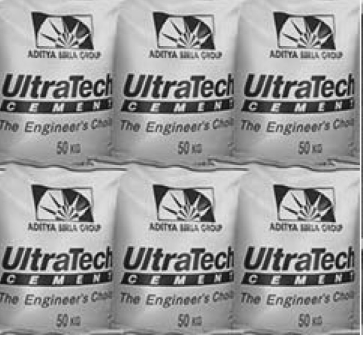
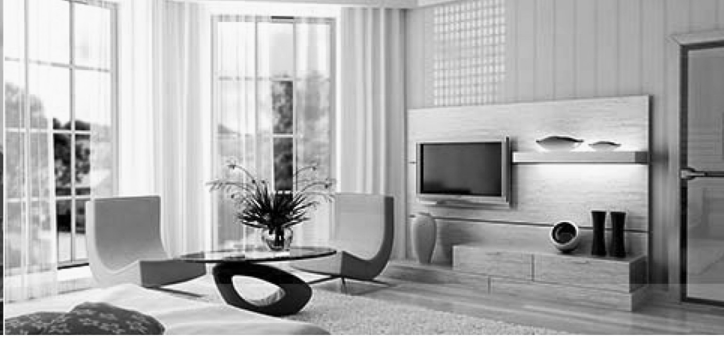


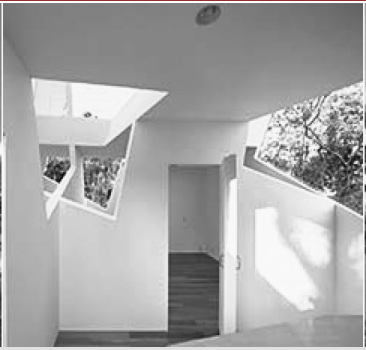
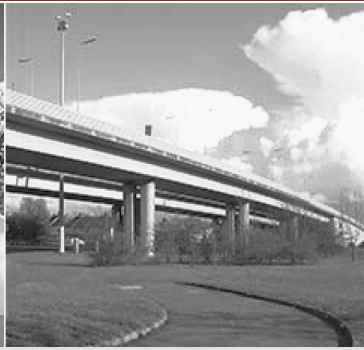
ADITYA BIRLA
UltraTech

# UltraTech Cement Limited

INDIA'S LARGEST CEMENT COMPANY

## EARNINGS Q3 FY17



Stock Code: BSE:532538 | NSE: ULTRACEMCO
Reuters: UTCL.NS | Bloomberg: UTCEM IS/UTCEM LX

Q3 FY17

was one of the most challenging quarters in recent years.

Cement purchases slowed.

Cement prices weakened.

Sectoral capacity utilisation contracted to 60%.

Cost started hardening.

# Difficult period

# General Consensus

Q3 FY17 would be a weak quarter.

As industry leader, UltraTech resolved to outperform instead.

By drawing into our organisational scale, dispersal, knowledge and diversity.

# This is what we have to show for our 'Outperform all the time' commitment.

| DOMESTIC SALES VOLUME (MnT) | NORMALISED EBITDA (RS, CRS) |
|---|---|
| 11.01<br>(-) 2% growth | 1236<br>+ 2% growth |

| OPERATING MARGIN (%) | NORMALISED PAT (RS,CRS) |
|---|---|
| 21%<br>+ ~100bps growth | 582<br>+ 9% growth |



* Note: % changes on YoY basis

# UltraTech's Outperformance

INTERNAL PASSION > EXTERNAL CHALLENGES

**ONE**
War on costs

**TWO**
Stronger sales thrust

**THREE**
Enhanced cash availability

ONE

It was felt that input costs were beyond control...

# At UltraTech, we attacked costs across-the-board.

Reduced logistic costs 3% at Rs.1060/MT

Controlled the impact of rising fuel prices and improved Energy Costs 5% at Rs.785/MT

Raw material costs increased 4% at Rs 486/ MT

**Result: We moderated Operating Cost 100 bps**



* Note: % changes on YoY basis

# At UltraTech, we responded to inflation with passion.

Moderated logistic costs

Shrunk lead distances

Enhanced new Grinding Unit capacities utilisation

Restricted road freight rate increase

Result: Cost reduction 3% v/s diesel price increase 17%



* Note: % changes on YoY basis

# Reduced energy costs

Reduced power consumption
400 bps (YoY and QoQ)

Enhanced waste heat recovery share
200 bps (YoY)

Improved fuel consumption 100 bps
( YoY and QoQ)

Reduction: ~ Rs 40/ MT over previous year v/s rising purchase costs

# Increased low-cost fuel use

Increased pet coke consumption in kiln from 74% to 78% (YoY)

Increased industrial waste use in kiln from 1% to 3% (YoY)

Result: Internal efforts contributed ~ 10% in operating EBITDA per ton

# OVERALL RESULT

Grey cement operating cost remained lower than last year despite an increase in fuel prices

TWO

It was considered that nothing could be done to enhance offtake...

# At UltraTech, we...

Increased UBS outlets ~ 60 over Q2

Added ~ 400 dealers and ~1000 retailers

Increased rural offtake 30 bps (YoY)

Enhanced institutional sales

Result: Volumes grew 4% over Q2 FY17

THREE

There was a general feeling that liquidity would dry out...

# At UltraTech, we...

Controlled capital expenditure

Reduced working capital ~ 14% over Mar-16

Reduced Net Debt > Rs. 2400 Crs over Mar-16

**Result:** Consolidated Net Debt / EBITDA at 0.19 ( 0.66, FY16)

UltraTech Performance =
Moderated costs + Enhanced sales + Higher liquidity

12%

ROCE , FY 16

13%

ROCE , FY 17 (9M)

Passion, Outperformance and UltraTech

When the going gets tough,
THE TOUGH get going

# Income statement

Rs. Crs

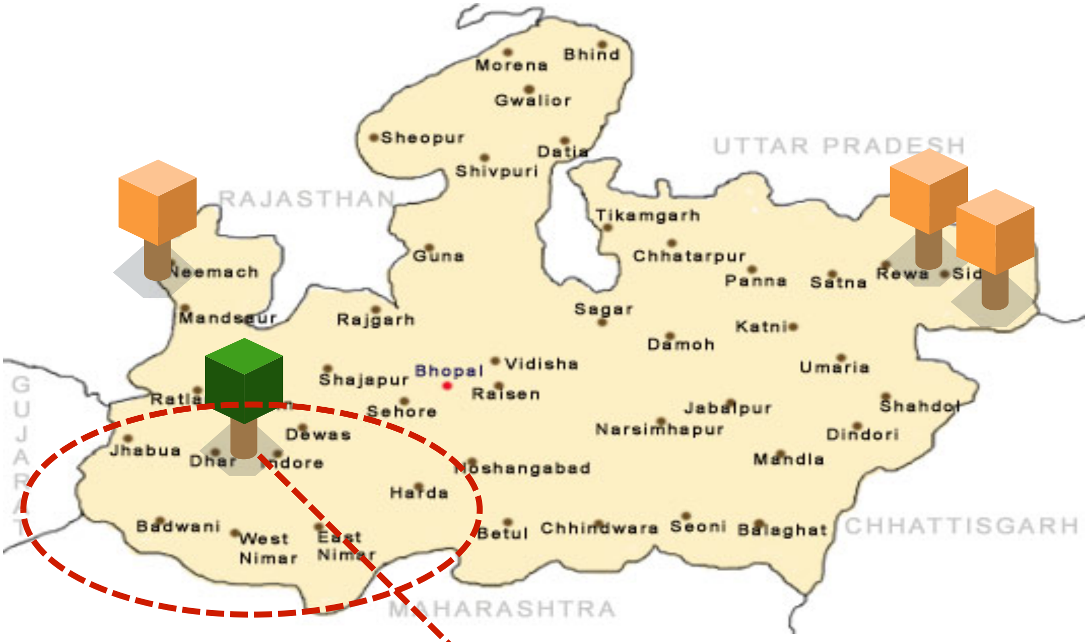
| Q3 | | | Particulars | 9M | | |
|---|---|---|---|---|---|---|
| CY | LY | ▲ % | | CY | LY | ▲ % |
| 5540 | 5652 | (2) | Revenues (net of excise duty) | 17116 | 17108 | - |
| 97 | 89 | 9 | Other Income | 420 | 340 | 23 |
| **1210** | **1204** | **1** | **EBITDA*** | **4111** | **3590** | **14** |
| 22% | 21% | 1 | Margin (%) | 24% | 21% | 3 |
| **563** | **528** | **7** | **PAT** | **1939** | **1589** | **22** |
| 20.5 | 19.2 | 7 | EPS (₹) | 70.7 | 57.9 | 22 |

** Includes Rs 25 crs notional charge on Hedge instruments for m-t-m impact (LY Rs 10 crs) for quarter ending Dec-16 and Rs 23 crs (LY Rs 31 crs) for nine months ended Dec-16.*

# Financial Position

Rs. Crs

| Consolidated | | Particulars | Standalone | |
|---|---|---|---|---|
| 31.12.16 | 31.03.16 | | 31.12.16 | 31.03.16 |
| 35565 | 35008 | Total Capital Employed | 32699 | 32313 |
| 1101 | 3523 | Net Debt | (1288) | 1181 |
| (26) | 72 | Net Working Capital | (652) | (574) |
| | | Key Ratios: | | |
| 0.05 | 0.16 | Net Debt : Equity | (0.06) | 0.05 |
| 0.19 | 0.66 | Net Debt : EBITDA | (0.23) | 0.23 |
| 7.5% | 7.4% | ROIC | 8.0% | 7.6% |
| 192 | 206 | EV (USD/T) | | |
| 15.8 | 17.2 | EV/EBITDA | | |
| 864 | 800 | Book Value per share (Rs) | 847 | 788 |




# Greenfield expansion (South West MP)

Cement capacity: 3.5 mtpa

Total cost US$: ~ 110/t

Commissioning by Q4 FY19

Attractive markets; Logistics advantage

**Consolidated Capacity to augment at 95 mtpa in FY19**

CHALLENGING OUTLOOK.

CAUTIOUS OPTIMISM.

# WEAK

Slow demand recovery

Weak demand from Housing & Commercial segments

Rural housing to improve with normalisation of cash circulation

Urban housing (ex Tier-I cities) sluggishness

Volatile cement prices

Rising costs

# ENCOURAGING

Increase in Government spending on infrastructure & low cost housing

AP and Telangana development

Interest rate drop & subsidies for housing

# 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 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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