

Q3 & 9M FY19 Results Presentation

Disclaimer

AARTI INDUSTRIES LIMITED may, from time to time, make written and oral forward looking statements, in addition to statements contained in the company's filings with BSE Limited [BSE] and National Stock Exchange of India Limited [NSE], and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the AARTI INDUSTRIES LIMITED.

All information contained in this presentation has been prepared solely by AARTI INDUSTRIES LIMITED. AARTI INDUSTRIES LIMITED does not accept any liability whatsoever for any loss, howsoever, arising from any use or reliance on this presentation or its contents or otherwise arising in connection therewith.

Agenda

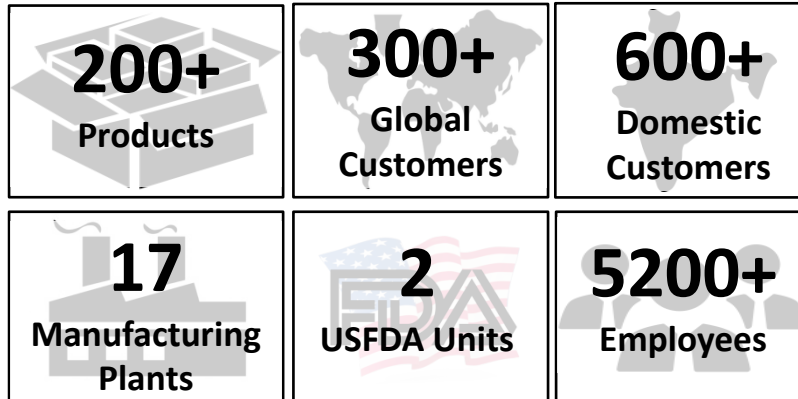
1 | At a glance

2 | Quarterly performance

3 | 5 year financial performance

Company Profile: At a glance

- Established in 1984 & listed on Indian stock exchange in 1992
- Five of six Promoter Directors have engineering background. Three of four Founder Promoters are chemical engineers from ICT (formerly known as UDCT)
- One of leading player globally for many of its products.
- Amongst few players to export to China
- Robust SHE standards
- Highly integrated operations & cost-efficient processes



B u s i n e s s S e g m e n t s

Chemicals

- Polymer & additives
- Agrochemicals & intermediates
- Dyes, Pigments, Paints & Printing Inks
- Pharma Intermediates
- Fuel Additives, Rubber chemicals, Resins, etc.
- Fertilizer & Nutrients

Pharmaceuticals

- Active Pharmaceutical Ingredients (API)
- Intermediates for Innovators & Generic Companies

Home & Personal Care

- Non-ionic Surfactants
- Concentrates for shampoo, hand wash & dish wash

Agenda

1 | At a glance

2 | Quarterly performance

3 | 5 year financial performance

Chairman's Message

Commenting on the performance for Q3 & 9M FY19, Mr. Rajendra Gogri – Chairman & MD at Aarti Industries Ltd. said,



"We have delivered another strong performance during Q3, recording revenue growth of 28% and expanding EBITDA, which led to profits increasing by 48%. Growth was driven by y-o-y volume expansion in the speciality chemicals business, in addition to the positive impact of a higher value-added product mix. We are seeing healthy demand from direct exports, which contributed 40% to revenues during the quarter. We are also benefiting from our deep relationships with domestic customers who are setting up or expanding capacities in downstream products, as the structural shift of global demand continues to favour consistent Indian suppliers. Many of our domestic customers are also creating facilities to manufacture products that substitute imports into the country, with related demand benefits to us.

Q3 growth was spread across our three businesses, speciality chemicals, pharmaceuticals and home and personal care that grew by 31%, 23% and 8% respectively. In the speciality chemicals business, which represents about 80% of our overall revenues, we continue to see margin expansion from optimum utilization of capacities. Improving product mix has also allowed us to expand margins in the backdrop of increasing raw material costs, which are typically built into as a pass through mechanism in our selling prices. The pharma business has also delivered improved profitability based on higher capacity utilization and our focus on more high growing product baskets, such as Xanthene derivatives and pharma intermediates. As indicated earlier, the demerger of the home and personal care products business is on track.

Higher capacities thus operationalized will allow us to position ourselves within the growing framework of opportunities as India continues to gain scale as a leading provider to global chemical supply chains."

Q3 FY19 Highlights

Financial & Capex

- Strong improvement in revenue and margins across Speciality Chemicals and Pharma segments
- EBIT margin expands 180 bps YoY to 16.3% in Q3 FY19.
- As part of its strategy to safeguard business against currency risks, the Company had entered into forward contracts to hedge its exports contracts
 - In Q3FY19, positive impact of Rs 4.79 crore gain on such contracts.
 - The Company had further provided for Revaluation gain on long term borrowing (ECBs) to the extent of Rs. 6.12 crore as at 31st December, 2018. This has been provided under Finance Costs.
- PAT registered a significant growth of over 47% YoY to Rs 133 crore In Q3 FY19.
- Capex in 9M FY19 – Rs 528 cr.

Corporate

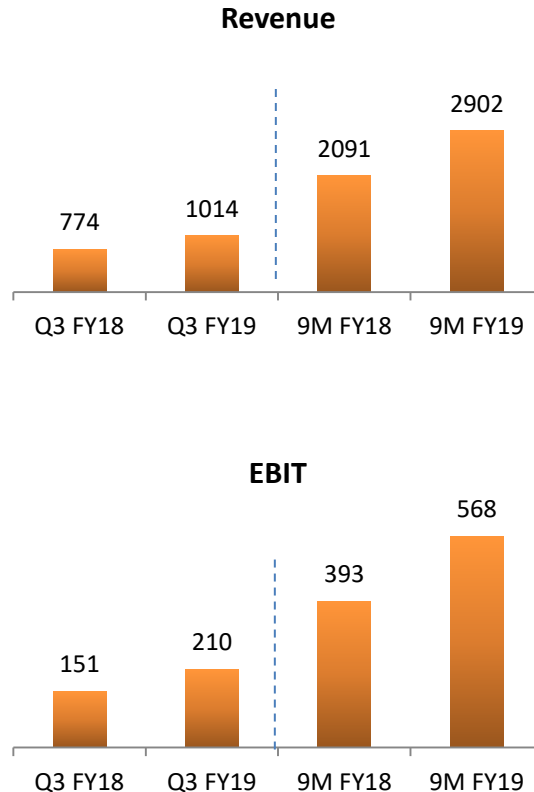
- Board of Directors of the Company has declared an Interim Dividend of Rs. 4 per equity share

Q3 & 9M FY19 P&L (Standalone)

Particulars (Rs. Crore)	9M FY19	9M FY18	Y-o-Y Growth (%)	Q3 FY19	Q3 FY18	Y-o-Y Growth (%)
Gross Income from Operations	3,646.15	2,669.92	36.6%	1,268.15	990.22	28.1%
Exports	1,371.72	1,192.07	15.1%	504.27	471.37	7.0%
% of Total Income	37.6%	44.7%	-7.1%	39.7%	36.3%	3.4%
EBITDA	676.86	476.48	42.1%	246.87	177.81	38.8%
EBITDA Margin (%)	18.6%	17.8%	0.7%	19.5%	18.0%	1.5%
EBIT	559.68	377.59	48.2%	206.26	143.61	43.6%
EBIT Margin (%)	15.3%	14.1%	1.2%	16.3%	14.5%	1.8%
PAT	344.85	231.75	48.8%	132.65	90.19	47.1%
PAT Margin (%)	9.4%	8.7%	0.7%	12.9%	9.1%	3.8%
EPS (Rs.)	42.42	28.22	50.3%	16.32	10.98	48.6%

- Expanding contribution of higher value products and geographic de-risking
- Better operating leverage from increasing capacity utilization
- Benefit of marked-to-market gain in our forward contracts that cover medium to long term supply arrangements

Q3 & 9M FY19 – Speciality Chemicals (Standalone)

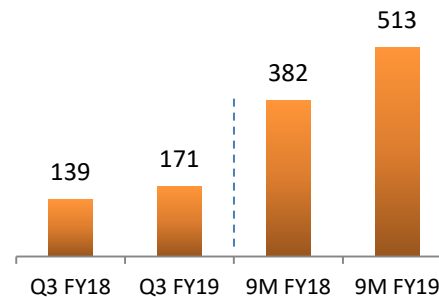


- Higher capacity utilization across various units
- EBIT margins expand to 20.7% in Q3 FY19 from 19.4% in Q3 FY18
- Continuing geographical shift in production to India leading to higher demand even from domestic end-users .
- **Board approval for NCB Expansion**
 - Present capacity of 75000 MTPA for NCB operating at above 90%.
 - The Board has approved an further expansion from 75000 MTPA to 108000 MTPA with an target investment of Rs 150 crs.
 - These capacities would be fully commissioned in two phases, Phase 1 in FY20 and Phase 2 in FY21.
 - Expanded capacity shall help meet the increasing demand for increasing domestic demand and also for downstream captive requirements.

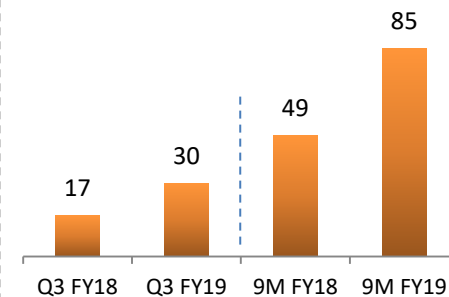
Q3 & 9M FY19 – Pharma & HPC (Standalone)

- EBIT margin expansion continues
- Expanding business volumes across markets and operating leverage.
- Focusing on off-patented generics to be supplied in regulated markets

Pharmaceuticals Revenue

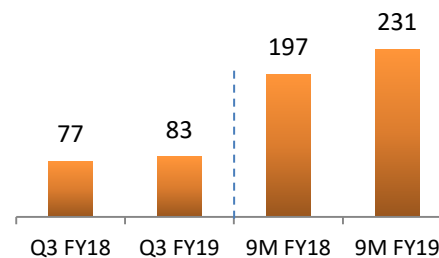


Pharmaceuticals EBIT

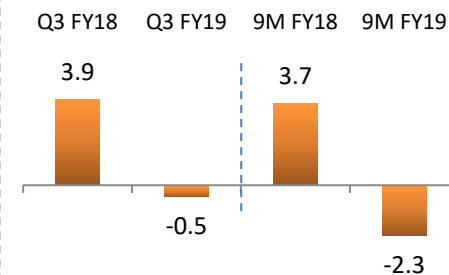


- Expansion in volumes continued
- Lower margins due to increasing input costs.
- Non-ionic surfactants, shampoo, hand wash, dish wash
- De-bottlenecked some operations to expand capacities
- Focus on export-oriented products

Home & Personal Care Revenue



Home & Personal Care EBIT



Agenda

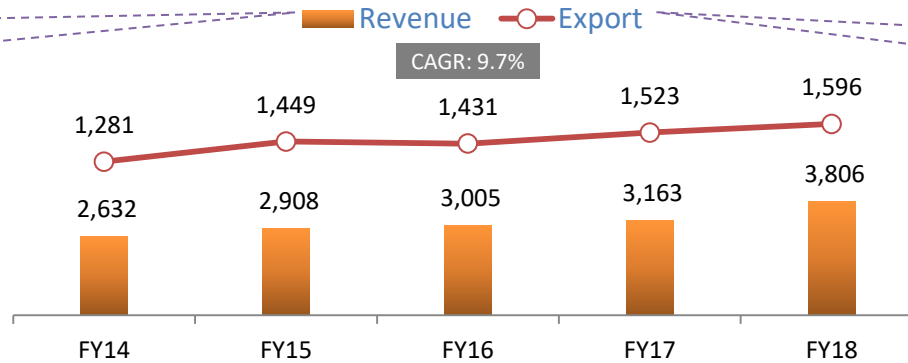
1 | At a glance

2 | Quarterly performance

3 | 5 year financial performance

Revenue Performance (Consolidated)

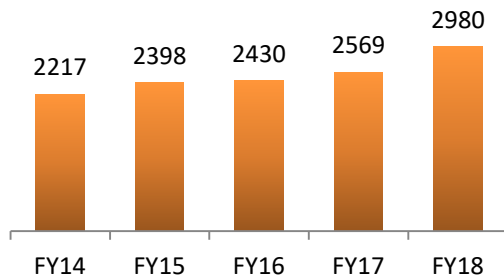
Operating revenues have grown on the back of strong volume growth in key business segments and better product mix. Top line is a function of variations in raw material prices especially crude



Deep engagement with global customers in Speciality chemicals and pharma. In addition, part of domestic revenues are indirect exports.

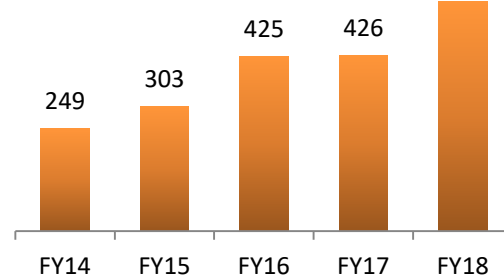
Speciality Chemicals

CAGR: 7%



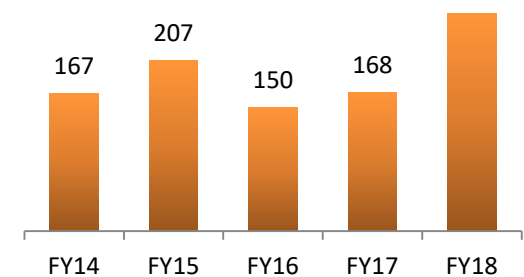
Pharmaceuticals

CAGR: 22.2%



Home & Personal Care

CAGR: 12.1%

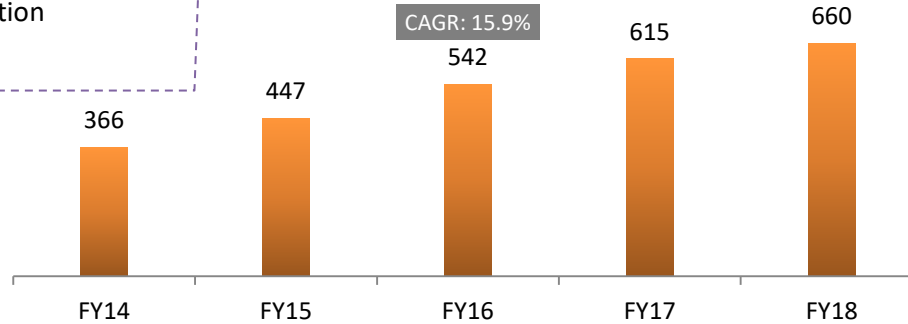


EBIT Performance (Consolidated)

Higher growth relative to revenue highlights value addition delivered by AIL

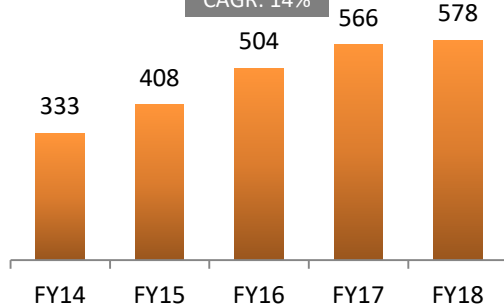
EBIT

CAGR: 15.9%



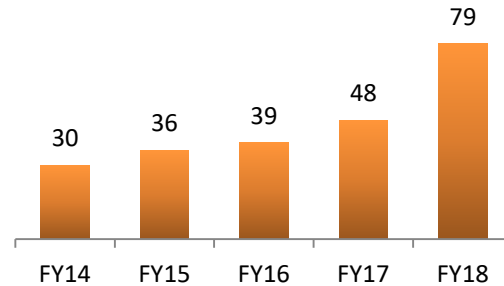
Speciality Chemicals

CAGR: 14%

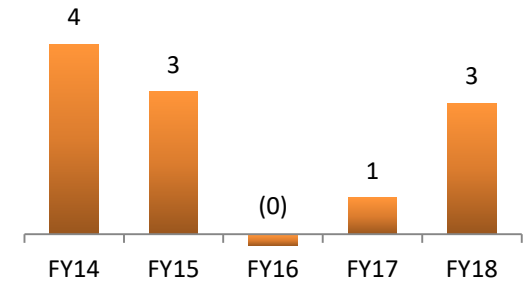


Pharmaceuticals

CAGR: 27.4%

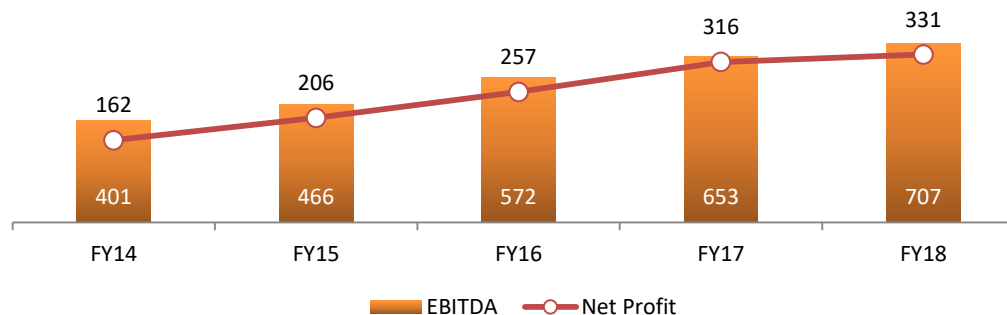


Home & Personal Care

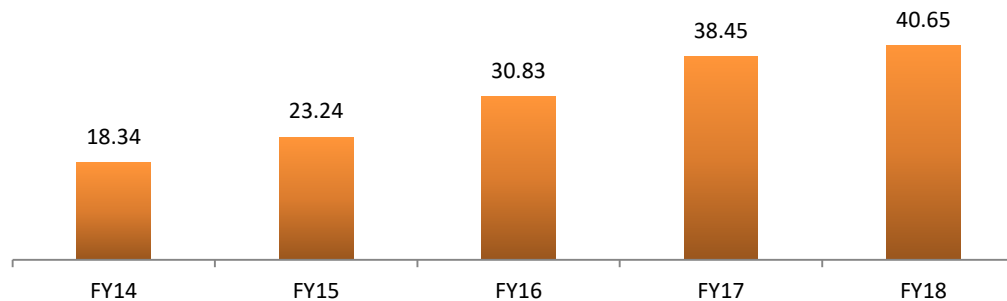


Financial Highlights – (Consolidated)

EBITDA & Net Profit (Rs. Cr.)



Earnings Per Share (EPS)



Contact Us

For further information please log on to www.aarti-industries.com or contact:

Mr. Chetan Gandhi / Mr. Raj Sarraf

Aarti Industries Limited

Tel: +91 22 6797 6666

Email: info@aarti-industries.com

Shiv Muttoo / Varun Divadkar

CDR India

Tel: +91 22 6645 1207/ 97637 02204

Email: shiv@cdr-india.com

varun@cdr-india.com

PRODUCTIVITY WITH SAFETY IS OUR MOTTO
उत्पादकता के साथ सुरक्षा हमारा लक्ष्य है

Thank You