

**PRISM**<sup>®</sup>  
CEMENT



Complete Concrete Solutions

 **JOHNSON**<sup>®</sup>  
*Not just tiles, Lifestyles.*<sup>®</sup>

AMONGST INDIA'S LEADING INTEGRATED BUILDING MATERIALS COMPANY

**PRISM JOHNSON LIMITED**

(Formerly Prism Cement Limited)

**Investor Presentation**

May'19

# Our Brands

**PRISM**  
CEMENT



**JOHNSON**  
*Not Just Tiles. Lifestyles.*



**JOHNSON TILES**  
REDEFINING LIFESTYLES, WORLDWIDE.

**JOHNSON ENDURA**  
INDUSTRIAL TILING SOLUTIONS

**JOHNSON MARBONITE**  
PREFERRED OVER ITALIAN MARBLE

**JOHNSON BATHROOMS**  
FIND CLARITY

**JOHNSON MARBLE & QUARTZ**  
NATURE, REINVENTED

**JOHNSON PORSELANO**  
BEAUTIFUL IMPRESSIONS. FOREVER.



# Integrated Building Materials Company

**PRISM**  
CEMENT



**JOHNSON**  
*Not just tiles. Lifestyles.*

**PRISM**  
CEMENT

- PPC (Portland Pozzalana Cement)
  - Champion
  - Champion Plus
  - Duratech
- OPC (Ordinary Portland Cement)



Complete Concrete Solutions

- Ready-mixed concrete
- Aggregates
- Manufactured Sand

**JOHNSON**  
*Not just tiles. Lifestyles.*

- Tiles (Ceramic, Vitrified, Industrial)
- Sanitary ware & Faucets (Bath Fittings)
- Engineering Marbles & Quartz
- Construction Chemicals

Markets Covered

Regional presence, (Satna Cluster in Central India) catering mainly to Rural regions

Pan India presence, catering mainly Urban Real Estate and Infrastructure

Pan India presence, catering Aspirational Consumption

# Year ended March 2019 – Executive Summary

**PRISM**  
CEMENT



**JOHNSON**  
Not Just Tiles. Lifestyles.

Particulars	Cement Division		HRJ Division		RMC Division		Total	
	FY19	FY18	FY19	FY18	FY19	FY18	FY19	FY18
<b>Consolidated Data</b>								
Total Capacity	7mt	7mt	68msm	68msm	10.5cum	9.7cum	NA	NA
Capacity Utilization (%)	89	81	58	58	37	35	NA	NA
Revenues (Rsmn)	27,733	23,723	18273	16854	14807	13640	60813	54217
% of total revenues	46	44	30	31	24	25		
EBITDA (Rsmn)	5,230	3,492	599	637	385	280	6214.2	4408.3
EBITDA (%)	18.9	14.7	3.3	3.8	2.6	2.0	10.2	8.1
% of total EBITDA	84	79	10	14	6	6		
EBIT (Rsmn)	4016	2793	50	38	173	63	4239	2894
Capital Employed (Rsmn)	15655	15366	11807	11657	1733	1795	29196	28818
ROCE (%)	25.7	18.2	0.4	0.3	10.0	3.5	14.5	10.0

# Year ended March 2019 - Standalone & Consolidated financials



Summary of Standalone Financials (Rsmn)	FY19	FY18	% chg
Net Sales	59306	53889	10.1%
Other operating income	250	196	27.8%
Total revenue from operations	59556	54084	10.1%
EBITDA	5547	3792	46.3%
Other Income	207	662	-68.7%
Depreciation and amortization	1601	1531	4.6%
EBIT	4154	2923	42.1%
Finance costs	1741	1873	-7.1%
Profit before tax	2301	1051	119.0%
Profit after tax	1460	704	107.3%
EPS (Rs)	2.9	1.4	107.1%

Summary of Consolidated Financials (Rsmn)	FY19	FY18	% chg
Net Sales	61238	54573	12.2%
Other operating income	706	505	39.8%
Total revenue from operations	61944	55077	12.5%
EBITDA	6014	4431	35.7%
Other Income	266	658	-59.5%
Depreciation and amortization	2000	1844	8.5%
EBIT	4280	3245	31.9%
Finance costs	2196	2270	-3.3%
Profit before tax	2012	1007	99.9%
Profit after tax	1096	550	99.3%
EPS after non-controlling interest (Rs)	2.3	0.8	175.0%

- q Standalone EBITDA has increased by ~46% led by Cement Division EBITDA, up ~50%
- q EBIT has increased by 42% yoy due to lower other income.
- q PBT and PAT were at `2,301mn and `1,460mn, both more than doubling
- q Consolidated EBITDA has increased by ~36%
- q EBIT has increased by 32% yoy due to lower other income.
- q PBT and PAT were at `2,012mn and `1,096mn, nearly doubling.
- q EPS at `2.3, nearly tripled

# Key highlights for year ended March 2019

**PRISM**  
CEMENT



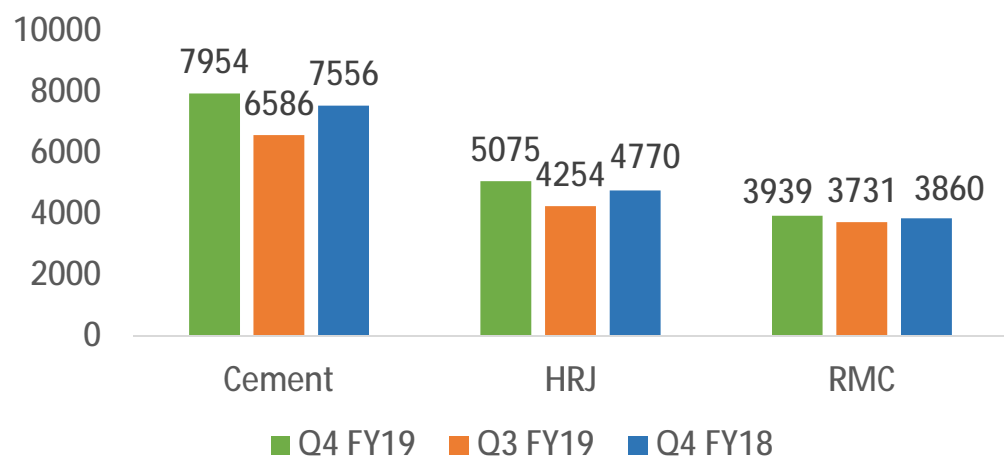
**JOHNSON**  
Not Just Tiles. Lifestyles.

- ✓ Cement & clinker volumes grew by 11% to 6.27mn tons aided by Individual Home Building and infrastructure segment. Premium products volume contribution improved by 300bps to 18% of overall Cement volumes
- ✓ Cement EBITDA per ton was at ₹834, swing of ₹215 over FY18 despite challenging cost environment especially on account of power & fuel and freight expenses. Better net realizations and higher utilization levels helped mitigate cost inflation. Cement EBITDA increased by nearly 50% to ₹5,230mn
- ✓ HRJ Division's tile volume grew by 4% reflecting the efforts and focussed initiatives undertaken during past couple of years. Volume growth would have been better but for Kerala floods and transportation strike affecting JV sales and operations
- ✓ Consolidated EBITDA for HRJ Division were at ₹599mn, marginal decline as compared to FY18 EBITDA as the Division continues to invest in marketing and distribution
- ✓ RMC (India) revenues grew by 8%. Volume growth was at 14% on the back of pick up in few pockets of real estate and infrastructure, especially road construction.
- ✓ Standalone debt (net) has reduced by ~₹700mn to ~₹14,140mn, fourth consecutive year of debt reduction.
- ✓ The Company is back on the list of dividend paying Companies after FY12. It had declared interim dividend of ₹0.50 per equity share (5% of FV) in Q1FY19

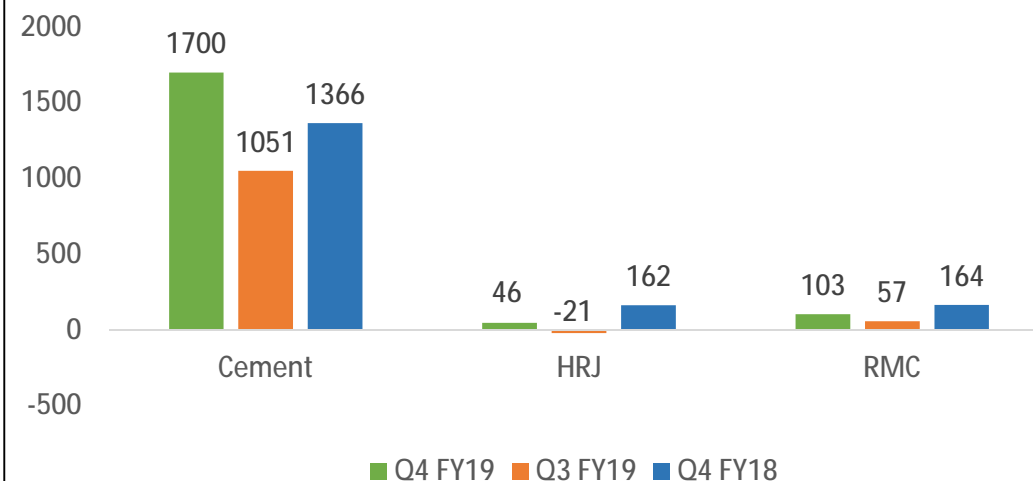
# Quarter ended March 2019 – Executive Summary



Segment Revenue (Rs mn)



Segment EBITDA (Rs mn)



## Cement

- ~5% yoy volume growth to 1.75mn ton. Annualised Q4 volumes demonstrates more than 100% utilization levels
- EBITDA / ton – ` 971, swing of ` 152 on yoy basis.
- Aided by lower overall costs

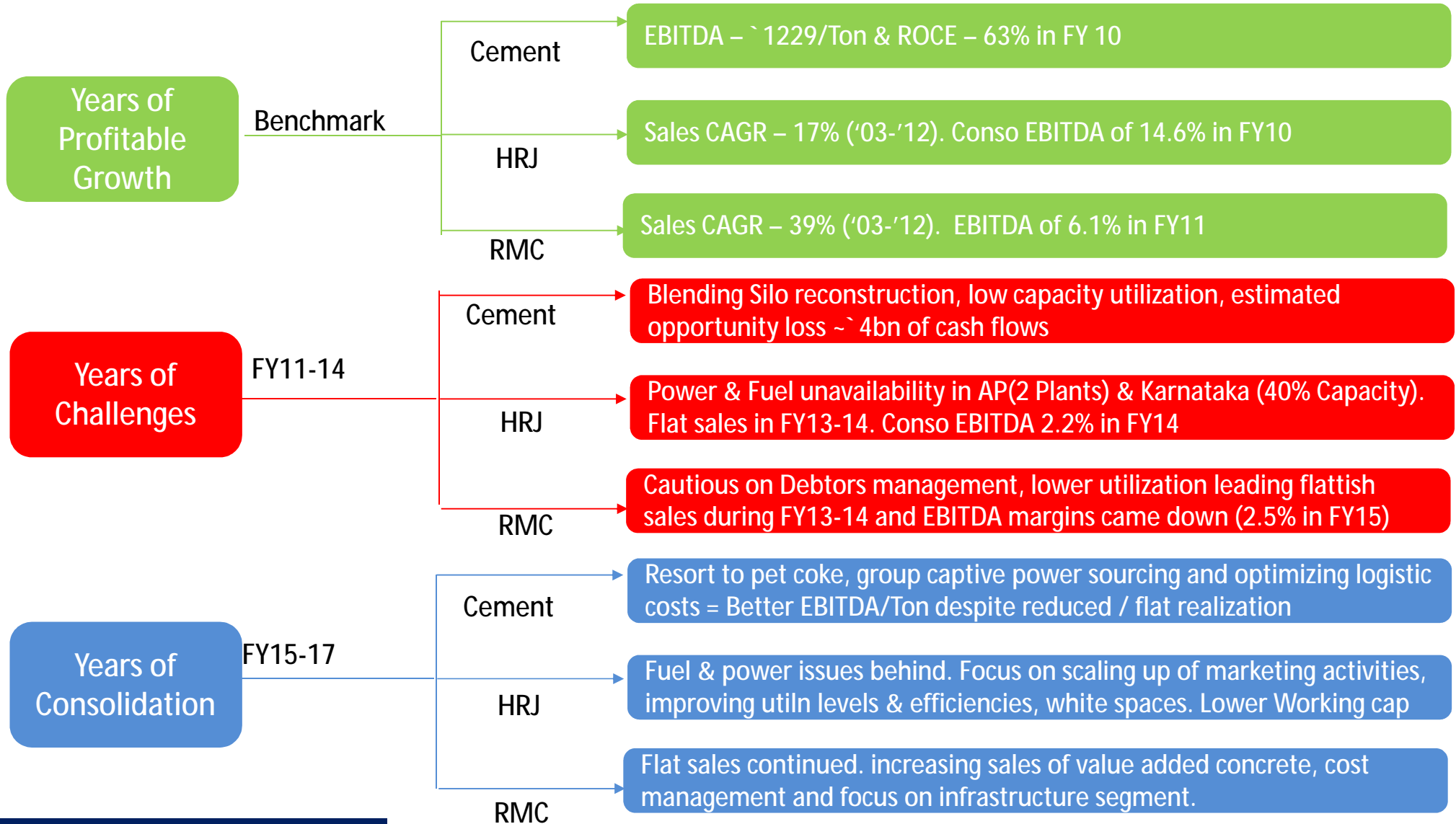
## RMC (India)

- Revenue growth of 2% on yoy basis
- EBIT declined during the quarter due to increase in fuel prices and intense competition
- Strong order book in Mega vertical, catering infrastructure sector

## HRJ

- Volume growth of ~5.5% yoy, reflecting few focussed initiatives undertaken over last couple of years.
- Standalone EBIT declined as the Division continues to invest in marketing and distribution
- Consolidated EBITDA margins at 4.3%.

# PRISM JOHNSON - Efforts towards re-creating history





# Business Environment – expect better demand environment

**PRISM**  
CEMENT



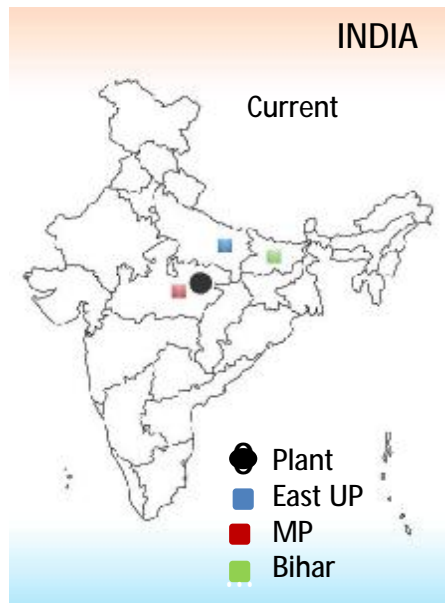
**JOHNSON**  
Not Just Tiles. Lifestyles.

- Government's focus on Infrastructure continues – road construction (improved execution), railways, metros, ports, airports and power transmission
- Focus on Housing for all Program. Ramp up in Pradhan Mantri Awas Yojna - Gramin (PMAY-G)
- Individual House Building segment continues to grow on back on improvement in agricultural yields. Government's continues to focus on increasing farmer's income.
- Implementation of Real Estate Regulation Act (RERA) resulted in short-term demand disruptions. Few pockets showing demand revival in the urban housing segment. Commercial and office demand space continues to show improvement.
- Continued thrust on core schemes such as Smart Cities, Swachh Bharat Abhiyan amongst others.
- The National Green Tribunal recently passed an order directing ceramic units in Morbi and Wankaner to shut down coal gasifiers. This is a positive step for organized and branded players as compliance and competitive intensity increases for players using coal gasifiers in the past.
- Risk factors: Below average monsoon would have impact on demand on all three Divisions. Geo-Political scenario and Execution delays at customer end both for real estate and infra sector

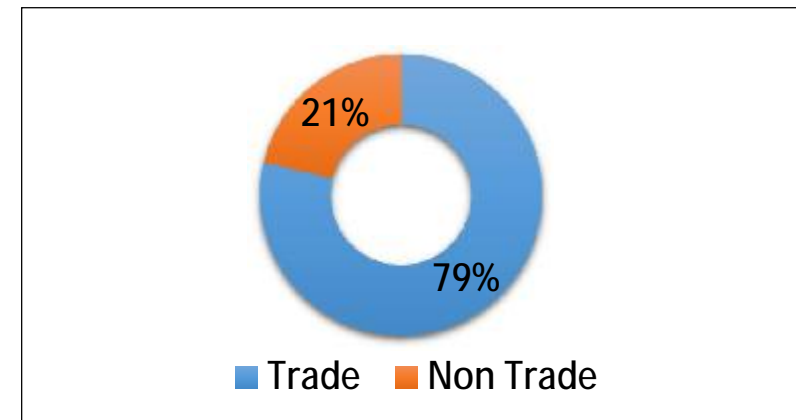
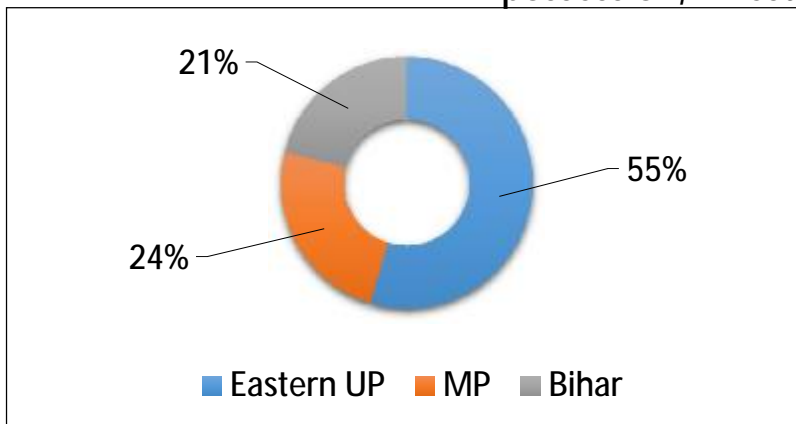
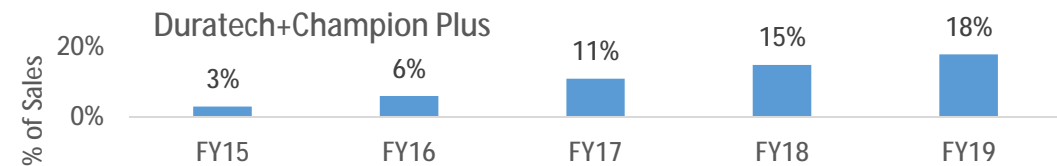
# PRISM<sup>®</sup>

## CEMENT

# Cement Overview



- 2 Modern Plants in Satna, MP(Central India) with effective capacity of 7mn ton
- Superior Capital Employed < ~US\$ 32/ton
- Strong volume growth in the cluster leading to higher capacity utilization levels
- 15MW solar power commissioning by end of Q1FY20. Further addition of 15MW planned during FY20
- 22.5MW Waste Heat Recovery System (WHRS) order placed, capex of ~` 2bn, commissioning by June 2020.
- Superior Product Mix –
- Growth plans – Opportunity for greenfield expansion in Kurnool District, AP. ~3000 acres of land in possession, limestone reserves secured



# Cement – Financial & Operational Highlights

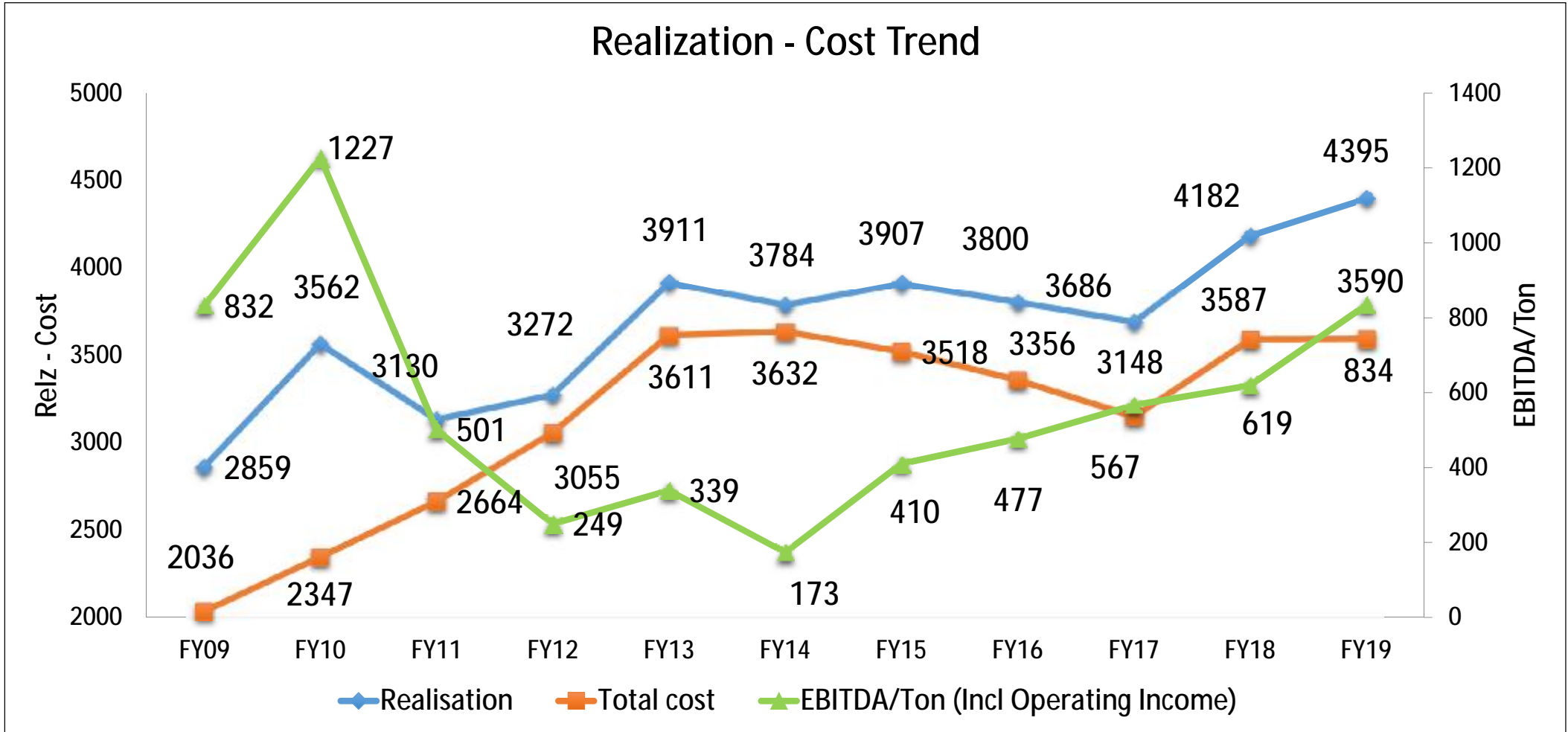


Particulars	Unit	FY19	FY18	FY10
Cement & Clinker Sales Volume *	Mn Ton	6.27	5.64	2.86
Net Sales	` in bn	27.7	23.6	10.2
Net realization incl clinker	` /Ton	4395	4182	3562
Total cost	` in bn	22.5	20.2	6.7
Total cost	` /Ton	3590	3587	2347
EBITDA incl operating income	` /Ton	834	619	1229
<b>Freight &amp; forwarding</b>	<b>Unit</b>	<b>FY19</b>	<b>FY18</b>	<b>FY10</b>
Lead Distance	Kms	391	391	377
Mode Mix				
Railway	%	50	60	73
Road	%	50	40	27
<b>Power and fuel</b>	<b>Unit</b>	<b>FY19</b>	<b>FY18</b>	<b>FY10</b>
Power consumption per ton of cement	Kwh	73	73	72
Fuel Mix (on Calorific Value)				
Pet-Coke	%	60	55	0
Coal	%	39	45	100
AFR	%	1	0	0

Note: \* Excluding Clinker sales for third party processing

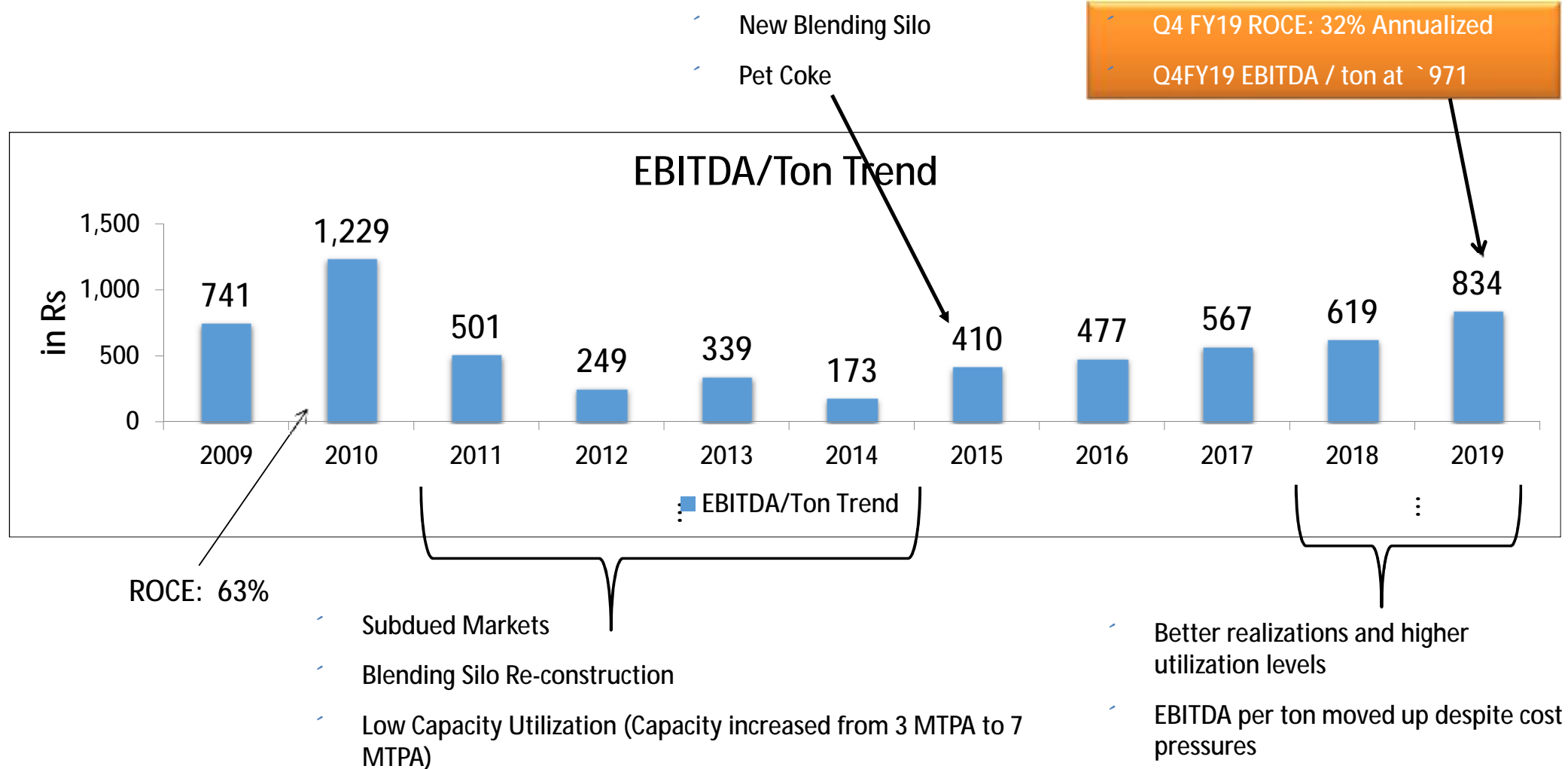
FY10 figures as per IGAAP

# Cement – Realization and Cost Trend



FY17 to FY19 As per IND AS

# Cement EBITDA/Ton



FY17 to FY19 As per IND AS



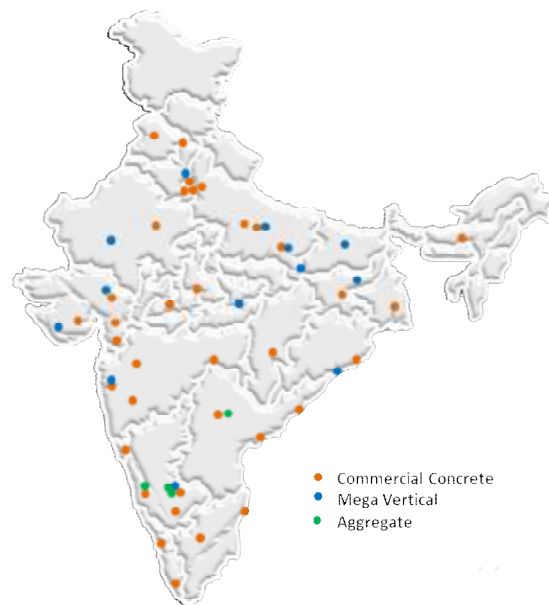
Complete Concrete Solutions

# RMC Overview

PRISM  
CEMENT



JOHNSON  
Not just lives, Lifestyles.



- Ready mixed concrete is concrete in ready to use form. It is one of the most versatile building material used in construction. Benefits such as consistent quality, saving of site space, optimize labour, safety, reduced pollution amongst others

- Started in mid-90s : ~10-12% of total cement used for concrete in India is through RMC route (Metros / Tier1 ~35% & Tier2 ~20%) v/s 50-70% in developed economies

## Industry Structure

- Barriers to entry : Location and permission in cities

- ~53% unorganized. Post GST implementation organized players have gained market share

- Evolution in construction technology should also aid in growth momentum





# RMC (India) Division

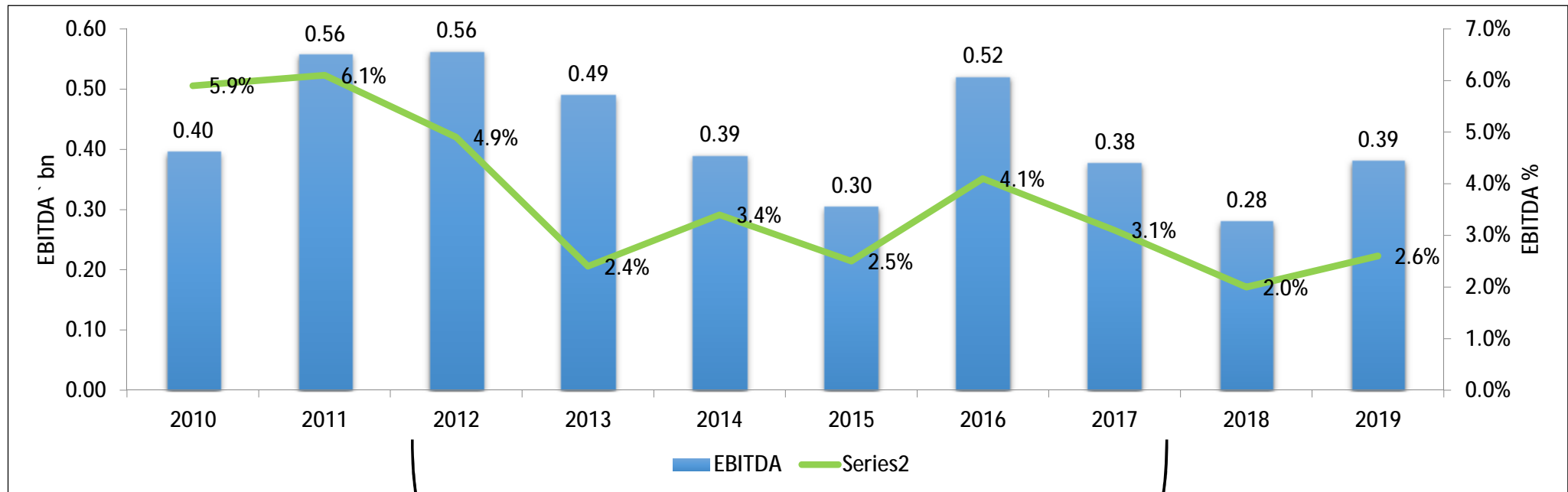
**PRISM**  
CEMENT



**JOHNSON**  
Not Just Tiles. Lifestyles.

- 2nd largest player : pan India presence with 97 Operational Plants in 44 Cities/towns
- Backward integration: 5 plants of aggregates & manufactured sand
- NABL Accredited Labs
- Double digit volume growth in FY19 after ~5 years of flattish growth. FY03-12 sales CAGR of 39%
  - Demand drivers – Urbanization & Infrastructure. Affordable housing offers growth opportunity. Infra order book at historical highs. Expansion in Prism catchment areas.
- EBITDA margins bottomed out (2.6% in FY19). Levers for margin improvement
  - Promote sales of value-added products and increase sales in Individual House Building (IHB) segment
  - Focus on road, metros and captive plants
  - Focus on O&M segment and cost management program in place
- ROCE to improve further (~10% in FY19)
  - EBITDA margin: 3-6%
  - Asset turnover: >8x (Capital Employed – ~Rs1.7bn and Sales ~Rs14.8bn)

# RMC EBITDA – Performance



- Subdued Economy
- Extra Cautious on Debtors Management
- Low Capacity Utilization

FY16 to FY19 as per IND AS



**Dycrete®** comprises an eye catching array of concrete that are suitable for a wide variety of architectural and decorative applications. They combine the aesthetic appeal with the long lasting durability of concrete.



**Repaircrete™** is Ready to use wet Micro Concrete (M40 & M60) for structural strengthening & retrofitting. It eases concreting in areas with limited accessibility.



**Elitecrete™** is a light weight concrete with densities varying from 800 to 1800 kg/m<sup>3</sup>. It is a composite material consisting of Portland cement and its varieties, light weight aggregate, porous fillers and modifying agents.



**FRCcrete®** is fibre reinforced concrete. Fibres which increases its structural integrity, include steel, glass or synthetic fibres. It is used in heavy traffic wearing surfaces like warehouses, container yards, railway platforms, industrial floors, airport taxiways etc.



**Perviouscrete™** is "Rain water harvesting" concrete. It is a special category of modified concrete that permit rain and storm water run offs to percolate through it, rather than flood surrounding areas or storm water drains.





# H & R Johnson (India) – (HRJ) Overview

**PRISM**  
CEMENT



**JOHNSON**  
Not Just Tiles. Lifestyles.

- ✓ Completed 61 years of its presence
- ✓ Set up in 1958, offers wide range of tiles, sanitaryware & faucets, engineering marbles & quartz and construction chemical
- ✓ Expanded overall capacity to ~68mn m2 pa from 61 m2 pa. 13 Manufacturing plants (Own & JVs). Asset light business model thru seven manufacturing JVs contributing ~75% of capacity (5 JVs in Gujarat & 2 JVs in AP)
- ✓ Large national trade network of over ~1000 dealers
- ✓ 19 “House of Johnson” chain of retail outlets across India contributing ~8% of Division’s total sales
- ✓ Complimentary businesses to leverage Brand and Distributions:



## Construction Chemicals

- 50% Stake in Ardex Endura—JV with Ardex, Germany
- R&D Driven
- Pioneer in tile fixing adhesives
- Added industrial flooring and waterproofing
- Plants in Bengaluru, Baroda, Durgapur, Alwar and Allahabad; Pan India presence



## Bathrooms

- Sanitaryware , Taps / Bath Fittings,
- Healthy industry structure; Brand and after sales service play key role
- 2 Manufacturing plants for Fittings—Baddi, HP & Samba, J&K

## Worst is behind. Continues to invest in front-end

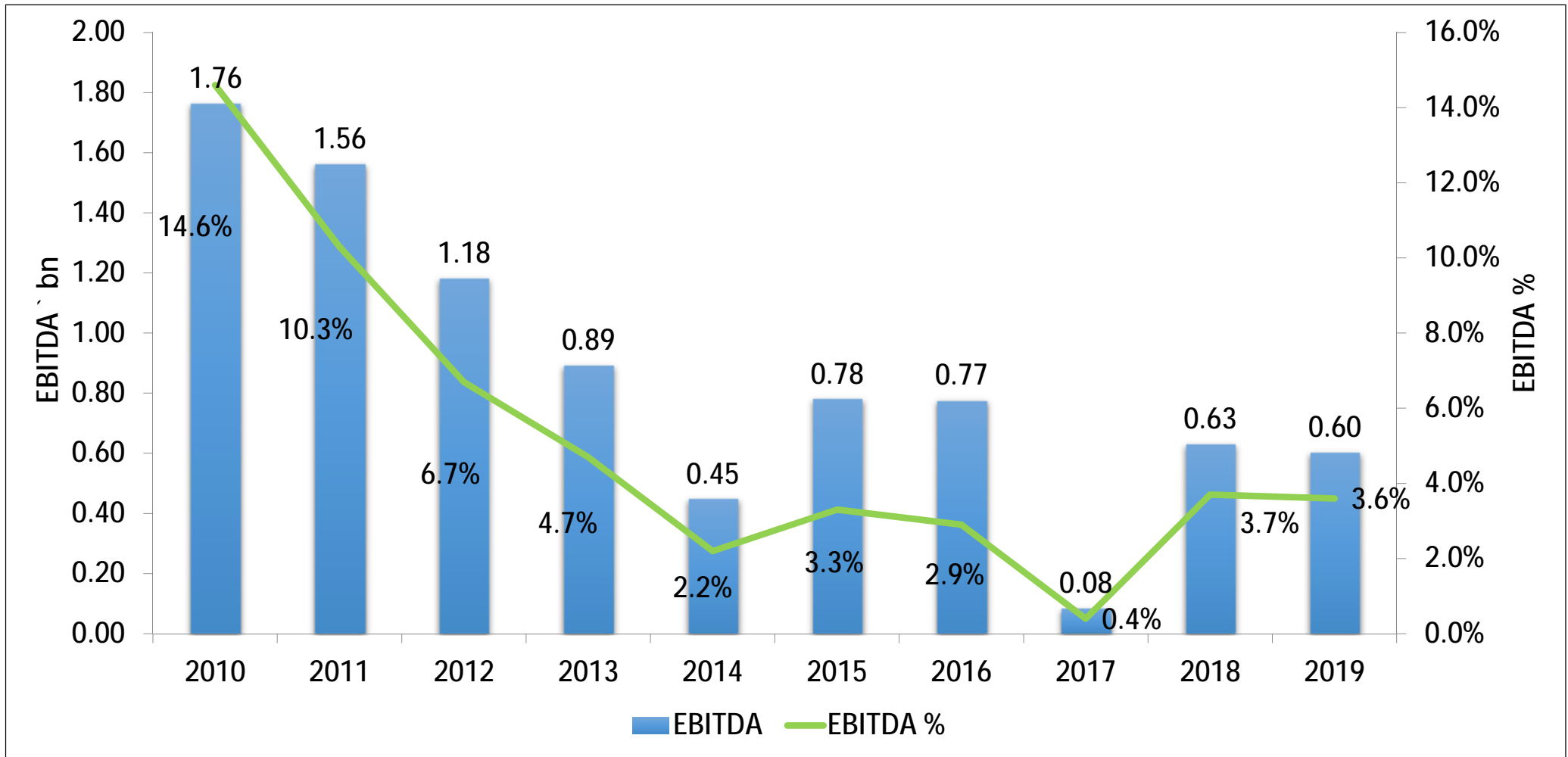
**PRISM**  
CEMENT



**JOHNSON**  
Not Just Tiles. Lifestyles.

- ✓ Enjoyed leadership position with '03 -'12 (Sales CAGR 17%). FY10 consolidated EBITDA margins of 14.6%
- ✓ FY11-14, Challenging years as 40% of total capacity in AP and Karnataka suffered on account of power and fuel availability
- ✓ Addressed Power and fuel issues in South by - Installing 3 coal gassifiers in AP plants and winning bids for onshore micro gas wells and Natural gas pipeline connectivity completed for Karnataka plant
- ✓ Volume growth of ~4% in FY19, could have been better but for Kerala floods and transport strike. Consolidated EBITDA at similar levels as in FY18 due to investment in marketing and distribution. Working capital under control. Key highlights during FY19:
  - ✓ Efforts put in, are gradually materialising with better volume growth in last three years
  - ✓ Sales organisation sub classified into 4 verticals viz Johnson, Marbonite, Endura, Porselano bringing in greater focus leading to better performance
  - ✓ Expanding product ranges
  - ✓ Demand generation activities continues. Key amongst them are influencer engagement and opening of six more large formats display centre. Total 11 display centres in operation across India. More display centres are planned going forward
  - ✓ Covering White Spaces and Cost management program
- ✓ Higher Margins / Market share expected going forward – improvement in utilization levels and product mix

# HRJ Consolidated EBITDA - Performance



FY16 to FY19 as per IND AS

[www.prismjohnson.in](http://www.prismjohnson.in)

## To summarize.....

**PRISM**  
CEMENT



**JOHNSON**  
Not Just Tiles. Lifestyles.

- Improved financial performance during FY19 in a challenging environment:
  - Cement Division:- Best ever volumes and better operating performance on the back of higher utilization levels
  - HRJ Division:- Volume growth improved. Deepened the initiatives undertaken over last couple of years
  - RMC Division:- Double digit volume growth after nearly 5 years of flattish trend. Enjoys strong order book position in Mega vertical
- Focus on value added products leading to better product mix
- Demand generation activities
- Utilization level expected to improve across all 3 Divisions. Operating leverage to play out over next couple of years. Continued focus on financial deleveraging
- Initiatives such as WHRS, Solar Power amongst others to reduce overall cement production cost
- NGT ban on using coal gasifiers in Morbi – should aid organized and branded players



# Raheja QBE General Insurance – future plans

**PRISM**  
CEMENT



**JOHNSON**  
Not Just Tiles. Lifestyles.

- Joint Venture with QBE group of Australia with Prism Johnson stake at 51%.
  - General Insurance industry CAGR at 17% in last 18 years continues its upwards trajectory
  - India is currently the 4<sup>th</sup> largest non-life insurance market in Asia
- Raheja QBE till now had a liability led specialist insurance focus. Underlying ambition of Raheja QBE is to be an insurer which builds the strongest bond with its customers through best in class customer service
- Plans to develop its capabilities in the personal lines space by increasing its product bouquet for the end customer in motor and health insurance
- Going ahead, Raheja QBE would enhance its footprint, recruit and empower employees to build an agile, technology enabled, customer focused organisation with superior claims servicing capabilities
- Raheja QBE will strengthen its capabilities, processes and technology to build the foundation for long term profitable and sustainable growth
- FY19 financials:
  - Gross written premium - ₹ 1,296mn, growth of 40% over FY18
  - Profit / (Loss) before tax - ₹ (219mn) as compared to - ₹ 17.1mn in FY18
  - Solvency - 383%

# Awards and Accolades



"H & R Johnson" has been recognized as one of 'The Economic Times Best Brands 2019'



Our commitment to scaling greater heights was duly reflected in the selection of JOHNSON ENDURA, our industrial tiling product line, as a consumer validated Superbrand for 2018.

First Ready Mixed Concrete Manufacturer in India to receive Quality Management System (QMS) Certification from Bureau of Indian Standard (BIS) for Design, Production and Supply of Ready Mixed Concrete including Special Concrete at Ghatkopar plant.



Johnson received the Expert's Choice title. The Awards ranking is a result of a collection of votes from experts, who are involved in specification and selection of building and décor products.

Company of the Year award by the CEO Magazine





## Mr. Vijay Aggarwal, Managing Director

- ✓ B. Tech (Elec.) from IIT, Delhi and PGDM from IIM, Ahmedabad
- ✓ Tenure in Company: 25 years
- ✓ Past experience includes SBI Capital Markets
- ✓ On the Board of various companies including Exide Industries, Exide Life Insurance Co, Aptech, Asianet Satellite Communications, Ardex Endura (India), Raheja QBE General Insurance Co

# Management Profile

**PRISM**  
CEMENT



**JOHNSON**  
Not Just Tiles. Lifestyles.

## Mr. Atul Desai, Executive Director & CEO – RMC



- ✓ B.E. (Chemical) from Gujarat University and MBA (Marketing) from South Gujarat University.
- ✓ Tenure in Company: nearly three years
- ✓ Past experience includes Reliance Cement, Ambuja Cement and GSFC



## Mr. Sarat Chandak, Executive Director & CEO - HRJ

- ✓ B.SC (Hons), and MBA from University of Pune
- ✓ Tenure in Company: joined in November 2018
- ✓ Past experience includes Kajaria Ceramics and RAK Ceramics



## Mr. Vivek K. Agnihotri, Executive Director & CEO - Cement

- ✓ M.B.A. from F.M.S., University of Delhi
- ✓ Tenure in Company: nearly four years
- ✓ Past experience includes Ambuja Cements and ACC

# Management Profile

**PRISM**  
CEMENT



**JOHNSON**  
Not Just Tiles. Lifestyles.



## Mrs. Aneeta Kulkarni – Company Secretary

- Company Secretary, LLB, PGDAM (NMIMS) and FIII (Fellow of Insurance Institute of India)
- Tenure in Company: 24 years
- Past experience includes New India Assurance, Thirumalai Chemicals and Vijayshree Chemicals



## Mr. Manish Bhatia , CFO

- Chartered Accountant
- Tenure in Company: nearly two years
- Past experience includes Apollo Tyres and Essar Steel



## Mr. Rajnish Sacheti, Group President Legal & Indirect Taxes

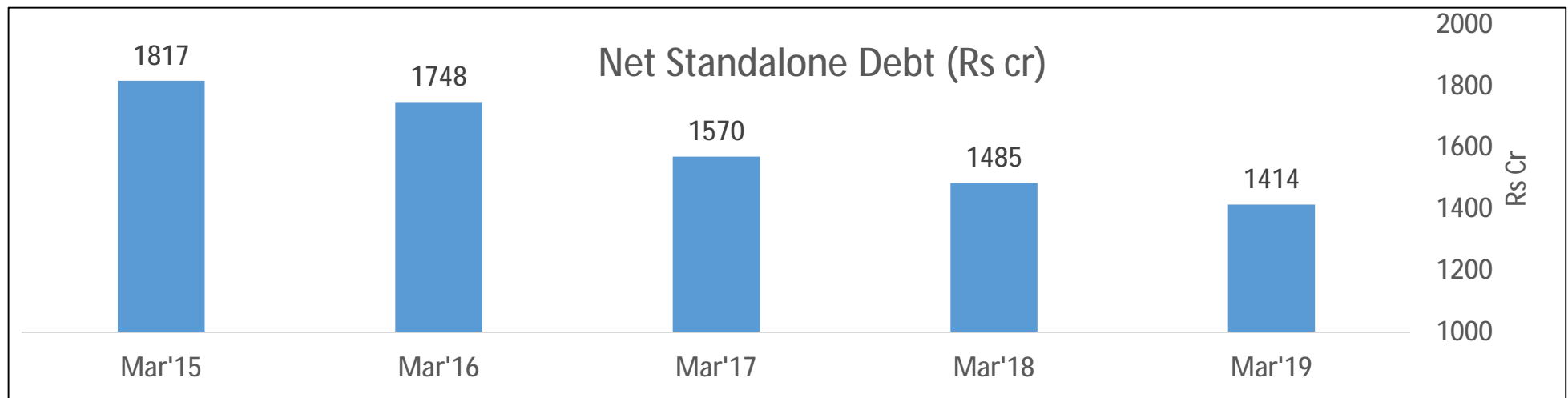
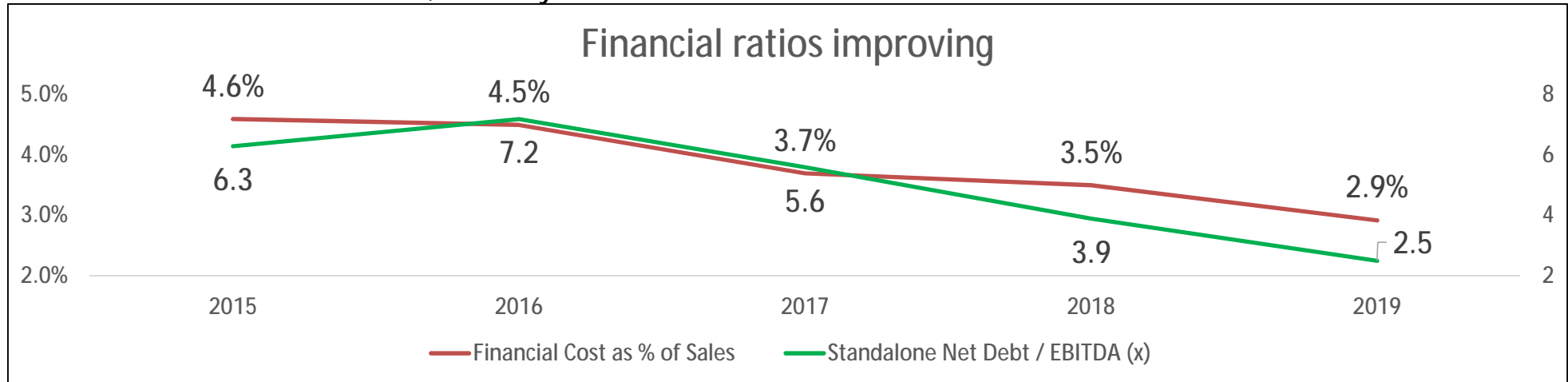
- Company Secretary
- Tenure in Company: 21 years
- Past experience includes Grasim Industries

# Focus on de-leveraging...to accelerate further

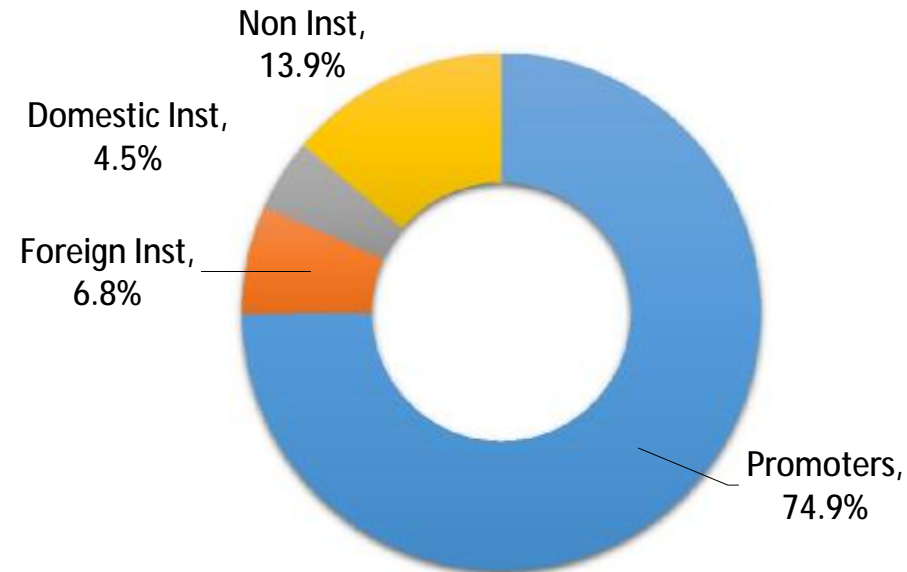


## Borrowings as on 31st March'19

Net standalone ₹ 14.14bn, down by ~ ₹ 0.70bn



# Shareholding Pattern as on 31<sup>st</sup> Mar '19



## Institution category holding over 1% of total shares

Shareholder	%
National Westminster Bank Plc as Trustee of the Jupiter India Fund	2.4
HDFC Trustee Company Ltd	1.7
L&T Mutual Fund Trustee Co Ltd - Emerging Business Fund	1.5
Government Pension Fund Global	1.1

# THANK YOU

For further information, please contact:

Munzal Shah

[investorrelations@prismjohnson.in](mailto:investorrelations@prismjohnson.in)

+91 22 6675 4142-46

Disclaimer

Cautionary statement regarding forward – looking statements

This presentation may contain certain forward – looking statements relating to the future business, development and economic performance.

Such statements may be subject to a number of risks, uncertainties and other important factors, such as but not limited to (1) competitive pressures; (2) legislative and regulatory developments; (3) global, macroeconomic and political trends; (4) fluctuations in currency exchange rates and general financial market conditions; (5) delay or inability in obtaining approvals from authorities; (6) technical developments; (7) litigations; (8) adverse publicity and news coverage, which could cause actual development and results to differ materially from the statements made in this presentation. Prism Cement Limited assumes no obligation to update or alter forward – looking statements whether as a result of new information, future events or otherwise.