

JMT AUTO LTD.

An Amtek Group Company

Q1 FY2017 Earnings Presentation

September 15, 2016

Disclaimer

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Conference Call Details: Thursday, September 15, 2016 at 4:00 PM IST

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Consolidated Business Overview



Business	JMT Auto is a gear & shaft manufacturer and a precision machining company																							
Segments	Auto and Non-Auto segments																							
Highlights	Amongst the top 3 gear-shaft manufacturers in the country																							
Plants	India (7), Germany (2), Romania (1), Sweden (1)																							
Key Customers	Audi, Continental, Eaton, Ford, GM, Halliburton, GM, KIA, Tata Motors, Tafe, Timken, Volvo																							
Trading and Market Data	<table border="1"> <thead> <tr> <th colspan="2">Market Data (as on 14 Sep 2016)</th> </tr> </thead> <tbody> <tr> <td>Share Price (Face value of Rs.2/-)</td> <td>47.70</td> </tr> <tr> <td>Market Cap (Rs. mn)</td> <td>12,016</td> </tr> <tr> <td>Enterprise Value (Rs. mn)</td> <td>20,969</td> </tr> <tr> <td>Outstanding Shares (mn)</td> <td>251.9</td> </tr> <tr> <td>52 Week H/L (Rs.)</td> <td>106.25 / 35.70</td> </tr> </tbody> </table>	Market Data (as on 14 Sep 2016)		Share Price (Face value of Rs.2/-)	47.70	Market Cap (Rs. mn)	12,016	Enterprise Value (Rs. mn)	20,969	Outstanding Shares (mn)	251.9	52 Week H/L (Rs.)	106.25 / 35.70	<table border="1"> <thead> <tr> <th colspan="2">Shareholding Pattern (as June 30, 2016)</th> </tr> </thead> <tbody> <tr> <td>Promoter Group</td> <td>71.7%</td> </tr> <tr> <td>Foreign Institutional Investors</td> <td>17.7%</td> </tr> <tr> <td>Domestic Institutional Investors</td> <td>0.01%</td> </tr> <tr> <td>Others</td> <td>10.5%</td> </tr> </tbody> </table>	Shareholding Pattern (as June 30, 2016)		Promoter Group	71.7%	Foreign Institutional Investors	17.7%	Domestic Institutional Investors	0.01%	Others	10.5%
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Investment Rationale



1. Diversified end market exposure across passenger car, commercial vehicles and non-automotive markets
2. Manufacturing presence in Europe provides access to well performing markets in the region
3. Facilities across locations with a back-end low manufacturing cost base (Romania & India) advantage
4. Long established relationships with global blue chip and Tier 1 customers
5. Highly advanced level of engineering across products
6. Access to high end manufacturing technologies through the European business
7. Strong management team and adherence to corporate governance practices

Key Customers and End Market Profile



End Market	Key Customers	Products				
<p>Passenger Cars</p>		<p>Common Rails</p>	<p>Valve Bodies</p>	<p>Connecting Rods</p>	<p>Gear Parts</p>	
<p>Commercial Vehicles</p>		<p>Gear</p>	<p>Input shaft</p>	<p>Helical Gear</p>	<p>RA Shaft</p>	<p>Wheel Hubs</p>
<p>Non – Automotive</p>		<p>Frac Valve</p>	<p>Insert</p>	<p>Seat Valve</p>	<p>Retainer Guide Bush</p>	

Q1 FY2017 Performance Highlights



Q1 FY2017 vs. Q1 FY2016

JMT Standalone

Total Income	EBITDA
Rs. 814.8 mn (4.7)%	Rs. 135.8 mn +3.6%

JMT International Business

Total Income	EBITDA
Rs. 6,755.9 mn	Rs. 309.9 mn

Commenting on the performance, Mr. Sanjay Tiku, Director & CEO of JMT Auto said:

"I am quite pleased with the performance of JMT Auto during the first quarter of FY2017. Whilst the international business generated Total Income of Rs. 6,755.9 mn, JMT Standalone revenues stood at Rs. 814.8 mn. Moreover, the ongoing operational improvements also reflected in higher EBITDA margins during the quarter despite slow-down in oil & gas sector.

Our acquisitions of REGE and Volvo's facility in Sweden (Amtek Components Sweden) have been highly value accretive and continue to provide access to well performing markets across Europe. Moreover, the enhanced machining platform and diversification into the non-automotive sectors bode extremely well for the Company, especially in light of a rapid recovery in sectors such as construction equipment and commercial vehicles in India.

Continued strong momentum in the European automotive industry and an impending recovery in certain automotive segments in India will enable us to further increase capacity utilisations and capture this additional demand in the quarters to come. Senior Management team remains confident of delivering long term value to its shareholders."

Financial Performance and Discussion



Standalone Financial Summary¹

(Rs. mn)	Q1		y-o-y Growth (%)
	FY2017	FY2016	
Total Income²	814.8	854.6	(4.7)%
EBITDA²	135.7	131.0	3.6%
<i>EBITDA Margin (%)</i>	16.7%	15.3%	
Net Profit	10.8	16.7	(35.3)%
<i>Net Profit Margin (%)</i>	1.3%	2.0%	
Basic EPS (Rs.)	0.05	0.07	(28.6)%

Notes:

1. Financial results prepared as per IND-AS
2. Includes Other Income

Financial Commentary¹

- Revenues decreased as sales to a key customer in the commercial vehicle segment declined due to lower end product demand
 - Domestic sales grew 5.9%
 - Exports constituted 17% of total sales during the quarter
- EBITDA grew 3.6% as a result of a tight control on costs and various other ongoing productivity initiatives
- Debt over the period has come down leading to a (4.8)% decline in interest expense

Recent Corporate Developments



Operational Update

- Dispatch of Special Gears for the automotive industry increased by 44% q-o-q in Q1 FY2017 due to increased demand
- Cost of Poor Quality (COPQ) reduced from 2.42% in Q4 FY2016 to 1.98% in Q1 FY2017 through several efficiency improvement initiatives
- Awarded “New Development Recognition“ by Tata Hitachi & “Preferred Vendor Partner – Recognition” from Kobelco in their annual supplier conference held during the quarter
- As a risk mitigation strategy, additional source of high value / high volume items initiated
- Established in-house capability for phosphating for a key customer. This would lead to operational cost savings
- Installed Marking Press for AP Cone output improvement for a key CV customer

FY2016 Acquisitions

REGE Holding (Acquired in June 2015)

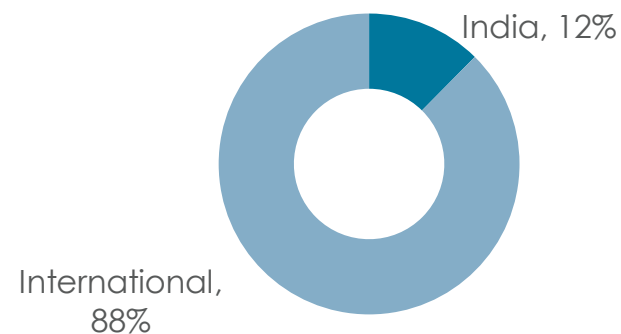
- REGE has a broad product portfolio with 10 product groups – the largest being Common Rails; other key products include Crankcases, Valve Bodies and Cylinder Heads
- Plants include two in Germany and one in Romania
- Components machined by REGE are mostly used in mid- and upper-class passenger cars produced by premium OEMs

Volvo Plant (Acquired in December 2015)

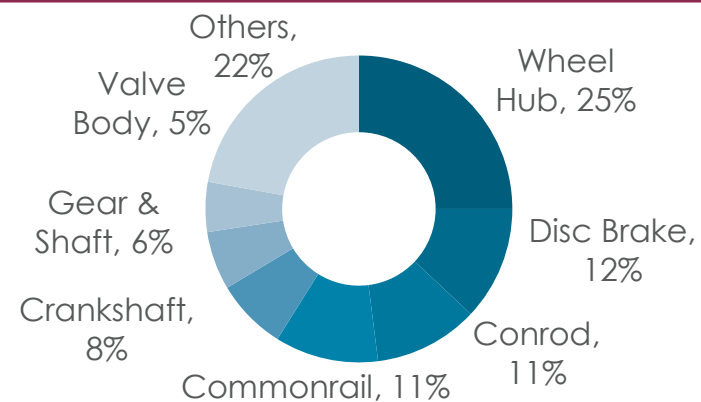
- Volvo Plant's product portfolio can be categorised into three major product groups – the largest being Wheel Hubs
- Other key products include Brake Discs and Conrods
- Its only facility is in Sweden
- Products manufactured are used in both Passenger and Commercial Vehicles

Detailed Segment Profile

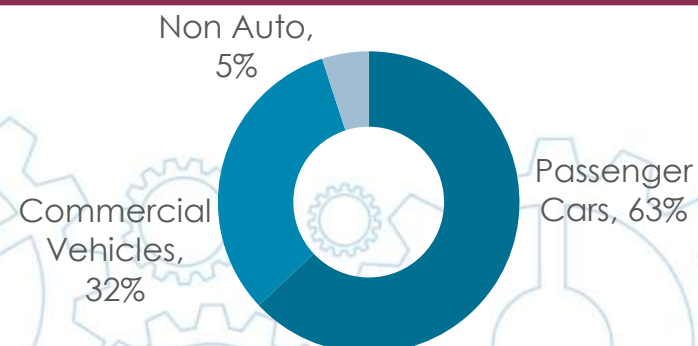
Revenues by Geography¹



Revenues by Product¹



Revenues by End Market¹



(Rs. mn)	Q1		y-o-y Growth (%)
	FY2017	FY2016	
Segment Revenue			
Domestic	814.8	854.6	(4.7)%
International	6,755.9	-	na ²
Segment EBITDA			
Domestic	135.7	131.0	3.6%
Margin (%)	16.7%	15.3%	
International	309.9	-	na ²
Margin (%)	4.6%	-	

Notes:

1. Represents breakdown of consolidated Q1 FY2017 revenues
2. JMT Auto's existing two subsidiaries are companies acquired post Q1 FY2016

Senior Management



Sanjay Tiku, CEO and Whole Time Director

- Has been associated with the Company since 2013
- Has an experience of approximately 21 years across Business Administration, Finance & Management; has previously worked with Uptime Engineers Ltd.
- A Science graduate; also holds an MBA degree

Pranay Kumar, Chief Operating Officer

- Has been associated with the Company since 2013
- Has an experience of approximately 27 years in Operations, Supply Chain, Quality Systems and Business Excellence; has previously worked with Tata Cummins, Tata Autocomp Systems and Tata Motors
- Holds Bachelor Of Engineer (Mechanical) degree from BIT Sindri, Ranchi University

Sandeep Singh Surya, Chief Financial Officer

- Has been associated with the Company since 2009
- Has an experience of approximately 12 years; has previously worked with Mind Solution Pvt Ltd.
- Is a qualified Chartered Accountant

Appla Acharya, Vice President, Design & Development

- Has been associated with the Company since 1991
- Has an experience of approximately 25 years
- Holds a Diploma and B.Tech in Mechanical Engineering

Abhay Kumar Sinha, General Manager, HR

- Has been associated with the Company since 2013
- Has an experience of approximately 25 years in Human Resources across the manufacturing and service sectors; has previously worked with Abhijit Projects Ltd.
- A Post Graduate in Personnel Management and Industrial Relations From Xavier Institute of Social Services

Board of Directors



Sanjay Chhabra, Chairman and Independent Director

- Board member since March, 2014, as Non-Executive Independent Director
- Vast experience in the field of International Trade & Marketing, Procurements, Supplies and Export. Brings to the board his expertise in technical and project implementation
- Holds a Mechanical Engineering degree from IIT, Delhi

Sanjay Tiku, CEO and Whole Time Director

- Board member since August, 2013, as Whole Time Director
- Wide experience in various domains of Business Administration, Finance & Management. Has been instrumental in building leadership talent and substantially strengthening organizational capabilities
- Science graduate; also holds an MBA degree

John Ernest Flintham, Director

- Board member since August, 2013, as Non-Executive Director
- Significant international and domestic experience in Operations
- Holds Mechanical Engineering degree from Technical College, Lincoln. Serves as Senior Managing Director and Chief Executive Officer of Amtek Auto Ltd

Gautam Malhotra, Director

- Board member since August, 2013, as Promoter Director
- Significant international and domestic experience in Finance, JVs, Mergers & Amalgamations. Brings to the Board expertise in corporate governance
- Holds B.E., and an MBA degree from University of Manchester, UK

Aditya Malhotra, Director

- Board member since April 2015, as Promoter Director
- Significant international and domestic experience in Finance and Project & Operations. Brings to the Board new ideas and innovative perspective in project management and operations
- Holds an MBA degree

Ashok Mittal, Independent Director

- Board member since March 2014, as Non-Executive Independent Director
- Brings to the Board his expertise in Finance and Taxation
- Holds an MBA degree from Punjab University and a Master's degree in Public Policy from Harvard University

Ankita Wadhawan, Independent Director

- Board member since February, 2016, as Non-Executive Independent Director
- Has vast experience in Business Operations and Finance. Brings to the Board expertise in General Management
- Holds an MBA degree

Capital Structure



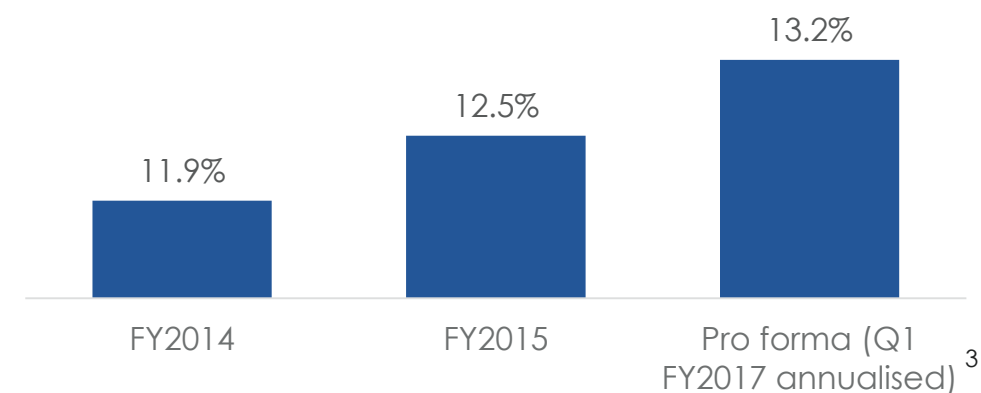
Particulars (Rs. mn) ¹	31 Mar 16
Short Term Borrowings	5,009.2
Long Term Borrowings ²	4,637.9
Total Debt	9,647.1
Less: Cash & Cash Equivalents	(694.1)
Net Debt / (Net Cash)	8,953.0

Agency	Instrument	Rating
CRISIL	Short-Term Funds	A4+
CRISIL	Long-Term Funds	BB+

Notes:

1. Figures represent JMT Auto Consolidated
2. Includes current maturities
3. Income statement figures are pro forma (Q1 FY2017 annualized); Balance Sheet figures as of March 2016

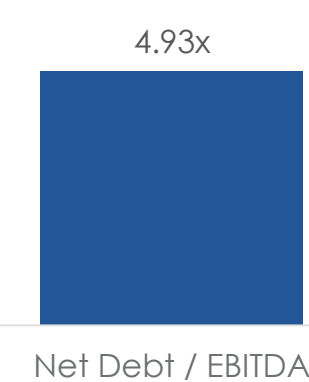
ROCE (%)¹



Interest Coverage (x)^{1,3}



Net Debt / EBITDA (x)^{1,3}



Strategic Direction



- 1 Leverage JMT's market leading position in the hydraulics equipment industry to grow the core business
- 2 Further enhance the end user segment and customer base
- 3 Capitalise on emerging opportunities from future growth areas like commercial vehicles & construction equipment
- 4 Develop new products for and secure new clients in the oilfield services industry
- 5 Continue to focus on cost reduction, right sizing and productivity initiatives
- 6 Realign product mix to expand product range and increase the sales to existing customers
- 7 Overall fiscal control, quality improvement, upgradation in technology and R&D



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