



# Rane Engine Valve Ltd.

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//Online Submission//

REVL / SE / 24/2018-19

August 03, 2018

BSE Limited Listing Centre Scrip Code : 532988	National Stock Exchange of India Ltd. NEAPS Symbol : RANEENGINE
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Dear Sir / Madam,

**Sub: Earnings presentation – Un-Audited Financial Results for the quarter ended June 30, 2018**

**Ref: Our letter no. REVL/SE/22/2018-19 dated July 30, 2018**

This is with reference to our aforementioned letter intimating Earnings Conference Call scheduled on **Monday, August 06, 2018 at 15:00 hrs (IST)** to discuss un-audited financial results for the quarter ended June 30, 2018. We enclose herewith copy of the Earnings presentation proposed to be made thereat, to the analysts and investors.

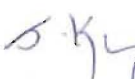
The same is also being made available on the website of the company, [www.ranegroup.com](http://www.ranegroup.com).


We request you to take the above on record and note the compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR).

Thanking you.

Yours faithfully,

**For Rane Engine Valve Limited**

  
Kalidoss S  
Secretary



Encl: a/a

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Expanding Horizons

# Rane Group

Earnings Presentation | Q1 FY19



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[www.ranegroup.com](http://www.ranegroup.com)



- › **Industry Performance Review – Q1 FY19**

- › Rane Group Performance Review – Q1 FY19

- › Group Companies Performance Highlights – Q1 FY19

# Industry Performance Review (Q1 FY19)

Vehicle Segment	Production YoY Growth# in %	Rane Group Sales Growth YoY in % (India OEM)	Rane Group Revenue Split * (India OEM)
Passenger Cars (PC)	8	23	41
Utility Vehicles (MUV)	15	19	19
- Total Passenger Vehicle	10	22	60
Vans (MPV)	18	1	1
Small Commercial Vehicles (SCV)	84	96	3
Light Commercial Vehicles (LCV)	31	46	8
Medium & Heavy Commercial Vehicles (M&HCV)	116	100	18
2-Wheeler	15	31	3
Farm Tractors (FT)	20	17	6

\* Negligible presence in 3-wheeler. Other segments such as Rail and Stationary Engines contribute 1%

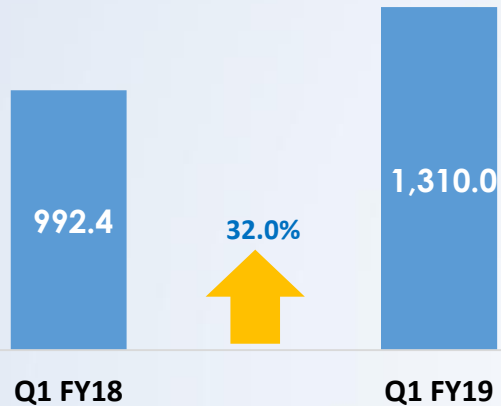
# Source: SIAM

- › Registered superior growth in passenger vehicle segment driven by growth of served models and entry to new models
- › Strong growth in commercial vehicle segment albeit lower growth in served segment for friction material products and production shortfall of valve train components resulted in lower growth in M&HCV segment
- › In Farm Tractor segment, gained market share for manual steering gear and made breakthrough in power steering products. However production shortfall of valve train components resulted in lower growth
- › Performance in 2-Wheeler segment supported by better growth for Disc Pad products and Valve train components

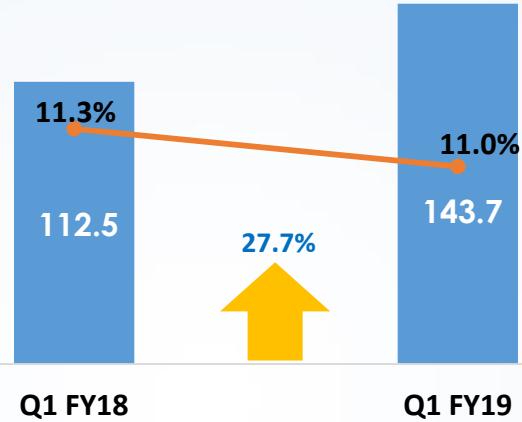
- › Industry Performance Review – Q1 FY19
- › **Rane Group Performance Review – Q1 FY19**
- › Group Companies Performance Highlights – Q1 FY19

# Group Aggregate Performance Review (Q1 FY19)

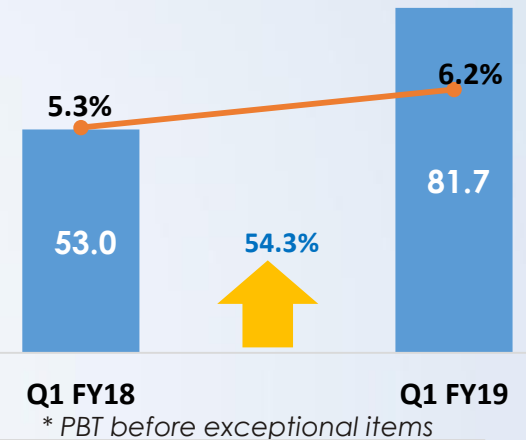
## Net Sales (Rs cr.)



## EBITDA (Rs cr.)



## PBT\* (Rs cr.)



› **Net Sales increased by 32.0% from Rs. 992.4 Cr in Q1 FY18 to Rs. 1,310.0 Cr in Q1 FY19**

- Revenues from Indian OE customers went up by 35% YoY supported by increased offtake across vehicle segments and commencement of supplies to new passenger vehicle programs
- Revenues from international customers grew 16% YoY supported by volume ramp-up with key customers
- Indian aftermarket business registered a 57% growth albeit over a low base

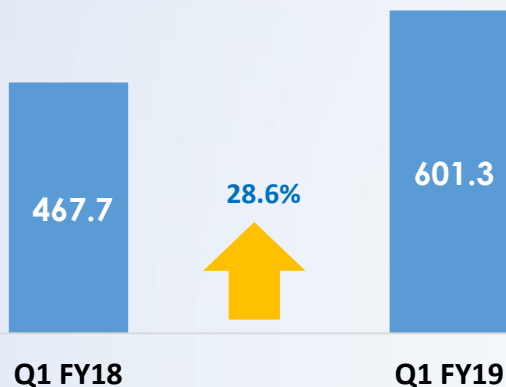
› **EBITDA increased by 27.7% from Rs. 112.5 Cr in Q1 FY18 to Rs. 143.7 Cr in Q1 FY19**

- Adverse material cost and increased manpower cost impacted profitability. Better operational performance and stringent cost control initiatives helped to considerably mitigate the headwinds

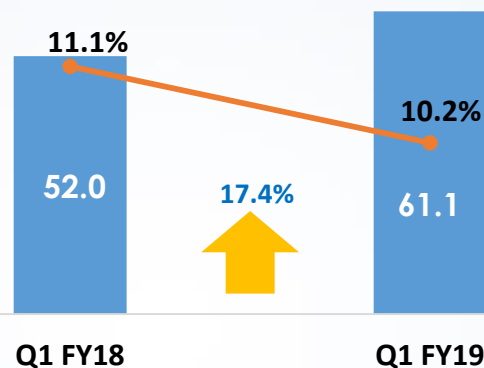
› **PBT increased by 54.3% from Rs. 53.0 Cr in Q1 FY18 to Rs. 81.7 Cr in Q1 FY19**

# RHL Consolidated Performance Review (Q1 FY19)

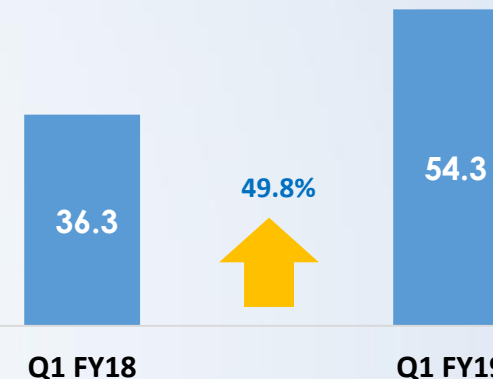
## Net Sales (Rs cr.)



## EBITDA (Rs cr.)



## PBT\* (Rs cr.)



\* PBT before exceptional items and includes profits from JV

- › Net Sales increased by 28.6% from Rs. 467.7 Cr in Q1 FY18 to Rs. 601.3 Cr in Q1 FY19
- › EBITDA increased by 17.4% from Rs. 52.0 Cr in Q1 FY18 to Rs. 61.1 Cr in Q1 FY19
- › PBT increased by 49.8% from Rs. 36.3 Cr in Q1 FY18 to Rs. 54.3 Cr in Q1 FY19

- › Industry Performance Review – Q1 FY19
- › Rane Group Performance Review – Q1 FY19
- › **Group Companies Performance Highlights – Q1 FY19**



# Rane (Madras) Ltd.

(RML)

# RML Standalone – Operational Performance Review

## Market Environment

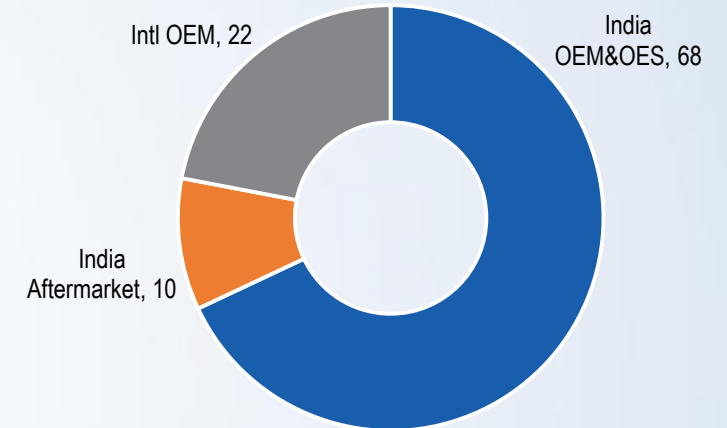
- › Indian automotive industry witnessed positive growth across vehicle segments
- › Indian Aftermarket business had strong growth on the back of low base
- › Lower offtake on served models for die casting products from the North American market

## Operational Highlights

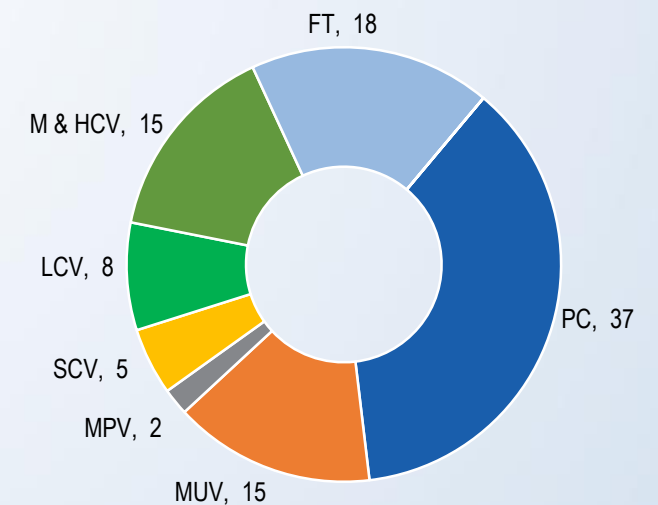
- › Maintained healthy capacity utilization as plants sustained higher production to meet increased demand for Steering products
- › Strong traction for Hydraulics business
- › Certified as 'Great Workplace' by GPTW Institute, India

## Business Split (Q1 FY19)

### By Market (%)

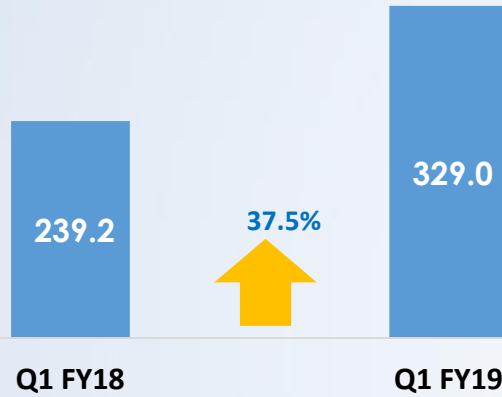


### By Vehicle Segment (%)

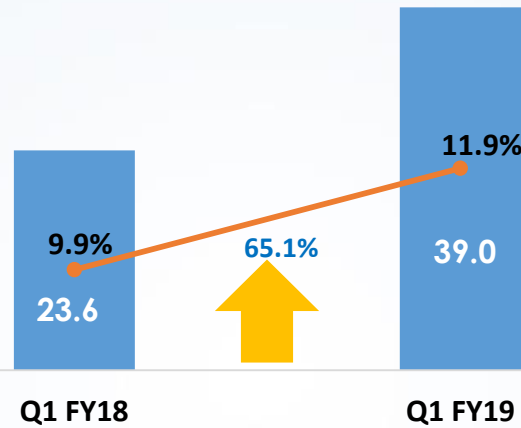


# RML Standalone – Financial Performance Review

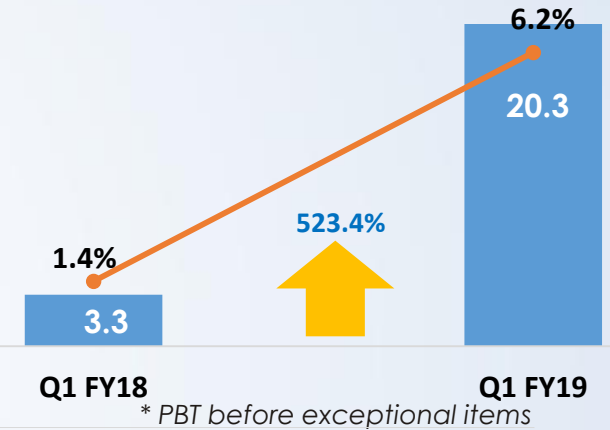
## Net Sales (Rs cr.)



## EBITDA (Rs cr.)



## PBT\* (Rs cr.)



› **Net Sales increased by 37.5% from Rs. 239.2 Cr in Q1 FY18 to Rs. 329.0 Cr in Q1 FY19**

- 45% growth in India sales and 15% growth in International business
- Steering and Linkages business registered good growth across vehicle segments

› **EBITDA increased by 65.1% from Rs. 23.6 Cr in Q1 FY 18 to Rs. 39.0 Cr in Q1 FY19**

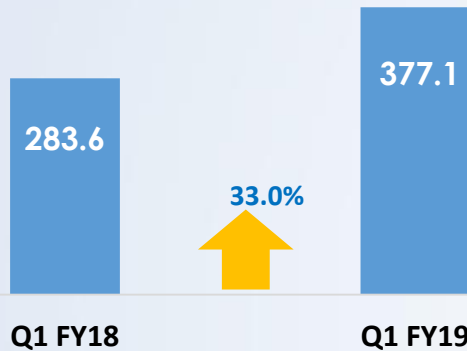
- Despite the unfavourable mix, inflationary pressure on raw material and employee cost, EBITDA margin improved by 198 bps due to increased volume and improved operational performance

› **PBT increased by 523.4% from Rs. 3.3 Cr in Q1 FY18 to Rs. 20.3 Cr in Q1 FY19**

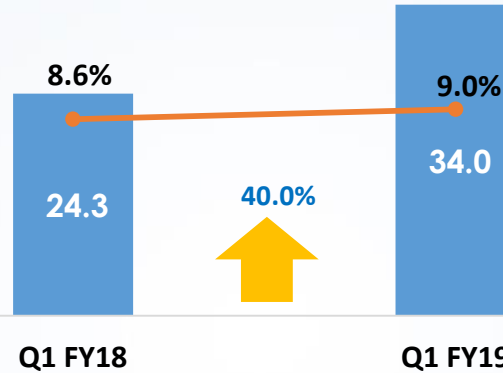
- Lower Finance cost helped to improve PBT margin

# RML Consolidated – Financial Performance Review

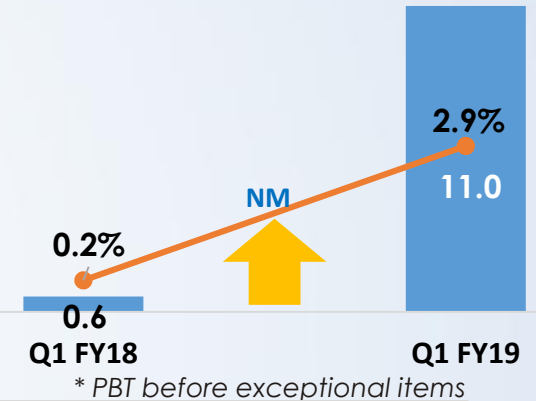
## Net Sales (Rs cr.)



## EBITDA (Rs cr.)



## PBT\* (Rs cr.)



› **Net Sales increased by 33.0% from Rs. 283.6 Cr in Q1 FY18 to Rs. 377.1 Cr in Q1 FY19**

- Sales growth in Rane Precision Die Casting (RPDC) driven by higher offtake across served segments

› **EBITDA increased by 40.0% from Rs. 24.3 Cr in Q1 FY 18 to Rs. 34.0 Cr in Q1 FY19**

- Though there is improvement in operational performance of RPDC, the business experienced cost overruns towards premium freight and tooling maintenance
- There was Rs. 2.2 Cr unrealized exchange loss on foreign currency borrowing in the overseas subsidiary

› **PBT increased from Rs. 0.6 Cr in Q1 FY18 to Rs. 11.0 Cr in Q1 FY19**

# Rane Engine Valve Ltd.

(REVL)

# REVL – Operational Performance Review

## Market Environment

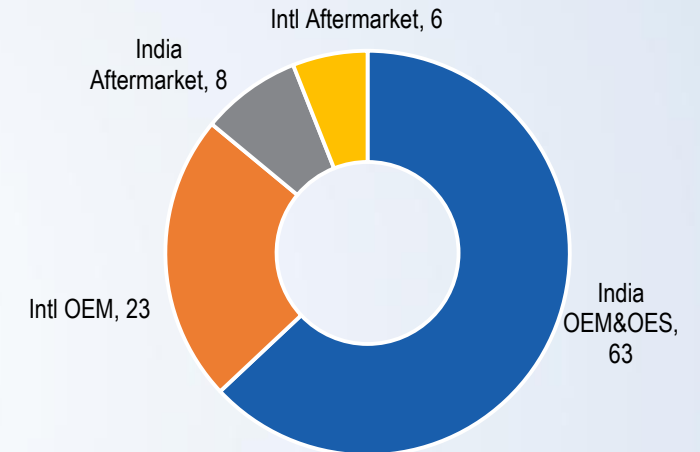
- › Strong demand from Two Wheeler segment in India
- › Ramp up in supplies to key International customers
- › Revival in demand from Indian Aftermarket segment
- › Lower schedule from International Aftermarket customers

## Operational Highlights

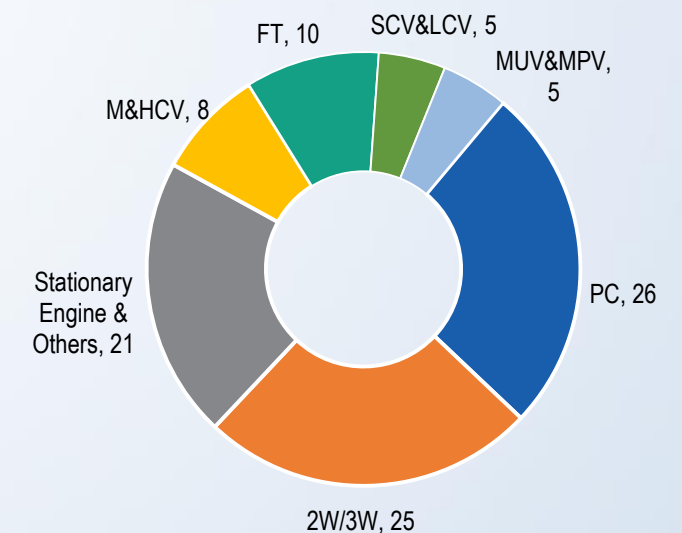
- › Implemented key initiatives to improve operational performance
- › Significant price increases on steel & cobalt based materials
- › Continued to experience premium freights at select plant locations

## Business Split (Q1 FY19)

### By Market (%)

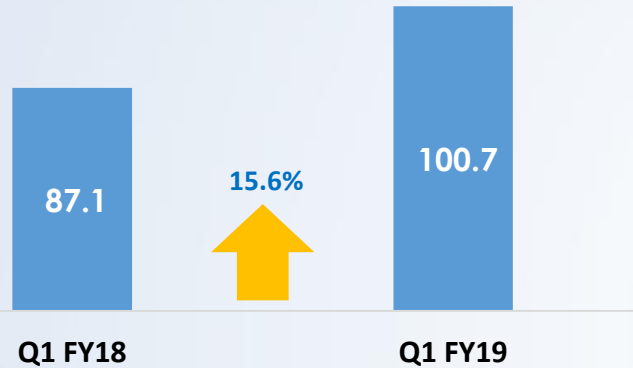


### By Vehicle Segment (%)

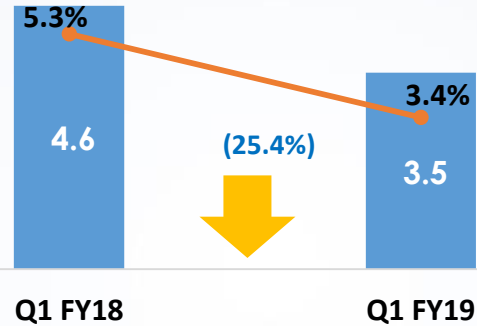


# REVL – Financial Performance Review

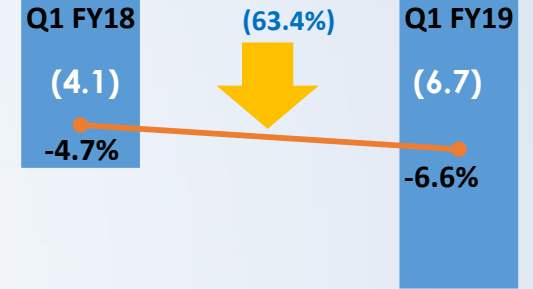
## Net Sales (Rs cr.)



## EBITDA (Rs cr.)



## PBT\* (Rs. cr.)



\* PBT before exceptional items

- › **Net Sales increased by 15.6% from Rs. 87.1 Cr in Q1 FY18 to Rs. 100.7 Cr in Q1 FY19**
  - 11% growth in sales to India OE customers on account of increased offtake from Two Wheeler segment
  - 28% growth in sales to International business driven by ramp up in supplies to key customer
- › **EBITDA decreased by 25.4% from Rs. 4.6 Cr in Q1 FY 18 to Rs. 3.5 Cr in Q1 FY19**
  - Adverse material cost movement and higher manpower cost resulted in margin drop despite improved operational performance
- › **Loss before tax for Q1 FY19 was Rs. 6.7 Cr as against Rs. 4.1 Cr in Q1 FY18**

# Rane Brake Lining Ltd.

(RBL)



# RBL – Operational Performance Review

## Market Environment

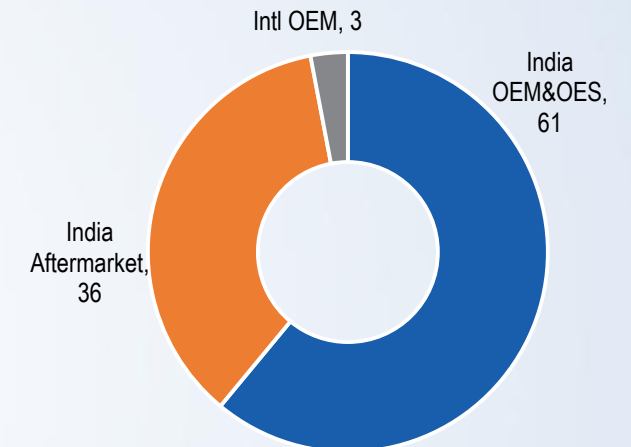
- › Favourable demand from Indian OE customers
- › Strong offtake from Aftermarket segment albeit on low base

## Operational Highlights

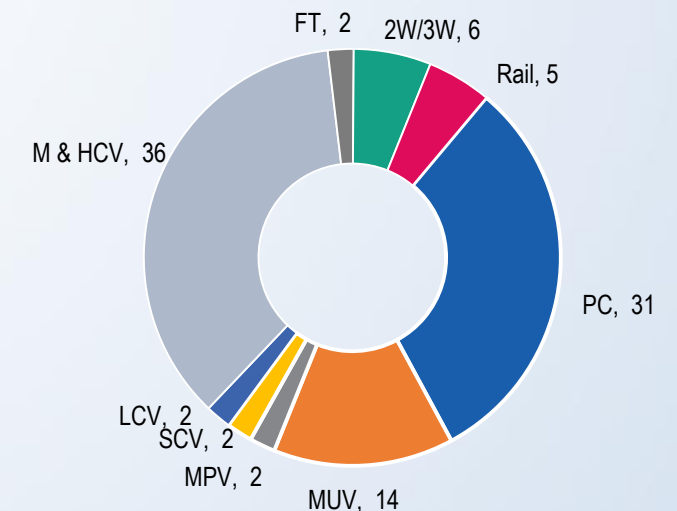
- › Launched new products in aftermarket – special liners for buses
- › Commodity and Crude prices in increasing trend. Various measures are in progress to mitigate the impact

## Business Split (Q1 FY19)

### By Market (%)

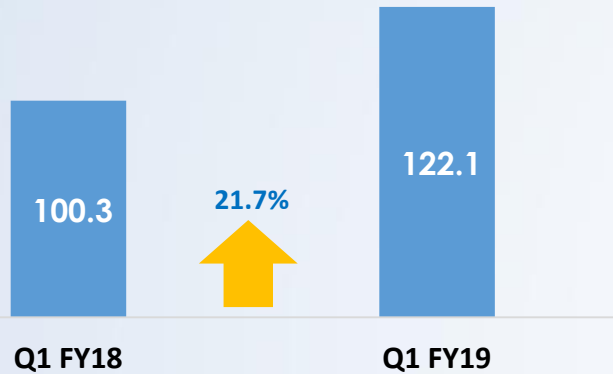


### By Vehicle Segment (%)

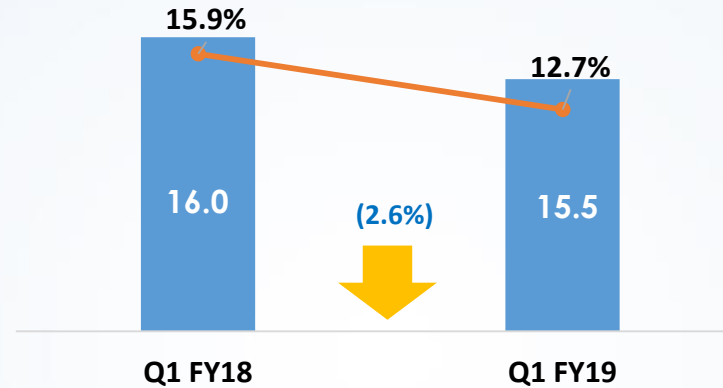


# RBL – Financial Performance Review

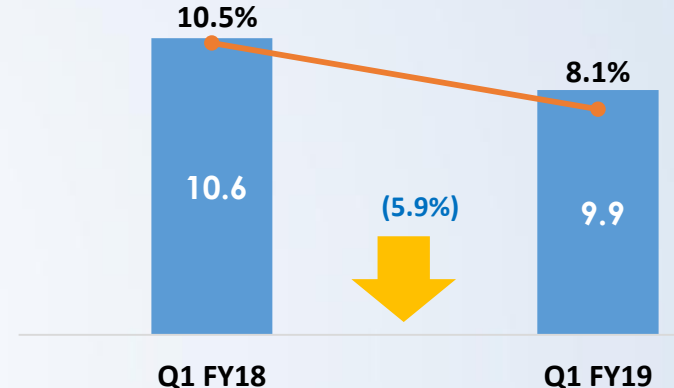
## Net Sales (Rs cr.)



## EBITDA (Rs cr.)



## PBT\* (Rs cr.)



\* PBT before exceptional items

› **Net Sales increased by 21.7% from Rs. 100.3 Cr in Q1 FY18 to Rs. 122.1 Cr in Q1 FY19**

- Strong demand from Indian OE customers particularly Utility Vehicles and Two Wheeler segment
- 68% growth in sales to Indian Aftermarket albeit on low base

› **EBITDA decreased by 2.6% from Rs. 16.0 Cr in Q1 FY 18 to Rs. 15.5 Cr in Q1 FY19**

- Adverse material cost and forex movement and increase in employee cost resulted in the EBITDA margin drop
- EBITDA base in Q1 FY18 was higher as there was provision write-back and reversal of bad debts to the tune of Rs. 3.2 Cr

› **PBT decreased by 5.9% from Rs. 10.6 Cr in Q1 FY18 to Rs. 9.9 Cr in Q1 FY19**

# Rane TRW Steering Systems

(RTSS)

# RTSS – Operational Performance Review

## Market Environment

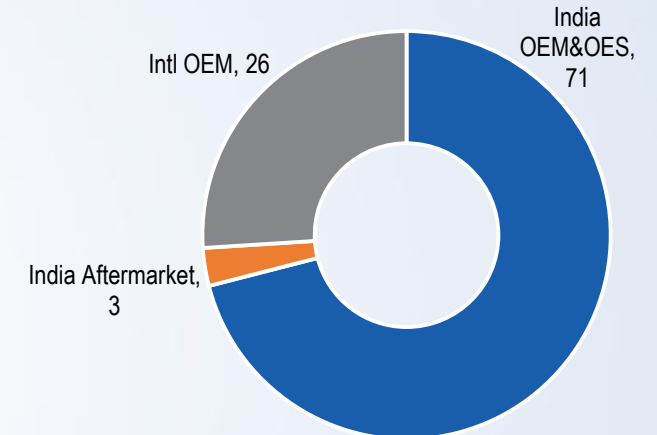
- › Robust demand for steering gear products from commercial vehicle segment
- › Strong demand for occupant safety products barring lower schedules on select served models

## Operational Highlights

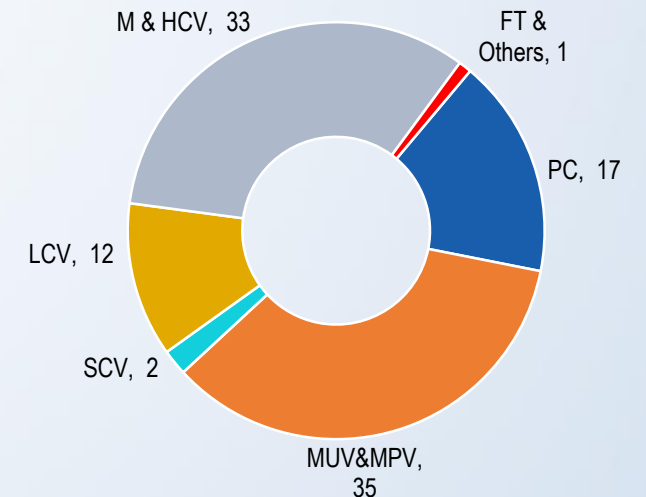
- › Steering Gear Division capacity expansion under progress
- › Occupant Safety Division's new plant construction activities under progress as per plan

## Business Split (Q1 FY19)

### By Market (%)

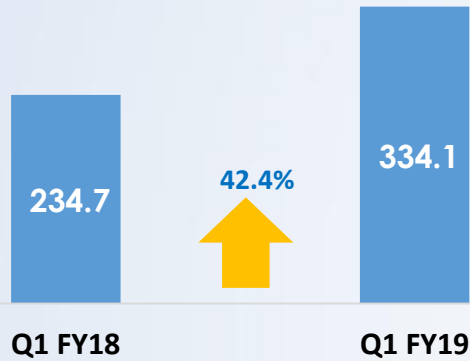


### By Vehicle Segment (%)

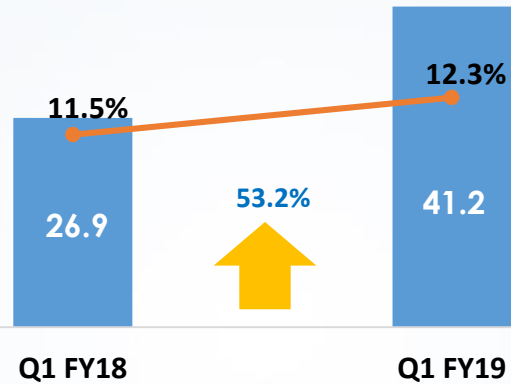


# RTSS – Financial Performance Review

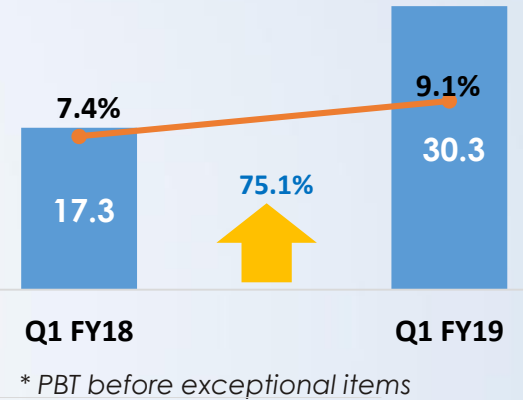
## Net Sales (Rs cr.)



## EBITDA (Rs cr.)



## PBT\* (Rs cr.)



› **Net Sales increased by 42.4% from Rs. 234.7 Cr in Q1 FY18 to Rs. 334.1 Cr in Q1 FY19**

— Growth driven by higher offtake of Steering Gear products on the back of strong demand from CV customers

› **EBITDA increased by 53.2% from Rs. 26.9 Cr in Q1 FY 18 to Rs. 41.2 Cr in Q1 FY19**

— Better operational performance and fixed cost leverage helped to mitigate raw material and employee cost pressure

› **PBT increased by 75.1% from Rs. 17.3 Cr in Q1 FY18 to Rs. 30.3 Cr in Q1 FY19**

# Rane NSK Steering Systems

(RNSS)

# RNSS – Operational Performance Review

## Market Environment

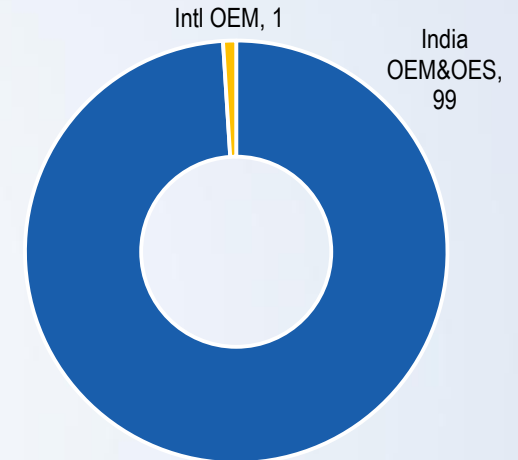
- › Higher volumes for EPS driven by increased off-take from served models in passenger vehicle segment

## Operational Highlights

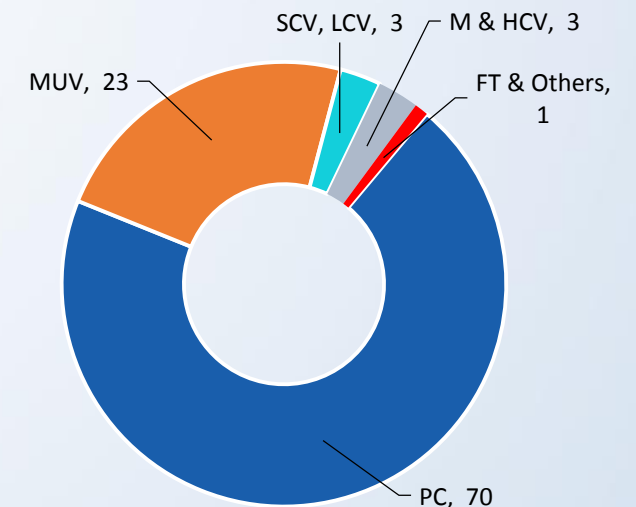
- › Gujarat Plant preparation underway and working towards sample production
- › Continues to pursue with localization initiatives for various components to achieve cost reduction

## Business Split (Q1 FY19)

### By Market (%)

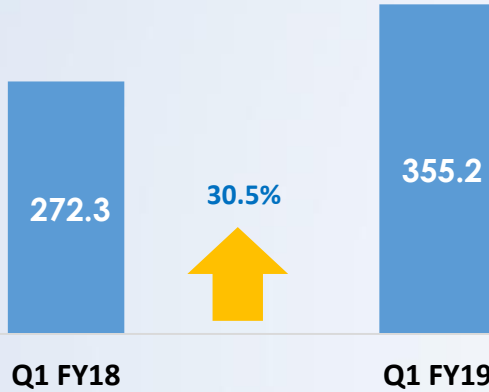


### By Vehicle Segment (%)

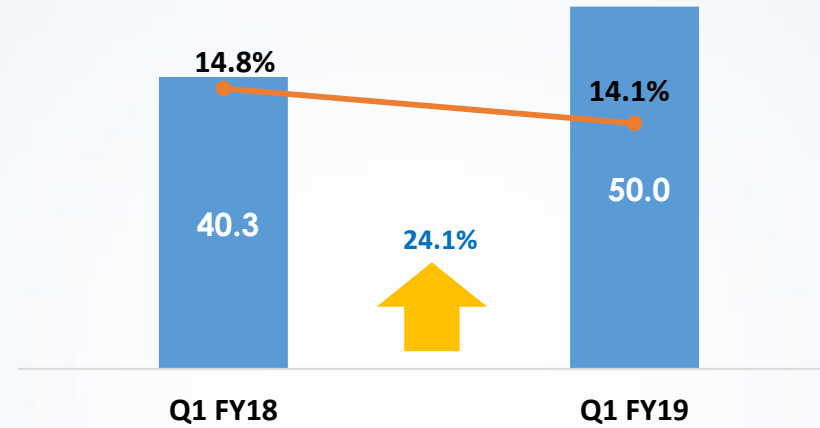


# RNSS – Financial Performance Review

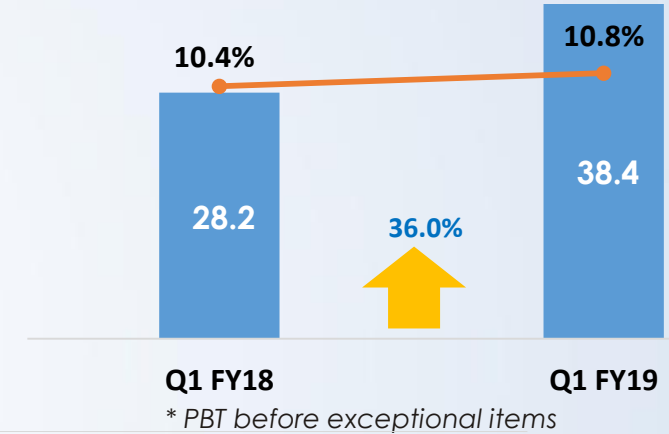
## Net Sales (Rs cr.)



## EBITDA (Rs cr.)



## PBT\* (Rs cr.)



- › **Net Sales increased by 30.5% from Rs. 272.3 Cr in Q1 FY18 to Rs. 355.2 Cr in Q1 FY19**
  - Sales growth driven by higher demand from served models and increased scope of supply on new program
- › **EBITDA increased by 24.1% from Rs. 40.3 Cr in Q1 FY 18 to Rs. 50.0 Cr in Q1 FY19**
  - Adverse material cost and higher administrative expenses resulted in the EBITDA margin drop
- › **PBT increased by 36.0% from Rs. 28.2 Cr in Q1 FY18 to Rs. 38.4 Cr in Q1 FY19**
  - Lower finance cost and depreciation resulted in the PBT improvement





**Thank You**



**Rane Corporate Centre**

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# Glossary of Abbreviations

Abbreviation	Expansion
bps	Basis point, 100 bps equal to 1%
CV	Commercial Vehicles
EPS	Electric Power Steering
FT	Farm Tractors
FY	Financial Year
GPTW	Great Place to Work
INR	Indian Rupee
LCV	Light Commercial Vehicles
MPV	Multi Purpose Vehicles
MUV	Multi Utility Vehicles
M&HCV	Medium & Heavy Commercial Vehicles
EBITDA	Earnings Before Interest, Tax and Depreciation & Amortisation

Abbreviation	Expansion
OE	Original Equipment
OEM	Original Equipment Manufacturer
OES	Original Equipment Supplier
PBT	Profit Before Tax
PC	Passenger Car
P&L	Profit & Loss
SCV	Small Commercial Vehicles
SIAM	Society of Indian Automobile Manufacturers
UV	Utility Vehicles
YoY	Year-on-Year
2W/3W	Two Wheeler/Three Wheeler

*This presentation contains certain forward looking statements concerning Rane's future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements. The risks and uncertainties relating to these statements include, but not limited to risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition (both domestic and international), economic growth in India and the target countries for exports, ability to attract and retain highly skilled professionals, government policies and action with respect to investments, fiscal deficits, regulations etc., interest and other fiscal costs generally prevailing in the economy. The company does not undertake to make any announcement in case any of these forward looking statement become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of the Company.*