



**Q2 FY18 – Investor Presentation**

November 14<sup>th</sup>, 2017

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# Section 1: RPG Group Overview

# RPG Group: Powered by Passion, Driven by Ethics

**UNLEASHTALENT  
TOUCHLIVES  
OUTPERFORM  
AND😊**

RPG Enterprises was founded in 1979. The group currently operates in various industries - Infrastructure, Technology, Life Sciences, Plantations and Tyre Manufacturing. The group has a history of business dating back to 1820 AD in banking, textiles, jute and tea. The Group grew in size and strength with several acquisitions in the 1980s and 1990s. CEAT became a part of the RPG Group in 1982, which is now one of India's fastest growing conglomerates with 20000+ employees, presence in 100+ countries and annual gross revenues of ~\$3 Bn.



## KEC International

World leader in  
Power  
Transmission  
EPC space



## CEAT

One of India's  
leading  
manufacturer of  
automobile tyres



## Zensar Technologies

Software  
services provider  
spread across 20  
countries,  
400+ customers.



## RPG Life Sciences

Pharma  
company with  
wide range  
medicines in  
global generics  
and synthetic  
APIs.



## Raychem RPG

Engineering  
products and  
services  
catering to  
infrastructure  
segment  
of the economy.

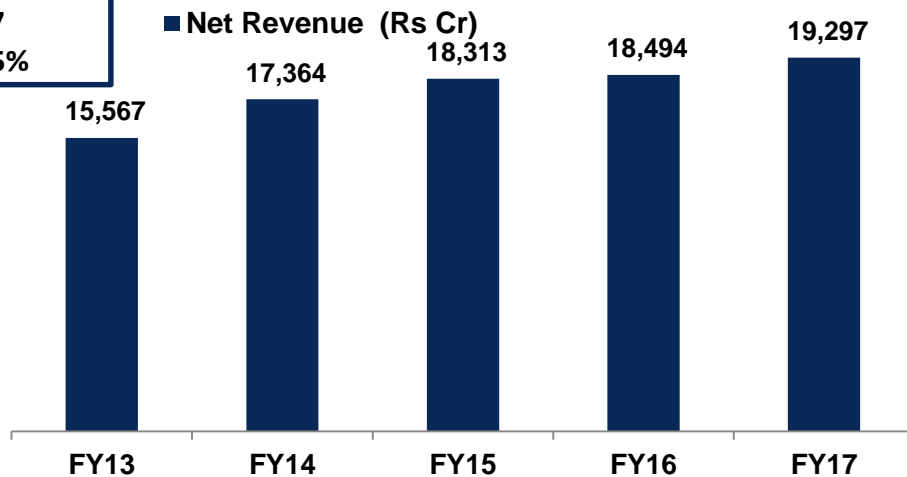


## Harrisons Malayalam

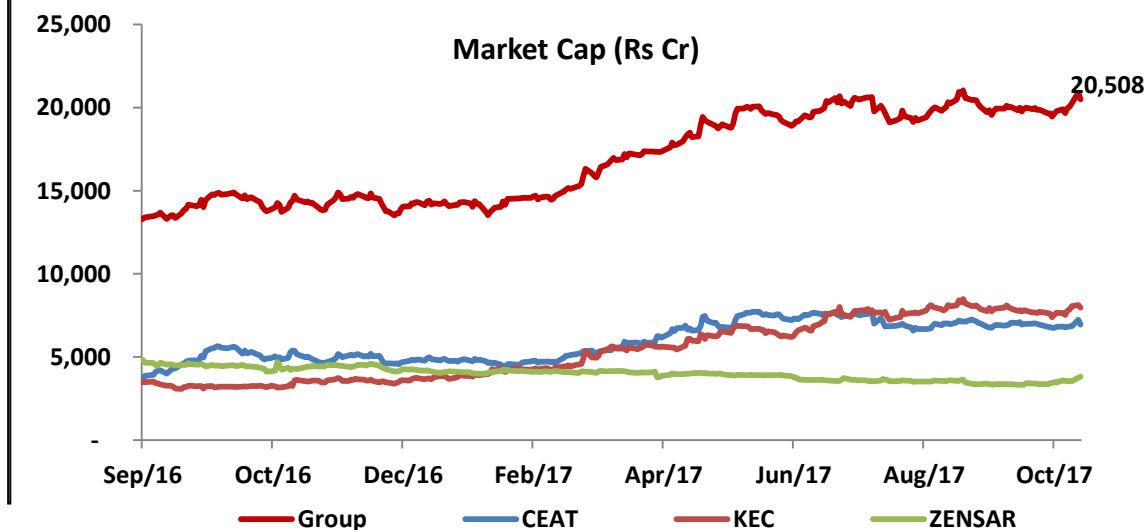
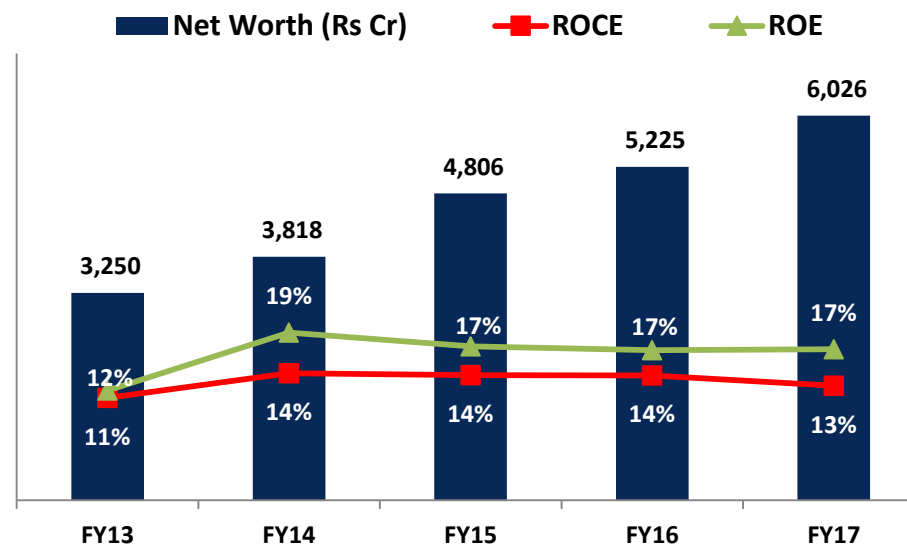
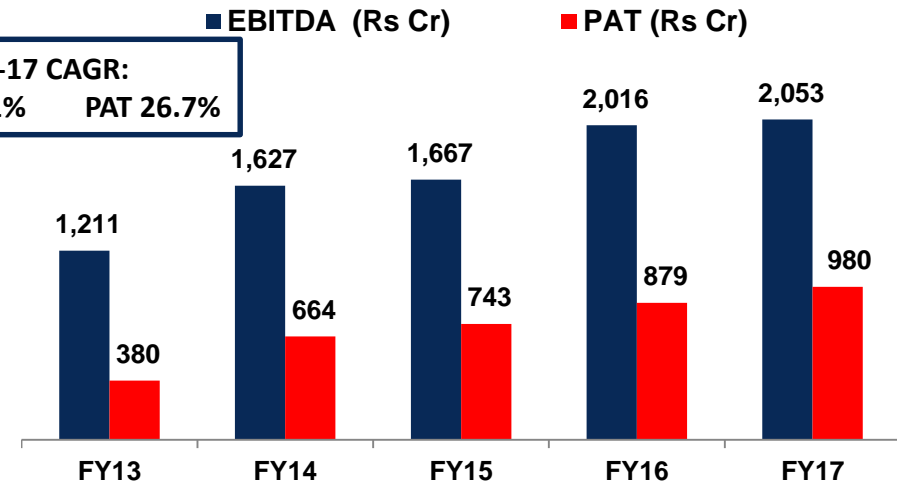
One of India's  
largest plantation  
companies with  
tea, rubber and  
other agro  
products.

# RPG Group: Key Financials

FY13-17  
CAGR: 5.5%



FY13-17 CAGR:  
EBITDA 14.1% PAT 26.7%



**Note:**

- 1) ROCE is calculated by taking EBIT divided by Average Capital Employed
- 2) ROE is calculated by taking PAT divided by Average Net-worth
- 3) Market Cap updated till 7<sup>th</sup> Nov 2017

## Section 2: Business Overview

# Board of Directors



**Harsh Vardhan Goenka**  
Chairman, Non Executive Director



**Anant Vardhan Goenka**  
Managing Director



**Arnab Banerjee**  
Whole -Time Director



**Hari L. Mundra**  
Non Executive  
Non Independent Director



**Atul C. Choksey**  
Non Executive  
Independent Director



**Haigreve Khaitan**  
Non Executive  
Independent Director



**Mahesh S. Gupta**  
Non Executive  
Independent Director



**Paras K. Chowdhary**  
Non Executive  
Independent Director



**Punita Lal**  
Non Executive  
Independent Director



**Ranjit Pandit**  
Non Executive  
Independent Director



**S. Doreswamy**  
Non Executive  
Independent Director



**Vinay Bansal**  
Non Executive  
Independent Director



# Leadership Team

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**Anant Goenka**



**Managing Director**

**Kumar Subbiah**



**Chief Financial Officer**

**Arnab Banerjee**



**Executive Director  
- Operations**

**Milind Apte**



**Senior Vice President  
- Human Resources**

**Tom Thomas**



**Executive Director  
- Projects**

**Dilip Modak**



**Senior Vice President  
- Manufacturing**

**Chandrashekhar Ajgaonkar**



**Senior Vice President  
- Quality Based Management**

**Peter Becker**



**Senior Vice President  
- R&D and Technology**

India's leading tyre company with over **50** yrs of presence

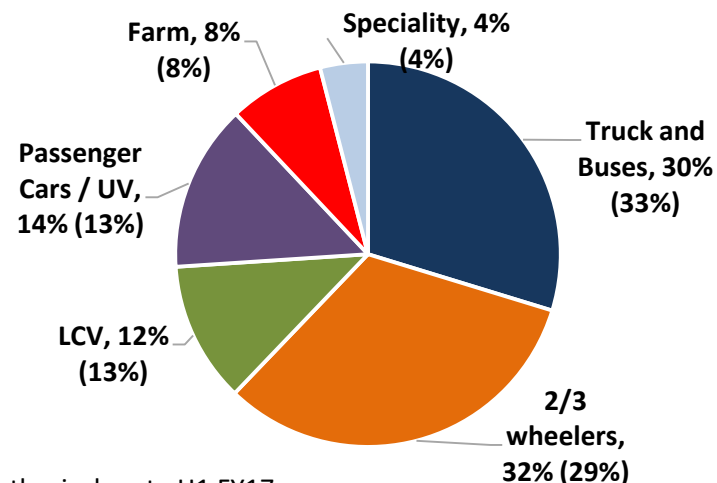
Distribution Network : **4,500+** dealers, **490+** exclusive CEAT franchisees

**6** Manufacturing facilities - Bhandup, Nasik, Halol, Nagpur, Ambernath & Sri Lanka

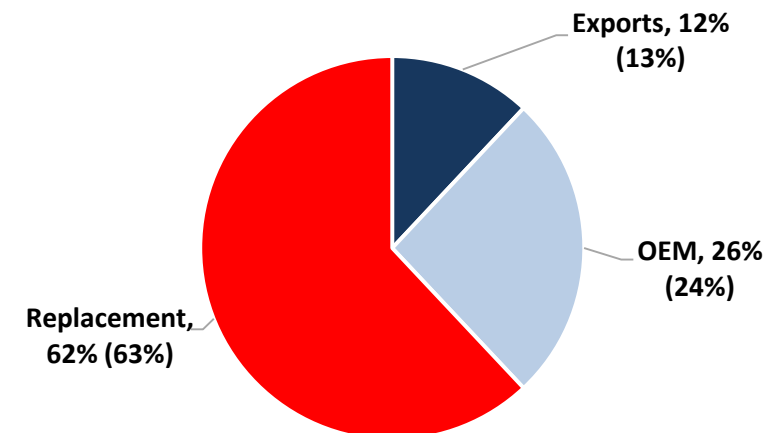
**100+** countries where products are sold with strong brand recall

**#No 1** player in Sri Lanka in terms of market share

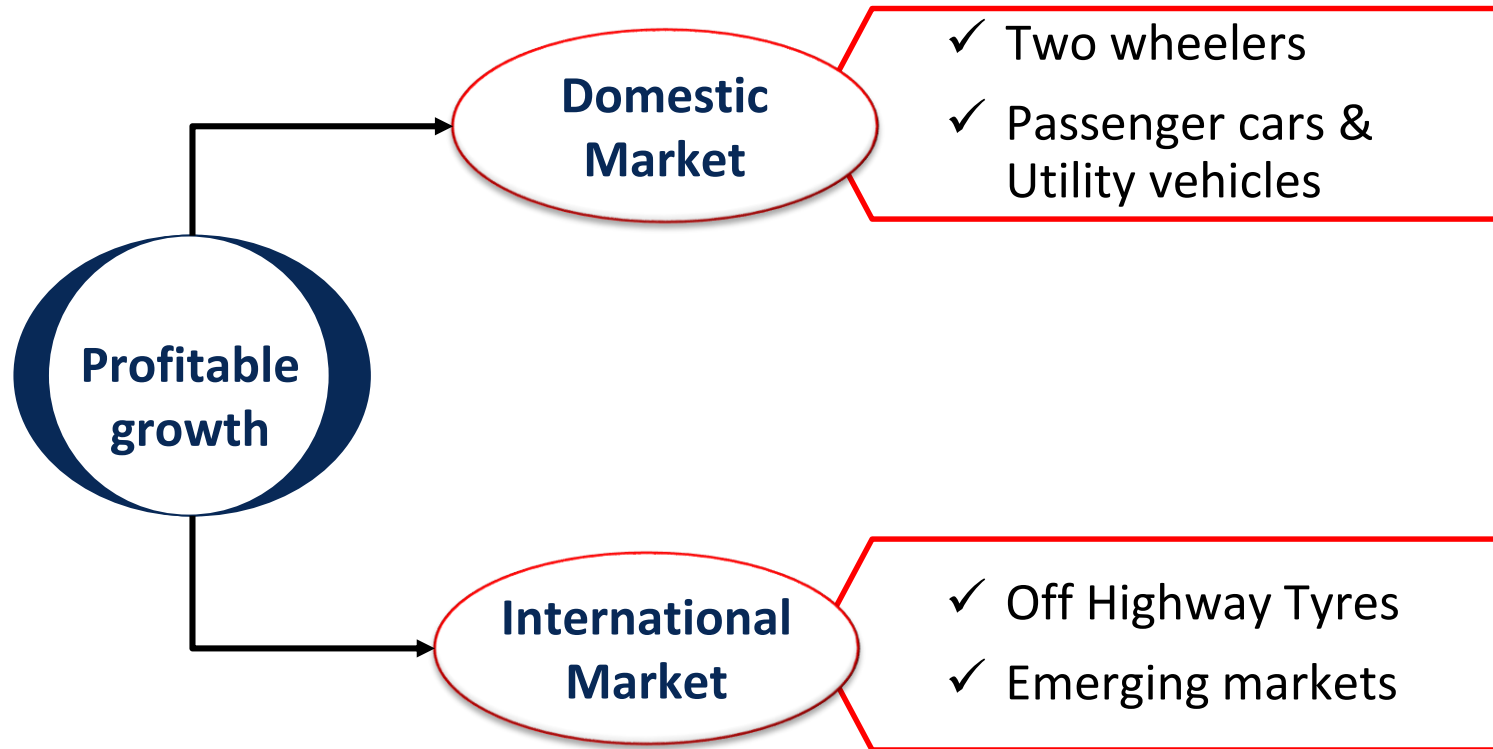
H1 FY 18 Revenue Breakup by Product



H1 FY 18 Revenue Breakup by Market



Note : Figures in parenthesis denote H1 FY17



1 Differentiated Products

2 Strong Brand

3 Extensive Distribution

4 Deep OEM Partnerships

5 World Class R&D

6 Expanding Global Reach

# 1 Differentiated Products

## New Entries and Primary Supplier to OEM's



## Key developments

- **Focus on OEM, recent entries in new models** – Hyundai New Verna, Ashok Leyland Dost, Mahindra E Alpha, Bajaj New Platina, Honda Cliz, Ashok Leyland Stag and Partner, Tork T6X, Hero Motocorp Achiever 150, Renault Kwid, M&M TUV 300, RE Himalayan, Bajaj Vikrant V15, etc.
- **Recent entries into OEM's existing models** – AL Partner LCV, Escort Tractors, Wagon R, Zylo, Daimler Truck Radials, Suzuki Gixxer, RE Classic, Yamaha FZ, Volvo Eicher Commercial Radial etc.
- **Platforms** like Fuelsmart, Gripp, Mileage X3, SecuraDrive etc.



## Strong Brand



CEAT's unique solution to fill potholes to make roads safe

[View here](#)

#CEATHappyRoads

'Tarakki Pe Pakkad' TVC for farm tyres

[View here](#)



# 3 Extensive Distribution

Shoppe



Shop in Shop (SIS)



Multi Brand Outlet (MBO)



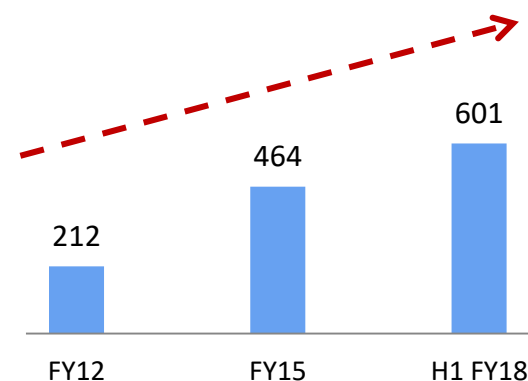
Bike Shoppe



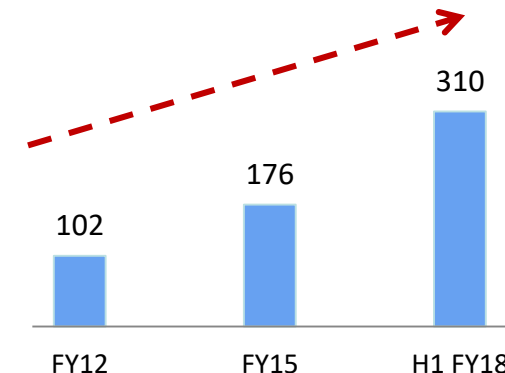
Distribution Network

- 4,500+ dealers
- 490+ CEAT Franchisees (Shoppes + Hubs)
- 270+ two-wheeler distributors
- Developed Multi Brand Outlet / Shop in Shop model over last 2 years. Over 380+ outlets so far
- Launched CEAT Bike Shoppes in Bangalore and Kolkata

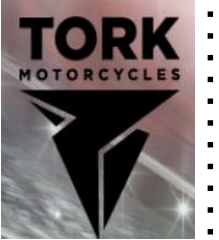
District coverage



No. of CEAT Shoppes



## 4 Deep OEM Partnerships

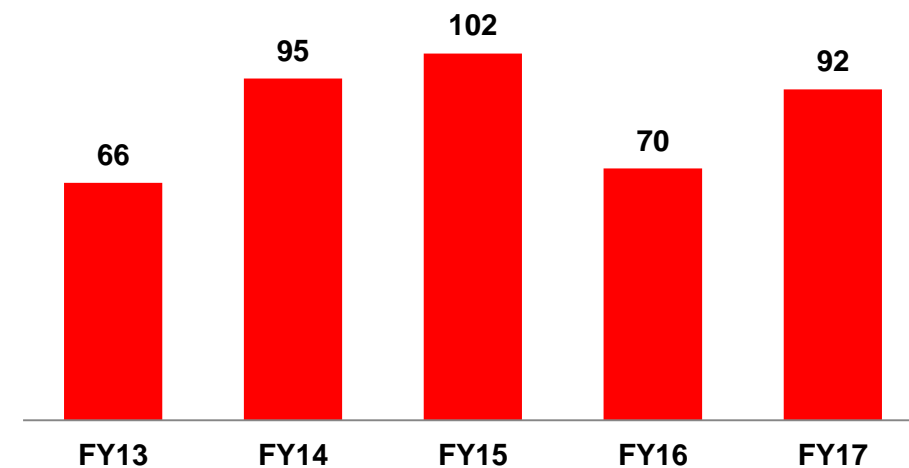




## World Class R&D



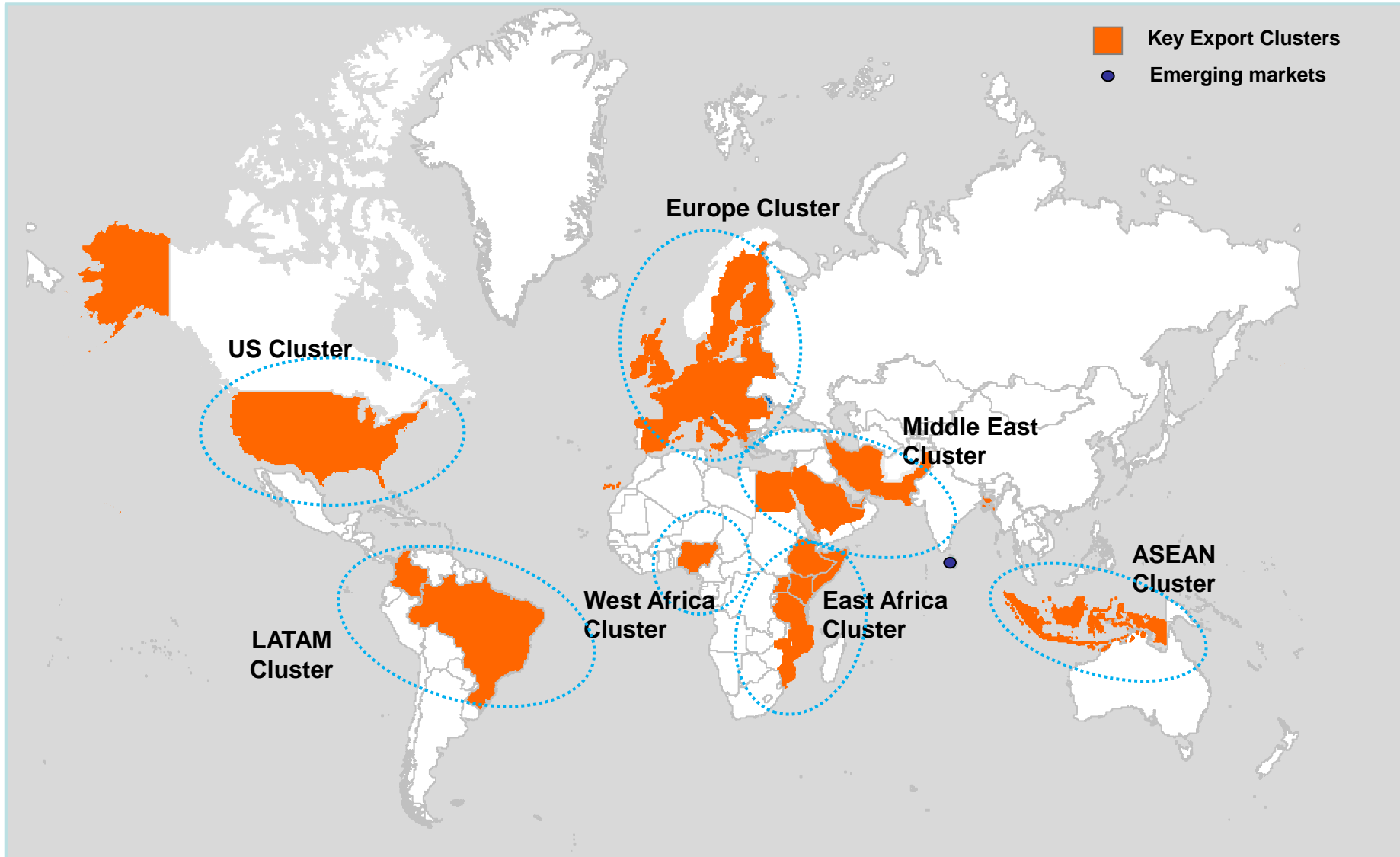
### New Products Developed



- State of the art R&D facility at Halol plant
- R&D focussed on development of breakthrough products, alternate materials, green tyres & smart tyres
- Partnerships with global institutes and technology partners
- Increased allocation towards R&D



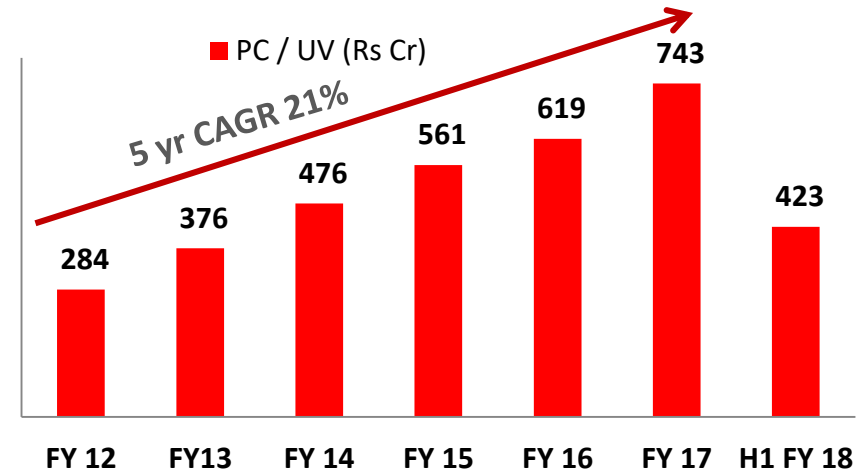
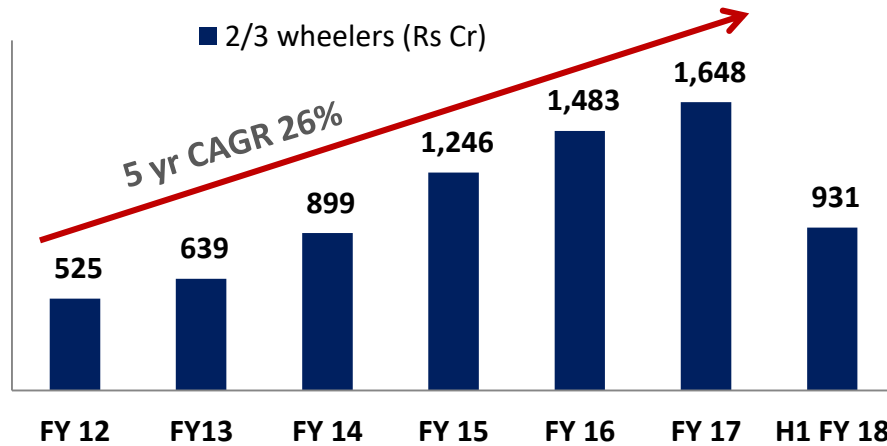
## 6 Expanding Global Reach



- **Sri Lanka:**  
Leadership position with 50+% market share
- Focused product and distribution strategy for select clusters

# Passenger Segment Trends

Revenue



## Expanding Capacities

- Nagpur plant commissioned 69 MT/day capacity as of September 2017; total capacity of 120 MT/day
- Halol Phase II plant commissioned 76 MT/day as of September 2017; total capacity of 120 MT/day

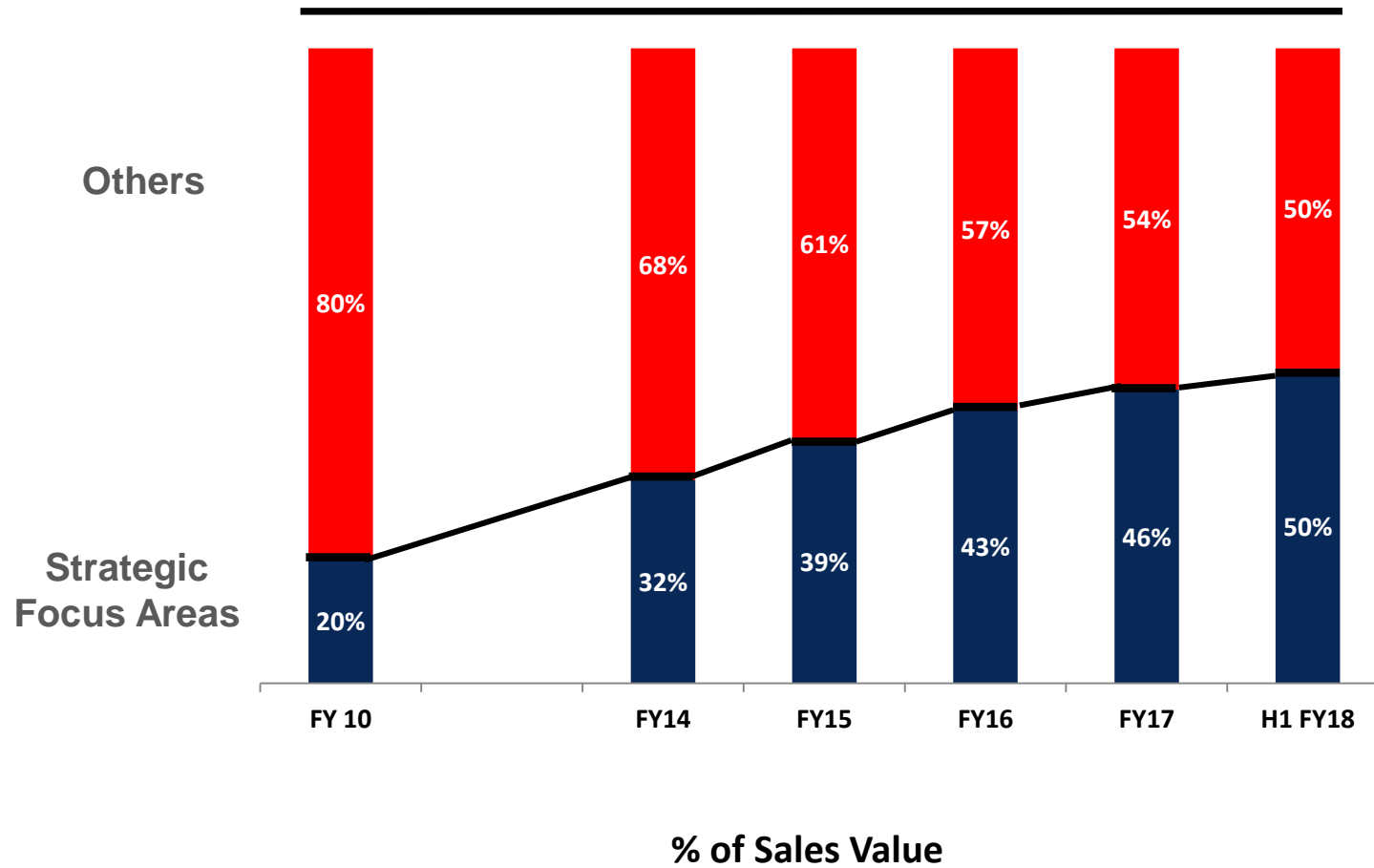
# Off Highway Tyres



## Status Update

- Greenfield OHT (Off Highway Tyres) radial plant in Ambernath
- Investing INR 330 Crs for a Phase 1 capacity of 40 MT/day which will be further ramped up to 100 MT/day
- Plant is now live and tyres are being tested across multiple global markets

# Strategic Focus Areas – Continued Momentum



## Strategic Focus Areas

(Passenger Segment, Specialty Exports & Emerging Markets)

- CAGR of 25%
- Substantial contribution towards increasing profitability
- Market share growing

# Section 3: Operational & Financial Overview

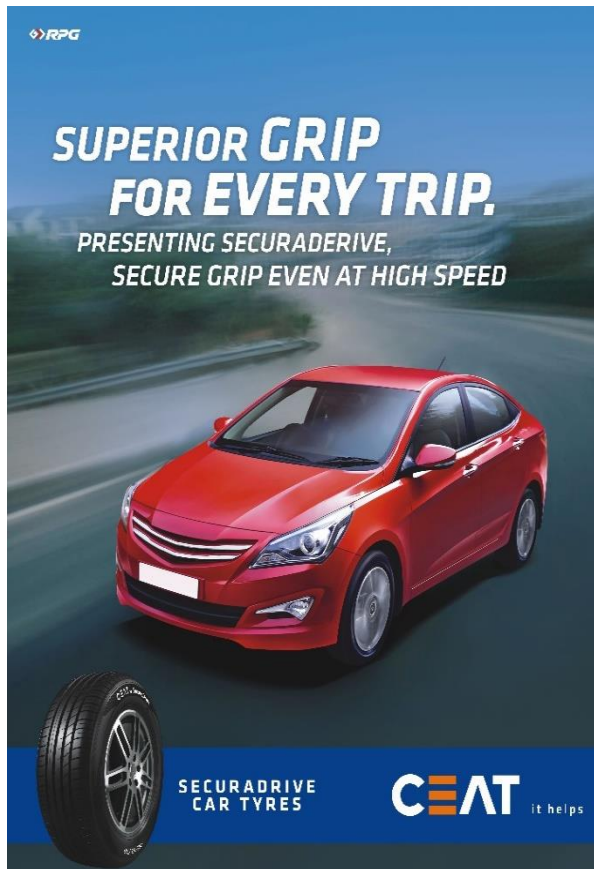


# Q2 FY18 Operational Highlights

## Platforms & Products

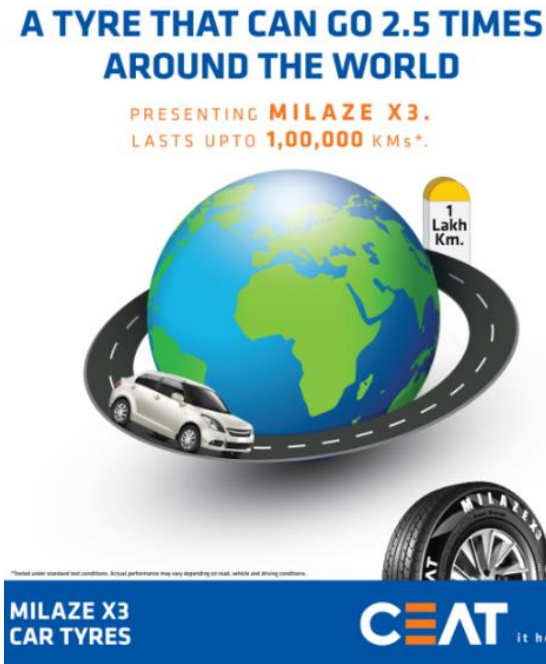
### SecuraDrive Tyres

superior grip at higher speeds  
and effective braking



### Milaze X3 tyres

superior longevity; lasts upto 1  
lakh kilometers.



### All season tyres (Europe)



## OEM entries



Hyundai's New Verna



Ashok Leyland Dost Plus



Mahindra E- Alfa

## Q2 FY18 Operational Highlights

### Deming Prize



- CEAT bagged the prestigious Deming Prize in October 2017
- The Deming Prize recognizes companies that achieve business transformation by implementing Total Quality Management (TQM).
- CEAT is the first tyre company in the world, outside of Japan, to have the honour of receiving this award
- This is a significant milestone and testimony of CEAT's journey of quality and customer-centricity

# Consolidated: Q2 FY18 Financial Highlights

## Q2 FY18 v/s Q1 FY18 (Q-o-Q)

- Net revenue from operations increased by 4.3% at INR 1,523 Crs from INR 1,460 Crs
- Gross margins have expanded to 39.4% from 34.2%
- EBITDA stood at INR 181 crs compared to INR 58 Crs; margins at 11.9% from 4.0%
- PAT stood at INR 73 Crs compared to INR 1 Cr
- Debt / equity at 0.4x; same as for Q1 FY18
- Debt / EBITDA stood at 1.4x from 4.4x

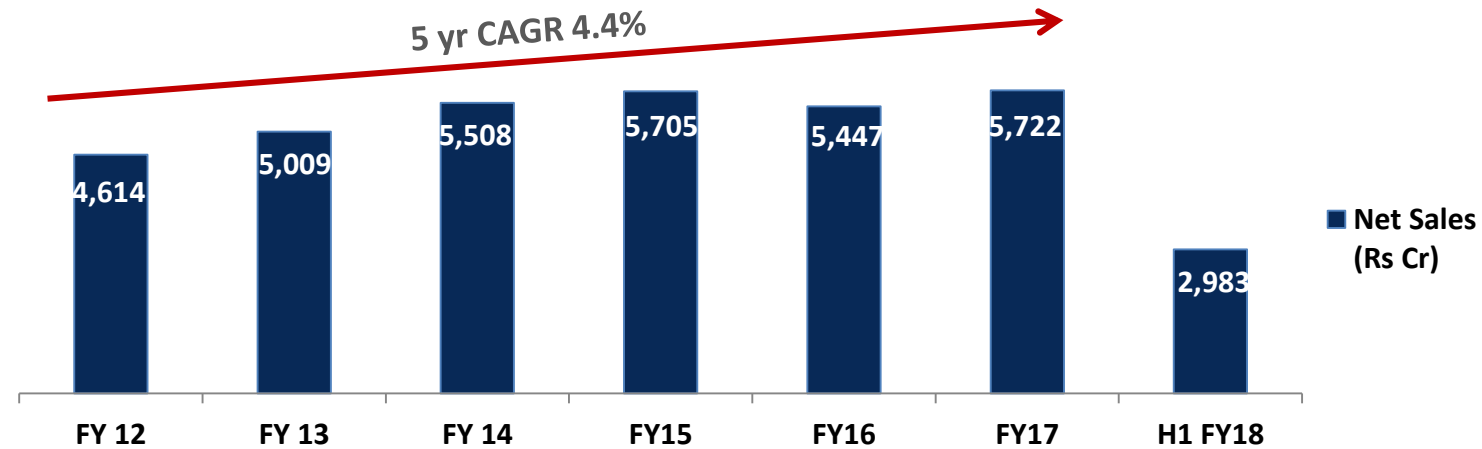
## Q2 FY18 v/s Q2 FY17 (Y-o-Y)

- Net revenue from operations increased by 6.7% at INR 1,532 Crs from INR 1,427 Crs
- Gross margins have contracted to 39.4% from 42.6%
- EBITDA stood at INR 181 Crs compared to INR 194 Crs; margins at 11.9% from 13.6%
- PAT stood at INR 73 Crs compared to INR 106 Crs
- Debt / equity at 0.4x compared to 0.3x
- Debt / EBITDA stood at 1.4x from 1.0x

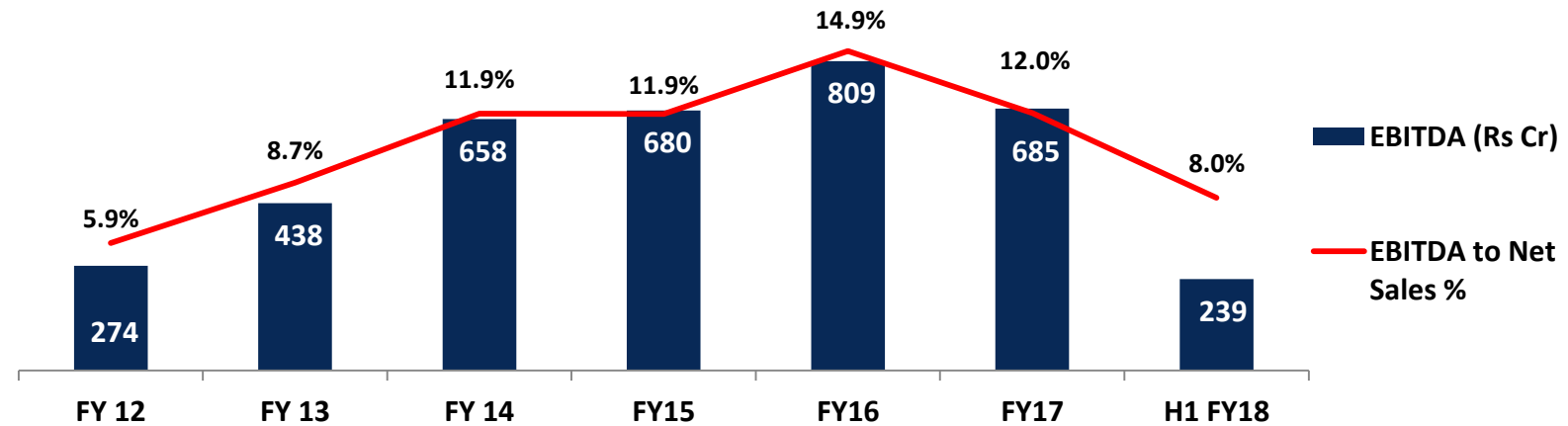


# Consolidated: Financial Trends

Revenue growth



Margin trends



## Note

FY16 onwards the figures are per IND AS; Other financial figures are as per IGAAP as published in previous periods

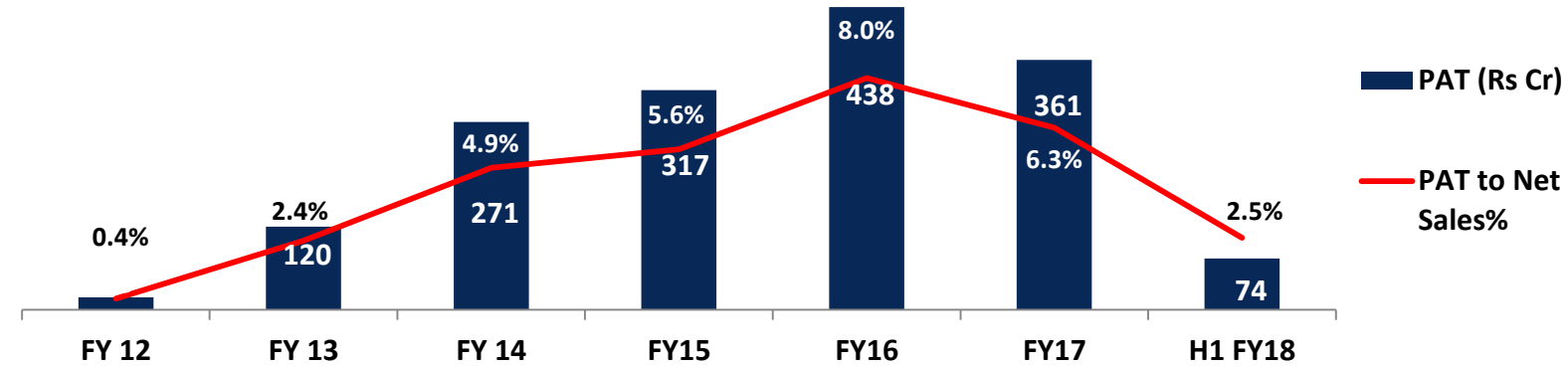
FY16 onwards the Company's investment in Sri Lanka JV is accounted using Equity method under IND AS which was earlier consolidated using proportionate consolidation method

FY16 onwards the EBITDA includes profit from Sri Lanka JV

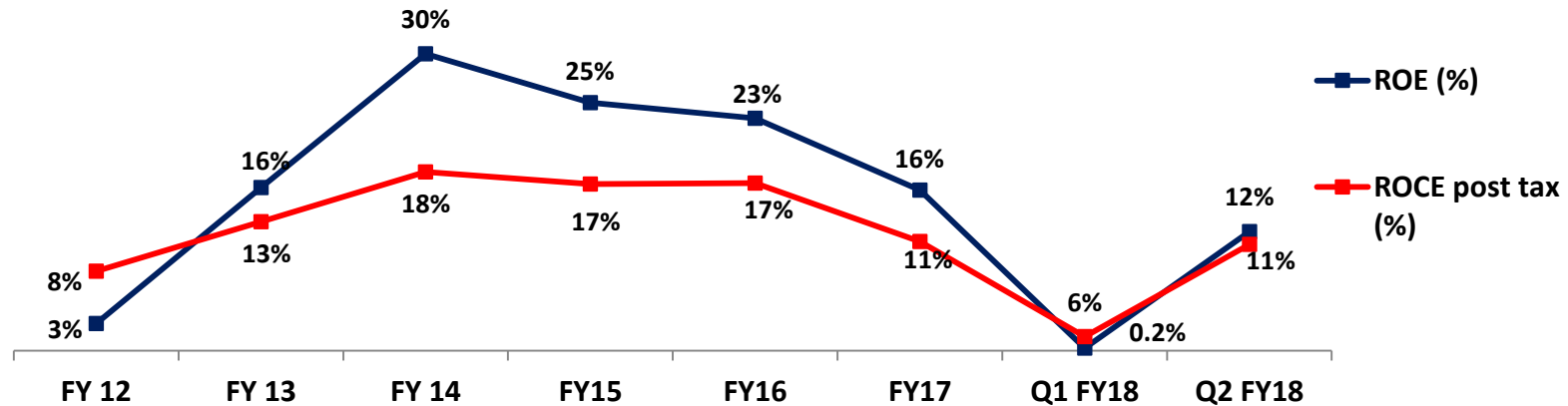
EBITDA does not include Non- operating income

# Consolidated: Financial Trends

## PAT trends



## Return Ratios



### Notes

FY16 onwards the figures are per IND AS; Other financial figures are as per IGAAP as published in previous periods  
ROCE is based on PBIT \*(1-tax rate) and average capital employed has been considered for calculations

# Consolidated: Q2 FY18 Financials

Parameter	Q2FY17	Q1FY18	Q2FY18	QoQ	YoY	H1FY17	H1FY18	INR Cr
								YoY
<b>Net Revenue from operations</b>	<b>1,427</b>	<b>1,460</b>	<b>1,523</b>	<b>4%</b>	<b>7%</b>	<b>2,897</b>	<b>2,983</b>	<b>3%</b>
Raw Material	819	961	923	-4%	13%	1,655	1,884	14%
<b>Gross margin</b>	<b>608</b>	<b>499</b>	<b>600</b>	<b>20%</b>	<b>-1%</b>	<b>1,242</b>	<b>1,099</b>	<b>-12%</b>
<b>Gross margin %</b>	<b>42.6%</b>	<b>34.2%</b>	<b>39.4%</b>	<b>500 bps</b>	<b>-300 bps</b>	<b>42.9%</b>	<b>36.8%</b>	<b>-600 bps</b>
Employee	100	100	111	11%	11%	196	211	8%
Other Expenses	323	344	314	-9%	-3%	676	658	-3%
<b>EBITDA</b>	<b>194</b>	<b>58</b>	<b>181</b>	<b>211%</b>	<b>-7%</b>	<b>389</b>	<b>239</b>	<b>-38%</b>
<b>EBITDA %</b>	<b>13.6%</b>	<b>4.0%</b>	<b>11.9%</b>	<b>800 bps</b>	<b>-200 bps</b>	<b>13.4%</b>	<b>8.0%</b>	<b>-500 bps</b>
Finance Cost	16	23	24	5%	46%	41	46	12%
Depreciation	32	40	41	3%	29%	62	80	30%
<b>Operating PBT</b>	<b>146</b>	<b>(4)</b>	<b>117</b>	<b>na</b>	<b>-20%</b>	<b>286</b>	<b>113</b>	<b>-61%</b>
Exceptional expense	-	0	8	na	na	1	8	857%
Non-Operating income	4	10	6	-38%	76%	9	17	80%
<b>PBT</b>	<b>149</b>	<b>6</b>	<b>115</b>	<b>1777%</b>	<b>-23%</b>	<b>294</b>	<b>121</b>	<b>-59%</b>
<b>PAT</b>	<b>106</b>	<b>1</b>	<b>73</b>	<b>5188%</b>	<b>-31%</b>	<b>210</b>	<b>74</b>	<b>-65%</b>

## Notes

Figures are as per IND AS

Revenue from operations for periods prior to Q2FY18 is net of excise duty

Company's investment in Sri Lanka JV is accounted using Equity method under IND AS which was earlier consolidated using proportionate consolidation method

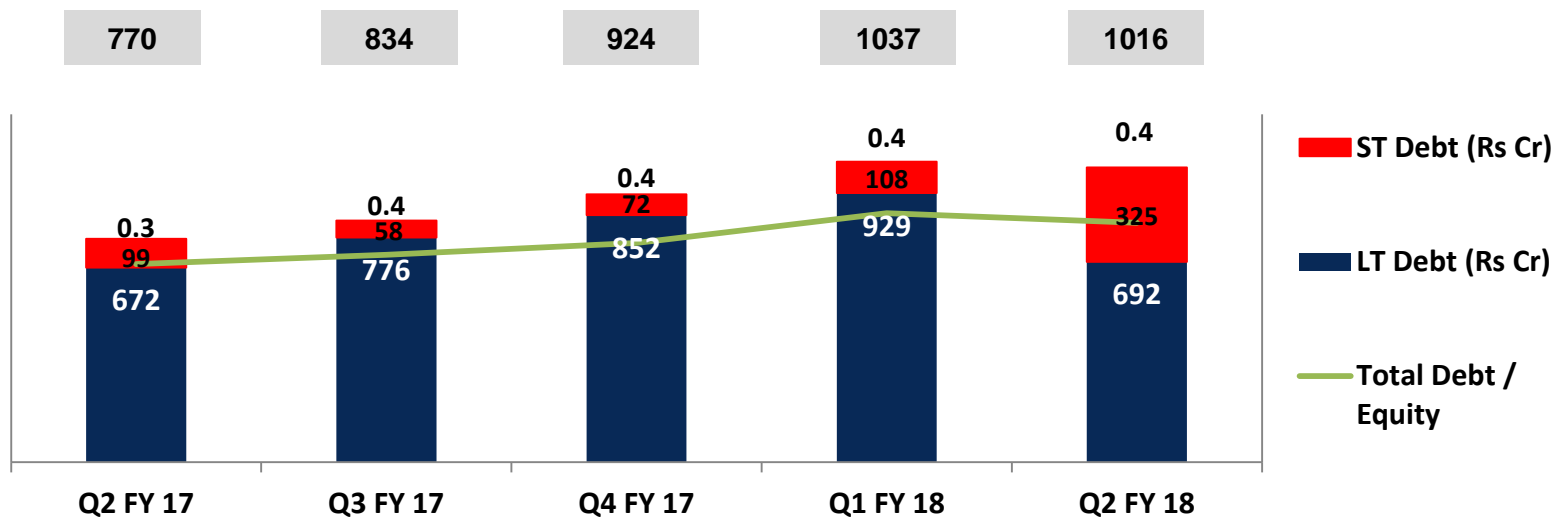
EBITDA includes profit from Sri Lanka JV

EBITDA does not include Non- operating income

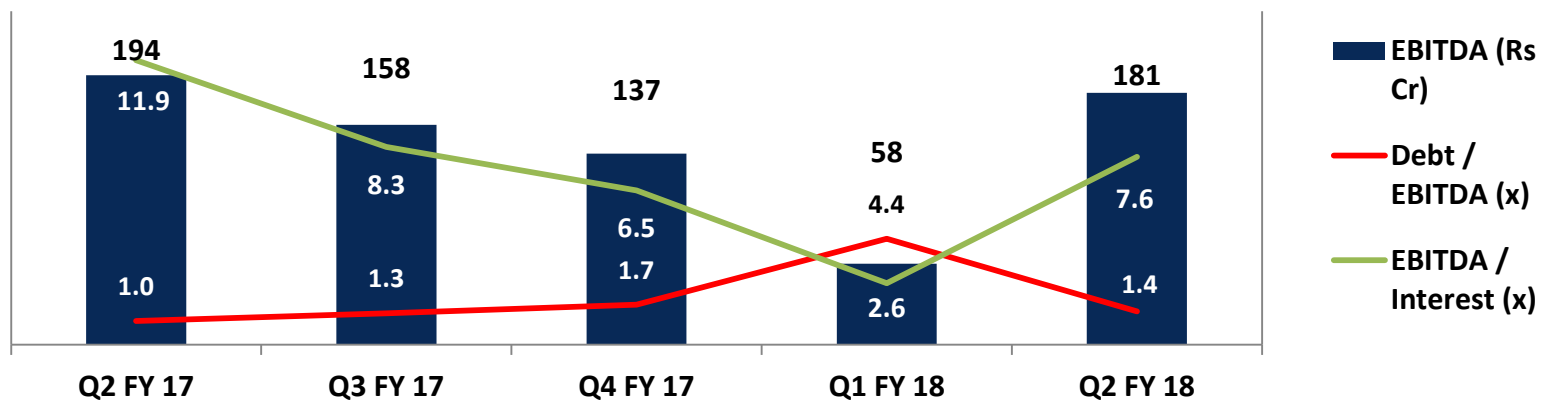
# Consolidated: Leverage / coverage Profile

Total Debt  
(INR Cr)

Debt breakup



Leverage ratios



**Note**  
 Figures are per IND AS  
 Company's investment in Sri Lanka JV is accounted using Equity method under IND AS which was earlier consolidated using proportionate consolidation method  
 EBITDA includes profit from Sri Lanka JV  
 EBITDA does not include Non- operating income

# Standalone: Q2 FY18 Financials

Parameter	Q2FY17	Q1FY18	Q2FY18	QoQ	YoY	H1FY17	H1FY18	INR Cr
								YoY
<b>Net Revenue from operations</b>	<b>1,413</b>	<b>1,451</b>	<b>1,512</b>	<b>4%</b>	<b>7%</b>	<b>2,869</b>	<b>2,963</b>	<b>3%</b>
Raw Material	816	965	920	-5%	13%	1,650	1,885	14%
<b>Gross margin</b>	<b>597</b>	<b>486</b>	<b>592</b>	<b>22%</b>	<b>-1%</b>	<b>1,219</b>	<b>1,078</b>	<b>-12%</b>
<b>Gross margin %</b>	<b>42.2%</b>	<b>33.5%</b>	<b>39.2%</b>	<b>600 bps</b>	<b>-300 bps</b>	<b>42.5%</b>	<b>36.4%</b>	<b>-600 bps</b>
Employee	95	96	105	9%	11%	185	201	9%
Other Expenses	316	336	306	-9%	-3%	663	641	-3%
<b>EBITDA</b>	<b>185</b>	<b>54</b>	<b>181</b>	<b>236%</b>	<b>-2%</b>	<b>371</b>	<b>235</b>	<b>-37%</b>
<b>EBITDA %</b>	<b>13.1%</b>	<b>3.7%</b>	<b>12.0%</b>	<b>800 bps</b>	<b>-100 bps</b>	<b>12.9%</b>	<b>7.9%</b>	<b>-500 bps</b>
Finance Cost	16	22	23	5%	49%	40	45	13%
Depreciation	31	39	41	3%	29%	61	80	30%
<b>Operating PBT</b>	<b>138</b>	<b>(8)</b>	<b>117</b>	<b>na</b>	<b>-15%</b>	<b>269</b>	<b>110</b>	<b>-59%</b>
Exceptional expense	(0)	0	1	na	na	1	1	5%
Non-Operating income	5	31	8	-73%	59%	12	40	227%
<b>PBT</b>	<b>144</b>	<b>24</b>	<b>125</b>	<b>432%</b>	<b>-13%</b>	<b>281</b>	<b>149</b>	<b>-47%</b>
<b>PAT</b>	<b>102</b>	<b>19</b>	<b>83</b>	<b>336%</b>	<b>-18%</b>	<b>198</b>	<b>103</b>	<b>-48%</b>

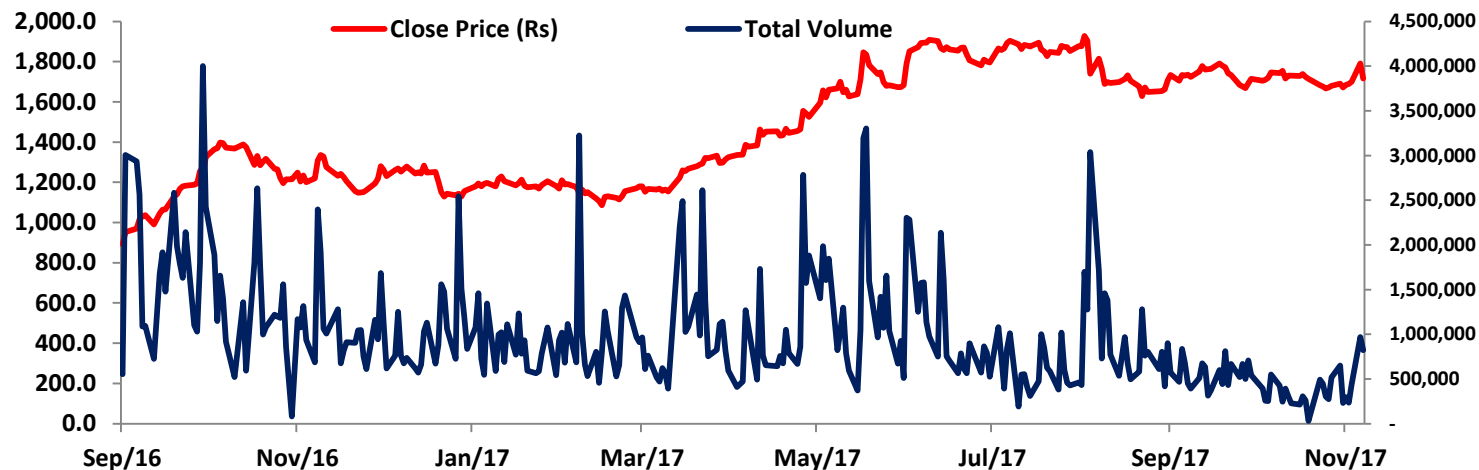
## Notes

Financials are as per IND AS

Revenue from operations for periods prior to Q2FY18 is net of excise duty

EBITDA does not include Non- operating income

# Equity Shareholding & Price trends

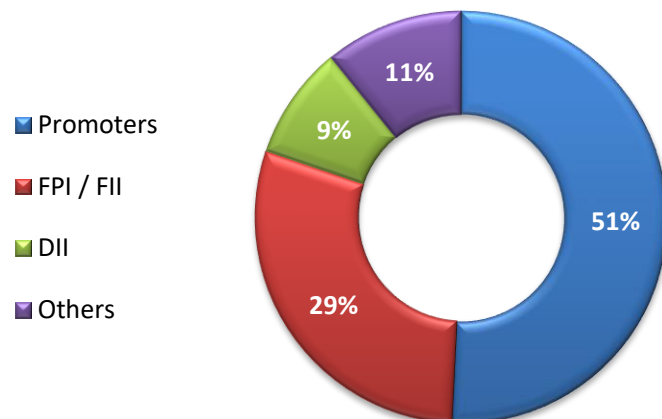


## Returns since September '16

- CEAT: 92%
- NIFTY: 18%

Source : Capitaline. The above data is updated till 7<sup>h</sup> Nov 2017

## Shareholding Pattern as on September 30, 2017



## Market Information

- Market Price (Nov 13): INR 1,747/share
- Face Value : INR 10/share
- Market Cap (Nov 13): INR 7,068 Cr

THANK YOU