

Q4 FY16 – Investor Presentation

April 27th, 2016

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Section 1: RPG Group Overview

RPG Group: Powered by Passion, Driven by Ethics

**UNLEASHTALENT
TOUHLIVES
OUTPERFORM
AND😊**

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

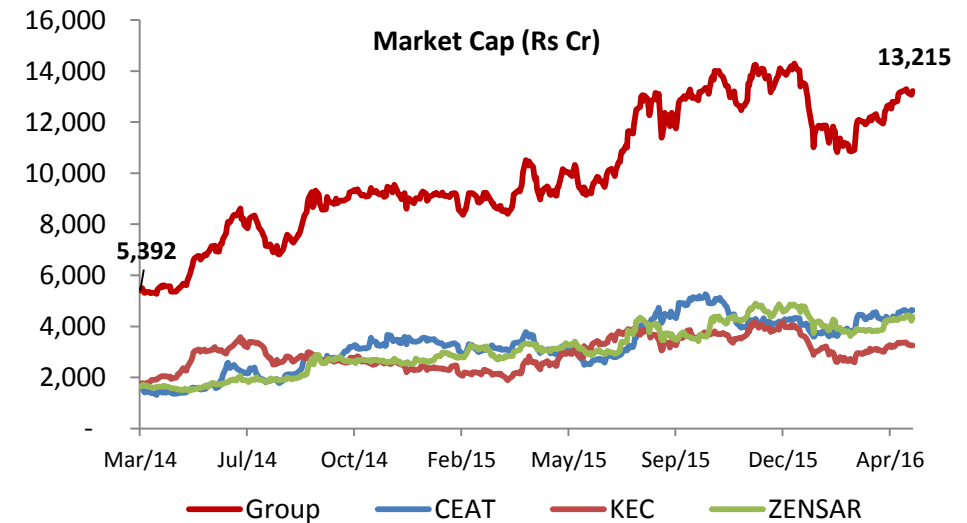
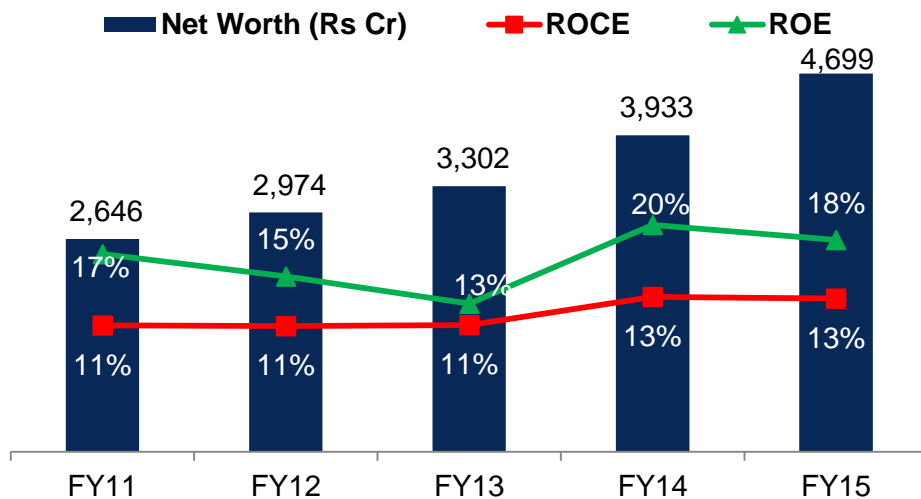
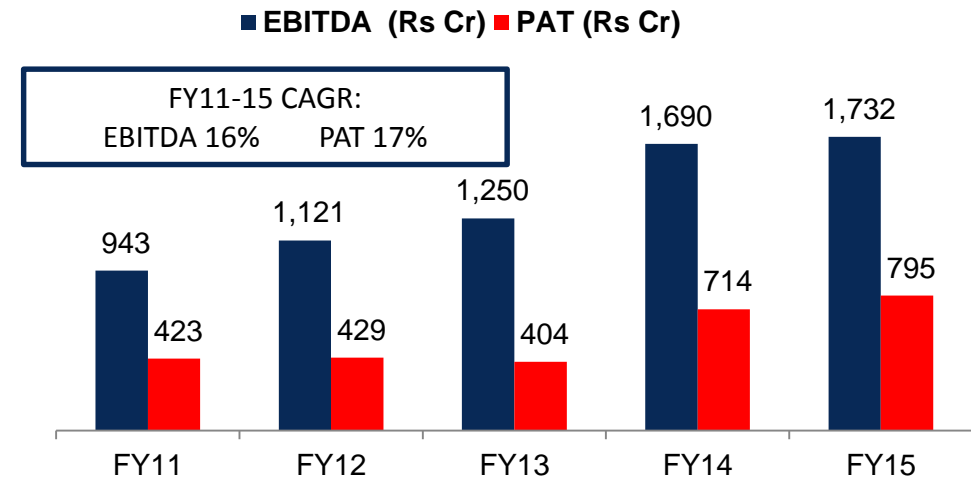
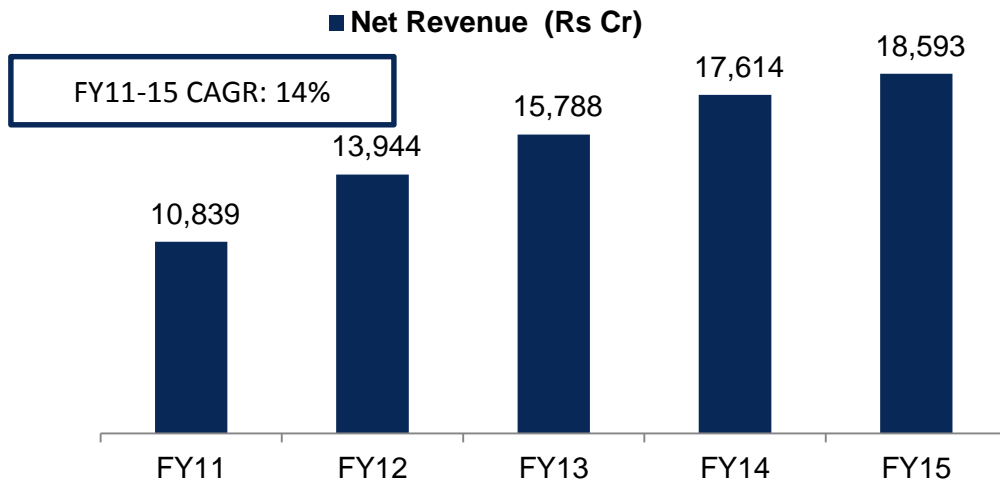
Engineering products and services catering to infrastructure segment of the economy.



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 26th April 2016

Section 2: Key Highlights

Key Highlights



Revenue CAGR of 10% over last 5 years



Average ROE of 20% for 5 years



Profit after Tax CAGR of 76% over last 5 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 15% for 5 years



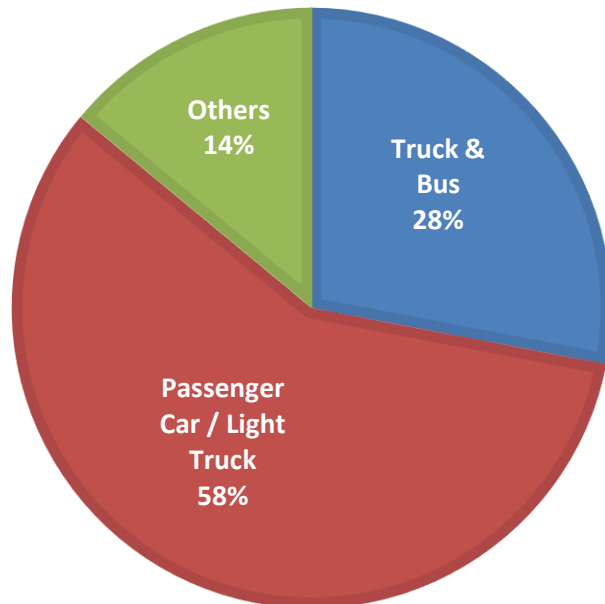
Changing product mix with increased focus towards passenger segments (FY16 revenue contribution of 39% from 15% in FY11)

Section 3: Industry Overview

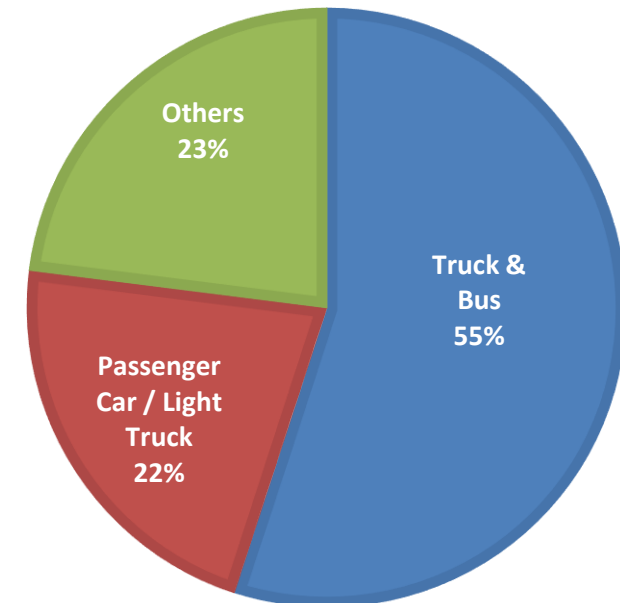
Indian Tyre Industry Overview

- ❖ Tyre Industry turnover in India is over 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



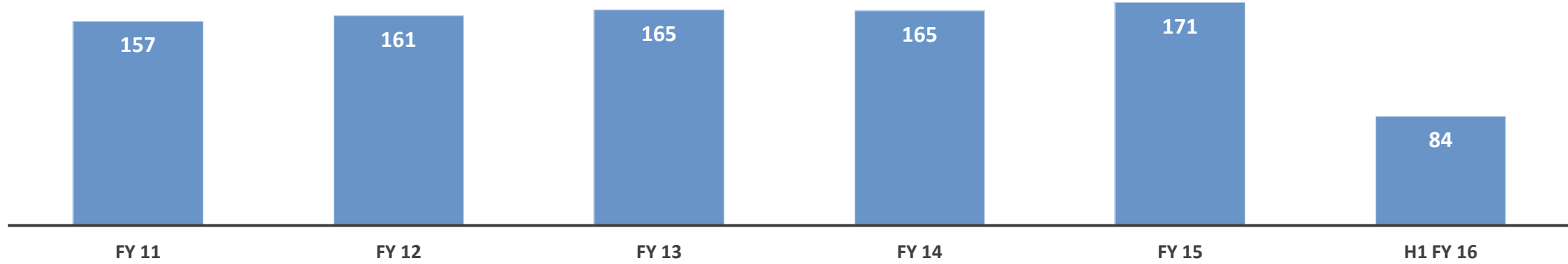
Indian tyre industry revenue segmentation



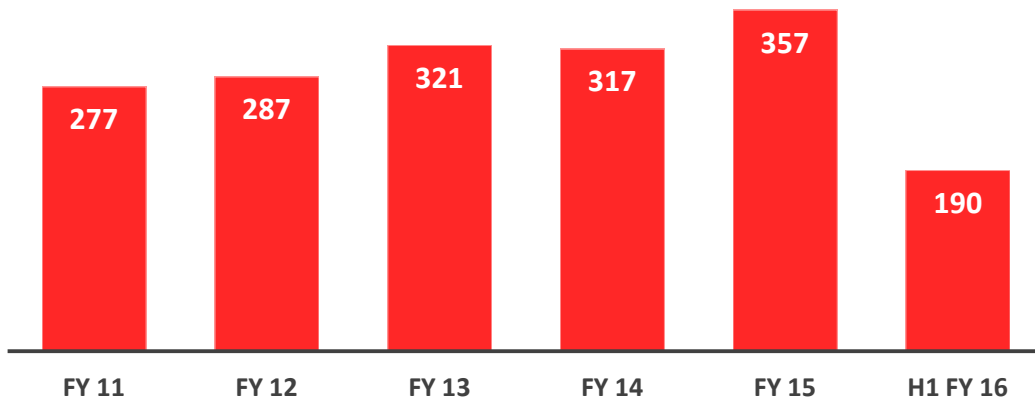
Indian Tyre Industry Overview

Total Tyre Production (Volumes in Lakhs)

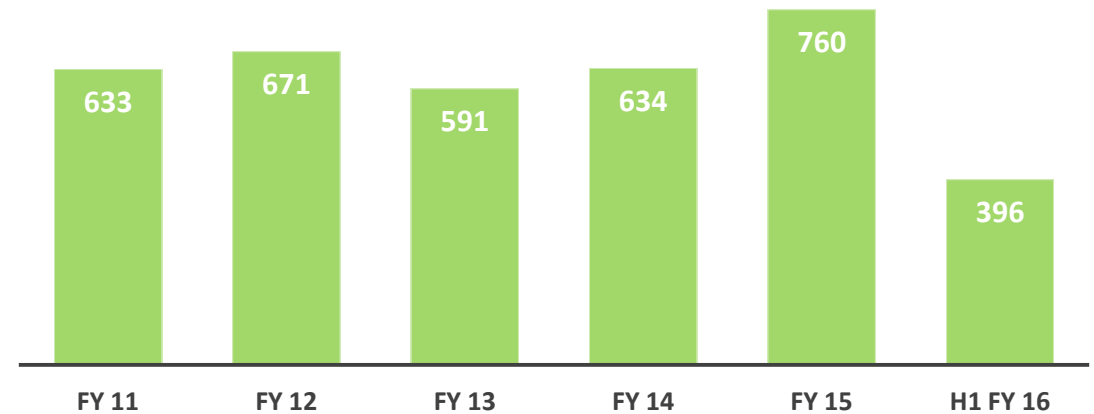
MHCV (T&B)



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

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

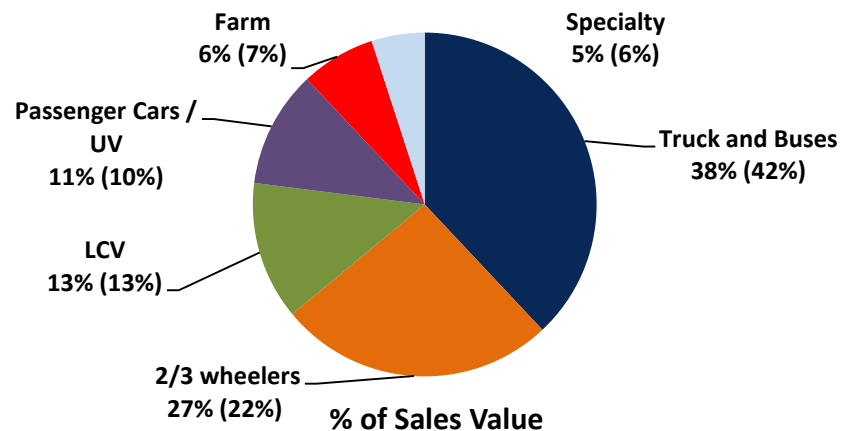
Distribution Network : **4,000+** dealers, **390+** exclusive CEAT franchisees

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

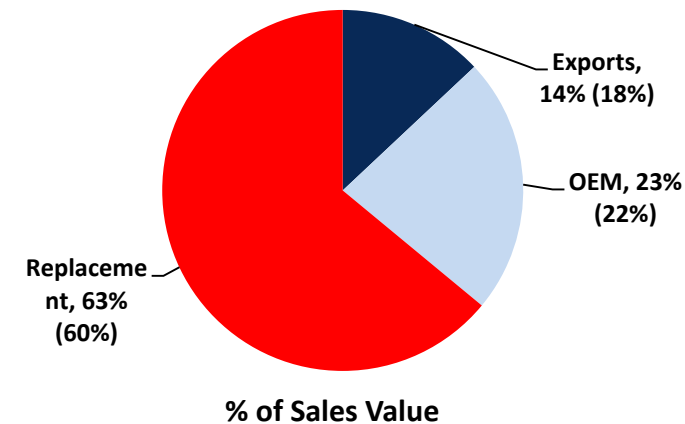
100+ countries where products are sold with strong brand recall

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

FY16 Revenue Breakup by Product



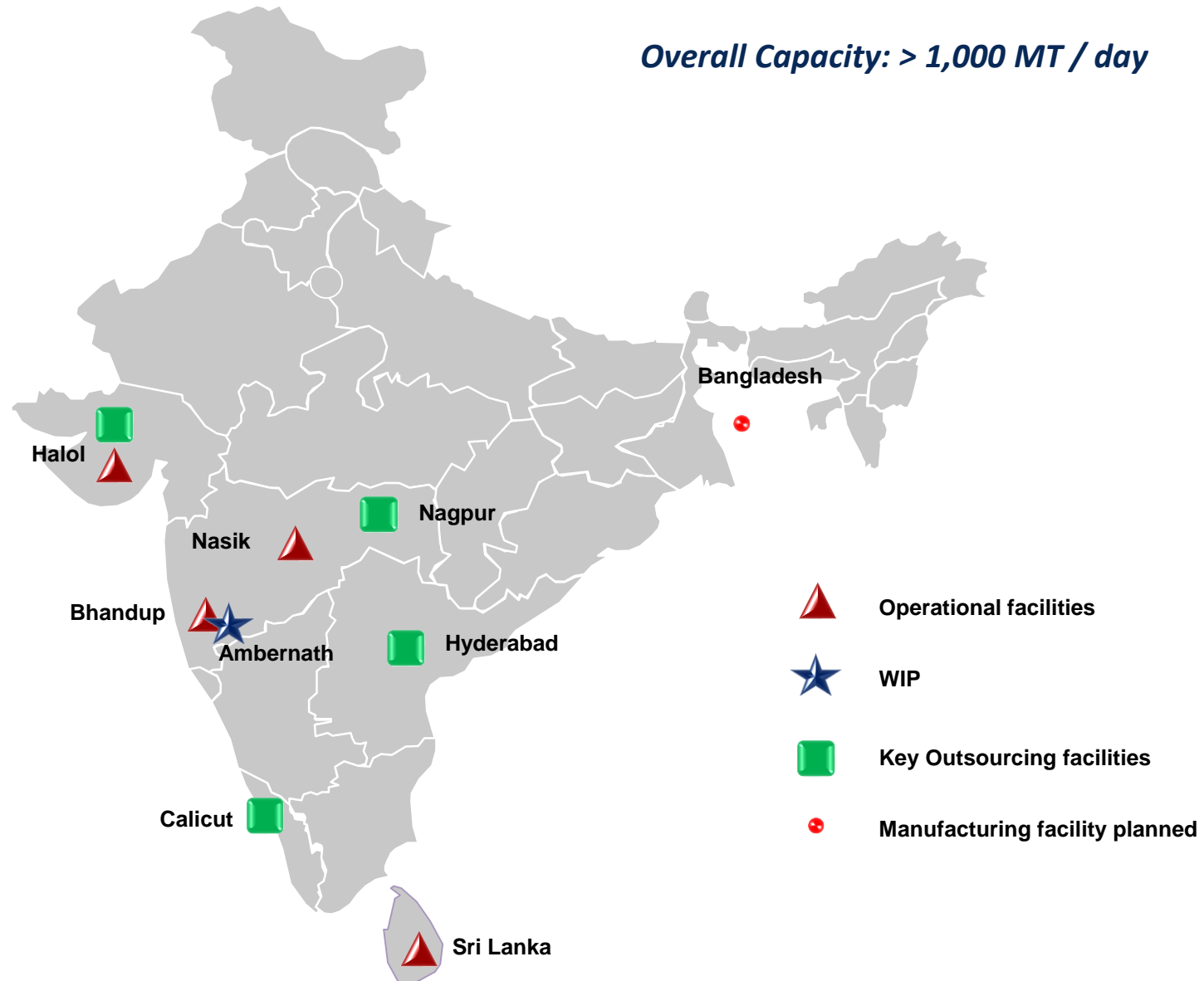
FY16 Revenue Breakup by Market



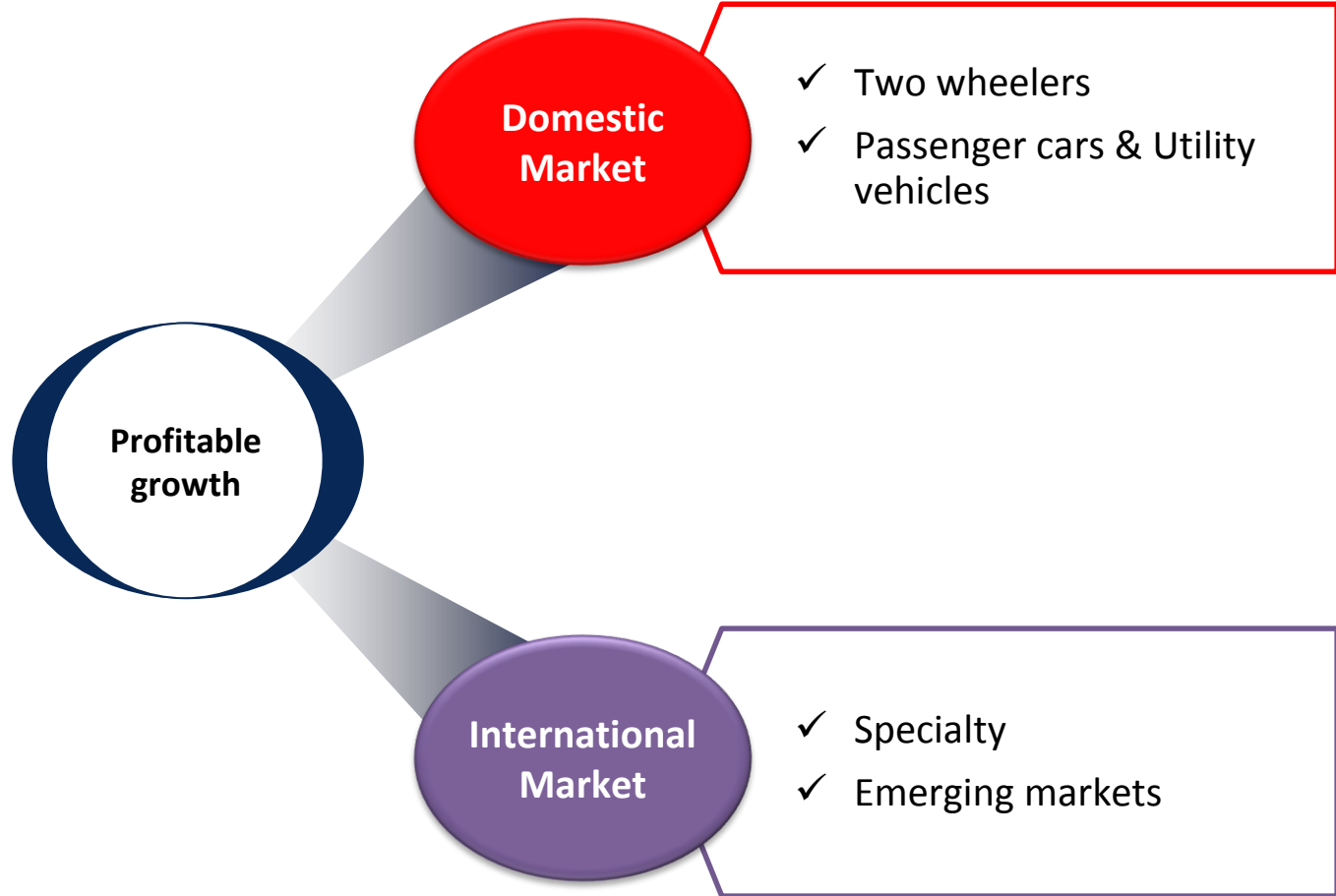
Note : Figures in parenthesis denote FY15

Manufacturing Facilities

Overall Capacity: > 1,000 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



CEAT SUV Tyres Campaign - "Our Grip Your Stories"

CEAT Tubeless Bike Tyre Campaign



IPL Strategic Timeout Partner

2 Increasing OEM Presence

 			 A VOLVO GROUP AND EICHER MOTORS JOINT VENTURE				
				 BUILT TO WIN			
 					 RENAULT		
 		 Hero			 BAJAJ	 YAMAHA	 PIAGGIO

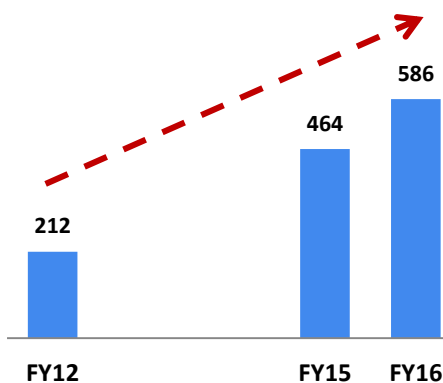
3 Pan India Distribution Network



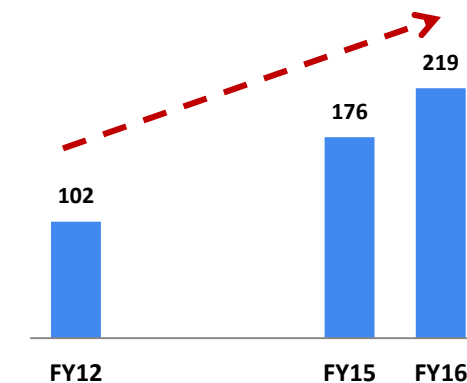
Distribution Network

- 4,000+ dealers
- 390+ CEAT Franchisees (Shoppes + Hubs)
- 270+ two-wheeler distributors

District coverage



No. of CEAT Shoppes



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 290 outlets so far

4 Research & Development

Recent Product Launches in FY16

TBR launches



RD 114

PCR / UVR launches



Milaze



Fuel Smartt



CZAR Sport

2 wheeler launches



ZOOM PLUS



Pro Gripp

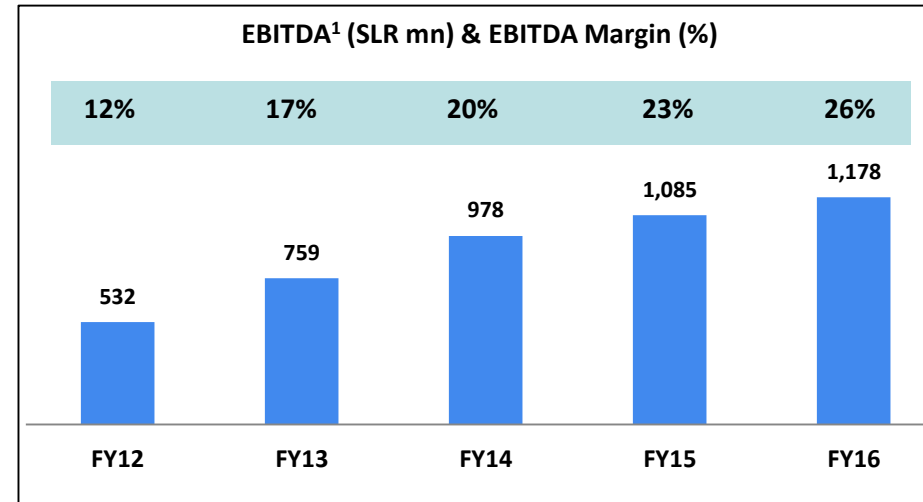
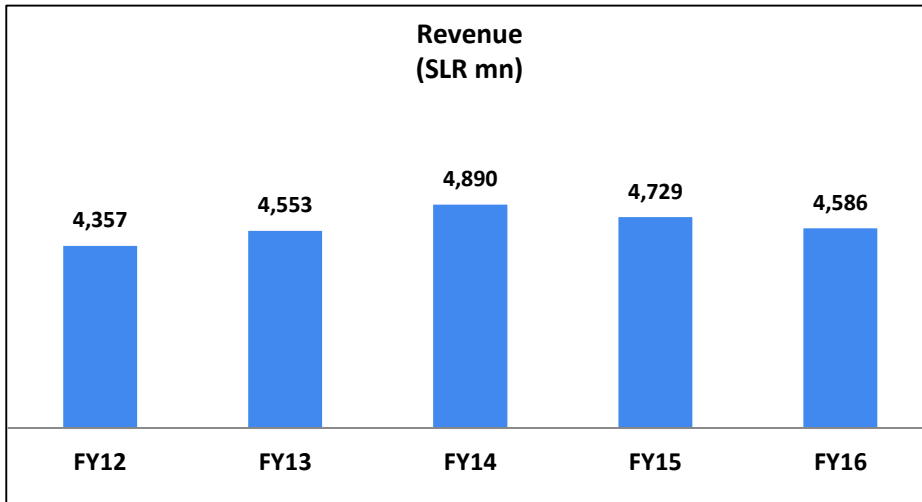


GRIPP XL



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 capacity² of 61 MT/day
- Only company with local presence supported by brand, network & strong after sales service
- FY16 Volume stood at 16,200 MT

Bangladesh

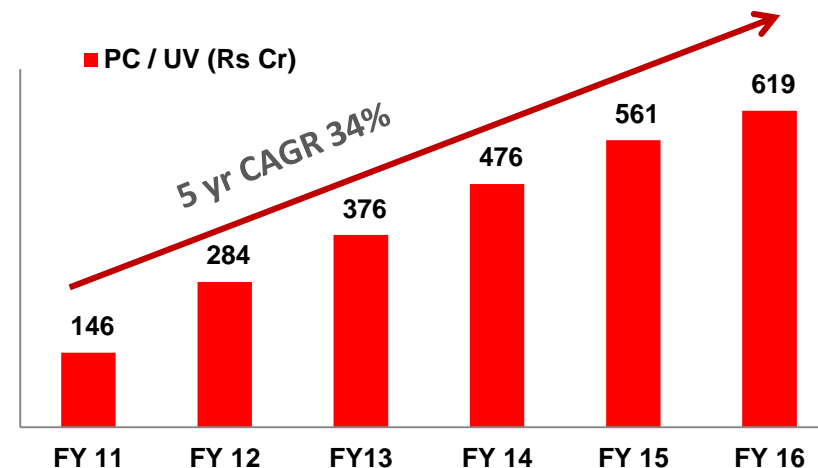
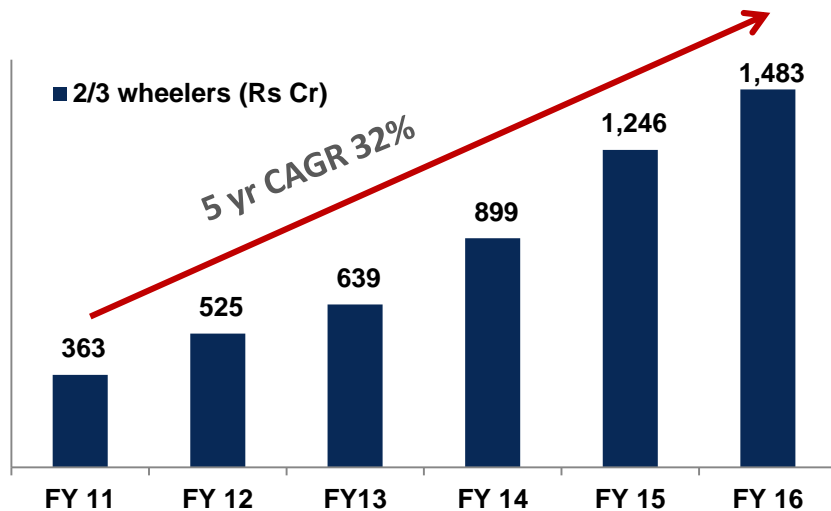
- 70:30 JV with AK Khan & Company Ltd with the aim to cater to local and eastern part of Indian market

Notes

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

6 Passenger Segment Trends

Revenue



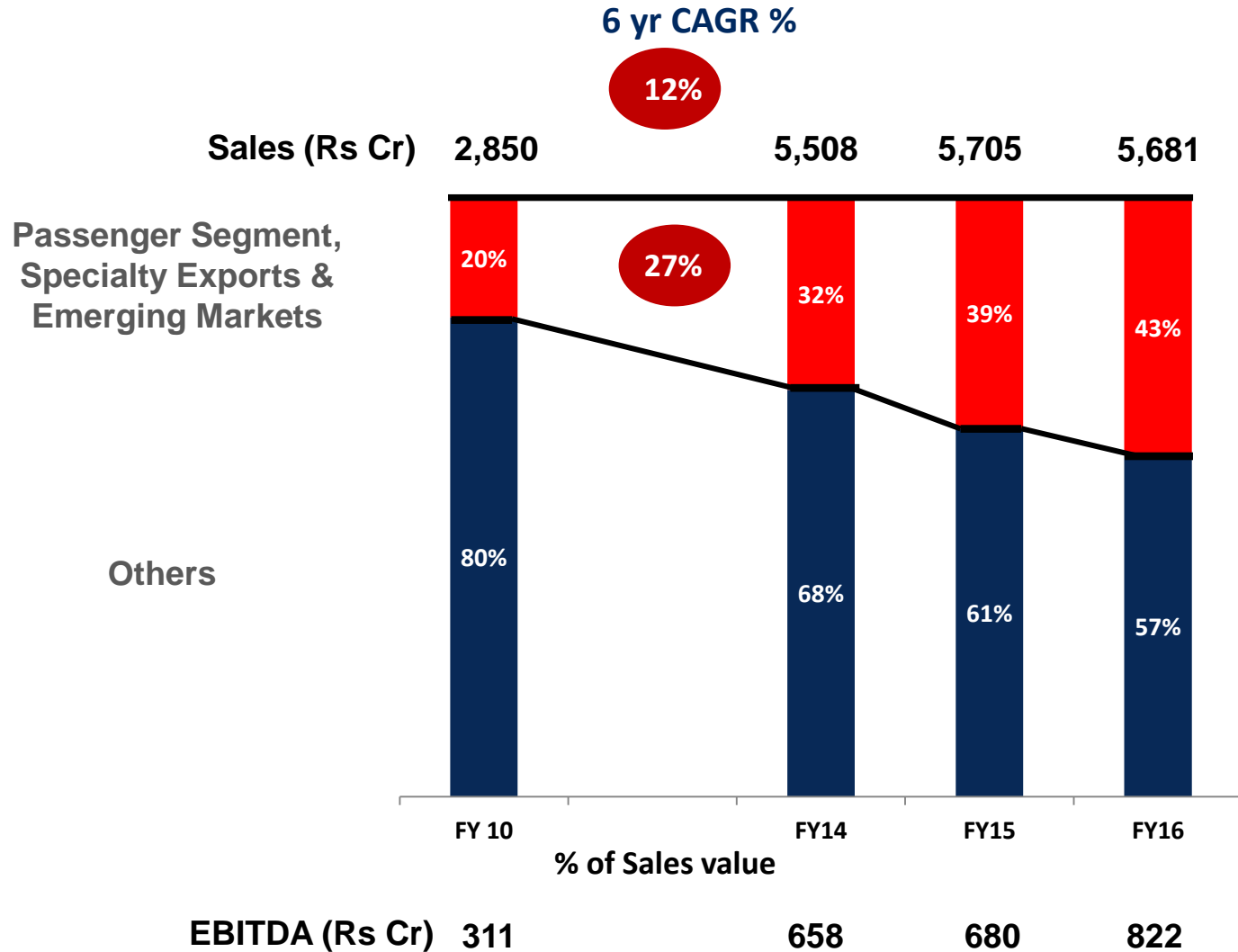
Expanding Capacities

- Nagpur plant commissioned 15 MT/day capacity in March 2016; total capacity of 120 MT/day
- Halol Phase II plant commissioned 39 MT/day as on March 2016; total capacity of 120 MT/day



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 100 Crores as an equity investment in CSTL in FY16
- Production will commence at the new manufacturing facility by Q4 FY17



“Strategic Focus Areas”

- Higher margin business
- Contributes 43% sales for YTD 16 compared to 20% in FY10
- Higher CAGR of 27%
- Growing market share

Note :
50% of CEAT Sri Lanka sales are considered

Section 5: Operational & Financial Overview

Q4 FY16 Operational Highlights

OE Model Approval

Suzuki Gixxer approved, a major milestone for MCR category

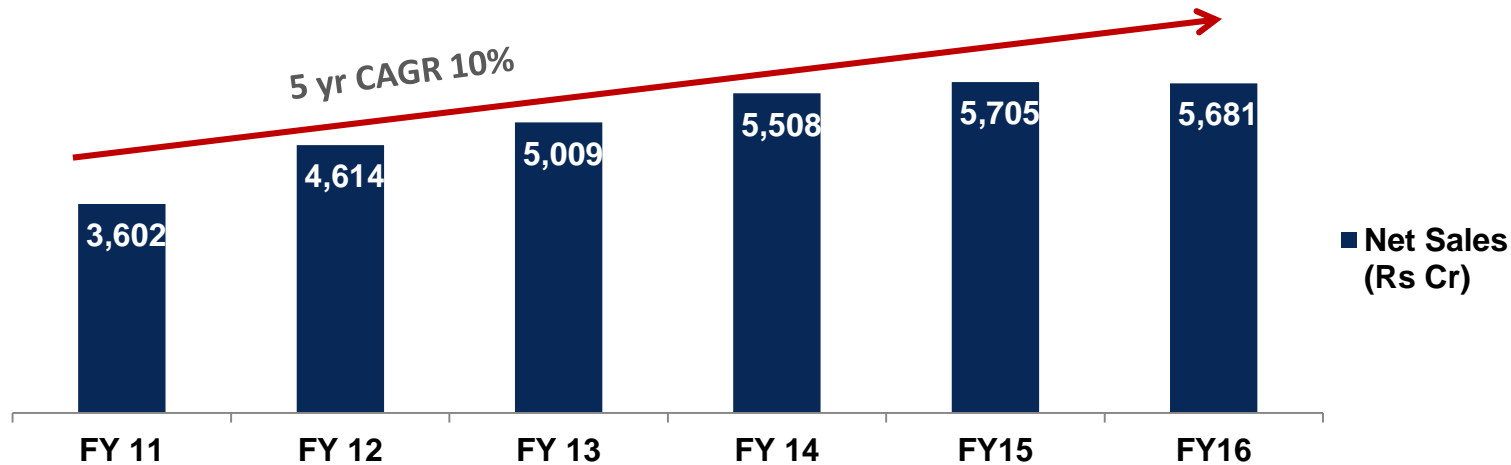


Ishan Kishan – Bat endorsement deal

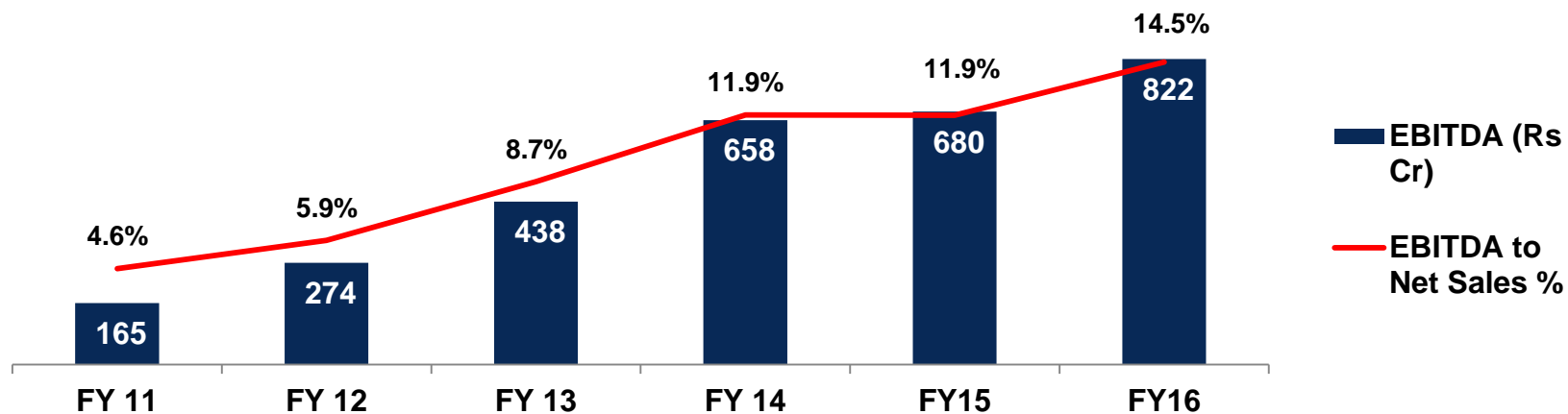


Consolidated: Financial Trends

Revenue growth



Margin trends

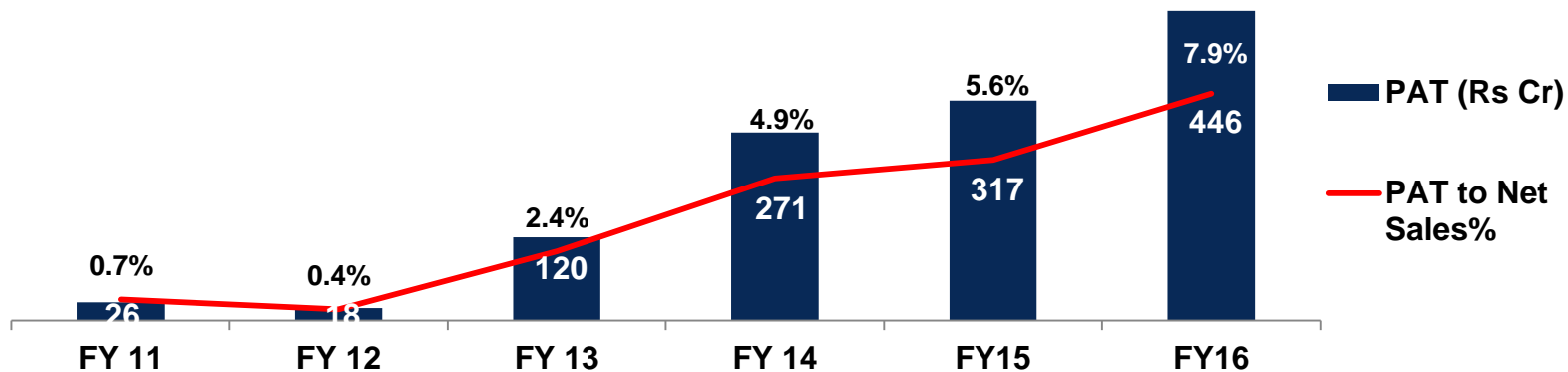


Note

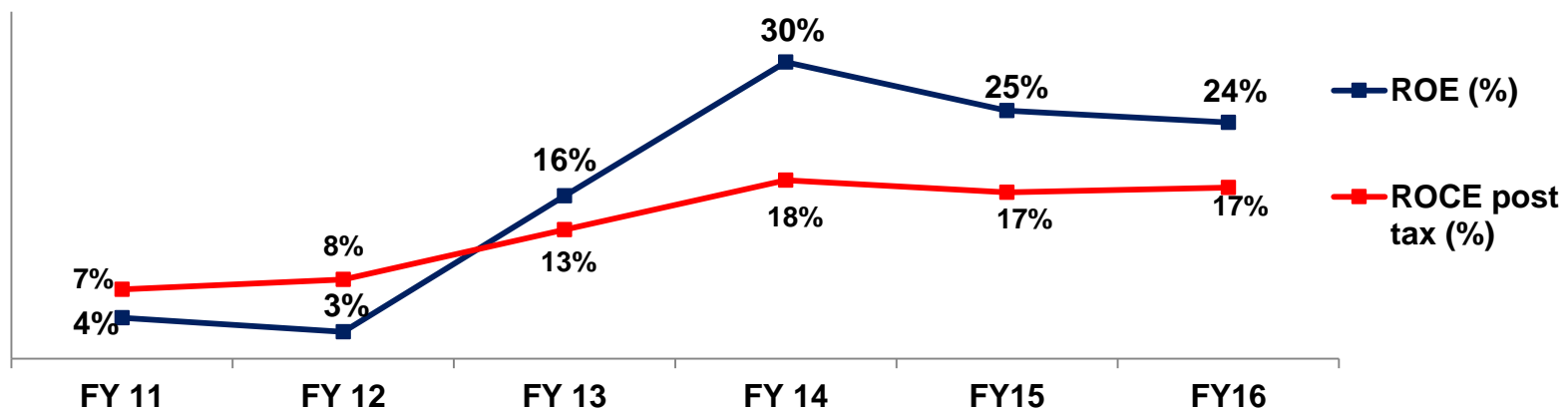
EBITDA includes Other operating income; does not include Non- operating income

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)

Consolidated: Q4 FY16 Financial Highlights

Q4 FY16 v/s Q4 FY15 (Y-o-Y)

- 8% Volume growth
- EBITDA% up 0.7% at 13.4%
- Finance cost at Rs 24 cr compared to Rs 28 cr (down by Rs 4 Cr)
- PBT stands at Rs 137 cr compared to Rs 135 cr

Q4FY16 v/s Q3FY16 (Q-o-Q)

- 7% Volume growth
- EBITDA% down 1.3%
- Finance cost at Rs 24 cr compared to Rs 19 cr (Up by Rs 5 cr)
- PBT stands at Rs 137 cr compared to Rs 161 cr

Total D/E down to 0.3x compared to 0.5x YoY

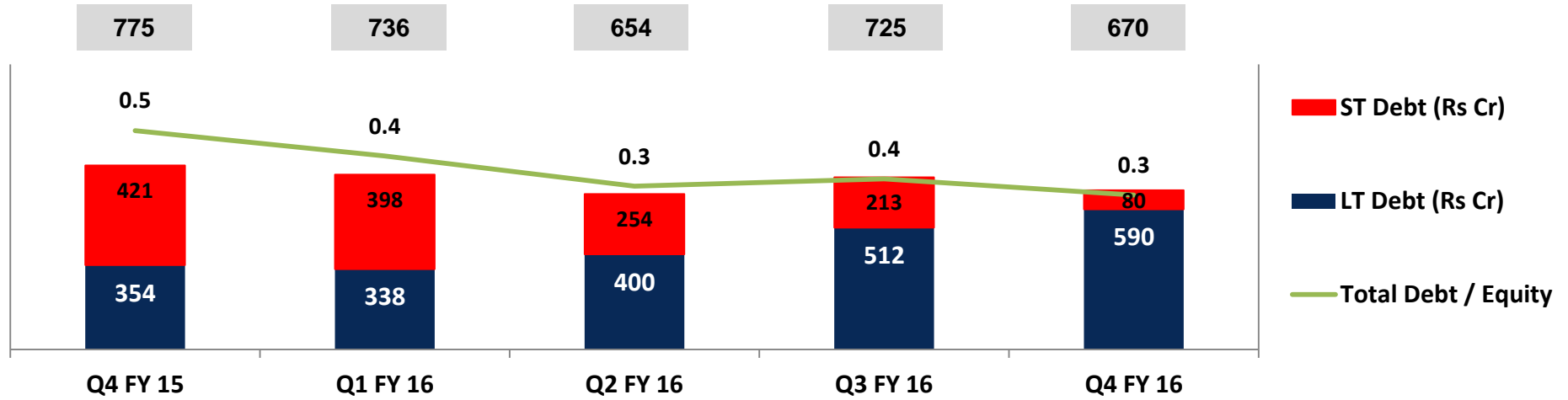
Consolidated: Financials

Parameter	Rs cr				
	Q4FY15	Q3FY16	Q4FY16	FY15	FY16
Net Sales	1,458	1,374	1,451	5,705	5,681
Growth (YoY)	-	-	-0.5%	-	-0.4%
Growth (QoQ)	-	-	5.6%	-	-
EBITDA	186	202	195	680	822
Growth (YoY)	-	-	5.0%	-	20.9%
Growth (QoQ)	-	-	-3.5%	-	-
EBITDA (%)	12.7%	14.7%	13.4%	11.9%	14.5%
PAT	94	113	105	317	446
EPS (Rs.) (Basic)	23.2	28.0	25.9	84.6	110.4
Net Worth	1,682	2,019	2,065	1,682	2,065
Debt	775	725	670	775	670
D/E (x)	0.5	0.4	0.3	0.5	0.3
No of shares (cr)	4.0	4.0	4.0	4.0	4.0
B/V (Rs.)	416	499	510	416	510

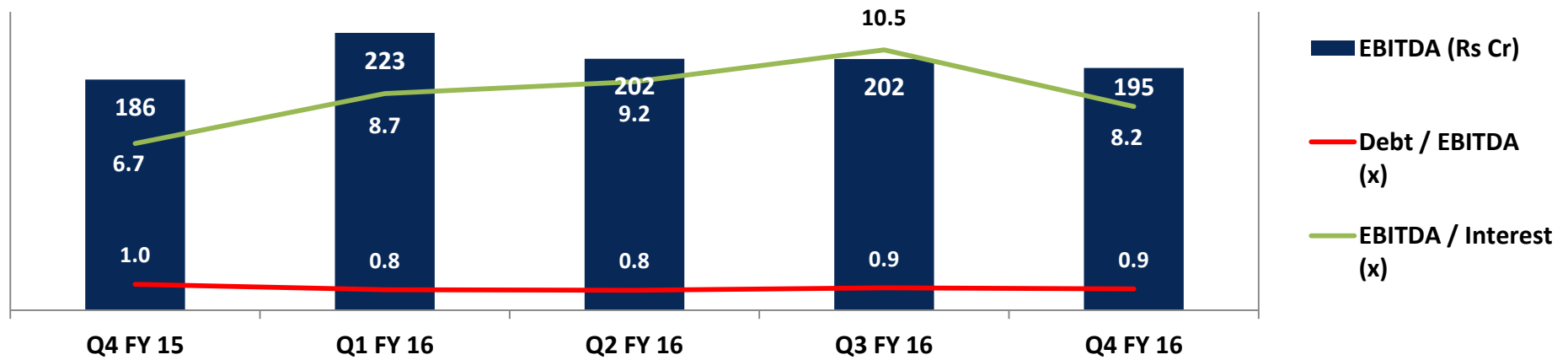
Consolidated: Leverage / coverage Profile

Total Debt
(Rs Cr)

Debt breakup



Leverage ratios



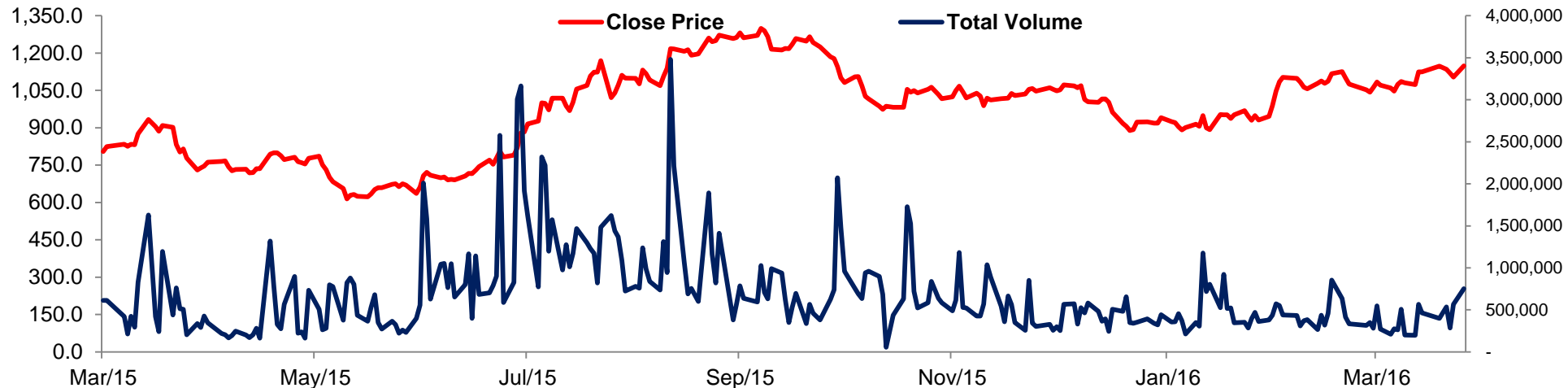
Standalone: Q4 FY16 & FY16 Results

Parameter	Q4FY15	Q3FY16	Q4FY16	QoQ	YoY	Rs Cr		
						FY15	FY16	YoY
Net Sales	1,409	1,321	1,383	4.7%	-1.9%	5,492	5,459	-0.6%
Raw Material	842	734	785	6.9%	-6.8%	3,435	3,090	-10.1%
Gross margin	567	587	598	1.9%	5.4%	2,057	2,369	15.2%
Gross margin %	40.3%	44.4%	43.2%	-120 bps	290 bps	37.5%	43.4%	590 bps
Employee	97	91	90	-1.0%	-7.0%	350	367	4.9%
Other Expenses	308	306	330	7.9%	7.1%	1,118	1,247	11.6%
EBITDA *	178	197	186	-5.4%	4.5%	638	790	23.7%
EBITDA %	12.6%	14.9%	13.5%	-140 bps	90 bps	11.6%	14.5%	290 bps
Finance Cost	28	19	23	20.5%	-16.9%	130	89	-31.7%
Depreciation	22	26	28	8.0%	27.4%	88	100	14.3%
Operating PBT	128	152	135	-11.0%	5.2%	420	600	42.9%
Exceptional expense	6	-	10	-	68.9%	6	11	85.9%
Non-Operating income	6	12	6	-48.9%	-4.6%	29	47	63.3%
PBT	129	164	131	-20.1%	1.7%	443	636	43.6%
PAT	89	118	102	-13.1%	14.3%	299	453	51.4%
Volumes (mt)	65,600	65,200	71,000	9.0%	8.3%	252,100	268,500	6.5%

Note

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

Equity Shareholding & Price trends

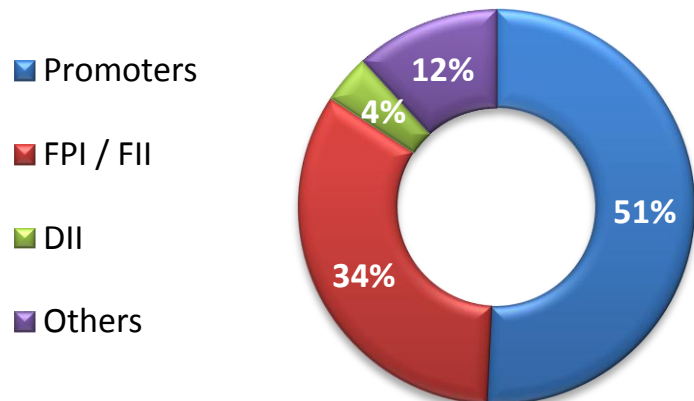


Source : Capitaline

Returns since Mar' 15

- CEAT: 42%
- Sensex: -7%

Mar 31, 2016 Shareholding Pattern



Market Information

- Market Price (Apr 26): Rs 1,146/share
- Face Value : Rs 10/share
- Market Cap (Apr 26): Rs 4,636 Cr
- Net Worth: Rs. 2,065 Cr

THANK YOU