UltraTech Cement Limited

Taking concrete actions for a sustainable future

Results:
Q3 FY23

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

01
Macro and Sectoral update

02
Business update

03
ESG update

04
Financial Performance

GLOSSARY

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)

01

Macro and Sectoral update

Aditya Cement Works, Rajasthan was felicitated with the GreenCo Gold rating at the 11th edition of GreenCo Summit organized by Confederation of Indian Industry. The Unit has been recognized for its exemplary efforts and commitment towards protecting the environment by adopting green practices.

Macro Indicators

National Statistical Office (NSO) estimates real GDP growth at 7% for FY23.

The composite PMI surging to an 11-year high of 59.4 in Dec-22.

Dec-22 CPI at 5.72%. Seems heading towards 5% on the back of improvement in domestic food supply and fall in global commodity prices.

USD/INR exchange rate depreciated by 9% since Mar-22. Indication of a stable currency in 2023, should stabilize input costs.

Sectoral Update Q3 FY23

Zone	Volume Growth	I	R	H	C	Key drivers
North	↑	🟢	🟡	🟢	🟢	➢ Infrastructure segment registered growth attributable to execution of major projects. ➢ Commercial demand registered growth in Madhya Pradesh, Rajasthan and Jammu & Kashmir. ➢ Housing segment grew in all regions - supported by good monsoon and cash flow from crop harvest, except in Punjab.
Central	↑	🔴	🟡	🟢	🟢	➢ Robust IHB demand. ➢ Delay in commencement of infrastructure projects.
East	↑	🟢	🟡	🟢	🟢	➢ Overall growth driven by housing and rural market (PMAY, PMGSY, Housing for all). ➢ Infrastructure segment registered growth in West Bengal, Bihar and Jharkhand, but degrowth in Chhattisgarh and Odisha due to ban on sand mining and availability of aggregates.
West	↑	🟢	🟢	🟢	🟢	➢ **Maharashtra:** Infrastructure segment grew in Mumbai, led by Metro and Mumbai Trans Harbour Link (MTHL), Mumbai-Goa express-way. Delay in commencement of new projects in other regions hampered growth. ➢ **Gujarat:** Housing growth in urban and rural market due to improved cash flow. Infrastructure growth supported by major projects viz. Bullet Train, Vadodara-Mumbai expressway and Western dedicated freight corridor etc.
South	↑	🟢	🟢	🟢	🟢	➢ Housing segment supported by good monsoon. ➢ Infrastructure segment supported by execution of major projects viz. Bangalore and Chennai Metro, Central institutional and Expressway projects etc.

I: Infrastructure, R: Rural, H: Housing, C: Commercial, IHB: Individual Housing Builder, PMAY : Pradhan Mantri Awas Yozna, PMGSY : Pradhan Mantri Gram Sadak Yozna

02

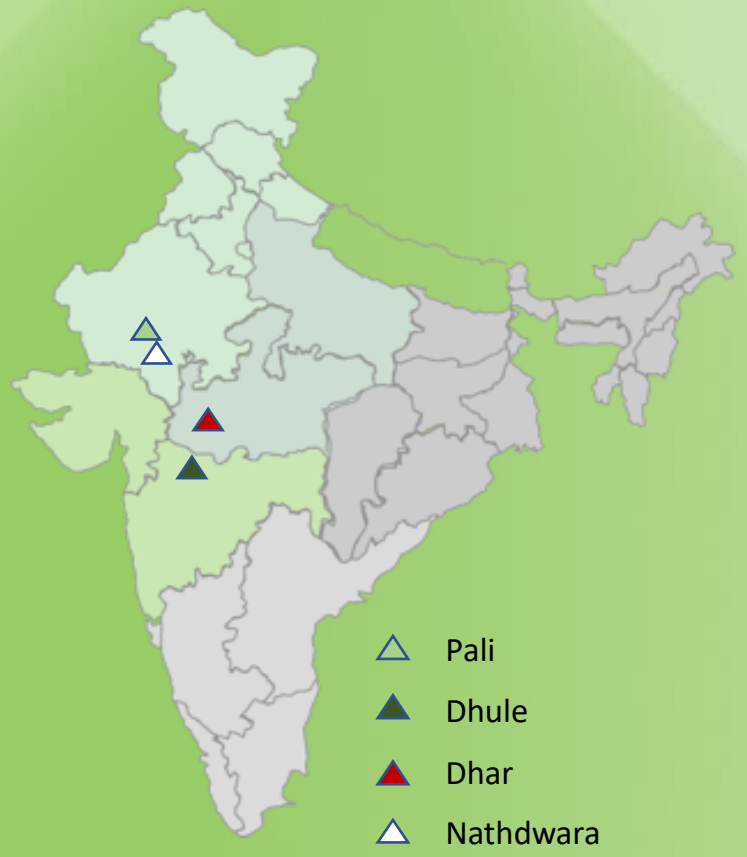
Business update

UltraTech is the largest supplier of cement (~68%) for the 702 kms Mumbai-Nagpur expressway. Yet another prestigious project exemplifying its expertise and commitment towards nation building.

Q3 Highlights

- Domestic sales volume grew 13% with capacity utilization of 83%.
- Operating EBITDA improved to Rs 900/Mt from a low of Rs 812/Mt in the last quarter.
- Commissioned cement capacity of 5.5 mtpa, taking the total grey cement capacity of the Company to 121.35 mtpa in India.
- Ready Mix Concrete (RMC) revenue grew by 50% YoY.
- Premium products contributed to 18.8% of trade sales volume.
- Green power mix increased to 19.8% with WHRS capacity of 208 MW and renewable power capacity of 325 MW.
- Consolidated Net Debt reduced to Rs 7,722 crs in Dec-22 from Rs 8,357 crs in Sep-22.

Capacity expansion update



1.9 mtpa integrated cement unit at Pali, Rajasthan, taking cement capacity of the Company in the state to 16.25 mtpa.

1.8 mtpa greenfield grinding unit at Dhule, Maharashtra, taking cement capacity of the Company in the state to 19.45 mtpa.

Brownfield integrated unit of 1.8 mtpa at Dhar, Madhya Pradesh, taking cement capacity of the Company in the state to 18.0 mtpa.

0.4 mtpa greenfield wall care putty plant at Nathdwara, Rajasthan. UltraTech now has a wall care putty capacity of 1.3 mtpa in India.

Construction Chemicals: New products launched in Q3

- UltraTech **Repair2Day** is a specialised ready mix plaster for urgent and quick repair.
- A special self-curing mortar that develops workable strength in just 2 days.

- Quick, easy and hassle free solution to fill surface cracks, tile joints and nail holes.

A portfolio of 50 products and growing

Ready Mix Concrete: Customized concrete for special structures

UltraTech Decor offers end to end landscaping solution from designing to installation; range of designs, colours and textures or any customized unique design as per the requirement. Above picture showcasing decorative flooring done recently with **UltraTech Decor.**

UltraTech iFloors, concrete that can be customized to deliver high performance industrial and warehouse flooring as per specific business and operational requirements. Above picture showcasing industrial flooring done recently with **UltraTech iFloors.**

03

ESG update

UltraTech conferred IGBC Green Champion Award

UltraTech has received the 9th Indian Green Building Council (IGBC) Green Champion Award for 'Organisation encouraging IGBC Accredited Professional' for training employees in green building.

UltraTech is part of the distinguished community spearheading the green and net zero building movement in India.

ESG performance recognised globally

UltraTech recognized as a 'Leader' in Climate Change by CDP

UltraTech recognized for implementing best practices and for taking concerted action on climate issues, securing a place in the Leadership category for its 2022 CDP disclosure.

UltraTech ranked No. 1 in Infrastructure & Engineering sector in India's Most Sustainable Companies 2022 rankings by Sustain Labs Paris'

Sustain Labs Paris' (SLP) in partnership with BW Businessworld has ranked UltraTech No.1 in Sustainability in the Infrastructure and Engineering sector and #15 out of the top 200 Companies in India.

Contribution to social infrastructure development

Internal village roads built near
Andhra Pradesh Cement Works, Andhra Pradesh

Refurbished community hall for social activities at Nathdwara, Rajasthan

- Improved rural infrastructure is key to rural development. Crucial pathway for poverty alleviation as it provides access to safe, affordable, accessible and sustainable transport systems.
- Village infrastructure strengthened nearby plant locations benefitting ~17,000 population.

Sustainable livelihood

Heavy Motor Vehicle Training

Water Harvesting Structure

Women Group Building Activity

- ~1,300 youth got an opportunity to improve their skills on main and allied trades.
- ~900 families were engaged for different livelihood activities and are being enabled to improve their social and economic status.
- Water harvesting structures benefited ~9,000 small farmers.

Tailoring Courses

Preparation of Organic Manure

04

Financial performance

UltraTech and IRM India Affiliate collaborate

Risk management key to build a sustainable business. UltraTech has developed comprehensive risk management framework and integrated ESG into its Enterprise Risk Management (ERM) process.

Institute of Risk Management (IRM) India Affiliate has signed a Memorandum of Understanding with UltraTech to work towards enhancing ERM and risk intelligence in the Indian cement sector.

IRM is the world's leading professional body for ERM qualifications across 140+ countries.

Sales: Q3 FY23

	Grey Cement (India)	RMC	White Cement	Others^	Grey Cement (Overseas)	Consolidated*
Volume (Mnt)	24.25	202 *no. of plants*	0.41		1.19	25.86
Growth (YoY)	*13%*	*51 Nos*	-		*-4%*	*12%*
Revenue (₹ crores)	12,813	1,001	575	367	577	15,299
Growth (YoY)	*21%*	*50%*	*6%*	*16%*	*-3%*	*20%*

* After elimination of inter company sales

^ Revenues from Construction Chemicals, UltraTech Business Solution and Exports

Performance Highlights : Q3 FY23

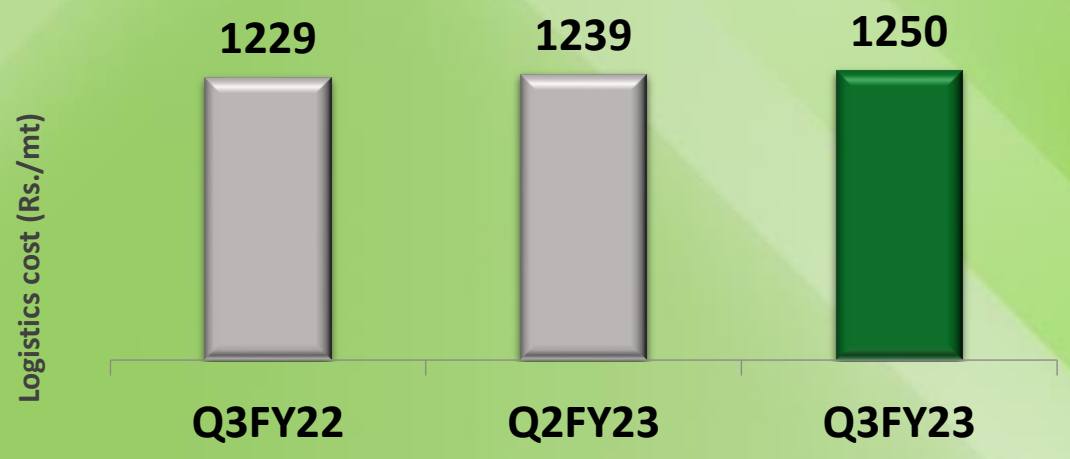
	Net Sales	EBITDA	Normalized PAT	Net Debt
YoY	+20.4%	-1.1%	-9.7%	₹ 7,722 crs 0.71x (Net Debt / EBITDA)*
QoQ	+12.5%	+22.3%	+40.0%	
₹ crs	15,299	2,462	1,058	

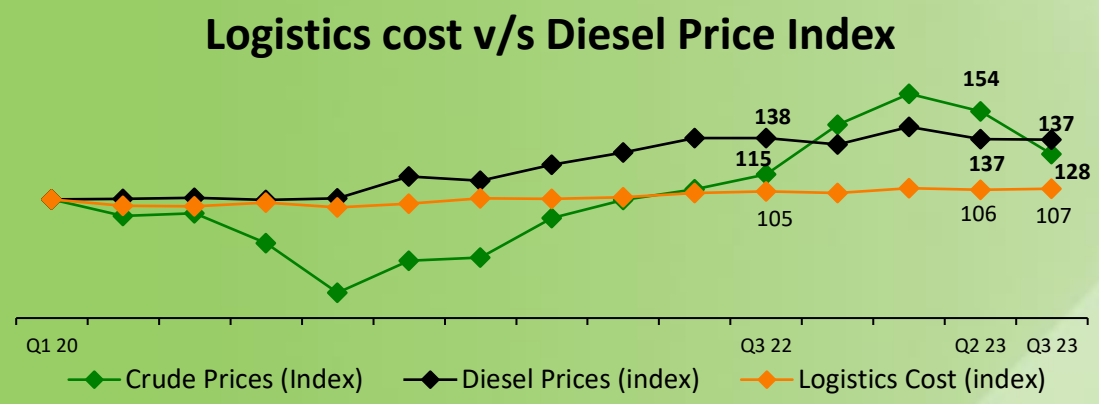
* EBITDA basis trailing 12 months.

Key Cost Indicators (Grey Cement): Q3 FY23

Logistics Cost	Energy Cost	Raw Material Cost
28%	38%	14%
₹ 1250/t	₹ 1766/t	₹ 610/t
Increased 2% YoY; 1% QoQ	Increased 33% YoY; 2% QoQ	Increased 13% YoY

Logistics Cost Trend (Grey Cement)





YoY cost increase: 2%

- Reimposition of busy season surcharge on rail freight from Oct-22 onwards.
- Benefit on account of lead optimization and improved operating efficiency.

QoQ cost increase: 1%

- Diesel prices remained flat QoQ, however reimposition of busy season surcharge on rail freight adversely affected costs.

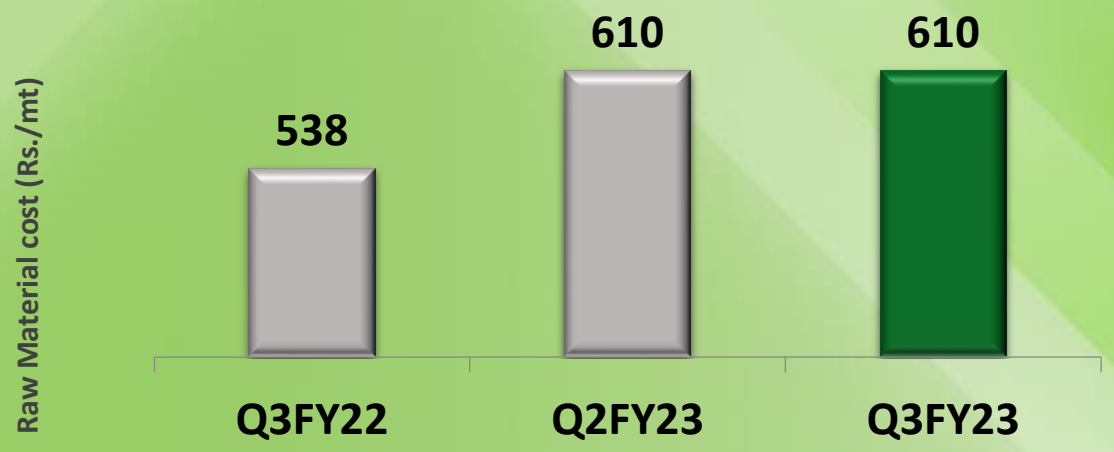
Green Logistics

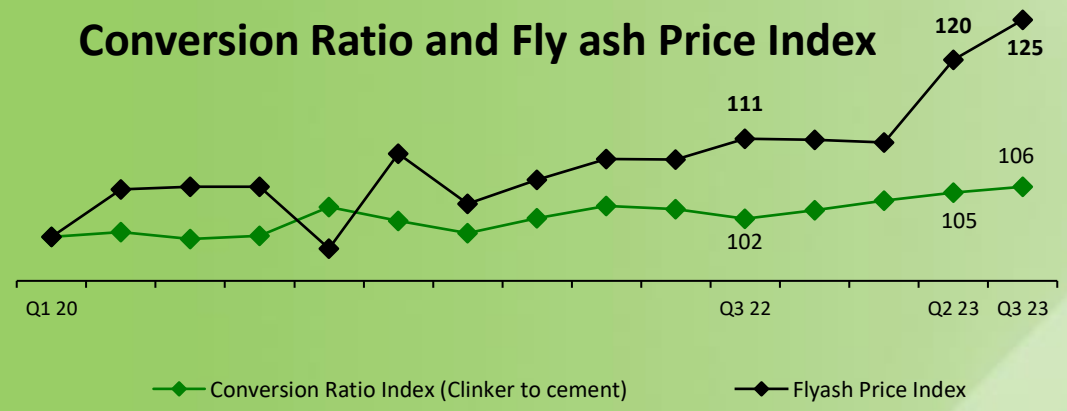
- First CNG based vehicle onboarded in Sep-21 at our plant, since then introduced across 13 plants and 4 secondary locations.
- Deployment of 250+ CNG vehicles across locations, till date.
- Pilot run of LNG vehicles done at one plant in current quarter.

CO_2 emissions 132 grams/ kilometer

CO_2 emissions 113 grams/ kilometer

Raw Material Cost Trend (Grey Cement)





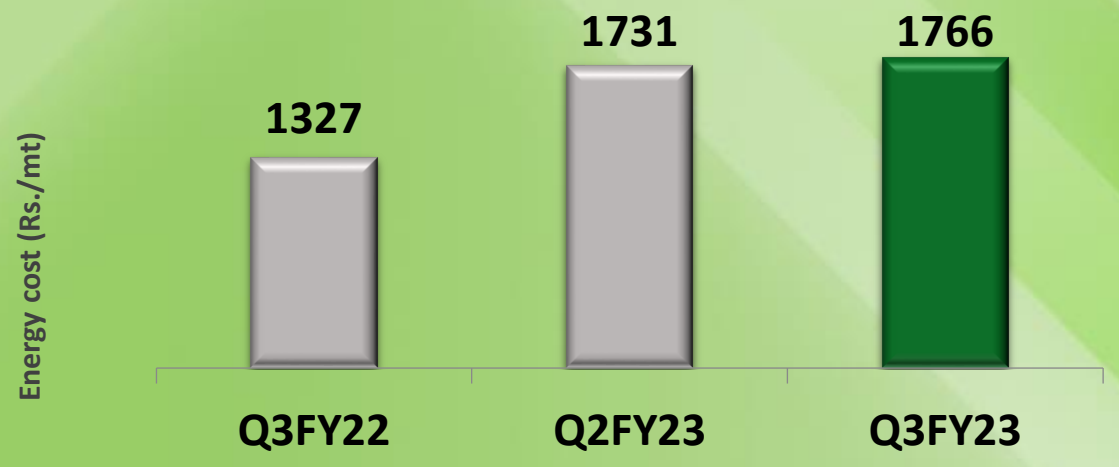
YoY cost increase: 13%

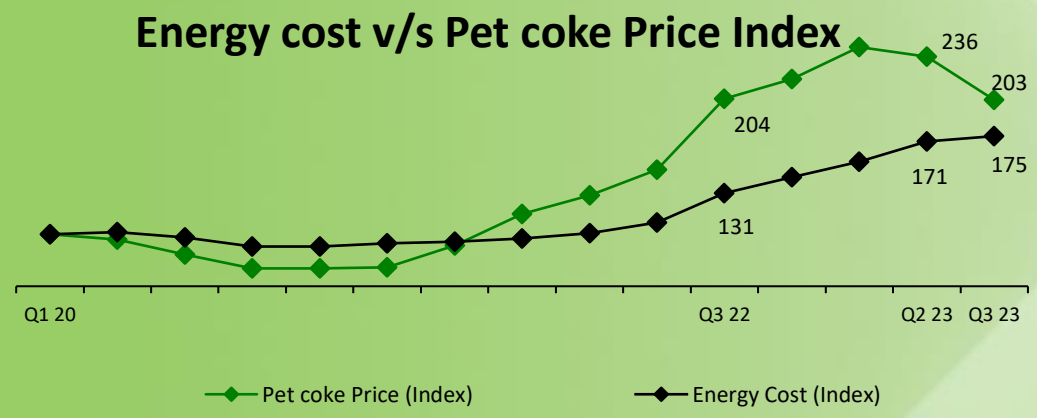
- Increase in cost of raw materials: fly ash, slag and gypsum.

QoQ cost: Flat

- Increase in fly ash price set-off by improved clinker conversion ratio; 1.42 vs 1.41 in Q2 FY23.

Energy Cost Trend (Grey Cement)





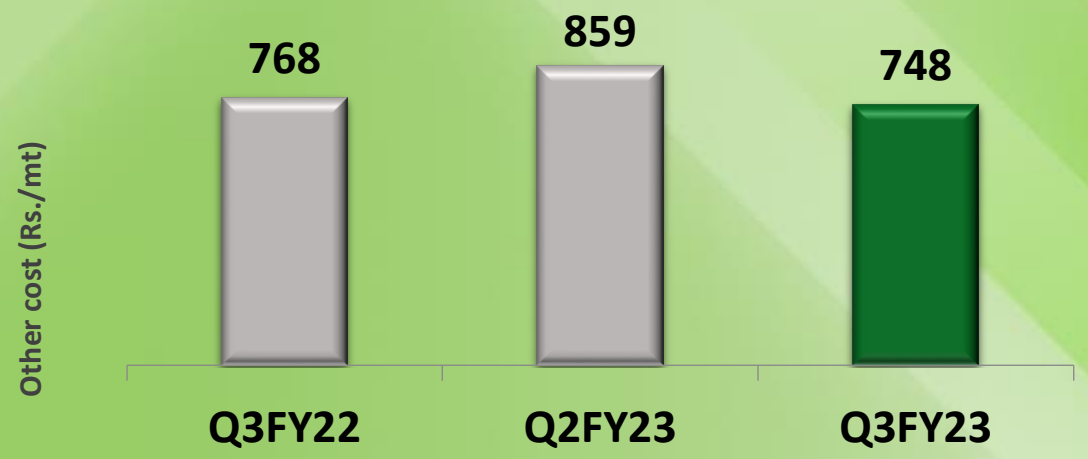
YoY cost increase: 33%

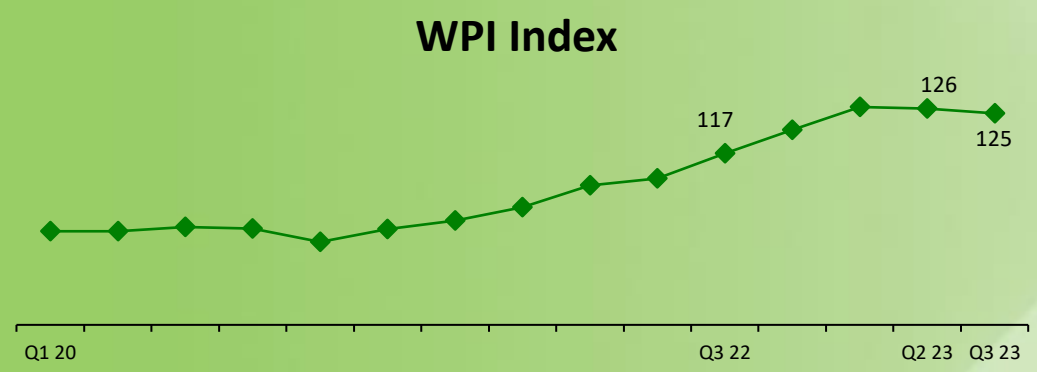
- Blended fuel prices of USD 200/t compared to USD 151/t in Q3 FY22.
- Pet coke consumption at 43% vs 25% Q3 FY22.

QoQ cost increase: 2%

- Blended fuel prices remain stable in USD terms but impacted by exchange rate.
- Pet coke consumption increased to 43% vs 40% Q2 FY23.

Other Costs Trend





YoY cost decrease: 3%

- Operating leverage benefit; volume growth of 13%.

QoQ cost decrease: 13%

- Higher plant maintenance in Q2 FY23.
- Higher volumes by 11.5%.

Financial Performance : Q3 FY23

₹ *crores*

Consolidated		Particulars	India Operations	
Q3 FY23	Q3 FY22		Q3 FY23	Q3 FY22
15,299	12,710	Net Sales ^	14,755	12,156
222	275	Operating Income	234	288
127	71	Other Income	95	70
15,648	**13,055**	**Total Income**	**15,085**	**12,514**
		Expenses:		
2,263	1,715	Raw Materials Consumed	2,220	1,626
381	331	Purchase of Traded Goods	287	251
(400)	14	Changes in Inventory	(378)	(22)
694	643	Employee Costs	664	614
4,873	3,221	Power and Fuel	4,655	3,075
3,479	2,912	Logistics Cost	3,444	2,879
1,895	1,729	Other Expenses	1,853	1,685
2,462	**2,490**	**EBITDA**	**2,340**	**2,406**
903	**1,046**	**Operating EBITDA per ton**	**900**	**1,062**

^After elimination of inter company sales

Income Statement : Q3 FY23

₹ *crores*

Consolidated		Particulars	India Operations	
Q3 FY23	Q3 FY22		Q3 FY23	Q3 FY22
15,299	12,710	Net Sales ^	14,755	12,156
2,462	**2,490**	**EBITDA**	**2,340**	**2,406**
215	182	Finance Costs	194	178
723	674	Depreciation and Amortization	694	645
465	459	Tax expenses	462	460
4	2	Minority interest	-	-
1058	**1,173***	**Normalized PAT**	**990**	**1,123***
169.1	**208.2**	**EPS (₹) (basis trailing 12 months and before exceptional items)**	**164.6**	**205.2**

* Excluding reversal of provision of tax of Rs. 535 crs pursuant to completion of prior year tax assessment. ^After elimination of inter company sales

Cash Flow Statement: Q3 FY23

₹ crores

Particulars	India operations	Consolidated
EBITDA	**2,340**	**2,462**
Less : Interest & lease payments	(161)	(172)
Less : Tax paid	(512)	(512)
Add : Decrease in working capital	566	399
Operating Cash Flow	**2,233**	**2,177**
Less : Capex spend	(1,514)	(1,517)
Free Cash Flow	**719**	**660**

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 governmental 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, due to any subsequent development, information or events, or otherwise.

UltraTech Cement Limited

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