RAIN INDUSTRIES LIMITED

RIL/SEs/2021 February 25, 2021

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

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 Annual Audited Financial Results of the Company for the Financial Year ended on December 31, 2020.

This is for your information and records.

Thanking you,

Yours faithfully,
for Rain Industries Limited

S. Venkat Ramana Reddy
Company Secretary

Regd. Office: Rain Center
34, Srinagar Colony
Hyderabad 500073
Telangana, India

Phone: +91 (40) 40401234
Fax: +91 (40) 40401214
Email: secretarial@rain-industries.com
Website: www.rain-industries.com
CIN: L26942TG1974PLC001693

RAIN INDUSTRIES LIMITED

Earnings Presentation – Q4 CY20

Investor Relations Contact:

INDIA: Saranga Pani

Board: +91 40 4040 1234, Direct: +91 40 4234 9870

Email: Sarang.Pani@raincarbon.com

US: Ryan Tayman

Board:+1 203 406 0535, Direct: +1 203 5172 822

Email: Ryan.Tayman@raincarbon.com

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.

2020 in Review

Safety

- Finished the year with a company-best Total Recordable Incident Rate of 0.14
- 13 of our 15 sites complete one year without a recordable incident

252 Consecutive Recordable Injury- Free Days*

* Does not include Cement business

Operations

- Despite challenging operating conditions related to COVID-19, no production facilities were shutdown (with the exception of few weeks of national lockdown in India)
- Successfully brought the largest US CPC plant back online after hurricane impact
- Continue to operate with only essential operations personnel onsite

Performance

- Executed Uithoorn plant closure and Duisburg ramp up
- Lower volumes year-over-year but maintained EBITDA range

Performance during December 2020 Quarter

Financial Highlights

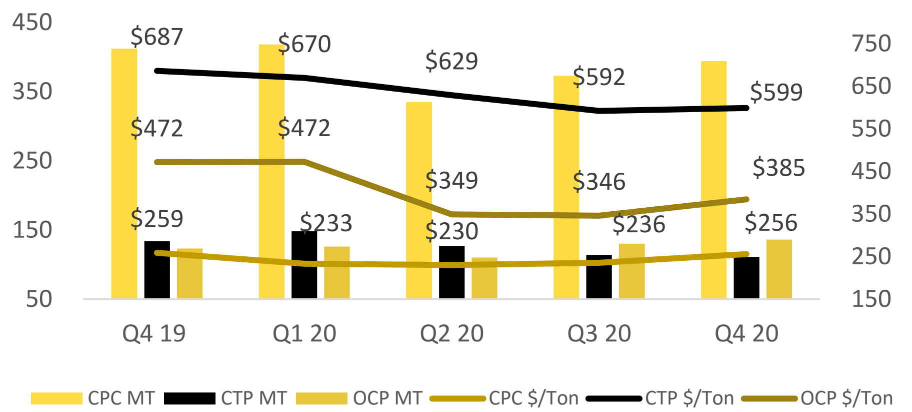
- Revenue from Operations was ₹ 26.40 billion and Adjusted EBITDA was ₹ 4.80 billion
- Adjusted Net Profit After Tax was ₹ 1.16 billion and Adjusted Earnings Per Share was ₹ 3.44
- Capital expenditure of US$ 146 million for the year ended December 31, 2020 (includes ~US$ 47 million for hydrogenated hydrocarbon resins production facility in Germany and ~US$ 18 million for vertical-shaft calciner in India)

Business Highlights

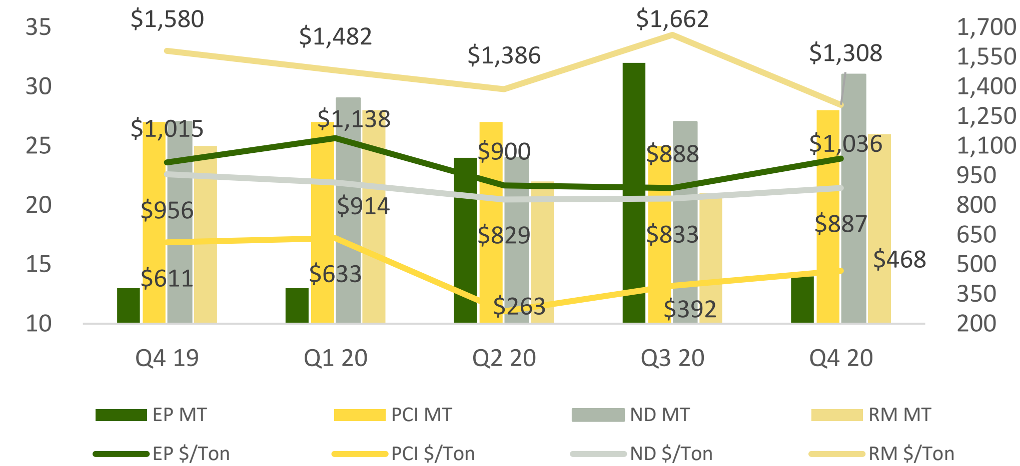
- Divestment of polymers business
- Weaker aluminium and anode industries persisted despite certain positive improvements in European region and increased CPC demand from Asian markets
- EBITDA impacted due to lost CPC volumes and energy revenue on account of Hurricane Laura, resulting under-absorption of cost in the Carbon segment
- Decision to suspend calcination operations at Robinson facility until market dynamics improve

Product and Market Update

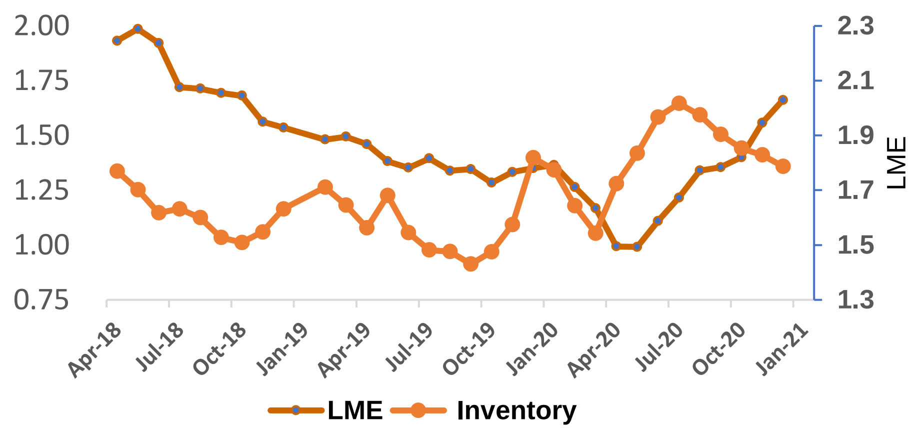
Carbon Volumes (MT 000) and Revenue ($/Tonne)



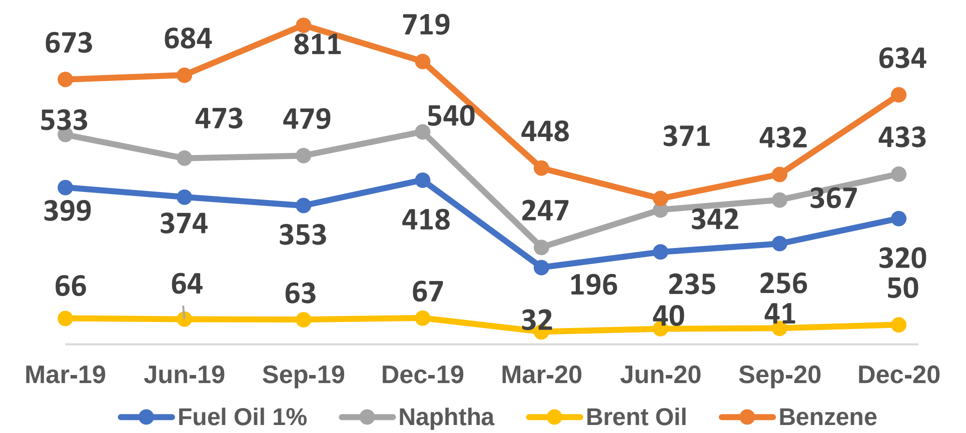
Advanced Materials Volumes (MT 000) and Revenue ($/Tonne)



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



Key Market Quotations Impact in Advanced Materials Business



With rebounding of end-markets, demand for primary aluminium increased during CY 2020.

Ongoing Capital Expansions

Hydrogenated Hydrocarbon Resins (HHCR) Plant, Germany

- Customer testing of new products continues; limited commercial sales executed in Q4
- Operations team continuing to manage issues unique to the plant's complex technology

Vertical-Shaft Calcination Plant, India

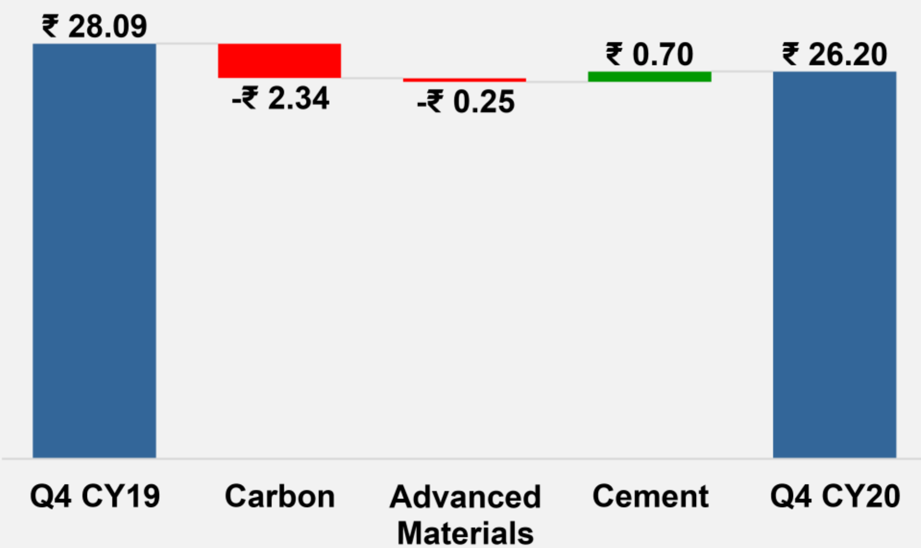
- Commercial start-up delayed due to on-going COVID-19 impact on construction workforce
- Company is working to ensure adequate availability and cost-effective supply of feedstock

Anhydrous Carbon Pellets (ACP) Plants, India and USA

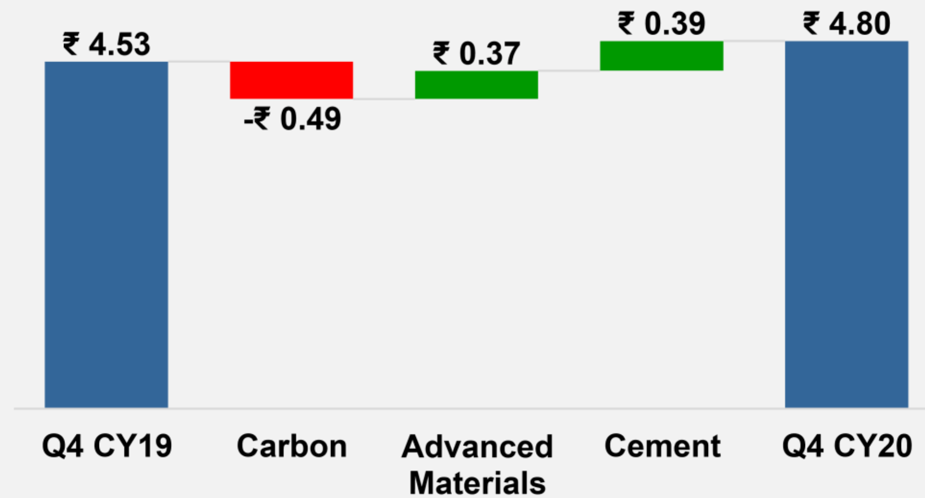
- Construction of US ACP production facility resumed in Q4 2020
- India plant construction will recommence in Q2 2021 after completion of the vertical-shaft calcination plant due to limited construction workforce

Consolidated Performance – Q4 CY20

(₹ in Billions)



Revenue (excluding other operating income)



Adjusted EBITDA

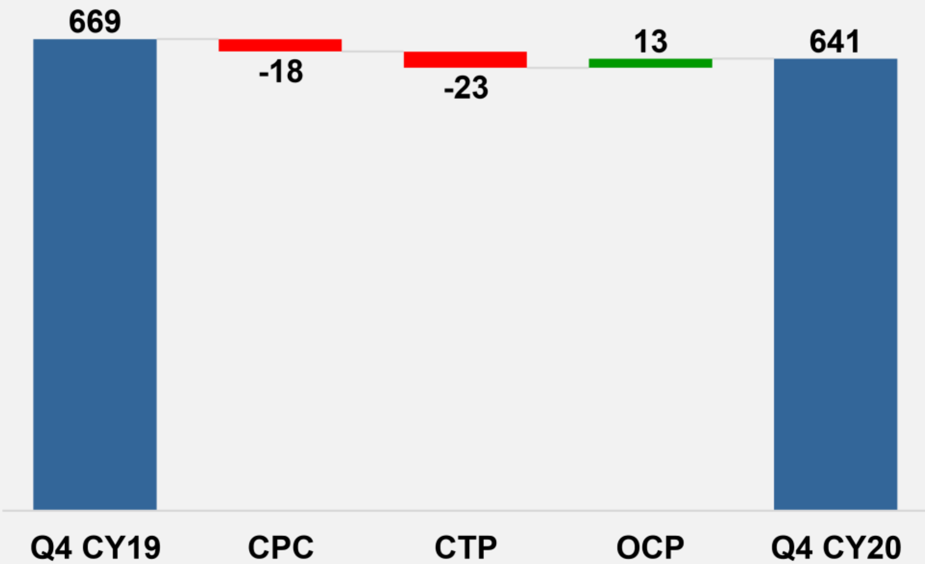
Highlights in Q4 CY20

- Carbon segment revenue and EBITDA declined due to lower volumes of CPC, lost energy sales due to Hurricane Laura and lower volumes of pitch due to closure of smelter and curtailments at an anode producer
- Advanced Materials segment EBITDA improved due to higher volumes in certain sub-segments as a result of increased demand from the construction industry, offset by continued pressure on the automotive industry
- Cement segment performance improved due to increase in sales realisations

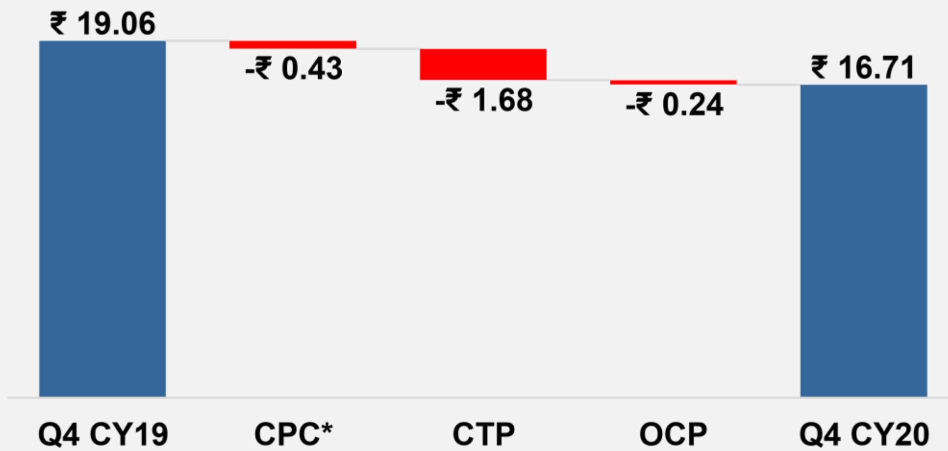
Note: Charts not to scale

Carbon Business Performance – Q4 CY20

(₹ in Billions)



Volumes (metric tons in thousands)



*Includes Energy Revenue

Revenue (excluding other operating income)

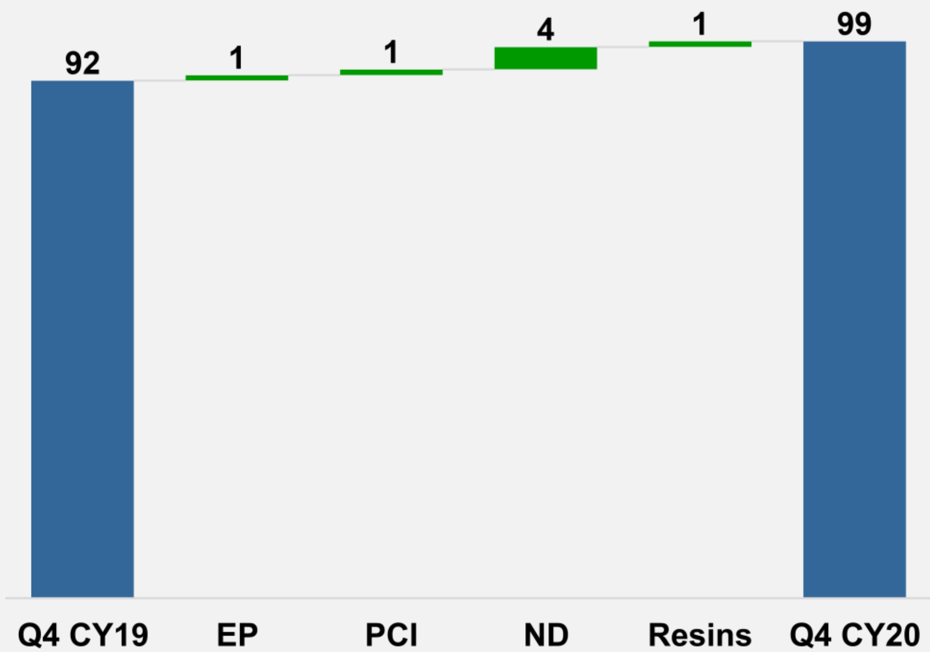
Highlights in Q4 CY20

- CPC revenue decreased primarily on account of lost volumes due to Hurricane Laura
- Pitch revenue decreased due to lower volumes driven by the timing of sales and reduced demand due to closure of smelter, coupled with lower realisations, falling in line with raw material costs
- Adjusted EBITDA decreased by ₹487 million due to lower volumes and pressure on margins offset by savings in costs

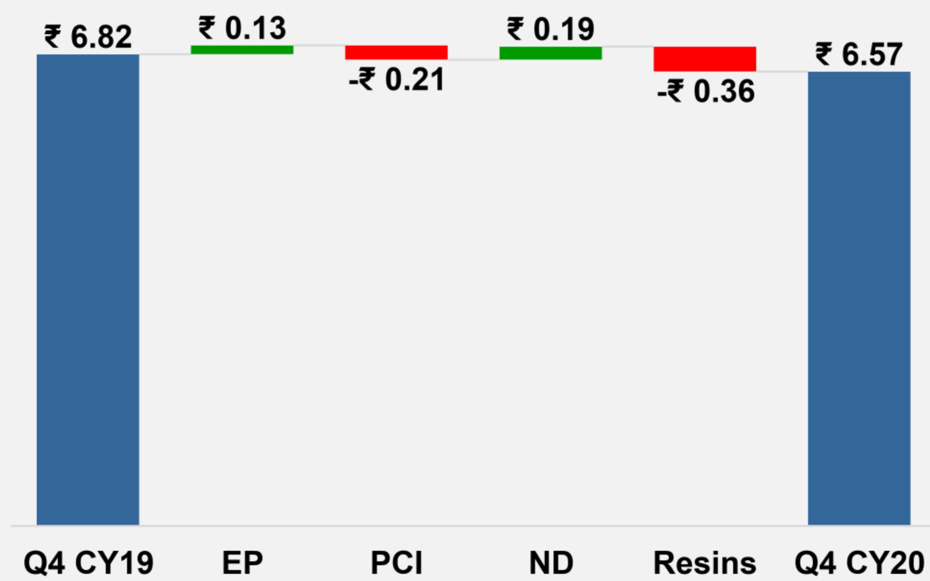
CPC – Calcined Petroleum Coke; CTP – Coal Tar Pitch; OCP – Other Carbon Products

Note: Charts not to scale

Advanced Materials Business Performance – Q4 CY20 (₹ in Billions)



Volumes (metric tons in thousands)



Revenue (excluding other operating income)

Highlights in Q4 CY20

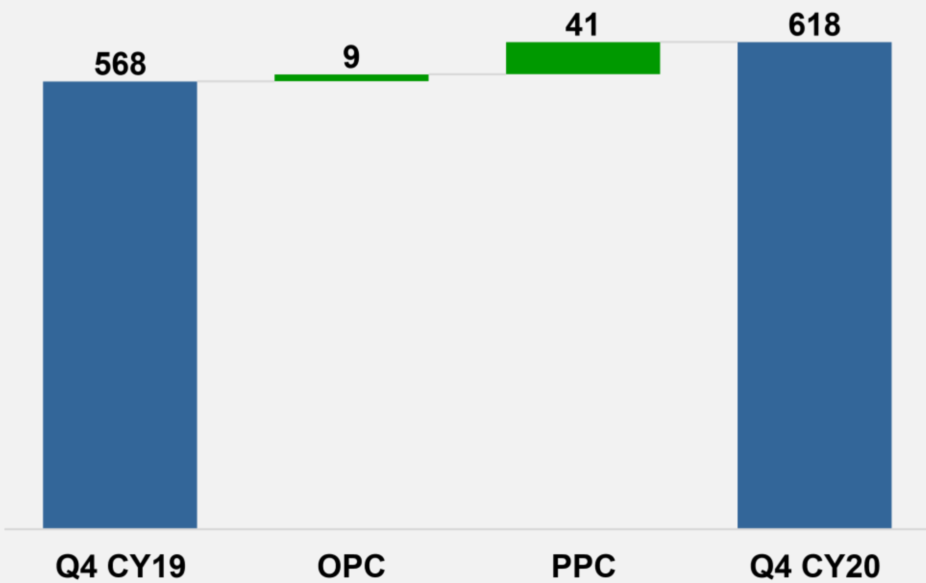
- Revenue decrease primarily driven by lower prices due to a decline in related commodity prices
- Adjusted EBITDA increased by ₹367 million as a result of restructuring of resins business (Uithoorn facility closure) and improved absorption of overhead costs

EP – Engineered Products; PCI – Petrochemical Intermediates; ND – Naphthalene Derivates

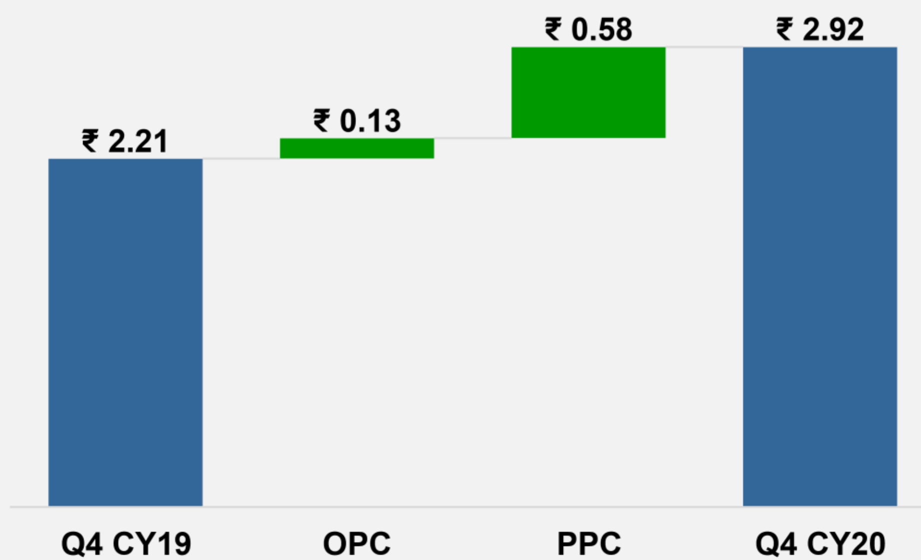
Note: Charts not to scale

Cement Performance – Q4 CY20

(₹ in Billions)



Volumes (metric tons in thousands)



Revenue (excluding other operating income)

Highlights in Q4 CY20

- Revenue from Cement business increased by 31.9% due to higher realisations
- Adjusted EBITDA increased by ₹389 million due to higher realisations and lower costs

OPC – Ordinary Portland Cement; PPC – Portland Pozzolana Cement

Note: Charts not to scale

Consolidated Debt Position

US$ in Millions	Dec 2020	Dec 2019
7.25% USD-denominated Senior Secured Notes (due in April 2025)	550	550
Euro-denominated Senior Secured Term Loan B (due in January 2025)[1]	479	437
Other Term Debt	46	57
Finance Lease Liability[2]	72	16
Gross Term Debt	**1,147**	**1,060**
Add: Working Capital and other Debt	77	55
Less: Deferred Finance Cost	12	14
Total Debt	**1,212**	**1,101**
Less: Cash and Cash Equivalents	280	173
Net Debt	**932**	**928**
LTM Adjusted EBITDA	269	248

1. Debt of €390 million converted at EURO/USD exchange rates of 1.23 and 1.12 as at Dec. 31, 2020 and Dec. 31, 2019 respectively.
2. Recognition of lease liability on adoption of new lease standard Ind AS 116.

Highlights CY 2020

- Capital expenditure of ₹10.81 billion (US$ 146 million) during CY 2020 includes ₹4.81 billion (US$ 65 million) spent on our two major projects – hydrogenated hydrocarbon resins production facility in Germany and vertical-shaft calciner (under construction) in India – as well as expenditure for other projects.
- Net cash used in financing activities of ₹(6.01) billion during CY 2020 includes ₹0.52 billion of inflows in respect of net proceeds from borrowings and ₹1.29 billion of outflows for lease payments. Balance outflow of ₹5.24 billion is toward interest and dividend payments.

INR in Millions	CY 2020	CY 2019
Operating Activities#	18,225	22,400
Investing Activities	(7,715)	(11,792)
Financing Activities	(6,005)	(6,528)

includes net working capital inflow of ₹ 3,033 and ₹ 8,706 for CY 2020 and CY 2019 respectively

Appendix

Summary of Statement of Operations

₹ in Millions

Particulars	Q4 2020	Q4 2019	CY 2020	CY 2019
Net Revenue	26,201	28,090	103,962	122,873
Other Operating Income	201	214	685	734
Revenue from Operations	**26,402**	**28,304**	**104,647**	**123,607**
EBITDA	7,775	4,457	21,008	15,968
Adjusted EBITDA	**4,804**	**4,535**	**19,892**	**17,427**
Adjusted EBITDA Margin	*18.2%*	*16.0%*	*19.0%*	*14.1%*
Profit Before Tax	**4,450**	**1,492**	**8,510**	**5,907**
Tax Expense, net	1,229	275	2,627	1,283
Non-controlling Interest	151	69	301	710
Net Profit After Tax	3,070	1,148	5,582	3,914
Adjusted Net Profit After Tax	**1,159**	**1,325**	**5,321**	**5,211**
Adjusted Earnings Per Share (in ₹)*	3.44	3.94	15.82	15.49

Quarterly Earnings Per Share is not annualized.

Reconciliation of EBITDA and PAT

₹ in Millions

Particulars	Q4 2020		CY 2020	
	EBITDA	PAT	EBITDA	PAT
A. Reported	**7,775**	**3,070**	**21,008**	**5,582**
B. Adjustments:				
• Inventory Adjustments due to extraordinary fall in commodity prices	-	-	1,350	1,350
• Reorganisation costs on account of closing of certain facilities in Europe	-	-	(156)	(156)
• Expenses towards strategic projects and other non-recurring items	551	551	1094	1094
• Accelerated depreciation due to plant closure in the Netherlands	-	-	-	139
• Repairs and other costs incurred on account of hurricane	342	342	460	460
• Gain on divestment of superplasticizer business	(3,864)	(3,864)	(3864)	(3864)
• Tax impact on above adjustments	-	154	-	(190)
• Deferred tax adjustments	-	906	-	906
C. Adjusted (A + B)	**4,804**	**1,159**	**19,892**	**5,321**

RAIN – Key Business Strengths

- Three business segments (Carbon, Advanced Materials and Cement)
- Global presence with 2.1 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, 0.7 million tonnes p.a. advanced materials capacity and 4.0 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 advantaged freight and logistics network
- Facilities with overall 177 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.

Thank You