



24th January, 2019

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Corporate Relationship Department
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Mumbai 400 001.
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Fax: 022 2272 2039/3121
Scrip Code: 532538

The Manager
Listing Department
The National Stock Exchange of India Limited
"Exchange Plaza", Bandra-Kurla Complex,
Bandra (East), Mumbai 400 051.
Tel.: 26598236
Fax: 2659 8237 / 38.
Scrip Code: ULTRACEMCO

Dear Sirs,

Sub: Investor Presentation for the quarter ended 31st December, 2018

Attached is an investor presentation on the performance of the Company for the quarter ended 31st December, 2018.

The same is for your information, please.

Yours faithfully,

A handwritten signature in blue ink, appearing to read "S. K. Chatterjee".

S. K. Chatterjee
Company Secretary

Encl: A/a



UltraTech Cement Limited

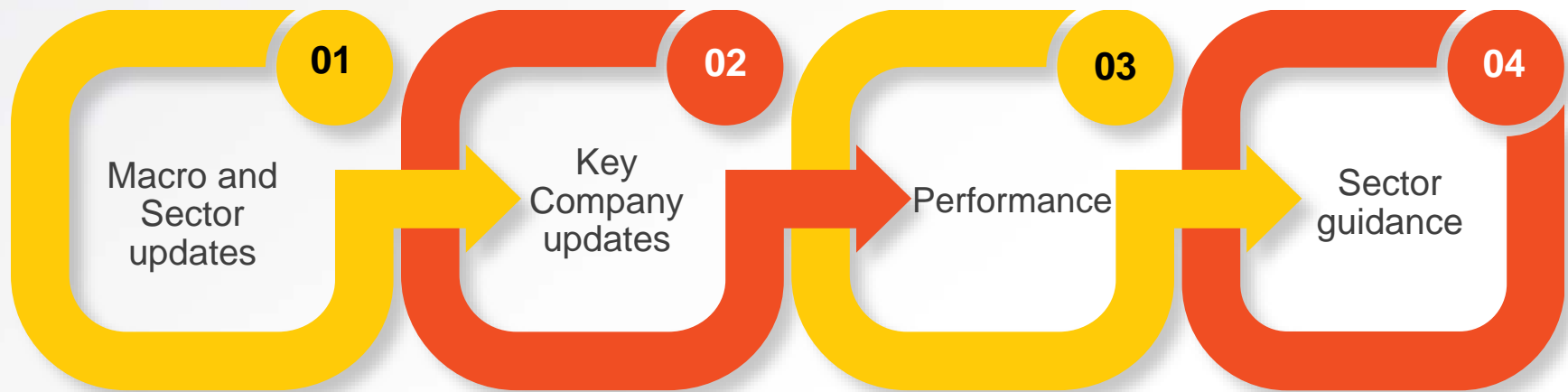


UltraTech Cement Limited

Earnings Q3 FY19

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

CONTENTS



GLOSSARY

MNT – Million metric tons **LMT** – Lac metric tons **MTPA** – Million tons 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

01

01

India's Q2 GDP growth at **7.1%** v/s 8.2% in Q1 FY19
Estimated growth for the year: ~7.3%

02

IIP growth for April-November'18 period: **5%** (LY: 3.2%)

03

Crude price corrected **~10%** over Q2 FY19

04

Rupee devaluation against USD **~3%** over Q2 FY19

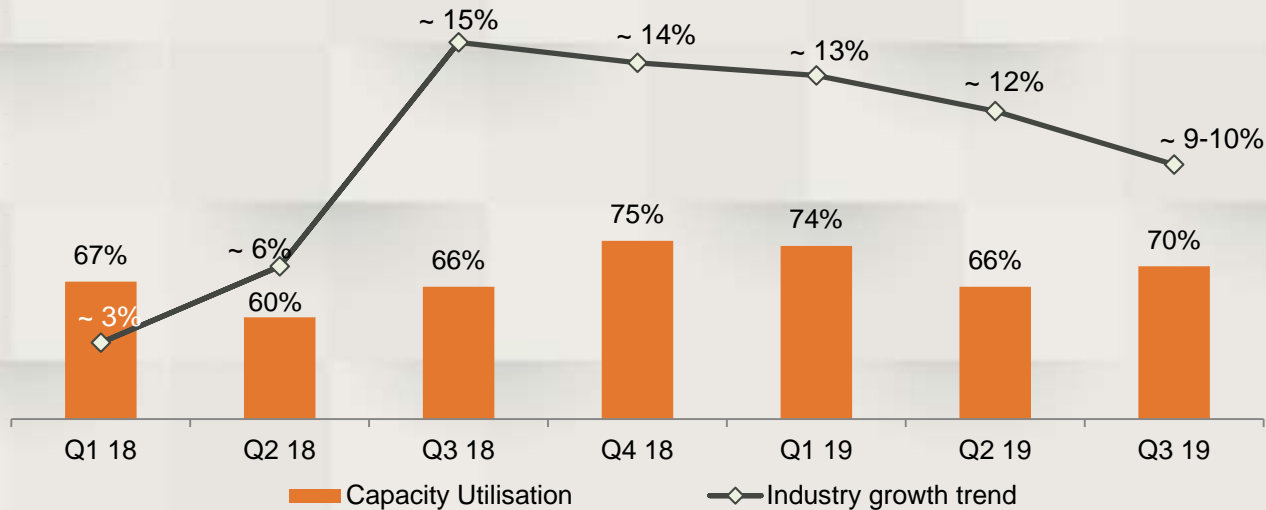
05

WPI at **4.7%** v/s 5% in Q2 FY19

SECTOR UPDATE

02

Industry demand growth and capacity utilization trend



Demand growth continued above GDP

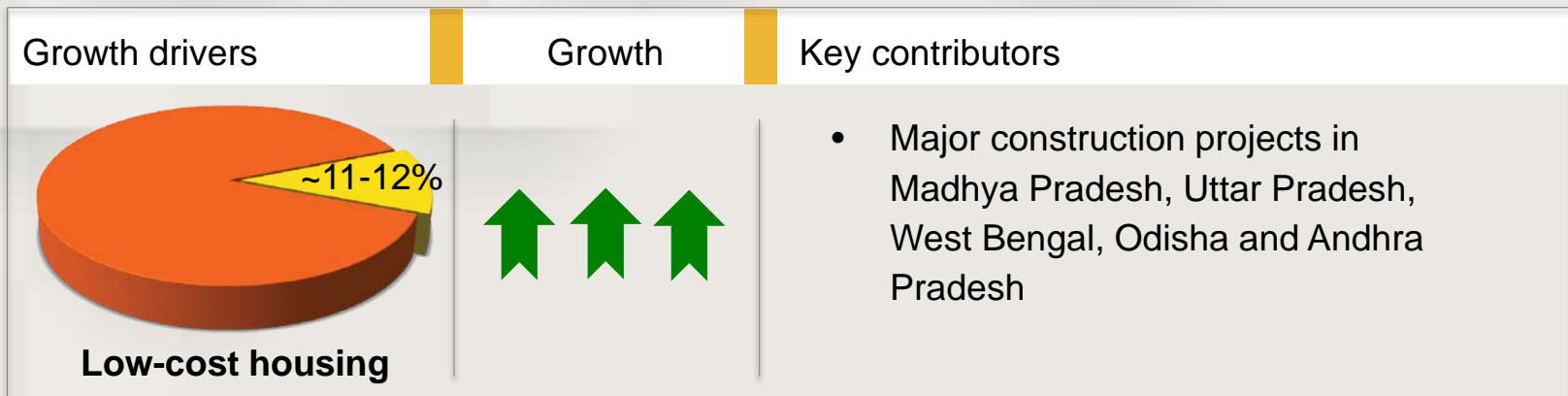
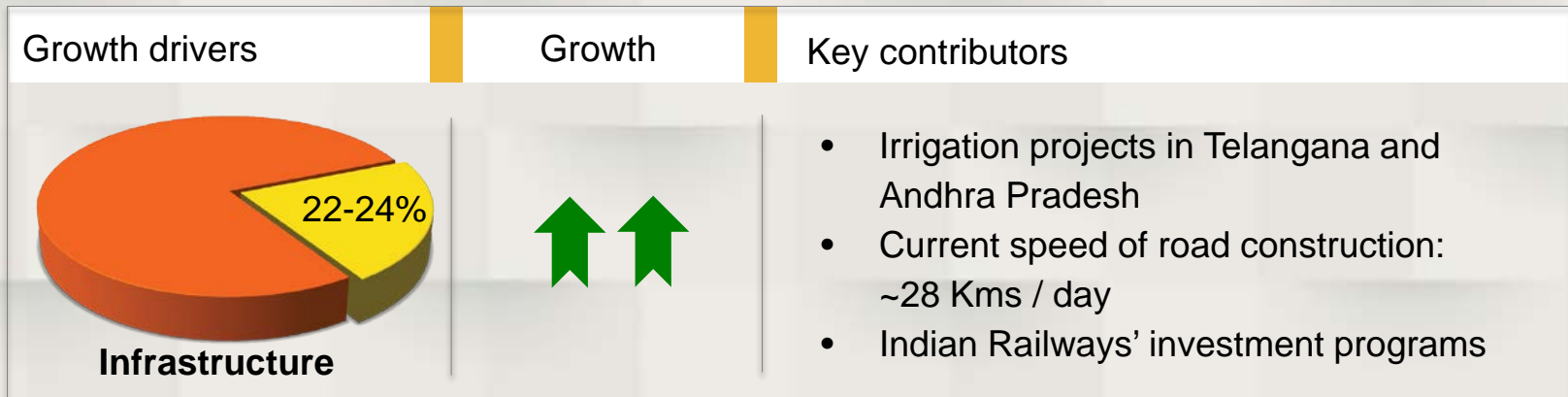
Festive season & state elections moderated growth for the quarter

Improvement in capacity utilization with demand growing faster than new supply

SECTOR UPDATE

03

Key cement industry growth drivers

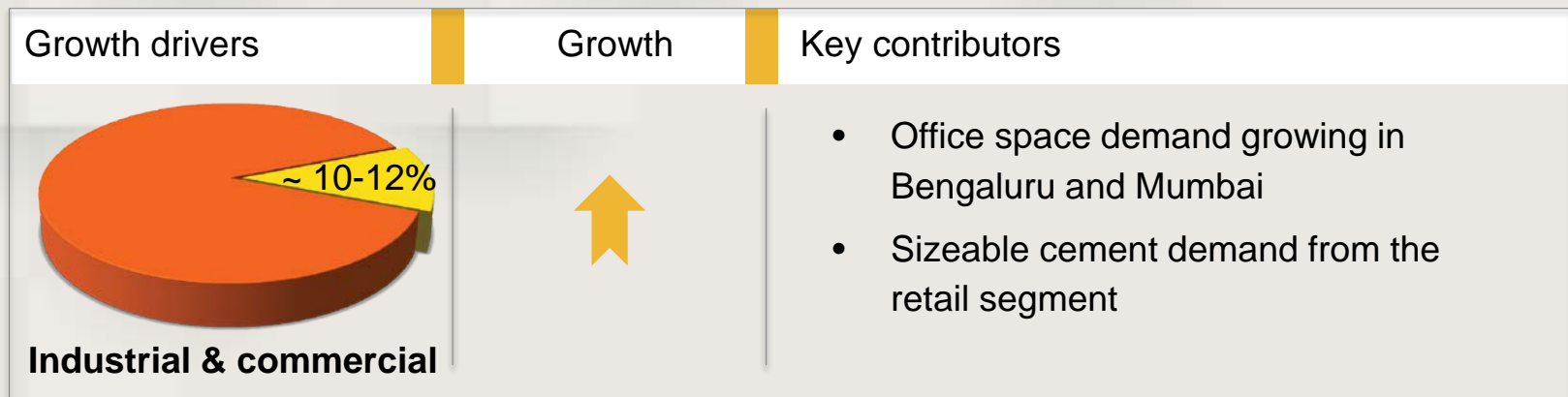
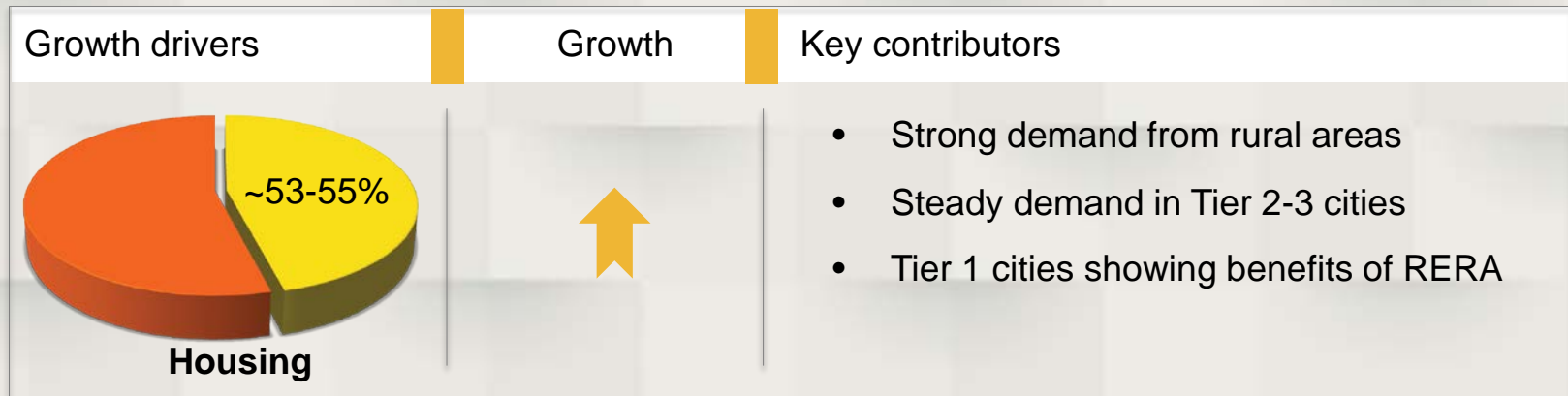


Government spending contributes 33-36% of total demand

SECTOR UPDATE

04

Key cement industry growth drivers



Cement demand profile is changing

STATE-WISE PERFORMANCE

05

State/Region	Vol. Gr.	I	LCH	RH	UH	C	Key drivers
Haryana	↓	●	●	●	●	●	NGT construction ban impacted demand
Delhi + NCR	↑	●	●	●	●	●	Infrastructure and IHB
Punjab	↑	●	●	●	●	●	Panchayat elections
Himachal Pradesh	↑	●	●	●	●	●	Early onset of winter impacted demand
Rajasthan	↑	●	●	●	●	●	Infrastructure and PMAY
North	↑	●	●	●	●	●	Infrastructure and IHB
Madhya Pradesh	↑	●	●	●	●	●	Impact of State elections & festive season
Uttar Pradesh	↑	●	●	●	●	●	Rural
Central	↑	●	●	●	●	●	Rural activities
Maharashtra	↑	●	●	●	●	●	Infrastructure and Affordable Housing
Gujarat	↓	●	●	●	●	●	Weak rural demand
West	↑	●	●	●	●	●	Infrastructure

Key growth driver: Infrastructure Spending.

Festive season impacted demand in some States

*I: Infrastructure, LCH: Low-cost housing, RH: Rural housing, UH: Urban housing, C: Commercial, IHB: Individual Home Builder
PMAY: Pradhan Mantri Awas Yojana.*

STATE-WISE PERFORMANCE

06

State / Region	Vol. Gr.	I	LCH	RH	UH	C	Key Drivers
West Bengal	↑	●	●	●	●	●	Infrastructure and PMAY
Bihar	↑	●	●	●	●	●	Infrastructure and IHB
Jharkhand	↑	●	●	●	●	●	Infrastructure and PMAY
Odisha	↑	●	●	●	●	●	Infrastructure and Rural
Chhattisgarh	↓	●	●	●	●	●	Impact of State elections
East	↑	●	●	●	●	●	Infrastructure, IHB and PMAY
Andhra Pradesh / Telangana	↑	●	●	●	●	●	Amravati Development, Irrigation & Infrastructure and IHB
Karnataka	↑	●	●	●	●	●	Commercial
Tamil Nadu	↑	●	●	●	●	●	Infrastructure and Rural Housing
Kerala	↑	●	●	●	●	●	Pots floods rehabilitation work
South	↑	●	●	●	●	●	Infrastructure and Rural Housing

Key growth driver: Infrastructure Spending & PMAY

I: Infrastructure, LCH: Low-cost housing, RH: Rural housing, UH: Urban housing, C: Commercial, IHB: Individual Home Builder PMAY: Pradhan Mantri Awas Yojana.

SECTOR UPDATE – CEMENT PRICES

07

Challenging price environment

Surplus capacity

Average cement prices dropped ~ 1-2% compared to the preceding quarter

Zonal cement price movements:

Southern India

Dropped
~ **2-3%**



Eastern India

Dropped
~ **1-2%**



Western &
Central India

Marginal
reduction



Northern India

Marginal
improvement

ULTRATECH UPDATES – ACQUIRED ASSETS

08

Completed integration of the 21.2 mtpa capacity acquired in 2017

Plants operational parameters at par or better than UltraTech existing plants standard

Carried out major overhauling in one of the plant in Central Region - cost benefit to reflect from Q4 FY19

Plants operating consistently at ~ 75% capacity utilization

Synergies in logistics management helped improve profitability

Achieved EBITDA per ton in line with existing assets (excluding structural cost gaps)

**Supreme court sanctioned resolution plan to acquire Binani Cement on 19th November'18
(Renamed : UltraTech Nathdwara Cement Limited – “UNCL” w.e.f. 13th December'18)**

Acquisition completed on 20th November'18

UNCL's Capital Structure	Rs. Crores
Equity infusion by UltraTech from internal accruals	3,400
Total Debt	4,500
Total cash inflows in UNCL	7,900

ULTRATECH UPDATES

10

Key steps taken for the integration of UltraTech Nathdwara (“UNCL”)

Undertook initial equipment upgradation and improvement measures

01

Optimized raw material mix to emulate UltraTech Cement’s quality standards

02

Gradually started using pet coke

03

Kick started the integration of UNCL’s dealers with the Company’s existing network

04

Launched UltraTech brand from UNCL
10th December, 2018

05

Commenced contract manufacturing of cement for UltraTech at UNCL on a cost-plus basis

06

UNCL people integration in process

07

Integration to complete by Q1 FY20

ULTRATECH UPDATES

11

Update on acquisition of assets belonging to Century Cement

Admission of petition with National
Company Law Tribunal (NCLT) :
13th Feb'19

Order approving Scheme by
NCLT : Mar'19

The next step: Complete the transfer of limestone mines

Likely closure : Q1 FY20

Likely Record Date for share-swap:
Q1 FY20

Transition plan initiated for the integration of Century Cement assets

Q3 STANDALONE PERFORMANCE HIGHLIGHTS

12

17.1 : +14%

Growth

Domestic sales volume
(million tons)

8,685 : +18%

Growth

Turnover
(Rs. Crores)

1,390 : +10%

Growth

Operating EBITDA
(Rs. Crores)

449 : +7%

Growth

PAT
(Rs. Crores)

KEY FACTORS FOR Q3 PERFORMANCE

13

01

- No meaningful increase in cement prices
- Major market witnessed drop in prices over Q2

02

- Logistics costs increased following applicability of the 15% busy season surcharge by the Indian Railways
- Diesel prices average consumption rate increased ~ 3% over Q2

03

- Pet coke consumption at peak material prices
- Impact of peak exchange rates (INR / USD)

04

- Maintenance costs increased following one-time improvement initiative for an acquired plant in Central India
- Annual Maintenance for additional 11 clinker lines

Q3 STANDALONE SALES PERFORMANCE

14

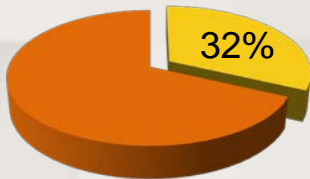
Mnt

Particulars	Q3			9M		
	CY	LY	%	CY	LY	%
Capacity (mtpa)	88.5	85.0	4	88.5	85.0	4
Domestic sales	17.1	15.1	14	49.1	40.1	22
Exports and others	0.8	0.7	13	2.2	2.1	5
Total	18.0	15.9	14	51.2	42.2	21

Consistently growing higher than industry average

OPERATING COSTS

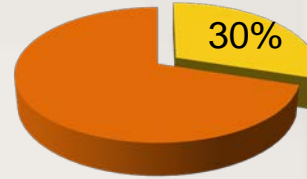
15



Logistics cost up 4%
y-o-y to Rs. 1169/t

Reasons

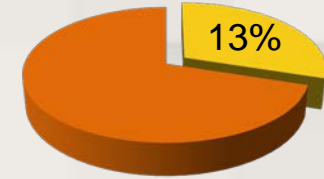
- Increased diesel prices
- Poor availability of rakes reduced share of rail dispatches



Energy costs up 16%
y-o-y to Rs. 1105/t

Reasons

- Increase in pet coke cost ~ 11%
- Impact of currency depreciation against USD



Raw Materials costs up 3%
y-o-y to Rs. 491/t

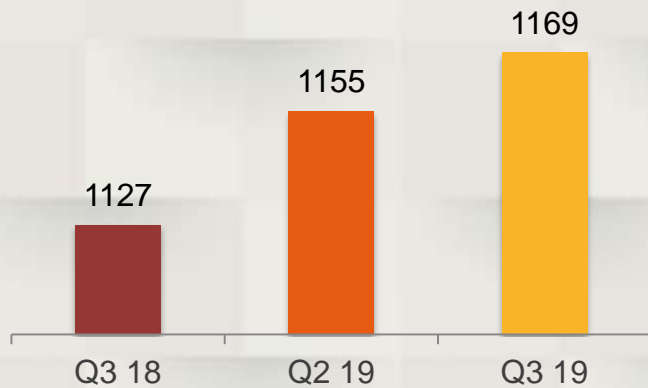
Reasons

- Additional royalty impact
- Increased additive prices

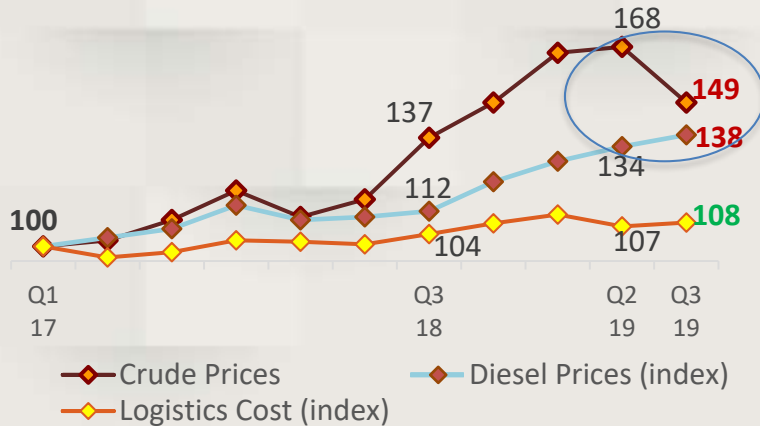
Increase in costs was partly offset with enhanced efficiencies
Moderation in pet coke and crude prices should benefit Q4 FY19 onwards

LOGISTICS COST TRENDS

Logistics Cost (Rs/t)



Logistics Costs v/s Diesel Prices



Q-o-Q Costs increased 1%

Applicability of 15% busy season surcharge of the Indian Railways amounting (Impact: Rs. 40/t)

Effective diesel consumption prices higher ~ 3% (Impact: ~ Rs. 10/t)

Benefits from relaxation of axle load norms (~ 2% of road freight) and Lead optimization (~ 2%)

Y-o-Y cost increased 4%

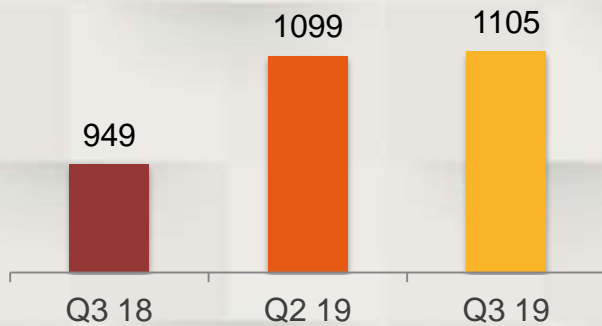
Increase in diesel prices ~ 21% (Impact: Rs. 35/t)

Reduction in rail share ~ 3%

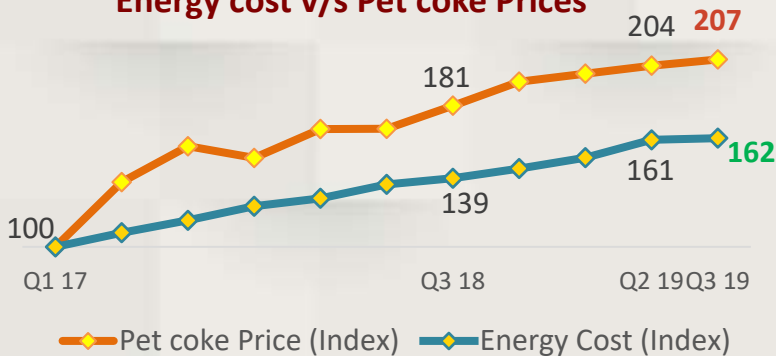
Average lead reduced ~ 6%

ENERGY COST TRENDS

Energy Cost (Rs/t)



Energy cost v/s Pet coke Prices



Q-o-Q costs almost flat

Usage of high cost pet coke inventory ~ 2%

Reduction in power consumption ~ 3%

Improved thermal power plant efficiencies ~1%

Y-o-Y cost increased 16%

Consumption of pet coke at peak rate US\$ 116/t (+ 11%)

Higher customs duty payable on pet coke

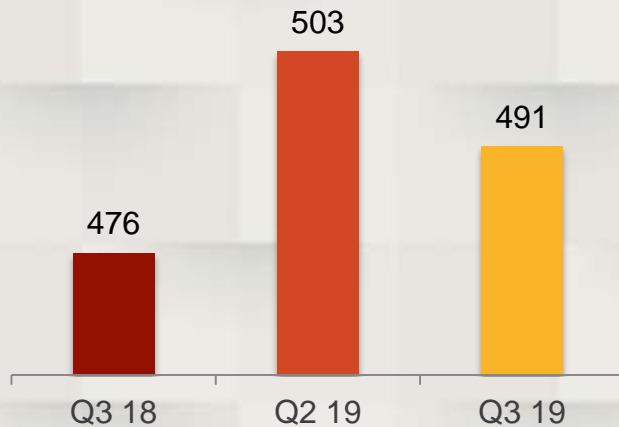
Increase usage of green power to 8.5% (+ 1%)

Continuous reduction in power consumption (~ 1%)

RAW MATERIALS COST TRENDS

18

Raw Materials Cost (Rs/t)



Q-o-Q costs declined **3%**

Gain from launch of
Composite Cement

Optimised Raw
material sourcing

Y-o-Y costs increased **3%**

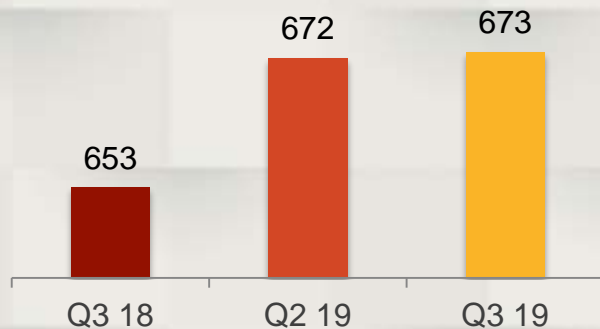
Additional limestone
royalty impact ~3%

Raw mix optimization
supported to mitigate
the impact of increased
additives prices

OTHER COSTS TRENDS

19

Other Costs (Rs/t)

Q-o-Q costs almost **flat**

One-time exceptional
plant improvement
costs (~ 3%)

Annual maintenance
costs for 11 clinker lines
(Rs. 80/t v/s Rs. 100/t in
Q2 FY19)

Cost increase offset by higher overheads absorption on increased sales volume

INCOME STATEMENT Q3 FY19

20

Rs. Crs.

Consolidated			Particulars	Standalone		
CY	LY	▲ %		CY	LY	▲ %
9258	7779	19	Revenues (net of taxes)	8685	7352	18
1548	1494	4	EBITDA	1515	1425	6
17%	19%	(2)	Margin (%)	17%	19%	(2)
415	359	(16)	Finance costs*	370	347	(7)
557	496	(12)	Depreciation**	511	474	(8)
577	639	(10)	PBT	633	603	5
186	182	(2)	Tax expenses	184	182	(1)
(3.2)	0.4		Minority interest	-	-	-
394	456	(14)	PAT	449	421	7
14.3	16.6	(14)	EPS (Rs.)	16.4	15.4	7

* CY finance costs include interest on debt raised for UNCL acquisition.

** CY consolidated depreciation include additional depreciation for UNCL on fair value basis (provisional).

Standalone Revenues improved 18% Y-o-Y

FINANCIAL POSITION

21

Rs. Crs.

Consolidated		Particulars	Standalone	
31.12.18*	31.03.18		31.12.18	31.03.18
27694	26397	Shareholders' funds	27026	25923
24421	19480	Loans	19196	17420
3395	3173	Deferred tax liabilities	3394	3174
55511	49051	Sources of funds	49615	46517
46693	42296	Fixed assets	40282	40782
3030	1036	Goodwill	-	-
2409	5453	Investments	8152	6163
3379	265	Net working capital & Loans	1181	(428)
55511	49051	Total application of funds	49615	46517
22051	14062	Net debt	17079	12007

* CY Consolidated numbers is inclusive of UNCL on provisional fair value basis.

SECTOR OUTLOOK

22

Demand expected to grow above the national GDP growth rate

Demand drivers Infrastructure & Government Housing program	Demand drivers Rising rural housing demand	Price drivers Demand growth higher than incremental capacity
Key concerns General Elections, 2019	Key concerns Weak off-take of urban housing in Tier-II and III centers	Key concerns Excess capacity in the sector

DISCLAIMER

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.

UltraTech Cement Limited

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