



RAIN INDUSTRIES LIMITED

RIL/SEs/2022

May 4, 2022

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.

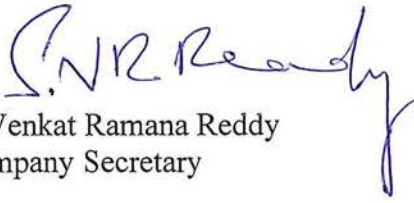
Ref : Scrip Code: 500339 (BSE) & Scrip code : RAIN (NSE)

With reference to the above stated subject, please find enclosed herewith Rain Industries Limited Earnings Presentation on Unaudited Financial Results for the first quarter ended on March 31, 2022.

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 – Q1 CY22

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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.

First-Quarter Results

Financial Highlights

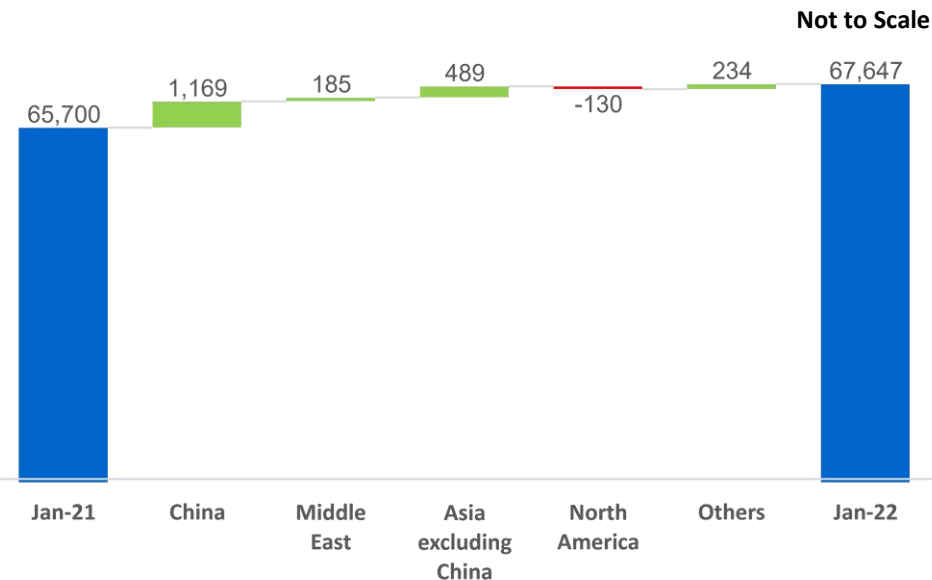
- Revenue from Operations was ₹ 44.37 billion and Adjusted EBITDA was ₹ 8.35 billion
- Adjusted Net Profit After Tax was ₹ 3.04 billion and Adjusted Earnings Per Share was ₹ 9.05
- Capex of US\$ 18 million for Q1 2022, of which ~ US\$ 2.1 million relates to expansion projects

Business Highlights

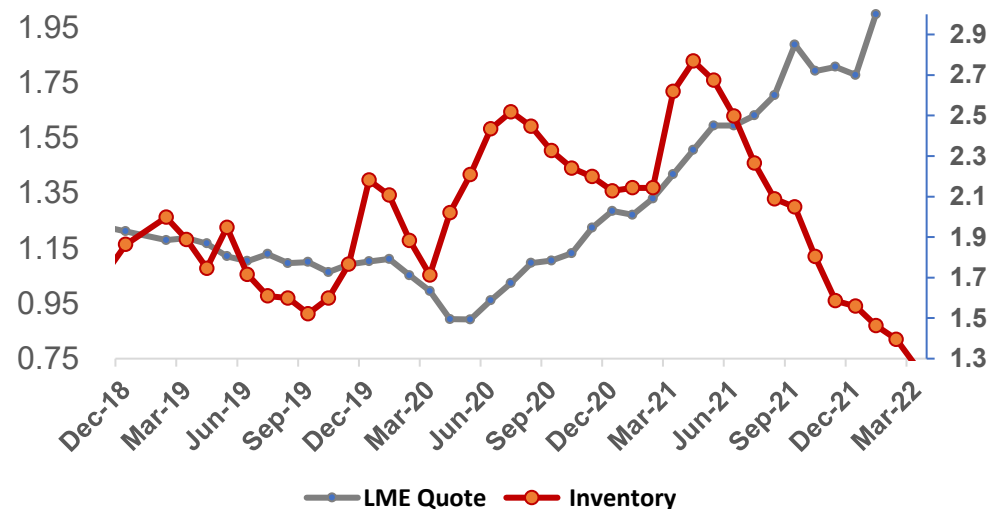
- Quarter results represents high EBITDA quarter, which benefited from time lag between sales prices and carryover of lower cost raw materials from past quarter
- Continued strong demand in most products despite higher raw material and energy costs and supply chain issues
- Advanced Materials segment results rebounded to normal levels as expected after Q4 maintenance outages and one-time factors, despite continued higher energy costs

Aluminium: Production, Price and Inventory Levels

Primary Aluminium Production Growth in Thousand Metric Tonnes



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



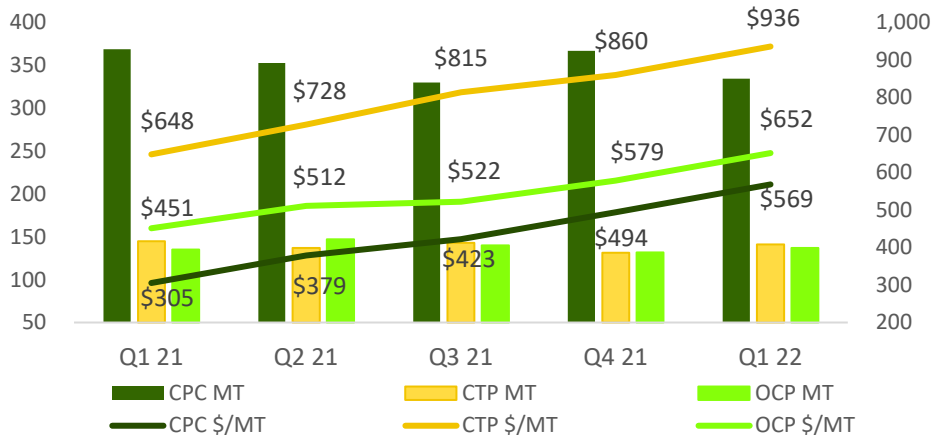
- Aluminium 3-month LME seller's price last traded at US\$ 3,090 per tonne (April 29, 2022), higher than the multi-year average
- Prices continue to support smelter restarts and overall production increases
- High energy costs in Europe prompted several smelters to reduce their production

With continued increase in demand for primary aluminium and supply restrictions, LME prices crossed US\$ 3,500 per tonne during March 2022.



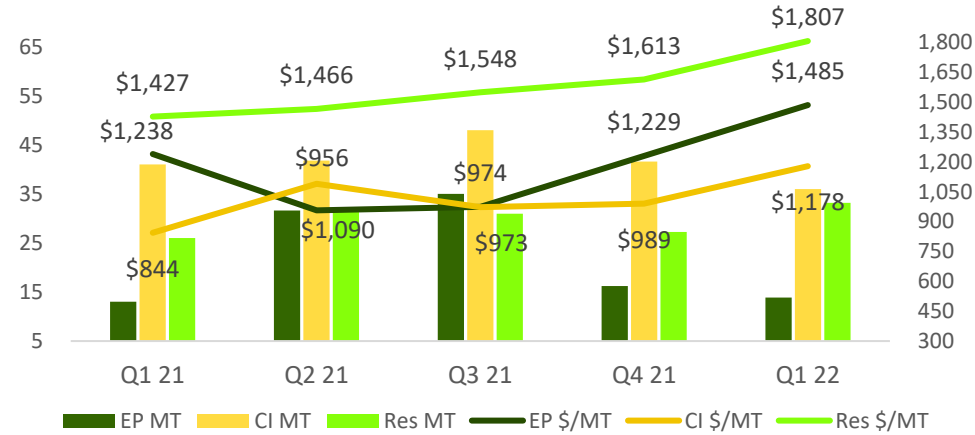
Growing Demand, Increasing Realisations and Costs

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



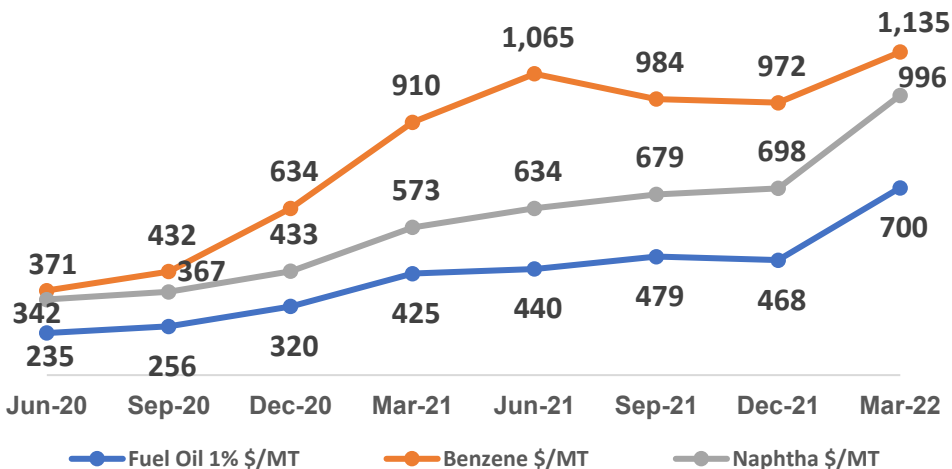
CPC – Calcined Petroleum Coke; CTP – Coal Tar Pitch; OCP – Other Carbon Products

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

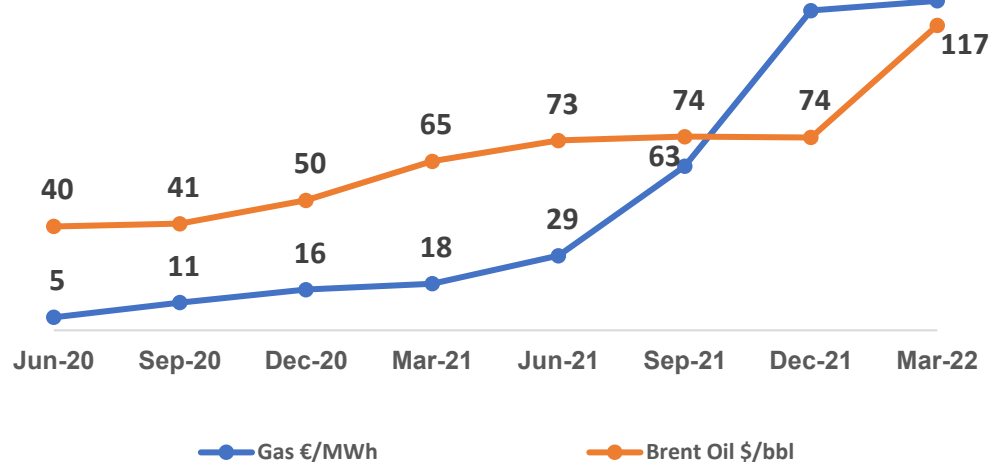


EP – Engineered Products CI – Chemical Intermediates; Res – Resins

Key Market Quotations in Advanced Materials Business



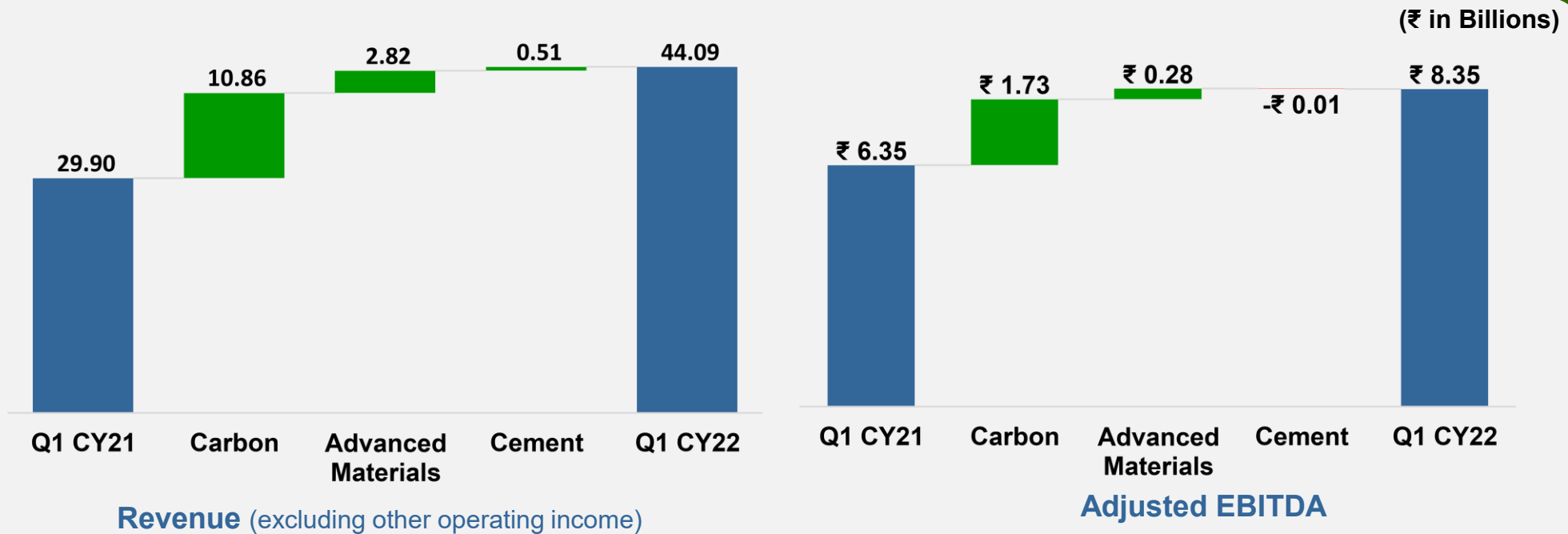
Energy Cost in European Region



Realisations for most products across three business segments increased during Q1, enabling the recovery of raw materials costs. Energy costs remained high across all geographies, resulting in higher operating costs.



Increased Margin Driven by Price Lag and Strong Demand



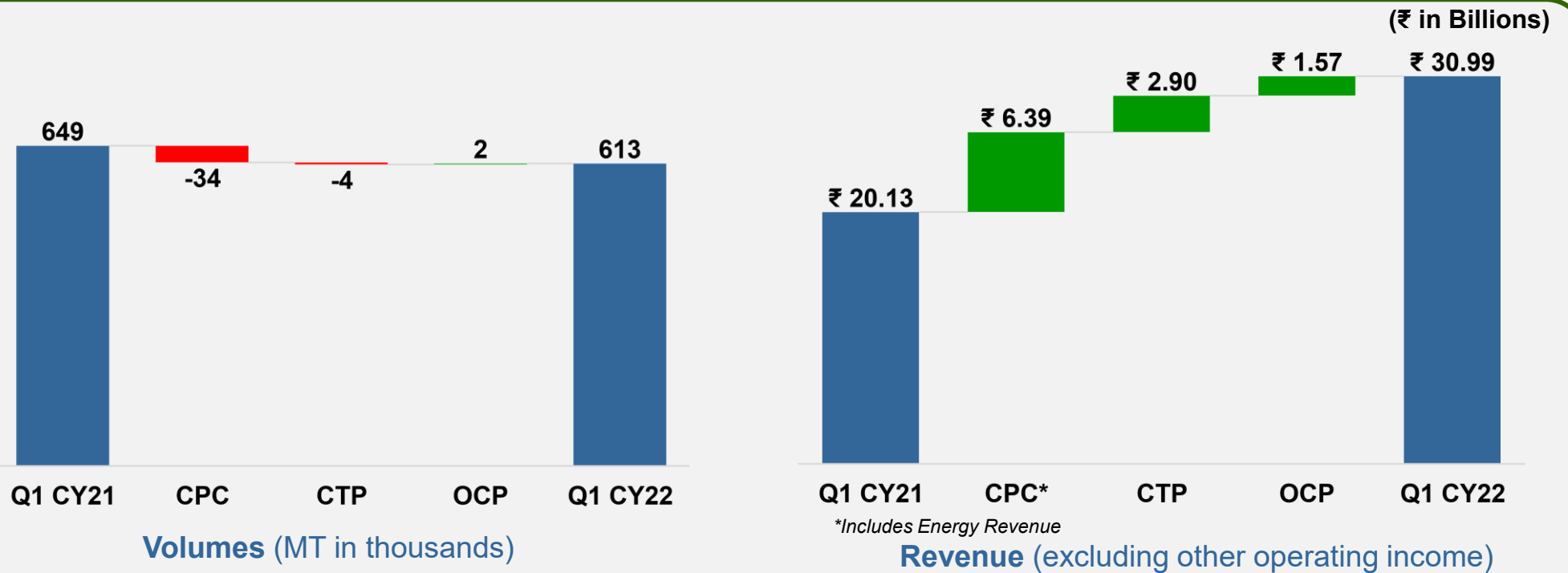
Highlights in Q1 CY22

- Carbon segment revenue significantly improved, supported by strong market quotations offset by lower volumes due to raw material availability
- Advanced Materials segment revenue improved because of increase in volumes for the hydrogenated hydrocarbon resins (HHCR) plant in addition to the higher price realisations offset by lower availability of feedstock
- Margins expanded due to time lag of price resets between sales and raw materials
- Cement segment revenue improved because of increase in volumes and realisations

Note: Charts not to scale



Carbon: Significant Increase in Revenue Driven by Pricing



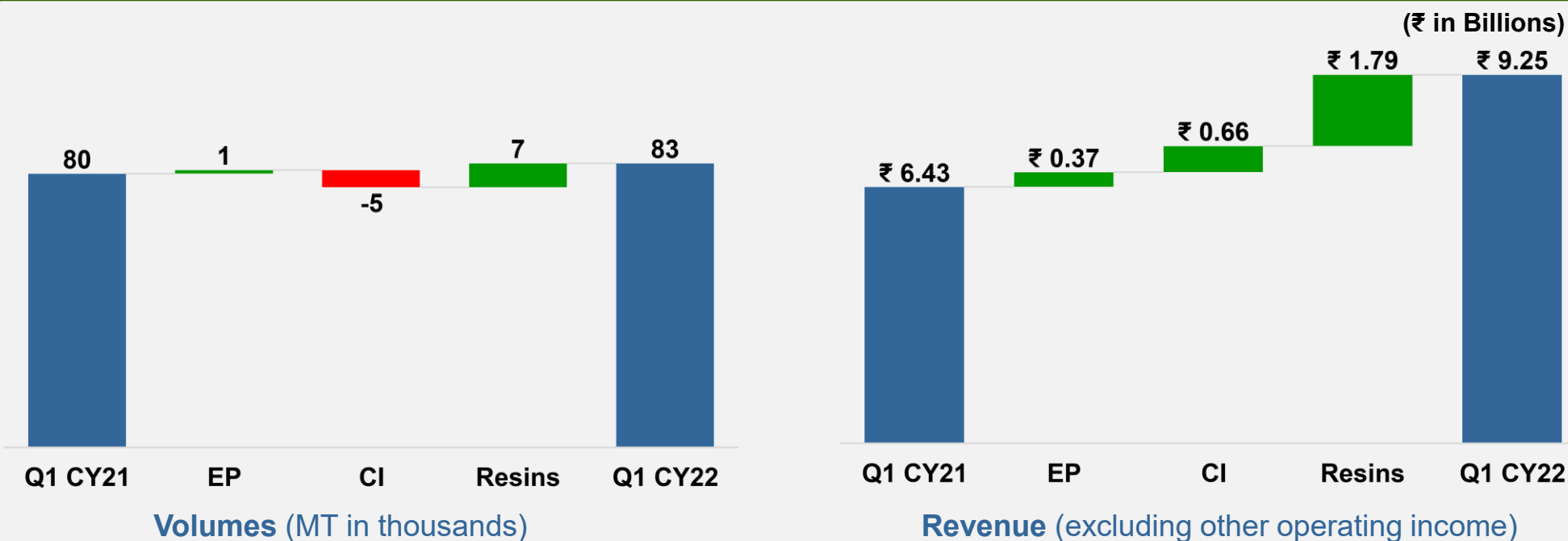
Highlights in Q1 CY22

- CPC revenue increased primarily on account of higher prices due to increased raw material prices offset by extended shutdowns due to raw material unavailability
- Pitch revenue increased due to higher prices based on underlying raw material prices
- Other carbon products revenue increased due to prices driven by fuel-oil quotations

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

Note: Charts not to scale

Advanced Materials: Rebound Despite Higher Energy Costs



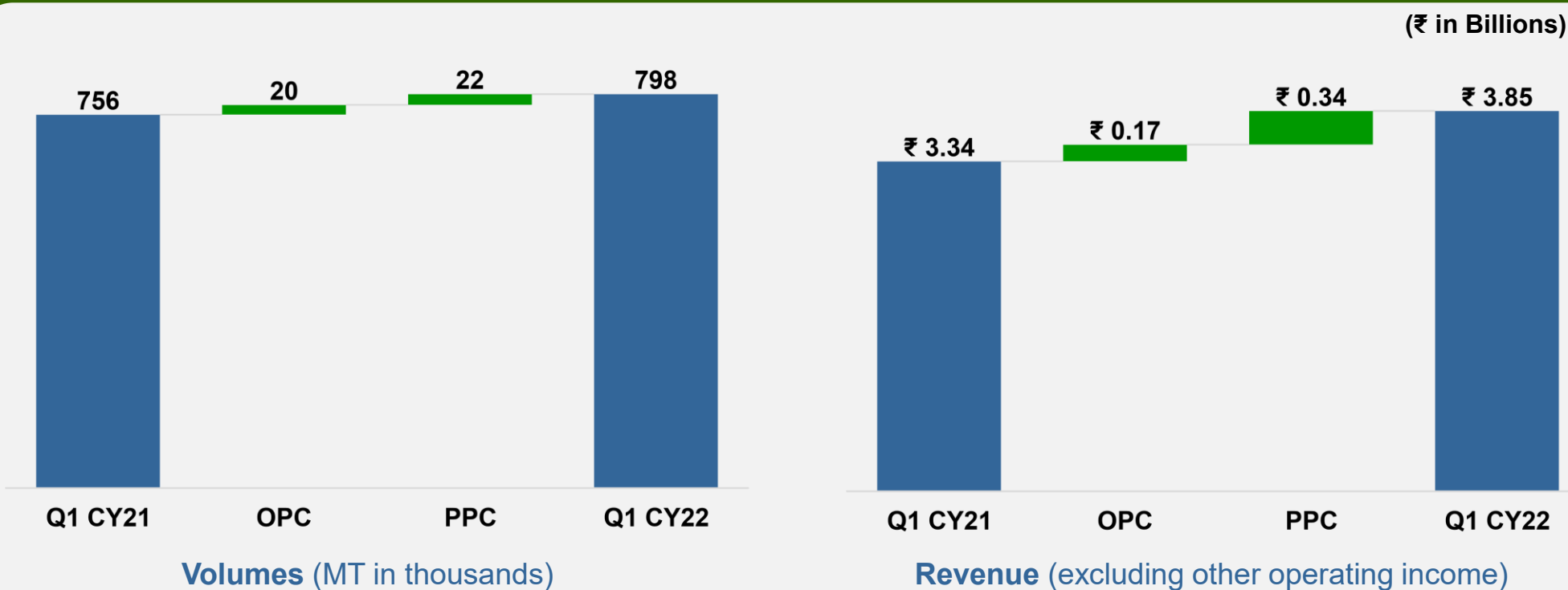
Highlights in Q1 CY22

- Revenue increase was primarily the result of higher prices and sale of HHCR products, backed by higher throughput and higher demand from refractory and lithium-ion battery producers offset by lower availability of feedstock
- Adjusted EBITDA increased by ₹ 282 million due to higher demand and higher prices, enabling the segment to recover increased operating costs due to high energy costs

EP – Engineered Products; CI – Chemical Intermediates

Note: Charts not to scale

Cement: Higher Revenues Driven by Volumes, Realisations



Highlights in Q1 CY22

- Revenue from Cement business increased by 15.3% due to a combination of higher volumes and an increase in price realisations
- Adjusted EBITDA decreased by ₹ 10 million due to higher fuel and freight costs

OPC – Ordinary Portland Cement; PPC – Portland Pozzolana Cement

Note: Charts not to scale

Debt Summary

US\$ in Millions	Mar 2022	Dec 2021
7.25% USD-denominated Senior Secured Notes (due in April 2025)	539 [#]	546
Euro-denominated Senior Secured Term Loan (due in January 2025) *	436	441
Senior Bank Debt	20	28
Sales Tax Deferment	5	6
Finance Lease Liability	58	59
Gross Term Debt	1,058	1,080
Add: Working Capital Debt	95	71
Less: Deferred Finance Cost	8	9
Total Debt	1,145	1,142
Less: Cash and Cash Equivalents	212	228
Net Debt	933	914
LTM Adjusted EBITDA	365	341

Decrease on account of re-purchase of bonds during the quarter

* Debt of €390 million converted at EURO/USD exchange rates of 1.12 and 1.13 as at Mar. 31, 2022 and Dec. 31, 2021 respectively

Cash Inflows / Outflows during Q1 2022

- Operating cash flows includes net working capital outflows of ₹ 6.42 billion (compared to outflows of ₹ 2.97 billion for Q1 2021), due to increase in prices across all business units.
- Capital expenditure of ₹ 1.36 billion (US\$ 18 million) during Q1 2022 includes ₹0.16 billion (US\$ 2.1 million for Q1 2022) spent on expansion projects.
- Net cash used in financing activities of ₹ 0.75 billion during Q1 2022 majorly includes outflow of ₹ 1.18 billion towards interest and dividend payments offset by net proceeds from borrowings of ₹ 0.43 .

(₹ in millions)

Particulars	Q1 2022	Q1 2021
Operating Activities	852	2,563
Investing Activities	(1,576)	(1,465)
Financing Activities	(752)	(4,491)

Thank You

Appendix

Summary of Consolidated Income Statement

₹ in Millions

Particulars	Q1 2022	Q4 2021	Q1 2021	CY 2021
Net Revenue	44,093	39,660	29,900	143,697
Other Operating Income	273	601	182	1,571
Revenue from Operations	44,366	40,261	30,082	145,268
Reported EBITDA	7,986	5,468	6,237	25,291
Adjusted EBITDA	8,348	5,410	6,353	25,174
<i>Adjusted EBITDA Margin</i>	<i>18.8%</i>	<i>13.4%</i>	<i>21.1%</i>	<i>17.3%</i>
Profit Before Tax	4,904	2,234	3,143	12,764
Tax Expense, net	1,765	2,958	831	5,829
Non-controlling Interest	365	246	249	1,134
Reported Profit / (Loss) After Tax	2,774	(970)	2,063	5,801
Adjusted Profit After Tax	3,044	944	2,151	7,560
Adjusted Earnings Per Share (in ₹)*	9.05	2.81	6.40	22.48

*Quarterly Earnings Per Share is not annualized.

Reconciliation of EBITDA and PAT for Q1 2022

Particulars	₹ in Millions	
	EBITDA	PAT
A. Reported	7,986	2,774
<i>B. Adjustments:</i>		
• Expenses towards strategic projects and other non-recurring items	356	356
• Repair and other costs incurred on account of hurricane	47	47
• Gain on repurchase of bonds	(8)	(8)
• Gain on divestment of superplasticizer business	(33)	(33)
• Tax impact on above adjustments	-	(92)
C. Adjusted (A + B)	8,348	3,044

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 advantaged 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.