



Investor Update – Q2 FY'14

Sona Koyo Steering Systems Ltd.



November 07, 2013

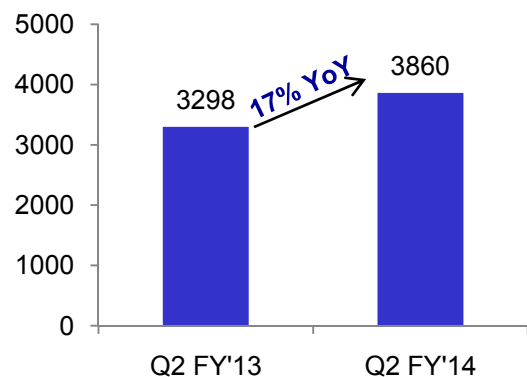
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YoY consolidated revenue up 17% with Maruti bounce back & EPAM

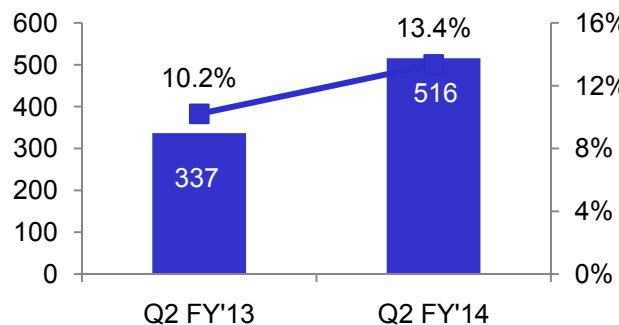


All figures in Rs Mn

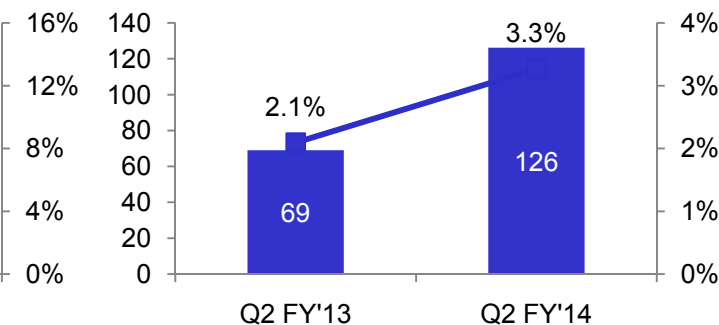
Revenue



EBITDA & EBITDA Margin



PAT & PAT Margin



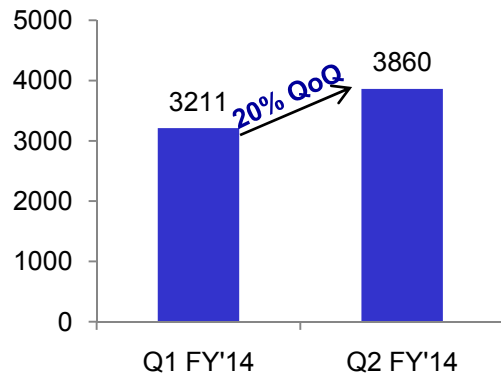
- Total revenue up 17% YoY from ₹3,298 mn in Q2'FY13 to ₹3,860 mn in Q2'FY14. Growth buoyed by bounce back in Maruti sales post plant shut down last year and increasing contribution from EPAM exports.
- EBITDA for the quarter up 53% YoY to ₹516 mn with margin improvement to 13.4% in Q2'FY14 from 10.2% in Q2'FY13 due to rationalization of costs across the board.
 - ✓ Raw material costs as percentage of revenue declines from 70.7% to 68.5%
 - ✓ Other expenses as percentage of revenue declines from 10.2% to 9.8%
- PAT after minority interest up to ₹126 mn in Q2'FY14 from ₹69 mn in Q2'FY13. PAT margin at 3.3% in Q2'FY14 as against 2.1% in Q2'FY13.

QoQ consolidated revenue up 20% due to new product supplies

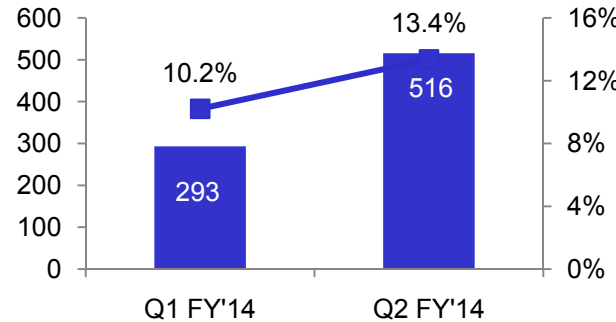


All figures in Rs Mn

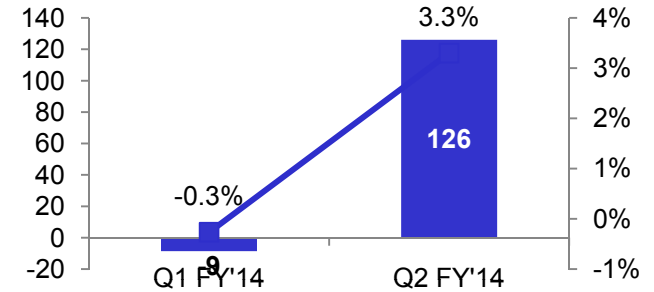
Revenue



EBITDA & EBITDA Margin



PAT & PAT Margin



■ Total revenue up 20% QoQ to ₹3,860 mn due to start of new supplies (to Honda Amaze)

■ EBITDA improves 76% sequentially with margin improvement of over 400 bps to 13.4%.

- ✓ Staff costs as percentage of revenue declines from 10.7% to 8.4%
- ✓ Other expenses as percentage of revenues declines from 11.9% to 9.8% YoY

■ Net profit after minority interest for Q2'FY14 is at ₹126 mn vs loss of ₹8.6 mn in Q1'FY14

- ✓ Depreciation and interest cost remain stable

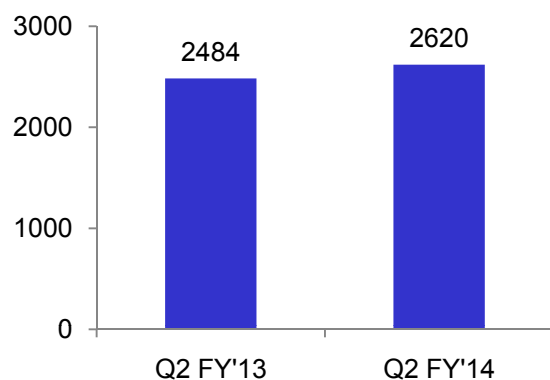
Refer Slide 11 for detailed P&L Statement

YoY standalone RM cost decline helps improve EBITDA Margin

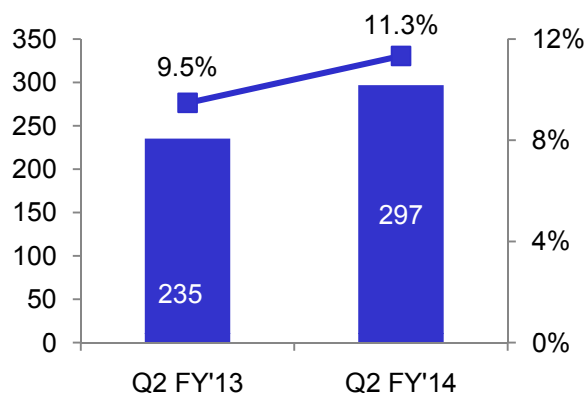


All figures in Rs Mn

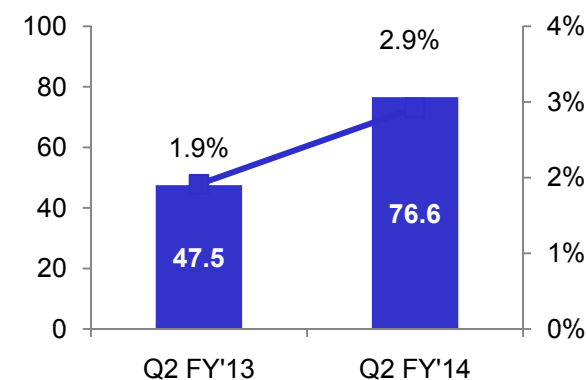
Revenue



EBITDA & EBITDA Margin



PAT & PAT Margin



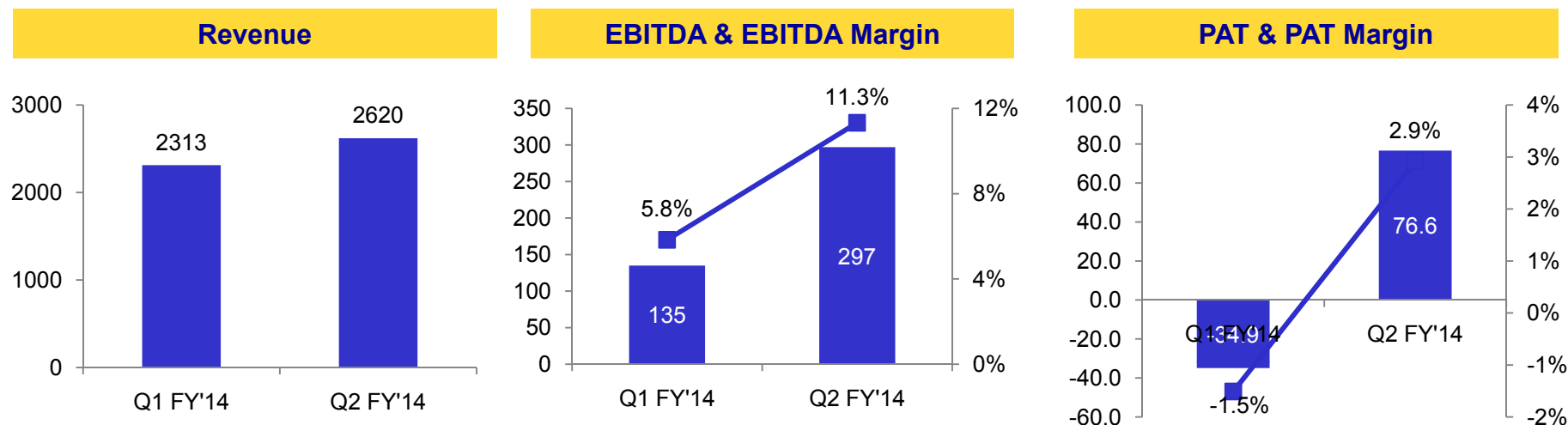
- Total revenue grows by 5.5% YoY to ₹2,620 mn in Q2'FY14 from ₹ 2,484 mn in Q2'FY13.
- EBITDA improves to ₹297 mn from ₹235 mn with margin improving to 11.3% from 9.5% due to :
 - ✓ Decline in raw material costs to 68.7% of revenue vs 70.4% in Q2'FY13
- Company posts net profit of ₹77 mn, growth of 61% over Q2'FY13

Refer Slide 12 for detailed P&L Statement

QoQ Standalone revenue up 13%



All figures in Rs Mn



■ Total Revenues up 13% QoQ to ₹2,620 from ₹2,313 mn in Q1'FY14

■ EBITDA more than doubles to ₹297 mn from ₹135 mn in Q1'FY14

- ✓ Raw material cost declines to 68.7% of revenue vs 68.9% in Q1'FY14
- ✓ Staff cost declines to 10.1% of revenue from 12.5% in Q1'FY14
- ✓ Other expense declines to 9.9% from 12.7% in Q1'FY14

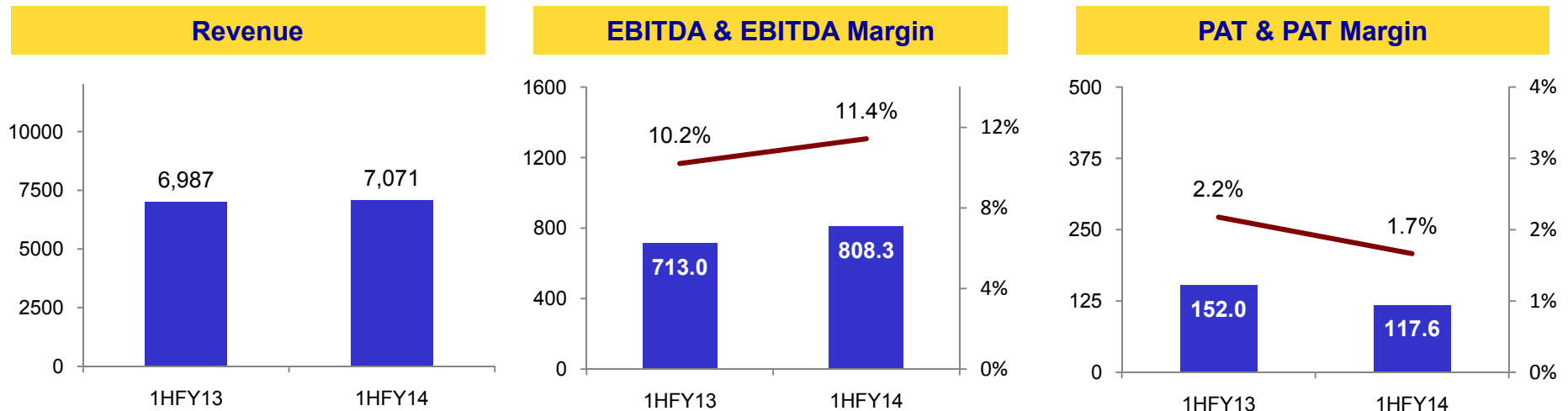
■ PAT for the quarter stands at ₹77 mn with PAT margins at 2.9% v/s loss of ₹ 35 mn

Refer Slide 12 for detailed P&L Statement

Consolidated 1H'FY14 vs 1H'FY13: Q2 performance aids marginal growth



All figures in Rs Mn



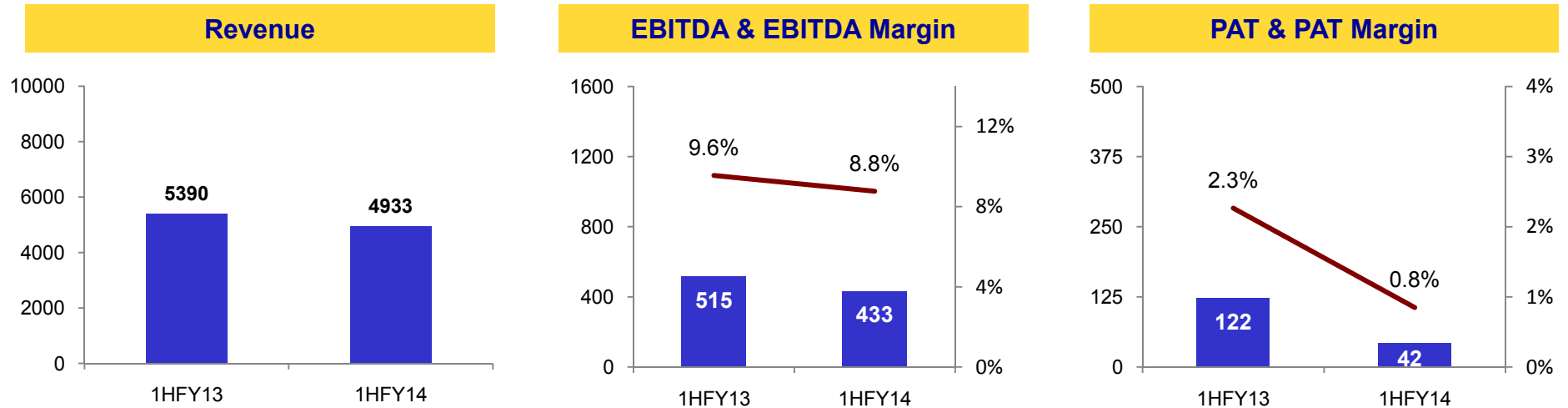
- Strong growth in Q2'FY14 helps company to post 1.2% YoY growth in 1H'FY14 revenue to ₹7,071 mn.
- EBITDA up 13% YoY to ₹808 mn with EBITDA margin improving to 11.4% from 10.2% in 1H'FY13. Strong growth on account of
 - ✓ Decline in raw material cost to 68.4% of revenue vs 71.1% last year.
- PAT for 1H'FY14 net of minority interest is at ₹118 mn with PAT margin at 1.7%.

Refer Slide 12 for detailed P&L Statement

Standalone 1H'FY14 revenue declines vs 1H'FY13



All figures in Rs Mn



■ Revenue on standalone basis for 1H'FY14 declines by 8.5% to ₹4,932 mn as against ₹5,390 mn in 1H'FY13.

■ EBITDA for 1H'FY14 is ~16% lower YoY at ₹433 mn with EBITDA margin of 8.8% vs 9.6% last year. This is due to

- ✓ Increase in staff cost to 11.2% of revenue in 1H'FY14 from 9.4% last year
- ✓ Increase in other expenses to 11.2% of revenue from 10% last year

■ PAT for the half year is at ₹42 mn with PAT margin at 0.8%.

Refer Slide 12 for detailed P&L Statement

Contribution from EPAM segment boosting exports

Product Wise Sales Mix*



*Note: Break-up on gross basis, Steering & column product group includes EPAM sales

Geographic Sales Mix



*Note: Break up on standalone basis

Aided by sustained utilization and diversification in Steering Products

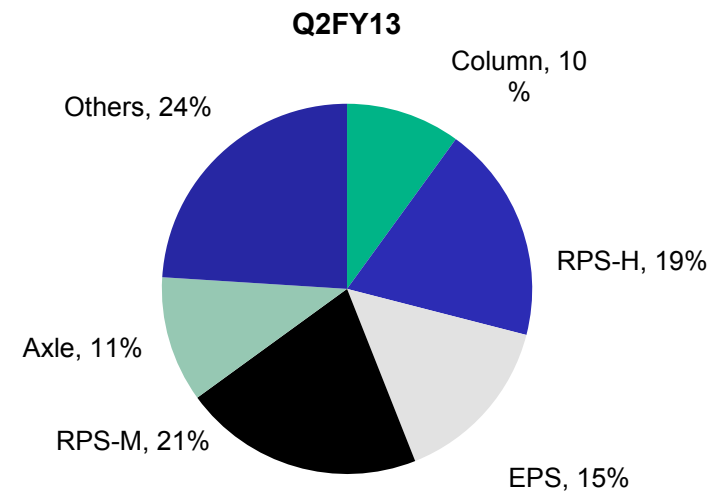
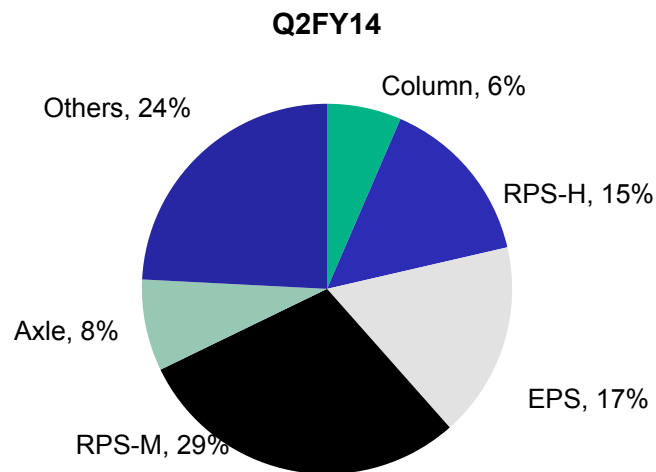


Capacity utilization

■ Capacity Utilization across product categories during Q2'FY14

- ✓ Steering Products – 65% vs 54% in Q2FY13
- ✓ Driveline Products – 25% vs 25% in Q2FY13

Diversification in key steering & driveline products



■ EPAM Division contributes Rs 114 Mn as against Rs 49 Mn in Q2FY13 and Rs 109 Mn in Q1FY14

Income Statement & Key Ratios - Consolidated



Consolidated Unaudited Income Statement

Amount in ₹mn

Particulars	Q2 FY14	Q1 FY14	QoQ (%)	Q2 FY13	YoY (%)	1HFY14	1HFY13	YoY (%)
Net Income from Operations	3,839.2	3,190.7	20.3%	3,283.3	16.9%	7,030.0	6,952.1	1.1%
Other Operating Income	21.1	20.1	5.1%	15.0	40.8%	41.1	34.4	19.6%
Total Income	3,860.3	3,210.8	20.2%	3,298.3	17.0%	7,071.1	6,986.5	1.2%
Total Expenditure	3,344.7	2,918.1	14.6%	2,961.6	12.9%	6,262.8	6,273.4	-0.2%
Consumption of Raw Material	2,642.9	2,193.6	20.5%	2,331.5	13.4%	4,836.5	4,970.4	-2.7%
Staff Cost	323.0	343.5	-6.0%	294.3	9.8%	666.5	597.3	11.6%
Other Expenditure	378.8	381.0	-0.6%	335.8	12.8%	759.8	705.7	7.7%
EBITDA	515.6	292.7	76.2%	336.7	53.2%	808.3	713.1	13.3%
Depreciation & Amortisation	157.9	158.4	-0.3%	143.0	10.4%	316.3	275.2	14.9%
EBIT	357.8	134.3	166.5%	193.7	84.7%	492.0	437.9	12.4%
Finance Charges	110.3	106.5	3.5%	88.9	24.1%	216.8	196.8	10.2%
Other Income	14.3	9.6	49.2%	58.2	-75.5%	23.9	64.7	-63.1%
Exceptional items			N.A.		#DIV/0!	-		N.A.
(Gain)/Loss on Foreign Currency Loan Translation			N.A.		#DIV/0!	-		N.A.
PBT	261.8	37.3	601.6%	163.1	60.5%	299.1	305.8	-2.2%
Tax (including deferred)	82.5	13.0	536.8%	54.6	51.3%	95.5	103.1	-7.4%
PAT (before Minority Interest)	179.2	24.3	636.2%	108.5	65.2%	203.6	202.6	0.5%
Share of (Profit)/ Loss to Minority	53.0	32.9	N.A.	39.1	35.6%	85.9	50.3	N.A.
PAT	126.2	(8.6)	-	69.4	81.8%	117.6	152.3	-22.8%

•Other Expenditure includes manufacturing costs, administrative costs, selling costs and other expenses

Key Ratios as a % of Total Revenue	Q2 FY14	Q1 FY14	Q2 FY13	1HFY14	1HFY13
EBIDTA	13.4%	9.1%	10.2%	11.4%	10.2%
PAT	3.3%	-0.3%	2.1%	1.7%	2.2%
Total Expenditure	86.6%	90.9%	89.8%	88.6%	89.8%
Raw material	68.5%	68.3%	70.7%	68.4%	71.1%
Staff Cost	8.4%	10.7%	8.9%	9.4%	8.5%
Other Expenditure	9.8%	11.9%	10.2%	10.7%	10.1%

Income Statement & Key Ratios - Standalone



Standalone Unaudited Income Statement

Amount in ₹ mn

Particulars	Q2 FY14	Q1 FY14	QoQ (%)	Q2 FY13	YoY (%)	1HFY14	1HFY13	YoY (%)
Net Income from Operations	2,603.4	2,296.0	13.4%	2,472.4	5.3%	4,899.3	5,364.4	-8.7%
Other Operating Income	16.9	16.6	1.8%	11.4	48.7%	33.5	26.1	28.5%
Total Income	2,620.3	2,312.6	13.3%	2,483.8	5.5%	4,932.8	5,390.4	-8.5%
Total Expenditure	2,323.4	2,177.2	6.7%	2,248.5	3.3%	4,500.2	4,875.4	-7.7%
Consumption of Raw Material	1,800.1	1,593.5	13.0%	1,748.2	3.0%	3,393.7	3,832.2	-11.4%
Staff Cost	264.8	289.6	-8.6%	248.7	6.5%	554.0	505.2	9.7%
Other Expenditure	258.5	294.1	-12.1%	251.6	2.7%	552.5	538.0	2.7%
EBITDA	296.9	135.4	119.3%	235.3	26.2%	432.6	515.0	-16.0%
Depreciation & Amortisation	116.7	116.9	-0.1%	100.0	16.8%	233.6	198.4	17.7%
EBIT	180.2	18.5	874.9%	135.3	33.1%	199.0	316.6	-37.1%
Finance Charges	90.1	87.2	3.3%	80.1	12.4%	177.2	158.4	11.9%
Other Income	15.6	13.4	16.5%	11.5	35.5%	29.0	20.3	43.2%
Exceptional items			N.A.		#DIV/0!	-		N.A.
(Gain)/Loss on Foreign Currency Loan Translation			N.A.		#DIV/0!	-		N.A.
PBT	105.7	(55.3)	-291.2%	66.7	58.4%	50.4	178.4	-71.7%
Tax (including deferred)	29.1	(20.4)	-242.4%	19.3	51.1%	8.7	56.6	-84.7%
PAT (before Minority Interest)	76.6	(34.9)	-319.9%	47.5	61.4%	41.8	121.8	-65.7%
Share of (Profit)/ Loss to Minority			N.A.		#DIV/0!	-		N.A.
PAT	76.6	(34.9)	-319.9%	47.5	61.4%	41.8	121.8	-65.7%

• Other Expenditure includes manufacturing costs, administrative costs, selling costs and other expenses

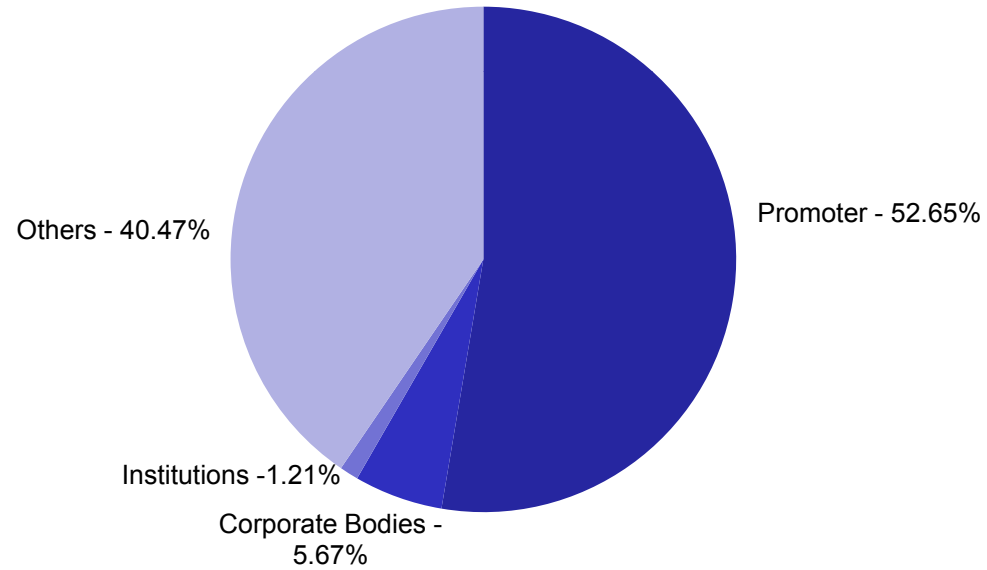
Key Ratios as a % of Total Revenue	Q2 FY14	Q1 FY14	Q2 FY13	1HFY14	1HFY13
EBIDTA	11.3%	5.9%	9.5%	8.8%	9.6%
PAT	2.9%	-1.5%	1.9%	0.8%	2.3%
Total Expenditure	88.7%	94.1%	90.5%	91.2%	90.4%
Raw material	68.7%	68.9%	70.4%	68.8%	71.1%
Staff Cost	10.1%	12.5%	10.0%	11.2%	9.4%
Other Expenditure	9.9%	12.7%	10.1%	11.2%	10.0%

Shareholding Pattern



As on 30th September 2013

Equity Shares Outstanding-198,741,832



For any Investor Relations queries please contact:

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About Sona Koyo Steering Systems Ltd.

Sona Koyo Steering Systems Limited (SKSSL) is a technical and financial joint venture company of JTEKT Corporation, Japan, the global technology leader in Steering Systems. With a market share of 45%, SKSSL is the largest manufacturer of steering gears in India and is the leading supplier of Hydraulic Power Steering Systems, Electric Power Steering Systems, Manual Rack & Pinion Steering Systems and Collapsible, Tilt and Rigid Steering Columns for Passenger Vans and MUVs. SKSSL is the first steering systems company in the world to have bagged the prestigious Deming award, the world's most coveted honour for excellence in Total Quality Management. For more information please visit www.sonagroup.com

Forward Looking Statement

Certain statements in this document with words or phrases such as “will”, “should”, etc., and similar expressions or variation of these expressions or those concerning our future prospects are forward looking statements. Actual results may differ materially from those suggested by the forward looking statements due to a number of risks or uncertainties associated with the expectations. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy and changes in government policies. The company may, from time to time, make additional written and oral forward looking statements, including statements contained in the company’s filings with the stock exchanges and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company.