

**#UpTheGame**

Q1 FY18 – Investor Presentation

August 3rd, 2017

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Section 1: RPG Group Overview

RPG Group: Powered by Passion, Driven by Ethics

**UNLEASH
TALENT
TOUCH
LIVES
OUTPERFORM
AND 😊**

RPG Enterprises was founded in 1979 by Shri Rama Prasad Goenka, popularly known as RP Goenka, a pioneering fifth generation business leader from the Goenka family. The Goenkas have a history of business dating back to 1820 AD in banking, textiles, jute and tea. Under RP Goenka's dynamic leadership, 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.

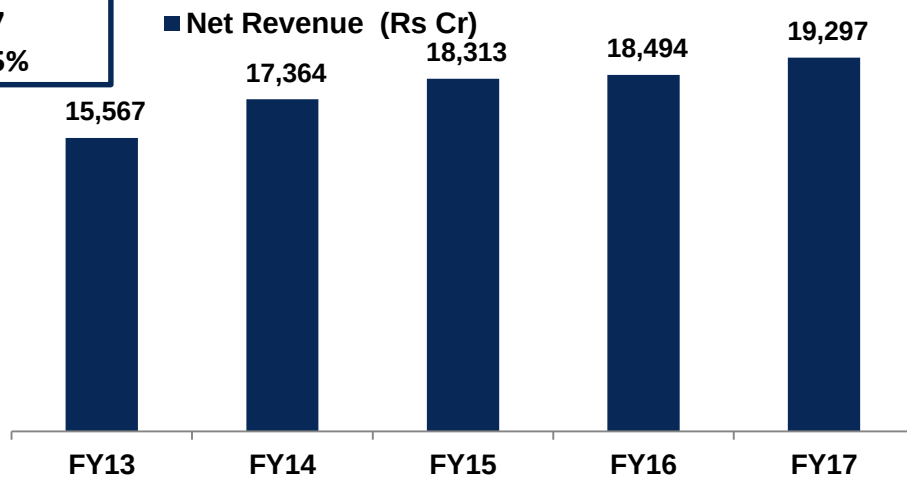


Harrisons Malayalam

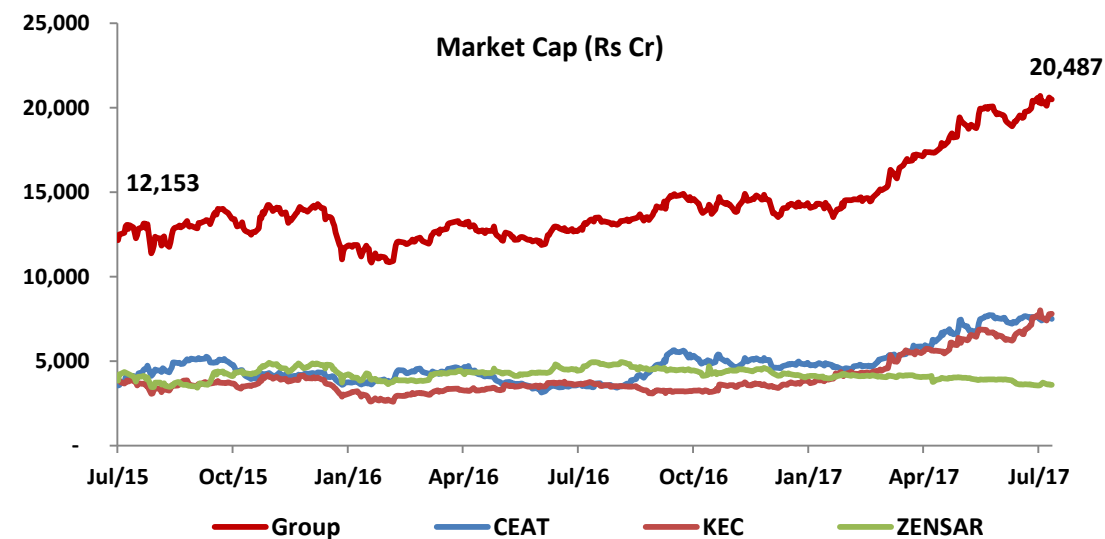
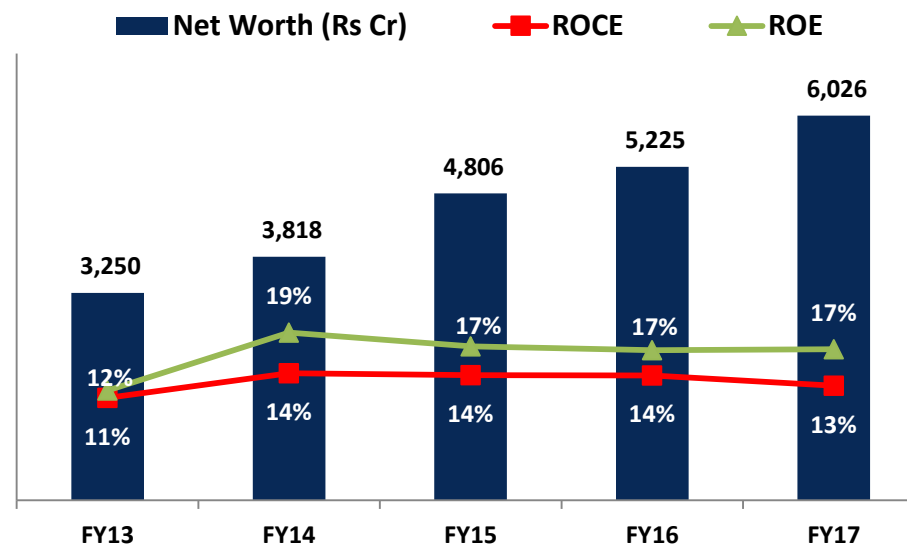
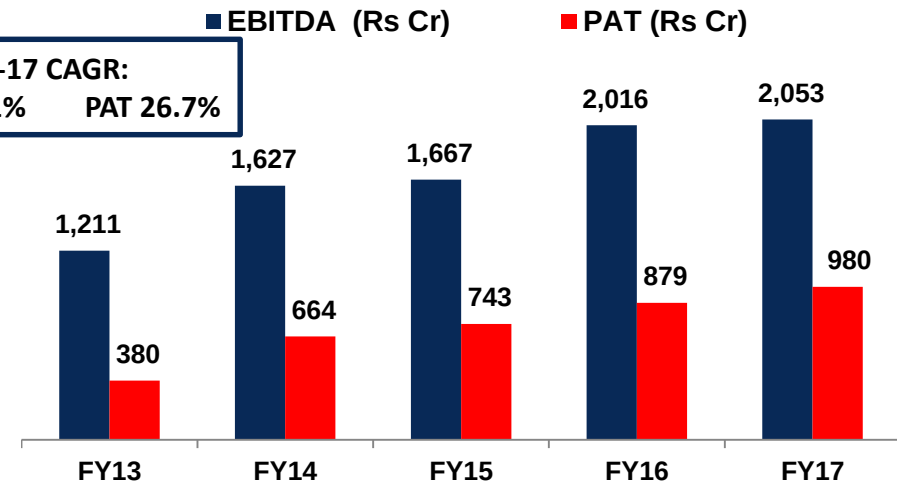
One of India's largest plantation companies with tea, rubber and other agro products.

RPG Group: Key Financials

FY13-17
CAGR: 5.5%



FY13-17 CAGR:
EBITDA 14.1% PAT 26.7%



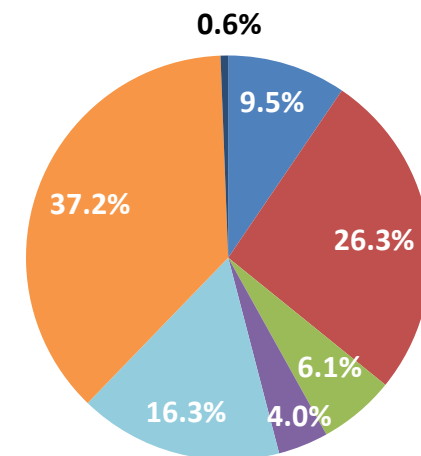
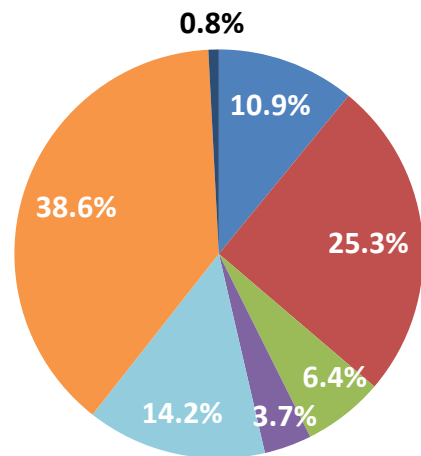
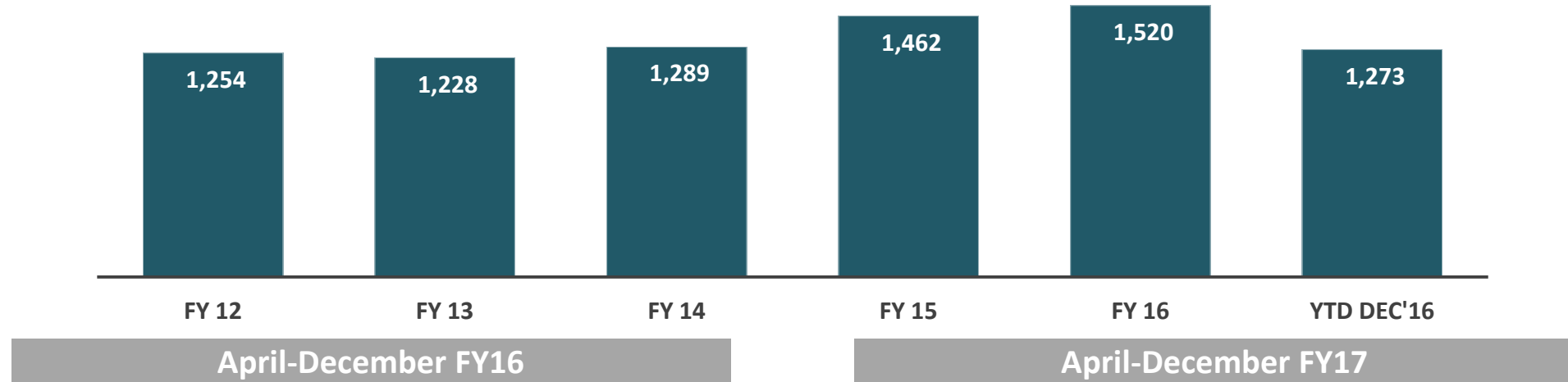
Note:

- 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 28th July 2017

Section 2: Industry Overview

Indian Tyre Industry

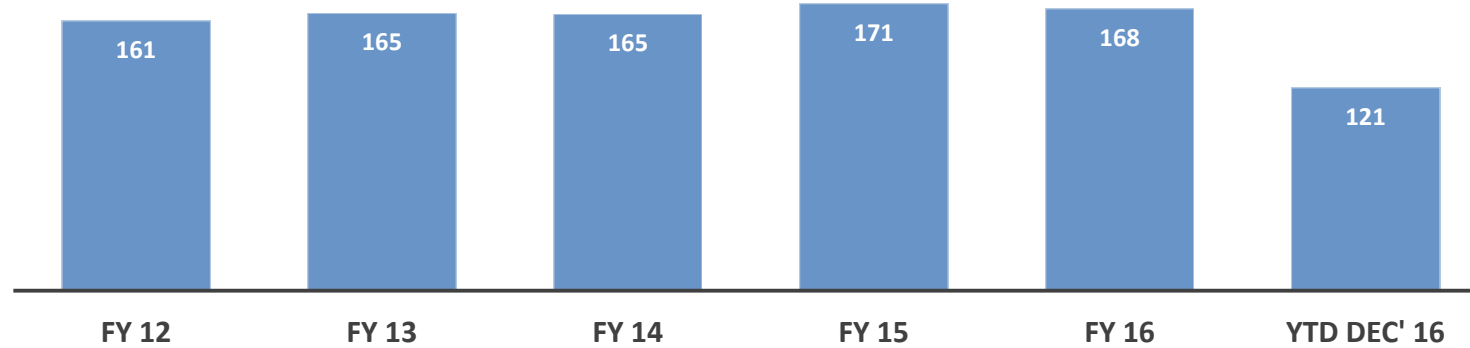
Total Tyre Production in India (Numbers in Lakhs)



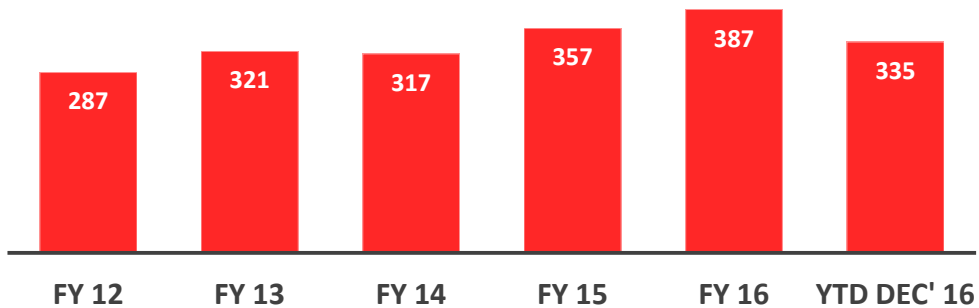
Indian Tyre Industry

Tyre Production in India (Numbers in Lakhs)

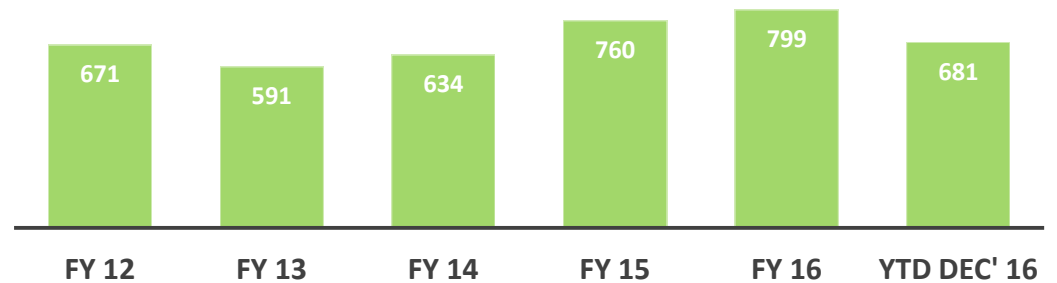
MHCV (T&B)



Passenger Car / Jeep



2 / 3 wheeler



Section 3: 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

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

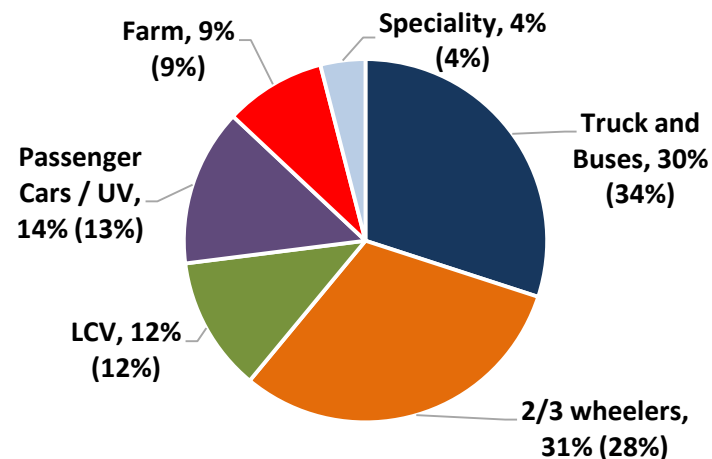
Distribution Network : **4,500+** dealers, **450+** exclusive CEAT franchisees

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

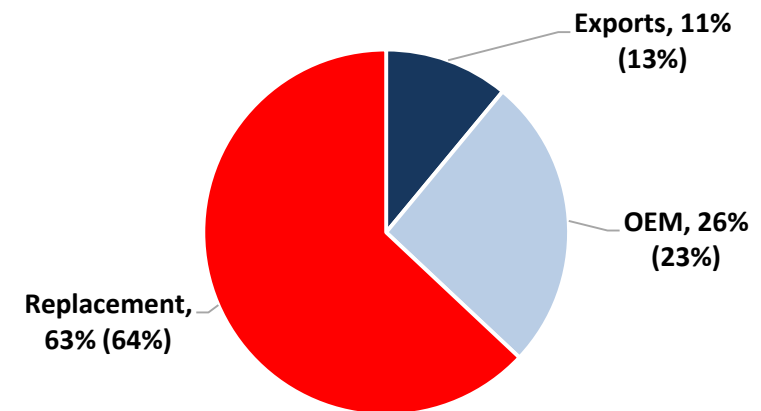
100+ countries where products are sold with strong brand recall

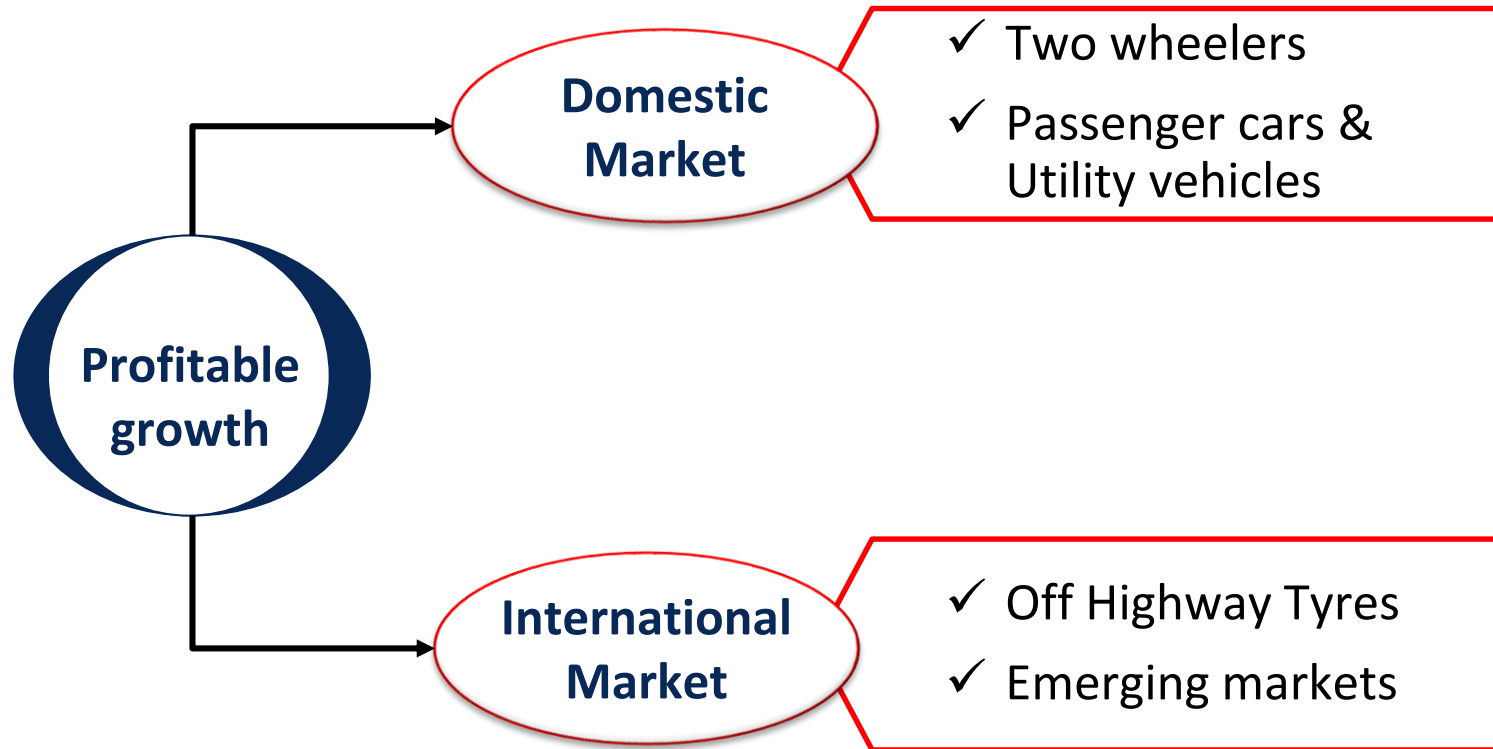
#No 1 player in Sri Lanka in terms of market share

Q1 FY 18 Revenue Breakup by Product



Q1 FY 18 Revenue Breakup by Market





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** – Honda Cliq, Ashok Leyland Stag and Partner, Tork T6X, Hero Motocorp Achiever 150, Renault Kwid, M&M TUV 300, RE Himalayan, Honda Navi, Bajaj Vikrant V15, Hero Splendor iSmart 110, Datsun Redigo, Suzuki Access 125 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 etc.

2 Strong Brand

PAISE BACHANE HAI?

First-of-its-kind digital advertising campaign. [Ad1](#) | [Ad2](#) | [Ad3](#)



Title sponsor for Ultimate Table Tennis



Association with Renault Gang of Dusters (G.O.D)



CEAT's new TVC '*Nehlau*' – [TVC Video Link](#)



3 Extensive Distribution

Shoppe



Shop in Shop (SIS)



Distribution Network

- 4,500+ dealers
- 450+ CEAT Franchisees (Shoppes + Hubs)
- 250+ two-wheeler distributors
- Developed Multi Brand Outlet / Shop in Shop model over last 2 years. Over 350+ outlets so far
- Launched CEAT Bike Shoppes in Bangalore and Kolkata

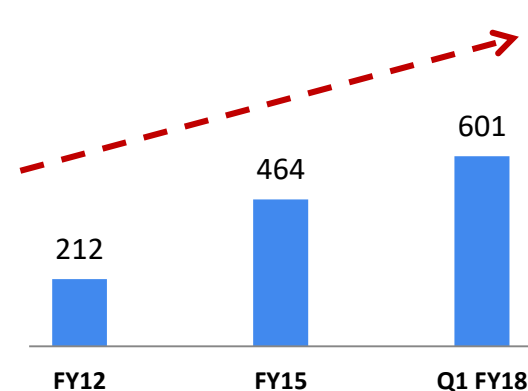
Multi Brand Outlet (MBO)



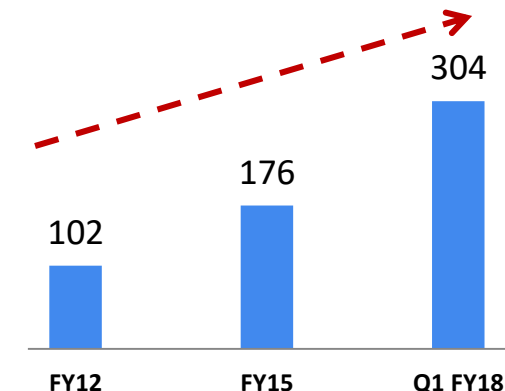
Bike Shoppe



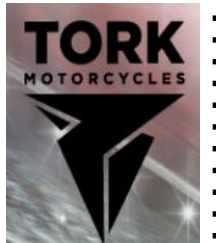
District coverage



No. of CEAT Shoppes



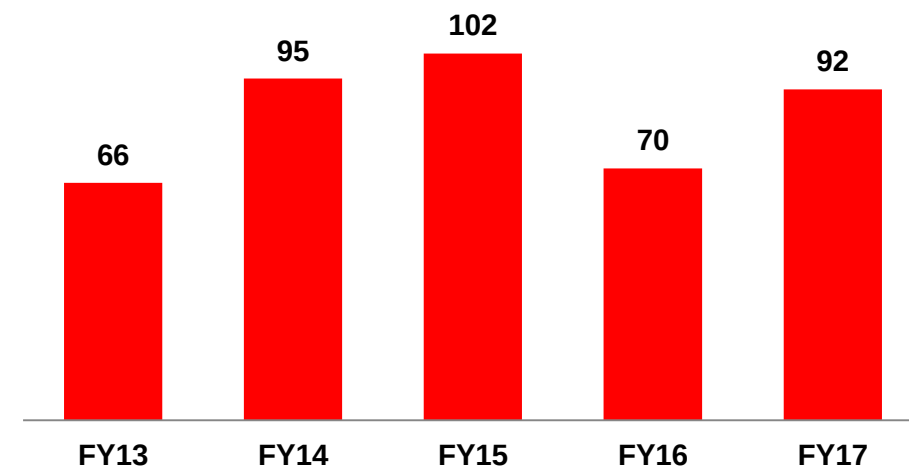
4 Deep OEM Partnerships



World Class R&D

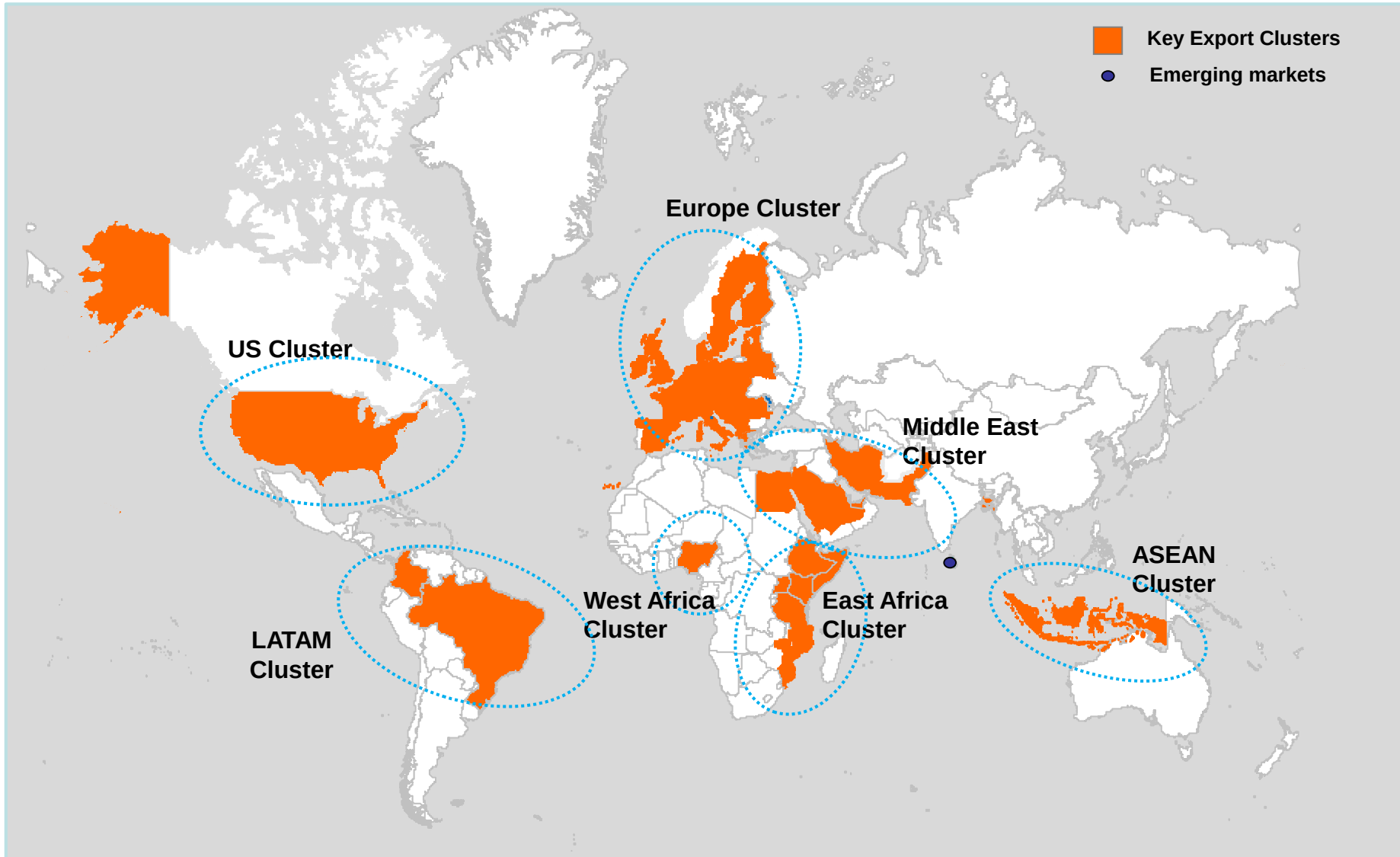


New Products Developed



- 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

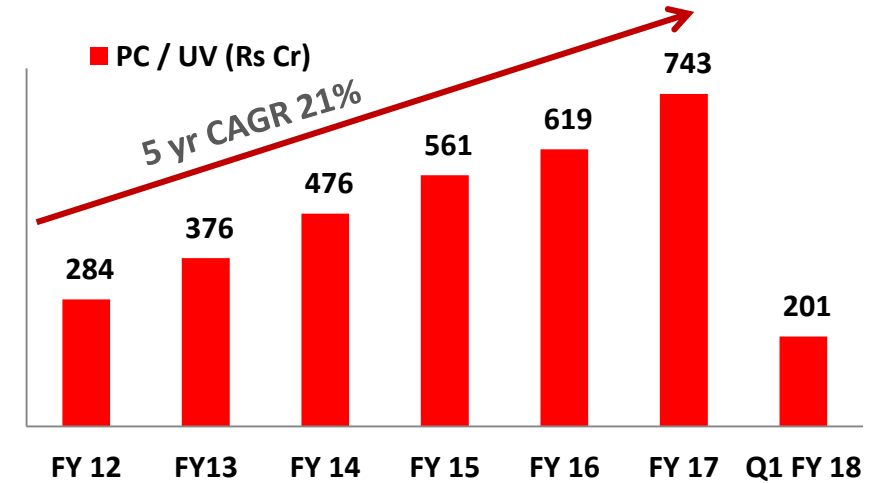
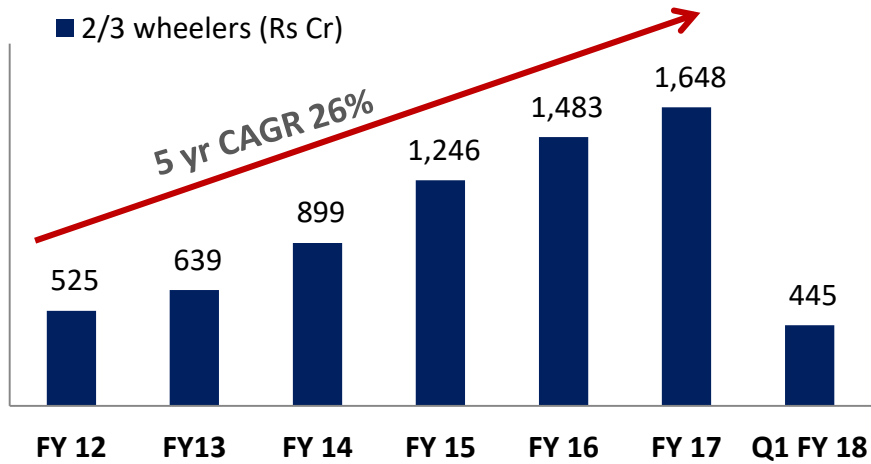
6 Expanding Global Reach



- **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 67 MT/day capacity as of June 2017; total capacity of 120 MT/day
- Halol Phase II plant commissioned 76 MT/day as of June 2017; total capacity of 120 MT/day
- Q1 FY18/ Q1 FY17 volume growth for 2 wheelers and PC/UV was less than 5%

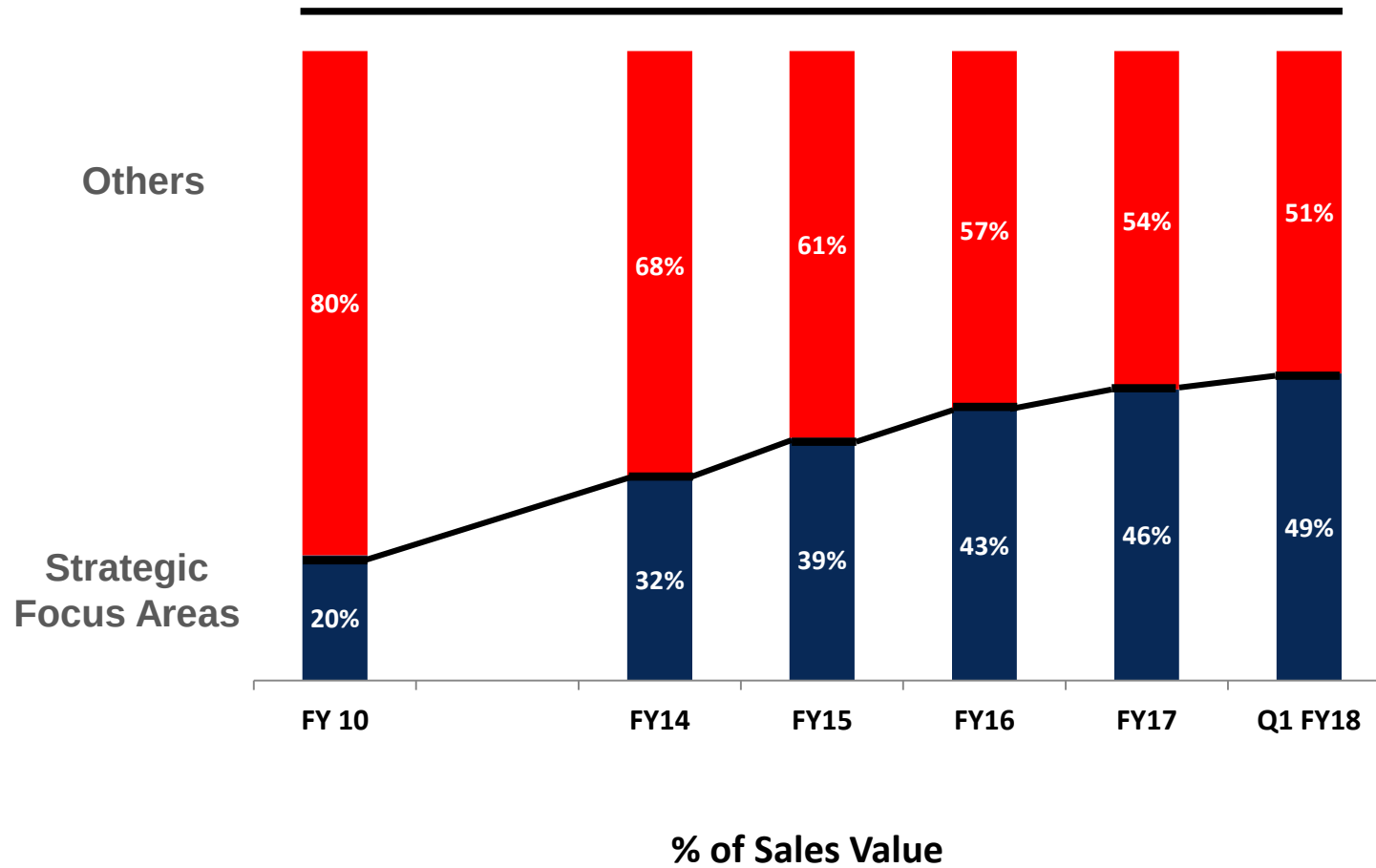
Off Highway Tyres



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)

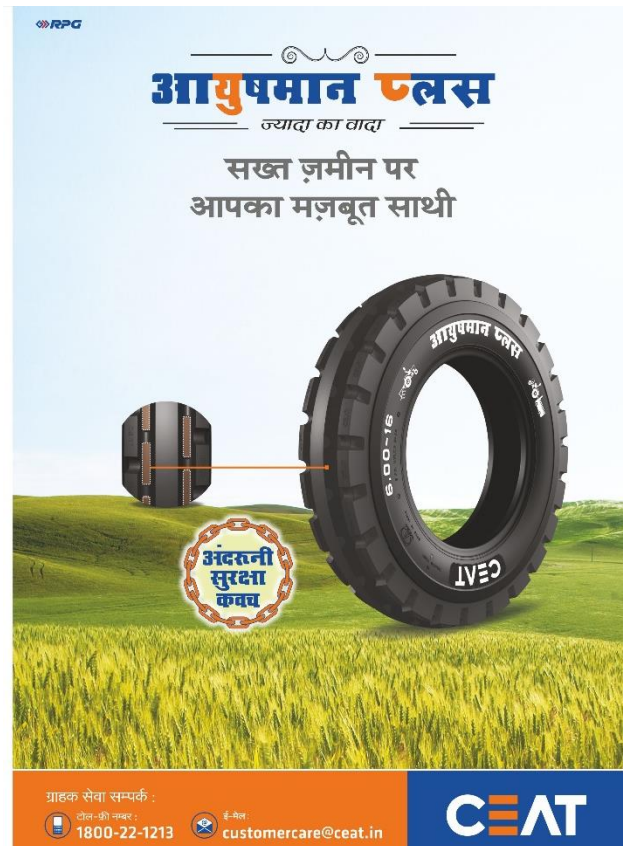
- CAGR of 25%
- Substantial contribution towards increasing profitability
- Market share growing

Section 4: Operational & Financial Overview

Q1 FY18 Operational Highlights

Products

Launch of “Aayushmaan Plus” range of puncture protected tractor tyres



OEM entries



Honda Cliq



VE Commercial Vehicles



Escort Tractor

Consolidated: Q1 FY18 Financial Highlights

Q1 FY18 v/s Q4 FY17 (Q-o-Q)

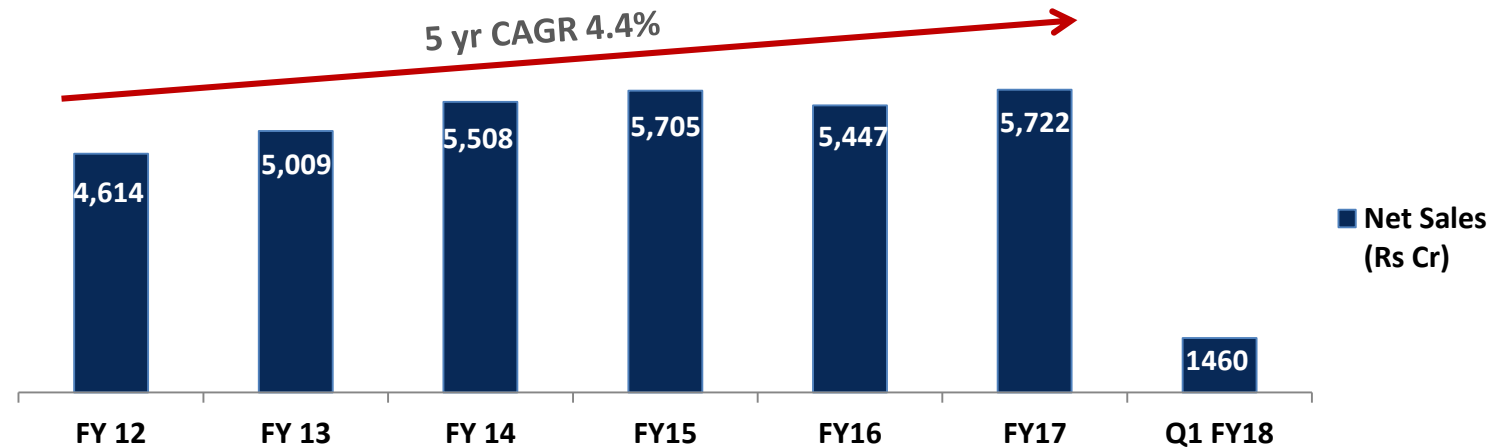
- Net revenue from operations declined by 0.8% at INR 1,460 Crs from INR 1,472 Crs
- Gross margins have contracted to 34.2% from 37.1%
- EBITDA stood at INR 58 crs compared to INR 137 Crs; margins at 4.0% from 9.3%
- PAT stood at INR 1 Cr compared to INR 66 Crs
- Debt / equity at 0.4x; same as for Q4 FY17
- Debt / EBITDA stood at 4.4x from 1.7x

Q1 FY18 v/s Q1 FY17 (Y-o-Y)

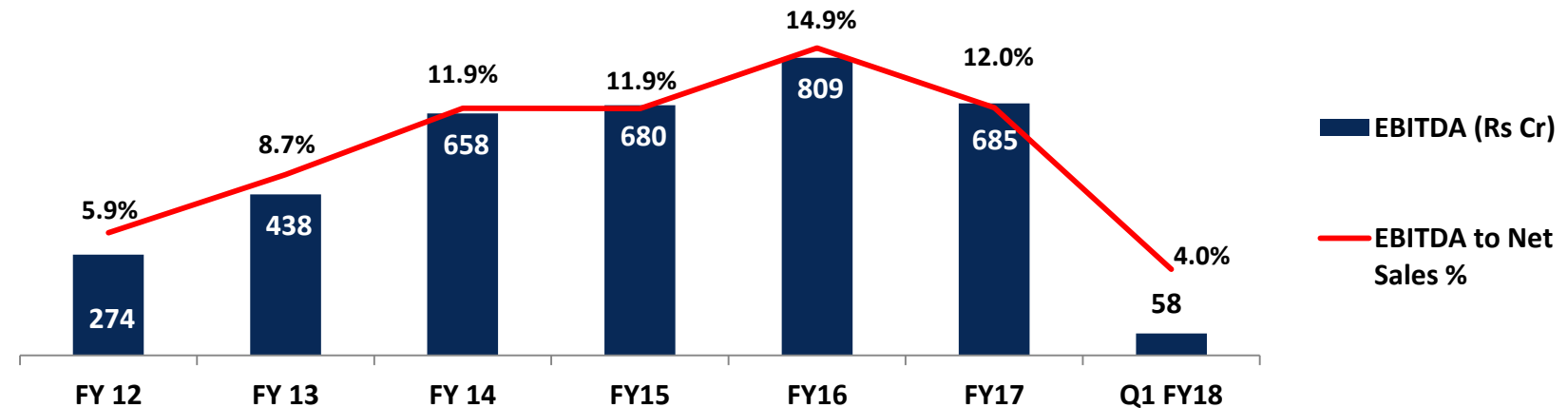
- Net revenue from operations declined by 0.7% at INR 1,460 Crs from INR 1,470 Crs
- Gross margins have contracted to 34.2% from 43.1%
- EBITDA stood at INR 58 Crs compared to INR 196 Crs; margins at 4.0% from 13.3%
- PAT stood at INR 1 Cr compared to INR 103 Crs
- Debt / equity at 0.4x compared to 0.3x
- Debt / EBITDA stood at 4.4x from 0.9x

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

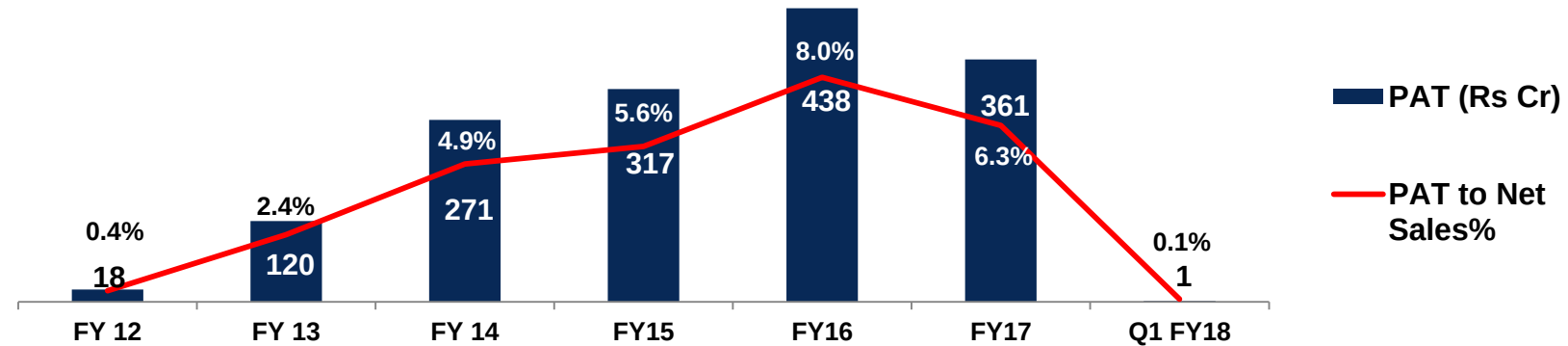
FY16 onwards the Company's investment in Sri Lanka JV is accounted using Equity method under IND AS which was earlier consolidated using proportionate consolidation method

FY16 onwards the EBITDA includes profit from Sri Lanka JV (after tax)

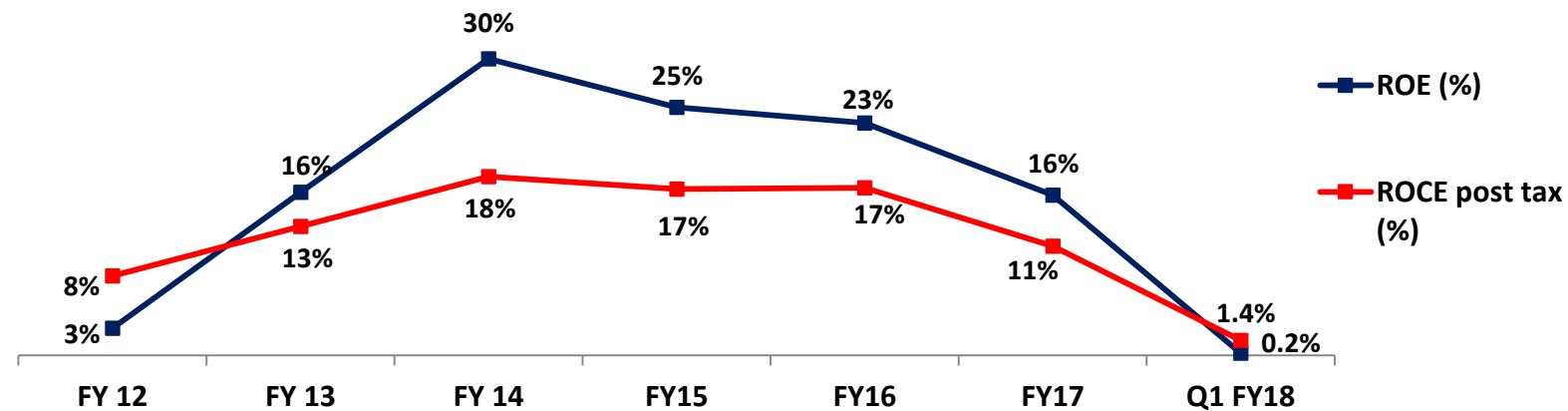
EBITDA includes Other operating income; does not include Non- operating income

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: Q1 FY18 Financials

Parameter	INR Cr				
	Q1FY17	Q4FY17	Q1FY18	QoQ	YoY
Net Revenue from operations	1,470	1,472	1,460	-0.8%	-0.7%
Raw Material	836	925	961	3.9%	14.9%
Gross margin	634	547	499	-8.7%	-21.3%
Gross margin %	43.1%	37.1%	34.2%	-290 bps	-890 bps
Employee	96	105	100	-4.2%	4.5%
Other Expenses	353	310	344	11.1%	-2.6%
EBITDA	196	137	58	-57.6%	-70.2%
EBITDA %	13.3%	9.3%	4.0%	-530 bps	-930 bps
Finance Cost	25	21	23	6.4%	-10.5%
Depreciation	30	46	40	-14.0%	31.0%
Operating PBT	140	70	(4)	-105.5%	-102.7%
Exceptional expense	1	12	0	-97.2%	-60.0%
Non-Operating income	6	4	10	186.7%	82.3%
PBT	145	61	6	-90.0%	-95.8%
PAT	103	66	1	-97.9%	-98.7%

Notes

Figures are as 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

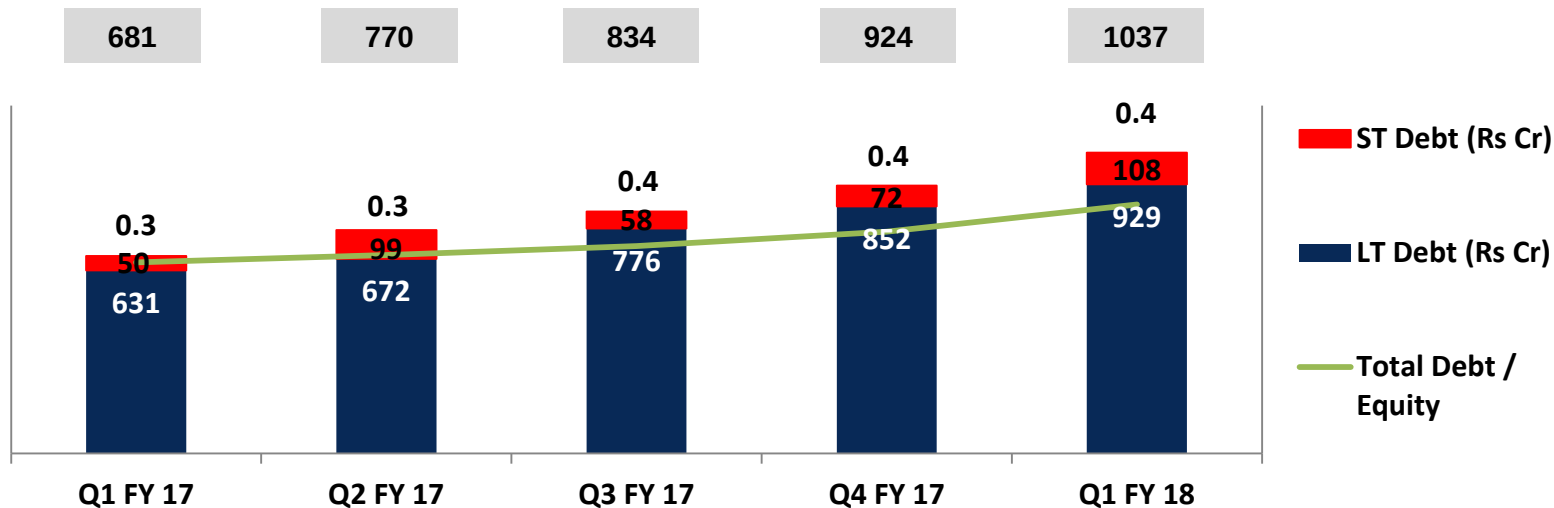
EBITDA includes profit from Sri Lanka JV (after tax)

EBITDA includes Other operating income; does not include Non- operating income

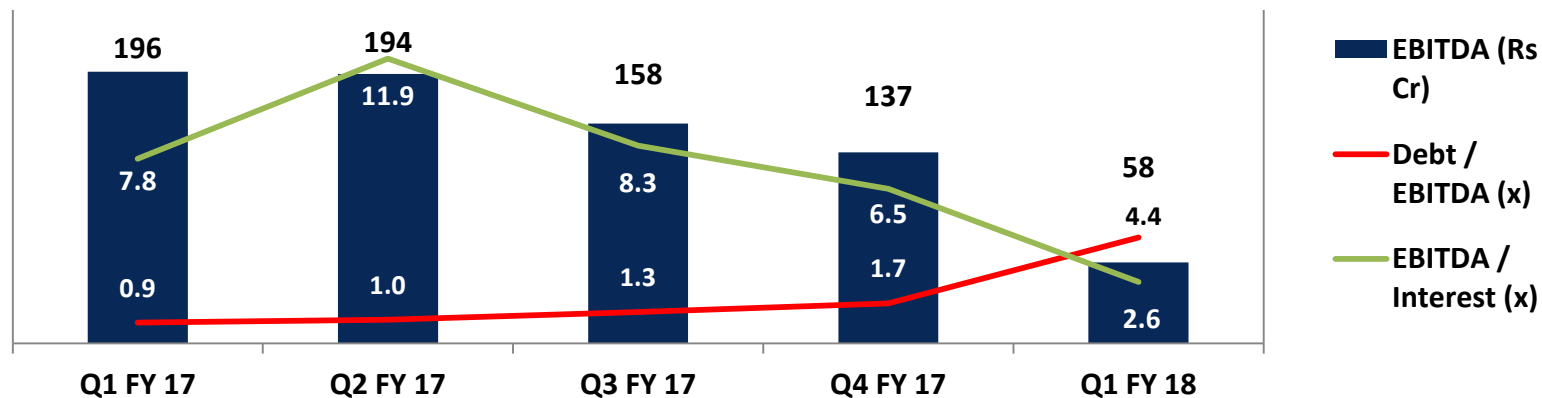
Consolidated: Leverage / coverage Profile

Total Debt
(INR Cr)

Debt breakup



Leverage ratios



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 (after tax)

EBITDA includes Other operating income; does not include Non- operating income

Standalone: Q1 FY18 Financials

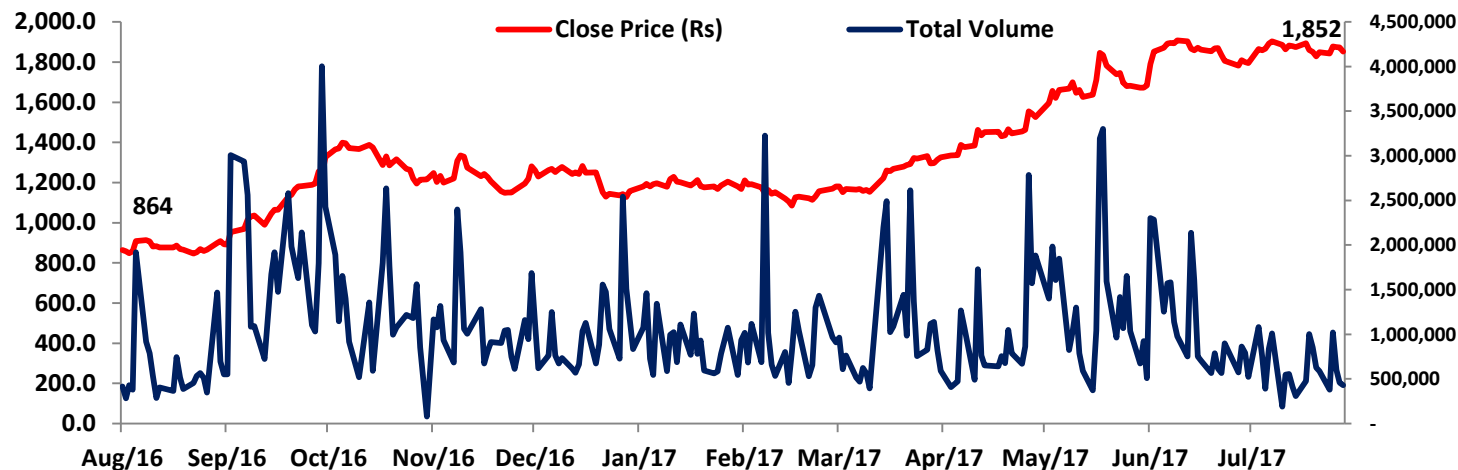
Parameter	INR Cr				
	Q1FY17	Q4FY17	Q1FY18	QoQ	YoY
Net Revenue from operations	1,456	1,451	1,451	0.0%	-0.3%
Raw Material	834	912	965	5.8%	15.8%
Gross margin	622	539	486	-9.8%	-21.9%
Gross margin %	42.7%	37.1%	33.5%	-360 bps	-920 bps
Employee	90	99	96	-2.7%	6.3%
Other Expenses	346	301	336	11.5%	-3.0%
EBITDA	185	139	54	-61.1%	-70.9%
EBITDA %	12.7%	9.6%	3.7%	-590 bps	-900 bps
Finance Cost	25	20	22	8.7%	-9.7%
Depreciation	30	46	39	-14.0%	31.3%
Operating PBT	131	73	(8)	-110.4%	-105.8%
Exceptional expense	1	12	0	-97.2%	-59.9%
Non-Operating income	7	5	31	528.5%	356.1%
PBT	137	65	24	-63.8%	-82.8%
PAT	96	70	19	-72.7%	-80.2%

Notes

Financials are as per IND AS

EBITDA includes Other operating income; does not include Non- operating income

Equity Shareholding & Price trends



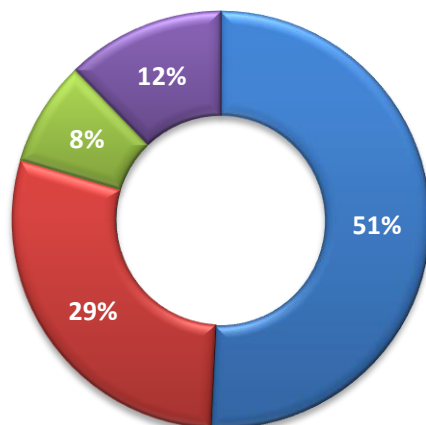
Returns since August' 16

- CEAT: 114%
- NIFTY: 16%

Source : Capitaline. The above data is updated till 28th July 2017

Shareholding Pattern as on June 30, 2017

- Promoters
- FPI / FII
- DII
- Others



Market Information

- Market Price (July 28): INR 1,852/share
- Face Value : INR 10/share
- Market Cap (July 28): INR 7,492 Cr

THANK YOU