

Larsen & Toubro

Analyst Presentation - FY16

May 25, 2016



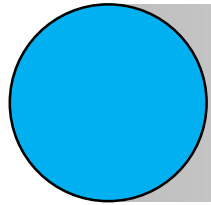
Disclaimer

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.

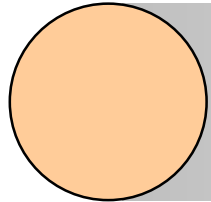
The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and the target countries for exports, ability to 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.

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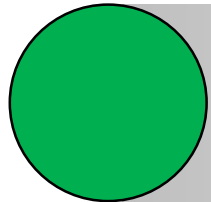
Presentation Outline



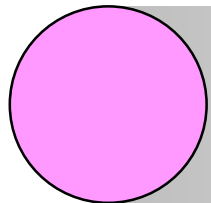
Group Performance Highlights



Group Performance Summary

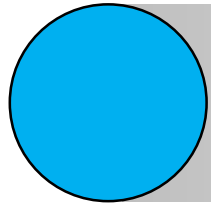


Segment / Key Subsidiaries



Outlook

Presentation Outline



Group Performance Highlights



Group Performance Summary



Segment / Key Subsidiaries



Outlook

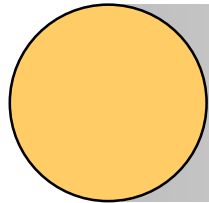
Performance Highlights

	YoY	
	Q4	FY
Revenues	↑ 18%	↑ 12%
EBITDA	↑ 35%	↑ 10%
Profit after Tax	↑ 19%	↑ 7%
Order Inflows	↓ 9%	↓ 12%
Order Book	↑ 7%	↑ 7%

Presentation Outline



Group Performance Highlights



Group Performance Summary



Segment / Key Subsidiaries

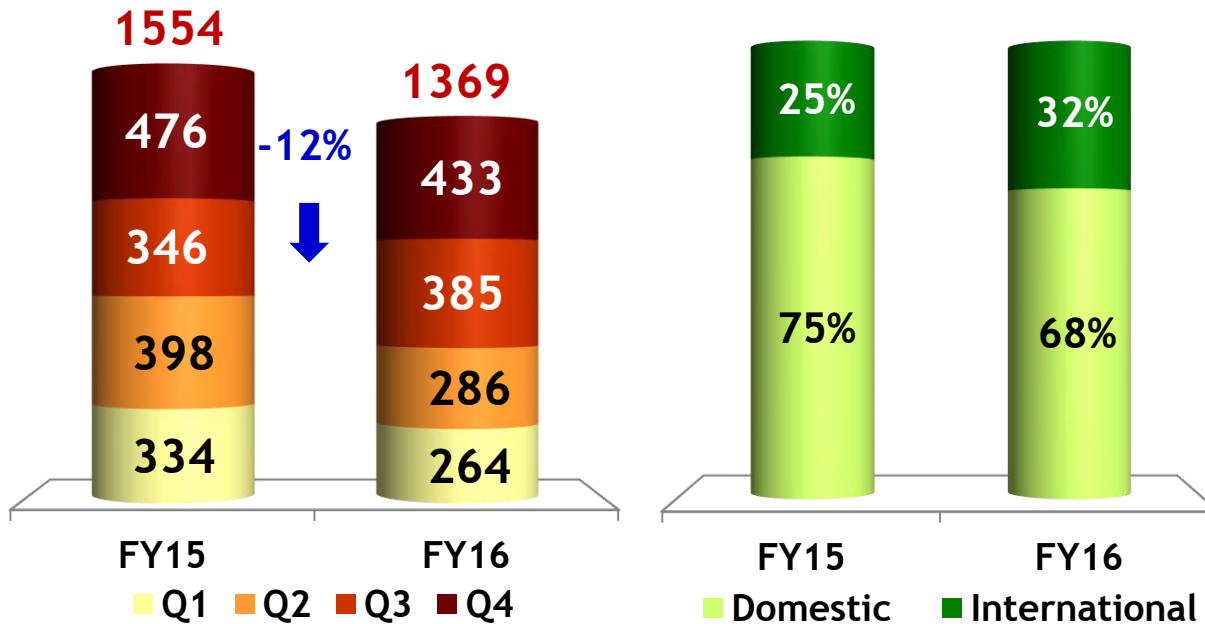


Outlook

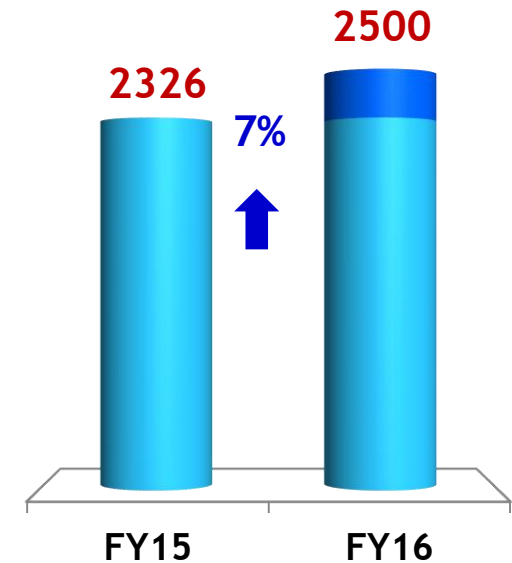
Group level Order Inflow & Order Book

Amount in ₹ Bn

Order Inflows



Order Book



- Order inflows impacted by loss of bids in Power and continued slow down in Metals and Heavy Engineering
- Healthy traction witnessed in international markets across infrastructure sectors
- Order Book provides strong forward revenue visibility
- 28% of Order Book from International markets (PY 26%)

Group Performance - Sales & Costs

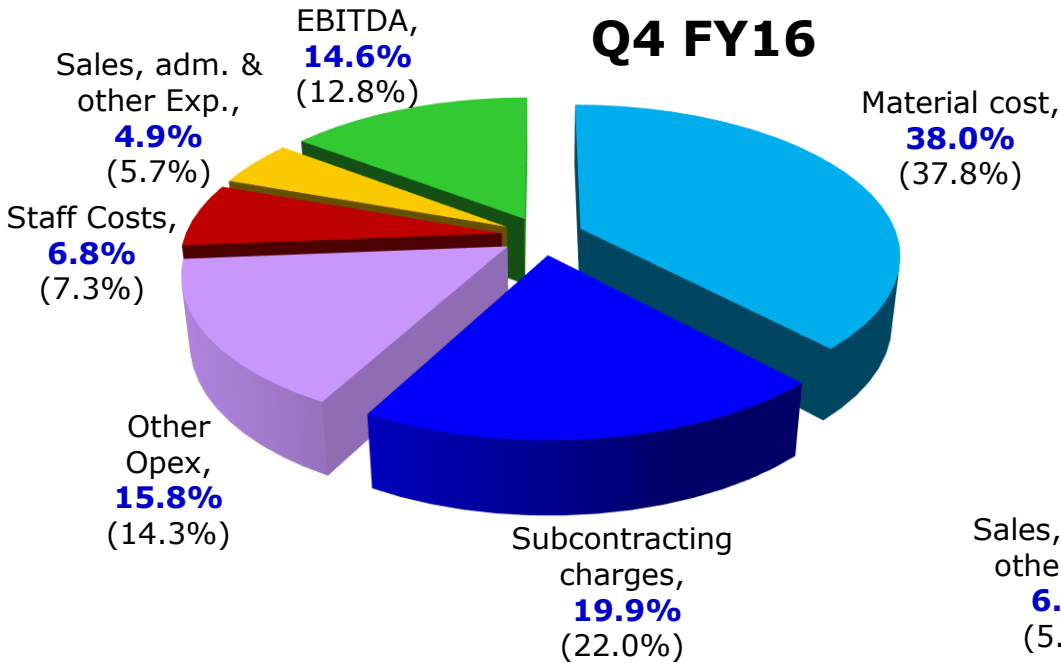
Q4 FY15	Q4 FY16	% Change	₹ Billion	FY15	FY16	% Change
280.23	331.57	18%	Net Revenue from Operations	920.05	1,026.32	12%
81.22	99.70	23%	International Revenue	259.26	333.02	28%
29%	30%	1%	% of Net Revenue	28%	32%	4%
207.83	244.35	18%	Mfg, Cons. & Opex (MCO)	672.40	749.46	11%
20.49	22.42	9%	Staff Costs	80.60	92.05	14%
15.95	16.20	2%	Sales & Admin. Expense (SGA)	54.46	61.38	13%
244.27	282.98	16%	Total Opex	807.47	902.89	12%

- Execution pickup in Q4 in line with expectations
- Strong Order Book currently driving international revenue growth
- MCO charge in line with level of operations
- Staff cost increase due to increased level of international operations
- Rise in Sales & Admin (SGA) expenses mainly on account of Provisions

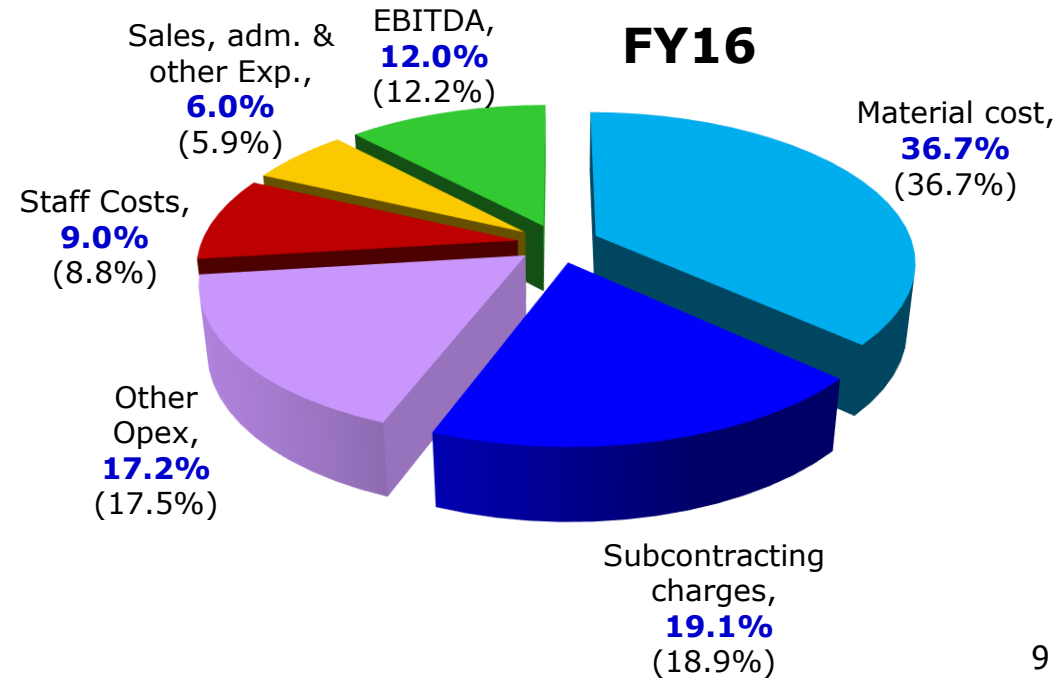
Performance Summary - Operational Costs & Profitability



Q4 FY16



FY16



Figures represent % to Revenue

Figures in brackets indicate corresponding period of the Previous Year

Group Performance Summary Extracts

Q4 FY15	Q4 FY16	% Change	₹ Billion	FY15	FY16	% Change
35.95	48.59	35%	EBITDA	112.58	123.43	10%
12.8%	14.7%	1.8%	EBITDA Margin	12.2%	12.0%	-0.2%
(4.69)	(7.74)	65%	Interest Expenses	(28.40)	(30.41)	7%
(5.88)	(8.20)	40%	Depreciation	(26.23)	(27.56)	5%
2.90	2.18	-25%	Other Income	10.75	11.83	10%
(7.66)	(9.54)	25%	Provision for Taxes	(22.54)	(25.49)	13%
20.70	24.54	19%	PAT after Minority Interest	47.65	50.91	7%

- EBITDA improvement driven by job mix, lower commodity prices and rationalisation of cost estimates
- Rise in Q4 interest expenses due to commissioning of developmental assets
- Increase in depreciation charge due to toll road impairment and commissioning of developmental assets
- Other Income mainly comprises Treasury gains

Group Balance Sheet

₹ Billion	Mar-16	Mar-15	Incr / (Decr)
Net Worth	439.92	409.09	30.83
Minority	67.69	49.99	17.70
Borrowings (Fin. Serv.)	526.92	430.10	96.82
Other Non-Current Liabilities	497.79	408.53	89.26
Other Current Liabilities	742.94	640.35	102.59
Total Sources	2,275.25	1,938.06	337.20
Net Fixed Assets	586.00	475.16	110.84
Goodwill on consolidation	21.72	22.15	(0.43)
Loans & Advances (Fin. Serv.)	556.58	454.26	102.32
Other Non- Current Assets	175.62	159.12	16.51
Cash and Cash Equivalents	141.09	138.21	2.88
Other Current Assets	794.24	689.17	105.08
Total Applications	2,275.25	1,938.06	337.20

- Gross D/E: 2.30 (FY15: 2.21)
- Net Working Capital (excl. Fin. Serv.): 24% of Sales (FY15: 25%)

Group Cash Flow (Summarised)

₹ Billion	Q4 FY16	Q4 FY15	FY16	FY15
Operating Profit	57.26	35.79	128.63	113.46
Direct Taxes (Paid) / Refund - Net	(10.38)	(8.82)	(33.18)	(29.79)
Changes in Working Capital	(10.95)	9.46	(21.65)	(16.00)
Net Cash from Operations (A)	35.93	36.43	73.80	67.67
Investments in Fixed Assets (Net)	(14.55)	(9.68)	(50.58)	(60.95)
Net Purchase of Long Term & Curr. Inv.	6.13	1.22	(1.24)	(9.66)
Loans/Deposits made with Associate Cos.	0.02	0.02	(0.01)	5.80
Interest & Div. Received and Others	2.88	3.11	6.74	5.54
Net Cash from/(used in) Invest. Act. (B)	(5.52)	(5.33)	(45.09)	(59.27)
Issue of Share Capital / Minority	(9.51)	3.09	16.53	19.70
Net Borrowings (Excl. Fin. Services)	(14.87)	(7.69)	17.03	48.43
Net Disbursements towards financing activities*	7.57	6.18	(5.44)	(3.65)
Interest & Dividend paid	(10.58)	(16.07)	(55.56)	(55.29)
Net Cash from Financing Activities (C)	(27.39)	(14.49)	(27.44)	9.19
Net (Dec) / Inc in Cash & Bank (A+B+C)	3.02	16.61	1.28	17.59

* included under Net Cash from operations under statutory financial statements

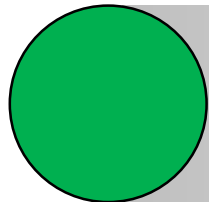
Presentation Outline



Group Performance Highlights



Group Performance Summary



Segment / Key Subsidiaries

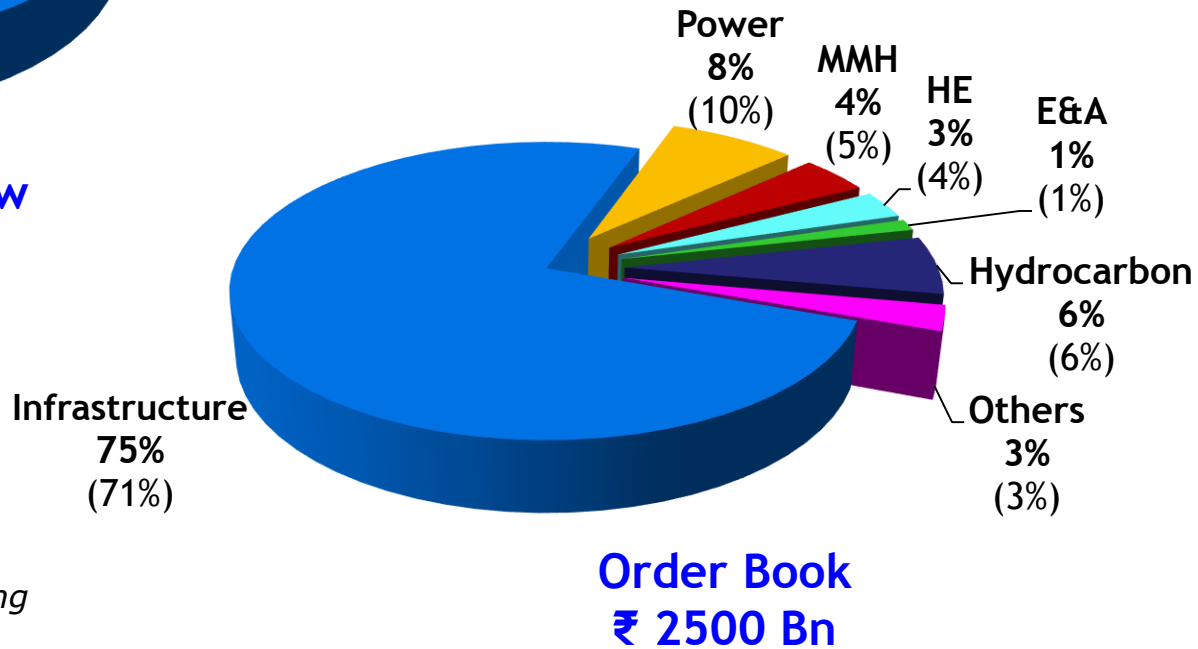
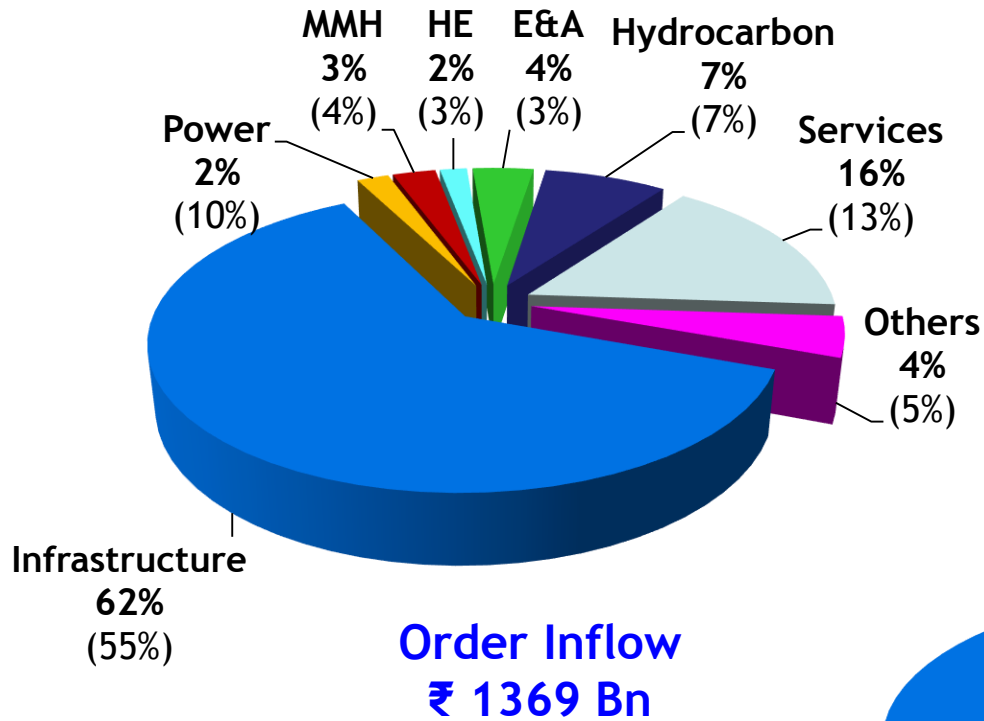


Outlook

Segment Composition

Infrastructure	Power	Metallurgical & Material Handling	Heavy Engineering	Electrical & Automation
Buildings & Factories	EPC - Coal & Gas	Ferrous	Process Plant Equipment	Electrical Standard Products
Transportation Infra				
Heavy Civil Infra	Thermal Power Plant Construction	Non Ferrous	Nuclear Power Plant Equipment	Electrical Systems & Equipment
Water & Effluent Treatment				
Smart World & Communication	Electrostatic Precipitators	Bulk Material Handling	Defence & Aerospace	Metering & Protection
Power T&D			Piping Centre	Control & Automation
Hydrocarbon	Developmental Projects	IT & TS	Financial Services	Others
Upstream	Roads	Information Technology	Retail & Corporate	Shipbuilding
Mid & Downstream	Metros		Infrastructure	Realty
Construction & Pipelines	Ports	Technology Services	Mutual Fund Asset Management	Construction & Mining Equipment
	Power		General Insurance	Machinery & Industrial Products

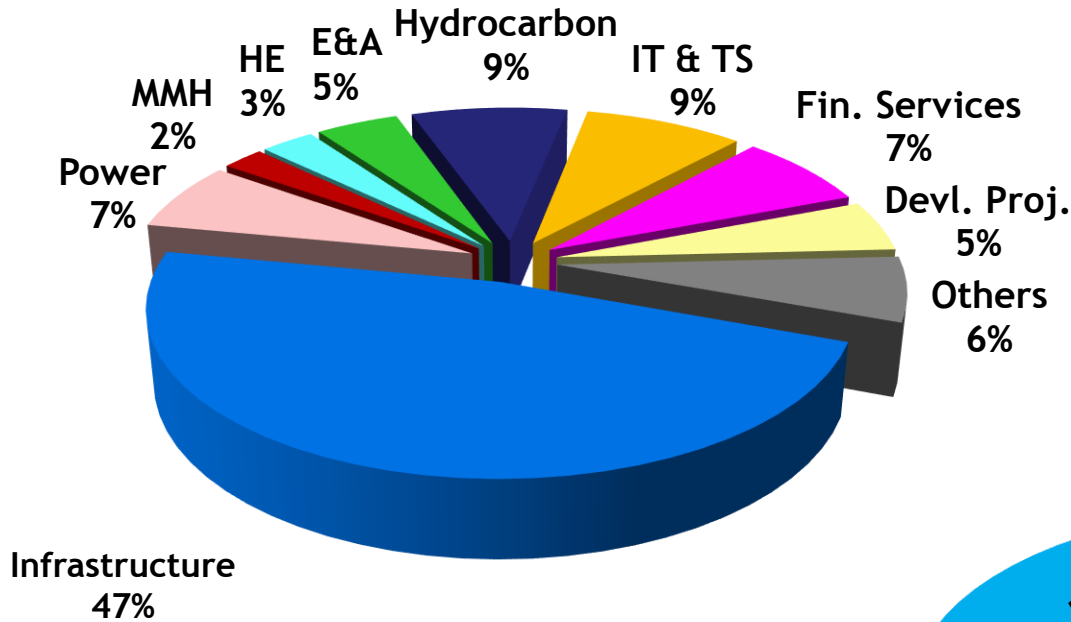
Segmental Breakup of Orders - FY16



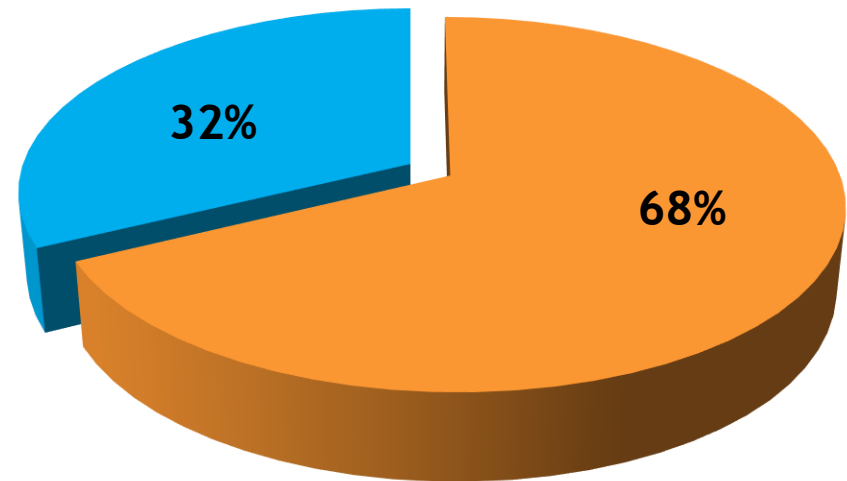
Figures in brackets indicate corresponding period of the Previous Year

Revenue Breakup - FY16

Segmental Breakup



Geographical breakup

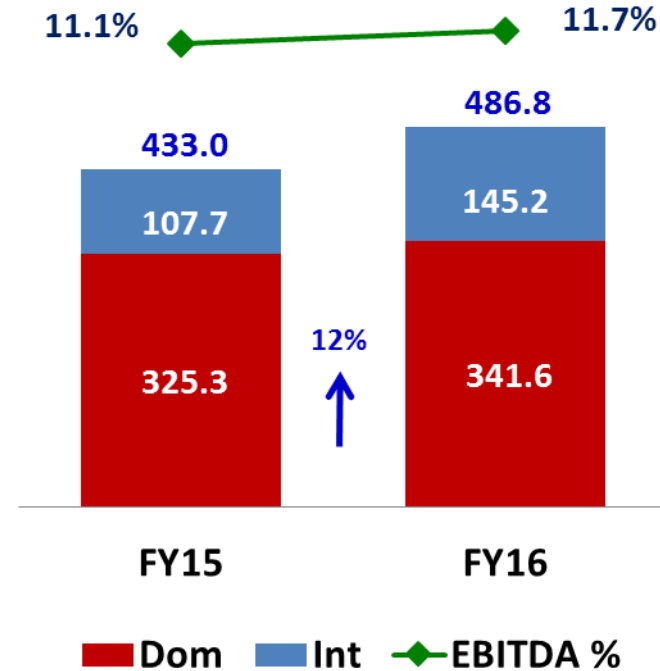
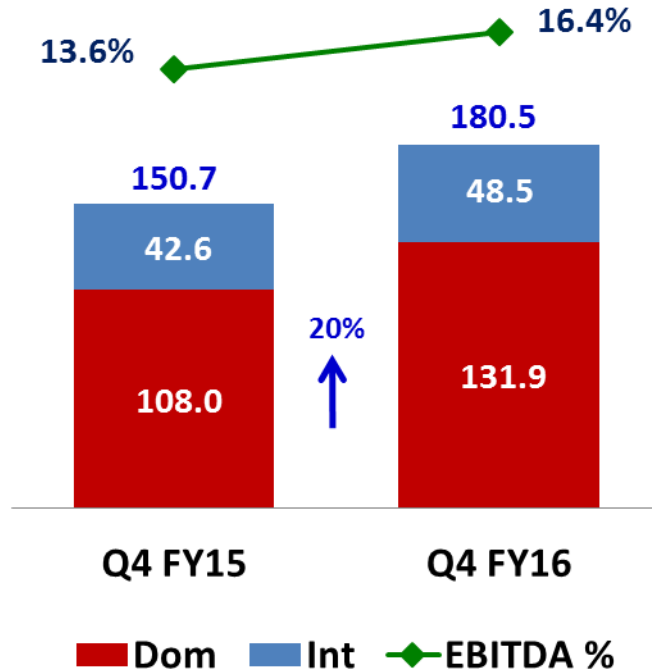


■ Domestic ■ International

Infrastructure Segment

Amount in ₹ Bn

Net Revenues & Margin

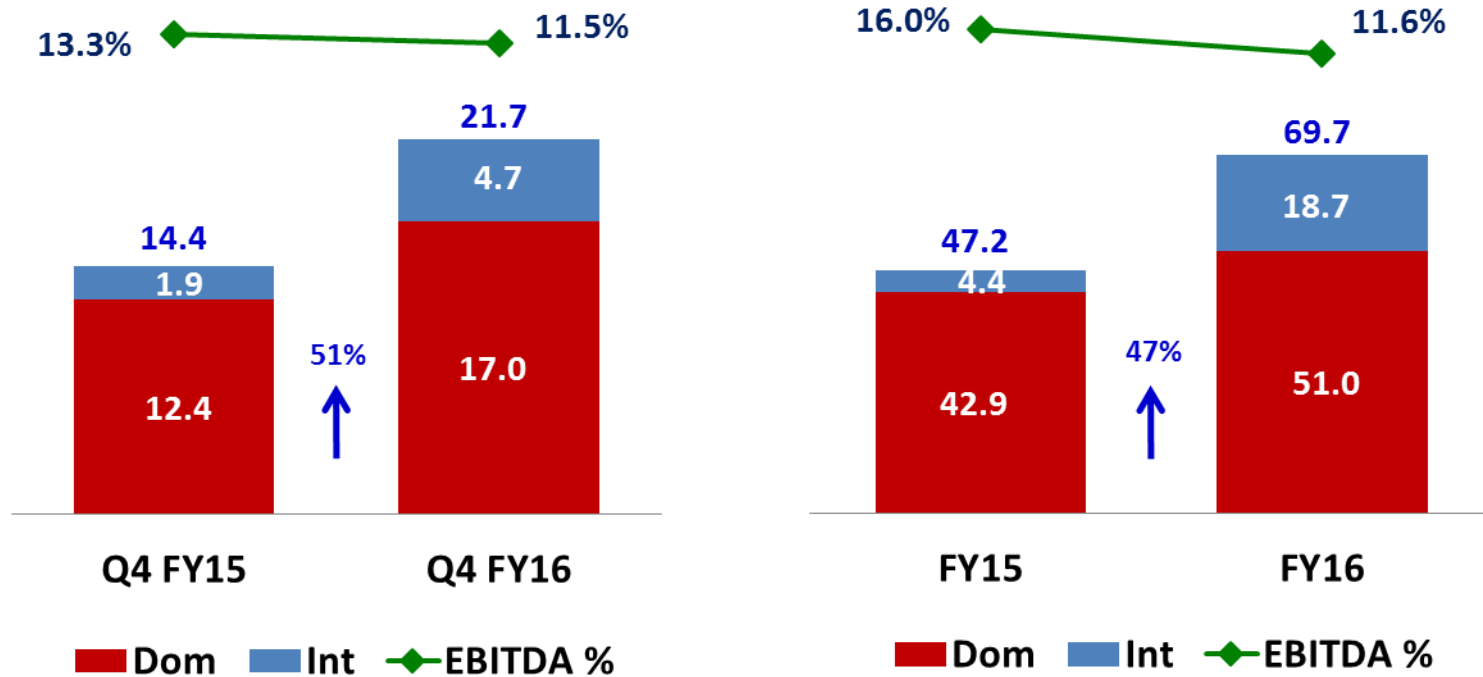


- Revenue growth driven by Transportation Infra, Heavy Civil and Water businesses
- Increase in margins led by execution progress and favourable input costs

Power Segment

Amount in ₹ Bn

Net Revenues & Margin

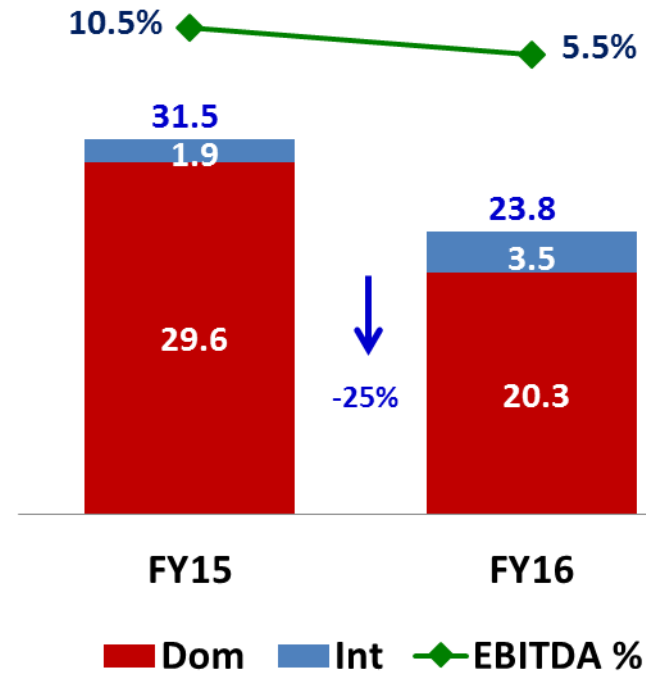
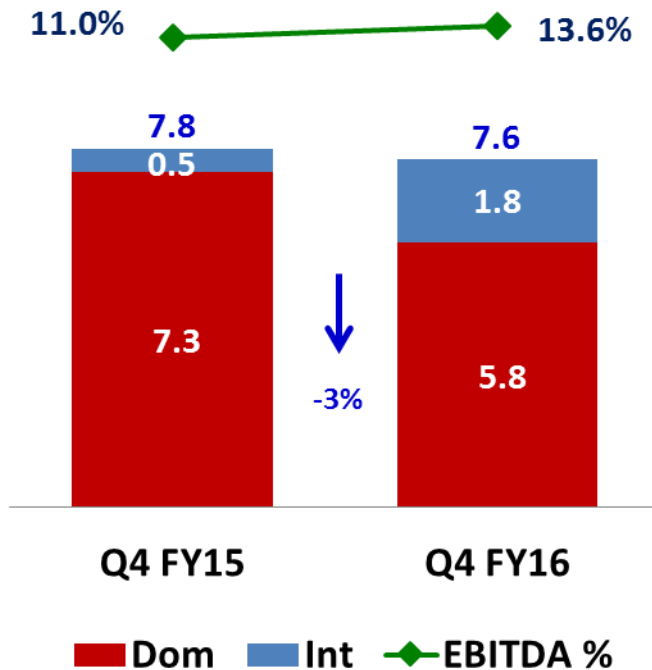


- Surge in revenues reflects execution progress of Coal and Gas projects received in previous years
- Some large projects yet to reach margin threshold

Metallurgical & Material Handling (MMH) Segment

Amount in ₹ Bn

Net Revenues & Margin

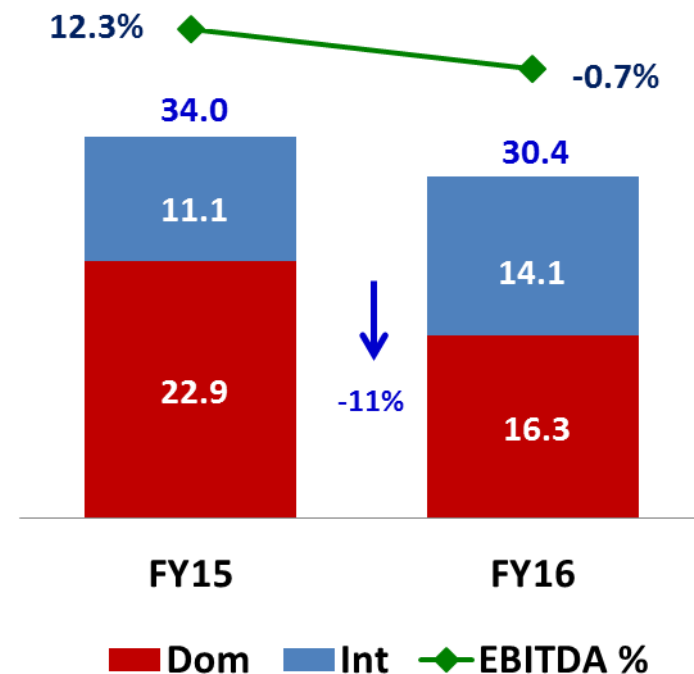
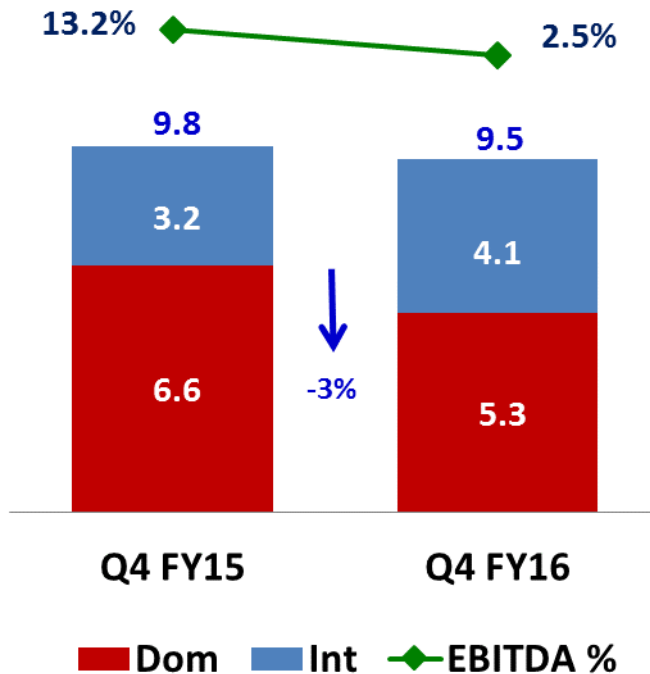


- Revenue decline due to slow replenishment of Order Book in a stressed sector (Metals)
- Under-recoveries affecting Margins

Heavy Engineering Segment

Amount in ₹ Bn

Net Revenues & Margin

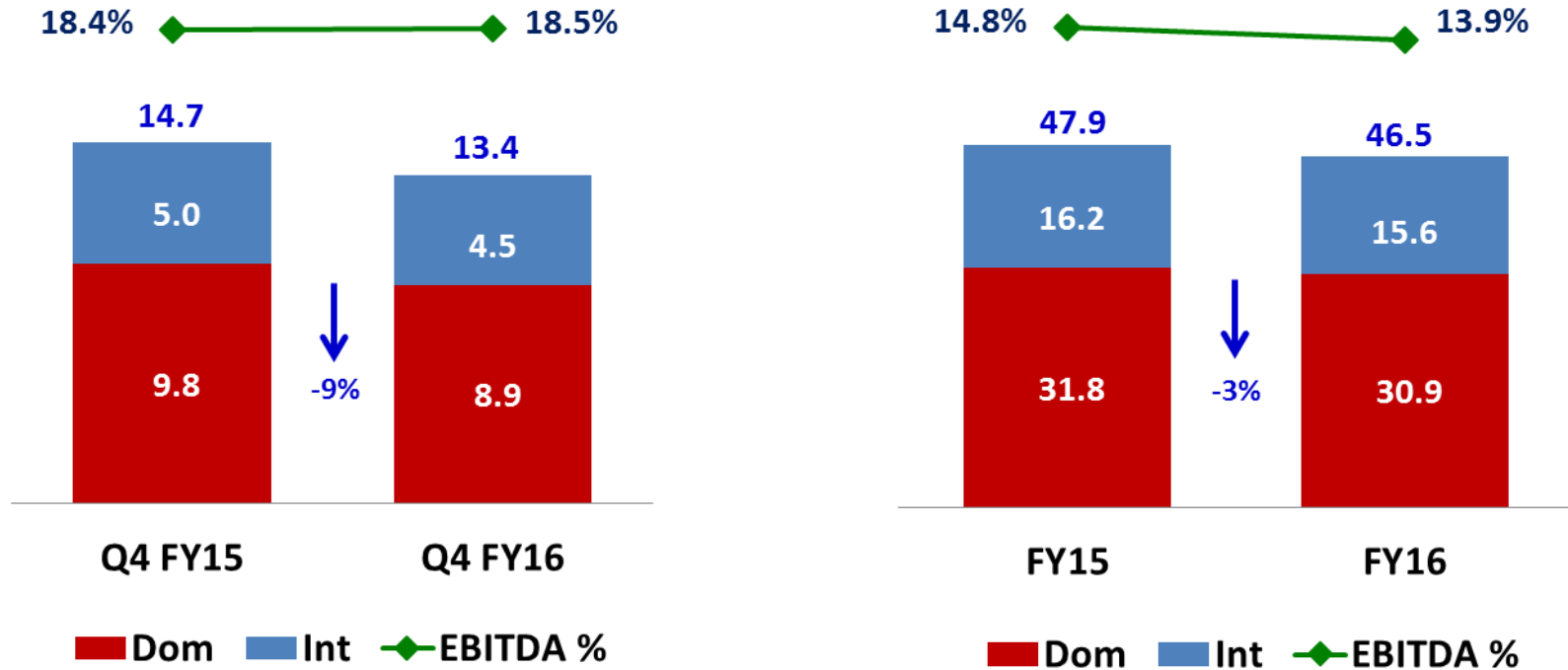


- Declining revenues reflecting depleted Order Book in PPN Business
- Margins impacted by cost provisions and under-recoveries

Electrical & Automation (E&A) Segment

Amount in ₹ Bn

Net Revenues & Margin

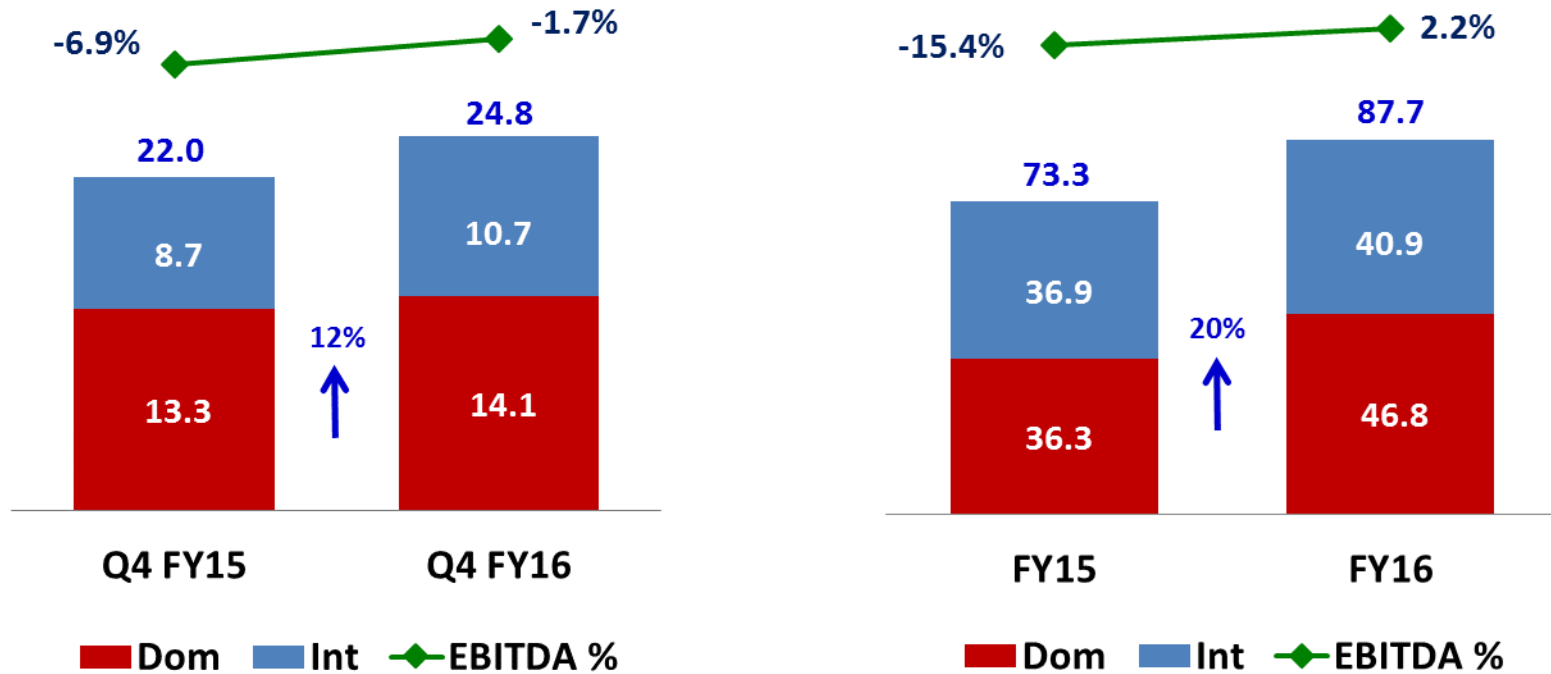


- Sluggish industrial and agricultural demand, delayed customer clearances, and tight liquidity conditions affecting revenues
- Price realizations and competition affecting margins

Hydrocarbon Segment

Amount in ₹ Bn

Net Revenues & Margin

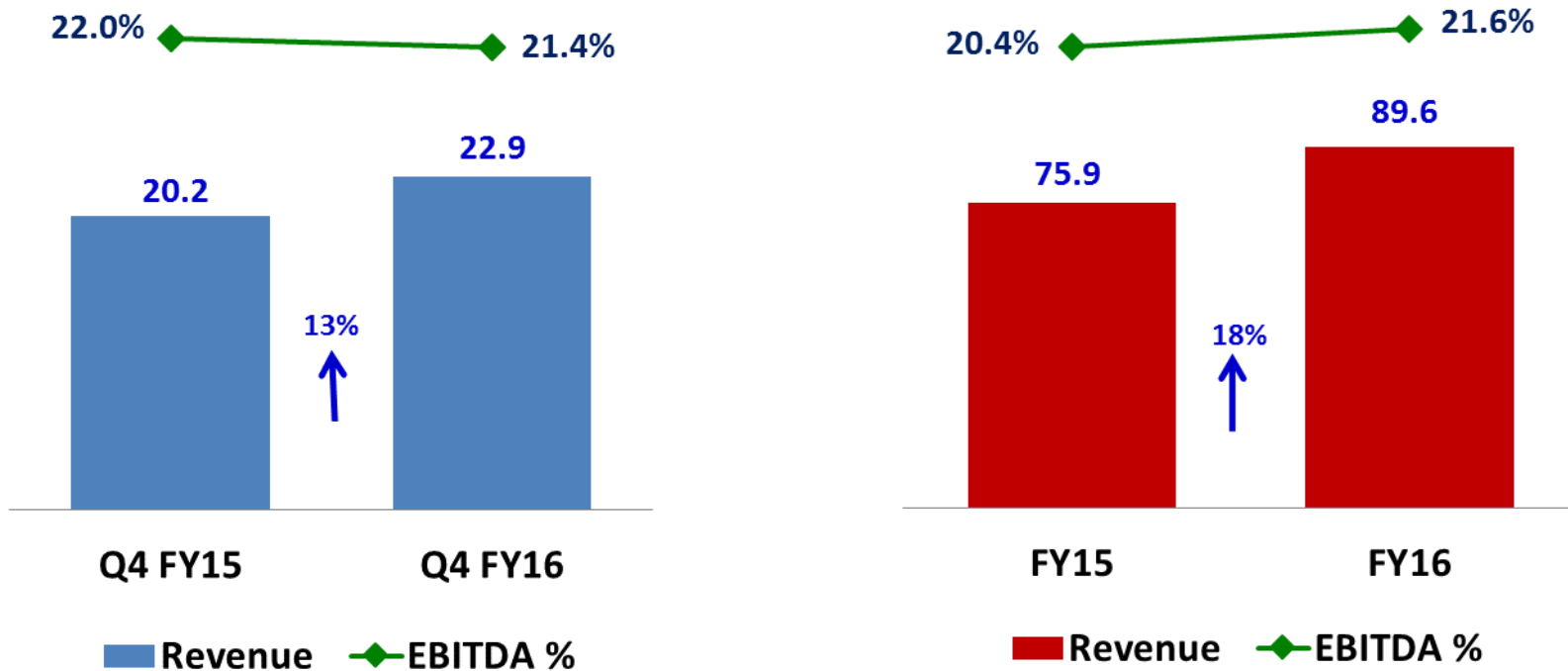


- Close out of legacy projects in Middle East nearly complete
- Margin improvement achieved through loss minimisation of international projects
- Action initiated to reduce under-recoveries and improve profitability

IT & Technology Services Segment

Amount in ₹ Bn

Net Revenues & Margin



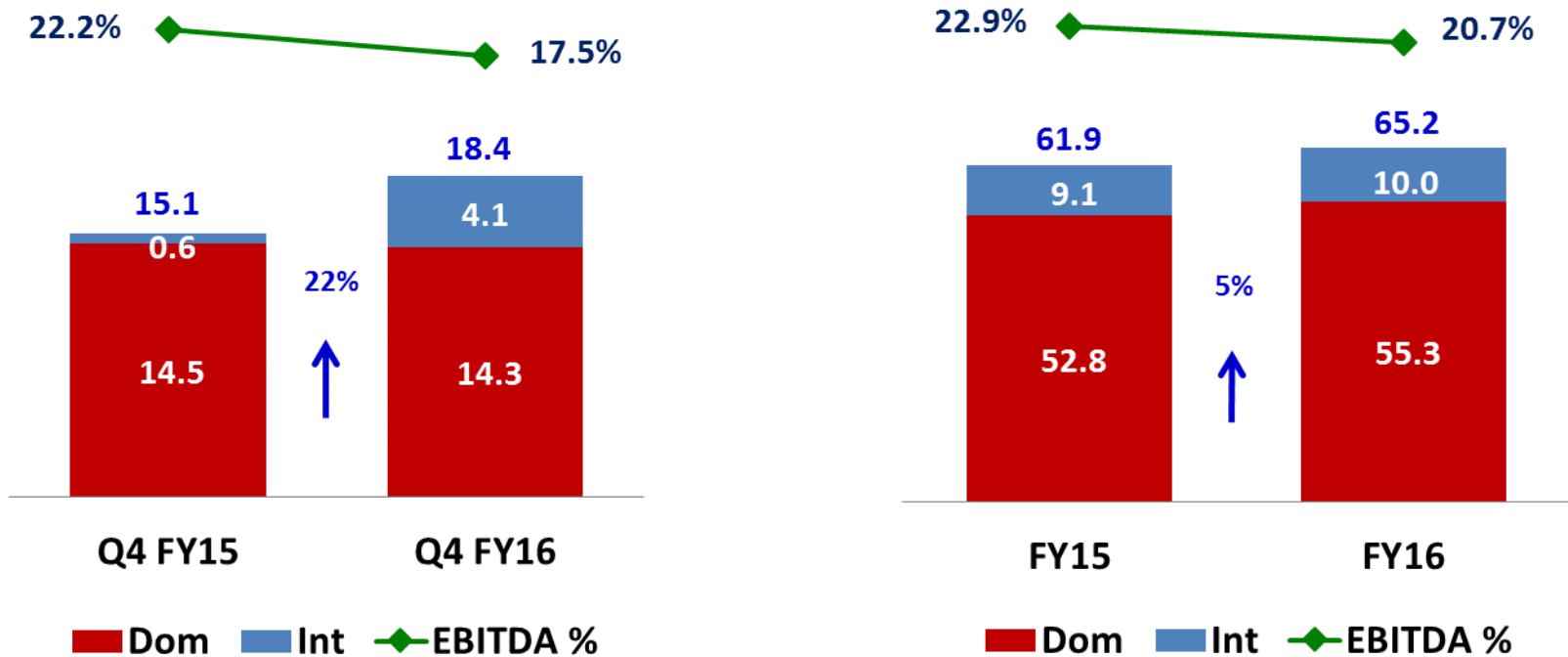
- Revenue growth contributed mainly by BFSI, Autos, Industrial Products and Process Engineering sectors
- Focus on Client Mining
- EBITDA improvement due to operational efficiencies

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Others Segment

Amount in ₹ Bn

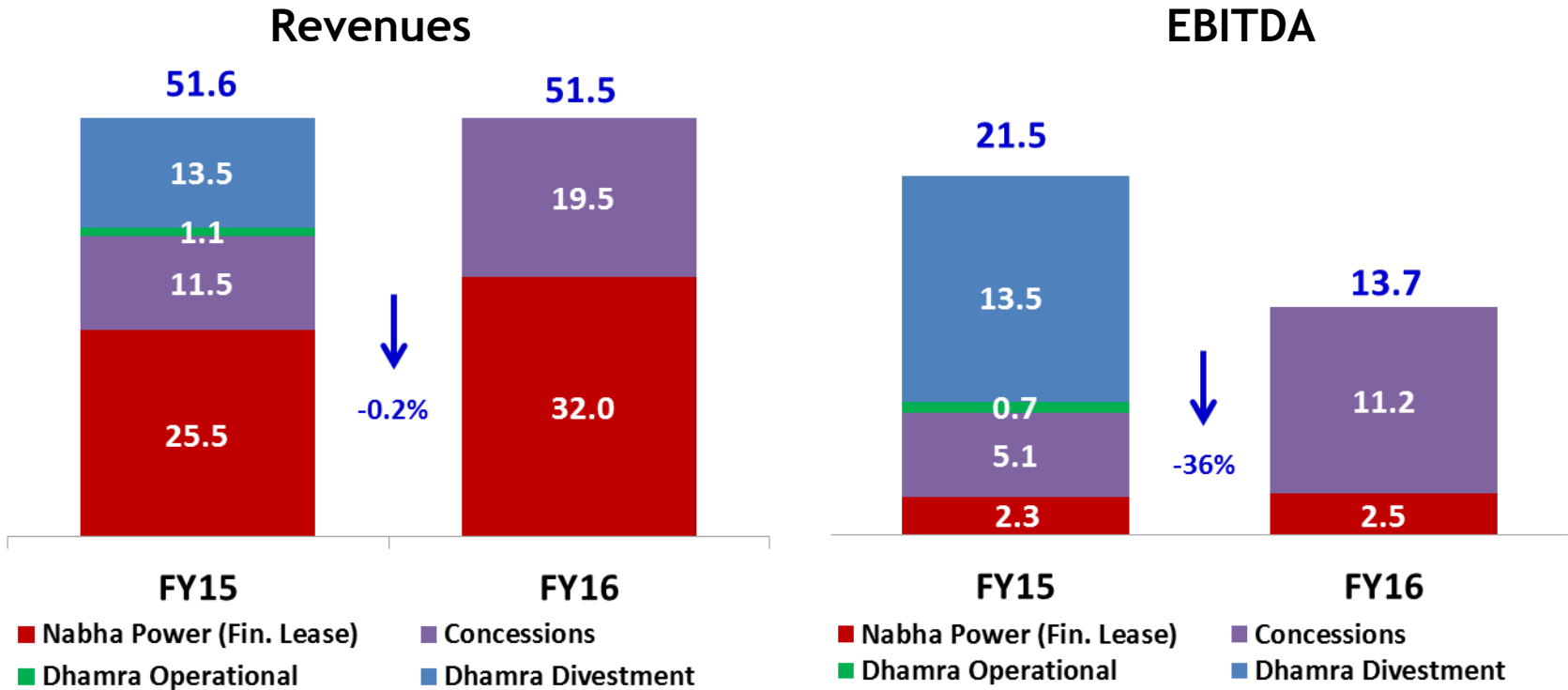
Net Revenues & Margin



- Revenue growth contributed by Construction and Mining, Valves and Realty Businesses
- Margin decline due to lower realisations in Construction and Mining Business and cost provisions due to delayed deliveries in Shipbuilding
- Arbitration in progress for cancelled Shipbuilding orders

Developmental Projects Segment

Amount in ₹ Bn



- Like-to-like revenue growth due to commissioning of new road concessions, increase in road traffic and higher PLF in Nabha
- EBITDA variation due to PY divestment gains
- Like-to-like EBITDA expansion mainly due to operationalization of new roads SPVs and traffic growth

Concessions Business Portfolio - 24 SPVs



Roads and Bridges:

Portfolio: 15 projects (1661 Km); 13 Operational
Project Cost: ₹161 Bn

Power:

Portfolio: 5 projects (2270 MW); 1 Operational
Project Cost: ₹179 Bn



Ports:

Portfolio: 2 projects (18 MTPA) - Operational
Project Cost: ₹20 Bn

Metros:

Portfolio: 1 project (71.16 Km) - Under-implementation
Project Cost: ₹170 Bn



Transmission Lines:

Portfolio: 1 project (482 Km) - Under-implementation
Project Cost: ₹14 Bn

Total Project Cost (Mar 2016): ₹ 544 Bn

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Equity Invested (Mar 2016): ₹ 98 Bn


Balance Equity Commitment (Mar 2016): ₹ 34 Bn

L&T Finance Holdings

Q4 FY15	Q4 FY16	% Change	₹ Billion	FY15	FY16	% Change
77.40	84.09	9%	Networth (Incl. Pref.Cap and Warrants)	77.40	84.09	9%
420.91	516.16	23%	Borrowings	420.91	516.16	23%
472.32	578.31	22%	Loans and Advances	472.32	578.31	22%
224.97	259.45	15%	Mutual Fund Average AUM	224.97	259.45	15%
3.08%	3.05%	-0.03%	Gross NPA (%) - 150 DPD	3.08%	3.05%	-0.03%
2.10%	2.05%	-0.05%	Net NPA (%) - 150 DPD	2.10%	2.05%	-0.05%
2.06	2.37	15%	PAT (before exceptionals)	7.36	8.57	16%

- Strong growth in Loan Book led by B2C in Retail Finance segment, and thrust on operational projects in Wholesale Finance segment
- Growth in Investment Management AUM led by equity inflows
- Focus on asset quality, ROE improvement and business portfolio rationalisation

Presentation Outline



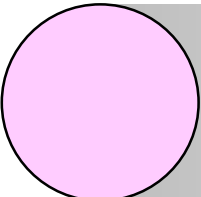
Group Performance Highlights



Group Performance Summary



Segment / Key Subsidiaries



Outlook

Outlook

Guidance for FY17:

- *Order Inflows*
- *Revenues*
- *EBITDA Margins*



Thank You

Annexure-1: Group Profit & Loss

₹ Billion	IT & TS	Fin. Services *	Devl. Projects	L&T & Others (Incl. Eliminations)	L&T Group		
					FY16	FY15	% Change
Revenue from Operations	89.56	75.40	51.37	809.99	1,026.32	920.05	12%
EBITDA	19.30	10.14	13.57	80.42	123.43	112.58	10%
Interest Expenses	(0.07)	(0.01)	(13.54)	(16.80)	(30.41)	(28.40)	7%
Depreciation	(2.40)	(1.14)	(7.45)	(16.57)	(27.56)	(26.23)	5%
Other Income	0.12	2.01	0.13	9.56	11.83	10.75	10%
Exceptional Items	-	-	-	3.58	3.58	3.48	
Provision for Taxes	(3.41)	(4.00)	(0.60)	(17.48)	(25.49)	(22.53)	13%
PAT from Ordinary Activities	13.55	7.00	(7.89)	42.71	55.38	49.64	12%
Share in profit of Associates	-	0.01	(0.00)	(0.03)	(0.03)	0.02	
Adjustments for Minority Interest	(0.11)	(3.84)	0.96	(1.47)	(4.45)	(2.01)	
Profit After Tax	13.45	3.17	(6.93)	41.21	50.91	47.65	7%

* Includes Insurance Business

Annexure 2: Group Balance Sheet

₹ Billion	IT & TS	Fin. Services *	Devl. Projects	L&T & Others (Incl. Eliminations)	L&T Group		
					Mar-16	Mar-15	Inc / (Dec)
Net Worth (Excl. Pref. Cap.)	24.5	36.7	70.2	308.6	439.9	409.1	30.8
Minority Interest	1.0	38.5	19.9	8.2	67.7	50.0	17.7
Borrowings	5.9	526.9^	293.1^	187.2	1,013.1	905.7	107.4
Deferred Payment Liabilities	-	-	110.5	-	110.5	30.6	79.9
Other Current & Non-Current Liab.	17.8	31.6	36.0	558.6	644.1	542.7	101.4
Total Sources	49.3	633.7	529.7	1,062.6	2,275.2	1,938.1	337.2
Net Segment Assets	49.3	633.7	529.7	1,062.6	2,275.2	1,938.1	337.2
Total Applications	49.3	633.7	529.7	1,062.6	2,275.2	1,938.1	337.2

* Includes Insurance Business

^ Partly netted off from Capital Employed in Reported Segment