

■ HeidelbergCement India Limited (HCIL)



Q2FY20 Investor Presentation

October 2019

HEIDELBERGCEMENT

■ 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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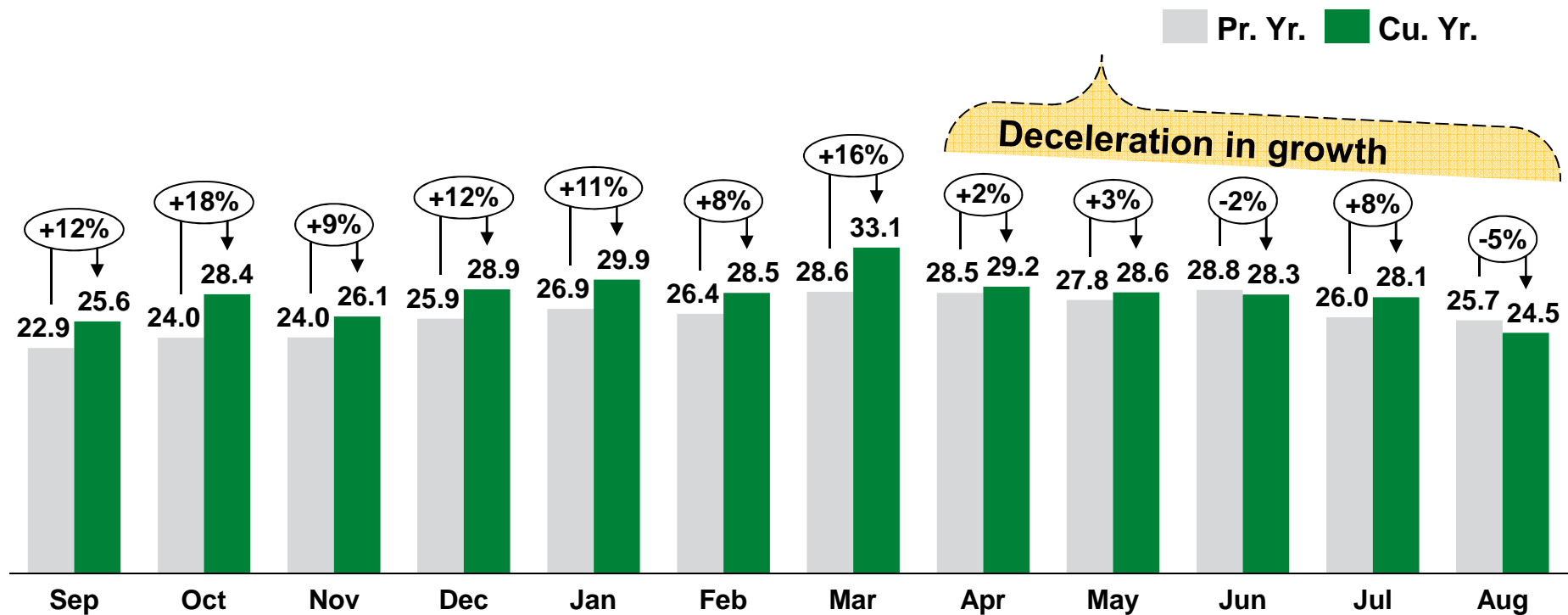
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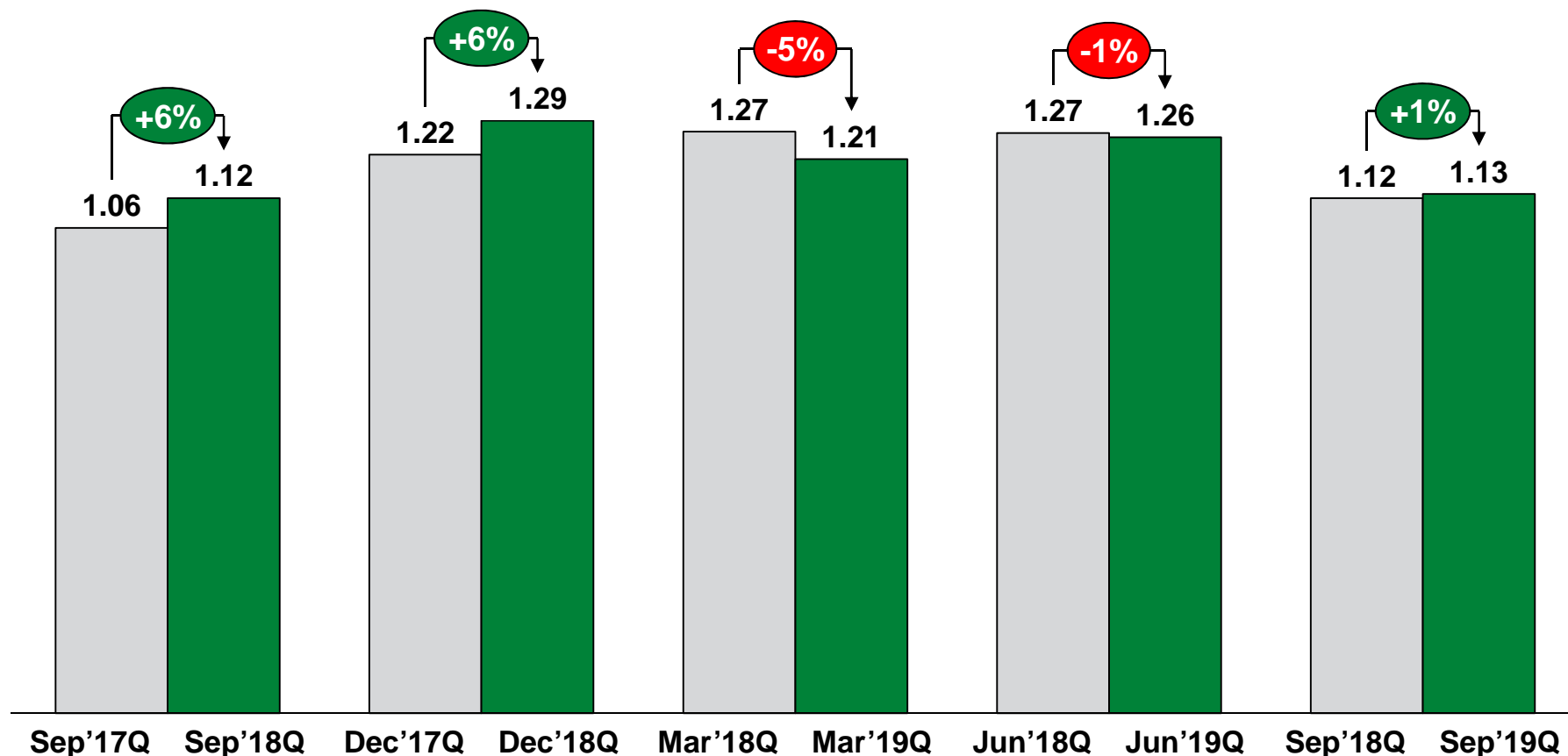
① Indian Cement Industry – trailing twelve months

- ❑ All India installed cement capacity estimated to be c. 490 Mn T as at Sep'19.
- ❑ Cement Industry reported production volume growth of 7% in the last twelve months; growth has been relatively low from Apr to Aug'19.
- ❑ During trailing twelve months, Cement Industry operated at an average utilization of c. 70%.

All India Monthly Cement Production (Mn T)



② HCIL Quarterly Volumes



**During Sep'19Q, Capacity utilization was more than 80%;
the Company continues to sell 100% blended cement**

③ Q2FY20 – HCIL's Financial and operational highlights

Zero Lost Time Injury (LTI)

Zero Fatality

mycem power (premium product) vol. up by 29% y/y

11% of trade volume

HCIL's dependence on grid power decreased to 69%

Grid prices increased in MP and UP

Evaluating options of reduced Corporate Tax Rate

HCIL has c. ₹ 1.6 billion of unutilized MAT credit at Mar'19

Net debt at Sep'19 Mio ₹ 1,186

Net debt to LTM EBITDA at 0.22x

Distributed FY19 dividend @

30% Mio ₹ 676 excl. Dividend

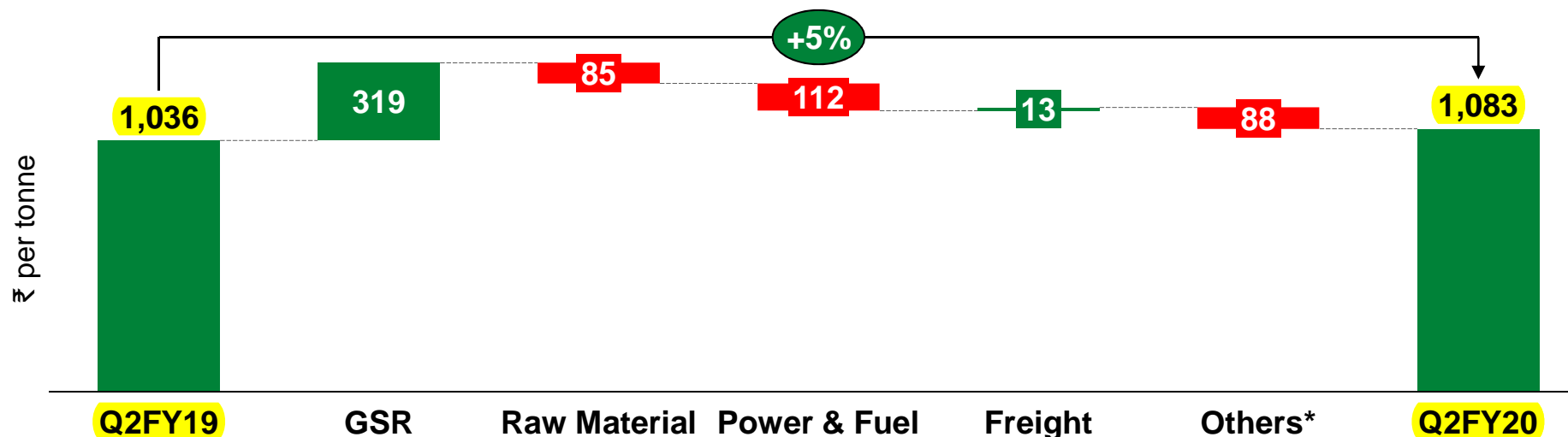
Distribution Tax

④ Q2FY20 – Income statement

Mio ₹

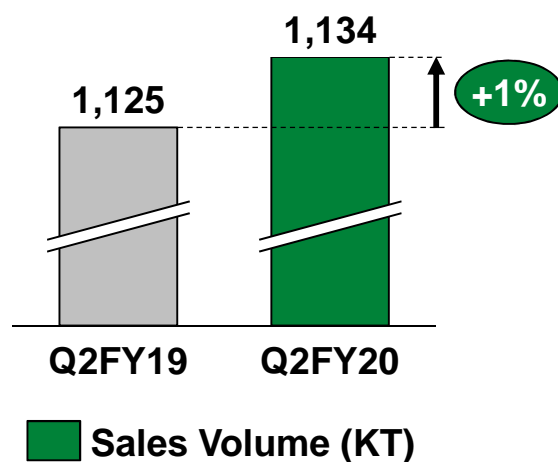
| Particulars | Quarter ended | | Change |
|--------------------------------|---------------|--------------|------------|
| | Sep'19Q | Sep'18Q | |
| Total Income (net of taxes) | 5,222 | 4,859 | 7% |
| Operating expenses | 3,994 | 3,693 | 8% |
| EBITDA | 1,228 | 1,166 | 5% |
| Depreciation/amortization | 265 | 255 | 4% |
| Other Income | 125 | 62 | 102% |
| EBIT | 1,088 | 973 | 12% |
| Interest and financial charges | 188 | 199 | -5% |
| Profit Before Tax | 900 | 774 | 16% |
| Tax Expenses | 318 | 273 | 17% |
| Profit After Tax | 582 | 501 | 16% |
| | | | |
| KPIs | | | |
| Sales Volume (KT) | 1,134 | 1,125 | 0.8% |
| Gross realization (INR/t) | 4,582 | 4,263 | 7.5% |
| Total Cost (INR/t) | 3,522 | 3,283 | 7.3% |
| EBITDA (INR/t) | 1,083 | 1,036 | 4.5% |
| EBITDA % of revenue | 23.6% | 24.3% | -67 bps |
| PAT % of revenue | 11.2% | 10.4% | 75 bps |

⑤ EBITDA per tonne bridge: Q2FY19 to Q2FY20



Note: Change in inventory has been apportioned 30% in Raw Material and 70% in Power and Fuel expenses.

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



- ❑ Total cost per tonne is higher mainly due to increase in raw materials, power price increase by Madhya Pradesh and Uttar Pradesh which has been partially offset by lower logistics cost.
- ❑ Other operating income of Q2FY20 is lower mainly due to non recognition of VAT incentive from Aug'19 onwards.

⑥ Q2FY20 – Share of volume



44% road volume, -3% y/y



40% Coal, -19% y/y



11% of trade volume, +29% y/y



88% Trade sales, +3% y/y

⑦ Friends of Earth – a new green initiative



⑧ Outlook

Positives:



- ❑ Cement demand is likely to grow around mid single digit in calendar year 2020.
- ❑ Stability in Central and State Govt. to drive investments in housing and infrastructure projects – housing for all, concrete roads, railways, metros, civil aviation, irrigation, mega Industrial and dedicated freight corridors etc.
- ❑ Multiple reduction in interest rates by RBI – benefit for home buyers / builders
- ❑ Stability of Brent crude is likely to help control fuel and diesel prices

Concerns:



- ❑ Liquidity situation may affect cement and other sectors; concerted efforts by the Govt.
- ❑ Imbalanced monsoon may have affect in select regions
- ❑ Weakness in economy may lead to depreciation of Indian Rupee

■ HeidelbergCement India Limited – Investor Relations

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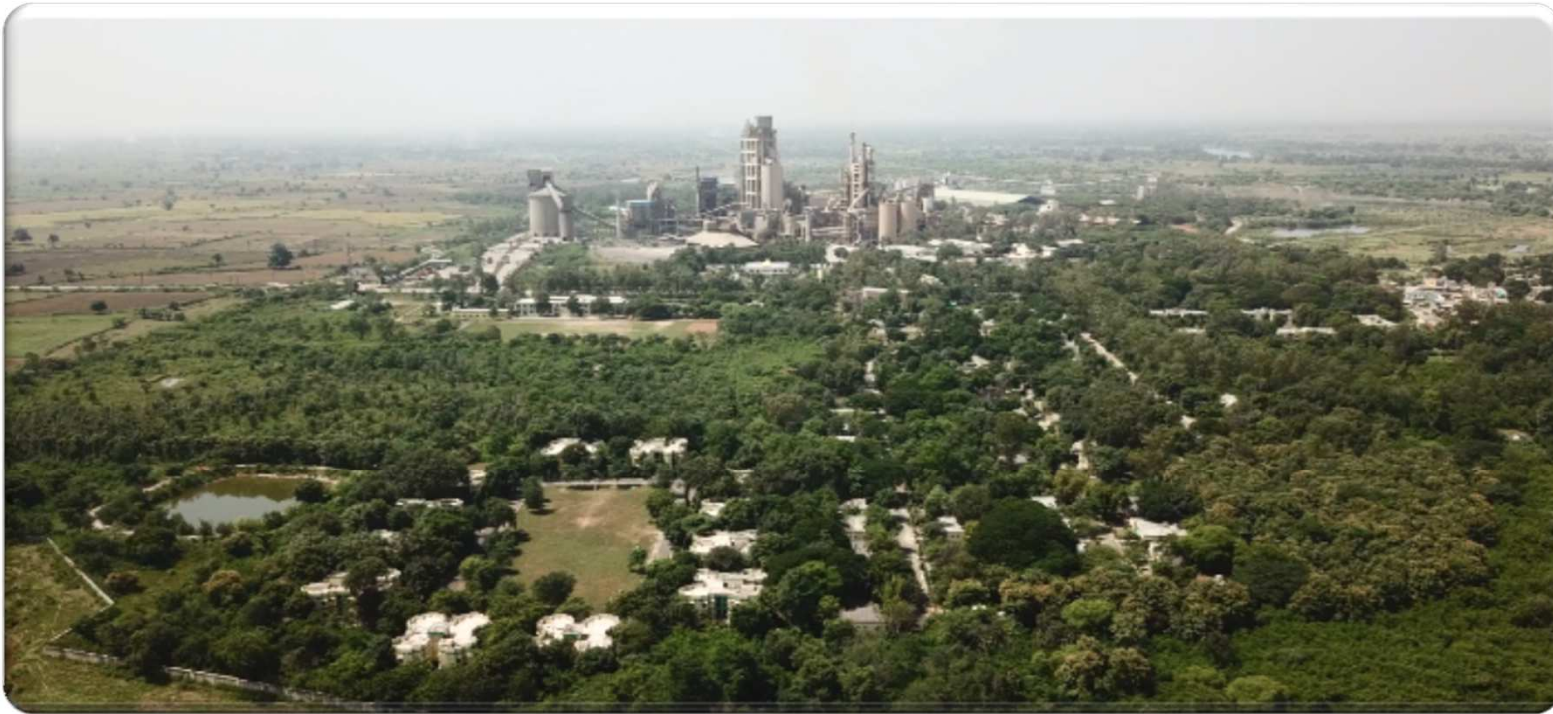
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Bird's-eye view of clinker plant at Narsingarh, Damoh

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Safety is our foremost priority

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