

Ambuja Cement

Jahan pyaar ki dor se bandhte hai चलो #ChhatPeMilteHain

Ambuja PLUS
ROOF SPECIAL

The "Chhat." A place without walls. Where houses became homes, neighbourhoods became communities.

Investor Presentation

20th February, 2018

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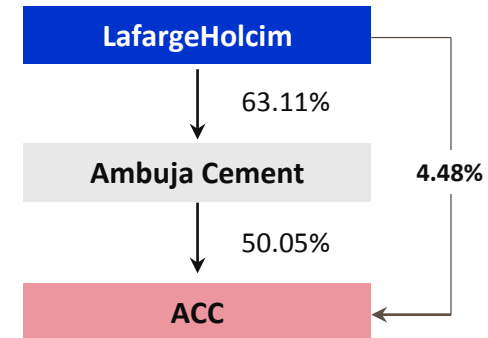
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Ambuja Cement (ACL): Leading cement company in India

- Pan India footprint with consolidated cement capacity of 63 mn tonnes.
- Attractive geographical positioning.
- Market leading brands with large network of dealers/retailers (trade sales >80% of total volume).
- Strong balance sheet with consolidated net cash of Rs. 59 bn.

Current structure

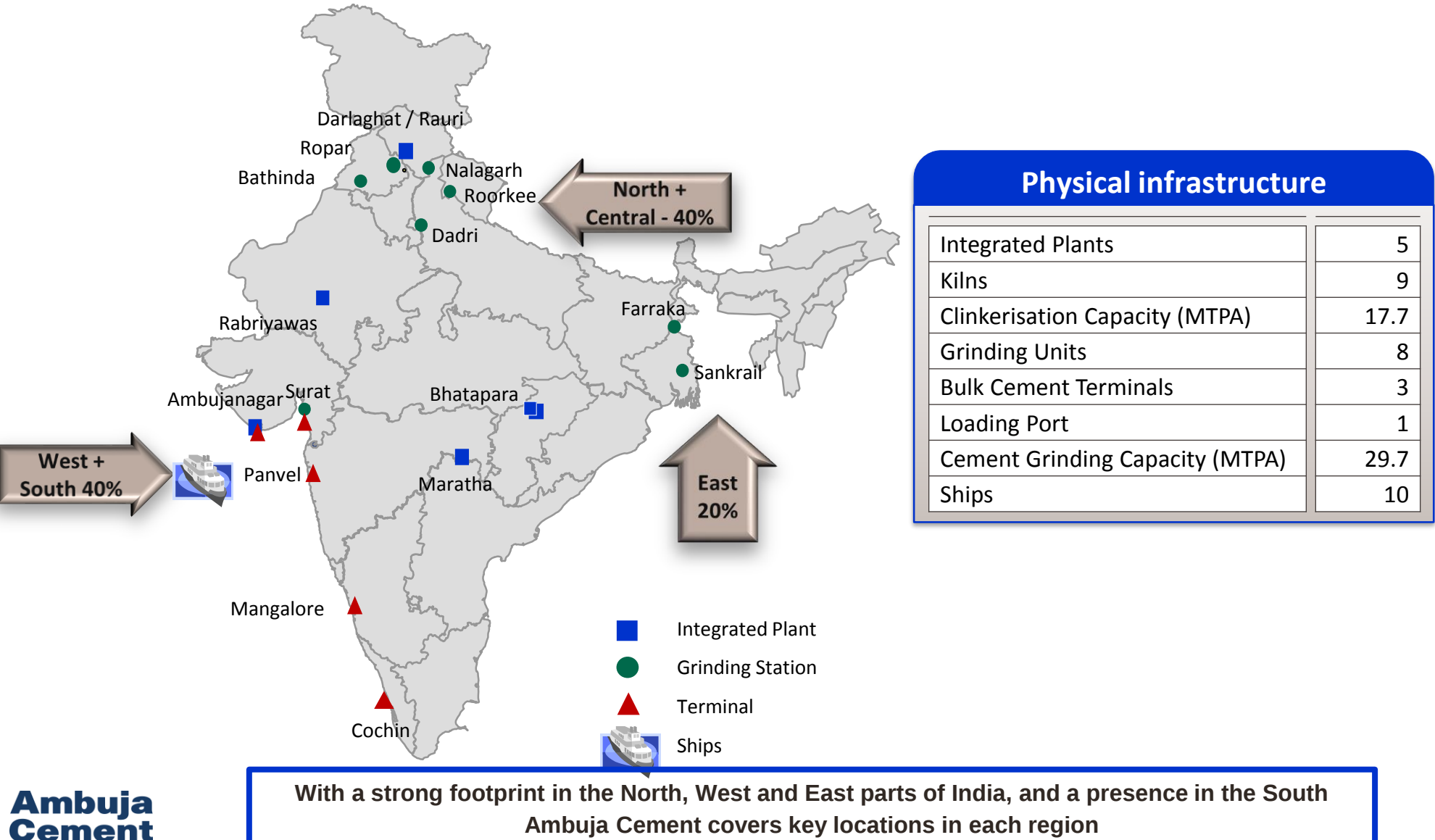


ACL - Strategies in place to enhance value

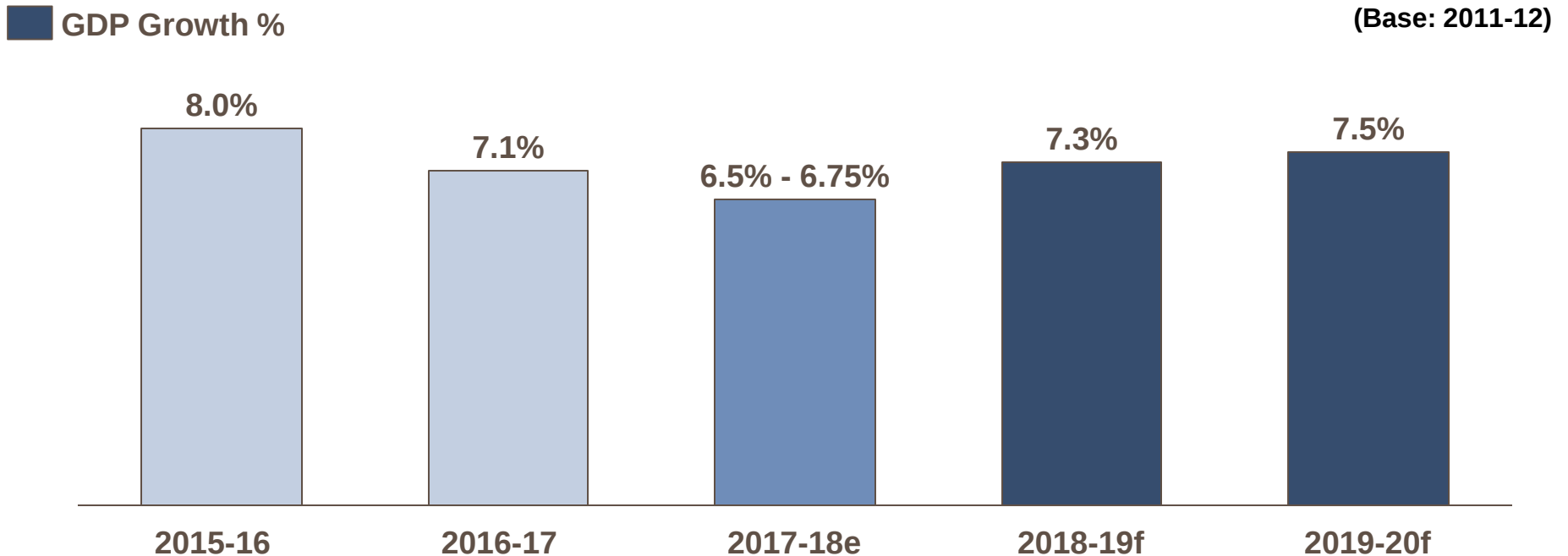
- CY17 capacity utilization of 78% - leaving scope for volume growth.
- The company proposes to set up a 3.1 Million Tonnes (9500 tpd) clinkerisation plant at Marwar Mundwa in Rajasthan. The Board of Directors have approved an initial investment of Rs.1,391 Crore towards the first phase of 1.7 Million Tonnes (5000 tpd) capacity which is expected to be commissioned in the second half of 2020.
- Commercial transformation: New and innovative premium product launches, focus on customer excellence and on margin management levers.
- To continue to optimize cost structure: Optimisation of fuel including alternative fuel journey, reduction in lead distance and savings in fixed overheads.

Ambuja Cements Ltd. is one of the leading cement companies in India. It is part of the LafargeHolcim Group, the world leader in the building materials industry, with a presence in 80 countries, and a focus on cement, aggregate and concrete since 2006. For three decades, Ambuja Cements has provided hassle-free home building solutions with its unique sustainable development projects and environment-friendly practices.

ACL – Standalone Asset Footprint



Indian economy projected to grow fastest in 2018 & 2019



- Indian economy has strong growth fundamentals and is expected to grow in the range of 7.3%-7.5% over the next two years. *Source – World Bank Global Economic Prospects Report*
- GST implementation is stabilising, augurs well for the economy.
- Signs of revival in investment activity as reflected in improving credit offtake, large resource mobilisation from the primary capital market, and improving capital goods production and imports.
- The process of recapitalisation of public sector banks has commenced.
- Export growth is expected to improve further on account of improving global demand.

2018 Potential drivers for cement demand

Recent budget announcements to support cement demand growth in the near to long term

Infrastructure and Housing

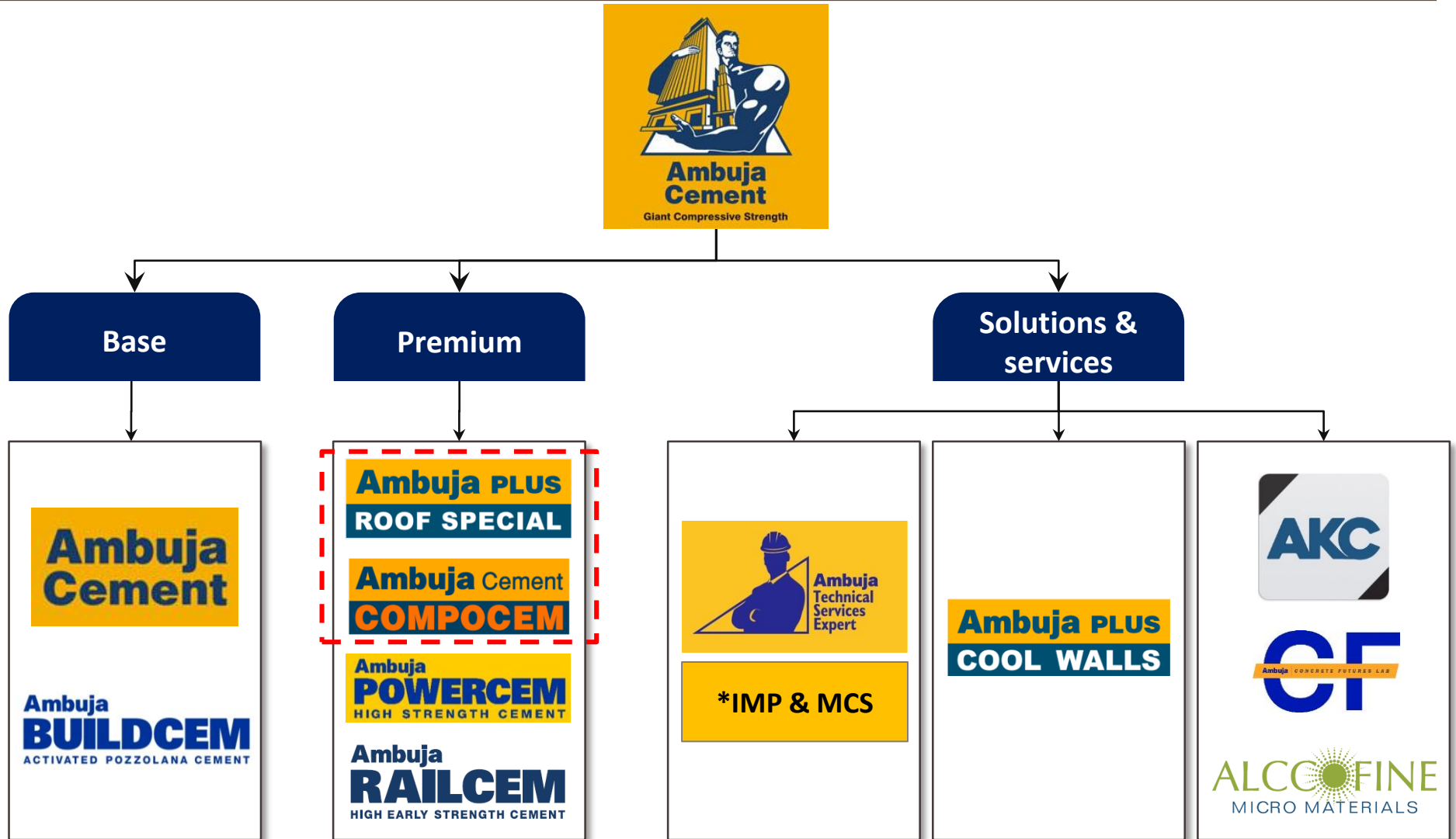
- Affordable housing fund to be set up under the National Housing Bank.
- Increased allocation of Rs. 31,500 crore for the Pradhan Mantri Awas Yojana - Urban (PMAY-U).
- Outlays for the Ministry of Road Transport and Highways and Railways increased 11% and 22%, respectively.

Focus on improving rural income

- Increase in Minimum Support Price (MSP) for kharif crops to be at least 1.5x of production cost.
- Crop Insurance scheme Pradhan Mantri Fasal Bima Yojana (PMFBY).
- Increase in allocation for irrigation projects under Pradhan Mantri Krishi Sinchayi Yojna (PMKSY).
- Increase in allocation for rural road construction (under the Pradhan Mantri Gram Sadak Yojana).

Cement demand to see a positive growth backed by infrastructure development, housing and increased rural spends

Brand Architecture



Share of Premium products expected to increase sharply

*IMP – Instant Mix Proportion, MCS – Modular Curing Solution, AKC - Ambuja Knowledge Centre

Performance Indicators – Q4'17 vs Q4'16

Cement Volumes

5.87 mn tonnes

+17% growth

Capacity Utilization

79%

Op EBITDA

Rs. 541 Crore

61% growth

Op EBITDA Margin

21%

PAT

Rs. 338 Crore

89% growth

In Q4'17 cement sales were robust on improved demand

Performance Indicators – CY 2017 vs CY 2016

Cement Volumes

23 mn tonnes

+9% growth

Capacity Utilization

78%

Op EBITDA

Rs. 1940 Crore

15% YoY growth

Op EBITDA Margin

19%

PAT

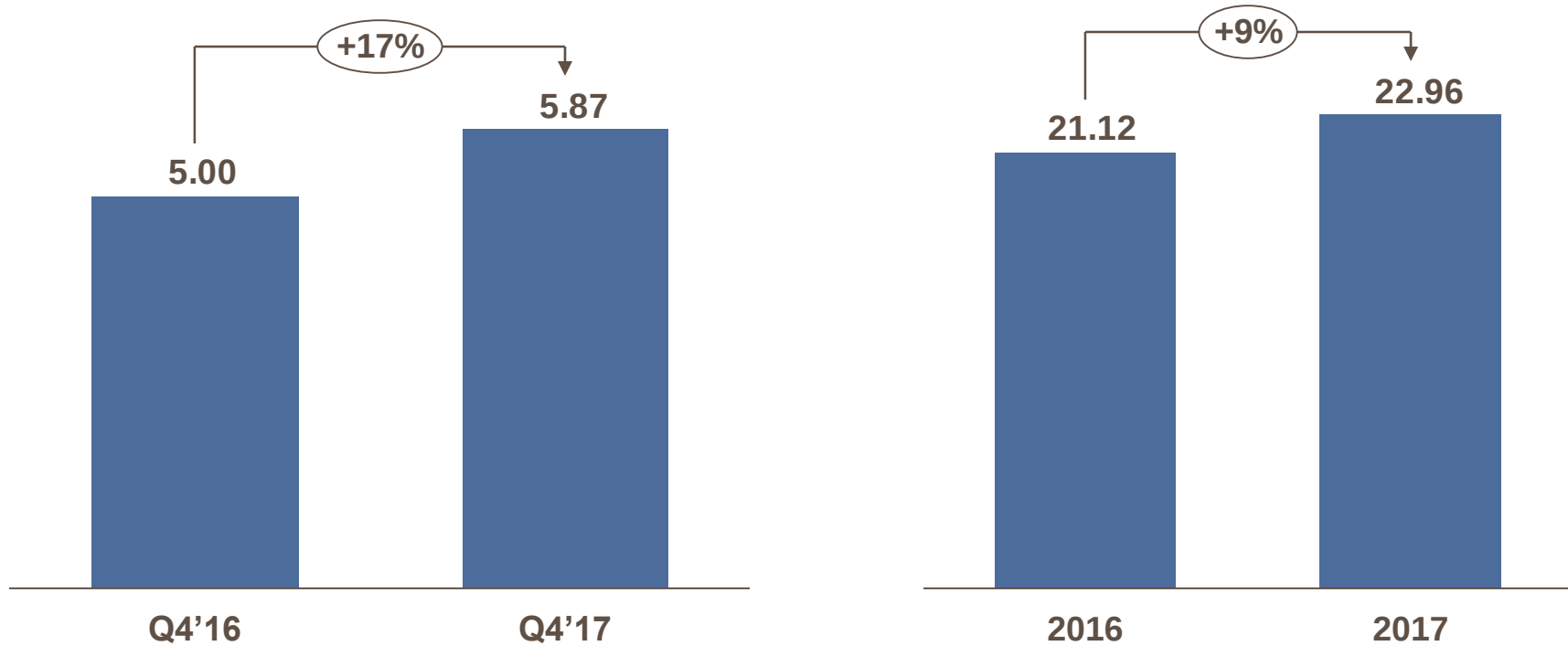
Rs. 1250 Crore

34% YoY growth

In CY 2017 cement sales grew by 9% due to improved demand

Cement Sales Volumes

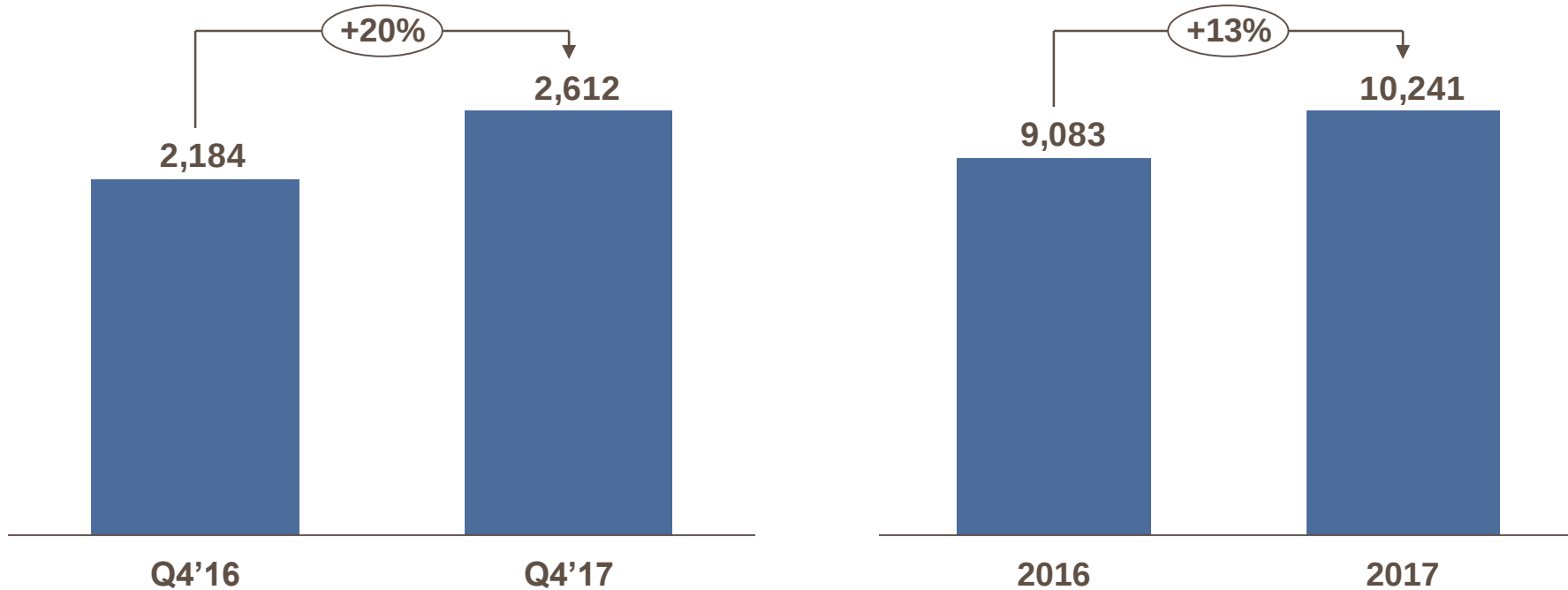
(Mn Tonnes)



- Strong growth in Individual Housing Building (IHB) segment
- Increased participation in the Building and Infrastructure segment

Net Sales

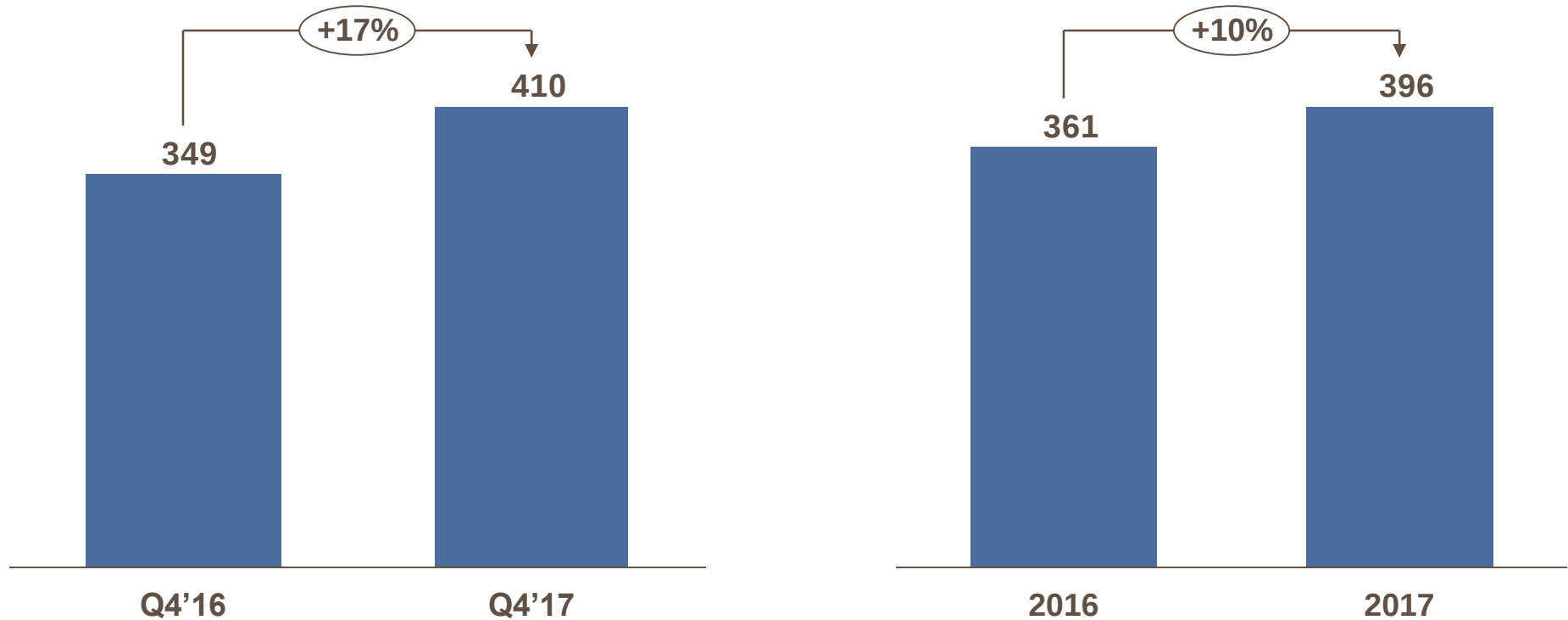
(Rs. Crore)



- Focus on Premium Products (Compocem and Roof Special)
- Ambuja's customer oriented initiatives are creating differentiation resulting in increased sales.
- Higher top line and mitigation measures helped overcome challenges and achieve strong results for the quarter and full year.

Raw Material Cost

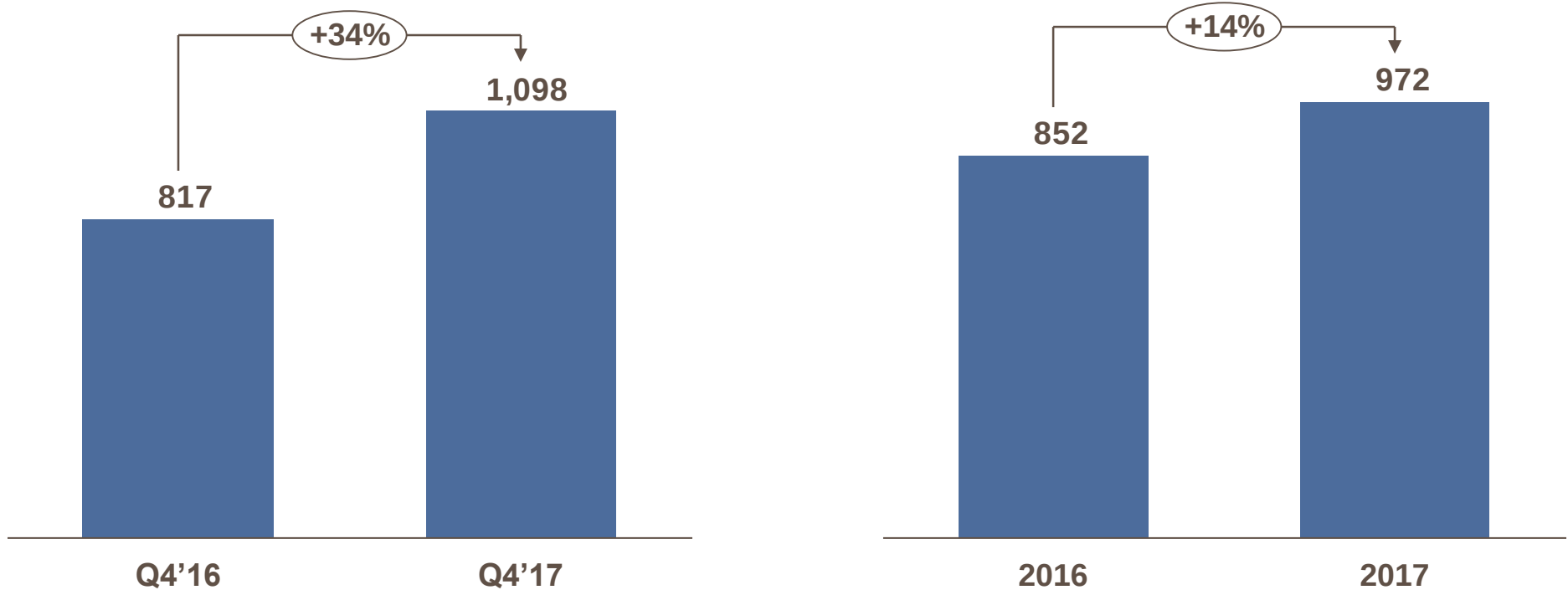
(Rs. / Tonne)



- ACL's raw material cost is higher on account of rising input costs such as fly ash and gypsum. However, the company adopted various initiatives such as optimisation of additives and correctives in Raw Mix.

Power & Fuel Cost

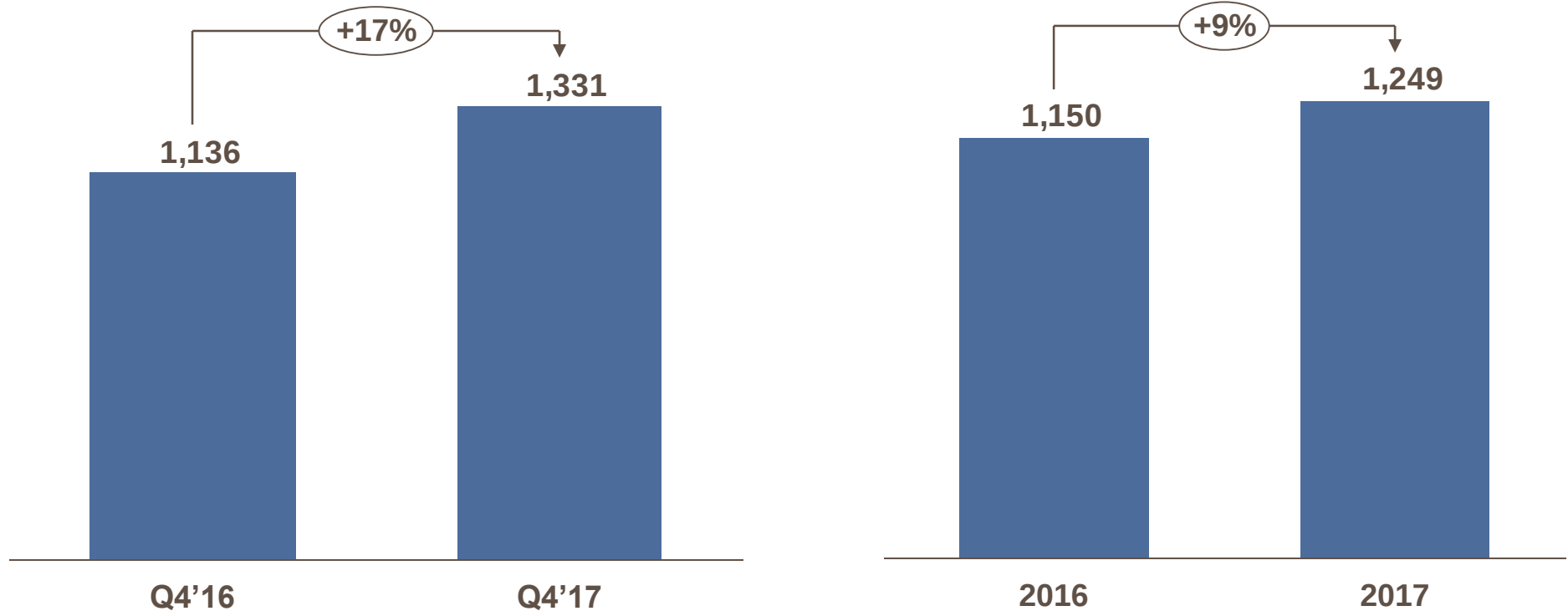
(Rs. / Tonne)



- Power & Fuel costs increased in Q4'17 as a result of rising petcoke cost and temporary adverse fuel mix due to the ban on petcoke in Rajasthan. This impact was mitigated through improved efficiencies and cost saving measures.
- ACL saw increase in its Power & Fuel cost as it produced highest clinker in Q4'17 to service the markets.
- On a full year basis Power & Fuel costs saw an increase of 14% due to increase in fuel price.

Freight & Forwarding Cost

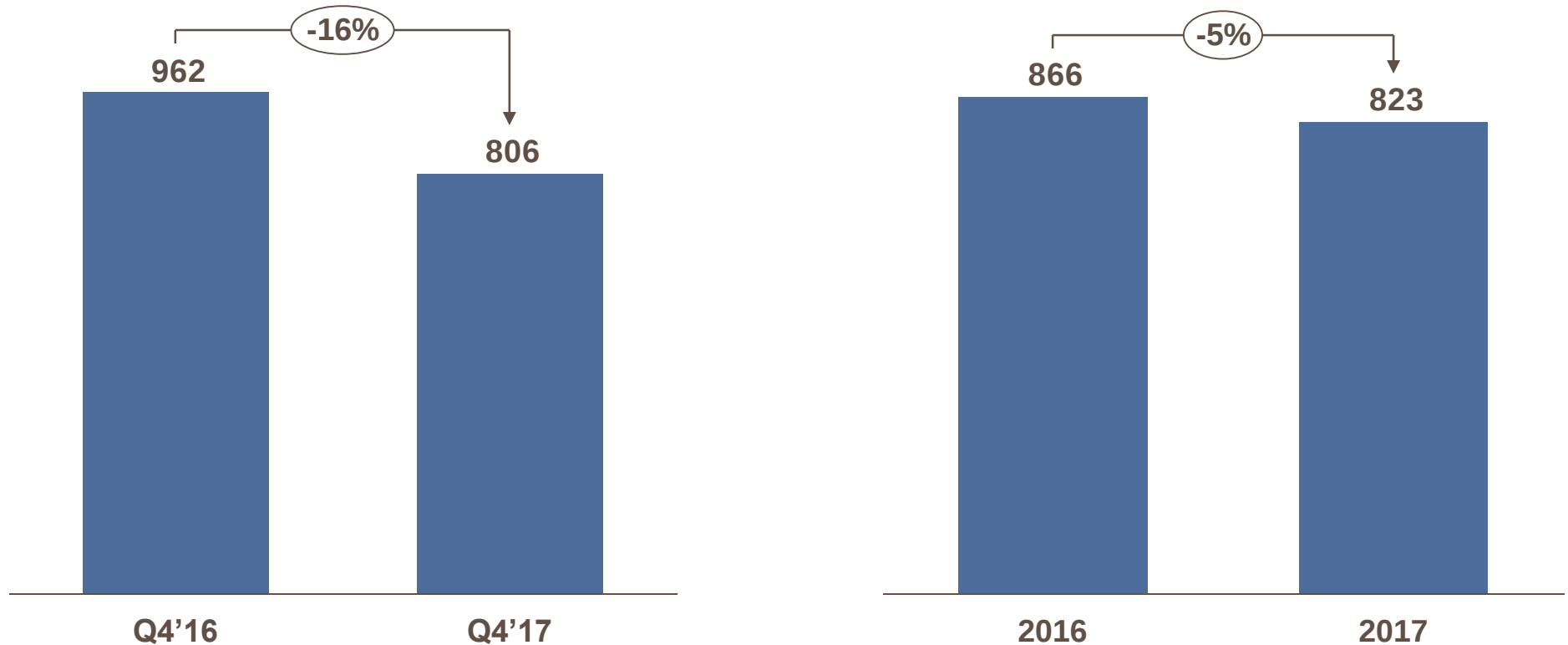
(Rs. / Tonne)



- Freight cost increased due to higher diesel prices, lead, inco-terms and rake unavailability, however, various initiatives were undertaken to optimize geo mix and mode mix. Road direct dispatch also improved.
- Long Term Traffic Contract (LTTC) signed with Railways for 3 years.

Other Expenses Cost

(Rs. / Tonne)



- ACL's other expenses fell in Q4'17 and full year basis, due to various fixed cost optimization measures.

Ind AS Result – Standalone – ₹ crore

Particulars	UOM	Q4'16	Q4'17	+ / - PY	12M'16	12M'17	+ / - PY
Sales (net of excise duty)	₹ Cr	2,188	2,612	19%	9117	10,240	12%
Op. EBITDA	₹ Cr	335	541	62%	1,692	1,940	15%
<i>Op. EBITDA margin</i>	%	15.3%	20.7%	540 bps	18.6%	18.9%	30 bps
Depreciation	₹ Cr	156	143	-8%	849	573	-33%
Other Income	₹ Cr	41	48	17%	510	359	-30%
Finance Cost	₹ Cr	14	22	50%	74	107	44%
Profit Before Tax (PBT)	₹ Cr	205	424	106%	1,279	1,619	27%
Tax Expenses	₹ Cr	26	86	228%	347	370	6%
Profit After Tax (PAT)	₹ Cr	179	338	89%	932	1,250	34%
EPS	₹ / share	0.9	1.7	89%	4.7	6.3	34%

Adoption of Indian Accounting Standard (Ind AS) with effect from Jan1, 2017. The figures for the quarter & year ended December 31, 2016 have also been restated as per Ind AS

Ind AS Result – Consolidated – Rs. crore

Particulars	UOM	Q4'16	Q4'17	+ / - PY	12M'16	12M'17	+ / - PY
Sales (net of excise duty)	₹ Cr	4,827	6,021	25%	19,875	23,116	16%
Op. EBITDA	₹ Cr	625	986	58%	3,181	3,858	21%
<i>Op. EBITDA margin</i>	%	12.9%	16.4%	350 bps	16.0%	16.7%	70 bps
Depreciation	₹ Cr	325	302	-7%	1,461	1,219	-17%
Other Income	₹ Cr	71	94	33%	468	323	-31%
Finance Cost	₹ Cr	34	54	58%	153	206	35%
Share of profit in associates	₹ Cr	5	4	-25%	11	13	13%
Exceptional item	₹ Cr	39	0	-100%	39	0	-100%
Profit Before Tax (PBT)	₹ Cr	303	727	140%	2,008	2,768	38%
Tax Expenses	₹ Cr	33	249	658%	574	823	43%
Profit After Tax (PAT)	₹ Cr	270	479	77%	1,434	1,945	36%
Minority interest	₹ Cr	45	69	53%	329	429	31%
Net profit for the period	₹ Cr	225	409	82%	1,105	1,516	37%
EPS	₹ / share	1.1	2.1	82%	5.6	7.6	37%

Adoption of Indian Accounting Standard (Ind AS) with effect from Jan1, 2017. The figures for the quarter & nine months ended December 31, 2016 have also been restated as per Ind AS

Ambuja - Financial Position – Standalone – ₹ in crore

Particulars	31.12.16	31.12.2017
Shareholders funds	19,357	19,973
Non Current Liabilities	564	527
Current Liabilities	3,432	4,117
Equity & Liabilities	23,353	24,617
Fixed Assets	6,262	6,119
Non Current Investments	11,845	11,845
Non Current Loan and advances	65	67
Other Non Current assets	968	1,094
Current Assets	4,213	5,492
Assets	23,353	24,617

Other key highlights

NCBM Awards



Ambuja Cement wins two prestigious awards at NCB International seminar. Submitted 22 technical Papers

ACF- Silver Jubilee



ACF Silver Jubilee year celebrated at mother plant Ambujanagar

CII Sustainability Awards



Ambuja bags six prestigious accolades @CII-ITC Sustainability Awards 2017

DJSI* Results 2017



ACL emerging among the top 10 companies in the Global Dow Jones Sustainability Index (DJSI) ranking 2017 in the Construction Material category and has been ranked at No.7 in the list

Health & Safety



Nalagarh plant achieved 'Zero Harm' journey with no injury in one-year

Started Driver Management Center at All Ambuja Locations

Top 40 Brands



Global consultancy firm, Interbrand India – division of communications giant Omnicom – lists Ambuja Cement in top 40 brands in recently published Interbrand Best Indian Brands 2017 report.

New Product & Solutions



'Ambuja Plus Cool Walls' launched in Punjab and Himachal Pradesh in addition to Gujarat and Maharashtra

Iconic Projects



Ambuja has supplied 100% high quality, strong and durable cement for South Asia's first underwater rail tunnel, linking Howrah and Kolkata

Logistics



Ambuja inks long Term Traffic Contract with Railway in East

Sustainability a way of life

Ambuja Cement aspires to be the most competitive and sustainable company in the cement manufacturing industry. Acting in a sustainable manner is not only a business imperative but also provides the company with a competitive advantage



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