



## Investor Update – Q3 FY'12

# Sona Koyo Steering Systems Ltd.



Feb 02, 2012



**1.**

**Performance Review**

**2.**

**Operational Highlights**

**3.**

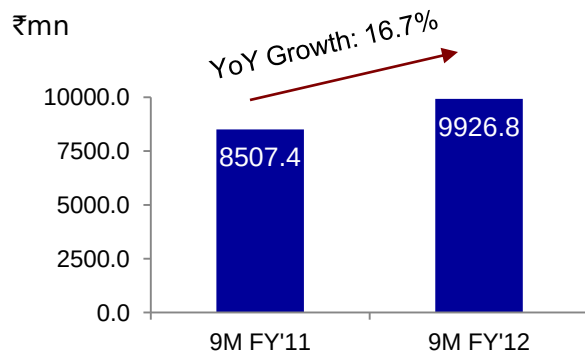
**Financial Statements**

**4.**

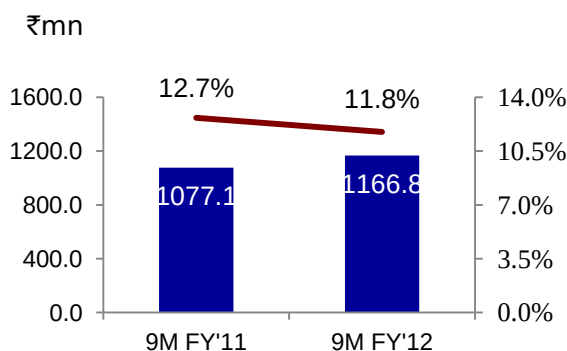
**Shareholding Pattern**

# Strong growth in Revenues & Profitability in 9M FY'12 on Consolidated basis

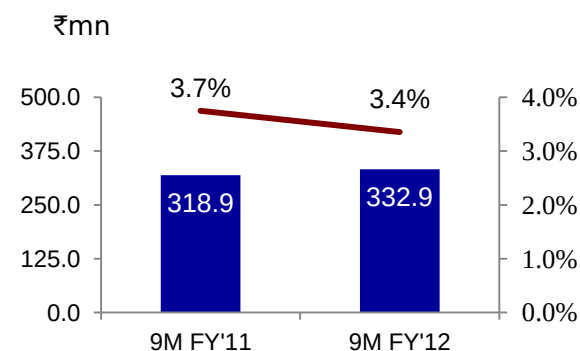
## Revenue & Revenue Growth



## EBITDA & EBITDA Margin



## PAT & PAT Margin

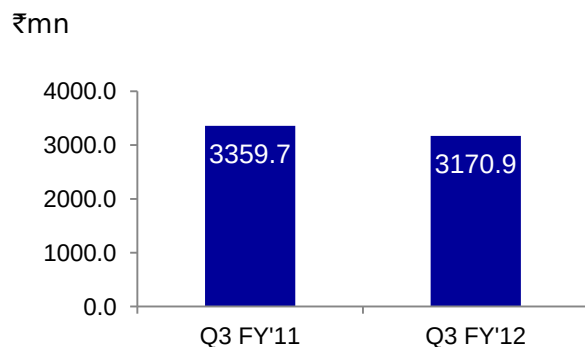


- **Total Revenues up 16.7% YoY from ₹8,507.4mn to ₹9,926.8mn** on the back of strong growth in revenue contribution from subsidiaries including JTEKT SONA Automotive India (JSAI), Sona Fuji Kiko Automotive (SFAL) and Sona Stampings
- **EBITDA up 8.3% YoY to reach ₹1,166.8mn in 9M FY'12 from ₹1,077.1mn in 9M FY'11 with EBITDA margin at 11.8%**
  - ✓ Increase in staff cost as a % of revenues from 7.3% to 8.5%
- **PAT up 4.4% YoY to ₹332.9mn in 9M FY'12 from ₹318.9mn in 9M FY'11; with the PAT margins at 3.4%**
  - ✓ Raw material costs stood at 70.4% of revenues
  - ✓ Decline in finance charges as a % of revenues from 4.4% to 3.1%

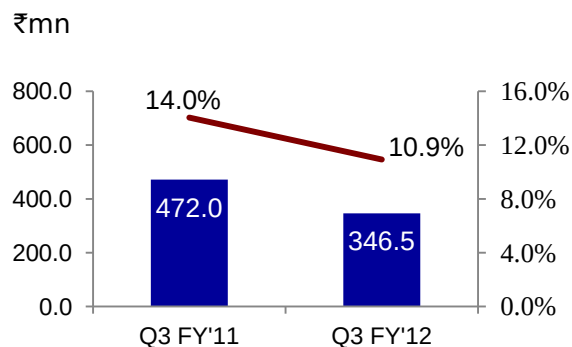
Refer Slide 9 for detailed P&L Statement

# Resilient Performance in Q3 on Consolidated basis

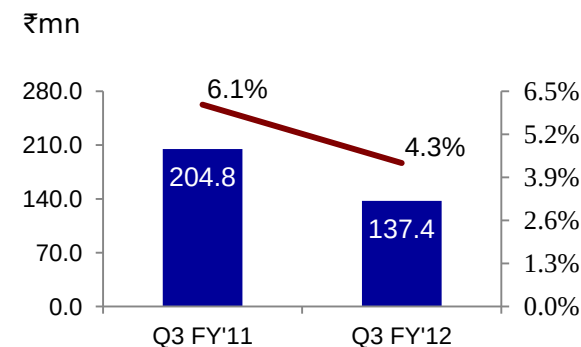
## Revenue & Revenue Growth



## EBITDA & EBITDA Margin



## PAT & PAT Margin

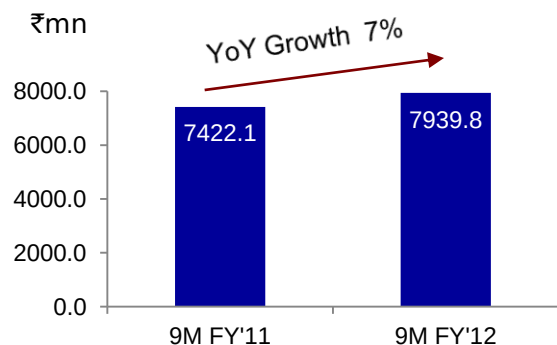


- **Total Revenues stood at ₹3,170.9mn on the back of** strong growth in revenue contribution from subsidiaries including JTEKT SONA Automotive India (JSAI), Sona Fuji Kiko Automotive (SFAL) and Sona Stampings.
- **EBITDA for the quarter stood at ₹346.5mn with EBITDA margins of 10.9%**
  - ✓ Increase in staff costs as a % of revenues from 6.8% to 8.9%
- **PAT for the quarter stood at ₹137.4mn with PAT margins at 4.3%**

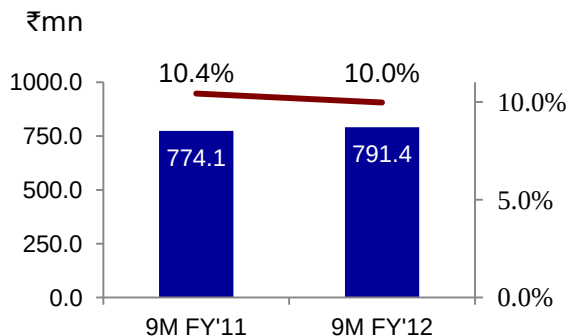
Refer Slide 9 for detailed P&L Statement

# 7% growth in Revenues in 9M FY'12 on standalone basis

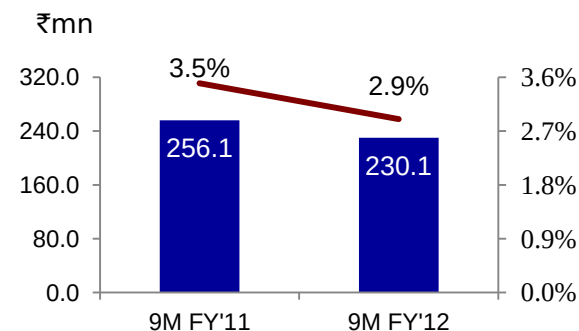
## Revenue & Revenue Growth



## EBITDA & EBITDA Margin



## PAT & PAT Margin



### ■ Revenues up 7% YoY from ₹7422mn to ₹7939.8mn driven by both domestic & export sales

- ✓ Domestic sales increased 7.1% YoY from ₹7,099.3mn to ₹7,599.8mn
- ✓ Export sales increased 3.4% YoY from ₹300.3mn to ₹310.6mn

### ■ EBITDA up 2.2% YoY to reach ₹791.4mn in 9M FY'12 from ₹774.1mn in 9MFY'11; EBITDA margin declined from 10.4% to 10.0% owing to

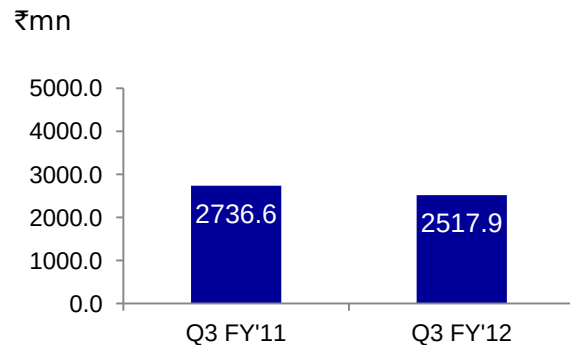
- ✓ Increase in staff cost as a % of revenues from 7.1% in 9M FY'11 to 9.0% 9MFY'12

### ■ PAT for 9M FY'12 period stood at ₹230.1mn with PAT margins at 2.9%

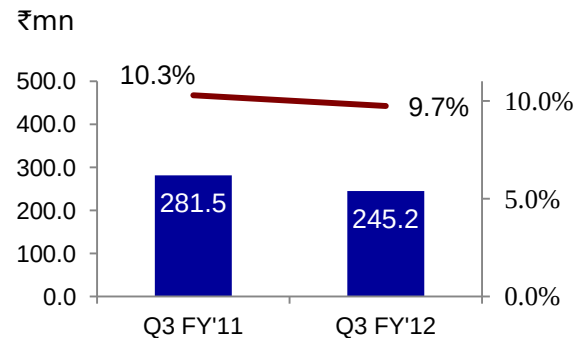
Refer Slide 10 for detailed P&L Statement

# Robust Performance in Q3 FY'12 on standalone basis

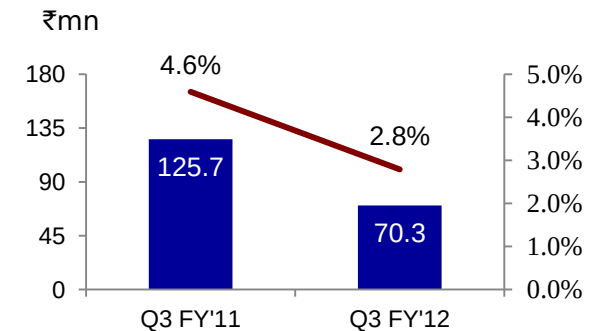
## Revenue & Revenue Growth



## EBITDA & EBITDA Margin



## PAT & PAT Margin



### ■ Revenues stood at ₹2736.6mn

- ✓ Domestic sales stood at ₹2401.7mn contributing 95.8% of the sales
- ✓ Export sales increased by 12.7% YOY from ₹93.2mn to ₹105mn
- ✓ Other income stood at ₹11.2mn

### ■ EBITDA stood at ₹245.2mn with EBITDA margins at 9.7%

- ✓ Staff Cost as a % of revenues increased from 7.1% to 9.4%
- ✓ Raw material cost as a % of revenues declined from 74.7% to 72.5%

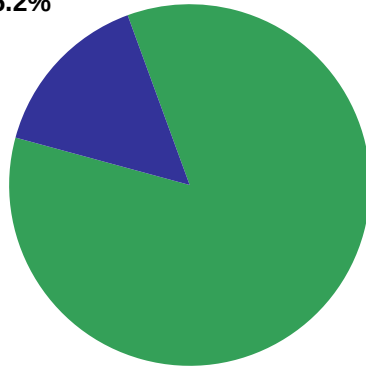
### ■ PAT for the quarter stood at ₹70.3mn with PAT margins at 2.8%

Refer Slide 10 for detailed P&L Statement

## Product Wise Sales Mix

Q3 FY'11

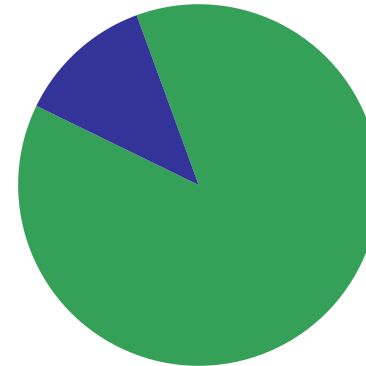
Driveline, 15.2%



Steering &  
Column, 84.8%

Q2 FY'12

Driveline, 12.2%

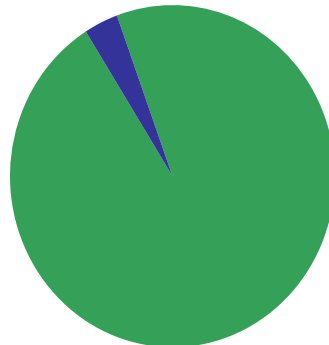


Steering &  
Column, 87.8%

## Geographic Sales Mix

Q3 FY'11

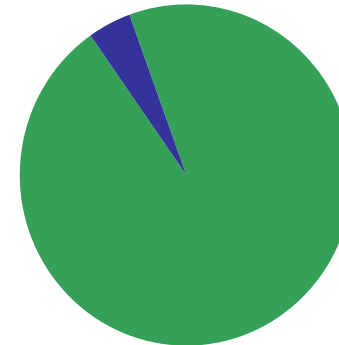
Exports, 3.4%



Domestic, 96.6%

Q3 FY'12

Exports, 4.2%



Domestic, 95.8%

## Increased Capacity utilization

- Overall capacity utilization for 9M FY'12 stood at ~64%
- Capacity Utilization across product categories during 9M FY'12:
  - ✓ Steering Products – 72%
  - ✓ Driveline Products – 36%

## New Product/ Order Flows

- Supplies for Maruti – New Swift & Ertiga MPV to commence in Q4 FY'12



## Consolidated Audited Income Statement

Amount in ₹mn

| Particulars                               | Q3 FY12        | Q3 FY11        | YoY (%)       | 9M FY12        | 9M FY11        | YoY (%)      |
|-------------------------------------------|----------------|----------------|---------------|----------------|----------------|--------------|
| <b>Net Income from Operations</b>         | 3,152.2        | 3,344.8        | -5.8%         | 9,887.4        | 8,478.4        | 16.6%        |
| Other Operating Income                    | 18.7           | 14.9           | 26.0%         | 39.4           | 29.0           | 35.8%        |
| <b>Total Income</b>                       | <b>3,170.9</b> | <b>3,359.7</b> | <b>-5.6%</b>  | <b>9,926.8</b> | <b>8,507.4</b> | <b>16.7%</b> |
| Total Expenditure                         | 2,824.4        | 2,887.7        | -2.2%         | 8,759.9        | 7,430.3        | 17.9%        |
| Consumption of Raw Material               | 2,247.3        | 2,374.9        | -5.4%         | 6,983.6        | 6,022.1        | 16.0%        |
| Staff Cost                                | 282.2          | 228.3          | 23.6%         | 844.9          | 618.2          | 36.7%        |
| Other Expenditure                         | 294.9          | 284.4          | 3.7%          | 931.4          | 790.0          | 17.9%        |
| <b>EBITDA</b>                             | <b>346.5</b>   | <b>472.0</b>   | <b>-26.6%</b> | <b>1,166.8</b> | <b>1,077.1</b> | <b>8.3%</b>  |
| Depreciation & Amortisation               | 121.4          | 95.5           | 27.1%         | 337.5          | 280.9          | 20.1%        |
| <b>EBIT</b>                               | <b>225.1</b>   | <b>376.5</b>   | <b>-40.2%</b> | <b>829.3</b>   | <b>796.1</b>   | <b>4.2%</b>  |
| Finance Charges                           | 86.5           | 112.7          | -23.3%        | 304.5          | 370.8          | -17.9%       |
| Other Income                              | 103.2          | 8.4            | 1133.1%       | 34.7           | 20.4           | 70.5%        |
| Exceptional items                         | -              | (64.5)         | N.A.          | -              | (58.5)         | N.A          |
| (Gain)/Loss on Foreign Currency Loan Tran | -              | -              | N.A.          | -              | -              | N.A          |
| <b>PBT</b>                                | <b>241.7</b>   | <b>336.7</b>   | <b>-28.2%</b> | <b>559.5</b>   | <b>504.2</b>   | <b>11.0%</b> |
| Tax (including deferred)                  | 32.1           | 88.9           | -63.9%        | 108.2          | 147.7          | -26.7%       |
| <b>PAT (before Minority Interest)</b>     | <b>209.6</b>   | <b>247.7</b>   | <b>-15.4%</b> | <b>451.2</b>   | <b>356.5</b>   | <b>26.6%</b> |
| Share of (Profit)/ Loss to Minority       | (72.2)         | (42.9)         | N.A.          | (118.3)        | (37.6)         | N.A          |
| <b>PAT</b>                                | <b>137.4</b>   | <b>204.8</b>   | <b>-32.9%</b> | <b>332.9</b>   | <b>318.9</b>   | <b>4.4%</b>  |

•Other Expenditure includes manufacturing costs, administrative costs, selling costs and other expenses

| Key Ratios as a % of Total Revenue | Q3 FY12 | Q3 FY11 | Q2 FY12 | 9M FY12 | 9M FY11 |
|------------------------------------|---------|---------|---------|---------|---------|
| EBIDTA                             | 10.9%   | 14.0%   | 9.7%    | 11.8%   | 12.7%   |
| PAT                                | 4.3%    | 6.1%    | 1.1%    | 3.4%    | 3.7%    |
| Total Expenditure                  | 89.1%   | 86.0%   | 90.3%   | 88.2%   | 87.3%   |
| Raw material                       | 70.9%   | 70.7%   | 71.7%   | 70.4%   | 70.8%   |
| Staff Cost                         | 8.9%    | 6.8%    | 8.3%    | 8.5%    | 7.3%    |
| Other Expenditure                  | 9.3%    | 8.5%    | 10.3%   | 9.4%    | 9.3%    |

## Standalone Audited Income Statement

Amount in ₹mn

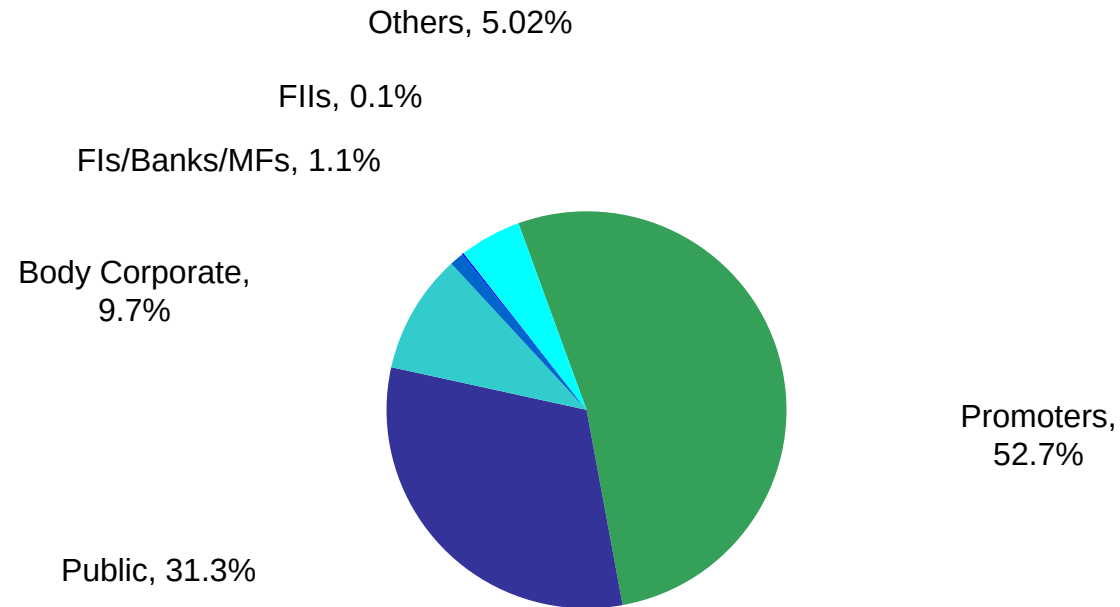
| Particulars                               | Q3 FY12        | Q3FY11         | YoY (%)       | 9M FY12        | 9M FY11        | YoY (%)       |
|-------------------------------------------|----------------|----------------|---------------|----------------|----------------|---------------|
| Domestic Sales                            | 2,401.7        | 2,634.8        | -8.8%         | 7,599.8        | 7,099.3        | 7.1%          |
| Exports Sales                             | 105.0          | 93.2           | 12.7%         | 310.6          | 300.3          | 3.4%          |
| Net Income from Operations                | 2,506.7        | 2,728.0        | -8.1%         | 7,910.3        | 7,399.5        | 6.9%          |
| Other Operating Income                    | 11.2           | 8.6            | 30.4%         | 29.4           | 22.5           | 30.8%         |
| <b>Total Income</b>                       | <b>2,517.9</b> | <b>2,736.6</b> | <b>-8.0%</b>  | <b>7,939.8</b> | <b>7,422.0</b> | <b>7.0%</b>   |
| Total Expenditure                         | 2,272.8        | 2,455.1        | -7.4%         | 7,148.4        | 6,647.9        | 7.5%          |
| Consumption of Raw Material               | 1824.5         | 2043.9         | -10.7%        | 5,772.7        | 5,494.4        | 5.1%          |
| Staff Cost                                | 236.5          | 194.0          | 21.9%         | 712.8          | 528.1          | 35.0%         |
| Other Expenditure                         | 211.8          | 217.2          | -2.5%         | 662.9          | 625.5          | 6.0%          |
| <b>EBITDA</b>                             | <b>245.2</b>   | <b>281.5</b>   | <b>-12.9%</b> | <b>791.4</b>   | <b>774.1</b>   | <b>2.2%</b>   |
| Depreciation & Amortisation               | 82.0           | 73.3           | 11.9%         | 238.8          | 211.5          | 12.9%         |
| <b>EBIT</b>                               | <b>163.2</b>   | <b>208.2</b>   | <b>-21.6%</b> | <b>552.6</b>   | <b>562.5</b>   | <b>-1.8%</b>  |
| Finance Charges                           | 70.2           | 82.6           | -15.1%        | 249.6          | 249.3          | 0.1%          |
| Other Income                              | 11.7           | 7.8            | 50.3%         | 36.8           | 20.4           | 80.4%         |
| Exceptional Items                         | -              | (38.6)         | N.A.          | -              | (32.6)         | N.A           |
| (Gain)/Loss on Foreign Currency Loan Tran | -              | -              | N.A.          | -              | -              | N.A           |
| <b>PBT</b>                                | <b>104.7</b>   | <b>172.0</b>   | <b>-39.1%</b> | <b>339.9</b>   | <b>366.3</b>   | <b>-7.2%</b>  |
| Tax (including deferred)                  | 34.4           | 46.4           | -25.9%        | 109.8          | 110.2          | -0.4%         |
| <b>PAT</b>                                | <b>70.3</b>    | <b>125.7</b>   | <b>-44.0%</b> | <b>230.1</b>   | <b>256.1</b>   | <b>-10.2%</b> |

•Other Expenditure includes manufacturing costs, administrative costs, selling costs and other expenses

| Key Ratios as a % of Total Revenue | Q3 FY12 | Q3FY11 | Q2 FY12 | 9M FY12 | 9M FY11 |
|------------------------------------|---------|--------|---------|---------|---------|
| EBIDTA                             | 9.7%    | 10.3%  | 9.6%    | 10.0%   | 10.4%   |
| PAT                                | 2.8%    | 4.6%   | 2.5%    | 2.9%    | 3.5%    |
| Total Expenditure                  | 90.3%   | 89.7%  | 90.4%   | 90.0%   | 89.6%   |
| Raw material                       | 72.5%   | 74.7%  | 72.9%   | 72.7%   | 74.0%   |
| Staff Cost                         | 9.4%    | 7.1%   | 8.6%    | 9.0%    | 7.1%    |
| Other Expenditure                  | 8.4%    | 7.9%   | 8.8%    | 8.3%    | 8.4%    |

As on 31<sup>st</sup> Dec'2011

Equity Shares Outstanding-198,741,832



## For any Investor Relations queries please contact:

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### About Sona Koyo Steering Systems Ltd.

Sona Koyo Steering Systems Limited (SKSSL) is a technical and financial joint venture company of JTEKT Corporation, Japan, the global technology leader in Steering Systems. With a market share of 45%, SKSSL is the largest manufacturer of steering gears in India and is the leading supplier of Hydraulic Power Steering Systems, Electric Power Steering Systems, Manual Rack & Pinion Steering Systems and Collapsible, Tilt and Rigid Steering Columns for Passenger Vans and MUVs. SKSSL is the first steering systems company in the world to have bagged the prestigious Deming award, the world's most coveted honour for excellence in Total Quality Management. For more information please visit [www.sonagroup.com](http://www.sonagroup.com)

### Forward Looking Statement

*Certain statements in this document with words or phrases such as “will”, “should”, etc., and similar expressions or variation of these expressions or those concerning our future prospects are forward looking statements. Actual results may differ materially from those suggested by the forward looking statements due to a number of risks or uncertainties associated with the expectations. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy and changes in government policies. The company may, from time to time, make additional written and oral forward looking statements, including statements contained in the company’s filings with the stock exchanges and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company.*