

talbro's Automotive Components Ltd

H1 FY16 Update
November 2015



Safe Harbour

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Automotive Market Scenario April - September FY16

Q2 FY16 Highlights:

- Passenger Vehicles sales growth at 5%; led by Passengers Car growth of 7%
- M&HCV grew by 38% while LCV declined by 4%
 - Overall CV Segment grew by 11% as against 6% in Q1
- 2 Wheelers sales remained static as a 12% growth in Scooters was negated by a commensurate decline in Motor Cycles/Mopeds

H1 FY16 Highlights:

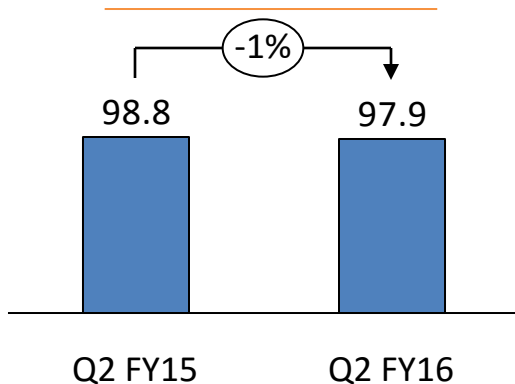
- Passenger Car sales increased by 7%
- M&HCV sales growth was at 23% while LCV de-grew by 3%
 - Overall CV segment growth was 6%
- Two Wheeler segment growth in Scooter sales were set off by a decline in Motor Cycles/Mopeds

Source: SIAM

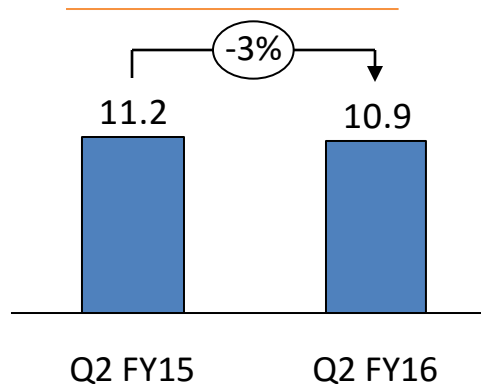
Financial Highlights – Q2 & H1 FY16

Rs Crores

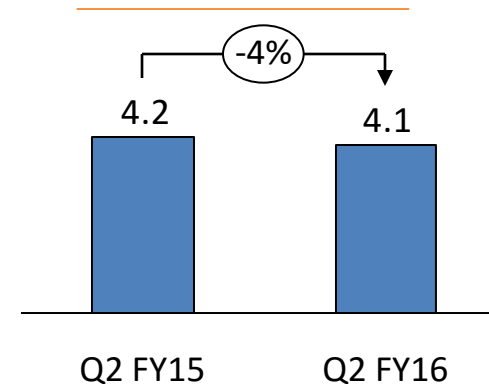
Total Income *



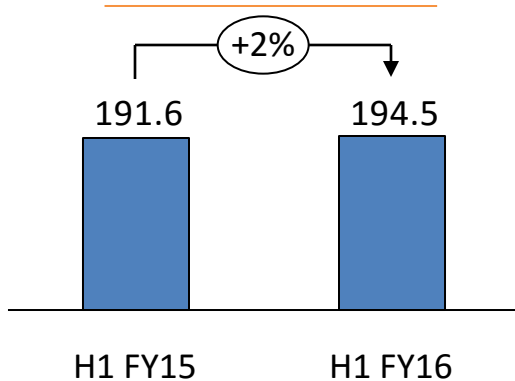
EBIDTA *



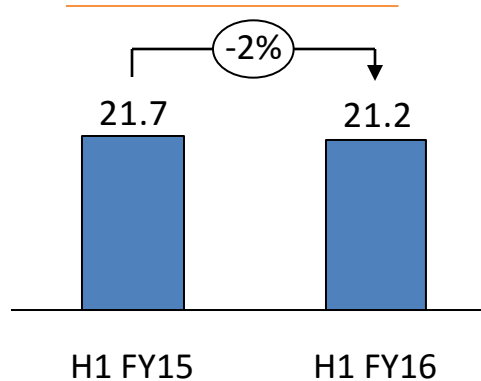
PBT *



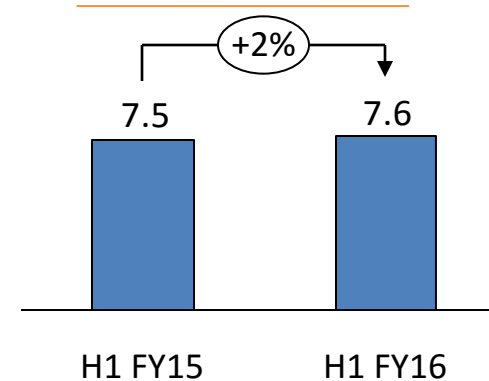
Total Income *



EBIDTA *



PBT *



*Excluding (1) FOREX impact of ~ Rs 1 Crores in H1 FY16 over H1 FY15

(2) Dividend Received from Nippon Leakless Talbros Joint Venture of Rs 72 lacs in Q1 FY15; delayed in the current year

Q2 FY16 Highlights

- Total Income of Rs 97.7 Crores against Rs 99.2 Crores in Q2 FY15 led by
 - Erratic order schedule from key OE customers
 - Net FOREX impact of ~ Rs. 0.6 Crores; excluding which Total Income was flat at Rs 98 Crores
- EBIDTA of Rs 10.7 Crores; de-growth of 8% led by
 - Pricing reduction given to OEM to block the entry of competitors
 - Under absorption of fixed cost due to subdued volumes
 - Excluding FOREX impact EBIDTA of Rs 10.9 Crores; de-growth of 3%
- EBIDTA margin at 11% against 11.7% in Q2 FY15
- PBT of Rs 3.8 Crores; de-growth of 17%
 - Excluding FOREX impact PBT of Rs 4.1 Crores; de-growth of 4%
- PAT of Rs 2.5 Crores against Rs 3.2 Crores in Q2 FY15

H1 FY16 Highlights

- Total income of Rs 194.2 Crores; growth of 1% led by
 - Net FOREX impact of ~ Rs. 1 Crores; Excluding FOREX and dividend impact Total Income grew by 2%
 - Erratic order schedule from key OE customers along with Slowdown in 2 wheeler and LCV demand
 - Change in product mix towards OEM
- EBIDTA of Rs 20.8 Crores; de-growth of 9% led by
 - Under absorption of fixed cost due to subdued volumes
 - Excluding FOREX and dividend impact EBIDTA at Rs 21.2 Crores de-growth of 2%
- EBIDTA Margin was at 10.7% against 11.9% in H1 FY15
- PBT of Rs. 7.3 Crores; de-growth of 17%
 - Excluding FOREX and dividend impact PBT grew by 2%
- PAT of Rs 4.7 Crores against Rs 6.1 Crores in H1 FY15

Segmental Performance – Q2 FY16

Standalone:

- Subdued volumes led by Erratic order schedule from key OE customers along with Slow down in 2 wheeler and LCV demand
- Secured new orders for Gaskets from Cummins for their new Hi-technology ISLe engine and for Mahindra's new SUV
- An appreciation in INR against Euro and slowdown in Europe markets impacted Forging revenues

Nippon Leakless Talbros (LTL) :

- Consistent performance in line with Industry Growth
- Pricing reduction given to OEMs to block the entry of competitors

Magneti Marelli Talbros Chassis Systems (MMT) :

- New orders from Tata Motors for Control Arm Assembly

Talbros Marugo Rubber (TMR):

- Fresh orders from MSIL for Anti-Vibration Products and Hoses
- Positive profitability for Anti-Vibrations products in H1 FY16
- Hoses plant commenced operations on October 2015

Consolidated P & L Statement

Rs. Cr	Q2FY16	Q2FY15	YoY %	H1FY16	H1FY15	YoY %
Revenue	97.5	98.1		193.4	190.4	
Other Income	0.2	1.1		0.8	2.5	
Total Income from Operations	97.7	99.2	-2%	194.2	192.9	1%
Raw Material	53.5	55.4		108.0	105.6	
Employee Cost	12.7	11.4		25.9	23.5	
Other Expenses	20.8	20.8		39.4	40.8	
EBITDA	10.7	11.6	-8%	20.8	23.0	-9%
EBITDA Margin	11%	12%		11%	12%	
Interest	4.5	4.4		9.0	9.0	
Depreciation	2.4	2.6		4.6	5.3	
PBT	3.8	4.6	-17%	7.3	8.8	-17%
Tax	1.4	1.4		2.6	2.7	
PAT	2.5	3.2	-23%	4.7	6.1	-23%
PAT Margin %	3%	3%		2%	3%	

Consolidated P & L Statement

Rs. Cr	FY15	FY14	YoY %
Revenue	388.8	361.9	7%
Other Income	9.6	5.6	72%
Total Income from Operations	398.4	367.5	8.4%
Raw Material	215.5	205.0	5%
Employee Cost	49.5	42.4	17%
Other Expenses	83.7	77.6	8%
EBITDA	49.7	42.6	17%
EBITDA Margin	12.48%	11.59%	
Interest	18.7	19.0	-2%
Depreciation	10.0	10.5	-4%
PBT (Before Exceptional Items)	21.1	13.2	60%
Exceptional Item *	-1.9	8.8	
Tax	5.1	2.7	89%
PAT	14.1	19.3	-27%
PAT Excl Exceptions	15.4	12.3	25%
PAT Excl Exceptions Margin %	3.86%	3.34%	

*Q4FY15 Expense towards payment of terminal benefit to the erstwhile employees of the closed Chennai Plant

*Q4FY14 Income from Sale of Land

Consolidated Balance Sheet

Rs. Cr	Sep15	Mar15
Shareholders Fund	131.8	127.1
Share Capital	12.3	12.3
Reserves & Surplus	119.5	114.8
Total Non Current Liabilities	34.7	40.8
Long Term Borrowings	25.3	31.8
Other Long Term Liabilities	9.4	9.0
Total Current Liabilities	224.7	215.6
Short Term Borrowings	92.1	85.1
Trade Payables	95.6	92.4
Other Current Liabilities	37.0	38.2
TOTAL EQUITY & LIABILITIES	391.3	383.6

Rs. Cr	Sep15	Mar15
Total Non Current Assets	143.0	142.4
Fixed Assets	123.7	123.4
Long Term loans & Advances	12.4	12.7
Other Non Current Assets	6.9	6.2
Total Current Assets	248.2	241.2
Inventories *	133.0	127.6
Trade Receivables	75.3	73.8
Cash & Cash Equivalents	11.2	10.2
Short Term loans & Advances	28.0	28.7
Other Current Assets	0.7	1.0
TOTAL ASSETS	391.3	383.6

* Inventories include: Goods in Transit of Rs 5 Crs as of Sep 15 and Rs 9 Crs as of Mar 15
Tools of Rs 21.7 Crs as of Sep 15 and Rs 16.2 Crs as of Mar 15

Corporate Overview

- Over **58 years** of experience in Auto Component manufacturing
- Promoted by **Talwar Family** with **53.9%** holding lead by Mr. Naresh Talwar and Mr. Umesh Talwar
- Diversified Auto Component player with presence *across **Two Wheelers, Passenger, Commercial Vehicles and Farm Equipments***
- Wide client base, *~40% revenue from top 5 clients*
- Businesses across **OEMs, Exports and After Market**
- **Four International Technology Tie-ups** including 3 JVs for Best in Class Products
- Diversified Portfolio - **Gaskets, Forgings, Suspension Systems, Anti-vibration Products & Hoses**
- Consistent **Dividend Payout for over 50 years**

One of the Most Hedged Auto Component Player

Business Overview

Consolidated Revenue Contribution FY15

Products

Gaskets



62%

Multi Layer Steel, Rubber Molded, Exhaust Manifold, Edge Molded, Cylinder head, Heat Shield

Forging



18%

Housing & Yoke Shafts, King Pins, Gear Blanks

Nippon Leakless Talbros



10%*

Automotive Gaskets for Honda and other Japanese OEMs

Magneti Marelli Talbros



8%*

Suspension Systems: Control Arms, Knuckles, Front Axle and Rear Axle

Talbros Marugo Rubber



2%*

Anti – Vibration parts such as : Bushes, Exhaust Hanger, Dust Cover, Hoses

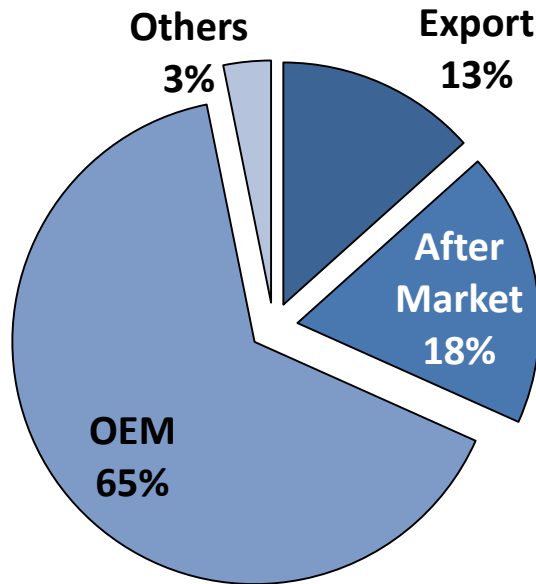
Standalone

* Talbros share in JV

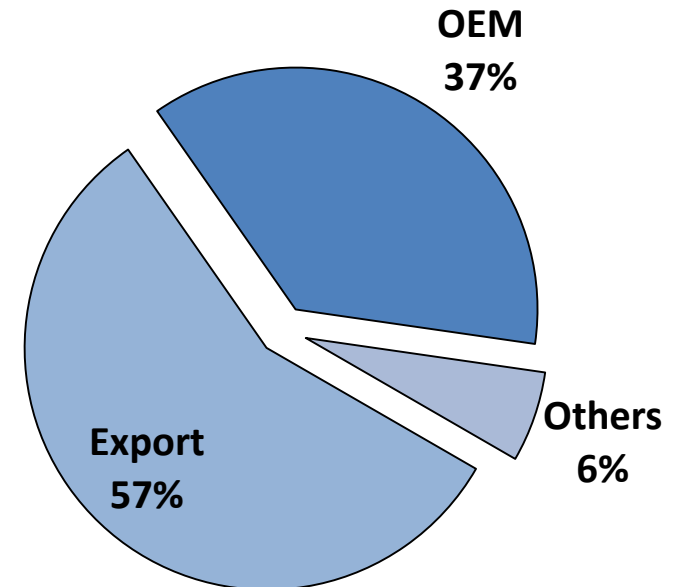
Above data excludes other non operating income

Standalone Business

Gaskets Division
FY15 Revenue Rs 244 Crores



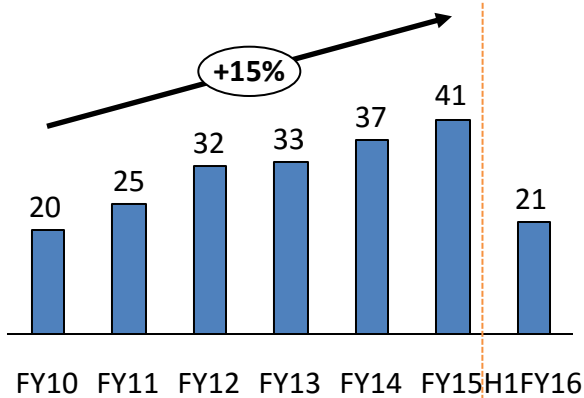
Forgings Division
FY15 Revenue Rs 70 Crores



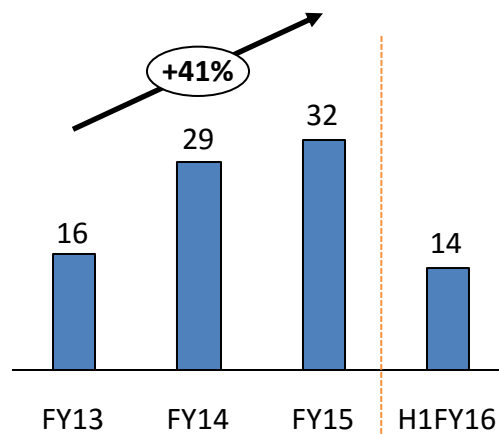
H1 FY16 Revenue
Gaskets Rs 121 Crores; Forging Rs 33 Crores

Joint Ventures

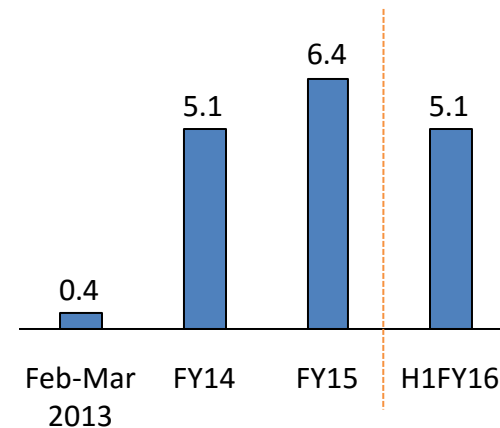
Nippon Leakless Talbros



Magneti Marelli Talbros

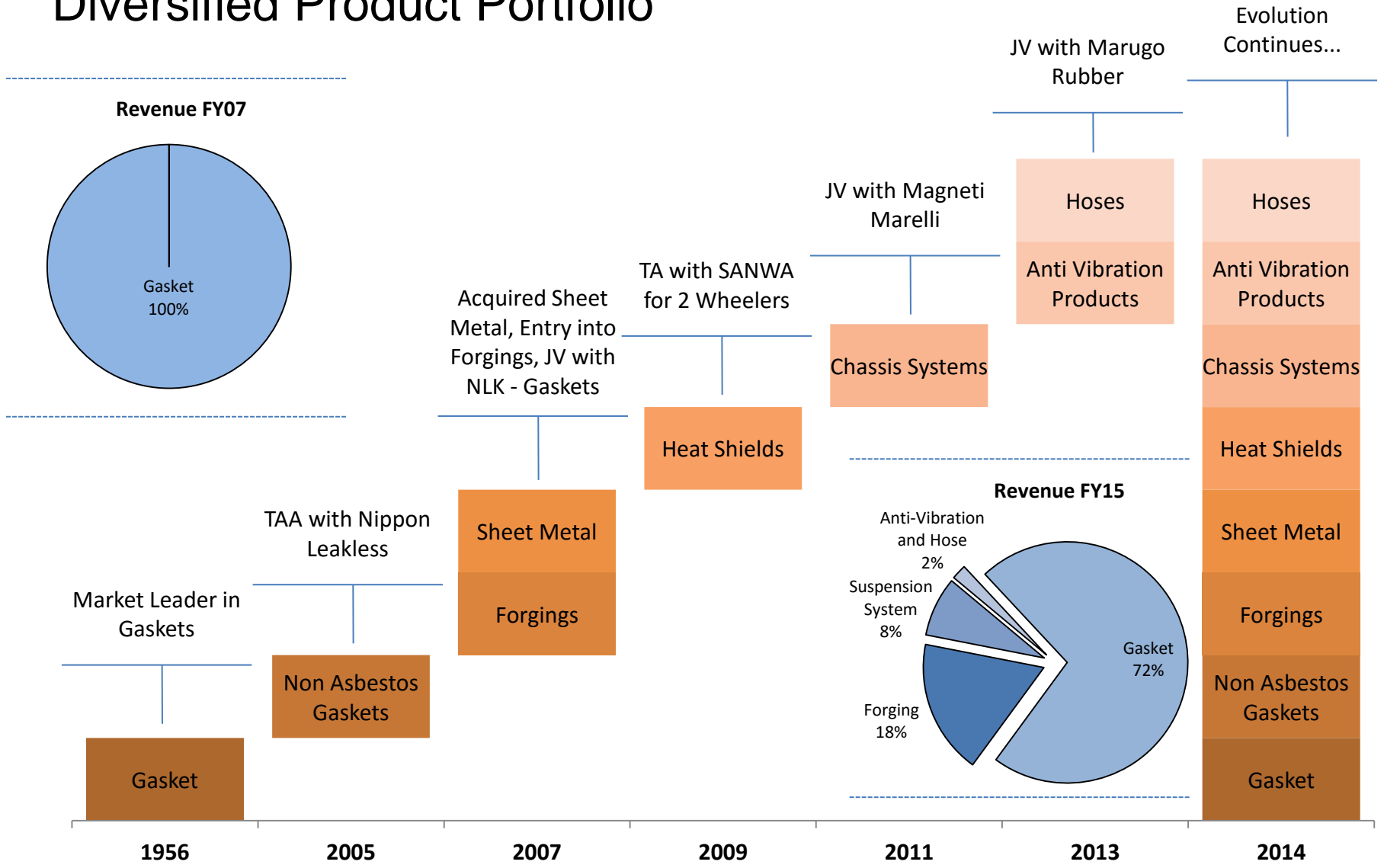


Talbros Marugo Rubber



* Talbros Share of Revenue in Rs Crores

Diversified Product Portfolio



Diversified Customer - OEM

2 Wheeler

Passenger

HCV/LCV

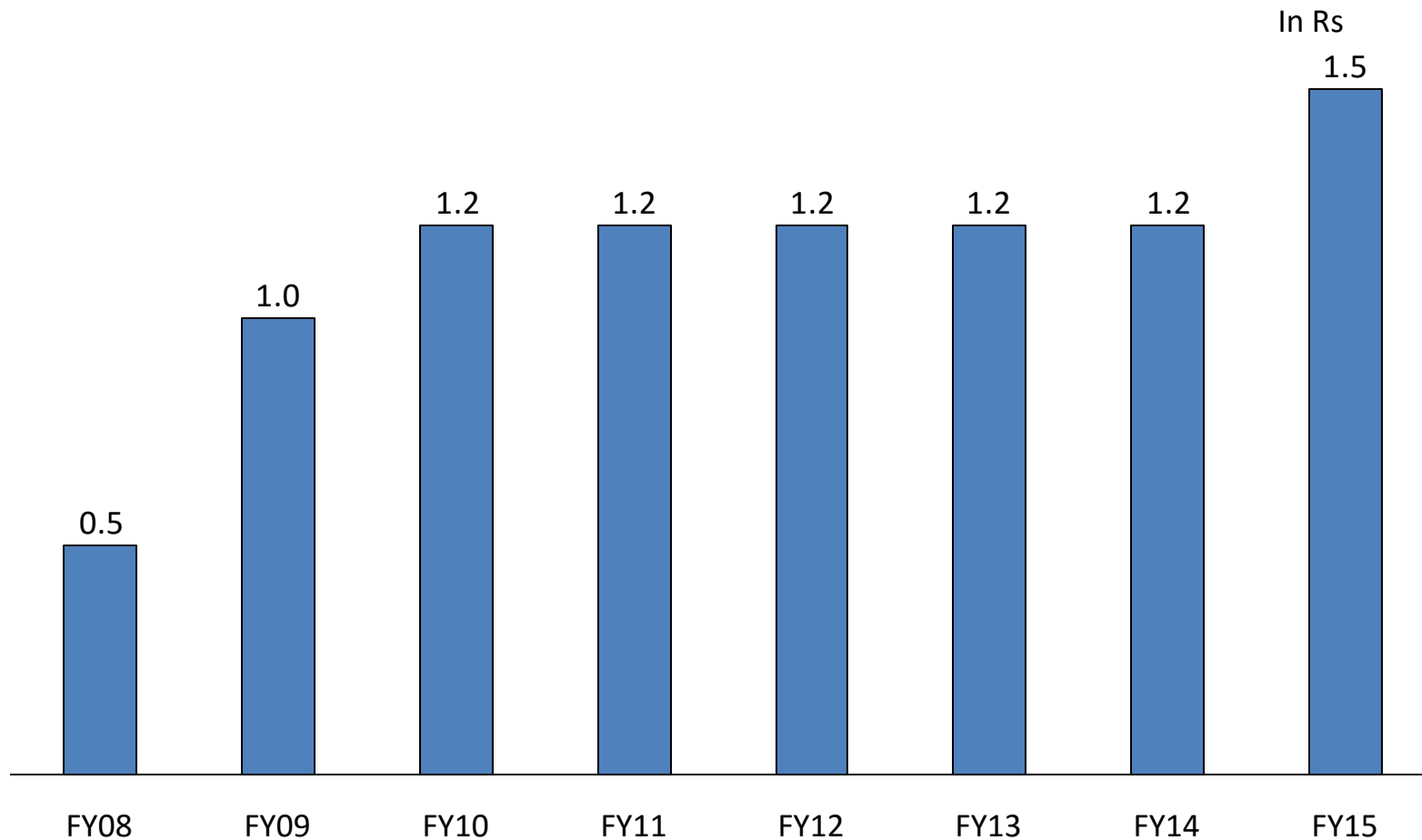
Agri & Off Loader

Exports

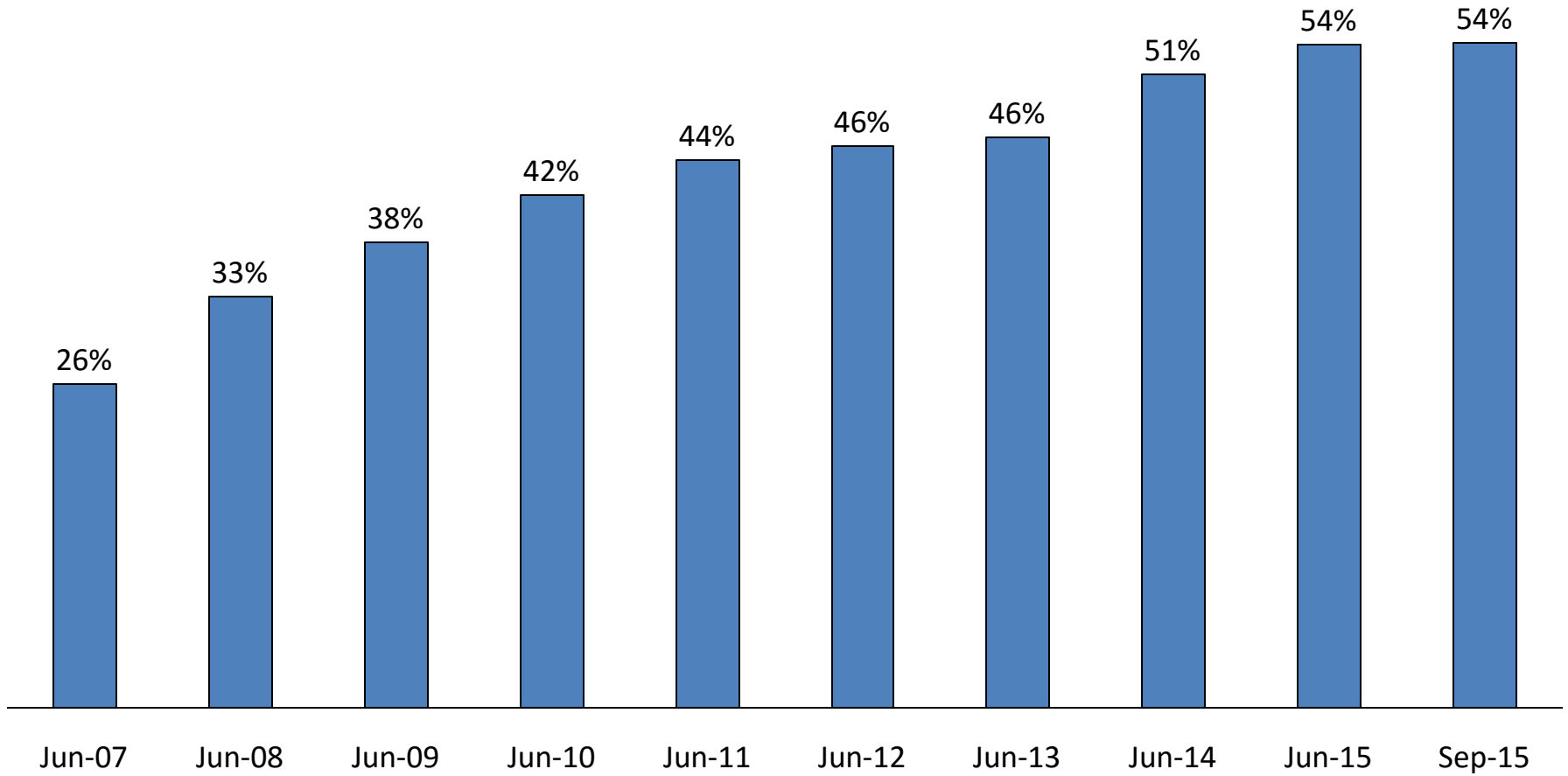


Hedged customer base, 40 % revenue from top 5 customers

Consistently paying Dividend for the last 50 years



Promoter Shareholding



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