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Kirloskar Oil Engines Limited

Earnings Update Dec 2018

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

Key Financial Highlights (Apr-Dec)



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- **Sales for the period Rs 2332 cr. Higher by 15% over PY of Rs 2025 cr**
 - Significant growth in Telecom, Ultra HHP & Rail powercar boosted revenue for PG.
 - Industrial revenue grew on back of continued momentum in infra & tractor segment.
 - CSBG revenue grew on back of improved industrial demand.
 - Agri segment growth led by Electric pumps, Mega T & other Agri equipment (Power Weeder).
 - Improvement in order book & execution boosted LEBG revenue.

- **EBITDA Margin 9.2% (Rs 214 cr) vis-à-vis 9.2% (Rs 187 cr) of PY.**
 - Raw material cost inflation partially offset by price increase.

- **PBT margin 8.5% (Rs 199 cr) higher by Rs 43 cr over PY of 7.7% (Rs 156 cr)**
 - Lower depreciation, as many assets of Kagal plant fully depreciated.
 - Previous year Finance income included Interest on Income tax refund Rs 12 cr, not in CY .

Financials



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All numbers in Rs. Crs	Q3 FY2019	Q3 FY2018	∂	9M FY2019	9M FY2018	∂	FY 2018
Net Sales	766	679	13%	2,332	2,025	15%	2,804
Other Operating Income	8	5	57%	24	16	56%	28
Raw Material	512	433	18%	1,563	1,306	20%	1,817
Employee Costs	54	53	2%	160	157	2%	206
Other Expenses	142	134	6%	420	391	7%	544
EBITDA	66	65	2%	214	187	14%	265
Non-Op.Income / (Expenses)	14	22	-34%	43	55	-21%	69
Depreciation	17	28	-38%	56	84	-34%	109
Interest	1	1		3	2		3
PBT	62	58	8%	199	156	27%	222
Tax	20	18	11%	66	50	31%	72
PAT	42	39	6%	133	106	26%	150

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



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Q3 2018-19 Sales : Segment Performance

All numbers in Rs. Crs	Q3 FY2019	Q3 FY2018	Δ
PowerGen	300	286	5%
Agricultural	158	133	19%
Industrial	165	133	24%
Customer Support	104	90	16%
Large Engines	42	40	4%
Total	766	679	13%
Exports out of above	56	46	22%

YTD 2018-19 Sales : Segment Performance



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All numbers in Rs. Crs	YTD FY2019	YTD FY2018	Δ
PowerGen	1,018	919	11%
Agricultural	402	343	17%
Industrial	486	395	23%
Customer Support	309	282	9%
Large Engines	126	93	35%
Total	2,332	2,025	15%
Exports out of above	150	139	8%

YTD 2018-19 Sales : Segment Performance: Domestic and Exports Split



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All numbers in Rs. Crs	Total			Domestic			Exports		
	YTD FY2019	YTD FY2018	Δ	YTD FY2019	YTD FY2018	Δ	YTD FY2019	YTD FY2018	Δ
PowerGen	1,018	919	11%	942	858	10%	76	60	27%
Agricultural	402	343	17%	379	319	19%	23	24	-4%
Industrial	486	395	23%	450	356	27%	36	39	-9%
Customer Support	309	282	9%	294	267	10%	14	15	-6%
Large Engines	126	93	35%	126	93	35%	-	-	
Total	2,332	2,025	15%	2,182	1,886	16%	150	139	8%



Key Financial Metrics

	YTD FY2019	YTD FY2018
EBITDA %	9.2	9.2
Inventory (Days)	31	32
Receivables (Days)	35	25
Creditors (Days)	46	50
Fixed Asset Turns	9	8
RoCE %	15	13
Operating RoCE %	31	23
Cash & Equivalents	818	737



A. Power Generation Business Highlights

Following are the key highlights :

- PG business registered robust growth of 11% over PY, on the back of improved market demand and encouraging returns from strategic initiatives.
- New KOEL iGreen genset range launched to the channel partners. iGreen redefines genset in terms of user experience and aesthetics.
- Slim Power range in sub-15kVA and Telecom business continued to grow.
- Ultra High Horse Power (UHHP) Gensets (>625kVA) continued to garner market share, on the back of strong order fulfillment.
- Powercar Genset gained good orders.



B. Agri Business Highlights

Following are the key highlights :

- 3161 nos (including 575 nos of LW12) Mega T sold in CY (PY 2258 nos).
- LW12 power tiller registered under govt. subsidy schemes in major states.
- Electric pumps continues to grow with good momentum.
- New range of products were introduced in filter range, engine bearing range and TQ grades of K Oil yielding good revenue.



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.
- Overall Excellence award from Sany India.
- Delivery performance award from Volvo.
- HHP engines in Fire Fighting segment accepted well in market, resulted in good orders.
- Tractor segment registered growth of 25%.



D. Customer Support Business Highlights

Following are the key highlights :

- CSBG Sales increased by 9% compared to PY.
- Maintained Customer Delight Index (CDI) score of 90 in Q3.
- Service Engineer's (SE) Performance - 42% of SE in "Excellent" and "Good" category for Dec'18 .
- 'KOEL Bandhan', a direct online AMC, continued to add new customers.



E. International Business Highlights

Following are the key highlights

- IBG sales grew by 8% over PY, mainly thru sales gains in countries like Nigeria, Vietnam, Kuwait etc..
- EPA Engines launched at PowerGen Exhibition, US.
- Focus on HHP sales is yielding results with improvement in numbers.
- Continued dampened business environment in GCC countries specially Saudi Arabia and UAE impacted sales.



E. Large Engines Business Highlights

Following are the key highlights

- Started export of Marine sets to Philippines. Few orders already executed.
- TROPO project of Bharat Electronics Ltd : 500 KVA DG sets successfully tested and order executed.

Investment in Kirloskar Capital Limited



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- During the year, the Company has incorporated and promoted Kirloskar Capital Limited (KCL), a wholly owned subsidiary for commencement of financial service business. The Company has invested Rs. 9 Crores towards subscribed and paid-up capital of KCL.



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Thank You