



Q1 FY16 – Investor Presentation

July 22nd, 2015



OFFICIAL STRATEGIC
TIMEOUT PARTNER

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RPG Group Snapshot



CEAT Overview & Strategic Drivers



CEAT Financial & Operational Overview

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, CEOs, 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.

RPG Group: Corporate Social Responsibility



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.



The National Digital Literacy Mission ('NDLM') has a vision to empower at least one person per household with digital literacy skills by 2020, Zensar has set up two NDLM Centres @ Hyderabad & Pune & Trained 41 students till date.

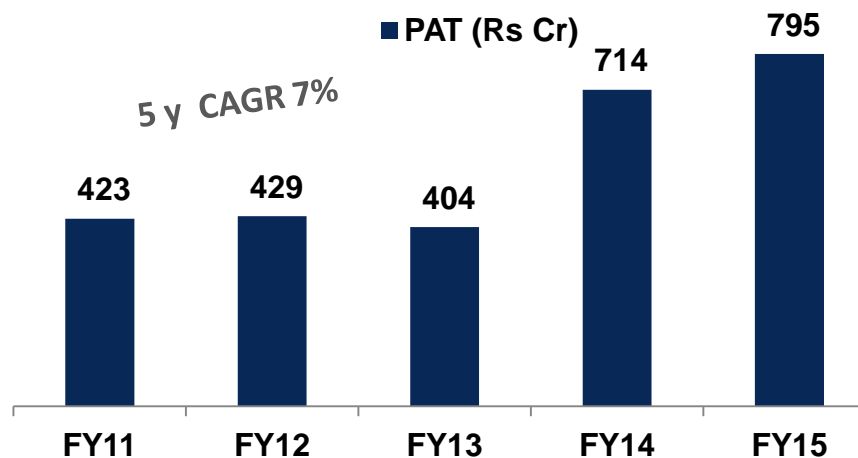
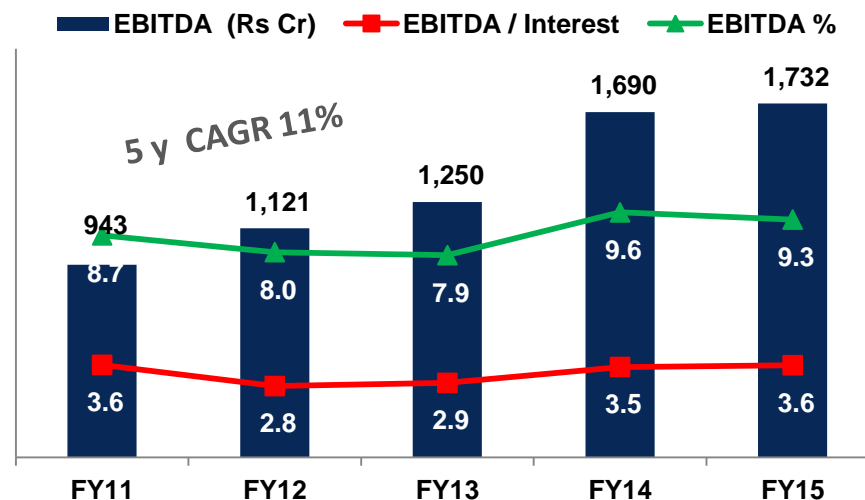
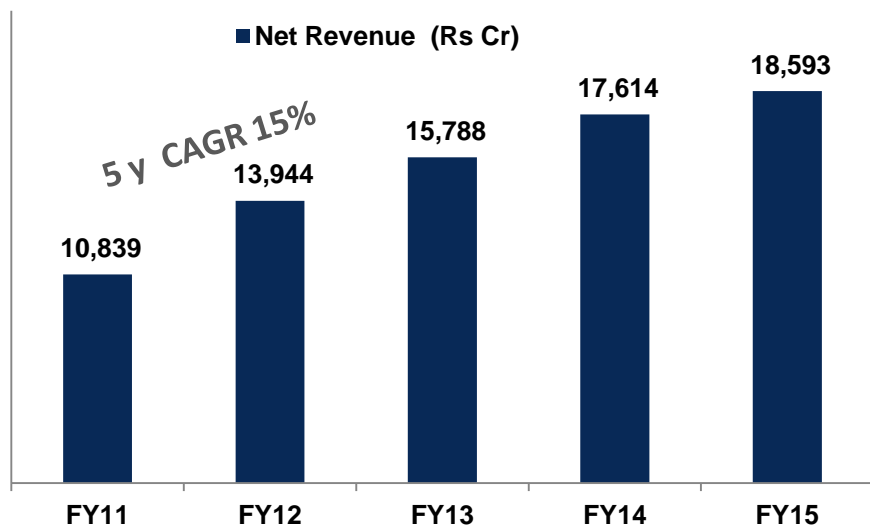


Udaan Biodiversity Park is Zensar's flagship environment sustenance program. The 2 acre Udaan Biodiversity Park includes diverse flora and walking trails with informative signages for the benefit of students and visitors.



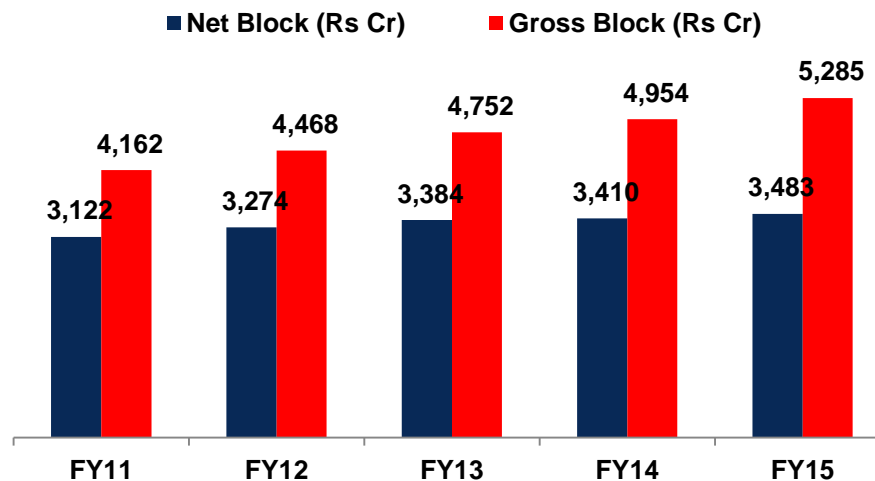
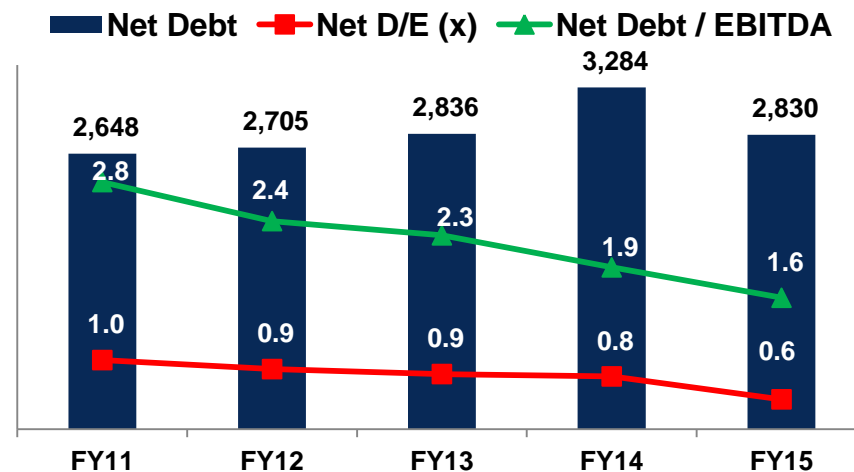
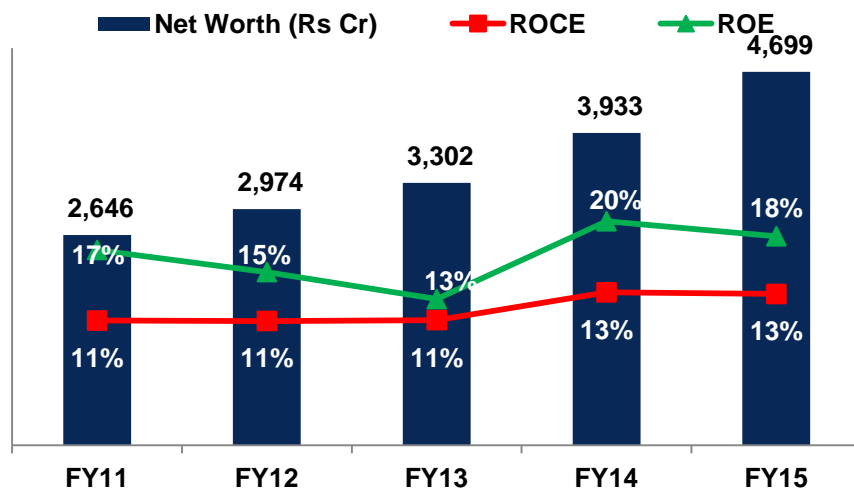
Waste Management, Awareness to public, Environment hygiene, Plastic Free Zones, Safe Agricultural Practices etc. are some of the commendable initiatives which have been undertaken by HML.

RPG Group: Key Financials



Note:
EBITDA % is taken on Net Revenue

RPG Group: Key Financials



Note:

- 1) CEAT QIP proceeds are not considered in Net Debt
- 2) Average Network is taken for FY15 after adjusting QIP proceeds of CEAT
- 3) ROCE is calculated by taking Operating EBIT multiplied by (1 minus tax rate @ 33%) divided by Average Capital Employed
- 4) ROE is calculated by taking PAT divided by Average Network

CEAT: Table of Contents



RPG Group Snapshot



CEAT Overview & Strategic Drivers



CEAT Financial & Operational Overview

CEAT: Overview

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

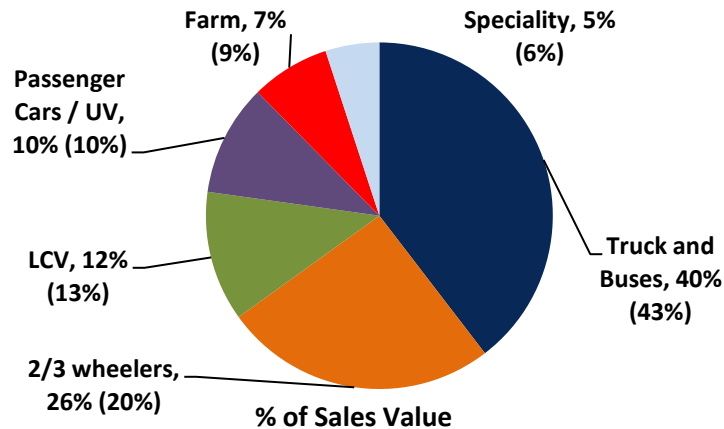
Distribution Network : **3500+** dealers, **300+** exclusive CEAT franchisees

3 Manufacturing facilities - Bhandup, Nasik & Halol

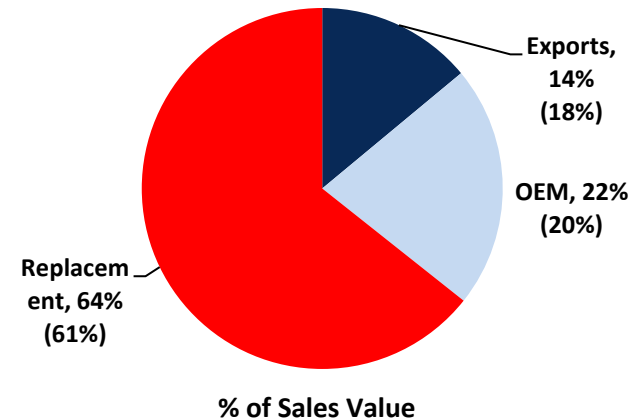
90 countries where products are sold

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

Q1 FY16 Breakup by Product



Q1 FY16 Breakup by Market



CEAT: Management Members

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**

Chandrashekhar Ajgaonkar



**Senior Vice President
- Quality Based Management**

Debi Prasad Das



**Senior Vice President
- Human Resource**

Subbiah Kumar



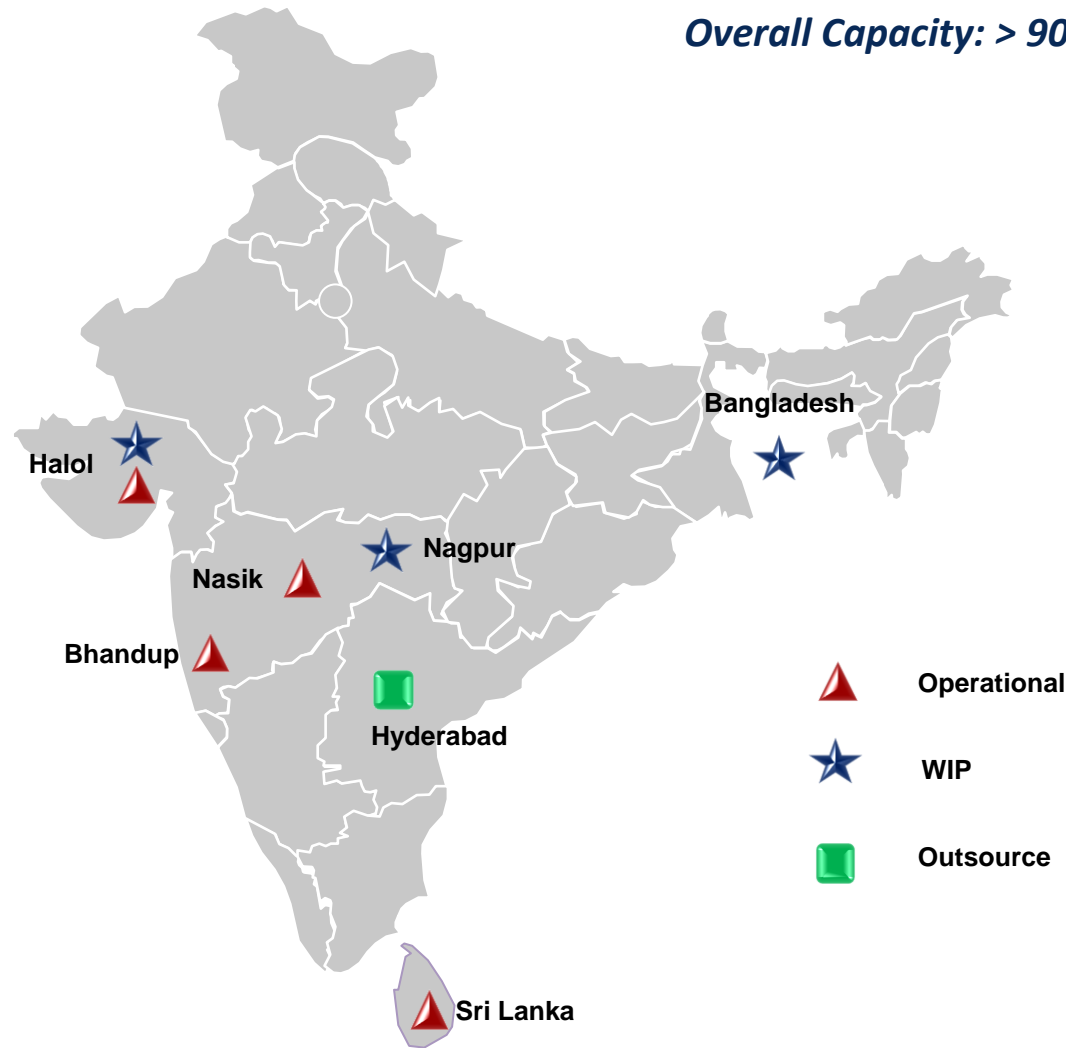
**Senior Vice President
- Materials & Outsourcing**

CEAT: Board of Directors

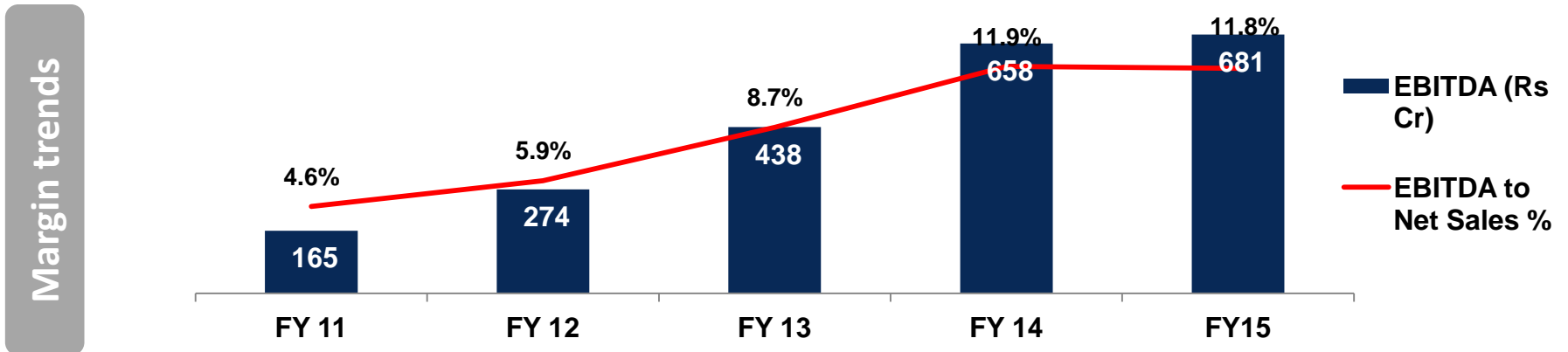
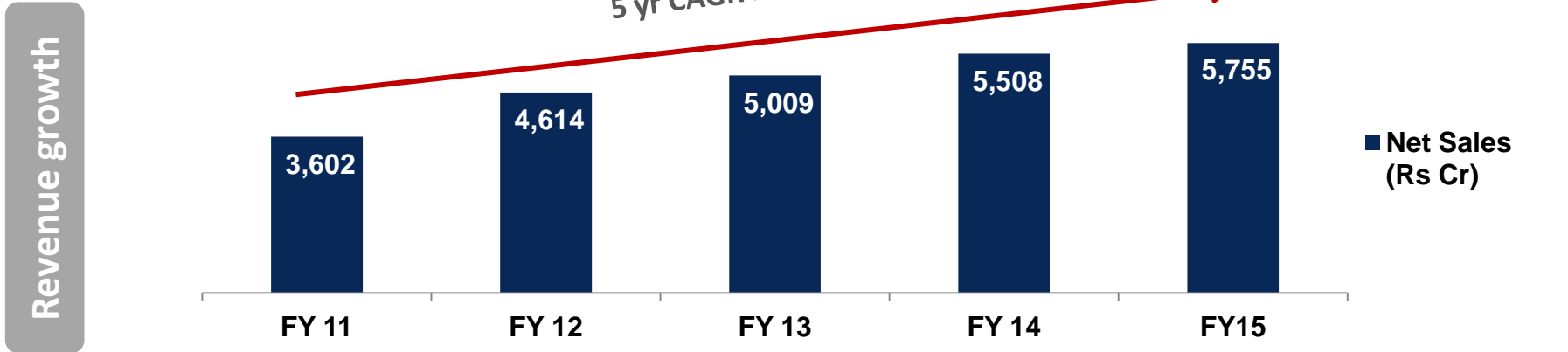
| Name | Designation |
|----------------------|--|
| Harsh Vardhan Goenka | Chairman |
| Anant Vardhan Goenka | Managing Director |
| Arnab Banerjee | Whole -Time Director |
| Hari L. Mundra | Non Executive Non Independent Director |
| Paras K. Chowdhary | Non Executive Non Independent Director |
| Atul 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

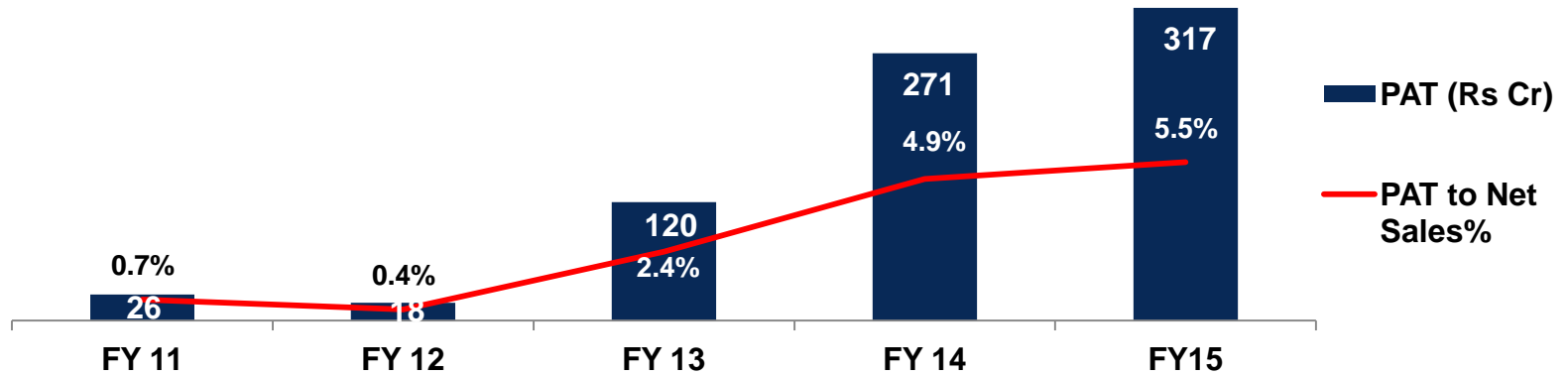


CEAT Consolidated: Financial Trends

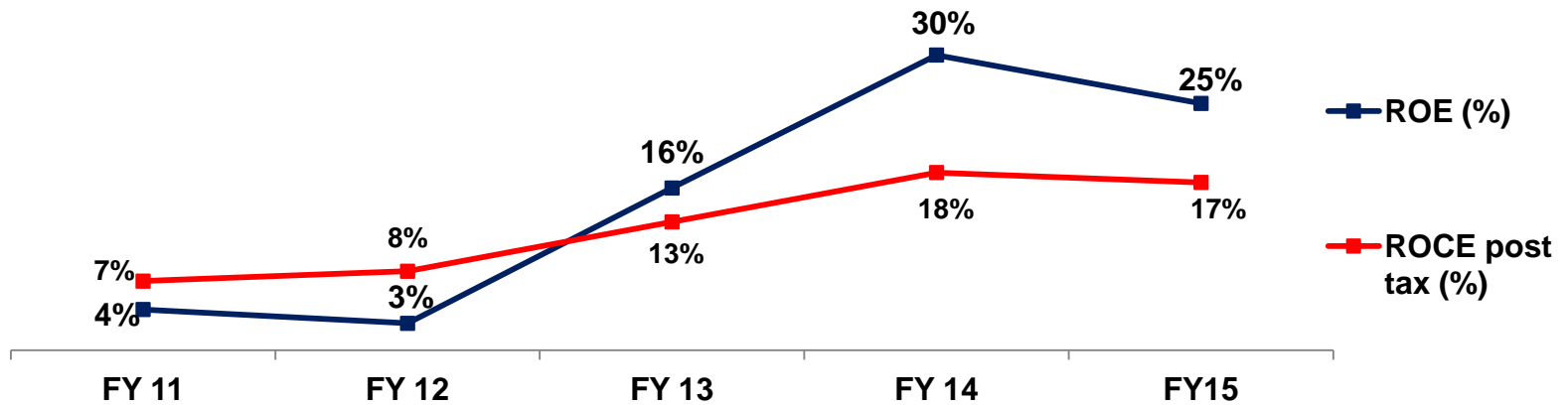


CEAT Consolidated: Financial Trends

PAT trends



Return Ratios

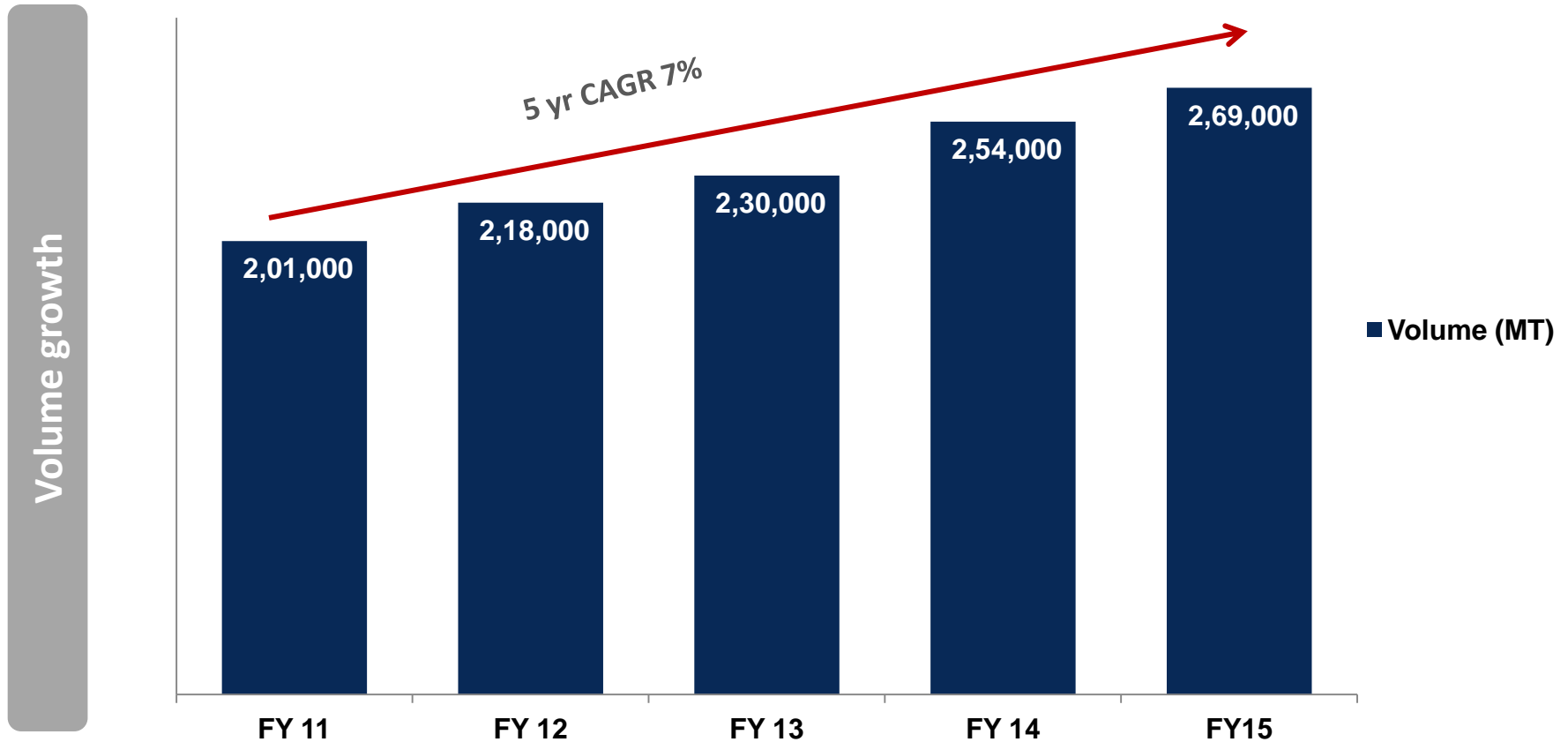


Note

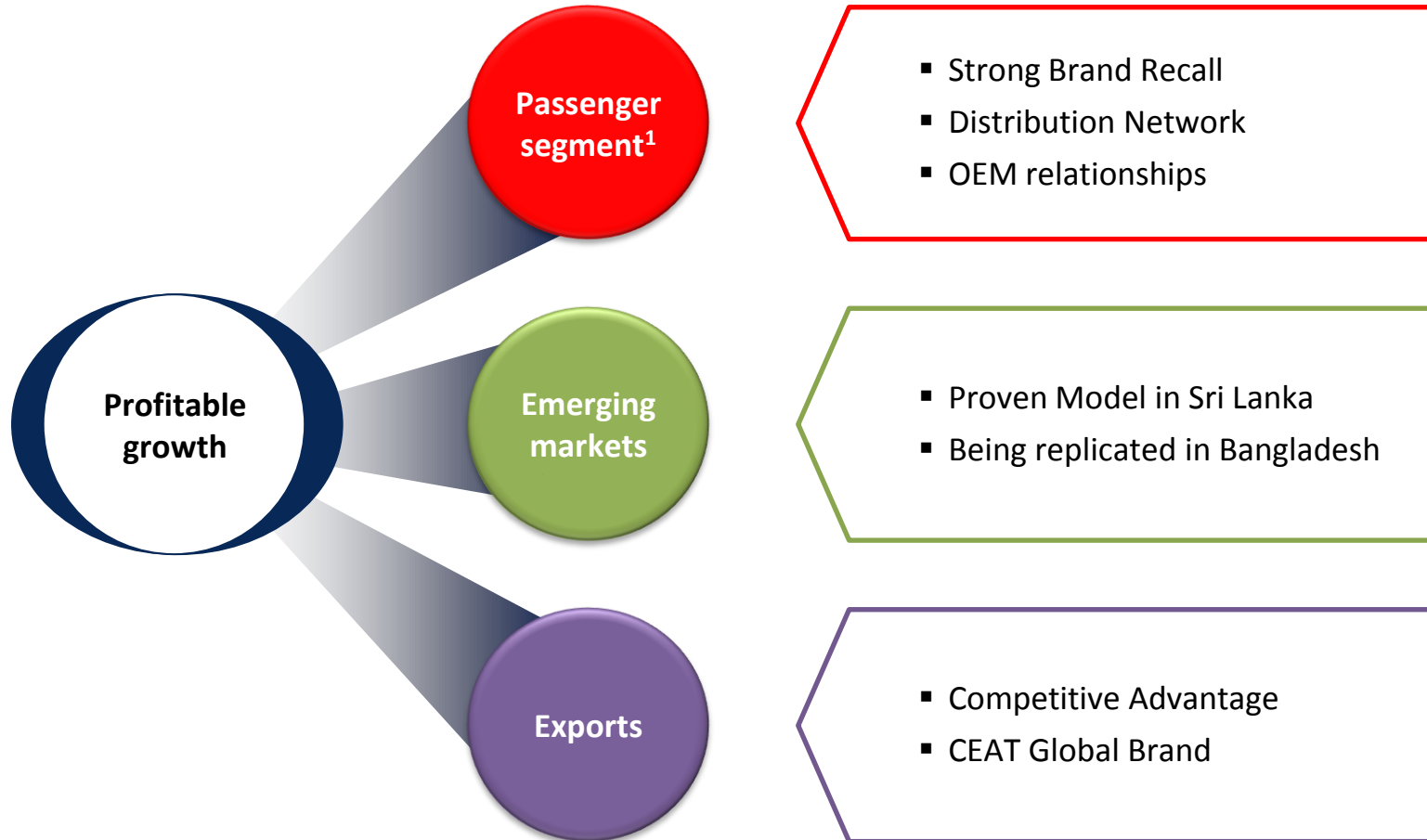
QIP proceeds considered for part of the year for 2015

Average capital employed considered. ROCE calculated based on PBIT *(1-tax rate)

CEAT Consolidated: Volume Trends



CEAT: Strategic Drivers



CEAT: Creating Strong Brand Equity



"Be Idiot Safe"



"Tubeless Bike tyre"



CEAT: Increasing OEM Presence

| | | | | | |
|---|---|--|--|--|---|
|  |  |  Ashok Leyland |  Mahindra |  DAIMLER |  ESCORTS |
|  |  VE COMMERCIAL VEHICLES A VOLVO GROUP AND EICHER MOTORS JOINT VENTURE | |  AMW BUILT TO WIN | |  TAFE |
|  |  MARUTI SUZUKI |  TATA MOTORS |  Mahindra |  HYUNDAI |  RENAULT |
|  | | |  FORCE MOTORS | | |
|  |  HONDA |  Hero |  ROYAL ENFIELD |  LML |  YAMAHA |
|  | | |  SUZUKI |  BAJAJ | |

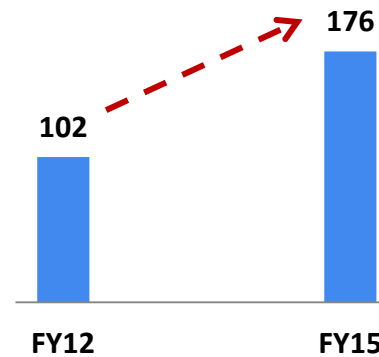
CEAT: Pan India Distribution Network

Distribution Network

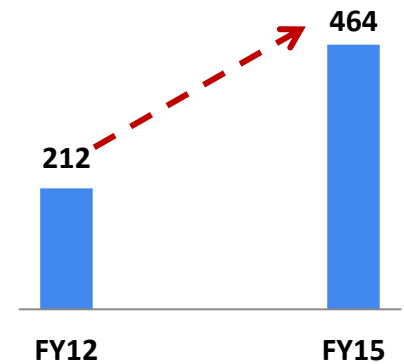
- 3500+ dealers
- 300+ CEAT Franchisees (Shoppes + Hubs)
- 250+ two-wheeler distributors



No. of CEAT Shoppes



District coverage



CEAT: 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 250 outlets so far

CEAT: Research & Development



- State of the art R&D facility set up in Halol plant in 2011
- Research focused on new product development, alternate materials & green tyres
- Partnerships with institutes of global repute such as Indian Institute of Technology

Recent Product Launches



CZAR



GRIPP



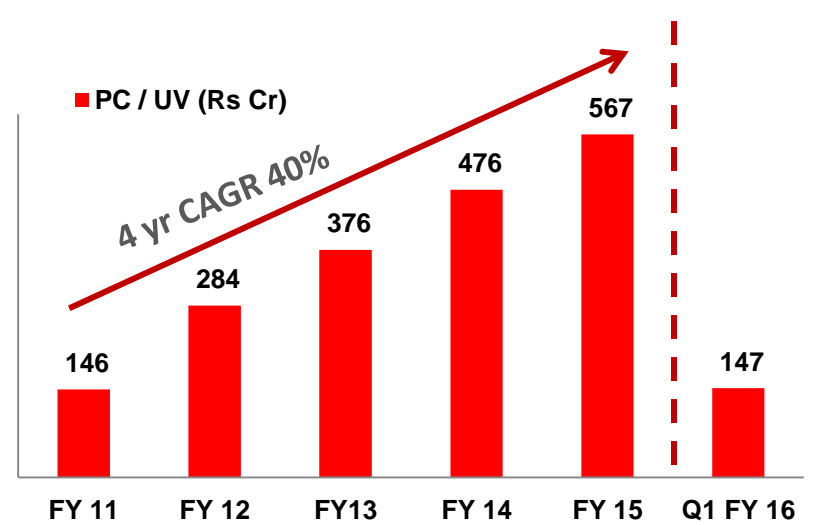
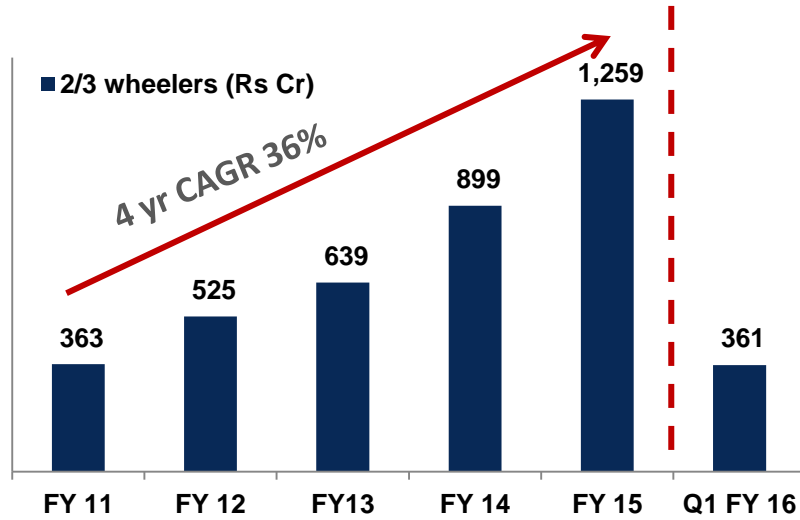
DHOOM Series



MILAZE

CEAT: Passenger Segment Trends

Revenue



Brand



OEM



Distribution



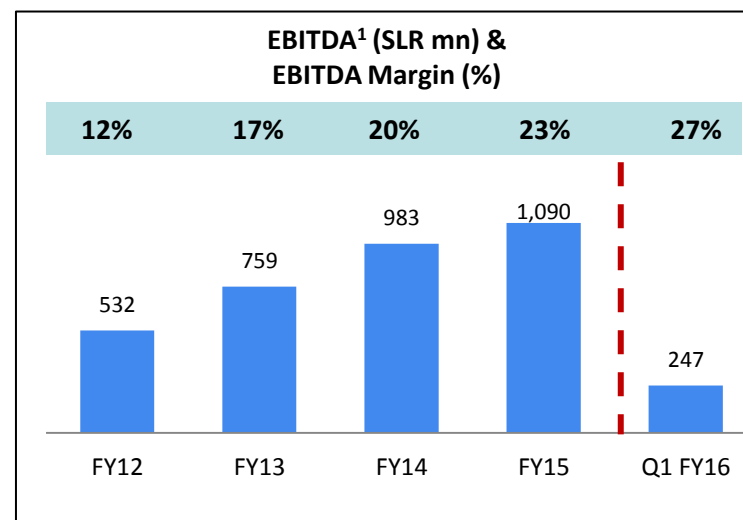
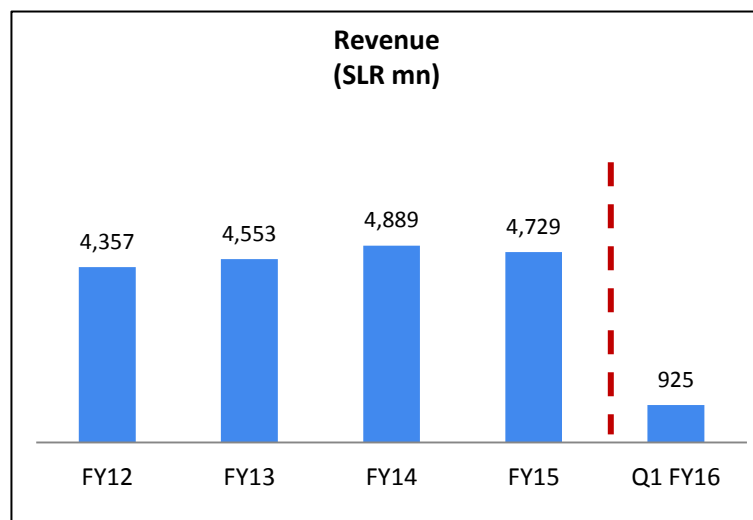
R & D

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

CEAT: 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 capacity² of 61 MT/day
- Only company with local presence supported by brand, network & strong after sales service

Bangladesh

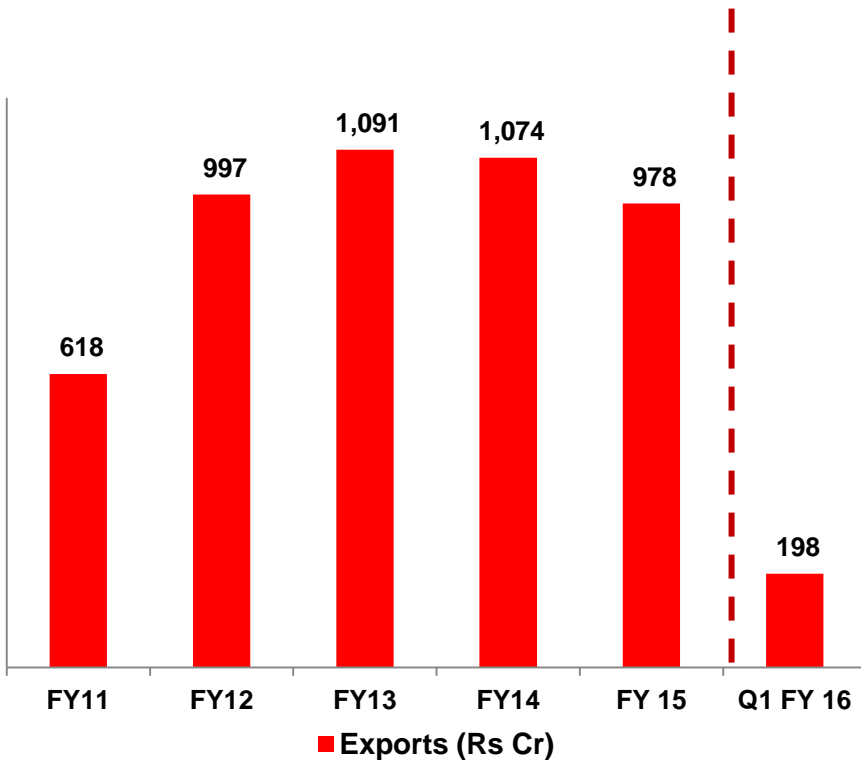
- 70:30 JV with AK Khan & Company Ltd with the aim to cater to local and eastern part of Indian market
- Setting up a manufacturing plant with an initial capacity of 65 MT/day
- Ongoing seed marketing campaign to prepare for product launch
- Imports from Bangladesh to India enjoy zero basic customs duty

Notes

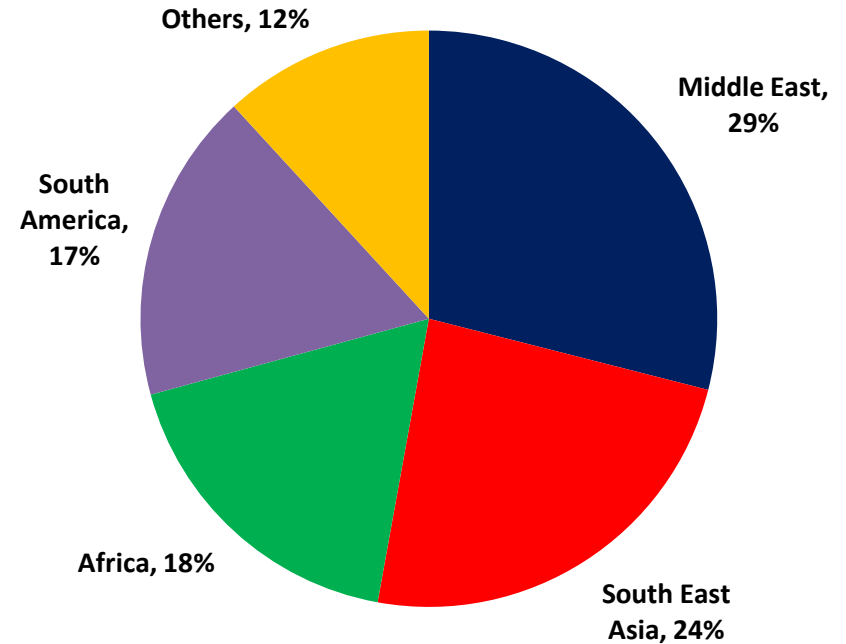
1. EBITDA = Profit before taxation + Depreciation and Amortization Exps + Finance Costs
2. Capacity refers to achievable capacity

CEAT: Exports Trends / Break-up

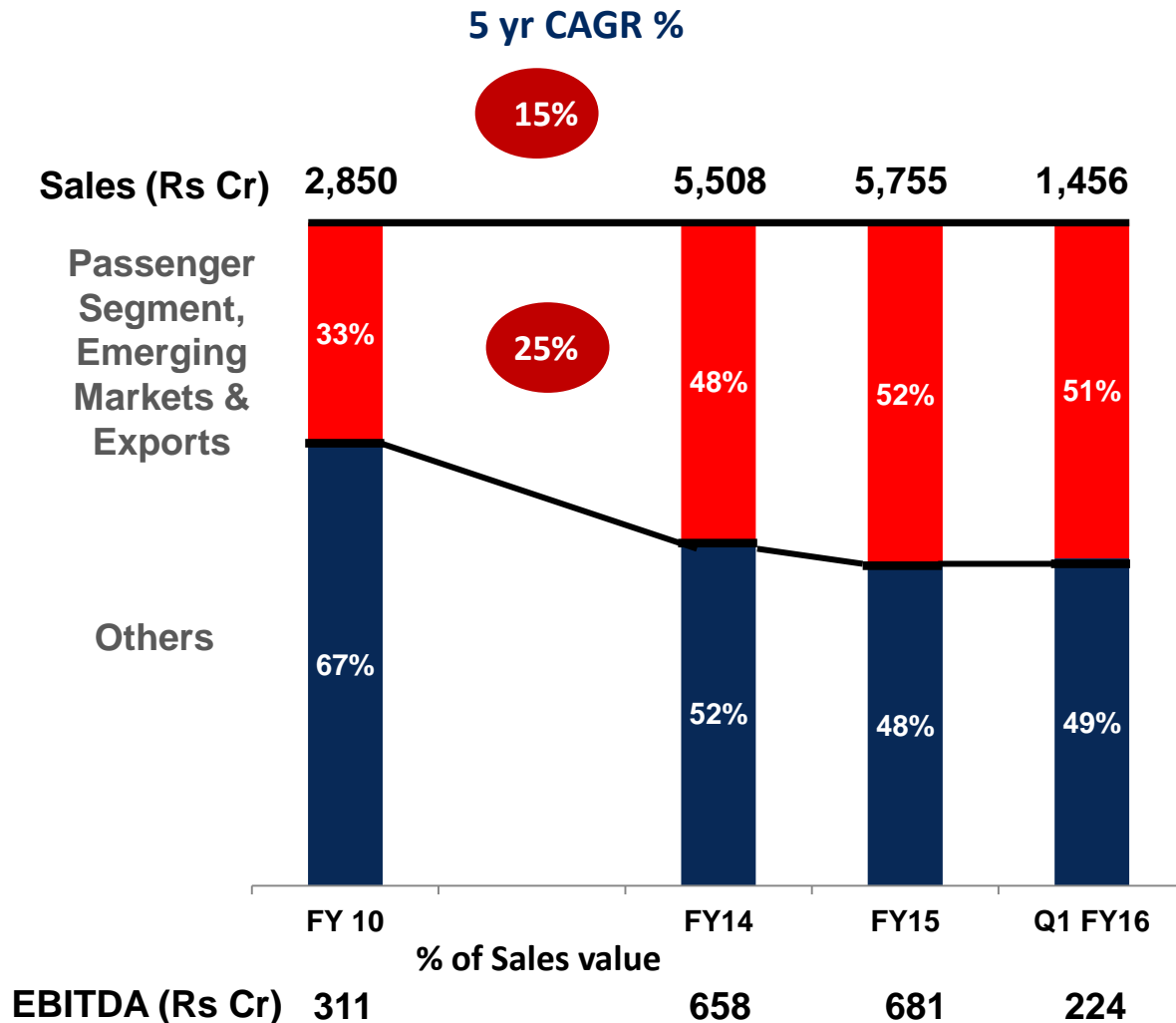
Exports trend



FY15 Export sales break-up



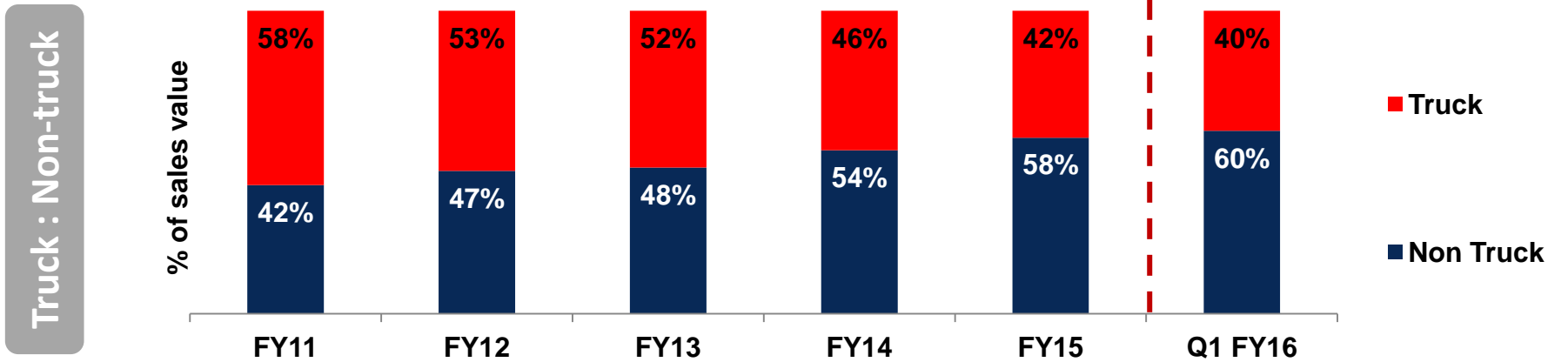
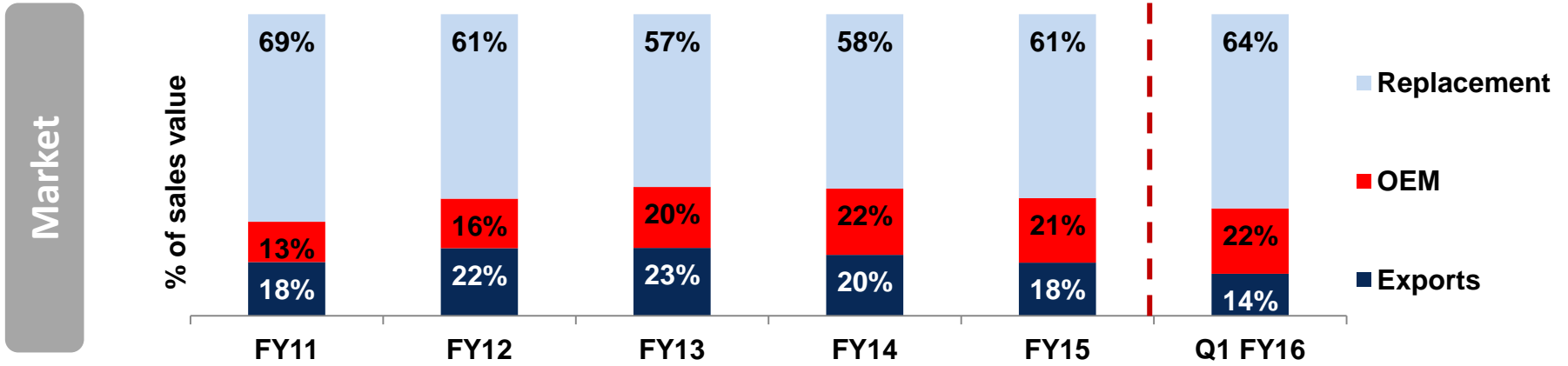
CEAT: Strategic Market / Product Trends



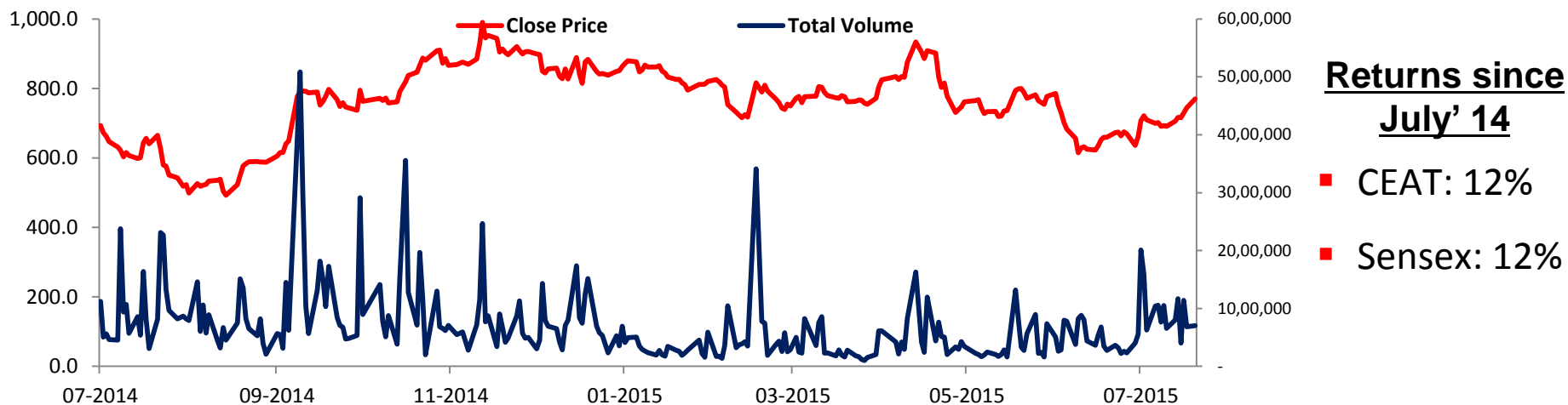
“Strategic Focus Areas”

- Higher margin business
- Contributes 52% sales for FY15 compared to 33% in FY10
- Higher CAGR of 25%
- Growing market share

CEAT India: Market Segment Trends



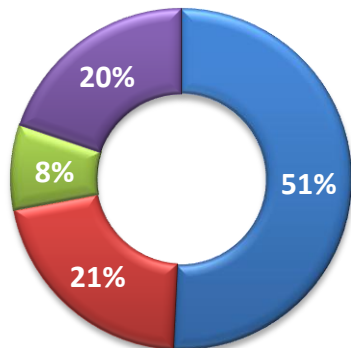
CEAT: Equity Shareholding & Price trends



Source : Capitaline

June 30, 2015 Shareholding Pattern

- Promoters
- FII
- DII
- Others



Market Information

- Market Price (July 22): Rs 779/share
- Face Value : Rs 10/share
- Market Cap (July 22): Rs 3,150 Cr
- Net Worth: Rs. 1,806 Cr

CEAT: Table of Contents



RPG Group Snapshot



CEAT Overview & Strategic Drivers



CEAT Financial & Operational Overview

CEAT Consolidated: Q1 FY16 Financial Highlights

Q1FY16 v/s Q1FY15 (Y-o-Y)

- 4% Volume growth
- EBITDA% up 610 bps at 15.4%
- Finance cost at Rs 26 cr compared to Rs 38 cr (down by Rs 12 Cr)
- PBT stands at Rs 182 cr compared to Rs 80 cr

Q1FY16 v/s Q4FY15 (Q-o-Q)

- 1% Volume growth
- EBITDA% up 270 bps
- Finance cost at Rs 26 cr compared to Rs 28 cr (down by Rs 2 cr)
- PBT stands at Rs 182 cr compared to Rs 135 cr

Total D/E down to 0.4x compared to 1.0x YoY

CEAT : Q1 FY16 Operational Highlights

- Supply of Scooter tyres for Honda Activa 3G
- MULTIX launched on CEAT Tyres
- Tata Motors partners with CEAT and Paytm to offer loyalty benefits to its customers



CEAT : Q1 FY16 Operational Highlights

IPL Strategic Timeout Partner



CEAT Cricket Ratings – Awards Nite



CEAT : Q1 FY16 Operational Highlights

CEAT wins 3 awards in TRILA (Tyre & Rubber Industry Leadership Acknowledgement) 2015

- TRILA Company of the year – Bike Tyres
- TRILA Best T.V. Campaign of the year (Superstition campaign)
- TRILA Person of the Year – Tyre Marketing (Prabhakar Tiwari)



"Tubeless Bike tyre"

CEAT Consolidated: Financials

| Parameter | Rs cr | | | | |
|-------------------|--------|--------|--------|-------|-------|
| | Q1FY15 | Q4FY15 | Q1FY16 | FY14 | FY15 |
| Net Sales | 1,453 | 1,466 | 1,456 | 5,508 | 5,755 |
| Growth (YoY) | - | - | 0.2% | - | 4.5% |
| Growth (QoQ) | - | - | -0.7% | - | - |
| EBITDA | 135 | 186 | 224 | 658 | 681 |
| Growth (YoY) | - | - | 65.4% | - | 3.5% |
| Growth (QoQ) | - | - | 20.6% | - | - |
| EBITDA (%) | 9.3% | 12.7% | 15.4% | 11.9% | 11.8% |
| PAT | 52 | 94 | 121 | 271 | 317 |
| EPS (Rs.) (Basic) | 14.4 | 23.2 | 29.9 | 76.6 | 84.8 |
| Net Worth | 1,075 | 1,682 | 1,806 | 1,029 | 1,682 |
| Debt | 1,125 | 775 | 736 | 1,174 | 775 |
| D/E (x) | 1.0 | 0.5 | 0.4 | 1.1 | 0.5 |
| No of shares (cr) | 3.6 | 4.0 | 4.0 | 3.6 | 4.0 |
| B/V (Rs.) | 299 | 416 | 447 | 286 | 416 |

CEAT Consolidated: Leverage/ coverage Profile

Total Debt
(Rs Cr)

1,125

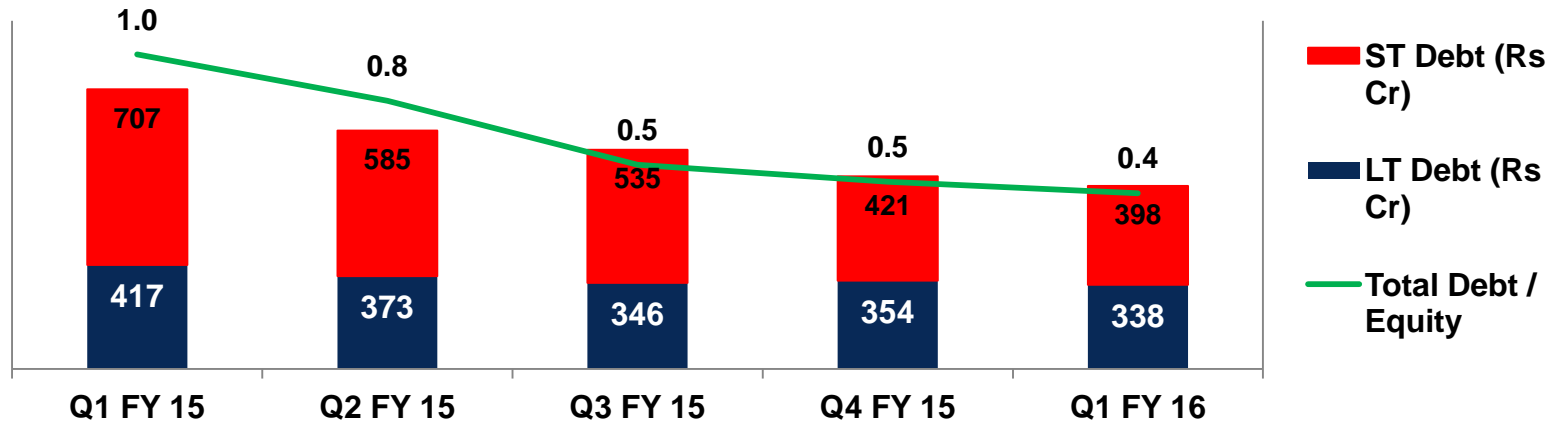
958

882

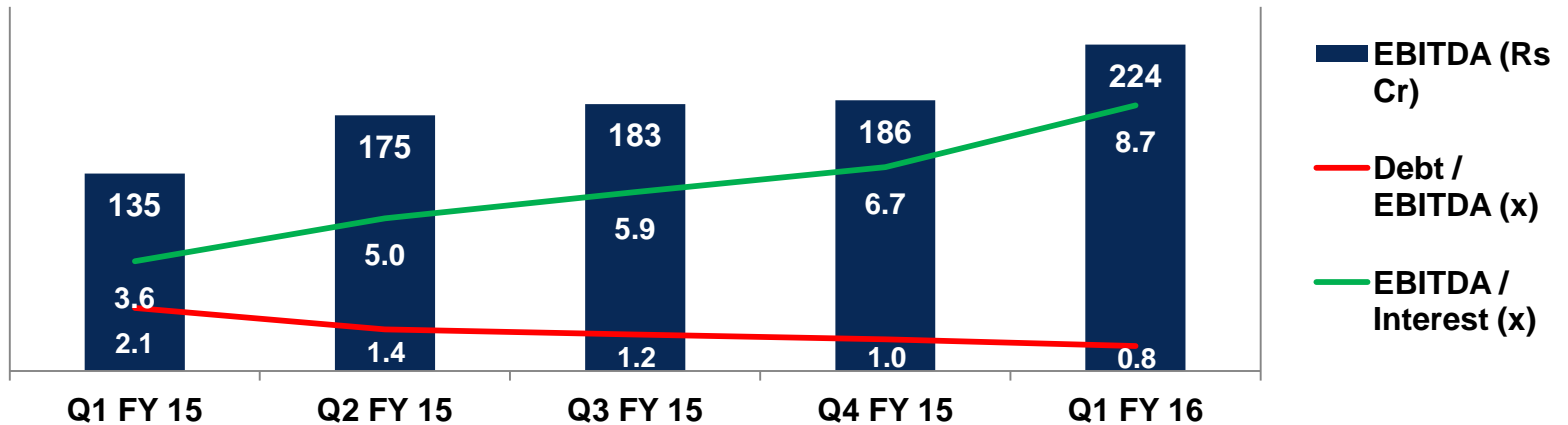
775

736

Debt breakup



Leverage ratios



CEAT Standalone: Q1FY16 YoY Analysis

| Parameter | Q1FY15 | Q1FY16 | YoY | Remarks | Rs Cr |
|-----------------------|---------------|---------------|----------------|--|-------|
| Net Sales | 1,401 | 1,407 | 0.5% | Volume growth of 5% offset by price / mix change | |
| Raw Material | 926 | 811 | -12.3% | Lower RMC | |
| Gross margin | 475 | 596 | 25.3% | | |
| Gross margin % | 33.9% | 42.3% | 840 bps | | |
| Employee | 80 | 94 | 17.8% | Wage revisions & increments incl LTS | |
| Other Expenses | 279 | 296 | 6.1% | Higher Ad spends & conversion costs | |
| EBITDA* | 126 | 217 | 72.0% | | |
| EBITDA % | 9.0% | 15.4% | 640 bps | Lower RMC with higher employee costs & opex | |
| Finance Cost | 37 | 25 | -31.5% | Reduction in borrowings & lower rates | |
| Depreciation | 21 | 23 | 10.0% | | |
| Operating PBT | 68 | 169 | 147.6% | | |
| Exceptional expense | - | - | - | | |
| Non-Operating income | 3 | 8 | 192.2% | | |
| PBT | 71 | 177 | 149.4% | | |
| PAT | 47 | 118 | 151.6% | | |
| Volumes (mt) | 63,400 | 66,800 | 5.5% | | |

CEAT Standalone: Q1FY16 QoQ Analysis

| Parameter | Q4FY15 | Q1FY16 | QoQ | Remarks | Rs Cr |
|-----------------------|---------------|---------------|----------------|---|-------|
| Net Sales | 1,417 | 1,407 | -0.7% | Volume growth of 2% | |
| Raw Material | 842 | 811 | -3.6% | Lower RMC | |
| Gross margin | 575 | 596 | 3.6% | | |
| Gross margin % | 40.6% | 42.3% | 170 bps | | |
| Employee | 97 | 94 | -2.5% | Higher gratuity & other provisions in Q4 FY15 | |
| Other Expenses | 316 | 296 | -6.5% | | |
| EBITDA* | 178 | 217 | 21.6% | | |
| EBITDA % | 12.6% | 15.4% | 280 bps | Lower RMC | |
| Finance Cost | 27 | 25 | -7.5% | | |
| Depreciation | 22 | 23 | 4.0% | | |
| Operating PBT | 129 | 169 | 30.9% | | |
| Exceptional expense | 6 | - | -100.0% | VRS expenses | |
| Non-Operating income | 6 | 8 | 31.1% | | |
| PBT | 129 | 177 | 37.1% | | |
| PAT | 89 | 118 | 31.7% | | |
| Volumes (mt) | 65,600 | 66,800 | 1.9% | | |

CEAT Sri Lanka: Q1 FY16 Analysis

| Parameter | Q1FY15 | Q4FY15 | Q1FY16 | QoQ | Rs cr |
|---------------|--------|--------|--------|---------|---------|
| | | | | | YoY |
| Net Sales | 108 | 99 | 88 | -11.5% | -18.4% |
| EBIDTA | 22 | 23 | 24 | 6.6% | 7.8% |
| Finance Cost | 0 | 0 | 0 | -49.7% | - |
| Depreciation | 2 | 3 | 3 | -15.5% | 25.9% |
| Operating PBT | 20 | 20 | 21 | 10.5% | 6.7% |
| PBT | 20 | 20 | 22 | 12.6% | 10.1% |
| PAT | 13 | 15 | 17 | 14.4% | 26.9% |
| EBITDA % | 20.7% | 22.7% | 27.4% | 470 bps | 670 bps |
| Volumes (mt) | 4,170 | 3,580 | 3,320 | -7.3% | -20.3% |

THANK YOU