



Rane Engine Valve Ltd.

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

Tel : 044 - 2811 2472
Fax : 044 - 2811 2449
URL : www.ranegroup.com

//Online Submission//

REVL / SE / 08 / 2019-20

May 27, 2019

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 – Audited Financial Results for the Year ended March 31, 2019

Ref: Our letter no. REVL/SE/04/2019-20 dated May 20, 2019

This is with reference to our aforementioned letter intimating Earnings Conference Call scheduled on **Monday, May 27, 2019 at 16:00 hrs (IST)** to discuss audited financial results for the year ended March 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 Engine Valve Limited**

Kalidoss
Secretary



Encl: a/a



Expanding Horizons

Rane Group

Earnings Presentation | FY19



May 2019

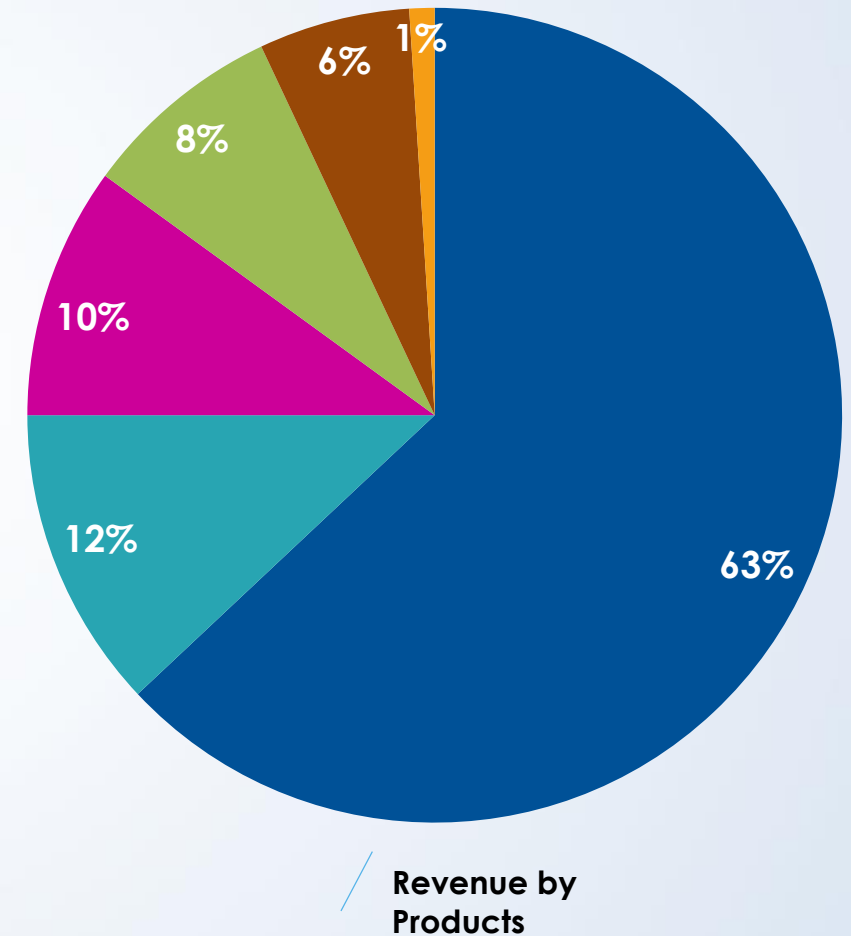
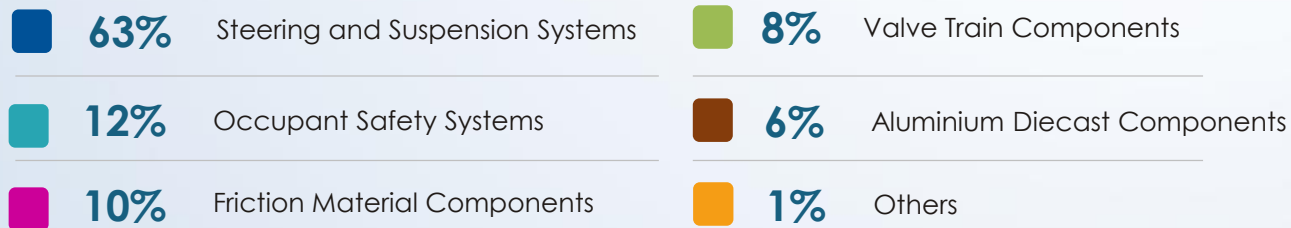
www.ranegroup.com



› Overview

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

- › Founded in 1929 for trading in automobile and automotive parts; Headquartered in Chennai, India.
- › Commenced manufacturing operations in 1959.
- › Group Sales of **INR 5,236 Cr** (~USD 750 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 Sales in 2018-19:

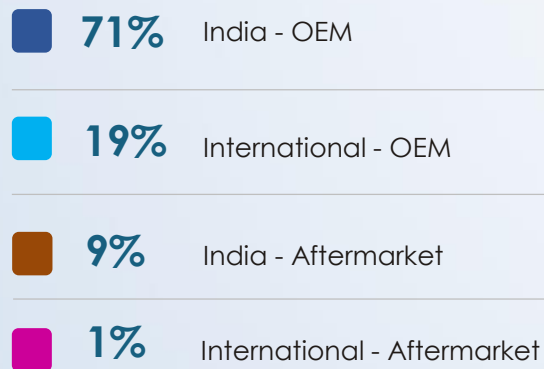
INR 5,236 Cr

(~USD 750 mn)

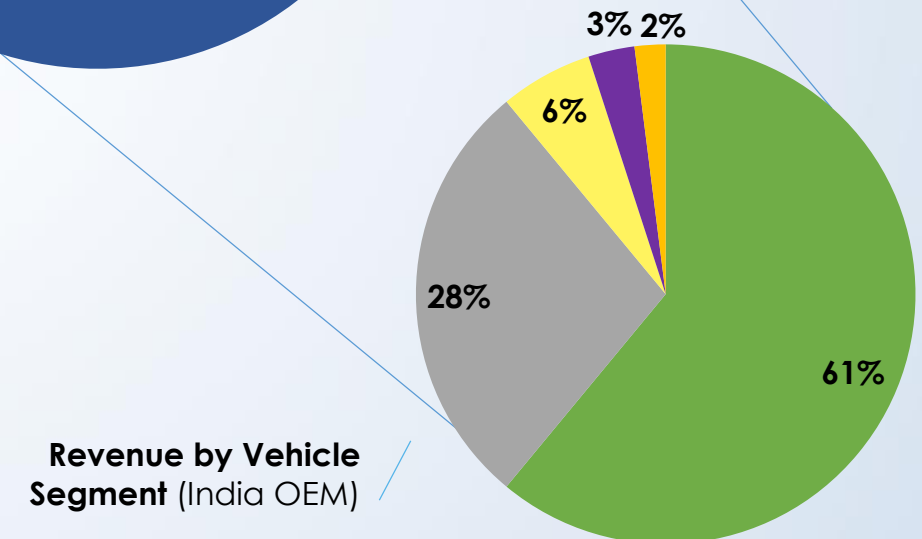
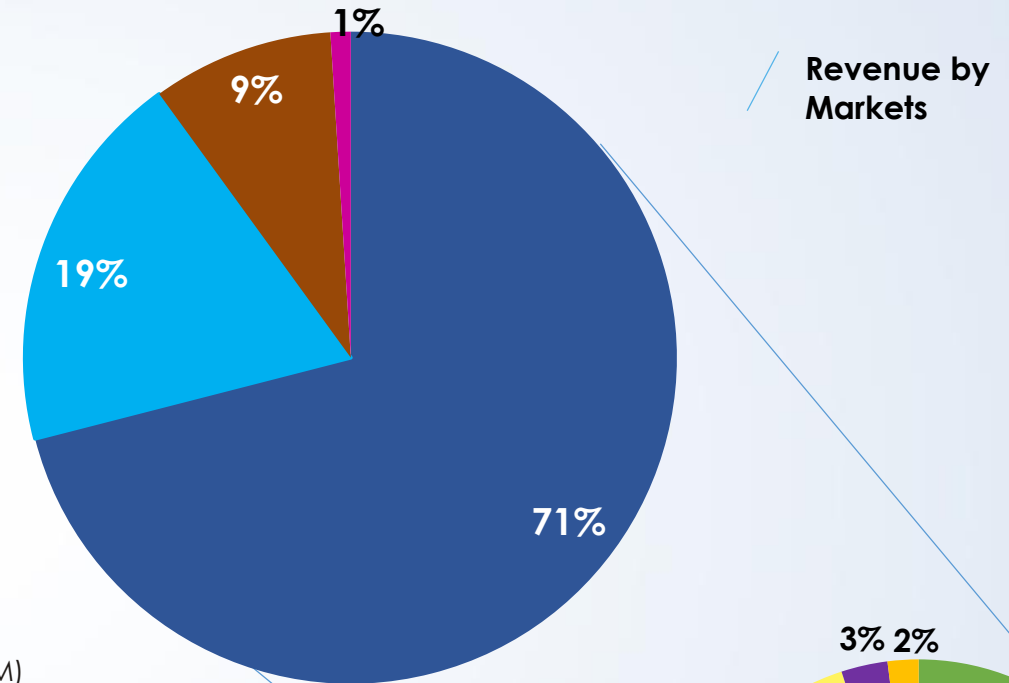
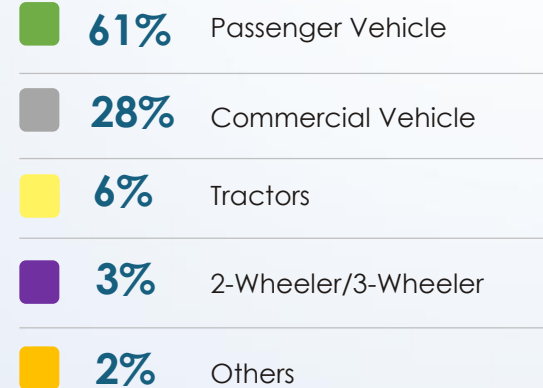
with **20%** from International markets

12% growth over last year; **16%** CAGR over last **10 years**

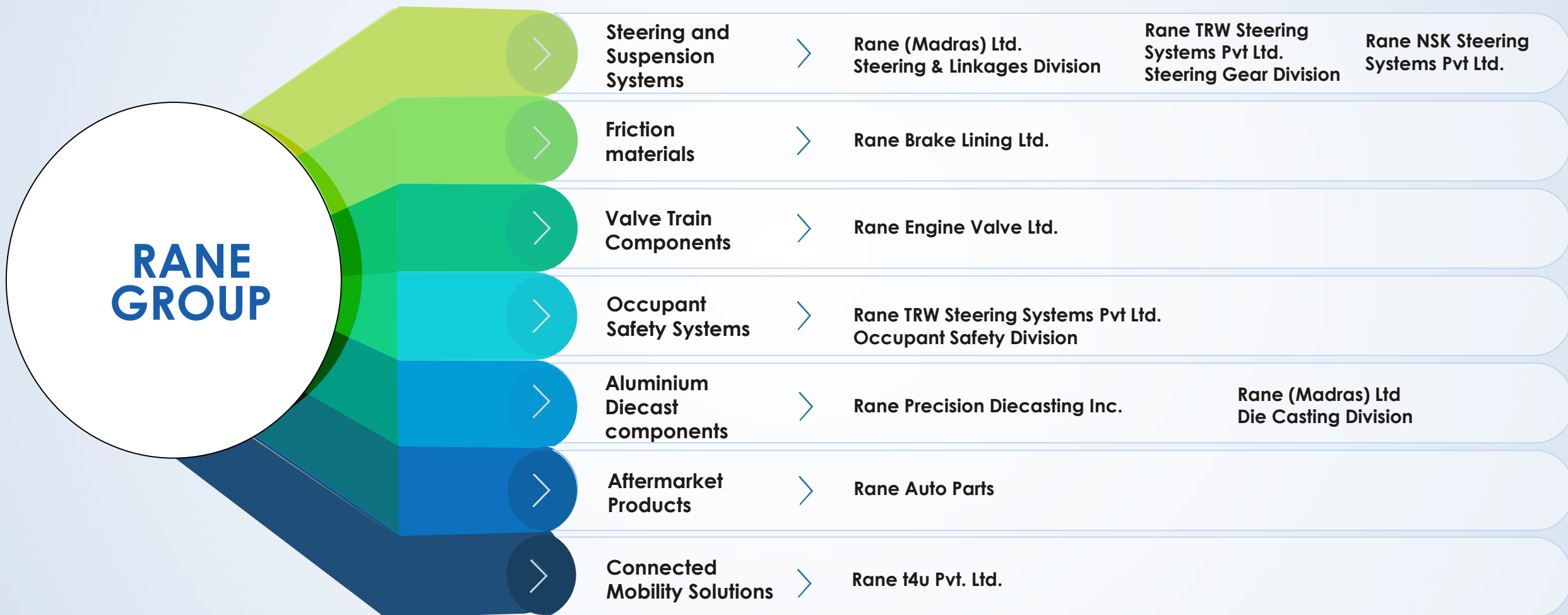
Revenue by Markets



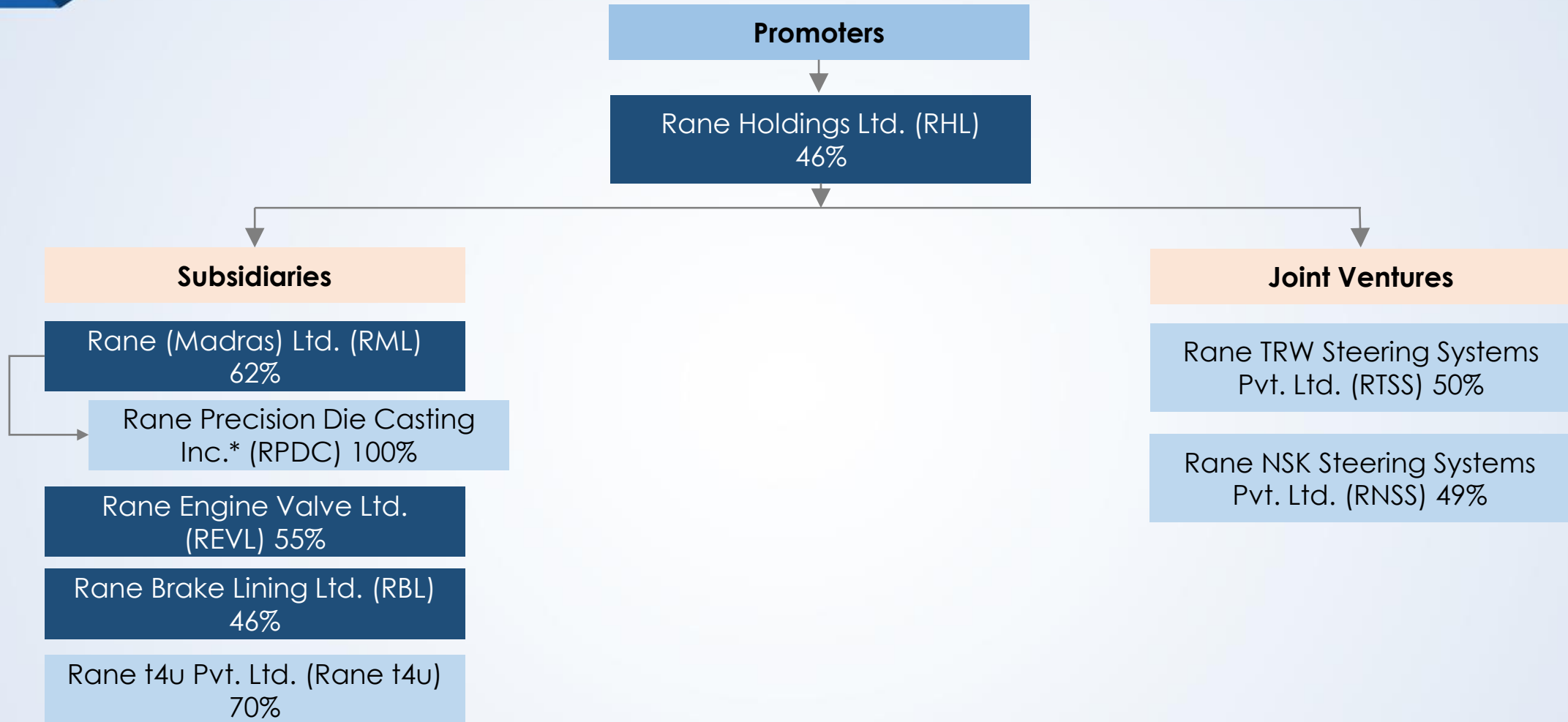
Revenue by Vehicle Segment (India OEM)



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 31 March 2019

› Overview

› **Industry Performance Review – FY19**

› Rane Group Performance Review – FY19

› Group Companies Performance Highlights – FY19

Industry Performance Review (FY19)

Vehicle Segment	Production YoY Growth# in %	Rane Group Sales Growth YoY in % (India OEM)	Rane Group Revenue Split * (India OEM)
Passenger Cars (PC)	-1%	4%	41%
Utility Vehicles (MUV)	1%	7%	19%
Vans (MPV)	21%	25%	1%
- Total Passenger Vehicle	0.1%	5%	61%
Small Commercial Vehicles (SCV)	40%	50%	3%
Light Commercial Vehicles (LCV)	12%	13%	8%
Medium & Heavy Commercial Vehicles (M&HCV)	28%	25%	17%
- Total Commercial Vehicle	24%	24%	28%
2-Wheeler	6%	14%	3%
Farm Tractors (FT)	11%	15%	6%

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

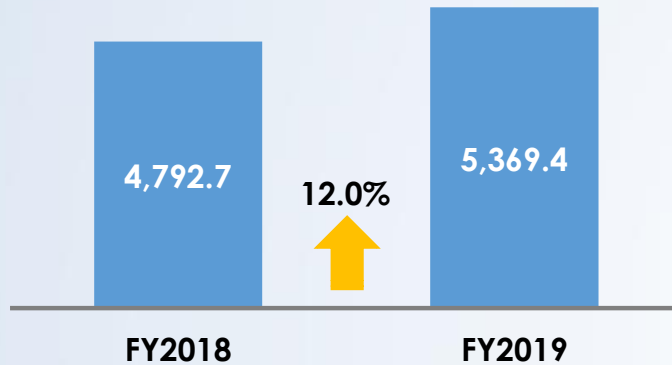
Source: SIAM

- › Registered superior growth in passenger vehicle segment driven by better growth in served models
- › Strong growth in commercial vehicle segment. Lower growth in served models for Valve train and Friction material products in M&HCV segment resulted in slightly lower than industry growth
- › 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 and Disc pad products

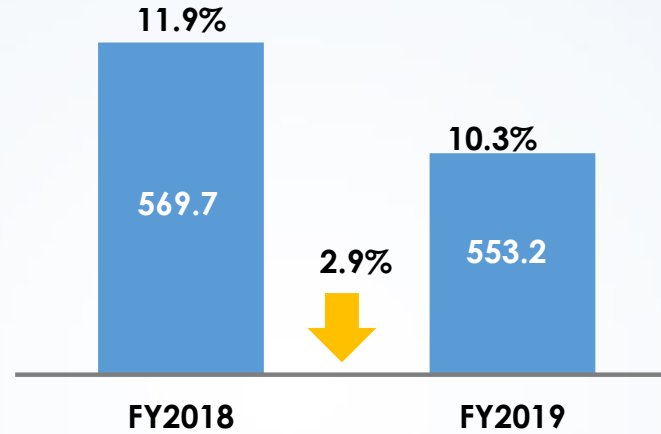
- › Overview
- › Industry Performance Review – FY19
- › **Rane Group Performance Review – FY19**
- › Group Companies Performance Highlights – FY19

Group Aggregate Performance Review (FY19)

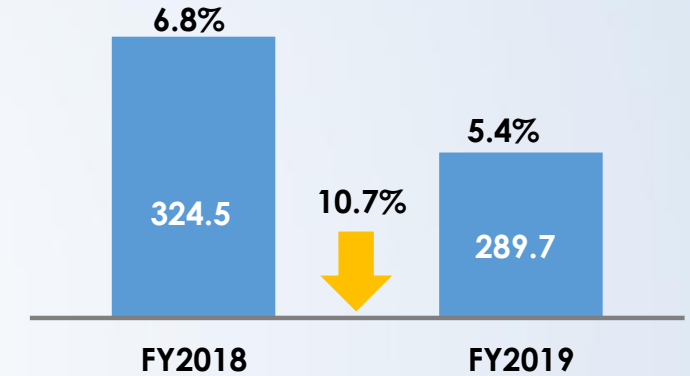
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



* PBT before exceptional items

› **Total Net Revenue increased by 12.0% from Rs. 4,792.7 Cr in 2017-18 to Rs. 5,369.4 Cr in 2018-19**

- Revenue from Indian OE customers grew by 11% supported by increased offtake across major vehicle segments
- Revenues from International customers grew 18% driven by higher offtake for steering products and commencement of new businesses for Occupant safety products
- Revenue from Indian aftermarket segment grew by 12% (comparable basis) supported by new product launches and expansion of dealer network

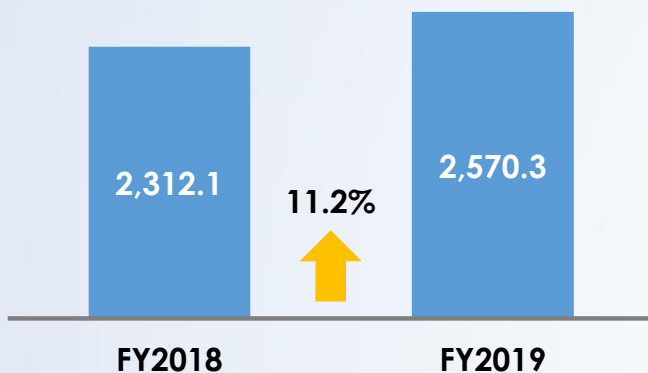
› **EBITDA declined by 2.9% from Rs. 569.7 Cr in 2017-18 to Rs. 553.2 Cr in 2018-19**

- Adverse material cost movement, additional provision for receivables as per Rane accounting policy (since collected partly) and provision for estimated expenses towards product warranty claim resulted in drop in EBITDA margin

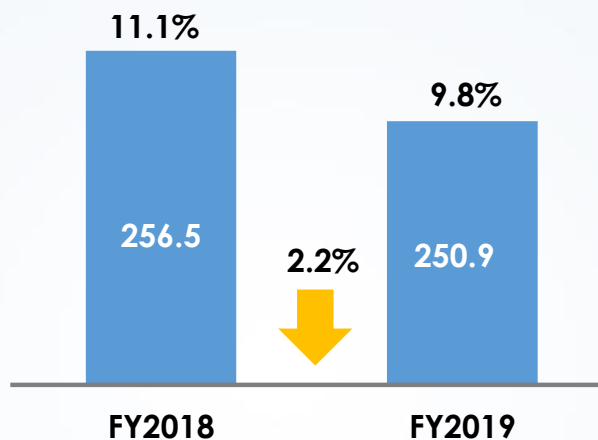
› **PBT decreased by 10.7% from Rs. 324.5 Cr in 2017-18 to Rs. 289.7 Cr in 2018-19**

RHL Consolidated Performance Review (FY19)

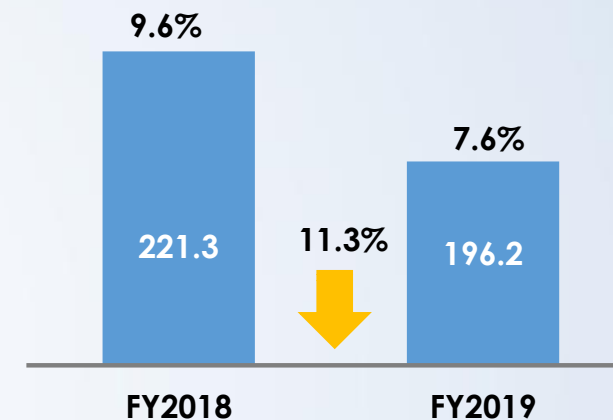
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



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

- › Total Net Revenue increased by 11.2% from Rs. 2,312.1 Cr in 2017-18 to Rs. 2,570.3 Cr in 2018-19
- › EBITDA dropped by 2.2% from Rs. 256.5 Cr in 2017-18 to Rs. 250.9 Cr in 2018-19
- › PBT decreased by 11.3% from Rs. 221.3 Cr in 2017-18 to Rs. 196.2 Cr in 2018-19

RHL: (Consolidated) Ratios and Return

Particulars	2018	2019
Debt: Equity (in times)	0.62	0.67
EPS (basic) (Rs.)	91.26	72.65
DPS (Rs.)	14.5	19.0
Dividend Payout *(%)	51%	49%
BV (Rs.)	563.09	606.24

* Dividend payout (%) calculated on profits excluding one off income, if any.

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

Rane (Madras) Ltd.

(RML)

RML – Standalone Operational Performance Review

Market Environment

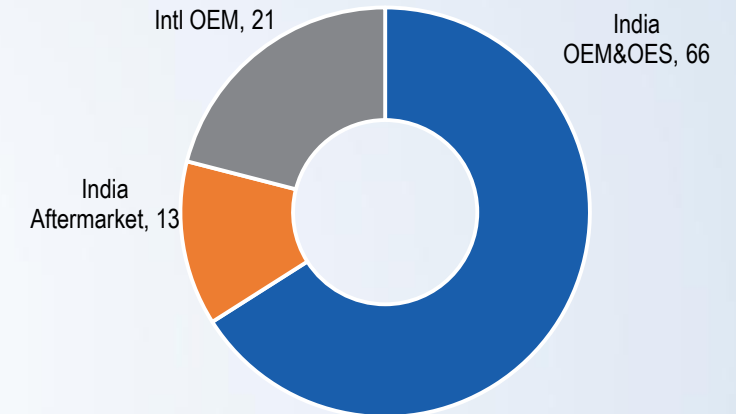
- › Favourable growth for steering products in Indian market
- › Lower offtake on served models for die casting products from the North American market

Operational Highlights

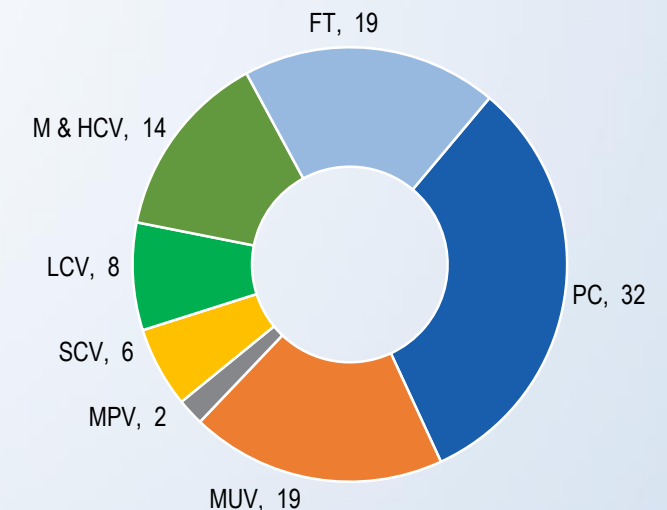
- › The plants and the supply chain responded well to the fluctuating demand for steering products
- › Strong traction for hydraulic business, which grew 50%
- › The R&D facilities were upgraded both at Chennai and at Puducherry to meet the increased product performance requirements
- › Significant focus on operational improvements in Die Casting business

Business Split (FY19)

By Market (%)

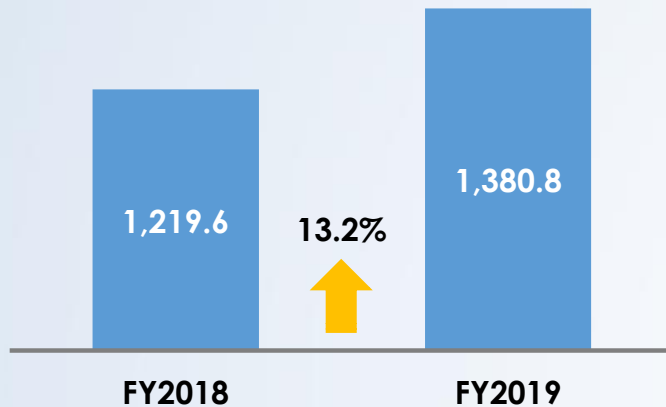


By Vehicle Segment (%)

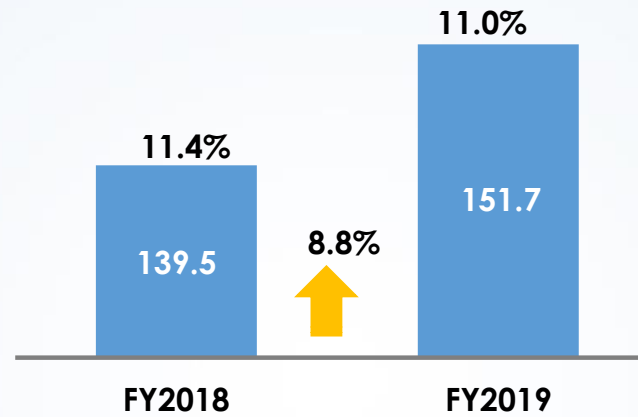


RML Standalone – Financial Performance Review (FY19)

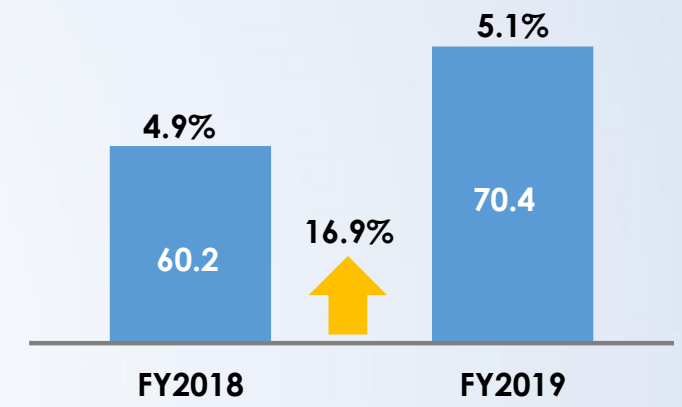
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



* PBT before exceptional items

› **Total Net Revenue increased by 13.2% from Rs. 1,219.6 Cr in 2017-18 to Rs. 1,380.8 Cr in 2018-19**

- 14% growth in sales to India OE customers and 13% growth in International business
- 9% growth in sales to Indian Aftermarket segment owing to the successful introduction of new parts for passenger vehicles
- Steering business grew with the support of increased share of business and supplies to new models

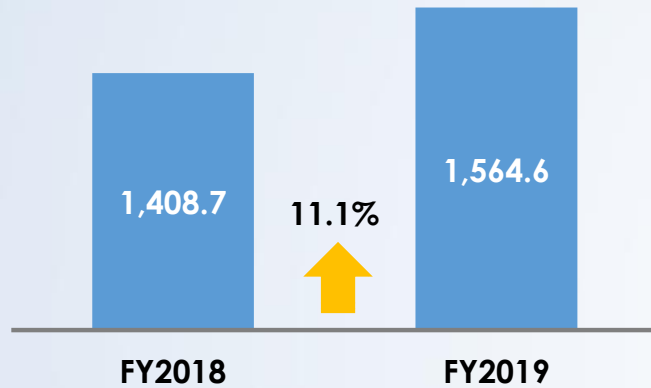
› **EBITDA increased by 8.8% from Rs. 139.5 Cr in 2017-18 to Rs. 151.7 Cr in 2018-19**

- Despite operational improvements, EBITDA margin dropped on account of unfavourable mix, inflationary pressure on raw material and employee cost

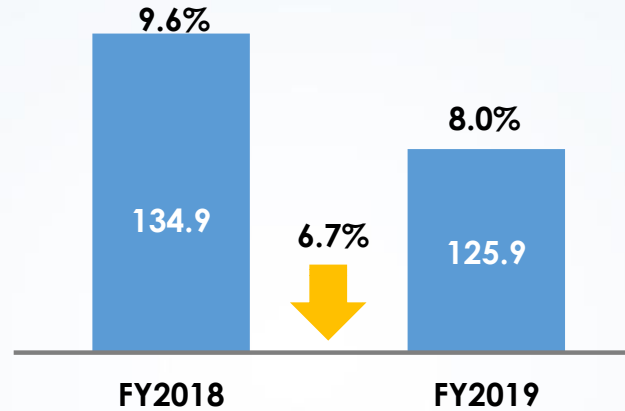
› **PBT increased by 16.9% from Rs. 60.2 Cr in 2017-18 to Rs. 70.4 Cr in 2018-19**

RML Consolidated – Financial Performance Review (FY19)

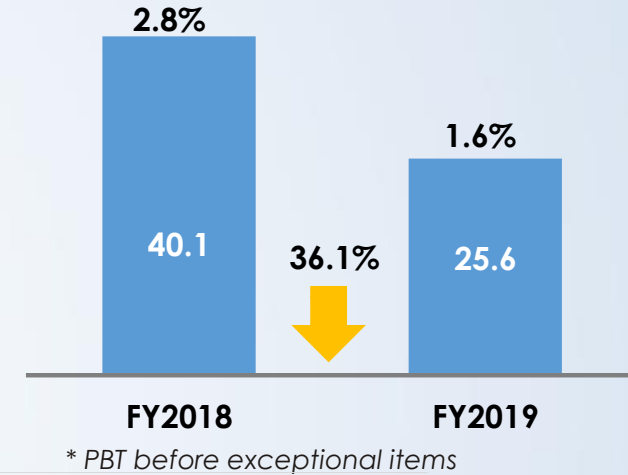
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



› **Total Net Revenue increased by 11.1% from Rs. 1,408.7 Cr in 2017-18 to Rs. 1,564.6 Cr in 2018-19**

— In RPDC, lower offtake in served models and delay in acquiring new businesses resulted in drop in sales

› **EBITDA dropped by 6.7% from Rs. 134.9 Cr in 2017-18 to Rs. 125.9 Cr in 2018-19**

— RPDC improved delivery performance with customers.

— However we had operational issues in terms of higher cost on utilities, unexpected machine downtime resulting in increased cost of repairs and tooling maintenance. The management team is focusing on addressing these operational challenges.

› **PBT decreased by 36.1% from Rs. 40.1 Cr in 2017-18 to Rs. 25.6 Cr in 2018-19**

RML: Ratios and Return

RML Standalone	2018	2019
Debt: Equity (in times)	1.02	1.03
RoCE%	17.8%	16.8%
EPS (basic) (Rs.)	37.61	40.38
DPS (Rs.)	12.0	8.5
Dividend Payout (%)	40%	26%
BV (Rs.)	229.53	259.97

RML Consolidated	2018	2019
Debt: Equity (in times)	1.55	1.81
RoCE%	13.3%	9.6%
EPS (basic) (Rs.)	21.78	2.07
BV (Rs.)	197.93	192.27

Rane Engine Valve Ltd.

(REVL)

REVL – Operational Performance Review

Market Environment

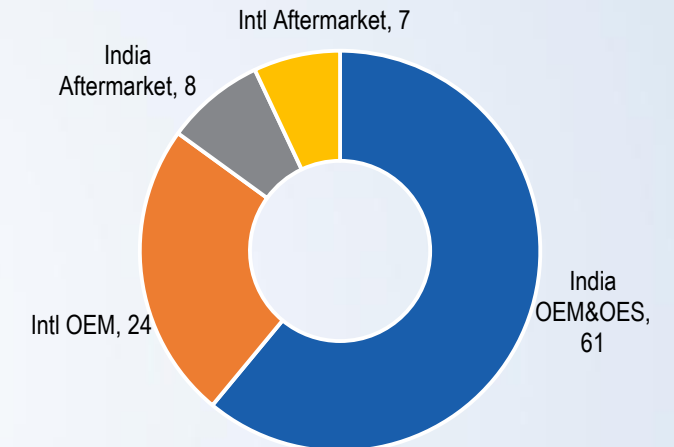
- › Modest demand from Indian OE segment
- › Stagnant Indian Aftermarket segment for engine reconditioning
- › Favourable demand environment on non automotive segment
- › Higher offtake from International OE customers

Operational Highlights

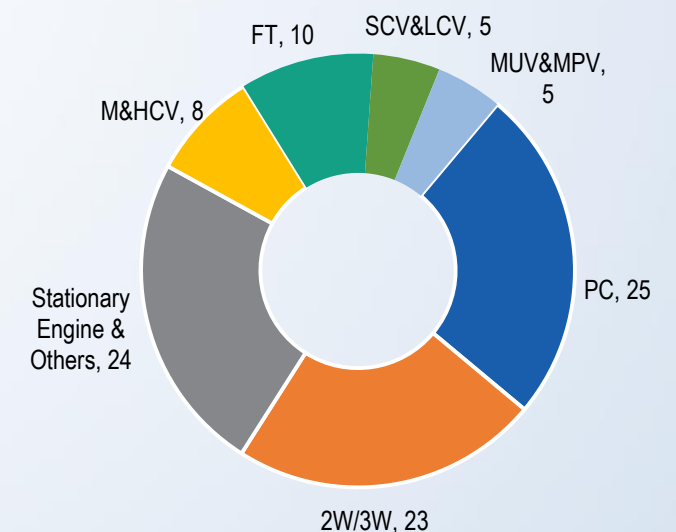
- › Proactive R&D engagement with customers and alignment of technology road map
- › Continued to improve productivity and quality during the year. Capacity utilization improved by 600 bps during the year.

Business Split (FY19)

By Market (%)

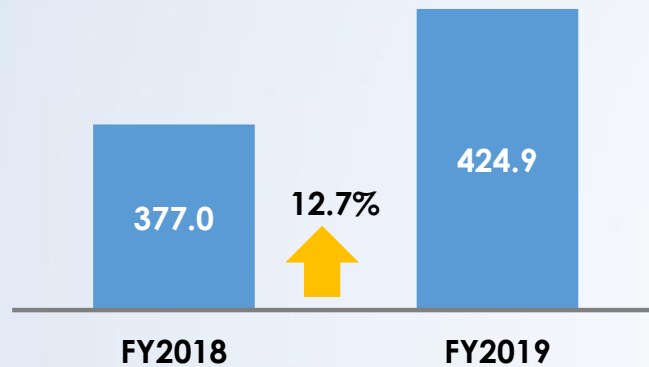


By Vehicle Segment (%)

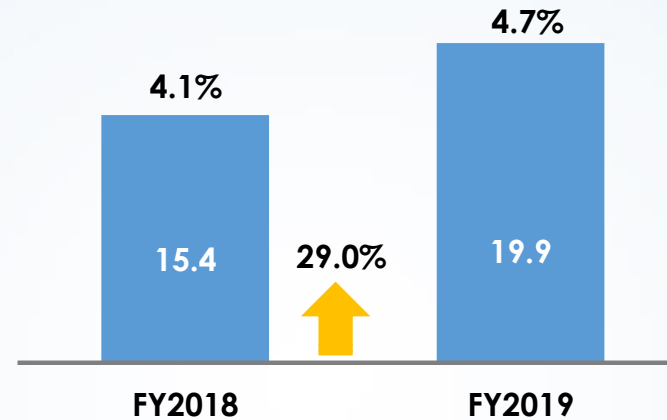


REVL – Financial Performance Review (FY19)

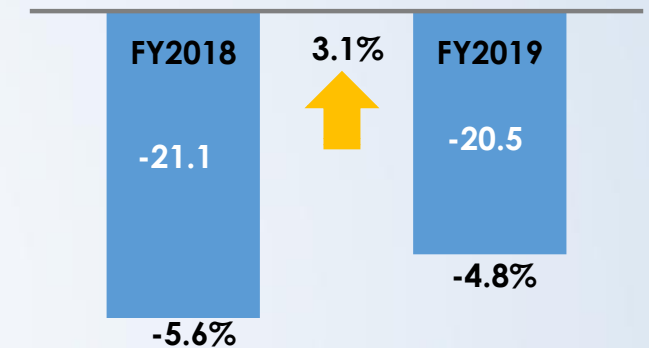
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs. cr.)



* PBT before exceptional items

› **Total Net Revenue increased by 12.7% from Rs. 377.0 Cr in 2017-18 to Rs. 424.9 Cr in 2018-19**

- Sales to Indian OE customers grew 7% supported by improved deliveries to passenger car and two-wheeler segments
- Sales to Indian aftermarket segment grew 12% despite the engine reconditioning market remaining stagnant
- Sales to International customers grew by 24% supported by ramp up in supplies to key OE customer

› **EBITDA increased by 29.0% from Rs. 15.4 Cr in 2017-18 to Rs. 19.9 Cr in 2018-19**

- Better operational performance and productivity benefits helped to mitigate increase in raw material costs and employee cost
- Higher provision for receivables as per Rane accounting policy (since collected partly) resulted in increase in other expenses.

› **Losses (PBT) narrowed by 3.1% from Rs. 21.1 Cr in 2017-18 to Rs. 20.5 Cr in 2018-19**

REVL: Ratios and Return

Particulars	2018	2019
Debt: Equity (in times)	0.77	1.04
RoCE%	-5.5%	-4.2%
EPS (basic) (Rs.)	(25.40)	(20.20)
BV (Rs.)	209.81	189.45

Rane Brake Lining Ltd.

(RBL)

Market Environment

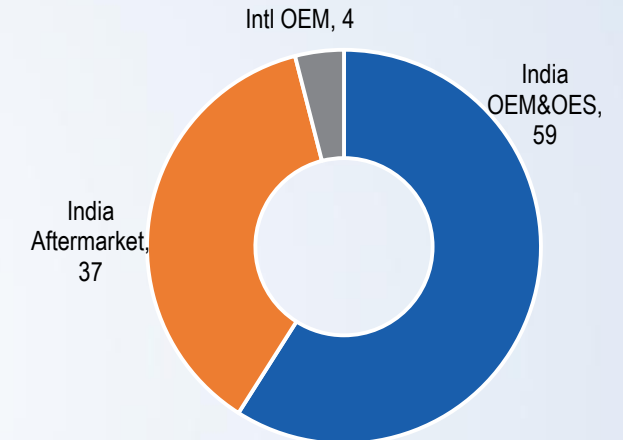
- › Strong demand for 2W Disc pads in Indian market
- › Moderate demand from Aftermarket segment

Operational Highlights

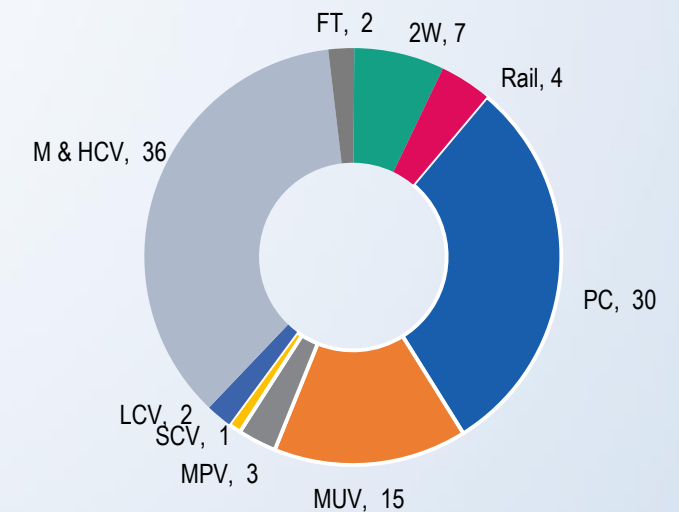
- › Enhanced Aftermarket dealer network and introduced various new products in Aftermarket
- › Created capacity for Two wheeler segment at Puduchery plant with focus on quality enhancement and automation
- › Upgraded dynamometers and enhanced validation capabilities
- › 2 MW solar power was added to cater the requirements of Plants in Tamil Nadu

Business Split (FY19)

By Market (%)

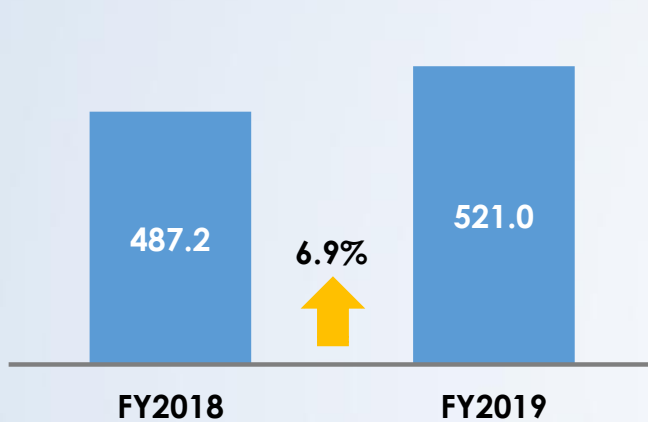


By Vehicle Segment (%)

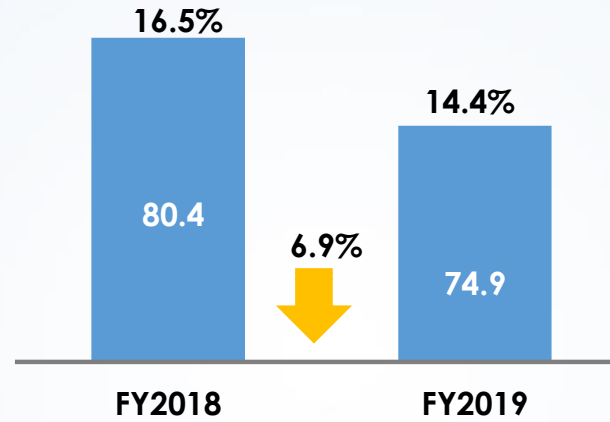


RBL – Financial Performance Review (FY19)

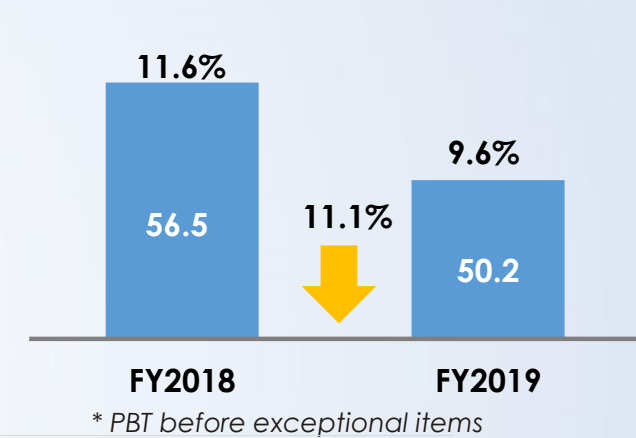
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



› **Total Net Revenue increased by 6.9% from Rs. 487.2 Cr in 2017-18 to Rs. 521.0 Cr in 2018-19**

- Sales to Indian OE customers grew by 7% supported by offtake in utility vehicles, two wheelers and M&HCV segments
- Recorded 8% growth in the Indian aftermarket business. This was supported by new product launches and improved market reach

› **EBITDA dropped by 6.9% from Rs. 80.4 Cr in 2017-18 to Rs. 74.9 Cr in 2018-19**

- Adverse forex movement, increase in raw material prices and employee cost resulted in the EBITDA margin drop

› **PBT decreased by 11.1% from Rs. 56.5 Cr in 2017-18 to Rs. 50.2 Cr in 2018-19**

RBL: Ratios and Return

Particulars	2018	2019
Debt: Equity (in times)	0.00	0.00
RoCE%	31.2%	25.4%
EPS (basic) (Rs.)	45.16	46.16
DPS (Rs.)	15.5	15.5
Dividend Payout (%)	41%	40%
BV (Rs.)	237.80	265.03

Rane TRW Steering Systems

(RTSS)

RTSS – Operational Performance Review

Market Environment

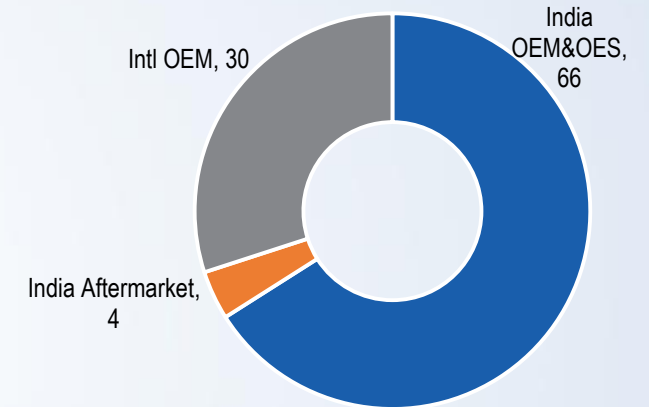
- › Strong demand for steering products from commercial vehicle segment
- › Strong offtake for occupant safety products from the international customers
- › Weakness in Indian Passenger vehicle market resulting in drop in volumes for occupant safety products

Operational Highlights

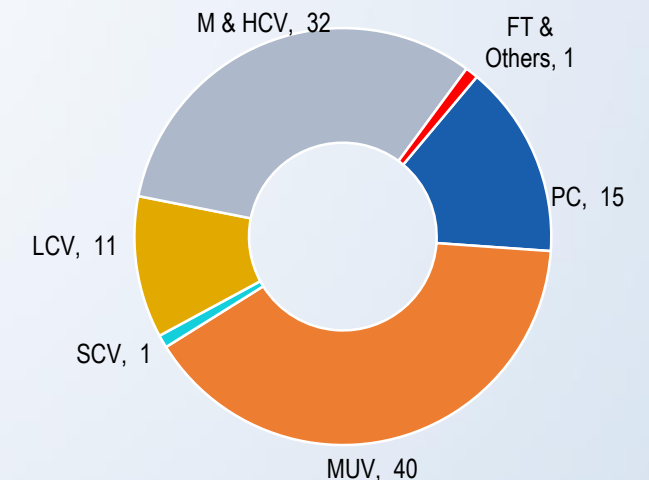
- › Capacity enhancement of Fully Integral Gear has been completed
- › Inaugurated new facility for Occupant Safety Division at Trichy and commenced commercial production
- › Successfully launched various platforms of seat belt & airbag and added new technology, viz., side airbag into the product portfolio

Business Split (FY19)

By Market (%)

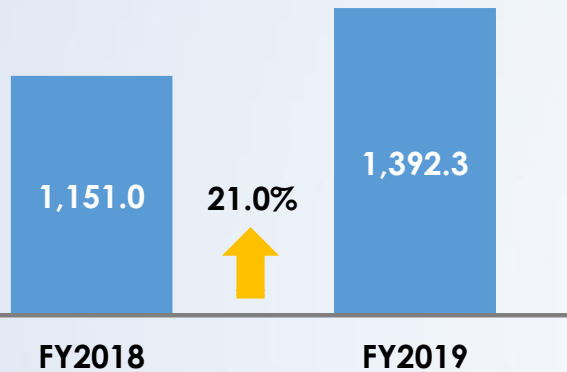


By Vehicle Segment (%)

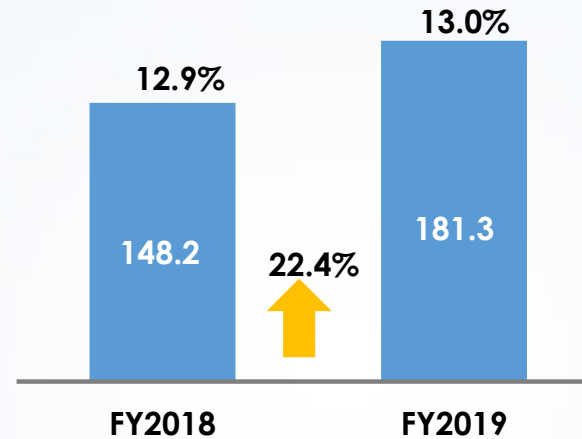


RTSS – Financial Performance Review (FY19)

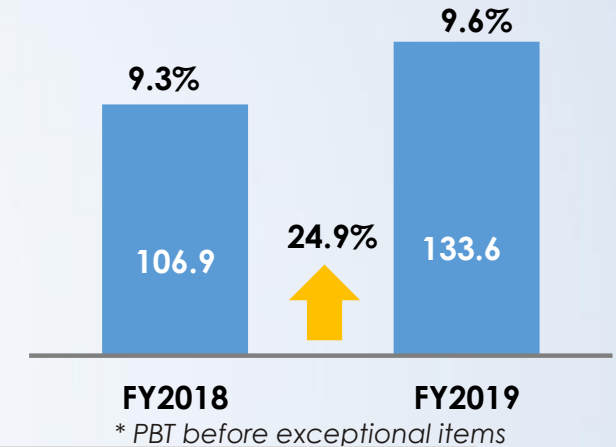
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



› **Total Net Revenue increased by 21.0% from Rs. 1,151.0 Cr in 2017-18 to Rs. 1,392.3 Cr in 2018-19**

- Higher offtake of steering gear products on the back of strong demand from Indian CV customers
- Growth of occupant safety products driven by higher volumes on served models with export customer

› **EBITDA increased by 22.4% from Rs. 148.2 Cr in 2017-18 to Rs. 181.3 Cr in 2018-19**

- Sustained cost savings initiatives helped to maintain EBITDA margin despite inflationary environment

› **PBT increased by 24.9% from Rs. 106.9 Cr in 2017-18 to Rs. 133.6 Cr in 2018-19**

RTSS: Ratios and Return

Particulars	2018	2019
Debt: Equity (in times)	0.50	0.58
RoCE%	26.1%	26.7%
EPS (basic) (Rs.)	82.47	101.37
DPS (Rs.)	28.0	34.0
Dividend Payout (%)	41%	40%
BV (Rs.)	357.75	419.84

Rane NSK Steering Systems

(RNSS)

RNSS – Operational Performance Review

Market Environment

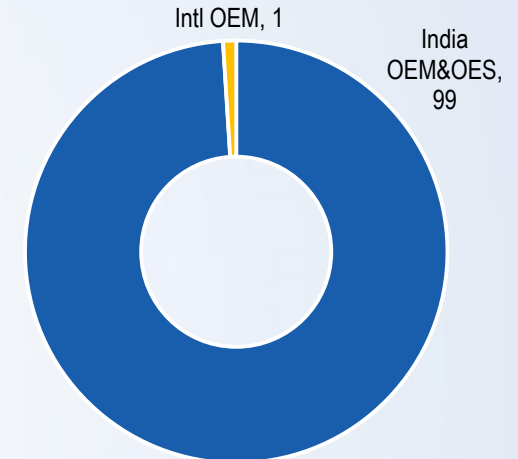
- › EPS: Better off-take from served models despite slowdown in demand
- › MSC: Higher volumes on served programs

Operational Highlights

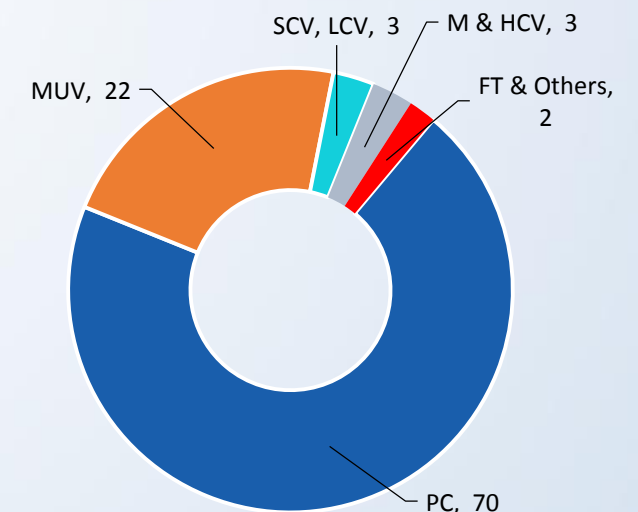
- › Inaugurated new facility for Electric Power Steering (EPS) at Ahmedabad, Gujarat to serve customers in this region
- › Won the highly prestigious quality award 'Deming Prize 2018' presented by the Japanese Union of Scientists and Engineers (JUSE)

Business Split (FY19)

By Market (%)

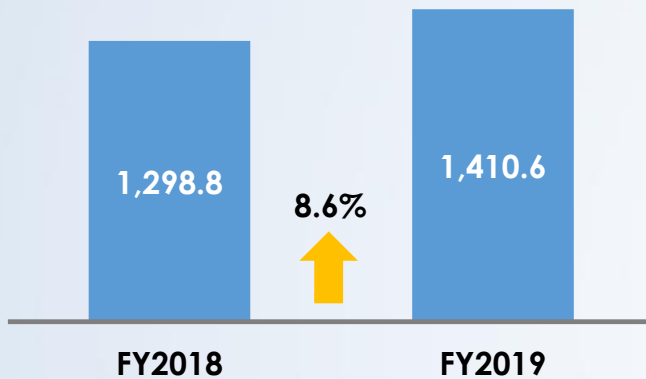


By Vehicle Segment (%)

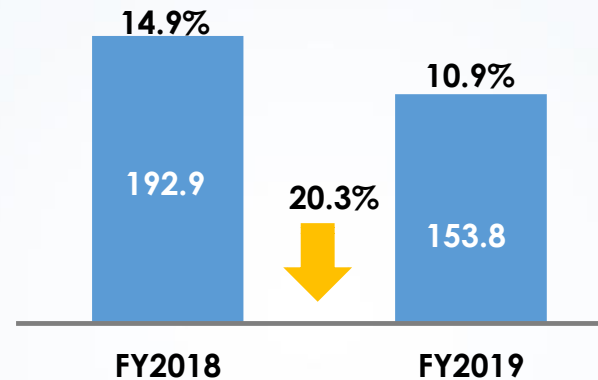


RNSS – Financial Performance Review (FY19)

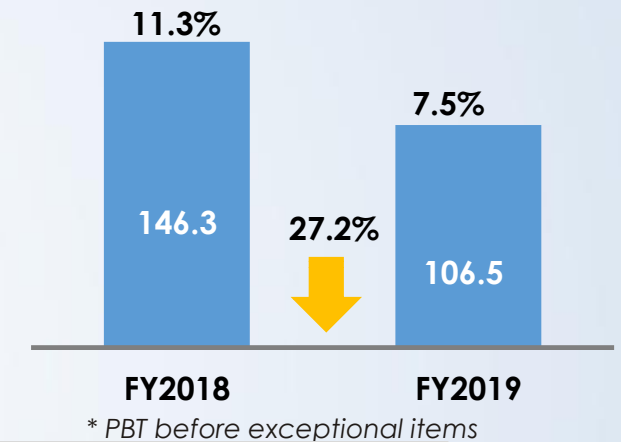
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



- › **Total Net Revenue increased by 8.6% from Rs. 1,298.8 Cr in 2017-18 to Rs. 1,410.6 Cr in 2018-19**
 - Sales growth driven by higher offtake from served models in passenger car and MUV segments
- › **EBITDA declined by 20.3% from Rs. 192.9 Cr in 2017-18 to Rs. 153.8 Cr in 2018-19**
 - Adverse material cost, delay in localization and incremental cost of new manufacturing facility in Gujarat
 - Provision for estimated expenses towards product warranty claim
- › **PBT decreased by 27.2% from Rs. 146.3 Cr in 2017-18 to Rs. 106.5 Cr in 2018-19**

RNSS: Ratios and Return

Particulars	2018	2019
Debt: Equity (in times)	0.30	0.23
RoCE%	44.6%	29.0%
EPS (basic) (Rs.)	66.73	38.46
DPS (Rs.)	20.0	17.0
Dividend Payout (%)	46%	53%
BV (Rs.)	162.02	176.41



Thank You



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Glossary of Abbreviations

Abbreviation	Expansion
bps	Basis Points
BV	Book Value
CAGR	Compound Annual Growth Rate
CV	Commercial Vehicles
DPS	Dividend Per Share
EPS	Earnings Per Share/Electric Power Steering
FT	Farm Tractors
FY	Financial Year
INR	Indian Rupee
JV	Joint Venture
LCV	Light Commercial Vehicles
MPV	Multi Purpose Vehicles
MSC	Manual Steering Column
MUV	Multi Utility Vehicles

Abbreviation	Expansion
MW	Megawatt
M&HCV	Medium & Heavy Commercial Vehicles
EBITDA	Earnings Before Interest, Tax and Depreciation & Amortisation
OE	Original Equipment
OEM	Original Equipment Manufacturer
OES	Original Equipment Supplier
PBT	Profit Before Tax
PC	Passenger Car
R&D	Research & Development
RoCE	Return on Capital Employed
SCV	Small Commercial Vehicles
SIAM	Society of Indian Automobile Manufacturers
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.