

Rane (Madras) Limited



//Online Submission//

RML / SE / 59 /2019-20

February 10, 2020

BSE Limited Listing Centre Scrip Code : 532661	National Stock Exchange of India Ltd. NEAPS Symbol : RML
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Dear Sir / Madam,

Sub: Earnings presentation – Un-Audited Financial Results for the quarter ended December 31, 2019

Ref: Our letter no. RML/SE/58/2019-20 dated February 05, 2020

This is with reference to our aforementioned letter intimating Earnings Conference Call scheduled on **Tuesday, February 11, 2020 at 14:00 hrs (IST)** to discuss un-audited financial results for the quarter ended December 31, 2019. 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.

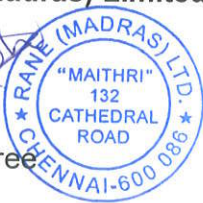
We request you to take the above on record and note the compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR).

Thanking you.

Yours faithfully,

For Rane (Madras) Limited

S Subha Shree
Secretary



Encl: a/a



Expanding Horizons

Rane Group

Earnings Presentation | Q3 FY20



February 2020

www.ranegroup.com



- › **Industry Performance Review – Q3 FY20**

- › Rane Group Performance Review – Q3 FY20

- › Group Companies Performance Highlights – Q3 FY20

Industry Performance Review (Q3 FY20)

Vehicle Segment	Production YoY Growth# in %	Rane Group Sales Growth YoY in % (India OEM)	Rane Group Revenue Split * (India OEM)
Passenger Cars (PC)	-18%	-9%	46%
Utility Vehicles (MUV)	28%	-11%	20%
Vans	-54%	-30%	1%
- Total Passenger Vehicle	-8%	-10%	67%
Small Commercial Vehicles (SCV)	-4%	-10%	3%
Light Commercial Vehicles (LCV)	-12%	-5%	9%
Medium & Heavy Commercial Vehicles (M&HCV)	-55%	-65%	9%
- Total Commercial Vehicle	-28%	-44%	21%
2-Wheeler	-13%	-9%	4%
Farm Tractors (FT)	-21%	-36%	6%

* Negligible presence in 3-wheeler. Other segments such as Rail, Defence and Stationary Engines contribute around 2%

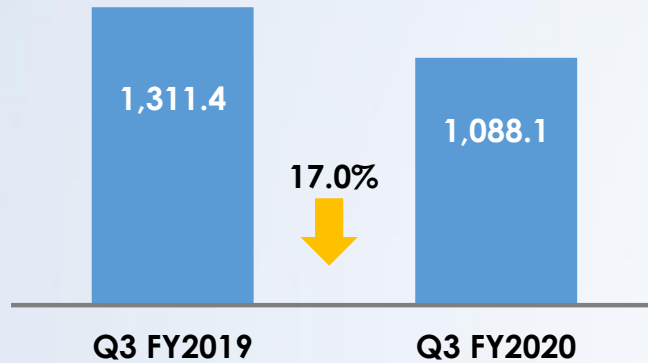
Source: SIAM

- › In Passenger Car segment, better offtake in served models and entry to new models helped post lower decline than industry; however, in Utility Vehicle segment, better growth in unserved models resulted in higher decline than industry
- › In M&HCV segment, volumes of higher tonnage vehicles declined more than other categories. This resulted in lower pack values and hence higher revenue decline; In LCV segment, share improvements resulted in lower drop than industry
- › Drop in 2-Wheeler segment partially mitigated by new business for Friction materials
- › Drop in Farm Tractor segment higher than industry driven by decline in served customers/models

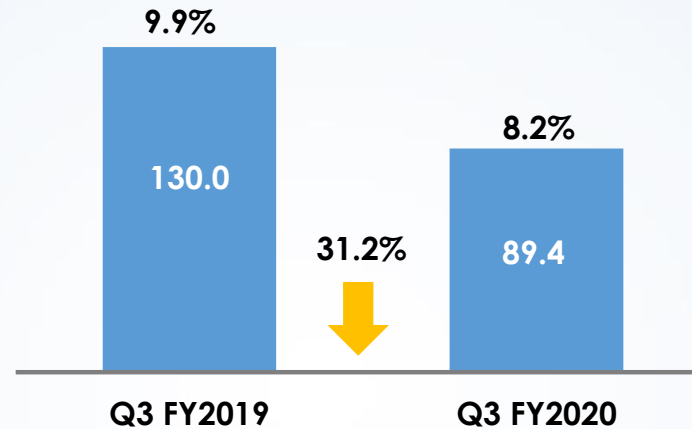
- › Industry Performance Review – Q3 FY20
- › **Rane Group Performance Review – Q3 FY20**
- › Group Companies Performance Highlights – Q3 FY20

Group Aggregate Performance Review (Q3 FY20)

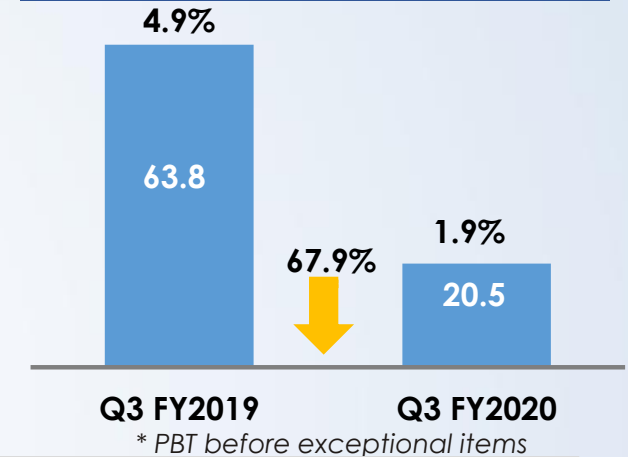
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



› **Total Net Revenue dropped by 17.0% from Rs. 1,311.4 Cr in Q3 FY19 to Rs. 1,088.1 Cr in Q3 FY20**

- Revenue from Indian OE customers declined by 19%. Volume dropped across vehicle segments.
- Revenues from International customers declined by 21% due to lower schedules for steering products, valve train components and occupant safety products.
- Revenue from Indian aftermarket segment grew by 8% (comparable basis)

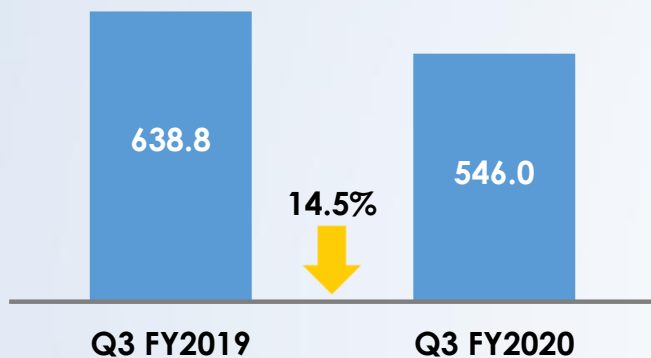
› **EBITDA declined from Rs. 130.0 Cr in Q3 FY19 to Rs. 89.4 Cr in Q3 FY20**

- Higher employee costs and lower fixed cost absorption resulted in drop in EBITDA margin

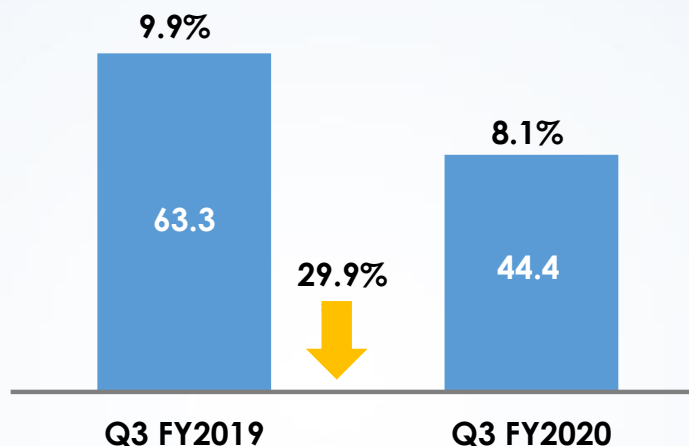
› **PBT decreased by 67.9% from Rs. 63.8 Cr in Q3 FY19 to Rs. 20.5 Cr in Q3 FY20**

RHL Consolidated Performance Review (Q3 FY20)

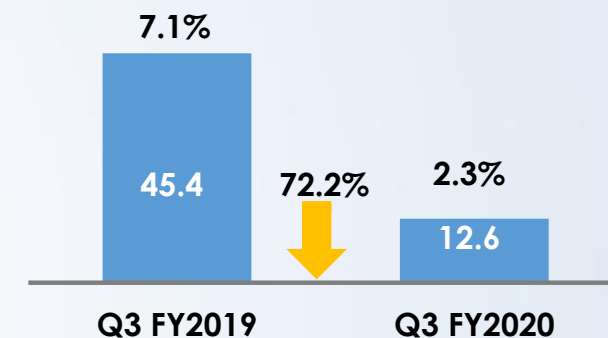
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



* PBT before exceptional items and includes profits from JV

- › Total Net Revenue decreased by 14.5% from Rs. 638.8 Cr in Q3 FY19 to Rs. 546.0 Cr in Q3 FY20
- › EBITDA decreased by 29.9% from Rs. 63.3 Cr in Q3 FY19 to Rs. 44.4 Cr in Q3 FY20
- › PBT decreased by 72.2% from Rs. 45.4 Cr in Q3 FY19 to Rs. 12.6 Cr in Q3 FY20

Group Aggregate Performance Review (YTD)

Rs Cr	9M FY19	9M FY20	Growth
Total Net Revenue	4,025.4	3,428.5	-14.8%
EBITDA	424.4	267.5	-37.0%
EBITDA Margin	10.5%	7.8%	-274 bps
PBT Before Exceptional Items	231.5	59.8	-74.2%
Exceptional (Expenses) / Income *	(23.3)	(88.1)	
PBT	208.2	(28.3)	-113.6%
PBT Margin	5.2%	-0.8%	-600 bps
PAT	130.2	(21.4)	-116.4%
PAT Margin	3.2%	-0.6%	-386 bps
Total Comprehensive Income	129.3	(29.1)	-122.5%

* Exceptional expenses represents incremental provision towards product warranty claim by RNSS

RHL Consolidated Performance Review (YTD)

Rs Cr	9M FY19	9M FY20	Growth
Total Net Revenue	1,929.3	1,681.2	-12.9%
EBITDA	186.3	129.7	-30.4%
EBITDA Margin	9.7%	7.7%	-194 bps
PBT Before Exceptional Items	155.0	36.9	-76.2%
Exceptional (Expenses) / Income *	(11.4)	(43.1)	
PBT	143.6	(6.3)	-104.4%
PBT Margin	7.4%	-0.4%	-782 bps
PAT	86.5	(6.5)	-107.6%
PAT Margin	4.5%	-0.4%	-487 bps
Total Comprehensive Income	85.3	(12.2)	-114.3%

* Exceptional expenses represents RHL share of incremental provision towards product warranty claim made by RNSS

- › Industry Performance Review – Q3 FY20
- › Rane Group Performance Review – Q3 FY20
- › **Group Companies Performance Highlights – Q3 FY20**

Rane (Madras) Ltd.

(RML)

RML Standalone – Operational Performance Review

Market Environment

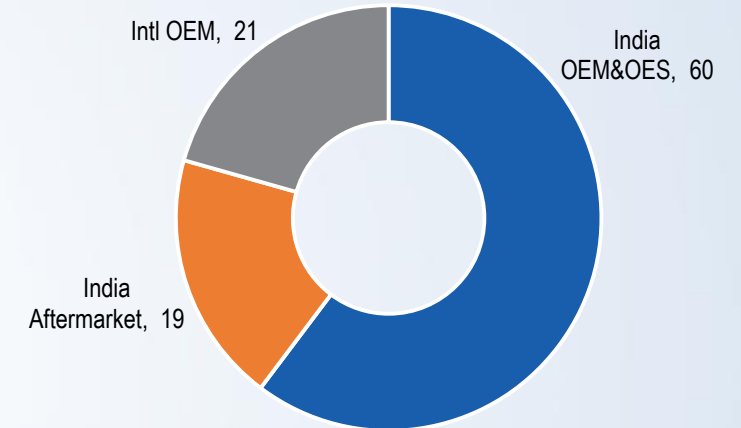
- › Adverse market condition across vehicle segments in India
 - Higher penetration of power steering in LCV & Farm Tractor segment resulted in decline in served market
 - Higher than industry decline in higher tonnage vehicles in M&HCV segment
 - New part introductions helped to post favourable growth in Indian Aftermarket

Operational Highlights

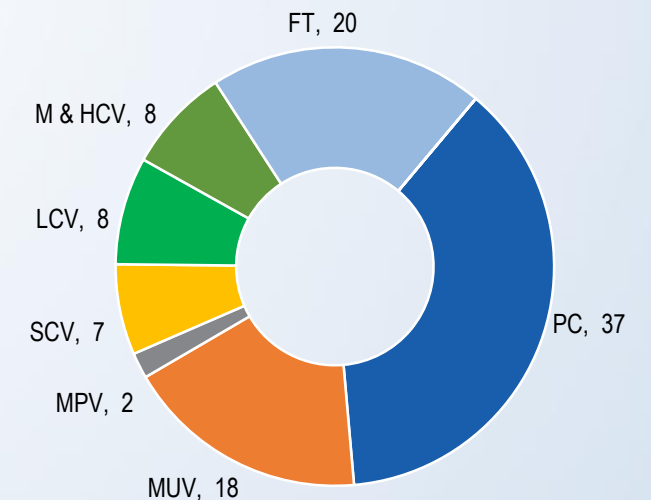
- › Various cost savings projects executed across plants helped to partially mitigate the impact of volume drop
- › Won “Best Supplier Award” from TAFE

Business Split (Q3 FY20)

By Market (%)

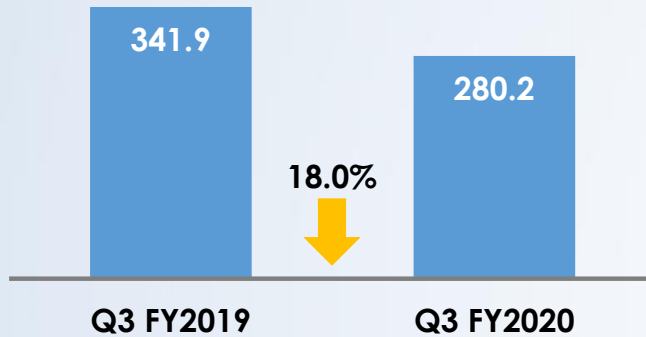


By Vehicle Segment (%)

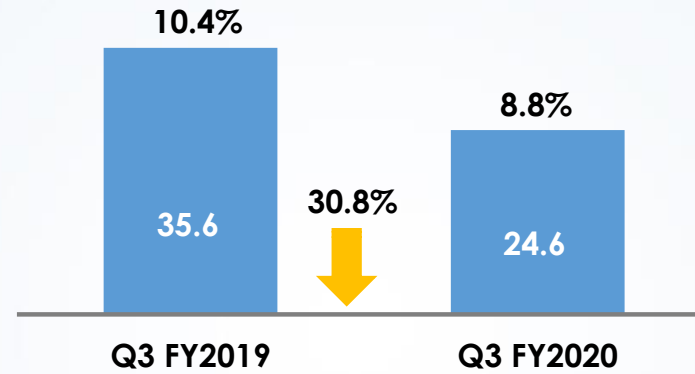


RML Standalone – Financial Performance Review

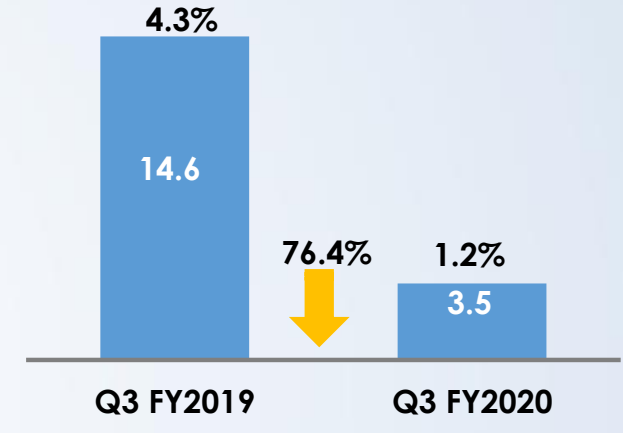
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



* PBT before exceptional items

› Total Net Revenue dropped by 18.0% from Rs. 341.9 Cr in Q3 FY19 to Rs. 280.2 Cr in Q3 FY20

- Sales to Indian OE customers declined 25%. Experienced volume drop across Commercial Vehicle and Farm Tractor segments
- Sales to International customers declined 28% driven by drop in volume for Steering products and Die casting products
- Sales to Indian Aftermarket customers increased 17%

› EBITDA declined by 30.8% from Rs. 35.6 Cr in Q3 FY19 to Rs. 24.6 Cr in Q3 FY20

- Lower volume and unfavourable mix resulted in 162 bps drop in EBITDA margin

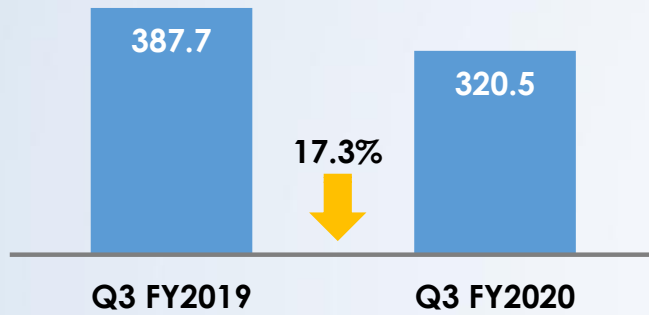
› PBT decreased by 76.4% from Rs. 14.6 Cr in Q3 FY19 to Rs. 3.5 Cr in Q3 FY20

RML – Standalone Financials (YTD)

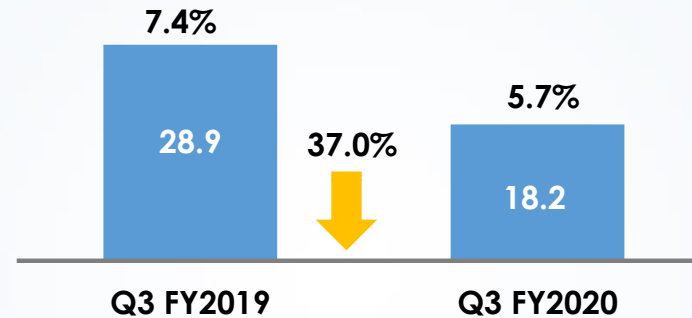
Rs Cr	9M FY19	9M FY20	Growth
Total Net Revenue	1,045.0	859.8	-17.7%
EBITDA	115.1	74.3	-35.4%
EBITDA Margin	11.0%	8.6%	-237 bps
PBT Before Exceptional Items	55.0	11.0	-80.1%
Exceptional (Expenses) / Income	-	-	
PBT	55.0	11.0	-80.1%
PBT Margin	5.3%	1.3%	-399 bps
PAT	38.3	9.7	-74.7%
PAT Margin	3.7%	1.1%	-254 bps
Total Comprehensive Income	37.2	8.9	-76.0%

RML Consolidated – Financial Performance Review

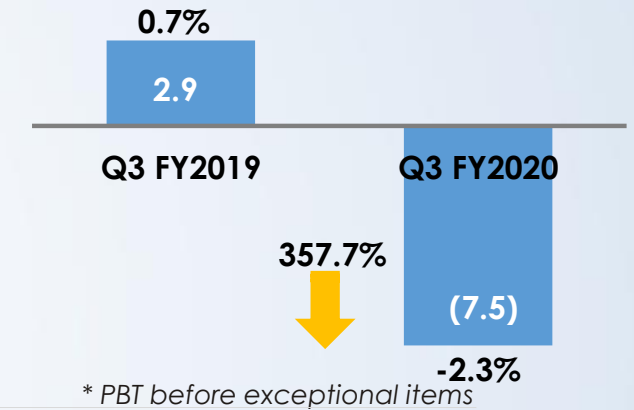
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



- › **Total Net Revenue decreased by 17.3% from Rs. 387.7 Cr in Q3 FY19 to Rs. 320.5 Cr in Q3 FY20**
 - The US subsidiary experienced lower offtake across served customers and lower than anticipated volumes on new program
- › **EBITDA dropped by 37.0% from Rs. 28.9 Cr in Q3 FY19 to Rs. 18.2 Cr in Q3 FY20**
 - Higher spend in repairs and maintenance in the US Subsidiary resulted in drop in EBITDA margin
- › **PBT declined from Rs. 2.9 Cr in Q3 FY19 to a loss of Rs. 7.5 Cr in Q3 FY20**

RML – Consolidated Financials (YTD)

Rs Cr	9M FY19	9M FY20	Growth
Total Net Revenue	1,185.2	997.9	-15.8%
EBITDA	101.1	49.5	-51.1%
EBITDA Margin	8.5%	5.0%	-357 bps
PBT Before Exceptional Items	27.0	(26.9)	-199.7%
Exceptional (Expenses) / Income	-	-	
PBT	27.0	(26.9)	-199.7%
PBT Margin	2.3%	-2.7%	-497 bps
PAT	10.2	(28.2)	-376.2%
PAT Margin	0.9%	-2.8%	-369 bps
Total Comprehensive Income	8.5	(33.1)	-488.2%

Rane Engine Valve Ltd.

(REVL)

REVL – Operational Performance Review

Market Environment

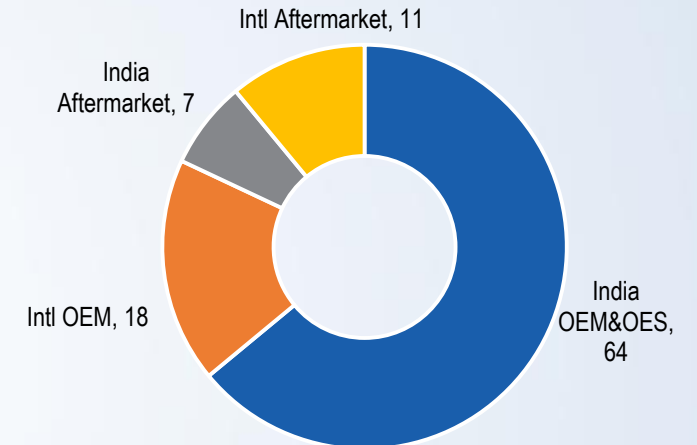
- › Drop in volume across major vehicle segments in India
- › Drop in offtake from International customer

Operational Highlights

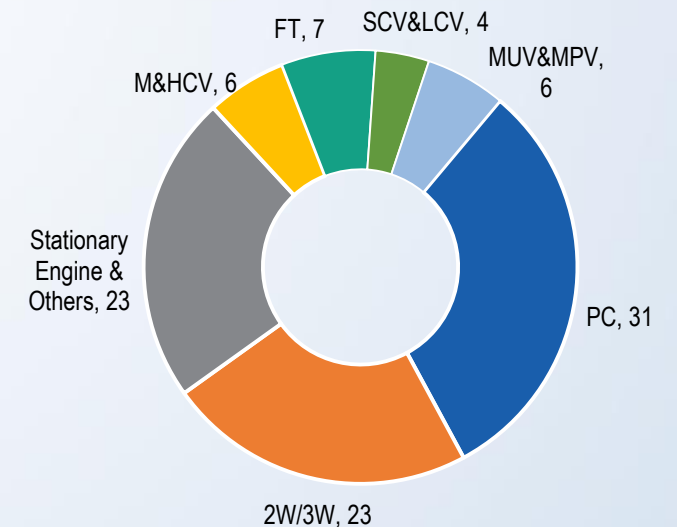
- › Plants continued to improve operational performance
- › Continue to see traction in new business pursuits

Business Split (Q3 FY20)

By Market (%)

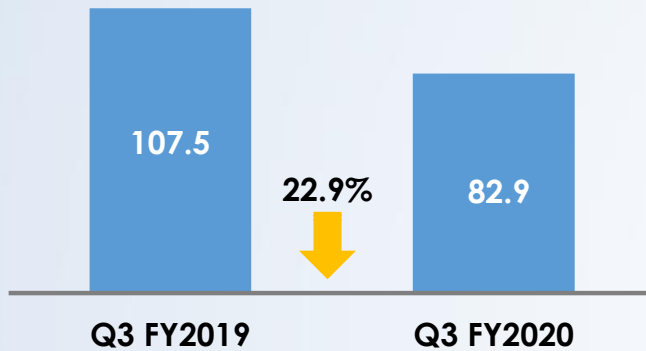


By Vehicle Segment (%)

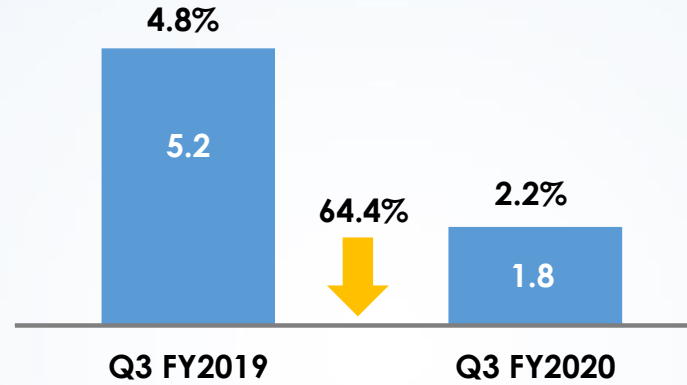


REVL – Financial Performance Review

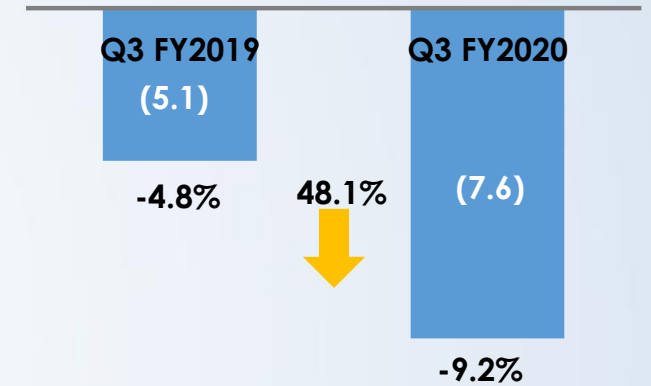
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs. cr.)



* PBT before exceptional items

› **Total Net Revenue declined by 22.9% from Rs. 107.5 Cr in Q3 FY19 to Rs. 82.9 Cr in Q3 FY20**

- Sales to Indian OE customers declined 19%. Volume drop across major segments.
- Sales to International customers declined 29%
- Sales to Indian Aftermarket segment declined 25%

› **EBITDA decreased by 64.4% from Rs. 5.2 Cr in Q3 FY19 to Rs. 1.8 Cr in Q3 FY20**

- Steep drop in volume resulted in drop in EBITDA which was partially mitigated by favourable raw material price and operational performance improvement

› **Loss before tax for Q3 FY20 was Rs. 7.6 Cr as against Rs. 5.1 Cr in Q3 FY19**

REVL – Financials (YTD)

Rs Cr	9M FY19	9M FY20	Growth
Total Net Revenue	318.4	281.6	-11.6%
EBITDA	11.9	9.6	-19.3%
EBITDA Margin	3.7%	3.4%	-33 bps
PBT Before Exceptional Items	(18.1)	(19.8)	-9.0%
Exceptional (Expenses) / Income	-	-	
PBT	(18.1)	(19.8)	-9.0%
PBT Margin	-5.7%	-7.0%	-133 bps
PAT	(11.9)	(12.9)	-8.8%
PAT Margin	-3.7%	-4.6%	-86 bps
Total Comprehensive Income	(12.3)	(12.7)	-3.4%

Rane Brake Lining Ltd.

(RBL)

RBL – Operational Performance Review

Market Environment

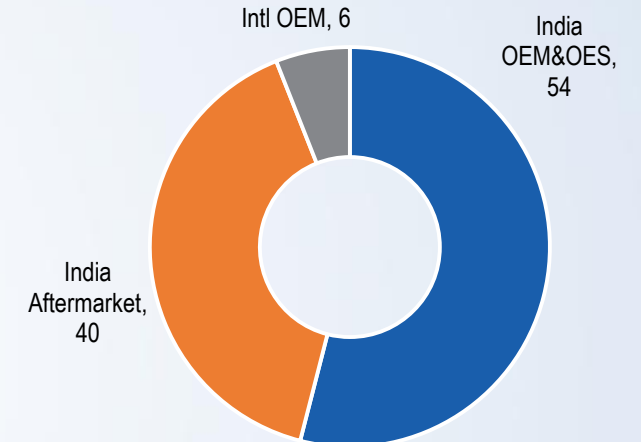
- › Volume drop across Indian vehicle segments; Favourable demand from 2-Wheeler segment driven by migration to disc brakes
- › Muted demand from Indian Aftermarket business

Operational Highlights

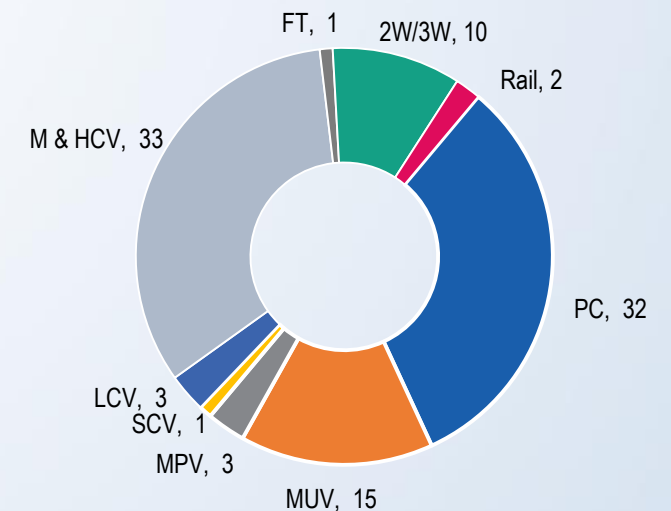
- › Won Environmental Health & Safety (EHS) Excellence award with 4 Star rating from CII – Southern Region
- › Pursuing various strategic initiatives to improve sales in Aftermarket segment

Business Split (Q3 FY20)

By Market (%)

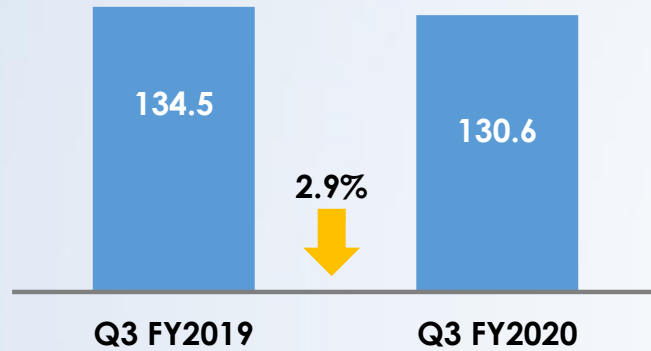


By Vehicle Segment (%)

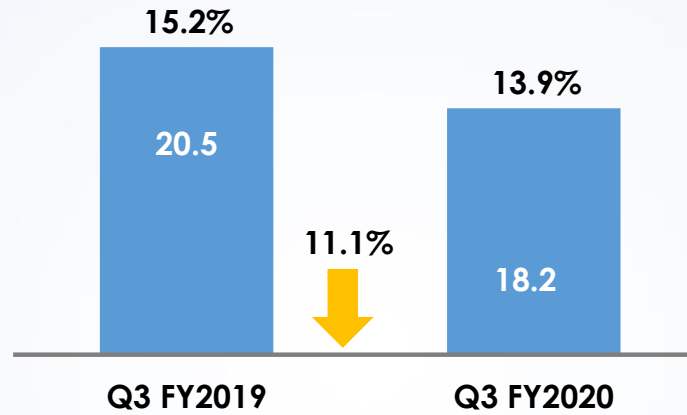


RBL – Financial Performance Review

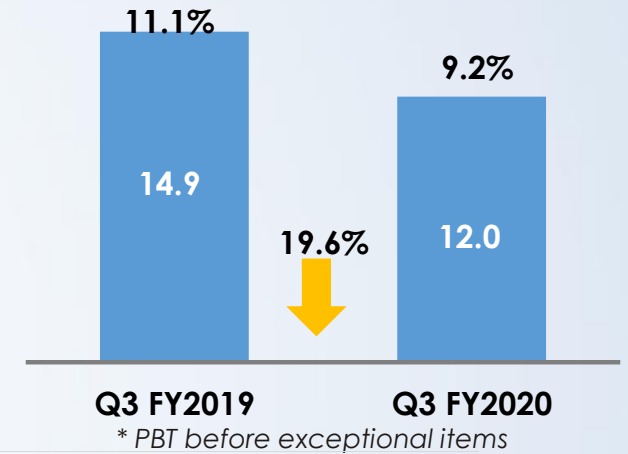
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



› **Total Net Revenue decreased by 2.9% from Rs. 134.5 Cr in Q3 FY19 to Rs. 130.6 Cr in Q3 FY20**

- Sales to OE customer declined 10% due to drop in volumes across segments. Revenue from 2-Wheeler segment grew 5%.
- Sales to Aftermarket customers declined 1%.

› **EBITDA declined by 11.1% from Rs. 20.5 Cr in Q3 FY19 to Rs. 18.2 Cr in Q3 FY20**

- Favourable product mix helped offset higher employee cost

› **PBT decreased by 19.6% from Rs. 14.9 Cr in Q3 FY19 to Rs. 12.0 Cr in Q3 FY20**

RBL – Financials (YTD)

Rs Cr	9M FY19	9M FY20	Growth
Total Net Revenue	378.9	361.6	-4.6%
EBITDA	49.0	49.2	0.3%
EBITDA Margin	12.9%	13.6%	66 bps
PBT Before Exceptional Items	32.3	30.3	-6.0%
Exceptional (Expenses) / Income	-	-	
PBT	32.3	30.3	-6.0%
PBT Margin	8.5%	8.4%	-13 bps
PAT	22.4	25.0	11.5%
PAT Margin	5.9%	6.9%	100 bps
Total Comprehensive Income	22.1	24.4	10.5%

Rane TRW Steering Systems Pvt. Ltd.

(RTSS)

RTSS – Operational Performance Review

Market Environment

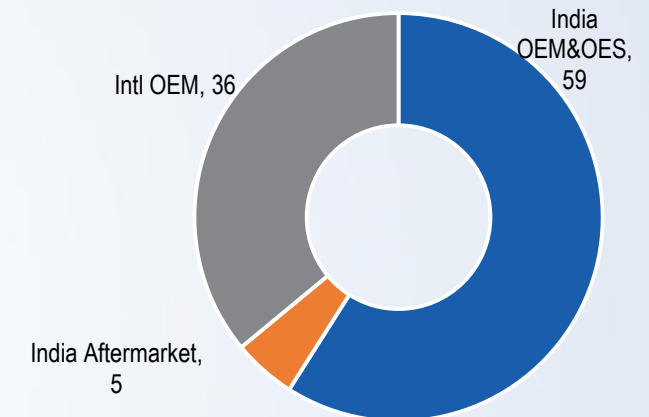
- › Significant drop in Indian Commercial Vehicle volumes impacted steering gear products
- › Occupant safety products: Drop in domestic Passenger Vehicle market and lower offtake from international customer impacted sales

Operational Highlights

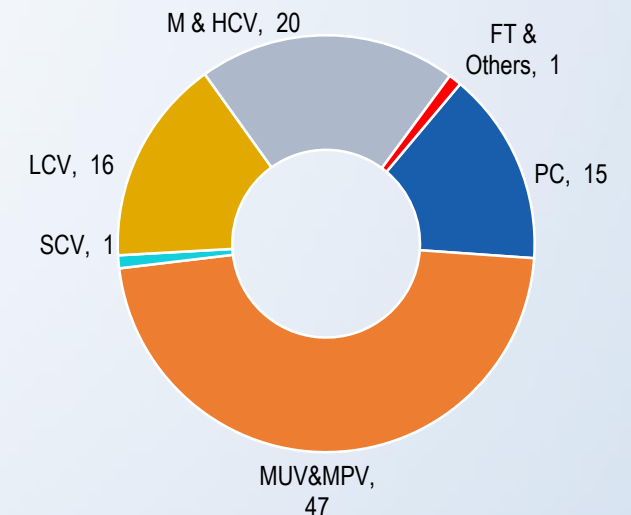
- › Occupant safety products: Smooth launch and supplies on new programs
- › All Plants continued to pursue various cost reduction projects to partially mitigate the impact of volume drop

Business Split (Q3 FY20)

By Market (%)

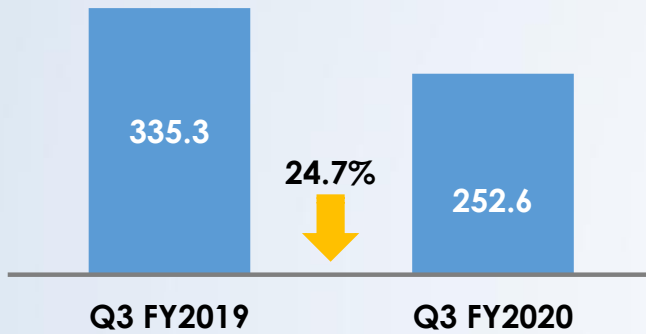


By Vehicle Segment (%)

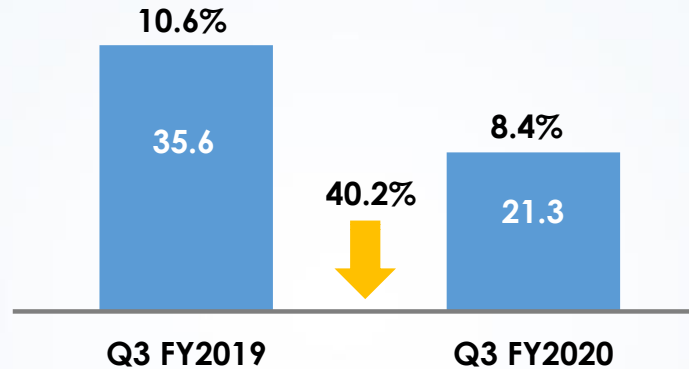


RTSS – Financial Performance Review

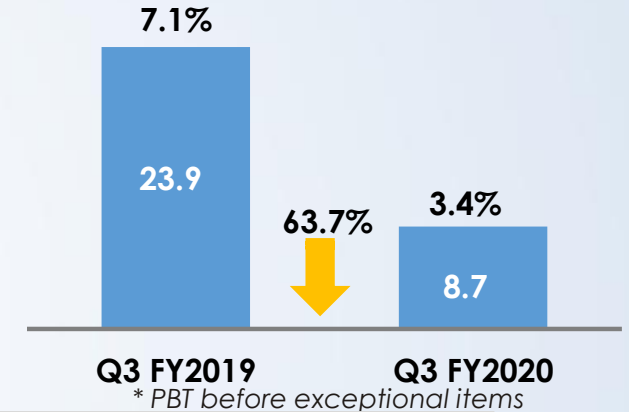
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



- › **Total Net Revenue decreased by 24.7% from Rs. 335.3 Cr in Q3 FY19 to Rs. 252.6 Cr in Q3 FY20**
 - Revenue from steering gear products declined driven by volume drop in M&HCV segment
 - Revenue from occupant safety systems declined on account of drop in Passenger Vehicle volume and lower volume from international customers .
- › **EBITDA dropped by 40.2% from Rs. 35.6 Cr in Q3 FY19 to Rs. 21.3 Cr in Q3 FY20**
 - Significant volume drop resulted in drop in profitability
- › **PBT declined by 63.7% from Rs. 23.9 Cr in Q3 FY19 to Rs. 8.7 Cr in Q3 FY20**

RTSS – Financials (YTD)

Rs Cr	9M FY19	9M FY20	Growth
Total Net Revenue	998.0	890.6	-10.8%
EBITDA	115.6	71.9	-37.8%
EBITDA Margin	11.6%	8.1%	-351 bps
PBT Before Exceptional Items	81.1	32.4	-60.0%
Exceptional (Expenses) / Income	-	-	
PBT	81.1	32.4	-60.0%
PBT Margin	8.1%	3.6%	-448 bps
PAT	53.9	25.0	-53.5%
PAT Margin	5.4%	2.8%	-259 bps
Total Comprehensive Income	55.5	22.6	-59.3%

Rane NSK Steering Systems Pvt. Ltd.

(RNSS)

RNSS – Operational Performance Review

Market Environment

- › Drop in Passenger Vehicle segment impacted EPS performance
- › MSC volumes impacted by drop in Commercial Vehicle segment

Operational Highlights

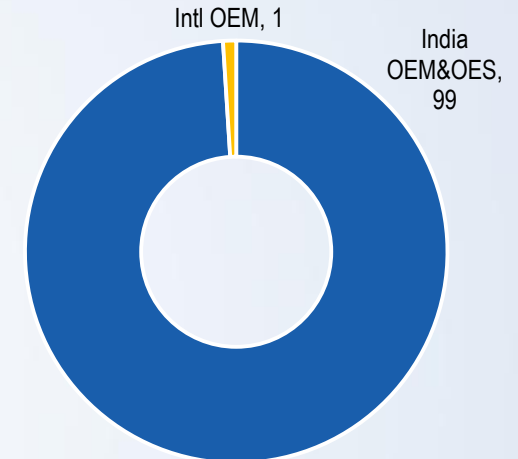
- › Pursuing various localisation initiatives and cost reduction projects

Warranty Provision

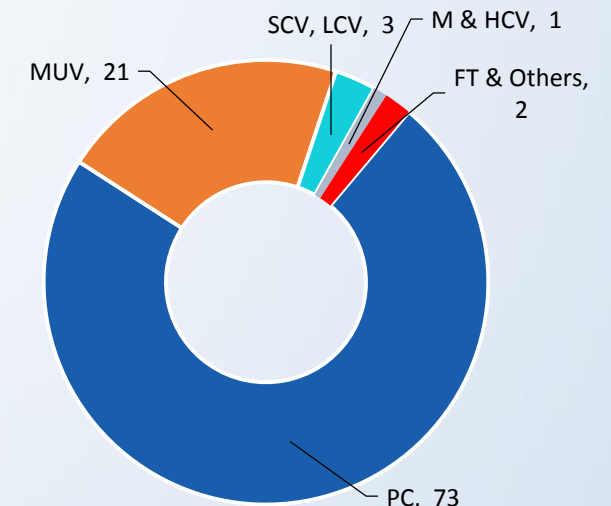
- › Based on the recent trends on warranty returns, made incremental provisions towards product warranty claim

Business Split (Q3 FY20)

By Market (%)

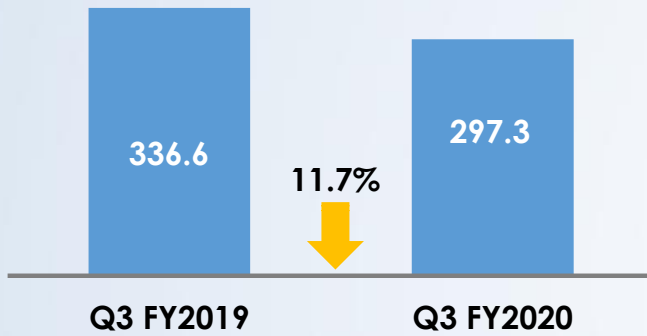


By Vehicle Segment (%)

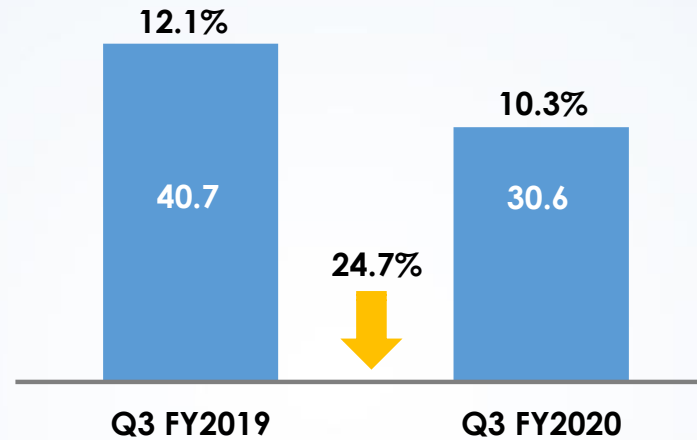


RNSS – Financial Performance Review

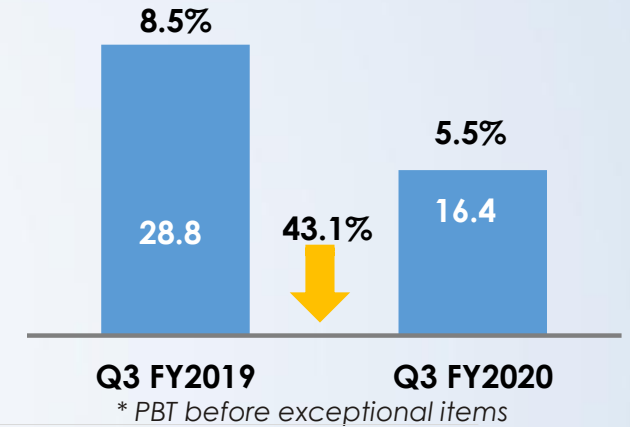
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



- › **Total Net Revenue decreased by 11.7% from Rs. 336.6 Cr in Q3 FY19 to Rs. 297.3 Cr in Q3 FY20**
 - Drop in volume across served models resulted in revenue decline
- › **EBITDA decreased by 24.7% from Rs. 40.7 Cr in Q3 FY19 to Rs. 30.6 Cr in Q3 FY20**
 - Lower fixed cost absorption resulted in EBITDA margin drop
- › **PBT dropped from Rs. 28.8 Cr in Q3 FY19 to Rs. 16.4 Cr in Q3 FY20**

RNSS – Financials (YTD)

Rs Cr	9M FY19	9M FY20	Growth
Total Net Revenue	1,093.3	882.1	-19.3%
EBITDA	148.4	89.2	-39.9%
EBITDA Margin	13.6%	10.1%	-346 bps
PBT Before Exceptional Items	113.3	47.6	-58.0%
Exceptional (Expenses) / Income *	(23.3)	(88.1)	
PBT	90.0	(40.4)	-144.9%
PBT Margin	8.2%	-4.6%	-1282 bps
PAT	58.3	(27.2)	-146.7%
PAT Margin	5.3%	-3.1%	-842 bps
Total Comprehensive Income	58.4	(27.2)	-146.6%

* Exceptional expenses represents incremental provision made towards product warranty claim



Thank You



Rane Corporate Centre

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Glossary of Abbreviations

Abbreviation	Expansion
bps	Basis point, 100 bps equal to 1%
CII	Confederation of Indian Industry
EBITDA	Earnings Before Interest, Tax and Depreciation & Amortization
EPS	Electric Power Steering
FT	Farm Tractors
FY	Financial Year
Intl	International
LCV	Light Commercial Vehicles
MPV	Multi Purpose Vehicles
MUV	Multi Utility Vehicles
M&HCV	Medium & Heavy Commercial Vehicles
MSC	Manual Steering Column

Abbreviation	Expansion
OE	Original Equipment
OEM	Original Equipment Manufacturer
OES	Original Equipment Supplier
PBT	Profit Before Tax
PAT	Profit After Tax
PC	Passenger Car
RHL	Rane Holdings Limited
SCV	Small Commercial Vehicles
SIAM	Society of Indian Automobile Manufacturers
TAFE	Tractors and Farm Equipment Limited
YoY	Year-on-Year
2W/3W	Two Wheeler/Three Wheeler

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