



Enriching Lives

Kirloskar Oil Engines Limited

Earnings Update Dec 2016

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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- Sales for the period @ Rs. 1930 cr was 11% higher than the PY of Rs. 1745 cr
 - Major gains in HHP segment augurs well for Power Gen and KGT business
 - Industrial segment & CSBG continued to show strong sales growth on the back of good first half of the year
 - Agri business got impacted due to demonetisation in Q3, cumulative sales still up over PY
 - Mega T continued to receive good response in the field
 - Defence projects helped bolster sales for LEBG business
 - International markets continue to be weak resulting in lower export sales

- EBITDA Margin 11.1% (Rs 214 cr) vis-à-vis 10.0% (Rs 174 cr).
 - Growth mainly driven by superior sales performance

- PBT margin 10% (Rs 193 cr) vis-à-vis PY 7.6% (Rs 132 cr)
 - CY includes interest on Income Tax refund Rs 11 cr of AY 10-11 and AY 11-12
 - PY included expenses for VRS scheme Rs 10 cr

Financials



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All numbers in Rs. Crs	Q3 FY2017	Q3 FY2016	∂	9M FY2017	9M FY2016	∂	FY 2016
Net Sales	628	593	6%	1,930	1,745	11%	2,406
Other Operating Income	13	13	-	39	36	10%	67
Raw Material	407	383	6%	1,248	1,123	11%	1,542
Employee Costs	52	51	3%	152	149	3%	185
Other Expenses	123	113	9%	355	334	6%	469
EBITDA	58	60	-3%	214	174	22%	276
Non-Op.Income / (Expenses)	18	7	142%	64	46	40%	49
Depreciation	28	27	2%	83	80	3%	112
Interest	1	2	-61%	2	8	-72%	9
PBT	47	38	25%	193	132	46%	205
Tax	19	9	111%	63	25	149%	40
PAT	28	29	-3%	129	107	21%	165

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

Q3 2016-17 Sales : Segment Performance



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All numbers in Rs. crs	Q3 FY2017	Q3 FY2016	ð
PowerGen	279	267	4%
Agricultural	118	129	-8%
Industrial	111	92	21%
Customer Support	87	81	7%
Large Engines	34	25	37%
Total	628	593	6%
Exports out of above	36	57	-37%

YTD FY2017 Sales : Segment Performance



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All numbers in Rs. Crs	YTD FY2017	YTD FY2016	Δ
PowerGen	865	808	7%
Agricultural	365	335	9%
Industrial	338	282	20%
Customer Support	277	253	9%
Large Engines	85	67	26%
Total	1,930	1,745	11%
Exports out of above	119	176	-32%



Key Financial Metrics

	YTD FY 2017	YTD FY 2016
EBITDA %	11	10
Inventory (Days)	34	32
Receivables (Days)	25	15
Creditors (Days)	50	48
Fixed Asset Turns	7.2	5.8
RoCE %	16	13
Operating RoCE %	27	20
Cash & Equivalents	929	841



A. Power Generation Business Highlights

Amidst sustained lower power deficit and deferred buying by customers post demonetisation, PG registered reasonable growth over PY

- Sales up by 7% over PY propelled by strong HHP sales and successful execution of bulk orders
- KOEL celebrated landmark of 30,000 HHP Gensets pan India across 16 cities through mega events
 - The 750, 910 and 1010 kVA Gensets were well received by the customers
 - KRM (Kirloskar Remote Monitoring), a unique customer experience was unveiled
- With the offering of AMF (Auto mains failure) panels, KOEL is emerging as first ever one-stop-solution provider in the power back up industry



B. Agri Business Highlights

While cumulative sales for the year was marginally higher than PY, Q3 sales were dampened due to liquidity crunch in rural areas pre *Rabi* season

- Mega T, around 1900+ nos sold during CY Vs 1443 nos sold in FY15-16. Approx. 180 dealerships operational now PAN India
- *Kissan* Expo in Pune witnessed considerable footfalls
- Foray into electric pumps in UP and Maharashtra thru traded model route
- *AGRIFAST*, a unique software solution launched to bring efficiencies in ordering and processing deliveries
- Agri business drove campaign to spread awareness about cashless payment modes among retailers and customers, to tide over demonetisation impact

C. Industrial Business Highlights



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Industrial engines (Off – High way) market continued to show signs of improvement resulting from steady progress in Road construction work by Govt.

- KOEL Industrial segment witnessed a growth of ~20% over PY.
- Increased road construction projects and momentum in infra activities , boosted Industrial sales especially the construction equipment segment which registered 37% growth over PY
- Tractor market too, up by 16% over PY on the back of good monsoon



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D. Customer Support Business Highlights

With improved market situation for DG sets and increased demand for Industrial engines, Customer support business witnesses steady growth

- *'KOEL CARE'* branding, van campaigns & increased customer connect augurs well for the business
- Cash crunch in Q3, results in some sluggishness but overall growth still 9% over PY
- KOEL's focus on acquisition of Corporate customers for AMC continued

E. International Business Highlights



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Following are the key highlights :

- World economy has been extremely sluggish and key markets like Middle East nose dived due to falling oil prices
- International Business continued its focus on acquiring new customers, introducing new applications and exploring new regions to counter challenging market conditions
- FM/UL (Factory Mutual & Underwriters' Laboratories) certified fire fighting engines, against all odds kept healthy order board. New customers in UAE and Argentina and new markets like South America were served with this application

F. Large Engine Business



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The large engine business caters to a niche segment where demand is based on the launch of large government projects and defence power and propulsion requirements. New Product development for Defence and Marine is the focus area of this business.

Key highlight:

- Bagged order of fishing boat engines. The order is being fulfilled through DV series engines



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Thank You