



Amtek Auto

Q2 FY2017
Ending September 30, 2016

Earnings Presentation

December 13, 2016

Amtek Group



Amtek Auto
NSE: AMTEKAUTO
BSE: 520077

Amtek Group Q2 FY2017 Highlights

Amtek Auto Group Companies Revamp Plan

An important development during the last quarter has been the outcome of a joint Board Meeting of Amtek Auto Limited, Metalyst Forgings Limited, ARGL Limited and Castex Technologies Limited to approve a proposal relating to the infusion of fresh capital by new investor(s) and the restructuring and reduction of debt subject to the approval of lenders. This is an important milestone for the Amtek Group and coupled with the ongoing sale process of key international assets will allow for the capital structure to be realigned to the business. Over the years, the management team has been successful in creating significant equity value in these international assets which will now be used to reduce the debt in the Indian operations. In addition, our relationship banks have been supportive of the proposed debt restructuring plans and provide an overall vote of confidence in Amtek Auto's strategic direction.



This deleveraging plan, primarily through lower interest payments, will enhance our free cash flows and create significant shareholder value. I look forward to updating you as and when further developments materialize.

Amtek's overseas business have performed in line with management expectation during the second quarter of FY2017. However, the continued sluggishness and fragmented performance of the Indian automotive and non-automotive industry continued to undermine Amtek Auto's standalone sales during the quarter, which amounted to Rs. 499 Cr. Through a tight control on costs and various other productivity initiatives, we were able to maintain EBITDA margins at 20%. Net profit for the quarter has declined due to exceptional items primarily consisting of additional depreciation amounting to Rs. 683 Cr.

Through the successful exchange of process wise best practices and the setting of aggressive quality targets, senior management remain relentlessly focused on delivering cost savings and engineering process improvements. Amtek Auto's customers continue to fully recognize our engineering excellence, advanced technology products and customer service levels as second to none. Our strategy of broadening Amtek Autos customer base for many of our key products has also started to yield results particularly with our objective of increasing capacity utilizations across our Indian manufacturing platform. This approach has also enabled us to leverage our low cost but world class capacities to increase exports out of India and the results of which will become apparent over the coming quarters.

I thank you all for the trust that you have reposed in Amtek Auto. I look forward to keeping you all posted through financial year 2017.

John Flintham, Vice Chairman, Amtek Auto



Amtek Auto Standalone Financials

In Crores	Q2 FY2017	Six Months Ending Sep-16
Total Income	498.9	1075.4
EBITDA	99.2	214.3
<i>Margin %</i>	<i>19.90%</i>	<i>19.90%</i>
Net Profit	(755.2)¹	(1074.9)

In Crores	Sep-16	Mar-16
Net Debt	10,417	10,139

Note:

1. Net profit for the quarter has declined due to exceptional items primarily consisting of additional depreciation amounting to Rs. 683 Cr.



Effect of Demonetization

Indian Economy

- Weakening consumption demand due to the cash crunch, muted investment growth along with loss of productivity (as people line up for hours to deposit/exchange cash) are few factors that will pull down near-term GDP growth
- Over a year, economic growth can fall by 70-100 basis points, with the maximum impact in the immediate two-quarters, which will see a large contraction in effective money supply
- There should be a modest recovery in FY18, when GDP growth may inch up to 7.4% on the back of some policy stimulus

Automotive Industry

- Discretionary sectors with higher operating leverage are likely to be devalued in the current environment. These include automobiles and the auto component sectors
- The impact arising out of the negative wealth effect and weak consumer sentiment would play out over the next 3-4 quarters . Q3 to be severely impacted due to post festive demand moderation and demonetization
- Inquiries and footfalls down by 40-80% across categories, even in the highly financed segments like CVs and PVs
- Rural markets are expected to be adversely impacted in the near term, the outlook does not appear too bleak in the longer term despite the informal nature of the economy
- If current weakness prevails for a longer period, OEMs might consider supporting dealers to manage working capital pressures
- OEM's and Auto component suppliers continue to monitor inventories, automobile dealers have focused on funding initiatives with banks and other financial institutions
- Although the comprehensive long term impact of these demonetization measures cannot be fully ascertained at this stage and there is a need to closely watch how demand would shape up post normalization of liquidity



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: Includes Other Income
2. EBITDA: Earnings before interest, taxes and depreciation; Including Other Income
3. Net Profit: Profit after tax (including Other Income) after extraordinary items
4. Amtek Auto: Share face value of Rs. 2.00; 22.48 Crores shares outstanding

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