



Escorts Kubota Limited

(Formerly Escorts Limited)

Q3 FY23 | EARNING PRESENTATION

8th February 2023

BSE: 500495 | NSE: ESCORTS



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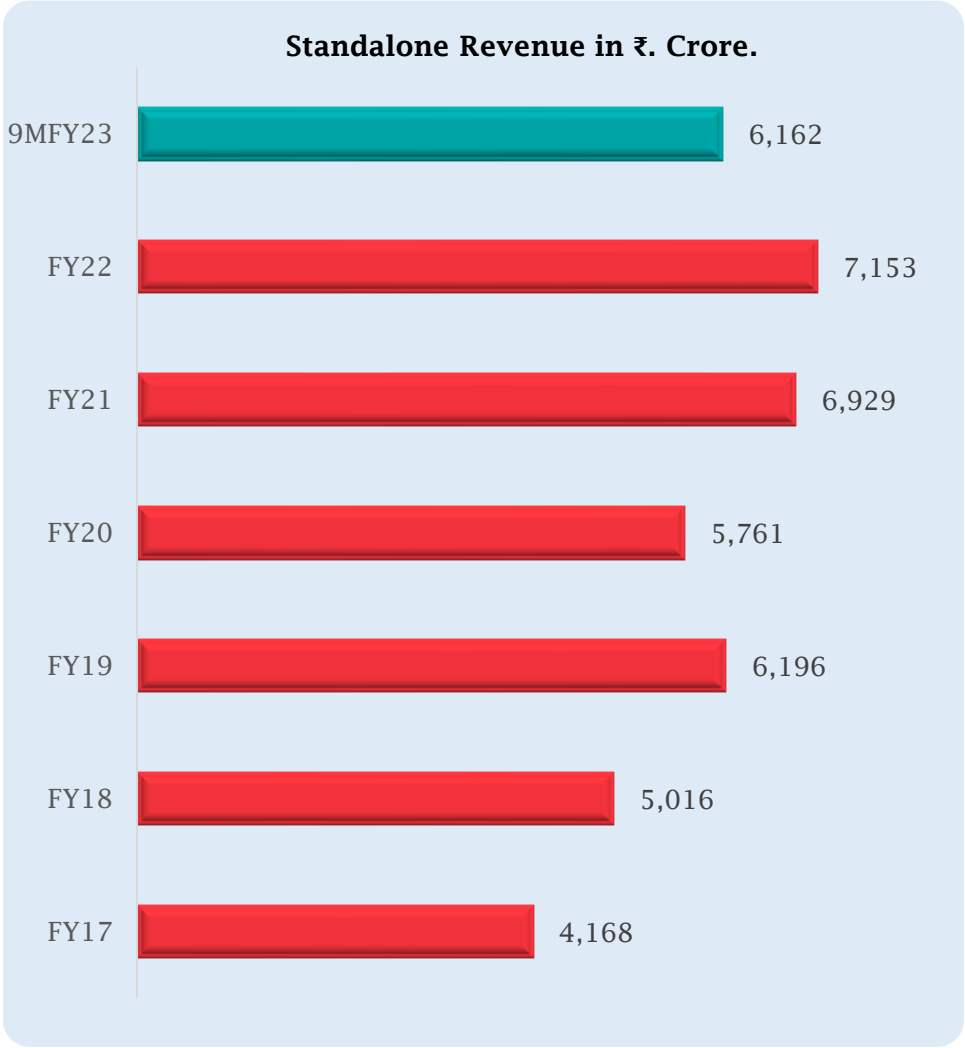
Escorts Kubota Limited: Overview

(Formerly Escorts Limited)

➤ **Escorts Kubota Limited (EKL)** A leading engineering conglomerate with a history of over seven decades, steering India's socio-economic growth through pioneering contribution in critical industrial sectors.

- Three Business Divisions:**
- 1. **Agri Machinery** - Tractors, Engine, Spare parts and Lubes
 - 2. **Construction Equipment** - Material handing, Road compaction and Earth Moving Equipment.
 - 3. **Railway Equipment** - Brake System, Couplers, Suspension System, Friction & rubber Products.

- **Headquartered In:** Faridabad, Haryana, India
- **Manufacturing Facilities:** 6 Plants* located in Faridabad, Haryana, India
- **Exchange Listing# :** Listed on NSE and BSE
- **Market Capitalization:** ~ Rs26,460 Crores as on 7th February 2023



Q3FY23 YoY Highlights

Particulars	Industry Growth	EKL Growth	Variance	
Domestic Tractor Volume	10.5%	12.3%	●	1.8%
Export Tractor Volume	-14.4%	-8.0%	●	6.4%
Total Tractor Volume	7.2%	10.7%	●	3.5%
PNC Volume	34.8%	19.3%	●	-15.5%
BHL Volume	29.6%	-25.9%	●	-55.5%
Compactor Volume	11.9%	-34.1%	●	-46.0%
Served Construction Equipment Volume*	28.9%	5.3%	●	-23.5%
Railway Segment Revenue		43.4%		

● Positive ● Neutral ● Negative



*Served Construction Equipment include- PNC Cranes, Backhoe loaders and Compactors

% rounded off to nearest single decimal

Q3FY23 YoY at a Glance

Particulars	Unit	Q3FY23	Q3FY22	Variance
Domestic Tractor Market Share	%	10.6%	10.4%	● 17 bps
Revenue from Operations	₹ Cr.	2,263.7	1,971.5	● 14.8%
Material Cost	%	74.5	69.7	● 479 bps
Manpower Cost	%	6.7	6.7	● 3 bps
EBIDTA	₹ Cr.	190.3	278.6	● -31.7%
EBIDTA Margin	%	8.4	14.1	● -572 bps
Other Income*	₹ Cr.	91.3	26.0	● 251.6%
PBT	₹ Cr.	241.4	268.8	● -10.2%
PAT	₹ Cr.	186.4	201.5	● -7.5%
EPS	₹	14.37	15.33	● -6.3%

● Positive ● Neutral ● Negative

Standalone Financials *Include non-recurring item of Rs. 12.5 Cr. on account of contract termination recovery from erstwhile Tadano JV % rounded off to nearest single decimal

Q3FY23 YoY at a Glance

28,025
Tractors Volumes

 10.7%

1,209
Construction Equipment's

 5.0%

₹ 249.3 Crore
Revenue from Railway Equipment

 43.4%

₹ 2,263.7 Crore
Revenue From Operations



 14.8%

₹ 190.3 Crore
EBIDTA

 -31.7%

₹ 186.4 Crore
Profit After Tax

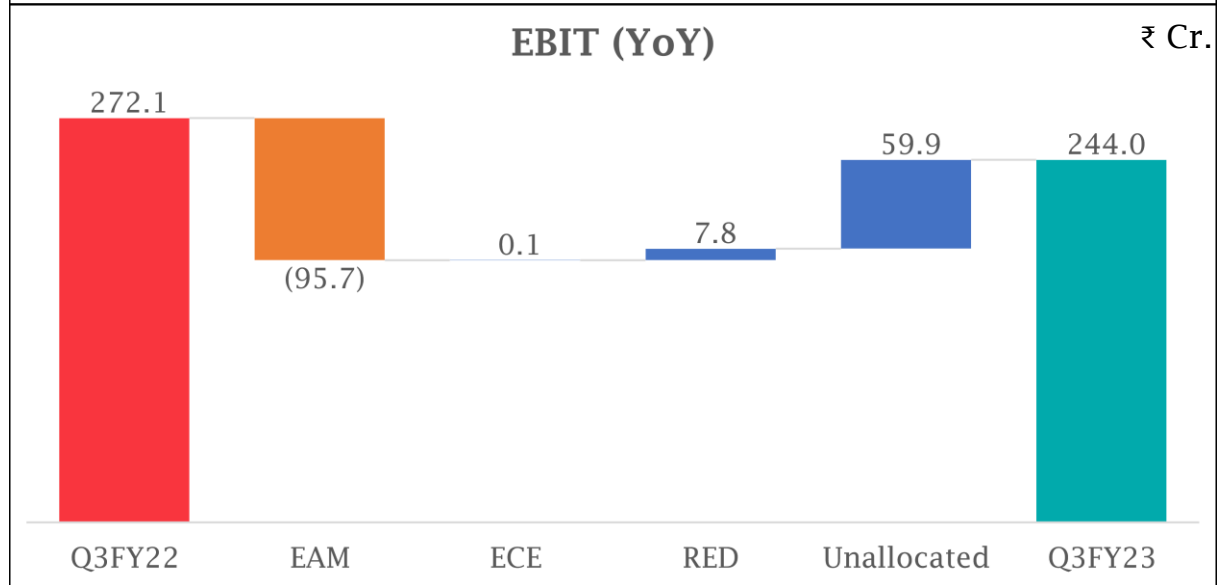
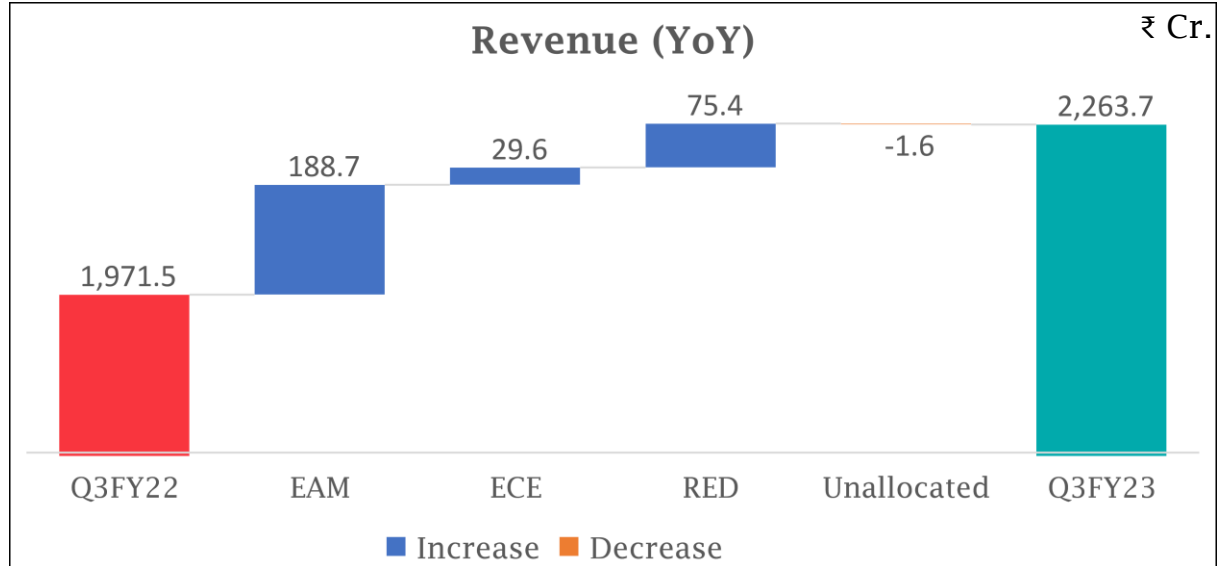
 -7.5%

 Up Year on Year
 Down Year on Year



% rounded off to nearest single decimal

Q3 - YoY Revenue up by 14.8%; EBIT down by 10.3%



Revenue Key Highlights

- Tractor Sales up by 10.7% at 28,025 units
- Construction Equipment Sales up by 5.0% at 1,209 units
- Railway Equipment revenue up by 43.4% at ₹ 249.3 Crore.

EBIT Key Highlights

- Adversely impacted due to
 - Commodity price inflation.
 - Product mix.
 - Price rationalization



Q3FY23 QoQ at a Glance

Particulars	Unit	Q3FY23	Q2FY23	Variance
Domestic Tractor Market Share	%	10.6%	9.7%	● 93 bps
Revenue from Operations	₹ Cr.	2,263.7	1,883.5	● 20.2%
Material Cost	%	74.5	72.4	● 212 bps
Manpower Cost	%	6.7	7.9	● -116 bps
EBIDTA	₹ Cr.	190.3	152.7	● 24.7%
EBIDTA Margin	%	8.4	8.1	● 30 bps
Other Income*	₹ Cr.	91.3	77.6	● 17.7%
PBT Before Exceptional items	₹ Cr.	241.4	191.5	● 26.1%
PAT	₹ Cr.	186.4	87.7	● 112.6%
EPS	₹	14.37	6.76	● 112.6%

● Positive ● Neutral ● Negative

Standalone Financials *Include non-recurring item of Rs. 12.5 Cr. on account of contract termination recovery from erstwhile Tadano JV % rounded off to nearest single decimal

Q3FY23 QoQ at a Glance

28,025
Tractors Volumes

 18.2%

1,209
Construction Equipment's

 31.8%

₹ 249.3 Crore
Revenue from Railway Equipment

 37.0%

₹ 2,263.7 Crore
Revenue From Operations



 20.2%

₹ 190.3 Crore
EBIDTA

 24.7%

₹ 186.4 Crore
Profit After Tax

 112.6%

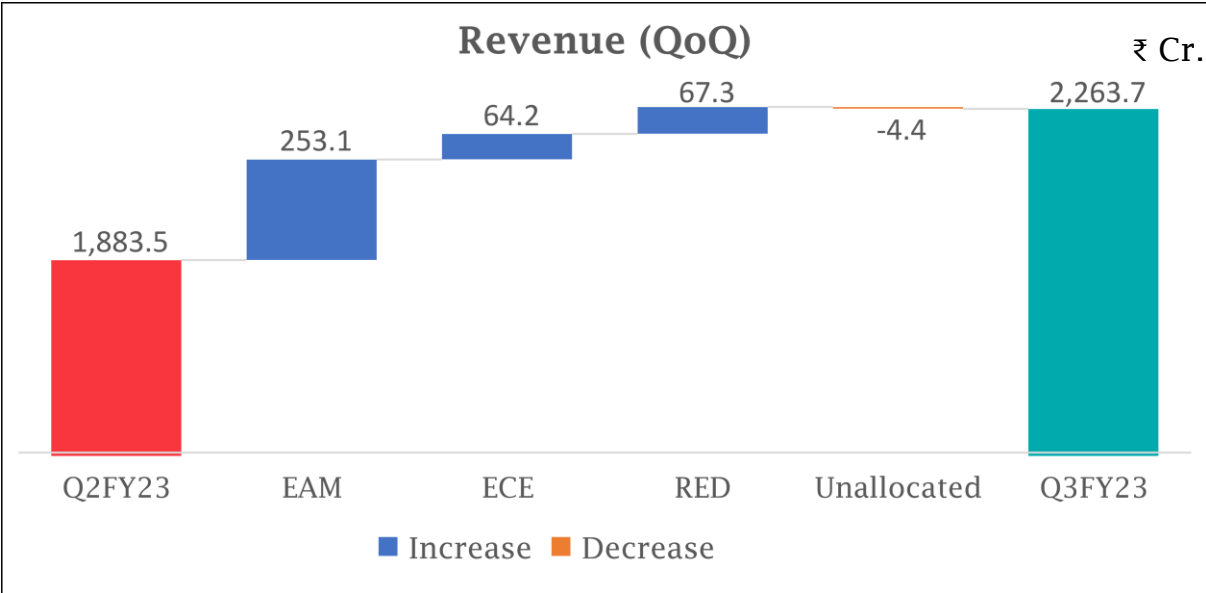
 Up Quarter on Quarter
 Down Quarter on Quarter

Standalone Financials



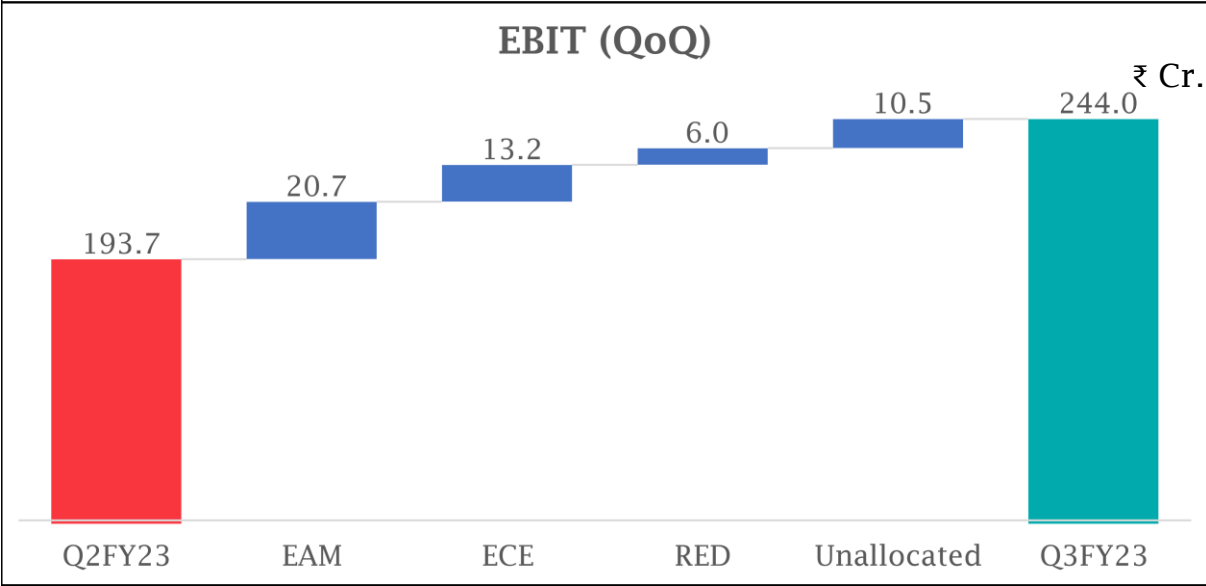
% rounded off to nearest single decimal

Q3 - QoQ Revenue up by 20.2%; EBIT up by 26.0%



Revenue Key Highlights

- Tractor Sales up by 18.2% at 28,025 units
- Construction Equipment Sales up by 31.8% at 1,209 units
- Railway Equipment revenue up by 37.0% at ₹ 249.3 Crore.



EBIT Key Highlights

- Operating leverage across business segment.



Q3FY23 at a Glance

₹ 14.4

Earning Per Share

12.1%

Return on Capital Employed
(Annualized)

9.3%

Return on Equity
(Annualized)

~85%

Capacity Utilization

Agri Machinery

~45%

Capacity Utilization

Construction Equipment

More than **₹ 1,000 Crore**
Of Order Book

Railway Equipment Division
(as of 31st December 2022)



9MFY23 YoY at a Glance

Particulars	Unit	9MFY23	9MFY22	Variance
Domestic Tractor Market Share	%	9.8%	10.0%	● -22 bps
Revenue from Operations	₹ Cr.	6,162.0	5,327.3	● 15.7%
Material Cost	%	73.1	68.0	● 513 bps
Manpower Cost	%	7.1	7.7	● -56 bps
EBIDTA	₹ Cr.	544.6	744.0	● -26.8%
EBIDTA Margin	%	8.8	14.0	● -513 bps
PBT Before Exceptional items	₹ Cr.	630.9	752.4	● -16.1%
PAT	₹ Cr.	421.5	563.4	● -25.2%
EPS	₹	32.52	42.75	● -23.9%

● Positive ● Neutral ● Negative



9MFY23 YoY at a Glance

78,525
Tractors Volumes

 8.6%

3,092
Construction Equipment's

 9.2%

₹ 604.7 Crore
Revenue from Railway Equipment

 30.5%

₹ 6,162.0 Crore
Revenue From Operations

 15.7%



₹ 544.6 Crore
EBIDTA

 -26.8%

₹ 421.5 Crore
Profit After Tax

 -25.2%

Impacted due to provision on account
of impairment of investment in Tadano
Escorts India Private Limited

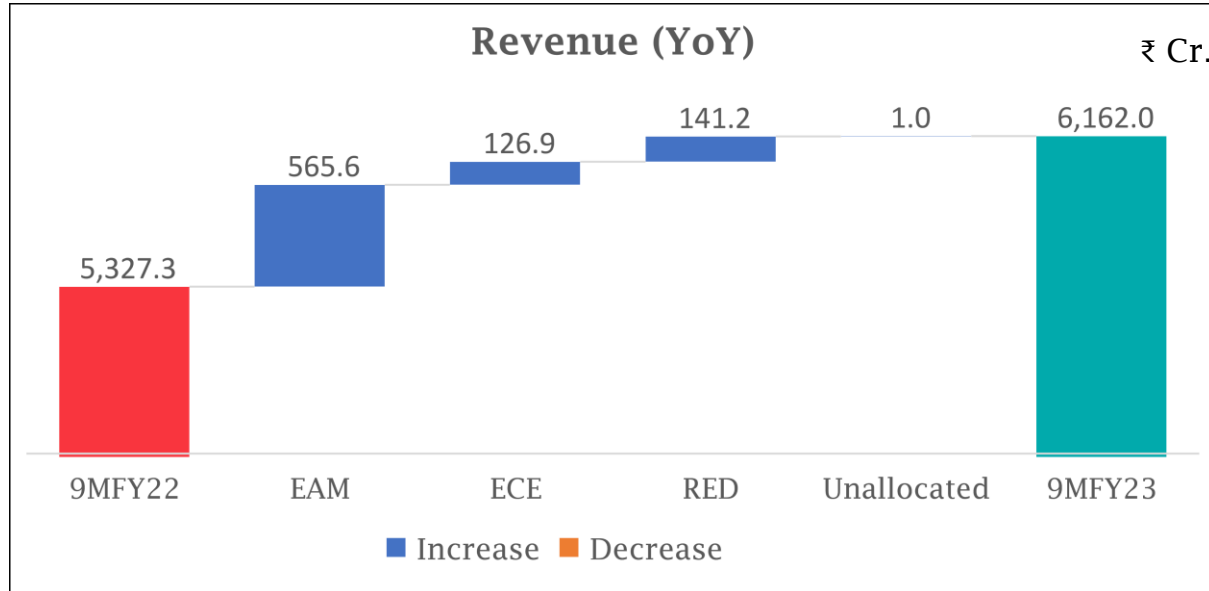
 Up Quarter on Quarter
 Down Quarter on Quarter

Standalone Financials

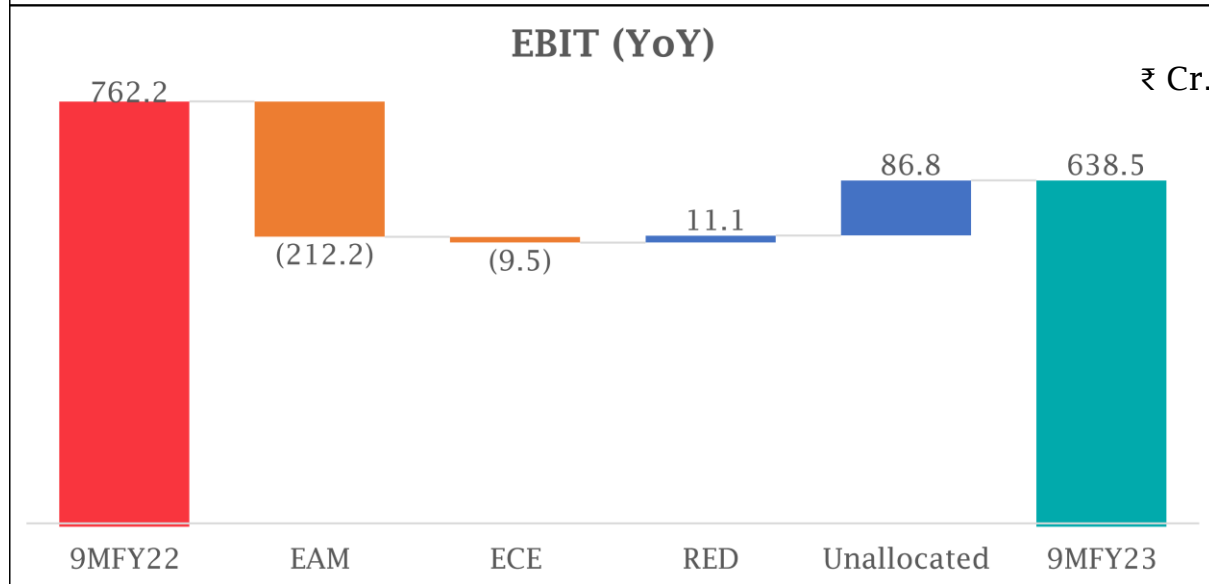


% rounded off to nearest single decimal

9M – YoY Revenue up by 15.7%; EBIT down by 16.2%



- ### Revenue Key Highlights
- Tractor Sales up by 8.6% at 78,525 units
 - Construction Equipment Sales up by 9.2% at 3,092 units
 - Railway Equipment revenue up by 30.5% at ₹ 604.7 Crore.



- ### EBIT Key Highlights
- Adversely impacted due to steep inflation in commodity prices coupled with adverse product mix impact and price rationalization.



9MFY23 at a Glance

₹ 32.5

Earning Per Share

10.7%

Return on Capital Employed
(Annualized)

7.0%

Return on Equity
(Annualized)

~90%

Capacity Utilization

Agri Machinery

~40%

Capacity Utilization

Construction Equipment

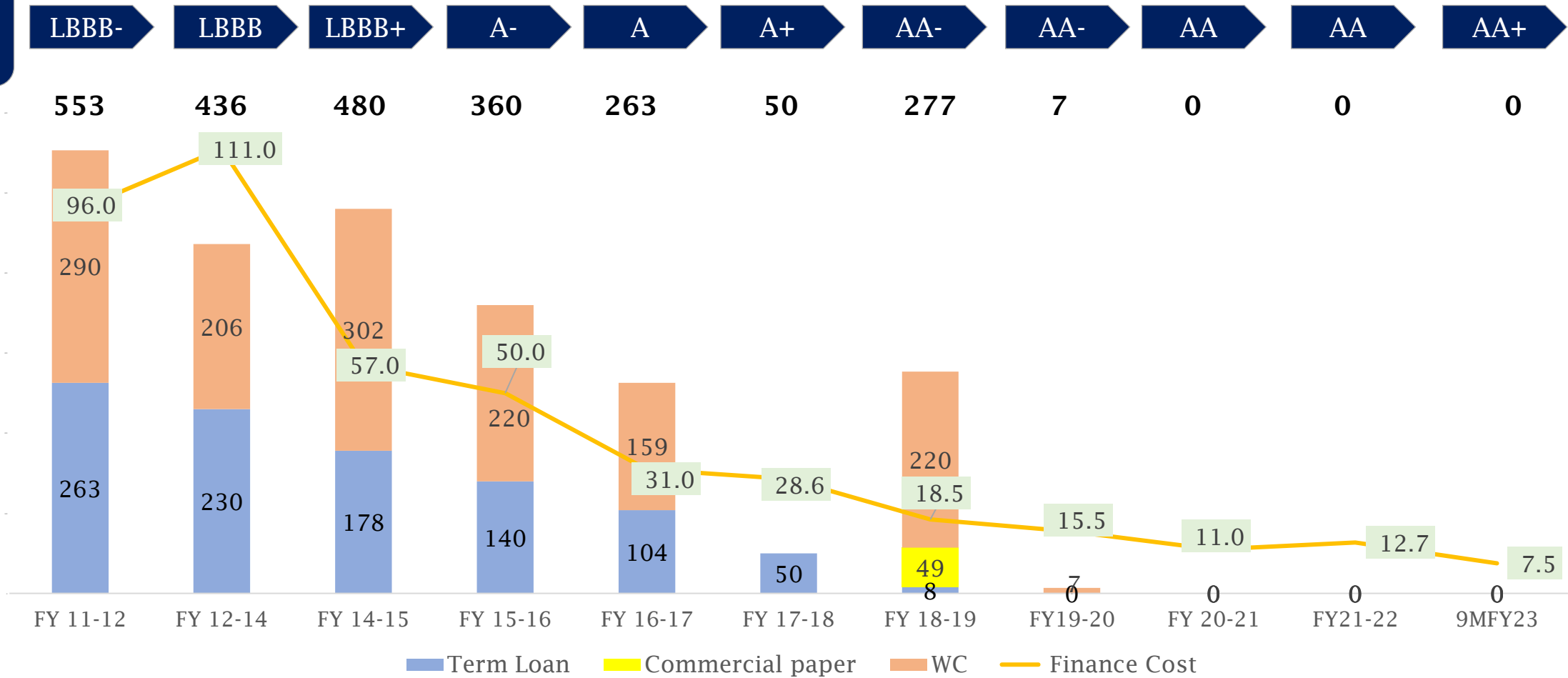
More than **₹ 1,000 Crore**
Of Order Book

Railway Equipment Division
(as of 31st December 2022)



Credit Rating & Debt Profile

Long Term
Credit
Rating
(₹ Crs.)



Please note:-
1. Nos. from FY 11-12 to FY 14-15 is as per IGAAP.
2. Finance Cost for FY 12-14 is for 18 months.



Management Message



There has been positive & continuous growth across businesses, and we feel government spending on core sectors will favour demand across industry segments. We have recently announced our mid-term business plan and all our strategic efforts are directed in achieving the targeted growth. In Agri business, rural sentiments continue to remain favourable owing to improved rabi sowing assisted by good monsoon this year. We are witnessing improved demand across products in our construction business too as the infrastructure projects are now moving at a fast pace and expect this demand to continue for the balance period of this fiscal year. Railway business is consistently growing on order book, and we look at a good performance ahead. We will continue to invest in new products, innovative & digitised processes, and wider global distribution for enhanced customer coverage. While inflation impact on margin may take some time to normalise, the overall macroeconomic factors remain favourable for overall economic growth.

Nikhil Nanda Chairman and Managing Director

Our mid-term business plan has mapped opportunities across our core business verticals, and we are hopeful that with our strategic initiatives & operational efficiency across segments, we will be able to achieve desired growth. We will continue to develop product mix and integrate innovation for enhanced customer experience and leverage on growing demand. Enhanced focus on farming prosperity and infrastructure development will always be one of our main focus and we will continue to contribute in the space through our technology offering



Mr. Seiji Fukuoka, Deputy Managing Director



Segmental Performance



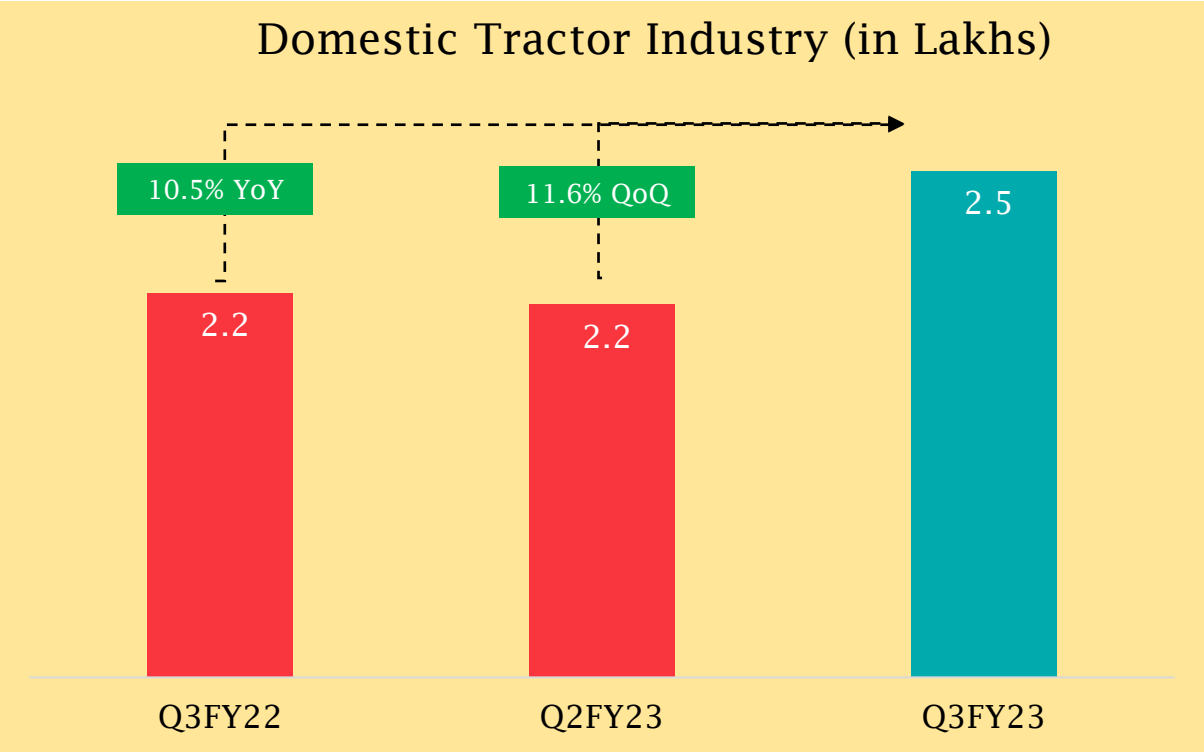
Agri Machinery



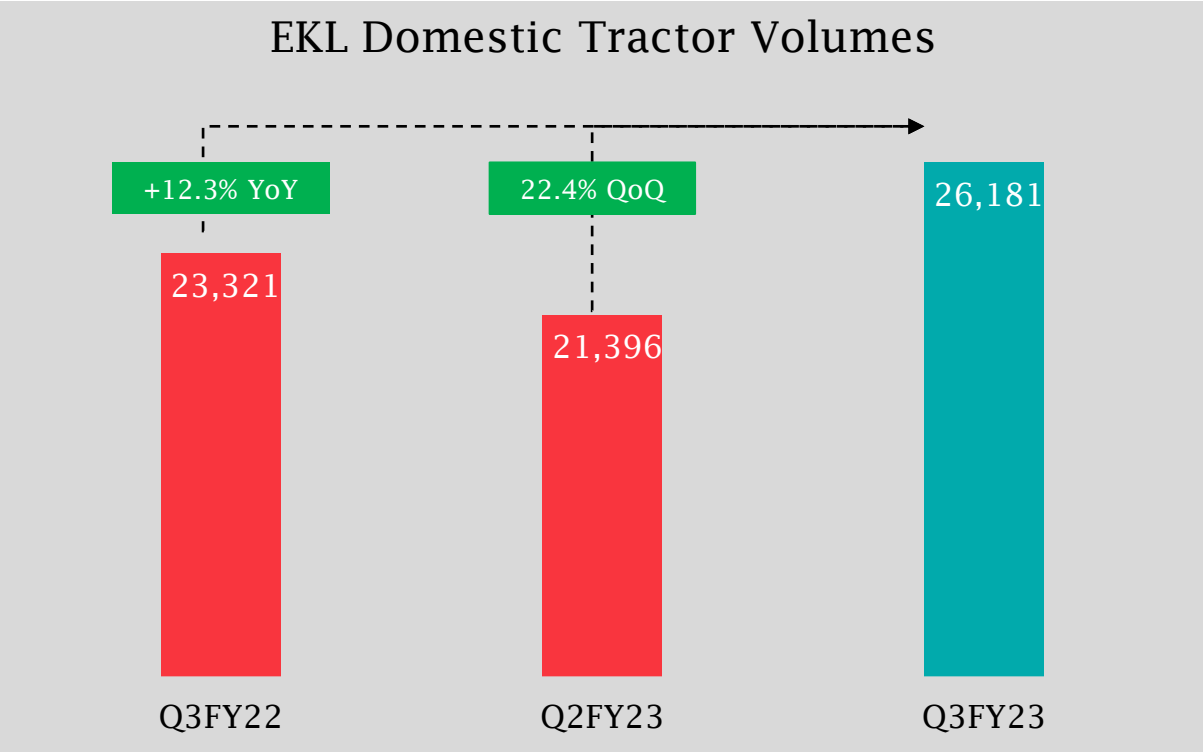
Powering The Dreams Of Farmer

Q3 Agri Machinery Domestic Performance

Domestic Tractor Industry (in Lakhs)



EKL Domestic Tractor Volumes



Industry in Strong Regions grew by 7.6% Y-o-Y

Industry in Rest Region grew by 13.5% Y-o-Y

EKL-Tractor In Strong Region grew by 16.7% Y-o-Y

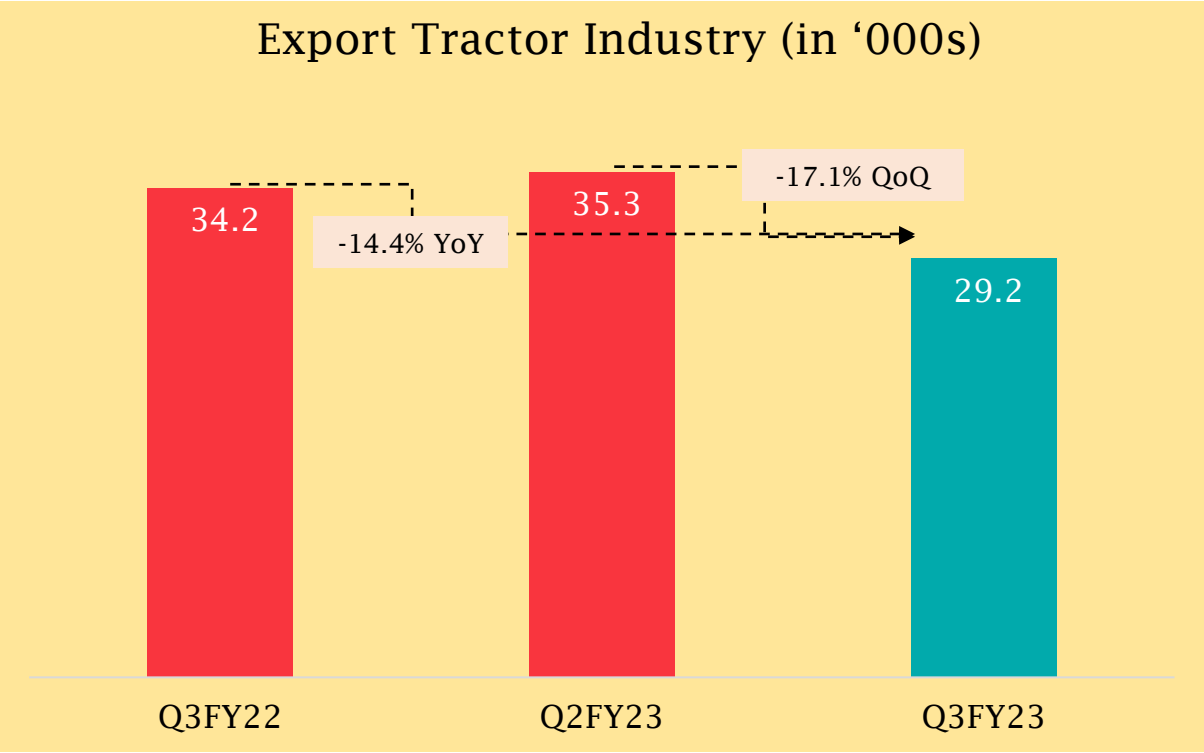
ELK - Tractor In Rest Region grew by 15.2% Y-o-Y

Growth

De-Growth

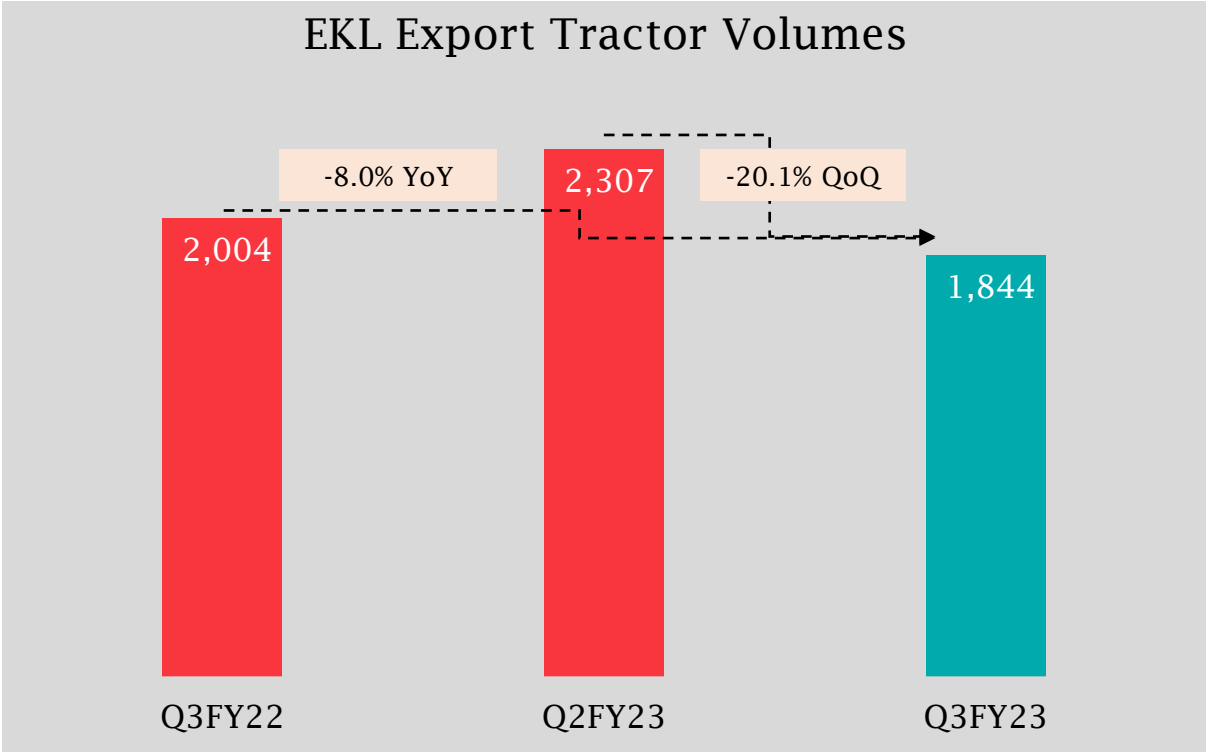
Q3 Agri Machinery Export Performance

Export Tractor Industry (in '000s)



Export through Kubota channel 30%+
of total Export volume

EKL Export Tractor Volumes



6.3% Share of Market in Q3FY23,
up by 44 bps Y-o-Y

Growth

De-Growth

08-02-2023




Agri Machinery Performance at Glance in Q3FY23


₹ 1,708.0 Crore
Segmental Revenue

 **12.4%**
(Y-o-Y)

 **17.4%**
(Q-o-Q)

8.3%
EBIT margin

 **-734 bps**
(Y-o-Y)

 **-3 bps**
(Q-o-Q)

~85%

Capacity Utilization

42:58

Farmtrac : Powertrac Sales Ratio*

40:60
(In Q3FY23)

42:58
(In Q2FY23)

37:63

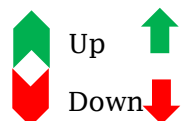
Less than 40 HP : Greater than 40 HP
Sales Ratio*

37:63
(In Q3FY22)

38:62
(In Q2FY23)

26.0%

Return on Capital Employed
(Annualized)



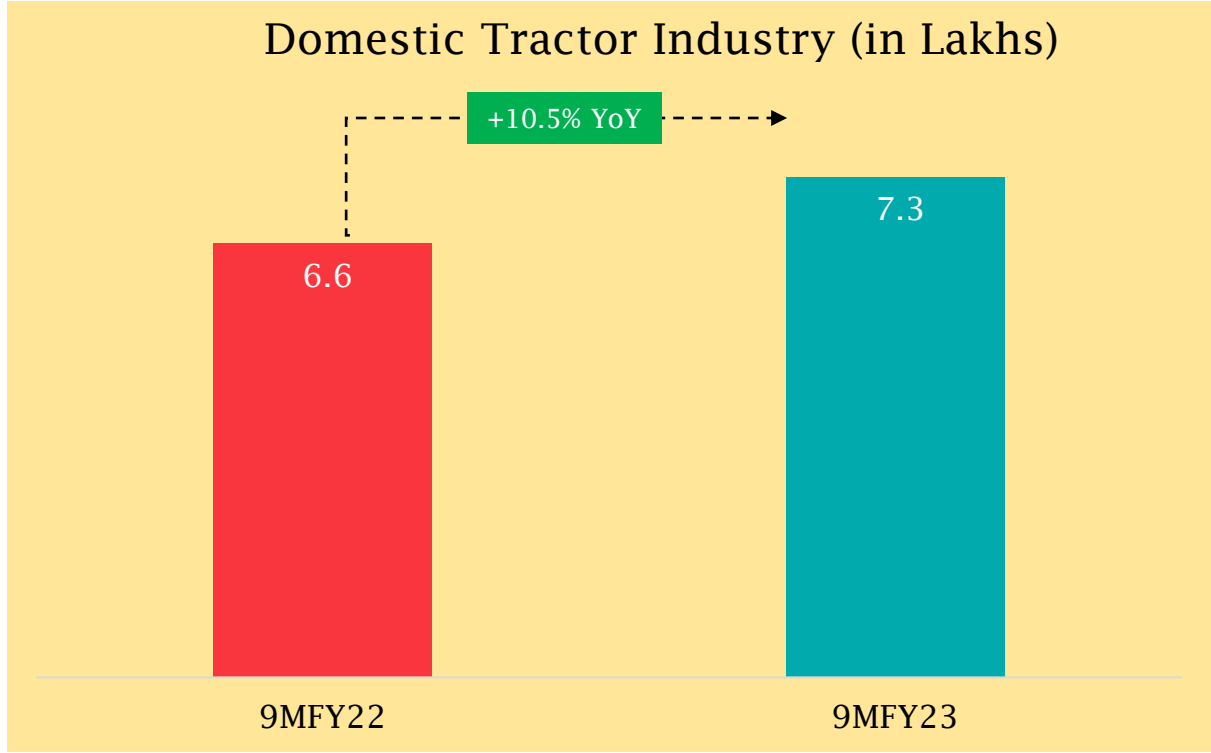
* Domestic



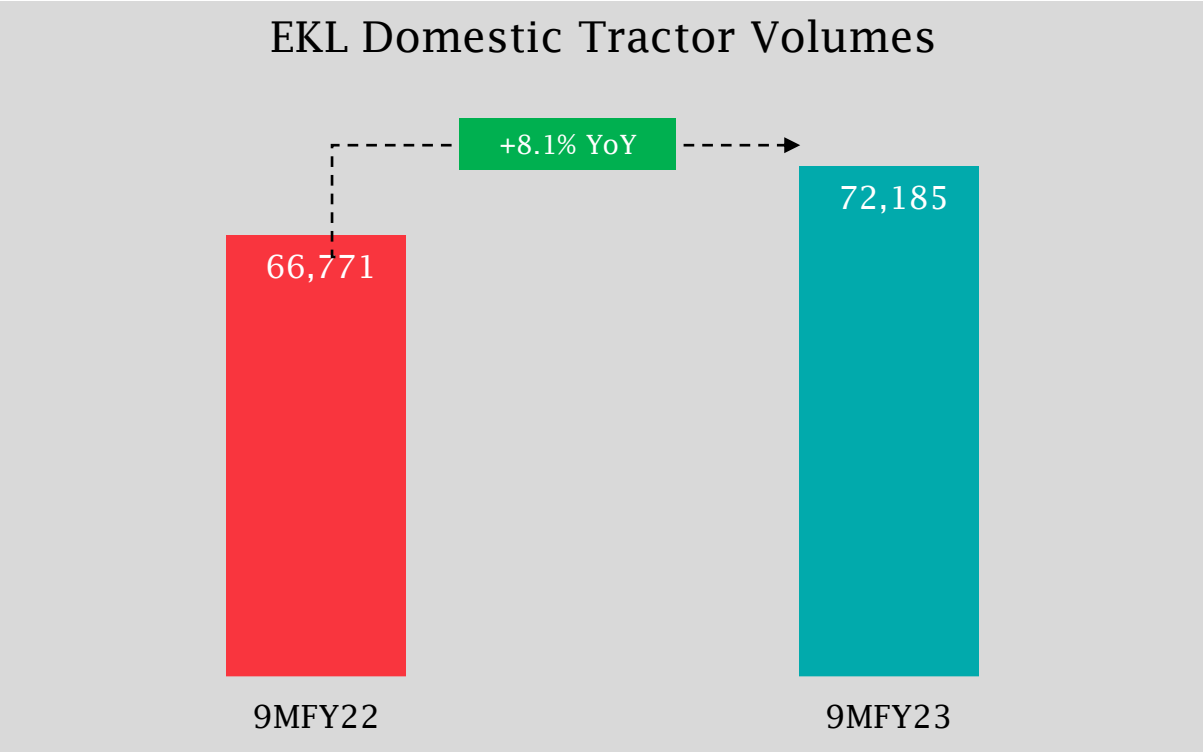
% rounded off to nearest single decimal

9M Agri Machinery Domestic Performance

Domestic Tractor Industry (in Lakhs)



EKL Domestic Tractor Volumes



Industry in Strong Regions grew by 14.1% Y-o-Y

Industry in Rest Region grew by 7.0% Y-o-Y

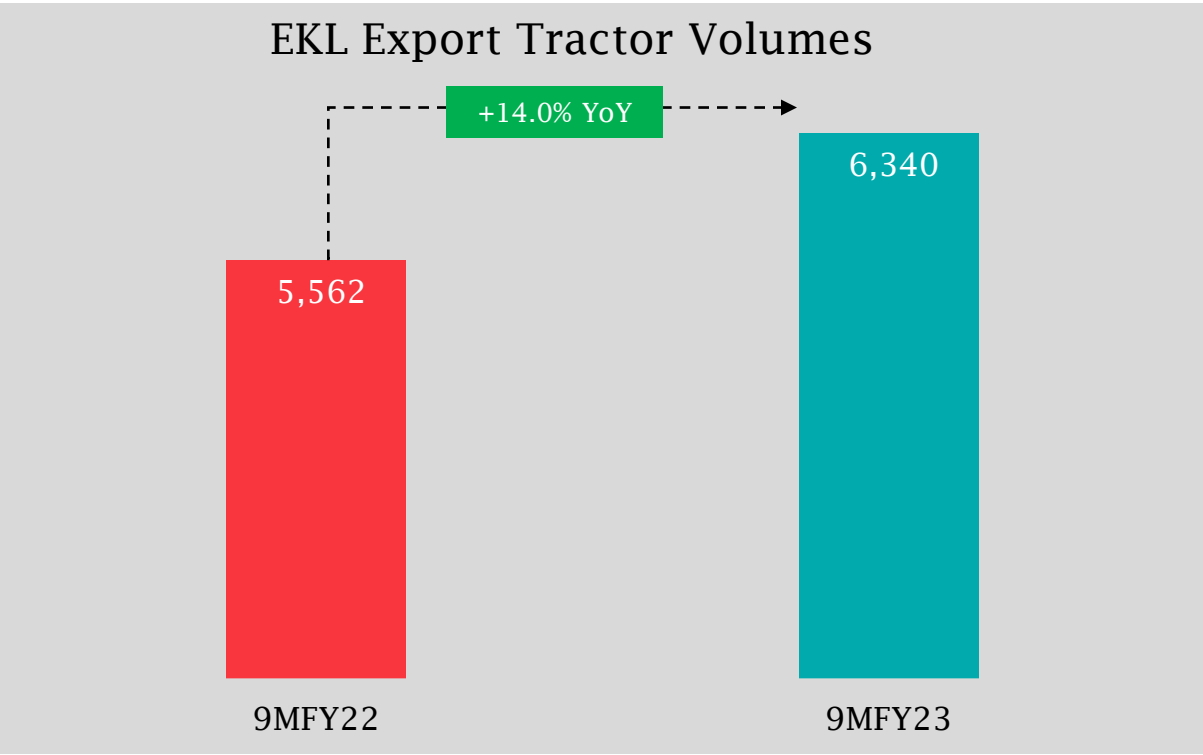
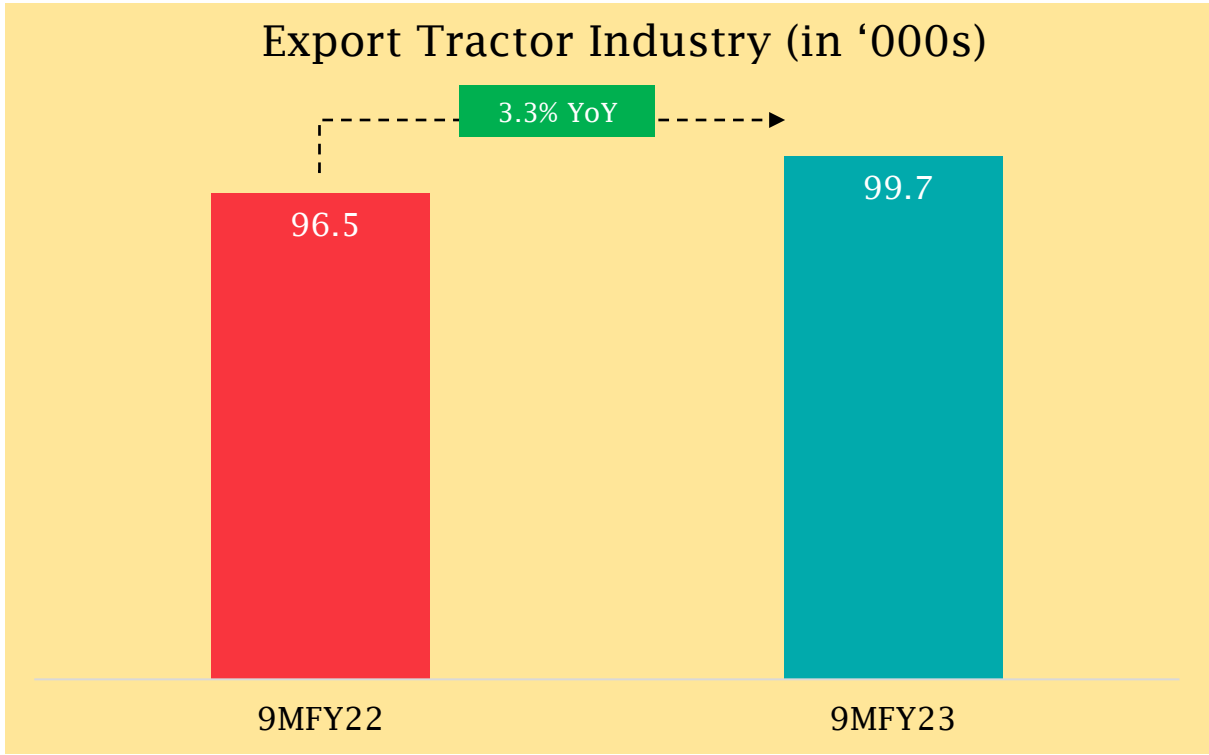
EKL-Tractor In Strong Region grew by 9.9% Y-o-Y

ELK - Tractor In Rest Region down by 4.3% Y-o-Y

Growth

De-Growth

9M Agri Machinery Export Performance



Highest Ever 9M Export Sales

Export through Kubota channel 30%+ of total Export volume

6.4% Share of Market in 9MFY23, up by 60 bps Y-o-Y

Growth

De-Growth

08-02-2023




% rounded off to nearest single decimal

Agri Machinery Performance at Glance in 9MFY23

₹ 4,758.6 Crore
Segmental Revenue

 **13.5%**
(Y-o-Y)

9.1%
EBIT margin

 **-629 bps**
(Y-o-Y)

~90%

Capacity Utilization

41:59

Farmtrac : Powertrac Sales Ratio*

41:59
(In 9MFY22)

38:62

Less than 40 HP : Greater than 40 HP
Sales Ratio*

38:62
(In 9MFY22)

26.9%

Return on Capital Employed
(Annualized)



* Domestic

08-02-2023



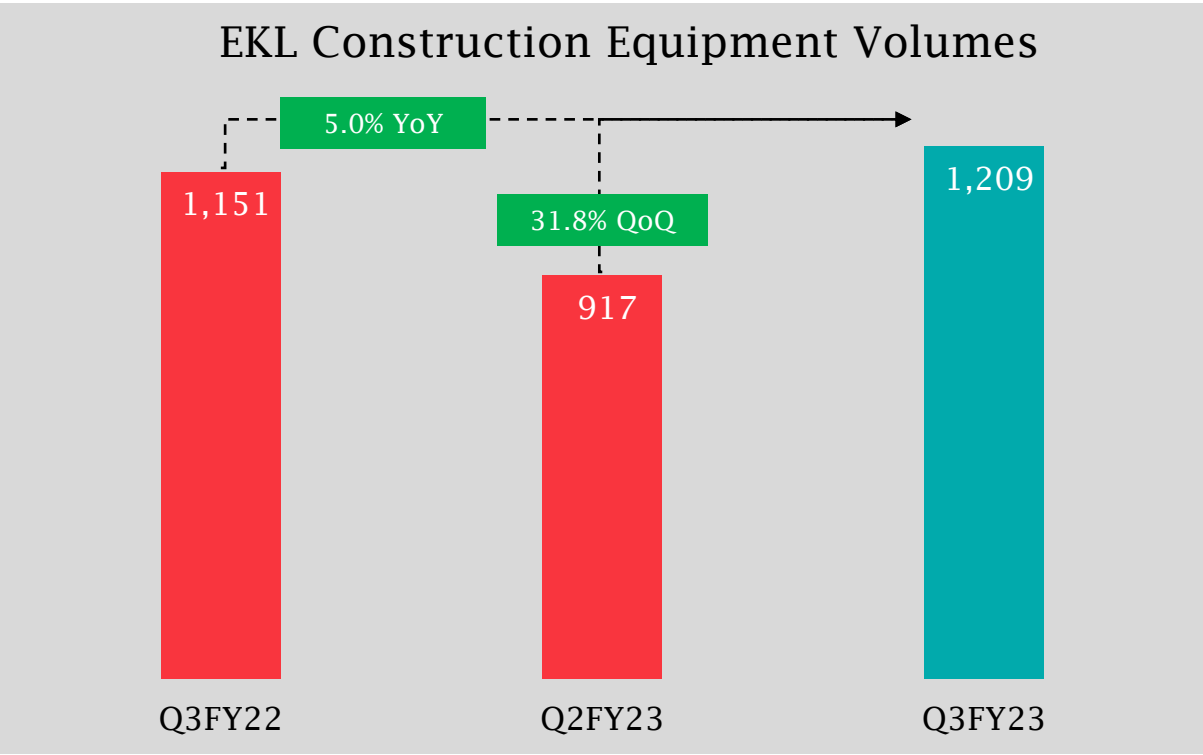
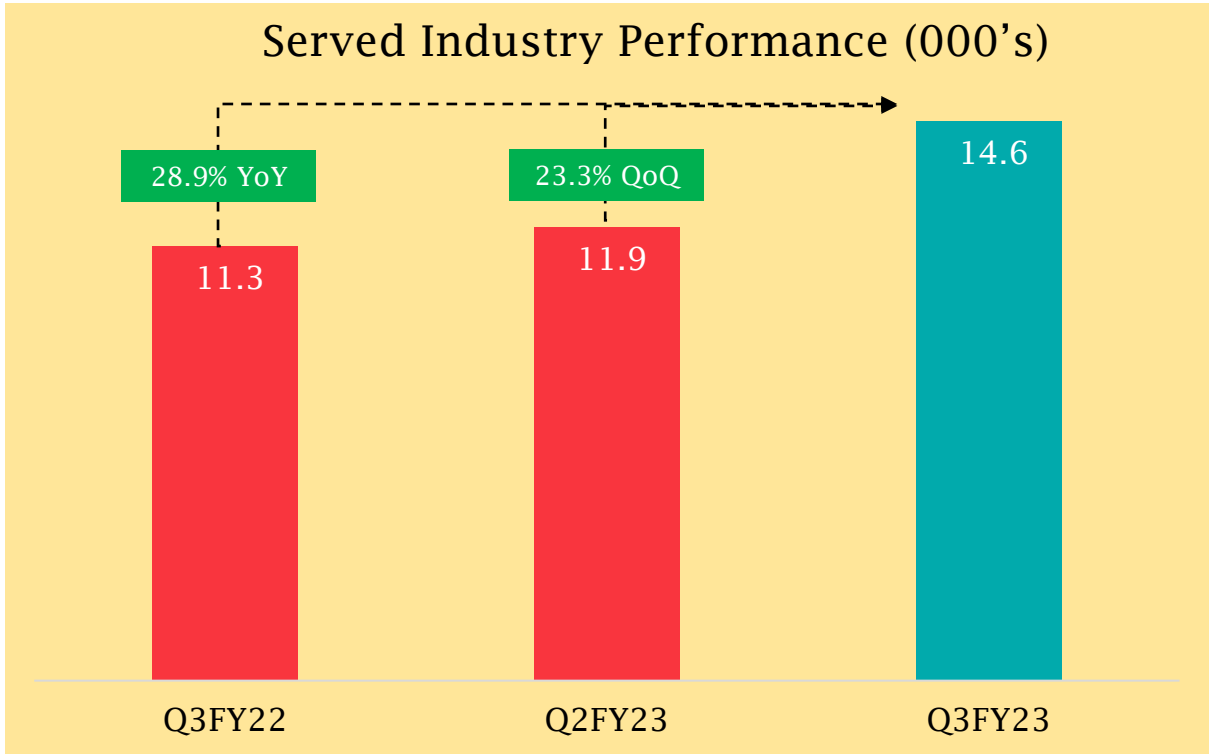
Construction Equipment

The background of the slide features two construction cranes. On the left is a white crane with a long boom, and on the right is an orange crane with a similar boom. Both cranes are positioned diagonally across the frame. The background is dark with several bright, curved light trails that create a sense of motion and technology. The text is overlaid on this background.

**Building a
Better Tomorrow**

Preferred Partner In Nation Building

Q3 - Construction Equipment Performance



BHL Industry up by 29.6% Y-o-Y

PnC Industry up by 34.8% Y-o-Y

Compactors Industry down by 11.9% Y-o-Y

Growth

De-Growth

08-02-2023



% rounded off to nearest single decimal

Construction Equipment Performance at Glance in Q3FY23

₹ 306 Crore
Segmental Revenue


2.2%
EBIT margin


~45%

Capacity Utilization

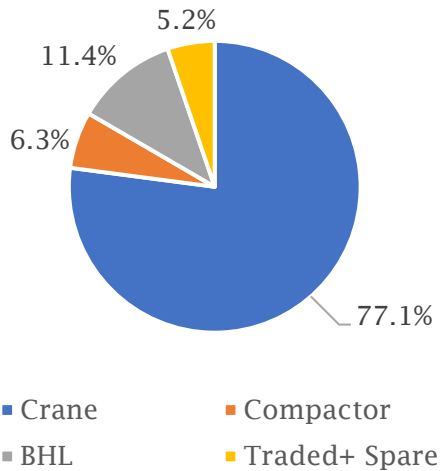
 **10.7%**
(Y-o-Y)

 **26.6%**
(Q-o-Q)

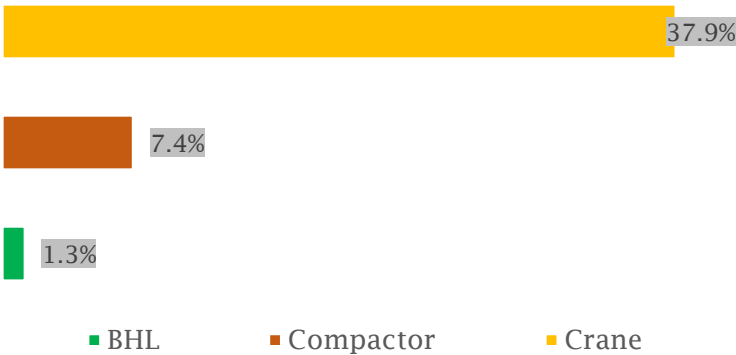
 **-21 bps**
(Y-o-Y)

 **485 bps**
(Q-o-Q)

Revenue Break up



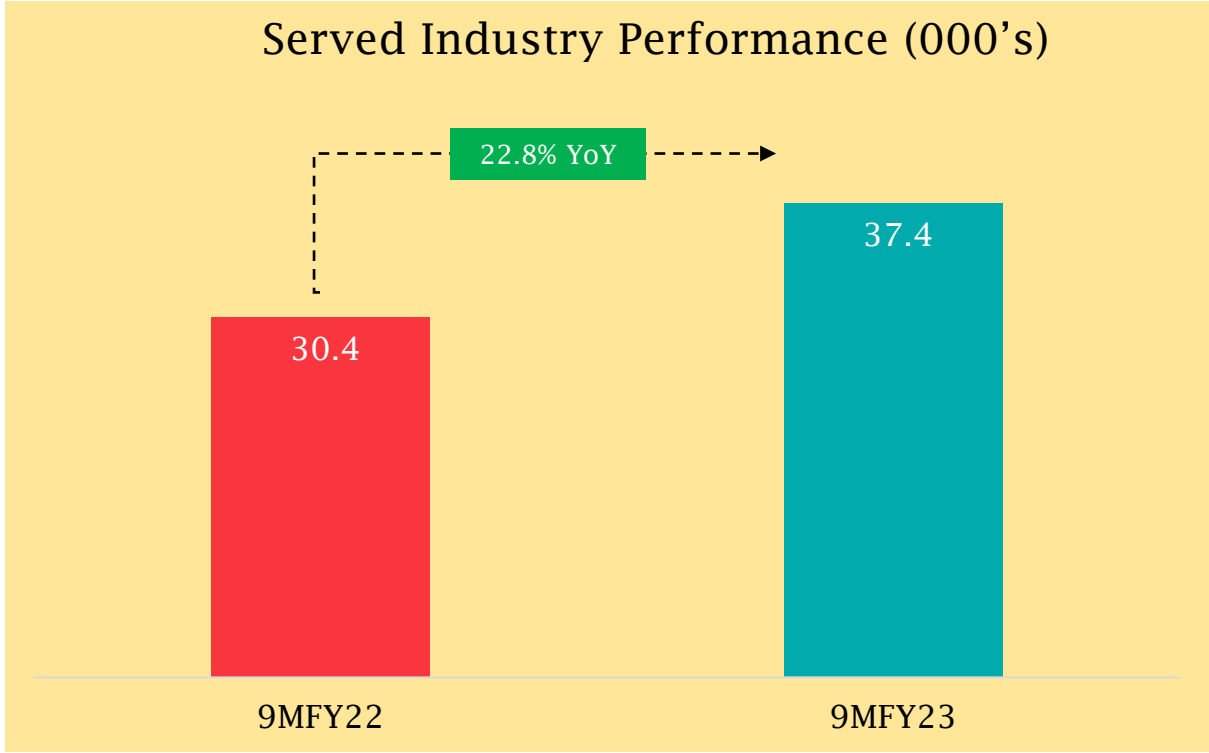
Product wise Market Share



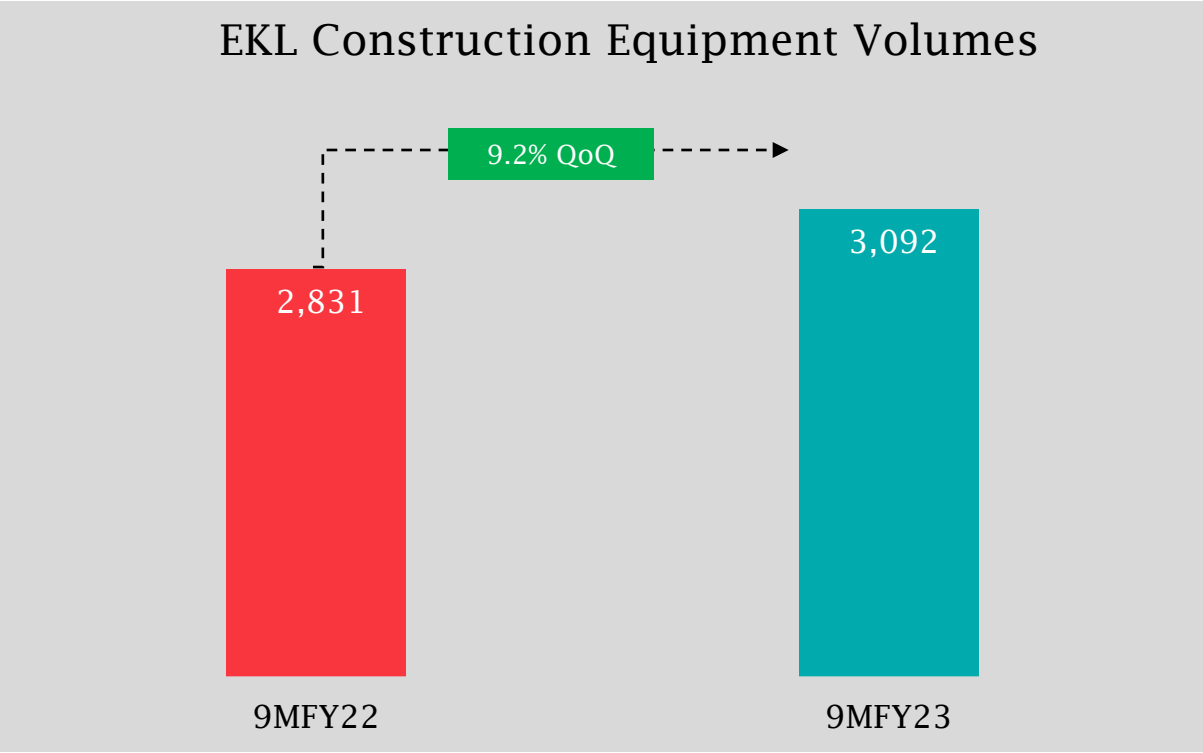
% rounded off to nearest single decimal

9M - Construction Equipment Performance

Served Industry Performance (000's)



EKL Construction Equipment Volumes



BHL Industry up by 27% Y-o-Y

PnC Industry up by 23% Y-o-Y

Compactors Industry down by 10% Y-o-Y

Growth

De-Growth


% rounded off to nearest digit

Construction Equipment Performance at Glance in 9MFY23

₹ 794.1 Crore
Segmental Revenue

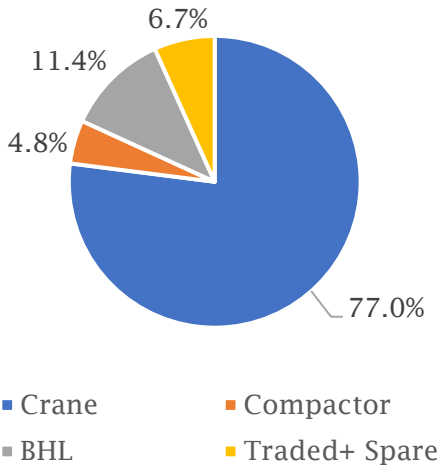
 **19.0%**
(Y-o-Y)

0.4%
EBIT margin

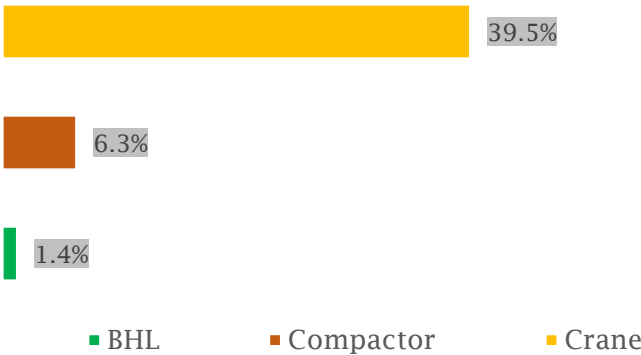
 **-149 bps**
(Y-o-Y)

~40%
Capacity Utilization

Revenue Break up



Product wise Market Share



% rounded off to nearest single decimal

Railway Equipment Division



Mobility Solutions
Of the future

ENSURING SAFETY AND COMFORT IN RAIL TRANSPORT


Railway Equipment Division Performance - Q3FY23


₹ 249.3 Crore
Segmental Revenue

 **43.4%**
(Y-o-Y)

 **37.0%**
(Q-o-Q)

13.1%
EBIT margin

 **-121 bps**
(Y-o-Y)

 **-155 bps**
(Q-o-Q)

More than **₹ 1,000 Crore**
Of Order Book

(as of 31st December 2022)

69:31

NPD : conventional Sales Ratio

64:36
(In Q3FY22)

62:38
(In Q2FY23)

38.2%

Return on Capital Employed
(Annualized)




% rounded off to nearest single decimal

Railway Equipment Division Performance – 9MFY23

₹ 604.7 Crore
Segmental Revenue

 **30.5%**
(Y-o-Y)

13.7%
EBIT margin

 **-177 bps**
(Y-o-Y)

More than **₹ 1,000 Crore**
Of Order Book

(as of 31st December 2022)

65:35
NPD : conventional Sales Ratio

64:36
(In 9MFY22)

34.3%

Return on Capital Employed
(Annualized)



% rounded off to nearest single decimal

Shareholding Pattern

Shareholding Trend					
Category	Dec'2021	Mar'2022 [^]	June'2022	Sept'2022	Dec'2022
Promoters	30.3	28.1	72.9	72.9	72.9
Kubota Corporation	10.0	16.4	*	*	*
Escrow Account (open offer)		39.4			
Institutions#	28.7	4.0	11.3	12.4	12.4
Public	28.8	10.3	14.0	13.0	13.0
Non Promoter Non Public	2.2	1.8	1.8	1.7	1.7
Total	100.0	100.0	100.0	100.0	100.0
* Kubota corporation has become a Joint promoter from 11 April 2022.					

FPI/Financial Institutions/ Banks/Insurance Companies/QIB/AIF from March 2022



rounded off to nearest single decimal

Consolidated Q3FY23 at a Glance

Particulars	Unit	Q3FY23	Q3FY22	YoY (Change)	Q2FY23	QoQ (Change)
Revenue from Operations	₹ Cr.	2,291.4	1,998.3	● 14.7%	1,890.8	● 21.2%
Material Cost	%	74.5%	69.5%	● 498 bps	72.4%	● 213 bps
Manpower Cost	%	6.8%	6.8%	● -3 bps	8.0%	● -121 bps
EBIDTA	₹ Cr.	191.3	278.5	● -31.3%	149.4	● 28.0%
EBIDTA Margin	%	8.4%	13.9%	● -559 bps	7.9%	● 45 bps
PBT Before Exceptional items	₹ Cr.	235.6	261.6	● -9.9%	182.9	● 28.9%
PAT	₹ Cr.	180.8	193.7	● -6.7%	98.8	● 83.0%
EPS	₹	16.70	19.74	● -15.4%	9.14	● 82.8%

● Positive ● Neutral ● Negative



% rounded off to nearest single decimal

Consolidated 9MFY23 at a Glance

Particulars	Unit	9MFY23	9MFY22	YoY (Change)
Revenue from Operations	₹ Cr.	6,214.2	5,396.0	● 15.2%
Material Cost	%	73.0%	67.8%	● 523 bps
Manpower Cost	%	7.2%	7.8%	● -58 bps
EBIDTA	₹ Cr.	544.4	747.3	● -27.2%
EBIDTA Margin	%	8.8%	13.8%	● -509 bps
PBT Before Exceptional items	₹ Cr.	610.0	735.4	● -17.0%
PAT	₹ Cr.	420.2	545.6	● -23.0%
EPS	₹	38.85	55.48	● -30.0%

● Positive ● Neutral ● Negative



% rounded off to nearest single decimal

Narrations

- **EKL** - Escorts Kubota Limited
- **FY** - Fiscal Year represents the 12 months period from 1st April to 31st March.
- **Q3FY22** - Represents the 3 months period from 1st Oct 2021 to 31st December 2021.
- **Q2FY23** - Represents the 3 months period from 1st July 2022 to 30th Sept 2022.
- **Q3FY23** - Represents the 3 months period from 1st Oct 2022 to 31st Dec 2022.
- **9MFY22** - Represents the 9 months period from 1st April 2021 to 31st December 2021.
- **9MFY23** - Represents the 9 months period from 1st April 2022 to 31st December 2022.
- **QoQ** - Represents Quarter on Quarter
- **YoY** - Represents Year on Year
- **LY** - Represents Last Year
- **CY** - Represents Current Year

- **BHL** - Backhoe Loader
- **IndAS** - Indian Accounting Standards
- **NPD** - New Product Developed
- **PnC** - Pick & Carry Crane
- **NSE** - National Stock Exchange of India
- **BSE** - Bombay Stock Exchange
- **DSE** - Delhi Stock Exchange
- **EBIDTA** - Earnings Before Interest, Depreciation & Taxes
- **EBIT** - Earnings Before Interest & Taxes
- **PBT** - Profit Before Tax
- **PAT** - Profit After Tax
- **ROE** - Return on Equity, Calculated as PAT divided by Average capital employed.
- **ROCE** - Return on Capital Employed, calculated as EBIT divided by Average capital Employed for the quarter.



SAFE HARBOR

Certain statements in this document may include forward-looking comments and information concerning the company's plans and projections for the future, including estimates and assumptions with respect to economic, political, technological, weather, market acceptance and other factors that impact our businesses and customers. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Escorts Kubota Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

Accounting standard: Financials in presentation are as per IndAS.

All numbers are rounded off to nearest decimal

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