



Enriching Lives

Kirloskar Oil Engines Limited

Earnings Update Sep 2018

Disclaimer



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

Key Financial Highlights (Apr-Sep)



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- **Sales for the period Rs 1566 cr. Higher by 16% over PY of Rs 1346 cr**
 - Significant growth in Telecom, Ultra High Horse Power (750 kVA & above) & Rail power car Genset boosted revenue for PG.
 - Industrial revenue grew on back of continued momentum in infra & increase in tractor segment.
 - Agri segment growth led by Electric pumps, Mega T & other Agri equipment (Power Weeder).
 - Improvement in order book & execution boosted LEBG revenue.

- **EBITDA Margin 9.4% (Rs 147 cr) vis-à-vis 9.1% (Rs 122 cr) of PY.**

- **PBT margin 8.7% (Rs 137 cr) higher by Rs 38 cr over PY of 7.3% (Rs 98 cr)**
 - Depreciation reduced, as many assets of Kagal plant fully depreciated.
 - Finance income lower due to reduction in financial investment post LGM acquisition.

Financials



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All numbers in Rs. Crs	Q2 FY2019	Q2 FY2018	∂	6M FY2019	6M FY2018	∂	FY 2018
Net Sales	754	641	18%	1,566	1,346	16%	2,804
Other Operating Income	8	5	52%	16	10	55%	28
Raw Material	500	414	21%	1,051	873	20%	1,817
Employee Costs	55	53	2%	106	104	2%	206
Other Expenses	142	122	16%	278	257	8%	544
EBITDA	66	57	15%	147	122	21%	265
Non-Op.Income / (Expenses)	16	16	4%	29	34	-13%	69
Depreciation	18	28	-34%	38	56	-32%	109
Interest	1	1		2	2		3
PBT	63	44	42%	137	98	39%	222
Tax	21	14	52%	46	32	42%	72
PAT	41	30	38%	91	66	37%	150

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

Q2 2018-19 Sales : Segment Performance



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All numbers in Rs. Crs	Q2 FY2019	Q2 FY2018	Δ
PowerGen	344	309	11%
Agricultural	112	97	15%
Industrial	155	130	20%
Customer Support	103	83	24%
Large Engines	43	24	79%
Total	754	641	18%
Exports out of above	48	48	1%

YTD 2018-19 Sales : Segment Performance



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All numbers in Rs. Crs	YTD FY2019	YTD FY2018	Δ
PowerGen	718	633	13%
Agricultural	244	210	16%
Industrial	320	262	22%
Customer Support	205	192	7%
Large Engines	85	53	59%
Total	1,566	1,346	16%
Exports out of above	93	93	1%



Key Financial Metrics

	H1 FY2019	H1 FY2018
EBITDA %	9.4	9.1
Inventory (Days)	36	35
Receivables (Days)	36	24
Creditors (Days)	46	48
Fixed Asset Turns	9	8
RoCE %	16	12
Operating RoCE %	34	21
Cash & Equivalents	813	700



A. Power Generation Business Highlights

Following are the key highlights :

- PG business registered robust growth of 13% in H1 CY over PY, on the back of improved market demand and encouraging returns from strategic initiatives.
- Price increase done in Q2 to offset the impact of raw material inflation.
- Slim Power range in sub-15kVA and Telecom business fuelled sales growth.
- Ultra High Horse Power (750 kVA & above) Gensets continued to garner market share, on the back of strong order fulfillment and continuous product acceptance.
- New initiatives like Genset for Powercar application saw greater momentum through robust order booking & execution of orders.



B. Agri Business Highlights

Following are the key highlights :

- Mega T continues to grow. 2245 nos. Mega T sold in CY (PY 1549 nos).
- New Variant - 12HP Mega T launched in all major states.
- Electric pump continues high growth momentum.
- Introduced new product Mint8 Dlx (Power Weeder) & Digital Control Panel for submersible pumps with unique features.
- Agri BU felicitated as 'Champion of Rural Markets' by The Economic times.
- KOEL recognised at Clarivate India Innovation Awards 2018.



C. Industrial Business Highlights

Following are the key highlights :

- Industrial engines (Off – High way) registered a remarkable growth of 22%.
- Caterpillar has rated KOEL as a top supplier in the SQEP (Supplier Quality Evaluation Plan) which is a global benchmark.
- Within one year of HHP engines introduction in Fire Fighting segment, Industrial Engines Business Unit has captured substantial market share.
- Tractor segment registered growth of 18%.



D. Customer Support Business Highlights

Following are the key highlights :

- CSBG Sales increased by 7% compared to PY.
- Customer Self Service app – “KOEL Connect” launched in Jun’18. It enables customers to directly raise service request and readily track status & previous service history of their assets along with many other features.
- e-FSR (Electronic Field Service Report) implementation appreciated by customers.
- ‘KOEL Bandhan’, a direct online AMC continued to receive good response from customers and adding new customers.
- KOEL’s focus on acquisition of corporate customers of AMC continued



E. Large Engines Business Highlights

Following are the key highlights

- Type Approval for 3 nodes of Tropo DG Sets completed. Deliveries of Tropo order of Bharat Electronics Ltd furthered Large Engines sales.
- Seismic qualification of 200 kVA DG sets for NPCIL done.



F. International Business Highlights

Following are the key highlights

- IBG sales remained at PY level. Dampened Business environment in GCC countries, especially Saudi Arabia and UAE impacted sales adversely.
- New customer in Vietnam added with sustained repeat order potential.
- After launch of new 3000 rpm fire-fighting engine, initial orders received from new OEMs in UAE.
- Product Launch events conducted at Kenya and Angola by new genset distributors.



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Thank You