UPL OpenAg™

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30th October 2023

BSE Limited
Mumbai

National Stock Exchange of India Ltd
Mumbai

SCRIP CODE: 512070

SYMBOL: UPL

Sub: Investor presentation

Dear Sir / Madam,

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing the investor presentation for the quarter and half year ended 30th September 2023.

We request you to take the above information on records.

Thanking you,

Yours faithfully,
For **UPL Limited**

Tiwari Raj Kumar
Digitally signed by Tiwari Raj Kumar
Date: 2023.10.30 14:47:16 +05'30'

Raj Tiwari
Wholetime Director
DIN: 09772257

Encl.: As above

Q2 FY24 Performance Presentation

October 2023

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.

Q2 FY24: Industry Destocking Continues; Gained Market Share in International CP Business

₹ 10,170 Cr
Revenue

(19%)
Volume: -7%, FX +3%, Price: -15%

₹ 4,060 Cr
Contribution

(24%)
Margin: 39.9% ↓ ***265 bps***

₹ 1,573 Cr
EBITDA

(43%)
Margin: 15.5% ↓ ***666 bps***

$3,696 Mn
Net Debt

Sharp reduction in payables and lower factoring led to increase

- Global **'channel destocking'** drove revenue decline – "**tactical purchases**" and cost management by distributors
- **Farmgate demand continues to be strong**; higher channel inventory to gradually subside in H2 as NAM, LATAM, EU enter cropping season
- Liquidation of high-cost inventory, higher than usual sales returns and rebates to support channel partners impacted contribution margin
  - **Adjusting for the above, H1FY24 contribution margin would have been higher by ~300bps vs LY** (instead of reported 48 bps decline)
  - Above challenges to continue and may impact H2 contribution margin
- **Differentiated and sustainable** segment continued to show resilience - **growing YoY**; share in CP revenue up by **~8% to ~38%**
- Cost reduction initiatives of $100 Mn over next two years **on track -** realized $9M in Q2; balance ~$40M to be realized in H2
- **Decline in payables** (lower by $526 Mn) due to lower manufacturing activity, and **reduced factoring** (down by $86M) drove higher net debt
- Target to **reduce gross debt by $500 Mn by Mar'24 vs LY**

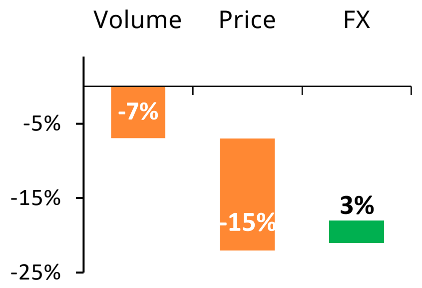
Note: *All changes are year-on-year basis i.e., Q2 FY24 vis-à-vis Q2 FY23*

UPL Group: CP Market Headwinds Continued to Impact Q2; Seeds Reported a Healthy H1

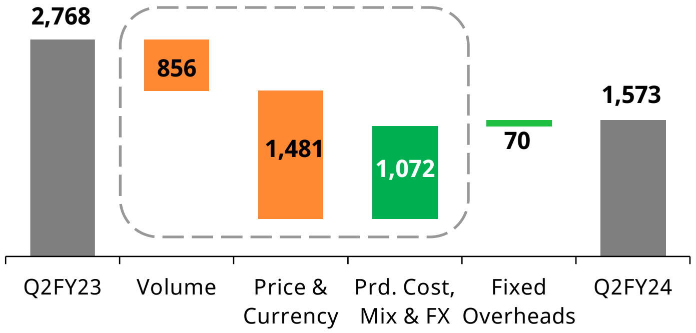
(₹ Crore)	Q2 FY24	Q2 FY23	YoY%	H1 FY24	H1 FY23	YoY%
Revenue	**10,170**	**12,506**	**(19%)**	**19,133**	**23,328**	**(18%)**
Contribution Profit	**4,060**	**5,324**	**(24%)**	**8,158**	**10,058**	**(19%)**
Contribution Margin	***39.9%***	***42.6%***	***(265 bps)***	***42.6%***	***43.1%***	***(48 bps)***
Fixed Overheads	2,486	2,557	(3%)	4,991	4,949	1%
EBITDA	**1,573**	**2,768**	**(43%)**	**3,167**	**5,110**	**(38%)**
EBITDA Margin	***15.5%***	***22.1%***	***(666 bps)***	***16.6%***	***21.9%***	***(535 bps)***
Amortization /Depreciation	656	608		1,293	1,196	
Net Finance Cost	822	698		1,572	1,248	
FX Gain / (Loss)	-229	-200		-431	-308	
Other Income / (Loss)	35	7		69	23	
PBT	**-99**	**1,270**	**-**	**-60**	**2,381**	**-**
Tax	-96	231		-260	290	
PAT before AI, MI and Exceptional Items	**-3**	**1,038**	**-**	**200**	**2,091**	***(90%)***
Income/(Loss) from Associates & JV	-203	-27		-261	3	
Exceptional Cost	88	43		130	121	
Net Profit before MI	**-293**	**969**	**-**	**-191**	**1,974**	**-**
Minority Interest	-105	156		-168	283	
Net Profit	**-189**	**814**	**-**	**-23**	**1,691**	**-**

Q2FY24 vs Q2FY23

Revenue Variance

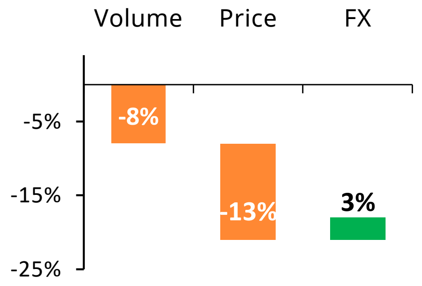


EBITDA Variance

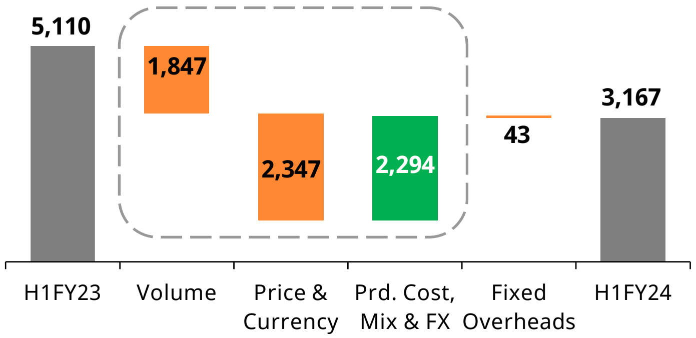


H1FY24 vs H1FY23

Revenue Variance



EBITDA Variance



Platform-wise Performance Update - Q2 & H1FY24

- UPL Corporation

- UPL SAS

- Advanta Enterprises

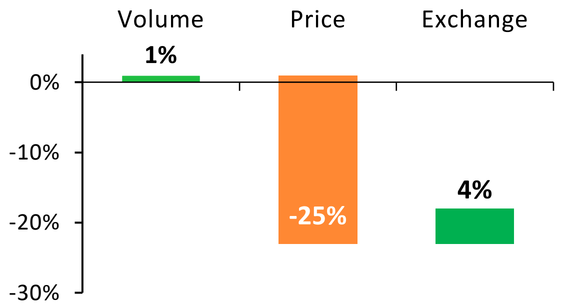
- UPL Specialty Chemicals

UPL Corporation: Continue to Gain Market Share Driven by Volumes

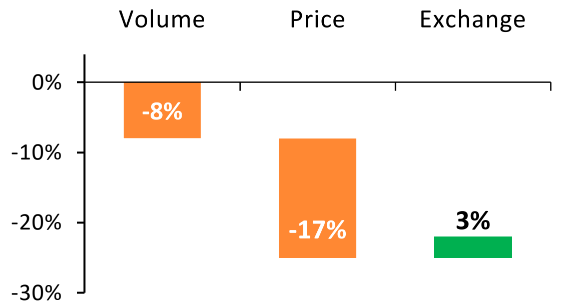
(₹ Crore)	Q2 FY24	Q2 FY23	YoY%	H1 FY24	H1 FY23	YoY%
Revenue	7,415	9,288	(20%)	13,721	16,946	(22%)
Contribution Profit	**2,402**	**3,449**	**(30%)**	**4,507**	**6,493**	**(31%)**
Contribution Margin	***32.4%***	***37.1%***	***(470 bps)***	***34.0%***	***38.3%***	***(440 bps)***
Fixed Overheads	1,584	1,604	(1%)	3,125	3,035	3%
EBITDA	**818**	**1,844**	**(56%)**	**1,382**	**3,458**	**(60%)**
EBITDA Margin	***11.0%***	***19.9%***	***(880 bps)***	***10.4%***	***20.4%***	***(1,000 bps)***

Note: *Above financials are after considering proforma adjustments*

Sales Variance – Q2FY24 vs Q2FY23



Sales Variance – H1FY24 vs H1FY23



Q2FY24 Performance Update

- **Volumes up** despite high channel inventory across key regions
- Revenue impacted primarily by price erosion in key herbicides in Americas; Europe impacted by herbicides, product bans
- High-cost inventory liquidation, higher sales returns and rebates to channel partners impacted contribution margin
  - **Adjusted for the above, H1 contribution margins would have been higher by ~100bps vs. LY**

Outlook

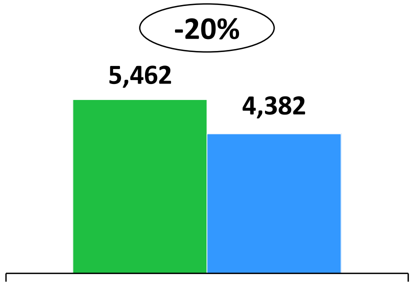
- Elevated inventory levels expected to gradually subside with strong farmgate demand
  - **Europe, Asia, and LATAM (ex-Brazil)** channel inventory largely normalized
  - **NAM and Brazil** scenario continues to gradually improve
- **Expect to deliver better profitability in H2FY24 vs. H1FY24:**
  - Seasonally higher sales, stable prices and favorable costing
  - **SG&A optimization** (on-track to reduce ~$100M over two years; FY24 savings of ~$50M to majorly accrue in H2FY24)

Differentiated and sustainable segment revenue grew by 9% YoY, led by 17% volume growth in Q2FY24; represents ~36% of revenue versus ~27% LY. Contribution margins up by ~90 bps YoY

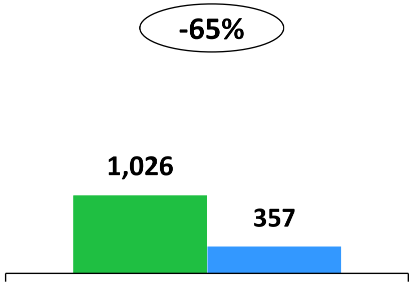
UPL Corporation: Pricing, De-stocking Impact; Gradual Recovery Across regions from H2

Q2FY23 Q2FY24 *(₹ crore)*

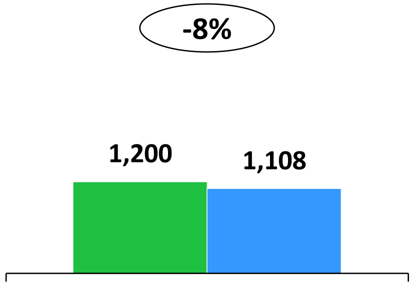
Latin America



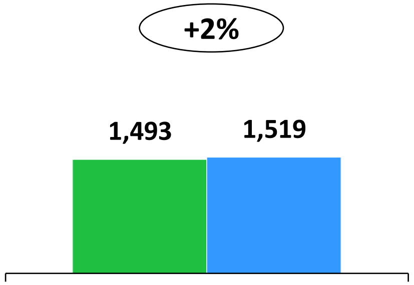
North America



Europe



Rest of World



Latin America

- **Brazil:** pricing decline led impact
  - Glyphotal®, Select®, Trunfo® primarily affected
  - Differentiated vol. up, led by Evolution®, Feroce®
- **Mexico** and **Argentina** growth led by volumes across portfolios

North America

- Sharp drop in post-patent AI prices, along with channel "**de-stocking**", "**tactical purchases**", and **cash mgmt.** by distributors
- **Farmgate challenges persist**, along with low AI pricing from China
- **Herbicides** (e.g., glufosinate, s-metolachlor, clethodim, metribuzin) accounted for ~75% of regional decline, due to lower vol.

Europe

- **Channel inventory continues to be a challenge**, resulting in degrowth in some parts
- Vol. led decline primarily in herbicides, impact of **product ban** (e.g., bifenazate)

Rest of World

- Strong growth in China and Japan driven by volumes
- Offset by decline in Australia (due to lower s-metolachlor volumes) and Africa (herbicides)

Note: *Regional Revenue Charts exclude Others segment which contributed ₹ 46 crore revenue in Q2FY24 and ₹ 107 crore revenue in Q2FY23*

UPL SAS: Lower Acreages in Key Crops, High Channel Stock Hit Q2; Expect Improved H2 vs H1

(₹ Crore)	Q2 FY24	Q2 FY23	YoY%	H1 FY24	H1 FY23	YoY%
Revenue	843	1,310	(36%)	2,046	2,705	(24%)
Contribution Profit	**144**	**368**	**(61%)**	**478**	**794**	**(40%)**
Contribution Margin	***17.1%***	***28.1%***	***(1,096 bps)***	***23.4%***	***29.3%***	***(597 bps)***
Fixed Overheads	114	122	(6%)	235	247	(5%)
EBITDA	**30**	**246**	**(88%)**	**243**	**547**	**(56%)**
EBITDA Margin	***3.6%***	***18.8%***	***(1,521 bps)***	***11.9%***	***20.2%***	***(832 bps)***

Note: *Above financials pertain to India Crop Protection business only based on proforma adjustments and exclude 'Nurture'*

Nurture – Update

- **Q2FY24:** Revenue: ₹ 26.7 crore (flat YoY); EBITDA: ₹ 25.5 crore loss vs. ₹ 68.5 crore loss LY
- **H1FY24:** Revenue: ₹ 32.7 crore (flat YoY); EBITDA: ₹ 67.5 crore loss vs. ₹ 150.5 crore loss LY
- Notable cost reduction vs last year; streamlined portfolio of nurture.retail, nurture.farm platforms; strengthened sustain division
- **On-track to break-even by FY25**

Q2FY24 Performance Update

- **Revenue Variance: Volume: -27% YoY, Price: -9% YoY**
- Revenue impacted due to
  - **Lower acreages** for key crops (cotton, pulses); shift from cotton in North India exacerbated impact
  - **Exceptionally high sales returns** due to elevated channel stocks
  - Erratic monsoon in Aug and Sep
- High-cost inventory liquidation, higher sales returns and rebates to channel partners impacted contribution margin
  - **Adjusted for the above, H1 contribution margins would be lower by only ~100 bps vs. LY**
- **New launches** and **collaboration** led traction in paddy, sugarcane and vegetables portfolio

Outlook

- **Novel pipeline range** (e.g., Spruce, Feego, Fascinate Flash, Argyle) to drive portfolio diversification and expansion
- **Expect significantly improved performance in H2** led by new launches, higher grower demand

Advanta: Continues to see Healthy Growth Momentum

(₹ Crore)	Q2 FY24	Q2 FY23	YoY%	H1 FY24	H1 FY23	YoY%
Revenue	1,070	972	10%	2,131	1,814	17%
Contribution Profit	**602**	**531**	**13%**	**1,264**	**1,013**	**25%**
Contribution Margin	***56.3%***	***54.7%***	***159 bps***	***59.3%***	***55.8%***	***349 bps***
Fixed Overheads	337	258	35%	635	503	26%
EBITDA	**265**	**273**	**(3%)**	**630**	**510**	**24%**
EBITDA Margin	***24.8%***	***28.1%***	***(332 bps)***	***29.5%***	***28.1%***	***145 bps***

Q2 FY24 Performance Update

- **Volume: +1%, Price: +5%, FX: +4%**
- **Revenue Growth driven by higher prices and volumes in Sunflower, Corn, Canola, Sorghum & Vegetables portfolios -**
- Partially offset with volume reductions in Brazil Soya, Australia Sorghum & Ecuador Corn portfolios
- **Contribution margins expanded by 159 bps YoY driven by -**
  - **Improved Mix:** Better growth in high-margin portfolios
  - **Good recovery** in India Vegetable business
- EBITDA marginally down vs LY as healthy contribution growth was offset by higher employee costs (increase in headcount to support budgeted growth for FY25)

Outlook

- **Q3 to watchout due to El-Nino impact in major geographies**
- **On-track to deliver on FY24 guidance**

UPL Specialty Chemicals: Lower Agchem Demand Led Revenue Drop; Margins Higher vs LY

(₹ Crore)	Q2 FY24	Q2 FY23	YoY%	H1 FY24	H1 FY23	YoY%
Revenue	3,500	4,580	-24%	6,668	8,648	-23%
Contribution Profit	**508**	**537**	**-5%**	**1,166**	**1,359**	**-14%**
Contribution Margin	***14.5%***	***11.7%***	***279 bps***	***17.5%***	***15.7%***	***177 bps***
Fixed Overheads	11	9	12%	21	18	17%
EBITDA	**497**	**527**	**-6%**	**1,145**	**1,341**	**-15%**
EBITDA Margin	***14.2%***	***11.5%***	***269 bps***	***17.2%***	***15.5%***	***167 bps***

Note: *Above financials are after considering proforma adjustments and is inclusive of intercompany revenue*

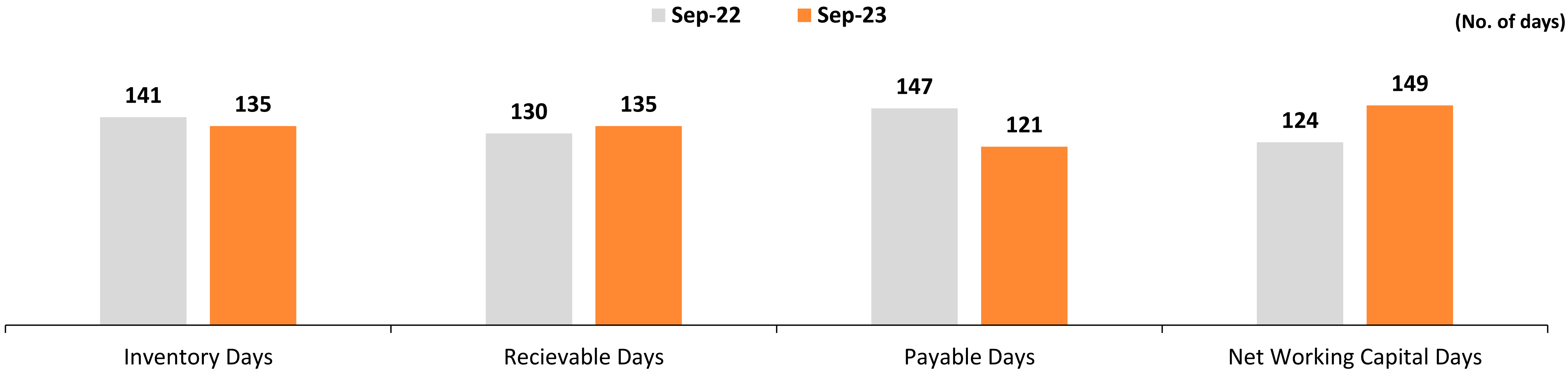
Q2 FY24 Performance Update

- Lower demand from **AgChem** business
- **Non-Agchem Segment**
  - Domestic business performed better vs. LY
  - Weak demand in US, Europe; and in lubricants market drove down exports
- **EBITDA margins up 269 bps YoY to 14.2%** driven by raw material procurement at lower prices and manufacturing efficiencies
- **Commencement of plant at Kudos expected by early FY25**

Outlook

- **Expect to deliver improved performance in H2FY24 vs H1FY24** in-line with the recovery in group's Agchem business.
- Green shoots emerging in Non-Agchem specialty chemical business

Increase in NWC Primarily due to Reduced Factoring and Lower Payable Days



Inventory Days	Recievable Days	Payable Days	Net Working Capital Days
Sep 2023: ₹ 18,246 Cr	**Sep 2023: ₹ 18,268 Cr**	**Sep 2023: ₹ 16,398 Cr**	**Sep 2023: ₹ 20,116 Cr**
Sep 2022: ₹ 19,457 Cr	**Sep 2022: ₹ 18,044 Cr**	**Sep 2022: ₹ 20,374 Cr**	**Sep 2022: ₹ 17,127 Cr**

- **Working capital days increased by 25 days YoY as on Sep 2023 primarily due to –**
  - Payable days lower by 26 days due to sharp decline in procurement given the reduced manufacturing activity in H1.
  - Reduction in non-recourse factoring by ₹ 580 crore on a YoY basis
- **Working capital days at FY24-end expected to be ~65 days in-line with last year**

Net Debt at $3.7 Bn as of Sep’23; Higher vs LY due to Sharp Drop in Payables & Lower Factoring

Gross & Net Debt Position – Sep 2023 vs Sep 2022

All figures are in US$ Mn and ₹ Crore

Particulars	Sep’23	Sep’22	Change
Gross Debt	$4,086 ₹ 33,934	$3,995 ₹ 32,550	$91 ₹ 1,384
Cash and cash equivalent	$390 ₹ 3,237[2]	$496 ₹ 4,038	($106) (₹ 801)
Reported Net Debt	**$3,696** **₹ 30,697**	**$3,499** **₹ 28,512**	**$197** **₹ 2,185**
Net Debt Adjusted for Currency Impact	***₹ 30,116[1]***	***₹ 28,512***	***₹ 1,604***

- **In USD terms, net debt at $3.7 Bn as of Sep’23.** Adjusted for lower factoring, net debt higher by $111 Mn vs Sep’22.
- Net Debt higher vs LY on account of **sharp decline in payables** (lower by ₹ 3,975 crore YoY) given lower procurement amid reduced manufacturing activity in H1
- **Cash generated by business before WC** was ₹ 363 crore in H1FY24
- **Target to bring down gross debt by $500 Mn by March 2024 vs. LY**

Note: *[1]USD /INR depreciated from 81.47 as on 30 Sep 2022 to 83.05 as on 30 Sep 2023. [2]Includes liquid investment of INR 68 crore as of Sep’23*
**Operating CF before WC less interest, tax and other cash expenses*

UPL Group - FY24 Revised Guidance

	Revenue Growth	EBITDA Growth
Revised Guidance	Flat	0% to (-5%)
Old Guidance (end of Q1FY24)	+ 1% to +5%	+ 3% to +7%

ANNEXURE

Breakdown of Net Finance Cost – Q2 FY24 and H1 FY24

Net Finance Cost Breakdown

(₹ crore)

Particulars	Q2FY24	Q2FY23	*Change*	H1FY24	H1FY23	*Change*
Interest on Borrowings	**559**	**274**	***285***	**926**	**489**	***437***
Interest on Leases & Others	181	261	*(80)*	468	524	*(56)*
Other Financial Charges	31	49	*(18)*	69	74	*(5)*
NPV – Interest & Finance	122	185	*(63)*	247	289	*(42)*
Interest Income	(71)	(71)	*0*	(137)	(128)	*(9)*
Total Net Finance Cost	**822**	**698**	***124***	**1,572**	**1,248**	***324***

Thank You