



Investor Update – Q1FY17

Sona Koyo Steering Systems Ltd.



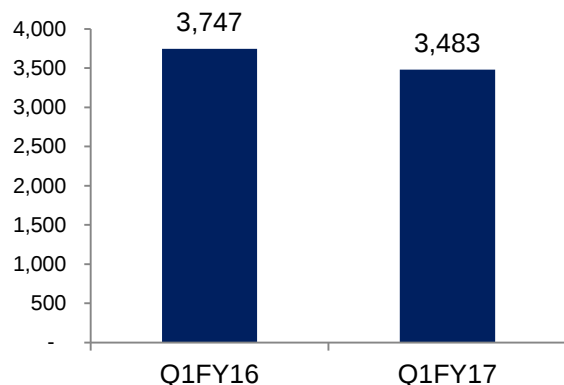
Aug 05, 2016

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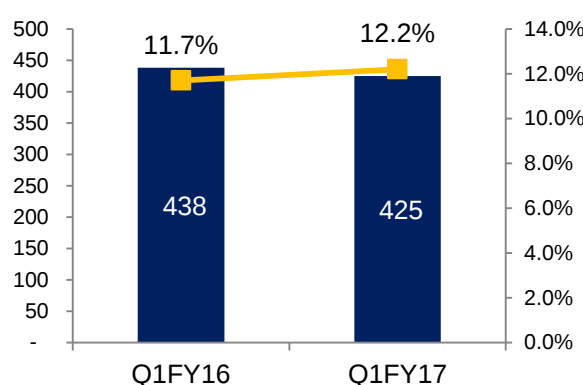
Q1FY17 Consolidated (YoY): PAT up 25% YoY despite impacted revenues

All figures in Rs Mn

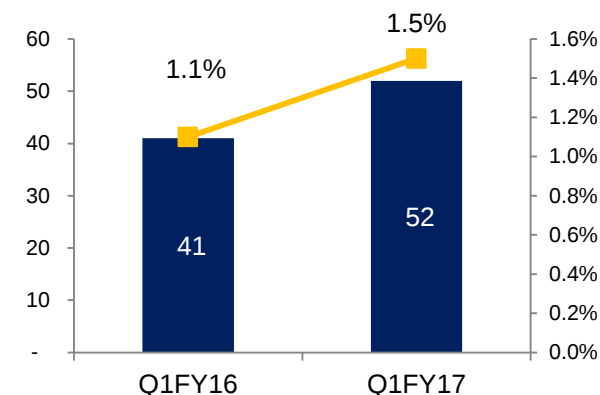
Revenue



EBITDA & EBITDA Margin



PAT & PAT Margin



■ Total revenue at Rs 3,483mn in Q1FY17 as compared to Rs 3,747mn in Q1FY16

- ✓ Revenue impacted by slowdown in sales of one of the major clients of JSAI
- ✓ Additionally impacted by production shutdown at company's largest customer, Maruti Suzuki India Limited, due to fire at a plant of one of its key vendors, a one-time impact

■ EBITDA margin increased from 11.7% in Q1FY16 to 12.2% in Q1FY17 mainly due to decline in raw material cost

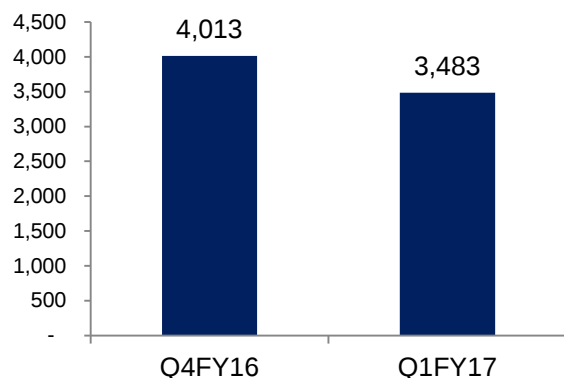
- ✓ Cost of raw material as percentage of revenue declined from 67.0% in Q1FY16 to 64.4% in Q1FY17 due to localization efforts and declining commodity prices
- ✓ Staff cost as percentage of revenue increased from 10.8% in Q1FY16 to 12.4% in Q1FY17, led by higher bonus due to statutory amendment and minimum wage rate hike twice in Haryana in previous year

■ PAT after minority interest and share of loss of associate at Rs 52mn in Q1FY17 compared to Rs 41mn in Q1FY16, an increase of ~Rs 11mn

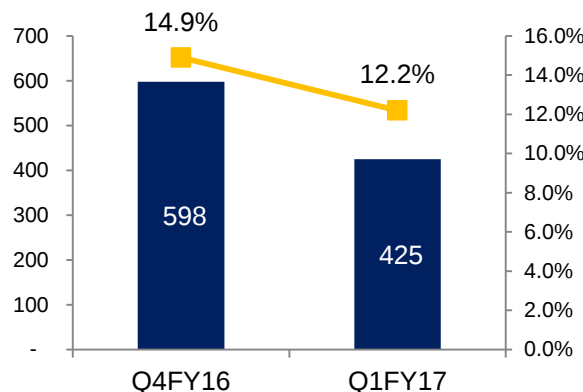
Q1FY17 Consolidated (QoQ): Weaker JSAI performance impacts revenues

All figures in Rs Mn

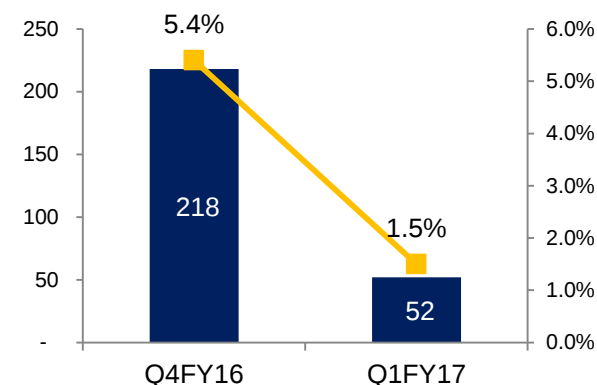
Revenue



EBITDA & EBITDA Margin



PAT & PAT Margin



■ Total revenue at Rs 3,483mn in Q1FY17 compared to Rs 4,013mn in Q4FY16

■ EBITDA margin decreased from 14.9% in Q4FY16 to 12.2% in Q1FY17 primarily due to increase in staff cost and other expenses

- ✓ Staff cost as percentage of revenue from 11.1% in Q4FY16 to 12.4% in Q1FY17 and increase in other expenses as percentage of revenue from 10.1% in Q4FY16 to 11.1% in Q1FY17

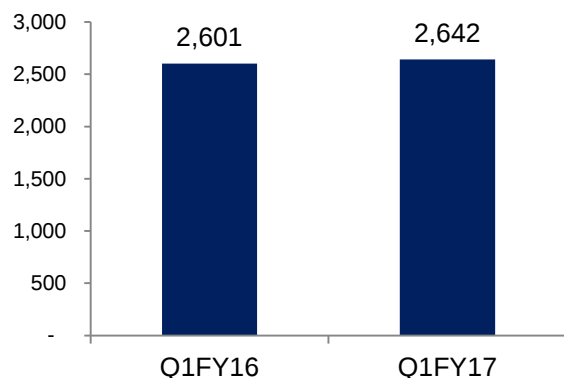
■ PAT after minority interest and share of loss of associate stood at Rs 52mn in Q1FY17 compared to Rs 218mn in Q4FY16

- ✓ Q4FY16 included an extraordinary gain of Rs 99mn from sale of investment

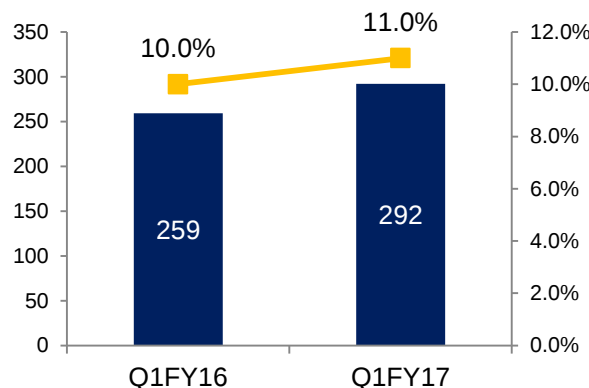
Q1FY17 Standalone (YoY): EBITDA, PAT up by 12.61% and 77% respectively

All figures in Rs Mn

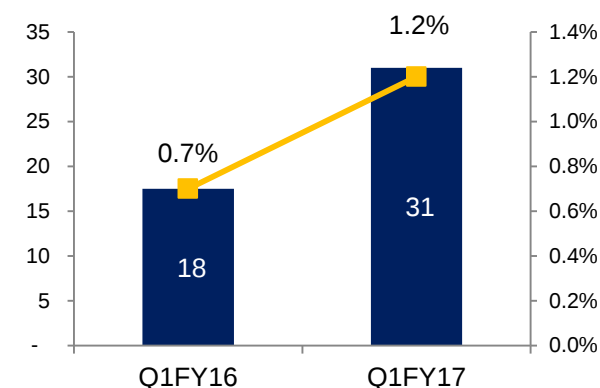
Revenue



EBITDA & EBITDA Margin



PAT & PAT Margin



■ Total standalone revenue increased to Rs 2,642mn in Q1FY17 compared to Rs 2,601mn in Q1FY16

- ✓ Due to strong performance at OEMs like M&M and Toyota, partially offset by the incident at Maruti's vendor

■ EBITDA at Rs 292mn in Q1FY17 compared to Rs 259mn in Q1FY16, up by Rs 33mn

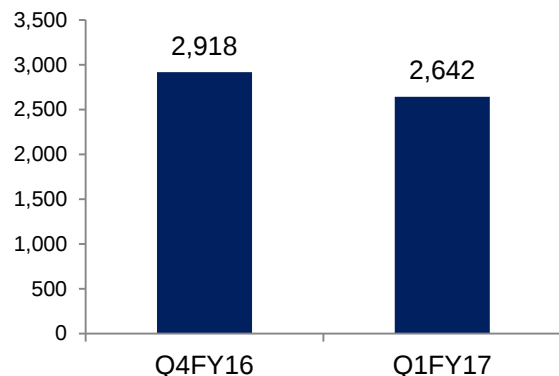
- ✓ Raw material cost as percentage of revenue declined to 65.6% in Q1FY17 from 66.7% in Q1FY16 and other expenditure as percentage of revenue declined from 11.2% to 10.8%, partially impacted by increase in staff cost as percentage of revenue from 12.2% to 12.6%

■ PAT increased by Rs 13mn to Rs 31mn in Q1FY17 compared to Rs 18mn in Q1FY16

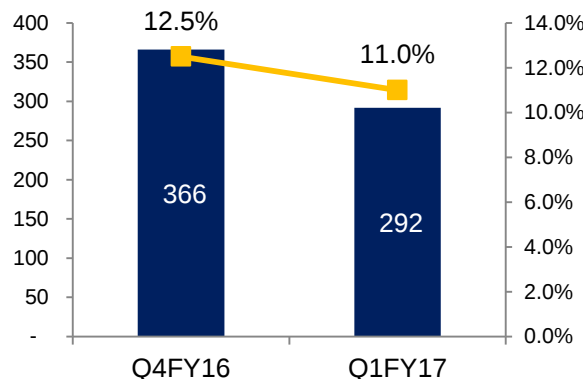
Q1FY17 Standalone (QoQ): Increasing staff cost impacts margins

All figures in Rs Mn

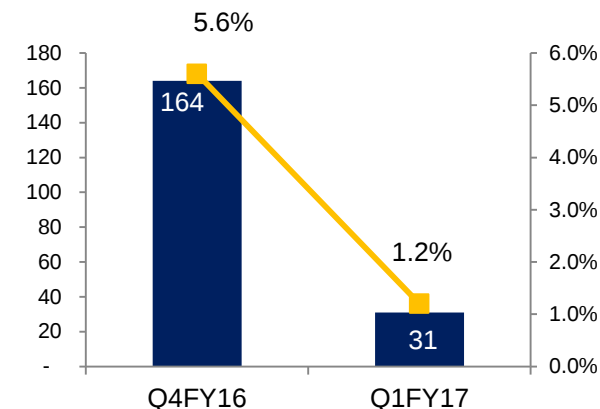
Revenue



EBITDA & EBITDA Margin



PAT & PAT Margin



■ Total revenue at Rs 2,642mn in Q1FY17 compared to Rs 2,918mn in Q4FY16

■ EBITDA margin declined from 12.5% in Q4FY16 to 11.0% in Q1FY17

- ✓ Staff cost as percentage of revenue increased to 12.6% in Q1FY17 from 11.9% in Q4FY16 and Other expenses as percentage of revenue rose from 10.2% in Q1FY17 to 10.8% in Q4FY16

■ PAT at Rs 31mn in Q1FY17 compared to Rs 164mn in Q4FY16

- ✓ Q4FY16 PAT included an extraordinary gain

Product Wise Sales Mix*



*Note: Break-up on Standalone basis, Steering & column product group includes EPAM sales

Geographic Sales Mix



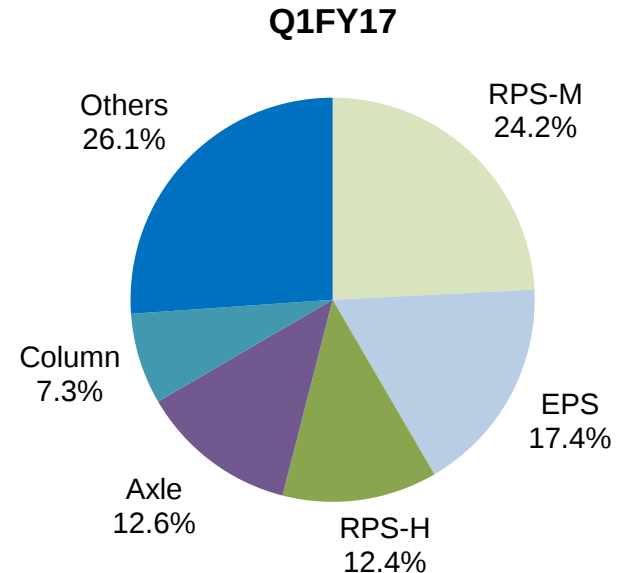
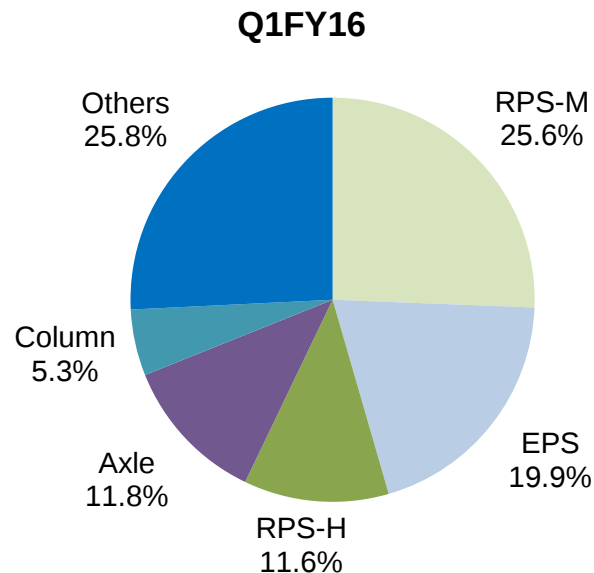
*Note: Break up on standalone basis

Capacity utilization

■ Capacity Utilization across product categories during YTD FY17

- ✓ Steering Products Group – **58% for Q1FY17**
- ✓ Drive line Products Group – **26% for Q1FY17**

Key steering & driveline products revenue break-up



Note: Break up on standalone basis

Consolidated Income Statement

Amount in Rs mn

Particulars	Q1 FY17	Q4 FY16	QoQ (%)	Q1 FY16	YoY (%)	FY16
Net Income from Operations	3,463.8	3,977.5	(12.9%)	3,723.6	(7.0%)	15,088.7
Other Operating Income	18.9	35.1	(46.2%)	23.2	(18.4%)	94.4
Total Income	3,482.7	4,012.6	(13.2%)	3,746.7	(7.0%)	15,183.0
Total Expenditure	3,057.8	3,414.4	(10.4%)	3,308.5	(7.6%)	13,243.4
Consumption of Raw Material	2,242.0	2,562.6	(12.5%)	2,510.5	(10.7%)	9,997.9
Staff Cost	430.5	445.2	(3.3%)	405.5	6.2%	1,666.6
Other Expenditure	385.2	406.6	(5.2%)	392.6	(1.9%)	1,579.0
EBITDA	424.9	598.2	(29.0%)	438.2	(3.0%)	1,939.6
Depreciation & Amortisation	253.0	255.1	(0.8%)	245.1	3.2%	987.5
EBIT	171.9	343.1	(49.9%)	193.0	(11.0%)	952.1
Finance Charges	79.4	84.7	(6.2%)	74.0	7.3%	317.3
Other Income	15.1	15.5	(2.6%)	12.9	16.6%	60.7
Exceptional Item	-	(99.0)	-	-	NM	(99.0)
PBT	107.5	372.8	(71.2%)	131.9	(18.5%)	794.5
Tax (including deferred)	33.8	100.9	(66.5%)	48.8	(30.7%)	253.0
PAT (before Minority Interest)	73.7	271.9	(72.9%)	83.2	(11.3%)	541.5
Share of Profit / (loss) of associate	(0.3)	(0.3)	(2.5%)	(0.5)	(44.9%)	(1.3)
Share of (Profit)/ Loss to Minority	21.7	53.9	(59.7%)	41.2	(47.3%)	169.7
PAT	51.7	217.7	(76.2%)	41.4	24.9%	370.5

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

•Exceptional item includes gain from sale of a long term investment

Key Ratios as a % of Total Revenue	Q1 FY17	Q4 FY16	Q1 FY16	FY16
EBITDA	12.2%	14.9%	11.7%	12.8%
PAT	1.5%	5.4%	1.1%	2.4%
Total Expenditure	87.8%	85.1%	88.3%	87.2%
Raw material	64.4%	63.9%	67.0%	65.8%
Staff Cost	12.4%	11.1%	10.8%	11.0%
Other Expenditure	11.1%	10.1%	10.5%	10.4%

Standalone Income Statement

Amount in Rs mn

Particulars	Q1 FY17	Q4 FY16	QoQ (%)	Q1 FY16	YoY (%)	FY16
Net Income from Operations	2,625.6	2,888.0	(9.1%)	2,579.7	1.8%	10,689.8
Other Operating Income	16.6	30.3	(45.4%)	21.4	(22.7%)	84.1
Total Income	2,642.2	2,918.4	(9.5%)	2,601	1.6%	10,773.9
Total Expenditure	2,350.3	2,552.8	(7.9%)	2,341.9	0.4%	9,610.0
Consumption of Raw Material	1,732.1	1,906.5	(9.1%)	1,734.4	(0.1%)	7,138.2
Staff Cost	333.6	347.9	(4.1%)	316.9	5.3%	1,303.3
Other Expenditure	284.6	298.5	(4.6%)	290.6	(2.1%)	1,168.4
EBITDA	291.9	365.5	(20.1%)	259.2	12.6%	1,163.9
Depreciation & Amortisation	185.2	186.9	(0.9%)	180.0	2.9%	719.0
EBIT	106.7	178.6	(40.3%)	79.2	34.7%	444.9
Finance Charges	72.1	76.3	(5.6%)	64.4	11.8%	282.3
Other Income	7.3	5.8	24.9%	8.9	(18.5%)	60.8
Exceptional Item	-	(99.0)		-	-	(99.0)
PBT	41.9	207.1	(79.8%)	23.7	76.7%	322.4
Tax (including deferred)	10.9	43.3	(74.8%)	6.2	75.4%	72.5
PAT	31.0	163.8	(81.1%)	17.5	77.1%	250.0

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

•Exceptional item includes gain from sale of a long term investment

Key Ratios as a % of Total Revenue	Q1 FY17	Q4 FY16	Q1 FY16	FY16
EBITDA	11.0%	12.5%	10.0%	10.8%
PAT	1.2%	5.6%	0.7%	2.3%
Total Expenditure	89.0%	87.5%	90.0%	89.2%
Raw material	65.6%	65.3%	66.7%	66.3%
Staff Cost	12.6%	11.9%	12.2%	12.1%
Other Expenditure	10.8%	10.2%	11.2%	10.8%

About Us



Proven leadership in India

~50% share in Indian PV Steering market

Strategic locations

Proximity to key auto clusters in India

Marquee clientele

MARUTI, Mahindra & Mahindra, Toyota, Tata, Nissan, Honda

High on quality

Winner of TPM Excellence Award

Unmatched R&D capabilities

In-house developed award winning EPAM for off-highway vehicles

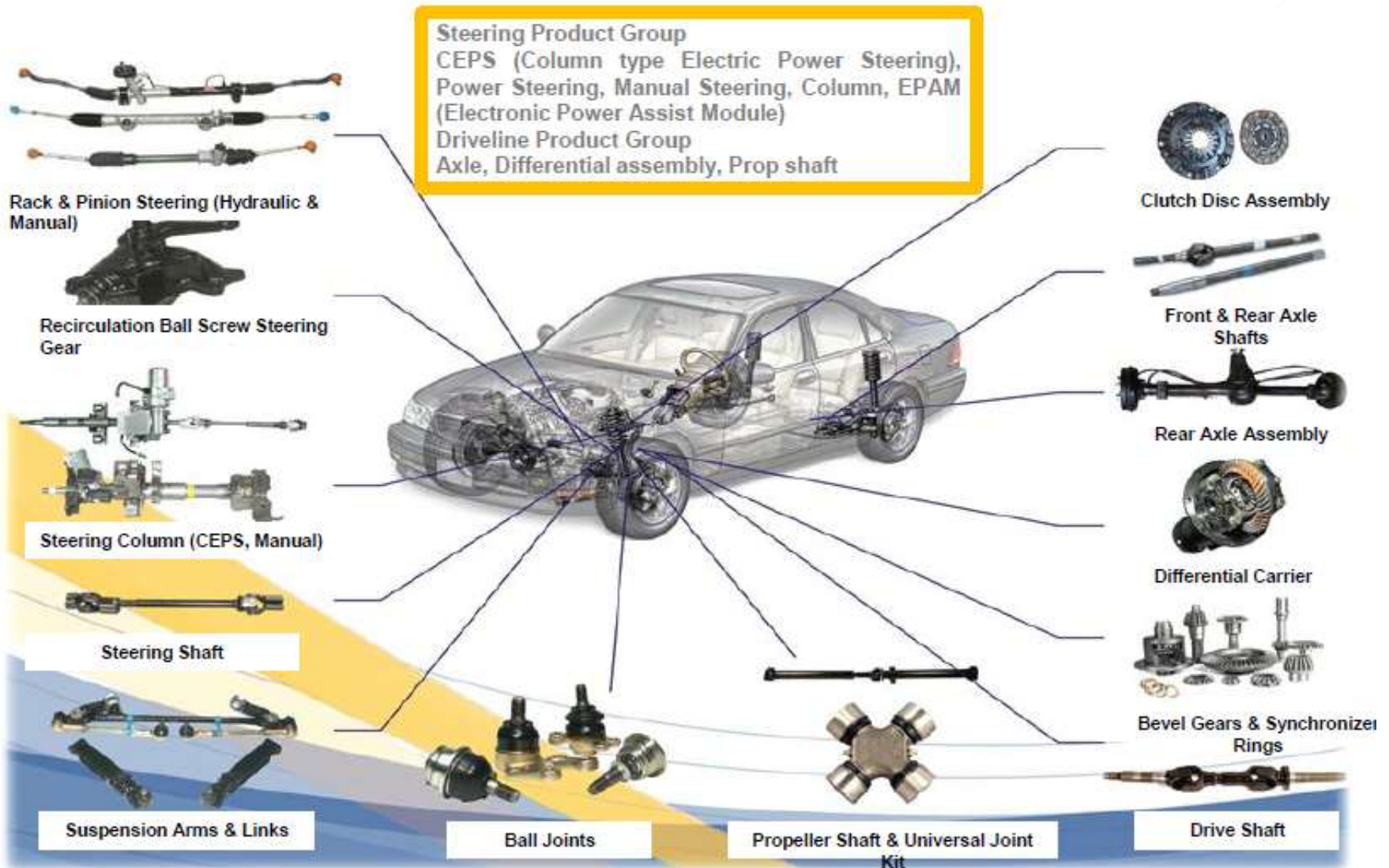
Resilient performance

Turnover of Rs 15.2bn and PAT at Rs 0.4bn (FY16)

Partnering global leader in steering

Technical partnership with world's leading steering manufacturer, JTEKT Corp, Japan





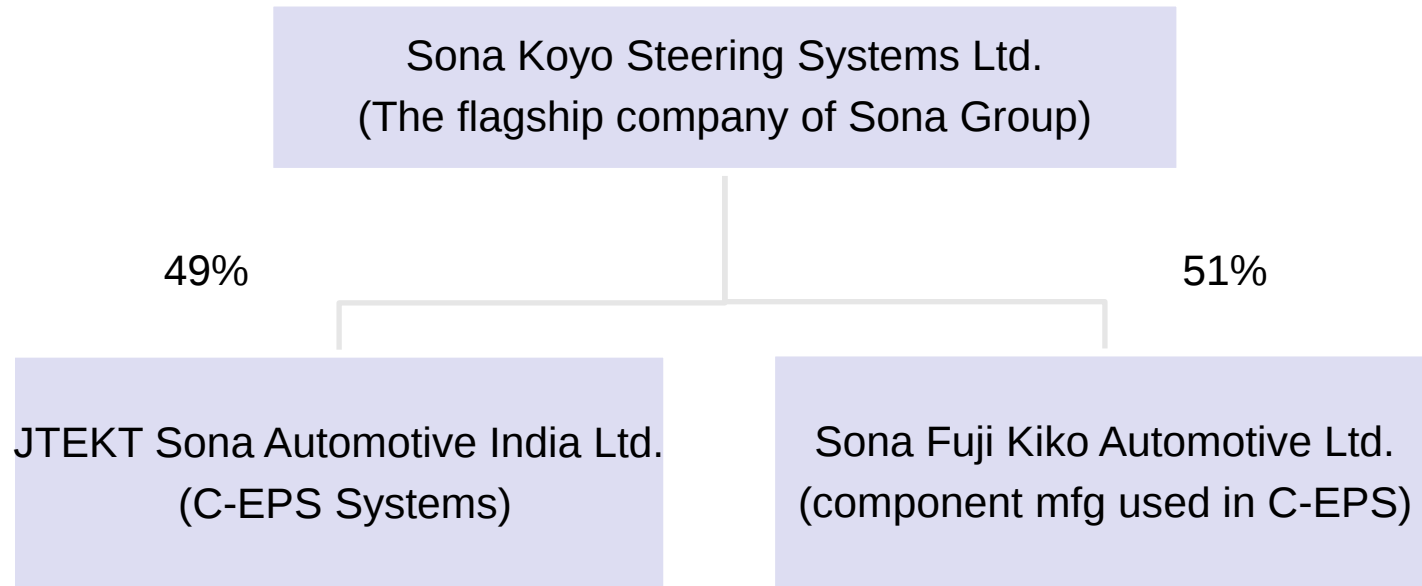
..... For all major domestic and global OEM brands

Domestic



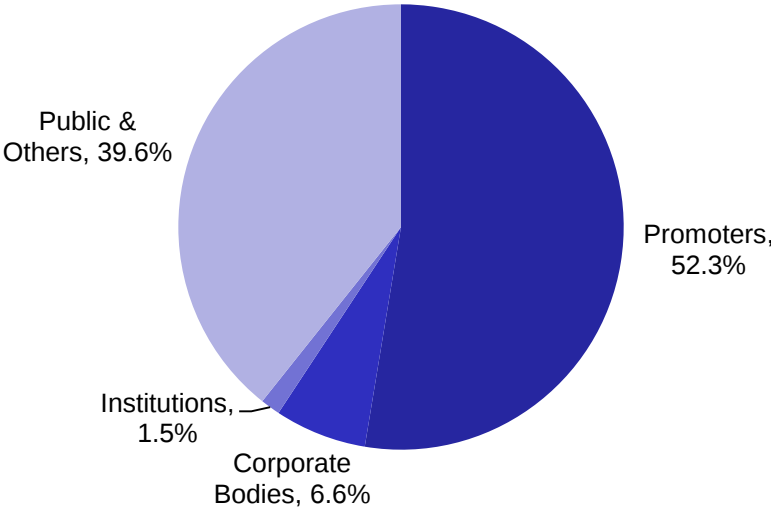
Global



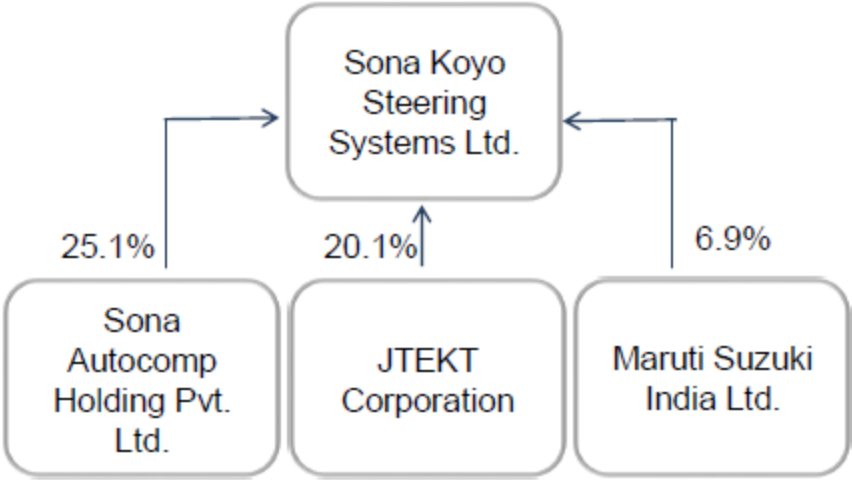


Shareholding pattern (As on 30th Jun, 2016)

Equity Shares Outstanding-198,741,832



Promoter and Promoter Group Shares outstanding – 104,008,915



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

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.