

# Ambuja Cement

ACL:SEC:

July 25, 2018

BSE Limited, Phiroz Jeejeebhoy Towers, Dalal Street, Mumbai – 400 023 corp.relations@bseindia.com	National Stock Exchange of India Ltd., Plot No.C/1 'G' Block Bandra – Kurla Complex Bandra East, Mumbai 400 051 cmlist@nse.co.in
Deutsche Bank Trust Company Americas Winchester House 1 Great Winchester Street London EC2N 2DB, Fax No.+44207547 6073 Ctas Documents <ctas.documents@db.com	Societe de la Bourse de Luxembourg, Avenue de la Porte Neuve L-2011 Luxembourg, B.P 165 "Luxembourg Stock Ex-Group ID " <ost@bourse.lu

Dear Sir,

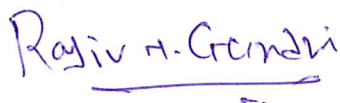
Sub: Investor Presentation on the Financial Results for the quarter and half ended June 30, 2018

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, please find enclosed the Investor presentation on financial results for the quarter and half year ended June 30, 2018.

Kindly take the same on record.

Thanking you,

Yours faithfully,  
For Ambuja Cements Limited



Rajiv Gandhi  
Company Secretary  
**Membership No. A11263**

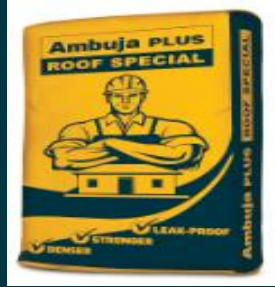
**AMBUJA CEMENTS LIMITED**

Elegant Business Park, MIDC Cross Road 'B', Off Andheri Kurla Road, Andheri (E), Mumbai 400059.  
Tel.: 022- 4066 7000 / 6616 7000, Fax: 022 - 6616 7711 / 4066 7711. Website: www.ambujacement.com  
Regd. Off. : P. O. Ambujanagar, Taluka - Kodinar, Dist. Gir Somnath, Gujarat.  
CIN: L26942GJ1981PLC004717

**Ambuja partners in iconic Krishanganaga Hydro Project**



**Robust Growth**



**Faster Ramp-up – 5x growth**



**Coal Block - Open Cast mine is starting ahead of Schedule in Jul'18**



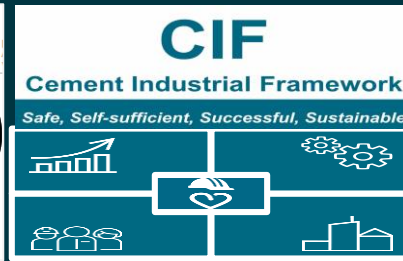
**87% cement capacity utilization**



**MCW 7<sup>th</sup> ranked in LH Global CIPR ranking**



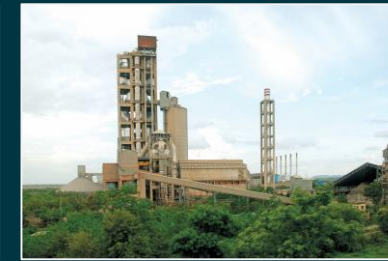
**Launched CIF at 10 plants**



**Enhanced Petcoke utilization in kilns**



**Ambujanagar – Good AFR Performance**



**Leads Skill India Mission in Rajasthan**



# Investor Presentation

**25<sup>th</sup> July, 2018**

## Disclaimer / Safe Harbour

---

### Cautionary statement regarding forward-looking statements

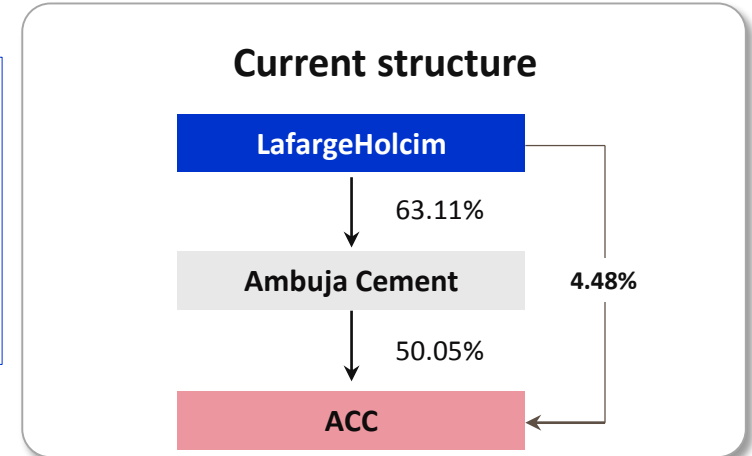
This presentation may contain certain forward-looking statements relating to Ambuja Cements Ltd. (“**Ambuja**”, or “**Company**”) and its future business, development and economic performance. These statements include descriptions regarding the intent, belief or current expectations of the Company, its subsidiaries and associates and their respective directors and officers with respect to the results of operations and financial condition of the Company, subsidiary or associate, as the case may be. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to (1) competitive pressures; (2) legislative and regulatory developments; (3) global, macroeconomic and political trends; (4) fluctuations in currency exchange rates and general financial market conditions; (5) delay or inability in obtaining approvals from authorities; (6) technical developments; (7) litigation; (8) adverse publicity and news coverage, which could cause actual development and results to differ materially from the statements made in this presentation. Company assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise. Any forward-looking statements and projections made by third parties included in this presentation are not adopted by the Company and the Company is not responsible for such third party statements and projections.

This presentation has been prepared by the Company based on information and data which the Company considers reliable, but the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness and reasonableness of the contents of this presentation. This presentation may not be all inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this presentation is expressly excluded.

This presentation and its contents are confidential and should not be distributed, published or reproduced, in whole or in part, or disclosed by recipients directly or indirectly to any other person.

## Ambuja Cement (ACL): Leading cement company in India

- Pan India footprint with consolidated cement capacity of 63 mn tonnes.
- Attractive geographical positioning.
- Market leading brands with large network of dealers/retailers (trade sales >80% of total volume).
- Strong balance sheet with consolidated net cash of Rs. ~47 bn.

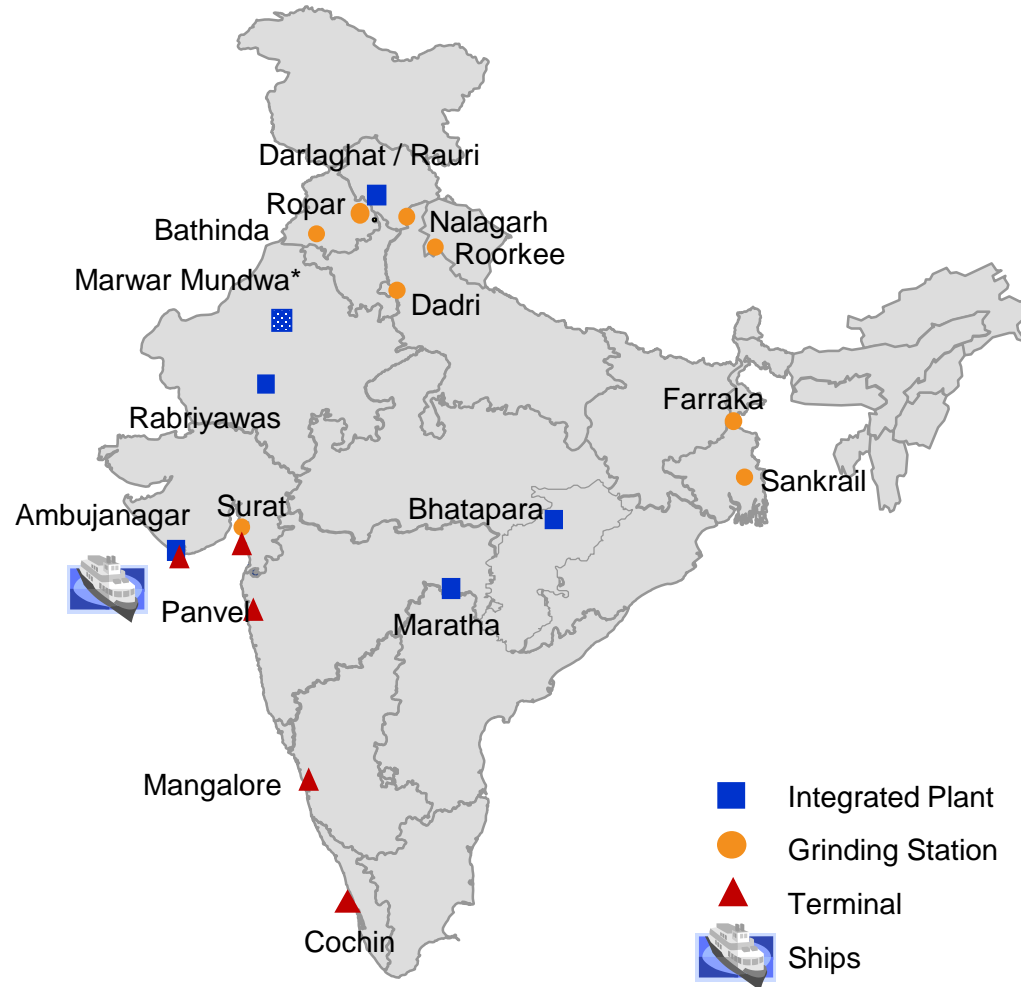


### ACL - Strategies in place to enhance value

- Q2'18 cement capacity utilization at 87%
- Post successful ballot, to unlock synergies via Master Supply Agreement.
- The company proposes to set up a 3.1 Million Tonnes (9500 tpd) clinkerisation plant at Marwar Mundwa in Rajasthan. The Board of Directors have approved an initial investment of Rs.1,391 Crore towards the first phase of 1.7 Million Tonnes (5000 tpd) capacity which is expected to be commissioned in the second half of 2020.
- Commercial transformation: New and innovative premium product launches, focus on customer excellence and on margin management levers.
- To continue to optimize cost structure: Optimisation of fuel including alternative fuel journey, reduction in lead distance and savings in fixed overheads.

*Ambuja Cements Ltd. is one of the leading cement companies in India. It is part of the LafargeHolcim Group, the world leader in the building materials industry, with a presence in 80 countries, and a focus on cement, aggregate and concrete since 2006. For three decades, Ambuja Cements has provided hassle-free home building solutions with its unique sustainable development projects and environment-friendly practices.*

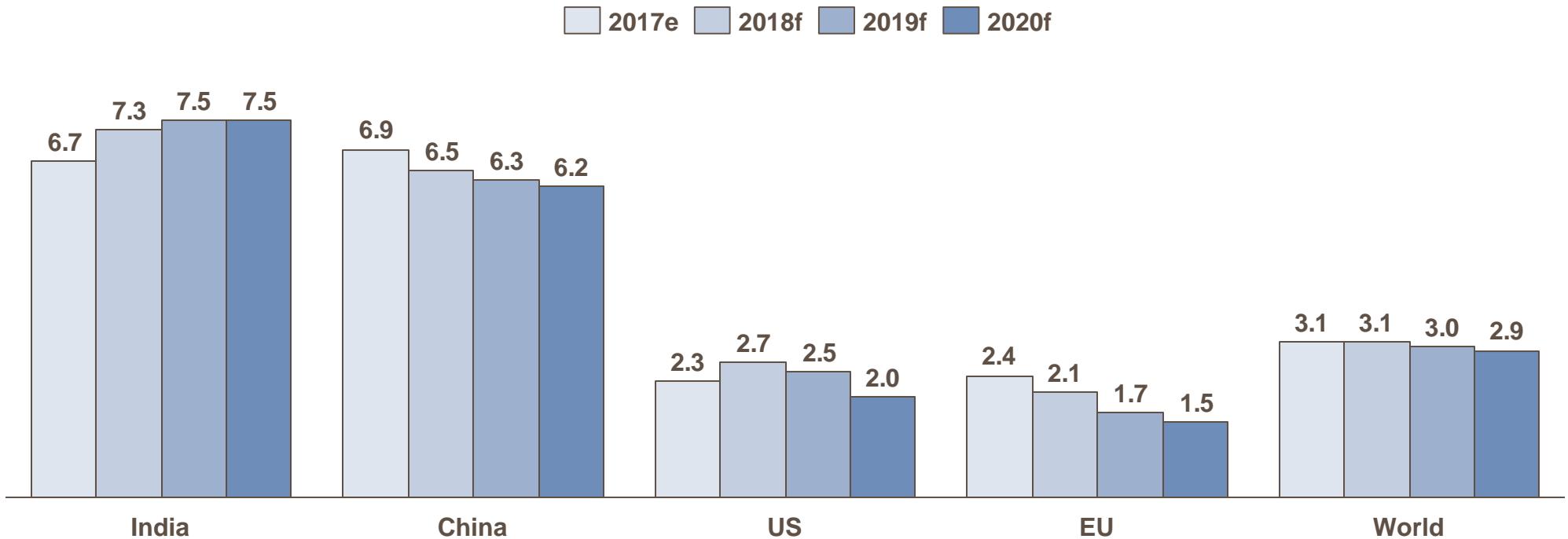
... with a strong independent standalone footprint & robust strategies ...



Physical infrastructure	
Integrated Plants	5
Kilns	9
Clinkerisation Capacity (MTPA)	17.7
Grinding Units	8
Bulk Cement Terminals	3
Loading Port	1
Cement Grinding Capacity (MTPA)	29.7
Ships	10

*With a strong footprint in the North, West and East parts of India, and a presence in the South, Ambuja Cement covers key locations in each region*

## Indian economy expected to grow in 2018 and 2019 due to recovery in investment



- Growth in India is projected to advance to 7.3% in the Fiscal Year 2018/19 (April 1, 2018-March 31, 2019) and 7.5% in FY 2019/20, reflecting robust private consumption and strengthening investment.
   
 (Source – World Bank)

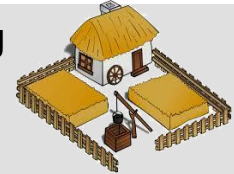
## 2018 Potential drivers for cement demand

### Infrastructure & Housing



- ▶ Increased focus on “Housing for All by 2022”, target to construct 12 mn houses for urban residents. The government wants to complete it by 2020. Also launched PMAY (Rural) with an aim to build 10.2 mn houses in rural areas by March 2019. The government wants to complete the rural scheme by 2018 end.
- ▶ Government’s continuous focus and spending on road construction. In fiscal 2018 ~17,000 km road projects, were being awarded by both the Ministry of Road Transport and Highways and NHAI. Pace of construction, at 27 km per day. Construction is expected to accelerate to 32 km per day by 2020 given NHAI’s sharp focus on award of projects under the Bharatmala programme. (Source Crisil)

### Focus on improving Rural income



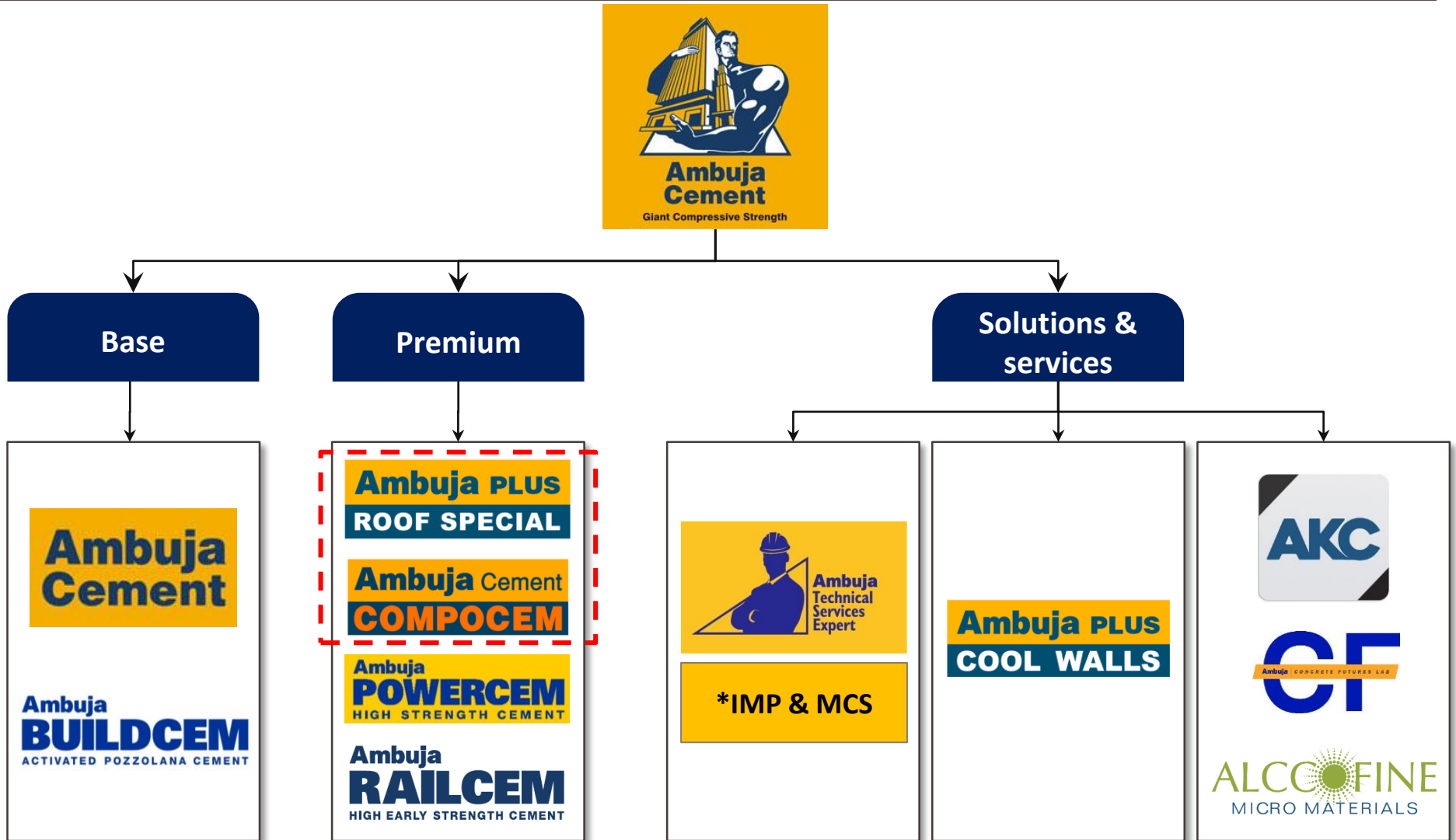
- ▶ Increase in Minimum Support Price (MSP) for kharif crops by the Government to benefit farmers.
- ▶ Increase in allocation for irrigation projects under Pradhan Mantri Krishi Sinchayi Yojna (PMKSY).
- ▶ Increase in allocation for rural road construction (under the Pradhan Mantri Gram Sadak Yojana).

These initiatives would benefit the rural economy

**Cement demand to see a positive growth backed by infrastructure development, housing and increased rural spends**



# Brand Architecture

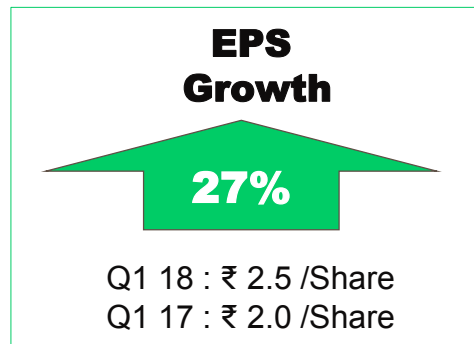
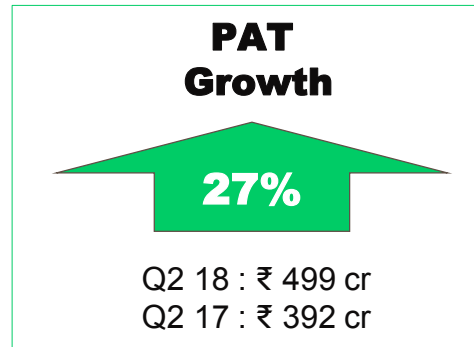
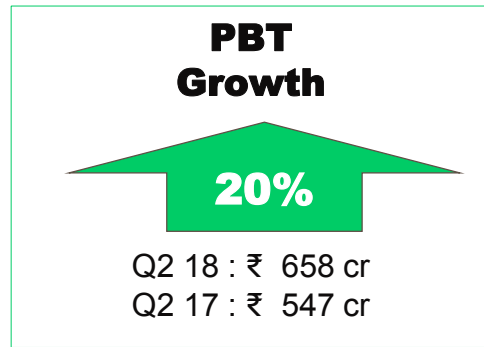
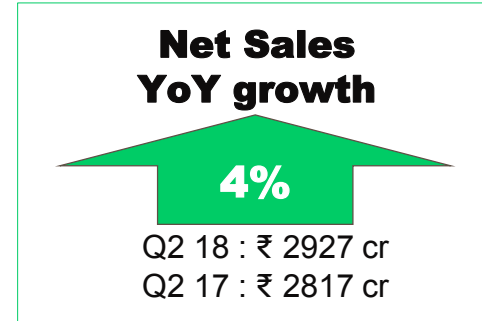
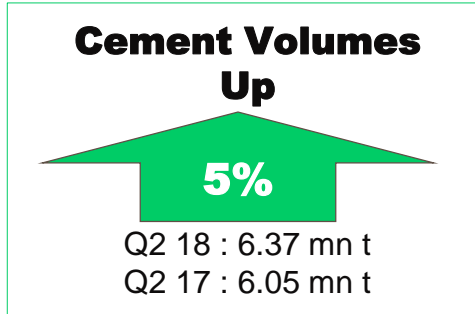
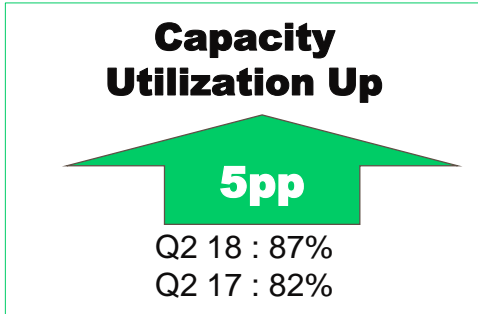


**Sales of premium products has grown strongly and outperforms the normal growth trend**

\*IMP – Instant Mix Proportion, MCS – Modular Curing Solution, AKC - Ambuja Knowledge Centre



## Performance highlights – Q2 18 vs Q2 17



## Performance highlights – H1 18 vs H1 17

### Capacity Utilization Up



**4pp**

Q2 18 : 86%  
Q2 17 : 82%

### Cement Volumes Up



**4%**

Q2 18 : 12.59 mn t  
Q2 17 : 12.07 mn t

### Net Sales YoY growth



**6%**

Q2 18 : ₹ 5690 cr  
Q2 17 : ₹ 5347 cr

### PBT Growth



**22%**

Q2 18 : ₹ 1051 cr  
Q2 17 : ₹ 859 cr

### PAT Growth



**21%**

Q2 18 : ₹ 771 cr  
Q2 17 : ₹ 639 cr

### EPS Growth

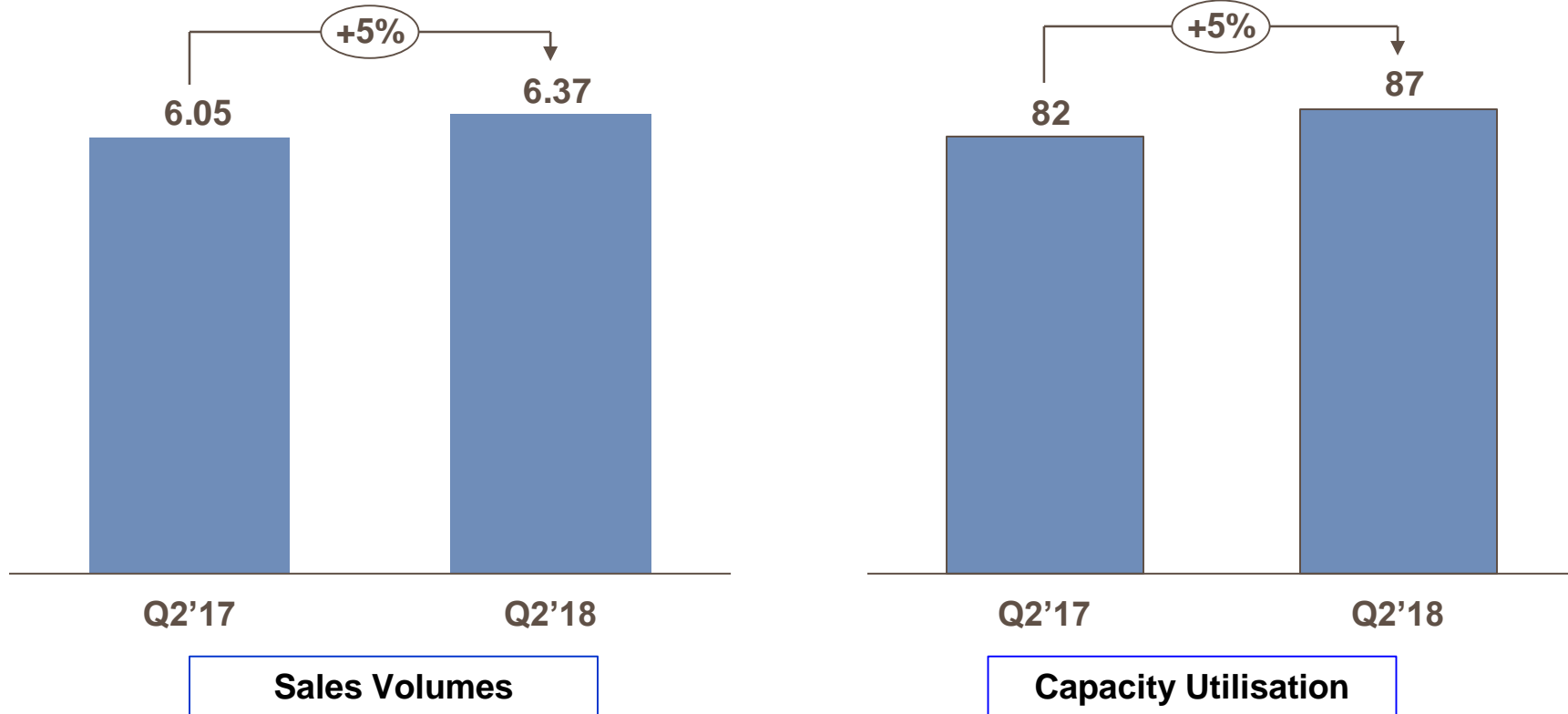


**21%**

Q1 18 : ₹ 3.9 /Share  
Q1 17 : ₹ 3.2 /Share

## Cement Sales Volumes and Capacity Utilization

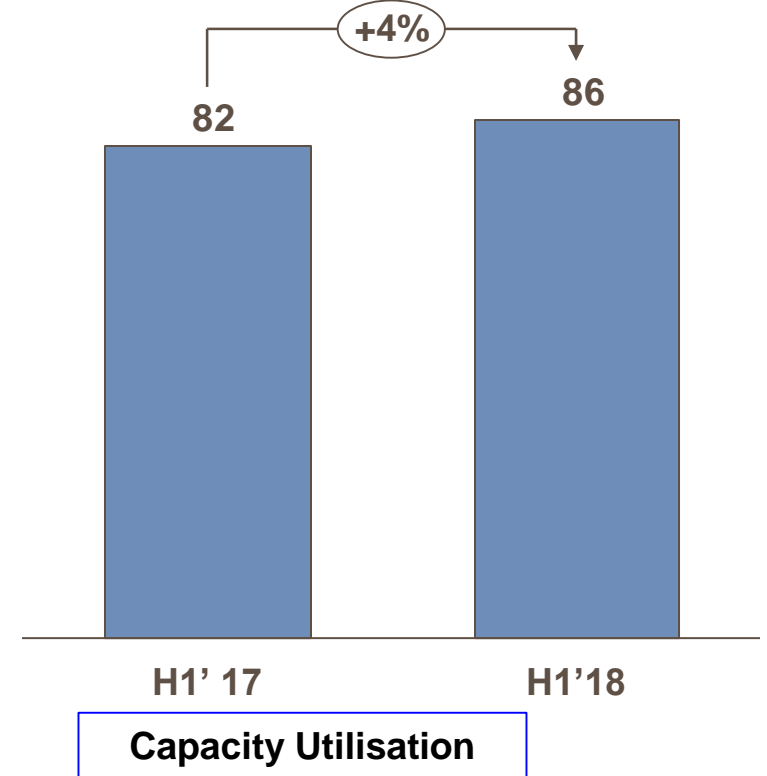
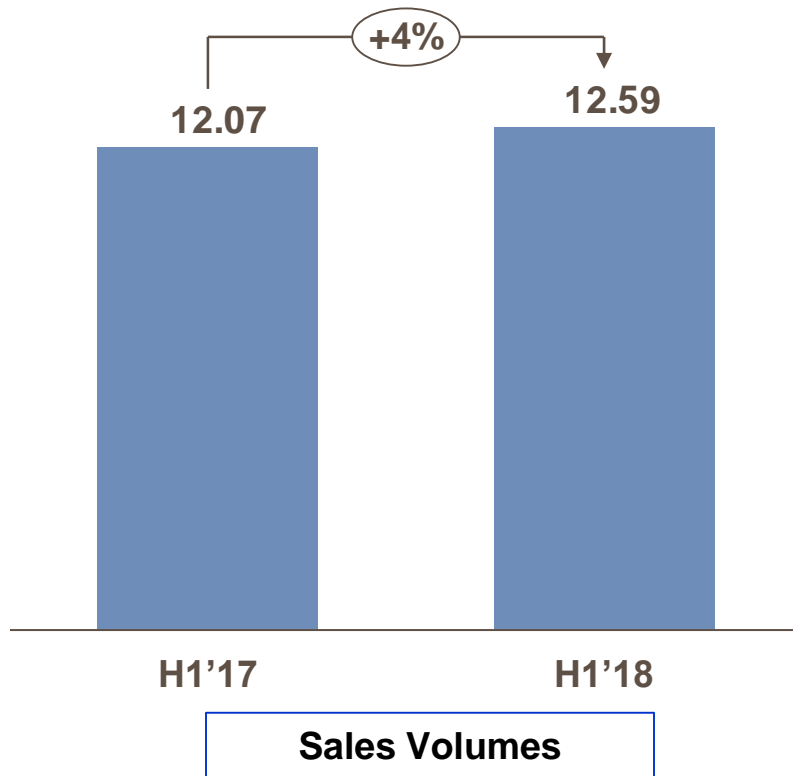
(Mn Tonnes)



- Strong growth in Individual Housing Building (IHB) segment
- Increased participation in the Building and Infrastructure segment
- Capacity utilisation improved 5pp in Q2'18 vs % in Q2'17

# Cement Sales Volumes and Capacity Utilization

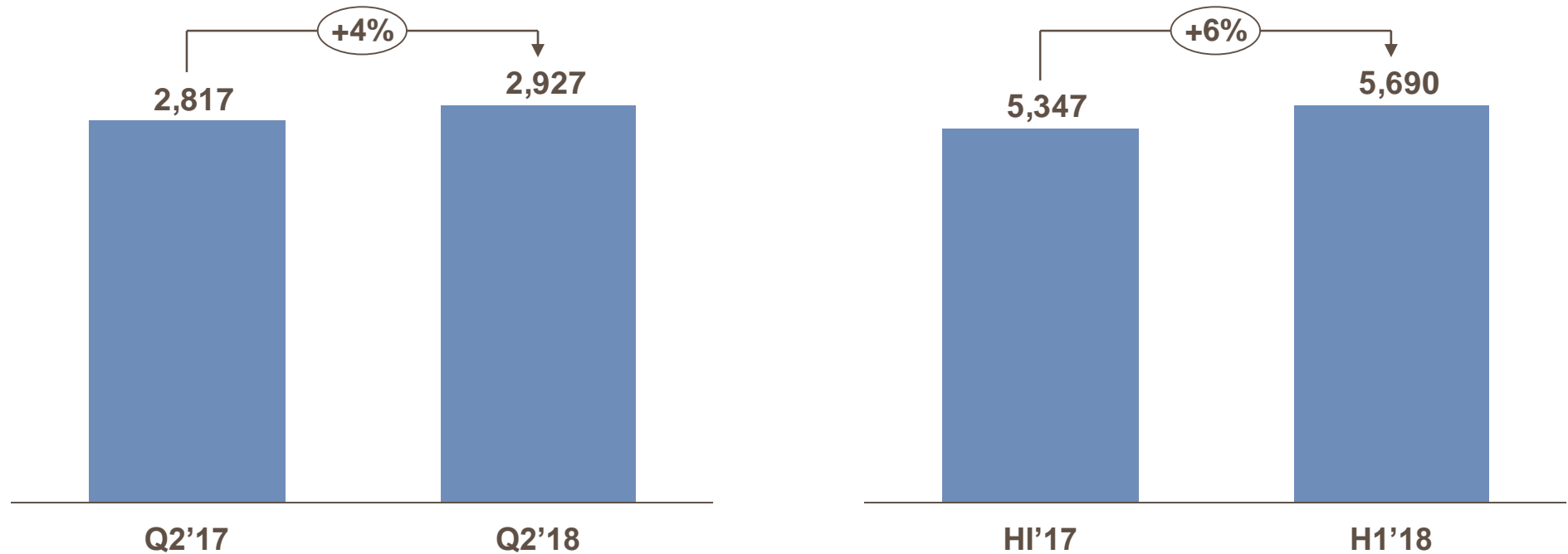
(Mn Tonnes)



- Strong growth in Individual Housing Building (IHB) segment.
- Increased participation in the Building and Infrastructure segment.
- Capacity utilisation improved 4pp in H1'18 vs % in H1'17

# Net Sales

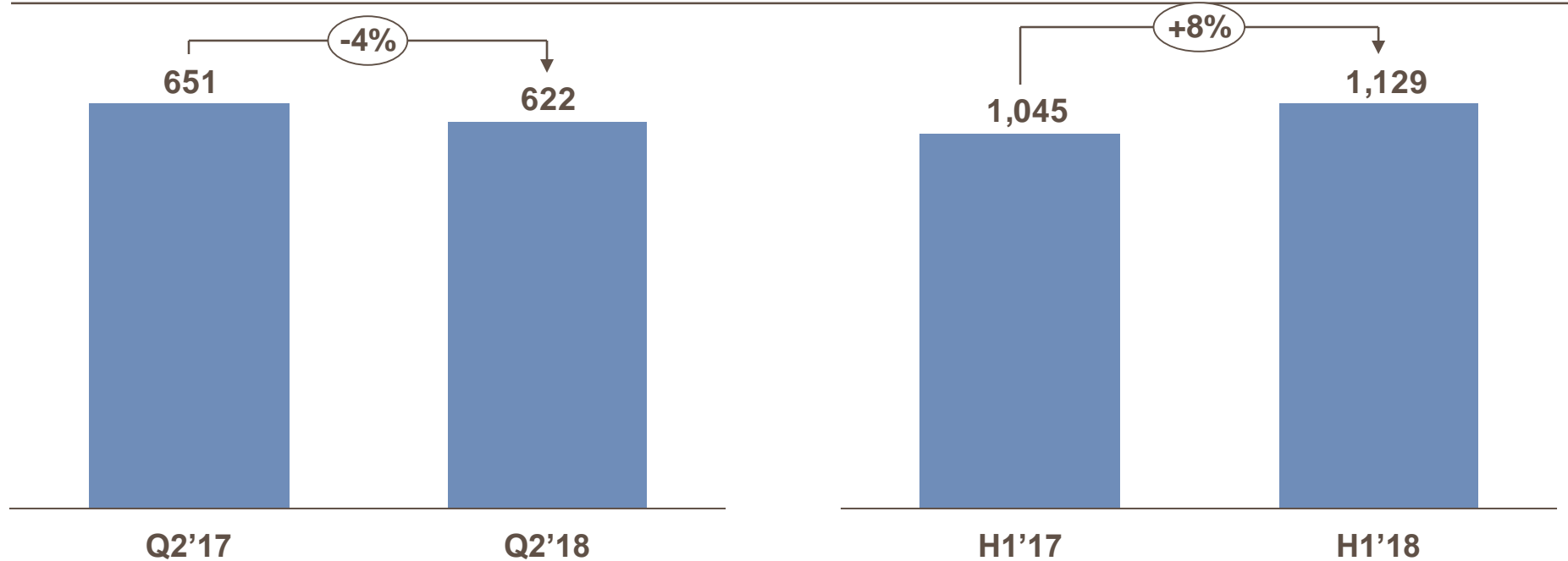
(INR Crore)



- Focus on Premium Products (Compozem and Roof Special)
- Sales of Premium Products has grown strongly
- Ambuja's customer oriented initiatives is creating differentiation resulting in increased sales

**EBITDA**

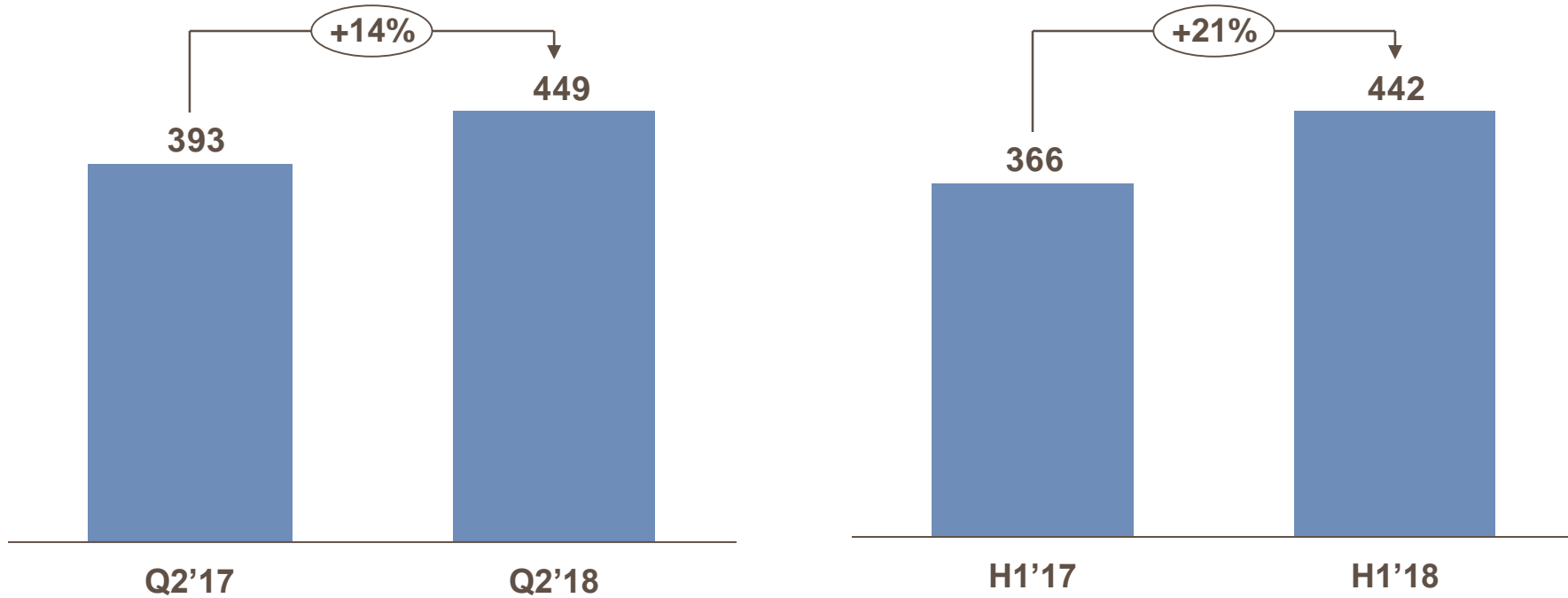
(INR Crore)



- Sales growth of premium brands - Compecem and Roof Special, and
- Improvements in productivity and efficiency parameters, combined with cost saving measures contributed to the increase in Operating EBITDA in H1'18 by 8%.

## Raw Material Cost

(INR / Tonne)

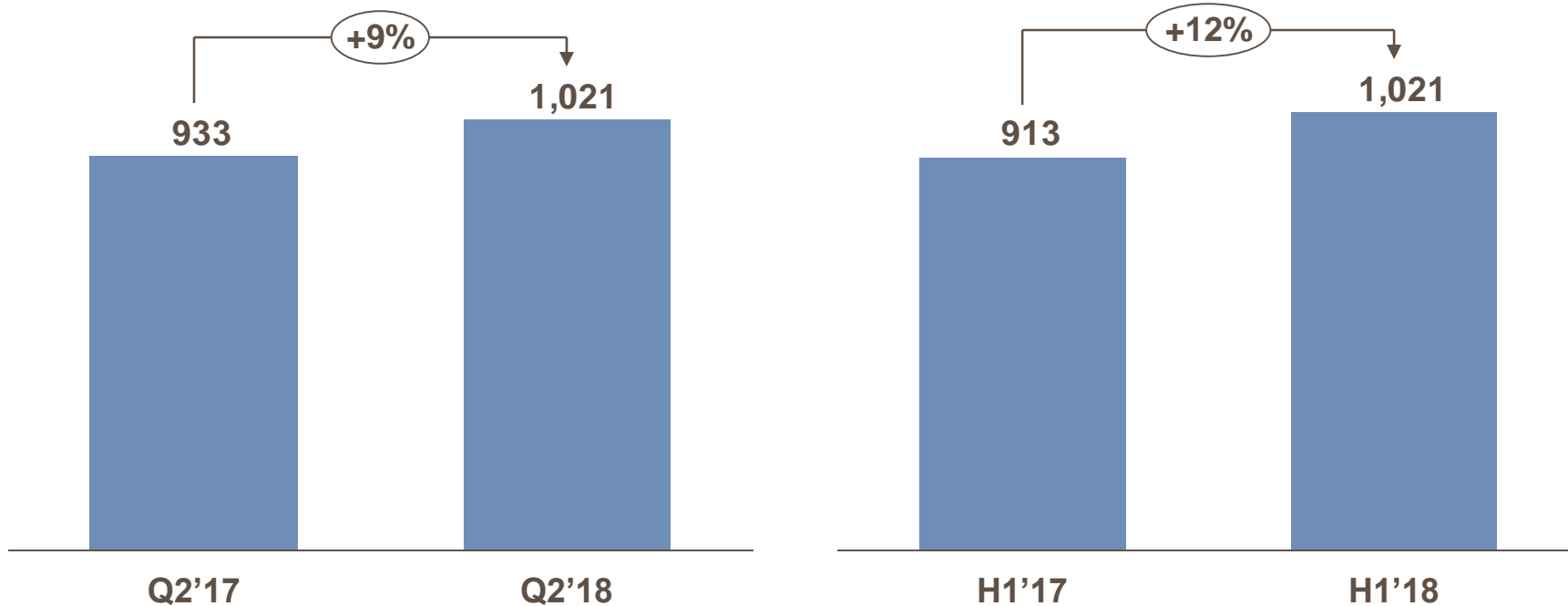


- Raw Material cost impacted due to increase in Fly ash and gypsum cost on a y-o-y basis in Q2'18 and H1'18.



## Power & Fuel Cost

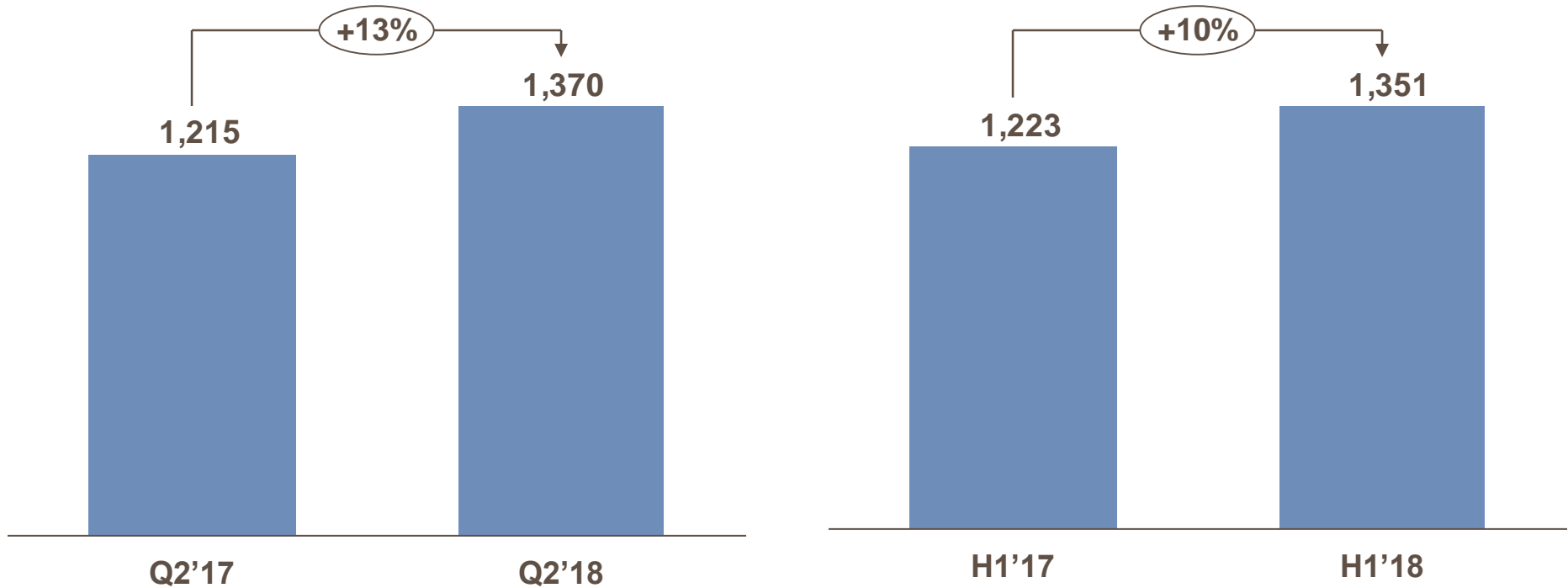
(INR / Tonne)



- Power & Fuel cost sees increase on a y-o-y basis due to rise in coal and petcoke prices, however this was partly mitigated by improved efficiencies and productivity improvements.

## Freight & Forwarding Cost

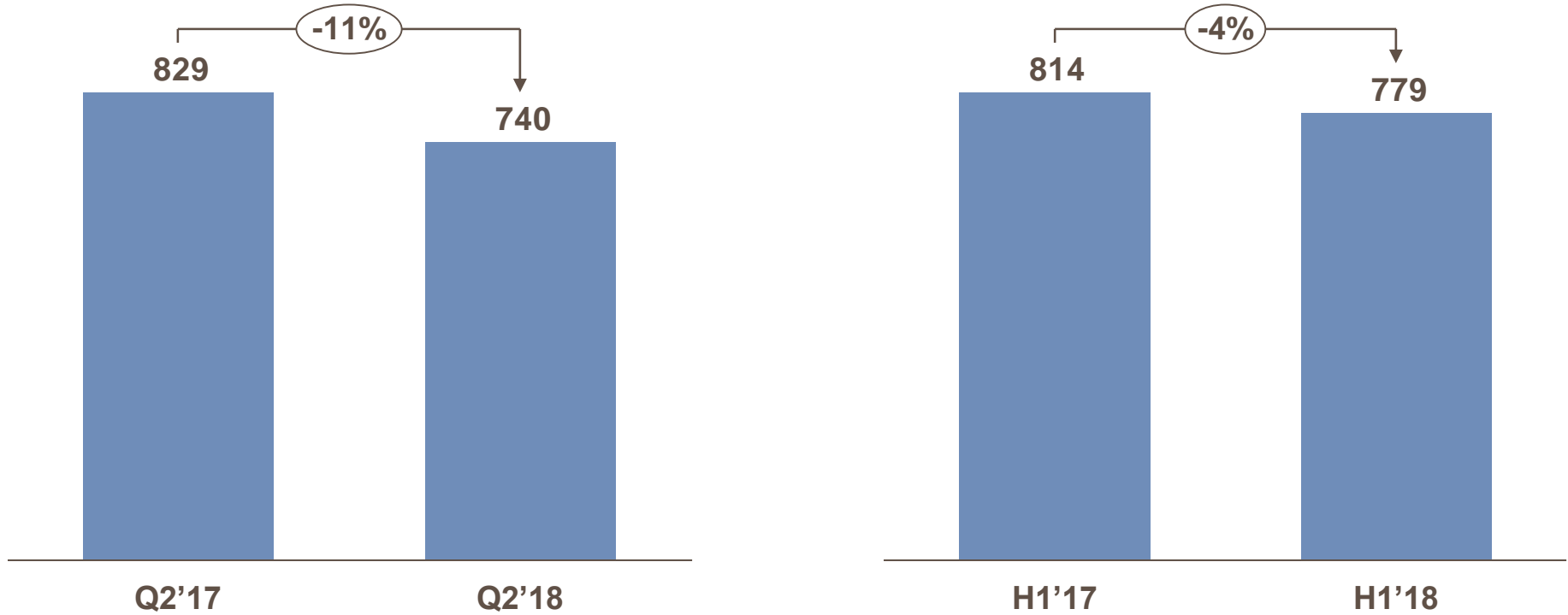
(INR / Tonne)



- Freight cost is higher y-o-y basis due to increase in lead and diesel prices and clinker movement through external sidings due to shortage of adequate availability of rakes in the east.

## Other Expenses Cost

(INR / Tonne)

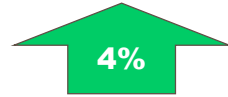


- Other expenses sees a fall on a y-o-y basis, due to various cost saving measures undertaken.

# Ind AS Result – Standalone – ₹ crore

1 CAN.

Net Sales up



PBT up



PAT up



Particulars	UOM	Q2'17	Standalone	
			Q2'18	+ / - PY
Sales (net of excise duty )	₹ Cr	2817	2927	4%
<b>Op. EBITDA</b>	<b>₹ Cr</b>	<b>651</b>	<b>622</b>	<b>-4%</b>
<i>Op. EBITDA margin</i>	%	23.1	21.3	-180 bps
Depreciation	₹ Cr	144	136	-5%
Other Income	₹ Cr	56	191	241%
Finance Cost	₹ Cr	17	19	12%
<b>Profit Before Tax (PBT)</b>	<b>₹ Cr</b>	<b>547</b>	<b>658</b>	<b>20%</b>
Tax Expenses	₹ Cr	154	159	3%
<b>Profit After Tax (PAT)</b>	<b>₹ Cr</b>	<b>392</b>	<b>499</b>	<b>27%</b>
<b>EPS</b>	₹ / share	2.0	2.5	26%

## Ambuja- Balance Sheet– Standalone – ₹ crore

Particulars	Standalone	
	Dec-17	Jun-18
Shareholders funds	19,973	20,299
Non Current Liabilities	527	506
Current Liabilities	4,117	3,909
<b>Equity &amp; Liabilities</b>	<b>24,617</b>	<b>24,714</b>
Fixed Assets	5,693	5,561
Non Current Investments	11,845	11,814
Non Current Loan and advances	67	74
Other Non Current assets	1,520	1,587
Current Assets	5,492	5,678
<b>Assets</b>	<b>24,617</b>	<b>24,714</b>

## Ind AS Result – Consolidated – ₹ crore

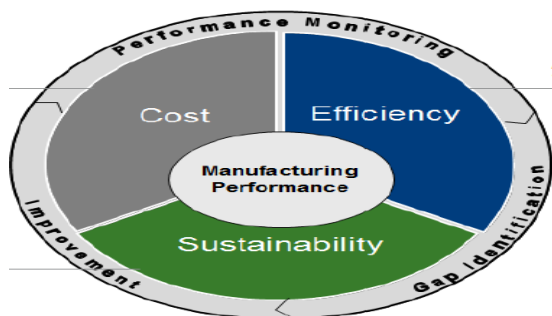
Particulars	UOM	Q2'17	Consolidated	
			Q2'18	+ / - PY
Sales (net of excise duty )	₹ Cr	6145	6683	9%
<b>Op. EBITDA</b>	<b>₹ Cr</b>	<b>1290</b>	<b>1250</b>	<b>-3%</b>
<i>Op. EBITDA margin</i>	%	21%	19%	-200 bps
Depreciation	₹ Cr	308	286	-7%
Other Income	₹ Cr	81	82	1%
Finance Cost	₹ Cr	38	46	22%
Share of profit in associates and joint ventures	₹ Cr	3	2	-14%
<b>Profit Before Tax (PBT)</b>	<b>₹ Cr</b>	<b>1029</b>	<b>1002</b>	<b>-3%</b>
Tax Expenses	₹ Cr	310	318	2%
<b>Profit After Tax (PAT)</b>	<b>₹ Cr</b>	<b>718</b>	<b>684</b>	<b>-5%</b>
Non-controlling interest	₹ Cr	163	159	-2%
<b>Net profit for the period</b>	<b>₹ Cr</b>	<b>555</b>	<b>526</b>	<b>-5%</b>
<b>EPS</b>	₹ / share	2.8	2.6	-5%

## Ind AS Result – Consolidated – ₹ crore

Particulars	UOM	H1'17	Consolidated	
			H1'18	+ / - PY
Sales (net of excise duty )	₹ Cr	11782	12997	10%
<b>Op. EBITDA</b>	<b>₹ Cr</b>	<b>2099</b>	<b>2252</b>	<b>7%</b>
<i>Op. EBITDA margin</i>	%	17.8%	17.3%	-50 bps
Depreciation	₹ Cr	620	574	-7%
Other Income	₹ Cr	156	168	8%
Finance Cost	₹ Cr	100	91	-9%
Share of profit in associates and joint ventures	₹ Cr	5.6	6.1	9%
<b>Profit Before Tax (PBT)</b>	<b>₹ Cr</b>	<b>1540</b>	<b>1761</b>	<b>14%</b>
Tax Expenses	₹ Cr	425	562	32%
<b>Profit After Tax (PAT)</b>	<b>₹ Cr</b>	<b>1115</b>	<b>1199</b>	<b>7%</b>
Non-controlling interest	₹ Cr	268	283	6%
<b>Net profit for the period</b>	<b>₹ Cr</b>	<b>847</b>	<b>915</b>	<b>8%</b>
<b>EPS</b>	₹ / share	4.3	4.6	8%



## Other key highlights for the Quarter



**MCW Plant Globally Ranked 7th in LafargeHolcim CIPR Ranking 2017**



**Ambuja Cement partners in iconic Kishanganga 330 MW Hydro Power Project - Supplied value added Micro fine products for special Concrete**



**Gare Palma Coal Block - Open Cast mine (0.6 mt) is starting ahead of Schedule in Jul'18 (Originally Scheduled by Dec'18)**



SAFE, SELF-SUFFICIENT, SUSTAINABLE AND SUCCESSFUL

**CIF Lunched in 10 Plants**  
*"Standardization of processes for sustainable operation of plants"*



**Celebration of Global H&S Safety Days and Road Safety Campaign**



**Ambuja Cement Leads Skill India Mission in Rajasthan**

# Ambuja Cement