



Macpower CNC Machines Limited

Q1FY22 Investor Presentation



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EBITDA Margin improved 188 bps QoQ from 8.30% in Q4FY21 to 10.19% in Q1FY22. Backward integration efforts taken in FY20 have started to bear fruit with **improvement in EBITDA margin** and poised to move higher (operating leverage) with growing execution. Company is targeting ***Sustainable Profitable Growth*** over the next 3-5 years..



Framed a separate sales & business development vertical called “NEXA” for import substitution of high end premium products such as HMC, VTL etc. which have been developed by our R&D Team



For the larger interest of stakeholders, Mr Rupesh Mehta, CMD and Mr Nikesh Mehta, Whole Time Director have voluntarily proposed, and the board has approved, reduction in their remuneration w.e.f. 1st Aug 2021 for a period of 3 years or remaining term, whichever is earlier, subject to approval of shareholders at the AGM

Q1FY22 Financial Performance

PARTICULARS (INR Mn)	1QFY22	4QFY21	1QFY21	FY21	FY20
Revenue From Operations	345.2	499.9	67.6	1128.8	819.8
Total Expenses	310.1	458.4	66.6	1037.9	771.7
EBITDA	35.2	41.5	1.0	91.8	48.1
<i>EBITDA Margin</i>	<i>10.19%</i>	<i>8.30%</i>	<i>1.48%</i>	<i>8.13%</i>	<i>5.87%</i>
Other Income	2.0	1.5	0.5	3.5	5.5
Depreciation	6.6	6.2	6.6	26.0	10.8
PBIT	30.5	36.8	-5.1	69.3	42.8
Interest	0.2	0.3	0.3	1.7	3.7
PBT	30.4	36.5	-5.4	67.6	39.1
Tax	16.7	2.0	-10.0	7.3	11.8
PAT	13.7	34.5	4.6	60.3	27.3
<i>PAT Margin</i>	<i>3.96</i>	<i>6.90%</i>	<i>6.74%</i>	<i>5.34%</i>	<i>3.33%</i>
EPS	1.37	3.44	0.46	6.03	2.78

Order Book (As on 30 June, 2021)

Description	No. of Units	Value (INR Mn)
Opening order book (01.04.21)	678	1200.2
Private orders received	244	390.0
Private orders executed	201	329.0
Govt. Order Received	1	11.0
Govt. Orders Executed	48 (simulator)	12.9
Unexecuted order book (30.06.21)	721	1262.0
L1 Orders	1	11.0
Tenders bid (No of tenders)	29	114.4

Annual Income Statement

PARTICULARS (INR Mn)	FY17	FY18 (IPO)	FY19	FY20	FY21
Revenue From Operations	690.8	1068.8	1398.5	819.8	1128.8
Total Expenses	675.7	954.9	1,236.4	771.7	1037.0
EBITDA	15.1	113.8	162.0	48.1	91.8
<i>EBITDA Margin</i>	<i>3.0%</i>	<i>10.7%</i>	<i>11.6%</i>	<i>5.87%</i>	<i>8.13%</i>
Other Income	5.3	6.0	33.0	5.5	3.5
Finance Cost	4.0	2.1	2.4	3.7	1.7
Depreciation	6.6	10.2	11.8	10.8	26.0
Profit before Tax	9.7	107.5	180.8	39.1	67.6
Tax	1.8	37.1	54.4	11.8	7.3
Profit after Tax	7.8	70.4	126.5	27.3	60.3
<i>PAT Margin</i>	<i>1.1%</i>	<i>6.6%</i>	<i>9.0%</i>	<i>3.3%</i>	<i>5.34%</i>
Earnings per share (Rs)	13.1	7.2	12.9	2.78	6.03

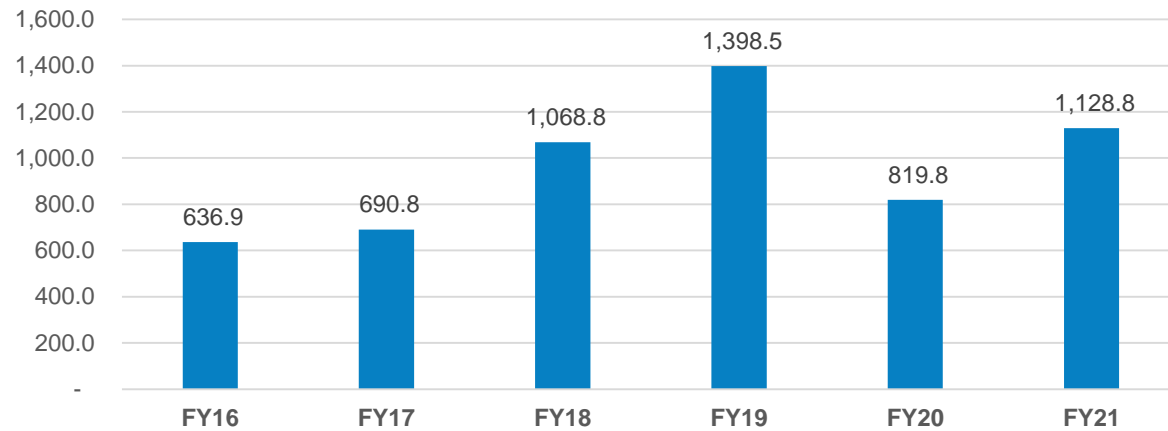
38%
REVENUE
GROWTH

91%
EBITDA
GROWTH

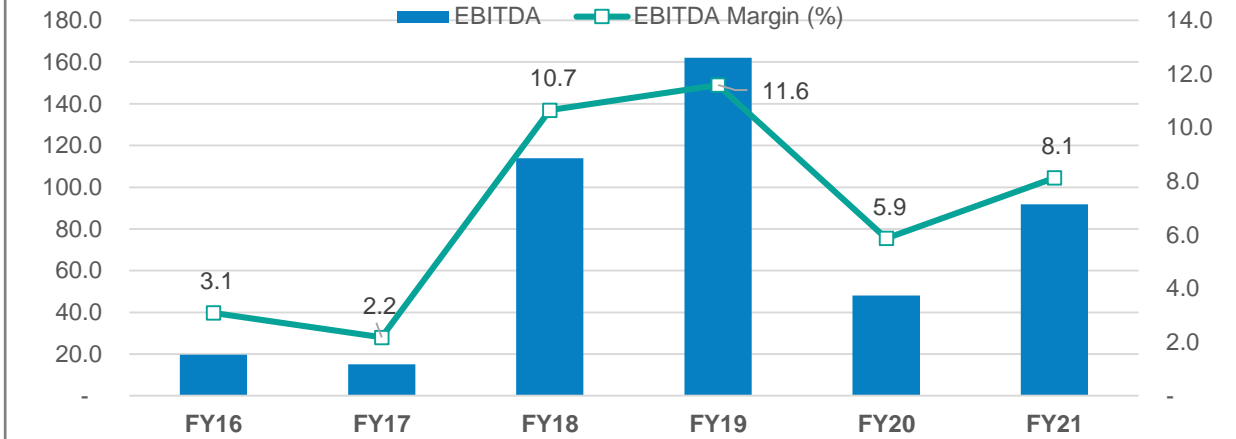
120%
PAT
GROWTH

Key charts (Annual)

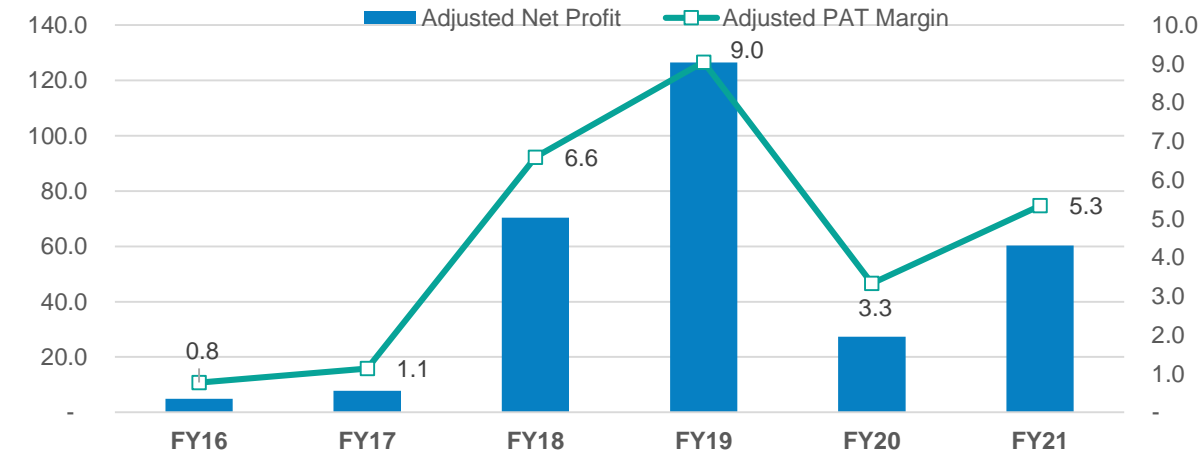
Revenue from Operations (INR Mn)



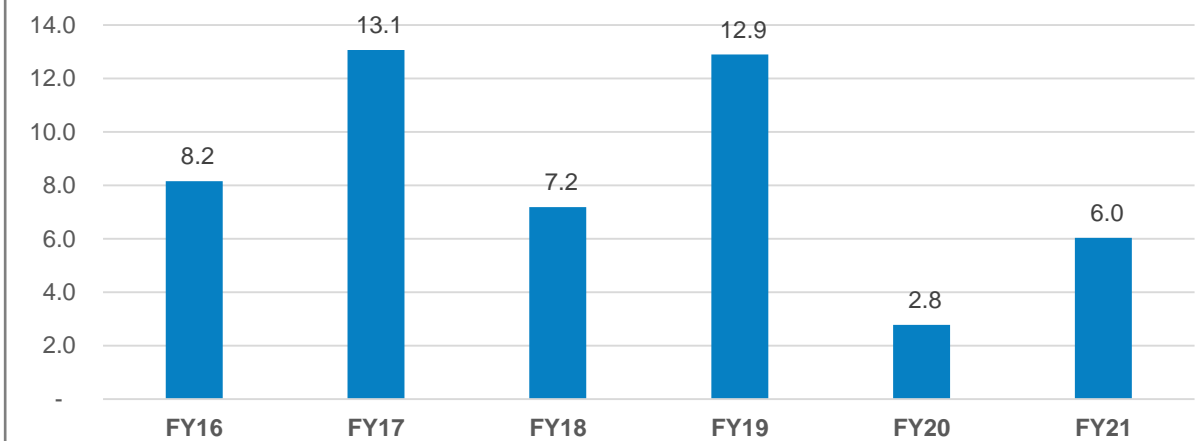
EBITDA (INR Mn) and EBITDA Margins (%)



Adjusted PAT (INR Mn) and Adjusted PAT Margins (%)



Adjusted EPS (INR)



Way Forward

- Competitive advantage
- Our ESG efforts



In House Foundry

The company is considering to setup an in-house foundry to produce castings for cost optimisation and product quality improvement.

Incr. capacity by 25%

The company is debottlenecking to increase machine manufacturing from 1000-1200 machine per annum to 1300-1400 machines per annum

Growing order book

Import replacement & growing domestic demand auger well for a growing order book

Plant COO

The company has hired a COO for the manufacturing unit to create impetus on improving productivity and operational efficiency of manufacturing operations

All efforts are targeted to achieve a growth of +25% CAGR over the next 5 years

Automation

Increasing share of electrical components, general engineering and automation with a vision towards industry 4.0

Government initiatives

- Domestic manufacturers to get preference for govt. tenders below Rs 200 cr
- PLI scheme and import substitution to drive demand for CNC machines



Lowest cost producer

Amongst all its peers, Macpower is the lowest cost producer, generating amongst the **highest EBITDA and PAT margin in the industry**



Zero Debt, FCF Positive

Macpower is one of the few **net debt negative** companies in the sector and has generated **positive free cash flow** since FY2017-18



Best Return Ratios

ROE of **+24%** and ROCE of **+30%** is **amongst the highest** vis-a-vis peers and displays the working capital efficiency of the company.



High Asset Turnover

Asset turnover for the company currently stands at ~3x and can go up to 5x in the current plant – **one of the highest amongst its peers**



High promoter holding

Promoter holding stands at **72.56%** as on Mar'21(4QFY21), up from **70.07%** as of Dec'20 (3QFY21). In the past, promoter has been averse to taking dividend, even as minority shareholders were allotted the dividend



Widest range of products

With 9 product categories, 27 variations and 60+ different models, the company has the widest range of offering amongst peers

E_{nvironment}

- Installed roof top solar plants at factory totalling 200 KW which has reduced our day time power consumption by 20% and aim to reach a level of 50% power savings during day time.
- Zero Liquid discharge facility

S_{ocial}

- Meal is provided to all plant employees, everyday, twice a day.
- Mask manufacturing setup to support India's fight against covid – several thousands of N95 masks (ISI marked) distributed free of cost to under privileged sections of the society as well as to our employees.

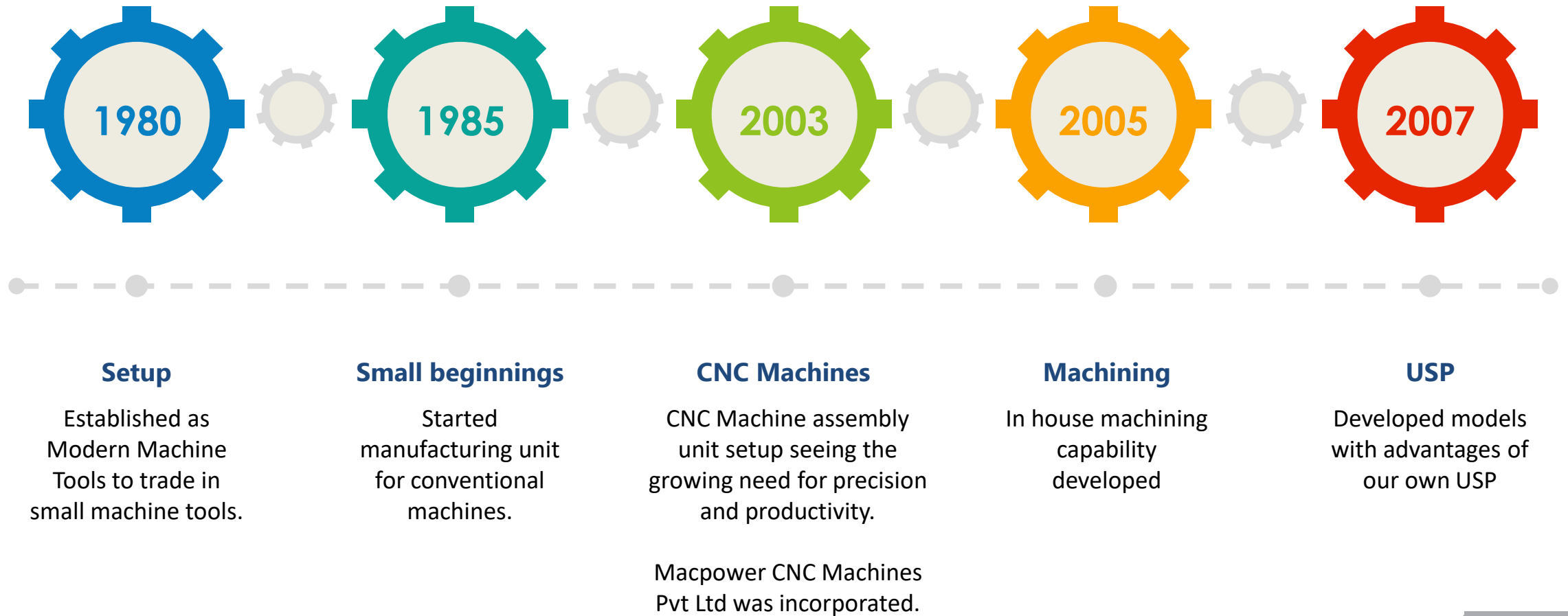
G_{overnance}

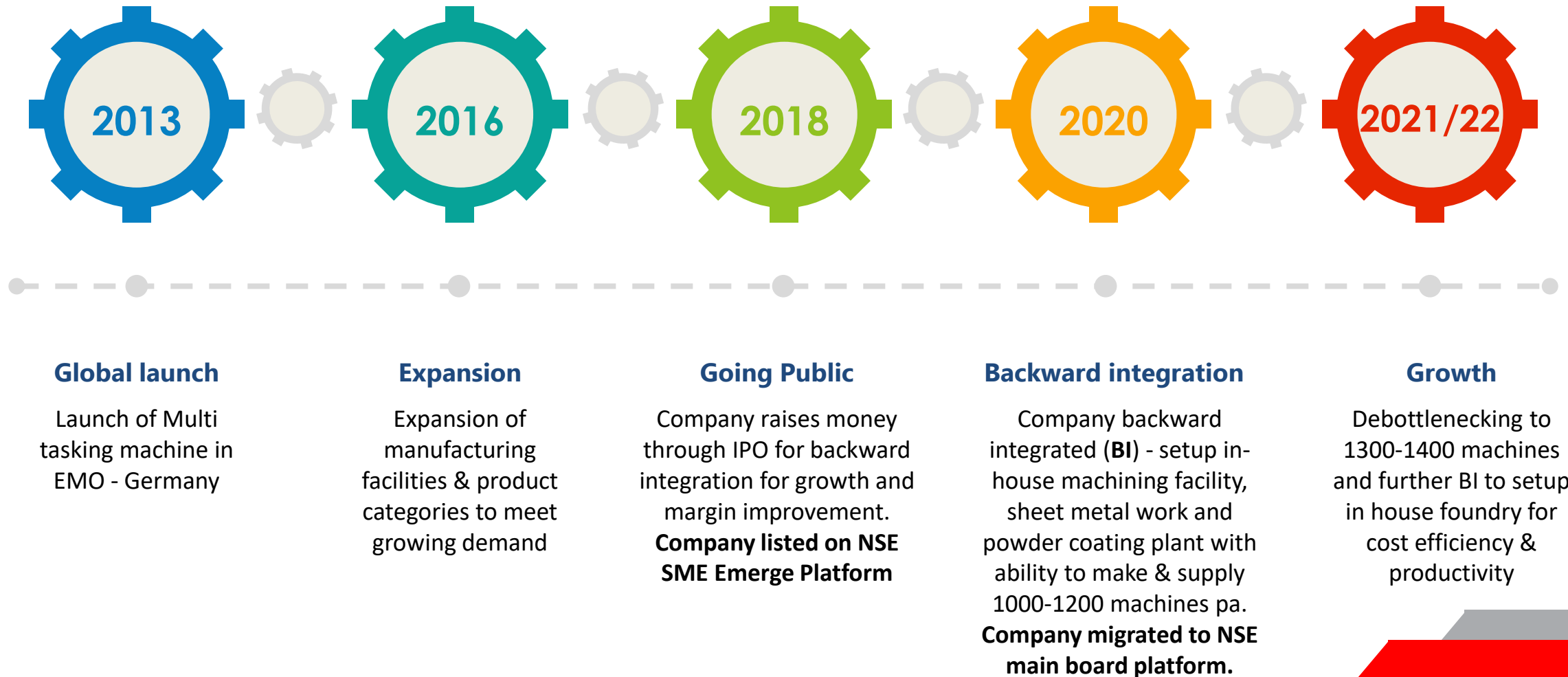
- Well diversified Board of Directors with 6 number of directors out of 3 being independent directors
- Promoters have strong techno commercial understanding of the business – ably supported by the Board of Directors for future growth and shareholder value creation
- Robust internal control and checks through well defined systems and processes to ensure highest standards of reporting for our clients
- Independent Director Chairs the Nomination & Remuneration Committee; Audit Committee as well at Stakeholder Relations Committee.

About Us

Corporate Video
[Corporate video](#) *(click here)*

- Established in 2003, Macpower CNC Machines Limited is engaged in the manufacture of Computerised Numerically Controlled (CNC) machines under 9 different product categories.
- It has a CNC Machine manufacturing unit in an area of around 4 acres at Metoda G.I.D.C., Rajkot, Gujarat (India).
- The company listed (IPO) in 2018. Proceeds of the issue were used **to help the company backward integrate into the manufacturing of castings and housing.**
- The company is **now looking to further backward integrate, using internal accruals, to develop state of the art patterns for different machine models.** It is also looking **to make castings in-house through a new foundry,** which will lead to cost reduction, further quality improvement, productivity and help increase overall production.
- Macpower currently offers the widest range of **9** different product categories namely Turning Center, Twin Spindle Turning Center, VMC, Twin Spindle VMC, TurnMill Center, HMC, VTL, DTC, Grinder, **60+** different models serving **27** industry segments with **8000+** installations to date.
- It has sales and service in **37** cities serviced through **107** qualified engineers and **10** business associates.
- The company today has a capacity to manufacture 1000-1200 machine per annum and is **further debottlenecking to manufacture 1300-1400 machine per annum.**







Mr. Rupesh Mehta

Promoter, Chairman & Managing Director

Rupesh Mehta has an experience of more than 25 years in the Machine Tool Industry. He holds a degree in Bachelor of Commerce from Saurashtra University. He looks after all the corporate decision and is responsible for the entire business operation of the company.

Major landmarks of his journey:

- Executive Director – Indian Machine Tools Manufacturers Association
- Former President – Rajkot Machine Tool Association
- Former Treasurer – Rajkot Chamber of Commerce
- Former Director – Rajkot Engineering Association



Mr. Nikesh Mehta

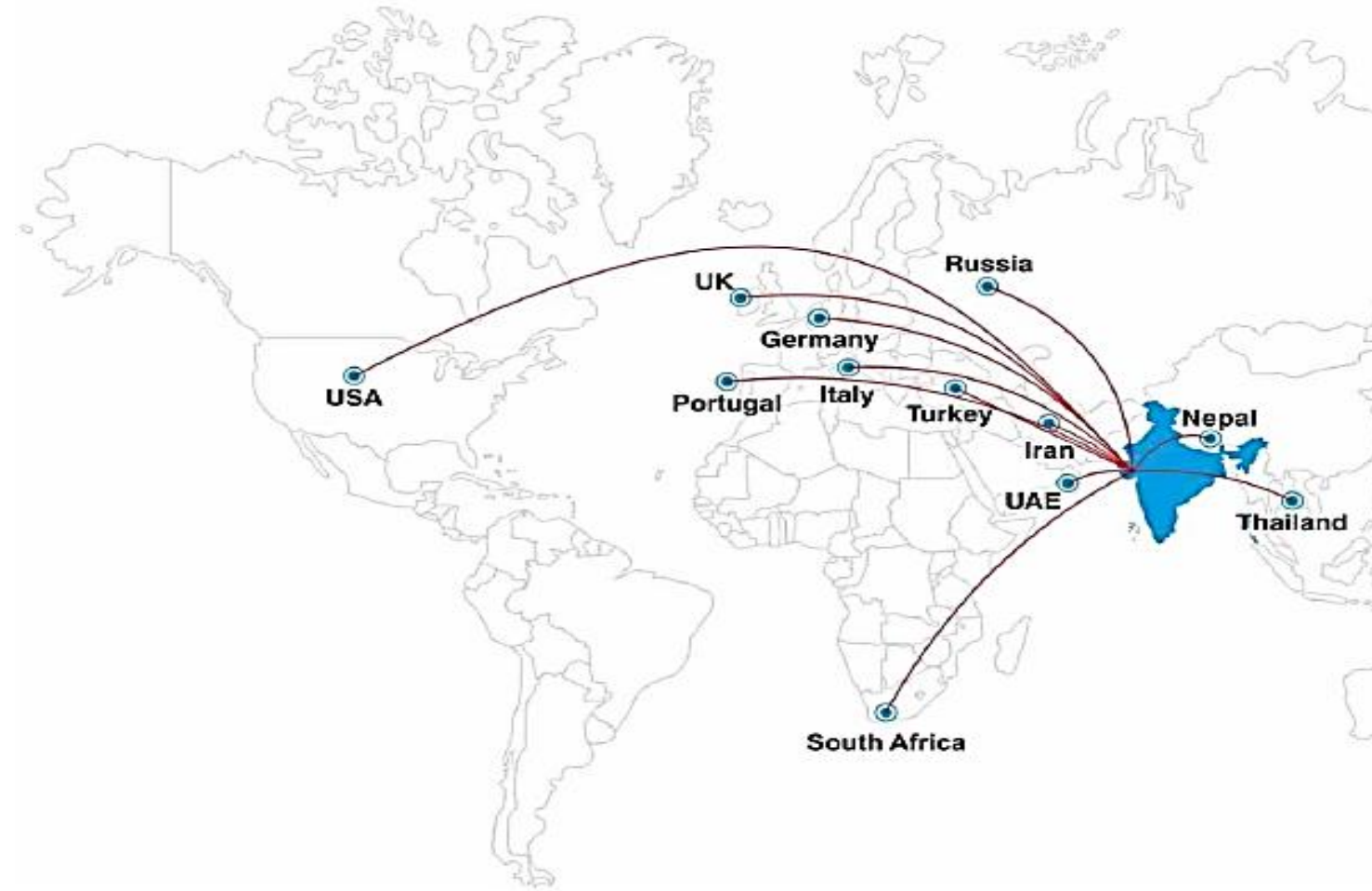
Promoter & Whole-Time Director

Nikesh Mehta has an experience of around 14 years in the Machine Tool Industry. Nikesh Mehta holds a degree in Bachelors of Commerce from Saurashtra University.

His scope of work includes looking after the Machine Shop, Application Department (conducting trials on machines) and the Purchase department of the company.

He is also looking after production related activities to streamline them to meet growing demand.

Our Network



37 Destinations

2 Tech Centers

4 Branch Offices

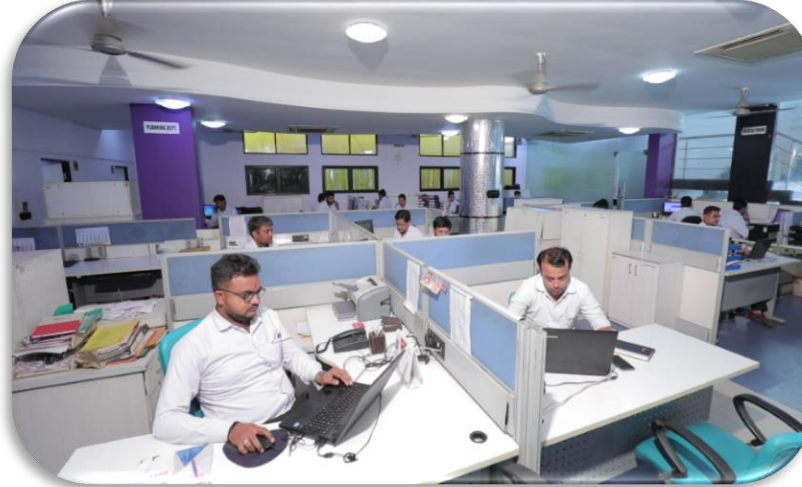


10 Business Associates

107 Sales & Service Engineers



Head Office & Plant



Corporate office



Manufacturing plant



R&D Centre



Hyderabad Tech Centre



Ahmedabad Tech Centre

Business Overview



Widest Range of Products

Industry Segments Serviced

27

Product Models

60+

1000+

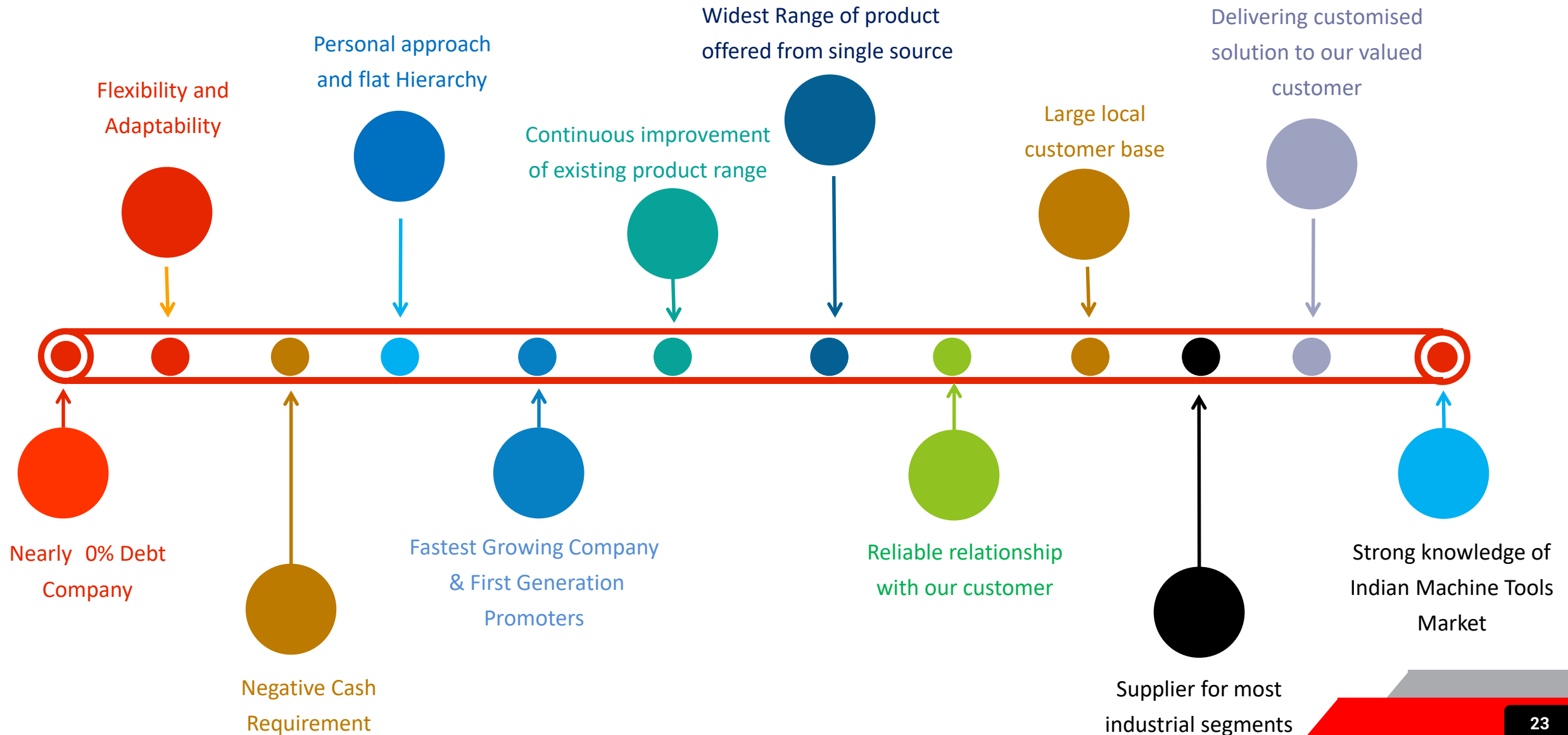
Application Solutions

8000+
installations
to date

9

Product Categories

Competitive Strengths



Key Clientele at a Glance (1/3)

AUTOMOBILE SECTOR



Kalyani Forge



Varroc



Seinumero Nirman



Kanemitsu



TRW Fuji Serina,
Thailand



SSB Engineers



Vinayak
Engineers

1025More...

GENERAL ENGINEERING SECTOR



Graphite
India



Nirlep



Eneroil
Offshore



J Pan
Tubular



Supreme
Industries



Chemtron Science
Laboratories



CEASE FIRE



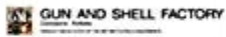
Kone Cranes

775More....

Key Clientele at a Glance (2/3)



DEFENCE SECTOR



Gun And Shell
Factory



HVF, Avadi



Ordnance Factory
Medak



DRDO
TBRL



Rifle Factory,
Ishapore



Opto
Electronics



Indian Ordnance
Factories

54 More...



GOVERNMENT PSU



ISRO



Railway

5 More...



GOVT. EDUCATION SECTOR



CIPET



Government Tool Room

17 More...

Key Clientele at a Glance (3/3)



AGRICULTURE SECTOR



Mitter Fasteners



Rinox Engineering

87 More...



DIE MOULD SECTOR



Sigmarq



Axis Tools



Plasma
Alloys

157 More...



EXPORT SECTOR



Hinkell, UK



Marla Makina,
Turkey



TRW Fuji Serina,
Thailand

8 More...

CNC Machines

Industry, Sector
and Macpower



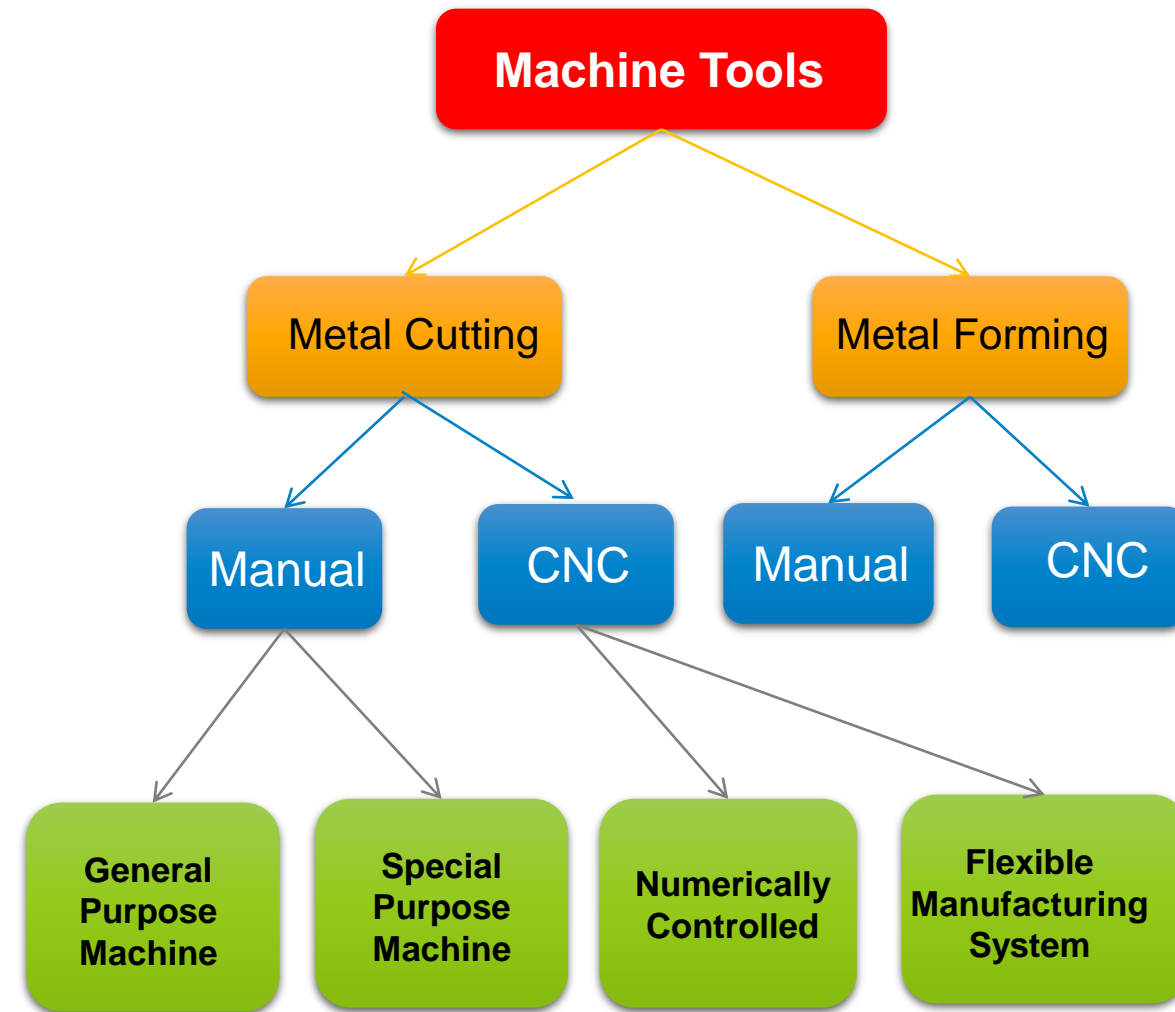
CNC Machines?

What are CNC Machines? (CNC machine in use – [video1](#) [video2](#) (click on link))

- Computer Numerical Control (CNC) is a machine in which pre-programmed software are used, combined with Engineering Designing to achieve desired cuts (shapes) based on end use of the product shaped.
- The manufacturing process using CNC machines is used to control a range of complex machinery and to perform three dimensional cutting tasks.
- The desired cuts (shapes) are programmed into the software and dictated to corresponding tools and machinery inside the CNC machine, which then carry out the tasks to be performed.

Industry 4.0

- Industry 4.0 aimed at use of cloud and internet in manufacturing.
- Enhanced human-machine interaction with advanced robotics, increased connectivity and data sets.
- Aimed at making India a global hub in manufacturing, design and innovation.
- To augment share of manufacturing in the GDP from 17% to 25%
- Domestic machine tool manufacturing needs to be increased 5x from current levels to aid the increasing share of manufacturing in the GDP.



- Globally, India stands 10th in terms of production and 8th in terms of consumption of machine tools.
- **Consumption (demand)** of machine tools in India is estimated to grow from approx Rs 12,000 cr in FY2016-17 to ~Rs 18,000-20,000 cr in FY2020-21.
- Against this domestic **production (supply)** is estimated to grow from ~Rs 6000-7000 cr to ~Rs 8,000-9,000 cr during the same period.
- Domestic production accounts for 30-40% of total consumption, thereby having significant dependence on imports.
- Government initiatives of “Make in India” and the current global “China+1” as an alternative to manufacturing, coupled with preference for India as a large manufacturing hub is expected to change the manufacturing landscape in India, ultimately leading to sharp growth in demand for CNC Machines.
- If the government target to increase share of manufacturing to GDP from 17% to 25% was to be achieved, the machine tool manufacturing industry in India will have to move from the current ~Rs.8000-9000 cr to ~Rs.45,000-50,000 cr over the next decade.
- *We envisage tremendous growth in the machine tool demand due to rise in domestic manufacturing and import substitution.*

Domestic manufacturer profile for machines & machine tools

Organized 33%	Unorganized 67%
ISO Certified 75%	Non-Certified 25%

Growth in market for machine tools vs growth in manufacturing share to GDP

Manf : GDP Tgt from 17% to 25%	Domestic Manufacturers 30-40% → 50%	Imports 60-70% → 50%
	Domestic Machine & Tools supply will need to grow from - ~Rs 8,000 cr → ~Rs 45,000 cr	



- ❑ MSE-1 certification for highest financial strength and operational ability by CRISIL
- ❑ FIE Foundation Award at IMTEX 2017 for Twin Spindle VMC V855 Twin Head
- ❑ FIE Foundation Award at IMTEX 2015 for Multi Tasking Machine Turn O' Mill Y S
- ❑ FIE Foundation Award at IMTEX 2013, Bangalore for designing excellence for model TURN 'O' MILL 200
- ❑ 4th Ranked in highest excise tax pay in the year 2010 -11
- ❑ Best Product Award for LX 200 Super at Engineering Expo in 2004



Thank You

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