LARSEN & TOUBRO

Analyst Presentation
Q3 / 9M FY23

January 30th, 2023



Mumbai-Ahmedabad High Speed Rail Project



Veridian Powai (Representative Image)

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.

01 Key Highlights



Mauritius Light Rail Transit (LRT)

Buoyant Quarter: Strong All-Round Performance

Top Line

Order Inflows: **21% y-o-y** ↑

Revenue: **17% y-o-y** ↑

Order Book: **14% y-o-y** ↑

Bottom Line

Recurring PAT: **20% y-o-y** ↑

Liquidity & Balance Sheet

Improved NWC Ratio: @ **19%**

Healthy Gross & Net Debt levels

ROE

ROE improves to 12.4% (TTM)

Reduced capital intensity to improve return ratios over time

Other Important Highlights

Services Portfolio

Financial Services : Retailisation strategy continues; conclusion of MF sale

IT&TS: Merger of LTI & Mindtree

Concessions

Metro: Improved operations

IDPL: Divestment announced

"Repositioned India": Leading Growth with Stability

Key Financial Indicators

(Amount in Rs. bn)

Q3 FY22	Q2 FY23	Q3 FY23	(y-o-y)	(q-o-q)	Particulars	9M FY22	9M FY23	(y-o-y)
504	519	607	21%	17%	Order Inflow	1191	1544	30%
					Order Book	3404	3866	14%
396	428	464	17%	8%	Revenue	1037	1250	21%
11.4%	11.4%	10.9%			EBITDA (%)	11.3%	11.1%	
21	22	25	20%	10%	Recurring PAT	50	64	29%
21	22	26	24%	15%	Overall PAT	50	65	28%

Particulars	9M FY22	9M FY23
Net Working Capital	22.9%	19.0%
ROE (TTM) (%)	11.0%	12.4%

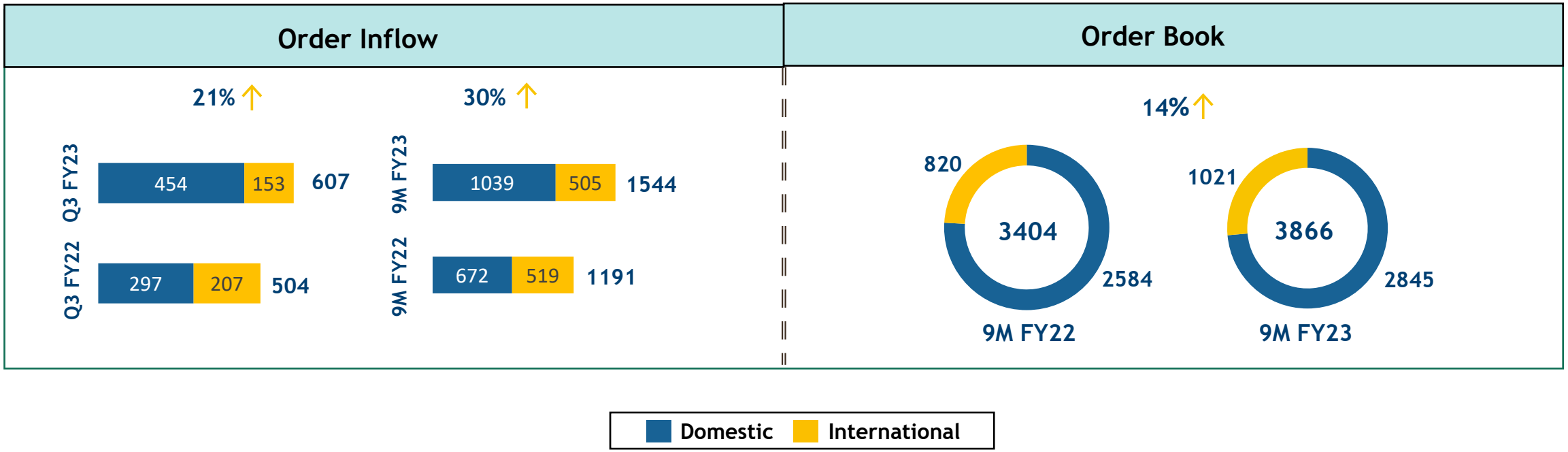
02 Group Performance



Crude and Vacuum Distillation Unit (CDU/VDU), Vizag

Q3/9M FY23 Order Inflow/Order Book

(Amount in Rs. bn)



- Pickup in domestic order inflows in Q3 led by Infrastructure & Hydrocarbon
- Healthy tendering and awarding activity; private sector project announcements gain momentum
- Strong prospects pipeline for Q4
- International orders constitute 26% of the Dec'22 order book

Group Performance – Sales & Costs

Q3 FY22	Q3 FY23	% Var	Rs Billion	9M FY22	9M FY23	% Var
395.6	**463.9**	**17%**	Revenue	**1036.7**	**1250.1**	**21%**
37%	*37%*		*International Rev.*	*37%*	*37%*	
238.8	278.1	**16%**	MCO Exp.*	591.3	726.2	**23%**
14.5	15.8	**9%**	Fin. Charge Opex**	45.1	45.1	**0%**
76.2	95.3	**25%**	Staff Costs	217.3	272.3	**25%**
20.8	24.0	**15%**	Sales & Admin.	66.1	67.2	**2%**
350.3	413.2	**18%**	Total Opex	919.8	**1110.9**	**21%**
45.3	**50.7**	**12%**	**EBITDA**	**116.9**	**139.2**	**19%**
11.4%	**10.9%**		**EBITDA %**	**11.3%**	**11.1%**	

**** Manufacturing, Construction and Operating expenses***
*****Finance cost of financial services business and finance lease activity***

Remarks for the quarter

- Infrastructure and IT&TS businesses drive revenue growth
- MCO expense variation is reflective of activity levels, job mix and cost pressures
- Resource augmentation and salary hikes across services businesses drives staff cost
- SG&A benefits from lower credit cost in FS
- Drop in EBIDTA margin mainly due to merger integration costs in LTIMindtree and higher staff cost in services portfolio

Group Performance – Profit Parameters

Q3 FY22	Q3 FY23	% Var	Rs Billion	9M FY22	9M FY23	% Var
45.3	**50.7**	**12%**	**EBITDA**	**116.9**	**139.2**	**19%**
(8.1)	(8.0)	**-1%**	Finance Cost	(24.2)	(23.9)	**-1%**
(7.3)	(8.3)	**13%**	Depreciation	(21.8)	(26.5)	**22%**
5.7	7.6	**32%**	Other Income	17.5	21.9	**21%**
(10.6)	(12.7)	**20%**	Tax Expense	(26.5)	(30.2)	**14%**
0.2	(0.1)	**-**	JV/S&A PAT Share	(0.0)	(1.1)	**-**
(4.6)	(4.7)	**1%**	Non-controlling Interest	(12.3)	(15.5)	**26%**
20.5	**24.6**	**20%**	**Recurring PAT**	**49.5**	**63.9**	**29%**
0.0	1.0		Exceptionals (net of tax and NCI)	1.0	1.0	
20.5	**25.5**	**24%**	**Reported PAT**	**50.5**	**64.8**	**28%**

Remarks for the quarter

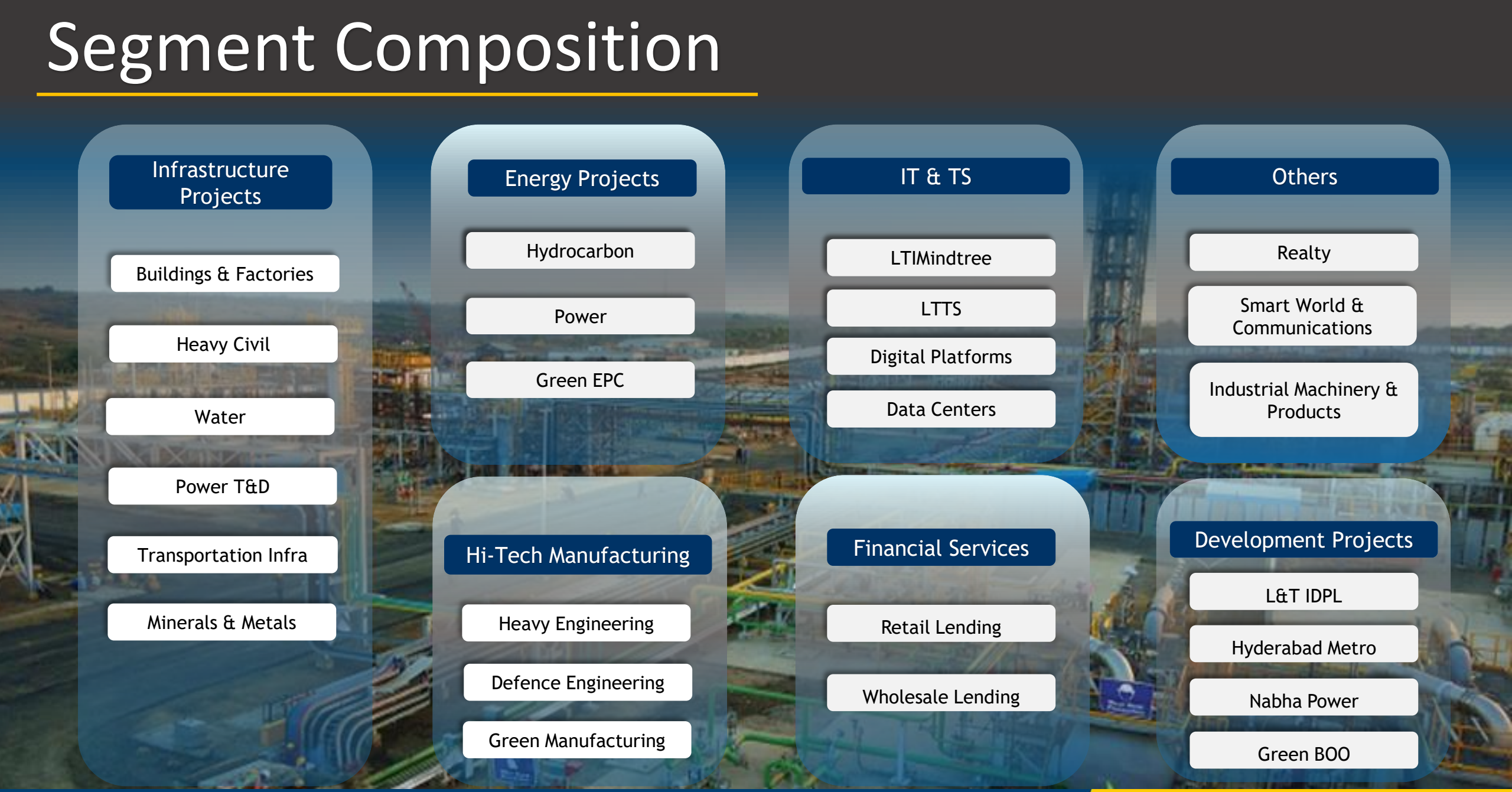
- Savings due to Metro refinancing is partly offset by higher finance cost at Parent
- Other income reflective of level of treasury investments & yields during the quarter
- Share of JV / Associate PAT primarily comprises results of L&T IDPL and Power JVs
- Exceptionals include gain on divestment of Mutual Fund business offset by one time charge on remeasurement of the wholesale loan assets in FS



03 Segment Performance Highlights

Delhi-Vadodara Expressway (Kanderwasa to Bawadi Village Pkg)

Segment Composition



Infrastructure Projects

- Buildings & Factories
- Heavy Civil
- Water
- Power T&D
- Transportation Infra
- Minerals & Metals

Energy Projects

- Hydrocarbon
- Power
- Green EPC

IT & TS

- LTIMindtree
- LTTS
- Digital Platforms
- Data Centers

Others

- Realty
- Smart World & Communications
- Industrial Machinery & Products

Hi-Tech Manufacturing

- Heavy Engineering
- Defence Engineering
- Green Manufacturing

Financial Services

- Retail Lending
- Wholesale Lending

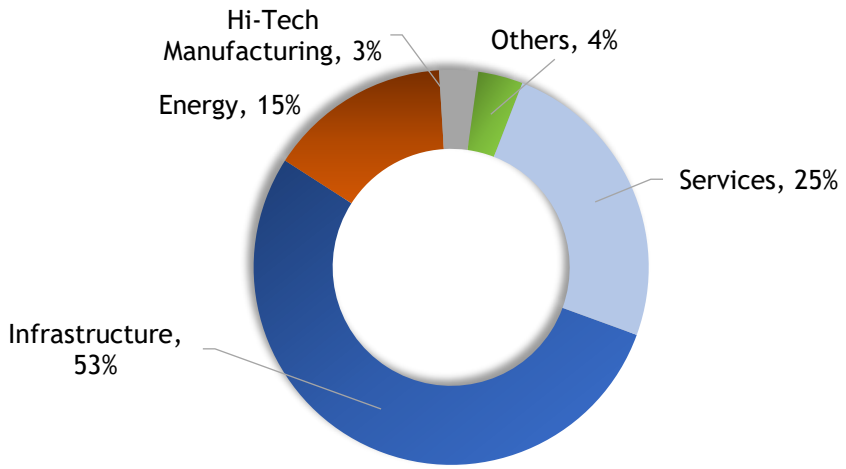
Development Projects

- L&T IDPL
- Hyderabad Metro
- Nabha Power
- Green BOO

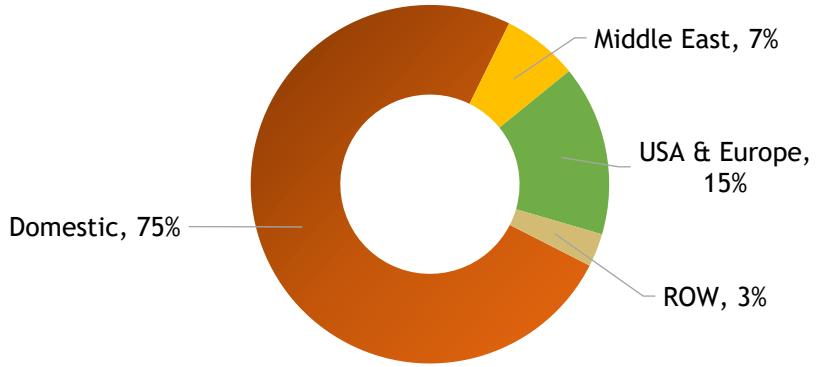
Order Inflow Composition - Q3 / 9M FY23

Q3 FY23 Rs. 607 Bn

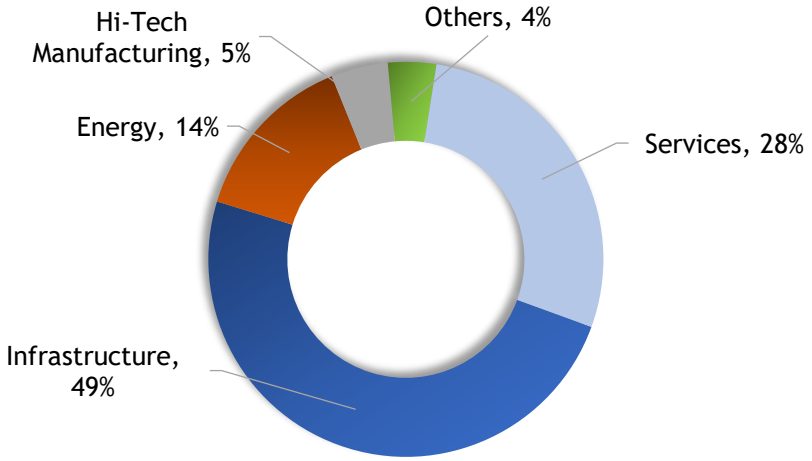
Segment

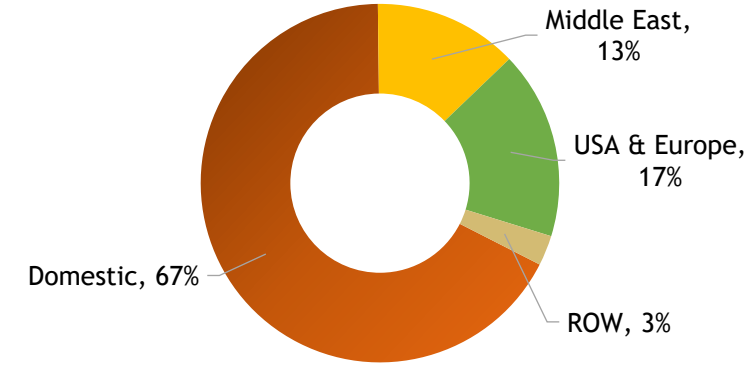


Geography



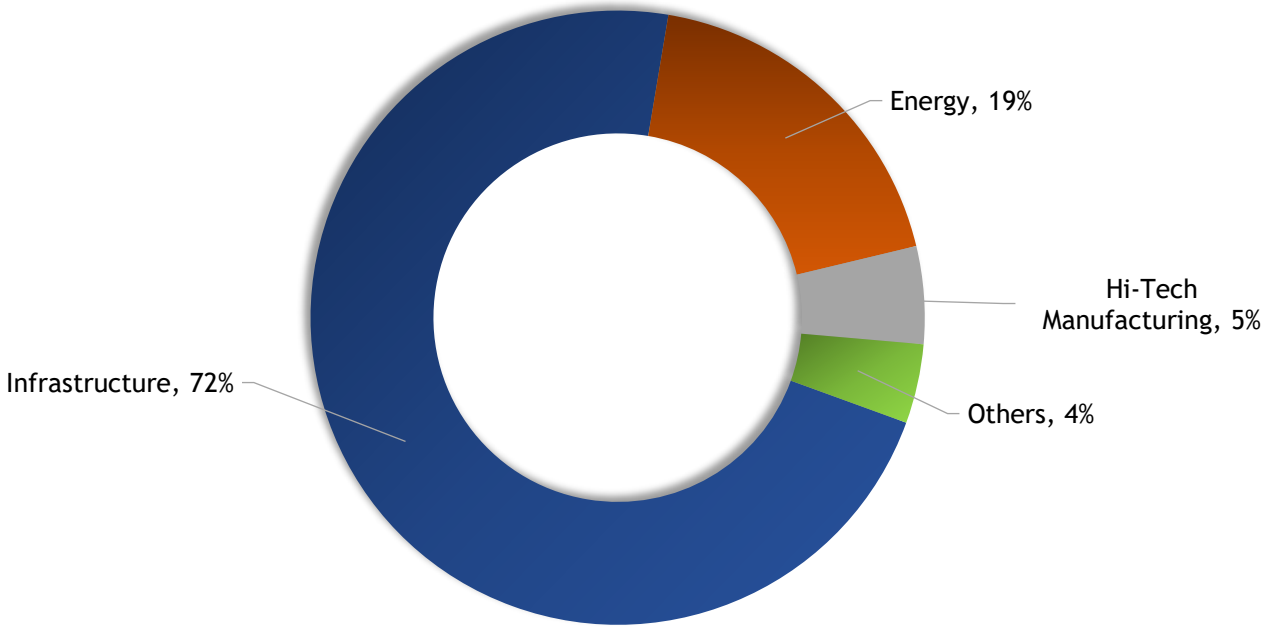
9M FY23 Rs. 1544 Bn



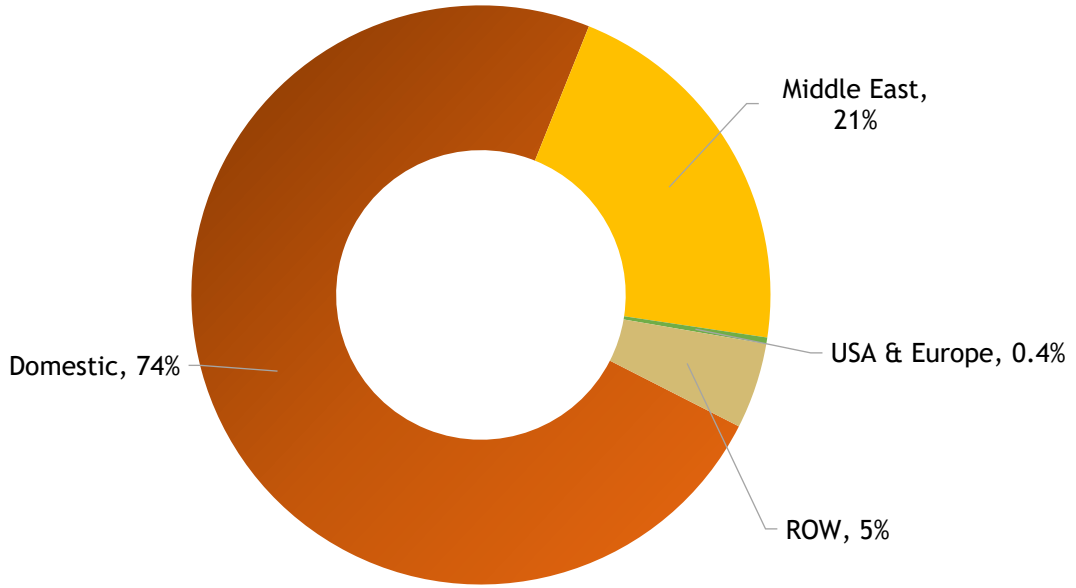


Order Book as on 31-Dec-2022

Segment



Geography

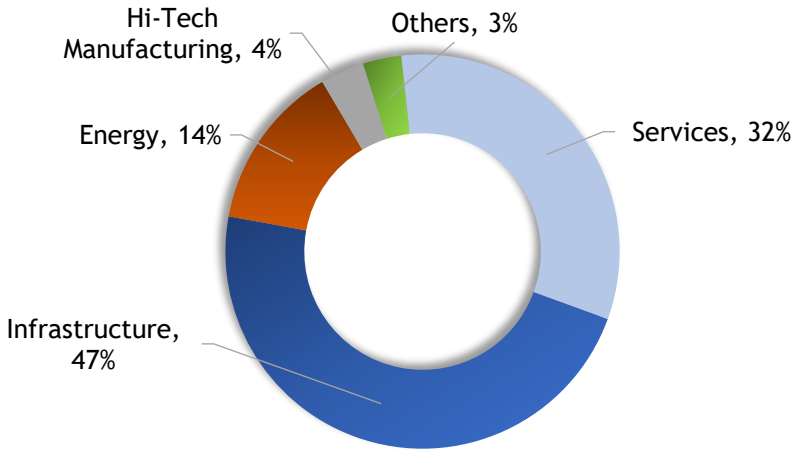


Order Book Rs. 3866 Bn

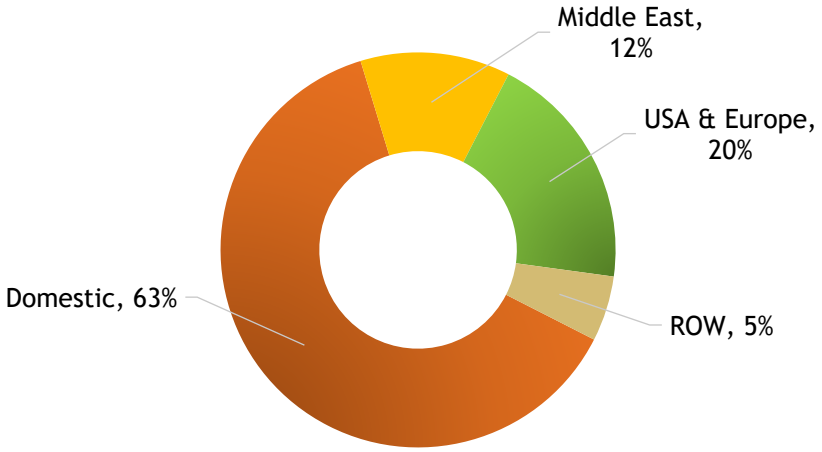
Revenue Composition - Q3 / 9M FY23

Q3 FY23 Rs. 464 Bn

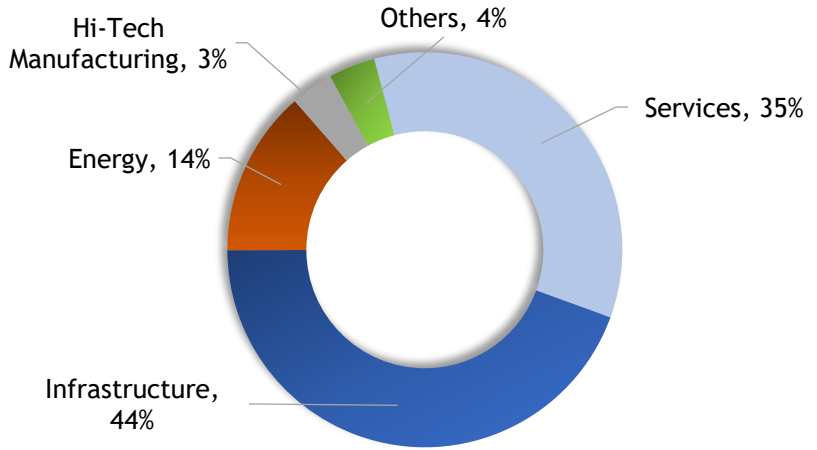
Segment

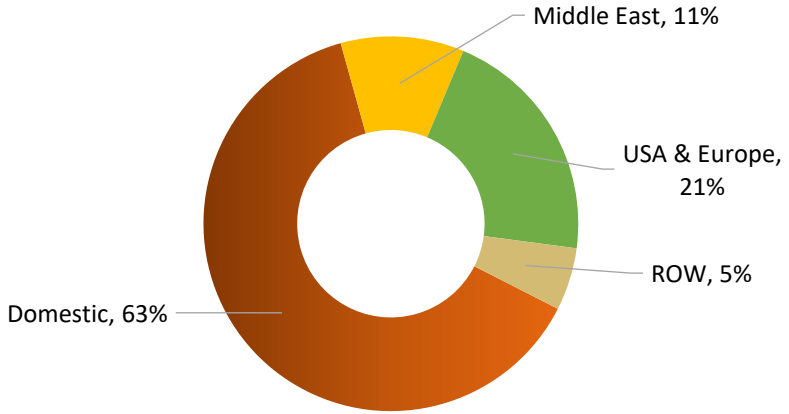


Geography



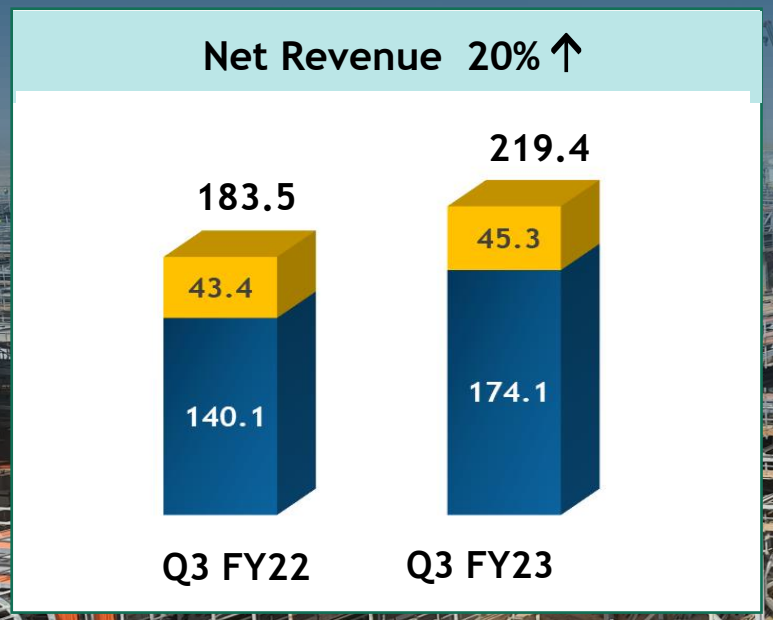
9M FY23 Rs. 1250 Bn

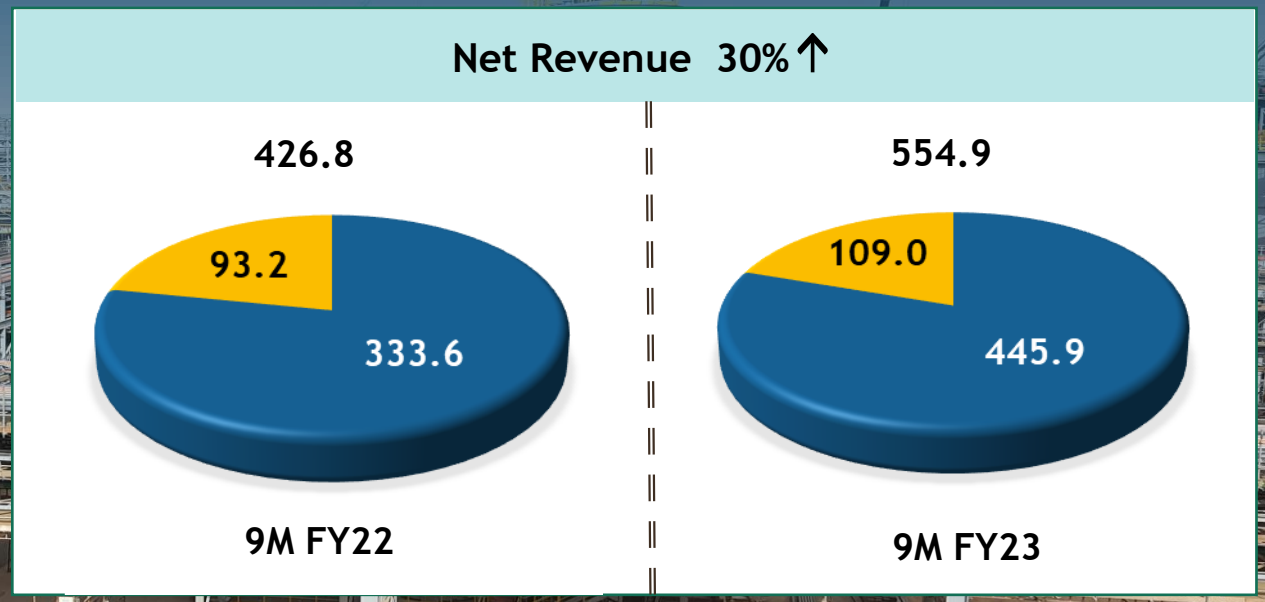




Infrastructure Projects Segment

(Amount in Rs. bn)





7.1% EBITDA Margin 7.0% ↓

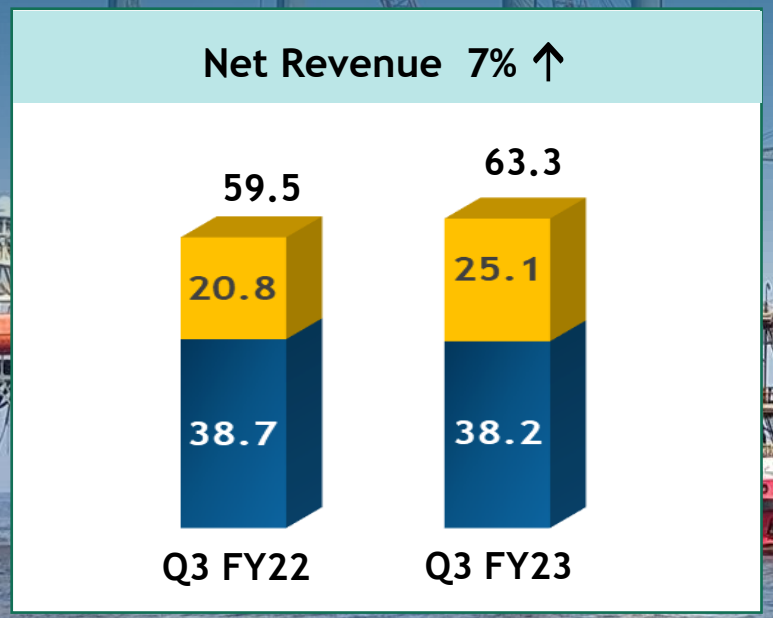
7.5% EBITDA Margin 6.7% ↓

Domestic International

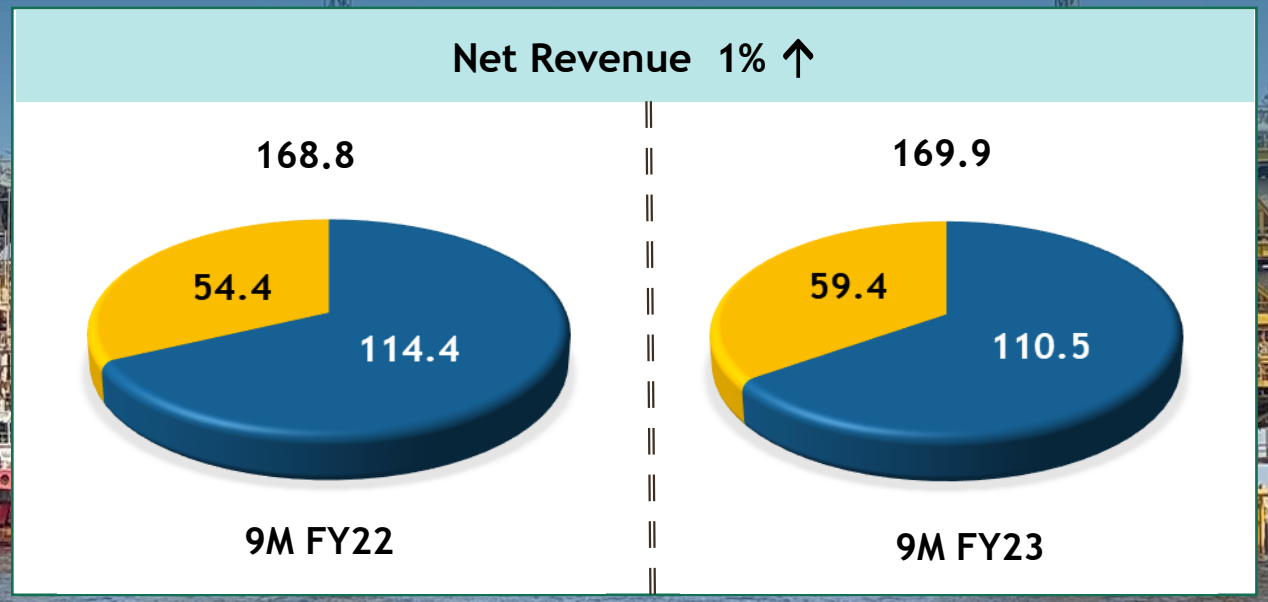
- Robust domestic order inflows
- Strong prospects pipeline
- Execution growth driven by combination of higher opening order book and improved customer collections
- Margin for the quarter remained stable amidst continuing cost pressures

Energy Projects Segment

(Amount in Rs. bn)



8.3% EBITDA Margin 8.7% ↑



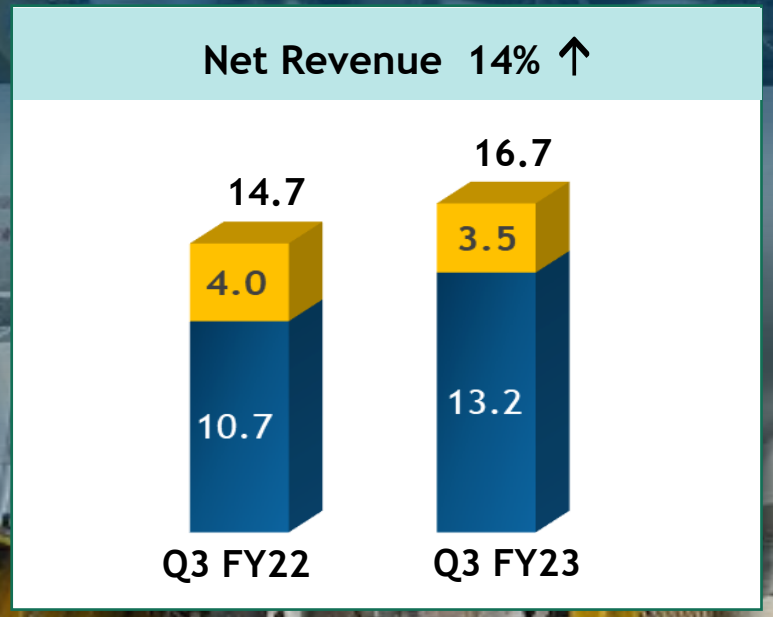
7.4% EBITDA Margin 8.5% ↑

Domestic International

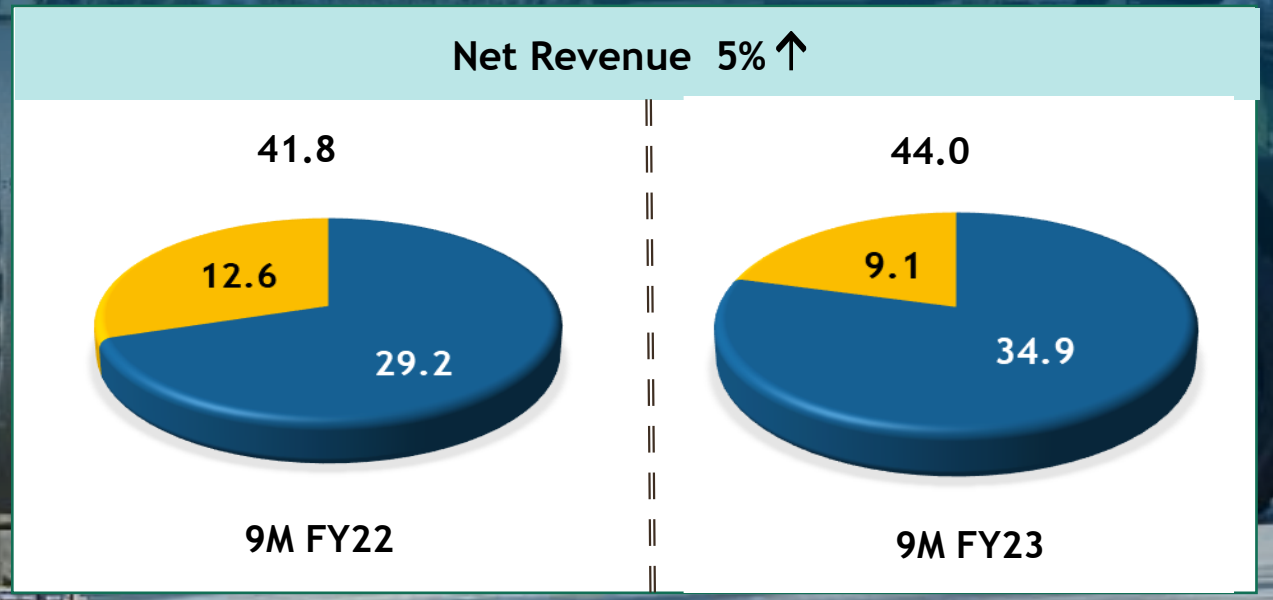
- Receipt of domestic orders in Hydrocarbon; deferral of orders continue in Power business
- Execution momentum in Hydrocarbon improves; lower revenues in Power reflective of depleting Order Book
- Execution cost savings & efficiency in both Power and Hydrocarbon businesses aids margin improvement

Hi-Tech Manufacturing Segment

(Amount in Rs. bn)



19.9% EBITDA Margin 17.5% ↓



17.8% EBITDA Margin 17.2% ↓

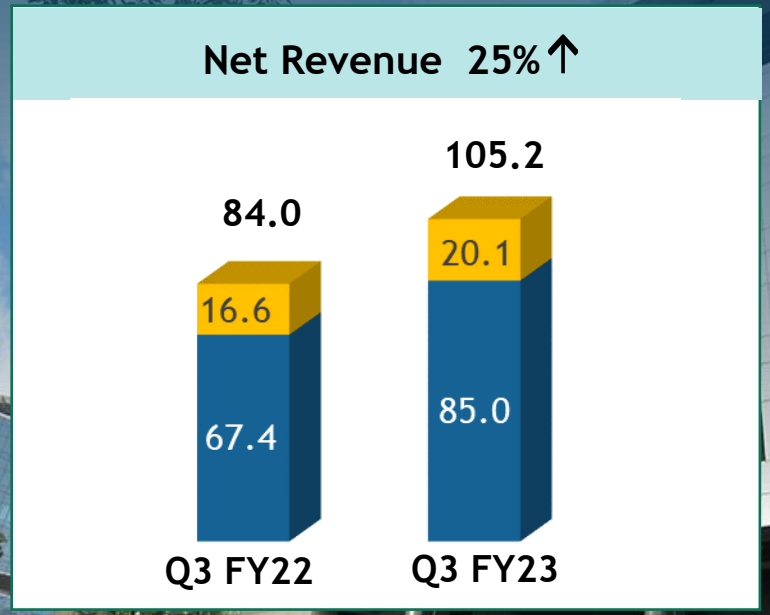
Domestic International

- Multiple order wins in Heavy Engineering; whereas Defence ordering was subdued during the quarter
- Strong execution drives revenue growth in Heavy Engineering Business whereas tapering of certain jobs leads to muted performance in Defence
- Segment margin in the PY had the benefit from price variation claims and a key job crossing margin recognition threshold in Defence

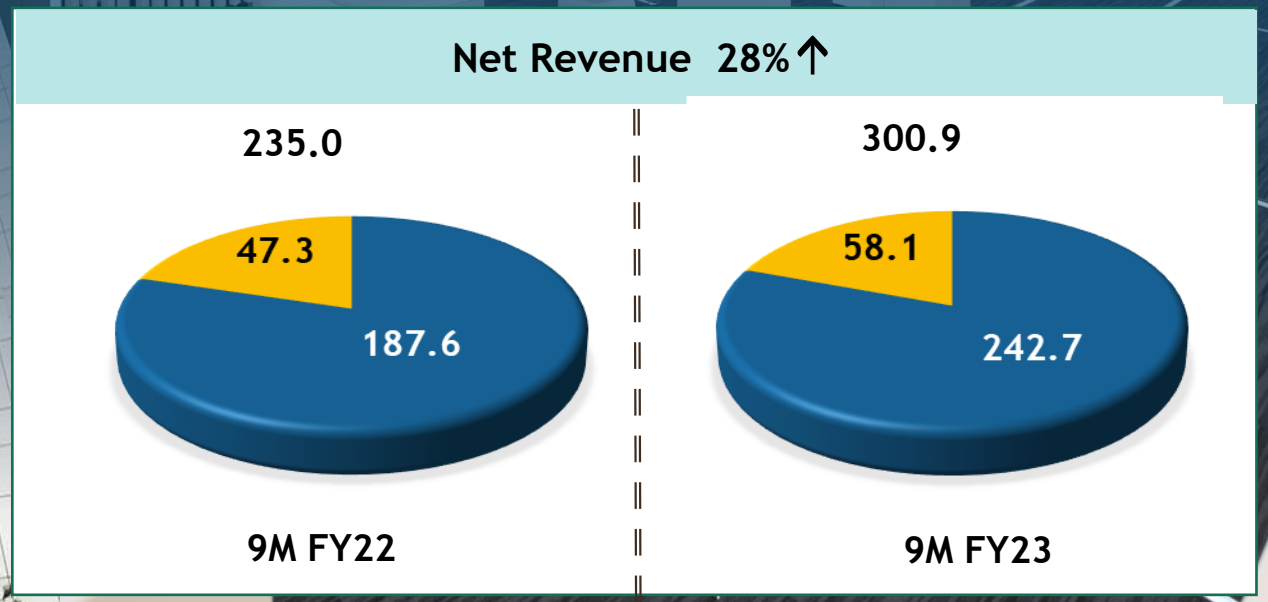
The Defence Engineering business does not manufacture any explosives nor ammunition of any kind, including cluster munitions or anti-personnel landmines or nuclear weapons or components for such munitions. The business also does not customise any delivery systems for such munitions

IT & Technology Services Segment

(Amount in Rs. bn)



23.6% EBITDA Margin 19.2%↓



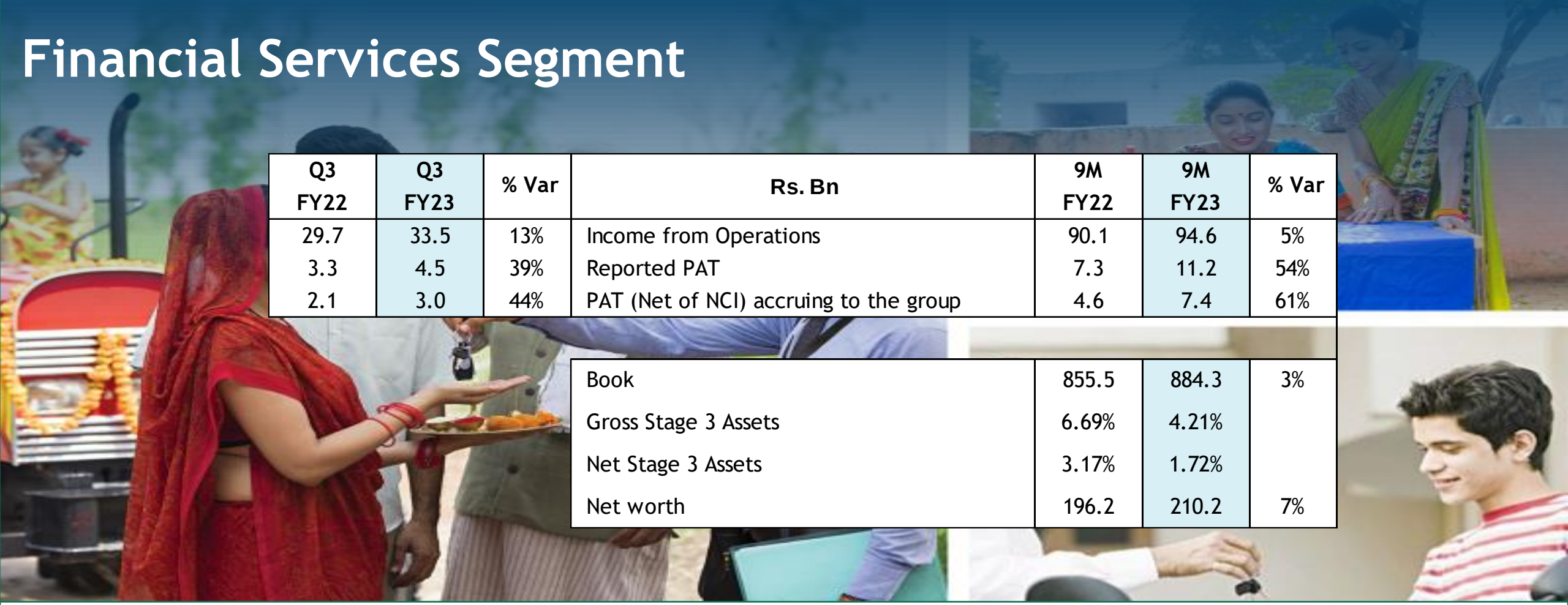
23.2 % EBITDA Margin 21.0%↓

LTIMindtree LTTS

- LTIMindtree revenue growth led by BFSI and Health & Public Services
- LTTS revenue growth led by Transportation and Plant Engineering
- Segment margin impacted due to higher employee costs and one time merger integration expenses in LTIMindtree

Revenues and margin of Digital Platforms & Data Centers are not significant as they have been launched recently

Financial Services Segment



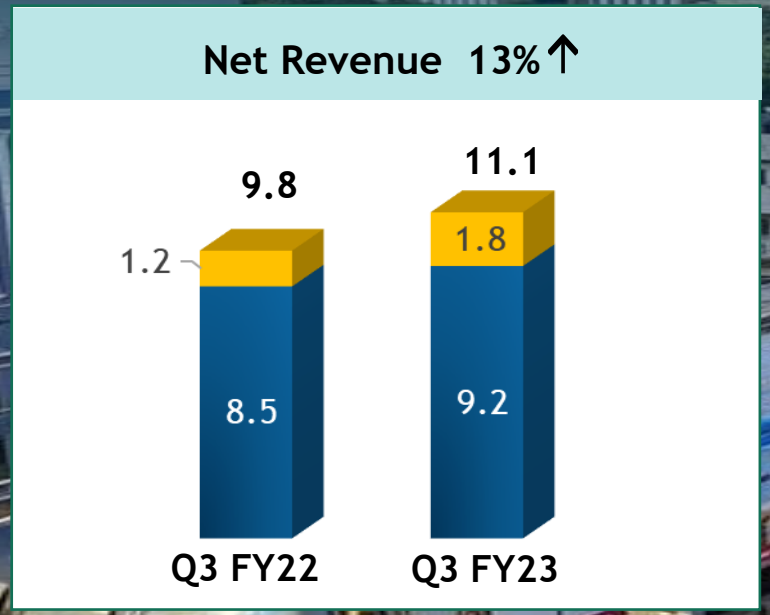
Q3 FY22	Q3 FY23	% Var	Rs. Bn	9M FY22	9M FY23	% Var
29.7	33.5	13%	Income from Operations	90.1	94.6	5%
3.3	4.5	39%	Reported PAT	7.3	11.2	54%
2.1	3.0	44%	PAT (Net of NCI) accruing to the group	4.6	7.4	61%

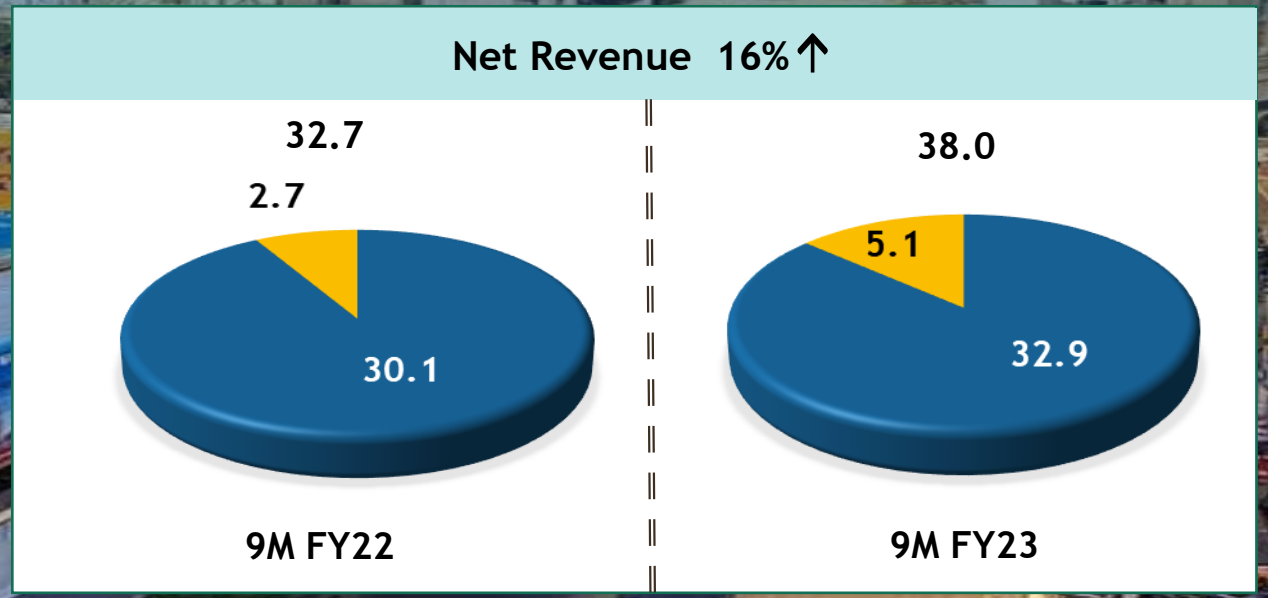
Book	855.5	884.3	3%
Gross Stage 3 Assets	6.69%	4.21%	
Net Stage 3 Assets	3.17%	1.72%	
Net worth	196.2	210.2	7%

- Thrust continues towards “Retaili-sation”; share of Retail at 64% of Book
- Q3 revolved around improved NIMs + Fees, lower credit costs, better asset quality and run down of wholesale & expansion of retail
- PAT includes gain on divestment of Mutual Fund business offset by one time charge on remeasurement of the wholesale loan assets
- Adequate growth capital available (CRAR @ 23.49%)

Development Projects Segment

(Amount in Rs. bn)





3.2% EBITDA Margin 6.8% ↑

2.3% EBITDA Margin 5.4% ↑

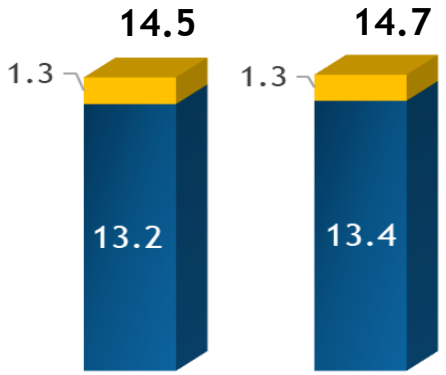
Power Development | Hyd Metro

- Segment includes Hyderabad Metro, Nabha Power & L&T Uttaranchal Hydropower Limited (up to the date of its divestment i.e., 30th August 2021)
- Improved ridership in Metro & higher PLF in Nabha drive revenue growth
- Segment margin contributed by Metro operations only; Nabha profits not being consolidated from Q3 FY21
- L&T IDPL is consolidated at PAT level under the Equity Method

Others Segment

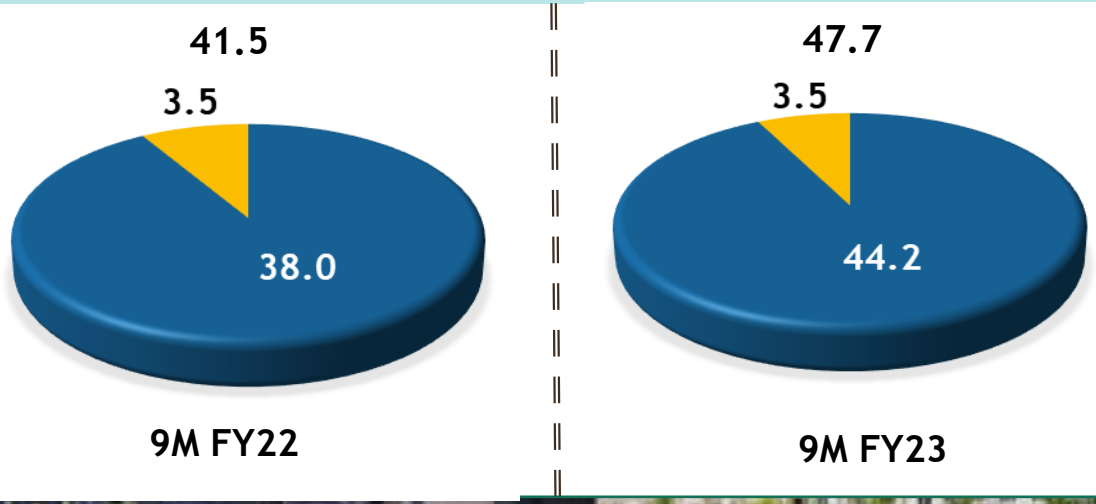
(Amount in Rs. bn)

Net Revenue 1% ↑



14.7% EBITDA Margin 19.6% ↑

Net Revenue 15% ↑



17.7% EBITDA Margin 17.4% ↓

- Segment comprises Realty, Industrial Valves, Smart World & Communication, Construction Equipment & Mining Machinery and Rubber Processing Machinery
- Q3 revenue growth mainly in Rubber Processing Machinery, Construction Equipment & Mining Machinery and Realty
- Margin improvement driven by favorable sales mix in Construction Equipment & Mining Machinery and Rubber Processing Machinery as well as sale of property in Realty

Synchronous Capex Recovery: India & GCC

India

- Improved Public Capex spends
- Healthy Award to Tender Ratios
- New investments announced by Private Sector at an all-time high

GCC

Strong Oil & Non-Oil Capex spends
(Renewables, Green Hydrogen, Water etc)

India Macro landscape: Stability amidst continuing geo-political volatility





- **Increasing geo-political economic conflicts**
- **Global recession in 2023**
- **Climate change & its consequences**
- **Rising Dollar**
- **Supply chain disruption & its consequent inflationary impact**



Thank You

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Balance Sheet

Rs Billion	Mar-22	Dec-22	Incr / (Decr)
Equity & Reserves	824	849	25
Non Controlling Interest	130	139	9
Borrowings - Financial Services	841	850	8
Development Projects	181	184	3
Others	213	213	0
Sources of Funds	**2188**	**2235**	**46**
Fixed Assets (incl ROU assets)	137	159	22
Intangible Assets & Investment Property	305	294	-10
Loans towards Financing Activities	814	806	-8
Finance lease receivable	65	60	-5
Net Non-Current Assets	173	188	15
Current Investments, Cash & Cash Equivalents	487	504	16
Net Current Assets	199	214	15
Assets held for Sale (net)	8	10	2
Application of Funds	**2188**	**2235**	**46**
Gross Debt / Equity Ratio	1.29	1.26	
Net Debt / Equity Ratio	0.81	0.78	

Cash Flow

Q3 FY22	Q2 FY23	Q3 FY23	Rs Bn	9M FY22	9M FY23
46.8	51.6	51.9	Operating Profit	122.3	146.3
(26.9)	5.8	13.3	Changes in Working Capital [(Inc)/Dec]	(46.2)	(21.8)
(11.5)	(16.3)	(11.5)	Direct Taxes (Paid) / Refund [Net]	(32.2)	(38.4)
8.4	**41.2**	**53.7**	**Net Cash from / (used in) Operations (A)**	**43.9**	**86.0**
(8.7)	(8.0)	(13.7)	Net Investment in Fixed Assets (incl. Intangible & Investment Property)	(18.0)	(30.3)
(3.3)	(1.6)	21.9	Net (Purchase) / Sale of Long Term investments	2.4	11.2
11.5	(26.8)	(20.0)	Net (Purchase) / Sale of Current investments	(2.3)	(18.4)
(0.3)	0.0	0.1	Loans/Deposits made with JV/Associate Cos.	(1.5)	0.2
2.7	3.4	4.9	Interest & Dividend Received	7.9	12.1
1.9	**(32.9)**	**(6.8)**	**Net Cash from /(used in) Invest. Act. (B)**	**(11.5)**	**(25.3)**
(1.5)	(3.9)	(0.4)	Issue of Share Capital / NCI	(4.5)	(4.2)
(25.6)	59.7	(23.9)	Net Borrowings [Inc/(Dec)]	(105.7)	14.7
9.3	(16.8)	6.2	Loans towards financing activities (Net)	88.4	(19.5)
(6.3)	(37.1)	(8.4)	Interest & Dividend paid	(51.0)	(58.2)
(24.0)	**2.0**	**(26.5)**	**Net Cash from / (used in) Financing Activities (C)**	**(72.8)**	**(67.3)**
(13.8)	**10.3**	**20.4**	**Net (Dec) / Inc in Cash & Bank (A+B+C)**	**(40.4)**	**(6.6)**

Segment Margin – Q3 FY23

Segment (Rs Cr)	Q3 FY22			Q3 FY23		
	Net Revenue	EBITDA	EBITDA %	Net Revenue	EBITDA	EBITDA %
Infrastructure Projects Segment	18345	1298	7.1%	21944	1527	7.0%
Energy Projects Segment	5946	492	8.3%	6333	548	8.7%
Hi-Tech Manufacturing Segment	1473	293	19.9%	1673	293	17.5%
Others Segment	1455	214	14.7%	1468	288	19.6%
Total (Projects & Manufacturing)	**27219**	**2297**	**8.4%**	**31418**	**2657**	**8.5%**
IT & Technology Services Segment	8398	1986	23.6%	10517	2019	19.2%
Financial Services Segment	2970	459	15.4%	3349	660	19.7%
Developmental Projects Segment	976	31	3.2%	1106	75	6.8%
Total (Services & Concessions)	**12343**	**2475**	**20.1%**	**14972**	**2754**	**18.4%**
Total	**39563**	**4773**	**12.1%**	**46390**	**5411**	**11.7%**

	EBITDA to PAT (Q3 FY23)					
Particulars	**IT&TS**	**Financial Services**	**Dev. Projects**	**Projects & Manufacturing***	**Corporate**	**Total**
EBITDA	2019	660	75	2657	418	5829
Depreciation	(316)	(29)	(81)	(343)	(59)	(827)
Segment Result	1704	630	(6)	2314	360	5002
Finance Cost & Tax Expense	(491)	(327)	(325)	(127)	(802)	(2072)
Non-controlling interest	(380)	(141)	-	3	12	(505)
Share in profit/(loss) of JV and associate			(23)	16		(7)
Exceptional items (net of tax)		136				136
PAT	**833**	**298**	**(354)**	**2206**	**(430)**	**2553**

* Note: Interest cost and tax provisions are reflected under Corporate

Segment Margin – 9M FY23

Segment (Rs Cr)	9M FY22			9M FY23		
	Net Revenue	EBITDA	EBITDA %	Net Revenue	EBITDA	EBITDA %
Infrastructure Projects Segment	42677	3186	7.5%	55495	3733	6.7%
Energy Projects Segment	16876	1255	7.4%	16991	1452	8.5%
Hi-Tech Manufacturing Segment	4180	745	17.8%	4401	755	17.2%
Others Segment	4153	735	17.7%	4772	829	17.4%
Total (Projects & Manufacturing)	**67886**	**5921**	**8.7%**	**81659**	**6769**	**8.3%**
IT & Technology Services Segment	23505	5450	23.2%	30093	6327	21.0%
Financial Services Segment	9008	1065	11.8%	9459	1684	17.8%
Developmental Projects Segment	3272	74	2.3%	3795	204	5.4%
Total (Services & Concessions)	**35785**	**6590**	**18.4%**	**43347**	**8215**	**19.0%**
Total	**103671**	**12511**	**12.1%**	**125006**	**14984**	**12.0%**

	EBITDA to PAT (9M FY23)					
Particulars	**IT&TS**	**Financial Services**	**Dev. Projects**	**Projects & Manufacturing***	**Corporate**	**Total**
EBITDA	6327	1684	204	6769	1124	16108
Depreciation	(963)	(85)	(243)	(1037)	(321)	(2649)
Segment Result	5364	1599	(38)	5731	803	13460
Finance Cost & Tax Expense	(1487)	(629)	(942)	(278)	(2081)	(5417)
Non-controlling interest	(1206)	(365)	-	12	(30)	(1588)
Share in profit/(loss) of JV and associate			(76)	(30)		(106)
Exceptional items (net of tax)		136				136
PAT	**2671**	**741**	**(1056)**	**5435**	**(1307)**	**6484**

* Note: Interest cost and tax provisions are reflected under Corporate

Breakup of Energy and Hi-Tech Manufacturing Segment

	Q3 FY22	Q3 FY23	Y-o-Y	Rs Bn	9M FY22	9M FY23	Y-o-Y
Order Inflow	**81.0**	**90.5**	**12%**	**Energy Segment**	**246.6**	**218.6**	**-11%**
	80.1	88.5	11%	Hydrocarbon	235.1	204.4	-13%
	1.0	2.0	>100%	Power	11.5	14.2	23%
Revenue	**59.5**	**63.3**	**7%**	**Energy Segment**	**168.8**	**169.9**	**1%**
	48.8	53.6	10%	Hydrocarbon	139.4	141.0	1%
	10.7	9.8	-8%	Power	29.4	28.9	-2%
EBITDA Margin	**8.3%**	**8.7%**	**0.4%**	**Energy Segment**	**7.4%**	**8.5%**	**1.1%**
	9.2%	9.6%	0.5%	Hydrocarbon	8.3%	9.7%	1.4%
	4.2%	5.1%	0.9%	Power	3.2%	3.9%	0.7%

Energy Segment

Hi-Tech Manufacturing Segment

	Q3 FY22	Q3 FY23	Y-o-Y	Rs Bn	9M FY22	9M FY23	Y-o-Y
Order Inflow	**30.3**	**19.3**	**-36%**	**Hi-Tech Manufacturing**	**52.1**	**71.9**	38%
	12.9	13.8	7%	Heavy Engineering	25.0	33.5	34%
	17.5	5.5	-68%	Defence Engineering	27.0	38.4	42%
Revenue	**14.7**	**16.7**	**14%**	**Hi-Tech Manufacturing**	**41.8**	**44.0**	**5%**
	6.8	8.9	30%	Heavy Engineering	18.6	21.6	16%
	7.9	7.8	-1%	Defence Engineering	23.2	22.4	-3%
EBITDA Margin	**19.9%**	**17.5%**	**-2.4%**	**Hi-Tech Manufacturing**	**17.8%**	**17.2%**	**-0.7%**
	15.6%	16.3%	0.7%	Heavy Engineering	16.3%	15.6%	-0.7%
	23.6%	18.9%	-4.7%	Defence Engineering	19.0%	18.6%	-0.4%

Share in Profit/(Loss) of JVs/Associates

Q3 FY22	Q3 FY23	Rs Bn	9M FY22	9M FY23
0.47	0.02	L&T Power JVs	1.20	(0.01)
(0.01)	(0.23)	L&T IDPL Group	(0.72)	(0.76)
(0.25)	0.14	Others	(0.51)	(0.29)
0.20	**(0.07)**	**Total**	**(0.04)**	**(1.05)**