



Enriching Lives

Kirloskar Oil Engines Limited

Earnings Update
Q4 & FY 19-20

Disclaimer



Enriching Lives

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.

Awards and Accolades



Enriching Lives

CII EXIM Award for Business Excellence - 2019





Q4 Performance

All amounts are in Rs Crore unless otherwise stated

Q4 Standalone Performance



Enriching Lives

- Q4 revenue Rs. 700 Cr - a decline of 11% over P.Y.
- PBT for the quarter Rs 61 Cr (PY Rs 137 Cr)
Q4 of FY 18-19 includes Industrial Promotion Subsidy of Rs 51.5 Cr.
- Slowdown witnessed in Industrial, Agriculture and PG sales in Q4



Q4 2019-20 : Sales Performance

Q3 FY2020	Business	Q4 FY2020	Q4 FY2019	Δ
326	PowerGen	296	314	-6%
119	Agricultural	114	136	-16%
112	Industrial	129	164	-21%
104	Customer Support	107	123	-14%
53	Large Engines	56	53	7%
714	Total	700	787	-11%
58	Exports out of above	60	58	3%

March'20 sale was impacted due to COVID-19 led nationwide lockdown.

Financials



Enriching Lives

Q3 FY2020	Particulars	Q4 FY2020	Q4 FY2019	Δ
714	Net Sales	700	787	-11%
8	Other Operating Income	11	61	-83%
721	Revenue from operation	711	848	-16%
473	Raw Material	446	508	-12%
67.6%	%	63.8%	64.5%	-1%
57	Employee Costs	50	56	-11%
135	Other Expenses	147	147	0%
56	EBITDA	67	137	-51%
7.9%	%	9.6%	17.5%	25%
7	Other Income	11	18	-38%
17	Depreciation	16	17	-6%
1	Finance Cost	1	1	2%
45	PBT	61	137	-56%
6.4%	%	8.7%	17.4%	26%
3	Tax	14	45	-68%
43	PAT	47	92	-49%
6.0%	%	6.7%	11.7%	17%

- RM cost improvement is contributed by lower input costs and product mix change.

- Excluding IPS subsidy in Q4 FY 19, comparable EBITDA would have been Rs 86 Cr (10.9%)

- Excluding IPS subsidy in Q4 FY 19, comparable PBT would have been Rs 85.4 Cr (10.9%)

- Company has opted for lower tax regime in Q3 FY20.



Annual Performance



FY 2019-20 : Sales Performance

Business	YTD FY2020	YTD FY2019	Δ
PowerGen	1,260	1,320	-5%
Agricultural	491	536	-8%
Industrial	506	650	-22%
Customer Support	423	432	-2%
Large Engines	160	179	-11%
Total	2,841	3,117	-9%
Exports out of above	240	214	12%

Financials



Enriching Lives

Particulars	FY2020	FY2019	∂
Net Sales	2,841	3,117	-9%
Other Operating Income	37	86	-57%
Revenue from operation	2,877	3,203	-10%
Raw Material	1,874	2,071	-10%
%	66.0%	66.4%	-1%
Employee Costs	218	216	1%
Other Expenses	547	565	-3%
EBITDA	239	351	-32%
%	8.4%	11.3%	-25%
Other Income	40	61	-34%
Depreciation	67	73	-9%
Interest	4	4	7%
Exceptional Income (Nagal Land sale)	16	-	
PBT	225	336	-33%
%	7.9%	10.8%	-26%
Tax	55	111	-50%
PAT	170	225	-24%
%	6.0%	7.2%	-17%

Other operating income of FY 19 includes IPS for Rs. 51.5 Cr.
Excluding above, adjusted and comparable EBITDA for FY 19 would be ~ Rs. 300 Cr (9.6%)



Key Financial Metrics

	YTD FY2020	YTD FY2019
EBITDA %	8.4	11.3
Inventory (Days)	35	30
Receivables (Days)	46	40
Creditors (Days)	44	47
Fixed Asset Turns	7	7
RoCE %	12	19
Operating RoCE %	28	42
Cash & Cash Equivalents	336	897

Cash & Cash Equivalent includes Cash, Bank Balance, FDR and Mutual Fund Investment.

Key Financial Highlights



Enriching Lives

All business segments except exports have declined as compared to PY resulting in an overall decline of 9% YOY

- Year end sale was lost due to sudden lockdown announced by Government amid spread of unprecedented Global Pandemic COVID-19.
- Significant decline in Industrial revenue on back of sluggish demand in Infra & tractor segment.
- Customer Support AMC business revenue grew by 33% (YOY) while there was a decline in spares & oil sales.
- Agri business declined by 8% YOY:
 - ✓ affected by untimely rains / floods in major parts of country in Q3.
 - ✓ Electric pump sale registered an impressive 32% YOY growth
- Large Engine business saw a decline of 11% YOY:
 - ✓ Marine & Defense registered a significant growth but spares revenue declined sharply

Key Financial Highlights



Enriching Lives

- **EBITDA Margin 8.4% (Rs 239 cr) in CY vis-à-vis adjusted EBITDA margin 9.6% (Rs 299.5 cr) of PY.**
 - Overall sales reduction has led to decline in EBITDA.

- **PBT* margin 7.9% (Rs 225 cr) lower by Rs 111 cr over PY of 10.8% (Rs 336 cr)**

- **Cash Generation from Operation (before income tax payment)- Rs 295 Cr during the year as compared to Rs 263 Cr in the PY**

- **Capex – Rs 76 Cr during the year as compared to Rs 74 Cr in P.Y.**

** PBT of FY 19 includes IPS of Rs 51.5 Cr ; PBT of FY 20 includes profit on sale of Nagar land 16.5 Cr*



A. Power Generation Business Highlights

Key highlights :

- Genset Industry saw a decline of approx. 7%.
- Koel PG business declined by 5% YOY.
- Maintained overall market share* of 34% (excluding Telecom) for FY 20.
- i-Green continues to be market leader with significant improvements in IoT activations and is getting encouraging response from customers.
- Powercar Genset garnering good orders for railway coach factories.

* Market share is based on volume, as per Frost & Sullivan



B. Agri Business Highlights

Key highlights :

- Agri Business saw a decline of 8% YOY.
- Electric pumps grew by 32% YOY.
- Electric pump now accounts for 18% of Agriculture business (13% PY)
- 12HP Power Tiller registered under govt. subsidy schemes in major states.
- Repeat bulk order from Assam Govt. for 12HP power tiller.



C. Industrial Business Highlights

Key highlights :

- Industrial engines (Off – High way) registered a steep decline of 23% due to weak demand in construction and earth moving equipment. Engine off-take at OEM remained low due to low secondary off-takes.
- Tractor segment registered decline of 19%.
- Received Supplier Excellence Awards from Action Construction Equipment.
- BS IV program progressed well and is on track.



D. Customer Support Business Highlights

Key highlights :

- Customer Support saw a marginal decline of 2% YOY.
- Service Income grew by 33%, while spares & oil saw a decline of 7-8% YOY.
- Continued to Maintain Customer Delight Index (CDI) score of 90+ in Q4.
- MaxTTR achievement in 24 hours is now at 68% ag target of 60%.
- Direct online AMC 'KOEL Bandhan' continued to add new customers.
- Reached 40,000+ assets under KOEL AMC.
- New comprehensive warranty & service package 'Anubandh' launched.
- New orders of AMC from Railway received.



E. Export Business Highlights

Key highlights

- Export sales grew by 12% over PY, mainly thru sales gains in countries like South Africa, UAE, Saudi Arabia etc..
- Major order executed for a prestigious customer in Vietnam.
- Introduced EPA Tier 3 engines and UL2200 compliant Genset Canopies for emergency standby application in USA
- Signed agreements for R series and DV series Gas Engines.
- Stocking at Dubai to cater to fire-fighting pump-set OEMs worked well.



F. Large Engines Business Highlights

Key highlights

- Large Engine business saw a decline of 11%
- Market-share gain in fisheries boat engine; development of 8 new power nodes.
- NAISS order worth 70 Cr received from BEL, execution underway.
- Weapon Location Radar (WLR) first export order successfully completed.
- Marine & Defense saw an impressive growth whereas significant decline was noticed in spares; service income grew marginally

Performance of Subsidiaries



Enriching Lives

La-Gajjar Machinery Pvt Limited (“LGM”)

- Revenue growth 9% YOY, despite Covid-19.
- MMB vertical strengthened during the year.
- PBT CY Rs 23 cr vis-à-vis Rs 20 cr in PY

KOEL Americas Corporation

- Revenue growth of 28% over PY (Rs. 19.2 Cr from Rs 15.0 Cr)
- Growth seen across segments except Industrial.
- Arrow Engine, a new distributor appointed in US to drive the sales of G drive engines and gen-set kits
- On-boarding of new OEMs and customers on track.



Arka Fincap Limited

(Formerly known as Kirloskar Capital Limited)

- Rs 499.5 Cr capital infusion during the year.
- Total capital infusion as on date is Rs. 527 Cr.
- Revenue from operation Rs 48 Cr vs 0.4 Cr in PY.
- PBT for CY Rs 10 Cr vs loss of Rs 10 Cr in LY.
- Arka has obtained its long term debt rating of AA- (500 Cr) and short term debt rating of A1+ (CP 50 Cr) from CRISIL.
- Loan book of 450 Cr and Treasury assets of 150 Cr as on 31st March 20.
- No Asset Liability Mismatch

Consolidated Financials

(Includes KOEL, LGM, KOEL Americas & Arka Fincap)



Enriching Lives

Particulars	2019-20	2018-19	∂
Net Sales	3,331	3,528	-6%
Other Operating Income	49	99	-51%
Revenue from Operations	3,379	3,626	-7%
Raw Material	2,142	2,329	-8%
Employee Costs	270	243	11%
Other Expenses	680	681	0%
EBITDA	287	374	-23%
%	8.6%	10.6%	-19%
Other Income	43	65	-35%
Depreciation	87	94	-7%
Interest	14	13	10%
Exceptional Income (Nagar land Sale)	16	-	
PBT	245	331	-26%
%	7.3%	9.4%	-22%
Tax	57	112	-49%
PAT	188	220	-14%
%	5.6%	6.2%	-9%
Effective tax rate	23.2%	33.7%	
EPS	12.81	15.16	

Consolidated Financials

Segment Information



Enriching Lives

	FY2020	FY2019	Δ
Segment Revenue			
Engines	2,655	2,997	-11%
Electric Pumps	541	489	11%
Financial Services	48	0	
Others	133	139	-4%
Unallocated	2	1	120%
Revenue From Operations	3,379	3,626	-7%
Segment Results			
Engines	206	305	-33%
Electric Pumps	21	16	26%
Financial Services	13	-10	-230%
Others	-15	-12	26%
Unallocated	18	44	-60%
Total	242	344	-30%
Less :-			
Finance Cost	14	13	10%
Exceptional Item	-16	-	
Profit Before Tax	245	331	-26%

*Segment revenue includes other operating income (CY 35 cr PY 85 cr).



Thank You