

## IR Flash

*Investor Relations, February 12, 2016*

Date & Time	February 12, 2/016; 4.30 p.m.
Event	Earnings Call – Q3 FY16
Participants from M&M	Dr. Pawan Goenka, Executive Director & Group President – Auto and Farm Sectors Mr. V.S. Parthasarathy, Group CFO & Group CIO & President (Group Finance, M&A) Mr. S. Durgashankar – President – Group M&A, Corporate Accounts & Group Secretarial, Member of the Group Executive Board Mr. K. Chandrasekar, EVP – Corporate Finance & Investor Relations <b>and</b> Senior Management

In a subdued business environment, the company delivered impressive performance by improving volumes, revenue and operating margins (YOY) in Q3FY16.

In summary:

- **Net Revenue** is up by **14.9%** (Rs 10,466 Crs in Q3FY16 Vs Rs 9,105 Crs in Q3FY15)
- **EBIDTA** is higher by **30.9%** (Rs 1,414 Crs in Q3FY16 Vs Rs 1,080 Q3 FY15) and;
- **PAT before EI** is higher by **22.9%** at Rs 821 Crs Vs Rs 667 Crs of Q3FY15
- **PAT** for the quarter was lower by 15.1% compared to Q3FY15.

### Key Highlights of the call– Q3 FY2016

#### Business Performance

##### Auto:

- Auto segment Revenue was up at Rs 6917 Crs, an increase of 21.3% on YOY basis (the total volume was higher by 15.4%), aided by new product launches.
- The UV industry registered a growth of 16.9% in the Q2FY16. M&M volumes in UV segment grew by 18.0% during this period resulting in increasing its market share from 37.6% in Q3FY15 to 38.6% in Q3FY16.
- The company has completed all the 9 product launches in the current year, as announced earlier. The full impact of the new launches would be reflected in the financials of FY17.
- The new launches, TUV300 and KUV100 – have done well. TUV300 is currently clocking a monthly volume of around 4000, in line with company's expectations.
- KUV100 has current order book of around 18000 vehicles. The company has been receiving new orders to the tune of 350 vehicles per day. The company would be continuing with the current capacity level of 5000 per month till August 2016; thereafter, the capacity could be increased to 7500 per month. Currently 45% of KUV100 sold is of petrol version.
- The Mini truck (less than 2T) industry de-grew by 6.5% in Q3FY16, however, the company's volume grew by 173%, thanks to the launch of Jeeto in June 2015. The company's market share in this segment has increased from 9.7% to 28.4% yoy in this quarter.

- The company has maintained its leadership position in Pick-up segment (2 to 3.5T) with 70% market share.
- The company has improved its market share in MHCV to 3.7% in Q3FY16 from 2.5% in Q3FY15.
- The company has effected an increase of 1.7% in selling price YTD.
- The Minimum Import Price on steel is not expected to have much impact on company's cost structure.

**Farm Equipment:**

- Though domestic tractor industry experienced a slow-down of 1.5% during the quarter, M&M managed to stay ahead of competition with 5.9% growth leading to an increase in market share from 39.5% in Q3FY15 to 42.7% Q3FY16.
- As the rabi crop sowing has been lower by about 3%, the expected recovery in tractor volume in Q4 may not materialize. As a result, the industry is estimated to de-grow by 10% as against the earlier estimate of 5% de-growth.
- The company managed to reduce the plant inventory during the quarter.
- There has been no increase in selling price of tractors during the current year.

**Agri business:**

- The company has decided to transfer all the existing agri businesses residing in Mahindra & Mahindra to Mahindra Shubhlabh Services Limited (MSSL), a 100% subsidiary of Mahindra & Mahindra. This transfer is expected to be completed in April 2016.
- EPC Industries, a listed subsidiary of Mahindra & Mahindra would continue to maintain its separate status.

**FINANCIALS AT A GLANCE**

**M&M + MVML**

<i>(In Rupees crores)</i>	3 <sup>rd</sup> Quarter			Nine months ended		
	FY16	FY15	Change	FY16	FY15	Change
Total income from operations (Net)	10,465.61	9,104.73	14.9%	28,696.44	27,967.47	2.6%
EBITDA	1,413.79	1,079.66	30.9%	3,929.34	3,599.33	9.2%
EBITDA %	13.5%	11.9%	1.6%	13.7%	12.9%	0.8%
PAT before EI	820.54	667.41	22.9%	2,629.70	2,537.85	3.6%
PAT	820.54	966.75	-15.1%	2,629.70	2,837.19	-7.3%