



# Amtek Group

## Q5 FY2013 and Financial Year End Earnings Presentation

03 December 2013

### Amtek Group



#### Amtek Auto Limited

NSE: AMTEKAUTO

BSE: 520077

#### Amtek India Limited

NSE: AMTEKINDIA

BSE: 532282

#### Ahmednagar Forgings Limited

NSE: AHMEDFORGE

BSE: 513335

#### JMT Auto Limited

NSE: JMTAUTOLTD

BSE: 513691

## Q5 FY2013

### Resilient performance in India and Exports

- Q5 FY2013 Net Sales of Rs 2,979 Crore, an increase of 87.3% y-o-y
- First full quarter of consolidated financials of Tekfor
- Rebalancing of revenue streams with India now accounting for 57%
- Underlying domestic business outperformed the market

### EBITDA margins reflecting Tekfor

- Q5 FY2013 margin of 13.6%, due to one off costs associated with Tekfor
- Tekfor margins set to expand as cost synergies are delivered

## Full Year 2013

### Transformation in topline

- 15 months Net Sales of Rs 9,889 Crore

### EBITDA margins evolving with global product mix

- FY2013 margin of 18.2%

### Delivering value to shareholders

- Strategic acquisition of Tekfor and JMT Auto completed
- Increased holdings in Amtek India to 71.2% and Ahmednagar Forgings to 64.8%
- Amtek Auto announced dividend of Rs. 0.50 per share (25%)
- Amtek India announced dividend of Rs. 0.10 per share (5%)
- Ahmednagar Forgings announced dividend of Rs. 1.00 per share (10%)

# Full Year Group Highlights

This has been a very exciting year for Amtek Auto as we have gone through a truly transformational strategic change. In June we closed the acquisition of Tekfor in Germany and after that the acquisition of a controlling stake in the publicly listed JMT Auto in India. Post these transactions, the enlarged Amtek Auto has proforma sales of around \$2 billion, 60 world class manufacturing facilities and over forty percent of its revenues coming from international markets. We are now one of the world's largest global forging and integrated machining companies.



Whilst the Indian automotive sector, in particular commercial vehicles, has remained under pressure, management has continued to be operationally focused. Raising productivity levels, through quality improvement and manufacturing excellence programs, has been high on the agenda. Our selected capacity expansion plans across India are poised to deliver tangible returns in the near term. Overseas, the integration of Tekfor is well under way and in line with our expectations.

Amtek Auto now has the geographic reach and product range to compete at the highest levels in the global market place. Our relationships with our OEM and Tier 1 customers have been globally reinforced and we look forward to cementing those relationships in the coming years. The global leadership team is confident that the enlarged Company will deliver value to both our customers and shareholders.

**John Flintham**

**Senior Managing Director, Amtek Auto**

# Q5 FY2013 Highlights

## Consolidated Financial Highlights

(Rs. Crore)	3 Months Ended		y-o-y	3 Months Ended		15 Months Ended	12 Months Ended
	Sep-13	Sep-12	Growth (%)	Jun-13	q-o-q Growth (%)	Sep-13	Jun-12
Net Sales	2,979	1,590	87.3%	1921	55.1%	9,889	7,207
Other Income	127	125	1.6%	139	(8.6)%	684	415
<b>Total Income</b>	<b>3,106</b>	<b>1,715</b>	<b>81.1%</b>	<b>2,060</b>	<b>50.8%</b>	<b>10,573</b>	<b>7,622</b>
EBITDA	406	319	27.3%	364	11.5%	1,800	1,615
<i>EBITDA Margin (%)</i>	<i>13.6%</i>	<i>20.1%</i>		<i>19.0%</i>		<i>18.2%</i>	<i>22.4%</i>
Net Profit (before minority and income from associates)	13	122	(89.3)%	146	(91.1)%	553	744
<i>Net Profit Margin (%)</i>	<i>0.4%</i>	<i>7.1%</i>		<i>7.1%</i>		<i>5.2%</i>	<i>9.8%</i>

## Commentary

- Net Sales increased by 87.3% y-o-y and 55.1% q-o-q. Underlying domestic business outperformed the market. Exports increased significantly during the quarter and benefited to a certain extent by the depreciation of the Rupee
- Financials of Tekfor and JMT Auto has been consolidated from Q5 FY2013
- EBITDA increased by 27.3% y-o-y and 11.5% q-o-q. EBITDA margin decreased by (641) bps y-o-y to 13.6% , due to one off costs associated with Tekfor
- Interest expense increased from Rs. 125.8 Crore in Q1 FY2013 to Rs. 176.9 Crore in Q5 FY2013
- Net Profit decreased by (89.3%) y-o-y and (91.1%) q-o-q, reflecting one off costs associated with Tekfor
- Amtek Auto increased its holding in JMT Auto to 62.54% as of 30 September 2013
- Shares outstanding as of 30 September 2013: 21.86 Crore shares

# Domestic Market Trends

- Overall production volumes during the quarter increased by 5.1% y-o-y, compared to a contraction of (3.7)% in the previous quarter
- This has been led by recent product launches and a low production base for last year. In particular, August and September grew by 8.1% and 8.6% y-o-y, respectively, a positive growth after 6 consecutive months of contraction
- Passenger Vehicles delivered growth of 5.9% y-o-y after 2 consecutive negative quarters. OEMs have increased prices as import costs have escalated due to the depreciating rupee. In response, dealers have offered higher discounts and add-ons to stimulate demand
- Commercial Vehicles declined by (22.1)% y-o-y, after a flat performance last quarter. Given the reliance on industrial and construction activities, MCVs have been impacted more severely
- 2/3 Wheelers performed in line with Passenger Vehicles with 6.4% y-o-y growth after 4 consecutive weak quarters
- Tractor production volumes increased by 25.4% y-o-y and 16.5% q-o-q, continuing to benefit from better than expected monsoons and higher MSPs for crops

Automotive Production (No. of Units)	Q3 CY2013	Q3 CY2012	Y-o-Y Change	Q2 CY2013	Q-o-Q Change
<b>Passenger Vehicles</b>	781,476	737,728	5.9%	738,133	5.9%
<b>Commercial Vehicles</b>	168,613	216,368	(22.1)%	195,101	(13.6)%
<i>MCV</i>	52,425	78,889	(33.5)%	65,629	(20.1)%
<i>LCV</i>	116,188	137,479	(15.5)%	129,472	(10.3)%
<b>2 / 3 Wheeler</b>	4,286,782	4,028,088	6.4%	4,107,653	4.4%
<b>Total</b>	<b>5,236,871</b>	<b>4,982,184</b>	<b>5.1%</b>	<b>5,040,887</b>	<b>3.9%</b>

## European Markets:

- German markets y-o-y under performance reduced to (1.4)%, a significant improvement from (12.9)% in Q1 CY2013
- UK markets y-o-y outperformance reached 12.1%, a fifth consecutive quarter of expansion
- Italian markets y-o-y under performance reduced to (3.1)%, a significant improvement from (13.2)% in Q1 CY2013

## North American Markets:

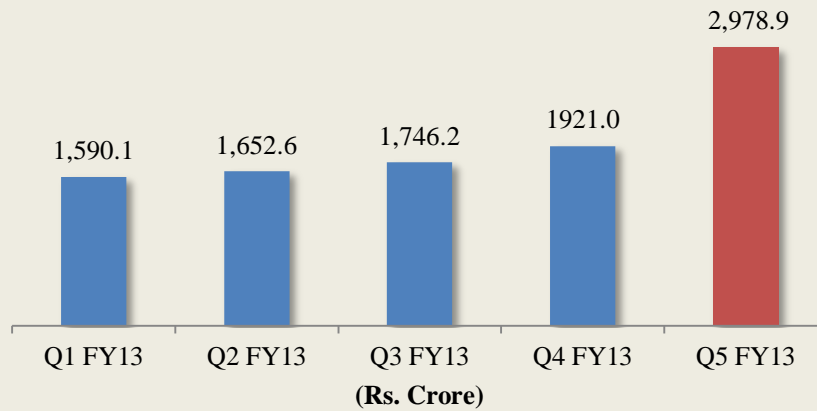
- Light Vehicle production continues to grow increasing by 5.3%, at a slightly lower rate than the previous quarter
- Medium / Heavy Truck markets increased by 10.3% y-o-y, a significant improvement over the previous 4 quarters of contraction

Automotive Data (No. of Units)	Q3 CY2013	Q3 CY2012	Y-o-Y Change	Q2 CY2013	Q-o-Q Change
<b>Passenger Vehicles - Sales</b>					
<b>Europe</b>	<b>2,901,997</b>	<b>2,875,520</b>	<b>0.9%</b>	<b>3,340,100</b>	<b>(13.1%)</b>
Germany	714,389	724,397	(1.4%)	828,673	(13.8%)
UK	631,301	562,929	12.1%	558,425	13.1%
Italy	267,203	275,875	(3.1%)	374,346	(28.6%)
<b>North America - Production</b>					
<b>Light Vehicle</b>	<b>3,845,465</b>	<b>3,652,843</b>	<b>5.3%</b>	<b>4,224,702</b>	<b>(9.0%)</b>
Med./Hvy. Truck	106,097	96,216	10.3%	103,853	2.2%

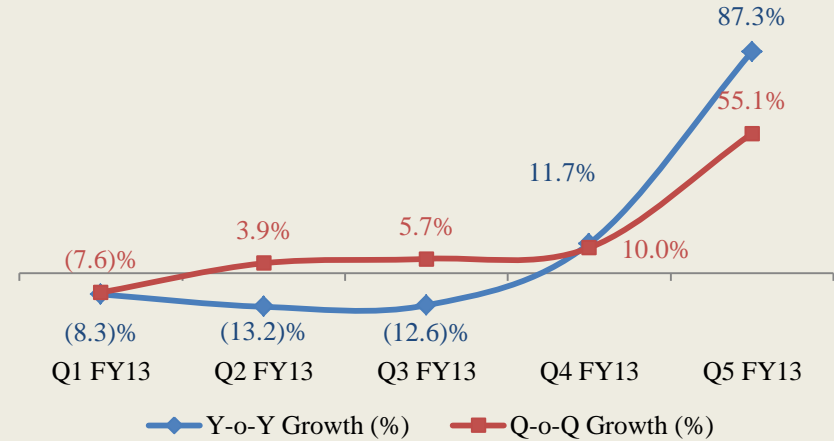
Source: ACEA and Wards Auto

# Amtek Auto: Consolidated Highlights

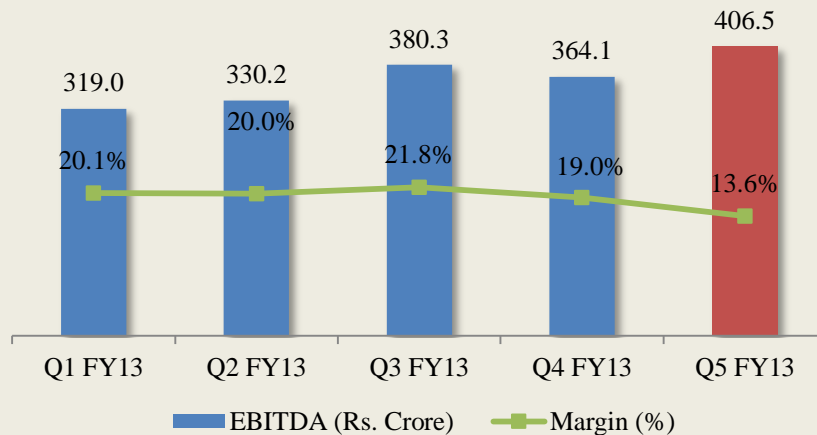
## Net Sales



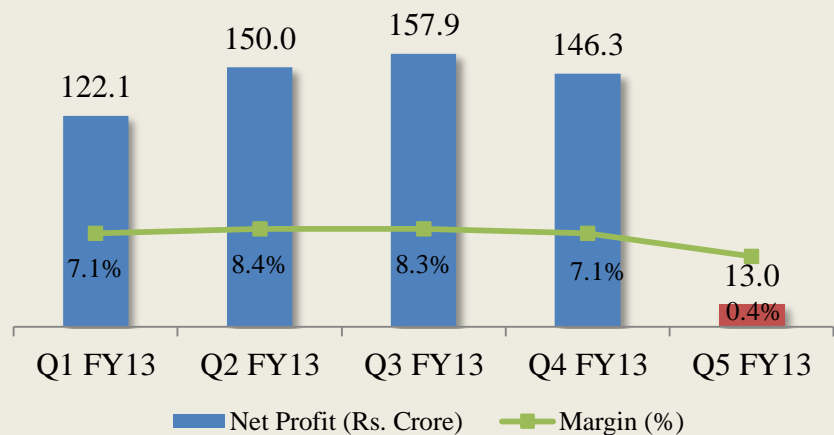
## Net Sales Growth



## EBITDA

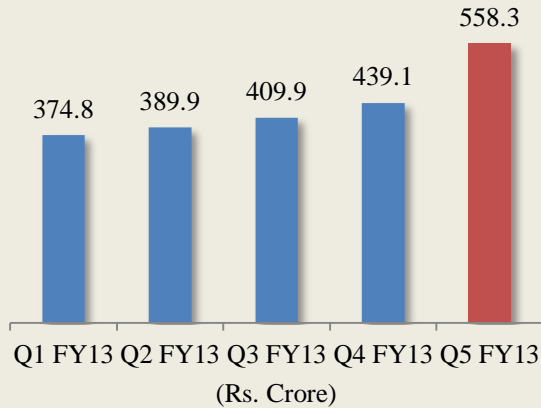


## Net Profit

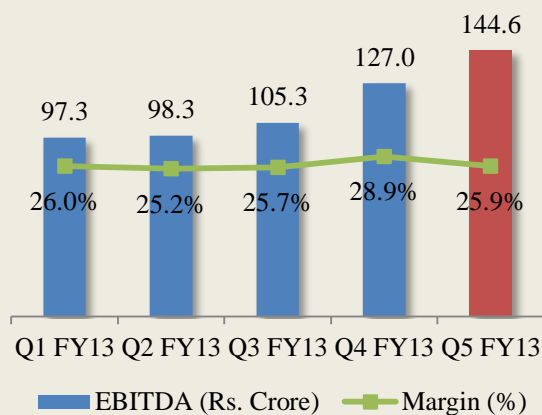


Note: Net Sales and EBITDA exclude 'Other Income'

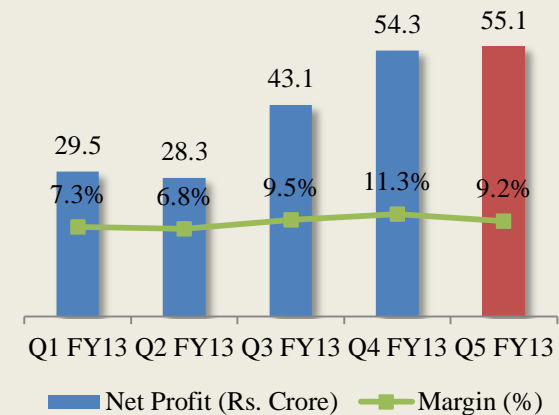
## Net Sales



## EBITDA



## Net Profit

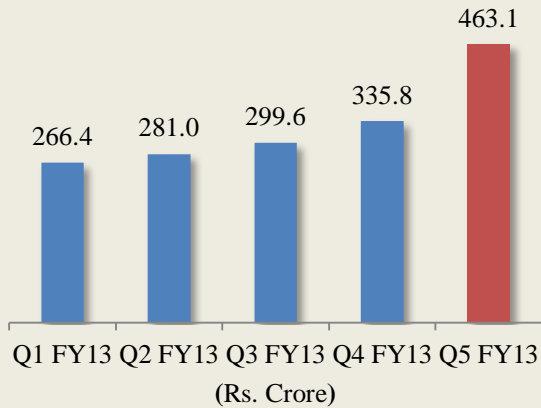


## Commentary

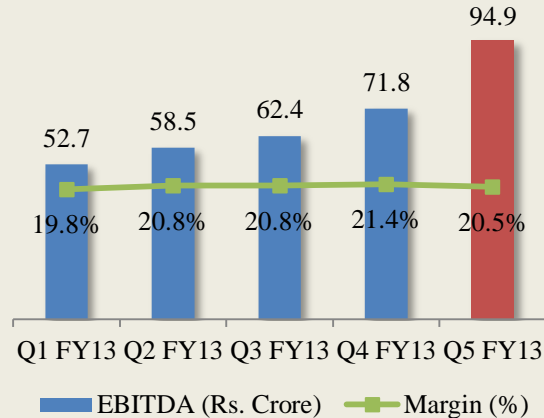
- Net Sales increased by 48.9% y-o-y and 27.1% q-o-q
- EBITDA increased by 48.7% y-o-y and 13.9% q-o-q
- EBITDA margin remained flat at 26% y-o-y
- Interest expense increased from Rs. 45.0 Crore in Q1 FY2013 to Rs. 51.4 Crore in Q5 FY2013
- Net Profit increased by 86.9% y-o-y and 1.6% q-o-q
- Shares outstanding as of 30 September 2013: 27.75 Crore shares



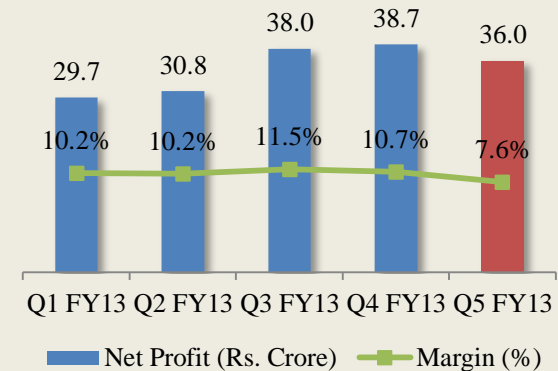
## Net Sales



## EBITDA



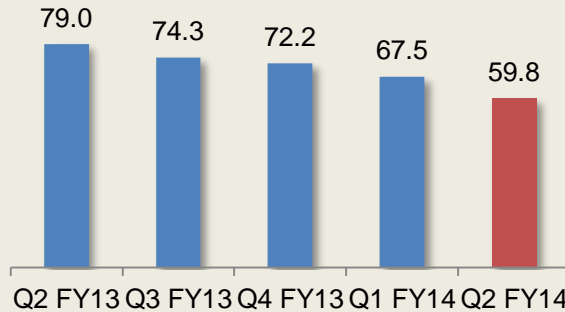
## Net Profit



## Commentary

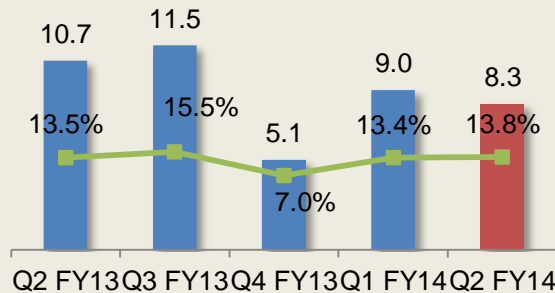
- Net Sales increased by 73.9% y-o-y and 37.9% q-o-q
- EBITDA increased by 80.0% y-o-y and 32.2% q-o-q
- EBITDA margin increased by 69 bps y-o-y to 20.5%
- Interest expense increased from Rs. 16.1 Crore in Q1 FY2013 to Rs. 22.9 Crore in Q5 FY2013
- Net Profit increased by 21.2% y-o-y and decreased by (7.0%) q-o-q
- Shares outstanding as of 30 September 2013: 3.67 Crore shares

## Net Sales



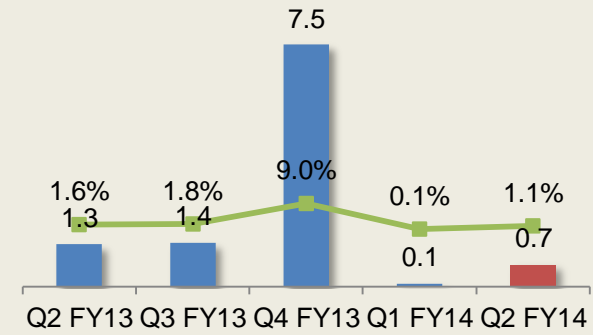
(Rs. Crore)

## EBITDA



EBITDA (Rs. Crore) Margin (%)

## Net Profit



Net Profit (Rs. Crore) Margin (%)

## Commentary

- Net Sales decreased by (24.3)% y-o-y and (11.4)% q-o-q
- EBITDA decreased by (22.4)% y-o-y and (7.7)% q-o-q
- EBITDA margin increased by 24 bps y-o-y to 13.8%
- Interest expense decreased from Rs. 4.8 Crore in Q2 FY2013 to Rs. 4.2 Crore in Q2 FY2014
- Net Profit decreased by (46.2)% y-o-y
- Shares outstanding as of 30 September 2013: 1.44 Crore shares

### Notes:

1. Net Sales and EBITDA exclude 'Other Income'
2. FY ending March

**Auto  
Industry**

- **India:** The operating environment remains challenging for the Indian automotive market. OEMs continue to adjust their inventories and consolidate capacities to match demand. Overall sales growth is likely to remain muted in the near term, expected to be slightly offset by the cyclically good first calendar quarter. Tractor demand is expected to increase in the coming months whilst the CV market remains dependent on a revival in industrial and construction activities. In an attempt to stimulate the Passenger Vehicle market, OEMs have released a number of new product launches
- **Germany:** Passenger car sales for 2013 are expected to be 5% lower than in 2012. However, a weakening German labor market is likely to impact ongoing domestic demand and exports remain dependent on the Euro. The high-end passenger car export market still remains relatively strong
- **UK:** In sharp contrast to other European markets, UK passenger car sales are expected to increase by 7.0% in 2013 compared to last year. The market has benefitted from stronger private consumption, price cuts from car dealers and built up demand
- **Italy:** 2013 passenger car sales are expected to contract by 10% in an ongoing difficult environment. Demand has been clearly impacted by austerity measures including higher taxes and cuts in social spending
- **North America:** During the quarter, U.S. government funding and debt ceiling concerns may have had a temporary impact on GDP growth. However, auto markets are expected to continue their growth trajectory of 3-5% in 2014
- **Brazil:** Overall, passenger car sales for this year are expected to remain flat compared to 2012. This is in line with household spending and consumer confidence but the economy is expected to improve. The commercial vehicle segment is expected to benefit from the upcoming FIFA World Cup in 2014 and the 2016 Olympic Games in Brazil



## Forward Looking Statements

*This presentation comprises statements that contain ‘forward looking statements’ including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Amtek Group’s (i.e. Amtek Group represents Amtek Auto, Amtek India, Ahmednagar Forgings, JMT Auto and their subsidiaries and associates) future business developments and economic performance. While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. Amtek Group undertakes no obligation to publicly revise any forward looking statements to reflect future/likely events or circumstances*

## Accounting Notes

1. Net Sales: Excludes Other Income
2. EBITDA: Earnings before interest, taxes and depreciation; Excluding Other Income
3. Net Profit: Profit after tax (including Other Income) before extraordinary items, minority interest and income from associates
4. Basic Earnings per Share (excludes extraordinary item) as of 30 September, 2013:
  - a. Amtek Auto: Share face value of Rs. 2.00; 21.86 Crore shares outstanding
  - b. Amtek India: Share face value of Rs. 2.00; 27.75 Crore shares outstanding
  - c. Ahmednagar Forgings: Share face value of Rs. 10.00; 3.67 Crore shares outstanding
  - d. JMT Auto: Share Share value of Rs. 10.00; 1.44 Crore shares outstanding

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