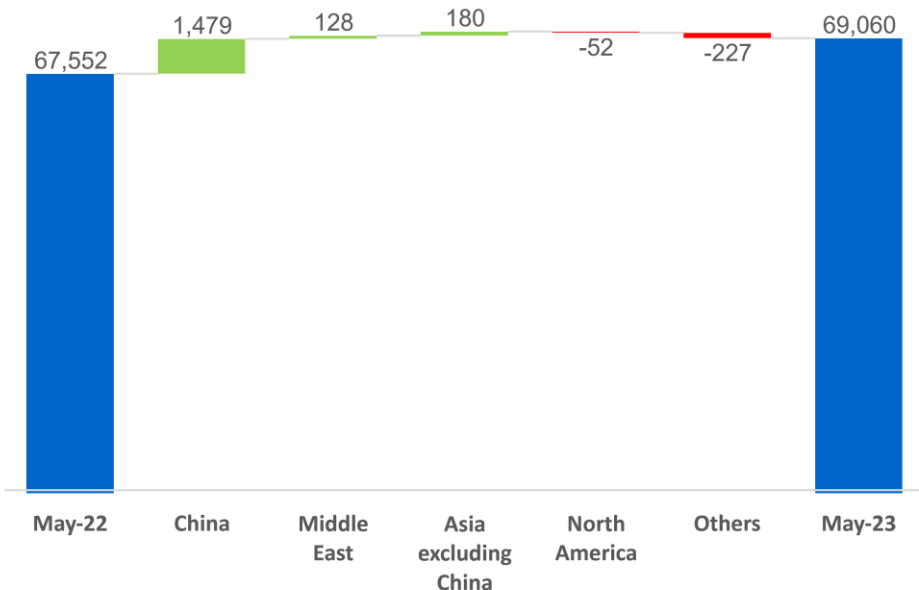
- Revenue from Operations was ₹ 46.27 billion and Adjusted EBITDA was ₹ 6.75 billion
- Adjusted Net Profit After Tax was ₹ 1.91 billion and Adjusted Earnings Per Share was ₹ 5.67
- Capital expenditures of US\$ 41 million for the six-month period ended June 30, 2023

Business Highlights

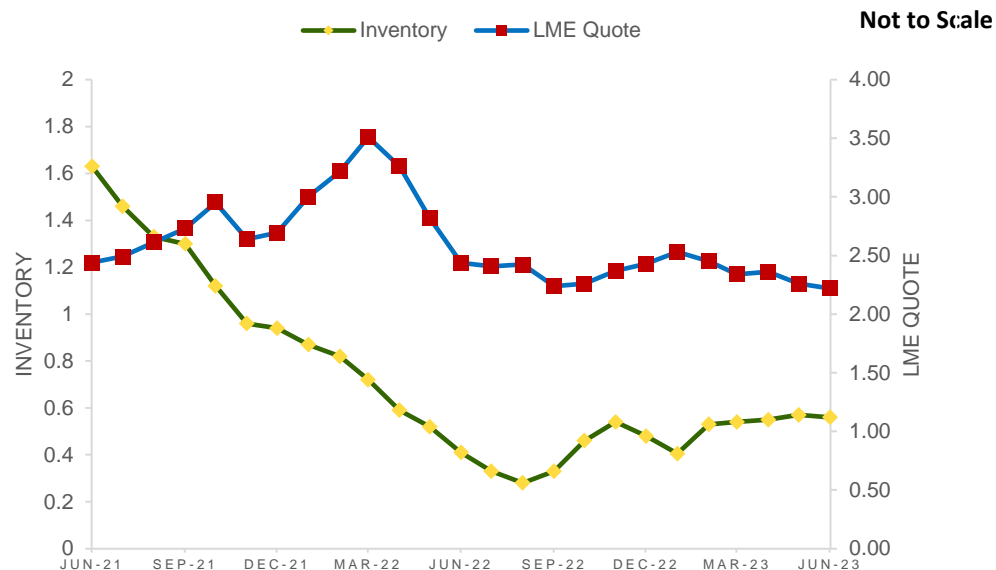
- Performance getting normalised, as compared to Q2 CY22; which included opportunistic margins from higher realisations.
- Carbon segment results declined due to lower volumes coupled with fall in pricing
- Prolonged wet weather in North America limited our seasonal benefit of Advanced Materials segment
- Cement segment profit impacted due to decline in realisations coupled with higher energy costs

Aluminium: Production, Price and Inventory Levels

Primary Aluminium Production Growth in Thousand Tonnes



LME AL Inventory (Million MT) vis-à-vis LME AL Quote (000 US\$ per MT)



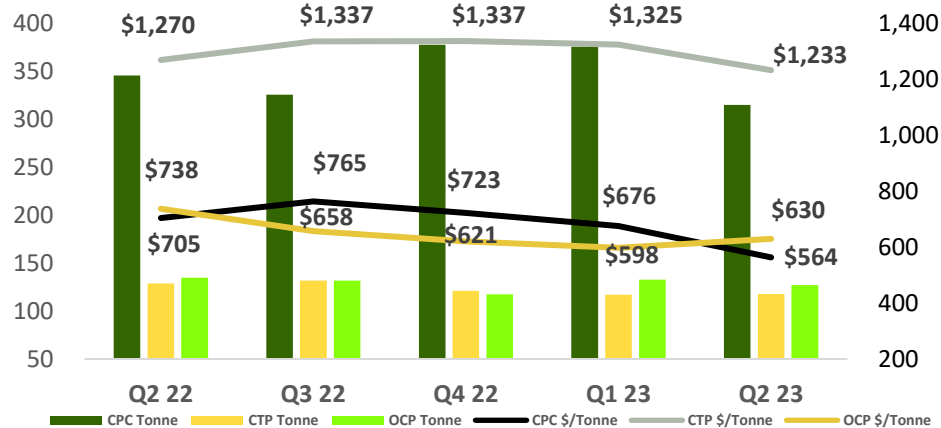
- Aluminium 3-month LME seller's price last trading at ~ US\$ 2,255 per tonne

LME prices were in the range of \$2,200 to \$2,300 during Q2 2023.



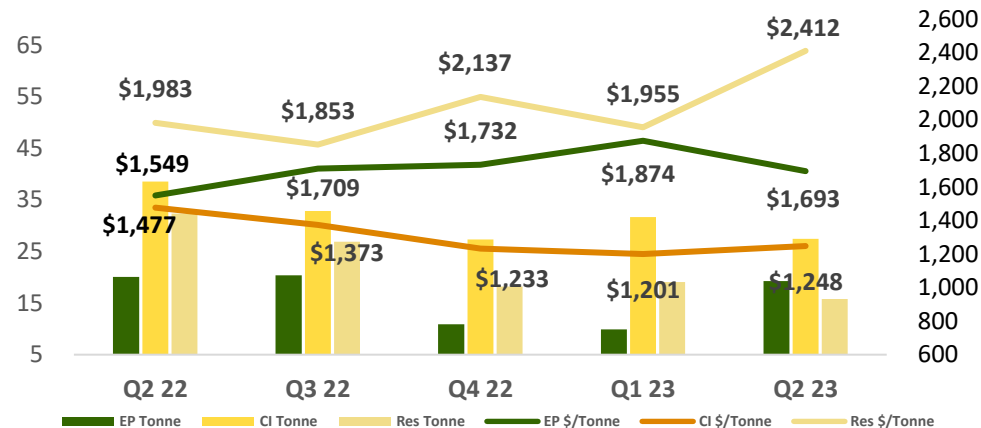
Lower Realisations and Volumes

Carbon Volumes (000 Metric Tonne) and Price (\$/MT)



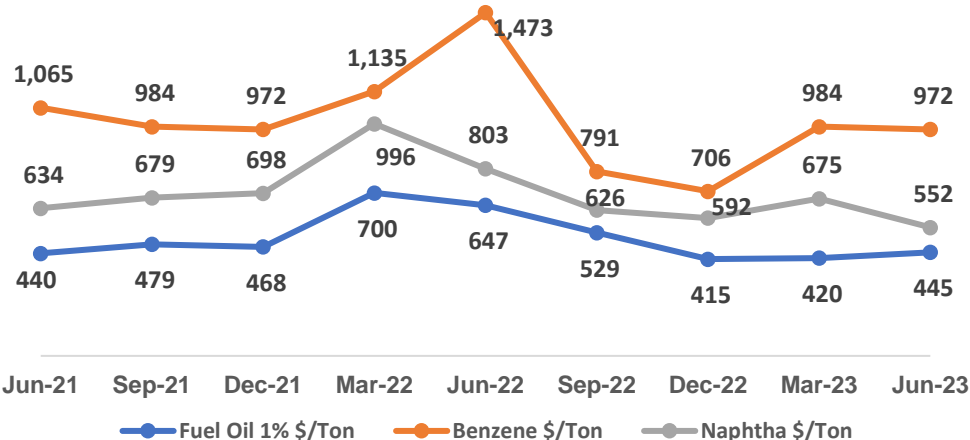
CPC – Calcined Petroleum Coke; CTP – Coal Tar Pitch; OCP – Other Carbon Products

Advanced Materials Volumes (000 Metric Tonne) and Price (\$/MT)

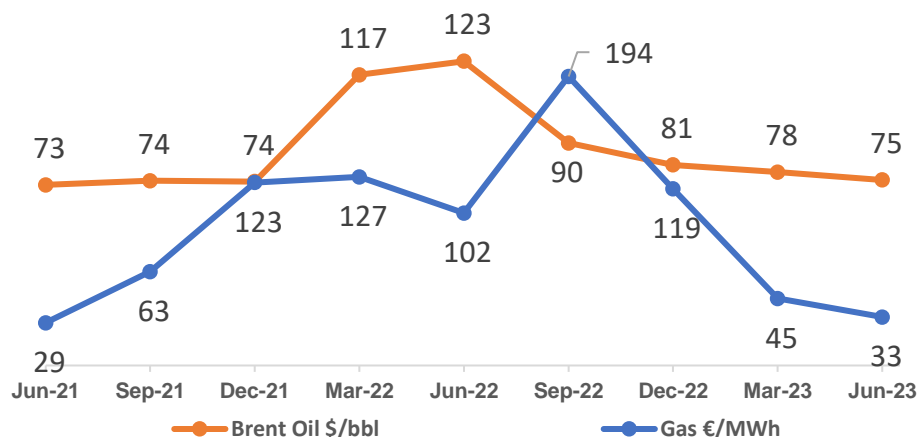


EP – Engineered Products; CI – Chemical Intermediates; Res – Resins

Key Market Quotations in Advanced Materials Business



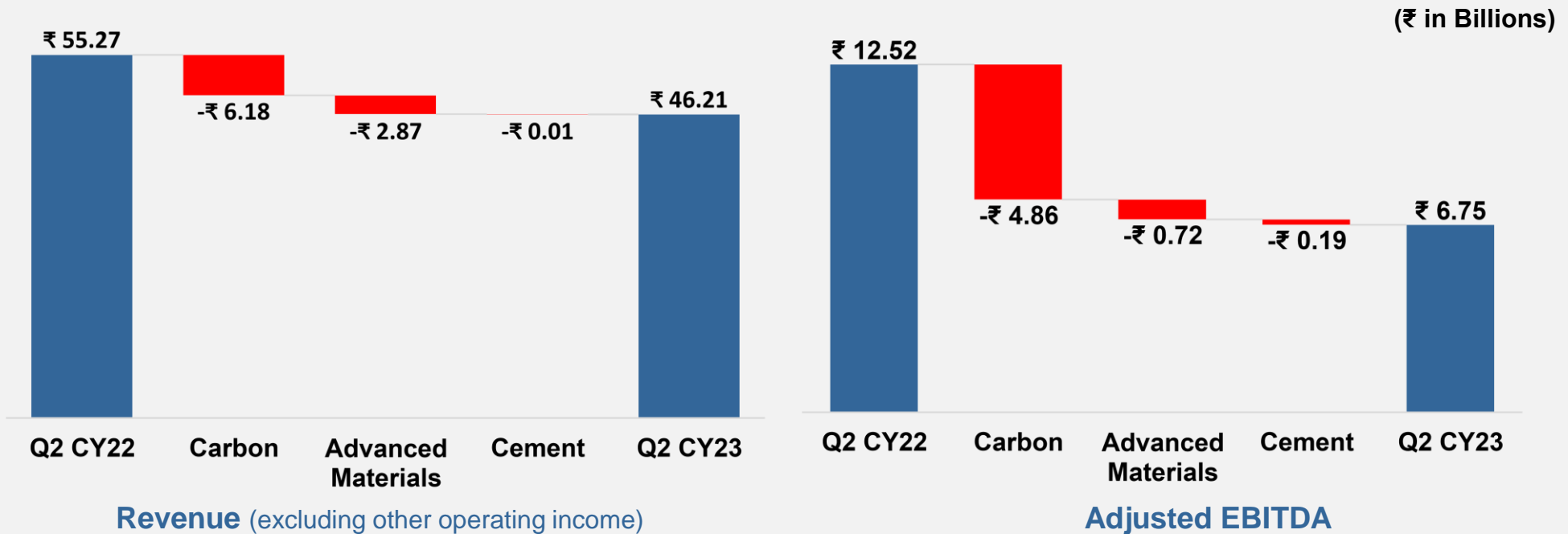
Energy Cost in European Region



Fall in realisations during Q2 impacted margins but was partially offset by lower gas prices during the quarter.



Lower Volumes with Decreased Market Quotations



Highlights in Q2 CY23

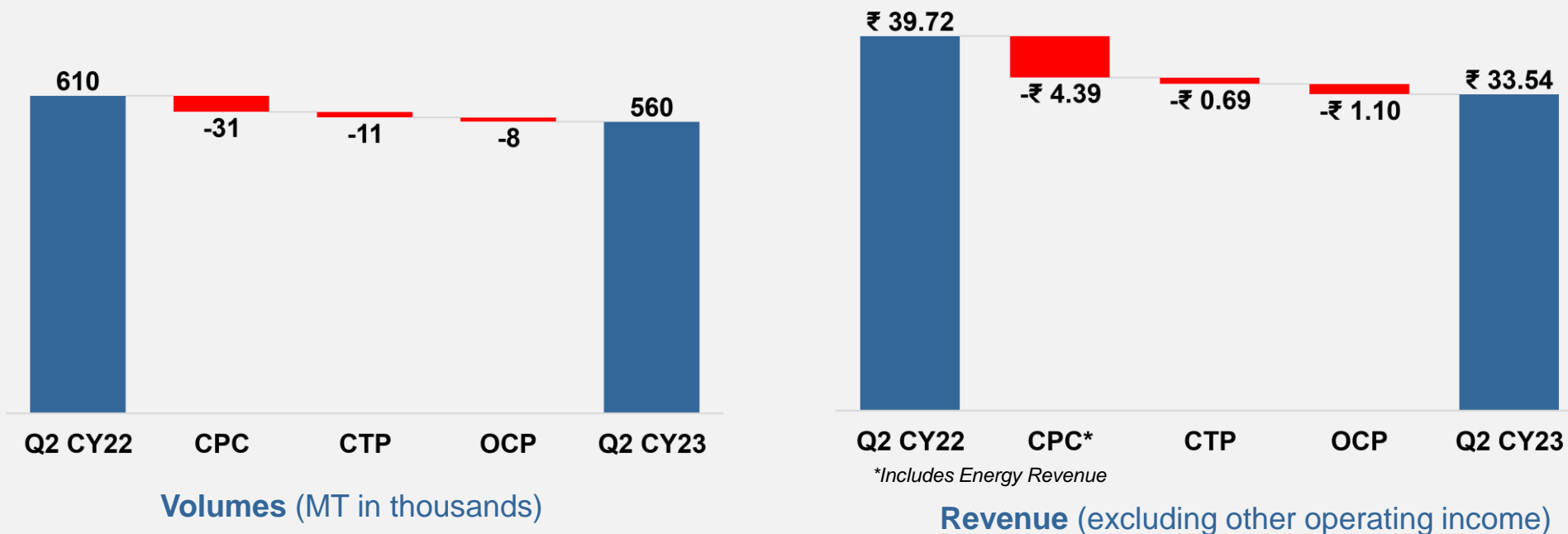
- Carbon segment revenue decrease driven by decreased realisations on account of lower demand and market quotations supplemented with lower volumes driven by timing of shipments
- Advanced Materials segment revenue declined due to lower volumes driven by lower production
- Cement segment revenue decreased due to lower realisations offset by increase in volumes

Note: Charts not to scale



Carbon: Decreased Revenue Driven by Lower Volumes & Prices

(₹ in Billions)



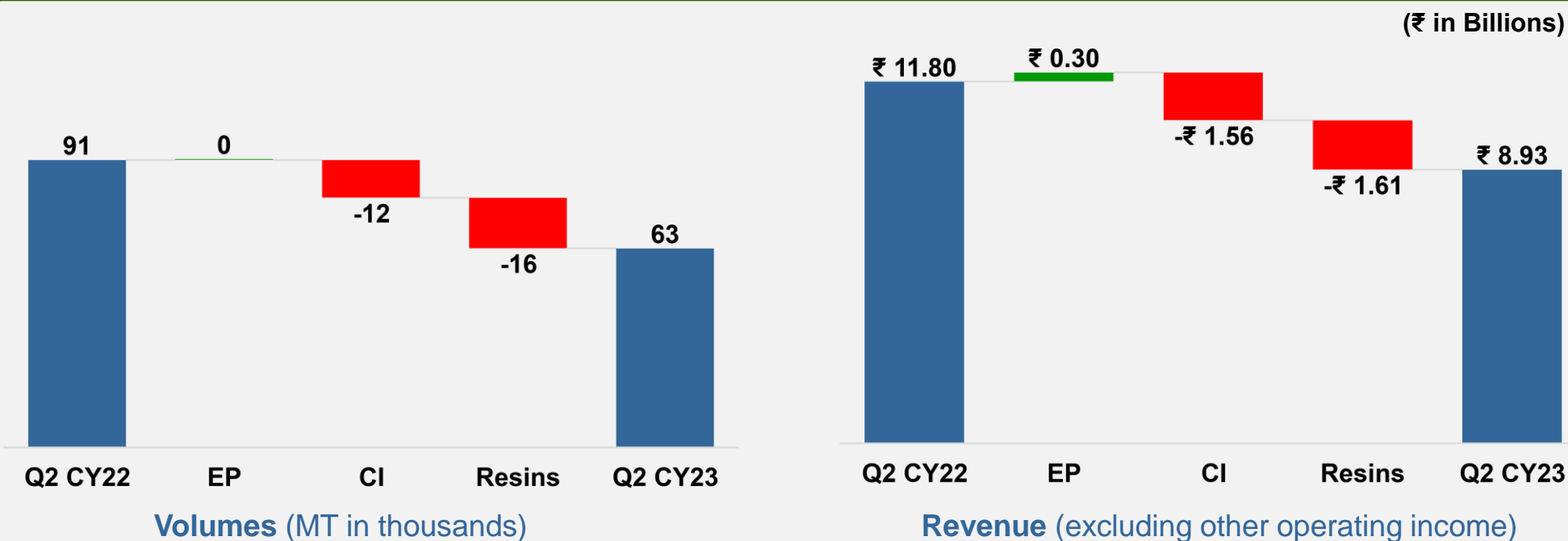
Highlights in Q2 CY23

- CPC revenue decreased primarily on account of decline in prices due to reset of prices coming down from peak levels and decreased volumes driven by timing of shipments
- Pitch revenue decreased due to lower volumes on account of lower throughputs
- Other Carbon Products revenue decreased due to decline in prices driven by fuel-oil quotations along with lower volumes as a result of lower throughputs

CPC – Calcined Petroleum Coke; CTP – Coal Tar Pitch; OCP – Other Carbon Products

Note: Charts not to scale

Advanced Materials: Impacted by Lower Volumes & Realisations



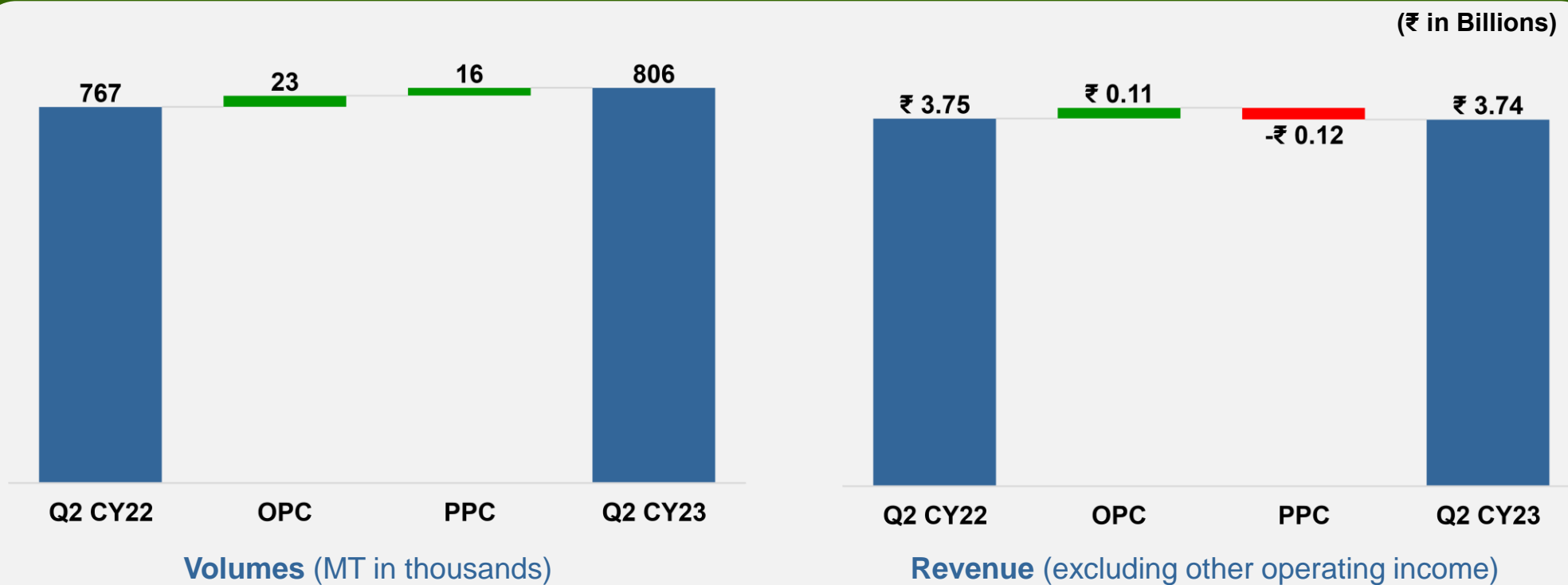
Highlights in Q2 CY23

- Decrease in volumes driven by lower production on account of closure of aromatic chemicals business
- Adjusted EBITDA decreased due to decrease in realisations

EP – Engineered Products; CI – Chemical Intermediates

Note: Charts not to scale

Cement: Increased Volumes, Decreased Realisations



Highlights in Q2 CY23

- Revenue from Cement business decreased 0.2% primarily due to lower realisations offset by higher volumes
- Adjusted EBITDA decreased by ₹ 187 million due to higher operating costs

OPC – Ordinary Portland Cement; PPC – Portland Pozzolana Cement

Note: Charts not to scale

Debt Summary

US\$ in Millions	Jun 2023	Dec 2022
7.25% USD-denominated Senior Secured Notes (due in April 2025)	530	530
Euro-denominated Senior Secured Term Loan (due in January 2025) *	424	415
Senior Bank Debt	20	20
Sales Tax Deferment	3	3
Finance Lease Liability	60	61
Gross Term Debt	1,037	1,029
Add: Working Capital Debt	109	152
Less: Deferred Finance Cost	4	6
Total Debt	1,142	1,175
Less: Cash and Cash Equivalents	290	217
Net Debt	852	958
LTM Adjusted EBITDA	372	478

* Debt of €390 million converted at EURO/USD exchange rates of 1.09 and 1.06 as at June 30, 2023, and Dec. 31, 2022, respectively

Cash Inflows / Outflows during H1 2023

- Operating cash flows includes net working capital inflows of ₹ 6.87 billion (compared to outflows of ₹ 15.46 billion in H1 2022) due to realisation of trade receivables and reduction in inventory levels.
- Capital expenditure of ₹ 3.41 billion (US\$ 41 million) during the period.
- Net cash used in financing activities of ₹ 7.79 billion during the period majorly includes outflow of ₹ 3.76 billion towards interest and dividend and ₹ 4.03 billion towards repayment of borrowings.

(₹ in millions)

Particulars	H1 2023	H1 2022
Operating Activities	17,048	2,534
Investing Activities	(5,868)	(2,690)
Financing Activities	(7,787)	1,365

Thank You

Appendix

Summary of Consolidated Income Statement

₹ in Millions

Particulars	Q2 2023	Q1 2023	Q2 2022	CY 2022
Net Revenue	46,206	52,093	55,265	209,063
Other Operating Income	65	442	141	1,048
Revenue from Operations	46,271	52,535	55,406	210,111
Reported EBITDA	6,499	5,370	12,105	36,381
Adjusted EBITDA	6,750	6,846	12,520	37,545
<i>Adjusted EBITDA Margin</i>	<i>14.6%</i>	<i>13.0%</i>	<i>22.6%</i>	<i>17.9%</i>
Profit Before Tax	3,135	2,030	9,017	23,273
Tax Expense, net	1,069	612	1,941	7,503
Non-controlling Interest	409	365	391	1,383
Reported Profit After Tax	1,657	1,053	6,685	14,387
Adjusted Profit After Tax	1,908	2,145	6,962	16,980
Adjusted Earnings Per Share (in ₹)*	5.67	6.38	20.70	50.49

*Quarterly Earnings Per Share is not annualized.

Reconciliation of EBITDA and PAT for Q2 2023

₹ in Millions

Particulars	EBITDA	PAT
A. Reported	6,499	1,657
<i>B. Adjustments/Exceptional items:</i>		
- Expenses towards strategic projects and other non-recurring items	251	251
C. Adjusted (A + B)	6,750	1,908

RAIN – Key Business Strengths



- Three business segments (Carbon, Advanced Materials and Cement)
- Global presence with 2.4 million tonnes p.a. calcination capacity, 1.0 million tonnes p.a. CPC blending capacity, 1.3 million tonnes p.a. coal tar distillation capacity, 0.6 million tonnes p.a. advanced materials capacity and 3.5 million tonnes p.a. cement capacity
- Transforming by-products of oil and steel industries into high-value carbon-based materials essential to numerous manufacturing applications and end products
- Long-standing relationships with raw material suppliers and end customers
- Leading R&D function drives continuous innovation
- Diversified geographical footprint with advantageous freight and logistics network
- Facilities with overall 187 MW co-generated steam and power capacity and renewable solar power
- Experienced international management team
- Strategy shift from low-margin products to favourable product mix

RAIN Group continues to grow on its core competencies.