



Investor Update – Q4FY16

Sona Koyo Steering Systems Ltd.



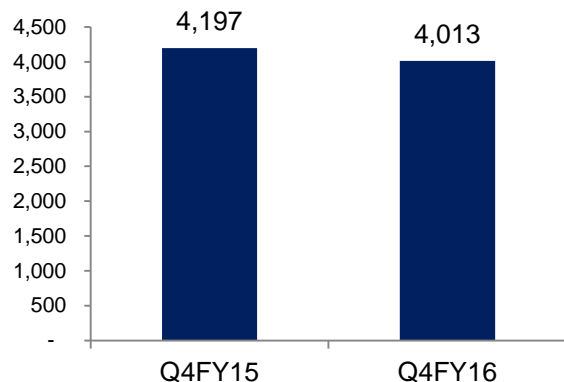
May 13, 2016

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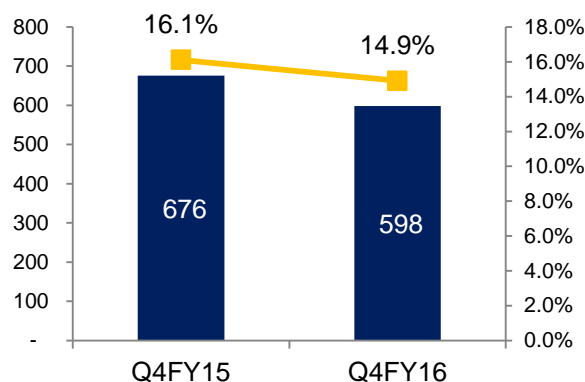
Q4FY16 Consolidated (YoY): Subdued domestic demand impacts revenue

All figures in Rs Mn

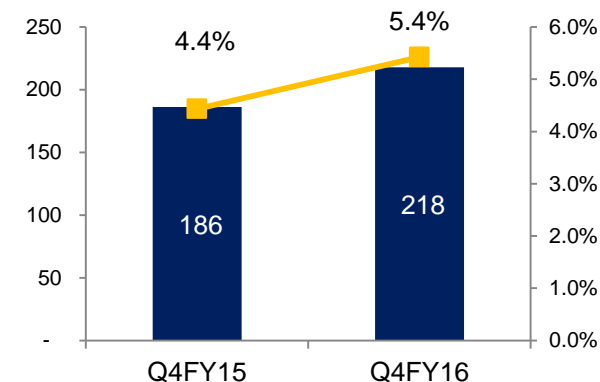
Revenue



EBITDA & EBITDA Margin



PAT & PAT Margin



■ Total revenue at Rs 4,013mn in Q4FY16 compared to Rs 4,197mn in Q4FY15 primarily due to subdued domestic market, however exports continue robust growth

■ EBITDA at Rs 598mn in Q4FY16 compared to Rs 676mn in Q4FY15

- ✓ Impacted by increase in staff cost which as percentage of revenue increased from 9.3% in Q4FY15 to 11.1% in Q4FY16 due to minimum wage hike in Haryana in Q4FY16
- ✓ Partially offset by decline in raw material price as percentage of revenue from 64.5% in Q4FY15 to 63.9% in Q4FY16 due to favourable commodity price and value addition & value engineering services

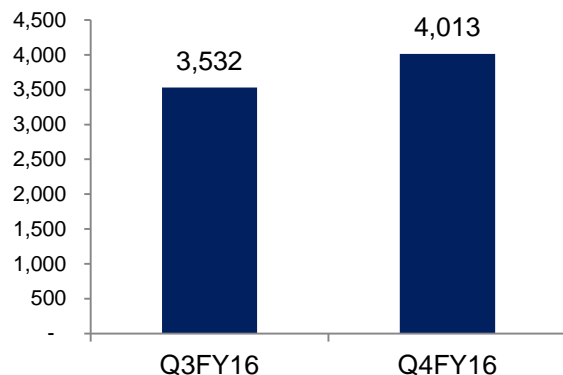
■ PAT after minority interest and share of loss of associate at Rs 218mn in Q4FY16 compared to Rs 186mn in Q4FY15

- ✓ Benefitted from Rs 99mn gain from sale of a long term investment held by the company

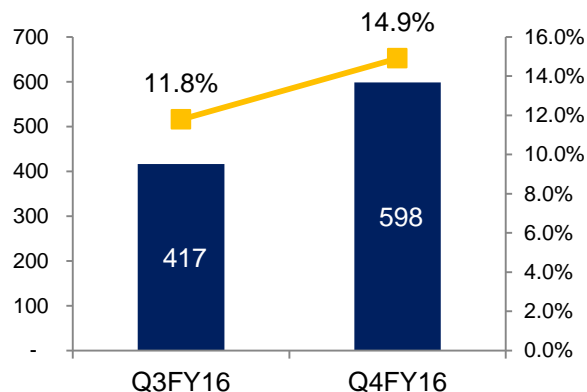
Q4FY16 Consolidated (QoQ): OEM's new launches propel growth

All figures in Rs Mn

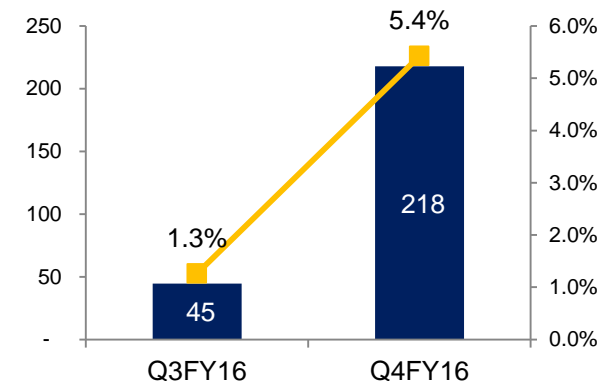
Revenue



EBITDA & EBITDA Margin

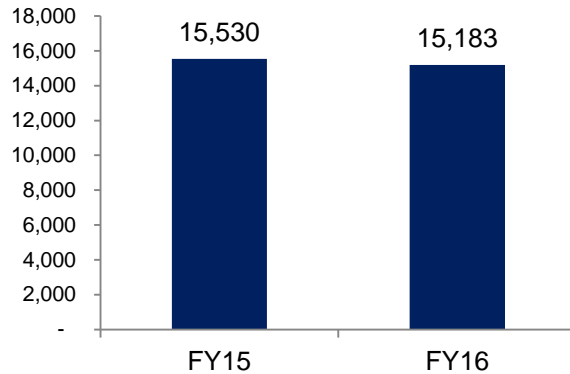


PAT & PAT Margin

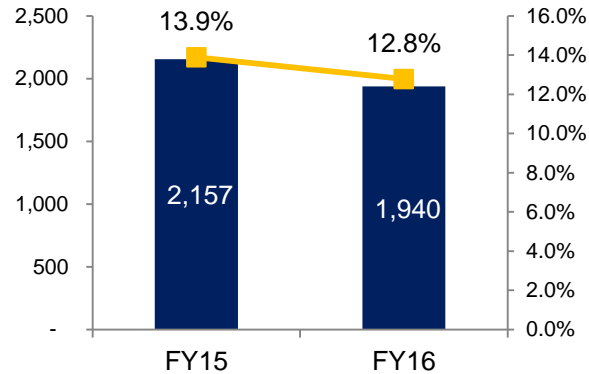


- **Q4FY16 revenue at Rs 4,013mn compared to Rs 3,532mn in Q3FY16 – up 13.6% QoQ, primarily due to increased share of new models launched by OEM's in the quarter**
- **EBITDA increased 43.6% QoQ to Rs 598mn in Q4FY16 in comparison to Rs 417mn in Q3FY16**
 - ✓ Raw material price as a percentage of revenue decreased from 66.4% in Q3FY16 to 63.9% in Q4FY16
 - ✓ Staff cost as a percentage of revenue decreased from 11.8% in Q3FY16 to 11.1% in Q4FY16
- **PAT after minority interest and share of loss of associate at Rs 218mn in Q4FY16 compared to Rs 45mn in Q3FY16**
 - ✓ Benefitted from higher growth in EBITDA and gain from exceptional item

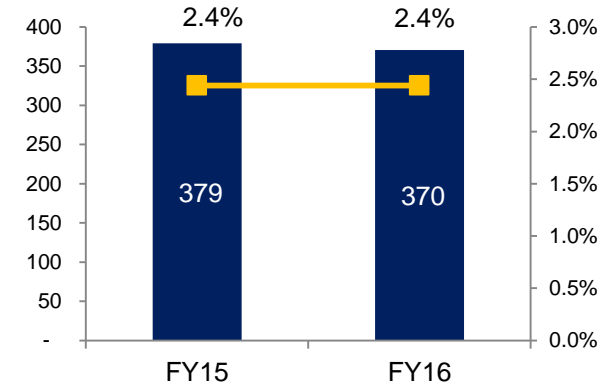
Revenue



EBITDA & EBITDA Margin



PAT & PAT Margin



■ Total revenue in FY16 at Rs 15,183mn compared to Rs 15,530mn in FY15

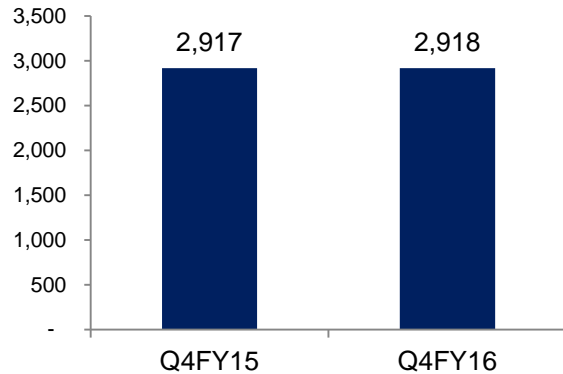
■ EBITDA at Rs 1,940mn in FY16, compared to Rs 2,157mn in FY15. EBITDA margin contracts to 12.8%

✓ Impacted due to increase in staff costs which as a percentage of revenue increased from 9.4% in FY15 to 11.0% in FY16. Staff cost increased due to wage hikes in Haryana

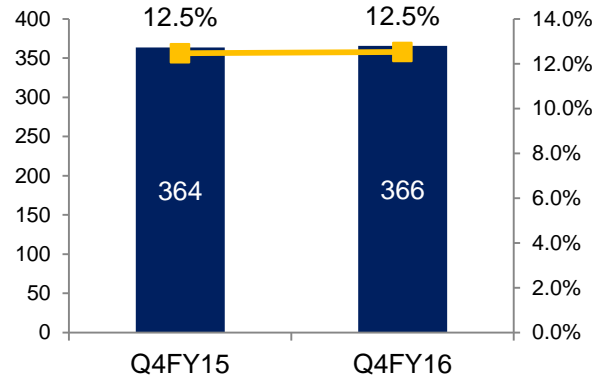
■ PAT after minority interest and share of loss of associate remained flat at Rs 370mn in FY16 despite decline in EBITDA due to extraordinary gain from sale of a long term investment

Q4FY16 Standalone (YoY): Consistent EBITDA margin

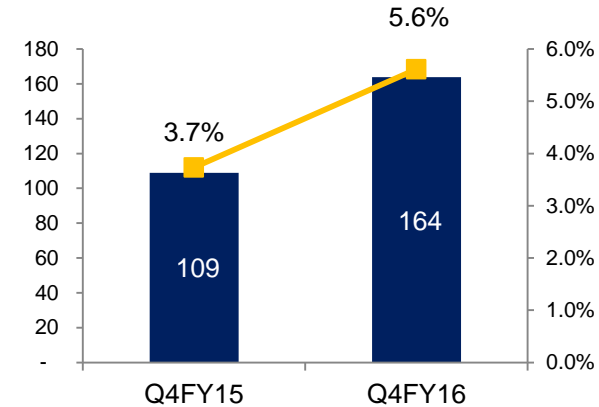
Revenue



EBITDA & EBITDA Margin



PAT & PAT Margin

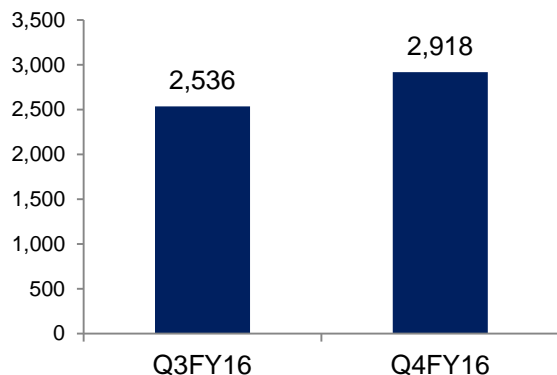


- Total revenue remained flat Rs 2,918mn in Q4FY16 compared to Rs 2,917mn in Q4FY15
- EBITDA at Rs 366mn in Q4FY16 compared to Rs 364mn in Q4FY15
- PAT at Rs 164mn in Q4FY16 compared to Rs 109mn in Q4FY15 due to extraordinary gain from sale of a long term investment

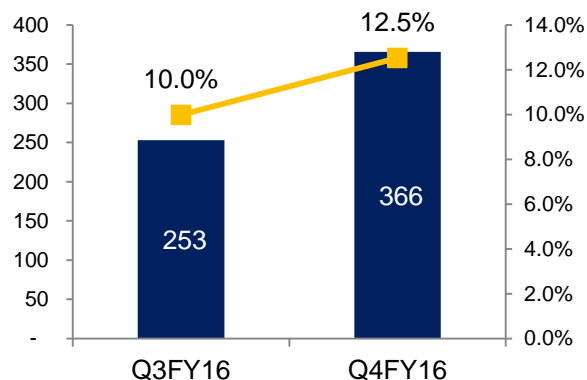
Q4FY16 Standalone (QoQ): Robust double digit growth in revenue

All figures in Rs Mn

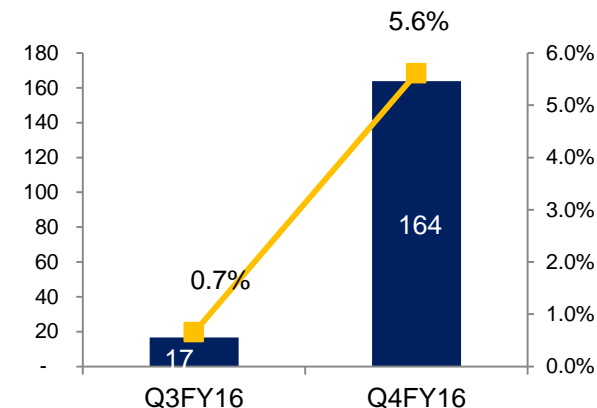
Revenue



EBITDA & EBITDA Margin



PAT & PAT Margin

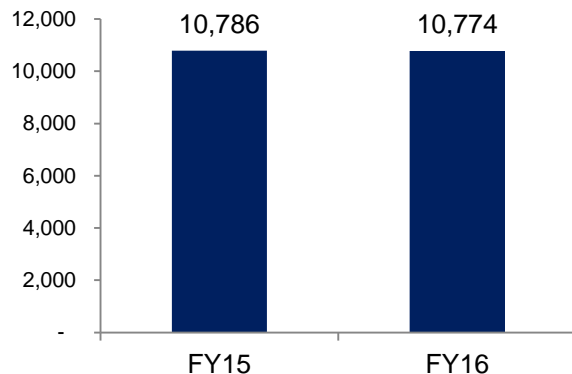


- **Total revenue increased 15.1% QoQ to Rs 2,918mn in Q4FY16 compared to Rs 2,536mn in Q3FY16**
 - ✓ Domestic revenue increased 11.8% QoQ and exports increased 52.8% QoQ
- **EBITDA at Rs 366mn in Q4FY16 compared to Rs 253mn in Q3FY16. EBITDA margin expands to 12.5%**
 - ✓ Benefitted primarily from decrease in staff costs as a percentage of revenue from 12.9% in Q3FY16 to 11.9% in Q4FY16 and decline in raw material cost as a percentage of revenue from 66.9% in Q3FY16 to 65.3% in Q4FY16
- **PAT at Rs 164mn compared to Rs 17mn in previous quarter mainly due to rise in EBITDA and extraordinary income**

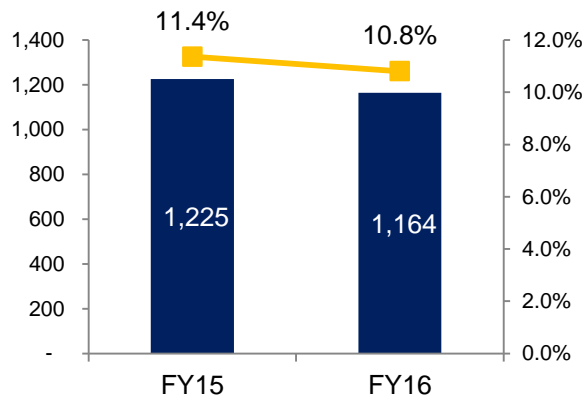
Standalone FY16: Rising staff cost led moderate EBITDA contraction

All figures in Rs Mn

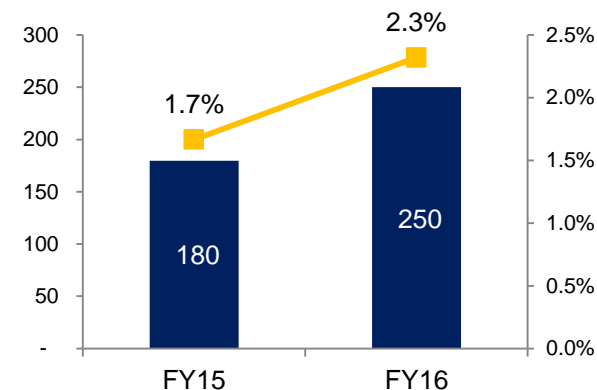
Revenue



EBITDA & EBITDA Margin



PAT & PAT Margin



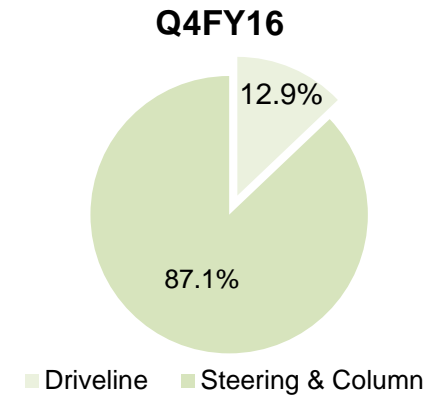
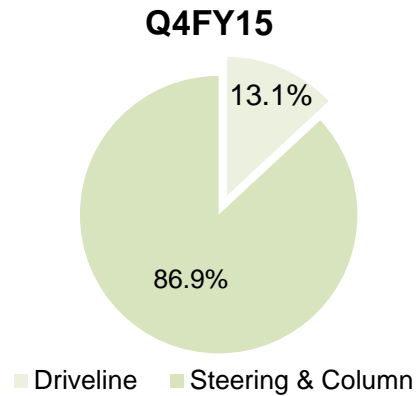
■ Total revenue in FY16 at Rs 10,774mn compared to Rs 10,786mn in FY15

■ EBITDA at Rs 1,164mn in FY16 compared to Rs 1,225mn in FY15. EBITDA margin contracts to 10.8%

✓ Impacted primarily due to increase in staff costs which as a percentage of revenue increased from 11.1% in FY15 to 12.1% in FY16

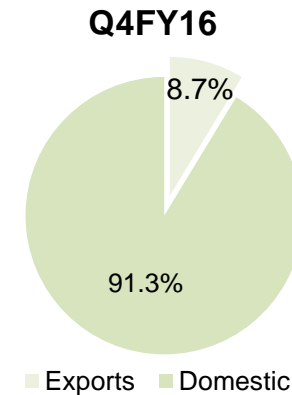
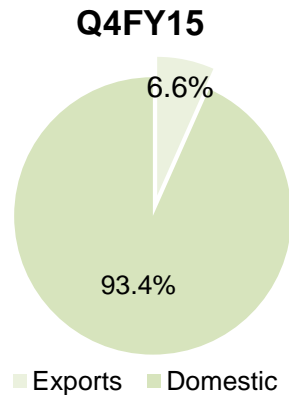
■ PAT at Rs 250mn in FY16 compared to Rs 180mn in FY15 due to extraordinary gain from sale of a long term investment

Product Wise Sales Mix*



*Note: Break-up on gross basis, Steering & column product group includes EPAM sales

Geographic Sales Mix



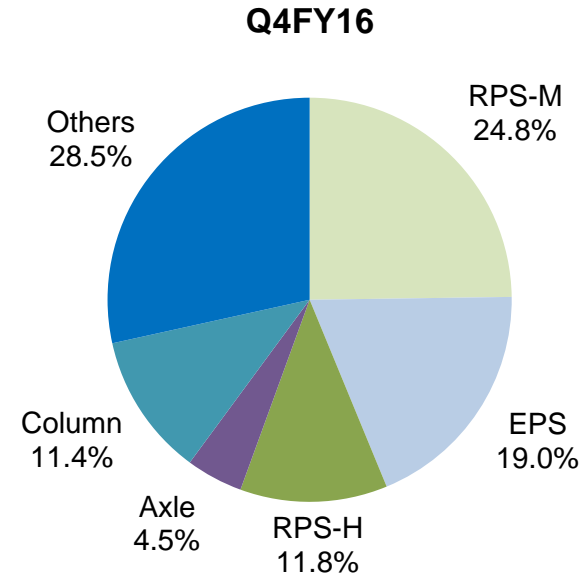
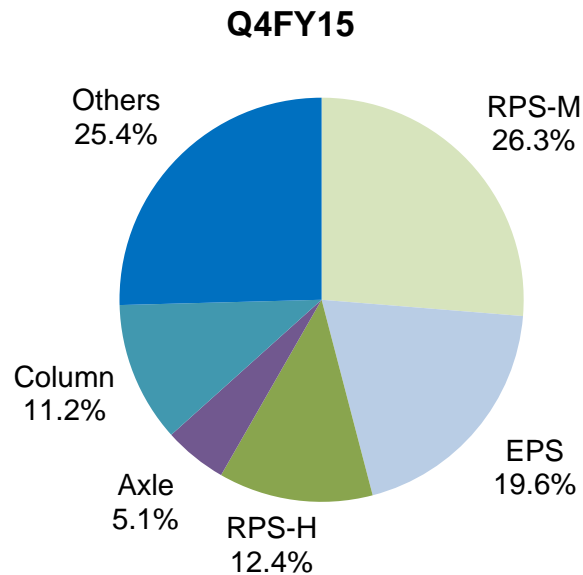
*Note: Break up on standalone basis

Capacity utilization

Capacity Utilization across product categories during FY16

- ✓ Steering Products Group – **58% for FY16**
- ✓ Drive line Products Group – **32% for FY16**

Key steering & driveline products revenue break-up



Note: Break up on standalone basis

Consolidated Income Statement

Amount in Rs mn

Particulars	Q4 FY16	Q3 FY16	QoQ (%)	Q4 FY15	YoY (%)	FY16	FY15	YoY (%)
Net Income from Operations	3,977.5	3,515.8	13.1%	4,172.5	(4.7%)	15,088.7	15,417.6	(2.1%)
Other Operating Income	35.1	16.2	117.3%	24.5	43.5%	94.4	112.0	(15.7%)
Total Income	4,012.6	3,531.9	13.6%	4,197.0	(4.4%)	15,183	15,530	(2.2%)
Total Expenditure	3,414.4	3,115.4	9.6%	3,520.9	(3.0%)	13,243.4	13,373.1	(1.0%)
Consumption of Raw Material	2,562.6	2,344.0	9.3%	2,706.2	(5.3%)	9,997.9	10,335.0	(3.3%)
Staff Cost	445.2	417.9	6.5%	391.8	13.6%	1,666.6	1,457.7	14.3%
Other Expenditure	406.6	353.5	15.0%	422.9	(3.9%)	1,579.0	1,580.3	(0.1%)
EBITDA	598.2	416.5	43.6%	676.1	(11.5%)	1,939.6	2,156.6	(10.1%)
Depreciation & Amortisation	255.1	237.5	7.4%	237.4	7.5%	987.5	1,036.8	(4.8%)
EBIT	343.1	179.1	91.6%	438.7	(21.8%)	952.1	1,119.8	(15.0%)
Finance Charges	84.7	80.8	4.8%	78.0	8.6%	317.3	311.4	1.9%
Other Income	15.5	18.5	(16.3%)	18.9	(18.3%)	60.7	48.8	24.6%
Exceptional Item	(99.0)	-	NM	-	NM	(99.0)	-	NM
PBT	372.8	116.7	219.4%	379.7	(1.8%)	794.5	857.1	(7.3%)
Tax (including deferred)	100.9	41.2	145.0%	112.8	(10.5%)	253.0	267.1	(5.3%)
PAT (before Minority Interest)	271.9	75.5	260.0%	266.9	1.9%	541.5	589.9	(8.2%)
Share of Profit / (loss) of associate	(0.3)	(0.5)	(42.4%)	(0.9)	(69.2%)	(1.3)	(6.5)	(79.4%)
Share of (Profit)/ Loss to Minority	53.9	30.4	77.5%	79.9	(32.5%)	169.7	204.5	(17.0%)
PAT	217.7	44.7	387.5%	186.1	17.0%	370.5	379.0	(2.2%)

•Other Expenditure includes manufacturing costs, administrative costs, selling costs and other expenses

•Exceptional item includes gain from sale of a long term investment

Key Ratios as a % of Total Revenue	Q4 FY16	Q3 FY16	Q4 FY15	FY16	FY15
EBITDA	14.9%	11.8%	16.1%	12.8%	13.9%
PAT	5.4%	1.3%	4.4%	2.4%	2.4%
Total Expenditure	85.1%	88.2%	83.9%	87.2%	86.1%
Raw material	63.9%	66.4%	64.5%	65.8%	66.5%
Staff Cost	11.1%	11.8%	9.3%	11.0%	9.4%
Other Expenditure	10.1%	10.0%	10.1%	10.4%	10.2%

Standalone Income Statement

Amount in Rs mn

Particulars	Q4 FY16	Q3 FY16	QoQ (%)	Q4 FY15	YoY (%)	FY16	FY15	YoY (%)
Net Income from Operations	2,888.0	2,522.0	14.5%	2,895.6	(0.3%)	10,689.8	10,683.6	0.1%
Other Operating Income	30.3	14.5	109.5%	21.6	40.6%	84.1	102.8	(18.2%)
Total Income	2,918.4	2,536.5	15.1%	2,917.2	0.0%	10,773.9	10,786.4	(0.1%)
Total Expenditure	2,552.8	2,283.3	11.8%	2,553.6	(0.0%)	9,610.0	9,561.2	0.5%
Consumption of Raw Material	1,906.5	1,698.0	12.3%	1,929.3	(1.2%)	7,138.2	7,190.3	(0.7%)
Staff Cost	347.9	326.7	6.5%	317.3	9.6%	1,303.3	1,196.9	8.9%
Other Expenditure	298.5	258.6	15.4%	307.0	(2.8%)	1,168.4	1,174.1	(0.5%)
EBITDA	365.5	253.2	44.4%	363.6	0.5%	1,163.9	1,225.1	(5.0%)
Depreciation & Amortisation	186.9	170.1	9.9%	172.3	8.5%	719.0	780.0	(7.8%)
EBIT	178.6	83.1	115.1%	191.3	(6.6%)	444.9	445.2	(0.1%)
Finance Charges	76.3	72.1	5.9%	64.2	19.0%	282.3	249.3	13.3%
Other Income	5.8	12.1	(52.0%)	11.4	(49.1%)	60.8	41.8	45.6%
Exceptional Item	(99.0)	-	NM	-	NM	(99.0)	-	NM
PBT	207.1	23.1	796.7%	138.5	49.5%	322.4	237.7	35.7%
Tax (including deferred)	43.3	6.5	564.4%	29.7	45.9%	72.5	57.9	25.1%
PAT	163.8	16.6	888.0%	108.9	50.5%	250.0	179.8	39.1%

• Other Expenditure includes manufacturing costs, administrative costs, selling costs and other expenses

• Exceptional item includes gain from sale of a long term investment

Key Ratios as a % of Total Revenue	Q4 FY16	Q3 FY16	Q4 FY15	FY16	FY15
EBITDA	12.5%	10.0%	12.5%	10.8%	11.4%
PAT	5.6%	0.7%	3.7%	2.3%	1.7%
Total Expenditure	87.5%	90.0%	87.5%	89.2%	88.6%
Raw material	65.3%	66.9%	66.1%	66.3%	66.7%
Staff Cost	11.9%	12.9%	10.9%	12.1%	11.1%
Other Expenditure	10.2%	10.2%	10.5%	10.8%	10.9%

Amount in Rs mn

Particulars	Standalone		Consolidated	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Equity & Liabilities				
Total shareholders funds	2,751.9	2,621.5	3,473.0	3,234.2
Minority Interest			1,115.9	986.0
Long-term borrowings	1,431.5	1,453.6	1,558.8	1,674.7
Other long-term liabilities	286.7	343.9	411.9	485.6
Non-current liabilities	1,718.2	1,797.6	1,970.8	2,160.3
Short-term borrowings	638.7	388.4	676.0	423.6
Trade Payables	1,542.0	1,431.0	1,944.2	1,925.5
Other current liabilities	1,082.5	1,127.7	1,341.0	1,401.3
Current Liabilities	3,263.3	2,947.2	3,961.2	3,750.4
Total Equity + Liabilities	7,733.3	7,366.3	10,521.0	10,130.9
Assets				
Fixed assets	4,759.4	4,678.3	6,401.2	6,473.4
Non-current Investments	352.8	354.8	8.5	11.8
Long-term loans and advances	121.6	65.2	128.8	71.9
Other non current assets	1.8	1.6	4.5	4.0
Total non-current Assets	5,235.6	5,099.9	6,543.1	6,561.1
Inventories	714.8	716.2	991.2	1,004.0
Trade receivables	1,383.6	1,166.5	2,152.6	1,891.9
Cash and bank balances	45.4	23.5	362.9	179.8
Short-term loans and advances	157.8	194.1	255.1	322.4
Other current assets	196.2	166.1	216.1	171.7
Total current Assets	2,497.7	2,266.4	3,977.9	3,569.8
Total Assets	7,733.3	7,366.3	10,521.0	10,130.9

About Us



Proven leadership in India

~50% share in Indian PV Steering market

Strategic locations

Proximity to key auto clusters in India

Marquee clientele

MARUTI, Mahindra & Mahindra, Toyota, Tata, Nissan, Honda

High on quality

Winner of TPM Excellence Award

Unmatched R&D capabilities

In-house developed award winning EPAM for off-highway vehicles

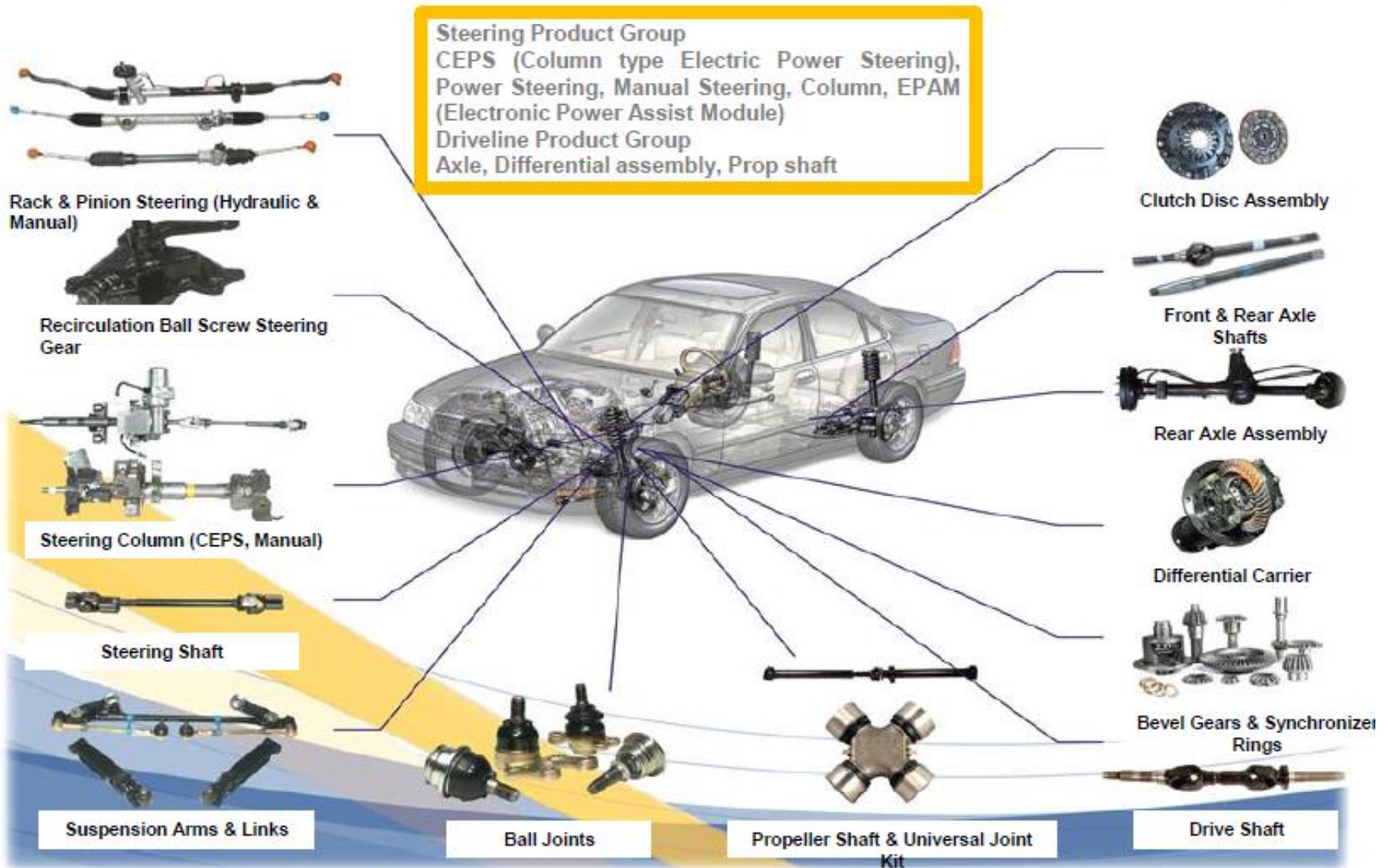
Resilient performance

Turnover of Rs 15.2bn and PAT at Rs 0.4bn

Partnering global leader in steering

Technical partnership with world's leading steering manufacturer, JTEKT Corp, Japan





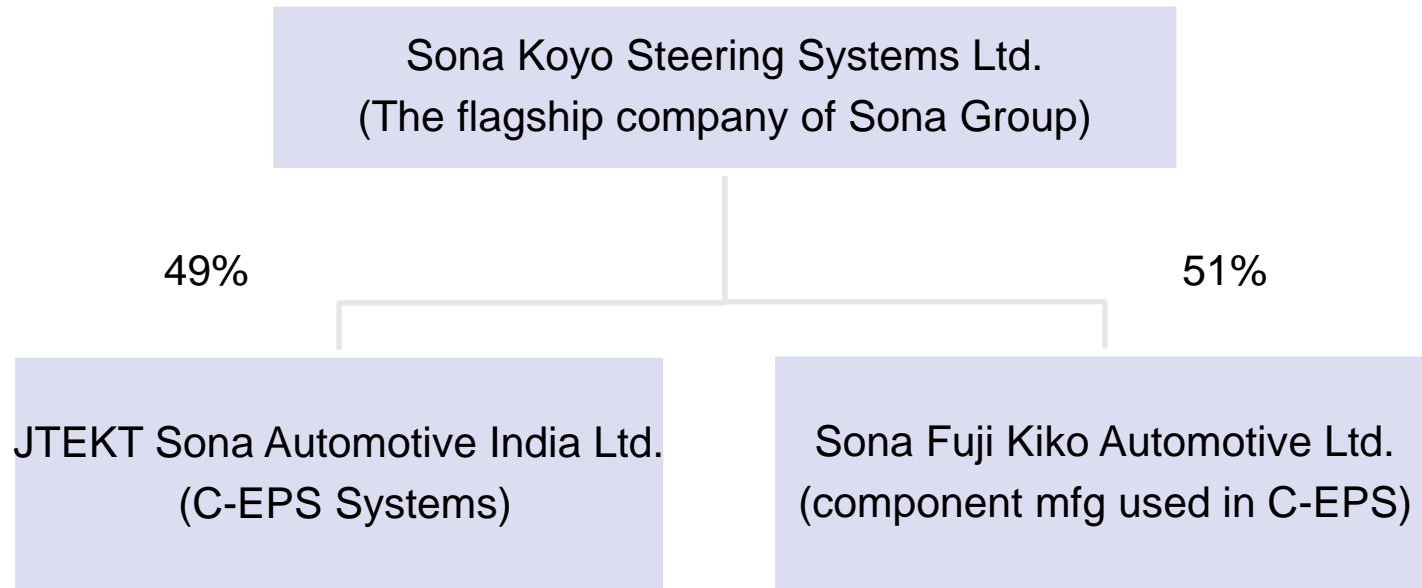
..... For all major domestic and global OEM brands

Domestic



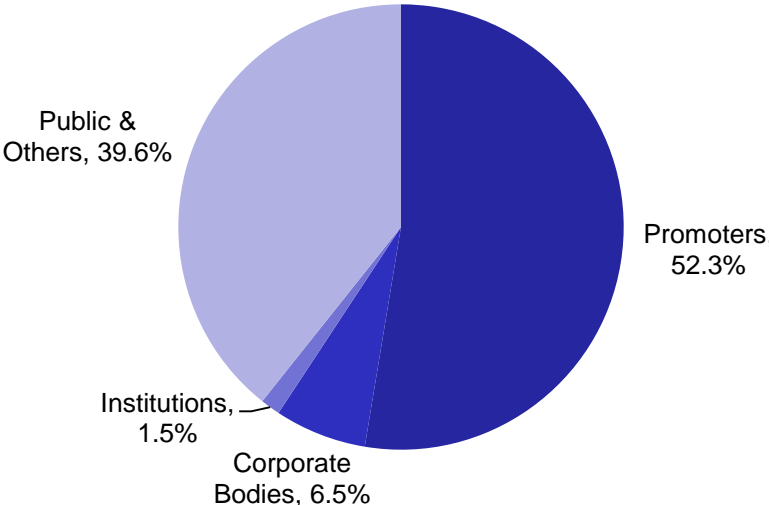
Global



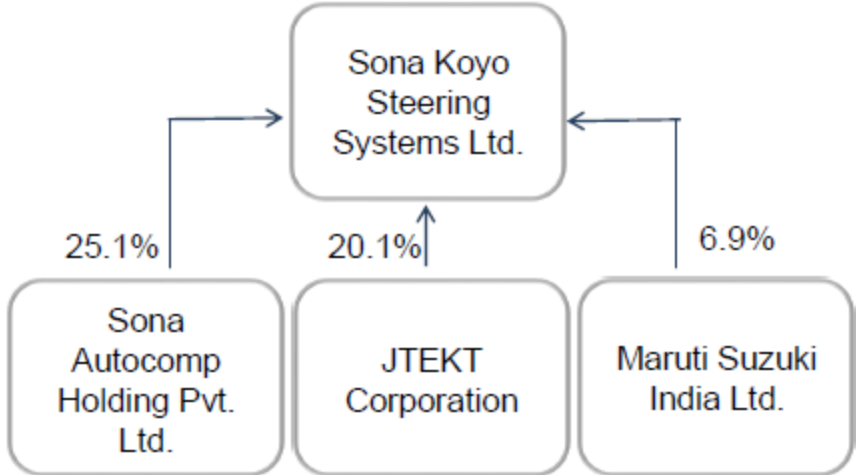


Shareholding pattern (As on 31st Mar, 2016)

Equity Shares Outstanding-198,741,832



Promoter and Promoter Group Shares outstanding – 104,018,246



For any Investor Relations queries please contact:

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About Sona Koyo Steering Systems Ltd.

Sona Koyo Steering Systems Limited (SKSSL) is a technical and financial joint venture company of JTEKT Corporation, Japan, the global technology leader in Steering Systems. With a market share of 45%, SKSSL is the largest manufacturer of steering gears in India and is the leading supplier of Hydraulic Power Steering Systems, Electric Power Steering Systems, Manual Rack & Pinion Steering Systems and Collapsible, Tilt and Rigid Steering Columns for Passenger Vans and MUVs. SKSSL is the first steering systems company in the world to have bagged the prestigious Deming award, the world's most coveted honour for excellence in Total Quality Management. For more information please visit www.sonagroup.com

Forward Looking Statement

Certain statements in this document with words or phrases such as “will”, “should”, etc., and similar expressions or variation of these expressions or those concerning our future prospects are forward looking statements. Actual results may differ materially from those suggested by the forward looking statements due to a number of risks or uncertainties associated with the expectations. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy and changes in government policies. The company may, from time to time, make additional written and oral forward looking statements, including statements contained in the company’s filings with the stock exchanges and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company.