

BHARAT FORGE



KALYANI



BHARAT FORGE LTD

ANALYST UPDATE – Q1FY23



MANAGEMENT COMMENTS

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BFL 3 Month Report: “The company’s performance in Q1 FY23 was steady with Revenue and EBITDA witnessing growth on a sequential basis. Topline grew by 5.1% to Rs 17,594 million while EBITDA grew by 6.8% to Rs 4,600 million. Export revenues at Rs 10,475 million and PV export revenues at Rs 1,942 million are at an all time high.

We have completed the acquisition of JS Autocast Pvt Limited, at an Enterprise Value of Rs 489.63 Crores. This acquisition significantly enhances our capabilities to address segments in Industrial and energy sector in both domestic and exports markets and also opens up new products, we hitherto were not making. This will also enhance the AtmaNirbharta focus on the company in line with the vision of our Honorable Prime Minister.

During the quarter, the Indian operations secured new business worth ~ Rs 350 Crores across automotive & industrial application.

At a consolidated level, the European operations have delivered a stable performance as per plan, in-spite of high input prices and weak market conditions. The new Greenfield Aluminium Forging facility in North America is still in a ramp-up phase and operating at low utilization levels which has adversely impacted the overall quarterly profitability. We expect this business to turnaround in second half of the fiscal.

Looking ahead in to Q2 FY23, we expect stable performance across both the domestic and export markets despite uncertainty arising from the macro economic headwinds caused by monetary tightening.”

B.N. Kalyani,

Chairman & Managing Director



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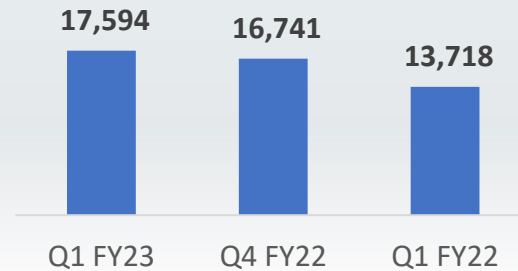
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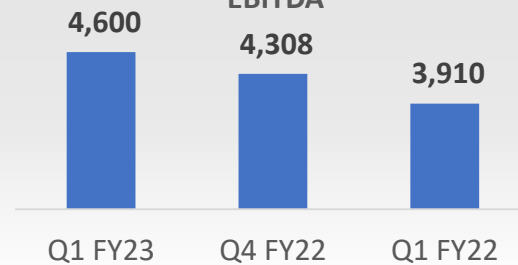
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REVENUES



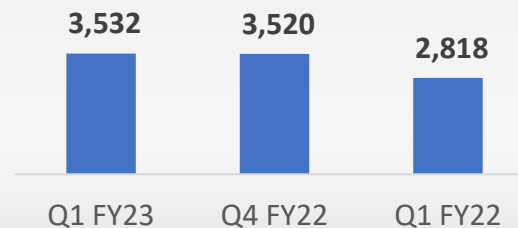
Revenues at Rs 17,594 million in Q1FY23 grew by 5.10% as compared to Q4 FY22 on back of 11.5% growth in Export revenues. Domestic revenues declined by 3.7% due to decline in MHCV production during the quarter.

EBITDA



EBITDA margins at 26.1% in the current quarter is a marginal improvement of 40 bps as compared to Q4 FY22 despite a sharp increase in energy cost.

PBT before Ex. Gain/ (Loss)



PBT before Exchange gain/ (loss) of Rs 3,532 million in Q1 FY23 as against Rs 3,520 million in Q4 FY22.



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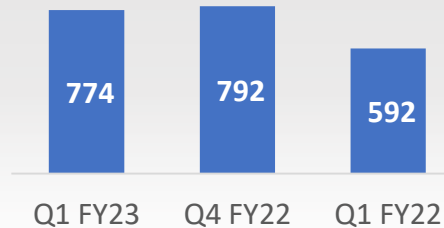


Commercial Vehicles



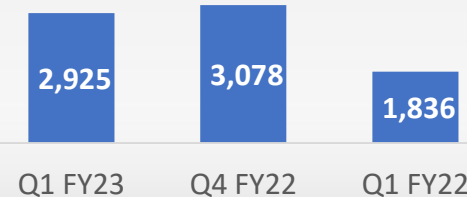
Automotive Business: After a stellar performance in FY22, activity levels took a breather with automotive production declining as compared to the Jan – Mar quarter. MHCV & PV production during the quarter declined by ~ 10% & 4% respectively. In line with the underlying market decline, BFL’s revenues into these segments also witnessed sequential decline.

Passenger Vehicles



Industrials Business: The industrial business continues to display stable performance with the segment registering growth on a YoY basis while witnessing a marginal dip compared to the previous quarter. Two key sub-segments where we continue make good progress are the tractor/ Agri equipment space where the focus is on both customer addition and product enhancement and the capital goods/engineering space.

Industrial



Note: Other Revenue stood at Rs 1,082 million in Q1FY23



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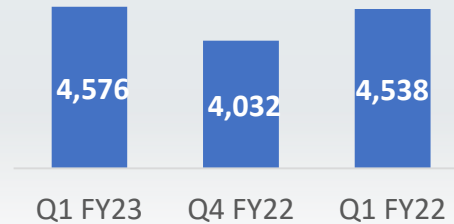
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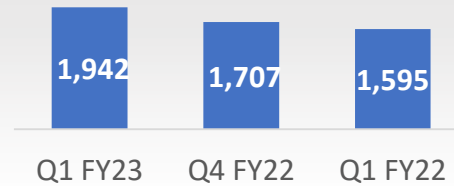
Commercial Vehicles



Automotive Business: The automotive export revenues has witnessed growth on both QoQ & YoY basis across Commercial & Passenger Vehicle segments. Revenues from the CV segment has grown by 13.5% sequentially while the PV segment revenues have grown by 13.8% sequentially. PV revenues at Rs 1,942 million are at a record high and we expect meaningful growth to continue in the medium to long term.

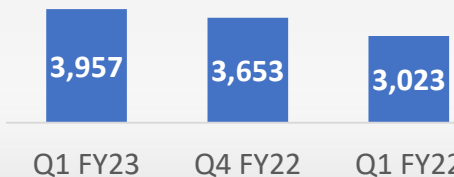
H1 CY22 for the European automotive market has been a mixed bag. Heavy Truck registration is marginally up while the Passenger Vehicle segment is down 14%. Clearly, the geo-political crisis has had an impact on overall demand and more importantly on the supply chain. The impact of high energy prices across Europe, monetary tightening by the central bank will be keenly monitored as they may potentially provide potential opportunities for new business wins.

Passenger Vehicles



Industrials Business: The industrial segment has witnessed growth on both Sequential and YoY basis driven by growth in key sectors we currently cater to. One transition/de-risking which is steadily playing out in this segment is the growth in the Aerospace business. Today, this business is contributing ~ 10% to the industrial business and is clearly witnessing traction from customer & product portfolio enhancement aspect. During the quarter, we have added two new customers in this space providing a solid visibility for long term growth.

Industrial



The other sectors within Industrial have also done well on back of strong activity across Construction & Mining space. We continue to focus on building new relationships within the Industrial space targeted at Construction & Mining, Railways, Agri equipment's etc.

Rs. Million

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PARTICULARS	Q1FY23	Q4FY22	Q1FY22
Americas	7,029	6,290	6,247
Europe	3,108	2,778	2,645
Asia Pacific	339	323	265
Total	10,475	9,392	9,156



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Revenues



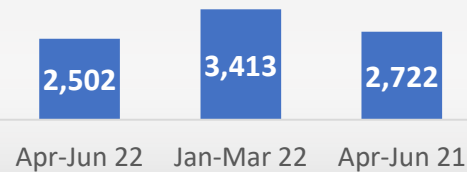
Apr-Jun 22 Jan-Mar 22 Apr-Jun 21

EBITDA



Apr-Jun 22 Jan-Mar 22 Apr-Jun 21

PBT before Ex Gain/(loss)



Apr-Jun 22 Jan-Mar 22 Apr-Jun 21

Rs. Million

Particulars	June 30, 2022	March 31, 2022
Long Term Debt	26,244	23,151
WC & Bill Discounting	34,603	33,394
Equity	67,417	66,267
Cash	31,433	27,334
D/E	0.90	0.85
D/E (Net)	0.44	0.44



FINANCIAL ANNEXURES

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Standalone P&L Highlights Q1 FY23

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Rs. Million

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STANDALONE FINANCIALS	Q1FY23	Q4FY22	QoQ%	Q1FY22	YoY%
Shipment Tonnage	57,915	57,543	0.6	53,512	8.2
Domestic Revenue	6,895	7,161	-3.7	4,418	56.1
Export Revenue	10,475	9,392	11.5	9,156	14.4
Other Operating Income	224	189		144	
Total Revenue	17,594	16,741	5.1	13,718	28.3
EBITDA	4,600	4,308	6.8	3,910	17.6
EBITDA%	26.1%	25.7%		28.5%	
Other Income	259	662		333	
Profit Before Tax	3,532	3,520	0.3	2,818	25.3
PBT %	20.1%	21.0%		20.5%	
Exchange Gain / (Loss)	(250)	4		4	
Exceptional Item	(30)	(25)		(616)	
Profit Before Tax	3,252	3,499		2,206	
Profit After Tax	2,436	2,619	(7.0)	1,668	46.0



Standalone Balance Sheet Highlights as on June 30, 2022

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Rs. Million

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Particulars (Standalone)	June 30, 2022	March 31, 2022
Long Term Debt	21,030	17,834
Working Capital & Bill Discounting	22,218	21,215
Equity	72,932	71,098
Cash	29,415	24,818
ROCE (Net of Cash)	16.0%	17.2%
RONW	14.4%	14.9%
D/E (Net)	0.19	0.20



Rs. Million

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Overseas Mfg. Ops	Apr - Jun 2022	Jan – Mar 2022	Apr – Jun 2021
Total Revenue	10,490	9,083	8,533
EBITDA	495	746	925
EBITDA %	4.7%	8.2%	10.8%
PBT before Ex Gain/(Loss)	(221)	146	246
EBITDA (ex of US- Alu)*	792	807	925
EBITDA %	7.7%	8.9%	10.8%

* US Aluminium operations have just commenced recently and are operating at very low utilization levels.

Overseas Ops Sales	Apr - Jun 2022	Jan – Mar 2022	Apr – Jun 2021
Steel Forgings	7,552 (72%)	6,893 (76%)	6,644 (78%)
EU Al Forgings	2,938 (28%)	2,190 (24%)	1,889 (22%)
Total	10,490	9,083	8,533



Rs. Million

Indian Subsidiaries	Apr – Jun 2022	Jan – Mar 2022	Apr – Jun 2021
Total Revenue	364	772	127
EBITDA	(83)	(136)	(24)
PBT Before Exchange Gain/(Loss)	(160)	(133)	(46)

Rs. Million

BFL + BIFL (Trading Subsidiary)	Apr – Jun 2022	Jan – Mar 2022	Apr – Jun 2021
Total Revenue	17,661	17,804	12,851
EBITDA	3,967	4,199	3,619
EBITDA%	22.5%	23.6%	28.2%
PBT Before Exchange Gain/(Loss)	2,883	3,375	2,522

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DISCLAIMER

This presentation contains certain forward looking statements concerning Bharat Forge's future business prospects and business profitability, which are subject to a number of risks and uncertainties and the actual results could materially differ from those in such forward looking statements. The risks and uncertainties relating to these statements include, but not limited to, risks and uncertainties, regarding fluctuations in earnings, our ability to manage growth, competition

(both domestic and international), economic growth in India and the target countries for exports, ability to attract and retain highly skilled professionals, time and cost over runs on contracts, our ability to manage our international operations, government policies and actions with respect to investments, fiscal deficits, regulations, interest rates and other fiscal costs generally prevailing in the economy. The company does not undertake to make any announcement in case any of these forward looking statements become materially incorrect in future or update any forward looking statements made from time to time by or on behalf of the company. No part of this presentation shall be reproduced, copied, forwarded to any third party either in print or in electronic form without prior express consent of the company.

THANK YOU

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