



Investor Meet - Dec'14

Business Strategy & Performance Review





Welcome Address	11:00 – 11:20
KTM Sports Motorcycles	11:20 – 11:40
Domestic Motorcycles	11:40 – 12:00
Commercial Vehicles	12:00 – 12:20
International Business	12:20 – 12:50
Q & A	12:50 – 13:30

Current Capacity per annum (units in lakh)

Motorcycles : - Waluj - Chakan - Pantnagar	54.0 24.0 12.0 18.0
Three Wheelers (Waluj)	6.0
RE 60 (Waluj)	0.6
Total	60.6

Quick Highlights – Volumes

	Apr-Nov 14	Apr-Nov 13	Growth
Total Volumes :			
Motorcycles	23,72,882	23,36,467	2%
Three Wheelers	3,66,406	3,00,052	22%
Total	27,39,288	26,36,519	4%
Of which Exports :			
Motorcycles	10,88,460	8,66,726	26%
Three Wheelers	1,96,880	1,68,620	17%
Total	12,85,340	10,35,346	24%

Quick Highlights – Financials

(₹ in crore)	Q1 FY15	Q2 FY15	H1 FY15	H1 FY14
Net Sales & Operating Income	5,299	5,993	11,292	10,171
Total Expenditure	4,261	4,745	9,006	7,911
EBITDA	1,038	1,248	2,286	2,260
%	19.6	20.8	20.2	22.2
PBT *	1,075	1,172	2,247	2,250
PAT *	740	853	1,593	1,575

* before exceptional item

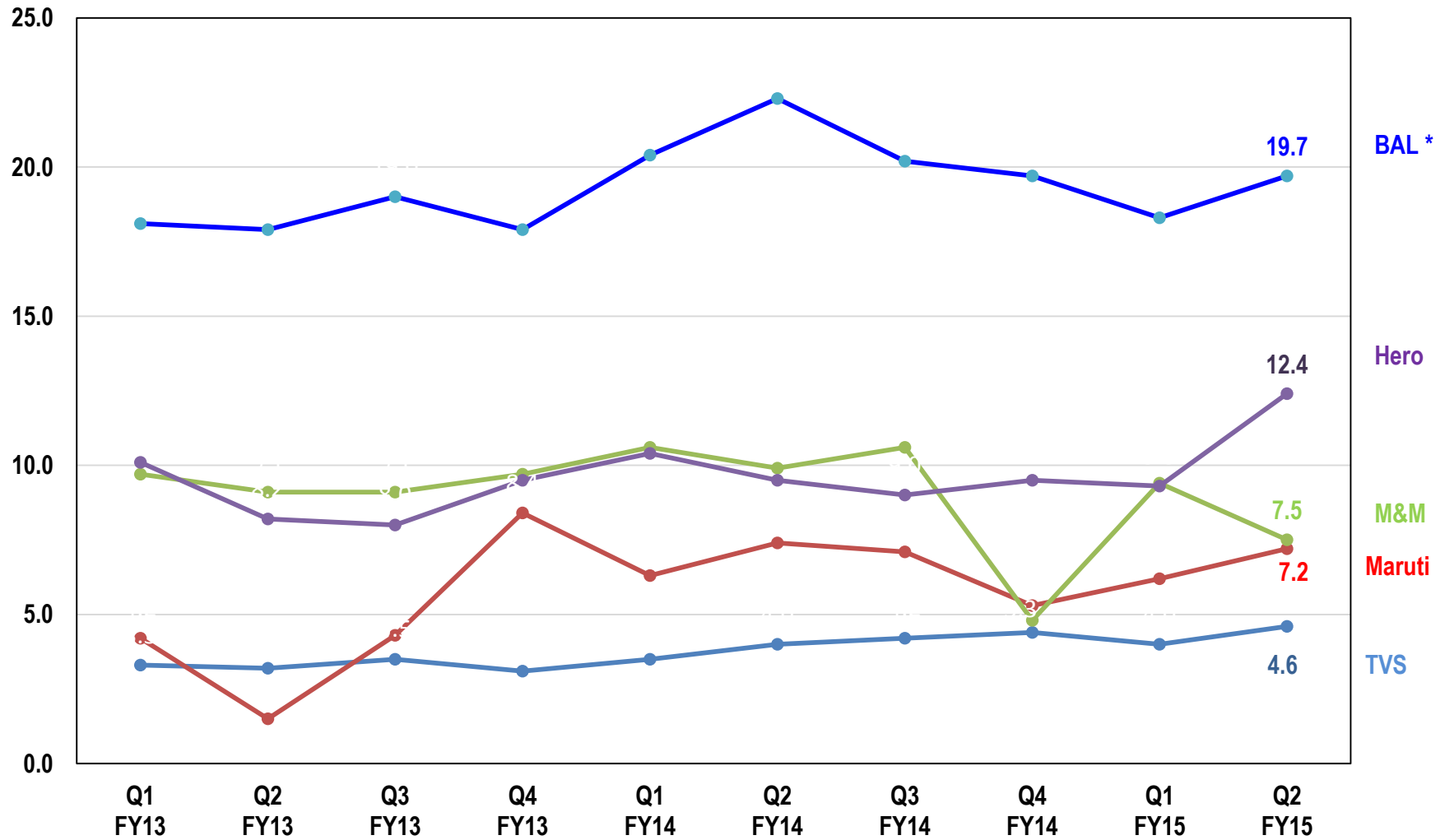
2nd highest in the history
of the company

In Q2 / FY15 we achieved our

- Highest ever **Turnover** – ₹ 6,077 crores
- Highest ever **Exports** – ₹ 2,736 crores
- Highest ever Operating **EBITDA** – ₹ 1,248 crores
- Highest ever **Exports**, in units – 5,19,093
- Highest ever **Commercial Vehicle**, in units – 1,56,429

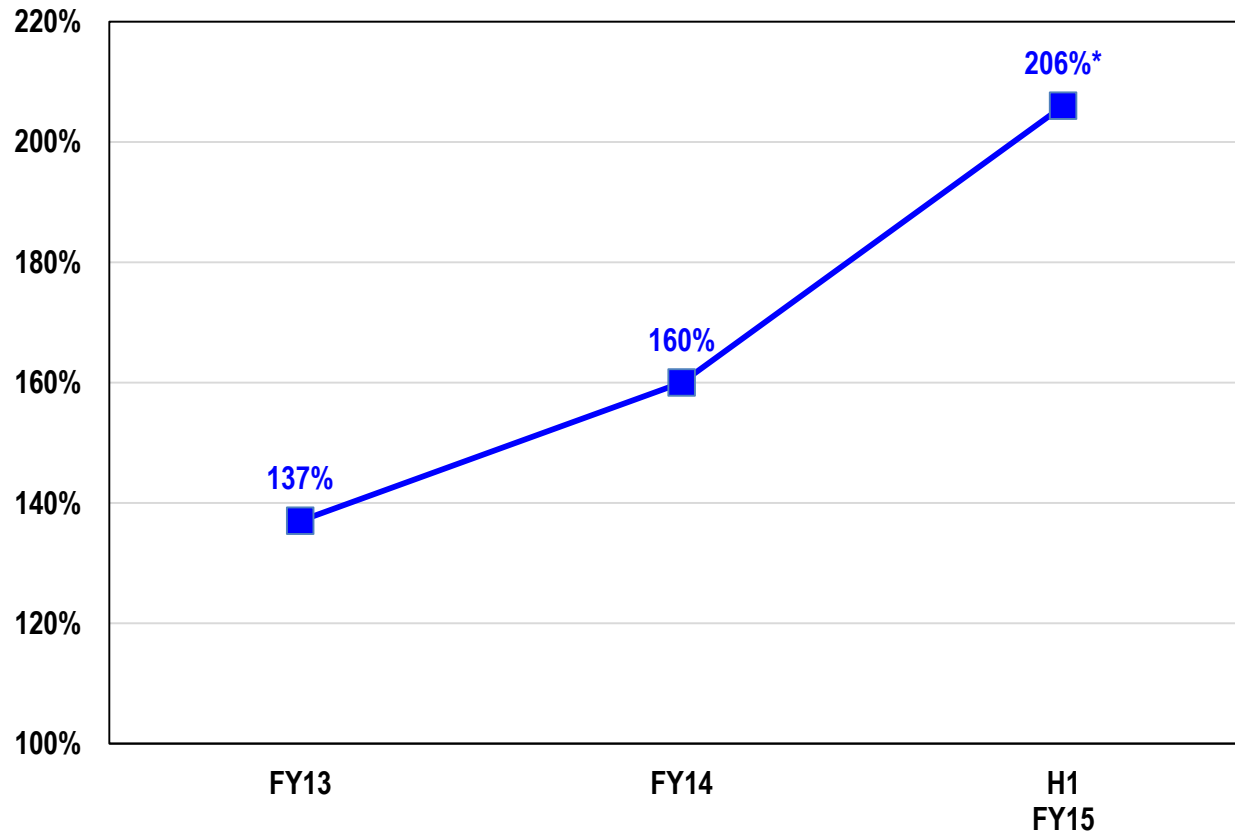
Ranked in “ **top 100 Worlds Most Innovative Companies 2014** ” and
“ **5th in top 50 most valuable Indian brands 2014** ”

Quick Highlights – Operating Margin %



* excluding Mark-to-Market gain / loss and CSR spends

Quick Highlights – Operating ROCE



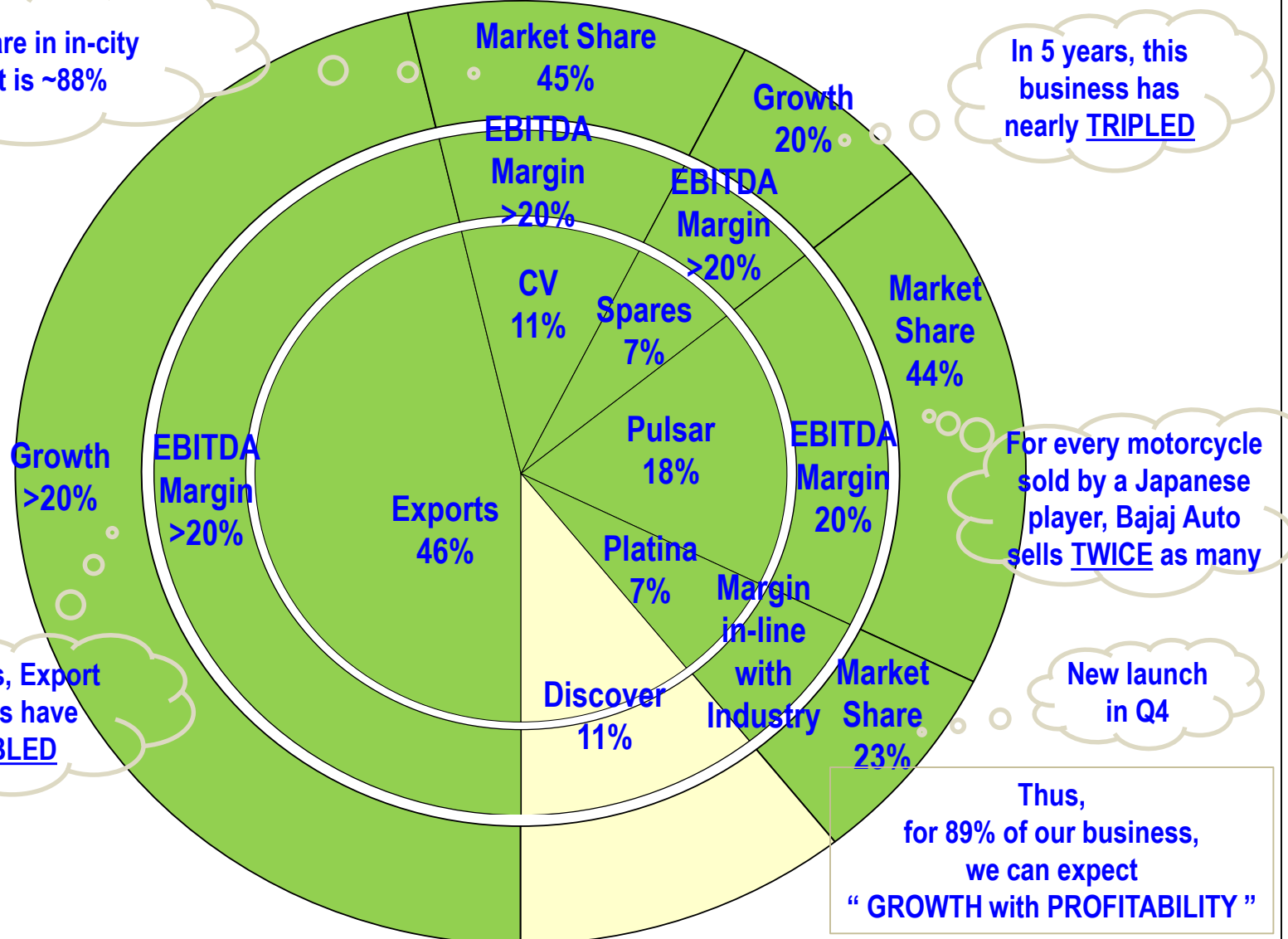
* before exceptional item

Funds Blocked with Excise & Sales tax authorities

Excise – Receivable on Exports	₹ 378 crore
VAT Refund Receivable	₹ 615 crore
Total as on 30th September 2014	₹ 993 crore

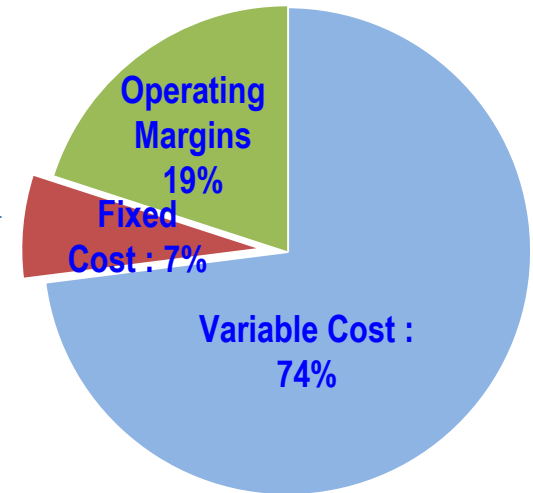
Excluding these, our operating ROCE would have been **~400% !!**

Our Business Model



Variable Cost Structure

Fixed Cost as a % to Opg Income	
Employee	3.6%
Depreciation	1.1%
Others	2.3%

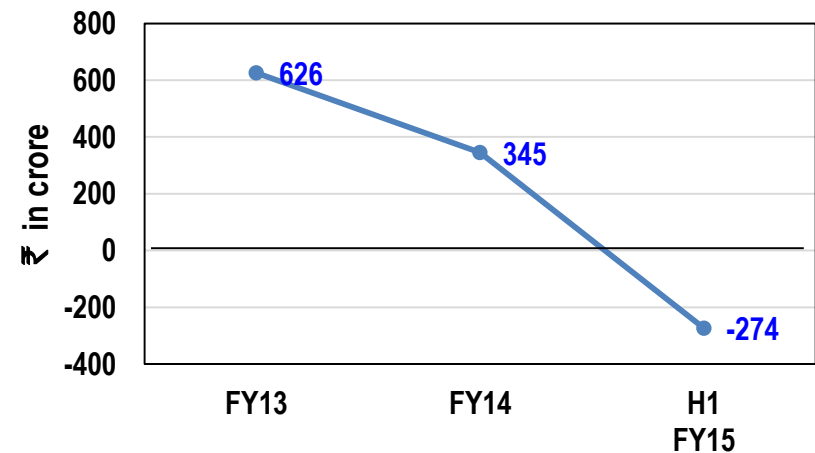


Low CAPEX

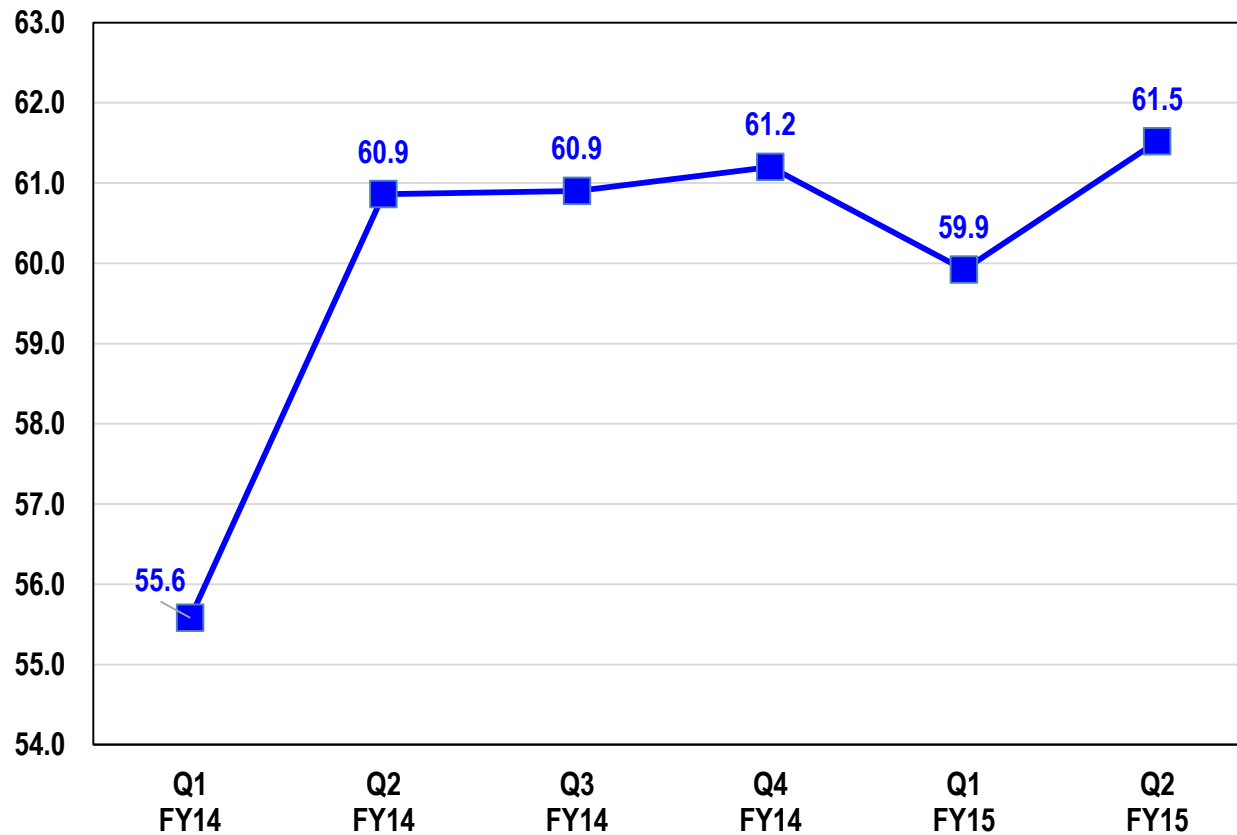
and

Negative working capital

Working Capital



Quick Highlights – Realization per USD



Surplus Cash, as on 30th September 2014 : ₹ 8,313 crore

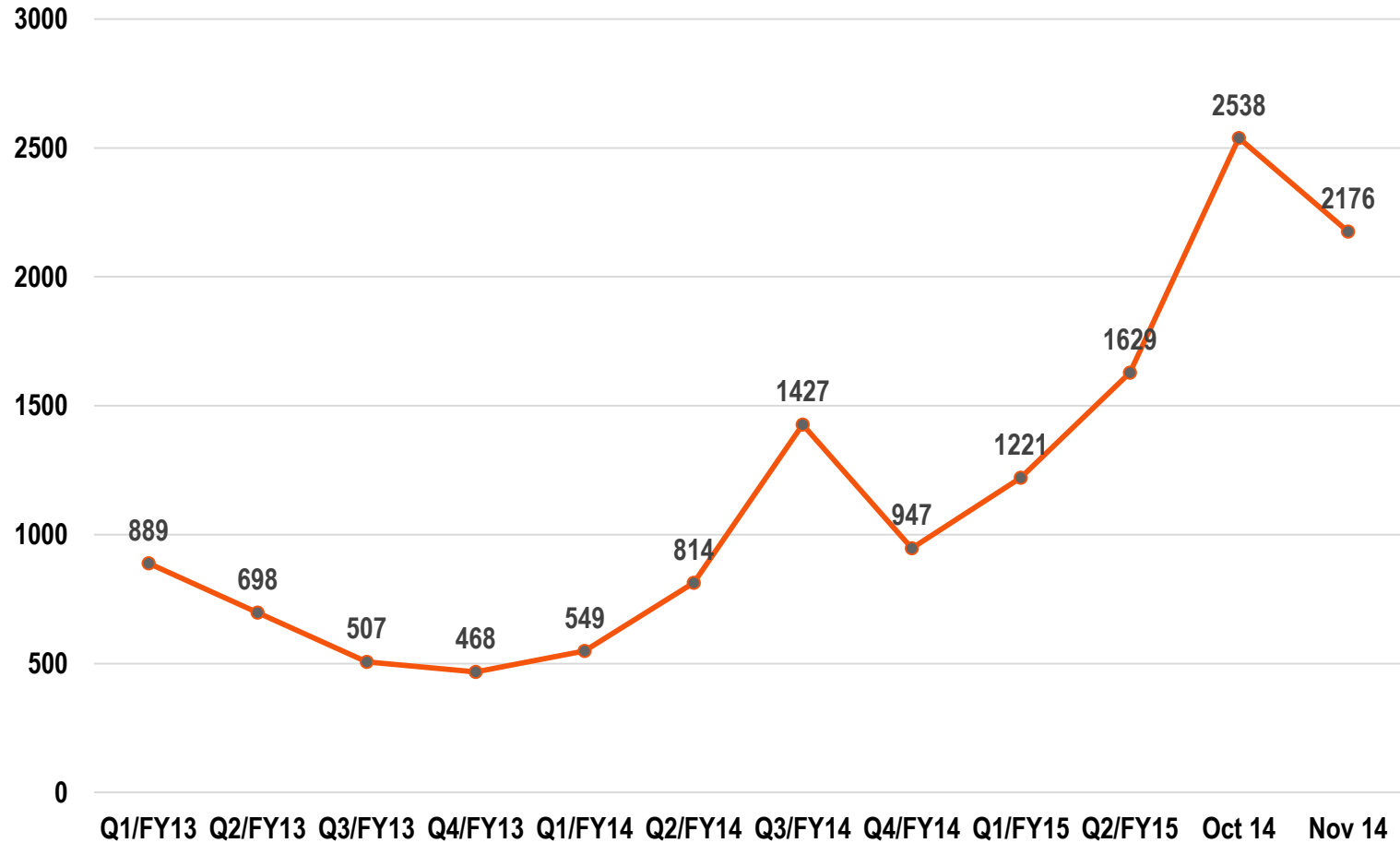
Investments in FMP : ₹ 4,940 crore

₹ in crore	H1 FY15	H1 FY14
Dividend received	-	27
Treasury Income	136	187
Income from FMP	120	-
Total	256	214

KTM



VOLUME TREND (Units Per Month)



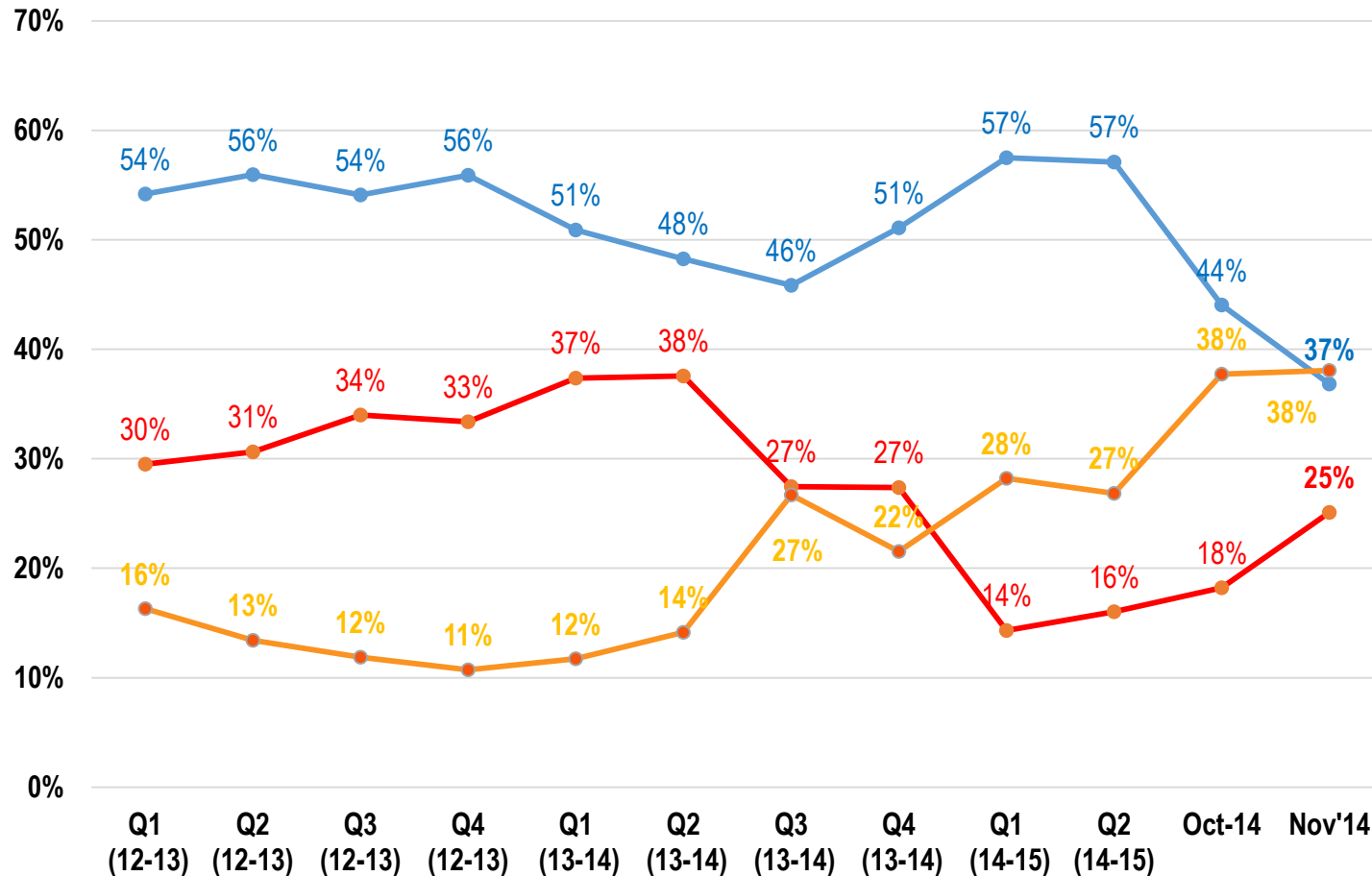


	% Growth (Apr-Nov YoY)
Motorcycle Industry	7%
Royal Enfield	70%
KTM	71%
Harley Davidson	148%

MARKET SHARE : BY VOLUME

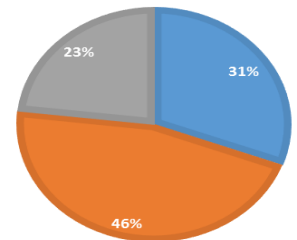


—●— Yamaha R15 MS% —●— Honda CBR MS% —●— KTM MS%



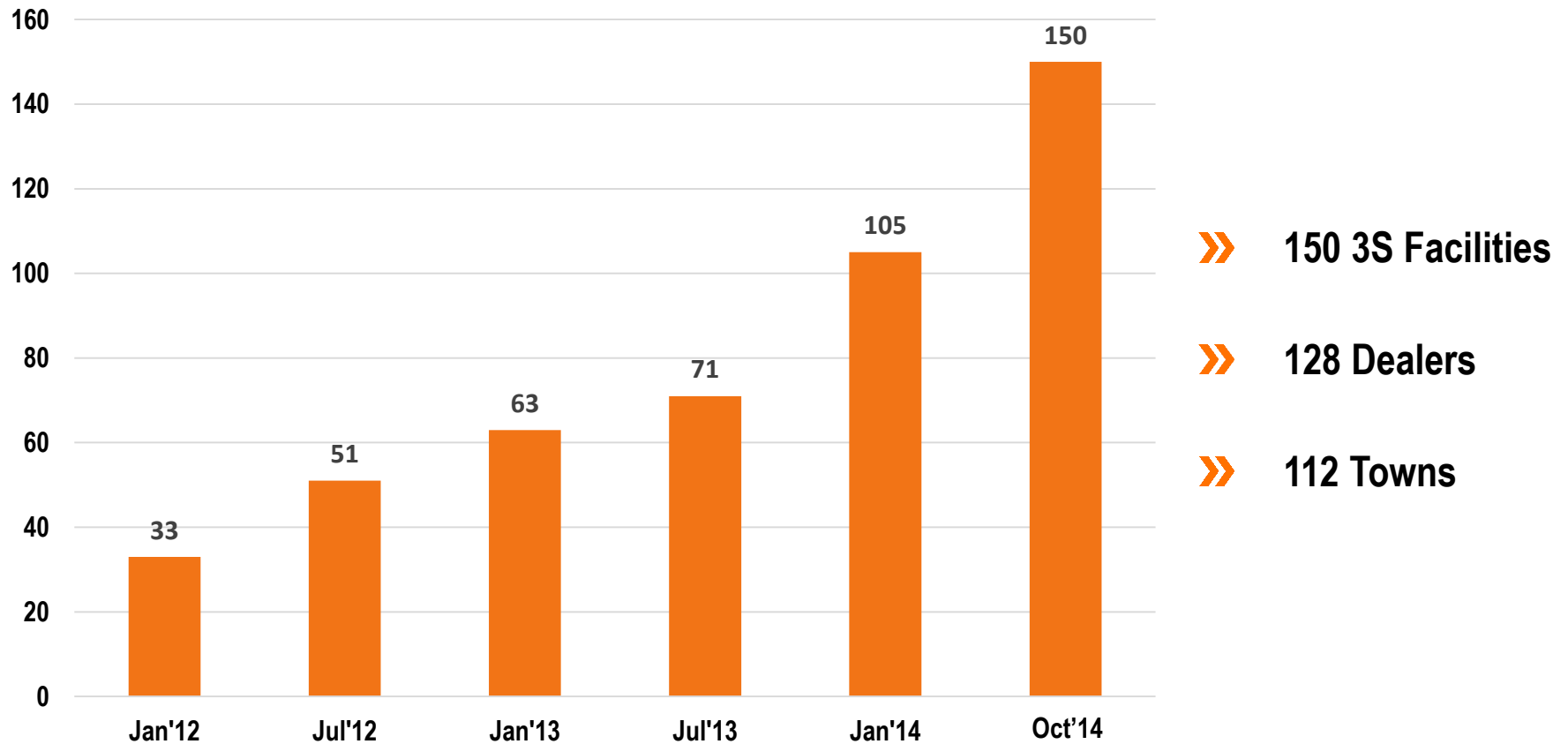
KTM VALUE SHARE, NOV'14

■ Yamaha R15 ■ KTM ■ Honda CBR





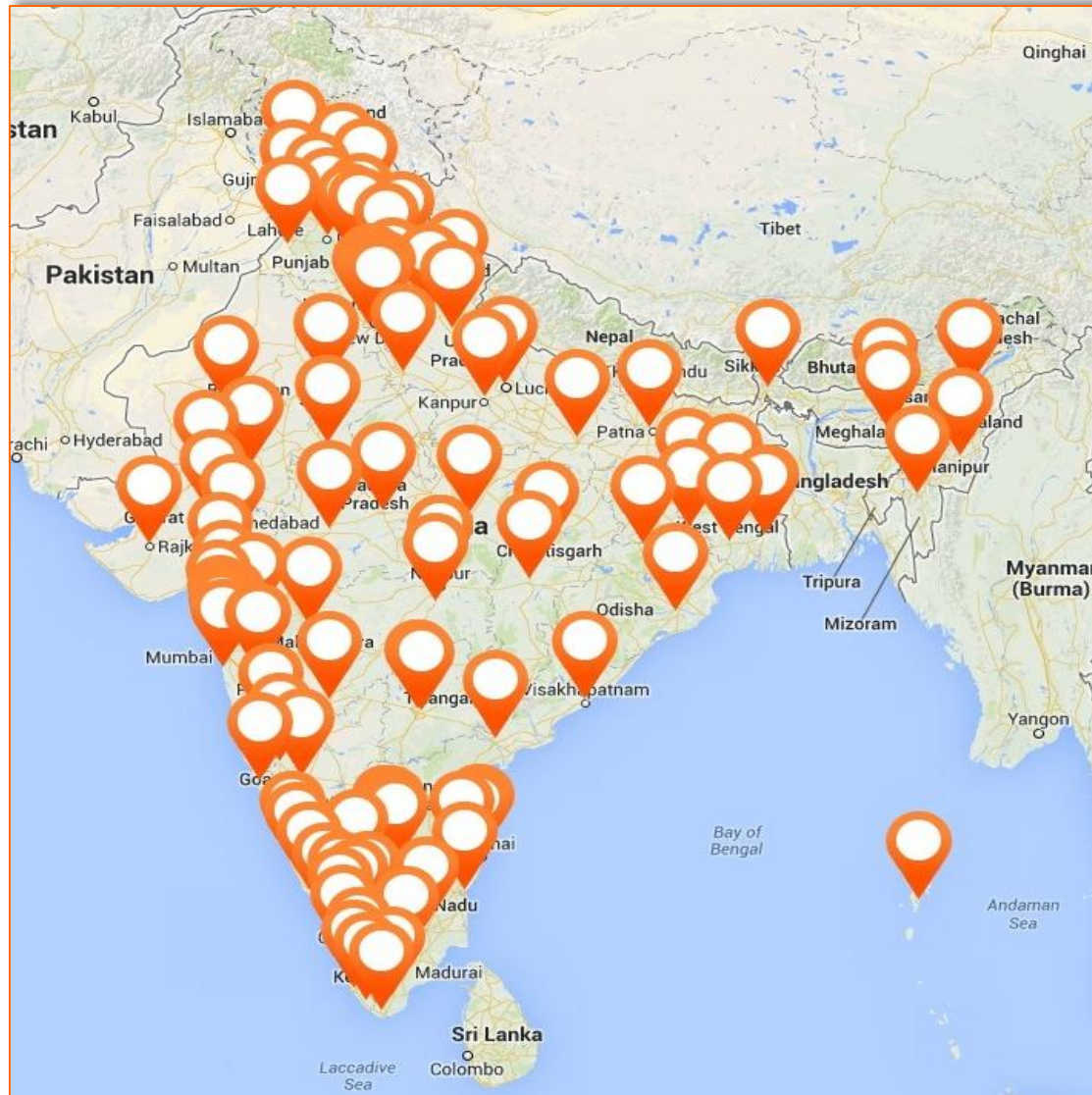
Premium Brands	Market Share
KTM	75%
Harley Davidson	18%
Triumph	3%
Others	5%
Total	100%



REPRESENTATIVE KTM DEALERSHIPS



PAN INDIA PRESENCE



Authentic Race Track Experience for Core customers - Nos. Done: 3



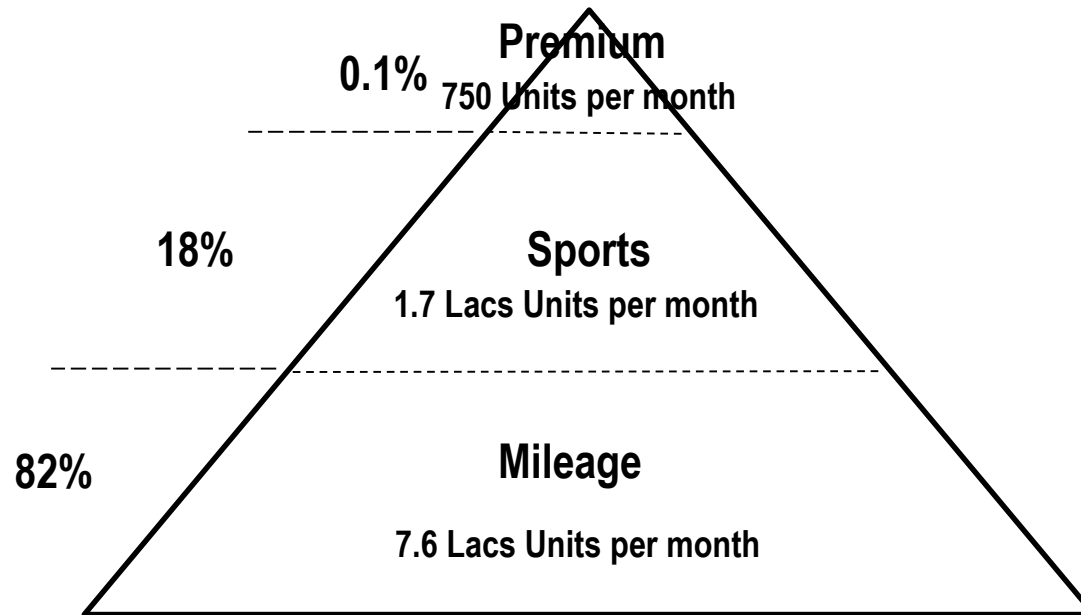
Motorsports Experience for Amateurs Nos. Done: 30



Overnight Touring & Camping Experience for the 'Non-Racer' Customer Nos. Done: 11

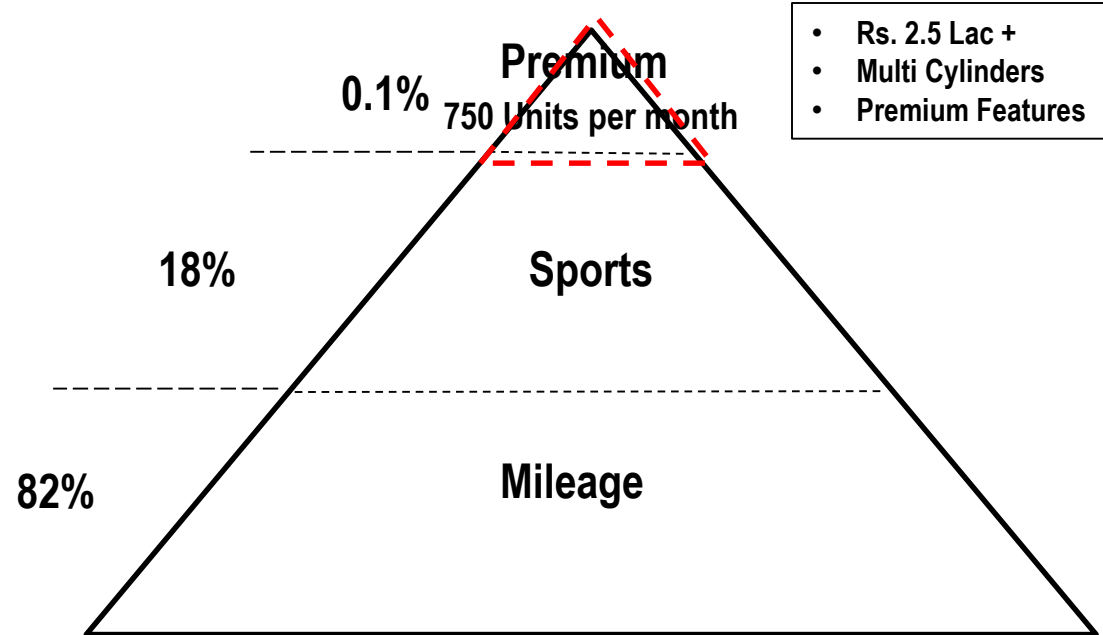


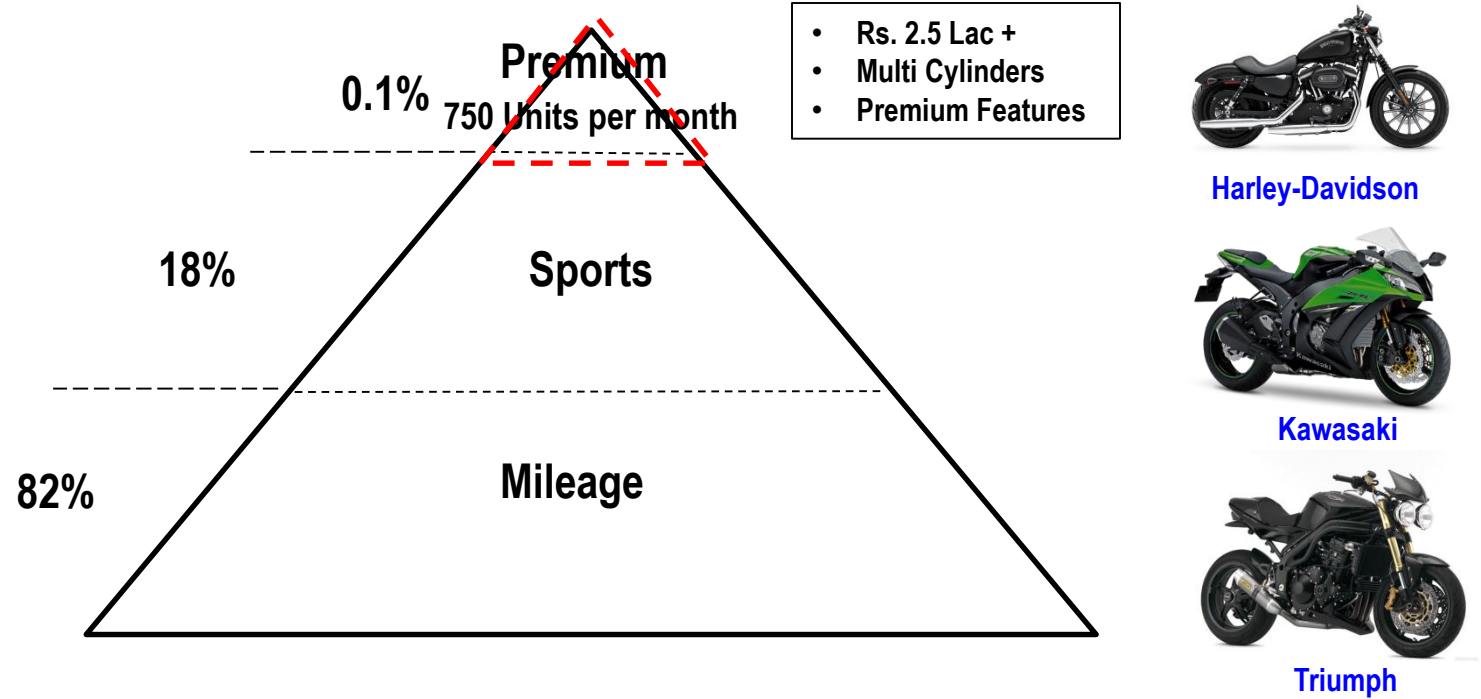
- » Market Share: No.1
- » Volume Growth: No.1 Sports Motorcycle Brand
- » Dealer Network: No. 1
- » Brand Engagement: No.1
- » 20% Revenue Growth for top 20% of BAL Dealers

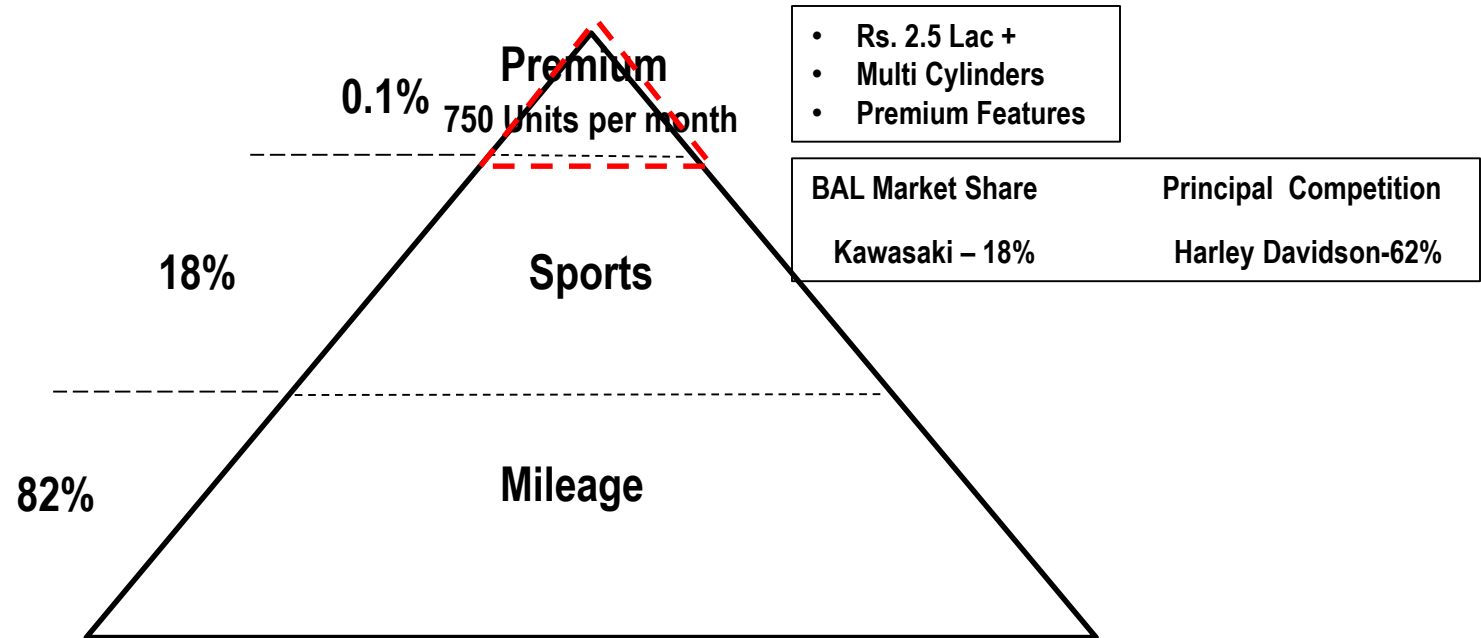


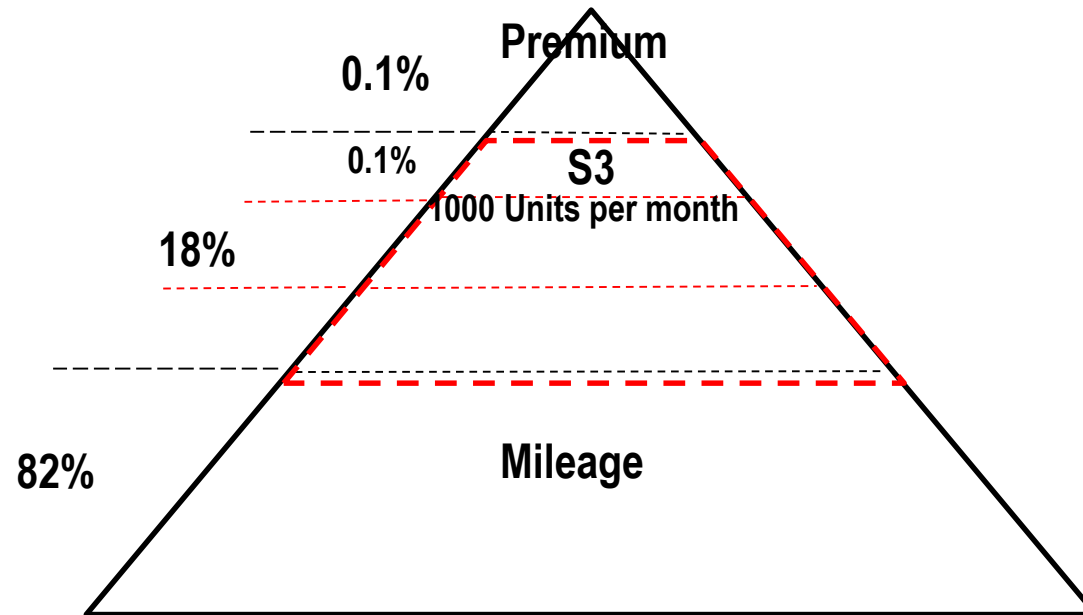
Total Motorcycle Industry – 9.3 Lacs units per month

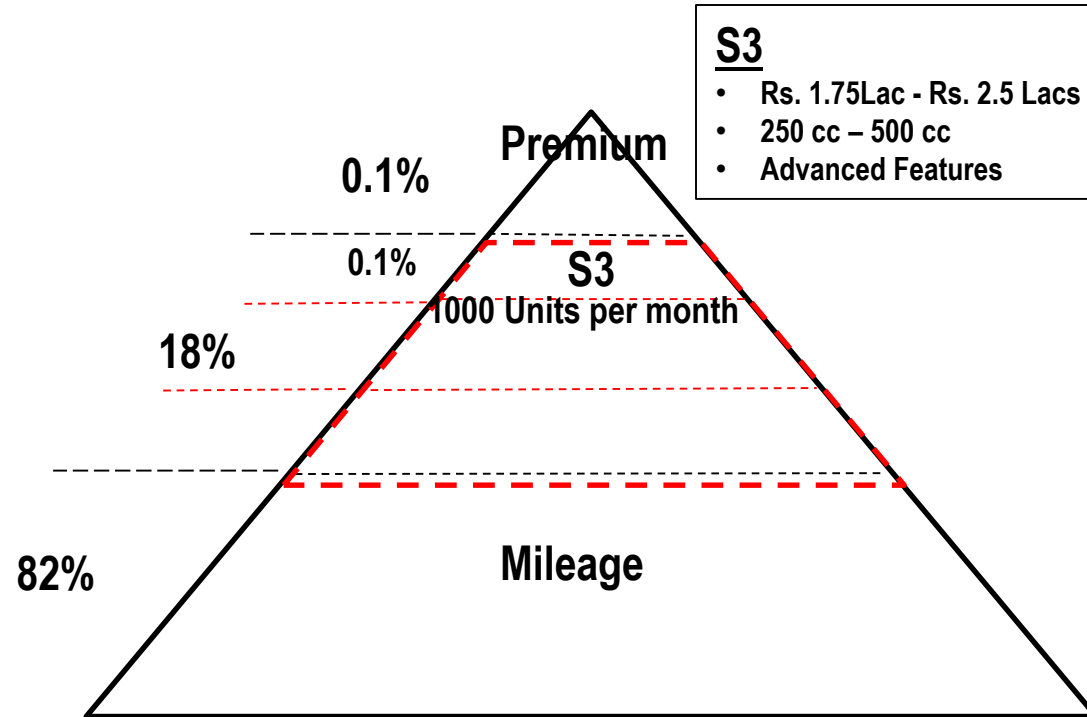
** As of April'14-November'14*

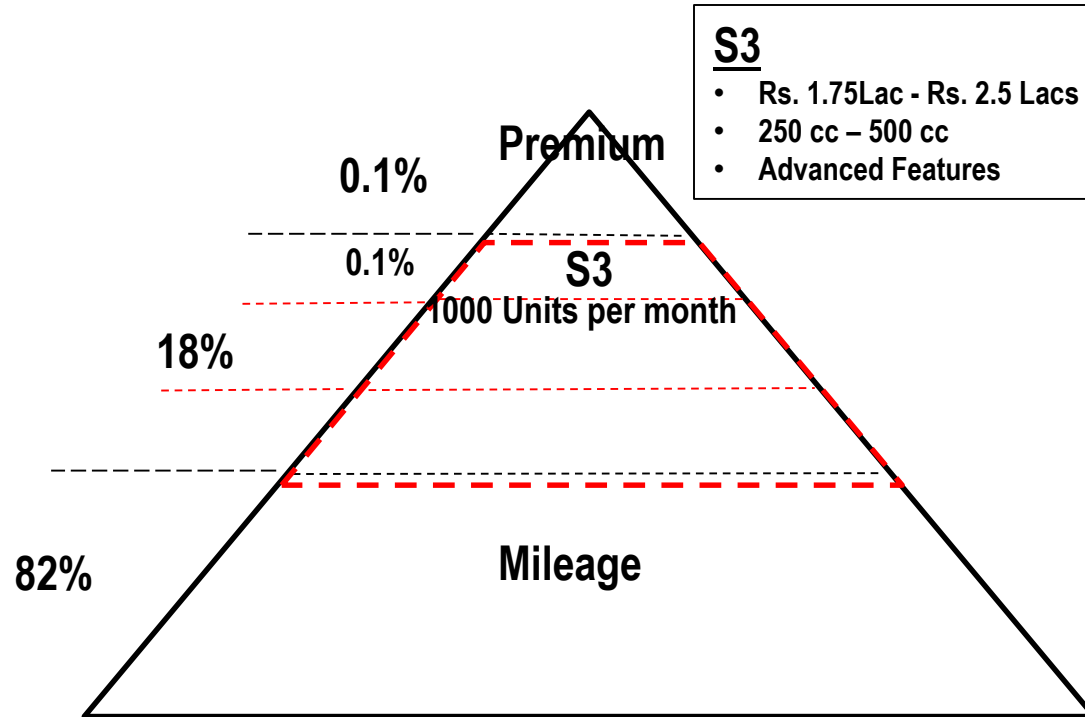












S3

- Rs. 1.75Lac - Rs. 2.5 Lacs
- 250 cc – 500 cc
- Advanced Features



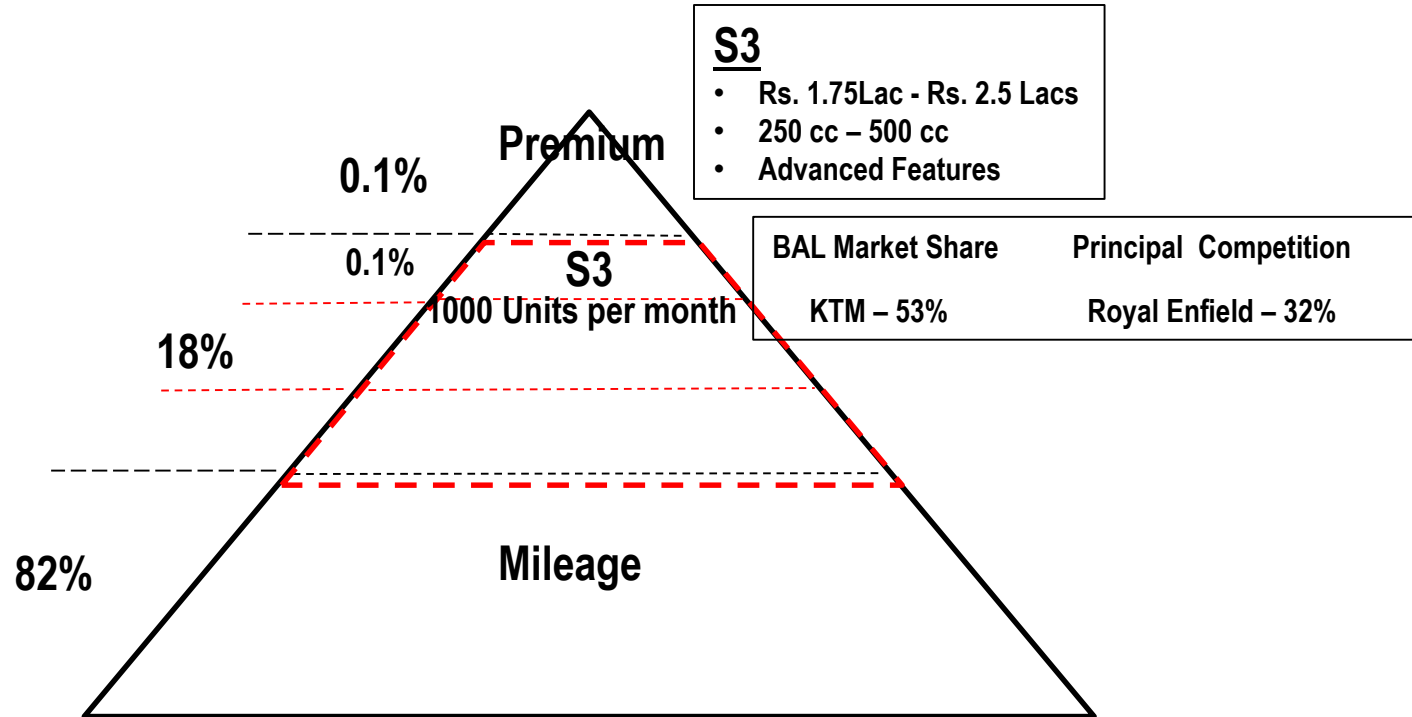
KTM

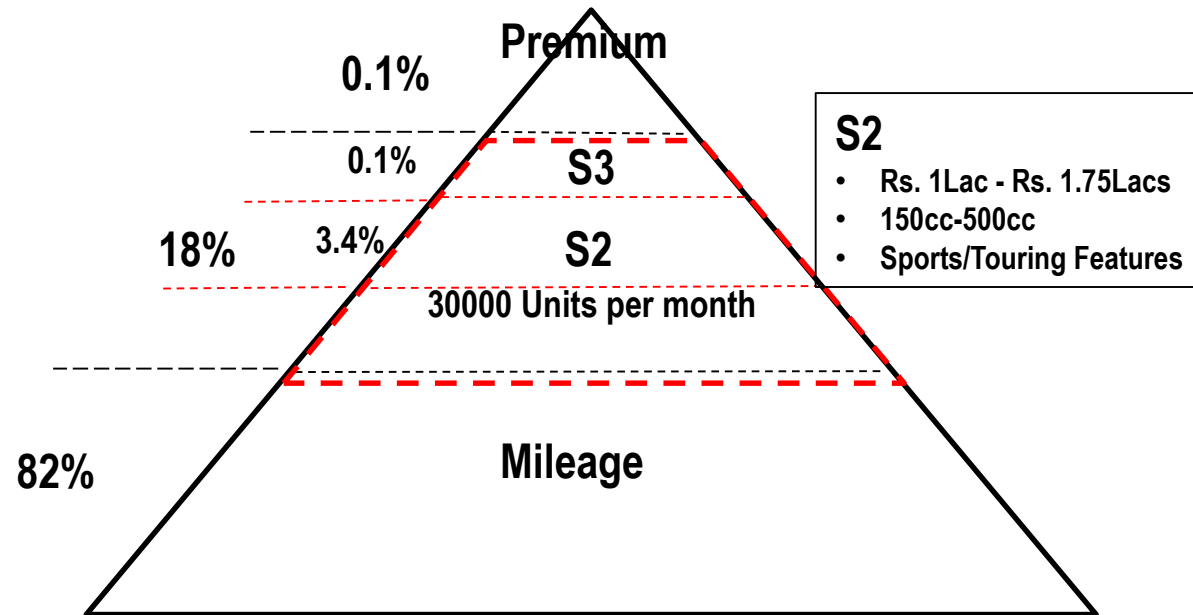


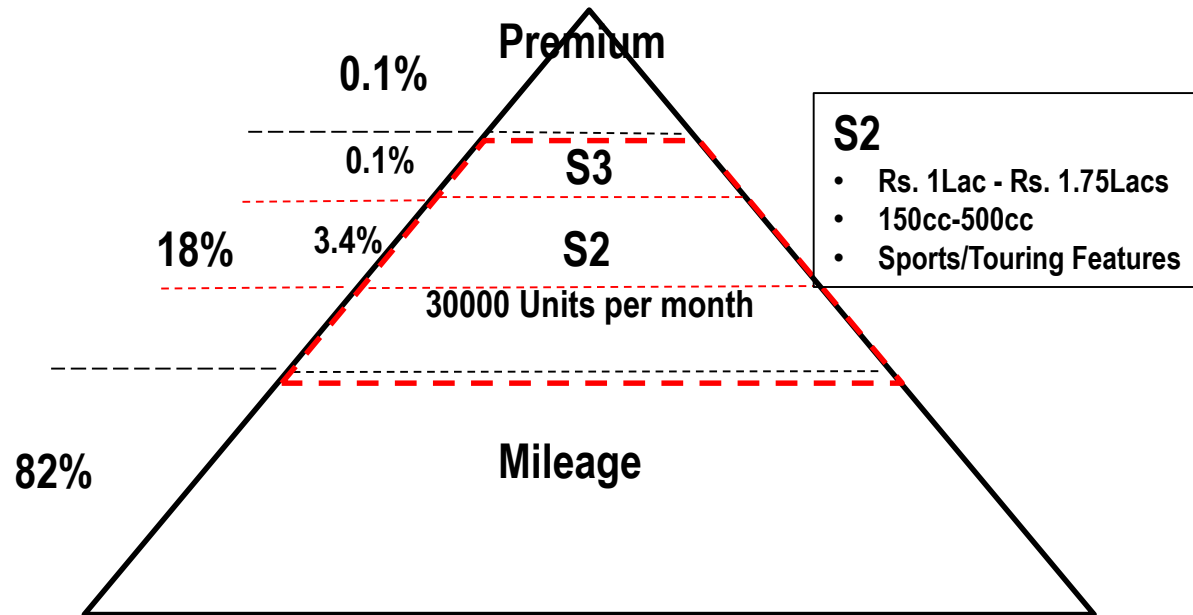
Royal Enfield



Honda







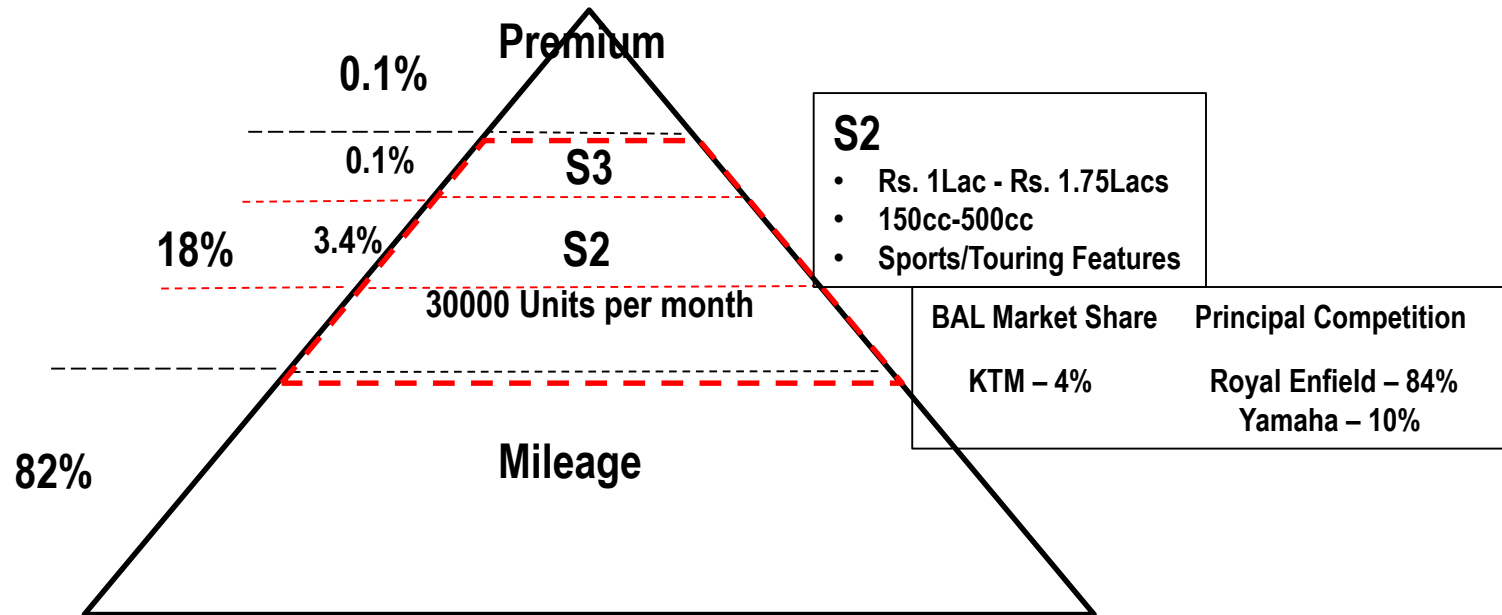
KTM

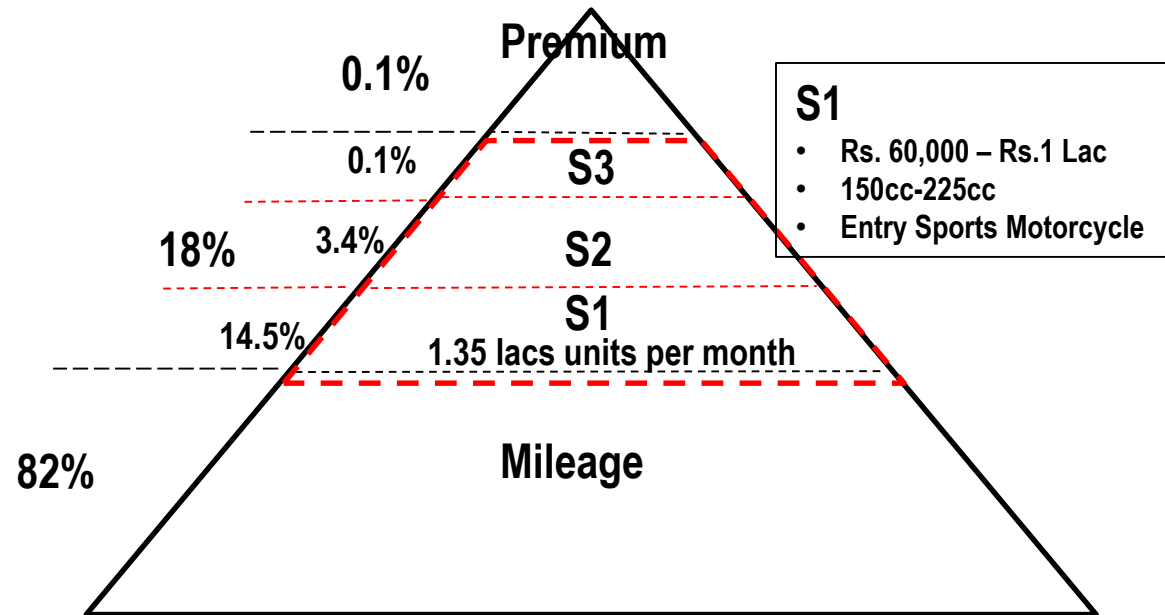


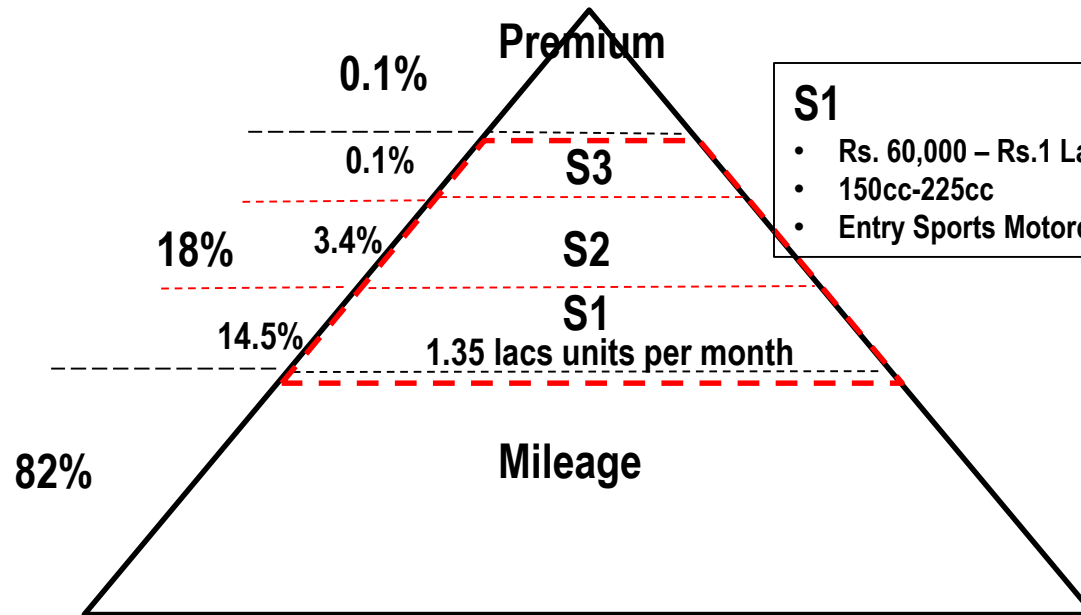
Yamaha



Royal Enfield







S1

- Rs. 60,000 – Rs.1 Lac
- 150cc-225cc
- Entry Sports Motorcycle



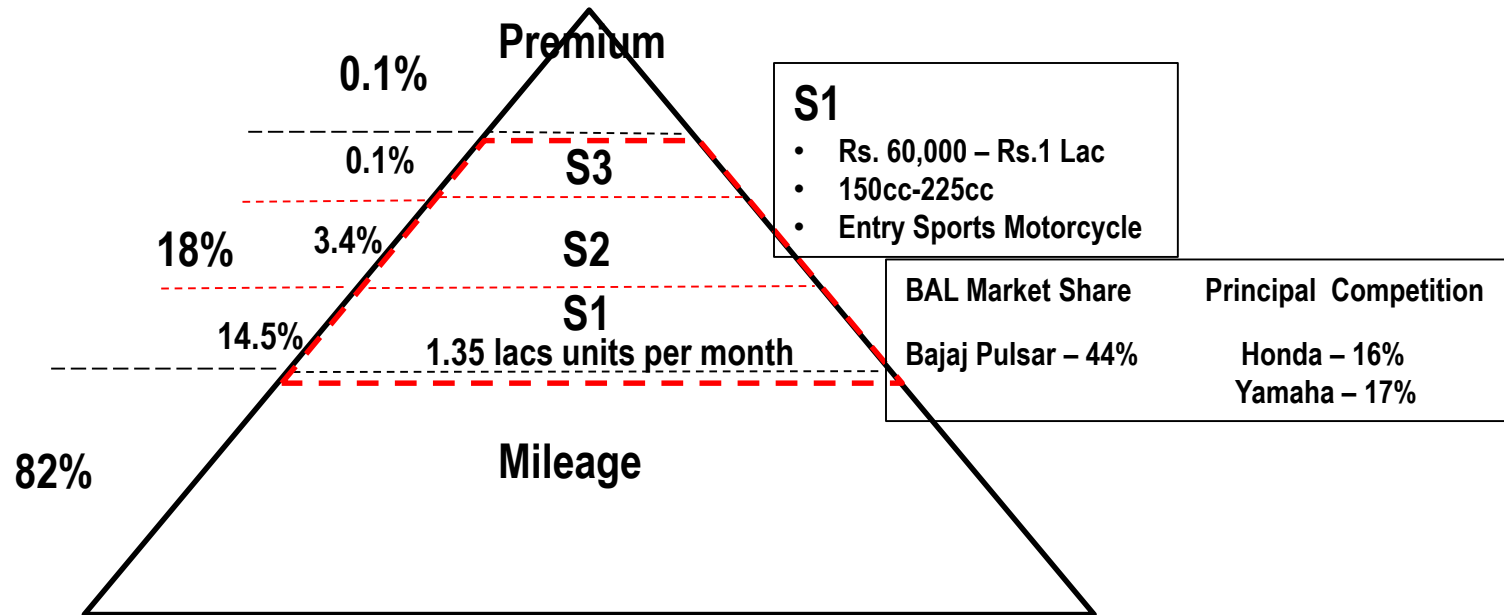
Bajaj Pulsar

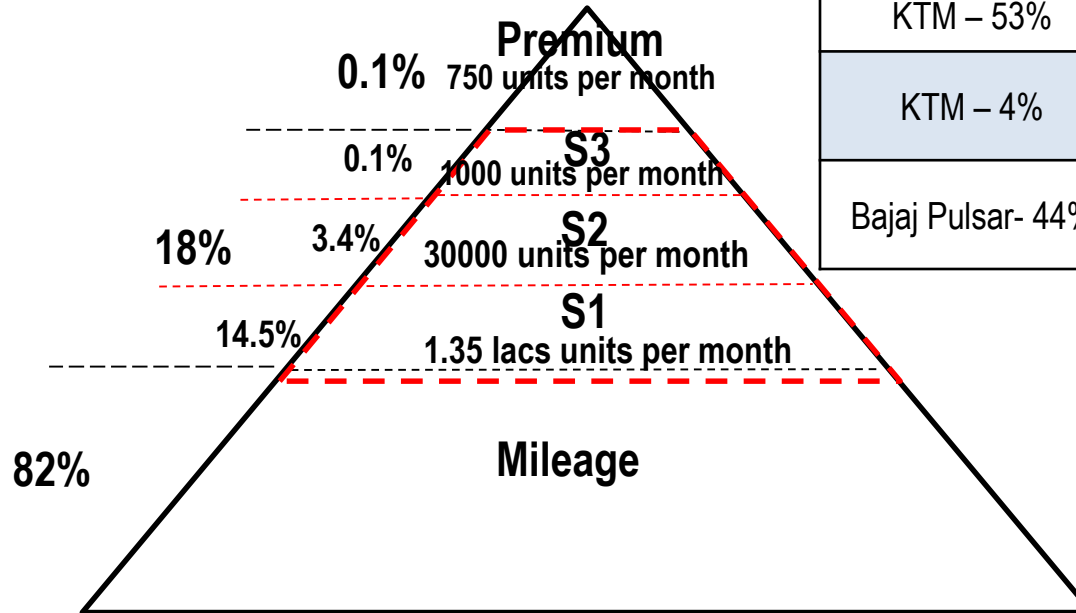


Yamaha



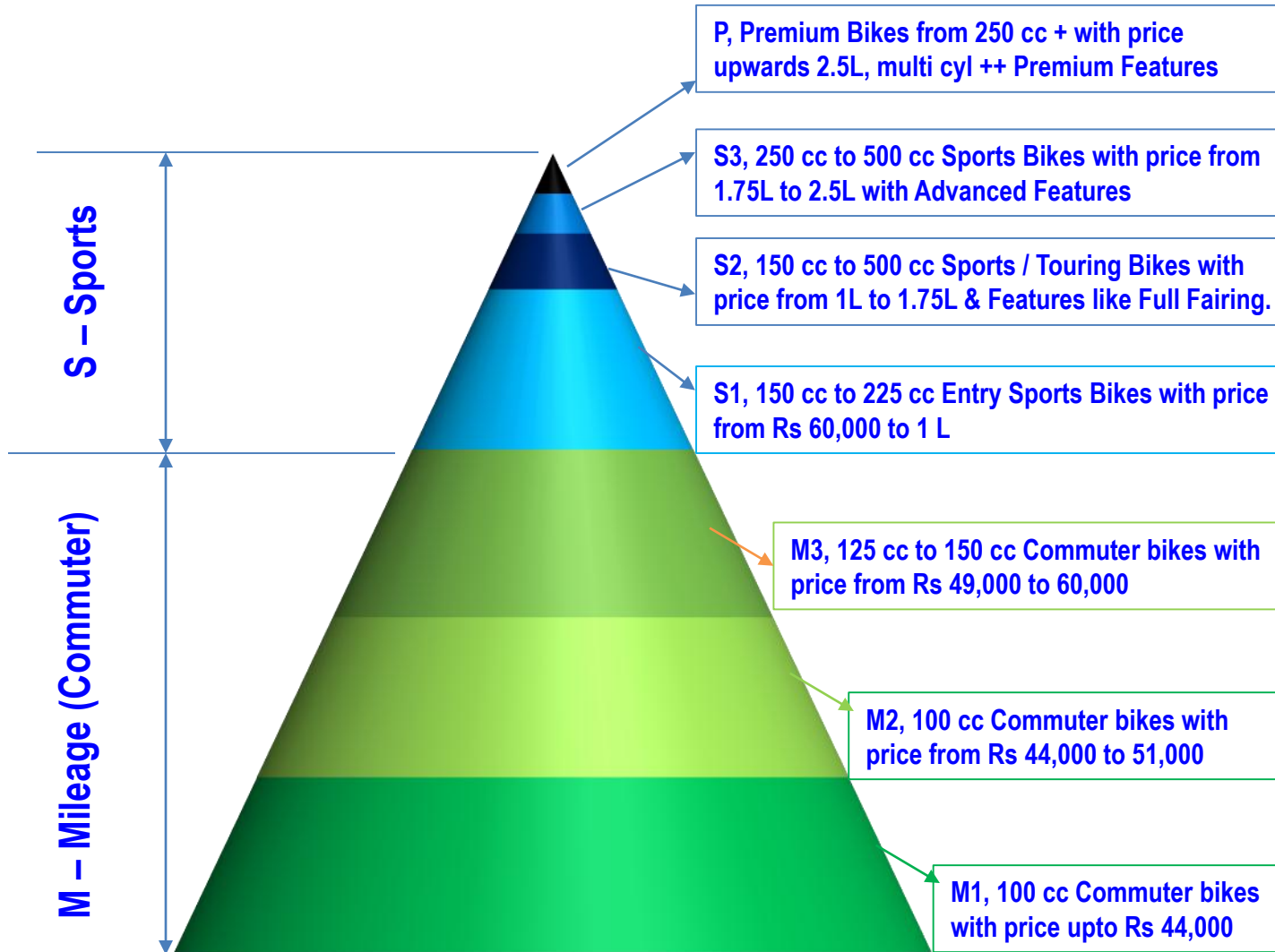
Honda

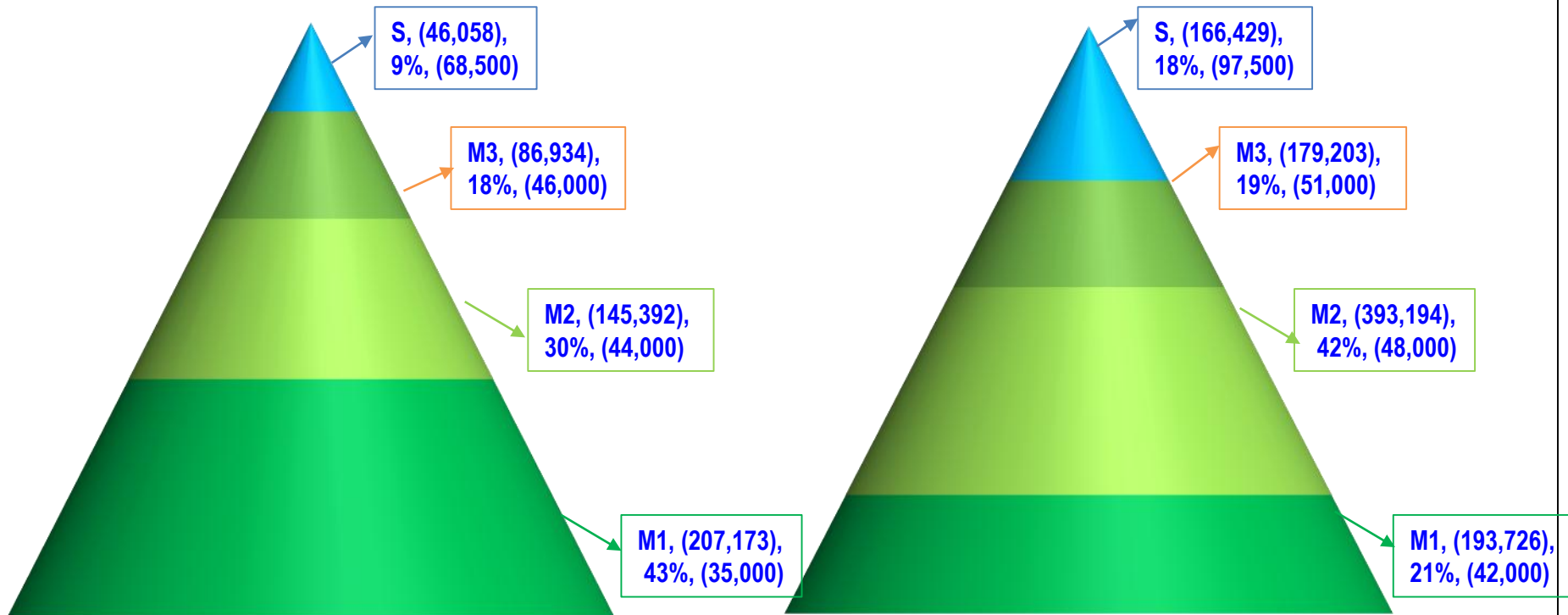




BAL Market Share	Principal Competition
Kawasaki – 18%	Harley-Davidson – 62%
KTM – 53%	Royal Enfield – 32%
KTM – 4%	Royal Enfield – 84% Yamaha – 10%
Bajaj Pulsar- 44%	Honda -16% Yamaha -17%





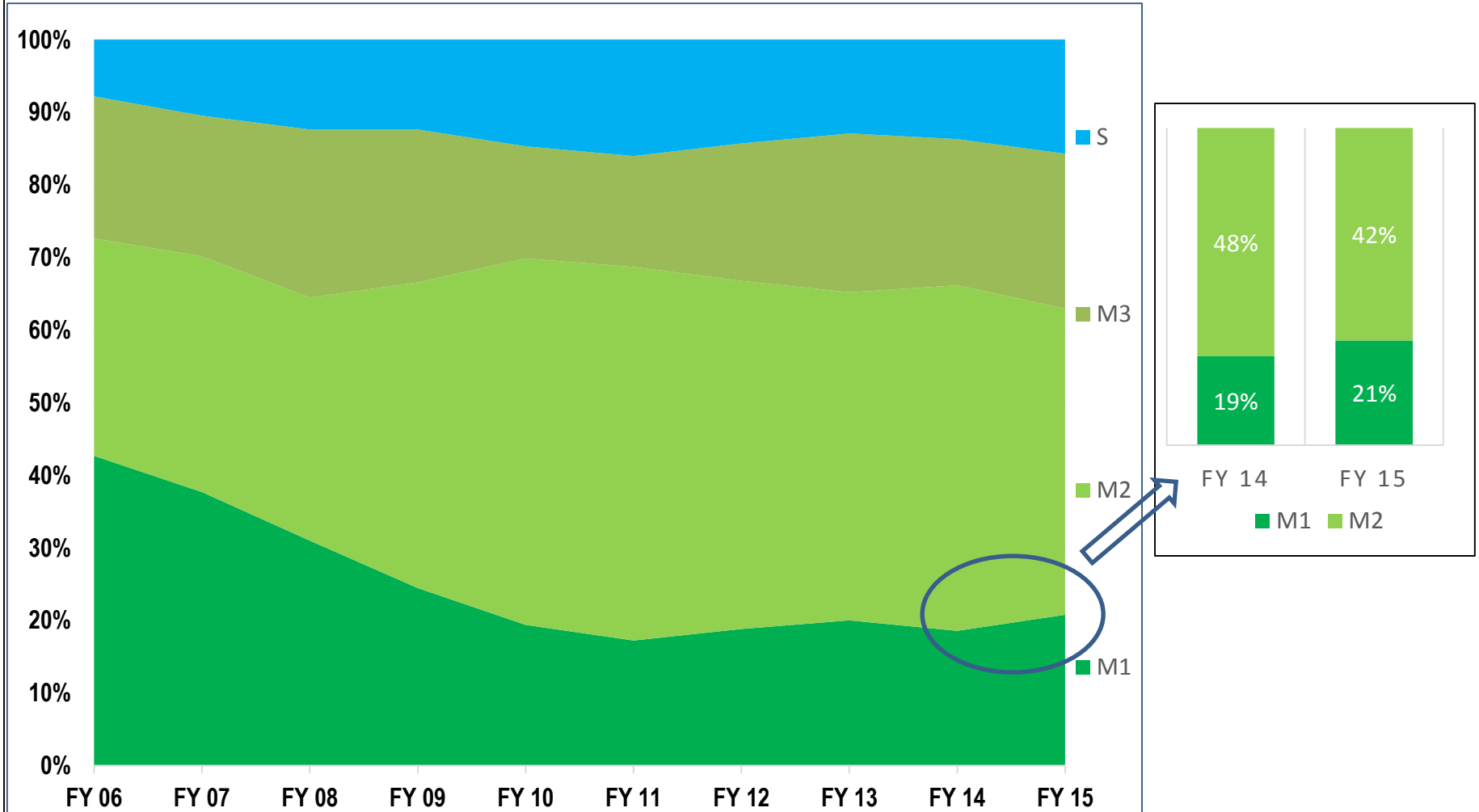


FY 06

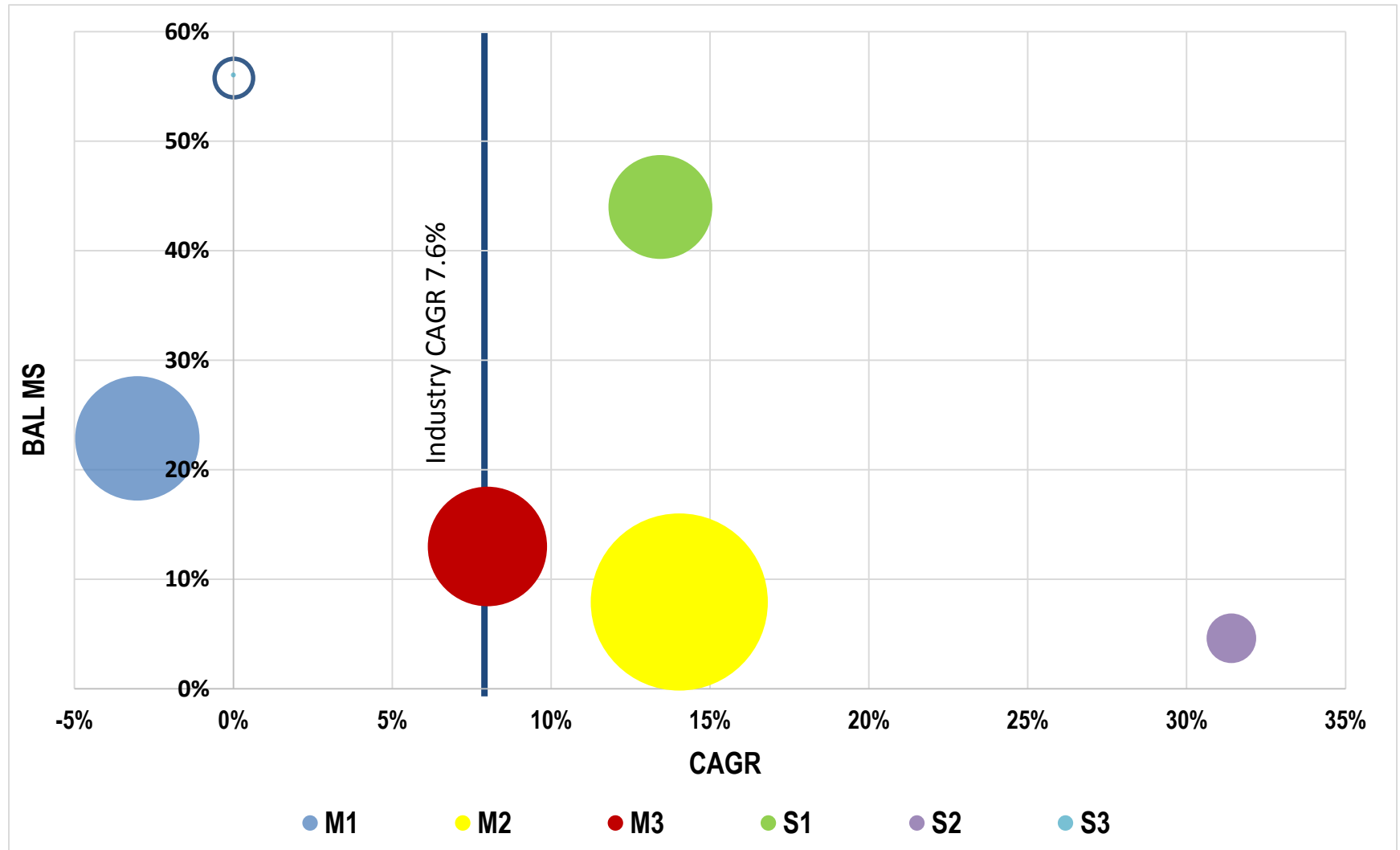
FY 15

Segment, (Volume AVPM),
Share of Industry, Average Price (Largest Selling Variant)

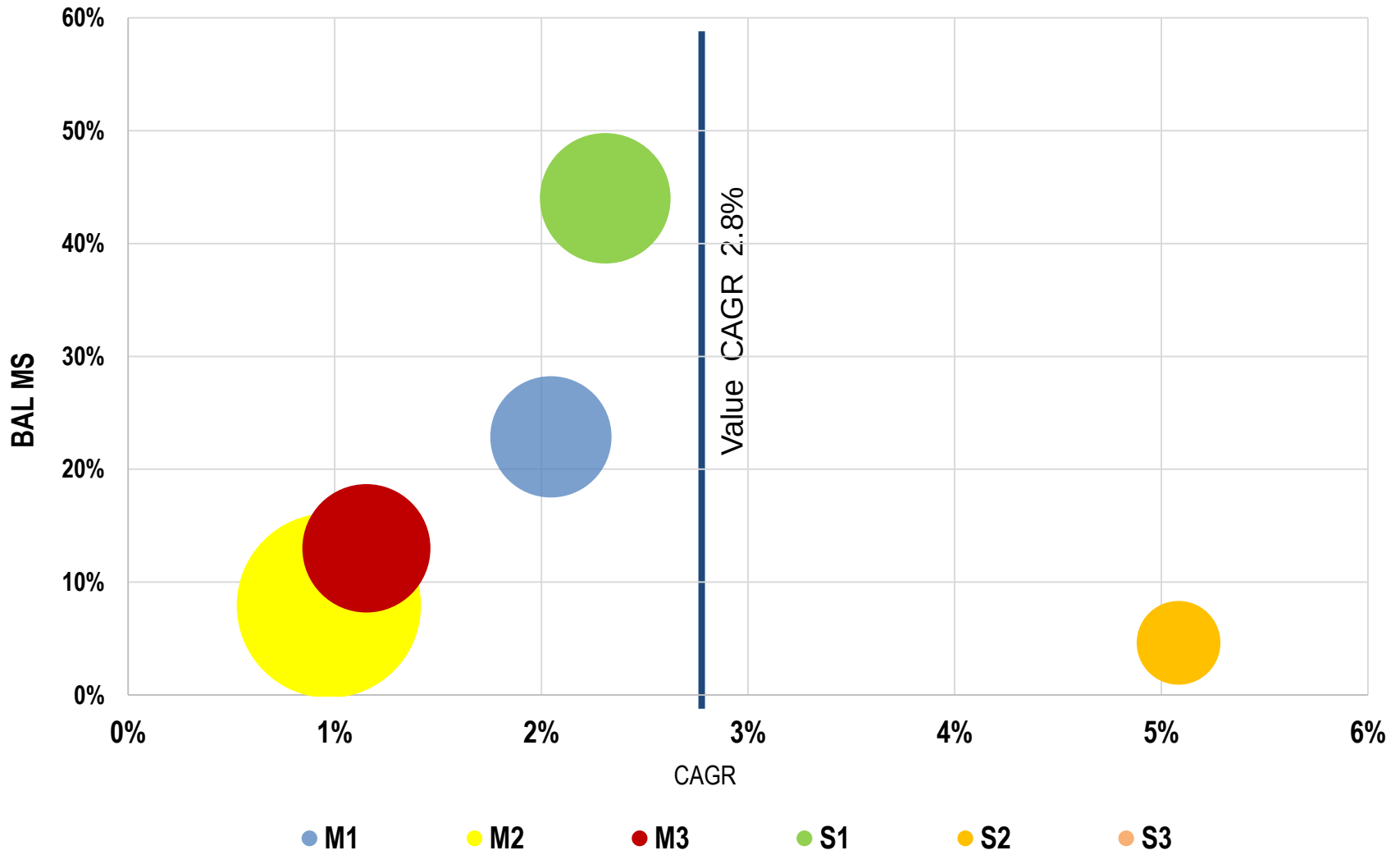
Industry Segment Changes - 8 years



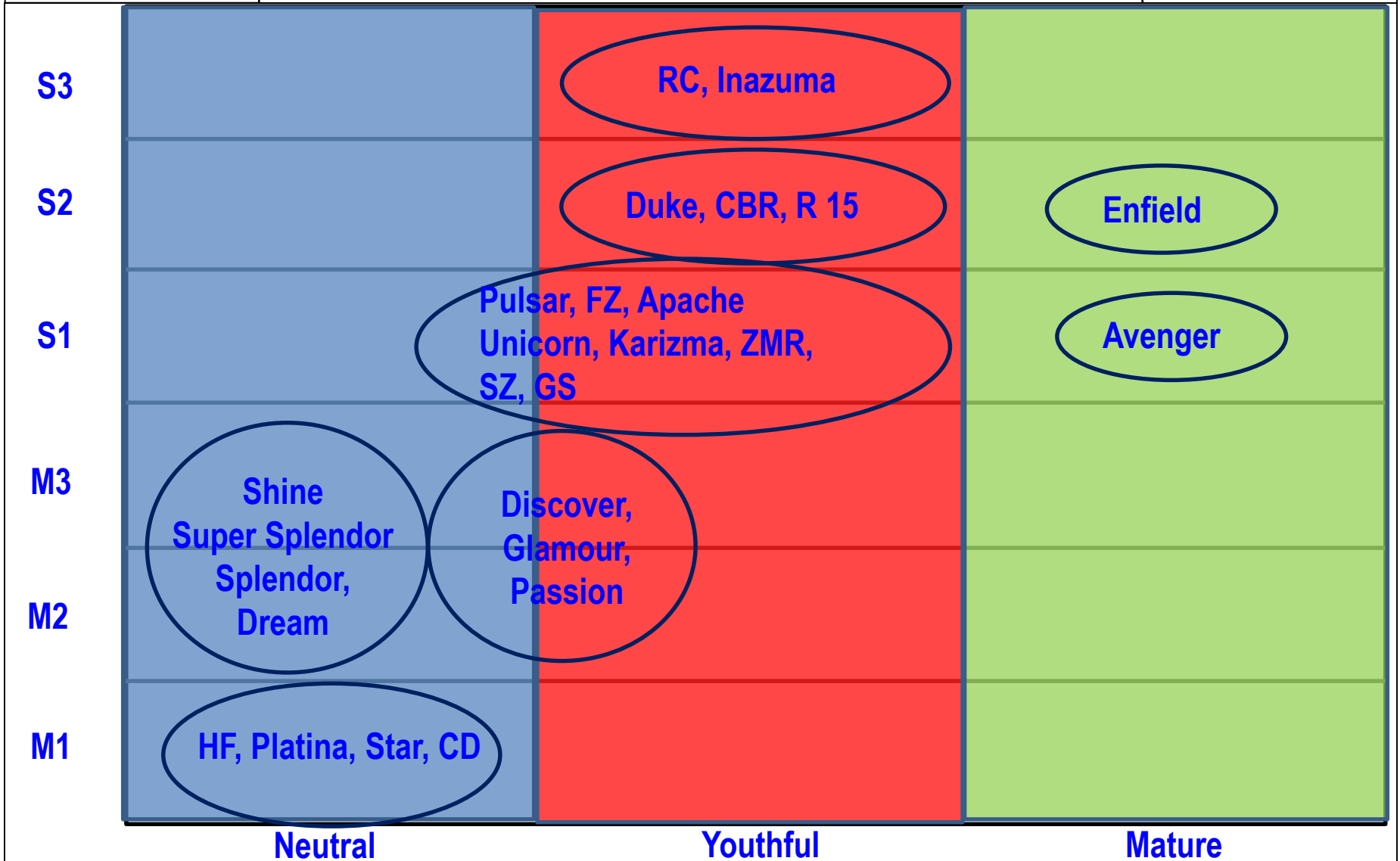
Industry Volume Trend - 8 years



Industry Value Trend - 8 years



Industry and Customer Segments



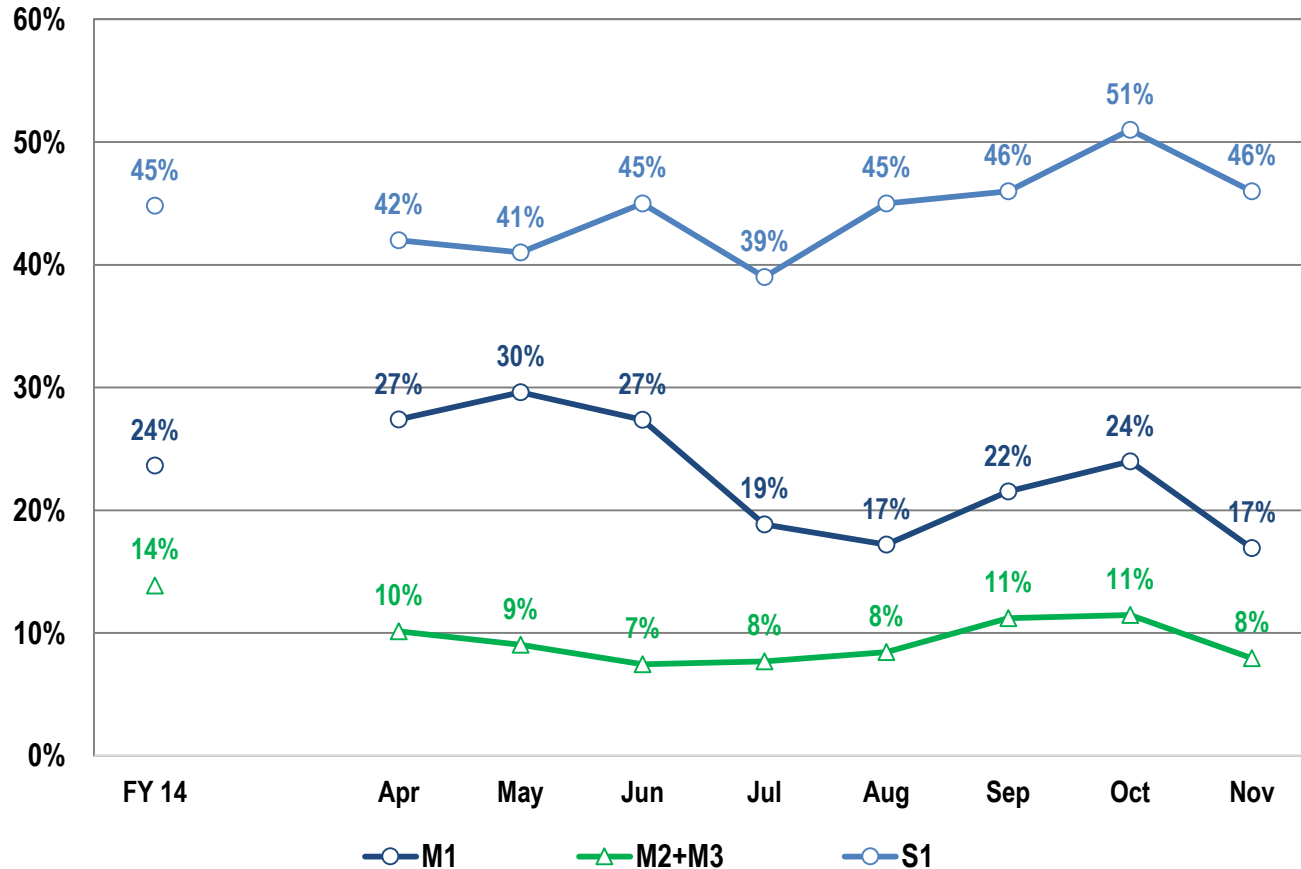
FY14

PULSAR
MS 45%
BAL 53,461
IND 119,774

PLATINA
MS 24%
BAL 38,317
IND 162,100

DISCOVER
MS 14%
BAL 82,141
IND 569,283

Market Share - Segment wise

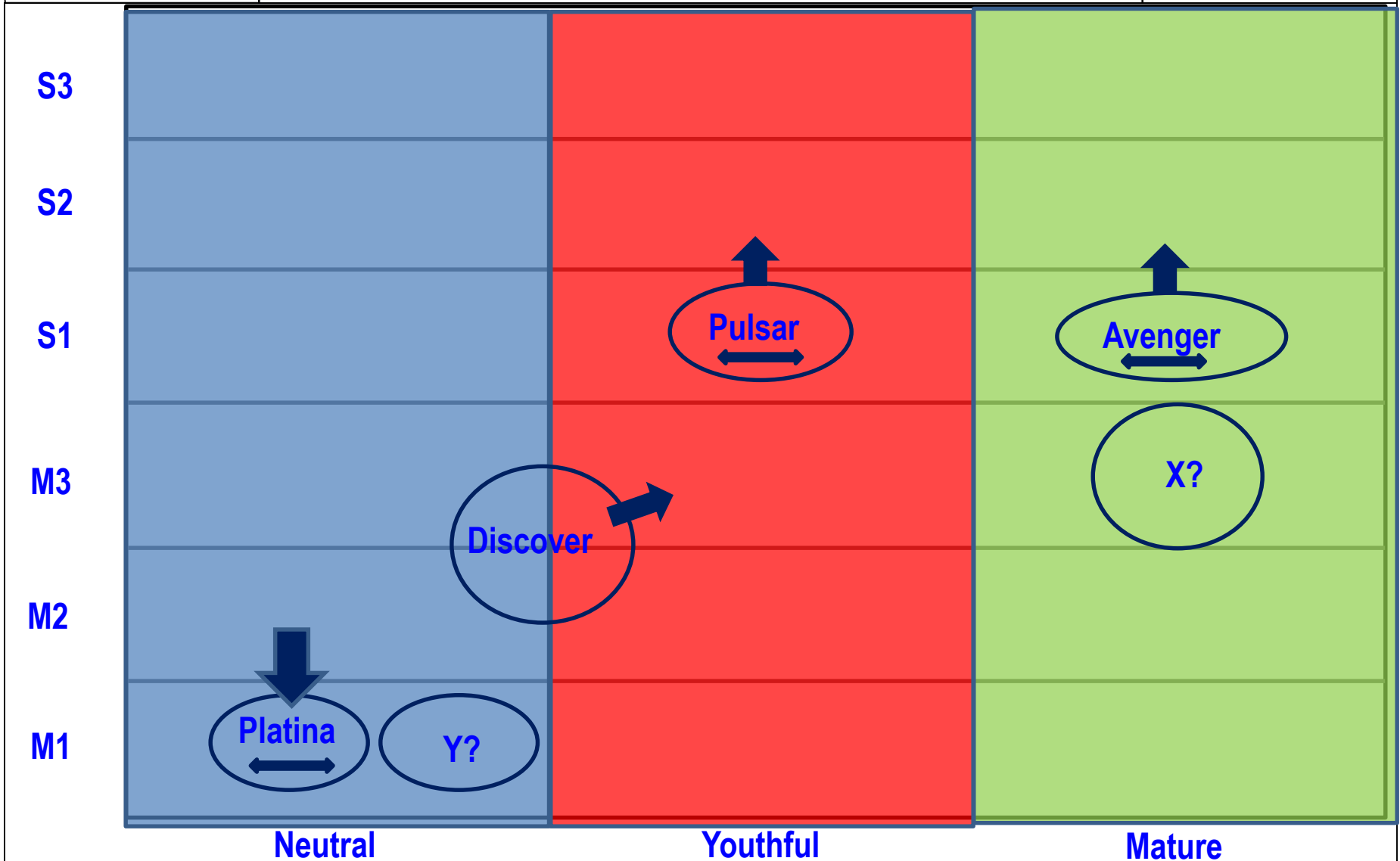


FY15 YTD

PULSAR
MS 44%
BAL 59,759
IND 134,731

PLATINA
MS 23%
BAL 44,312
IND 193,726

DISCOVER
MS 10%
BAL 54,791
IND 572,397



FY14

FY15 YTD

Target

PULSAR
MS 45%
BAL 53,461
IND 119,774

PULSAR
MS 44%
BAL 59,759
IND 134,731

PLATINA
MS 24%
BAL 38,317
IND 162,100

PLATINA
MS 23%
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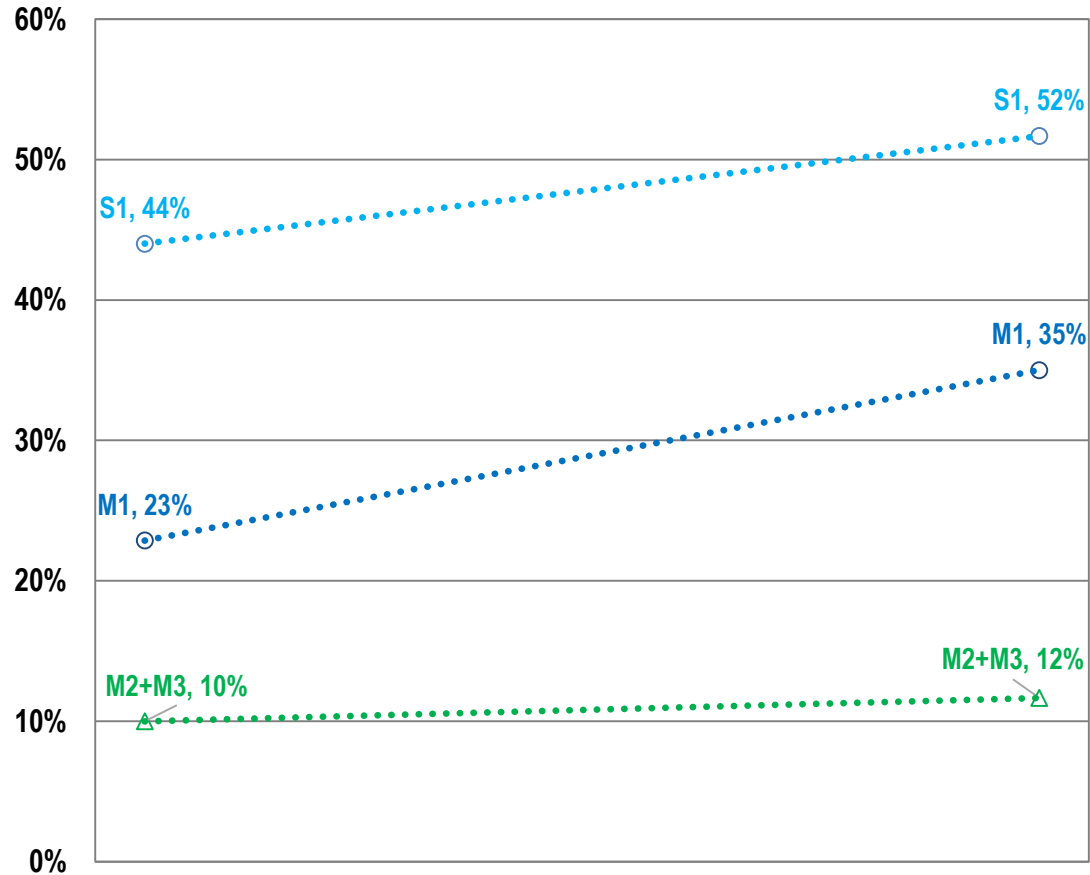
DISCOVER
MS 14%
BAL 82,141
IND 569,283

DISCOVER
MS 10%
BAL 54,791
IND 572,397

MS 20%
BAL 173,919
IND 850,694

MS 18%
BAL 158,862
IND 900,853

Market Share - Segment wise (Target)



PULSAR
MS 52%
BAL 77,500
IND 150,000

PLATINA
MS 35%
BAL 70,000
IND 200,000

DISCOVER
MS 12%
BAL 70,000
IND 575,000

MS 24%
BAL 217,500
IND 925,000



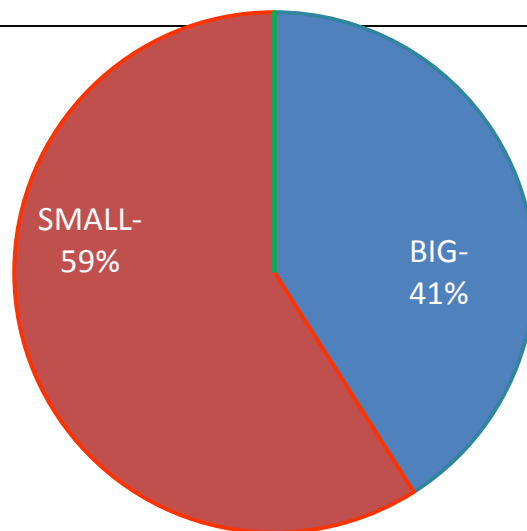
XYZ Motors



REvolution
on 4 wheels



An idea whose time has come again.

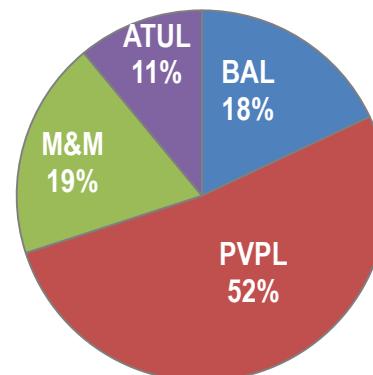
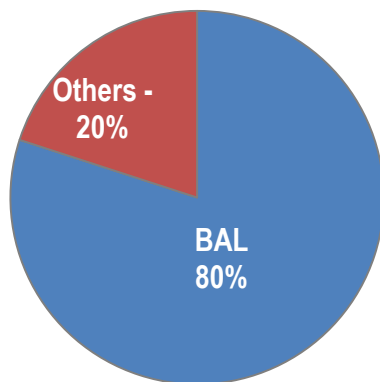


**Defend
leadership**

SMALL

BIG

Attack



Goal

Maintain absolute stability and dominance of market share of over 80%(monopoly>73.9%) in small three wheelers.

PRODUCTS

– RE COMPACT

- Efficiency: 15% lower running & operating cost.
- Performance: dramatic reduction in NVH, superior ergonomics for driver, comfortable ride for user.

– RE OPTIMA

- Efficiency: fuel efficient + space
- Performance: dramatic reduction in NVH, superior ergonomics for driver, comfortable ride for user.

Goal

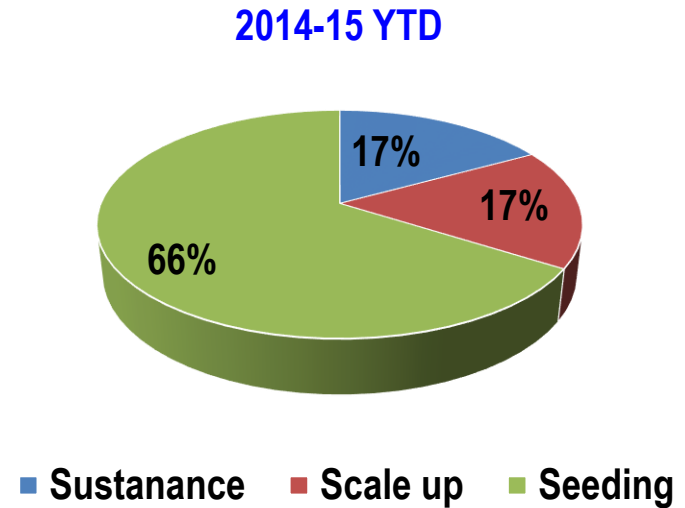
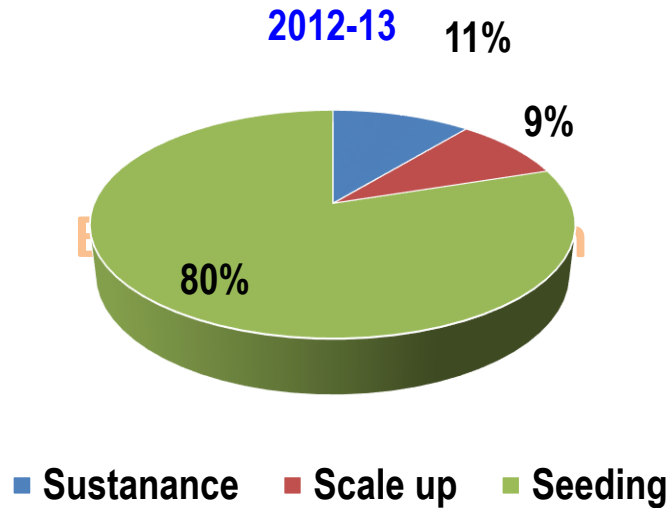
**Substantially increase in our presence in big diesel.
5% market share increase every year.**

PRODUCT

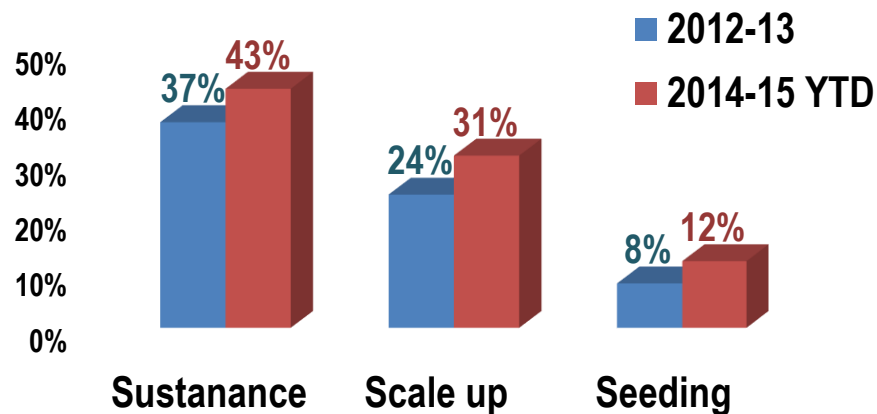
– RE MAXIMA

- Efficiency: 12% more power and 28% more torque with respect to competition for better lugging of heavier loads.
- 15% lower running cost.
- Performance: Dramatic reduction in NVH, superior ergonomics for driver, comfortable ride for driver & commuter.

Industry category growth



Market share growth



- **Channel:**
 - Be first than better; East UP, Bihar.
 - Direct sales ;1000 sales & service points.
- **Sales process:**
 - Strategize at tehsil level.
 - Start by gaining leading market shares in areas where competition is weak.
 - Move in from there.
- **Quality sales people:**
 - Intensive training programs.
 - Content drawn from customer interactions and frequently raised objections.
 - Hand holding sales force at new dealerships.
- **Financing:**
 - Differentiated products through BFL.
 - Competitive financing from other financing companies.
 - Continue tie ups with nationalized banks.
- **Promotion:**
 - Focus on one on one interactions during customer engagement programs.

Presenting Bajaj RE 60

*The sensible, stylish &
smart 4 wheeler for the future*



Great design, stylish
looks & compact



World's greenest
vehicle with minimum
carbon emission



Turning Radius
of 3.5m



Maximum speed
of 70 km/h



Best in class
mileage

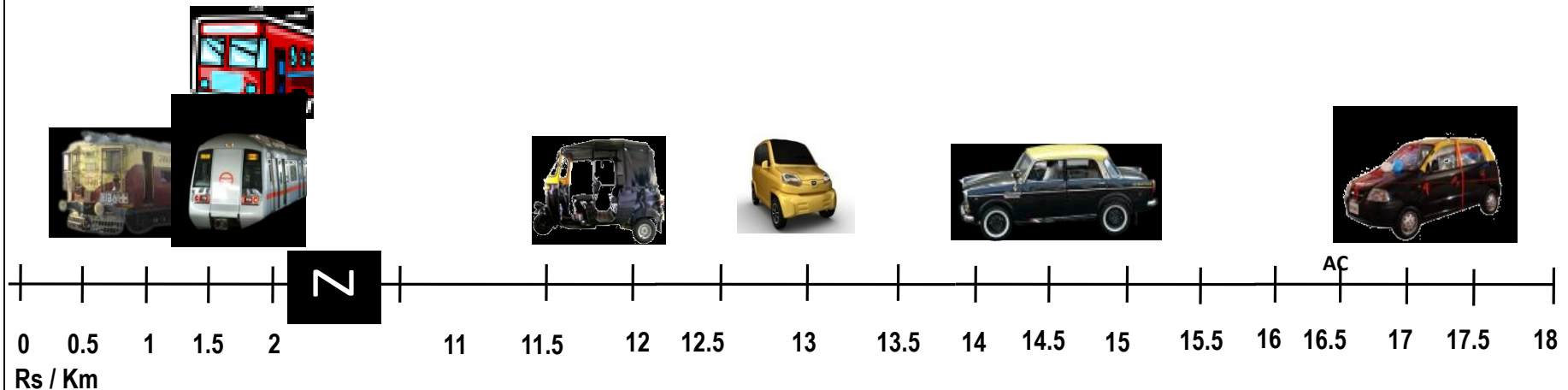


Strong
suspension

RE 60

- 1.Smarter employment.**
- 2.Smart Taxi for smaller towns.**
- 3.First/Last-mile connectivity for transport heads.**
- 4.Self-drive rental.**
- 5.Smart school cart.**
- 6.Green transport for future cities.**
- 7.Safe transport .**

- There are at least 10 major radio Cab/Taxi operators in India.
 - Meru, Wings, Mega Cabs, Easy Cabs, Ola, Uber, Taxi for Sure, TAB Cabs, Fast Track, Sawaari.
- Fare war has started among them with some of them offering services at fares that are close to auto-rickshaw, clearly not sustainable.
- RE 60 offers an opportunity to offer these fares while being economically viable.
- RE 60 also offers an opportunity to expand their customer base at the present locations and also add other tier 2 and tier 3 towns to their operations.



Fare/Km in Rupees		
	Auto	Taxi
Pune	11.65	16
B 'lore	13	17
Mumbai	11.33	17

**Intra-city vehicle,
positioned between the Autorickshaw and the 4 wheeler taxi.**

- ARAI Testing

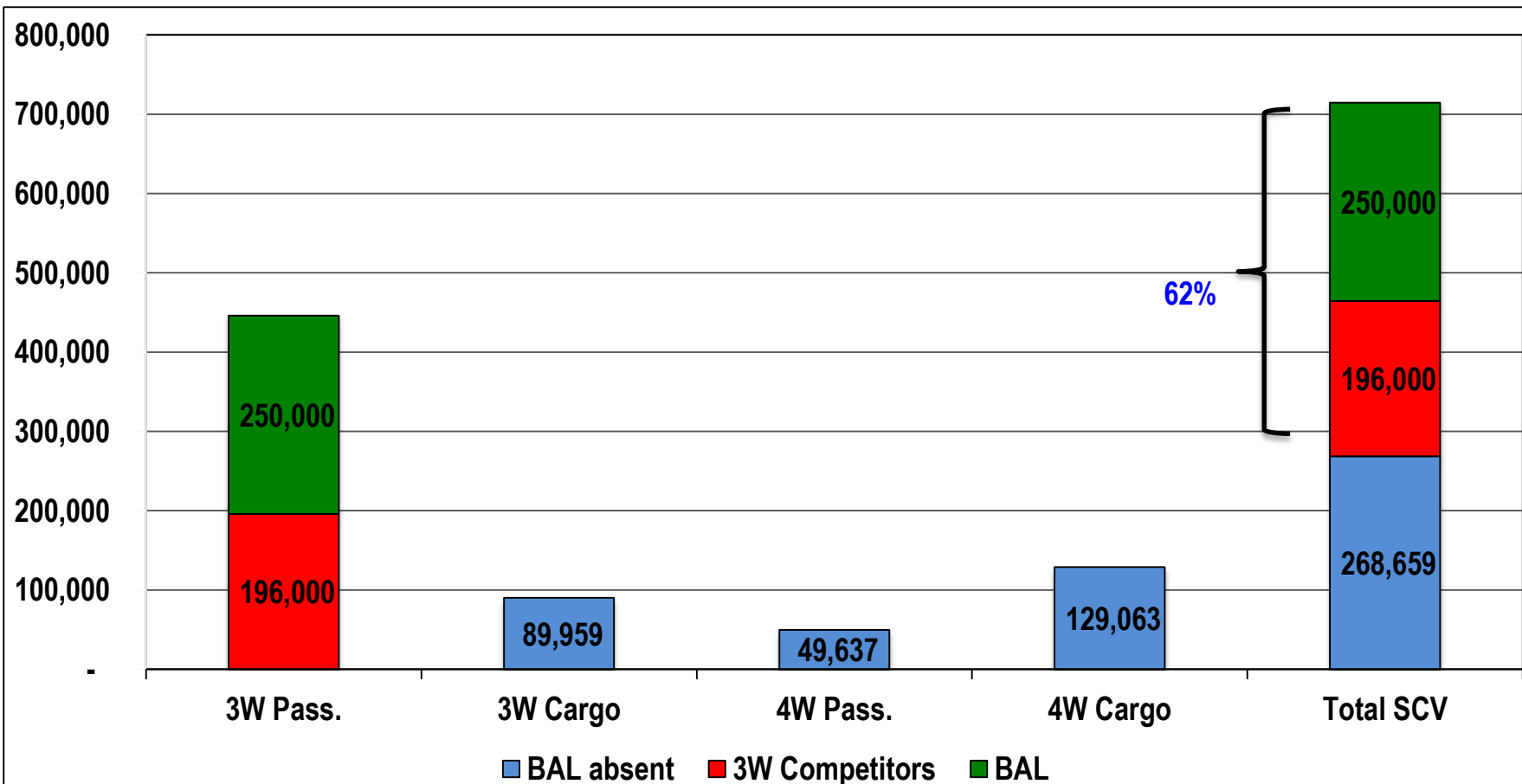
ARAI has almost completed the testing of the vehicle for type approval

- Writ petitions

Writ petitions have been filed by auto rickshaw union/ Individuals in the High courts .

The prayer in all the Writs is to stay the implementation of notification GSR 99E pertaining to Quadricycles.

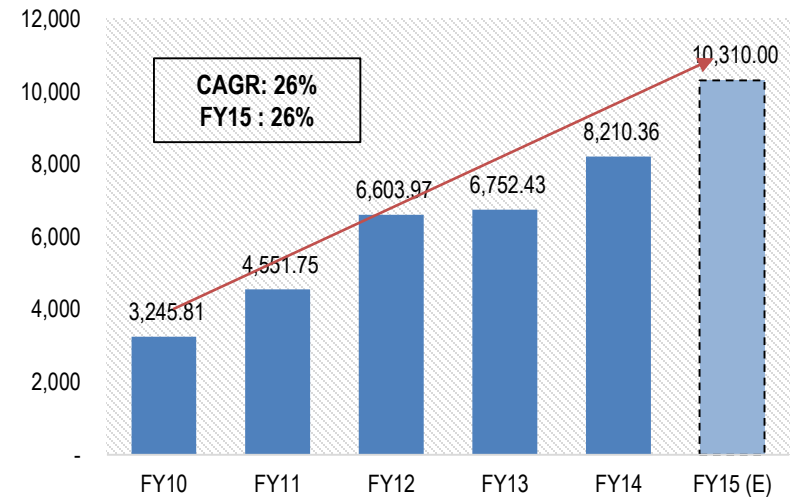
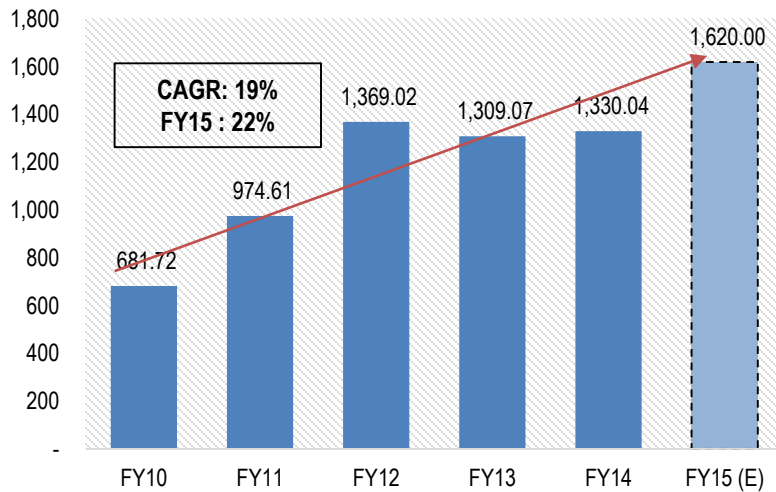
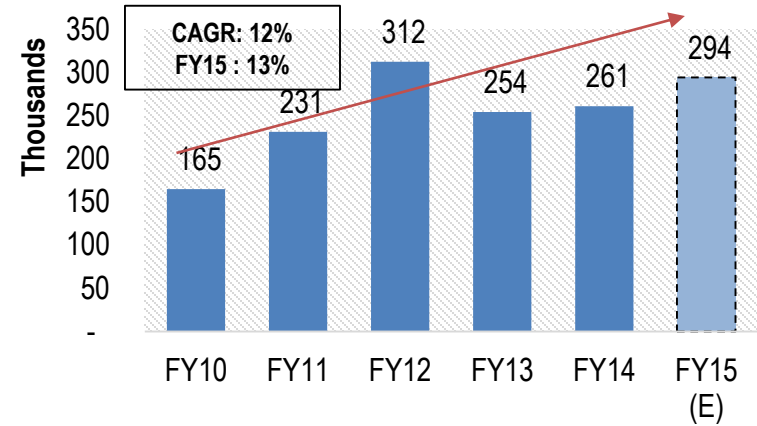
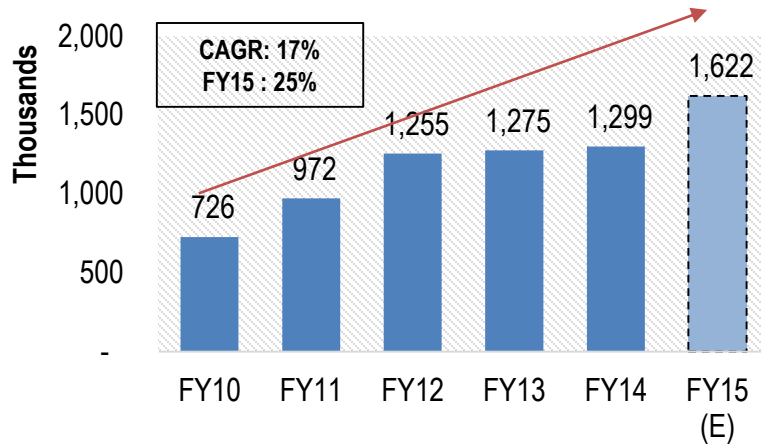
The Government of India is filing a transfer petition in the supreme court seeking to transfer all cases to the supreme court on the plea that the matter being the same and pertaining to legislation, it should be heard at the apex court.

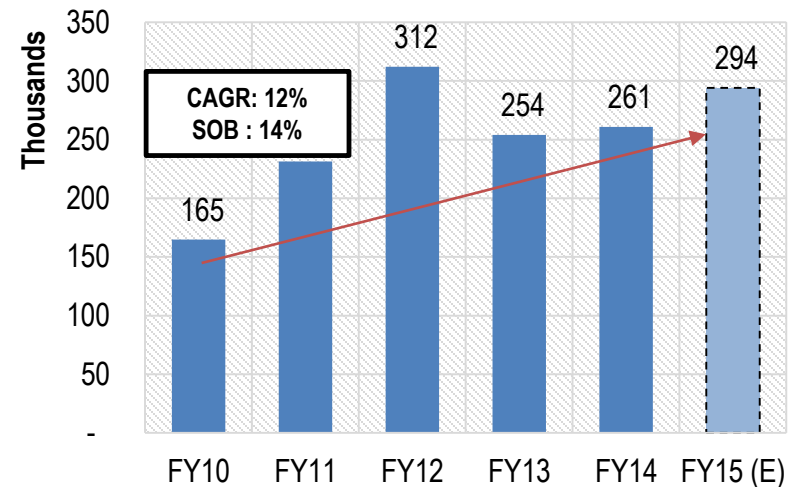
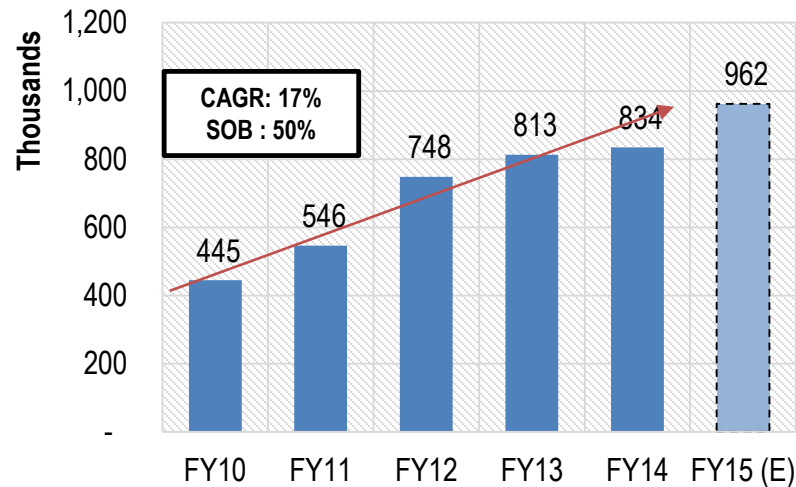
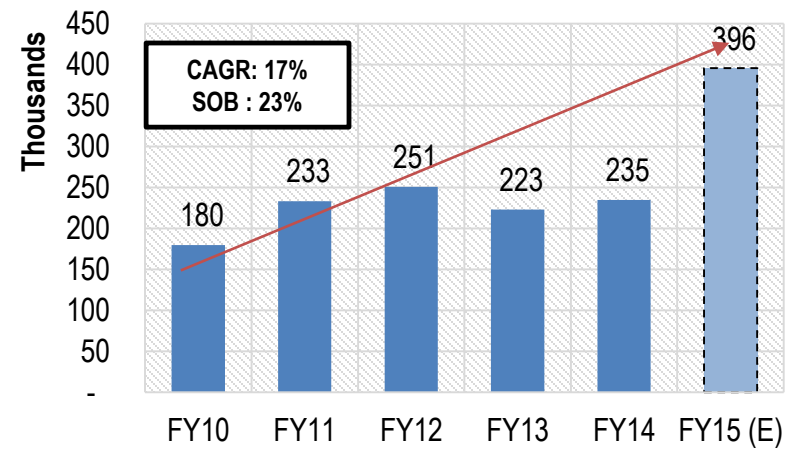
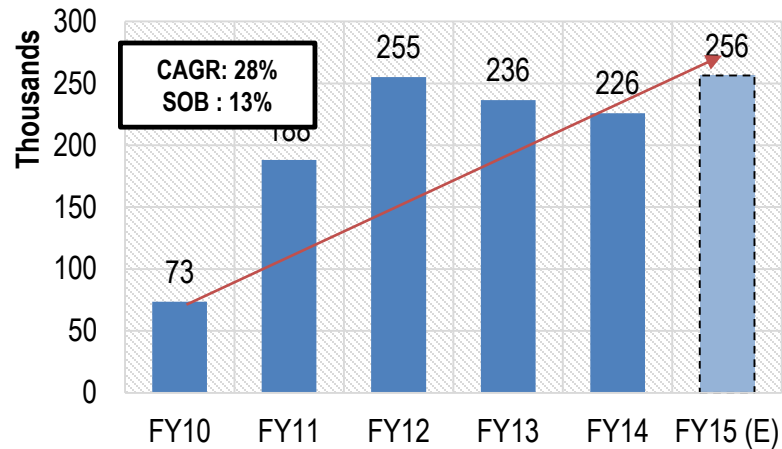


Bajaj Auto, currently, participates in 62% of the small commercial vehicle industry consisting of – All 3 wheelers, Tata Ace, Magic, Venture, Zip, and Iris, M&M Maxximo, Gio



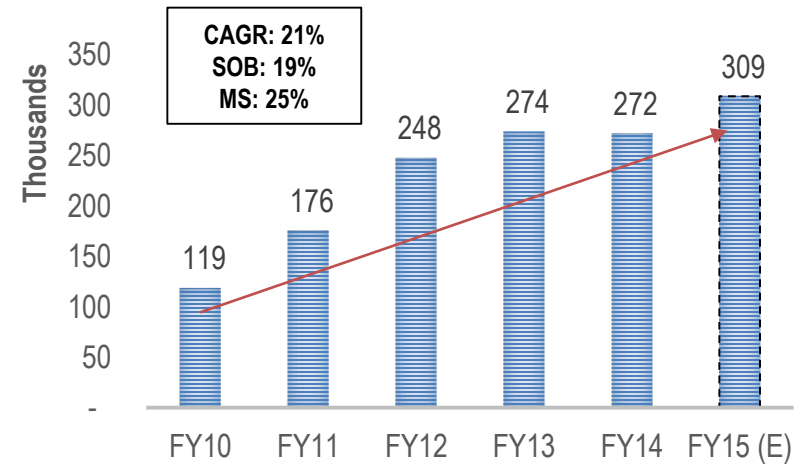
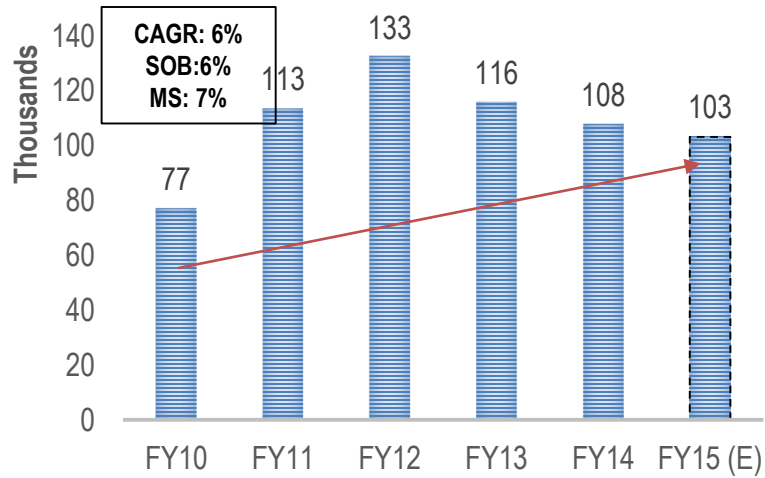
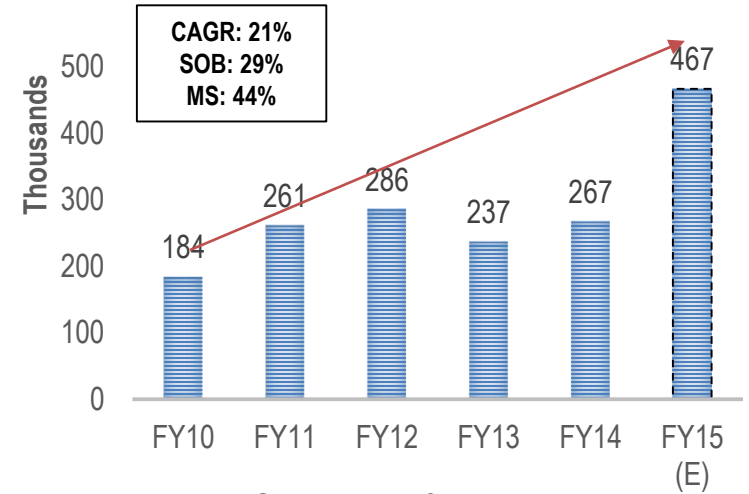
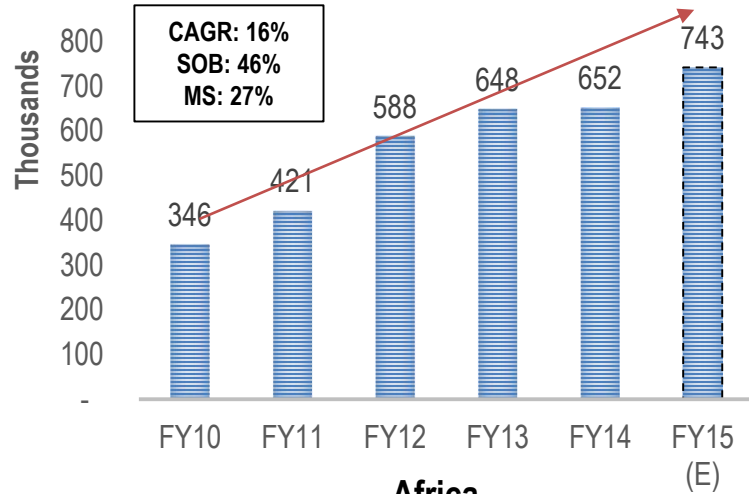
International Business

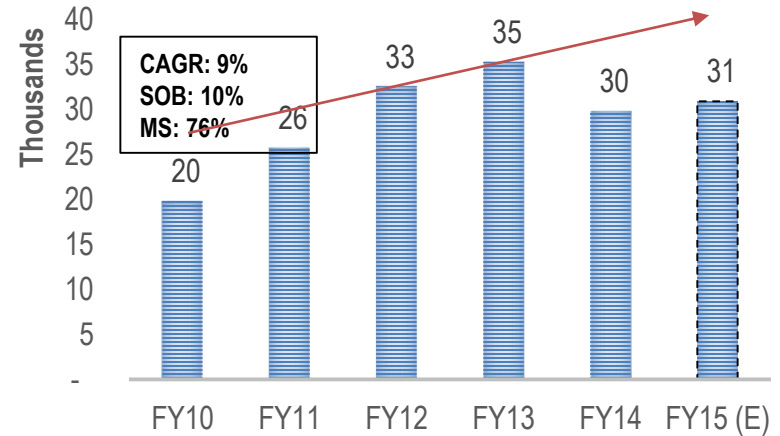
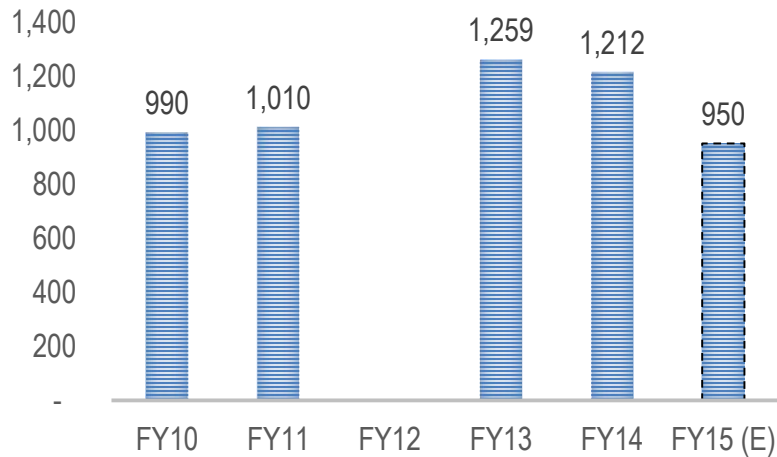
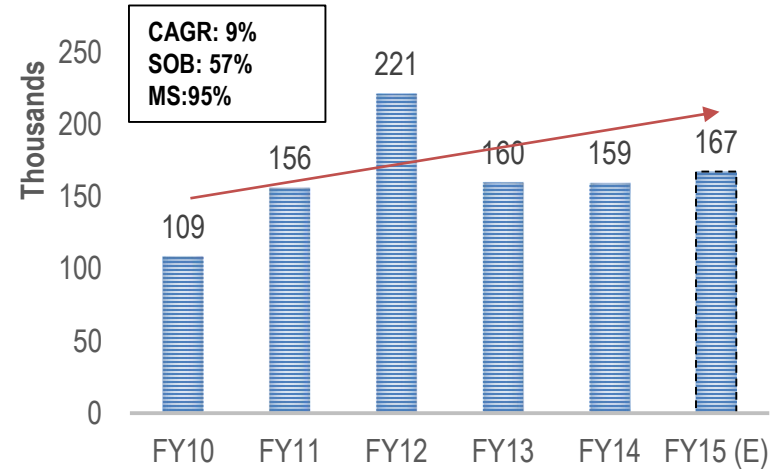
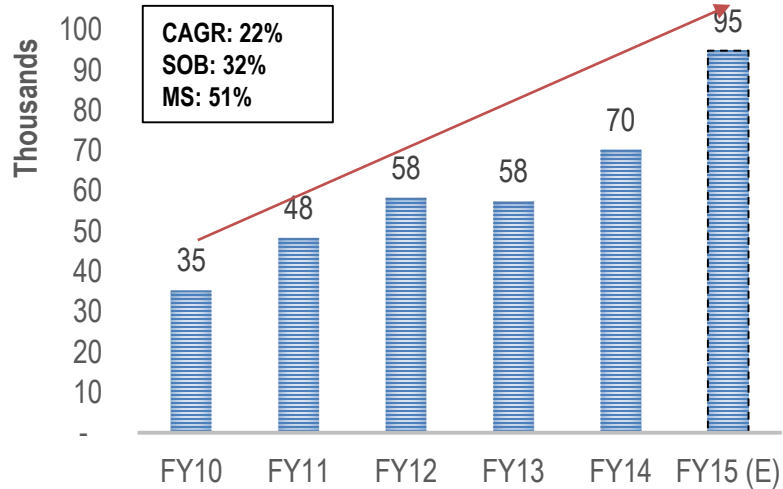




Utility: Boxer and CT

3 Wheeler: RE





ASEAN

Latin America

MCY: Market Share

Region	Country	Market Share *	Position
South Asia And Middle East	Sri Lanka	80%	1
	Bangladesh	54%	1
	Nepal	40%	1
	Egypt	28%	1
	Iran	28%	1
ASEAN	Philippines	30%	1
Africa	Uganda	88%	1
	South Sudan	58%	1
	Ethiopia	49%	1
	Nigeria	42%	1
	Congo	33%	1
	Kenya	25%	1
	Angola	29%	1
	Tanzania	16%	2
Latin America	Colombia	44%	1
	Guatemala	34%	1
	Nicaragua	46%	1
	Honduras	18%	2
	Peru	19%	2

CV: Market Share

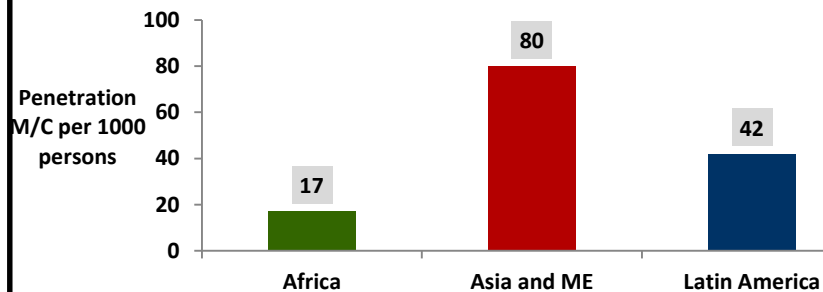
Region	Country	Market Share *	Position
South Asia And Middle East	Sri Lanka	91%	1
	Bangladesh	98%	1
	Egypt	98%	1
Africa	Sudan	97%	1
	Nigeria	52%	1
	Ethiopia	51%	1
Latin America	Mexico	92%	1
	Central America	82%	1
	Peru	83%	1
	Colombia	64%	1

*Market Shares based on BAL internal estimates

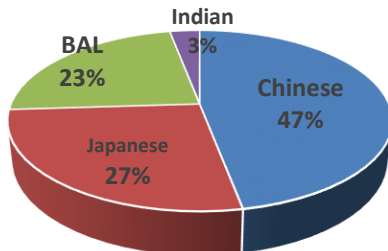
It's The Best of Times and The Worst of Times !

Opportunities

- Most markets are still Under-penetrated



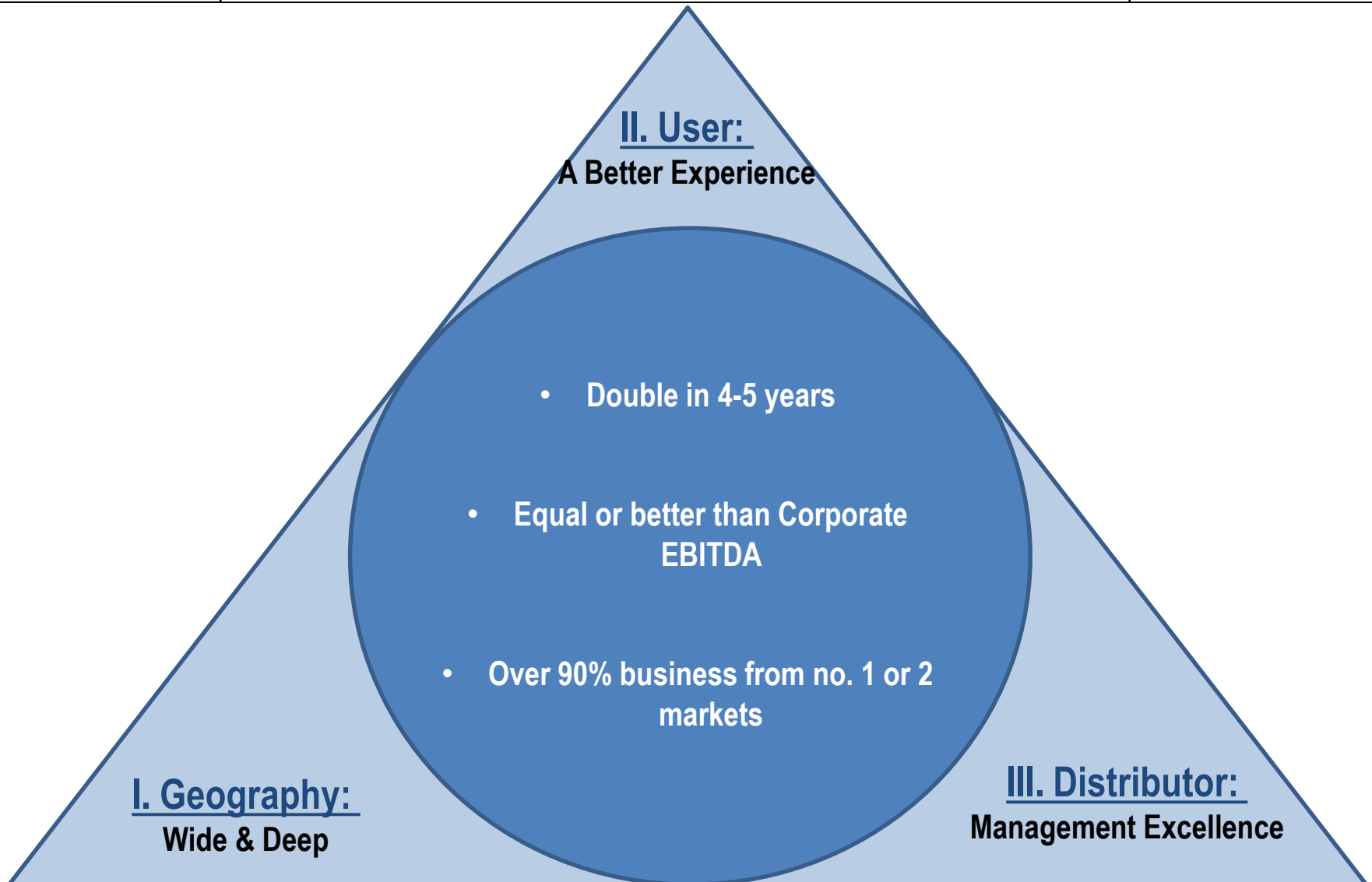
- Market Share has room to grow, particularly opp Chinese



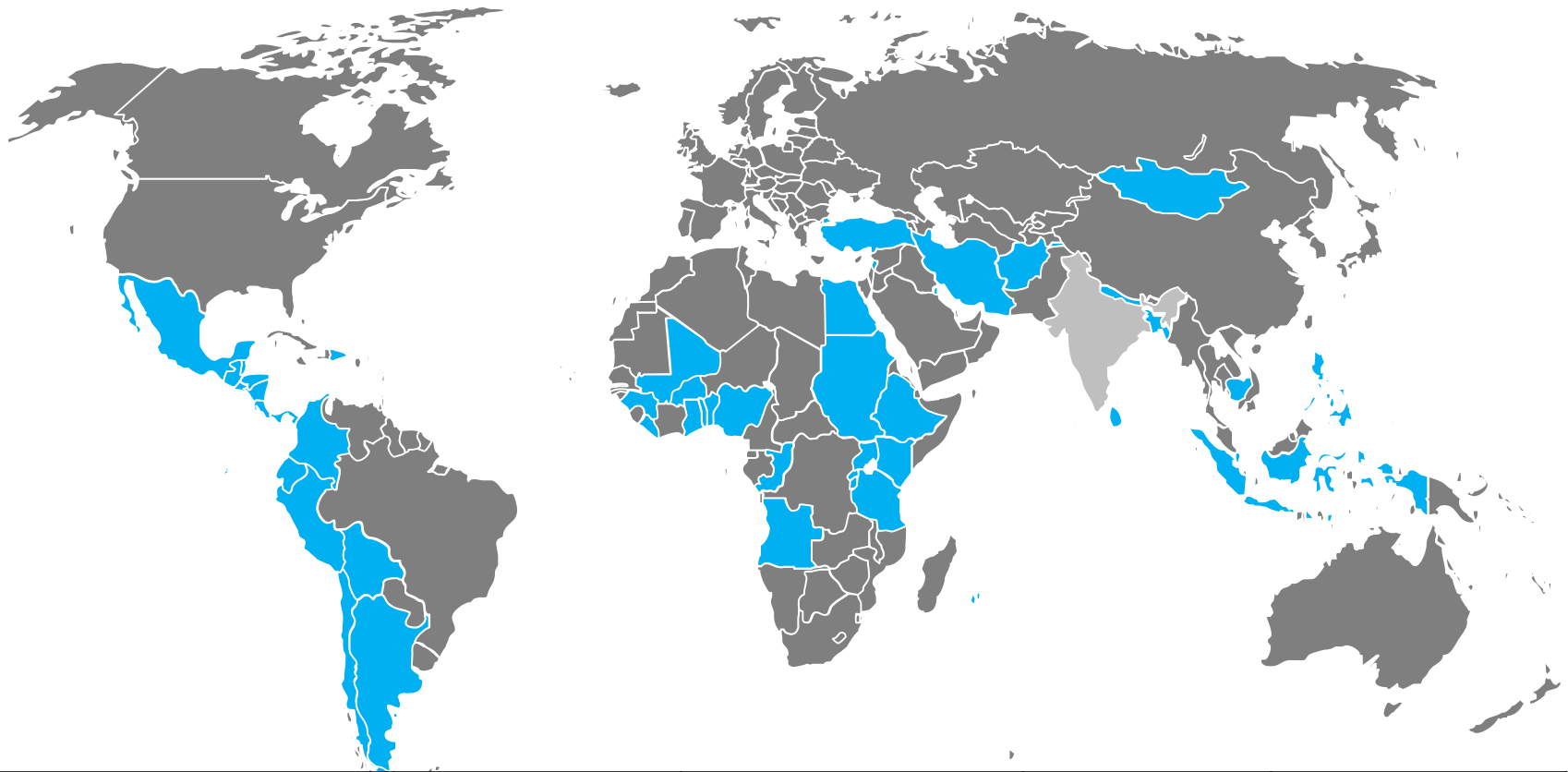
- Upgrading trend towards better bikes
 - Higher cc
 - Better styling

Challenges

- Volatile currency situation
 - Retail pricing
 - Availability of forex
- Uncertain political and economic times
 - Duties
 - Trade restrictions
 - Interruptions
- Competitive intensity
 - Emerging markets focus by Japanese
 - India sourcing
 - Chinese companies under pressure in domestic

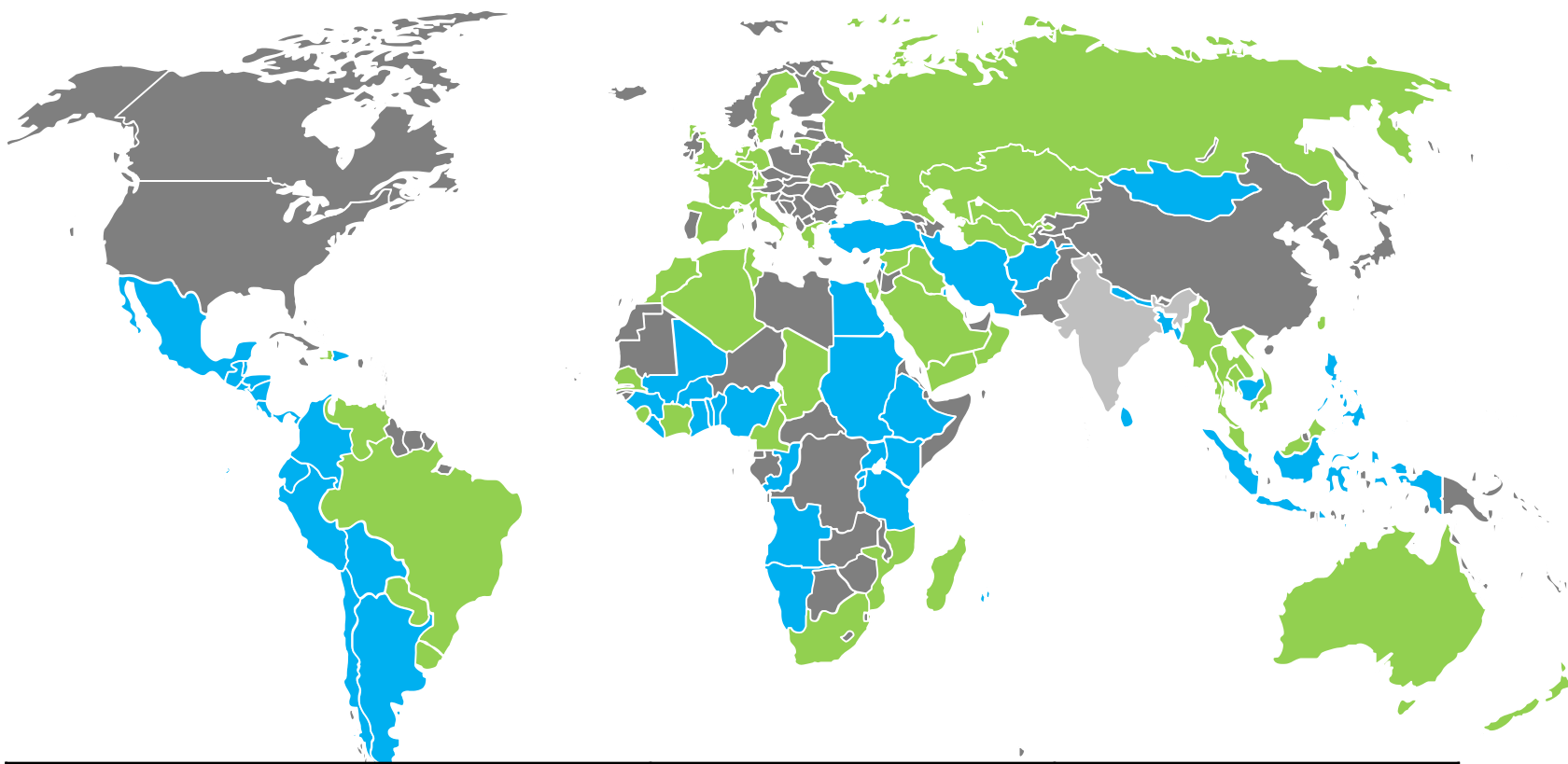


Existing Markets : Increase share



Existing Market Type	No of Countries	Market Size FY14	BAL FY14	BAL M.S.
Mature (> 5years)	25	4.2 mn	1.18 mn	28 %
Nascent (2-5 years)	7	0.5 mn	95,552	20 %
New (0-2 years)	16	0.95 mn	23,620	3 %
Total	48	5.65 mn	1.3 mn	23 %

New Markets Entry : Maximize presence ; Leverage Alliances



New Market Type	No of countries	Market Size FY14
Existing	48	5.65 mn
Enter Now (0-2 years)	28	2.75 mn
Enter Later (> 2 years)	22	0.75 mn

Market Assessment

Partner Identification

Entry

Market
Information

Business
Case

Identify
Partner

Agreement

Shipment

Retail
Launch

25 new markets

5 new markets

13 new markets

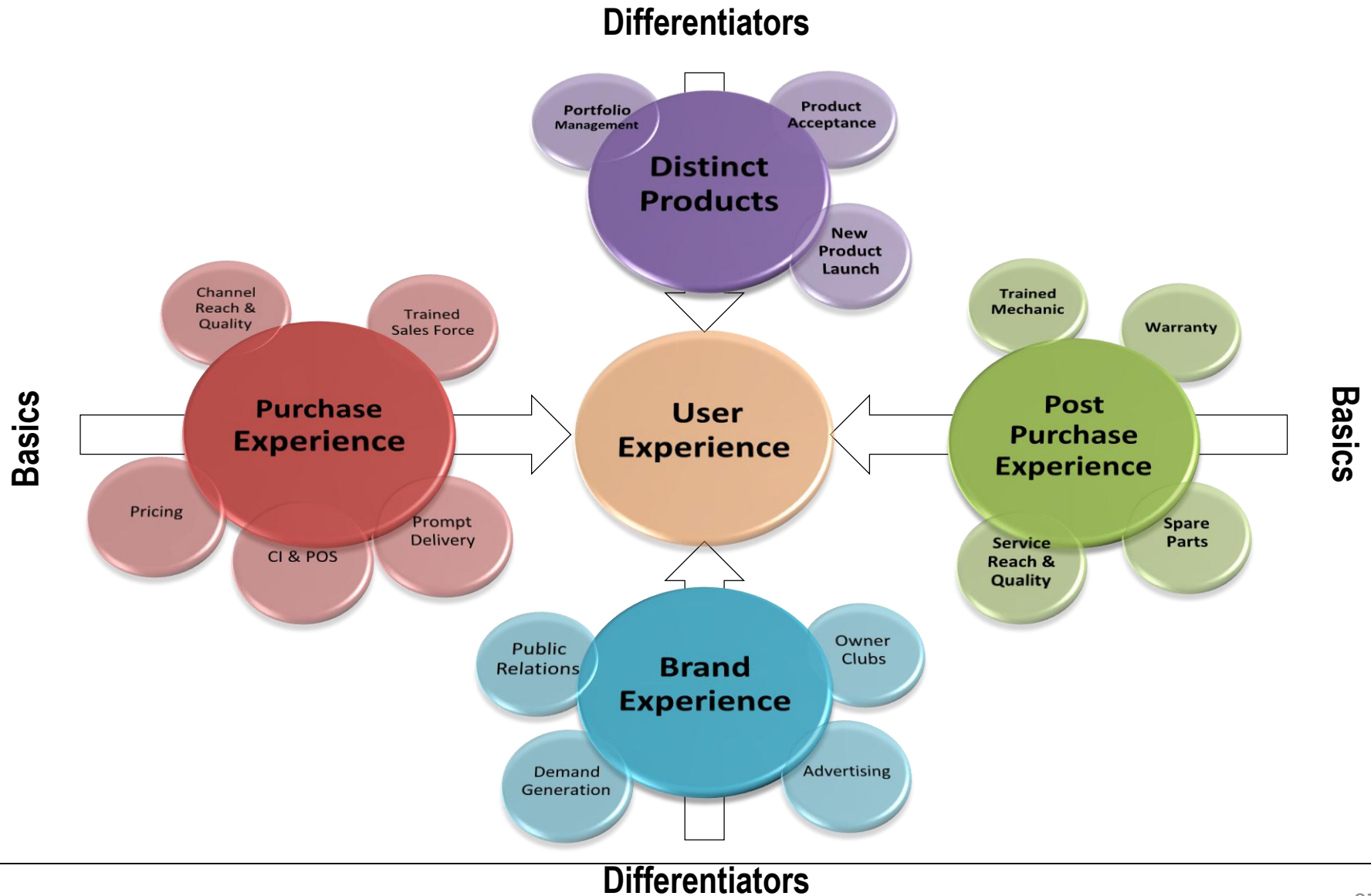
5 new markets

2 new markets

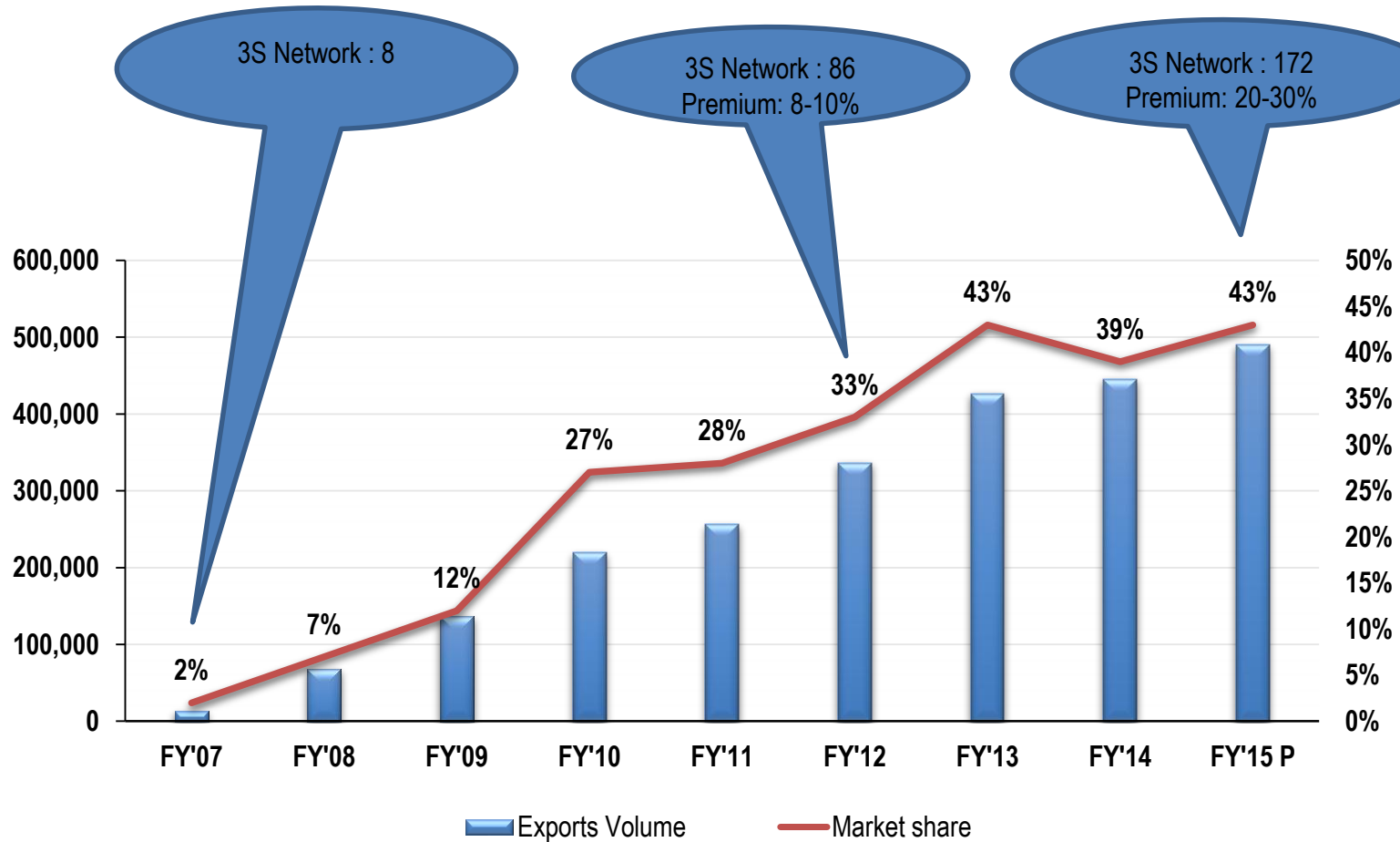
14 new markets

MCY
OUTLOOK

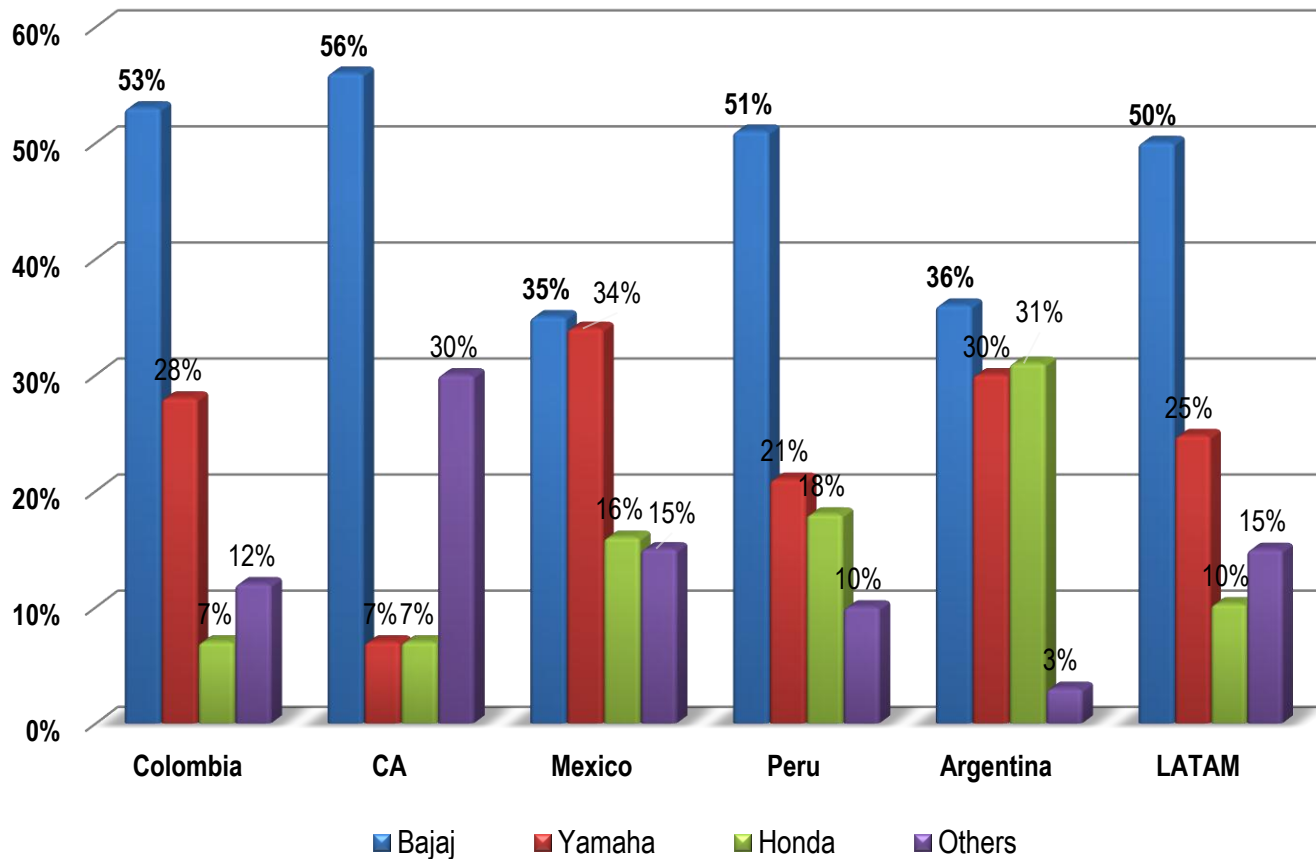
3W
OUTLOOK



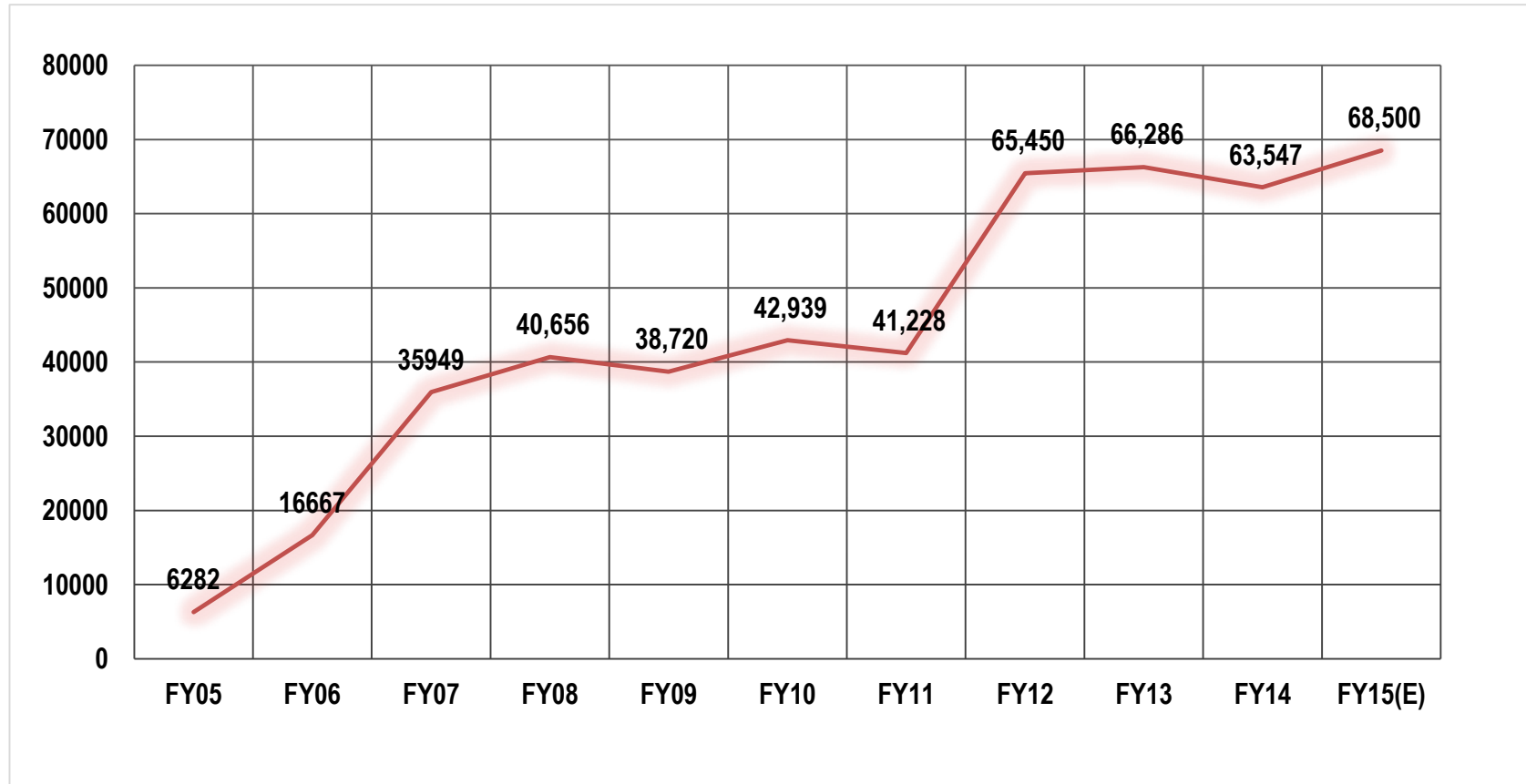
User experience drives share & premium



User Experience builds leadership for Pulsar Sport Segment Market Shares in key markets



Egypt : 10 times sales growth in 10 years



- **Business model of choice:**
 - Entrepreneurial energy and expertise
 - Allows rapid entry and growth
 - Needs high level of management input
- **Strategy and Plans are jointly agreed.**
 - Regular Review Process
- **Distributor manages supply chain & executes**
 - From Trading to Distribution to Customer Care
 - Configure local assembly operations on cost and legislation
- **Bajaj provides commercial, marketing and technical inputs**
 - Support is based on market type : New; Nascent; Mature

85% of the Sales come from distributors who have been with BAL for > 10 years

ONE TEAM

Distributor brands strengthen local connect and trust

3S Stores



Turkey



Egypt

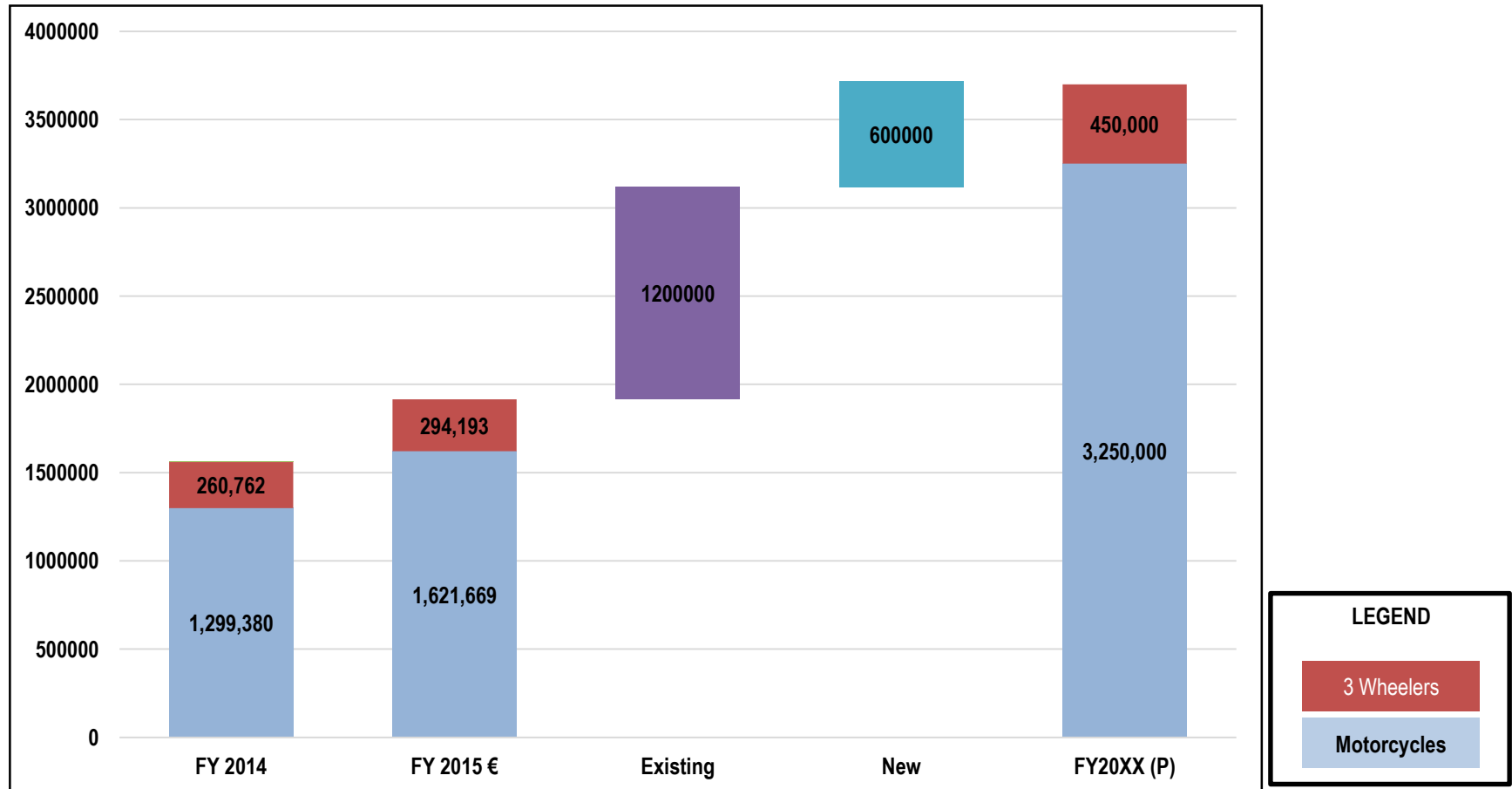


Argentina



Sri Lanka

The growth momentum is expected to continue...



धन्यवाद.

Gracias y buena suerte

نشکرم و نتمنى لكم حظا سعيدا

Thank You!

Pagpalain kayo at maraming salamat po!

terima kasih dan semoga sukses

ধন্যবাদ. আন্তরিক শুভেচ্ছা