

Full Year F15 & Q4F15 Update

Mahindra CIE Automotive Limited

May 2015 | Mumbai



Contents

► Key Messages

- Alliance between CIE & Mahindra Group
- About Mahindra CIE
- Market Overview
- Performance
- Strategy & Risk Management
- About CIE Automotive

Key Messages of this Presentation

- Alliance between CIE Automotive & Mahindra group furthers the globalization aspirations of both the groups
- CIE, with its unique business model that has delivered sustained & profitable growth, is in a position to help **MCIE become one of the leading autocomp players in Asia**
- **Merger of Mahindra CIE companies formally completed on December 10, 2014**
 - Mahindra CIE now has **322 million shares listed**; Shareholding structure: CIE – 53.18%, M&M + Promoter Group – 21.7%, Public – 25.13%
 - **MCIE Consolidated is diversified** across six technologies (forgings, stampings, castings, magnetics, gears & composites) & geographies (India, Germany, Italy, Spain, UK, Lithuania)
- **Market Outlook for MCIE in India as well as Europe is cautiously optimistic**
- **Performance Summary**
 - Q4F15 vs. Q4F14 (refer page 27)
 - Standalone - Revenue Growth: -7.4%, Change in Normalized EBITDA%* : -0.3%
 - Consolidated - Revenue Growth : 12.1% Change in Normalized EBITDA%* : +3.8%
 - F15 vs. F14 (refer page 28)
 - Standalone - Revenue Growth : -3.0%, Change in Normalized EBITDA%* : -0.8%
 - Consolidated - Revenue Growth : -1.9%, Change in Normalized EBITDA%* : +2.1%

* - EBITDA% without one time gains and losses



Key Messages of this Presentation...Contd.

- **MCIE overall strategy is divided in two phases**
 - Phase 1 (2014-17) focuses on consolidation in order to meet the performance criteria* of CIE (RONA%, EBIT%, FCF/ EBITDA, NOA/ EBITDA, Debt/ EBITDA)
 - Phase 2 (2017 onwards) will focus on expansion in India & ASEAN to meet CIE's objectives in Asia
- **MCIE has different strategic issues & responses in its constituent businesses**
 - India – Automotive Market outlook is cautiously optimistic; focus remains on improving current profitability levels
 - Germany + UK (MFE) – Turnaround progressing smoothly
 - Italy (MC) – Off road market continues to decline; Efforts to diversify markets underway; short term focus on cost reduction ; one time costs including redundancy costs depressing profitability in FY15;
 - Spain + Lithuania (CIEF) – Current performance to be maintained
- **MCIE has Unique Operating Model focused on**
 - Operational excellence
 - Networked organization with minimal fixed overheads
 - Diversified across processes, customers & geographies
 - “Tier 1.5 player” : Tier 2 player with Complex value added parts

Note – RONA: Return on Net Assets, FCF: Free Cash Flow after Capex, NOA: Net Operating Assets

**These ratios are used by CIE to evaluate each of its businesses. Refer page 43 for details on CIE business model*



Key Highlights : F15

Strategic Alliance of Mahindra & CIE completed

- Merger of Mahindra CIE companies formally completed on December 10, 2014
- Mahindra CIE now has 322 million shares listed

India

- Stampings Division:
 - New plant at Zaheerabad (Telangana, India) commissioned
- Castings Division:
 - Turbocharger housing sales crosses 1mn units/ yr
 - Added Ford, Linamar & Daimler as customers
- Forgings Division
 - Balancer shaft assembly developed & introduced at key customers
- Mahindra Gears & Transmission
 - New plant at Pune (Maharashtra, India) commissioned
 - Added Ordinance Board of India as customer

Europe

- Mahindra Forgings Europe
 - Phase I of turnaround completed
 - Closure of one of the six locations in Germany announced - JECO at Gevelsberg
- Metalcastello
 - Organizational restructuring and personnel rationalization completed
- Debt restructured in Germany & Italy
 - Interest cost reduced by 200bps

New Stampings Plant at Zaheerabad



New Gears Plant at Pune

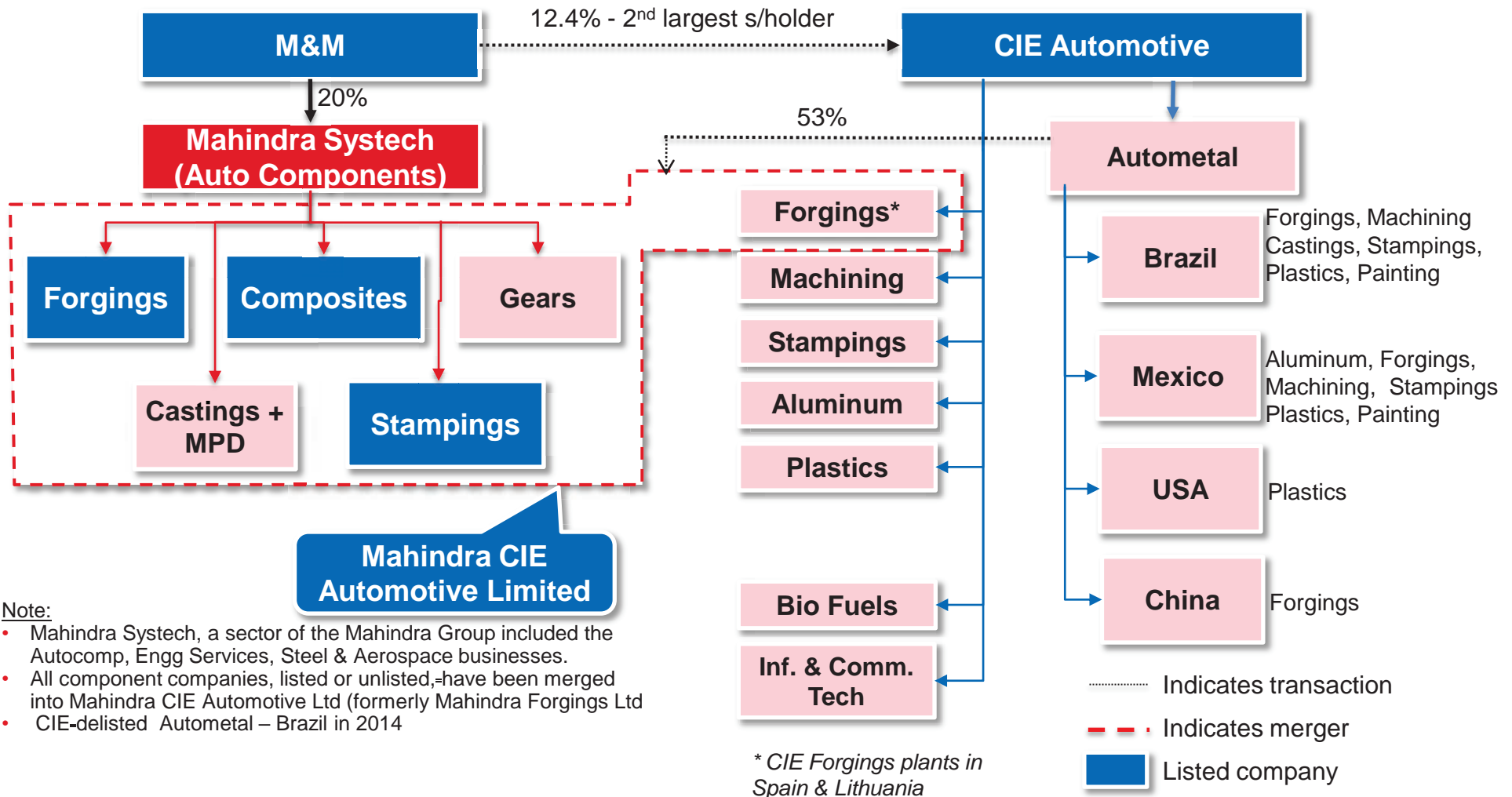


Contents

- Key Messages
- ▶ **Alliance between CIE & Mahindra Group**
- About Mahindra CIE
- Market Overview
- Performance
- Strategy & Risk Management
- About CIE Automotive

Alliance of CIE + Mahindra: Recap

Alliance is at two levels



Note:

- Mahindra Systech, a sector of the Mahindra Group included the Autocomp, Engg Services, Steel & Aerospace businesses.
- All component companies, listed or unlisted, have been merged into Mahindra CIE Automotive Ltd (formerly Mahindra Forgings Ltd)
- CIE-delisted Autometal – Brazil in 2014

* CIE Forgings plants in Spain & Lithuania



Alliance of CIE + Mahindra : Rationale

Accelerates the globalisation & consolidation strategies of both CIE & M&M

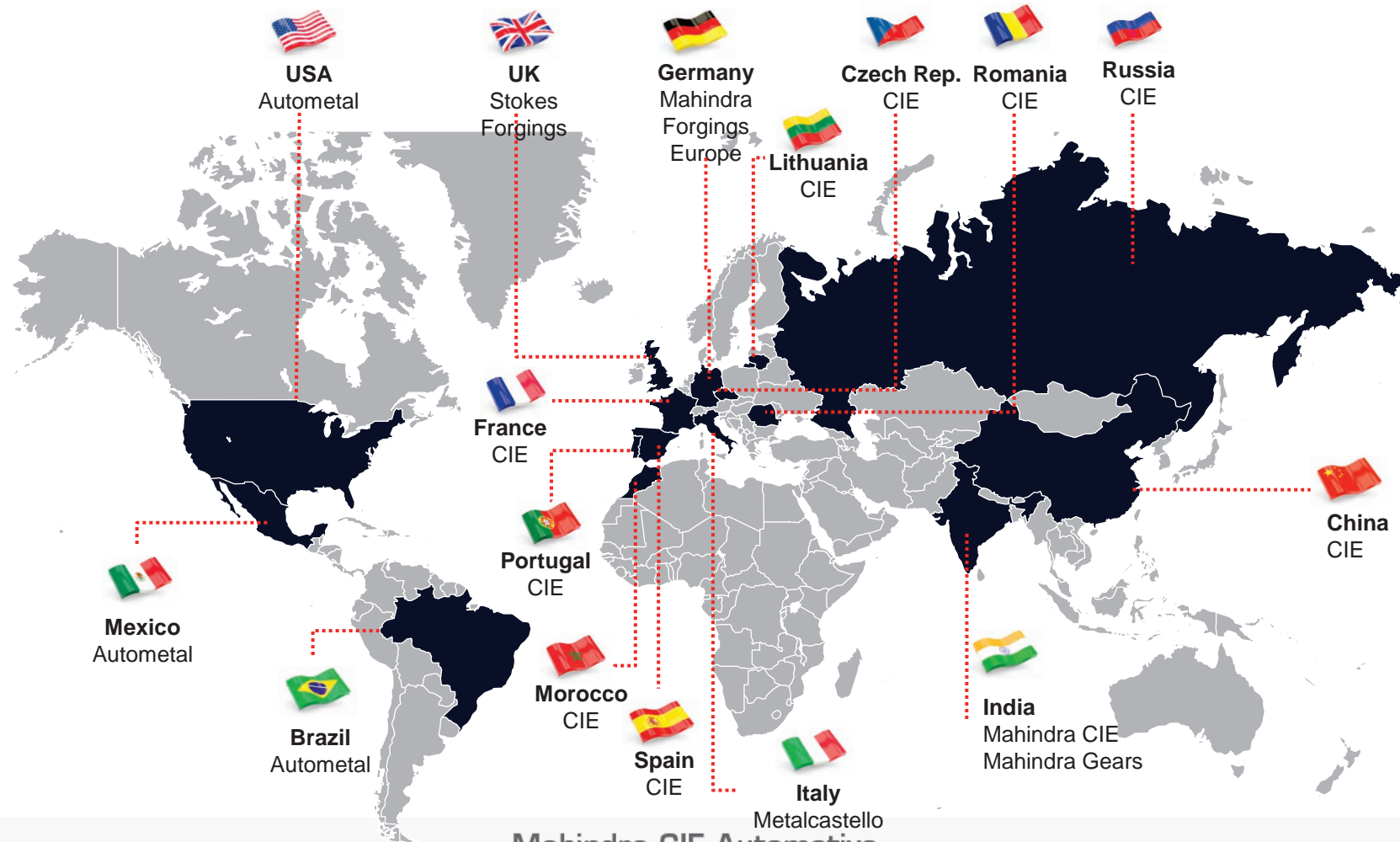
- Globally, **automotive suppliers consolidating** via M&A/partnerships to attain critical mass
- **Suppliers increasingly expected to have global presence and standards**
- **Emerging markets are becoming increasingly important** for the auto industry



- CIE has presence in five continents and is constantly increasing its footprint especially in emerging markets. **India was the key emerging market missing from its portfolios**
- M&M continues its commitment to the automotive components business - **From a majority owner of small two continent business to a minority 2nd largest shareholding in a large global components company of ~USD 3 Bn (CIE)**
- Post alliance, CIE (incl. MCIE) is the **75th largest global automotive component company**
(Source: Automotive News, June 16th 2014)

Alliance of CIE + Mahindra : Global Reach

Alliance covers most major automotive markets, especially the key emerging markets of Mexico, Brazil, India & China



Contents

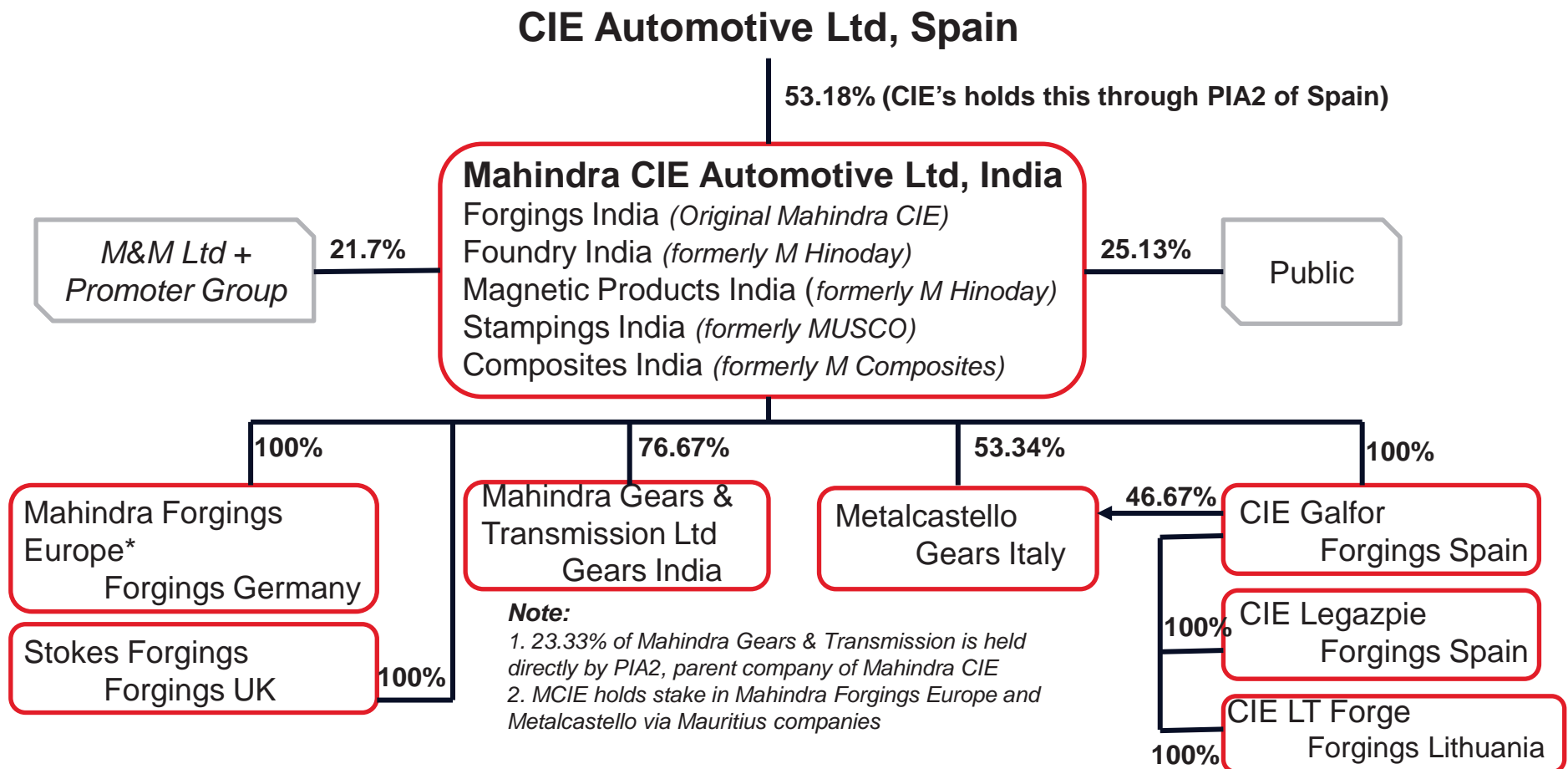
- Key Messages
- Alliance between CIE & Mahindra Group

► **About Mahindra CIE**

- Market Overview
- Performance
- Strategy & Risk Management
- About CIE Automotive

Mahindra CIE: Alliance of CIE + M&M

Large Auto-component MNC created; listed in Mumbai



Note:

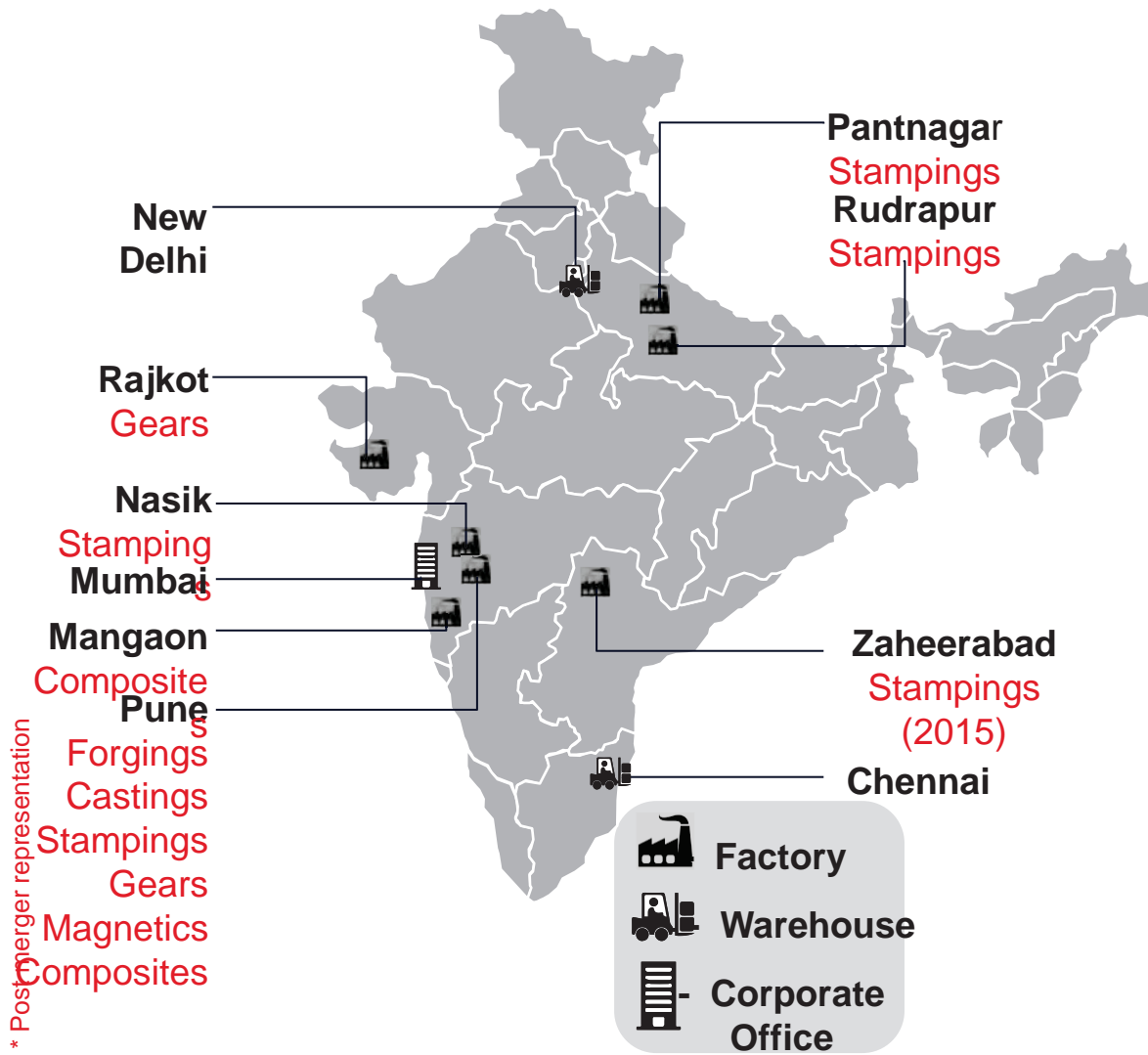
1. 23.33% of Mahindra Gears & Transmission is held directly by PIA2, parent company of Mahindra CIE
2. MCIE holds stake in Mahindra Forgings Europe and Metalcastello via Mauritius companies

Investor Company

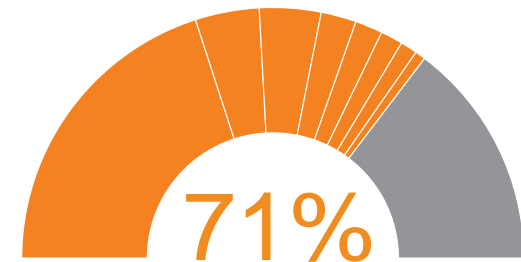
* Includes GSA, Schoeneweiss, Falkenroth & JECO Holdings all in Germany. For business purposes, Stokes is considered part of Mahindra Forgings Europe



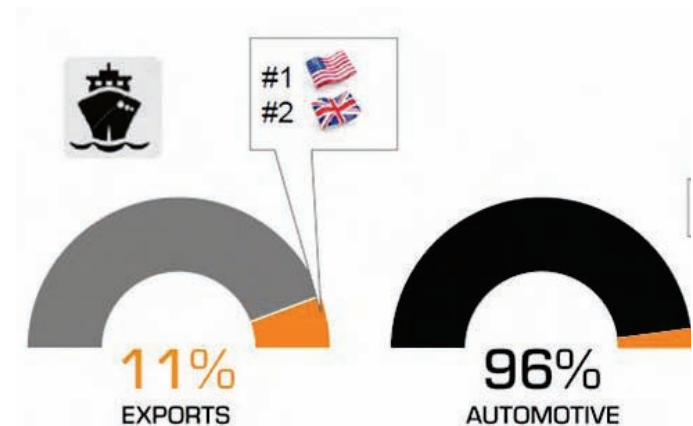
Mahindra CIE India: Summary



* Post merger representation

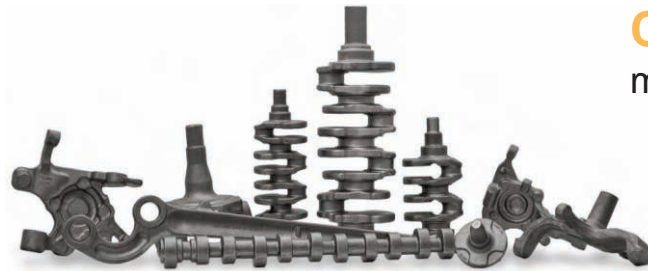


M&M and Tata Motors are the largest



Mahindra CIE – India : Products


Forgings



Crankshafts & Stub axles – forged & machined

Focus: **Utility Vehicles & Cars, Tractors**

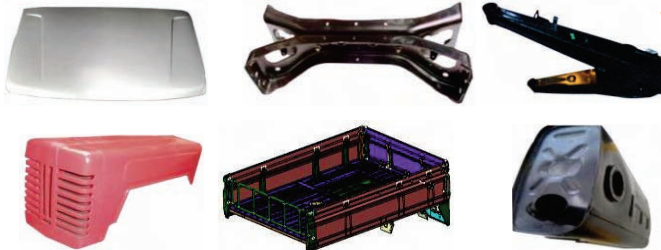

Foundry



Ductile iron castings like housings, manifolds, turbochargers & crankshafts – cast & machined

Focus: **Utility Vehicles, Tractors, Construction Equipment, Earthmoving**


Stampings



Stampings & Stamped Assemblies

Focus: **Utility Vehicles & Cars**

Mahindra CIE – India : Products



Gears & Shafts

Focus: **Tractors, Off Road & UVs**



Pioneers in **ferrite manufacturing** in India
Global supplier of **automotive magnets***

Recent entrant in **Induction Lamps**

*used in 2W and Car electric motors e.g. for window winding and for passive entry into cars

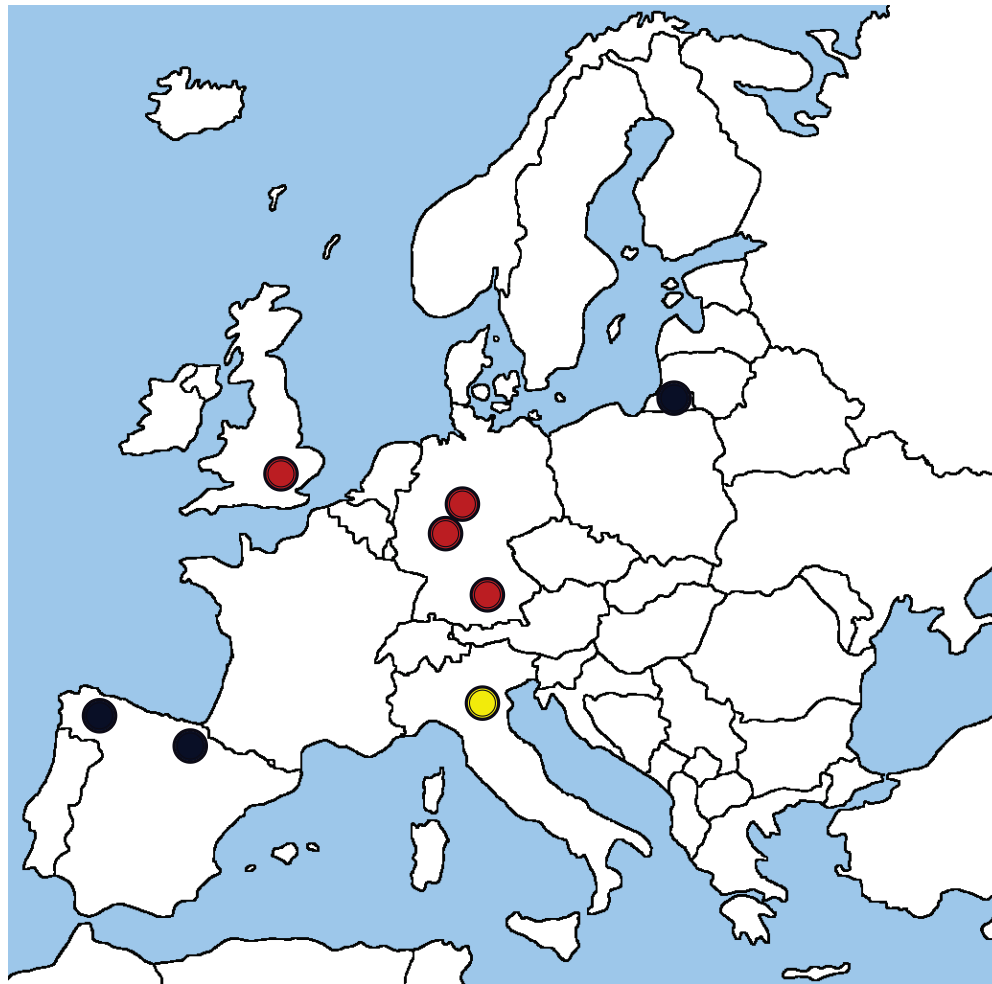
Thermoset Composite Materials & Products

Light weighting automotive solutions capability



Focus: **Electricals & Switchgear Industry**

Mahindra CIE Europe: Summary



● Mahindra Forgings Europe
4 Locations in Germany & UK
Focus : Trucks
Customers : All major Truck OEMs & Key Tier1
80%+ Sales to German plants

● CIE Forgings Europe
3 Locations in Spain & Lithuania
Focus : Cars
Customers : Major Car OEMS
80%+ Sales to W Europe

● Metalcastello
1 Location in Italy
Focus : Off Road
Customers : Major Off Road & Tractor OEMS
30%+ Exports outside Europe

Mahindra CIE – Europe : Products


Forgings
(Germany + UK)



Basket of **forged & machined parts** for the European truck market in Europe
Strong presence in **Front Axle Beams & Steel Pistons**

Focus: **Trucks**


Forgings
(Spain + Lithuania)



Strong presence in **Crankshafts, Common Rails & CV Joints** in Europe

Focus: **Cars**


Gears
(Italy)



High precision Gears & Shafts for engines, transmissions, clutch & pumps

Focus: **Tractors & Off Road**

MCIE Differentiators

A unique business model

Operational Excellence

- MCIE aims to be among the 'best in class' operationally in each of our verticals
- Guided by the five key CIE parameters* (viz. RONA%, EBIT%, FCF/ EBITDA, NOA/ EBITDA, Debt/ EBITDA)

Organizational Model

- MCIE is imbibing the CIE philosophy of reducing overheads by creating a networked organization with minimal centralized functions backed by significant autonomy to plant managers

Diversification in products, customers & geographies

- MCIE is present across multiple technologies viz. forgings, castings, stampings, gears, magnetic products & composites in India, Germany, Italy, UK, Spain & Lithuania

Tier 2 player with complex & value added parts that afford sufficient volume but with relatively lesser competition : "Tier 1.5 player"

- Forgings : Leading producer of forged crankshafts both in India & Europe; significant player in common rail forgings in Europe
- Castings: MCIE is among India's leading producers of ductile iron castings including turbocharger housings, differential housings & exhaust manifolds
- Magnetics: India's leading producer & exporter of cores & magnets for car & 2Wheeler industry
- Stampings: Among the largest automotive stamping companies in India

**These ratios are used by CIE to evaluate each of its businesses. Refer page 43 for details on CIE business model*



Contents

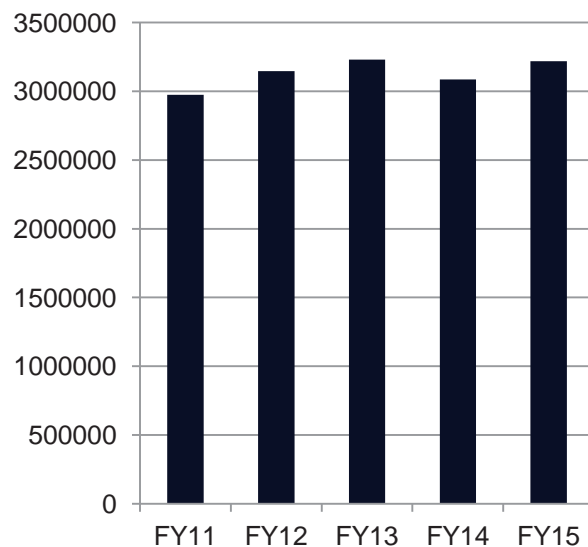
- Key Messages
- Alliance between CIE & Mahindra Group
- About Mahindra CIE
- ▶ **Market Overview**
 - Performance
 - Strategy & Risk Management
 - About CIE Automotive

India Market - Trends

Growth in all segments lower than expected in the last two years

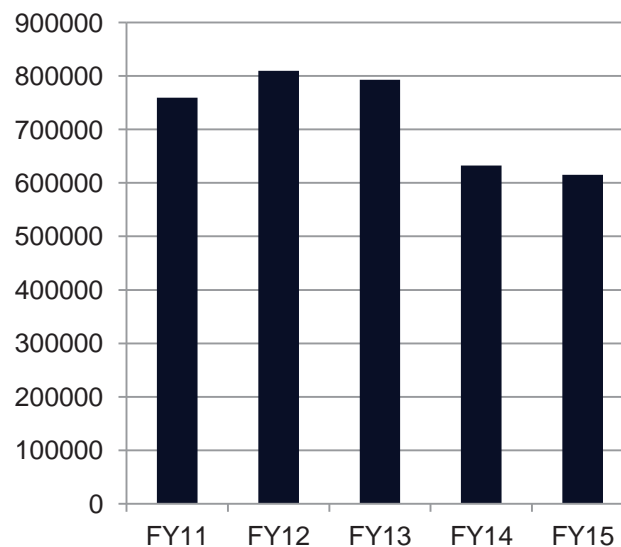
Market - Production Numbers

Cars + UV's



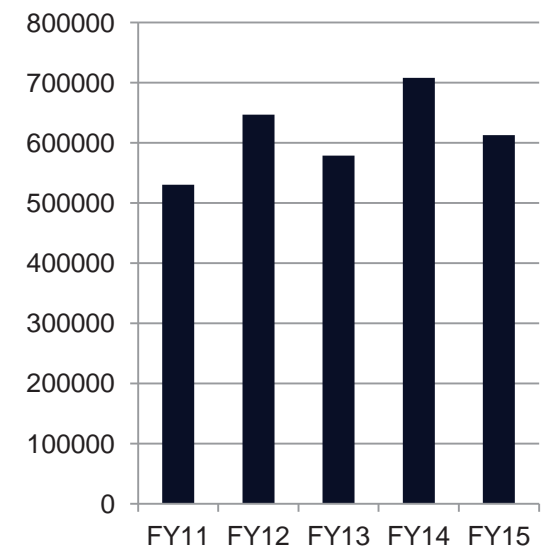
Source: CRISIL

CV's



Source: CRISIL

Tractors



Source: CRISIL

India Market Update – FY15

Cars+ UVs, CVs: Improving; Tractors : Remains a Concern

Market - Production Numbers

Cars + Utility Vehicles

Commercial Vehicles

Tractors

Period	F15	F14	Change	F15	F14	Change	F15	F14	Change
FY	3,044,848	2,879,807	5.7%	697,083	699,175	-0.3%	612,994	696,801	-12.0%
Q4	823,779	764,801	7.7%	193,552	178,595	8.4%	111,359	165,461	-32.7%
Q3	728,603	696,669	4.6%	164,622	156,876	4.9%	137,824	181,561	-24.1%
Q2	773,470	729,692	6.0%	173,758	168,603	3.1%	182,386	174,858	4.3%
Q1	718,996	688,645	4.4%	165,151	195,101	-15.4%	181,425	174,921	3.7%

Source: SIAM

Source: SIAM

Source: TMA



Key Customer Update

Our key customers suffered a >10% drop in their production in F15

Production Numbers for Key Customers (Mahindra & Mahindra + Tata Motors)

Period	F15	F14	Change
FY	1,189,965	1,339,410	-11.2%
Q4	301,075	325,535	-7.5%
Q3	280,119	324,257	-13.6%
Q2	310,132	335,555	-7.6%
Q1	298,639	354,063	-15.7%

* Includes production in all segments e.g. M&M nos. includes PV+UV+CV+Tractors+3Wheelers, but excludes two wheelers.

Source: SIAM



Indian Market - Forecast

Outlook

- PVs+ UVs:

"In 2015-16, we project sales of cars and UVs to witness a faster growth of 9-11 per cent. Demand will be driven by a further revival in economic growth and low inflation levels, leading to a steady growth in disposable incomes. Players have also lined up a number of models across segments which will increase consumer interest. Sales of cars are expected to rise by 9-11 per cent, led by growth in small car sales. Sales of utility vehicles are forecast to grow by 12-14 per cent, stronger than the overall growth in passenger vehicles."... CRISIL Research report published 27-Mar-2015

"During FY15, general sentiment improved in the car industry. Investment cycles restarted and the worries which people were having was greatly diminished. On the outlook for the car sales in FY16 the industry is hoping for a moderate growth".... SIAM Director General Vishnu Mathur
- CVs:

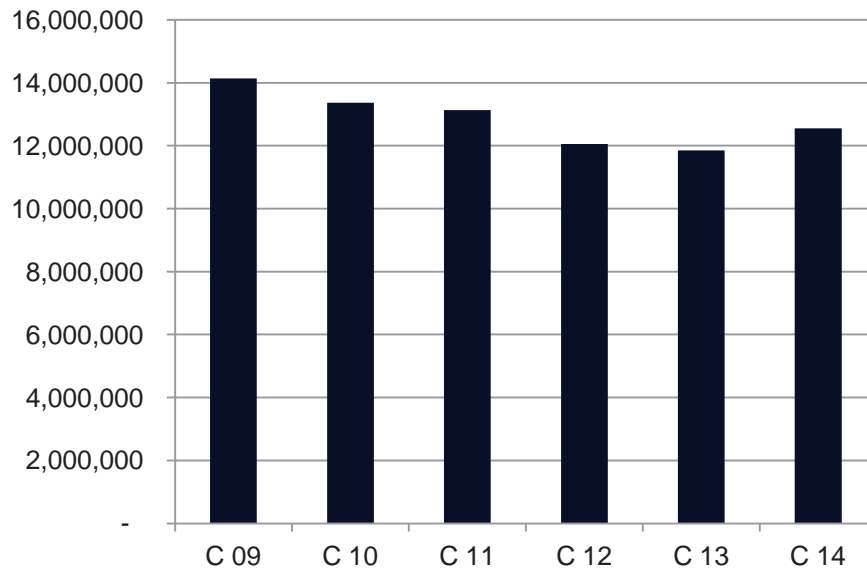
"CRISIL Research expects sales in the medium and heavy commercial vehicles (MHCV) segment to grow at 12-15 per cent y-o-y in 2015-16 with improvement in freight availability due to further pick-up in industrial activity, higher infrastructure project execution/awarding and expectations of better agricultural output assuming monsoons are more conducive in 2015-16. Also, we expect replacement demand from large fleet operators (LFOs) to remain healthy during the year."... CRISIL Research report published 09-Apr-2015

"While the M&HCV segment seems to have bottomed out, the LCV Truck segment is still experiencing sluggish trends as significant capacity addition over the past few years and constrained financing environment amidst rising delinquencies remains a challenge for the segment."...ICRA Research report published 13-Apr-2015
- Tractors: *"CRISIL Research expects domestic tractor sales volumes to recover and grow by 5-8 per cent in 2015-16 assuming the monsoons are normal. Tractor sales will continue to decline sharply in H1 2015-16 owing to damage to Rabi crops from unseasonal rains."... CRISIL Research report published 14-Apr-2015*
- Our key customers: Industry outlook is cautiously optimistic due to gradually improving consumer sentiment and proposed new model launches

European Market - Trends

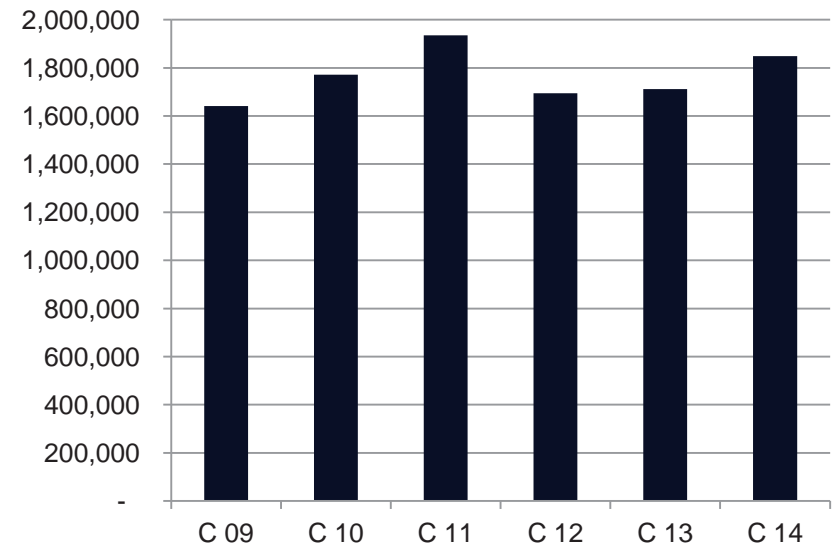
Uncertainty in market sentiment

PV Registrations EU



Source: ACEA

CV Registrations EU



Europe Market Update - Quarterly

Passenger Vehicles: Steady; Commercial Vehicles : Uncertain, especially HCVs

Registration Numbers

Passenger Vehicles

Period	F15	F14	Change
FY	12,823,855	12,105,705	5.9%
Q4	3,527,407	3,245,846	8.7%
Q3	2,978,052	2,849,250	4.5%
Q2	2,946,579	2,795,482	5.4%
Q1	3,371,817	3,215,127	4.6%

Commercial Vehicles

Period	F15	F14	Change
FY	1,907,518	1,752,757	8.8%
Q4	502,123	443,246	13.3%
Q3	496,399	481,143	3.2%
Q2	439,834	398,095	10.5%
Q1	469,162	430,255	8.3%



Commercial Vehicles >16T*

Period	F15	F14	Change
FY	224,900	236,795	-5.02%
Q4	60,381	52,234	15.6%
Q3	61,354	79,575	-22.9%
Q2	50,450	51,372	-1.8%
Q1	52,715	53,614	-1.7%

Note:

1. CIE Forge operates largely in the passenger vehicle segment
2. Mahindra Forging Europe operates largely in the commercial vehicle segment but in that segment a large part of the revenues is directed to heavy commercial vehicles (>16T)

Source: ACEA



EU Market - Forecast

Outlook

- EU - Cars:

“ACEA expects passenger car growth to continue in 2015, but at a considerably slower pace, with a year-on-year forecast in the region of 2%. In terms of units, this would mean passenger car registrations edging closer to the 13 million units mark.” – ACEA Press Release 07 Feb 2015

“We anticipate a slight increase in demand for automobiles in Western Europe and expect to see slight growth in the German market as well. The central and Eastern-European markets are likely to be down year-on-year due primarily to the substantial fall in demand in Russia”- Volkswagen AG 2014 Annual report.

- EU - CVs:

“A continued demand upturn is to be anticipated for Western Europe.”

“Overall, we expect a stable demand for vans in Europe in 2015. That applies to medium-sized and large vehicles as well as to small vans.”

“We expect a slightly larger market volume for buses in Western Europe in 2015 than in 2014.” – Daimler Group 2014 Annual Report

Contents

- Key Messages
- Alliance between CIE & Mahindra Group
- About Mahindra CIE
- Market Overview
- ▶ **Performance**
- Strategy & Risk Management
- About CIE Automotive

Q4 F15 Performance

Parameter	Standalone			Consolidated		
	Q4F15	Q4F14	Change	Q4F15	Q4F14	Change
Sales	4,140	4,470	-7.4%	13,731	12,249	12.1%
EBITDA	255	374	-31.8%	1147	958	19.7%
EBITDA %	6.2%	8.4%	-2.2%	8.4%	7.8%	0.5%
EBITDA w/o one time gains and losses	335	374	-10.4%	1,595	958	166.5%
EBITDA% w/o one time gains and losses	8.1%	8.4%	-0.3%	11.6%	7.8%	3.8%
EBIT	119	270	-55.9%	-919	616	-249.1%
EBIT %	2.9%	6.0%	-3.2%	-6.7%	5.0%	-11.7%
EBIT w/o one time gains and losses	199	270	-26.3%	1,483	616	140.7%
EBIT % w/o one time gains and losses	4.8%	6.0%	-1.2%	10.8%	5.0%	5.8%
PAT	323	209	54.5%	-960	1,501	-164.0%
PAT %	7.8%	4.7%	3.1%	-7.0%	12.3%	-19.2%
PAT w/o one time gains and losses	403	209	92.8%	1,442	1,501	-3.9%
PAT% w/o one time gains and losses	9.7%	4.7%	5.1%	10.5%	12.3%	-1.8%

All figures in INR Millions

Notes:

- Refer page 11 of this presentation for description of MCIE Standalone & MCIE Consolidated
- Financial figures of foreign subsidiaries have been converted at the exchange rate of 1 Euro = Rs 77.31
- Q4 F15 Consolidated PAT includes exceptional costs to the extent of Rs 2402 Mio like provision of Redundancies, provision for employee pension based on actuarial valuation and Goodwill write off in conso financials
- CIE Forgings numbers for Q4F14, are calculated on Pro rata for 3 months based on CY 2013 financials



Full Year F15 Performance

Parameter	Standalone			Consolidated		
	F15	F14	Change	F15	F 14	Change
Sales	16,425	16,931	-3.0%	55,699	56,751	-1.9%
EBITDA	1,332	1,600	-16.7%	4,402	4,283	2.8%
EBITDA %	8.1%	9.4%	-1.3%	7.9%	7.5%	0.4%
EBITDA w/o one time gains and losses	1,412	1,600	-11.7%	5,328	4,283	24.4%
EBITDA% w/o one time gains and losses	8.6%	9.4%	-0.8%	9.6%	7.5%	2.1%
EBIT	843	3315	-74.6%	195	3126	-93.8%
EBIT %	5.1%	19.6%	-14.4%	0.4%	5.5%	-5.2%
EBIT w/o one time gains and losses	923	1601	-42.3%	3014	1412	113.5%
EBIT % w/o one time gains and losses	5.6%	9.5%	-3.8%	5.4%	2.5%	2.9%
PAT	777	2,224	-65.1%	-781	1,221	-164%
PAT %	4.7%	13.1%	-8.4%	-1.4%	2.2%	-3.6%
PAT w/o one time gains and losses	857	510	68.0%	2,406	-493	-588%
PAT% w/o one time gains and losses	5.2%	3.0%	+2.2%	4.3%	-0.9%	5.2%

All figures in INR Millions

Notes:

- Refer page 11 of this presentation for description of MCIE Standalone & MCIE Consolidated
- Financial figures of foreign subsidiaries have been converted at the exchange rate (1 Euro = Rs 77.31)
- Results for CIE Forgings for F 14 above are for Calendar year 2013.
- F14 PAT for both standalone & consolidated financials includes Exceptional gain on Sale of Land and Investments in Stampings Division (erstwhile MUSCO) of Rs. 1714 Mio (Net of Taxes)
- Consolidated F15 PAT includes exceptional costs to the extent of Rs 3,187 Mio like provision of Redundancies, provision for employee pension based on actuarial valuation and Goodwill write off



Balance Sheet – As per results submitted to Stock Exchanges

Sr. No.	Particulars	STANDALONE		CONSOLIDATED	
		Mar 31, 2015	Mar 31, 2014	Mar 31, 2015	Mar 31, 2014
		Rs in Lakhs	Rs in Lakhs	Rs in Lakhs	Rs in Lakhs
A	EQUITY AND LIABILITIES				
1	Shareholders' funds				
	(a) Share capital	32,297.63	9,234.05	32,297.63	9,234.05
	(b) Reserve and surplus	198,555.29	83,917.25	175,259.05	56,369.69
	Sub- total- Shareholders' funds	230,852.92	93,151.30	207,556.68	65,603.74
2	Share application money pending for allotment				
2	Non- current liabilities				
	(a) Long term borrowings	2,231.04	1,460.94	189,600.75	31,575.55
	(b) Deferred tax liabilities (Net)	1,749.17	545.89	3,331.07	556.91
	(c) Other long term liabilities	2,877.08	89.98	827.56	304.60
	(d) Long- term provisions	-	-	21,991.57	18,590.97
	Sub -Total Non- current liabilities	6,857.29	2,096.81	215,750.95	51,028.03
3	Current liabilities				
	(a) Short-term borrowings	1,218.41	5,920.79	9537.87	36,421.89
	(b) Trade payables	21,534.65	8,104.29	104809.59	27,201.28
	(c) Other current liabilities	12,306.82	1,465.85	21830.2	20,090.71
	(d) Short-term provisions	753.66	229.80	3609.91	1,315.86
	Sub-total -Current liabilities	35,813.55	15,720.73	139,787.57	85,029.74
	TOTAL - EQUITY AND LIABILITIES	273,523.76	110,968.84	563,095.20	201,661.51
B	ASSETS				
1	Non-current assets				
	(a) Fixed assets	61,109.41	18,533.24	342363.53	124041.72
	(b) Non Current investments	152,804.64	75,527.86	767.95	218.17
	(c) Deferred Tax assets (net)	-	-	13073.08	6554.61
	(d) Long - term loans and advances	10,305.03	934.30	61101.33	935.09
	(e) Other Non Current Assets	-	-	259.34	
	Sub total Non Current Assets	224,219.08	94,995.40	417,565.23	131,749.59
2	Current Assets				
	(a) Current Investments	4,933.18	5,565.11	4933.18	5565.11
	(b) Inventories	15,247.89	4,435.27	68496.22	36825.31
	(c) Trade Receivables	23,068.69	4,931.85	42251.22	16094.14
	(d) Cash & Cash Equivalents	1,777.01	605.22	8927.23	4359.48
	(e) Short term loans and advances	3,811.71	426.57	13621.26	7058.46
	(f) Other Current Assets	466.19	9.42	7300.86	9.42
	Sub total Current Assets	49,304.68	15,973.44	145,529.97	69,911.92
	Total Assets	273,523.76	110,968.84	563,095.20	201,661.51

Note:

1. Figures in Rs Lakhs
2. 10 Lakhs = 1million
3. Exchange rate assumed :
Rs77.31 = 1 Euro



Q4F15/ Full Year F15 Performance – Discussion

Standalone:

- With Indian OEMs being key customers, growth has been a challenge in the recent past,
 - In Q4F15, our key customers shrank by 7.5%, MCIE standalone revenues declined by 7.4%
 - In F15, Production at our Key Customers shrank by 11%, and Mahindra CIE revenues shrank by 3%
 - The drop in EBITDA% is largely due to the drop in Revenues.
-

Consolidated:**MFE**

- European CV Market continues to be uneven but profitability turnaround remains on track.
- Short term focus on cost reduction: Headcount, Downtime, Power subsidy, Procurement & Sales price and productivity improvements:
- First phase of turnaround by dedicated turnaround team completed; a new forgings management team taking over
- The next phase to focus on improving profitability by optimizing product-process- location combination

Metalcastello

- Top-line remains a concern due to continued decline in the European Off road Market
- Efforts to diversify markets and develop new product markets underway with the help of CIE
- Short term focus on cost reduction ; one time costs including redundancy costs depressing profitability this financial year
- Most of the organizational restructuring & headcount reduction has been completed

CIE Forgings Europe (Spain + Lithuania)

- European Car market continues to show steady growth
 - High profitability levels being maintained
-

Contents

- Key Messages
- Alliance between CIE & Mahindra Group
- About Mahindra CIE
- Market Overview
- Performance
- ▶ **Strategy & Risk Management**
- About CIE Automotive

Mahindra CIE Strategy

Executive Summary

Phase 1: 2014-2017

“Consolidate”

- **India**
 - Market plus growth
 - Operational optimization to improve margins
 - Initiate new products & customers
- **Mahindra Europe**
(Trucks & Off Road/ Germany + UK + Italy/ MFE + MC)
 - Turnaround
 - Develop resilience to face drop in market without drop in margins
- **CIE Forge Europe**
(Cars/ Spain + Lithuania/ CIEF)
 - Sustain performance
- **Overall:**
 - Control capex
 - Focus on debt reduction

- **Achieve key performance norms viz.**
EBIT%, RONA, Debt/EBITDA, FCF/EBITDA, NOA/EBITDA

MFE: Mahindra Forgings Europe; MC: Metalcastello; CIEF : CIE Forgings
RONA: Return on Net Assets; FCF : Free Cash Flow; NOA: Net Operating assets

Phase 2: 2017-2020*

“Expand”

- **India**
 - Capex for growth
 - Capacity Expansion + New products & customers –organically & through M&A
 - Entry into plastics and/or Aluminum components
- **Europe**
 - Selective Capex
 - Redefine product portfolio at MFE & MC and optimize plant locations
- **Others**
 - Entry into the ASEAN market via M&A : MCIE to drive CIE’s growth in Asia
 - CIE’s remaining forging plants in Brazil, Mexico & China to merge with MCIE
- **Overall:**

- **Grow**
- **Continue to be guided by CIE’s performance norms**

* - Depending on availability of M&A proposals, Phase 2 can overlap with Phase 1.



Phase 1 Strategy – India

Focus : Market plus growth & operational optimisation

Background

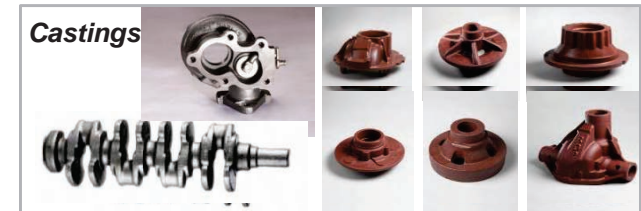
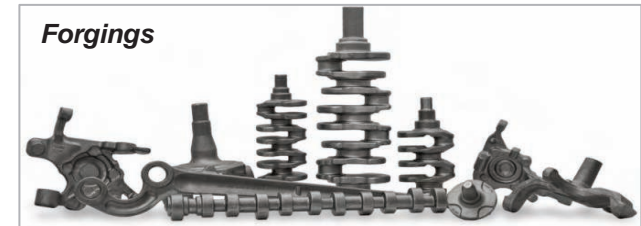
- India businesses are **operationally sound**
- **No change in management** after CIE-Mahindra Alliance
- With Indian OEMs being key customers, **growth has been a challenge** in the recent past
- Our key customers (Indian OEMs) are cautiously optimistic of future growth
- Export competitiveness of Indian companies high

Market Outlook

- The Indian automotive market is **expected to grow** from 3.7 to 10 mill units in 10 years

Strategy

- Market plus growth
 - Indian OEMs like **Mahindra & TATA Motors** introducing new models to spur growth
 - Focus on exports e.g. Forgings
 - **Introduce products from CIE Stable & Explore ‘Western OEMS’** – results by 2018
- Optimize costs & operations - keep improving margins



Phase 1 Strategy – India

New Products being explored along with CIE assistance

Prospective New Products

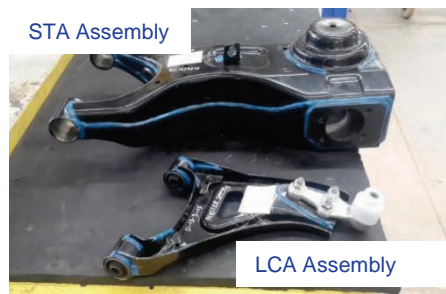
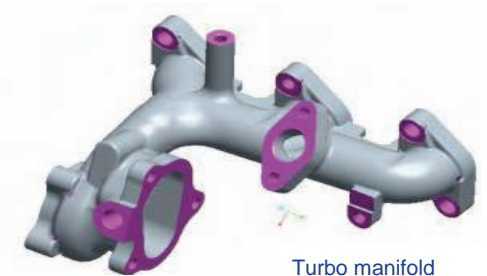
Stampings



Forgings



Castings



Phase 1 Strategy – Mahindra Forgings Europe

Focus : Turnaround by improving operations

Background

- Downturn of 2008-09 handled well
- Operational efficiency worsened when the market suddenly ramped back in 2011-12
- **Problems more 'internal'**

Market Outlook

- European **CV market remains uncertain**, we expect truck market to be stable

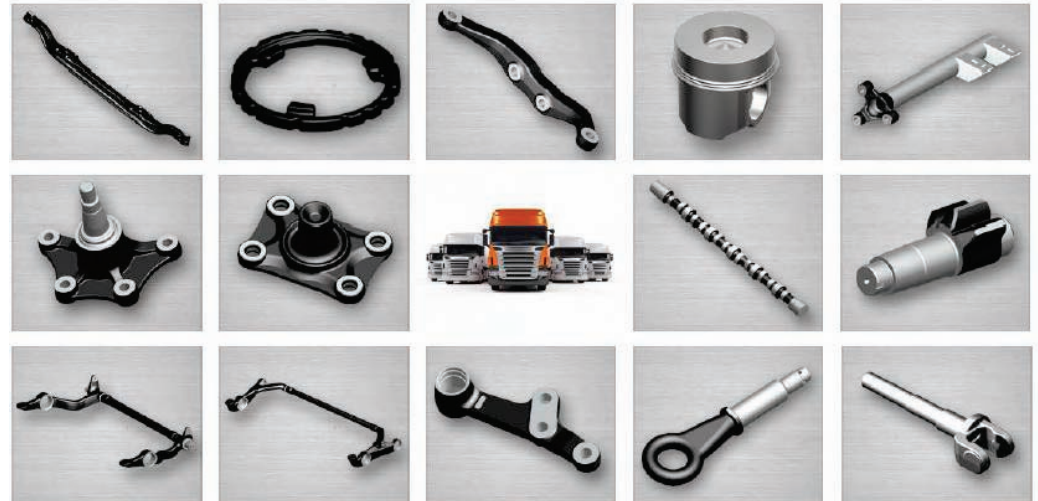
Strategy

Phase I (Oct13 to Dec14):

- Dedicated '**Turnaround**' Management Team
- Short term focus on cost reduction – Headcount, Downtime, Power subsidy, Procurement & Sales price and productivity improvements

Phase II (Dec14 onwards):

- Dedicated '**Forging**' Management Team - CIE's global forgings head Justino Namuno in charge
- Explore synergies with CIE Forgings
- Strategic approach: Profitability improvement via optimizing product- process-location combination
 - JECO (approx. Euro 35 Mn sales) closed, products transferred to other German plants
 - New products like truck crankshafts or car parts to be explored
- Ensure profitability is maintained even if market volumes are volatile
- Goal: **Match historic highest EBITDA% achieved by MFE pre Lehman crisis in 2008**



Phase 1 Strategy – Metalcastello

Focus : Turnaround by improving volumes & margins

Background

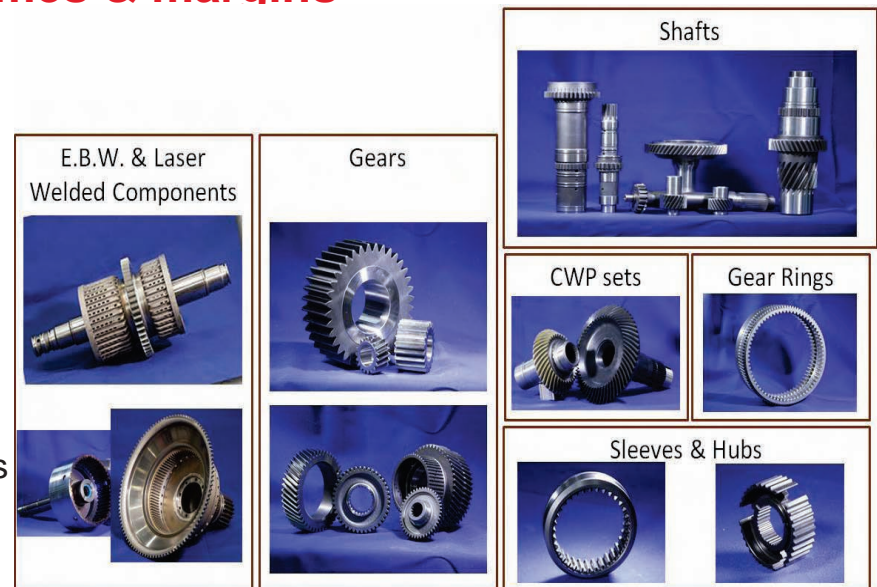
- Excellent operations
- Steady drop in volumes over the years leading to drop in EBITDA%
- **Problems more ‘external’**

Market Outlook

- The **Off Road market has declined** in the last few years

Strategy

- Reduce Cost & Capex – headcount reduction, increased productivity, insourcing of some operations, purchasing synergies with CIE, inventory optimization & dropping of unprofitable parts
- Explore **new customers in existing segments** – Agricultural, Earthmoving & Defense
- Enter **new market segments** – Automotive, Marine
- Improve volume and margins



Risks & Mitigation

Market slowdown in both India & Europe is the key risk

Slowdown in India: Indian auto market especially Indian OEMS have been slowing down

- Exploring new products & markets as a counter

Impact of uncertainty in the Euro zone: Europe facing uncertain economic environment

- Monitoring the situation so that corrective actions are immediately taken in response to any demand movements

Integration: Cultural differences during integration of MCIE with CIE system

- CIE chose to invest in MCIE businesses as there was cultural similarity and the risk of cultural mismatch is low

Technological changes: Lighter weight auto components and greater usage of Aluminum and Plastics may substitute our products

- Innovations focused around lighter weight components and newer materials

Ability to service debt: High debt subject to financial covenants.

- Forecast cash requirements of the Company are closely monitored along with actual and projected adherence to covenants

Contents

- Key Messages
- Alliance between CIE & Mahindra Group
- About Mahindra CIE
- Market Overview
- Performance
- Strategy & Risk Management
- ▶ **About CIE Automotive**

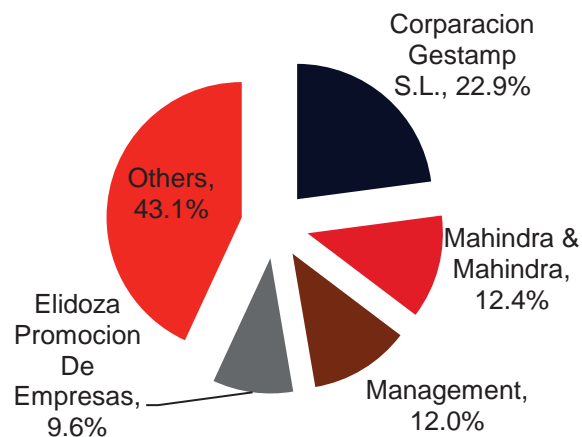
CIE Automotive: Introduction

Global Auto-component Multinational

CIE AUTOMOTIVE is an industrial group specialised in managing high value-added processes:

- Focused on **automotive** sector.
- Global full service supplier for **components and subassemblies**.*
- Listed on Madrid and Mumbai **Stock Exchange Markets**.
- **Professional high level management team** with full commitment on **corporate governance**.

Share holding
31/12/2014



Key Facts

Sales	: Euro 2.2B
Employees	: 20000
Plants	: 80
Continents	: 4
R&D Centers	: 7

*Additionally CIE Automotive Group integrates a Smart Innovation project called Dominion



CIE Automotive: Technologies

Present across multiple technologies in all geographies

Aggregated Sales 2014

ALUMINIUM HPDC		170 Mill €
FORGING		534 Mill €
STAMPING & TUBE FORMING		423 Mill €
MACHINING		261 Mill €
PLASTICS		323 Mill €
IRON CASTING		100 Mill €
ROOF SYSTEMS		86 Mill €

Process		EU	NAFTA	Brazil	India	China
POWERTRAIN	Forgings	●	●	●	●	●
	Aluminum	●	●			
	Castings			●	●	
	Machining	●	●	●	●	●
	Stampings	●	●	●	●	●
	Plastics	●	●	●		●
	Roof System	●	●			●

Offering a range of different technologies key Automotive geographical markets...

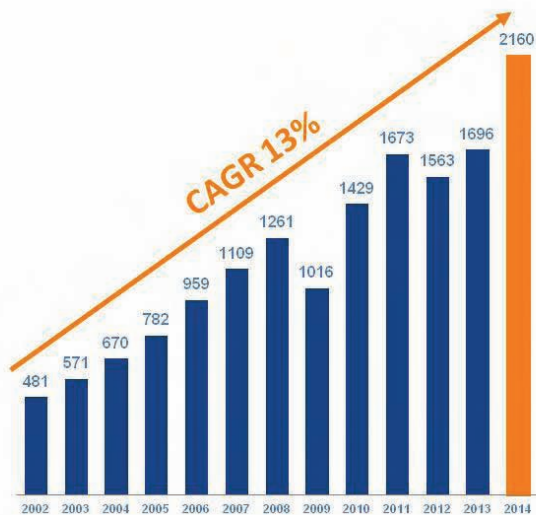
...Enabling the selection of the technology that fulfills better customers needs.

...Allowing CIE to focus investments on winning technology anytime.

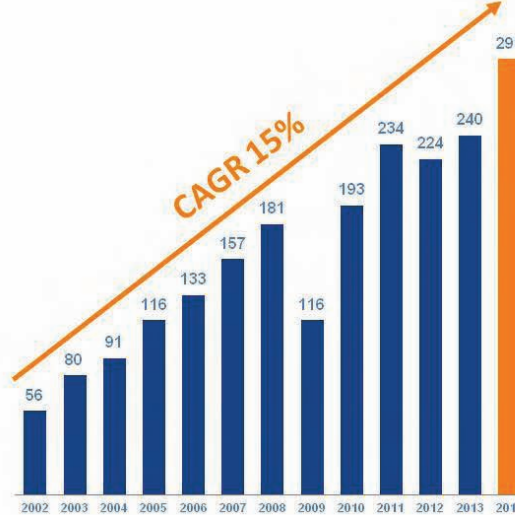
...And at the same time projecting CIE as a Power train products worldwide leader.

CIE Automotive: Performance History

Sustainable & Profitable Growth History



Adjusted Turnover (*) (€ Mio)



EBITDA (**) (€ Mio)



NFD/EBITDA (*) (x)

CAGR (Compound Annual Growth Rate)
 (*) From 2006 to 2014, proforma value calculated by deducting turnover of diesel oil used for blending.
 (**) EBITDA: Net Operating Income + Depreciation.

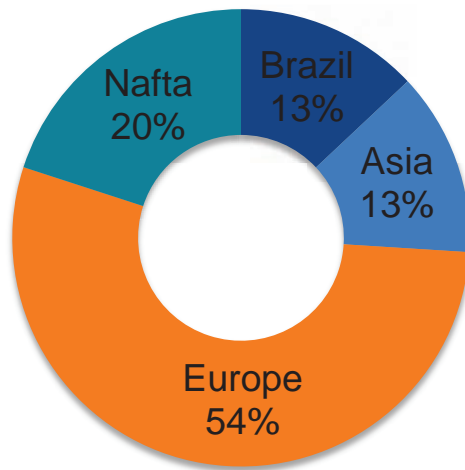
(*) Net Financial Debt = NFD = Debt with banks and other financial institutions – Cash and equivalents,
 EBITDA: Net Operating Income + Depreciation.

Growth : 50% Organic + 50% Acquisitions
Net Financial Debt in low levels (vs. EBITDA)

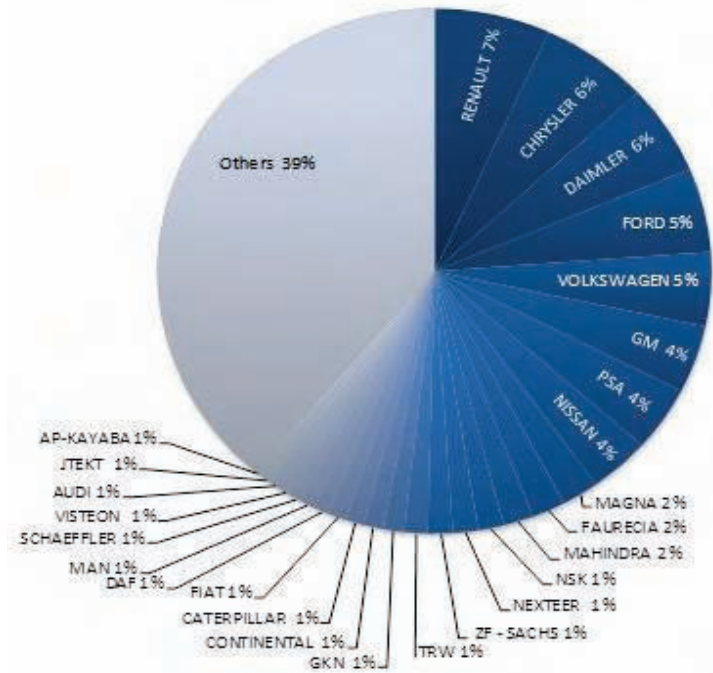
CIE : Diversification

A Euro 2.2B company diversified across geographies & customers

Sales by Geographies (2014)

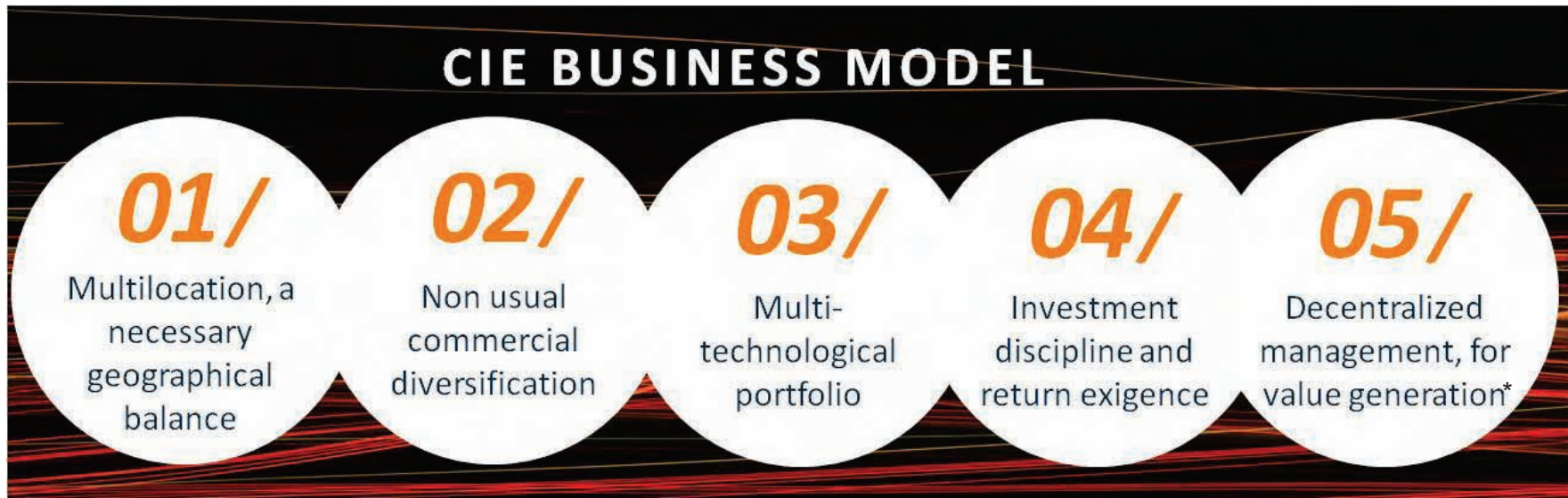


Sales by Customers (2014)



CIE : Differentiators

A unique business model geared to generating shareholder returns



*CIE model focuses on every plant being profitable & entrepreneurial and low corporate overheads



Note – RONA: Return on Net Assets, FCF: Free Cash Flow after Capex, NOA: Net Operating Assets



Thank you

visit us at mahindra-cie.com

BSE: 532756

NSE: MAHINDCIE

ISIN: INE536H01010

Disclaimer

Mahindra CIE Automotive Limited, herein referred to as MCAL provides a wide array of presentations and reports, with the contributions of various professionals. These presentations and reports are for informational purposes and do not constitute an offer to buy or sell any securities mentioned therein. They do not purport to be a complete description of the markets conditions or developments referred to in the material. While utmost care has been taken in preparing the above, we claim no responsibility for their accuracy. We shall not be liable for any direct or indirect losses arising from the use thereof and the viewers are requested to use the information contained herein at their own risk. These presentations and reports should not be reproduced, re-circulated, published in any media, website or otherwise, in any form or manner, in part or as a whole, without the express consent in writing of MCAL or its subsidiaries. Unless specifically noted, MCAL is not responsible for the content of these presentations and/or the opinions of the presenters. Individual situations and local practices and standards may vary, so viewers and others utilizing information contained within a presentation are free to adopt differing standards and approaches as they see fit. You may not repackage or sell the presentation. Products and names mentioned in materials or presentations are the property of their respective owners and the mention of them does not constitute an endorsement by MCAL. Information contained in a presentation hosted or promoted by MCAL is provided “as is” without warranty of any kind, either expressed or implied, including any warranty of merchantability or fitness for a particular purpose. MCAL assumes no liability or responsibility for the contents of a presentation or the opinions expressed by the presenters. All expressions of opinion are subject to change without notice.

Mahindra ***CIE***