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**apollo**  
**TYRES**

ATL/SEC/21

May 14, 2018

|   |  |
|---|--|
| The Secretary,<br>BSE Ltd.<br>Phiroze Jeejeebhoy Towers,<br>Dalal Street,<br>Mumbai – 400001. | The Secretary,<br>National Stock Exchange of India Ltd,<br>Exchange Plaza,<br>Bandra-Kurla Complex,<br>Bandra (E),<br>Mumbai - 400 051 |
|---|--|

**Sub: Investor Conference – Presentation**

Dear Sirs,

Pursuant to Regulation 30(6) and 46(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith the presentation to be made in the Investor Conference /Non Deal Road Show to be held on May 15 & 16, 2018 in Singapore and May 17 & 18, 2018 in Hong Kong.

The presentation is also uploaded on the website of the Company i.e [www.apolloyres.com](http://www.apolloyres.com).

Submitted for your information and records.

Thanking You

Yours Sincerely  
For APOLLO TYRES LTD.



(SEEMA THAPAR)  
Company Secretary



## MANAGEMENT PRESENTATION

May 2018

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# TABLE OF CONTENTS



|   |                    | Page # |
|---|--------------------|--------|
| 1 | INTRODUCTION       | 4      |
| 2 | INDUSTRY OVERVIEW  | 9      |
| 3 | COMPANY STRENGTHS  | 12     |
| 4 | FINANCIAL OVERVIEW | 25     |
| 5 | KEY STRATEGIES     | 28     |
| 6 | APPENDIX           | 30     |

# VISION AND VALUES



VISION 2020

Unlock a world  
of opportunities.

To be a premier tyre  
company with a diversified  
and multinational presence.

PASSION  
IN  
MOTION  
**2.0**



The following are the values we strive to adhere to

## Customer first

- ❖ We believe that our customers and those whom they serve are central to everything we do

## Business ethics

- ❖ We act with integrity

## Care for society

- ❖ We actively participate in our local communities to address health, safety, environment and community needs

## Empowerment

- ❖ We take ownership for our actions and responsibility for results

## Communicate openly

- ❖ We are open and transparent in our communication across geographies and levels

## One family

- ❖ We celebrate our oneness through building trusting relations, respect for diversity and passion towards common goals

Source: Company information

# COMPANY SNAPSHOT



One of the leading tyre companies in India with global presence

## Global tyre company

- ❖ One of the leading tyre companies in India
- ❖ Wide footprint outside India with products exported globally to more than 100 countries
- ❖ 4 manufacturing plants in India - Oragadam (Tamil Nadu), Limda (Gujarat), Perambra (Kerala) & Kalamassery (Kerala)
- ❖ 2 manufacturing plants in Europe - Enschede (Netherlands) & Gyöngyöshalász (Hungary)
- ❖ As of September 30, 2017 had 15,850<sup>1</sup> employees

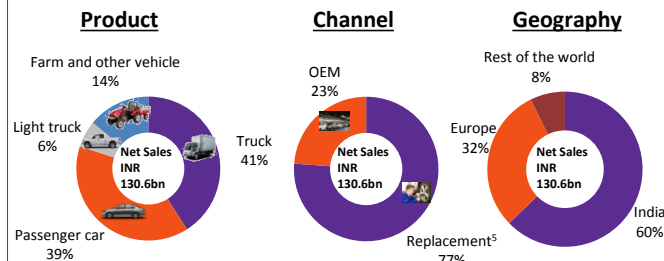
## Broad product portfolio

### Vehicle

|   |   |
|---|---|
| Trucks (heavy commercial vehicles and buses)                                | ✓ |
| Passenger cars (cars, SUVs, vans)   | ✓ |
| Light trucks (light commercial vehicles and small commercial vehicles)      | ✓ |
| Farm and other vehicles (agricultural vehicles, OHV and specialty vehicles) | ✓ |
| Two wheelers  | ✓ |

## Diversified product, channel & geographic split

### Revenue segmentation (FY 2017)



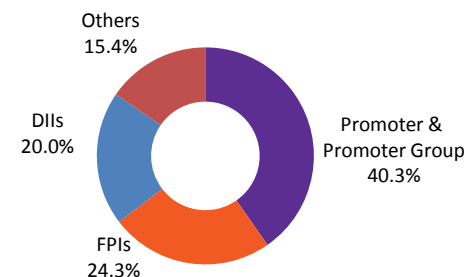
## Well known brands



## Strong financials

| (INRbn)                        | FY 2017 | FY 2018 |
|--------------------------------|---------|---------|
| Net sales <sup>2</sup>         | 130.6   | 146.7   |
| EBITDA <sup>3</sup>            | 18.5    | 16.5    |
| EBITDA <sup>3</sup> margin (%) | 14.0    | 11.1    |
| Net profit                     | 11.0    | 7.2     |

## Shareholder base<sup>4</sup>



# REGIONAL OVERVIEW



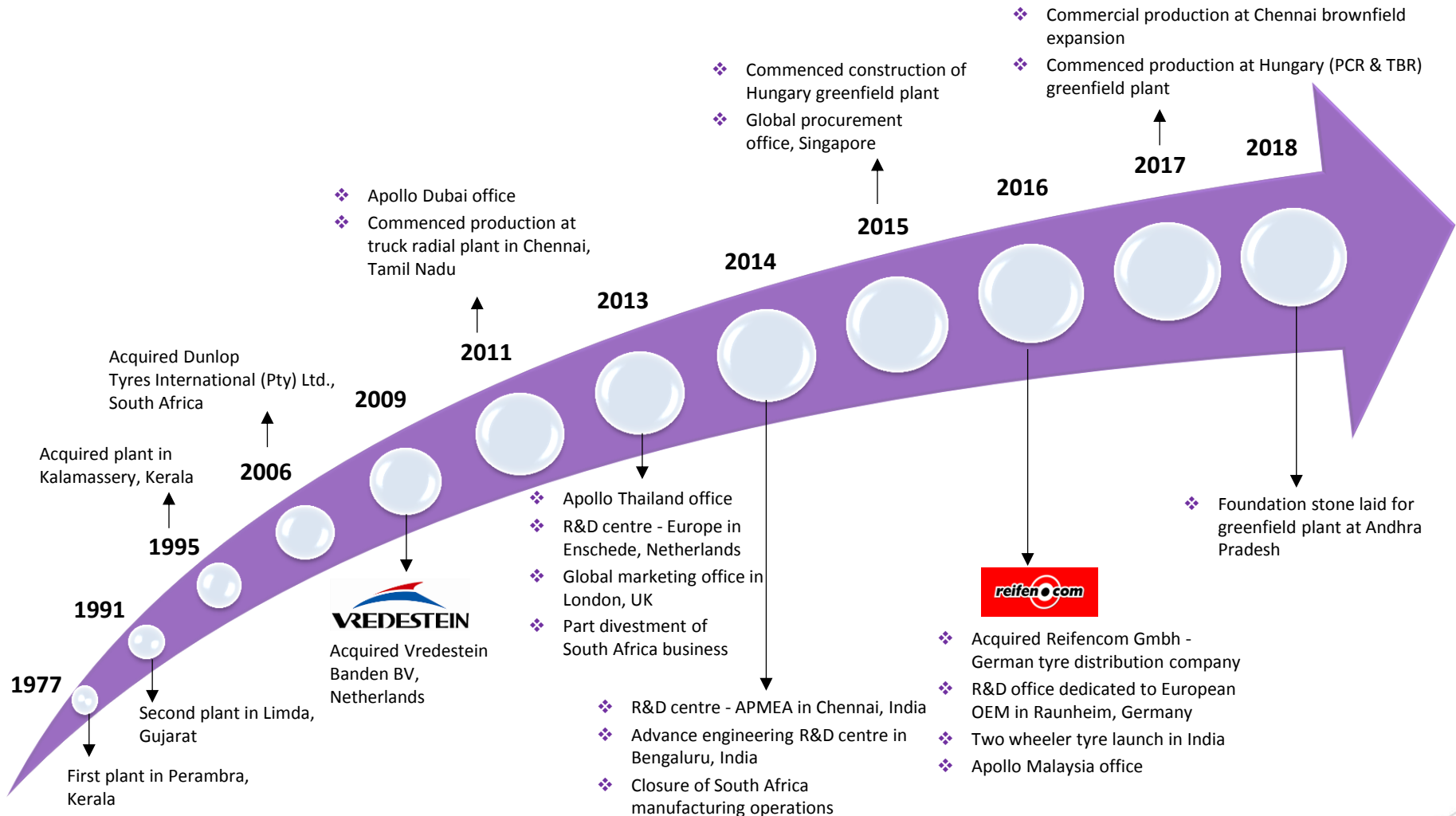
## Diversified product portfolio across geographies

|   | India   | Europe  | Other geographies  |
|---|---|---|--|
| Brands  |   |   |  |
| Product portfolio                               | <ul style="list-style-type: none"> <li>❖ Tyres for commercial vehicles, passenger vehicles, farm and other vehicles (agricultural, off highway and speciality vehicles)</li> <li>❖ Recently entered into two wheeler segment</li> </ul>   | <ul style="list-style-type: none"> <li>❖ Tyres for passenger vehicles, commercial vehicles, bicycles, industrial and agricultural vehicles</li> <li>❖ Speciality products (Space master &amp; Air master)</li> <li>❖ Recent foray into retail and online platform through acquisition of Reifencom</li> </ul> | <ul style="list-style-type: none"> <li>❖ Tyres for commercial vehicles, passenger vehicles, farm and other vehicles</li> <li>❖ Focus on increasing presence in the ASEAN, SAARC and the Middle East markets</li> </ul>   |
| Manufacturing plants and other office locations | <ul style="list-style-type: none"> <li>❖ <b>Corporate / India head office:</b> Gurgaon, India</li> <li>❖ <b>Manufacturing plants:</b> Oragadam (Tamil Nadu), Limda (Gujarat), Perambra (Kerala) &amp; Kalamassery (Kerala)</li> <li>❖ <b>R&amp;D centre:</b> APMEA - Chennai &amp; Bengaluru<sup>2</sup></li> </ul> | <ul style="list-style-type: none"> <li>❖ <b>Europe head office:</b> Amsterdam, Netherlands</li> <li>❖ <b>Manufacturing plants:</b> Enschede, Netherlands and Gyöngyöshalász, Hungary</li> <li>❖ <b>R&amp;D centre:</b> Europe - Enschede &amp; Raunheim<sup>2</sup></li> </ul>                                | <ul style="list-style-type: none"> <li>❖ <b>Global marketing office:</b> London, UK</li> <li>❖ <b>Sales / marketing offices:</b> <ul style="list-style-type: none"> <li>- Bangkok, Thailand</li> <li>- Dubai, UAE</li> <li>- Kuala Lumpur, Malaysia</li> <li>- Johannesburg, South Africa</li> <li>- Atlanta, US</li> </ul> </li> <li>❖ <b>Global procurement office:</b> Singapore</li> </ul> |
| Retail dealer network <sup>1</sup>              | ~5,300 third party dealers (including ~1,700 exclusive dealers)   | ~5,800 third party dealers  | <ul style="list-style-type: none"> <li>❖ 140 third party dealers in Thailand</li> <li>❖ 80 national/regional distributors in rest of ASEAN</li> <li>❖ 49 distributors in Middle East and Africa</li> <li>❖ 10 in SAARC and 5 in Oceania</li> </ul>   |

# KEY MILESTONES



Apollo's growth has been driven by a mix of organic and inorganic initiatives





# TABLE OF CONTENTS



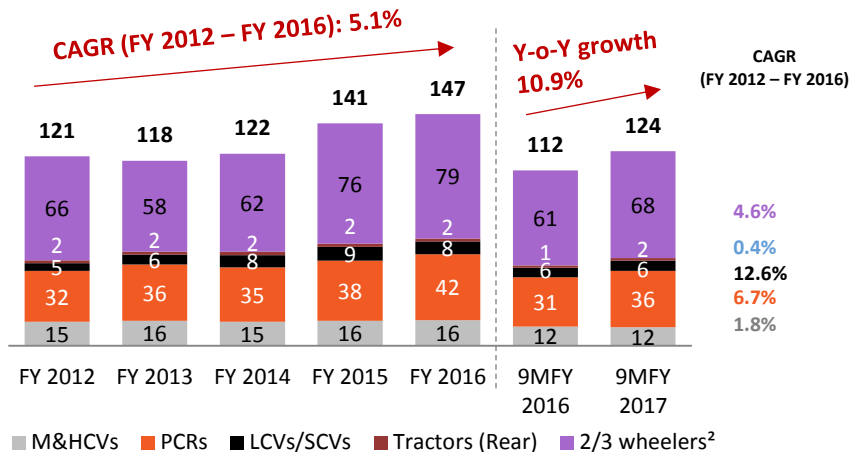
|   |                    | Page # |
|---|--------------------|--------|
| 1 | INTRODUCTION       | 4      |
| 2 | INDUSTRY OVERVIEW  | 9      |
| 3 | COMPANY STRENGTHS  | 12     |
| 4 | FINANCIAL OVERVIEW | 25     |
| 5 | KEY STRATEGIES     | 28     |
| 6 | APPENDIX           | 30     |

# INDUSTRY DYNAMICS – INDIAN TYRE SECTOR



## Sizeable industry...

### Tyres available for sale in India<sup>1</sup> (m units)



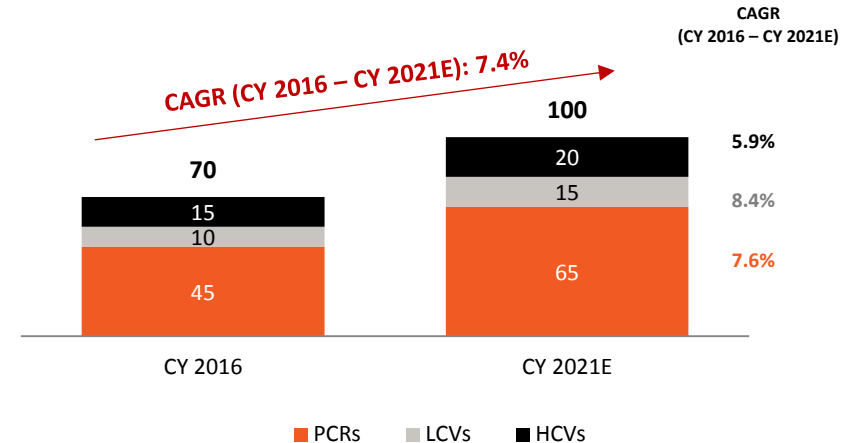
Source: ATMA

### Years Gone By

- ❖ Due to softer economic growth, the tyre industry witnessed modest growth from FY 2012 to FY 2016
- ❖ Tyres available for sale in India grew at a CAGR of 5.1% between FY 2012 and FY 2016
- ❖ The passenger car tyre segment witnessed significant growth registering a CAGR of 6.7% between FY 2012 and FY 2016

## ...with positive growth outlook

### Tyre sales in India (m units)<sup>3</sup>



Source: LMC International

### Looking Ahead

- ❖ Economic recovery and increase in vehicle production are expected to drive growth in both replacement and OEM tyre sales
- ❖ Higher wages and salaries driven by the 7<sup>th</sup> pay commission<sup>4</sup> and higher rural incomes are expected to drive demand
- ❖ Government's focus on infrastructure development, better fleet utilization and shift towards larger trucks with more number of tyres are expected to drive CV demand
- ❖ PCR tyre sales is expected to grow at a CAGR of 7.6% between CY 2016 and CY 2021 backed by robust GDP growth, improving purchasing power and Government boost to road infrastructure

Notes:

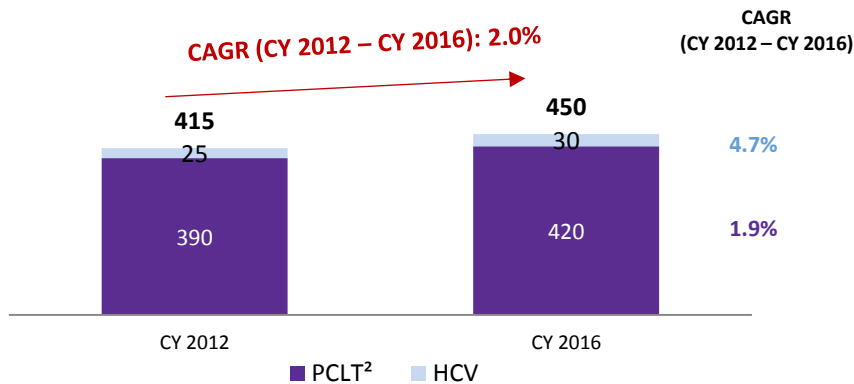
1. Domestic production + Imports - Exports
2. Includes two wheeler scooters, three wheeler scooters and motorcycles/mopeds
3. Rounded-off to the nearest 0, 5 and 10
4. Administrative system set up by Government of India to determine salaries of government employees

# INDUSTRY DYNAMICS – EUROPEAN TYRE SECTOR



## Steady growth trend...

Tyre sales in Europe (m units)<sup>1</sup>



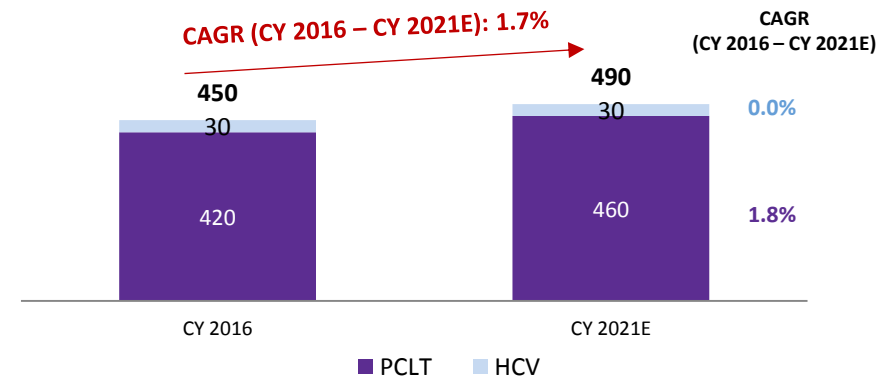
Source: LMC International, Eurostat

### Years Gone By

- ❖ European tyre market is one of the largest tyre markets in the world and is primarily focused on high and ultra-high performance tyres, such as winter tyres, run flat tyres, energy efficient and high speed rating tyres
- ❖ The European market is dominated by the PCLT segment which comprised ~93% of the total industry revenue in CY 2016
- ❖ Western Europe is the largest tyre market within Europe contributing more than 70% of the total European tyre volumes<sup>3</sup> in CY 2016

## ...expected to continue

Estimated tyre sales in Europe (m units)<sup>1</sup>



Source: LMC International

### Looking Ahead

- ❖ The European market is on track for recovery with revival in major markets like Germany
- ❖ PCLT sales is expected to grow at a CAGR of 1.8% from CY 2016 to CY 2021
  - The growth in demand will be supported by increased private consumption, improving labour market and growing real disposable income
- ❖ Stricter labelling laws in Europe expected to keep Chinese imports under check and support domestic production

# TABLE OF CONTENTS



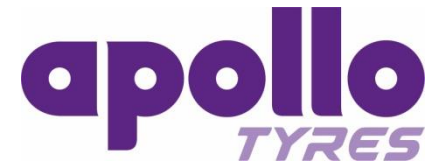
|   |                    | Page # |
|---|--------------------|--------|
| 1 | INTRODUCTION       | 4      |
| 2 | INDUSTRY OVERVIEW  | 9      |
| 3 | COMPANY STRENGTHS  | 12     |
| 4 | FINANCIAL OVERVIEW | 25     |
| 5 | KEY STRATEGIES     | 28     |
| 6 | APPENDIX           | 30     |

# COMPANY STRENGTHS

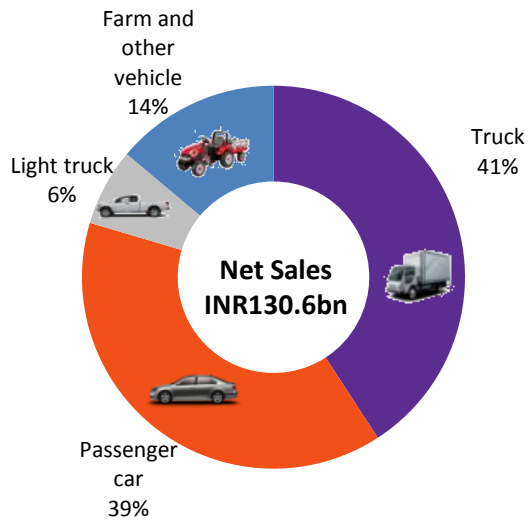


1

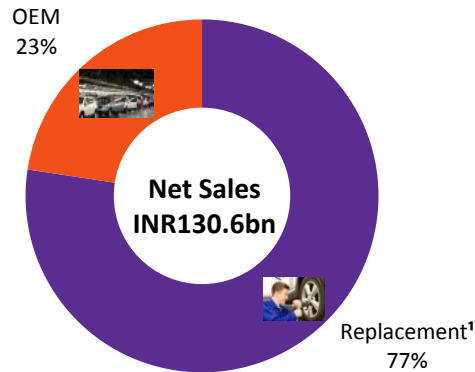
# DIVERSIFIED PRODUCT PORTFOLIO AND GEOGRAPHICAL PRESENCE



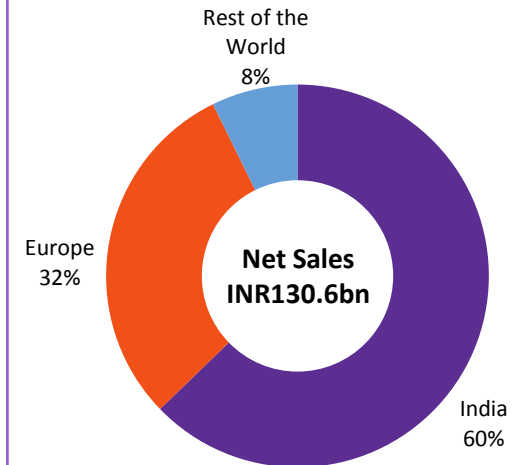
Product Segmentation (FY 2017)



Channel Segmentation (FY 2017)

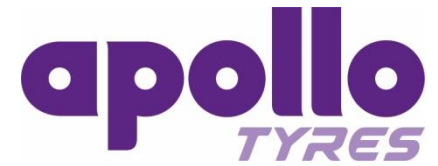


Geographical Segmentation (FY 2017)



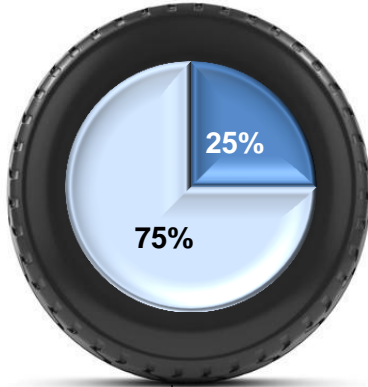
High proportion of revenue from stable and high margin segments of the industry

# 2 LEADERSHIP IN THE INDIAN MARKET...



Market share based on volume (9MFY 2017)

Truck



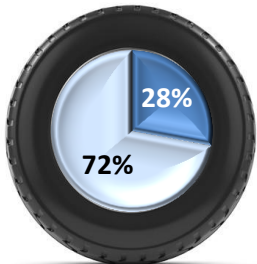
PCR



Tractor (Rear)



TBB



TBR



Market share for Apollo




Market share for other players

One of the leading players in India with significant market share across product categories

2

# ...WITH WELL POSITIONED GLOBAL BRANDS

**apollo**  
TYRES

| Pricing segment | Brand   | Primary geography | UHP and winter tyres | Passenger car tyres | Commercial vehicle (Truck & LCV) tyres | Farm vehicle tyres | Off highway vehicle tyres | Bicycle tyres | Two wheeler tyres |
|-----------------|---|-------------------|----------------------|---------------------|--|--------------------|---------------------------|---------------|-------------------|
| Top             |  | Europe            | ✓                    | ✓                   |  | ✓                  | ✓                         | ✓             |                   |
| Medium          |  | India, Europe     | ✓                    | ✓                   | ✓                                      | ✓                  | ✓                         |               | ✓                 |
| Others          |  | India             |                      |                     | ✓                                      |                    |                           |               |                   |

**apollo**

Manchester United

Crystal Palace

Chennaiyin FC

Minerva Punjab FC

- ❖ Formed a branding tie-up with Manchester United Football Club in 2013
- ❖ Starting with a few European countries, the tie-up is now global
- ❖ Became the official tyre partner of Crystal Palace Football Club in 2017
- ❖ Became the principal sponsor of Chennaiyin FC for the 2017-18 Hero Indian Super League
- ❖ Became the title sponsor for Minerva Punjab FC for the 2017-18 Hero Indian Super League

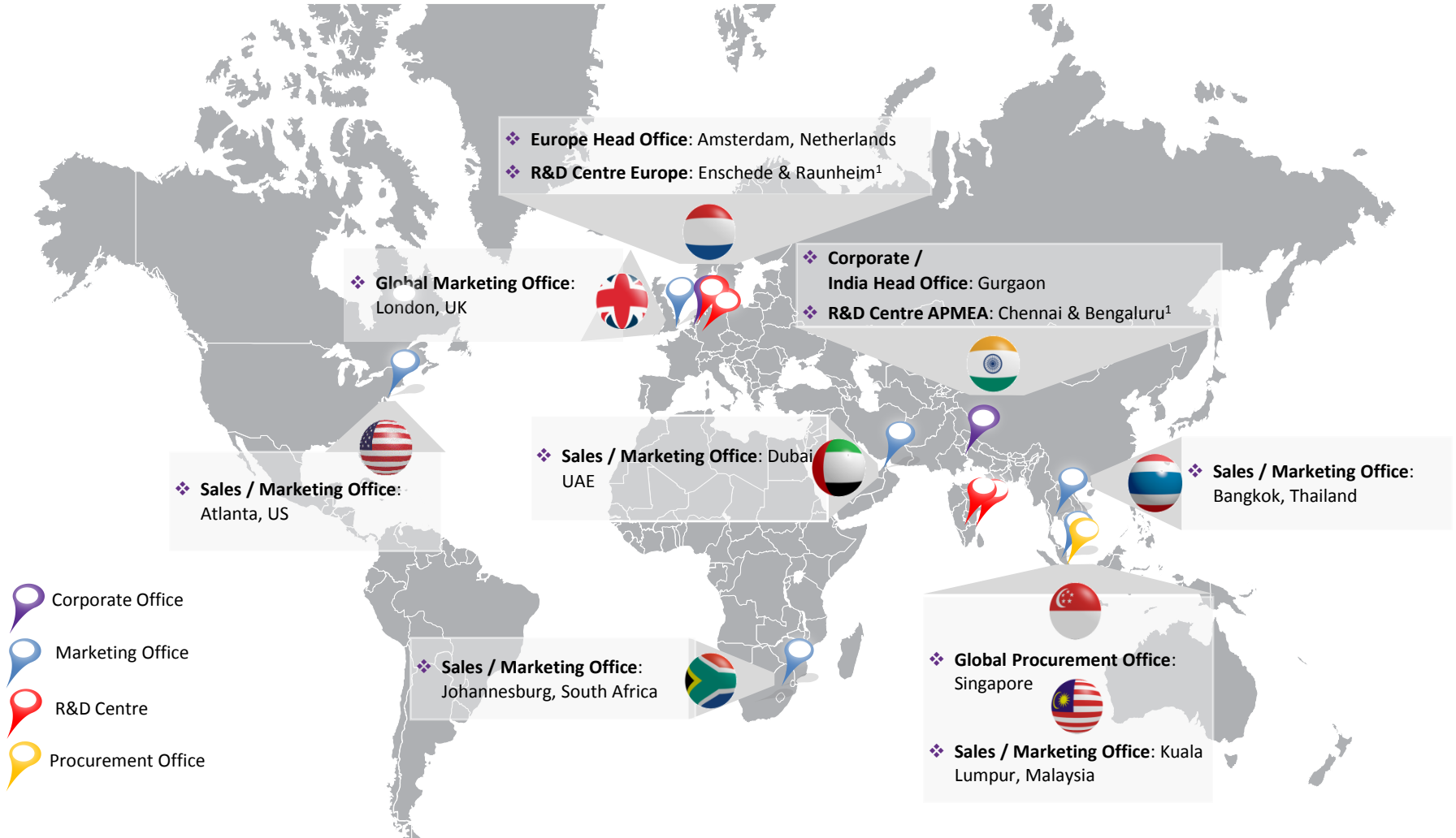
Apollo Tyres was ranked highest in the small car segment and a close second in the mid car segment in the J.D. Power 2018 India Original Equipment Tire Customer Satisfaction Index (TCSI) Study

Multi-brand strategy across different segments



3

# EXTENSIVE GLOBAL FOOTPRINT...



Global presence in line with our vision of being a significant multinational player

3

# ...WITH WIDESPREAD DISTRIBUTION NETWORK

**apollo**  
TYRES

## India



### Extensive distribution network in India<sup>1</sup>

- ❖ ~5,300 third party dealers (including ~1,700 exclusive dealers)
- ❖ 150 sales, service and stocking points
- ❖ 11 regional offices
- ❖ Wide specialist network: Apollo Super Zone, Apollo Zone, Apollo Commercial Vehicle Zone, Apollo Point

## Europe



### Distribution network across Europe<sup>1</sup>

- ❖ ~5,800 third party dealers in Europe
- ❖ Further enhanced presence through acquisition of Reifencom which has 37 stores with access to 2,500 assembly partners across Germany

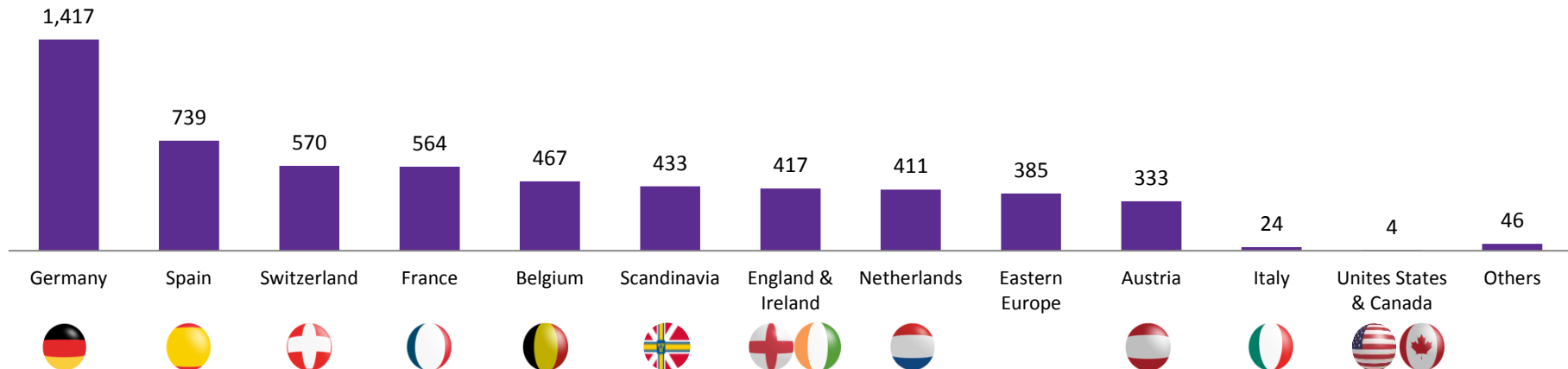
## Other geographies

### Expanding distribution network<sup>1</sup>

- ❖ 140 third party dealers in Thailand
- ❖ 80 national/regional distributors in rest of ASEAN
- ❖ 49 distributors in Middle East and Africa, 10 in SAARC and 5 in Oceania
- ❖ Focus on increasing presence in the ASEAN, SAARC and the Middle East markets

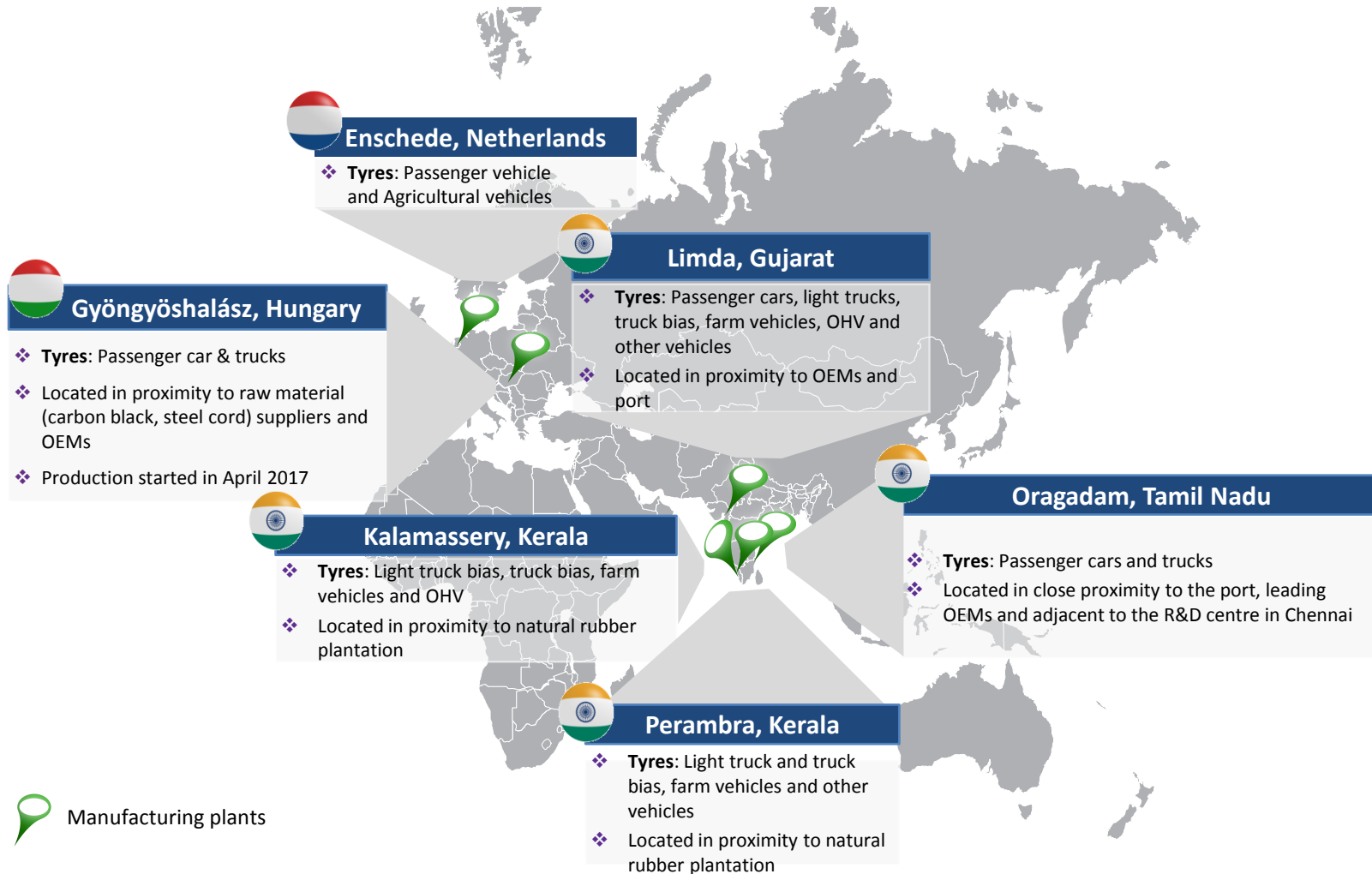
## Apollo Vredestein distribution network

### No. of retail outlets<sup>1</sup>



Longstanding relationship with the dealers is a key competitive strength for Apollo

# STRATEGICALLY LOCATED MANUFACTURING PLANTS



Strategically located manufacturing plants enhance operational efficiency

5

# WELL ESTABLISHED RELATIONSHIPS WITH GLOBAL INDUSTRY PLAYERS

**apollo**  
TYRES

**apollo**


## Key Customers

|             |              |                |                     |               |            |             |
|-------------|--------------|----------------|---------------------|---------------|------------|-------------|
| Audi        | Daimler AG   | Hyundai        | Mahindra & Mahindra | Fiat          | Skoda      |             |
| Chrysler    | Ford         | General Motors | Volkswagen          | Ashok Leyland | John Deere | New Holland |
| Tata Motors | Volvo Eicher | Maruti Suzuki  | Toyota              | MAN           | Nissan     | Porsche     |

## Raw Material Suppliers

|              |         |         |                    |
|--------------|---------|---------|--------------------|
| Birla Carbon | Cabot   | Lanxess | ExxonMobil         |
| Kiswire      | Trinseo | Bekaert | Performance Fibers |

## Testing Facilities

|  |   |   |
|--|---|---|
| ATP   | Nardò Technical Center         | Applus IDIADA                            |
| VRDE  | Nevada Automotive Test Centre  | Test world<br>A Millbrook Group Company  |

Strong relationships with leading OEMs, raw material suppliers and testing facilities

# STRONG RESEARCH AND DEVELOPMENT CAPABILITIES...

## R&D Centre, APMEA, Chennai, India

- ❖ Focused on commercial vehicle, passenger vehicle, off-road and two wheeler tyres
- ❖ R&D focus helped establish leadership position in PCR OEM segment in India
- ❖ Focus on developing low rolling resistance and cut chip resistance tyres

## R&D Centre, Europe, Enschede, Netherlands

- ❖ Focused on passenger vehicle tyres
- ❖ Developed "Space Master", a collapsible spare tyre for high end cars
- ❖ Launched "Air Master", a variable front spoiler made with a special rubber compound for use in sports cars

## Satellite R&D Centres, Raunheim, Germany and Bengaluru, India

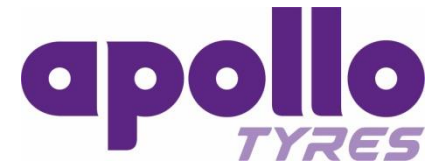
- ❖ Recently established two satellite R&D centres in Raunheim, Germany and Bengaluru, India
- ❖ The R&D centre in Bengaluru focuses on development of advanced solutions for tyre performance
- ❖ The R&D centre in Raunheim, Germany, is working towards developing "Apollo" and "Vredestein" products for leading German OEMs

- ❖ Focus on new product development to grow market share
- ❖ Emphasis on sustainability and conservation
- ❖ Research for new transportation solutions with low impact on environment
- ❖ Currently exploring the feasibility of usage of alternate materials to natural rubber including the use of recycled materials
- ❖ Partnership with various research institutes, universities & OEM partners across the world

Commitment to achieve technological leadership

6

# ...WITH A TRACK RECORD OF INNOVATION



Strong research and development capabilities



Apollo  
AMAZER 4G LIFE



Apollo  
ALNAC 4G



Apollo  
APTERRA HT2



Vredestein  
Ultrac Satin- Summer tyre

Recent tests demonstrate high quality of products



Technological innovations



Air Master



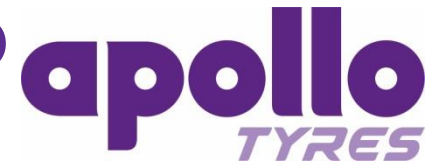
Amazer 4G Life



Space master

Striving to develop innovative and high quality products to meet customer demands

# SEASONED MANAGEMENT AND EXPERIENCED BOARD (1/2)



## Board of Directors

### Onkar S Kanwar – Chairman & Managing Director



- Accomplished business professional with over four decades of experience
- Served as the President of FICCI and Chairman of the Automotive Tyre Manufacturers' Association in the past
- Presently the Chairman of BRICS Business Council, India

### Neeraj Kanwar – Vice Chairman & Managing Director



- Responsible for driving Apollo Tyres' growth over the years
- Instrumental in successfully pursuing operational efficiency and expanding the business across multiple geographies
- Served as Chairman of the Automotive Tyre Manufacturers' Association in the past



**Sunam Sarkar**  
Non-Executive  
Non-Independent  
Director



**Francesco Gori**  
Non-Executive  
Non-Independent  
Director



**Robert Steinmetz**  
Non-Executive  
Non-Independent  
Director



**Dr. S Narayan**  
Non-Executive  
Independent Director



**Vinod Rai**  
Non-Executive  
Independent Director



**Nimesh N Kampani**  
Non-Executive  
Independent Director



**Arun K Purwar**  
Non-Executive  
Independent Director



**Pallavi Shroff**  
Non-Executive  
Independent Director



**Akshay Chudasama**  
Non-Executive  
Independent Director



**Vikram S Mehta**  
Non-Executive  
Independent Director



**Gen Bikram Singh (Retd.)**  
Non-Executive  
Independent Director



**Anjali Bansal**  
Non-Executive  
Independent Director

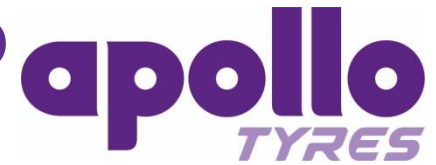


**Paul Antony**  
Nominee Director  
(Govt. of Kerala)

Reputed board with diversified experience

7

# SEASONED MANAGEMENT AND EXPERIENCED BOARD (2/2)



## Management Board



**Onkar S Kanwar**  
Chairman & Managing Director



**Neeraj Kanwar**  
Vice Chairman & Managing Director



**Sunam Sarkar**  
President & Chief Business Officer



**Satish Sharma**  
President, APMEA



**Mathias Heimann**  
President, Europe



**Robert Steinmetz**  
Advisor



**Francesco Gori**  
Advisor



**K Prabhakar**  
Chief, Projects



**P K Mohamed**  
Chief Advisor, R&D



**Daniele Lorenzetti**  
Chief Technology Officer



**Marco Paracciani**  
Chief Marketing Officer



**Markus Korsten**  
Chief Manufacturing Officer



**Pedro Matos**  
Chief Quality Officer



**Gaurav Kumar**  
Chief Financial Officer



**Martha Desmond**  
Chief Human Resources Officer

Global team with long standing experience in the industry



# TABLE OF CONTENTS

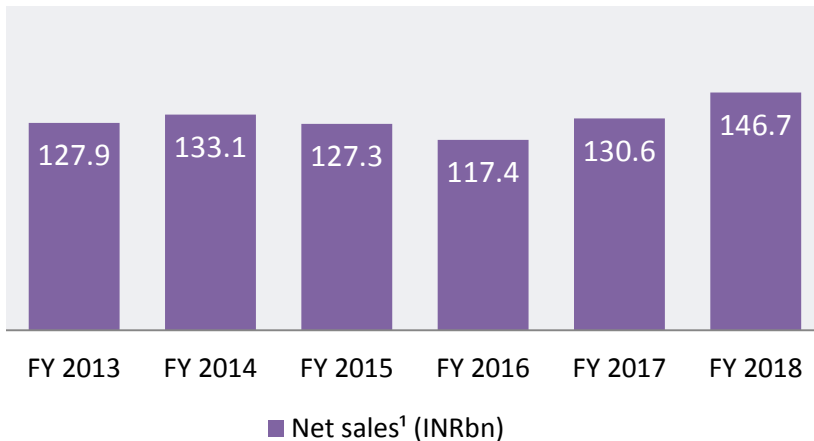


|   |                    | Page # |
|---|--------------------|--------|
| 1 | INTRODUCTION       | 4      |
| 2 | INDUSTRY OVERVIEW  | 9      |
| 3 | COMPANY STRENGTHS  | 12     |
| 4 | FINANCIAL OVERVIEW | 25     |
| 5 | KEY STRATEGIES     | 28     |
| 6 | APPENDIX           | 30     |

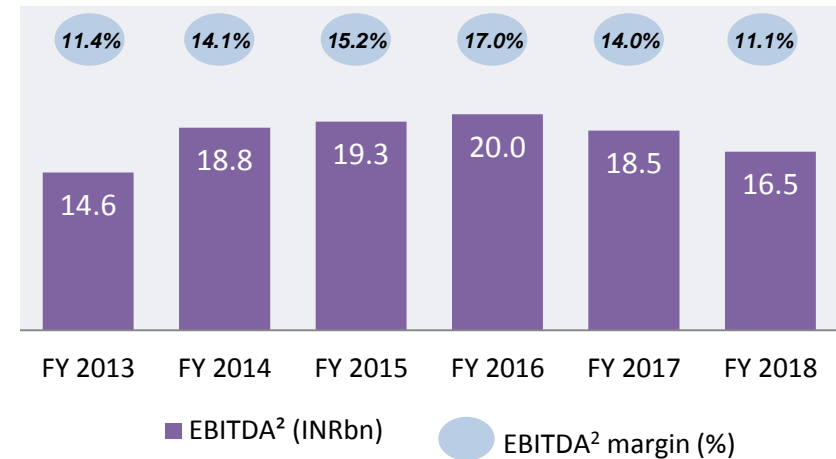
# FINANCIAL TRACK RECORD (1/2)



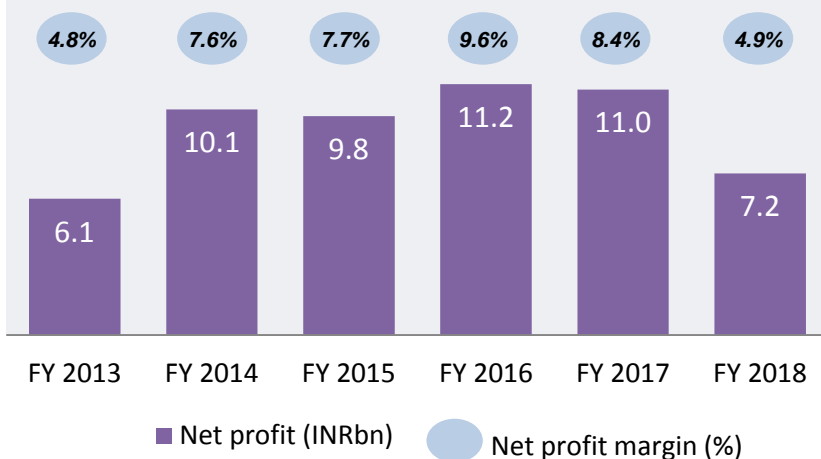
## Net sales



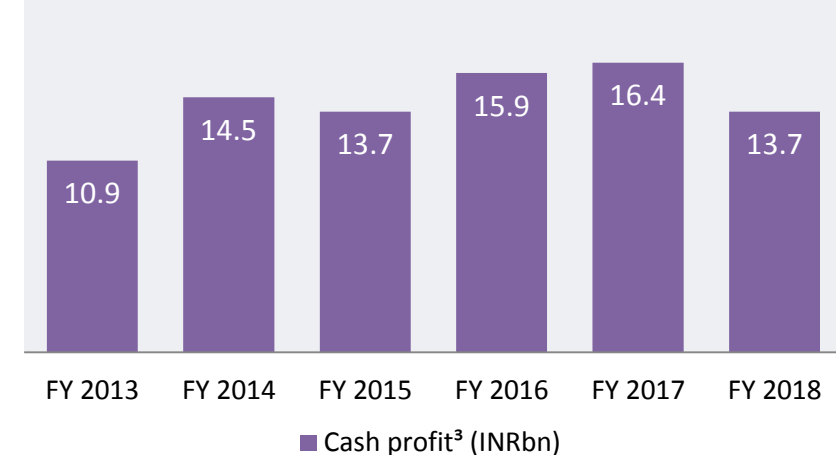
## EBITDA



## Net profit



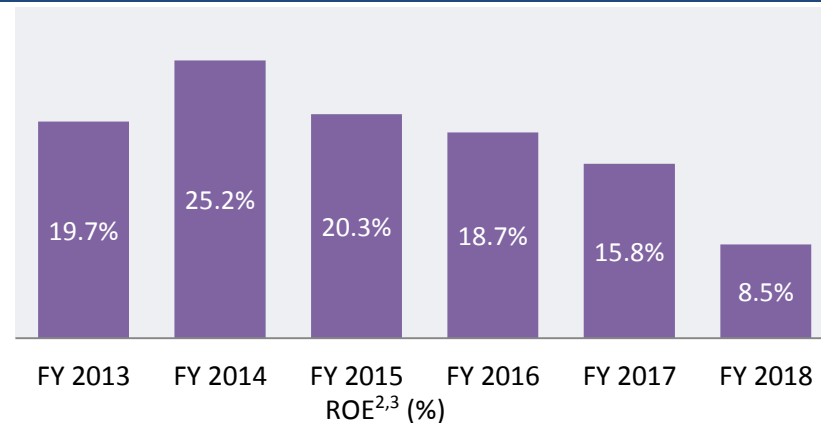
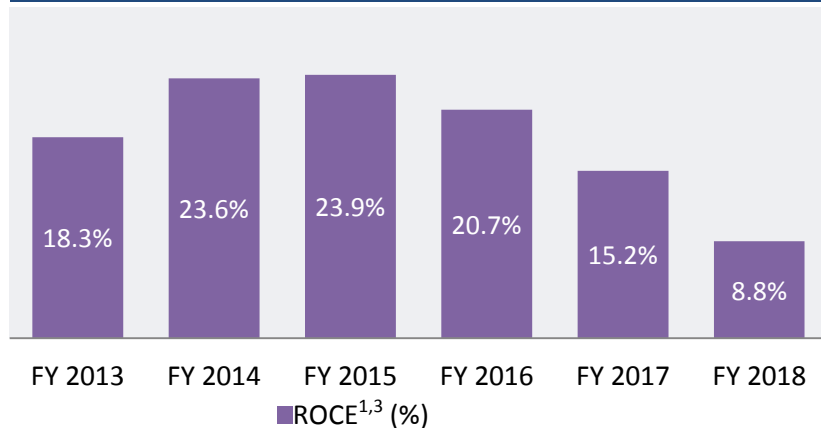
## Cash profit



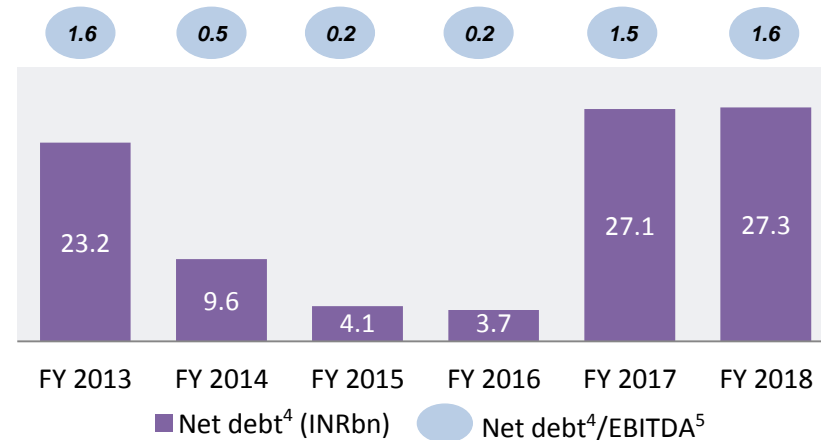
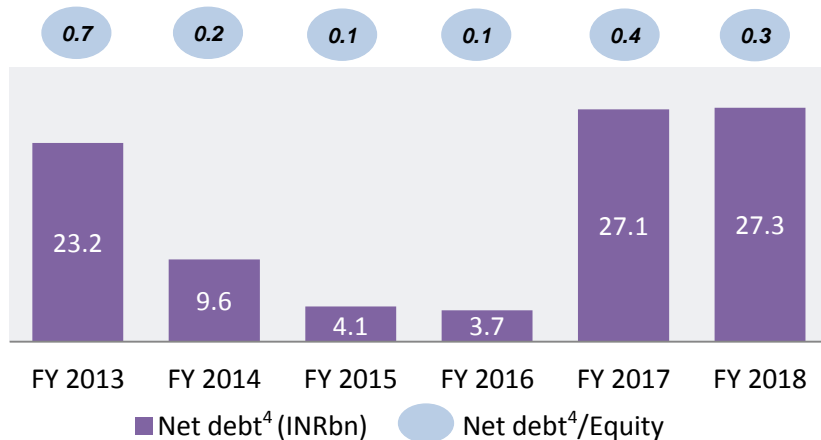
# FINANCIAL TRACK RECORD (2/2)



## Capital return



## Leverage



Source: Company filings FY 2018, audited financials as per Ind-AS, FY 2013-FY 2015 audited financials as per IGAAP)

Notes:  
1. ROCE: (Profit before exceptional items and tax + Interest) / average capital employed; Average capital employed: average gross debt + average networth + deferred tax liabilities + derivative liabilities (current & non-current) – deferred tax assets - derivative assets (current & non-current) of respective and previous financial year

2. ROE: Profit after tax / average shareholder's equity

3. Average capital employed and shareholder's equity for FY 2016 has been calculated using opening and closing of FY 2016 (Ind-AS figures)  
4. Net debt: Long term debt + short term debt + derivative liabilities (current & non-current) – derivative assets (current & non-current) – cash and cash equivalents – investments in inter corporate deposits – current investments. Derivative assets & liabilities are adjusted in net debt only in FY 2016 and FY 2017 as per the reporting under Ind-AS standards  
5. EBITDA excludes other income & exceptional items

# TABLE OF CONTENTS



|   |                    | Page # |
|---|--------------------|--------|
| 1 | INTRODUCTION       | 4      |
| 2 | INDUSTRY OVERVIEW  | 9      |
| 3 | COMPANY STRENGTHS  | 12     |
| 4 | FINANCIAL OVERVIEW | 25     |
| 5 | KEY STRATEGIES     | 28     |
| 6 | APPENDIX           | 30     |

# KEY STRATEGIES



## Maintain leadership position and grow market share in India

- ❖ Positioned to take advantage of the growth in the Indian tyre market
- ❖ Doubling truck and bus radial tyres production capacity at Oragadam, Tamil Nadu plant
- ❖ Augment capacity at Limda, Gujarat plant
- ❖ Optimize the capacity utilization of TBB tyres
- ❖ Grow in new product segments

## Premiumization in Europe

- ❖ Aim to substantially increase the share in the premium segment<sup>1</sup>
- ❖ Focus to increase market share in premium distribution channels and grow in core markets including Germany, Austria, Switzerland, Netherlands, Belgium and Luxembourg

## Improve cost competitiveness

- ❖ Establishing cost efficient greenfield project in Hungary
- ❖ Scale up operations in India leading to cost optimisation
- ❖ Continue to focus on initiatives to reduce costs and improve productivity

## Enhance presence in new markets

- ❖ Established subsidiaries in UAE, Thailand, Malaysia and South Africa to cater to focus markets and adjacent geographies
- ❖ Continue establishing sales and marketing offices in new markets

## Grow towards global leadership

- ❖ Continue to pursue organic and inorganic growth opportunities in the operating markets and new target markets
- ❖ Continue to invest in increasing capacity, enhancing product offerings and expanding distribution network

## Continue to focus on R&D initiatives

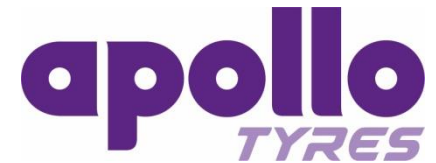
- ❖ Continue to partner with OEMs and other industry participants to address the evolving technological, regulatory and aesthetic requirements of the customers
- ❖ Continue to focus on developing products that appeal customer preferences, are technologically advanced and reduce their adverse impact on the environment

# TABLE OF CONTENTS



|   |                    | Page # |
|---|--------------------|--------|
| 1 | INTRODUCTION       | 4      |
| 2 | INDUSTRY OVERVIEW  | 9      |
| 3 | COMPANY STRENGTHS  | 12     |
| 4 | FINANCIAL OVERVIEW | 25     |
| 5 | KEY STRATEGIES     | 28     |
| 6 | APPENDIX           | 30     |

# LIST OF ABBREVIATIONS



|        |  |       |  |
|--------|--|-------|--|
| APMEA  | Asia Pacific Middle East and Africa Group                    | M&HCV | Medium and Heavy Commercial Vehicles             |
| ASEAN  | Association of Southeast Asian Nations                       | OEM   | Original Equipment Manufacturer                  |
| ATMA   | Automotive Tyre Manufacturers' Association                   | OHV   | Off Highway Vehicle                              |
| BRICS  | Brazil, Russia, India, China and South Africa                | PCLT  | Passenger Car and Light Commercial Vehicle       |
| CV     | Commercial Vehicle   | PCR   | Passenger Car Radials                            |
| CY     | Calendar Year (January – December)                           | R&D   | Research & Development                           |
| DII    | Domestic Institutional Investor                              | ROCE  | Return on Capital Employed                       |
| EBITDA | Earnings Before Interest, Tax, Depreciation and Amortization | ROE   | Return on Equity                                 |
| FICCI  | Federation of Indian Chambers of Commerce                    | SAARC | South Asian Association for Regional Cooperation |
| FPI    | Foreign Portfolio Investor                                   | SCV   | Small Commercial Vehicle                         |
| FY     | Fiscal Year (April – March)                                  | SUV   | Sports Utility Vehicle                           |
| GDP    | Gross Domestic Product                                       | TBB   | Truck and Bus Bias                               |
| HCV    | Heavy Commercial Vehicles                                    | TBR   | Truck and Bus Radial                             |
| LCV    | Light Commercial Vehicles                                    | UHP   | Ultra High Performance                           |

**Thank You**