India's Largest Cement Company

EARNINGS: Q2 FY22

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

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ESG update

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Key Highlights

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Financial Performance

G L O S S A R Y

MNT – Million Metric Tons**, LMT** – Lakh Metric Tons, **MTPA** – Million Tons Per Annum**,**
MW – Mega Watts, **Q1** – April-June, **Q2** – July-September**, Q3** – October-December**, Q4** – January-March,
CY – Current Year period**, LY** – Corresponding period Last Year, **FY** – Financial Year (April-March)

UltraTech joins RE100 – Commits to 100% renewable energy usage by 2050



- Target to be on 100 % renewable energy by 2050.
- Contracted renewable energy capacity scaled up 2.5 times in the last two years.
- On track to achieve a green energy mix of 34% by 2024.

Expanding the boundaries: Carbon footprint at concrete level



GCCA members committed to drive down the CO_2 footprint and aspire to deliver carbon neutral concrete by 2050

UltraTech under GCCA leadership is actively working towards creating a sectoral roadmap for Concrete.

It will help to achieve carbon neutral concrete by 2050.

Tackling climate change requires actions across the value chain. UltraTech takes the responsibility of working across the built environment value chain and measure carbon footprint at concrete level.

210

kg CO_2 per m^3 of concrete*

**Based on our cement & RMC data for FY21*

Key Highlights



Sadar Double bridge, Nagpur

is a critical infrastructure that reduces environment impact by reducing congestion. The project will benefit the society by reduction of ~ 1.1 million tons of CO_2 emissions over its life, based on estimated fuel savings from the project.

Macro indicators

Economy

- Q1 GDP growth at 20.1% driven by low base, FY22 GDP forecast remains unchanged at 9.5% by RBI while CPI inflation forecast trimmed to 5.3%
- Resilient rural economy seen in record estimates for kharif production and focus on capital expenditure in government policy in combination with conducive financial conditions, indicate further improvement in coming quarters



Industry

- In light of an overall good monsoon and reduced Covid caseload, expecting cement demand to increase in ensuing quarters with strong infrastructure spend, pick-up in urban real estate demand, sustained rural demand
- Global coal crisis



Sectoral update Q2 FY22

State/Region wise performance						
State/Region	**Volume Growth**	**I**	**R**	**H**	**C**	**Key drivers**
North	↑	🟢	🟡	🔴	🟢	• Infrastructure segment registered growth • Housing witnessed degrowth on account of heavy rains
Central	↔	🔴	🟢	🟢	🟡	• Housing registered growth led by rural housing • Infrastructure segment saw degrowth in all the states
East	↓	🟢	🔴	🔴	🟢	• Housing witnessed degrowth due to rains and Covid related restrictions, Odisha was affected by cyclone • Infrastructure saw growth in Jharkhand and Chhattisgarh
West	↑	🟢	🟢	🟢	🟢	• **Maharashtra**: Housing and Infrastructure segment saw strong growth led by rural and urban demand as Covid related restrictions were eased out • **Gujarat**: Demand growth in all the segments
South	↑	🟢	🟢	🟢	🟢	• Housing saw growth led by rural housing in Andhra Pradesh and Karnataka and urban housing in Tamil Nadu and Kerala • Infrastructure segment registered growth in all the Southern states

I: Infrastructure, R: Rural, C: Commercial, H: Housing

Key Performance Drivers (India Operations): Q2 FY22



Grey Domestic Volume

↑ 8% YoY



Revenue Growth

↑ 14% YoY



Premium Products Volume

↑ 14% YoY



RMC Capacity

↑ 33% YoY



UBS Outlets

↑ 14% YoY



Green Power Commissioned*

↑ 12 MW WHRS
21 MW Solar

** Commissioned during the quarter ended 30/09/2021, taking total Waste Heat Recovery (WHRS) capacity to 137 MW and Renewable Power capacity to 169 MW for the company.*

CSR awards







National Award for Corporate Social Responsibility for excellence in Covid Support- from the India CSR Network



Sidhi Cement Works, Madhya Pradesh wins Fame CSR award 2021 for CSR response towards pandemic



UltraTech continues its winning spree

Brand Leader across segments



Awarded by The Mobile Marketing Association (MMA) in 10th annual MMA Smarties India Awards 2021 for creative use of mobile technologies.





Financial Performance



Dalla Cement Works, Uttar Pradesh

Sales: Q2 FY22

	Grey Cement (India)	RMC	White Cement	Export and Others	Grey Cement (Overseas)	Consolidated
Volumes (Mnt)	19.9	148 *No of RMC plants*	0.38	0.21	1.21	**21.64**
Growth (yoy)	***8%***	***43*** *No of RMC plants*	***17%***	***-45%***	***0%***	***8%***
Revenues (Rs Crs)	9,884	614	505	240	501	**11,743**
Growth (yoy)	***13%***	***57%***	***16%***	***-7%***	***-1%***	***14%***

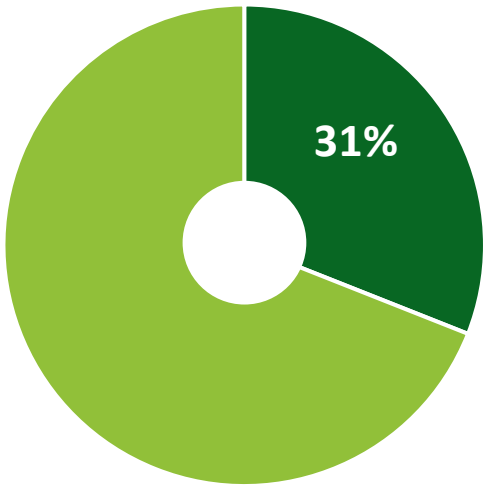


Performance at a glance

Particulars	Revenues	EBITDA	PBT	PAT
Q2 FY22				
Consolidated (Rs Crs)	11,743	2,855	1,947	1,314
Growth – YoY	*14%*	*1%*	*8%*	*0.3%*
Margin		24%	17%	11%
H1 FY22				
Consolidated (Rs Crs)	23,441	6,367	4,474	3,016
Growth – YoY	*31%*	*23%*	*44%*	*43%*
Margin		27%	19%	13%

Key Cost Indicators: Q2 FY22

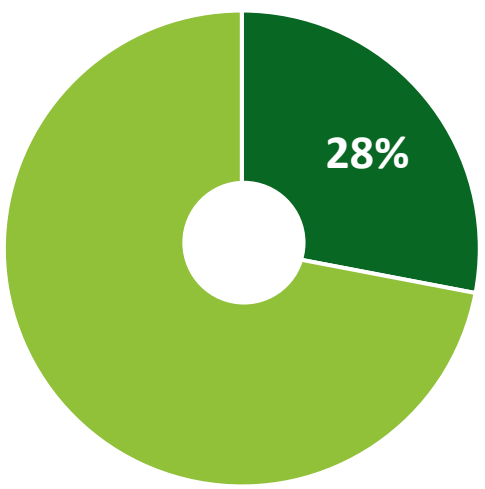
Logistics Cost



Increased 7% YoY to Rs. 1219/t

Diesel price hike – 21% YoY

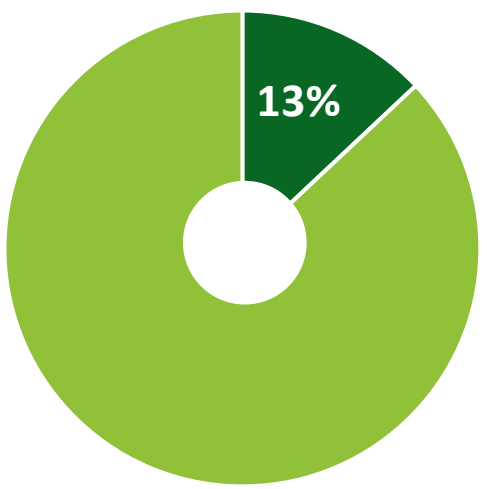
Energy Cost



Increased 17% YoY to Rs. 1099/t

Steep hike in coal / petcoke prices

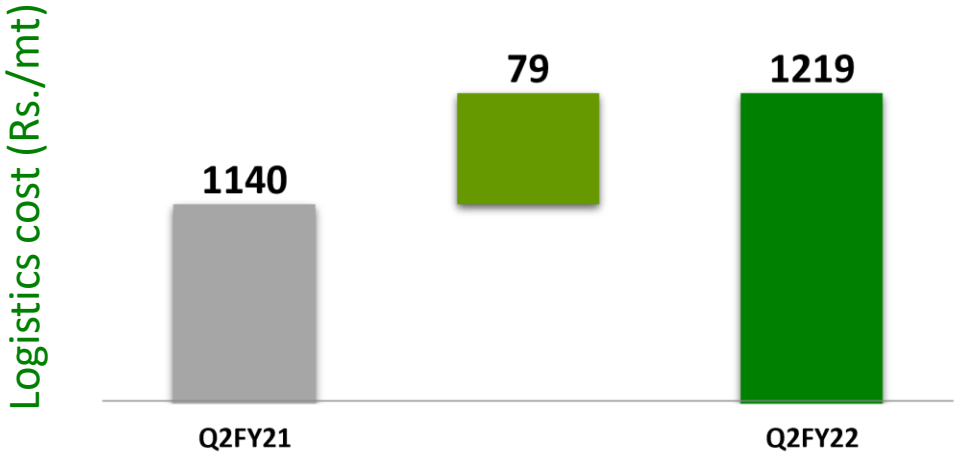
Raw Material Cost

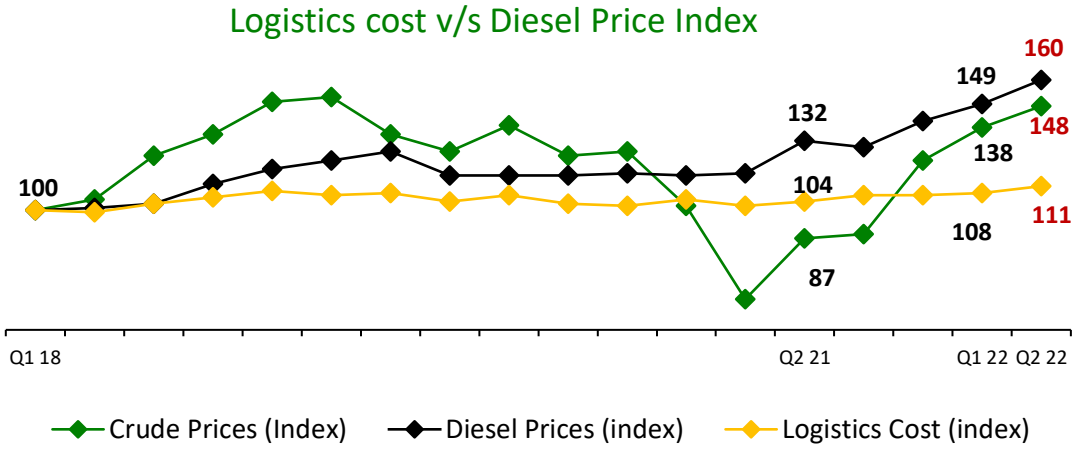


Increased 3% YoY to Rs. 518/t

Higher input costs

Logistics Cost Trend





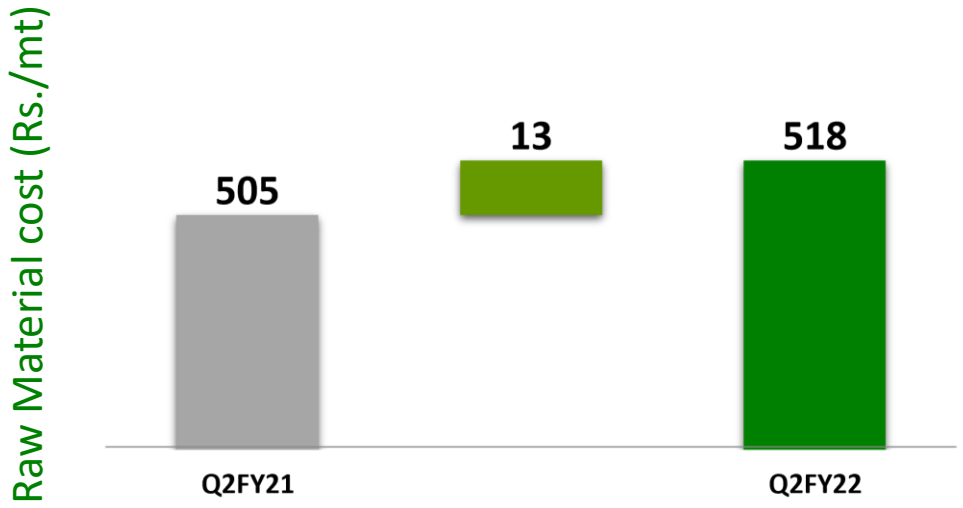
YoY cost increase : 7%

- Diesel price higher by ~21%
- Inflationary increase in cost partially mitigated by improved efficiency

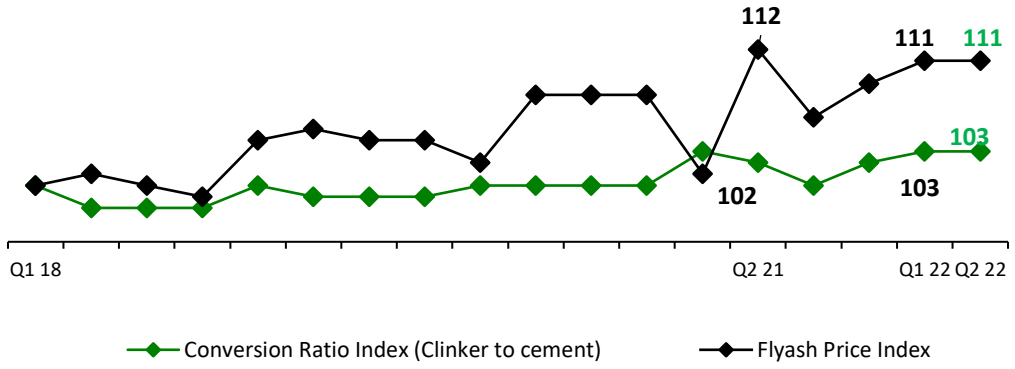
QoQ cost increase : 3%

- Diesel price higher by ~7%
- Geographical mix impact

Raw Material Cost Trend



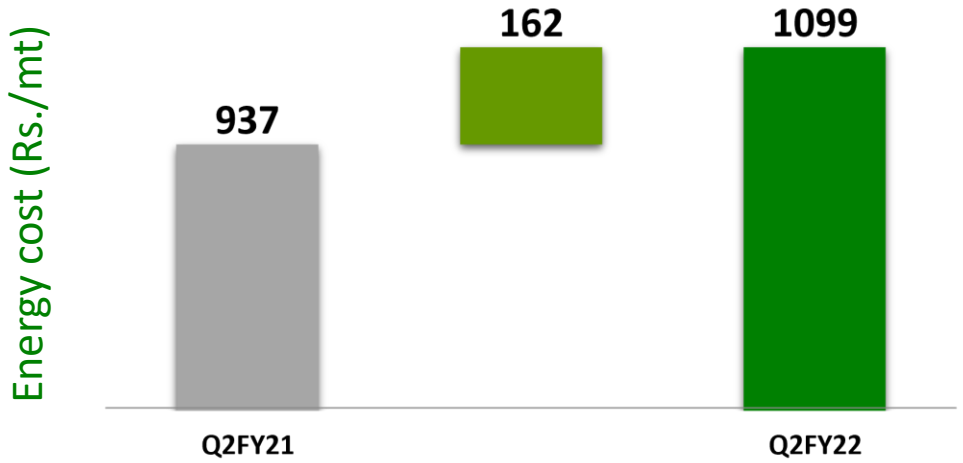
Conversion ratio and Flyash Price Index



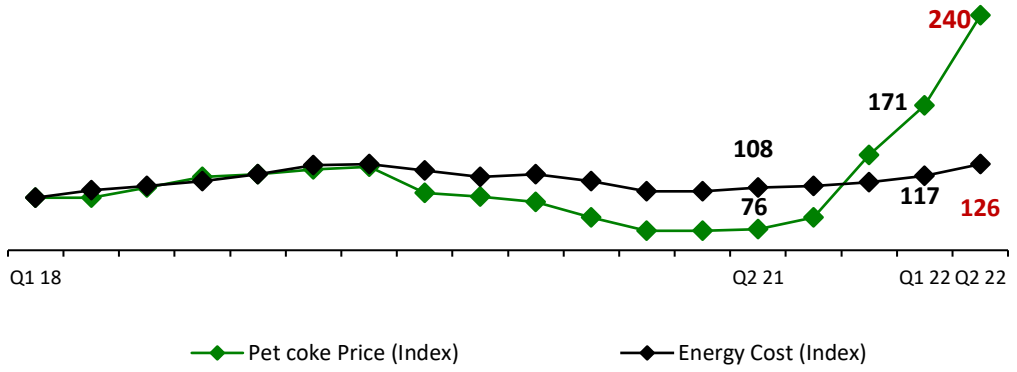
Cost increase : 3% YoY and 2% QoQ

- Increase in slag, gypsum and HSD prices
- Increase in diesel prices impacted input costs

Energy Cost Trend



Energy cost v/s Petcoke Spot Price Index



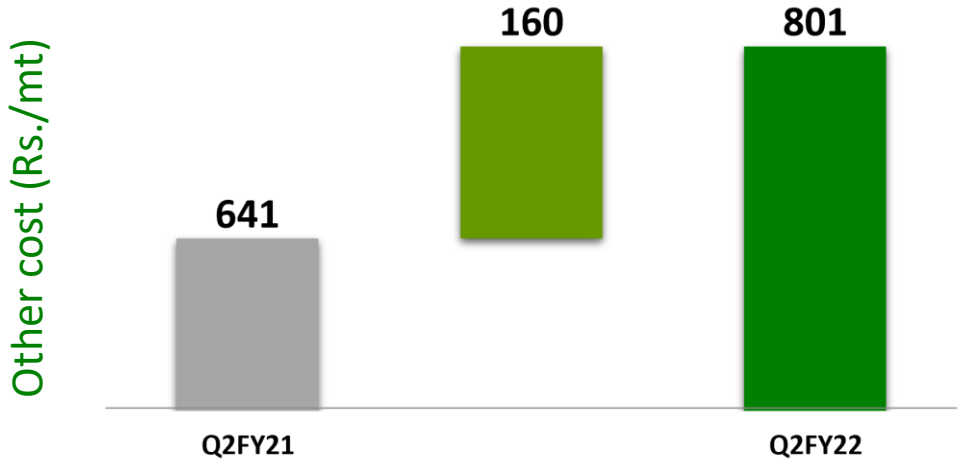
YoY cost increase : 17%

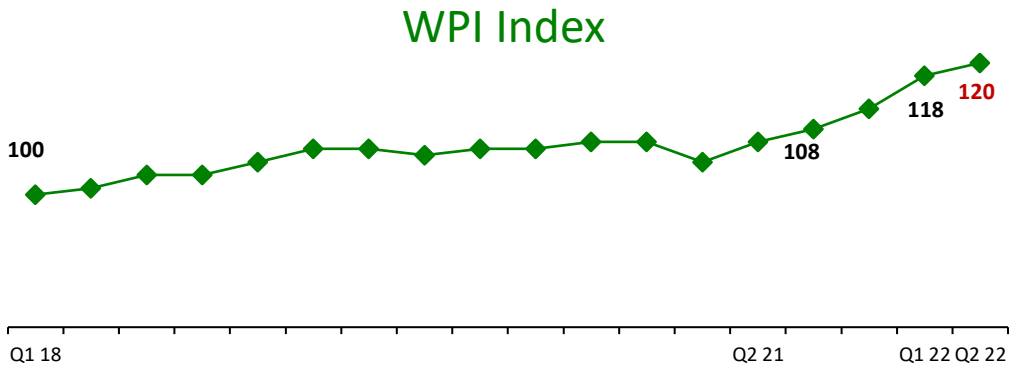
- Reduced power consumption by ~ 4%
- Green Power Mix : 13.7%
- Increased imported fuel prices

QoQ cost increase : 8%

- Fuel price impact
- Annual plant maintenance

Other Cost Trend





YoY cost increase : 25%

- Increase in packing cost ~ 20%
- Normalised fixed cost

QoQ cost increase : 20%

- Annual plant maintenance

Q2 FY22 Financial Performance

Rs Crs

Particulars	UTCL Standalone		India Operations	
	CY	LY	CY	LY
Revenues (Net of Taxes)	11,272	9,895	11,242^	9,861^
Operating Income	277	124	286	136
Other Income	142	146	142	134
Total Income	**11,690**	**10,165**	**11,670**	**10,131**
Expenses :				
Raw Materials Consumed	*1,442*	*1,189*	*1,492*	*1,213*
Purchase of Traded Goods	*575*	*455*	*201*	*169*
Changes in Inventory	*(181)*	*144*	*(213)*	*151*
Employee Costs	*629*	*522*	*646*	*536*
Power and Fuel	*2,263*	*1,681*	*2,410*	*1,763*
Logistics Cost	*2,638*	*2,276*	*2,648*	*2,283*
Other Expenses	*1,582*	*1,198*	*1,637*	*1,232*
EBITDA	**2,742**	**2,699**	**2,849**	**2,784**

^After elimination of inter company sales

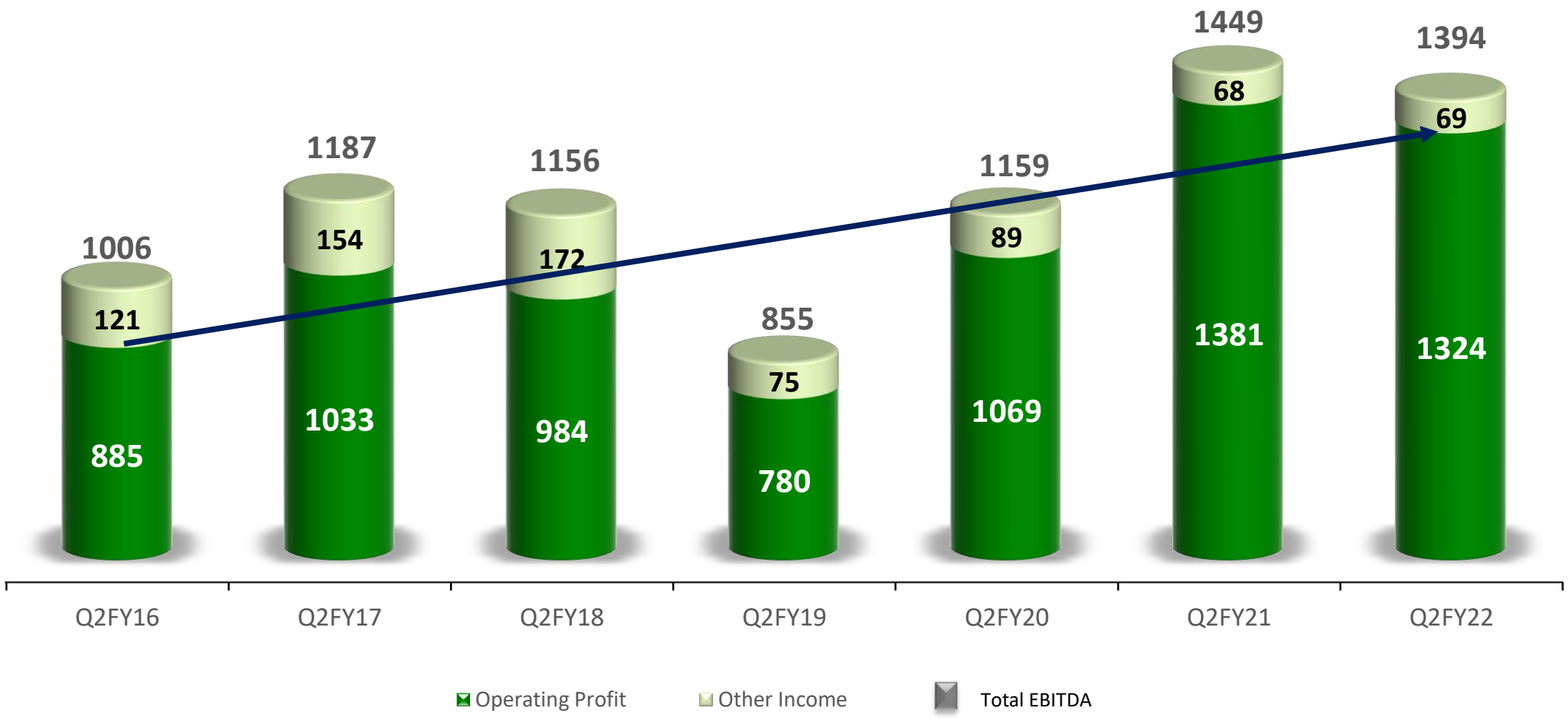
Income Statement: Q2 FY22

Rs Crs

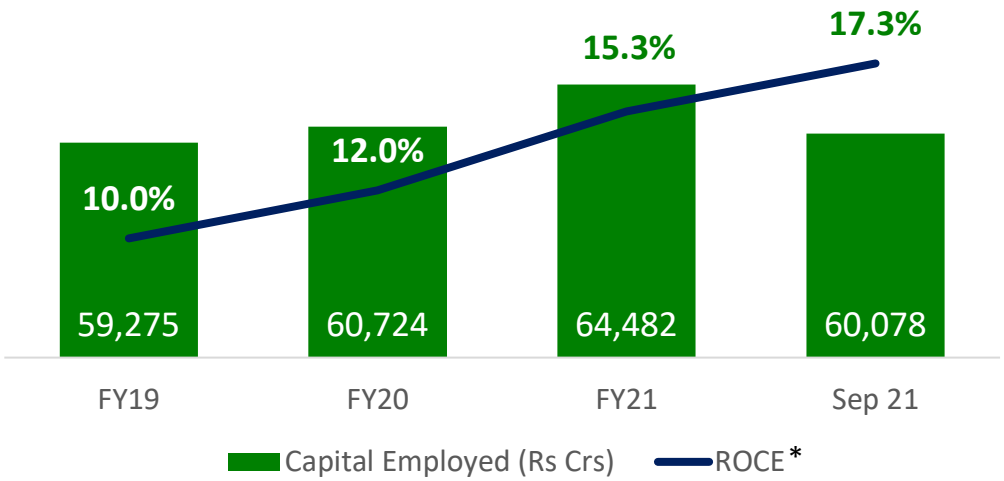
Consolidated			Particulars	India Operations		
CY	LY	%		CY	LY	%
11743	10264	14	Revenues (net of taxes)^	11242	9861	14
2855	**2833**	**1**	**EBITDA**	**2849**	**2784**	**2**
24%	**28%**	**(4)**	**Margin (%)**	**25%**	**28%**	**(3)**
230	358	36	Finance costs	225	348	35
678	677	(0.1)	Depreciation and Amortization	649	646	(1)
1947	**1798**	**8**	**PBT**	**1974**	**1791**	**10**
	79		Exceptional items (Gain)		79	
637	566	(13)	Tax expenses	646	569	(14)
(3)	1		Minority interest	-	-	
1314	**1309**	**0.3**	**PAT**	**1328**	**1300**	**2**
222.4	**137.8**	**61**	**EPS (Rs.)** **(basis trailing 12 months and before exceptional items)**	**219.8**	**134.2**	**64**

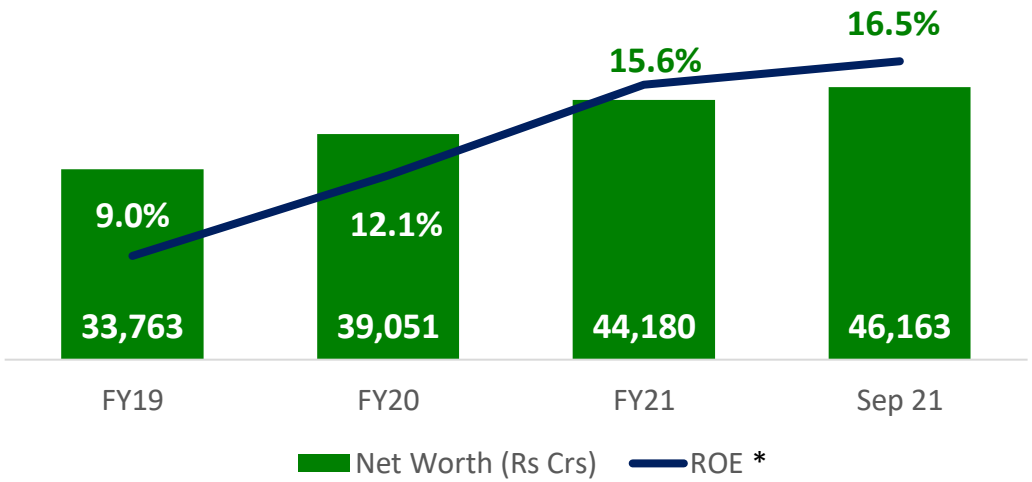
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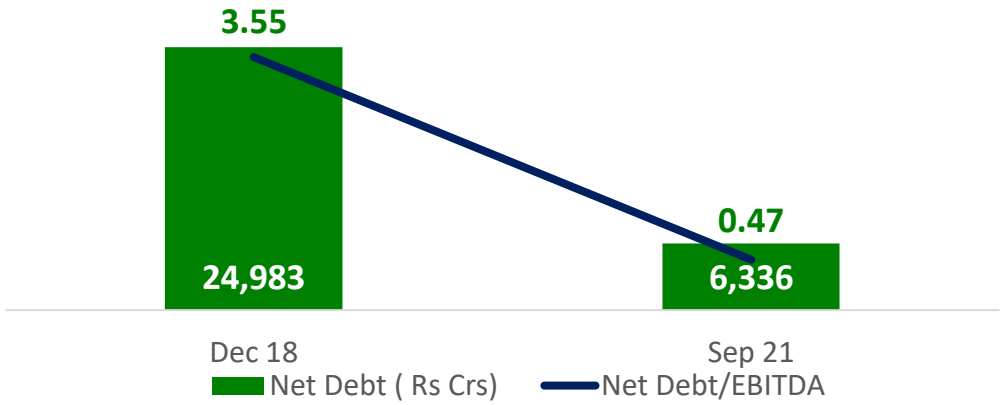
EBITDA PMT trend



Value creation for all stakeholders







Net Debt : EBITDA reduced to 0.47x from the peak of 3.55x after UNCL and Century acquisitions during FY19

** Excluding Goodwill*

Disclaimer

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UltraTech Cement Limited

Regd. Office: Ahura Centre, Mahakali Caves Road, Andheri (E), Mumbai – 400 093

[Corporate Identity Number L26940MH2000PLC128420]

www.ultratechcement.com or www.adityabirla.com

investorrelations.utcl@adityabirla.com