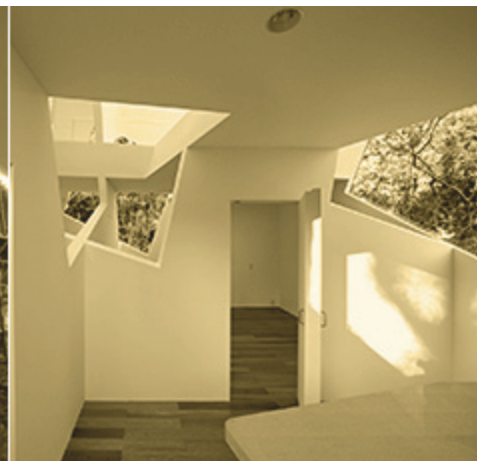


ADITYA BIRLA



UltraTech



INDIA'S
LARGEST
CEMENT
COMPANY

EARNINGS
Q2:FY 2015/16



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

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Note 1: The financial figures in this presentation have been rounded off to the nearest ₹ 1 cr

GLOSSARY

Mnt – Million Metric tons **Lmt** – Lakhs Metric tons **MTPA** – Million Tons Per Annum **Q2** – July-September **Q1** – April-June **Q3** – October-December
LY – Corresponding Period last Year **FY** – Financial Year (April-March) **ROCE** – Return on Average Capital Employed **MW** – Mega Watts

Macro and Sector Update



Macro Update

- ▶ Industrial performance – **No significant pick-up**
 - ❑ Industrial Production for first five months: 4.1% (3.0% in LY)
 - ❑ PMI of September – Lowest since last seven months

Sector Update - Muted

- ▶ Marginal growth in industry off-take ~ 1%
- ▶ Sector capacity utilisation - **Below 65% (down from 70% in Q1)**
- ▶ Cement prices - **improved over Q1 but no growth YoY**
- ▶ **Positive impact of** softening of energy costs
 - ❑ But raw material cost impacted with DMF levy under MMDR Act

Sector- Regional Update



Zone / Region	Volume	Infra	Const.	Housing	Rural
North					
East					

- ❑ Weak Rural Demand
- ❑ Ban on sand mining in Madhya Pradeshresulted into de-growth in that state

- ❑ Growth in IHB segment in majority states of the eastern region
- ❑ Positive growth from infra with sustained spending on various government projects – **Odisha, Bihar and Chhattisgarh**
- ❑ Positive impact of “Biju Pucca Houses” scheme part of “Housing for all” project
- ❑ Benefits of pre-election spending in Bihar

Sector- Regional Update



Zone / Region	Volume	Infra	Const.	Housing	Rural
West					

- ❑ Demand in Rural and Real Estate Segment continue to be damp
- ❑ Deficit in monsoon hampered overall construction work

South					
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- ❑ Low Housing demand
- ❑ Andhra Pradesh & Telangana – Development movement yet to pick-up
- ❑ Weak monsoon impacted growth

- ▶ **Q2 – another weak quarter for the industry**
- ▶ **Infrastructure growth, especially roads, likely to pick-up in near-term with the increasing pace of government actions**



Key Highlights for the Quarter



Key highlights Q2 2015-16



- ❑ **Commissioned Cement Grinding Capacity at:**
 - Jhajjar, Haryana – 1.6 MTPA (To service NCR Market)
 - Dankuni, West Bengal – 1.6 MTPA (To service WB Market)
- ❑ Started Cement Packaging Terminal at Pune (2.0 MTPA)
- ❑ **Benefits to accrue from Q3 16**

- ❑ Commissioned 5 MW Waste Heat Recovery Systems

- ❑ YoY domestic cement sales volume up 5%

- ❑ EBIDTA improved over previous year

**Total Cement
Capacity in India
augmented to
64.7 MTPA**

**Total Capacity
53 MW**

**Volume growth
higher than likely
Industry growth**

**Operating Margin
~ 18%**



Operational and Financial Performance



Sales performance: Soft



Q1 FY16	Particulars	Q2				H1		
		CY	LY	▲%	Q1 %	CY	LY	▲%
63.2	Consolidated Capacity (MTPA)	67.7	61.8	10	7	67.7	61.8	10
Sales Volume (Mnt):								
12.1	- India Operations	10.8	10.4	4	(11)	22.9	22.1	4
13.0	- Consolidated (Incl. Clinker)	11.5	11.2	3	(11)	24.5	23.6	4
2.7	White Cement & Putty (Lmt)	3.2	3.0	8	20	5.9	5.6	6

- ▶ Achieved volume growth in spite of flat industry growth
- ▶ Higher penetration in rural market

Operational Performance

Cost composition (Grey Cement)



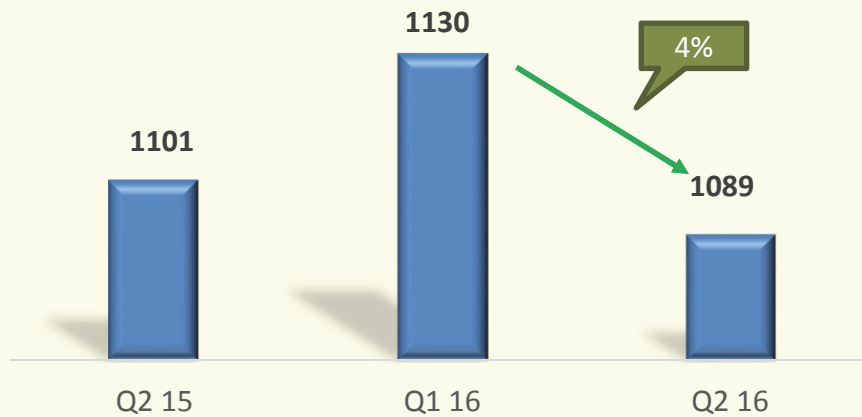
- ▶ **Logistic cost improved marginally - ₹ 1089/t**
 - ❑ **Benefits of softening fuel prices partially arrested with increase in rail freight**
- ▶ **Energy cost further improved - 11% at ₹ 909/t**
 - ❑ **Benefit of softening petcoke prices and higher usage of low cost fuel**
- ▶ **Raw material costs up - 10% at ₹ 493/t**
 - ❑ **Impact of DMF levy under MMDR Act (including prior period liability)**

Logistic cost trends

(Indian Operations)



Logistic Cost ₹/t



► **Sequentially logistic cost declined - 4%**

- ❑ Exemption from busy season surcharge on rail freight during Q2
- ❑ No improvement in rail availability

► **Marginal Improvement on YoY basis**

- ❑ Reduction in diesel prices (₹ 25/t)
- ❑ Rail freight hike 2.7% in April'15 (₹ 10/t)

► **Benefits of new grinding units - yet to come**

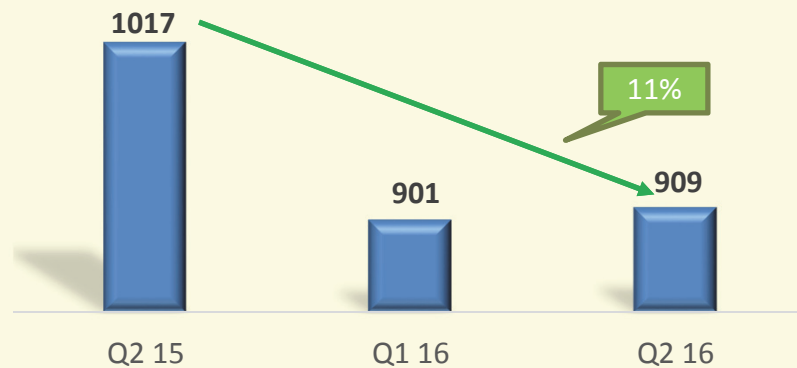
Mode Mix	Q2 15	Q1 16	Q2 16
Rail	30%	30%	29%
Road	67%	67%	69%
Sea	2%	3%	3%

Energy cost trends

(Indian Operations)



Energy Cost ₹/t



- ▶ **Improved Energy Cost: 11% YoY**
- ▶ **Q2 being annual shutdown period - no benefit over Q1**
- ▶ **Saving in power costs:**
 - ❑ Increase usage of WHRS power (₹ 15/t)
 - ❑ Lower fuel prices & increased petcoke usage in TPP
- ▶ **Gain in fuel costs:**
 - ❑ Softening fuel prices (Petcoke ~ 14%)
 - ❑ Higher usage of petcoke over LY

Power Mix %	Q2 15	Q1 16	Q2 16
TPP	81%	83%	82%
WHRS	1%	3%	4%

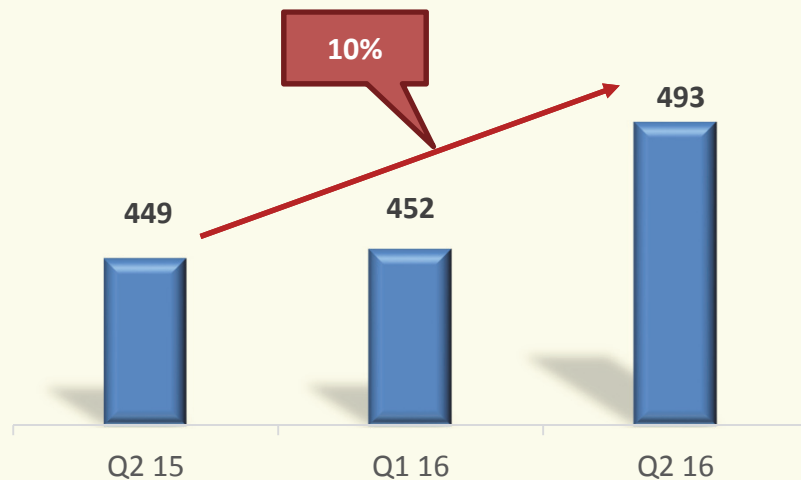
Kiln Fuel Mix %	Q2 15	Q1 16	Q2 16
Petcoke	50%	68%	65%
Imported Coal	28%	20%	23%
Indigenous Coal and Others	23%	12%	12%

Raw Materials cost trends

(Indian Operations)



Raw Materials Cost ₹/t



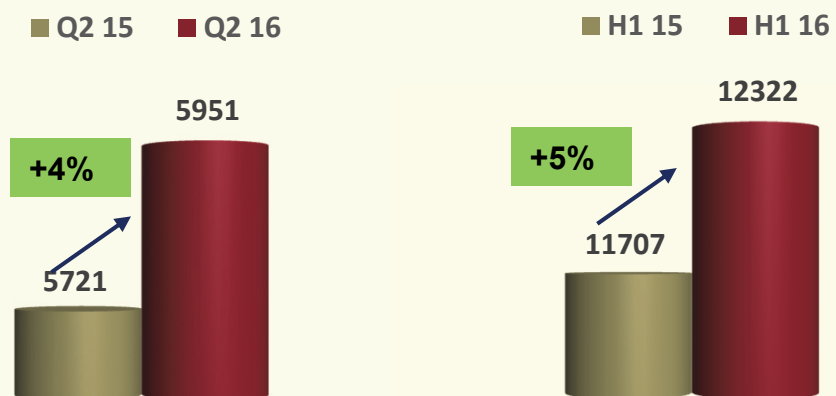
► Raw Materials Cost impacted YoY – 10%:

- ❑ Government notified DMF levy under MMDR act @ 30% of Royalty on Limestone w.e.f. 12.01.15
- ❑ Total impact for above liability including part prior period - ₹ 49/t
- ❑ Full Impact of increase on Royalty on Limestone from ₹ 63/t to ₹ 80/t
Impact on Cost - ₹ 14/t
- ❑ Increase in cost offset with value engineering in sourcing and usage of materials

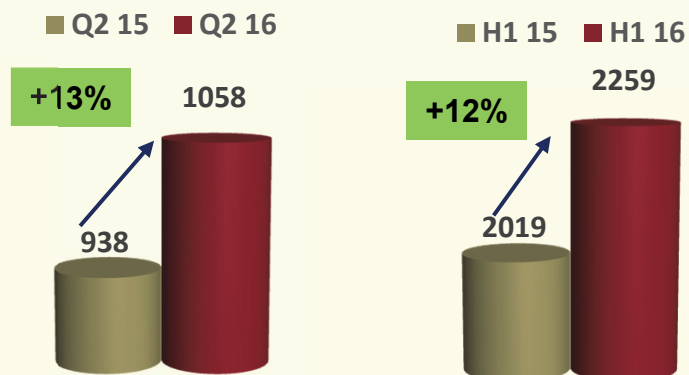
Financial Performance Indicators (Consolidated)



Net Sales (₹ crs)



Operating EBDITA* (₹ crs)



* Excluding Other Incomes

- ▶ Net Sales up 4%
- ▶ Operating EBDITA improved 13%

Income statement

(Standalone)



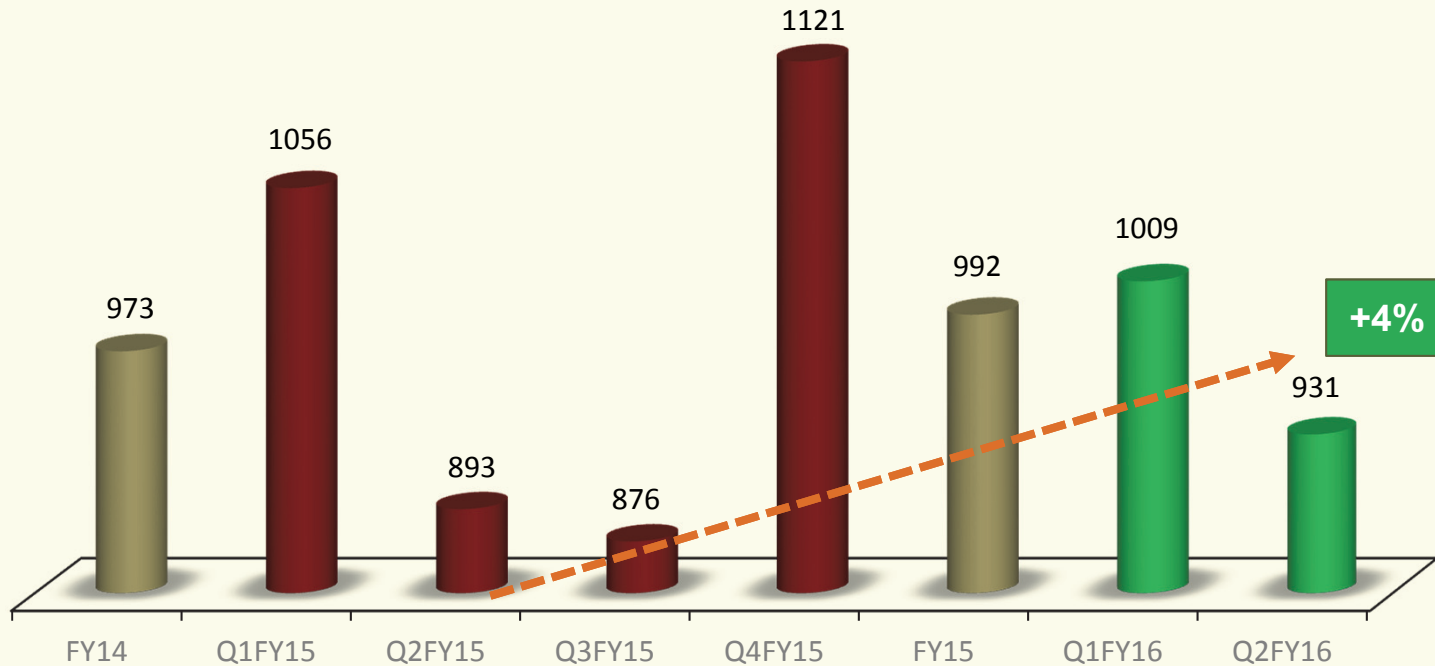
₹ crs

Q2			Particulars	H1		
CY	LY	▲%		CY	LY	▲%
5621	5379	4	Revenue	11658	11027	6
44	74	(40)	Other Income	144	287	(50)
1033	951	9	EBIDTA	2285	2215	3
18%	18%	-	Margin (%)	20%	20%	-
130	143	9	Finance Costs	269	244	(10)
333	302	(10)	Depreciation	616	567	(9)
570	505	13	PBT	1,401	1,404	-
176	95	(84)	Tax Expenses	416	369	(13)
394	410	(4)	PAT	985	1,036	(5)
14.4	15.0	(4)	EPS (₹)	35.9	37.8	(5)

- ❑ CY depreciation includes ₹ 24 Crs additional charge for componentisation as per Co. Act, 2013
- ❑ LY tax was lower by ₹ 70 Crs due to benefit on exempted treasury income; adjusted PAT growth would be: 16%

EBIDTA Pmt

(Indian Operations)



YoY EBDITA Pmt improved; but lower sequentially due to plant maintenance cost in Q2

Income statement

(Consolidated)



₹ crs

Q2			Particulars	H1		
CY	LY	▲%		CY	LY	▲%
5951	5721	4	Revenue	12322	11707	5
45	49	(8)	Other Income	127	264	(52)
1103	987	12	EBIDTA	2386	2283	5
19%	17%	1	Margin (%)	19%	20%	-
146	153	5	Finance Costs	294	263	(12)
352	319	(10)	Depreciation	653	601	(9)
606	515	18	PBT	1439	1419	1
179	99	(80)	Tax Expenses	421	375	(12)
0.2	2	-	Minority Interest	-	3	-
427	414	3	PAT	1018	1041	(2)
15.6	15.1	3	EPS (₹)	37.1	38.0	(2)

- ❑ CY depreciation includes ₹ 24 Crs additional charge for componentisation as per Co. Act, 2013
- ❑ LY tax was lower by ₹ 70 Crs due to benefit on exempted treasury income; adjusted PAT growth would be: 24%

Financial Position



₹ crs

Standalone		Particulars	Consolidated	
30.09.15	31.03.15		30.09.15	31.03.15
19843	18858	Shareholders Funds	20079	19041
-	-	Minority Interest	13	18
6899	7414	Loans (Incl. Current Maturities)	9317	9829
2981	2792	Deferred Tax Liabilities	2974	2786
29723	29064	Sources of Fund	32384	31674
24237	23632	Net Block (Incl. Capital Advances)	25841	25186
-	-	Goodwill on Consolidation	1097	1053
Investments:				
3967	4479	Liquid Investments	3983	4634
731	730	Long-term Investments	21	21
788	223	Net Working Capital	1441	780
29723	29064	Total Application of Funds	32384	31674
2932	2935	Net Debt	5334	5195

Financial Indicators



Indicators	Standalone		Consolidated	
	30.09.15	31.03.15	30.09.15	31.03.15
Shareholders fund (₹ crs)	19843	18858	20079	19041
Borrowings (₹ crs)	6899	7414	9317	9829
Cash Equivalents (₹ crs)	3967	4479	3983	4634
Financial Indicators				
Net Debt: Equity	0.15	0.16	0.27	0.27
Net Debt / EBIDTA	0.64	0.64	1.12	1.09
Interest Cover (PBIT/Gross Interest)	6.1	5.8	5.8	5.7
ROCE	11.4%	12.0%	10.8%	11.5%
Book Value (₹/Share)	723	687	732	694



Sector Guidance



Sector guidance: Cautiously Optimistic



► Concern:

- Erratic Monsoon – likely to impact rural housing demand
- Delay in execution of government projects
- Surplus inventory in urban housing

► Expectation:

- Government thrust for infrastructure development, attracting investments through various reforms
- Demand picking-up in road segment
- Housing for all programme and development of smart cities
- Development of Telangana and New Andhra state will drive growth in south
- Softening of interest rates

Cement demand expected to pick-up in H2 FY16

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 a 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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