



## RHI MAGNESITA

RHI Magnesita India Limited  
(Formerly Orient Refractories Ltd.)  
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**12 June 2023**

**Department of Corporate Services  
BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai-400001**

**Department of Corporate Services  
National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex  
Bandra (East), Mumbai**

**STOCK CODE: 534076**

**STOCK CODE: RHIM**

**Sub: Intimation of Schedule of Analyst/ Institutional Investor Meeting**

Dear Sir/ Madam,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule III Part A, please find the below details of Investor's meeting/call:

Date	Time (HKT)	Call/ Meeting	Location
13 June 2023	10:45 AM – 11:45 AM	Allianz Global Investors	Hong Kong
13 June 2023	2:00 PM – 3:00 PM	APG Investments Asia Ltd	Hong Kong
13 June 2023	3:30 PM – 4:30 PM	CI Global Investment Asia Ltd	Hong Kong
13 June 2023	5:00 PM – 6:00 PM	Optimas Capital Limited	Hong Kong
13 June 2023	6:30 PM – 8:00 PM	Invesco Hong Kong Limited	Hong Kong

Investor presentation is enclosed herewith and the same would also be uploaded on the website of the Company at the following link:

<https://www.rhimagnesitaindia.com/investors/investor-meet>

The above information is for your records and required dissemination.

Thanking you,

Yours faithfully

**For RHI Magnesita India Limited**

**Sanjay Kumar**  
Company Secretary  
(ACS:17021)

**Registered Office:** Unit No.705, 7<sup>th</sup> Floor, Lodha Supremus, Kanjurmarg Village Road, Kanjurmarg (East), Mumbai-400042, T +91 22 49851200

**CIN:** L28113MH2010PLC312871

# Investor Presentation

RHI Magnesita  
India Limited

June 2023



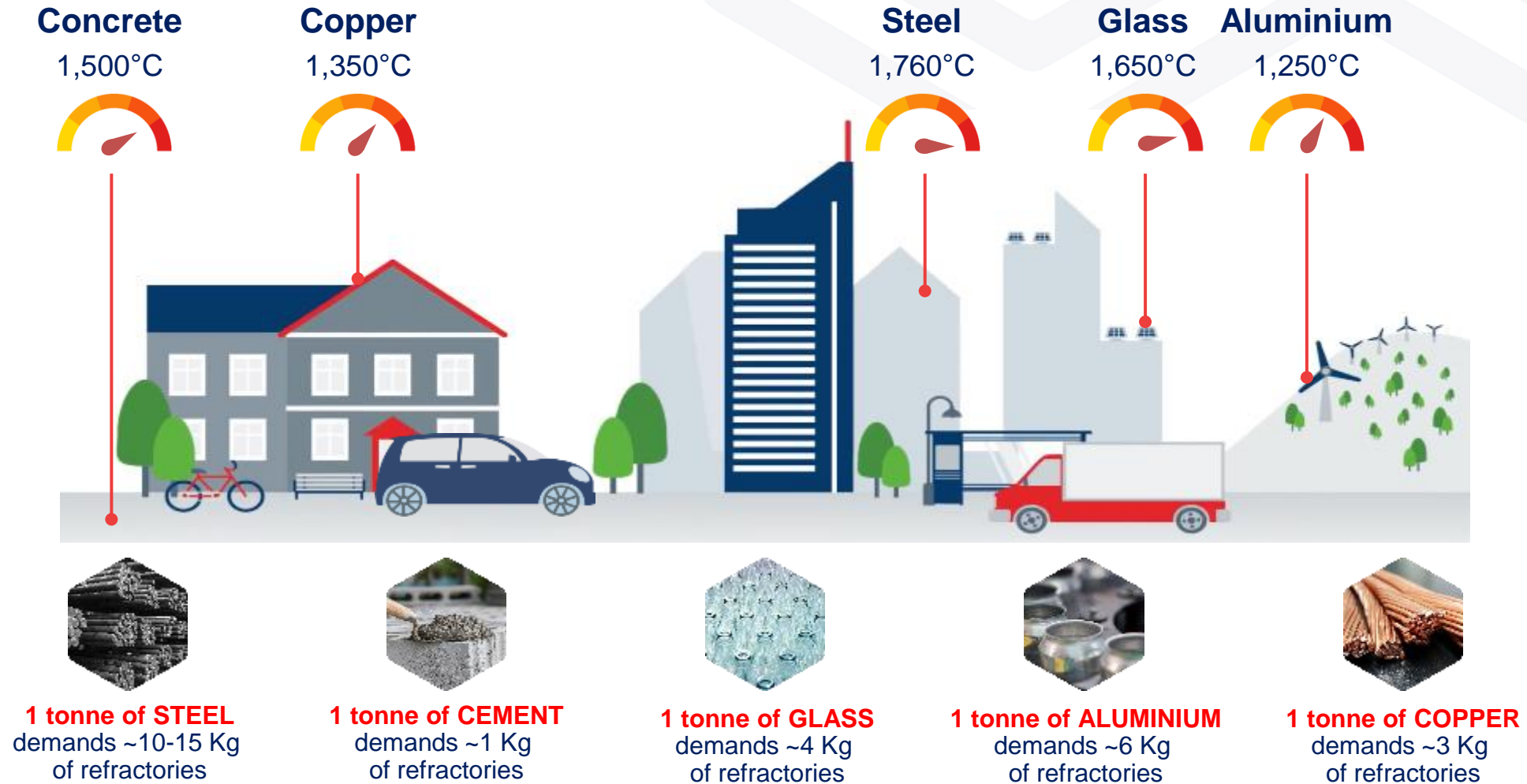
# Agenda

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


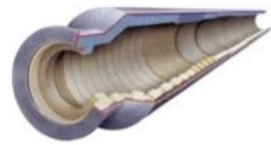
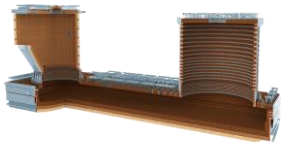
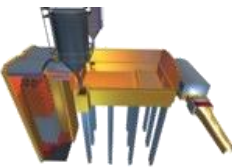

# Introduction



# Refractories are essential for our modern world



# Refractory applications

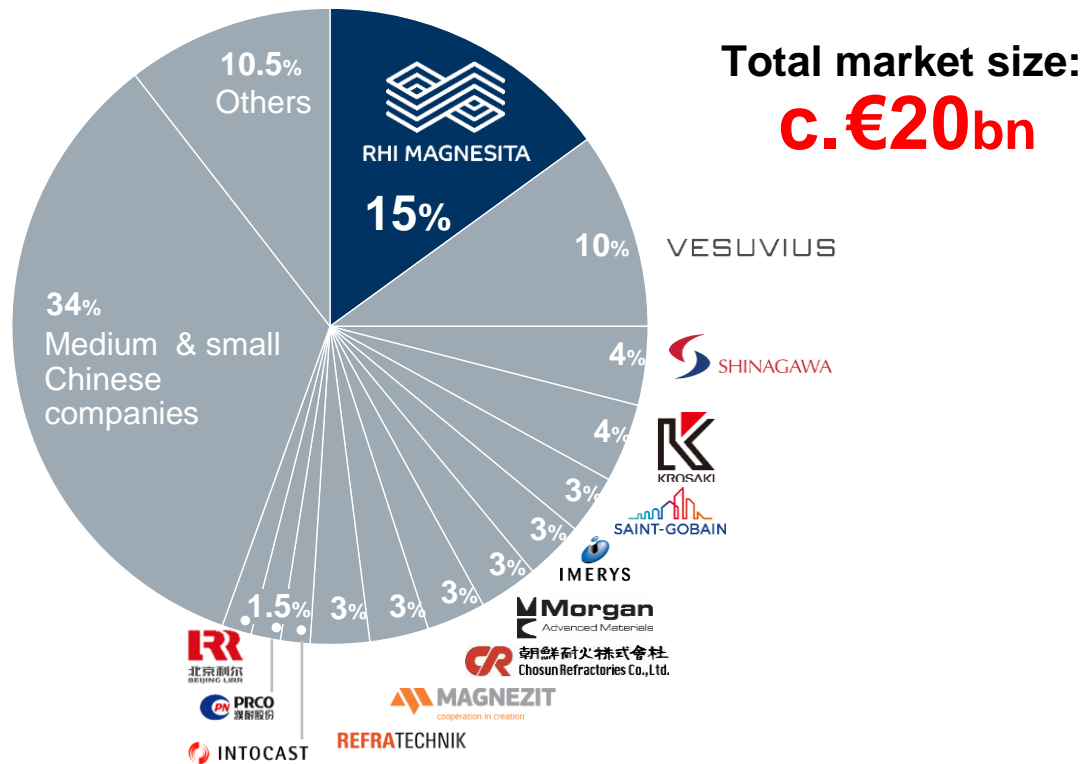
		Customer industries	Main application	Lifetime and costs	Refractory characteristics
Industrial division Project businesses		<b>Steel</b> 70% of global market	Basic oxygen furnace, Electric arc furnace, ladles, flow control 	<ul style="list-style-type: none"> <li>• 20 minutes to 2 months</li> <li>• c.3%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

1. Includes revenue from mineral sales

# Global leader in a highly fragmented market

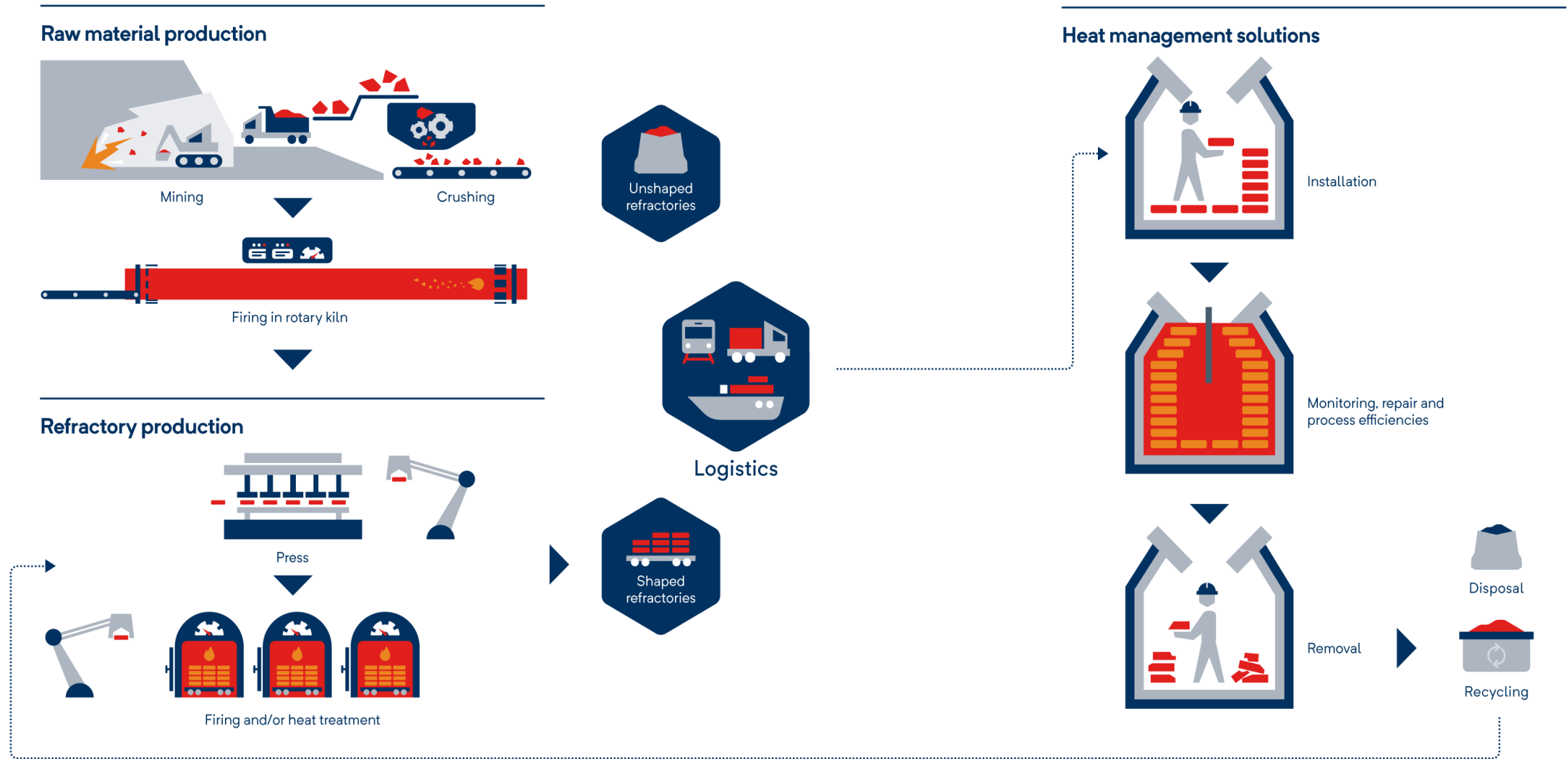
RHI Magnesita Group strategy - growth through consolidation

## Global market share (RHI Magnesita Group)



- 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 Clasil") 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

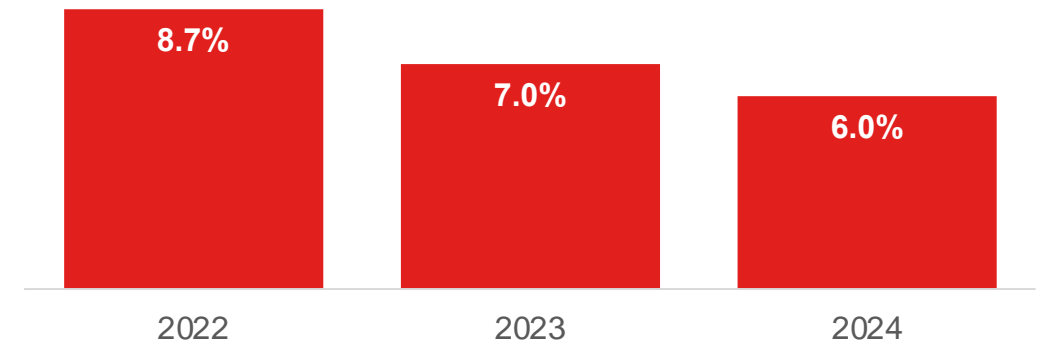


# Industry outlook

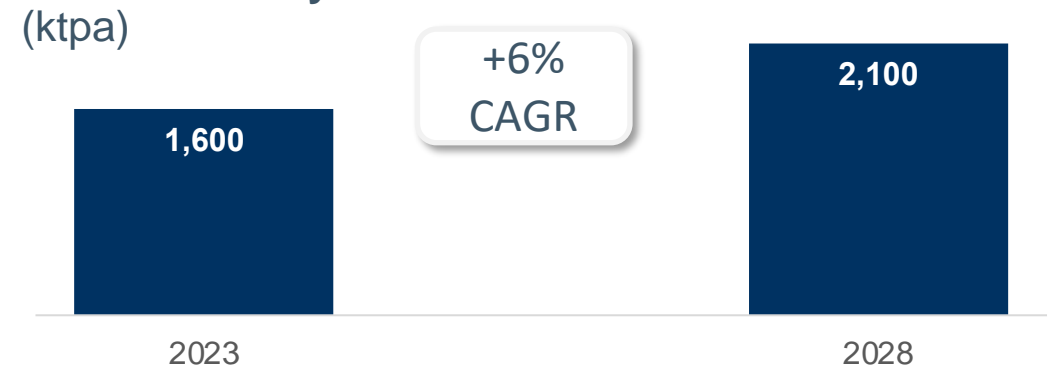
## India refractory demand forecast to grow with 6% CAGR

- 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<sub>2</sub> 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

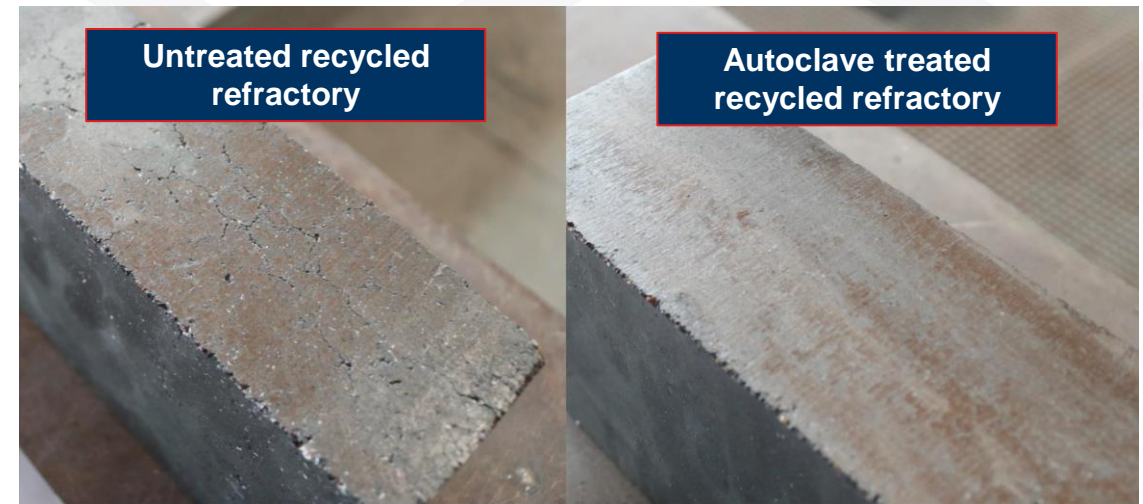


Source: Crisil / S&P Global

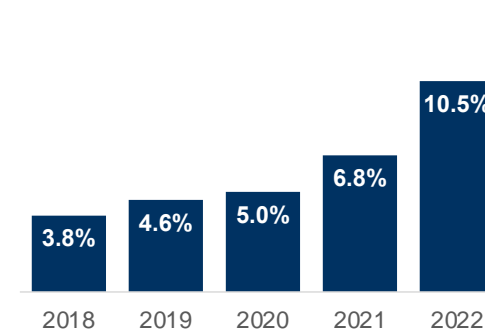
# Sustainability leadership

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

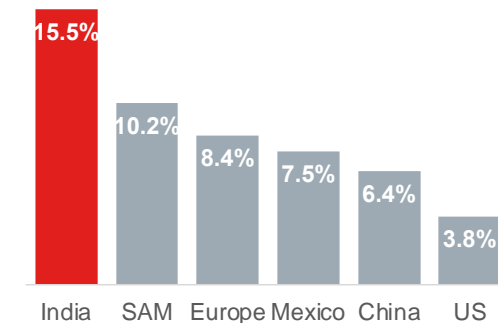
- Refractories are a ‘hard to abate’ industry with CO<sub>2</sub> emissions arising from fossil fuel use and processing of carbonate raw materials
- RHI Magnesita Group has developed proprietary technology to utilize recycled refractory material which significantly reduces emissions
  - Every tonne recycled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



Group recycling rate



By region



# Backed by the RHI Magnesita Group

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<sup>th</sup> 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<sup>th</sup> Nov 2022 – ₹ 632.5 per share) and has resulted in the creation of additional securities premium which is fully impaired as of 31<sup>st</sup> 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

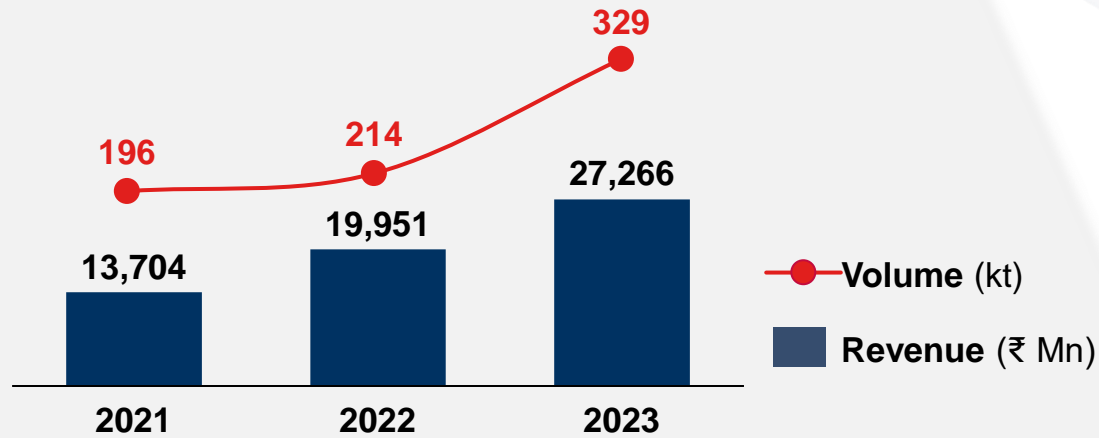
DOCL : Revenue : ₹ 2,378 m and Adjusted EBITDA ₹ 239 m @ 10.1%

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

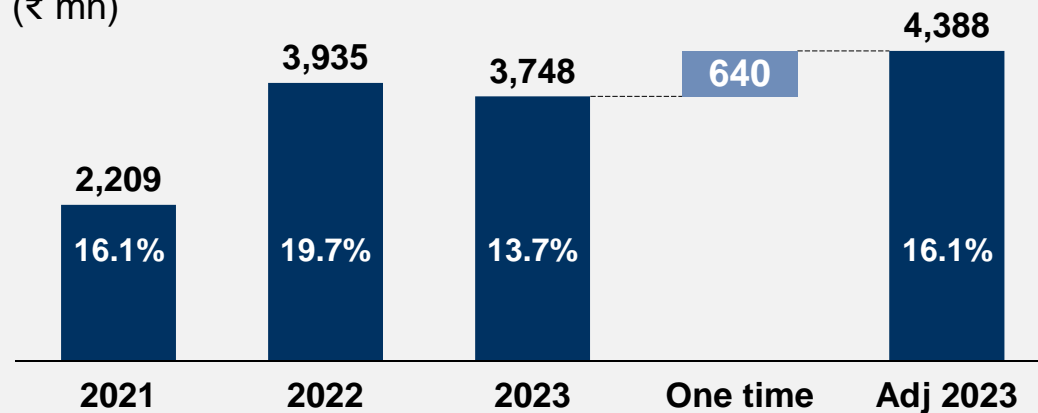
Standalone RHIM adjusted Revenue : FY23 ₹ 24,562 m, EBITDA ₹ 4,069m @ 16.6% and Q4 FY 23 Revenue ₹ 6,082 m & Adjusted EBITDA ₹ 877 m @ 14.4%

# 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

**₹27,263**

↑ 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\*

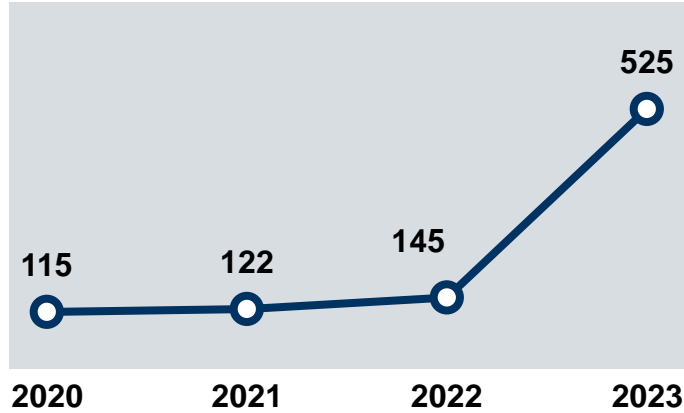
**₹14.5ps**

↓ 13.1%

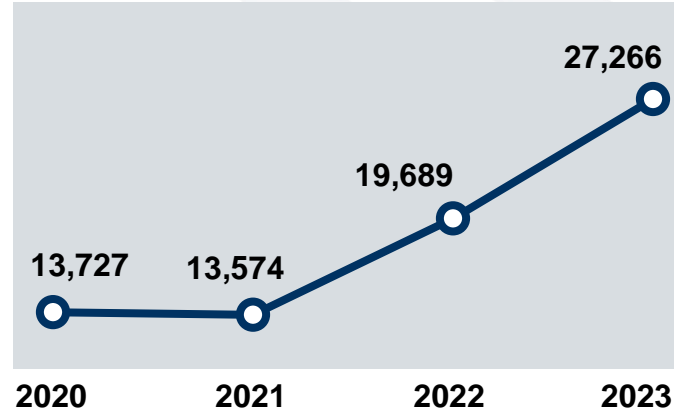
\* Based on Adjusted profits for one off costs (₹ 640 m) net of taxes and exceptional items

# Financial Highlights on consolidated levels

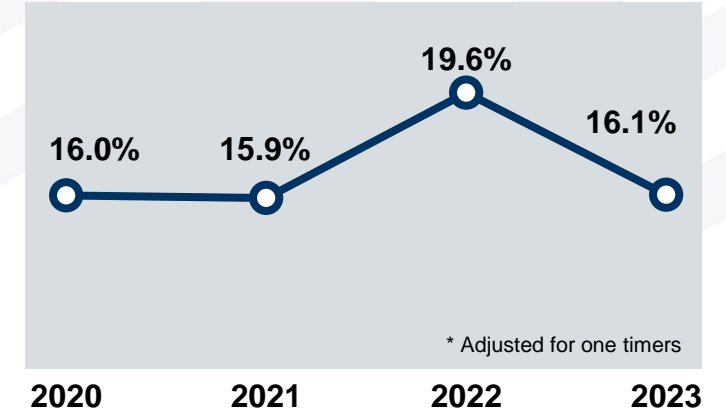
Capacity (kt)



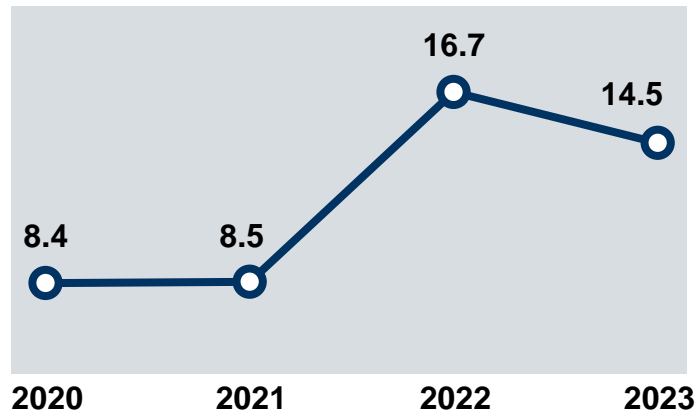
Revenue (₹ Mn)



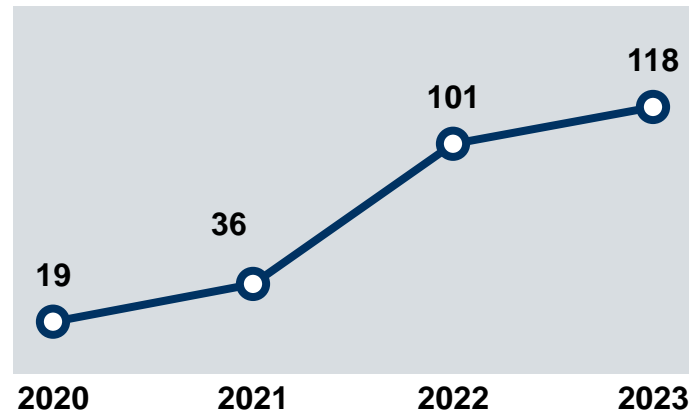
EBITDA Margin (%)\*



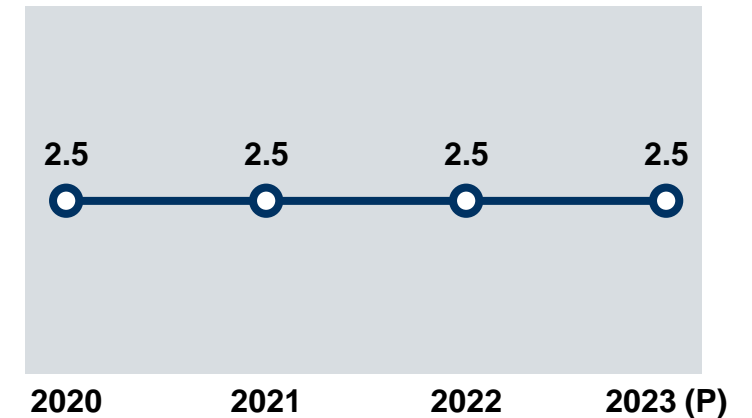
EPS (per share)



Market capitalization (₹ bn)

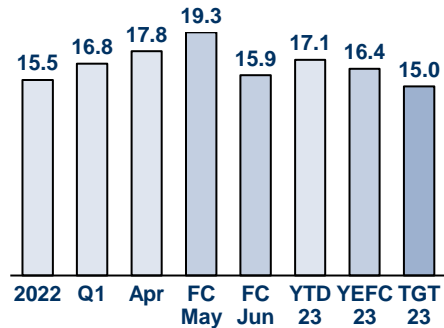


Dividend (per share)



# 2023: A year of strategic progress

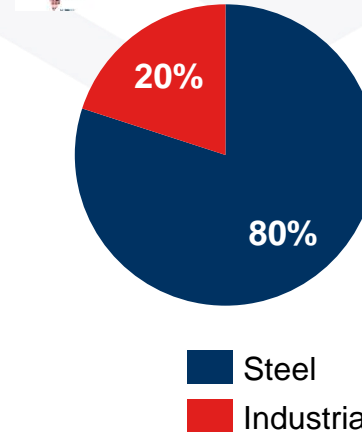
## Sustainability at core



Recycled utilization (%)

- ✓ Utilization of recycled refractory material significantly reduces emissions  
*(Every tonne recycled represents 2 tonnes of avoided CO<sub>2</sub>)*
- ✓ 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

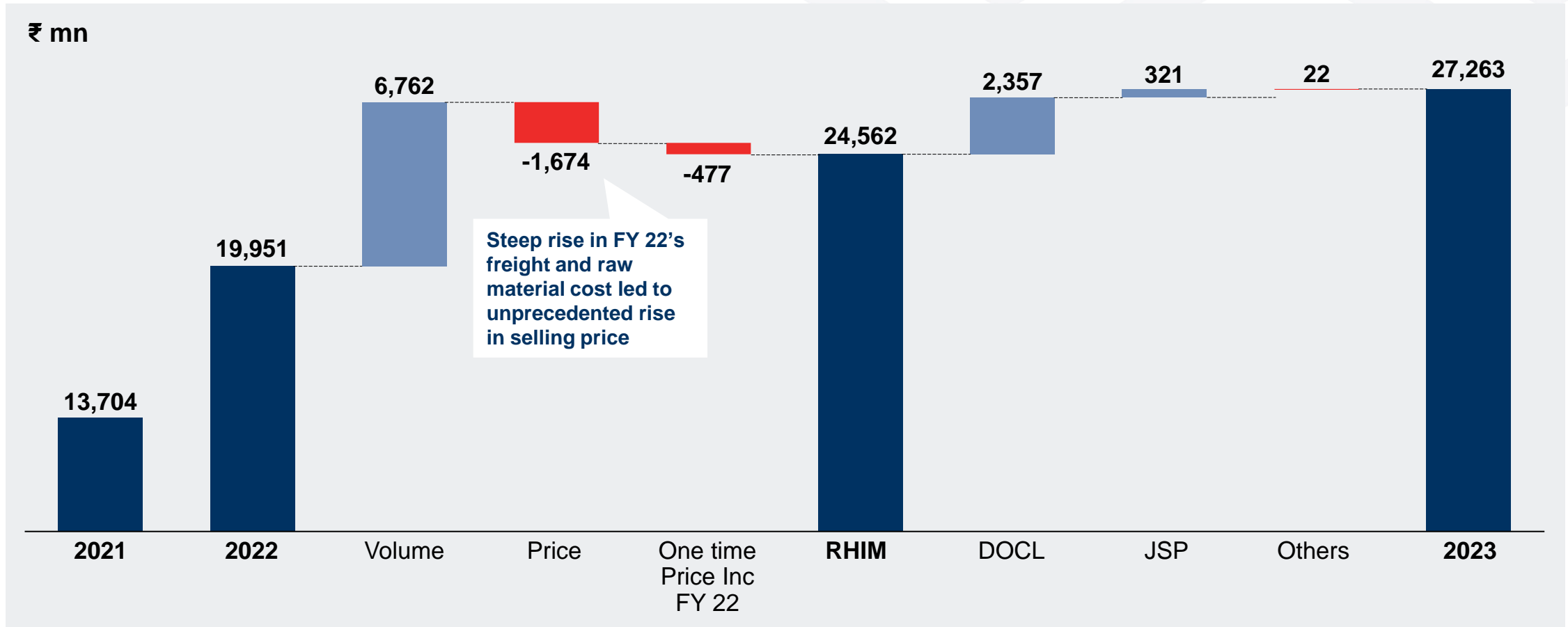
1. Approximate market shares based on company estimates, split by revenue

# Financial Review



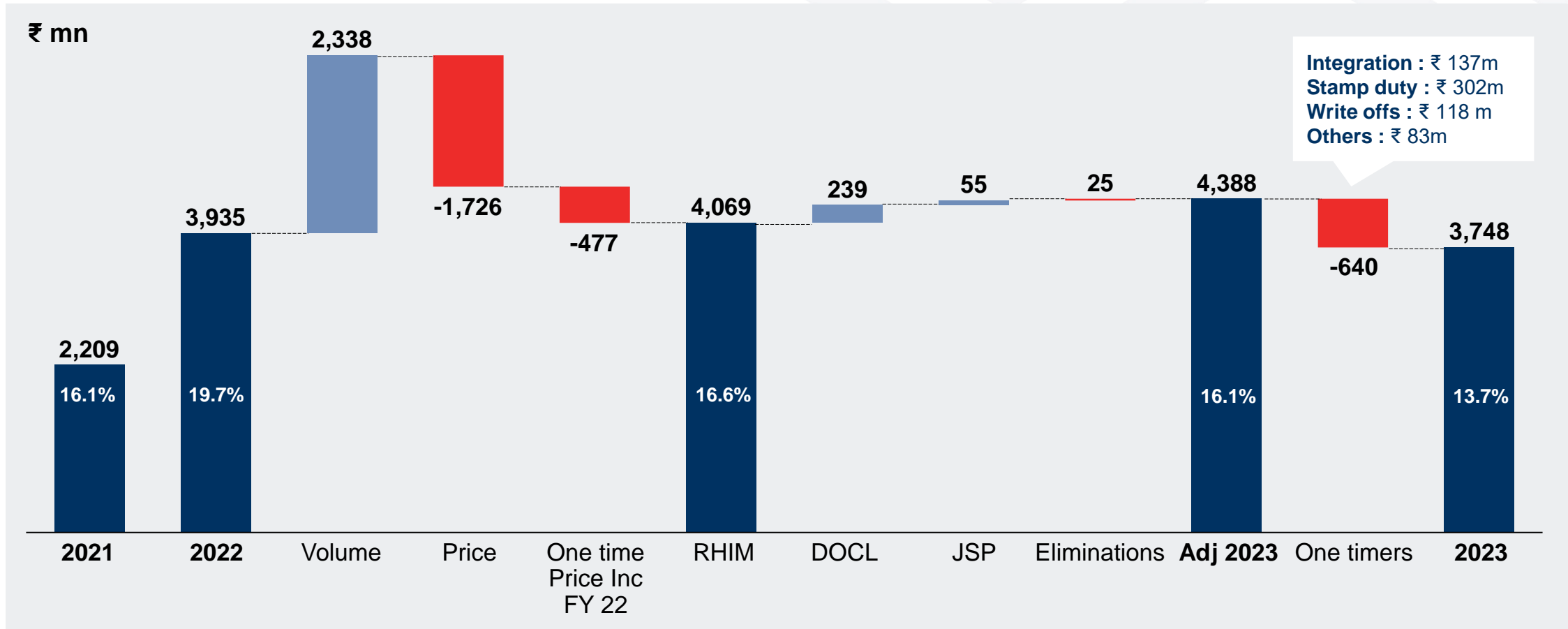
# 2023 Revenue Bridge

Strong revenue growth through increased volumes offset by slightly softer pricing



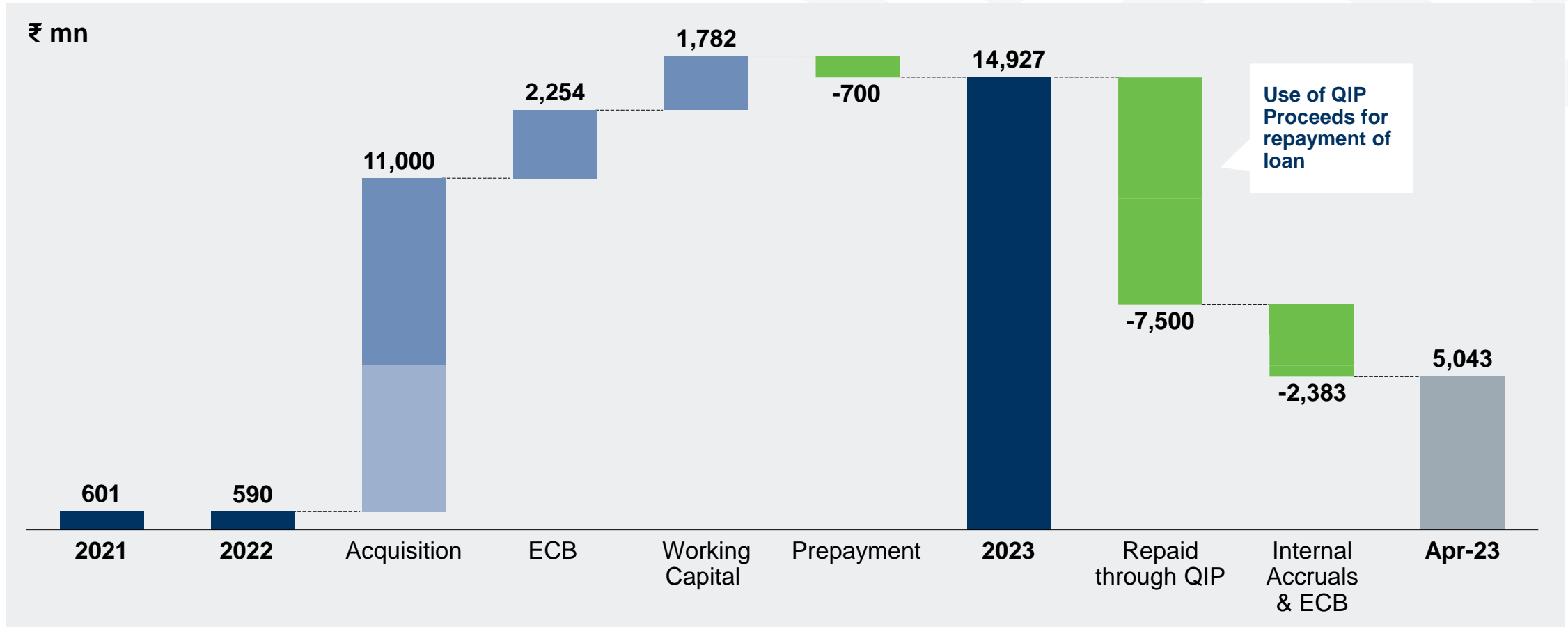
# 2023 EBITDA Bridge

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



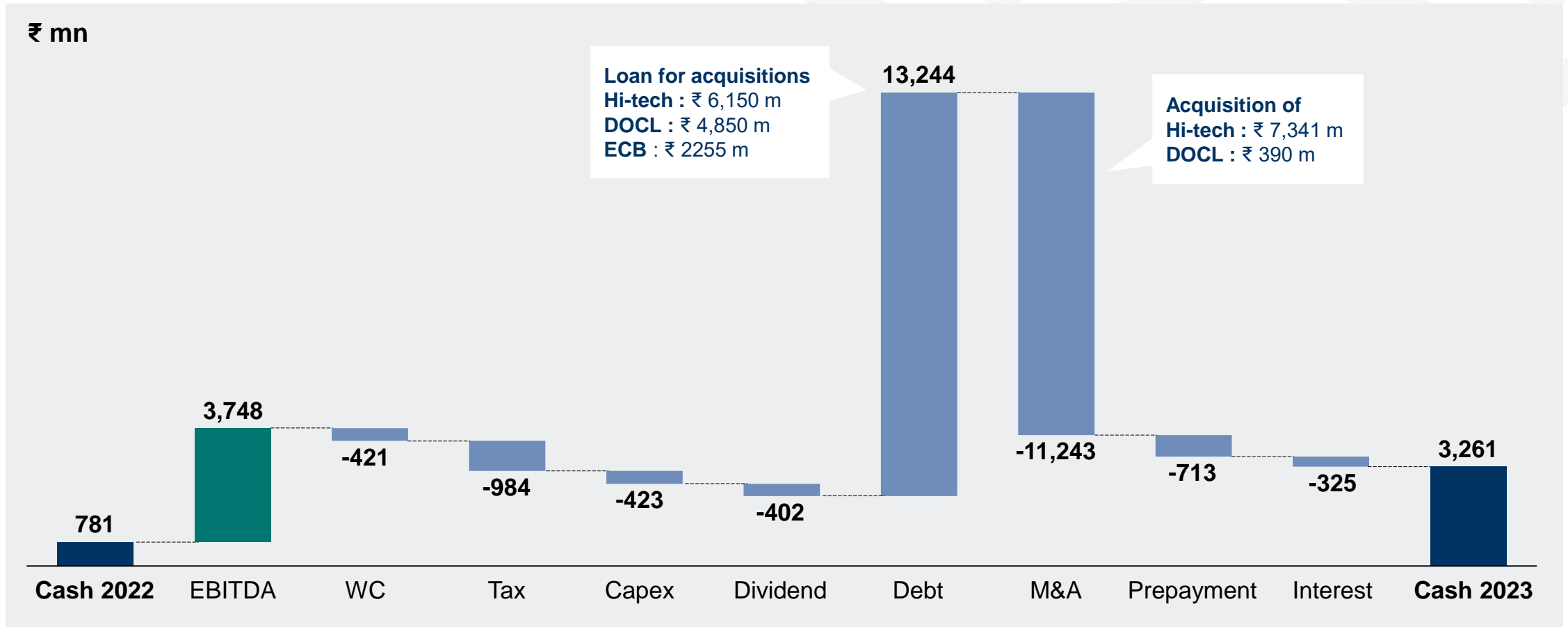
# 2023 Debt including short term

Comfortable debt position following successful QIP paying majority acquisition debt



# 2023 Cashflow

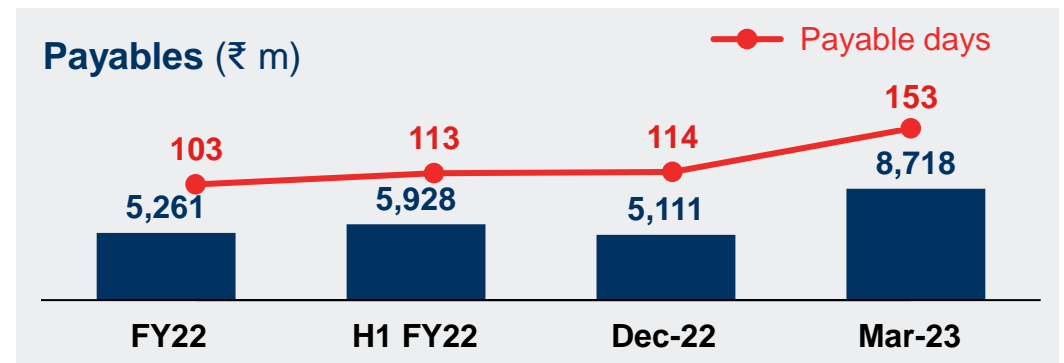
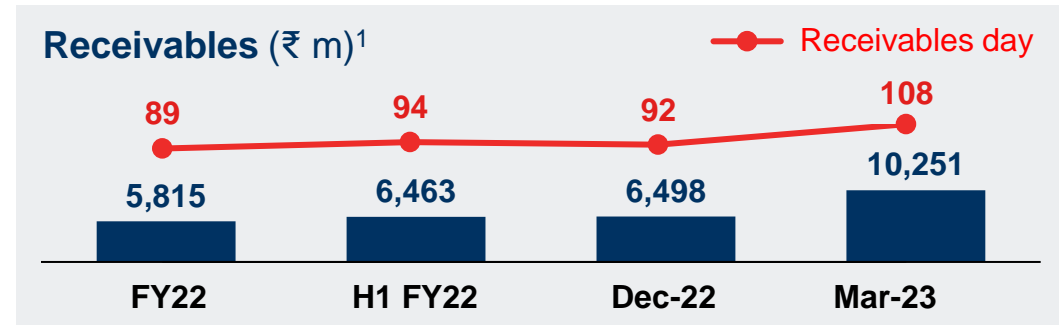
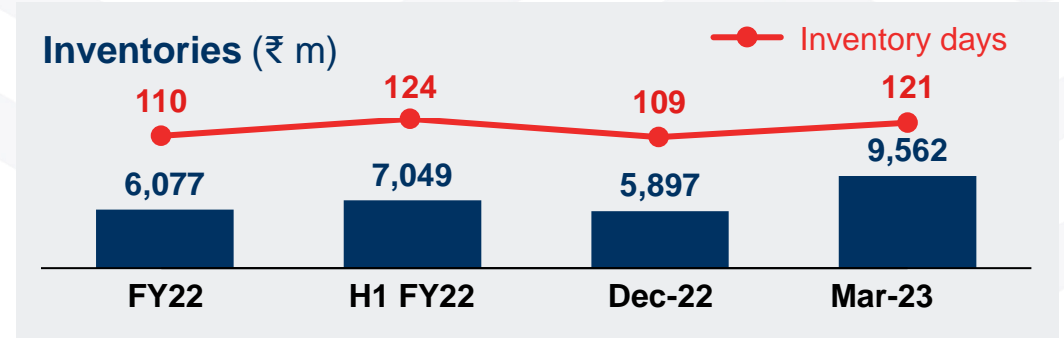
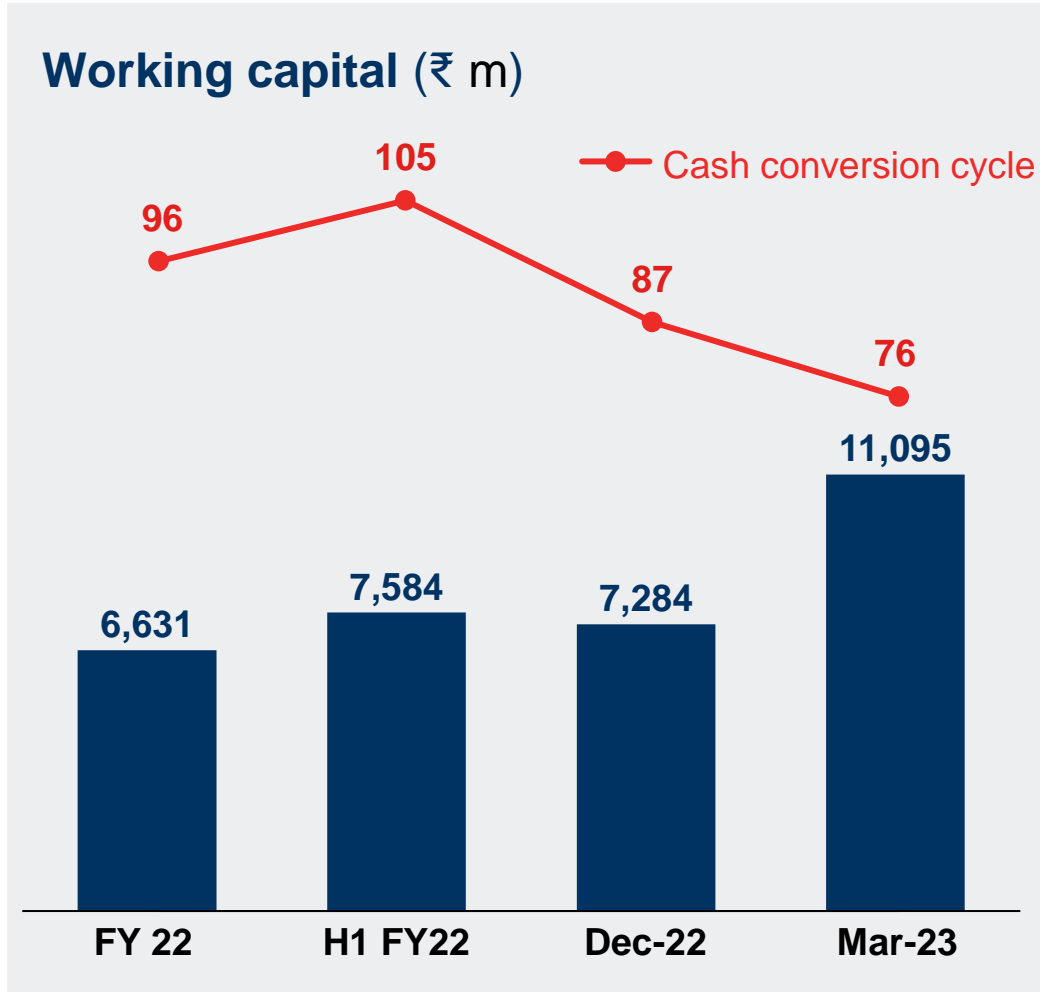
Comfortable cash position post acquisitions





# Working Capital

Improved cash conversion cycle



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

M&A



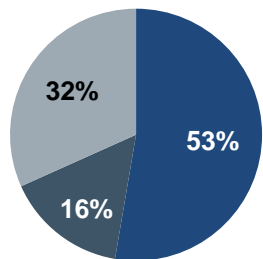
# Acquisition of Dalmia OCL

## 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%)

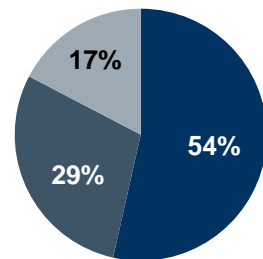
## Product portfolio

Revenue (2023)



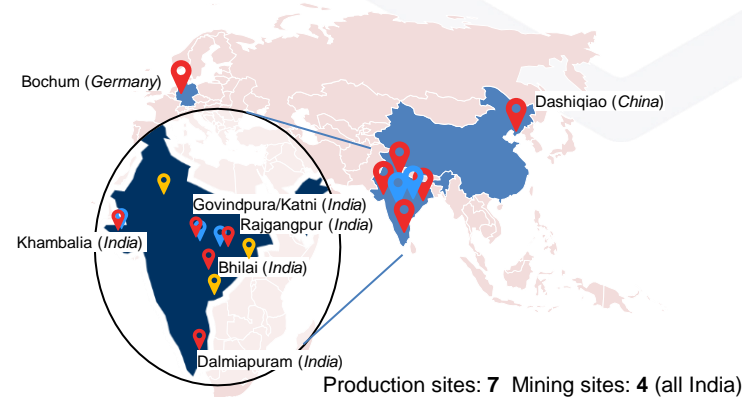
■ Steel ■ Cement ■ Industrial

Revenue (2024 Est.)



## 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
Thc & 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 Bhiwadi 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 CO<sub>2</sub> 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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