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Rane (Madras) Limited



//Online Submission//

RML / SE / 46 / 2017-18

December 05, 2017

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 - Unaudited Financial Results for the quarter ended September 30, 2017

Ref: Our letter no. RML/SE /44/2017-18 dated November 22, 2017

This is with reference to our aforementioned letter intimating Earnings Conference Call scheduled on Wednesday, December 6, 2017 at 15:00 hrs (IST) to discuss unaudited financial results for the quarter ended September 30, 2017. We enclose herewith copy of the Earnings presentation proposed to be made thereat, to the analysts and investors.


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

We request you to take the above on record and note the compliance under above referred regulations of 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 | Q2 FY18



December 2017

www.ranegroup.com



- › **Industry Performance Review – Q2 FY18**

- › Rane Group Performance Review – Q2 FY18

- › Group Companies Performance Highlights – Q2 FY18

Industry Performance Review (Q2 FY18)

Vehicle Segment	Production YoY Growth# in %	Rane Group Sales Growth Y-o-Y in % (India OEM)	Rane Group Revenue Split * (India OEM)
Passenger Cars (PC)	-1%	25%	45%
Utility Vehicles (MUV)	12%	13%	20%
Vans (MPV)	1%	0%	1%
Small Commercial Vehicles (SCV)	16%	54%	3%
Light Commercial Vehicles (LCV)	10%	20%	7%
Medium & Heavy Commercial Vehicles (M&HCV)	12%	13%	13%
Farm Tractors (FT)	19%	10%	7%
2-Wheeler (2W)	13%	23%	3%

* Negligible presence in 3-wheeler. Other segments such as Stationary Engines, Rail & Defense contributes less than 1%

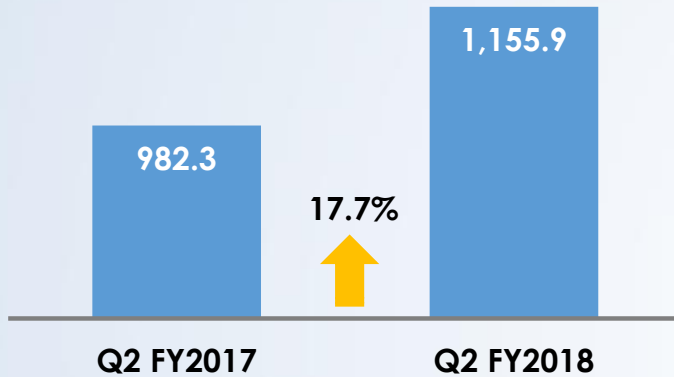
Source: SIAM

- › 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 the Farm Tractors segment,
 - Growth of steering products is lower as our presence is lower in power steering segment, which had superior growth
 - Production shortfall of valve train products resulted in drop in sales
- › Performance in 2-Wheeler segment was supported by better growth for Disc Pad products with presence in favorable OEMs/models

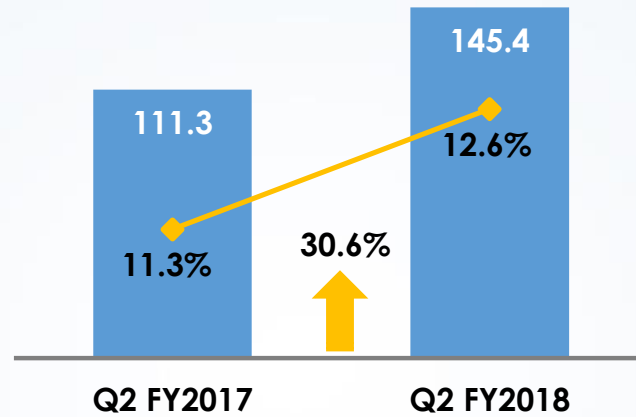
- › Industry Performance Review – Q2 FY18
- › **Rane Group Performance Review – Q2 FY18**
- › Group Companies Performance Highlights – Q2 FY18

Group Aggregate Performance Review (FTQ)

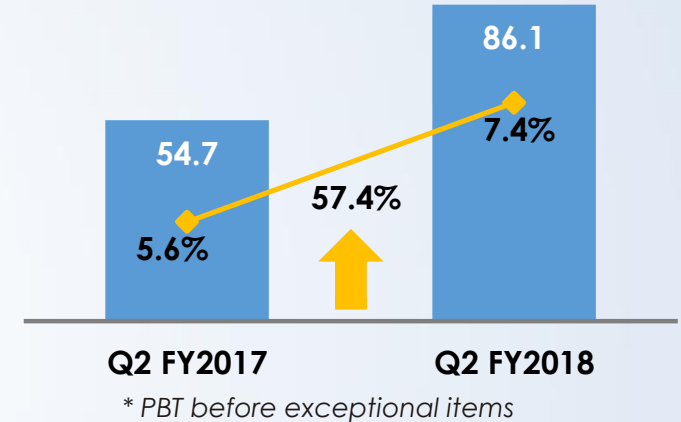
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



› **Net Sales increased by 17.7% to Rs. 1,155.9 Cr in Q2 FY18 from Rs. 982.3 Cr in Q2 FY17**

- Revenues from Indian OE customers went up by 19% YoY supported by increased offtake across major vehicle segments
- Revenues from international customers grew 25% YoY driven by new businesses for Occupant safety products
- Revenue from Indian aftermarket segment grew 4% indicating gradual demand revival post GST implementation

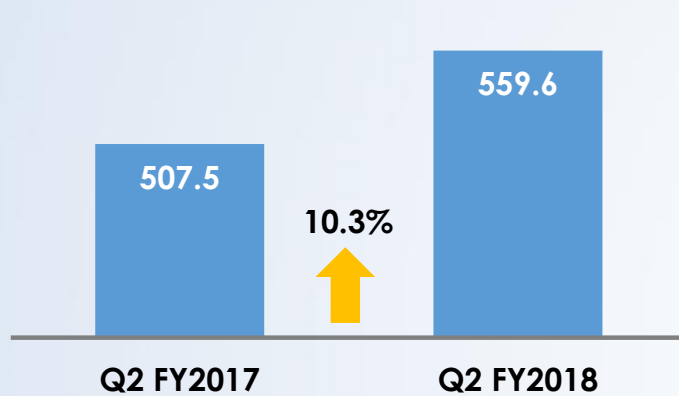
› **EBITDA increased by 30.6% to Rs. 145.4 Cr in Q2 FY18 from Rs. 111.3 Cr in Q2 FY17**

- Various cost control initiatives across group companies helped in improving the overall profitability

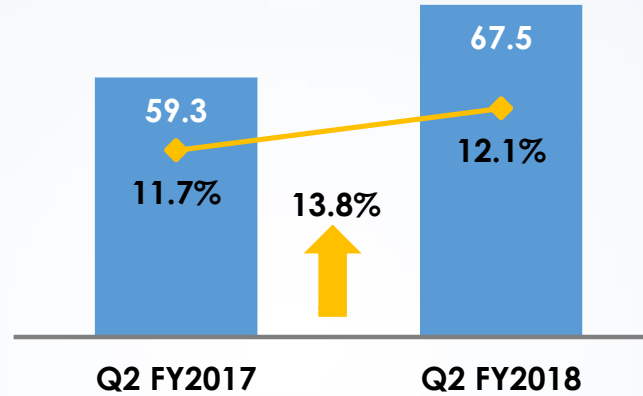
› **PBT increased by 57.4% to Rs. 86.1 Cr in Q2 FY18 from Rs. 54.7 Cr in Q2 FY17**

RHL Consolidated Performance Review (FTQ)

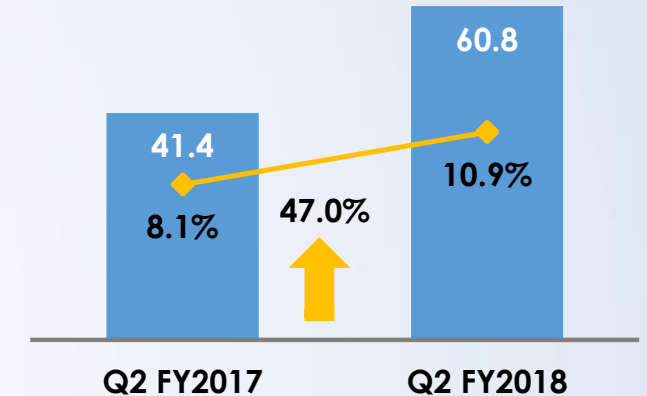
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



* PBT before exceptional items

- › Net Sales increased by 10.3% to Rs. 559.6 Cr in Q2 FY18 from Rs. 507.5 Cr in Q2 FY17
- › EBITDA increased by 13.8% to Rs. 67.5 Cr in Q2 FY18 from Rs. 59.3 Cr in Q2 FY17
- › PBT increased by 47.0% to Rs. 60.8 Cr in Q2 FY18 from Rs. 41.4 Cr in Q2 FY17

Group Aggregate Performance Review (YTD)

Rs Cr	6M FY17	6M FY18	Growth
Net Sales	1,883.8	2,163.9	14.9%
EBITDA	203.8	258.1	26.7%
EBITDA Margin	10.8%	11.9%	111 bps
PBT Before Exceptional Items	91.2	139.2	52.7%
Exceptional (Expenses) / Income	93.9	32.1	-65.8%
PBT	185.1	171.3	-7.4%
PBT Margin	9.8%	7.9%	-191 bps
PAT	132.9	116.0	-12.7%
PAT Margin	7.1%	5.4%	-169 bps
Total Comprehensive Income	131.7	112.8	-14.4%

RHL Consolidated Performance Review (YTD)

Rs Cr	6M FY17	6M FY18	Growth
Net Sales	997.0	1,048.8	5.2%
EBITDA	110.7	119.5	8.0%
EBITDA Margin	11.1%	11.4%	30 bps
PBT Before Exceptional Items	68.6	97.1	41.4%
Exceptional (Expenses) / Income	93.9	15.7	-83.2%
PBT	162.5	112.8	-30.6%
PBT Margin	16.3%	10.8%	-555 bps
PAT	116.9	73.5	-37.2%
PAT Margin	11.7%	7.0%	-472 bps
Total Comprehensive Income	116.1	70.2	-39.5%

- › Industry Performance Review – Q2 FY18
- › Rane Group Performance Review – Q2 FY18
- › **Group Companies Performance Highlights – Q2 FY18**

Rane (Madras) Ltd.

(RML)

RML – Standalone Operational Performance Review

Market Environment

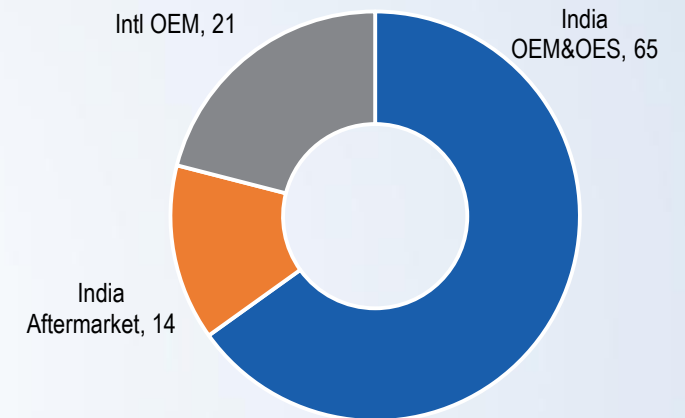
- › Strong demand for Steering products from Indian OE customers across vehicle segments
- › Experienced demand revival in Indian Aftermarket segment
- › Strong demand for Steering products from International customers
- › Lower demand for Die-casting products from International customers

Operational Highlights

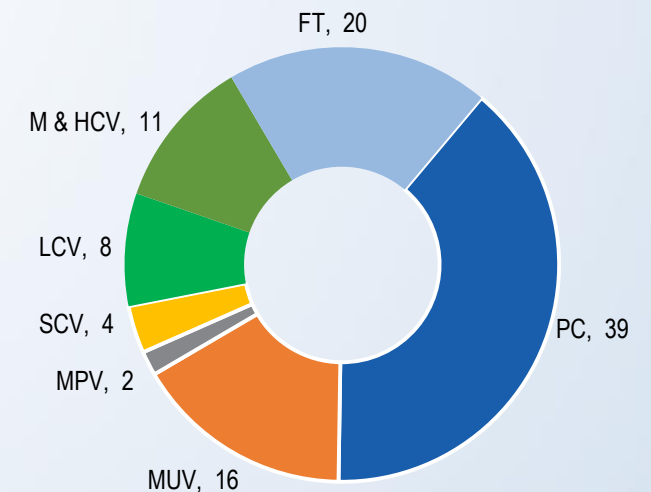
- › Maintaining healthy capacity utilization as plants sustained higher production to meet increased demand for Steering products
- › Significant improvement in quality and delivery performance with key customers in Die-cast division

Business Split (Q2 FY18)

By Market (%)

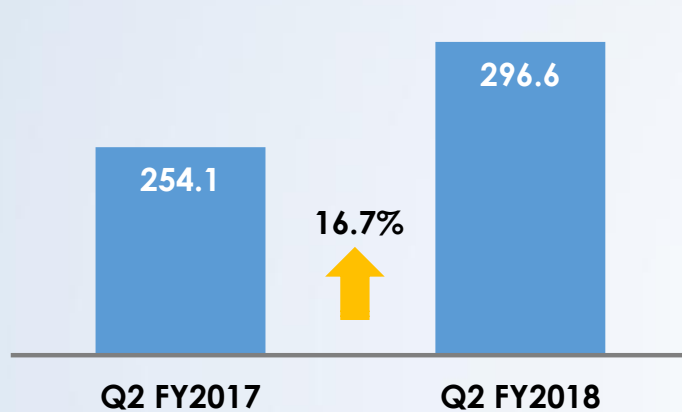


By Vehicle Segment (%)

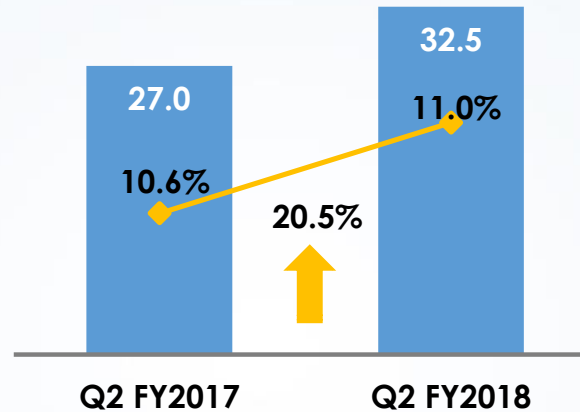


RML – Standalone Financial Performance Review (FTQ)

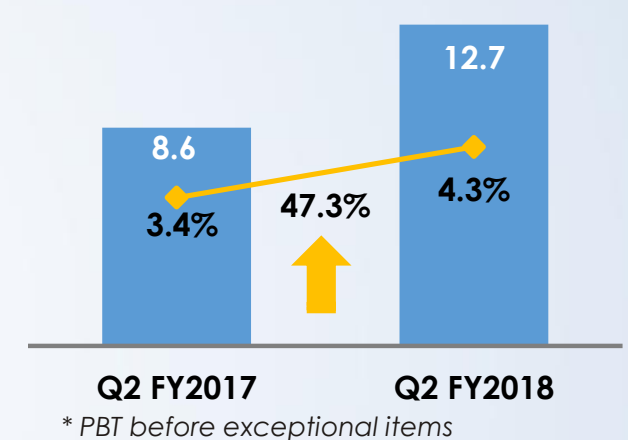
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



› **Net Sales increased by 16.7% to Rs. 296.6 Cr in Q2 FY18 from Rs. 254.1 Cr in Q2 FY17**

— Strong demand from Indian OE customers across vehicle segments and higher demand for steering products from global customers

› **EBITDA increased by 20.5% to Rs. 32.5 Cr in Q2 FY18 from Rs. 27.0 Cr in Q2 FY17**

— Improved operational performance and cost control measures helped to offset adverse mix impact

› **PBT increased by 47.3% to Rs. 12.7 Cr in Q2 FY18 from Rs. 8.6 Cr in Q2 FY17**

— Lower finance cost and depreciation helped to improve PBT margin

› **Additional equity infusion of Rs.65 crs from RHL in Sep 2017**

RML – Standalone Financials (YTD)

Rs Cr	6M FY17	6M FY18	Growth
Net Sales	479.3	546.0	13.9%
EBITDA	49.3	56.2	13.9%
EBITDA Margin	10.3%	10.3%	0 bps
PBT Before Exceptional Items	13.5	16.0	18.4%
Exceptional (Expenses) / Income	-	-	-
PBT	13.5	16.0	18.4%
PBT Margin	2.8%	2.9%	10 bps
PAT	10.3	11.1	8.4%
PAT Margin	2.1%	2.0%	-10 bps
Total Comprehensive Income	10.3	11.2	8.6%

Rane Engine Valve Ltd.

(REVL)

REVL – Operational Performance Review

Market Environment

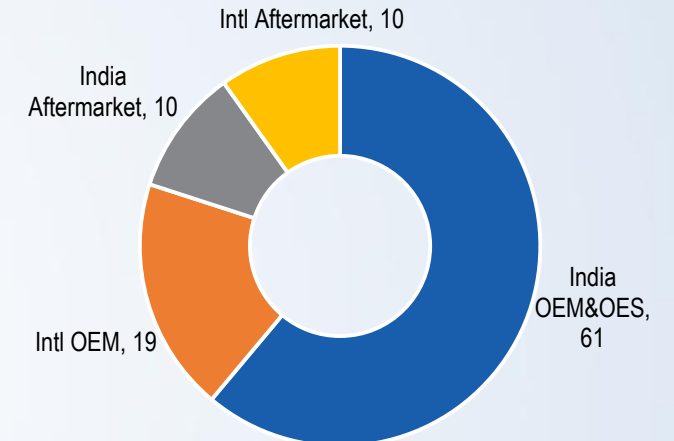
- › Strong demand from Indian OE customers
- › Continued to experience lower offtake in Indian Aftermarket segment
- › Higher offtake from International OE and Aftermarket customers

Operational Highlights

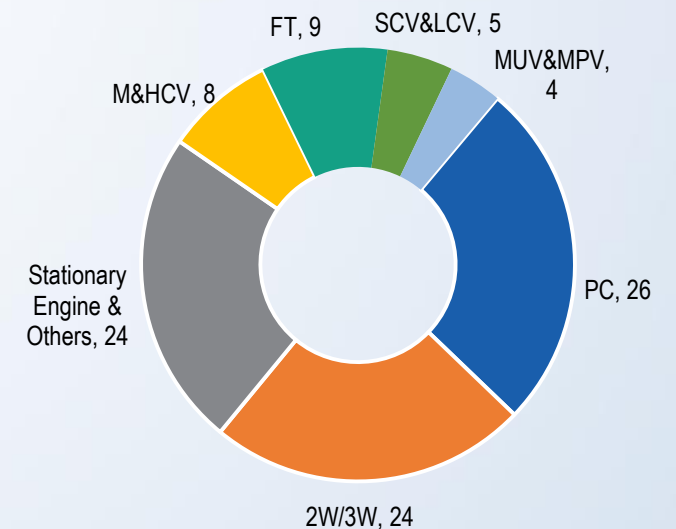
- › Successfully installed new line at Trichy plant for enhanced business volume with International OE customer
- › Experienced higher rejections with ramp up of volumes
- › Delivery issues persist at select manufacturing facilities

Business Split (Q2 FY18)

By Market (%)

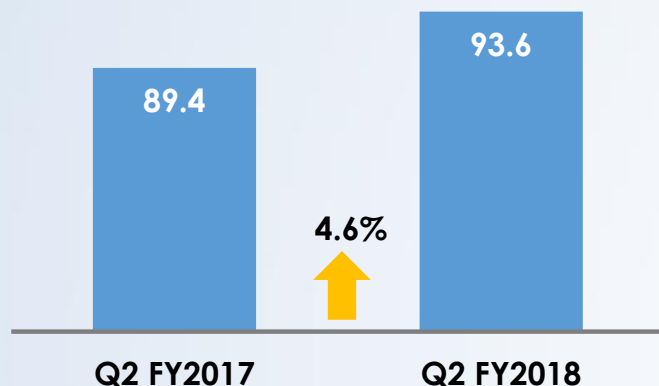


By Vehicle Segment (%)

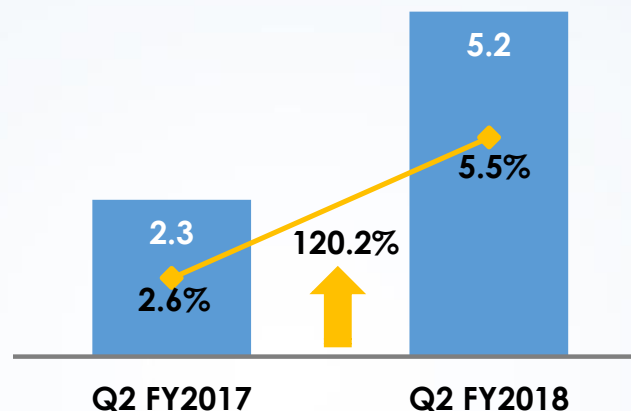


REVL – Financial Performance Review (FTQ)

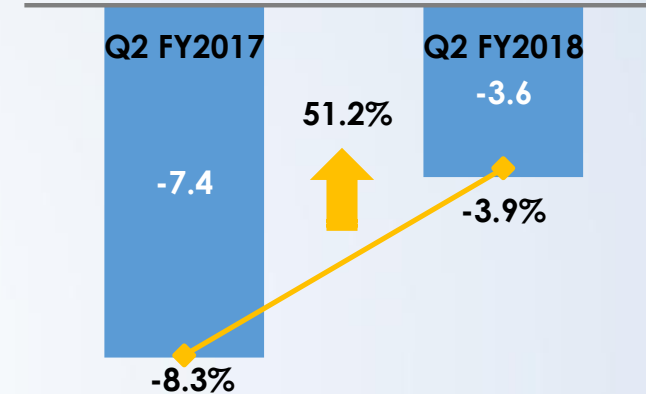
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



* PBT before exceptional items

› **Net Sales increased by 4.6% to Rs. 93.6 Cr in Q2 FY18 from Rs. 89.4 Cr in Q2 FY17**

- Strong demand from Indian OE customers and International customers; Continued to experience lower offtake in Indian Aftermarket segment

› **EBITDA increased by 120.2% to Rs. 5.2 Cr in Q2 FY18 from Rs. 2.3 Cr in Q2 FY17**

- Continues to focus on operational efficiency and cost reduction initiatives

› **Loss before tax for Q2 FY18 was Rs. 3.6 Cr as against loss of Rs. 7.4 Cr in Q2 FY17**

- Lower finance costs helped in reducing the loss for the quarter

REVL – Financials (YTD)

Rs Cr	6M FY17	6M FY18	Growth
Net Sales	180.7	182.1	0.8%
EBITDA	8.9	9.8	10.1%
EBITDA Margin	4.9%	5.4%	50 bps
PBT Before Exceptional Items	(11.3)	(7.7)	31.9%
Exceptional (Expenses) / Income	93.9	-	-
PBT	82.6	(7.7)	-109.3%
PBT Margin	45.7%	-4.2%	
PAT	59.6	(5.0)	-108.5%
PAT Margin	33.0%	-2.8%	
Total Comprehensive Income	59.3	(5.4)	-109.1%

Rane Brake Lining Ltd.

(RBL)

RBL – Operational Performance Review

Market Environment

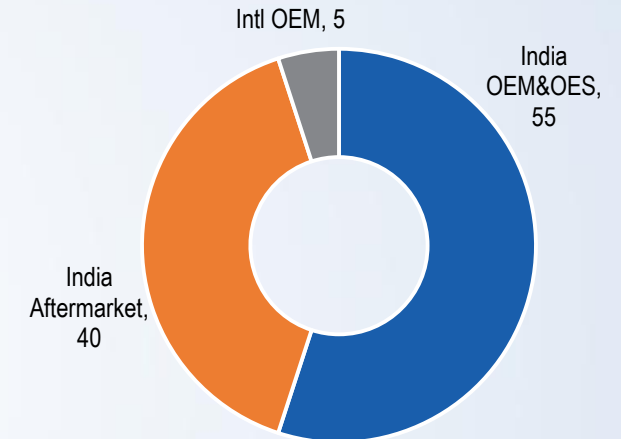
- › Muted growth in Indian OE segment. Lower offtake in PC OES segment
- › Gradual revival in demand in the Indian Aftermarket segment
- › Low schedules from International customers

Operational Highlights

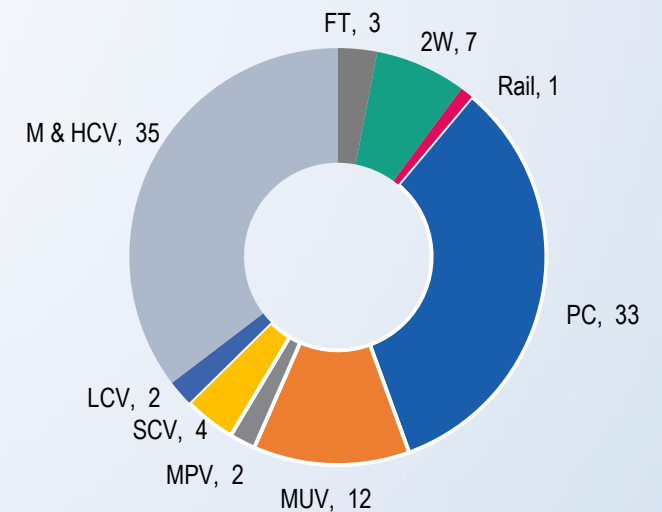
- › RBL team won Gold Award in International Quality Circle Convention held at Philippines
- › Continue to realise higher cost savings through various operational and strategic initiatives

Business Split (Q2 FY18)

By Market (%)

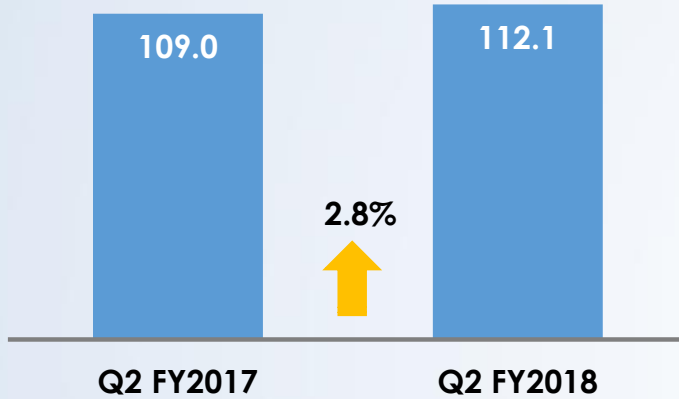


By Vehicle Segment (%)

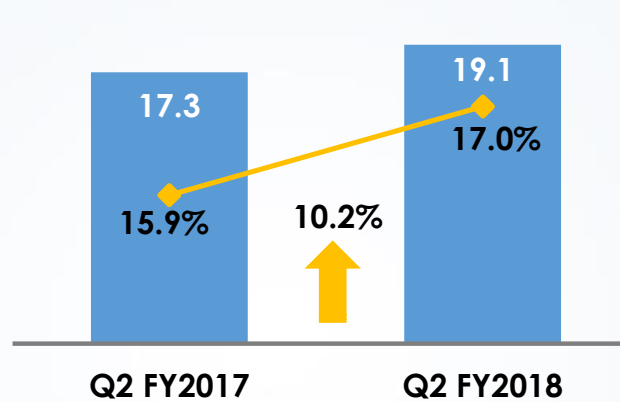


RBL – Financial Performance Review (FTQ)

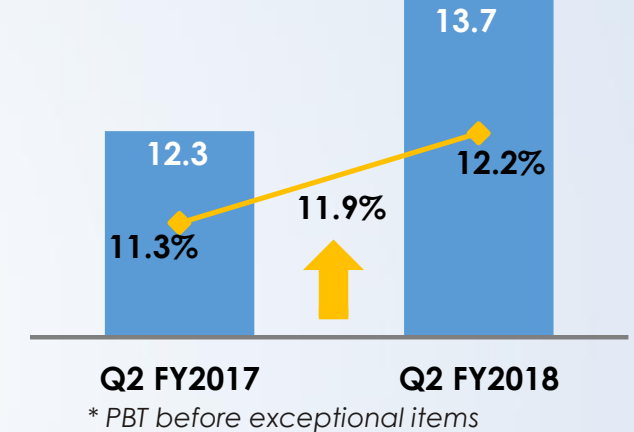
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



› **Net Sales increased by 2.8% to Rs. 112.1 Cr in Q2 FY18 from Rs. 109.0 Cr in Q2 FY17**

— Offtake in Indian Aftermarket segment helped post modest growth

› **EBITDA increased by 10.2% to Rs. 19.1 Cr in Q2 FY18 from Rs. 17.3 Cr in Q2 FY17**

— Favorable commodity prices, foreign exchange movement and higher cost savings realization helped to sustain lower material cost

— Realized cost savings through strategic initiatives undertaken in Q4FY17

› **PBT increased by 11.9% to Rs. 13.7 Cr in Q2 FY18 from Rs. 12.3 Cr in Q2 FY17**

RBL – Financials (YTD)

Rs Cr	6M FY17	6M FY18	Growth
Net Sales	225.5	212.5	-5.7%
EBITDA	35.7	35.0	-1.9%
EBITDA Margin	15.8%	16.5%	70 bps
PBT Before Exceptional Items	25.4	24.3	-4.2%
Exceptional (Expenses) / Income	-	-	-
PBT	25.4	24.3	-4.2%
PBT Margin	11.2%	11.4%	20 bps
PAT	20.7	16.7	-19.3%
PAT Margin	9.2%	7.8%	-140 bps
Total Comprehensive Income	20.6	16.5	-19.8%

Rane TRW Steering Systems (RTSS)

RTSS – Operational Performance Review

Market Environment

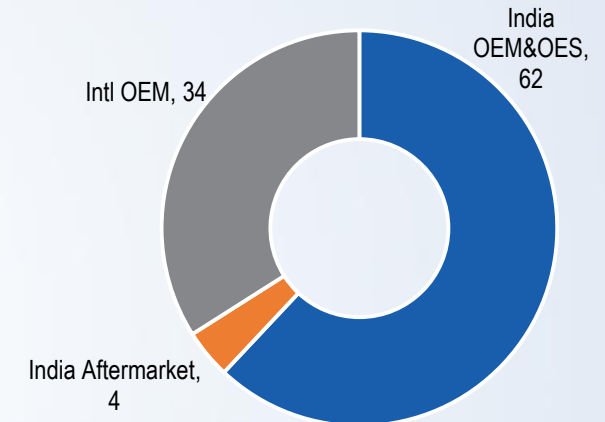
- › Occupant Safety Division: Continued to register robust growth mainly driven by export
- › Steering Gear Division:
 - Served market in Passenger Vehicle shrunk further with migration to EPS
 - M&HCV segment recovered in Q2FY18 after significant drop in Q1FY18

Operational Highlights

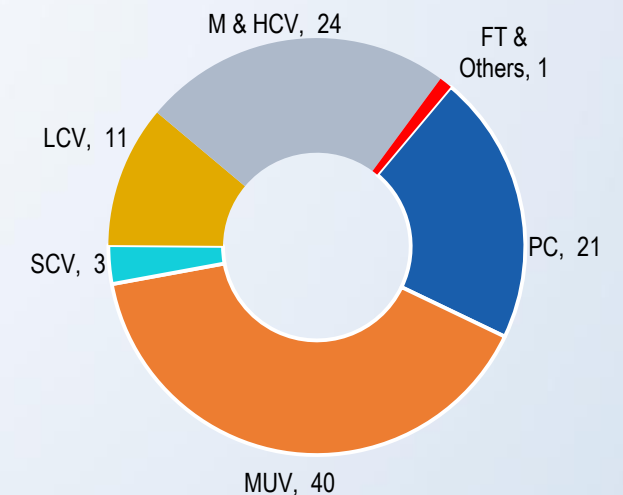
- › Continues to focus on cost reduction and improvement in operational performance
- › Capacity expansion underway for ramping up volumes in seat belts and airbags

Business Split (Q2 FY18)

By Market (%)

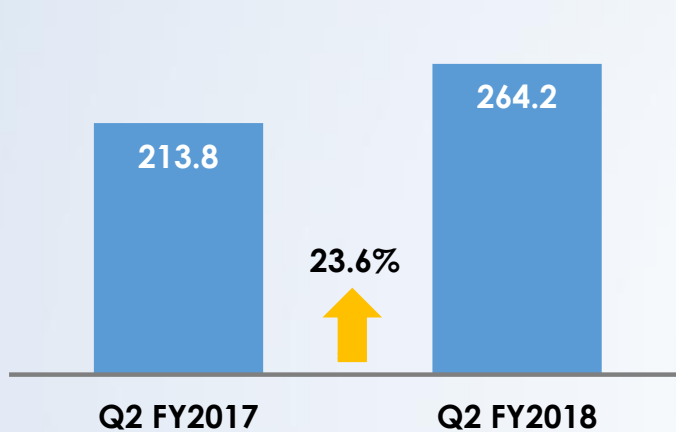


By Vehicle Segment (%)

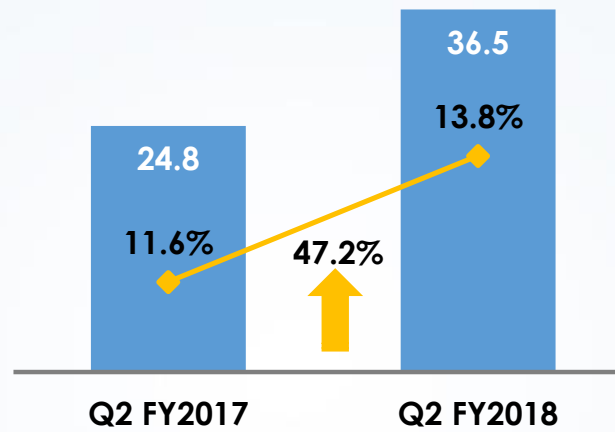


RTSS – Financial Performance Review (FTQ)

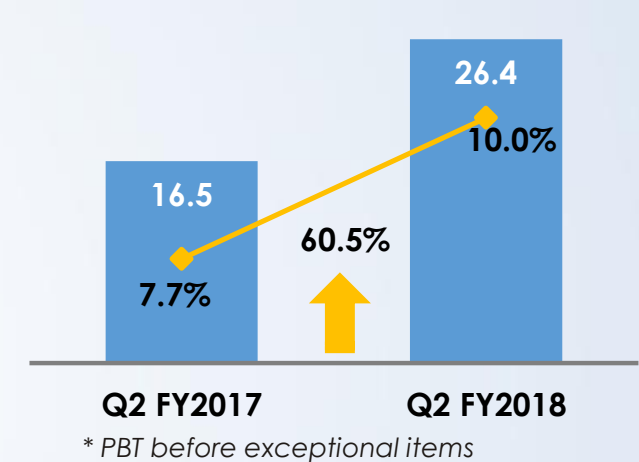
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



› **Net Sales increased by 23.6% to Rs. 264.2 Cr in Q2 FY18 from Rs. 213.8 Cr in Q2 FY17**

– Strong offtake for steering products in CV segment and new business supplies of occupant safety products

› **EBITDA increased by 47.2% to Rs. 36.5 Cr in Q2 FY18 from Rs. 24.8 Cr in Q2 FY17**

– Favourable product mix, fixed cost leverage and sustained cost savings initiatives helped to improve EBITDA margin

› **PBT increased by 60.5% to Rs. 26.4 Cr in Q2 FY18 from Rs. 16.5 Cr in Q2 FY17**

– Continues to pursue various initiatives in treasury management towards reducing interest costs and to improve the profitability margins

RTSS – Standalone Financials (YTD)

Rs Cr	6M FY17	6M FY18	Growth
Net Sales	403.3	502.4	24.6%
EBITDA	46.2	63.4	37.0%
EBITDA Margin	11.5%	12.6%	115 bps
PBT Before Exceptional Items	30.2	43.7	44.9%
Exceptional (Expenses) / Income	-	-	-
PBT	30.2	43.7	44.9%
PBT Margin	7.5%	8.7%	122 bps
PAT	20.9	29.3	40.5%
PAT Margin	5.2%	5.8%	66 bps
Total Comprehensive Income	20.4	28.8	40.9%

Rane NSK Steering Systems

(RNSS)

RNSS – Operational Performance Review

Market Environment

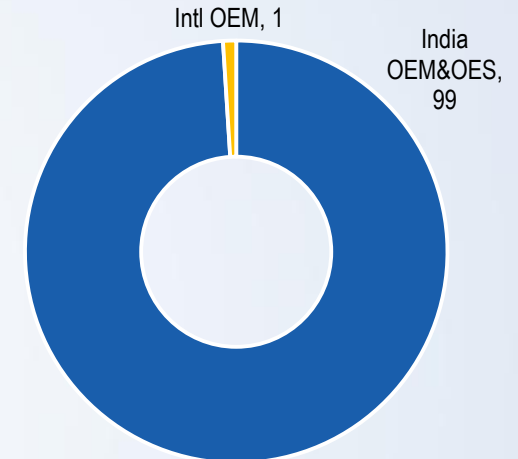
- › Strong demand for EPS continues in the served passenger vehicle models
- › MSC volumes were favorable with increased demand from commercial vehicle segment

Operational Highlights

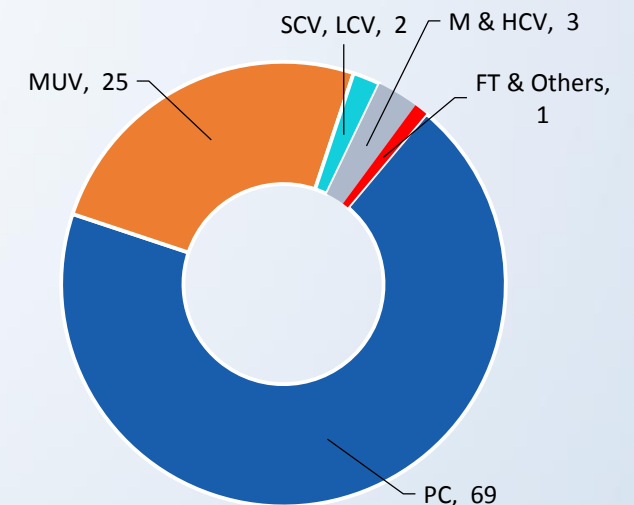
- › Select MSC customer lines transferred from Chennai plant to Uttarkhand plant based on proximity to customer location
- › Continued to achieve cost savings through localization in EPS products

Business Split (Q2 FY18)

By Market (%)

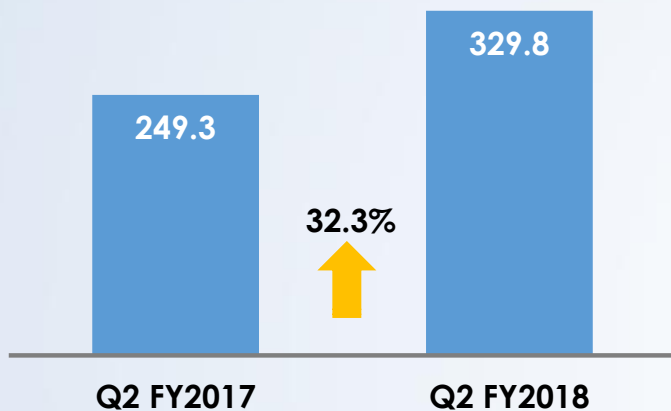


By Vehicle Segment (%)

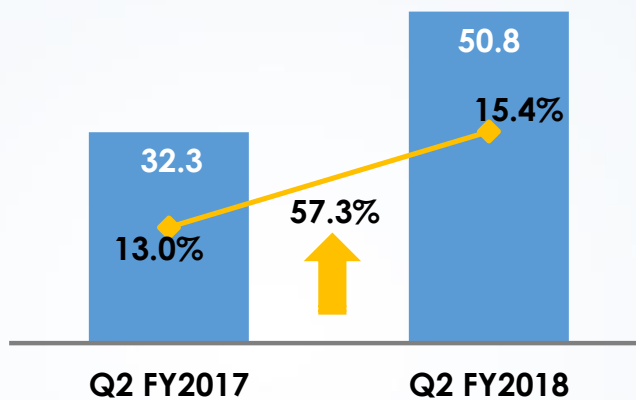


RNSS – Financial Performance Review (FTQ)

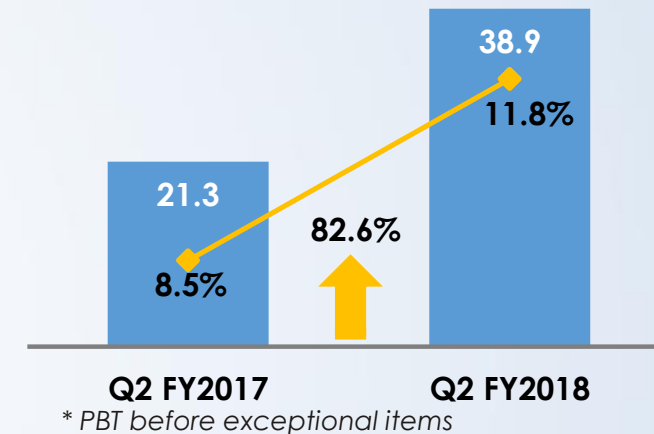
Net Sales (Rs cr.)



EBITDA (Rs cr.)



PBT* (Rs cr.)



- › **Net Sales increased by 32.3% to Rs. 329.8 Cr in Q2 FY18 from Rs. 249.3 Cr in Q2 FY17**
 - Sales growth driven by higher offtake from served models in passenger car and MUV segments
- › **EBITDA increased by 57.3% to Rs. 50.8 Cr in Q2 FY18 from Rs. 32.3 Cr in Q2 FY17**
 - Higher cost down and fixed cost leverage helped in the improved margin performance
- › **PBT increased by 82.6% to Rs. 38.9 Cr in Q2 FY18 from Rs. 21.3 Cr in Q2 FY17**
 - Lower finance cost and depreciation helped to improve PBT margin

RNSS – Financials (YTD)

Rs Cr	6M FY17	6M FY18	Growth
Net Sales	460.4	602.1	30.8%
EBITDA	56.2	91.1	62.1%
EBITDA Margin	12.2%	15.1%	290 bps
PBT Before Exceptional Items	34.4	67.2	95.3%
Exceptional (Expenses) / Income	-	32.1	-
PBT	34.4	99.3	188.7%
PBT Margin	7.5%	16.5%	900 bps
PAT	22.8	68.4	200.0%
PAT Margin	5.0%	11.4%	640 bps
Total Comprehensive Income	22.5	67.9	201.8%



Thank You



Rane Corporate Centre

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

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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
GST	Goods and Services Tax
LCV	Light Commercial Vehicles
MPV	Multi Purpose Vehicles
MSC	Manual Steering Column
MUV	Multi Utility Vehicles
M&HCV	Medium & Heavy Commercial Vehicles

Abbreviation	Expansion
OE	Original Equipment
OEM	Original Equipment Manufacturer
OES	Original Equipment Supplier
PAT	Profit After Tax
PBT	Profit Before Tax
PC	Passenger Car
SCV	Small Commercial Vehicles
SIAM	Society of Indian Automobile Manufactures
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.