



Enriching Lives

Kirloskar Oil Engines Limited

Earnings Update Mar 2019

Disclaimer



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

Q4 Standalone Performance



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- In Q4 revenue at Rs 787cr showed a marginal improvement over PY
- PBT for the quarter at Rs 137 crs showed a substantial increase over the PY (Rs 69 cr)
- The Company received an extension of the IPS Scheme for a further period of 2 years i.e till 31 March 2019. The receivables under the said Scheme for the extended period are fair valued at Rs. 51.52 Crs. and are included in the Revenue from Operations for the quarter and year ended 31 March 2019.
- Slowdown witnessed in PG & Industrial sales in Q4

Key Financial Highlights (Apr-Mar)



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All business segments grew as compared to PY resulting in an overall growth of 11%

- Significant growth in Telecom, UHHP & 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 11.3% (Rs 351 cr) vis-à-vis 9.5% (Rs 265 cr) of PY.

- Industrial Promotion Subsidy for FY'18 and FY'19 accrued in FY'19 - Rs 51.5 cr
- Unprecedented raw material cost inflation only partially passed on to customers.
- Tight control on Fixed costs ensures that costs are lower than PY

Key Financial Highlights (Apr-Mar)



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- **PBT margin 10.8% (Rs 336 cr) higher by Rs 113 cr over PY of 7.9% (Rs 222 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.

- **Cash Generation** - Rs 397 crores during the year as compared to Rs 235 crores in the PY

Financials



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All numbers in Rs. Crs	Q4 FY2019	Q4 FY2018	∂	FY2019	FY2018	∂
Net Sales	787	779	1%	3,119	2,804	11%
Other Operating Income	61	12	416%	86	28	211%
Raw Material	508	511	-1%	2,071	1,817	14%
Employee Costs	56	49	15%	216	206	5%
Other Expenses	147	153	-4%	566	544	4%
EBITDA	138	78	75%	351	265	32%
Non-Op.Income / (Expenses)	18	14	31%	62	69	-11%
Depreciation	17	25	-30%	73	109	-33%
Interest	1	1		4	3	
PBT	137	67	106%	336	222	51%
Tax	45	22	102%	111	72	53%
PAT	92	44	108%	225	150	50%

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

Q4 2018-19 Sales : Segment Performance



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All numbers in Rs. Crs	Q4 FY2019	Q4 FY2018	Δ
PowerGen	314	323	-3%
Agricultural	136	139	-2%
Industrial	164	162	2%
Customer Support	123	109	13%
Large Engines	53	49	7%
Total	787	779	1%
Exports out of above	58	43	35%

YTD 2018-19 Sales : Segment Performance



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All numbers in Rs. Crs	YTD FY2019	YTD FY2018	Δ
PowerGen	1,332	1,241	7%
Agricultural	538	483	11%
Industrial	650	556	17%
Customer Support	432	391	11%
Large Engines	179	143	25%
Total	3,119	2,804	11%
Exports out of above	208	182	14%



Key Financial Metrics

	YTD FY2019	YTD FY2018
EBITDA %	11.3	9.5
Inventory (Days)	23	27
Receivables (Days)	29	27
Creditors (Days)	47	43
Fixed Asset Turns	9	8
RoCE %	19	14
Operating RoCE %	42	24
Cash & Equivalents	897	740



A. Power Generation Business Highlights

Key highlights :

- PG business registered an overall growth of 7% over PY
- New KOEL iGreen genset range launched in Q4 meets with encouraging response from customers.
- Ultra High Horse Power (UHHP) Gensets (>625kVA) continued to garner market share, on the back of strong order fulfillment.
- Powercar Genset garnering good orders for railway coach factories.



B. Agri Business Highlights

Key highlights :

- 4095 nos (including 874 nos of LW12) Mega T sold in CY (PY 3183 nos).
- LW12 Power Tiller registered under govt. subsidy schemes in major states.
- Bulk order received from Assam Govt. for LW12 power tiller.
- Electric pumps continues to grow with good momentum.
- New 3"X3" size water pump indigenously developed with KOEL in-house innovative design to cater higher head and discharge requirement.



C. Industrial Business Highlights

Key highlights :

- Industrial engines (Off – High way) registered a remarkable growth of 17%.
- Tractor segment registered growth of 18%.
- Received Awards from:
 - Caterpillar India for Platinum SQEP (Supplier Quality Excellence Process) certification.
 - SANY India for Overall excellence in 2018.
 - Volvo for excellence in QDCF in 2018. during Annual Supplier Conference.
- Orders received from OEMs for BS IV proto engines.
- HHP engines in Fire Fighting segment yielding good sales.



D. Customer Support Business Highlights

Key highlights :

- CSBG Sales marked growth of 11% over PY.
- Continued to Maintain Customer Delight Index (CDI) score of 90 in Q4.
- Service Engineer's (SE) Performance - 50% of SE in Excellent and Good category for Mar'19 .
- Direct online AMC 'KOEL Bandhan' continued to add new customers.
- Received Platinum Partner Award from ICICI Bank for FY 18-19
- Zero detractor drive initiated, 1% detractor. 40% dealers are in zero detractors category during Q4



E. International Business Highlights

Key highlights

- IBG sales grew by 14% over PY, mainly thru sales gains in countries like Nigeria, Vietnam, Kuwait etc..
- 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.
- Stock and Sell activity started from Dubai to cater to fire-fighting pump-set OEMs



F. Large Engines Business Highlights

Key highlights

- New engines developed for marine segment.
- 3.0 MW DG set for BPCL project – 1st order with Anglo Belgian Corporation, Belgium (ABC) Engine. Installation of DG set and auxiliaries completed and DG set test fired on no-load.
- Concluded order with Mazgaon Dock Ltd for 4 shipsets of 120 KW.

Performance of Subsidiaries



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LGM

- Revenue growth of 15% as compared to PY (Rs 427cr vs 370 cr)
- PBT @ Rs 20 cr vis-à-vis negative Rs 26 cr in PY
- Retail business growth 23% higher than PY & Exports growth at 33%
- Substantial improvement in Working Capital management helped reduce borrowing by almost 50%

KOEL Americas

- Of the 3 targeted engine families, we obtained EPA certification for 2 and the third one is expected in the first half of 2019-20. With this we will now commence sale in North America
- Revenue was lower than in the PY due to severe economic conditions in some markets viz. Argentina, Nicaragua and Venezuela and time taken for establishing the brand in new markets viz. Peru, Argentina, Ecuador, Colombia, Venezuela, and Caribbean islands

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. 27 Crores (18 Crores in Q4'19) towards subscribed and paid-up capital of KCL.

Consolidated Financials

(Includes KOEL, LGM, KOEL Americas & Kirloskar Capital)



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All numbers in Rs. Crs	FY2019	FY2018	∂
Net Sales	3,529	3,022	17%
Other Operating Income	99	34	194%
Raw Material	2,329	1,955	19%
Employee Costs	243	222	9%
Other Expenses	681	612	11%
EBITDA	375	266	41%
Non-Op.Income / (Expenses)	65	72	-9%
Depreciation	94	123	-23%
Interest	15	12	26%
PBT	331	203	64%
Tax	112	66	69%
PAT	220	136	61%

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



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Thank You