

ADITYA BIRLA



UltraTech



INDIA'S
LARGEST
CEMENT
COMPANY

RESULTS
Q1:FY 2015/16



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

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Note 1: The financial figures in this presentation have been rounded off to the nearest ₹ 1 cr **Note 2 :** USD:INR = 63.65

GLOSSARY

Mnt – Million Metric tons **Lmt** – Lakhs Metric tons **Mtpa** – Million Tons Per Annum **Q1** –April-June **Q4** – January-March
LY – Corresponding Period last Year **FY** – Financial Year (April-March) **ROCE** – Return on Average Capital Employed
MW – Mega Watts **ICU** – Integrated Unit **GU** – Grinding Unit



Macro and Sector Update



Macro and Sector Update



Macro Update

- ▶ Government reforms initiated But yet to yield results
- ▶ Industry performance – **“Below Potential”**
 - ❑ Manufacturing Sector remained sluggish
 - ❑ Industrial Production for first two months: 3.0% (4.6% in LY)

Sector Update

- ▶ Industry off-take - **Flat**
- ▶ Sector capacity utilisation - **Low for the quarter**
- ▶ Cement prices - **under pressure**
- ▶ **Positive signs on cost front** with softening of petcoke costs
 - ❑ Raw materials cost impacted with increased royalty on limestone

Sector- Regional Update



Zone / Region	Volume	Infra	Const.	Housing	Rural
North	↑	+	+	-	-
<ul style="list-style-type: none"> □ Pick-up in infrastructure projects and pre-monsoon construction activities □ Low demand from Rural and Housing 					
East	↑	+	+	+	+
<ul style="list-style-type: none"> □ Uptick in Govt infra demand - Odisha and Bihar □ Double digit rural and housing demand – West Bengal, Bihar and Jharkhand 					
Gujarat	↑	-	=	+	+
<ul style="list-style-type: none"> □ Growth from IHB and rural infra □ Green shoots of corporate capex □ Demand impacted in Jun'15 with early monsoon 					

Sector- Regional Update



Zone / Region	Volume	Infra	Const.	Housing	Rural
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Maharashtra



- ☐ Slow down in housing demand
- ☐ Highway and rural road development yet to take-off fully

South



- ☐ Government projects and road construction yet to get momentum
- ☐ Demand from new state creation – likely to come from H2
- ☐ Negative rural and housing demand

- ▶ **Q1 has been weak for the industry**
- ▶ **Post monsoon, activity on ground is expected to improve**



Key Highlights for the Quarter



Key highlights Q1 2015-16



- ❑ Commissioned Waste Heat Recovery Systems (WHRS): 15 MW
Full year benefits from FY17

**Total Capacity
48 MW**

- ❑ YoY stable sales volume
Double digit growth in East

Sequentially up 3%

- ❑ Petcoke consumption increased further at 68%
(Ex-acquired plants – 74%)

**North and South
Plants ~ 90%**

- ❑ Flat EBIDTA – Impact of subdued cement prices and
lower treasury income

**Stable Operating
Margin ~ 20%**

Key highlights Q1 2015-16



❑ Consolidated net debt reduced > ₹ 500 Crs

Net Debt:Equity 0.24
Net Debt/EBIDTA 0.91

❑ Cement plants acquisition in Madhya Pradesh progressing well
Received CCI, shareholders and creditors approval

Benefits from
Q4 FY16

❑ Bicharpur coal block – taken possession

Production from
early FY18



Operational and Financial Performance



Sales performance

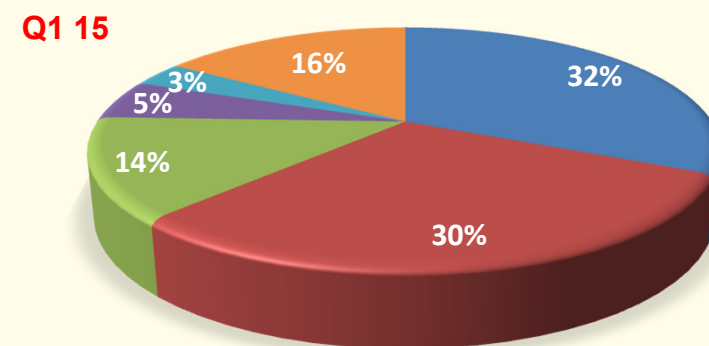
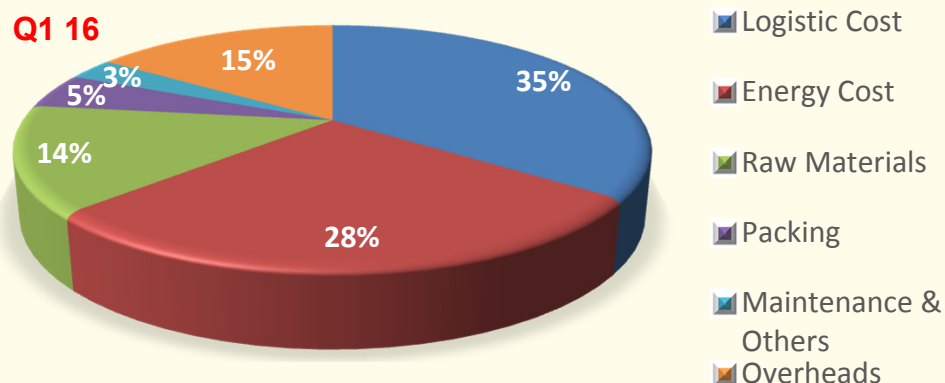


Q4	Particulars	Q1		
FY15		CY	LY	▲%
63.2	Annual Consolidated Capacity (mtpa)	63.2	61.8	2
Sales Volume (Mnt):				
11.5	- Domestic Cement	11.9	11.3	5
12.8	- Consolidated (Incl. Clinker)	13.0	12.4	4
3.5	White Cement & Putty (Lmt)	2.7	2.6	4

- ▶ Volume growth in spite of slowdown
- ▶ Capacity utilisation for the Indian operations for the quarter at 80%

Operational Performance

Cost composition (Grey Cement)



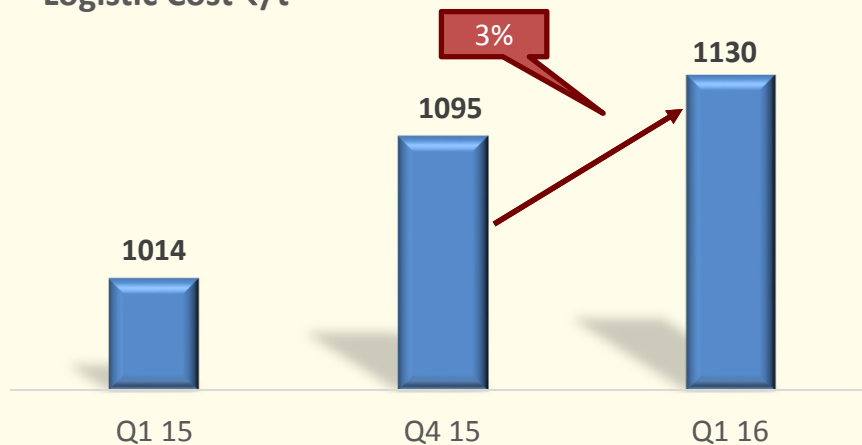
- ▶ **Logistic cost increased 11% - ₹ 1130/t**
 - ❑ **Impact of increased rail freight (9.2%) and change in sales pattern & mix**
- ▶ **Saving in Energy cost 7% at ₹ 901/t**
 - ❑ **Benefit of softening petcoke prices and higher usage of low cost fuel**
- ▶ **Raw material costs up 6% at ₹ 452/t**
 - ❑ **Hike in limestone royalty**

Logistic cost trends

(Indian Operations)



Logistic Cost ₹/t



► Sequentially logistic cost up - 3%

- ❑ Railway freight up 2.7% (April'15)
- ❑ Change in plant mix

► YoY logistic cost higher – 11%

- ❑ Railway freight hike – 9.2% (₹ 40/t)
Jun'14: 6.5% & April'15: 2.7%
- ❑ Change in sales pattern
from ex-works to FOR (₹ 30/t)
- ❑ Change in Plant/ Market mix (₹ 45/t)

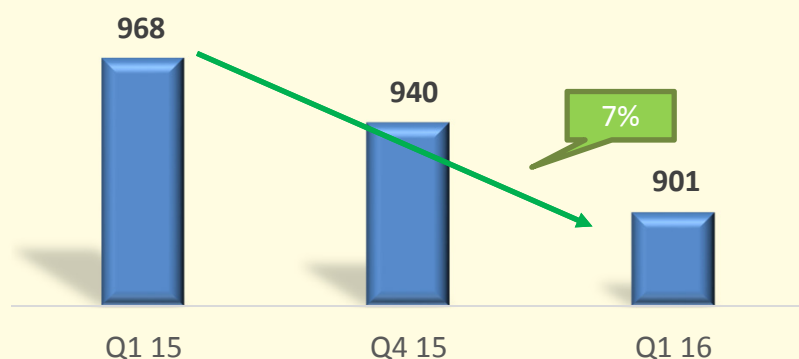
Mode Mix	Q1 15	Q4 15	Q1 16
Rail	33%	28%	30%
Road	63%	68%	67%
Sea	4%	4%	3%

Energy cost trends

(Indian Operations)



Energy Cost ₹/t



► Improved Energy Cost: 7% YoY and 4% QoQ

► Increasing trend in captive power consumption share :

- ❑ Benefit of commissioning of WHRS
- ❑ Increased captive power wheeling to GUs

► Gain in fuel costs:

- ❑ Softening fuel prices (Petcoke 10-12%)
- ❑ Higher usage of petcoke and other low cost alternate fuels
- ❑ Disposed off Maggi noodles in Kiln as fuel

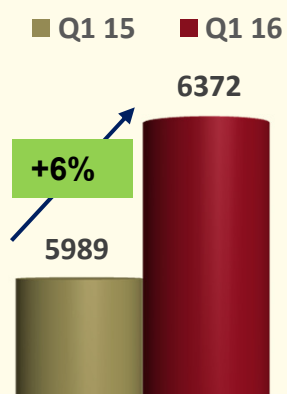
Power Mix %	Q1 15	Q4 15	Q1 16
TPP + WHRS	84%	85%	86%

Kiln Fuel Mix %	Q1 15	Q4 15	Q1 16
Petcoke	43%	64%	68%
Imported Coal	28%	19%	20%
Indigenous Coal and Others	29%	17%	12%

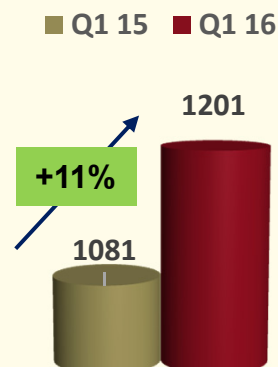
Financial Performance Indicators (Consolidated)



Net Sales (₹ crs)



Operating EBDITA* (₹ crs)



* Excluding Other Incomes

- ▶ Net Sales up 6% Stable revenues for overseas subsidiaries
- ▶ Operating EBDITA improved 11% linked to cost efficiencies

Income statement: Q1

(Standalone)

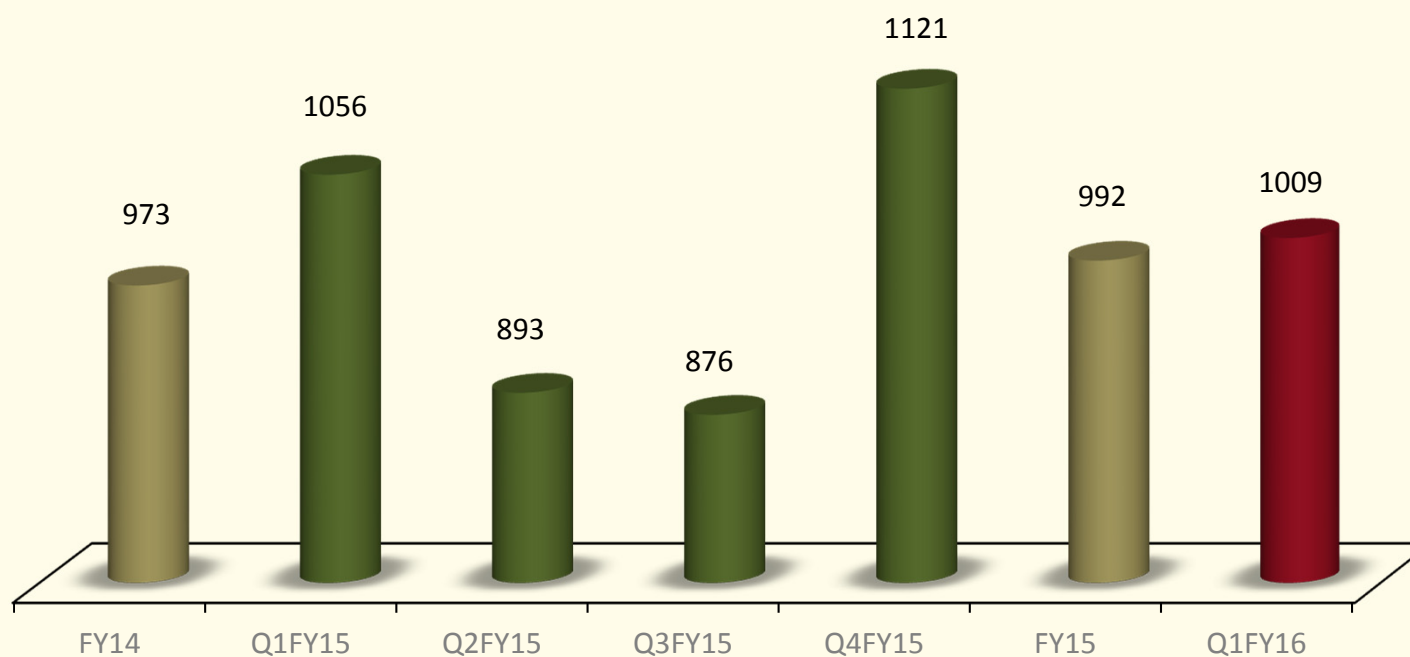


₹ crs

Particulars	CY	LY	▲%
Revenue	6038	5649	7
Other Income	100	213	(53)
EBIDTA	1252	1264	(1)
Margin (%)	21%	22%	(2)
Finance Costs	138	100	(38)
Depreciation	283	265	(7)
PBT	831	899	(8)
Tax Expenses	240	273	12
PAT	591	626	(6)
EPS (₹)	21.5	22.8	(6)

Overall EBIDTA down due to deferment of CY treasury income for LTCG

EBIDTA Pmt (Indian Operations)



YoY EBDITA Pmt down; but 6% higher at operating level (₹ 928/t v/s ₹ 878/t in LY)

Income statement: Q1

(Consolidated)



₹ crs

Particulars	CY	LY	▲%
Revenue	6372	5989	6
Other Income	82	215	(62)
EBIDTA	1282	1296	(1)
Margin (%)	20%	22%	(2)
Finance Costs	148	110	(35)
Depreciation	301	282	(7)
PBT	833	904	(8)
Tax Expenses	242	276	12
Minority Interest	0	1	
PAT	591	627	(6)
EPS (₹)	21.5	22.9	(6)

Overall EBIDTA down due to deferment of CY treasury income for LTCG

Financial Position



₹ crs

Standalone		Particulars	Consolidated	
30.06.15	31.03.15		30.06.15	31.03.15
19453	18858	Shareholders Funds	19649	19041
-	-	Minority Interest	14	18
6842	7414	Loans (Incl. Current Maturities)	9297	9829
2944	2792	Deferred Tax Liabilities	2938	2786
29240	29064	Sources of Fund	31897	31674
23969	23632	Net Block (Incl. Capital Advances)	25541	25186
-	-	Goodwill on Consolidation	1072	1053
Investments:				
4482	4479	Liquid Investments	4636	4634
730	730	Long-term Investments	21	21
59	223	Net Working Capital	627	780
29240	29064	Total Application of Funds	31897	31674
2361	2935	Net Debt	4660	5195

Financial Indicators



Indicators	Standalone		Consolidated	
	30.06.15	31.03.15	30.06.15	31.03.15
Shareholders fund (₹ crs)	19453	18858	19649	19041
Borrowings (₹ crs)	6842	7414	9297	9829
Cash Equivalents (₹ crs)	4482	4479	4636	4634
Financial Indicators				
Net Debt: Equity	0.12	0.16	0.24	0.27
Net Debt / EBIDTA	0.47	0.64	0.91	1.09
Interest Cover (PBIT/Gross Interest)	6.9	5.8	6.5	5.7
ROCE	13.3%	12.0%	12.3%	11.5%
Book Value (₹/Share)	709	687	716	694



Sector Guidance



Sector guidance



- ▶ Cement demand expected to pick-up from H2 FY16
- ▶ Cement demand growth drivers:
 - ❑ Government focus on infrastructure development with higher budgetary allocation for roads, dedicated freight corridor, irrigation, port etc.
 - ❑ Expected demand from “Smart Cities” and “Housing for all” initiatives – recently Government released overall approach and guidelines
 - ❑ Likely positive results of various reforms initiated ... boosting overall business sentiments
 - ❑ Softening of interest rates
- ▶ Supply-demand balance to improve on expected increase in demand and slowing down of capacity addition

Our Focus – “High Quality, High Volume and Low Cost”

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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UltraTech

Mumbai's Terminal 2: An Epic Challenge

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