

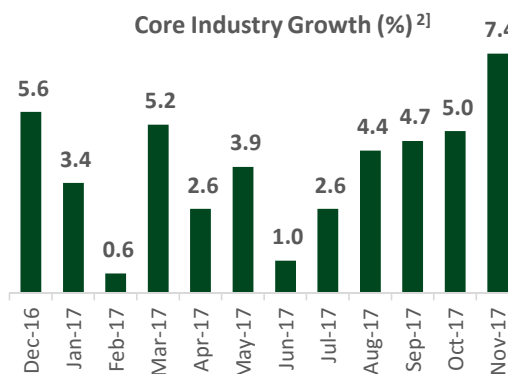
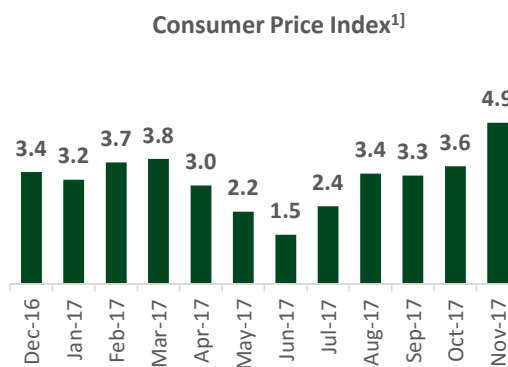
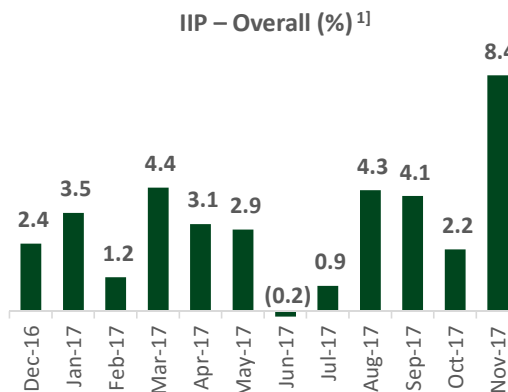


# Investor Presentation

Schaeffler India Limited  
February 09, 2018

- 1** Economy & Market
- 2 Financial update Q4 / 12M - 2017
- 3 Transaction update
- 4 Key takeaways

## Macroeconomic Performance



### Key aspects

- ▶ GDP growth on recovery path as manufacturing activity accelerated with companies restocking their warehouses after temporary disruption caused by uncertainties surrounding GST implementation
- ▶ Core industry and IIP showing growth and stability in H2 2017 as effects of demonetization and GST are subsiding

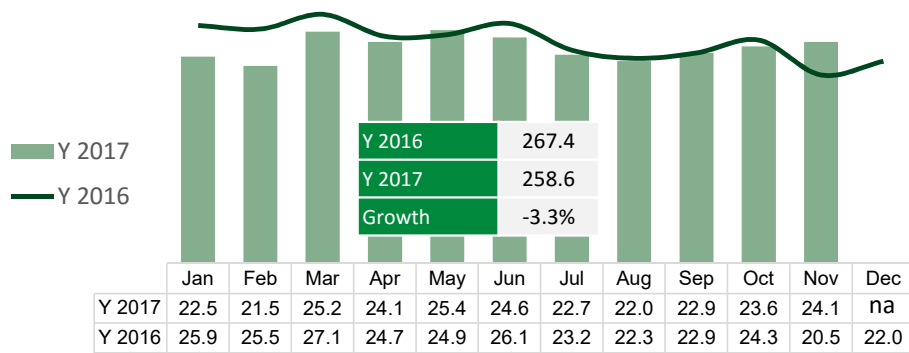
[1] Source: Central Statistics Office, [2] Source: Office of the Economic Adviser,

[3] EAC is a recently constituted independent body of economists (reporting directly to the PM) to suggest measures to bring the economy back on track

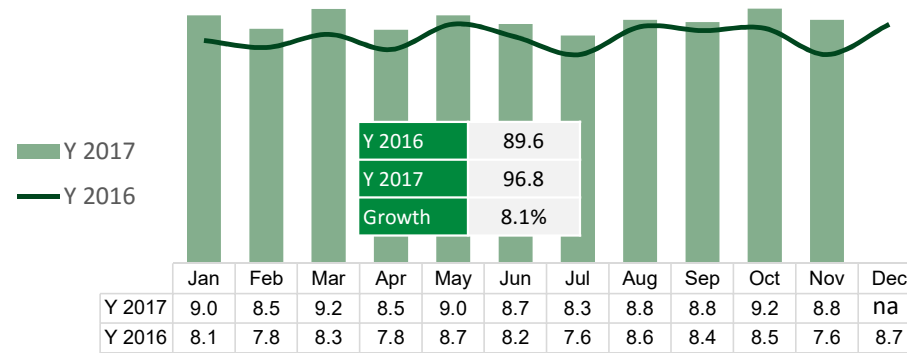
Note: IIP growth has been updated with base as 2011-12

# Core Industry Development

### Cement Production (Mio T)

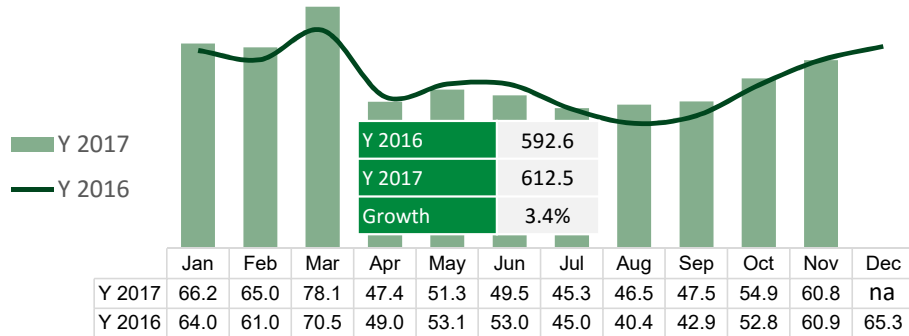


### Steel Production (Mio T)

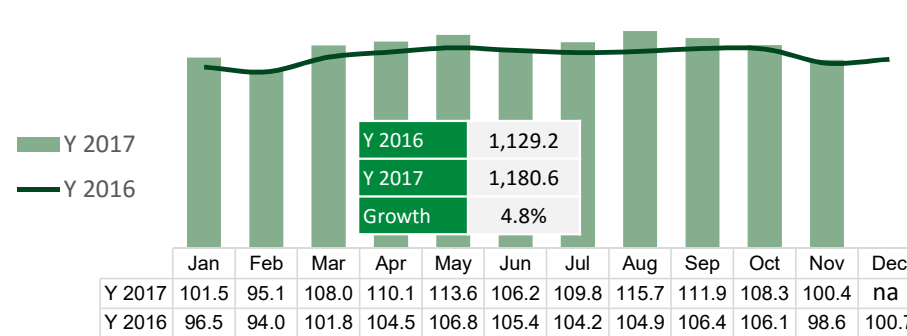


CY 2017: IIP growing at 3.8% and core industries at 3.3%

### Coal Production (Mio T)



### Electricity Generation (Bn KWH)

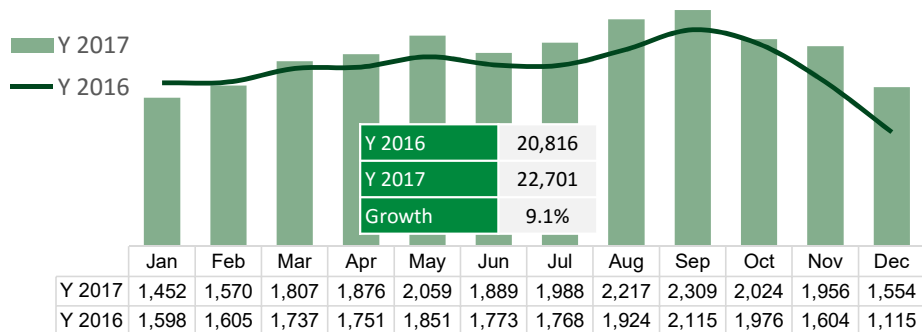


Source: Office of the Economic Adviser

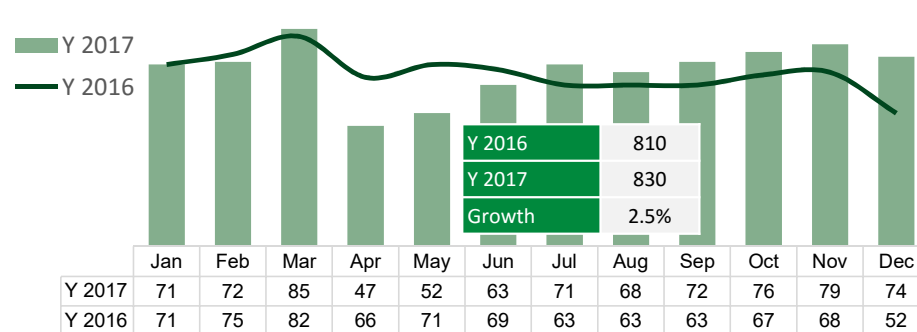
# Mobility Market Development

in T Units

### Two and Three Wheelers<sup>1</sup>

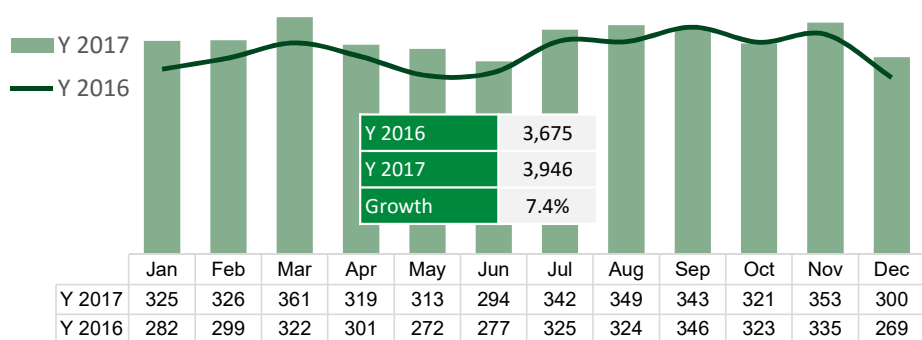


### Commercial Vehicles<sup>1</sup>



PV and tractors drove the growth in 2017; Two wheelers recovered from Demonetization; CV showed strong recovery in H2 after dual impact of Demonetization and BSIV implementation

### Passenger Vehicles<sup>1</sup>



### Agriculture Tractors<sup>2</sup>



[1] Source: Society of Indian Automobile Manufacturers (SIAM)

[2] Source: Tractor Manufacturer Association (TMA)

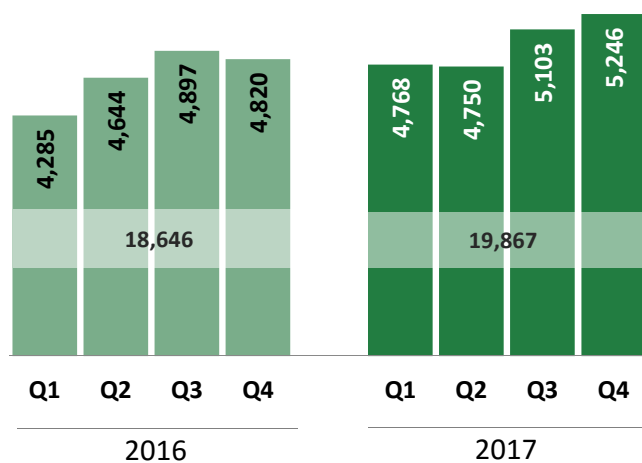
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## Schaeffler India Limited: Total income (net)

### Total Income (Net)

Mio INR

Q4-2017 over Q3-2017	Q4-2017 over Q4-2016	12M-2017 over 12M-2016
2.8%	8.8%	6.5%



### EBT Margin in %

Year	Q1	Q2	Q3	Q4	Total
2016	16.8%	15.4%	16.5%	15.6%	16.1%
2017	18.1%	17.6%	17.8%	19.4%	18.2%

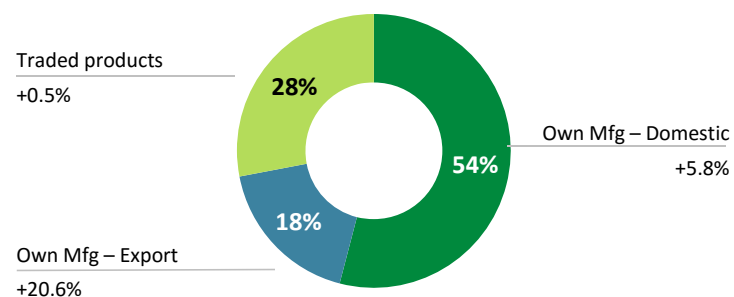
[1] Net of taxes for all the periods [2] Financials for year 2016 reinstated as per IND-AS implementation

### Key aspects

- ▶ Q4-2017 over Q3-2017 : Moderate growth of 2.8% mainly supported by Industrial (2%) and Exports (6%)
- ▶ Q4-2017 over Q4-2016 : 8.8% increase driven by strong growth in Automotive (22%) and Exports (30%)
- ▶ 12M-2017 over 12M-2016 : 6.5% growth driven by strong growth in Automotive (17%) and Exports (21%), while growth in Industrial was relatively flat
- ▶ Sales mix affirms our ongoing efforts of localization

### Sales mix 2017

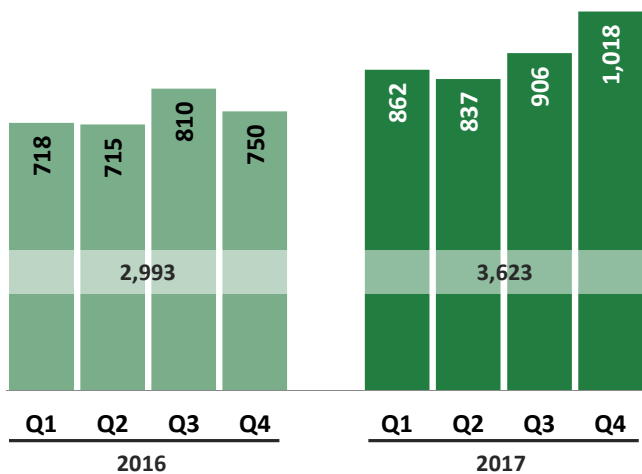
y-o-y growth



## Schaeffler India Limited : Earnings Before Taxes (EBT) Development

### EBT Mio INR

Q4-2017 over Q3-2017	Q4-2017 over Q4-2016	12M-2017 over 12M-2016
1.7 PPT	3.8 PPT	2.2 PPT



### EBT Margin to Total income (Net)

16.8%	15.4%	16.5%	15.6%	18.1%	17.6%	17.8%	19.4%
16.1%				18.2%			

### Key aspects

- ▶ Better sales mix and operational performance have led to improvement in EBT margin



## Schaeffler India Limited : Q4 / 12M Performance Highlights

in million INR	Q4 2016	Q4 2017	Q4 2017 vs Q4 2016		12M 2016	12M 2017	12M 2017 vs 12M 2016	
<b>Total income (Net)<sup>[1]</sup></b>	4,820	5,246	426	8.8%	18,646	19,867	1,221	6.5%
<b>EBITDA</b>	797	1,039	242	30.3%	3,130	3,739	609	19.5%
<b>% Margin</b>	16.5%	19.8%		3.3% ▲	16.8%	18.8%		2.0% ▲
<b>EBT</b>	750	1,018	268	35.8%	2,993	3,623	630	21.0%
<b>% Margin</b>	15.6%	19.4%		3.8% ▲	16.1%	18.2%		2.2% ▲
<b>EAT</b>	547	679	132	24.1%	1,951	2,380	430	22.0%
<b>% Margin</b>	11.4%	12.9%		1.6% ▲	10.5%	12.0%		1.5% ▲

[1] Net of taxes for all the periods [2] Financials for year 2016 reinstated as per IND-AS implementation

## Financial statements – 12M 2017 and pro forma

Key Highlights <sup>[1]</sup>	Schaeffler India Ltd		INA Bearings India Ltd		LuK India Pvt Ltd		Schaeffler India Ltd (Proforma) <sup>[2]</sup>		
	INRm	CY16	CY 17	CY16	CY 17	CY16	CY 17	CY16	CY 17
Total income (net) <sup>[3]</sup>		18,646	19,867	10,483	11,951	7,313	8,575	36,281	40,216
% growth (y-o-y)		4.7%	6.5%	15.5%	14.0%	16.5%	17.3%	9.9%	10.8%
EBITDA		3,130	3,739	1,488	1,668	1,272	1,478	5,890	6,885
% margin		16.8%	18.8%	14.2%	14.0%	17.4%	17.2%	16.2%	17.1%
PBT		2,993	3,623	997	1,155	889	1,124	4,879	5,902
% margin		16.1%	18.2%	9.5%	9.7%	12.2%	13.1%	13.4%	14.7%
PAT		1,951	2,380	685	743	611	773	3,247	3,896
% margin		10.5%	12.0%	6.5%	6.2%	8.3%	9.0%	8.9%	9.7%

#### Key highlights (INA India and LuK India)

- ▶ Consistently strong revenue growth in Engine systems, Chassis and Transmission systems
- ▶ Consistent improvement in EBT led by sales growth and operational performance

[1] Based on audited financials year ending 31st Dec 2017 (thereof Schaeffler India Limited represents IND-AS financials for 2016 & 2017)

[2] Proforma is after eliminating Intercompany transactions amongst three entities

[3] Total income (net) is net of taxes for all periods

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## Transaction expected to be completed in 2018 and is currently on track

Key events	Expected date
▶ Requisite applications submission to BSE, NSE and SEBI for approvals	✓ Q3CY17
▶ BSE, NSE and SEBI approvals	✓ Q4CY17
▶ Applications to NCLT (Mumbai and Chennai benches) in India	✓ Q4CY17
▶ Notice to shareholders and creditors	Q1CY18
▶ <b>Shareholder approvals</b> – Approval of majority of public shareholders – Approval of majority (in number) of shareholders and creditors representing 75% in value	<b>Q1CY18</b>
▶ NCLT approval	Q2CY18
▶ BSE, NSE and SEBI (final) approvals	Q3 CY18
▶ Closing of transaction	Q3 CY18

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4 Key takeaways  
**Recognition**

**SCHAEFFLER**



*'Best Delivery' for 3 years in a row*

*'Superior Performance' for all three companies*



**JOHN DEERE**

*'Partner Award' for 3 years in a row for LuK and Quality sustenance for SIL*

*'Platinum Supplier' for SIL*



**HYUNDAI**

*'Best Logistics' performance*



*'Best Supplier' award*

**FCA**

FIAT CHRYSLER AUTOMOBILES



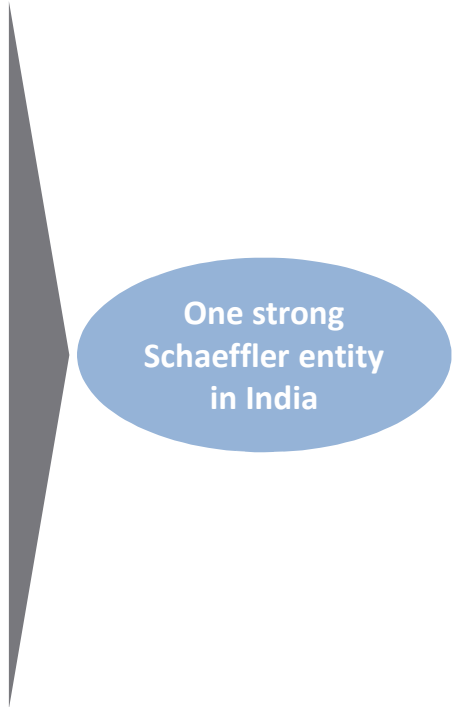
*'Quality Performance' award*



*'Supplier Excellence Award'*

## One strong Schaeffler entity in India

- 1 Economic outlook continues to be positive
- 2 Overall moderate sales growth – Strong Automotive growth and high exports
- 3 Better sales mix and operational performance have led to improvement in EBT margins
- 4 Focused on sales growth in recovering market
- 5 Merger activities gearing up and will gain further momentum



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for your attention

