Action Constrution Equipment Ltd.

ACE

Q2 & H1 FY14 Results Presentation

Q2 & H1 FY14 Overview

Financial Highlights

Cash flows

- Continuous improvement in operating cashflows – stands at ₹ 9 cr for year to date
- Higher efficiencies, optimum working capital management backs improving cashflow position

P&L

- State of art design capabilities, effective manpower management & end to end operations optimisation has led to efficient cost management
- PAT of Rs 5 cr after adjusting for Rs 4.5 cr forex loss
- Blended interest costs at 6.5% - low rates assists to keep interest cost low

Balance Sheet

- Prudent fiscal management has led to a decline in debt YOY as well as on a sequential basis. No major capex requirements to result in continuing lower debt levels

Operating Highlights

- Gradual improvement in operating environment. Encouraging growth visible in mobile cranes. ACE continues to be a leader in the Mobile & Tower Cranes segment
- Encouraging growth in new order enquiries
- New introductions well received - Agri continues to be the best performing business: driving strong revenue growth and increased profitability
- Expanded presence in new regions in tractors – Maharashtra, West Bengal, Chattisgarh & MP
- Breakthrough order win for pick & carry mobile cranes

Performance Perspective

Q2 FY14		H1 FY14
₹ 143.7 Crore	Total Income	₹ 285.3 Crore
₹ 6.6 Crore	EBIDTA (incl. other income)	₹ 13.5 Crore
₹ 0.8 Crore	PBT	₹ 2.1 Crore
₹ 0.5 Crore	PAT	₹ 1.6 Crore
₹ 0.05	Diluted EPS	₹ 0.16

MD’s Message

Commenting on the results, Mr. Vijay Agarwal, Managing Director, ACE said, “While the industry has over the last few quarters faced challenges that included tight liquidity, persistent inflation & increased volatility in the financial markets, we are encouraged by a visible improvement in the environment over the last month.

The recent measures taken by the government to kick start stalled projects are a welcome move to improve investment sentiment and improve demand for our products. We are well prepared to cater to this demand through our diverse portfolio range. Our new launches too have met with a very positive response. The strategy of diversifying our operations has started yielding results. Our agri equipment division is growing very strongly and we have expanded our presence across new regions.

ACE’s demonstrated ability to deliver stable performance in a significantly difficult environment gives me the confidence of the opportunity and potential we enjoy in an improving macro scenario. Our team’s emphasis continues to be towards making our operations lean, focus on cost rationalisation and sustain operational efficiency and the company is hopeful of meeting its growth aspirations in the near future. ”

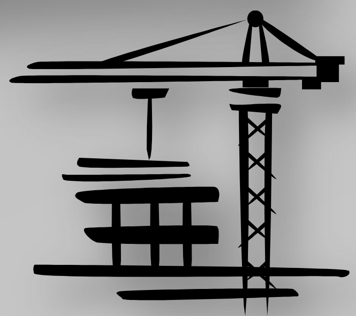
Business Segments

Mobile Cranes

Material Handling / Construction Equipment

Agri Equipment

Cranes

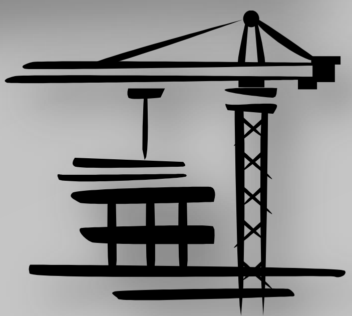


Cranes

- Continue to maintain leadership position - in mobile cranes & tower cranes
- Traction visible in mobile & tower cranes due to gradual pickup in construction activity
  - New landmark order win for pick & carry mobile cranes – proof of improving environment
- Proficient management of expenses and production costs remains to be the key focus area
- Strong focus on R&D – contributing to constantly refining product design, efficiency & quality
- Continuous measures been taken to enhance presence across regions

Cranes	Q2 FY14	%YoY	H1 FY14	%YoY
Revenue	81.28	-17.9%	158.3	-20.4%
EBIT	5.58	45.3%	10.6	-7.0%
Capital Employed	358.3	0.5%	358.3	0.5%

Cranes



Industry Drivers

- Pick up in core industrial activity
- Increased 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

- Stable growth in material handling segment – to drive revenue growth
- Increasingly developing and consuming - indigenous inputs helped to improve efficiencies and reduce dependence on imports
- Continued thrust through various initiatives to increase share of road equipment market
  - Positive feedback from the trial run offered to dealers and customers
- Forklifts are performing well & improving outlook for material handling

Construction Equipment / Material Handling	Q2 FY14	%YoY	H1 FY14	%YoY
Revenue	19.7	-23.9%	38.9	-28.6%
EBIT	-1.6	NA	-2.9	153.5%
Capital Employed	47.8	-21.0%	47.8	-21.0%

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

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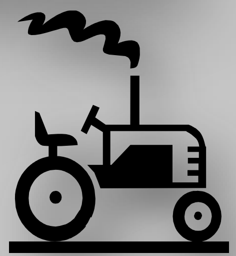
Agri Equipment



Agri Equipment

- Tractor business continues to enjoy strong demand – growing at a robust ~20% for the quarter
  - Focused team in place to ensure optimal quality, diverse range and value for money offerings
- Expanded presence across Maharashtra, West Bengal, Chattisgarh & Madhya Pradesh
- All new products have generated a positive response from customers
- Expansion of Scale, Size & enhanced Product Line will improve access to finance & strengthen relationship with input & spare parts vendors leading to economies of scale
- Effective & dedicated statewise expansion plan in place Continued dealer development initiatives
- Strong monsoon will drive further demand

Agri Equipment	Q2 FY14	%YoY	H1 FY14	%YoY
Revenue	41.9	24.3%	85.7	23.5%
EBIT	2.1	42.8%	4.4	18.6%
Capital Employed	2.8	-79.1%	2.8	-79.1%

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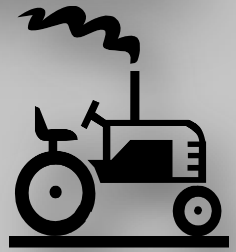
Agri Equipment



Industry Drivers

- Farm Productivity
- Thrust on End-to-end Mechanization solution
- Agri Knowledge & Solutions through state of art R&D facilities
- Good monsoon translating 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

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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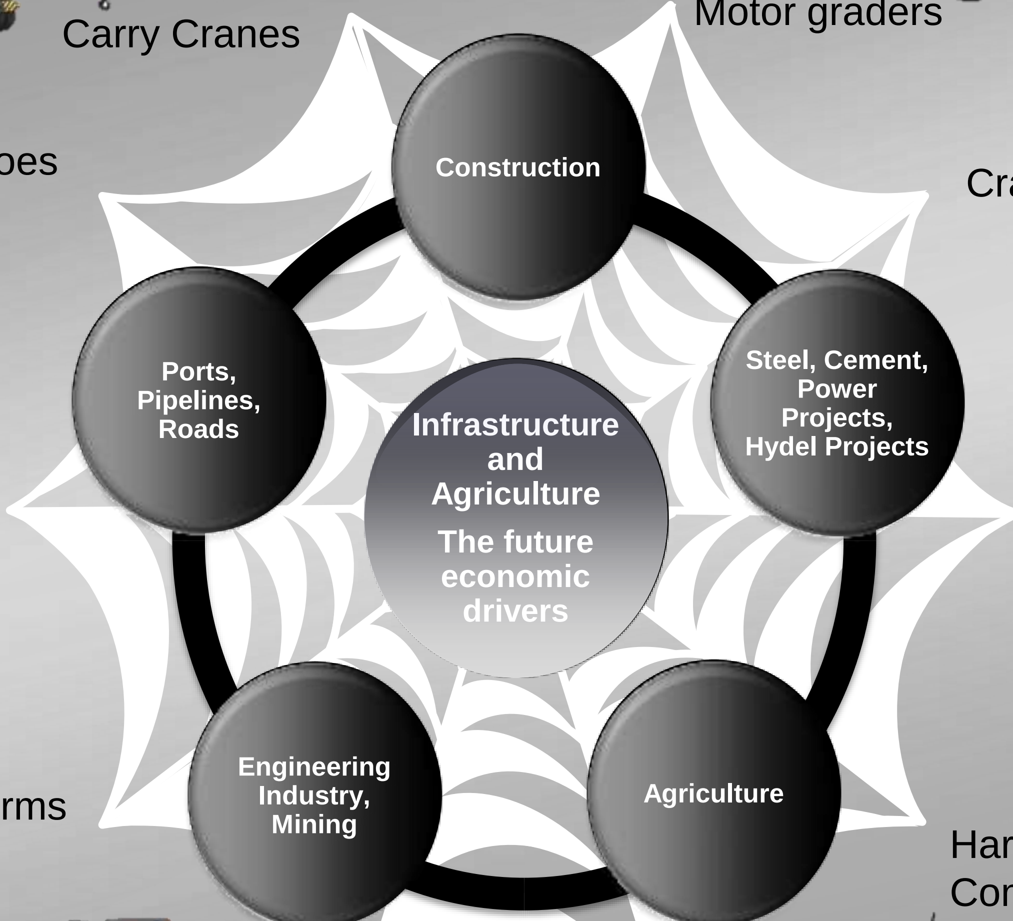
Opportunity

Pick and Carry Cranes

Motor graders

Backhoes

Crawler Cranes



Road construction equipment

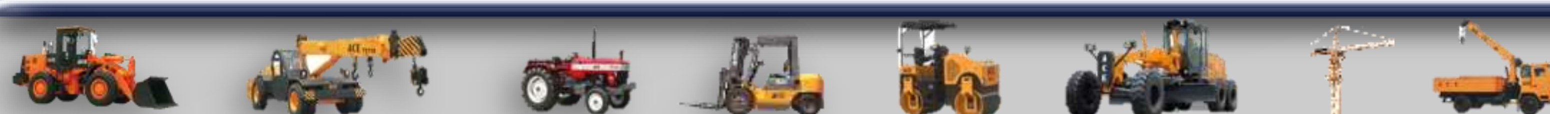
Tower Cranes

Aerial Access Platforms

Harvester Combines

Forklifts

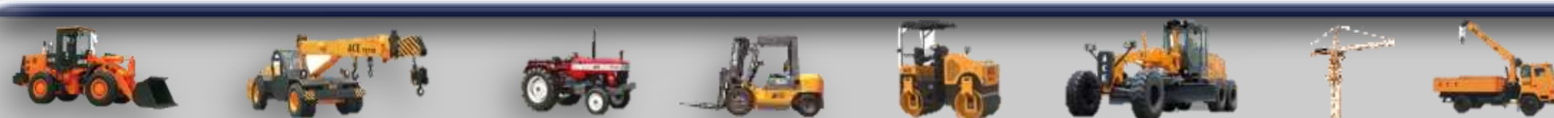
Tractors



Facilities

State of art production facilities

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



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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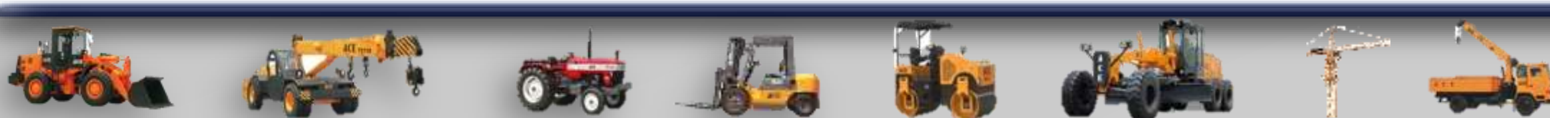

ACTION CONSTRUCTION EQUIPMENT LIMITED (ACE) is India's leading material handling and construction equipment manufacturing company with over 50% market share in mobile cranes segment. In addition to Mobile Cranes, ACE also offers Mobile / Fixed Tower Cranes, Loaders, Vibratory Rollers, Truck Mounted Cranes, 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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