GRAPHITE INDIA LIMITED

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GIL:SEC: 18/19:
November 6, 2018

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/half year ended September 2018

Dear Sir,

Earnings Presentation in connection with the Company's un-audited financial results for the quarter/half year ended 30th September, 2018 is enclosed for your information and records.

Thanking you,

Yours faithfully,
For Graphite India Limited

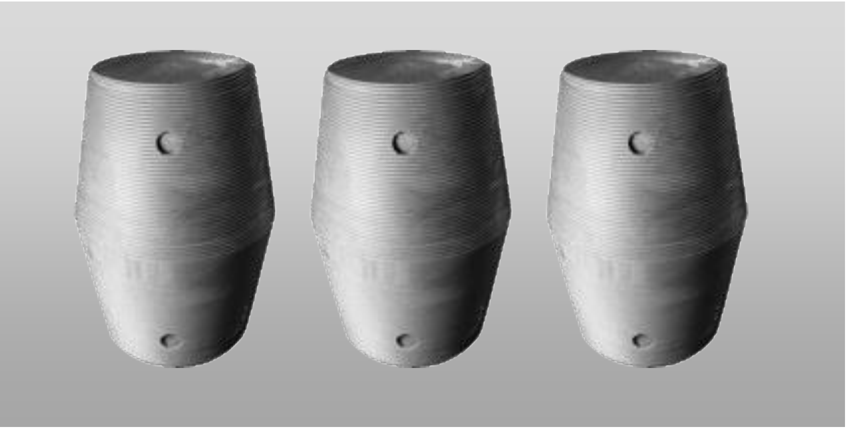
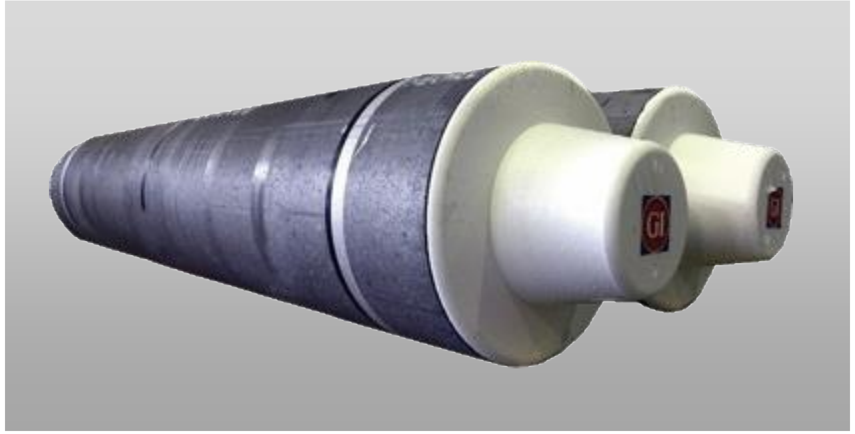
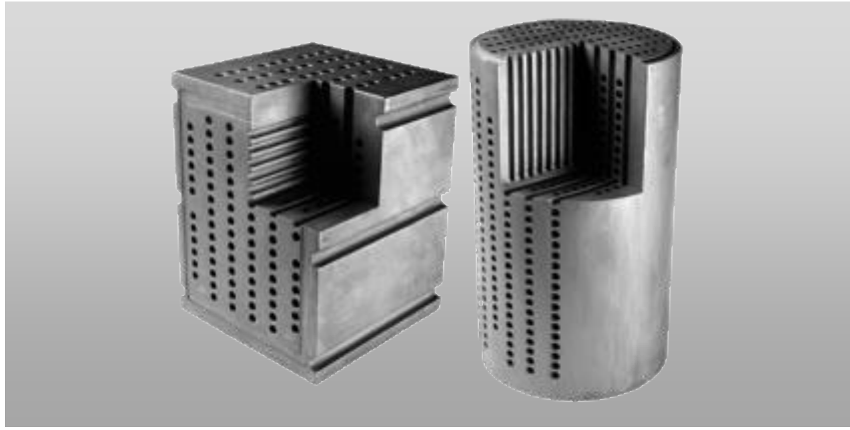
B. Shiva
Company Secretary

Encl : As above.

Graphite India Limited

NSE: GRAPHITE, BSE: 509488

Q2 FY2019 Earnings Presentation
November 6th, 2018

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Graphite India Limited

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Executive Summary

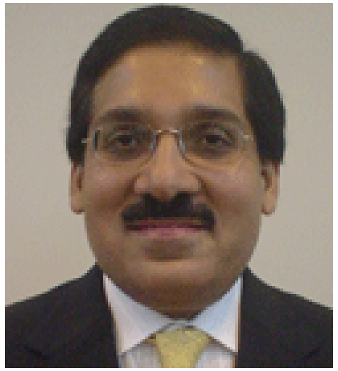
Graphite India Limited

Q2 FY2019 Financial Performance

Q2 FY2019 Profit and Loss (Consolidated)	○ Gross Sales of Rs. 2,345 Crores, an increase of 344% y-o-y ○ EBITDA increased to Rs. 1,684 Crores; Margin of 72% ○ Net Profit increased to Rs. 1,113 Crores; Margin of 47% ○ EPS of Rs. 56.87 per share
Balance Sheet (Consolidated)	○ Gross Debt of Rs. 265 Crores ○ Cash (Net of Gross Debt) of Rs. 2,033 Crores
Q2 FY2019 Profit and Loss (Standalone)	○ Gross Sales of Rs. 2,008 Crores, an increase of 335% y-o-y ○ EBITDA increased to Rs. 1,409 Crores; Margin of 70% ○ Net Profit increased to Rs. 912 Crores; Margin of 45% ○ EPS of Rs. 46.59 per share ○ Interim Dividend of Rs. 20 per share
Balance Sheet (Standalone)	○ Gross Debt of Rs. 216 Crores ○ Cash (Net of Gross Debt) of Rs. 1,942 Crores

Chairman's Message

Graphite India Limited



Mr. K. K. Bangur
Chairman

"Graphite India reported another quarter of strong financial and operational performance. Consolidated Net Sales for Q2 FY2019 was Rs. 2,345 Cr, EBITDA of Rs. 1,684 Cr with Margins of 72% and Net Profit of Rs. 1,113 Cr. The performance was driven by both higher capacity utilization levels of 93% and improved price realizations. However, this quarter margins were partly impacted due to higher cost of needle coke.

World crude steel production continued to maintain its momentum of steady growth, increasing by 4.3% during Q3 CY2018 compared to the same period of 2017. The Chinese steel industry, still in its transition phase is shifting steadily from the polluting blast furnace route to cleaner electric arc furnace technology, resulting in an increased electrode demand. At the global level, shift towards EAF production is clearly evident with an increase in its market share from 25% in 2015 to 28% in 2017. In our home market too, India registered a growth of 4.6% in Q3 CY2018 with steel demand expected to be driven by higher capacity utilization and large scale infrastructure investment programs. Consequently, market buoyancy is expected to continue.

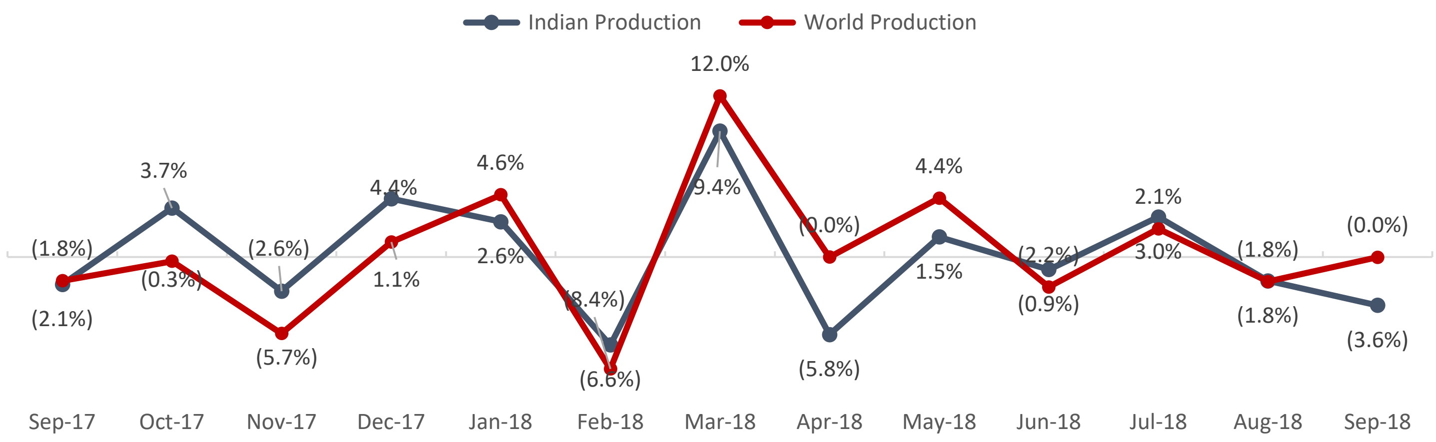
Our management team will continue to focus on achieving growth through capturing increasing global demand, committing to operational excellence and optimizing capacity utilizations levels. The implementation of effective financial controls and selective strategic investments in related carbon space will further enhance value to our shareholders. We are determined to maintain our market position as the leading graphite electrode manufacturer globally."

Steel Industry Overview

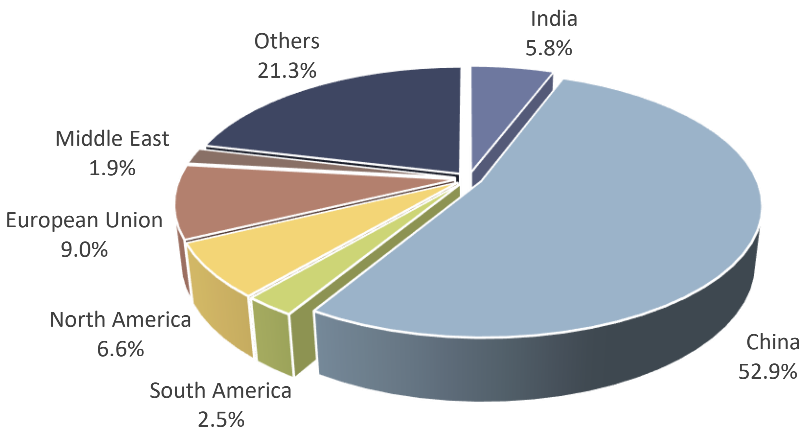
Graphite India Limited

Crude Steel Production	Three Months Ended					9M Ended		
(million MT)	Sep-18	Sep-17	*Y-o-Y (%)*	Jun-18	Q-o-Q (%)	Sep-18	Sep-17	*Y-o-Y (%)*
Asia	325.2	309.6	5.0%	319.6	*1.7%*	937.5	889.6	5.4%
India	26.4	25.2	4.6%	26.3	*0.4%*	79.3	74.9	5.9%
China	242.4	229.2	5.8%	238.0	*1.8%*	691.2	651.8	6.0%
Others	56.4	55.2	2.2%	55.4	*1.8%*	167.0	163.0	2.5%
South America	11.5	11.1	3.6%	10.7	*7.3%*	33.4	32.4	3.2%
North America	30.4	29.1	4.5%	29.6	*2.7%*	89.6	86.8	3.2%
European Union	41.1	40.3	1.9%	44.2	*(7.2)%*	128.4	126.2	1.7%
Middle East	8.9	8.2	8.0%	8.9	*(0.9)%*	27.2	23.7	14.8%
Others	41.0	40.9	0.1%	41.3	*(0.9)%*	121.7	120.0	1.4%
Total	**458.0**	**439.3**	***4.3%***	**454.6**	***0.8%***	**1,337.8**	**1,278.7**	***4.6%***

M-o-M Growth (%)



Q3 CY2018 Regional Production



Steel Industry Outlook and Dynamics

- According to World Steel Association (WSA), world crude steel production was 458 Mt in the Q3 CY2018, up by 4.3% compared to the same period in 2017
- India continued it's strong growth momentum and registered a growth of 4.6% in Q3 CY2018. India's steel demand is expected to move back to a higher growth track supported by improving investment and infrastructure programs. Further, favourable outcome of NCLT has led to consolidation in steel industry and is expected to drive higher capacity utilization across steel manufacturing units and providing further scope of growth
- In Q3 CY2018, the US steel production increased by 6.2% 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 1.9% y-o-y in Q3 CY2018. The broadening recovery of EU steel demand is expected to continue, though at a reduced pace, mainly driven by domestic demand
- Steel production in Middle East increased significantly by 8.0% y-o-y in Q3 CY2018. In the Gulf Cooperation Council (GCC) countries, reforms and a stronger oil market have led to an upward momentum in steel demand
- WSA projects global steel demand will reach 1,657.9 Mt in CY2018, an increase of 3.9% over CY2017. In CY2019, it is forecast that global steel demand will grow by 1.4% to reach 1,681.2 Mt
- 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 CY2018
- Globally nearly 52 million tonnes of gross capacity additions are currently underway and could come on stream during the three-year period of CY2018-20

Graphite Electrode Industry

Graphite India Limited

- Chinese steel exports from January to September totaled 53.5 million mt, or 5.94 million mt/month, according to General Administration of Customs data. The monthly average was a 5.8% decline from the 6.3 million mt/month last year. 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
- India removed antidumping duties on graphite electrodes imported from China in September
- 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)	Q2 FY2019	Q2 FY2018	y-o-y Growth (%)	Q1 FY2019	q-o-q Growth (%)	Half Year FY2019	Half Year FY2018	y-o-y Growth (%)	Comments
Net Sales (Excluding Other Income)	2,345	528	*344%*	1,965	*19%*	4,310	943	*357%*	*Driven by higher volumes and price realizations*
Operating Profit (EBITDA)[1]	1,684	164	*927%*	1,466	*15%*	3,150	223	*1,312%*	*Impact of higher needle coke costs has partially impacted the margins*
Margin (%)[2]	*72%*	*31%*		*75%*		*73%*	*24%*		
Interest	3	2	*50%*	2	*69%*	5	3	*64%*	
Depreciation	13	13		13		26	26		
Profit Before Tax	1,668	149	*1,019%*	1,451	*15%*	3,119	194	*1,508%*	
Net Profit	1,113	103	*980%*	957	*16%*	2,070	133	*1,456%*	
Margin (%)	*47%*	*20%*		*49%*		*48%*	*14%*		
Earnings Per Share	56.87	5.25	*983%*	49.08	*16%*	105.95	6.82	*1,454%*	

Notes:
1. Operating Profit includes Other Income
2. All margins calculated as a percentage of Net Sales (excluding Other Income)

Standalone Financial Performance

Graphite India Limited

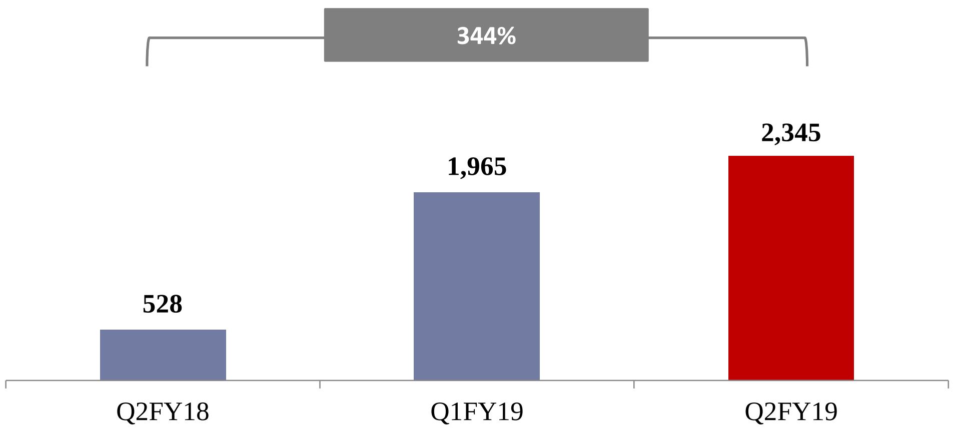
(Rs. Crore)	Q2 FY2019	Q2 FY2018	y-o-y Growth (%)	Q1 FY2019	q-o-q Growth (%)	Half Year FY2019	Half Year FY2018	y-o-y Growth (%)	Comments
Net Sales (Excluding Other Income)	2,008	462	*335%*	1,777	*13%*	3,785	838	*352%*	*Driven by higher volumes and price realizations*
Operating Profit (EBITDA)[1]	1,409	150	*839%*	1,328	*6%*	2,737	205	*1,235%*	*Impact of higher needle coke costs has partially impacted the margins*
Margin (%)[2]	*70%*	*32%*		*75%*		*72%*	*24%*		
Interest	3	2	*50%*	1	*200%*	4	3	*36%*	
Depreciation	12	12		11		23	24		
Profit Before Tax	1,394	136	*925%*	1,316	*6%*	2,710	179	*1,414%*	
Net Profit	912	90	*913%*	858	*6%*	1,770	119	*1,383%*	
Margin (%)	*45%*	*19%*		*48%*		*47%*	*14%*		
Earnings Per Share	46.59	4.60	*913%*	44.00	*6%*	90.59	6.11	*1,383%*	

Notes:
1. Operating Profit includes Other Income
2. All margins calculated as a percentage of Net Sales (excluding Other Income)

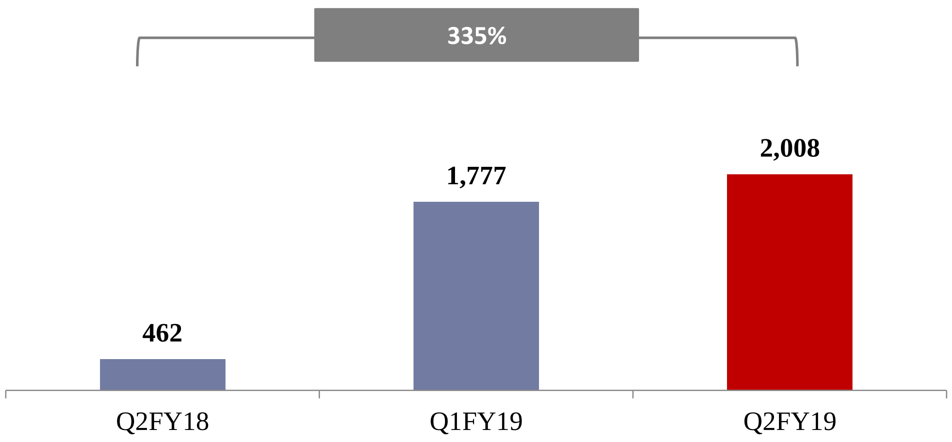
Financial Performance Trends

Graphite India Limited

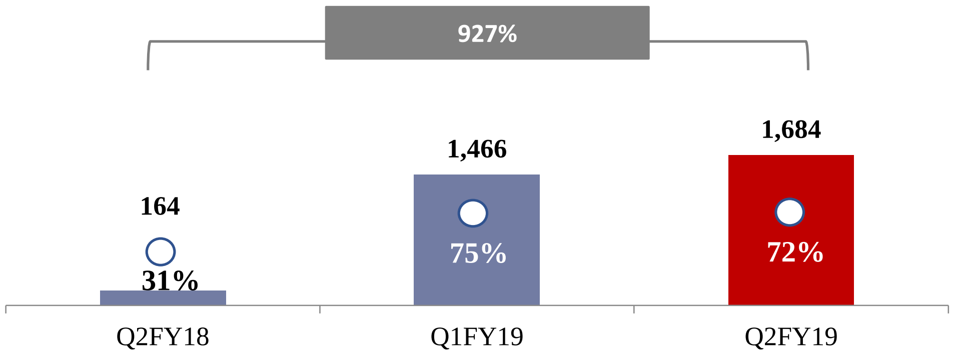
Consolidated Gross Sales



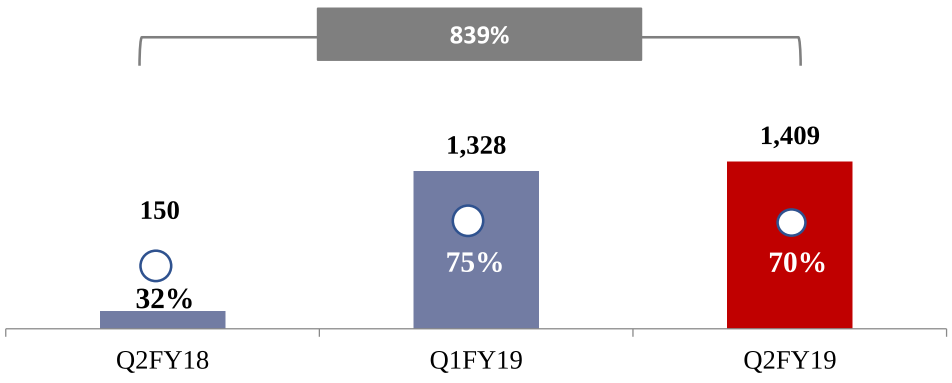
Standalone Gross Sales



Consolidated Operating Profit



Standalone Operating Profit

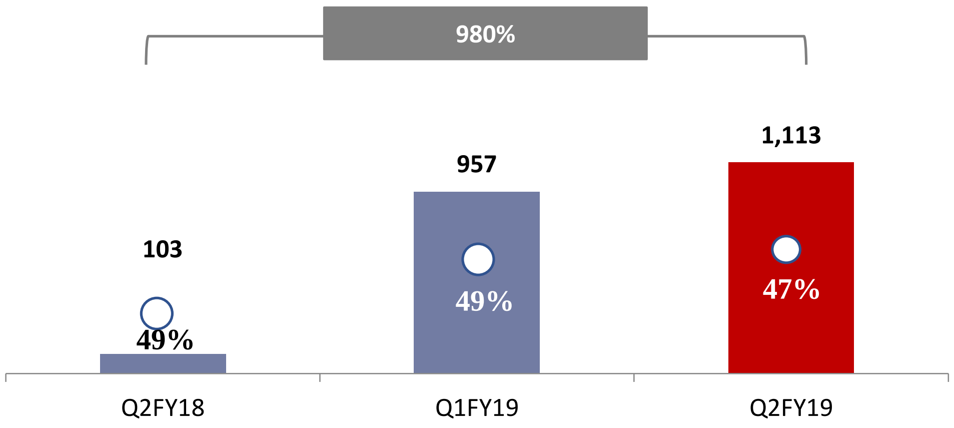


* All numbers in Crores unless specifically mentioned

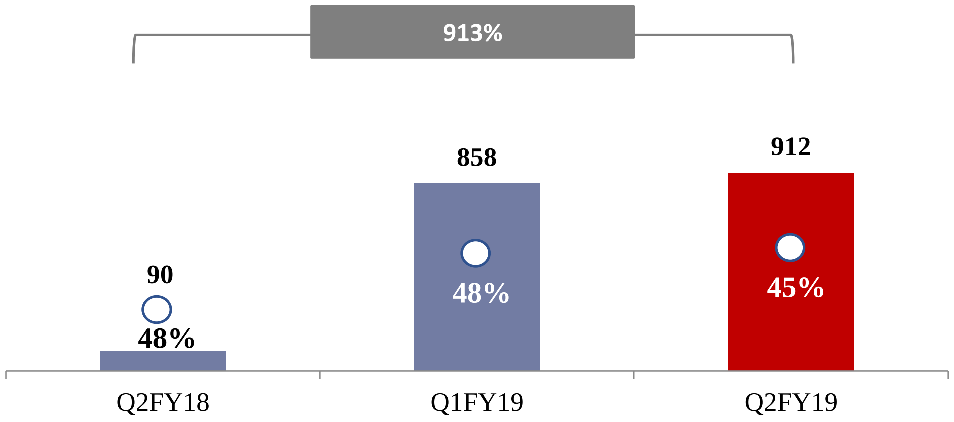
Financial Performance Trends

Graphite India Limited

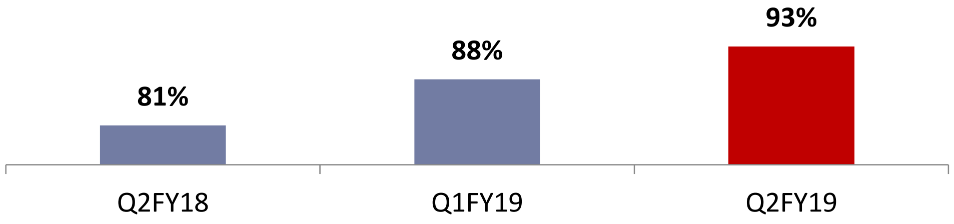
Consolidated Net Profit



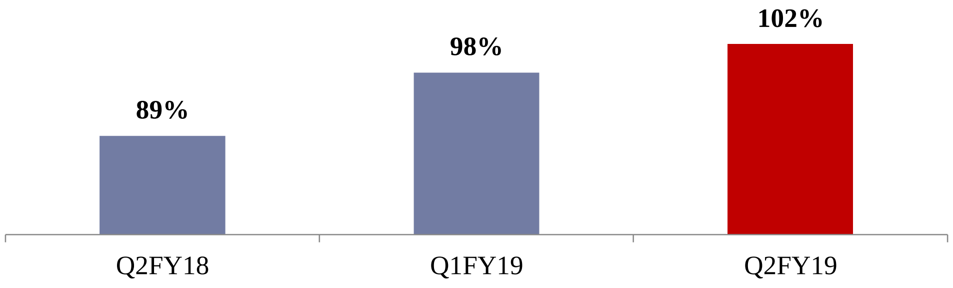
Standalone Net Profit



Consolidated Capacity Utilization



Standalone Capacity Utilization



* All numbers in Crores unless specifically mentioned

Leverage Profile

Graphite India Limited

Significant financial flexibility available for future organic / inorganic growth

Consolidated Leverage Profile

(Rs. Crore)	Sept - 18	June-18	Mar-18	Dec-17
Total Debt	**(265)**	**(218)**	**(272)**	**(356)**
Cash & Cash Equivalents[1]	2,298	1,741	1,263	1,055
Net Cash	**2,033**	**1,523**	**991**	**699**

Standalone Leverage Profile

(Rs. Crore)	Sept - 18	June-18	Mar-18	Dec-17
Total Debt	**(216)**	**(169)**	**(155)**	**(213)**
Cash & Cash Equivalents[1]	2,158	1,671	1,197	998
Net Cash	**1,942**	**1,502**	**1,042**	**785**

Notes:
1. 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)	Q2 FY2019	Q2 FY2018	y-o-y Growth (%)	Q1 FY2018	q-o-q Growth (%)
Graphite and Carbon	2,302	504	*357%*	1,912	*20%*
Others	43	24	*80%*	53	*(19)%*
Less: Inter Segment Sales	-	-		-	
Segment Revenue	**2,345**	**528**	***344%***	**1,965**	***19%***
Graphite and Carbon	1,642	143	*1,050%*	1,439	*14%*
Others	7	2	*269%*	5	*60%*
Profit before tax and interest	**1,649**	**145**	***1,039%***	**1,444**	***14%***
Finance Cost	3	2		2	
Unallocated Income / (expense)	22	6		9	
Profit Before Tax	**1,668**	**149**	***1,021%***	**1,451**	***15%***

Standalone Segment Performance

(Rs. Crore)	Q2 FY2019	Q2 FY2018	y-o-y Growth (%)	Q1 FY2018	q-o-q Growth (%)
Graphite and Carbon	1,967	440	*347%*	1,725	*14%*
Others	41	22	*86%*	52	*(21)%*
Less: Inter Segment Sales	-	-		-	
Segment Revenue	**2,008**	**462**	***335%***	**1,777**	***13%***
Graphite and Carbon	1,371	131	*947%*	1,304	*5%*
Others	4	1	*300%*	4	*0%*
Profit before tax and interest	**1,375**	**132**	***942%***	**1,308**	***5%***
Finance Cost	3	2		1	
Unallocated Income /(expense)	22	6		9	
Profit Before Tax	**1,394**	**136**	***925%***	**1,316**	***6%***

* All numbers in Crores unless specifically mentioned

Graphite India - At a Glance

Graphite India Limited

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.

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 significant barrier for the entry of new players.

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