

Elecon Engineering announces Q3FY17 Results

STANDALONE Q3FY17 NET REVENUE AT RS. 237 CRORES

EARNINGS CALL AT 5:00 PM TODAY

Vallabh Vidyanagar, India, February 8th, 2017- Elecon Engineering Company Limited (“Elecon”), one of the largest manufacturers of gears in Asia and a leading player in MHE segment, announces its financial results for the **Third Quarter (Q3FY17)** and **Nine Months (9MFY17)** period ended December 31st, 2016.

Financial Performance

Standalone Q3FY17 Review

- Total Operating income was Rs.237 crores for Q3FY17 as compared to Rs.270 crores in the corresponding period of the previous year, reflecting a decline of 12%.
- EBITDA stood at Rs.17 crores as compared to Rs.18 crores during the corresponding period of previous year (excluding other income)
- EBITDA Margin at 7.1 % for Q3FY17 as against 6.5% in Q3FY16
- Net Loss stood at Rs. 8 crores for Q3FY17 as compared to a profit of Rs. 8 crores in the corresponding period of the previous year.

The performance in the Q3 FY17 has been affected by:

- *Slow order offtake from the customers due to challenging macro environment*
- *Less absorption of overheads due to drop in sales*

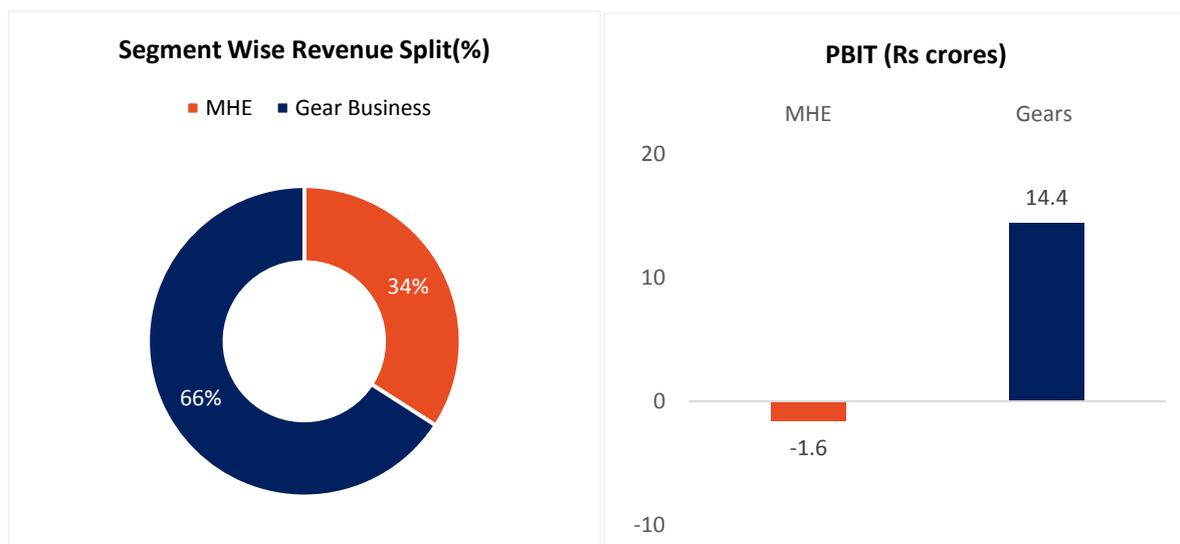
Consolidated 9MFY17 Review (Includes standalone performance of mergers and other subsidiaries)

- Total Operating income was Rs. 828 crores for 9MFY17 as compared to the income of Rs.912 crores in the corresponding period of the previous year, a decline of 9%
- EBITDA stood at Rs. 76 crores as compared to Rs. 88 crores during the corresponding period of previous year (excluding other income)
- EBITDA Margin at 9.2% for 9MFY17 as against 9.6% in 9MFY16
- Consolidated Net Loss stood at Rs.19 crores for 9MFY17 as compared to a Profit of Rs.14 crores in the corresponding period of the previous year

Management Comments

Commenting on the Company’s performance for Q3FY17, **Mr. Prayasvin Patel, CMD** said *“Our performance in the quarter reflects the tepid demand that we continue to witness at the core industry sectors. While we have continued traction for the new business, the order pickup from the customers remain low. We believe that the current government’s initiatives in the budgets are likely to see pick up in the demand for Capital goods and infrastructure sector in the medium term and therefore we remain positive on the recovery of our business.”*

Segment Wise Performance (Q3FY17)



Performance of the Overseas subsidiary

During the quarter, our overseas business under Benzlers and Radicon registered a revenue of Rs. 66 crores with EBITDA margin of 2.2%. For the 9M FY17, the total revenues for B&R are Rs. 202 crores with EBITDA of Rs. 4 crores.

Order Book and Outlook

Despite the headwinds in the order-execution activity, the gear business continued to witness traction from the customers. During the quarter, we booked orders worth Rs.108 crores in gear business. This translates to an order backlog of Rs.706 crores for execution in the near to medium term. In the material handling business, we closed orders worth Rs.20 crores which is on the lower side as we revisited strategy to focus on profitable and product based projects. The pending order book for MHE business now stands at Rs.551 crores.

Analyst Conference Call

The company will conduct its earnings call at 5:00 PM IST today where the senior management will discuss the company's performance and answer questions from participants. To participate in this conference call, please dial the numbers ten minutes ahead of the scheduled start time. The dial-in number for this call is **+91 22 3960 0644**. Other toll numbers are listed in the conference call invite which is posted on the company website and stock exchange. We will aim to post the transcript of the conference call on the company website within seven working days of the investor conference call.

About Elecon Engineering Company Limited

Elecon Engineering Company Ltd (BSE code: 505700, NSE code: ELECON) is one of Asia's largest gear manufacturing Company with vast experience of about five decades and significant business presence in India and abroad. The Company designs and manufactures worm gears; parallel shaft and right angle shaft; helical and spiral level helical gears; fluid geared and flexible couplings, as well as planetary gear boxes. The Company also manufactures material handling equipment, mining equipment, casting processes amongst others. The company was incorporated in 1960 by Shri Ishwarbhai B Patel and has its headquarters in Vallabh Vidyanagar, Gujarat. For more info, visit: www.elecon.com

If you have any questions or require further information, please feel free to contact

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