

SEC/PAM/2018

July 25, 2018

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

**Sub.: Q1/ FY19 Analyst Presentation.**

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 Q1/FY19 which will be uploaded on our Investor Website <https://investors.larsentoubro.com/>

We request you to take note of the same.

Thanking you,

Yours faithfully,  
for **LARSEN & TOUBRO LIMITED**



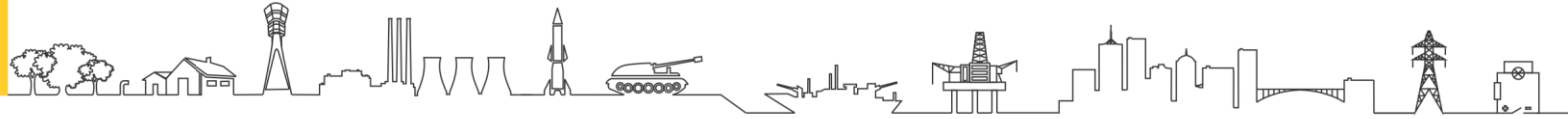
**N. HARIHARAN**  
**EXECUTIVE VICE PRESIDENT &**  
**COMPANY SECRETARY**  
**(ACS 3471)**

Encl : as above



Q1 FY19  
July 25, 2018

# 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

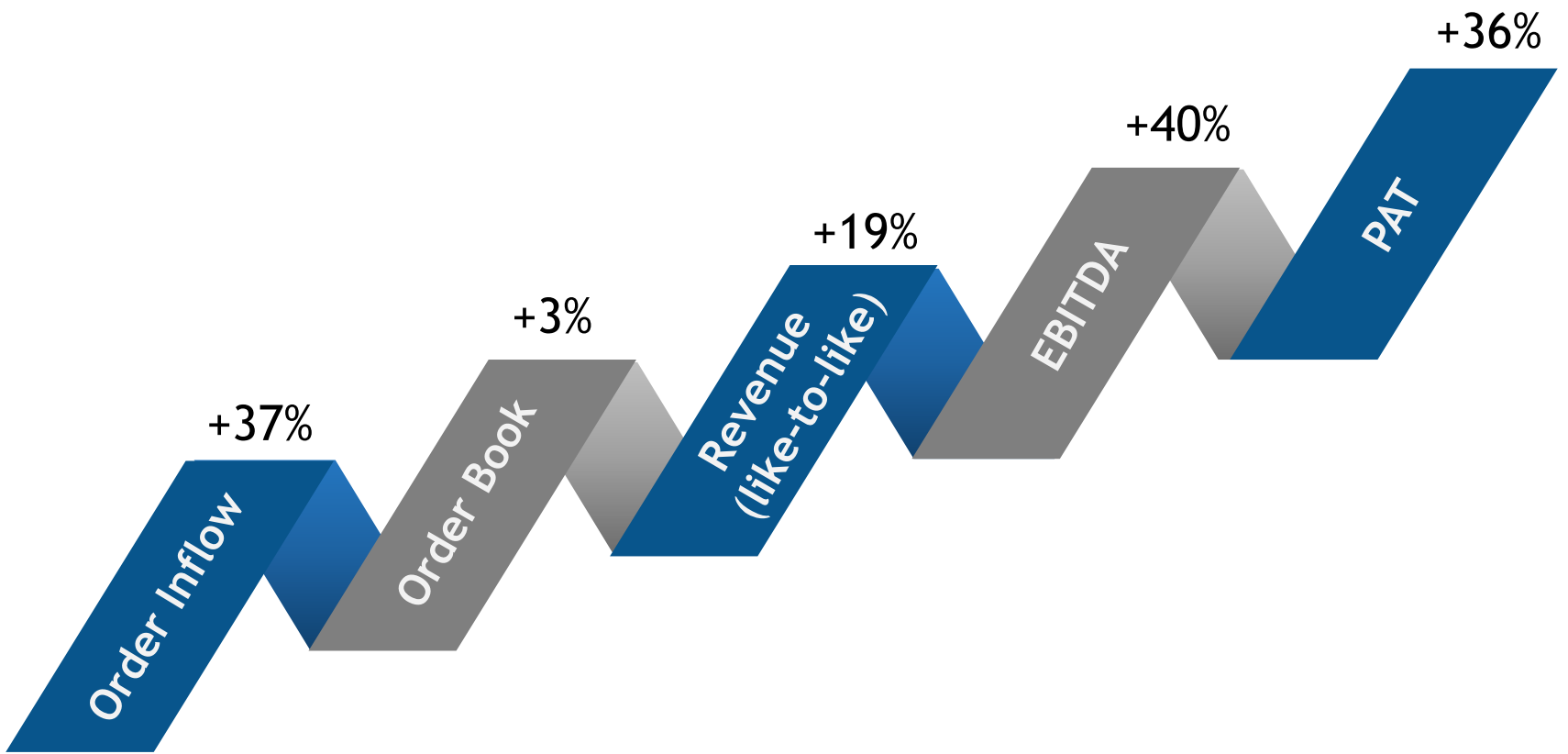
Segment / Key Subsidiaries

04

The Environment & the Outlook



# Performance Highlights -Q1 FY19






## Key Financial Indicators

Amount in ₹ bn

Particulars	Q1 FY18	Q1 FY19	% Var
Order Inflow	264	361	37%
Revenue from Operations (like-to-like)	238	283	19%
EBITDA	21	29	40%
PAT	9	12	36%
Net Working Capital		20.0%	
RONW (TTM) (%)		14.6%	



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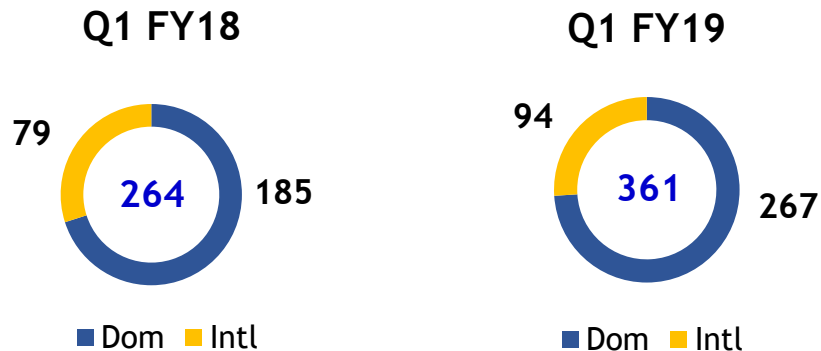
04

The Environment & the Outlook

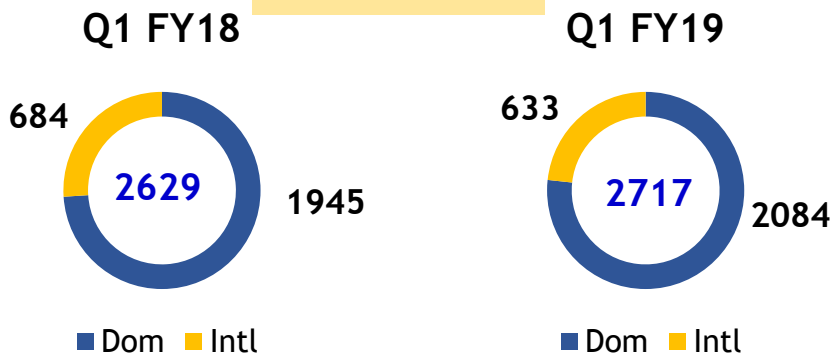
# Q1 FY19 Order Inflow/Order Book

Amount in ₹ bn

## Order Inflow

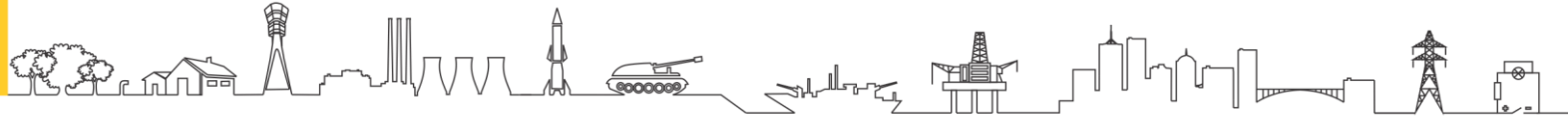


## Order Book



- Tendering activity strong in domestic market; International opportunities improve
- Public sector continues to drive order inflows. Private sector on wait & watch mode
- Order Inflow growth mainly driven by Infrastructure, Heavy Engineering & Hydrocarbon
- Large Order Book is a hedge against cyclicity





## Group Performance - Sales & Costs

₹ Billion	Q1 FY18	Q1 FY19	% Var
<b>Revenue (like-to-like)</b>	<b>238</b>	<b>283</b>	19%
<i>International Revenue %</i>	35%	<b>34%</b>	0%
MCO Exp.	153	<b>173</b>	13%
Fin. Charge Opex*	14	<b>17</b>	19%
Staff Costs	35	<b>43</b>	21%
Sales & Admin.	17	<b>22</b>	30%
<b>Total Opex</b>	<b>219</b>	<b>254</b>	16%

- Growth primarily contributed by Infra, Hydrocarbon and services businesses
- MCO charge contained through cost optimisation and operating efficiencies
- Resource augmentation in Services business drives staff cost rise
- Increase in SGA expenses due to Cost Provisions & Business Development expenses

\* Finance cost of financial services business and finance lease activity



## Group Performance - EBITDA to PAT

₹ Billion	Q1 FY18	Q1 FY19	% Var	FY 18
<b>EBITDA</b>	<b>21</b>	<b>29</b>	<b>40%</b>	<b>136</b>
Fin. Cost	(4)	(4)	0%	(15)
Depreciation	(6)	(6)	17%	(19)
Other Income	4	2	-33%	14
Tax Expense	(5)	(9)		(32)
JV/S&A PAT Share	(0)	3		(4)
Non-controlling Int.	(1)	(3)	90%	(6)
Exceptional items				1
<b>PAT</b>	<b>9</b>	<b>12</b>	<b>36%</b>	<b>74</b>

- Services business drives EBITDA growth
- Finance Cost commensurate with debt levels
- Other income mainly comprises treasury earnings; adversely affected by rising interest rates



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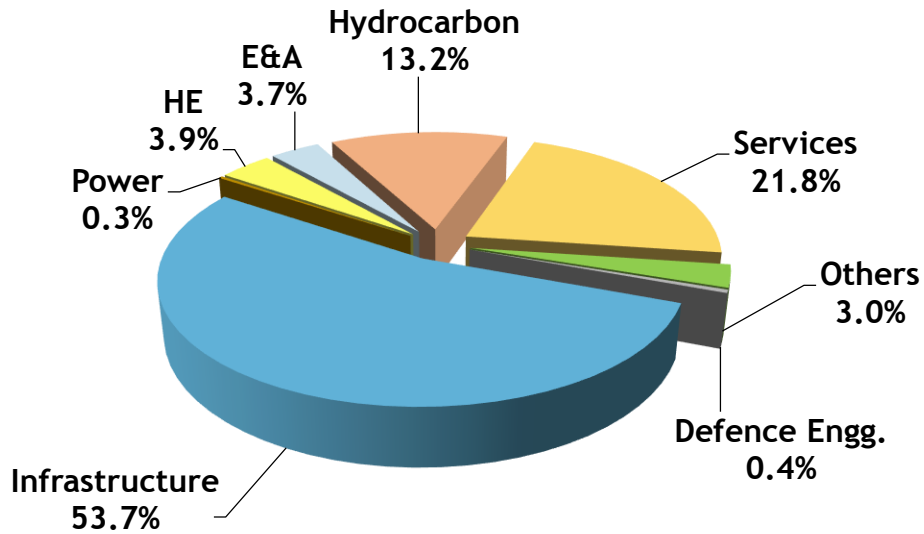
The Environment & the Outlook

# Segment Composition

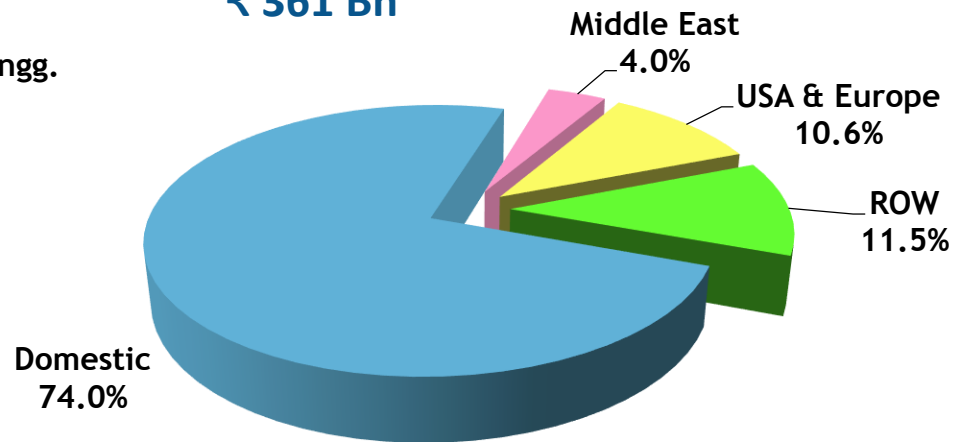
 Infrastructure	 Power	 Heavy Engineering	 Electrical & Automation	 Defence Engineering
Buildings & Factories (B&F)	EPC- Coal & Gas	Process Plant Equipment	Electrical Standard Products	Defence
Transportation Infra (TI)	Thermal Power Plant Construction	Nuclear Power Plant Equipment	Electrical Systems & Equipment	Aerospace
Heavy Civil infra (HC)	Electrostatic Precipitator	Piping Centre & Forgings *	Metering & Protection	Shipbuilding
Water & Effluent Treatment (WET)			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

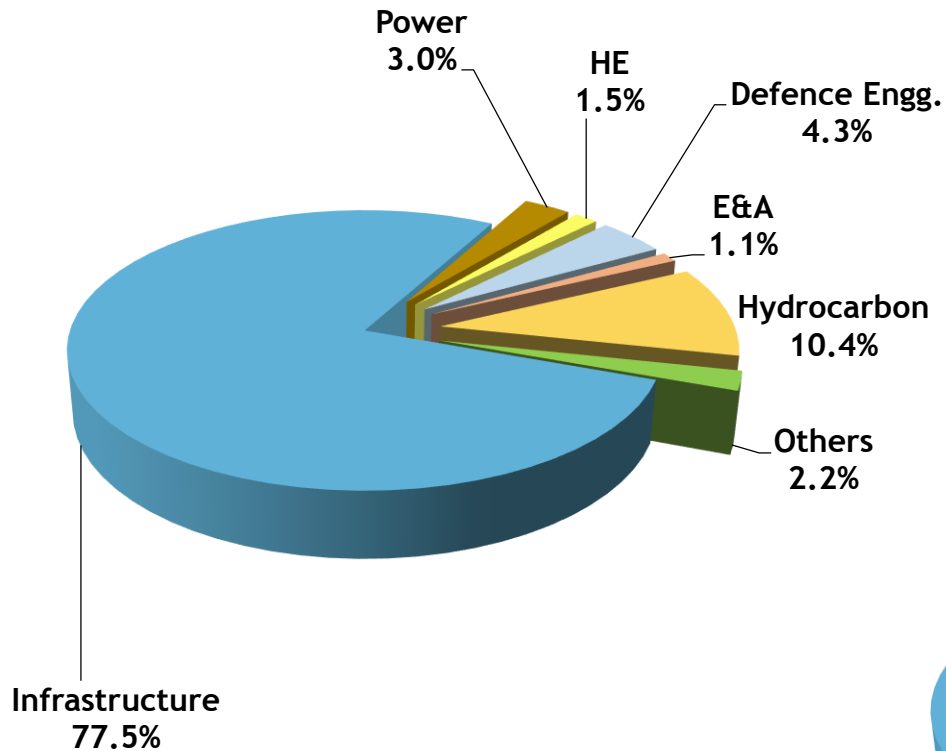
# Q1 FY19 Order Inflow Composition



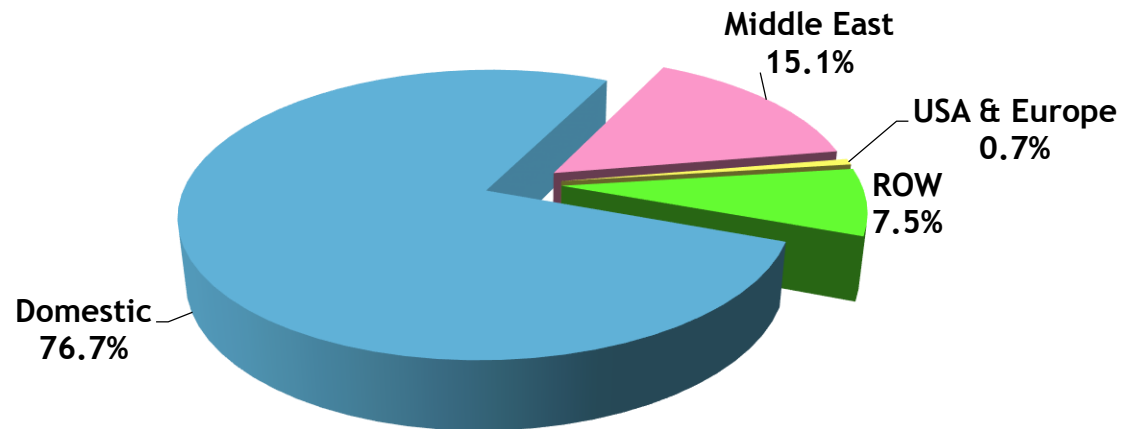
## Order Inflow ₹ 361 Bn



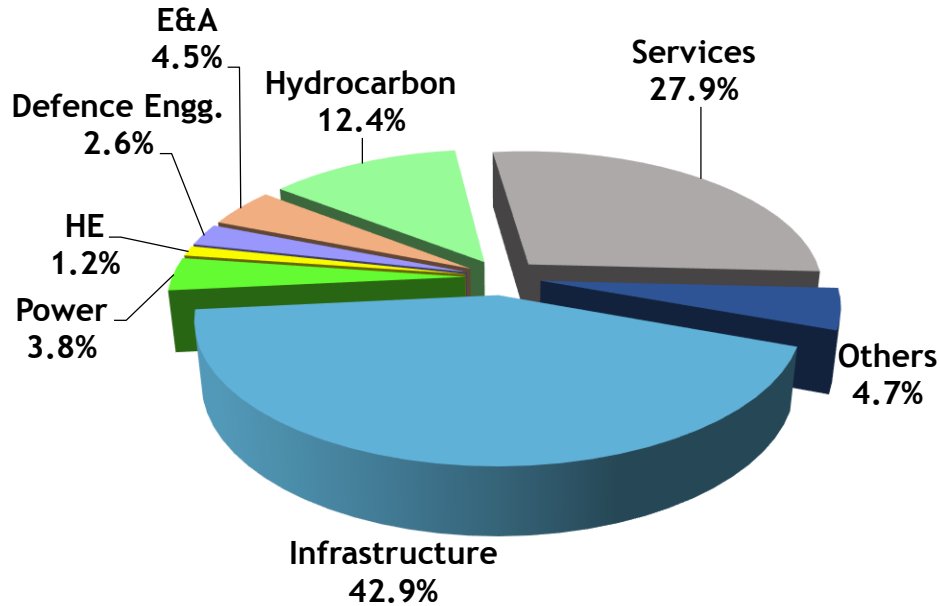
# Q1 FY19 Order Book Composition



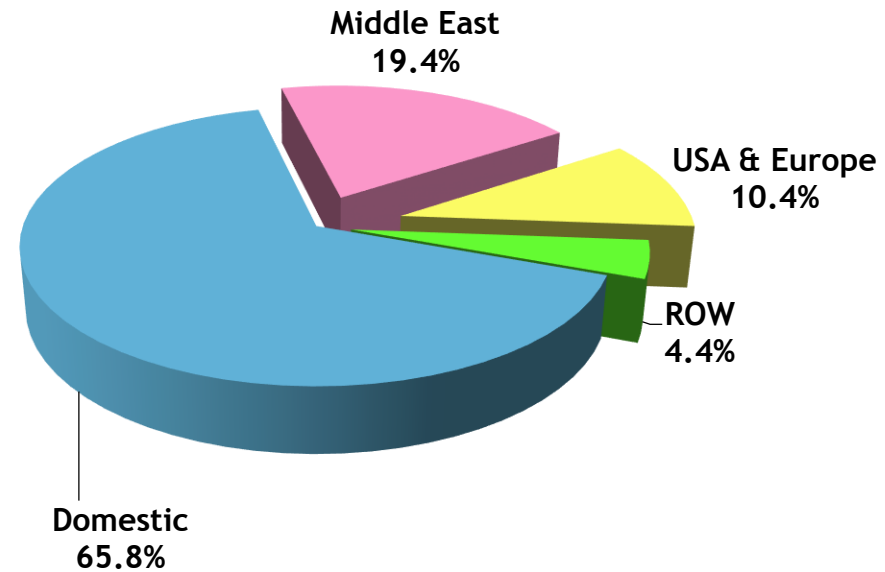
**Order Book**  
**₹ 2717 Bn**



# Q1 FY19 Revenue Composition



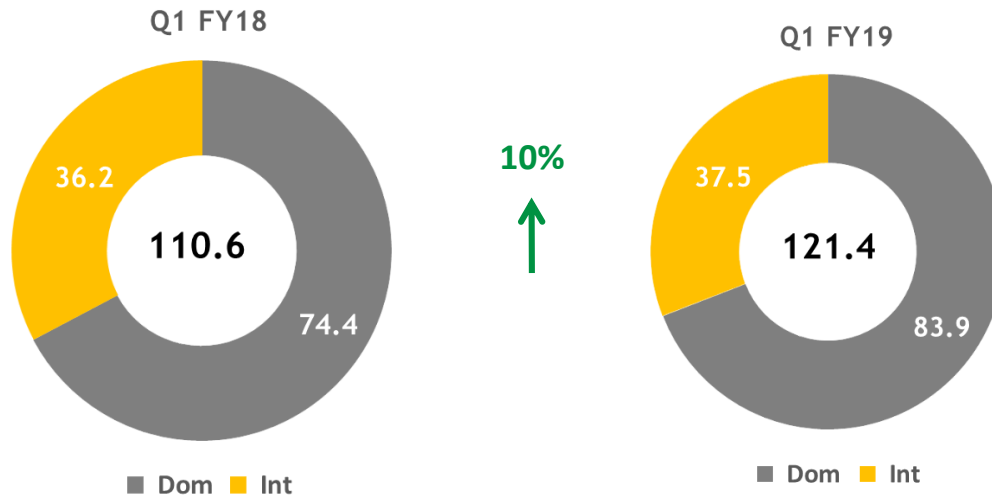
Revenue  
₹ 283 Bn



# Infrastructure Segment

Amount in ₹ bn

## Net Revenue



- MMH reclassified from Others to Infra Segment
- Heavy Civil, Water & TI contribute to revenue growth
- Revenue expansion led by pick up in execution
- Margin reflects stage of execution & job mix

7.1%

EBITDA Margin

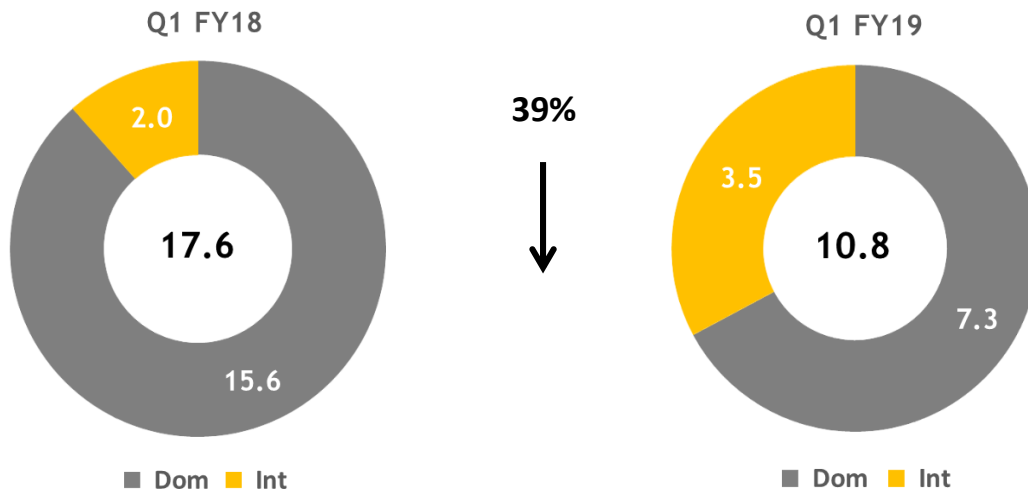
6.8%



# Power Segment

Amount in ₹ bn

## Net Revenue



1.3%

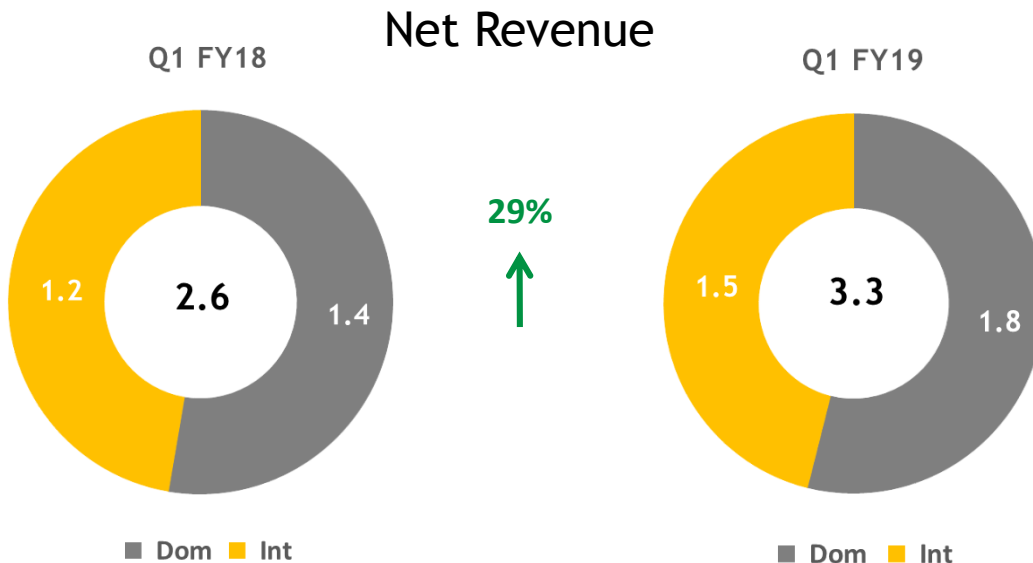
EBITDA Margin

4.1%

- Limited opportunities and aggressive competition in the sector continues to impact order inflows
- Revenue decline reflects shrinking domestic order book
- International jobs supplement domestic revenues
- Margins benefited by ECL writeback on better working capital management
- Profits of MHPS and other JV companies are consolidated at PAT level under equity method

# Heavy Engineering Segment

Amount in ₹ bn



- Demand for Oil & Gas and Nuclear Power equipment drives revenue growth
- Segment benefits from stage of execution and settlement of claims

12.3%

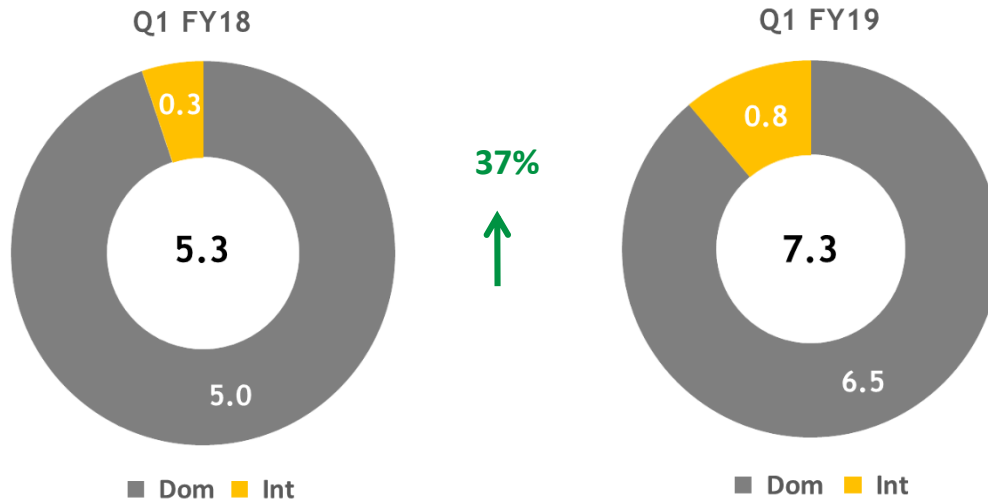
EBITDA Margin

36.1%

# Defence Engineering Segment

Amount in ₹ bn

## Net Revenue



- Growing Order Book driving Revenue growth
- Low utilisation of Shipyard capacity continues to impact segment performance
- PY included shipbuilding inventory write down

**-4.4%**

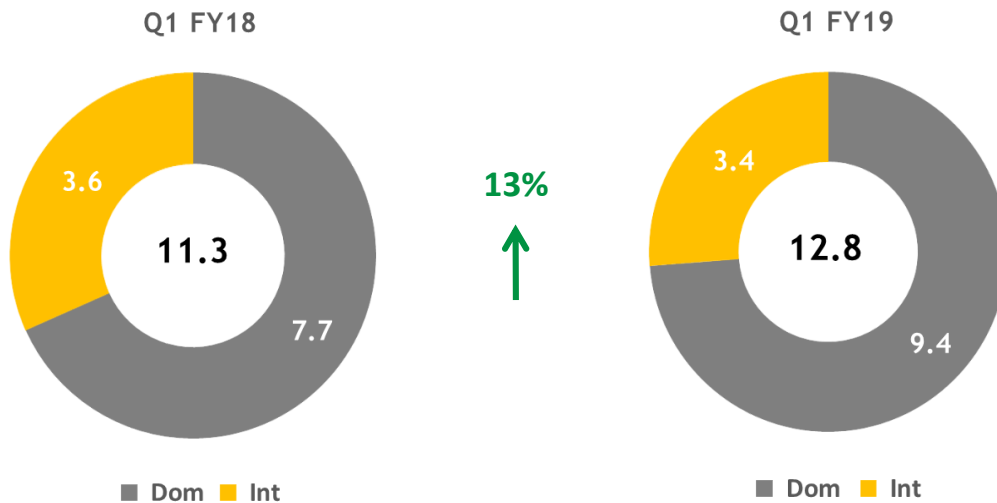
EBITDA Margin

**11.1%**

# Electrical & Automation Segment

Amount in ₹ bn

## Net Revenue



- Like-to-like Revenue growth of 13% after adjusting for Excise Duty (subsumed under GST from July 1, 2017)
- Product business contribute to growth
- Margin growth led by operational efficiencies & improved realisations in product business

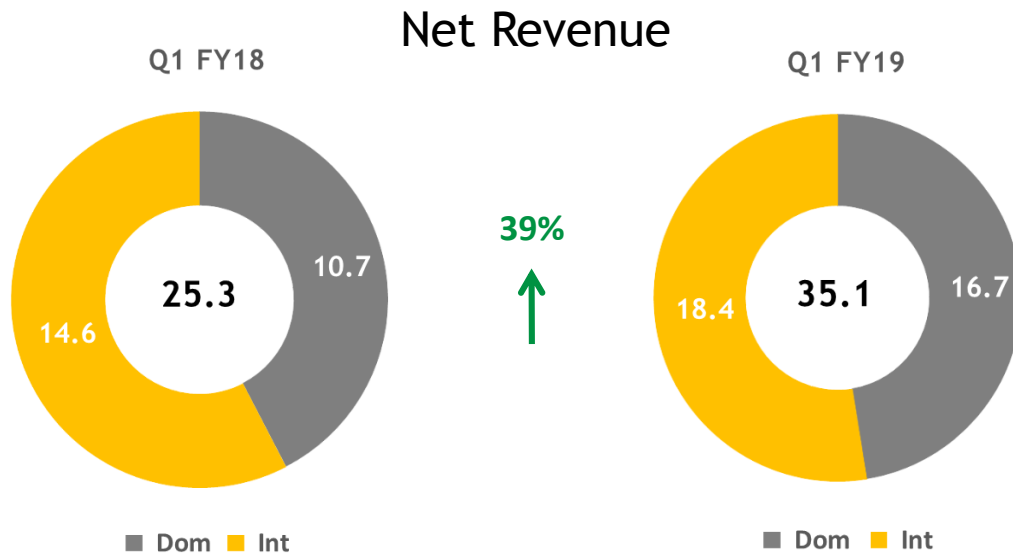
10.3%

EBITDA Margin

13.3%

# Hydrocarbon Segment

Amount in ₹ bn



6.8%

EBITDA Margin

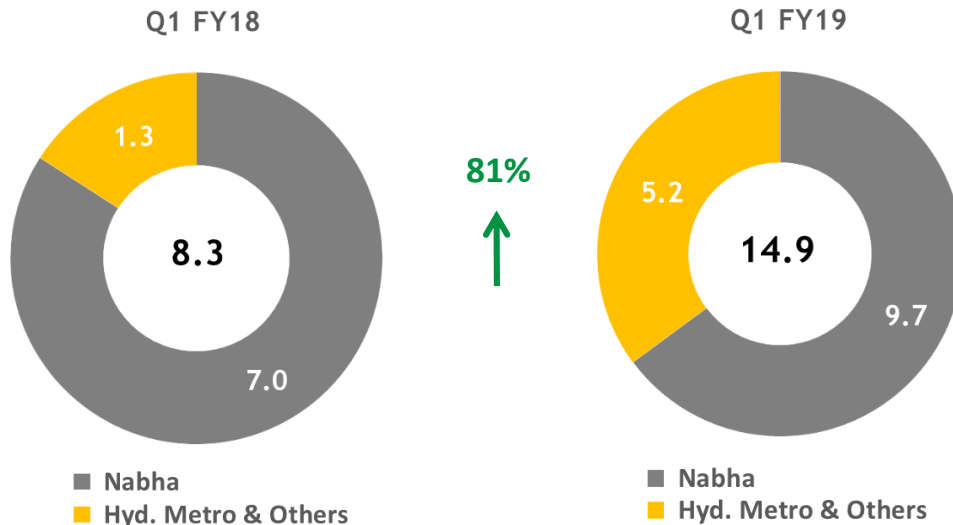
7.0%

- Tendering activity pick up in domestic & International markets
- CY order wins from domestic market
- Robust Order Book and efficient execution lead to strong revenue growth
- Margin variation due to operational efficiencies & job stage mix

# Developmental Projects Segment

Amount in ₹ bn

## Net Revenue



**-4.1%**

**EBITDA Margin**

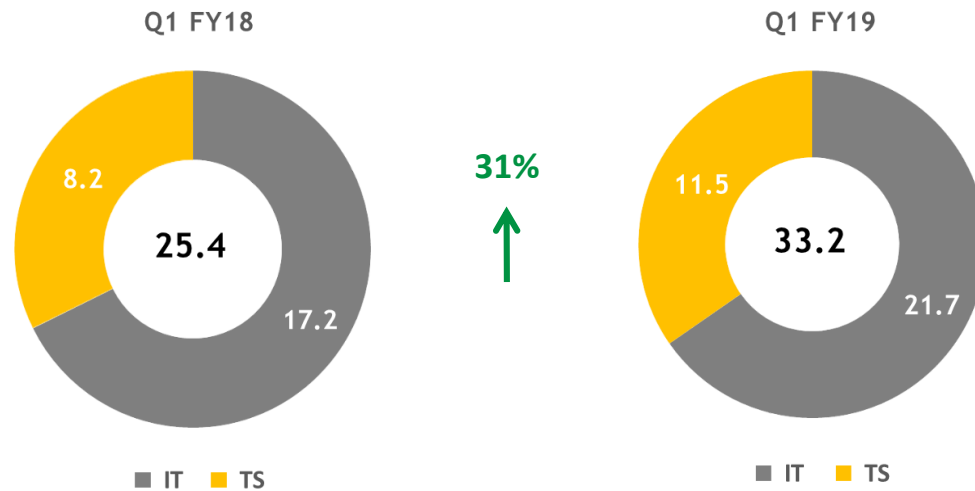
**30.4%**

- Segment includes Power Development business ,Hyderabad Metro & Kattupali Port
- Nabha Power revenue enhanced by PLF in CY & non-accrual of washing charges in PY
- Hyderabad Metro: Partial CoD of 30Km in Nov 2017
- EBITDA margins positively impacted by value monetisation of Kattupalli Port
- IDPL (Roads & TL) consolidated at PAT level under Equity method
- 5 Road Concessions divested to Investment Trust in Q1FY19

# IT & Technology Services Segment

Amount in ₹ bn

## Net Revenue



21.5%

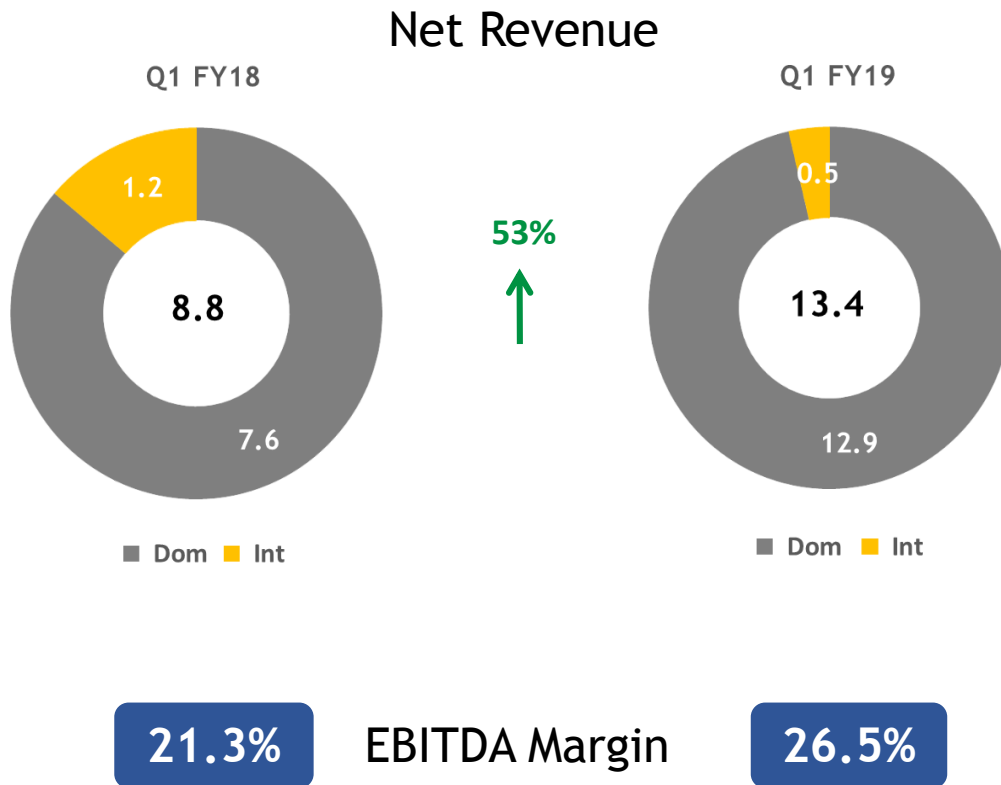
EBITDA Margin

24.8%

- Both LTI & LTTS continue their growth momentum
- Focus on client mining and product offerings based on Digital & Other new technologies
- LTI Q1 revenue growth led by BFS, High-Tech, Media & Entertainment and CPG, Retail & Pharma Verticals
- LTTS Q1 revenue growth led by Telecom & Hi-Tech vertical, Transportation & Process Industry verticals
- EBITDA Margin growth through operational efficiencies

# Others Segment

Amount in ₹ bn



- Segment comprises Industrial Products & Machinery (IPM) and Realty business
- Lower offtake impacted IPM business
- Revenue & Margin growth contributed by Realty business - largely due to Adoption of Completed Contract Method under new Accounting Standard (IND AS -115)
- EBITDA margin excludes provision for a disputed project in realty business





₹ Bn	Q1 FY18	Q1 FY19	% Var
Total Income	24.3	31.8	31%
PAT	3.1	5.4	71%
Mutual Fund Average AUM	444.8	711.2	60%
Loan Book	696.4	865.7	24%
Gross Stage 3%	11.7%	7.9%	-380bps
Net Stage 3%	6.1%	3.2%	-290 bps
Networth	76.5	119.5	56%

- Strong growth driven by Rural & Housing segments
- Focus on increased retailisation, stable NIMs, increase in fee based income and low credit costs with an overarching goal of delivering top quartile ROE
- Initiatives currently under way to use digitalisation as a competitive advantage

*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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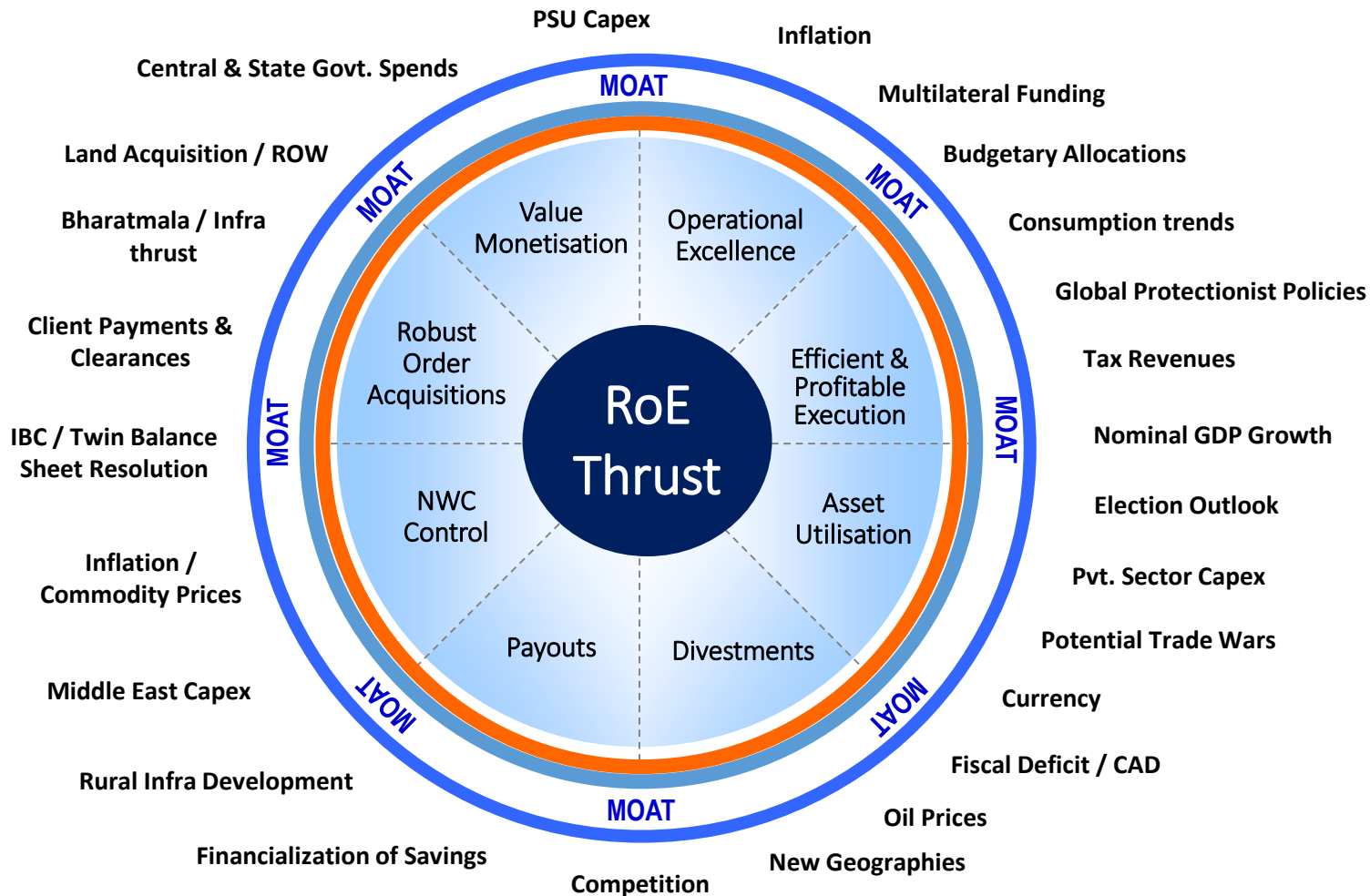
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Segment / Key Subsidiaries

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The Environment & the Outlook

# The Environment & the Outlook





# Thank You

*Turn overleaf for Annexures*



## Group Profit & Loss Extracts

₹ Billion	IT & TS	Fin. Services	Devl. Projects	L&T & Others (Incl. Eliminations)	L&T Group		
					Q1 FY19	Q1 FY18	% Var
Income from Operations*	33.2	30.6	14.9	204.1	282.8	239.9	18%
EBITDA	7.2	7.5	4.7	9.8	29.1	20.8	40%
Other Income	1.1	(0.1)	(0.2)	1.6	2.4	3.7	-33%
Interest Expenses	(0.1)	-	(0.4)	(3.2)	(3.6)	(3.6)	0%
Depreciation	(0.6)	(0.1)	(0.7)	(5.0)	(6.4)	(5.5)	17%
Provision for Taxes	(1.9)	(1.7)	(0.5)	(5.3)	(9.3)	(4.6)	103%
Share in profit/(loss) of JVs / Associates	-	-	2.5	0.0	2.6	(0.4)	
Adjustments for Non-Controlling Interest in S&A	(0.8)	(2.0)	0.0	0.3	(2.6)	(1.4)	
<b>Net PAT</b>	<b>4.8</b>	<b>3.6</b>	<b>5.6</b>	<b>(1.8)</b>	<b>12.1</b>	<b>8.9</b>	<b>36%</b>

\*Income from operations does not include Excise duty from 1<sup>st</sup> July, 2017

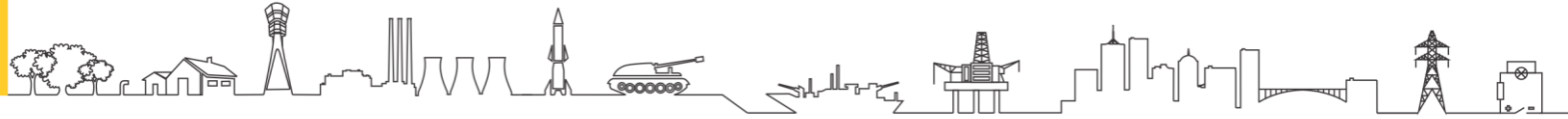
## Balance Sheet

₹ Billion	Jun-18	Mar-18	Incr / (Decr)
Equity & Reserves	549	549	0
Non Controlling Interest	55	52	3
Borrowings - Financial Services	772	752	20
Development Projects	184	178	6
Others	146	145	0
<b>Sources of Funds</b>	<b>1,707</b>	<b>1,676</b>	<b>30</b>
Fixed Assets	126	128	(2)
Intangible Assets & Investment Property	198	192	5
Loans towards Financing Activities	787	772	15
Finance lease receivable	92	93	(1)
Net Non-Current Assets	150	140	10
Current Investments, Cash & Cash Equivalents	162	163	(1)
Net Current Assets	192	188	4
<b>Application of Funds</b>	<b>1,707</b>	<b>1,676</b>	<b>30</b>



## Share in Profit/(Loss) of JVs/Associates

₹ Bn	Q1 FY19	Q1 FY18
MHPS JVs	0.42	0.44
IDPL & Subs.	2.55	(0.41)
Special Steels and Heavy Forgings	(0.36)	(0.51)
Others	(0.02)	0.11
<b>Total</b>	<b>2.59</b>	<b>(0.37)</b>



## Concessions Business Portfolio - 14 SPVs



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



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

**Balance Equity Commitment  
(June 2018): ₹ 8 Bn**

**Equity Invested at SPV level  
(June 2018): ₹ 82 Bn**

**Total Project Cost  
(June 2018): ₹406 Bn**



**Power (Excl. Projects under DPR):**  
Portfolio: 2 projects (1499 MW)  
1 Operational  
Project Cost: ₹112 bn



**Metros:**  
Portfolio: 1 project (71.16 Km)  
- Under-implementation  
Project Cost (Fin. Closure): ₹170 bn