

## Triveni Turbine

BSE SENSEX	NIFTY	CMP: INR108	TP: INR150 (+39%)	Buy							
25597	7849										
Shares O/s (cr)	33.0	<b>YEAR</b>	<b>SALES</b>	<b>A.PAT</b>	<b>A.EPS</b>	<b>A.EPS</b>	<b>PE</b>	<b>P/BV</b>	<b>EV/</b>	<b>DIV. YLD</b>	<b>A.ROE</b>
52-W H/L Range (INR)	133/89	<b>END</b>	<b>(INRCr)</b>	<b>(INRCr)</b>	<b>(INR)</b>	<b>Gr.(%)</b>	<b>(X)</b>	<b>(X)</b>	<b>EBITDA(X)</b>	<b>(%)</b>	<b>(%)</b>
1/6/12 Month Perfo.	13/0/-5	FY16	796	107	3.2	42%	33	12.2	21.1	0.9%	37%
Market Cap. (INR Cr)	3564	FY17E	957	133	4.0	24%	27	9.4	17.5	1.2%	35%
Market Cap. (US\$ m)	532	FY18E	1,162	162	4.9	21%	22	7.6	14.2	1.9%	35%

### Results - In-line, PAT +17%; order inflow momentum continues; growth story intact

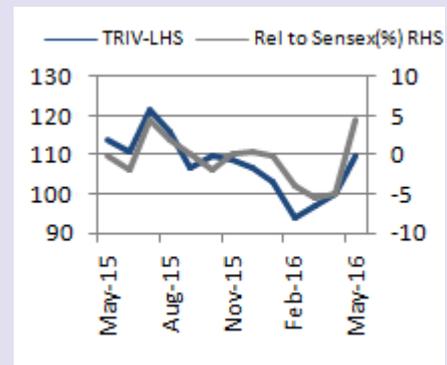
- Tepid topline offset by a higher margins; profits in-line: Revenues at INR 206cr, +7% YoY are 10% below our estimate of INR 228cr. EBITDA came in at INR 52.9cr, +56% YoY with EBITDA margins at 25.7%, higher by 800bp YoY [Est 21.4%]. PAT came in at INR 34.3cr +17% YoY, in-line with our estimates.
- Order intake for the quarter was encouraging with an inflow of INR 257cr, +38% YoY. The outstanding standalone order book stood at INR 664cr, higher by 10% YoY. Order inflow is expected to gain momentum as contribution from the GE-Triveni JV starts kicking in majorly from 4QFY16 onwards as the company is expecting huge order wins from this JV which would get executed FY17E onwards.
- Export grew by 49% in FY16 and now constitutes 49% of the overall revenues, up from 45% in FY15 and 28% in FY14. Export order intake also grew by 49% during FY16. Triveni is now focusing on getting closer to its clients by opening service centers in various geographies like UK, Dubai, Indonesia, SE Asia and LATAM. This should further strengthen Triveni's value proposition as clients would now perceive the company as a serious player offering quality products at cheaper rates along with dedicated after-sales services.

INRCr	4QFY15	3QFY16	4QFY16	yoy	qoq	FY15	FY16	yoy
Revenue	192	197	206	7%	5%	651	796	22%
Expenditure	162	157	157	-3%	0%	528	627	19%
EBITDA	34	41	53	56%	29%	123	170	39%
Other Income	16	4	2			9	12	35%
Interest	0	0	0			2	1	
Depreciation	3	3	4	40%	4%	16	16	2%
E/O Exp	-3	0	0			22	0	
PBT	45	41	51	15%	25%	136	165	21%
Tax	15	14	17			43	54	26%
PAT (Reported)	29	28	34	17%	25%	91	107	18%
PAT (Adj)	31	28	34	10%	25%	75	107	42%
EBITDA (%)	17.7%	20.8%	25.7%			18.8%	21.3%	
Tax rate (%)	34%	33%	33%			32%	33%	

\* Quarterly figures are standalone; Full year figures are consolidated

### Valuation and view

- Triveni Turbines is currently at an inflection point wherein its exports, aftermarket and JV with GE together have increased their contribution to 62% of revenues and are expected to decouple Triveni from the vagaries of the domestic product market.
- With focus and a strong competitive proposition offered by Triveni in high margin and fast growing segments of exports and aftermarket, the company is expected to grow its profits at 23% CAGR over FY16-18E. Besides, Triveni's business generates best in class ROE of 37% which is likely to improve going forward with an increase in capacity utilisation. We value the company at INR 150 on DCF basis and maintain our BUY rating.



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