

## HeidelbergCement India Limited (HCIL)

### Q3FY19 Investor Presentation

February 12, 2019



Renewable Power



Waste Heat Recovery System



GreenCo Gold

## ■ Cautionary Statement

- ❑ Statements in this presentation, which describe the Company's objectives, projections, estimates, expectations or predictions, may be considered to be "forward-looking statements" within the meaning of applicable Securities Laws and Regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however materially differ from those expressed or implied.
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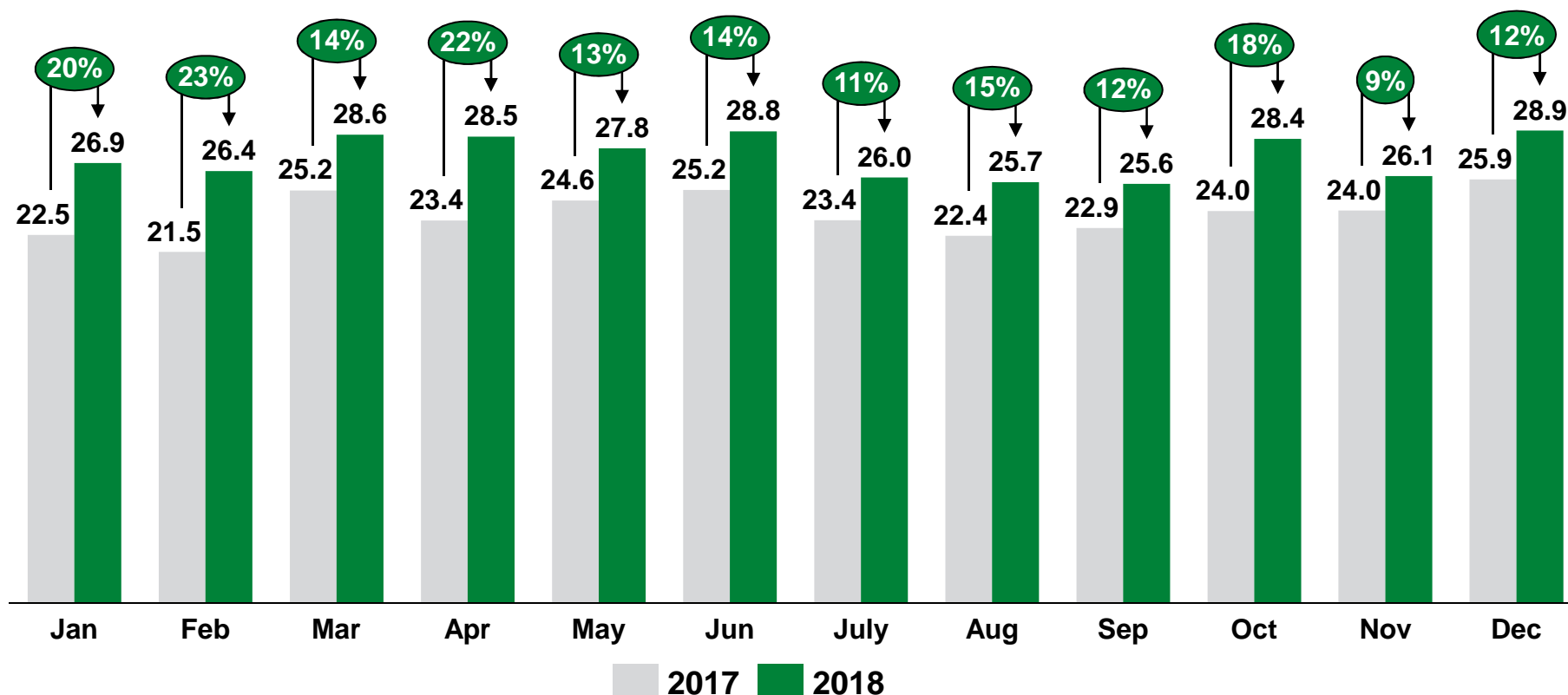
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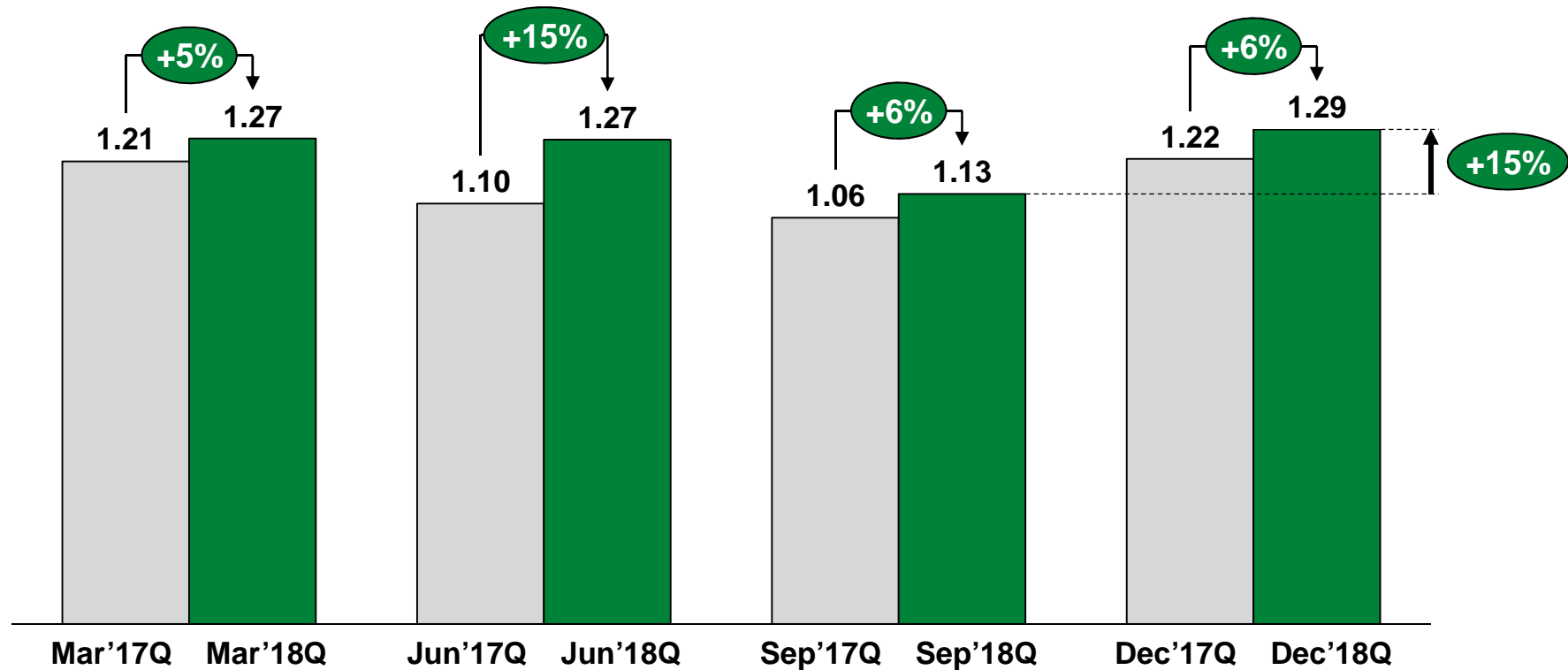
# ① Indian Cement Industry – trailing twelve months

- All India installed cement capacity of c. 480 Mn T as at Dec'18.
- Cement Industry reported production volume growth of 15% in last twelve months driven by growth in infrastructure and rural housing. During the same period, HCIL reported sales volume growth c.8%.
- HCIL reported cement capacity utilization of c. 90% against industry average of c.70%.

## All India Monthly Cement Production (Mn T)



## ② HCIL Quarterly Volumes – trailing twelve months



**c.8% volume growth in trailing twelve months driven  
by robust cement demand in Central India**

### ③ Q3FY19 – HCIL's major highlights



### ③ Q3FY19 – HCIL's major highlights

**EBITDA of ₹ 947 per tonne  
increase of 39% y/y**

**Capacity utilization @ 93%**

**HCIL continues to sell 100%  
blended cement**

**mycem power - premium  
product vol. increased 4% y/y**

**Phase 1 of de-bottlenecking  
project completed**

**WHR generation up by 5% y/y**

**Received interest free loan of  
Mio ₹ 687 from UP Govt.**

**Continue to operate on –ve Net  
Working Capital**

**Net debt at Dec'18 Mio ₹ 2,309**

**Net Debt to EBITDA at 0.47x**

**Distributed FY19 Interim dividend  
@ 10% Mio ₹ 273 (incl. DDT)**

## ④ Income statement

Mio ₹

Particulars	Quarter ended		Y/y	9 months ended		Y/y
	Dec'18	Dec'17	Change %	Dec'18	Dec'17	Change %
<b>Total Income</b>	<b>5,639</b>	<b>4,912</b>	<b>15%</b>	<b>15,900</b>	<b>13,581</b>	<b>17%</b>
Total Expenditure	4,414	4,084	8%	12,315	11,150	10%
<b>EBITDA</b>	<b>1,225</b>	<b>828</b>	<b>48%</b>	<b>3,584</b>	<b>2,432</b>	<b>47%</b>
Depreciation/amortization	254	253	0%	763	757	1%
Other Income	102	94	9%	233	142	65%
<b>EBIT</b>	<b>1,074</b>	<b>669</b>	<b>61%</b>	<b>3,054</b>	<b>1,816</b>	<b>68%</b>
Financial expenses	170	186	-9%	588	572	3%
<b>Profit Before Tax</b>	<b>904</b>	<b>483</b>	<b>87%</b>	<b>2,467</b>	<b>1,244</b>	<b>98%</b>
Tax Expenses	319	165	93%	869	433	101%
<b>Profit After Tax</b>	<b>586</b>	<b>318</b>	<b>84%</b>	<b>1,598</b>	<b>811</b>	<b>97%</b>

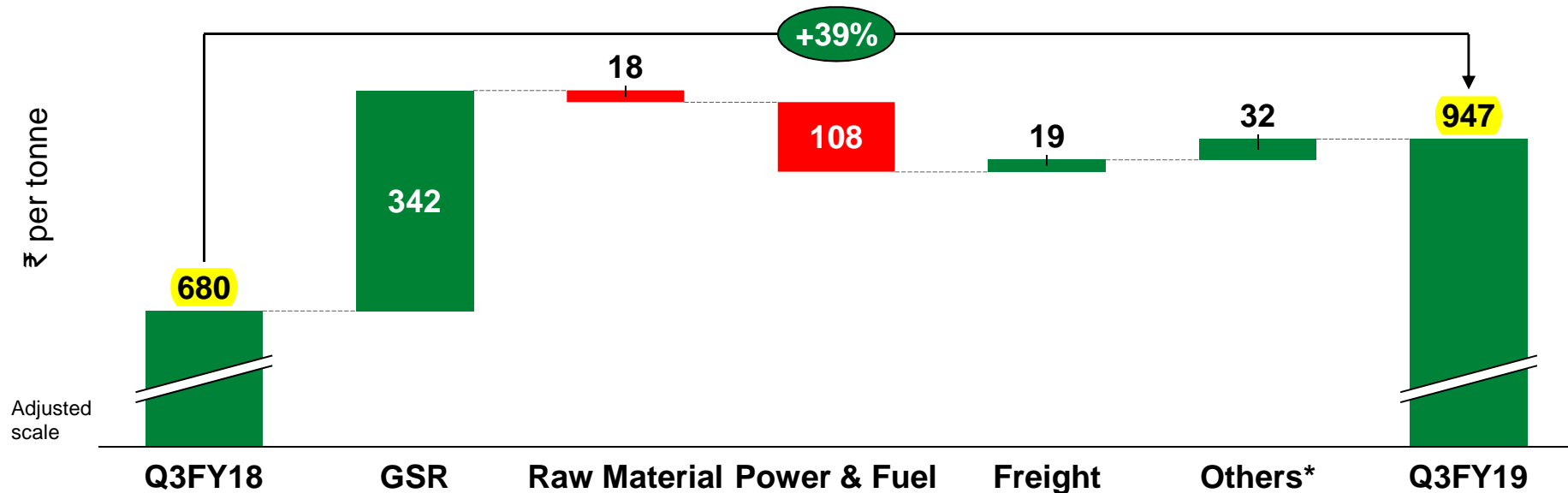
### KPIs

Sales Volume (Mn T)	1,294	1,217	6%	3,686	3,382	9%
Gross realization (₹/t)	4,316	3,975	9%	4,273	3,948	8%
Total cost (₹/t)	3,412	3,355	2%	3,341	3,296	1%
EBITDA (₹/t)	947	680	39%	972	719	35%
EBITDA% of revenue	21.9%	17.1%	482 bps	22.8%	18.2%	455 bps
PAT% of revenue	10.5%	6.6%	392 bps	10.1%	6.1%	407 bps

**Improvement across KPIs; fuel cost remained at elevated levels**



## ⑤ EBITDA per tonne bridge: Q3FY18 to Q3FY19



Note: Change in inventory has been apportioned equally on Raw Material and Power and Fuel expenses.

\*Other expenses include other operating income, employee cost and miscellaneous expenses.

- ❑ Increase in Raw material cost was primarily due to increase in packaging cost over last year
- ❑ Power and fuel per tonne increased mainly due to higher fuel prices which is partially off-set by:
  - ❑ Higher power generation from WHR +5% y/y
  - ❑ Economical power sourcing
- ❑ Freight cost reduced due to Railway freight rebate on account of higher volume.

## ⑥ Q3FY19 – Share of volume



47% road volume, +494 bps y/y



39% Coal, +1438 bps y/y



10% of trade volume, flat y/y



85% Trade sales, +475 bps y/y

## ⑦ Awards and accolades

Quality Circle Forum  
of India (QCFI) -  
Hyderabad Chapter

**Damoh Plant** won  
the 1<sup>st</sup> Prize in  
Safety Excellence.



Certificate of  
Appreciation in  
Energy Management  
by Ministry of Power

**Jhansi Plant**



## ⑧ Outlook

### Positives:



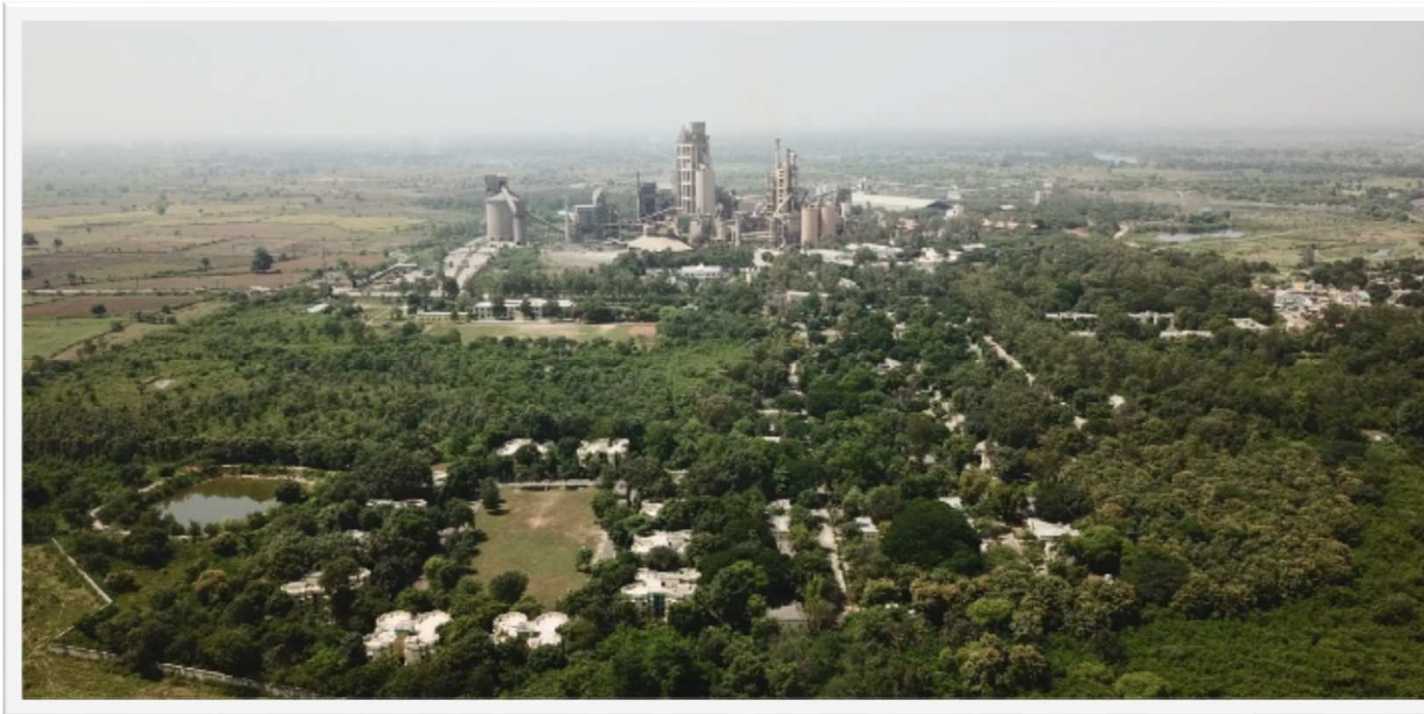
- ❑ **Cement demand** expected to increase by 7% in calendar year 2019; demand expected to be primarily driven by rural and affordable housing and infrastructure.
- ❑ **Boost in government spending** on infrastructure to drive growth: affordable housing and Infrastructure development – concrete roads, railways, metro network, irrigation, mega Industrial and freight corridors etc.

### Concerns:



- ❑ **Steep increase in crude prices:** fuel prices, diesel cost, packaging costs etc.
- ❑ **General elections** may delay the speed of infrastructure growth for couple of months.
- ❑ **Hardening of compliance norms:** SOx and Nox.

## Bird's-eye view of Damoh clinker plant



**HEIDELBERGCEMENT**  
for better building

**Safety is our foremost priority**