



PROFITABLE GROWTH IN
UNCERTAIN TIMES



Q2 FY14 – Investor Presentation
October 28, 2013



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I. RPG Group Overview

RPG Group Overview

\$3 bn Global & diversified Indian business group

Presence in key
sectors of economy

CEAT



TYRE

KEC



INFRASTRUCTURE

ZenSar
TECHNOLOGIES



IT



SPECIALITY

PHARMA



PLANTATIONS



POWER / TELECOM
ANCILLARY



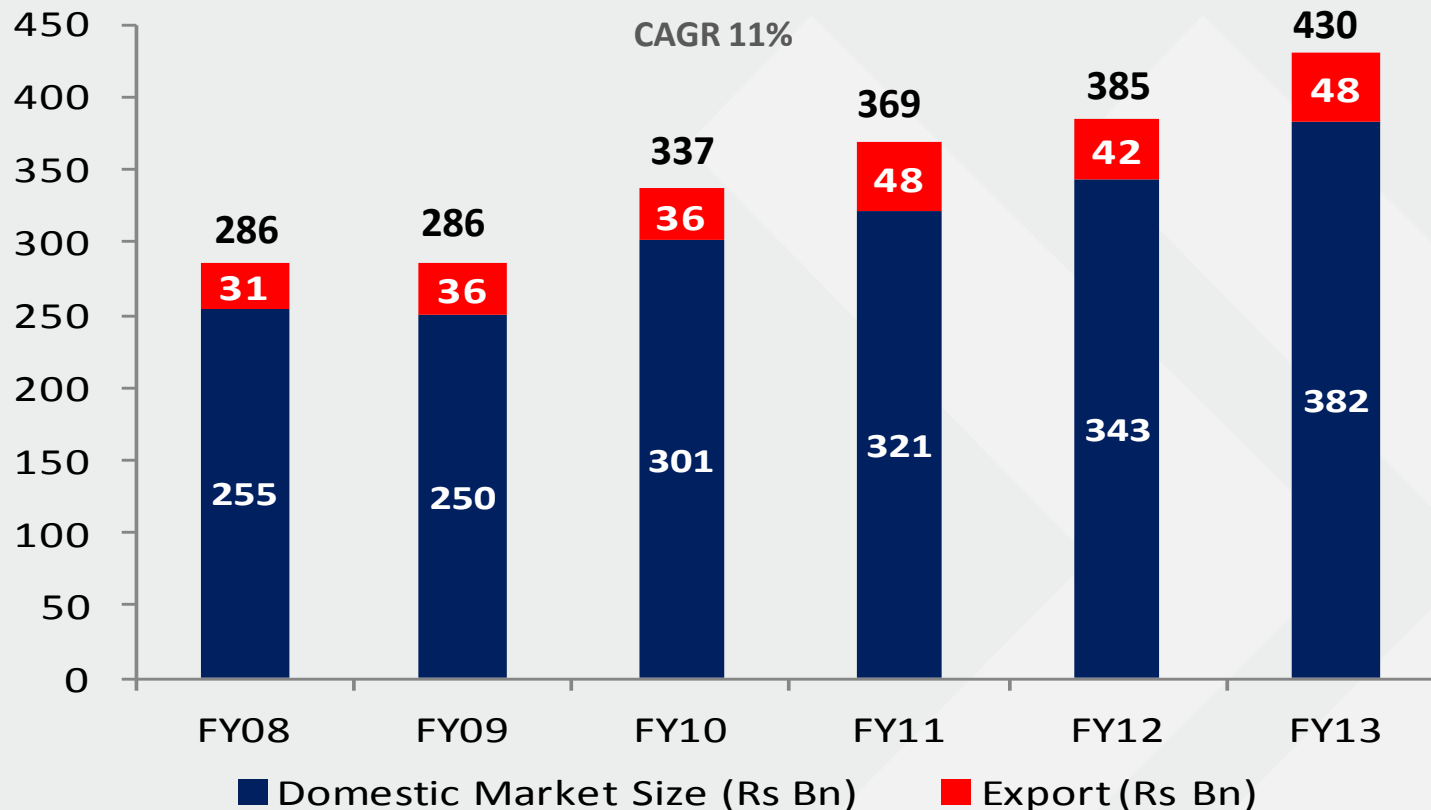
RPG Group Overview

- Established in 1979, is one of India's leading business group with a turnover of Rs. 17,000 crores and 20,000+ employees
 - About 45% of turnover comes from global businesses
 - Operations spread across the globe in over 100 countries
- Group revenue doubled in last 4 years from Rs 8000 cr to Rs 17000 cr
 - Revenue grew by 20% while PAT grew by 17% CAGR in the last 4 years
- Invested over Rs 1,100 cr in capacity expansion in last 3 years & Rs 800 cr in Strategic Acquisitions (Akibia & SAE Towers)



II. Tyre Industry Overview

Indian Tyre Industry Growth



- Consistent growth over last 6 years
- Less cyclical compared to OEMs sales volume due to high replacement demand

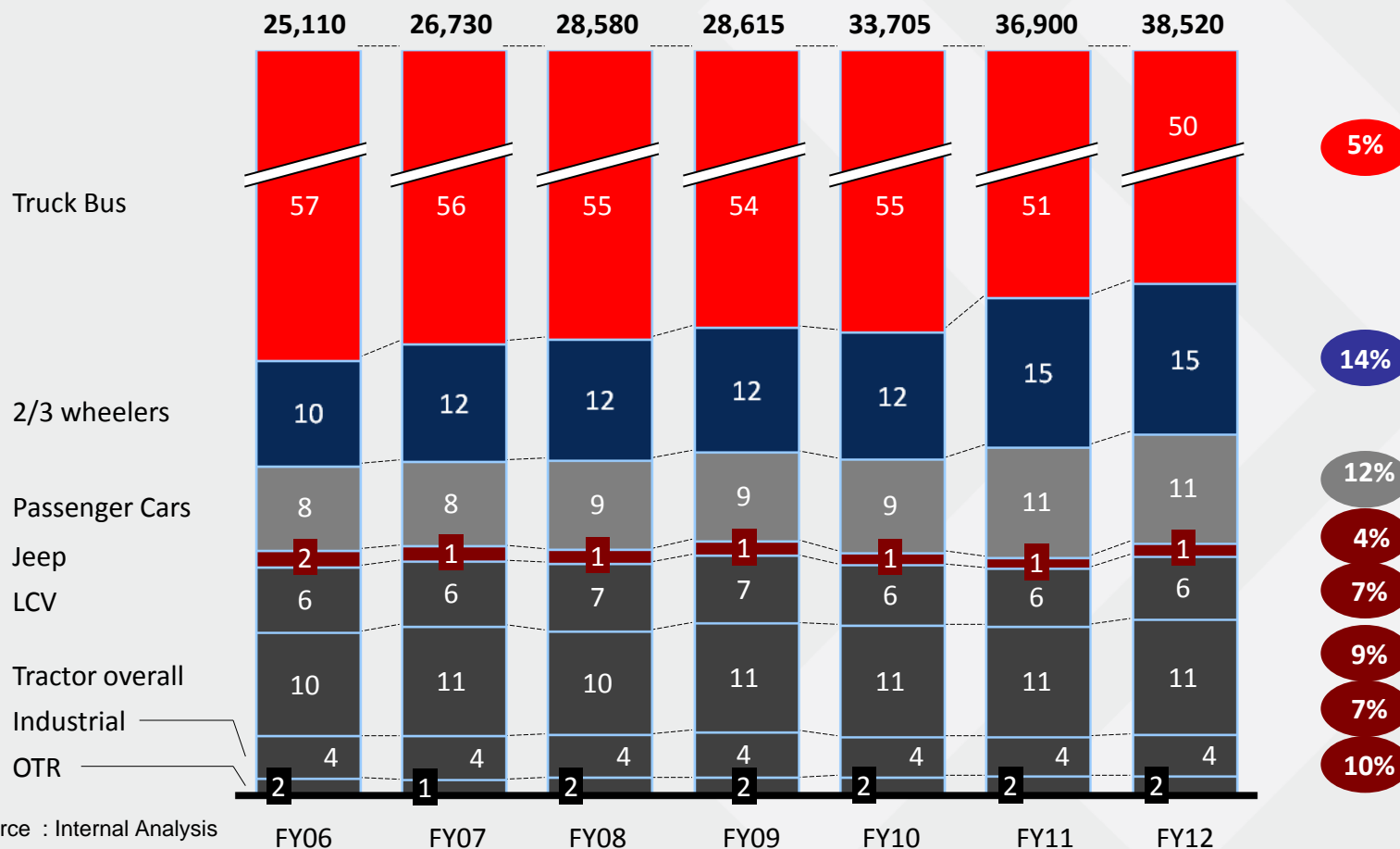
Source : ATMA, CRISIL



Industry product mix is slowly shifting towards passenger segments; however T&B still ~50% of the market

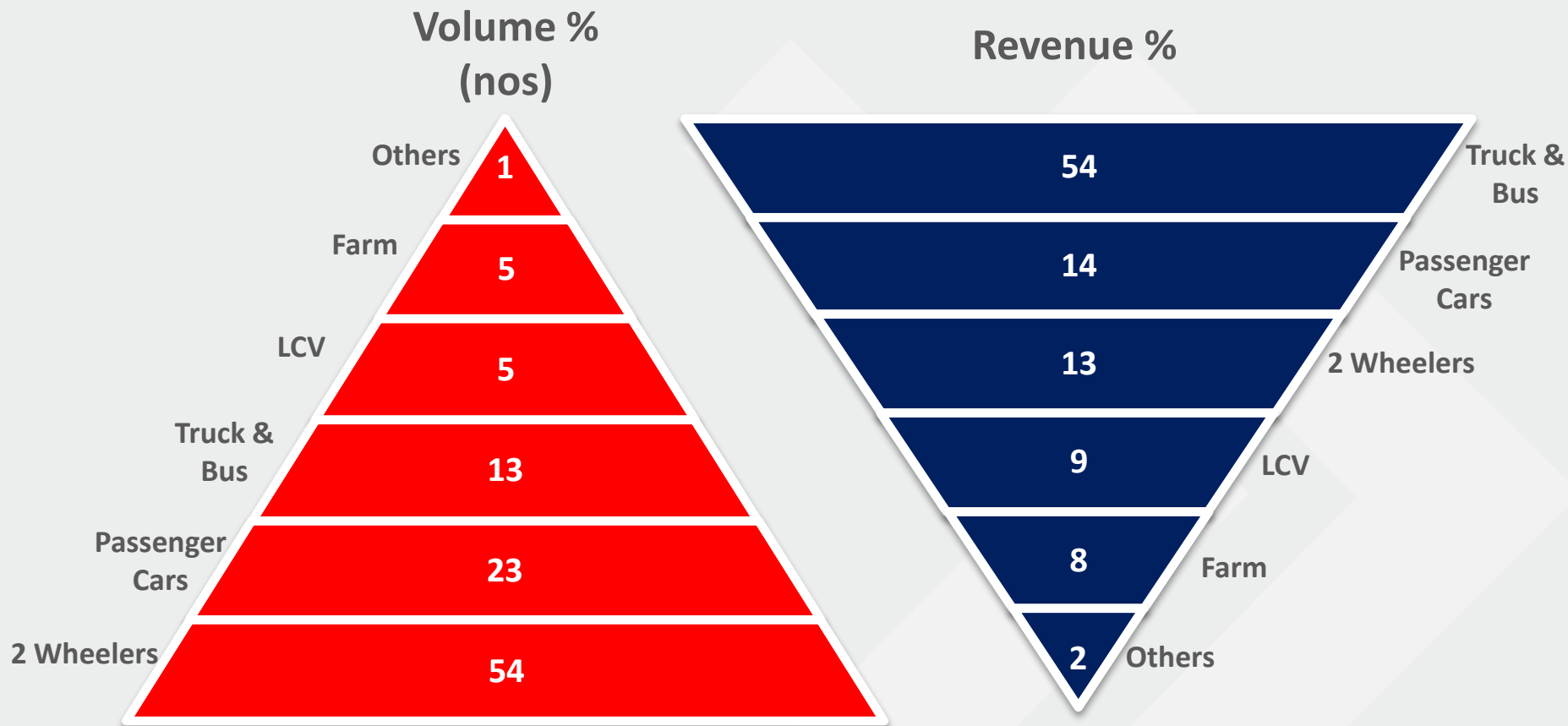
Sales growth and split of tyres – All India
` crore, %

Historical
CAGR





Industry: Segmental volume and revenue contribution

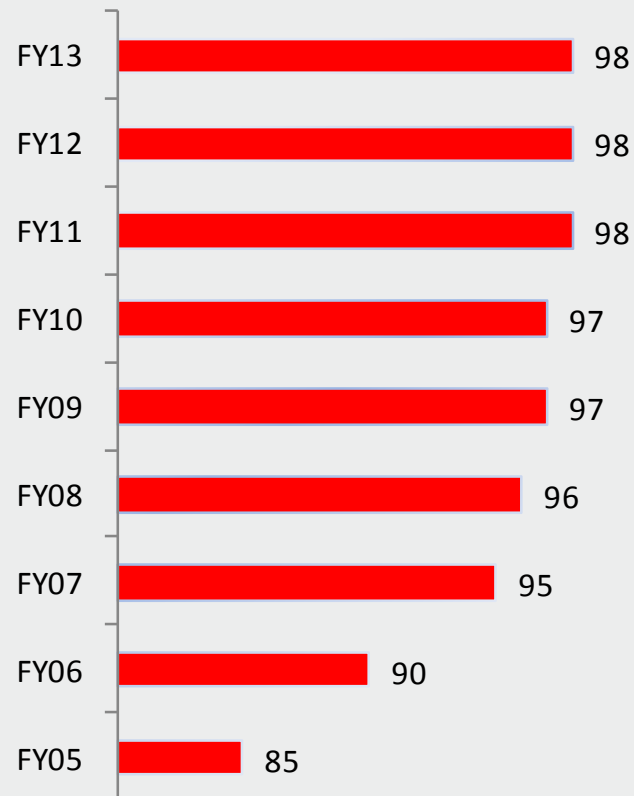


Over 50% of the revenue contributed by Commercial segment

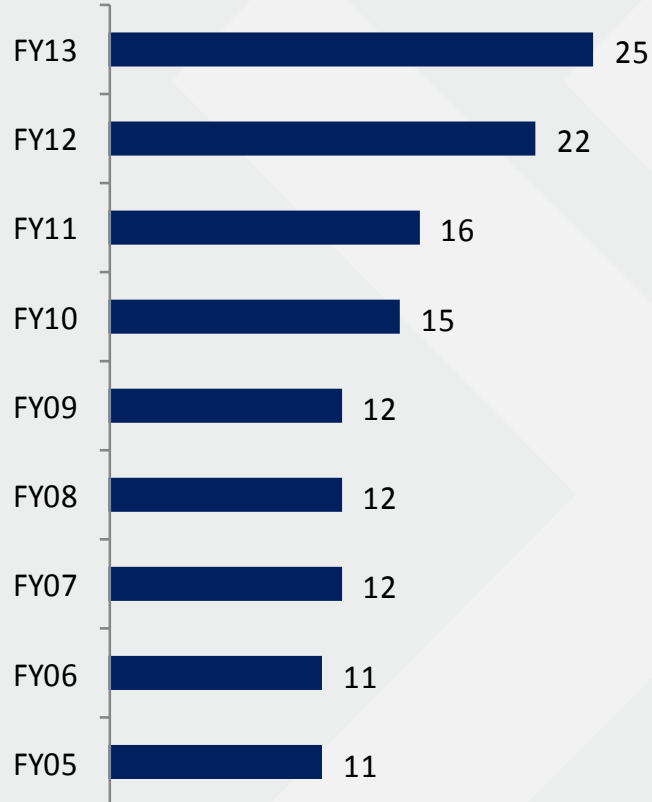
Source : ATMA, Internal Analysis

Radialisation Trend in India

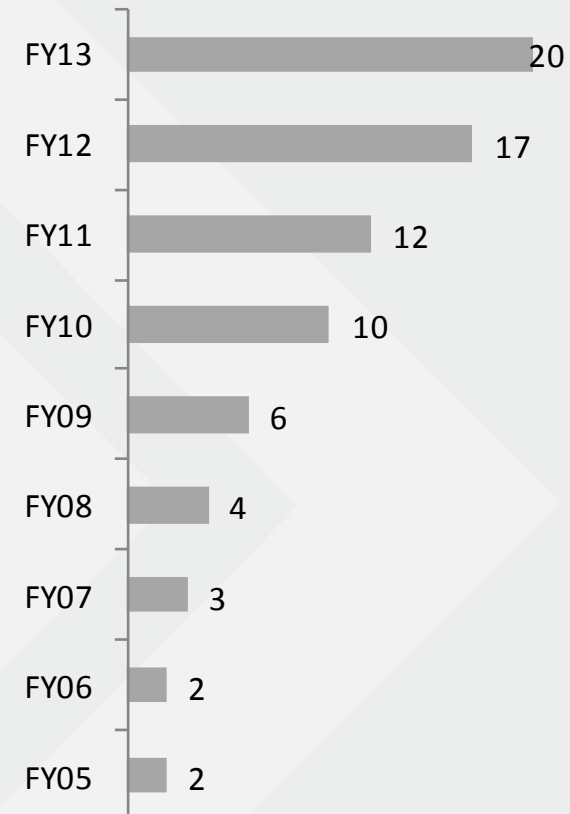
Passenger Cars



LCV



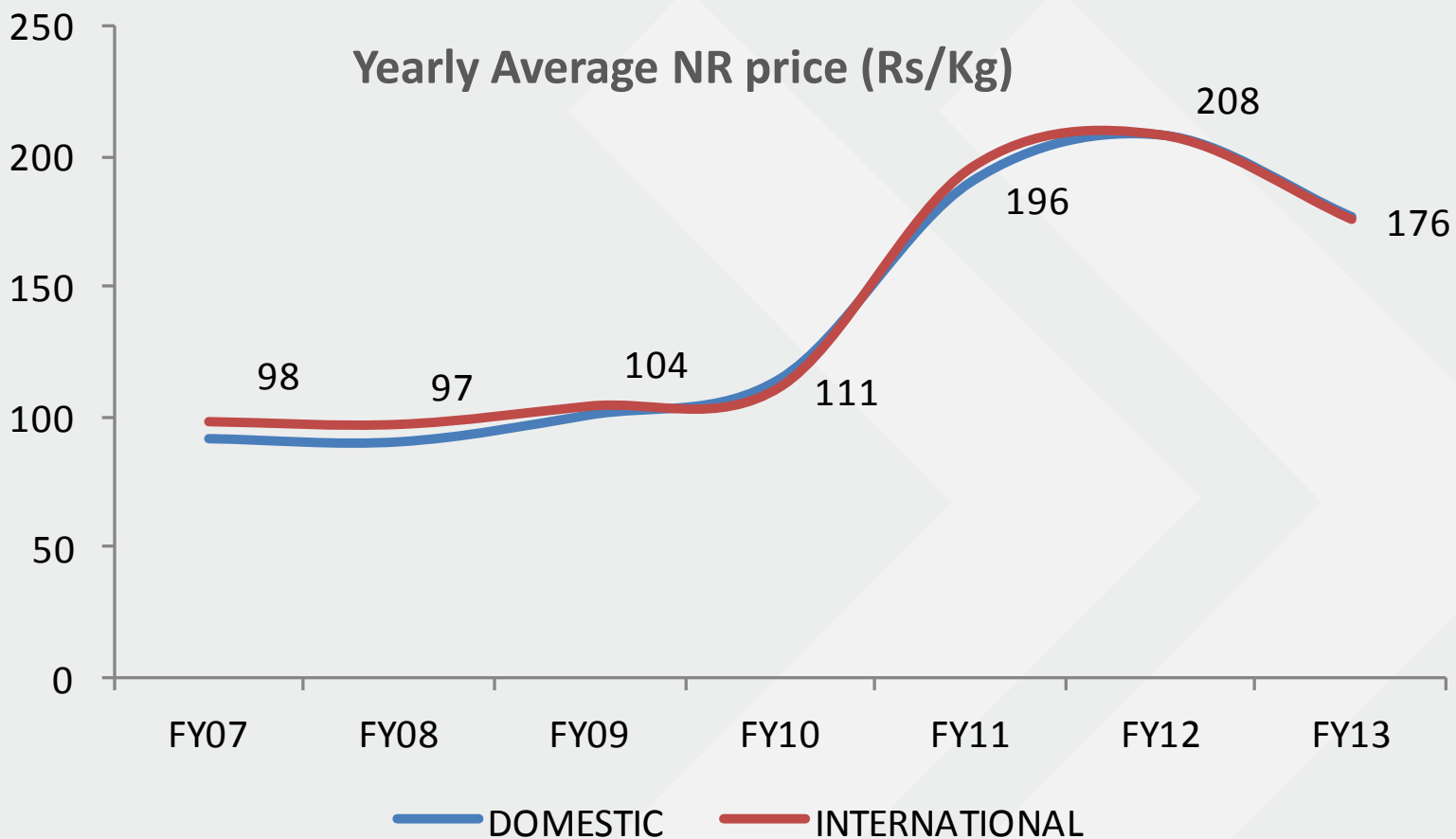
Truck & Bus



Truck and Bus Radialisation to reach 40% in 3-4 years

Source : ATMA, Internal Analysis

>> Natural Rubber price trend



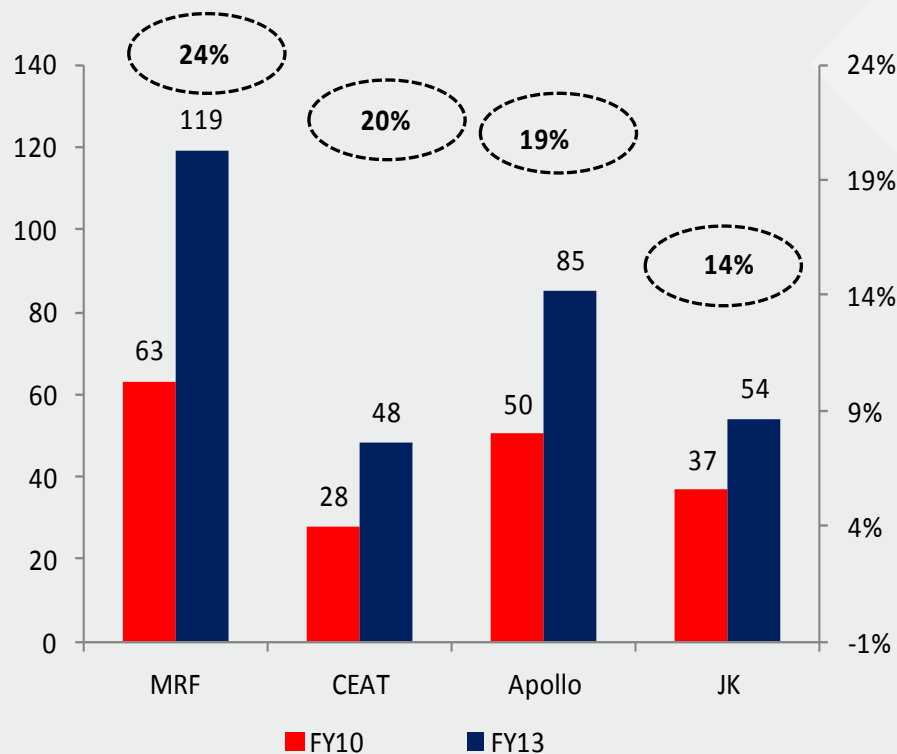
Natural Rubber prices have followed a stable trend, except in FY11

Source : Rubber Board

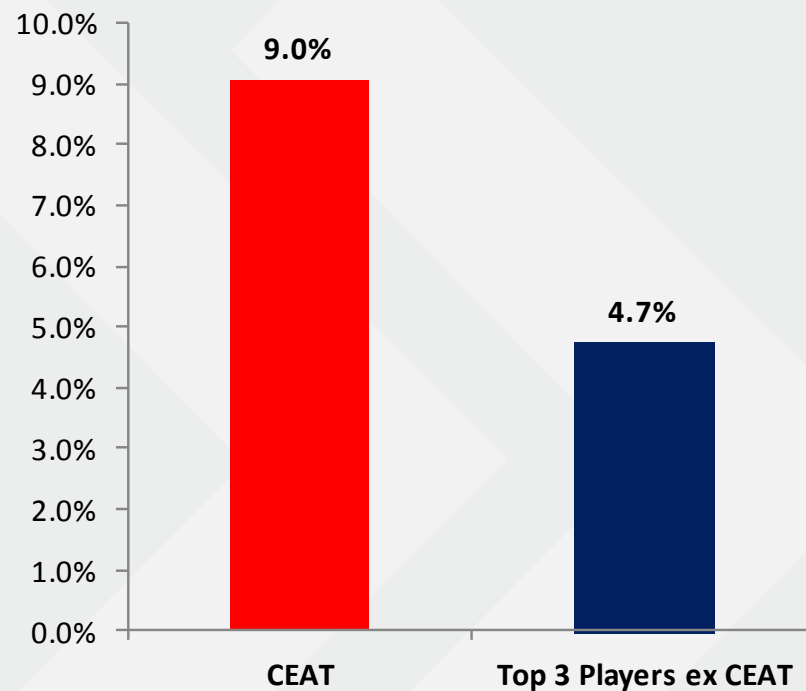


Key Players in the Indian Tyre Industry

Net Sales (Rs Bn) / 3 yr CAGR %



FY 13 YoY Sales growth



**CEAT 2nd fastest growing company in last 3 years;
Fastest growing in FY13**



III. CEAT Overview

CEAT Limited : Business profile

India's leading tyre company with over **50** yrs of presence

Exports to over **110+** countries

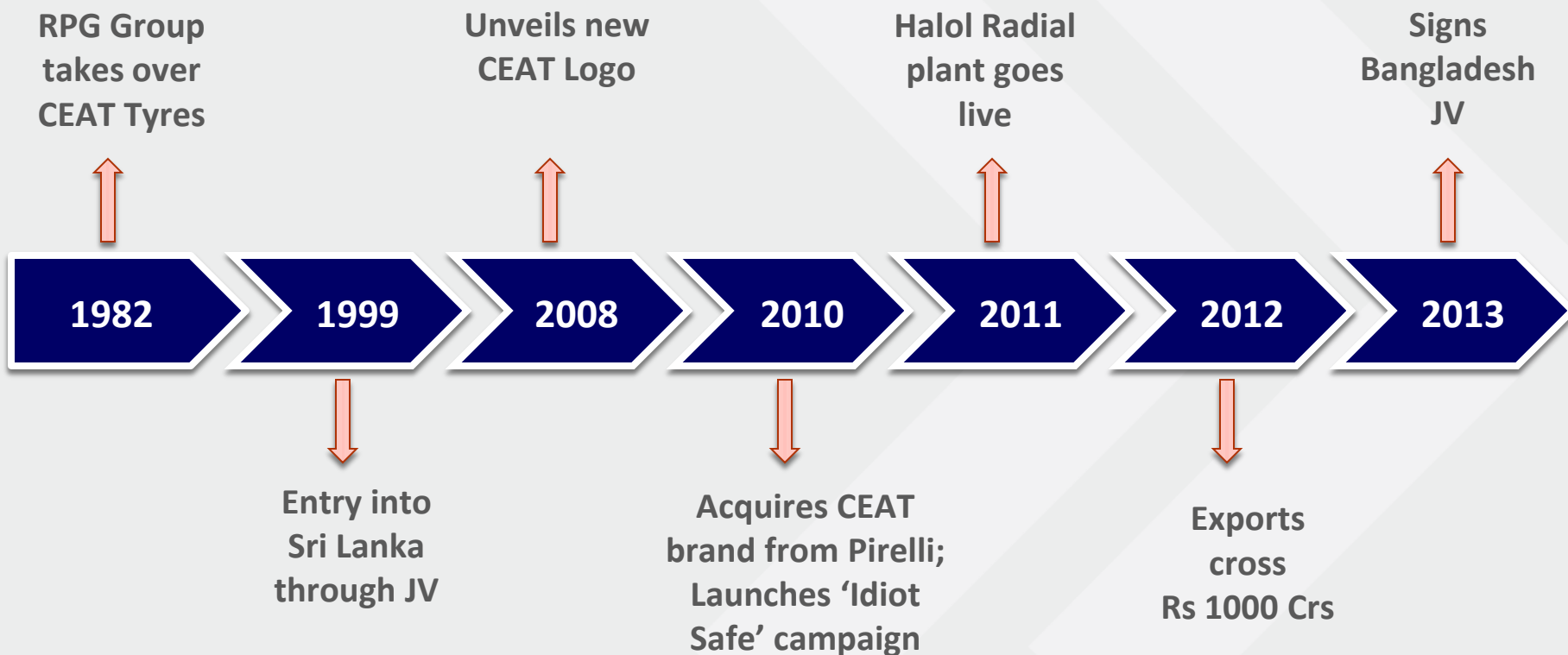
#1 player in Sri Lanka in terms of market share

Distribution Network : **3500+** dealers, **300+** exclusive CEAT franchisees

3 Manufacturing plants - Mumbai, Nasik & Halol

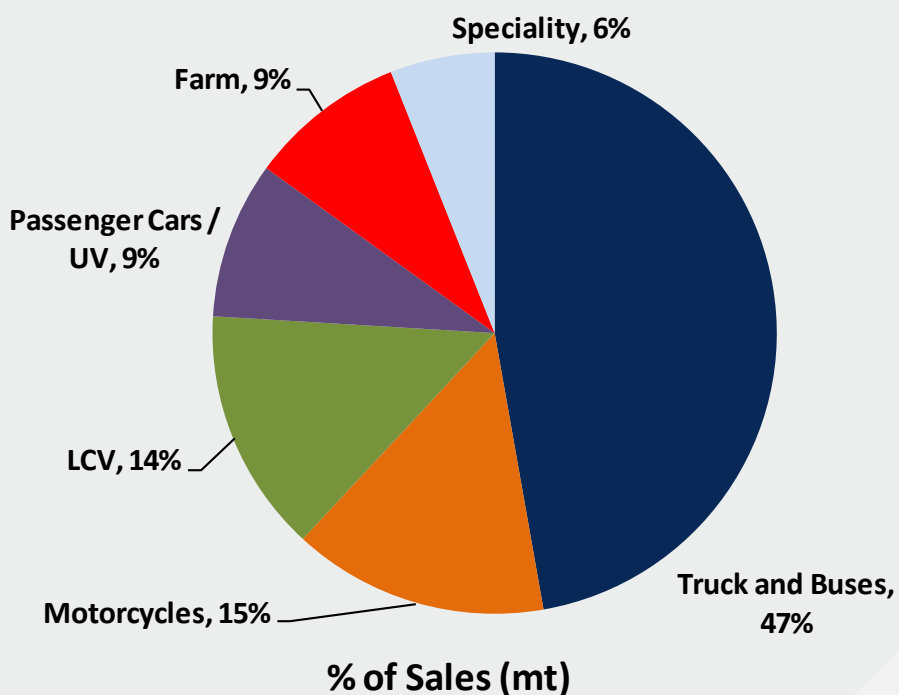


Key Milestones

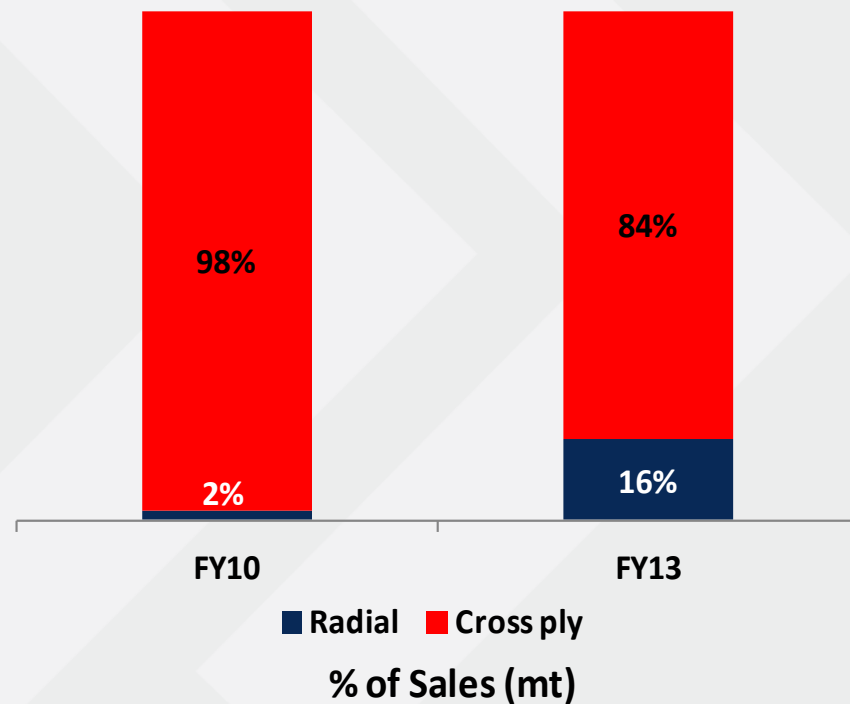


CEAT : Product profile

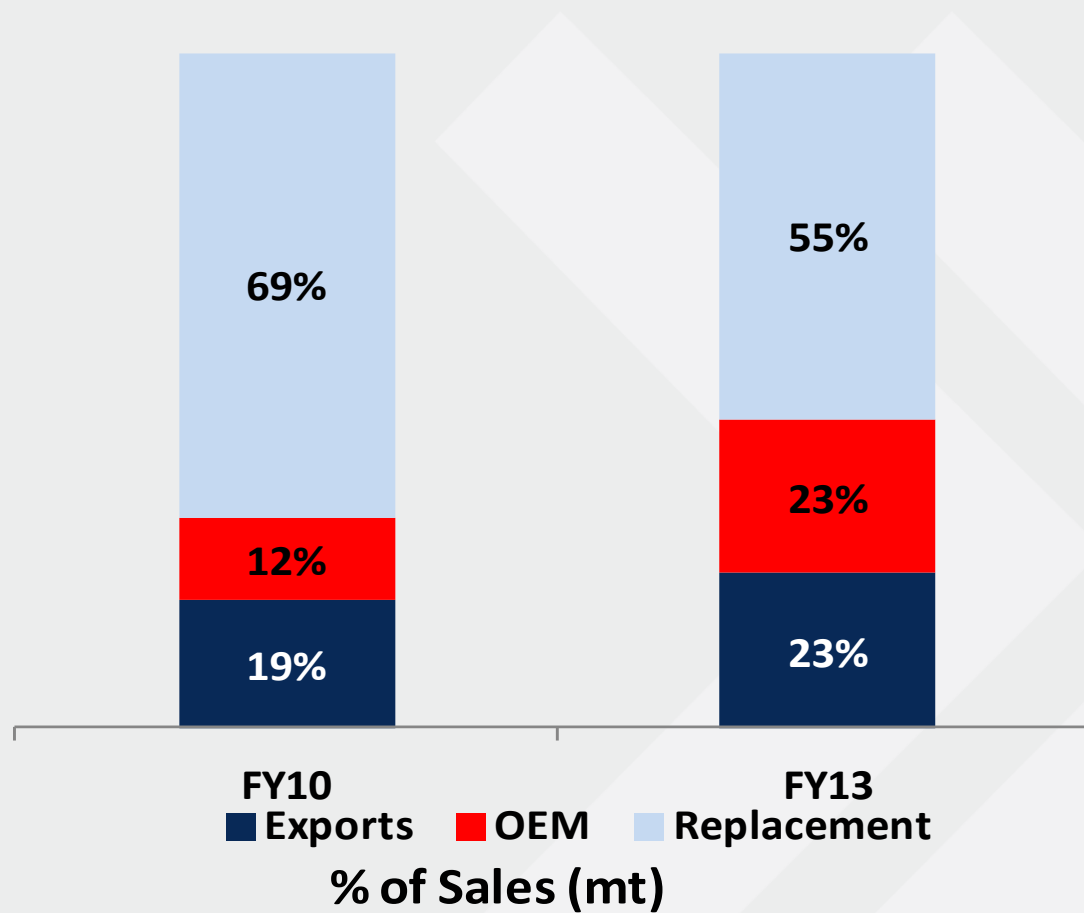
Product break-up



Radial & Cross ply

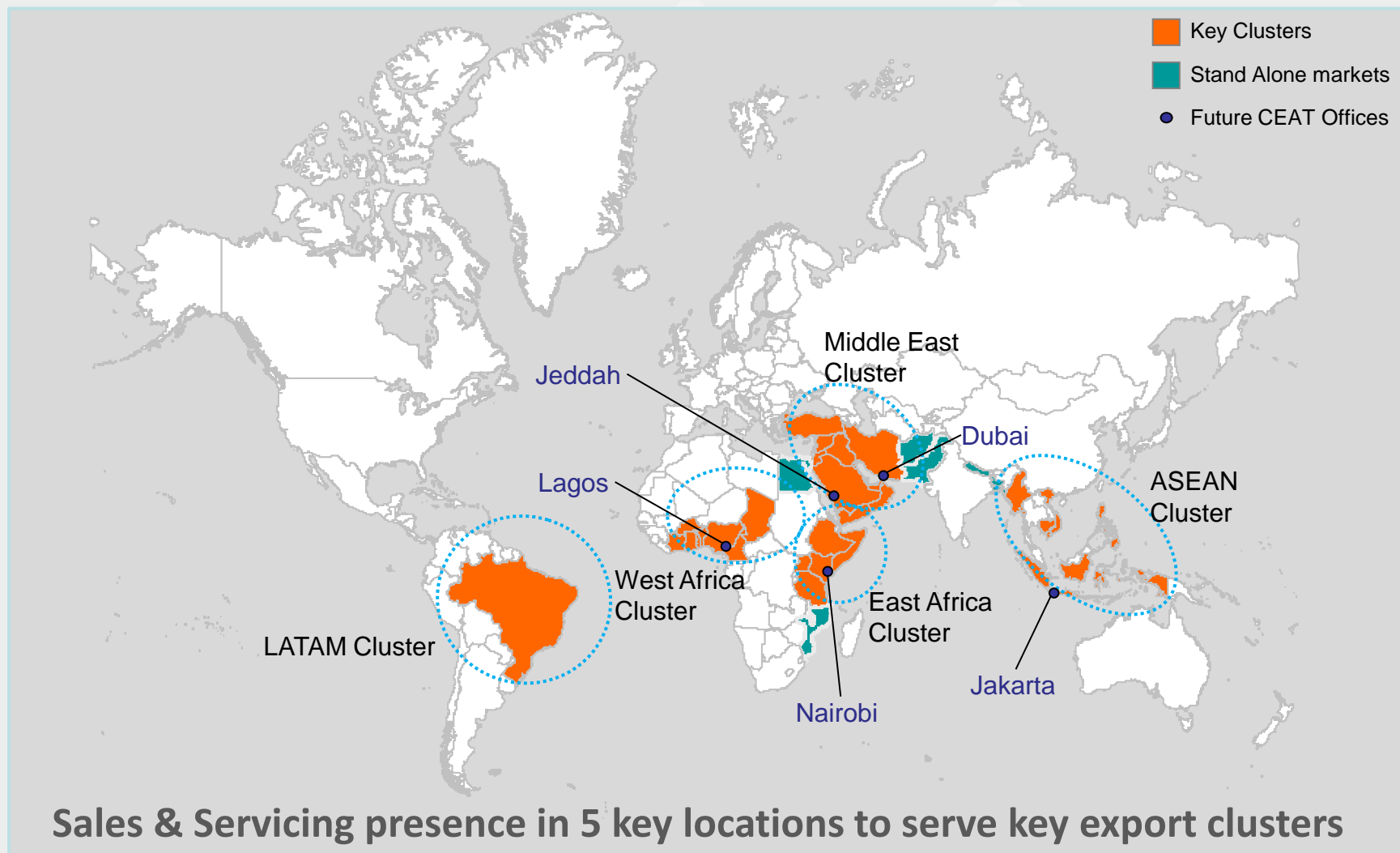


CEAT : Market segment





Key Export markets



>> Brand Investment

“Idiot Safe”
campaign (for
Bike Tyres)



Association with
KBC – A popular TV
game show

“Superior Grip”
campaign (for UVR
Tyres)



“Monsoon Smart”
campaign (For All
Season Bike Tyre
with “Superior Wet
Grip”)



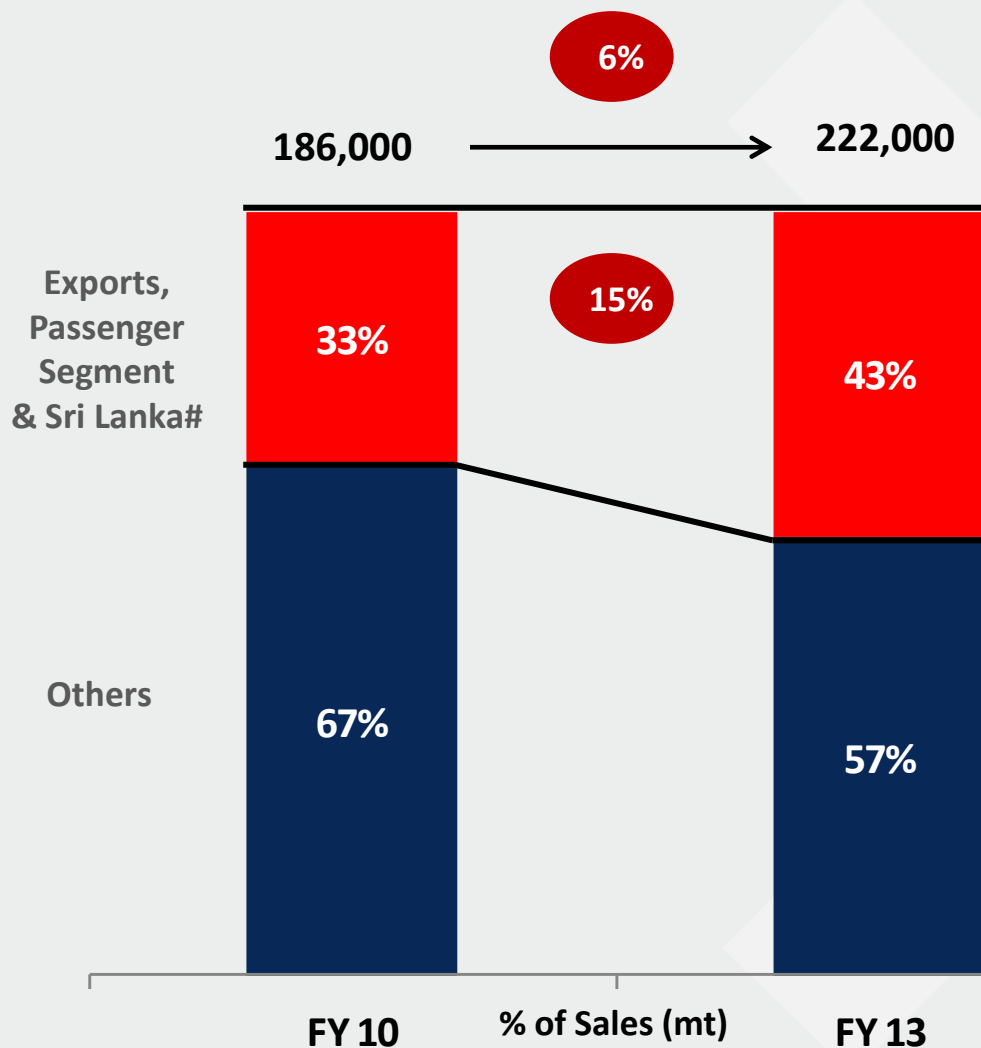
- Commuter Segment 75% of the market
- ‘Grip’ is of utmost importance for commuter segment, is the central focus of all Ad campaigns





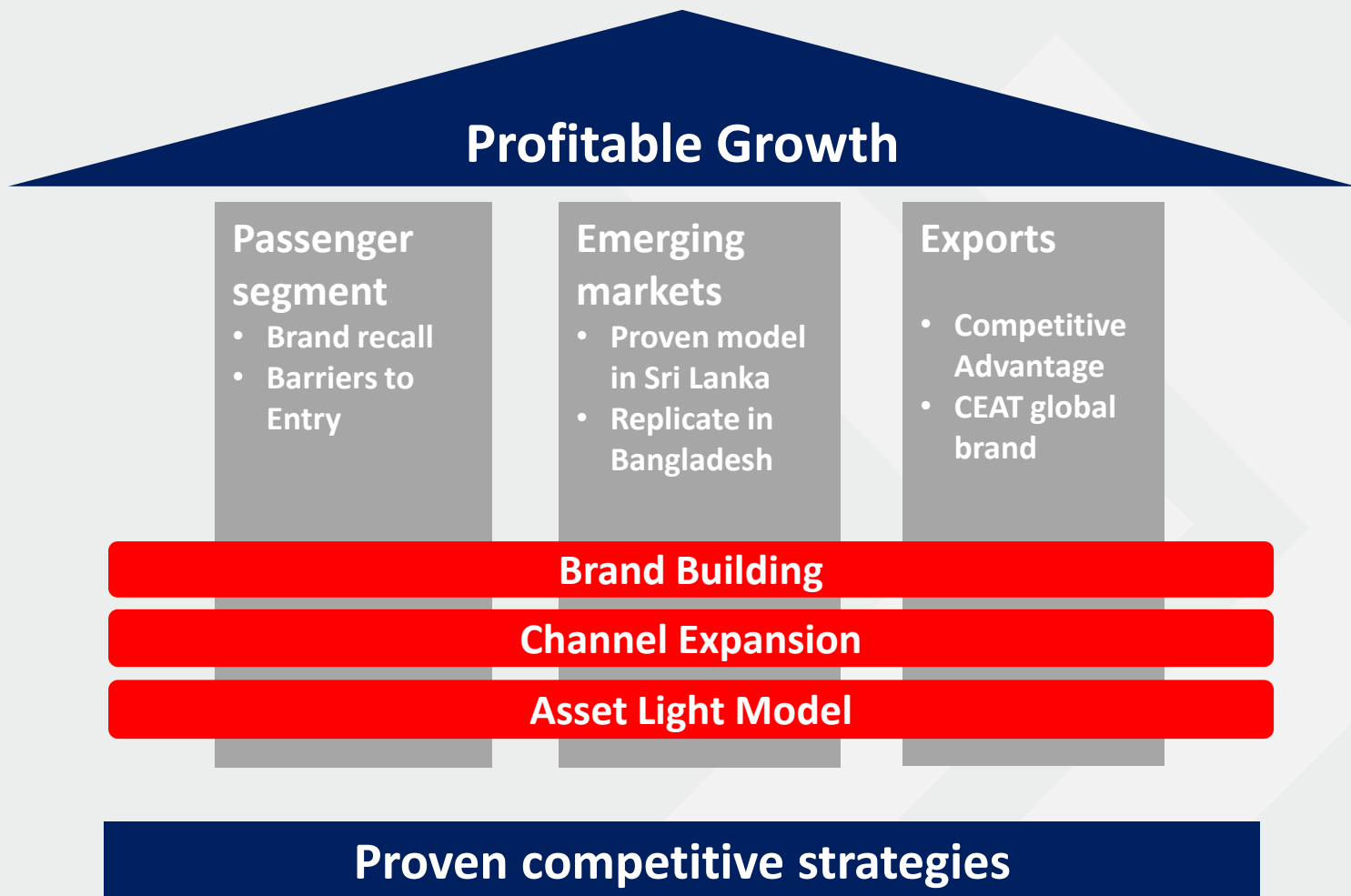
Growing Profitable markets and product mix

3 yr CAGR %



“Strategic Focus Areas”

- Higher margin business
- Contributes 43% volumes compared to 33% in FY10
- Growing at higher rate of 15% CAGR
- Aspiration FY 17: 60% of sales & 80% of Operating profit by FY17



IV. CEAT Financials and Result Analysis

CEAT Consolidated Q2 – Key Highlights

Q2FY14 v/s Q2FY13 (Y-o-Y)

- Strong Volume growth 10%: India 11%, Sri Lanka 0%
- EBITDA% up +640 bps at 13.6%
- EBITDA more than doubled at Rs 180 cr
- Net Debt down by ~ Rs 75 cr

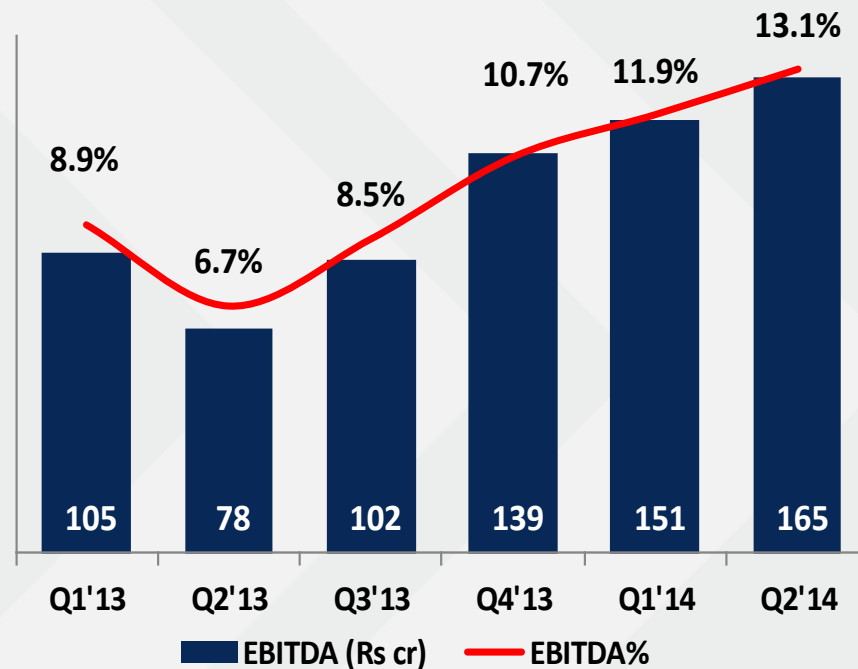
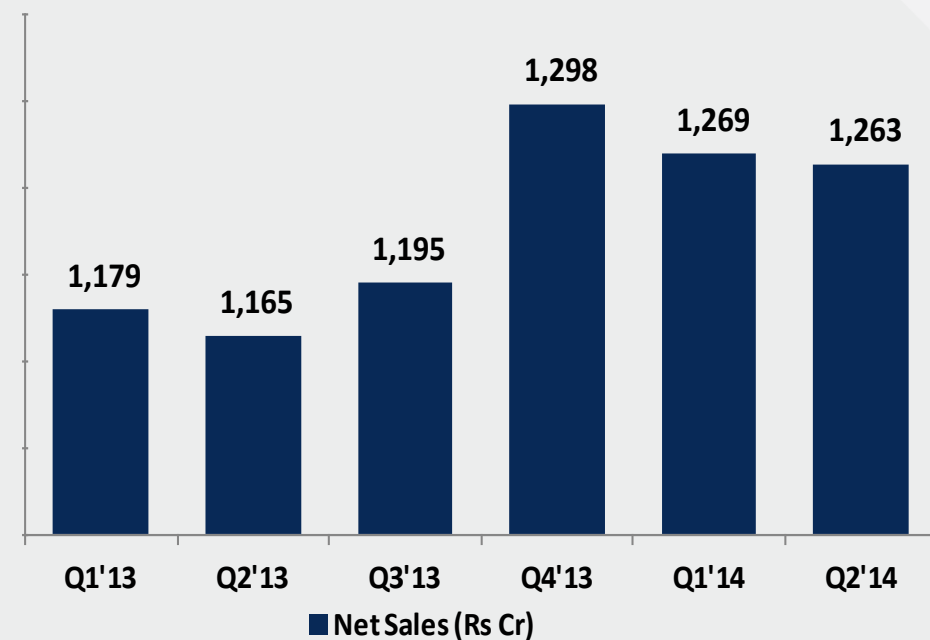
YTD FY14 v/s YTD FY13

- Strong Volume growth 10% : India 11%, Sri Lanka 0%
- EBITDA% up +480 bps at 13.0%
- YTD EBITDA at Rs 340 cr, compared to Rs 200 cr
- YTD Interest Rs 93 cr compared to Rs 104 cr (Down by 11 cr)

D/E down to 1.3x compared to 1.9x YoY



CEAT India: Sales and EBITDA Trend Last 6 Quarters



CEAT Consolidated : Quarterly Performance

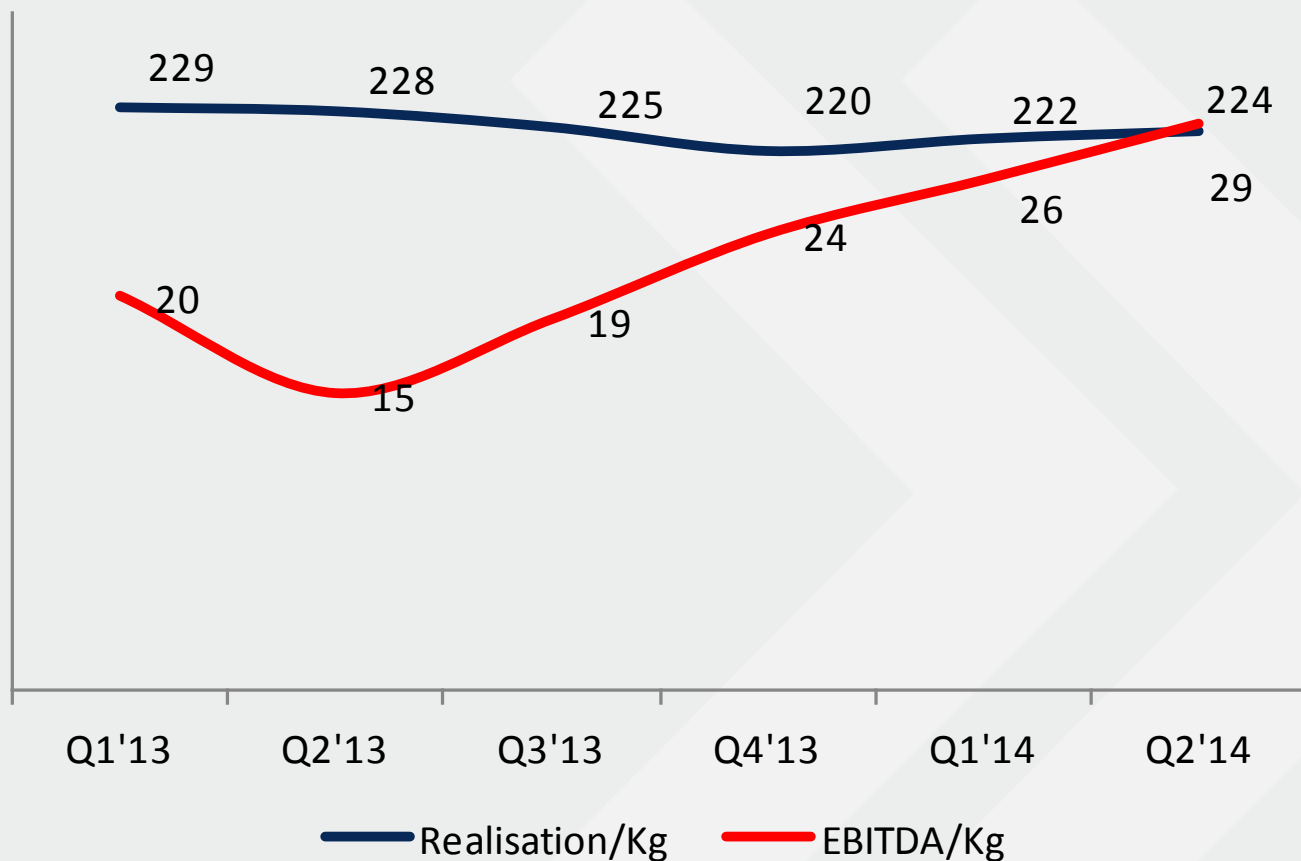
Parameter	Rs cr		
	Q2FY14	Q1FY14	Q2FY13
Net Sales	1,318.8	1,316.9	1,213.4
Growth (%)		0.1%	8.7%
EBITDA	179.4	162.6	87.6
Growth (%)		10.3%	104.9%
EBITDA (%)	13.6%	12.3%	7.2%
PAT	76.6	65.3	3.8
EPS (Rs.) (Basic)	21.6	19.1	1.1
Net Worth	954	863	708
Debt	1,272	995	1,348
D/E (x)	1.3	1.2	1.9
No of shares (cr)	3.60	3.42	3.42
B/V (Rs.)	265	252	207

CEAT India : Quarterly Performance

Parameter	Rs cr		
	Q2FY14	Q1FY14	Q2FY13
Net Sales	1,263.4	1,269.5	1,164.2
EBIDTA	165.4	150.7	78.2
Finance Cost	47.0	44.5	49.5
Depreciation	20.0	21.6	19.5
Operating PBT	98.4	84.6	9.2
Exceptional expense	-	-	14.0
Non-Operating income	11.3	2.8	9.0
PBT	109.7	87.3	4.1
PAT	76.0	58.4	2.8
EBITDA %	13.1%	11.9%	6.7%
Volumes (mt)	56,500	57,000	51,000



CEAT India: Realization, RMC and EBITDA Trend



- Combination of market strategies and internal efficiencies resulting in steady performance for last 6 Quarters

CEAT India : Capital Employed and Cash flows trend

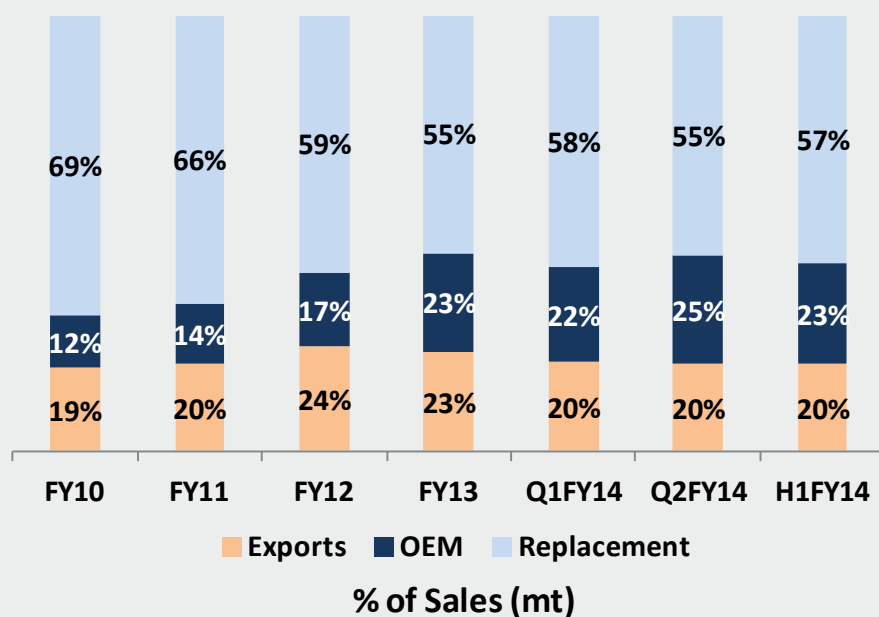
Parameter		Q2FY13	Q3FY13	Q4FY13	Q1FY14	Q2FY14
Capital Structure	Debt	1,321	1,230	1,012	1,001	1,233
	Long Term	750	710	629	608	492
	Short Term	571	520	382	393	759
	Equity	685	702	747	814	894
	Capital Employed	2,006	1,932	1,758	1,816	2,127
Cash Flows	PAT + Depreciation	22	37	80	80	96
	- Change in Working Capital	39	96	121	(44)	(329)
	- CAPEX	(15)	(14)	(18)	(21)	(15)
	- Investment in Subs	-	-	-	-	-
	- Conversion of Equity warrants	-	-	-	-	13
	- Dividend	-	-	(16)	-	-
	Loan Repayment/Borrowing	(33)	(91)	(218)	(10)	229

CEAT Sri Lanka : Quarterly Performance

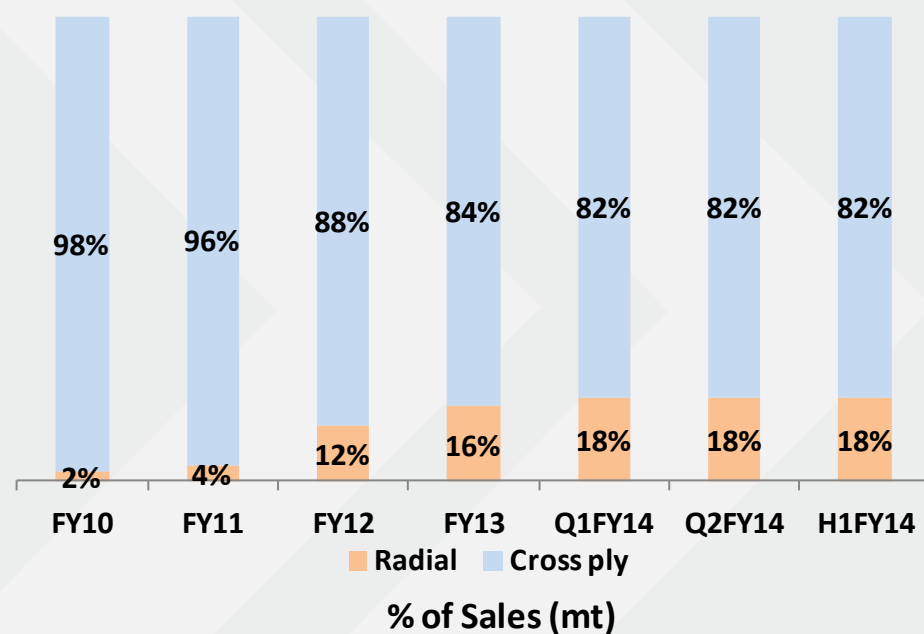
Parameter	Rs cr		
	Q2FY14	Q1FY14	Q2FY13
Net Sales	121.0	111.3	106.3
EBIDTA	27.9	26.1	18.6
Finance Cost	1.1	1.2	2.1
Depreciation	1.6	1.5	1.3
Operating PBT	25.2	23.4	15.3
Exceptional expense	-	-	-
PBT	25.2	23.4	15.3
PAT	18.9	17.1	11.8
EBITDA %	23.1%	23.4%	17.5%
Volumes (mt)	4,260	4,270	4,250

CEAT India : Market segment

Key customer segments



Radial & Cross ply



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