BAJAJ
Distinctly Ahead

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Press Release – Results : Q2 / FY16

Turnover – ₹ 6,250 crore, ⬆ 3%

Profit after tax – ₹ 933 crore, ⬆ 58%*

Operating EBITDA margin – 22.1%

A meeting of the Board of Directors of Bajaj Auto Limited was held today to consider and approve the results for Q2 / FY16.

In an overall challenging business environment, especially in the domestic motorcycle industry, Bajaj Auto yet again delivers its best ever performance.

This quarter, the company recorded its:-

- ✓ **Highest** ever
  - — **Turnover** : ₹ **6,250** crore
  - — **Exports** : ₹ **2,836** crore; sold over **520,000** units
  - — **Operating EBITDA** : ₹ **1,357** crore
  - — **Operating Profit** : ₹ **1,284** crore
- ✓ **EBITDA margin – 22.1%**
- ✓ **Profit before tax** – ₹ **1,391** crore; **2nd highest** in the history of the Company ! (Highest being in Q1 / FY16)
- ✓ **Profit after tax** – ₹ **933** crore; **2nd highest** in the history of the Company ! (Highest being in Q1 / FY16)

With this, the company has declared its best ever H1 results, both in terms of top-line and bottom-line.

* after adjustment for exceptional item in Q2 / FY15

1. Performance highlights

₹ in crore	Q2 FY16	Q2 FY15	H1 FY16	H1 FY15	FY15
Sales (No's)	**1,056,596**	1,055,582	**2,069,625**	2,044,012	3,811,201
Turnover	**6,250**	6,077	**12,301**	11,548	22,194
Export revenue	**2,836**	2,736	**5,471**	4,987	9,758
Operating EBITDA ***(before MTM gain / loss)***	**1,357**	1,248	**2,548**	2,289	4,429
Operating EBITDA % ***(before MTM gain / loss)***	***22.1***	*20.8*	***21.6***	*20.3*	*20.3*
Profit before tax and exceptional item	**1,391**	1,172	**2,889**	2,247	4,425
Exceptional item	**-**	340	**-**	340	340
Profit before tax	**1,391**	832	**2,889**	1,907	4,085
Profit after tax	**933**	591	**1,948**	1,331	2,814

Operating EBITDA margin has improved sequentially from 21.1% in Q1 / FY16 to **22.1%** in Q2 / FY16. This sequential growth in margin is the result of an excellent overall performance of the company, especially in the high margin products / business verticals.

- Pulsar (D + E) sold over **264,000** units in Q2 / FY16 as against 218,000 units in Q1 / FY16
- Commercial vehicles, in the domestic market, sold over **67,000** units in Q2 / FY16 as against 51,000 units in Q1 / FY16
- International Business recorded its **highest** ever exports of over **520,000** units in Q2 / FY16 as against 476,000 units in Q1 / FY16.

  Average realization was **₹ 65.2** / $ in Q2 / FY16 as against ₹ 63.9 / $ in Q1 / FY16
- Total turnover from sale of auto spare parts (D + E) was **highest** ever, **₹ 621** crore in Q2 / FY16 as against ₹ 567 crore in Q1 / FY16

A summary of the results is given in **Annexure I**.

2. Motorcycles

Sold a total of 903,097 units in domestic and international market.

In the domestic market, the Company's broad strategy is to expand the " M1 " Mileage segment, scale its presence in the " M3 " Mileage segment, reassert its dominance in the " Sports " segment and expand and grow the " Super Sports " segment.

Q2 / FY16 continues to reap the benefits from execution of this strategy.

i. **M1 Mileage segment**

Bajaj is represented by CT100 and Platina

— CT100, along with Platina, in the domestic market sold 215,000 units in Q2 / FY16, a growth of 88% over Q2 / FY15

— With the phenomenal success of CT100 in the domestic market, the size of M1 Mileage segment increased by ~200 bps from ~20% in FY15 to over 22% in Q2 / FY16.

Company's market share in this segment increased from 23% in FY15 to **37%** in Q2 / FY16

ii. **Sports segment**

Bajaj is represented by Pulsar and Avenger

— The Pulsar AS150 and the Pulsar AS200 models, launched in April 2015, have been very well accepted in the market

— With sales of around 168,000 units in this segment of the domestic market, Bajaj Auto continues to be a leader with market share in excess of 44%

— With the launch of three new variants of Avenger in October 2015, the company anticipates to further expand its market share in this segment to ~50% by Q4 / FY16

iii. **Super sports segment**

Bajaj is represented by Pulsar RS200 and KTM

— Pulsar RS200, a star attraction, sales doubled in Q2 / FY16 as against Q1 / FY16 and currently has a waiting period of more than a month. **The product is yet to go national.**

— Together with KTM, Bajaj Auto dominates this segment with sales of over 22,000 units in Q2 / FY16 and is a market leader with share of over 66%

Thus, the company continues to be a dominant player in the three broad segments mentioned above, representing ~40% of the total domestic market.

iv. **M3 Mileage segment**

The company intends to scale its presence in this segment with the launch of a new brand in Q4 / FY16

3. Commercial Vehicle

Sold around 153,000 units in domestic and international market.

— In the domestic market, continue to be a leader in this segment; overall share at 48%

— For petrol and alternate fuel passenger segment, share in domestic market over 90%

— Continue to be a leader in the domestic small diesel carrier segment; market share at 63%

— Share in the domestic market for big diesel carrier improves sequentially from 15% in Q1 / FY16 to 20% in Q2 / FY16

4. International Business

Highest ever exports of 520,149 units – nearly 434,000 motorcycles and over 86,000 three-wheelers. This business now contributes **~47%** of our net sales.

- Exports, by value, grew by 4% to ₹ 2,836 crore ($ 413 million)
- For Q2 / FY16, average realization was ₹ 65.2 / $ as against ₹ 63.9 / $ in Q1 / FY16 and ₹ 61.8 / $ in FY15

5. KTM AG – Austria

Bajaj Auto holds approximately 48% stake in KTM AG of Austria, Europe's second largest sport motorcycle manufacturer. KTM AG follows calendar year for accounting.

The performance highlights of KTM AG – Austria are:-

- Sales of 46,673 units in Q2 / 2015, a growth of 25% over Q2 / 2014
- Net sales were € 265.6 million for Q2 / 2015 while Net profit after tax stood at € 19.6 million, a growth of 30% over Q2 / 2014

Proportionate share of Bajaj Auto in the above profit is € 9.4 million (₹ 68 crore) for Q2 / FY16 as against € 7.2 million (₹ 58 crore) for Q2 / FY15

6. Qute

The first Indian manufactured Quadricycle, RE60 – branded as **Qute,** has passed stringent European Quadricycle norms and is awarded the European WVTA (Whole Vehicle Type Approval) certification by RDW Netherlands.

Qute, is powered by an all new water-cooled, fuel injected DTSi, 4-valve engine, has an impressive fuel efficiency of 36 kmpl and an extremely low carbon footprint of 66 gm CO_2 / km. It is lightweight (400 kg), power limited, size limited and it employs conventional materials and processes – all these factors leading to a strong value proposition.

Bajaj Auto has recently commenced exports and Qute is soon to reach as many as **16 international markets** across Asia, Africa, Latin America and Europe.

The domestic launch of this innovative offering still awaits the Supreme Court verdict and the next hearing is slated for 2nd December 2015.

7. Cash and cash equivalents

As on 30th June 2015, surplus cash and cash equivalents stood at ₹ 10,234 crore.

After payment of dividend and tax thereon amounting to ₹ 1,723 crore, surplus cash and cash equivalents stood at **₹ 9,671 crore**.

Kevin D'sa
President (Finance)
21st October 2015.

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Bajaj Auto Limited

Annexure I

(₹ In Crore)

	Particulars	Quarter ended		Half year ended		Year ended
		30.09.2015 (Unaudited)	30.09.2014 (Unaudited)	30.09.2015 (Unaudited)	30.09.2014 (Unaudited)	31.03.2015 (Audited)
	Sales in numbers	**1,056,596**	**1,055,582**	**2,069,625**	**2,044,012**	**3,811,201**
1	**Income from operations**					
	(a) Gross sales	6,308.25	6,054.32	12,095.27	11,389.03	22,013.21
	Less: Excise duty	327.62	227.47	609.58	428.81	909.28
	Net sales	5,980.63	5,826.85	11,485.69	10,960.22	21,103.93
	(b) Other operating income	117.15	136.24	225.58	255.28	508.08
	Total income from operations (net)	**6,097.78**	**5,963.09**	**11,711.27**	**11,215.50**	**21,612.01**
2	**Expenses**					
	(a) Cost of materials consumed	3,758.40	3,837.90	7,162.98	7,201.01	13,752.79
	(b) Purchases of stock-in-trade	319.18	290.33	589.86	535.15	1,154.57
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(22.50)	(18.18)	74.99	54.11	(57.56)
	(d) Employee benefits expense	241.73	210.24	485.47	424.81	897.30
	(e) Depreciation and amortisation	78.01	68.62	156.42	137.82	267.40
	(f) Other expenses	488.11	531.99	949.37	977.10	1,808.41
	(g) Expenses capitalised	(4.25)	(15.97)	(8.16)	(28.59)	(60.05)
	Total expenses	**4,858.68**	**4,904.93**	**9,410.93**	**9,301.41**	**17,762.86**
3	**Profit from operations before other income, finance costs and exceptional items (1-2)**	**1,239.10**	**1,058.16**	**2,300.34**	**1,914.09**	**3,849.15**
4	**Other income**	**152.64**	**113.61**	**589.45**	**332.88**	**582.42**
5	**Profit from ordinary activities before finance costs and exceptional items (3+4)**	**1,391.74**	**1,171.77**	**2,889.79**	**2,246.97**	**4,431.57**
6	Finance costs	0.27	0.05	0.35	0.16	6.49
7	**Profit from ordinary activities after finance costs but before exceptional items (5-6)**	**1,391.47**	**1,171.72**	**2,889.44**	**2,246.81**	**4,425.08**
8	**Exceptional items**					
	NCCD payment	-	340.29	-	340.29	340.29
9	**Profit from ordinary activities before tax (7-8)**	**1,391.47**	**831.43**	**2,889.44**	**1,906.52**	**4,084.79**
10	Tax expense	458.41	240.53	941.58	575.64	1,271.05
11	**Net Profit from ordinary activities after tax (9-10)**	**933.06**	**590.90**	**1,947.86**	**1,330.88**	**2,813.74**