

Mahindra & Mahindra Limited

IR Flash – Q2F19 – Earnings Call

Date & Time	November 14, 2018; 4:45 pm IST
Event	Earnings Call – Q2F19
Participants from M&M	<ul style="list-style-type: none"> ➤ Dr. Pawan Goenka - Managing Director; ➤ Mr. V.S. Parthasarathy - Group CFO, Group CIO ➤ Senior Management of the company including the IR team
Results Pack	Available on: http://www.mahindra.com/investors/reports-and-presentations under M&M Reports/2018-2019/Earnings Update

Key Financial Highlights:

- Net Revenue of Rs 12,790 Crs, higher by 6.4% Vs Q2F18 (Rs 12,019 Crs); highest ever Q2 revenue at M&M+MVML
- OPM margin at 14.5%, lower by 150 basis points vs previous year of 16.0%; the impact is largely due to commodity costs increase and new product launch impact in Auto.
- PBIT of Rs 2,199 Crs, higher by 5.7% Vs Q2F18 (Rs 2,079 Crs); highest ever PBIT at M&M+MVML
- PBT (after EI) at Rs 2,298 crs, higher by 12.9% Vs Q2F18 (Rs 2,035 crs); highest ever PBT at M&M+MVML
- PAT (after EI) at Rs 1,779 crs, higher by 26.1% Vs Q2F18 (Rs 1,411 crs); highest ever PAT at M&M+MVML
- Tax Rate in Q2 is lower at 24.0% (vs 30.7% in Q2F18) as there is a one-time deferred tax benefit of Rs.121 crore relating to unabsorbed long term capital losses
- Exceptional item of Rs.134 crores represents gain on sale offset by impairment, of certain long term investments carried at cost.

FES Highlights:

- Revenue at Rs 4,028 Crs is higher by 1.8% Vs Q2F18 (Rs 3,958 Crs); highest ever Q2 revenue.
- Segment Result at Rs 813 Crs is lower by 3.4% Vs Q2F18 (Rs 841 Crs).
- The tractor demand during festive season has been robust; the industry growth during F19 is expected to be in the range of 12-14%; with a bias towards 12%.
- The inventory, post festive season is at the desired level.

Auto Highlights:

- Revenue at Rs 8,446 Cr is higher by 8.5% Vs Q2F18 (Rs 7,783 Crs); highest ever Q2 revenue.
- Segment Result at Rs 664 Cr is lower by 19.5% Vs Q2F18 (Rs 825 Crs)
- Export of vehicles in Auto Segment grew 19% to 9,244 vehicles in Q2F19.
- Marazzo has performed exceptionally well and growth is expected to continue for the rest of the year as well. As of date, the bookings have crossed 13500. As per the current demand, the waiting period of 6-8 weeks is expected to continue for some time.
- The inventory, post festive season is around 4-5 days higher than the desired level.
- Auto sector margins were hit by higher material cost, new product introduction and launch expenses.
- New product launches planned:
 - Y400 (Alturas G4) launch on 24th Nov, 2018 (Q3F19)
 - S201 will be launched in Q4F19, with both gasoline and diesel options
- For the first time, rural sales (51%) surpassed the urban sales (49%)

- PV industry growth is expected to be 7-8% for F19; UVs and Cars expected to see similar growth
- In MHCV segment, M&M grew faster than the industry with the trend expected to continue and the division is expected to be EBITDA positive for F19.

Electric Vehicles:

- Electric 3-wheeler, E-Alpha is doing a monthly run-rate of 800-1000 units and probably has the largest market share in this category.
- Electric Vehicles (other than 3-wheelers) grew at a healthy rate of 30%
- The execution of EESL Phase-2 order for 4800 units would further add to the volumes
- New launches planned – 3W Treo (15th Nov 2018), e-KUV, e-S201

Financials at a glance (Figures in Rs Crs)			
(M&M + MVML)	Q2F19	Q2F18	Change
Net Income from Operations	12,790	12,019	6.4%
EBITDA	1,849	1,923	-3.9%
OPM	14.5%	16.0%	-150bps
PBT (before EI)	2,161	2,035	6.2%
PBT (after EI)	2,298	2,035	12.9%
PAT (before EI)	1,642	1,411	16.4%
PAT (after EI)	1,779	1,411	26.1%

- Mahindra Investor Relations App is available on Google Play Store and Apple Store. Kindly search for 'Mahindra Investor Relations'
- For regular updates from M&M Investor Relations, follow us on Twitter @MahindraIR