



RAIN INDUSTRIES LIMITED

RIL/SEs/2023

November 7, 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 – 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 Unaudited Financial Results for the third quarter ended September 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 – Q3 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

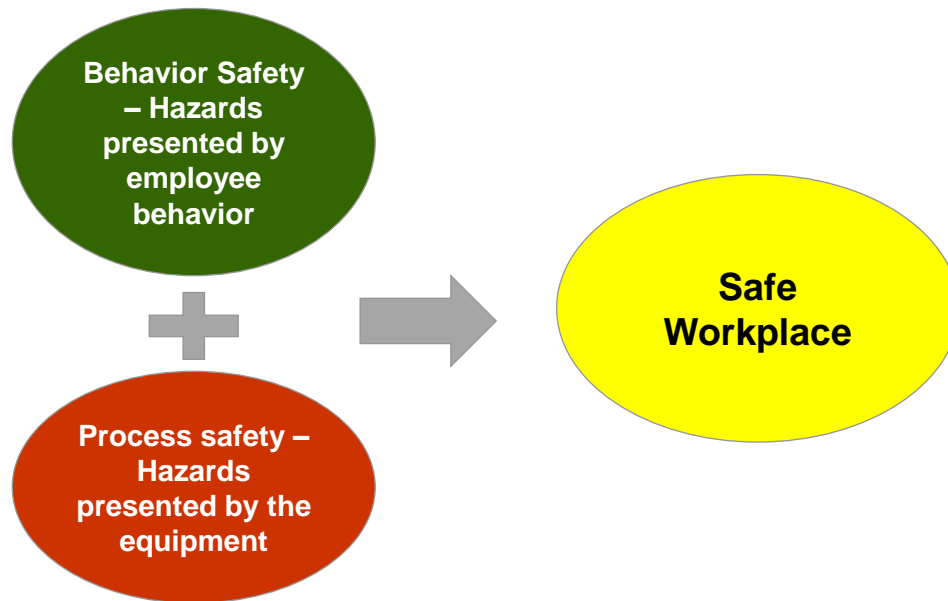
This presentation contains forward-looking statements based on management's current expectations, estimates and projections. All statements that address expectations or projections about the future, including our statements addressing our expectations for segment volumes and earnings, the factors we 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.

Key Highlights for Third Quarter - 2023

- Revenue from Operations was ₹41.60 billion and Adjusted EBITDA was ₹3.76 billion
- Adjusted Net Loss After Tax was ₹(0.57) billion and Adjusted Loss Per Share was ₹(1.69)
- Margin contraction in Carbon segment due to the time-lag between the decrease in sales realisations and raw material costs.
- Advanced Materials and Cement segments turned positive due to reduced operating costs
- US\$70 million of long-term debt repaid on refinancing, with maturities extended to 2028 and 2029
- Capital expenditure of US\$56 million for nine-months period ended September 30, 2023
- Working capital release of US\$187 million during nine-months period ended September 30, 2023
- Liquidity of US\$502 million – including cash balance of US\$302 million

Safety: Quest-for-Zero

- Life saving rules
- SH&E management walkthrough
- High focus on contractor work
- Safety award programs
- OSHA and site-specific hazards awareness trainings

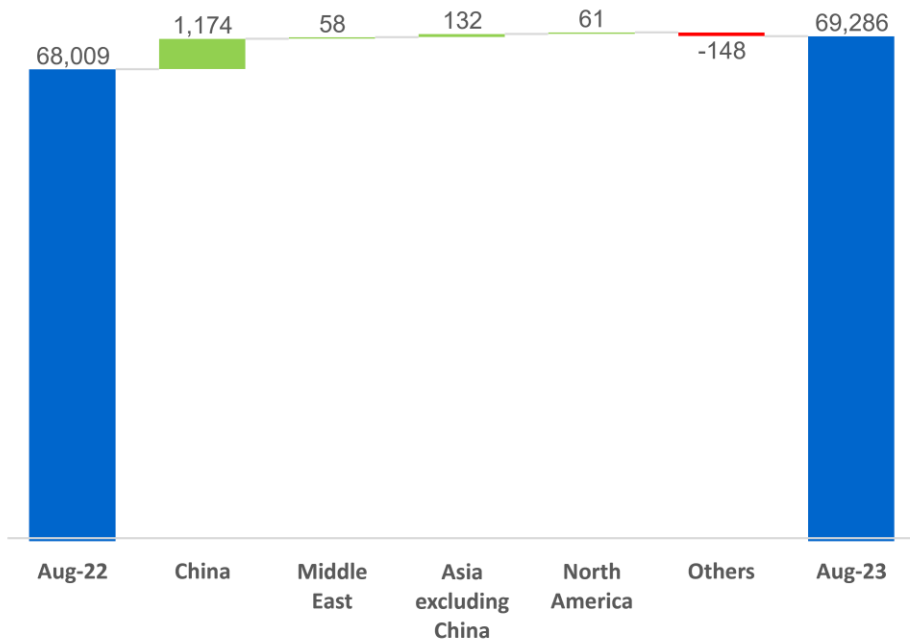


Achieved TRIR for 16 Carbon and Advanced Materials Plants – 0.30 for YTD Sept.'23

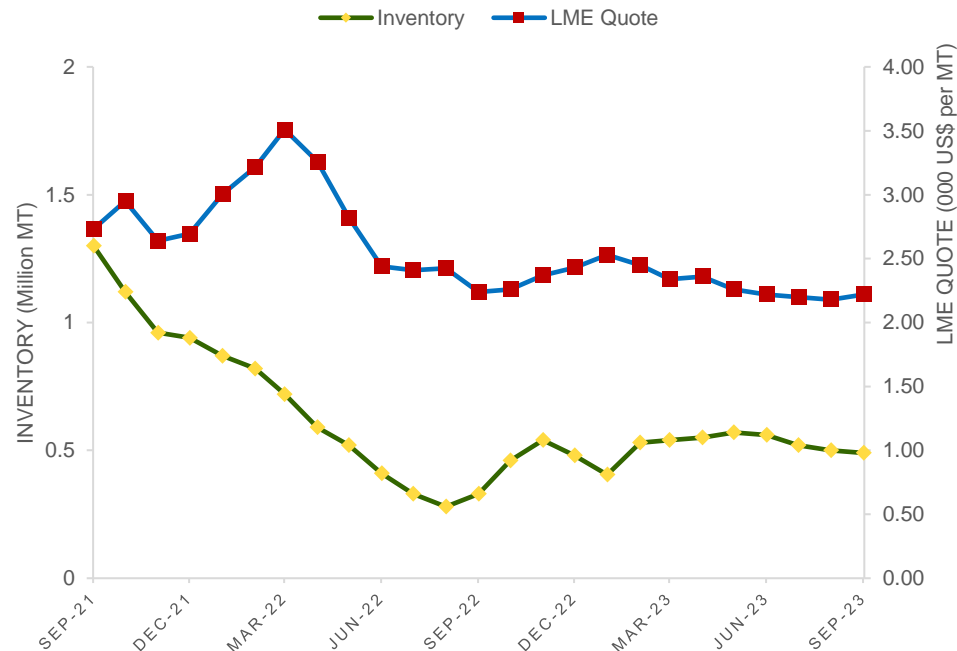
Aluminum Market Update

Not to Scale

Primary Aluminium Production Growth in Thousand Tonnes



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

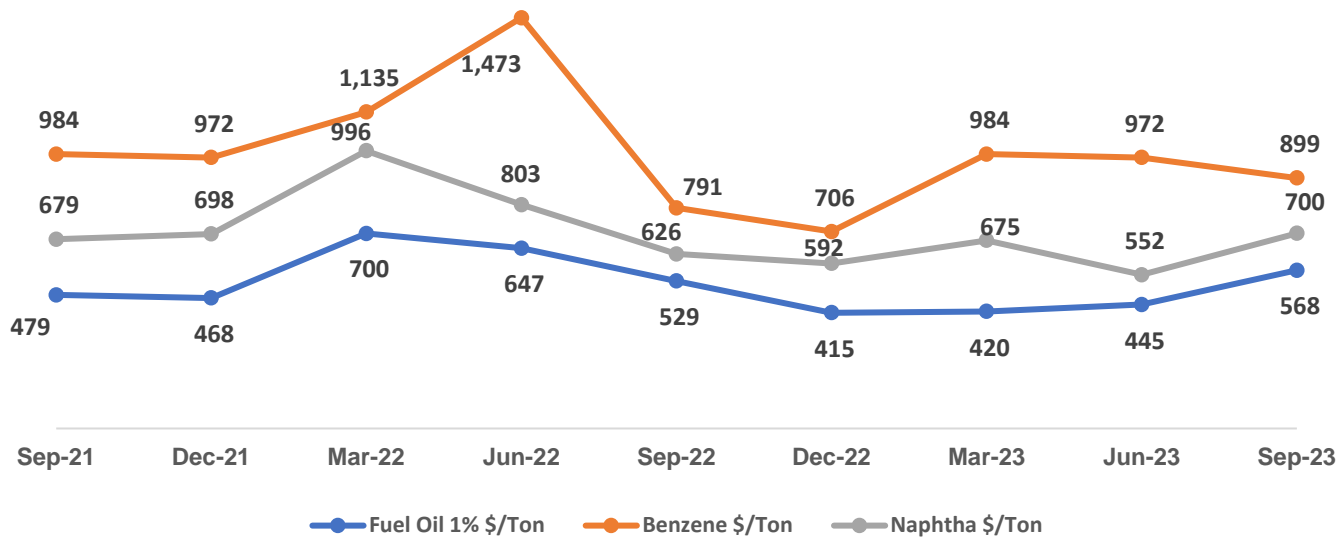


- World Primary Aluminum production reached a new all-time high of 71 Million Tons per annum, up 2.6% YoY
- Smelting restarts boosts Chinese production by 3.5% YoY, while ROW's production increased by 1.3% YoY
- Aluminum 3-month LME seller's price trading US\$2,150 – US\$2,200 per Ton



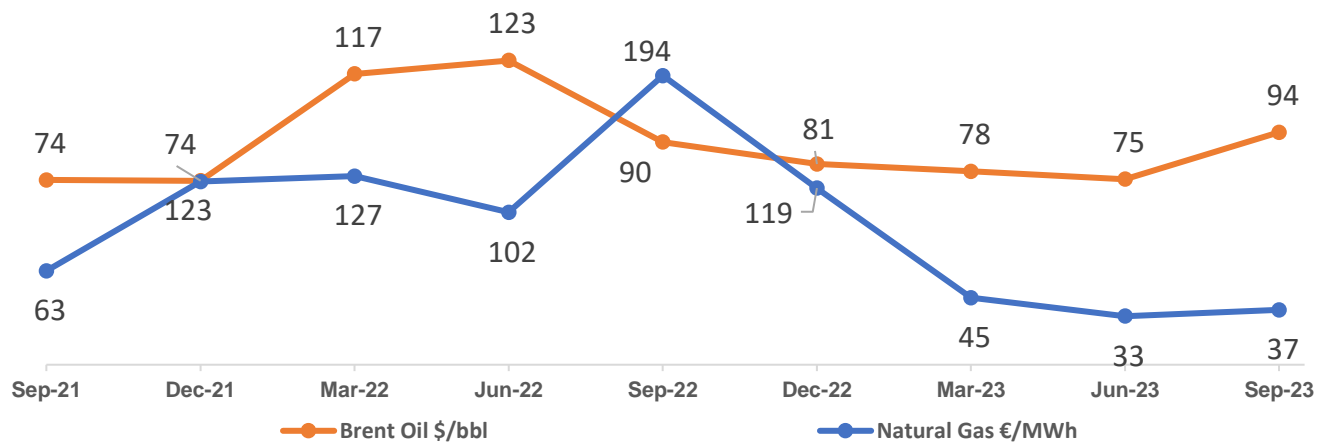
Other key commodities and European Natural Gas Prices

Not to Scale

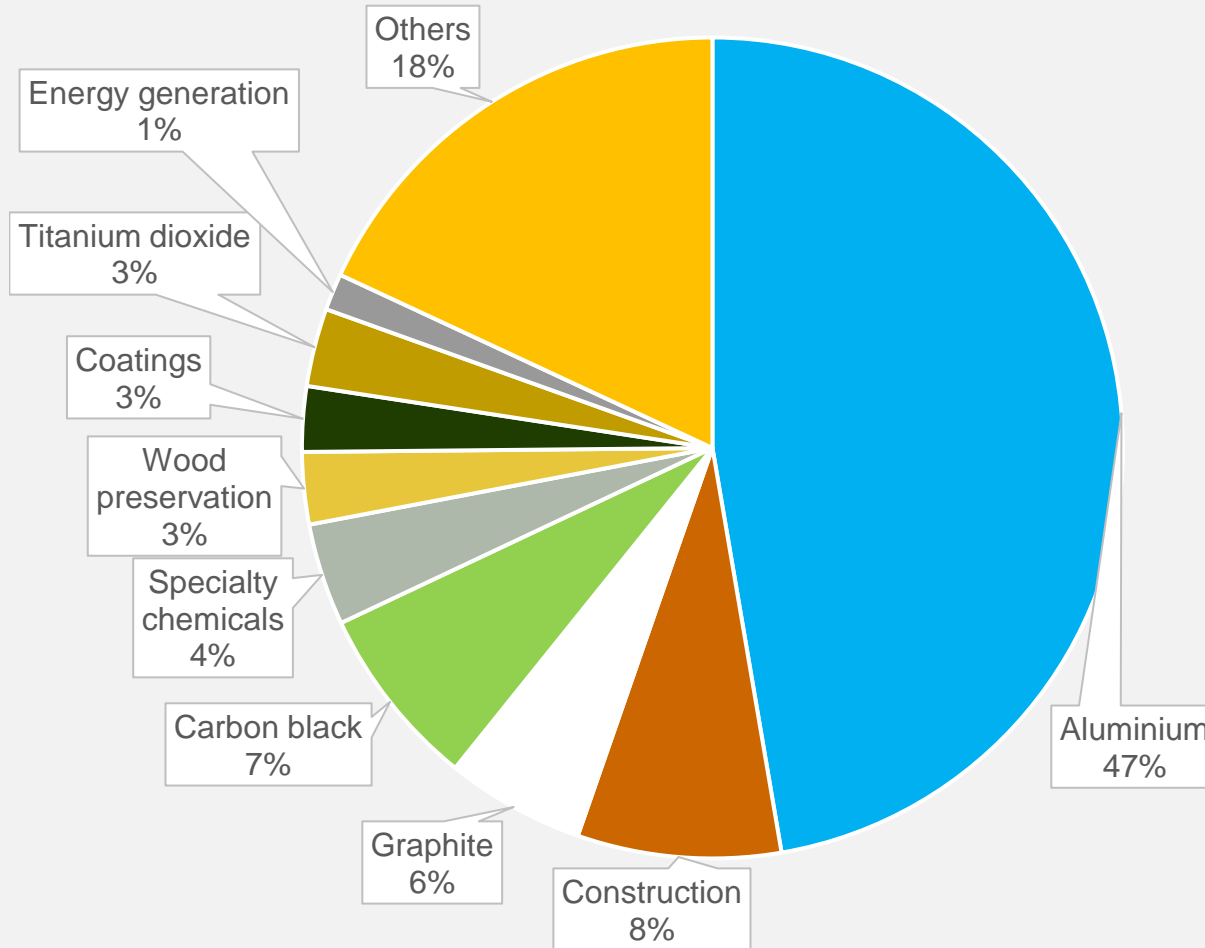


Increase in fuel oil over last two quarters negatively impacting raw material prices

Gradual reduction in Gas prices positively impacting operating costs



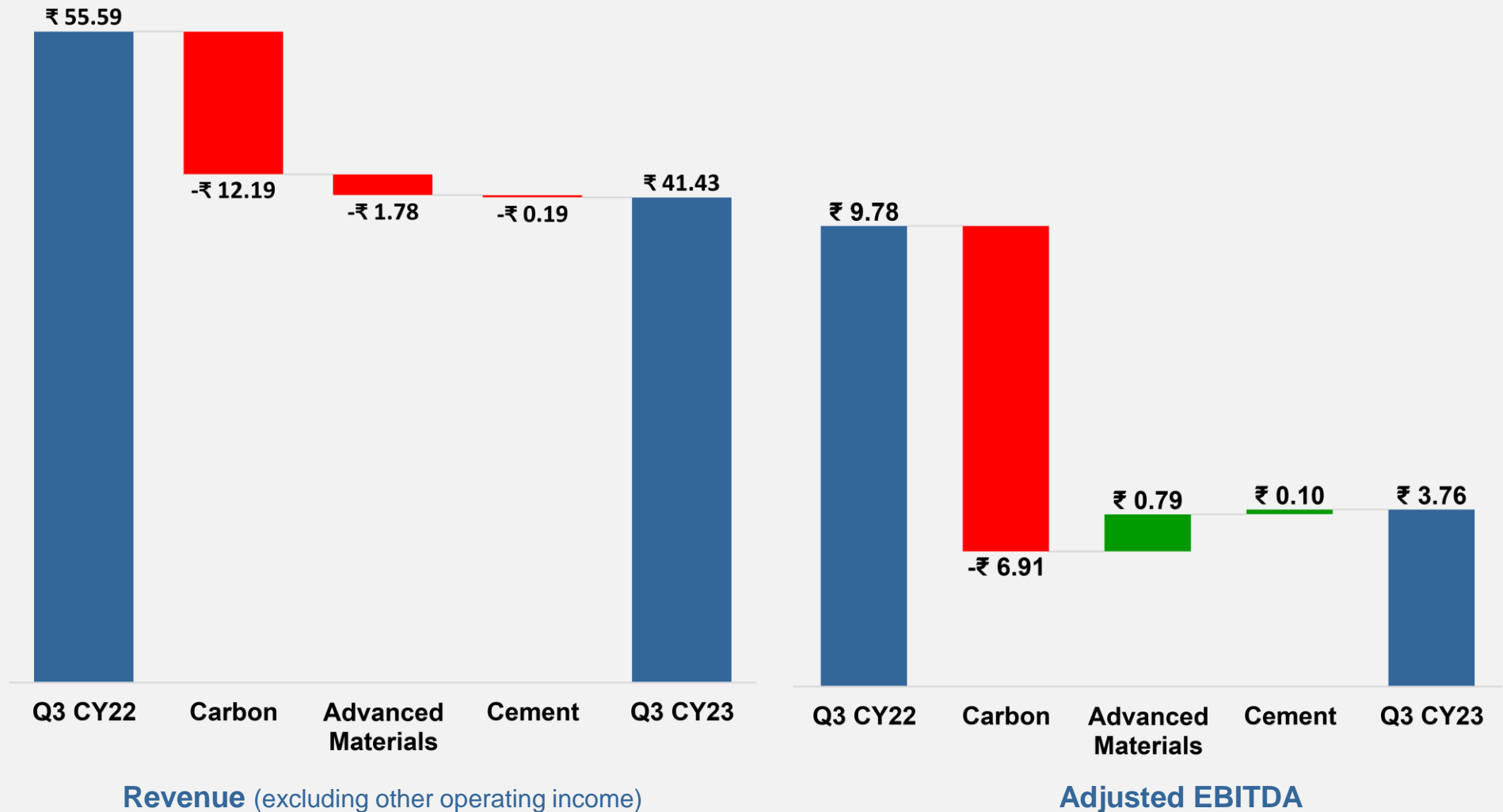
Revenue by End-Industry – 9M 2023



- Flexible portfolio of downstream products to a diverse and growing set of attractive end markets

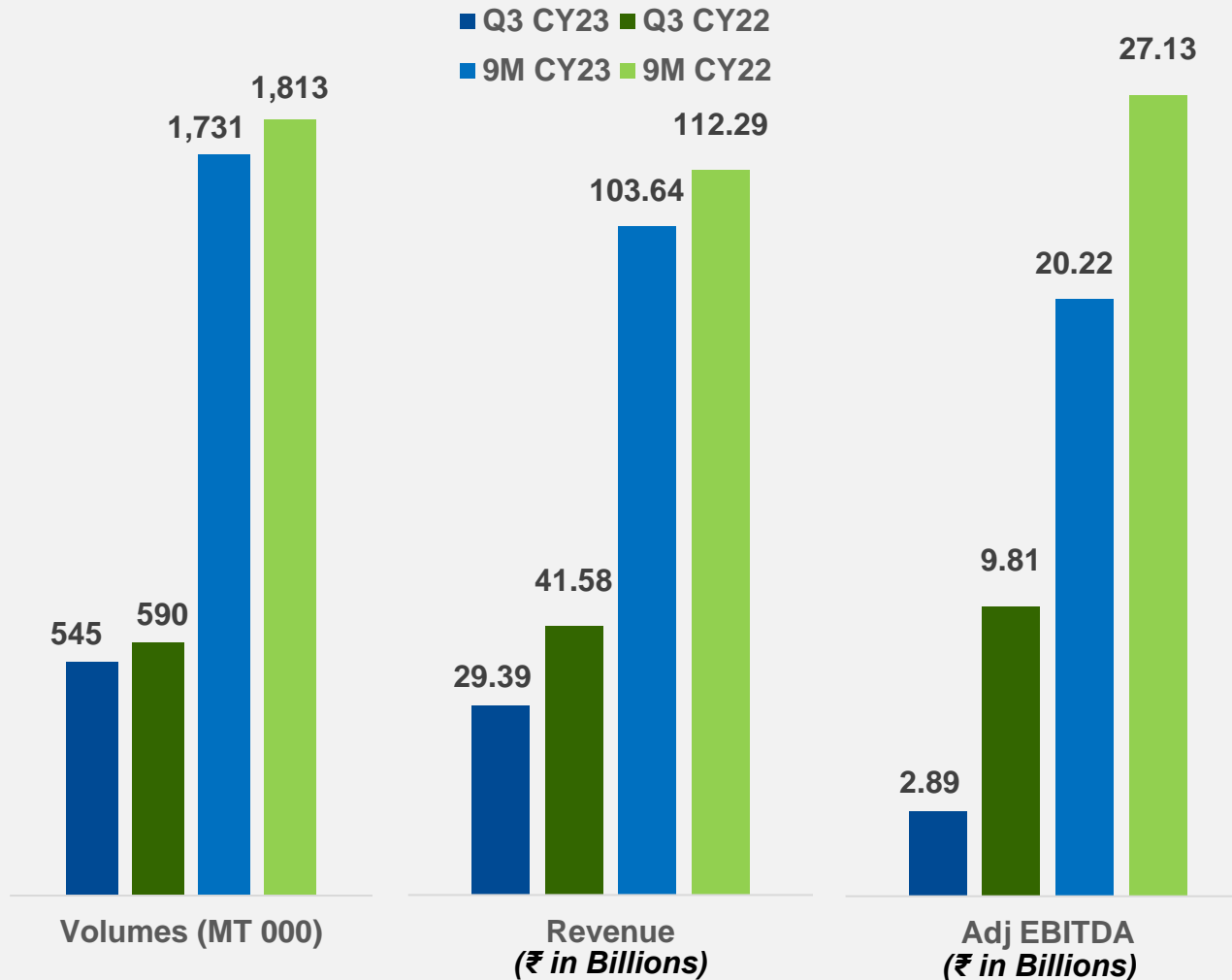
Consolidated Revenue and EBITDA Q3-2023

(₹ in Billions)



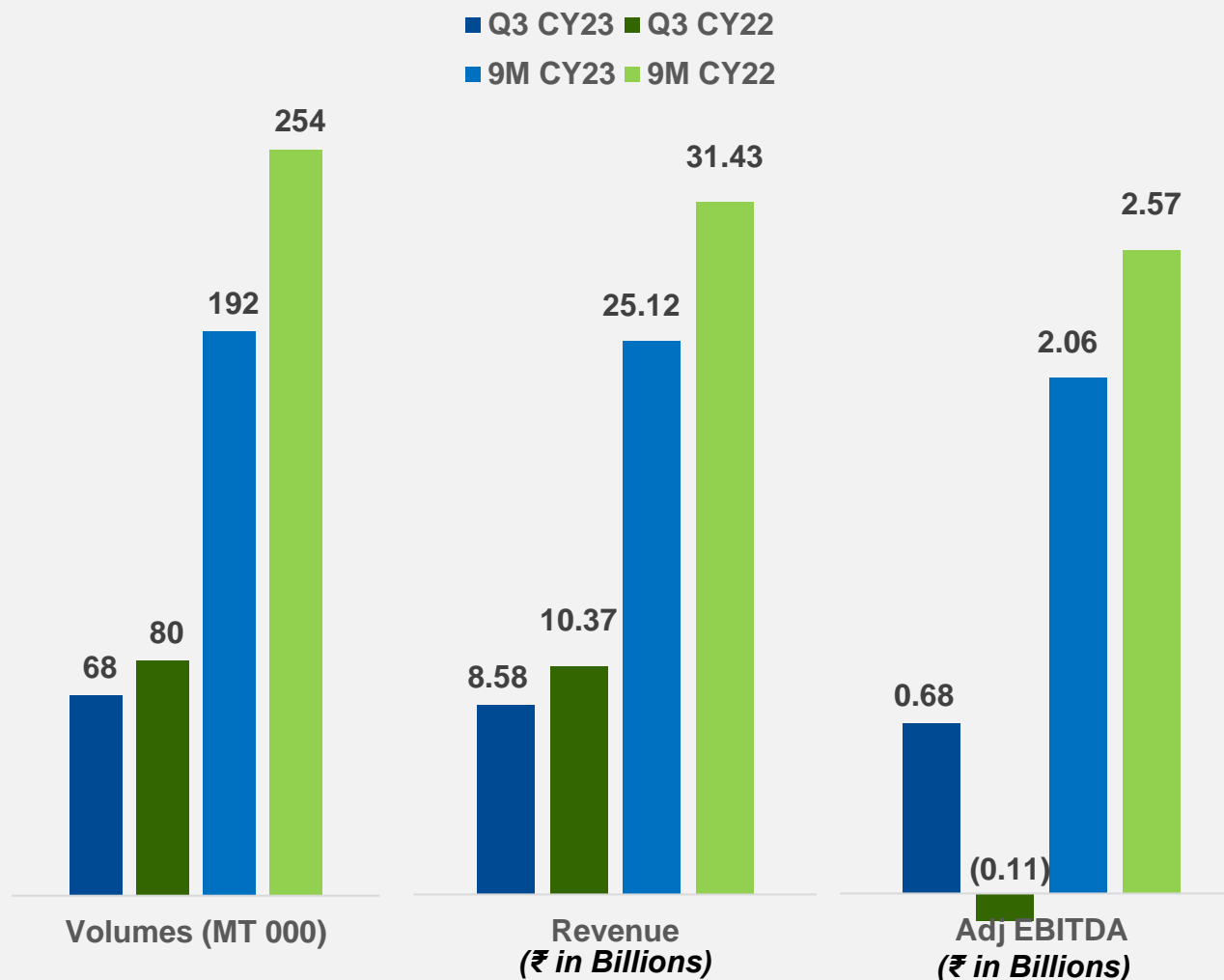
Note: Charts not to scale

Carbon: Revenue and EBITDA



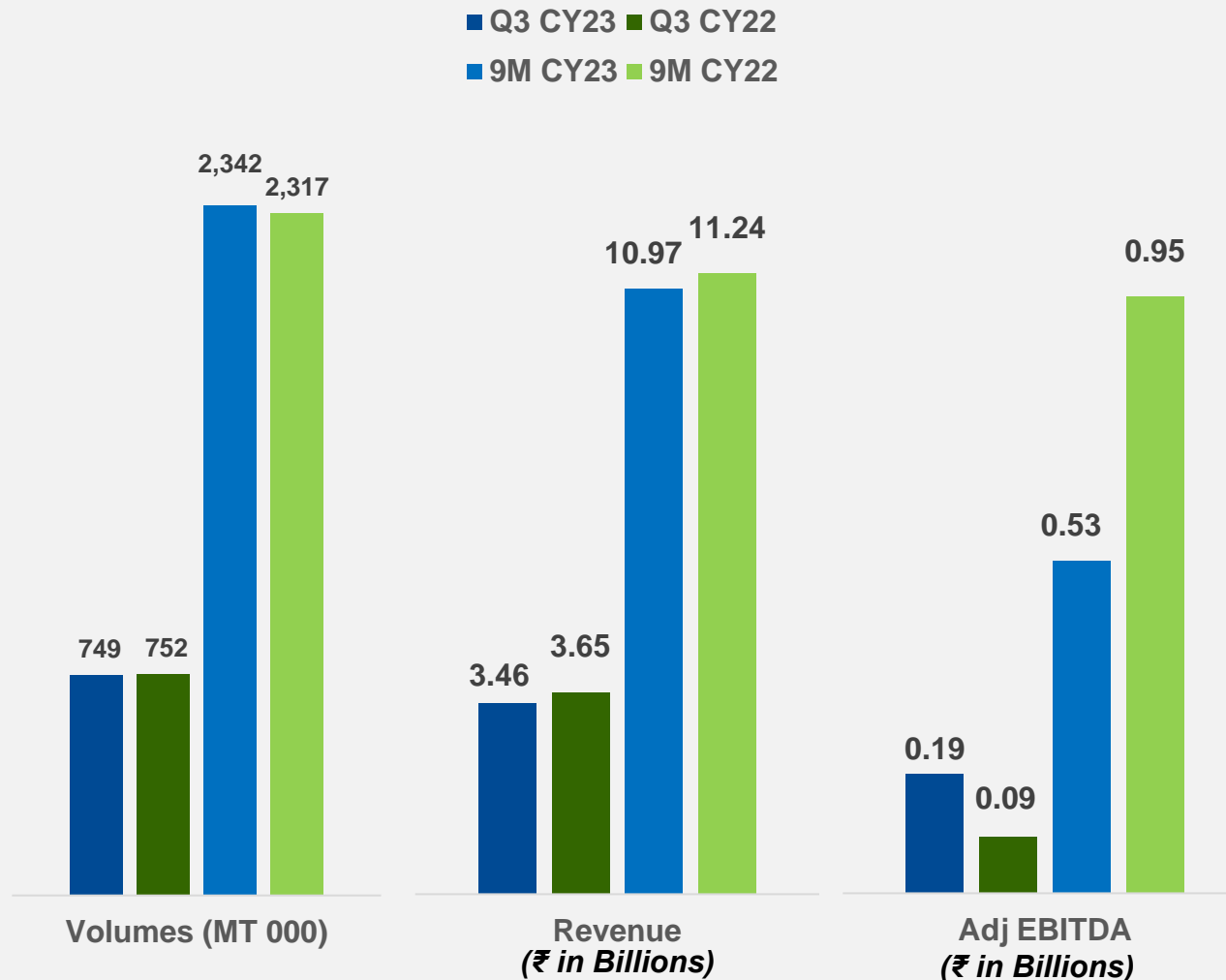
- Revenue in Q3 – CY23 decrease driven by
 - Lower prices driven by market quotations globally
 - Lower volumes due to lower throughputs
- Margins impacted due to delay in cost resets of raw-materials in line with price resets of finished goods.

Advanced Materials: Revenue and EBITDA



- Revenue in Q3 - CY23 decrease driven by
 - Lower volumes on account of closure of the aromatic chemicals business and temporary shutdown of plants in current quarter
 - Lower average prices driven by change in product mix
- Margins improved due to
 - Lower natural gas prices
 - Increased production in BTX and Phthalic Anhydride products resulting absorption of fixed costs compared to prior quarter

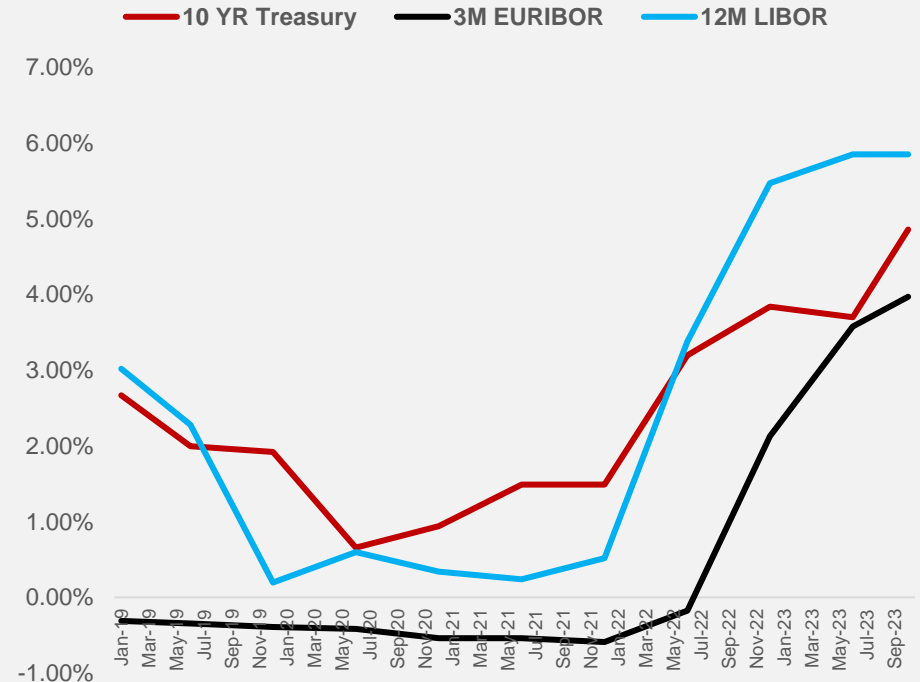
Cement: Revenue and EBITDA



- Revenue in Q3 - CY23 decrease driven by
 - Decrease in realisations
- Margins improved due to
 - Lower fuel costs; augmented by lower power costs from captive solar power plants

Update on Long term debt restructure

- Mid-August 2023, the Group refinanced its existing Senior Secured Notes due in April 2025 (“2025 Notes”) by issuing US\$450.0 million Senior Secured Notes due in September 2029 (“2029 Notes”).
- The Group also amended and extended the maturity of existing Term Loan B (“TLB”) amounting to €353.5 million from January 2025 to October 2028.
- The Group repaid principal of US\$69.8 million of which US\$30.0 million of 2025 Notes and €36.5 million of TLB.
- The 2029 Notes and the TLB are issued at an interest rate of 12.25% (Fixed) and EURIBOR + 5% (Floating) respectively and are guaranteed by subsidiaries in Belgium, Canada, Germany and the USA.



- The increase in the interest rates are due to global market conditions:
 - The 10-Year US Treasury has increased from 2.4 - 2.5% to 4.8 - 4.9% between 2017 and 2023.
 - 3-Months’ LIBOR was quoting 1.15% - 1.20% in March 2017; with 3-Months’ SOFR replacing LIBOR is currently quoting at 5.30%
 - EURIBOR was negative during April 2015 - June 2022 and is currently quoting at 3.5 – 4.0%.

Debt Summary

US\$ in Millions	Sep 2023	Dec 2022
USD-denominated Senior Secured Notes (due in April 2025)	50	530
USD-denominated Senior Secured Notes (due in September 2029)	450	-
Euro-denominated Senior Secured Term Loan (due in October 2028 / January 2025) *	374	415
Senior Bank Debt and Other debt	22	23
Liability towards Right-of-use of Assets	59	61
Gross Term Debt	955	1,029
Add: Working Capital Debt	125	152
Less: Deferred Finance Cost	20	6
Total Debt	1,060	1,175
Less: Cash and Cash Equivalents	302	217
Net Debt	758	958
LTM Adjusted EBITDA	295	478

* Debt of €353.5 million converted at USD/EURO rates of 1.06 as at Sep. 30, 2023 and Debt of €390 million (before extending maturity) converted at USD/EURO rates of 1.06 as at Dec. 31, 2022

Cash Inflows / Outflows during 9M 2023

- Operating cash flows includes net working capital inflows of ₹15.40 billion (compared to outflows of ₹15.68 billion in 9M 2022) due to general decline in prices and reduction in inventory levels.
- Capital expenditure of ₹4.59 billion (US\$56 million) during the period.
- Net cash used in financing activities of ₹15.79 billion during the period majorly includes outflow of ₹9.15 billion towards repayment of long-term debt and short-term borrowings and ₹6.64 billion towards interest and dividend.

(₹ in millions)

Particulars	9M 2023	9M 2022
Operating Activities	28,474	10,242
Investing Activities	(7,902)	(4,240)
Financing Activities	(15,787)	(4,998)

Thank You

Appendix

Summary of Consolidated Income Statement

₹ in Millions

Particulars	Q3 2023	Q2 2023	Q3 2022	9M 2023	9M 2022	CY 2022
Net Revenue	41,431	46,206	55,593	139,730	154,951	209,063
Other Operating Income	172	65	178	679	592	1,048
Revenue from Operations	41,603	46,271	55,771	140,409	155,543	210,111
Reported EBITDA	3,827	6,499	9,661	15,696	29,752	36,381
Adjusted EBITDA	3,762	6,750	9,782	17,358	30,650	37,545
<i>Adjusted EBITDA Margin</i>	<i>9.0%</i>	<i>14.6%</i>	<i>17.5%</i>	<i>12.4%</i>	<i>19.7%</i>	<i>17.9%</i>
Profit / (Loss) Before Tax	(195)	3,135	5,997	4,970	19,918	23,273
Tax Expense, net	462	1,069	1,702	2,143	5,408	7,503
Non-controlling Interest	244	409	262	1,018	1,018	1,383
Reported Profit / (Loss) After Tax	(901)	1,657	4,033	1,809	13,492	14,387
Adjusted Profit / (Loss) After Tax	(567)	1,908	4,601	3,486	14,607	16,980
Adjusted Earnings / (Loss) Per Share (in ₹)*	(1.69)	5.67	13.68	10.36	43.43	50.49

*Quarterly Earnings Per Share is not annualized.

Reconciliation of EBITDA and PAT

₹ in Millions

Particulars	Q3-CY23		9M-CY23	
	EBITDA	PAT	EBITDA	PAT
A. Reported	3,827	(901)	15,696	1,809
B. Adjustments/Exceptional items:				
• Inventory adjustments	628	628	2,331	2,331
• Expenses towards strategic projects and other non-recurring items	(65)	(65)	206	206
• Insurance claims received related to prior periods	-	-	(247)	(247)
• Foreign exchange gain on inter-company debt note	(628)	(628)	(628)	(628)
• Charge-off of deferred finance cost	-	319	-	319
• Tax impact on above adjustments	-	(37)	-	(421)
• Prior year tax adjustments	-	117	-	117
C. Adjusted (A + B)	3,762	(567)	17,358	3,486

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.