



Amtek Auto

Q1 FY2017
Ending June 30, 2016

Earnings Presentation

September 13, 2016

Amtek Auto



Amtek Auto
NSE: AMTEKAUTO
BSE: 520077

Amtek Auto Q1 FY2017 Highlights

Well advanced in implementing our three pronged strategy

In line with the international automotive industry, Amtek's overseas business delivered strong performance during the first quarter of FY2017. Revenues were Rs. 3,020 Cr, whilst EBITDA margins were 8.8%. However, the ongoing slowness in certain segments of the Indian automotive and non-automotive industry continued to undermine Amtek Auto's standalone sales during the quarter, which amounted to Rs. 576 Cr. Through a tight control on costs and various other productivity initiatives as a part of the Amtek Business Excellence Program, we were able to maintain EBITDA margins at 20%.



Over the last few months, the senior management team has outlined a three pronged strategy which I wish to provide an update on. Firstly, the Company embarked on a Debt Realignment Program with its lenders. Significant progress has been made on this front with the support of our financial institution partners. Secondly, Amtek Auto formulated a Deleveraging Plan based on monetization of a key international asset and certain non-core assets. This strategy is based on realizing the significant equity value created in these assets for the purpose of reducing the debt in the Indian operations. The plan is progressing in line with management expectations. Thirdly, the management has also taken a highly strategic decision to bring in a new investor and use the investment to further reduce debt. Discussions with potential investors have been very encouraging and we are confident of bringing this plan to fruition in the new future. In addition, our bank debt conversion scheme has received encouraging response from large equity investors and banks. This is indicative of the broader financial market's confidence in Amtek Auto's strategic direction and the level of our progress in strengthening the Company's balance sheet.

The senior management team remains fully committed to the overall deleveraging plan which will not only enhance our free cash flows resulting from lower interest payments, but will also optimize Amtek Auto's capital structure and create significant shareholder value.

Our recent acquisitions are progressing well in line with our expectations and have strengthened our auto component business. We are working to take the integration between our Indian and international operations to the next level, which will facilitate not only revenue synergies, cost savings and engineering process improvements but also sharing of best practices to achieve overall quality targets. Furthermore, we are actively looking to acquire new customers for many of our key products that have already been widely accepted in the global marketplace. This will allow us to realize our objective of increasing utilizations of the world class capacities that we have built and increase exports out of India, which offer the biggest cost advantage to us.

Amtek Auto's global manufacturing capacities, geographic market reach and blue chip customer base have made us one of the world's most dynamic companies in the engineered components sector. Our customers around the world acknowledge the level of engineering in our manufacturing processes, the technological advancement of our products and for the highest standards we have set in customer service. The relationships with these OEM and Tier 1 customers, which have been reinforced time and again, will continue to help us compete at the highest levels in the global market place.

John Flintham, Vice Chairman, Amtek Auto

Amtek Auto Financial Performance

In Rs. Crores

Quarter ending Jun-16	Amtek Auto Standalone	International Business
Total Income	576.5	3,020.3
EBITDA	115.1	266.7
<i>Margin %</i>	<i>20.0%</i>	<i>8.8%</i>
Net Profit	(299.3)	18.2
<i>Margin %</i>	<i>nm</i>	<i>0.6%</i>

Notes:

1. Net profit is before extraordinary and exceptional items
2. As a result of implementation of Indian Accounting Standards in the current quarter, previous quarter numbers are not comparable
3. The company has opted to publish standalone unaudited financial results. The company would be consolidating and presenting it's consolidated financial statements as at and for the year ended March 31, 2017



Industry Scenario and Outlook

Europe (Q2 CY2016 Sales)	Segment	Y-o-Y Change	Industry View
Europe Overall *	PV	10.0%	<ul style="list-style-type: none"> Demand for passenger cars in Europe grew by 10.0% in the quarter with Italian and Spanish automotive markets registering a double digit growth rates
Germany	PV	9.4%	<ul style="list-style-type: none"> Germany registered robust PV sales growth of 9.4%, reinforcing increased customer confidence and a strong economy. Adoption of innovative and latest technologies such as those in modern filters, helping in curbing emissions, has also helped increase sales
UK	PV	1.0%	<ul style="list-style-type: none"> In UK, production for exports, which constituted approximately 80.6% of the total, grew 18.5% y-o-y in Q2 CY2016. Production for local consumption grew 6.0%. However, future growth prospects have become slightly uncertain, as an SMMT survey highlighted industry concerns over trade & investment after the Brexit vote
Italy	PV	16.9%	<ul style="list-style-type: none"> Car sales in Italy remained strong on the back of a recovering Italian economy, aided by low interest rates and high manufacturer rebates. However, there are concerns that the pace of growth may slow down in the second half of 2016 due to uncertainty around Brexit, and a rise in fuel prices
North America (Q2 CY2016 Production)	Segment	Y-o-Y Change	Industry View
U.S.	PV + Light Trucks	(0.3)%	<ul style="list-style-type: none"> U.S LV production registered a de growth of (0.3)% and is expected to be better in the second half, backed by high employment levels, rising personal income and easy availability of credit,. However several industry experts believe that sales may have peaked and may start to slow down in the coming months. The U.S banking regulator has warned about growing credit risk in the auto-lending sector
South America (Q2 CY2016 Production)	Segment	Y-o-Y Change	Industry View
Brazil	LV + T&B	(14.1)%	<ul style="list-style-type: none"> Vehicle production in Brazil was down (14.1)% y-o-y. However, exports during the first half were up 14.2% y-o-y. A number of automotive manufacturers have reported production cuts and layoffs in the last couple of years

Source: Wards, ACEA, Anfavea

CY: Calendar Year, * EU + EFTA; PV = Passenger Vehicles; LV = Light Vehicles; CV = Commercial Vehicles; T&B = Trucks and buses



Industry Scenario and Outlook

APAC (Q2 CY2016 Production)	Segment	Y-o-Y Change	Industry View
India	PV+CV+2/3W	11.7%	<ul style="list-style-type: none"> The PV segment was impacted by continued weak rural demand and from an increase in the commodity prices such as that of steel and aluminium. The Infrastructure cessranging between 1-4% announced in the Budget has already resulted in higher cost of ownership of PVs and may weigh on the FY2017 growth forecast. However, demand for utility vehicles is expected to remain strong owing to new model launches and competitive pricing in the crossover and compact sports SUVs segments. SIAM recently raised its FY2017 growth outlook for the PV segment to 10-12% from 6-8% earlier M&HCVs registered a 14.5% growth attributed to growing demand from the infrastructure and mining sectors. The LCV segment grew by 11.9%, driven largely by replacement demand Better monsoon this year has augured well for the 2W industry after two years of insufficient monsoons impacted rural demand. 2W sales grew by 14.3% during the quarter Despite growth in domestic sales, the automotive industry witnessed a significant decline in overall exports. According to SIAM, Indian automakers have been impacted due to the withdrawal of export incentives in important markets such as Sri Lanka and Bangladesh
Japan	PC+CV ¹	(2.9)%	<ul style="list-style-type: none"> A continued erosion of purchasing power has hampered domestic automotive demand in Japan. Production was also impacted due to lower export demand, particularly from Indonesia, owing to a stronger Yen. The Japan Automobile Manufacturers Association forecasts total vehicle sales, including buses and medium and heavy duty trucks, to increase 6.5% to around 5.3 mn vehicles in FY2017
Thailand	PC+CV ²	18.5%	<ul style="list-style-type: none"> Thailand's economic slowdown, along with uncertainty over the global economy, has affected the automotive industry. The Federation of Thai Industries expects automotive exports out of Thailand to rise only 1-3% in 2016. However, the June quarter was helped by improved domestic sales and particularly by a rebound in exports

Source: SIAM, JAMA, ICIS, Marklines

PC = Passenger Cars; PV = Passenger Vehicles; LV = Light Vehicles; CV = Commercial Vehicles; 2/3W = 2 & 3 Wheelers

1=Trucks , 2=ton pickups and SUVs, CY: Calendar Year



Additional Information

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 Auto Consolidated (represents Amtek Auto, JMT Auto, Amtek Global Technologies, and other 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 June 30, 2016:
 - a. Amtek Auto: Share face value of Rs. 2.00; 22.48 Crores shares outstanding

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