



25th April, 2018

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Scrip Code: 532538

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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 year ended 31st March, 2018

Attached is an investor's presentation on the performance of the Company for the year ended 31st March, 2018.

The same is for your information, please.

Yours very truly,

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

S. K. Chatterjee
Company Secretary

Encl: A/a



UltraTech Cement Limited

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UltraTech

UltraTech Cement Limited

India's largest
cement company

Earnings **Q4** FY18

Stock code: BSE: **532538** | NSE: **ULTRACEMCO**

Reuters: **UTCL.NS** | Bloomberg: **UTCEM IS/UTCEM LX**

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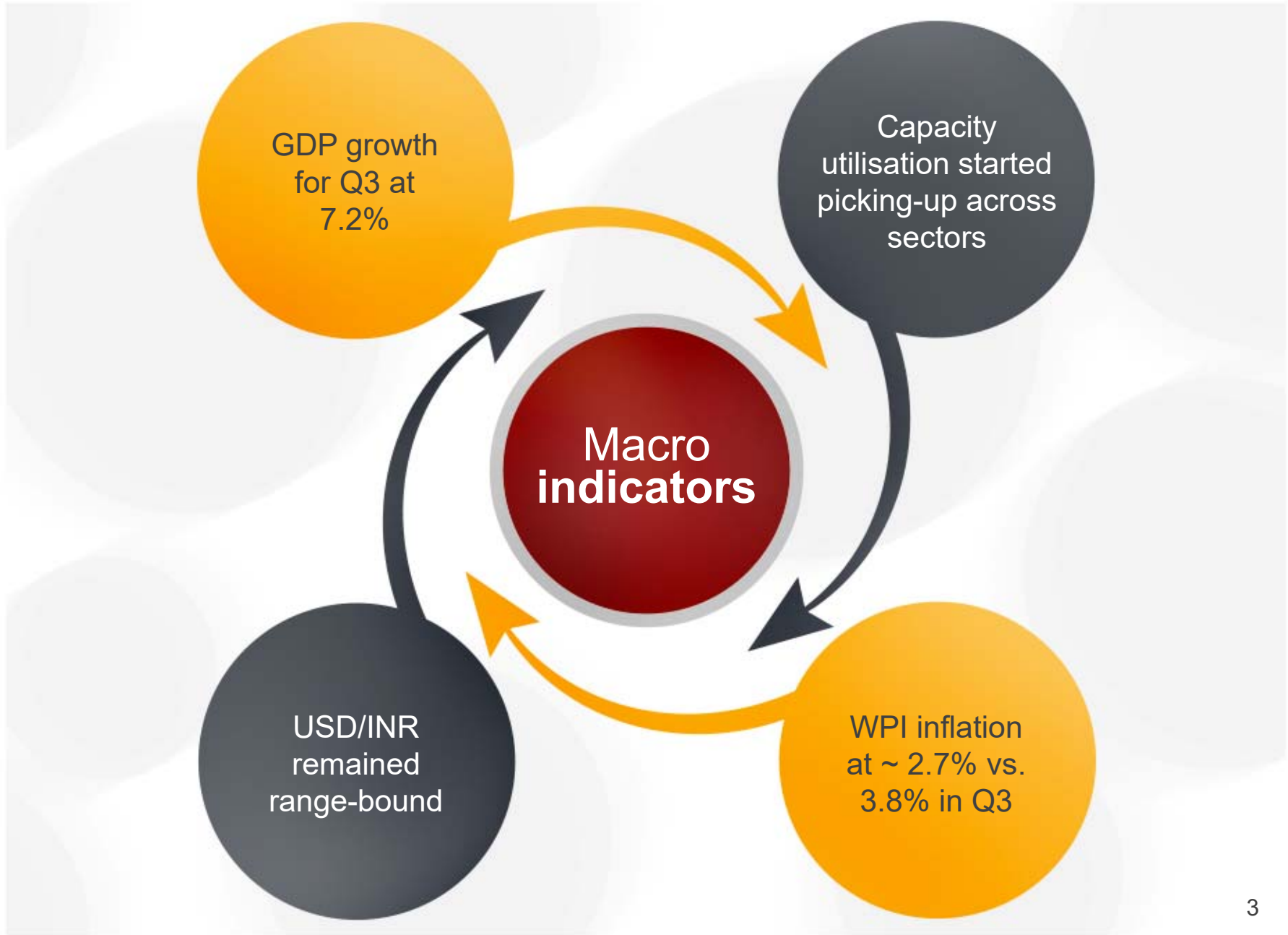
04

Performance
review

GLOSSARY

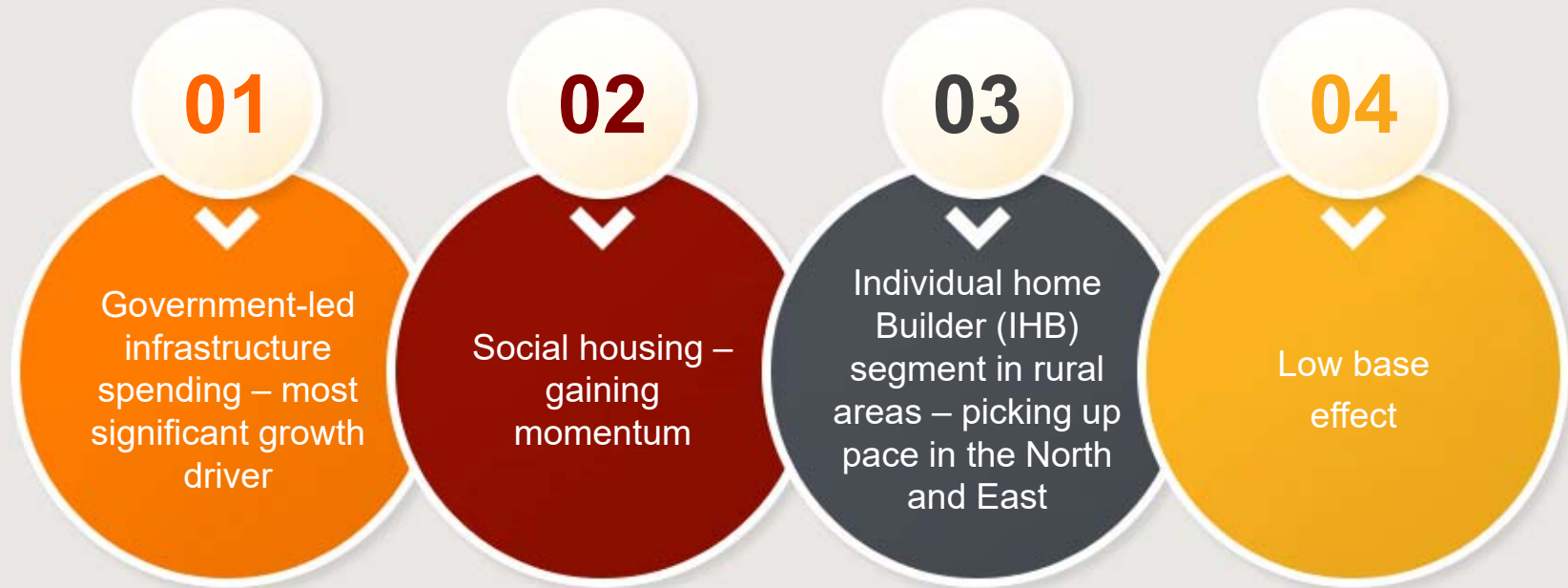
Mnt – Million metric tons, **Lmt** – Lac metric tons, **MTPA** – Million tons per annum, **Q2** – July-September, **Q3** – October-December, **Q4** – January-March, **CY** – Current year period, **LY** – Corresponding period last year, **FY** – Financial year (April-March)

Note: The financial figures in this presentation have been rounded off to the nearest Rs. 1 crore; 1 US\$ = Rs. 64.35



Sectoral update – growth momentum continues

Annual demand – industry is likely to achieve historical correlation with GDP after seven years



Sectoral update

State/region-wise performance

State/Region	Vol. Gr.	I	LCH	RH	UH	C	Key drivers
Haryana	↑	●	●	●	●	●	Infrastructure spends and Rural IHB
Delhi + NCR	↑	●	●	●	●	●	Infrastructure spends
Punjab	↑	●	●	●	●	●	Rural Housing and Commercial
Himachal Pradesh	↓	●	●	●	●	●	Poor water availability
Madhya Pradesh	↑	●	●	●	●	●	Governmental infrastructure spends
Rajasthan	↑	●	●	●	●	●	Poor sand availability
Uttar Pradesh	↑	●	●	●	●	●	Infrastructure spends and PMAY
West Bengal	↑	●	●	●	●	●	Infrastructure spends and PMAY
Bihar	↑	●	●	●	●	●	Infrastructure spends and IHB
Jharkhand	↑	●	●	●	●	●	PMAY and IHB
Odisha	↑	●	●	●	●	●	Infrastructure spends, PMAY & IHB
Chhattisgarh	↑	●	●	●	●	●	Rural infrastructure and housing

Consistent infrastructure spends and pick up in rural housing are key growth drivers

I: Infrastructure, **LCH:** Low-cost housing, **RH:** Rural housing, **UH:** Urban housing, **C:** Commercial

PMAY: Pradhan Mantri Awaas Yojana, **IHB:** Individual Home Builder.

Sectoral update

State/region-wise performance

State / Region	Vol. Gr.	I	LCH	RH	UH	C	Key Drivers
Maharashtra	↑	●	●	●	●	●	Infrastructure spends and Affordable Housing
Gujarat	↓	●	●	●	●	●	RERA impact on new projects launch
Andhra Pradesh / Telangana	↑	●	●	●	●	●	Infrastructure spends and PMAY
Karnataka	↑	●	●	●	●	●	Housing and Commercial
Tamil Nadu	↑	●	●	●	●	●	Improving IHB demand
Kerala	↑	●	●	●	●	●	Improving IHB demand

Pick up in affordable housing demand and IHB demand

I: Infrastructure, **LCH:** Low-cost housing, **RH:** Rural housing, **UH:** Urban housing, **C:** Commercial

RERA: Real Estate (Regulation and Development) Act, **PMAY:** Pradhan Mantri Awaas Yojana, **IHB:** Individual Home Builder.

Performance of acquired assets:
achieved target a quarter ahead of schedule

01

Achieved:
average
capacity
utilization
of ~ 75%

02

Achieved:
Cash
break-even
(debt funding
- 80%)

03

Pet coke
usage in kilns
at ~75%

04

Cost gap with
existing
plants
narrowing
down

Conclusion: Completed integration in < 9 months.

Performance of acquired assets: **What next?**

01

Bring down costs to UltraTech standards (barring structural differences)

02

Enlarge dealer and retailer network to increase market share

03

Expand UltraTech Building Solutions ('UBS') into newer markets

04

Ensure synergic existence of acquired and existing plants

Conclusion: PBT break-even of acquired units by April-June 2019.

Another target conquered:
benchmark in commissioning greenfield capacity



**Clinker capacity:
2.5 mtpa**

**Cement capacity:
3.5 mtpa**

For the first time ever a greenfield plant erected -

01

In record
time < 365
days

02

At a
benchmark
cost of
< \$90 /t

03

With distinct
market
leadership:
no other
plant in the
vicinity

Conclusion: Ready for demand up-cycle.

UltraTech: **highlights and key developments for FY18**

01

Strong volume growth – carved out a sizeable share of incremental demand during the year

02

UltraTech Building Solution ('UBS') outlets increased to ~1600

03

Efficiency improvement program continues to mitigate the impact of cost increases

04

Completed the integration of acquired assets

UltraTech: highlights and key developments for FY18 *contd...*

05

Achieved reduction in overall lead distance by ~ 3%

06

EBITDA stood at **Rs. 6478 Crs** up **15%**

07

Cash Surplus
Rs. 2,811 Crs

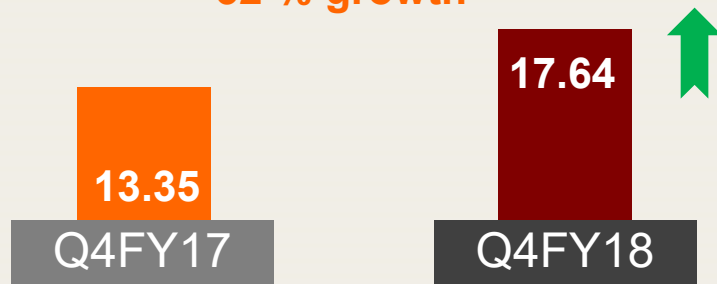
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Dividend
@ Rs 10.50/ share
(payout ~ 15.6%)

UltraTech: **key performance highlights – Q4**

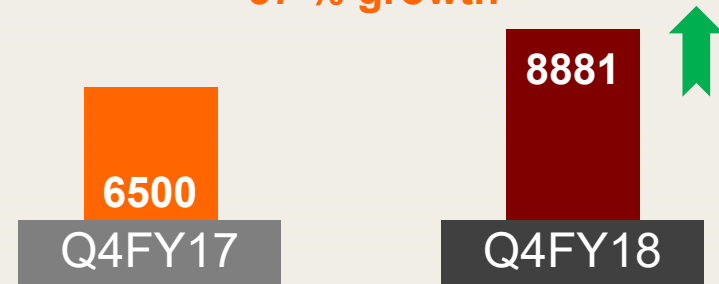
Domestic sales volume (MnT)

+32 % growth



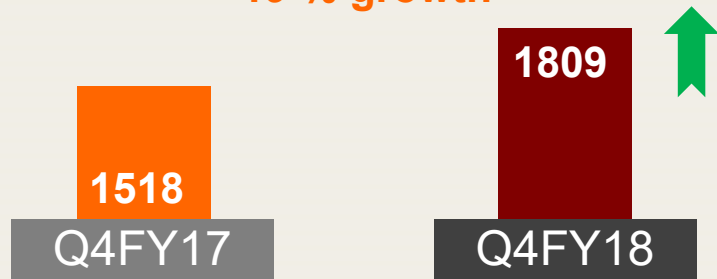
Turnover (Rs. Crs)

+37 % growth



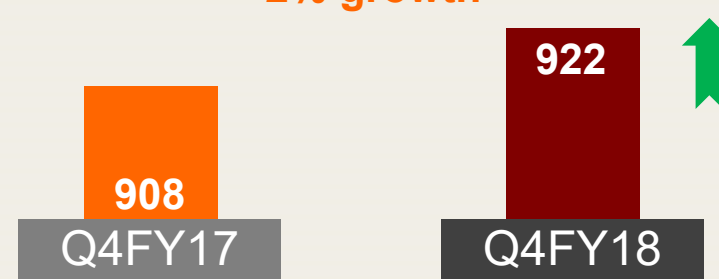
EBITDA (Rs Crs)

+19 % growth



Operating EBITDA (Rs./mt)

+2% growth



Sales performance: **solid growth**

MnT

Particulars	Q4			Annual		
	CY	LY	▲%	CY	LY	▲%
Capacity (mtpa)*	85.0	66.3	28	85.0	66.3	28
Capacity utilisation	80%	82%	(2)	71%	72%	(1)
Domestic sales	17.64	13.35	32	57.75	47.62	21
Exports and others	0.82	0.72	15	2.90	2.56	13
Total	18.47	14.07	31	60.65	50.19	21

Conclusion: UltraTech spreading its leadership footprint.

Key sales initiatives

01

Consistent focus on rural markets increased share in overall sales to ~ 40%

02

UBS contribution in overall sales jumped ~16%

03

Enhanced trade off-take share over Q3 ~ 100 bps

04

Cement consumption in RMC increased: ~17%

Operating **costs** – unabated fuel prices

01

Logistics costs
34%

y-o-y up 6%
at Rs. 1166/t

Increased diesel prices
Plant mix change

02

Energy costs
29%

y-o-y up 17%
at Rs. 987/t

Rising fuel prices
Pet coke usage ban in TPP

03

Raw materials costs
14%

y-o-y constant
at Rs. 473/t

Source optimization and
usage of alternate
additives helped mitigate
cost pressures

Conclusion: No respite in costs increase

Efficiency improvement programme: **in focus**

Lead
distances
reduction
(6%)

Reduction in
power
consumption
(3%)

Increased
usage of
low-cost fuel
(5%)

Improved
thermal
power plant
performance
(5%)

Usage of
alternate
additives
(2%)

Conclusion: Contribution to EBITDA ~ 9%.

Logistics cost trends

Logistics Cost (Rs/t)



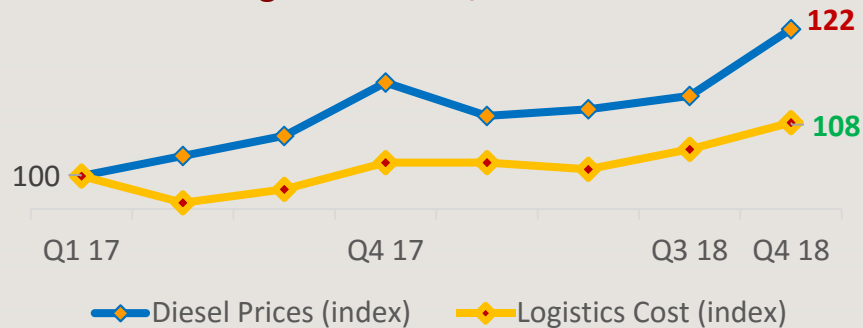
Sequentially cost increased: 4%

- Increase in diesel prices by 8%
- Poor rail network in Eastern India

Y-o-Y cost increase: 6%

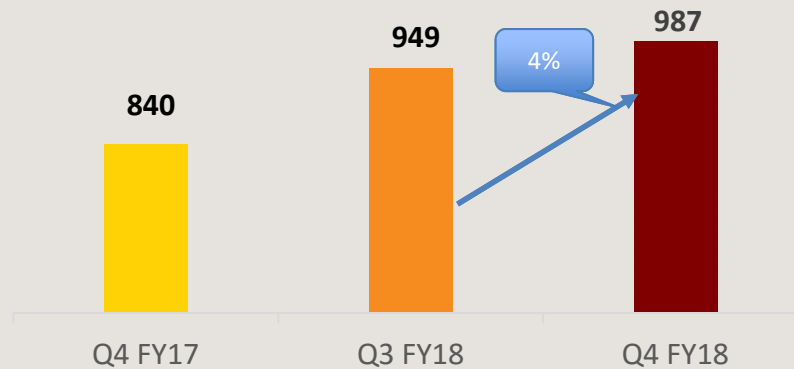
- Change in sales pattern from ex-works to FOR (~3%)
- Road Freight rates increasing due to increasing diesel prices
- Lead distance reduction offset cost increase to some extent

Logistics Costs v/s Diesel Prices

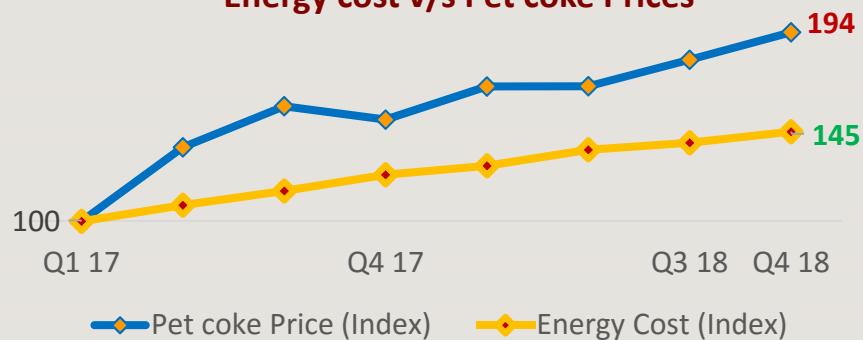


Energy cost trends

Energy Cost (Rs/t)



Energy cost v/s Pet coke Prices



Y-o-Y costs escalated: 17%

- Pet coke prices increased 20% to \$104/t
- Pet coke banned in TPPs
- Savings from efficiency improvement programme:
 - Efficiency gain in WHRS operations
 - Lower power consumption
 - TPP operations improvement

Actions taken to **reduce debts**

01

Released working capital ~ Rs. 465 Crs over Q3

02

Net debt reduction ~ Rs 1050 Crs in Q4



Net debt/EBITDA improved at 1.85x over peak of 2.10x in Q2

Income statement Q4

Rs. Crs

Consolidated			Particulars	Standalone		
CY	LY	▲%		CY	LY	▲%
9298	6922	34	Revenues (net of taxes)	8881	6500	37
1887	1577	20	EBITDA	1809	1518	19
20%	23%	(2)	<i>Margin (%)</i>	20%	23%	(3)
344	167		Finance costs	335	153	
501	356	(41)	Depreciation	481	349	(38)
1042	1054	(1)	PBT	993	1016	(2)
318	328	3	Tax Expenses (Normalised)	316	328	3
724	726	-	PAT Normalised	677	688	(2)
315	-		Extra-ordinary Items*	226	-	
446	726	(39)	PAT Reported**	488	688	(29)
16.2	26.4	(39)	EPS (Rs.)	17.8	25.1	(29)

PAT Normalised marginally lower despite of higher depreciation and interest cost

* Provision for stamp duty on acquired assets & assets impairment

20

** After extraordinary items (net of tax) and one time charge of deferred tax on opening liability due to change in effective income-tax rate.

Financial position

Rs. Crs

Consolidated		Particulars	Standalone	
31.03.18	31.03.17		31.03.18	31.03.17
26397	24402	Shareholder's funds	25923	23941
19480	8474	Loans	17420	6240
3173	2773	Deferred tax liabilities	3174	2774
49051	35649	Sources of funds	46517	32955
42296	26039	Fixed assets	40782	24387
1036	1085	Goodwill	-	-
5453	8713	Investments	6163	9409
265	(188)	Net working capital incl. derivative assets	(428)	(840)
49051	35649	Total application of funds	46517	32955
14062	(215)	Net debt	12007	(2422)

Free **cash flow**- standalone

Rs. Crs

Particulars	FY18	FY17
Operating Cash Profit (Net of Tax)	5684	4890
Change in Working Capital	(608)	289
Cash Flow from Operations (I)	5076	5180
Capex for Expansion & Maintenance (II)	(1935)*	(1191)
Dividend Paid (III)	(330)	(311)
Cash Surplus (I+II+III)	2811	3678

* Excluding Acquisition cost of Rs 16189 Crs

Sustainability **leadership**

Business performance against triple bottom line performance

Business value creation



Thought leadership

Co-hosted global annual forum of Cement Sustainability Initiative in Delhi

Environmental value creation



Climate performance

> 3% of thermal energy from alternate fuels

Societal value creation



Rural empowerment

407 villages covered under CSR; Focusing on education, healthcare, agriculture, watershed, Infrastructure and sustainable livelihoods



Circular economy

>16% of raw material from industrial waste materials



Sustainable energy sourcing

5 million units of energy requirement met from renewable energy



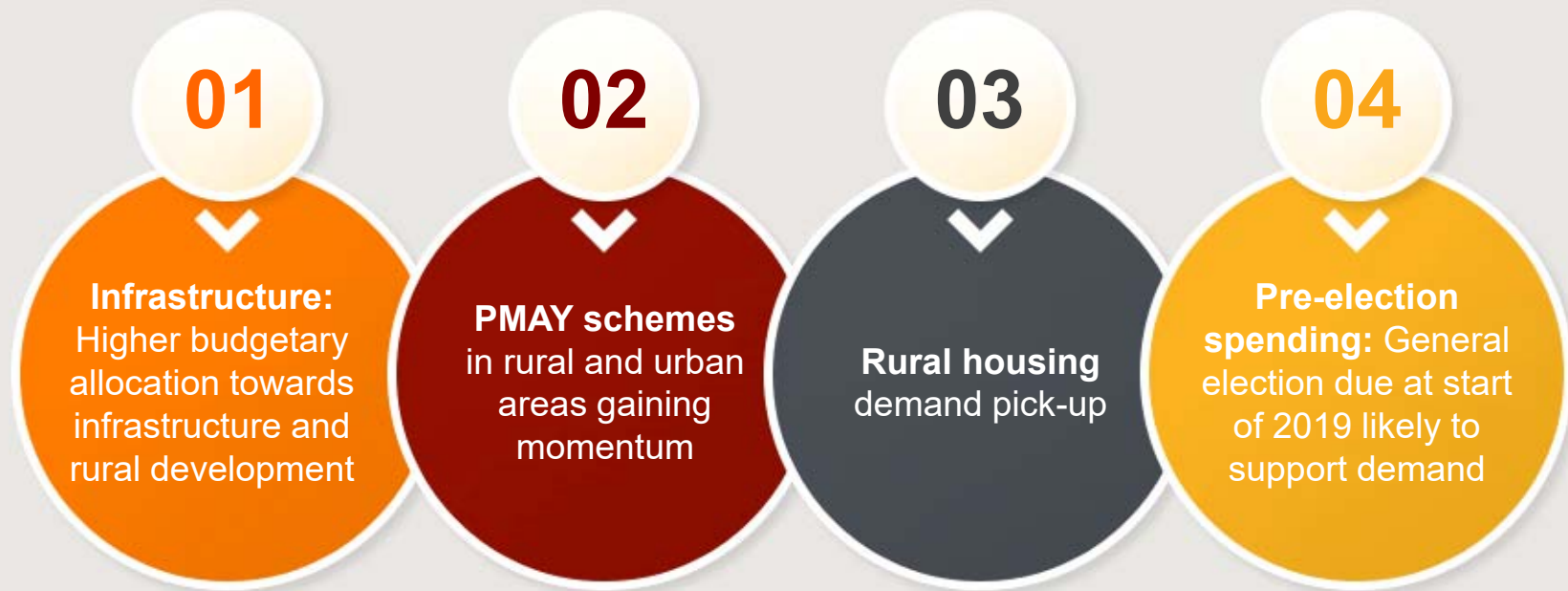
Community outreach

1.3 million benefited across target villages

Sectoral outlook: **the next up-cycle**

Demand will move in line with GDP

Demand drivers



Sectoral outlook: **the next up-cycle**

Key concerns

01

Demand recovery
at slow pace in
urban housing

02

Sluggish demand
from commercial
segment

03

Continuously
rising fuel prices

UltraTech

One step ahead... >



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UltraTech

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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