



Enriching Lives

Kirloskar Oil Engines Limited

Earnings Update Sep 2019

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.

Key Financial Highlights (Apr-Sep)



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- **Sales for the period Rs 1429 cr. lower by 9% as compared to PY of Rs 1566 cr**
 - PG sales lower due to lower market demand across segments, specially in telecom.
 - Industrial revenue impacted by the lower spending on infra and liquidity issues in market
 - CSBG revenue grew due to higher subscription of Bandhan AMC & Extended Warranty.
 - Agri segment continues to grow, led by good momentum in Electric pumps and bulk orders in Mega T.
 - LEBG revenue effected due to deferment of Govt. orders to H2

- **Operating EBITDA Margin 8.2% (Rs 117cr) vis-à-vis 9.4% (Rs 147 cr) of PY.**
 - Margins impacted due to lower sales.
 - Fixed expenses contained

- **PBT margin 8.3% (Rs 119 cr) lower by Rs 18 cr over PY of 8.7% (Rs 137 cr)**
 - Lower finance income resulting from lower mutual fund balance - Rs 500 cr invested in our wholly owned subsidiary ARKA Fincap Limited (Formerly known as Kirloskar Capital Ltd.).
 - Includes sale of Nagar land Rs 16.5 cr

Financials



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All numbers in Rs. Crs	Q2 FY2020	Q2 FY2019	∂	6M FY2020	6M FY2019	∂	FY 2019
Net Sales	673	754	-11%	1,429	1,566	-9%	3,119
Other Operating Income	11	8	32%	20	16	23%	86
Raw Material	446	500	-11%	955	1,051	-9%	2,071
Employee Costs	57	54	5%	111	106	4%	216
Other Expenses	137	142	-4%	266	278	-4%	566
EBITDA	44	66	-34%	117	147	-21%	351
Non-Op.Income / (Expenses)	10	16	-39%	21	29	-28%	62
Depreciation	16	18	-11%	34	38	-12%	73
Interest	1	1	32%	2	2	15%	4
Exceptional Item	16	-		16	-		
PBT	52	63	-17%	119	137	-13%	336
Tax	15	21	-29%	38	46	-17%	111
PAT	37	41	-10%	81	91	-11%	225

Q2 2019-20 Sales : Segment Performance



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All numbers in Rs. Crs	Q2 FY2020	Q2 FY2019	Δ
PowerGen	306	344	-11%
Agricultural	115	112	3%
Industrial	119	155	-24%
Customer Support	106	103	3%
Large Engines	30	43	-32%
Total	673	754	-11%
Exports out of above	67	48	40%

YTD 2019-20 Sales : Segment Performance



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All numbers in Rs. Crs	YTD FY2020	YTD FY2019	Δ
PowerGen	646	718	-10%
Agricultural	260	244	7%
Industrial	264	320	-17%
Customer Support	213	205	4%
Large Engines	51	85	-40%
Total	1,429	1,566	-9%
Exports out of above	116	93	24%



Key Financial Metrics

	YTD FY2020	YTD FY2019
EBITDA %	8.2	9.4
Inventory (Days)	39	36
Receivables (Days)	37	36
Creditors (Days)	48	46
Fixed Asset Turns	8	9
RoCE %	12	16
Operating RoCE %	30	34
Cash & Equivalents	362	813



A. Power Generation Business Highlights

Following are the key highlights :

- PG business sales lower by 10% over PY, due to weak market demand.
- PY included good orders in telecom segment. No major orders in telecom in current year.
- HHP off-take remained sluggish due to Liquidity issues.
- Floods in major parts of country effected the overall sales.



B. Agri Business Highlights

Following are the key highlights :

- Agri sales higher by 7% in H1 over PY.
- 1153 Mega T sold in Q2 and cumulatively 2676 sold in H1 (PY 2245 nos).
- First bulk order Supply to Assam Govt. MEGA T12 LW executed.
- MinT 8 Deluxe (Power Weeder with self Start) introduced in Maharashtra and Uttar Pradesh.
- Q2 Electric pumps sales increased by 53% over PY and overall H1 sales higher by 77% over PY. Sales improved significantly in Rajasthan and West Bengal markets.



C. Industrial Business Highlights

Following are the key highlights :

- Industrial engines (Off – High way) sales for H1 lower by 21% over PY due to weak demand in construction and earth moving equipment. Tight liquidity position and slow pace of awarding road construction projects, impacted demand.
- BS IV transition progressing well, Proto engines successfully supplied to 5 OEM's.
- Tractor segment sales lower by 7% over PY.



D. Customer Support Business Highlights

Following are the key highlights :

- CSBG registered growth of 4% in H1 over PY. Growth primarily driven by “Koel Bandhan” (Online AMC) and Extended warranty.
- Maintained Customer Delight Index (CDI) score of 91 in Q2.
- Till date 25000+ customers added in Direct online AMC ‘KOEL Bandhan’.
- Technical Helpdesk now operational at Pune to improve Max Time to Repair (MTTR)



E. International Business Highlights

Following are the key highlights :

- IBG H1 sales grew by 24% over PY - sales gains in Middle East, East Africa and South Africa.
- First lot of EPA Engines Shipped to USA.
- Breakthrough order received from NAFFCO, Dubai for FMUL. 10 OEMs onboard in UAE for firefighting pump sets.
- Arrangement made with Arrow, USA for supply of 3R, 4R & 6R long block gas engines.



F. Large Engines Business Highlights

Following are the key highlights

- Gained order from Bharat Electronics Limited, Bangalore for Naval Air Strip Integrated Security System (NAISS) project.
- 1st DV8 engine for Fishing boat (Malpe - Udupi), with Mechanical Governor commissioned successfully.

Awards and Accolades



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GreenCo Platinum Award

Golden Peacock Award For Energy Efficiency 2019



Consolidated Financials

(Includes KOEL, LGM, KOEL Americas & ARKA Fincap Ltd)



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All numbers in Rs. Crs	Q2 FY2020	Q2 FY2019	∂	6M FY2020	6M FY2019	∂	FY 2019
Net Sales	804	841	-4%	1,694	1,772	-4%	3,529
Other Operating Income	14	10	35%	26	22	21%	99
Raw Material	520	554	-6%	1,109	1,185	-6%	2,329
Employee Costs	71	60	17%	135	118	14%	243
Other Expenses	172	166	4%	336	331	1%	681
EBITDA	56	72	-22%	141	159	-12%	375
Non-Op.Income / (Expenses)	11	18	-39%	23	33	-30%	65
Depreciation	21	23	-9%	43	49	-11%	94
Interest	3	3	2%	6	8	-18%	15
Exceptional Item	16	-		16	-		
PBT	58	63	-7%	130	135	-4%	331
Tax	17	22	-20%	42	47	-10%	112
PAT	41	41	1%	88	88	0%	220

Updates on ARKA Fincap Limited (Formerly known as Kirloskar Capital Limited)



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- During the year, the Company has invested further Rs 499.5 crs in ARKA Fincap Limited (Formerly known as Kirloskar Capital Limited) in Q1. With this the total equity investment in ARKA Fincap Limited increased to Rs 526.5 crs.
- ARKA Fincap limited started business operations in Q1' 19-20.



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Thank You