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# Maruti Suzuki India Limited

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Q3 FY'14 Financial Results

28<sup>th</sup> Jan, 2014

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# Safe Harbour

This presentation might contain forward looking statements which involve a number of risks, uncertainties and other factors that could cause the actual results to differ materially from those in the forward looking statements. The Company undertakes no obligation to update these to reflect the events or circumstances thereof. Secondly, these statements should be understood in conjunction with the risks the company faces.

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## Financial Highlights Q3 FY'14 & Growth over Q2 FY'14

■ Sales Volume	288,151 Veh.	4.6 %	↑
■ Net Sales	106,197 Mn	4.0 %	↑
■ Op. EBIDTA	13,548 Mn	2.5 %	↑
■ PBT	8,856 Mn	0.6 %	↑
■ PAT	6,811 Mn	1.6 %	↑

## Key Financial Ratios (% of Net Sales)

Parameter	Q3 FY'14	Q2 FY'14	Change bps	
Material Cost	73.5	71.1	240	↑
Employee Cost	2.8	3.6	(80)	↓
Other Expenses	13.5	14.8	(130)	↓
Other Operating Income	2.6	2.5	10	↑
<b>EBIDTA</b>	<b>12.8</b>	<b>13.0</b>	<b>(20)</b>	↓
Depreciation	5.1	4.9	20	↑
Other Non-Operating Income	1.1	1.0	10	↑
PBT	8.3	8.6	(30)	↓
<b>PAT</b>	<b>6.4</b>	<b>6.6</b>	<b>(20)</b>	↓

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# Financial Analysis Q3 FY'14 vs Q2 FY'14

## **Material Cost to Net Sales – Higher by 240 bps**

- Impact of adverse forex on indirect and direct imports
- Higher discounts &
- Lower exports sale...
- ... to some extent offset by cost reduction efforts & price increase.

## **Employee Cost to Net Sales – lower by 80 bps**

- Normalization of employee cost post variable pay disbursement in Q2'14

## **Other Expenses to Net Sales – lower by 130 bps**

- Favorable exchange rate on royalty
  - Lower S&D expenses due to reduction in exports
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## Q3 FY'14 (post-merger) vs Q3 FY'13 (pre-merger)

### **Background: MSIL – SPIL merger**

- Given the dieselization in India, the board of directors decided to bring together the engine and car manufacturing facility as one single entity.
- Suzuki Powertrain India Ltd. (SPIL) was merged with the Company through a share swap ratio of 1:70 with no outflow of cash from MSIL. MSIL made a fresh issue of 13.17 Mn shares to SMC, Japan, in lieu of its 70% holding in SPIL.
- Cost heads have been re-distributed leading to a change in the cost structure.
- **The term “pre-merger” represents MSIL financials (excluding the effect of SPIL merger).**

## Financial Highlights Q3 FY'14 (post-merger) & Growth over Q3 FY'13 (pre-merger)

■ Sales Volume	288,151 Veh.	4.4 %	↓
■ Net Sales	106,197 Mn	3.0 %	↓
■ Op. EBIDTA	13,548 Mn	52.0 %	↑
■ PBT	8,856 Mn	31.0 %	↑
■ PAT	6,811 Mn	35.9 %	↑

## Key Financial Ratios (% of Net Sales)

Parameter	Q3 FY'14 (Post-merger)	Q3 FY'13 (Pre-merger)	Change Bps	
Material Cost	73.5	80.2	(670)	↓
Employee Cost	2.8	2.1	70	↑
Other Expenses	13.5	11.8	170	↑
Other Operating Income	2.6	2.2	40	↑
<b>EBIDTA</b>	<b>12.8</b>	<b>8.1</b>	<b>470</b>	↑
Depreciation	5.1	3.3	180	↑
Other Non-Operating Income	1.1	1.7	(60)	↓
PBT	8.3	6.2	210	↑
<b>PAT</b>	<b>6.4</b>	<b>4.6</b>	<b>180</b>	↑

# Sales Volumes

Total Sales	Market	Q3 FY14	Q3 FY13	Growth
	Domestic	268,185	268,957	(0.3) %
	Exports	19,966	32,496	(38.6) %
	<b>Total Sales</b>	<b>288,151</b>	<b>301,453</b>	<b>(4.4) %</b>

Domestic Sales	Segments	Q3 FY14	Q3 FY13	Growth
	Mini	115,705	111,709	3.6 %
	Compact	59,481	68,790	(13.5) %
	Super Compact	47,924	40,967	17.0 %
	Mid Size	733	1,716	(57.3) %
	Executive	1	151	-
	Vans	26,119	25,338	3.1 %
	MUV	18,222	20,286	(10.2) %
	<b>Domestic</b>	<b>268,185</b>	<b>268,957</b>	<b>(0.3) %</b>

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# Going Forward

- Economic scenario continues to be uncertain. Focus on own efforts to enhance sales. Rural opportunity continues.
- Continued efforts on localization and cost reduction.
- Uncertainty on commodity and forex.
- Increase in depreciation owing to addition of Manesar-C line and Diesel engine plant.

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# Board decision on Gujarat project

- Rationale & benefits will be communicated by top management team during:
  - Press conference: 14:00 hrs to 15:00 hrs
  - Investor con-call: 15:15 hrs to 16:00 hrs
  
- Q3 Financials results discussion: 16:00 hrs to 16:30 hrs

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Thank You