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Kirloskar Oil Engines Limited

Earnings Update Sep 2013

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 FY2014	Q2 FY2013	∂	6M FY2014	6M FY2013	∂	FY 2013
Net Sales	509	605	-16%	1,092	1,201	-9%	2,320
Other Operating Income	8	9	-2%	16	18	-10%	38
Raw Material	316	378	-16%	678	751	-10%	1,446
Employee Costs	43	40	10%	85	80	5%	154
Other Expenses	98	106	-8%	202	208	-3%	411
EBITDA	60	90	-34%	143	178	-20%	346
Non-Op.Income / (Expenses)	7	10	-30%	20	1	-	20
Depreciation	24	22	10%	49	46	6%	93
Interest	0	-1	-	1	2	-47%	3
PBT (Before exceptional items)	42	78	-47%	113	151	-25%	290
PBT	42	78	-47%	113	132	-14%	271
Tax	11	23	-51%	30	37	-20%	72
PAT	31	56	-45%	84	95	-12%	199



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Q2 FY2014 Segment Performance

All numbers in Rs. Crs	Q2 FY2014	Q2 FY2013	Δ
PowerGen - Private	181	247	-27%
PowerGen - Cellular	2	6	-59%
Agricultural	118	118	-
Industrial	92	101	-9%
Customer Support	80	95	-16%
Large Engines	34	37	-7%
Total	509	605	-16%



YTD FY2014 Segment Performance

All numbers in Rs. Crs	YTD FY2014	YTD FY2013	Δ
PowerGen - Private	409	505	-19%
PowerGen - Cellular	4	9	-55%
Agricultural	224	214	5%
Industrial	194	214	-10%
Customer Support	183	188	-3%
Large Engines	77	68	13%
Total	1,092	1,201	-9%



Key Financial Metrics

	YTD FY 2014	YTD FY 2013
EBITDA %	13.1%	14.9%
Inventory (Days)	38	26
Receivables (Days)	35	42
Creditors (Days)	56	52
Fixed Asset Turns	3.9	4.4
RoCE	18.1%	22.6%
Debt	10	139
Cash & Equivalents	424	505
Cash & Equivalents (Net of Debt)	414	366

Highlights



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A. Power Generation (PG) Business

- Power situation improved and peak power deficit dropped to 3% against 8% of FY 12-13. Industrial slowdown further impacted business for higher HP engines. Market demand for gensets during Q2 declined by 21% as compared to Q1
- KOEL has retained its market share at 32% inspite of competitive price pressures
- Demand in Andhra Pradesh was better in Q2, while demand in Tamil Nadu has declined
- Shift to “Green Sites” is observed in Telecom sector
- First time in industry ,Kirloskar introduced remote monitoring system (KRM) for higher DG sets. It facilitates performance monitoring of DG sets remotely . The customer gets all the details at the desktop without visiting the site.

Highlights



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B. Agri Business

- Good response for Petrol-Kerosene pumpset
- Encouraging response for AV1 XL air cooled engines in UP market
- Expansion of retail network for AV1XL Air cooled / water cooled engines continued, added 506 retailers in Q2

C. Industrial Business

- Tractor market expected to grow @30% backed by good monsoon. It resulted in growth of Tractor segment engines for KOEL
- All other Off highway markets declined by 10%. Demand continued to be sluggish during Q2
- Fuel efficient 6R engine in “20 Ton” excavator segment is well accepted in the market
- KOEL has retained its market share with all OEMs

D . Customer Support

- Customers Care Centre is well established & customer servicing team members capacity is ramped up
- Economic slow down adversely impacted running of the DG sets as well as construction equipment's impacting consumption of spares

E . Exports

- Introduced 625 kVA Genset in Kuwait
- Received order for 6 nos from “Al Ain Dairy” Dubai for 500 kVA gensets
- Order for 225 nos Cellular Engines for telecom sector in Saudi Arabia
- Received order for FM Engines from “Little Horse” France for US\$ 32000
- Demand for mining equipment remained sluggish in Q2 in South Africa due to labour unrest
- Agri business being explored in Myanmar

F. Large Engines

- NPCIL order execution is on track , till now dispatched 4 DG Sets
- Coast Guard order for Marine Spares finalised for Rs.14 Cr
- AMC finalised with Hindustan Zinc, Tarapur Atomic Power Centre



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Thank You!