



Escorts Kubota Limited

(Formerly Escorts Limited)

Q1 FY23 | EARNING PRESENTATION

1st August 2022

BSE: 500495 | NSE: ESCORTS



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Escorts Kubota Limited: Overview

(Formerly Escorts Limited)

Escorts Kubota Limited (EKL) A leading engineering conglomerate with a history of over seven decades, steering India's socio-economic growth through pioneering contribution in critical industrial sectors.

Three Business Divisions:

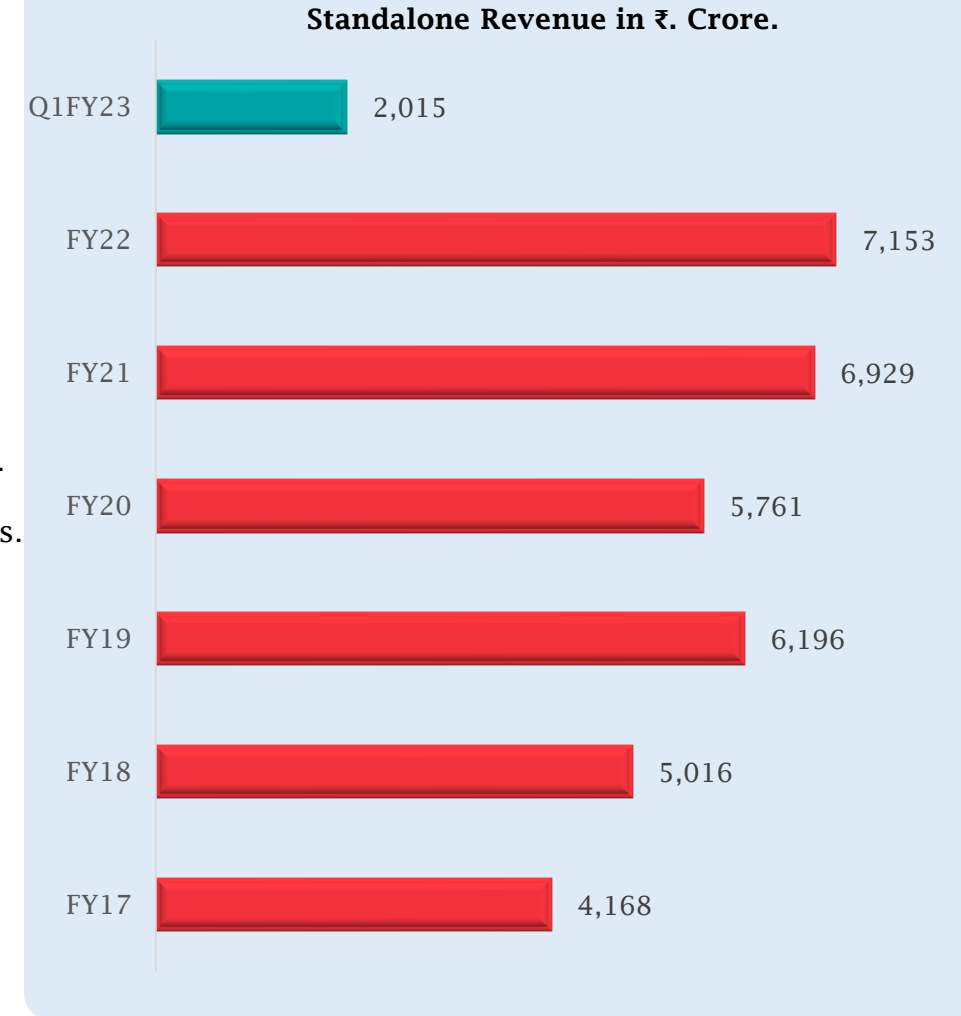
1. **Agri Machinery** - Tractors, Engine, Spare parts and Lubes
2. **Construction Equipment** - Material handing, Road compaction and Earth Moving Equipment.
3. **Railway Equipment** - Brake System, Couplers, Suspension System, Friction & rubber Products.

Headquartered In: Faridabad, Haryana, India

Manufacturing Facilities: 6 Plants* located in Faridabad, Haryana, India

Exchange Listing# : Listed on NSE and BSE

Market Capitalization: ~ Rs22,900 Crores as on 31st July 2022



Q1FY23 YoY Highlights

Particulars	Industry Growth	EKL Growth	Variance
Domestic Tractor Volume	15.8%	0.4%	● -15.3%
Export Tractor Volume	31.8%	52.5%	● 20.7%
Total Tractor Volume	17.4%	3.3%	● -14.1%
PNC Volume	40.1%	81.7%	● 41.6%
BHL Volume	55.4%	20.2%	● -35.3%
Compactor Volume	-0.4%	-21.4%	● -21.1%
Served Construction Equipment Volume*	46.7%	61.3%	● 14.6%
Railway Segment Revenue		45.2%	

● Positive ● Neutral ● Negative



*Served Construction Equipment include- PNC Cranes, Backhoe loaders and Compactors

% rounded off to nearest single decimal

Q1FY23 YoY at a Glance

Particulars	Unit	Q1FY23	Q1FY22	Variance
Domestic Tractor Market Share	%	9.3%	10.7%	● -141 bps
Revenue from operations	₹ Cr.	2,014.9	1,677.0	● 20.1%
Material Cost	%	72.2	68.0	● 415 bps
Manpower Cost	%	6.8	8.2	● -138 bps
EBIDTA	₹ Cr.	201.6	238.8	● -15.6%
EBIDTA Margin	%	10.0	14.2	● -423 bps
PAT	₹ Cr.	147.5	185.2	● -20.4%
EPS	₹	11.38	14.03	● -18.9%

● Positive ● Neutral ● Negative



Q1FY23 YoY at a Glance

26,797
Tractors Volumes

 3.3%

966
Construction Equipment's

 59.4%

₹ 173.4 Crore
Revenue from Railway Equipment

 45.2%

₹ 2,014.9 Crore
Revenue From Operations

 20.1%

₹ 201.6 Crore
EBIDTA



 -15.6%

Adversely impacted due to **steep inflation in commodity prices** coupled with **adverse product mix impact** due to industry shift towards lower horsepower segment.

₹ 147.5 Crore
Profit After Tax

 -20.4%

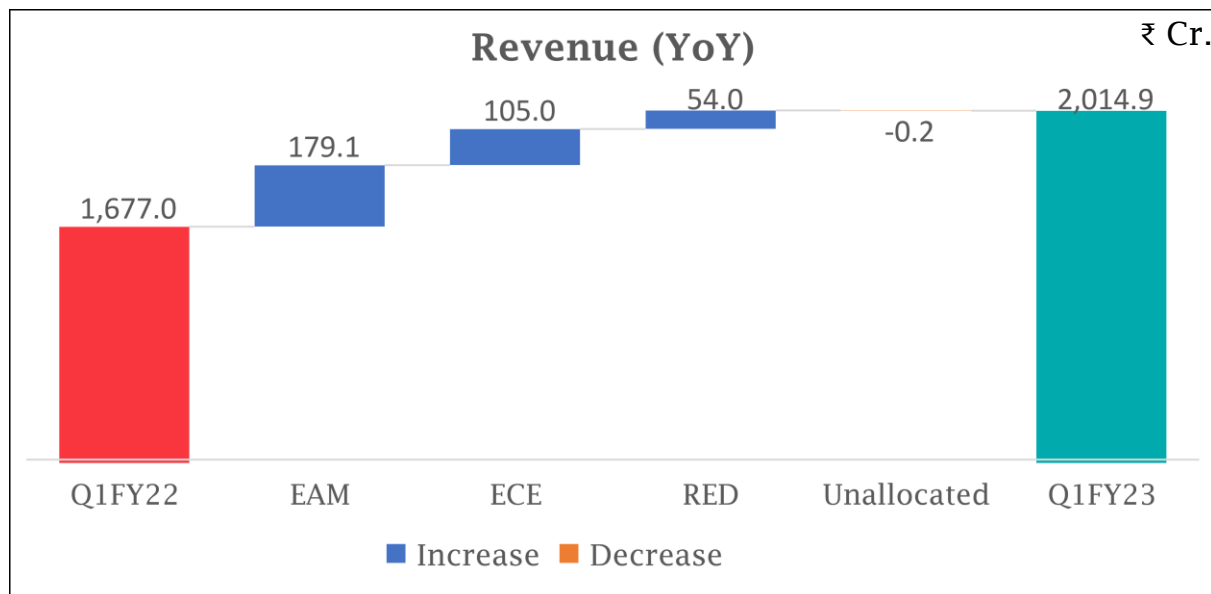
Further Impacted due to lower other income due to temporary **mark-to-market losses** on treasury Investments

 Up Year on Year
 Down Year on Year



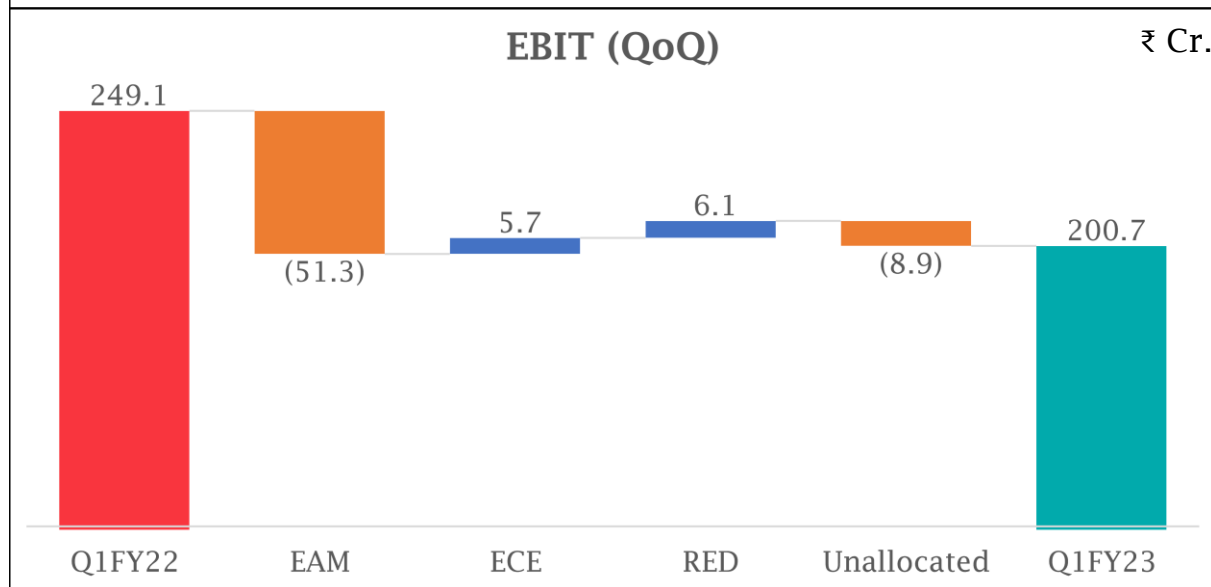
% rounded off to nearest single decimal

Q1 - YoY Revenue up by 20.1%; EBIT down by 19.4%



Revenue Key Highlights

- Tractor Sales up by 3.3% at 26,797 units
- Construction Equipment Sales up by 59.4% at 966 units
- Railway Equipment revenue up by 45.2% at ₹ 173.4 Crore.



EBIT Key Highlights

- Adversely impacted due to **steep inflation in commodity prices** coupled with **adverse product mix impact** due to industry shift towards lower horsepower segment.
- Further Impacted due to lower other income due to temporary **mark-to-market losses** on treasury Investments.



Q1FY23 QoQ at a Glance

Particulars	Unit	Q1FY23	Q4FY22	Variance
Domestic Tractor Market Share	%	9.3%	11.4%	● -215 bps
Revenue from operations	₹ Cr.	2,014.9	1,869.6	● 7.8%
Material Cost	%	72.2	70.1	● 209 bps
Manpower Cost	%	6.8	6.4	● 42 bps
EBIDTA	₹ Cr.	201.6	251.5	● -19.8%
EBIDTA Margin	%	10.0	13.5	● -345 bps
PAT	₹ Cr.	147.5	202.2	● -27.1%
EPS	₹	11.38	16.26	● -30.0%

● Positive ● Neutral ● Negative



Q1FY23 QoQ at a Glance

26,797
Tractors Volumes

 22.4%

966
Construction Equipment's

 -24.9%

₹ 173.4 Crore
Revenue from Railway Equipment

 0.3%

₹ 2,014.9 Crore
Revenue From Operations

 7.8%

₹ 201.6 Crore
EBIDTA

 -19.8%

Adversely impacted due to **steep inflation in commodity prices** coupled with **adverse product mix impact** due to industry shift towards lower horsepower segment.



₹ 147.5 Crore
Profit After Tax

 -27.1%

Further Impacted due to lower other income due to temporary **mark-to-market losses** on treasury Investments

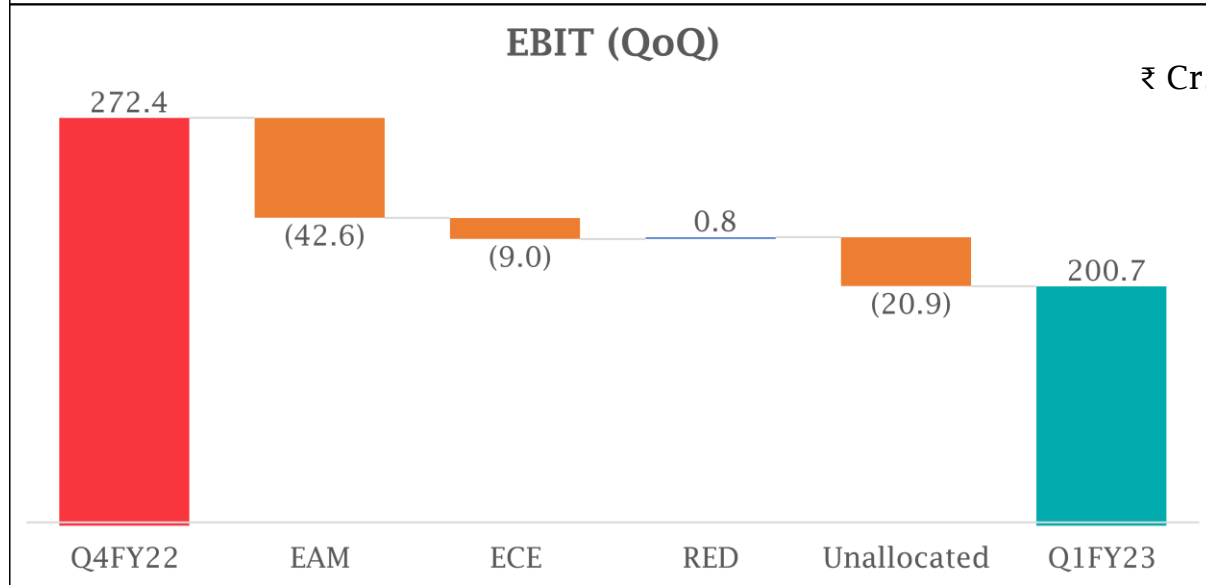
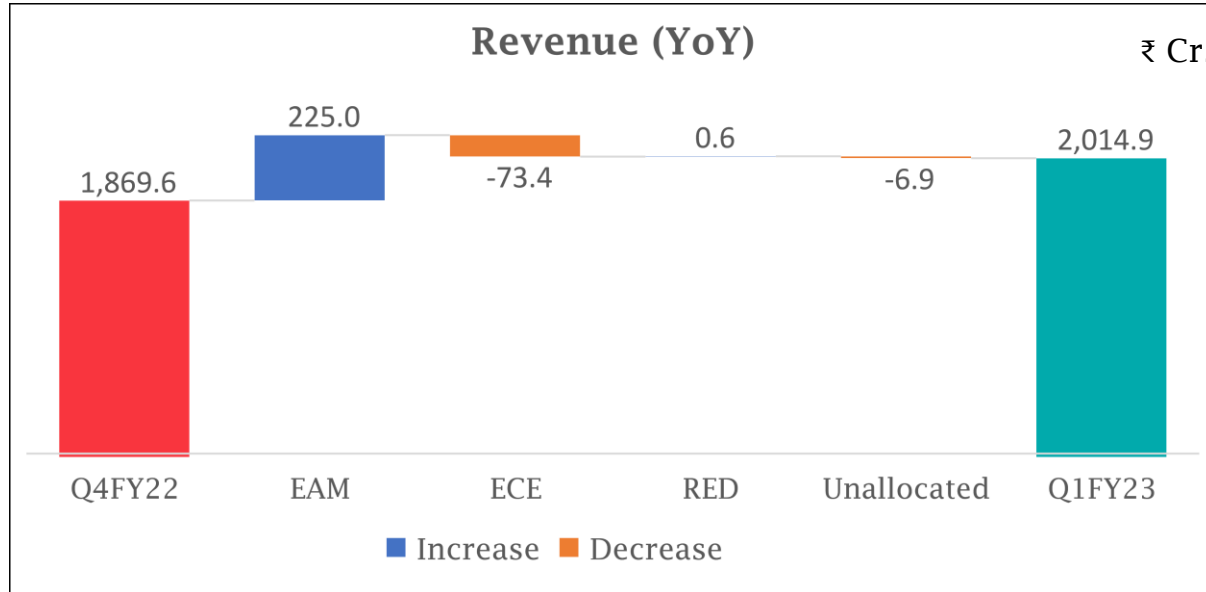


% rounded off to nearest single decimal

 Up Quarter on Quarter
 Down Quarter on Quarter

Standalone Financials

Q1 - QoQ Revenue up by 7.8%; EBIT down by 26.3%



Revenue Key Highlights

- Tractor Sales up by 22.4% at 26,797 units
- Construction Equipment Sales down by 24.9% at 966 units
- Railway Equipment revenue up by 0.3% at ₹ 173.4 Crore

EBIT Key Highlights

- Adversely impacted due to **steep inflation in commodity prices** coupled with **adverse product mix impact** due to industry shift towards lower horsepower segment.
- Further Impacted due to lower other income due to temporary **mark-to-market losses** on treasury Investments



Q1FY23 at a Glance

₹ 11.4

Earning Per Share

10.1%

Return on Capital Employed
(Annualized)

7.4%

Return on Equity
(Annualized)

~90%

Capacity Utilization

Agri Machinery

~40%

Capacity Utilization

Construction Equipment

More than **₹ 850 Crore**
Of Order Book

Railway Equipment Division
(as of 30th June 2022)

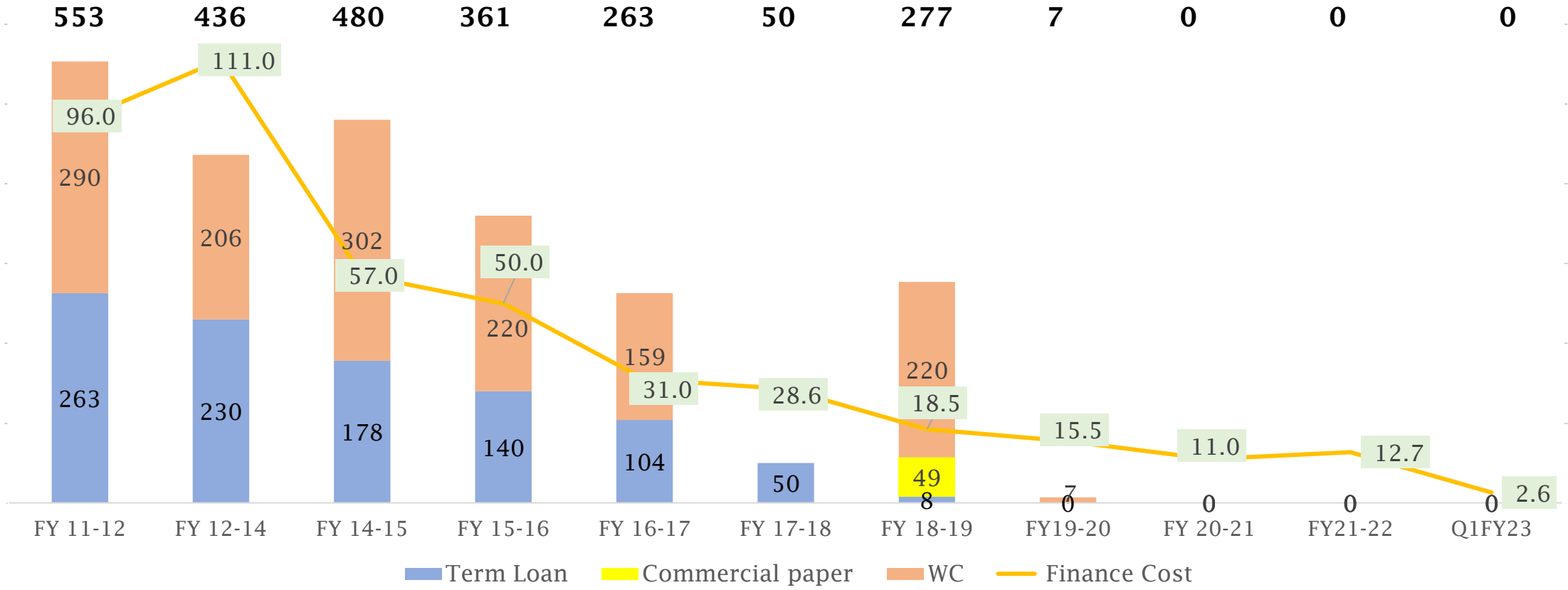


Credit Rating & Debt Profile

Long Term Credit Rating

LBBB- LBBB LBBB+ A- A A+ AA- AA- AA AA AA+

(₹ Crs.)



Please note:-

- Nos. from FY 11-12 to FY 14-15 is as per IGAAP.
- Finance Cost for FY 12-14 is for 18 months.





Nikhil Nanda

**Chairman and Managing
Director**

“We are excited to be Escorts Kubota Limited (EKL) now. During the first quarter of current fiscal industry in Agri sector has witnessed positive trend, after 3 quarter of degrowth. With onset of monsoon, and likely record kharif crop production, rural liquidity and farmer sentiments are expected to gradually improve. In our construction business, we have outperformed the industry in our served markets and expect growth momentum to continue with Government’s thrust on infrastructure development. We are witnessing good order booking in our Railway Business and expect a strong fiscal going ahead. With recent Government actions, Inflation may stabilise in near term and operating leverage may further possibly help in partially diluting the impact on margins in coming quarters”



Segmental Performance

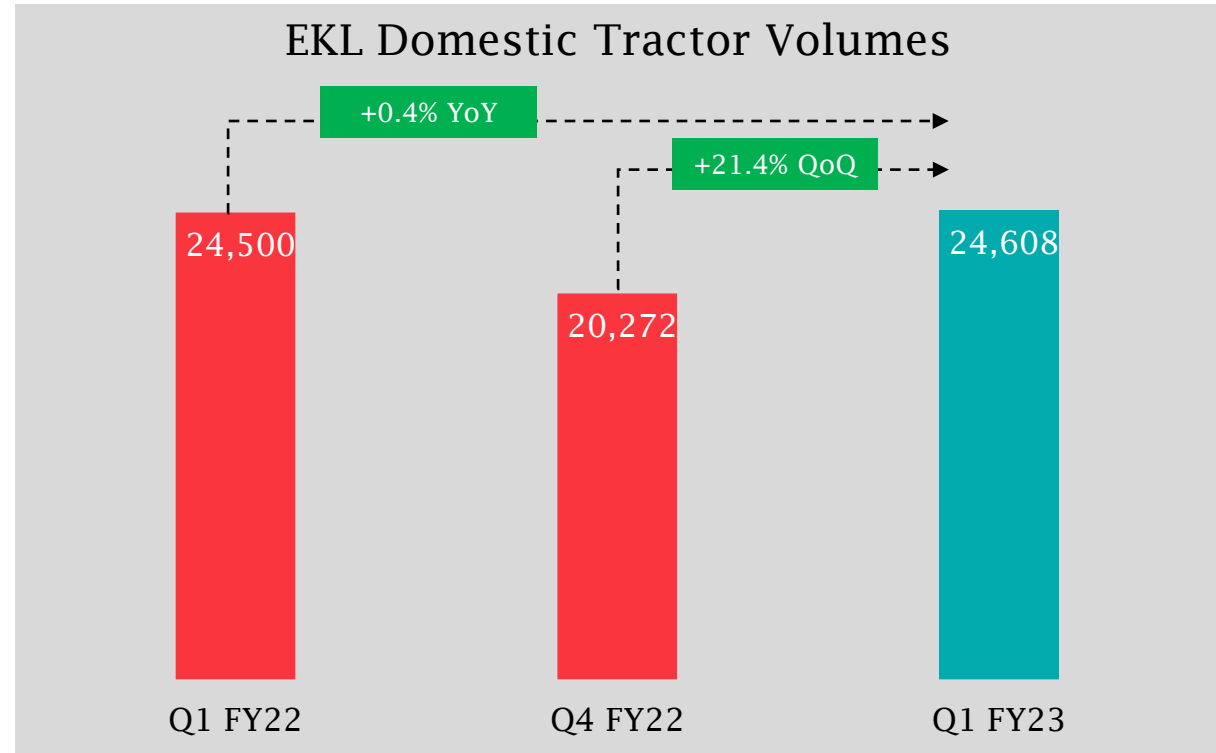
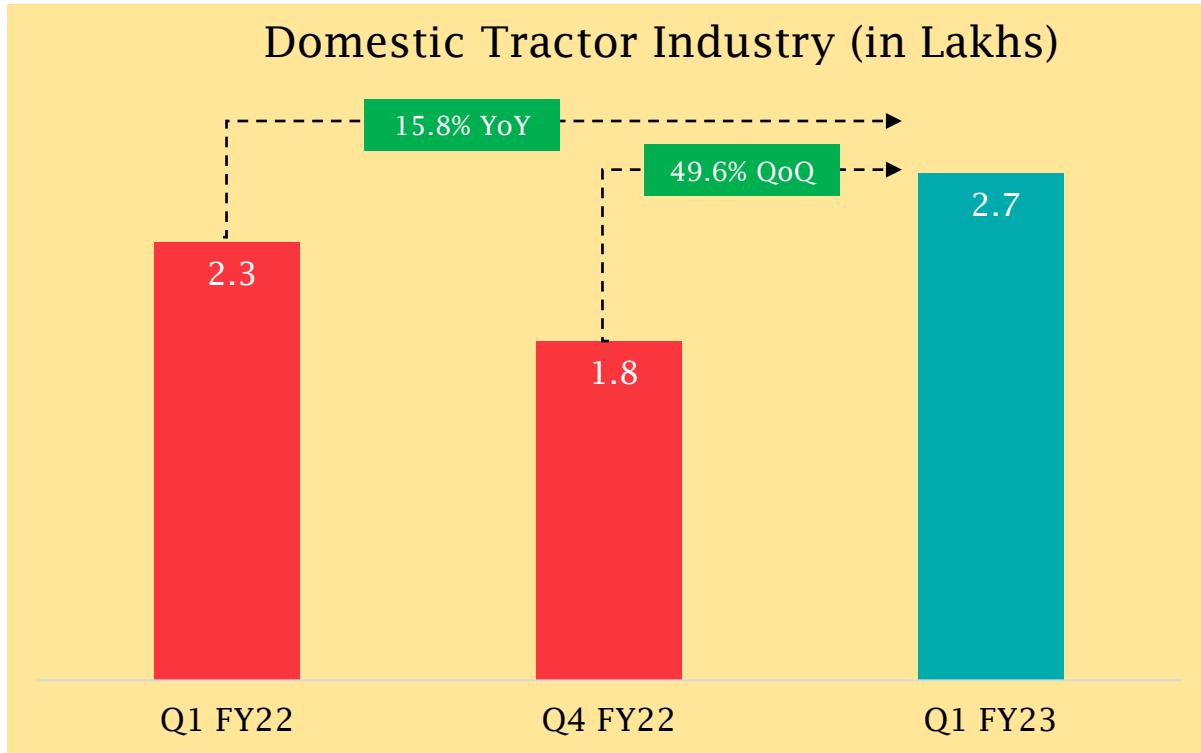


Agri Machinery



Powering The Dreams Of Farmer

Agri Machinery Domestic Performance



Industry in North & Central Regions grew by 22% Y-o-Y

Industry in Rest Region grew by 10% Y-o-Y

EKL-Tractor In North & Central Region grew by 4% Y-o-Y

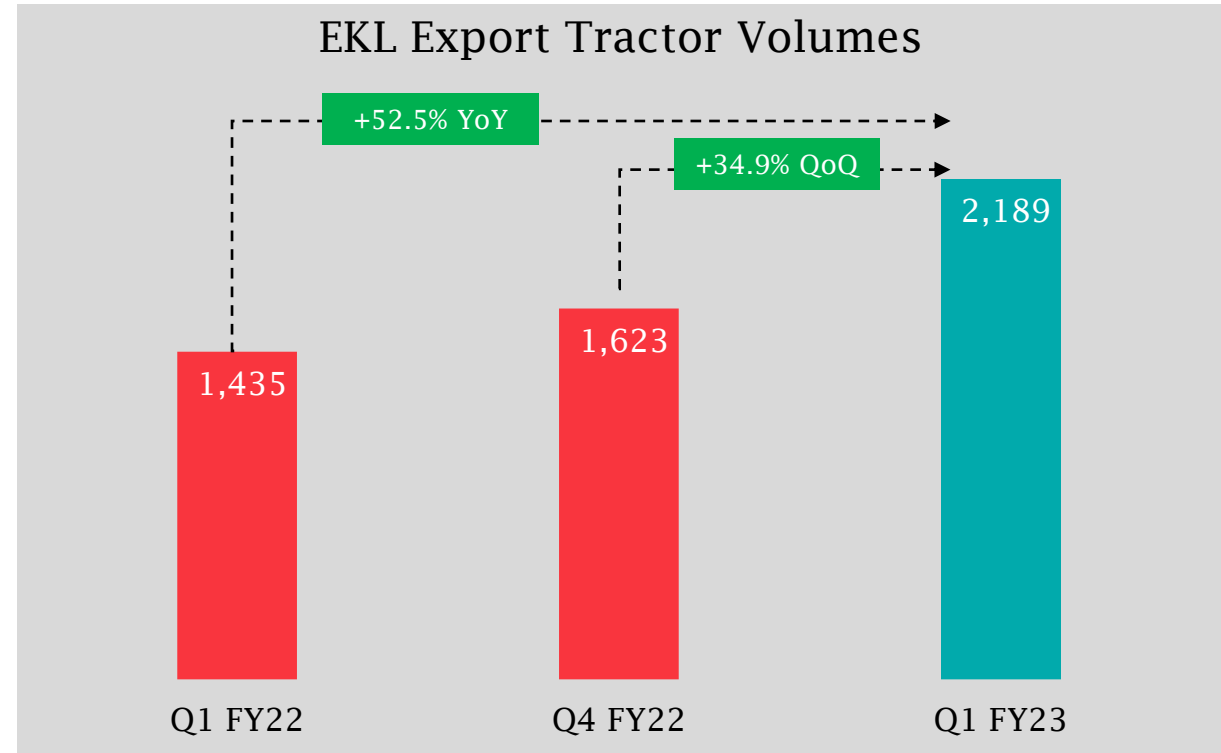
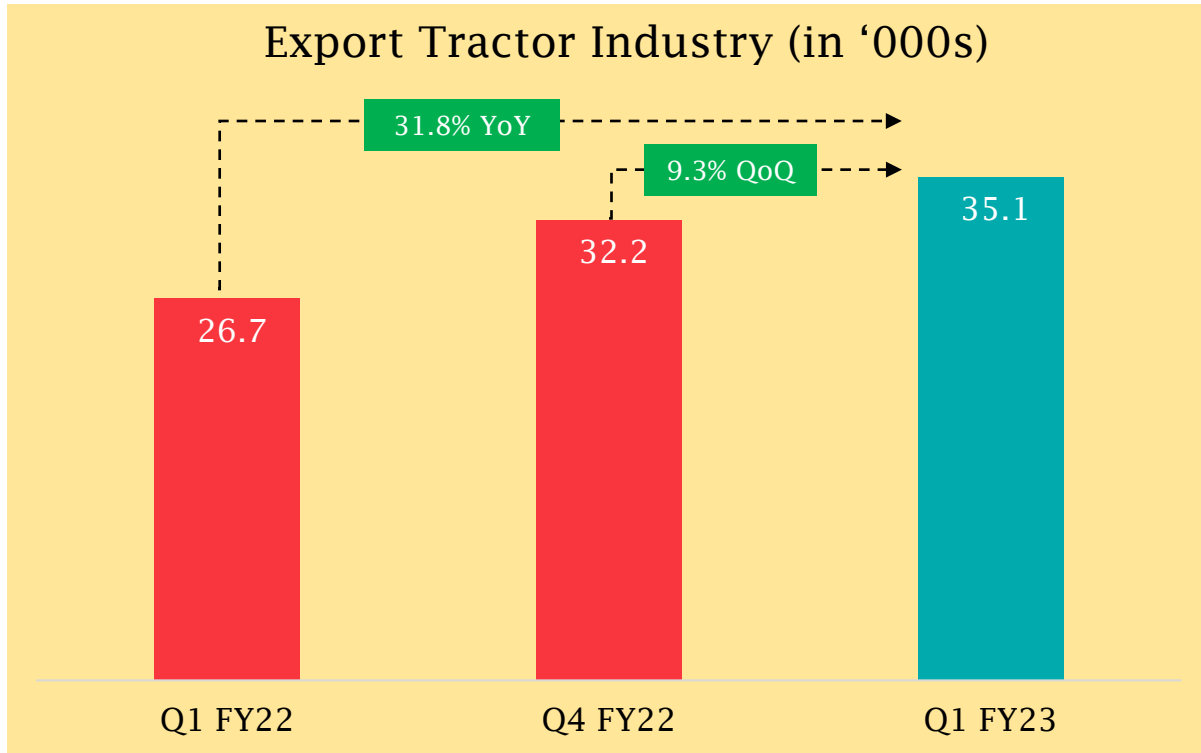
ELK - Tractor In Rest Region down by 4% Y-o-Y

Growth

De-Growth



Agri Machinery Export Performance



Highest Ever Quarterly Export Sales

Export through Kubota channel **20%+** of total Export volume

6.2% Share of Market in Q1FY23, up by 85 bps Y-o-Y

Growth

De-Growth

1-08-2022



% rounded off to nearest single decimal


Agri Machinery Performance at Glance in Q1FY23


₹ 1,595.8 Crore
Segmental Revenue

 **12.6%**
(Y-o-Y)

 **16.42%**
(Q-o-Q)

10.6%
EBIT margin

 **-496 bps**
(Y-o-Y)

 **-484 bps**
(Q-o-Q)

~90%

Capacity Utilization

40:60

Farmtrac : Powertrac Sales Ratio*

41:59
(In Q1FY22)

45:55
(In Q4FY22)

40:60

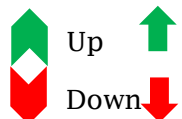
Less than 40 HP : Greater than 40 HP
Sales Ratio*

39:61
(In Q1FY22)

39:61
(In Q4FY22)

33.9%

Return on Capital Employed
(Annualized)



* Domestic



% rounded off to nearest single decimal

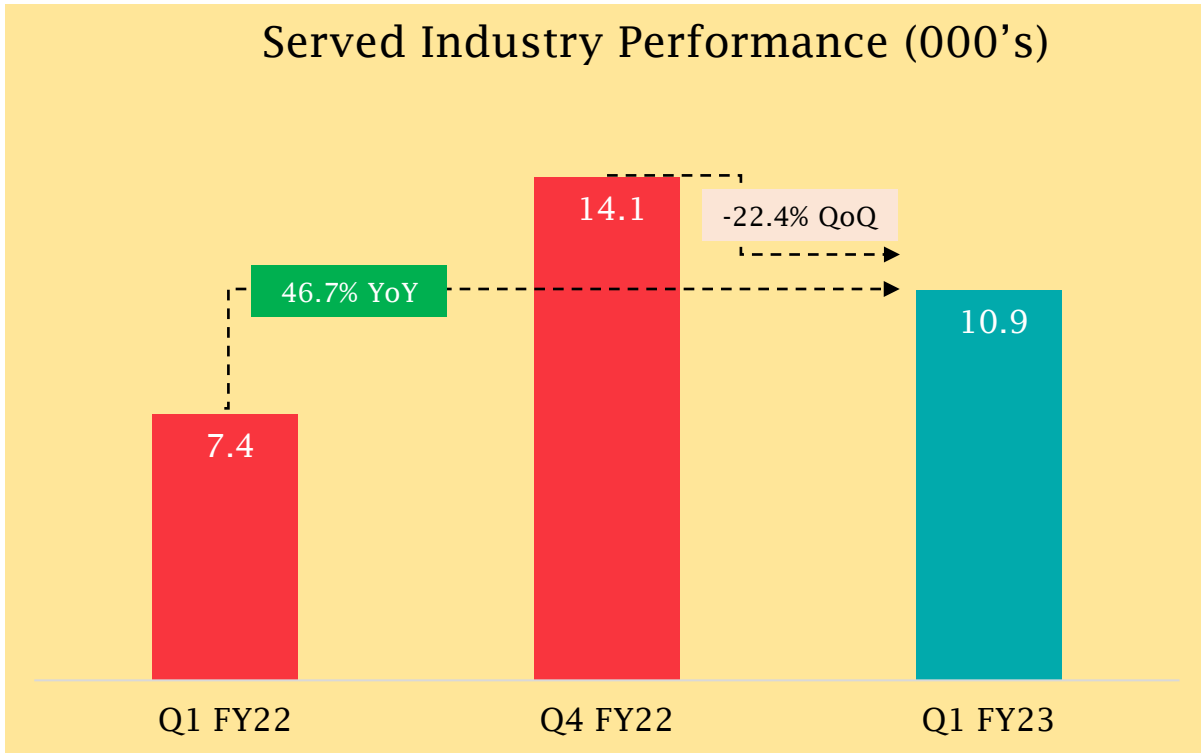
Construction Equipment

**Building a
Better Tomorrow**

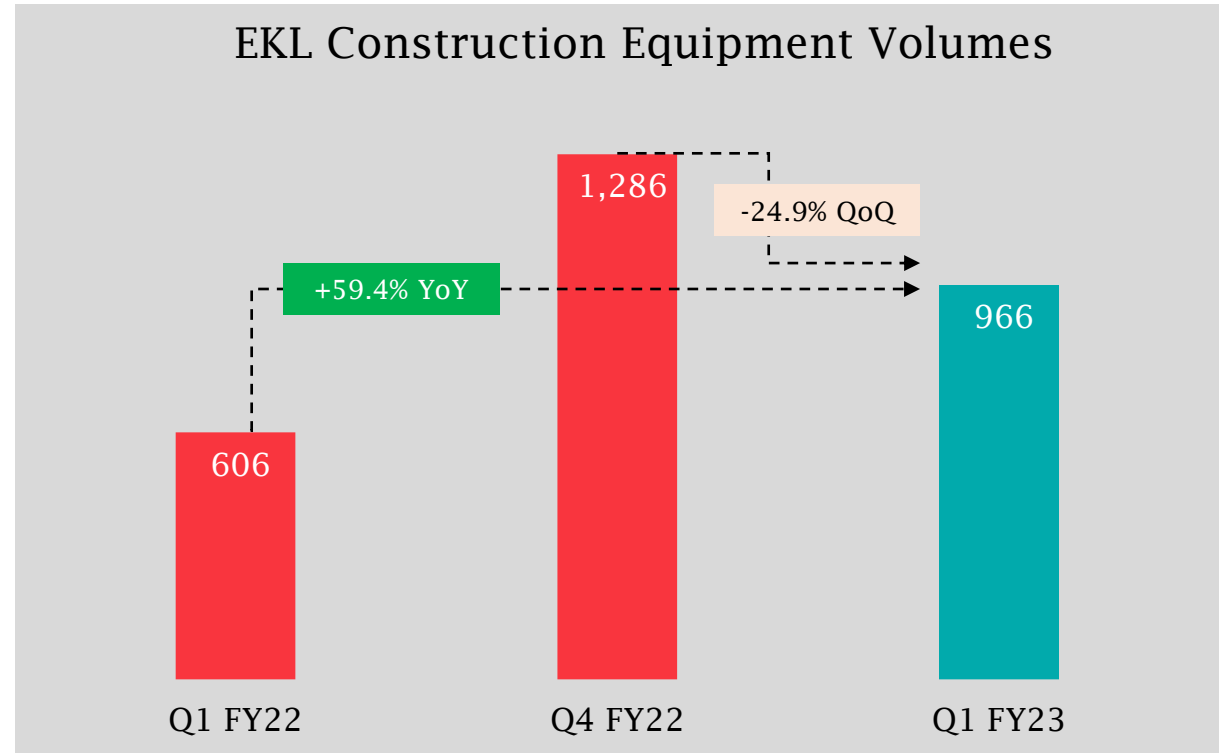
Preferred Partner In Nation Building

Construction Equipment Performance

Served Industry Performance (000's)



EKL Construction Equipment Volumes



BHL Industry up by 55.4% Y-o-Y

PnC Industry up by 40.1% Y-o-Y

Compactors Industry Flat Y-o-Y

Growth

De-Growth



% rounded off to nearest single decimal

Construction Equipment Performance at Glance in Q1FY23

₹ 246.1 Crore
Segmental Revenue



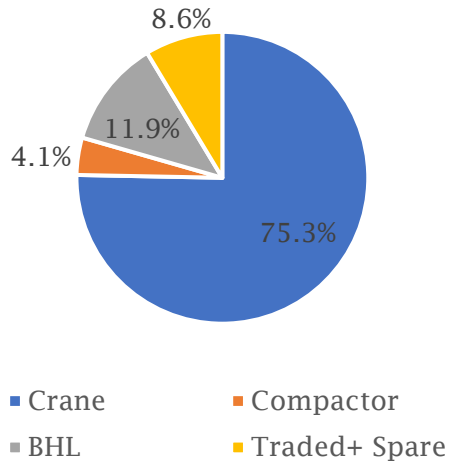
1.0%
EBIT margin



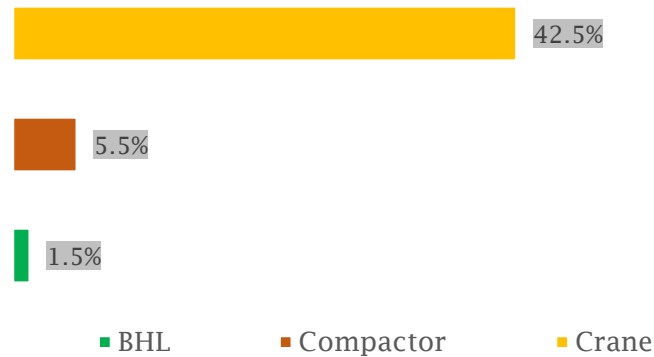
~40%

Capacity Utilization

Revenue Break up

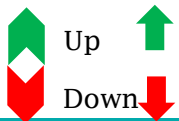


Product wise Market Share



7.4%

Return on Capital Employed
(Annualized)



% rounded off to nearest single decimal

Railway Equipment Division



Mobility Solutions
Of the future

ENSURING SAFETY AND COMFORT IN RAIL TRANSPORT


Railway Equipment Division Performance - Q1FY23


₹ 173.4 Crore
Segmental Revenue

 **45.2%**
(Y-o-Y)

 **0.32%**
(Q-o-Q)

13.6%
EBIT margin

 **-102 bps**
(Y-o-Y)

 **42 bps**
(Q-o-Q)

More than **₹ 850 Crore**
Of Order Book

(as of 30th June 2022)

67:33

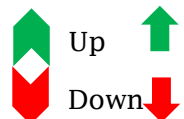
NPD : conventional Sales Ratio

63:37
(In Q1FY22)

70:30
(In Q4FY22)

33.1%

Return on Capital Employed
(Annualized)



% rounded off to nearest single decimal

Shareholding Pattern

Category	June'2021	Sept'2021	Dec'2021	Mar'2022 [^]	June'2022
Promoters	36.6	36.6	30.3	28.1	72.9
Kubota Corporation	9.1	9.1	10.0	16.4	*
Escrow Account (open offer)				39.4	
Institutions#	26.7	29.1	28.7	4.0	10.4
Public	25.5	23.2	28.8	10.3	14.9
Non Promoter Non Public	2.1	2.1	2.2	1.8	1.8
Total	100	100	100	100	100

* Kubota corporation has become a Joint promoter from 11 April 2022.

FPI/Financial Institutions/ Banks/Insurance Companies



rounded off to nearest single decimal

Consolidated Q1FY23 at a Glance

Particulars	Unit	Q1FY23	Q1FY22	YoY (Change)	Q4FY22	QoQ (Change)
Revenue from operations	₹ Cr.	2,032.1	1,707.3	● 19.0%	1,886.6	● 7.7%
Material Cost	%	72.0%	67.9%	● 405 bps	70.0%	● 196 bps
Manpower Cost	%	6.9%	8.2%	● -133 bps	6.5%	● 39 bps
EBIDTA	₹ Cr.	203.6	241.9	● -15.8%	248.2	● -17.9%
EBIDTA Margin	%	10.0%	14.2%	● -415 bps	13.2%	● -313 bps
PBT	₹ Cr.	191.5	239.4	● -20.0%	257.5	● -25.6%
PAT	₹ Cr.	140.6	178.5	● -21.2%	190.0	● -26.0%
EPS	₹	13.01	18.13	● -28.2%	18.56	● -30.0%

● Positive ● Neutral ● Negative



% rounded off to nearest single decimal

Narrations

- **EKL** - Escorts Kubota Limited
- **FY** - Fiscal Year represents the 12 months period from 1st April to 31st March.
- **Q1FY22** - Represents the 3 months period from 1st April 2021 to 30th June 2021.
- **Q4FY22** - Represents the 3 months period from 1st January 2022 to 31st March 2022.
- **Q1FY23** - Represents the 3 months period from 1st April 2022 to 30th June 2022.
- **QoQ** - Represents Quarter on Quarter
- **YoY** - Represents Year on Year
- **LY** - Represents Last Year
- **CY** - Represents Current Year
- **BHL** - Backhoe Loader
- **IndAS** - Indian Accounting Standards
- **NPD** - New Product Developed

- **PnC** - Pick & Carry Crane
- **NSE** - National Stock Exchange of India
- **BSE** - Bombay Stock Exchange
- **DSE** - Delhi Stock Exchange
- **EBIDTA** - Earnings Before Interest, Depreciation & Taxes
- **EBIT** - Earnings Before Interest & Taxes
- **PBT** - Profit Before Tax
- **PAT** - Profit After Tax
- **ROE** - Return on Equity, Calculated as PAT divided by Average capital employed.
- **ROCE** - Return on Capital Employed, calculated as EBIT divided by Average capital Employed for the quarter.



SAFE HARBOR

Certain statements in this document include forward-looking comments and information concerning the company's plans and projections for the future, including estimates and assumptions with respect to economic, political, technological, weather, market acceptance and other factors that impact our businesses and customers. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Escorts Kubota Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

Accounting standard: Financials in presentation are as per IndAS.

All numbers are rounded off to nearest decimal

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**THANK
YOU** |

