ADITYA BIRLA

UltraTech

18th July, 2017

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Corporate Relationship Department
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Scrip Code: 532538

The Manager
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 quarter ended 30th June, 2017

Attached is an investor's presentation on the performance of the Company for the quarter ended 30th June, 2017.

The same is for your information, please.

Yours very truly,

S. K. Chatterjee
Company Secretary

Encl: A/a

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UltraTech

India's largest cement company

EARNINGS Q1:FY 2017/18

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

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Performance Parameters

Sector Guidance

GLOSSARY

Mnt – Million Metric tons **Lmt** – Lakhs Metric tons **MTPA** – Million Tons Per Annum **Q1** – April-June **CY** – Current year period.
LY – Corresponding Period last Year **FY** – Financial Year (April-March) **ROCE** – Return on Average Capital Employed
ROIC – Return on Invested Capital

Note: *The financial figures in this presentation have been rounded off to the nearest ₹ 1 cr; 1 US$ = ₹ 64.46*

Macro Indicators
Q1 FY18

Challenging environment

Weak IIP growth for April and May at 2.3% (LY 7.3%)

Manufacturing PMI declined to 50.6 in June'17, weakest in four months

RERA implemented from 1st May'17; short-term challenge for the real estate sector

GST rolled out from 1st July'17; will have teething issues

FY17 GDP growth 7.1% v/s LY 8.0%

Industry Update
Q1 FY18

Another quarter of weak performance

North: Volume impacted due to sand / aggregate shortage

East: Continuous improvement in rural markets, IHB and infrastructure segment

West: Subdued demand – sand availability issues, water scarcity in Gujarat, low cost housing now taking off

South: Slowdown due to drought in Tamil Nadu

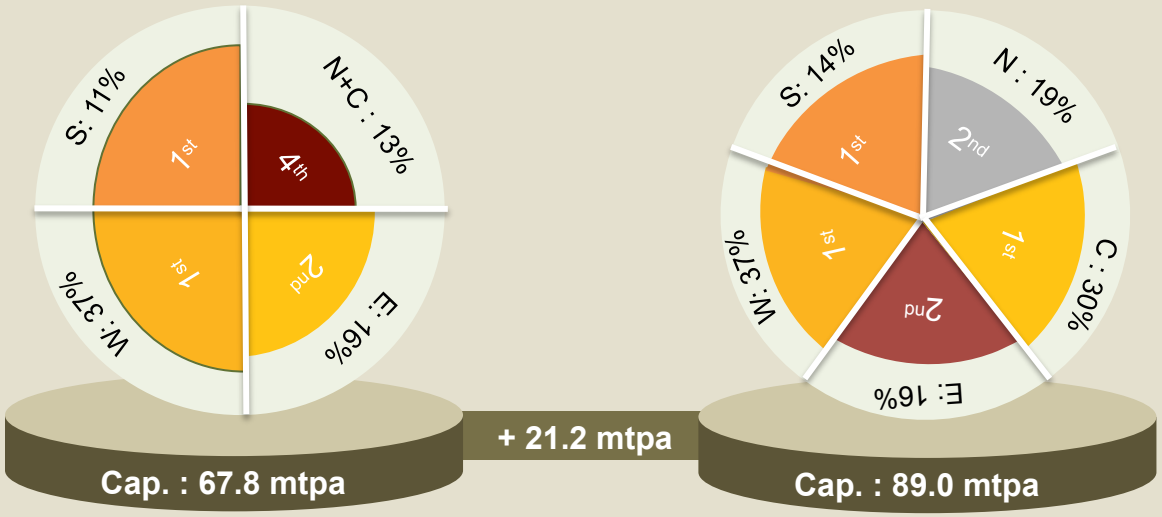
Key Company Updates

Acquisition Update

Completed 21.2 mtpa cement capacity acquisition

- Consolidated capacity augmented to 93 mtpa (including overseas)
- Finance through 20-year Rupee term loan at < 8%
- Latest European technology plants
- Strong foothold in Central Zone

Zonal capacity share and rank



Note: N = North, C = Central, E = East, W = West, S = South

Acquisition Integration
Key priorities

Turnaround plan

- Added over 5000 dealers in new markets
- Steps to improve quality
- Leveraging procurement synergies
- Enhancing operational benchmarks
- Re-organizing clinker movement;
  plan to reduce logistics costs
- Training to employees to work in line with UltraTech systems and safety standards

UltraTech's well-oiled outperformance-driven culture

Financial Position
India

Particulars	Post – Acquisition 30.06.17	Pre – Acquisition 31.03.17
Net Debt (₹ Crs)	12,872	(2,422)
Net Debt: Equity	0.52	(0.10)
Net Debt/EBITDA	1.87	(0.43)

Growth focused financials

Why we are confident…

Key triggers

Current capacity utilization of the acquired plants < 15%

UltraTech existing plants capacity utilization ~ 78%

Well recognized UltraTech brand

High growth markets of Central India, North India and Coastal Andhra Pradesh

Plan to achieve cash break-even of acquired capacity within four quarters

GST Update

Implemented from 00:00 hrs 01.07.2017

Reduction in total tax outgo from 30-31% to 28% on retail sales

Tax benefit passed on to customers w.e.f. 01.07.2017 (revenue neutral)

No business disruption

Imparted training to business partners

Well-planned execution

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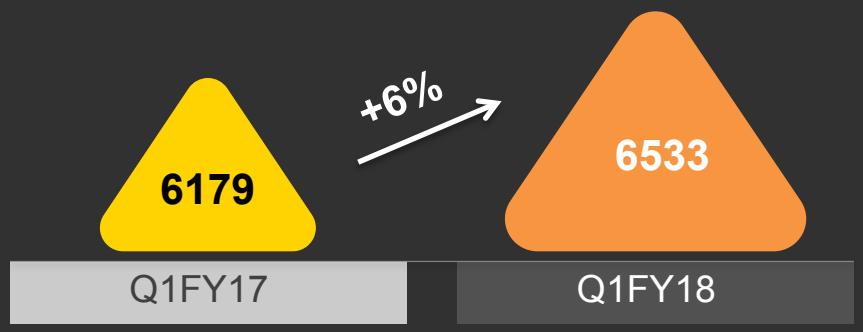
Key Highlights for the Quarter

UltraTech Cement is a proud partner of the Kochi Metro.

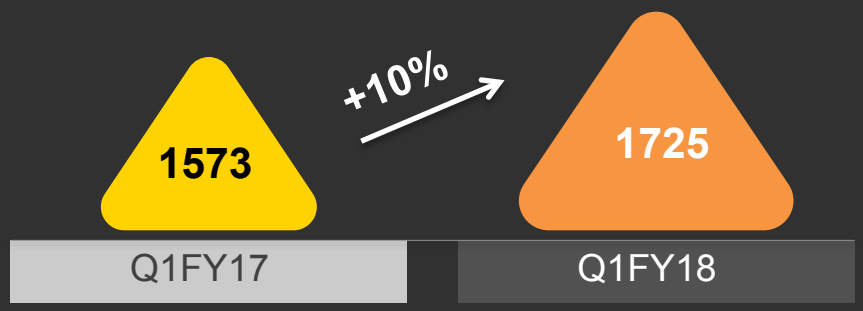
Q1 – Highlights
Standalone

Operating margin @ 24%

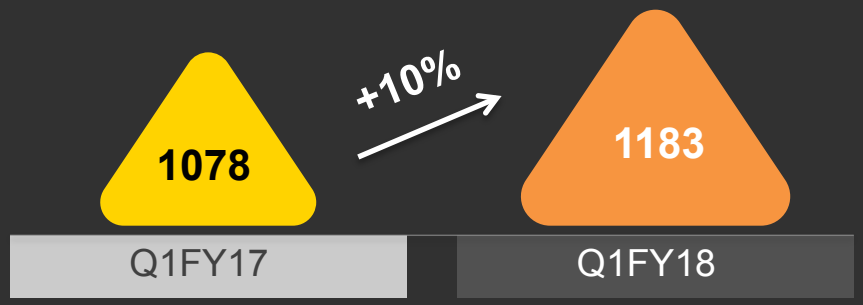
Turnover (₹ crs)



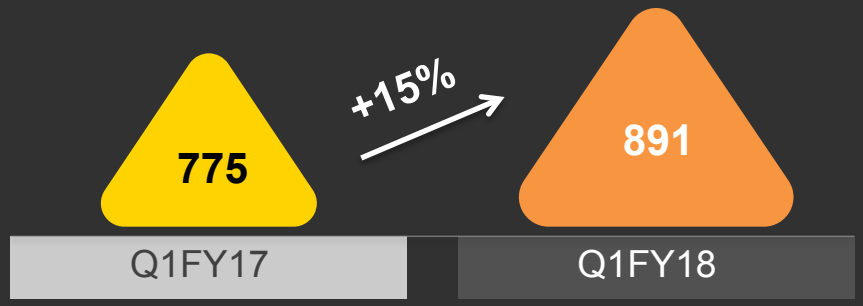
EBITDA (₹ crs)



Op. Profit (₹ PMT)



PAT (₹ crs)



How it has been achieved

Key initiatives

Enhancing productivity

- Higher use of additives
- Improved clinker-to-cement conversion ratio

Improving consumption norms

Focus on effective procurement management

- Source optimization
- Reverse logistics

Ongoing manpower optimization

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Operational and Financial Performance

Beautiful dreams build beautiful homes

Sales Performance
(Standalone – Q1)

Particulars	CY	LY	▲ %
Capacity (mtpa)	89.00	66.25	34
Capacity utilisation	78%*	77%	1
Domestic Sales	12.59	12.72	(1)
Exports & Others	0.59	0.48	23
Total	**13.19**	**13.20**	**-**

Capacity utilisation improved on expanded capacity

** Excluding the capacities acquired on 29th June, 2017*

Sales performance

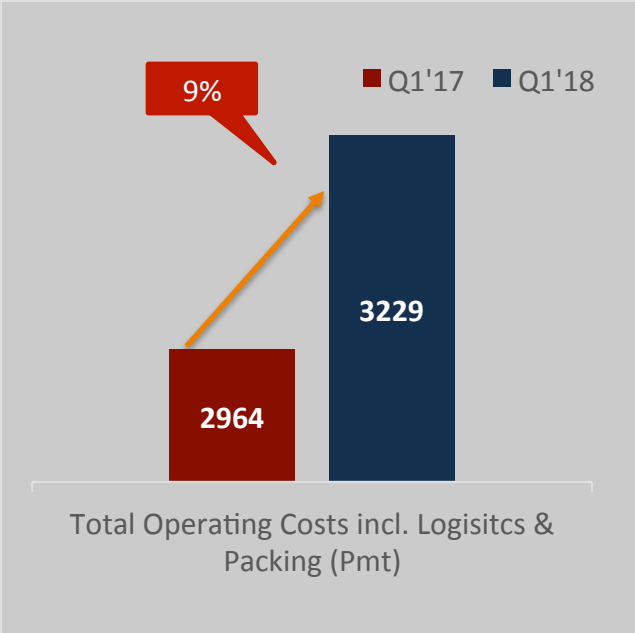
Key achievement

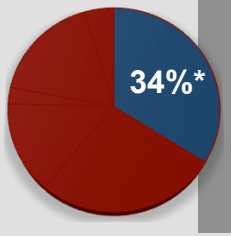
Brand UtlraTech – First choice for infrastructure projects

Improvement in blended cement sales: 2% YoY

Enhanced UBS share in sales: 100 bps to ~ 8.5% (YoY)

Operating Costs
(Grey Cement)

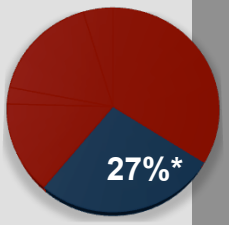




Logistics cost ₹1098/t up 2% YoY:

Impact of increase in diesel prices

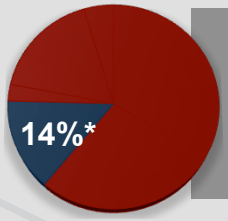
Efficiency improved



Energy cost increased 28% YoY : ₹ 871/t

Petoke prices jumped 2x

Efficiency improvement gain 5%



Raw materials cost : ₹466/t +4% (YoY)

Increased usage of additives

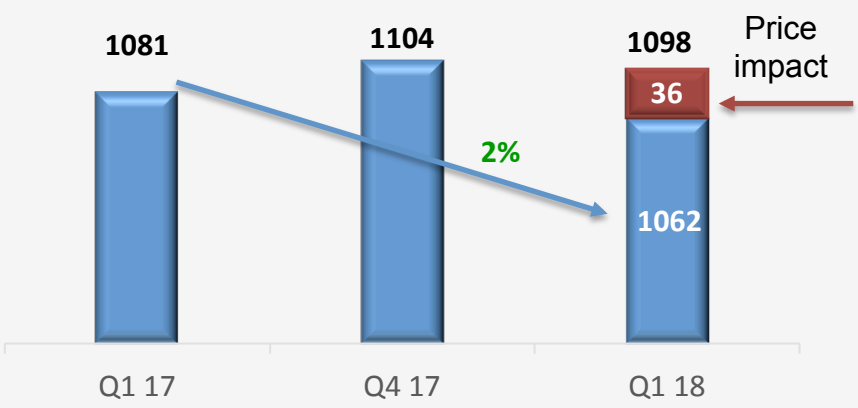
Efficiency improvements contributed ~ 5% improvement in EBITDA.

More to follow

** Share in total operating costs*

Logistics cost trends
(Grey Cement)

Logistics Cost ₹/t



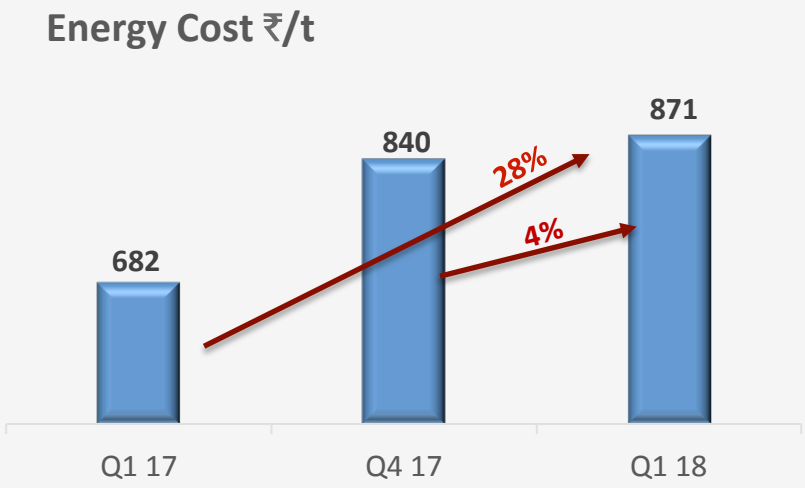
Mode Mix	Q1 17	Q4 17	Q1 18
Rail	26%	26%	25%
Road	71%	70%	72%
Sea	3%	4%	3%

- **Logistics cost –up 2% YoY**
  - Increase in diesel pries ~ 9%
  - LY: exemption of busy season surcharge for two months
  - Efficiency improvements ~ 2%

    - Saving achieved with plant and market mix optimization

- **Marginal decline over Q4**
  - Reduction in diesel prices ~ 5%
  - Change in sale pattern (more ex-works sale)

Energy cost trends
(Grey Cement)



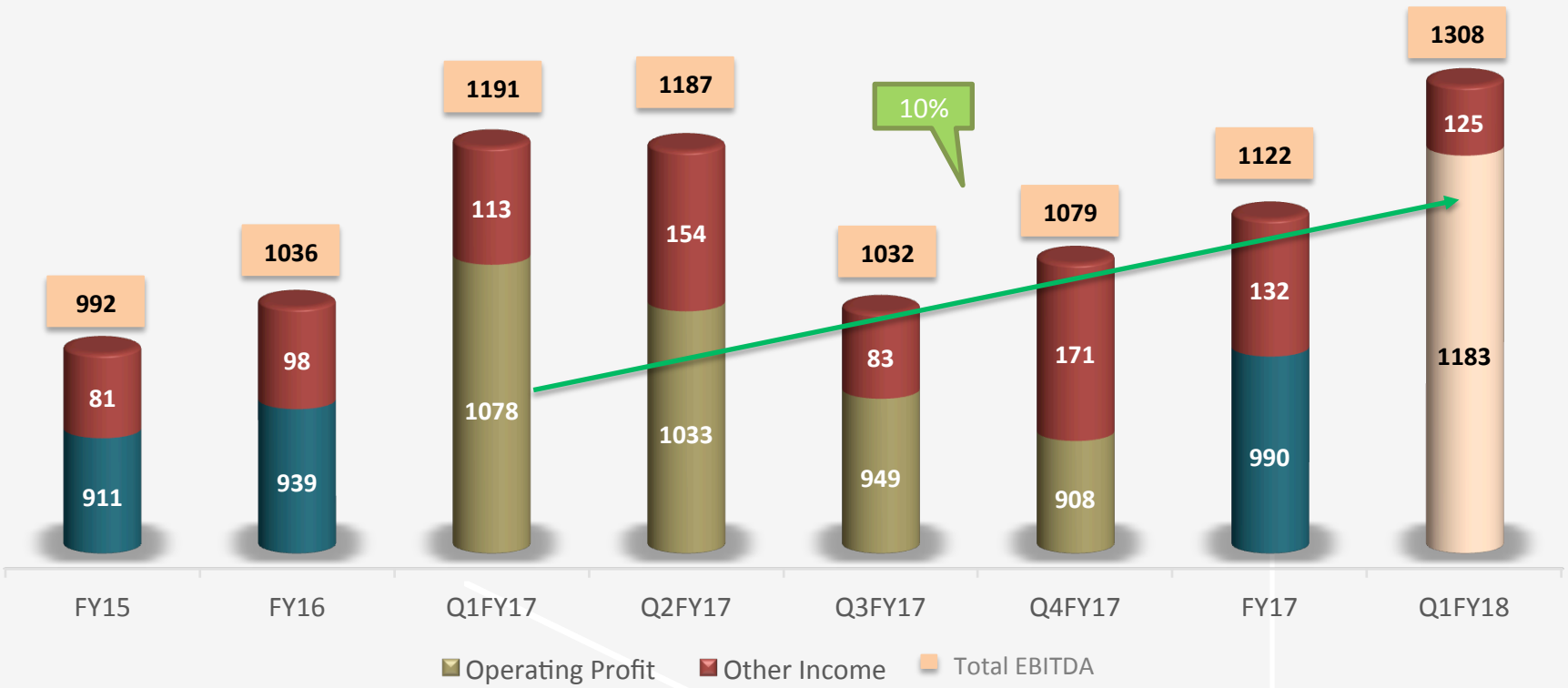
Kiln Fuel Mix %	Q1 17	Q4 17	Q1 18
Petcoke	74%	71%	71%
Industrial waste	1%	3%	3%
Imported Coal	18%	11%	13%
Indigenous Coal and Others	7%	14%	14%

- **YoY Energy cost up 28%:**
  - Impact of increased petcoke prices ~ 2x
  - Improved power consumption (5%) - ₹ 14/t
  - WHRS share in total power 8% - ₹ 5/t
  - Higher usage of industrial waste 3%
  - Use of full quota of linkage coal
- **Sequentially cost increased 4%:**

  Higher fuel prices

EBITDA

(₹ per ton) (India)



Strong all-India performance

Income statement- Q1

₹ crs

Consolidated			Particulars	Standalone		
CY	LY	▲%		CY	LY	▲%
6938	6535	6	Revenues (net of excise duty)	6533	6179	6
166	151	10	Other Income	165	150	10
1798	**1626**	**11**	**EBITDA**	**1725**	**1573**	**10**
26%	***25%***	***1***	***Margin (%)***	***26%***	***25%***	***1***
141	180	22	Finance Costs	128	152	16
361	323	(12)	Depreciation incl. investment impairment	310	303	(2)
1296	**1124**	**15**	**PBT**	**1,287**	**1,118**	**15**
398	344	(16)	Tax Expenses	396	343	(16)
0.9	(0.3)		Minority Interest	-	-	-
897	**780**	**15**	**PAT**	**891**	**775**	**15**
32.7	**28.4**	**15**	**EPS (₹)**	**32.4**	**28.2**	**15**

- **EBITDA improved 10% at standalone level and 11% at consolidated level**
- **PAT improved 15%**

Financial Position

₹ crs

Consolidated		Particulars	Standalone	
30.06.17	31.03.17		30.06.17	31.03.17
25286	24401	Shareholders Funds	24828	23941
22679	8474	Loans	20470	6240
2887	2773	Deferred Tax Liabilities	2888	2774
50852	**35648**	**Sources of Funds**	**48186**	**32955**
42178	26039	Fixed Assets	40550	24387
1028	1085	Goodwill	-	-
7654	8713	Investments	8345	9409
150	185	Derivative Assets	95	115
(158)	(373)	Net Working Capital	(804)	(956)
50852	**35648**	**Total Application of Funds**	**48186**	**32955**
15055	**(215)**	**Net Debt**	**12872**	**(2422)**

Financial Indicators

Consolidated		Indicators	Standalone	
30.06.17	31.03.17		30.06.17	31.03.17
0.60	(0.01)	Net Debt: Equity	0.52	(0.10)
2.09	(0.04)	Net Debt / EBITDA	1.87	(0.43)
10.5	7.1	Interest Cover	11.0	7.5
16.3%	12.8%	ROCE	16.9%	13.4%
10.3%	7.7%	ROIC	10.7%	8.1%
240*	240	EV (USD/t)		
15.2*	18.6	EV / EBITDA		
921	889	Book Value (₹/Share)	904	872

** Excluding the impact of capacities acquired on 29th June, 2017*

Sector Guidance

Sector guidance: Cautiously optimistic

Gradual pick-up in cement demand post-monsoon

Short-term concerns

Drought in South India, sand availability issue, RERA compliance

Long-term concerns

Subdued urban housing demand

Lack of private capex

Cement prices likely to remain volatile

Sector guidance: Cautiously optimistic

Positive factors

Rural Housing

Likely to revive; expectation of a normal monsoon

Affordable Housing

Industry status and interest subvention scheme to increase execution pace

Infrastructure spending

Continue to be a key cement growth driver

Annexures

Income statement- Q1

US$ Mn

Consolidated			Particulars	Standalone		
CY	LY	▲%		CY	LY	▲%
1076	1014	6	Revenues (net of excise duty)	1013	959	6
26	23	10	Other Income	26	23	10
279	**252**	**11**	**EBITDA***	**268**	**244**	**10**
26%	25%	1	***Margin (%)***	26%	25%	1
22	28	22	Finance Costs	20	24	16
56	50	**(12)**	Depreciation incl. investment impairment	48	47	(2)
201	**174**	**15**	**PBT**	**200**	**173**	**15**
62	53	**(16)**	Tax Expenses	61	53	(16)
0.1	0.0		Minority Interest	-	-	-
139	**121**	**15**	**PAT**	**138**	**120**	**15**
0.5	**0.4**	**15**	**EPS (₹)**	**0.5**	**0.4**	**15**

Financial Position

US$ Mn

Consolidated		Particulars	Standalone	
30.06.17	31.03.17		30.06.17	31.03.17
3923	3786	Shareholders Funds	3852	3714
3518	1315	Loans	3176	968
448	430	Deferred Tax Liabilities	448	430
7889	**5530**	**Sources of Funds**	**7475**	**5112**
6543	4040	Fixed Assets	6291	3783
160	168	Goodwill	-	-
1187	1352	Investments	1295	1460
23	29	Derivative Assets	15	18
(25)	(58)	Net Working Capital	(125)	(148)
7889	**5530**	**Total Application of Funds**	**7475**	**5112**
2336	**(33)**	**Net Debt**	**1997**	**(376)**

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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