



Q2/H1 FY19  
October 31, 2018

# Analyst Presentation



## Disclaimer

This presentation contains certain forward looking statements concerning L&T's future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements.

The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and the target countries for exports, ability to attract and

retain highly skilled professionals, time and cost over runs on contracts, our ability to manage our international operations, government policies and actions with respect to investments, fiscal deficits, regulations, etc., interest and other fiscal costs generally prevailing in the economy. Past performance may not be indicative of future performance.

The company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of the company.



# Presentation Outline



01

Group Performance Highlights

02

Group Performance Summary

03

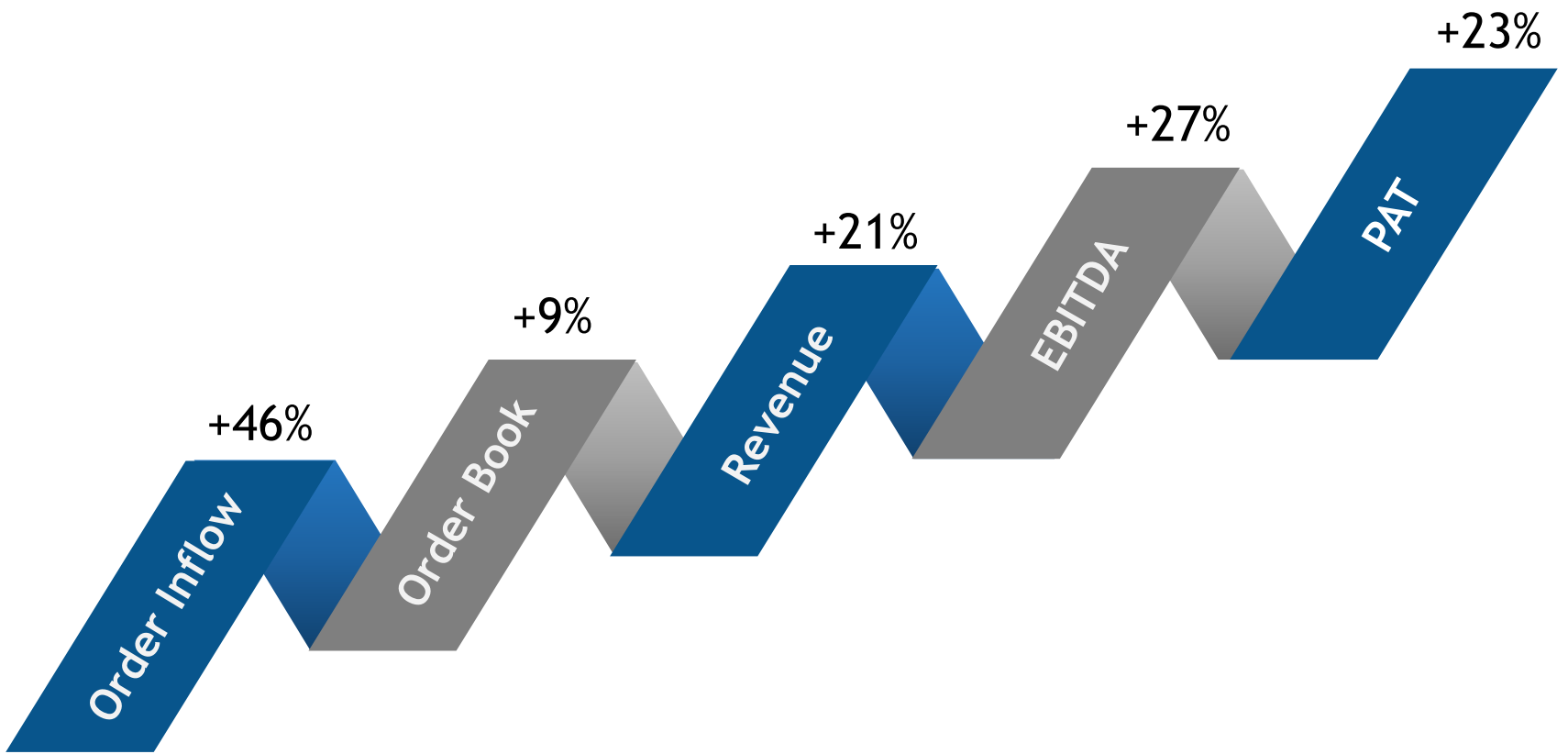
Segment / Key Subsidiaries

04

The Environment & the Outlook



# Performance Highlights -Q2 FY19





## Key Financial Indicators

Amount in ₹ bn

Q2 FY18	Q2 FY19	% Var	Particulars	H1 FY18	H1 FY19	% Var
287	419	46%	Order Inflow	551	781	42%
			Order Book	2575	2812	9%
264	321	21%	Revenue from Operations (like-to-like)	503	604	20%
30	38	27%	EBITDA	50	67	33%
18	22	23%	Reported PAT	27	34	27%
			Net Working Capital	20.7%	19.6%	-110bps
			RONW (TTM) (%)	14.0	15.2	+120bps



# Presentation Outline

01

Group Performance Highlights

02

Group Performance Summary

03

Segment / Key Subsidiaries

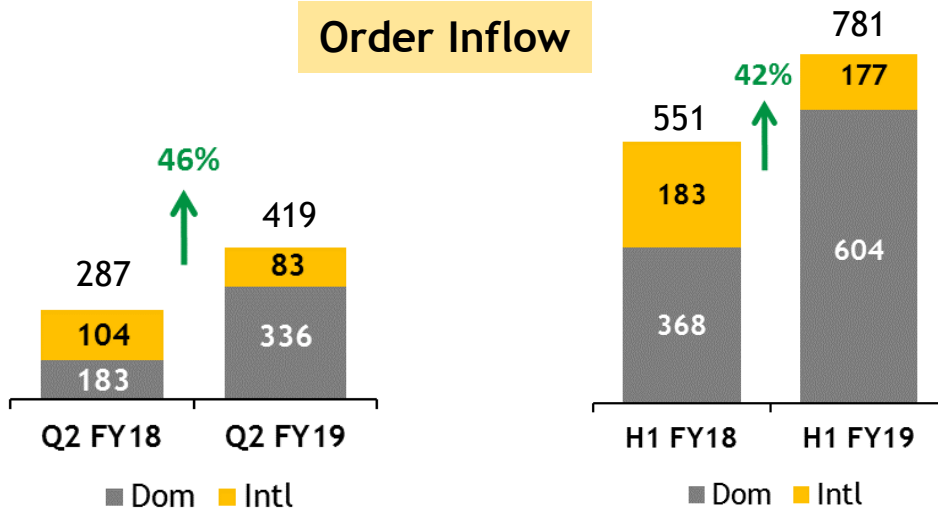
04

The Environment & the Outlook

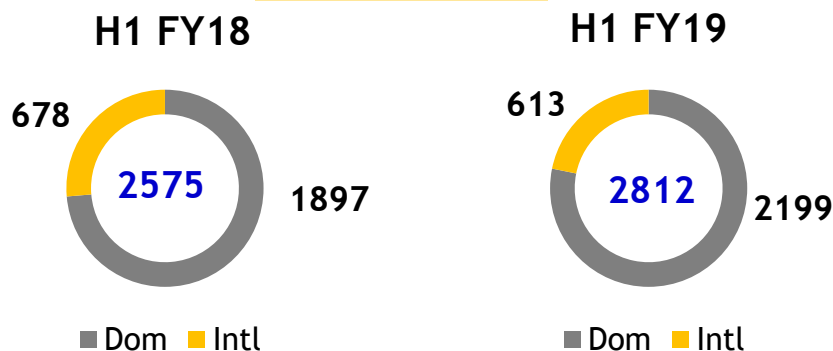
# Q2/H1 FY19 Order Inflow/Order Book

Amount in ₹ bn

## Order Inflow



## Order Book



- Strong tendering activity in domestic market. Lower share of International order wins
- Public sector continues to drive order inflows. Private sector investment remains subdued
- Order Inflow growth in Q2 mainly driven by Infrastructure, Power & Heavy Engineering



## Group Performance - Sales & Costs

Q2 FY18	Q2 FY19	% Var	₹ Billion	H1 FY18	H1 FY19	% Var	FY18
264	321	21%	Revenue (like-to-like)	503	604	20%	1,197
36%	33%	-3%	International Rev.	35%	34%	-1%	33%
166	199	20%	MCO Exp.	320	372	16%	773
15	18	18%	Fin. Charge Opex*	29	34	18%	60
38	46	20%	Staff Costs	73	89	21%	153
15	20	34%	Sales & Admin.	32	42	32%	77
235	283	21%	Total Opex	454	537	18%	1,063

\* Finance cost of financial services business and finance lease activity

- Revenue growth primarily contributed by Infra, Hydrocarbon, Realty and Services businesses
- MCO expense improves through operating efficiencies and cost optimisation
- Rise in staff cost due to resource augmentation in services business
- Cost provisions, business development expenses and credit cost increase SGA expenses



## Group Performance - EBITDA to PAT

Q2 FY18	Q2 FY19	% Var	₹ Billion	H1 FY18	H1 FY19	% Var	FY18
30	38	27%	<b>EBITDA</b>	50	67	33%	136
(4)	(4)	2%	Fin. Cost	(8)	(8)	1%	(15)
(4)	(5)	20%	Depreciation	(10)	(12)	18%	(19)
4	4	6%	Other Income	8	7	-13%	14
1	3	116%	Exceptional items	1	3	116%	1
(5)	(9)	63%	Tax Expense	(10)	(18)	81%	(32)
(1)	(1)		JV/S&A PAT Share	(1)	2		(4)
(2)	(4)	81%	Non-controlling Int.	(3)	(6)	84%	(6)
18	22	23%	<b>PAT</b>	27	34	27%	74

- Services, Heavy Engineering, Defence Engineering & Realty businesses drives EBITDA growth
- Efficient funds management contains finance cost
- Other income mainly comprises treasury earnings



# Presentation Outline



01

Group Performance Highlights

02

Group Performance Summary










03

Segment / Key Subsidiaries

04

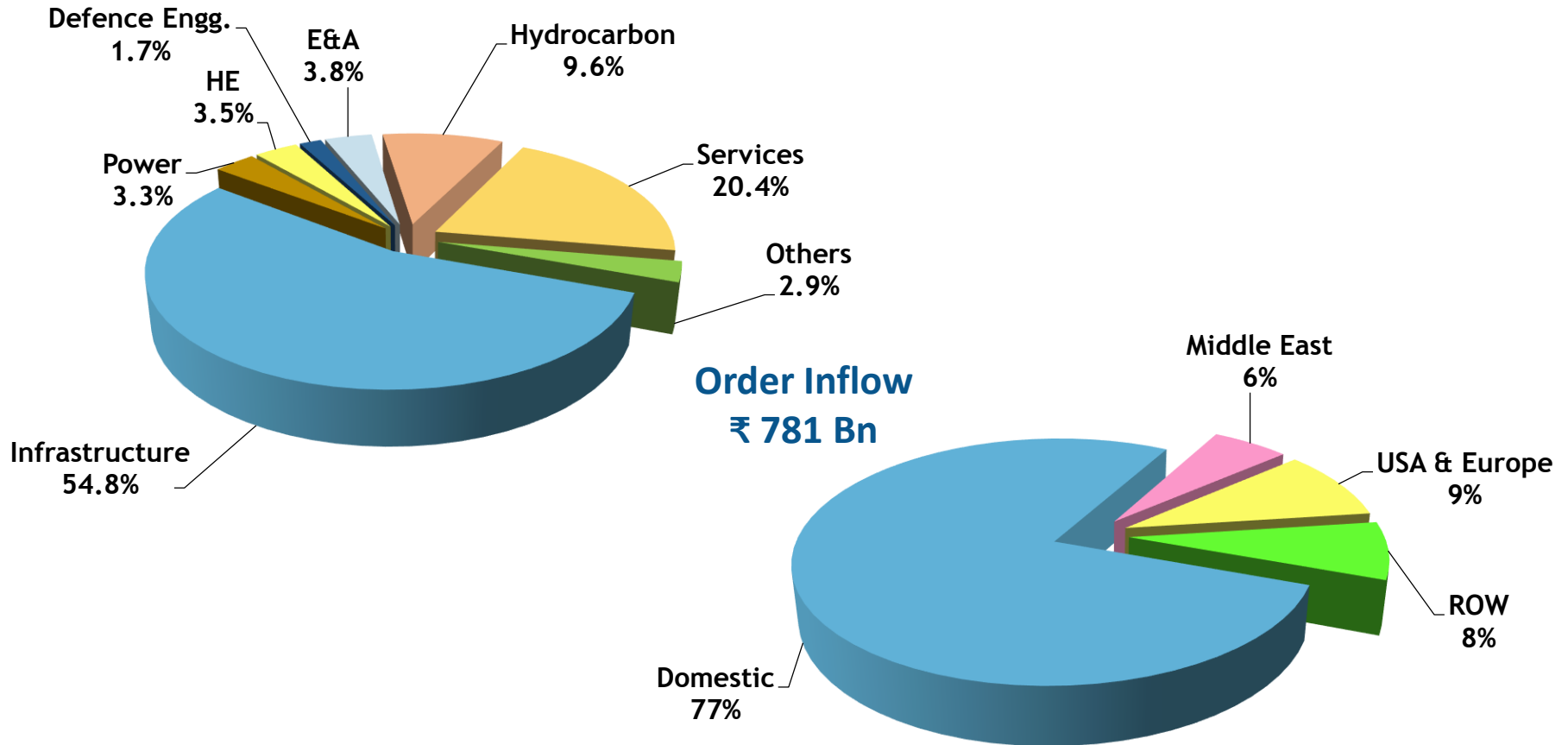
The Environment & the Outlook

# Segment Composition

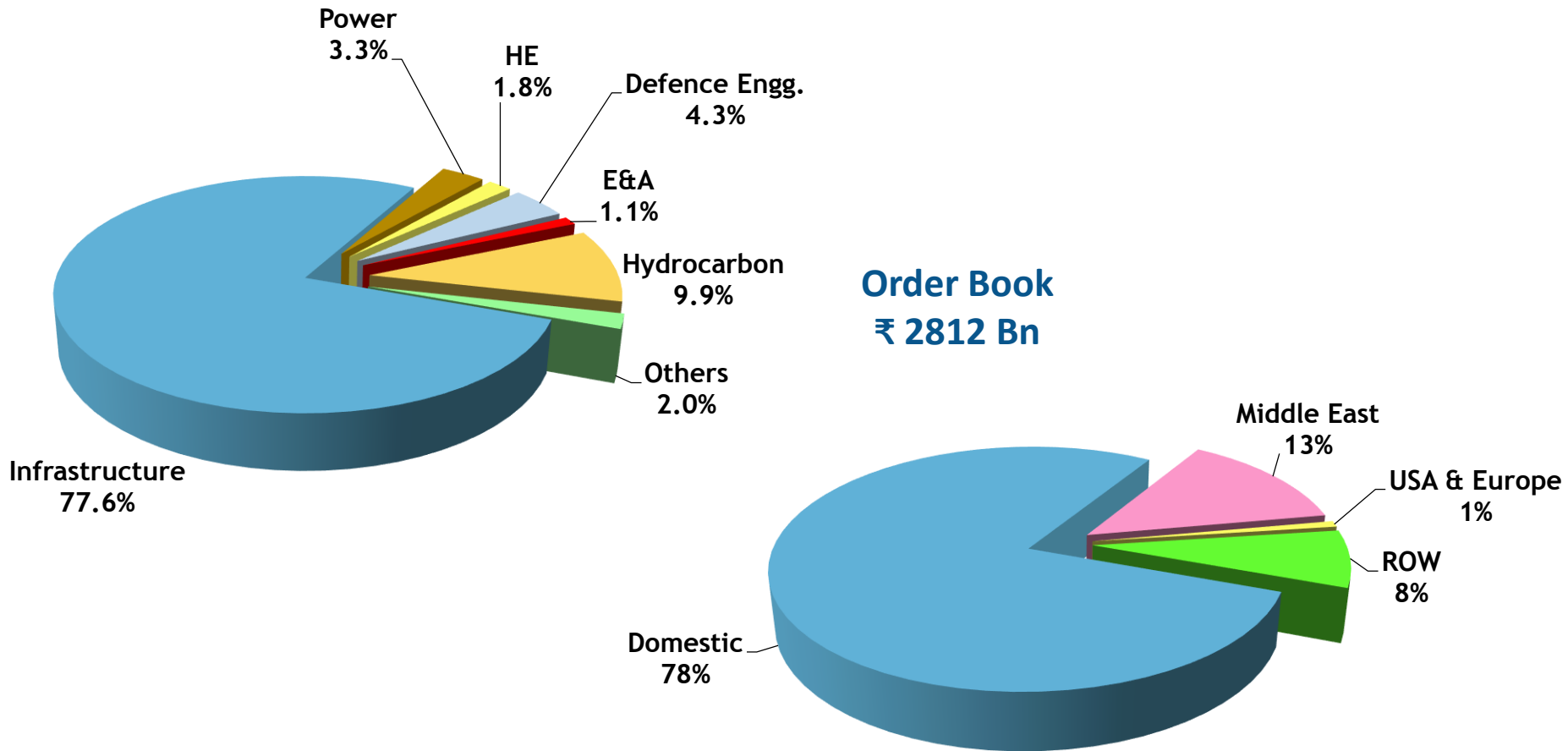
 Infrastructure	 Power	 Heavy Engineering	 Electrical & Automation	 Defence Engineering
Buildings & Factories (B&F)	EPC- Coal & Gas	Process Plant Equipment	Electrical Standard Products	Defence
Transportation Infra (TI)	Thermal Power Plant Construction	Nuclear Power Plant Equipment	Electrical Systems & Equipment	Aerospace
Heavy Civil infra (HC)	Electrostatic Precipitator	Piping Centre & Forgings *	Metering & Protection	Shipbuilding
Water & Effluent Treatment (WET)	Power Equipment Mfg. *		Control & Automation	
Power T&D (PT&D)				
Metallurgical & Mat. Handling (MMH)				
Smart World & Comm.(SW&C)				
 Hydrocarbon	 Developmental Projects	 IT & TS	 Financial Services	Others
Onshore	Roads *	Information Technology	Rural Lending	Realty
Offshore	Metros	Technology Services	Housing Finance	Industrial Products & Machinery
	Power		Wholesale Finance	
			Asset Management	

\* Consolidated at PAT level

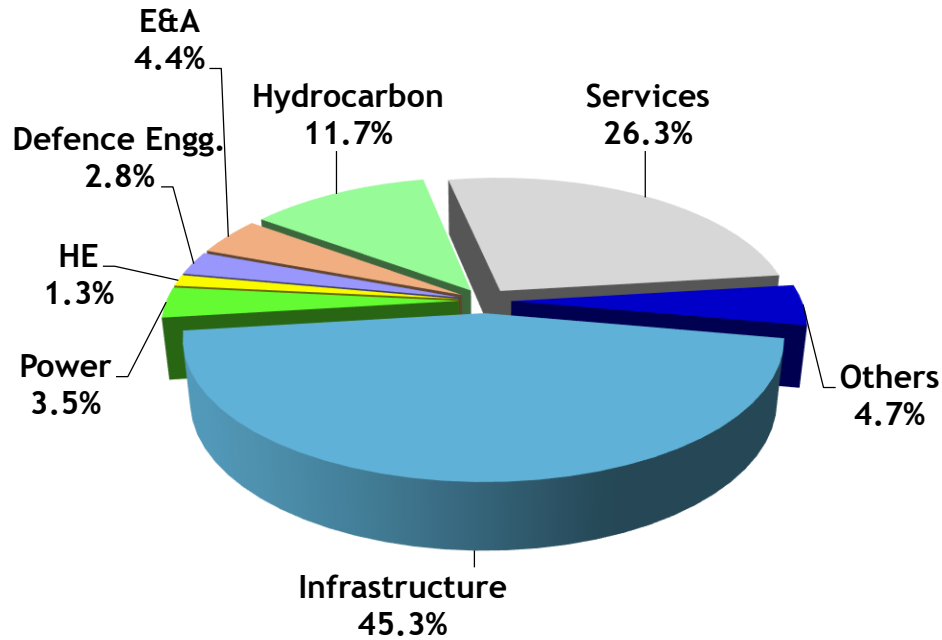
# H1 FY19 Order Inflow Composition



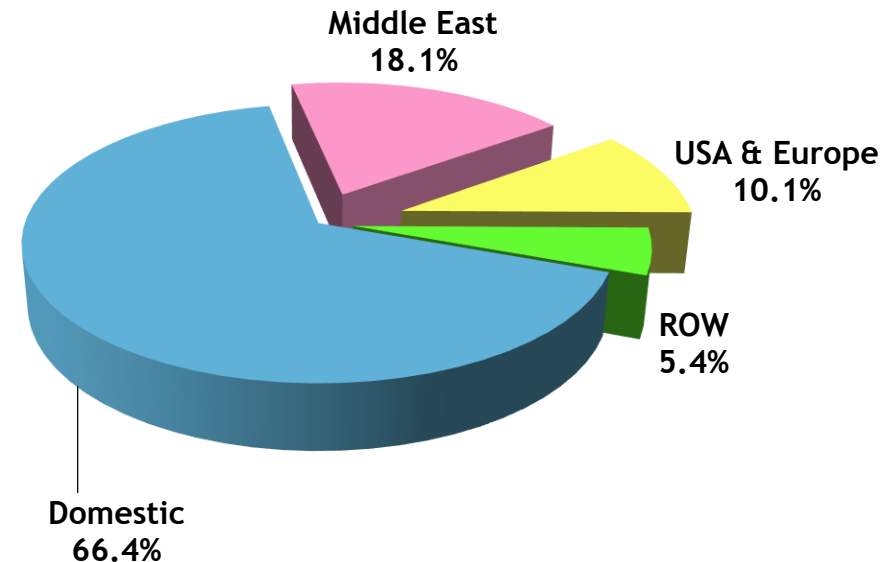
# H1 FY19 Order Book Composition

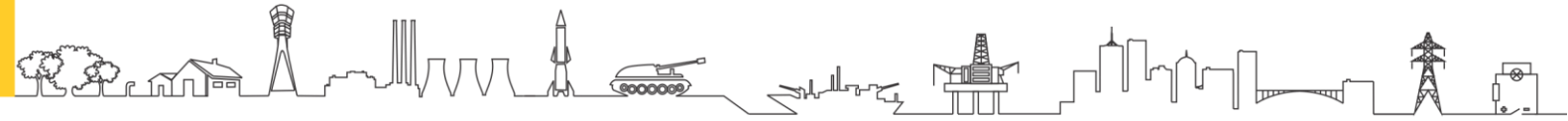


# H1 FY19 Revenue Composition



Revenue  
₹ 604 Bn

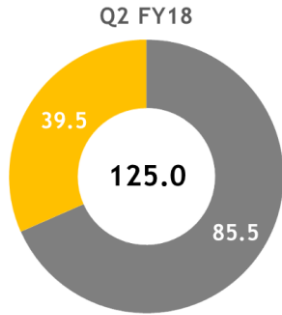




# Infrastructure Segment

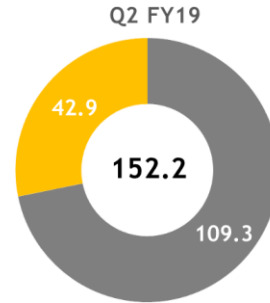
Amount in ₹ bn

## Net Revenue



■ Dom ■ Int

**7.4%**



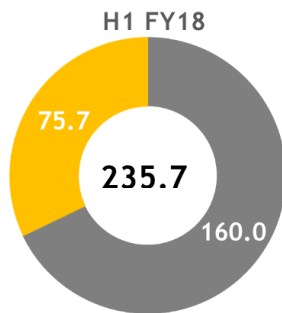
■ Dom ■ Int

**6.8%**

**22%**

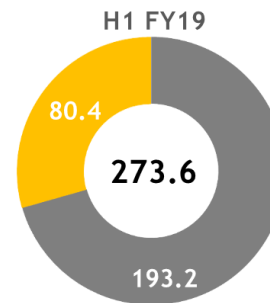


**EBITDA Margin**



■ Dom ■ Int

**7.3%**



■ Dom ■ Int

**6.8%**

**16%**

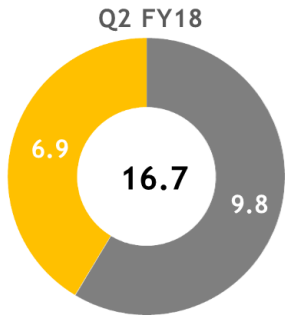


**EBITDA Margin**

- Strong growth witnessed across business verticals
- Pickup in domestic execution
- Margin reflects stage of execution & job mix

# Power Segment

Amount in ₹ bn



■ Dom ■ Int

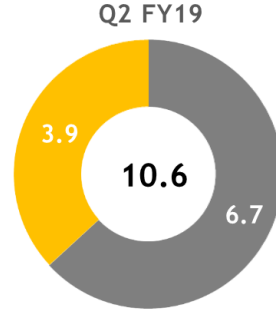
**5.4%**

Net Revenue

36%

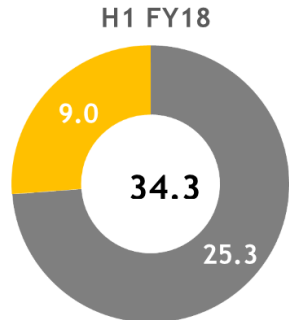


**EBITDA Margin**



■ Dom ■ Int

**6.0%**



■ Dom ■ Int

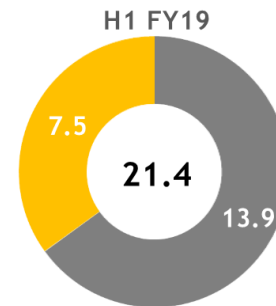
**3.3%**

Net Revenue

38%



**EBITDA Margin**



■ Dom ■ Int

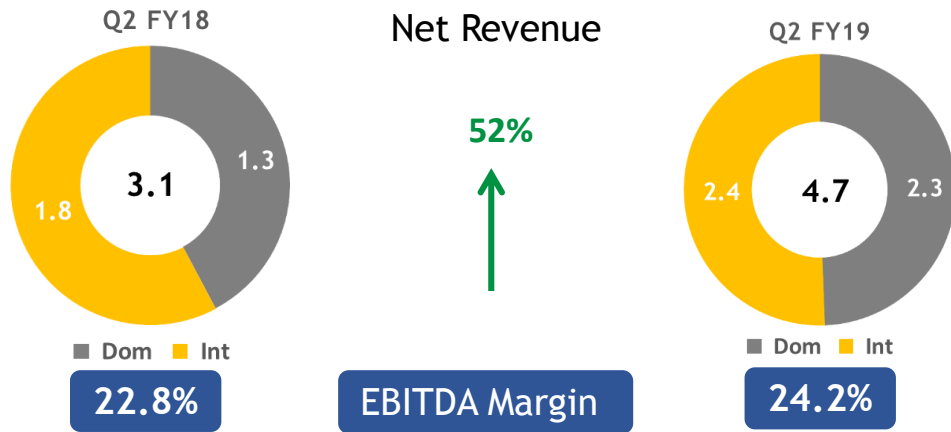
**5.0%**

- Limited opportunities and aggressive competition in the sector continues to impact business performance
- Revenue decline reflects low order book
- Profits of MHPS and other JV companies are consolidated at PAT level under equity method

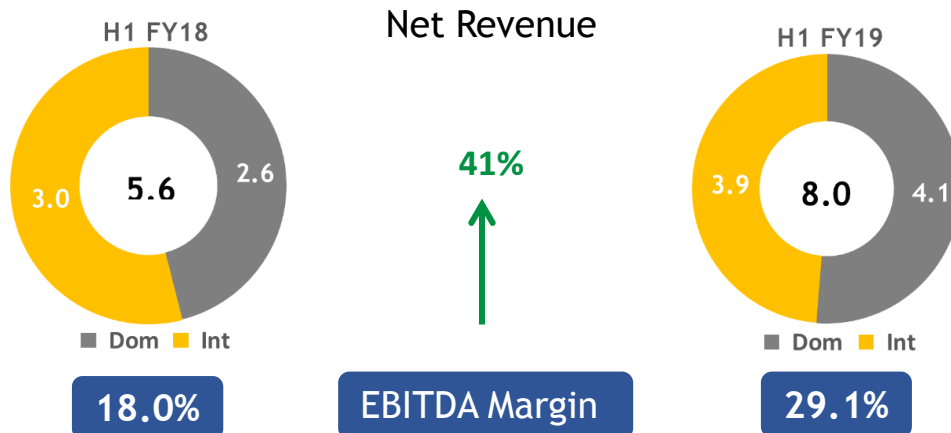


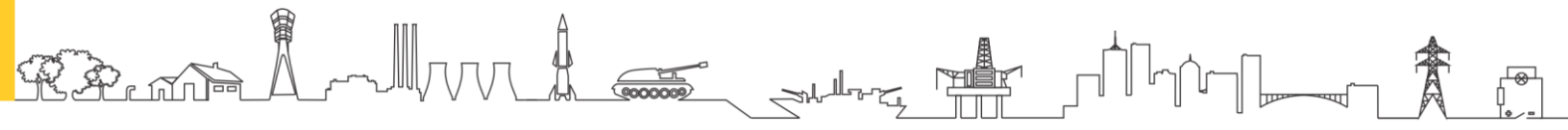
# Heavy Engineering Segment

Amount in ₹ bn



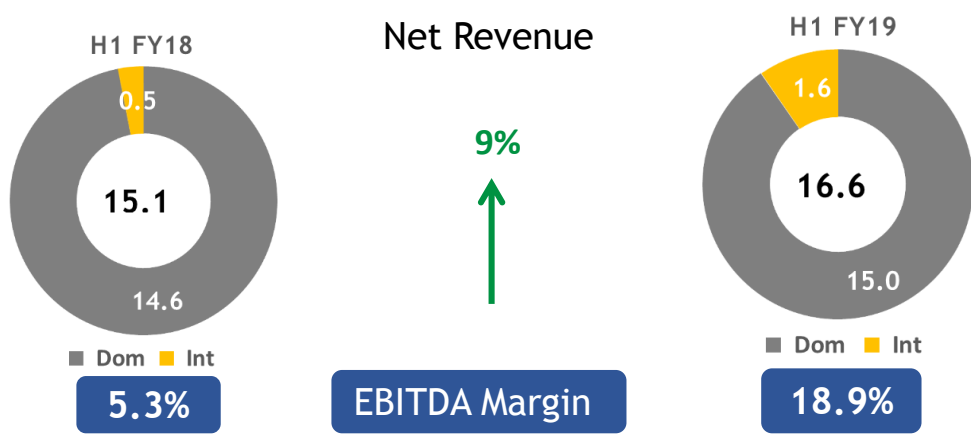
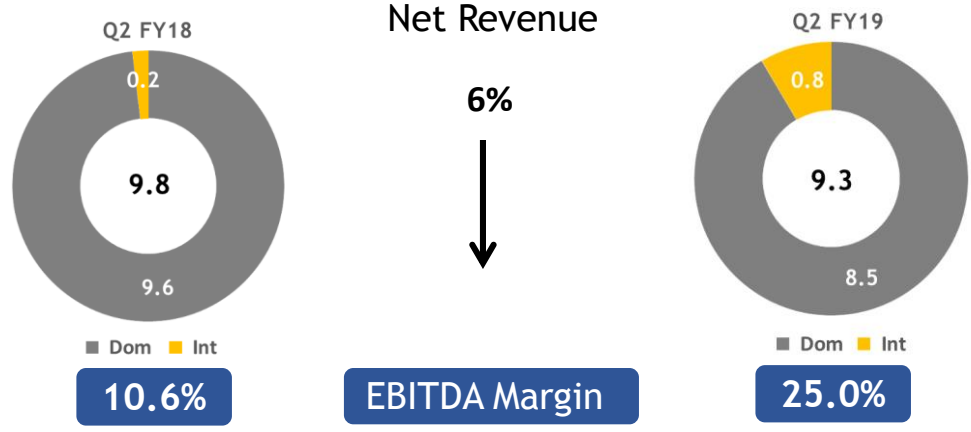
- Revenue growth predominantly driven by Oil & Gas and Nuclear sectors
- International markets showing strong traction
- Global competence, better working capital management and job status yields strong margin





# Defence Engineering Segment

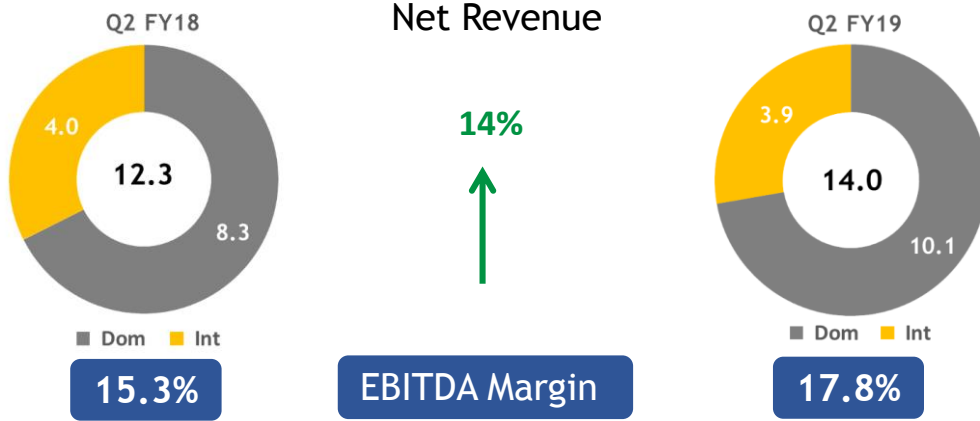
Amount in ₹ bn



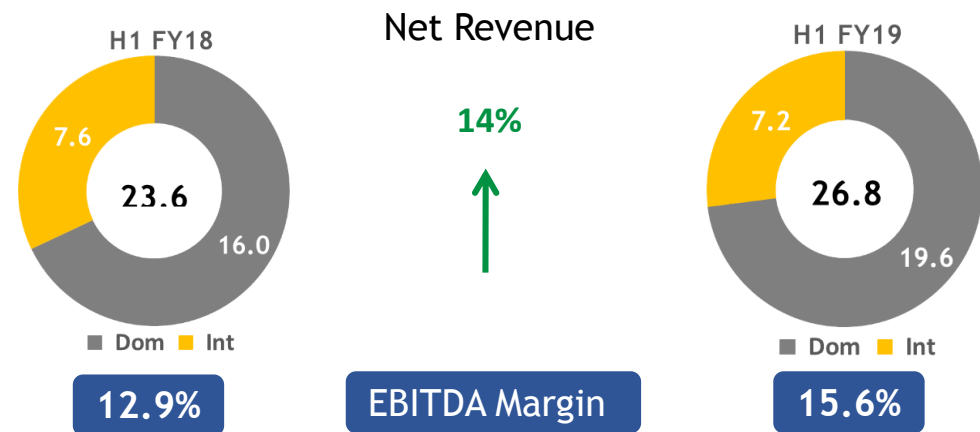
- Execution of tracked gun order contributing to revenues
- Margin variation due to stage of execution and job mix

# Electrical & Automation Segment

Amount in ₹ bn

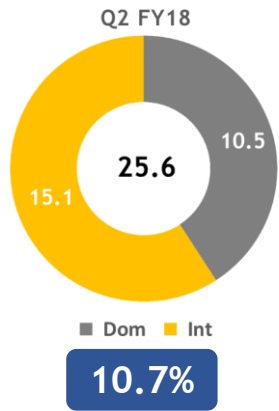


- Revenue growth mainly from Product business arising out of higher offtake from Buildings and Industrial verticals
- Margin growth led by operational efficiencies & improved realisation



# Hydrocarbon Segment

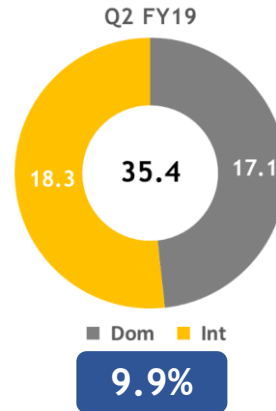
Amount in ₹ bn



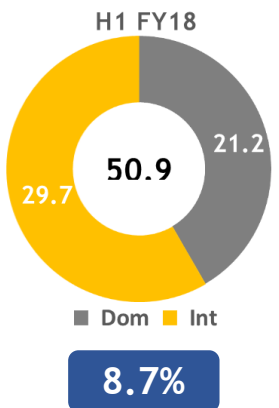
Net Revenue

38% ↑

EBITDA Margin



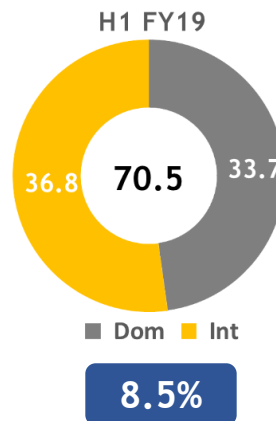
- Higher Order Book and efficient execution leads to strong revenue growth
- Margin variation due to execution stage and job mix



Net Revenue

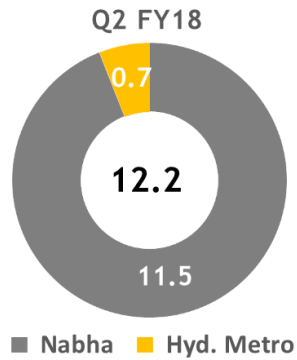
38% ↑

EBITDA Margin



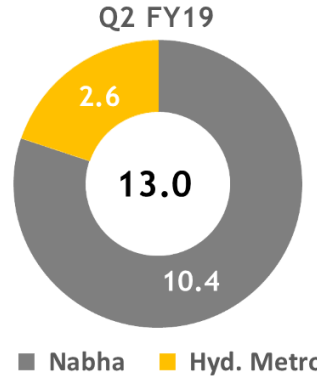
# Developmental Projects Segment

Amount in ₹ bn



Net Revenue

6% ↑



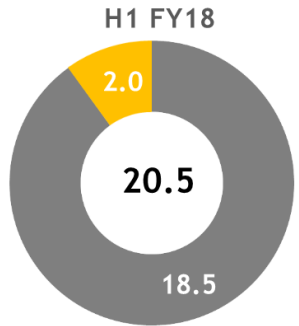
■ Nabha ■ Hyd. Metro

32.2%

EBITDA Margin

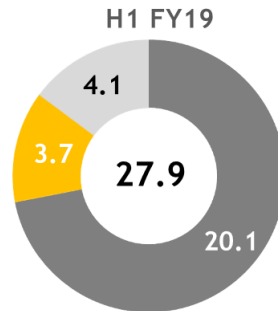
■ Nabha ■ Hyd. Metro

4.3%



Net Revenue

36% ↑



■ Nabha ■ Hyd. Metro

17.5%

EBITDA Margin

■ Nabha ■ Hyd. Metro ■ Kattupalli Port

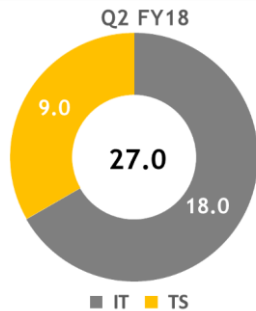
18.3%

- Segment includes Power Development business, Hyderabad Metro and Kattupalli Port (until divestment)
- Nabha Power revenue enhanced by higher PLF; PY includes lumpy revenue
- Hyderabad Metro: Partial CoD of 30 Km in Nov 2017 & 16 km in Sept 2018
- IDPL (Roads & TL) consolidated at PAT level under Equity method

# IT & Technology Services Segment

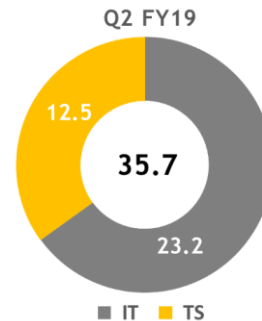
Amount in ₹ bn

## Net Revenue



21.7%

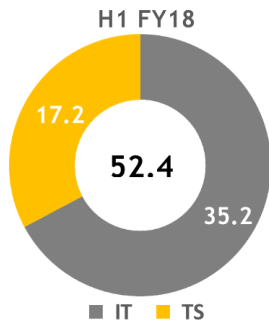
32%



24.1%

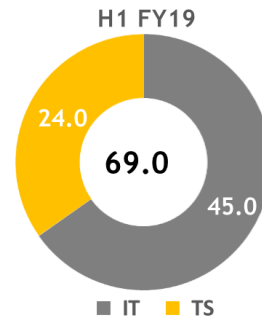
EBITDA Margin

## Net Revenue



21.6%

32%



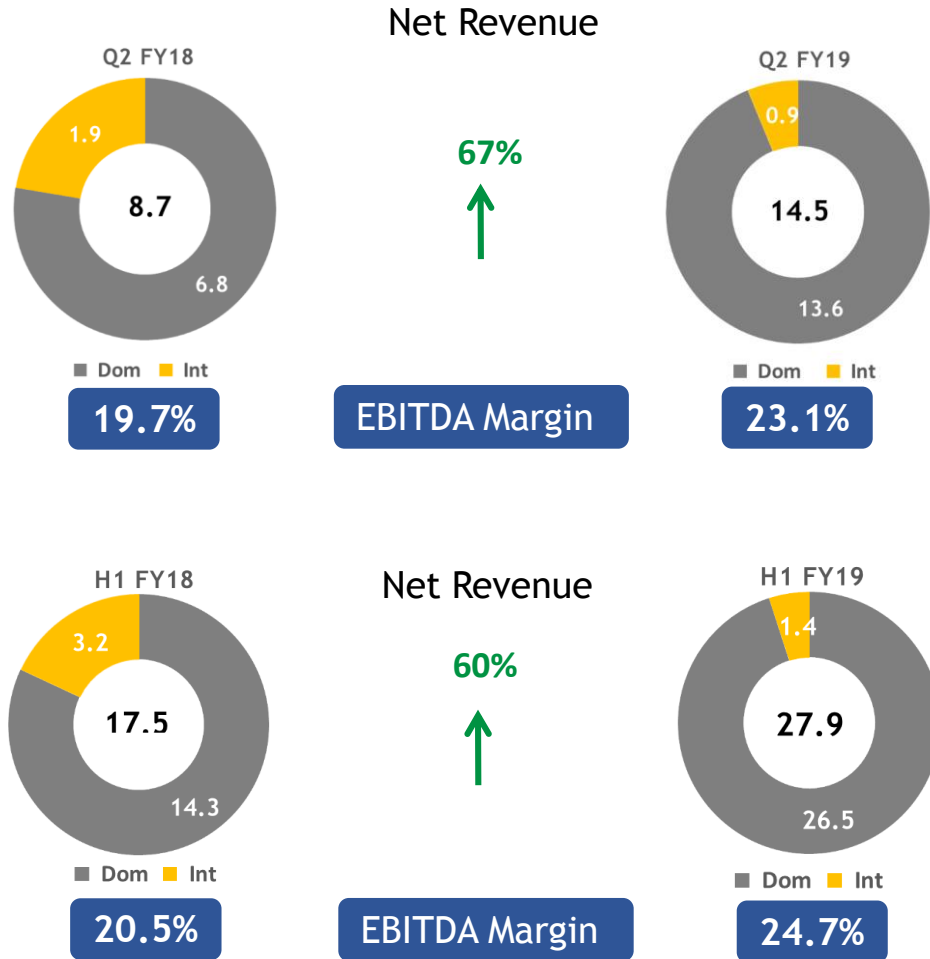
24.5%

EBITDA Margin

- Strong growth by LTI & LTTS
- Focus on client mining and product offerings based on Digital & Other new technologies
- LTI Q2 revenue growth led by BFS, CPG, Retail & Pharma and High-Tech, Media & Entertainment verticals
- LTTS Q2 revenue growth led by Telecom & Hi-Tech, Transportation and Process Industry verticals
- EBITDA Margin improvement aided by currency and operational efficiencies

# Others Segment

Amount in ₹ bn



- Segment comprises Industrial Products & Machinery (IPM) and Realty business; PY includes Welding Products Business
- Revenue & Margin growth largely contributed by Realty business
- Modest Revenue growth in Construction & Mining Business



## L&T Finance Holdings

Q2 FY 18	Q2 FY 19	% Var	₹ Bn	H1 FY 18	H1 FY 19	% Var
26.1	33.3	27%	Total Income	49.4	64.8	31%
3.4	5.6	65%	PAT	6.8	11.0	61%
Mutual Fund Average AUM				527.4	737.5	40%
Net Loan Book				656.9	833.4	27%
Gross Stage 3 Assets				11.0%	7.1%	-385bps
Net Stage 3 Assets				5.4%	2.8%	-261 bps
Networth				78.2	123.2	57%

- Strong growth driven by Rural segment and Investment management businesses
- Focus on increased retailisation, stable NIMs, increase in fee based income and low credit costs with an overarching goal of delivering top quartile ROE
- Business is geared to handle ALM, Interest rate risk and liquidity in the current volatile environment

*Note: Gross Stage 3 Assets include GNPA > 90 DPD + Impaired assets (S4A, SDR, 5:25, etc.) where regulatory forbearances are available + Identified standard assets which are under incipient stress*





# Presentation Outline



01

Group Performance Highlights

02

Group Performance Summary

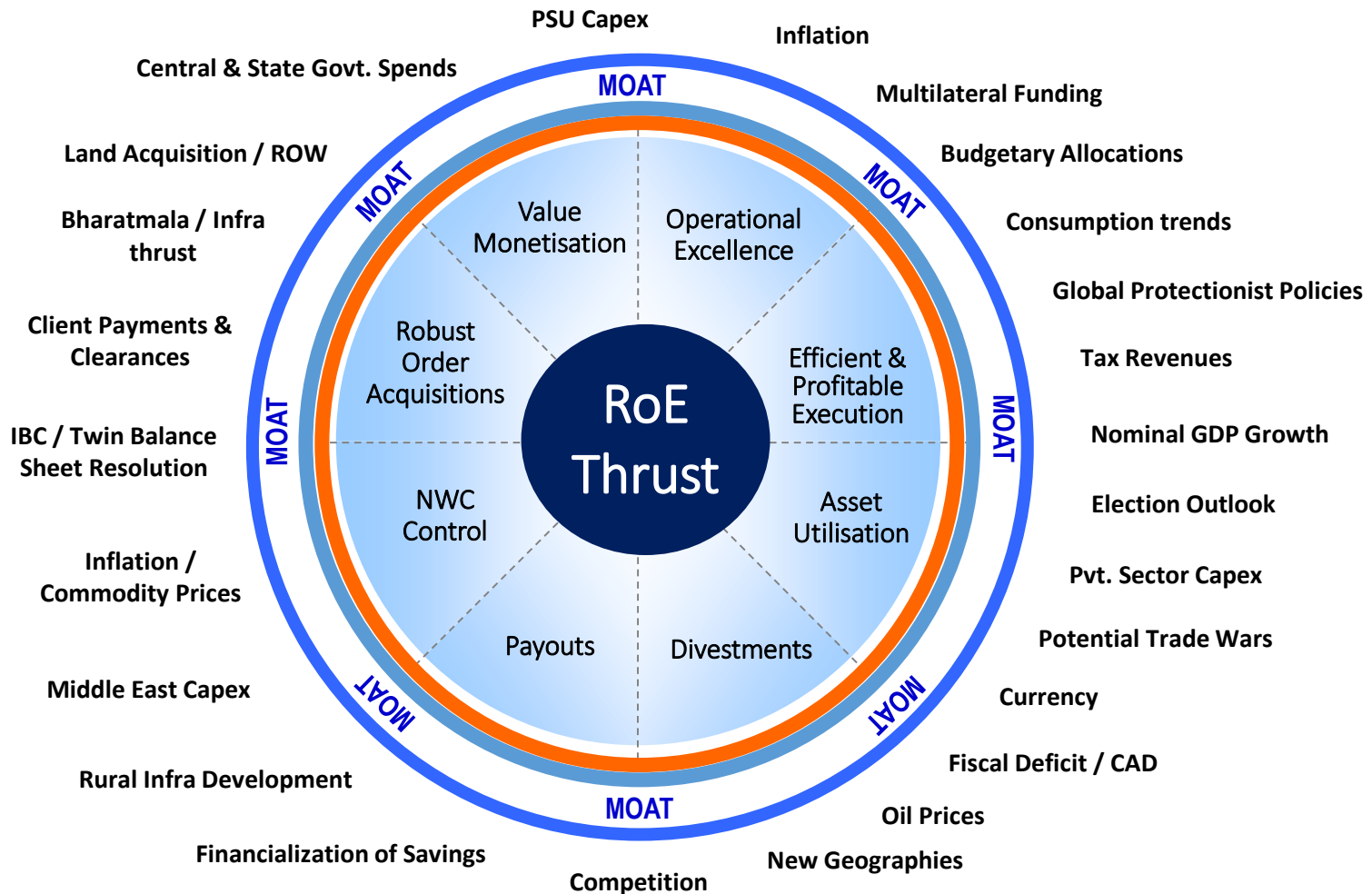
03

Segment / Key Subsidiaries

04

The Environment & the Outlook

# The Environment & the Outlook





**Thank You**

*Turn overleaf for Annexures*

## Group Profit & Loss Extracts

₹ Billion	IT & TS	Fin. Services	Devl. Projects	L&T & Others (Incl. Eliminations)	L&T Group		
					H1 FY19	H1 FY18	% Var
Income from Operations*	69.0	62.0	27.9	444.8	603.6	504.4	20%
EBITDA	15.1	14.1	5.2	32.4	66.8	50.4	33%
Other Income	1.8	1.4	(0.1)	3.6	6.7	7.7	-13%
Interest Expenses	(0.1)	(0.0)	(0.8)	(6.8)	(7.7)	(7.6)	1%
Depreciation	(1.3)	(0.2)	(1.7)	(8.4)	(11.6)	(9.8)	18%
Provision for Taxes	(3.9)	(3.6)	(0.5)	(10.1)	(18.2)	(10.0)	81%
Share in profit/(loss) of JVs / Associates	-	-	1.7	(0.0)	1.6	(1.5)	
Adjustments for Non-Controlling Interest in S&A	(2.0)	(4.2)	0.0	(0.0)	(6.2)	(3.4)	
Exceptional Items	-	-	-	2.9	2.9	1.4	116%
<b>Net PAT</b>	<b>9.5</b>	<b>7.4</b>	<b>3.8</b>	<b>13.7</b>	<b>34.4</b>	<b>27.1</b>	<b>27%</b>

\*Income from operations does not include Excise duty from 1<sup>st</sup> July, 2017



## Balance Sheet

₹ Billion	Sep-18	Mar-18	Incr / (Decr)
Equity & Reserves	563	549	14
Non Controlling Interest	61	52	9
Borrowings - Financial Services	853	752	100
Development Projects	184	178	6
Others	199	145	54
<b>Sources of Funds</b>	<b>1,860</b>	<b>1,676</b>	<b>183</b>
Fixed Assets	127	128	(1)
Intangible Assets & Investment Property	202	192	9
Loans towards Financing Activities	834	772	62
Finance lease receivable	91	93	(1)
Net Non-Current Assets	166	142	24
Current Investments, Cash & Cash Equivalents	216	174	41
Net Current Assets	224	175	49
<b>Application of Funds</b>	<b>1,860</b>	<b>1,676</b>	<b>184</b>

## Cash Flow

Q2 FY19	Q2 FY18	₹ Billion	H1 FY19	H1 FY18
42.5	30.7	Operating Profit	70.4	52.2
(7.4)	(10.0)	Changes in Working Capital	(39.1)	(44.5)
(11.0)	(9.0)	Direct Taxes paid	(20.5)	(16.9)
<b>24.1</b>	<b>11.7</b>	<b>Net Cash from Operations (A)</b>	<b>10.9</b>	<b>(9.2)</b>
(7.2)	(7.6)	Net Investment in Fixed Assets (incl. Intangible)	(13.8)	(14.0)
(10.6)	0.8	Net (Purchase)/ Sale of Long Term investments	(7.3)	(2.6)
(66.0)	(5.2)	Net (Purchase)/ Sale of Current investments	(81.7)	(3.6)
(0.3)	(0.8)	Loans/Deposits made with JV/Associate Cos.	(0.8)	(3.4)
0.9	3.4	Interest & Dividend Received	3.3	4.4
<b>(83.3)</b>	<b>(9.5)</b>	<b>Net Cash from/(used in) Invest. Act. (B)</b>	<b>(100.3)</b>	<b>(19.1)</b>
24.7	(1.5)	Issue of Share Capital / Minority	30.6	2.6
137.5	51.7	Net Borrowings	166.3	82.2
(55.2)	(40.2)	Disbursements towards financing activities*	(72.2)	(23.5)
(32.8)	(29.5)	Interest & Dividend paid	(42.1)	(36.1)
<b>74.2</b>	<b>(19.6)</b>	<b>Net Cash from Financing Activities (C)</b>	<b>82.6</b>	<b>25.2</b>
<b>15.0</b>	<b>(17.4)</b>	<b>Net (Dec) / Inc in Cash &amp; Bank (A+B+C)</b>	<b>(6.8)</b>	<b>(3.1)</b>



## Share in Profit/(Loss) of JVs/Associates

Q2 FY18	Q2 FY19	₹ Bn	H1 FY18	H1 FY19
0.33	0.39	MHPS JVs	0.77	0.81
(0.92)	(0.88)	IDPL & Subs.	(1.33)	1.67
(0.50)	(0.35)	Special Steels and Heavy Forgings	(1.01)	(0.71)
(0.02)	(0.13)	Others	0.10	(0.14)
<b>(1.11)</b>	<b>(0.96)</b>	<b>Total</b>	<b>(1.48)</b>	<b>1.63</b>



## Concessions Business Portfolio - 14 SPVs



**Roads and Bridges:**  
Portfolio: 10 projects (1048 Km)  
10 Operational  
Project Cost: ₹108 bn



**Transmission Lines:**  
Portfolio: 1 project (482 Km)  
- Operational  
Project Cost: ₹15 bn

**Balance Equity Commitment  
(Sep 2018): ₹ 8 Bn**

**Equity Invested at SPV level  
(Sep 2018): ₹ 83 Bn**

**Total Project Cost  
(Sep 2018): ₹406 Bn**



**Power (Excl. Projects under DPR):**  
Portfolio: 2 projects (1499 MW)  
1 Operational  
Project Cost: ₹112 bn



**Metros:**  
Portfolio: 1 project (71.16 Km)  
- Under-implementation  
Project Cost (Fin. Closure): ₹170 bn