



Enriching Lives

# Kirloskar Oil Engines Limited

## Earnings Update Sep 2015

# 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	Q2 FY2016	Q2 FY2015	∂	6M FY2016	6M FY2015	∂	FY 2015
Net Sales	584	623	-6%	1,161	1,252	-7%	2,473
Other Operating Income	6	5	7%	10	15	-34%	34
Raw Material	368	409	-10%	741	825	-10%	1,626
Employee Costs	50	48	4%	98	94	4%	188
Other Expenses	124	106	16%	232	209	11%	444
<b>EBITDA</b>	<b>48</b>	<b>64</b>	<b>-24%</b>	<b>101</b>	<b>139</b>	<b>-28%</b>	<b>249</b>
Non-Op.Income / ( Expenses )	20	12	61%	39	26	49%	59
Depreciation	27	26	4%	53	50	5%	102
Interest	-	-	-	-	0		-
<b>PBT</b>	<b>41</b>	<b>50</b>	<b>-18%</b>	<b>87</b>	<b>115</b>	<b>-24%</b>	<b>205</b>
Tax	5	15	-63%	15	32	-53%	62
PAT	36	35	1%	72	83	-13%	143

# Q2 2015-16 Sales : Segment Performance



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All numbers in Rs. crs	Q2 FY2016	Q2 FY2015	ð
PowerGen	265	264	1%
Agricultural	107	113	-6%
Industrial	99	94	5%
Customer Support	83	85	-2%
Large Engines	31	67	-54%
Total	584	623	-6%
Exports out of above	64	51	27%

# YTD FY2016 Sales : Segment Performance



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All numbers in Rs. Crs	YTD FY2016	YTD FY2015	Δ
PowerGen	541	555	-2%
Agricultural	206	205	-
Industrial	190	193	-2%
Customer Support	172	177	-3%
Large Engines	52	122	-57%
Total	1,162	1,252	-7%
Exports out of above	119	101	18%



# Key Financial Metrics

	Q2 FY2016	Q2 FY2015
EBITDA %	9	11
Inventory (Days)	31	31
Receivables (Days)	10	13
Creditors (Days)	50	51
Fixed Asset Turns	5.5	5.0
RoCE %	12.0%	17.0%
Operating RoCE (annualized) %	16.0%	28.7%
Debt	-	-
Cash & Equivalents	834	725



# A. Power Generation Business Highlights

**India's DG set market sluggishness continued in H1FY16. Market decline by ~4% over last year H1. Following are the key highlights:**

- Power deficit continued to be low in Q2 F2016 (~2.3%)
- KOEL crossed the land mark of 25000 no. genset In HHP segment
- Introduced Petrol Range in KCC portable segment
- Brand 'KOEL GREEN' established well with new brand position of KOEL as 'Efficiency. Integrated'
- Telecom market showed an upsurge in H1FY16 with 4 G action in the market.
- Market Competition intensified. New entrants have increased activities in the field.
- In Q2, 4-5% price cut in HHP and MHP segment is observed.



## B. Agri Business Highlights

Following are the key highlights:

- Approx 600 Mega T sold in H1 2016, with 110 fully operational dealerships in 9 states within 1 year of launch
- Bagged AIMA Innovation award for Mega T.
- Certification by SRFMTTI & CIRT for field worthiness for Mega T
- Retail finance commenced for Mega T
- Conducted successful Customer Meets in Maharashtra
- Agri implement business commenced with new brand called 'Univator'
- Varsha Mini Diesel & Mono block Diesel pumps received encouraging response in Light weight pump set category
- Agri crop has crossed 400 dealership for engines



# C. Industrial Business Highlights



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**Industrial engines (Off – High way ) overall market marginally declined in H1 FY16 Y-o-Y basis. However, KOEL continued to maintain share. Following are the key highlights:**

- Industrial business witnessed a marginal growth of ~3% in H1 FY16 Y-o-Y basis.
- Despite competitive market, KOEL retained market share in OFF highway market
- Concrete segment is showing marginal growth over PY
- Introduced new engine variant for fire fighting application.
- Tractor market continues to show negative trend
- Conducted intense customer connect program of 1 day each with OEMs

# D. Customer Support Business Highlights



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**India's DG set market sluggishness continued to impact sale of spares in H1FY16. Following are the key highlights:**

- Lower spares consumption in PG segment due to low usage of DG set and lesser industrial activities
- Coolant – OIL in barrels and Engine overhauling Kits were given special promotional focus and has shown growth in each segment
- Continued focus on acquisition of Corporate customers for AMC
- Launched new Service Brand 'KOEL CARE'

# E. International Business Highlights



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**With a Vision of KOEL touching the world by 2025, company's International operations remains one of the key strategic focus areas and growth drivers. Following are the key highlights :**

- Export sales up by 18% over PY
- Share of export business has increased to 10% of the turnover against 8% of PY
- Bagged EEPC award for 7th consecutive time
- New markets opened in countries like Nicaragua, UK, Ghana and Lebanon

# 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. Some of the business highlights were :**

- First ever 500 KWe marine Genset powered with DV 12 engines delivered to Pipavav Shipyard
- Successful commissioning of 2nd Ship set of ASW Corvette (INS-KADMATT)
- Concluded order worth Rs. 22.6 Crs for Indian Navy for development and supply of DG sets for submarine ( 2 \* 490 KWe)
- We will be the first Indian company to develop such kind of specialised engines.
- Developed 125 kVA compact genset for defense



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# Thank You