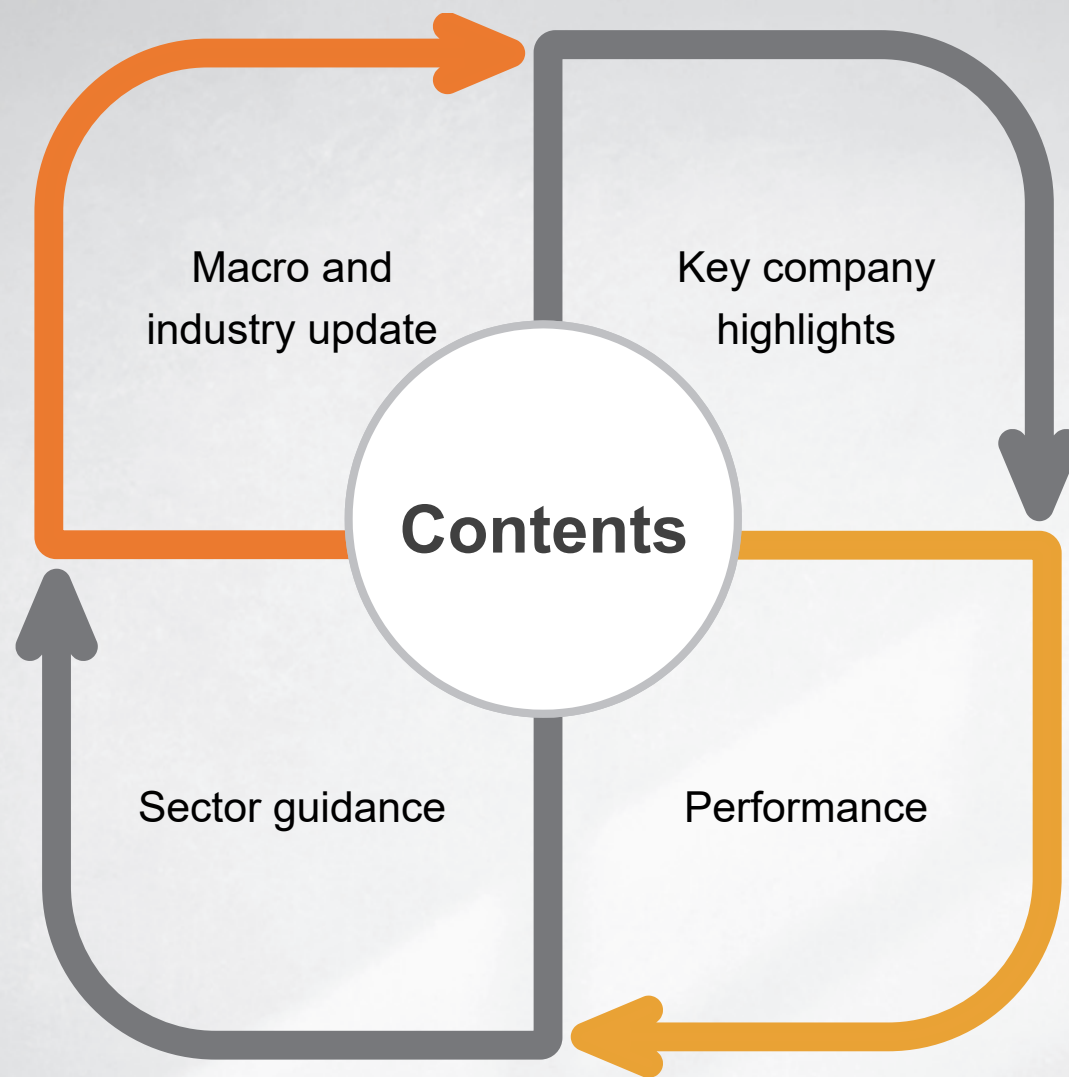




INDIA'S LARGEST CEMENT COMPANY

Earnings, **Q3** FY20

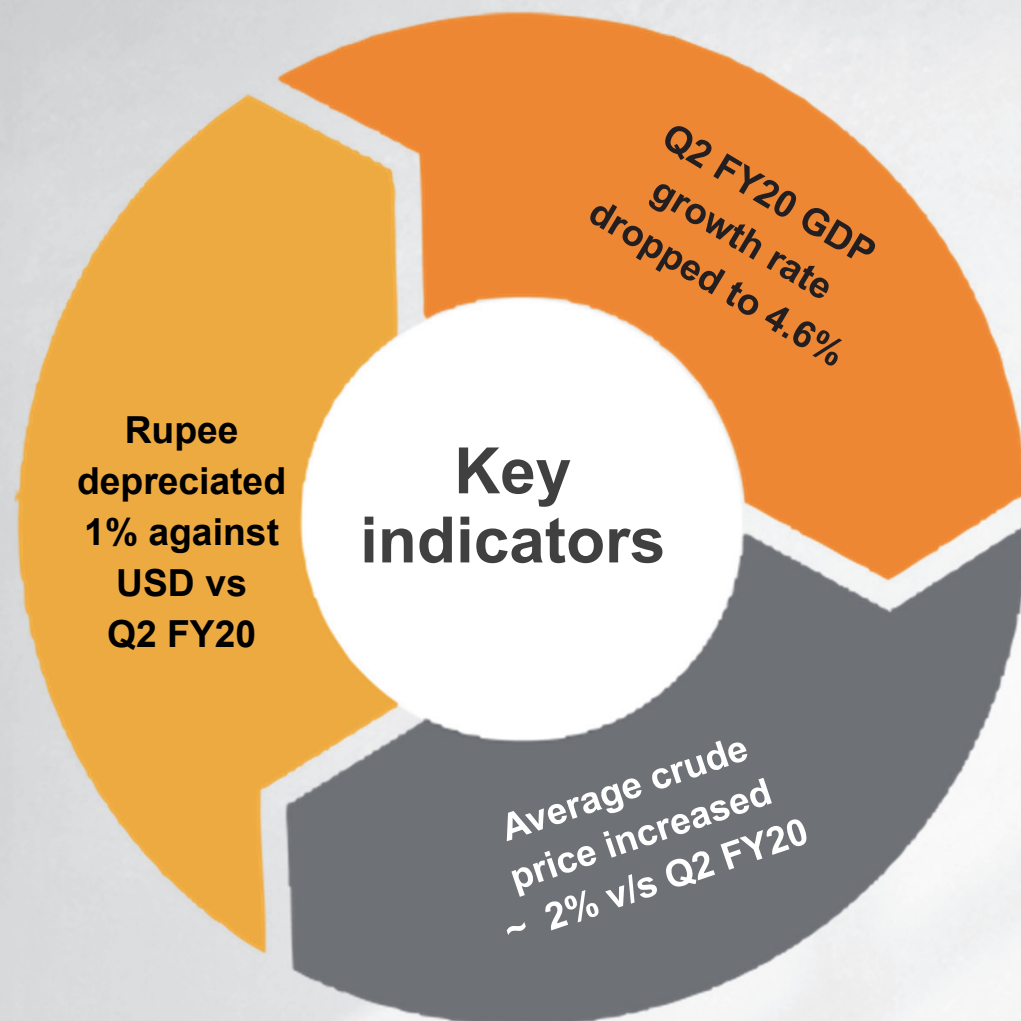
Stock code: **BSE: 532538** | **NSE: ULTRACEMCO** | Reuters: **UTCL.NS** | Bloomberg: **UTCEM IS/UTCEM LX**



GLOSSARY

MNT – Million metric tonnes, **LMT** – Lac metric tonnes, **MTPA** – Million tonnes per annum, **Q1** – April-June, **Q2** – July-September, **Q3** – October-December, **Q4** – January-March, **9M** – April-December, **CY** – Current year period, **LY** – Corresponding period last year, **FY** – Financial year (April-March)

Macro indicators

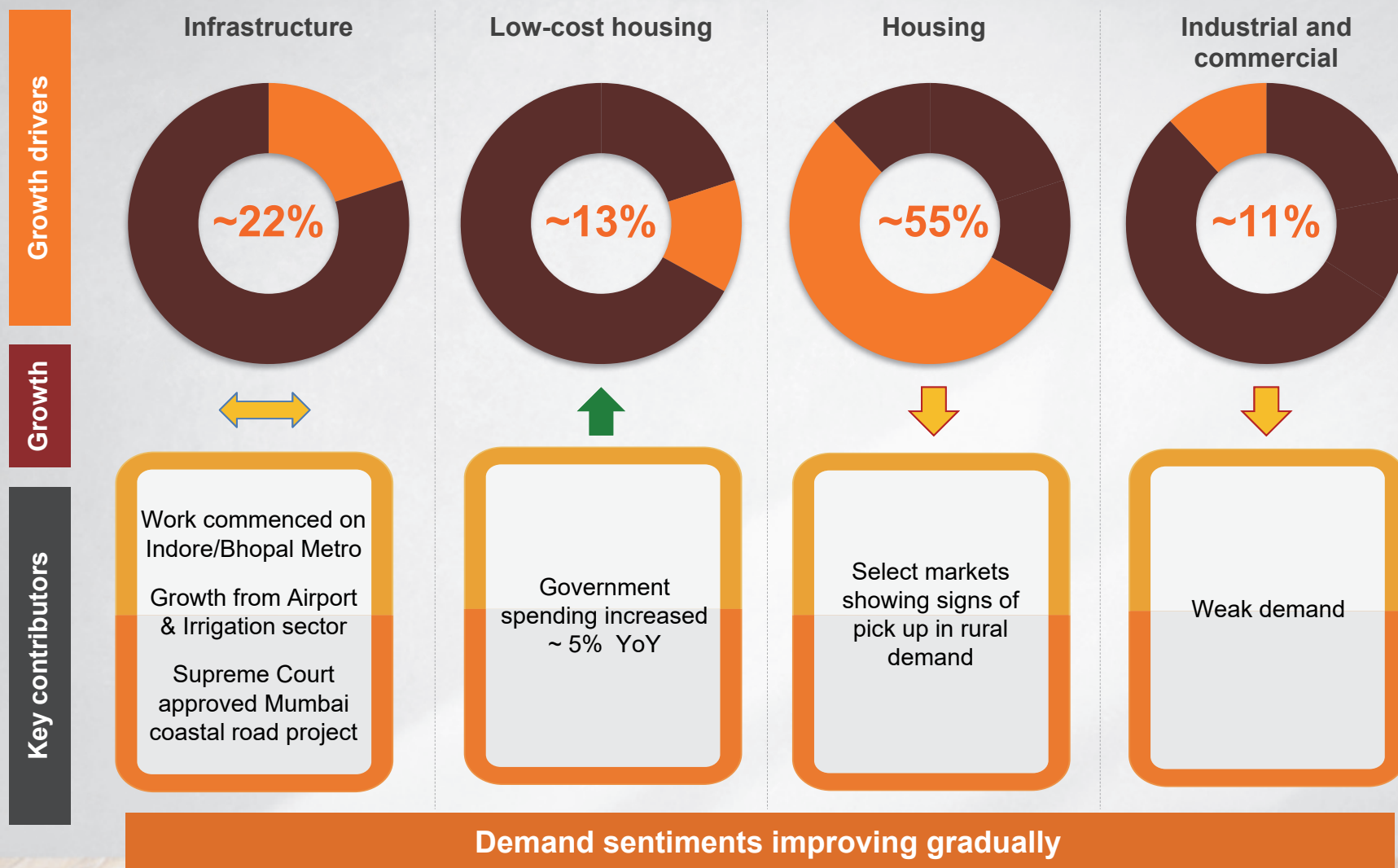


Policy Initiatives:

- ❖ Task Force on National Infrastructure Pipeline has identified and placed sector specific spending plan for ~ USD 1.5 trillion till 2025
- ❖ Revenue enhancement through amnesty Scheme – Sabka Vishwas
- ❖ Opening up of coal mining to non-coal companies and removal of restrictions on end use

Sectoral Update: Key growth drivers Q3 FY20

Overall economic slowdown impacted cement demand



Sectoral Update Q3 FY20

State / Region wise performance

State/Region	Vol. Gr.	I	LCH	RH	UH	C	Key drivers
Haryana	↓	●	●	●	●	●	Construction ban by NGT
Delhi + NCR	↓	●	●	●	●	●	Construction ban by NGT
Punjab	↓	●	●	●	●	●	Lower Government spends and winters
Himachal Pradesh	↑	●	●	●	●	●	Infrastructure development
Rajasthan	↓	●	●	●	●	●	Lower Government spends
North	↓	●	●	●	●	●	
Madhya Pradesh	↓	●	●	●	●	●	Lower Government spends and rains
Uttar Pradesh	↑	●	●	●	●	●	Construction ban by NGT and winters
Central	↓	●	●	●	●	●	
Maharashtra	↑	●	●	●	●	●	Infrastructure development & Rural housing
Gujarat	↓	●	●	●	●	●	Overall economic downturn
West	↑	●	●	●	●	●	

Construction ban in NCR region and lower Government spends

Sectoral Update Q3 FY20

State / Region wise performance

State / Region	Vol. Gr.	I	LCH	RH	UH	C	Key Drivers
West Bengal	↑	●	●	●	●	●	Infrastructure development and PMAY
Bihar	↑	●	●	●	●	●	Infrastructure development and PMAY
Jharkhand	↑	●	●	●	●	●	PMAY
Odisha	↑	●	●	●	●	●	PMAY and IHB
Chhattisgarh	↑	●	●	●	●	●	Infrastructure development
East	↑	●	●	●	●	●	
Andhra Pradesh	↓	●	●	●	●	●	Complete halt in AP
Telangana	↑	●	●	●	●	●	Improved sand availability
Karnataka	↓	●	●	●	●	●	Lower Government spends
Tamil Nadu	↓	●	●	●	●	●	Lower Government spends
Kerala	↓	●	●	●	●	●	Post floods rehabilitation work
South	↓	●	●	●	●	●	

Pick up in PMAY and infrastructure developments - rising cement demand

Century Cement assets- Integration Update

Plants are ramping
up rapidly
Dec.'19 at ~ 79%

Quality upgradation
completed
in three plants

Enhanced **pet coke
consumption**
to 69% v/s ~ 30%
pre-acquisition

Plan in place to
bring down costs to
UltraTech standard

Exceptional cost
during the quarter
Rs. 31 crores

Tapping synergies
on materials,
movements, power
and manpower

Target to reduce plant operation cost by Rs. 150/t (Q2 FY21)

Century Cement assets- Integration Update ...contd.

**Brand transition
completed for ~ 55%
production**

~ 84% production
to be transitioned to
UltraTech Brand
by Q2FY21

Dealer network
migrated to UltraTech
systems ~ **6500**

Implemented
UltraTech Systems
and Controls

People integration
in process

Implementation of
UltraTech Safety
standards
underway

We deliver ...What we promiseIntegration to complete by Q2 FY21

Other Corporate Updates

Nathdwara

Operating consistently
at 60% utilization

One of the
benchmarked operating
cost plant in the cluster

Achieved **cost
reduction: Rs ~ 425/t**
since acquisition

Best in Class
operating EBITDA
per ton (> Rs. 1500/t)

Non-core assets
disposal in process

Cash flow generation:
Rs. 215 crores (9M)

Bangladesh Asset

**0.6 Mnt grinding
unit divested**

Enterprise Value
US\$ 30.2 mn

Resulted in
Net Debt reduction

Other Corporate Updates - Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019

Sabka Vishwas Scheme

- ❖ Amnesty Scheme for settlement of pending disputes related to Services Tax and Central Excise, introduced by GOI¹
- ❖ Scheme includes cases pending for years under investigation, adjudication, appeals and arrears for confirmed demand
- ❖ Introduction of GST has already subsumed these legacy taxes
- ❖ **Settlement benefit:**
 - ✓ Tax relief of 40% to 70%
 - ✓ Full relief from interest and penalties
 - ✓ Exemption from prosecution

UltraTech Action

- ❖ Various contingent liabilities and pending disputes examined
- ❖ **As per the Scheme, Rs. 133 crores has been offered as a one-time settlement against contingent and other disputed liabilities of Rs. 832 crores**
- ❖ Ease of doing Business

One-time exceptional cost in Q3 FY20 - Rs. 133 crores

¹Government of India

ESG @ UltraTech

❖ Product Life Cycle Assessment ('LCA'):

- ✓ Completed across major product categories by international expert - ThinkStep AG using GABi ts software system
- ✓ Enables identify hotspots and improve products throughout their life
- ✓ Used for policy advocacy and marketing



UltraTech amongst the few companies in India to have LCA Study

❖ Energy Productivity (EP100):

- ✓ ~ 60% target achieved of doubling energy productivity

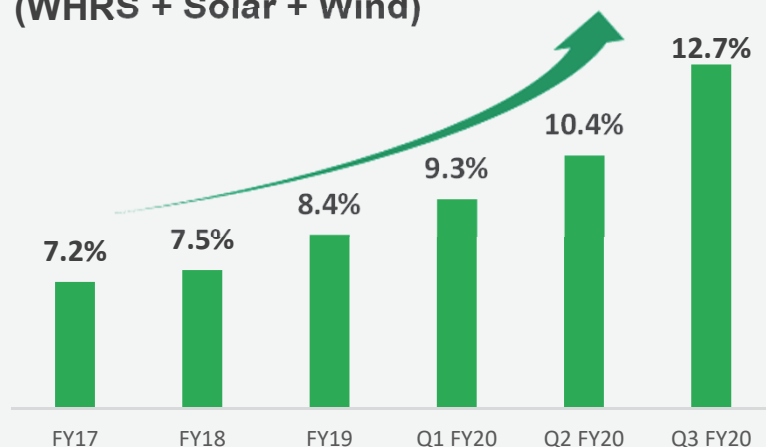
❖ Project Jal (Water Positive):

- ✓ Implemented two integrated watershed projects
- ✓ > 2.5x water positive

❖ Developed technology for Zero water discharge RMC plant

ESG @ UltraTech

❖ Consistent reduction in consumption of fossil fuel with increasing Green Power share¹ (WHRS + Solar + Wind)



✓ Reducing pollution through sustenance of green power usage

✓ Annualized benefits based on Q3 FY20 performance:

- Reduction in fossil fuel usage: ~ 5 lmt
- Cost Savings: ~ Rs. 250 crores

Current Green power capacity ~ 200 MW target to increase ~ 570 MW by end of FY21

❖ Alternative fuel usage at 3.5%

❖ Key awards conferred during Q3 FY20:

- ✓ CII National Award for **Energy Management 2019 (6 Plants)**
- ✓ Gold Award to 2 Plants by **National Awards for Manufacturing Competitiveness**

¹Excluding Century Assets

ESG @ UltraTech



- ❖ Population impacted : **1.6 million**
- ❖ Education for : **1 lakh children**
- ❖ Rural Health Camps for : **2 lakh people**
- ❖ Villages Covered : **502**
- ❖ Program coverage : **16 States**

Total spends during 9M FY20: Rs. 90 crores

ESG @ UltraTech : Activities during Q3 FY20

- ❖ Development of **The Eternal Gandhi Multimedia Museum** : state-of-the-art technology to simplify the life and teachings of Mahatma Gandhi
 - **Gandhi Peace Center at Bhubaneshwar, Odisha** is about to launch is a **20000 sq.ft. interactive, digital museum**.
- ❖ **Renovation of 'Anganwadis' in Rajasthan**
 - Renovated in Q3: 30 (Total – 165)
- ❖ **Anti Blindness Drive** – funded cataract operations for 1488 people during Q3
- ❖ **Watershed Development** (Overflow weirs) near our plant at Manawar (Dhar), Madhya Pradesh
- ❖ **Seeds distribution** to farmers



❖ **Ms. Usha Sangwan joined the Board as an Additional Director (Independent)**

- Post-graduate in Economics, Post-graduate diploma holder in Human Resource Management and Licentiate from the Insurance Institute of India
- Ex-MD of Life Insurance Corporation
- Member of Women Empowerment Programme of Niti Ayog

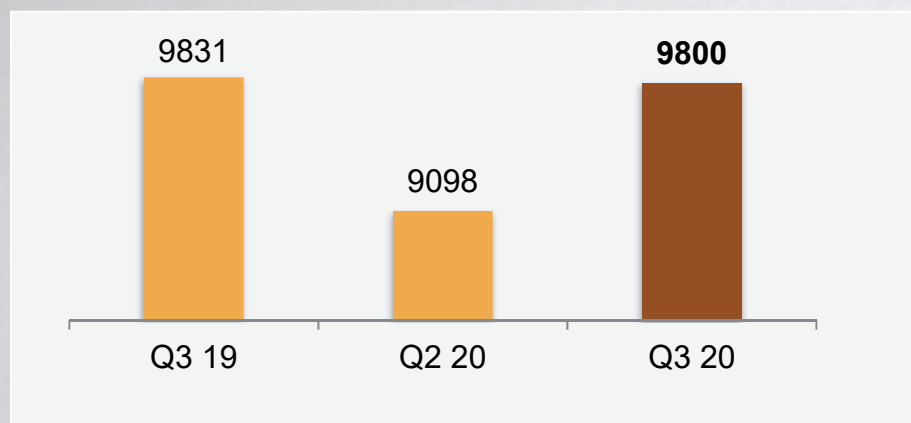
❖ **Ms. Renuka Ramnath stepped down owing to personal commitments**

❖ **Board Committees are constituted by a majority of Independent Directors**

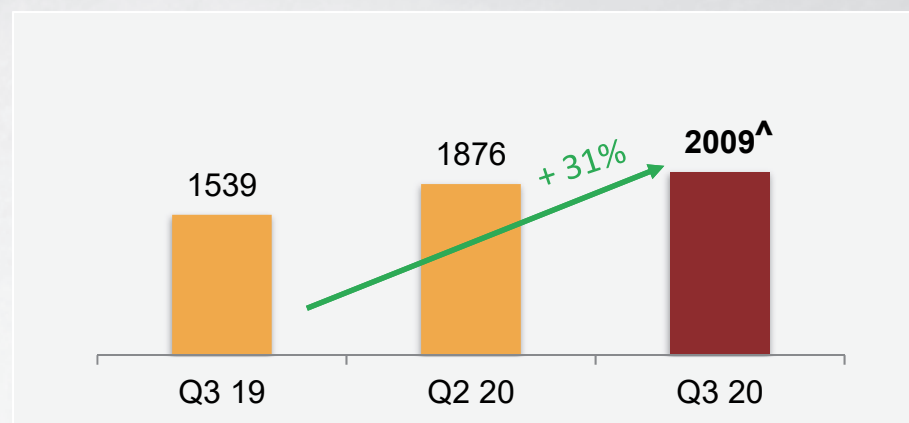
- Audit Committee (75%)
- Stakeholder Relationship Committee (67%)
- Nomination, Remuneration and Compensation Committee (67%)
- Finance Committee (67%)

UltraTech: Q3 FY20 Performance

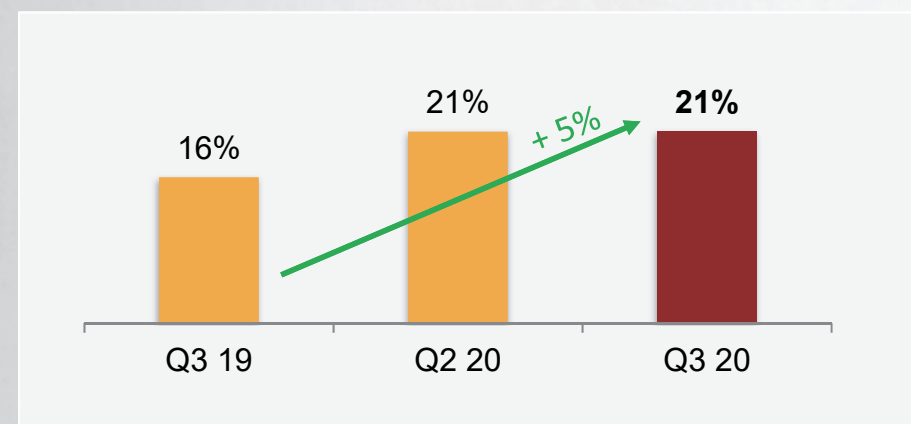
Turnover (Rs. crores)



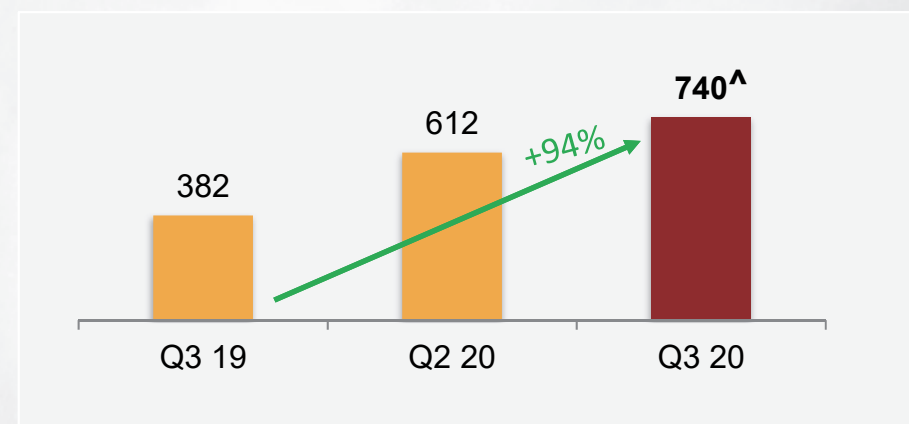
Normalised Operating EBITDA (Rs. crores)



Operating Margin (%)



Normalised PAT (Rs. crores)



[^] Before provision for disputed liabilities of Rs. 133 crores offered under Sabka Vishwas Scheme at EBITDA level and Rs. 90 crores at PAT level and impact of lease standard

Operating EBITDA per ton of Rs. 1004/t v/s Q3 FY19 Rs. 741/t

Q3 FY20 Highlights

Key performance drivers

- ❖ Trade sales increased 3% from Q3 FY19
- ❖ YoY rural sales volume grew ~ 9%



- ❖ Blended sales at 69% up 3.7% from Q3 FY19



- ❖ Number of UBS outlets ~ 2050
- ❖ YoY volume growth from UBS stores ~ 10%



- ❖ Premium products volume growth: > 40% YoY
- ❖ Contributes 13.5% of trade sales

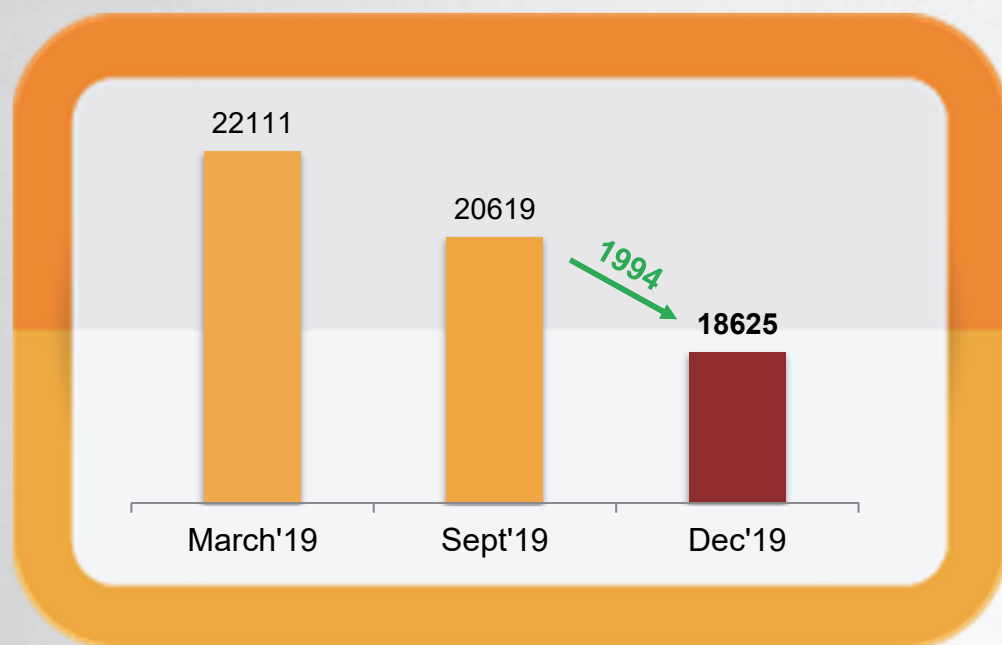


- ❖ YoY reduction in variable cost ~ 9% *(excl. Century assets)*



Net Debt Reduction Agenda on Track

Consolidated Net Debt (Rs crores)



- ❖ Working capital reduction of Rs. 834 crores during the quarter
- ❖ Divested Bangladesh GU at EV of \$ 30.2 mn
- ❖ EBITDA to Cash Conversion Ratio Q3 FY20 at: 0.90 (9M: 0.53)
- ❖ **Net Debt reduction in Q3: Rs. 1994 crores**
- ❖ Consolidated Net Debt/EBITDA reduced: 1.87 v/s March'19: 2.83¹

India Operations Net Debt / EBITDA as on Dec'19 : **1.74x**

“We Deliver What We Promise”

Sales performance : Q3 FY20

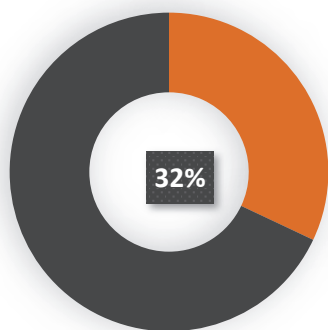
MnT

Particulars	Q3			9M		
	CY	LY	▲ %	CY	LY	▲ %
Annual Capacity India	109.4	109.4	-	109.4	109.4	-
Domestic sales	19.41	19.93	(3)	56.48	55.62	2
Exports and others	0.59	0.86		1.77	2.18	
Total India Operations	20.00	20.78	(4)	58.24	57.80	1
Consolidated Sales Volume (Incl. Overseas)¹	20.90	21.76	(4)	60.89	60.24	1

¹Excluding volumes of Bangladesh grinding unit.

Slowdown in overall Economy

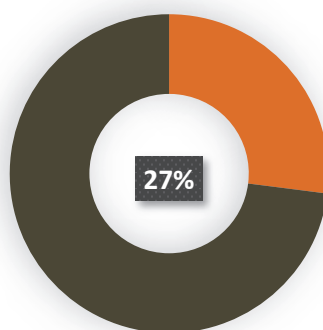
Operating costs



Logistics Cost

Declined YoY 5%
to Rs.1108/t

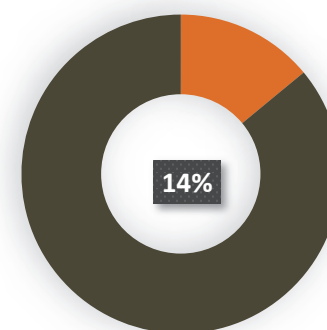
- ❖ Lower diesel prices
- ❖ Benefit due to exemption of Railway Busy Season Surcharge



Energy Cost

Declined YoY 15%
to Rs.941/t

- ❖ Favorable fuel prices
- ❖ Maximizing use of low-cost fuel



Raw Materials Cost

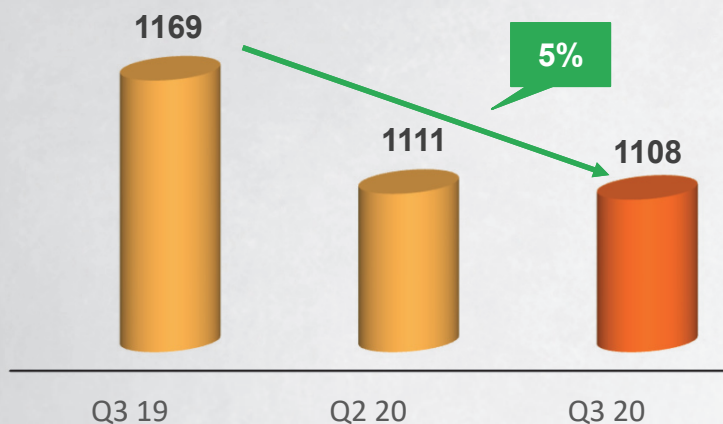
Increased YoY 2%
to Rs. 501/t

- ❖ Increased share of blended cement volume
- ❖ Higher fly ash prices

Costs to remain positive

Logistics cost trends

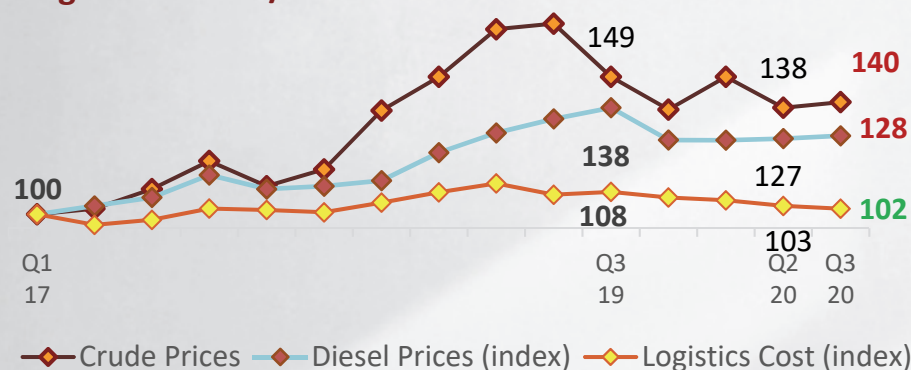
Logistics Costs (Rs/t)



YoY Cost reduced : 5%

- ❖ Railways extended period for exemption of Busy Season Surcharge
Cost Benefit : ~ 3%
- ❖ Gain due to reduction in diesel prices : ~ 0.5%
- ❖ Plant and Market mix synergies

Logistics Costs v/s Diesel Prices Index



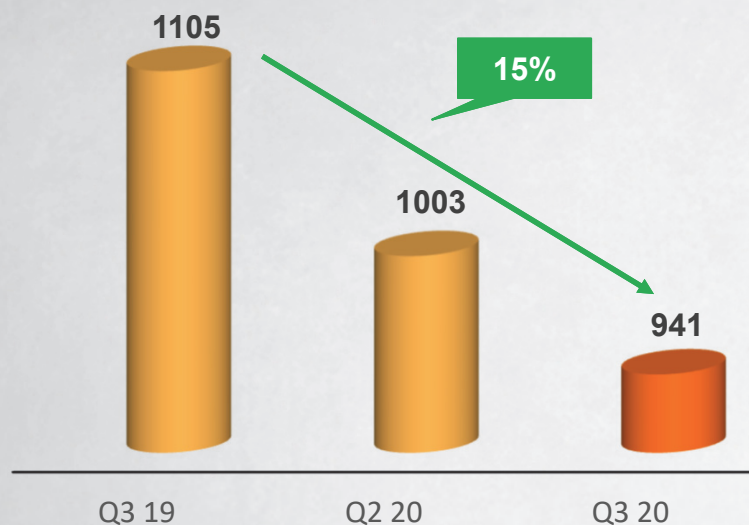
Marginal cost reduction vs Q2

- ❖ Synergies with acquired assets resulting into overall lead reduction : ~ 2%
- ❖ Benefit partially eroded with increase in diesel prices

Synergies from Century integration are not fully realized

Energy cost trends

Energy Costs (Rs/t)



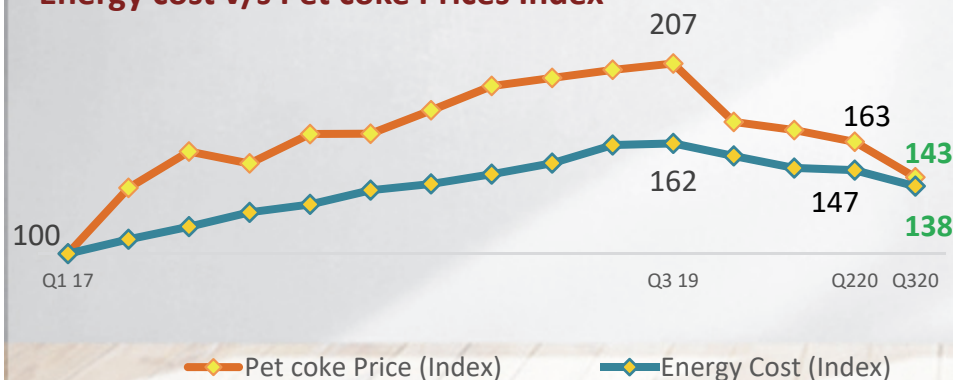
YoY Costs reduced : 15%

- ❖ Reduction in average fuel prices : ~ 15%
- ❖ Increased contribution of 'green power' in overall power requirement : 12.7% v/s 8.7% in Q3 FY19
- ❖ Pet coke usage at 77% (LY: 69%)

Cost reduced 6% over Q2 FY20

- ❖ Average pet coke price during the quarter USD 80/t v/s Q2 FY20 USD 91/t
- ❖ Decline in power consumption : ~ 2%

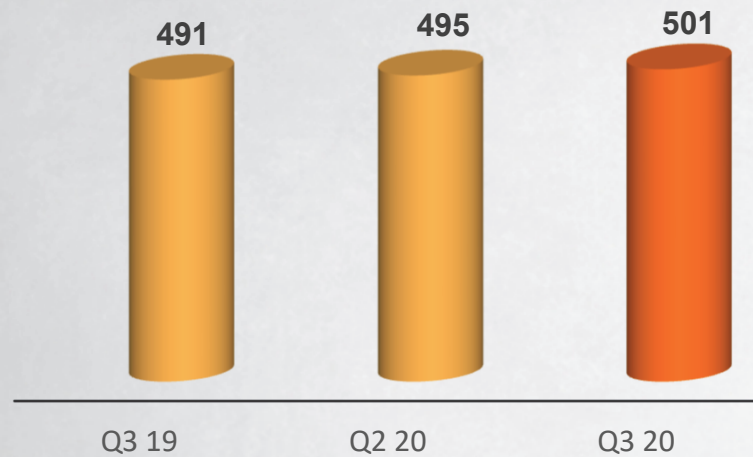
Energy cost v/s Pet coke Prices Index



Synergies from Century integration are not fully realized

Raw Material costs

Raw Materials Costs (Rs/t)



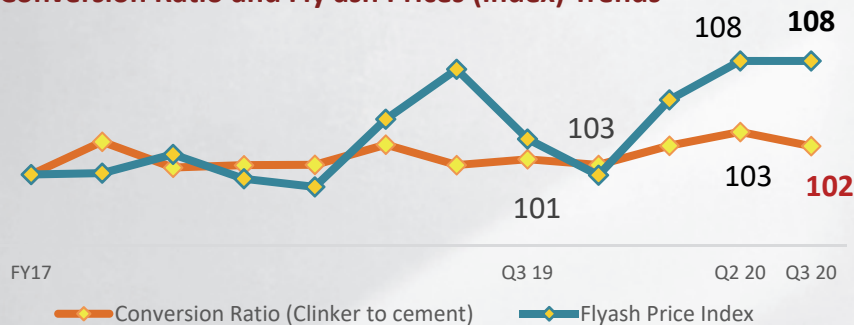
YoY costs up : 2%

- ❖ Higher prices of fly ash ~ 5%
- ❖ Increased use of additives due to higher blended cement sales

QoQ costs up marginally : 1%

- ❖ Increase in additive prices ~ 3%

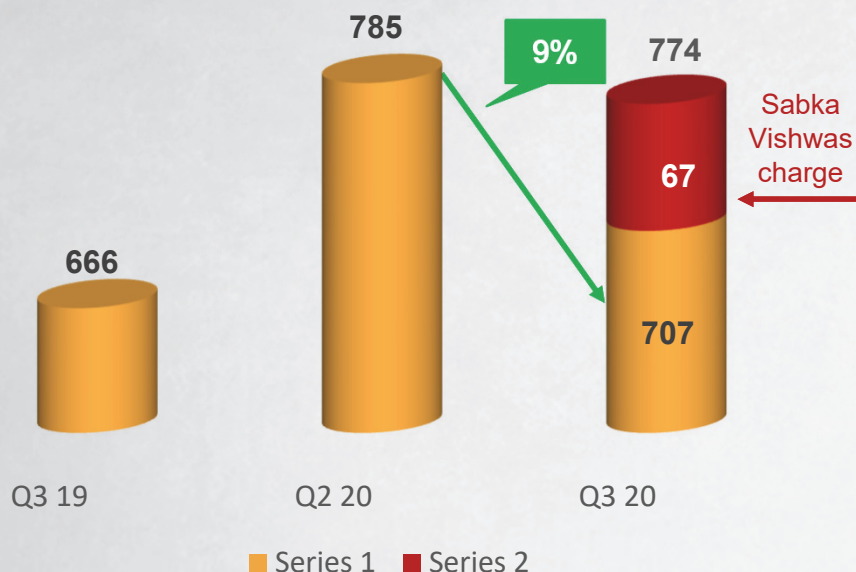
Conversion Ratio and Fly ash Prices (Index) Trends



Synergies from Century integration are not fully realized

Other cost trends

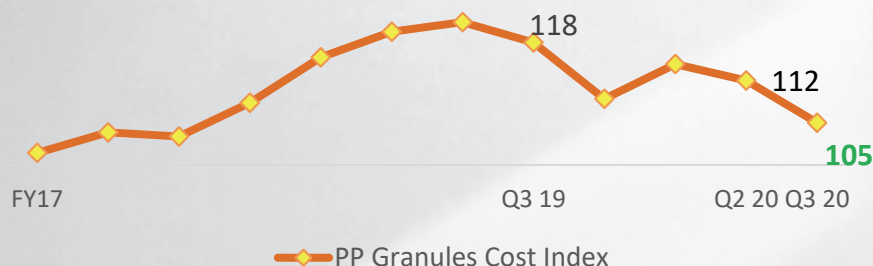
Other Costs (Rs/t)



QoQ costs decreased : 9%

- ❖ Reduction in maintenance cost: Rs. 70/t
- ❖ Lower PP granules prices supported for decline in packing cost : ~ Rs.10/t

PP Granules Price (Index) Trend



Income statement Q3

Rs. crores

Particulars	(UTCL + Century) Published*			(UTCL + Century) + UNCL		
	CY	LY	▲%	CY	LY	▲%
Revenues (Net of Taxes)	9816	9774	0.4	9800^	9831^	(0.3)
Operating Income	166	165	1	200	165	21
Other Income	164	132	24	141	120	18
Total Income	10146	10070	1	10140	10115	0.2
Expenses :						
Raw Materials Consumed	1234	1306	5	1265	1332	5
Purchase of Traded Goods	565	371	(52)	270	311	13
Changes in Inventory	125	(41)		122	(49)	
Employee Costs	577	561	(3)	591	566	(4)
Power and Fuel	1841	2308	20	1944	2357	18
Logistics Cost	2340	2539	8	2353	2553	8
Other Expenses	1513	1361	(11)	1548	1385	(12)
EBITDA	1950	1663	17	2046	1659	23
Normalised EBTIDA^^	2083	1663	25	2179	1659	31

^ After elimination of inter company clinker sales

^^ Before provisions for disputed liabilities of Rs. 133 crores offered under Sabka Vishwas Scheme

Normalised EBITDA up 31% YoY

Income statement Q3

Rs. crores

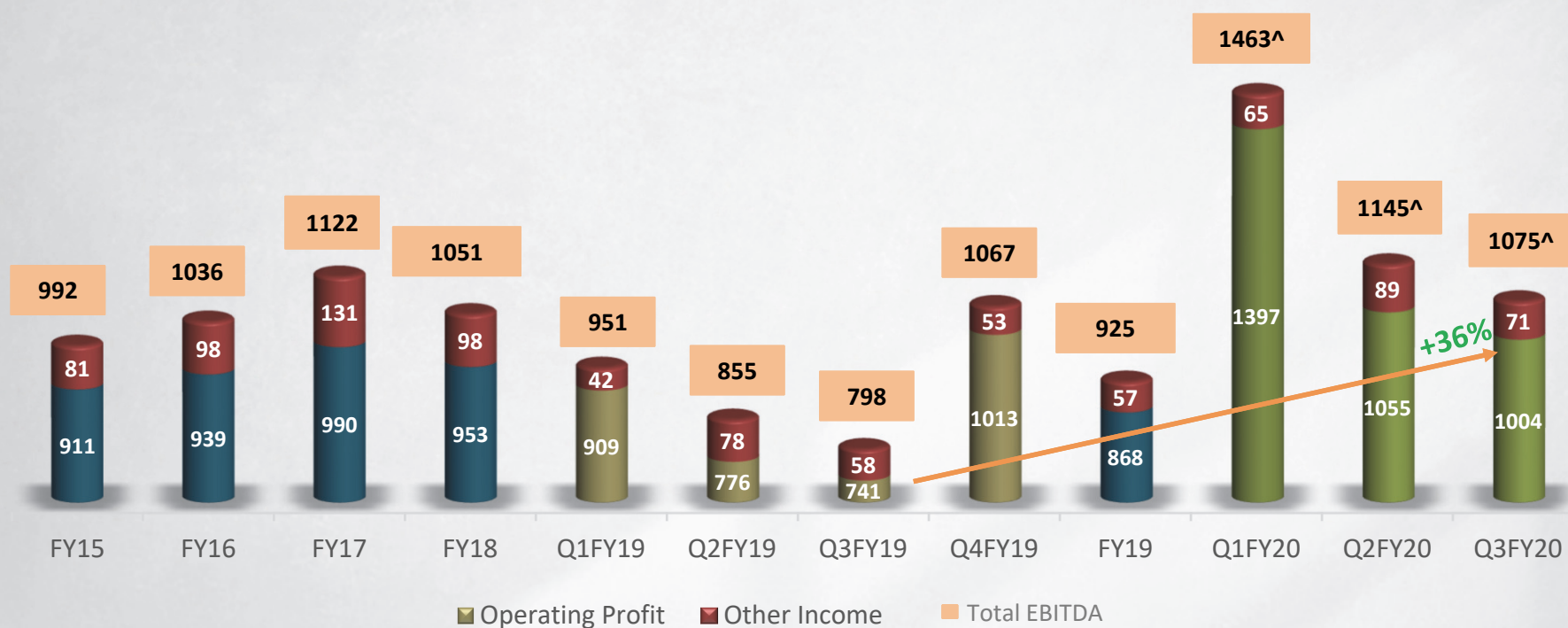
Consolidated			Particulars	UTCL + Century +UNCL		
CY	LY	▲%		CY	LY	▲%
10176	10294	(1)	Revenues (net of taxes)	9800	9831	(0.3)
2141	1707	25	EBITDA	2046	1659	23
2274	1707	33	Normalised EBITDA^	2179	1659	31
22%	17%	5	Normalised Margin (%)	22%	17%	5
471	478	2	Finance costs	459	467	2
673	638	(5)	Depreciation & Amortization	647	615	(5)
997	591	69	PBT	940	576	63
286	197		Tax expenses	291	195	
0.7	2.6		Minority interest	-	-	
712	396	80	PAT	650	382	70
24.7	13.8	78	EPS (Rupees)	22.5	13.3	69

^ Before provisions for disputed liabilities of Rs.133 crores offered under Sabka Vishwas Scheme

Consolidated PAT up 80% YoY

EBITDA Trends

Rs. Per Ton



^ Excluding impact of Lease Accounting Standard and in Q3 FY20 before provision for disputed liabilities offered under Sabka Vishwas Scheme (Rs. 133 Crs)

YoY EBITDA per ton increased 36%

Financial position

Rs. crores

Consolidated		Particulars	(UTCL+ Century) +UNCL	
31.12.19	31.03.19		31.12.19	31.03.19
53675	53410	Net Fixed Assets incl. CWIP	51861	51778
2113	2048	NWC+ Loans+ Derivative Assets	1757	1520
35903	33763	Shareholders Fund	35346	33220
24675	25337	Total Debt	22777	23336
68634	65499	Capital Employed	65925	62964
11.0%	8.7%	ROCE (Trailing 12 months basis)	11.2%	8.9%

18625	22111	Net debt	16923	20112
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Sectoral Outlook

Demand expected to grow in line with GDP rate

Demand drivers

- ❖ Road map under National Infrastructure Pipeline to spend ~ \$ 1.5 trillion in next 5 years
- ❖ Increased rabi crop sowing to support for rural growth
- ❖ State elections in FY21
- ❖ Likely infrastructure projects revival in Andhra Pradesh and Telangana
- ❖ Continuing activities for low cost housing
- ❖ Reduced interest rates

Things to watch

- ❖ Urban housing demand pick-up
- ❖ Liquidity improvement
- ❖ Fund allocation from Central to State Governments

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 governmental 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, due to any subsequent development, information or events, or otherwise.

UltraTech Cement Limited

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[Corporate Identity Number L26940MH2000PLC128420]

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