ACE
Action Constrution Equipment Ltd.

Q4 & FY13 Results Presentation

ACE

FY13 Financial Overview

Cashflows

- Significant improvement in operating cashflows – up 162% at ₹ 42 cr
- ACE maintains policy of selling on cash basis with no credit despite difficult macro environment
- Better working capital management contributes to improving cashflow position

P&L

- Improved efficiencies, manpower rationalization enable reduced material, administrative & selling costs, better cost management
- PAT of ₹ 7.2 cr after adjusting for ₹ 7.4 cr forex loss - stable forex environment expected to enable improved profitability
- Interest costs continue to be high. Declining interest rates combined with lower debt expected to translate to lower interest costs

Balance Sheet

- Debt at similar levels YOY. No significant capex requirements to result in continuing lower debt levels
- Liquidation of loans & advances, improvement in creditor days & trade payables
- Zero finished good inventory at both Company and dealer's end. Inventories lower by 42% at ₹ 11 cr

Board of Directors recommend a dividend of ₹ 0.20 per share, translating to a payout ratio of 33%

Business Overview

- Visible gradual improvement in environment. Encouraging flow of new order enquiries
- Range of new launches across all businesses a result of Company's strong innovation focus and capabilities – new introductions well received during trials
- Statewise rollout plan for agri equipment portfolio in place. Agri is the best performing business – rollout to drive growth, improve margins
- All major capital expenditure completed. Present capacities sufficient to cater to demand for current product line over 2 – 3 years. Capex for FY14 to be largely routine in nature
- Current capacity utilisation levels: ~55%; well equipped to leverage any improvement in environment
- ACE continues to be a leader in the Mobile & Tower Cranes segment. Material handling and Agri businesses showing good traction

New Launches

Agri Equipment

Track Combine

New Tractor Body

Bailer

Rice Transplanter

Wheel Combine

New Tractor Body

Rotavator

New Launches

Cranes

FX 120

FX 150

New Launches

Material Handling &
Construction Equipment

Loader

Telehandler

Facilities





State of art production facilities

Total owned area: 64.2 acres
Present utilised area: 12.3 acres

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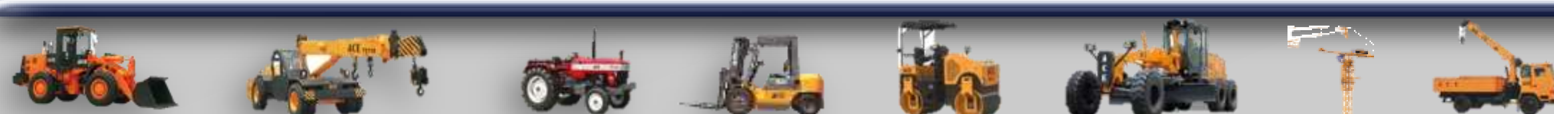


Performance Perspective

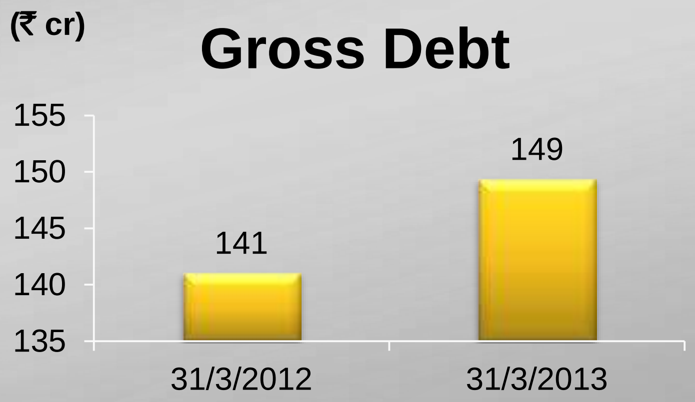
Q4 FY13

- Total Income: ₹ 170.9 crore
- EBIDTA (incl. other income) : ₹ 11.22 crore
- PBT: ₹ 4.9 crore
- PAT : ₹ 3.1 crore
- Diluted EPS at ₹ 0.31

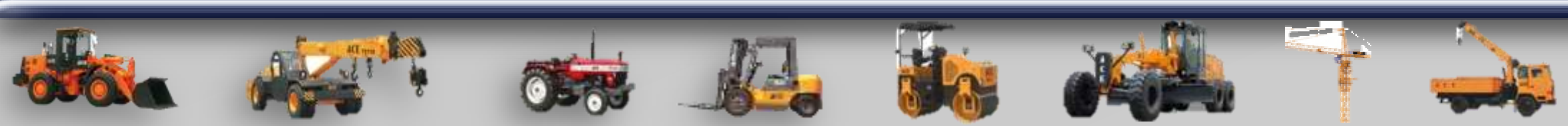
FY13

- Total Income: ₹ 667.8 crore
- EBIDTA (incl. other income): ₹ 35 crore
- Profit before tax: ₹ 11 crore
- Profit after tax: ₹ 7.2 crore, Profit after tax (excl FOREX): ₹ 13.6 crore
- Diluted EPS at ₹ 0.73

Balance Sheet Perspective



- **Focus on reduction of inventories – Order based production cycle in place for faster moving products**
- **Incremental capex to be only towards debottlenecking and agri business**



MD’s Message

Commenting on the results, Mr Vijay Agarwal, Managing Director, ACE said, “The past year was replete with countless challenges for the infrastructure and construction sector, and our performance during the year is a reflection of these challenging times. It is however clear that as India grows, the challenge to support economic and social development cannot be achieved without conducive infrastructure.

We believe this presents a significant opportunity and we are well poised to cater to the demands through our solid focus on execution coupled with expansive range of product portfolio catering to diverse sectors. The number of repeat orders we receive from some of the most reputed names in the industry is a reflection of the ACE brand’s robust credibility in the market.

Our new launches too have met with a very positive response. Over the last quarter there has been some visible traction in terms of industry revival & I am optimistic of the opportunities going forward. On our part we have placed considerable emphasis on making our operations lean and capable of leveraging all these opportunities. We believe that the coming year will help us to significantly strengthen our competitive position and also diversify our revenue on the back of improved contribution from our agriculture and road construction businesses.”

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Business Segments

Mobile Cranes

Material Handling / Construction Equipment

Agri Equipment

ACE

Cranes

Mobile Cranes

- Maintains leadership position - ~60% market share
- Gradual improvement in sentiment leading to demand pick up
- Efficient management of overheads and production costs continues to be the key focus area
- Crane segment expected to grow ~ 10 -15 % led by strong demand for tower cranes – encouraging pick up in activity seen over last 2 months

Cranes (₹ Cr)	Q4FY13	%YoY	FY2013	%YoY
Revenue	96.52	-29.67	392.30	-32.33
PBIT	2.84	-52.83	20.31	-51.17
Capital Employed	342.56	8.26	342.56	8.26

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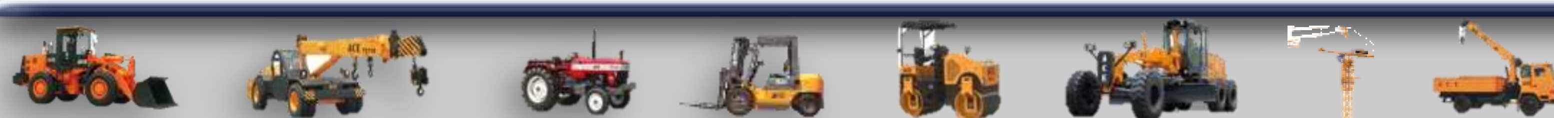
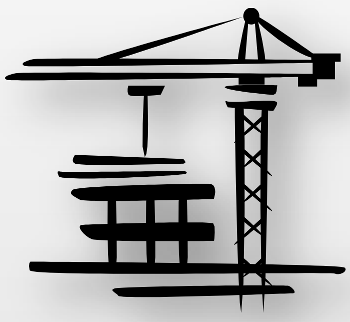


Cranes



Industry Drivers

- Pick up in core industrial activity
- Government spending
- Property developer appetite
- New constructions

Outlook

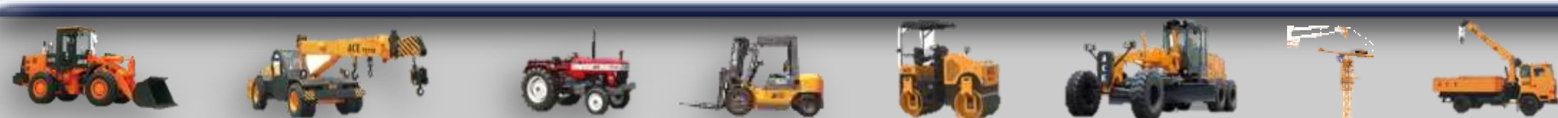
- Huge demand & favourable new housing outlook translating to positive long-term outlook
- Order inflows have started flowing enabling better revenue visibility

Material Handling / Construction Equipment

Material Handling / Construction Equipment

- Nascent business – enjoys significant opportunity
- Significant improvement in profitability in Q4 – reflection of improving macros
- Various initiatives taken to increase share of road equipment market
  - Trial run offers to dealers and customers
  - Promotional activity to leverage on established presence, strong brand name
- Material handling expected to grow at ~15% going forward

Material Handling/Construction Equipment (₹ Cr)	Q4FY13	%YoY	FY2013	%YoY
Revenue	27.06	-25.89	108.41	-15.91
PBIT	0.45	152.47	-1.06	-123.09
Capital Employed	57.30	-9.39	57.30	-9.39



Material Handling / Construction Equipment

Industry Drivers

- Pick up in core industrial activity & Increased Government spending
- Government taking several steps to fast-track road projects

Outlook

- Demand improving but remains patchy
- Improvement expected in FY14, traction already visible

Agri Equipment

Agri Equipment

- Tractor business continues to enjoy strong demand
- Focussed on Pan India Expansion: statewise expansion plan in place
- Harvester Combine, rotovators add value to agri portfolio
  - Products have undergone testing phase and approved by the regulatory authorities
- All agri products allow for claim of subsidy by customer

Agri Equipment (₹ Cr)	Q4FY13	%YoY	FY2013	%YoY
Revenue	45.48	6.30	160.38	15.41
PBIT	7.93	470	14.53	63.25
Captial Employed	2.33	-58.16	2.33	-58.16

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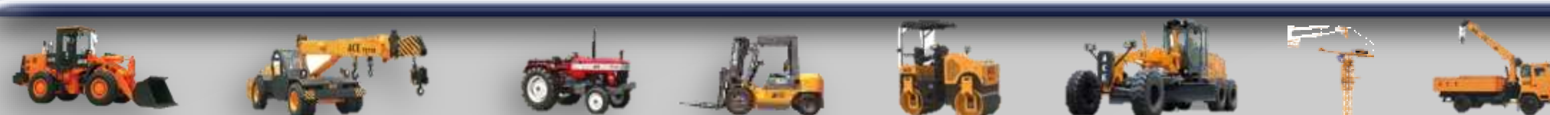
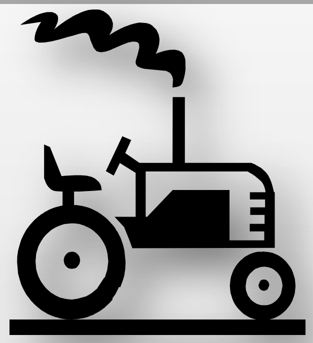


Agri Equipment

Delivering Farm Growth



Industry Drivers

- Farm Productivity
- Thrust on End-to-end Mechanization solution
- Agri Knowledge & Solutions through state of art R&D facilities
- Likely good monsoon will translate to further improved farm incomes

Outlook

- Huge demand for automated products due to paucity of labor translating into positive long-term outlook
- Rising farm incomes resulting in strong demand environment
- Measured expansion throughout the country with enhanced product portfolio will help to increase market share

Industry Outlook

Environment remains challenging - Infrastructure companies are bidding very cautiously for road projects and EPC contracts

Continuous delays in payments/clearances in certain projects, are causing execution slippages

However things on the ground have started improving and seem to have bottomed out

Efforts to improve the funding situation in infrastructure will provide further fillip to the liquidity-starved construction industry

Strong monsoon will lead to rise in farmer income translating to improved demand for agri products

The ACE Outlook

Optimally placed with strong fundamentals

- Well diversified product portfolio and proven management bandwidth
- New project decisions by our key customers like L&T, RIL etc will present new opportunities for accelerated earnings growth
- Adequate capacities to cater to foreseeable demand. Incremental capex will only be for new product lines based on demand visibility

ACE will continue to

- Leverage established brand name and presence to capitalize on opportunity and drive growth
- Innovate to enhance and expand product portfolio on the back of strong R&D capabilities
- Build & maintain strong customer relationships and fortify the distribution network

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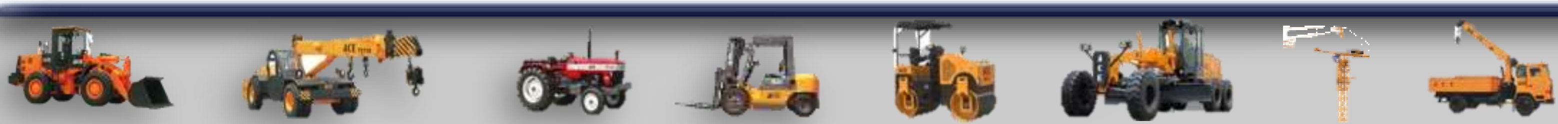
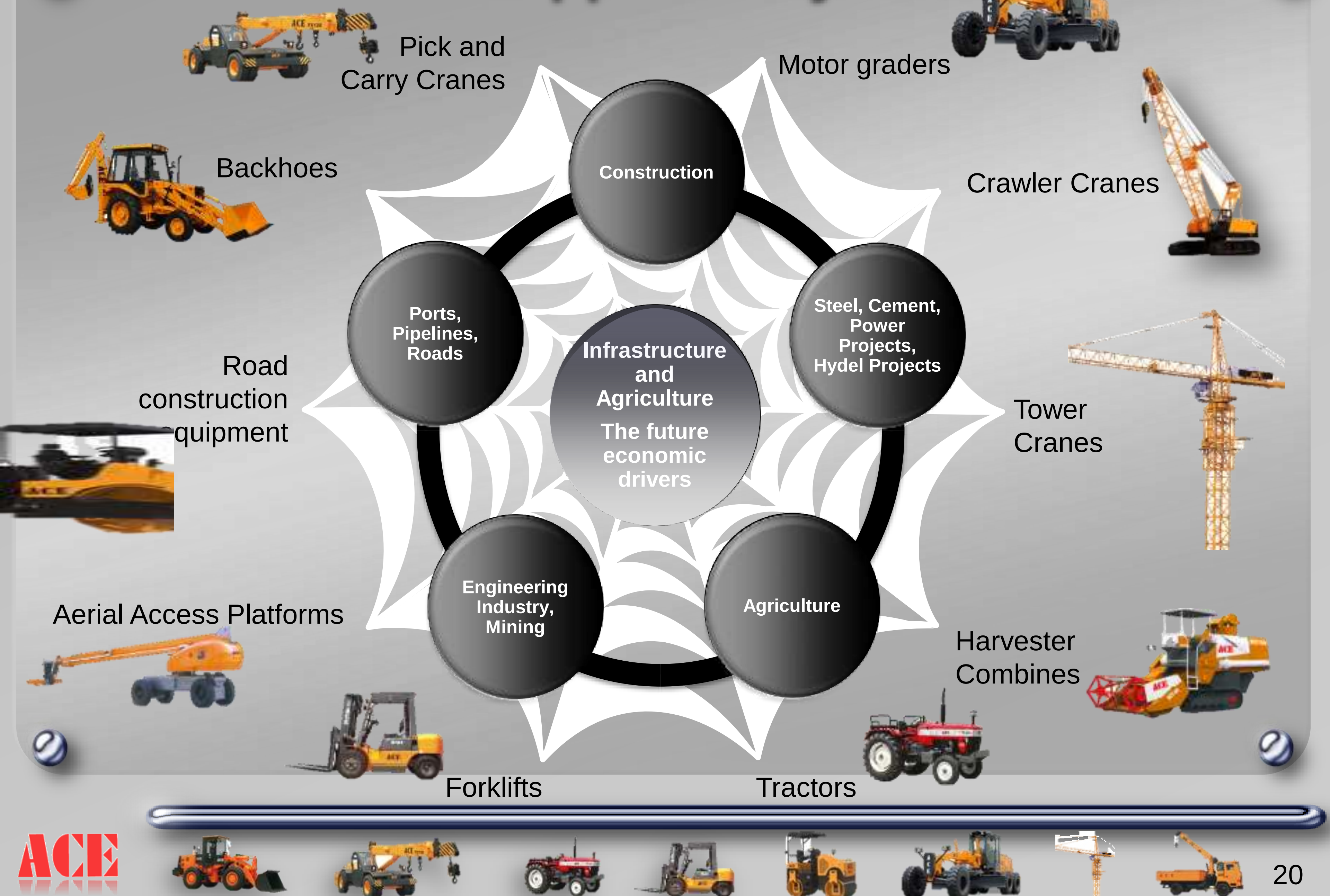
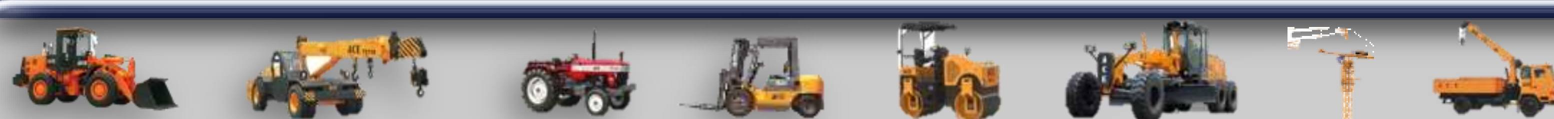


Opportunity



Shareholding

Mar, 2013		Mar, 2012
68.04%	**Promoter**	65.63%
0.88%	**FII**	3.22%
2.52%	**DII**	5.88%
28.56%	**Others**	25.27%



Our Philosophy

Our Aspiration

"To be the Leading Company in Cranes and Construction Equipment Sector, with a Global Focus"

Mission

Provide customers with latest technology, construction equipment and efficient sales and product support aimed at satisfying their real needs

Integrated Enterprise

Leveraging the strengths and unique capabilities of our businesses

Measures

Delivering results today, within each business, while building for the future

Strategy

Market Penetration | Market development | Product development

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ACTION CONSTRUCTION EQUIPMENT LIMITED (ACE) is India's leading material handling and construction equipment manufacturing company with over 50% market share in mobile cranes segment. In addition to Mobile Cranes, ACE also offers Mobile / Fixed Tower Cranes, Loaders, Vibratory Rollers, Truck Mounted Cranes, Crawler Cranes, Forklifts, Tractor and other Construction Equipment. ACE has a consolidated presence in all major Infrastructure, Construction, Heavy Engineering and Industrial Projects across the country. Listed in 2006, ACE has established a brand with a consolidated presence across the country. We possess the most diverse product range including mobile cranes, tower cranes, forklifts, road construction equipment and agri equipment to satisfy a vast set of possible applications. ACE is promoted and managed by professionals having proven experience in the Construction Equipment industry. We are driven by our mission to provide innovative, high quality and value for money products to our consumers. We are driven by our mission to provide innovative, high quality and cost-efficient products for the market, in effect, delivering exceptional value to all our stakeholders alongside seizing a favorable growth opportunity in the infrastructure sector. For more information, please visit www.ace-cranes.com.

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