

Elecon Engineering announces Q2FY17 Results

CONSOLIDATED H1FY17 NET REVENUE AT RS. 527.6 CRORES

EARNINGS CALL AT 4:00 PM TODAY

Vallabh Vidyanagar, India, November 10th, 2016- Elecon Engineering Company Limited (“Elecon”), one of the largest manufacturers of gears in Asia and a leading player in MHE segment today announced its financial results for the **second quarter(Q2FY17)** and **six months(H1FY17)** period ended September 30th, 2016

Financial Performance

Standalone Q2FY17 Review (Includes the performance of erstwhile Elecon EPC)

- Total Operating income was Rs. 202.0 crores for Q2FY17 as compared to Rs. 232.9 crores in the corresponding period of the previous year reflecting a decline of 13%.
- EBITDA stood at Rs. 21.4 crores as compared to Rs. 36.0 crores during the corresponding period of previous year
- EBITDA Margin at 10.6% for Q2FY17 as against 15.5% in Q2FY16
- Net loss stood at Rs.3.1 crores for Q2FY17 as compared to a profit of Rs. 5.8 crores in the corresponding period of the previous year

The performance in the Q2 FY17 has been affected by:

- *Drop in revenues due to lower than anticipated offtake by key customers, the order execution is likely to improve in the H2 FY17*
- *Transition to the new accounting standards effective Q1 FY17*

Consolidated H1FY17 Review (Includes standalone performance of merger and other subsidiaries)

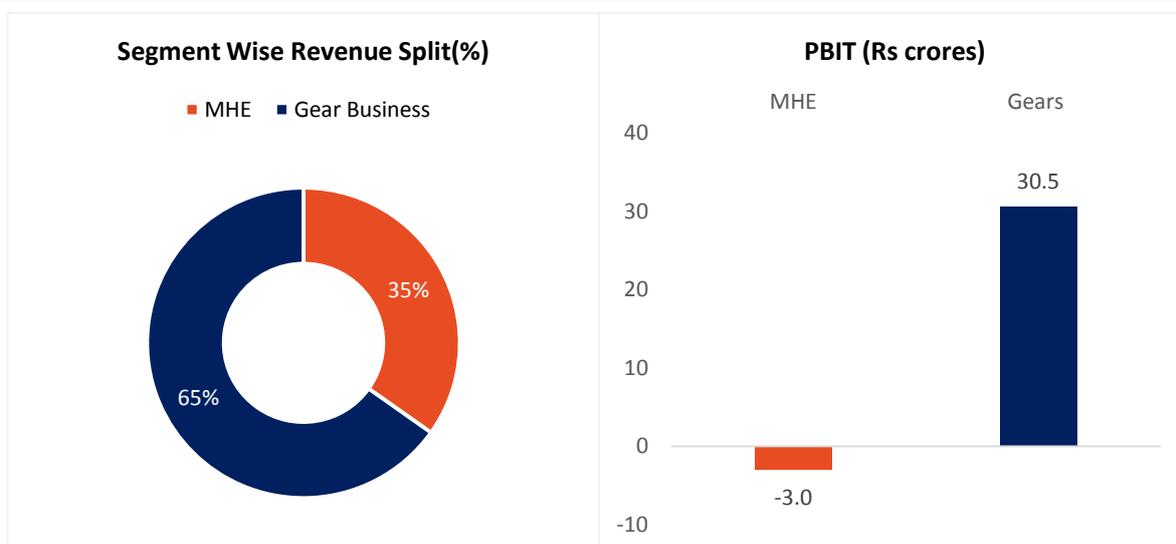
- Total Operating income was Rs. 527.6 crores for H1FY17 as compared to the income of Rs.566.1 crores in the corresponding period of the previous year, a decline of 7%
- EBITDA stood at Rs. 56.1 crores as compared to Rs. 72.2 crores during the corresponding period of previous year
- EBITDA Margin at 10.6% for H1FY17 as against 12.8% in H1FY16
- Consolidated Net loss stood at Rs. 9.6 crores for H1FY17 as compared to a Profit of Rs. 7.1 Crores in the corresponding period of the previous year

Management Comments

Commenting on the Company’s performance for H1FY17, **Mr. Prayasvin Patel, CMD said** “*The first half of this fiscal was relatively challenging for us given a combination of factors at the macro and company level. The integration process of the merger between the transmission and the material handling equipment is still underway and we have had some teething issues with that. The order inflow from the MHE business also continues to be under stress while we also witnessed in dip in orders in the gear segment due to weak economic activity. Overall, as we progress towards the second half of fiscal, we*

believe once momentum at the macro level picks up and the current order book coupled with new bookings will help us gain our earnings momentum and achieve better performance in the foreseeable future”

Consolidated Segment Wise Performance (H1FY17)



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. 135.2 crores in gear business. This translates to an order backlog of Rs. 744.6 crores for execution in the near to medium term. In the material handling business, we closed orders worth Rs. 48.5 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. 670.2 crores.

We firmly believe that the aberration in our performance is temporary and from a long term perspective, we continue to remain positive on our business strategy and revival of macro-economic activity.

Analyst Conference Call

The company will conduct its earnings call at 4:00 PM IST on November 10th, 2016 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 provided below ten minutes ahead of the scheduled start time. The dial-in number for this call is **+91 22 3960 0644/+91 22 6746 4144**. Other toll numbers are listed in the conference call invite which is posted on the company website. 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

Rajat Jain

Elecon Engineering Company Limited

P: 91-2692-238701/02/03/04

E: rajatjain@elecon.com

Diwakar Pingle

Christensen Investor Relations

P: +91 22 4215 0210

E: dpingle@christensenir.com

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