ADITYA BIRLA

UltraTech

18th July, 2018

BSE Limited
Corporate Relationship Department
Phiroze Jeejeebhoy Towers,
Dalal Street
Mumbai 400 001.
Tel.: 2272 1233/34
Fax: 022 2272 2039/3121
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, 2018

Attached is an investor's presentation on the performance of the Company for the quarter ended 30th June, 2018.

The same is for your information, please.

Yours very truly,

S. K. Chatterjee
Company Secretary

Encl: A/a

UltraTech Cement Limited

India's largest cement company

Earnings **Q1** FY19

Stock code: BSE: **532538** | NSE: **ULTRACEMCO**

Reuters: **UTCL.NS** | Bloomberg: **UTCEM IS/UTCEM LX**

CONTENTS

Macro and industry update

Key updates and highlights

Performance

Sectoral guidance

GLOSSARY

MNT – Million metric tonnes, **LMT** – Lac metric tonnes, **MTPA** – Million tonnes per annum, **Q1** – April-June, **Q4** – January – March

CY – Current year period, **LY** – Corresponding period last year, **FY** – Financial year (April-March)

WHRS – Waste Heat Recovery Systems, **MW** – Mega Watts

Note: The financial figures in this presentation have been rounded off to the nearest Rs. 1 crore; 1 US$ = Rs. 67.06

MACRO INDICATORS

Current account deficit widened to 1.9% of GDP

Crude price increased >11%

vis-à-vis Q4 18

Hardening Interest rates

INR depreciation against US$: ~4%

Wholesale price index for the quarter stood at 4.6% v/s 2.8% in Q4 18

SECTORAL UPDATE

Consistent Double-digit Volume Growth …… Over The Past Three Quarters

Key demand drivers (~70% share in total demand) on growth trajectory

Continued demand from Infrastructure Sector	Pradhan Mantri Awas Yojana	Demand improvement in Affordable Housing	Rural Housing	Sand Supplies
Double digit growth in demand from Roads, Railways and Irrigation projects	Picking up pace in Eastern and Central regions	Entry of organised real estate players	Surge in demand	Not a hindrance

SECTORAL UPDATE

State-wise Performance

State/Region	Vol. Gr.	I	LCH	RH	UH	C	Key drivers
Haryana	↑	●	●	●	●	●	IHB segment
Delhi + NCR	↑	●	●	●	●	●	Infrastructure spends
Punjab	↑	●	●	●	●	●	Infrastructure spends
Himachal Pradesh	↑	●	●	●	●	●	Infrastructure and Institutional
Rajasthan	↑	●	●	●	●	●	Rural pick-up
North	↑	●	●	●	●	●	**Infrastructure**
Madhya Pradesh	↑	●	●	●	●	●	PMAY and Rural demand
Uttar Pradesh	↑	●	●	●	●	●	Rural Housing and Infrastructure
Central	↑	●	●	●	●	●	**PMAY and Rural Housing**
Maharashtra	↑	●	●	●	●	●	Infrastructure and Affordable Housing
Gujarat	↑	●	●	●	●	●	PMAY and IHB
West	↑	●	●	●	●	●	**Infrastructure and PMAY**

Demand momentum continuing on the back of Infrastructure spending and improvement in PMAY

I: *Infrastructure,* ***LCH:*** *Low-cost housing,* ***RH:*** *Rural housing,* ***UH:*** *Urban housing,* ***C:*** *Commercial*

PMAY: *Pradhan Mantri Awas Yojana,* ***IHB:*** *Individual House Building*

SECTORAL UPDATE

State-wise Performance

State / Region	Vol. Gr.	I	LCH	RH	UH	C	Key Drivers
West Bengal	↑	🟡	🟢	🟢	🟢	🟡	Poor rakes availability
Bihar	↑	🟢	🟢	🟢	🟡	🟢	Improved sand supplies
Jharkhand	↑	🟢	🟢	🟢	🟡	🟢	PMAY and PMGSY
Odisha	↑	🟢	🟢	🟢	🟡	🟡	PMAY and Infrastructure
Chhattisgarh	↑	🟢	🟡	🟢	🟡	🟡	Infrastructure
East	↑	🟢	🟢	🟢	🟡	🟡	**Infrastructure and PMAY**
Andhra Pradesh / Telangana	↑	🟢	🟡	🟢	🟢	🟢	Amravati Development, Infrastructure and IHB
Karnataka	↑	🟢	🟡	🟢	🟢	🟢	Housing and Commercial
Tamil Nadu	↑	🟡	🟡	🟢	🟡	🟢	Improving M sand usage
Kerala	↑	🟡	🟡	🟢	🟡	🟢	Rural Housing
South	↑	🟢	🟡	🟢	🟢	🟢	**Infrastructure and Rural Housing**

Demand from Rural Housing and Infrastructure development – Key growth drivers

I: *Infrastructure,* ***LCH:*** *Low-cost housing,* ***RH:*** *Rural housing,* ***UH:*** *Urban housing,* ***C:*** *Commercial*

PMAY: *Pradhan Mantri Awas Yojana,* ***PMGSY:*** *Pradhan Mantri Gramin Sadak Yojana,* ***IHB:*** *Individual House Building*

SECTORAL UPDATE

Continuing cost pressure:

- Pet coke at + US$110 per tonne; Coal at + US$105 per tonne
- INR depreciation against US$
- Increase in diesel prices hurting logistics costs

Cement prices increasing to cover cost increases:

- FY18: Cement majors (> 70% capacity share) witnessed 5% increase in realisations.

  Improvement in realisations covered cost increases
- Q1 19: Average realisations estimated to increase ~1-2% for the sector over Q4 18

Industry will witness improving trends in EBITDA per tonne on favorable demand growth

ACQUIRED ASSETS UPDATE

Focus on EBITDA Improvement Following Capacity Ramp-up

Capacity utilisation stood at ~ 70%

Reduced operating costs gap with existing plants by ~ 20% vis-à-vis Q4 18

Pet coke usage at 83% vis-à-vis 75% in Q4 18

More volumes in retail markets: ~ 69% of total sales

Targeted PBT break-even of acquired units by April-June 2019

OTHER UPDATES

Commissioned second cement grinding capacity at Dhar - 1.75 MTPA

Consolidated cement capacity augmented to 92.5 MTPA

Secured limestone block in Madhya Pradesh with reserves of ~54 Mnt

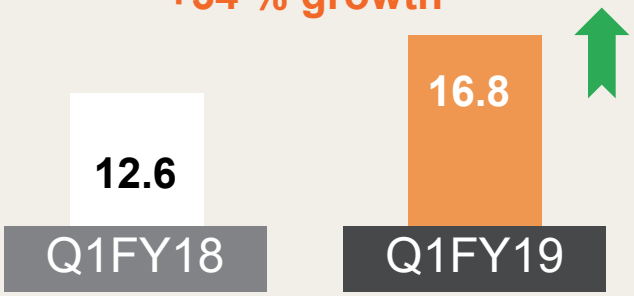
New WHRS capacities under erection : 62 MW (post commissioning will meet ~ 15% power requirement)

Ready for industry upcycle with focus towards profitable growth

KEY PERFORMANCE HIGHLIGHTS Q1

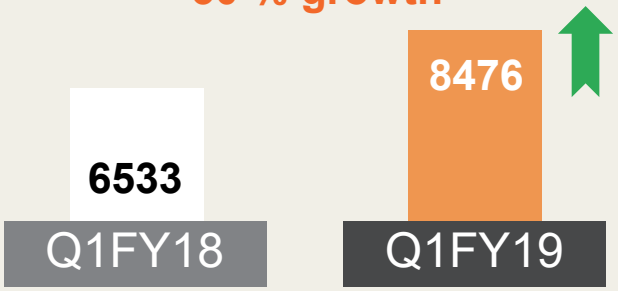
Domestic sales volume (MnT)

+34 % growth



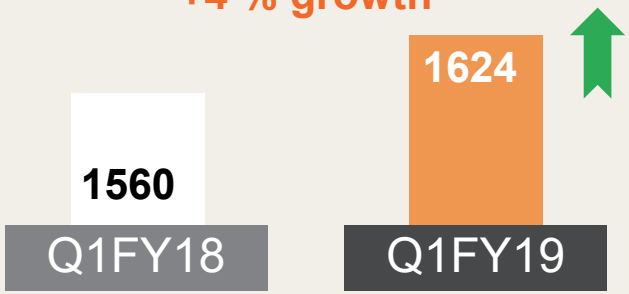
Turnover (Rs. crore)

+30 % growth



Operating EBITDA (Rs. crore)

+4 % growth



SALES PERFORMANCE Q1

Particulars	CY	LY	▲%
Capacity (Mtpa)	88.5	85.0	4
Capacity utilisation (%)	77%	78%	(1)
Domestic sales	16.8	12.6	34
Exports and others	0.7	0.6	9
Total	**17.5**	**13.2**	**33**

UltraTech maintained high double-digit volume growth

KEY SALES INITIATIVES

Improved blended cement sales

~ 3% over Q4 18

Increased retail sales

~ 2% over Q4 18

Enhanced Rural market sales

~ 1% over Q4 18

Enhanced connect with end-consumers through UBS ramp up

- Added ~ 40 stores during the quarter
- Achieved double digit volume growth

GRADUAL INCREASE IN SELLING PRICES TO MITIGATE IMPACT OF RISING COSTS

- Average sales realisations improved ~ 2% over Q4 18
  - 4-5% increase in Central and Western markets
  - Steady in Eastern markets
  - Marginal drop in Northern and Southern markets
  - Exit June'18 prices higher than Q1 19 average

- Increase in market presence with optimal retail / institutional play
- Increase in rural connect
- Commissioned new capacities at lower costs to generate higher returns

Operating EBITDA per tonne at Rs. 929/t vis-à-vis Rs. 922/t in Q4 18

OPERATING COSTS –

~ 65% Cost Drivers Continued To Face Pressure

Logistics costs as a 34% share of overall costs

Increased 9% YoY to Rs. 1199/t

Diesel prices jumped ~20% YoY and 6% QoQ

Energy costs as a 30% share of overall costs

Increased 18% YoY to Rs. 1028/t

Pet coke prices increased ~35%

Impact of weakening INR against US$

Raw material costs as a 14 % share of overall costs

Increased 8% YoY to Rs. 501/t

Additional royalty on limestone mines transfer

Higher additive costs

Focused efforts for enhancing internal efficiencies

KEY FOCUS AREAS

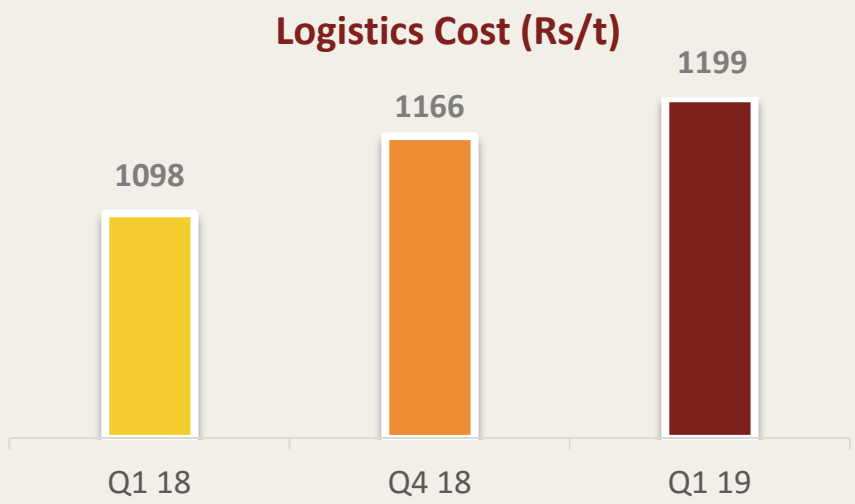
For Cost Control

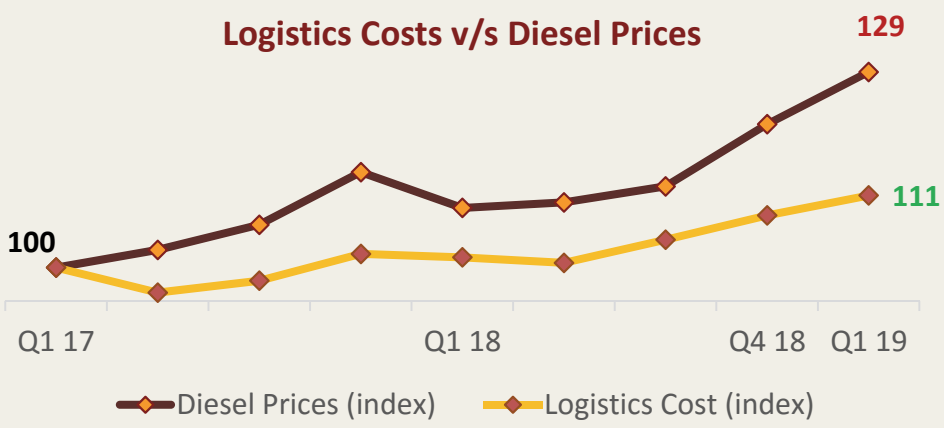
- Increase in usage of additives to improve consumption norms
- Improved operational efficiencies of thermal power plants and waste heat recovery systems
- Higher usage of industrial waste as fuel at ~ 4%
- Reduction in average lead distance ~ 6% over Q1 18

Efficiency improvement is vital for ensuring success amidst external hurdles

LOGISTICS COST TRENDS

(Grey Cement)



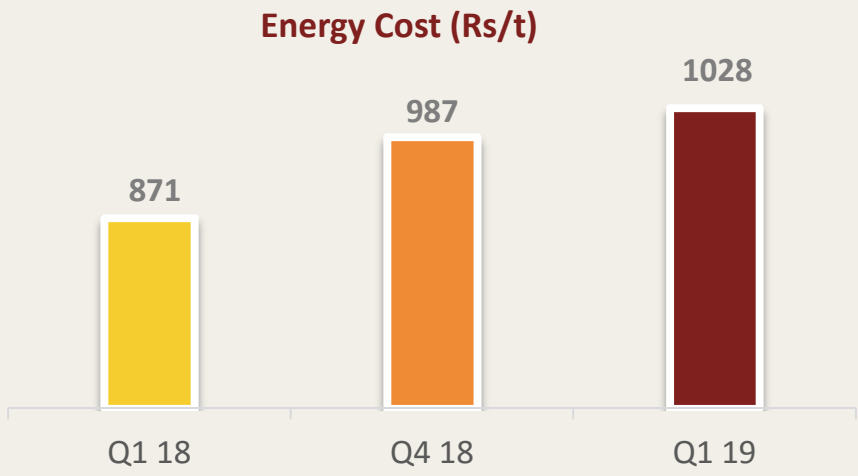


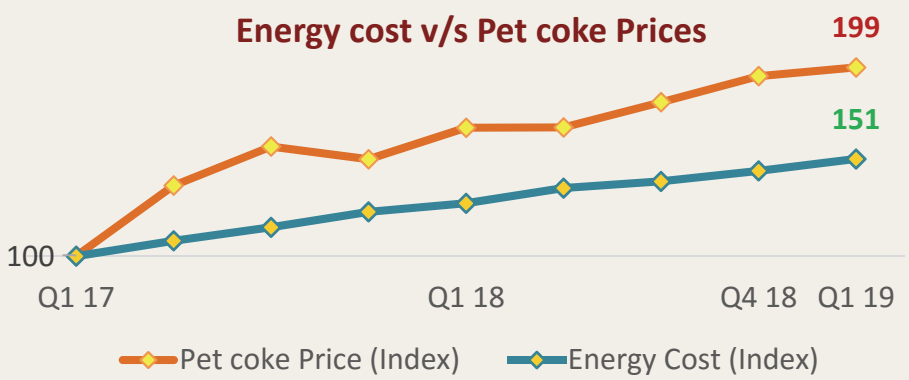
YoY costs increased ~ 9 %

- Diesel price increase (20%): Impact ~ Rs. 30/t
- Change in sales pattern to FOR: Impact ~ Rs. 75/t
- Rake availability remained poor in eastern markets
- Cost increase restricted with lead reduction ~ 6%

ENERGY COST TRENDS

(Grey Cement)





YoY costs increased ~ 18 %

- Pet coke prices higher at $ 114/t: ~ 35% increase
- Pet coke usage restricted in TPPs: impacted cost
- Cost hike controlled through:
  - Efficiency improvement in TPPs
  - Higher usages of industrial waste in kiln : ~ 1%
  - Enhanced green power usage: ~ 1%

INCOME STATEMENT Q1

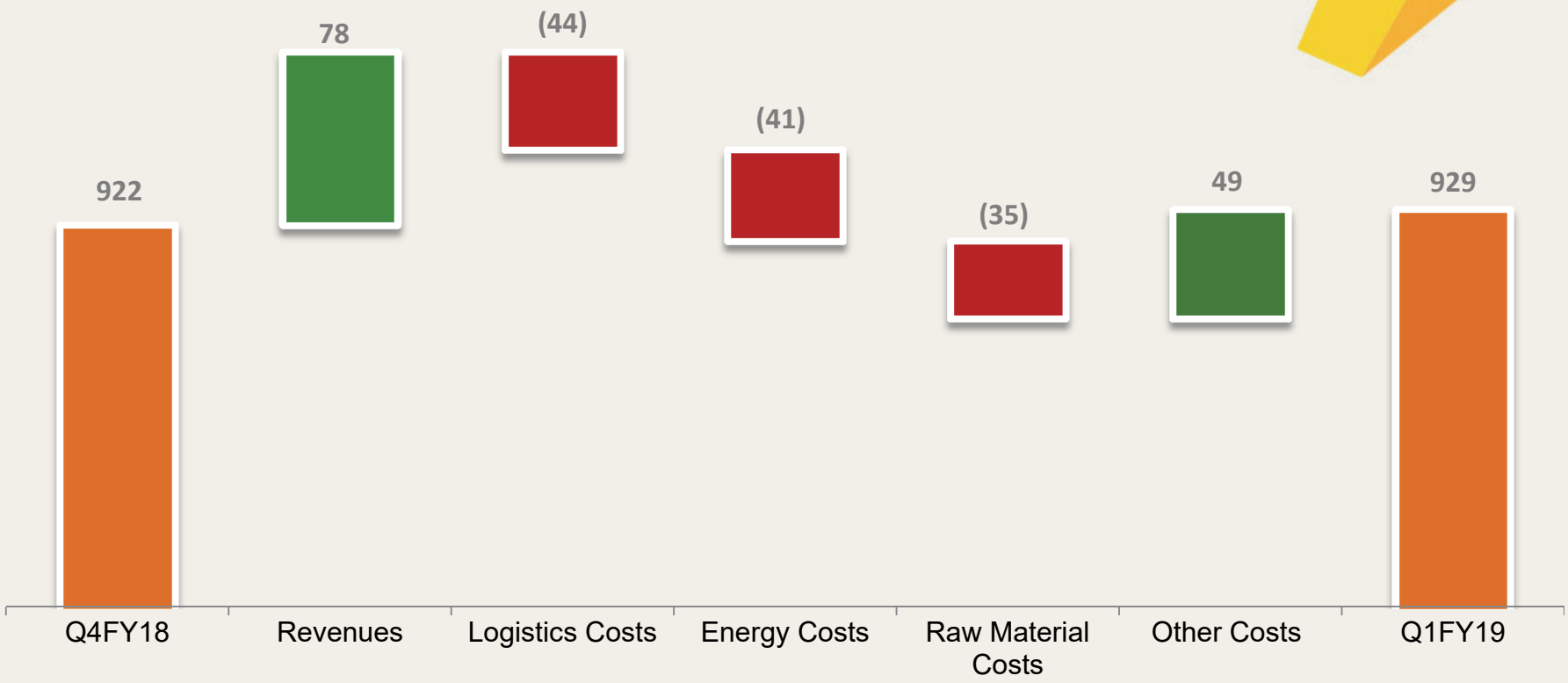
Rs. Crs

Consolidated			Particulars	Standalone		
CY	LY	▲%		CY	LY	▲%
8841	6938	27	Revenues (net of taxes)	8476	6533	30
73	166	(56)	Other Income	73	165	(56)
1763	**1798**	**(2)**	**EBITDA**	**1697**	**1725**	**(2)**
20%	*26%*	*(6)*	***Margin (%)***	**20%**	**26%**	**(6)**
349	141		Finance costs	336	128	
507	361	(40)	Depreciation	486	310	(57)
908	**1296**	**(30)**	**PBT**	**875**	**1287**	**(32)**
277	398	30	Tax expenses	277	396	30
(1)	1		Minority interest	-	-	-
632	**897**	**(30)**	**PAT**	**598**	**891**	**(33)**
23.0	**32.7**	**(30)**	**EPS (Rs.)**	**21.8**	**32.4**	**(33)**

Operating margins poised for growth

OPERATING EBITDA PMT BRIDGE

Q1 19 vis-à-vis Q4 18



EBITDA PMT improvement backed by higher realization

FINANCIAL POSITION

Rs Crs

Consolidated		Particulars	Standalone	
30.06.18	**31.03.18**		**30.06.18**	**31.03.18**
27090	26397	Shareholder's funds	26537	25923
19262	19480	Loans	17066	17420
3268	3173	Deferred tax liabilities	3269	3174
49620	**49051**	**Sources of funds**	**46872**	**46517**
42195	42296	Fixed assets	40628	40782
1082	1036	Goodwill	-	-
5303	5453	Investments	6018	6163
1041	265	Net working capital incl. derivative assets	226	(428)
49620	**49051**	**Total application of funds**	**46872**	**46517**
13995	**14062**	**Net debt**	**11799**	**12007**

Standalone Net Debt / EBITDA level improved at 1.74x over Mar'18 of 1.85x

FREE CASH FLOW

Rs. Crs

Consolidated	Particulars	Standalone
1689	Operating Cash Profit (Net of Tax)	1627
(792)	Change in Working Capital	(752)
897	**Cash Flow from Operations (I)**	**875**
(338)	**Capex (II)**	**(333)**
560	**Cash Surplus (I+II)**	**542**

SUSTAINABILITY LEADERSHIP –
Water Positive

UltraTech certified '2.18' times water positive by DNV – GL* for FY 17

- Continuous focus on water management and conservation measures to ensure long term business sustainability

Key interventions which helped us to achieve water positive status

Rainwater harvesting: Mines pit & rooftop	Water reuse and recycle	Ground water recharge inside and outside plant boundary	Water collected in check dams	Increasing water availability through pond desiltation

** A global quality assurance and risk management company*

SECTORAL OUTLOOK – IN ITS UP-CYCLE

Demand Expected to Move Above GDP

Demand drivers

- Higher budgetary allocation for infrastructure and rural development
- PMAY schemes in rural and urban areas gaining momentum
- Rural housing demand to accelerate further with the recent increase in MSPs for kharif crops
- General election due in 2019 likely to support demand

SECTORAL OUTLOOK –
In It's Up-cycle

Key concerns

Rising cost pressures

Likely increase in interest rates

Sluggish demand in the Tier-II and III urban housing and commercial segment

UltraTech

One step ahead…

ADITYA BIRLA

UltraTech

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 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.

UltraTech Cement Limited

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