



Q4 FY15 – Investor Presentation

May 22, 2015



OFFICIAL STRATEGIC
TIMEOUT PARTNER

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RPG Group Snapshot



CEAT Overview & Strategic Drivers



CEAT Financial Results

RPG Group: Business Portfolio

USD 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



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



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.



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.

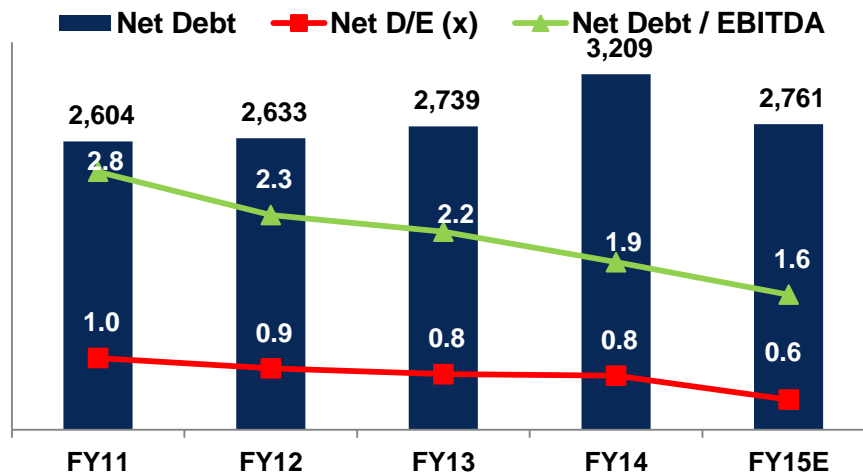
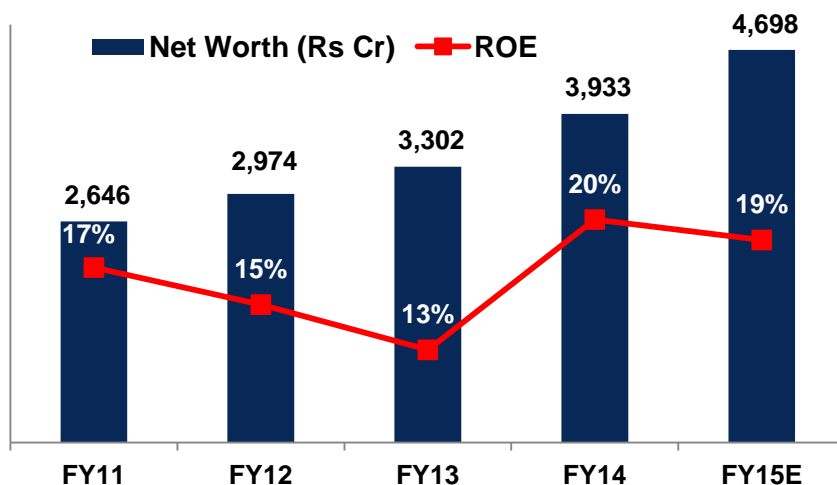
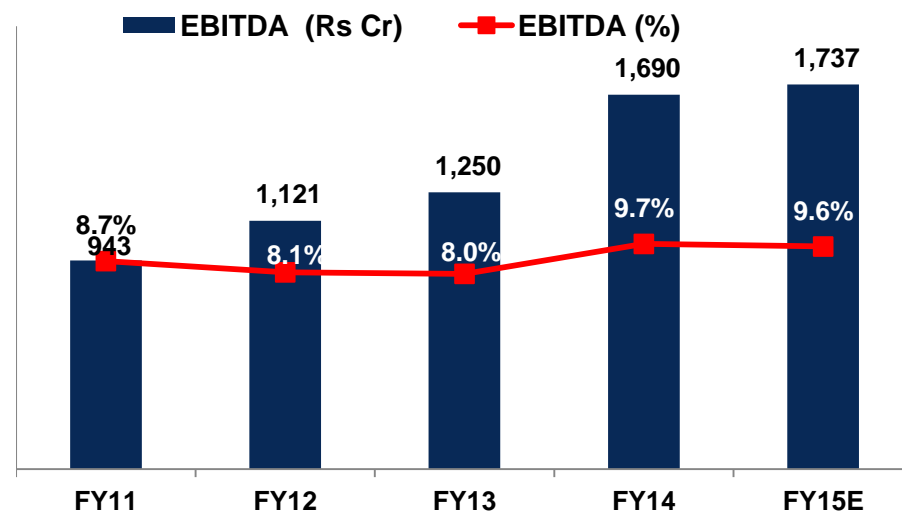
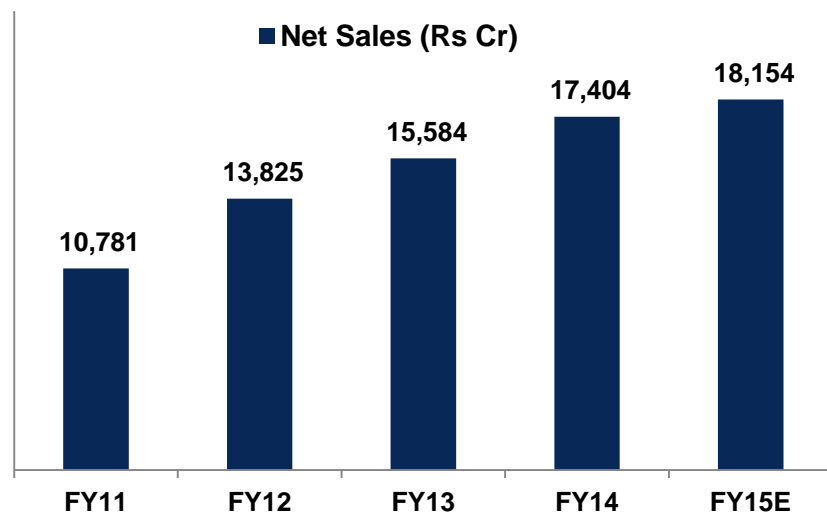


A multi skill development program focusing on alternate livelihoods training for women e.g. tailoring, nursing & technical skills and training and education for youth.



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



CEAT: Table of Contents



RPG Group Snapshot



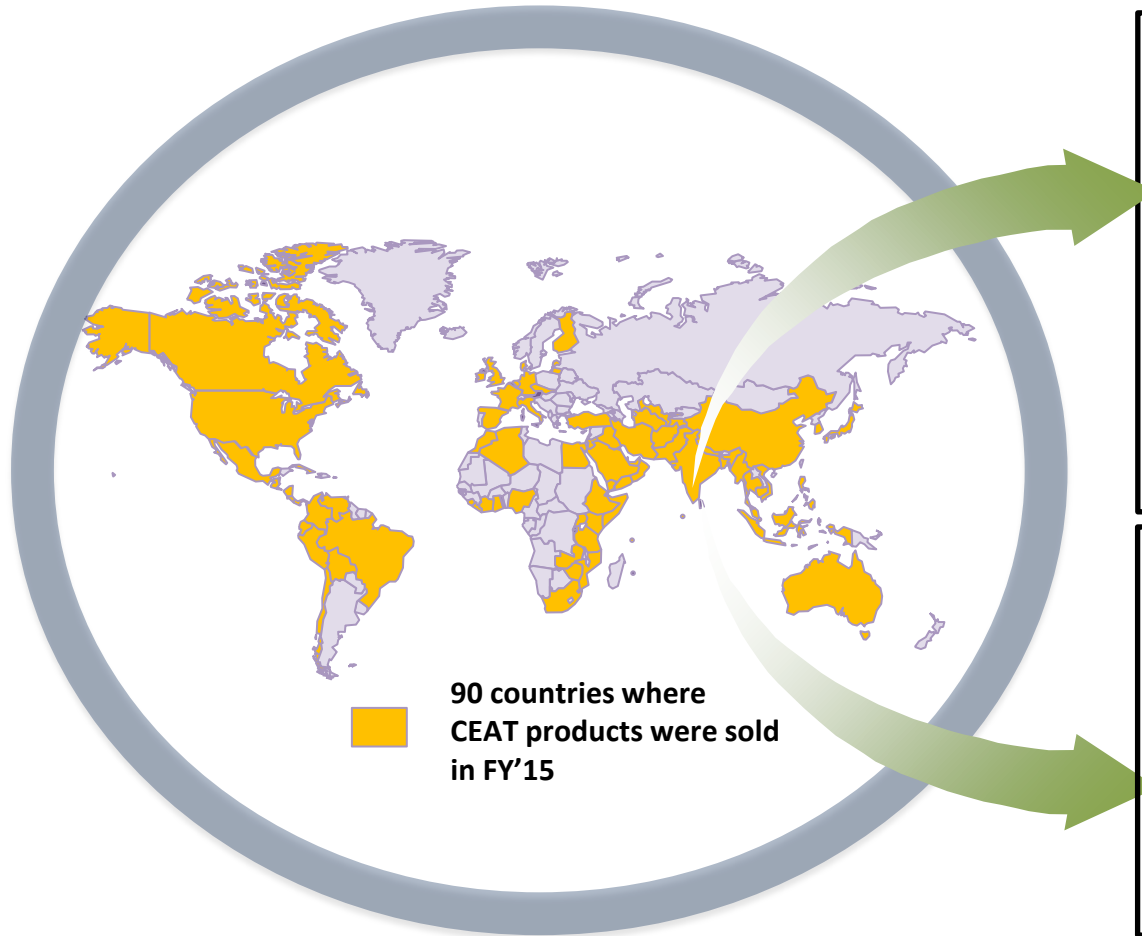
CEAT Overview & Strategic Drivers



CEAT Financial Results

CEAT: Overview

Distribution Reach



Manufacturing Facilities

India

- Leading tyre company in India with over 50 yrs of presence
- Manufacturing facilities in Bhandup, Nashik and Halol
- Pan India distribution network comprising of 3,500+ dealers and 300+ CEAT franchisees (CEAT Shoppe + CEAT Hubs)
- Employees strength of over 4,500

Sri Lanka

- Presence through 50% interest in a JV with Kelani Tyres Ltd
- Strong presence in the Sri Lankan tyre market
- Sri Lanka JV companies operates from two manufacturing facilities in Sri Lanka

CEAT: Management Members

Anant Goenka



Managing Director

Subba Rao Amarthaluru



Chief Financial Officer

Arnab Banerjee



**Executive Director
- Operations**

Tom Thomas



**Executive Director
- Technology & Products**

Dilip Modak



**Senior Vice President
- Manufacturing**

Chandrashekhar Ajgaonkar



**Senior Vice President
- Quality Based Management**

Debi Prasad Das



**Senior Vice President
- Human Resource**

Subbiah Kumar



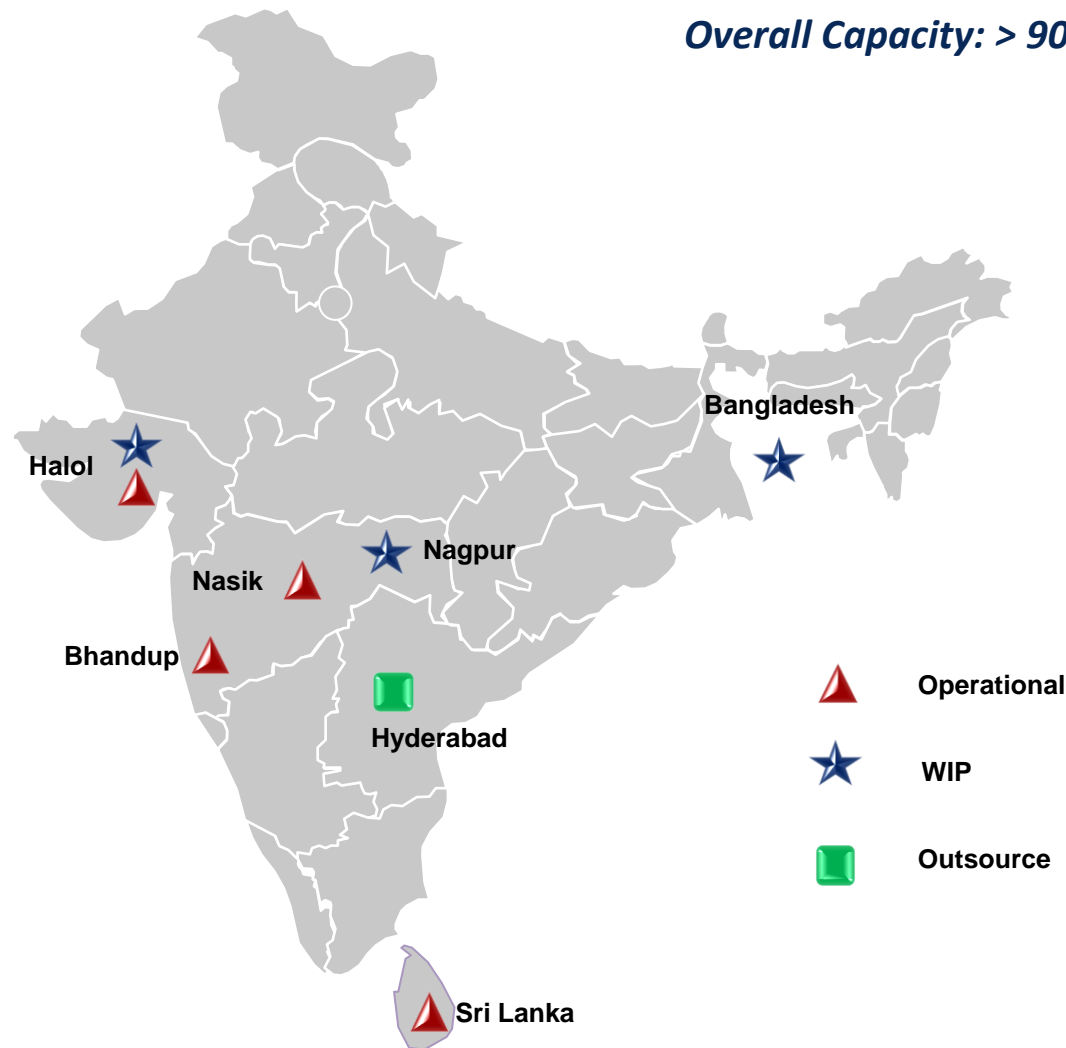
**Senior Vice President
- Materials & Outsourcing**

CEAT: Board of Directors

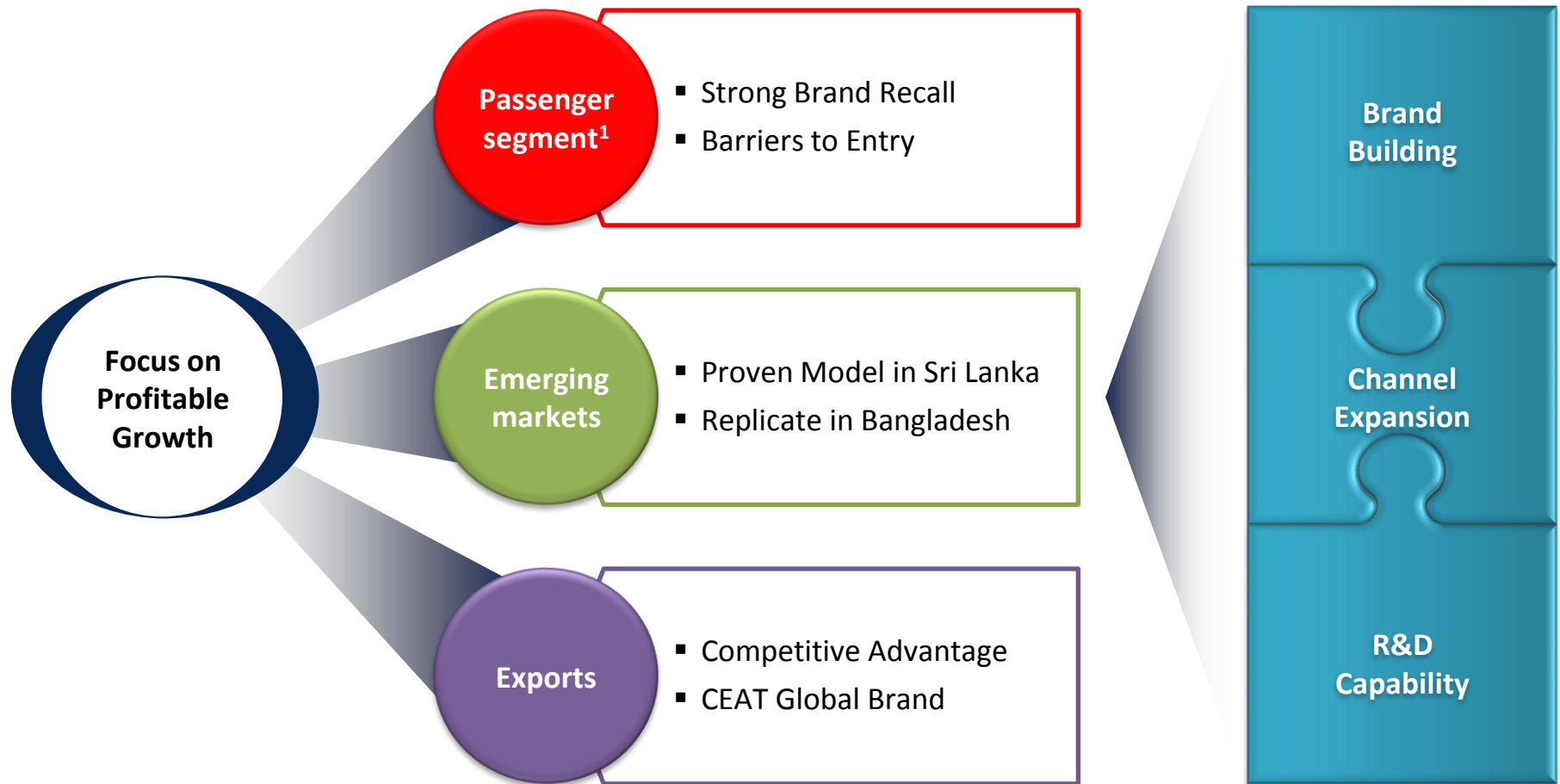
Name	Designation
Harsh Vardhan Goenka	Chairman
Anant Vardhan Goenka	Managing Director
Arnab Banerjee	Whole -Time Director
Hari L. Mundra	Non Executive Non Independent Director
Paras K. Chowdhary	Non Executive Non Independent Director
Atul C. Choksey	Non Executive Independent Director
Haigreve Khaitan	Non Executive Independent Director
Kantikumar R. Podar	Non Executive Independent Director
Mahesh S. Gupta	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

CEAT: Manufacturing Facilities

Overall Capacity: > 900 MT / day



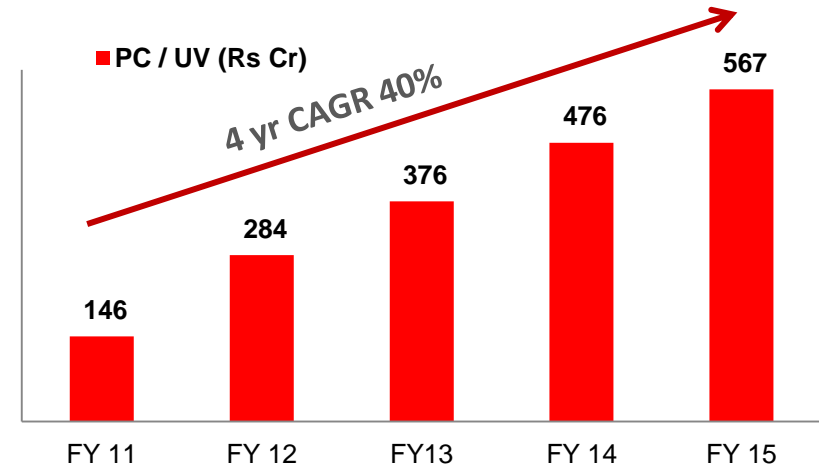
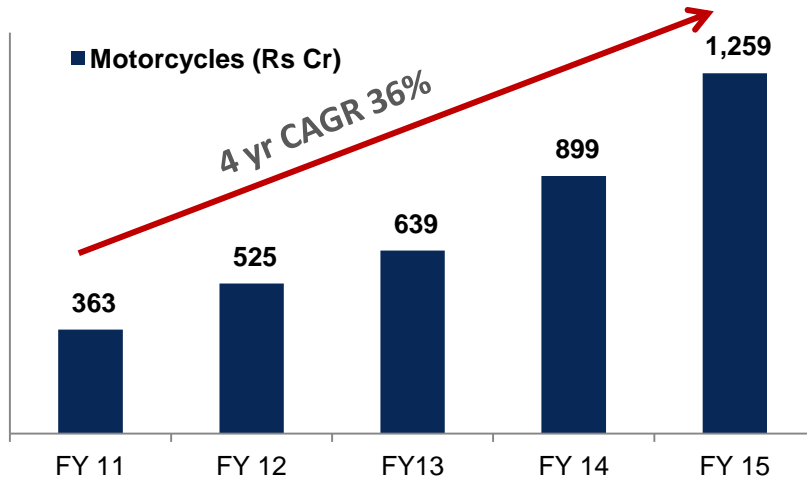
CEAT: Strategic Drivers



Effective Implementation of Business Strategy resulting in Improved Profitability

CEAT: Passenger Segment Overview and Strategy

Revenue

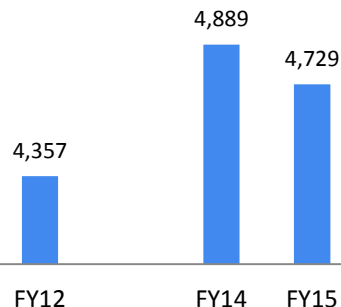


- Achieved consistent & higher growth in both the 2 Wheeler as well as PC + UV categories
- Partner of choice for many 2 Wheeler OEMs
- Increased share of business with leading passenger car OEMs
- Aim to further strengthen position by building brand loyalty through
 - Product innovations and differentiated customer services
 - Brand penetration
- Optimum mix of in-house vs outsourced production

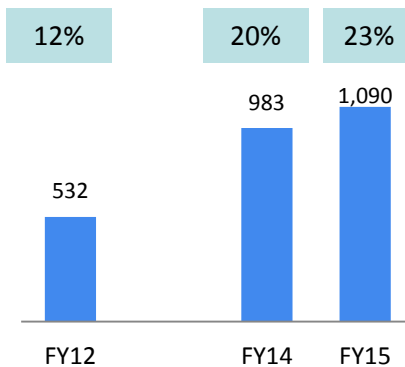
CEAT: Emerging Markets Overview and Strategy

Sri Lanka

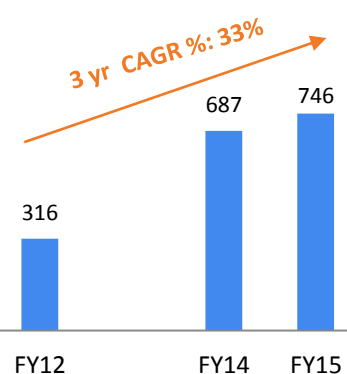
Revenue
(SL Rs mn)



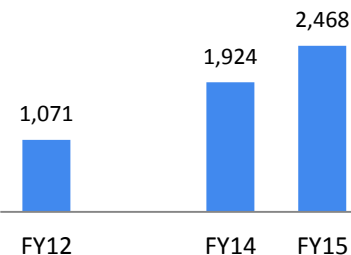
EBITDA¹ (SL Rs mn) &
EBITDA Margin (%)



PAT
(SL Rs mn)



Net Worth
(SL Rs mn)



- 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
- 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: Creating Strong Brand Equity



"Be Idiot Safe"



"Tubeless Bike tyre"



Well targeted ad campaigns resulting into higher brand recall

CEAT: Pan India Distribution Network



**17 warehouses
including
distribution
centers**



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

**3,500+
Dealers**



**189 CEAT
Hubs for
truck tyres**



Other Initiatives

Direct coverage of the 2 wheeler market by establishing two step distribution network, which reaches mechanic level shops as well

CEAT: Investing in Research & Development

- State of the art R&D facility set up in Halol plant in 2011
- Introduced around 100 new products/ variants in FY15
- 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
- Capabilities include 3D modeling and prototyping, tyre building, nanotechnology, structural and noise simulations amongst others
- First company amongst the major tyre players to launch tubeless tyres in the commuter motorcycles segment

Recent Product Launches



GRIPP



DHOOM Series



CZAR

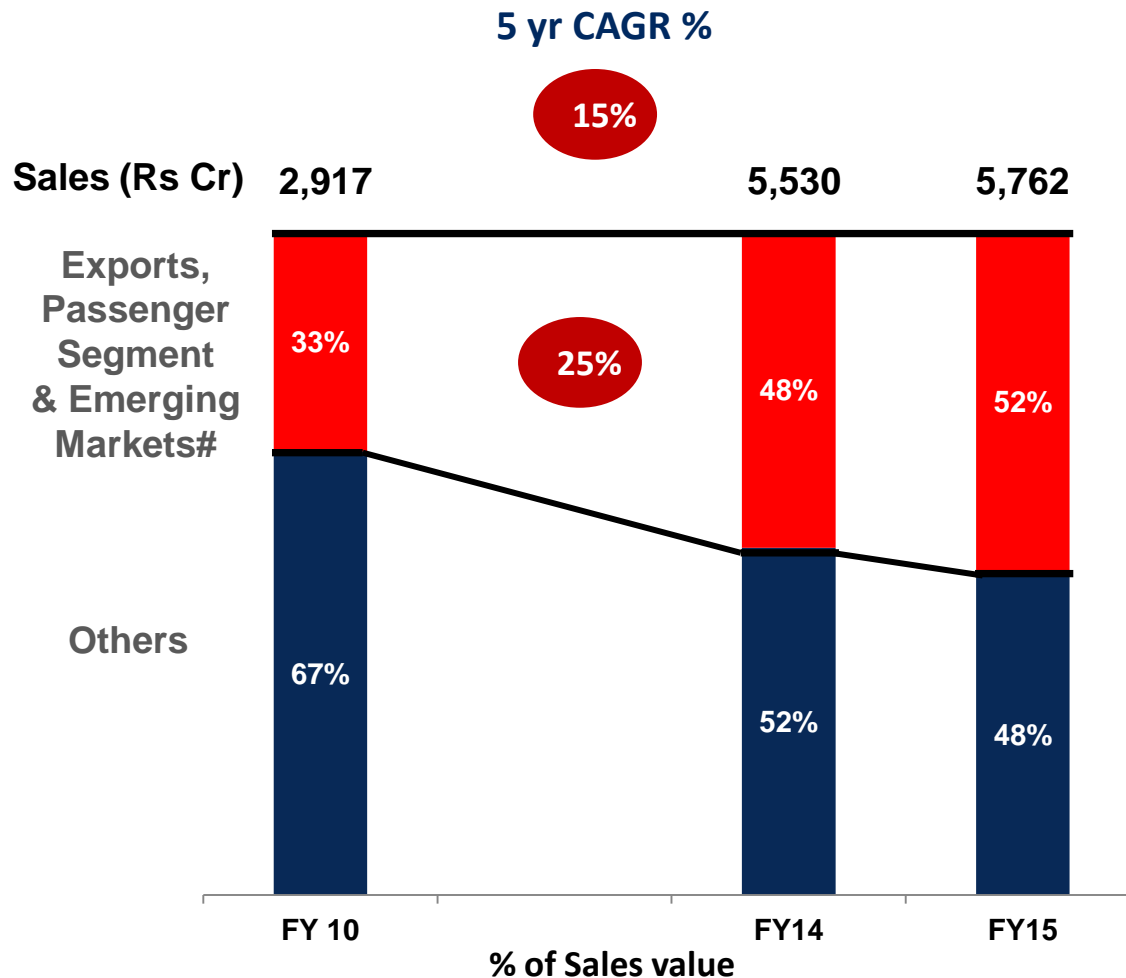


MILAZE

CEAT: Increasing OEM Presence



CEAT: Growing Profitable Markets and Product Mix

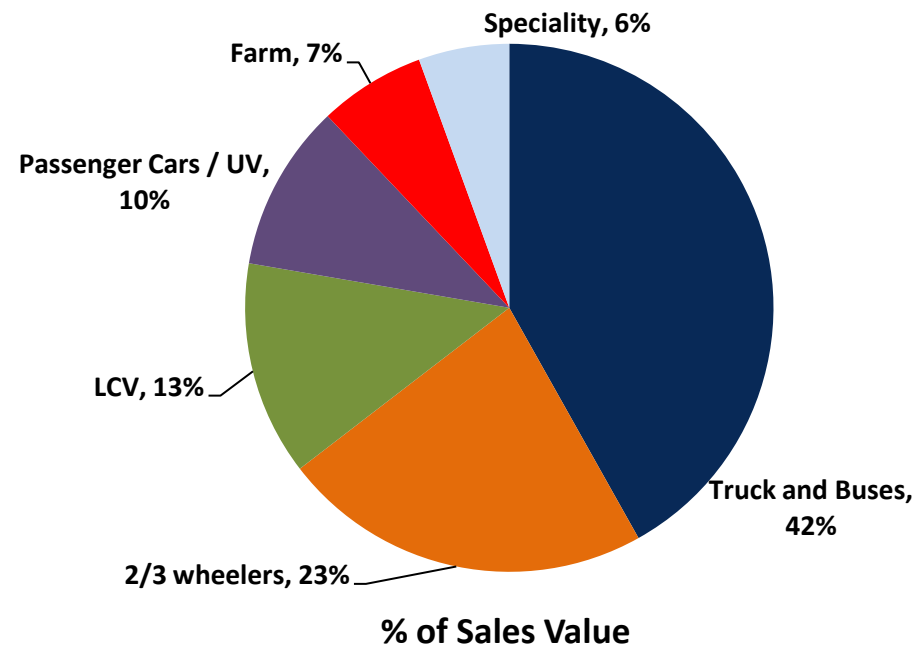


“Strategic Focus Areas”

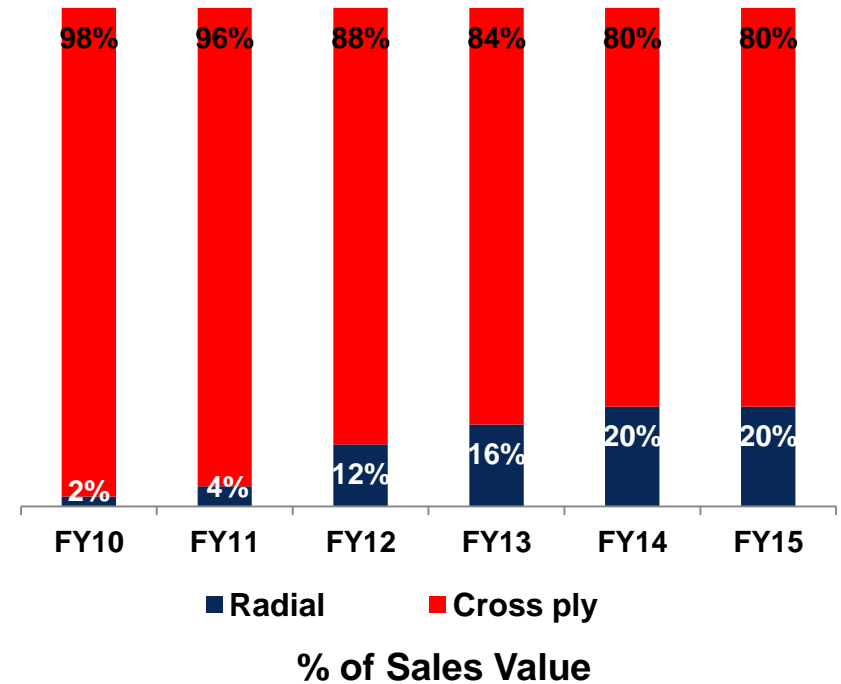
- Higher margin business
- Contributes 52% sales for FY15 compared to 33% in FY10
- Growing at higher rate of 25% CAGR

CEAT India: Product & Technology Mix

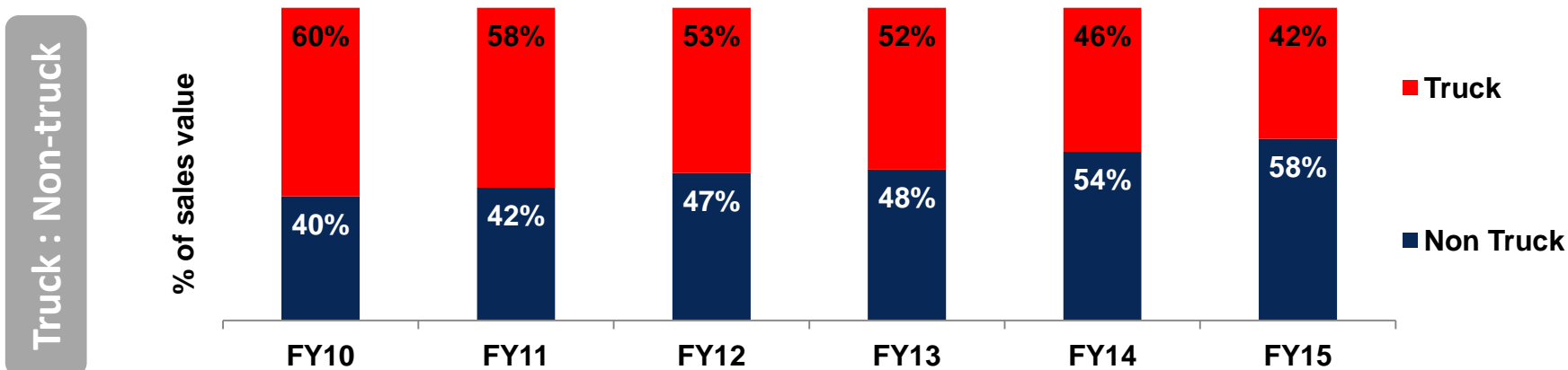
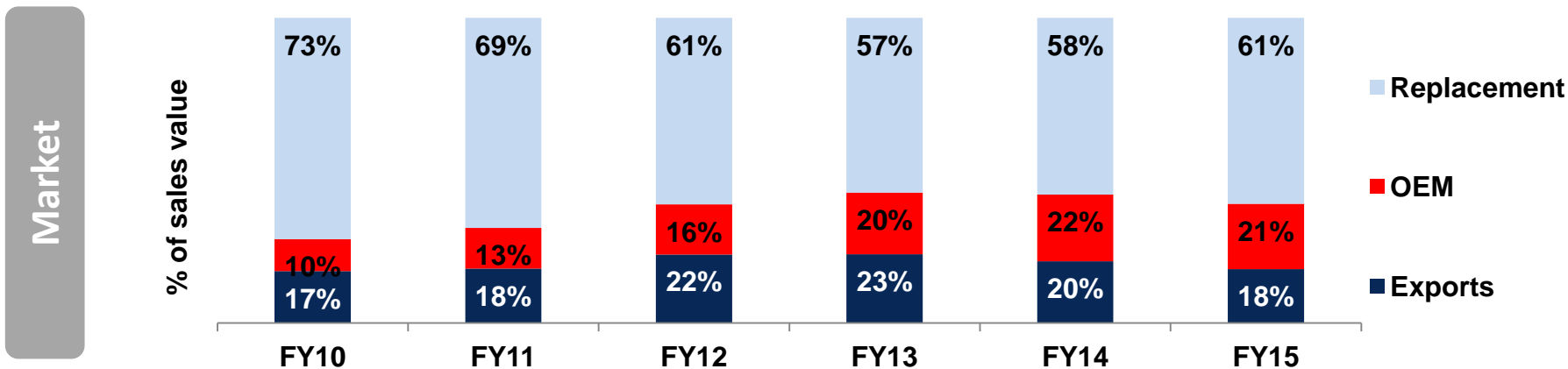
FY15 Product break-up



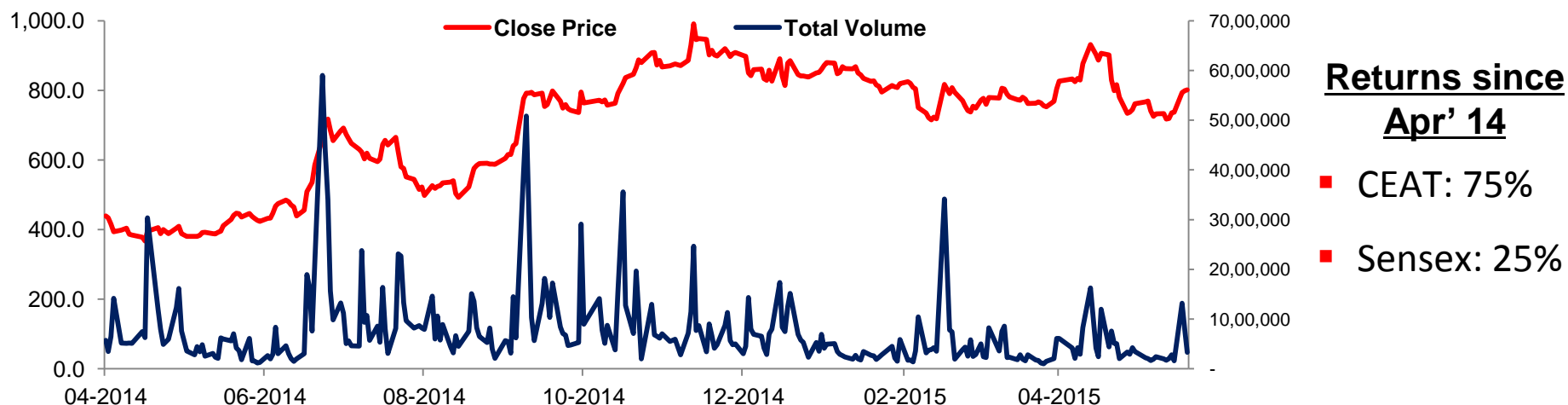
Radial & Cross ply[#]



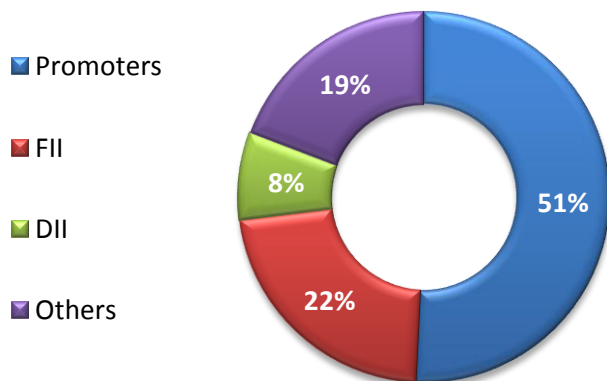
CEAT India: Market segments



CEAT: Equity Shareholding & Price trends



Mar 31, 2015 Shareholding Pattern



Market Information

- Market Price (May 22): Rs 767/share
- Face Value : Rs 10/share
- Market Cap (May 22): Rs 3,104 Cr
- Net Worth: Rs. 1,682 Cr

CEAT: Table of Contents



RPG Group Snapshot



CEAT Overview & Strategic Drivers



CEAT Financial Results

CEAT Consolidated: Q4 FY15 Key Highlights

Q4FY15 v/s Q4FY14 (Y-o-Y)

- 4% Volume growth
- EBITDA% up 170 bps at 12.8%
- Finance cost at Rs 29 cr compared to Rs 40 cr (down by Rs 11 Cr)
- PBT stands at Rs 135 cr compared to Rs 93 cr

Q4FY15 v/s Q3FY15 (Q-o-Q)

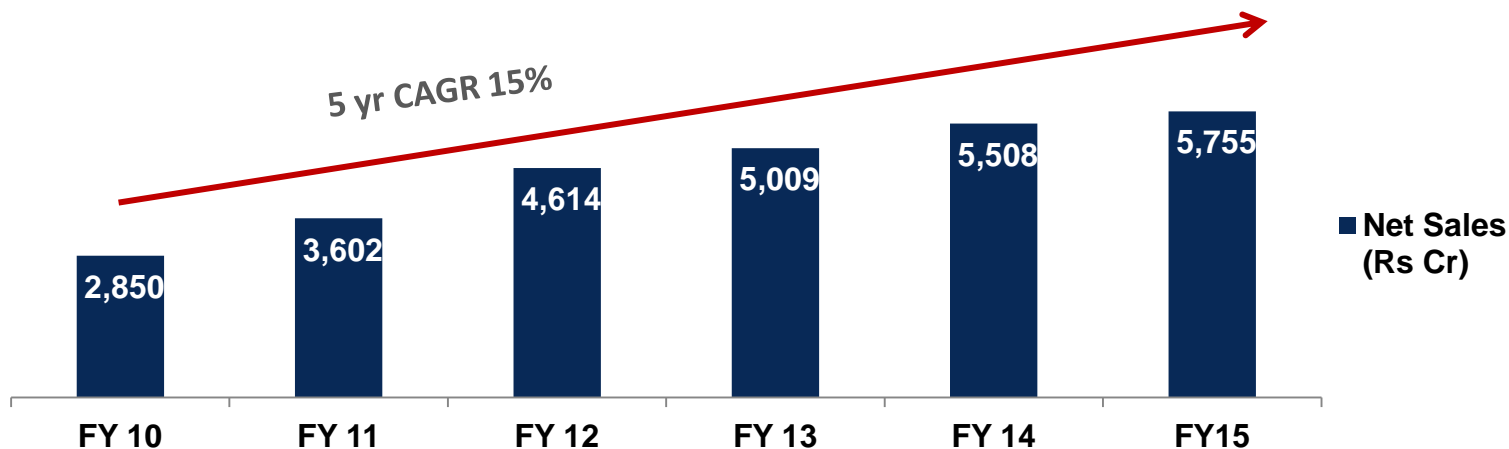
- 5% Volume growth
- EBITDA% down 20 bps
- Finance cost at Rs 29 cr compared to Rs 31 cr (down by Rs 2 cr)
- PBT stands at Rs 135 cr compared to Rs 132 cr

Total D/E down to 0.46x compared to 1.14x YoY

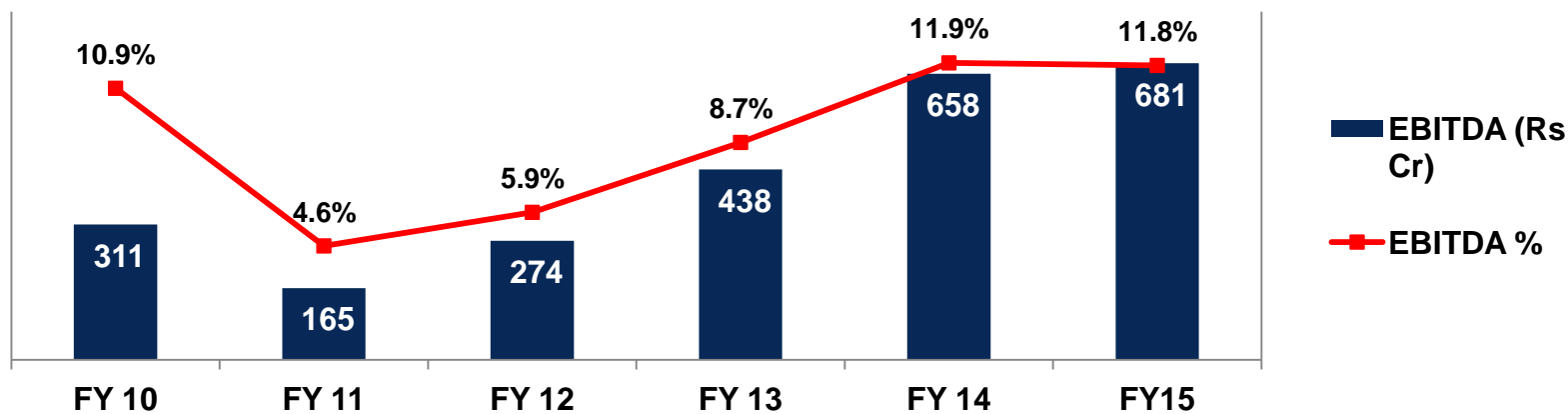
Dividend declared at 100%, Rs 10/- per share

CEAT Consolidated: Financials

Revenue growth

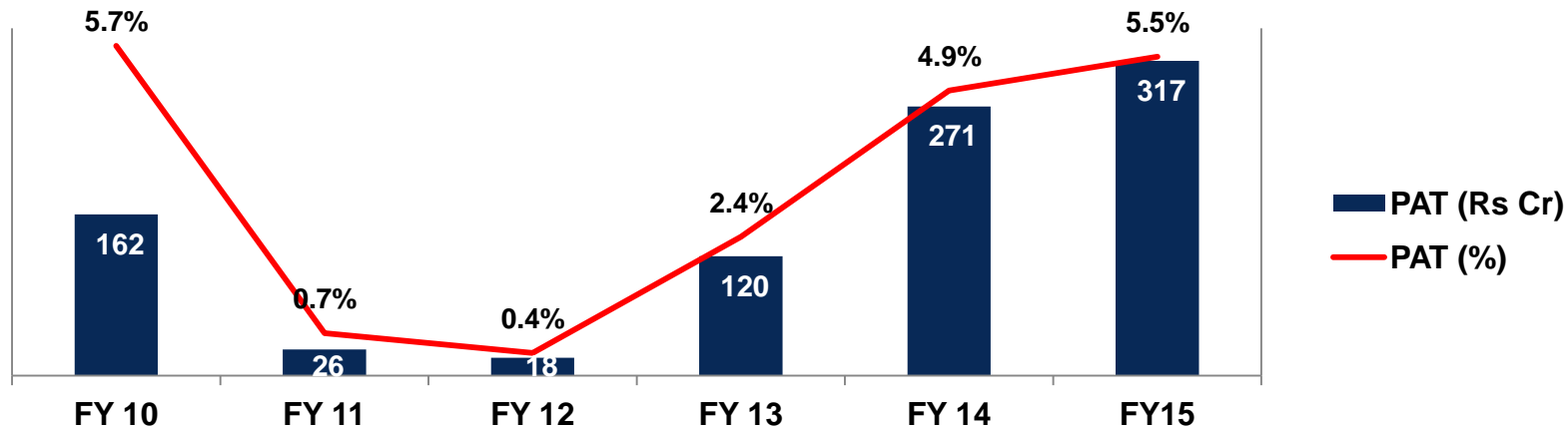


Margin trends

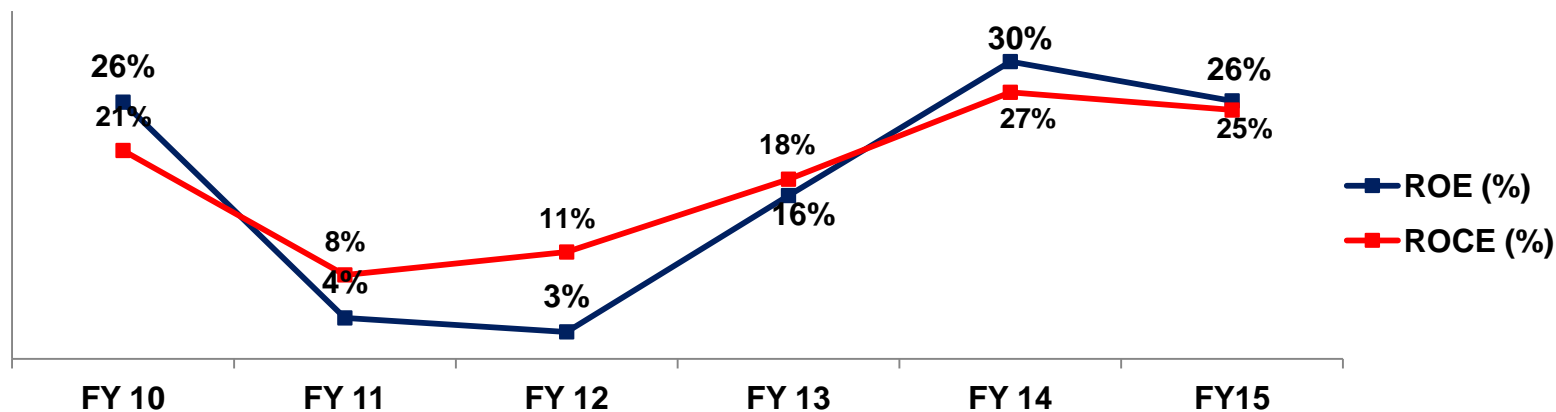


CEAT Consolidated: Financials

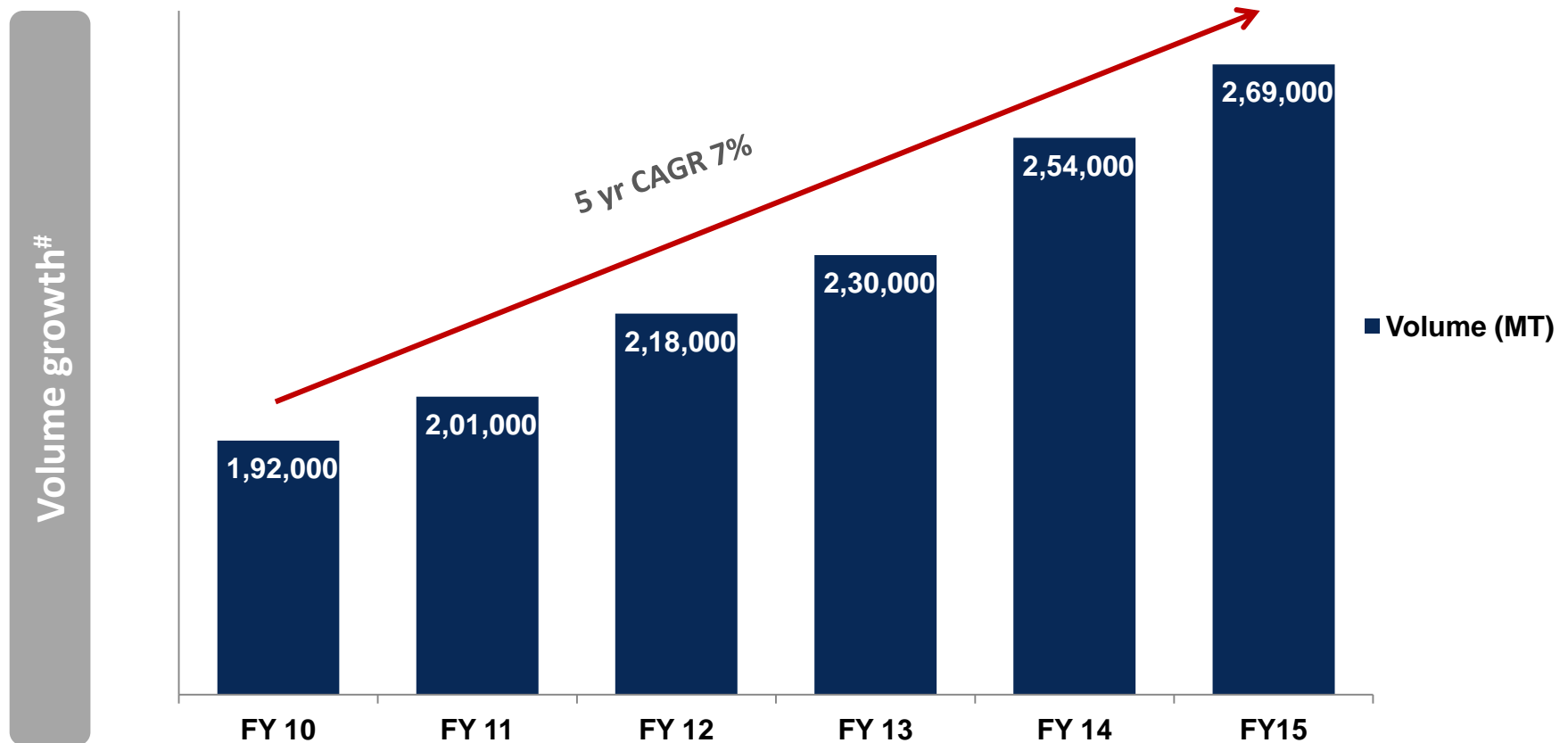
PAT trends



Return Ratios



CEAT Consolidated: Financials



CEAT Consolidated: Financials

Parameter	Rs cr				
	Q4FY14	Q3FY15	Q4FY15	FY14	FY15
Net Sales	1,444	1,410	1,466	5,508	5,755
Growth (YoY)	-	-	1.5%	-	4.5%
Growth (QoQ)	-	-	4.0%	-	-
EBITDA	160	183	187	658	681
Growth (YoY)	-	-	16.7%	-	3.5%
Growth (QoQ)	-	-	2.0%	-	-
EBITDA (%)	11.1%	13.0%	12.8%	11.9%	11.8%
PAT	62	89	94	271	317
EPS (Rs.) (Basic)	17.4	23.7	23.4	76.6	84.8
Net Worth	1,029	1,637	1,682	1,029	1,682
Debt	1,174	882	775	1,174	775
D/E (x)	1.1	0.5	0.5	1.1	0.5
No of shares (cr)	3.6	4.0	4.0	3.6	4.0
B/V (Rs.)	286	406	416	286	416

CEAT India: Q4FY15 YoY Analysis

Rs Cr

Parameter	Q4FY14	Q4FY15	YoY	Remarks
Net Sales	1,396	1,417	1.5%	Higher volume growth of 5%
Raw Material	924	842	-8.8%	Lower RMC
Gross margin	472	575	21.8%	
Gross margin %	33.8%	40.6%	680 bps	
Employee	69	97	39.8%	Higher gratuity & other provisions incl LTS
Other Expenses	259	315	21.5%	Higher Ad spends & conversion costs
EBITDA	156	180	15.9%	
EBITDA %	11.2%	12.7%	150 bps	Lower RMC with higher employee costs & opex
Finance Cost	40	29	-27.6%	Reduction in borrowings & lower rates
Depreciation	21	22	7.6%	
Operating PBT	95	129	35.9%	
Exceptional expense	10	6	-38.9%	Higher VRS expenses in Q4 FY14
Non-Operating income	4	6	55.3%	
PBT	89	129	44.3%	
PAT	59	89	52.7%	
Volumes (mt)	62,600	65,600	4.8%	

CEAT India: Q4FY15 QoQ Analysis

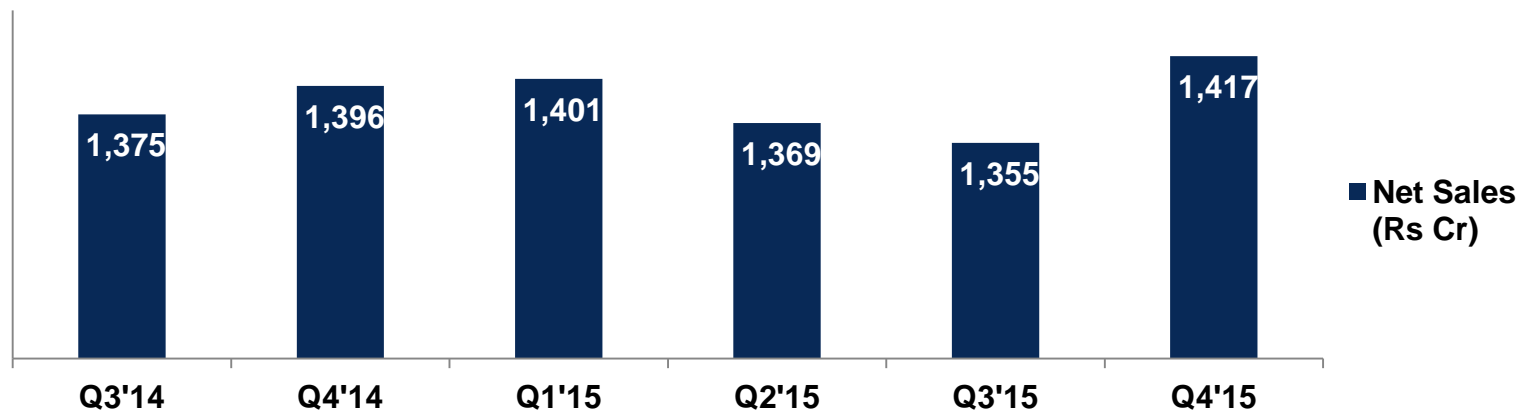
				Rs Cr
Parameter	Q3FY15	Q4FY15	QoQ	Remarks
Net Sales	1,355	1,417	4.6%	Higher volume growth of 7%
Raw Material	815	842	3.3%	Higher sales volume with fall in RM prices
Gross margin	540	575	6.6%	
Gross margin %	39.8%	40.6%	80 bps	
Employee	90	97	8.1%	
Other Expenses	290	315	8.7%	Higher Ad spends & conversion costs
EBITDA	171	180	5.6%	
EBITDA %	12.6%	12.7%	10 bps	
Finance Cost	31	29	-6.4%	
Depreciation	23	22	-4.2%	
Operating PBT	117	129	10.8%	
Exceptional expense	-	6	-	VRS expenses
Non-Operating income	5	6	32.8%	
PBT	122	129	5.9%	
PAT	81	89	10.9%	
Volumes (mt)	61,500	65,600	6.7%	

CEAT Sri Lanka: Q4 FY15 Analysis

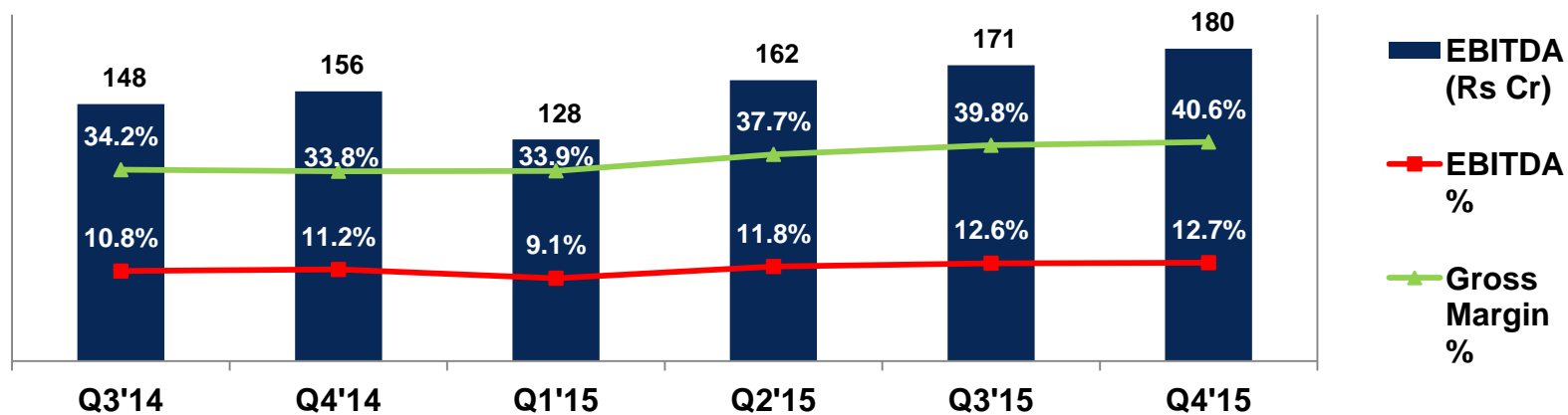
Parameter	Rs cr				
	Q4FY14	Q3FY15	Q4FY15	QoQ	YoY
Net Sales	110	114	99	-12.7%	-9.6%
EBIDTA	18	28	23	-19.0%	23.4%
Finance Cost	0	0	0	-53.3%	-
Depreciation	2	3	3	17.4%	73.0%
Operating PBT	16	25	19	-22.6%	17.3%
PBT	16	26	20	-23.4%	18.7%
PAT	16	21	15	-29.4%	-9.3%
EBITDA %	16.6%	24.5%	22.7%	-180 bps	610 bps
Volumes (mt)	4,010	4,190	3,580	-14.6%	-10.6%

CEAT India: Financials

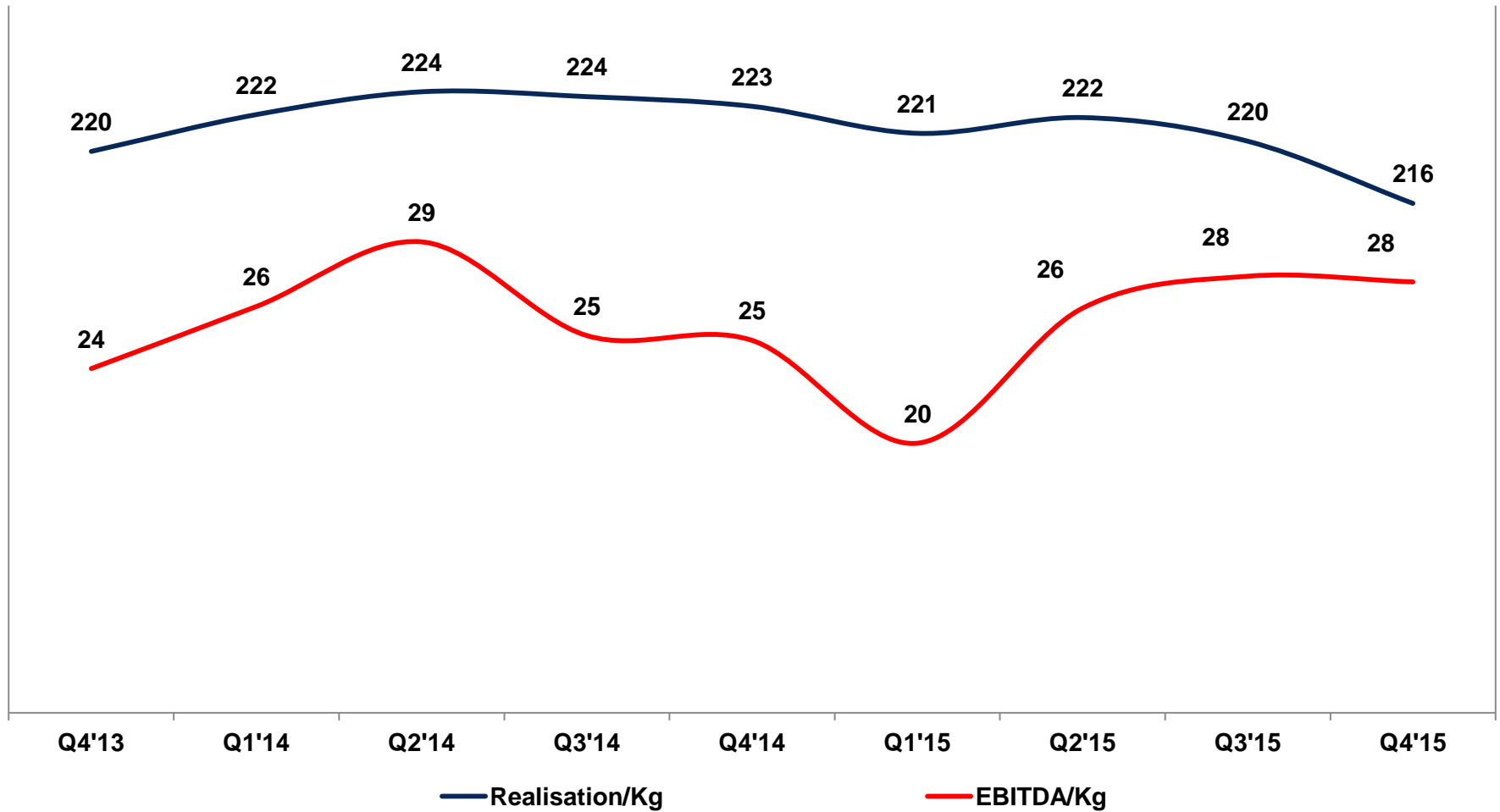
Sales



Margin trends



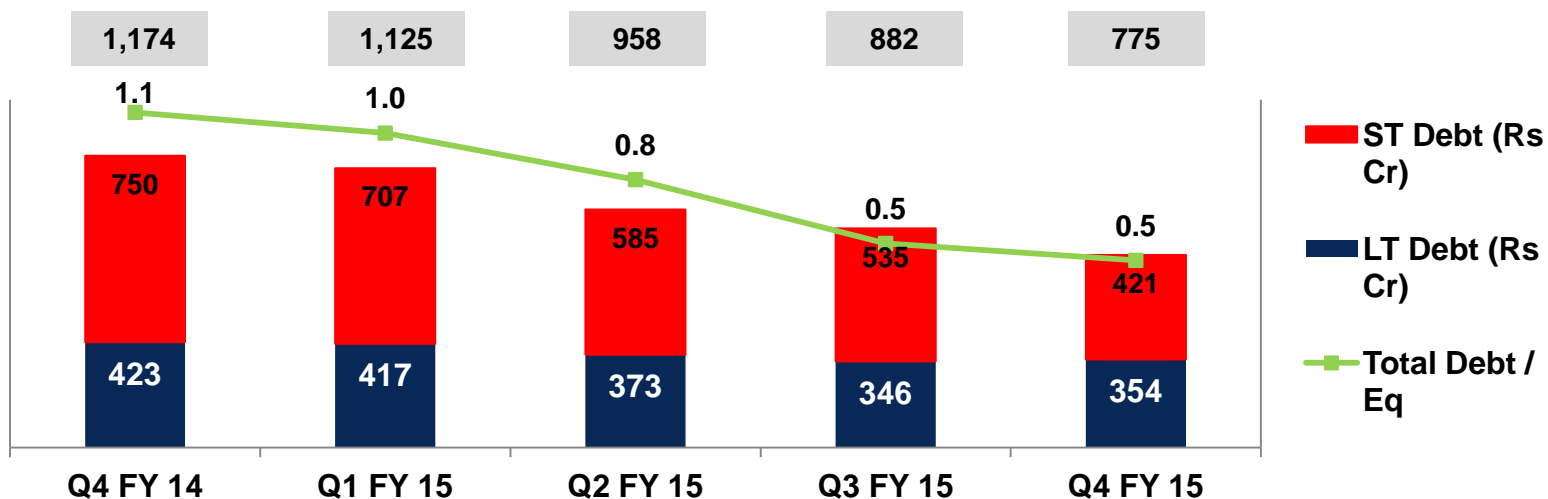
CEAT India: Realization and EBITDA Trend



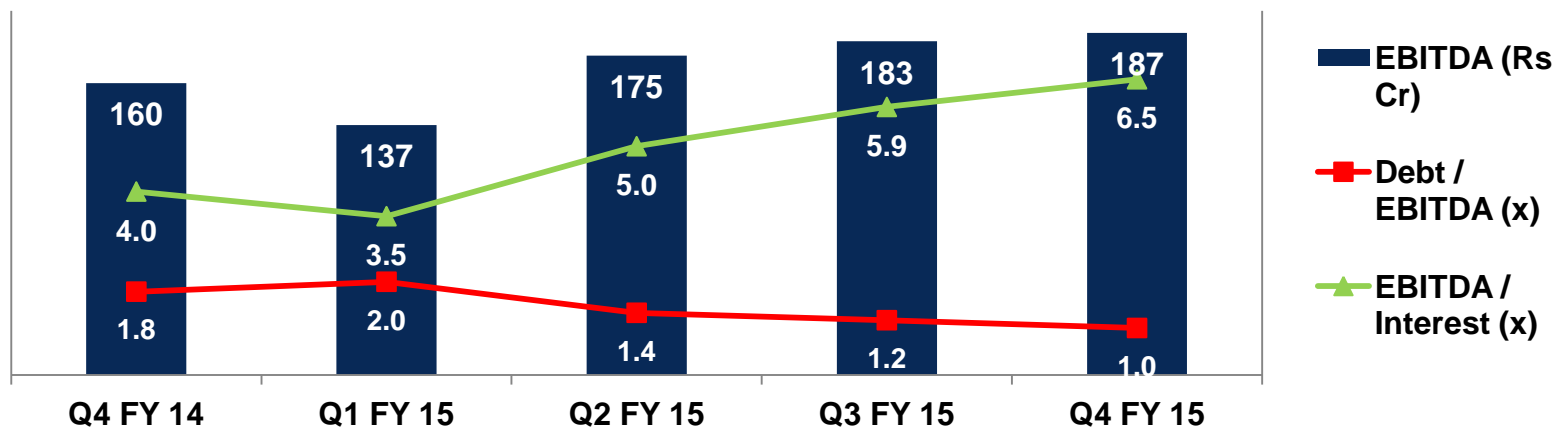
CEAT Consolidated: Debt Profile

Total Debt
(Rs Cr)

Debt breakup



Leverage ratios



THANK YOU