



Enriching Lives

Kirloskar Oil Engines Limited

Earnings Update Jun 2014

Disclaimer



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Statements in this presentation, particularly those which relate to management's views and analysis, describing the Company's objectives, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations.

Actual results might differ materially from those either expressed or implied.

Financials



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All numbers in Rs. Crs	Q1 FY2015	Q1 FY2014	∂	FY2014
Net Sales	629	583	8%	2,287
Other Operating Income	10	7	35%	33
Raw Material	416	363	15%	1,444
Employee Costs	46	41	11%	163
Other Expenses	102	104	-2%	410
EBITDA	75	83	-9%	304
Non-Op.Income / (Expenses)	14	13	6%	38
Depreciation	24	25	-1%	98
Interest	0	0	-	0
PBT	65	72	-10%	243
Tax	17	19	-7%	65
PAT	47	53	-11%	178



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Q1 FY2015 Segment Performance

All numbers in Rs. Crs	Q1 FY2015	Q1 FY2014	Δ
PowerGen	291	225	29%
Agricultural	92	106	-13%
Industrial	99	102	-2%
Customer Support	91	103	-11%
Large Engines	55	47	17%
Total	629	583	8%



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Key Financial Metrics

	YTD FY 2015	YTD FY 2014
EBITDA %	12.0%	14.3%
Inventory (Days)	29	37
Receivables (Days)	20	41
Creditors (Days)	55	54
Fixed Asset Turns	4.9	4.1
RoCE	19.6%	23.5%
Debt	-	-
Cash & Equivalents	780	489
Cash & Equivalents (Net of Debt)	780	489

A. Power Generation (PG) Business

- The recovery in the market that began in the last quarter of FY14 continued into Q1 FY15 with market growing by 10 % on a Q-o-Q basis.
- KOEL successfully managed the transition of CPCB-I to CPCB-II emission norms and dispatched 2000 engines to market even before the due date .
- Traditionally market witnessed higher demand from the residential real estate segment in first quarter
- Market witnessed pre buying sales peak in the month of June due to -
 - Exhaustion of the CPCB-I engines before the cut off date (1st July 2014)
 - Peak summer season
 - Improvement in market sentiment post a stable Government formation.
- Post CPCB II norms, the list prices of DG sets are expected to increase upto 15%.
- KOEL maintained its market share in competitive environment.
- KOEL's market improvement efforts were supported by strong initiatives such as,
 - Enhancement of product features along with CPCB-II implementation
 - Restructuring of existing dealers territory to Increase the service outlets in un-represented areas.

Highlights



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B. Agri Business

- Our new product “Power Tiller” is close to launch in Q2
- Increase in retailer base from 3300 to 4200
- Delay in rain impacted Crop irrigation diesel engines pump set business

C. Industrial Business

While the tractor market continued its growth momentum, overall off high way market declined by 20 % .

Some highlights of this market :

- Demand for construction and fluid handling equipment is stable
- Infrastructure projects delayed due to economic conditions
- The tractor industry witnessed substantial growth in Q1 FY15 and expected to be continued at least one more quarter.
- Two new applications developed for Tractor Engines
- Retained the market share in the Off Highway segment inspite of tough and competitive environment

D . Customer Support

- Lower level of Economic activity resulted in low running of the DG sets as well as construction equipment's which impacted spares consumption, however there is early sign of recovery in the month of June-14.
- The Company's commitment to provide quality service to all its customers continued with further expansion of service channel networks by adding 17 new service outlets and measurement of service satisfaction index.
- High service standards are maintained and improved further by major initiatives taken by company :
 - Online Monitoring and tracking of MTTR at Dealer level.
 - Introduction of service outlets in un-represented areas
 - Set-up of service escalation matrix
 - Implementation of service and product satisfaction index (NPS)
 - Service training imparted to 232 service engineers on newly launched CPCB II engines

E . Exports

- Received first order from Bangladesh Agricultural Development Corporation (BADC) a Govt agency for 105 Agri Engines
- Appointed distributor in Namibia for Agriculture segment and supplied 50 engines

Highlights



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E . Exports (Cont.)

- First order for Tier 3 equivalent engine for LHD application received from South Africa in Industrial segment
- Received order for new applications from Kuwait for PG segment
- Our export business was extensively covered in well-known international B2B magazines, Africa Business Review and Mining Global

F . Large Engines

- NPCIL order execution on track
 - 1 DG set supplied in Q1



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Thank You