



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 / 23 /2019-20

August 08, 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 – Unaudited Financial Results for the Quarter ended June 30, 2019

Ref: Our letter no. REVL/SE/22/2019-20 dated August 02, 2019

This is with reference to our aforementioned letter intimating Earnings Conference Call scheduled on **Friday, August 09, 2019 at 15:00 hrs (IST)** to discuss unaudited financial results for the quarter ended June 30, 2019. We enclose herewith copy of the Earnings presentation proposed to be made thereat, to the analysts and investors.

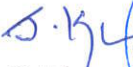

The same is also being made available on the website of the company, www.ranegroup.com.

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 S
Secretary

Encl: a/a

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Hi.



Expanding Horizons

Rane Group

Earnings Presentation | Q1 FY20



A u g u s t 2 0 1 9

www.ranegroup.com



- › **Industry Performance Review – Q1 FY20**

- › Rane Group Performance Review – Q1 FY20

- › Group Companies Performance Highlights – Q1 FY20

Industry Performance Review (Q1 FY20)

Vehicle Segment	Production YoY Growth# in %	Rane Group Sales Growth YoY in % (India OEM)	Rane Group Revenue Split * (India OEM)
Passenger Cars (PC)	-15%	-8%	43%
Utility Vehicles (MUV)	-2%	-21%	17%
Vans (MPV)	-20%	-4%	1%
- Total Passenger Vehicle	-12%	-12%	61%
Small Commercial Vehicles (SCV)	-12%	5%	4%
Light Commercial Vehicles (LCV)	-13%	-14%	8%
Medium & Heavy Commercial Vehicles (M&HCV)	-17%	-22%	16%
- Total Commercial Vehicle	-14%	-17%	28%
2-Wheeler	-10%	-7%	3%
Farm Tractors (FT)	-21%	-26%	5%

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

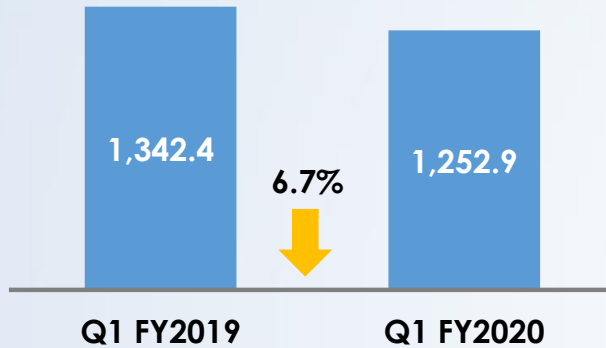
Source: SIAM

- › In passenger car segment, volumes from served model supported better than industry performance however, in utility vehicle segment, end of life on served model resulted in higher decline than industry
- › In SCV segment, commencement of supplies to new model resulted in growth; 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
- › Drop in two 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

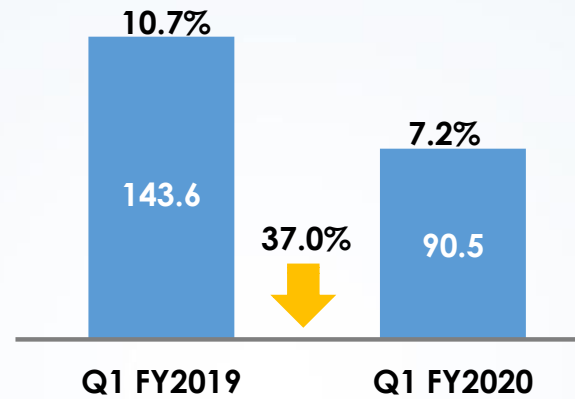
- › Industry Performance Review – Q1 FY20
- › **Rane Group Performance Review – Q1 FY20**
- › Group Companies Performance Highlights – Q1 FY20

Group Aggregate Performance Review (Q1 FY20)

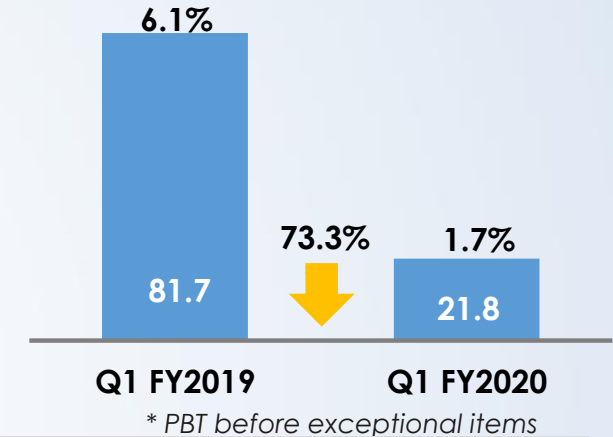
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



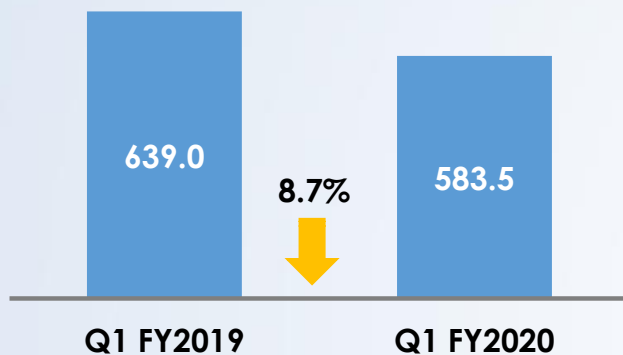
PBT* (Rs cr.)



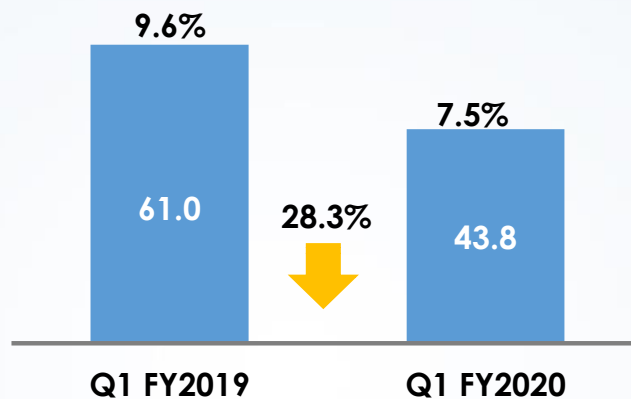
- › **Total Net Revenue decreased by 6.7% from Rs. 1,342.4 Cr in Q1 FY19 to Rs. 1,252.9 Cr in Q1 FY20**
 - Revenue from Indian OE customers declined by 13%. Volume dropped across vehicle segments
 - Revenues from International customers grew 17% driven by commencement of new businesses for occupant safety products and higher offtake for valve train components
 - Revenue from Indian aftermarket segment grew by 2% (comparable basis)
- › **EBITDA declined by 37.0% from Rs. 143.6 Cr in Q1 FY19 to Rs. 90.5 Cr in Q1 FY20**
 - Adverse material cost movement, higher employee cost and lower fixed cost absorption resulted in drop in EBITDA margin
- › **PBT dropped by 73.3% from Rs. 81.7 Cr in Q1 FY19 to Rs. 21.8 Cr in Q1 FY20**

RHL Consolidated Performance Review (Q1 FY20)

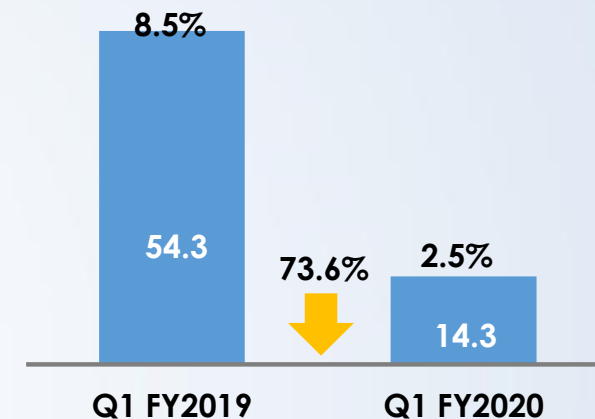
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



* PBT before exceptional items and includes profits from JV

- › Total Net Revenue decreased by 8.7% from Rs. 639.0 Cr in Q1 FY19 to Rs. 583.5 Cr in Q1 FY20
- › EBITDA dropped by 28.3% from Rs. 61.0 Cr in Q1 FY19 to Rs. 43.8 Cr in Q1 FY20
- › PBT declined by 73.6% from 54.3 Cr in Q1 FY19 to Rs. 14.3 Cr in Q1 FY20

- › Industry Performance Review – Q1 FY20
- › Rane Group Performance Review – Q1 FY20
- › **Group Companies Performance Highlights – Q1 FY20**

Rane (Madras) Ltd.

(RML)

RML Standalone – Operational Performance Review

Market Environment

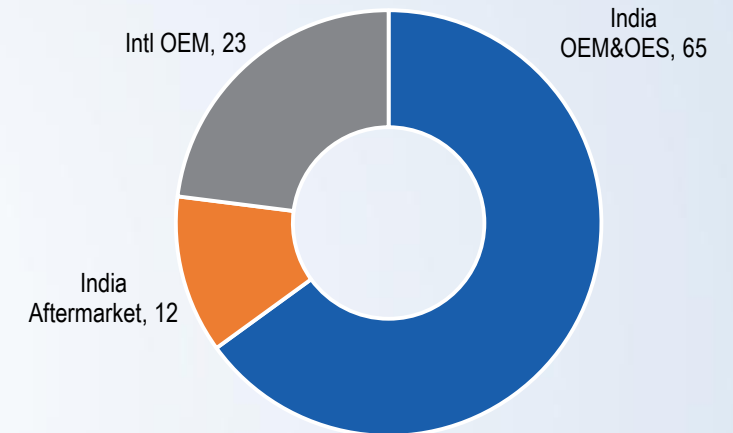
- › India OE business faced volume decline across vehicle segments
 - Higher penetration of power steering in LCV segment resulted in decline in served market
 - Higher than industry decline in higher tonnage vehicles in M&HCV segment

Operational Highlights

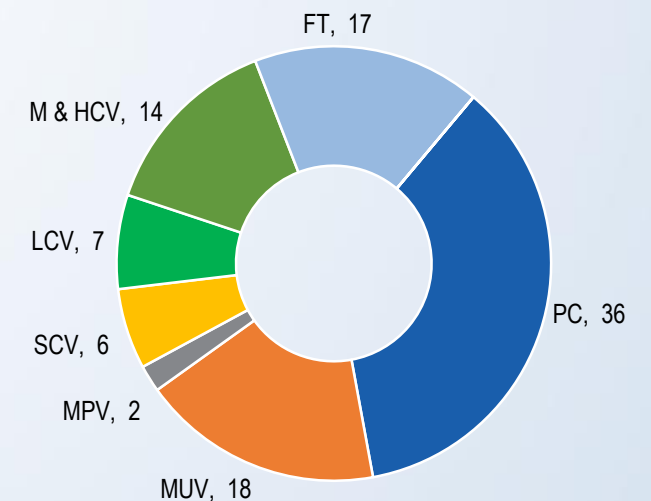
- › Won the following awards in the quarter
 - New Product Development award from VE Commercial Vehicles
 - Safety, HR Practices and Upgradation of Tier 2 vendors awards from Maruti Suzuki
- › Continued to improve operational performance of India Die casting business

Business Split (Q1 FY20)

By Market (%)

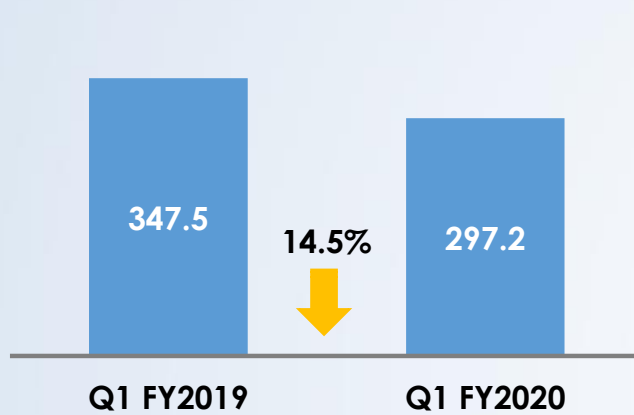


By Vehicle Segment (%)

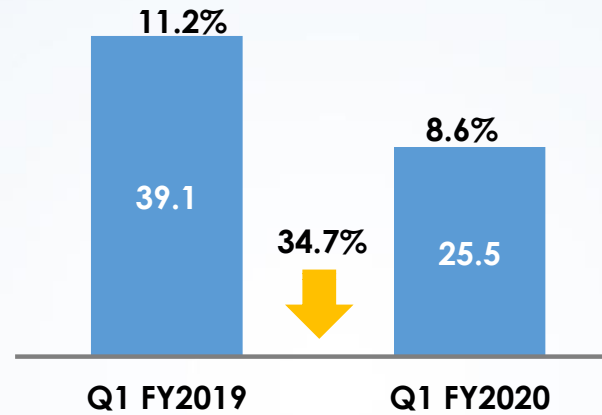


RML Standalone – Financial Performance Review

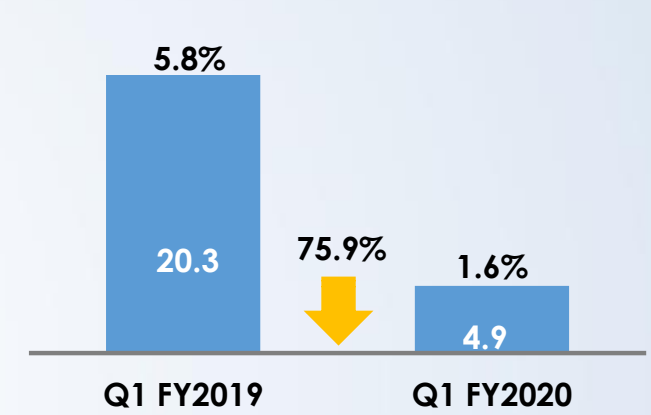
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)

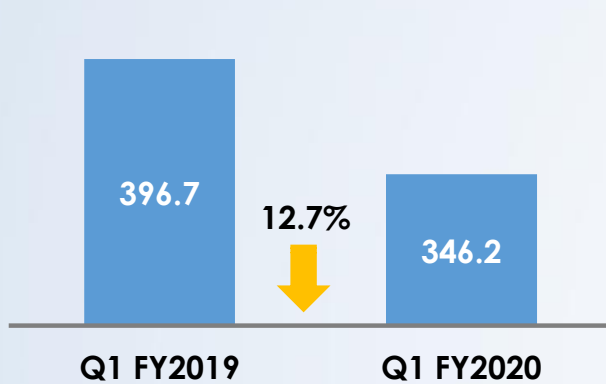


* PBT before exceptional items

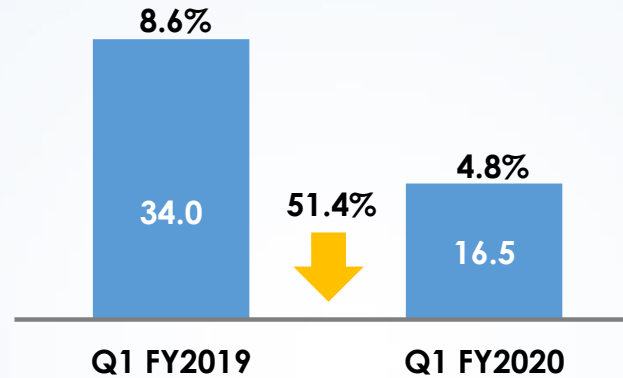
- › **Total Net Revenue decreased by 14.5% from Rs. 347.5 Cr in Q1 FY19 to Rs. 297.2 Cr in Q1 FY20**
 - Sales to India OE customers declined 18%
 - 6% growth in sales to Indian Aftermarket segment
 - Sales to International customers declined 11% driven by drop in volume for Die casting products
- › **EBITDA declined by 34.7% from Rs. 39.1 Cr in Q1 FY 19 to Rs. 25.5 Cr in Q1 FY20**
 - Lower volume and unfavourable mix resulted in EBITDA margin drop
- › **PBT dropped by 75.9% from Rs. 20.3 Cr in Q1 FY19 to Rs. 4.9 Cr in Q1 FY20**

RML Consolidated – Financial Performance Review

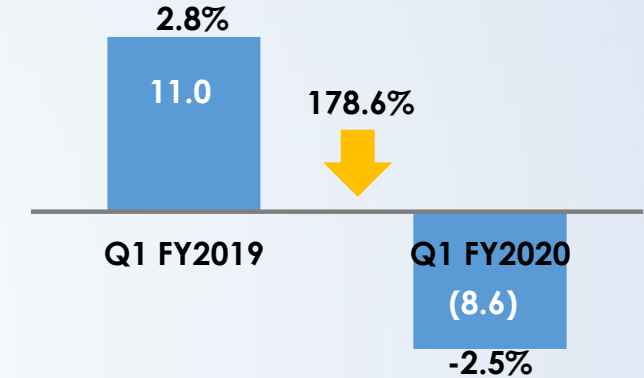
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



* PBT before exceptional items

- › **Total Net Revenue decreased by 12.7% from Rs. 396.7 Cr in Q1 FY19 to Rs. 346.2 Cr in Q1 FY20**
 - Rane Precision Die Casting (RPDC) commenced supplies on new programs. This compensated for drop in volume with few existing customers.
- › **EBITDA declined by 51.4% from Rs. 34.0 Cr in Q1 FY19 to Rs. 16.5 Cr in Q1 FY20**
 - Change in product mix resulting in higher material cost
 - Incurred higher expenses on repairs and maintenance
- › **PBT dropped from profit of Rs. 11.0 Cr in Q1 FY19 to loss of Rs. 8.6 Cr in Q1 FY20**

Rane Engine Valve Ltd.

(REVL)

REVL – Operational Performance Review

Market Environment

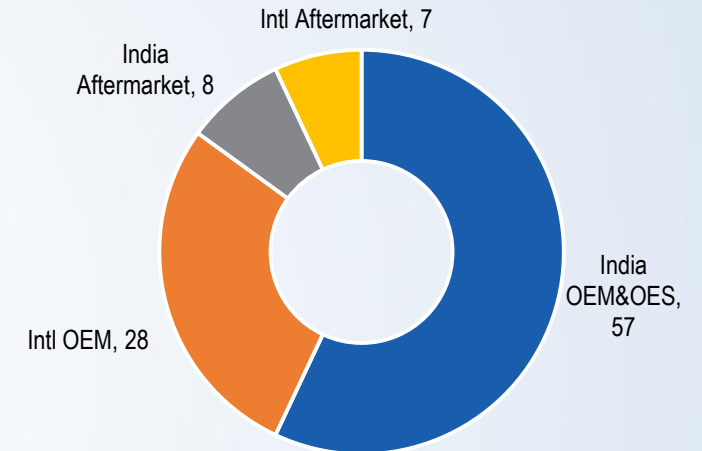
- › Double digit volume drop across vehicle segments in India
- › Higher offtake from International OE customers

Operational Highlights

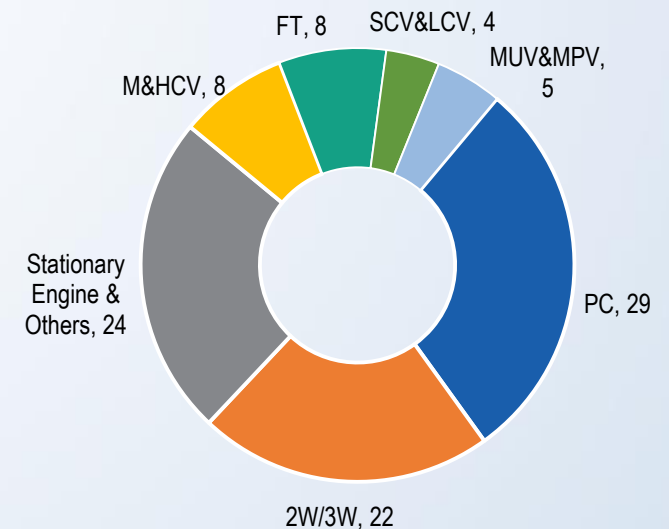
- › Plants continued to achieve operational performance improvements
- › Won the following awards in the quarter
 - Quality & Customer Satisfaction award from Groupe Renault, France
 - Commitment to Quality award from Eicher Engines
 - Quality & Delivery Excellence award from VE Commercial Vehicles

Business Split (Q1 FY20)

By Market (%)

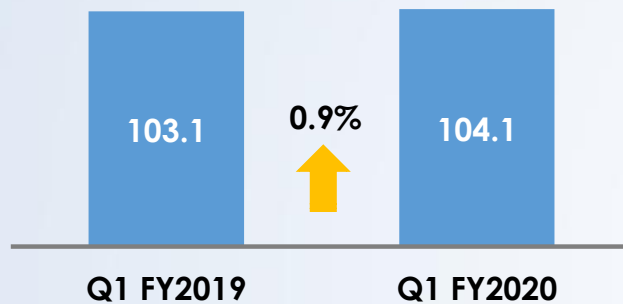


By Vehicle Segment (%)

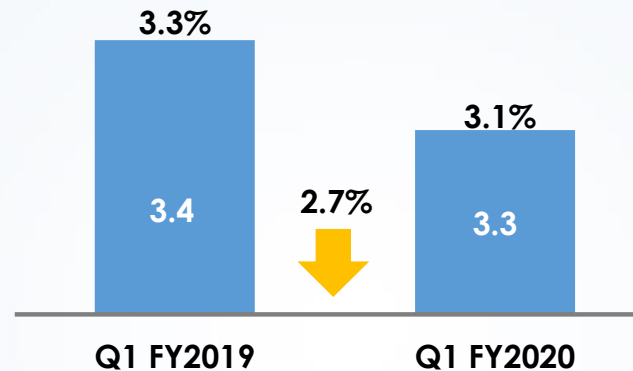


REVL – Financial Performance Review

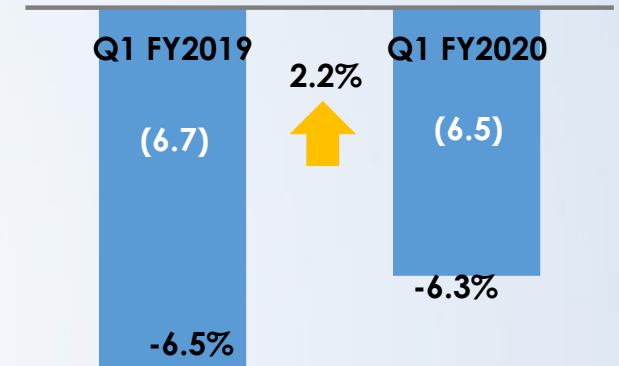
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs. cr.)



* PBT before exceptional items

› **Total Net Revenue increased by 0.9% from Rs. 103.1 Cr in Q1 FY19 to Rs. 104.1 Cr in Q1 FY20**

- Sales to Indian OE customers declined 9% mainly due to volume drop in commercial vehicle and two-wheeler segments
- Sales to Indian aftermarket segment declined 3%
- Sales to International customers grew by 22% supported by ramp up in supplies to key OE customer

› **EBITDA dropped by 2.7% from Rs. 3.4 Cr in Q1 FY19 to Rs. 3.3 Cr in Q1 FY20**

- Adverse forex movement and increase in employee costs were partially offset by improvements in operational performance

› **Loss before tax for Q1 FY20 was Rs. 6.5 Cr as against Rs. 6.7 Cr in Q1 FY19**

Rane Brake Lining Ltd.

(RBL)

Market Environment

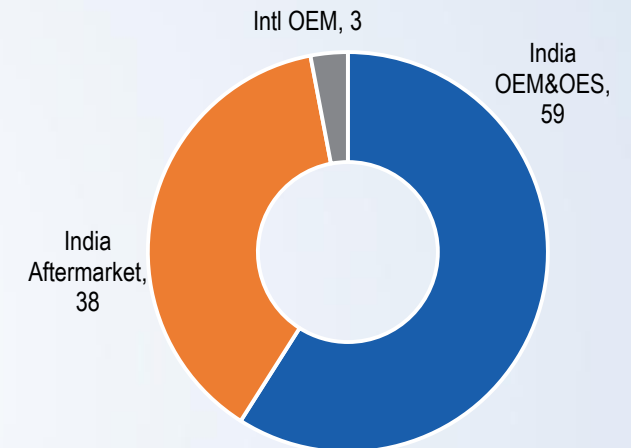
- › Volume drop across Indian vehicle segments; Favourable demand from two wheeler segment driven by migration to disc brakes
- › Muted demand from Indian Aftermarket business

Operational Highlights

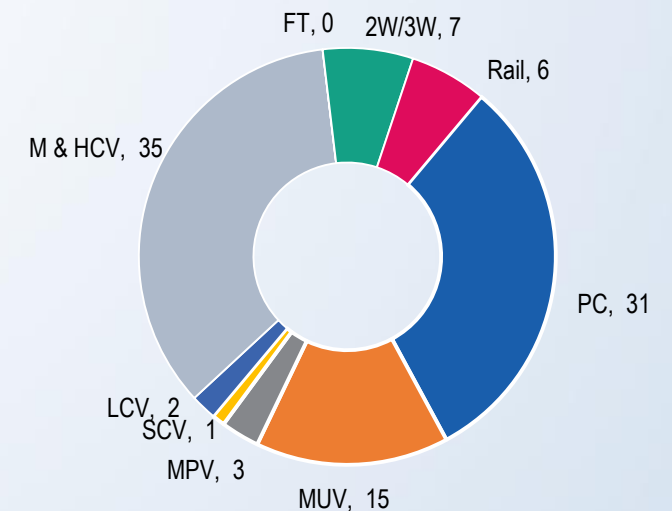
- › In the Aftermarket, expanded product range and launched new grades
- › Won the “Best Supplier 2019 – Friction” award from Brakes India

Business Split (Q1 FY20)

By Market (%)

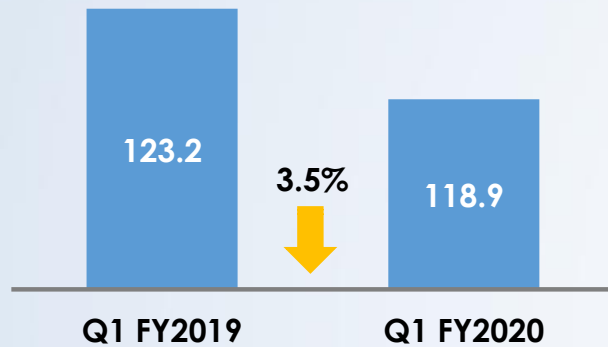


By Vehicle Segment (%)

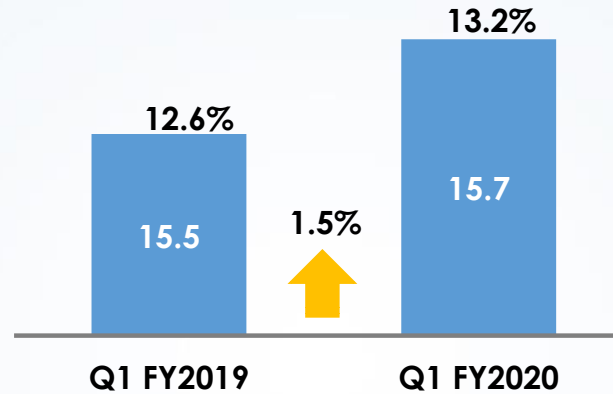


RBL – Financial Performance Review

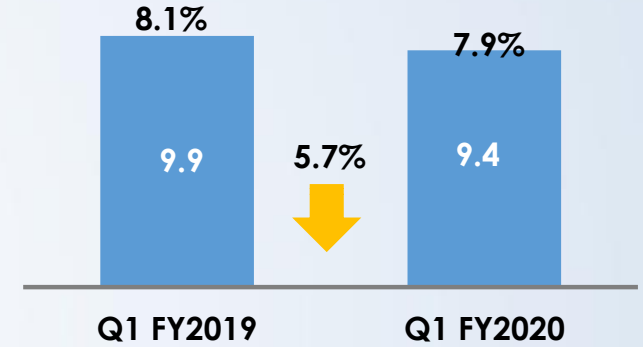
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



* PBT before exceptional items

- › **Total Net Revenue decreased by 3.5% from Rs. 123.2 Cr in Q1 FY19 to Rs. 118.9 Cr in Q1 FY20**
 - Sales to OE customer declined 9% due to drop in volumes across segments. Revenue from two-wheeler segment grew 9%.
 - Sales to Aftermarket customers grew 1%. Expanded product range and launched new grades.
- › **EBITDA increased by 1.5% from Rs. 15.5 Cr in Q1 FY 19 to Rs. 15.7 Cr in Q1 FY20**
 - Favourable product mix helped offset higher employee cost
- › **PBT dropped by 5.7% from Rs. 9.9 Cr in Q1 FY19 to Rs. 9.4 Cr in Q1 FY20**

Rane TRW Steering Systems

(RTSS)

RTSS – Operational Performance Review

Market Environment

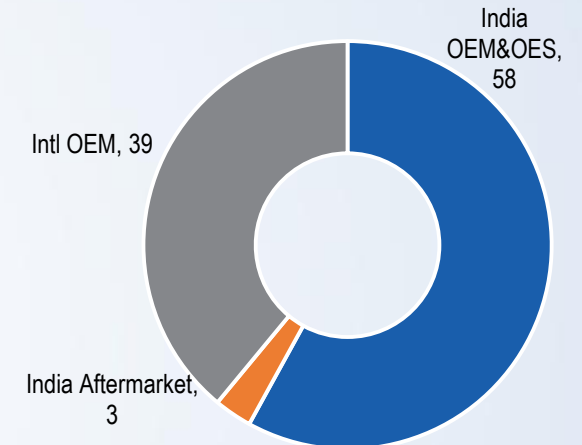
- › Significant drop in Indian Commercial Vehicle volumes impacted steering gear products
- › Export remains focus for occupant safety products to mitigate the drop in domestic market

Operational Highlights

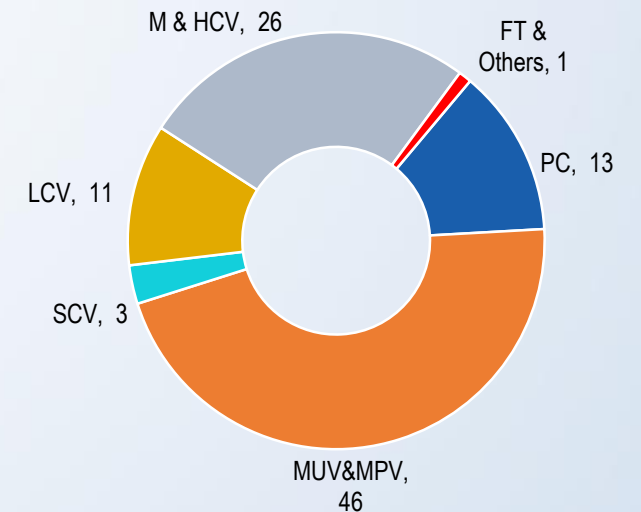
- › Won the “Best Performance in Business Alignment – Gold” award from Ashok Leyland

Business Split (Q1 FY20)

By Market (%)

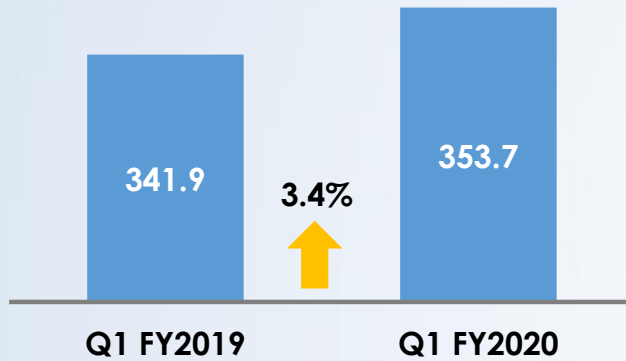


By Vehicle Segment (%)

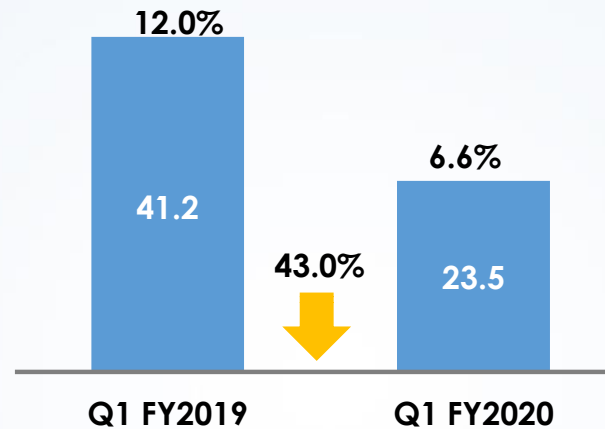


RTSS – Financial Performance Review

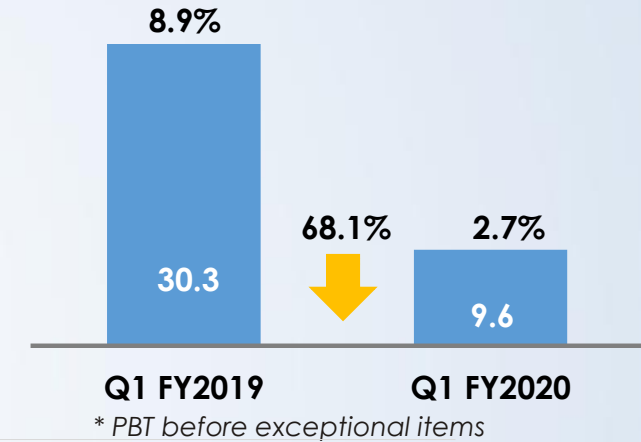
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



- › **Total Net Revenue increased by 3.4% from Rs. 341.9 Cr in Q1 FY19 to Rs. 353.7 Cr in Q1 FY20**
 - Revenue from steering gear products declined driven by volume decline in M&HCV segment
 - Revenue from occupant safety systems increased supported by higher volume from international customers
- › **EBITDA declined by 43.0% from Rs. 41.2 Cr in Q1 FY19 to Rs. 23.5 Cr in Q1 FY20**
 - Adverse product mix and provision towards royalty expenses for Occupant Safety products resulted in EBITDA drop
- › **PBT dropped by 68.1% from Rs. 30.3 Cr in Q1 FY19 to Rs. 9.6 Cr in Q1 FY20**

Rane NSK Steering Systems

(RNSS)

RNSS – Operational Performance Review

Market Environment

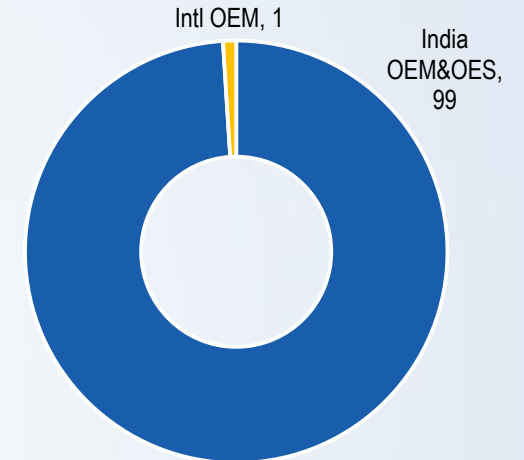
- › EPS volumes declined driven by double digit drop in volumes in passenger car segment and end of production of a served utility vehicle model
- › MSC volumes impacted due to decline in CV volumes

Operational Highlights

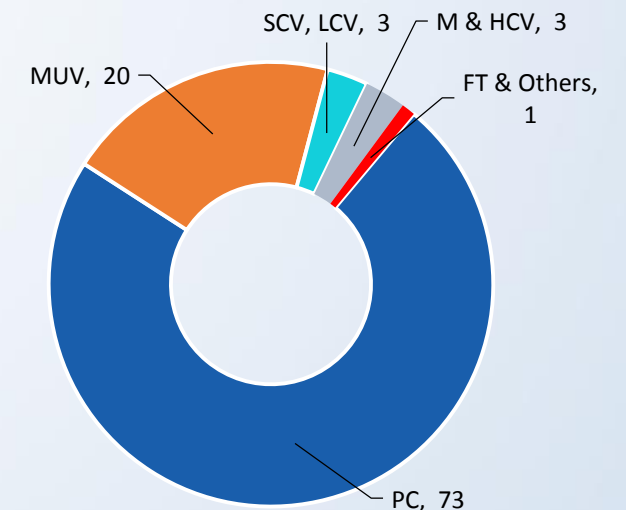
- › Continued to pursue localization in EPS products

Business Split (Q1 FY20)

By Market (%)

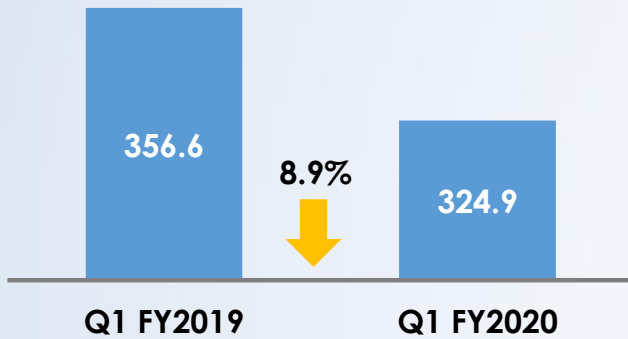


By Vehicle Segment (%)

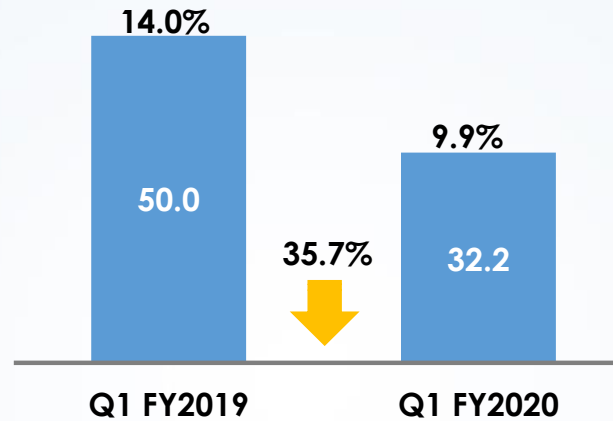


RNSS – Financial Performance Review

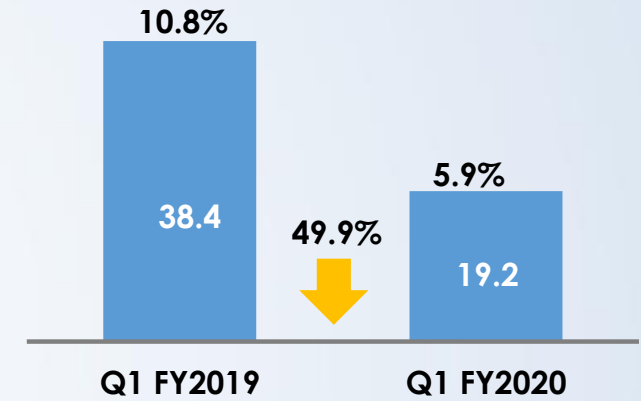
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



* PBT before exceptional items

- › **Total Net Revenue decreased by 8.9% from Rs. 356.6 Cr in Q1 FY19 to Rs. 324.9 Cr in Q1 FY20**
 - Volume drop and end of production of served model resulted in sales decline
- › **EBITDA declined by 35.7% from Rs. 50.0 Cr in Q1 FY19 to Rs. 32.2 Cr in Q1 FY20**
 - Significant drop in volumes resulted in lower EBITDA
 - There was also incremental provision towards product warranty claim of around Rs. 3 Cr
- › **PBT dropped by 49.9% from Rs. 38.4 Cr in Q1 FY19 to Rs. 19.2 Cr in Q1 FY20**



Thank You



Rane Corporate Centre

"Maithri" 132, Cathedral Road,
Chennai - 600 086, India

www.ranegroup.com

For further information, please contact:

investorservices@ranegroup.com or dpingle@christensenir.com

Glossary of Abbreviations

Abbreviation	Expansion
CV	Commercial Vehicles
EBITDA	Earnings Before Interest, Tax and Depreciation & Amortisation
EPS	Electric Power Steering
FT	Farm Tractors
FY	Financial Year
JV	Joint Venture
LCV	Light Commercial Vehicles
MPV	Multi Purpose Vehicles
MSC	Manual Steering Column
MUV	Multi Utility Vehicles

Abbreviation	Expansion
M&HCV	Medium & Heavy Commercial Vehicles
OE	Original Equipment
OEM	Original Equipment Manufacturer
OES	Original Equipment Supplier
PBT	Profit Before Tax
PC	Passenger Car
SCV	Small Commercial Vehicles
SIAM	Society of Indian Automobile Manufacturers
VE Commercial Vehicles	Volvo Eicher Commercial 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.