



## Q3 FY16 – Investor Presentation

February 12<sup>th</sup>, 2016



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# Section 1: RPG Group Overview

# RPG Group: Powered by Passion, Driven by Ethics

RPG Enterprises was founded in 1979 by Shri Rama Prasad Goenka, popularly known as RP Goenka, a pioneering fifth generation business leader from the Goenka family. The Goenkas have a history of business dating back to 1820 AD in banking, textiles, jute and tea. Under RP Goenka's dynamic leadership, the Group grew in size and strength with several acquisitions in the 1980s and 1990s. CEAT became a part of the RPG Group in 1982, which is now one of India's fastest growing conglomerates with 20000+ employees, presence in 100+ countries and annual gross revenues of ~\$3 Bn.



## KEC International

World leader in Power Transmission EPC space



## CEAT

One of India's leading manufacturer of automobile tyres



## Zensar Technologies

Software services provider spread across 20 countries, 400+ customers.



## RPG Life Sciences

Pharma company with wide range medicines in global generics and synthetic APIs.



## Raychem RPG

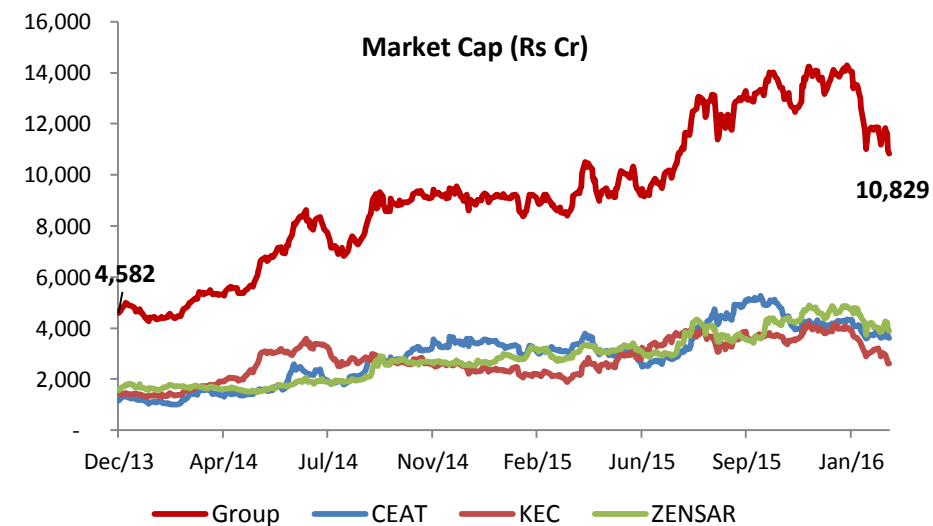
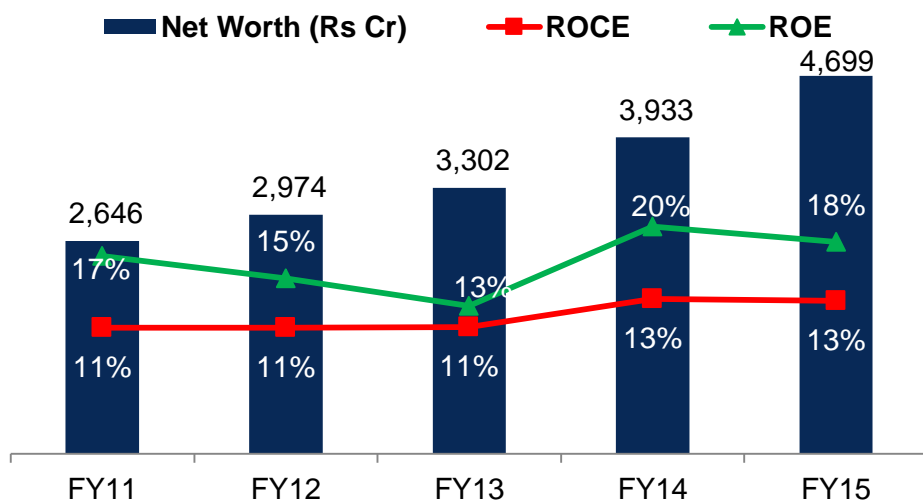
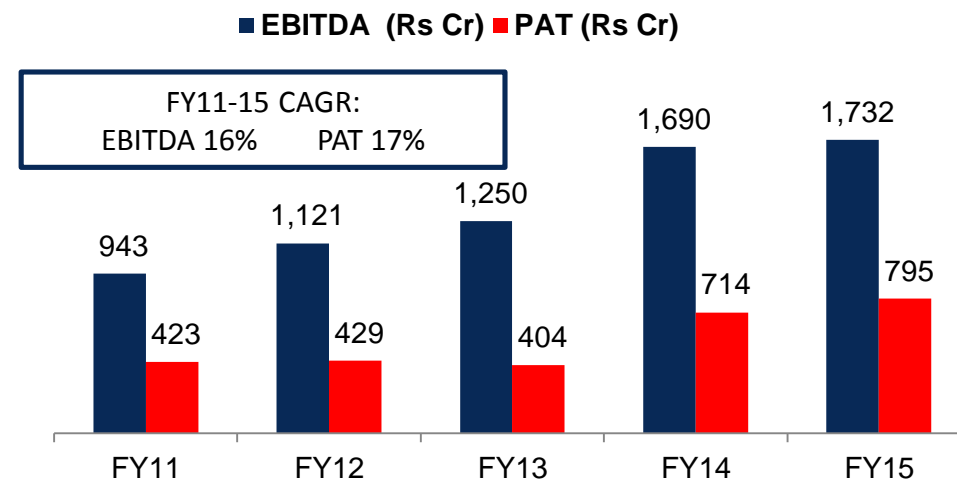
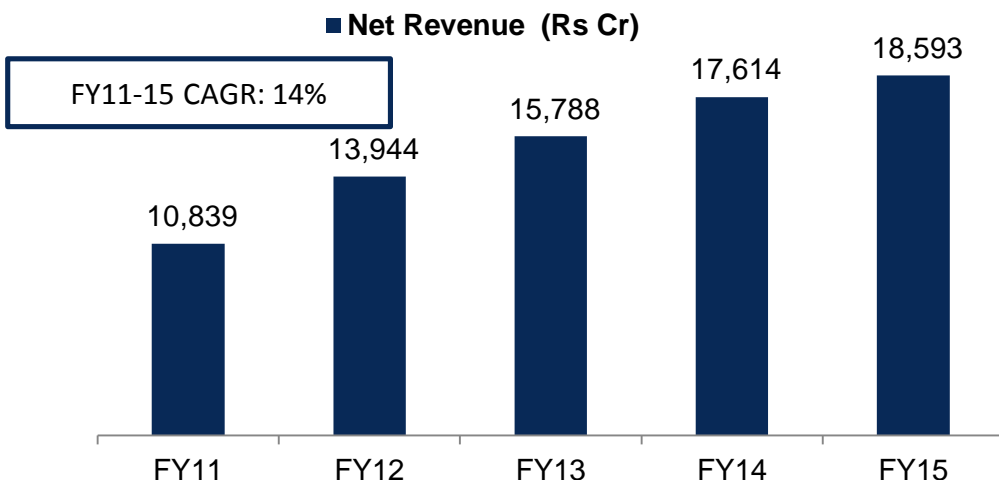
Engineering products and services catering to infrastructure segment of the economy.



## Harrisons Malayalam

One of India's largest plantation companies with tea, rubber and other agro products.

# RPG Group: Key Financials



**Note:**

- 1) ROCE is calculated by taking Operating EBIT multiplied by (1 minus tax rate @ 33%) divided by Average Capital Employed
- 2) ROE is calculated by taking PAT divided by Average Net-worth
- 3) Market Cap updated till 12<sup>th</sup> February 2016

## Section 2: Key Highlights

# Key Highlights



Revenue CAGR of 15% over last 5 years and 8% over last 3 years



Average ROE of 17% for 5 years and 22% for 3 years



Profit after Tax CAGR of 14% over last 5 years and 160% over last 3 years



~25% of the additional capacity to commence operation in FY16 and expected to be fully ramped up over 18 months from COD (Commercial Operation Date)



Average ROCE (net of tax) of 12% for 5 years and 15% for 3 years



Changing product mix with increased focus towards passenger segments (YTD FY16 revenue contribution of 38% from 18% in FY12)

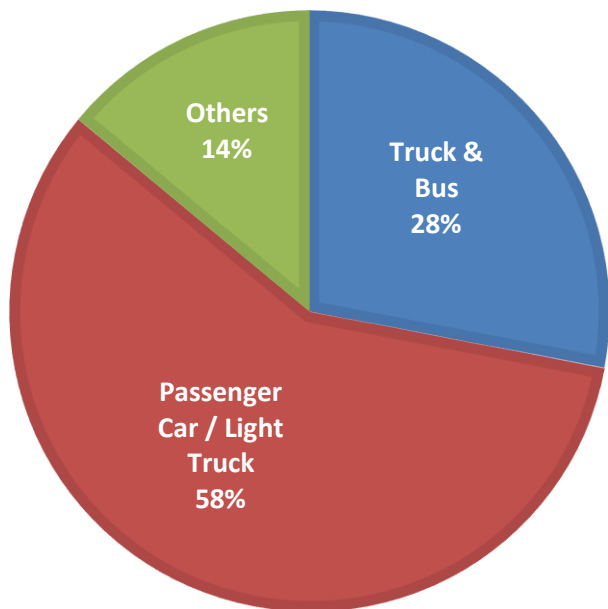


# Section 3: Industry Overview

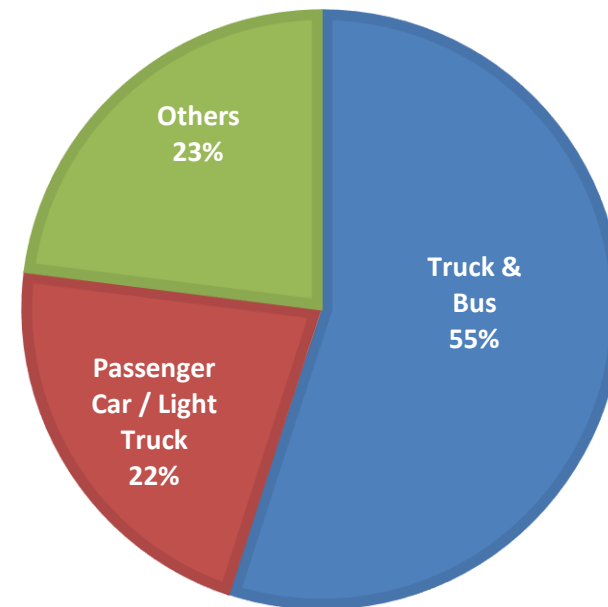
# Indian Tyre Industry Overview

- ❖ Tyre Industry turnover in India is Rs 50,000 crore
- ❖ Truck & Bus segment accounts for 55% of the industry's revenues
- ❖ India exports Rs 10,500 crore worth of Tyres
- ❖ Most of the investments by Indian and MNC tyre majors are geared towards Truck & Bus Radial Tyres

Global tyre industry revenue segmentation



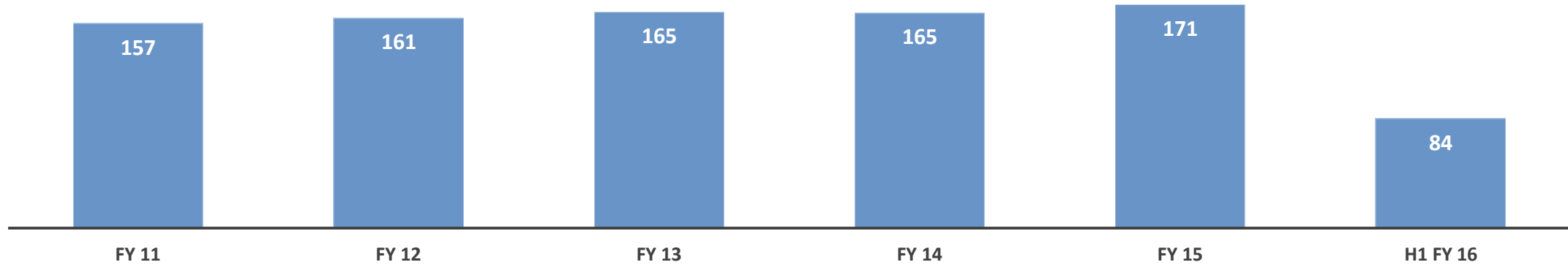
Indian tyre industry revenue segmentation



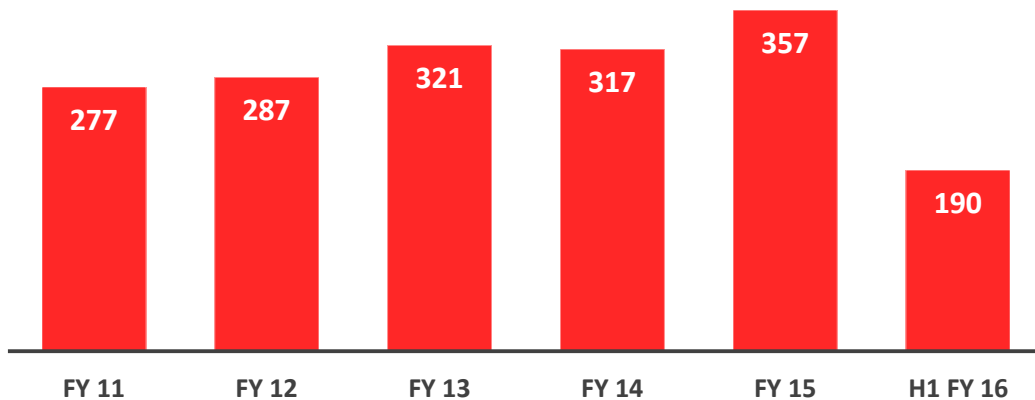
# Indian Tyre Industry Overview

## Total Tyre Production (Volumes in Lakhs)

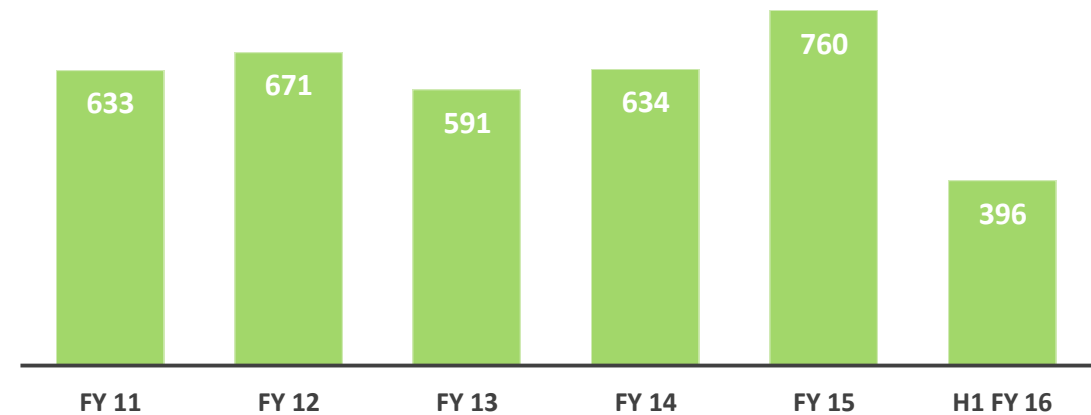
### MHCV (T&B)



### Passenger Car / Jeep



### 2 / 3 wheeler



# Section 4: Business Overview

# Board of Directors



**Harsh Vardhan Goenka**  
Chairman, Non Executive Director



**Anant Vardhan Goenka**  
Managing Director



**Arnab Banerjee**  
Whole -Time Director



**Atul C. Choksey**  
Non Executive  
Independent Director



**Haigreve Khaitan**  
Non Executive  
Independent Director



**Hari L. Mundra**  
Non Executive Non  
Independent Director



**Kantikumar R. Podar**  
Non Executive  
Independent Director



**Mahesh S. Gupta**  
Non Executive  
Independent Director



**Paras K. Chowdhary**  
Non Executive Non  
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

# Leadership Team

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**Anant Goenka**



**Managing Director**

**Manoj Jaiswal**



**Chief Financial Officer**

**Arnab Banerjee**



**Executive Director  
- Operations**

**Tom Thomas**



**Executive Director  
- Technology & Products**

**Dilip Modak**



**Senior Vice President  
- Manufacturing**

**Chandrashekar Ajgaonkar**



**Senior Vice President  
- Quality Based Management**

**Debi Prasad Das**



**Senior Vice President  
- Human Resource**

**Subbiah Kumar**



**Senior Vice President  
- Materials & Outsourcing**

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

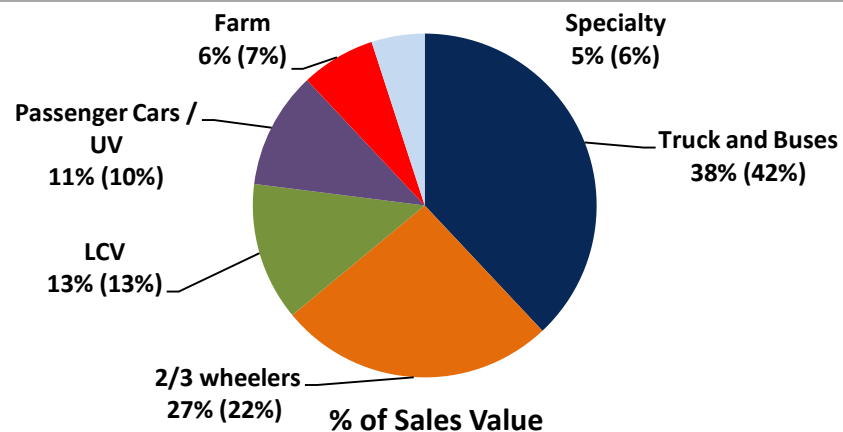
Distribution Network : **3500+** dealers, **330+** exclusive CEAT franchisees

**6** Manufacturing facilities - Bhandup, Nasik, Halol, Nagpur, Ambernath & Sri Lanka

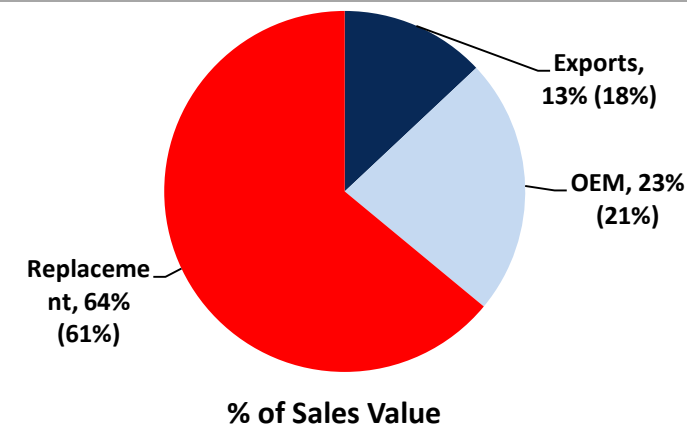
**100+** countries where products are sold with strong brand recall

**#No 1** player in Sri Lanka in terms of market share

YTD FY16 Revenue Breakup by Product



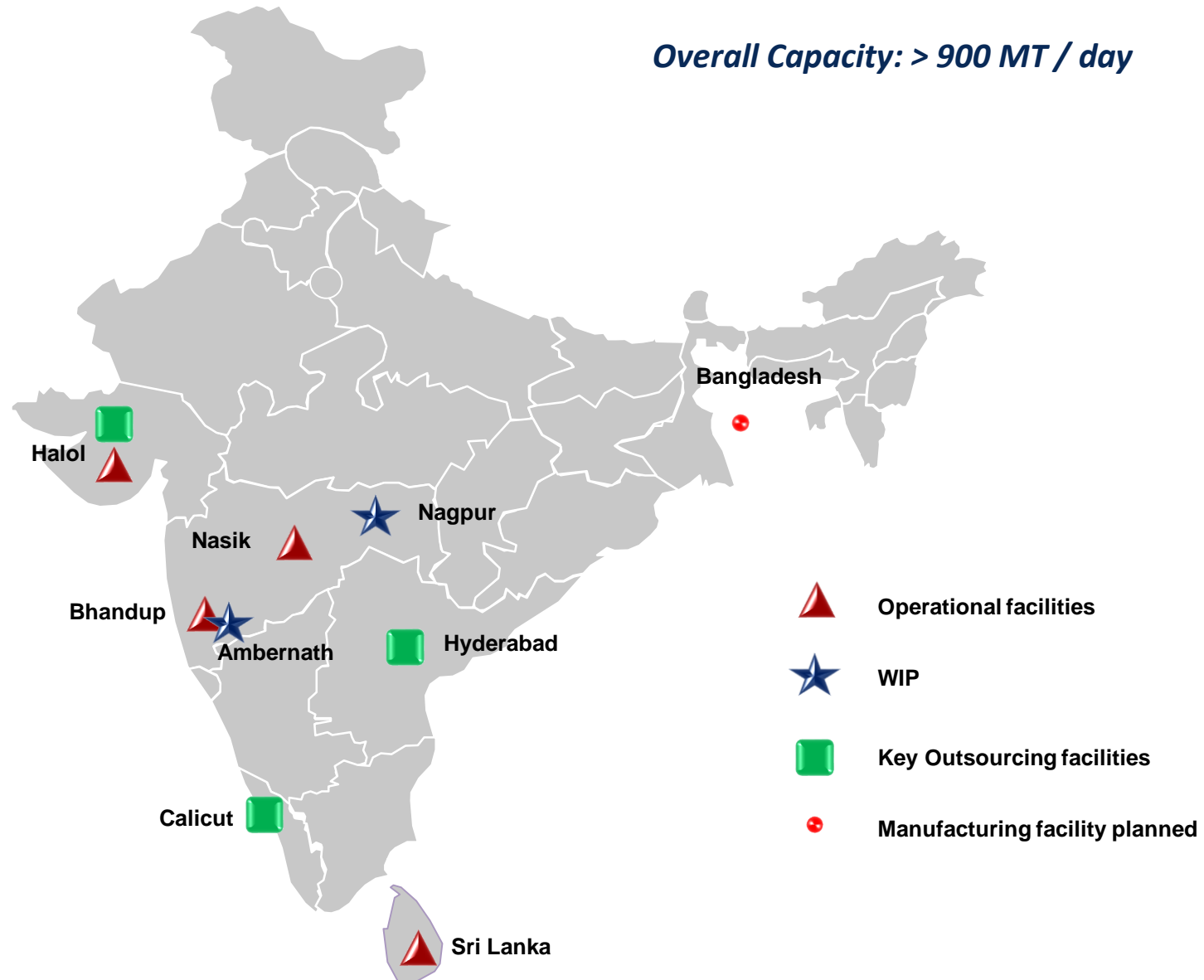
YTD FY16 Revenue Breakup by Market



Note : Figures in parenthesis denote YTD FY15

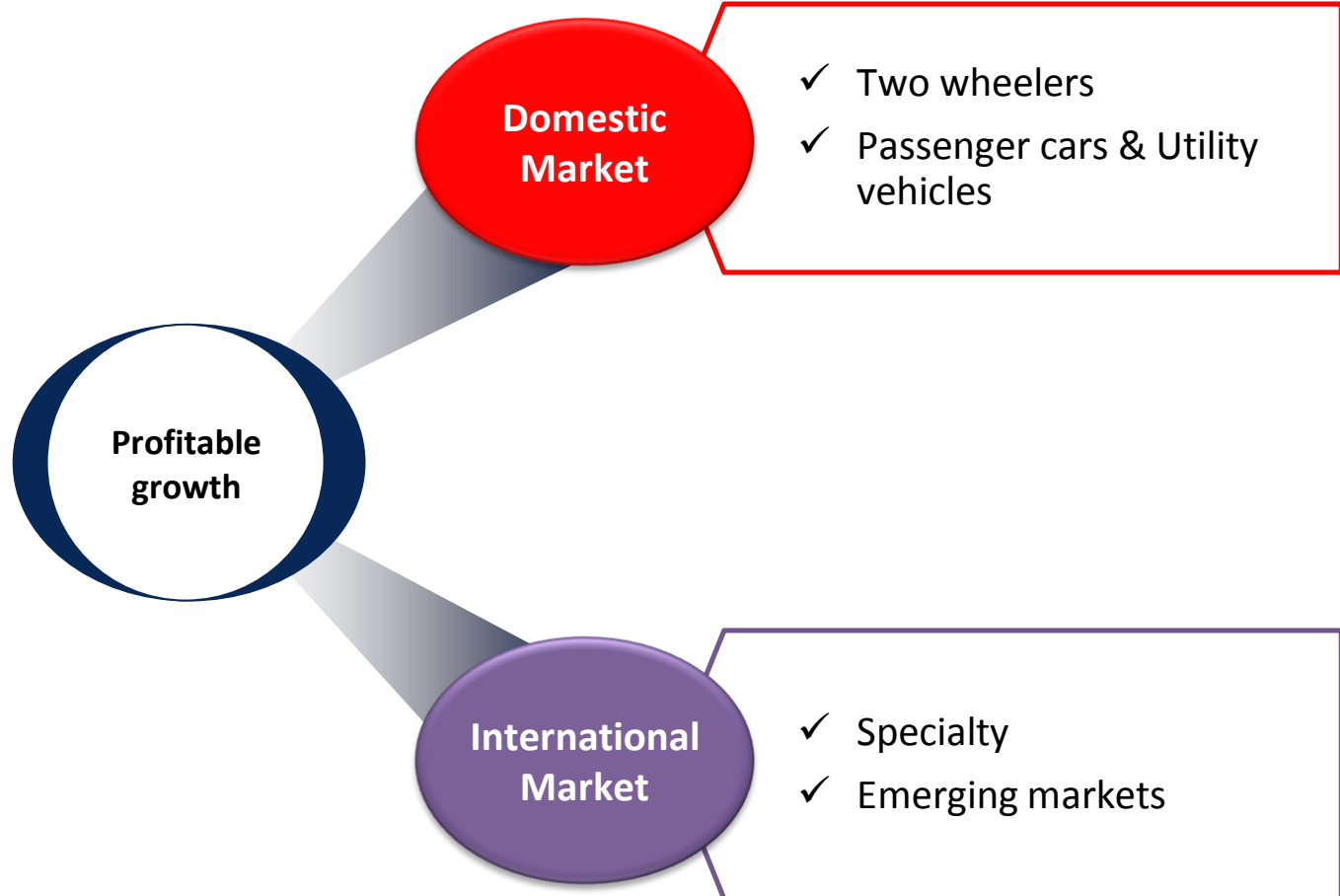
# Manufacturing Facilities

*Overall Capacity: > 900 MT / day*





# Strategic Drivers



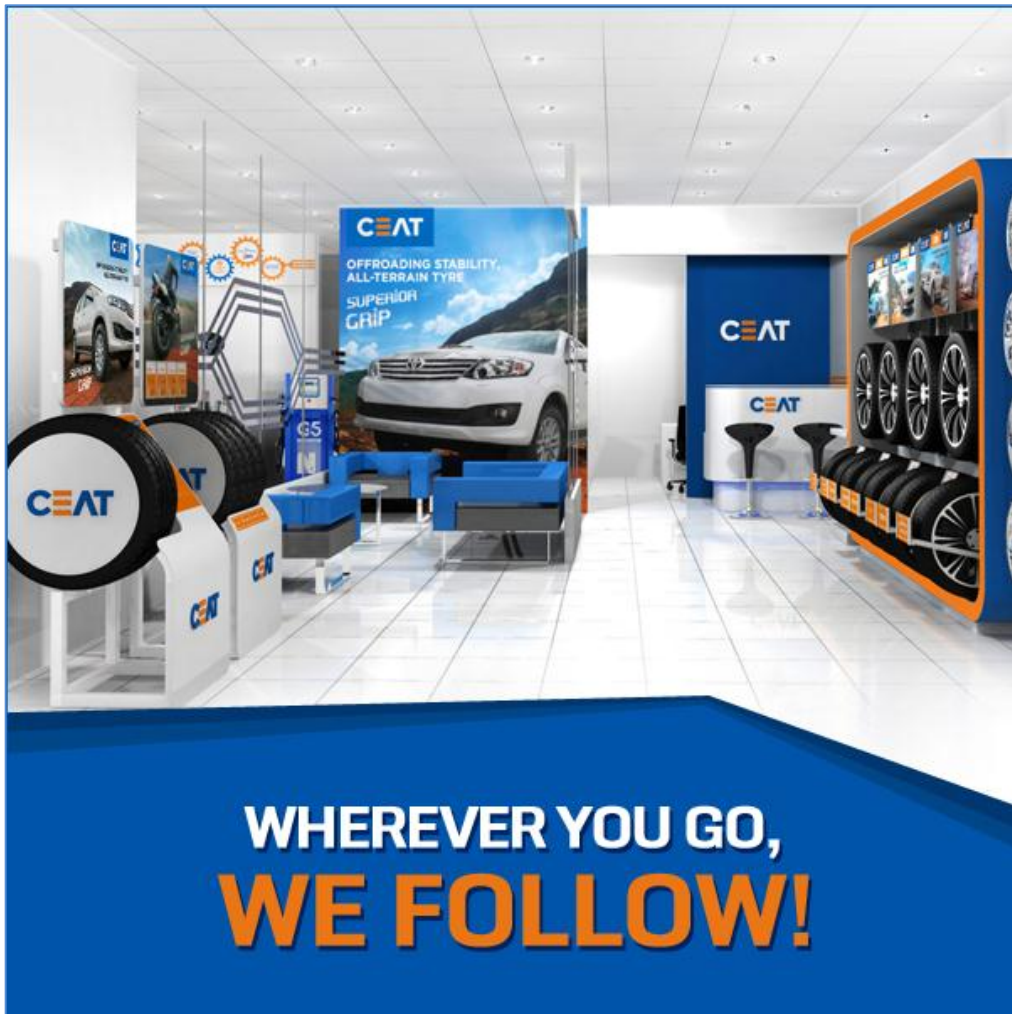
- 1 Strong Brand Recall
- 2 OEM Relationships
- 3 Distribution Network
- 4 Product Development
- 5 Proven Model In Sri Lanka
- 6 Product Mix

# 1 Creating Strong Brand Equity

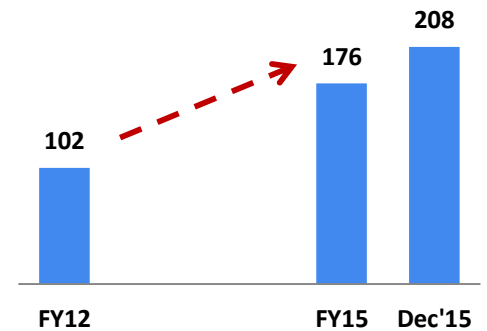


## 2 Increasing OEM Presence

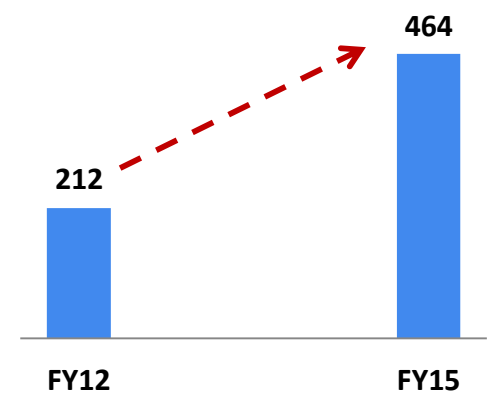

# 3 Pan India Distribution Network



No. of CEAT Shoppes



District coverage



Distribution Network

- 3500+ dealers
- 330+ CEAT Franchisees (Shoppes + Hubs)
- 250+ two-wheeler distributors



# 3 Pan India Distribution Network

Multi Brand Outlet (MBO)



Shop in Shop (SIS)



**New distribution model**

- Developed MBO / SIS model in the last 2 years
- Over 275 outlets so far

# Research & Development

## Recent Product Launches in FY16

### PCR / UVR launches

### 2 wheeler launches



**Mahindra TUV 300:**  
Launched in India with CEAT Tyres



**Fuel Smartt**



**CZAR Sport**



**ZOOM PLUS**



**Pro Gripp**



**GRIPP XL**



**Renault Kwid:**  
Launched in India with CEAT Tyres

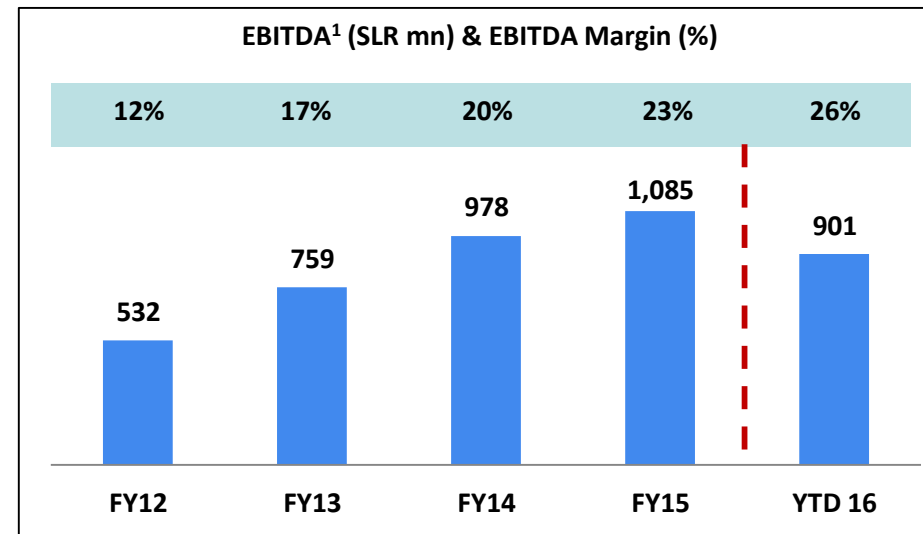
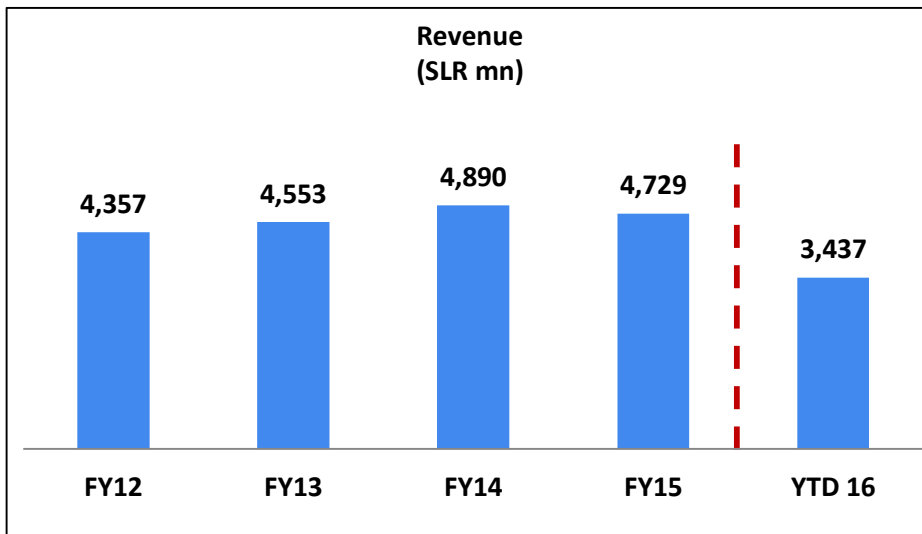
Raid de Himalaya  
2015 : SCOOTER

Riding on newly  
launched Pro  
Gripp tyre & won  
event



# 5 Emerging Markets Trends

Sri Lanka



- 50% JV with Kelani Tyres Ltd
- Strong presence in the truck, light truck, 2 / 3 wheeler and radial tyre segments
- Two manufacturing facilities with total capacity<sup>2</sup> of 61 MT/day
- Only company with local presence supported by brand, network & strong after sales service

Bangladesh

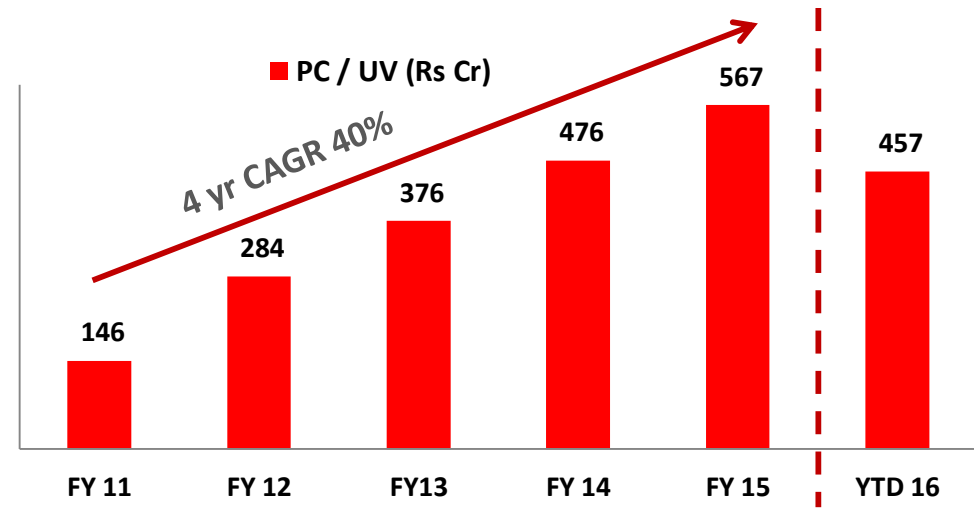
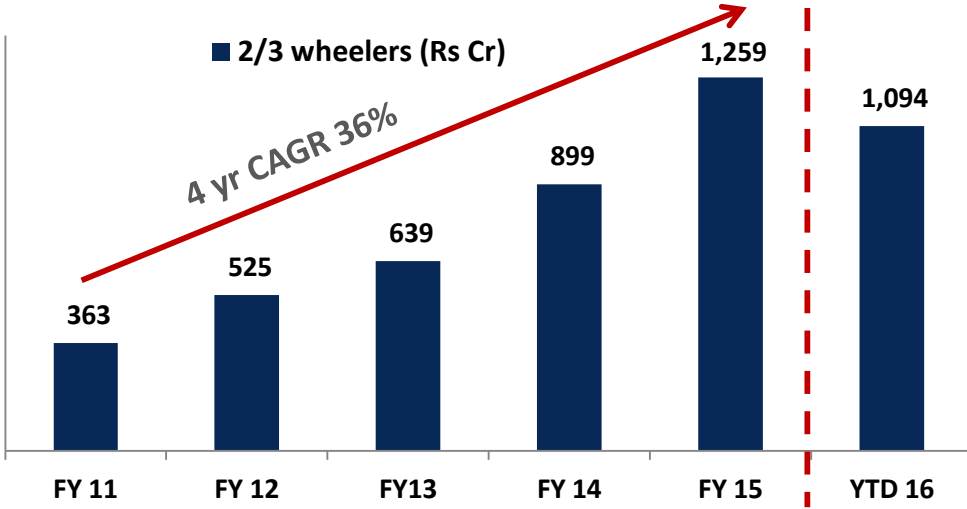
- 70:30 JV with AK Khan & Company Ltd with the aim to cater to local and eastern part of Indian market
- Imports from Bangladesh to India enjoy zero basic customs duty

**Notes**

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

# 6 Passenger Segment Trends

Revenue



**Expanding Capacities**

- 2x expansion in 2/3 wheeler and 2.5x expansion in PCR / UCR segment from the existing capacities
- Mix of in-house vs outsourced production

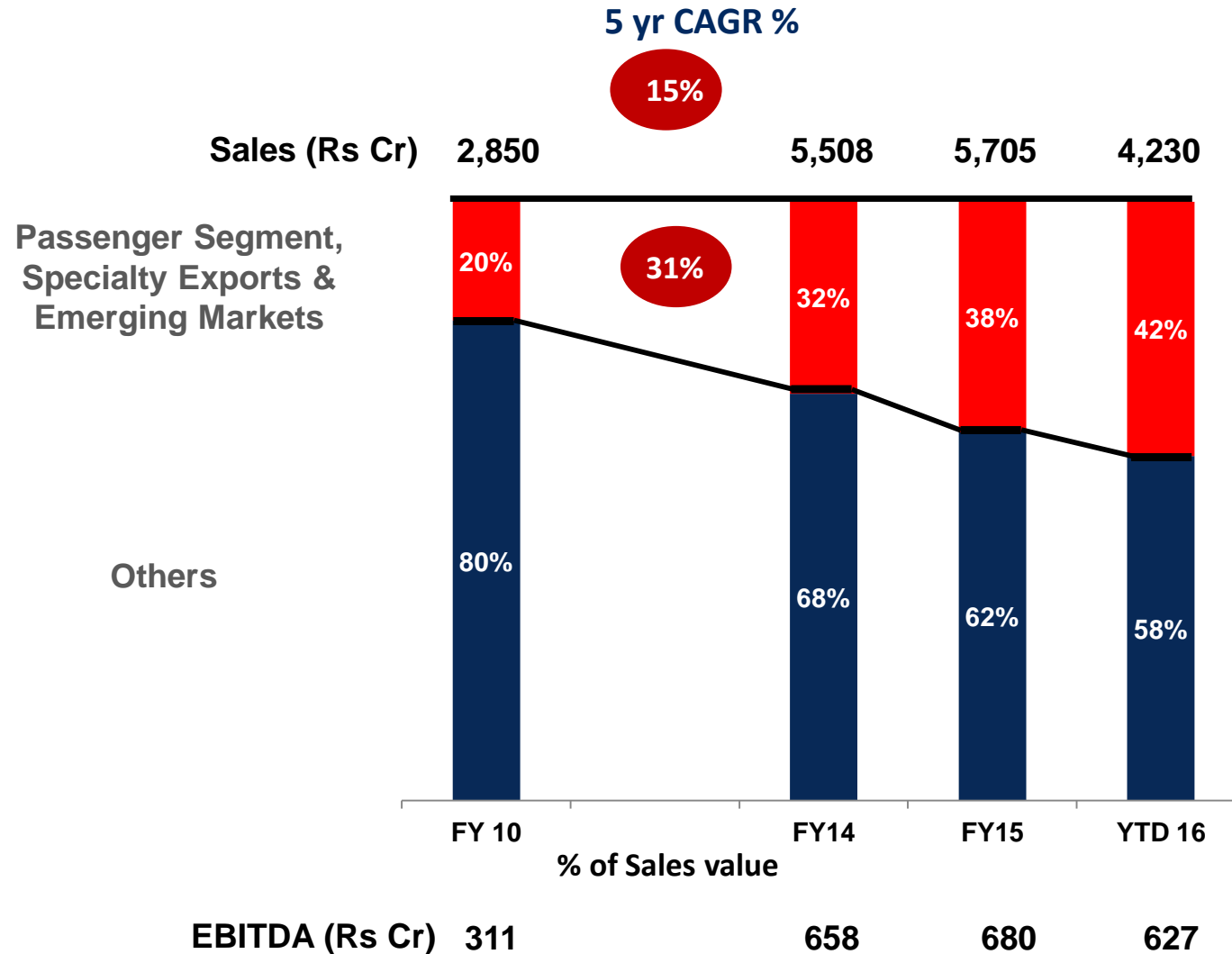


## 6 Specialty



### Status Update

- CEAT has transferred Ambernath land to CSTL in Q3 FY16 which will be used to build a new OTR (off-the-road) radial plant
- CSTL will invest Rs 330 Crores for an initial capacity of 40 MT/day
- CEAT has infused Rs 25 Crores as an equity investment in CSTL in Q3 FY16
- Production will commence at the new manufacturing facility by Q4 FY17



**“Strategic Focus Areas”**

- Higher margin business
- Contributes 42% sales for YTD 16 compared to 20% in FY10
- Higher CAGR of 31%
- Growing market share

**Note :**  
# 50% of CEAT Sri Lanka sales are considered

# Section 5: Operational & Financial Overview

# Q3 FY16 Operational Highlights

Mahindra  
Imperio launched  
in India with  
CEAT Tyres



Honda NAVI  
launched on  
CEAT



CEAT started catering to  
Hero Maestro Edge and Hero Duet



Royal Enfield  
HIMALAYAN  
launched on  
CEAT

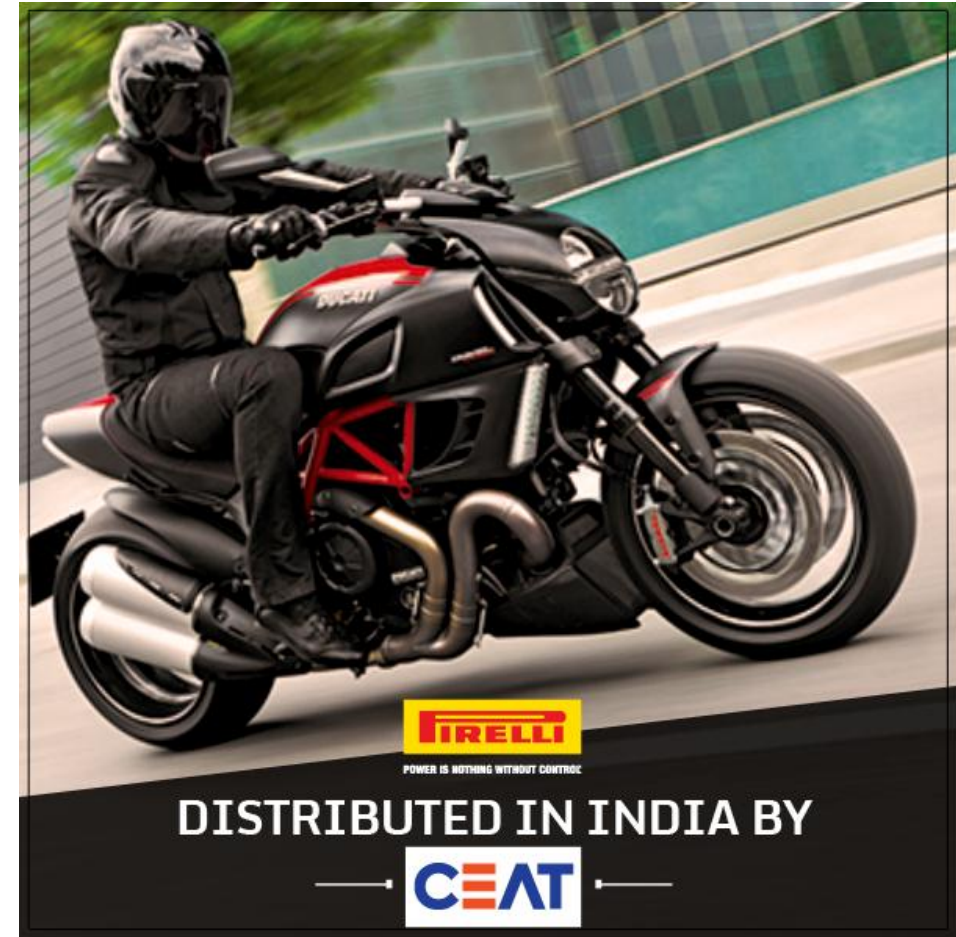


# Q3 FY16 Operational Highlights

Rohit Sharma –  
Bat endorsement deal

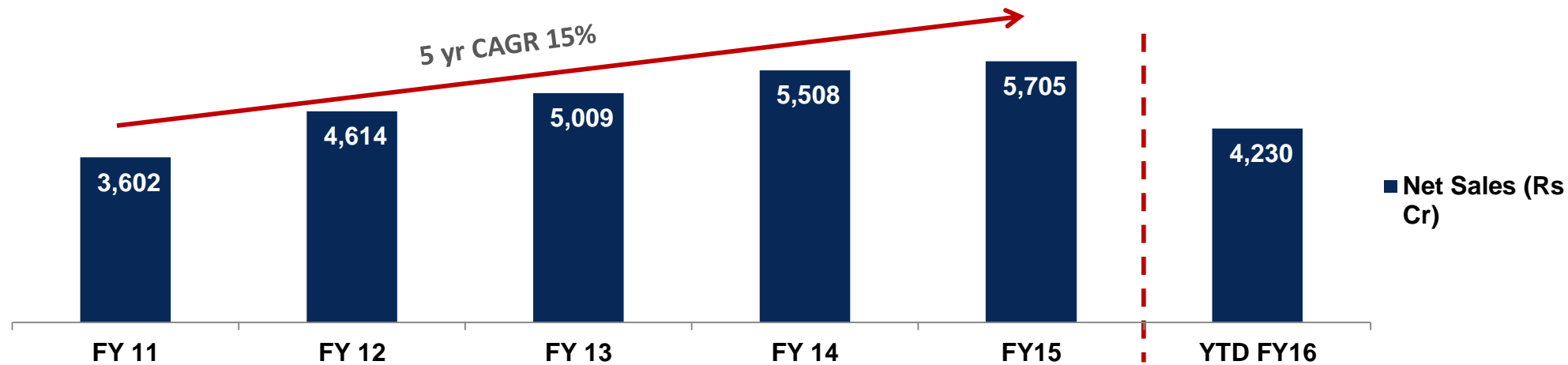


Pirelli tie-up with CEAT for distribution of its  
premium motorcycles tyres

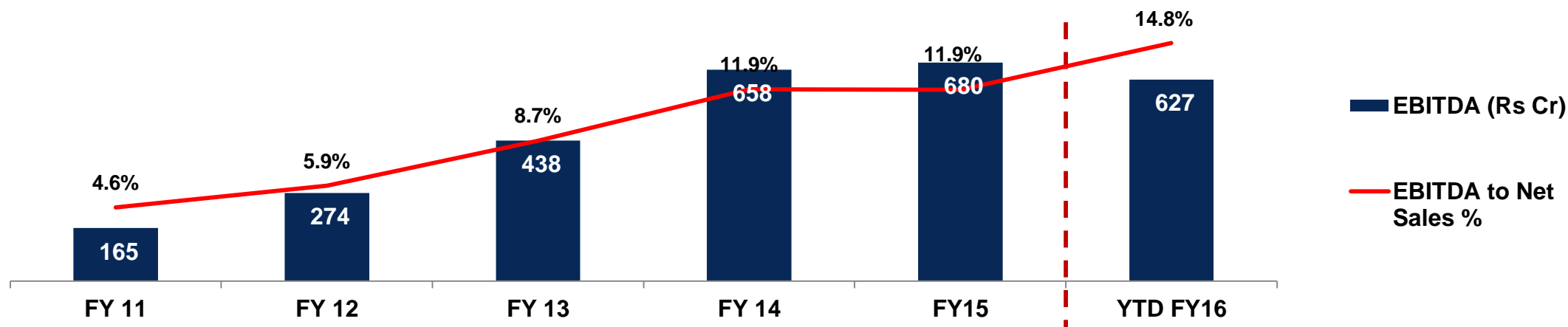


# Consolidated: Financial Trends

Revenue growth



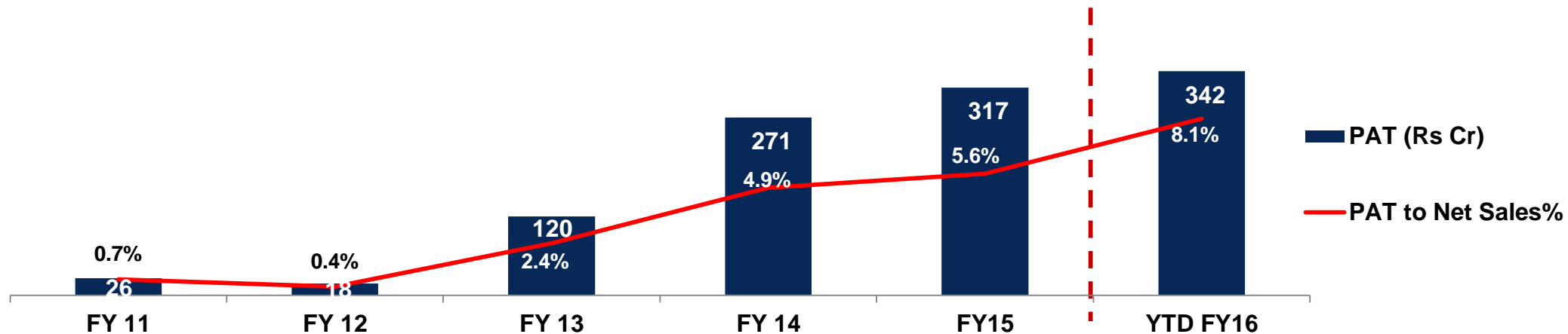
Margin trends



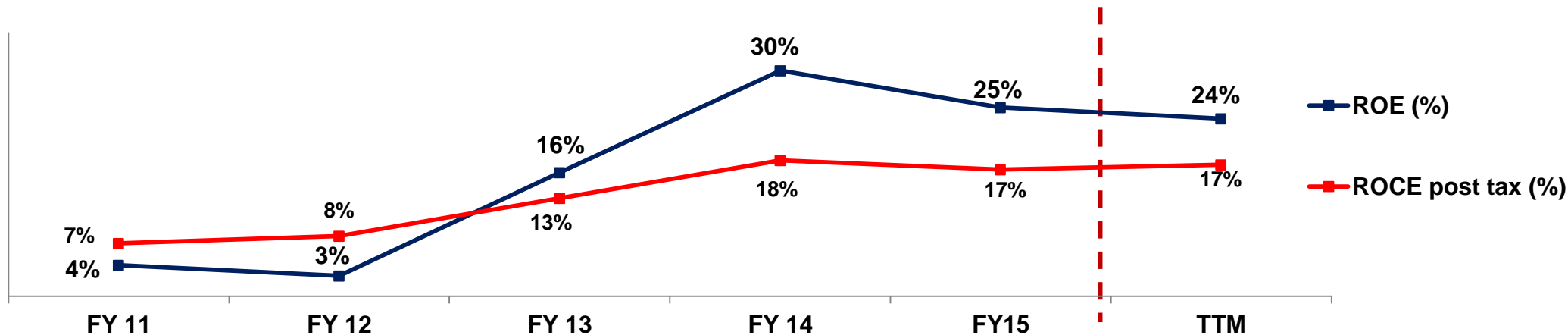
**Note**  
EBITDA includes Other operating income; does not include Non- operating income

# Consolidated: Financial Trends

PAT trends



Return Ratios



**Note**

QIP proceeds considered for part of the year for 2015  
 Average capital employed considered. ROCE calculated based on PBIT \*(1-tax rate)  
 TTM –Trailing Twelve Month as on YTD FY16

# Consolidated: Q3 FY16 Financial Highlights

## Q3 FY16 v/s Q3 FY15 (Y-o-Y)

- 6% Volume growth
- EBITDA% up 1.6% at 14.7%
- Finance cost at Rs 19 cr compared to Rs 31 cr (down by Rs 12 Cr)
- PBT stands at Rs 161 cr compared to Rs 132 cr

## Q3FY16 v/s Q2FY16 (Q-o-Q)

- Flat volume growth
- EBITDA% up 0.3%
- Finance cost at Rs 19 cr compared to Rs 22 cr (down by Rs 3 cr)
- PBT stands at Rs 161 cr compared to Rs 162 cr

**Total D/E down to 0.4x compared to 0.5x YoY**



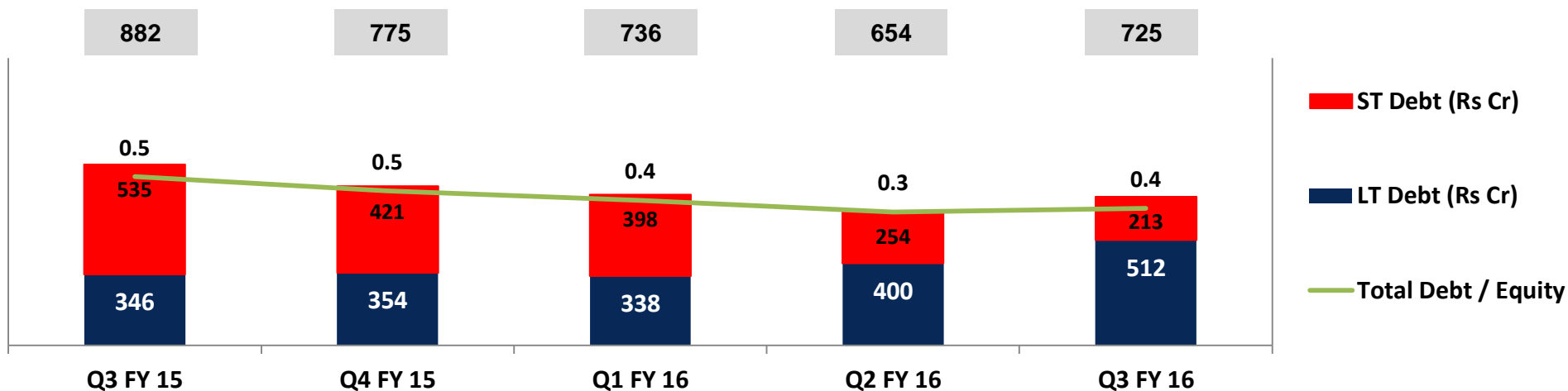
# Consolidated: Financials

Parameter	Rs cr				
	Q3FY15	Q2FY16	Q3FY16	YTDFY15	YTDFY16
<b>Net Sales</b>	1,399	1,400	1,374	4,251	4,230
<b>Growth (YoY)</b>	-	-	-1.8%	-	-0.5%
<b>Growth (QoQ)</b>	-	-	-1.9%	-	-
<b>EBITDA</b>	183	202	202	496	627
<b>Growth (YoY)</b>	-	-	10.2%	-	26.5%
<b>Growth (QoQ)</b>	-	-	-0.1%	-	-
<b>EBITDA (%)</b>	13.1%	14.4%	14.7%	11.7%	14.8%
<b>PAT</b>	89	107	113	223	342
<b>EPS (Rs.) (Basic)</b>	23.7	26.6	28.0	61.2	84.5
<b>Net Worth</b>	1,637	1,903	2,019	1,637	2,019
<b>Debt</b>	882	654	725	882	725
<b>D/E (x)</b>	0.5	0.3	0.4	0.5	0.4
<b>No of shares (cr)</b>	4.0	4.0	4.0	4.0	4.0
<b>B/V (Rs.)</b>	405	470	499	405	499

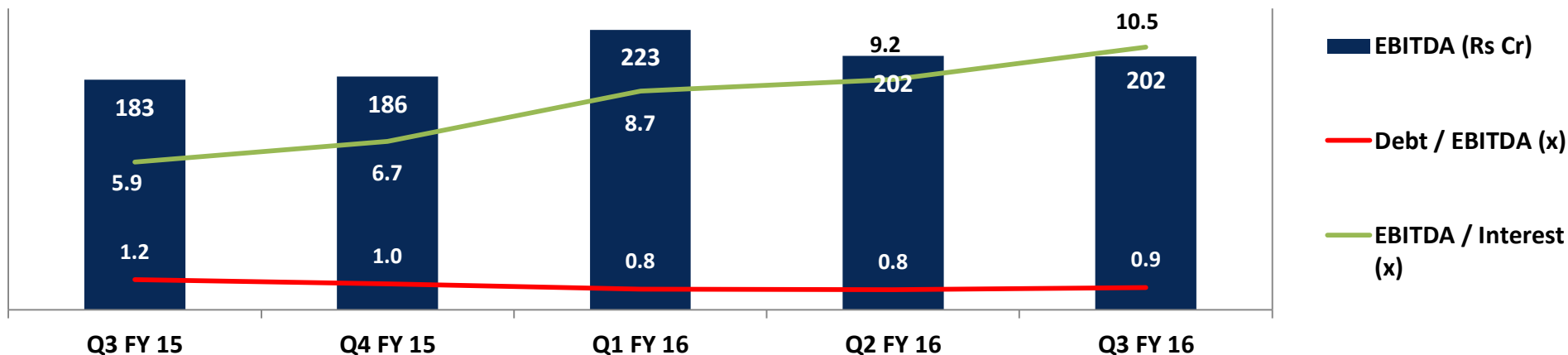
# Consolidated: Leverage / coverage Profile

Total Debt  
(Rs Cr)

Debt breakup



Leverage ratios



# Standalone: Q3 FY16 YoY Results

Parameter	Rs Cr		
	Q3FY15	Q3FY16	YoY
<b>Net Sales</b>	<b>1,344</b>	<b>1,321</b>	<b>-1.7%</b>
Raw Material	815	734	-9.9%
<b>Gross margin</b>	<b>529</b>	<b>587</b>	<b>10.9%</b>
<b>Gross margin %</b>	<b>39.4%</b>	<b>44.4%</b>	<b>500 bps</b>
Employee	90	91	1.6%
Other Expenses	280	306	9.4%
<b>EBITDA*</b>	<b>171</b>	<b>197</b>	<b>15.4%</b>
<b>EBITDA %</b>	<b>12.7%</b>	<b>14.9%</b>	<b>220 bps</b>
Finance Cost	31	19	-37.9%
Depreciation	23	26	13.0%
<b>Operating PBT</b>	<b>117</b>	<b>152</b>	<b>29.8%</b>
Exceptional expense	-	-	-
Non-Operating income	5	12	157.3%
<b>PBT</b>	<b>122</b>	<b>164</b>	<b>34.7%</b>
<b>PAT</b>	<b>81</b>	<b>118</b>	<b>45.8%</b>
<b>Volumes (mt)</b>	<b>61,500</b>	<b>65,200</b>	<b>6.0%</b>

**Note**

\*EBITDA includes Other operating income; does not include Non- operating income

# Standalone: Q3 FY16 QoQ Results

Parameter	Rs Cr		
	Q2FY16	Q3FY16	QoQ
<b>Net Sales</b>	<b>1,348</b>	<b>1,321</b>	<b>-2.0%</b>
Raw Material	759	734	-3.3%
<b>Gross margin</b>	<b>589</b>	<b>587</b>	<b>-0.4%</b>
<b>Gross margin %</b>	<b>43.7%</b>	<b>44.4%</b>	<b>70 bps</b>
Employee	92	91	-0.7%
Other Expenses	315	306	-3.0%
<b>EBITDA*</b>	<b>191</b>	<b>197</b>	<b>3.2%</b>
<b>EBITDA %</b>	<b>14.2%</b>	<b>14.9%</b>	<b>70 bps</b>
Finance Cost	22	19	-13.2%
Depreciation	23	26	15.0%
<b>Operating PBT</b>	<b>146</b>	<b>152</b>	<b>3.8%</b>
Exceptional expense	1	-	-100.0%
Non-Operating income	20	12	-39.6%
<b>PBT</b>	<b>165</b>	<b>164</b>	<b>-0.8%</b>
<b>PAT</b>	<b>115</b>	<b>118</b>	<b>2.3%</b>
<b>Volumes (mt)</b>	<b>65,500</b>	<b>65,200</b>	<b>-0.5%</b>

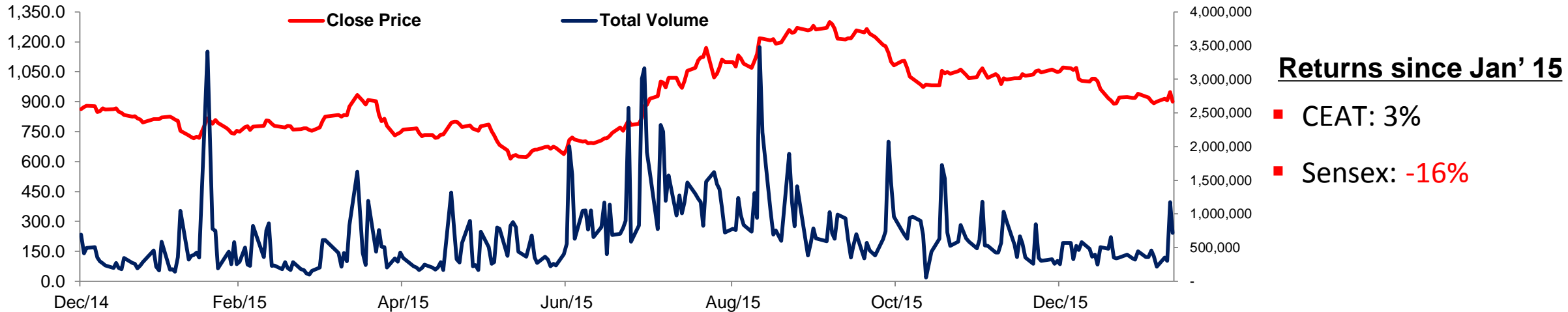
**Note**

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# Sri Lanka: Q3 FY16 Analysis

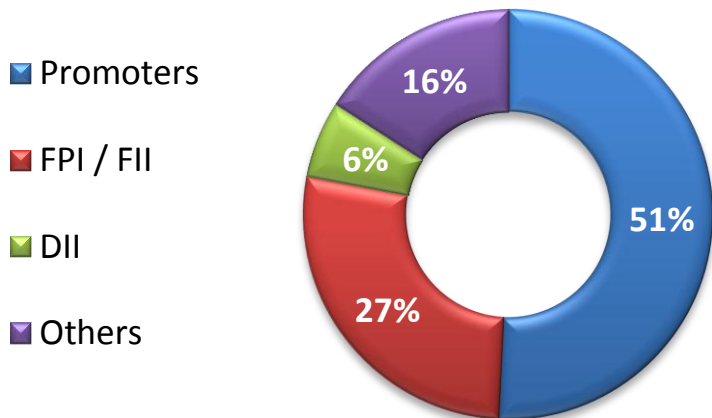
Parameter	Q3FY15	Q2FY16	Q3FY16	QoQ	Rs cr
					YoY
Net Sales	114	109	112	2.2%	-1.9%
EBIDTA	28	29	28	-1.7%	1.8%
Finance Cost	0	0	0	-61.6%	-78.4%
Depreciation	3	3	3	-4.4%	-1.5%
Operating PBT	25	26	26	-1.1%	2.9%
PBT	26	27	27	0.4%	5.7%
PAT	21	18	25	36.8%	18.8%
EBITDA %	24.5%	26.4%	25.4%	-100 bps	90 bps
Volumes (mt)	4,190	4,150	4,700	12.4%	12.0%

# Equity Shareholding & Price trends



Source : Capitaline

## Dec 31, 2015 Shareholding Pattern



## Market Information

- Market Price (Feb 12): Rs 898/share
- Face Value : Rs 10/share
- Market Cap (Feb 12): Rs 3,633 Cr
- Net Worth: Rs. 2,019 Cr

**T H A N K Y O U**