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Chennai 600 086. India.
CIN : L65993TN2004PLC052856

Rane (Madras) Limited



//Online Submission//

RML / SE / 48 /2018-19

February 13, 2019

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, 2018

Ref: Our letter no. RML/SE/47/2018-19 dated February 08, 2019

This is with reference to our aforementioned letter intimating Earnings Conference Call scheduled on **Friday, February 15, 2019 at 15:00 hrs (IST)** to discuss un-audited financial results for the quarter ended December 31, 2018. 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.

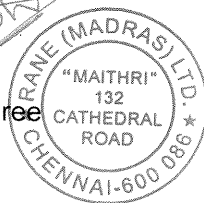
We request you to take the above on record and note the compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR).

Thanking you.

Yours faithfully,

For **Rane (Madras) Limited**


S Subha Shree
Secretary



Encl: a/a



Expanding Horizons

Rane Group

Earnings Presentation | Q3 FY19



February 2019

www.ranegroup.com



- › **Industry Performance Review – Q3 FY19**

- › Rane Group Performance Review – Q3 FY19

- › Group Companies Performance Highlights – Q3 FY19

Industry Performance Review (Q3 FY19)

Vehicle Segment	Production YoY Growth# in %	Rane Group Sales Growth YoY in % (India OEM)	Rane Group Revenue Split * (India OEM)
Passenger Cars (PC)	-9%	-6%	40%
Utility Vehicles (MUV)	-13%	-7%	18%
- Total Passenger Vehicle	-10%	-6%	58%
Vans (MPV)	23%	28%	1%
Small Commercial Vehicles (SCV)	32%	-2%	3%
Light Commercial Vehicles (LCV)	2%	11%	7%
Medium & Heavy Commercial Vehicles (M&HCV)	14%	13%	19%
- Total Commercial Vehicle	13%	11%	29%
2-Wheeler	10%	13%	3%
Farm Tractors (FT)	16%	30%	7%

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

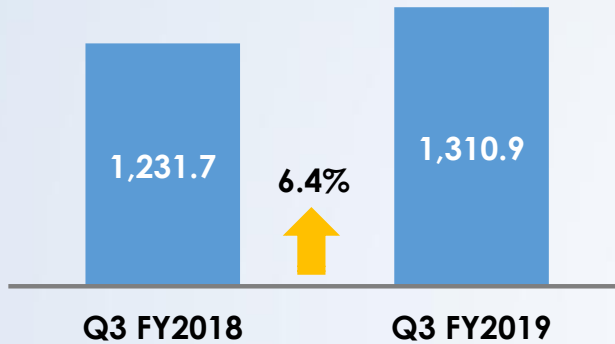
Source: SIAM

- › Sales to Passenger Vehicle segment declined due to subdued demand partly driven by increase in fuel prices and higher cost of insurance premiums
- › Demand softened in Commercial Vehicle segment; In SCV and M&HCV segment model-mix resulted in lower growth than industry
- › 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

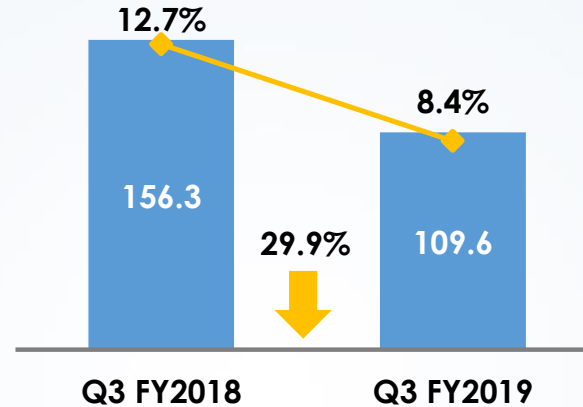
- › Industry Performance Review – Q3 FY19
- › **Rane Group Performance Review – Q3 FY19**
- › Group Companies Performance Highlights – Q3 FY19

Group Aggregate Performance Review (Q3 FY19)

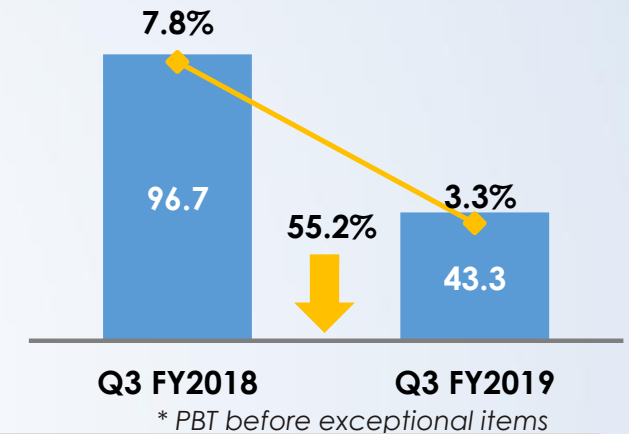
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



› **Total Net Revenue increased by 6.4% from Rs. 1,231.7 Cr in Q3 FY18 to Rs. 1,310.9 Cr in Q3 FY19**

- Revenues from Indian OE customers had muted growth of 2% YoY. The growth in all segments started weakening
- Revenues from international customers grew 25% YoY. Growth driven by increase in schedules from key OEM customers for Mechanical Steering Systems and Occupant Safety products

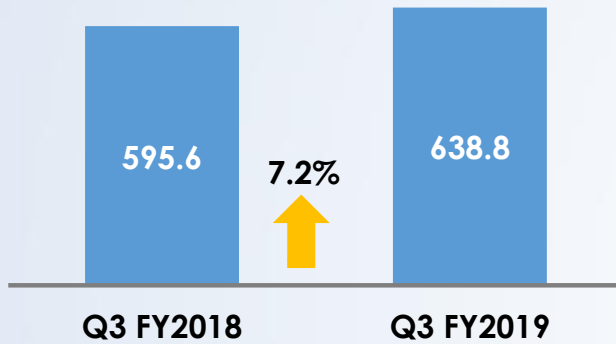
› **EBITDA declined by 29.9% from Rs. 156.3 Cr in Q3 FY18 to Rs. 109.6 Cr in Q3 FY19**

- Unfavorable forex movement, increase in raw material/ employee cost across various business and provision for estimated expenses towards product warranty claim of Rs. 20.45 Crs in RNSS impacted the profitability

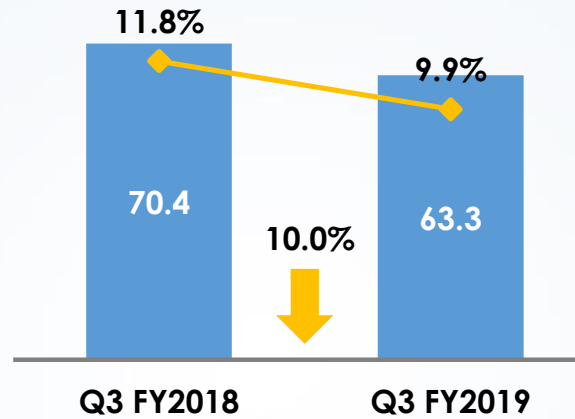
› **PBT dropped by 55.2% from Rs. 96.7 Cr in Q3 FY18 to Rs. 43.3 Cr in Q3 FY19**

RHL Consolidated Performance Review (Q3 FY19)

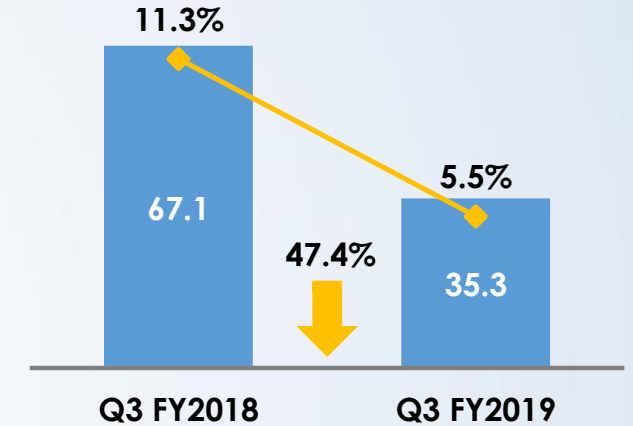
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



* PBT before exceptional items and includes profits from JV

- › Total Net Revenue increased by 7.2% from Rs. 595.6 Cr in Q3 FY18 to Rs. 638.8 Cr in Q3 FY19
- › EBITDA decreased by 10.0% from Rs. 70.4 Cr in Q3 FY18 to Rs. 63.3 Cr in Q3 FY19
- › PBT declined by 47.4% from Rs. 67.1 Cr in Q3 FY18 to Rs. 35.3 Cr in Q3 FY19

Group Aggregate Performance Review (YTD)

Rs Cr	9M FY18	9M FY19	Growth
Total Net Revenue	3,404.8	4,025.4	18.2%
EBITDA	415.6	400.6	-3.6%
EBITDA Margin	12.2%	10.0%	-225 bps
PBT Before Exceptional Items	236.2	208.2	-11.8%
*Exceptional (Expenses) / Income	32.11	-	
PBT	268.3	208.2	-22.4%
PBT Margin	7.9%	5.2%	-271 bps
PAT	179.0	130.2	-27.3%
PAT Margin	5.3%	3.2%	-202 bps
Total Comprehensive Income	175.6	129.3	-26.3%

**Note, exceptional income represents profit from land swap transaction at RNSS*

RHL Consolidated Performance Review (YTD)

Rs Cr	9M FY18	9M FY19	Growth
Total Net Revenue	1,650.2	1,929.3	16.9%
EBITDA	189.9	186.3	-1.9%
EBITDA Margin	11.5%	9.7%	-185 bps
PBT Before Exceptional Items	164.2	143.6	-12.5%
*Exceptional (Expenses) / Income	15.7	-	
PBT	179.9	143.6	-20.2%
PBT Margin	10.9%	7.4%	-346 bps
PAT	118.0	86.5	-26.7%
PAT Margin	7.1%	4.5%	-267 bps
Total Comprehensive Income	114.7	85.3	-25.7%

**Note, exceptional income represents share of profit from land swap transaction at RNSS*

- › Industry Performance Review – Q3 FY19
- › Rane Group Performance Review – Q3 FY19
- › **Group Companies Performance Highlights – Q3 FY19**

Rane (Madras) Ltd.

(RML)

RML Standalone – Operational Performance Review

Market Environment

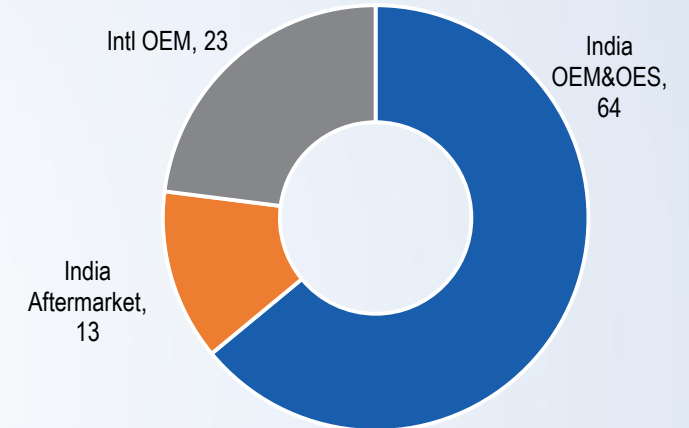
- › Indian automotive industry witnessed softening of demand particularly passenger vehicle segment experienced decline in volumes
- › Lower offtake on served models for die casting products from the North American market

Operational Highlights

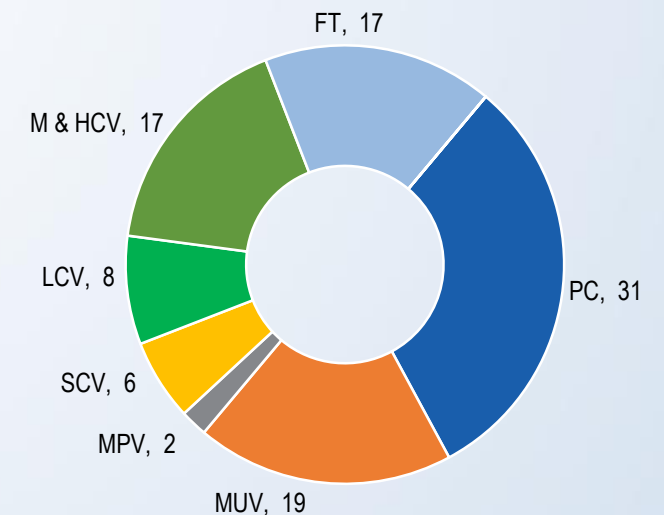
- › Strong traction for hydraulic business

Business Split (Q3 FY19)

By Market (%)

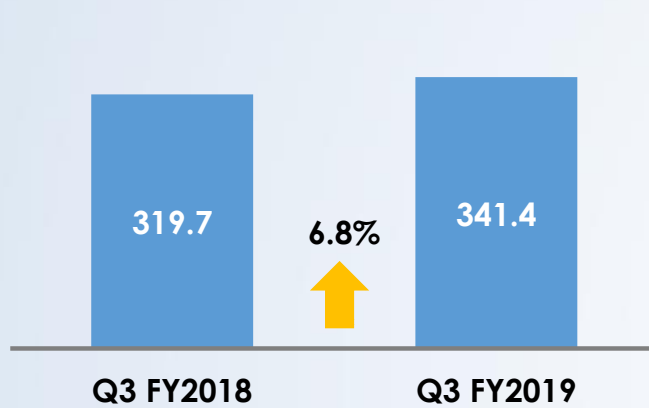


By Vehicle Segment (%)

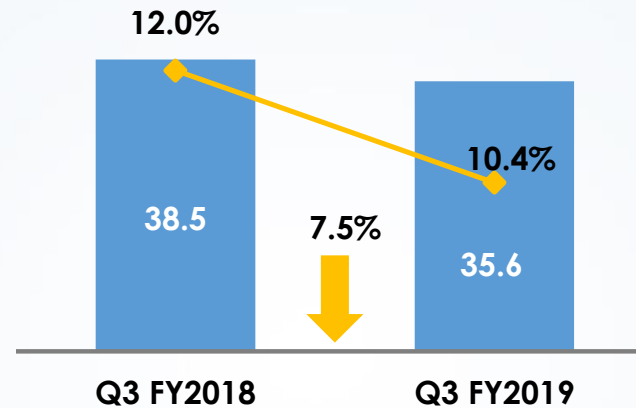


RML Standalone – Financial Performance Review

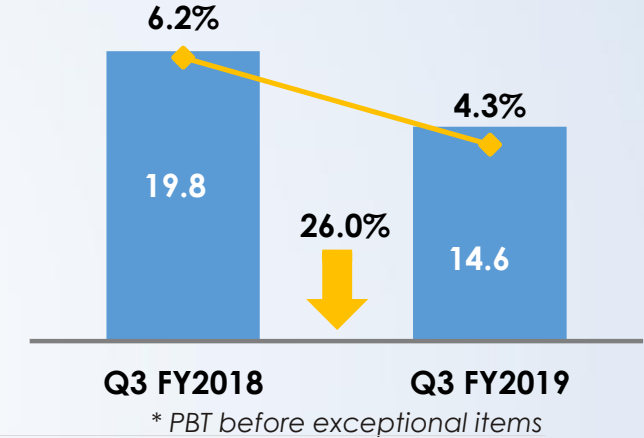
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



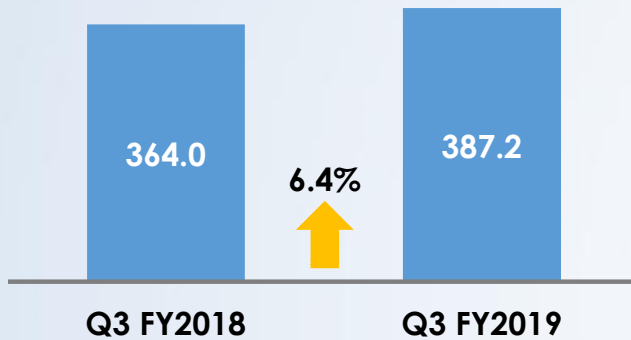
- › **Total Net Revenue increased by 6.8% from Rs. 319.7 Cr in Q3 FY18 to Rs. 341.4 Cr in Q3 FY19**
 - 4% growth in India sales supported by strong off take from Farm Tractor segment
 - 16% growth in International business, there was strong demand for Steering products but lower offtake of Die cast products
- › **EBITDA declined by 7.5% from Rs. 38.5 Cr in Q3 FY18 to Rs. 35.6 Cr in Q3 FY19**
 - Unfavourable mix, inflationary pressure on raw material and employee cost, resulted in 162 bps drop in EBITDA margin
- › **PBT dropped by 26.0% from Rs. 19.8 Cr in Q3 FY18 to Rs. 14.6 Cr in Q3 FY19**

RML – Standalone Financials (YTD)

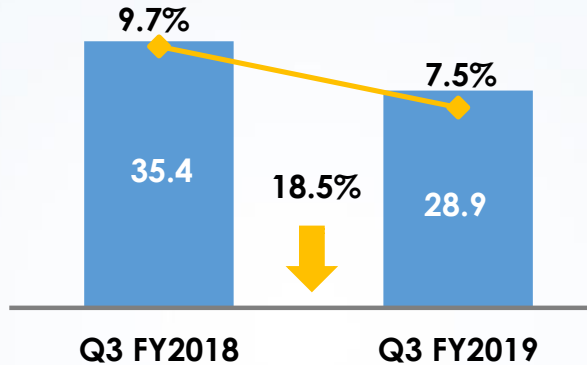
Rs Cr	9M FY18	9M FY19	Growth
Total Net Revenue	868.4	1,045.0	20.3%
EBITDA	94.7	115.1	21.6%
EBITDA Margin	10.9%	11.0%	11 bps
PBT Before Exceptional Items	35.7	55.0	54.1%
Exceptional (Expenses) / Income	-	-	
PBT	35.7	55.0	54.1%
PBT Margin	4.1%	5.3%	115 bps
PAT	25.3	38.3	51.0%
PAT Margin	2.9%	3.7%	74 bps
Total Comprehensive Income	25.1	37.2	48.2%

RML Consolidated – Financial Performance Review

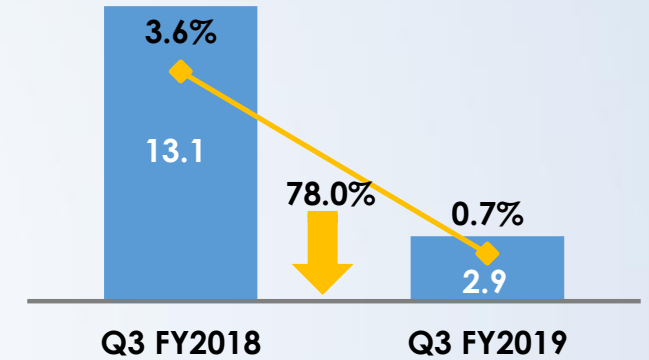
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



* PBT before exceptional items

- › **Total Net Revenue increased by 6.4% from Rs. 364.0 Cr in Q3 FY18 to Rs. 387.2 Cr in Q3 FY19**
 - Rane Precision Die Casting (RPDC) experienced lower offtake across served segments.
- › **EBITDA declined by 18.5% from Rs. 35.4 Cr in Q3 FY18 to Rs. 28.9 Cr in Q3 FY19**
 - RPDC improved delivery performance with customers and achieved lower employee cost. However, lower sales and higher cost on utilities, repairs and tooling maintenance resulted in increased loss.
- › **PBT dropped from Rs. 13.1 Cr in Q3 FY18 to Rs. 2.9 Cr in Q3 FY19**

RML – Consolidated Financials (YTD)

Rs Cr	9M FY18	9M FY19	Growth
Total Net Revenue	1,005.2	1,185.2	17.9%
EBITDA	95.3	101.1	6.1%
EBITDA Margin	9.5%	8.5%	-95 bps
PBT Before Exceptional Items	25.6	27.0	5.2%
Exceptional (Expenses) / Income	-	-	
PBT	25.6	27.0	5.2%
PBT Margin	2.6%	2.3%	-27 bps
PAT	15.2	10.2	-32.8%
PAT Margin	1.5%	0.9%	-65 bps
Total Comprehensive Income	13.1	8.5	-34.8%

Rane Engine Valve Ltd.

(REVL)

REVL – Operational Performance Review

Market Environment

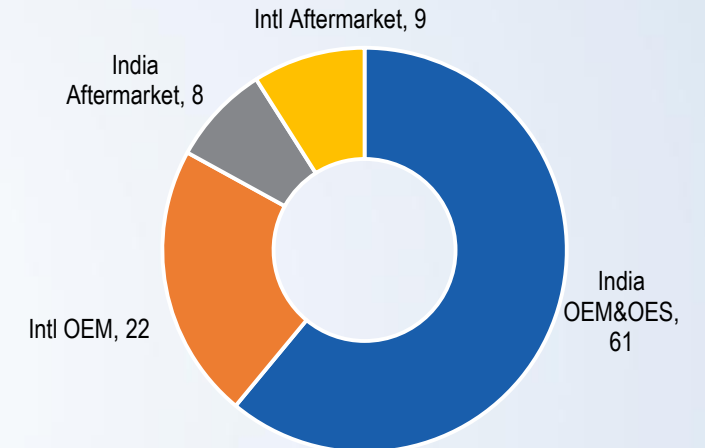
- › Though there is demand softening, ramp up in supplies and start of new programs helped to post strong growth in Indian OE segment
- › Ramp up in supplies to key International customers

Operational Highlights

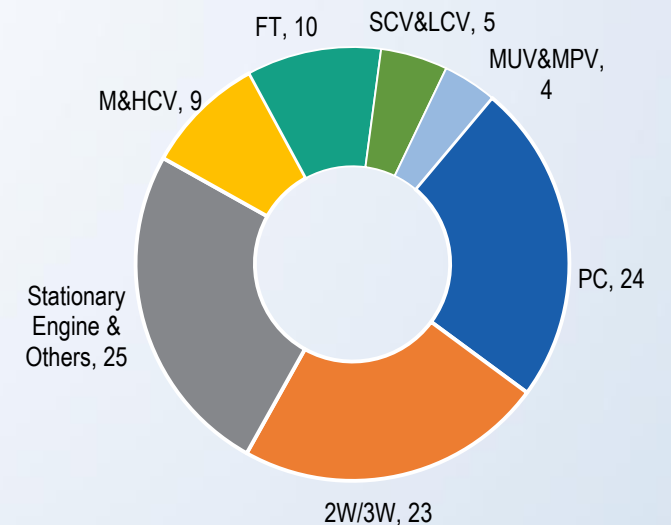
- › Capacity utilization continued to improve at various plant locations resulting in improvement in supplies to OEM customers
- › Plants working on various initiatives to improve operational performance

Business Split (Q3 FY19)

By Market (%)

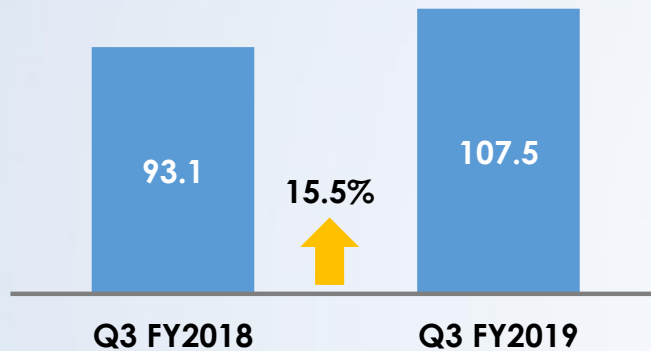


By Vehicle Segment (%)

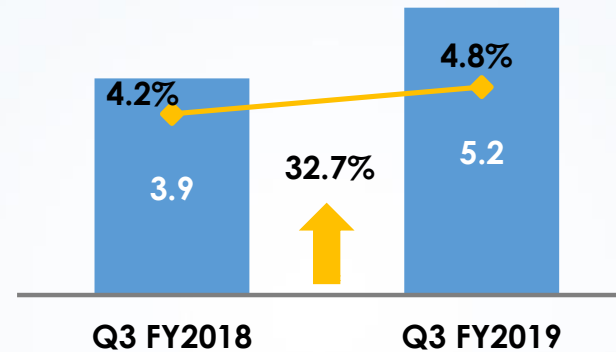


REVL – Financial Performance Review

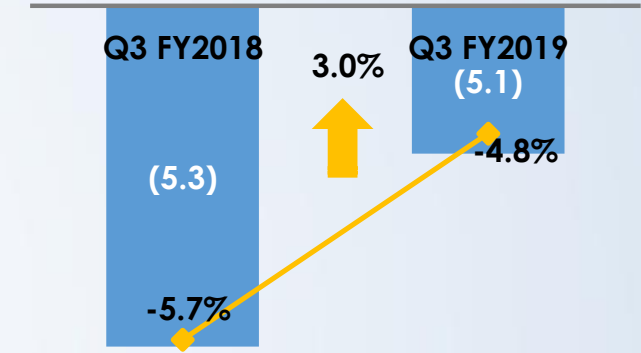
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs. cr.)



* PBT before exceptional items

- › **Total Net Revenue increased by 15.5% from Rs. 93.1 Cr in Q3 FY18 to Rs. 107.5 Cr in Q3 FY19**
 - 11% growth in Indian OE segment supported by ramp up in volumes with passenger vehicle and two wheeler customers
 - 23% growth in International sales primarily driven by ramp up in volumes to key OE customers
- › **EBITDA improved by 32.7% from Rs. 3.9 Cr in Q3 FY18 to Rs. 5.2 Cr in Q3 FY19**
 - Better operational performance and productivity benefits helped to offset adverse forex movement, unfavourable product mix and increase in raw material/employee costs
- › **Loss before tax for Q3 FY19 was Rs. 5.1 Cr as against Rs. 5.3 Cr in Q3 FY18**

REVL – Financials (YTD)

Rs Cr	9M FY18	9M FY19	Growth
Total Net Revenue	276.2	318.4	15.3%
EBITDA	13.7	11.9	-13.2%
EBITDA Margin	5.0%	3.7%	-123 bps
PBT Before Exceptional Items	(13.0)	(18.1)	-39.7%
Exceptional (Expenses) / Income	-	-	
PBT	(13.0)	(18.1)	-39.7%
PBT Margin	-4.7%	-5.7%	-100 bps
PAT	(8.3)	(11.9)	-44.1%
PAT Margin	-3.0%	-3.7%	-75 bps
Total Comprehensive Income	(8.8)	(12.3)	-40.0%

Rane Brake Lining Ltd.

(RBL)

RBL – Operational Performance Review

Market Environment

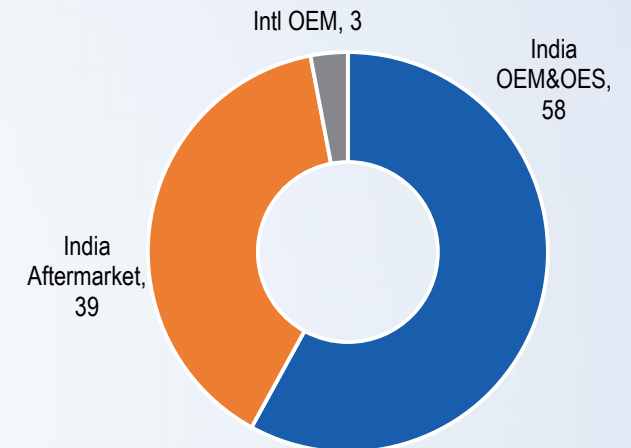
- › Strong demand for 2W Disc pads in Indian market
- › Moderate demand from Aftermarket segment; Drop on account of high base in Q3 FY18

Operational Highlights

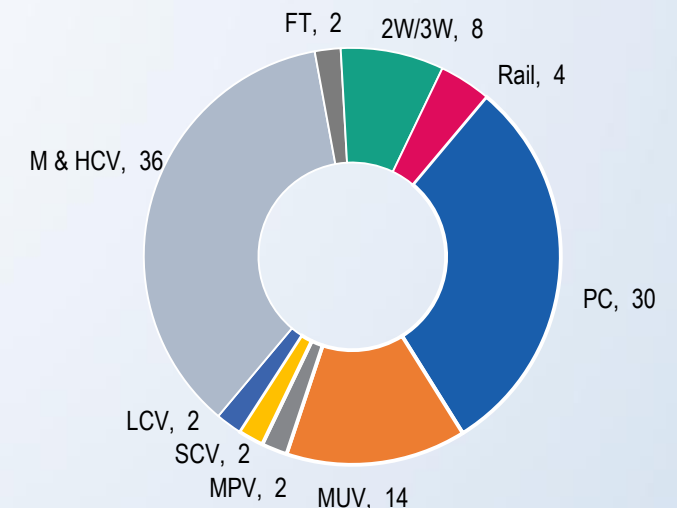
- › In the Aftermarket, launched new AF grade Brake Lining focused on HCV segment
- › Working on various projects to enhance the testing capabilities towards meeting future requirements across segments

Business Split (Q3 FY19)

By Market (%)

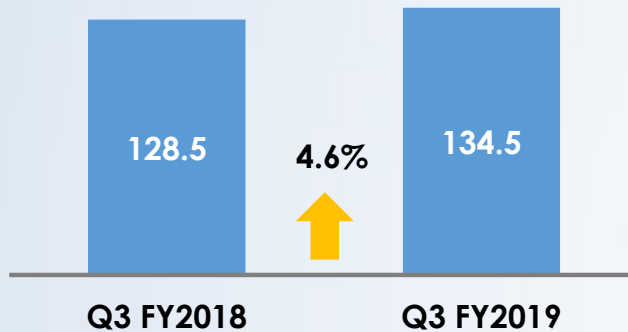


By Vehicle Segment (%)

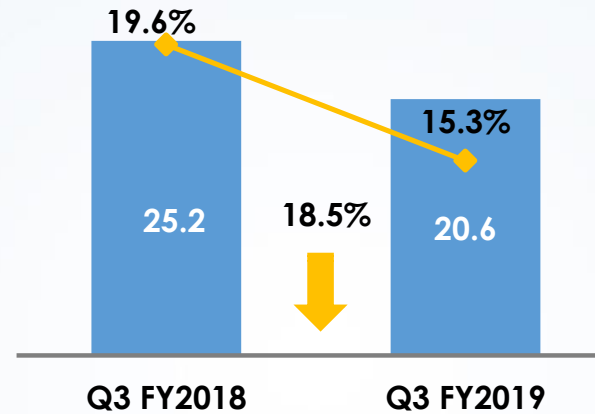


RBL – Financial Performance Review

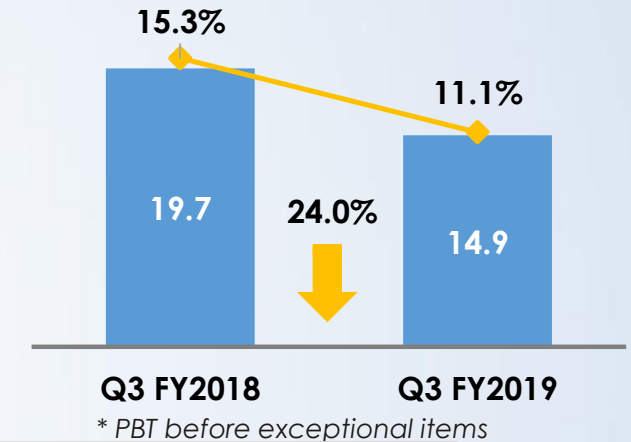
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



› **Total Net Revenue increased by 4.6% from Rs. 128.5 Cr in Q3 FY18 to Rs. 134.5 Cr in Q3 FY19**

- Sales to Indian OE customers grew 7% supported particularly by M&HCV and Two Wheeler segment
- Sales to Aftermarket dropped 2% on the high base in Q3 FY18 which had 28% growth owing to post GST stock alignment

› **EBITDA decreased by 18.5% from Rs. 25.2 Cr in Q3 FY18 to Rs. 20.6 Cr in Q3 FY19**

- Adverse forex movement, unfavourable product mix, increase in raw material resulted in the EBITDA margin drop

› **PBT declined by 24.0% from Rs. 19.7 Cr in Q3 FY18 to Rs. 14.9 Cr in Q3 FY19**

RBL – Financials (YTD)

Rs Cr	9M FY18	9M FY19	Growth
Total Net Revenue	341.8	378.9	10.9%
EBITDA	60.3	49.2	-18.4%
EBITDA Margin	17.6%	13.0%	-466 bps
PBT Before Exceptional Items	44.0	32.3	-26.6%
Exceptional (Expenses) / Income	-	-	
PBT	44.0	32.3	-26.6%
PBT Margin	12.9%	8.5%	-435 bps
PAT	29.8	22.4	-24.8%
PAT Margin	8.7%	5.9%	-281 bps
Total Comprehensive Income	30.2	22.1	-27.0%

Rane TRW Steering Systems

(RTSS)

RTSS – Operational Performance Review

Market Environment

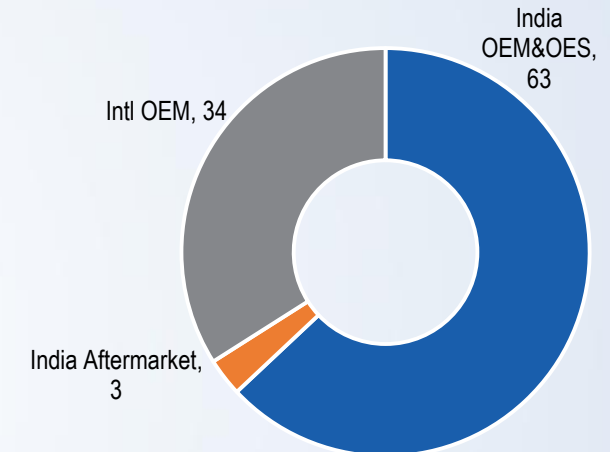
- › There was sudden drop in Indian Commercial Vehicle volumes impacting steering gear products
- › Indian Passenger vehicle market remained weak resulting in significant drop in volumes for occupant safety products

Operational Highlights

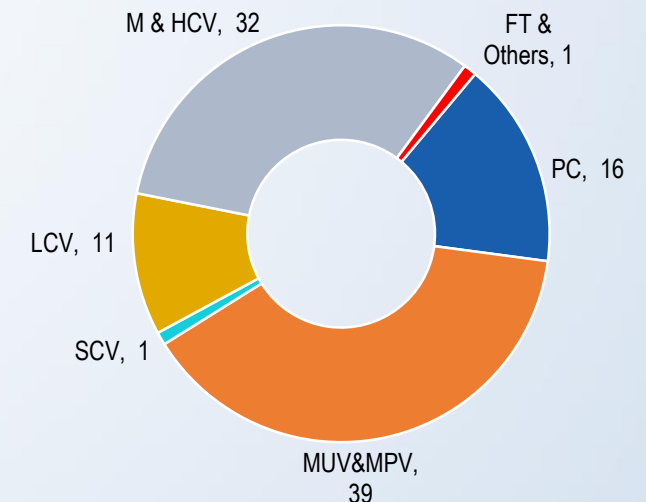
- › Won 3 customer awards
 - Overall Supplier Efficiency award from TML
 - New product development award from SML – ISUZU
 - Best Supplier award for quality from TML-Pant Nagar
- › The sudden dip in the CV market adversely impacted the operations
- › Strong traction for occupant safety products with export customers

Business Split (Q3 FY19)

By Market (%)

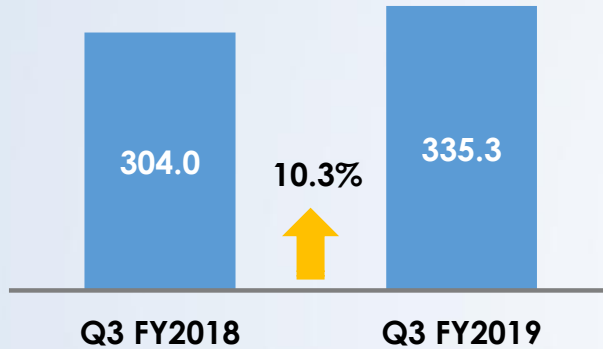


By Vehicle Segment (%)

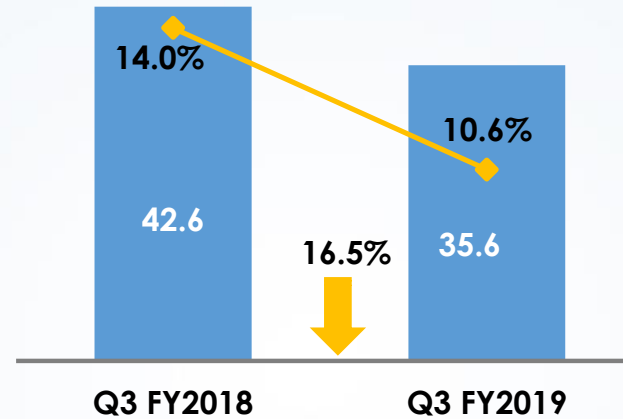


RTSS – Financial Performance Review

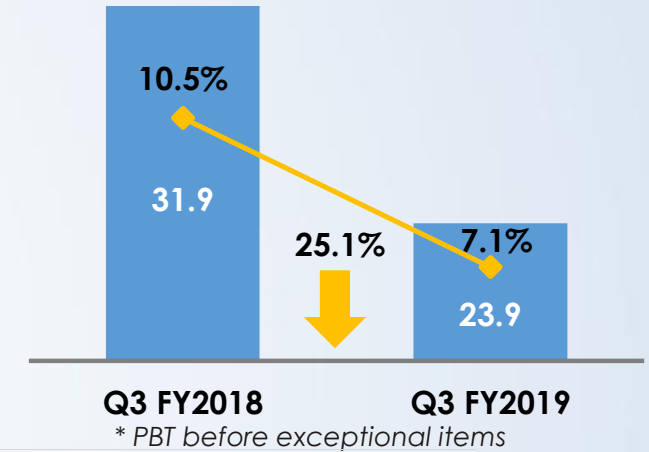
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



› **Total Net Revenue increased by 10.3% from Rs. 304.0 Cr in Q3 FY18 to Rs. 335.3 Cr in Q3 FY19**

- Sales to Indian OE customers declined 5% owing to drop in sales of served customers of occupant safety products
- Sales to International customers grew by 45% supported by strong off take and commencement of supplies to new programs

› **EBITDA decreased by 16.5% from Rs. 42.6 Cr in Q3 FY18 to Rs. 35.6 Cr in Q3 FY19**

- Adverse product mix, increase in raw material / employee costs resulted in the EBITDA margin drop

› **PBT dropped from Rs. 31.9 Cr in Q3 FY18 to Rs. 23.9 Cr in Q3 FY19**

RTSS – Standalone Financials (YTD)

Rs Cr	9M FY18	9M FY19	Growth
Total Net Revenue	808.2	998.0	23.5%
EBITDA	105.9	115.0	8.5%
EBITDA Margin	13.1%	11.5%	-159 bps
PBT Before Exceptional Items	75.6	81.1	7.2%
Exceptional (Expenses) / Income	-	-	
PBT	75.6	81.1	7.2%
PBT Margin	9.4%	8.1%	-123 bps
PAT	50.9	53.9	5.9%
PAT Margin	6.3%	5.4%	-90 bps
Total Comprehensive Income	50.5	55.5	9.9%

Rane NSK Steering Systems

(RNSS)

RNSS – Operational Performance Review

Market Environment

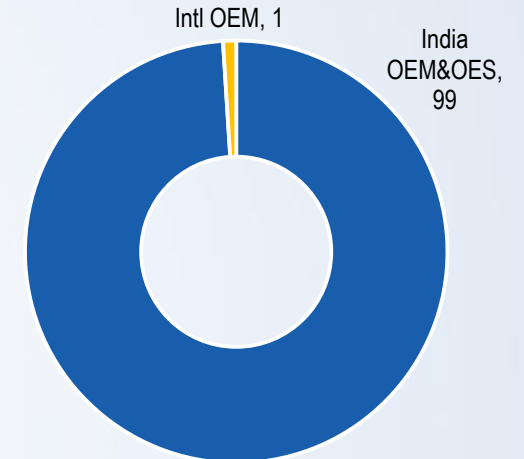
- › EPS: Higher off-take from served models in passenger vehicle segment
- › MSC: Higher volumes on served programs

Operational Highlights

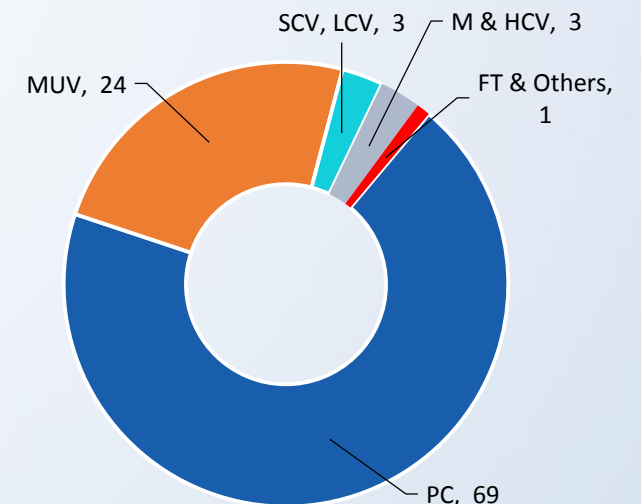
- › Successfully commenced operations at new plant in Gujarat

Business Split (Q3 FY19)

By Market (%)

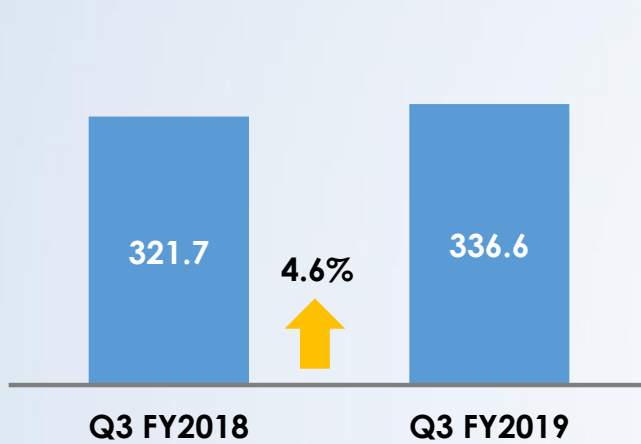


By Vehicle Segment (%)

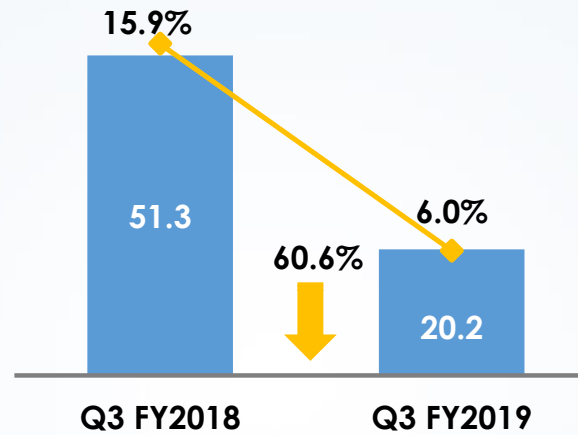


RNSS – Financial Performance Review

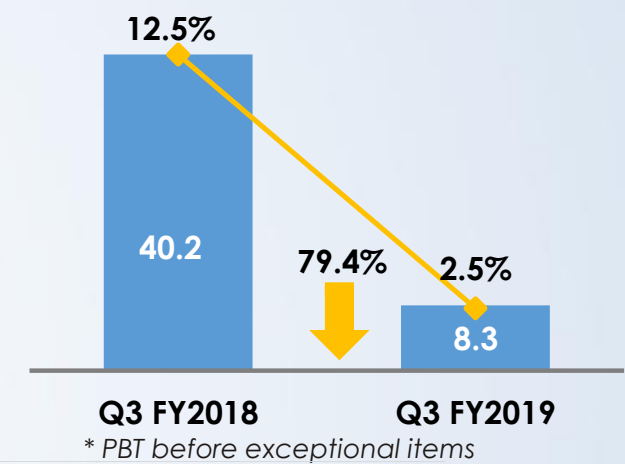
Total Net Revenue (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



- › **Total Net Revenue increased by 4.6% from Rs. 321.7 Cr in Q3 FY18 to Rs. 336.6 Cr in Q3 FY19**
 - Despite decline in passenger vehicle segment, RNSS registered sales growth helped by higher off take in served models
- › **EBITDA declined by 60.6% from Rs. 51.3 Cr in Q3 FY18 to Rs. 20.2 Cr in Q3 FY19**
 - Adverse material cost and delay in localization
 - Provision for estimated expenses towards product warranty claim of Rs. 20.45 Crs
- › **PBT dropped from Rs. 40.2 Cr in Q3 FY18 to Rs. 8.3 Cr in Q3 FY19**

RNSS – Financials (YTD)

Rs Cr	9M FY18	9M FY19	Growth
Total Net Revenue	925.7	1,093.3	18.1%
EBITDA	142.4	125.1	-12.2%
EBITDA Margin	15.4%	11.4%	-394 bps
PBT Before Exceptional Items	107.4	90.0	-16.2%
*Exceptional (Expenses) / Income	32.11	-	
PBT	139.5	90.0	-35.5%
PBT Margin	15.1%	8.2%	-683 bps
PAT	94.9	58.3	-38.6%
PAT Margin	10.3%	5.3%	-492 bps
Total Comprehensive Income	94.2	58.4	-38.0%

**Note, exceptional income represents profit from land swap transaction*



Thank You



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Glossary of Abbreviations

Abbreviation	Expansion
AF	Asbestos Free
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
GST	Goods and Services Tax
HCV	Heavy Commercial Vehicle
LCV	Light Commercial Vehicles
MPV	Multi Purpose Vehicles
MUV	Multi Utility Vehicles

Abbreviation	Expansion
M&HCV	Medium & Heavy Commercial Vehicles
MSC	Manual Steering Column
OE	Original Equipment
OEM	Original Equipment Manufacturer
PBT	Profit Before Tax
PC	Passenger Car
RPDC	Rane Precision Die Casting
SCV	Small Commercial Vehicles
SIAM	Society of Indian Automobile Manufacturers
TML	Tata Motors Ltd.
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.