



Q3 FY15 Investor Presentation

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CEAT Financials and Results Analysis

>> RPG Group : History

- RPG Enterprises established in 1979 by Mr. R P Goenka
- In 80s, RPG group acquired various companies such as CEAT Tyres (1981) , KEC (1982); Searle India, now RPG Life Sciences (1983); Gramophone Company of India Ltd, now Saregama India (1986); and finally CESC, Harrisons Malayalam, Spencer & Co. and ICIM, now Zensar Technologies, all in 1989
- Ownership reorganization in 2010, resulting in two separate groups : RPG Group & RP-Sanjiv Goenka Group

RPG Group



RP-Sanjiv Goenka Group



>> RPG Group : Business Portfolio

\$3 bn Global & diversified Indian business group

CEAT



TYRE

KEC



INFRASTRUCTURE

ZenSar
TECHNOLOGIES



IT



SPECIALITY

Presence in key sectors of economy

- ❖ Global presence in over 100 countries
- ❖ Employee strength of over 20,000 across geographies
- ❖ Global business of around 50%

PHARMA



PLANTATIONS



POWER / TELECOM
ANCILLARY



RPG Group : Governance Structure

Management Board Members (MBM)

- ❖ Members : Chairman, Sector Heads, Group HR & Group Finance
- ❖ Purpose : Group level strategy decisions

Company Board of Directors

- ❖ Members : Chairman, MD & Independent Directors who are experts in various fields
- ❖ Purpose : Company specific strategy decisions, results review & regulatory related aspects

Business Review Board (BRB)

- ❖ Members : Chairman, Group HR, Group Finance, CEO & other Key Management Personnel of the companies
- ❖ Purpose : Strategic Planning, Annual Operating Plan & Business Performance Review

Centre Of Excellence (COE)

- ❖ Functional COEs for critical functions such as Finance, IT, Manufacturing, Legal / Secretarial etc
- ❖ Platform for Best practice sharing, leverage opportunities at group level, any common agenda discussed incl knowledge sharing



RPG Group : Corporate Social Responsibility

NETRANJALI

Flagship program of RPG focusing on Preventive, Promotive , Rehabilitative and Curative **Eye Care interventions** ranging from children to elderly.

PEHLAY AKSHAR

Program seeks to address the social need gap by **imparting practical English fluency**, both spoken and reading, to children thereby enabling them towards future employability.

SWAYAM

The program focuses on **empowering women by** breaking the stereotypes and paving a new path for them by giving enriched driving skills which will lead to gainful employment.

SAKSHAM

A multi skill development program focusing on alternate livelihoods training for women e.g. tailoring, nursing & technical skills and training and education for youth.

JEEVAN

An integrated community project focusing on improving all round quality of life in the areas of clean drinking water, overall health and nutrition based interventions amongst others.

RPG Group : Key Financials

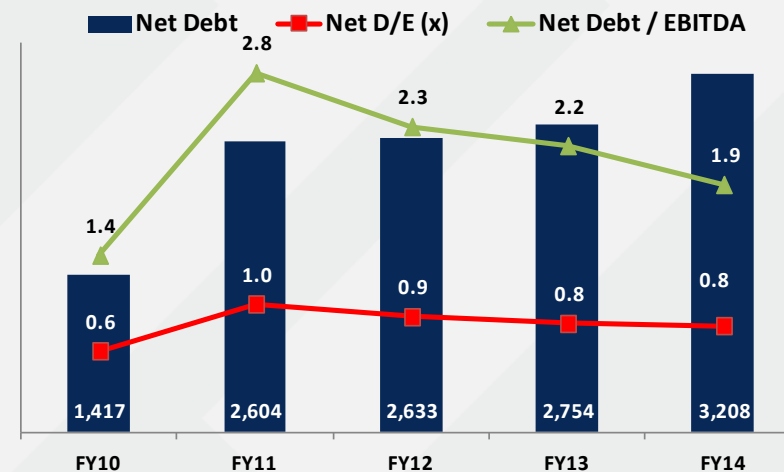
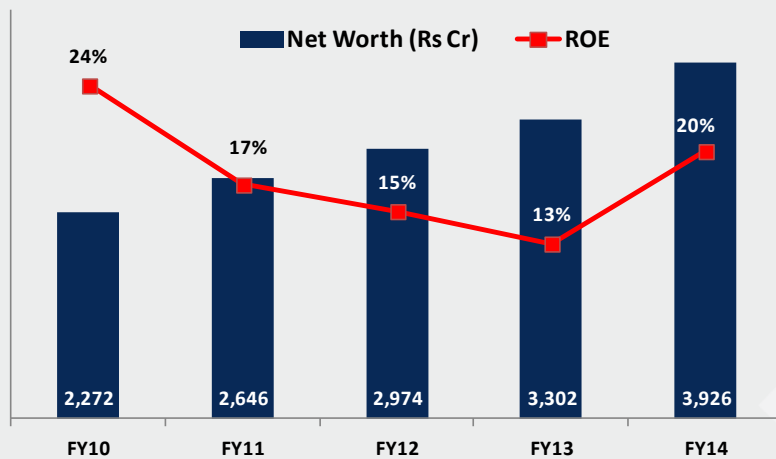
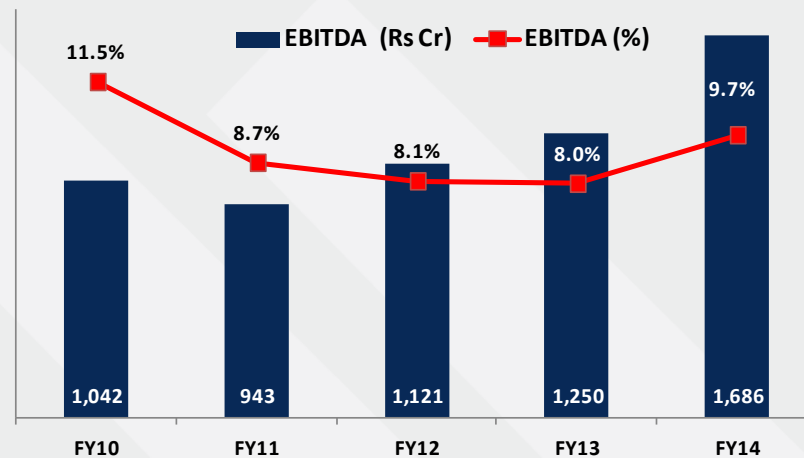
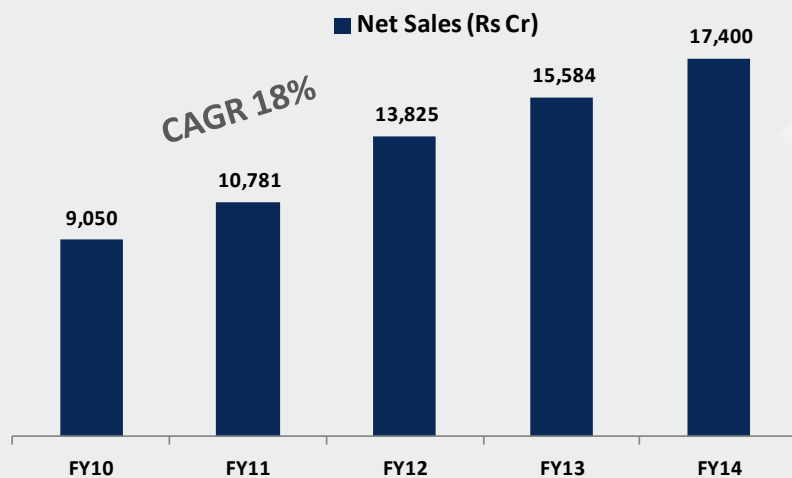


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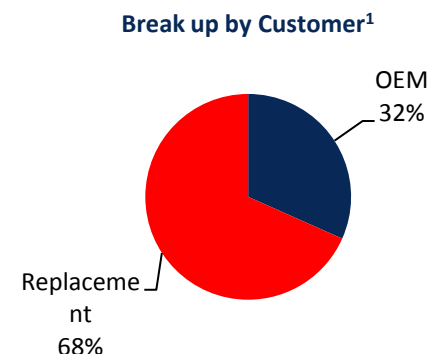
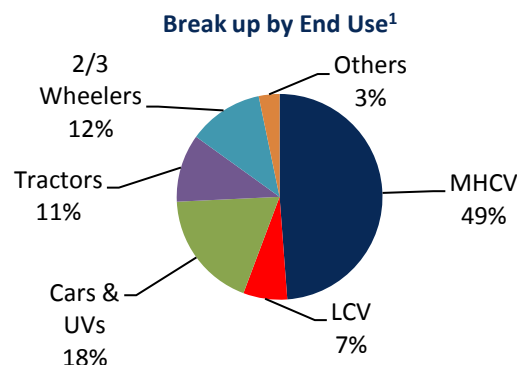
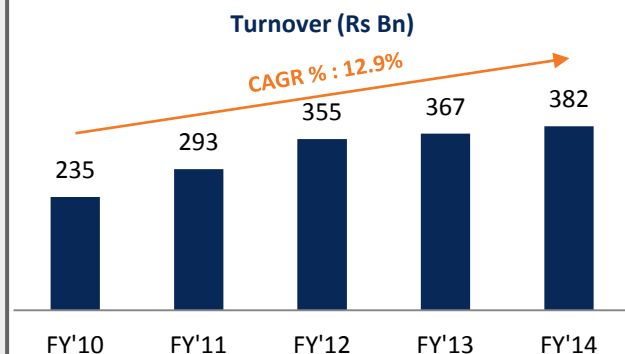
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CEAT Financials and Results Analysis



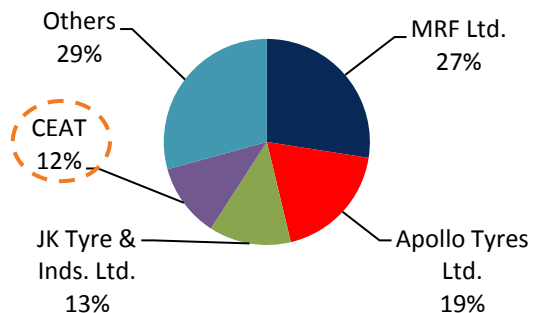
Indian Tyre Industry: Robust Fundamentals

Domestic Tyre Industry: An Overview



Competitive Landscape

Market Share²

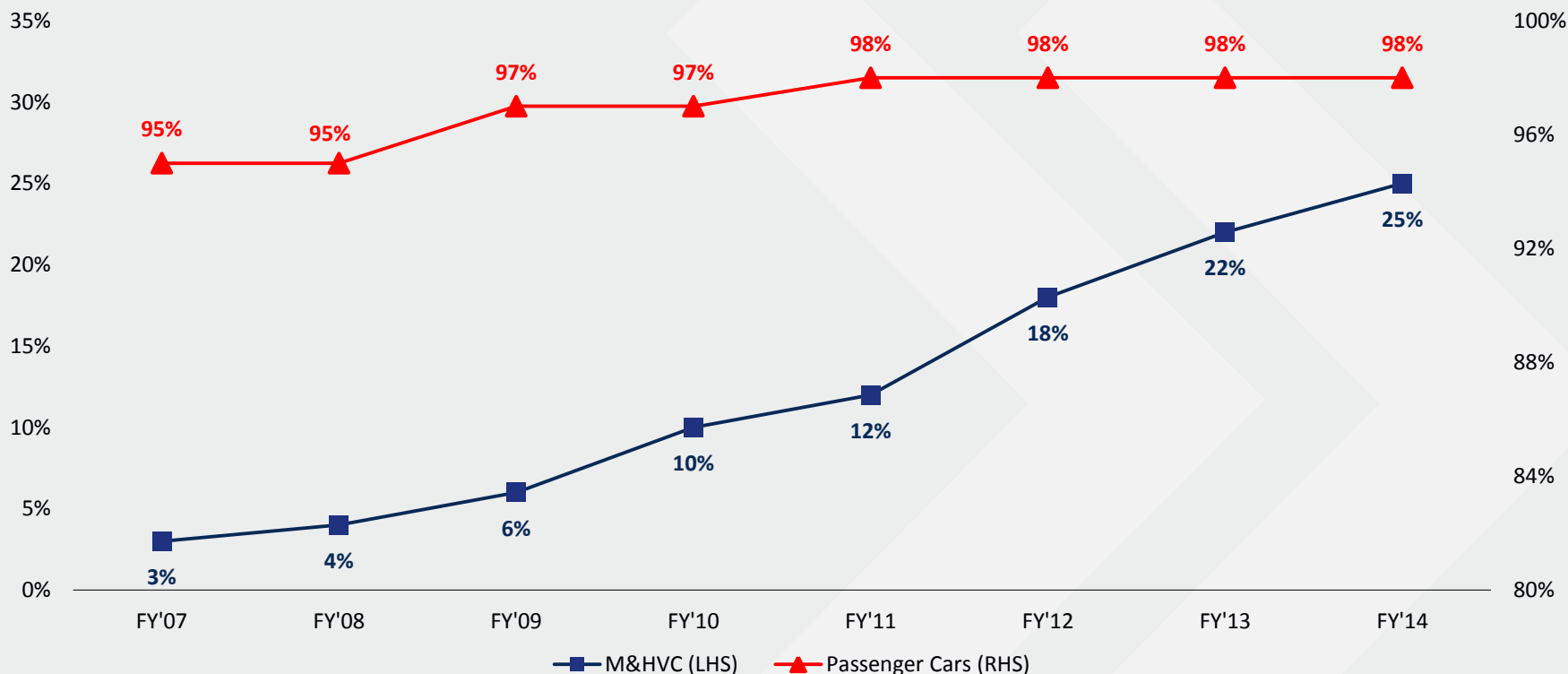


- The domestic tyre industry has grown at a CAGR of 12.9% driven by robust growth in the Indian automobile industry
- Commercial vehicles (M&HCV and LCV) account for > 50% of the domestic market
- Top 4 players account for ~ 70% market share



Indian Tyre Industry : Radialisation trends

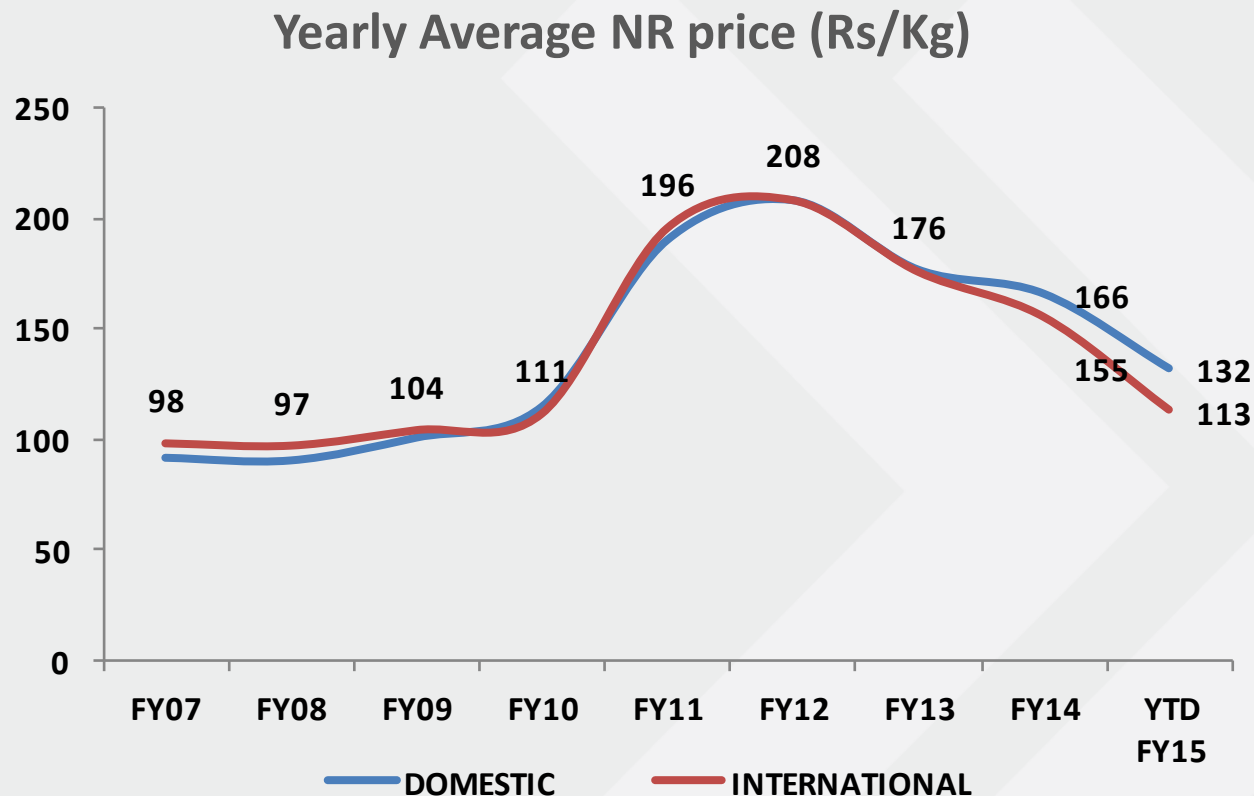
M&HCV & Passenger Cars
(%)



Radialisation in M&HCV and LCV Segment to gain momentum on back of improved road infrastructure , launch of multi-axle vehicles and stricter regulation



Natural Rubber : Recent Price trends



Rubber Prices have fallen due to weak global demand amidst an increase in supply



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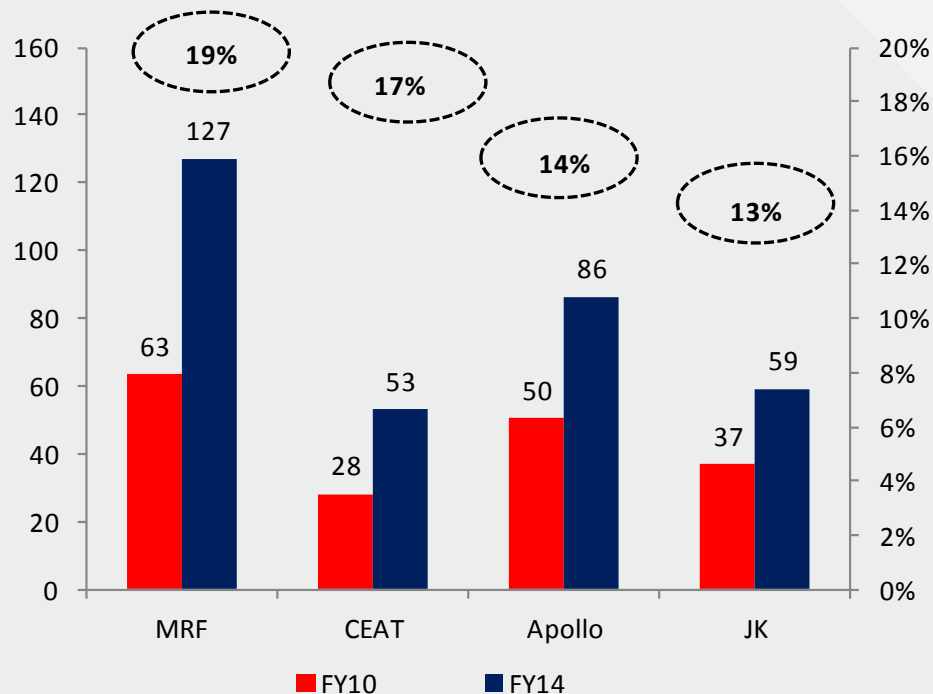
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CEAT Financials and Results Analysis

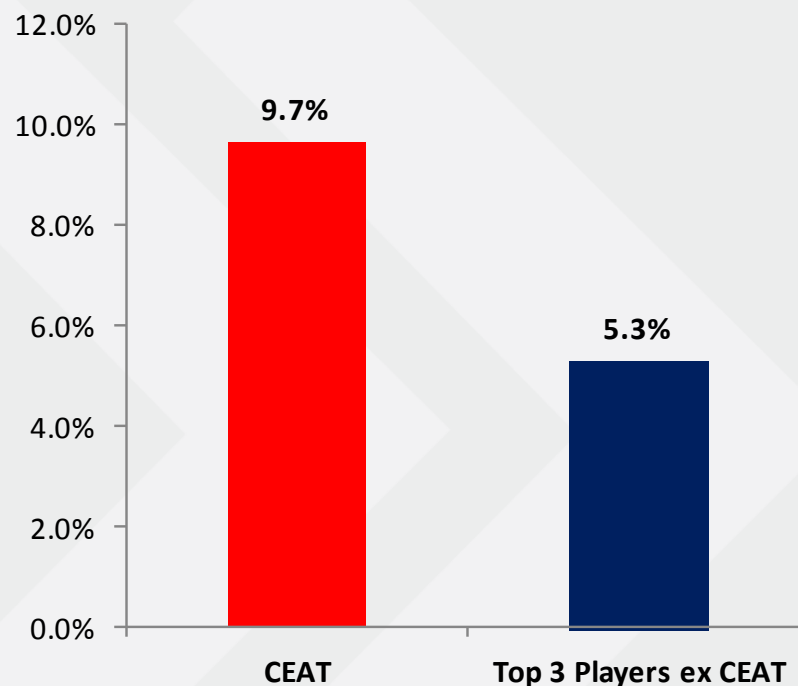


Indian Tyre Industry : Key players & Market Share

Net Sales (Rs Bn) / 4 yr CAGR %



FY 14 YoY Sales growth



CEAT 2nd fastest growing company in last 4 years;
Fastest growing company in the last 2 years FY14 & FY13



Note

1. Standalone numbers are taken for above comparison





EBITDA Margin Comparison : Last 8 Quarters

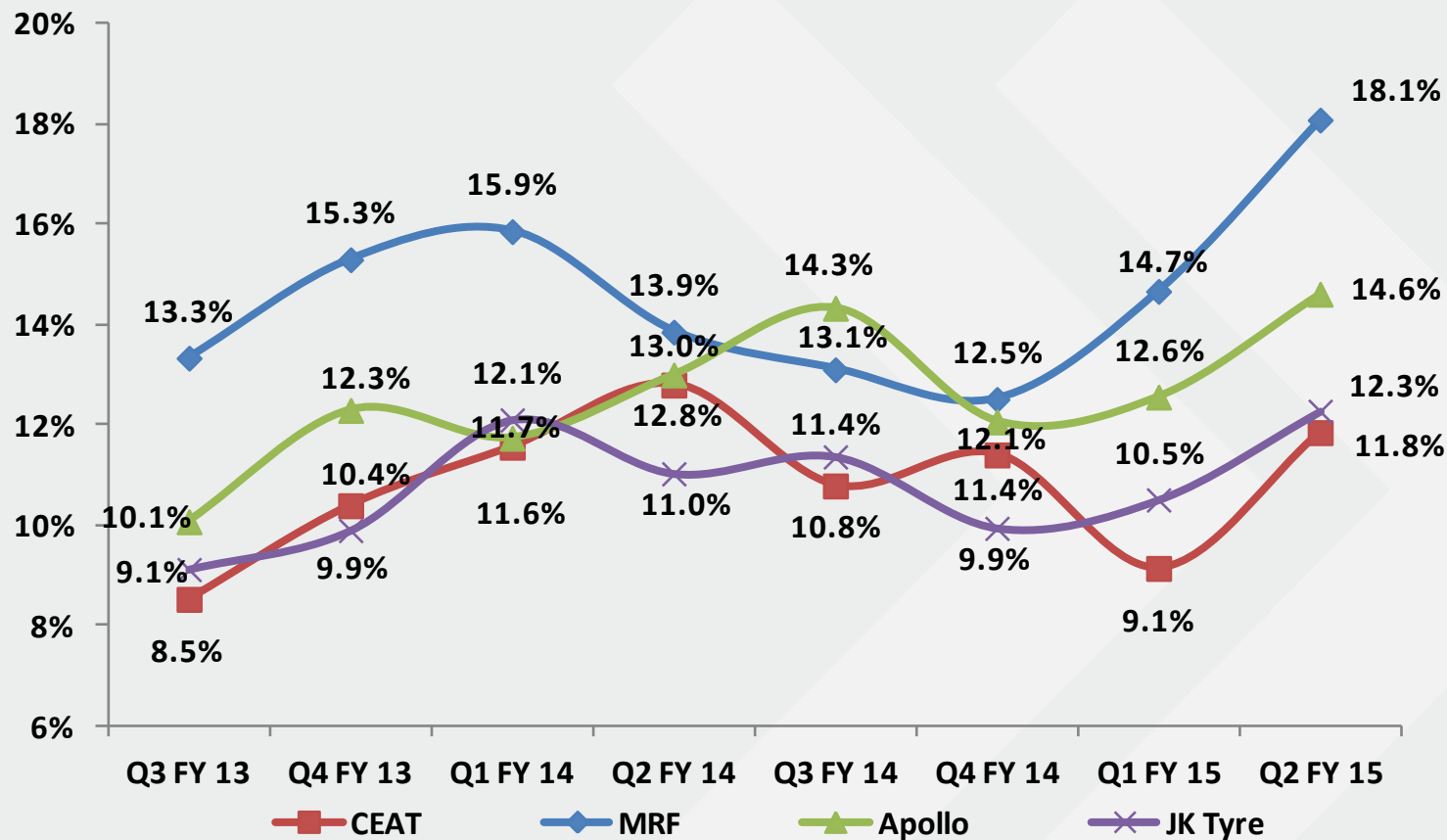




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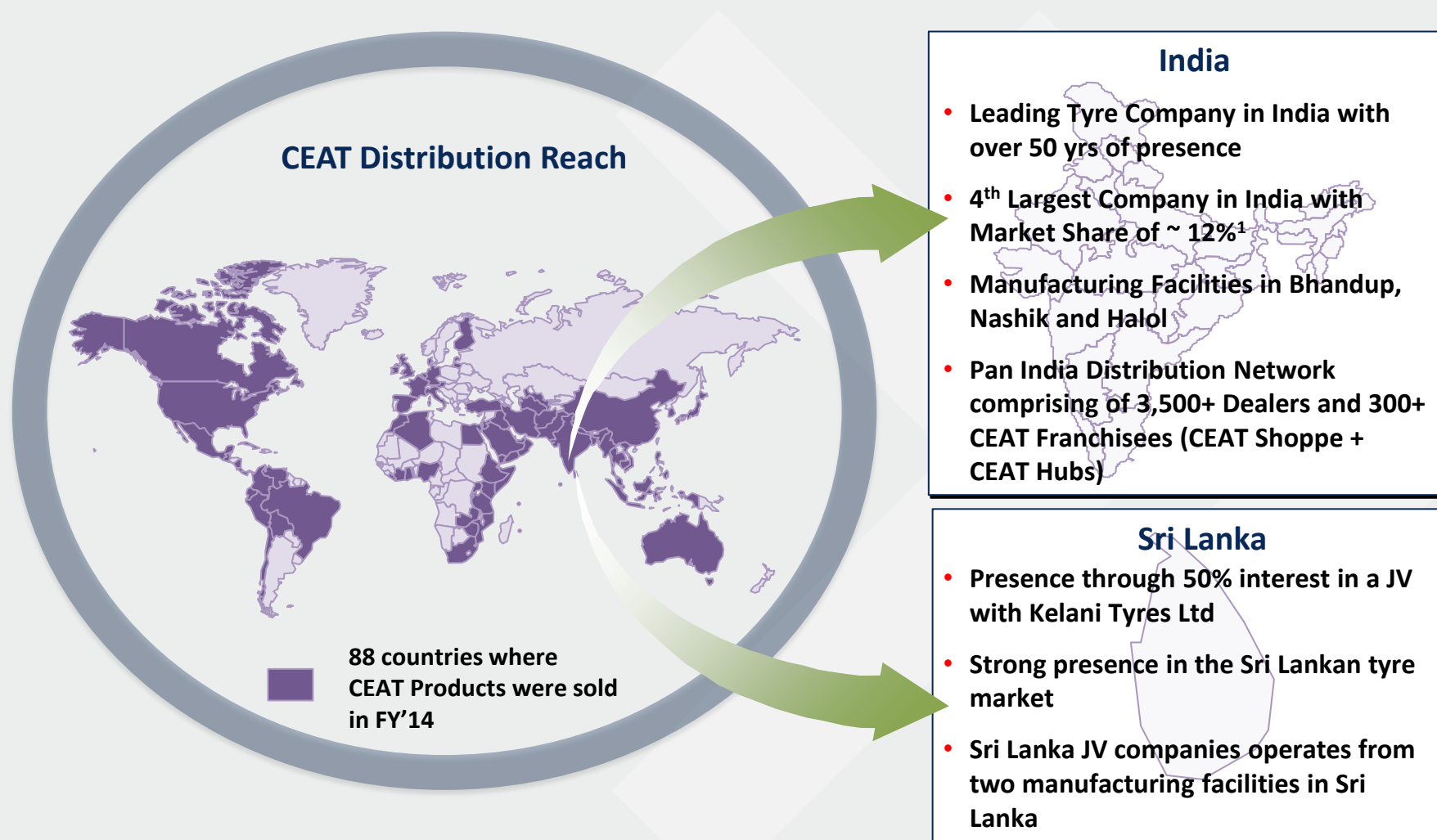
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CEAT Financials and Results Analysis



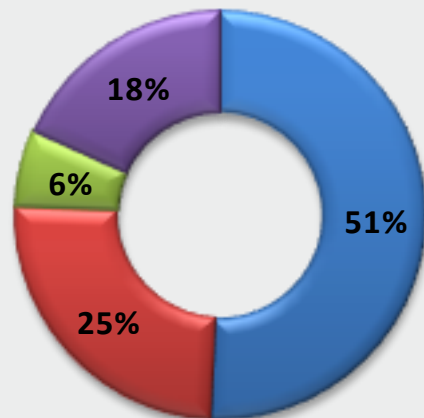
CEAT : Overview





CEAT : Equity Shareholding & Price trends

Dec 31, 2014 Shareholding Pattern



■ Promoters

■ FII

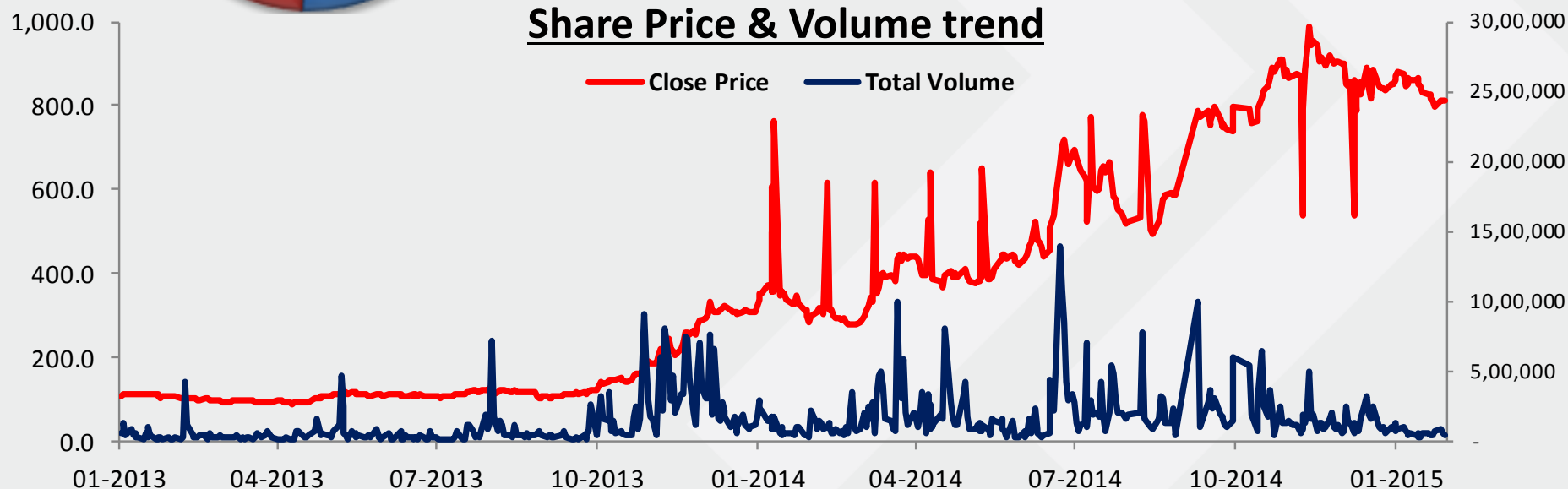
■ DII

■ Others

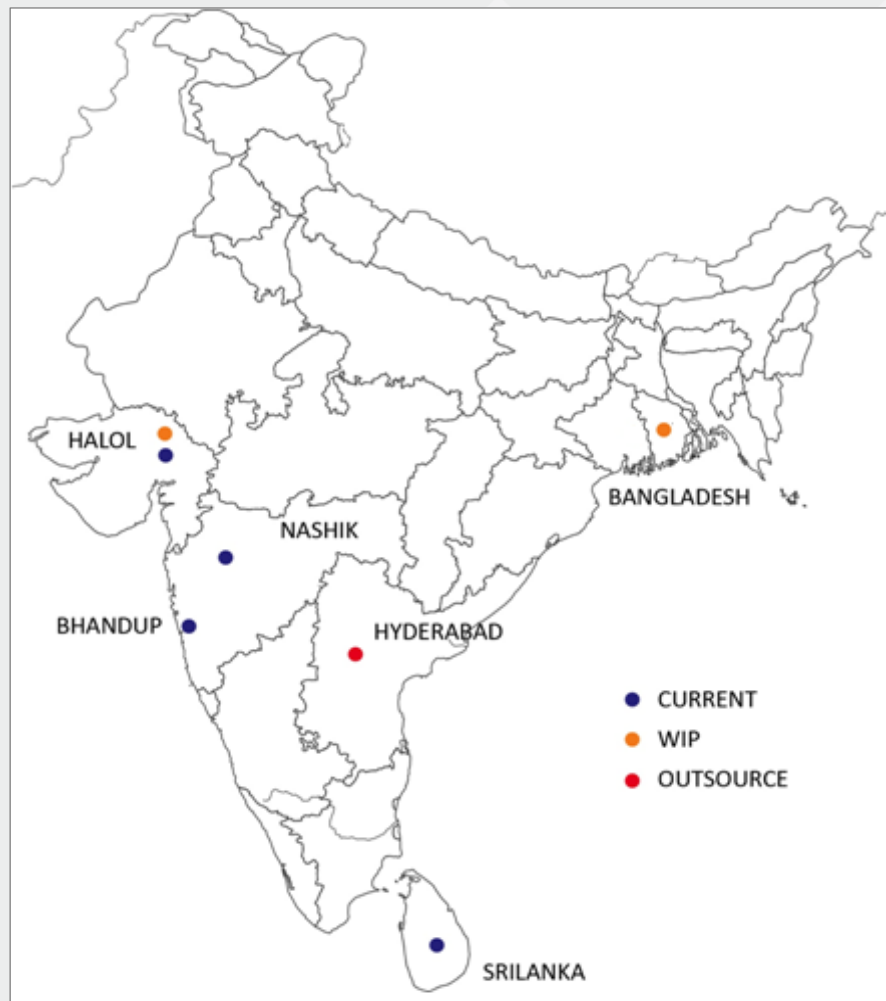
Market Information

- Market Price (Feb 5): Rs 805 share
- Face Value : Rs 10/share
- Market Cap (Feb 5): Rs 3,254 Cr
- Net Worth: Rs. 1,637 Cr

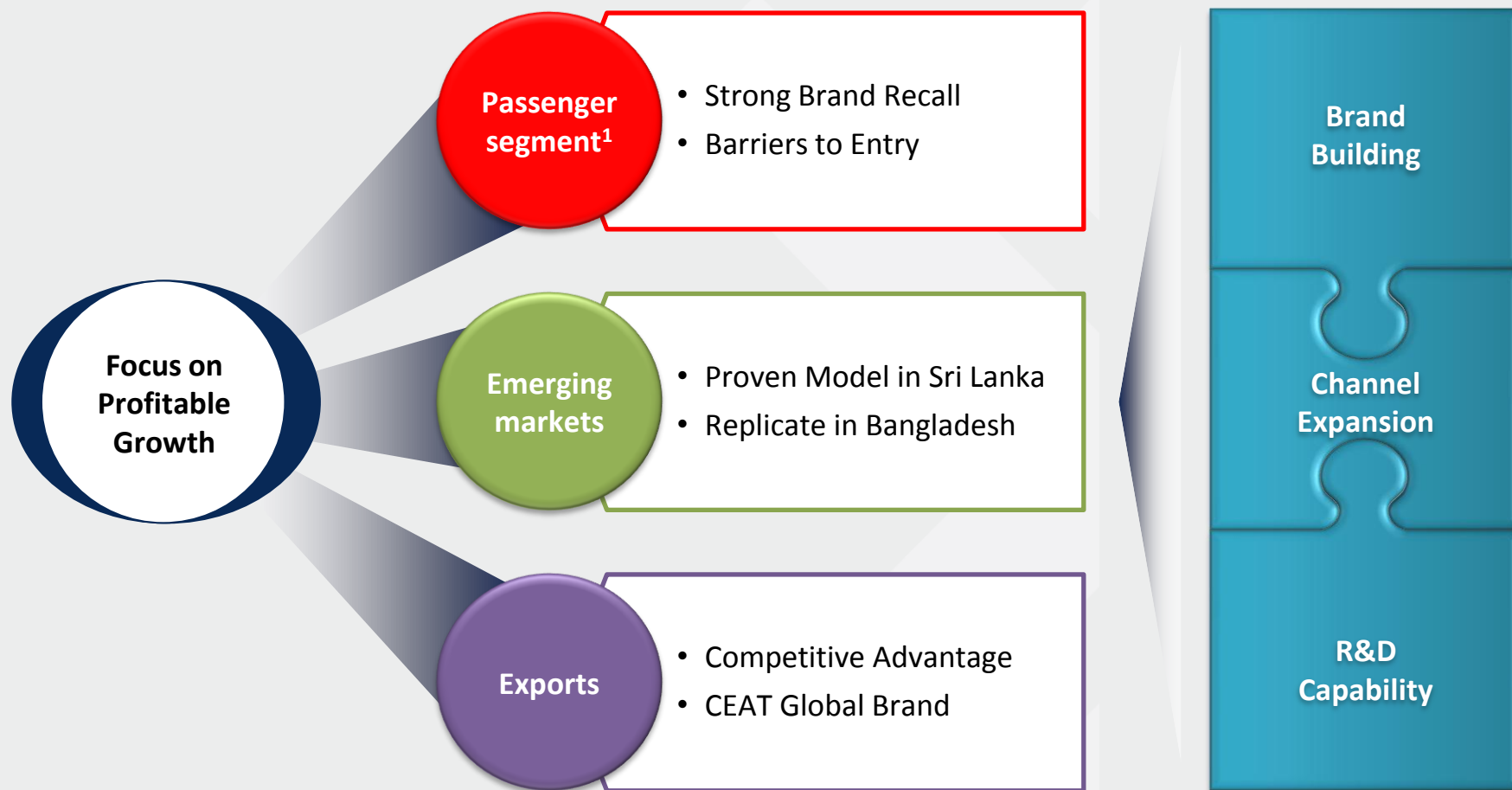
Share Price & Volume trend



>> CEAT : Plant Locations



CEAT : Strategic Drivers



Effective Implementation of Business Strategy resulting in Improved Profitability

CEAT : Brand Investment

Investment in Brand Building

Effie Award Winning Campaigns



"Be Idiot Safe"

Branded Campaign



Others

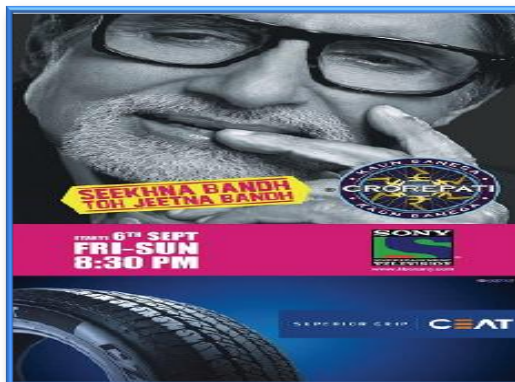
"Pakka
Bharosa"
CEAT SUV
Campaign



SUV Tyre Campaign



"Monsoon Smart"



Other Initiatives

CEAT : R&D Capability & Distribution

Strong R&D Capability

- State of the Art R&D Facility set up in Halol plant in 2011
- Capabilities include three dimensional modeling and prototyping, tyre building, nanotechnology, structural and noise simulations amongst others
- Introduced over 100 new products/ variants in FY'14
- Research focused on new product development, alternate materials, green tyres as well as projects to reduce tyre weight and material cost to improve margins
- Partnerships with institutes of global repute such as Indian Institute of Technology
- Strong team of 70+ employees as on Sept'14

R&D led recent Product Launches



GRIPP



DHOOM Series



CZAR

Pan India Distribution Network



**17 warehouses
including
distribution centers**

**3,500+
Dealers**



CEAT Shoppe



**150 retail franchisees
branded as CEAT
Shoppe for PC + UV
segment**

**189 CEAT Hubs for
truck tyres**

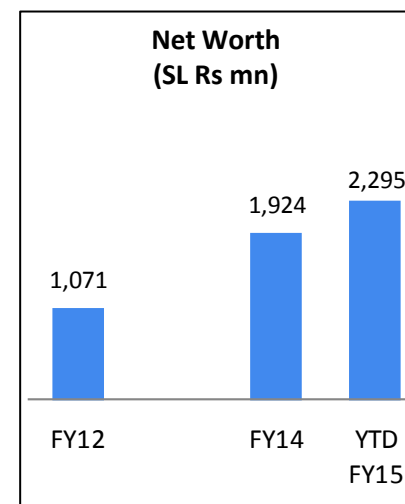
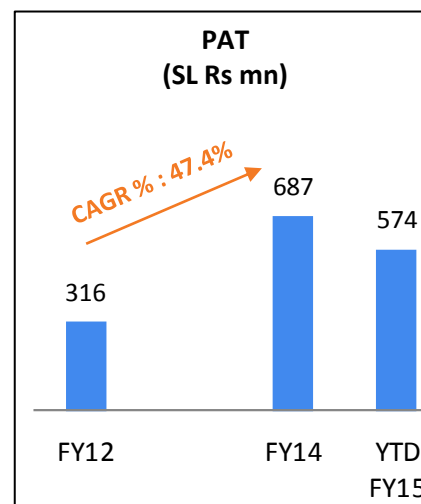
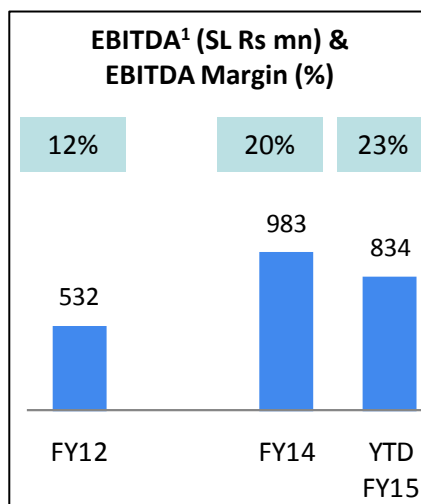
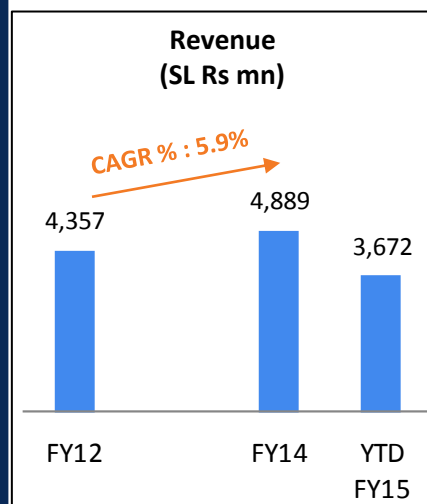


**Other
Initiatives**

Direct coverage to the 2 Wheeler market by establishing 2 – step distribution network to directly reach mechanic shops that service 2 – wheeler vehicles

CEAT : Emerging Markets

Sri Lanka



- Presence through CEAT Kelani Ltd : a 50% JV with Kelani Tyres Ltd
- CEAT Kelani Ltd has a strong presence in the truck, light truck, three-wheeler, two-wheeler and other radial tyre segments in Sri Lanka
- Sri Lanka JV companies operate from two manufacturing facilities in Sri Lanka with total capacity² of 61 tonnes per day
 - Manufacturing within Sri Lanka enables avoidance of import duty on tyres thereby enabling CEAT Kelani Ltd to competitively price products

Bangladesh

- Plans to replicate the Sri Lankan success in Bangladesh (through a 70:30 JV with AK Khan & Company Ltd) with the aim to cater to local and eastern part of Indian market
 - Setting up a manufacturing plant with an initial capacity of 65 tonnes per day that is likely to be operational by end CY'15
 - Commencement of seed marketing campaign to prepare for product launch
 - Imports from Bangladesh to India enjoy zero basic customs duty



Notes

1. EBITDA = Profit before taxation + Depreciation and Amortization Exps + Finance Costs
2. Capacity refers to achievable capacity



CEAT : OE Presence

Truck & Bus



Passengers / UV

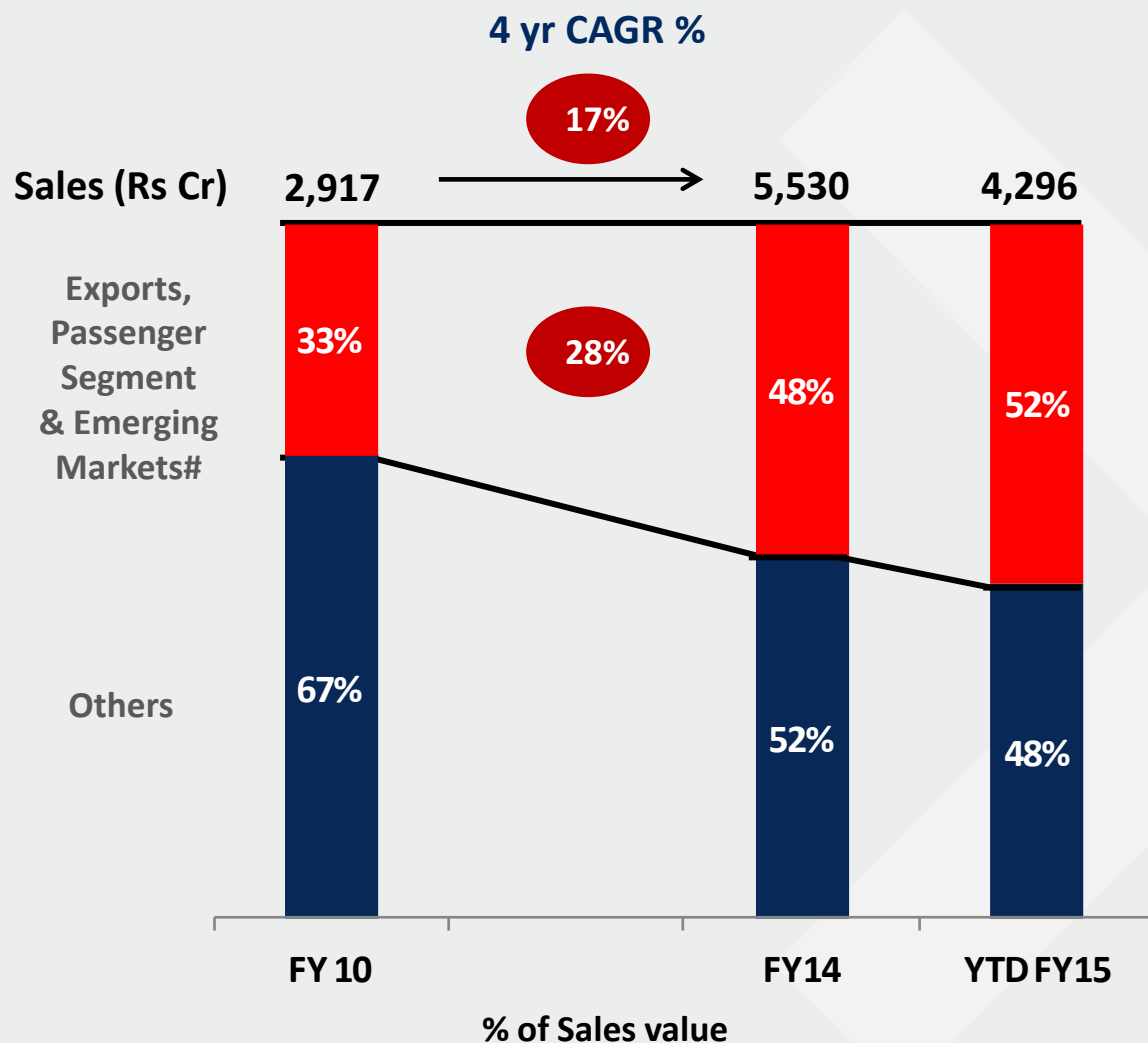


Motor cycles





CEAT : Growing Profitable markets and product mix



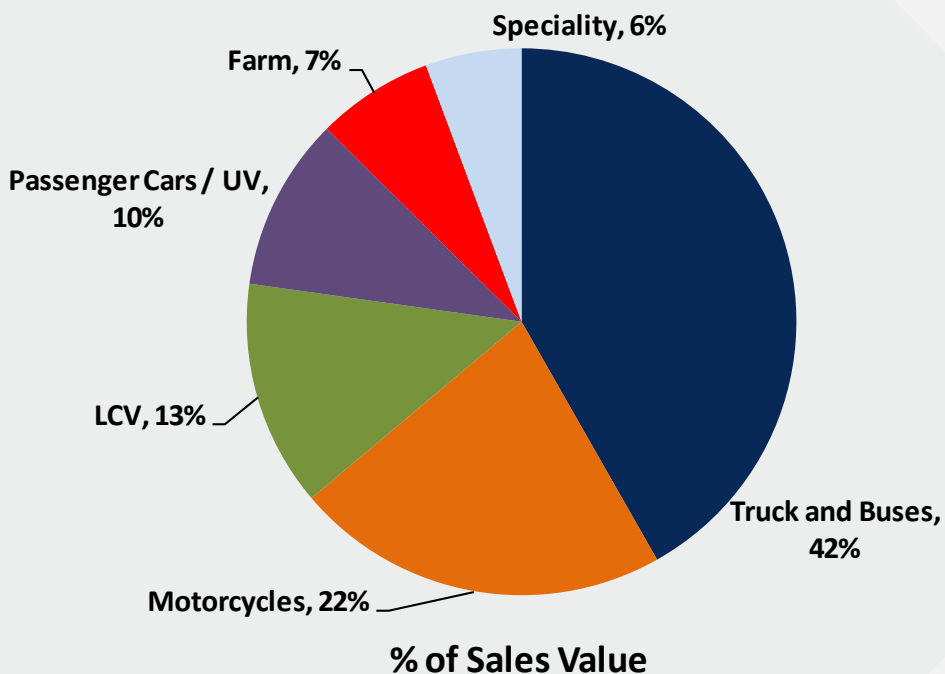
“Strategic Focus Areas”

- Higher margin business
- Contributes 52% sales for YTD FY15 compared to 33% in FY10
- Growing at higher rate of 28% CAGR
- Aspiration FY 17: 60% of sales & 80% of Operating profit by FY17

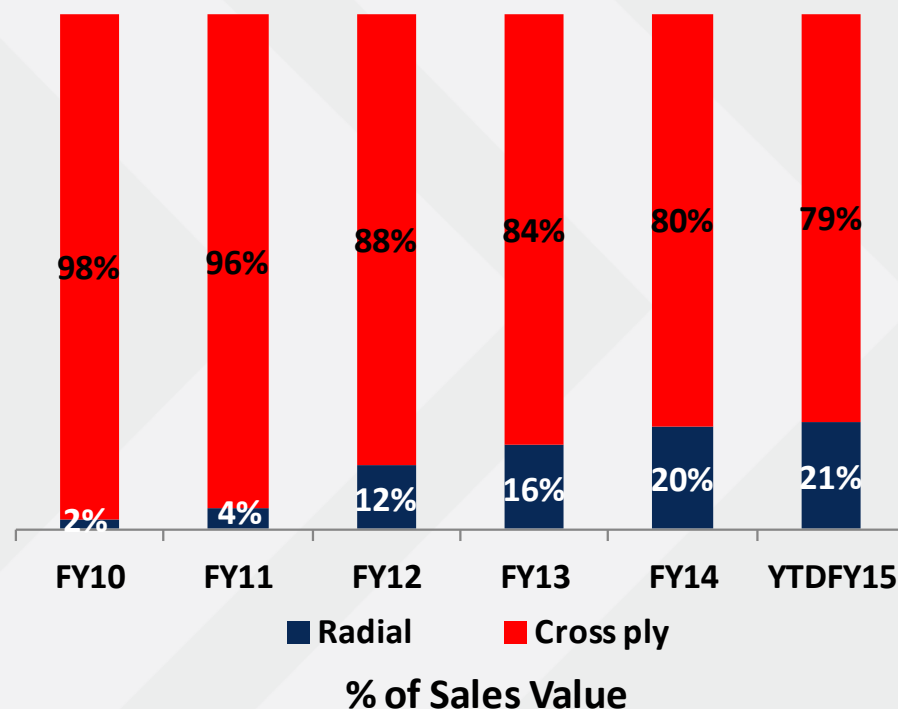


CEAT India : Product & Technology Mix

YTD FY15 Product break-up



Radial & Cross ply



CEAT India : Market segments

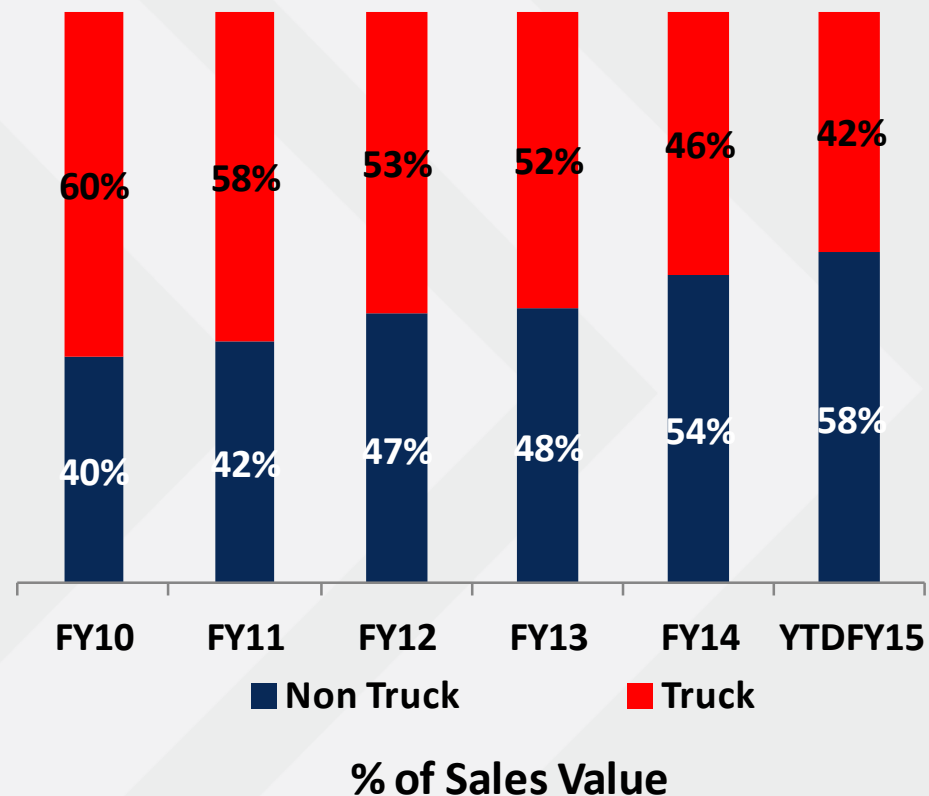
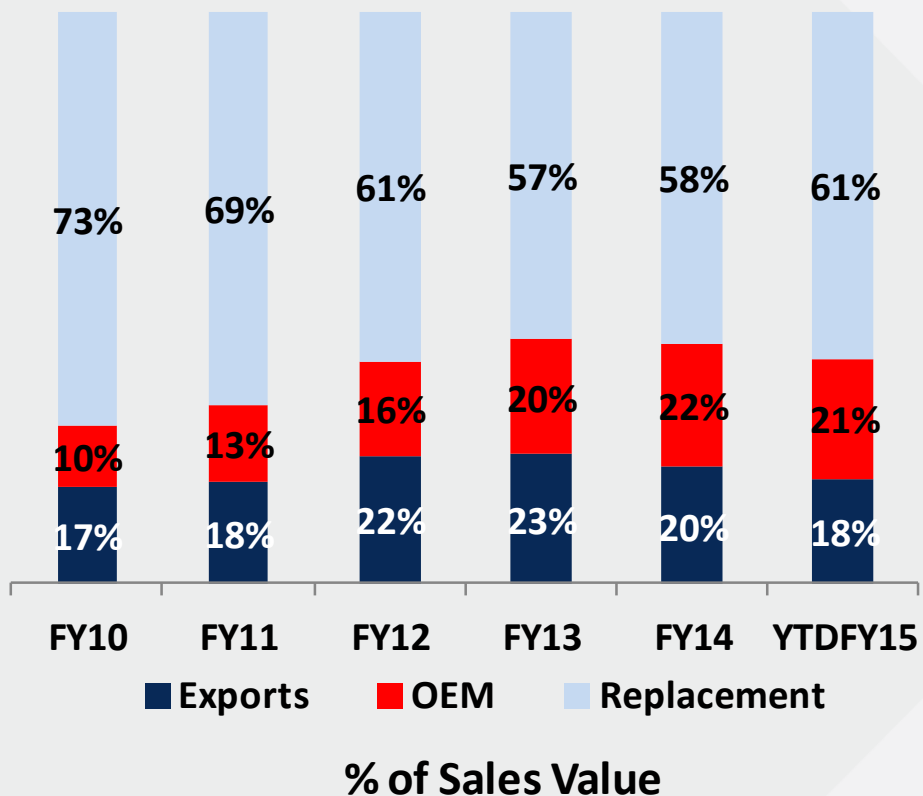


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CEAT Consolidated : Q3 FY15 Key Highlights

Q3FY15 v/s Q3FY14 (Y-o-Y)

- Flat Volume growth
- EBITDA% up 190 bps at 13.0%
- Finance cost at Rs 31 cr compared to Rs 42 cr (Down by Rs 11 Cr)
- PBT stands at Rs 132 cr compared to Rs 98 cr

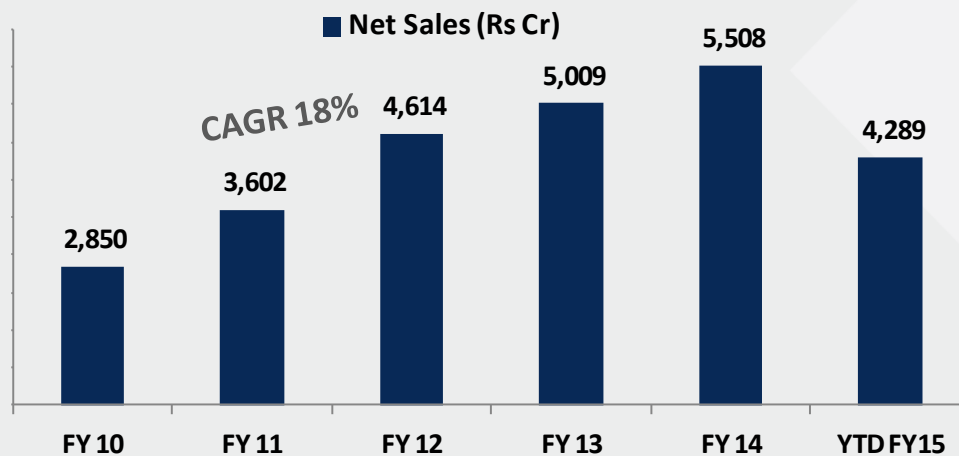
Q3FY15 v/s Q2FY15 (Q-o-Q)

- Flat Volume growth
- EBITDA% up 70 bps
- Finance cost at Rs 31 cr compared to Rs 35 cr (Down by Rs 4 cr)
- PBT stands at Rs 132 cr compared to Rs 125 cr

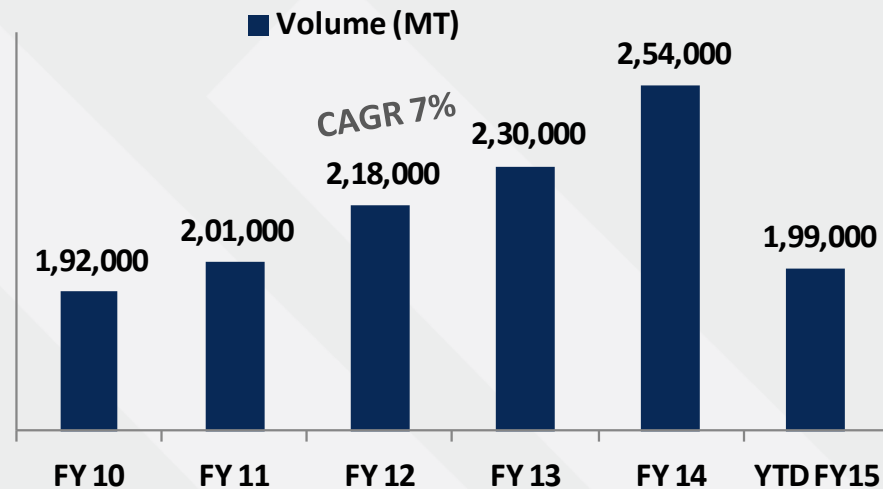
Total D/E down to 0.5x compared to 1.1x YoY

CEAT Consolidated : Financials

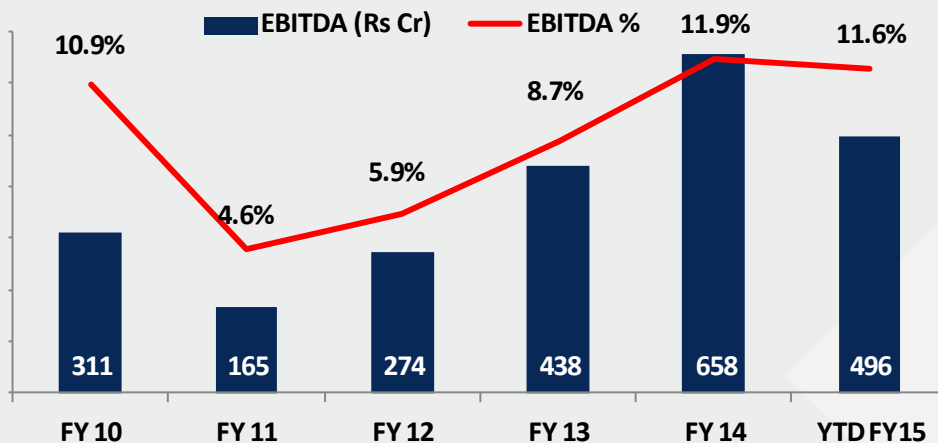
Revenue growth



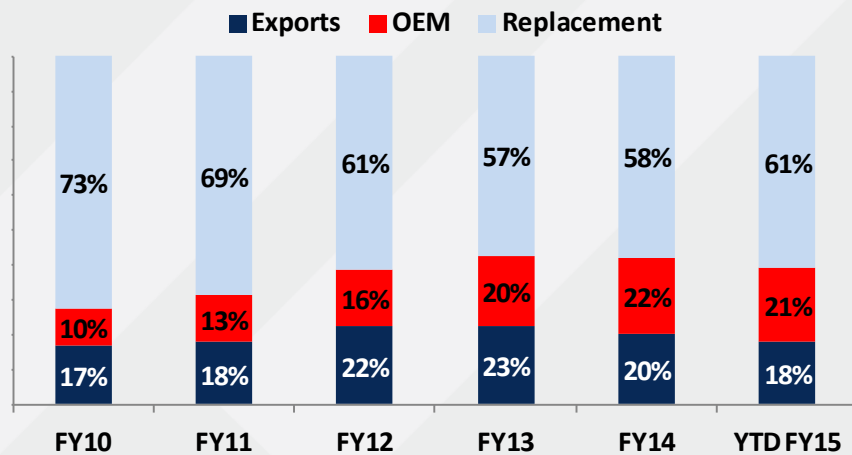
Volume growth



Improved margins



*Changing segment mix





CEAT Consolidated : Q3FY15 Analysis

Parameter	Rs cr			
	Q3FY14	Q2FY15	Q3FY15	FY14
Net Sales	1,428	1,426	1,410	5,508
Growth (YoY)			-1.3%	
Growth (QoQ)			-1.1%	
EBITDA	158	175	183	658
Growth (YoY)			15.7%	
Growth (QoQ)			4.5%	
EBITDA (%)	11.1%	12.3%	13.0%	11.9%
PAT	67	82	89	271
EPS (Rs.) (Basic)	18.6	22.9	23.7	76.6
Net Worth	1,019	1,152	1,637	1,029
Debt	1,115	958	882	1,174
D/E (x)	1.1	0.8	0.5	1.1
No of shares (cr)	3.6	3.6	4.0	3.6
B/V (Rs.)	283	320	406	286

CEAT India : Q3FY15 YoY Analysis

Rs Cr

Parameter	Q3FY14	Q3FY15	YoY	Remarks
Net Sales	1,375	1,355	-1.5%	Flat volume growth
Raw Material	905	815	-9.9%	Lower RMC
Employee	78	90	14.3%	Wage revision & increments
Other Expenses	254	290	14.3%	Higher conversion costs
EBITDA	148	171	15.0%	
EBITDA %	10.8%	12.6%	180 bps	Lower RMC with higher employee costs & opex
Finance Cost	41	31	-25.6%	Reduction in borrowings & lower rates
Depreciation	20	23	14.0%	
Operating PBT	87	117	34.5%	
Exceptional expense	-	-	-	
Non-Operating income	4	5	17.2%	
PBT	91	122	33.7%	
PAT	61	81	32.5%	
Volumes (mt)	61,500	61,500	-0.1%	

CEAT India : Q3FY15 QoQ Analysis

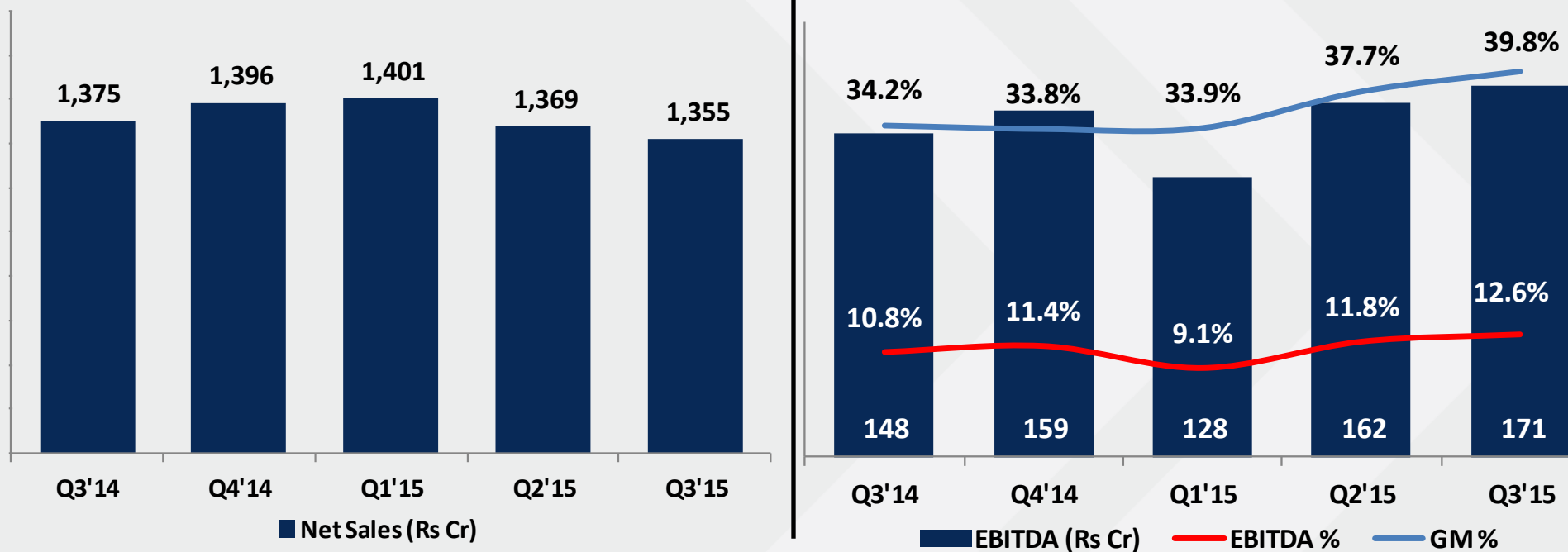
Rs Cr

Parameter	Q2FY15	Q3FY15	QoQ	Remarks
Net Sales	1,369	1,355	-1.0%	Flat volume growth
Raw Material	852	815	-4.4%	Lower RMC
Employee	83	90	7.5%	Wage increments
Other Expenses	284	290	2.3%	Higher conversion costs
EBITDA	162	171	5.2%	
EBITDA %	11.8%	12.6%	75 bps	Lower RMC
Finance Cost	35	31	-11.7%	Reduction in borrowings & lower rates
Depreciation	21	23	8.3%	
Operating PBT	106	117	10.1%	
Exceptional expense	-	-	-	
Non-Operating income	16	5	-70.1%	Dividend Income from SL
PBT	122	122	-0.2%	
PAT	82	81	-1.8%	
Volumes (mt)	61,600	61,500	-0.3%	

CEAT Sri Lanka : Q3 FY15 Analysis

Parameter	Rs cr				
	Q3FY14	Q2FY15	Q3FY15	QoQ	YoY
Net Sales	112	120	114	-5.1%	1.2%
EBIDTA	22	29	28	-3.9%	25.9%
Finance Cost	1	0	0	56.3%	-74.5%
Depreciation	2	2	3	31.6%	50.0%
Operating PBT	19	27	25	-6.9%	28.8%
PBT	19	27	26	-5.4%	31.7%
PAT	15	21	21	0.5%	41.6%
EBITDA %	19.7%	24.2%	24.5%	30 bps	480 bps
Volumes (mt)	4,060	4,520	4,190	-7.2%	3.3%

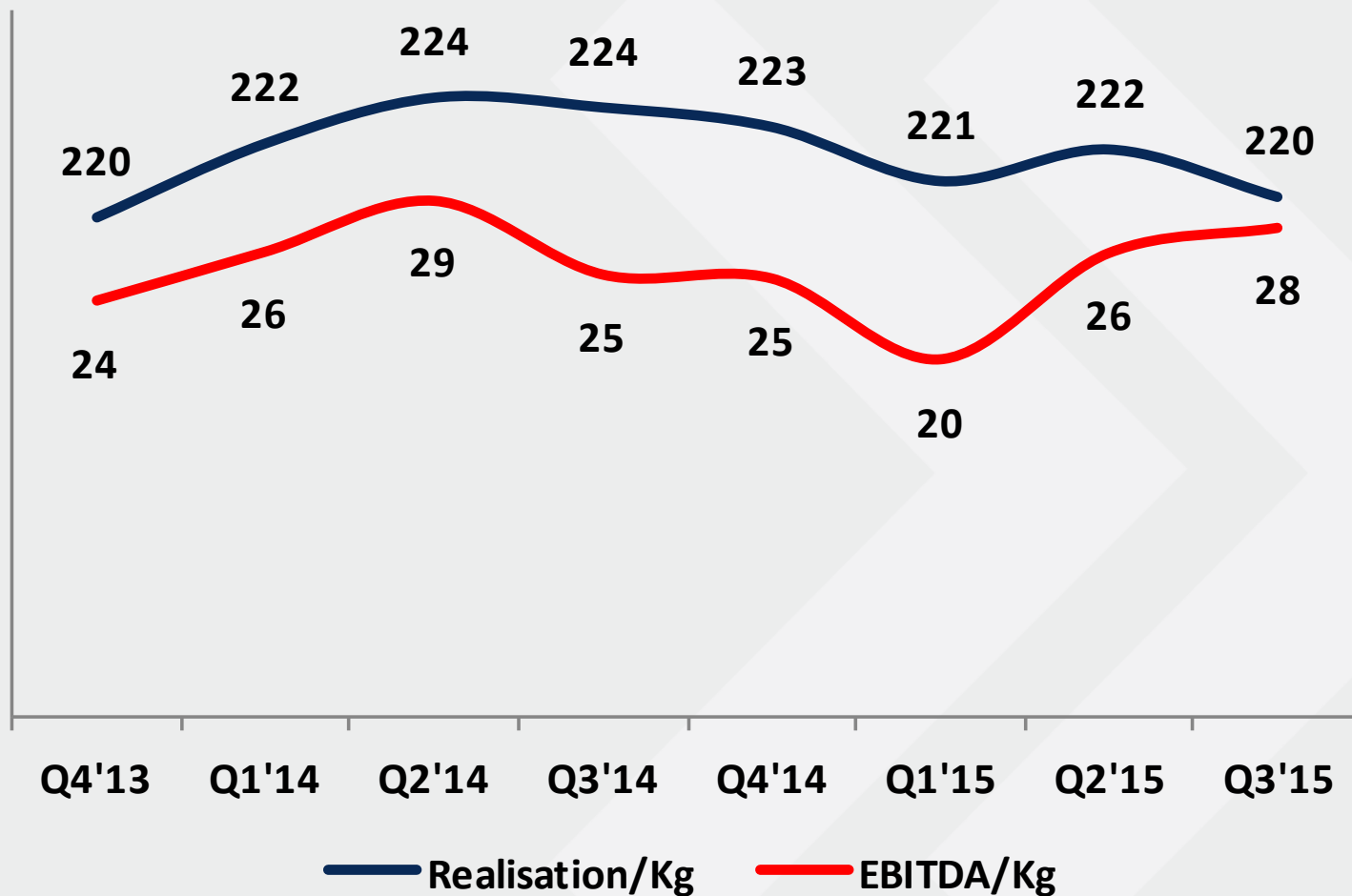
CEAT India: Sales, Gross Margin & EBITDA Trends



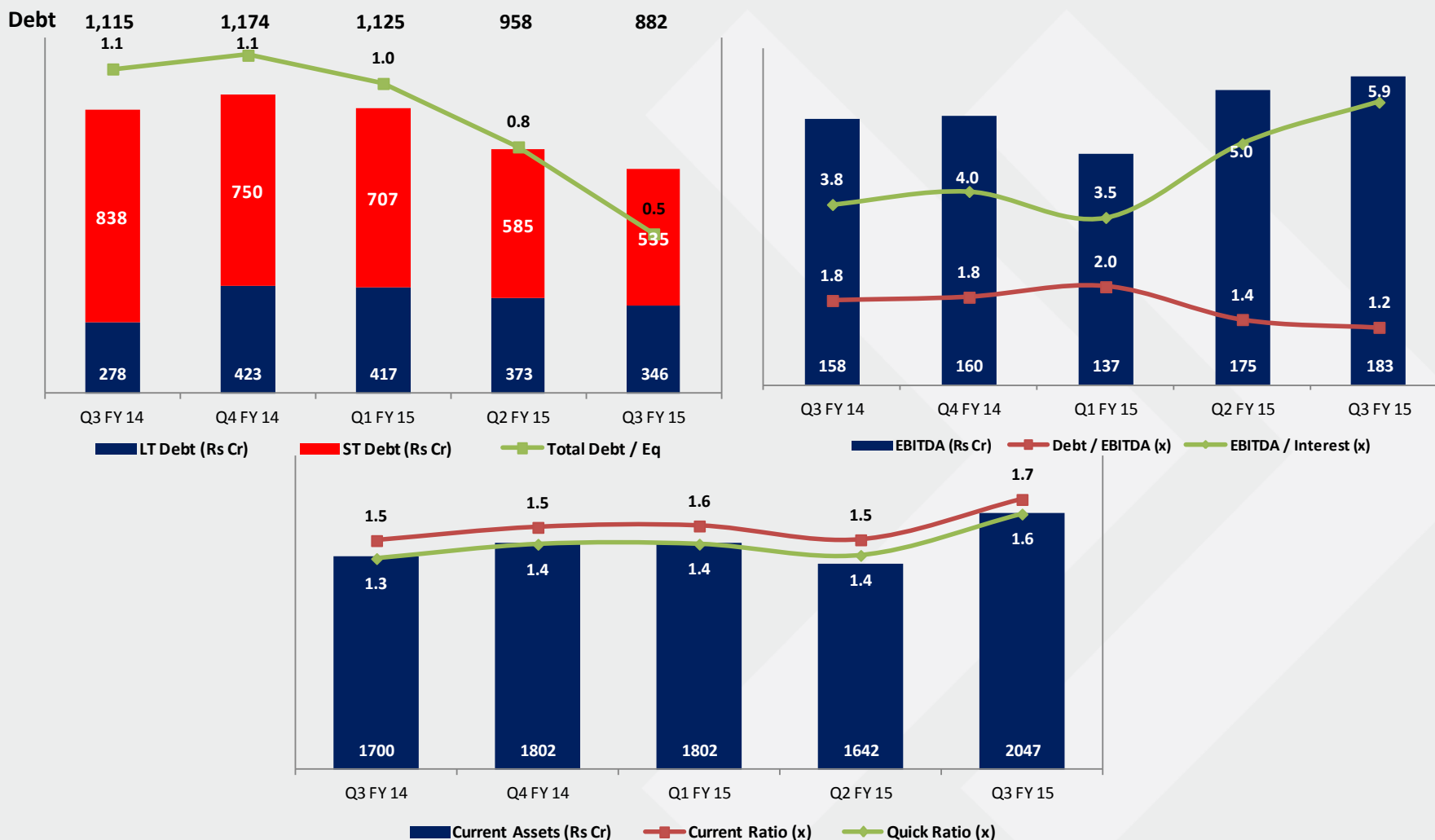
Consistent improvement in margins and operating profits



CEAT India: Realization and EBITDA Trend



CEAT Consolidated : Debt Profile





THANK YOU