

# SHAPING THE FUTURE

Three ACC bricks are stacked in a pyramid shape. The top brick is red and has the letters 'ACC' embossed in its center. Below it are two light-colored bricks, one on the left and one on the right, both also embossed with 'ACC'. The background is a blurred blue and red wall.

**Investor Presentation: Q2'18 Results**

July 23, 2018

- **Economy & Cement Industry**
- **Performance Highlights**
- **Performance Analysis**

**ACC**

**NOT JUST STRONG, XTRA STRONG.**



**ACC cement**

**Economy & Cement Industry**



## Economy

- Indian economy has become the world's **sixth largest** economy – World Bank
- The increase in **Minimum Support Price** of kharif crops, will push inflation and widen fiscal deficit
- **IIP grew** @3.2 % in May'18 over the same month last year; declined as compared to rise of 4.8% in Apr'18
- Consumer Price Index based **inflation accelerated** @ 5.0% in Jun'18 against 4.87% in May'18
- **Rupee slumps** to an all time closing low (69.09) versus US dollar; makes recovery
- RBI expected to **increase interest rates** in monetary policy review on Aug 1, 2018 to counter potential inflationary impact
- Government expected to **invest heavily in infrastructure sector** prior to general elections in 2019

## Cement Industry

- Higher petcoke, coal and diesel prices led to **sharp rise in energy and freight costs**
- **Soaring slag prices** impacted raw material cost
- Reduced **rake availability** to non-power sector affected industry
- Government's strong focus on affordable housing, highway construction & ports (Bharatmala and Sagarmala) and rural roads to **drive cement demand and growth**

**ACC**



**Performance Highlights Q2'18**



**Cement Volume**  
**7.24 mt**  
*+ 7% YoY*



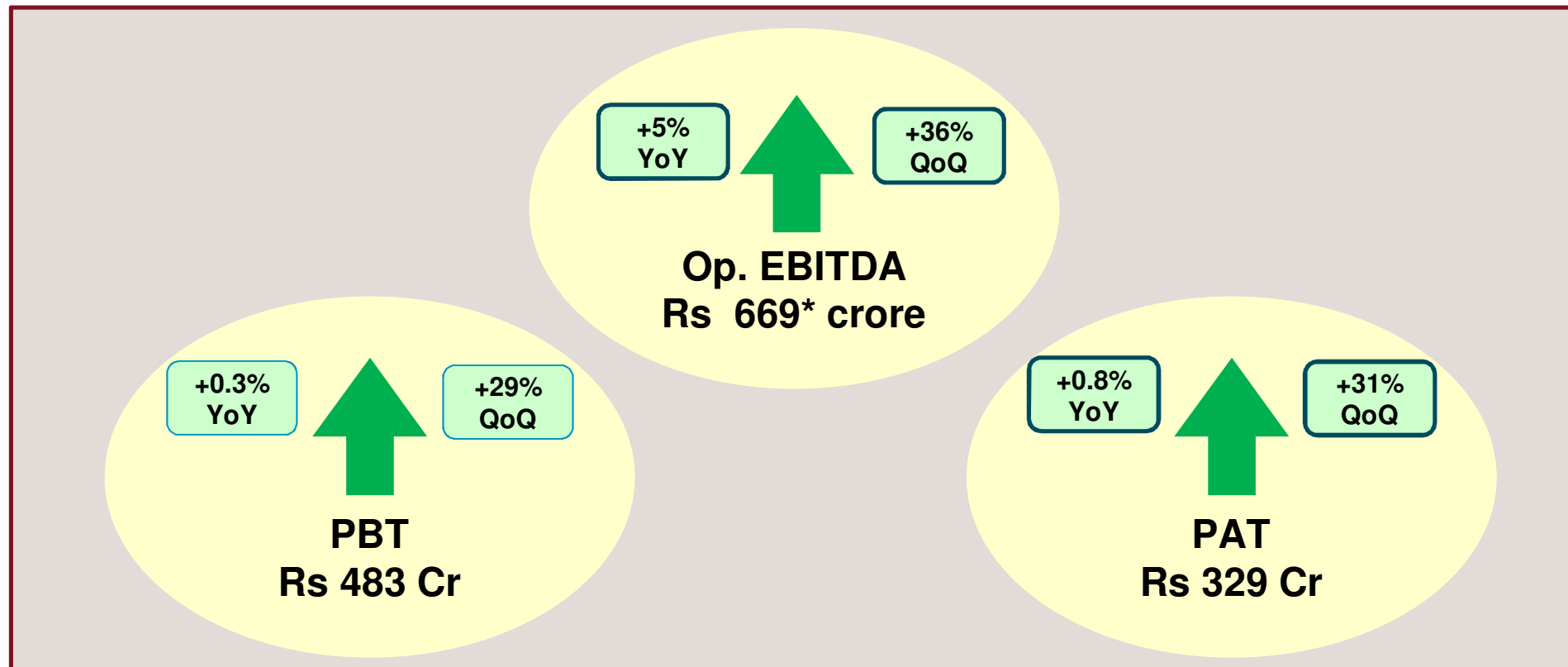
**RMX Volume**  
**7.68 lakh m<sup>3</sup>**  
*+ 22% YoY*



**Capacity Utilisation**  
**89%**  
*+500 bps YoY*

**Consistent cement volume growth;  
Sustained double digit RMX volume growth**

# **ACC** Financial Performance Q2'18



**Significant growth in profitability sequentially;  
improved YoY**

\* Excluding employee separation cost Rs 44 Cr

# ACC IND AS Result - Consolidated

Particulars	UoM	Q2'17	Q2'18	Change vs PY	H1'17	H1'18	Change vs PY
Net Sales	Rs Cr	3329	3768	13%	6437	7325	14%
<b>Op. EBITDA</b>	<b>Rs Cr</b>	<b>637</b>	<b>625</b>	<b>-2%</b>	<b>1054</b>	<b>1117</b>	<b>6%</b>
<i>Margin</i>	<i>%</i>	<i>19.1</i>	<i>16.6</i>	<i>-250 bps</i>	<i>16.4</i>	<i>15.2</i>	<i>-110 bps</i>
<b>Op. EBITDA (Excl. separation cost)</b>	<b>Rs Cr</b>	<b>637</b>	<b>669</b>	<b>5%</b>	<b>1054</b>	<b>1161</b>	<b>10%</b>
<i>Margin</i>	<i>%</i>	<i>19.1</i>	<i>17.7</i>	<i>-140 bps</i>	<i>16.4</i>	<i>15.8</i>	<i>-50 bps</i>
<b>Profit Before Tax (PBT)</b>	<b>Rs Cr</b>	<b>482</b>	<b>483</b>	<b>0%</b>	<b>743</b>	<b>859</b>	<b>16%</b>
Tax Expenses	Rs Cr	156	154	-1%	205	280	36%
<b>Profit After Tax (PAT)</b>	<b>Rs Cr</b>	<b>326</b>	<b>329</b>	<b>1%</b>	<b>537</b>	<b>579</b>	<b>8%</b>
EPS	Rs/share	17.37	17.50	1%	28.61	30.84	8%





# Financial Position

Rs Cr

Particulars	Consolidated	
	31.12.17	30.06.18
Shareholders Funds	9,359	9,601
Non current Liabilities	694	731
Current Liabilities	4,793	4,636
<b>Equity &amp; Liabilities</b>	<b>14,846</b>	<b>14,968</b>
Fixed Assets	7,534	7,464
Goodwill on consolidation	16	16
Non current investment	95	99
Non current loan and advances	223	214
Other non current assets	1,324	1,378
Current Assets	5,654	5,797
<b>Assets</b>	<b>14,846</b>	<b>14,968</b>

# Strong Brand Portfolio

**ACC**

**BUILDING A NEW AND STRONG INDIA**



CEMENT ■ READY MIXED CONCRETE ■ CONSTRUCTION CHEMICALS

**ACC**

Cementing Relationships

**ACC**

**PRESENTING  
THE ALL-NEW  
RANGE**

**GOLD RANGE**

**ACC**  
CONCRETE  
XTRA STRONG

**ACC**  
F2R  
N-SUPERFAST

**ACC**  
GOLD  
WATER SHIELD

**ACC**  
SURAKSHA  
POWER

**ACC**  
HPC  
LONG LIFE

**SILVER RANGE**

**ACC cement**



**HIGH PERFORMANCE CONCRETE  
TO BUILD THE INDIA OF TOMORROW.**



***ACC cement***

# ***ACC LeakBlock***

# ***ACC***

- ✓ No leakage
- ✓ No seepage
- ✓ Increases strength
- ✓ Easy workability



- ✓ 6 times higher resistance to water penetration
- ✓ Available in 5 sizes from 200ml to 20lt

**Waterproofing technology that fights leakage, seepage, and peeling of plaster and paint**



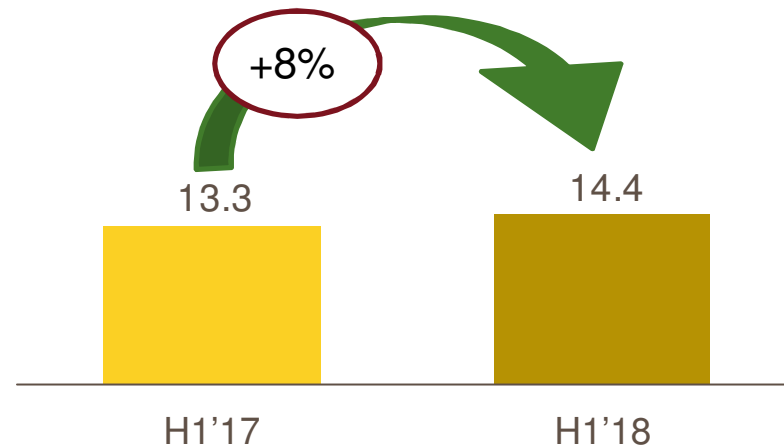
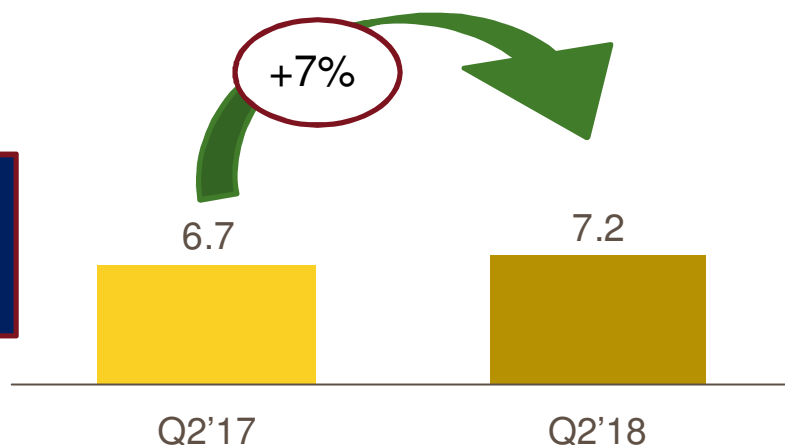
**ACC**



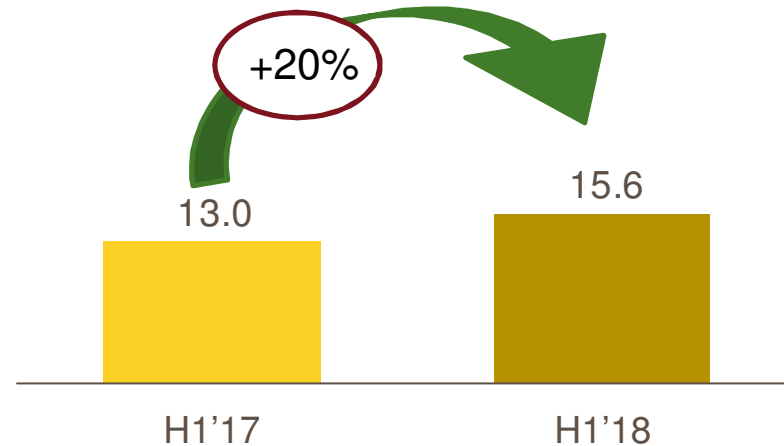
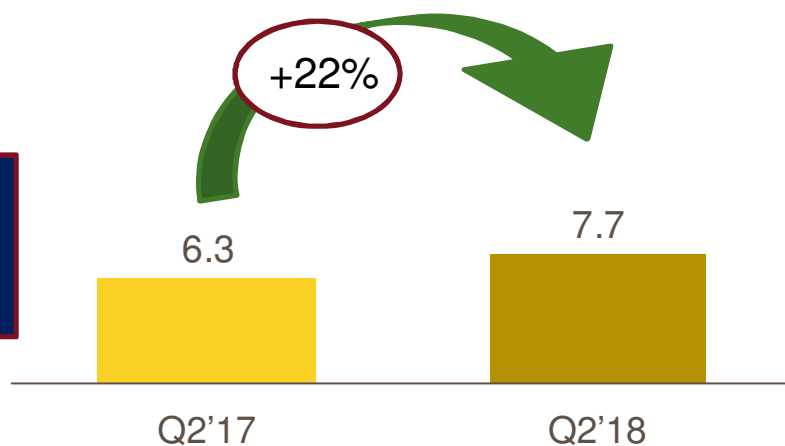
## Performance Analysis

# Sales Volume

**Cement  
Volume  
(Mio t)**

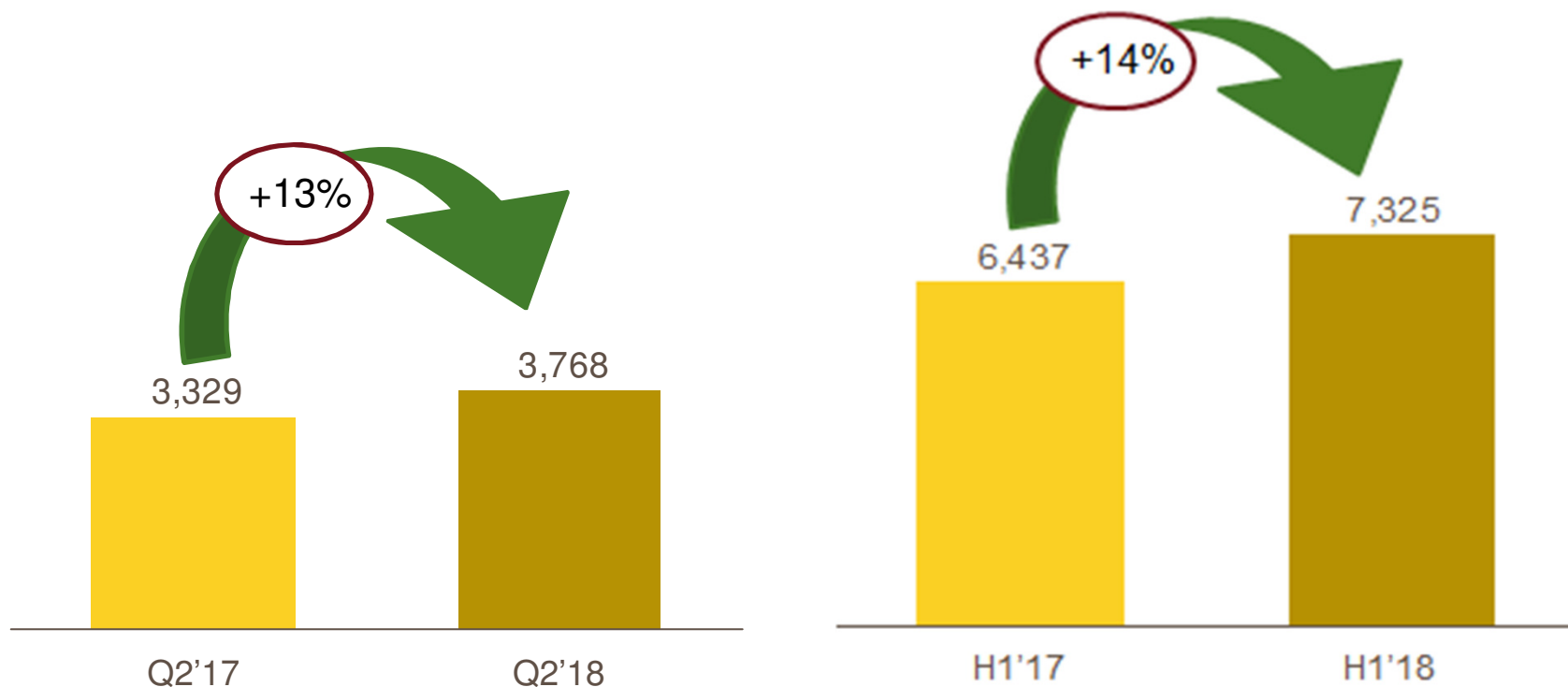


**RMX  
Volume  
(Lakh m³)**



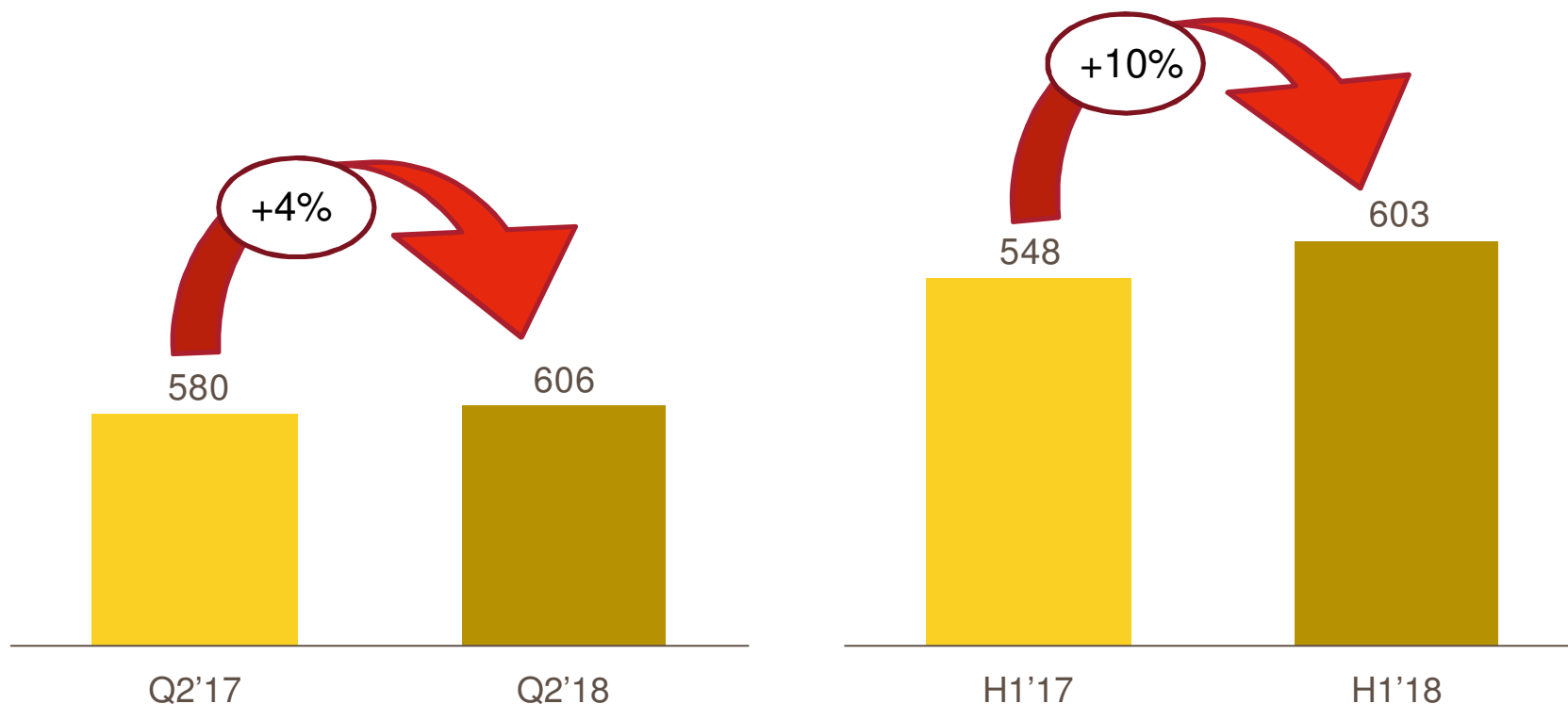
## Quarter Performance

- Cement Volume growth across regions; East witnessed double digit growth
- Robust growth in premium products & value added products & services (+44% YoY)
- RMX business maintained consistent growth; notched up 22% growth in sales volumes



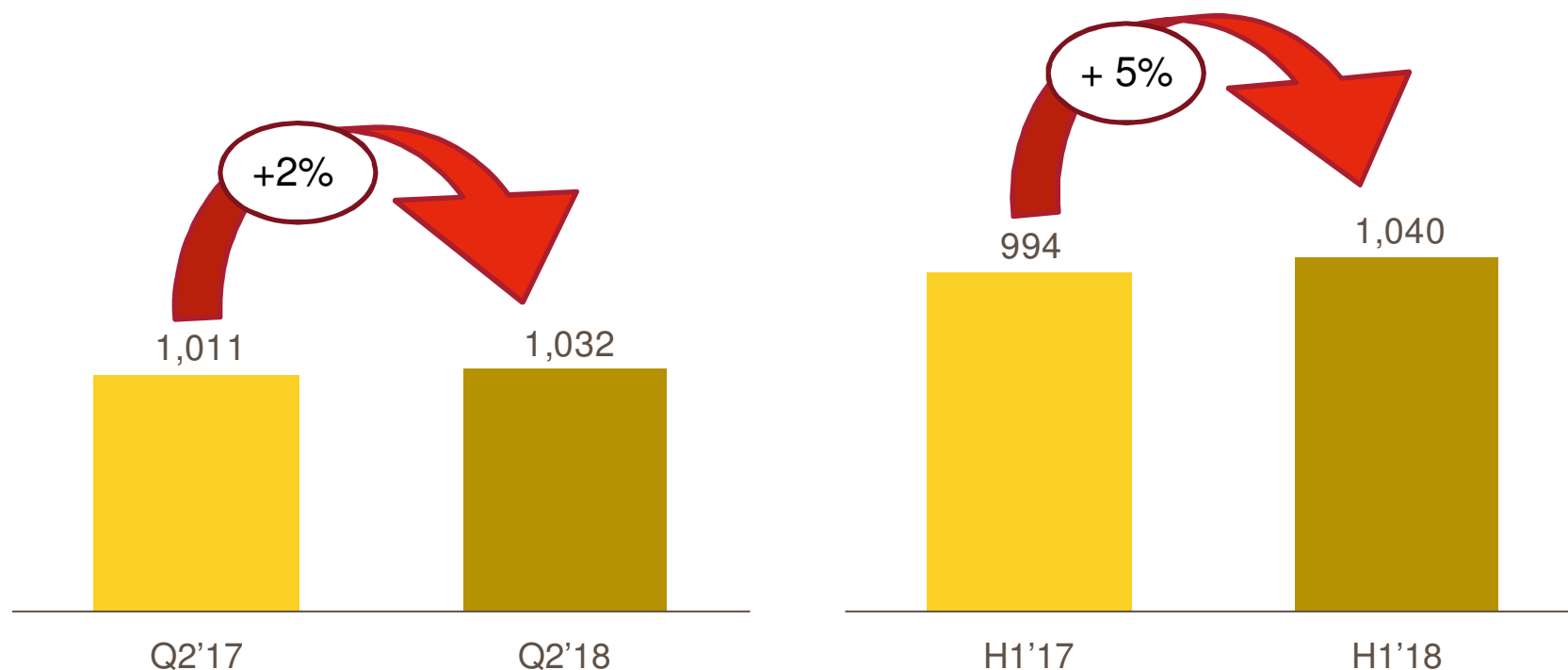
## Quarter Performance

- Net Sales improved by optimising market & product mix despite external challenges
- Sales Realisation per ton improved YoY & QoQ



## Quarter Performance

- 10% increase in cost of raw materials per ton of cement driven by soaring slag prices
- Slag procured from costlier sources due to rake availability constraints
- Long lead sourcing of Fly ash to meet additional requirements
- Raw-mix & source-mix optimization helped to curb cost

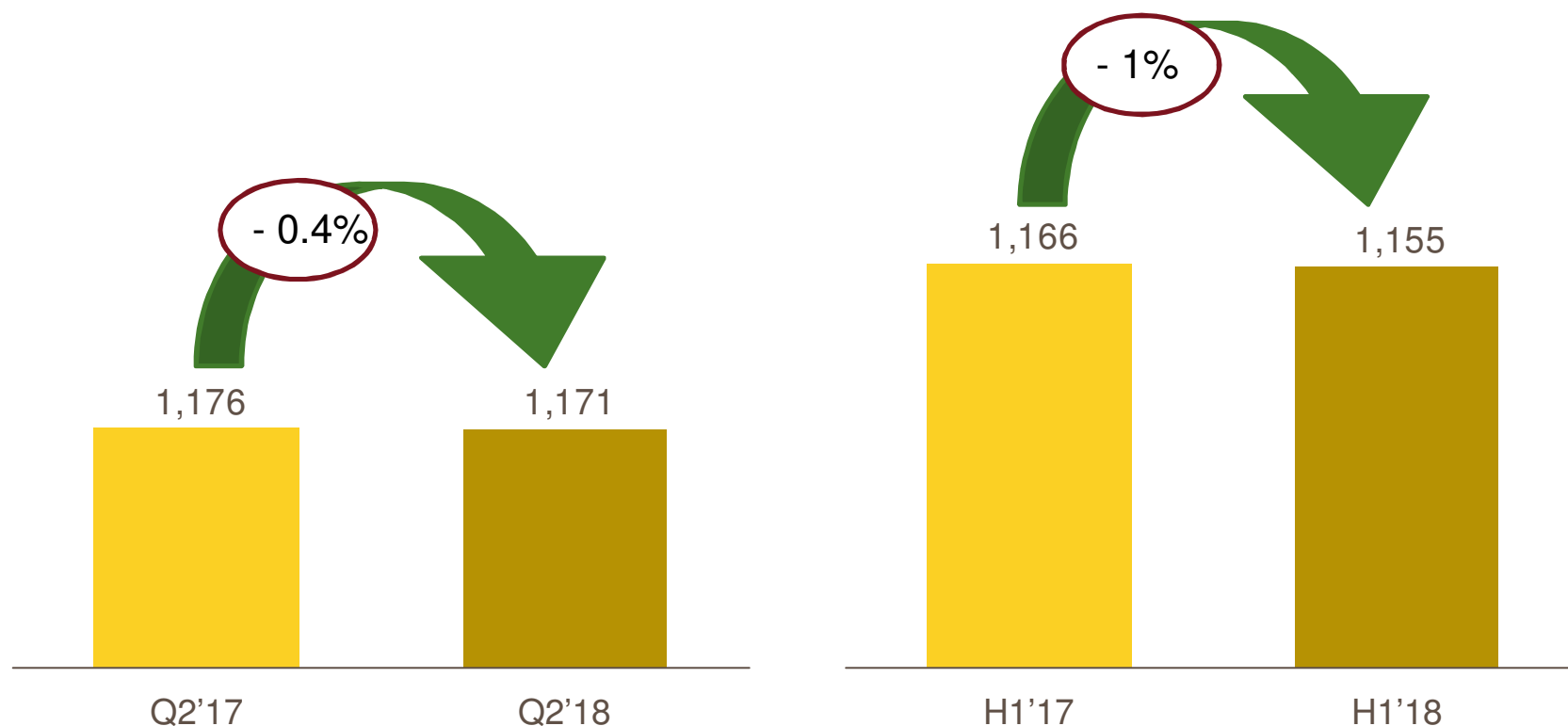


## Quarter Performance

- Fuel cost increased due to:
  - Soaring prices of coal including imported coal & petcoke
  - Coal procured from costlier sources due to rake availability constraints limiting supply of FSA\* linkage coal
- Improvement in energy efficiency and higher usage of industrial waste in kiln restricted cost escalation to 2%

\* FSA = Fuel Supply Agreement

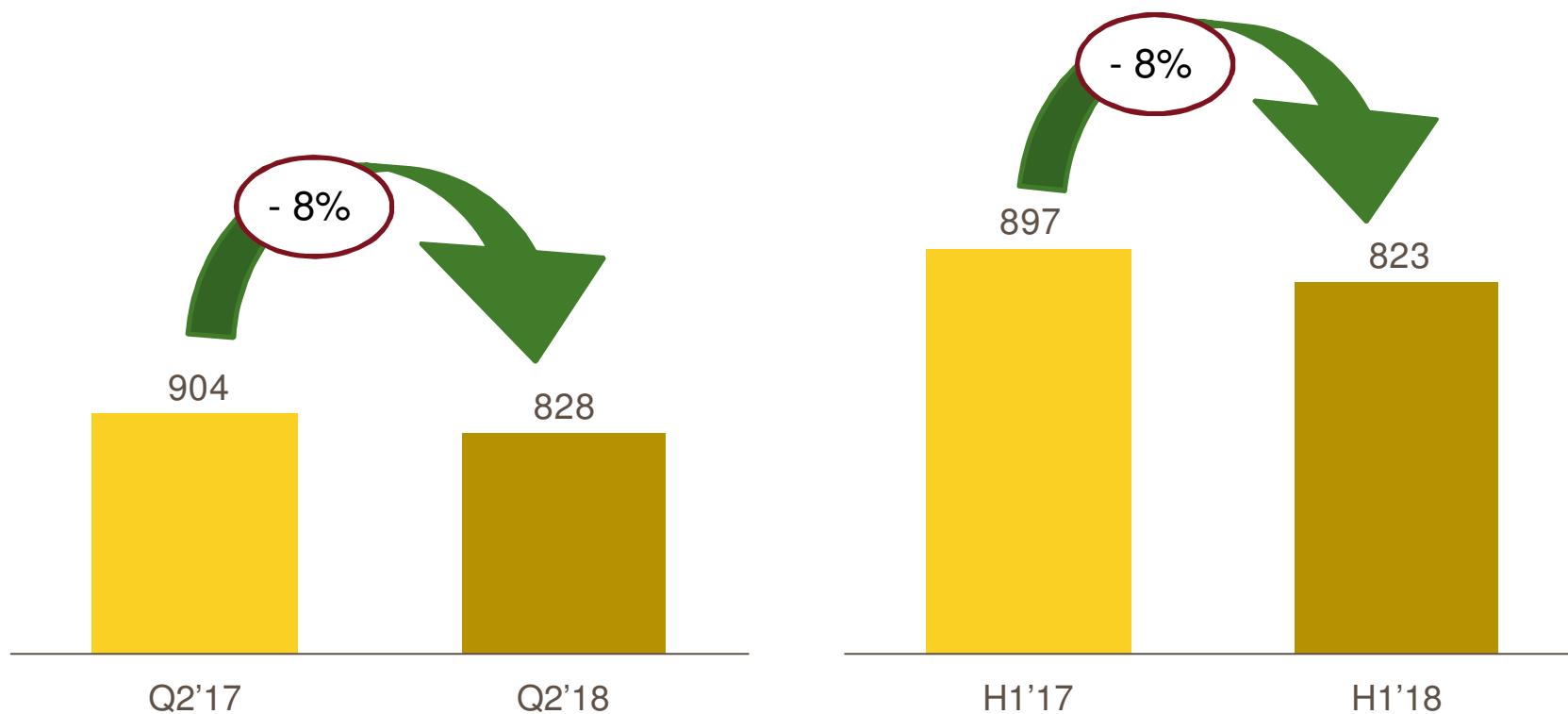




## Quarter Performance

- **Cost maintained at PY level despite diesel price hike by 16% & rake availability constraints:**
  - higher home market sales
  - route optimisation and Plant & Geo-mix change
  - reduction in average lead distance by 2%

Note: Adjusted for impact of change in commercial terms (Ex to FOR delivered)



## Quarter Performance

- **Absolute fixed costs and Selling, General & Administrative expenses maintained below previous year**

## Awards & Accolades: Q2

- ❑ ACC Concrete Learning and Development (L&D) team was awarded for their innovative research work in the area of Evolution Skill at the First International HR Conference, titled “HR in search of an Identity” in April 2018.



- ❑ ACC won the GreenPro certification for ACC Suraksha Power, ACC Concrete+ Xtra Strong, ACC HPC Long Life, ACC Gold Water Shield and ACC F2R Superfast awarded by the Confederation of Indian Industries (CII) at the 14th Green Cementech conference held at Hyderabad in May 2018

- ❑ ACC Gagal won the Leaders Awards – Large Business, Process Sector at the Sustainability 4.0 2018 for continual improvement in the field of Sustainable Development by Frost & Sullivan and The Energy and Resources Institute (TERI)





## Sustainable Development through ACC's Green Building Centres



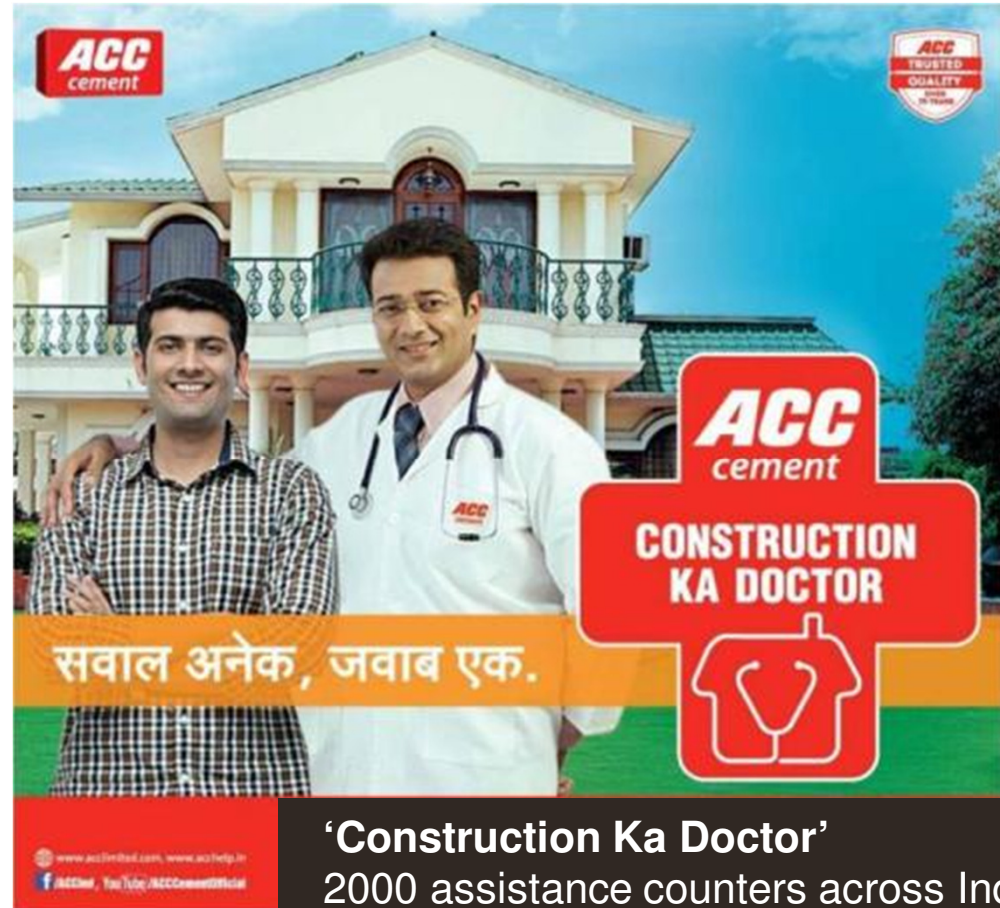




## Strong Customer Solutions



**ACC Dream Home App**  
For Individual Home Builders



### **‘Construction Ka Doctor’**

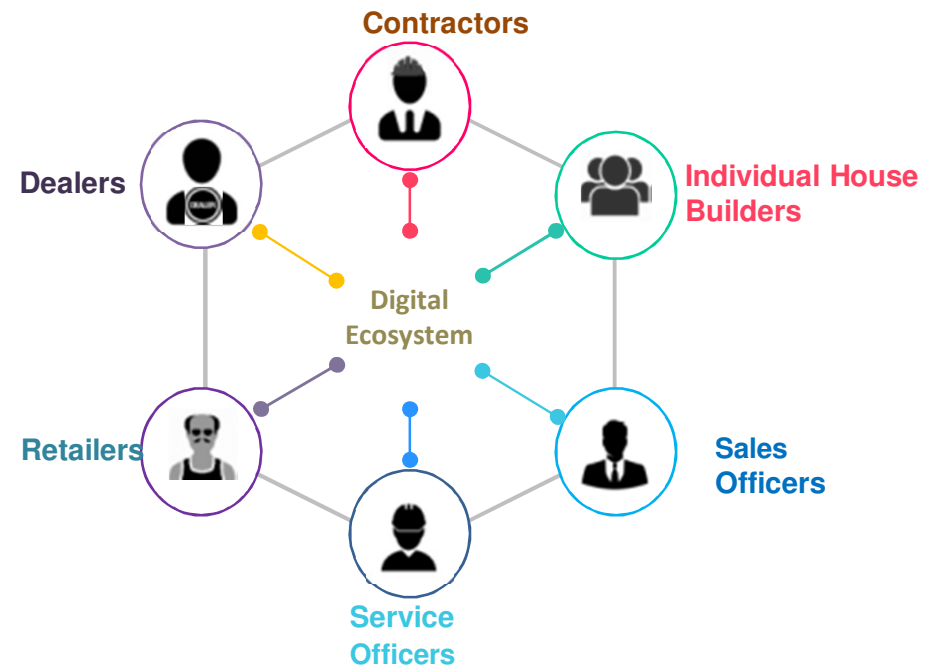
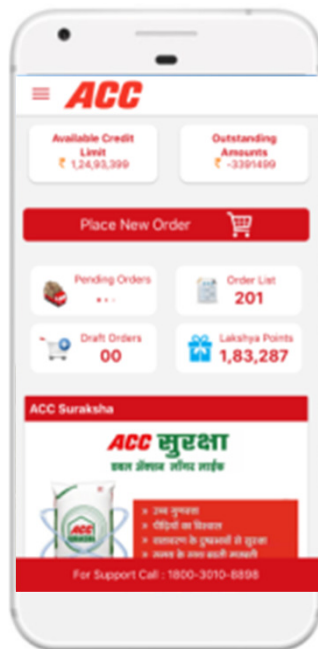
2000 assistance counters across India  
Knowledge-sharing platform for consumers,  
masons, contractors, communities





## Moving to a digitally connected world

### ACC Dealer Connect App: Web sales



80% Trade Volume conducted through digital mode





THANK YOU

ACC Wadi Plant





## Disclaimer

### Cautionary statement regarding forward looking statements

This presentation may contain certain forward-looking statements relating to the Company's future business, developments and economic performance

Such statements may be subject to a number of risks, uncertainties and other important factors, such as but not limited to (1) competitive pressures; (2) legislative and regulatory developments;(3) global, macroeconomic and political trends;(4) fluctuations in currency exchange rates and general Financial market conditions;(5) delay or inability in obtaining approvals from authorities;(6) technical developments;(7) litigation;(8) adverse publicity and news coverage, which could cause actual developments and results to differ materially from the statements made in this presentation. ACC assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise.