

SEC/PAM/2019

May 10, 2019

The Secretary BSE Limited Phiroze Jejeebhoy Towers, Dalal Street, MUMBAI - 400 001 STOCK CODE: 500510	National Stock Exchange Of India Limited Exchange Plaza, 5th Floor Plot No.C/1, G Block Bandra-Kurla Complex Bandra (E), Mumbai - 400 051 STOCK CODE: LT
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Dear Sir,

Sub.: Analyst Presentation.- FY 19

Pursuant to Regulation 46(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith a copy of Analyst Presentation on financials of FY19 which will be uploaded to our Investor Website <https://investors.larsentoubro.com>

We request you to take note of the same.

Thanking you,

Yours faithfully,
for LARSEN & TOUBRO LIMITED



N. HARIHARAN
EXECUTIVE VICE PRESIDENT &
COMPANY SECRETARY
(ACS 3471)

Encl : as above



Q4/FY19
May 10, 2019

Analyst Presentation



Disclaimer

This presentation contains certain forward looking statements concerning L&T's future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements.

The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and the target countries for exports, ability to attract and

retain highly skilled professionals, time and cost over runs on contracts, our ability to manage our international operations, government policies and actions with respect to investments, fiscal deficits, regulations, etc., interest and other fiscal costs generally prevailing in the economy. Past performance may not be indicative of future performance.

The company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of the company.



Presentation Outline



01

Group Performance Highlights

02

Group Performance Summary

03

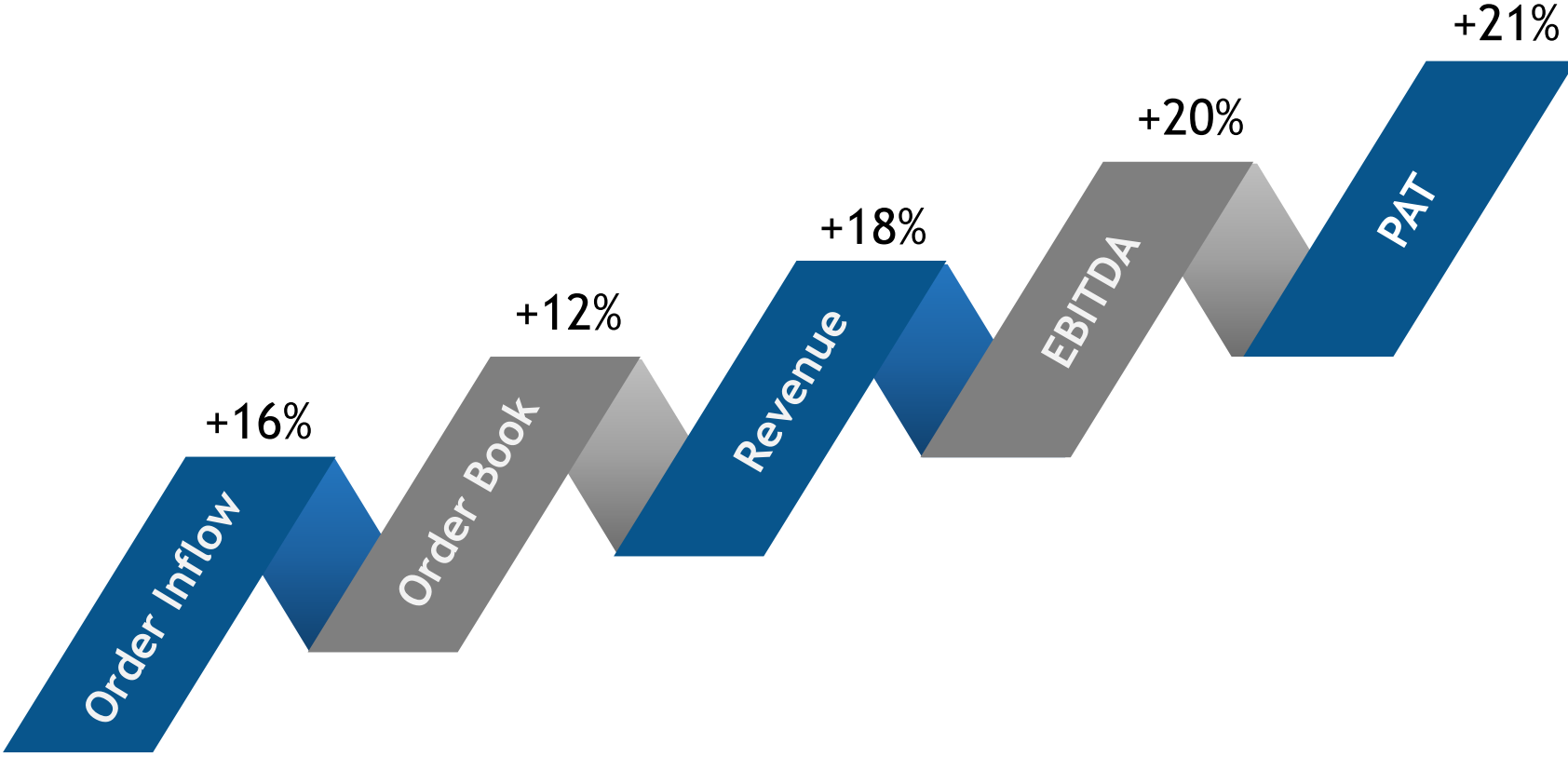
Segment / Key Subsidiaries

04

The Environment & the Outlook



Performance Highlights - FY19





Key Financial Indicators

Amount in Rs bn

Q4 FY18	Q4 FY19	% Var	Particulars	FY18	FY19	% Var
496	565	14%	Order Inflow	1529	1768	16%
			Order Book	2631	2934	12%
407	449	10%	Revenue	1199	1410	18%
54	56	3%	EBITDA	136	163	20%
32	34	8%	PAT	74	89	21%
			Net Working Capital	20%	18%	-200bps
			RONW (%)	14.1	15.3	+120bps
			Dividend (per share)	Rs 16.00	Rs 18.00	+Rs 2.00



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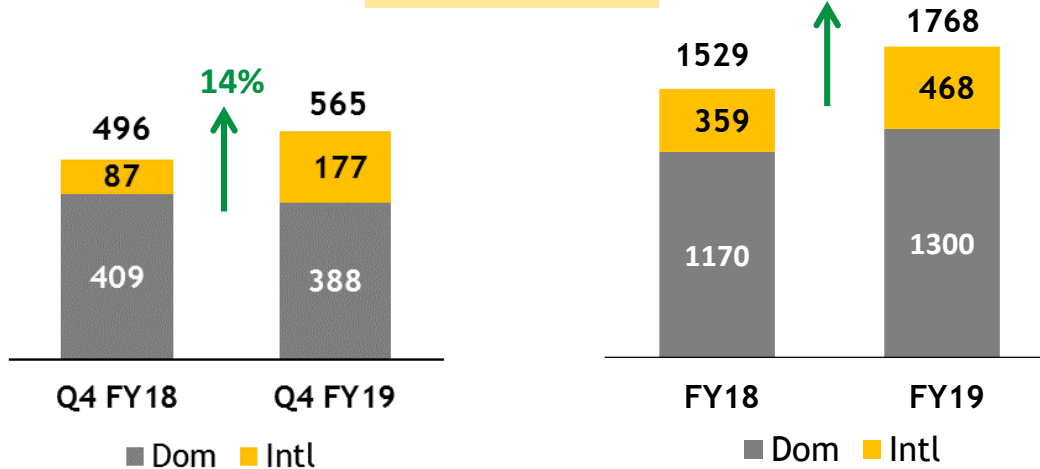
04

The Environment & the Outlook

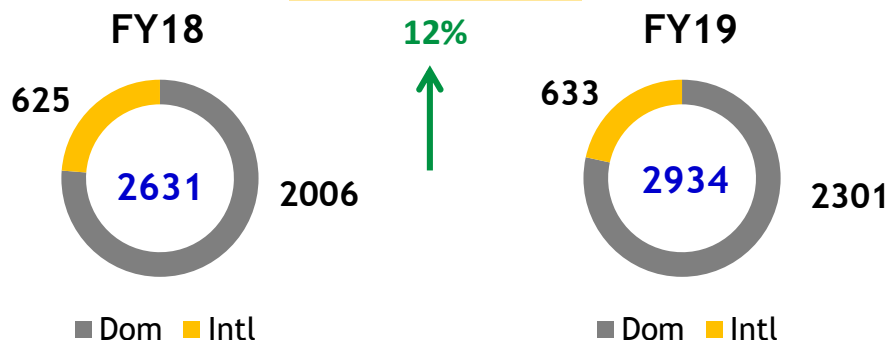
Q4 / FY19 Order Inflow / Order Book

Amount in Rs bn

Order Inflow



Order Book



- Strong all round growth in inflows
- Growth in International business largely contributed by Hydrocarbon in Q4
- Pickup witnessed in domestic private sector
- Domestic public sector inflows driven by State Government orders
- Higher share of domestic order-book reflects continued focus on infra capex

Group Performance - Sales & Costs

Q4 FY18	Q4 FY19	% Var	Rs Billion	FY18	FY19	% Var
407	449	10%	Revenue	1,199	1,410	18%
29%	30%	1%	International Rev.	33%	32%	-1%
270	311	15%	MCO Exp.	773	919	19%
16	20	25%	Fin. Charge Opex*	60	74	23%
41	47	13%	Staff Costs	153	181	19%
25	16	-35%	Sales & Admin.	76	73	-4%
353	393	12%	Total Opex	1,062	1,247	17%

* Finance cost of financial services business and finance lease activity

- Revenue growth primarily led by Infra, Hydrocarbon, Realty and Services businesses
- Rise in staff cost due to resource augmentation in Services business
- Reduced SGA expenses due to lower receivables & loan book provisions

Group Performance - EBITDA to PAT

Q4 FY18	Q4 FY19	% Var	Rs Billion	FY18	FY19	% Var
54	56	3%	EBITDA	136	163	20%
(4)	(5)	21%	Fin. Cost	(15)	(18)	17%
(5)	(5)	-4%	Depreciation	(19)	(21)	8%
4	6	50%	Other Income	13	19	38%
-	-	-	Exceptional items	1	3	140%
(15)	(13)	-9%	Tax Expense	(32)	(43)	36%
(1)	(1)		JV/S&A PAT Share	(4)	(0)	
(2)	(4)	117%	Non-controlling Int.	(6)	(13)	107%
32	34	8%	PAT	74	89	21%

- Heavy Engg, Defence, Hydrocarbon and Services businesses boost EBITDA Margins
- Other income mainly comprises treasury earnings
- Finance cost commensurate with debt levels and phased commencement of Hyd. Metro
- Reduction in JV/S&A PAT on IDPL Roads divestment & improved Forgings performance



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





03

Segment / Key Subsidiaries

04

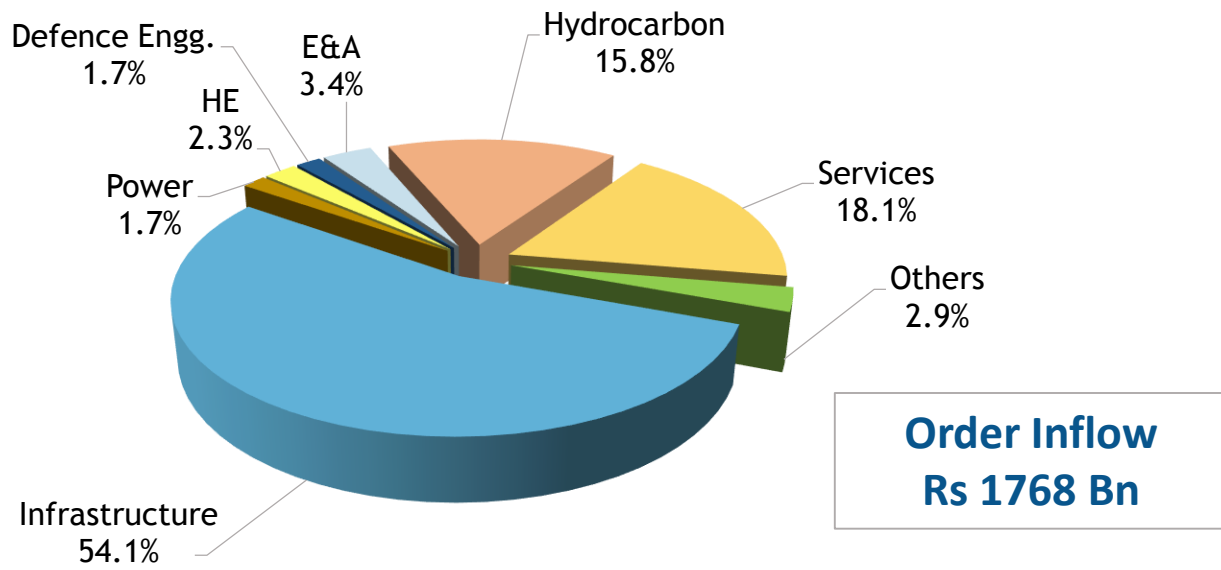
The Environment & the Outlook

Segment Composition

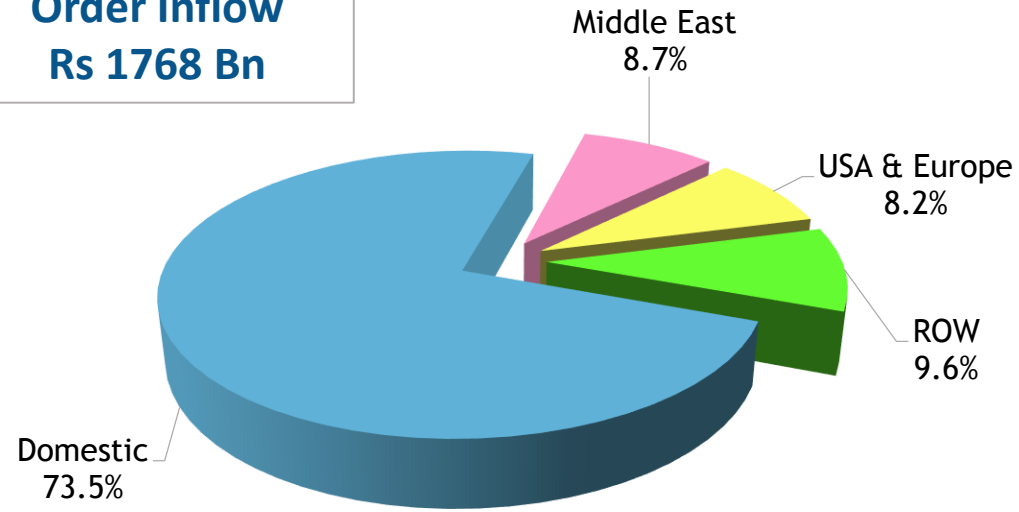
 Infrastructure	 Power	 Heavy Engineering	 Electrical & Automation	 Defence Engineering
Buildings & Factories (B&F)	EPC- Coal & Gas	Process Plant Equipment	Electrical Standard Products	Defence
Transportation Infra (TI)	Thermal Power Plant Construction	Nuclear Power Plant Equipment	Electrical Systems & Equipment	Aerospace
Heavy Civil infra (HC)	Electrostatic Precipitator	Piping Centre & Forgings *	Metering & Protection	Shipbuilding
Water & Effluent Treatment (WET)	Power Equipment Mfg. *		Control & Automation	
Power T&D (PT&D)				
Metallurgical & Mat. Handling (MMH)				
Smart World & Comm.(SW&C)				
 Hydrocarbon	 Developmental Projects	 IT & TS	 Financial Services	Others
Onshore	Roads *	Information Technology	Rural Lending	Realty
Offshore	Metros	Technology Services	Housing Finance	Industrial Products & Machinery
	Power		Wholesale Finance	
			Asset Management	

* Consolidated at PAT level

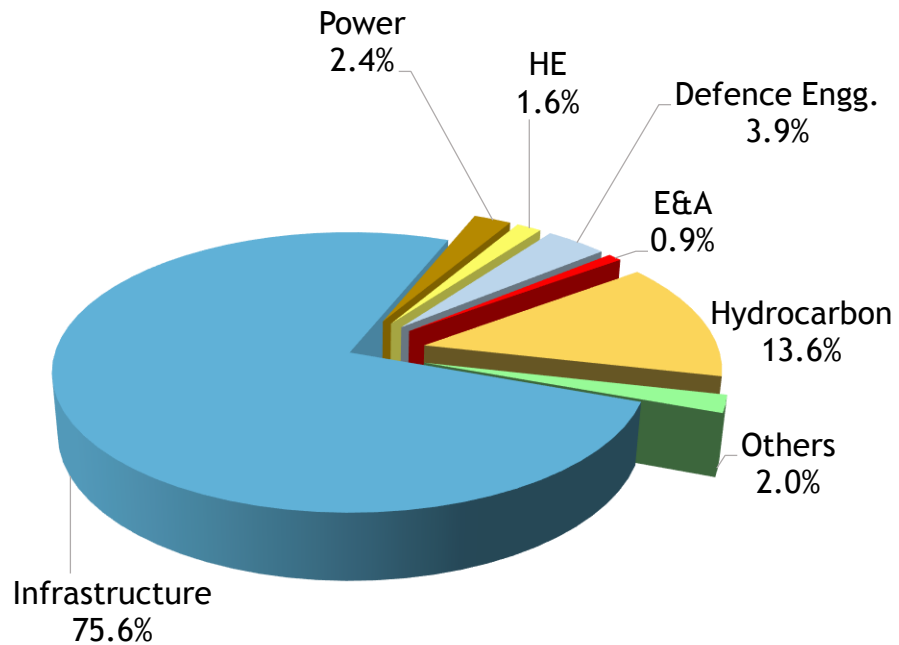
FY19 Order Inflow Composition



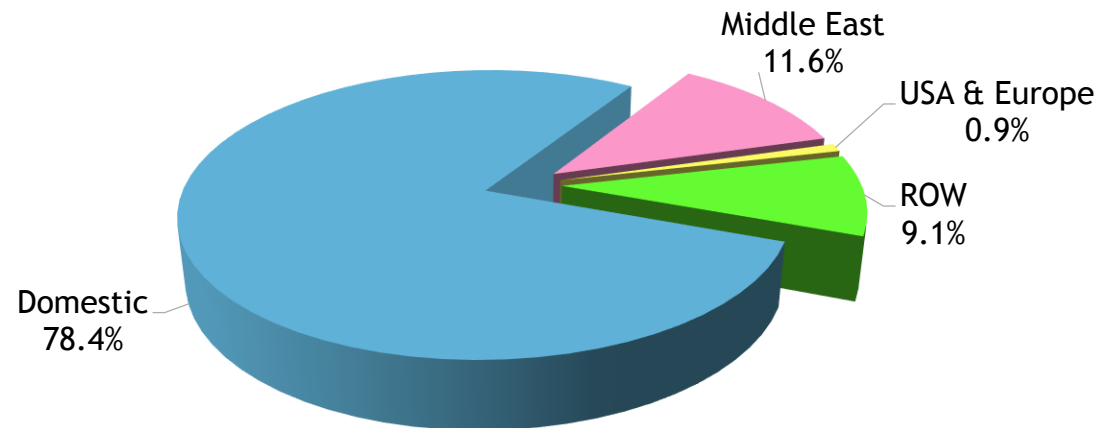
**Order Inflow
Rs 1768 Bn**



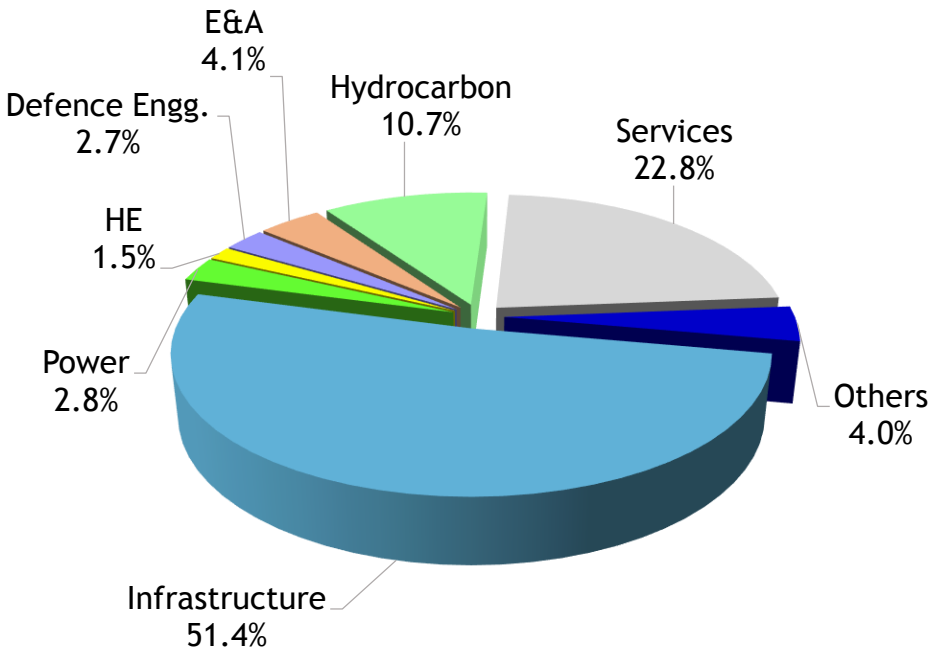
FY19 Order Book Composition



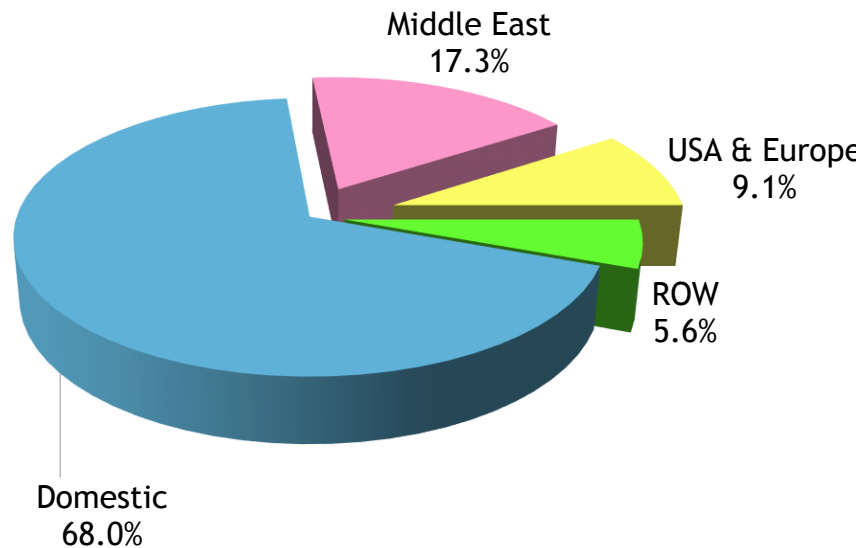
**Order Book
Rs 2934 Bn**



FY19 Revenue Composition



**Revenue
Rs 1410 Bn**

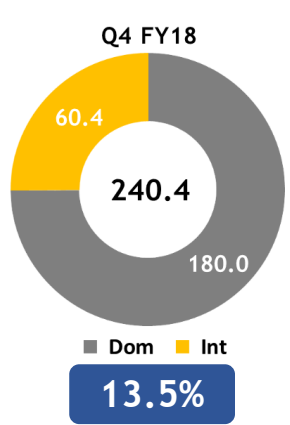




Infrastructure Segment

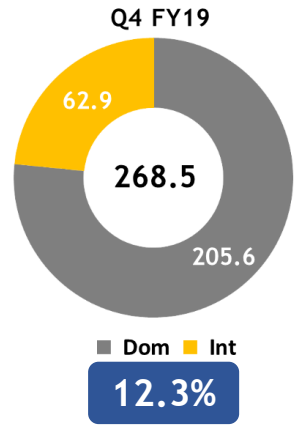
Amount in Rs bn

Q4

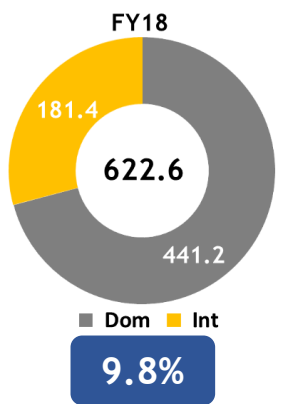


12% ↑
Net Revenue

EBITDA Margin

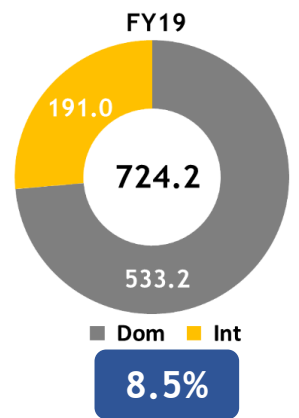


FY



16% ↑
Net Revenue

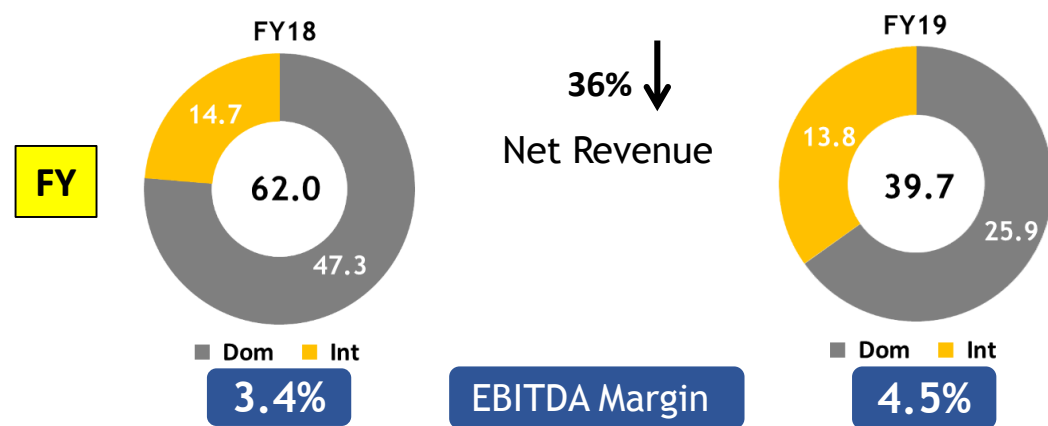
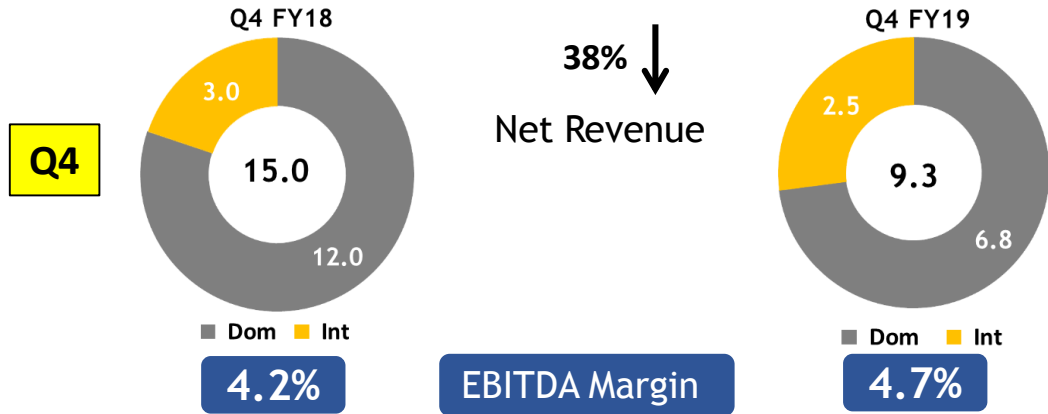
EBITDA Margin



- Composition of Order Inflows shifted towards larger sized projects in FY19
- Strong revenue growth on robust order book conversion across business verticals
- Margins reflect stage of execution, job mix and cost provisions arising from execution headwinds in some transportation infra projects

Power Segment

Amount in Rs bn

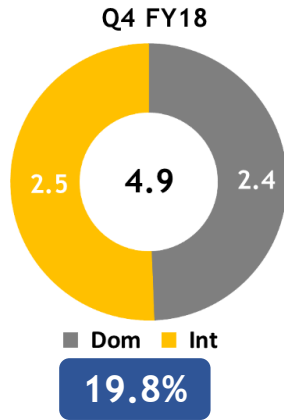


- Limited EPC opportunities and aggressive continues to impact business performance
- Retrofitting of old plants with emission control equipment (FGD & SCR) provides new business opportunity
- Revenue decline reflects reduced order book
- Bangladesh jobs contributing to revenue & margins
- Profits of MHPS and other JV companies are consolidated at PAT level under equity method

Heavy Engineering Segment

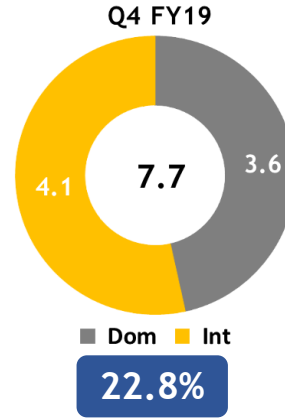
Amount in Rs bn

Q4

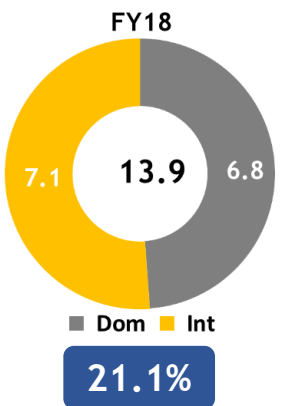


58% ↑
Net Revenue

EBITDA Margin

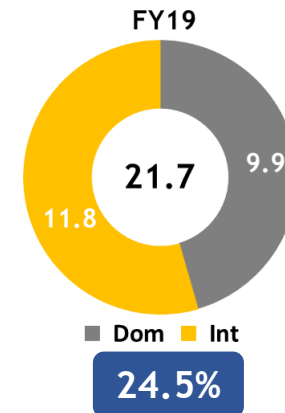


FY



57% ↑
Net Revenue

EBITDA Margin

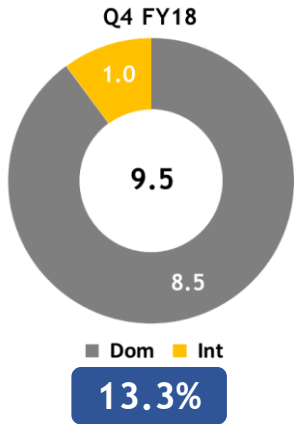


- Revenue growth predominantly driven by orders from Oil & Gas sector
- International markets showing strong traction in Refineries space; has driven growth in Inflows (78%) & Order Book (61%) in FY19
- Global competence, technology differentiation, proven track record and cost efficiencies yield strong margins

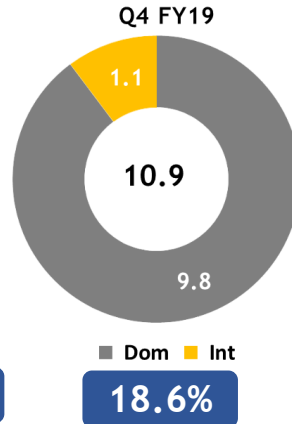
Defence Engineering Segment

Amount in Rs bn

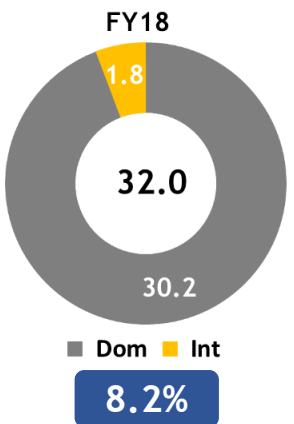
Q4



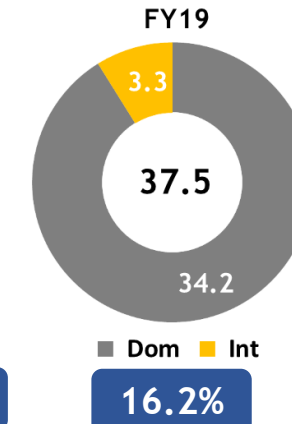
15% ↑
Net Revenue



FY



17% ↑
Net Revenue

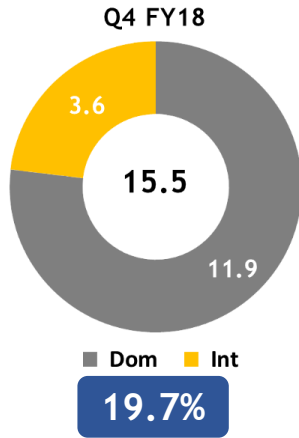


- Ordering delays restricts the potential of the segment
- Execution of tracked artillery gun order contributing to revenue growth
- Margins reflect stage of execution, job mix and operational efficiency

Electrical & Automation Segment

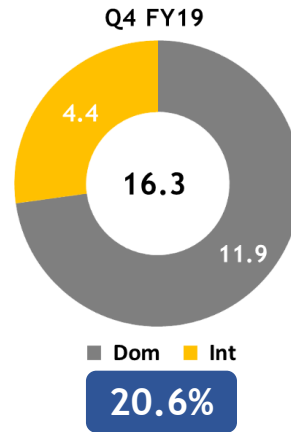
Amount in Rs bn

Q4



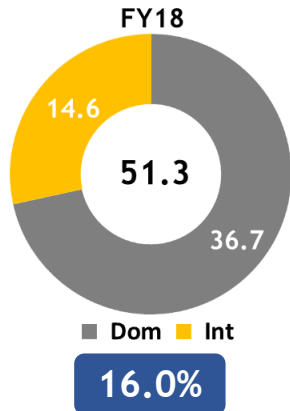
5% ↑
Net Revenue

EBITDA Margin



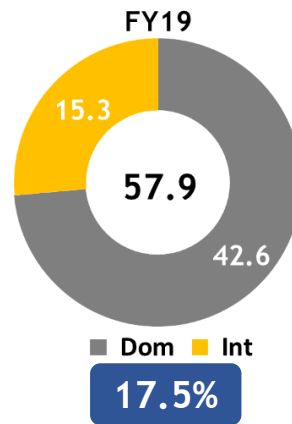
- Revenue growth driven by Product businesses (ESP & MPS) across Industrials, Buildings, Agriculture and Rural Electrification sub-sectors
- Margins enhanced by operational efficiencies & profitable sales mix

FY



13% ↑
Net Revenue

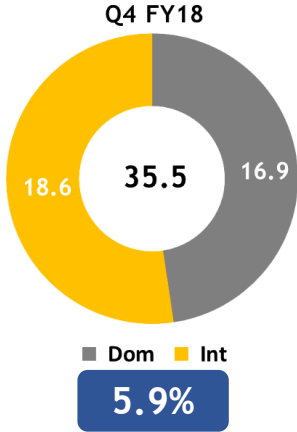
EBITDA Margin



Hydrocarbon Segment

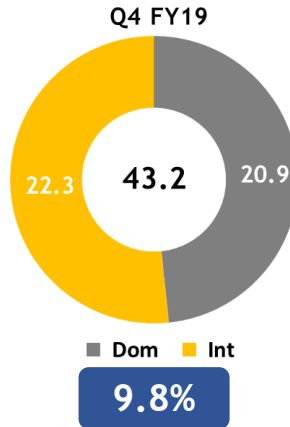
Amount in Rs bn

Q4

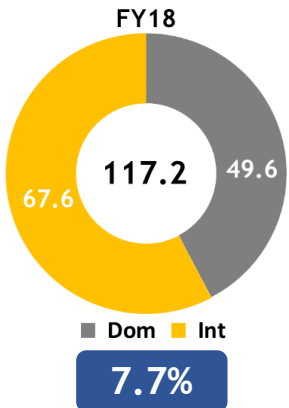


22% ↑
Net Revenue

EBITDA Margin

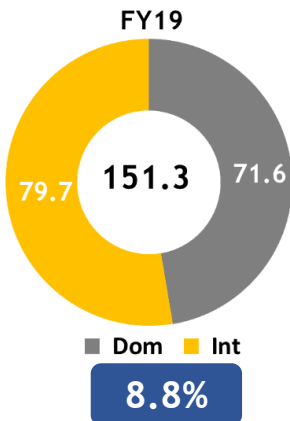


FY



29% ↑
Net Revenue

EBITDA Margin

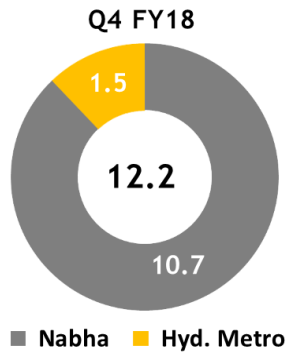


- Significant growth in Order Inflows (76%) & Order Book (49%) contributed by domestic & International wins
- Strong revenue growth on the back of higher Order Book
- Stable Oil prices leading to build up of healthy prospect pipeline
- Improved margins and superior ROIC obtained through efficient execution & working capital management

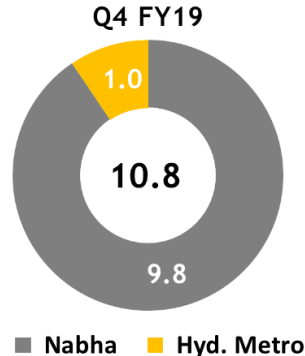
Developmental Projects Segment

Amount in Rs bn

Q4



-11% ↓
Net Revenue

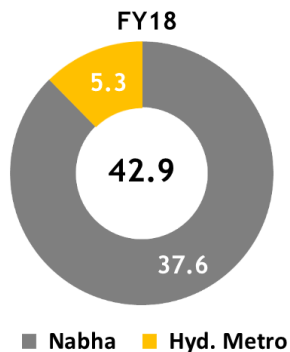


-14.4%

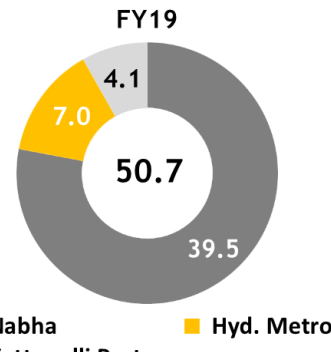
EBITDA Margin

-3.6%

FY



18% ↑
Net Revenue



6.3%

EBITDA Margin

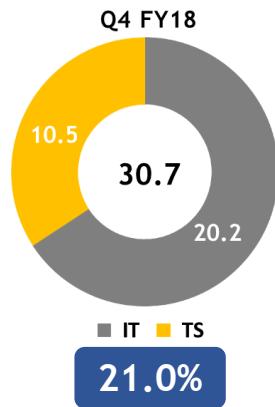
10.3%

- Segment includes Power Development business, Hyderabad Metro and Kattupalli Port (until divestment in Q1FY19)
- Revenue largely contributed by Power Development Business
- Hyderabad Metro: Partial CoD of 30 Km in Nov'17, 16 km in Sept'18 and 9 km in Mar'19. Total of 55 km
- Margin profile still emerging
- IDPL (Roads & TL) consolidated at PAT level under Equity method

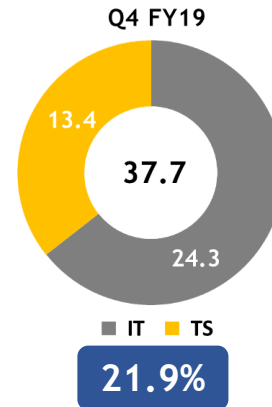
IT & Technology Services Segment

Amount in Rs bn

Q4

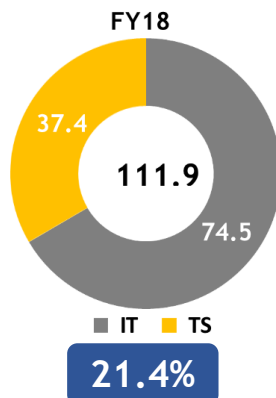


23% ↑
Net Revenue

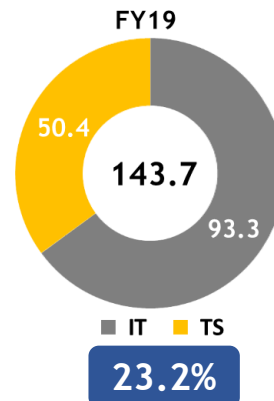


EBITDA Margin

FY



28% ↑
Net Revenue



EBITDA Margin

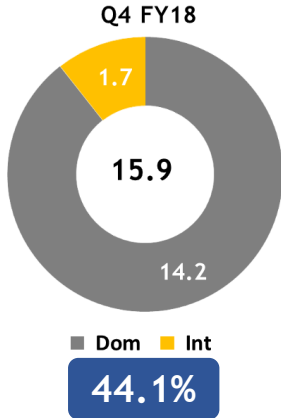
- Noteworthy growth by LTI & LTTs continues in FY19
- LTI revenue growth led by BFS, CPG, Retail & Pharma and High-Tech, Media & Entertainment verticals
- LTTs revenue growth led by Transportation, Telecom & Hi-Tech and Process Industry verticals
- Margin improvement aided by currency gains & operational efficiencies



Others Segment

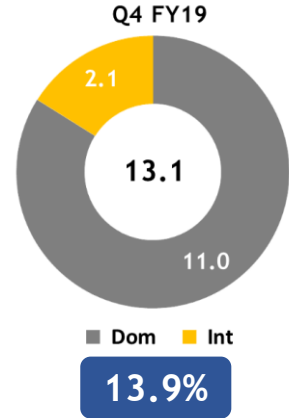
Amount in Rs bn

Q4

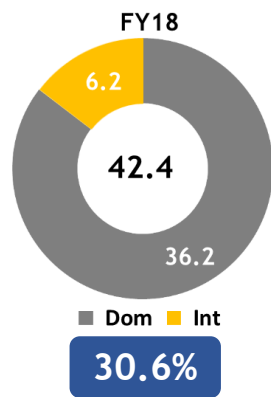


18% ↓
Net Revenue

EBITDA Margin

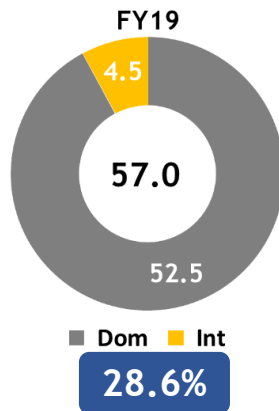


FY



35% ↑
Net Revenue

EBITDA Margin



- Segment comprises Industrial Products & Machinery (IPM) and Realty business; PY includes Welding Products Business
- Revenue growth & Margin largely contributed by Realty business

L&T Finance Holdings Group

Q4 FY18	Q4 FY19	% Var	Rs Bn	FY18	FY19	% Var
27.4	33.0	21%	Income from Operations	102.1	129.9	27%
2.1	3.2	56%	PAT *	8.0	14.5	81%
Mutual Fund Average AUM				659.3	709.4	8%
Net Loan Book				853.5	991.2	16%
Gross Stage 3 Assets				8.7%	5.9%	-280bps
Net Stage 3 Assets				3.3%	2.4%	-90 bps
Networth				114.1	134.5	18%

* PAT excludes NCI

- Good performance in a volatile environment in FY19
- Revenue growth on the back of growth in retail book
- Increasing NIMs & Fee Income, improving asset quality boost profits
- Focus areas: Risk management & sustainable top quartile ROE

Note: Gross Stage 3 Assets include GNPA > 90 DPD + Impaired assets (S4A, SDR, 5:25, etc.) where regulatory forbearances are available + Identified standard assets which are under incipient stress



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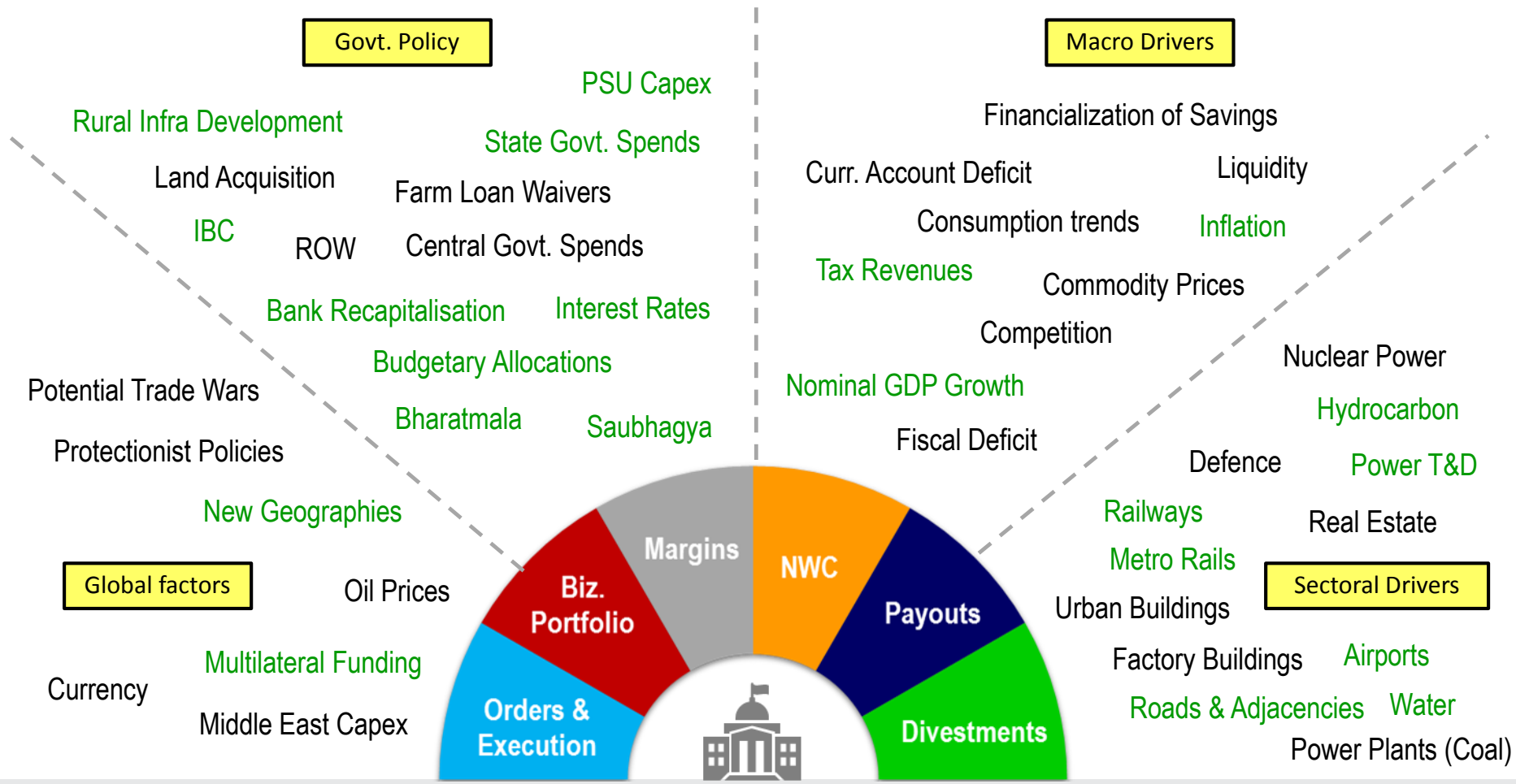
Segment / Key Subsidiaries

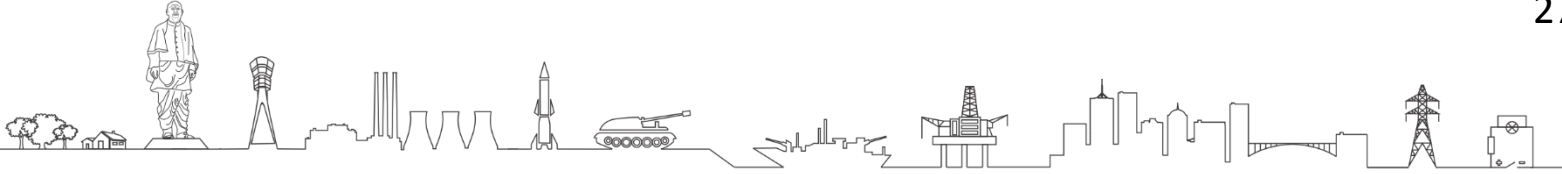
04

The Environment & the Outlook



The Environment & the Outlook





Thank You

Turn overleaf for Annexures

Group Profit & Loss Extracts

Rs Billion	IT & TS	Fin. Services	Devl. Projects	L&T & Others (Incl. Eliminations)	L&T Group		
					FY19	FY18	% Var
Income from Operations*	143.7	126.4	50.7	1,089.3	1,410.1	1,198.6	18%
EBITDA	30.7	27.5	5.3	99.7	163.2	136.4	20%
Other Income	2.6	3.5	(0.1)	12.5	18.5	13.4	38%
Interest Expenses	(0.2)	-	(2.2)	(15.7)	(18.1)	(15.4)	17%
Depreciation	(2.5)	(0.5)	(2.1)	(15.8)	(20.8)	(19.3)	8%
Provision for Taxes	(7.8)	(7.8)	(0.6)	(27.3)	(43.4)	(32.0)	36%
Share in profit/(loss) of JVs / Associates	-	-	(0.9)	0.7	(0.2)	(4.4)	
Adjustments for Non-Controlling Interest in S&A	(4.6)	(8.2)	0.0	(0.3)	(13.1)	(6.3)	
Exceptional Items	-	-	-	2.9	2.9	1.2	140%
Net PAT	18.2	14.5	(0.5)	56.8	89.1	73.7	21%

*Income from operations does not include Excise duty from 1st July, 2017

Balance Sheet

Rs Billion	Mar-19	Mar-18	Incr / (Decr)
Equity & Reserves	624	549	75
Non Controlling Interest	68	52	16
Borrowings - Financial Services	915	752	163
Development Projects	191	178	14
Others	149	145	4
Sources of Funds	1,948	1,676	271
Fixed Assets	134	128	6
Intangible Assets & Investment Property	217	192	25
Loans towards Financing Activities	913	772	141
Finance lease receivable	90	93	(3)
Net Non-Current Assets	180	142	38
Current Investments, Cash & Cash Equivalents	257	175	82
Net Current Assets	156	175	(18)
Application of Funds	1,948	1,676	271
Gross Debt/Equity Ratio	1.8	1.8	
Net Debt/Equity Ratio (Net of cash, bank & current investment)	1.5	1.5	

Cash Flow

Q4 FY19	Q4 FY18	Rs Billion	FY19	FY18
58.4	49.0	Operating Profit	164.1	132.5
15.3	18.3	Changes in Working Capital	(27.0)	(42.3)
(11.9)	(9.1)	Direct Taxes paid	(45.8)	(34.0)
61.8	58.2	Net Cash from Operations (A)	91.3	56.2
(10.7)	(1.0)	Net Investment in Fixed Assets (incl. Intangible)	(34.7)	(20.2)
(40.2)	2.0	Net (Purchase)/ Sale of Long Term investments	(52.8)	1.3
79.0	57.0	Net (Purchase)/ Sale of Current investments	(31.8)	29.1
0.4	(2.0)	Loans/Deposits made with JV/Associate Cos.	(0.5)	(3.9)
4.1	23.0	Interest & Dividend Received	9.9	32.8
32.6	78.9	Net Cash from/(used in) Invest. Act. (B)	(110.0)	39.1
(0.7)	12.1	Issue of Share Capital / Minority	29.0	14.6
(8.9)	(23.9)	Net Borrowings	181.7	127.7
(58.4)	(89.3)	Disbursements towards financing activities*	(138.5)	(156.5)
(8.0)	(6.5)	Interest & Dividend paid	(56.3)	(48.6)
(76.1)	(107.7)	Net Cash from Financing Activities (C)	15.9	(62.8)
18.4	29.5	Net (Dec) / Inc in Cash & Bank (A+B+C)	(2.8)	32.5

* included under Net Cash from operations under statutory financial statements



Share in Profit/(Loss) of JVs/Associates

Q4 FY18	Q4 FY19	Rs Bn	FY18	FY19
0.43	0.55	MHPS JVs	1.54	1.68
(1.35)	(1.98)	IDPL & Subs.	(4.14)	(0.90)
(0.44)	(0.32)	Special Steels and Heavy Forgings	(2.23)	(1.40)
0.19	0.47	Others	0.46	0.41
(1.17)	(1.27)	Total	(4.36)	(0.21)

Concessions Business Portfolio - 14 SPVs



Roads and Bridges:
Portfolio: 10 projects (1048 Km)
10 Operational
Project Cost: Rs 108 bn



Transmission Lines:
Portfolio: 1 project (482 Km)
- Operational
Project Cost: Rs 15 bn

**Balance Equity Commitment
(Mar 2019): Rs 9Bn**

**Equity Invested at SPV level
(Mar 2019): Rs 84Bn**

**Total Project Cost
(Mar 2019): Rs 428Bn**



Power (Excl. Projects under DPR):
Portfolio: 2 projects (1499 MW)
1 Operational
Project Cost: Rs 115 bn



Metros:
Portfolio: 1 project (71.16 Km)
- Under-implementation
Project Cost: Rs 190 bn



Key Orders won during FY19

Order Details	Client	Segment	Region
'Mega' Orders (> Rs 7000 Cr)			
Domestic Airport	Private	B&F & TI	Domestic
South West Gas Fields Development	Sonatrach	Hydrocarbon	International
'Major' Orders (Rs 5000-7000Cr)			
Indira Sagar Project (MP)	NVDA	WET	Domestic
Mumbai Coastal Road (Package 1& 4)	MCGM	Heavy Civil	Domestic
Some 'Large' Orders (Rs 2500-5000Cr)			
Hyderabad International Airport	GHIAL	B&F	Domestic
Terminal-2 of the Kempegowda International Airport	BIAL	B&F	Domestic
Bangalore Metro Phase-II	BMRC	Heavy Civil	Domestic
Dhaka Mass Rapid Transit Development Project	DMTC	TI	International
MEG & ERU Package at IOCL Paradip Refinery	IOCL	Hydrocarbon	Domestic
Fertilizer plant at Barauni & Sindri	HURL	Hydrocarbon	Domestic
Export gas strategic pipeline-Kuwait	KOC	Hydrocarbon	International