

Investor Presentation

Q1 CY 2019 Results

Mahindra CIE Automotive Limited

6th May 2019 | Mumbai



Mahindra CIE

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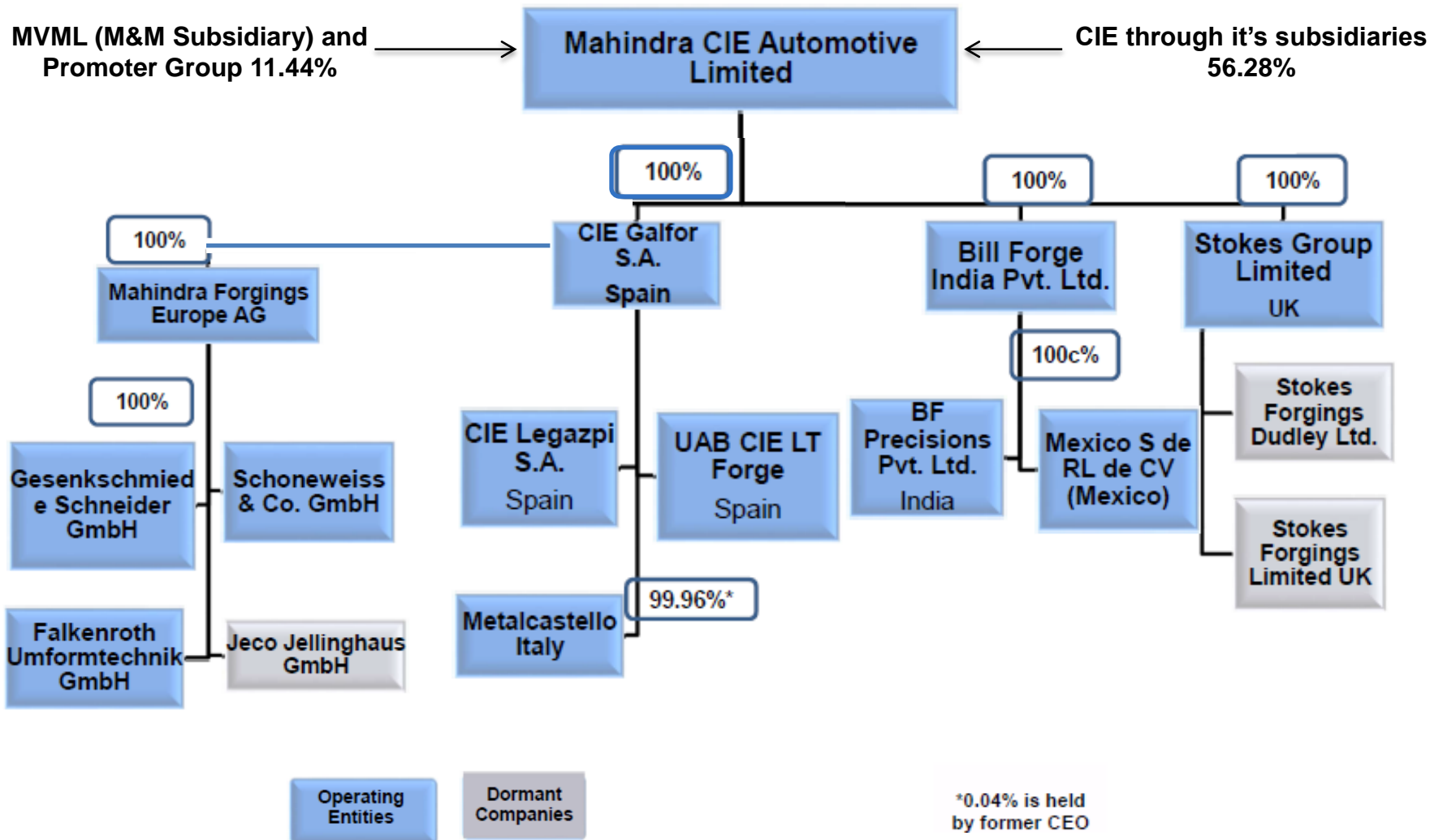
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MCIE Overview

Legal Structure



MCIE India

Q1 CY19 results

Financial Update

(₹ Mio)	Jan-Mar 2019	Change	Jan-Mar 2018	Oct -Dec 2018
Sales (without Excise)	7,936	+2%	7,756	7,627
EBITDA (*)	1,296	+10%	1,175	1,134
EBITDA%	16.3%		15.1%	14.9%
EBIT (*)	993	+13%	875	822
EBIT %	12.5%		11.3%	10.8%
EBT	990	+2%	967	737
EBT%	12.5%		12.5%	9.7%

(*) EBITDA: EBIT+ Depreciation, EBIT = EBT + Finance Costs

Market Update (Production)

	Jan-Mar 2019 v/s Jan-Mar 2018	Jan-Mar 2019 v/s Oct-Dec 2018
PV	-7.1%	11.6%
UV	-0.5%	28.3%
LCV	2.7%	17.1%
MHCV	-2.2%	11.7%
Two Wheelers	-9.8%	-6.1%
Tractors	-0.8%	-13.0%
Key Customers(#)	-9.0%	-2.7%

M&M, Maruti, Tata Motors and Hero MotoCorp combined constitute more than 50% of MCIE India business. Production Numbers for: M&M includes PV+UV+LCV+Tractors but excludes 2wheelers and 3Wheelers, Maruti includes PV+LCV, Tata Motors it includes PV+UV+LCV but excludes MHCV, and Hero all 2Wheelers. The growth of MCIE's customers weighted as per their share of business in MCIE India for the Jan-Mar 2019 growth is -2.1% and sequential growth is 14.6%

As per International classification the segment defined as <6T is equivalent to the Indian segment PV+UV+LCV. The growth rate for <6T for Jan-Mar quarter as compared to previous year is -2.8%

- 2% growth despite market's negative evolution
- EBITDA includes 122 mio of financial revenue (interest of the cash ready for acquisition). Without this, EBITDA% is about 15%
- Q1 CY18 includes 107 mio of positive exchange rate in Billforge Mexico (almost zero in Q1 CY19)

MCIE Europe

Q1 CY19 results

Financial Update

(₹ Mio)	Jan-Mar 2019	Change	Jan-Mar 2018 (**)	Oct-Dec 2018
Sales (without Excise)	12,844	+15%	11,189	11,199
EBITDA (*)	1,677	+15%	1,457	1,613
EBITDA%	13.1%		13.0%	14.4%
EBIT (*)	1,241	18%	1,053	1,188
EBIT %	9.7%		9.4%	10.6%
EBT	1,141	21%	941	1,082
EBT%	8.9%		8.4%	9.7%

Market Update (Production)

	Jan-Mar 2019 v/s Jan-Mar 2018	Jan-Mar 2019 v/s Oct-Dec 2018
Passenger Vehicles	-5.2%	3.8%

Commercial Vehicle production data is not available on a quarterly basis

(*) EBITDA: EBIT+ Depreciation, EBIT = EBT + Finance Costs

(**) . Jan-Mar 2018 numbers are excluding Stokes Sales 227 mio; EBITDA 7 mio; EBIT -ve 1 mio; EBT -ve 11 mio

- Excellent sales performance, with only 1% of exchange rate positive impact
- Q4 CY18 margins positively affected by stock increase (Christmas season)

MCIE Consolidated

Q1 CY19 results

(₹ Mio)	Jan-Mar 2019	Change	Jan-Mar 2018 (**)	Oct -Dec 2018
Sales (without Excise)	20,684	+10%	18,880	18,733
EBITDA (*)	2,974	+13%	2,631	2,747
EBITDA%	14.4%		13.9%	14.7%
EBIT (*)	2,233	+16%	1,928	2,010
EBIT %	10.8%		10.2%	10.7%
EBT	2,130	+12%	1,909	1,819
EBT%	10.3%		10.1%	9.7%

(*) EBITDA: EBIT+Depreciation, EBIT = EBT + Finance Costs

(**) . Jan-Mar 2018 numbers are excluding Stokes Sales 227 mio; EBITDA 7 mio; EBIT –ve 1 mio; EBT –ve 11 mio

- Sales and margin improvement is continuous and has shown a solid evolution
- Q1 CY19 results (absolute value) are best ever result in MCIE history
- Double digit consolidated EBIT% achieved

Other Details

Other operating Revenue, Other Income and Exchange rates

For Q1 CY19

(INR Mio)	India	Europe	Consolidated
Other Operating Revenue	581	480	1,060
Other Income	148	1	149

Exchange Rates

Period	INR/ Euro
Average for Q1 CY19	80.06
Average for Q4 CY18	82.19
As on 31 Mar' 2019	78.05

Annexure 1: Results Declared to SEBI

		STANDALONE				CONSOLIDATED			
		Quarter Ended		Year Ended		Quarter Ended		Year Ended	
		March 31, 2019	December 31, 2018	March 31, 2018	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2018	December 31, 2018
Particulars		Un Audited	Un Audited (Refer Note 8)	Un Audited	Audited	Un Audited	(Refer Note 11)	(Refer Note 11)	Audited
	Continuing Operations								
I	Revenue from operations	6,425.58	6,156.10	6,130.78	25,342.74	21,743.91	19,750.29	19,965.29	80,315.38
II	Other Income	148.17	102.73	49.87	248.52	148.42	182.09	51.50	386.86
III	Total Revenue (I+II)	6,573.75	6,258.83	6,180.65	25,591.26	21,892.33	19,932.38	20,016.79	80,702.24
IV	Expenses								
a)	Cost of materials consumed	3,575.97	3,440.65	3,431.86	14,224.45	10,175.34	9,590.49	9,129.85	37,736.82
b)	Changes in stock of finished goods, work-in progress	(19.20)	(35.12)	(70.31)	(261.95)	(30.37)	(964.50)	(102.40)	(1,421.45)
c)	Employee benefit expense	718.20	726.98	673.75	2,846.58	3,559.35	3,382.70	3,359.54	13,296.70
d)	Finance costs	28.81	25.34	15.19	82.04	102.93	190.66	29.56	501.51
e)	Depreciation and amortisation expenses	178.23	180.86	188.47	738.96	740.43	736.86	711.14	2,867.49
f)	Other expenses	1,364.19	1,322.35	1,345.08	5,442.14	5,214.24	5,176.82	4,991.43	20,192.43
	Total Expenses (IV)	5,846.20	5,661.06	5,584.04	23,072.21	19,761.92	18,113.03	18,119.12	73,173.50
V	Profit before exceptional items and tax (III-IV)	727.55	597.77	596.61	2,519.05	2,130.41	1,819.35	1,897.67	7,528.74

STATEMENT OF PROFIT & LOSS ACCOUNTS.. CONT

Particulars		STANDALONE				CONSOLIDATED			
		Quarter Ended		Year Ended		Quarter Ended		Year Ended	
		March 31, 2019	December 31, 2018	March 31, 2018	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2018	December 31, 2018
		Un Audited	Un Audited (Refer Note 8)	Un Audited	Audited	Un Audited	(Refer Note 11)	(Refer Note 11)	Audited
	<u>Continuing Operations</u>								
V	Profit before exceptional items and tax (III-IV)	727.55	597.77	596.61	2,519.05	2,130.41	1,819.35	1,897.67	7,528.74
VI	Exceptional Items (Refer Note 4)	-	1,286.00	-	1,286.00	-	-	-	-
VII	Profit before tax (V-VI)	727.55	(688.23)	596.61	1,233.05	2,130.41	1,819.35	1,897.67	7,528.74
VIII	Tax expenses								
1)	Current tax	254.36	188.69	189.63	830.91	603.82	345.47	549.57	1,933.96
2)	(Excess)/short provision for tax of earlier years		(35.00)		(35.00)		(35.00)		(35.00)
3)	Deferred tax	3.92	52.90	21.31	81.98	(10.60)	89.02	30.47	144.30
	Total tax expense (VIII)	258.28	206.59	210.94	877.89	593.22	399.49	580.04	2,043.26
IX	Profit after tax (VII-VIII)	469.27	(894.82)	385.67	355.16	1,537.19	1,419.86	1,317.63	5,485.48
	<u>Discontinued Operation (Refer Note 2)</u>								
	Profit / (Loss) for the year for Discontinued Operations	-	-	-	-	(13.03)	(31.44)	-	(504.00)
	Tax Expenses on Discontinued Operations	-	-	-	-	-	-	-	-
	Profit after tax (Continuing and Discontinued Operations)	469.27	(894.82)	385.67	355.16	1,524.16	1,388.42	1,317.63	4,981.48

STATEMENT OF PROFIT & LOSS ACCOUNTS.. CONT.

STATEMENT OF STANDALONE AND CONSOLIDATED UNAUDITED RESULTS FOR THE QUARTER ENDED MARCH 31, 2019.

Rs.in Million

Particulars		STANDALONE				CONSOLIDATED			
		Quarter Ended		Year Ended		Quarter Ended		Year Ended	
		March 31, 2019	December 31, 2018	March 31, 2018	December 31, 2018	March 31, 2019	December 31, 2018	March 31, 2018	December 31, 2018
		Un Audited	Un Audited (Refer Note 8)	Un Audited	Audited	Un Audited	(Refer Note 11)	(Refer Note 11)	Audited
X	Other Comprehensive income								
A	i) Items that will not be reclassified to profit or loss	-	(11.76)	-	(11.76)	-	(53.00)	-	(53.00)
	ii) Income tax relating to items that will not be reclassified to profit or loss	-	4.10	-	4.10	-	17.00	-	17.00
B	i) Items that will be reclassified to profit or loss	-	-	-	-	(232.08)	(852.20)	634.18	737.00
	ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total Other Comprehensive Income	-	(7.66)	-	(7.66)	(232.08)	(888.20)	634.18	701.00
XI	Total comprehensive income for the period (IX+X)	469.27	(902.48)	385.67	347.50	1,292.08	500.22	1,951.81	5,682.48
	Earnings per equity share face value ₹ 10 each								
	Basic EPS								
	Continuing Operation	1.24	(2.36)	1.02	0.94	4.06	3.75	3.48	14.49
	Discontinued Operation	-	-	-	-	(0.03)	(0.08)	-	(1.33)
	Diluted EPS								
	Continuing Operation	1.24	(2.36)	1.02	0.94	4.06	3.75	3.48	14.48
	Discontinued Operations	-	-	-	-	(0.03)	(0.08)	-	(1.33)

MCIE SEBI RESULT

All companies within the Mahindra CIE Group belong to the same business segment (Automotive) and two geographical segments, India and Europe as presented below :

		Rs. In Million			
		Consolidated			
	Particulars	Quarter Ended 31-Mar-19 Unaudited	Quarter Ended 31-Dec-18 (Refer Note 10)	Quarter Ended 31-Mar-18 (Refer Note 10)	Year Ended 31-Dec-18 Audited
1	Segment Revenue				
	a) India	8,524	8,213	8,275	33,886
	b) Europe	13,325	11,630	11,770	46,789
	Total	21,849	19,843	20,045	80,675
	Less:				
	Inter Segment Revenue	105	93	80	360
	Net Sales / Income from Operations	21,744	19,750	19,965	80,315
2	Segment Results				
	a) India	992	821	875	3,588
	b) Europe	1,241	1,189	1,053	4,443
	Total	2,233	2,010	1,928	8,031
	Less				
	- Finance Cost	103	191	30	502
	Total Profit before Tax	2,130	1,819	1,899	7,529

MCIE SEBI RESULT

All companies within the Mahindra CIE Group belong to the same business segment (Automotive) and two geographical segments, India and Europe as presented below :

		Rs. In Million			
		Consolidated			
	Particulars	Quarter Ended 31-Mar-19 Unaudited	Quarter Ended 31-Dec-18 (Refer Note 10)	Quarter Ended 31-Mar-18 (Refer Note 10)	Year Ended 31-Dec-18 Audited
3	Segment Assets				
	a) India	42,603	41,158	37,797	41,158
	b) Europe	43,367	44,146	45,146	44,146
	Total	85,970	85,304	82,943	85,304
4	Segment Liabilities				
	a) India	13,436	13,305	15,455	13,305
	b) Europe	28,351	29,110	28,226	29,110
	Total	41,787	42,415	43,681	42,415
	Note :				
	1 Segment Information is exclusive of Discontinued Operations.				
	2 India includes Mexico operations which are currently not significant.				

MCIE SEBI RESULT NOTES

STATEMENT OF STANDALONE AND CONSOLIDATED UNAUDITED RESULTS FOR THE QUARTER ENDED MARCH 31, 2019.

Notes:

- 1 The statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognized accounting practices and policies to the extent applicable.
- 2 In September 2018, The Board of directors of Mahindra CIE Automotive Limited has decided to dispose the forging business in United Kingdom, corresponding to the company Stokes Group Limited. Due to that decision, the Group has discontinued the operations of Stokes Group Limited, classifying them as disposal group, and reclassifying the profit and loss account of the Company to results from discontinued operations in its consolidated result.
- 3 The Board of Directors of the Company at its meeting held on 12th March, 2019, approved the acquisition of 100% of the issued and outstanding share capital of Aurangabad Electricals Limited for an aggregate amount not exceeding INR 8,759 million. The acquisition was completed on April 9, 2019.
- 4 Exceptional Items in the Standalone Financial Results for the quarter and year ended December 31, 2018 pertain to :
 - a. Provision for impairment on additional investment in Stokes Group Limited, wholly owned subsidiary of Company, amounting to ₹ 1,161 Million, to facilitate closure of business. The Company did not anticipate any amount to be recovered from this investment. Hence, the Company had recognised full impairment loss on the said investment.
 - b. Loss on sale of investment in Mahindra Forgings Europe AG (MFE), one of the wholly owned subsidiaries of the Company, to CIE Galfor S.A.U. (Galfor), another wholly owned subsidiary of the Company amounting to ₹ 125 Million.

STATEMENT OF STANDALONE AND CONSOLIDATED UNAUDITED RESULTS FOR THE QUARTER ENDED MARCH 31, 2019.

Notes:

- 5 Ind AS 115 - Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after April 1, 2018 replaces existing revenue recognition requirements. Application of Ind AS 115 to the Company (w.e.f January 1, 2019) did not have any material adjustments on recognition and measurement of revenue and related items in the financial results of the Company.
- 6 The Board of Directors of the Company at its meeting held on September 25, 2018, approved the scheme of merger between Bill Forge Private Limited, wholly owned subsidiary, and the Company. The scheme of merger has been filed with the National Company Law Tribunal (NCLT) on October 29, 2018 and the impact of this merger will be given once the scheme is approved by the NCLT and filed with Registrar of Companies.
- 7 The above results have been subjected to Limited Review by the auditors of the Company in terms of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) reviewed by the Audit Committee and approved by the Board of Directors of the Company at their respective meetings held on May 6, 2019.
- 8 The figures for the quarter ended December 31,2018 are the derived figures between the audited figures for the year ended December 31,2018 and published reviewed figures for the quarter ended september 30, 2018.

MCIE SEBI RESULT NOTES..CONT

STATEMENT OF STANDALONE AND CONSOLIDATED UNAUDITED RESULTS FOR THE QUARTER ENDED MARCH 31, 2019.

Notes:

- 9 The subsidiaries and associate companies forming part of consolidated financial results of Mahindra CIE Automotive Limited ("MCIE") collectively referred to as the 'MCIE Group' are listed in "Annexure A" annexed herewith the statement.
- 10 The share of net loss of associates is not material.
- 11 The consolidated financial results of the Group for the quarters ended December 31, 2018 and March 31,2018, as reported in these financial results have been approved by the Board of Directors, but have not been subjected to review / audit by the auditors.

For and on behalf of the Board of Directors,

Date : May 6, 2019

Place : Mumbai

Executive Director

MCIE SEBI RESULT NOTES..CONT

Annexure A - Subsidiaries and Associate Companies forming part of the MCIE Group

Sr. No.	Name of the entity	Relationship	% of Holding	Country of Incorporation
			March 31, 2019	
1	Stokes Group Limited (SGL)	Subsidiary of MCIE	100%	U.K
2	Stokes Forgings Dudley Limited	Subsidiary of SGL	100%	U.K
3	Stokes Forgings Limited	Subsidiary of SGL	100%	U.K
4	CIE Galfor, S.A.U. (Galfor)	Subsidiary of MCIE	100%	Spain
5	Mahindra Forgings Europe AG (MFE)	Subsidiary of Galfor	100%	Germany
6	Jeco Jellinghaus GmbH	Subsidiary of MFE	100%	Germany
7	Gesensschmiede Schneider GmbH	Subsidiary of MFE	100%	Germany
8	Falkenroth Unformtechnik GmbH	Subsidiary of MFE	100%	Germany
9	Schoneweiss& Co GmbH	Subsidiary of MFE	100%	Germany
10	Metalcastello S.p.A (MC)	Subsidiary of Galfor	99.96%	Italy
11	CIE Legazpi SA	Subsidiary of Galfor	100%	Spain
12	UAB CIE LT Forge	Subsidiary of Galfor	100%	Lithuania
13	Galfor Eólica, S.L	Associate of Galfor	25%	Spain
14	Bill Forge Private Limited (BF)	Subsidiary of MCIE	100%	India
15	BF Precision Private Limited	Subsidiary of BF	100%	India
16	Bill Forge Mexico, S.A de C.V	Subsidiary of BF	100%	Mexico
17	Gescrap India Private Limited	Associate of MCIE	30%	India

Annexure 2: Market Overview and Outlook

India Market: Key Segments Update - Quarterly

Demand Slow

Market - Production Numbers

Period	Cars + UV's		CV's		Tractors		Two Wheelers	
	Units	Δ%	Units	Δ%	Units	Δ%	Units	Δ%
Q1 C19	1,034,674	-3.7	294,065	2.7	190,528	-0.8	5,405,132	-9.8
Q4 C18	1,135,583	-10.1	255,819	12.7	219,956	16.1	5,757,147	9.6
Q3 C18	1,078,952	3.7	287,268	35.9	246,135	13.5	6,874,426	9.6
Q2 C18	1,025,460	10.2	271,925	67.7	236,079	18.8	6,462,185	14.6
Q1 C18	1,072,941	5.6	291,806	28.3	189,818	31.3	5,989,795	28.0

Source: SIAM, TMA

•Δ % - means comparison of Quarter volumes of this financial year with that of the same quarter of the previous financial year.
E.g. Q1 C19 Volume is compared to Q1 C18 volume respectively.

Market Outlook - India

- **PVs+ UVs:**

“In fiscal 2020, cars and utility vehicles (UV) industry is pegged to grow moderately at 6-8%.”... CRISIL Research report downloaded on 26 April 2019

- **CVs:**

“LCVs to continue to grow at ~11% in fiscal 2020, aided by advancement of purchases due to implementation of BS-VI norm, higher replacement demand supplemented by improved private consumption.MHCV sales is expected to in fiscal 2020 is expected to grow ~4% over a high base...” ... CRISIL Research report downloaded on 26 April 2019

- **Tractors:**

“CRISIL Research expects domestic tractor sales volumes to continue its growth momentum, and increase by 6-8% in fiscal 2020, assuming normal monsoon.”... CRISIL Research report downloaded on 26 April 2019

- **Two Wheelers:**

“Two-wheeler sales growth is expected to grow in fiscal 2020 by 2-4% on year. Further, due to regulatory changes in fiscal 21, we expect some advancement of sales to help boost demand in fiscal 2020 but liquidation of existing BS IV stocks to offset the benefit.” ... CRISIL Research report downloaded on 26 April 2019

Market Outlook - Europe

- **EU – Cars:**
 - *IHS Global has forecasted that the Passenger Vehicle production will grow at a slow but steady pace of 0.3% CAGR from 2018-2023.*
- **EU - CVs:**
 - *IHS Global has forecasted that the Medium and Heavy Commercial Vehicle production will grow at a steady pace of 4.3% CAGR from 2018-2023.*



Thank you

Mahindra CIE