IFGL REFRACTORIES LTD

RESULT UPDATE PRESENTATION ,
February 2016

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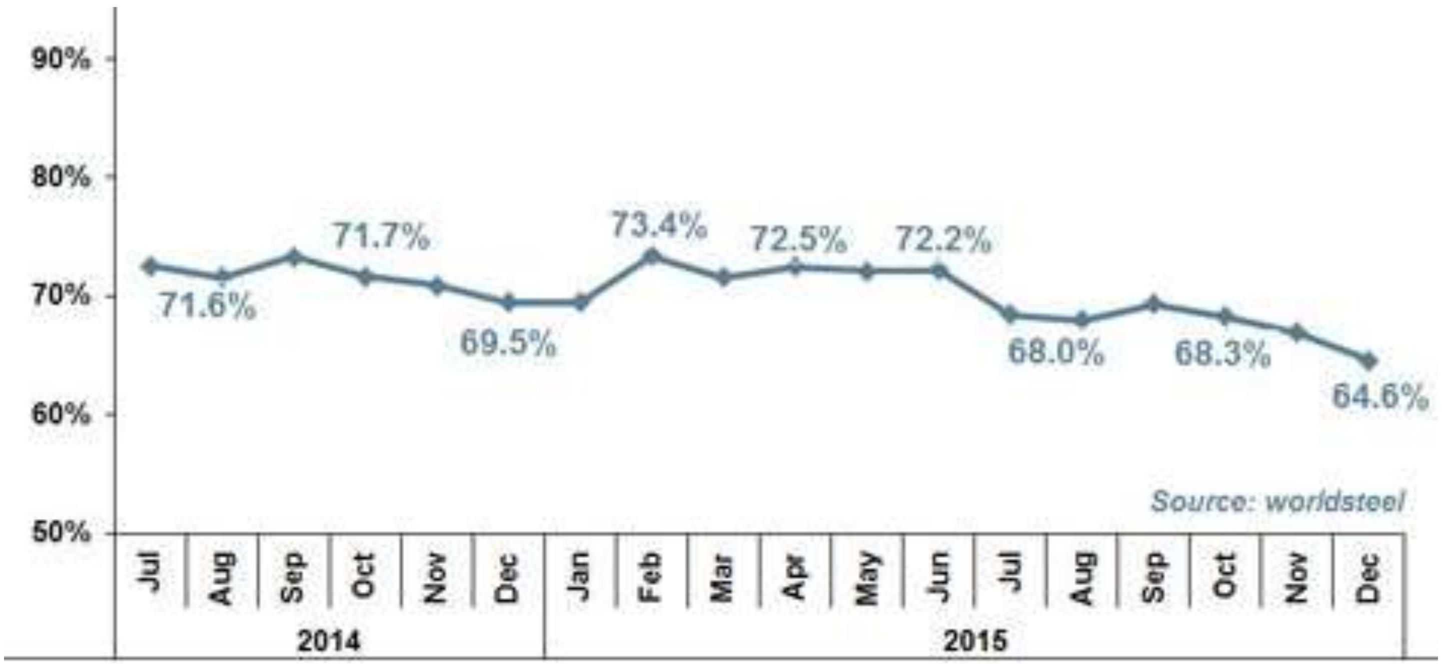
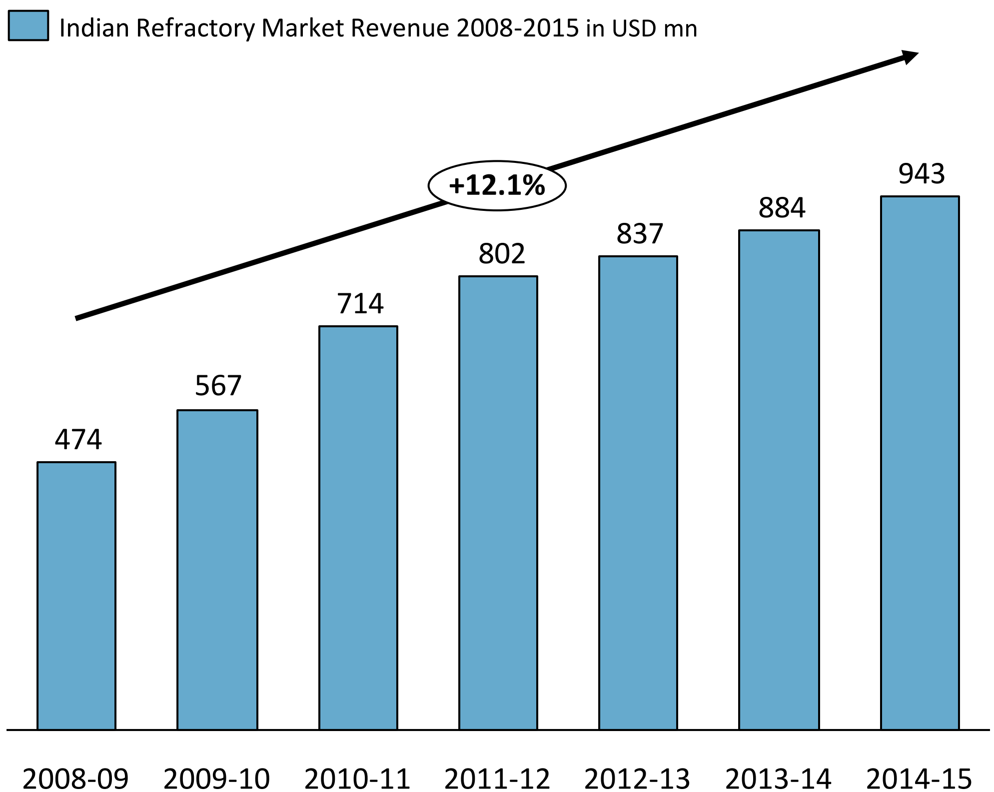
INDUSTRY OVERVIEW

World Steel Capacity Utilization declining



World Steel Output Decreased by 2.8% in 2015

…but Indian Refractories to perform better



- *Indian Steel production expected to increase in 2016 on back of increased Infrastructure demand and commission of new capacities by steel majors*
- *Growth will also be attained by way of shift in production to developing areas, reflecting the ongoing shift in heavy industry production to countries with low cost structures*

Source – IREFCON 2016

IFGL - Ready to Capitalize

Increase Steel Production In India on back of Infrastructure growth & Safeguards

Steel Demand in the World ex-China to is expected to grow in 2016

Stabilizing World Economy to lead to recovery of Steel Demand in Developed Economies

IFGL is present in 50% of the Steel Producing countries of the World; will benefit from Economic Recovery

'No major capex' required in any Plant to capture Demand improvements

SIGNIFICANT OPERATING LEVERAGE

Our Performance

Consolidated Profit & Loss

Particulars [Rs. Crs]	9M FY16	9M FY15
Total Income	**544.1**	**598.1**
Raw Material	277.8	300.3
Employee Expenses	87.3	87.9
Other Expenses	111.0	129.9
Normalized EBITDA*	**68.0**	**79.9**
Normalized EBITDA %	***12.5%***	***13.4%***
Depreciation	12.0	11.2
EBIT	**56.0**	**67.8**
EBIT Margin %	**10.3%**	**11.50%**
Finance Cost	3.6	4.6
Tax	12.5	18.7
Minority Interest (MI)	2.2	0.8
Provision	6.3	-
Profit after Tax & MI	**31.3**	**44.7**

Normalized EBITDA is before Provisions (other than Tax) which is part of other expenses

Commentary

USA Performance:
Continues to be slow on back of low steel production, however Q3 reported the best profitability in the last 3 quarters.

Germany:
Was impacted by a seasonally weak quarter. However cost controls and better product mix led to a marginal Profit v/s a loss reported last year

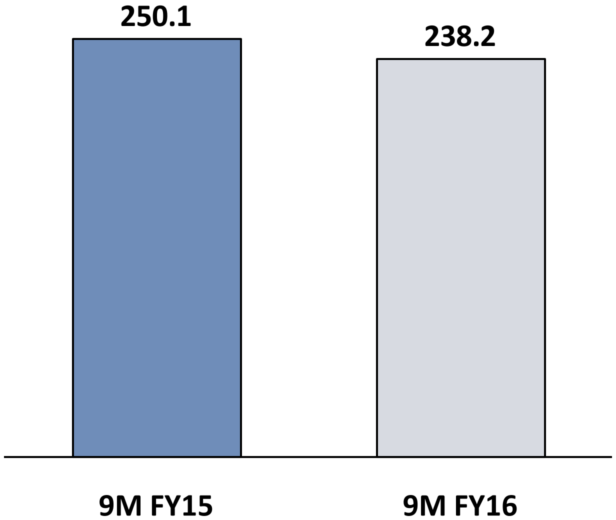
IFGL Exports:
Slower growth in EU impacted Sales momentum.

Monocon Group:
Tight cost control and improving product mix with focused sales to credit worthy clients have led to company reporting highest PAT in last 4 quarters

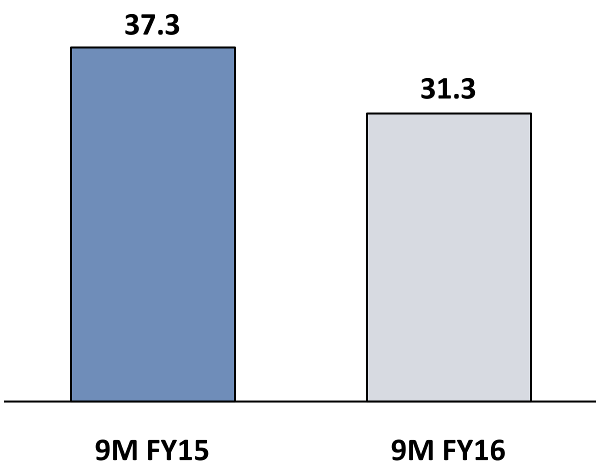
India Business:
Impacted by slowing domestic production

Standalone Financial Highlights – 9M FY16

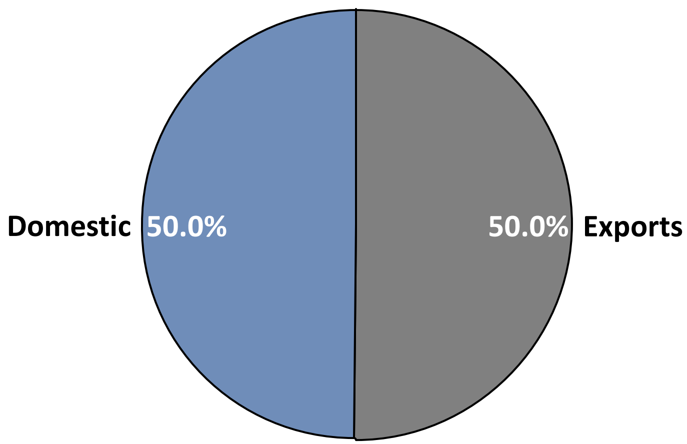
Standalone Turnover [Rs. Crs]



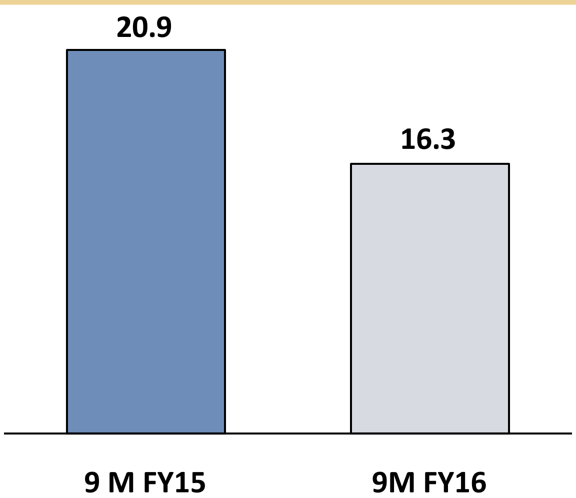
EBITDA [Rs. Crs]



Domestic V/s Export Sales [%]

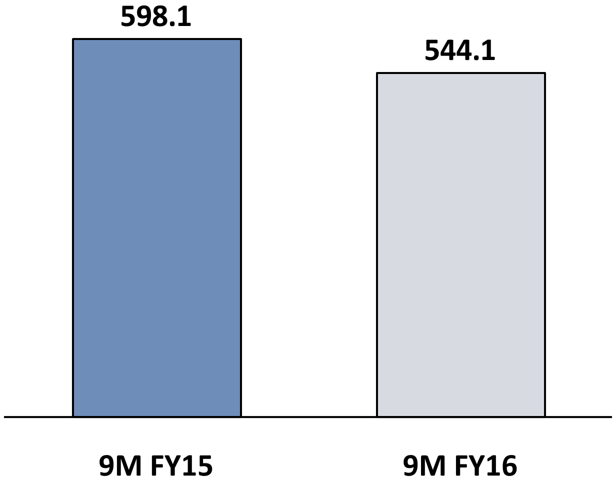


PAT [Rs. Crs]

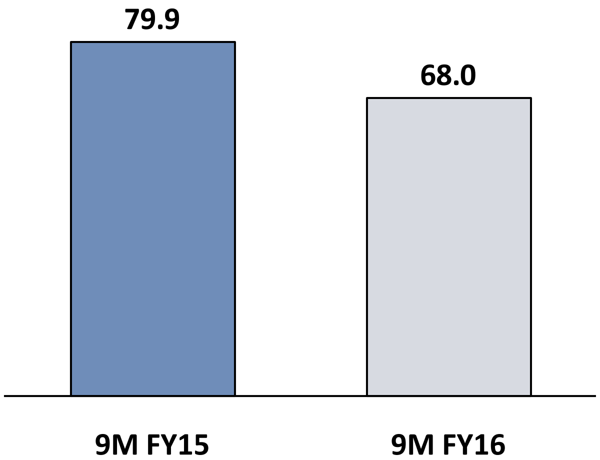


Consolidated Financial Highlights – 9M FY16

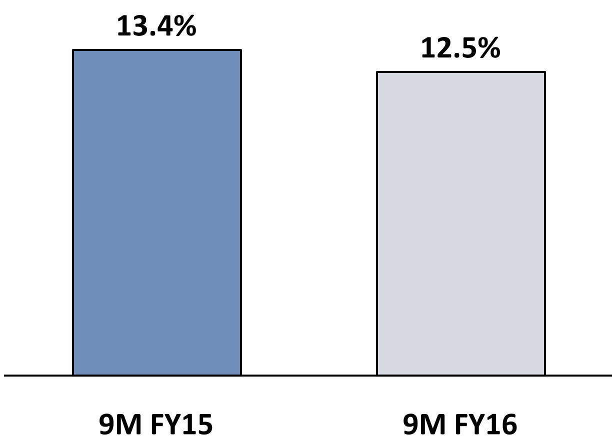
Consolidated Turnover [Rs. Crs]



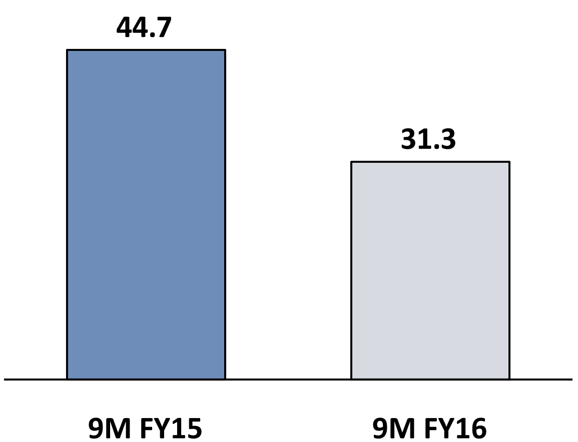
Normalized EBITDA [Rs. Crs]



Normalized EBITA margin



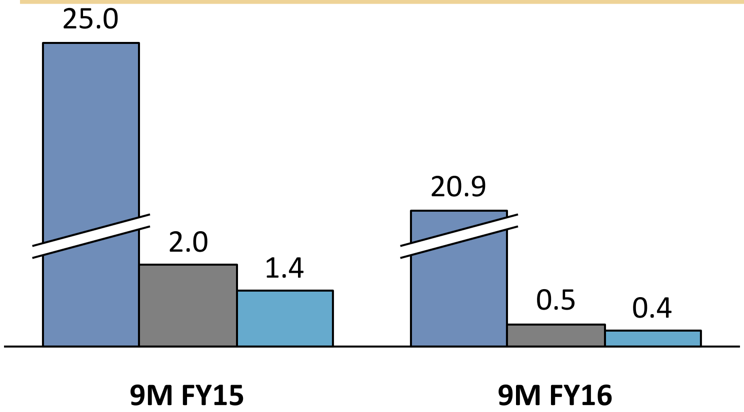
PAT After MI [Rs. Crs]



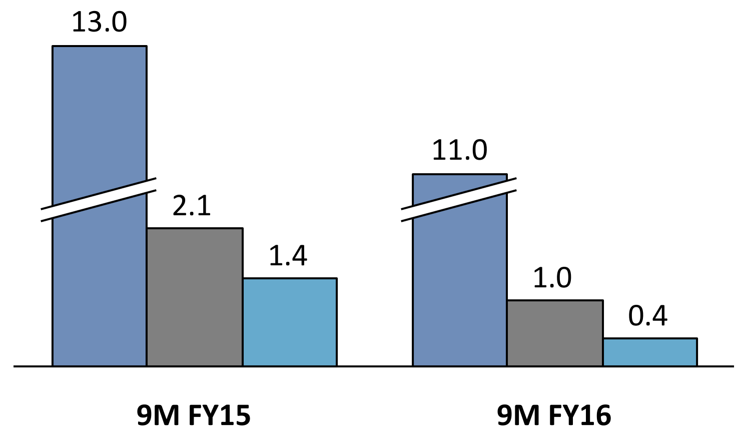
*Normalized EBITDA is before Provisions (other than Tax) which is part of other expenses

Subsidiary Performance – 9MFY16

Monocon Group [GBP mn]*

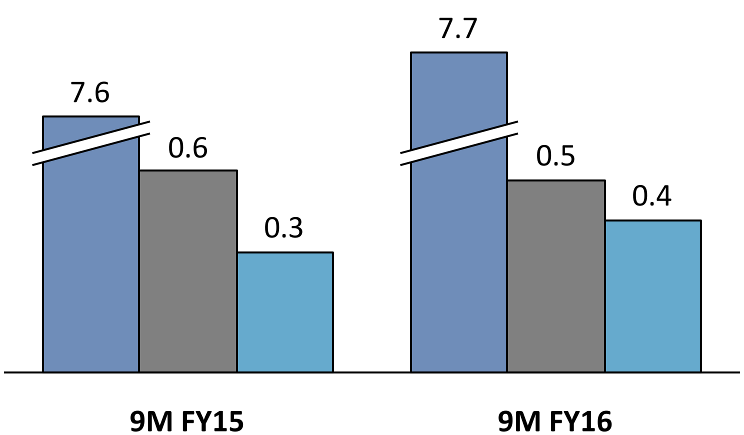


EI Ceramics [$ mn]

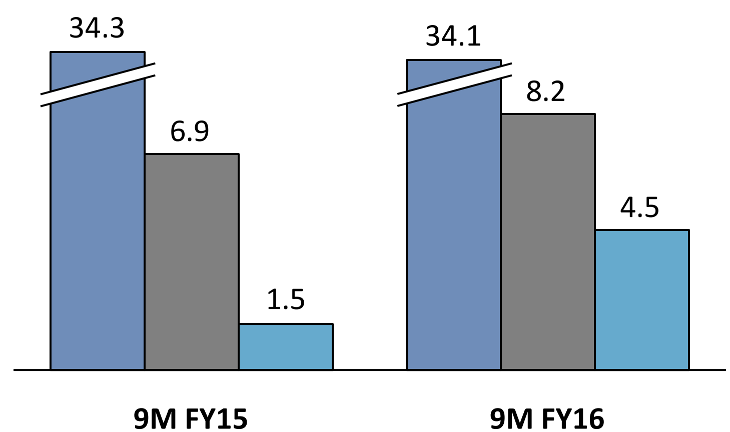


Revenue
EBITDA
PAT

Hoffman Ceramics [Euro mn]



IFGL Exports [Rs. Crs]

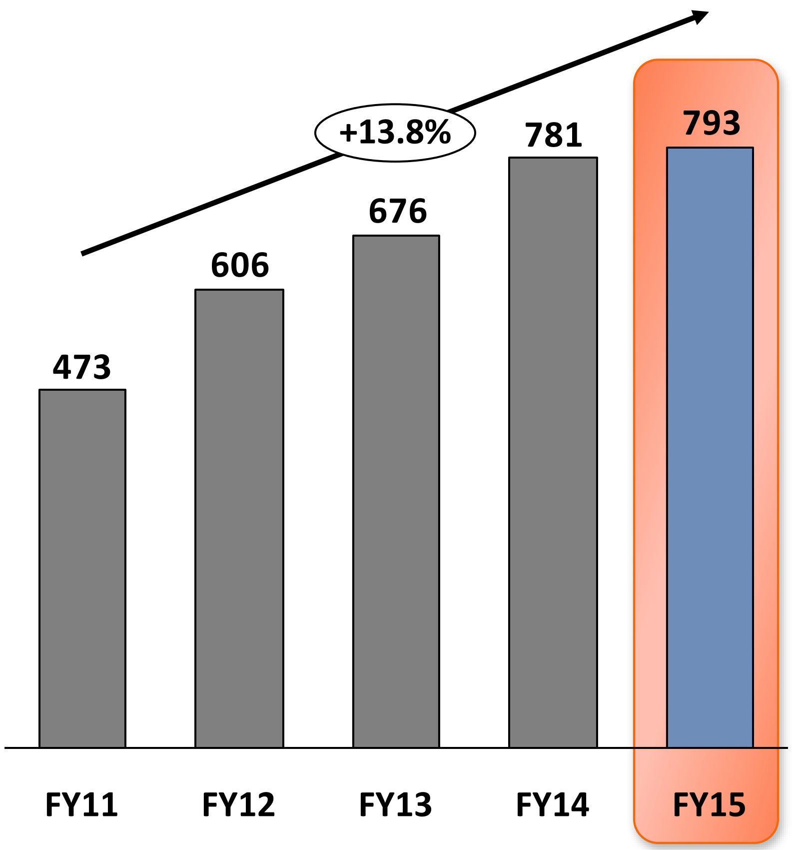


**EBITDA is before Provisions (other than Tax) which is part of other expenses for 9MFY16*

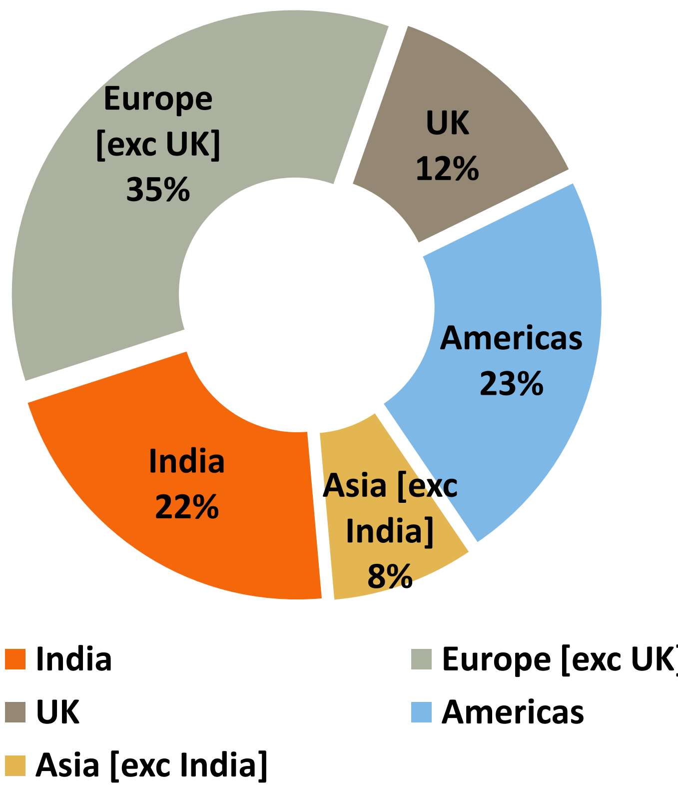
Reputed Global Brand

Strong Brand in Global Refractories Market

Consolidated Turnover [Rs. Crs.]



FY15 Sales by Region



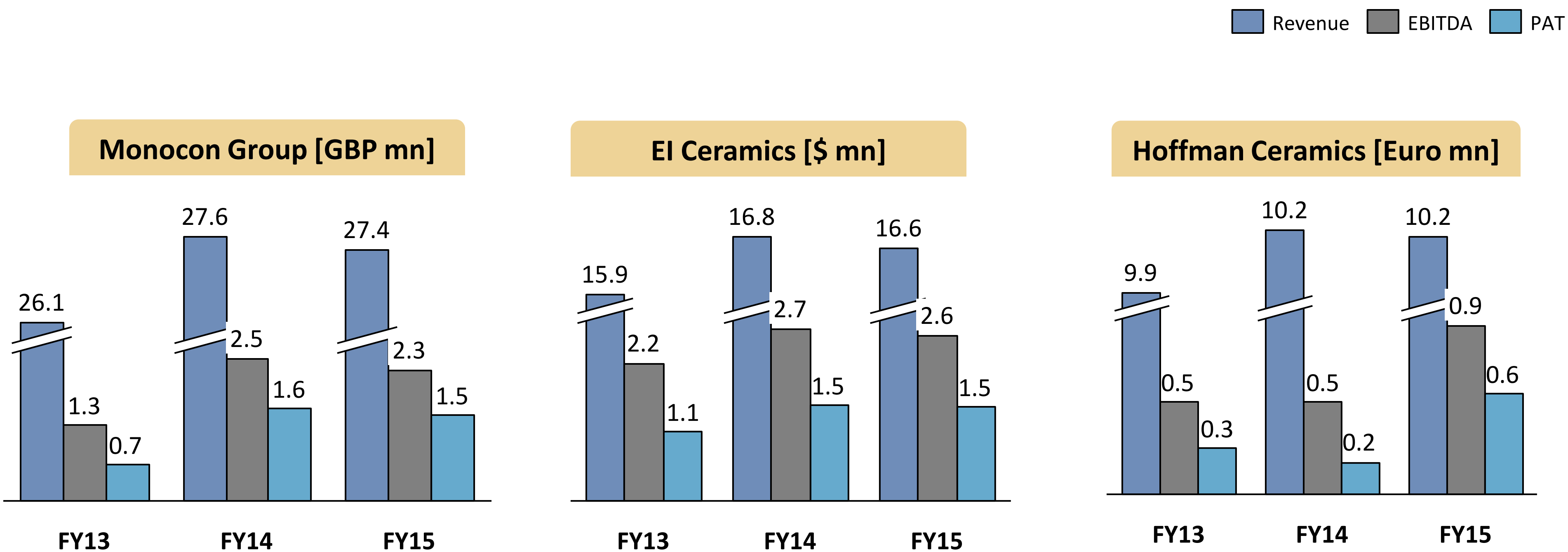
IFGL 5 Year Performance

Particulars [Rs. Crs]	FY11	FY 12	FY 13	FY 14	FY 15	CAGR
Total Income	**473.3**	**607.1**	**676.8**	**781.0**	**793.5**	**13.8%**
Raw Material	247.0	303.8	352.3	378.0	406.1	
Employee Expenses	66.1	84.3	98.7	110.0	117.9	
Other Expenses	113.3	141.8	163.2	181.0	170.6	
EBITDA	**47.0**	**77.2**	**62.7**	**113.0**	**98.9**	**20.4%**
EBITDA %	*9.9%*	*12.7%*	*9.3%*	*14.5%*	*12.5%*	
Finance Cost	5.6	6.75	8.0	7.0	5.9	
Depreciation	8.7	12.91	13.4	15.0	14.3	
Profit Before Tax	**32.7**	**57.5**	**41.3**	**91.0**	**78.7**	**24.6%**
Tax	8.4	18.3	15.9	25.0	25.4	
Minority Interest (MI)	0.0	0.0	-2.8	**2.0**	**0.2**	
Profit after Tax & MI	**24.3**	**39.2**	**28.2**	**64.0**	**53.1**	**21.6%**
PAT %	***5.1%***	***6.5%***	***4.2%***	***8.2%***	***6.7%***	

Profitable Overseas Businesses…

Company Acquired	Manufacturing Facilities	Acquisition Cost	Revenue in Acquisition Year	2015 Revenue
Monocon Group, UK - 2005	UK + USA + China	GBP 9.5mn	GBP 21mn	**GBP 27mn**
Hoffman Group, UK - 2008	Germany, Europe	Euro 7.0mn	Euro 9mn	**Euro 10mn**
Ei Ceramics USA - 2010	Cincinnati, USA	$ 13mn	$ 11mn	**$ 17mn**

...bucking Global Steel Trend and...



✓ Despite challenging growth environments in World economy, International Operations have continued to sustain and gain market share

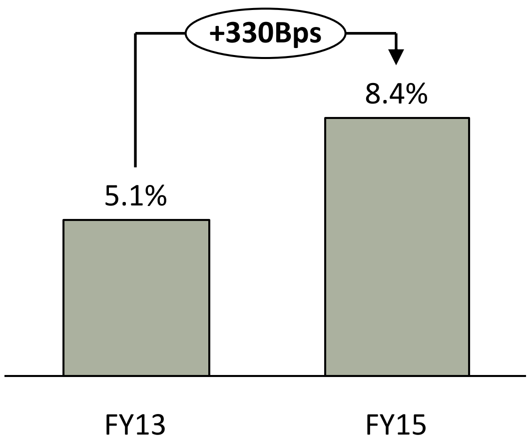
✓ Monocon Group & Hoffman Ceramics have grown at 3% CAGR since acquisition while EI Ceramics has grown at 9% CAGR since acquisition in 2010

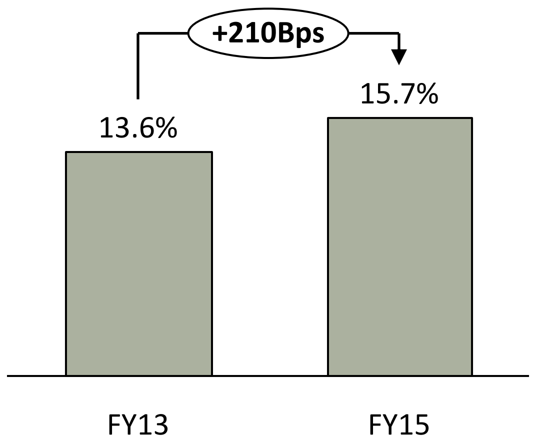
✓ All International Acquisitions are profitable & generate sufficient cash flow to manage Debt servicing and fund capacity expansions

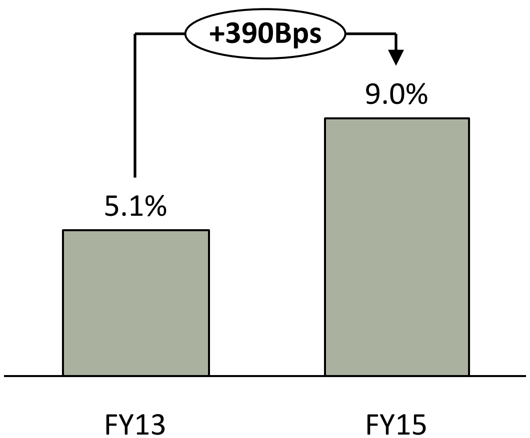
...increasing focus on improving Returns*

Monocon Group | **EI Ceramics** | **Hoffman Ceramics**

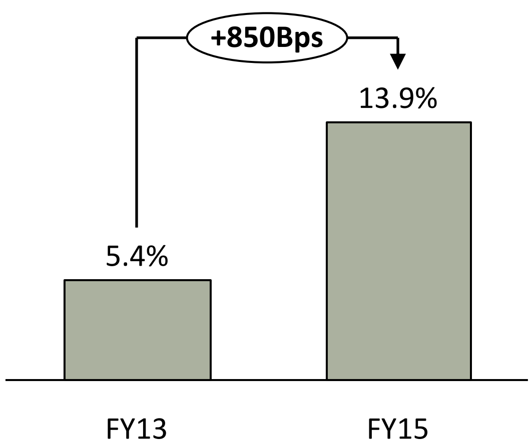
EBITDA

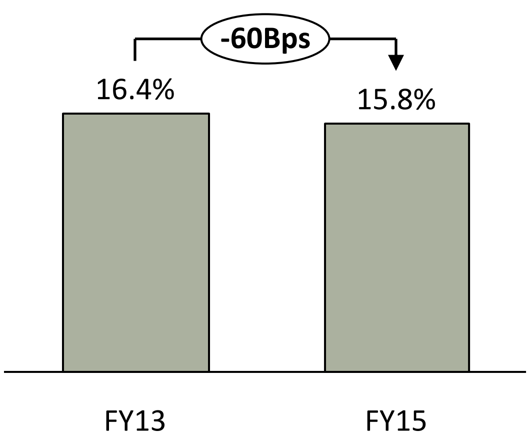


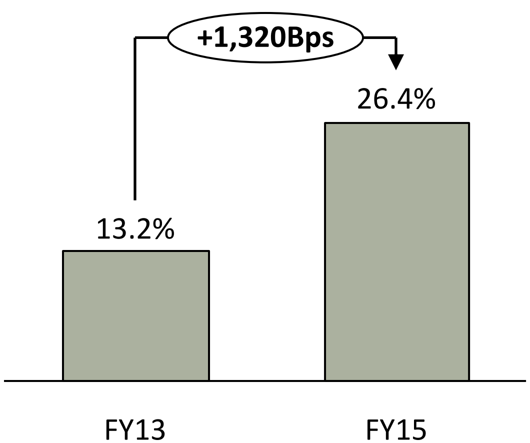




ROCE



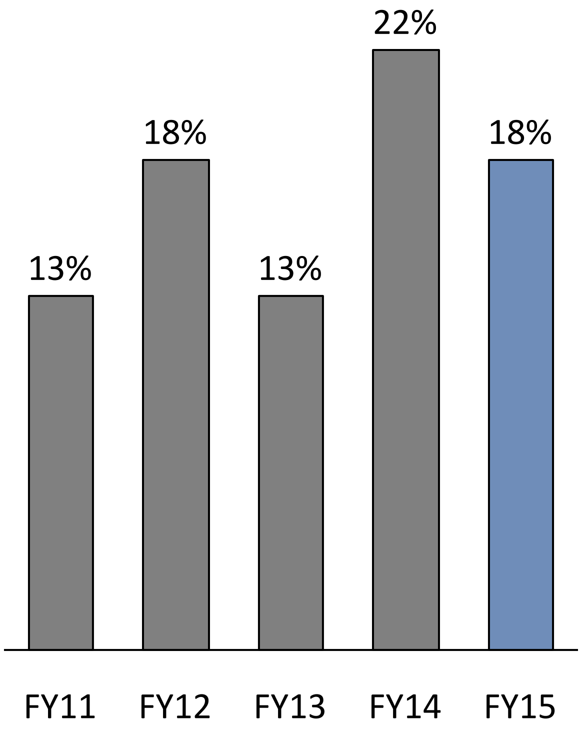




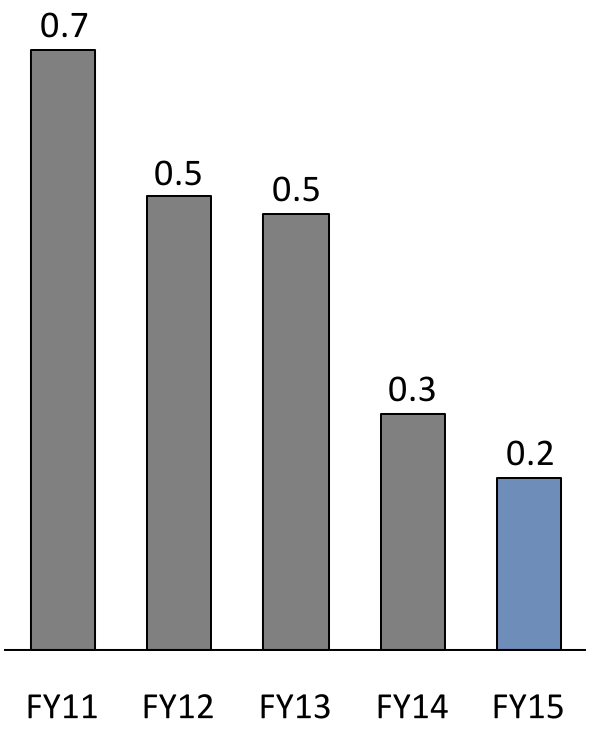
** On Basis of Local currency Financials in the country of reporting*

Sustainable Shareholder Value Creation

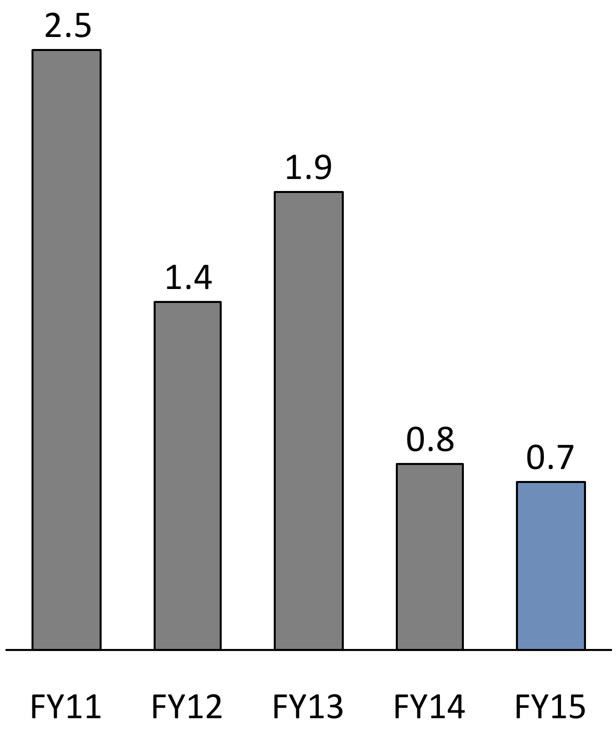
Return on Capital Employed [%]



Net Debt : Equity Ratio [x]



Net Debt : EBITDA Ratio [x]

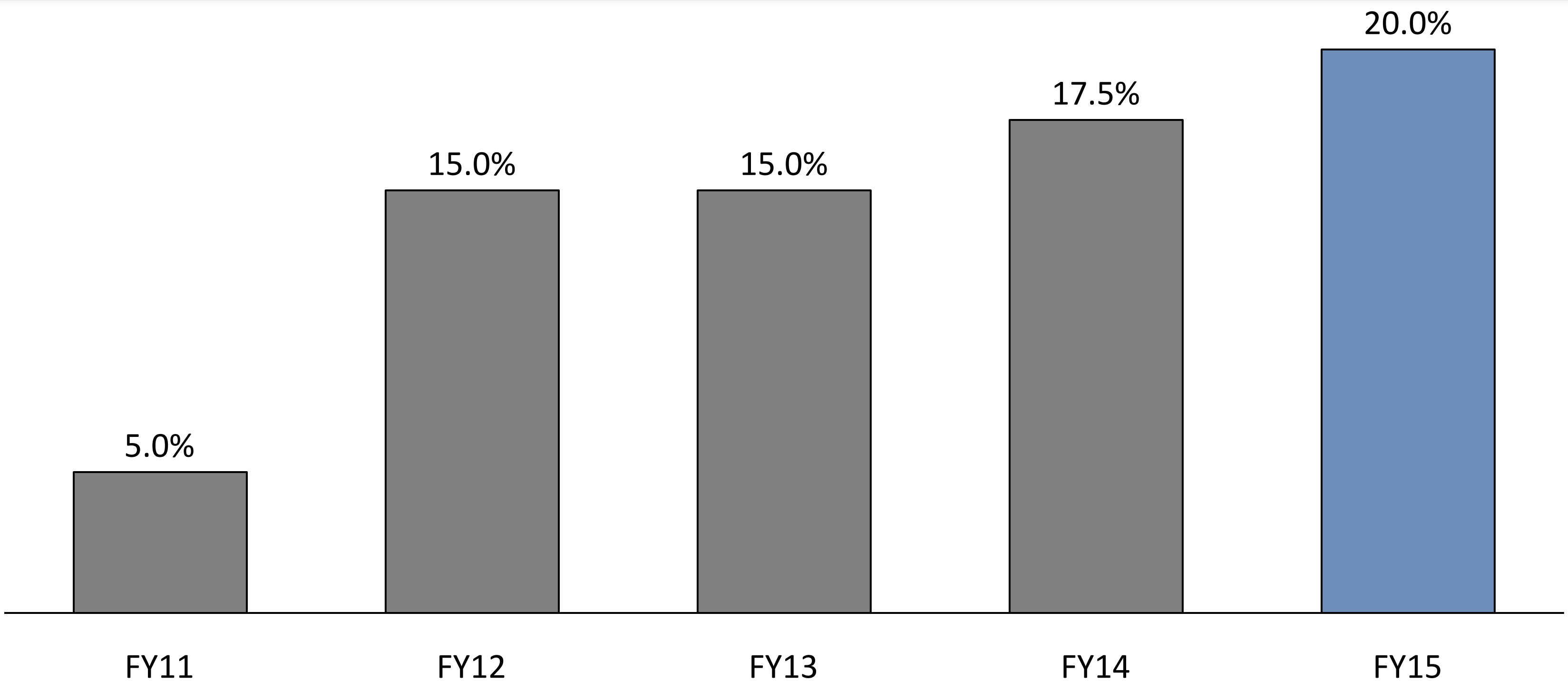


** Consolidated*

ROCE = EBIT/ (Total Debt + Networth)

Net Debt:Equity Ratio = (Total Debt – Cash & bank balance) / Networth

Dividend Record



Particulars (Rs.)	FY11	FY12	FY13	FY14	FY15
Consolidated Book Value per Share	50.8	64.1	70.9	95.1	99.7
Consolidated Earning Per Share	6.9	11.3	7.9	18.3	15.1
Dividend Per Share	0.5	1.5	1.5	1.75	2.00

Contact

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