

22 February 2025

India | Equity Research | Results update

CIE Automotive India Ltd

Auto Ancillaries

Execution of new orders remains key for growth

CIE Automotive's (CAIL) Q4CY24 consolidated PAT of INR 1.8bn was lower than consensus estimate of INR 1.9bn, with ~4% miss in revenue and ~100bps miss in EBITDA margin. EU revenue continued to be weak and was down 2% QoQ, at INR 5.8bn, on the back of continued slowdown in Metalcastello and Europe CV segment. India revenue was down 1% QoQ at ~INR 15bn, in line with industry growth. CAIL expects strong growth in India business led by ramp-up of new programmes to offset muted growth in Europe business. We cut CY25E EPS by ~10% to account for continued slowdown in Europe business and delay in ramp-up of fresh projects. Maintain **BUY** with a DCF-based revised TP of INR 560 (earlier: INR 675), implying 20x CY26E EPS.

Conference call takeaways

- Europe business revenue was down ~21% YoY due to decline in Metalcastello business and slowdown in Europe CV segment. MHCV segment in Europe declined more than 35% during Q4CY24. The company expects Europe CV market to continue to stay muted for next 2-3 quarters. Metalcastello business may see monthly revenue run-rate of ~EUR 4mn in coming quarters (vs EUR 6-6.5mn earlier) and is expecting recovery H2CY25 onwards. Despite the sales drop, Europe business EBITDAM stood at 15%. CAIL is taking cost-cutting actions such as eliminating temporary workers to manage costs. EU business is also gradually adding orders for EVs with >50% of new order wins this year being from EVs. While the company has orders in hand, delays in execution by OEMs is adversely affecting its revenue. EV penetration in Europe had reached 13% during CY24, and most OEMs are postponing their EV transition plans following multiple headwinds in this segment.
- India revenue growth was 4% YoY, owing to delay in ramp-up of fresh orders under AEL and Billforge. CAIL remains confident of growth from these orders during CY25. The company's India business has less exposure to ICE engine components and it sees EV transition as an opportunity rather than a risk. Of the new orderbook in India business at ~INR 10bn, ~25% is from EVs. India EBITDAM was steady at 17%. CY24 growth capex was INR 2.1bn and maintenance capex stood at INR 1.8bn; bulk of its growth capex is concentrated in India, where it sees higher growth. The company expects capex to be higher in FY25 to cater to new orderbook. CAIL may also consider adding plastic parts business via an inorganic route.

Financial Summary

Y/E Dec'24 (INR mn)	CY23A	CY24A	CY25E	CY26E
Net Revenue	92,803	89,641	97,622	1,05,432
EBITDA	14,239	13,506	14,936	16,447
EBITDA %	15.3	15.1	15.3	15.6
Net Profit	7,976	8,203	9,612	10,752
EPS (INR)	21.0	21.6	25.3	28.3
EPS % Chg YoY	18.4	2.8	17.2	11.9
P/E (x)	20.0	19.5	16.6	14.8
EV/EBITDA (x)	12.1	12.7	11.5	10.4
RoCE (%)	12.9	12.0	12.5	12.6
RoE (%)	14.4	13.1	13.9	14.0

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Market Data

Market Cap (INR)	160bn
Market Cap (USD)	1,842mn
Bloomberg Code	CIEINDIA IN
Reuters Code	CIEA.BO
52-week Range (INR)	628 /401
Free Float (%)	33.0
ADTV-3M (mn) (USD)	1.5

Price Performance (%)	3m	6m	12m
Absolute	(8.4)	(24.6)	(9.0)
Relative to Sensex	(6.0)	(17.7)	(12.7)

ESG Score	2023	2024	Change
ESG score	70.2	69.8	(0.4)
Environment	57.0	55.7	(1.3)
Social	71.6	71.8	0.2
Governance	77.2	81.0	3.8

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Earnings Revisions (%)

	CY25E
Revenue	(9.6)
EBITDA	(12.6)
EPS	(10.1)

Previous Reports

20-07-2024: [Q2CY24 results review](#)

30-05-2024: [Company Update](#)

Exhibit 1: Q4CY24 result review (consolidated)

Consolidated (INR mn)	Q4CY24	Q4CY23	YoY	Q3CY24	QoQ
Net Sales	21,100	22,404	-5.8%	21,346	-1%
Cost of Materials	11,016	11,621	-5%	11,052	0%
As % of sales	52.2%	51.9%	34 bps	51.8%	43 bps
Gross profit	10,084	10,783	-6%	10,294	-2%
Gross margin	47.8%	48.1%	-34 bps	48.2%	-43 bps
Employees Cost	2,416	2,451	-1%	2,400	1%
As % of sales	11.5%	10.9%	51 bps	11.2%	21 bps
Other expenditure	4,675	5,057	-8%	4,588	2%
As % of sales	22.2%	22.6%	-42 bps	21.5%	66 bps
EBITDA	2,993	3,274	-9%	3,306	-9%
EBITDA margin	14.2%	14.6%	-43 bps	15.5%	-130 bps
Depreciation & Amortisation	809	781	4%	798	1%
EBIT	2,184	2,493	-12%	2,508	-13%
EBIT margin	10.4%	11.1%	-78 bps	11.7%	-140 bps
Other Income	336	262	28%	261	28%
Interest	175	303	-42%	169	4%
PBT	2,344	2,452	-4%	2,600	-10%
Tax	552	682	-19%	653	-15%
Adj PAT	1,792	1,770	1%	1,947	-8%

Source: I-Sec research, Company data

Exhibit 2: Q4CY24 result summary: India

MCIE India (INR mn)	Q4CY24	Q4CY23	YoY	Q3CY24	QoQ
Net Sales	14,522	13,934	4%	14,707	-1%
EBITDA	2,464	2,299	7%	2,606	-5%
EBITDA margin	17.0%	16.5%	47 bps	17.7%	-75 bps

Source: I-Sec research, Company data

Exhibit 3: Q4CY24 result summary: Europe

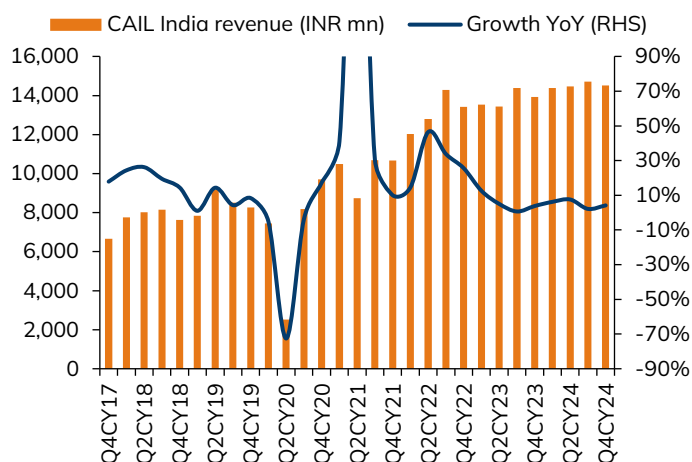
MCIE Europe (INR mn)	Q4CY24	Q4CY23	YoY	Q3CY24	QoQ
Net Sales	5,771	7,325	-21%	5,899	-2%
EBITDA	865	1,240	-30%	942	-8%
EBITDA margin	15.0%	16.9%	-194 bps	16.0%	-98 bps

Source: I-Sec research, Company data

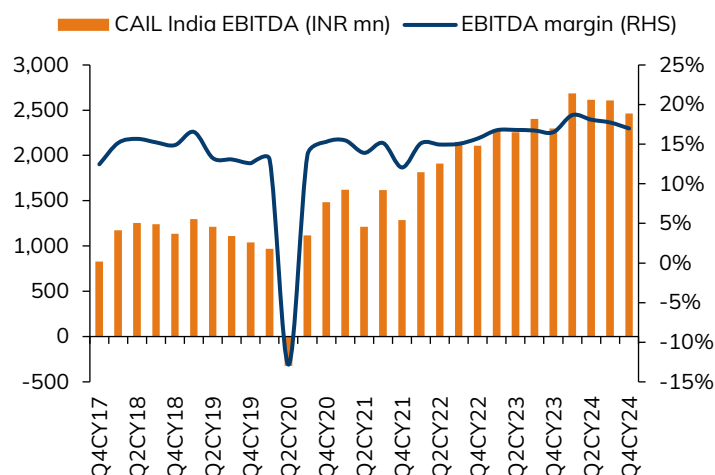
Exhibit 4: Estimates revision

	CY25E			CY26E
	Old	Revised	% change	Introducing
Revenue (INR mn)	1,07,957	97,622	-9.6%	1,05,432
EBITDA (INR mn)	17,085	14,936	-12.6%	16,447
EBITDA margin (%)	15.8%	15.3%	-53 bps	15.6%
PAT (INR mn)	10,690	9,612	-10.1%	10,752
EPS (INR)	28.2	25.3	-10.1%	28.3

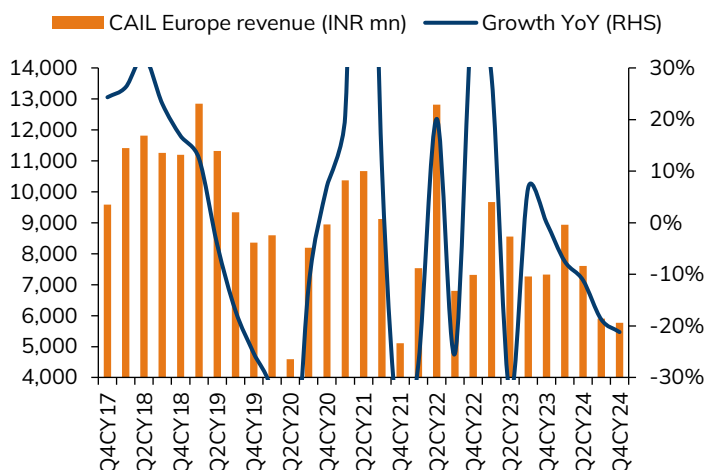
Source: Company data, I-Sec research

Exhibit 5: Expect consolidated revenue CAGR to remain sub-10% over CY24-26E


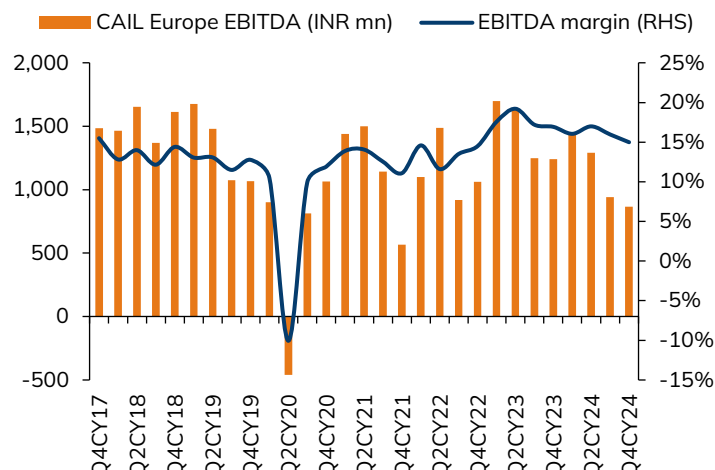
Source: I-Sec research, Company data

Exhibit 6: CAIL's India EBITDA margin steady at 17%, helping earnings grow amid soft revenue growth


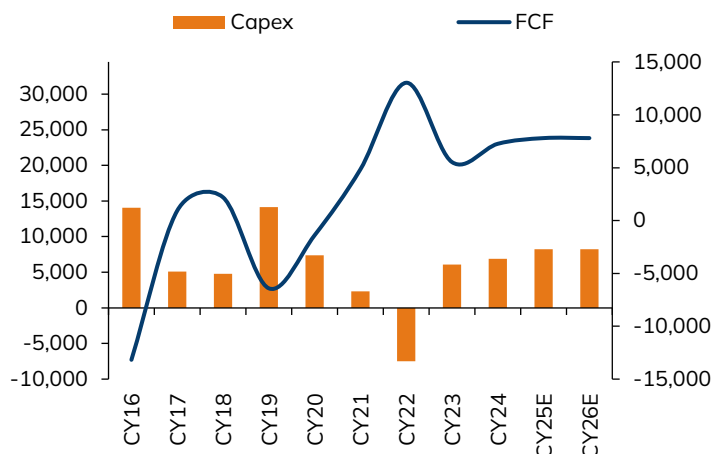
Source: I-Sec research, Company data

Exhibit 7: European operations remain subdued in terms of revenue


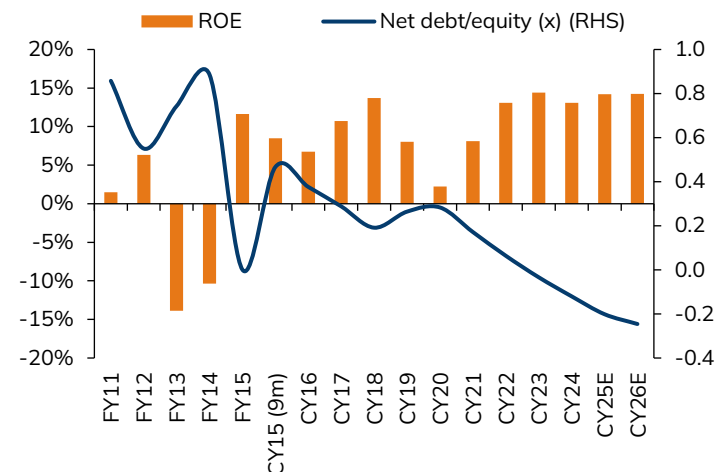
Source: I-Sec research, Company data

Exhibit 8: Delivering steady margin in Europe despite subdued revenue performance


Source: I-Sec research, Company data

Exhibit 9: Strong FCF trajectory with ~6% capex/sales trend


Source: I-Sec research, Company data

Exhibit 10: Net debt free already with ~14% RoE


Source: I-Sec research, Company data

Downside risks

Persistent sluggish demand in European car market and continued weakness in domestic 2W/tractors could impact scale and margin in CY25.

Exhibit 11: Shareholding pattern

%	Jun'24	Sep'24	Dec'24
Promoters	65.7	65.7	65.7
Institutional investors	24.6	25.4	25.3
MFs and others	18.5	19.4	19.9
FIs/Banks	0.0	0.7	0.0
Insurance	0.3	0.2	0.2
FIIIs	5.8	5.1	5.2
Others	9.7	8.9	9.0

Source: Bloomberg, I-Sec research

Exhibit 12: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 13: Profit & Loss

(INR mn, year ending Dec'24)

	CY23A	CY24A	CY25E	CY26E
Net Sales	92,803	89,641	97,622	1,05,432
Operating Expenses	29,456	29,430	31,435	33,633
EBITDA	14,239	13,506	14,936	16,447
EBITDA Margin (%)	15.3	15.1	15.3	15.6
Depreciation & Amortization	3,222	3,306	3,386	3,552
EBIT	11,017	10,199	11,549	12,896
Interest expenditure	1,074	776	200	100
Other Non-operating Income	820	1,396	1,466	1,540
Recurring PBT	10,763	10,820	12,816	14,335
Profit / Loss from Associates	-	-	-	-
Less: Taxes	2,782	2,644	3,204	3,584
PAT	7,981	8,176	9,612	10,752
Less: Minority Interest	5	(27)	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	7,981	8,176	9,612	10,752
Net Income (Adjusted)	7,976	8,203	9,612	10,752

Source Company data, I-Sec research

Exhibit 14: Balance sheet

(INR mn, year ending Dec'24)

	CY23A	CY24A	CY25E	CY26E
Total Current Assets	30,690	27,882	38,372	45,583
of which cash & cash eqv.	2,387	3,242	9,899	15,017
Total Current Liabilities & Provisions	25,854	22,772	28,778	30,932
Net Current Assets	4,836	5,109	9,594	14,651
Investments	8,195	10,372	10,372	10,372
Net Fixed Assets	58,641	59,233	61,705	64,479
ROU Assets	-	-	-	-
Capital Work-in-Progress	-	-	-	-
Total Intangible Assets	-	-	-	-
Other assets	-	-	-	-
Deferred Tax assets	(3,238)	(3,247)	(3,247)	(3,247)
Total Assets	68,434	71,468	78,424	86,254
Liabilities				
Borrowings	8,554	5,700	5,700	5,700
Deferred Tax Liability	-	-	-	-
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
Equity Share Capital	3,794	3,794	3,794	3,794
Reserves & Surplus	56,086	61,974	68,931	76,761
Total Net Worth	59,880	65,768	72,724	80,555
Minority Interest	-	-	-	-
Total Liabilities	68,434	71,468	78,424	86,254

Source Company data, I-Sec research

Exhibit 15: Quarterly trend

(INR mn, year ending Dec'24)

	Mar-24	Jun-24	Sep-24	Dec-24
Net Sales	24,268	22,927	21,346	21,100
% growth (YOY)	(0.5)	(1.2)	(4.4)	(5.8)
EBITDA	3,606	3,600	3,306	2,993
Margin %	14.9	15.7	15.5	14.2
Other Income	517	313	261	336
Adjusted Net Profit	2,302	2,164	1,947	1,792

Source Company data, I-Sec research

Exhibit 16: Cashflow statement

(INR mn, year ending Dec'24)

	CY23A	CY24A	CY25E	CY26E
Operating Cashflow	9,513	12,091	15,170	14,365
Working Capital Changes	(1,686)	582	2,172	62
Capital Commitments	(5,202)	(3,899)	(5,857)	(6,326)
Free Cashflow	4,311	8,192	9,312	8,039
Other investing cashflow	(2,449)	(2,178)	-	-
Cashflow from Investing Activities	(7,651)	(6,076)	(5,857)	(6,326)
Issue of Share Capital	0	0	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	(1,301)	(2,854)	-	-
Dividend paid	(948)	(2,656)	(2,656)	(2,921)
Others	1,915	350	-	-
Cash flow from Financing Activities	(334)	(5,160)	(2,656)	(2,921)
Chg. in Cash & Bank balance	1,528	855	6,657	5,118
Closing cash & balance	2,387	3,242	9,899	15,017

Source Company data, I-Sec research

Exhibit 17: Key ratios

(Year ending Dec'24)

	CY23A	CY24A	CY25E	CY26E
Per Share Data (INR)				
Reported EPS	21.0	21.6	25.3	28.3
Adjusted EPS (Diluted)	21.0	21.6	25.3	28.3
Cash EPS	29.5	30.3	34.3	37.7
Dividend per share (DPS)	5.0	7.0	7.0	7.7
Book Value per share (BV)	157.8	173.4	191.7	212.3
Dividend Payout (%)	23.8	32.4	27.6	27.2
Growth (%)				
Net Sales	6.0	(3.4)	8.9	8.0
EBITDA	21.5	(5.1)	10.6	10.1
EPS (INR)	18.4	2.8	17.2	11.9
Valuation Ratios (x)				
P/E	20.0	19.5	16.6	14.8
P/CEPS	14.3	13.9	12.3	11.2
P/BV	2.7	2.4	2.2	2.0
EV / EBITDA	12.1	12.7	11.5	10.4
EV / Sales	1.9	1.9	1.8	1.6
Profitability Ratios				
Gross Profit Margins (%)	47.1	47.9	47.5	47.5
EBITDA Margins (%)	15.3	15.1	15.3	15.6
EBIT Margins (%)	11.9	11.4	11.8	12.2
Net Profit Margins (%)	8.6	9.2	9.8	10.2
RoCE (%)	12.9	12.0	12.5	12.6
RoE (%)	14.4	13.1	13.9	14.0
Dividend Yield (%)	1.2	1.7	1.7	1.8
Operating Ratios				
Fixed Asset Turnover (x)	0.8	0.7	0.8	0.8
Inventory Turnover Days	46	44	45	45
Receivables Days	25	26	32	32
Payables Days	76	64	80	80
Effective Tax Rate (%)	25.8	24.4	25.0	25.0
Net Debt / Equity (x)	0.0	(0.1)	(0.2)	(0.2)
Net Debt / EBITDA (x)	(0.1)	(0.6)	(1.0)	(1.2)

Source Company data, I-Sec research

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