Registered Office:
" Maithri "
132, Cathedral Road,
Chennai 600 086.
India.
CIN : L63011TN2004PLC054948

Tel : 91 44 2811 2472
Fax : 91 44 2811 2449
URL : www.rane.co.in

# Rane Brake Lining Limited

**//Online Submission//**

RBL / SE / 47 / 2016-17

February 9, 2017

| | |
|---|---|
| **BSE Limited**<br>Listing Centre<br>Scrip Code: **532987** | **National Stock Exchange of India Ltd.**<br>NEAPS<br>Symbol :**RBL** |

Dear Sir / Madam,

**Sub: Earnings Presentation - Unaudited Financial Results for the quarter and nine months ended December 31, 2016**
**Ref: Our letter no. RBL / SE / 43 / 2016-17 dated January 17, 2017**

With reference to our aforementioned letter intimating Earnings Call on February 10, 2017 to discuss the financial results of the Company for quarter and nine months ended December 31, 2016, we enclose herewith a copy of the Earnings presentation for the analysts and investors.

The same is also being made available on the website of the company www.rane.co.in

Kindly take this disclosure on record as compliance with the relevant provisions of SEBI LODR and acknowledge receipt.

Thanking you.

Yours faithfully
For **Rane Brake Lining Limited**

RANE BRAKE LINING LIMITED "MAITHRI" 132 CATHEDRAL ROAD CHENNAI-600 086

Venkatraman
**Secretary**

Encl: a/a

# Rane Group

Earnings Presentation | Q3 FY17

February 2017

www.ranegroup.com



# Outline

- **Industry Performance Review – Q3 FY17**
- Rane Group Performance Review – Q3 FY17
- Group Companies Performance Highlights – Q3 FY17

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# Industry Performance Review (Q3 FY17)

| Vehicle Segment | Production YoY Growth# in % | Rane Group Sales Growth in % (India OEM) | Rane Group Revenue Split * (India OEM) |
|---|---|---|---|
| **Passenger Cars (PC)** | 8% | 22% | 46% |
| **Utility Vehicles (MUV)** | 32% | 29% | 17% |
| **Vans (MPV)** | -12% | -2% | 1% |
| **Small Commercial Vehicles (SCV)** | -6% | 4% | 2% |
| **Light Commercial Vehicles (LCV)** | 2% | 21% | 8% |
| **Medium & Heavy Commercial Vehicles (M&HCV)** | 4% | 16% | 15% |
| **Farm Tractors (FT)** | 41% | 23% | 6% |
| **2-Wheeler** | -4% | 10% | 3% |
| | | | |

** Negligible presence in 3-wheeler. Other segments such as Rail, Stationary Engines, Aerospace & Defence contribute 2%*

- Registered higher 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 beat sluggish demand and post better growth
- Growth in the Farm Tractors segment is limited mainly due to higher growth in unserved markets
- Performance in 2-Wheeler segment was helped by share improvements with key customer

*# Source: SIAM*

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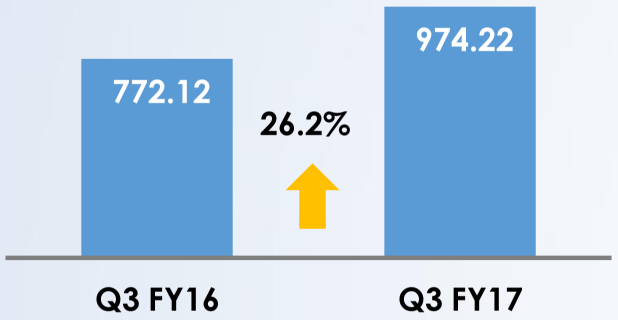
# Outline

- Industry Performance Review – Q3 FY17
- **Rane Group Performance Review – Q3 FY17**
- Group Companies Performance Highlights – Q3 FY17

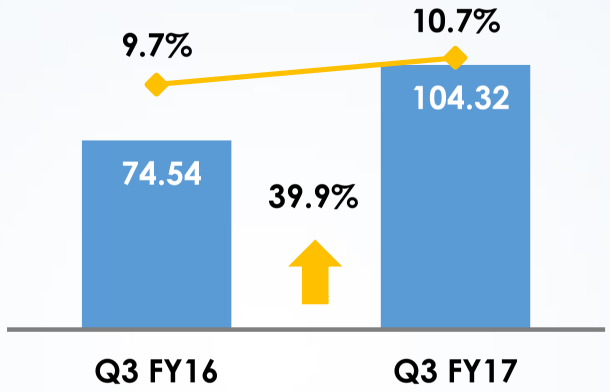
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# Group Aggregate Performance Review (FTQ)

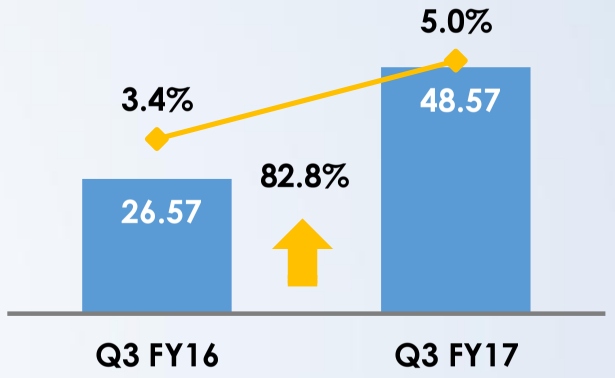
## Net Sales (Rs cr.)




## EBITDA (Rs cr.)




## PBT* (Rs cr.)




** PBT before exceptional items*

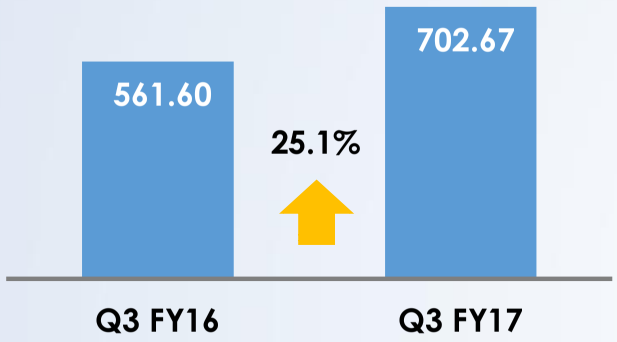
- **Net Sales increased by 26.2% to Rs 974.22 Cr in Q3 FY17 from Rs 772.12 Cr in Q3 FY16**
  - Revenues from Indian customers grew 22% supported by robust supplies to new passenger vehicle models and increased offtake in LCV and M&HCV segment
  - Revenues from International customers grew 85% supported by increased demand for Die-casting products, Steering components and also driven by overseas acquisition made by Rane (Madras) Limited
- **EBITDA increased by 39.9% to Rs 104.32 Cr in Q3 FY17 from Rs 74.54 Cr in Q3 FY16**
  - Continued focus on operational cost reduction resulted in margin improvement
- **PBT increased by 82.8% to Rs 48.57 Cr in Q3 FY17 from Rs 26.57 Cr in Q3 FY16**

*Note: Q3 FY17 figures includes the effect of acquisition of Rane Precision Die Casting Inc. by Rane (Madras) Limited, hence not comparable with the previous period*

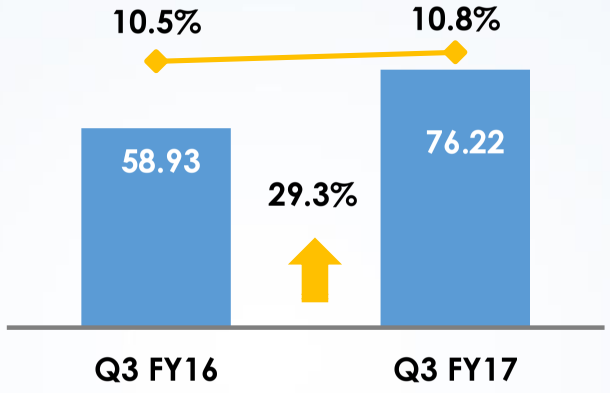
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# RHL Consolidated Performance Review (FTQ)

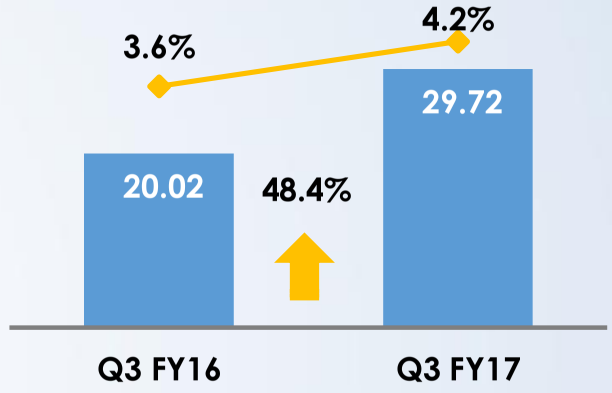
## Net Sales (Rs cr.)




## EBITDA (Rs cr.)




## PBT* (Rs cr.)




** PBT before exceptional items*

- **Net Sales increased by 25.1% to Rs 702.67 Cr in Q3 FY17 from Rs 561.60 Cr in Q3 FY16**
- **EBITDA increased by 29.3% to Rs 76.22 Cr in Q3 FY17 from Rs 58.93 Cr in Q3 FY16**
- **PBT increased by 48.4% to Rs 29.72 Cr in Q3 FY17 from Rs 20.02 Cr in Q3 FY16**

*Note: Q3 FY17 figures includes the effect of acquisition of Rane Precision Die Casting Inc. by Rane (Madras) Limited, hence not comparable with the previous period*

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# Group Aggregate Performance Review (YTD)

| Rs Cr | 9M FY16 | 9M FY17 | Growth |
|---|---|---|---|
| Net Sales | 2,358.09 | 2,891.51 | 22.6% |
| EBITDA | 233.36 | 311.55 | 33.5% |
| EBITDA Margin | 9.9% | 10.8% | |
| PBT Before Exceptional Items | 89.85 | 141.12 | 57.1% |
| OP. PBT Margin | 3.8% | 4.9% | |
| Exceptional (Expenses) / Income | 14.64 | 93.61 | |
| PBT | 104.49 | 234.73 | 124.6% |
| PBT Margin | 4.4% | 8.1% | |
| PAT | 71.51 | 169.45 | 137.0% |
| PAT Margin | 3.0% | 5.9% | |

*Note: YTD-FY17 figures includes the effect of acquisition of Rane Precision Die Casting Inc. by Rane (Madras) Limited, hence not comparable with the previous period*

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# RHL Consolidated Performance Review (YTD)

| Rs Cr | 9M FY16 | 9M FY17 | Growth |
|---|---|---|---|
| Net Sales | 1,696.86 | 2,104.97 | 24.1% |
| EBITDA | 179.88 | 235.33 | 30.8% |
| EBITDA Margin | 10.6% | 11.2% | |
| PBT Before Exceptional Items | 65.30 | 94.01 | 44.0% |
| OP. PBT Margin | 3.8% | 4.5% | |
| Exceptional (Expenses) / Income | 14.31 | 93.81 | |
| PBT | 79.61 | 187.82 | 135.9% |
| PBT Margin | 4.7% | 8.9% | |
| PAT | 54.49 | 137.87 | 153.0% |
| PAT Margin | 3.2% | 6.5% | |

*Note: YTD-FY17 figures includes the effect of acquisition of Rane Precision Die Casting Inc. by Rane (Madras) Limited, hence not comparable with the previous period*

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# Outline

- Industry Performance Review – Q3 FY17
- Rane Group Performance Review – Q3 FY17
- **Group Companies Performance Highlights – Q3 FY17**

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# Rane (Madras) Ltd.

## (RML)

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# RML – Standalone Operational Performance Review

Rane
Expanding Horizons

## Market Environment

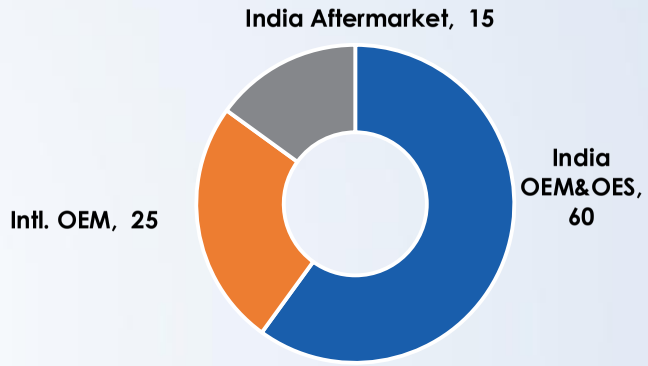
- Strong demand from Passenger Car and Commercial Vehicle segments for the Steering Gear Products
- Higher demand for Die-casting products from both International and Indian customers
- Performance in the Farm Tractors segment is subdued mainly due to higher growth in unserved markets
- Indian Aftermarket business was impacted by demonetization

## Operational Highlights

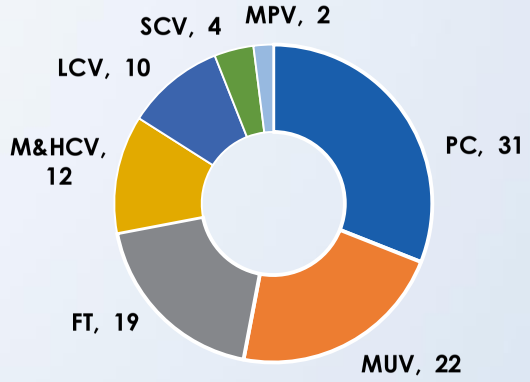
- Continued growth in die-cast division supported by ramp up in production volumes at the new unit. However, continued to experience delivery issues and higher rejections in the new program launches.
- In Steering and Linkages division, 3 major launches for the rack and pinion product along with additional volumes in existing programs.
  - Puducherry plant faced certain operational ramp up issues; additional capacity created in Varanvasi plant as a de-risk measure

## Business Split (Q3 FY17)

### By Market (%)



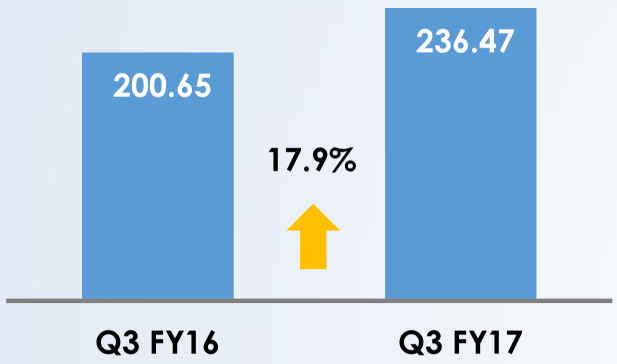

### By Vehicle Segment (%)



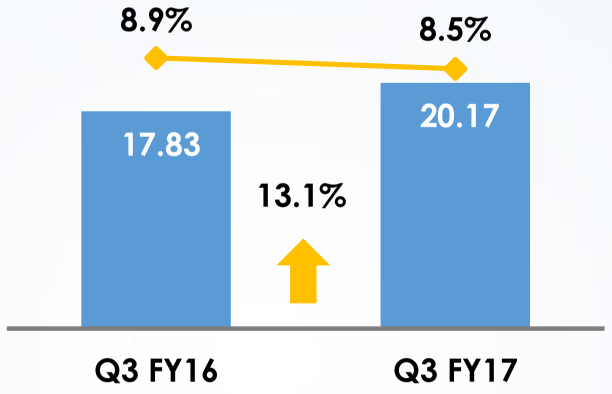

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# RML – Standalone Financial Performance Review (FTQ)

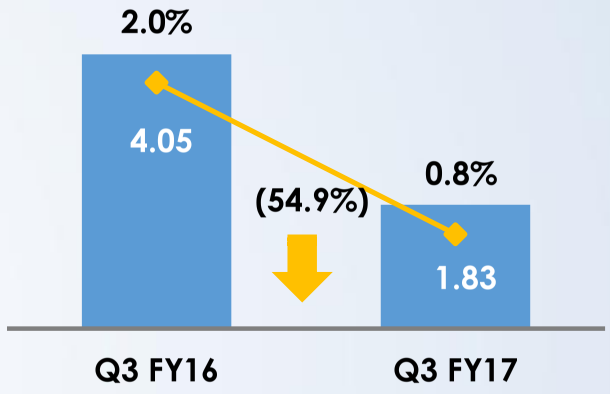
## Net Sales (Rs cr.)




## EBITDA (Rs cr.)




## PBT* (Rs cr.)




** PBT before exceptional items*

- **Net Sales increased by 17.9% to Rs 236.47 Cr in Q3 FY17 from Rs 200.65 Cr in Q3 FY16**
  - Strong demand from Passenger Car and Commercial Vehicle segments for the Steering Gear Products
- **EBITDA increased by 13.1% to Rs 20.17 Cr in Q3 FY17 from Rs 17.83 Cr in Q3 FY16**
  - EBITDA margins witnessed a slight drop on account of unfavorable product mix
- **PBT declined by 54.9% to Rs 1.83 Cr in Q3 FY17 from Rs 4.05 Cr in Q3 FY16**
  - Drop in PBT margin due to higher finance cost and depreciation in the new die-casting plant

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# RML – Standalone Financials (YTD)

| Rs Cr | 9M FY16 | 9M FY17 | Growth |
|---|---|---|---|
| Net Sales | 609.61 | 700.78 | 15.0% |
| EBITDA | 57.09 | 68.29 | 19.6% |
| EBITDA Margin | 9.4% | 9.7% | |
| PBT Before Exceptional Items | 16.30 | 13.81 | -15.2% |
| OP. PBT Margin | 2.7% | 2.0% | |
| Exceptional (Expenses) / Income | (2.70) | - | |
| PBT | 13.60 | 13.81 | 1.6% |
| PBT Margin | 2.2% | 2.0% | |
| PAT | 10.01 | 12.00 | 19.9% |
| PAT Margin | 1.6% | 1.7% | |

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# Rane Engine Valve Ltd.

## (REVL)

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# REVL – Operational Performance Review

## Market Environment

› Sales to India OEMs in 2-Wheelers and Commercial Vehicles segment and India Aftermarket impacted due to demonetization

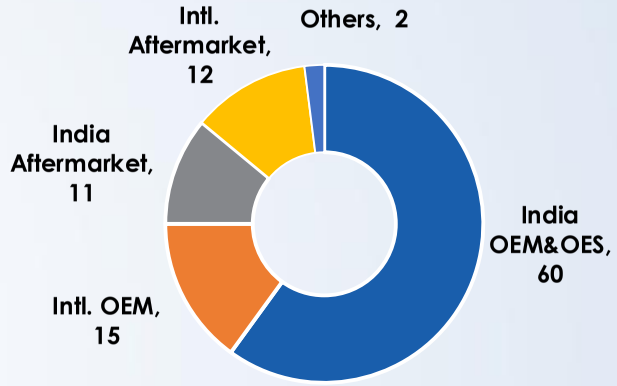
## Operational Highlights

› Continued focus on operational cost reduction and lower finance costs helped in reducing the loss for the quarter

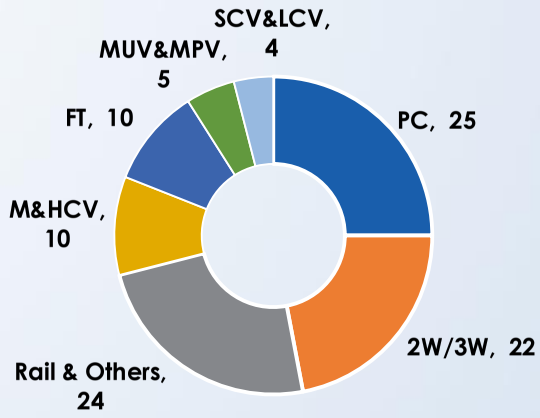
› REVL won "Best Supplier 2016 - Quality" award from Tata Motors and "Quality Award" from John Deere thereby recognizing its strong quality culture

## Business Split (Q3 FY17)

### By Market (%)



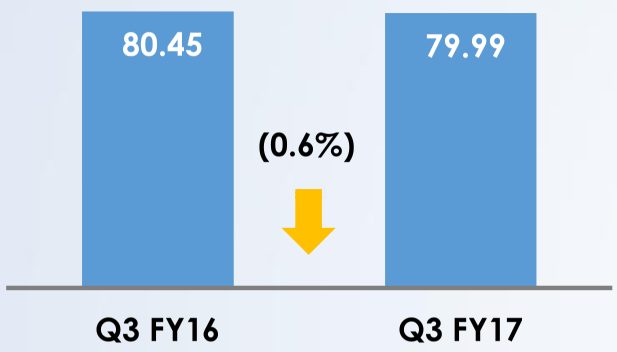

### By Vehicle Segment (%)



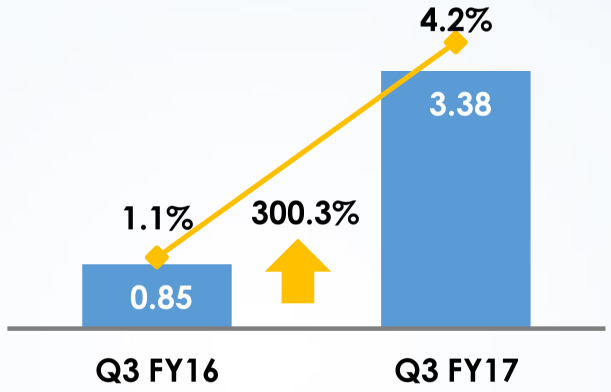

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# REVL – Financial Performance Review (FTQ)

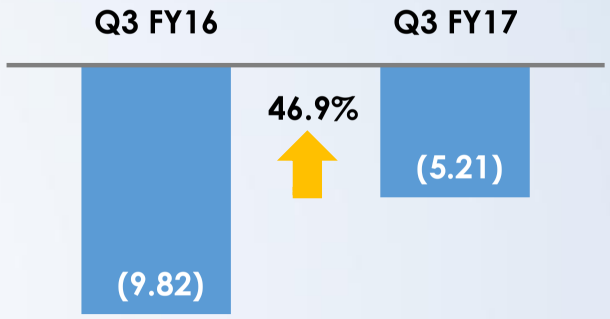
## Net Sales (Rs cr.)




## EBITDA (Rs cr.)




## PBT* (Rs cr.)




** PBT before exceptional items*

- **Net Sales marginally declined by 0.6% to Rs 79.99 Cr in Q3 FY17 from Rs 80.45 Cr in Q3 FY16**
  - Lower demand from 2-wheeler segment
  - Aftermarket sales adversely impacted due to demonetisation
- **EBITDA increased by 300.3% to Rs 3.38 Cr in Q3 FY17 from Rs 0.85 Cr in Q3 FY16**
  - Favorable material cost helped to improve EBITDA margin
- **Loss before tax for Q3 FY17 was Rs 5.21 Cr as against loss of Rs 9.82 Cr in Q3 FY16**
  - Lower finance cost resulted in reducing the loss for the quarter

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# REVL – Financials (YTD)

| Rs Cr | 9M FY16 | 9M FY17 | Growth |
|---|---|---|---|
| Net Sales | 251.19 | 259.98 | 3.5% |
| EBITDA | 6.22 | 11.76 | 88.9% |
| EBITDA Margin | 2.5% | 4.5% | |
| PBT Before Exceptional Items | (25.07) | (17.05) | 32.0% |
| OP. PBT Margin | -10.0% | -6.6% | |
| Exceptional (Expenses) / Income | 17.49 | 94.02 | |
| PBT | (7.58) | 76.96 | |
| PBT Margin | -3.0% | 29.6% | |
| PAT | (5.89) | 57.54 | |
| PAT Margin | -2.3% | 22.1% | |

*Note: Exceptional Income includes profit on sale of company's part land in Alandur, Chennai*

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# Rane Brake Lining Ltd.
## (RBL)

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# RBL – Operational Performance Review

Rane
Expanding Horizons

## Market Environment

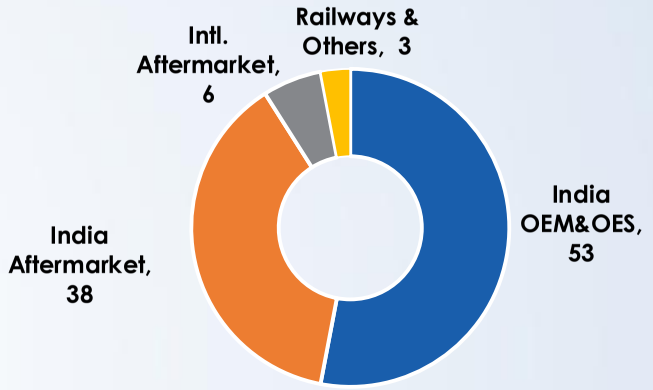
- Experienced strong demand from Indian OEM customers predominantly in the passenger vehicle and commercial vehicle segment
- The Indian aftermarket business was affected due to demonetization, however, disc pads products maintained its growth momentum
- Demand drop in the rail segment while international aftermarkets recorded flat performance

## Operational Highlights

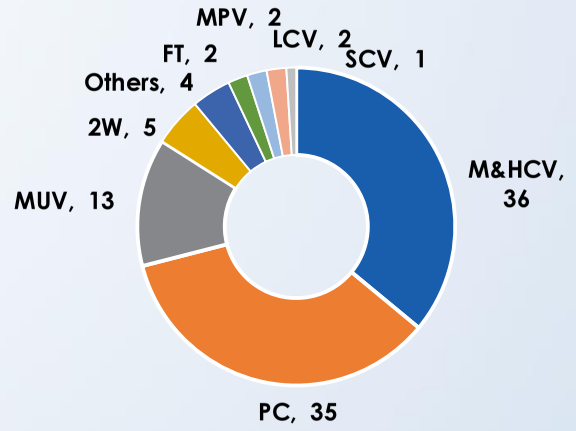
- ICRA has reaffirmed the A+ rating for long term fund based facilities with outlook revised from 'stable' to 'positive'
- The effect of adverse currency movement and unfavorable product mix was offset by continued cost reduction and operating measures

## Business Split (Q3 FY17)

### By Market (%)



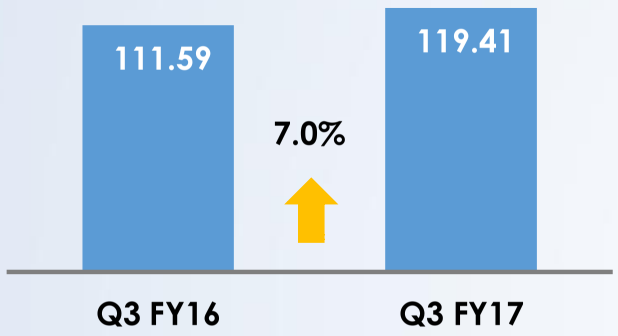

### By Vehicle Segment (%)



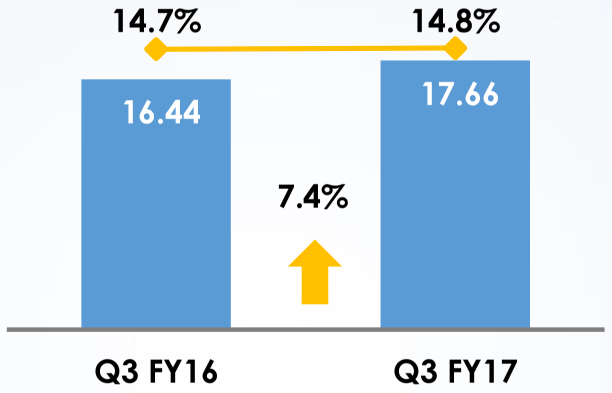

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# RBL – Financial Performance Review (FTQ)

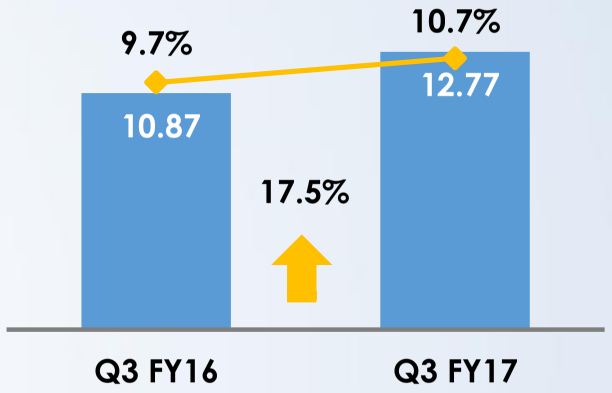
## Net Sales (Rs cr.)




## EBITDA (Rs cr.)




## PBT* (Rs cr.)




** PBT before exceptional items*

- **Net Sales increased by 7.0% to Rs 119.41 Cr in Q3 FY17 from Rs 111.59 Cr in Q3 FY16**
  - Growth driven by strong demand from OEM segments
- **EBITDA increased by 7.4% to Rs 17.66 Cr in Q3 FY17 from Rs 16.44 Cr in Q3 FY16**
  - Sustained cost savings initiatives and manufacturing process improvements
- **PBT increased by 17.5% to Rs 12.77 Cr in Q3 FY17 from Rs 10.87 Cr in Q3 FY16**
  - Substantial reduction in interest costs due to repayment of long term borrowings and reduction in short term borrowing

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# RBL – Financials (YTD)

| Rs Cr | 9M FY16 | 9M FY17 | Growth |
|---|---|---|---|
| Net Sales | 324.33 | 353.45 | 9.0% |
| EBITDA | 39.46 | 52.87 | 34.0% |
| EBITDA Margin | 12.2% | 15.0% | |
| PBT Before Exceptional Items | 22.36 | 37.62 | 68.2% |
| OP. PBT Margin | 6.9% | 10.6% | |
| Exceptional (Expenses) / Income | - | - | |
| PBT | 22.36 | 37.62 | 68.2% |
| PBT Margin | 6.9% | 10.6% | |
| PAT | 16.62 | 30.30 | 82.3% |
| PAT Margin | 5.1% | 8.6% | |

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# Rane TRW Steering Systems Pvt. Ltd.
## (RTSS)

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# RTSS – Operational Performance Review

Rane
Expanding Horizons

**Market Environment**

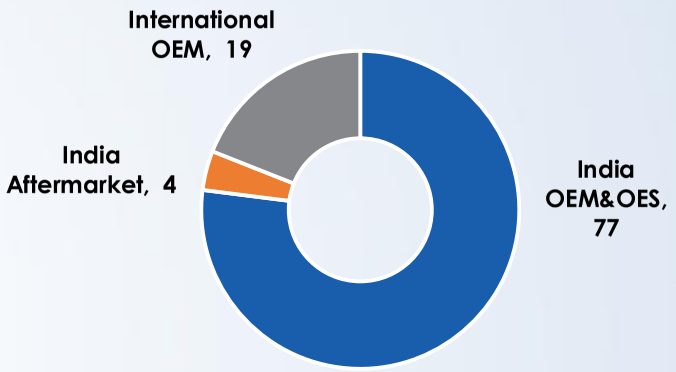
- Occupant Safety Division: Robust demand for occupant safety products
- Steering Gear Division
  - Higher demand from utility vehicle segment and share growth in LCV segment
  - Demonetisation impacted served models in passenger cars and aftermarket business

**Operational Highlights**

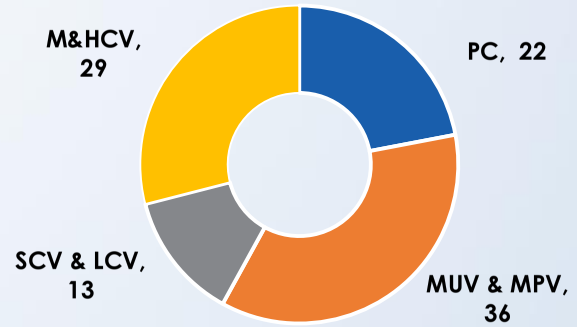
- Increased share of business in LCV segment and with select customers in M&HCV segment for steering products
- Secured new business for Airbags and Seat Belts
- Commenced regular export shipments of new technology pre-tensioner seat belts
- Plants in Chennai were affected by Cyclone Vardah and production was resumed within 4 days

## Business Split (Q3 FY17)

### By Market (%)



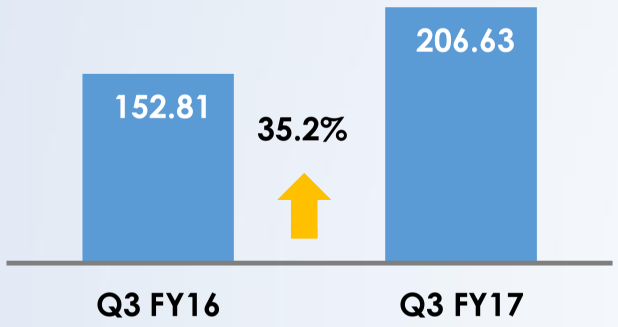

### By Vehicle Segment (%)



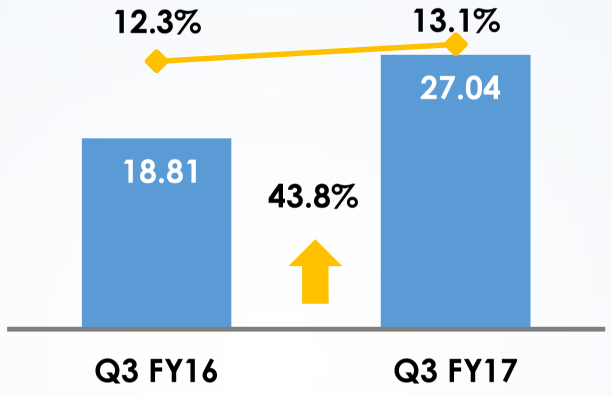

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# RTSS – Financial Performance Review (FTQ)

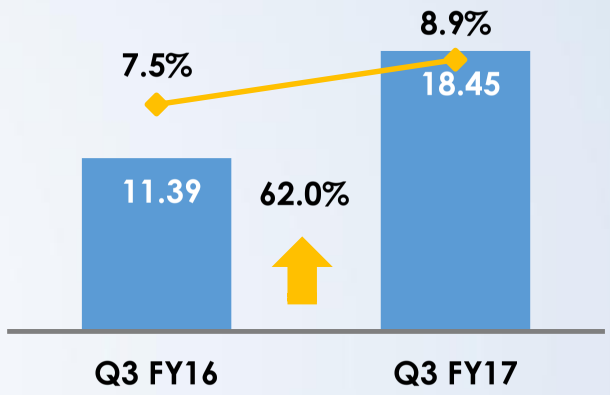
## Net Sales (Rs cr.)




## EBITDA (Rs cr.)




## PBT* (Rs cr.)




** PBT before exceptional items*

- **Net Sales increased by 35.2% to Rs 206.63 Cr in Q3 FY17 from Rs 152.81 Cr in Q3 FY16**
  - Growth driven by significant increase in sales to Indian OE and Export markets
  - Volume growth in both SGD and OSD and commencement of seat belt export
- **EBITDA increased by 43.8% to Rs 27.04 Cr in Q3 FY17 from Rs 18.81 Cr in Q3 FY16**
  - Sustained cost reduction measures showing positive results in the overall margin performance
- **PBT increased by 62.0% to Rs 18.45 Cr in Q3 FY17 from Rs 11.39 Cr in Q3 FY16**
  - Favourable exchange rates helps in improvement in PBT margin

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# RTSS – Financials (YTD)

| Rs Cr | 9M FY16 | 9M FY17 | Growth |
|---|---|---|---|
| Net Sales | 505.15 | 607.85 | 20.3% |
| EBITDA | 59.89 | 73.21 | 22.2% |
| EBITDA Margin | 11.9% | 12.0% | |
| PBT Before Exceptional Items | 37.46 | 48.28 | 28.9% |
| OP. PBT Margin | 7.4% | 7.9% | |
| Exceptional (Expenses) / Income | (0.15) | (0.41) | |
| PBT | 37.31 | 47.87 | 28.3% |
| PBT Margin | 7.4% | 7.9% | |
| PAT | 25.69 | 33.16 | 29.1% |
| PAT Margin | 5.1% | 5.5% | |

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# Rane NSK Steering Systems Pvt. Ltd.
## (RNSS)

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# RNSS – Operational Performance Review

**Market Environment**

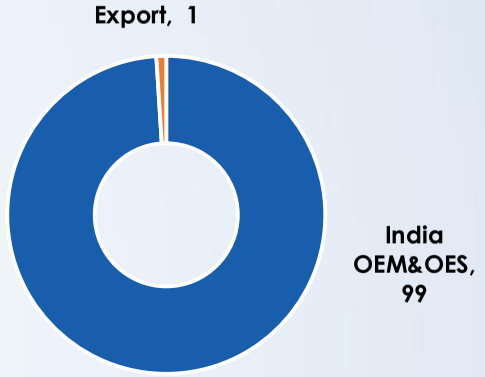
- Higher PV volumes of EPS driven by increased off-take from served models
- CV revival dampened on account of demonetization

**Operational Highlights**

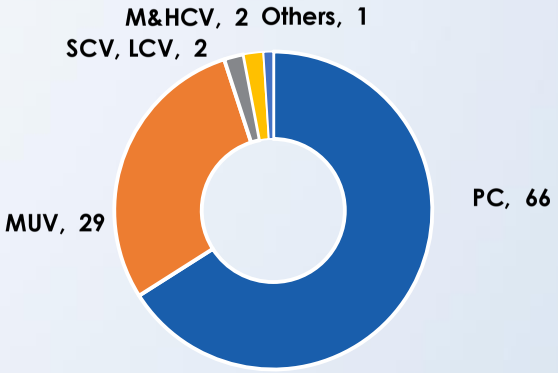
- Won new business for I-shaft Assembly (EPS)
- Successfully started production for key new program launches in CV segment
- Impact of Cyclone "Vardah" limited to 2 days and there were no customer line disruptions

## Business Split (Q3 FY17)

### By Market (%)



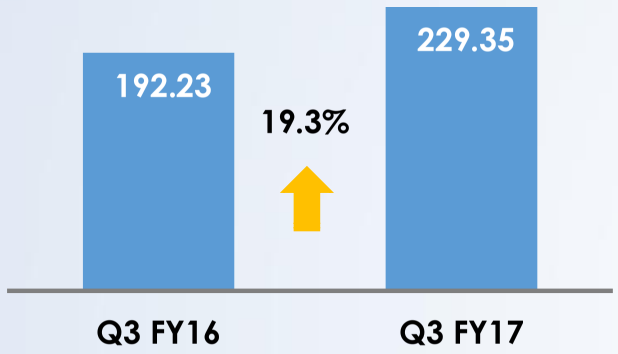

### By Vehicle Segment (%)



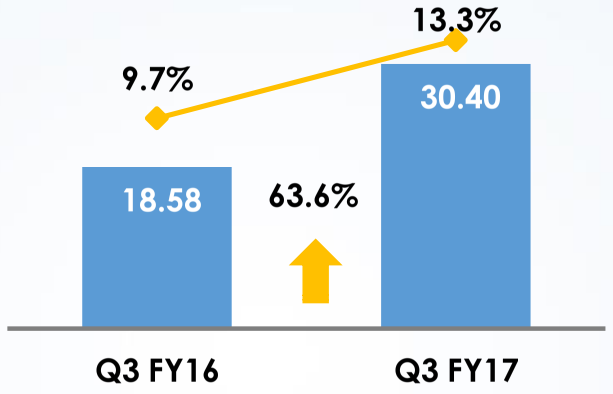

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# RNSS – Financial Performance Review (FTQ)

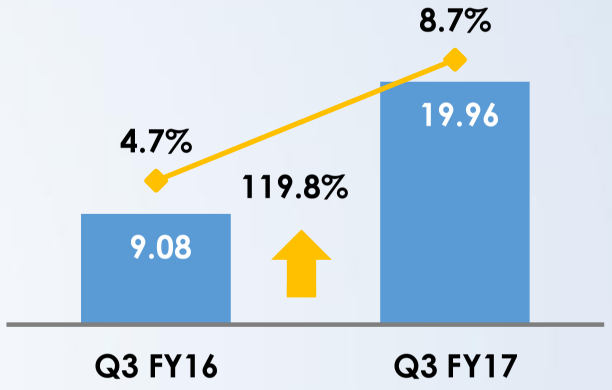
## Net Sales (Rs cr.)




## EBITDA (Rs cr.)




## PBT* (Rs cr.)




** PBT before exceptional items*

- **Net Sales increased by 19.3% to Rs 229.35 Cr in Q3 FY17 from Rs 192.23 Cr in Q3 FY16**
  - Sales growth driven by higher demand form pass car and MUV segments
- **EBITDA increased by 63.6% to Rs 30.40 Cr in Q3 FY17 from Rs 18.58 Cr in Q3 FY16**
  - Increased localization ratio leading to lower material costs.
- **PBT increased by 119.8% to Rs 19.96 Cr in Q3 FY17 from Rs 9.08 Cr in Q3 FY16**
  - Sourcing of lower interest bearing debts helped improve PBT margin

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# RNSS – Financials (YTD)

| Rs Cr | 9M FY16 | 9M FY17 | Growth |
|---|---|---|---|
| Net Sales | 551.54 | 689.77 | 25.1% |
| EBITDA | 61.00 | 85.86 | 40.8% |
| EBITDA Margin | 11.1% | 12.4% | |
| PBT Before Exceptional Items | 33.65 | 53.69 | 59.6% |
| OP. PBT Margin | 6.1% | 7.8% | |
| Exceptional (Expenses) / Income | - | - | |
| PBT | 33.65 | 53.69 | 59.6% |
| PBT Margin | 6.1% | 7.8% | |
| PAT | 21.69 | 34.85 | 60.7% |
| PAT Margin | 3.9% | 5.1% | |

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# Thank You




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# Glossary of Abbreviations

| Abbreviation | Expansion |
|---|---|
| CV | Commercial Vehicles |
| FT | Farm Tractors |
| FY | Financial Year |
| LCV | Light Commercial Vehicles |
| MPV | Multi Purpose Vehicles |
| MUV | Multi Utility Vehicles |
| M&HCV | Medium & Heavy Commercial Vehicles |
| EBITDA | Earnings Before Interest, Tax and Depreciation & Amortisation |
| OE | Original Equipment |
| OEM | Original Equipment Manufacturer |

| Abbreviation | Expansion |
|---|---|
| OES | Original Equipment Supplier |
| PBT | Profit Before Tax |
| PC | Passenger Car |
| PV | Passenger Vehicles |
| P&L | Profit & Loss |
| SCV | Small Commercial Vehicles |
| SIAM | Society of Indian Automobile Manufactures |
| UV | Utility Vehicles |
| 2W/3W | Two Wheeler/Three Wheeler |

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# Disclaimer

*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.*

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