

ADITYA BIRLA



UltraTech



INDIA'S
LARGEST
CEMENT
COMPANY

EARNINGS
Q3:FY 2015/16



Stock code: **BSE:** 532538 **NSE:** ULTRACEMCO **Reuters:** UTCL.NS **Bloomberg:** UTCES IS / UTCES LX

Contents



MACRO AND
SECTOR
UPDATE

KEY HIGHLIGHTS
FOR THE
QUARTER

OPERATIONAL
AND FINANCIAL
PERFORMANCE

SECTOR
GUIDANCE

GLOSSARY

Mnt – Million Metric tons **Lmt** – Lakhs Metric tons **MTPA** – Million Tons Per Annum **Q2** – July-September **Q3** – October-December **9M** – April-December
LY – Corresponding Period last Year **FY** – Financial Year (April-March) **ROCE** – Return on Average Capital Employed

Note: The financial figures in this presentation have been rounded off to the nearest ₹ 1 cr ; 1 US\$ = ₹ 66

Economy Update



Macro Performance

- ▶ Industrial Production YTD Nov'15: 3.9% (2.5% in LY)
- ▶ CAD up from 1.2% in Q1 to 1.6% in Q2
- ▶ WPI inflation decline 2.2% over LY
- ▶ Crude oil prices declined 70% since Jan'14

Sector Performance

- ▶ Estimated Growth ~ 4.5%
- ▶ Capacity utilisation ~ 65%
- ▶ Weak cement prices
- ▶ Favorable operating costs in spite of negative impact due to MMDR Act & Bonus Act

Sector- Regional Update



Zone / Region	Volume	Infra	Comm.	Housing	Rural
North					

- ❑ Infrastructure growth, particularly roads sector across regions
- ❑ Early signs of demand from Uttar Pradesh
- ❑ Rural housing – suppressed

East					
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- ❑ Low cost housing demand continues
- ❑ Positive demand from IHB segment
- ❑ Government spending on rural roads and Infrastructure

Sector- Regional Update



Zone / Region	Volume	Infra	Comm.	Housing	Rural
West					

- ❑ Maharashtra – Started infrastructure activities, particularly highways & rural roads, Housing segment remained average
- ❑ Gujarat – Festive seasons and lack of Government infra work impacted demand

South					
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- ❑ Tamil Nadu rains
- ❑ Poor availability of sand
- ❑ Andhra Pradesh development yet to take-off

- ▶ Demand in Q3 grew higher than H1 growth
- ▶ Government announced ~ ₹ 3.5 lacs crores road projects during this quarter



Key Highlights for the Quarter



Company Update



CCI case

- ▶ The Competition Appellate Tribunal set aside the CCI order and given timelines of three months to CCI for fresh order. Deposit refunded

Projects Update

- ▶ Construction work for grinding in Bihar and Maharashtra on track
Commissioning by Mar'16 (Capacity: 1.6 mtpa each)

WHRS Ramp-up

- ▶ Share in total power mix increased to 5% from 1% last year

UltraTech Building Solutions

- ▶ Added ~ 80 stores more during this quarter. Now total stores > 1100

Position in CDLI

- ▶ Awarded position in the Indian Climate Disclosure Leadership Index (CDLI) with total score of 95

Q3 – Encouraging performance



YoY Change

Domestic Cement Sales Volume

11.26 Mnt

+ 7%

Average Realisation (Indian Operations)

₹ 4,866/t

(-) 4%

Petcoke Consumption

74%

+ 23%

Energy Cost

₹ 824/t

(-) 17%
Efficiency
Gain – 5%

Q3 – Encouraging performance



Adjusted Consolidated EBIDTA*

₹ 1308 Crs

+ 24%

EBIDTA Margin*

21%

+ 300 bps

Profit after tax**

₹ 601 Crs

+ 50%

Net Debt

₹ 4,254 Crs
as on 31.12.15

(-) ₹ 1000 Cr

* EBIDTA and Operating Margin before the impact of Bonus Act and MMDR Act

** Before the onetime impact of Bonus, MMDR and depreciation for componentization



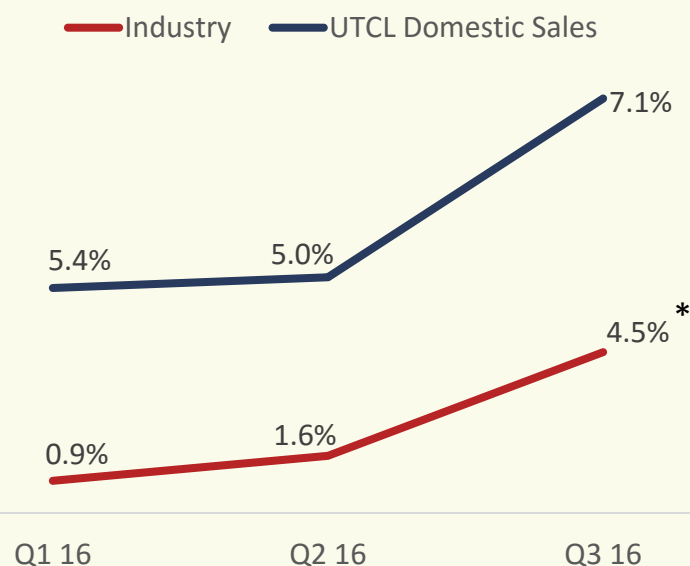
Operational and Financial Performance



Sales performance



Grey Cement Sales



UTCL Consolidated Performance

Particulars	CY	LY	▲%
Capacity (mtpa)	67.7	63.2	7
Cap utilisation	72%	72%	-
Grey Cement Sales (Mnt):			
Q3	12.4	11.8	5 ↑
9M	36.8	35.4	4 ↑
White Cement & Putty Sales (Lmt):			
Q3	3.4	3.2	7 ↑
9M	9.3	8.7	6 ↑

- Sustained better performance than Industry
- Continued penetration in rural markets

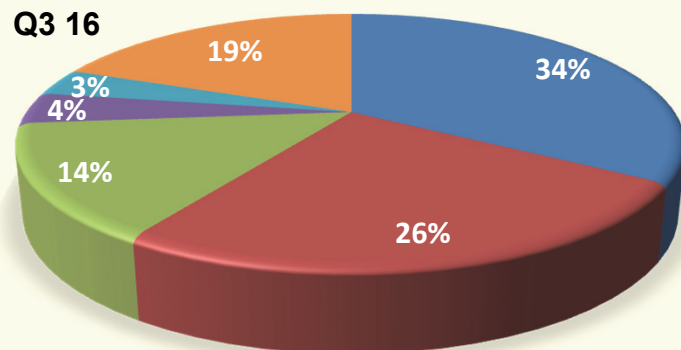
Industry Growth : DIPP Data & *Company Estimates

Operational Performance

Cost composition (Grey Cement)



Q3 16



Logistics Cost

Energy Cost

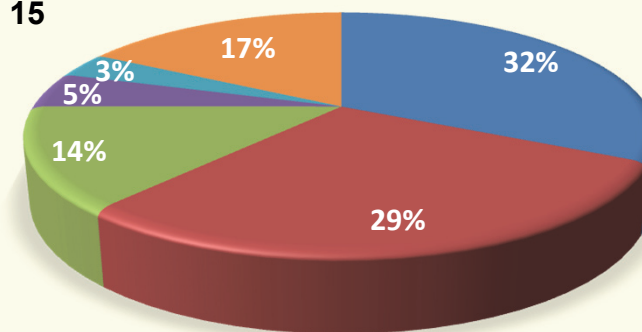
Raw Materials

Packing

Maintenance & Others

Overheads

Q3 15



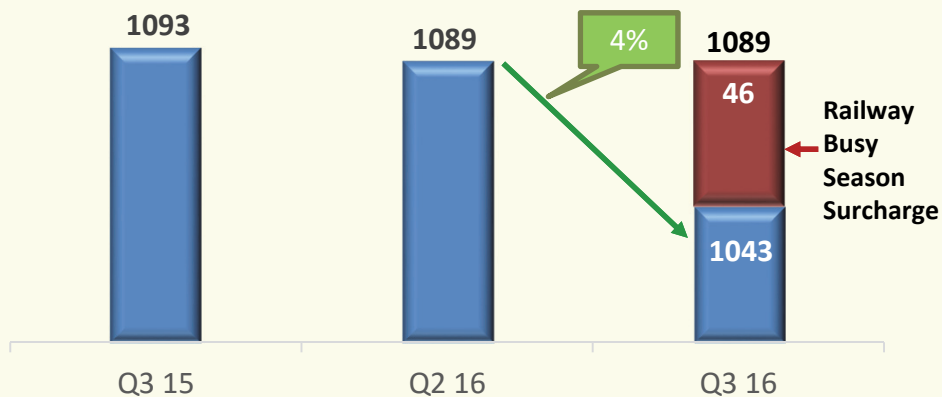
- ▶ Logistics cost remained range bound: ₹ 1089/t
 - ❑ Benefits of softening oil prices partially arrested with increase in rail freight
- ▶ Consistent improvement in Energy cost: 17% at ₹ 824/t
 - ❑ Declining fuel prices and increasing trend of petcoke usage
- ▶ Raw material costs up : 2% at ₹ 466/t
 - ❑ MMDR Act impact (6%)

Logistics cost trends

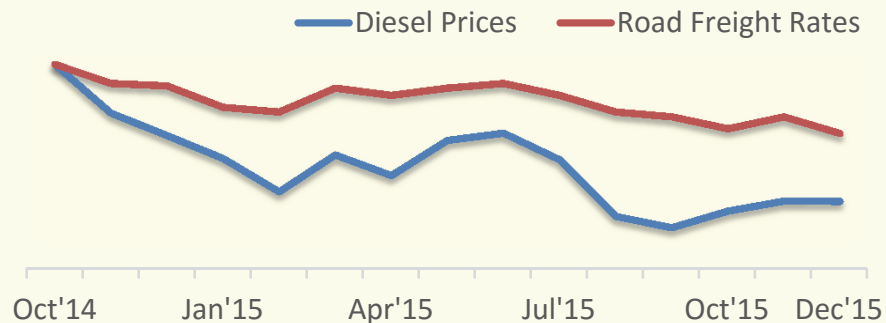
(Indian Operations)



Logistics Cost ₹/t



Road freight rates v/s Diesel prices trend



► QoQ Like-for-like Logistics cost declined 4%

- ❑ Lead distance improved (₹ 31/t)
- ❑ Advantage of optimization of plant and market mix (₹ 15/t)

► YoY movements

- ❑ Reduction in diesel prices (₹ 28/t)
- ❑ Rail freight hike 2.7% in April'15 (₹ 10/t)
- ❑ Share of road transport in overall logistics mix is 71% (LY: 70%)

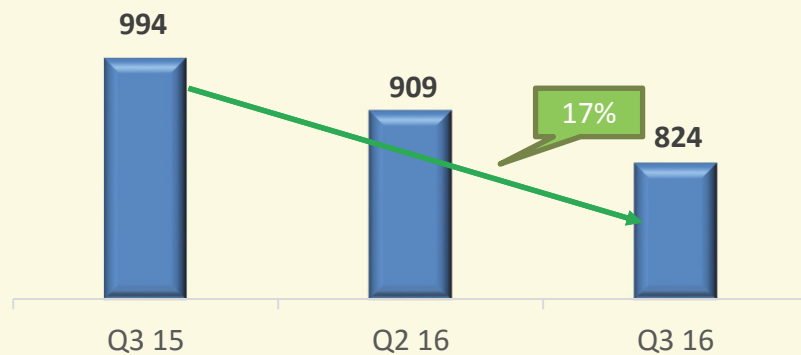
Note: Every 1% reduction in diesel price corresponds to 0.4% reduction in road freight

Energy cost trends

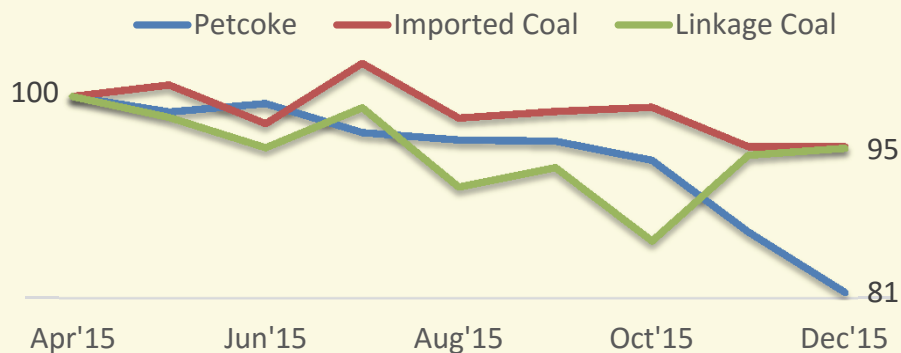
(Indian Operations)



Energy Cost ₹/t



Fuel Prices Trend (Landed Cost)



Note: Base price considered for Apr'15

► **Improved Energy Cost: 17% YoY and Sequentially: 9%**

► **Saving in power costs:**

- ❑ Increase usage of WHRS power to 5%
- ❑ Saving in power consumption 2%
- ❑ Increased petcoke usage in TPP and declined fuel prices

► **Gain in fuel costs:**

- ❑ Softening fuel prices (Petcoke ~ 18%)
- ❑ Higher usage of Petcoke over LY

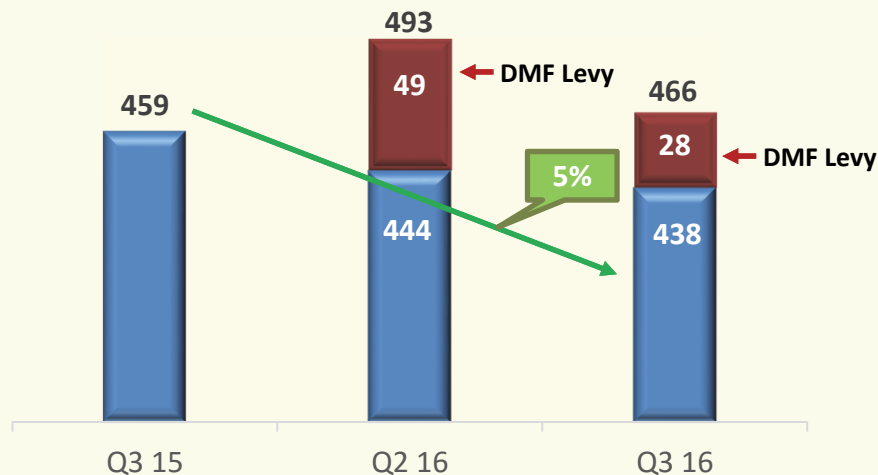
Kiln Fuel Mix %	Q3 15	Q2 16	Q3 16
Petcoke	51%	65%	74%
Imported Coal	29%	23%	18%
Indigenous Coal and Others	20%	12%	8%

Raw Materials cost trends

(Indian Operations)



Raw Materials Cost ₹/t



► YoY: Like-for-like Raw Material costs improved 5%

❑ Softening prices of additives and raw mix optimisation

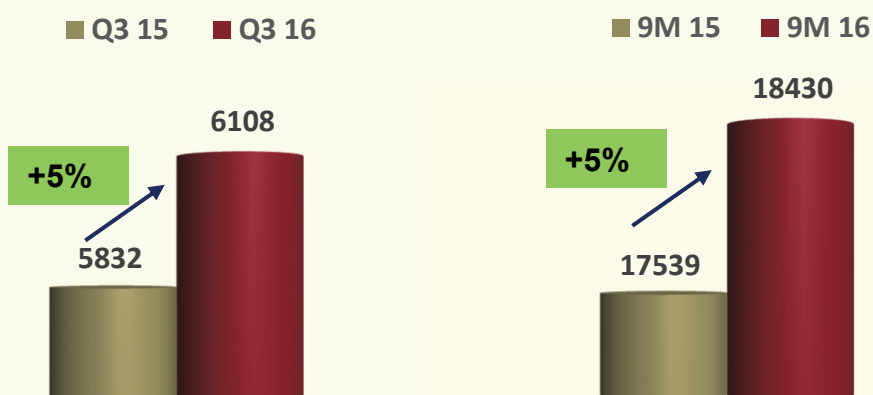
► Sequentially cost improved 5%

❑ Last quarter included prior period impact of DMF levy (~ ₹ 20/t)

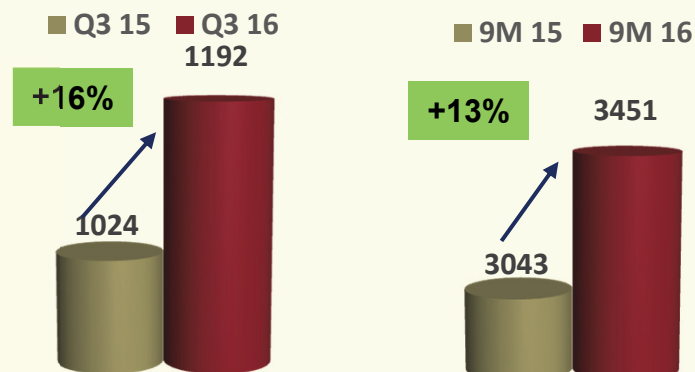
Financial Performance Indicators (Consolidated)



Net Sales (₹ crs)



Operating EBIDTA* (₹ crs)



* Excluding Other Incomes

- ▶ Indian operations capacity utilisation at 70% on a higher base
- ▶ UAE operations capacity utilisation at 100%

Income statement

(Standalone)

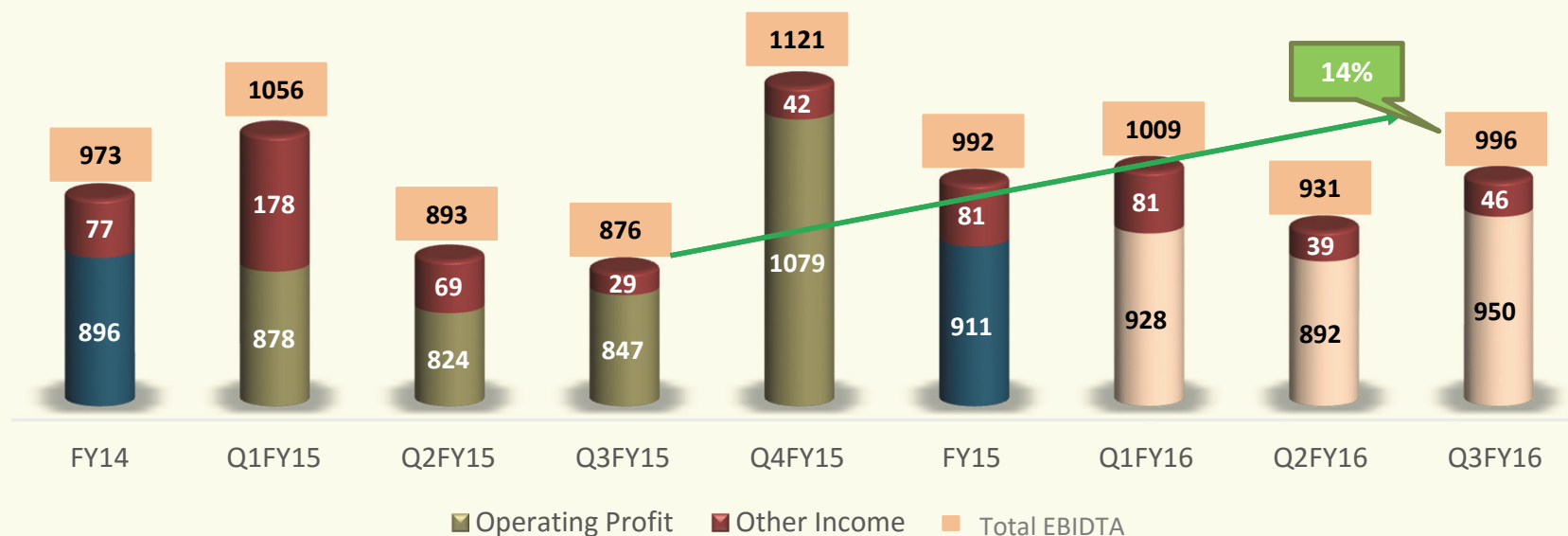


₹ crs

Q3			Particulars	9M		
CY	LY	▲%		CY	LY	▲%
11.26	10.51	7	Domestic Cement Sales Volume	33.73	31.87	6
5747	5488	5	Revenue	17405	16514	5
53	33	62	Other Income	197	320	(38)
1176	990	19	EBIDTA	3461	3205	8
20%	18%	2	Margin (%)	20%	19%	-
126	154	18	Finance Costs	394	398	1
324	278	(16)	Depreciation	940	845	(11)
726	558	30	PBT	2,127	1,962	8
218	193	(13)	Tax Expenses	634	562	(13)
509	364	40	PAT	1,493	1,400	7
18.5	13.3	40	EPS (₹)	54.4	51.0	7

- ▶ Like-for Like EBIDTA (adjusting impact of bonus & DMF levy) improved 25% over LY
- ▶ Depreciation includes impact of componentization: ₹ 21 Crs in Q3 and ₹ 45 crs in 9 months
- ▶ Like-for-like PAT growth 55%

Operating and Total EBIDTA ₹ pmt (Indian Operations)



YoY Total EBIDTA pmt improved 14% ; Sequentially 7%

Income statement

(Consolidated)



₹ crs

Q3			Particulars	9M		
CY	LY	▲%		CY	LY	▲%
6108	5832	5	Revenue	18430	17539	5
53	34	57	Other Income	180	298	(40)
1245	1058	18	EBIDTA	3631	3341	9
20%	18%	2	Margin (%)	20%	19%	1
139	164	15	Finance Costs	433	427	(1)
339	296	(14)	Depreciation	992	897	(11)
767	598	28	PBT	2206	2017	9
220	196	(12)	Tax Expenses	641	572	(12)
1	1		Minority Interest	1	4	
546	400	36	PAT	1564	1441	9
19.9	14.6	36	EPS (₹)	57.0	52.5	9

- ▶ Like-for Like EBIDTA (adjusting impact of bonus & DMF levy) improved 24% over LY
- ▶ Depreciation includes impact of componentization: ₹ 21 Crs in Q3 and ₹ 45 crs in 9 months
- ▶ Like-for-like PAT growth 50%

Financial Position



₹ Crs

Standalone		Particulars	Consolidated	
31.12.15	31.03.15		31.12.15	31.03.15
20364	18858	Shareholders Funds	20642	19041
-	-	Minority Interest	15	18
6110	7414	Loans (Incl. Current Maturities)	8526	9829
3140	2792	Deferred Tax Liabilities	3133	2786
29614	29064	Sources of Fund	32316	31674
24315	23632	Net Block (Incl. Capital Advances)	25938	25186
-	-	Goodwill on Consolidation	1106	1053
Investments:				
4272	4479	Liquid Investments	4272	4634
731	730	Long-term Investments	21	21
296	223	Net Working Capital	980	780
29614	29064	Total Application of Funds	32316	31674
1838	2935	Net Debt	4254	5195

Financial Indicators



Indicators	Standalone		Consolidated	
	31.12.15	31.03.15	31.12.15	31.03.15
Shareholders fund (₹ crs)	20364	18858	20642	19041
Borrowings (₹ crs)	6110	7414	8526	9829
Cash Equivalents (₹ crs)	4272	4479	4272	4634
Financial Indicators				
Net Debt: Equity	0.09	0.16	0.21	0.27
Net Debt / EBIDTA	0.40	0.64	0.88	1.09
Interest Cover (PBIT/Gross Interest)	6.2	5.8	6.0	5.7
ROCE	11.5%	12.0%	11.0%	11.5%
Book Value (₹/Share)	742	687	752	694



Sector Guidance



Sector guidance: Cautiously Optimistic



► Concerns:

- ☐ Suppressed rural incomes
- ☐ Slow execution of Government projects
- ☐ Andhra Pradesh development – yet to kick-off
- ☐ Delay in Government reforms agenda

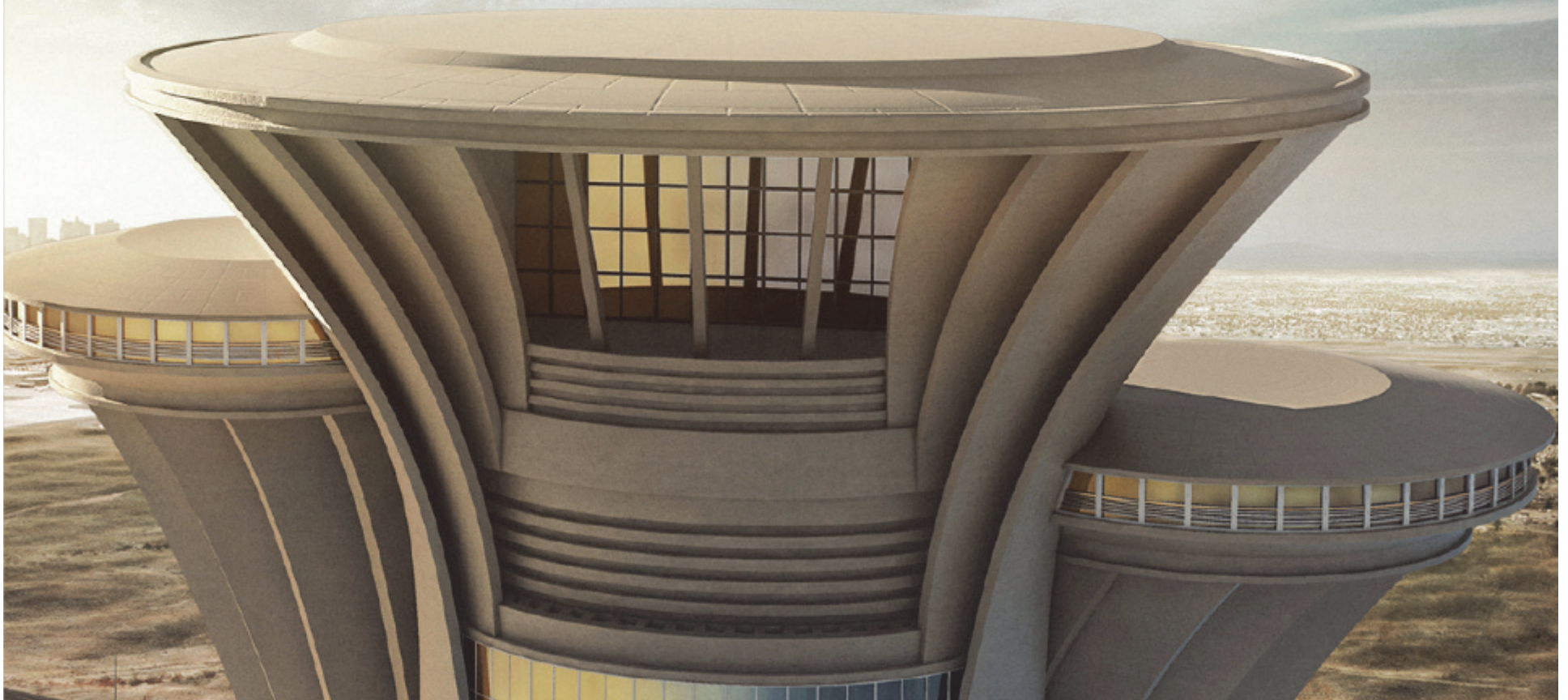
► Expectations:

- ☐ FY17 GDP growth forecast: 7.8% *(source: World Bank)*
- ☐ Government thrust on infrastructure development
- ☐ Elections in several states
- ☐ Gradual revival in housing demand linked to stable housing prices and 7th pay commission

Cement demand expected to pick-up in near-term

UltraTech
CEMENT
The Engineer's Choice

Build beautiful





Annexures



Income statement

(Standalone)



US\$ Mn

Q3			Particulars	9M		
CY	LY	▲%		CY	LY	▲%
871	831	5	Revenue	2637	2502	5
8	5	62	Other Income	30	48	(38)
178	150	19	EBIDTA	524	486	8
20%	18%	2	Margin (%)	20%	19%	-
19	23	18	Finance Costs	60	60	1
49	42	(16)	Depreciation	142	128	(11)
110	85	30	PBT	322	297	8
33	29	(13)	Tax Expenses	96	85	(13)
77	55	40	PAT	226	212	7
0.3	0.2	40	EPS (US\$)	0.8	0.8	7

- ▶ Like-for Like EBIDTA (adjusting impact of bonus & DMF levy) improved 25% over LY
- ▶ Like-for-like PAT growth 55%

Income statement

(Consolidated)



US\$ Mn

Q3			Particulars	9M		
CY	LY	▲%		CY	LY	▲%
926	884	5	Revenue	2792	2657	5
8	5	57	Other Income	27	45	(40)
189	160	18	EBIDTA	550	506	9
20%	18%	2	Margin (%)	20%	19%	1
21	25	15	Finance Costs	66	65	(1)
51	45	(14)	Depreciation	150	136	(11)
116	91	28	PBT	334	306	9
33	30	(12)	Tax Expenses	97	87	(12)
0	0		Minority Interest	0	1	
83	61	36	PAT	237	218	9
0.3	0.2	36	EPS (US\$)	0.9	0.8	9

- ▶ Like-for Like EBIDTA (adjusting impact of bonus & DMF levy) improved 24% over LY
- ▶ Like-for-like PAT growth 50%

Financial Position



US\$ Mn

Standalone		Particulars	Consolidated	
31.12.15	31.03.15		31.12.15	31.03.15
3085	2857	Shareholders Funds	3128	2885
0	0	Minority Interest	2	3
926	1123	Loans (Incl. Current Maturities)	1292	1489
476	423	Deferred Tax Liabilities	475	422
4487	4404	Sources of Fund	4896	4799
3684	3581	Net Block (Incl. Capital Advances)	3930	3816
		Goodwill on Consolidation	168	160
		Investments:		
647	679	Liquid Investments	647	702
111	111	Long-term Investments	3	3
45	34	Net Working Capital	148	118
4487	4404	Total Application of Funds	4896	4799
278	445	Net Debt	645	787

Disclaimer



Statements in this “Presentation” describing the Company’s objectives, estimates, expectations or predictions may be “forward looking statements” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company’s operations include global and Indian demand supply conditions, finished goods prices, feedstock availability and prices, cyclical demand and pricing in the Company’s principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statement, on the basis of any subsequent development, information or events, or otherwise.

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