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31st July 2023

BSE Limited
Mumbai

National Stock Exchange of India Ltd
Mumbai

SCRIP CODE: 512070

SYMBOL: UPL

Sub: <u>Investor presentation</u>

Dear Sir / Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing the investor presentation for the quarter ended 30th June 2023.

We request you to take the above information on records.

Thanking you,

Yours faithfully,
For **UPL Limited**

SANDEEP MOHAN DESHMUKH
Digitally signed by SANDEEP MOHAN DESHMUKH
Date: 2023.07.31 14:46:34 +05'30'

Sandeep Deshmukh
Company Secretary and Compliance Officer
(ACS-10946)

Encl.: As above

Q1 FY24 Performance Presentation

July 2023

Safe Harbor Statement

This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of UPL Limited (UPL) and certain of the plans and objectives of UPL with respect to these items. Examples of forward-looking statements include statements made about our strategy, estimates of sales growth, future EBITDA and future developments in our organic business. Forward-looking statements can be identified generally as those containing words such as "anticipates", "assumes", "believes", "estimates", "expects", "should", "will", "will likely result", "forecast", "outlook", "projects", "may" or similar expressions. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, domestic and global economic and business conditions, the successful implementation of our strategy and our ability to realize the benefits of this strategy, our ability to develop and market new products, changes in legislation, legal claims, changes in exchange and interest rates, changes in tax rates, raw materials and employee costs, our ability to identify and complete successful acquisitions and to integrate those acquisitions into our business, our ability to successfully exit certain businesses or restructure our operations, the rate of technological changes, political, economic and other developments in countries where UPL operates, industry consolidation and competition. As a result, UPL's actual future results may differ materially from the plans, goals and expectations set forth in such forward-looking statements. For a discussion of factors that could cause future results to differ from such forward-looking statements, see also Risk management, of our Annual Report.

Q1 FY24 – Maintained Market Share Amid Challenging Conditions

₹ 8,963 Cr Revenue	₹ 4,098 Cr Contribution	₹ 1,593 Cr EBITDA	$3,193 Mn Net Debt
(17%) *Price -10%, FX +2%, Vol -9%*	(13%) *Margin: 45.7% ↑198 bps*	(32%) *Margin: 17.8% ↓387 bps*	Lower by $160 Mn

- **Crop protection business was impacted by industry-wide headwinds globally –**
  - Channel Destocking - Distributors opting for need-based tactical purchases
  - Aggressive price competition from Chinese post patent exporters
- Demand at the farm level continues to remain strong; expect channel demand to recover in H2FY24
- **Differentiated and sustainable portfolio has performed resiliently growing by 7% YoY, comprising 37% of the crop protection revenue versus 27% LY**
- **Contribution margin improved by 198 bps YoY** led by improved portfolio and region mix combined with better margins at Advanta
- **Undertaking cost reduction initiative of $100 Mn over period of next 24 months; with at least 50% being realized in FY24**
- **Reduced Net Debt by $160 Mn YoY and non-recourse factoring by** $**250 Mn YoY**

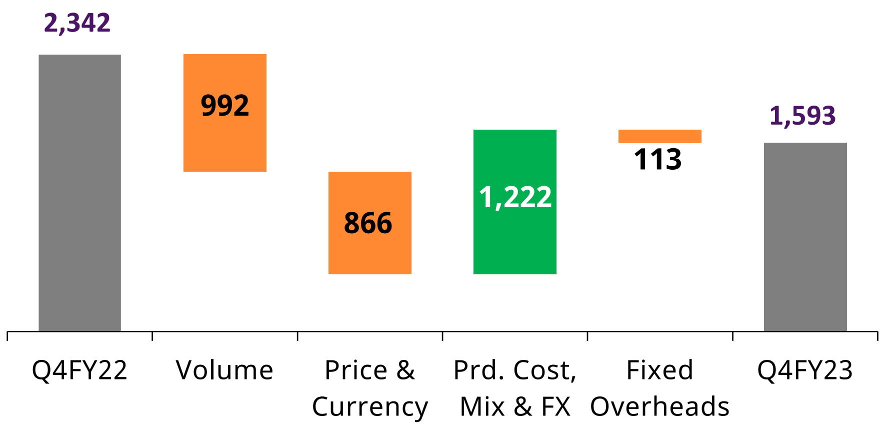
Note: *All changes are year-on-year basis i.e., Q1 FY24 vis-à-vis Q1 FY23*

UPL Group: Agchem Market Headwinds Impacted Q1; Strong Growth in Seeds

(₹ Crore)	Q1 FY 2024	Q1 FY 2023	YoY%
Revenue	**8,963**	**10,821**	**(17%)**
Contribution Profit	**4,098**	**4,734**	**(13%)**
Contribution Margin	***45.7%***	***43.7%***	***198 bps***
SG&A Expenses	2,505	2,392	5%
EBITDA	**1,593**	**2,342**	**(32%)**
EBITDA Margin	***17.8%***	***21.6%***	***(387 bps)***
Amortization / Depreciation	636	588	
Net Finance Cost	750	550	
FX Gain / (Loss)	-203	-108	
Other Income / (Loss)	35	16	
PBT	**39**	**1,111**	***(97%)***
Tax	-164	59	
PAT	**203**	**1,052**	***(81%)***
Income/(Loss) from Associates and JV	-57	30	
Minority Interest	-64	128	
PAT after Associate Income & Minority Interest	**209**	**955**	***(78%)***
Exceptional Cost	43	78	
Net Profit	**166**	**877**	***(81%)***

Revenue Variance – Q1FY24 vs Q1FY23

EBITDA Variance – Q1FY24 vs Q1FY23



UPL Corporation: Subdued Q1 Performance in-line with Industry; Expect Recovery in H2

(₹ Crore)	Q1 FY 2024	Q1 FY 2023	YoY%
Revenue	5,855	7,658	(24%)
Contribution Profit	**2,105**	**3,044**	**(31%)**
Contribution Margin	***35.9%***	***39.8%***	***(381 bps)***
SG&A Expenses	1,541	1,431	8%
EBITDA	**564**	**1,614**	**(65%)**
EBITDA Margin	***9.6%***	***21.1%***	***(1,145 bps)***

Note: *Above financials are after considering proforma adjustments*

Revenue Variance – Q1FY24 vs Q1FY23

Q1FY24 Performance Update

- **Revenue Variance: Volume: -17%, Price: -10%, FX: +3%**
- Significant decline in herbicide volume and prices, and product bans in Europe
- Increase in differentiated and sustainable portfolio, primarily led by volume; revenue share increased to 35% vs. 24% LY

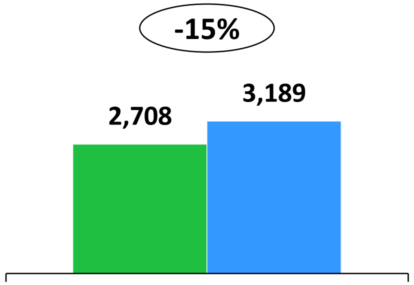
Outlook

- Demand at the grower level continues to be strong. Channel inventory gradually normalizing
- **Channel demand to remain weak in Q2FY24 with recovery expected in H2FY24**
- **Undertaking cost reduction initiative of $100 Mn over a period of next 24 months; with at least 50% being realized in FY24**

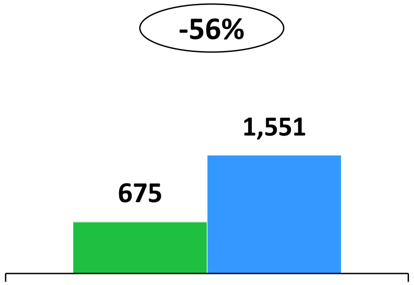
UPL Corporation: Growth Impacted Across Regions

(₹ crore)

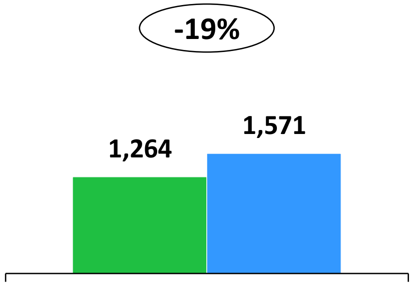
Latin America



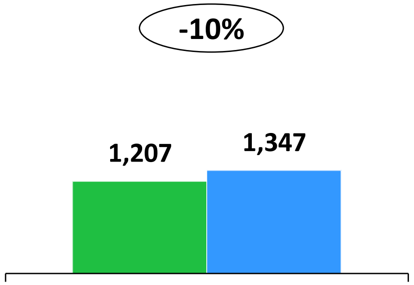
North America



Europe



Rest of World



■ Q1FY24 ■ Q1FY23

Latin America

- **Brazil: major mkt. degrowth -** non-selective herbicides down ~81% in H1CY23, ~53% in Q1FY24, with high sales returns in H1CY23
  - Glyphotal®, other herbicides led decline, partially offset by **differentiated vol.** (Evolution®, Feroce®)
- **Mexico** and **Argentina** led by herbicides volumes

North America

- **Channel inventory led challenges**; need-based "**tactical purchases**", cash mgmt., revaluation pressure
- **Non-selective herbicides** impacted from China pricing; glufosinate (Interline®, Total®, Lifeline®), s-metolachlor, clethodim products impacted by lower volumes, and pricing pressure

Europe

- **Channel inventory continues to be a challenge**, resulting in degrowth in some parts of Europe
- Decline across major portfolios due to **lower volume**; impact of **product ban** (e.g., bifenazate)

Rest of World

- Growth despite high channel stocks, price pressure from Chinese suppliers in SE Asia, Africa
- **Strong China growth** from insecticides, fungicides, soil & seed health vol.
- **SE Asia** impacted by lower insecticides vol, primarily in Indonesia and Thailand
- Lower clethodim vol. in ANZ region

UPL SAS: Delayed Sowing and Price Pressure Impacted Results; Q2 to be much better vs Q1

(₹ Crore)	Q1 FY 2024	Q1 FY 2023	YoY%
Revenue	1,203	1,395	(14%)
Contribution Profit	**334**	**441**	(24%)
Contribution Margin	***27.8%***	***31.6%***	***(392 bps)***
SG&A Expenses	119	125	(5%)
EBITDA	**215**	**316**	(32%)
EBITDA Margin	***17.9%***	***22.7%***	***(484 bps)***

Note: *Above financials pertain to India Crop Protection business only based on proforma adjustments and exclude 'Nurture'*

Nurture – Update

- **Q1FY24: Revenue: ₹ 6 crore (flat YoY); EBITDA: ₹ 42 crore loss vs ₹ 82 crore loss LY**
- Strategic actions undertaken to streamline portfolio of nurture.retail and nurture.farm platforms and optimize cost
- Launched an exclusive online product range with superior contribution margins on nurture.retail platform

Q1FY24 Performance Update

- **Revenue Variance: Volume: -7% YoY, Price: -7% YoY**
- Revenue impacted by delayed Kharif sowing activities, pricing pressure on post-patent side, and high channel inventory
- **Differentiated portfolio fared better** led by traction in new /recent launches (Apache, Oxalis, Centurion and Canora) and helped curtail margin impact
- **Implemented cost optimization initiatives resulting in SG&A being lower by 5% YoY**

Outlook

- **Novel range of launches in pipeline** - Spruce, Feego, Fascinate Flash, Argyle, Sperto, Mono SG, Sekito, Lexicon
- Improved monsoon from June-end onwards to aid demand recovery and **drive much better performance in Q2FY24 as against Q1FY24**

Advanta: Continued to Deliver Robust Growth with Improved Operating Profitability

(₹ Crore)	Q1 FY 2024	Q1 FY 2023	YoY%
Revenue	1,061	842	26%
Contribution Profit	**662**	**482**	**38%**
Contribution Margin	***62.4%***	***57.2%***	***523 bps***
SG&A Expenses	298	245	22%
EBITDA	**364**	**236**	**54%**
EBITDA Margin	***34.3%***	***28.1%***	***626 bps***

Q1 FY24 Performance Update

- **Volume: +14%, Price: +9%, FX: +3%**
- **Revenue Growth driven by robust traction in following portfolios -**
  - **Field Corn** across India, Thailand, Ecuador, Peru
  - **Fresh Corn in** Indonesia
  - **Grain Sorghum** in USA
- **Contribution margins expanded by 523 bps YoY driven by -**
  - **Improved Mix:** Strong growth in high-margin portfolios
  - Good recovery in India Vegetable business

Outlook

- **Expect to see healthy demand for rest of FY24**

UPL Specialty Chemicals: Revenue Impacted in-line with Crop Protection Biz; Margins Stable

(₹ Crore)	Q1 FY 2024	Q1 FY 2023	YoY%
Revenue	3,112	3,877	(20%)
Contribution Margin	**450**	**501**	**(10%)**
Contribution Margin	***14.4%***	***12.9%***	***+150 bps***
SG&A Expenses	10	9	35%
EBITDA	**440**	**492**	**(11%)**
EBITDA Margin	***14.1%***	***12.7%***	***+140 bps***

Note: *Above financials are after considering proforma adjustments and is inclusive of intercompany revenue*

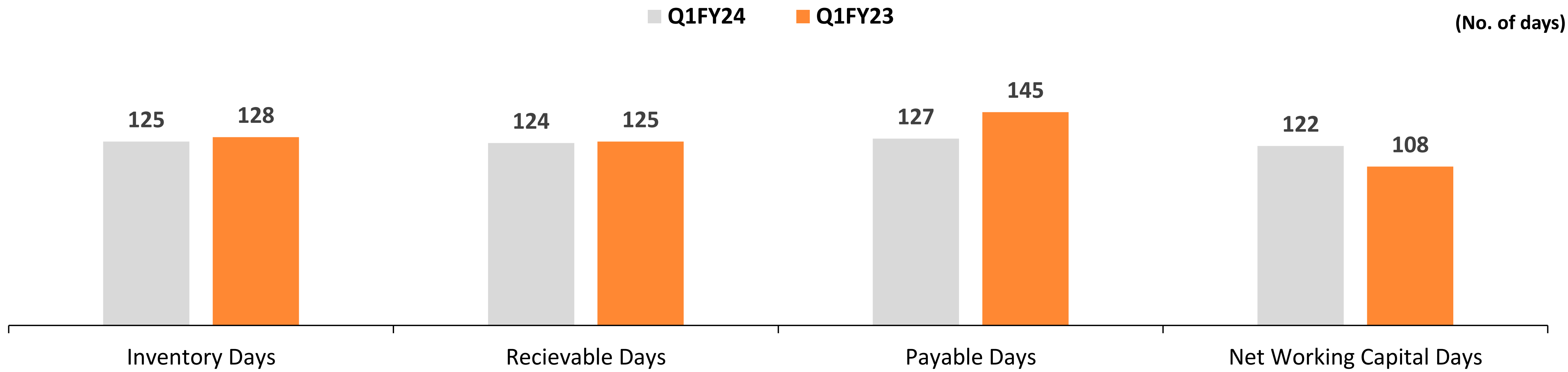
Q1 FY24 Performance Update

- Decline in revenue primarily on account of slowdown in the agrochemical as well as the broader chemical industry
- **Entered a new chemistry by commissioning and commencing production at the phosgene plant in Dahej during the quarter**
  - Manufacture and market phosgene derivative products
  - Phosgene will also be used in group's agchem production
- **Commissioned the 61 MW hybrid wind and solar power plant with commencement of power supplies in June'23**
  - Will help reduce energy costs and carbon footprint

Outlook

- **Expected to perform better in line with the recovery in the agro and specialty chemicals markets**

Increase in NWC Primarily due to Reduced Factoring and Lower Payable Days



	Inventory Days	Recievable Days	Payable Days	Net Working Capital Days
Q1FY24	17,711 Cr	17,589 Cr	18,055 Cr	17,245 Cr
Q1FY23	16,920 Cr	16,514 Cr	19,195 Cr	14,240 Cr

Note: *As a risk management measure, receivables are factored on non-recourse basis to banks.*
Non-recourse receivables factoring as of 30 June’23: ₹ 7,304 crore ($890 Mn), 31 March’23: ₹ 11,548 crore ($1.4 Bn), 30 June’22: ₹ 9,010 crore ($1.1 Bn)

- **Working capital days increased by 14 days as on June 2023 primarily due to –**
  - Payable days declined by 18 days
  - Reduction in non-recourse factoring by ₹ 1,706 crore on a YoY basis

Net Debt Stood at $3.19 Bn as of June’23, Down by $160 Mn vs LY

Gross & Net Debt Position – June 2023 vs June 2022

All figures are in US$ Mn and ₹ Crore

Particulars	June’23	June’22	Change
Gross Debt	**$3,667** 30,083	**$3,814** 30,123	**($147)** (40)
Cash and cash equivalent	**$474** 3,889[2]	**$461** 3,643	**$13** 246
Reported Net Debt	**$3,193** **26,194**	**$3,353** **26,480**	**($160)** **(286)**
Net Debt Adjusted for Currency Impact	***25,216[1]***	***26,480***	***(1,264)***

- **In USD terms, net debt at $3.19 Bn as of June’23 - lower by $160 Mn YoY**.
  - Adjusted for lower factoring, net debt would have stood at $2.94 Bn (down by $410 Mn YoY)
- Cash generated by business (before WC)*: ₹ 268 crores in Q1FY24 (vs ₹ 1,420 crores in Q1FY23)

Note: *[1]INR depreciated from 78.98 as on 30 June 2022 to 82.04 as on 30 June 2023. [2]Includes liquid investment of INR 124 crore as of Jun’23*
**Operating CF before WC less interest, tax and other cash expenses*

UPL Group - FY24 Revised Guidance

	Revenue Growth	EBITDA Growth
Revised Guidance	+1-5%	+3-7%
Old Guidance	+6-10%	+8-12%

ANNEXURE

Breakdown of Net Finance Cost – Q1 FY24

Net Finance Cost Breakdown *(₹ crore)*

Particulars	Q1FY24	Q1FY23	*Change*
Interest on Borrowings	368	215	*153*
Interest on Leases & Others	287	263	*24*
Other Financial Charges	37	25	*12*
NPV – Interest & Finance	125	104	*21*
Interest Income	(66)	(57)	*(9)*
Total Net Finance Cost	**750**	**550**	***200***

Thank You