



HERO MOTOCORP DEFIES MARKET SLOWDOWN TO REPORT ROBUST NUMBERS IN Q1'14

**WITH PROFIT-BEFORE-TAX OF RS 750 CRORE, OUTSHINES PBT OF PREVIOUS
AS WELL AS CORRESPONDING QUARTERS**

**REITERATES PRUDENT FINANCIAL MANAGEMENT WITH OPERATING PROFIT
AT RS 641 CRORES, AGAIN SURPASSING PREVIOUS & CORRESPONDING
QUARTERS**

**PAT FOR THE QUARTER REFLECTS HIGHER TAX DUE TO EXPIRY OF 5 YEARS
OF 100% TAX EXEMPTION AT HARIDWAR & THE NEWLY-LEVIED HIGHER
SURCHARGE**

Financial Results for Q1, FY'14

- Total sales for the quarter stands at **15,59,282** units
- Total turnover (Net sales and other operating income) Rs.6160 crore
- Profit before tax (PBT) stands at Rs 750 crore
- Net profit after tax (PAT) stands at Rs 549 crore
- EBIDTA margin for the quarter 14.8 per cent
- Records highest-ever despatch sales for any month in May 2013
- Reports highest retail sales for any non-festival period (*During combined months of April & May 2013*)

New Delhi, July 24th, 2013: Defying the sluggishness in the domestic two-wheeler market and the overall economic downturn, **Hero MotoCorp Ltd. (HMCL)**, the world's largest two-wheeler manufacturer, today reported robust top-line numbers for the first quarter (April-June) of this financial year (FY 2013-14).

In a clear testimony to the prudent financial management befitting the market leader, HMCL today reported Profit-Before-Tax (PBT) of Rs 750.1 crore, way ahead of the PBT of Rs 734.9 crore in the corresponding quarter (April-June 2012) and Rs 685.7 crore in the previous quarter (January-March 2013). This has come about despite a marginal decline in volume sales in the quarter against corresponding quarter (April-June 2012).

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Announcing the first quarter numbers here today, **Mr. Pawan Munjal, Managing Director & Chief Executive Officer, Hero MotoCorp Ltd.**, said, “The fact that our PBT has surpassed the previous as well as the corresponding quarter, despite a marginal de-growth in our volumes during the quarter and the overall economic downturn, is a strong statement of our intent and vision. Our operating profit has also improved compared to the previous and the corresponding quarter. We are determined to sustain the trajectory of positive momentum in the coming quarters as well.

“Q1 of this fiscal was an action-packed quarter for us when we rolled out a slew of innovative initiatives including the ‘industry-first’ – Five-year warranty on our entire range of products - and our own dedicated retail financing arm. We continued to grow ahead of the industry in both scooters and 125cc motorcycles this quarter, thereby building further on our market share gain in these segments. We had a record month in May, with our highest-ever despatches in a month. Retails also kept pace with a record 1.1 million-plus retail sales in April and May - the highest-ever retails in a non-festival period. Heavy and early rains in June have slowed down the momentum a bit, but we are optimistic about growth in the second half of the fiscal,” he said.

“Our product launches that are planned around the festive season should contribute towards accelerating growth. On the new market front, after entering Central America and Africa, we are now geared-up for Latin American markets of Peru and Ecuador which should be in the month of August,” Mr. Munjal added.

The Profit-After-Tax (PAT) of the company in Q1’14 was, however, lower due to higher tax rate on account of the expiry of 5 years (April 08-March 13) of 100% exemption in Haridwar, where the largest-producing manufacturing plant of the company is located. With the expiry of the tax benefit, the tax liability on Hero MotoCorp went up to 26.9 per cent for the quarter under discussion, whereas it was 16.3 per cent in the previous quarter and 16.3 per cent in the corresponding quarter of previous year. The lower PAT is also reflective of the newly-levied higher surcharge in the Financial Bill 2013.

As a result, HMCL registered a total turnover (Net Sales & other Operating Income) of Rs. 6159.5 crore, and net profit after tax (PAT) of Rs 548.6 crore. EBIDTA margin for the quarter stood at 14.8 per cent. HMCL had reported a total turnover Rs. 6247.3 crore in the corresponding quarter in the previous fiscal (2012-13).

The highlight of the 15,59,282 unit sales in the first quarter of fiscal 2014 was the all-time high dispatch sales of 5,57,890 units in May – the highest-ever for any month. The company also registered its highest-ever retail sales for any non-festival period in May-June when it sold over 1.1 million units.

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Business Highlights: Q1, FY'14

- Begins its quest in **Africa and Central America** with launch of Brand Hero in these markets
- Announces **first-ever equity investment** in an overseas firm; to buy **49.2** per cent equity at **Erik Buell Racing (EBR)** for US\$ 25 Million
- Launched **India's first-ever warranty of 5 years** on all its two-wheelers (5 years or 70,000 km on motorcycles, whichever is earlier and 5 years or 50,000 km on scooters, whichever is earlier)
- Launched its retail finance arm, **Hero FinCorp**, with a phase-wise expansion plan

Q1 FY'14 was a landmark quarter for Hero MotoCorp, when the company forayed into new international markets - **Central America** and **Africa**. In May 2013, HMCL made its debut in Central America by launching brand 'Hero' and its range of two-wheelers in **Guatemala, El Salvador** and **Honduras**. This was followed by recent entry into African markets of **Kenya, Burkina Faso** and **Ivory Coast**. HMCL has also set-up its international assembly unit at Kenya.

HMCL also announced it's first-ever equity partnership in an overseas company for **investment of US\$25 million for a total stake of 49.2% in the share capital of its US-based partner Erik Buell Racing (EBR)**. This is aligned to company's global expansion plans and long-term annual sales target of 10 million units in the next few years.

At the beginning of the quarter, HMCL launched the country's **first-ever warranty of 5 years on all its two-wheelers** (5 years or 70,000 km on motorcycles, whichever is earlier and 5 years or 50,000 km on scooters, whichever is earlier).

The company also recently launched its own retail finance arm, **Hero FinCorp**, with a phase-wise expansion plan.

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