

**Q3FY24 Result Highlights**

- **Standalone business Revenue/EBITDA/PAT grew 25%/30%/42% YoY due 2Ws volume uptick** - Endurance Q3FY24 standalone Revenue/EBITDA/PAT grew 25%/30%/42% YoY to ₹19.9bn/₹2.31bn/₹1.32bn due to uptick in volumes of 2W segment while it had muted QoQ revenue growth of 1%, mainly driven by a decline in production volumes from key customers -17% QoQ decline in revenues from Royal Enfield, 11% QoQ decline in revenues from TVS Motors and 7% QoQ decline in revenues from HMSI, partly offset by high single QoQ increase in Bajaj Auto's revenues (v/s 15% QoQ increase in Bajaj Auto's production volumes).Aftermarket segment revenues declined 42% YoY to ₹652mn in Q3FY24 from ₹1.1bn in Q3FY23, as export markets continue to face economic challenges. The company is currently serving 32 countries in the aftermarket segment and targets to enter 3 more African countries in the coming quarters.
- **Standalone Revenue breakup by product in 9MFY24 over 9MFY23** - Suspension: 33% (35.8%), Die casting: 30.7% (30.2%), Disc Brake: 14.4% (12%), Alloy Wheel: 9.9% (9%), Aftermarket: 5.6% (6%),Transmission: 5% (5.6%) and Others: 1.4% (1.4%).
- **Standalone Revenue breakup by vehicle type in 9MFY24 over 9MFY23** - Motorcycle: 70.3% (71.1%), Scooter: 10% (9.8%), 3-Wheeler: 10.7% (10.3%), 4-Wheeler: 6.6% (7.2%) and Others: 2.5% (1.6%)
- **Steady order wins in India business** - The standalone business has won orders worth ₹1.6bn from OEMs in Q3FY24 versus ₹4.7bn in Q2FY24. Key order wins include (1) ₹0.24bn worth of orders from HMCL, (2) ₹0.66bn worth of new orders from Royal Enfield for alloy wheels, (3) ₹0.46bn from 4W OEMs for machined castings, (4) ₹0.27bn inverted front fork and rear-mono shock order from TVS and (5) ₹0.25bn order for front fork from Suzuki. Over the past four years, the company has cumulative order wins of ₹38.2bn (₹26.7bn of new orders and ₹11.6bn of replacement orders), which it expects would reach its peak revenues (new order wins) by FY26 as per the management. The EV order book was at ₹6.8bn (42% of total order book in FY23 and 8.5% of total order book in 9MFY24). The company has won (1) EV suspension orders from Hero Electric, Ather, HMSI and Greaves Cotton and (2) EV Combined Braking system (CBS) orders from Ather, Okinawa, HMCL and Greaves Cotton.
- **European profitability improves 5.4% YoY in EUR terms due to EV sales** - EU subsidiaries reported revenues of EUR63.4 mn (5.4% YoY), mainly due to an uptick in EU PV sales, partly offset by lower realisations owing to pass-through of softening energy costs. EBITDA margin expanded 110 bps YoY to 15.5%, mainly led by lower electricity and gas prices, and operating leverage benefits. However, the management highlighted that volume recovery remains uncertain for the next two quarters owing to inflationary pressures and high interest rates, after which it expects a recovery in production volumes.In its European business, the company has won cumulative ordersworth EUR249 mn, out of which EUR90 mn (36%) are from EV applications and EUR119 mn (48%) arefrom hybrid applications over the past 4 years. It highlighted that the Europe business derived 45% of therevenues from ICE end-use applications in FY23, which it expects to come down to 22% in FY27.Order wins in the Europe business remained muted at EUR9 mn during the quarter.

**Important Statistics**

Nifty	21,808
Sensex	71,633
MCAP (₹ bn)	274.9
52 Week H/L (₹)	2,308/1,172
NSE Code	ENDURANCE
BSE Code	540153
Bloomberg Code	ENDU:IN

Shareholding Pattern	Dec'23 (%)
Promoter	75.0
DII	15.4
FII	7.8
Public & Others	1.8

**FINANCIALS**

(₹ mn)

Particulars	FY21	FY22	FY23
Revenues	65,470	75,491	88,040
EBITDA	10,402	9,646	10,363
EBITDA Margin (%)	15.9	12.8	11.8
Net Profit	5,196	4,607	4,796
EPS (₹)	36.9	32.8	34.1
DPS (₹)	6.0	6.25	7.0
RoE (%)	14.6	13.8	10.9
RoCE (%)	17.0	11.8	12.6
P/E (x)	52.9	59.7	57.3
EV/EBITDA (x)	26.4	28.5	26.9
P/BV (x)	7.7	7.0	6.2

Particulars	FY24E	FY25E	FY26E
Revenues	102,198	115,581	127,314
EBITDA	12,643	14,881	17,131
EBITDA Margin (%)	12.4	12.9	13.5
Net Profit	6,354	7,842	9,289
EPS (₹)	45.2	55.8	66.0
DPS (₹)	7.5	8.0	8.5
RoE (%)	12.8	14.1	15.0
RoCE (%)	15.3	18.0	20.5
P/E (x)	43.3	35.0	29.6
EV/EBITDA (x)	21.3	17.7	15.2
P/BV (x)	5.6	5.0	4.4

Source: Company, Way2Wealth

**Relative Performance**

Return(%)	1Yr	3Yr	5Yr
ENDURANCE	40.3	34.4	58.3
Nifty 50	21.9	44.3	99.3
Sensex	17.8	39.5	96.8

Source: Company, Way2Wealth

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- **Maxwell's revenue growth was muted QoQ owing to the postponement of new EV product launches by key customers.** It booked new orders worth ₹100mn in Q3FY24, taking the cumulative order wins to ₹3.8bn in the past two years, which is expected to peak in FY27. The company has ₹1.1bn worth of request for quotes (RFQs) under discussion with various customers. It has commenced supplies to Hero MotoCorp (₹1bn order win). Also received LOI from Hero Electric (order win of ₹0.7bn), with an expected SOP of Q1FY25. The company has also won BMS business from RE for ₹0.3bn annual revenue at peak, which is likely to commence from Q4FY25. It has received LOI from Govecs, a large European electric 2W OEM, with an opportunity of ₹0.13bn annual revenue at peak and the business is expected to commence from Q1FY25E.

**View**

ENDURANCE had a muted QoQ to lower than expected production (from 2Ws) and postponement of new EV orders from key customers especially new age OEMs' (Hero Electric, Ampere, Bounce Mobility) performance lagged expectations. Order momentum for EVs in general have slowed post cut in FAME-II subsidies, as OEMs assess strategy and has impacted ramp-up at its Maxwell subsidiary. Expectation is from impending FAME-III announcement. It aims to improve the share of the PV business to 45% by 2030 from the current 26%, led by growth in aluminum castings and forgings due to growing demand for light-weight solutions and foraying into the PV suspension, braking and alloy-wheel businesses through acquisitions and JVs. The company strives to improve the contribution from its 2W premium segment (+150 cc), offering all customers in brake assemblies, ABS, suspension and clutch assemblies with upgraded product technologies and processes. It is also focusing on increasing the business from electric vehicles through existing and new products, as part of which, the company aims to increase the advanced electronics or embedded electronics business and to emerge as a significant player for the battery management system (BMS) and new electronic products required for EVs and other applications. The company is also targeting to increase the share of the non-automotive business to 10% by FY28, which it believes is a huge revenue and profitable driver, with large opportunities, especially in aluminum castings. Considering Endurance's size and strong market share in its operating segments and it focus on emerging technologies to grow its portfolio through both organic and inorganic route, **we continue to view it as an ACCUMULATE stock trading at P/E 29.6x FY26E EPS of ₹66.0.**

08<sup>th</sup> February 2024

CMP – ₹1,954.0/-

View – **ACCUMULATE**

**FINANCIAL PERFORMANCE**

(₹ mn)

Particulars	Q3FY24	Q3FY23	YoY (%)	Q2FY24	QoQ(%)	9MFY24	9MFY23	YoY(%)
<b>Revenue</b>	<b>25,611.1</b>	<b>20,952.5</b>	<b>22.2</b>	<b>25,450.3</b>	<b>0.6</b>	<b>75,561.0</b>	<b>65,697.1</b>	<b>15.0</b>
Matl Cost	15,369.4	12,651.8	21.5	15,007.4	2.4	44,725.7	40,325.5	10.9
Purchases	463.8	313.4	48.0	449.6	3.2	1,213.3	920.9	31.8
Stock Changes	(442.4)	(408.7)	8.2	(139.8)	216.4	(745.9)	(1,208.2)	(38.3)
Employee Exps	2,219.8	1,932.4	14.9	2,123.6	4.5	6,530.7	5,544.6	17.8
Other Exps	5,010.4	4,068.3	23.2	4,826.2	3.8	14,451.3	12,605.6	14.6
<b>EBITDA</b>	<b>2,990.1</b>	<b>2,395.2</b>	<b>24.8</b>	<b>3,183.2</b>	<b>(6.1)</b>	<b>9,385.9</b>	<b>7,508.7</b>	<b>25.0</b>
<b>EBITDA Margin (%)</b>	<b>11.7</b>	<b>11.4</b>	<b>24</b>	<b>12.5</b>	<b>(83)</b>	<b>12.4</b>	<b>11.4</b>	<b>99</b>
Other Income	269.7	115.1	134.4	155.2	73.8	590.8	246.1	140.0
Depreciation	1,144.2	1,016.1	12.6	1,184.1	(3.4)	3,457.7	3,000.2	15.2
Finance Cost	109.3	45.8	138.8	98.2	11.3	297.6	126.0	136.2
PBT	2,006.2	1,448.4	38.5	2,056.1	(2.4)	6,221.3	4,628.6	34.4
Tax	483.4	366.1	32.0	510.6	(5.3)	1,518.0	1,094.7	38.7
Exceptional Item	-	-	-	-	-	-	(102.9)	(100.0)
Minority Interest -Profit/(Loss)	-	-	-	-	-	-	-	-
<b>Net Profit</b>	<b>1,522.8</b>	<b>1,082.3</b>	<b>40.7</b>	<b>1,545.6</b>	<b>(1.5)</b>	<b>4,703.3</b>	<b>3,431.1</b>	<b>37.1</b>
<b>Adjus Profit</b>	<b>1,522.8</b>	<b>1,082.3</b>	<b>40.7</b>	<b>1,545.6</b>	<b>(1.5)</b>	<b>4,703.3</b>	<b>3,533.9</b>	<b>33.1</b>
EPS (₹)	10.8	7.7	40.7	11.0	(1.5)	33.4	24.4	37.1
<b>As % of Sales</b>			<b>BPS</b>		<b>BPS</b>			<b>BPS</b>
Raw Matl Cost	60.1	59.9	17	60.2	(9)	59.8	60.9	(113)
Employee Exps	8.7	9.2	(56)	8.3	32	8.6	8.4	20
Other Exps	19.6	19.4	15	19.0	60	19.1	19.2	(6)

Source: Company, Way2Wealth

(₹ mn)

Consolidated	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3FY 24	YoY (%)	QoQ (%)	9M FY24	9M FY23	YoY (%)
<b>Revenue</b>	16,405	16,038	6,031	17,701	12,409	21,329	16,937	18,876	18,891	20,788	21,138	23,606	20,952	22,343	24,500	25,450	25,611	22.2	0.6	75,561	65,697	15.0
<b>EBITDA</b>	2,605	2,449	427	3,132	3,521	3,322	2,443	2,600	2,032	2,571	2,398	2,716	2,395	2,854	3,213	3,183	2,990	24.8	(6.1)	9,386	7,509	25.0
<b>EBITDA Margin (%)</b>	15.5	15.3	7.1	17.7	17.3	15.6	14.4	13.6	10.8	12.4	11.3	11.5	11.4	12.6	13.1	12.5	11.7	24	(83)	12.4	11.4	99
<b>Net Profit</b>	1,240	1,122	(249.0)	1,672	1,901	1,874	966	1,333	946	1,362	1,034	1,315	1,082	1,365	1,635	1,546	1,523	40.7	(1.5)	4,703	3,431	37.1

Source: Company, Way2Wealth

(₹ mn)

Particulars	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3FY 24	YoY (%)	QoQ (%)	9M FY24	9M FY23	YoY (%)	
<b>INDIA</b>																							
<b>Revenue</b>	11,610	11,314	3,562	12,892	15,288	15,989	11,520	15,012	14,895	15,544	16,161	19,054	15,968	16,492	18,254	19,736	19,934	24.8	1.0	57,924	51,183	13.2	
<b>EBITDA</b>	1,638	1,437	25	2,322	2,601	2,367	1,538	2,125	1,655	1,968	1,742	2,319	1,777	1,955	2,302	2,478	2,311	30.1	(6.7)	7,090	5,837	21.5	
<b>EBITDA Margin (%)</b>	14.1	12.7	0.7	18.0	17.0	14.8	13.4	14.2	11.1	12.7	10.8	12.2	11.1	11.9	12.6	12.6	11.6	47	(96)	12.2	11.4	84	
<b>EUROPE</b>																							
<b>Revenue</b>	4,795	4,724	2,469	4,809	5,121	5,340	5,417	3,864	3,996	5,244	4,978	4,552	4,985	5,851	6,246	5,714	5,677	13.9	(0.6)	17,637	14,514	21.5	
<b>EBITDA</b>	969	1,016	402	810	920	955	905	475	377	603	656	397	618	899	911	706	679	9.8	(3.7)	2,296	1,671	37.4	
<b>EBITDA Margin (%)</b>	20.2	21.5	16.3	16.8	18.0	17.9	16.7	12.3	9.4	11.5	13.2	8.7	12.4	15.4	14.6	12.3	12.0	(44)	(39)	13.0	11.5	150	

Source: Company, Way2Wealth

**FINANCIALS & VALUATIONS**

(₹ mn)

Particulars	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
<i>India</i>	54,195	49,386	47,730	56,971	67,675	78,495	89,955	99,587
<i>YoY Growth (%)</i>	20.7	(8.9)	(3.4)	19.4	18.8	16.0	14.6	10.7
<i>Europe</i>	20,910	19,791	17,740	18,521	20,365	23,703	25,626	27,727
<i>YoY Growth (%)</i>	5.1	(5.4)	(10.4)	4.4	10.0	16.4	8.1	8.2
<b>Revenue</b>	<b>75,105</b>	<b>69,177</b>	<b>65,470</b>	<b>75,491</b>	<b>88,040</b>	<b>102,198</b>	<b>115,581</b>	<b>127,314</b>
<i>YoY Growth (%)</i>	15.9	(7.9)	(5.4)	15.3	16.6	16.1	13.1	10.2
<b>EBITDA</b>	<b>11,288</b>	<b>11,308</b>	<b>10,402</b>	<b>9,646</b>	<b>10,363</b>	<b>12,643</b>	<b>14,881</b>	<b>17,131</b>
<i>EBITDA Margin (%)</i>	15.0	16.3	15.9	12.8	11.8	12.4	12.9	13.5
<b>Net Profit</b>	<b>4,950</b>	<b>5,655</b>	<b>5,196</b>	<b>4,607</b>	<b>4,796</b>	<b>6,354</b>	<b>7,842</b>	<b>9,289</b>
<b>EPS ₹</b>	35.2	40.2	36.9	32.8	34.1	45.2	55.8	66.0
<b>DPS ₹</b>	5.5	5.5	6.0	6.3	7.0	7.5	8.0	8.5
<b>P/E (x)</b>	55.5	48.6	52.9	59.7	57.3	43.3	35.0	29.6
<b>EV/EBITDA (x)</b>	24.5	24.5	26.4	28.5	26.9	21.3	17.7	15.2
<b>P/BV (x)</b>	10.7	9.1	7.7	7.0	6.2	5.6	5.0	4.4
<b>Net Debt/Equity (x)</b>	0.1	0.1	(0.0)	0.01	0.1	0.1	0.1	0.1
<b>RoE (%)</b>	19.3	18.8	14.6	13.8	10.9	12.8	14.1	15.0
<b>RoCE (%)</b>	25.1	20.4	15.9	13.9	12.6	15.3	18.0	20.5
<b>FCF</b>	2,220	4,943	3,270	2,125	2,257	2,618	6,274	8,352
<b>Cash Balances</b>	5,027	5,379	6,209	4,026	2,877	4,047	8,891	15,208

Source: Company, Way2Wealth

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Name of the Security	Endurance Technologies Ltd.
Name of the analyst	Jayakanth Kasthuri
Analysts' ownership of any stock related to the information contained	
Financial Interest	No
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	
Conflict of Interest	No
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