



**UPL**  
OpenAg™

# Q1-FY2021 Results Presentation

July 2020

# Safe Harbor Statement

*This document contains certain forward-looking statements with respect to the financial condition, results of operations and business of UPL Limited (UPL) and certain of the plans and objectives of UPL with respect to these items. Examples of forward-looking statements include statements made about our strategy, estimates of sales growth, future EBITDA and future developments in our organic business. Forward-looking statements can be identified generally as those containing words such as “anticipates”, “assumes”, “believes”, “estimates”, “expects”, “should”, “will”, “will likely result”, “forecast”, “outlook”, “projects”, “may” or similar expressions. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, domestic and global economic and business conditions, the successful implementation of our strategy and our ability to realize the benefits of this strategy, our ability to develop and market new products, changes in legislation, legal claims, changes in exchange and interest rates, changes in tax rates, raw materials and employee costs, our ability to identify and complete successful acquisitions and to integrate those acquisitions into our business, our ability to successfully exit certain businesses or restructure our operations, the rate of technological changes, political, economic and other developments in countries where UPL operates, industry consolidation and competition. As a result, UPL’s actual future results may differ materially from the plans, goals and expectations set forth in such forward-looking statements. For a discussion of factors that could cause future results to differ from such forward-looking statements, see also Risk management, of our Annual Report.*

# **Q1-FY2021 Business Update**

**Diego Casanello**

# Q1 Financial Highlights



**EPS of ₹ 7.20 per share vs. ₹ 3.74 per share last year**

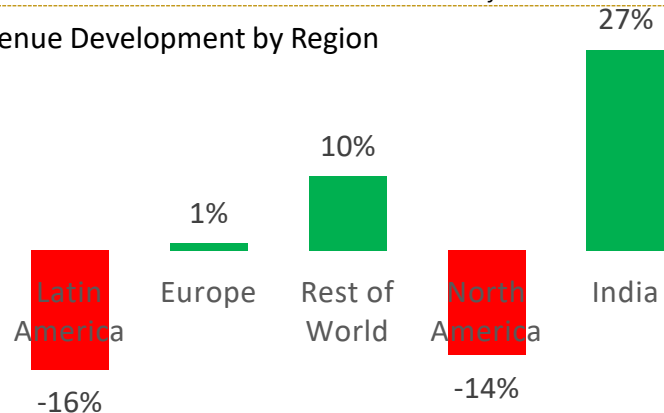
# Q1 Performance Highlights

₹ crore

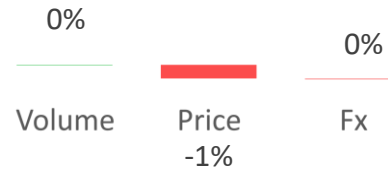
Particulars	Q1 FY 2021	Q1 FY 2020 Proforma	B/(W) LY
Revenue	7,833	7,906	-1%
Gross Margin	43%	43%	+20 bps
Fixed OH	1,604	1,739	-8%
Business EBITDA	1,779	1,659	7%
<b>Business EBITDA %</b>	<b>23%</b>	<b>21%</b>	<b>+200bps</b>
Special Items <sub>1</sub>	<b>75</b>	-	-
<b>EBITDA</b>	<b>1,704</b>	<b>1,659</b>	<b>3%</b>
<b>% Revenue</b>	<b>22%</b>	<b>21%</b>	<b>+100 bps</b>

Proforma considering PPA adjustment of 340cr. in gross margin  
 1 Special items include contribution to PM Cares Fund for Covid

## Revenue Development by Region



## Revenue Variance



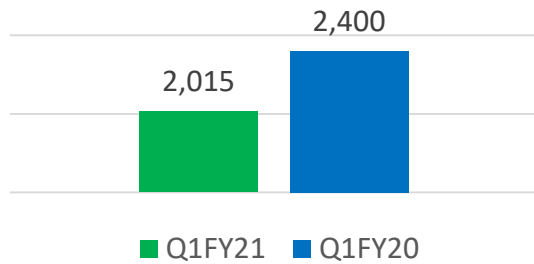
- Robust revenue performance almost at prior year level and EBITDA margin expansion in a turbulent environment driven by COVID-19
- Significant improvement by 31 days of Net Working Capital vs. last year
- Strong growth in India, South East Asia driven by good rains
- Gross Margins above last year thanks to cost and portfolio mix improvements
- Fixed cost reduction well ahead of plan, capitalizing on COVID-19 contingency plans
- COVID-19 related supply chain disruptions in most regions delayed sales from Q1 to Q2
- Brazilian Real devaluation led to postponement of orders from Q1 to later quarters, closer to demand (4,02 BRL/USD on Jan 1<sup>st</sup> vs. 5,17 BRL/USD on July 30<sup>th</sup>)
- North America impacted by COVID-19 related pre-buying in Q4 2019/20

# Q1 Regional Highlights

₹ crore

## LATIN AMERICA

-16%

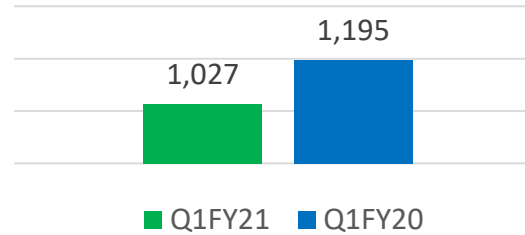


### Fx volatility postponing orders to later quarters

- Good agronomic conditions across most of LATAM with increase in soy and corn acreage
- Teams continue to successfully increase prices in local currencies to gradually compensate for the significant devaluation especially of BRL
- Strong currency fluctuations have led to postponement of orders in Brazil from Q1 to later in the year and closer to demand
- Covid19 related Supply chain delays shifted sales from Q1 to Q2

## NORTH AMERICA

-14%

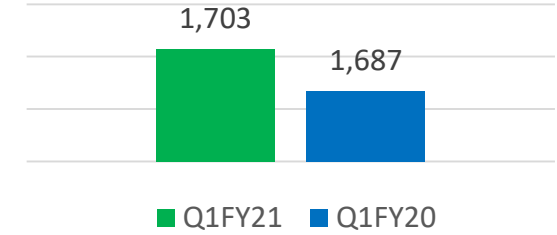


### Slow Q1 driven by COVID-19 related pre-buy in Q4

- Good agronomic conditions
- COVID-19 related pre-buying at the end of Q4 impacted revenues in Q1
- China-USA tariff war remains a tailwind to UPL by helping customers hedge risk for the full year
- Well positioned to capitalize on glufosinate demand growth in USA

## EUROPE

1%

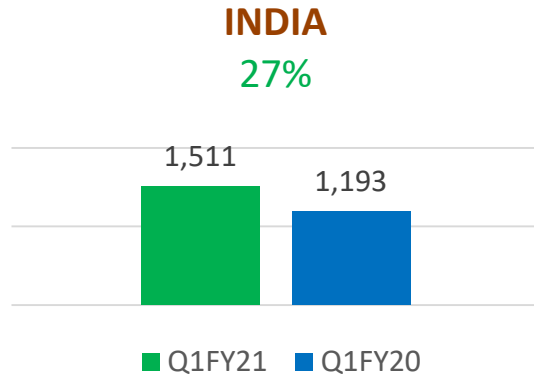


### Robust despite COVID-19 supply delays

- Good herbicide campaign in N. Europe
- Robust crop prices in Russia and Central Europe due to lower yields
- Impact from shipping and supply chain delays moving revenues to Q2
- South Europe experienced a challenging Q1 mainly in Spain, France and Italy due to COVID-19 uncertainties

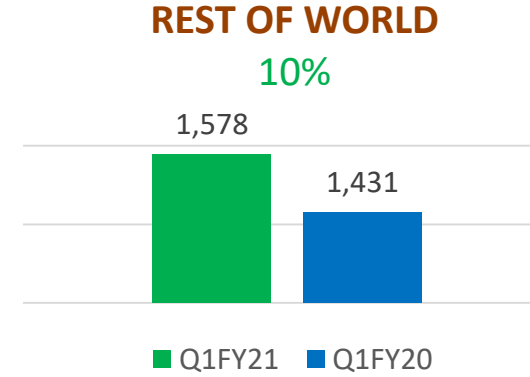
# Q1 Regional Highlights (contd.)

₹ crore



## Strong Performance in Growing Market

- 15%+ market growth
- Branded business grew by 36% with strong performance in Insecticides and Herbicides
- Continued adoption of pronutiva packages driving growth in BioSolutions
- Despite the impact of the coronavirus in the region, India had record collections in Q1



## Strong business growth in S.E. Asia

- Strong business growth in S. East Asia thanks to return of rains and synergies
- Demand recovering after earlier covid19 openings
- Growth in Vietnam from increased herbicides sales
- Adverse impact from Fx in Africa

# Sustainability Performance



Annual sustainability reporting as per GRI Guidelines.



Dow Jones Sustainability Indexes

61% DJSI score improved in FY 2019-20 from FY 2018-19.



Scored **68%** higher FTSE score from industry average.



60% of our plants are Zero Liquid Discharge.



Harvested 440 tankers rain water in Unit 0, 1, 2 & 4.

## FY2020 Key Achievements

### Environment Footprint Reduction:

- Reduced 7.64% specific water consumption as compared to last year.
- Reduced 7.32% specific carbon emissions as compared to last year.
- Reduced 2.7% specific wastewater generation as compared to last year.

### Renewable Energy:

17% grid energy comes from renewable sources in our largest two manufacturing plants.



FO Technology 1<sup>st</sup> among chemical companies globally.



# Living and Working UPL in a Virtual World



UPL ARGENTINA HELD ITS FIRST VIRTUAL CONVENTION MAY 19 TO 21.

UPL Brazil invests in Lives and Webinars to disseminate technical information

UPL Argentina holds its first virtual convention



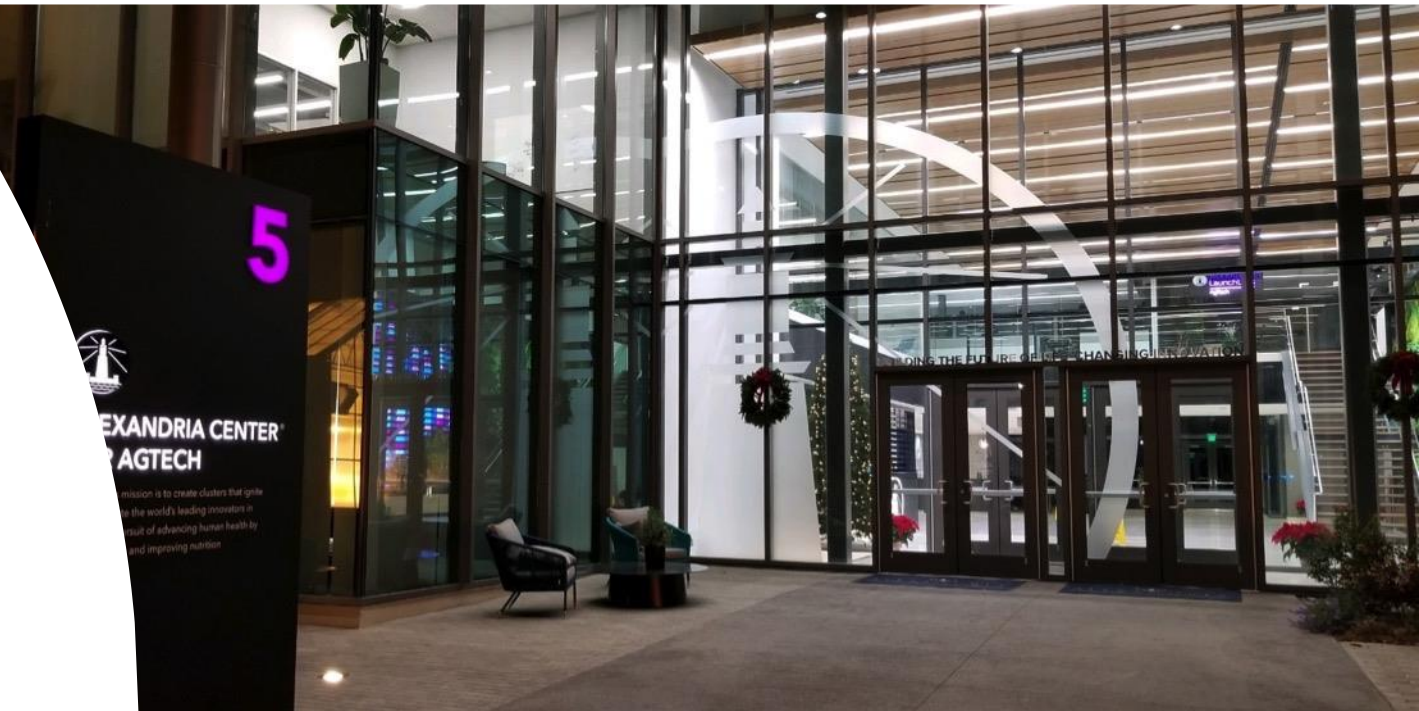
UPL Spain launched a virtual Vine tradeshow

Initiatives such as Rapid Response Customer Service, Customer Engagement Initiative, Virtual Sales Conventions, Partner Meetings, Learning and Development Webinars and many more have allowed UPL to operate successfully during the pandemic

# OpenAg™ Center

*Smart R&D: a new approach to technology development*

- Development program driven by market and portfolio needs that is **technology agnostic**
- **No large-scale fixed research infrastructure**
- Attracts the best partner technologies through **agility and responsiveness**
- Unmatched **expertise in IP, field development and registration** drives faster project decisions to get to market quicker





# **Q1 FY2021 Financial Results Update**

**Anand Vora**

# Profit and Loss Account – As Reported

₹ crore

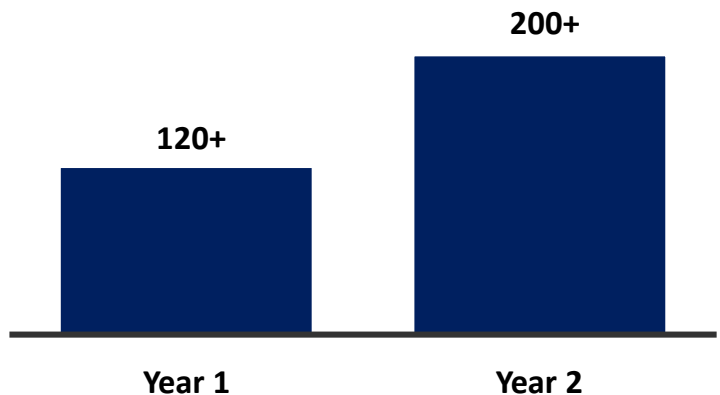
Particulars	Q1 FY21		Q1 FY20		Change
	Reported	%	Reported	%	%
Total Revenue from operation	7,833	100%	7,906	100%	-1%
Variable Cost	4,451	57%	4,848	61%	
Gross Margin	3,382	43%	3,058	39%	11%
Fixed Overheads	1,679	21%	1,739	22%	
EBITDA	1,704	22%	1,319	17%	29%
Other Income / (Loss)	194		33		
Amortization / Depreciation	522		446		
Finance Cost	551		398		
PBT	825	11%	508	6%	63%
Tax	143		77		
PAT	682	9%	430	5%	58%
Income/(Loss) from Associate Co. and JV	(5)		(4)		
Minority Interest	102		69		
Profit After Tax, Associate Income & Minority Interest	575	7%	357	5%	61%
Exceptional Cost	25		72		
Net Profit	550	7%	286	4%	92%

Note: In Q1FY2020 PPA impact of 340cr in EBITDA; adjusted EBITDA 1,659cr, and adjusted PAT after Associates Income minority and exceptional cost 626cr.

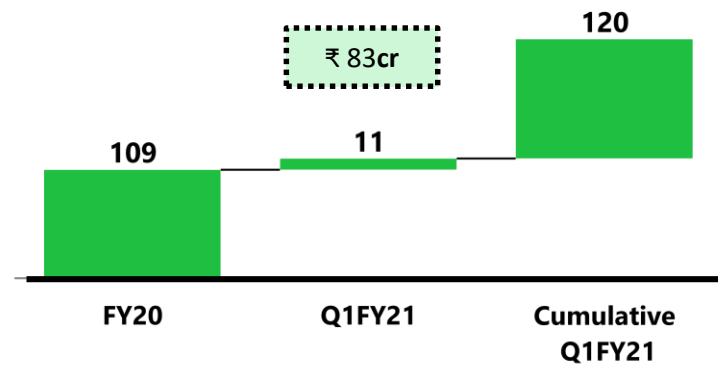
Q1FY2021 Results Presentation, July 2020

# Cost and Revenue synergy targets and achievements

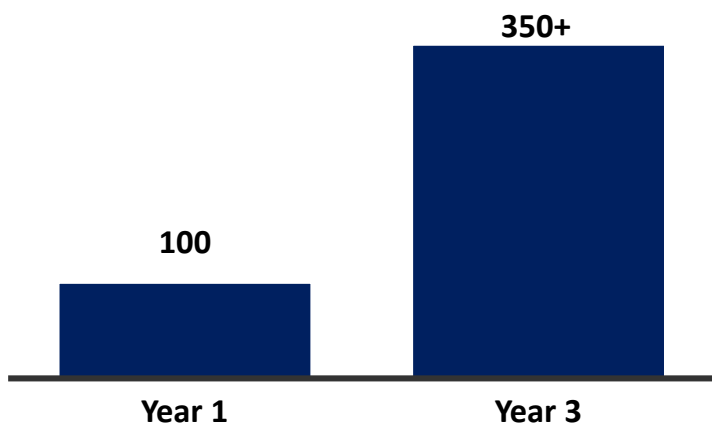
Cost Synergy Target, run rate, USD Mn



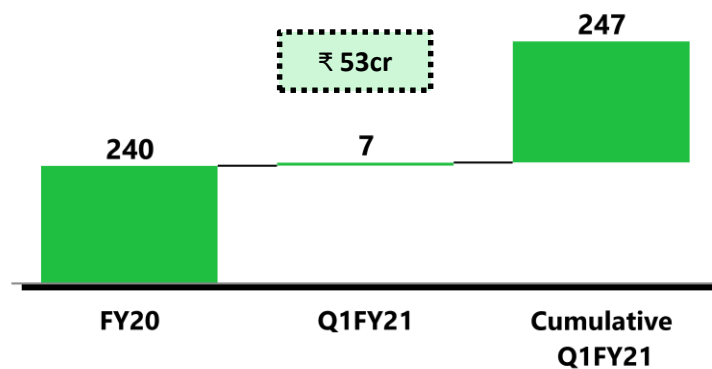
Cost Synergies Achieved, USD Mn



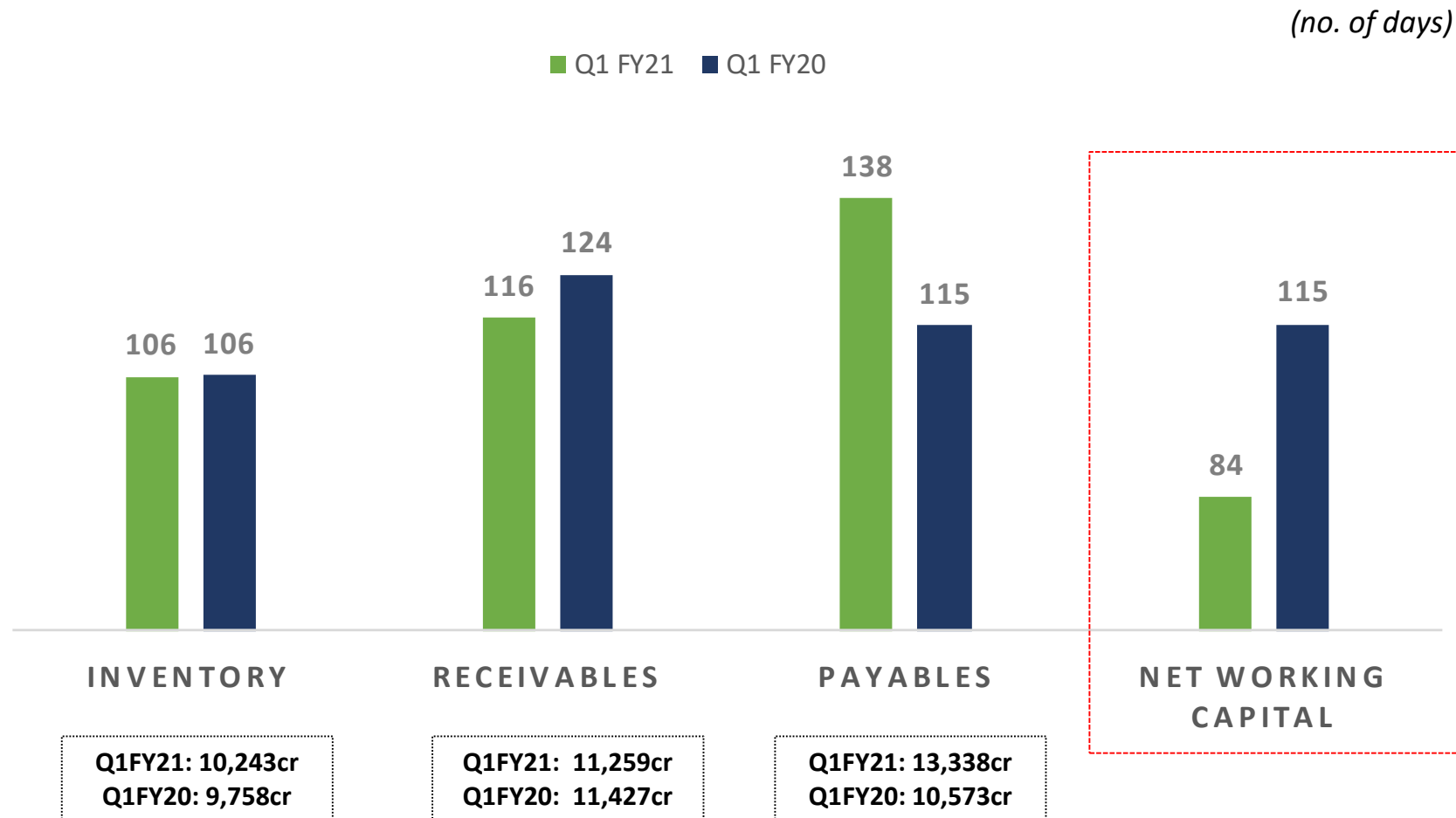
Revenue Synergies Target, run rate, USD Mn



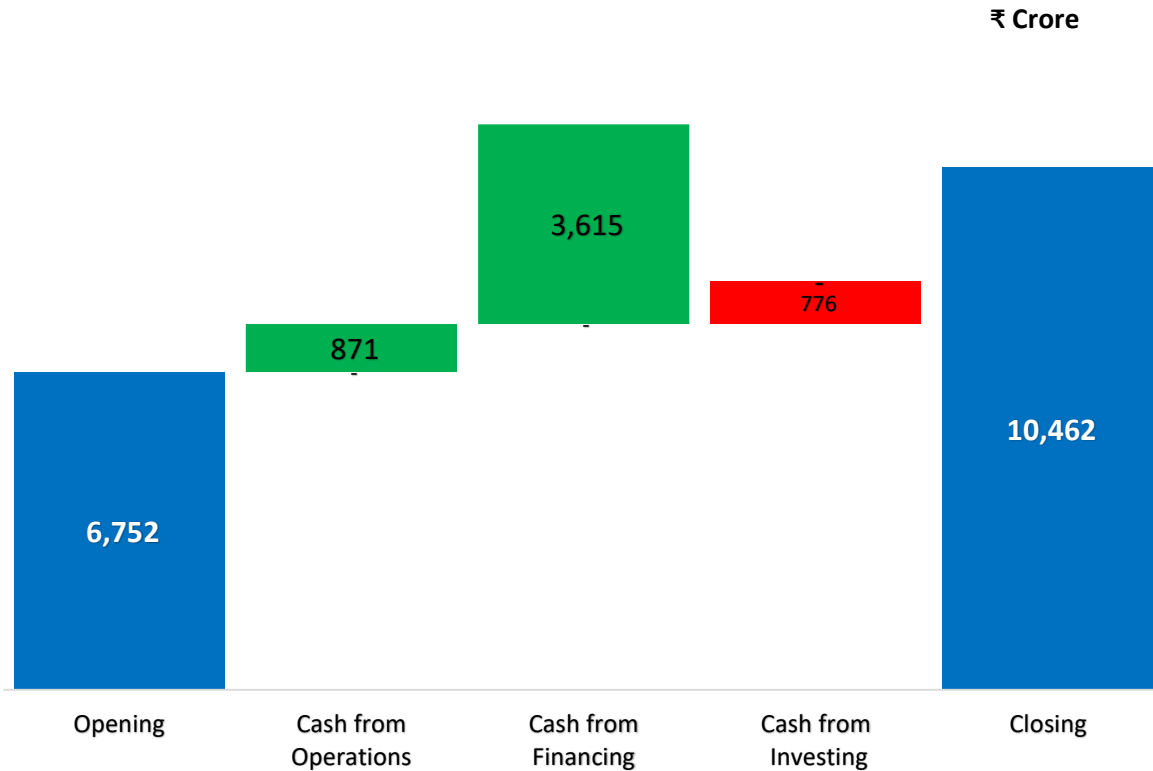
Revenue Synergies Achieved, USD Mn



# Working Capital Analysis



# Cash Flow Statement (1<sup>st</sup> April 2020 to 30<sup>th</sup> June 2020)



- Cash flow from operating activities of 1,886 crore
- Working capital changes of (644) crore
- Net borrowings of 3,778 cr. 10 year bond raised in June 2020 and repayment of 619 cr. 5 year bond tendered in the tender offer
- Capex spent of 532 crore

# FY2021 Outlook

- **Good agronomic conditions in most key markets expected to drive robust demand**
- **Despite covid19-related challenges in Q1, we remain well positioned to deliver revenue and EBITDA growth for the full year**
- **Raw material savings and COGS synergies, as well as portfolio/regional mix improvements supporting gross margins**
- **Significant fixed cost saving opportunity from synergies and covid19 contingency measures driving efficiency gains in SG&A**
- **Strong liquidity in place to meet debt maturities in the next 18-24 months**
- **Committed to debt reduction and to maintain investment grade credit rating**



# Appendix



# Profit and Loss Account

₹ crore

Particulars	Q1 FY21		Q1 FY20		Change	Q1 FY20 Before PPA <sup>1</sup>	Change %
	Reported	%	Reported	%	%		
Total Revenue from operation	7,833	100%	7,906	100%	-1%	7,906	-1%
Variable Cost	4,451	57%	4,848	61%		4,508	
Gross Margin	3,382	43%	3,058	39%	11%	3,398	0%
Fixed Overheads	1,679	21%	1,739	22%		1,739	
EBITDA	1,704	22%	1,319	17%	29%	1,659	3%
Other Income / (Loss)	194		33			33	
Amortization / Depreciation	522		446			446	
Finance Cost	551		398			398	
PBT	825	11%	508	6%	63%	848	-3%
Tax	143		77			77	
PAT	682	9%	430	5%	58%	770	-12%
Income/(Loss) from Associate Co. and JV	(5)		(4)			(4)	
Minority Interest	102		69			69	
Profit After Tax, Associate Income & Minority Interest	575	7%	357	5%	61%	697	-18%
Exceptional Cost	25		72			72	
Net Profit	550	7%	286	4%	92%	626	-12%