

Media Release: April-June 2020

Ambuja delivers strong performance with margin expansion on lower costs

- Robust operating EBITDA margin expansion; up by 380 basis points to 28%
- Profit after Tax up by 10%

Standalone unaudited financial results for the quarter and half year ended 30th June, 2020

		Apr- Jun'20	Apr- Jun'19	Jan- Jun'20	Jan- Jun'19
Sales Volume	Mio t	4.19	5.82	9.95	12.19
Net Sales	₹ Cr	2,145	2,912	4,905	5,759
Total operating costs	₹ Cr	1,582	2,285	3,806	4,749
Operating EBITDA	₹ Cr	595	698	1,198	1,162
Operating EBITDA Margin	%	27.8%	24.0%	24.4%	20.2%
EBIT	₹ Cr	466	568	932	899
Profit after tax	₹ Cr	453*	412	852	839

* Includes dividend received from ACC Limited of ₹ 132 crore

“We are determined that health of our employees and partners is accorded the highest priority. The country is working to surmount Covid-19 related challenges and Ambuja is a proud partner in these collective efforts. Our Ambuja Cement Foundation has been a flag bearer in delivering support to our stakeholders.

Ambuja has recorded yet another quarter of very strong results with operating EBITDA margin of 28%. In spite of complete lockdown in April, volume decline of 29% was more than offset by lower costs, which fell by 31%. Our sharp focus on cost reductions across value chain and cash management has helped to further strengthen our strong balance sheet. Ambuja has remained resolutely focused on Health, Productivity and Cost along with working closely with the community.” **said Mr. Neeraj Akhoury, Managing Director & CEO.**

COVID-19 – update on actions

The Company resumed operations in a phased manner post April 20, 2020 after assessing the local situation. Ambuja’s Business Resilience Team ensured that our employees, customers, suppliers and communities remain safe under new operating conditions. Ambuja Cement has a long history of reaching out to communities and people in need. During Covid-19 situation, the Company stepped up its CSR efforts to assist thousands of impacted people - daily-wagers, slum-dwellers and migrant labourers. The Company’s model of engaging with community stakeholders through the Ambuja Cement Foundation (ACF) enabled us to reach out to nearly

700,000 people in 2000 villages across the country. The Company also partnered with three reputed NGOs to support migrants of Mumbai and Delhi with food packets and rations. Ventilators were donated to government hospitals in Maharashtra, and hundreds of PPE kits and masks were distributed to healthcare workers.

Financial Performance for the Quarter ended 30th June 2020

Volumes were impacted during the second quarter of 2020 as a result of COVID-19 lockdown. Cement sales volume declined by 29% during this quarter as compared to the same period of previous year.

Net Sales during the quarter was at ₹ 2,145 Crore compared to ₹ 2,912 Crore in the corresponding quarter of the previous year.

Cost delivery for the quarter was pivoted around raw material, power & fuel, logistics costs and other fixed costs. Network optimization gained momentum due to acceleration of Master Supply Agreement (MSA) with ACC.

As a result, operating EBITDA witnessed a margin expansion of 380 bps in April-June, 2020. Absolute operating EBITDA for the quarter registered a decline of 15% to ₹ 595 Crore as compared to the corresponding quarter of the previous year.

Profit after tax was up by 10% for the quarter from ₹ 412 Crore in 2019 to ₹ 453 Crore in 2020 on account of dividend income.

The company generated additional cash and cash equivalent of ₹ 714 Crore during January-June 2020.

Our greenfield project at Marwar Mundwa, Rajasthan is progressing.

Consolidated Financial Results for the quarter ended 30th June 2020

- EBITDA Margin at 24.7%; up by 330 bps in Q2 20
- EBITDA Margin at 21.7%, up by 350 bps in H1 20

		Consolidated			
		Apr-Jun'20	Apr-Jun'19	Jan-Jun'20	Jan-Jun'19
Sales Volume	Mio t	8.66	12.96	20.85	26.80
Net Sales	₹ Cr	4,544	6,920	10,673	13,614
Operating EBITDA	₹ Cr	1,123	1,484	2,314	2,481
EBIT	₹ Cr	830	1,206	1,725	1,923
Net income attributable to Ambuja Group	₹ Cr	457	623	1,011	1,118

Performance of Material Subsidiary – ACC Limited

Net Sales during the quarter declined by 38% to ₹ 2,520 Crore compared to ₹ 4,059 Crore for the same quarter last year. Operating EBITDA for the quarter registered a decline of 33% to ₹ 525 Crore as compared to the same quarter of the previous year. The Company's cost management and operational efficiency programs have maintained their strong momentum. During the quarter, enhanced focus on supply chain management, contract negotiations, third party spends and fuel efficiencies have helped addressing the impact of lower volumes and improving Operating EBITDA margin on a year-on-year basis.

Outlook

Economic activities have picked up post Government's decision to unlock the country. With resumption of economic activities, GDP growth is expected to enter a positive trajectory. Cement demand is also expected to rebound on account of normal monsoon, various policy support measures taken to enhance rural and agricultural incomes. Further, continued spend on infrastructure development and affordable housing is expected to boost demand growth in the mid-term.