



Enriching Lives

Kirloskar Oil Engines Limited

Earnings Update Mar 2017

Disclaimer



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

Key Financial Highlights (Apr-Mar)



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- Sales for the period @ Rs. 2614 cr was 9% higher than the PY of Rs. 2406 cr
 - Sales growth in PG and KGT mainly propelled by HHP segment
 - Industrial segment and CSBG outperformed on the back of increased construction activities
 - Despite the liquidity crunch, Agri crop retained its top line in line with PY
 - Increased reach and acceptability triggered Mega T offtakes
 - Spares and service sales boosted sales for LEBG business
 - Export sales continued to be low due to prolonged weakness in International markets

- EBITDA Rs 281 cr (11%) vis-à-vis Rs 276 cr.
 - Higher revenue together with profit improvement initiatives, enabled the EBITDA margins to be maintained in line with PY despite cost pressures

- PBT margin 9.7% (Rs 252 cr) vis-à-vis PY 8.5% (Rs 205 cr)
 - CY includes interest income on Tax refunds Rs 15 cr
 - PY included extraordinary expenses of Rs 10 cr for VRS & Rs 14 cr for stamp duty provision for KBIL merger

Financials



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All numbers in Rs. Crs	Q4 FY2017	Q4 FY2016	Δ	FY2017	FY2016	Δ
Net Sales	684	661	4%	2,614	2,406	9%
Other Operating Income	16	20	-20%	57	57	-
Raw Material	440	419	5%	1,688	1,542	9%
Employee Costs	49	37	34%	202	185	9%
Other Expenses	144	123	17%	500	459	9%
EBITDA	67	102	-34%	281	276	2%
Non-Op.Income / (Expenses)	21	3	581%	85	49	74%
Depreciation	28	31	-11%	111	111	-
Interest	1	1	-	3	9	-69%
PBT	60	73	-18%	252	205	23%
Tax	15	14	8%	79	40	98%
PAT	44	58	-24%	174	165	5%

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

Q4 2016-17 Sales : Segment Performance



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All numbers in Rs. crs	Q4 FY2017	Q4 FY2016	Δ
PowerGen	297	301	-2%
Agricultural	111	121	-9%
Industrial	133	114	16%
Customer Support	99	93	6%
Large Engines	49	33	47%
Total	684	661	4%
Exports out of above	33	55	-40%

YTD FY2017 Sales : Segment Performance



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All numbers in Rs. Crs	YTD FY2017	YTD FY2016	Δ
PowerGen	1,162	1,109	5%
Agricultural	476	456	4%
Industrial	470	396	19%
Customer Support	375	346	8%
Large Engines	141	107	31%
Total	2,614	2,406	9%
Exports out of above	152	231	-34%



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Key Financial Metrics

	YTD FY 2017	YTD FY 2016
EBITDA %	11	11
Inventory (Days)	26	24
Receivables (Days)	20	17
Creditors (Days)	48	49
Fixed Asset Turns	7	6
RoCE %	16	14
Operating RoCE %	30	25
Cash & Equivalents	1004	826



A. Power Generation Business Highlights

Adverse effects of demonetisation appear to subside in Q4 , as markets seen to recover for PG business. PG registered growth over PY despite low power deficit

- Sales up by 5% over PY, propelled by strong HHP sales.
- Newly launched 910 and 1010 kVA well accepted in the market as was evident by the order book
- HHP 30000 celebration concluded with coverage across 18 major cities in India and also Nepal and Bangladesh
- Fuel efficient slimPOWER series of Genset launched (5 - 12.5kVA node) in Q4



B. Agri Business Highlights

While H2 sales were dampened due to liquidity crunch in rural market, Agri business grew marginally over PY

- 2650 nos Mega T sold during CY Vs 1443 nos sold in FY15-16. Approx. 240 dealerships operational now PAN India including Jammu and Kashmir
- Newly launched Electric pump was well received by the market
- Super Mono Premium Monoblock pump launched
- Agri business continued its focus on adding new applications in its fleet of traded products

C. Industrial Business Highlights



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

- KOEL Industrial segment witnessed a growth of ~19% over PY.
- Construction equipment segment registered 37% growth over PY
- Tractor market witnessed growth of 19% over PY
- Soil and Asphalt compactors of with KOEL 4R engines started moving in the field for esteemed KOEL's OEMs
- Industrial BU awarded best supplier performance by Schwing Stetter, Sany and Ajax Fiori

D. Customer Support Business Highlights



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Customer support witnessed steady growth over PY

- CSBG grew by 8% over PY
- Increased usage of construction equipment in the field and customer connect activities helped bolster sales for CSBG business
- '*KOEL CARE*' branding, van campaigns & increased customer reach paid off well throughout CY
- Digitisation initiatives like eFSR (field service report), Online service engineer assessment were undertaken
- KOEL's focus on acquisition of Corporate customers for AMC continued

E. Large Engine Business



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Following are the key highlights :

- Received order for Auxiliary power units for railway 5 nos. RDSO (Research Design and Standards Organisation) qualification done, supply expected to commence from May'17
- Supplied 6 nos of energy system to Bharat Electronics Ltd. for weapon locating radar
- DV12 engine commissioned for fishing boat

F. International Business Highlights



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Following are the key highlights :

- Major markets like Saudi Arabia remained sluggish throughout the year
- IBG continued its focus on acquiring new customers, introducing new applications and exploring new regions to counter challenging market conditions
- New customers acquired in Argentina and Angola

Consolidated Financials (includes KOEL Americas)



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All numbers in Rs. Crs	FY2017	FY2016
Net Sales	2,617	2,406
Other Operating Income	57	57
Raw Material	1,688	1,542
Employee Costs	202	186
Other Expenses	502	459
EBITDA	281	277
Non-Op.Income / (Expenses)	85	49
Depreciation	111	111
Interest	3	9
PBT	253	205
Tax	79	40
PAT	174	165



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Thank You