



Enriching Lives

Kirloskar Oil Engines Limited

Earnings Update Dec 2017

Disclaimer



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

Key Financial Highlights (Apr-Dec)



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- **Early signs of market recovery witnessed towards the end of Q3. Sales for the period (Rs 2025 cr) was 5% higher than the PY of Rs 1930 cr.**
 - PG & KGT growth driven by Telecom & HHP order wins
 - Continued Infra activities augured well for Industrial BU. Revenue growth continued as compared to PY
 - For Exports, foray into new regions compensated the slow recovery in major markets. Cumulative sales up over PY
 - Sluggishness in Agri Crop, post GST, continued and this was further accentuated by flood situation in some parts and lack of subsidy in major markets. YTD sales lower than PY
 - Agri farm & LEBG marginally better than PY

- **EBITDA Margin 9.2% (Rs 186 cr) vis-à-vis 11.1% (Rs 214 cr) of PY.**
 - PY included Kagal incentive Rs 26 cr (1.3% of sales)
 - Margins continued to be under pressure with commodity price inflation
 - CY includes front-loading of expenses related to projects

- **PBT margin 7.7% (Rs 156 cr) lower by Rs 37 cr over PY of 10% (Rs 193 cr)**

Financials



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All numbers in Rs. Crs	Q3 FY2018	Q3 FY2017	∂	9M FY2018	9M FY2017	∂	FY 2017
Net Sales	679	628	8%	2,025	1,930	5%	2,614
Other Operating Income	5	13	-59%	16	41	-61%	57
Raw Material	433	407	6%	1,306	1,248	5%	1688
Employee Costs	53	52	1%	157	152	3%	202
Other Expenses	135	124	9%	392	356	10%	500
EBITDA	64	58	11%	186	214	-13%	281
Non-Op.Income / (Expenses)	22	18	27%	56	64	-12%	85
Depreciation	28	28	2%	84	83	2%	111
Interest	1	1	-	2	2	5%	3
PBT	58	47	22%	156	193	-19%	252
Tax	18	19	-5%	50	63	-21%	79
PAT	39	28	41%	106	129	-18%	174

Note : For better interpretation of ratios, sales are disclosed net of excise duty

Q3 2017-18 Sales : Segment Performance



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All numbers in Rs. crs	Q3 FY2018	Q3 FY2017	Δ
PowerGen	286	279	2%
Agricultural	133	118	13%
Industrial	133	111	20%
Customer Support	90	87	3%
Large Engines	40	36	13%
Total	679	628	8%
Exports out of above	46	36	30%

YTD FY2018 Sales : Segment Performance



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All numbers in Rs. Crs	YTD FY2018	YTD FY2017	Δ
PowerGen	919	865	6%
Agricultural	343	365	-6%
Industrial	395	338	17%
Customer Support	282	277	2%
Large Engines	93	91	2%
Total	2,025	1,930	5%
Exports out of above	139	119	17%



Key Financial Metrics

	YTD FY 2018	YTD FY 2017
EBITDA %	9	11
Inventory (Days)	32	34
Receivables (Days)	25	25
Creditors (Days)	50	50
Fixed Asset Turns	8.2	7.2
RoCE %	13	16
Operating RoCE %	23	27
Cash & Equivalents	738	929



A. Power Generation Business Highlights

Following are the key highlights :

- PG registered growth of 6% over PY
- Impact of GST and RERA (Real Estate Regulation Act) continued in Q3, further affecting a seasonally slow quarter
- Uptick from infra segment observed towards the end of Q3
- Progress with new customers in Telecom has been satisfactory in Q3
- Robust growth in sub 15 kVA seen in retail and institutional segments
- 750-1010 kVA continued to gain market share



B. Agri Business Highlights

Following are the key highlights :

- Despite adverse market conditions Mega T registered growth over PY (YTD CY 2200+ nos Vs YTD PY 1900+ Nos)
- After a sluggish first half of the year, slight market recovery is seen for Agri Crop business towards the end of Q3. Cumulative sales still below PY
- Recently launched Electric pump is receiving good market response
- *Kissan* Expo in Pune garnered considerable footfalls for KOEL

C. Industrial Business Highlights



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Following are the key highlights :

- Industrial engines (Off – High way) registered a growth of 17% on the back of considerable momentum in infra activities
- First bulk order for HHP fire fighting pump engines (20 nos) received
- “Platinum OEM Meet” at Kagal plant conducted covering top customers
- Tractor segment registered growth of 8%

D. Customer Support Business Highlights



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Following are the key highlights :

- Slight improvement for Parts and Oil off-take seen towards the end of Q3. Cumulative sales marginally higher than PY
- Recently launched 'KOEL Bandhan', a direct online AMC product receiving good response.
- eFSR (field service request), a digitization initiative is improving responsiveness and adding robustness towards customer service request management
- KOEL's focus on acquisition of corporate customers of AMC continued

E. International Business Highlights



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Following are the key highlights

- Prolonged recovery in major markets like Middle East and Africa impacted the sales performance
- Rupee remained strong against USD impacting the sales realization
- IBG still registered a growth of 17% over PY through new markets additions especially in LATAM
- Representative office started in Vietnam and Jakarta to focus on penetration



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Thank You