RHI MAGNESITA

RHI MAGNESITA INDIA LTD.
(Formerly Orient Refractories Ltd.)
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26 February 2023

Department of Corporate Services
Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai-400001.

STOCK CODE: 534076

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

STOCK CODE: RHIM

Dear Sir/Madam,

Sub.: Investor Presentation

We hereby submit the Investor Presentation for the Quarter and Nine Months ended 31 December 2022.

The same is also hosted on the website of the company at

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

We request you to take the same on record.

Thanking you,
For **RHI Magnesita India Limited**

SANJAY KUMAR
Digitally signed by SANJAY KUMAR
Date: 2023.02.26 21:20:55 +05'30'

Sanjay Kumar
Company Secretary
(ACS-17021)

Encl:a/a.

Investor Presentation

RHI Magnesita India Limited

February 2023

Refractories are essential for our modern world

RHI MAGNESITA

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

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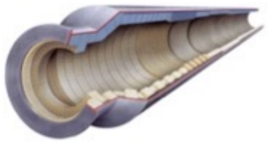
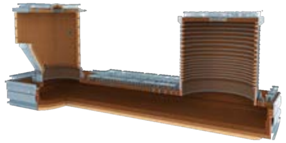
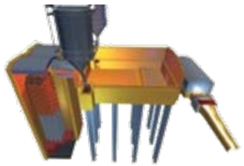
Customer industries	Main application	Lifetime and costs	Refractory characteristics
Steel 70% of global market	Basic oxygen furnace, Electric arc furnace, ladles, flow control 	• 20 minutes to 2 months • c.3% of customers' costs	• Part of customers' operational expenditure • Systems and solutions for complete refractory management • Demand correlated to output
Cement/Lime 10% of global market	Rotary kiln 	• Annually • c. 0.5% of customers' costs	
Non-ferrous metals 7% of global market	Copper flash smelter 	• 1 to 10 years • c. 0.2% of customers' costs	• Part of customers' capital expenditure • Longer replacement cycles based on project driven demand • Complete lining concepts including refractory engineering • Wide areas of application
Glass[1] 7% of global market	Glass furnace 	• Up to 10 years • c. 1% of customers' costs	
Energy, Environmental, Chemicals[1] 6% of global market	Secondary reformer 	• 5 to 10 years • c. 1.5% of customers' costs	

Industrial division

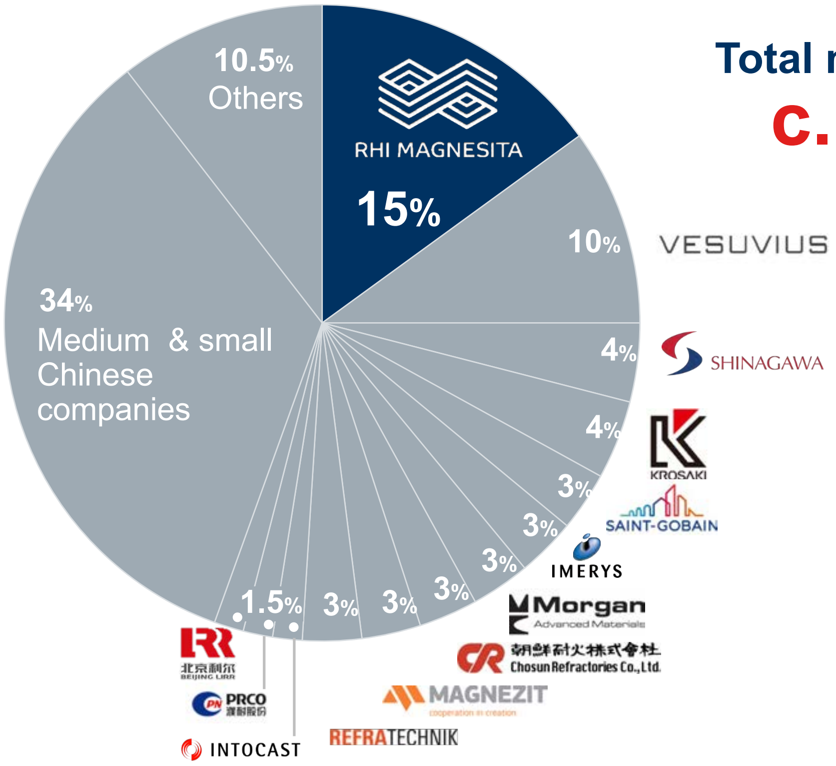
Project businesses

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)



Total market size:
c.€20bn

- 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

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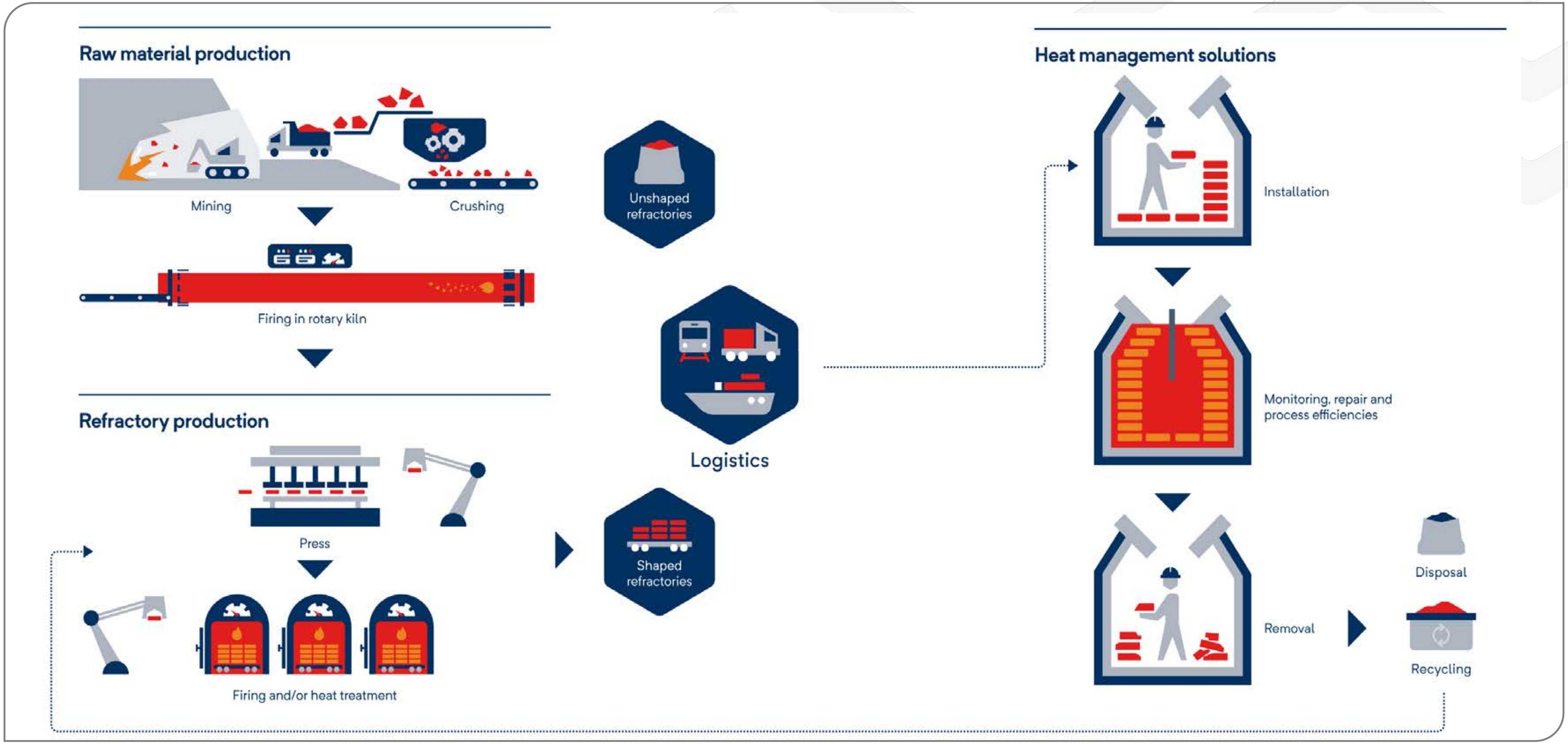
Raw material and refractory process overview



Solutions contracts

RHI Magnesita can offer a range of heat management solutions to its customers

RHI MAGNESITA

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

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History of RHI Magnesita India

The leader of refractories in India, West Asia and Africa

RHI MAGNESITA

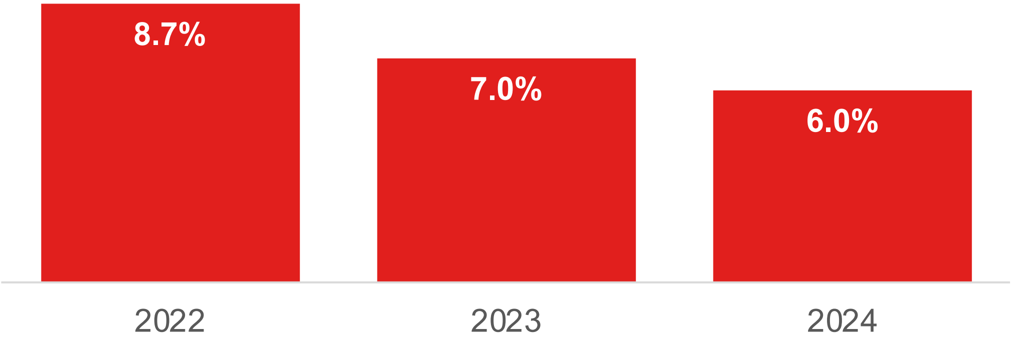
- Our Company (formerly known as Orient Refractories Limited) amalgamated with our two subsidiaries at the time, RHI India Private Limited ("RHI India") and RHI Clasil Private Limited ("RHI Classil") through a scheme of amalgamation approved in May 2021:
  - **RHI Clasil** - 51% shares of Clasil Refractories 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

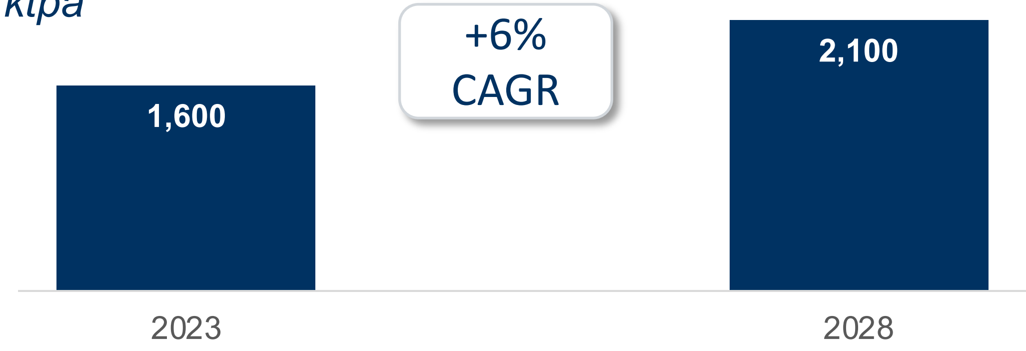
- India has emerged as the fastest-growing major economy in the world and is expected to be one of the top three economic powers in the world over the next five years
- India growth is expected to be refractory intensive, driven by end markets of construction, autos, machinery consumer goods and energy
  - 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_2 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

ktpa



Source: Crisil / S&P Global

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Refractory demand outlook by sector

Steel

In India, demand outlook remains strong, led by a strong investment cycle supported by:

1) India steel consumption per capita at much lower than levels in other large economies
2) Government target to double India domestic steel production capacity by 2030

Demand is expected to be led by housing and construction demand, as well as infrastructure projects such as Pradhan Mantri Awas Yojana (PMAY) and National Infrastructure Pipeline (NIP)

Cement

Infrastructure and housing to boost cement demand

Infrastructure expected to remain the major demand driver for the cement sector, led by government spending on roads, rail, metro and other urban infrastructure

Rural housing demand is expected to grow from a low base, urban housing demand to moderate after robust growth in fiscal 2022

Aluminium

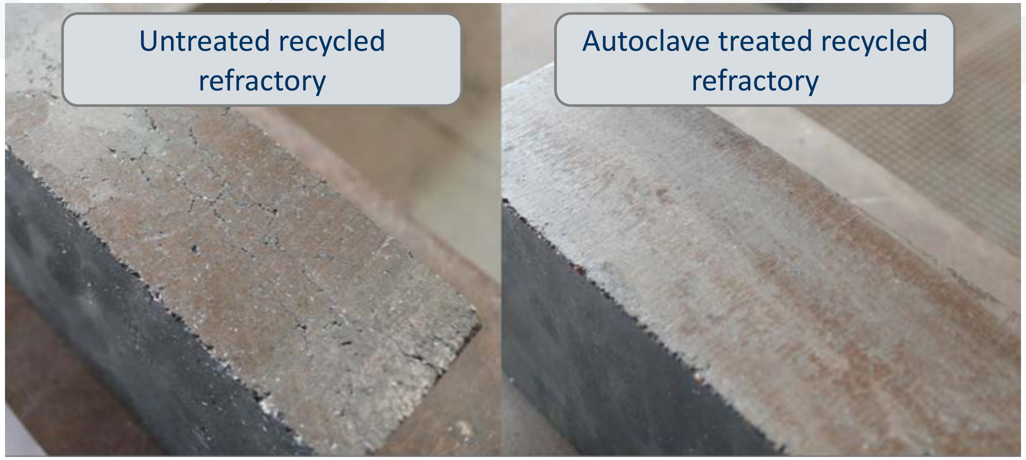
Domestic demand for aluminium is expected to increase on the back of healthy demand from power, construction segments, automotive and packaging industries

1. Denoted on a reported basis

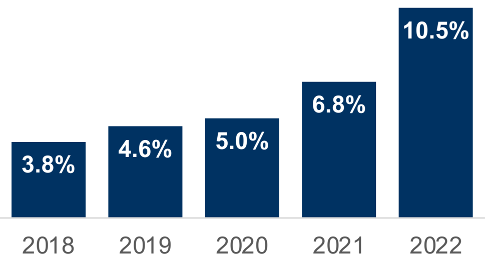
Sustainability leadership

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

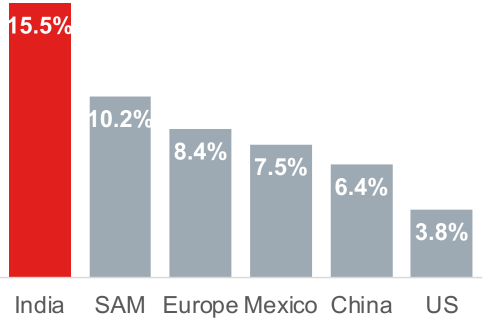
- Refractories are a ‘hard to abate’ industry with CO_2 emissions arising from fossil fuel use and processing of carbonate raw materials
- RHI Magnesita Group has developed proprietary technology to utilize recycled refractory material which significantly reduces emissions
  - Every tonne recycled represents 2 tonnes of avoided CO_2
- RHI Magnesita India benefits from Group R&D and investments in sustainable technologies



Group recycling rate



By region



Backed by the RHI Magnesita Group

RHI MAGNESITA

- ✓ 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

60% 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

M&A

Dalmia OCL

Acquisition of Dalmia OCL Limited completed 6 January 2023

Indian refractory business of Dalmia Bharat Refractories Limited
January 2023

- Share swap consideration: 27 million new shares in RHI Magnesita India Ltd (14.4% stake, value ₹1,708 crore)
- Net debt on acquisition: ₹443 crore
- Plants: 5
- Production capacity: c.300 kt
- Key product segments: Industrial

- A leader in the India refractory market with a strong position in the cement industry
- Well established operations with a complementary local production footprint of five plants in west and south India and a strong industrial product offering
- Potential to expand production within existing plants operating at less than 70% of capacity
- Synergies expected from cross-selling and improved cost baseline from fixed cost optimisation, resource bundling and economies of scale

Hi-Tech Chemicals

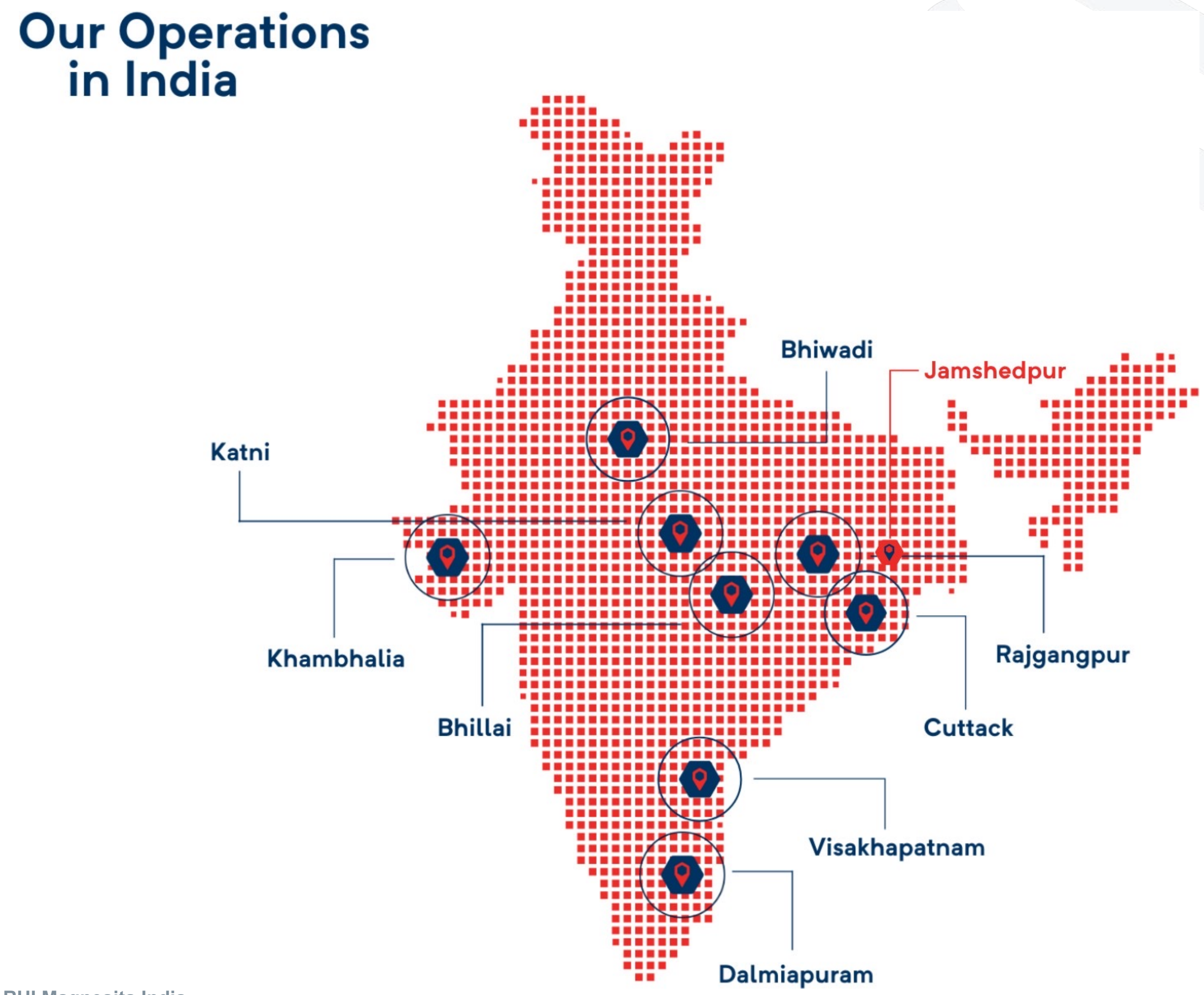
Acquisition of Hi-Tech Chemicals refractory business completed 31 Jan 2023

Refractory business of Hi-Tech Chemicals
January 2023

- Slump sale, going concern
- Cash consideration: ₹606 crore
- Net debt on acquisition: ₹107 crore
- Plants: 1
- Production capacity: 35 kt
- Key product segments: Flow control

- Well established steel flow-control producer (isostatic ceramics, slide gate plates) in Jamshedpur
- Semi-automated, modern production plant in a low cost and high growth market
- Product portfolio highly complementary to existing RHIM flow control production, with cost synergies expected from optimised production
- Solid flow-control platform to capture steel growth in India and grow into export markets in the region
- Production currently below plant capacity

Acquisitions create distributed plant network



- Prior to 2023 M&A, operated three plants in Bhiwadi, Vizakhapatnam and Cuttack
- Dalmia OCL acquisition adds facilities in west and south, Hi-Tech acquisition adds Jamshedpur
- Distributed network will support customer deliveries and increase recycling rates through better sourcing of secondary raw material
- Bringing new refractory technologies to the India market

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Financial Results

3 year financial track record

RHI MAGNESITA

₹ Lacs, year to 31 March, consolidated	2020	2021	2022	9M to 31 Dec 22 *(unaudited)*
Profit and loss				
Revenue from operations	138,759	137,038	199,514	184,725
EBITDA	22,429	22,086	39,348	32,125
EBITDA (%)	*16.2%*	*16.1%*	*19.7%*	*17.3%*
Profit before tax	18,581	18,458	35,748	28,695
Profit before tax (%)	*13.4%*	*13.5%*	*17.9%*	*15.5%*
Profit after tax	13,589	13,662	26,900	21,326
Profit after tax (%)	*9.8%*	*10.0%*	*13.5%*	*11.5%*
EPS *(INR, basic)*	8.44	8.49	16.71	13.25
Cash flow				
Cash generated from operations	22,227	21,516	11,323	
Tax	4,909	4,975	8,597	
Net cash inflow from operating activities	17,318	16,541	2,726	
Capital expenditure	8,279	8,534	6,200	
Dividends paid	3,027	3,439	4,025	
Net (decrease)/increase in cash and cash equivalents	8,131	3,296	(9,293)	
Balance sheet				
Total assets	105,174	125,965	167,425	
Current liabilities	29,010	39,119	60,613	
Non-current liabilities	5,834	6,268	3,940	
Shareholders' equity	70,329	80,578	102,872	
Debt	6,966	6,005	5,904	
Gearing ratio (Debt : Equity)	9.90%	7.45%	5.74%	

9 months to 31 Dec 2022[1] highlights

Revenue and EBITDA growth with slight decline in margins due to FX and sales mix

RHI MAGNESITA

Total Revenue	EBITDA	EBITDA margin	Cash returned to shareholders
₹18,559m	₹3,192m	17.3%	₹402m
↑ 31%	↑ 26%	↓ 70bps	

Free cash flow	Capex	Dividend per share	Earnings per share[2]
₹669m	₹373m	₹2.5ps	₹17.5ps
	↓ (29)%	— 0%	↑ 5.4%

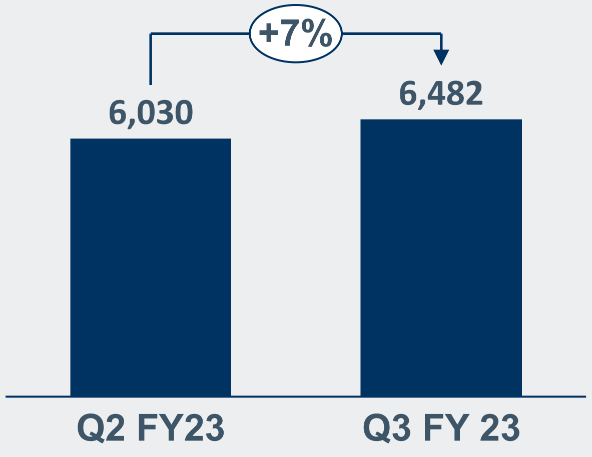
1. Denoted on a reported basis
2. Denoted on annualised basis

Formulae used for computation of financial metrics below:
EBITDA -> Profit before tax + Finance Cost + Depreciation & Amortisation expense
EBITDA Margin -> EBITDA / Total Revenue
Dividend per share -> Dividend / no of shares outstanding
Earnings per share -> Net profit / no of shares outstanding

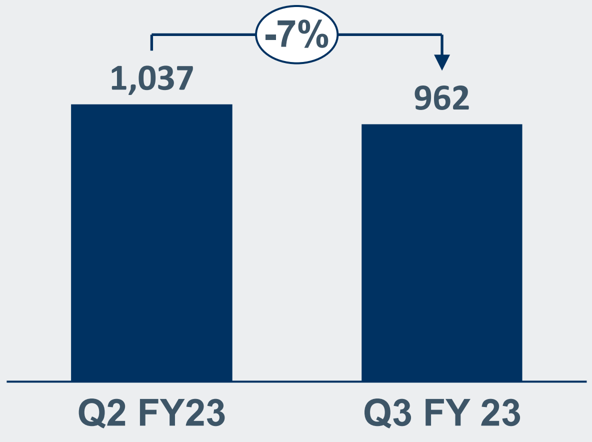
Financial metrics shown above have been rounded to nearest decimal as necessary

Q3 vs Q2 highlights

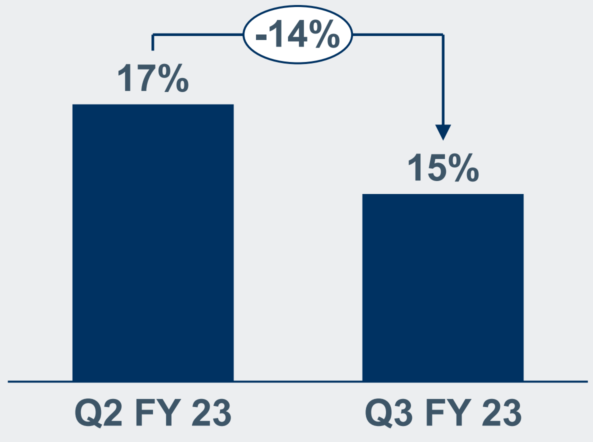
Total Revenue (₹ m)



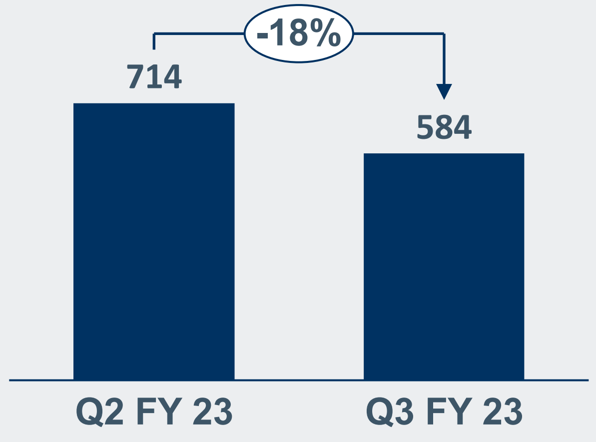
EBITDA (₹ m)



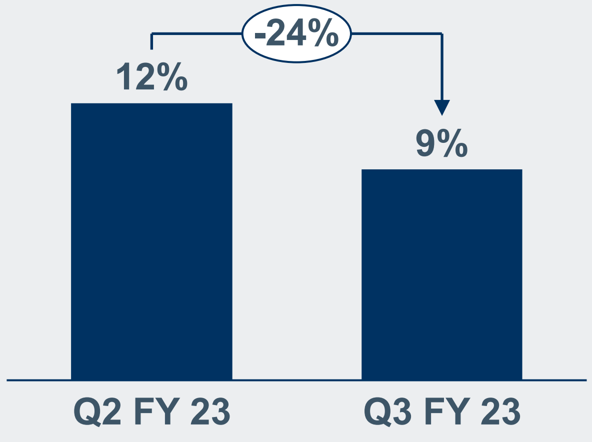
EBITDA Margin (%)



PAT (₹ m)



PAT Margin (%)



- Continued volume-driven revenue growth

Formulae used for computation:

EBITDA -> Profit before tax + Finance Cost + Depreciation & Amortisation expense

EBITDA Margin -> EBITDA / Total Revenue

PAT Margin -> PAT / Total Revenue

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

Q3 vs Q2 profit & loss detail

INR Mn	Q3 FY23	Q2 FY23	Change
Revenue from operations	6,439	5,991	*7%*
EBITDA	962	1,037	*-7%*
EBITDA (%)	*14.9%*	*17.3%*	*(237)bps*
Profit before tax	788	959	*-18%*
Profit before tax (%)	*12.2%*	*16.0%*	*(377)bps*
Profit after tax	584	714	*-18%*
Profit after tax (%)	*9.1%*	*11.9%*	*(285)bps*

Formulae used for computation:

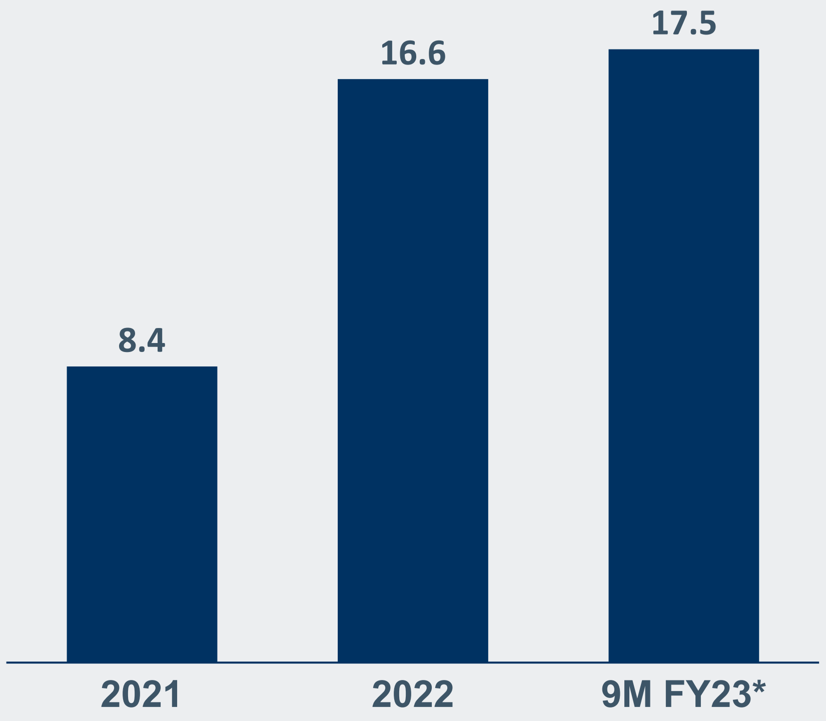
EBITDA -> Profit before tax + Finance Cost + Depreciation & Amortisation expense

EBITDA Margin -> EBITDA / Total Revenue

PBT Margin -> PBT / Total Revenue

PAT Margin -> PAT / Total Revenue

Earnings per share (₹)



** Denoted on annualized basis*

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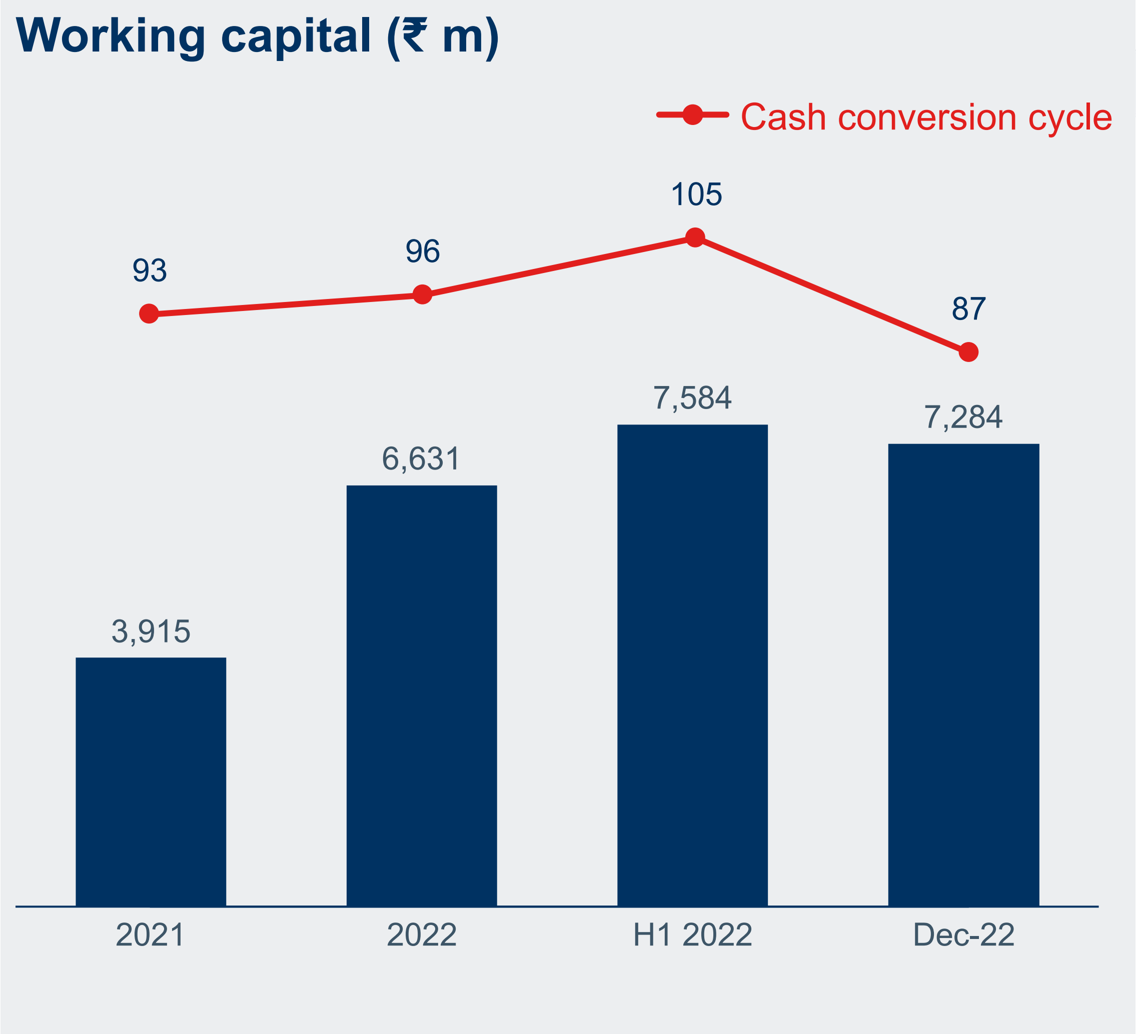
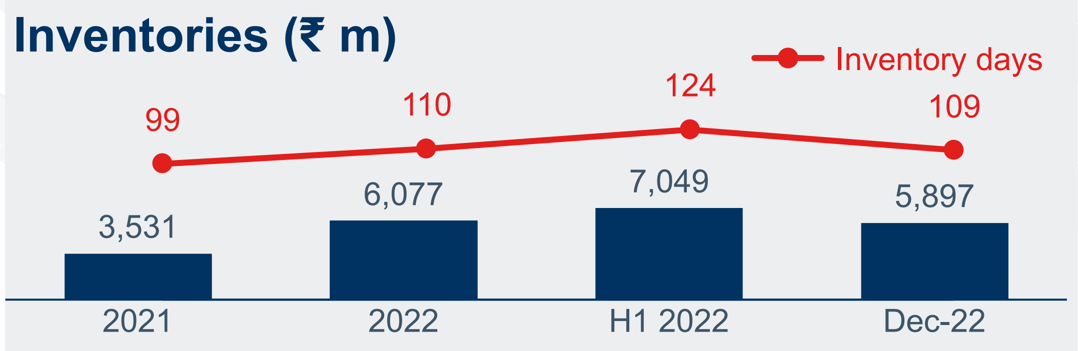
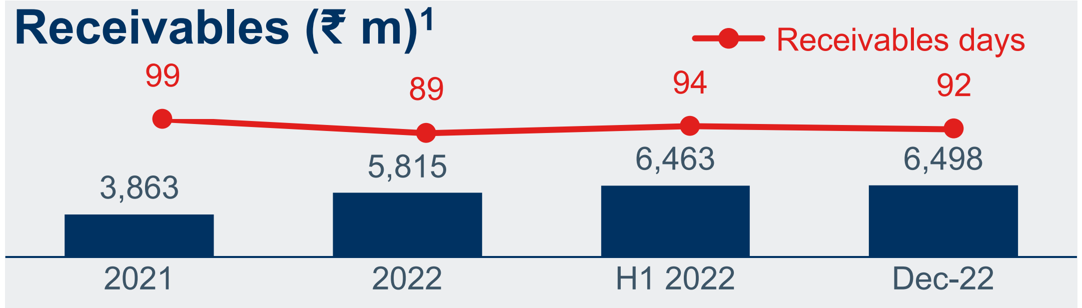
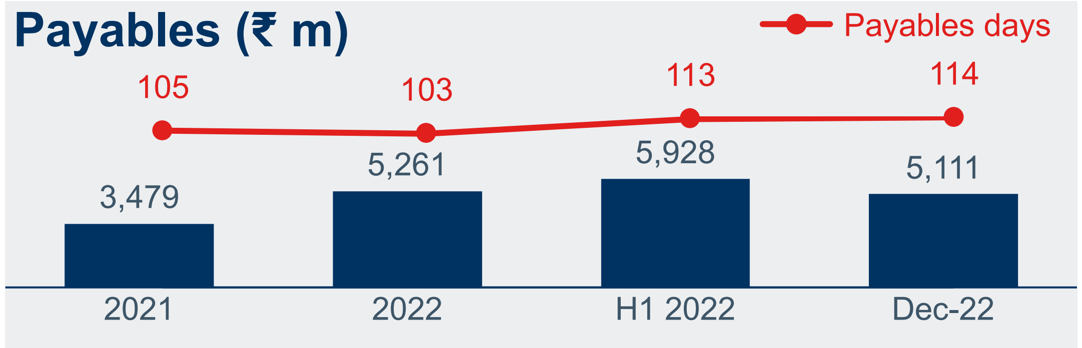
Disciplined working capital management









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

Operations update

Production optimisation

Rationalise, modernise and reduce production costs, closer to our customers

Production optimisation is a continuous process

- Precast Line in Bhiwadi upgraded following installation of new mixing equipment
- Shifted to Pressed Precast from Casted Precast products
- Automation of tunnel kilns

'Local for local' strategy = 'Make in India'

- Refractory business works best when you are close to your customer, with local production for local demand where possible
- RHI Magnesita India has:
  - Moved Magnesia Carbon products from imported source to local production in Cuttack
  - Moved Magnesia mixes from Turkey to local manufacturer to reduce costs, lead time and inventory
  - Plans to relocate pours plug production from Radenthien to Bhiwadi

Vizag

New tunnel kiln

August 2022

Bhiwadi

New R&D centre

November 2021

Shared service centre

Group is investing to expand its global shared service centre in New Delhi

Global Shared Services (GSS)

- Alongside strong growth in the domestic India market, the RHI Magnesita Group also intends to invest in its global shared service centre in New Delhi
- Vision is to build an agile, resilient service delivery with strong process controls to support future organic and inorganic growth
- Processes designed for India operations to provide a robust control/responsibility matrix and visibility of service delivery

Integration with acquired entities

- Following two recent acquisitions an integration project is now underway
- Project team for integration planning includes leaders from RHI Magnesita, Dalmia OCL and Hi-Tech

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