

■ HeidelbergCement India Limited (HCIL)



Q3FY20 Investor Presentation

February 2020

HEIDELBERGCEMENT

■ Cautionary Statement

- ❑ Statements in this presentation, which describe the Company's objectives, projections, estimates, expectations or predictions, may be considered to be "forward-looking statements" within the meaning of applicable Securities Laws and Regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however materially differ from those expressed or implied.
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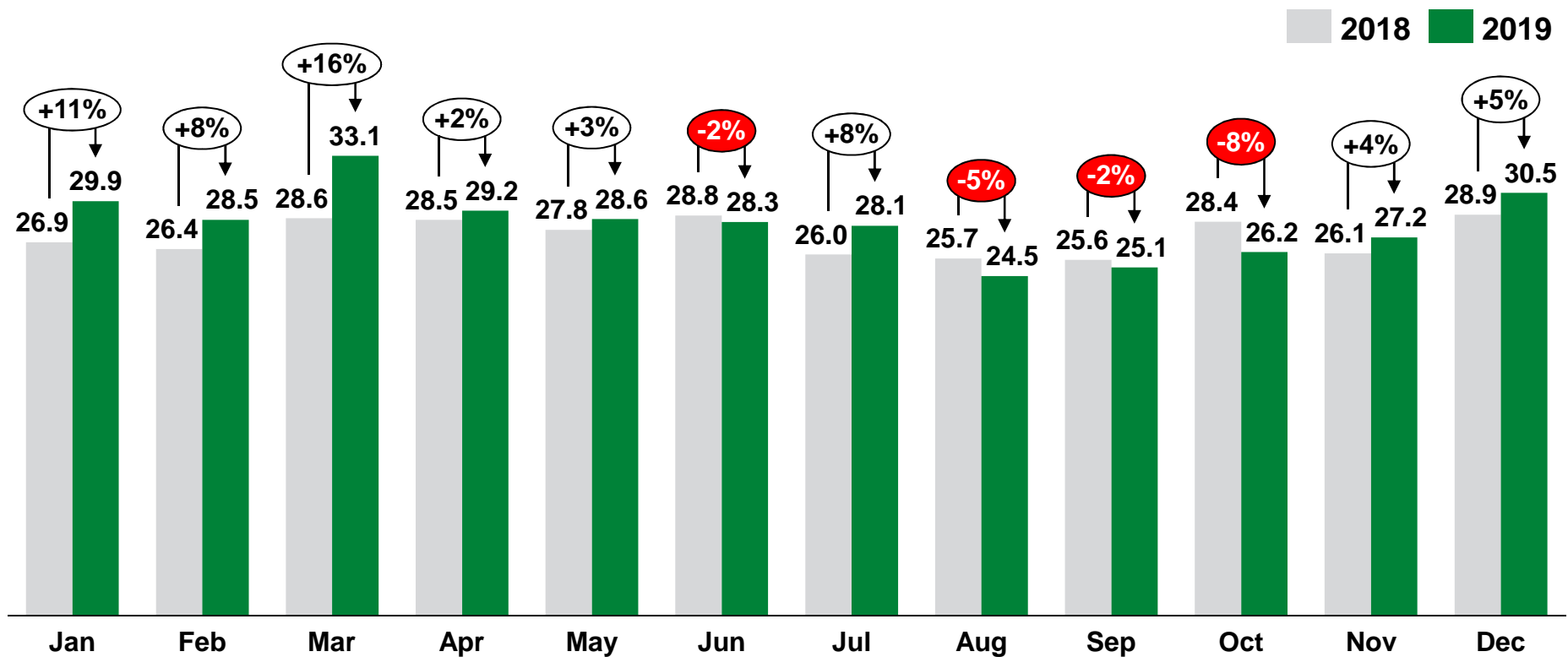
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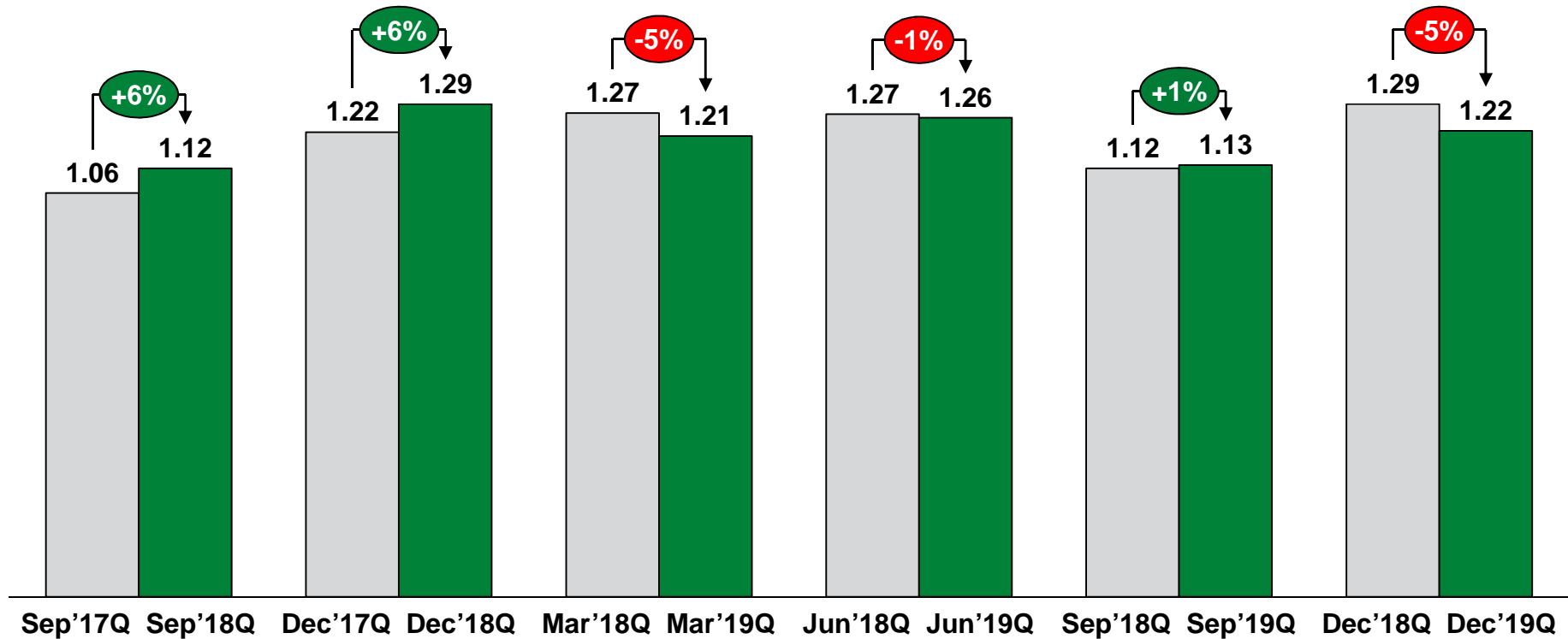
① Indian Cement Industry – trailing twelve months

- ❑ All India installed cement capacity estimated to be c. 495 Mn T.
- ❑ During calendar year 2019, cement Industry reported production volume growth of 3.5%. The cement Industry operated at an average utilization of c. 68%.

All India Monthly Cement Production (Mn T)



② HCIL Quarterly Volumes



Decrease in Dec'19 volume due to clinker sale in Dec'18Q and marginal de-growth in Central and Southern region.

Cement capacity utilization > 90%; the Company continues to sell 100% blended cement.

③ HCIL's Financial and operational highlights

Zero Lost Time Injury (LTI)

Zero Fatality

**mycem power volume up by
53% y/y**

16% of trade volume

**HCIL's dependence on grid
power decreased to 65%**

**Central India Capacity de-
bottlenecking announced,
cement capacity @ 6.26 million
tonnes p.a. by March 2020**

**Distributed FY20 Interim dividend
@ 15% - Mio ₹ 410 (incl. DDT)**

**Repaid first tranche of NCD
₹ 1.25 bio**

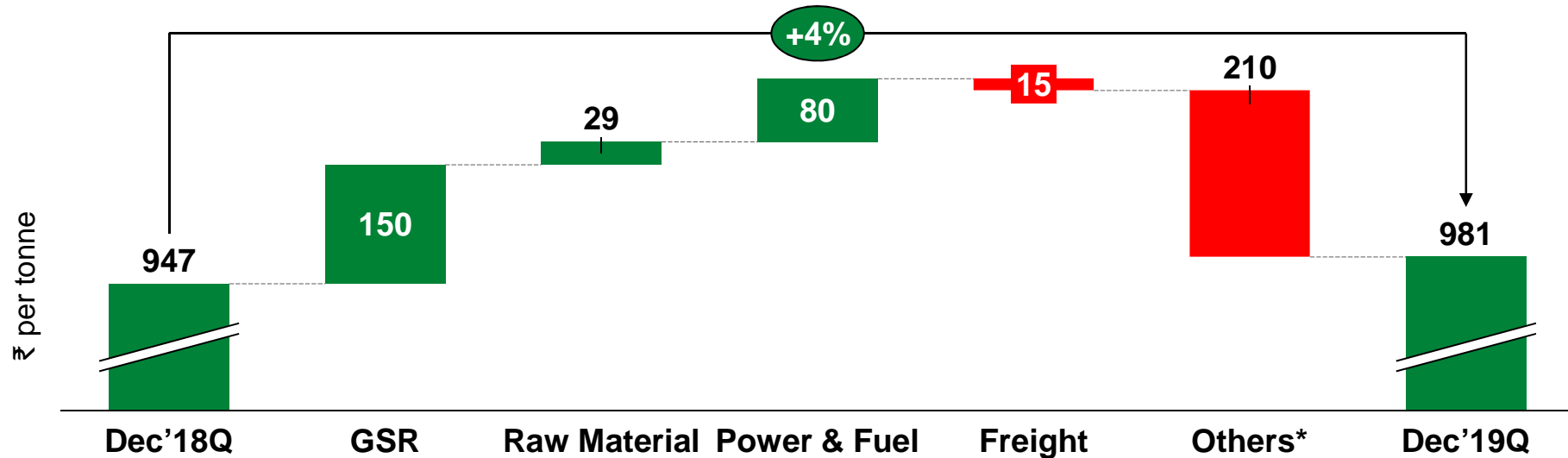
**Cash and cash equivalent
exceeded the Net debt**

④ Income statement

Mio ₹

Particulars	Quarter ended		Change	9 months ended		Change
	Dec'19Q	Dec'18Q		Dec'19Q	Dec'18Q	
Total Income (net of taxes)	5,485	5,639	-3%	16,599	15,900	4%
Operating expenses	4,285	4,414	-3%	12,594	12,315	2%
EBITDA	1,200	1,225	-2%	4,005	3,584	12%
Depreciation/amortization	268	254	5%	811	763	6%
Other Income	114	102	12%	357	233	53%
EBIT	1,047	1,074	-3%	3,551	3,054	16%
Interest and financial charges	190	170	12%	576	588	-2%
Profit Before Tax	857	904	-5%	2,975	2,467	21%
Tax Expenses	211	319	-34%	957	869	10%
Profit After Tax	646	586	10%	2,018	1,598	26%
KPIs						
Sales Volume (KT)	1,223	1,294	-5.4%	3,615	3,686	-1.9%
Gross realization (INR/t)	4,467	4,316	3.5%	4,559	4,273	6.7%
Total Cost (INR/t)	3,503	3,412	2.7%	3,483	3,341	4.3%
EBITDA (INR/t)	981	947	3.6%	1,108	972	13.9%
EBITDA % of revenue	22.0%	21.9%	2 bps	24.3%	22.8%	153 bps
PAT % of revenue	11.8%	10.5%	133 bps	12.2%	10.1%	210 bps

5 EBITDA per tonne bridge



Note: Change in inventory has been apportioned 30% in Raw Material and 70% in Power and Fuel expenses.

*Other expenses include other operating income, employee cost and miscellaneous expenses.

- ❑ Saving in Power and Fuel due to lower Petcoke prices and increase in WHRS power generation.
- ❑ Increase in others on per tonne basis is mainly due to:
 - ❑ Decrease in volume by 5.4%.
 - ❑ Lower other operating income mainly due to Non recognition of VAT incentive.
 - ❑ Employee cost higher due to increase in provision for retirement benefits driven by change in the discounting factor.

⑥ Share of volume



45% road volume, -2% y/y



37% Coal, -2% y/y



16% of trade volume, +53% y/y



85% Trade sales, no change

⑦ Proposed capacity increase in Central India

Caption	Imlai Plant (M.P.)	Jhansi Plant (U.P.)
Existing Capacity	2.00 Mio Tonnes	2.70 Mio Tonnes
FY19 Capacity Utilisation	94.5%	99.6%
Proposed capacity addition	0.50 Mio Tonnes	0.55 Mio Tonnes
Proposed capacity expected by	February 2020	March 2020
Investment required	₹ 63 Mio	₹ 144 Mio

Capacity utilization in Central India plants is nearing 100%.

The debottlenecking projects will increase the production capacity, improve operational efficiency and profitability.

HCIL's total capacity to increase to 6.26 Million tonnes per annum

8 Outlook

Positives:



- ❑ Cement demand is likely to grow around mid single digit in calendar year 2020.
- ❑ Govt. allocation towards National infrastructure pipeline, Road transportation, low cost housing, Urban and Rural development, Railways, Highways, Airports, Power and Renewable energy, industrial and dedicated freight corridors etc.
- ❑ Multiple reduction in interest rates by RBI – benefit for home buyers / builders
- ❑ Stability of Brent crude is likely to help control fuel and diesel prices

Concerns:



- ❑ Decrease in economic activities – lower than expected GDP growth
- ❑ Weakness in economy may lead to depreciation of Indian Rupee
- ❑ Liquidity situation may affect cement and other sectors; concerted efforts by the Govt.

■ HeidelbergCement India Limited – Investor Relations

For additional information, please contact:

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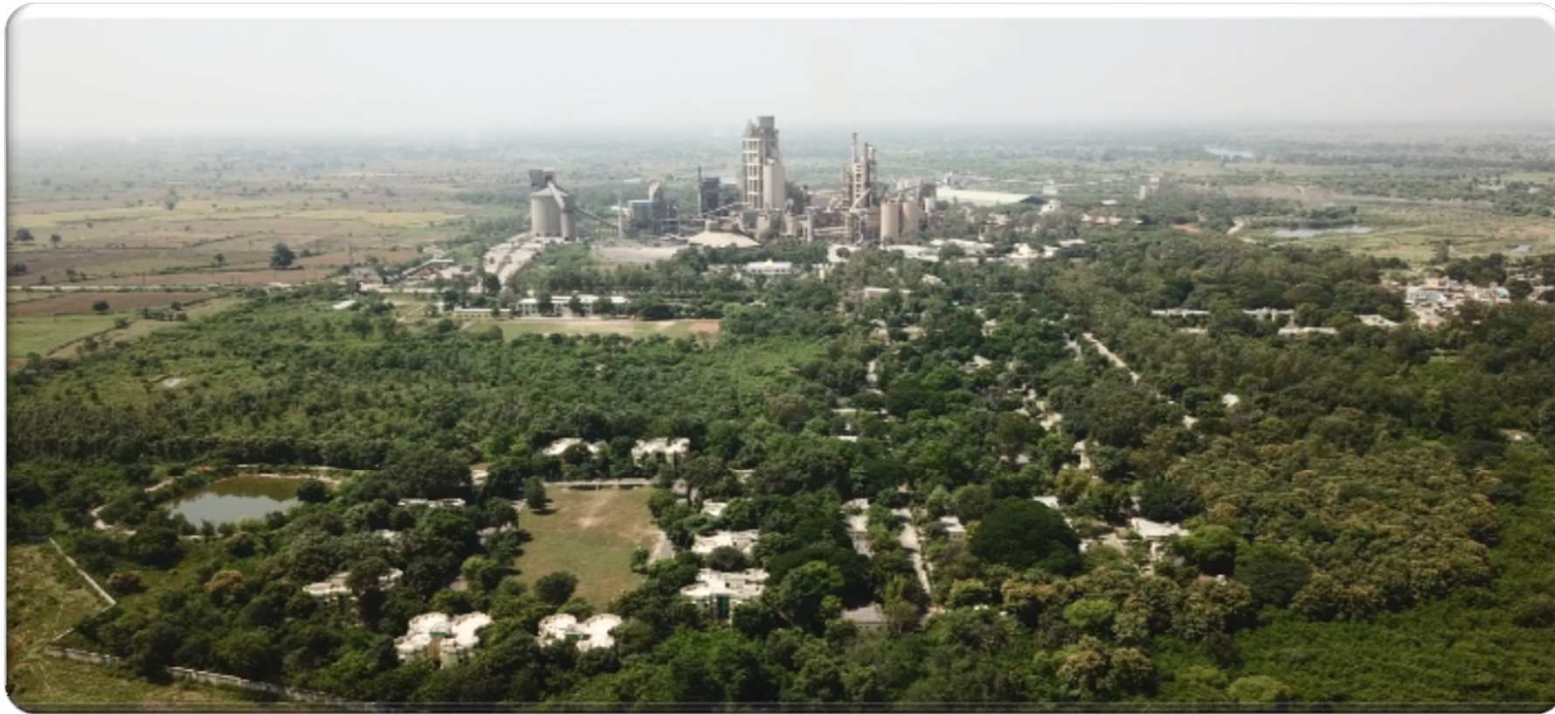
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Bird's-eye view of clinker plant at Narsingarh, Damoh

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Safety is our foremost priority

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