



Enriching Lives

Kirloskar Oil Engines Limited

Earnings Update Jun 2017

Disclaimer



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

Key Financial Highlights (Apr-Jun)



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- **Sales for the period @ Rs.704 cr was 8% higher than the PY of Rs. 651 Cr.**
 - Sales growth in PG and KGT mainly powered by bulk telecom order
 - Industrial engine segment and CSBG continued to show strong growth
 - Lack of subsidy in major states and uncertainty under GST impacted Agri Crop business
 - Mega T continued to receive good response, however, impacted by GST and uncertainty around subsidy
 - Export sales registered growth after prolonged sluggishness. International markets have shown initial signs of recovery. KOEL reaches out to new markets.

- **EBITDA Rs 66 cr (9.2%) V/s PY Q1 of Rs 82 cr (12.5%), the drop mainly due to –**
 - PY Q1 included Package Scheme of Incentive for Kagal Rs 9 cr, the said scheme expired on 31st Mar-17
 - CY includes front-loading of expenses related to projects and acquisition

- **PBT Rs 54 cr (7.7%) vis-à-vis Rs 82 cr (12.6%) of PY Q1**
 - PY included interest income on income tax refund (Rs 11 cr)

Financials



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All numbers in Rs. Crs	Q1FY2018	Q1 FY2017	Δ
Net Sales	704	651	8%
Other Operating Income	5	13	-62%
Raw Material	459	424	8%
Employee Costs	51	49	3%
Other Expenses	135	109	23%
EBITDA	65	82	-20%
Non-Op.Income / (Expenses)	18	28	-36%
Depreciation	28	28	1%
Interest	1	1	-
PBT	54	82	-34%
Tax	18	23	-22%
PAT	36	59	-38%

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

Q1 2017-18 Sales : Segment Performance



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All numbers in Rs. crs	Q1 FY2018	Q1 FY2017	Δ
PowerGen	323	295	9%
Agricultural	113	121	-6%
Industrial	132	112	18%
Customer Support	108	97	12%
Large Engines	29	27	7%
Total	704	651	8%
Exports out of above	45	39	15%



Key Financial Metrics

	Q1 FY 2018	Q1 FY 2017
EBITDA %	9.2	12.5
Inventory (Days)	33	26
Receivables (Days)	23	19
Creditors (Days)	51	48
Fixed Asset Turns	8	6
RoCE %	13	22
Operating RoCE %	24	43
Cash & Equivalents	1045	915



A. Power Generation Business Highlights

Following are the key highlights :

- PG registered growth of 9% over Q1 PY on the back of telecom order and normal summer demand
- Strong strides in 750-1010 kVA with significant growth in sales.
- Excellent response to Fuel efficient slimPOWER series
- Well planned and smooth transition to GST regime. Market inventories managed well, without any loss of sale



B. Agri Business Highlights

Following are the key highlights :

- For Mega T, around 800+ nos sold in Q1 against 950+ in Q1 of PY
- Good response to Mega T YouTube video
- KOEL Electric pump launched in Bihar, Rajasthan and Odisha
- Electrification in major markets and cautious approach in view of GST by dealers and retailers resulted in overall tepid sales performance for Agri Crop Engines & pump-sets.

C. Industrial Business Highlights



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Following are the key highlights :

- Industrial engines (Off – High way) market continues to witness good growth trends with progress in road and infrastructure project execution. Growth registered 18%
- Started working on higher HP fire fighting pump application with KOEL DV engine series
- Awarded for the Excellence in Project Development by Volvo Construction Equipment, Bangalore
- Tractor segment registered growth of 13% in anticipation of good monsoon

D. Customer Support Business Highlights



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Following are the key highlights :

- CSBG grew at 12% as compared to PY
- Superior Customer Delight Index & market acceptance of 'KOEL CARE' branding endorse CSBG growth story
- KOEL's focus on acquisition of Corporate customers for AMC continued
- CSBG business migrated to GST smoothly

E. Large Engine Business



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Following are the key highlights :

- Received order for higher kW Genset from Research Design & Standards Organization (RDSO)
- SL90 (3 no's) order for fishing boat engines received
- First propulsion engine DV12 received from Navy
- Received order for 4 systems for Service Radar Equipments (SRE) from Bharat electronics

F. International Business Highlights



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Following are the key highlights

- IBG registered growth of 15% over Q1 PY on the back of slight improvement in International markets, introduction of new applications and acquisition of new customers
- Acquired new customers in Ecuador, Nepal & Haiti. Major kitty of Q1 CY sales contributed by these customers
- First order from Vietnam for telecom segment for 20 kVA genset and from Philippines for DV12-655 kVA for standby application received
- Orders received from Latin America for fire fighting engines

Acquisition of La-Gajjar Machineries



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- Executed definitive agreements , on June 21 , 2017 , to acquire a 100% stake in La-Gajjar Machineries (LGM).
- The first tranche, involving purchase of 76% stake, was completed on August 1, 2017
- LGM provides KOEL a strong and established footprint into the electric pump market through its “VARUNA” and “Raindrop” brand of submersible and mono-blocks pump and further consolidates on KOEL’s strong position in the diesel and electric pump segment.



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Thank You