

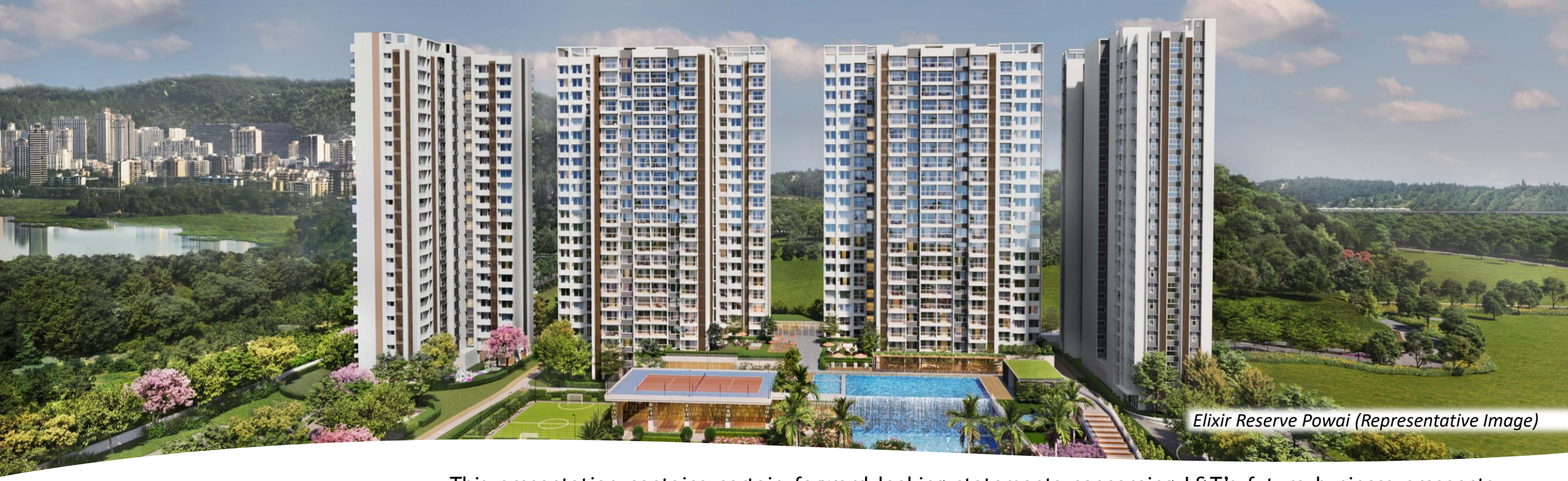
LARSEN & TOUBRO

Analyst Presentation
Q2 / H1 FY23

October 31st , 2022



Safety Pledge being taken at L&T Construction site



Elixir Reserve 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



Kudankulam Nuclear Power Plant Site

A robust quarter….

Top Line

- Order Inflows: 23% y-o-y ⬆
- Revenue: 23% y-o-y ⬆
- Order Book: Rs 3724 bn

Bottom Line

- Operational PAT: 29% y-o-y ⬆
- Overall PAT: 23% y-o-y ⬆

Liquidity & Balance Sheet

- Healthy NWC Ratio @ 20.2%
- Comfortable Gross & Net Debt Levels

ROE

- Sequential improvement

Stable Indian macros amidst continuing global "CHAOS"

Key Financial Indicators

(Amount in Rs. bn)

Q2 FY22	Q1 FY23	Q2 FY23	(y-o-y)	(q-o-q)	Particulars	H1 FY22	H1 FY23	(y-o-y)
421	418	519	23%	24%	Order Inflow	687	937	36%
					Order Book	3305	3724	13%
348	359	428	23%	19%	Revenue	641	786	23%
11.5%	11.0%	11.5%			EBITDA (%)*	11.2%	11.3%	
17	17	22	29%	31%	Operational PAT	29	39	36%
18	17	22	23%	31%	Overall PAT	30	39	31%

Particulars	H1 FY22	H1 FY23
Net Working Capital	22.0%	20.2%
ROE (TTM) (%)	11.8%	12.1%

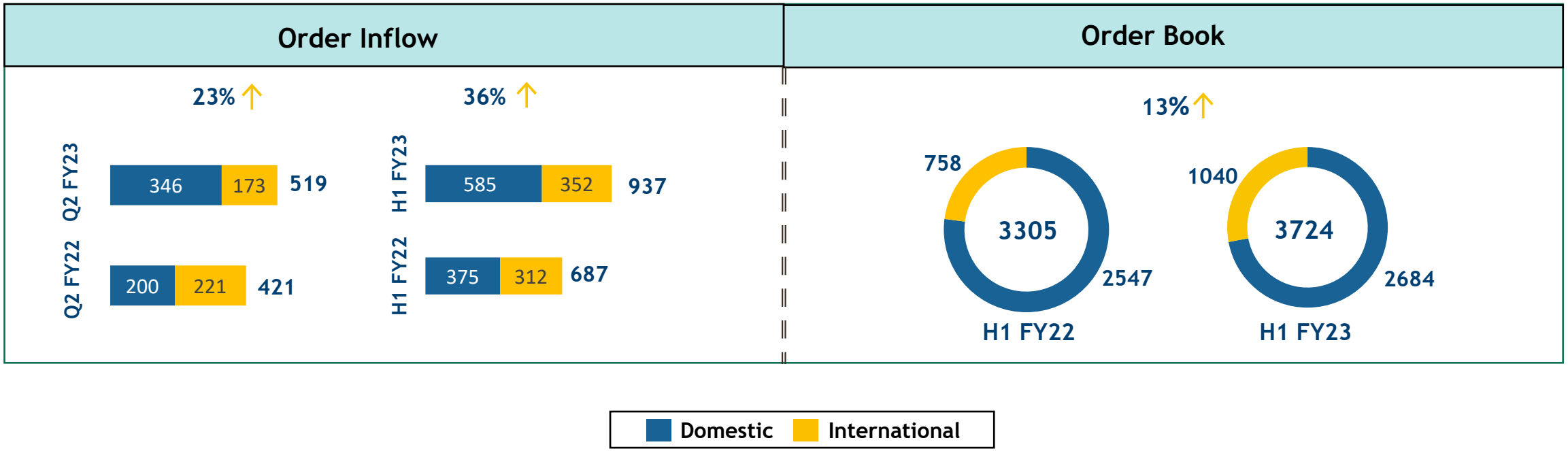
*EBITDA excludes other income

02 Group Performance

Kempegowda International Airport, Bengaluru - Terminal 2

Q2/H1 FY23 Order Inflow/Order Book

(Amount in Rs. bn)



- Q2 Order Inflows from Infrastructure & Hydrocarbon
- Pick up in domestic award finalisation during the quarter
- Healthy prospects pipeline for H2
- International orders constitute 28% of the Sep'22 order book

Group Performance – Sales & Costs

Q2 FY22	Q2 FY23	% Var	Rs Billion	H1 FY22	H1 FY23	% Var
347.7	**427.6**	**23%**	Revenue	**641.1**	**786.2**	**23%**
35%	*37%*		*International Rev.*	*36%*	*37%*	
197.5	252.7	**28%**	MCO Exp.*	352.4	447.9	**27%**
14.9	14.7	**-2%**	Fin. Charge Opex**	30.6	29.3	**-4%**
72.5	91.7	**26%**	Staff Costs	141.3	177.2	**25%**
22.8	19.6	**-14%**	Sales & Admin.	45.2	43.2	**-5%**
307.8	378.6	**23%**	Total Opex	569.4	**697.6**	**23%**
39.9	**49.0**	**23%**	**EBITDA**	**71.7**	**88.6**	**24%**
11.5%	**11.5%**		**EBITDA %**	**11.2%**	**11.3%**	

** 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, cost pressures and closeout challenges in few jobs
- Resource augmentation and salary hikes across IT&TS businesses drives staff cost
- SG&A decline reflective of lower credit costs and FX gains
- Stable EBIDTA margin-due to improved performance in FS

Group Performance – Profit Parameters

Q2 FY22	Q2 FY23	% Var	Rs Billion	H1 FY22	H1 FY23	% Var
39.9	**49.0**	**23%**	**EBITDA**	**71.7**	**88.6**	**24%**
(7.8)	(8.4)	**7%**	Fin. Cost	(16.1)	(15.9)	**-1%**
(7.3)	(8.6)	**18%**	Depreciation	(14.5)	(18.2)	**26%**
5.3	7.4	**39%**	Other Income	11.8	14.3	**21%**
(8.9)	(11.2)	**27%**	Tax Expense	(16.0)	(17.6)	**10%**
0.0	(0.3)	**>100%**	JV/S&A PAT Share	(0.2)	(1.0)	**>100%**
(4.1)	(5.6)	**35%**	Non-controlling Int.	(7.7)	(10.8)	**41%**
17.2	**22.3**	**29%**	**Operational PAT**	**29.0**	**39.3**	**36%**
1.0	-		Exceptionals (net of tax and NCI)	1.0	-	
18.2	**22.3**	**23%**	**Reported PAT**	**29.9**	**39.3**	**31%**

Remarks for the quarter

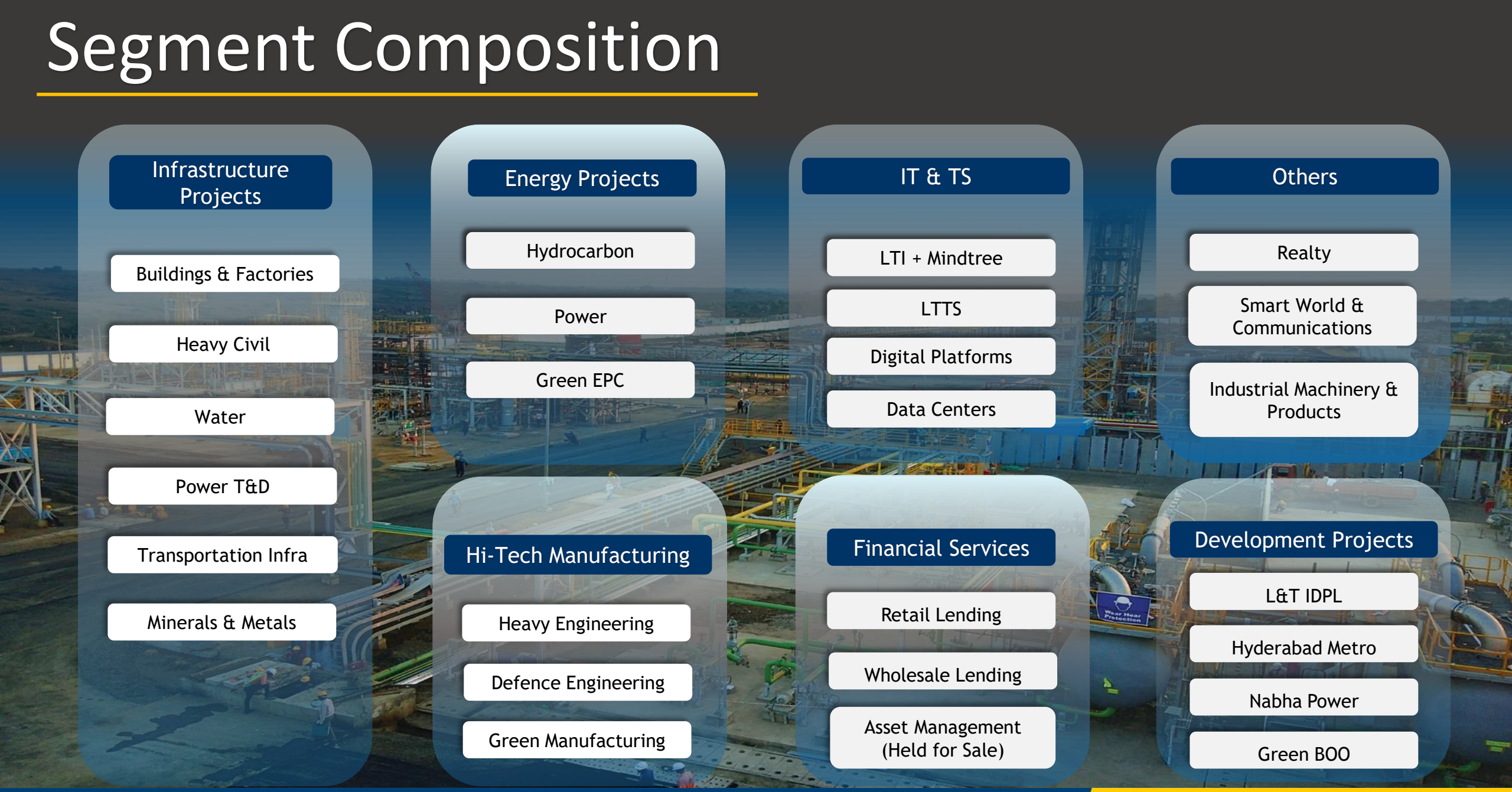
- Finance cost commensurate with level and price of borrowing at parent, Metro refinancing aids improvement
- Other income reflective of level of treasury investments & yields during the quarter
- Share of JV / Associate PAT primarily comprises results of L&T IDPL and Power JVs
- Higher NCI due to improved performance of Services portfolio
- Operational PAT variance primarily on improved treasury operations



03 Segment Performance Highlights

Mono Ethylene Glycol (MEG) Project, Paradip

Segment Composition



Infrastructure Projects

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

Energy Projects

- Hydrocarbon
- Power
- Green EPC

IT & TS

- LTI + Mindtree
- 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
- Asset Management (Held for Sale)

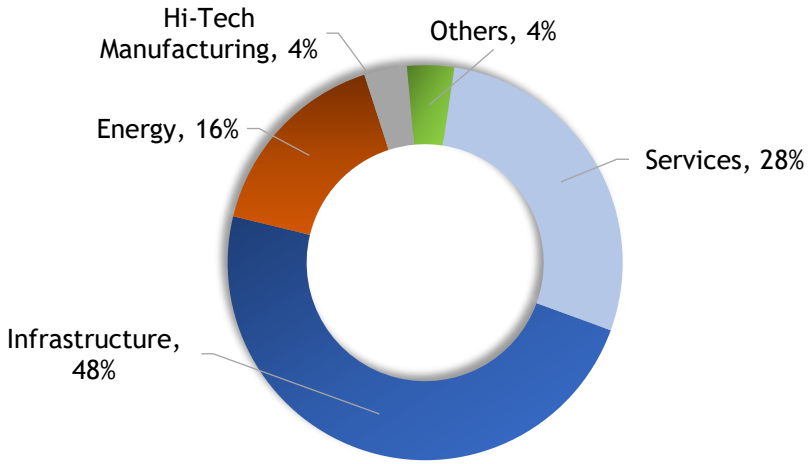
Development Projects

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

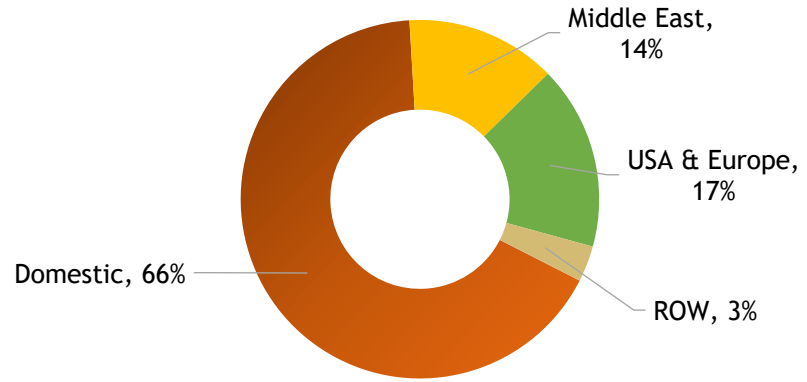
Order Inflow Composition - Q2 / H1 FY23

Q2 FY23 Rs. 519 Bn

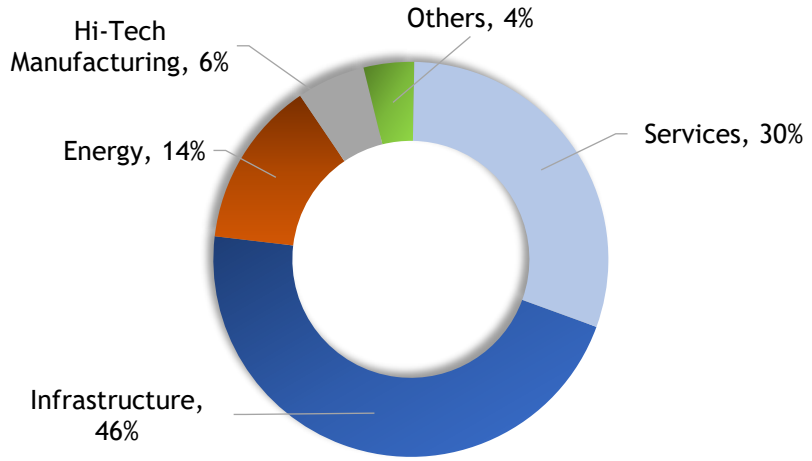
Segment

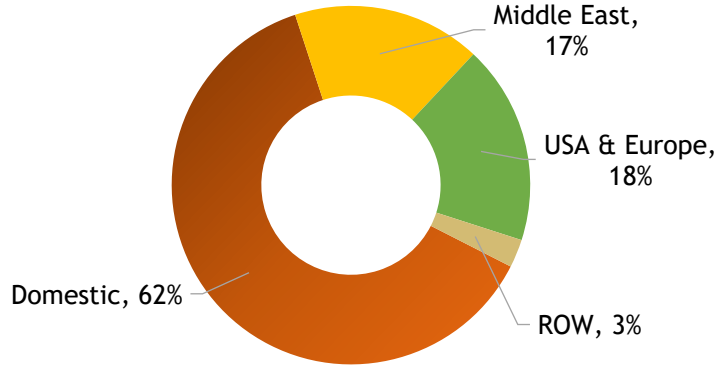


Geography



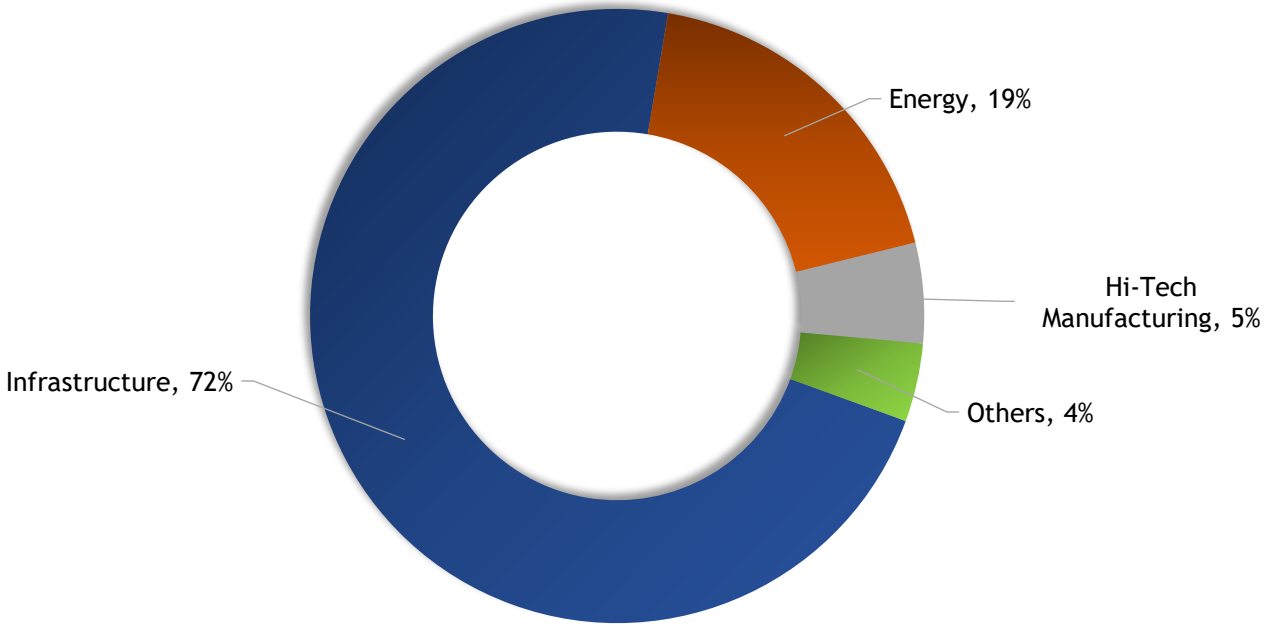
H1 FY23 Rs. 937 Bn



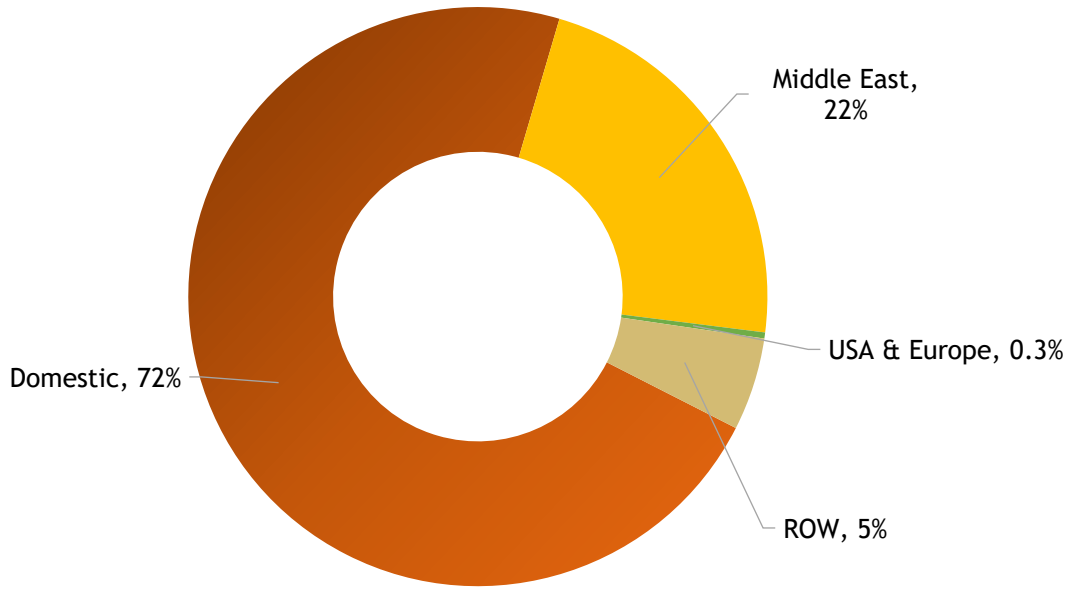


Order Book as on 30-Sep-2022

Segment



Geography

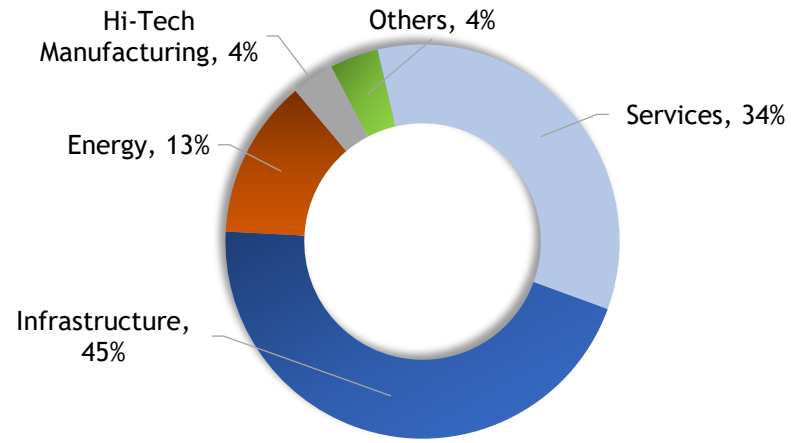


Order Book Rs. 3724 Bn

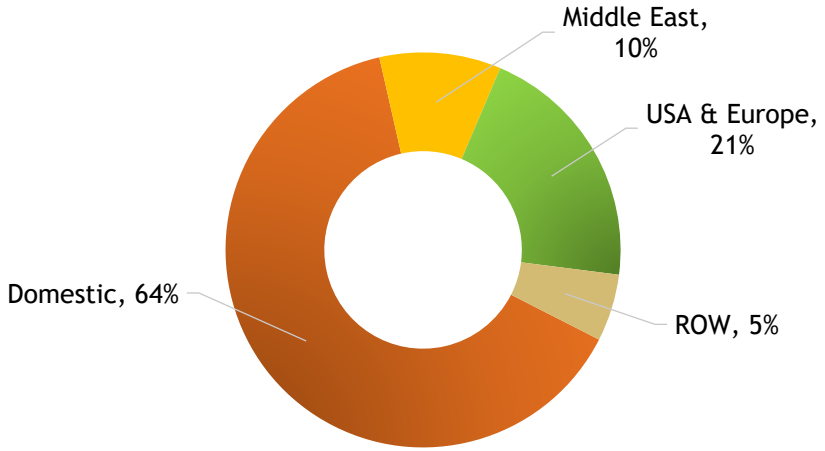
Revenue Composition - Q2 / H1 FY23

Q2 FY23 Rs. 428 Bn

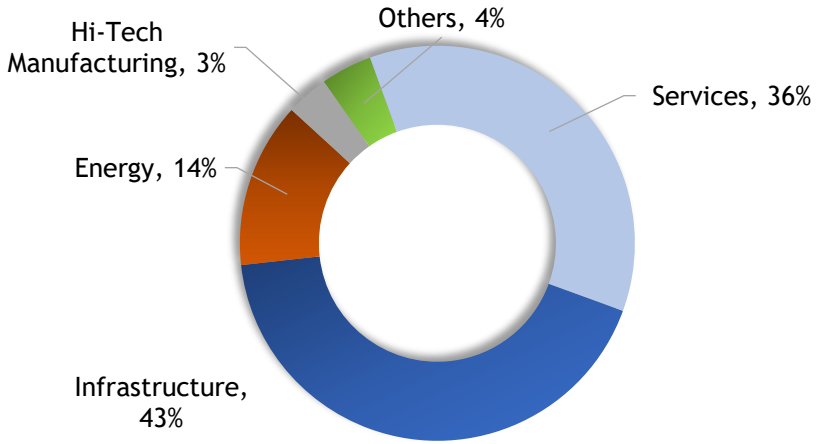
Segment

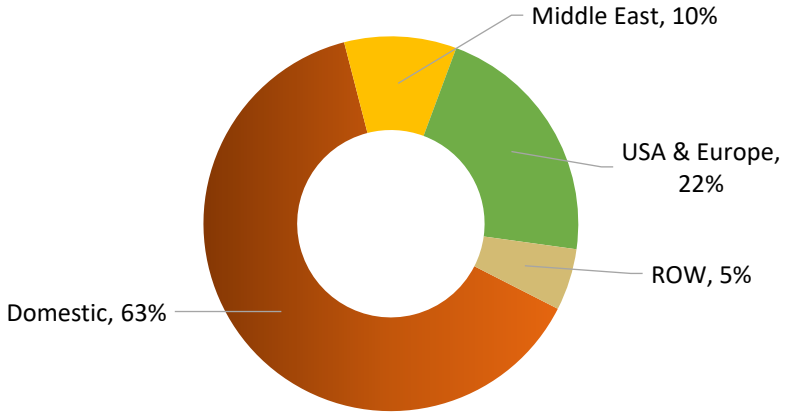


Geography



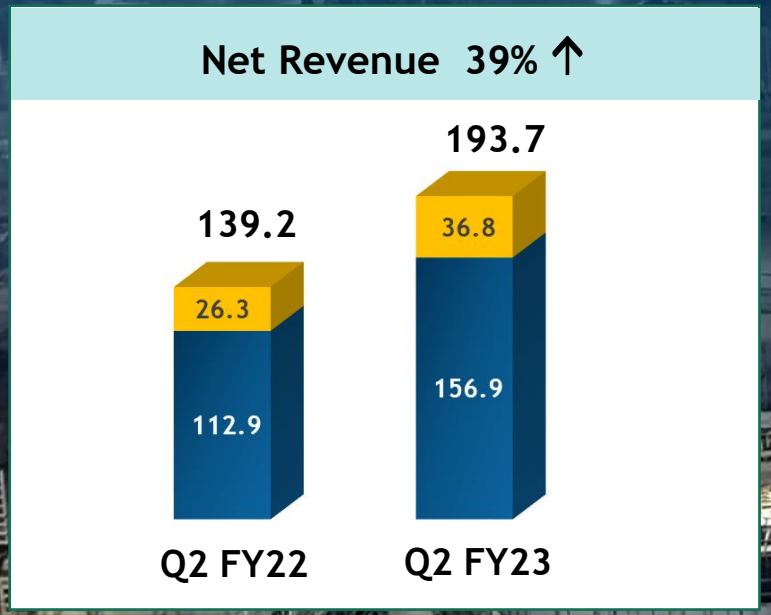
H1 FY23 Rs. 786 Bn



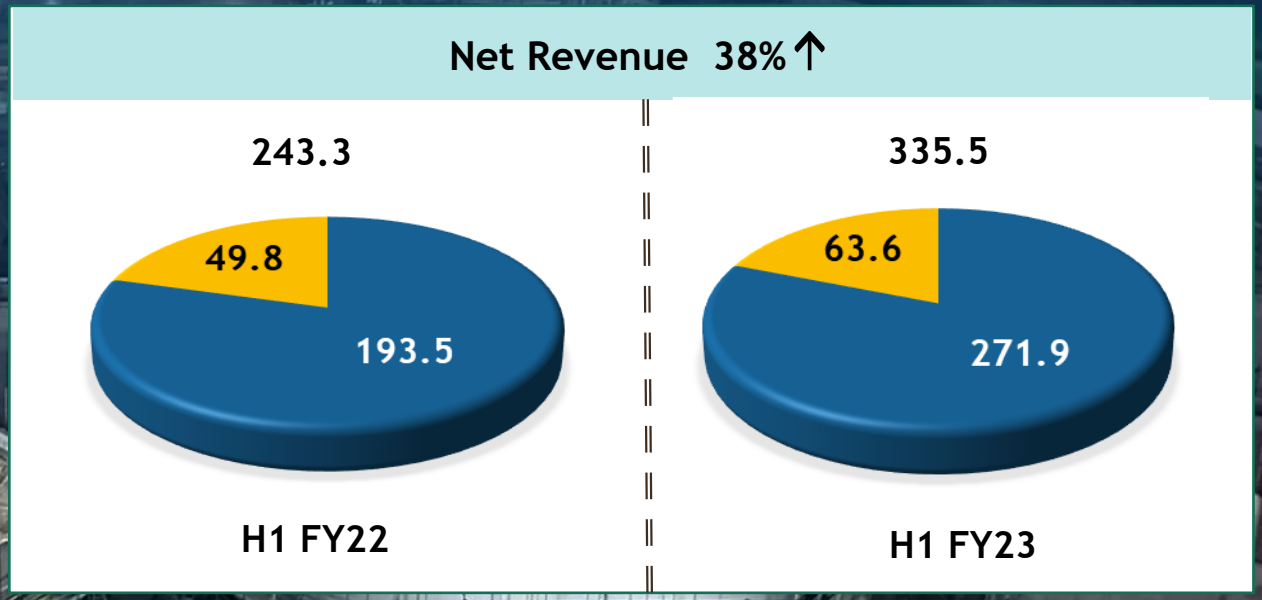


Infrastructure Projects Segment

(Amount in Rs. bn)



8.3% EBITDA Margin 6.6% ↓



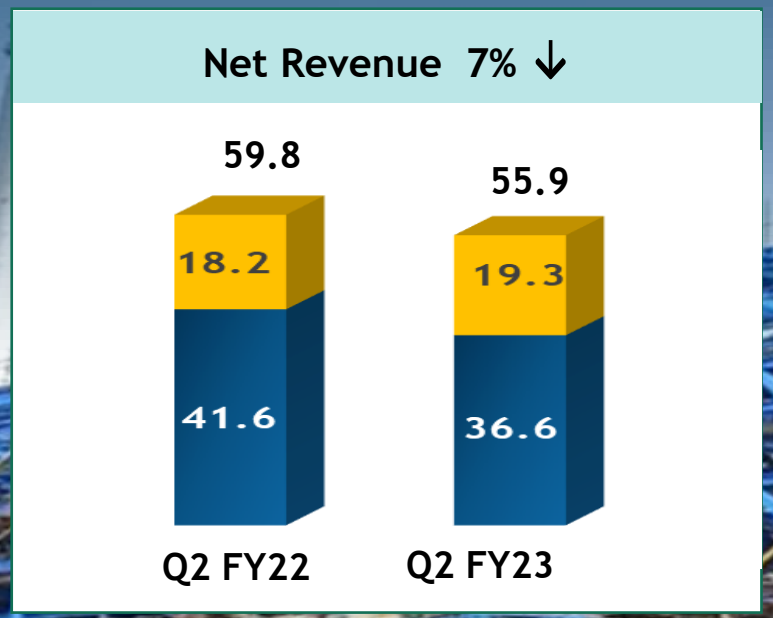
7.8% EBITDA Margin 6.6% ↓

Domestic International

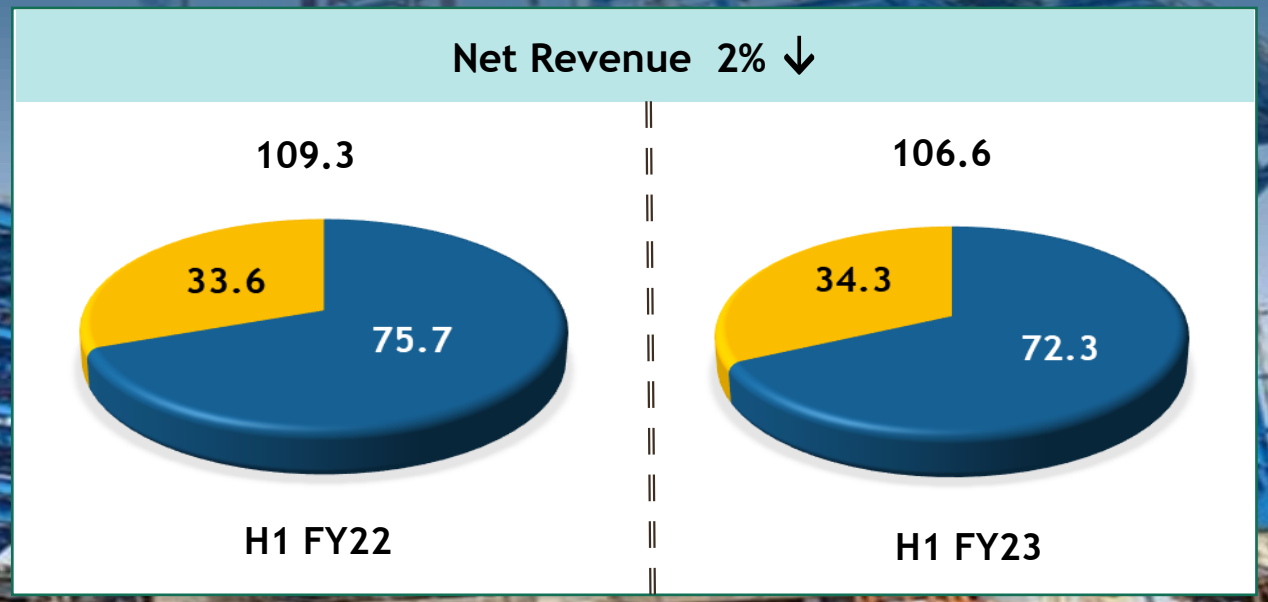
- Robust order inflow pick up in Q2; healthy momentum across domestic and international
- Healthy prospect pipeline
- Strong execution growth driven by combination of higher opening order book and improved customer collections
- Combination of job mix, cost pressures and closeout challenges in few jobs impacts margin for the quarter

Energy Projects Segment

(Amount in Rs. bn)



6.6% EBITDA Margin 8.5% ↑



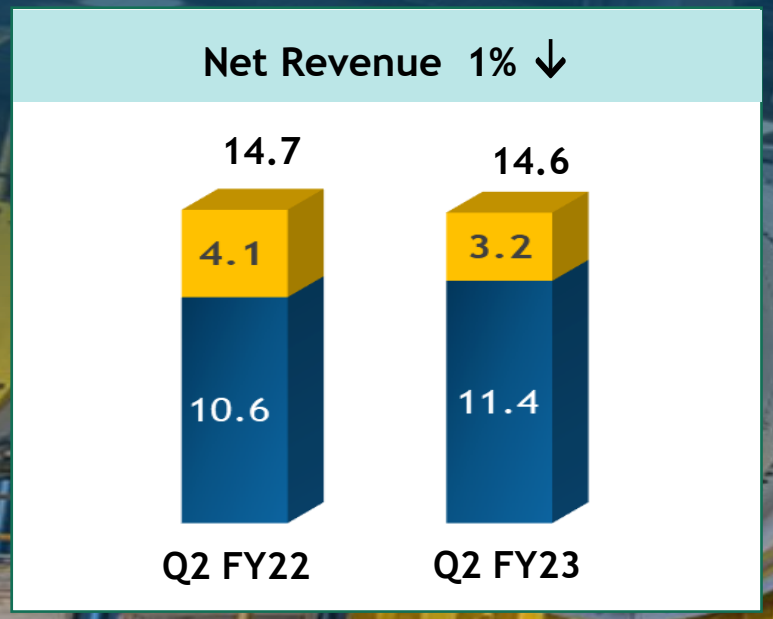
7.0% EBITDA Margin 8.5% ↑

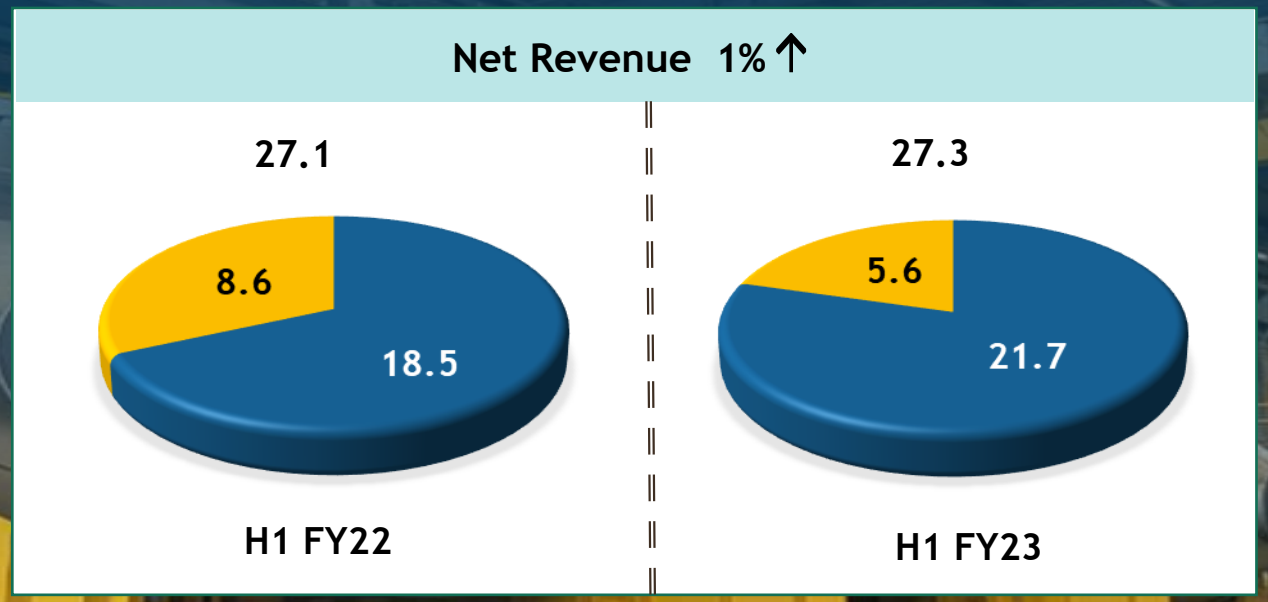
Domestic International

- Receipt of multiple domestic orders in Hydrocarbon buoys Order Book; Power business benefits from receipt of FGD order in Q2
- Hydrocarbon revenues were impacted due to supply chain challenges; lower revenues in Power reflective of depleting Order Book
- Execution cost savings in Hydrocarbon and improved ECL profile in Power aids margin improvement

Hi-Tech Manufacturing Segment

(Amount in Rs. bn)





14.5% EBITDA Margin 18.5%↑

16.7% EBITDA Margin 16.9%↑

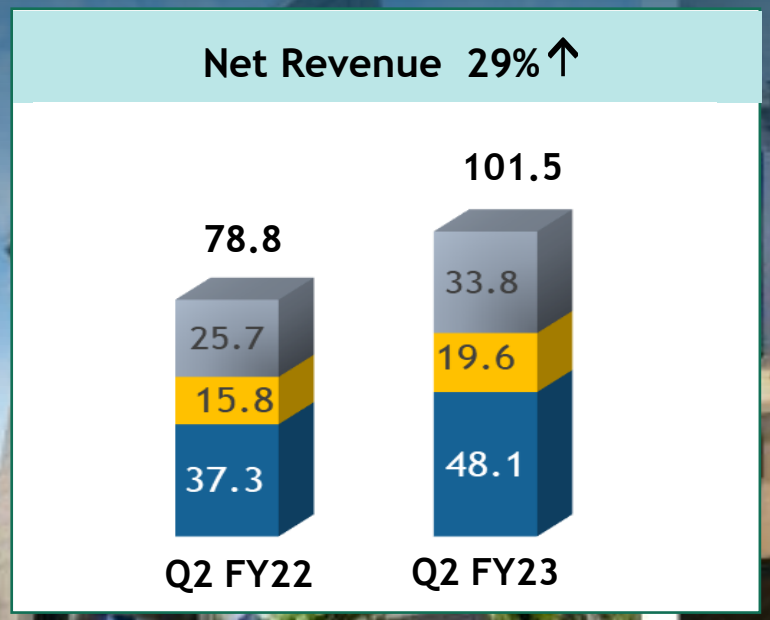
Domestic International

- Multiple order wins in Heavy Engineering; whereas Defence ordering was subdued during the quarter
- Improved execution drives Heavy Engineering revenue; partly offset by Defence contracts yet to pick up momentum
- Job mix aids Defence margin whereas claim settlements leads to improvements in HED

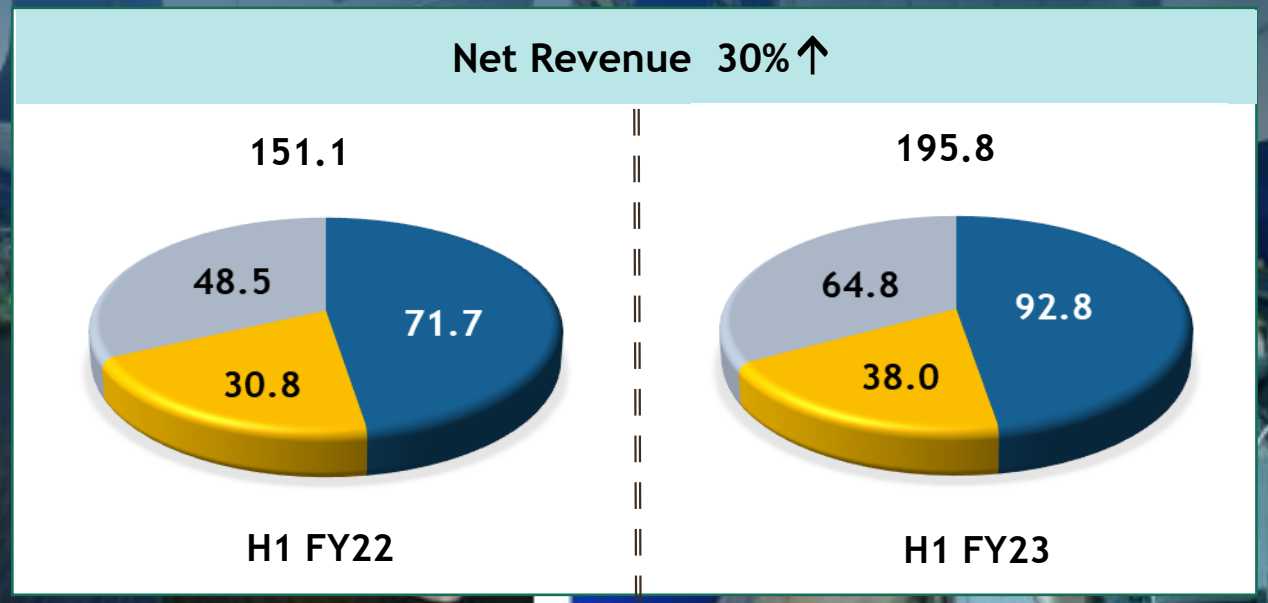
The Defence Engineering business does not manufacture any explosives nor ammunition of any kind, including cluster munitions or anti-personnel landmines or nuclear weapons or components for such munitions. The business also does not customise any delivery systems for such munitions

IT & Technology Services Segment

(Amount in Rs. bn)



23.2% EBITDA Margin 21.9%↓



23.0 % EBITDA Margin 22.1%↓

LTI LTTS Mindtree

- LTI revenue growth led by Energy & Utilities and BFS
- LTTS revenue growth led by Transportation and Plant Engineering
- Mindtree revenue growth led by Healthcare, Travel, Transportation & Hospitality, BFSI and Communications, Media and Technology
- Margin lower due to increase in wage cost partly offset by favourable movement in USDINR and improved operational efficiencies

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

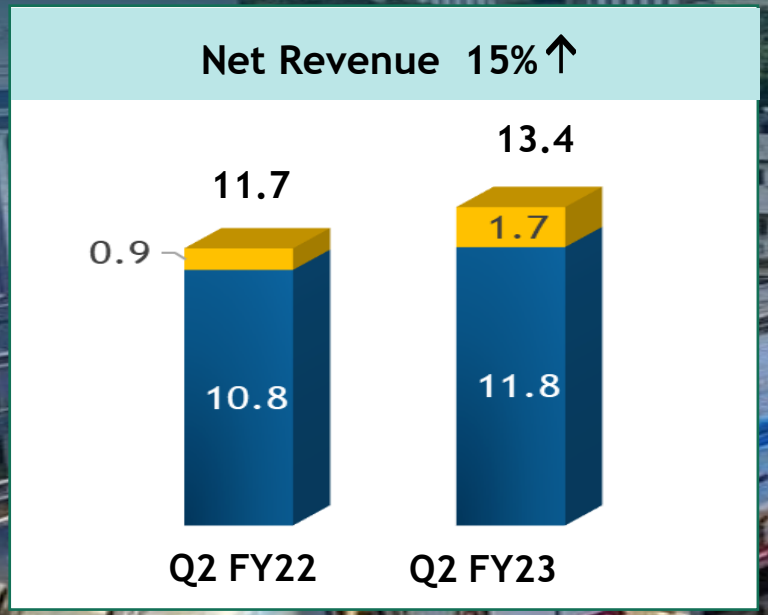
Financial Services Segment

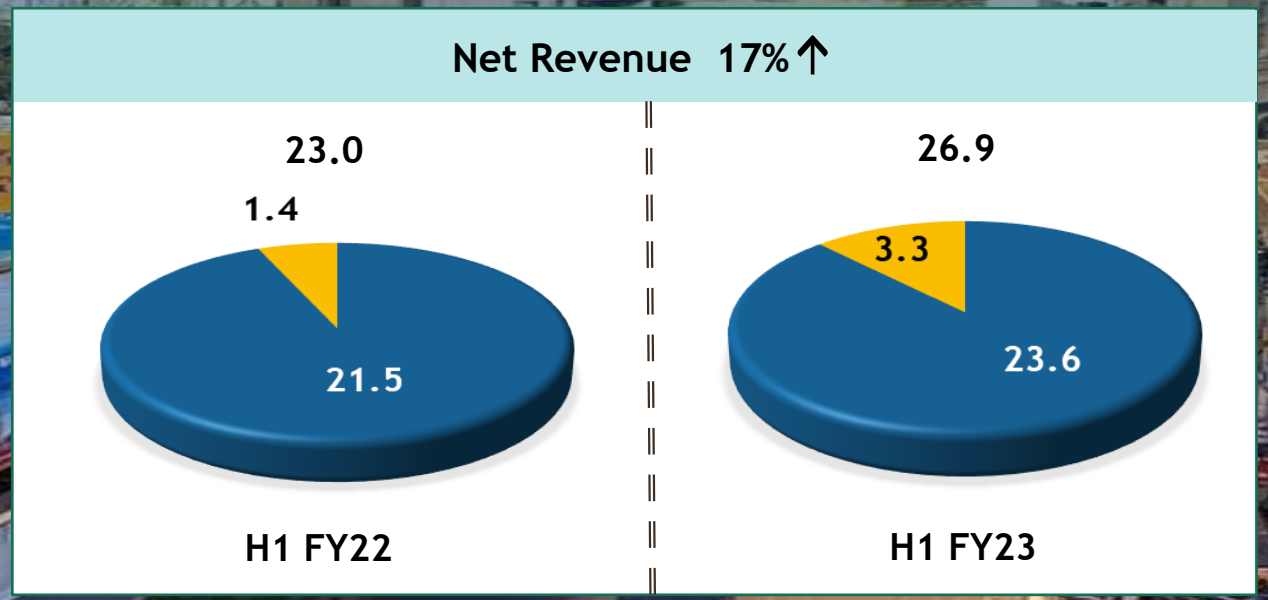
Q2 FY22	Q2 FY23	% Var	Rs. Bn	H1 FY22	H1 FY23	% Var
29.8	31.5	6%	Income from Operations	60.4	61.1	1%
2.2	4.1	81%	Reported PAT	4.0	6.7	66%
1.4	2.7	90%	PAT (Net of NCI) accruing to the group	2.5	4.4	75%
			Book	869.4	901.0	4%
			Gross Stage 3 Assets	6.48%	4.02%	
			Net Stage 3 Assets	2.92%	1.85%	
			Net worth	192.1	204.3	6%

- Thrust continues towards “Retaili-sation”; share of Retail at 58% of Book
- Q2 revolved around improved NIMs + Fees, lower credit costs, better asset quality and run down of wholesale & expansion of retail
- Adequate growth capital available (CRAR @ 22.65%)

Development Projects Segment

(Amount in Rs. bn)





4.1% EBITDA Margin 5.2% ↑

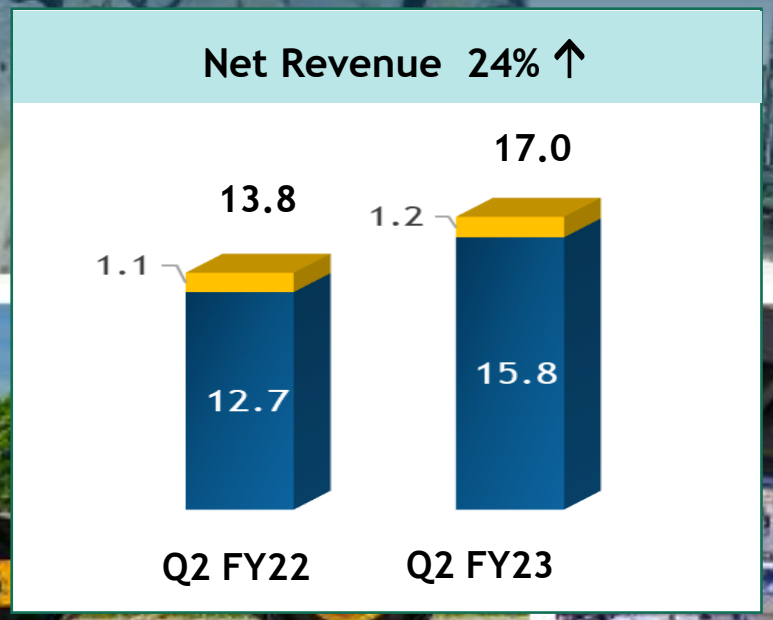
1.9% EBITDA Margin 4.8% ↑

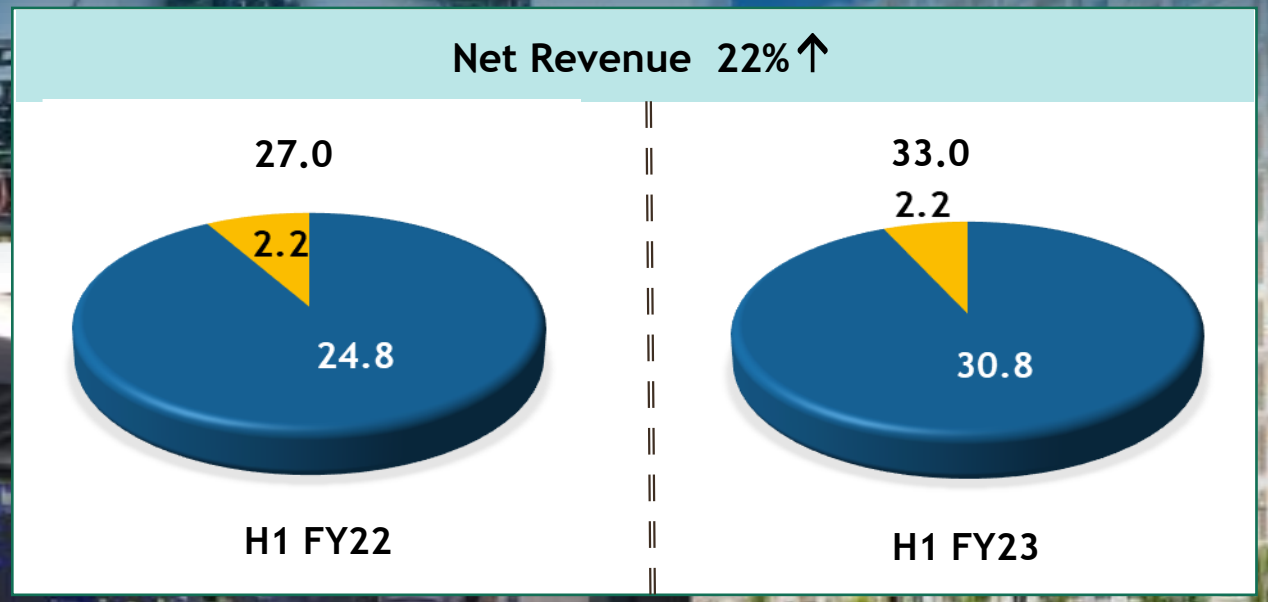
Power Development | Hyd Metro

- 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)





21.5% EBITDA Margin 15.6% ↓

19.3% EBITDA Margin 16.4% ↓

Domestic International

- Segment comprises Realty, Industrial Valves, Smart World & Communications, Construction Equipment & Mining Machinery and Rubber Processing Machinery
- Strong Q2 revenue growth in Smart World & Communications, Construction Equipment & Mining Machinery and Rubber Processing Machinery
- Lower handovers in Realty & sales mix in Construction Equipment & Mining Machinery and Rubber Processing Machinery impact segment margin

"QE" to "QT" and its consequences



The "Good"

- India growth momentum
- Green shoots - Private consumption
- Domestic Capex spends
- GCC Capex



The "Bad"

- Rising inflation
- External & internal Balances
- Strong dollar
- Supply Chain disruption



The "Ugly"

- Increasing military conflicts / trade tensions
- Global recession
- Climate change and its consequences

Positive — Negative

India - A beacon of hope in this decade !



Thank You

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Shalmali Dange (Shalmali.Dange@larsentoubro.com)

Balance Sheet

Rs Billion	Mar-22	Sep-22	Incr / (Decr)
Equity & Reserves	824	818	-6
Non Controlling Interest	130	134	4
Borrowings - Financial Services	841	841	-1
Development Projects	181	186	5
Others	213	244	32
Sources of Funds	**2188**	**2223**	**34**
Fixed Assets (incl ROU assets)	137	150	13
Intangible Assets & Investment Property	302	294	-9
Loans towards Financing Activities	814	841	27
Finance lease receivable	65	62	-4
Net Non-Current Assets	175	192	16
Current Investments, Cash & Cash Equivalents	487	461	-26
Net Current Assets	199	216	17
Assets held for Sale (net)	8	7	0
Application of Funds	**2188**	**2223**	**34**
Gross Debt / Equity Ratio	1.29	1.33	
Net Debt / Equity Ratio	0.81	0.89	

Cash Flow

Q2 FY22	Q1 FY23	Q2 FY23	Rs Bn	H1 FY22	H1 FY23
41.9	42.8	51.6	Operating Profit	75.5	94.4
14.5	(41.2)	5.8	Changes in Working Capital [(Inc)/Dec]	(19.3)	(35.4)
(13.8)	(10.7)	(16.3)	Direct Taxes (Paid) / Refund [Net]	(20.7)	(27.0)
42.6	**(9.2)**	**41.2**	**Net Cash from / (used in) Operations (A)**	**35.5**	**32.0**
(5.7)	(8.4)	(8.0)	Net Investment in Fixed Assets (incl. Intangible & Investment Property)	(9.3)	(16.3)
8.2	(9.1)	(1.6)	Net (Purchase) / Sale of Long Term investments	5.7	(10.7)
(31.4)	28.4	(26.8)	Net (Purchase) / Sale of Current investments	(13.7)	1.6
(1.2)	-	0.0	Loans/Deposits made with JV/Associate Cos.	(1.2)	0.0
2.1	3.7	3.4	Interest & Dividend Received	5.2	7.1
(28.0)	**14.6**	**(32.9)**	**Net Cash from /(used in) Invest. Act. (B)**	**(13.3)**	**(18.3)**
(3.1)	0.1	(3.9)	Issue of Share Capital / NCI	(3.0)	(3.8)
(18.5)	(21.2)	59.7	Net Borrowings [Inc/(Dec)]	(80.1)	38.6
12.2	(9.0)	(16.8)	Loans towards financing activities (Net)	79.0	(25.7)
(29.5)	(12.7)	(37.1)	Interest & Dividend paid	(44.7)	(49.8)
(38.9)	**(42.8)**	**2.0**	**Net Cash from / (used in) Financing Activities (C)**	**(48.8)**	**(40.8)**
(24.3)	**(37.3)**	**10.3**	**Net (Dec) / Inc in Cash & Bank (A+B+C)**	**(26.6)**	**(27.0)**

Segment Margin – Q2 FY23

Segment (Rs Cr)	Q2 FY22			Q2 FY23		
	Net Revenue	EBITDA	EBITDA %	Net Revenue	EBITDA	EBITDA %
Infrastructure Projects Segment	13923	1152	8.3%	19370	1287	6.6%
Energy Projects Segment	5981	392	6.6%	5586	473	8.5%
Hi-Tech Manufacturing Segment	1469	214	14.5%	1456	270	18.5%
Others Segment	1379	296	21.5%	1704	266	15.6%
Total (Projects & Manufacturing)	**22752**	**2054**	**9.0%**	**28116**	**2296**	**8.2%**
IT & Technology Services Segment	7876	1823	23.2%	10151	2225	21.9%
Financial Services Segment	2975	350	11.8%	3152	641	20.3%
Developmental Projects Segment	1170	48	4.1%	1344	69	5.2%
Total (Services & Concessions)	**12021**	**2221**	**18.5%**	**14647**	**2935**	**20.0%**
Total	**34773**	**4275**	**12.3%**	**42763**	**5231**	**12.2%**

	EBITDA to PAT (Q2 FY23)					
Particulars	**IT&TS**	**Financial Services**	**Dev. Projects**	**Projects & Manufacturing***	**Corporate**	**Total**
EBITDA	2225	641	69	2296	408	5639
Depreciation	(333)	(27)	(81)	(344)	(75)	(860)
Segment Result	1893	613	(12)	1951	333	4779
Finance Cost & Tax Expense	(510)	(205)	(315)	(83)	(846)	(1959)
Non-controlling interest	(429)	(137)	-	7	3	(556)
Share in profit/(loss) of JV and associate			(32)	(2)		(34)
PAT	**954**	**271**	**(359)**	**1873**	**(510)**	**2229**

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

Segment Margin – H1 FY23

Segment (Rs Cr)	H1 FY22			H1 FY23		
	Net Revenue	EBITDA	EBITDA %	Net Revenue	EBITDA	EBITDA %
Infrastructure Projects Segment	24332	1888	7.8%	33551	2206	6.6%
Energy Projects Segment	10930	763	7.0%	10659	904	8.5%
Hi-Tech Manufacturing Segment	2706	452	16.7%	2728	462	16.9%
Others Segment	2699	521	19.3%	3303	541	16.4%
Total (Projects & Manufacturing)	**40667**	**3624**	**8.9%**	**50241**	**4113**	**8.2%**
IT & Technology Services Segment	15107	3472	23.0%	19575	4317	22.1%
Financial Services Segment	6037	607	10.1%	6110	1024	16.8%
Developmental Projects Segment	2297	43	1.9%	2690	129	4.8%
Total (Services & Concessions)	**23441**	**4121**	**17.6%**	**28375**	**5470**	**19.3%**
Total	**64108**	**7745**	**12.1%**	**78616**	**9583**	**12.2%**

	EBITDA to PAT (H1 FY23)					
Particulars	**IT&TS**	**Financial Services**	**Dev. Projects**	**Projects & Manufacturing***	**Corporate**	**Total**
EBITDA	4317	1024	129	4113	706	10289
Depreciation	(649)	(56)	(162)	(695)	(262)	(1824)
Segment Result	3668	969	(33)	3418	444	8466
Finance Cost & Tax Expense	(1005)	(302)	(617)	(151)	(1278)	(3353)
Non-controlling interest	(826)	(224)	-	9	(42)	(1083)
Share in profit/(loss) of JV and associate			(52)	(46)		(98)
PAT	**1837**	**443**	**(702)**	**3229**	**(877)**	**3931**

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

Breakup of Energy and Hi-Tech Manufacturing Segment

	Q2 FY22	Q2 FY23	Y-o-Y	Rs Bn	H1 FY22	H1 FY23	Y-o-Y
Order Inflow	**146.5**	**84.4**	**-42%**	**Energy Segment**	**165.6**	**128.1**	**-23%**
	145.0	74.2	-49%	Hydrocarbon	155.0	115.9	-25%
	1.4	10.2	>100%	Power	10.5	12.1	15%
Revenue	**59.8**	**55.9**	**-7%**	**Energy Segment**	**109.3**	**106.6**	**-2%**
	48.7	46.8	-4%	Hydrocarbon	90.6	87.4	-3%
	11.1	9.0	-19%	Power	18.7	19.2	2%
EBITDA Margin	**6.6%**	**8.5%**	**1.9%**	**Energy Segment**	**7.0%**	**8.5%**	**1.5%**
	7.4%	9.7%	2.2%	Hydrocarbon	7.9%	9.8%	1.9%
	2.7%	3.2%	0.5%	Power	2.6%	3.3%	0.6%

Energy Segment

Hi-Tech Manufacturing Segment

	Q2 FY22	Q2 FY23	Y-o-Y	Rs Bn	H1 FY22	H1 FY23	Y-o-Y
Order Inflow	**10.9**	**17.7**	**62%**	**Hi-Tech Manufacturing**	**21.7**	**52.6**	**>100%**
	6.5	12.9	99%	Heavy Engineering	12.2	19.7	62%
	4.4	4.8	9%	Defence Engineering	9.6	32.8	>100%
Revenue	**14.7**	**14.6**	**-1%**	**Hi-Tech Manufacturing**	**27.1**	**27.3**	**1%**
	6.2	6.8	8%	Heavy Engineering	11.7	12.7	8%
	8.4	7.8	-8%	Defence Engineering	15.3	14.6	-5%
EBITDA Margin	**14.5%**	**18.5%**	**4.0%**	**Hi-Tech Manufacturing**	**16.7%**	**16.9%**	**0.3%**
	15.7%	16.4%	0.7%	Heavy Engineering	16.7%	15.1%	-1.6%
	13.7%	20.4%	6.7%	Defence Engineering	16.7%	18.5%	1.8%

Share in Profit/(Loss) of JVs/Associates

Q2 FY22	Q2 FY23	Rs Bn	H1 FY22	H1 FY23
0.43	0.01	L&T Power JVs	0.73	(0.02)
(0.26)	(0.32)	L&T IDPL Group	(0.71)	(0.52)
(0.17)	(0.03)	Others	(0.26)	(0.44)
0.01	**(0.34)**	**Total**	**(0.24)**	**(0.99)**