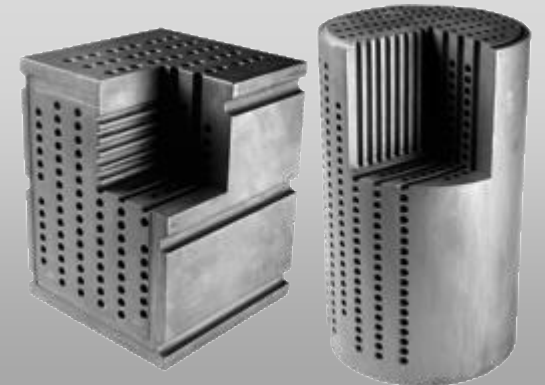
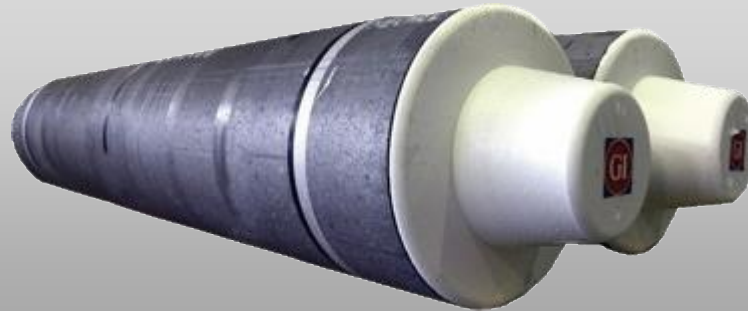
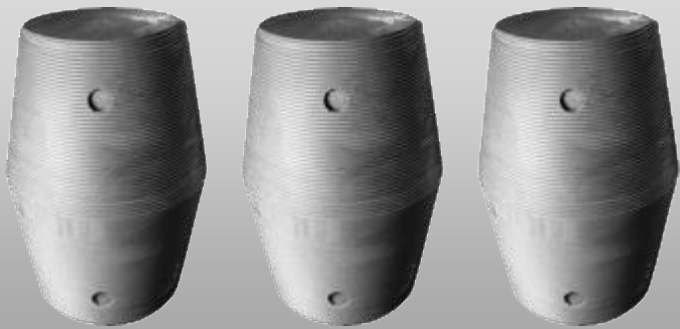




Graphite India Limited

NSE: GRAPHITE, BSE: 509488

Q1 FY2019 Earnings Presentation August 6th, 2018



Discussion Agenda



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Q1 FY2019 Financial Performance

Q1 FY2019 Profit and Loss (Consolidated)

- Gross Sales of Rs. 1,965 Crores, an increase of 373% y-o-y
- EBITDA increased to Rs. 1,466 Crores; Margin of 75%
- Net Profit increased to Rs. 957 Crores; Margin of 49%
- EPS of Rs. 49.08 per share

Balance Sheet (Consolidated)

- Gross Debt of Rs. 218 Crores (30 June 2017: Rs. 296 Crores)
- Cash (Net of Gross Debt) of Rs. 1,523 Crores (30 June 2017: Rs. 477 Crores)

Q1 FY2019 Profit and Loss (Standalone)

- Gross Sales of Rs. 1,777 Crores, an increase of 373% y-o-y
- EBITDA increased to Rs. 1,328 Crores; Margin of 75%
- Net Profit increased to Rs. 858 Crores; Margin of 48%
- EPS of Rs. 44.00 per share

Balance Sheet (Standalone)

- Gross Debt of Rs. 169 Crores (30 June 2017: Rs. 171 Crores)
- Cash (Net of Gross Debt) of Rs. 1,502 Crores (30 June 2017: Rs. 552 Crores)



Mr. K. K. Bangur
Chairman

“The strong sector momentum continues in the new fiscal year with steel production registering a robust growth of 5.6% in Q1 FY2019. Chinese steel production increased by 7.3% during the quarter. New electric arc furnaces (EAF) are becoming operational as they replace certain archaic blast furnace capacities in order to curb environmental pollution. With these dynamics, there is increased demand for graphite electrodes within china. Chinese net steel exports in first half of CY2018 were down by 15.5% y-o-y to 28.7 million mt leading to increased steel production and capacity utilizations in all other major EAF steel producing nations. Favourable consolidation of these metrics continues to prime the price and demand profile of graphite electrodes to greater heights, hitherto unseen.”

Graphite India reported another quarter of strong financial and operational performance. Consolidated net sales were Rs. 1,965 Cr backed by healthy capacity utilization of 88% and driven by higher price realizations. In FY2018, our revenue and margin growth was held back by the timing of the fulfilment of certain low price contracts both in India and Germany. With the tapering of such contracts, improvement in margins is reflected in the current results. However, the full impact of the rise in the price of needle coke has not yet logged in due to the lag in the production cycle. Our German operations have also shown strong performance contributing further to the bottom line. Capacity utilization is expected to increase in subsequent quarters.

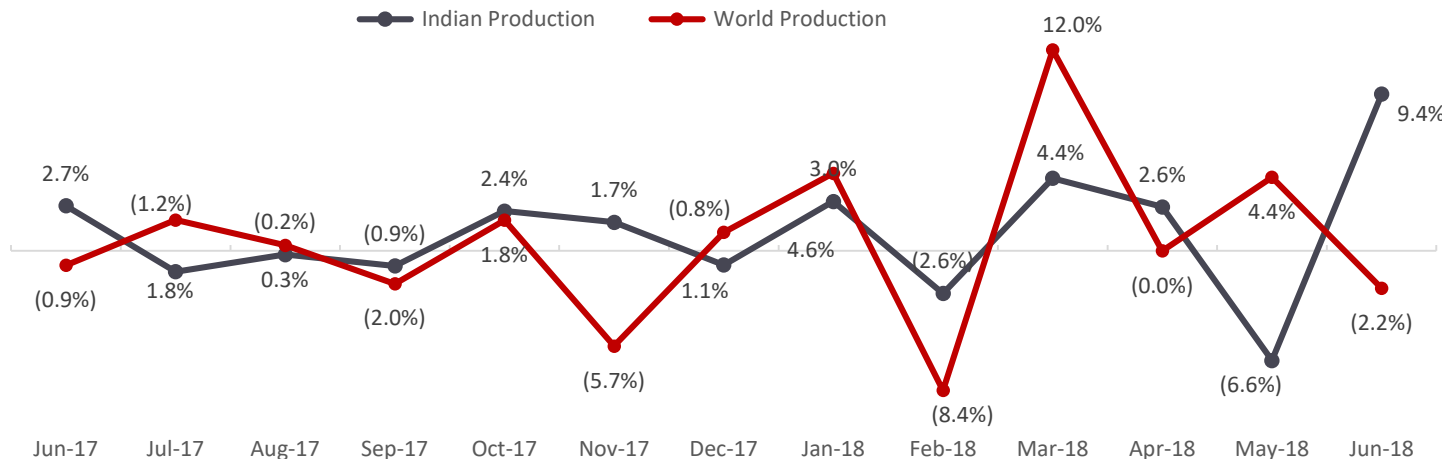
Graphite India's management team in its pursuit of a stellar performance, constantly strives to steer operational excellence, tighten financial controls with prudent capital management and strengthen its customer base by consistently delivering superior quality products. The Company remains committed to enhancing shareholder returns and is well placed to capitalize on the opportunities ahead with an aim to strengthen its market positioning.”

Steel Industry Overview

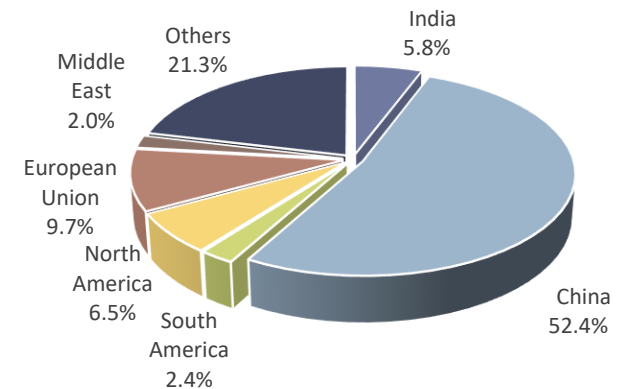


Crude Steel Production (million MT)	Three Months Ended				6M Ended			
	Jun-18	Jun-17	Y-o-Y (%)	Mar-18	Q-o-Q (%)	Jun-18	Jun-17	Y-o-Y (%)
Asia	319.6	300.3	6.4%	292.7	9.2%	613.9	583.6	5.2%
India	26.3	24.6	6.9%	26.7	(1.6)%	52.9	50.3	5.1%
China	238.0	221.9	7.3%	210.8	12.9%	451.2	425.4	6.0%
Others	55.4	53.8	2.8%	55.2	0.3%	109.8	107.9	1.7%
South America	10.7	10.8	(0.6)%	11.1	(3.5)%	21.7	21.2	2.4%
North America	29.6	28.7	3.2%	29.5	0.5%	59.1	57.6	2.5%
European Union	44.2	43.3	2.2%	43.1	2.7%	87.3	86.0	1.6%
Middle East	8.9	7.9	12.7%	9.4	(4.9)%	18.0	15.5	15.9%
Others	41.3	39.5	4.6%	39.4	5.0%	81.4	78.4	3.9%
Total	454.6	430.5	5.6%	425.2	6.9%	881.5	842.4	4.6%

M-o-M Growth (%)



Q2 CY2018 Regional Production



- According to World Steel Association (WSA), world crude steel production was 881.5 Mt in the first six months of 2018, up by 4.6% compared to the same period in 2017. The world crude steel capacity utilization in June 2018 was 78.5% as compared to 74.7% in June 2017
- India continued its strong growth momentum and registered a growth of 6.9% in Q2 CY2018. This was driven by domestic demand for steel which has been supported by a strong pick-up in infrastructure and manufacture sector
- Steel production in Middle East increased significantly by 12.7% y-o-y in Q2 CY2018 supported by recovery in oil and commodity prices and the outlook is positive for MENA countries
- In Q2 CY2018, the US steel production increased by 2.5% y-o-y. This growth is likely to continue since the outlook for steel demand in the US remains robust on the back of the strong economic fundamentals, consumption and investment
- The EU steel production increased by 2.2% y-o-y in Q2 CY2018
- WSA forecasts global steel demand to increase by 1.8% to 1,616.1 million Mt in 2018, and further increase by 0.7% to 1,626.7 million Mt in 2019
- As per WSA, steel demand in developed economies' is expected to increase by 1.8% and in developing economies (excl. China) by 4.9% in 2018

- China net steel exports were down by 15.5% in first half of 2018 to 28.7 million mt. This has allowed increased steel production and higher utilization in the other EAF steel producing nations
- The closure of inefficient induction furnaces and highly polluting blast furnaces in China are being replaced by environment friendly electric arc furnaces (EAF's) which is supported by increased availability of scrap
- Around 56 new EAF furnaces is expected to come online in 2018 with an aggregate capacity of 60-70 million mt. The share of steel manufacturing capacity using EAF has already risen to 9 percent in 2017 from 6 percent earlier. The Chinese government has set a target of achieving 20 percent steel production through the EAF route by 2020. Additionally, recent closure of 2,00,000 -3,00,000 tonnes of electrode capacity led to shortage of electrodes. These factors have resulted in an increased demand of graphite electrodes
- Such developments augur well for the industry and have led to an improved demand and supply balance, along with favorable electrode pricing scenario
- The needle coke industry is highly concentrated and petroleum needle coke demand is increasing due to its use in lithium-ion batteries used in electric vehicles. Hence, the timely availability of adequate needle coke at a reasonable price shall determine the effective/profitable utilization of any meaningful addition to electrode capacity across the industry

Consolidated Financial Performance



Graphite India Limited

(Rs. Crore)	Q1		y-o-y	Q4	q-o-q	Comments
	FY2019	FY2018	Growth (%)	FY2018	Growth (%)	
Gross Sales ¹ (Excluding Other Income)	1,965	415	373%	1,323	48%	<i>Sales were primarily driven by improved realizations</i>
Net Sales (Excluding Other Income)	1,965	390	404%	1,323	48%	
Operating Profit (EBITDA) ² <i>Margin (%)</i> ³	1,466 75%	59 15%	2,385%	756 57%	94%	<i>Tapering of certain old price contracts led to enhanced margins</i>
Interest	2	1		2		
Depreciation	13	13		13		
Profit Before Tax	1,451	45	3,124%	741	96%	
Net Profit <i>Margin (%)</i>	957 49%	30 8%	3,090%	540 41%	77%	
Earnings Per Share	49.08	1.54	3,090%	27.69	77%	

Notes:

1. Q1 FY2018 Net sales is net of excise
2. Operating Profit includes Other Income
3. All margins calculated as a percentage of Net Sales (excluding Other Income)

Standalone Financial Performance



Graphite India Limited

(Rs. Crore)	Q1		y-o-y	Q4	q-o-q	Comments
	FY2019	FY2018	Growth (%)	FY2018	Growth (%)	
Gross Sales ¹ (Excluding Other Income)	1,777	376	373%	1,212	47%	<i>Sales were primarily driven by improved realizations</i>
Net Sales (Excluding Other Income)	1,777	351	406%	1,212	47%	
Operating Profit (EBITDA) ² <i>Margin (%)</i> ³	1,328 75%	57 16%	2,230%	705 58%	88%	<i>Tapering of certain old price contracts led to enhanced margins</i>
Interest	1	1		2		
Depreciation	11	12		11		
Profit Before Tax	1,316	44	2,891%	692	90%	
Net Profit <i>Margin (%)</i>	858 48%	30 8%	2,760%	454 37%	89%	
Earnings Per Share	44.00	1.51	2,760%	23.22	89%	

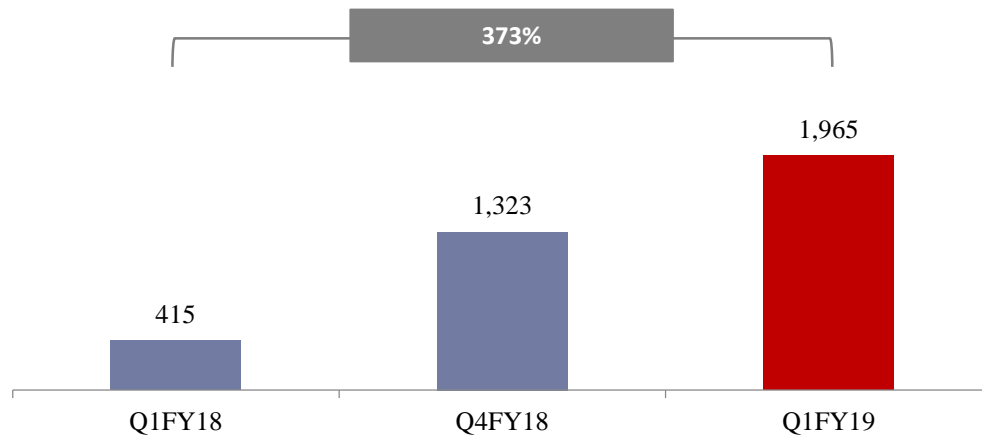
Notes:

1. Q1 FY2018 Net sales is net of excise
2. Operating Profit includes Other Income
3. All margins calculated as a percentage of Net Sales (excluding Other Income)

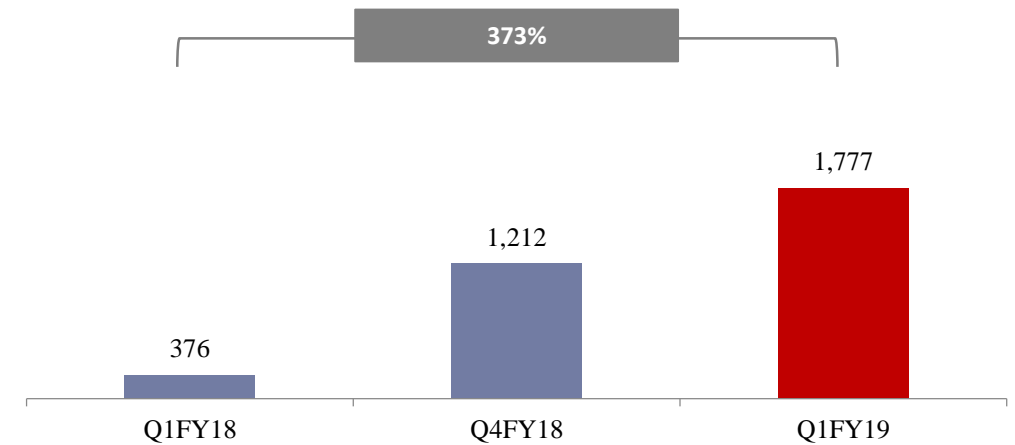
Financial Performance Trends



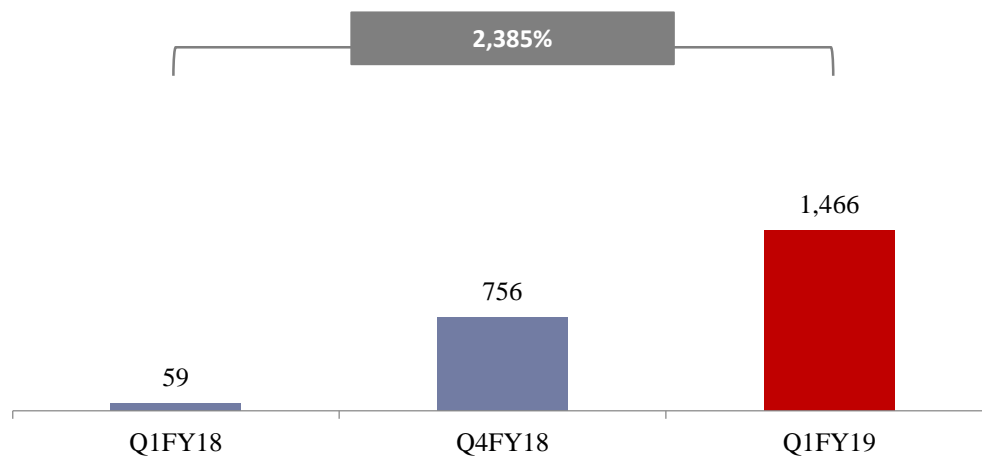
Consolidated Gross Sales



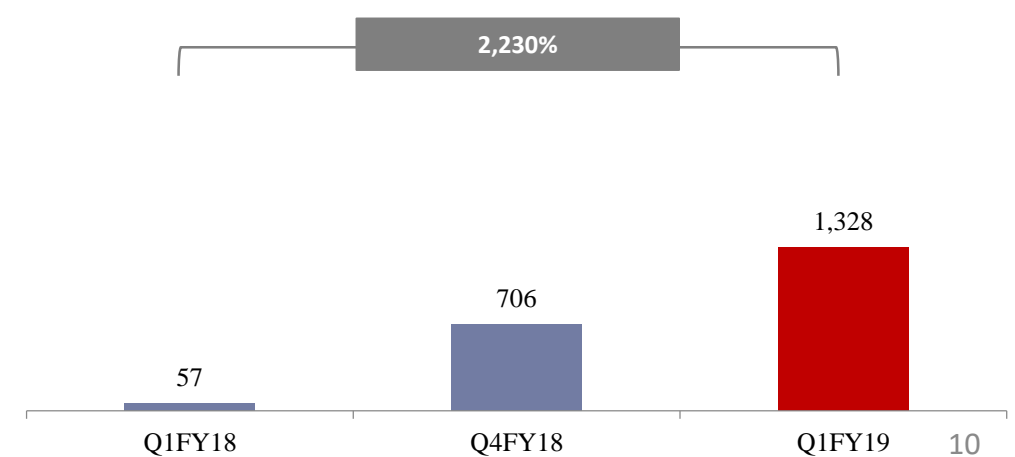
Standalone Gross Sales



Consolidated Operating Profit



Standalone Operating Profit

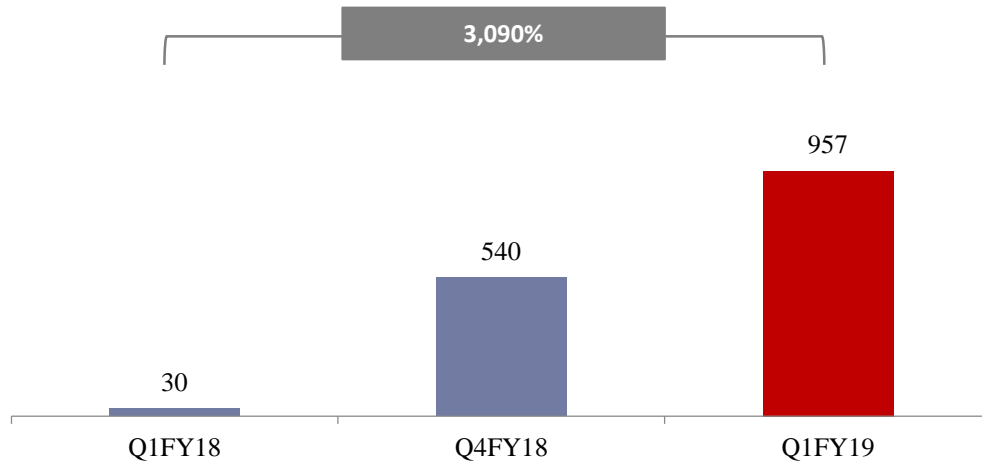


* All numbers in Crores unless specifically mentioned

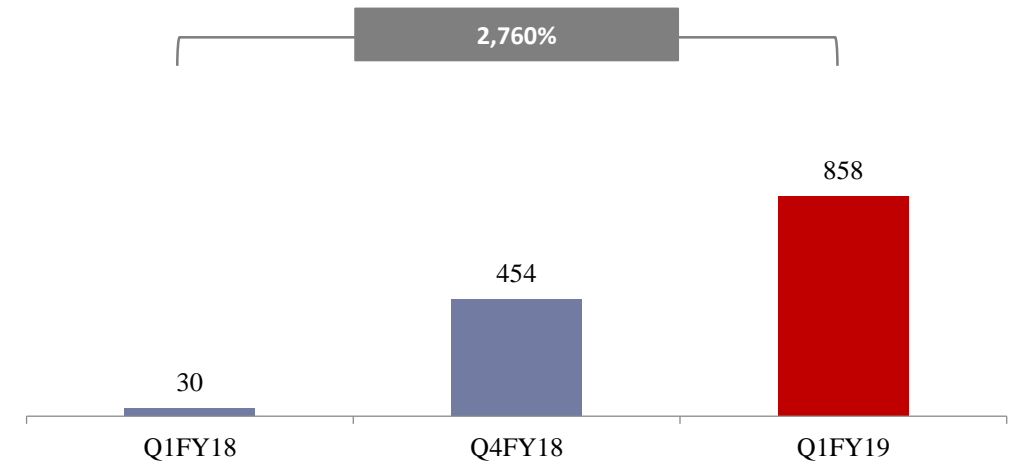
Financial Performance Trends



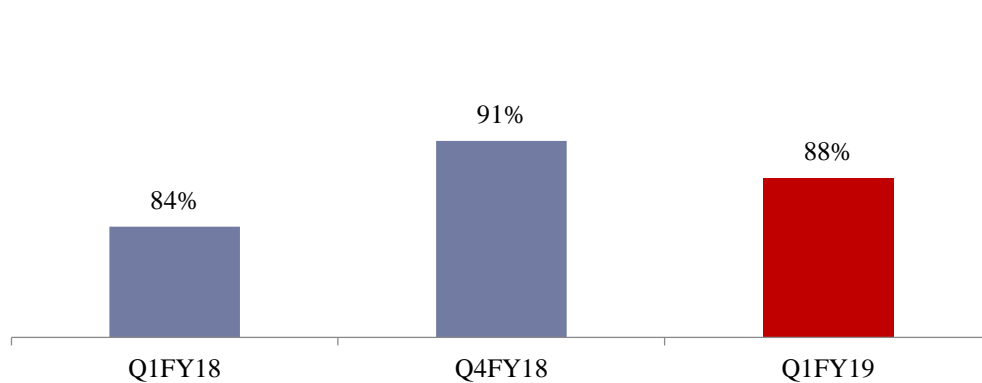
Consolidated Net Profit



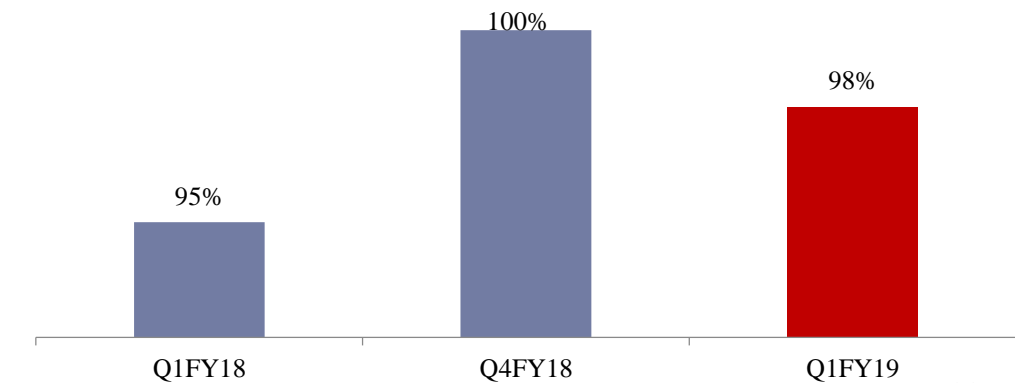
Standalone Net Profit



Consolidated Capacity Utilization



Standalone Capacity Utilization



* All numbers in Crores unless specifically mentioned

Significant financial flexibility available for future organic / inorganic growth

Consolidated Leverage Profile

(Rs. Crore)	June-18	March-18	June-17
Total Debt	(218)	(272)	(296)
Cash & Cash Equivalents ¹	1,741	1,263	773
Net Cash	1,523	991	477

Standalone Leverage Profile

(Rs. Crore)	June-18	March-18	June-17
Total Debt	(169)	(155)	(171)
Cash & Cash Equivalents ¹	1,671	1,197	723
Net Cash	1,502	1,042	552

Notes:

- Cash and cash equivalents include Mutual Fund investments
- * All numbers in Crores unless specifically mentioned

Segment Performance



Graphite India Limited

Consolidated Segment Performance

(Rs. Crore)	Q1		y-o-y	Q4	q-o-q
	FY2019	FY2018	Growth (%)	FY2018	Growth (%)
Graphite and Carbon	1,912	389	391%	1,265	51%
Others	53	26	104%	58	(9)%
Less: Inter Segment Sales	-	-		-	
Segment Revenue	1,965	415	373%	1,323	48%
Graphite and Carbon	1,439	38	3,687%	746	93%
Others	5	-	-	4	3%
Profit before tax and interest	1,444	38	3,700%	750	92%
Finance Cost	(2)	(1)		(2)	
Unallocated Income / (expense)	9	8		(7)	
Profit Before Tax	1,451	45	3,124%	741	96%

Standalone Segment Performance

(Rs. Crore)	Q1		y-o-y	Q4	q-o-q
	FY2019	FY2018	Growth (%)	FY2018	Growth (%)
Graphite and Carbon	1,725	351	391%	1,152	50%
Others	52	25	108%	60	(13)%
Less: Inter Segment Sales	-	-		-	
Segment Revenue	1,777	376	373%	1,212	47%
Graphite and Carbon	1,304	38	3,332%	693	88%
Others	4	(2)		8	(50)%
Profit before tax and interest	1,308	36	3,533%	701	87%
Finance Cost	(1)	(1)		(2)	
Unallocated Income / (expense)	9	9		(7)	
Profit Before Tax	1,316	44	2,891%	692	90%

* All numbers in Crores unless specifically mentioned

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 four plants at Durgapur (54,000 MT), Bangalore (13,000 MT), Nashik (13,000 MT) and Nurnberg in Germany (18,000 MT). 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 19.5 MW of power generation through hydel route.

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 significant barrier for the entry of new players.



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