



UNITED DRILLING TOOLS LTD.

CIN : L29199DL 1985 PLCO 15796

OIL DRILLING EQUIPMENT MANUFACTURING AND SERVICES

(AN ISO 9001 & API APPROVED CERTIFIED COMPANY)

(INCLUDING ISO 14001:2004 & OHSAS 18001:2007)

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15-02-2020

To,
The Listing Compliance Department
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400001

Security Code: 522014

Security ID: UNIDT

ISIN: INE961D01019

Sub: Earning Updates on Financial Results

Dear Sir/Ma'am,

Pursuant to regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 we are submitting herewith copy of the press release titled "Earning Updates" based on financial results of 3rd quarter ended 31st December, 2019 along with operational highlight on the same.

Thanking You,

Yours faithfully

FOR United Drilling Tools Limited


Pramod Kumar Ojha
Company Secretary
M. NO. 8698



United Drilling Tools Limited

CIN: L29199DL1985PLC015796

Corporate Office: A-22, Phase-II, Noida Distt-Gautam Budh Nagar (U.P), Pin -201305 (INDIA)

Q3 & 9M FY2020 Earning Updates

Revenue from Operations reported at Rs. 332.46 Mn

EBITDA at Rs. 172.64 Mn

Net PAT at Rs. 135.60 Mn

New Delhi, 15th February, 2020: United Drilling Tools Limited (UDTL), a leading manufacturer of oil drilling tools and equipment's has announced its Financial Results for the quarterly year ended on December 31, 2019 in the above-referred Board Meeting.

FINANCIAL STATEMENT

Quarterly Ended

Particulars (INR MN)	FY 20 Q3	FY 19 Q3
Revenue from Operations	332.46	322.70
Other Income	9.74	1.82
Total Revenue	342.20	324.52
Total Expenses	176.91	310.26
EBITDA	172.64	23.54
EBITDA Margin (%)	50.45%	7.25%
Depreciation	6.82	7.42
Finance Cost	0.52	1.86
PBT with Exceptional Item	165.30	14.26
Exceptional Items	-	-
PBT	165.30	14.26
Current Tax	26.86	2.96
Deferred Tax	2.74	1.23
Tax	29.60	4.19
PAT	135.70	10.07
Other Comprehensive Income / (Loss)	(0.10)	-
Net PAT	135.60	10.07
Net PAT Margin %	39.63%	3.10%

FINANCIAL PERFORMANCE COMPARISON

Revenue remained flat YoY basis and in-line with our estimate

EBITDA/Operating revenue grew by 633% and margins grew by 6000 bps QoQ led by splurge in sales of connector's which have is an exceptionally higher business margin segment

PAT multiplied by almost 12.5 x compared to same quarter last year; reported tax rate stood at 27%.

Second Interim Dividend of Rs. 0.6/sh announced with record date of 25th Feb'20



Nine Months Ended

Particulars (INR MN)	FY 20	FY 19
Revenue from Operations	895.06	1,324.63
Other Income	19.95	4.44
Total Revenue	915.01	1,329.07
Total Expenses	474.75	1,196.38
EBITDA	463.04	163.41
EBITDA Margin (%)	50.60%	12.30%
Depreciation	19.84	21.51
Finance Cost	2.94	9.21
PBT with Exceptional Item	440.26	132.69
Exceptional Items	-	-
PBT	440.26	132.69
Current Tax	64.78	9.04
Deferred Tax	4.65	3.66
Tax	69.43	12.69
PAT	370.83	120.00
Other Comprehensive Income/(Loss)	(0.31)	-
Net PAT	370.53	120.00
PAT Margin %	40.50%	9.03%

FINANCIAL PERFORMANCE COMPARISON

Revenue declined by 32% YoY as the Connector business which composited ~75% of sales grew 100% YoY as compared to same period previous year where higher contribution was from casing pipes business

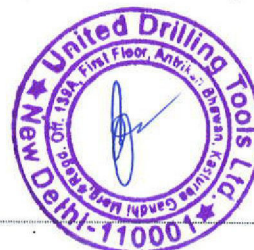
Operating revenues/EBITDA grew by 184% as compared to same period previous year on account of higher sales contribution from the connector business, EBITDA margin expanded by 3800 bps YoY to 50.6%; significant change in the sales from product segment contributing very high margins being patented and UDTL is the only manufacturer

PAT (+209% YoY) as compared to same period last year primarily on higher realisation's on connector sales

Company noted: a) its aspirations to diversify into 3 continent, presently they are having presence but can develop strongly by leveraging its current capabilities b) retaining full year outlook for the next fiscal with similar trends, c) encouraging response for its new associations in newer geographies & d) plans to expand and integrate the Kandla facility in the coming fiscal

BUSINESS HIGHLIGHTS

- **New projects on the anvil:** UDTL has been awarded a single order of INR 1230 mn from ONGC which has to be completed in FY20-21, this happens to be a milestone as one single largest order being awarded, this order needs to be executed in FY20-21
- Further building incremental capacity in Kandla for integrated product of casing pipes with connectors building logistic efficiencies
- Development orders and association with oil majors like Halliburton, Schlumberger and Baker Hughes will trigger their export book intermediate across the globe,
- Multiple minor projects each with an order size of USD 100,000 to USD 500,000 expected from APAC and Middle East oil drilling cos
- Headroom in EBITDA margin expansion: EBITDA margins has expanded by 40% in the last 3 years – led by increasing proportion of higher realization in our connector category



- New projects/orders are on anvil by Indian oil majors and expect these projects will get kick started in CY21-22 and may come commissioned by FY21/22 in purview of sizeable scope for import substitution, providing enough opportunities for the management to be continuously on grow path

COMMENTING ON THE RESULTS, MR. PRAMOD GUPTA – CHAIRMAN & MANAGING DIRECTOR

It gives us immense pleasure to post yet another stellar performance for the consecutive third quarter and reassure that we are poised to deliver similarly in the coming quarter;

We expect double digit top-line growth to continue led by a) led by a buoyant order book in the domestic geography (INR 1230 mn worth of single order from ONGC, b) commence multipurpose operations; capex of ~Rs.75 mn at the Kandla unit to de-bottle neck and build incremental capacity of the integrated product, c) Bidding for additional order book in the domestic geography, the order pipeline estimate is around INR 2,000 mn and d) Export order book has strong visibility for the next 2 years with orders in pipeline of ~INR 1,500 mn.

We are expecting to grow our capacity utilization by ~30% for the concurrent coming two years considering the sizeable growth in our order book and built up order pipeline in domestic geography as well as international geography.

UDTL is a strong leader in the domestic geography focusing on profitable segment's and developing more client base over and above ONGC and Oil India, our success rates in bidding has been over ~75%, and is evident in our work orders with Halliburton, Schlumberger, Baker Hughes on the International front and of course with Reliance and Essar in the home front at India. We believe these efforts would result in CAGR of ~25% during FY20-23E.

We remain bullish on the long-term prospects of the sector led by further strengthening free cash flows - 1) increasing Govt. investments (Central & State) towards newer projects 2) Govt. of India's vision to reduce import dependency by building domestic efficiencies and producing 22% of its requirement from the present production of 17% of the total consumption, 3) Carefully tailored TENDERS are being bid with global giants in the Oil and gas sector, since the beginning of this year and negotiations are underway with half a dozen among them.

Our Associates in strategic places, especially in Saudi Arabia, Iran, Oman, Abu Dhabi, Venezuela, Algeria, Dubai and the USA, securing the real time situations on the bids and tenders besides the dynamic market situations, for a corporate decision, to ensure successful bidding.

We believe that the economy should gradually recover and the business should bounce back more strongly. We are well positioned to grow our top line by double digits and to maintain operating/EBITDA margin to mid-thirty range.



ABOUT UNITED DRILLING TOOLS LTD.

Commenced operation in the Year 1985, headquartered at New Delhi, the company is Worldwide Leader in Connector Technology. United Drilling is a leading Manufacturer of Wire line & well service equipment, Gas lift equipment's, Downhole tools and large OD casting connector in the world. All the equipment can be supplied with most reliable designs and quality and are very competitively priced as compared to other suppliers. United Drilling Tools Limited is dedicated to manufacture high-quality products of field -proven test designs in conformity with international standards as per ISO 9001 & American Petroleum Institute(API License No. 5CT-0565, 5L-0424, 7-1-0393, 19G1-0008, 19G2-0010).

FOR FURTHER INFORMATION ON THE COMPANY, PLEASE VISIT WWW.UDTLTD.COM

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