



## Q2 FY24 Revenue at ₹ 10,170 crore and EBITDA at ₹ 1,573 crore

Differentiated and Sustainable Portfolio continued to perform resiliently, and its share in Crop Protection revenue improved significantly by 8% YoY to 38%

**MUMBAI, INDIA, Oct 30, 2023** – UPL Ltd. (NSE: UPL & BSE: 512070, LSE: UPLL), today reported financial results for the second quarter ended FY24 (July-Sep 2023)

### Financial Performance Update

In ₹ crore (Unless otherwise stated)	Q2 FY24	Q2 FY23	YoY	H1 FY24	H1 FY23	YoY
<b>Revenue</b>	10,170	12,506	(19%)	19,133	23,328	(18%)
<b>Contribution Profit</b>	4,060	5,324	(24%)	8,158	10,058	(19%)
<b>Contribution Margin (%)</b>	39.9%	42.6%	(265 bps)	42.6%	43.1%	(48 bps)
<b>EBITDA</b>	1,573	2,768	(43%)	3,167	5,110	(38%)
<b>EBITDA Margin (%)</b>	15.5%	22.1%	(666 bps)	16.6%	21.9%	(535 bps)
<b>Net Profit*</b>	-189	813	-	-23	1,690	-

**Note:** \*Net Profit attributable to equity shareholders of the company

- Revenue and EBITDA for Q2 impacted by global channel destocking and elevated pricing pressure.
- Liquidation of high-cost inventory, higher than usual sales returns and rebates to support channel partners impacted contribution margin. **Adjusting for this temporary impact, the H1FY24 contribution margins would be higher by ~300 bps vs LY** (instead of reported 48 bps YoY drop)
- Differentiated and Sustainable portfolio continued to perform resiliently with higher volumes (+11% YoY). Revenue share of this portfolio rose significantly to 38% of crop protection revenue (from 30% in Q2FY23)
- Reduced SG&A expenses by 3% YoY to INR 2,486 crore.
- Seeds business continued its growth momentum as revenue grew by 10% YoY in Q2 to INR 1,070 crore while EBITDA is marginally down. For H1FY24, revenue stood at INR 2,131 crore (+17% YoY).

**Commenting on the performance, Mr. Mike Frank, CEO – UPL Corporation Ltd., said** “The global agrochemical industry continues to go through a difficult phase with prices coming off significantly vis-à-vis the high base of the previous year amid the elevated channel inventory levels and intense price competition. Given this backdrop, the distributors prioritized destocking, and focused on purchases at

lower prices to bring down their average inventory cost. In particular, destocking had a significant impact in the US and Brazil during the first half.

Our revenue and profitability for Q2 were significantly impacted by these factors in line with rest of the industry. However, contribution margins improved by ~300 bps YoY in H1FY24 adjusted for the short-term impact of high-cost inventory liquidation, higher than usual sales returns, and rebates to channel partners. We also saw a pick-up in volumes (+1% YoY) in the crop protection business (ex-India) led by the resilient performance of our differentiated and sustainable portfolio; revenue share of this portfolio increased to 38% of crop protection revenue vs 30% last year. Our cost reduction drive of \$100 million over next two years is under implementation and we are on track to realize benefit of \$50 million in FY24, bulk of which will be realized in H2FY24.

Going forward, we are optimistic of progressively improved performance in H2FY24 as key geographies of North America, LATAM and Europe enter major cropping season. The elevated inventory levels are expected to gradually subside with the farmgate demand continuing to be robust. In Europe, Asia, and LATAM (ex-Brazil), channel inventory levels have largely normalized; while in North America and Brazil, the scenario continues to gradually improve.

On the pricing front, most post patent molecule prices seem to have bottomed in Q2 and are now stabilizing. Overall, we are executing well in this challenging market and making changes to our operating model that will further improve our business as the cycle normalizes.”

### Regional Performance Update

Region (INR crore)	Q2 FY24	Q2 FY23	YoY % Chg.	H1 FY24	H1 FY23	YoY % Chg.
Latin America	5,033	6,092	(17%)	7,997	9,557	(16%)
Europe	1,263	1,353	(7%)	2,522	3,081	(18%)
North America	507	1,185	(57%)	1,378	2,981	(54%)
India	1,387	1,809	(23%)	3,441	3,876	(11%)
Rest of the World	1,980	2,067	(4%)	3,795	3,832	(1%)
<b>Total</b>	<b>10,170</b>	<b>12,506</b>	<b>(19%)</b>	<b>19,133</b>	<b>23,327</b>	<b>(18%)</b>

### Supplemental Information:

The results will be followed by **Earnings Concall at 16:30 IST on 30<sup>th</sup> Oct 2023**. The dial-in details and registration link have been shared below.

### Conference Call Details:

Location	Dial-in Number
Universal Dial-in	+91 22 6280 1518 / +91 22 7115 8879
India	1 800 120 1221 (Toll free)
Singapore	8001012045 (Toll free)
Hong Kong	800964448 (Toll free)

USA	18667462133 (Toll free)
UK	08081011573 (Toll free)

### Online Registration link:

<https://services.choruscall.in/DiamondPassRegistration/register?confirmationNumber=0253224&linkSecurityString=16bc3a6c8>

### Conference Call Replay Details:

A replay will be made available after the call and the presentation will be accessible on our website at

<https://www.upl-ltd.com/investors/financial-results-and-reports/financial-results>

Location	Replay Dial in number
	(valid up to 6 <sup>th</sup> November 2023)
India	+91 22 71945757 Replay Code: 34124

### 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.*

### About UPL

*UPL Ltd. (NSE: UPL & BSE: 512070) is a global provider of sustainable agriculture products & solutions, with annual revenue exceeding \$6 billion. We are a purpose-led company. Through OpenAg, UPL is focused on facilitating progress for the entire agricultural value chain. We are building a network that redefines the way an entire industry thinks and works – open to fresh ideas, innovative ways, and new answers as we strive towards our mission to make every single food product more sustainable. As one of the largest agriculture solutions companies worldwide, our robust portfolio consists of biologicals and traditional crop protection solutions with more than 14,000 registrations. We are present in more than 138 countries, represented by more than 10,000 colleagues globally. For more information about our integrated portfolio of solutions across the food value chain including seeds, post-harvest, as well as physical and digital services, please visit [upl-ltd.com](http://upl-ltd.com).*

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