

Analyst Presentation

Q4 / FY18

May 28, 2018



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.



Group Performance Highlights

Group Performance Summary

Segment / Key Subsidiaries

The Environment & the Outlook

Performance Highlights - FY18

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Order Inflow
+7%



Revenue
(like-to-like)
+9.5%



EBITDA
+22%



PAT
+22%



ROE
13.9%
(+110bps)



Div/Share
₹ 16/-
(Payout 48%)

Key Financial Indicators

Amount in ₹ bn

Q4 FY17	Q4 FY18	% Var	Particulars	FY17	FY18	% Var
473	496	5%	Order Inflow	1430	1529	7%
366	407	11%	Revenue from Operations (like-to-like)	1093	1197	9.5%
44	54	23%	EBITDA	111	136	22%
13.5%	14.2%	+70 bps	EBITDA Margin (ex services)	10.0%	10.5%	+50 bps
30	32	5%	PAT	60	74	22%
			Net Working Capital	18.6%	19.2%	+60 bps
			RONW (%)	12.8%	13.9%	+110 bps
			Dividend (per share)-post bonus	₹ 14.00	₹ 16.00	+₹ 2.00



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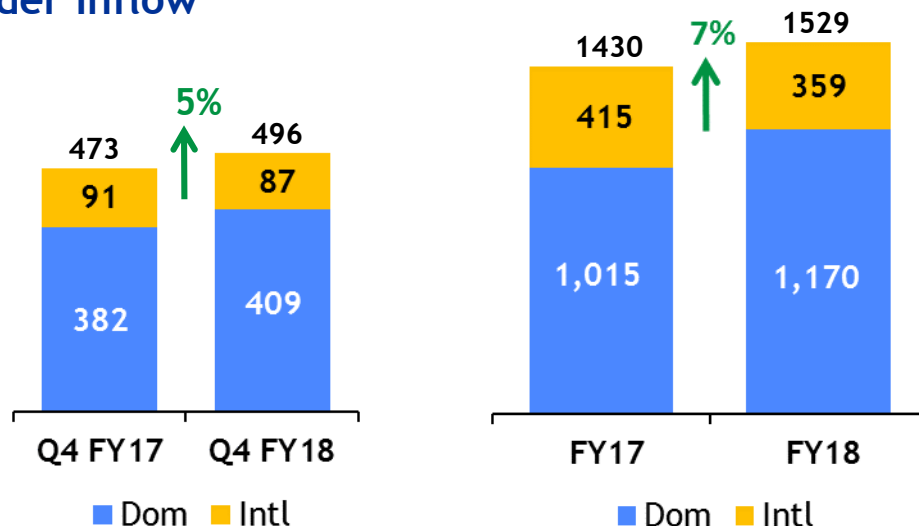
The Environment & the Outlook

Q4/FY18 Order Inflow/Order Book

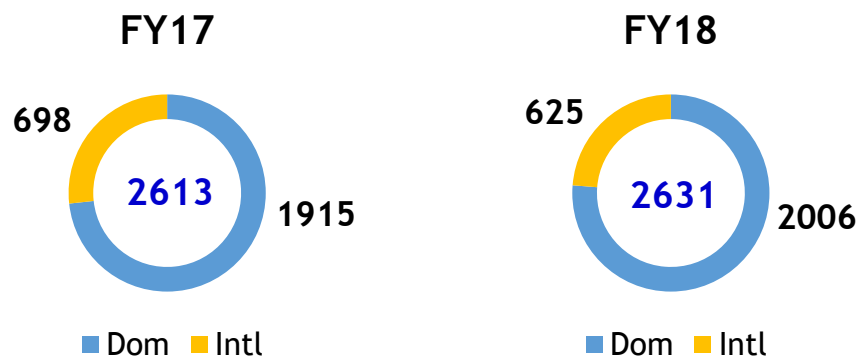
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Amount in ₹ bn

Order Inflow



Order Book



- Ordering activity pre- dominantly led by public sector
- Domestic inflows compensates for decline in international inflows
- Private sector capex (including real estate) still muted. Nascent signs of pickup in metals
- Large diversified order book smoothening sectoral cyclicity; 3X E&C Book to Bill

Key Orders won during FY18

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Order Details	Client	Segment	Value
International			
Integrated light rail-based Urban Transit system	Govt of Mauritius	Infrastructure	~ USD 520 mn
Haliba Field Development EPC Contract	Al Dhafra Petro-UAE	Hydrocarbon	~ USD 340 mn
Crude Transit Line	Kuwait Oil Company	Hydrocarbon	~ USD 260 mn
Gas based Power plant in Bangladesh	BPDB	Power	~ USD 250 mn
Domestic			
Mumbai Trans Harbour Link	MMRDA	Infrastructure	~ ₹ 86 bn
Railway track (Eastern corridor)	DFCCIL	Infrastructure	~ ₹ 29 bn
Design & Construction of Roads, Water Supply , Sewerage Treatment Plants	APCRDA	Infrastructure	~ ₹ 23 bn
Survey, Design Validation and Revamping of entire Water supply system for Pune City	Pune Municipal Corp.	Infrastructure	~ ₹ 17 bn
Hydrocracker Project	HPCL, Vizag	Hydrocarbon	~ ₹ 16 bn
Six Lane extra dosed bridge across Hoogly river	WBHDCL	Infrastructure	~ ₹ 14 bn
South Parallel Runway-Bangalore Airport	BIAL	Infrastructure	~ ₹ 14 bn
Blast Furnace - Dolvi	JSW Steel	Infrastructure	~ ₹ 13 bn
Integrated Infrastructure Package of ABD Area	Udaipur Smart City Ltd	Infrastructure	~ ₹ 11 bn
Steam Generator and End Shields	NPCIL	Heavy Engg.	~ ₹ 7 bn

Group Performance - Sales & Costs

Q4 FY17	Q4 FY18	% Var	₹ Billion	FY17	FY18	% Var
366	407	11%	Revenue (like-to-like)	1,093	1,197	9.5%
31%	29%	-2%	International Revenue %	34%	33%	-1%
252	269	7%	MCO Exp.	727	773	6%
13	16	18%	Fin. Charge Opex*	54	60	12%
35	41	18%	Staff Costs	139	153	10%
24	26	12%	Sales & Admin.	70	77	10%
324	353	9%	Total Opex	989	1,063	7%

- Infra, Hydrocarbon and services businesses drives revenue growth
- MCO charge benefits from cost curtailment and operating efficiencies
- Services business growth drives increase in staff costs
- AR Provisions leads to SGA cost increase

* Finance cost of financial services business and finance lease activity

Group Performance - EBITDA to PAT

Q4 FY17	Q4 FY18	% Var	₹ Billion	FY17	FY18	% Var
44	54	23%	EBITDA	111	136	22%
(3)	(4)	41%	Fin. Cost	(13)	(15)	15%
(7)	(5)	-32%	Depreciation	(24)	(19)	-19%
4	4	23%	Other Income	13	14	5%
(3)	(15)		Tax Expense	(20)	(32)	
1	(1)		JV/S&A PAT Share	(4)	(4)	
(2)	(2)	9%	Non-controlling Interest	(4)	(6)	43%
(3)	-		Exceptional items	1	1	
30	32	5%	PAT	60	74	22%

- EBITDA growth mainly contributed by Infra, Realty and Fin services businesses
- Other income comprises of treasury earnings
- Finance Cost commensurate with average borrowing level
- Higher tax provision mainly due to Rule 14A provisions, timing differences on DDT Credit from Subs. and higher PBT







Group Performance Highlights





Group Performance Summary

Segment / Key Subsidiaries

The Environment & the Outlook

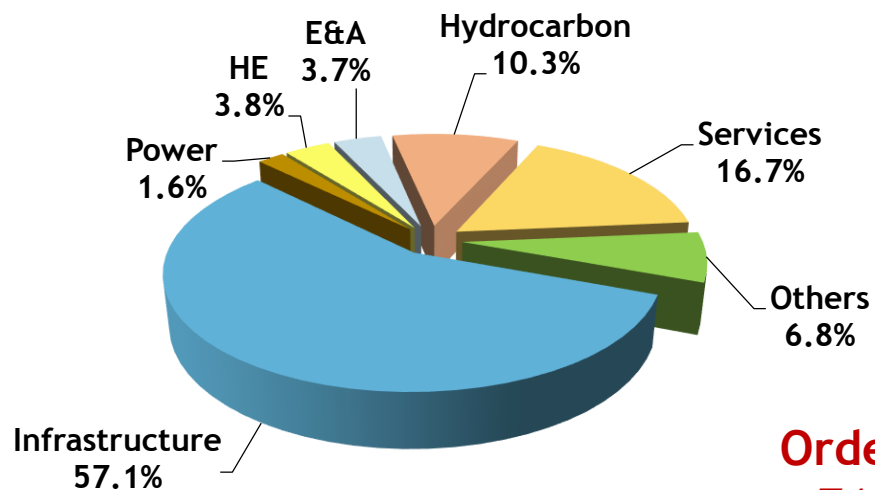
Segment Composition

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

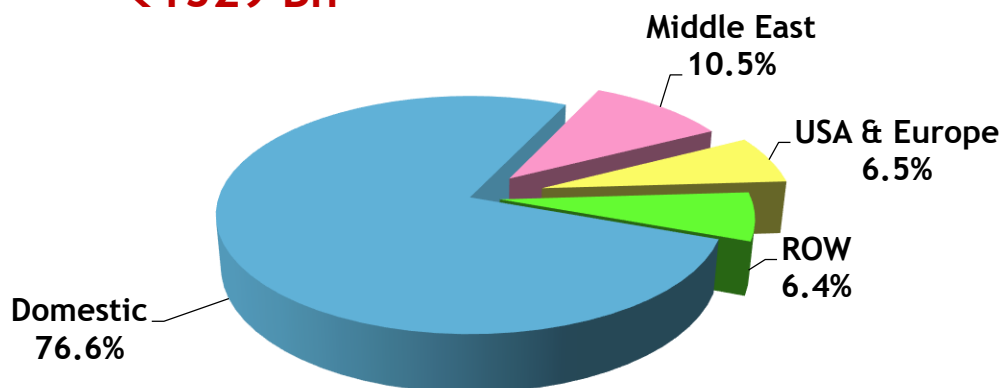
 Hydrocarbon	 Developmental Projects	 IT & TS	 Financial Services	Others
Onshore	Roads*	Information Technology	Rural Lending	Shipbuilding
	Metros		Housing Finance	Realty
Offshore	Ports	Technology Services	Wholesale Finance	Metallurgical & Material Handling
	Power		Asset Management	Industrial Products & Machinery

* Consolidated at PAT level

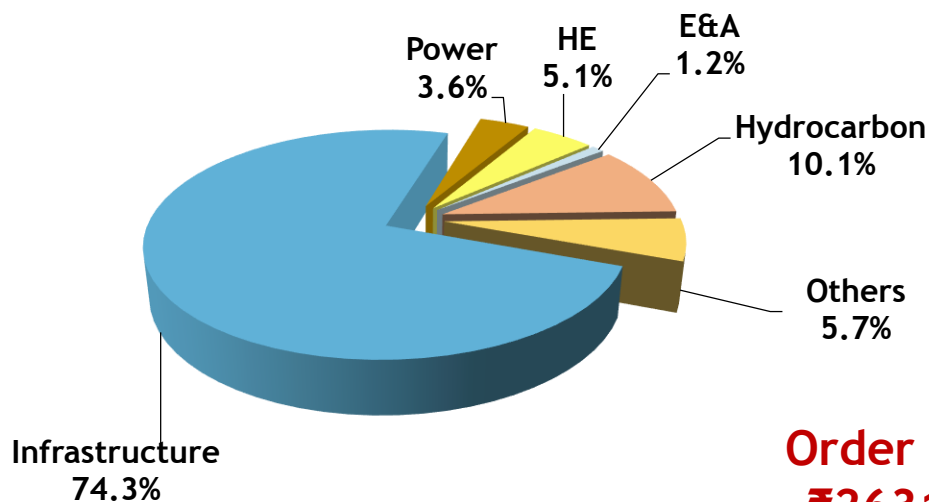
FY18 Order Inflow Composition



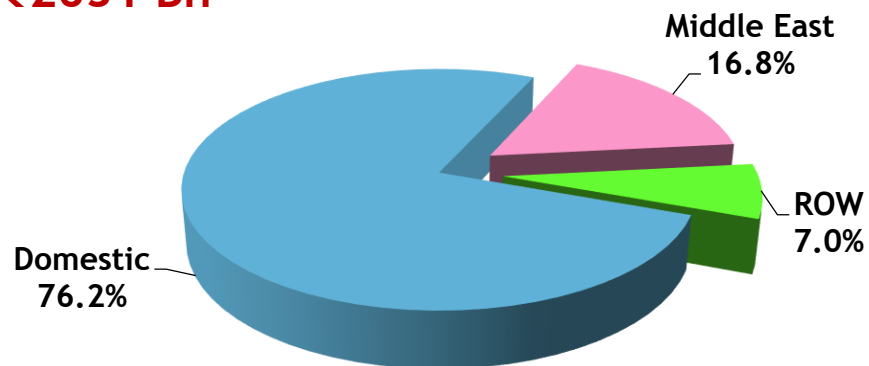
Order Inflow
₹1529 Bn



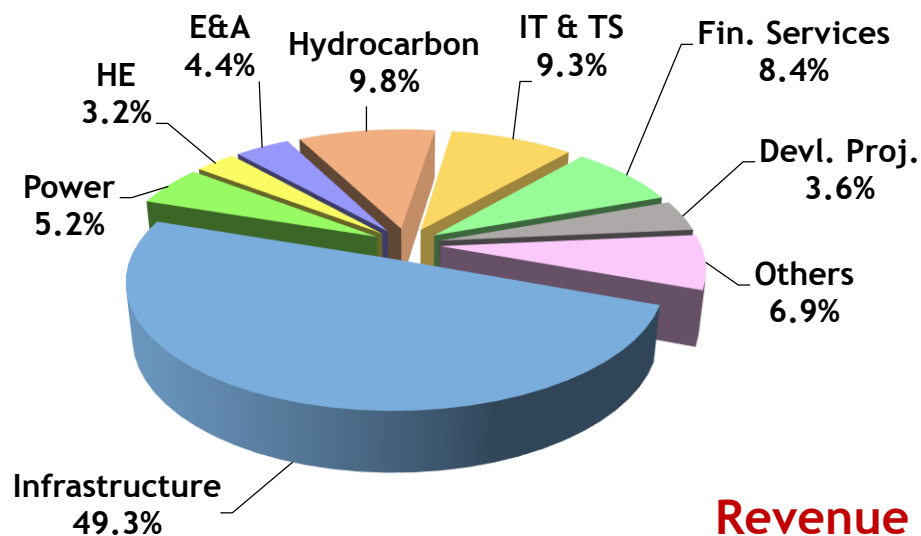
FY18 Order Book Composition



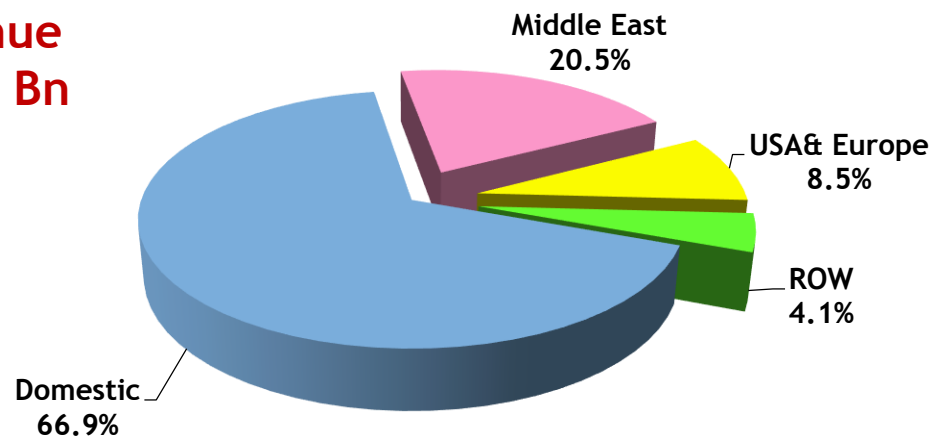
Order Book
₹2631 Bn



FY18 Revenue Composition

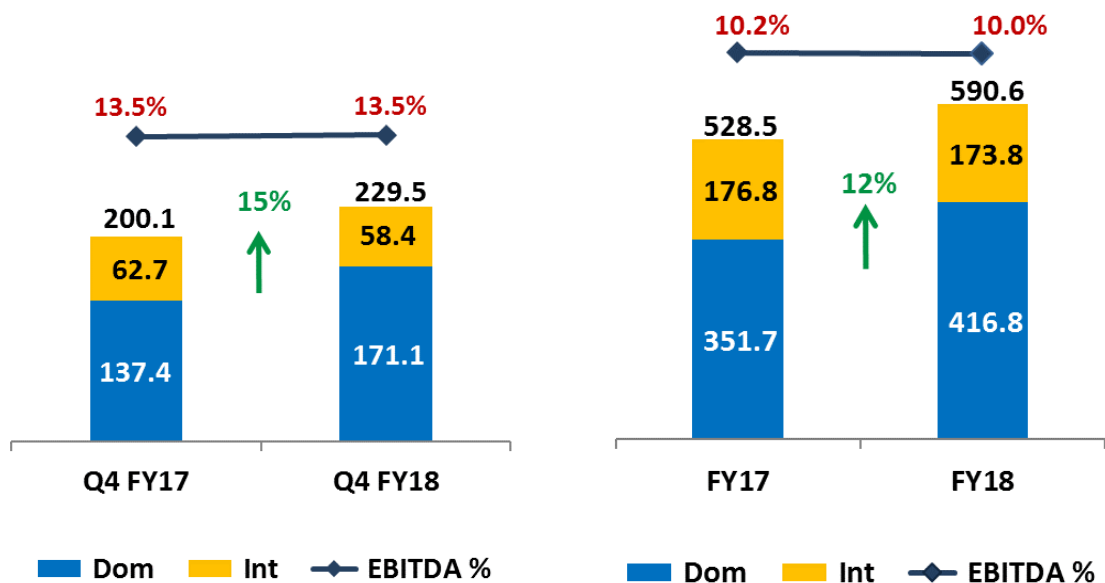


Revenue
₹1199 Bn



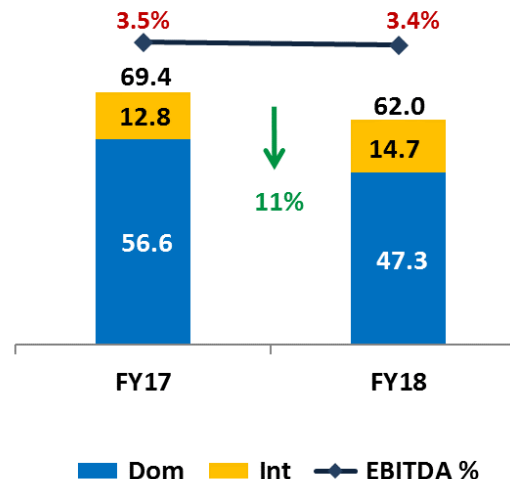
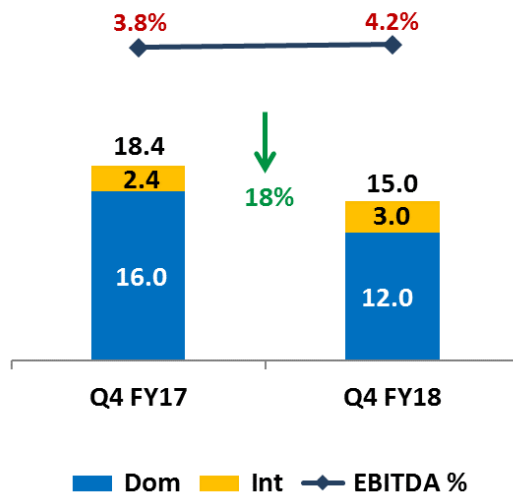
Amount in ₹ bn

Net Revenue & EBITDA Margin



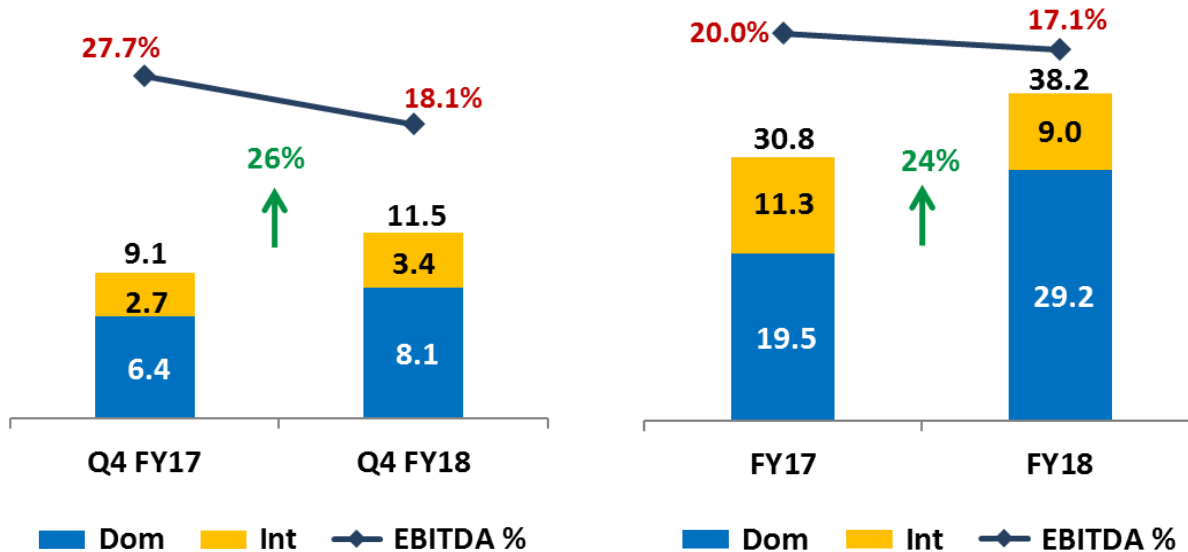
- Heavy Civil and Water businesses drives revenue growth
- Pick up in domestic execution compensates for slowdown in overseas markets
- Margin reflects job mix and stage of project completion

Net Revenue & EBITDA Margin



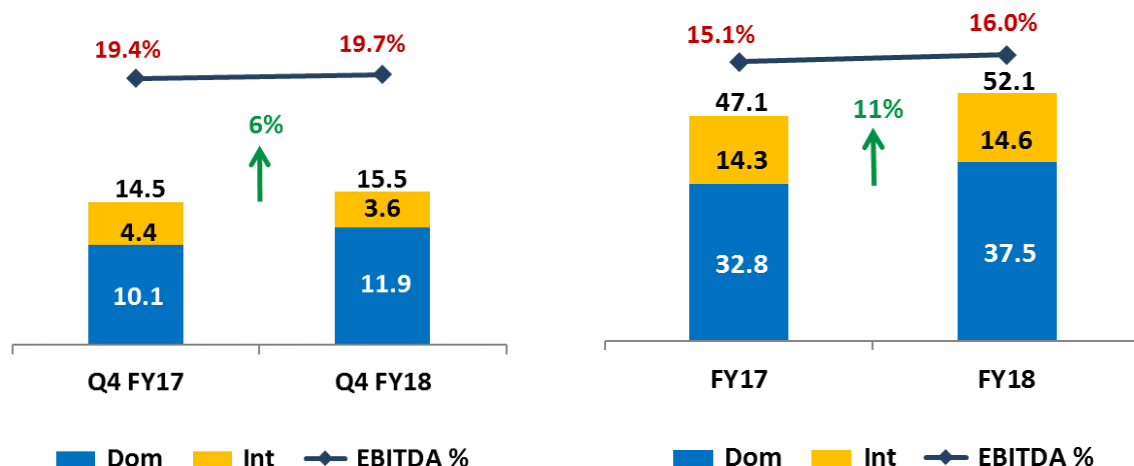
- Aggressive competition and limited opportunities continues to impact order inflow
- Revenue decline reflects depleting domestic order book
- Execution of International orders on track
- Profits of MHPS and other JV companies are consolidated at PAT level under equity method

Net Revenue & EBITDA Margin



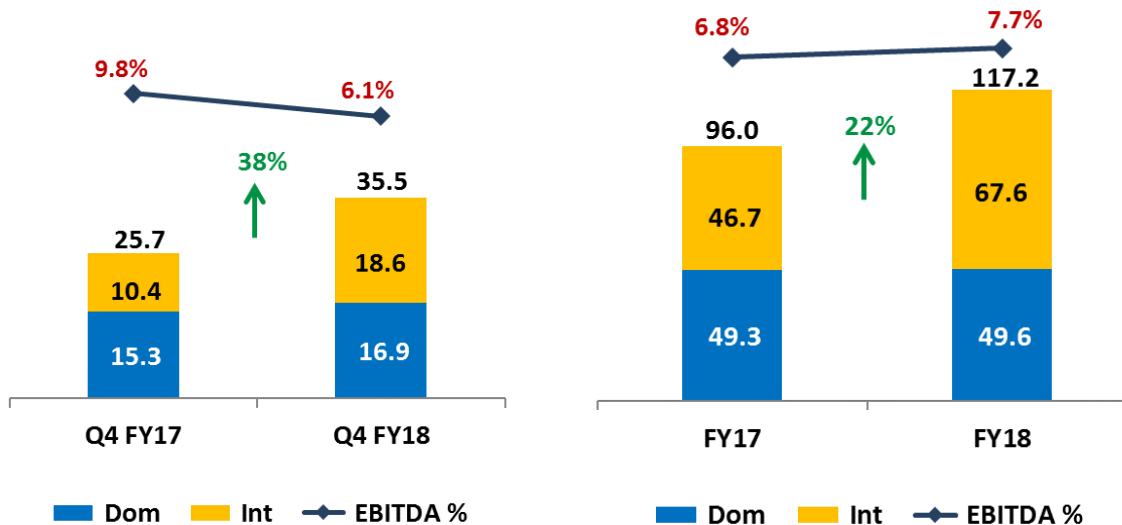
- Defence business drives revenue growth
- FY18 International revenues impacted by slowdown in refining ordering
- Margin difference due to variation in job execution stages

Net Revenue & EBITDA Margin



- Revenue growth for FY18 largely contributed by product business
- Margin growth driven by Standard Products group and cost efficiencies across multiple Business Units
- Undertaking signed for sale of E&A business to Schneider Electric for ₹ 140 bn subject to regulatory clearances

Net Revenue & EBITDA Margin

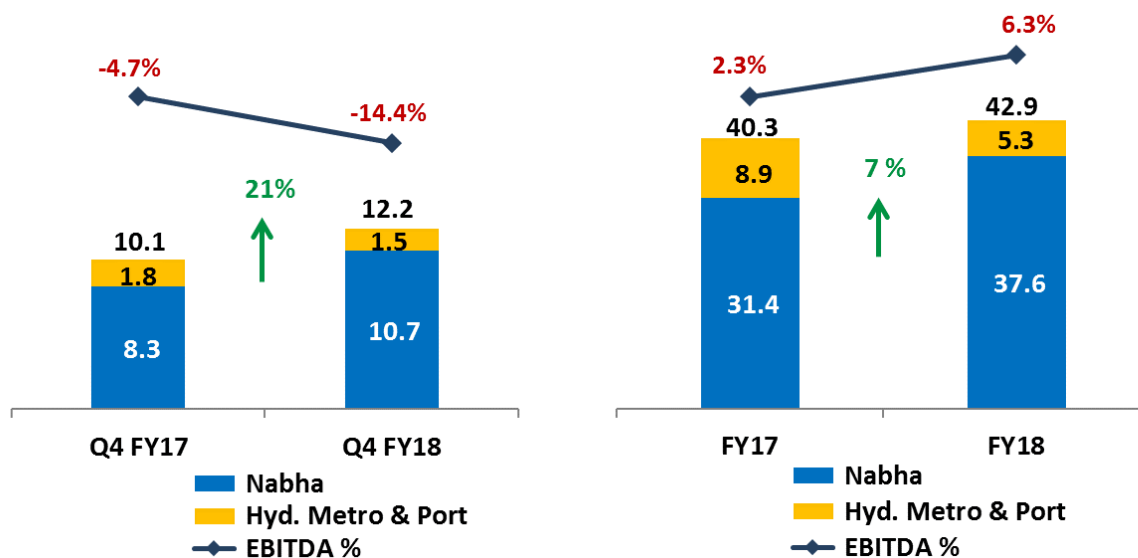


- Strong ordering activity witnessed in domestic & overseas markets
- Higher revenue growth on efficient execution of international order book
- Margin variance due to job stage mix

Developmental Projects Segment

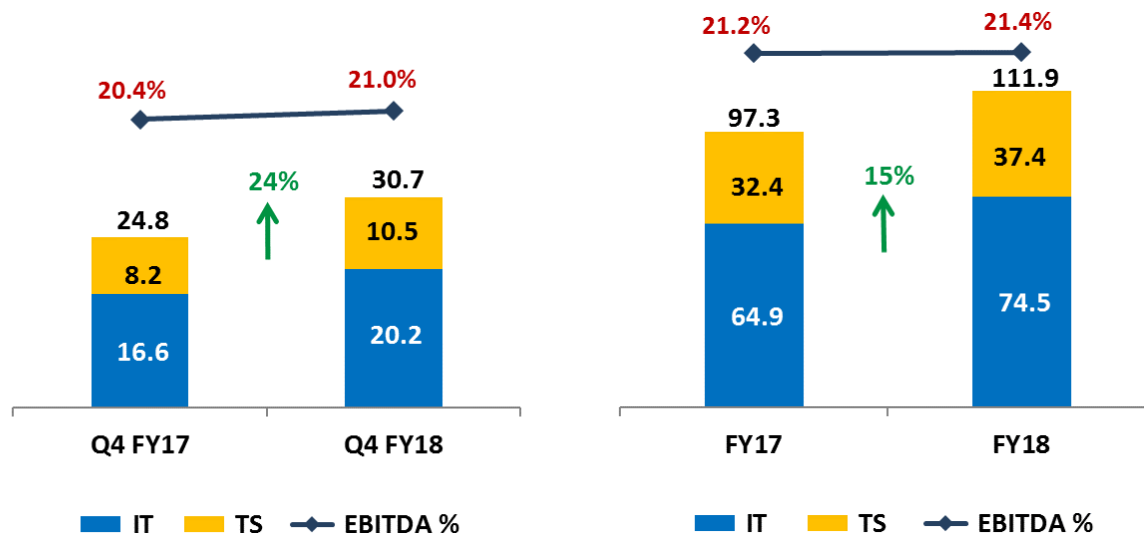
Amount in ₹ bn

Net Revenue & EBITDA Margin



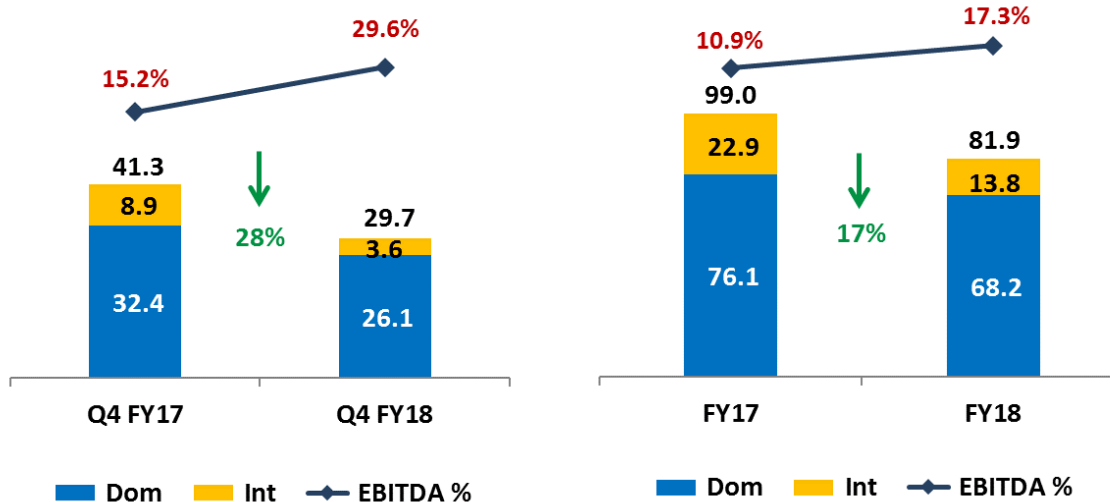
- Segment includes Power Development, Hyderabad Metro and Kattupalli Port
- IDPL (Roads & TL) consolidated at PAT level under Equity method. Completed InvIT for 5 road projects in May 2018
- Partial CoD of 30Km stretch in Hyderabad Metro in Nov 2017.
- Q4 includes ₹ 2bn charge on account of provision for disputed receivables (Nabha)

Net Revenue & EBITDA Margin



- LTI FY18 revenue growth led by BFS, Energy & Utilities and CPG, Retail & Pharma Verticals
- LTTTS FY18 revenue growth led by Telecom & Hi-Tech and Transportation verticals

Net Revenue & EBITDA Margin



- Segment includes Metallurgical & Material Handling , Industrial Products & Machinery, Realty and Shipbuilding businesses
- Revenues affected by lower offtake in Valves business, slowdown in Realty sector and delayed clearance/lower opening Order Book in MMH
- Asset Monetisation in Realty Business

L&T Finance Holdings (I-GAAP)

Q4 FY17	Q4 FY18	% Var	₹ Bn	FY17	FY18	% Var
22.4	29.4	31%	Total Income	85.7	105.0	22%
2.9	3.8	33%	PAT attributable to Equity Shareholders	9.2	13.5	47%
Mutual Fund Average AUM				393.0	659.3	68%
Loan Book				666.5	836.5	26%
Net NPA (%)				5.0%	2.3%	-268 bps
Networth				77.8	125.5	61%
ROE				12.3%	15.0%	+272 bps

- Growth momentum continues in Lending & investment management businesses
- Digital and Data Analytics aid operations including risk management
- Focus on 'retailisation' of the portfolio, growth in focused businesses, asset quality, fee income, cost control and productivity gains
- Net worth increased due to Equity Issue of ₹ 30bn in Q4FY18



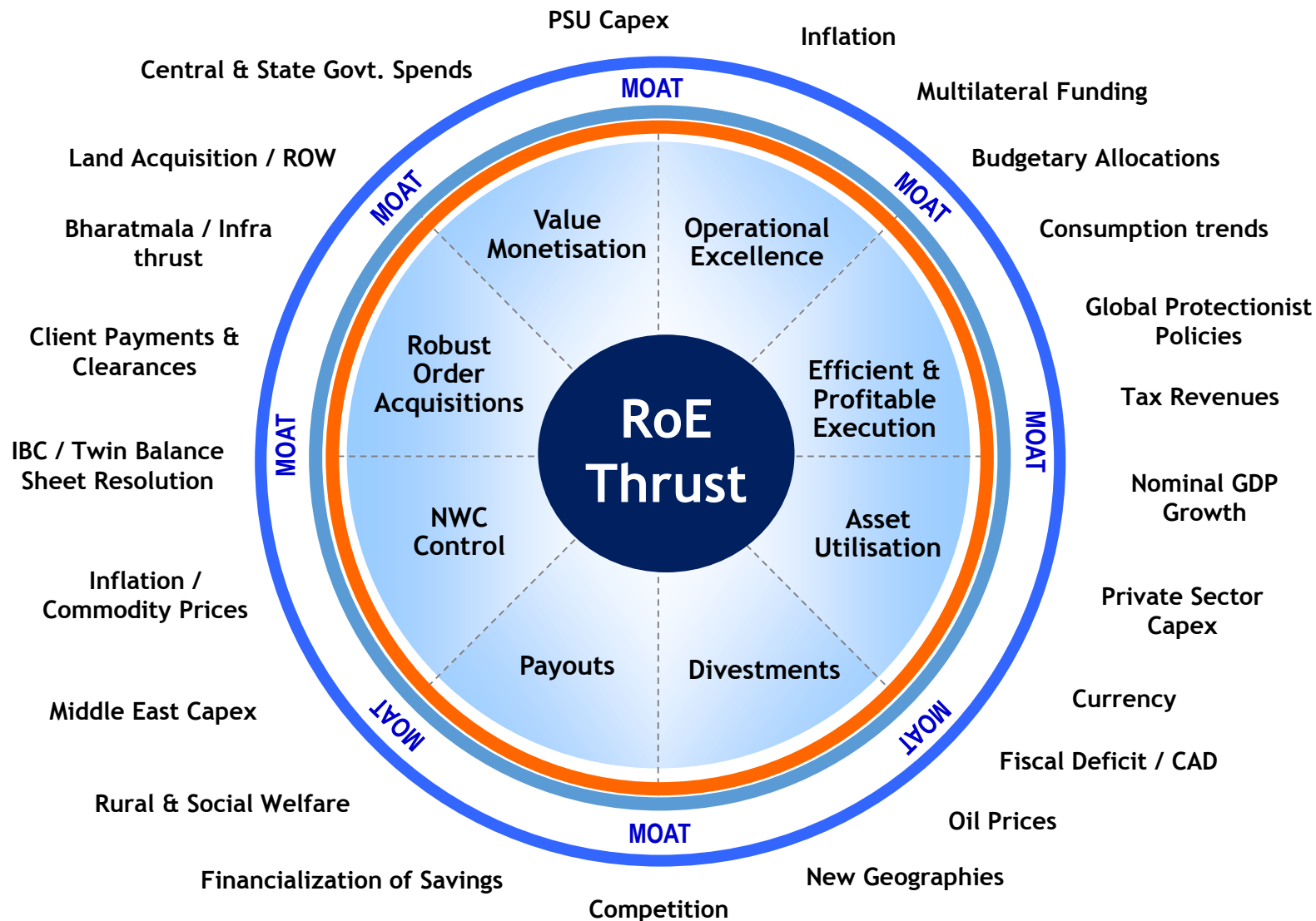
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The Environment & the Outlook



Thank You

Annexures

Group Profit & Loss Extracts

₹ Billion	IT & TS	Fin. Services	Devl. Projects	L&T & Others (Incl. Eliminations)	L&T Group		
					FY18	FY17	% Var
Income from Operations*	111.9	100.6	42.9	943.2	1,198.6	1,100.1	9%
EBITDA	22.3	12.0	2.6	98.7	135.7	111.3	22%
Other Income	1.6	2.9	0.1	9.6	14.1	13.4	5%
Interest Expenses	(0.3)	(0.0)	(0.5)	(14.6)	(15.4)	(13.4)	15%
Depreciation	(2.4)	(0.5)	(0.7)	(15.6)	(19.3)	(23.7)	-19%
Provision for Taxes	(5.0)	(1.8)	(0.3)	(24.9)	(32.0)	(20.1)	59%
Share in profit/(loss) of JVs / Associates		0.0	(3.9)	(0.4)	(4.4)	(4.0)	
Adjustments for non -controlling interest in Subs., etc.	(2.3)	(4.6)	0.0	0.5	(6.3)	(4.4)	
Exceptional Items				1.2	1.2	1.2	1%
Net PAT	13.9	8.0	(2.8)	54.5	73.7	60.4	22%

*Income from operations does not include Excise duty from 1st July, 2017

₹ Billion	Mar-18	Mar-17	Incr / (Decr)
Equity & Reserves	557	502	54
Non Controlling Interest	56	36	21
Borrowings - Financial Services	752	631	122
Development Projects	178	150	28
Others	145	159	(14)
Sources of Funds	1,688	1,477	211
Fixed Assets	128	132	(4)
Intangible Assets & Investment Property	192	168	24
Loans towards Financing Activities	790	625	165
Finance lease receivable	93	95	(3)
Net Non-Current Assets	134	117	17
Current Investments, Cash & Cash Equivalents	163	178	(15)
Net Current Assets	188	162	27
Application of Funds	1,688	1,477	211

Q4 FY17	Q4 FY18	₹ Billion	FY17	FY18
43.6	48.9	Operating Profit	112.5	132.5
28.1	11.9	Changes in Working Capital	43.5	(34.2)
(6.6)	(8.7)	Direct Taxes paid	(32.0)	(34.0)
65.1	52.1	Net Cash from Operations (A)	124.0	64.3
(6.9)	(1.0)	Net Investment in Fixed Assets (incl. Intangible)	(28.2)	(20.2)
(1.7)	2.0	Net (Purchase)/ Sale of Long Term investments	12.4	1.3
(20.3)	57.0	Net (Purchase)/ Sale of Current investments	(71.5)	29.1
(19.8)	(2.0)	Loans/Deposits made with JV/Associate Cos.	(22.2)	(3.9)
5.8	23.0	Interest & Dividend Received	11.6	32.8
(42.9)	78.9	Net Cash from/(used in) Invest. Act. (B)	(98.0)	39.1
0.6	12.1	Issue of Share Capital / Minority	21.1	14.6
13.8	(22.1)	Net Borrowings	50.5	127.7
(26.3)	(82.3)	Disbursements towards financing activities*	(57.4)	(164.6)
(4.7)	(6.5)	Interest & Dividend paid	(42.7)	(48.6)
(16.6)	(98.8)	Net Cash from Financing Activities (C)	(28.5)	(70.9)
5.6	32.2	Net (Dec) / Inc in Cash & Bank (A+B+C)	(2.4)	32.5

* included under Net Cash from operations under statutory financial statements

Share in Profit/ (Loss) of JVs/Associates

32

Q4 FY17	Q4 FY18	₹ Bn	FY17	FY18
0.34	0.43	MHPS JVs	1.12	1.54
0.63	(1.35)	IDPL & Subs.	(3.45)	(4.14)
(0.46)	(0.44)	Special Steels and Heavy Forgings	(1.87)	(2.23)
0.32	0.19	Others	0.25	0.46
0.83	(1.17)	Total	(3.95)	(4.36)



Roads and Bridges:
Portfolio: 15 projects (1661 Km)*
15 Operational
Project Cost: ₹161 bn



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

Balance Equity Commitment
(Mar 2018): ₹ 11 Bn

Equity Invested at SPV level
(Mar 2018): ₹ 93 Bn

Total Project Cost
(Mar 2018): ₹478 Bn



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

* As on 31st Mar, 2018