

Rane Engine Valve Ltd.

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" Maithri "
132, Cathedral Road,
Chennai 600 086.
India.
CIN : L74999TN1972PLC006127

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//Online Submission//

REVL / SE / 09/ 2018-19

May 14, 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: Revised Earnings presentation - Audited Financial Results for the year ended March 31, 2018

Ref: Our letter no. REVL/SE/08/2018-19 dated May 08, 2018

This is with reference to our aforementioned letter, forwarding a copy of the Earnings presentation in connection with the Earnings Conference call on Tuesday, May 08, 2018 at 15:00 hrs (IST). We enclose herewith the **updated copy** of the Earnings presentation made during the conference call.

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 Engine Valve Limited



Siva Chandrasekaran
Executive Vice President – Secretarial & Legal



Encl: a/a



Expanding Horizons

Rane Group

Earnings Presentation | FY18



May 2018

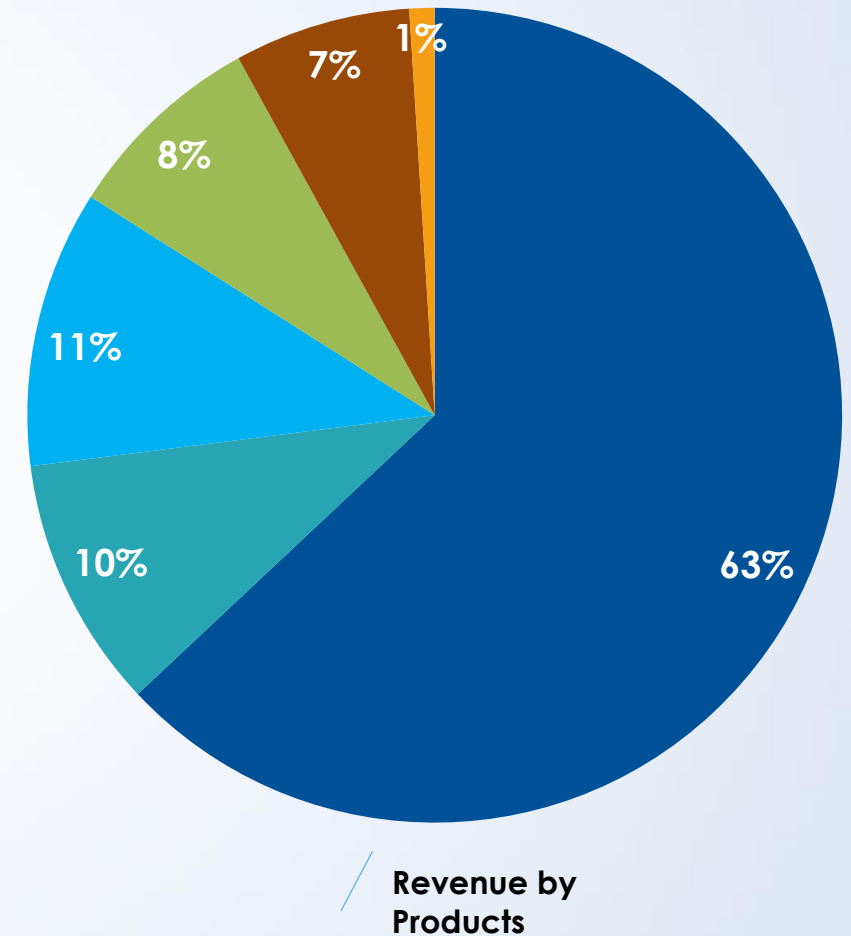
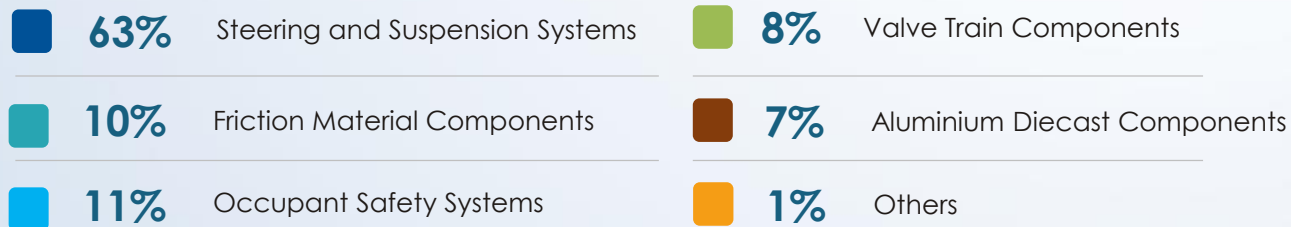
www.ranegroup.com



› Overview

- › Industry Performance Review – FY18
- › Rane Group Performance Review – FY18
- › Group Companies Performance Highlights – FY18

- › Founded in 1929 for trading in automobile and automotive parts; Headquartered in Chennai, India.
- › Commenced manufacturing operations in 1959.
- › Group Sales of **INR 4,688 Cr** (~USD 714 mn)
- › Most preferred manufacturer and supplier for global auto majors
- › Serves a variety of industry segments: Passenger Vehicles, Commercial Vehicles, Farm Tractors, Two-wheelers, Three-wheelers, Railways and Stationary Engines
- › Manufactures Steering and Suspension systems, Friction materials, Valve train components, Occupant safety systems and Die-casting products.



Group Net Sales in 2017-18:

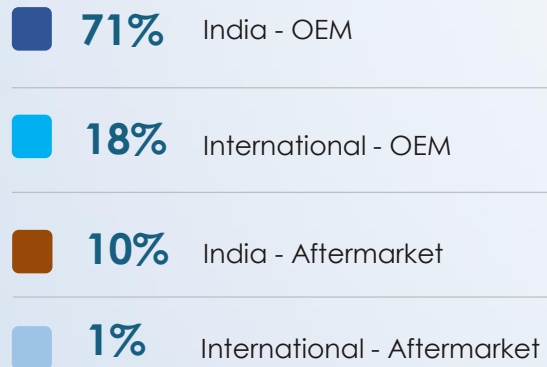
INR 4,688 Cr

(~USD 714 mn)

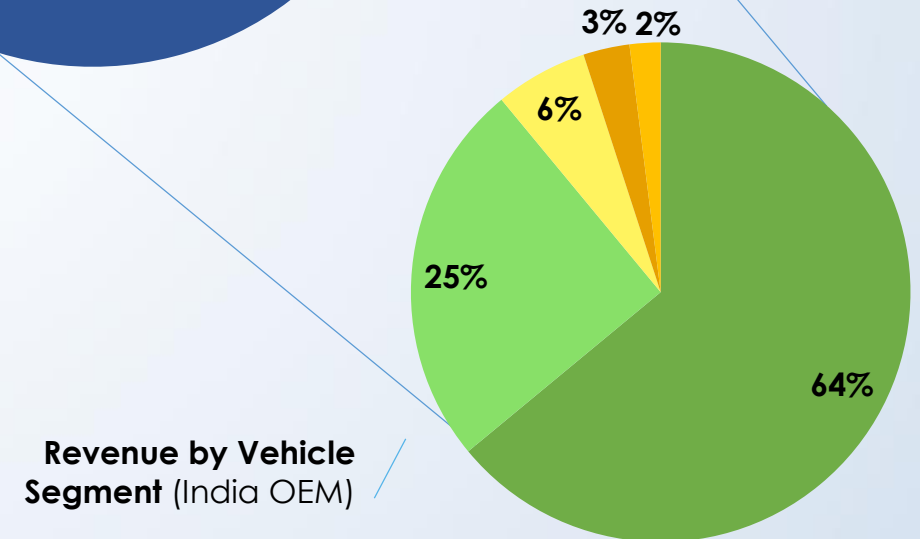
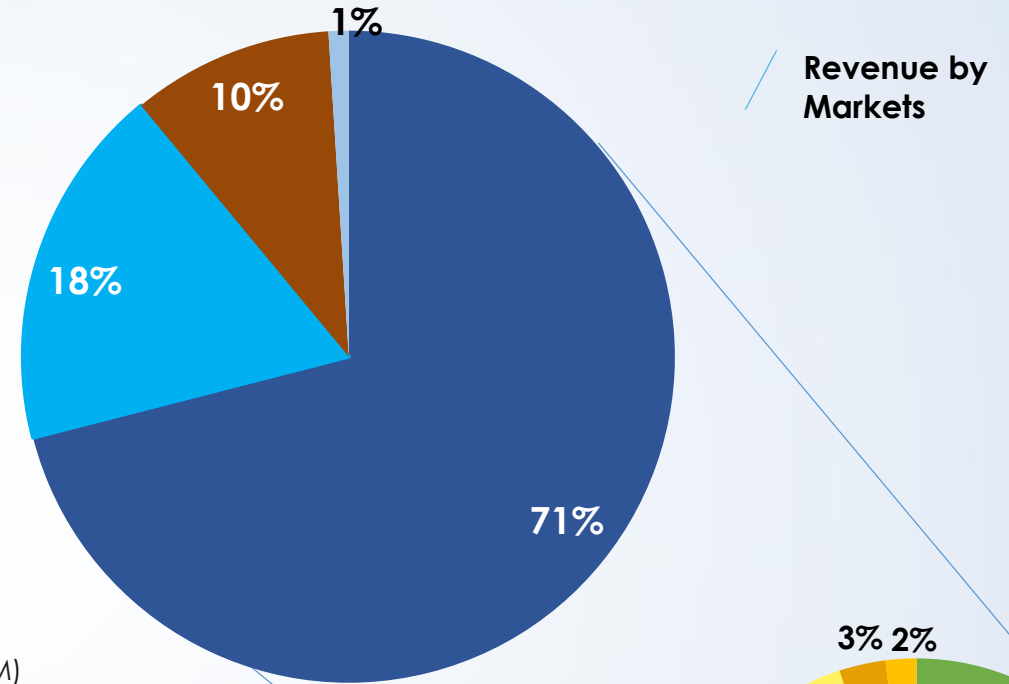
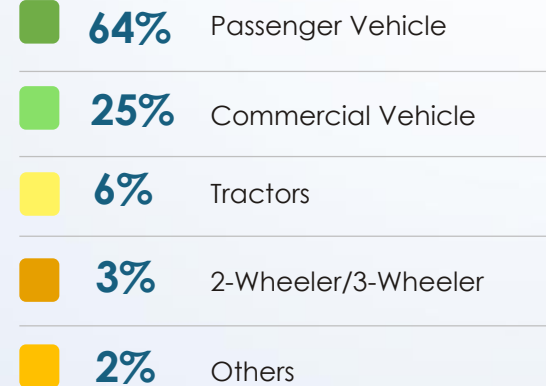
with **19%** from International markets

17% growth over last year; **14%** CAGR over last **10 years**

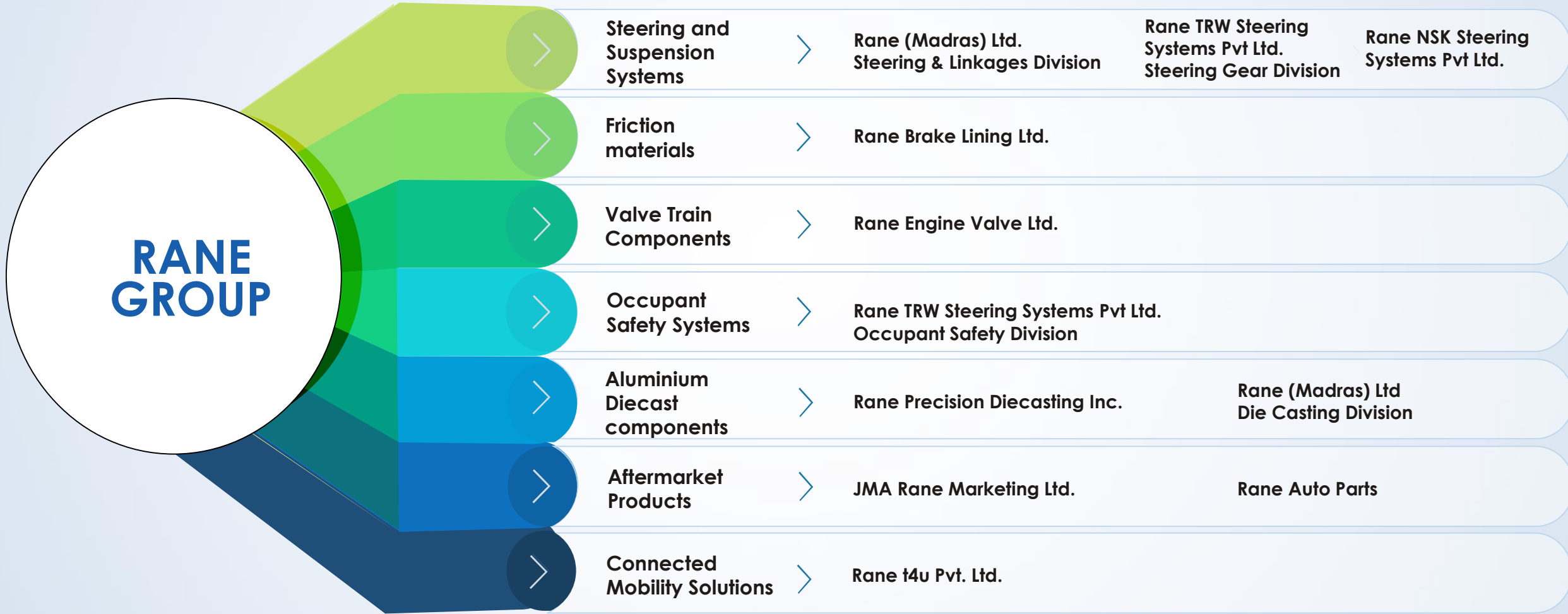
Revenue by Markets



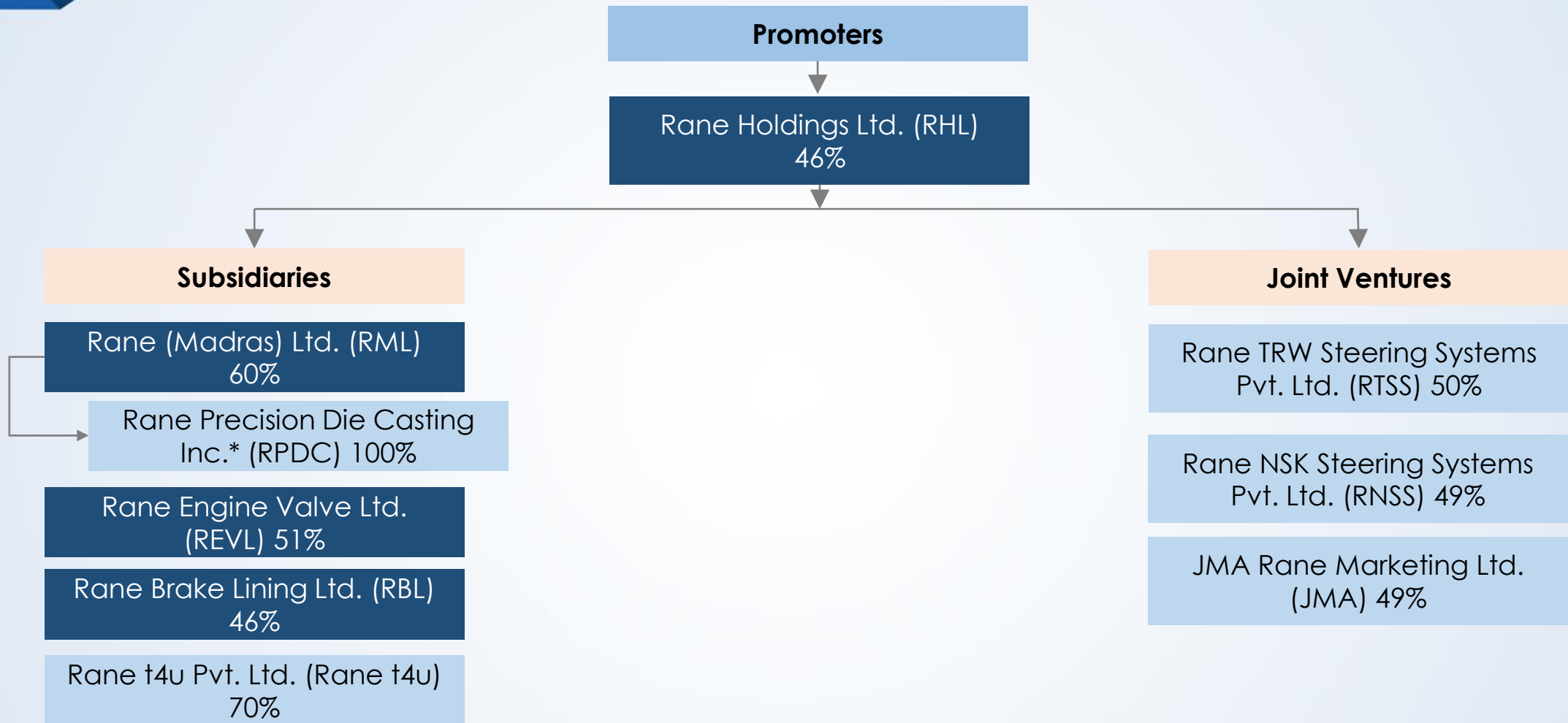
Revenue by Vehicle Segment (India OEM)



Rane Group – Business Structure



Rane Group – Holding Structure



* In FY 16, Rane (Madras) Ltd. acquired Rane Precision Die Casting Inc., the US based aluminium die castings company through its Wholly Owned Subsidiary Rane (Madras) International Holdings B.V, The Netherlands.

 Listed

Share holding as on 30 April 2018

› Overview

› **Industry Performance Review – FY18**

› Rane Group Performance Review – FY18

› Group Companies Performance Highlights – FY18

Industry Performance Review (2017-18)

Vehicle Segment	Production YoY Growth# in %	Rane Group Sales Growth YoY in % (India OEM)	Rane Group Revenue Split * (India OEM)
Passenger Cars (PC)	1%	28%	44%
Utility Vehicles (MUV)	20%	21%	20%
Vans (MPV)	0%	13%	1%
Small Commercial Vehicles (SCV)	27%	65%	3%
Light Commercial Vehicles (LCV)	14%	15%	7%
Medium & Heavy Commercial Vehicles (M&HCV)	0.4%	26%	15%
2-Wheeler	16%	21%	3%
Farm Tractors (FT)	14%	19%	6%

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

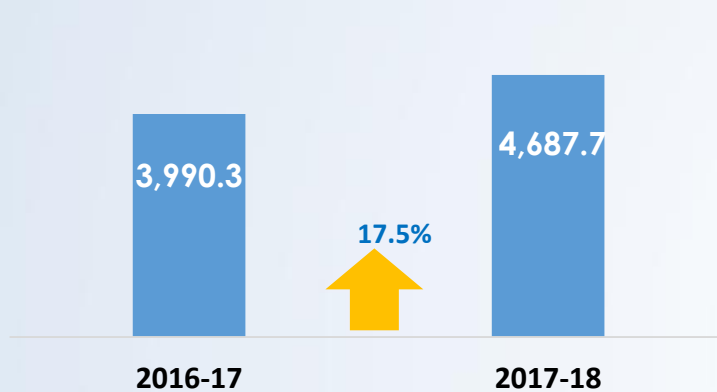
Source: SIAM

- › Registered superior growth in passenger vehicle segment as we supply to some of the successful new models of OE
- › Share of business improvement with key customers in CV segment helped post better growth
- › In Farm Tractor segment, gained market share for manual steering gear and made breakthrough in power steering products
- › Performance in 2-Wheeler segment was supported by better growth for Disc Pad products and share improvement for Valve train components

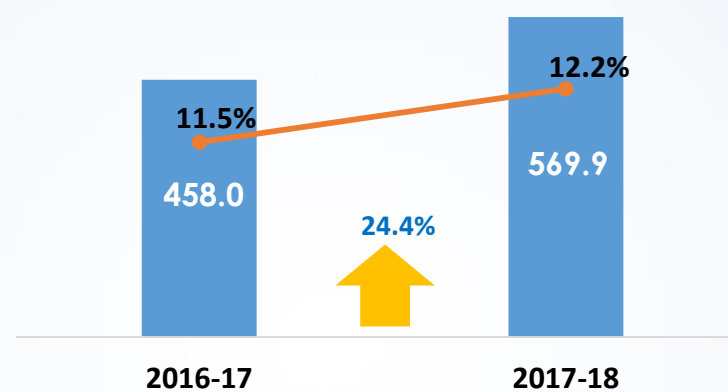
- › Overview
- › Industry Performance Review – FY18
- › **Rane Group Performance Review – FY18**
- › Group Companies Performance Highlights – FY18

Group Aggregate Performance Review (FY'18)

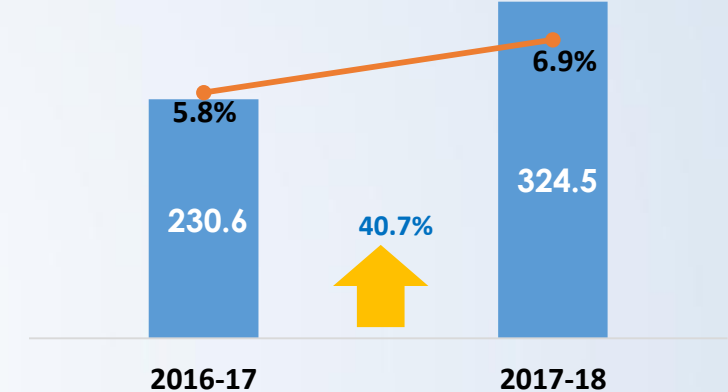
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



* PBT before exceptional items

› **Net Sales increased by 17.5% from Rs. 3,990.3 Cr in FY'17 to Rs. 4,687.7 Cr in FY'18**

- Revenue from Indian OE customers grew by 25% YoY supported by increased offtake across major vehicle segments
- Revenues from International customers grew 19% YoY driven by new businesses for Occupant safety products
- Revenue from Indian aftermarket segment de-grew by 1% as the sales was affected by GST related transition in the first half

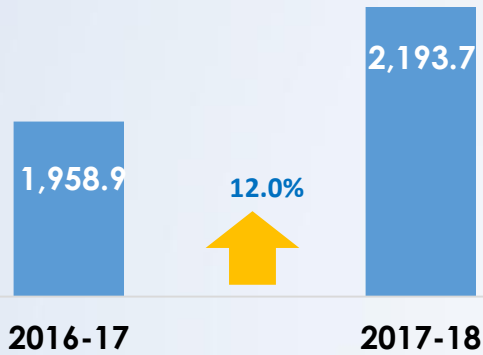
› **EBITDA increased by 24.4% from Rs. 458.0 Cr in FY'17 to Rs. 569.9 Cr in FY'18**

- Operational leverage and various cost control initiatives across group companies helped in improving the overall profitability

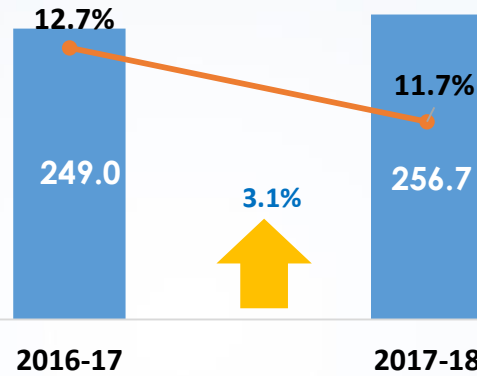
› **PBT increased by 40.7% from Rs. 230.6 Cr in FY'17 to Rs. 324.5 Cr in FY'18**

RHL Consolidated Performance Review (FY'18)

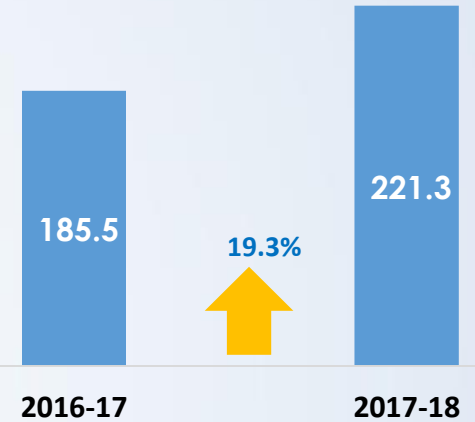
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



* PBT before exceptional items and includes profits from JV/associate

- › Net Sales increased by 12.0% from Rs. 1,958.9 Cr in 2016-17 to Rs. 2,193.7 Cr in 2017-18
- › EBITDA increased by 3.1% from Rs. 249.0 Cr in 2016-17 to Rs. 256.7 Cr in 2017-18
- › PBT increased by 19.3% from Rs. 185.5 Cr in 2016-17 to Rs. 221.3 Cr in 2017-18

RHL: (Consolidated) Ratios and Return

Particulars	2017	2018
RoCE%	10.2%	9.3%
EPS (Rs.)	93.4	91.3
DPS (Rs.)	8.5	14.5
Dividend Payout (%)	51% ¹	51%
BV (Rs.)	499.6	563.1

Financials for FY2017 and FY2018 are based on IND AS

1 Excluding one off other income

- › Overview
- › Industry Performance Review – FY18
- › Rane Group Performance Review – FY18
- › **Group Companies Performance Highlights – FY18**

Rane (Madras) Ltd.

(RML)

RML – Standalone Operational Performance Review

Market Environment

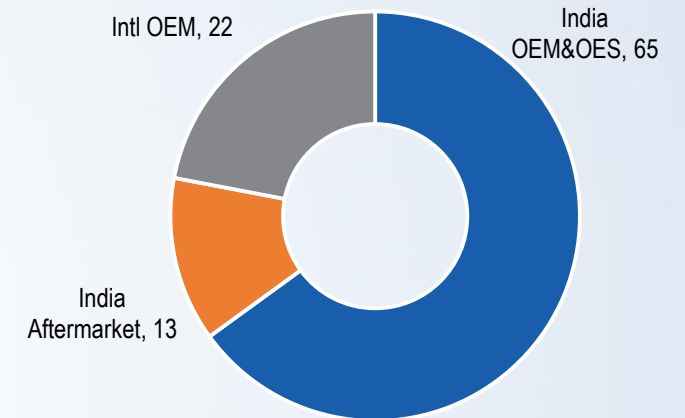
- › Indian industry witnessed positive growth in most of the segments
- › Higher demand for Die-casting products from Indian customers
- › Indian Aftermarket business was impacted by GST related stabilization
- › Lower offtake on served models for die casting products from the North American market

Operational Highlights

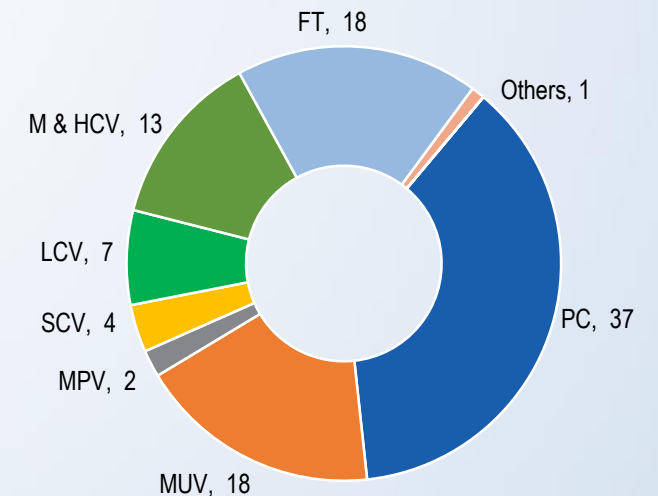
- › Maintained healthy capacity utilization as plants sustained higher production to meet increased demand for Steering products
- › Ramped up of production of Rack & Pinion at Varanavasi Plant
- › Continued to improve operational performance and achieved reduction in internal rejections and premium freight in Die-cast division

Business Split (FY18)

By Market (%)

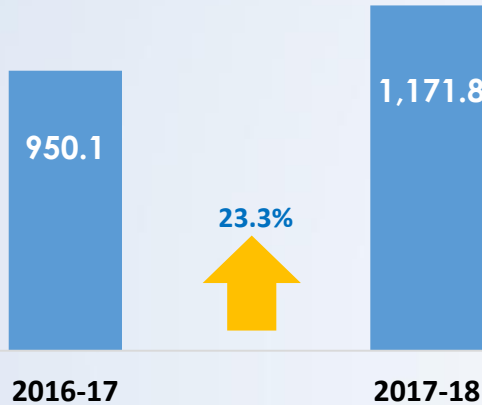


By Vehicle Segment (%)

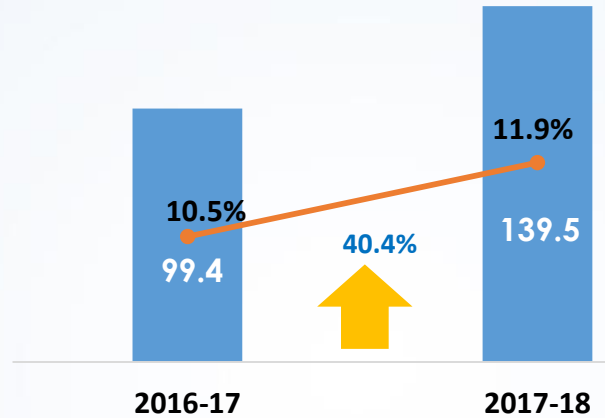


RML Standalone – Financial Performance Review

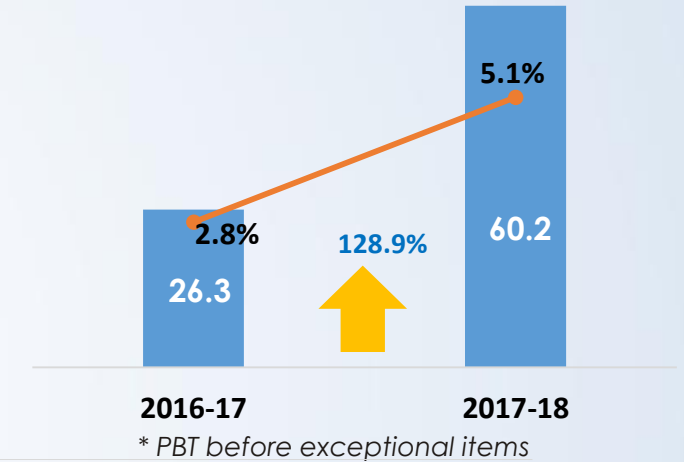
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



› **Net Sales increased by 23.3% from Rs. 950.1 Cr in 2016-17 to Rs. 1,171.8 Cr in 2017-18**

- 29% growth in India sales and 7% growth in International business
- Steering business grew with strong demand from new programs in passenger vehicle segment

› **EBITDA increased by 40.4% from Rs. 99.4 Cr in 2016-17 to Rs. 139.5 Cr in 2017-18**

- EBITDA margin improved by 145 bps due to increased volume and improved operational performance

› **PBT increased by 128.9% from Rs. 26.3 Cr in 2016-17 to Rs. 60.2 Cr in 2017-18**

- Lower Finance cost helped to improve PBT margin

Updates

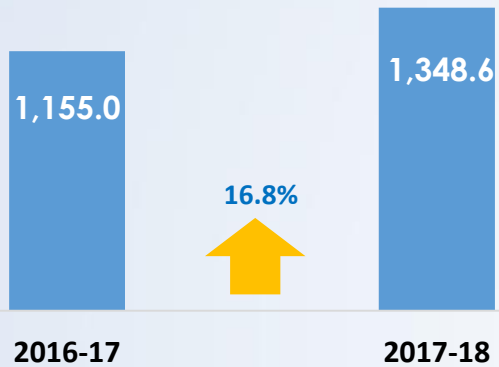
- › The operational turnaround of Rane Precision Die Casting (RPDC), North America continues to be a major area of focus
- › Experienced dip in sales due to delay in commencement of new program
- › The business achieved positive EBITDA in the first half, but in the second half faced unanticipated operational issues leading to significant cost overruns. There was also a one-off customer charge back towards past quality issues
- › Though, there was significant progress made, we continue to face several operational challenges such as machine availability, leading to higher overtime and expedited freight

To navigate operational challenges, we have undertaken following measures

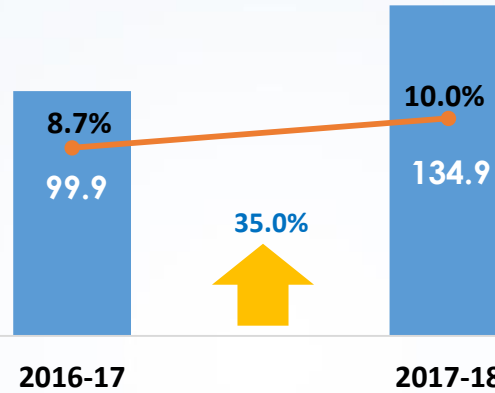
- › Re-build of die cast machines and replacement of old toolings
- › Implementation of automation systems in select areas to improve productivity
- › To penetrate new industries and customers to augment the core automotive business

RML Consolidated – Financial Performance Review

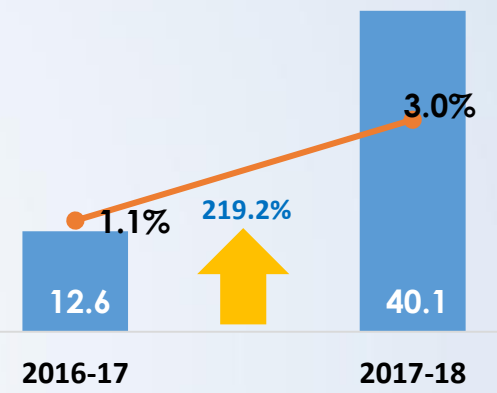
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



* PBT before exceptional items

- › Net Sales increased by 16.8% from Rs. 1,155.0 Cr in 2016-17 to Rs. 1,348.6 Cr in 2017-18
- › EBITDA increased by 35.0% from Rs. 99.9 Cr in 2016-17 to Rs. 134.9 Cr in 2017-18
- › PBT increased by 219.2% from Rs. 12.6 Cr in 2016-17 to Rs. 40.1 Cr in 2017-18

RML: Ratios and Return

RML Standalone	2017	2018
Debt:Equity	1.73	1.02
RoCE%	11.9%	17.8%
EPS (Rs.)	19.7	36.9
DPS (Rs.)	6.0	12.0
Dividend Payout (%)	40%	40%
BV (Rs.)	162.6	229.5

Financials for FY2017 and FY2018 based on IND AS

RML Consolidated	2017	2018
Debt:Equity	2.30	1.55
RoCE%	8.4%	13.3%
EPS (Rs.)	4.1	21.4
BV (Rs.)	149.6	197.9

Financials for FY2017 and FY2018 based on IND AS

Rane Engine Valve Ltd.

(REVL)

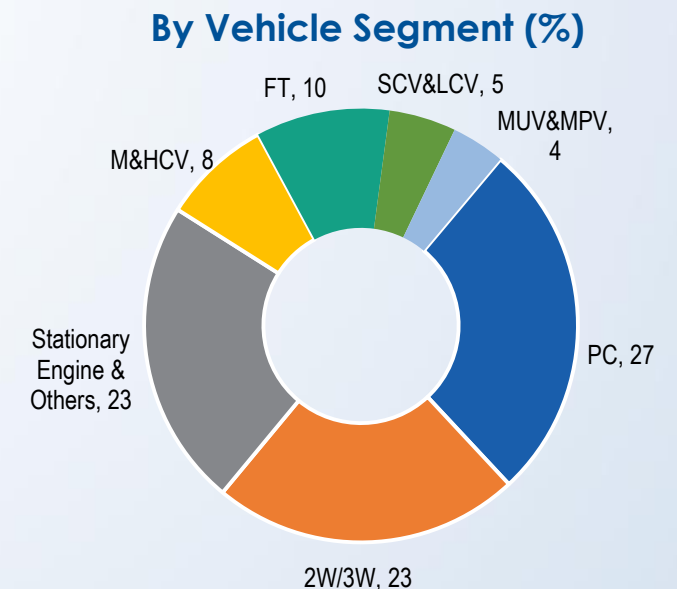
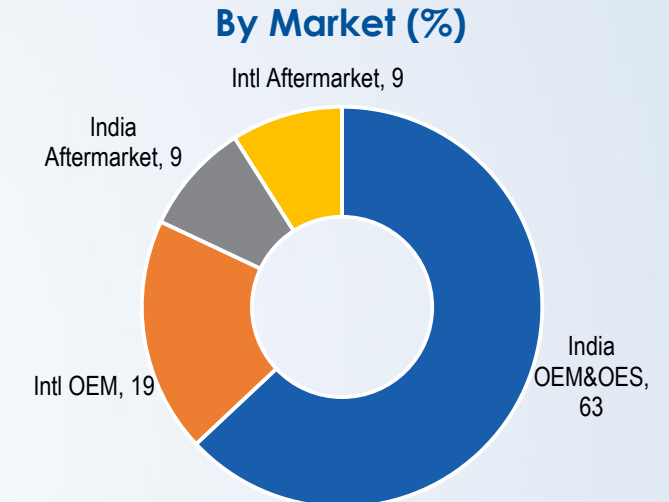
Market Environment

- › Strong growth in 2 Wheeler segment
- › Growth in Passenger Vehicle segment led by Utility Vehicles
- › Strong support from Stationary engines segment; lower offtake in Defence and Railways segment
- › GST implementation impacted Aftermarket segment

Operational Highlights

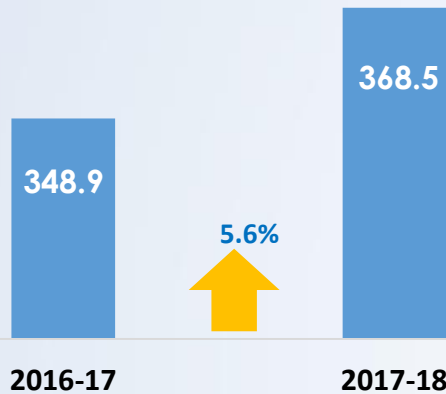
- › Initiated active engagements through pre-design reviews with major customers and also strengthened business development efforts to secure new orders
- › Efforts on operational improvements helped improve productivity, quality and capacity utilisation during the year
- › Invested Rs. 20 Cr to augment capacity, debottlenecking, etc.
- › Commissioned new Extra Large Valve line in Tumakuru facility

Business Split (FY18)

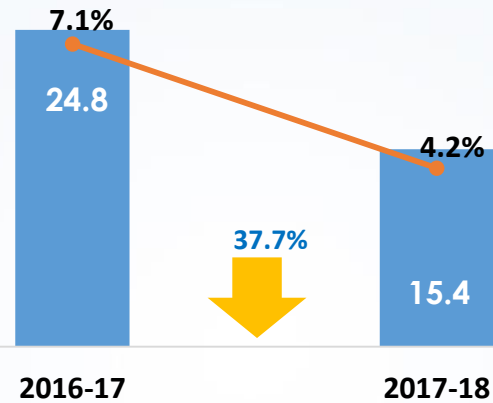


REVL – Financial Performance Review

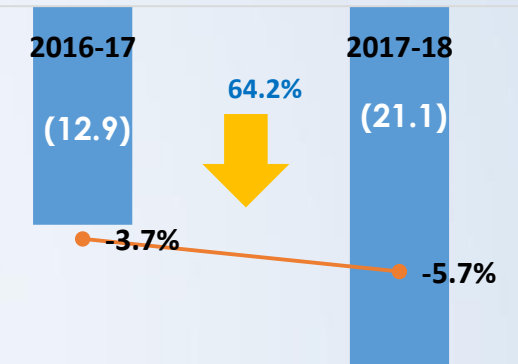
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs. cr.)



* PBT before exceptional items

› **Net Sales increased by 5.6% from Rs. 348.9 Cr in 2016-17 to Rs. 368.5 Cr in 2017-18**

- Sales to Indian OEM business grew by 9% due to increased business share with key customers in 2-Wheeler and Stationary Engines
- Sales to International Customers grew by 7% on account of ramp up in business with major European customer partially offset by lower offtake in International aftermarket business

› **EBITDA declined by 37.7% from Rs. 24.8 Cr in 2016-17 to Rs. 15.4 Cr in 2017-18**

- Higher internal rejections, expedited freight and additional spend of Rs. 4 crores on Repairs & Maintenance pulled down the margins

› **Losses (PBT) increased by 64.2% from Rs. 12.9 Cr in 2016-17 to Rs. 21.1 Cr in 2017-18**

REVL: Ratios and Return

Particulars	2017	2018
Debt:Equity	0.52	0.77
RoCE%	(1.2%)	(5.5%)
EPS (Rs.)	85.9	(25.4)
DPS (Rs.)	2.5	0.0
BV (Rs.)	238.2	209.8

Financials for FY2017 and FY2018 are based on IND AS

Rane Brake Lining Ltd.

(RBL)

RBL – Operational Performance Review

Market Environment

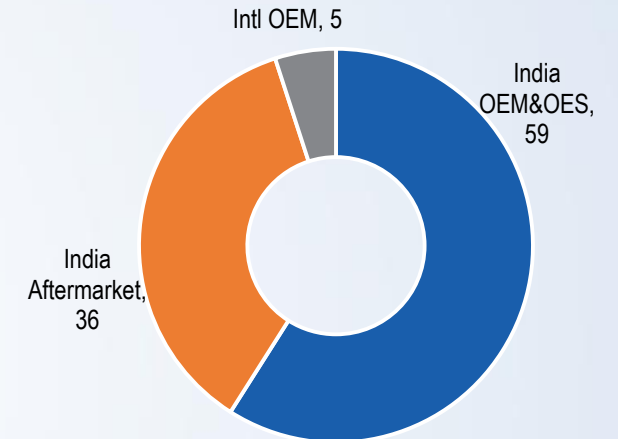
- › Strong demand from passenger vehicle and two wheeler segment
- › Aftermarket segment affected by GST implementation

Operational Highlights

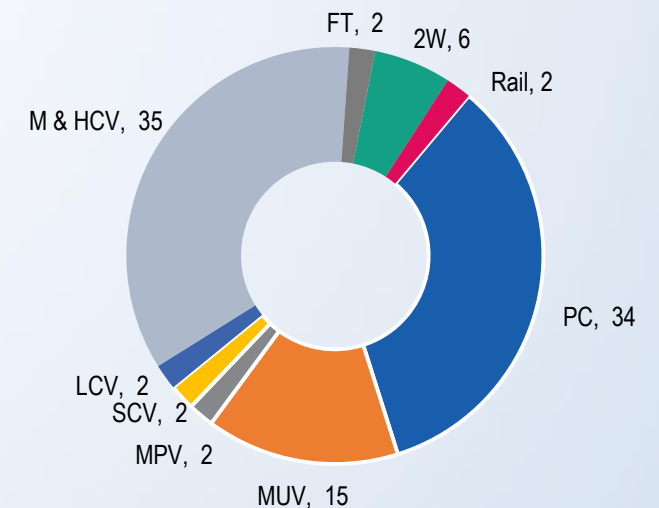
- › Enhanced Aftermarket dealer network and introduced various new products in Aftermarket
- › Enhanced formulation library with Low Steel formulations
- › Continue to realise higher cost savings through various operational and strategic initiatives
- › RBL is certified as great workplace in Small & Mid size category by Great Place to Work Institute

Business Split (FY18)

By Market (%)

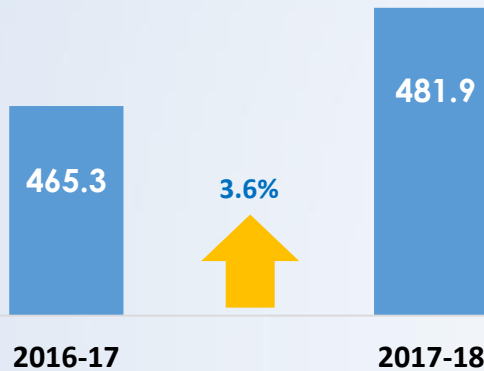


By Vehicle Segment (%)

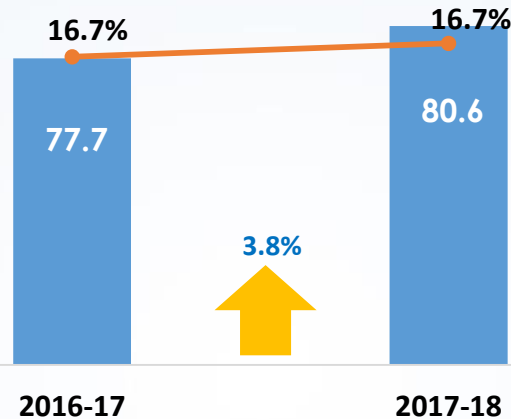


RBL – Financial Performance Review

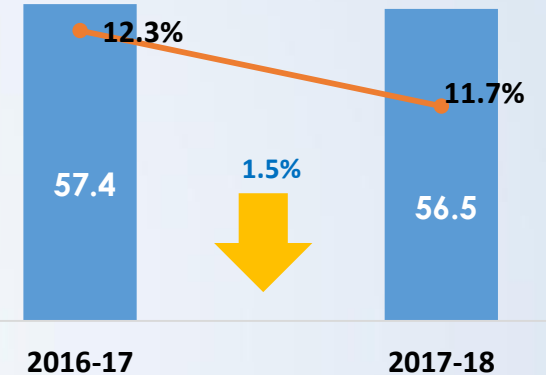
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



* PBT before exceptional items

- › **Net Sales increased by 3.6% from Rs. 465.3 Cr in 2016-17 to Rs. 481.9 Cr in 2017-18**
 - OE sales registered a growth of 6% mainly supported by strong demand from passenger vehicles and two-wheeler segment
 - Recorded flat growth in the Indian aftermarket business which was affected by the implementation of GST
- › **EBITDA increased by 3.8% from Rs. 77.7 Cr in 2016-17 to Rs. 80.6 Cr in 2017-18**
 - Able to sustain the profitability with the support of favourable commodity prices and operational performance
- › **PBT declined by 1.5% from Rs. 57.4 Cr in 2016-17 to Rs. 56.5 Cr in 2017-18**
 - Higher depreciation due to capex investments resulted in drop in profitability

RBL: Ratios and Return

Particulars	2017	2018
Debt:Equity	0.04	0.00
RoCE%	33.6%	31.3%
EPS (Rs.)	44.1	45.2
DPS (Rs.)	15.0	15.5
Dividend Payout (%)	41%	41%
BV (Rs.)	210.7	237.8

Financials for FY2017 and FY2018 are based on IND AS

Rane TRW Steering Systems

(RTSS)

Market Environment

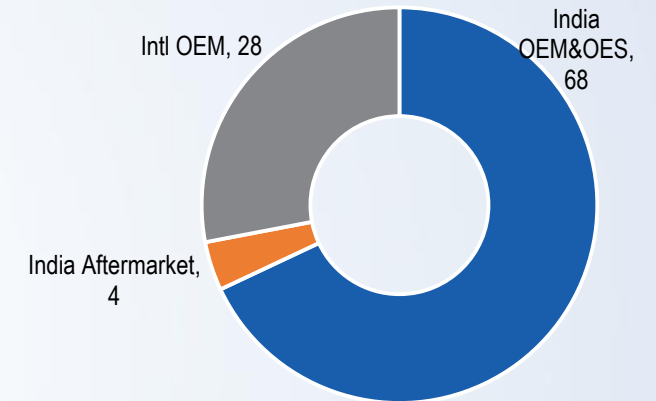
- › M&HCV segment experienced sharp decline in volumes in Q1 due to pre-buy in Q4 FY17 ahead of BS IV roll out and deferment of purchases before GST roll-out. However recovered to post muted growth in FY18
- › Strong demand for occupant safety products barring lower growth of select served model

Operational Highlights

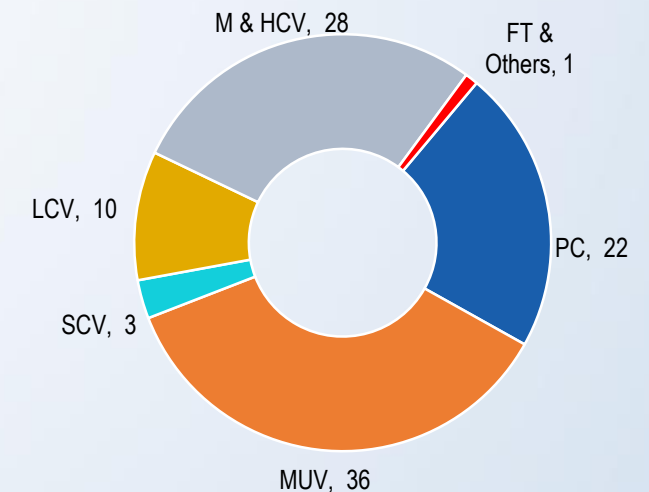
- › Ramped up production at manufacturing plants to meet the increase in demand for steering products in the CV segment
- › Capacity expansion for ramping up volumes in seat belts and airbags
- › Successfully added new technology Side Airbag into product portfolio
- › Purchased land near Trichy to construct an additional plant for future expansion of Occupant Safety business

Business Split (FY18)

By Market (%)

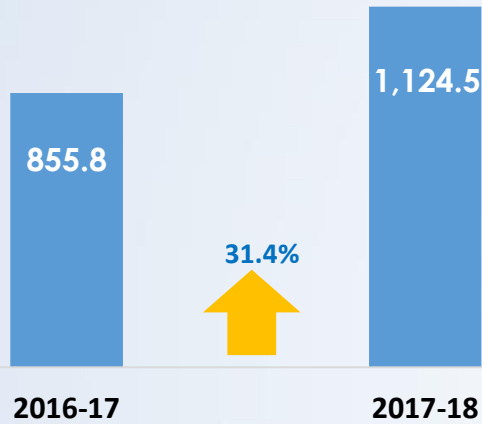


By Vehicle Segment (%)

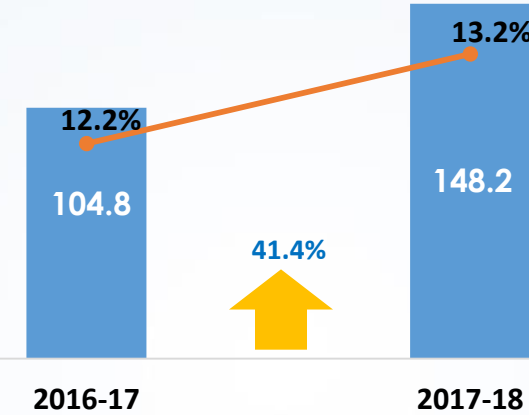


RTSS – Financial Performance Review

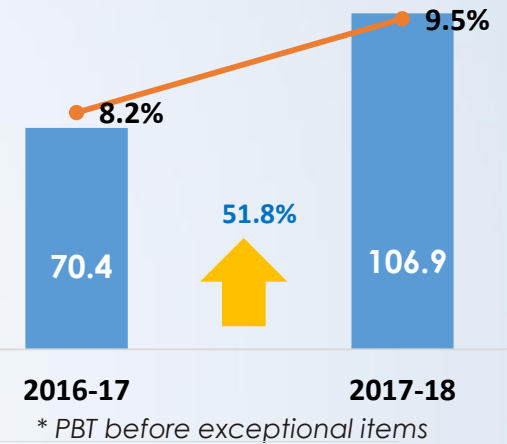
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



› **Net Sales increased by 31.4% from Rs. 855.8 Cr in 2016-17 to Rs. 1,124.5 Cr in 2017-18**

- Growth driven by new business supplies of occupant safety products
- In Steering gear division, share improvement with CV customers helped to post strong growth

› **EBITDA increased by 41.4% from Rs. 104.8 Cr in 2016-17 to Rs. 148.2 Cr in 2017-18**

- Fixed cost leverage and sustained cost savings initiatives helped to improve EBITDA margin

› **PBT increased by 51.8% from Rs. 70.4 Cr in 2016-17 to Rs. 106.9 Cr in 2017-18**

RTSS: Ratios and Return

Particulars	2017	2018
Debt: Equity	0.40	0.50
RoCE%	22.0%	26.1%
EPS (Rs.)	55.7	82.5
DPS (Rs.)	22.5	28.0
Dividend Payout (%)	50%	41%
BV (Rs.)	307.5	357.8

Financials for FY2017 and FY2018 are based on IND AS

Rane NSK Steering Systems

(RNSS)

Market Environment

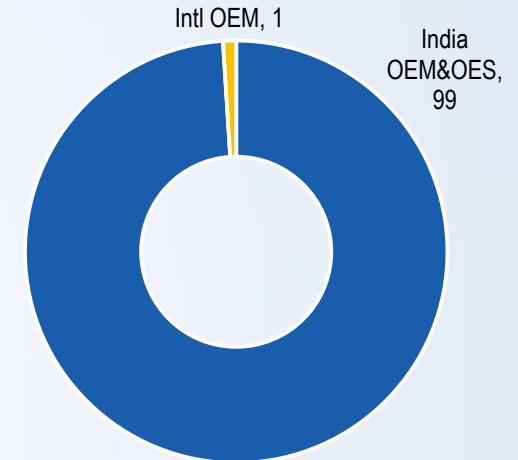
- › Passenger Vehicle segment growth driven by UV Segment
- › M&HCV segment experienced sharp decline in volumes in Q1 due to pre-buy in Q4 FY17 ahead of BS IV roll out and deferment of purchases before GST roll-out. However recovered to post muted growth in FY18

Operational Highlights

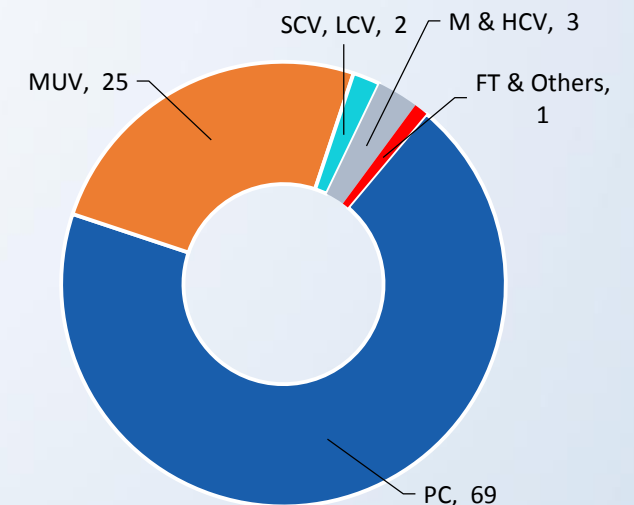
- › Select MSC customer lines transferred from Chennai plant to Uttarkhand plant based on proximity to customer location
- › Increased localisation of testing and validation facility for EPS
- › Continued to achieve cost savings through localization in EPS products
- › Enhanced the operational efficiency through Cycle time reduction and OEE improvement

Business Split (FY18)

By Market (%)

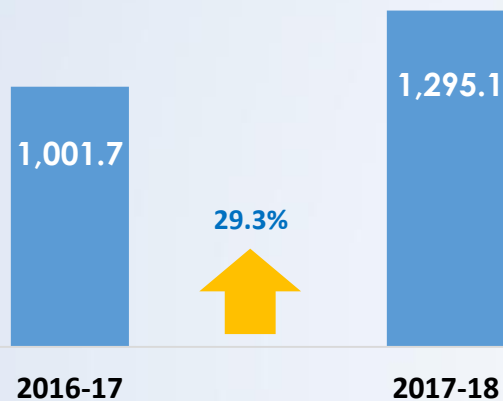


By Vehicle Segment (%)

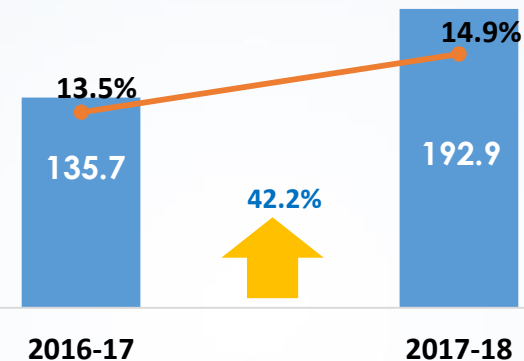


RNSS – Financial Performance Review

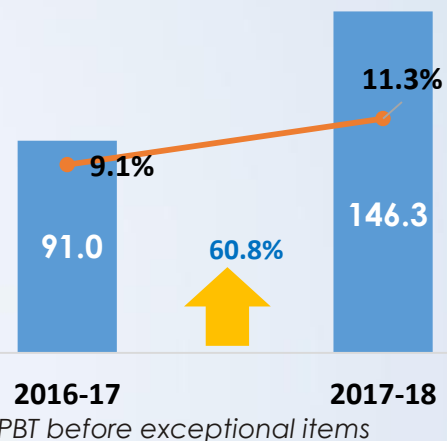
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



› **Net Sales increased by 29.3% from Rs. 1,001.7 Cr in 2016-17 to Rs. 1,295.1 Cr in 2017-18**

— Sales growth driven by higher offtake from served models in passenger car and MUV segments

› **EBITDA increased by 42.2% from Rs. 135.7 Cr in 2016-17 to Rs. 192.9 Cr in 2017-18**

— Higher cost down and fixed cost leverage helped in the improved margin performance; Also includes one off income related to price settlement

› **PBT increased by 60.8% from Rs. 91.0 Cr in 2016-17 to Rs. 146.3 Cr in 2017-18**

RNSS: Ratios and Return

Particulars	2017	2018
Debt:Equity	0.82	0.30
RoCE%	32.5%	41.4%
EPS (Rs.)	34.2	66.7
DPS (Rs.)	9.0	20.0
Dividend Payout (%)	32%	46%
BV (Rs.)	106.2	162.0

Financials for FY2017 and FY2018 are based on IND AS



Thank You



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Glossary of Abbreviations

Abbreviation	Expansion
AF	Asbestos-Free
BV	Book Value
BS	Bharat Stage
CAGR	Compound Annual Growth Rate
CV	Commercial Vehicles
DP	Disc Pads
DPS	Dividend Per Share
EPS	Earnings Per Share/Electric Power Steering
FT	Farm Tractors
FY	Financial Year
GST	Goods and Services Tax
HCV	Heavy Commercial Vehicles
HPS	Hydraulic Power Steering
INR	Indian Rupee
JV	Joint Venture
LCV	Light Commercial Vehicles
MCV	Medium Commercial Vehicles
MI	Minority Interest
MPV	Multi Purpose Vehicles
MSC	Manual Steering Column

Abbreviation	Expansion
MUV	Multi Utility Vehicles
M&HCV	Medium & Heavy Commercial Vehicles
EBITDA	Earnings Before Interest, Tax and Depreciation & Amortisation
OE	Original Equipment
OEE	Overall Equipment Efficiency
OEM	Original Equipment Manufacturer
OES	Original Equipment Supplier
PAT	Profit After Tax
PBT	Profit Before Tax
PC	Passenger Car
P&L	Profit & Loss
R&D	Research & Development
RCB	Recirculating ball
ROCE	Return on Capital Employed
SCV	Small Commercial Vehicles
SIAM	Society of Indian Automobile Manufacturers
TMD	TMD Friction GmbH
UV	Utility Vehicles
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.