



Expanding Horizons

Rane Group

Earnings Presentation | Q2 FY19



November 2018

www.ranegroup.com



- › **Industry Performance Review – Q2 FY19**

- › Rane Group Performance Review – Q2 FY19

- › Group Companies Performance Highlights – Q2 FY19

Industry Performance Review (Q2 FY19)

Vehicle Segment	Production YoY Growth# in %	Rane Group Sales Growth YoY in % (India OEM)	Rane Group Revenue Split * (India OEM)
Passenger Cars (PC)	4%	16%	42%
Utility Vehicles (MUV)	2%	10%	18%
- Total Passenger Vehicle	3%	14%	60%
Vans (MPV)	14%	22%	1%
Small Commercial Vehicles (SCV)	67%	36%	3%
Light Commercial Vehicles (LCV)	19%	33%	7%
Medium & Heavy Commercial Vehicles (M&HCV)	39%	57%	17%
2-Wheeler	10%	16%	3%
Farm Tractors (FT)	11%	21%	7%

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

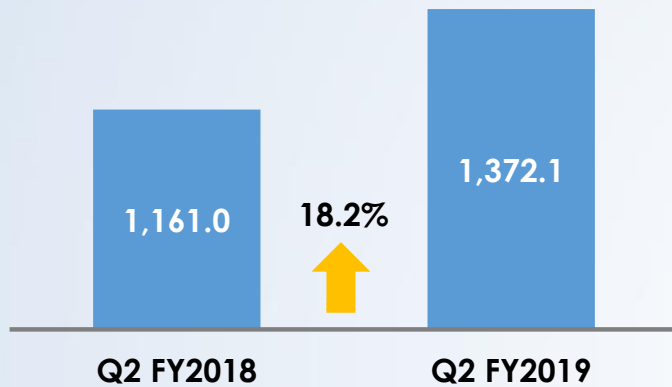
Source: SIAM

- › 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 models in SCV segment
- › In Farm Tractor segment, gained market share for manual steering gear and entered into new models with hydraulics products
- › Performance in 2-Wheeler segment supported by ramp up in supplies of valve train components

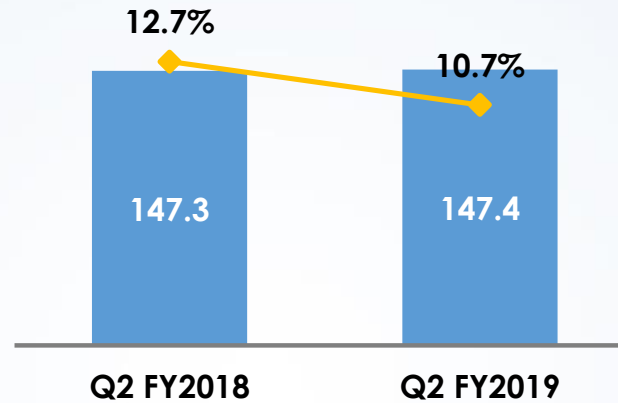
- › Industry Performance Review – Q2 FY19
- › **Rane Group Performance Review – Q2 FY19**
- › Group Companies Performance Highlights – Q2 FY19

Group Aggregate Performance Review (Q2 FY19)

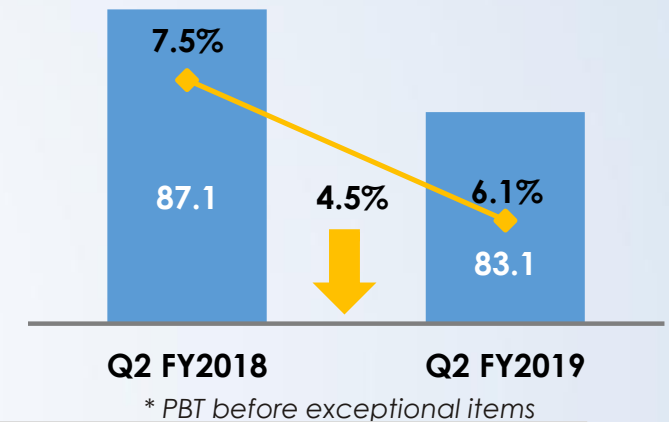
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



› **Total Net Revenue increased by 18.2% from Rs. 1,161.0 Cr in Q2 FY18 to Rs. 1,372.1 Cr in Q2 FY19**

- Revenues from Indian OE customers went up by 24% YoY supported by increased offtake across vehicle segments
- Revenues from international customers grew 5% YoY. Growth driven by increase in schedules from key OEM customers for Steering and Valve train components partially offset by drop in die casting business.
- Indian aftermarket business registered a 5% growth

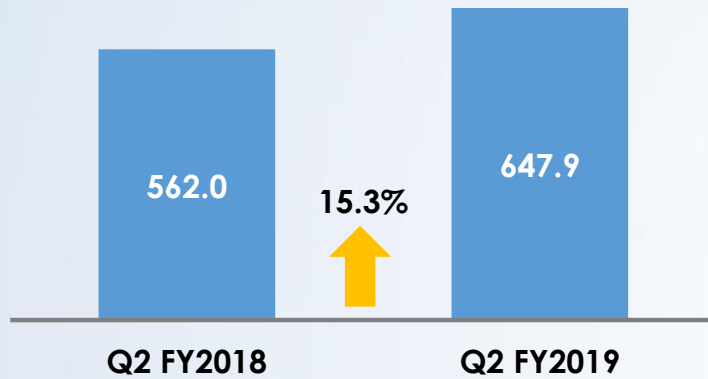
› **EBITDA remained flat at Rs. 147.4 Cr in Q2 FY19 compared to Rs. 147.3 Cr in Q2 FY18**

- Unfavorable forex movement, increase in raw material / employee cost impacted the profitability

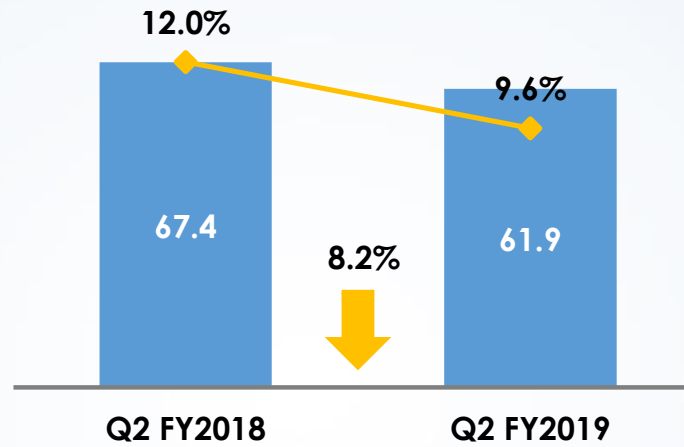
› **PBT decreased by 4.5% from Rs. 87.1 Cr in Q2 FY18 to Rs. 83.1 Cr in Q2 FY19**

RHL Consolidated Performance Review (Q2 FY19)

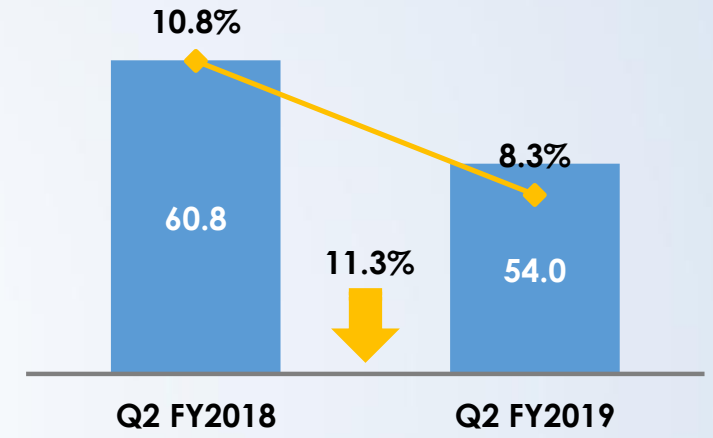
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



* PBT before exceptional items and includes profits from JV

- › Total Net Revenue increased by 15.3% from Rs. 562.0 Cr in Q2 FY18 to Rs. 647.9 Cr in Q2 FY19
- › EBITDA decreased by 8.2% from Rs. 67.4 Cr in Q2 FY18 to Rs. 61.9 Cr in Q2 FY19
- › PBT decreased by 11.3% from Rs. 60.8 Cr in Q2 FY18 to Rs. 54.0 Cr in Q2 FY19

Group Aggregate Performance Review (YTD)

Rs Cr	6M FY18	6M FY19	Growth
Total Net Revenue	2,172.6	2,718.2	25.1%
EBITDA	259.8	291.0	12.0%
EBITDA Margin	12.0%	10.7%	-125 bps
PBT Before Exceptional Items	140.1	164.9	17.7%
Exceptional (Expenses) / Income	32.1	-	
PBT	172.2	164.9	-4.2%
PBT Margin	7.9%	6.1%	-186 bps
PAT	117.2	103.6	-11.6%
PAT Margin	5.4%	3.8%	-158 bps
Total Comprehensive Income	113.9	100.5	-11.7%

RHL Consolidated Performance Review (YTD)

Rs Cr	6M FY18	6M FY19	Growth
Total Net Revenue	1,053.6	1,290.6	22.5%
EBITDA	119.4	123.0	3.0%
EBITDA Margin	11.3%	9.5%	-181 bps
PBT Before Exceptional Items	97.1	108.3	11.5%
Exceptional (Expenses) / Income	15.7	-	-
PBT	112.8	108.3	-4.0%
PBT Margin	10.7%	8.4%	-232 bps
PAT	73.5	66.5	-9.5%
PAT Margin	7.0%	5.2%	-182 bps
Total Comprehensive Income	70.2	64.3	-8.4%

- › Industry Performance Review – Q2 FY19
- › Rane Group Performance Review – Q2 FY19
- › **Group Companies Performance Highlights – Q2 FY19**

Rane (Madras) Ltd.

(RML)

RML Standalone – Operational Performance Review

Market Environment

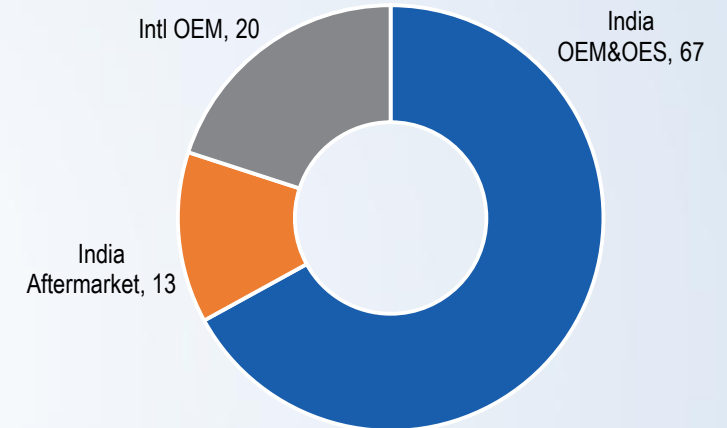
- › Indian automotive industry witnessed positive growth across vehicle segments
- › Lower offtake on served models for die casting products from the North American market

Operational Highlights

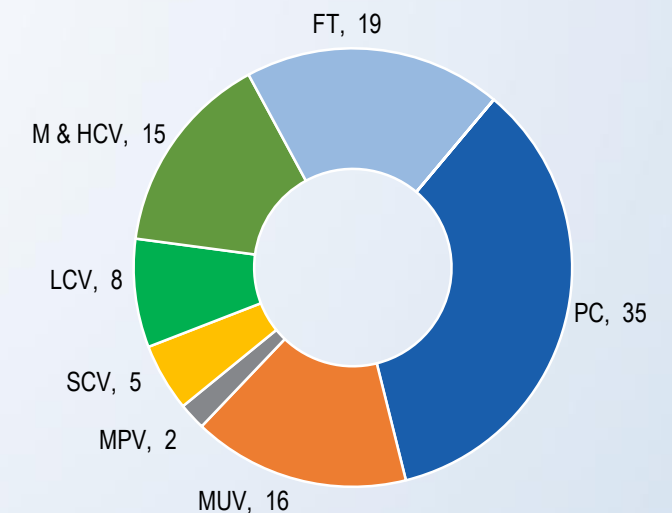
- › Maintained healthy capacity utilization as plants sustained higher production to meet increased demand for Steering products
- › Strong traction for Hydraulics business through introduction of new products
- › Received Best Supplier Award and Best Benchmark Award from TAFE

Business Split (Q2 FY19)

By Market (%)

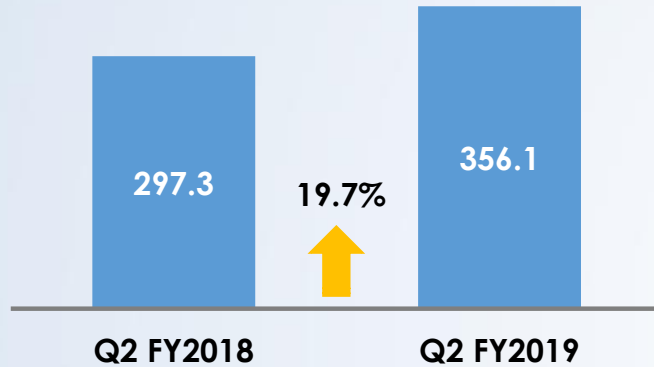


By Vehicle Segment (%)

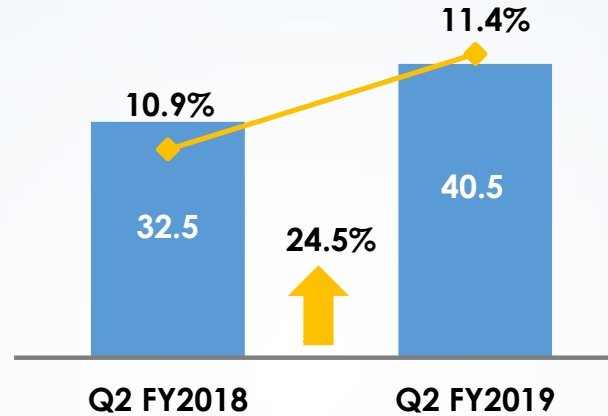


RML Standalone – Financial Performance Review

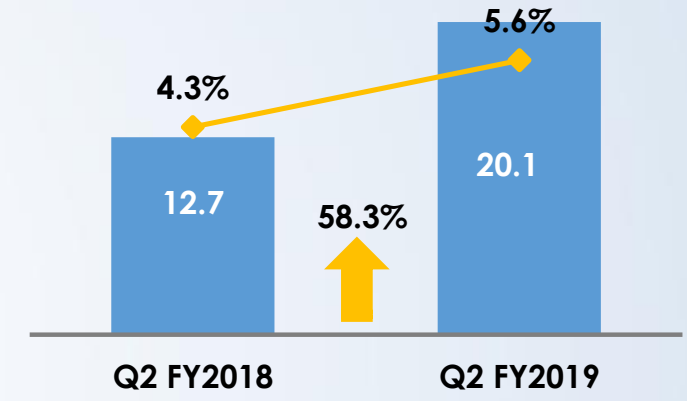
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



* PBT before exceptional items

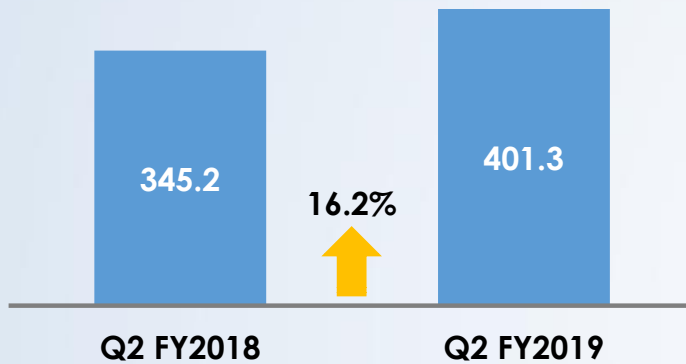
- › **Total Net Revenue increased by 19.7% from Rs. 297.3 Cr in Q2 FY18 to Rs. 356.1 Cr in Q2 FY19**
 - 21% growth in India sales and 13% growth in International business
 - Steering and Linkages business registered good growth across vehicle segments
- › **EBITDA increased by 24.5% from Rs. 32.5 Cr in Q2 FY 18 to Rs. 40.5 Cr in Q2 FY19**
 - Despite the unfavourable mix, inflationary pressure on raw material and employee cost, EBITDA margin improved by 43 bps due to increased volume and improved operational performance
- › **PBT increased by 58.3% from Rs. 12.7 Cr in Q2 FY18 to Rs. 20.1 Cr in Q2 FY19**
 - Lower Finance cost helped to improve PBT margin

RML – Standalone Financials (YTD)

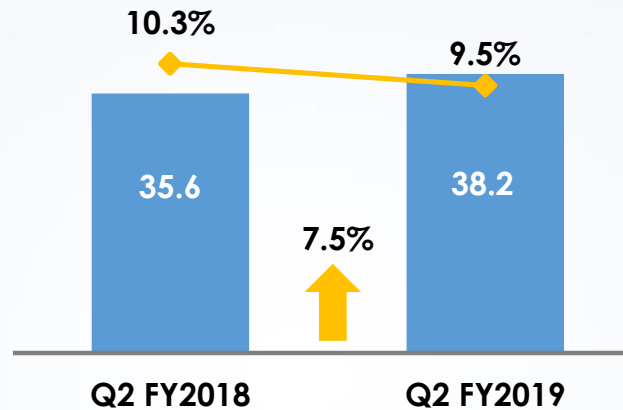
Rs Cr	6M FY18	6M FY19	Growth
Total Net Revenue	547.7	707.2	29.1%
EBITDA	56.2	79.5	41.6%
EBITDA Margin	10.3%	11.2%	99 bps
PBT Before Exceptional Items	16.0	40.4	153.2%
Exceptional (Expenses) / Income	-	-	
PBT	16.0	40.4	153.2%
PBT Margin	2.9%	5.7%	280 bps
PAT	11.1	27.2	144.9%
PAT Margin	2.0%	3.8%	182 bps
Total Comprehensive Income	11.2	26.3	136.2%

RML Consolidated – Financial Performance Review

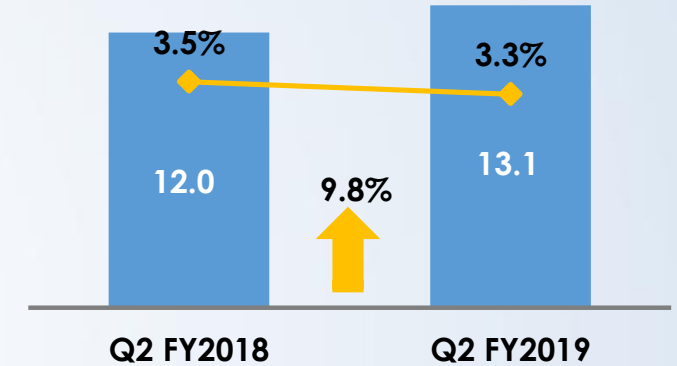
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



* PBT before exceptional items

- › **Total Net Revenue increased by 16.2% from Rs. 345.2 Cr in Q2 FY18 to Rs. 401.3 Cr in Q2 FY19**
 - Rane Precision Die Casting (RPDC) experienced lower offtake across served segments.
- › **EBITDA increased by 7.5% from Rs. 35.6 Cr in Q2 FY 18 to Rs. 38.2 Cr in Q2 FY19**
 - Though there is improvement in operational performance of RPDC, the business experienced higher costs on utilities, repairs and tooling maintenance
- › **PBT increased from Rs. 12.0 Cr in Q2 FY18 to Rs. 13.1 Cr in Q2 FY19**

RML – Consolidated Financials (YTD)

Rs Cr	6M FY18	6M FY19	Growth
Total Net Revenue	640.2	801.6	25.2%
EBITDA	59.9	72.2	20.7%
EBITDA Margin	9.4%	9.0%	-34 bps
PBT Before Exceptional Items	12.5	24.1	92.5%
Exceptional (Expenses) / Income	-	-	
PBT	12.5	24.1	92.5%
PBT Margin	2.0%	3.0%	105 bps
PAT	7.7	10.9	42.0%
PAT Margin	1.2%	1.4%	16 bps
Total Comprehensive Income	5.9	6.7	13.9%

Rane Engine Valve Ltd.

(REVL)

Market Environment

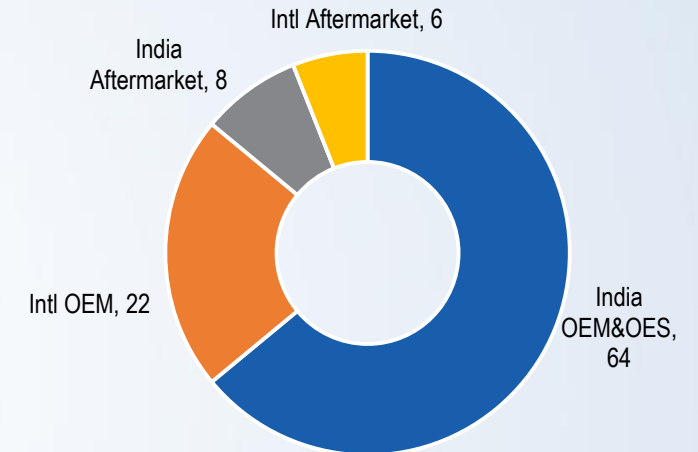
- › Ramp up in supplies to cater to demand from Indian OE customers
- › Ramp up in supplies to key International customers
- › Moderate demand from Indian aftermarket
- › Export Aftermarket faced headwinds owing to US sanctions on Iran

Operational Highlights

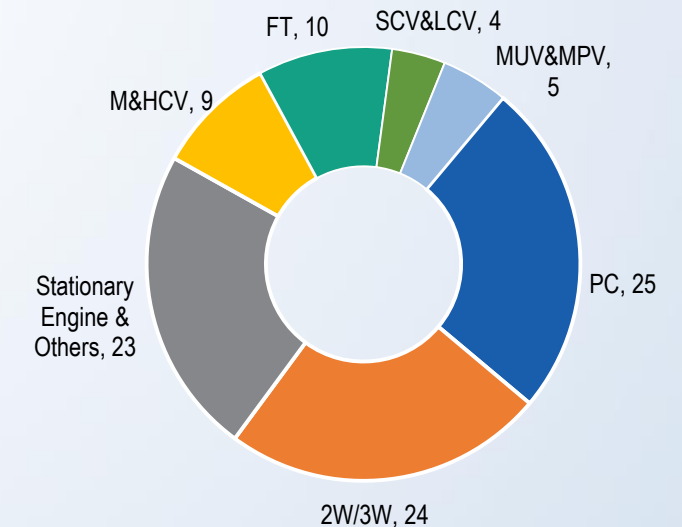
- › Capacity utilization continued to improve at various plant locations resulting in improvement in supplies to OEM customers
- › Various initiatives are pursued by Plants to improve operational performance
- › Received supplier award from an international aftermarket customer (IPD)

Business Split (Q2 FY19)

By Market (%)

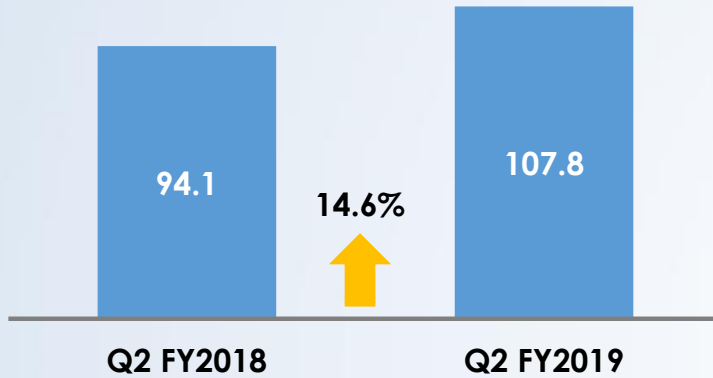


By Vehicle Segment (%)

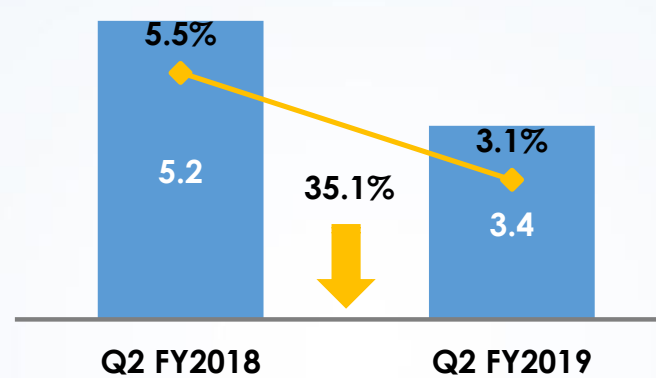


REVL – Financial Performance Review

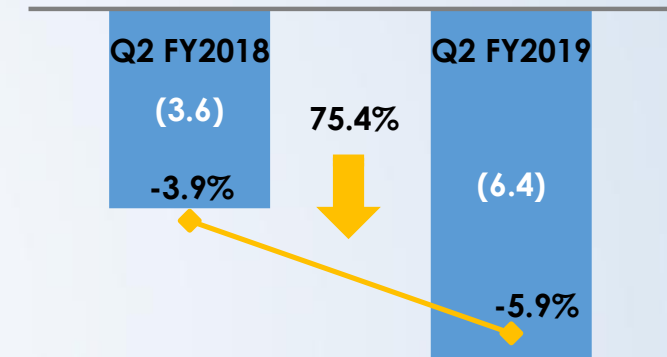
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs. cr.)



* PBT before exceptional items

› **Total Net Revenue increased by 14.6% from Rs. 94.1 Cr in Q2 FY18 to Rs. 107.8 Cr in Q2 FY19**

- Strong demand from Indian OE customers across segments and higher offtake by International customers
- The domestic Aftermarket Sales declined by about 6%

› **EBITDA decreased by 35.1% from Rs. 5.2 Cr in Q2 FY 18 to Rs. 3.4 Cr in Q2 FY19**

- Adverse forex movement, unfavourable product mix, increase in raw material / employee cost mainly contributed for the drop in the EBITDA margin; Better operational performance helped to partially offset the inflationary pressure

› **Loss before tax for Q2 FY19 was Rs. 6.4 Cr as against Rs. 3.6 Cr in Q2 FY18**

REVL – Financials (YTD)

Rs Cr	6M FY18	6M FY19	Growth
Total Net Revenue	183.1	210.9	15.2%
EBITDA	9.8	6.7	-31.5%
EBITDA Margin	5.4%	3.2%	-217 bps
PBT Before Exceptional Items	(7.7)	(13.0)	-69.1%
Exceptional (Expenses) / Income	-	-	
PBT	(7.7)	(13.0)	-69.1%
PBT Margin	-4.2%	-6.2%	-197 bps
PAT	(5.0)	(8.5)	-67.8%
PAT Margin	-2.8%	-4.0%	-126 bps
Total Comprehensive Income	(5.4)	(8.8)	-61.8%

Rane Brake Lining Ltd.

(RBL)

Market Environment

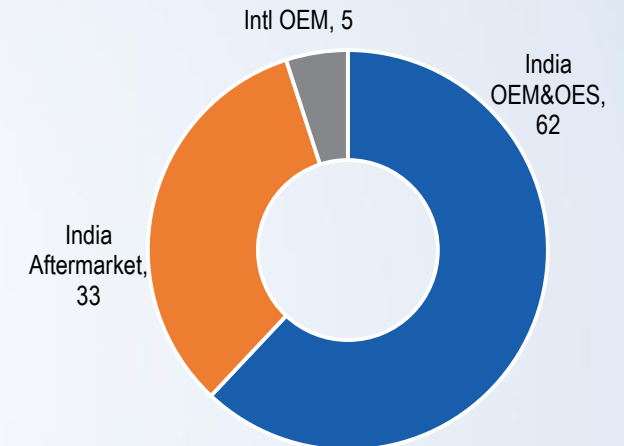
- › Favourable demand from Indian OE customers
- › Moderate demand from Aftermarket segment; Drop on account of high base in Q2FY18

Operational Highlights

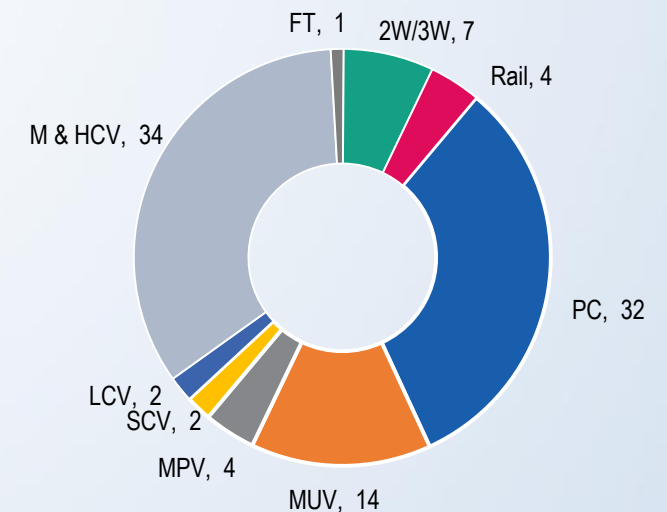
- › Increased selling price in the aftermarket segment
- › Plant upgradation and capacity expansion related activities under progress at Puducherry Plant

Business Split (Q2 FY19)

By Market (%)

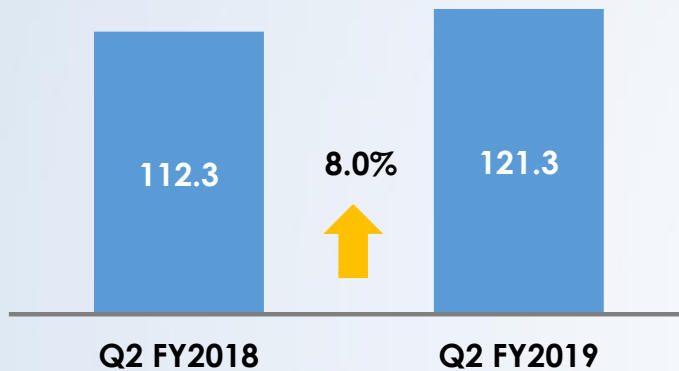


By Vehicle Segment (%)

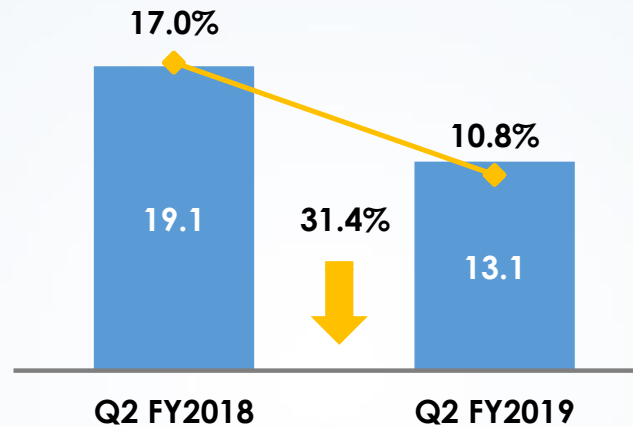


RBL – Financial Performance Review

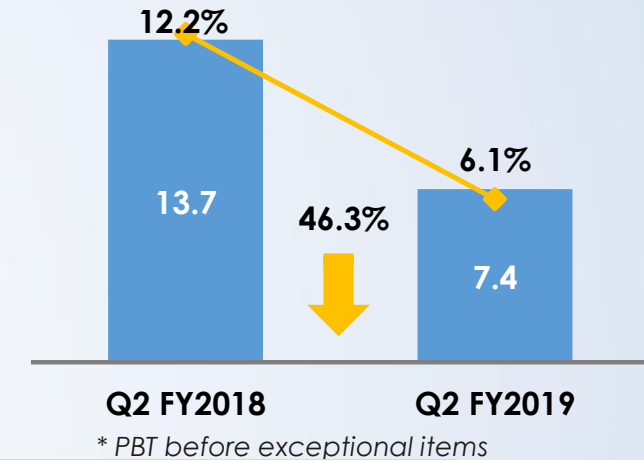
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



› **Total Net Revenue increased by 8.0% from Rs. 112.3 Cr in Q2 FY18 to Rs. 121.3 Cr in Q2 FY19**

- Strong demand from Indian OE customers particularly Utility Vehicles, M&HCV and Two Wheeler segment
- Sales to Aftermarket registered a drop on the back of high base in Q2FY18 post GST implementation

› **EBITDA decreased by 31.4% from Rs. 19.1 Cr in Q2 FY 18 to Rs. 13.1 Cr in Q2 FY19**

- Adverse forex movement, unfavourable product mix, increase in raw material / employee cost mainly contributed for the drop
- There was also an one off reversal of provision for excise duty and bad debts during Q2 FY18

› **PBT decreased by 46.3% from Rs. 13.7 Cr in Q2 FY18 to Rs. 7.4 Cr in Q2 FY19**

RBL – Financials (YTD)

Rs Cr	6M FY18	6M FY19	Growth
Total Net Revenue	213.3	244.4	14.6%
EBITDA	35.0	28.6	-18.3%
EBITDA Margin	16.4%	11.7%	-472 bps
PBT Before Exceptional Items	24.3	17.3	-28.7%
Exceptional (Expenses) / Income	-	-	
PBT	24.3	17.3	-28.7%
PBT Margin	11.4%	7.1%	-431 bps
PAT	16.7	11.9	-28.6%
PAT Margin	7.8%	4.9%	-295 bps
Total Comprehensive Income	16.5	12.2	-25.7%

Rane TRW Steering Systems

(RTSS)

Market Environment

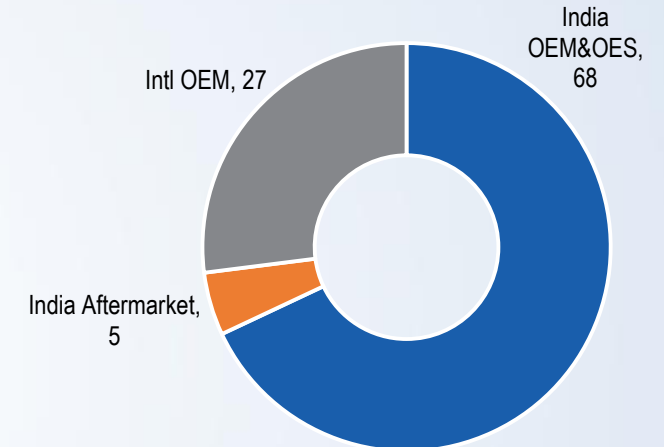
- › Robust demand for steering gear products from commercial vehicle segment
- › Strong demand for occupant safety products barring lower schedules on select served models

Operational Highlights

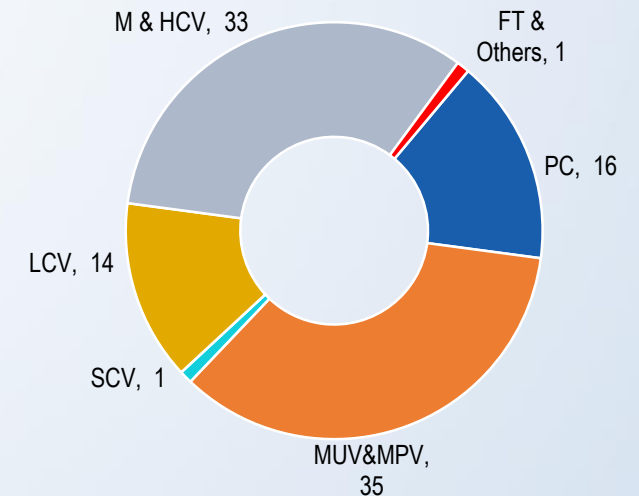
- › Steering Gear division achieved 100% delivery adherence on higher demand from customers
- › Occupant Safety Division’s new plant construction activities under progress as per plan

Business Split (Q2 FY19)

By Market (%)

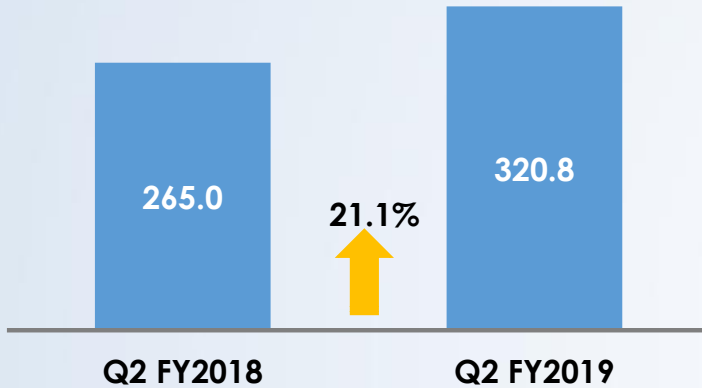


By Vehicle Segment (%)

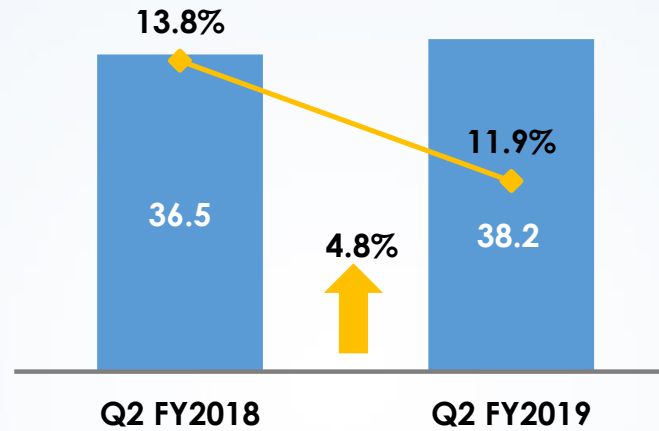


RTSS – Financial Performance Review

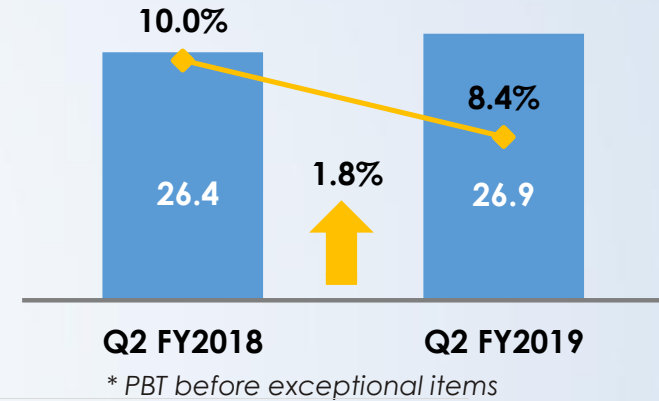
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



- › **Total Net Revenue increased by 21.1% from Rs. 265.0 Cr in Q2 FY18 to Rs. 320.8 Cr in Q2 FY19**
 - Higher offtake of Steering Gear products on the back of strong demand from CV customers
 - Growth of occupant safety products driven by higher volumes on select models
- › **EBITDA increased by 4.8% from Rs. 36.5 Cr in Q2 FY 18 to Rs. 38.2 Cr in Q2 FY19**
 - Increase in raw material cost resulted in lower profitability
- › **PBT increased by 1.8% from Rs. 26.4 Cr in Q2 FY18 to Rs. 26.9 Cr in Q2 FY19**

RTSS – Standalone Financials (YTD)

Rs Cr	6M FY18	6M FY19	Growth
Total Net Revenue	504.1	662.7	31.5%
EBITDA	63.4	79.4	25.4%
EBITDA Margin	12.6%	12.0%	-58 bps
PBT Before Exceptional Items	43.7	57.2	30.8%
Exceptional (Expenses) / Income	-	-	-
PBT	43.7	57.2	30.8%
PBT Margin	8.7%	8.6%	-4 bps
PAT	29.3	38.1	30.1%
PAT Margin	5.8%	5.8%	-6 bps
Total Comprehensive Income	28.8	39.2	36.2%

Rane NSK Steering Systems

(RNSS)

RNSS – Operational Performance Review

Market Environment

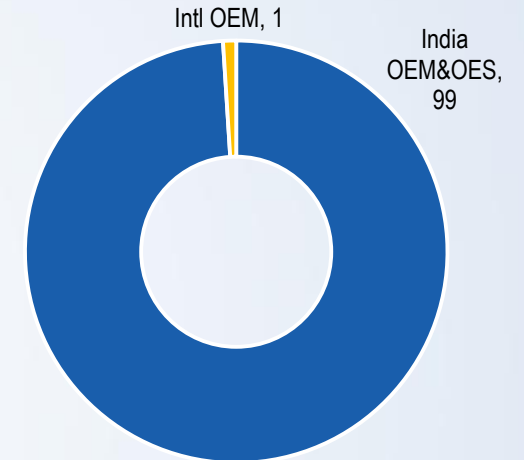
- › EPS: Higher off-take from served models in passenger vehicle segment
- › MSC: Higher volumes on served programs

Operational Highlights

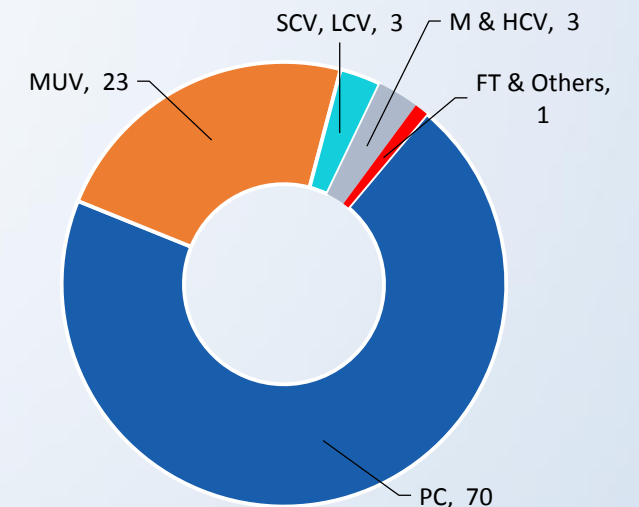
- › Awarded 2018 Deming Prize
- › Gujarat Plant Setup progressing as per timelines. Samples submitted to customers.

Business Split (Q2 FY19)

By Market (%)

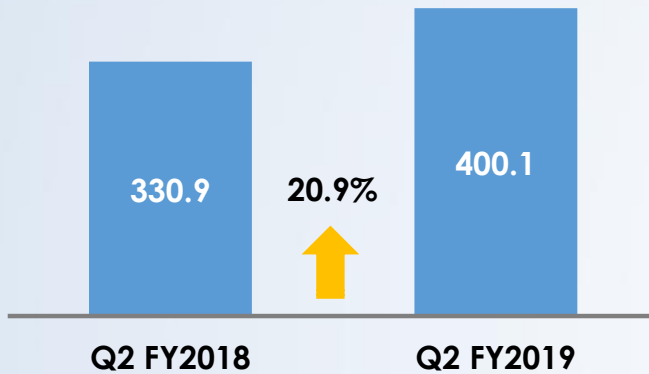


By Vehicle Segment (%)

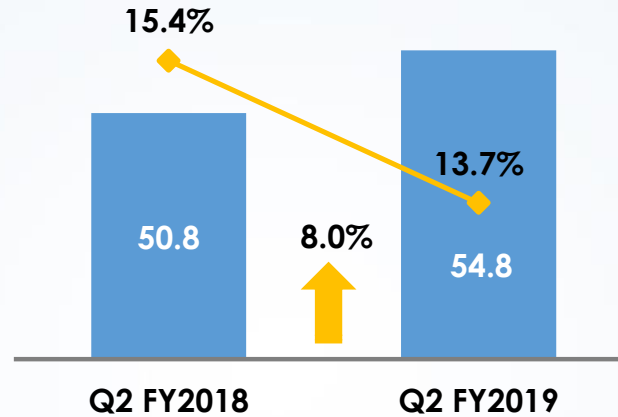


RNSS – Financial Performance Review

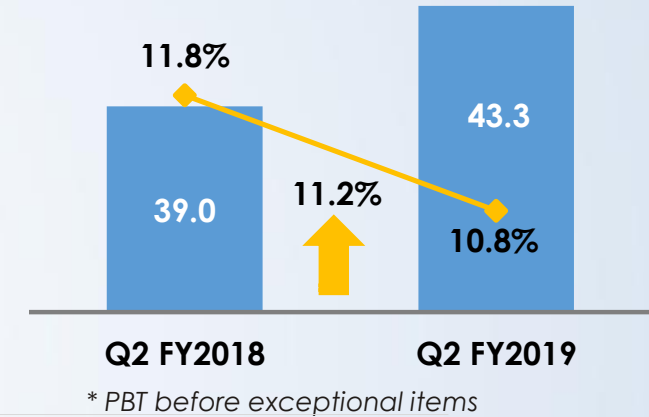
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



- › **Total Net Revenue increased by 20.9% from Rs. 330.9 Cr in Q2 FY18 to Rs. 400.1 Cr in Q2 FY19**
 - Sales growth driven by higher demand from served models
- › **EBITDA increased by 8.0% from Rs. 50.8 Cr in Q2 FY 18 to Rs. 54.8 Cr in Q2 FY19**
 - Adverse material cost and higher administrative expenses resulted in the EBITDA margin drop
- › **PBT increased by 11.2% from Rs. 39.0 Cr in Q2 FY18 to Rs. 43.3 Cr in Q2 FY19**

RNSS – Financials (YTD)

Rs Cr	6M FY18	6M FY19	Growth
Total Net Revenue	604.0	756.7	25.3%
EBITDA	91.1	104.9	15.1%
EBITDA Margin	15.1%	13.9%	-122 bps
PBT Before Exceptional Items	67.2	81.7	21.7%
Exceptional (Expenses) / Income	32.1	-	-
PBT	99.3	81.7	-17.7%
PBT Margin	16.4%	10.8%	-564 bps
PAT	68.4	52.8	-22.8%
PAT Margin	11.3%	7.0%	-435 bps
Total Comprehensive Income	67.9	52.8	-22.2%



Thank You



Rane Corporate Centre

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For further information, please contact:

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Glossary of Abbreviations

Abbreviation	Expansion
bps	Basis point, 100 bps equal to 1%
CV	Commercial Vehicles
EBITDA	Earnings Before Interest, Tax and Depreciation & Amortization
EPS	Electric Power Steering
FT	Farm Tractors
FY	Financial Year
IPD	Industrial Parts Depot
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
PC	Passenger Car
RPDC	Rane Precision Die Casting
SCV	Small Commercial Vehicles
SIAM	Society of Indian Automobile Manufacturers
TAFE	Tractors and Farm Equipment Limited
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.