



GRAPHITE INDIA LIMITED

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GIL:SEC/SM/21-22/67

February 14, 2022

Bombay Stock Exchange Limited
The Corporate
Relationship Department
1st Floor, New Trading Ring,
Rotunda Bldg., P.J.Towers,
Dalal Street,
Mumbai 400 001.

Scrip Code – 509488

The Manager
Listing Department
National Stock Exchange
Exchange Plaza, 5th Floor,
Plot No-C/1, G Block,
Bandra-Kurla Complex,
Bandra (E)
Mumbai 400 051
Symbol - GRAPHITE

Re : Earnings Presentation — Results for quarter/nine month ended 31st December, 2021

Dear Sir,

Earning Presentation in connection with the Company's un-audited Financial results for the quarter/nine months ended 31st December, 2021 is enclosed for your information and records.

Thanking you,

Yours faithfully,
For Graphite India Limited

S Marda
Asst. Company Secretary

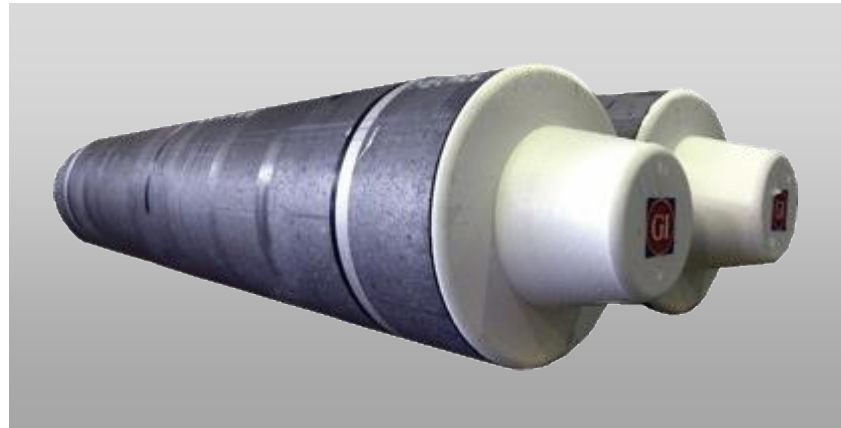
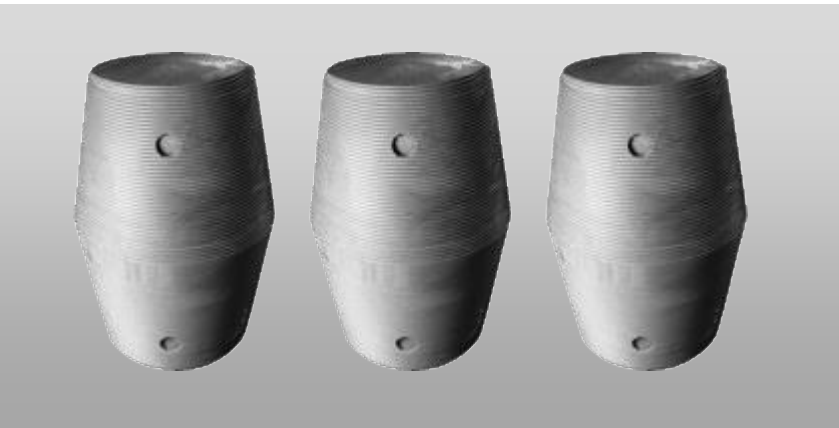
Encl. : As above.



Graphite India Limited

NSE: GRAPHITE, BSE: 509488

Q3 FY2022 Earnings Presentation February 14, 2022



Discussion Agenda



Graphite India Limited

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9M FY2022 Financial Performance

9M FY2022 Profit and Loss (Consolidated)

- Net Sales of Rs. 2,182 Crores, an increase of 57% y-o-y
- EBITDA of Rs. 610 Crores as compared to Loss of Rs. 23 Crores in 9M FY21
- Net Profit of Rs. 410 Crores as compared to Loss of Rs. 96 Crores in 9M FY21
- EPS of Rs. 21.00 per share

Balance Sheet

- Gross Debt of Rs. 333 Crores
- Cash (Net of Gross Debt) of Rs. 2,452 Crores

9M FY2022 Profit and Loss (Standalone)

- Net Sales of Rs. 2,032 Crores, an increase of 59% y-o-y
- EBITDA of Rs. 622 Crores as compared to Rs. 141 Crores in 9M FY21
- Net Profit of Rs. 452 Crores as compared to Rs. 85 Crores in 9M FY21
- EPS of Rs. 23.07 per share

Balance Sheet

- Gross Debt of Rs. 249 Crores
- Cash (Net of Gross Debt) of Rs. 2,219 Crores

Q3 FY2022 Financial Performance

Q3 FY2022 Profit and Loss (Consolidated)

- Net Sales of Rs. 880 Crores, an increase of 76% y-o-y
- EBITDA of Rs. 203 Crores as compared to Rs. 68 Crores in Q3 FY21
- Net Profit of Rs. 132 Crores as compared to Rs. 23 Crores in Q3 FY21
- EPS of Rs. 6.75 per share

Q3 FY2022 Profit and Loss (Standalone)

- Net Sales of Rs. 835 Crores, an increase of 84% y-o-y
- EBITDA of Rs. 218 Crores as compared to Rs. 134 Crores in Q3 FY21
- Net Profit of Rs. 155 Crores as compared to Rs. 93 Crores in Q3 FY21
- EPS of Rs. 7.85 per share



K K Bangur
Chairman

"In Q3 FY2022, Graphite India registered Net Sales of Rs. 880 Cr, up by 76% y-o-y and 27% on a q-o-q basis. The sales growth was driven by both higher volumes and realizations. The company delivered EBITDA of Rs. 203 Cr with EBITDA margins of 23% and Net Profit of Rs. 132 Cr. The capacity utilization increased to 90% as compared to 65% in Q3 FY21 and 81% in the previous quarter. Our German business operations EBITDA margins remained negative primarily due to steep rise in electricity and fuel costs despite higher realizations. We continue to maintain strong Net Cash balance of Rs. 2,452 Cr at the end of December 2021.

During the quarter, the global crude steel production excluding China continued to register a growth on both year on year and sequential basis. The growth was visible across majority of the steel producing nations however, it was offset by significant decline of 17% y-o-y in China steel production. This in turn has led to higher steel production in other countries, registering a growth of 5% y-o-y, led by North America, European Union and India.

The recovery of graphite electrode demand globally, has led to improvement in realizations and we remain cautiously optimistic on demand momentum trend. The greater push on infrastructure and recovery in steel consuming sectors such as construction and automobiles coupled with lower non-EAF steel production in China may continue to drive higher steel output in other steel producing nations. Overall, these factors are expected to support the electrode demand and pricing.

Graphite India will continue to focus on meeting the growing demand of electrodes, enhancing its operational efficiencies amidst the rising cost pressure and deliver profitable growth."

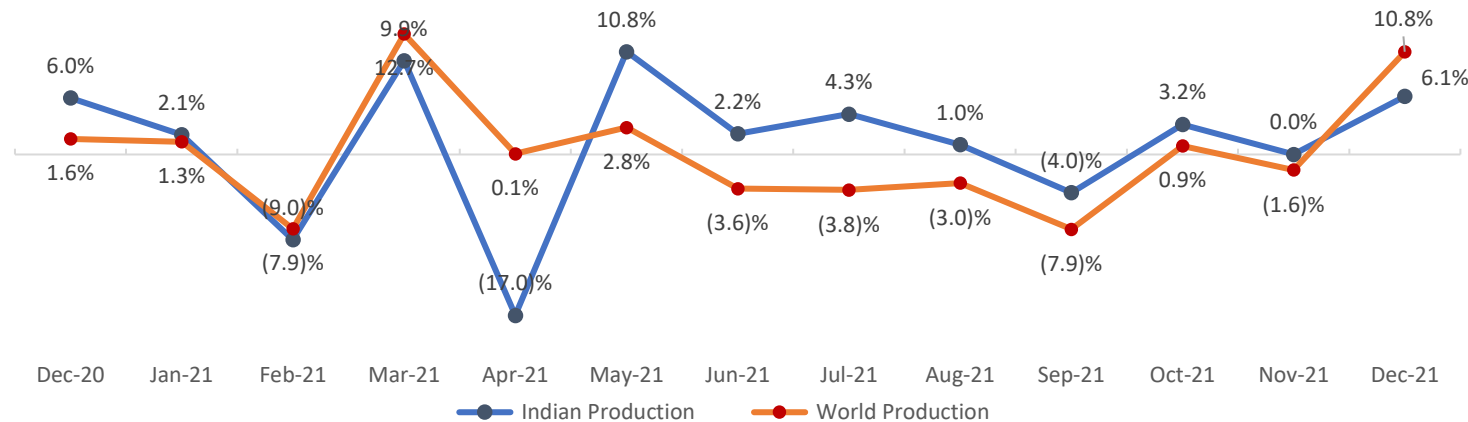
Steel Industry Overview



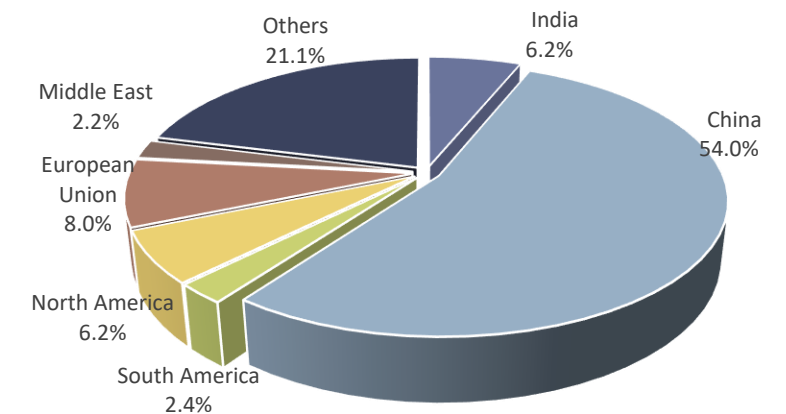
Graphite India Limited

Crude Steel Production (million MT)	Three Months Ended					Year Ended		
	Dec-21	Dec-20	Y-o-Y (%)	Sep-21	Q-o-Q (%)	2021	2020	Y-o-Y (%)
Asia and Oceania	315.1	358.5	(12.1)%	331.0	(4.8)%	1,382.0	1,373.8	0.6%
India	30.0	29.5	1.8%	29.2	2.7%	118.1	100.3	17.8%
China	227.1	274.7	(17.3)%	243.8	(6.8)%	1,032.8	1,064.7	(3.0)%
Others	58.0	54.4	6.7%	58.0	0.0%	231.1	208.8	10.7%
South America	11.4	11.2	2.1%	11.7	(2.6)%	45.6	38.7	17.8%
North America	29.6	26.6	11.2%	30.2	(2.0)%	117.8	101.0	16.6%
European Union	37.4	36.3	3.1%	37.3	0.3%	152.5	132.1	15.4%
Middle East	10.9	10.9	0.3%	9.4	16.0%	41.2	40.7	1.2%
Others	43.1	41.9	2.9%	43.0	0.2%	172.8	158.5	9.0%
Total 64 Countries as per WSA	447.5	485.4	(7.8)%	462.6	(3.3)%	1,911.9	1,844.9	3.6%

M-o-M Growth (%)



2021 Regional Production



Note: Source: World Steel Association, the figures are estimates that may be revised with next month's production update. Above table represents Total 64 Countries as per WSA which accounts for 98% of total world crude steel production

- As per World Steel Association (WSA) Global crude steel production increased by 3.6% to 1,911.9 Mt in 2021 compared to 1,844.9 in 2020
- Global crude steel production excluding China registered an increase of 12.7% on y-o-y
- China crude steel production for CY2021 was 1,033 Mt, representing a decline of 3.0% y-o-y. This was in line with Beijing's goal to achieve carbon neutrality by 2060
- India's crude steel production in CY2021 was 118 Mt, registering a strong increase of 17.8% y-o-y and remaining second largest steel producer
- The EU produced 153 Mt of crude steel in CY2021, an increase of 15.4% y-o-y
- Japan produced 96.3 Mt in CY2021, an increase of 14.9% y-o-y
- North America produced 118 Mt of crude steel in CY2021, an increase of 16.6% y-o-y with United States producing 86 Mt, an increase of 18.3% y-o-y
- The Middle East produced 41 Mt of crude steel in CY2021, a modest increase of 1.2% y-o-y

Steel Industry Outlook

- WSA has reduced its forecast for global steel demand due to China's economic slowdown. In 2022 steel demand is expected to increase by 2.2% over 2021 to 1,896 Mt
- As per Fitch Ratings estimates, the global steel production volumes to remain strong whereas China steel production is expected to decline by a low single-digit in 2022
- The Indian steel production is expected to continue the positive momentum in 2022, driven by government's focus on infrastructure development including roads, railways, defence production and launch of PLI scheme

- Since 2016 China has closed about 300 million tonnes of outdated and highly polluting steel production capacity but around 908 million tonnes still remain. Such closures are being replaced by environment friendly electric arc furnaces (EAF's)
- As per S&P Platts, In 2021, China has approved the construction of 43 new EAFs with a total crude steel capacity of 29 million mt/year through capacity swaps, while in 2020, only about 10 million mt/year of new EAFs got construction approvals
- China's crude steel production is expected to be capped to keep the output below 2021 levels. This policy is in line with Beijing's goal to achieve carbon neutrality by 2060
- China abolished rebate of 13% VAT on certain steel exports to reduce steel production and exports. The lower exports from China will lead to higher steel production in the EAF steel producing nations
- Growth in EAF steel production globally is expected to drive demand for electrodes in the near term
- The recent announcement of the increased government spending on Indian infrastructure and the revival of key sectors such as construction, mining, capital goods and automobiles could have a positive impact on steel production and electrodes demand
- Withdrawal of custom duty in India on scrap imports should benefit EAF steel manufacturers
- Needle coke price and other input costs are witnessing a rising trend

Consolidated Financial Performance



Graphite India Limited

(Rs. Crore)	Q3		y-o-y Growth (%)	Q2		q-o-q Growth (%)	Nine Months Ended		y-o-y Growth (%)	Comments
	FY2022	FY2021		FY2022			FY2022	FY2021		
Net Sales (Excluding Other Income)	880	499	76%	692	27%		2,182	1,393	57%	Sales were driven by higher volumes and realizations both on y-o-y and q-o-q basis
Other Income	66	142	(54%)	79	(16%)		223	260	(14%)	
Total Income	946	641	48%	771	23%		2,405	1,653	45%	
EBITDA / (Loss)	203	68	199%	188	8%		610	(23)	-	
Margin (%)	23%	14%		27%			28%	(2)%		
Interest	2	1	100%	0	-		3	5	(40%)	
Depreciation	14	12	17%	13	8%		41	38	8%	
Profit / (Loss) Before Tax (before Exceptional items and Associates)	187	55	-	175	7%		566	(66)	-	
Share of Profit/(Loss) of an Associate	(3)	(3)	-	(4)	-		(14)	(7)	-	
Profit / (Loss) Before Tax	184	52	-	171	8%		552	(73)	-	
Net Profit / (Loss)	132	23	-	128	3%		410	(96)	-	
Margin (%)	15%	5%		18%			19%	(7)%		
Earnings Per Share (Rs)	6.75	1.19	-	6.55	3%		21.00	(4.93)	-	

Notes:

1. EBITDA includes Other Income
2. All margins calculated as a percentage of Net Sales (excluding Other Income)

Standalone Financial Performance



Graphite India Limited

(Rs. Crore)	Q3		y-o-y Growth (%)	Q2		q-o-q Growth (%)	Nine Months Ended		y-o-y Growth (%)	Comments
	FY2022	FY2021		FY2022			FY2022	FY2021		
Net Sales (Excluding Other Income)	835	453	84%	654	28%		2,032	1,276	59%	Sales were driven by higher volumes and realizations both on y-o-y and q-o-q basis
Other Income	61	139	(56%)	68	(10%)		205	253	(19%)	
Total Income	896	592	51%	722	24%		2,237	1,529	46%	
EBITDA / (Loss)	218	134	63%	192	14%		622	141	341%	
Margin (%)	26%	30%		29%			31%	11%		
Interest	2	1	100%	0	-		3	5	(40%)	
Depreciation	11	11	-	11	-		34	33	3%	
Profit / (Loss) Before Tax (before Exceptional items and Associates)	205	122	68%	181	13%		585	103	-	
Profit / (Loss) Before Tax	205	122	68%	181	13%		585	103	-	
Net Profit / (Loss)	155	93	67%	140	11%		452	85	-	
Margin (%)	19%	21%		21%			22%	7%		
Earnings Per Share (Rs)	7.85	4.80	64%	7.19	9%		23.07	4.37	-	

Notes:

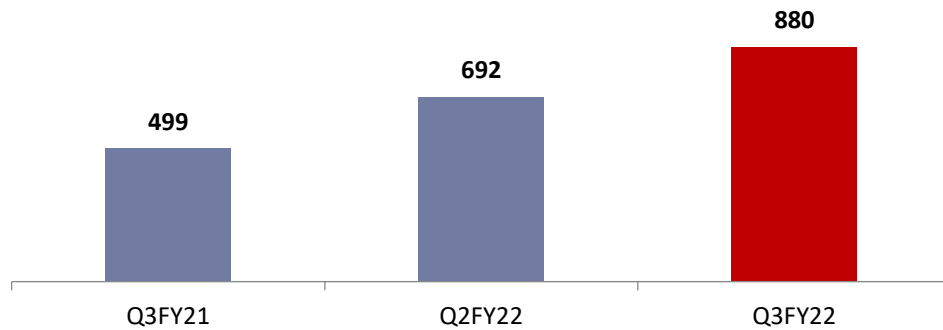
1. EBITDA includes Other Income
2. All margins calculated as a percentage of Net Sales (excluding Other Income)

Quarter Performance Trends

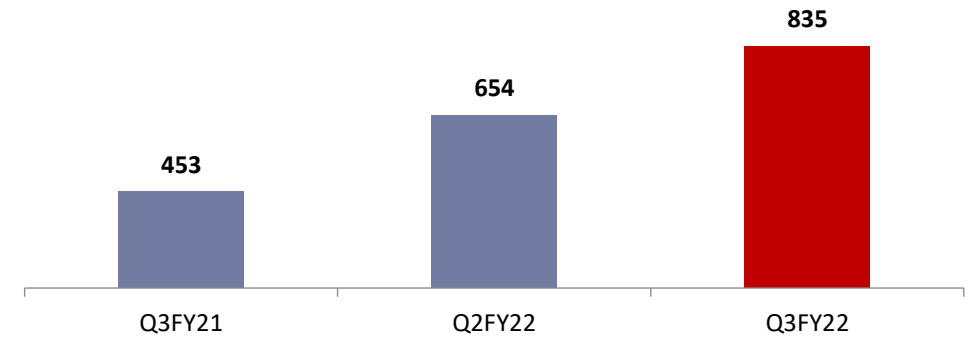


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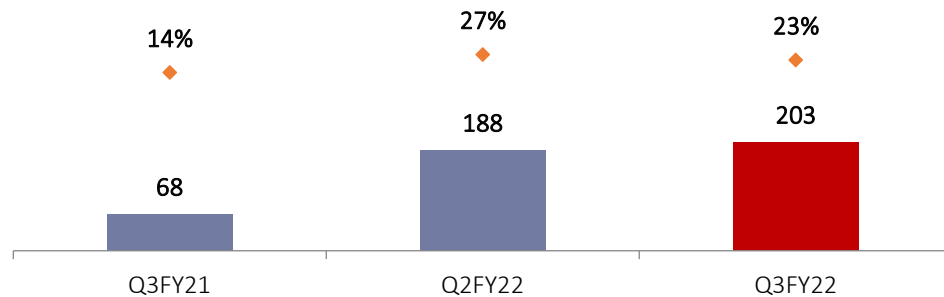
Consolidated Net Sales



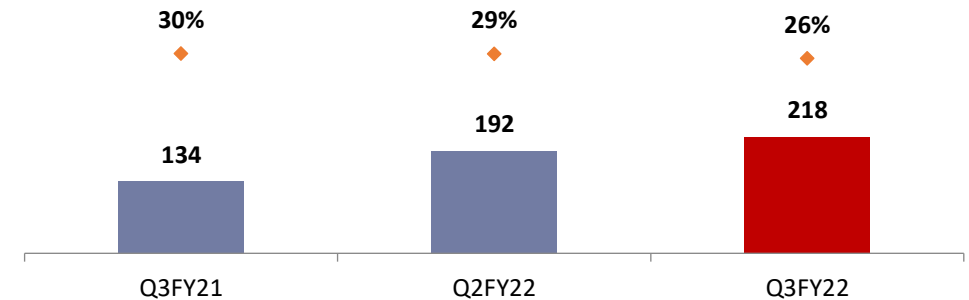
Standalone Net Sales



Consolidated Operating Profit / (Loss)



Standalone Operating Profit / (Loss)



Note:

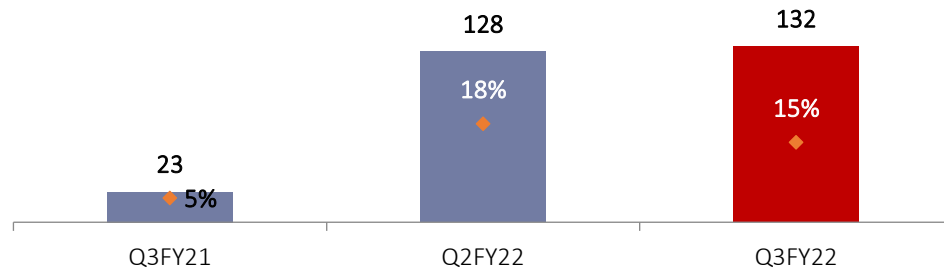
1. All numbers in Crores unless specifically mentioned

Quarter Performance Trends

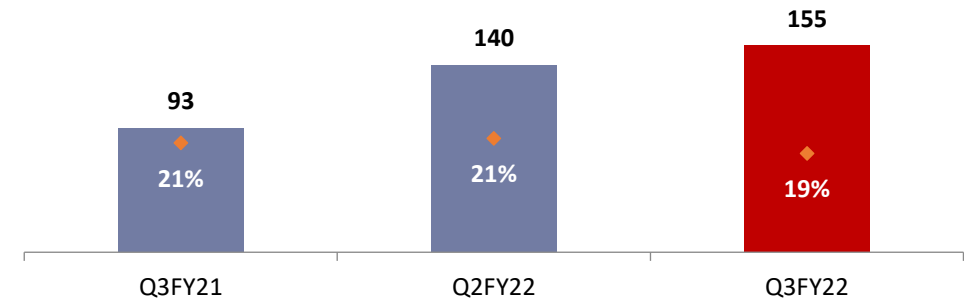


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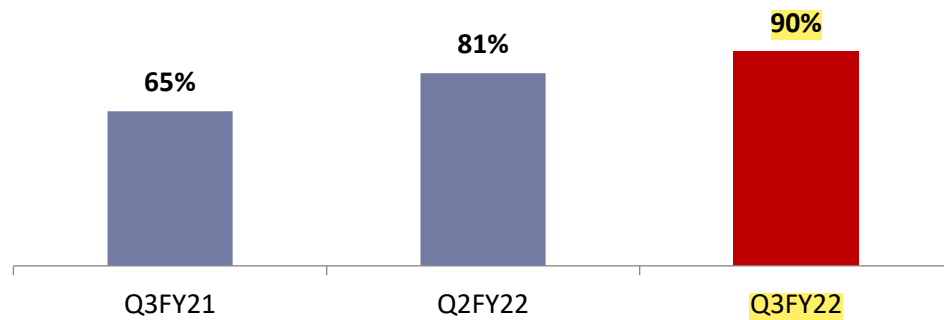
Consolidated Net Profit / (Loss)



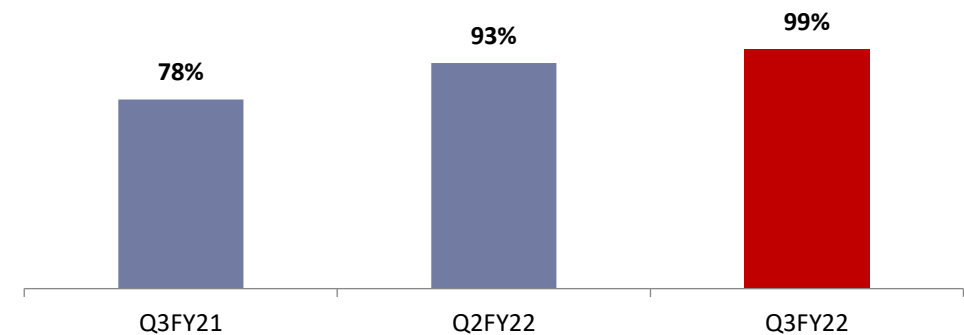
Standalone Net Profit / (Loss)



Consolidated Capacity Utilization



Standalone Capacity Utilization



Note: All numbers in Crores unless specifically mentioned

Leverage Profile



Graphite India Limited

Significant financial flexibility available for future organic and inorganic growth

Consolidated Leverage Profile

(Rs. Crore)	Dec-21	Sep-21	June-21	Mar-21	Dec-20
Cash & Cash Equivalents ¹	2,785	2,906	3,047	2,957	2,839
Total Debt	(333)	(275)	(267)	(223)	(239)
Net Cash	2,452	2,631	2,780	2,734	2,600

Standalone Leverage Profile

(Rs. Crore)	Dec- 21	Sep- 21	June- 21	Mar- 21	Dec- 20
Cash & Cash Equivalents ¹	2,468	2,466	2,539	2,484	2,346
Total Debt	(249)	(258)	(267)	(223)	(239)
Net Cash	2,219	2,208	2,272	2,261	2,107

Notes:

1. Cash and cash equivalents include investments

Quarterly Segment Performance



Graphite India Limited

Consolidated Segment Performance

(Rs. Crore)	Q3		y-o-y	Q2	q-o-q
	FY2022	FY2021	Growth (%)	FY2022	Growth (%)
Graphite and Carbon	824	468	76%	645	28%
Others	56	31	81%	48	17%
Less: Inter Segment Sales	0	0	-	(1)	(100)%
Segment Revenue	880	499	76%	692	27%
Graphite and Carbon	123	(1)	-	103	19%
Others	12	3	-	11	9%
Profit / (Loss) before tax and interest	135	2	-	114	18%
Finance Cost	(2)	(1)	-	0	-
Unallocated Income / (expense)	54	54	0%	61	(11)%
Profit / (Loss) Before Tax (Before Exceptional Items and Associates)	187	55	-	175	7%
Share of Profit/Loss of an Associate	(3)	(3)	0%	(4)	-
Profit / (Loss) Before Tax	184	52	-	171	8%

Standalone Segment Performance

(Rs. Crore)	Q3		y-o-y	Q2	q-o-q
	FY2022	FY2021	Growth (%)	FY2022	Growth (%)
Graphite and Carbon	778	423	84%	611	27%
Others	57	30	90%	44	30%
Less: Inter Segment Sales	0	0	-	(1)	(100)%
Segment Revenue	835	453	84%	654	28%
Graphite and Carbon	140	69	-	114	23%
Others	12	3	-	8	50%
Profit / (Loss) before tax and interest	152	72	-	122	25%
Finance Cost	(2)	(1)	-	0	-
Unallocated Income / (expense)	55	51	8%	59	(7)%
Profit / (Loss) Before Tax (Before Exceptional Items)	205	122	68%	181	13%
Profit / (Loss) Before Tax	205	122	68%	181	13%

* Amounts are below the rounding off norm adopted by the company

Company Background

Graphite India is the largest Indian producer of graphite electrodes and one of the largest globally, by total capacity. Its manufacturing capacity of 98,000 tonnes per annum is spread over three plants at Durgapur and Nashik in India and Nurnberg in Germany. The Company has over 40 years of technical expertise in the industry. Exports account for approximately half of the total revenues. Graphite India manufactures the full range of graphite electrodes but stays focused on the higher margin, large diameter, ultra-high power (“UHP”) electrodes.

Graphite India is well poised in the global graphite electrode industry through its quality, scale of operations and low cost production base. The Company’s competitive edge was particularly evident during the last decade, when low prices for graphite electrodes resulted in many of the leading players generating losses, but Graphite India however remained consistently profitable and declared dividends. Graphite India currently has a conservative leverage profile with significant financial capacity for organic or inorganic expansion.

The Company’s strategy is to become further vertically integrated, continue its penetration of new markets and clients as well as pursue value enhancing inorganic growth opportunities. Graphite India also manufactures Calcined Petroleum Coke (“CPC”) for use in electrode manufacturing. It is enhancing its presence in value added graphite products for the auto, aerospace, chemical, pharmaceutical, metallurgical and machine tool industries.

The Company also has facilities designed for the manufacture of impervious graphite equipment and glass reinforced plastic pipes and tanks. It has an installed capacity of 18 MW of power generation through hydel route. Graphite India Limited, through its subsidiary has signed a definitive agreement to acquire 46% stake in General Graphene Corporation, a US based company which has developed a breakthrough proprietary technology which would allow them to produce large area, low cost graphene sheets in industrial volumes for commercial applications.

Industry

Graphite electrodes are used in electric arc furnace (“EAF”) based steel mills and is a consumable item for the steel industry. The graphite electrode industry is highly consolidated with the top five major global players accounting for almost 75% of the high end UHP electrode capacity. Majority of this capacity however, is currently located in high cost regions like US, Europe and Japan. The manufacturing process for the high end UHP electrodes is technology intensive and is a constraint for the entry of new players.



Disclaimer

This presentation contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Graphite India’s future business developments and economic performance. While these forward-looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macroeconomic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. Graphite India undertakes no obligation to publicly revise any forward-looking statements to reflect future / likely events or circumstances.

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