

Q4 RESULTS FY13

FINANCIAL PERFORMANCE - BFL 12 MONTH REPORT

25 MAY 2013

IMPROVED PERFORMANCE IN THE QUARTER

The company has registered an improved performance in the quarter across all parameters despite sales remaining flat compared to previous quarter. This has been achieved on the back of various productivity improvement & cost containment measures taken by the company over the past few months to realign cost with the lower demand level.

UNCERTAIN DEMAND ENVIRONMENT

For the year as a whole, the strong performance in the 1st half of the fiscal was neutralized by the across the board weak global demand environment towards the end. Even now the demand environment is uncertain with intermittent bouts of volatility, although there are signs of the bottom being reached for various markets.

The Industrial sector is still showing extreme weakness across Construction & Mining and Oil & Gas space, for which BFL supplies highly value added products.

WELL PLACED TO CAPTURE DEMAND GROWTH

There is lack of clarity about the pace of demand recovery in various markets. With our lean cost base and dynamic business model, we are well placed to capture demand growth once the environment improves.

At this point we expect demand in the 1st quarter to be stable to slightly positive than the previous quarter but still lower year over year.

STANDALONE FINANCIAL HIGHLIGHTS FY13

Particulars	Rs. Million				
	Q4 FY13	Q3 FY13	Q4 FY12	FY13	FY12
Shipment Tonnage	37,119	37,483	57,242	172,030	219,353
Domestic Revenue	3,490	3,500	4,982	15,025	18,525
Export Revenue	3,112	3,105	4,576	15,867	17,347
Other Operating Income	144	121	214	620	988
Total Revenue	6,746	6,726	9,772	31,512	36,860
EBIDTA	1,525	1,387	2,510	7,337	9,168
EBIDTA %	22.6%	20.6%	25.7%	23.3%	24.9%
Other Income	205	195	208	917	600
PBT	851	645	1,815	4,481	6,319
PBT %	12.6%	9.6%	18.6%	14.2%	17.1%
Exchange Gain/ (loss)	(107)	36	(40)	(182)	(145)
PBT after Ex Gain/ (loss)	744	681	1,775	4,299	6,174
Exceptional Items	-	-	(704)	106	(704)
PBT after Excp Item	744	681	1,071	4,405	5,470
Profit After Tax	501	475	551	3,056	3,620

- BFL shipment tonnage marginally declined by 1% on a sequential & declined by 35.2% on a YoY basis on back of decline in demand across major sectors & geographies.
- Revenues were flat in Q4 FY13 at Rs 6,746 million as compared to Q3 FY13.
- EBITDA for Q4 at Rs 1,525 million improved by 9.9% compared to Q3 FY13 on account of productivity improvements & tight control on cost. EBITDA margins at 22.6% in Q4 FY13 was an improvement of 200 bps compared to Q3 FY13.
- PBT before Exchange gain/ (loss) and Exceptional item increased 31.9% in Q4 FY13 to Rs 851 million compared to Q3 FY13 as result of lower fixed cost.
- PAT increased 5.5% from Rs 475 million in Q3 FY13 to Rs 501 million in Q4 FY13.

GEOGRAPHICAL REVENUE BREAK-UP

<i>Particulars</i>	<i>Q4 FY13</i>	<i>Q4 FY12</i>	<i>Growth %</i>	<i>FY13</i>	<i>FY12</i>	<i>Growth %</i>
India	3,634	5,196	-30.1%	15,645	19,513	-19.8%
Americas	1,612	2,356	-31.6%	8,933	8,098	10.3%
Europe	1,316	1,717	-23.4%	5,862	7,766	-24.5%
Asia Pacific	184	503	-63.4%	1,072	1,483	-27.7%
Total	6,746	9,772	-31.0%	31,512	36,860	-14.5%

KEY FINANCIAL PARAMETERS: STANDALONE

<i>Particulars</i>	<i>March 31, 2013</i>	<i>March 31, 2012</i>
Debt	18,737	19,810
Equity	23,111	21,431
Cash	6,520	9,381
D/E	0.81	0.92
D/E (Net)	0.53	0.49

REVIEW OF INDIAN MARKET

FY13 has been one of the most challenging years the automotive industry has witnessed in a decade. The industry simultaneously faced several headwinds like high interest rates & inflation, high fuel prices, low or lack of capital investments, weak consumer sentiment, and GDP growth dropping to a decade low.

This had an adverse effect on the industry with only the Utility Vehicle segment registering growth during the year on back of new product launches. BFL's main market, the M&HCV segment witnessed a steep decline of 27.6% for the year as a whole while it declined by 40.4% in Q4 FY13 compared to Q4 FY12.

BFL sales to the automotive sector (Commercial & Passenger Vehicle including Utility vehicles) declined by 16% in FY13 on a YoY basis. BFL with its strong, sound manufacturing & technological prowess and customer relationships won new business in FY13 from both the CV & the Utility Vehicle segment.

Slowdown in industrial activity & lack of capital investment had an impact on demand for components for industrial sector across segments. The only segments which saw moderate growth were the diesel generator segment due to high power deficit and shortage of coal for power plants.

BFL caters to the industrial sector across Railways, power (Renewable & non-renewable), Government agencies, capital goods segment in the domestic market. During the year, orders from the sectors dried up & revenues from the industrial segment declined by 23% to Rs 510 crores.

REVIEW OF EXPORT MARKETS

FY13 has been a tumultuous year for BFL's major markets. Strong growth in the 1st half of the year was followed by an equally weak environment in the 2nd half.

The demand decline which occurred in the latter part of FY13 and the carnage witnessed in FY 08 -09 during the global meltdown were identical in the aspect that the decline was sudden & concurrent across markets, customers & segments.

The Commercial Vehicle industry witnessed declines ranging from around 10% to as much as 40% in EU, India & China. The performance of the Passenger Vehicle segment in CY12 mirrored that of the CV segment.

Based on the past 2 -3 month market data, the demand environment seems to have bottomed out and there are initial green shoots of demand recovery from certain pockets as evident from uptick in order intake of European OEM's. It is however difficult to go the full distance and definitely claim that the demand will continue in a northwardly direction.

The Industrial sector is still showing extreme weakness across Construction & Mining and Oil & Gas space, for which BFL supplies highly value added products.

Performance of the Industrial business from the export markets was similar to the automotive segment. Drop in demand in the 2nd half of the year coupled with production cut at OEM end has resulted in destocking of inventory which continues even now.

NEW ORDER WINS

BFL has won new orders on the domestic & export front across auto & industrial sector. Significant progress has been made on enhancing exposure to the Passenger Vehicle segment across major geographies. New orders in the Industrial segment are across the Oil & Gas, Construction and the Railway sector.

The order wins have enabled BFL to add new marquee OEM names and increase market share with existing customers.

The new order wins is a statement to BFL's strong focus on innovation and its full service supply capability enabling it to provide complex & critical technologically advanced components to customers globally. A majority of the new orders are expected to go into serial production towards the end of FY14.

FINANCIALS – OVERSEAS SUBSIDIARIES: JAN-MAR 2013

	<i>Jan – Mar 2013</i>			<i>Oct – Dec 2012</i>			<i>Jan – Mar 2012</i>		
	WOS	China	Total	WOS	China	Total	WOS	China	Total
Total Income	5,237	1,411	6,648	5,041	1,691	6,732	5,457	1,651	7,108
EBITDA	479	43	522	262	(94)	168	388	33	421
EBITDA %	9.2%	3.0%	7.9%	5.2%	-5.6%	2.5%	7.1%	2.0%	5.9%
PBT	197	(53)	144	(59)	(218)	(277)	129	(62)	67

The Wholly Owned operations have registered EBITDA% of 9.2% as against 5.2% in the previous quarter. This has been achieved on the back of focused efforts to curtail costs and improve productivity.

In an uncertain demand environment, the subsidiaries continue to focus on cost rationalization and productivity improvements.

BFL has completed the restructuring of its American Operations (BFA) with the sale of its assets for US\$ 11.25 million. The transaction does not include the business/order book of BFA which have already been transferred to India.

CONSOLIDATED FINANCIALS – FY 2013

<i>Particulars</i>	<i>FY13</i>	<i>FY12</i>	<i>YoY %</i>
Total Income	58,148	63,706	-8.7%
EBITDA	9,187	10,880	-15.6%
EBITDA %	15.8%	17.1%	
PBT from Continuing Operations	3,919	5,995	-34.6%
Loss from Discontinued Operations-BFA	(168)	-	
PAT after Minority Interest	2,476	4,130	-40.0%

In 2012-13, deferred tax asset for FAW BF (Rs. 199 million) & for BFK (Rs. 132 million) has been reversed in consolidated financials in light of local accounting standards requirement of virtual certainty for recovery of carry forward losses as against reasonable certainty under IFRS.

OVERSEAS SUBSIDIARIES FINANCIALS – CY 2012

The financial statement for CY 2012 for the overseas subsidiaries is as follows. These incorporate the financial results of its wholly owned overseas subsidiaries and the Chinese Joint Venture operations.

	Rs. Million	
	CY 2012	CY 2011
Total Income	32,066	28,915
EBITDA	1,184	1,610
EBITDA %	3.7%	5.6%
PBT	(393)	397
PAT after Min Int	(370)	348

The above financials include PBT loss of Rs 168 million on account of discontinued operations of BFA.

FINANCIALS - INDIAN SUBSIDIARIES – FY 2013

The financial statement for FY 2013 for the Indian subsidiaries is as follows. These incorporate the financial results of its wholly owned subsidiaries and BFL's Joint Venture operations with Alstom & David Brown.

	Rs Million	
	FY 2013	FY 2012
Total Income	1,106	24
EBITDA	(145)	(170)
Profit Before Tax	(160)	(185)
PAT after minority Interest	(109)	(151)

CONSOLIDATED RESULT RECONCILIATION

TABLE 8

Rs. Million

FY 2013				
Particulars	BFL	overseas Subs	Indian Subs	Total
PBT	4,299	(393)	(160)	3,746
Add	Consolidation adjustments			(361)
Add	Loss from Discontinued Operations			168
Add	Exceptional Item			366
	PBT from continuing operations			3,919

KEY FINANCIAL PARAMETERS: CONSOLIDATED

TABLE 9

Rs Million

<i>Particulars</i>	<i>March 31, 2013</i>	<i>March 31, 2012</i>
Debt	27,845	27,608
Equity	24,206	23,795
Cash	9,427	10,883
D/E	1.15	1.16
D/E (Net)	0.76	0.70