Mahindra CIE

Mahindra CIE Automotive Ltd
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11th February, 2015

The General Manager
Corporate Relationship Dept.
BSE Limited.
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai - 400 001.

Dear Sir/ Madam

Sub: Presentation cum press release on the quarterly performance update of the Standalone and Consolidated Unaudited Financial Results of the Company for the quarter ended 31st December, 2014.

Scrip ID: 532756

We are enclosing a copy of the presentation cum press release on the quarterly performance update in respect of the Standalone and Consolidated Unaudited Financial Results of the Company for the quarter ended 31st December, 2014.

Kindly acknowledge receipt of the same.

Yours faithfully,
For Mahindra CIE Automotive Limited

Krishnan Shankar
Company Secretary & Head - Legal
Encl. as above.

MAHINDRA CIE AUTOMOTIVE LTD. MUMBAI

Quarterly Update Feb 2015

Mahindra CIE Automotive Limited

11 February 2015 | Mumbai

Executive Summary: Q3F15

Mahindra CIE consolidated, debuts on the stock exchange

Strategic Alliance of Mahindra & CIE completed

- Merger of Mahindra CIE companies formally completed on December 10, 2014
- Mahindra CIE now has 322 million shares listed
- Shareholding structure: CIE – 53.21%, M&M + Promoter Group – 21.7%, Public – 25.09%

Q3F15 vs Q3F14 (refer page 15)

- Standalone - Revenue Growth: -9%, Change in EBITDA%* : -0.4%.
- Consolidated - Revenue Growth : -6.6%, Change in EBITDA%* : +2.6%.

Apr-Dec 2014 vs Apr-Dec 2013 (refer page 16)

- Standalone - Revenue Growth : -1.4%, Change in EBITDA%* : +0.4%.
- Consolidated - Revenue Growth : +1.2%, Change in EBITDA%* : +2.3%.

Outlook

- India – Automotive Market outlook is cautiously optimistic; focus remains on maintaining current profitability levels
- Germany + UK (MFE) – Turnaround progressing smoothly
- Italy (MC) – Off road market continues to decline; Efforts to diversify markets underway; short term focus on cost reduction ; one time costs including redundancy costs depressing profitability this financial year;
- Spain + Lithuania (CIEF) – Current performance to be maintained

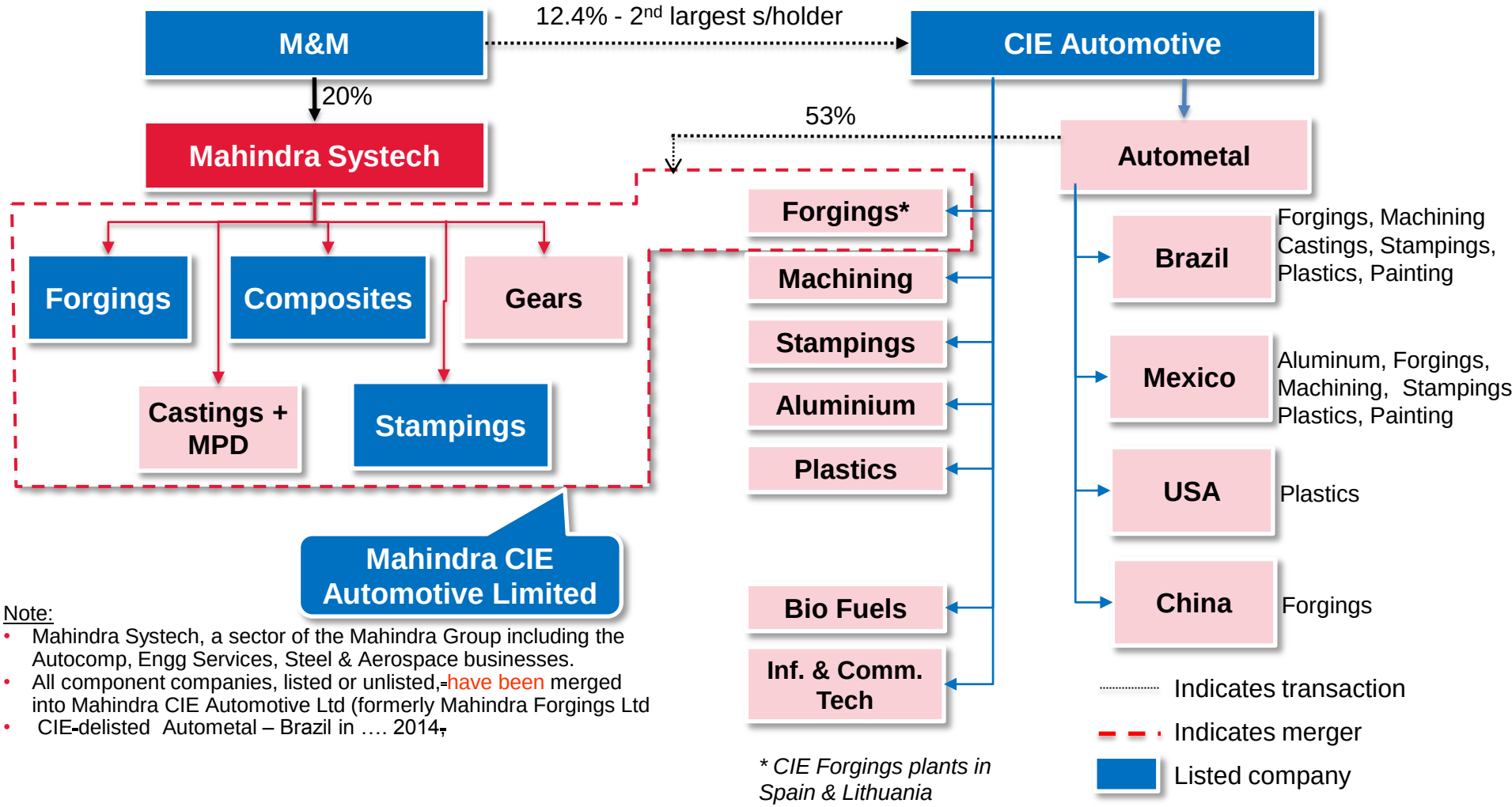
Other Highlights Q3F15

- Debt restructured in Germany & Italy; financial costs reduced by more than 200bps

* - EBITDA% without one time gains and losses
MFE: Mahindra Forgings Europe; MC: Metalcastello; CIEF : CIE Forgings

Alliance of CIE + Mahindra: Recap

Alliance is at two levels



Note:

- Mahindra Systech, a sector of the Mahindra Group including the Autocomp, Engg Services, Steel & Aerospace businesses.
- All component companies, listed or unlisted, have been merged into Mahindra CIE Automotive Ltd (formerly Mahindra Forgings Ltd
- CIE delisted Autometal – Brazil in …. 2014.

** CIE Forgings plants in Spain & Lithuania*

Mahindra CIE: Alliance of CIE + M&M

Large Auto-component MNC created; listed in Mumbai

CIE Automotive Ltd, Spain

53.21% (CIE's holds this through PIA and PIA2 of Spain)

Mahindra CIE Automotive Ltd, India
Forgings India *(Original Mahindra CIE)*
Foundry India *(formerly M Hinoday)*
Magnetic Products India (*formerly M Hinoday)*
Stampings India *(formerly MUSCO)*
Composites India *(formerly M Composites)*

M&M Ltd + Promoter Group — **21.7%**

Public — **25.09%**

100%
Mahindra Forgings Europe* Forgings Germany

Stokes Forgings Forgings UK — **100%**

53.34%
Metalcastello Gears Italy

76.67%
Mahindra Gears & Transmission Ltd Gears India

100%
CIE Galfor Forgings Spain

100%
CIE Legazpie Forgings Spain

100%
CIE LT Forge Forgings Lithuania

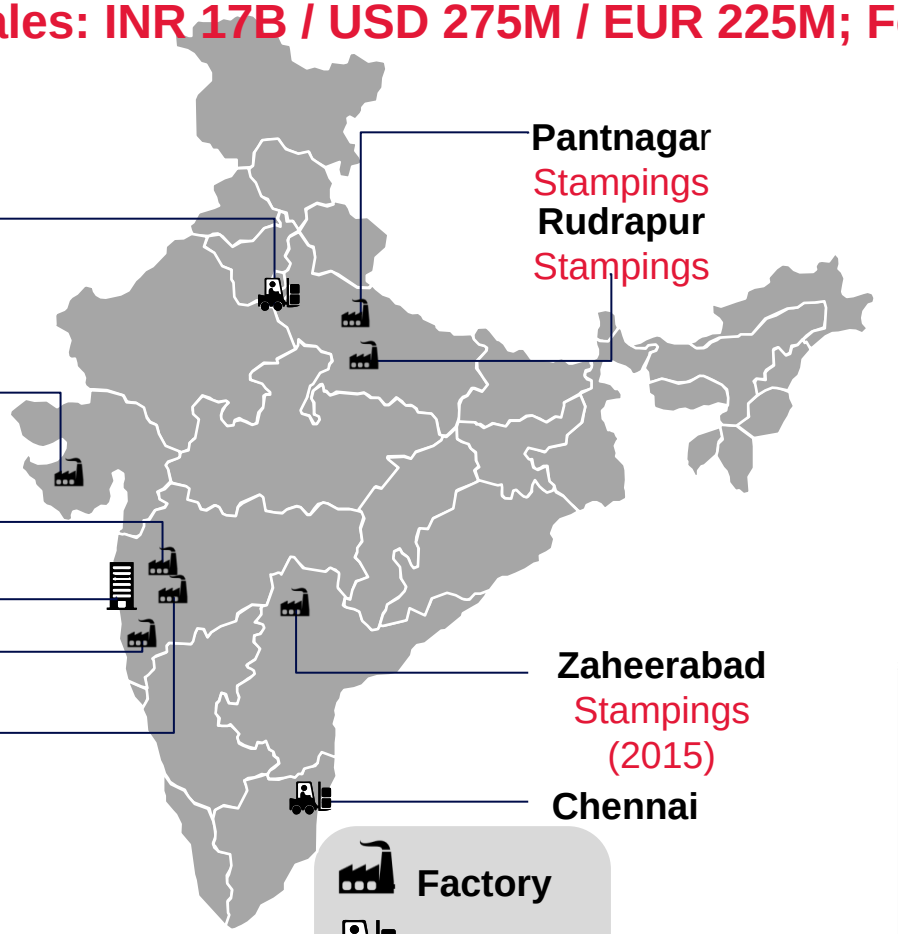
Note:
1.The remaining stake in Metalcastello and Mahindra Gears is held by a PE investor who will divest their stake in favour of CIE in the future
2. MCIE holds stake in Mahindra Forgings Europe and Metalcastello via Mauritius companies

Investor *Company*

* Includes GSA, Falkenroth & Jeco Holdings all in Germany

Mahindra CIE India: Summary

Indian Sales: INR 17B / USD 275M / EUR 225M; Focused on 'Indian OEMS'



New Delhi

Pantnagar
Stampings
Rudrapur
Stampings

Rajkot
Gears

Nasik
Stampings
Mumbai
s

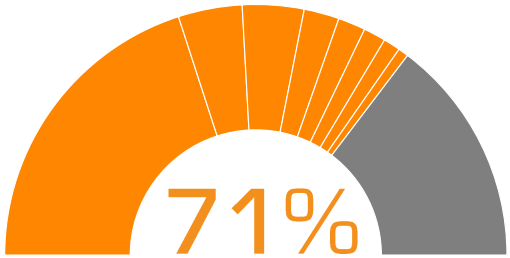
Mangaon
Composites
Pune
s
Forgings
Castings
Stampings
Gears
Magnetics
Composites

Zaheerabad
Stampings
(2015)

Chennai

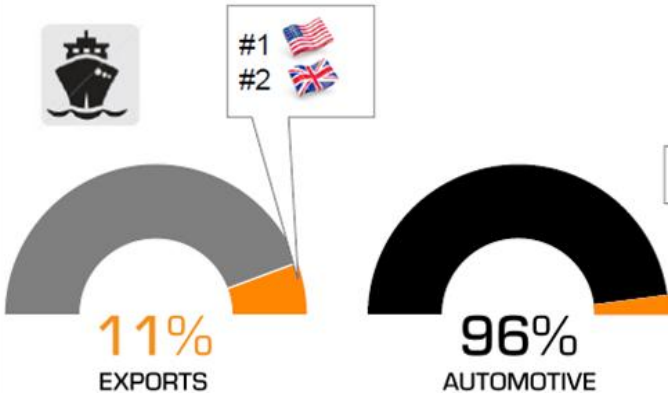
Factory
Warehouse
Corporate Office

* Post merger representation



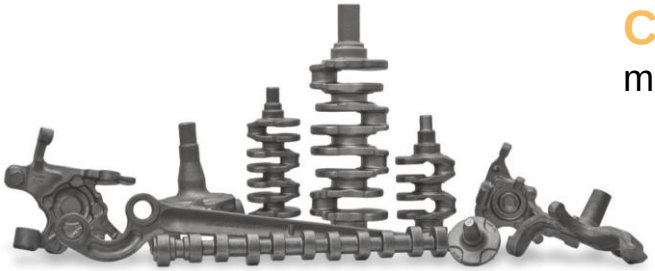
TOP 8 CUSTOMERS

M&M and Tata Motors are the largest



Mahindra CIE – India : Products

Forgings



Crankshafts & Stub axles – forged & machined

Sales: **INR 3.7 Billion**

Focus: **Utility Vehicles & Cars, Tractors**

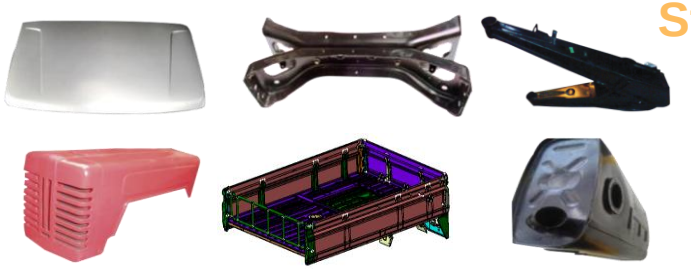
Foundry

Ductile iron castings like housings, manifolds , turbochargers & cast crankshafts – cast & machined

Sales: **INR 4 Billion**

Focus: **Utility Vehicles, Tractors and Off-Road**

Stampings



Stampings & Stamped Assemblies

Sales: **INR 7 Billion**

Focus: **Utility Vehicles & Cars**

* Figures as of year ended 31st March 2014

Mahindra CIE – India : Products

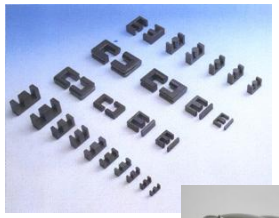
Gears

Gears & Shafts

Sales: **INR 1.4 Billion**

Focus: **Tractors, Off Road & UVs**

Magnetic Products



Pioneers in **ferrite manufacturing** in India

Global supplier of **automotive magnets***

Recent entrant in **Induction Lamps**

Sales: **INR 1.3 Billion**

**used in 2W and Car electric motors e.g. for window winding and for passive entry into cars*

Composites

Thermoset Composite Materials & Products

Light weighting automotive solutions capability

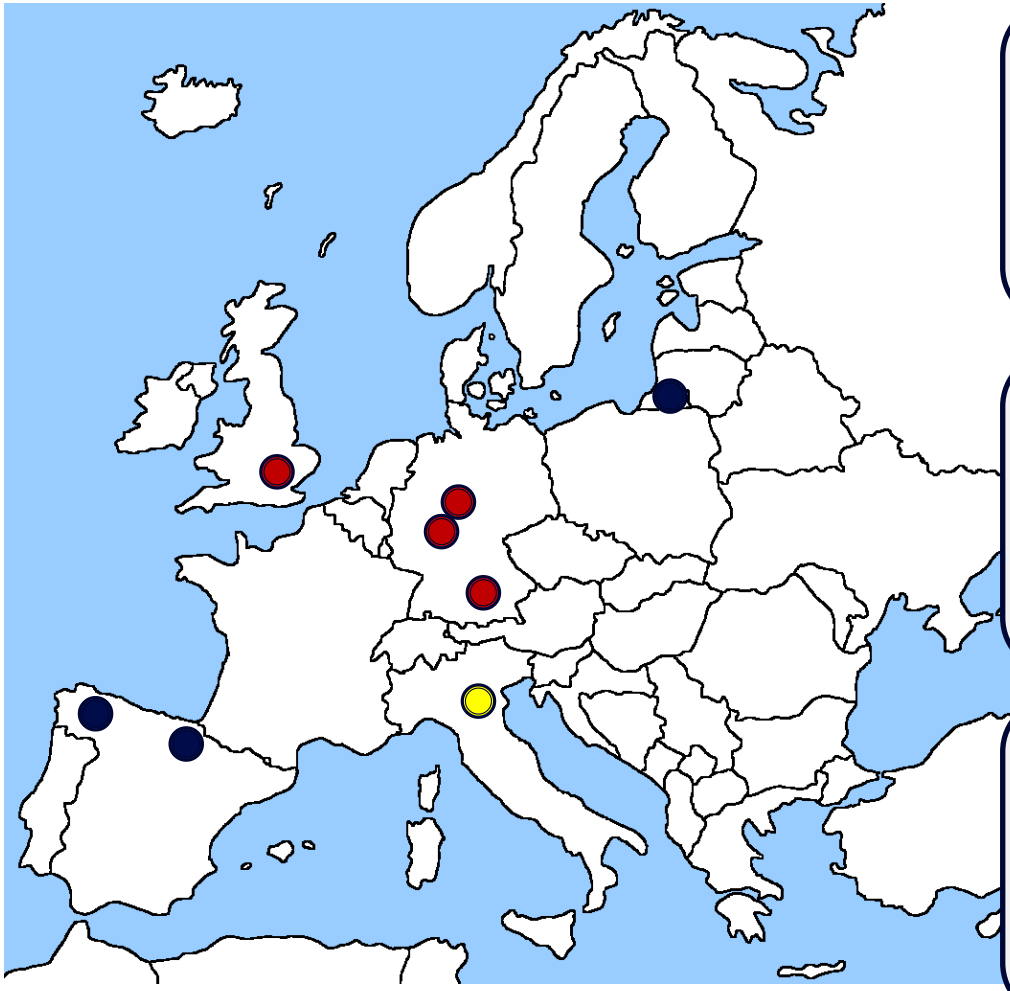
Sales: **INR 0.8 Billion**

Focus: **Electricals & Switchgear Industry**

* Figures as of year ended 31st March 2014

Mahindra CIE Europe: Summary

Europe Sales: INR 35B / USD 600M / EUR 450M



Mahindra Forgings Europe
4 Locations in Germany & UK
Sales: EUR 270M
Focus : Trucks
Customers : All major Truck OEMs & Key Tier1
80%+ Sales to German plants

CIE Forgings Europe
3 Locations in Spain & Lithuania
Sales: EUR 150M
Focus : Cars
Customers : Major Car OEMS
80%+ Sales to W Europe

Metalcastello
1 Location in Italy
Sales: EUR 50M
Focus : Off Road
Customers : Major Off Road & Tractor OEMS
30%+ Exports outside Europe

Mahindra CIE – Europe : Products

Forgings
(Germany + UK)

Basket of **forged & machined parts** for the European truck market in Europe

Strong presence in **Front Axle Beams & Steel Pistons**

Sales: **Euro 270 Million**

Focus: **Trucks**

Forgings
(Spain + Lithuania)

Strong presence in **Crankshafts, Common Rails & CV Joints** in Europe

Sales: **Euro 150 Million**

Focus: **Cars**

Gears
(Italy)

High precision **Gears & Shafts** for engines, transmissions, clutch & pumps

Sales: **Euro 50 Million**

Focus: **Tractors & Off Road**

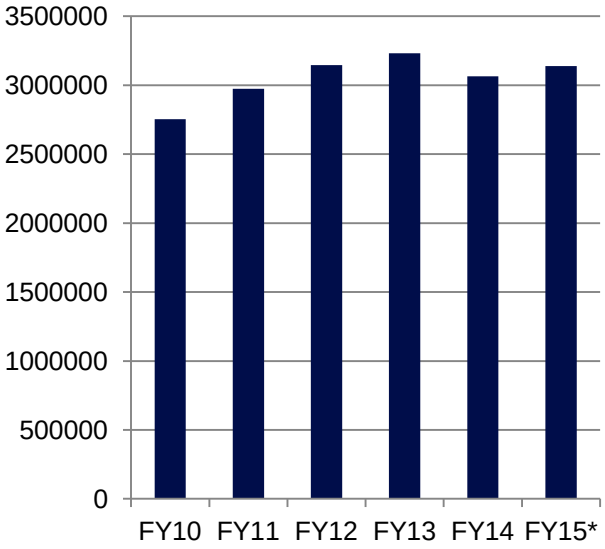
* Figures as of year ended 31st March 2014

India Market - Trends

Growth in all segments lower than expected

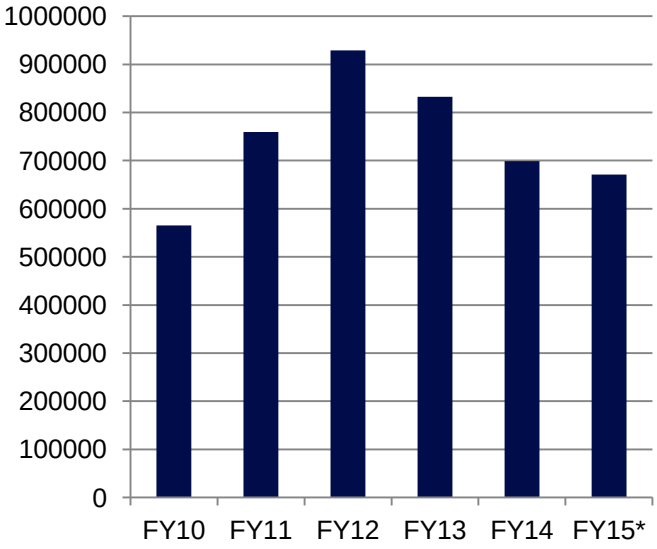
Market - Production Numbers

Cars + UV's



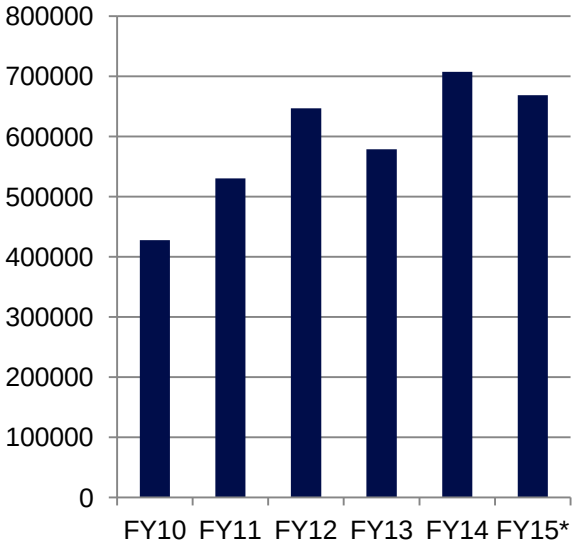
Source: SIAM, CRISIL

CV's



Source: SIAM, CRISIL

Tractors



Source: TMA, CRISIL

* - Please note FY15 figures are actuals upto Dec 2014 which have been annualized for the financial year.

India Market Update - Quarterly

Market - Production Numbers

	PVs + UVs	CVs	Tractors
Q3F15	728,603	164,622	137,824
Q3F14	696,669	156,876	181,561
Change	4.6%	5%	-24.1%

	PVs + UVs	CVs	Tractors
Apr-Dec 2014	2,221,069	503,531	501,635
Apr–Dec 2013	2,115,006	520,580	559,146
Change	5%	-3.3%	-10.3%

Production at Key Customers*

M&M and Tata	
Q3F15	280,119
Q3F14	322,989
Change	-13.3%

M&M and Tata	
Apr-Dec 2014	888,890
Apr-Dec 2013	1,008,396
Change	-12%

Source: SIAM, TMA

* Includes production in all segments e.g. M&M nos. includes PV+UV+CV+Tractors+3Wheelers, but excludes two wheelers.

India Market Update - Quarterly

Outlook

- PVs+ UVs: "*In 2014-15, a gradual improvement in consumer sentiments with expectations of a higher GDP growth, lower vehicle prices following excise duty cuts, and launch of new models has led to a year-to-date growth in sales of cars & UVs. Lower cost of ownership following a decline in crude oil prices has also boosted demand. CRISIL Research expects domestic cars & UV sales to increase by a modest 3-5 per cent in 2014-15 .*"… *CRISIL Research report published 28-Jan-2015*

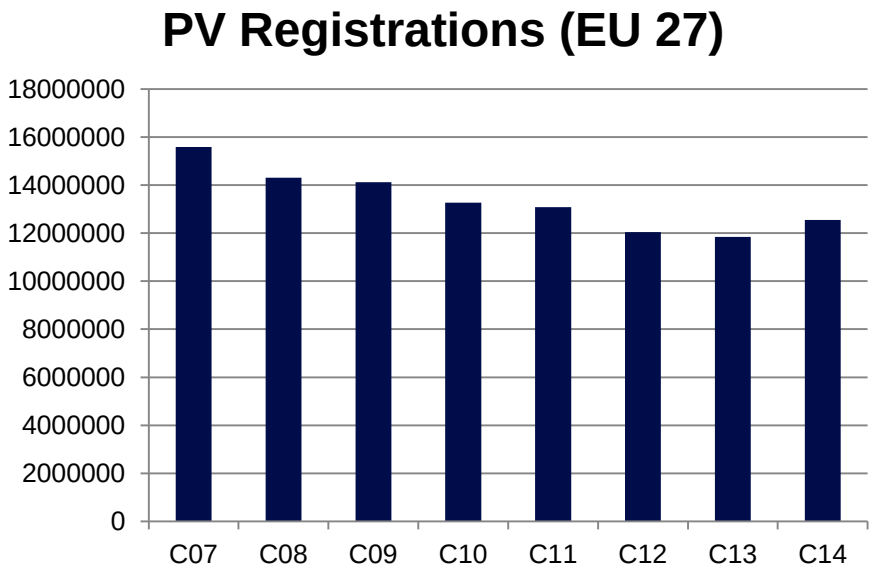
- CVs: "*MHCV sales to grow at 16-18 per cent y-o-y in 2015-16 with improvement in industrial activity, better agricultural output and infrastructure project execution. We expect LCV sales to recover marginally by 7-9 per cent with improvement in consumption expenditure and better financing availability .*"… *CRISIL Research report published 09-Feb-2015*

- Tractors: "*We now expect tractor sales volumes to decline by 8-11 per cent in 2014-15. We expect farmer sentiments to remain weak in Q4 2014-15 based on lower Rabi crop sowing, lower Kharif crop realizations and weak commercial demand.*"… *CRISIL Research report published 28-Jan-2015*

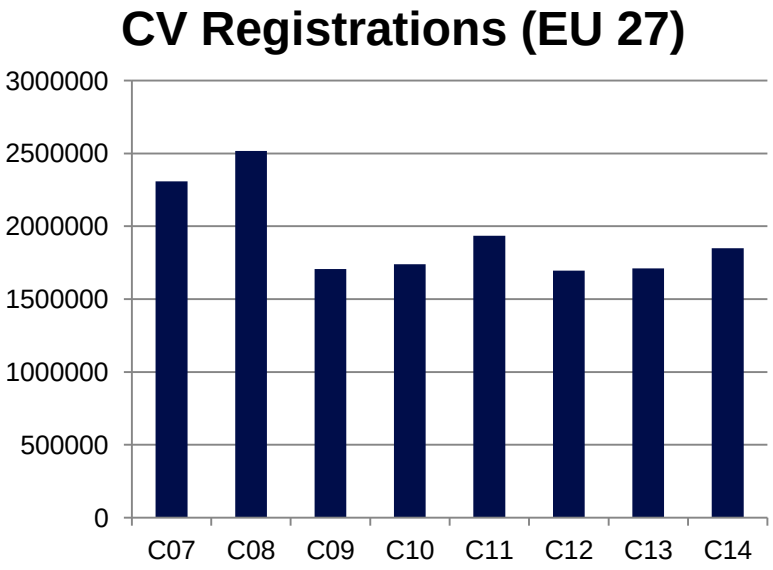
- Our key customers: Industry outlook is cautiously optimistic due to gradually improving consumer sentiment

European Market - Trends

Uncertainty in market sentiment



Source: ECB Annual Data and ACEA Press Release



Source: ACEA, ECB

Europe Market Update - Quarterly

Registration Numbers

	EU - Cars	EU - CVs
Q4 C14	2,978,512	496,667
Q4 C13	2,850,276	481,655
Change	4.5%	3%

	EU - Cars	EU - CVs
C14	12,550,771	1,849,077
C13	11,850,905	1,711,843
Change	5.9%	8%

Source: ECB, ACEA

Outlook

- EU - Cars: *"After a better-than-expected 5 percent increase in 2014, light vehicle sales in the mature West European region are forecast to improve by another 3 percent in 2015" – IHS Research*
- EU - CVs: *"In Europe, M&HCV demand is expected to remain only in the region of the relatively weak prior-year level." – Daimler Market Outlook, Feb 2015.*

Q3 F15 Performance – Proforma numbers

	Standalone			Consolidated		
Parameter	**Q3F15**	**Q3F14**	**Change**	**Q3F15**	**Q3F14**	**Change**
Sales	3,783	4,160	-9.1%	13,182	14,107	-6.6%
EBITDA	376	429	-12.5%	869	813	6.9%
EBITDA %	9.9%	10.3%	-0.4%	6.6%	5.8%	0.7%
EBITDA w/o one time gains and losses	376	429	-12.5%	1108	813	36.4%
EBITDA% w/o one time gains and losses	9.9%	10.3%	-0.4%	8.4%	5.8%	+2.6%
PAT	132	1790	-	106	1,170	-
PAT %	3.5%	43.0%	-	0.8%	8.3%	-
PAT w/o one time gains and losses	132	76	74.2%	585	-544	-
PAT% w/o one time gains and losses	3.5%	1.8%	+1.7%	4.4%	-3.9%	+8.3%

All figures in INR Millions

Notes:

- Refer page 4 of this presentation for description of MCIE Standalone & MCIE Consolidated
- Financial figures of foreign subsidiaries have been converted at current exchange rate (1Eur = Rs.79.81) for convenience.
- Q3 F14 PAT includes Exceptional gain on Sale of Land and Investments in Stampings Division (erstwhile MUSCO) of Rs. 1714 Mio (Net of Taxes)
- Q3F15 EBITDA and PAT numbers include one time expenses including maintenance costs in Germany and redundancy & inventory write-off costs in Italy
- CIE Forgings numbers for Q3 F14 , are calculated on Pro rata for 3 months based on CY 2013 financials

Apr – Dec 2014 Performance – Proforma Numbers

Parameter	Standalone				Consolidated			
	Apr-Dec 2014	Apr-Dec 2013	Change	F14	Apr-Dec 2014	Apr-Dec 2013	Change	F14
Sales	12,285	12,461	-1.4%	16,931	42,092	41,579	1.2%	57,234
EBITDA	1,250	1,226	1.9%	1,600	3,480	2,952	34.1%	4,312
EBITDA %	10.2%	9.8%	+0.4%	9.4%	8.3%	7.1%	+1.2%	7.5%
EBITDA w/o one time gains and losses	1,250	1,226	1.9%	1,600	3959	2952	34.1%	4312
EBITDA% w/o one time gains and losses	10.2%	9.8%	+0.4%	9.4%	9.4%	7.1%	+2.3%	7.5%
PAT	456	2,016	-	2,224	179	1,072	-	1,215
PAT %	3.7%	16.2%	-	13.1%	0.4%	2.6%	-2.2%	2.1%
PAT w/o one time gains and losses	456	302	51.1	510	897	-642	-	1215
PAT% w/o one time gains and losses	3.7%	2.4%	+1.3%	3%	2.1%	-1.5%	-3.6%	2.1%

All figures in INR Millions

Notes:`

- Refer page 4 of this presentation for description of MCIE Standalone & MCIE Consolidated
- Financial figures of foreign subsidiaries have been converted at current exchange rate (1Eur= Rs. 79.81) for convenience.
- Results for CIE Forgings for F 14 above are for Calendar year 2013.
- F14 PAT and Apr-Dec 2014 PAT includes Exceptional gain on Sale of Land and Investments in Stampings Division (erstwhile MUSCO) of Rs. 1714 Mio (Net of Taxes)
- Apr-Dec 2014 EBITDA and PAT numbers include one time expenses like maintenance costs in Germany and redundancy & inventory write-off costs in Italy.
- In Apr-Dec 2014, EBITDA excluding Metalcastello is 10.0% as compared to 7.0% in Apr-Dec 2013.
- CIE Forgings numbers for Apr-Dec 2013, are calculated on Pro rata for 9 months based on CY 2013 financials

Q3 F15/ Apr-Dec 2014 Performance – Discussion

Standalone:

- With Indian OEMs being key customers, growth has been a challenge in the recent past,
- In Q3F15, our key customers shrank by 13%, MCIE standalone revenues declined by 9%
- Apr-Dec 2014, Production at our Key Customers shrank by 12%, and Mahindra CIE revenues shrank by 1.5%
- The drop in EBITDA% is largely due to the drop in Revenues.

Consolidated:

MFE

- European CV Market continues to be uneven but profitability turnaround remains on track.
- Short term focus on cost reduction: Headcount, Downtime, Power subsidy, Procurement & Sales price and productivity improvements:
- First phase of turnaround by dedicated turnaround team completed; a new forgings management team taking over
- The next phase to focus on improving profitability by optimizing product-process- location combination

Metalcastello

- Top-line remains a concern due to continued decline in the European Off road Market
- Efforts to diversify markets and develop new products underway with the help of CIE
- Short term focus on cost reduction ; one time costs including redundancy costs depressing profitability this financial year
- Most of the organizational restructuring & headcount reduction has been completed

CIE Forgings Europe (Spain + Lithuania)

- European Car market continues to show steady growth
- High profitability levels being maintained

Outlook

INDIA

Background
- India businesses are **operationally sound**
- Our key customers (Indian OEMs) are cautiously optimistic of future growth

Strategy Outlook
- Focus on maintaining profitability
- **Diversify -** Introduce products from CIE Stable & Explore 'Western OEMS'': results by 2018

GERMANY + UK: Mahindra Forgings Europe

Background
- **Problems more 'internal';** Turnaround strategy in place
- European **CV market remains uncertain**

Strategy Outlook
- **Turnaround on track**
- Focus on **maintaining profitability even if volume declines**

ITALY: Metalcastello

Background
- Excellent operations; Steady drop in volumes
- **Off Road market decline** continues
- **Problems more 'external'**

Strategy Outlook
- Cost & Capex Reduction
- Explore new customers & market segments
- **Turnaround happening steadily**

SPAIN + LITHUANIA: CIE Forgings Europe

Background
- Stable operations & **high profitability**
- European car **market growing steadily** at 3-5%

Strategy Outlook
- **Maintain financial performance**

Thank you

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NSE: MAHINDCIE
ISIN: INE536H01010

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