



Q3 & 9M FY19 Results Presentation





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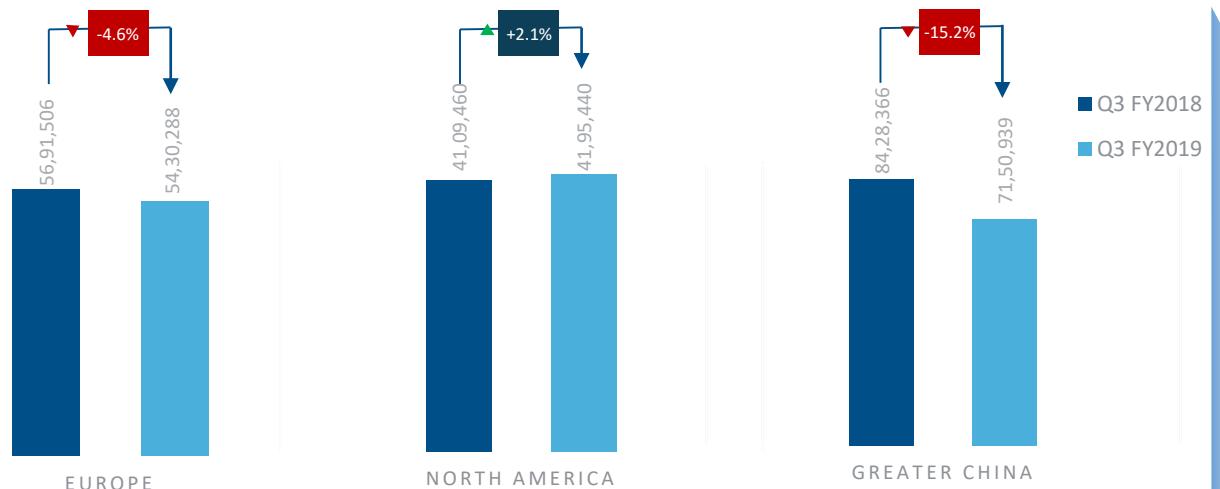
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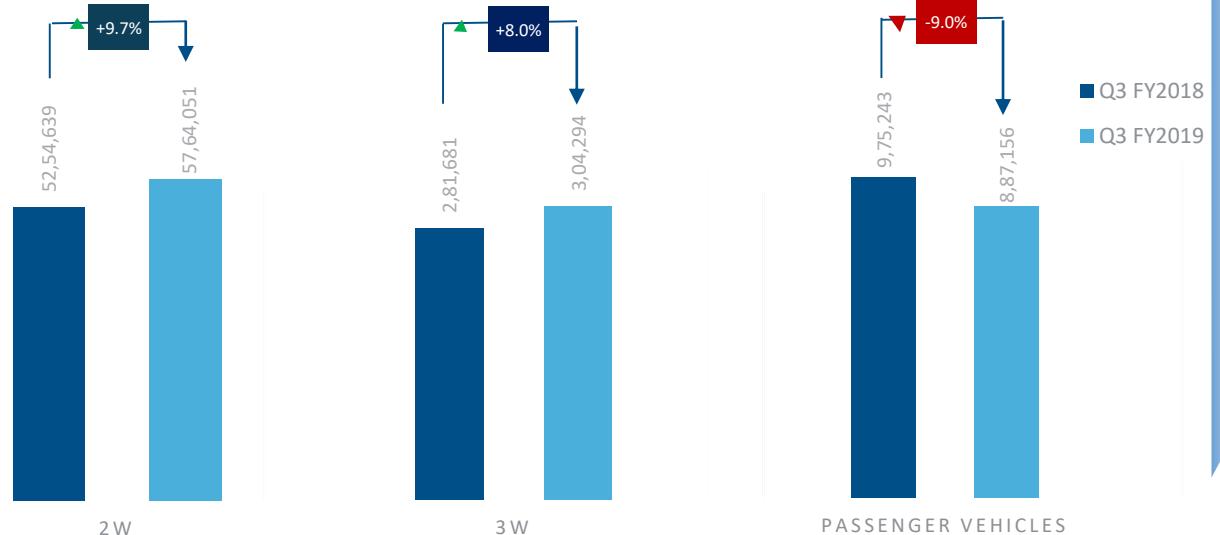
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Industry Trends in Q3 FY19

Global Passenger Cars Market Production



India Industry Trend : Production YoY



- Global Passenger Vehicle production declined in Q3 FY19
- Decline in Europe and China due to the impact of ongoing political uncertainties, EU diesel regulations, US - China trade sanctions and negative consumer sentiments in China continued in Q3 FY19
- Domestic Sales growth in Q3 was subdued with Passenger Vehicles (-0.8%) and 3W (-6.8%) declining YoY and 2W slowing(+8.5%) as compared to H1
- Exports for PVs showed a 18.6% decline YoY; 2W & 3W exports continued to grow but at a slower pace than in H1 (2W +12% YoY and 3W +33%YoY)

Business Highlights : Q3 FY19

- Revenue from Operations for Q3 FY19 up by 18.3% YoY#
- EBITDA increased by 40% YoY*
- India Business: strong performance with 22.6% Revenue growth and 150 bps EBITDA margin improvement
- VLS: Revenue growth of 8% in Euro terms in spite of challenging market conditions; margin improved by 140bps YoY to 7.7%
- VLS: China revenue de-growth of 37.7% YoY; share of profit at INR 62 Mn as against INR 278 Mn in Q3 FY18
- Tax rate higher in Q3 due to higher share of India profit and timing difference for Czech tax credits
- Reported Consolidated PAT for the quarter at INR 1,022 Mn
- Brazil launch of 1st program with SOP in Jan. 2019 complete; Morocco on track for SOP in February and work progressing on construction of Phase II

Varroc Group: Summary Key Financials

Q3 & 9M FY19



Particulars	Q3 FY 19	Q3 FY18	Growth (Y-o-Y)	9M FY 19	9M FY18	Growth (Y-o-Y)
Revenue from Operations - Reported	29,550	25,405	16.3%	88,831	73,939	20.1%
Revenue from operations : like-for-like	29,276	24,745	18.3%	88,029	70,898	24.2%
Other income - Operating	106	76		434	207	
Other income - Non operating	72	1		187	8	
EBITDA - Reported *	2,779	2,090	33.0%	8,392	6,540	28.3%
EBITDA : like-for-like \$	2,737	1,955	40.0%	7,872	6,089	29.3%
EBITDA Margins (%) \$	9.3%	7.9%		8.9%	8.6%	
Share of net profits of JVs under equity method	62	278	-77.7%	264	532	-50.4%
PBT - reported	1,266	1,259	0.6%	4,054	3,672	10.4%
PAT - reported	1,022	1,170	-12.7%	3,035	3,080	-1.5%
Net Debt	22,018	14,520	51.6%	22,018	14,520	51.6%
Net Debt to Equity	0.7	0.6		0.7	0.6	

*EBITDA = Profit before share of net profits of investments *plus* depreciation *plus* finance cost less non-operating portion of other income
 \$ like-for-like excludes impact of Interior Plastics business closure in North America, Ind AS 115 and other items as explained in slide no 9

Varroc Group: Business Wise Performance

Q3 FY19



(INR Mn)

SBU	Q3 FY19					Q3 FY18					Revenue Growth YoY
	Revenue	Revenue Adjusted*	EBITDA	EBITDA # Like-for-like	% EBITDA	Revenue	Revenue Adjusted*	EBITDA	EBITDA # Like-for-like	% EBITDA	
India Business	10,567	10,567	1,257	1,257	11.9%	8,689	8,617	899	899	10.4%	22.6%
VLS	17,875	17,601	1,402	1,361	7.7%	15,767	15,180	1,096	961	6.3%	15.9%
Others*	1,251	1,251	150	150	12.0%	1,012	1,012	92	92	9.1%	23.6%
Elimination	(143)	(143)	(31)	(31)		(64)	(64)	3	3		
Total	29,550	29,276	2,779	2,737	9.3%	25,405	24,745	2,090	1,955	7.9%	18.3%
China JV - 50%	1,029	1,029	98	74	7.2%	1,651	1,651	315	315	19.1%	-37.7%

Euro Performance for VLS

SBU	Q3 FY19					Q3 FY18					Revenue Growth YoY
	Revenue	Revenue Adjusted*	EBITDA	EBITDA # Like-for-like	% EBITDA	Revenue	Revenue Adjusted*	EBITDA	EBITDA # Like-for-like	% EBITDA	
VLS	217	214	17.0	16.5	7.7%	206	198	14.3	12.6	6.3%	8.0%

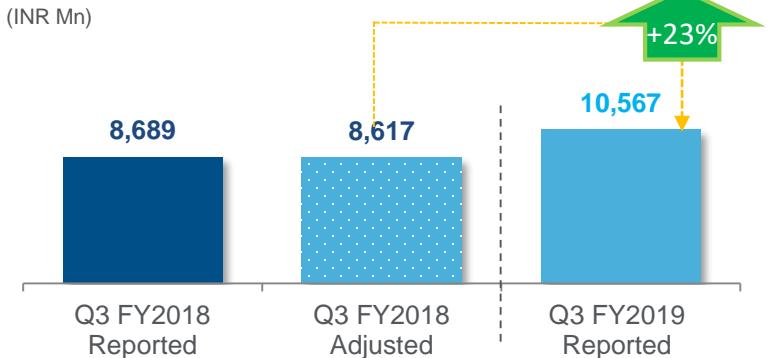
Exchange rates : INR/Euro Average for Q3 FY19 = 82.3 ; INR/Euro Average for Q3 FY18 = 76.2

* Excludes Excise Duty, Interiors Business and impact of Ind AS 115

#EBITDA : like-for-like is for continuing operations and excludes impact of interiors business closure in North America and other items as explained in slide no 8

India Business : Financial Performance

Revenue



Strong growth across divisions and customers

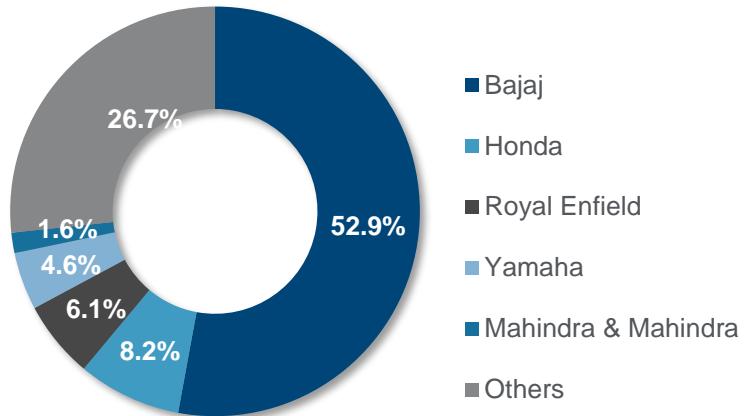
EBITDA



EBITDA margins increased by 150 bps YoY

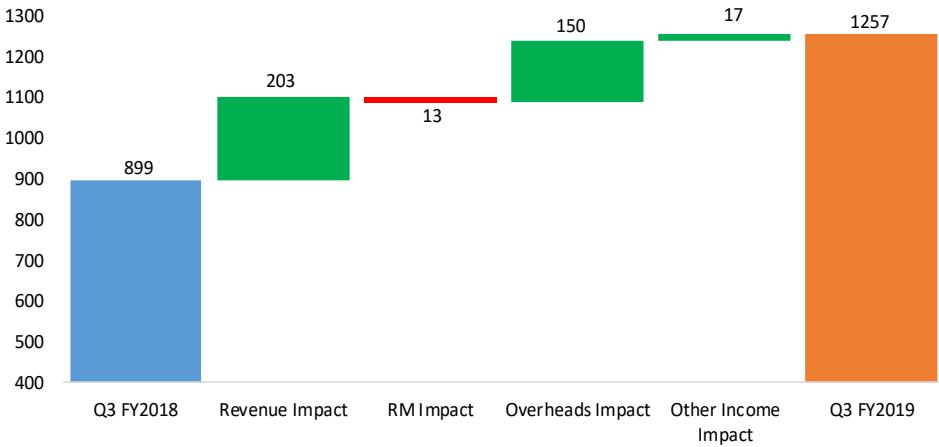
India Revenue Split by Customer⁽¹⁾

Q3 FY 2019, %



EBITDA variation analysis

Q3 FY 18 Vs Q3 FY19

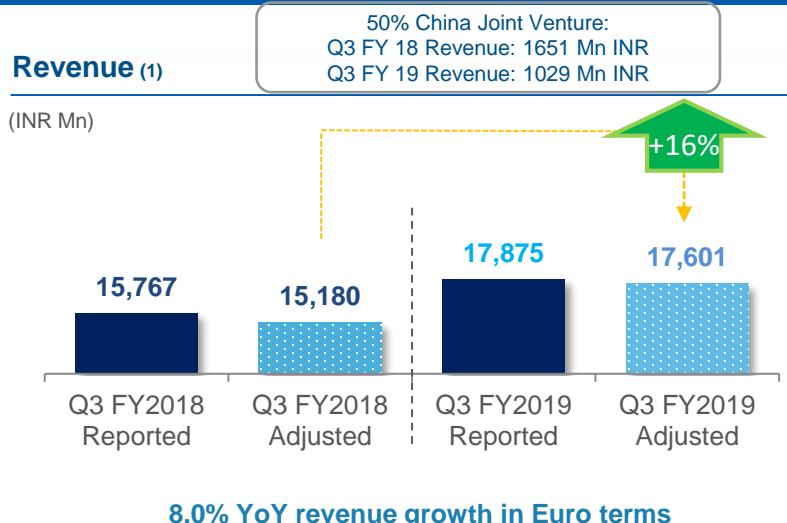


EBITDA improvement as a result of higher revenue and operating leverage

* On Revenue excl. Excise Duty

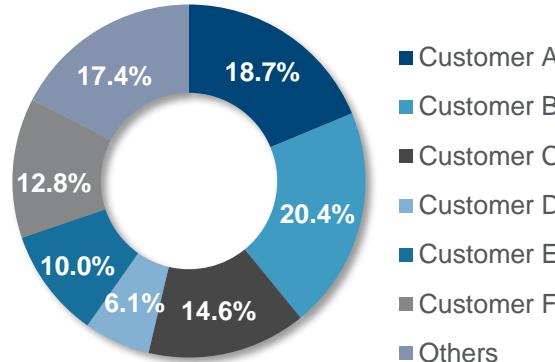
Note: (1) Based on management information system database
Non-operating portion of other income not considered while calculating EBITDA

Global Lighting Business (VLS): Financial Performance



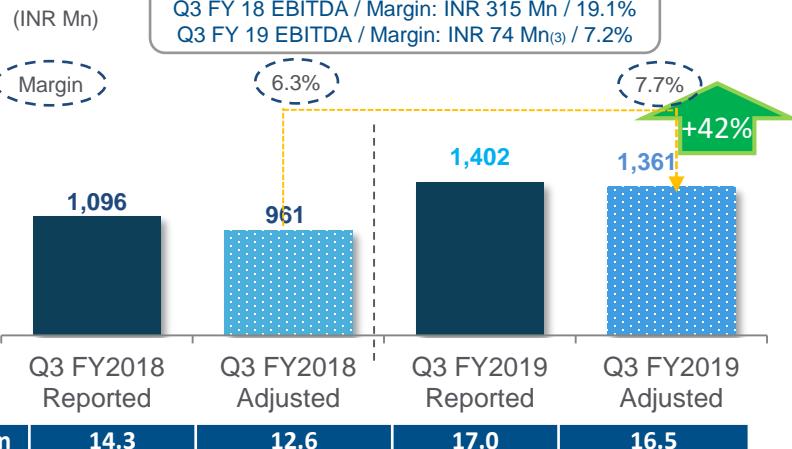
VLS Revenue Split by Customer⁽²⁾

Q3 FY 2019, %



EBITDA (1) & Adjusted EBITDA (3)

50% China Joint Venture:
Q3 FY 18 EBITDA / Margin: INR 315 Mn / 19.1%
Q3 FY 19 EBITDA / Margin: INR 74 Mn⁽³⁾ / 7.2%

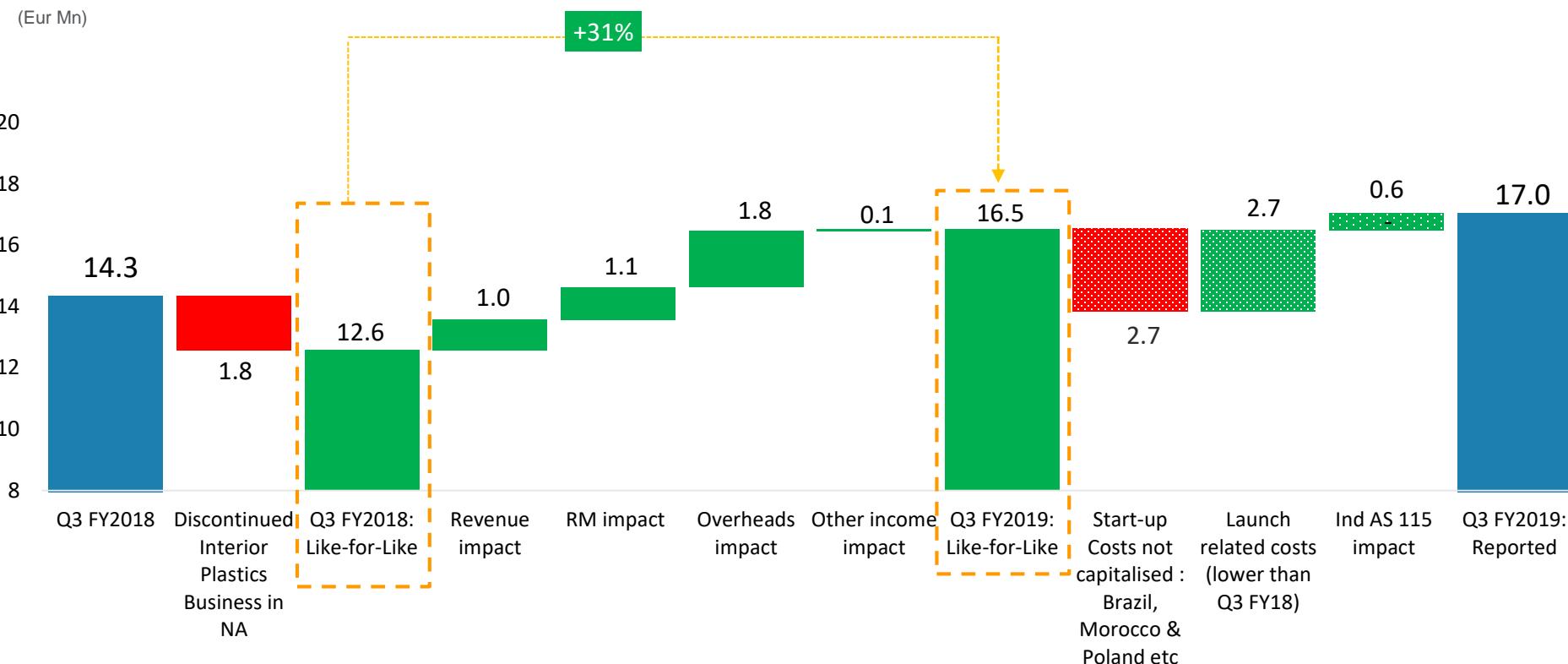


31% YoY EBITDA growth in Euro terms

VLS EBITDA margin variation explanation on the next page

Note: (1) China JV revenue and EBITDA not included in the reported numbers; (2) Total Revenue break-up in Euro for Q3 FY19 excl VTYC; Customer A is an American multinational car manufacturer, Customer B is a large British car manufacturer, Customer C is an American electric car manufacturer, Customer D is an international automotive manufacturer, customer E is a large European car manufacturer & customer F is a global automotive manufacturer headquartered in Europe (3) Adjusted for closure of Interiors Business in North America, Ind AS 115 impact removed & Excise Duty impact adjusted for VLS India

Global Lighting Business (VLS): EBITDA variation analysis



- Overhead costs, contained in spite of higher revenue
- Launch activity during the quarter was lower as compared to Q3 FY18 and as a result, launch costs too were lower on a comparable basis

Varroc Group: Business Wise Performance

9M FY19



(INR Mn)

SBU	9M FY19					9M FY18					Revenue Growth YoY
	Revenue	Revenue Adjusted*	EBITDA	EBITDA # Like-for-like	% EBITDA	Revenue	Revenue Adjusted*	EBITDA	EBITDA # Like-for-like	% EBITDA	
India Business	32,495	32,495	3,744	3,744	11.5%	26,724	25,770	2,769	2,769	10.7%	26.1%
VLS	52,642	51,841	4,209	3,692	7.1%	44,387	42,299	3,515	3,064	7.2%	22.6%
Others	3,987	3,987	487	487	12.2%	2,981	2,981	276	276	9.3%	33.7%
Elimination	(294)	(294)	(48)	(48)		(152)	(152)	(20)	(20)		
Total	88,831	88,029	8,392	7,875	8.9%	73,939	70,898	6,540	6,089	8.6%	24.2%
China JV - 50%	3,756	3,756	462	401	10.7%	4,706	4,706	719	719	15.3%	-20.2%

Euro Performance for VLS

SBU	9M FY19					9M FY18					Revenue Growth YoY
	Revenue	Revenue Adjusted*	EBITDA	EBITDA # Like-for-like	% EBITDA	Revenue	Revenue Adjusted *	EBITDA	EBITDA # Like-for-like	% EBITDA	
VLS	648	638	52	45	7.1%	598	570	47	41	7.2%	12.0%

Exchange rates : INR/Euro Average for 9M FY19 = 79.87; INR/Euro Average for 9M FY18 = 74.22

* Excludes Excise Duty, Interiors Business and impact of Ind AS 115

#EBITDA : like-for-like is for continuing operations and excludes impact of interiors business closure in North America and other items as explained in slide no 8

R & D / Business Updates

Global Lighting Business

- **CES Show Las Vegas:** VLS showcased various technologies in the fields of personalization, connectivity/communication, innovative styling, and autonomous vehicles at the CES show.

Focused technologies and products showcased :

- Adaptive Driving Beam (ADB) Demo Box
- Concept Car showing how lighting can be used for personalization, communication and the integration of sensors to support ADAS functionality
- Low cost innovations Surface-LED to replace OLED, and low cost LED headlamps and matrix



R & D / Business Updates

Polymer

- Increased traction in the 4W segment with significant business wins from leading OEMs
- Our differentiated and unique molding technology for light weighting and paint elimination has won business with a leading 4W player and has generated huge interest with 2W players

Electrical

- Developed in-house advanced telematics devices and progressing towards complete telematics solutions for 2W
- In-house developed EV traction motor for 2W; prototype undergoing tests

Facility Readiness – Brazil

Decorating / Cleaning



Molding



Assembly line



Assembly line



Construction Status – Morocco, Phase II

Phase II (Marked with orange outline)



Metallic Structure – Phase II



Morocco Phase II – Construction activity progress



Metallic Structure – Phase II



Business Outlook

India Business

- Indian 2W/3W market : After a soft festival season, start to Q4 FY19 weaker than expected

VLS Business

- Europe: Impact of Brexit uncertainty and new diesel regulations expected to continue
- Czech: operational efficiencies at Czech plants started to show improvements
- Turkey: integration of acquisition progressing as planned; business performance in line with expectations
- China: market sentiments continue to be weak. Recovery not expected until second half of 2019

Thank You