



October 18, 2018

BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai 400 001

National Stock Exchange of India Limited  
Exchange Plaza  
Plot No. C/1, G Block  
Bandra-Kurla Complex  
Bandra (East)  
Mumbai 400 051

Scrip Code: **500325**

Trading Symbol: **"RELIANCE"**

Dear Sirs,

Sub : Presentation made to analysts on Unaudited Financial Results for quarter / half year ended September 30, 2018

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The presentation on the Unaudited Financial Results for quarter / half year ended September 30, 2018 made to the analysts is enclosed

Thanking you,

Yours faithfully,  
**For Reliance Industries Limited**



**Sandeep Deshmukh**  
**Vice President**  
**Corporate Secretarial**

Encl : a/a

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**Reliance**  
Industries Limited

# 2Q FY 2018-19 Financial Results

17 October 2018

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## Energy & Materials businesses

- Refining EBITDA at ₹ 6,094 crore, GRM of \$ 9.5/bbl
- Record Petrochemicals EBITDA at ₹ 9,477 crore, up 56.3% YoY
- Record petrochemicals production at 9.4 MMT
- Integrated development plan for KG D6 on track

## Consumer businesses

- Record Retail Turnover at ₹ 32,436 crore, up 121% YoY
- Record Retail EBITDA of ₹ 1,392 crore, up 3x YoY
- Digital services EBITDA at ₹ 3,589 crore, up 1.5x YoY
- India's largest wireless data subscriber base of 252.3 Mn
- 7.7 bn GB data traffic during 2Q FY19

- Record Net profit of ₹ 9,516 crore, up 17.4%
- Highest ever quarterly EBITDA of ₹ 21,156 crore, up 23.2%

**Robust operating and financial performance**

# Consolidated Financial Results : 2Q FY19

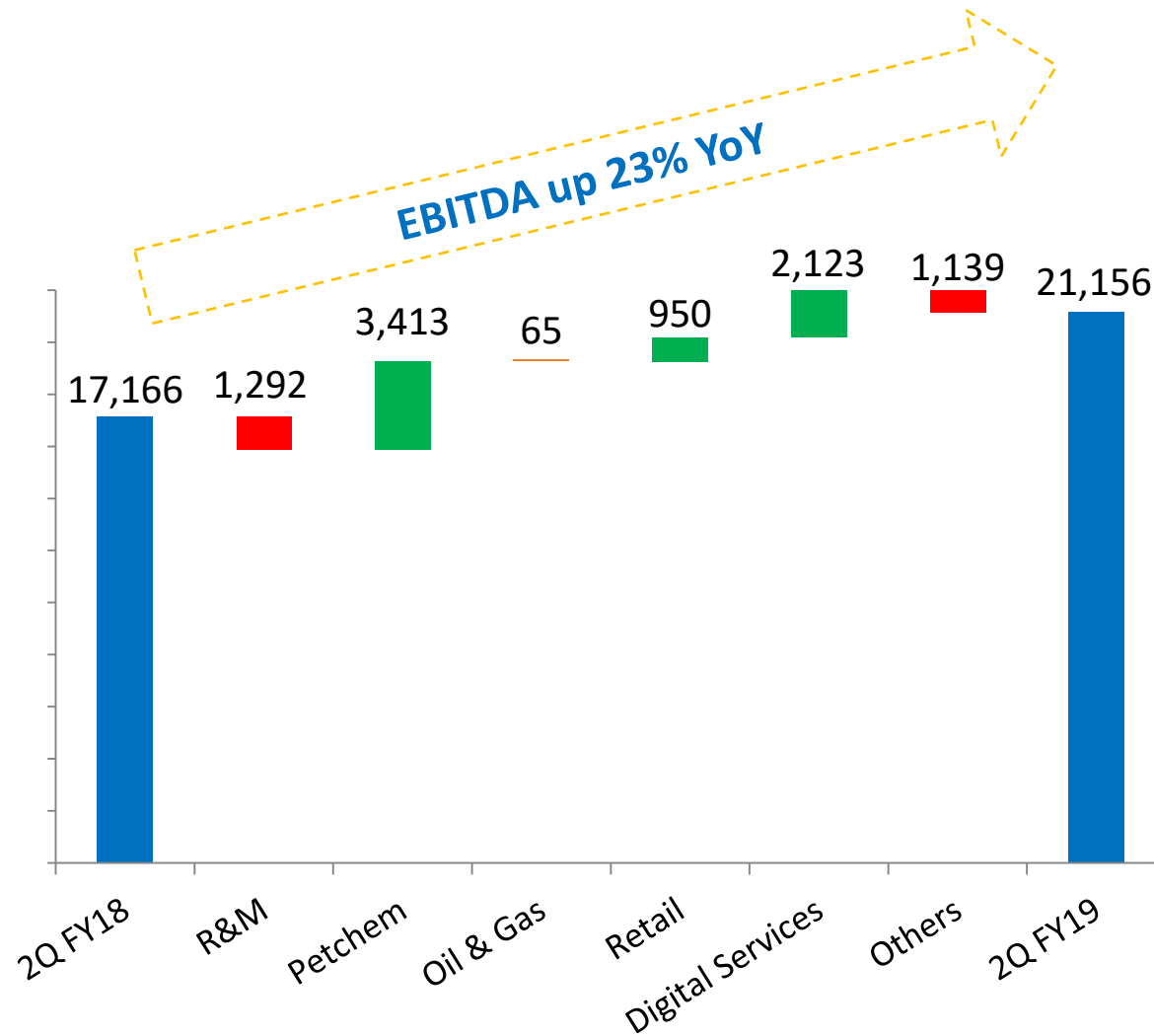
1Q FY19	(in ₹ Crore)	2Q FY19	2Q FY18	% Change Y-o-Y	% Change Q-o-Q
141,699	Revenue	156,291	101,169	54.5%	10.3%
21,083	Segment EBITDA	21,156	17,166	23.2%	0.3%
9,459	Net Profit	9,516	8,109	17.4%	0.6%

Record standalone net profit : ₹ 8,859 crore, up 7.2 % YoY

- YoY Revenue growth led by
  - High oil price (+44.5% YoY)
  - Higher volume in petrochemicals YoY (9.4 MMT vs. 7.9 MMT)
  - Solid growth in Retail (+121%), Jio (+52%)
- Robust segment EBITDA growth of 23% YoY
  - Record petrochemical EBITDA of ₹ 9,477 crore
  - GRM \$ 9.5/bbl
- Retail EBITDA up 3x YoY to ₹ 1,392 crore
- Jio EBITDA ₹ 3,589 crore, up 145% YoY

**Capturing value of integration in Hydrocarbons, scaling up consumer touch-points**

# Consolidated EBITDA: 2Q FY19 vs. 2QFY18

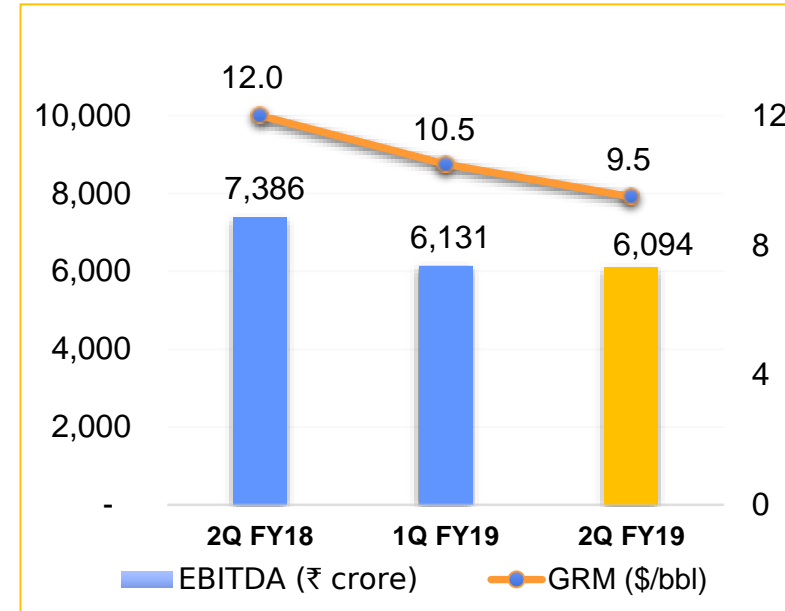


- Volume growth and uptick in polyester chain driving petrochemicals contribution
- Challenging markets for crude and light distillate products impacted refining segment
- Growing customer traction for Retail and Jio
  - 252.3 million Jio subscribers
  - 137 million footfall in Retail

**Consumer businesses contribution at 23.5% of segment EBITDA**

# R & M Segment Performance

- GRM lower QoQ at \$ 9.5 /bbl
  - High crude prices, soft gasoline, jet-kero cracks
  - Unplanned shutdown of FCCU
  - Weak AL-AH diff. QoQ \$ 2.3/bbl vs \$ 3.2/bbl
- Earnings were supported by
  - Higher crude throughput, stable middle distillate cracks
  - Favourable move in currency
  - Brent-Dubai diff. (\$ 1.0/bbl vs \$ 2.2/bbl)
- Premium over Singapore margins \$ 3.4/bbl
- 2018 global demand growth tracking 1.3 mb/d
- 2Q FY19 India oil demand growth at 2.7% YoY
  - Gasoline 6.6%, Diesel 2.8%, ATF 9.7%, LPG 4.8%

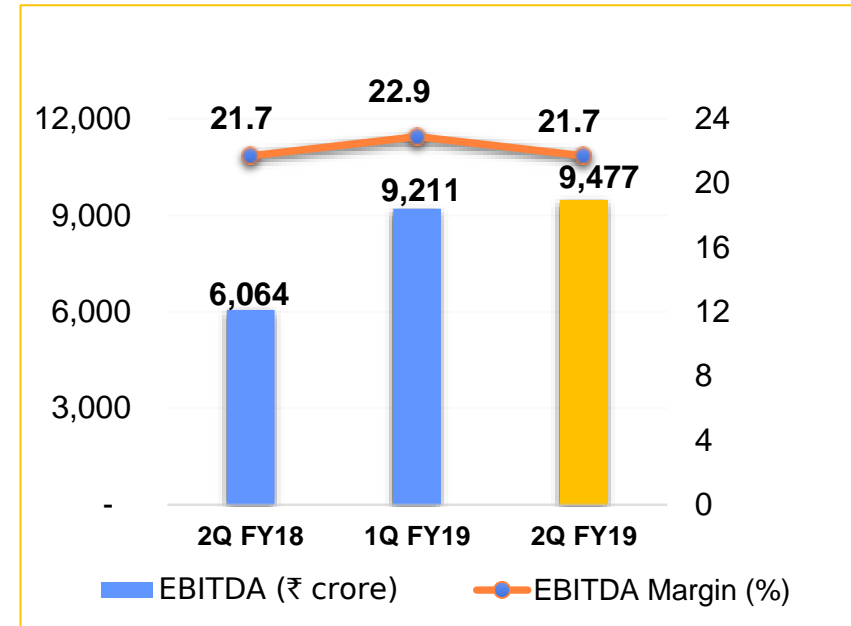


- Crude throughput of 17.7 MMT
- 1,343 retails outlets operational
  - YoY volume growth : 19% MS and 10% HSD

Global macro and crude market environment weigh on segment performance

# Petrochemicals Segment Performance

- Record EBITDA, up 56.3% YoY, 2.9% QoQ
- Strong polyester chain deltas on QoQ led by PX (+45%), PTA (+11%), POY (+13%)
  - Strong regional polyester demand with constrained intermediates supply
- Record production 9.4 MMT, aided by higher QoQ PX (+23.6%) and PTA (+4.4%) volumes
- EBITDA margins lower due to weak polymer margins with ramp-up of new US crackers and firm feedstock prices
- Commenced ethane cracking at Nagothane – further boosting feedstock competitiveness

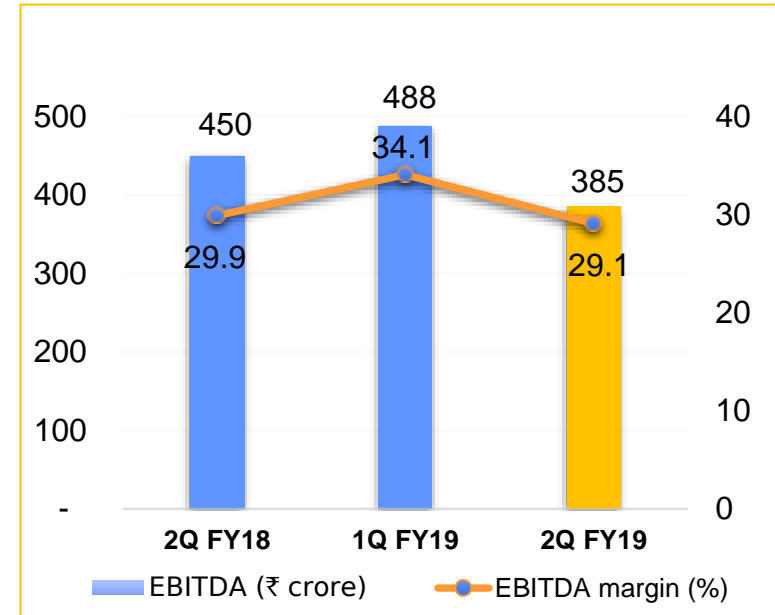


- Strong domestic demand environment in 2Q FY19
  - Polymer demand up 7% YoY
  - Polyester demand up 14% YoY

**Strong polyester chain economics and demand growth led to record performance**



- Production decline in India and US impacted EBITDA
- Domestic production 15.3 BCFe, down 14.5% QoQ
  - KG D6: Gas production 3.7 MMSCMD, Oil & condensate production 1,651 BOPD
  - CBM production 0.94 MMSCMD
  - Unit realization \$ 6.56/Mcfe, up 3.4% QoQ
  - MA field ceased production in September 2018
- US shale production 21.2 BCFe, down 10.9% QoQ
  - Unit realization \$ 4.06/MCFe, up 0.2% QoQ with higher HH prices

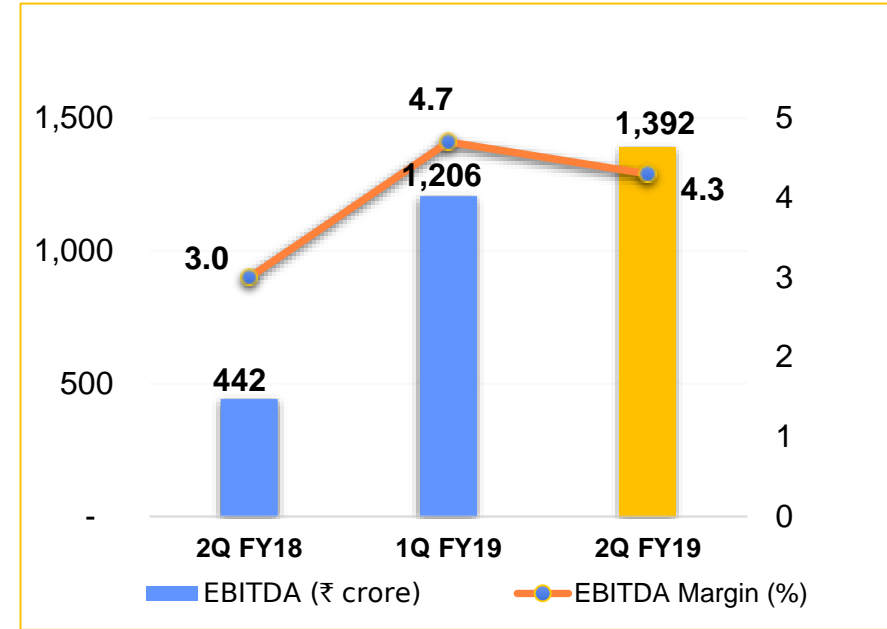


- KG D6 project update
  - R-cluster: Top hole drilling for 4 wells completed
  - Satellite cluster: All major orders committed
  - MJ Development: Contracting process for major long lead items underway

**KG D6 monetization plan on track**

# Retail Segment Performance

- Turnover at ₹ 32,436 crore, up 121% YoY, 25.3% QoQ
  - Revenue excl. Petro and Connectivity grew by 146.8% YoY
- EBITDA at ₹ 1,392 crore up 3x YoY, 15.4% QoQ
- Unprecedented reach across 5,800+ towns and cities
  - Number of stores 9,146; 19.5 Mn sq.ft of retail space
- Remarkable success during the Big Sale between 11-15<sup>th</sup> August period
  - Received over 10 million footfalls, up 30% YoY



- TRENDS : crossed 500 store mark
  - Now operates 509 Trends and Trends extension stores across 245 cities

**Robust growth across formats; Record customer footfalls and transactions**

# Digital Services Segment Performance

(₹ crore)	2QFY18	1QFY19	2QFY19
Gross Revenue	7,197	9,567	10,901
Operating Revenue	6,147	8,109	9,240
EBITDA	1,443	3,147	3,573
EBITDA Margin (%)	23.5%	38.8%	38.7%
Net Profit	(271)	612	681

*\*Gross Revenue is value of Services  
figures in Rs crore, unless otherwise stated  
Note: Standalone figures*

- Industry leading metrics underpinning scale & robustness
- 252.3 million subscribers
  - Gross adds of 41.7 million, net adds of 37 million
  - 7.7 bn GB data traffic; 11.0 GB/user/month; 72% of 4G data traffic
  - Voice consumption per sub at 761 minutes per month
  - 4.1 bn hours of Video consumption per month
- Robust EBITDA margins; industry leading ARPU of ₹ 132
- JioGigaFiber – strong response from customers across the country

**Expanding digital eco-system with strong customer engagement**

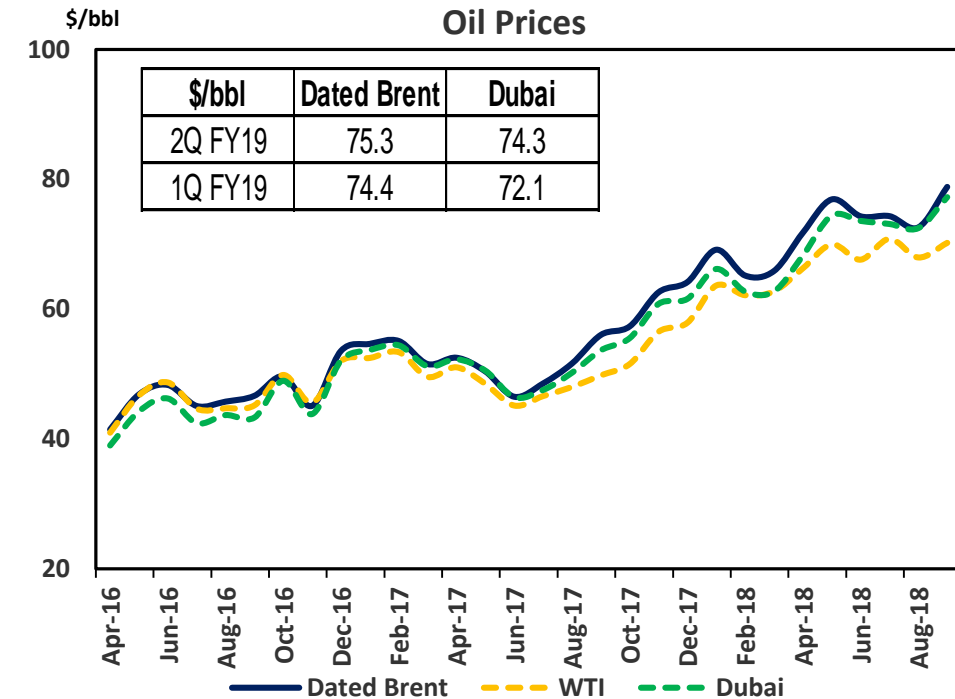
*Refining &  
Marketing*

(₹ crore)	2QFY18	1QFY19	2QFY19
Revenue	69,766	95,646	98,760
GRM (\$/bbl)	12.0	10.5	9.5
EBITDA	7,386	6,131	6,094
EBITDA Margin (%)	10.6	6.4	6.2
Crude Throughput (MMT)	18.1	16.6	17.7

- Resilient performance - sustained \$3.4/bbl premium over Singapore GRM
- Maximized mid-distillate yields to benefit from strong cracks
- Improved diesel recovery with modification to Vacuum unit
- ATF production optimized in view of negative regrade
- FCC Unit stabilized post force majeure in Aug'18
- Petro retail and bulk sales volume grew by 11% YoY
- “Gold Award” from Brandon Hall USA for improved efficiency at Retail Outlet Network
- FIPI Award for Digitalization initiatives in Oil and Gas Sector – Company of the Year – 2017

**Resilient performance in challenging margin and operational environment**

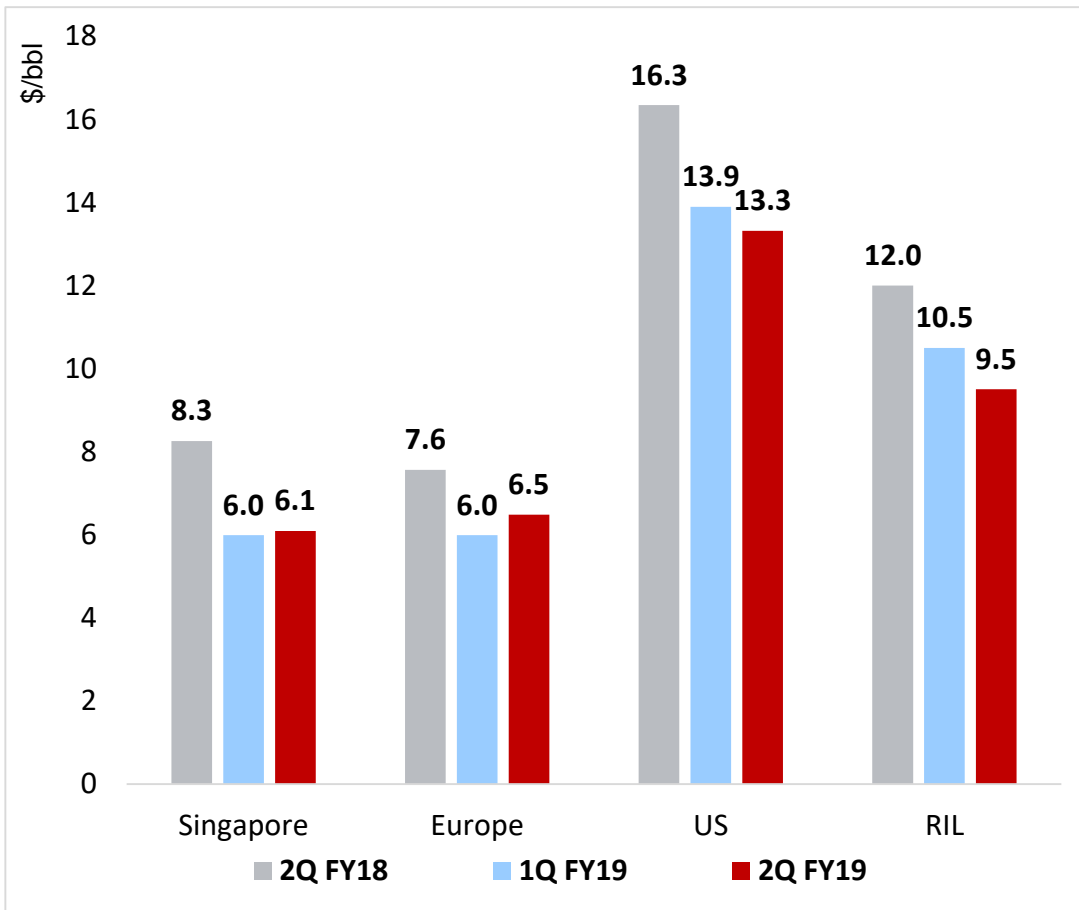
- Brent averaged \$75.3/bbl in 2Q FY19 up 1.2% QoQ, 44.5% YoY
  - Brent-WTI and Brent-Dubai spread narrowed during the quarter
  - Production gains in Saudi Arabia, Russia, US, Iraq, Kuwait and UAE offset losses from Iran and Venezuela
- Global oil demand growth of 1.3 mb/d expected in 2018
  - Firm demand growth in non-OECD countries and US
  - Headwinds emerging from US-China trade tensions, currency depreciation in emerging markets and higher oil price
- High global refinery runs on lower planned outages
- Middle distillate cracks supported by low inventory at key trading hubs
- Gasoline cracks under pressure from lower refinery turnaround and ramp up of new capacity



Source : Platts

**Healthy demand growth fostered by core sector performances**

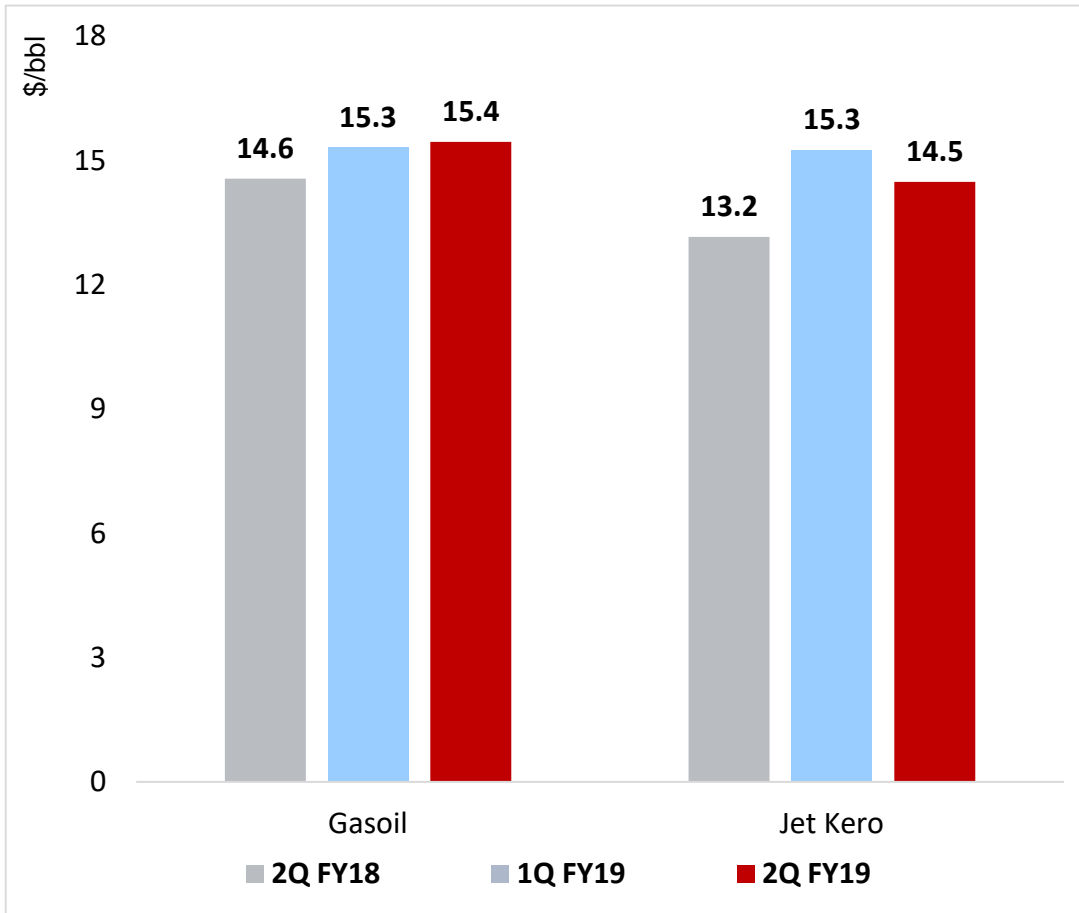
## Global Refining Margins



- Singapore GRMs marginally higher on QoQ basis
  - Strong fuel oil and LPG cracks offset weaker gasoline and jet fuel cracks
  - Stable gasoil and naphtha cracks supported margins
- Europe margins strengthened QoQ on the back of higher cracks across products except Jet Fuel
- US refining continues to enjoy good margins from well-supplied domestic crude markets

**RIL's GRM of \$ 9.5/bbl, outperforming Singapore margin by \$ 3.4/bbl**

## Middle Distillate Cracks



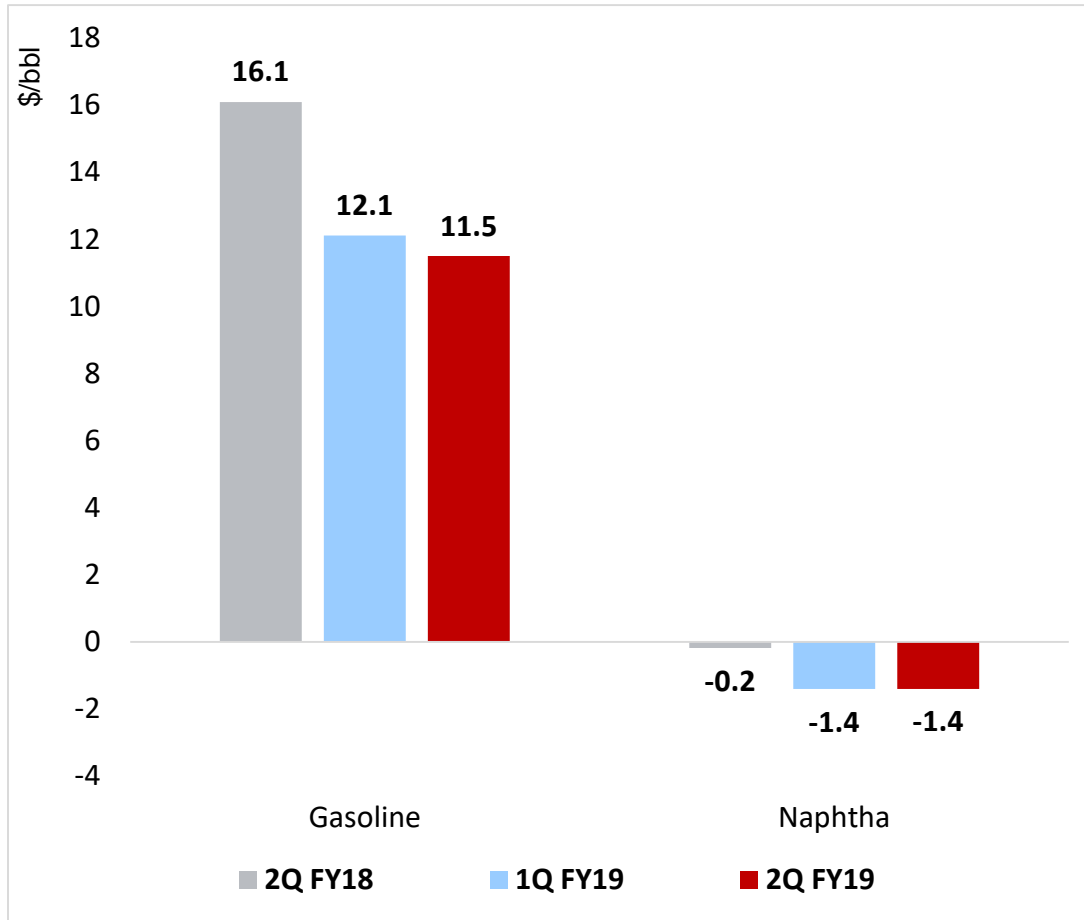
## Middle distillate cracks remain supported

- Steady Gasoil cracks despite lighter turnaround in Asia
- Lower distillate inventory across regions amidst steady supply indicative of demand momentum
- Exports from China moderated during the quarter
- Jet/Kero cracks weakened and regrades turned negative with supply growth outpacing demand growth in 2QFY19

**Gasoil cracks remain supported with lower inventory and firm demand**



## Light Distillate Cracks

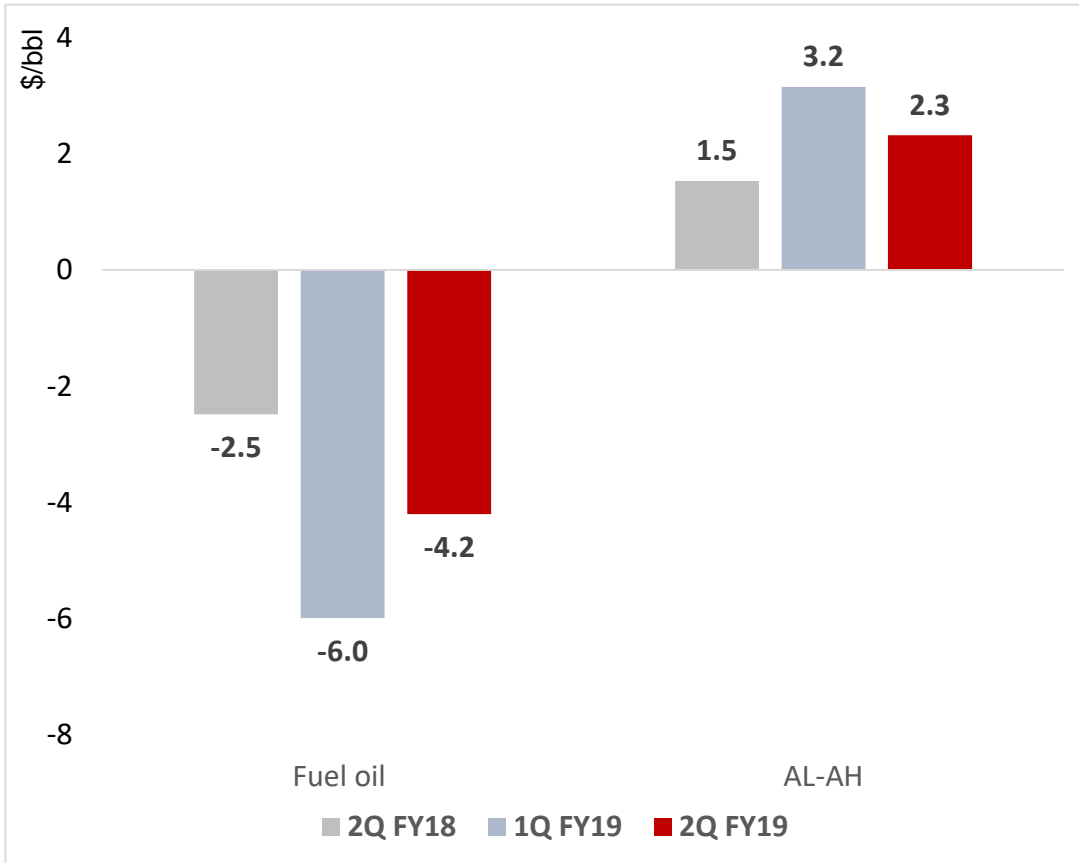


## Gasoline cracks moderated

- Gasoline cracks down \$0.60/bbl QoQ
  - Well supplied market due to capacity additions and lower planned turnarounds
  - Steady demand growth in Asian economies and unplanned outages supported gasoline cracks in the region
- Naphtha cracks remained flat QoQ
  - Increased supplies from higher refinery runs and new capacities absorbed by higher cracker runs

Light turnarounds and capacity ramp ups offset impact of unplanned shutdowns

## Fuel Oil and AL- AH diff



## Fuel oil cracks strengthened seasonally

- Summer demand from Middle East restricted arbitrage volumes flowing in to Asia
  - Cracks also gained from lower inventory in Asia
- Towards the end of the quarter, cracks weakened with reducing Middle East summer demand

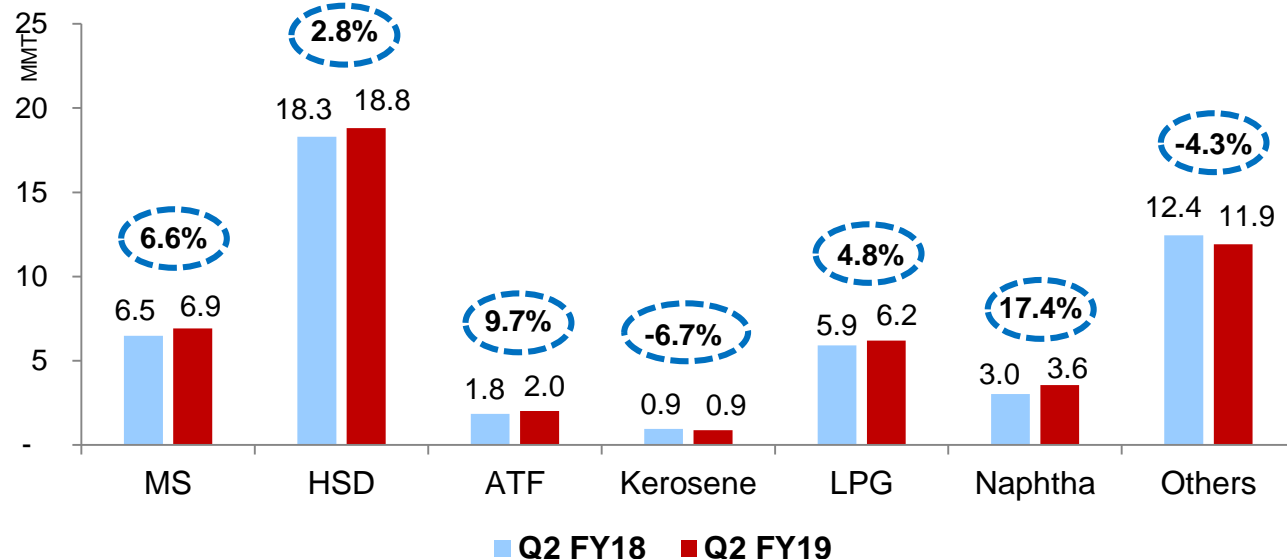
## Crude differentials

- AL-AH spread narrowed QoQ
  - AH OSP gained from stronger fuel oil crack and lower production of heavy crude grades

**Strength in fuel oil cracks impacting light-heavy differentials**

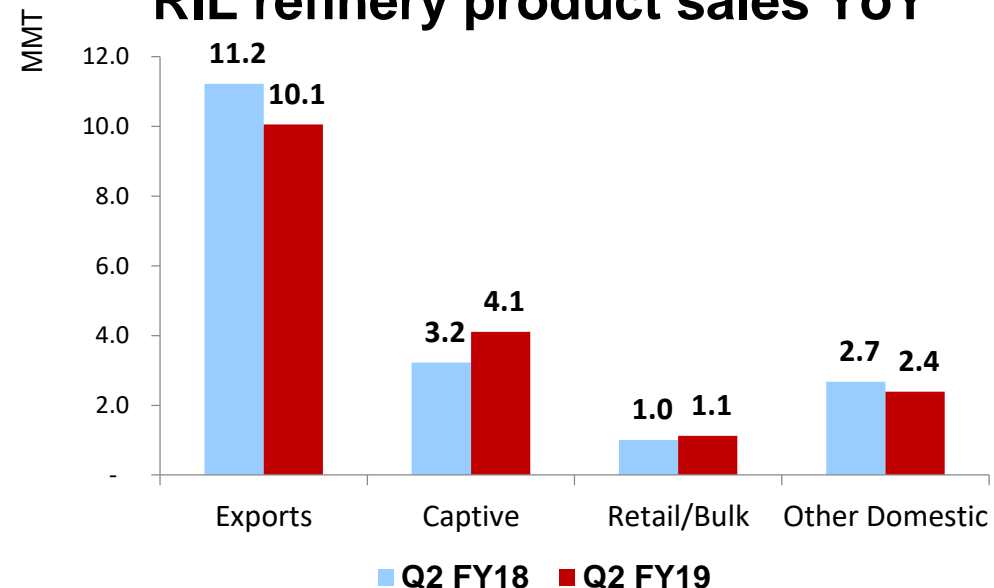
# Robust Domestic Fuel Demand Growth

## Domestic Demand YoY



- India oil product demand grew 2.7% in 2Q FY19
  - Strong transportation fuel demand led by auto sales despite rise in fuel prices
  - LPG demand, for last 60 months in a row, continued to record a positive growth due to switch to cleaner cooking fuel

## RIL refinery product sales YoY



- Increased petrochemical integration led to higher captive sales Y-o-Y
- Strong retail and bulk sales on back of strong demand for transport fuels

**Indian oil demand continues to grow led by transportation fuel**

## Retail Outlets

- YoY Volume growth: 8% in gasoil and 21% in gasoline
- 1,345 outlets maintaining highest per pump throughput in industry

## Transconnect

- Highest ever volume under the loyalty program, representing 32% of HSD sales
  - 55% contribution of high volume customers
  - Strategic partnerships with financial agencies/ aggregators
- 164% YoY growth in HSD sales to mobile towers

## Development

- Executing customized “state-specific” strategies for improving market share
- Roll out of Automated Price Engine - a major milestone for Dynamic Strategic Pricing

**Building on strategic initiatives and technology for continuous volume growth**

## Bulk HSD

- Volume growth of 13% YoY; Market share improved to 7.8%
- Focus on into high potential State Transport Undertakings
- Maintained priority position with railways; 22% growth in non-railway business

## ATF

- Volume growth of 29% YoY; Market share improved to 4.8%
- Aggressively growing presence through adding new AFS and leveraging hospitality model
- Strengthened relationship with existing airline customers by fuelling at additional airports

## LPG

- YoY Volume growth of 14% in Packed LPG and 58% in Propane
- Initiated product sourcing through purchase from import parcels of third parties

**Strengthening country-wide network presence for sustained market share growth**

## Responsiveness

- Took advantage of market conditions by importing high octane components to add value to overall gasoline pool
- ATF production optimized in view of negative regrade

## Flexibility

- Re-optimized crude slate taking advantage of arbitrage opportunities
- 2 new value additive US crudes added to the basket
- Maximized Middle Distillate production in view of stronger cracks

## Downstream Integration

- Fully saturated PX capacity as PX market tightened by optimizing Platformer feed and reformat import
- Propane maximized in ROGC for higher value addition

**Strategic advantages helping in sustaining competitive advantage**

- Global oil demand growth expected at 1.3 mb/d in 2018 and 1.4 mb/d in 2019
- Refinery capacity addition estimated at 800 kb/d in 2018 and 1.5 mb/d in 2019
- Increasing risk of reduced Iranian exports and limited spare capacity to keep crude price elevated in near term
- Strong middle distillate demand growth expected on firm economic outlook, seasonal heating demands
- Growing gasoline supply with the ramp up of new refining capacity to keep cracks under pressure
- Light heavy crude differentials could widen with weakening of fuel oil cracks
- IMO specification change in 2020 to boost gasoil crack and lead to widening of gasoil – fuel oil spread

**Global demand growth and IMO spec change to support margins over medium term**

***Petrochemicals***

***Polymers and Polyester***



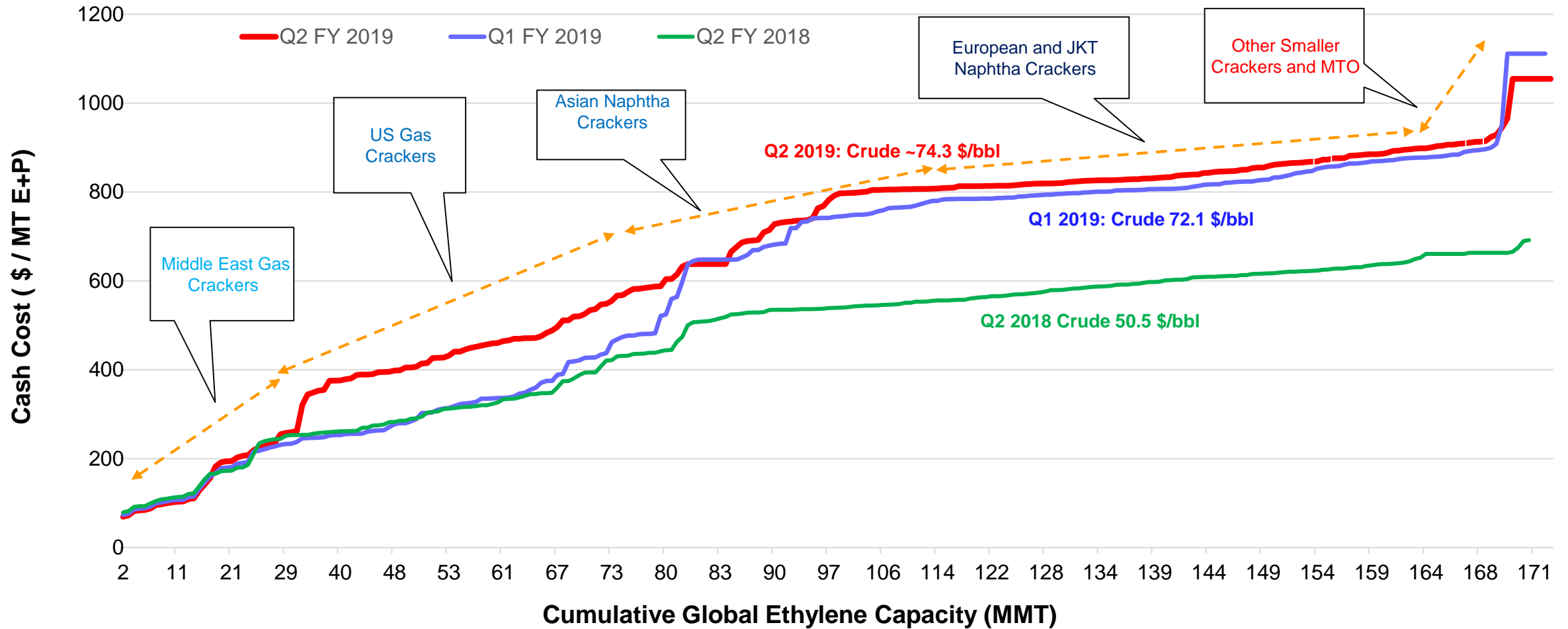
(₹ crore)	2QFY18	1QFY19	2QFY19
Production (MMT)	7.9	9.2	9.4
Revenue	27,999	40,287	43,745
EBITDA	6,064	9,211	9,477
EBITDA Margin (%)	21.7	22.9	21.7

- Robust operations of ROGC complex and deep refinery integration underpin RIL's cost leadership
  - YoY 2Q FY19 volume growth: PE (+86%), MEG (+92%)
- Completed Nagothane ethane pipeline projects:
  - Feedstock flexibility enabling operational and cost optimization with commencement of Ethane cracking
- Soft Polymer margins were more than offset by strong Polyester margins aided by healthy chain economics
  - 2Q FY19 QoQ: PX (+45%), PTA (+11%), POY (+13%)

**Cost competitiveness maintained, leveraging feedstock flexibility and operational excellence**

- Naphtha prices firmed up through 2Q, tracking strong crude and LPG prices
  - Naphtha up 3% QoQ and 46% YoY
- Start-up of new gas based crackers in US driving ethane demand and a firm price environment
  - Pipeline and fractionation capacity constraints aggravated a tight supply scenario
- Asian propylene prices strengthened amid lower availability from shutdowns
- Global polymer trade flow altering with escalated trade friction between China and US
  - Increased US volumes reaching South Asia, while Middle East supplies increasing into China
- Margins for integrated polyester players remained firm with healthy chain economics
- Policies to curb single use plastics encouraging the adoption of a circular economy framework
- Domestic demand growth continues to remain robust:
  - Polymer demand up 7% YoY, Polyester demand up 14% YoY

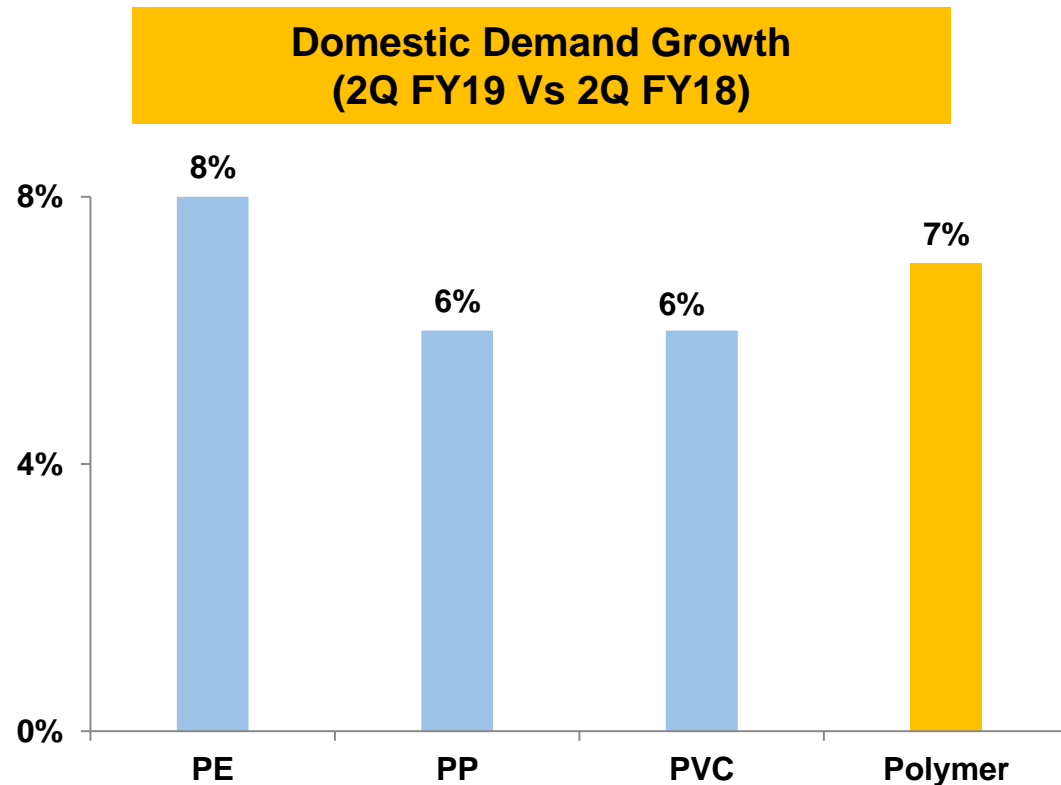
# Global Ethylene Cash Cost



Cost curve steepened amidst elevated feedstock prices

# Polymers

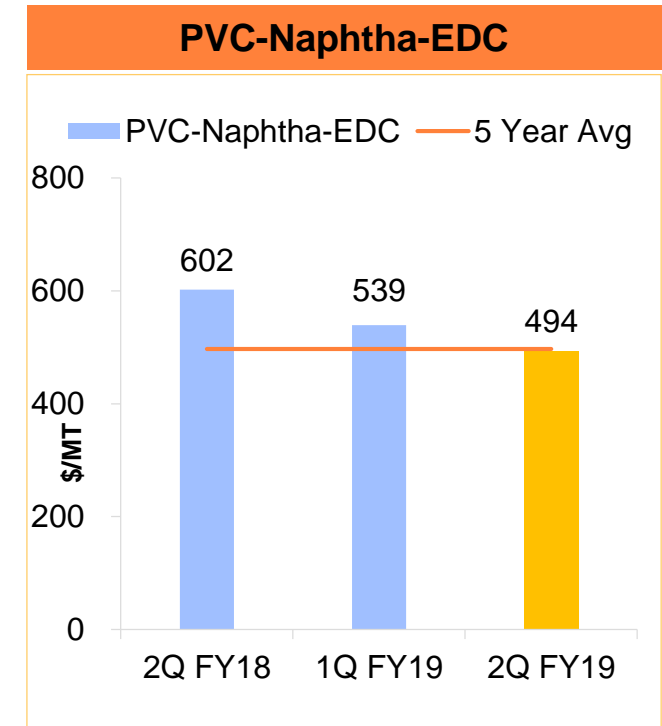
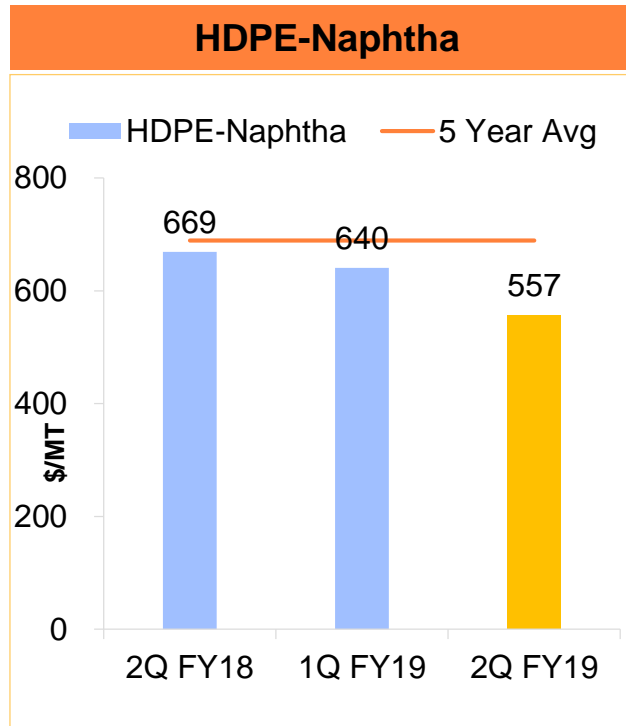
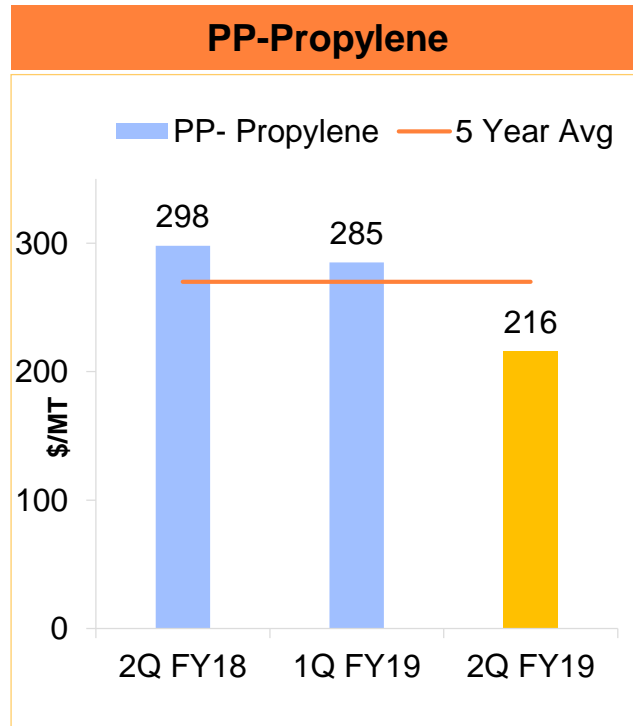




- 2Q FY19 domestic polymer demand up 7% YoY:
  - Boost in infrastructure and cement industry
  - Efficient supply chain post implementation of e-way bill driving virgin polymer consumption
  - Increasing disposable income and consumer confidence lifting packaging demand
  - Growth in automobile and appliances sectors
  - Enhanced focus on R&D and innovation
  - Polyolefin demand in China been stable amidst currency depreciation and moderate economy growth

Healthy demand growth fostered by core sector performances

# Polymers – Margins Soften Amidst Strong Feedstock Prices



- PP margins eroded with near 4-year high propylene prices with tight supply owing to key steam cracker shutdowns
- PE margins continued to soften with new capacities ramping up and strong feedstock price
- PVC margins also eased due to high EDC prices led by low caustic and high ethane prices

## RIL Production

Production (KT)	2Q FY18	1Q FY19	2Q FY19
PP	710	702	698
PE	279	530	520
PVC	191	189	190
<b>TOTAL</b>	<b>1180</b>	<b>1421</b>	<b>1408</b>

## Key Highlights

- RIL Polymer production up 19% YoY
  - State of art ROGC complex continues to aid volume growth
  - Production largely steady QoQ amidst FCCU shutdown in Jamnagar
- Domestic supply improvement restricting imports– RIL's market share in domestic LDPE at 60%
- Continuous focus towards plant reliability and process automation resulting in optimized operations
- Leadership position in the domestic polymer market

Increased domestic availability of product is strengthening India's self sufficiency in basic materials

- Start up of two new 1.5 MMTPA crackers in US; two more expected in coming quarter
  - Incremental PE capacity of ~3 MMTA; expected to cater to global demand growth led by EMs
- Trade conflicts between US and China causing structural shifts in global polymer trade flow; increased US supplies expected to hit SE Asia
- China polymer demand growth starting to moderate
  - Stricter environmental regulations forcing consolidation of small-medium convertors
- India polymer demand continues to remain healthy on the back of robust GDP growth
  - Demand to be driven by packaging, automobile and agricultural film segments
  - Industry adopting *Extended Producer Responsibility (EPR)* amidst environmental awareness

**New capacities to be absorbed by a robust and growing global demand**



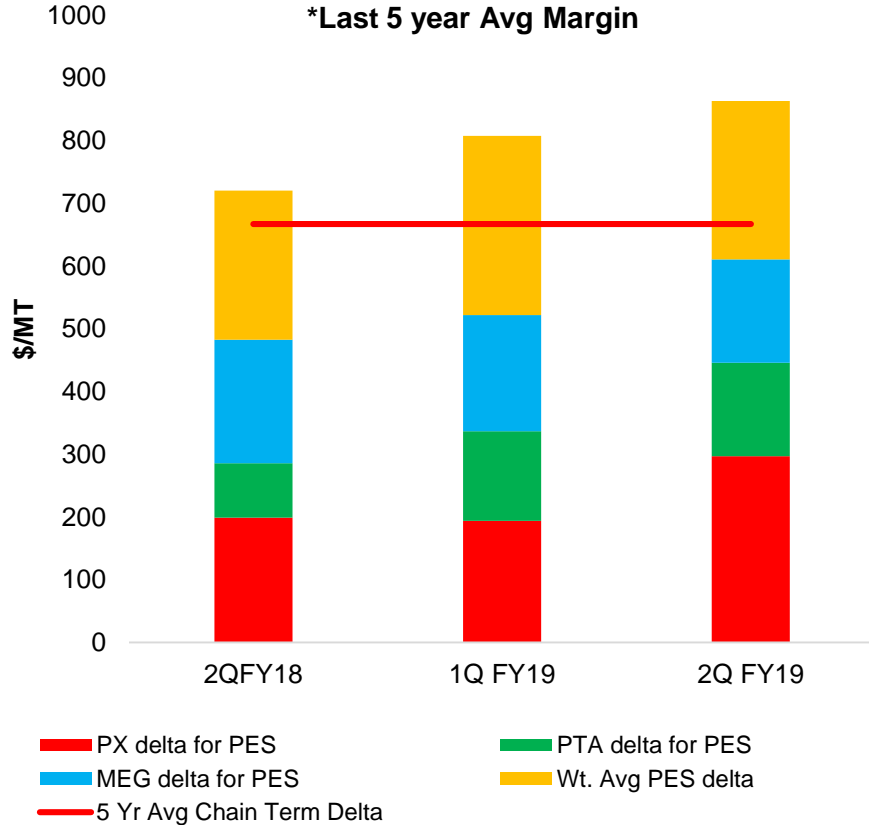
# Polyester Chain



- PX witnessed strongest margins in 6 years
  - Tight markets due to planned/unplanned shutdowns
  - Operational glitches at new capacities
- Tight markets and strong downstream demand supported PTA markets
  - Sector experienced highest margins since mid-2011
- MEG margin sustained above 5 year average despite high port inventories and cautious buying
- Polyester markets remained buoyant aided by strong feedstock; slowing towards quarter end
  - Strong Chinese consumer demand propped up through e-commerce boosted polyester demand
  - Govt. of India doubled import duty on fabrics to 20%
- PET markets slowed amidst seasonal lull with buyer resistance to high prices; margins above 5 year average

# Sustained Recovery in Integrated Chain Margins Continues

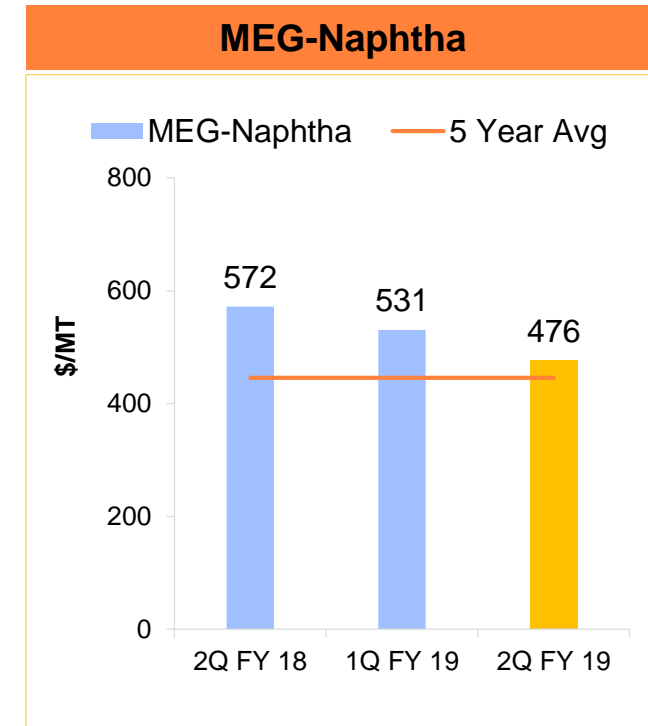
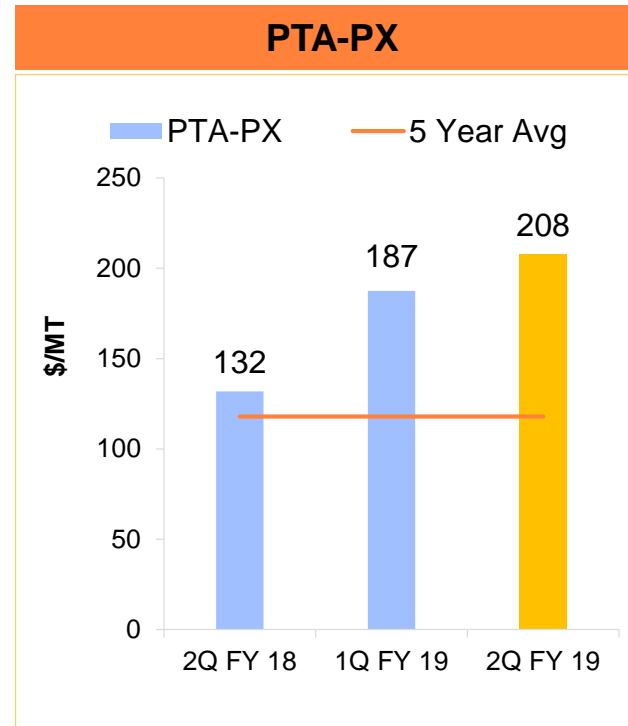
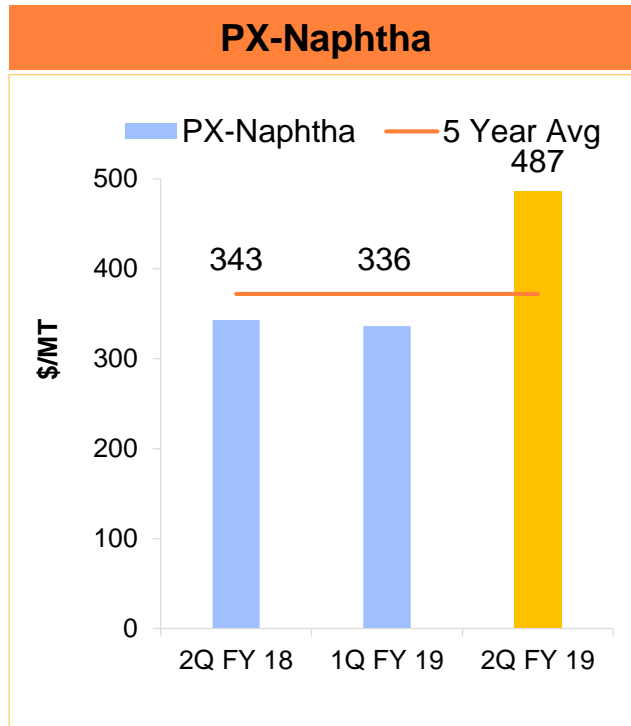
## Integrated Polyester Margin



- Firm crude supported overall sentiments along the polyester chain
- PX margins breached 6 year highs; QoQ growth +45%
- Strong downstream demand, buoyant futures market and healthy polyester operations bolstered PTA prices and margins
- Strong feedstock price environment aided polyester prices, however buying remained cautious towards quarter end

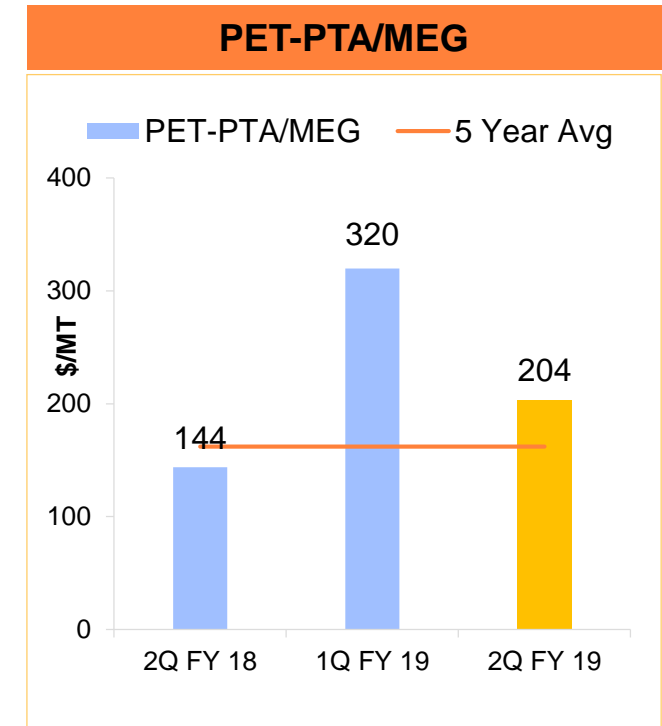
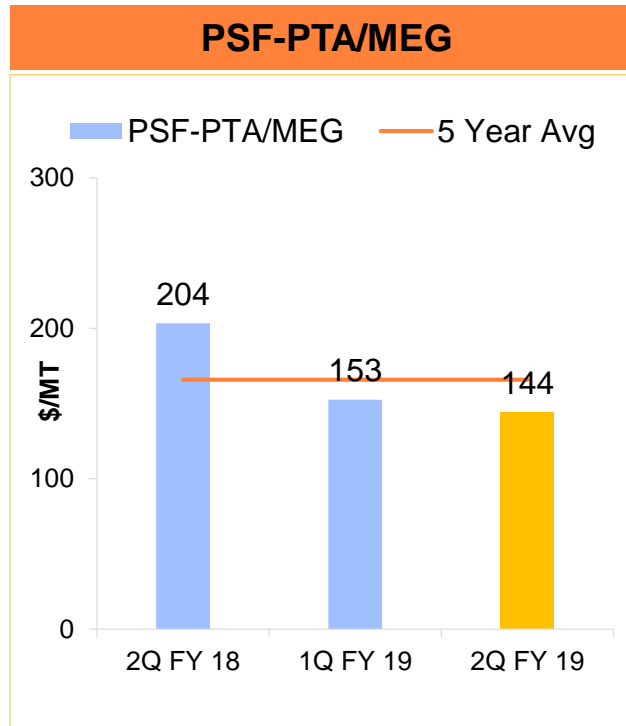
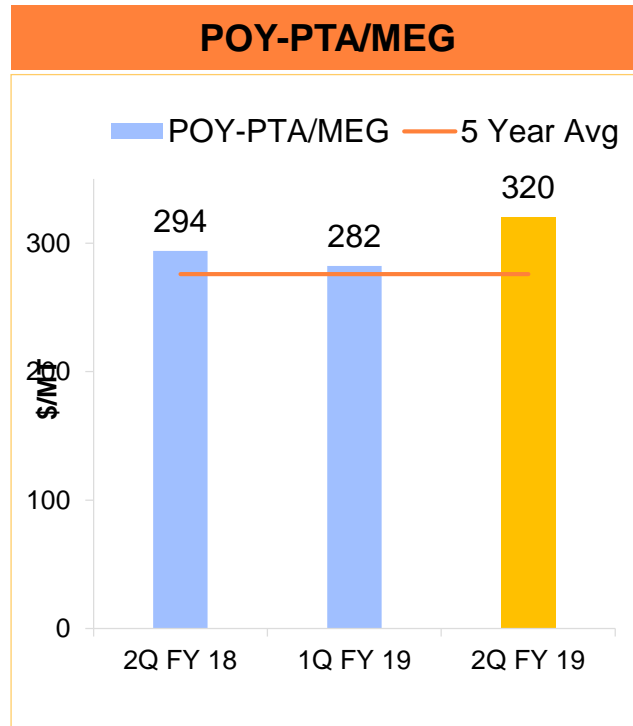
**Polyester chain delta sustains above 5 year average on healthy chain fundamentals**

# Fiber Intermediates Delta Scenario



- Tight supplies and robust downstream demand bolstered PX prices and margins despite firm naphtha price
- Limited PTA supplies supported prices and improved margins
- MEG margins sustained above 5 year average despite firm energy values and high inventory levels

# Polyester Delta Scenario



- POY margin strengthened as stronger demand helped absorb higher feedstock costs
- PSF margins squeezed amidst cautious downstream sales and rising feedstock costs
- Seasonally weak PET demand coupled with rising cost impacted QoQ margins; but firmed up YoY

# Polyester Chain – Operational Highlights

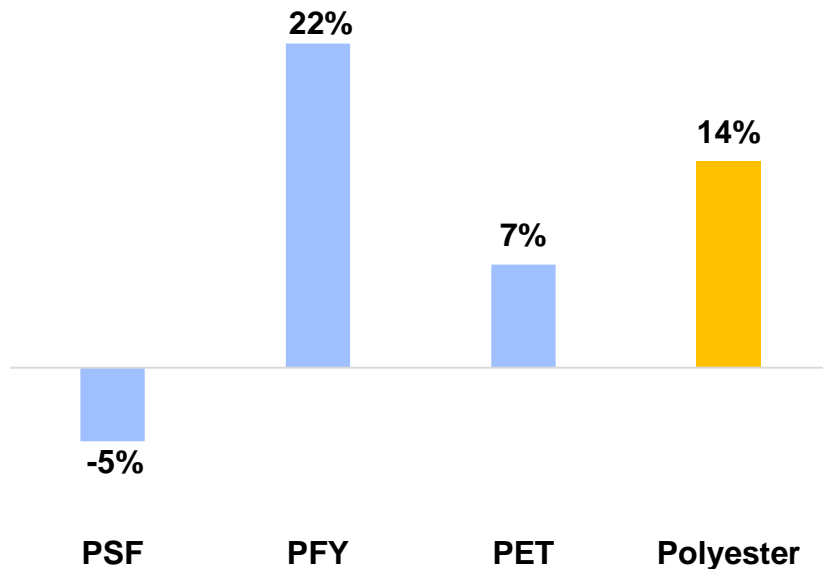
Production (KT)	2Q FY18	1Q FY19	2Q FY19
PX	918	909	1124
PTA	1236	1164	1215
MEG	216	431	415
<b>TOTAL</b>	<b>2370</b>	<b>2504</b>	<b>2754</b>

Production (KT)	2Q FY18	1Q FY19	2Q FY19
POY	271	277	279
PSF	176	170	172
PET	267	291	289
<b>TOTAL</b>	<b>714</b>	<b>738</b>	<b>740</b>

- Fibre intermediates production surged 10% QoQ basis
  - YoY production up 16% reflecting stabilization of new capacities
- Polyester production stable QoQ, up 4% YoY
  - PET production up 8% YoY

**RIL continues to benefit from an upcycle in polyester chain**

## Domestic Demand Growth (2Q FY19 vs 2Q FY18)



- Polyester demand growth healthy by 14% YoY
- PFY markets healthy owing to stocking and new downstream applications
- PSF markets affected by cautious buying and global slowdown
- PET demand growth aided by improved downstream demand
- RIL continues to remain competitive on account of its scale, integration and efficient product mix

**Polyester markets withstood price volatility with demand registering double digit growth**

- Planned maintenance in PX and PTA during 3Q FY19 likely to support markets
- Global polyester markets likely to remain cautious and influenced by feedstock trends
  - Seasonal Christmas and New Year demand in textile/beverage market in near term would be supportive
  - Evolving trade dynamics due to US-China trade friction needs monitoring
  - Global economic growth and weakening currency in emerging markets could impact demand
- Cotton to be supportive amidst tight markets and strong exports
- Indian textile market to witness healthy demand amidst strong economic growth and government support
  - Increased import duties on fabric and garments and reduction in duties on machinery imports

**RIL continues to lead with innovative products and strategic downstream diversification**





An eco-sustainability initiative by



**F**ashion, **F**unctionality, **S**ustainability

R|Elan growing to serve the aspirational demanding customers



**20+** Brands  
**7.5+ Lakh**  
Garments



**81K** Facebook Users  
**12.5 K** Instagram Followers  
**125+ Mn** Online Impressions

Strong social presence reaching out to consumers directly

*Oil & Gas*

*Domestic Upstream*

# Domestic E&P - Production Update

2Q FY19 (JV Production)	KG D6	Panna Mukta	CBM
Gas Production (Bcf)	11.27	11.13	3.04
Oil Production (mmbbl)	0.11	0.95	-
Condensate Production (mmbbl)	0.02	-	-
Gas realization (\$/mmbtu)	3.06 (GCV)	5.73 (NCV)	8.35(GCV)
Oil realization (\$/bbl)	71.65	73.38	-

Note: RIL share of total domestic production at 15.3 BCFe

## KG D6

- Average production of gas at 3.7 MMSCMD and oil and condensate at 1,651 BOPD
- MA field ceased production effective from 17<sup>th</sup> September 2018

## Panna Mukta

- Average production of gas at 4.0 MMSCMD and oil at ~12,020 BOPD
- Lower production on natural decline and unplanned shut down for 13 days owing to Single Point Mooring (SPM) integrity issues

## CBM

- Average production rate 0.94 MMSCMD

## **KGD6**

- R-Cluster Development on track:
  - Top hole drilling for 4 wells stands completed. Drilling and lower completion operation of first well commenced
  - 1<sup>st</sup> campaign of installation of facilities scheduled to commence from 3Q FY 19
- Satellite Cluster - All major orders have been committed. Project related activities are targeted to commence by end of 3Q FY 19
- MJ Development - Contracting process for major long lead items including FPSO is underway

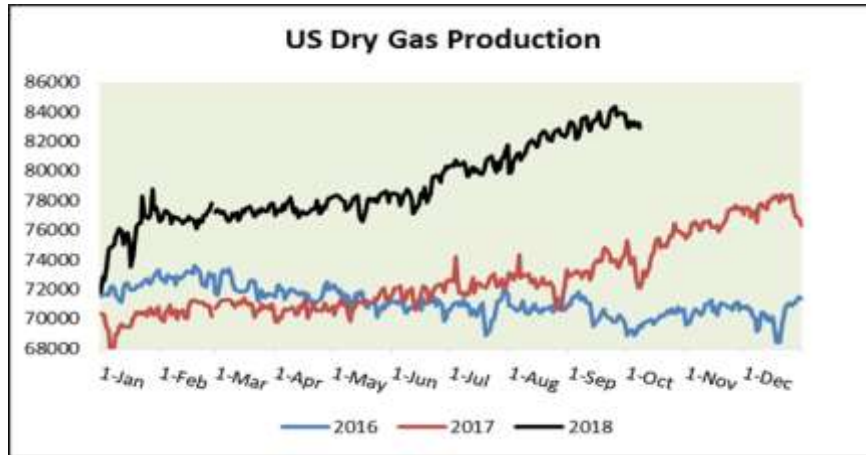
## **CBM**

- Phase-II activities - Civil works for Gas gathering station, priority well locations and pipelines underway

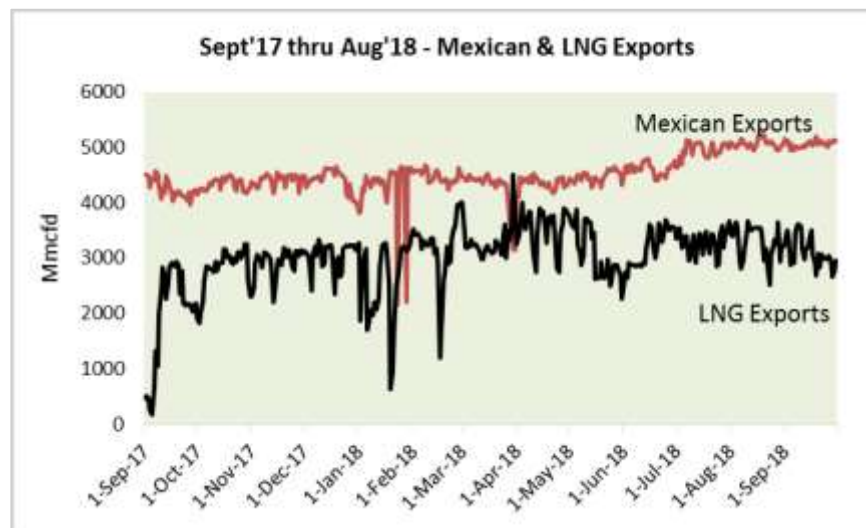
*Oil & Gas*

*Shale Gas*

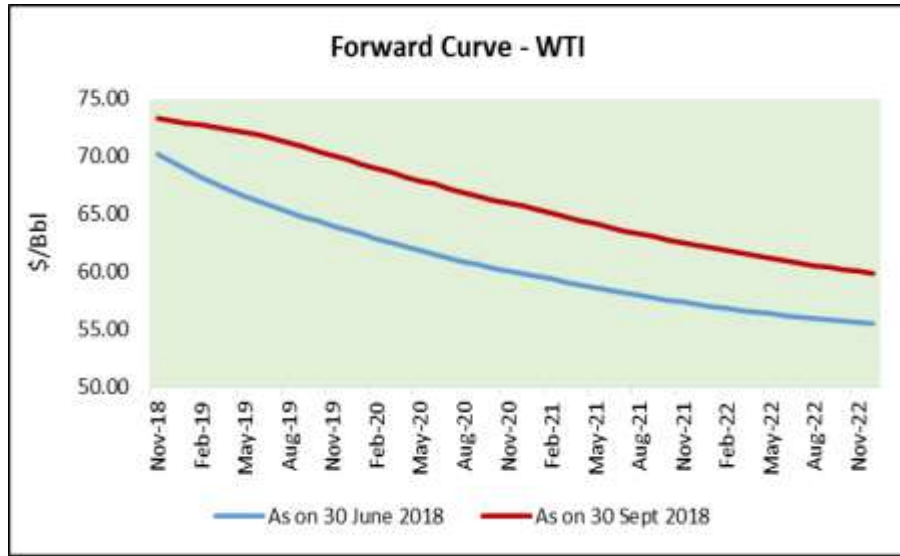
## US NG Production Trends



## Natural Gas Export Trends

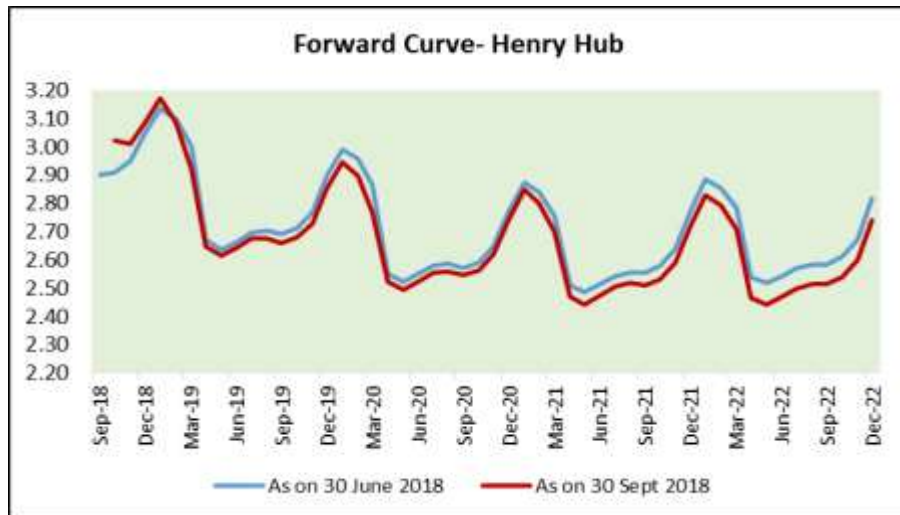


- Dry Gas production at 83.9 Bcf/d, up 5.3 Bcf/d from June'18 avg.
  - 2Q FY19 avg. HH Gas prices at \$2.90/MMBtu, +3.5% QoQ
  - Marcellus differentials to HH improved 7.0% QoQ at (\$0.52)/MMBtu
- Exports to Mexico increased 16% QoQ and averaged ~5.0 Bcf/d
- LNG exports stable QoQ at 3.25 Bcf/d
- Gas in storage at 2,866 Bcf; 607 Bcf below 5 Year average
  - Inventory optics bullish, however, further production increases anticipated – Marcellus/Utica, Permian, GoM
- Low gas in storage/upcoming winter to drive near term HH prices
  - HH price spikes a possibility if winter turns out colder than normal



## WTI / NGL

- QoQ WTI average up ~\$1.6/bbl at \$69.5/bbl
- US production increasing, driven by Permian Basin expansion, but rate of growth has slowed due to infrastructure constraints
  - US oil production at 11.1 MMbbl/d up ~200 Kbpd QoQ
- Forward curve increased QoQ on back of Iranian sanctions
- NGL price up 18.9% QoQ at \$33.2/bbl, on higher purity product prices
- Ethane demand outlook strong supported by increased demand from new crackers coming on-stream



## HH

- Near term HH prices higher with strong demand and low inventory
- 2019 price highly dependent on upcoming winter



# Business Performance Highlights

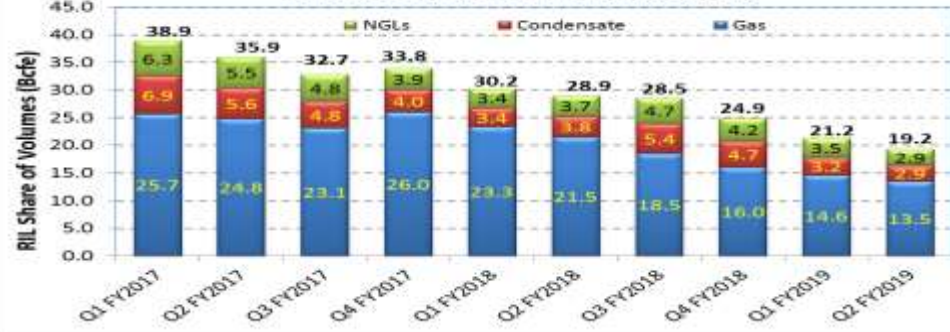
	2Q FY19	1Q FY19	2Q FY18	% Chg vs. 2Q FY18	1H FY19	1H FY18	% Chg vs. 1H FY18
Production (Bcfe)	21.2	23.8	33.5	-37%	45.0	68.2	-34%
Revenues (\$ MM)	81	86	80	1%	167	174	-3%
EBITDA (\$ MM)	13	19	13	0%	32	37	-14%

Average Realisation



- Blended realization almost at 1QFY19 levels
- YoY, realizations up 44% on improved WTI, better differentials
- Volumes lower by 11% QoQ due to natural decline; No new well put on line during the quarter in JV operated areas
- Momentum in drilling and completion activities continued at Chevron JV; 2 rigs currently deployed on JV operations
- Application submitted to RBI for cross border merger awaiting approval

Net Sales Volumes (Reliance Share)



*Reliance*

*Retail*





5,800+

Cities Present

9,100+

Points of Presence

19.5

Million sq.ft. of retail space

8.0

Million sq.ft. of warehousing space

673

Stores added during the quarter

50+

Million loyal customers

Amongst the fastest growing retailer in the world

# Birds' Eye View of Reliance Retail's 2Q FY19 Performance



137 million

Footfalls across all stores;  
growth of 33% Y-o-Y

76 million

Web visits on AJIO;  
growth of 101% Y-o-Y

3 million

AJIO app downloads;  
growth of 43% Y-o-Y

1 million

Toys sold at Hamleys;  
growth of 27% Y-o-Y

1.25 Lakh

Laptops sold;  
growth of 26% Y-o-Y

328 million

Litres of Diesel sold at COCOs;  
growth of 14% Y-o-Y

> 1.5 Lakh

MT of groceries sold;  
growth of 22% Y-o-Y

90,000+

Products listed on AJIO;  
growth of 116% Y-o-Y

95,000+

People strength;  
growth of 14% Y-o-Y

**Growth across all key indicators**

# Key Performance Highlights

All Figures in Rs Crore

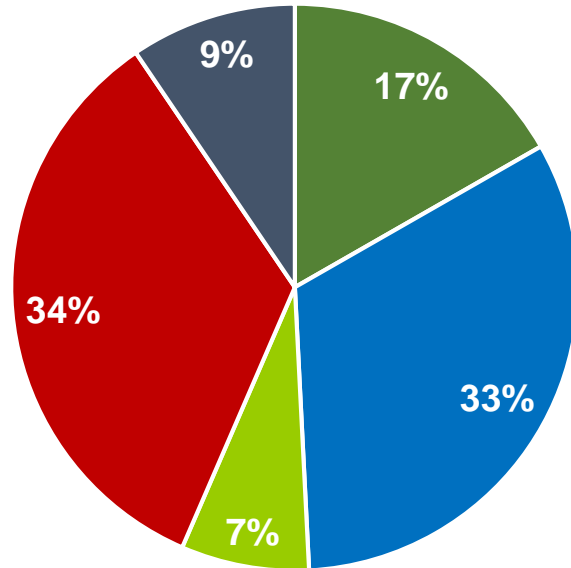
2QFY18	Metric	2QFY19	1QFY19	% Change wrt 1QFY19	% Change wrt 2QFY18
14,646	Segment Revenue	32,436	25,890	25.3%	121.5%
444	EBITDA	1,392	1,206	15.4%	213.5%
3.0%	EBITDA Margin %	4.3%	4.7%		

- Revenue doubled and PBDIT tripled Y-o-Y, Double digit growth across all consumption baskets
  - Revenue excluding Petro and Connectivity grew by 146.8% Y-o-Y;
- Reliance Retail received over 10 million footfalls representing a growth of over 30% y-o-y during the big Sale Period between 11th and 15th August
- Purchased equity stake in Genesis Colors and additional equity stake in Genesis Luxury Fashions
  - Genesis Colors and Genesis Luxury Fashions have become subsidiary of Reliance Retail
  - Portfolio now extends to Burberry and Satya Paul

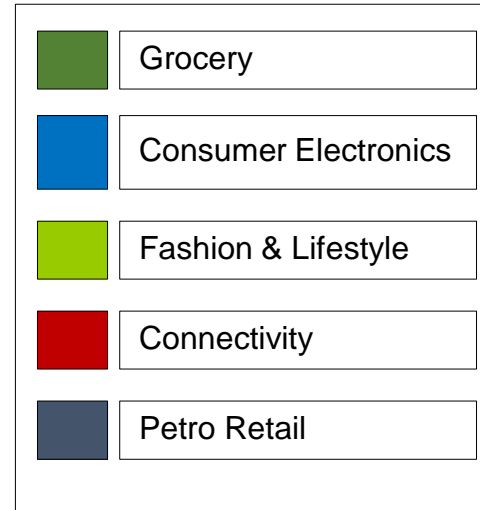
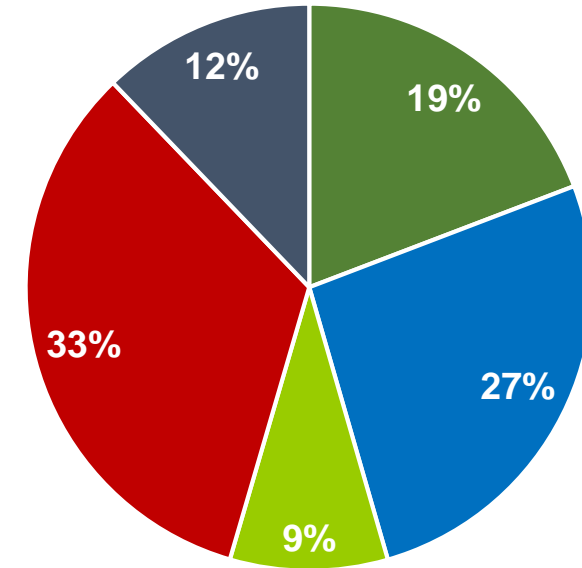
**Robust Growth in Revenues and Profits**

# Contribution from Consumption Baskets

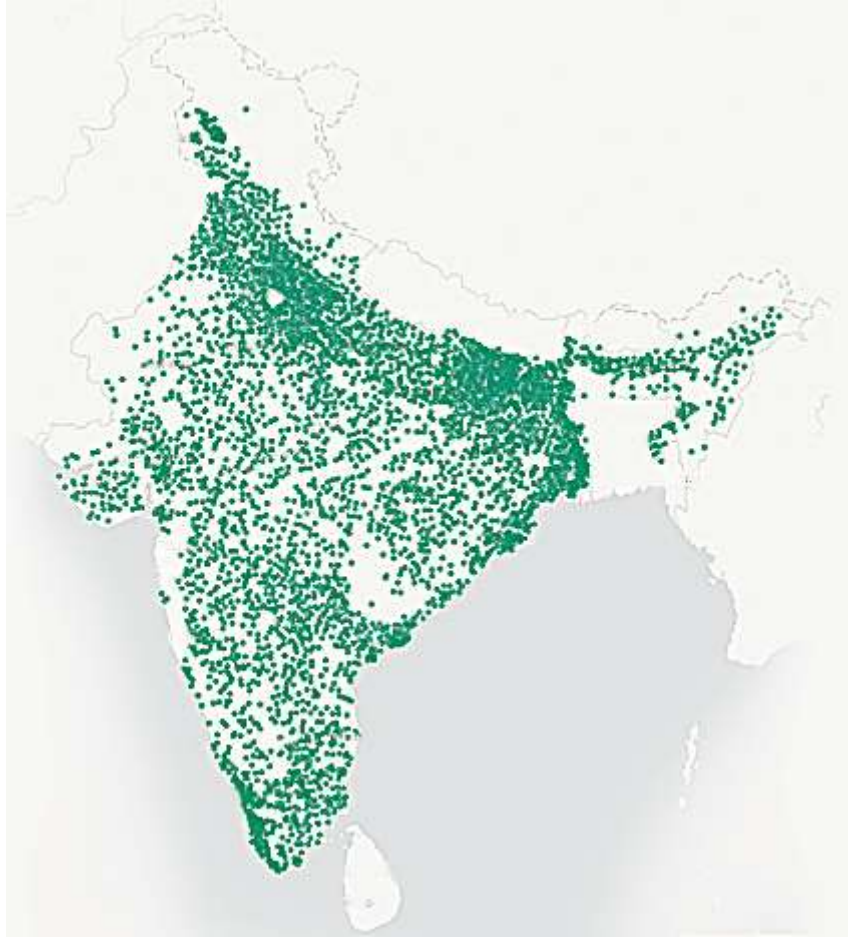
## Revenue Mix – 2Q FY19



## Revenue Mix – 1Q FY19



## Store Presence as on Sep 30, 2018



## Reliance Retail Store Count by Region\*

North	2,126	1,740
South	2,478	2,130
East	2,062	1,635
West	2,480	2,068
<b>Total</b>	<b>9,146</b>	<b>7,573</b>

**Unprecedented reach across 5,800+ cities**



- Trends is the largest and fastest growing fashion retail chain in India
  - Crossed 500 store mark during the quarter; Now operates 509 Trends and Trends extension stores across 245 cities
- Implementation of omni-channel initiatives underway
  - Over 100 Trends stores integrated for online order fulfillment, return and refund
  - Operationalized kiosks across 465 Trends stores
  - Over 100 partner brand stores integrated for fulfillment of online orders placed on AJIO.com
- Reliance Brands announced a partnership with Replay Jeans, Italian leader in the premium denim segment
- Project Eve was awarded the “Most admired retail launch” of the year by IMAGES Retail Awards



**Expanding physical and omni-channel presence**

# Performance Highlights – Consumer Electronics

- Store network continues to grow rapidly during the quarter
  - Added 17 Digital stores and 535 Jio Points
- Strong customer demand during the quarter driven by
  - wider coverage and effective marketing communication
  - promos & finance options with low cost finance partners
  - achieved 37% LFL growth during Independence week Sale
- Upgrading store environment to enhance customer experience
- Reliance Digital received awards for excellence
  - ‘Most admired Consumer Electronics Retailer of the Year’<sup>1</sup>
  - ‘Best use of Social media in marketing’<sup>2</sup>



**Strong growth driven by robust customer demand**

# Performance Highlights - Grocery

- Grocery category witnessed strong growth backed by new store expansion and volume growth in existing stores:
  - Robust growth across Staples, Home & Personal Care and general merchandise categories
  - 15 SMART Stores were launched during the quarter; Now operate 117 SMART stores across 73 cities
- Cash & Carry business saw robust growth backed by growth in Kirana and Horeca member partners
  - Launched a new store at Belgaum
  - Strengthened private brands portfolio with new product launches across food FMCG, home & personal care, staples, general merchandise and apparel categories



**Value proposition, assortment, superior shopping experience led to strong sales**

# Performance Highlights - Petro Retail Owned Outlets

- 512 owned retail outlets operational as of Sep 30, 2018
  - Recommissioned 10 outlets during the quarter
  - Witnessed healthy volume growth across petroleum products
- Petro Retail received awards for excellence:
  - Won the prestigious FIPI (Federation of Indian Petroleum Industry) Award for Digitalization initiatives in Oil and Gas Sector – Company of the Year 2017
  - Won “GOLD award” from Brandon Hall, USA, for “Product Loss Training” case study under the category of “Best results of a Learning Program” for year 2018



**Continues to deliver higher throughput than industry average**

*Reliance*

*Jio*

## Industry leading metrics underlining the scale & robustness

**252.3 million**

Subscribers

**41.7 million**

Gross adds in Q2

**7.7bn GB**

Data Traffic in Q2  
Up 2x over past one year

**11.0 GB**

Per Capita Monthly Data usage  
10.6 GB in previous quarter

**4.1bn hours**

Video consumption per month

**72%**

4G Data Traffic Share in Q1FY19

**5.8bn mins**

Daily VoLTE traffic  
Up 2.2x over past one year

**761 mins**

Per Capita Monthly Voice usage  
744 mins in previous quarter

**0.66%**

Lowest monthly churn

**0.10%**

Lowest call drop rate

**Rs 131.7**

Industry Leading ARPU

**Rs 3,573 crs**

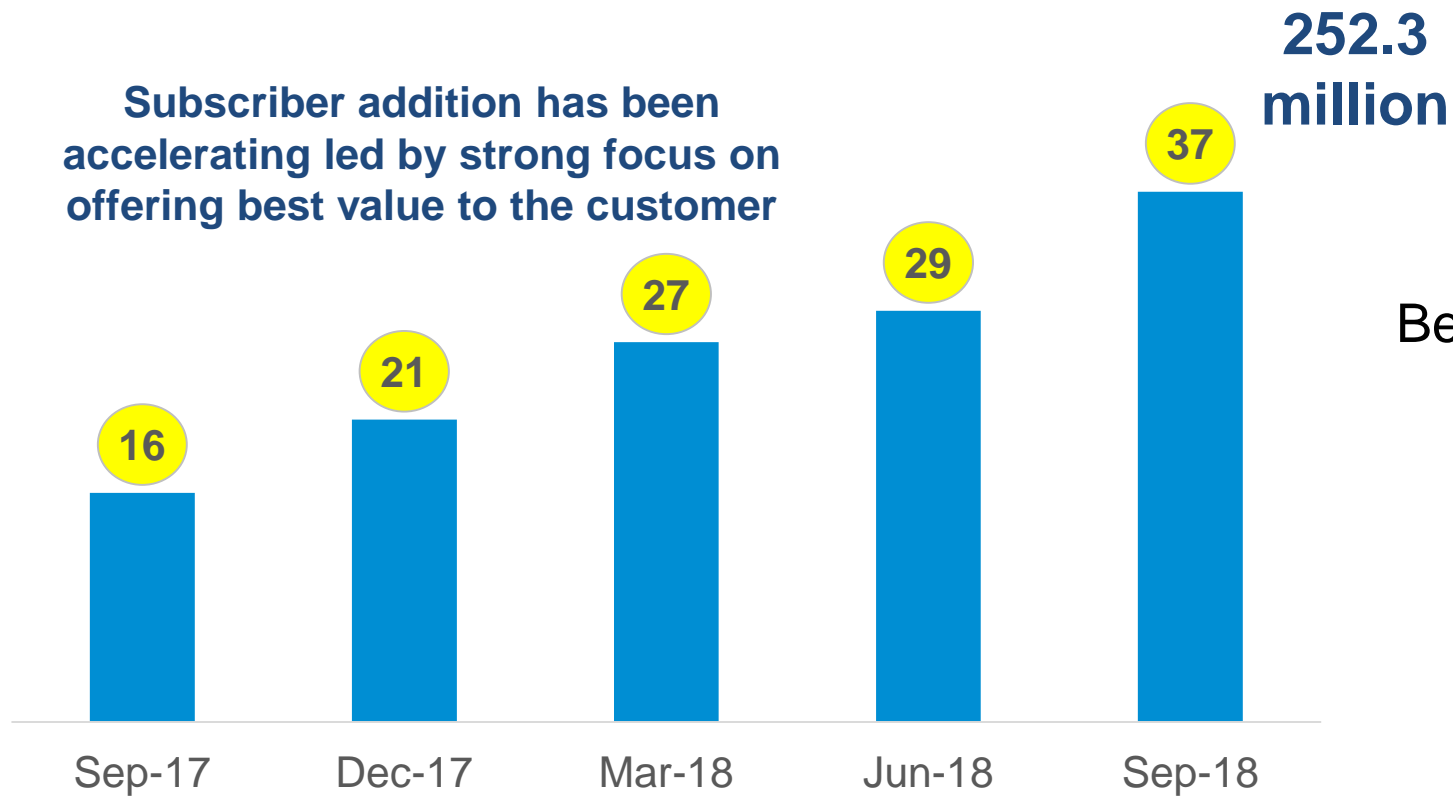
EBITDA  
2.5x from year-ago base

**Expanding digital eco-system with strong customer engagement**

# Strong Customer Uptake

Jio's mission is to connect everyone and everything, everywhere – always at the highest quality and the most affordable price

Subscriber addition has been accelerating led by strong focus on offering best value to the customer



Improving Coverage

Best in class Network Performance & Use Cases

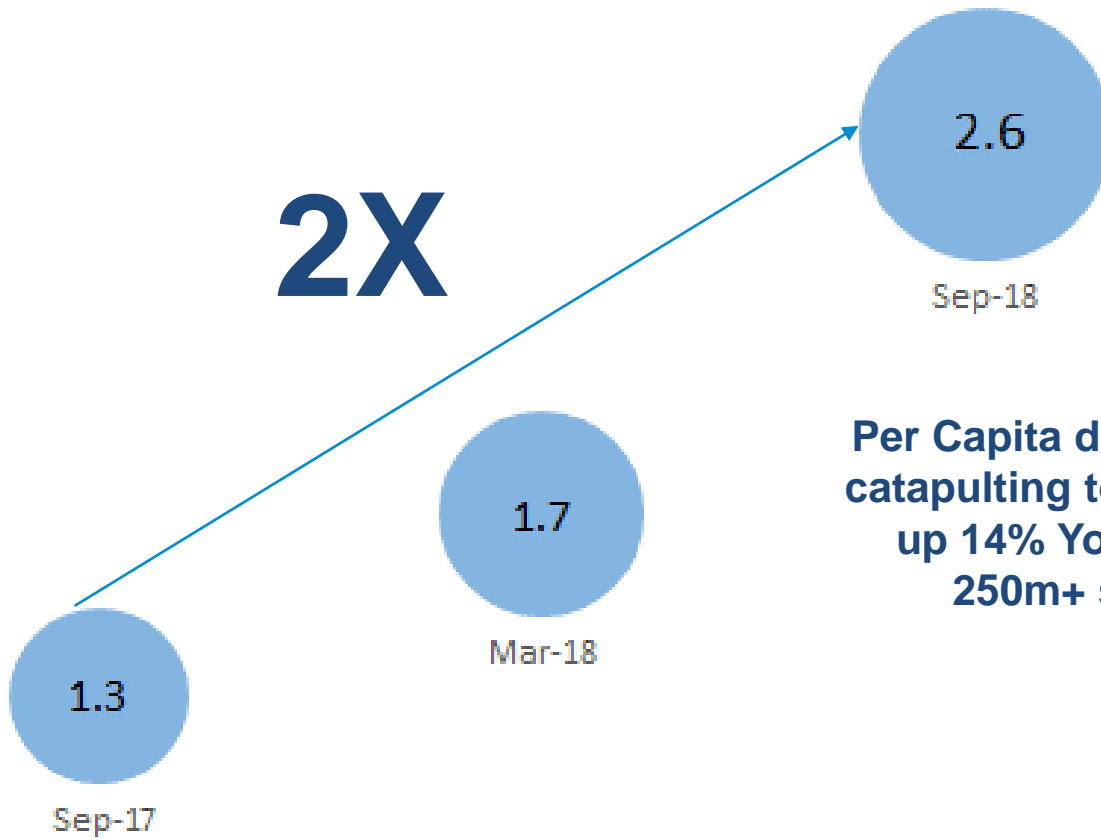
Monsoon Hungama

Strengthening sales channel

Growth driven by customer obsession

# Largest Data Network grows LARGER

Monthly Data Traffic (EBs)



**2X**

Per Capita data consumption  
catapulting to 11GBs / month,  
up 14% YoY on a base of  
250m+ subscribers

Live-TV & VoD

Music

Multi-media content

Social Media

E-Commerce

**Best in class network and affordable data drives consumption**



# World's Largest VoLTE Operator



Transformation of the **Global Voice Industry**

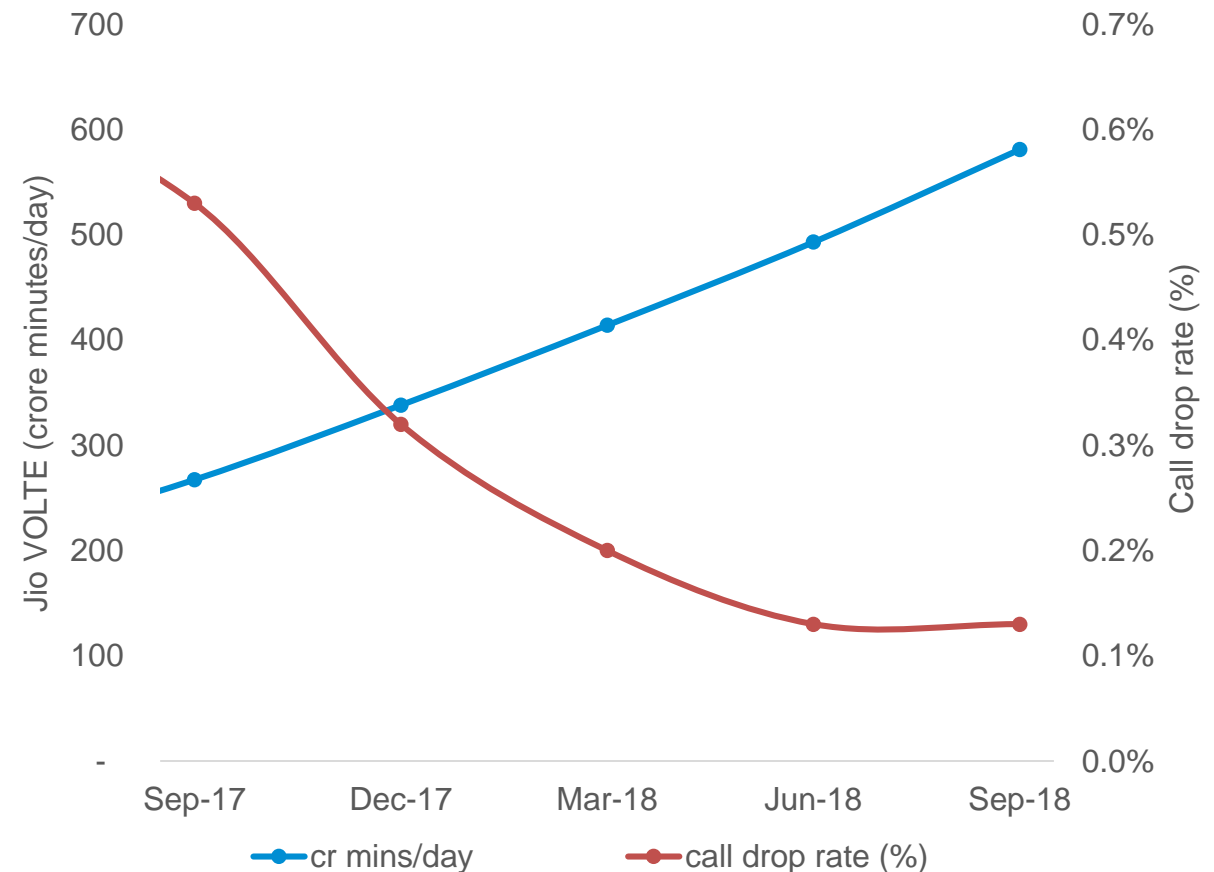
> **40% share** of global VoLTE subscribers

**7.8x VoLTE traffic** in 2-years

**Lowest call drop rate** & improving every quarter

Technology advantage for **customer benefit**

## Scaling up with improved experience



**Creating the world's largest VoLTE network**

All IP Network with largest fibre optic backhaul

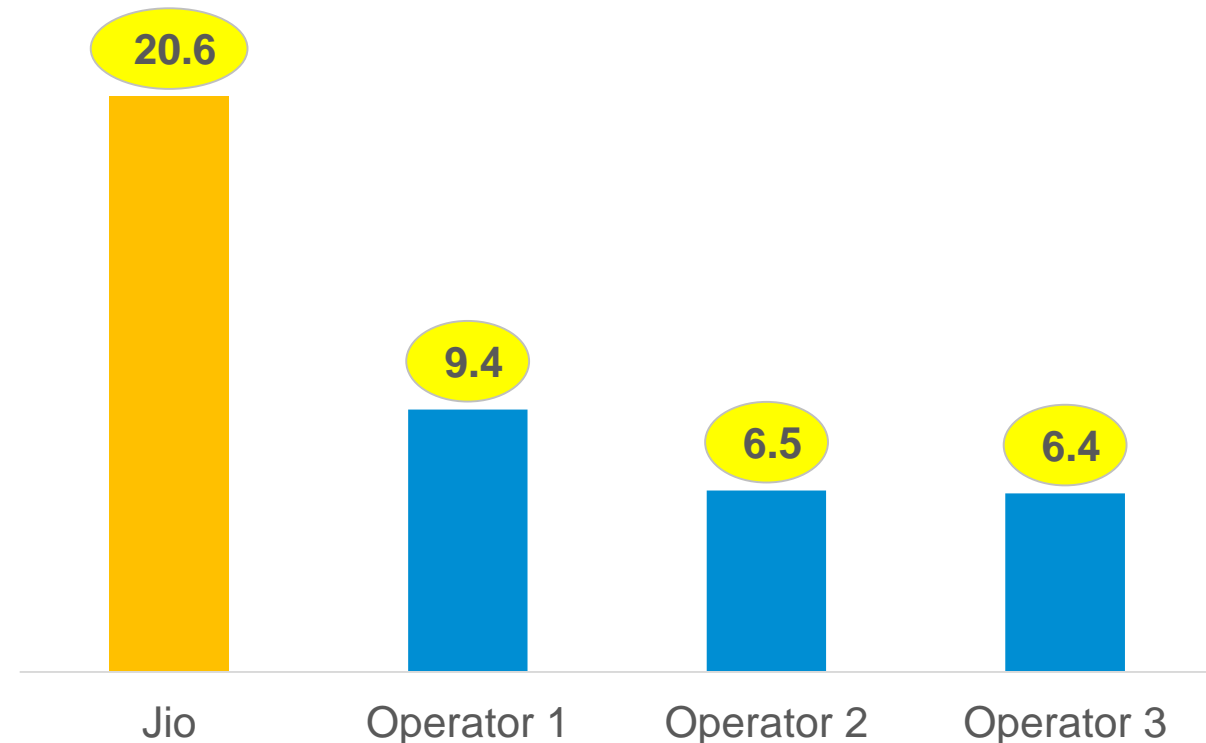
Carrier aggregation across network for better coverage and capacity

Highest traffic per eNodeB globally

Small Cells for improved indoor coverage

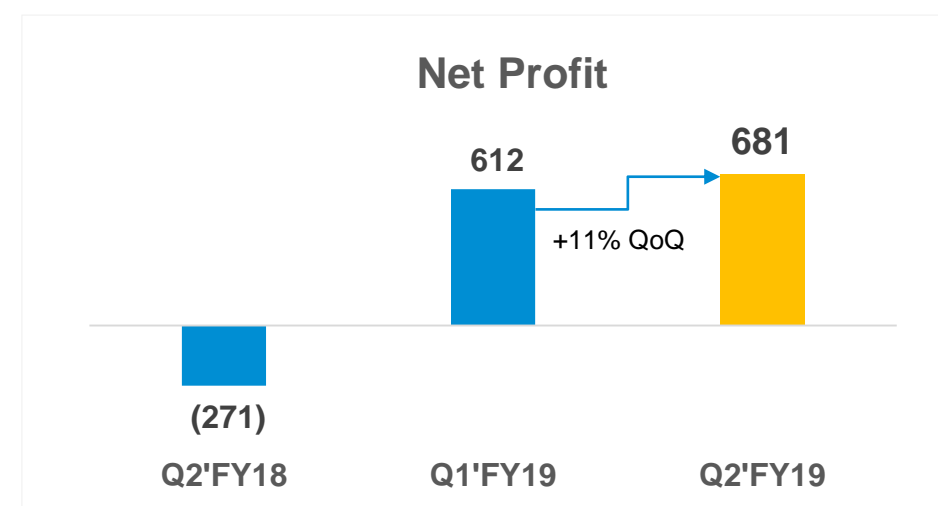
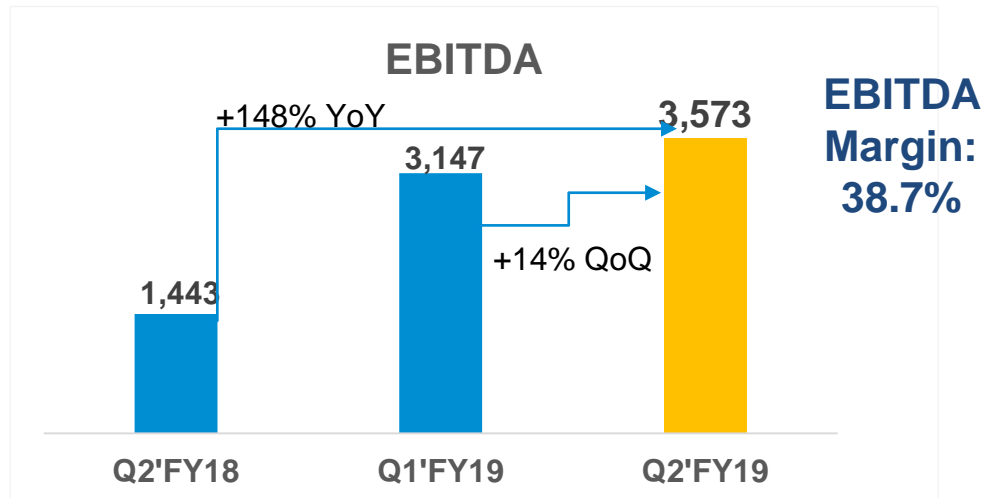
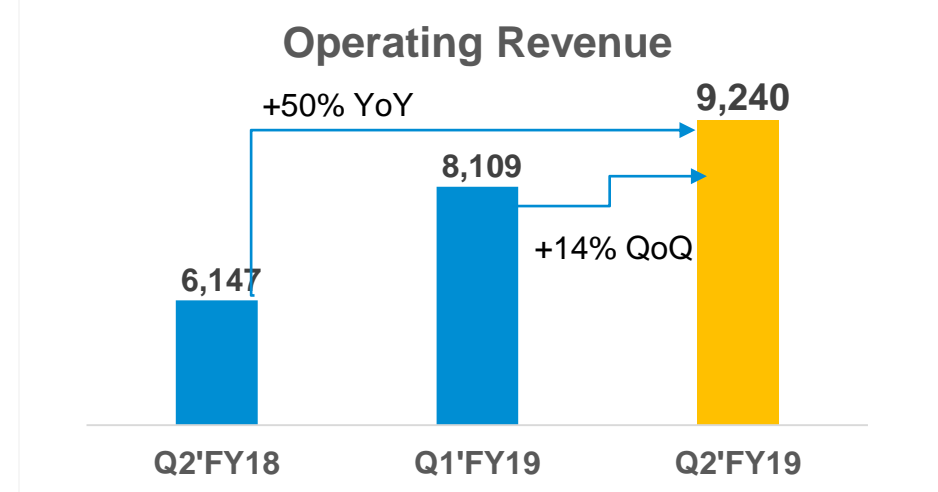
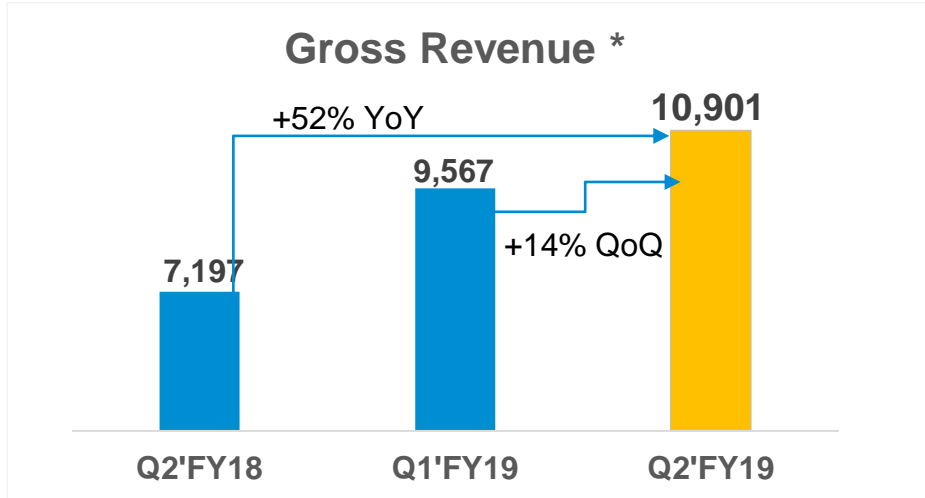
Deployment of next-gen solutions such as Massive MIMO

Average download speed (in Mbps)



Source: TRAI, September 2018 data

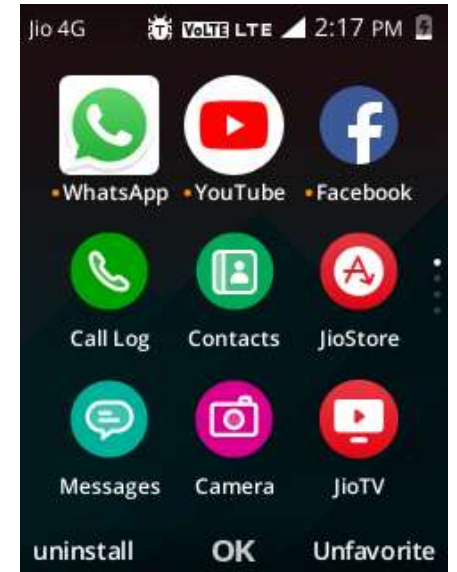
Superior network maintaining performance benchmarks



\*Gross Revenue is value of Services  
figures in Rs crore, unless otherwise stated

**Strong financial performance led by operational efficiencies**

- Strengthening the KaiOS app-store with popular social media apps
- Expanding Content Library with focused investment
  - Interactive best-in class Sports
  - Digital rights for Movies
  - KBC & Jio Cricket Play Along
  - Jio-Disney partnership
- Monsoon Hungama
- Voice BOT with MyJio – most queries now answered by Hello Jio
- Flexible Customer on-boarding process



## Widest Reach Anytime Anywhere

- Limited to Major Cities (<100)

- PAN India
- 1,100+ cities

## Future Ready Network

- Copper and coaxial last mile
- Limited bandwidth
- Less caching

- All IP Network
- Largest 100G core network
- PAN India Fibre network
- 1Gbps ready network with average speed of >100Mbps
- Global POPs in large exchanges

## Closer to Customer

- Negligible direct presence in locations other than top cities

- Highly distributed local presence to service 50m+ Homes & 10m+ Enterprises
- 1,000+ Jio Centres
- Integrated & dedicated NOC support

## Digital Platforms

- Largely people dependent and inconsistent

- E2E Digital Platform for execution and performance dashboard across geographies
- Online ticket generation and support
- Online platforms for all field activities and services

Current Scenario



Connected homes will boost digital activity... Jio in exclusive position

# Jio Apps catering to multiple customer segments



My Jio

Full service app with MACD → Prepaid Postpaid payments, Voucher, Loyalty, Troubleshooting, Virtual Assistant



JioTV

Live and catch up TV → 16 languages, 11 genres, 610+ channels, 125+ HD channels



JioCinema

Video on demand → 6,000+ movies; 120,000+ episodes; 70,000+ music videos; Exclusive Web Originals



JioMusic

Over 40mn songs; Personalized and AI Driven Recommendations; Artists Original program



JioMags

India's no. 1 magazine app; Unparalleled content → 800+ magazines from 50 publishers



JioXpressNews

Extensive content from thousands of sources; Daily summaries, evening wrap, Personalized news



Unique data driven education services platform catering to Engineering, Medical, Banking and Class 8-10



JioChat

Fully encrypted messaging, HD quality group voice & video conferencing; events and play-along initiatives



JioMoney

Payments Bank live trials; Merchant solutions being rolled out; Wide acceptance across offline and online

**High customer engagement, differentiated features**

- 1<sup>st</sup> Rank in The Fortune Change the World 2018 Top10 list



- Champions of Rural Market – Economic Times

- Best Integrated Branded Content for Jio KBC – ICMA



- India's Most Influential Brands - IPSOS



**Focus on transformation to stay ahead of global best standards**



# Strategic Investment





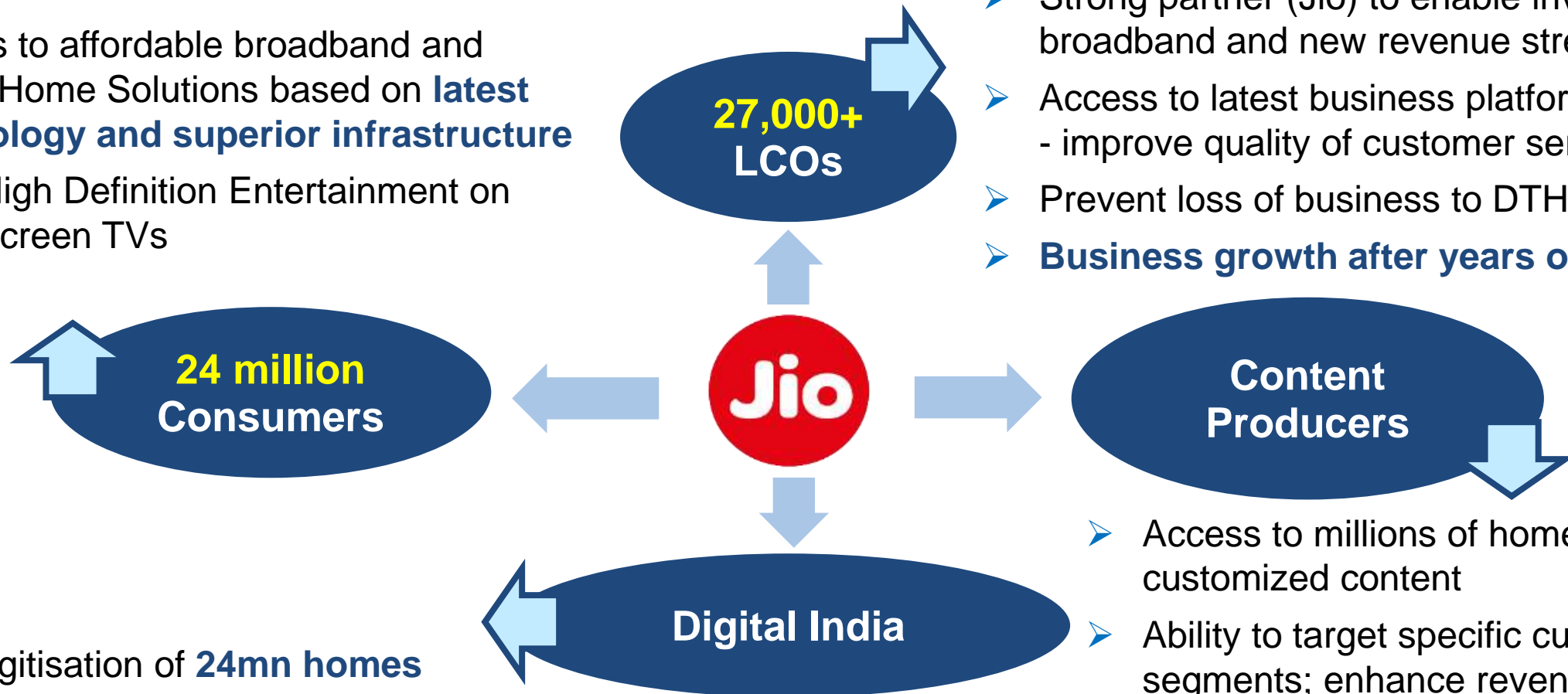
- **RIL** today announced strategic investment in and partnership with Den Networks Limited (“**Den**”) and Hathway Cable and Datacom Limited (“**Hathway**”)
- RIL will subscribe to fresh equity shares (preferential issue under SEBI Regulations) in each company
  - Primary investment of Rs 2,045 crore through a preferential issue under SEBI regulations and secondary purchase of Rs 245 crore from existing promoters for 66.5% stake in Den
  - Primary investment of Rs 2,940 crore through a preferential issue under SEBI regulations for 51.0% stake in Hathway
- Transactions will trigger Open Offer (under SEBI Takeover Regulations) as both Hathway and Den are listed entities
  - Open offer also for:
    - (a) GTPL, a company jointly controlled by Hathway with 37.3% stake (market cap: Rs 1150 crore)
    - (b) Hathway Bhawani, a subsidiary of Hathway (market cap: Rs 2 crore)

**Jio's FTTH initiative will get a boost through these acquisitions**

# Win-Win Relationship for all Stakeholders

- Access to affordable broadband and Smart Home Solutions based on **latest technology and superior infrastructure**
- Ultra High Definition Entertainment on large screen TVs

- Strong partner (Jio) to enable investment in broadband and new revenue streams
- Access to latest business platforms from Jio - improve quality of customer service
- Prevent loss of business to DTH & IPTV
- **Business growth after years of stagnation**



- Digitisation of **24mn homes**
- Deep penetration of **high quality broadband services**

- Access to millions of homes with customized content
- Ability to target specific customer segments; enhance revenue potential

**LCOs, content producers, consumers – everyone to benefit**

*(amounts in Rs crore, unless otherwise stated)*

Details	Den	Hathway
Acquisition by subscription to preferential issue (+ secondary purchase of Rs 250 cr from existing promoter in Den)	66.50%	51.00%
Shareholding of existing promoter after take over	7.75%	22.00%
Pref Issue Price (Rs per share)	72.66	32.35
Investment amount at agreed price	2,045	2,940
Secondary Purchase of Shares	245	
<b>Investment for acquisition by subscription to preferential offer and purchase</b>	<b>2,290</b>	<b>2,940</b>

**Note:** Existing promoters will continue to be promoters until reclassified in accordance with SEBI Regulations

- In addition, open offer would be made for the following entities:
  - Hathway
  - Den
  - GTPL
  - Hathway Bhawani

**Initial outlay of Rs 5,230 crore; additional investment for open offer**

**Thank you**