

Schaeffler India Limited Investor Presentation – Q3/9M-2019


October 22, 2019


Agenda


- 1** Market developments and Schaeffler
- 2** Q3/9M 2019 Performance update
- 3** We are in action continuously


Q3 2019 | Highlights and Lowlights


 Q3 automotive sales continues to be under stress

 Demand volatility causes imbalanced working capital

 Q4 outlook continues to be pessimistic despite measures announced by Government

 Balanced business portfolio keeps us afloat

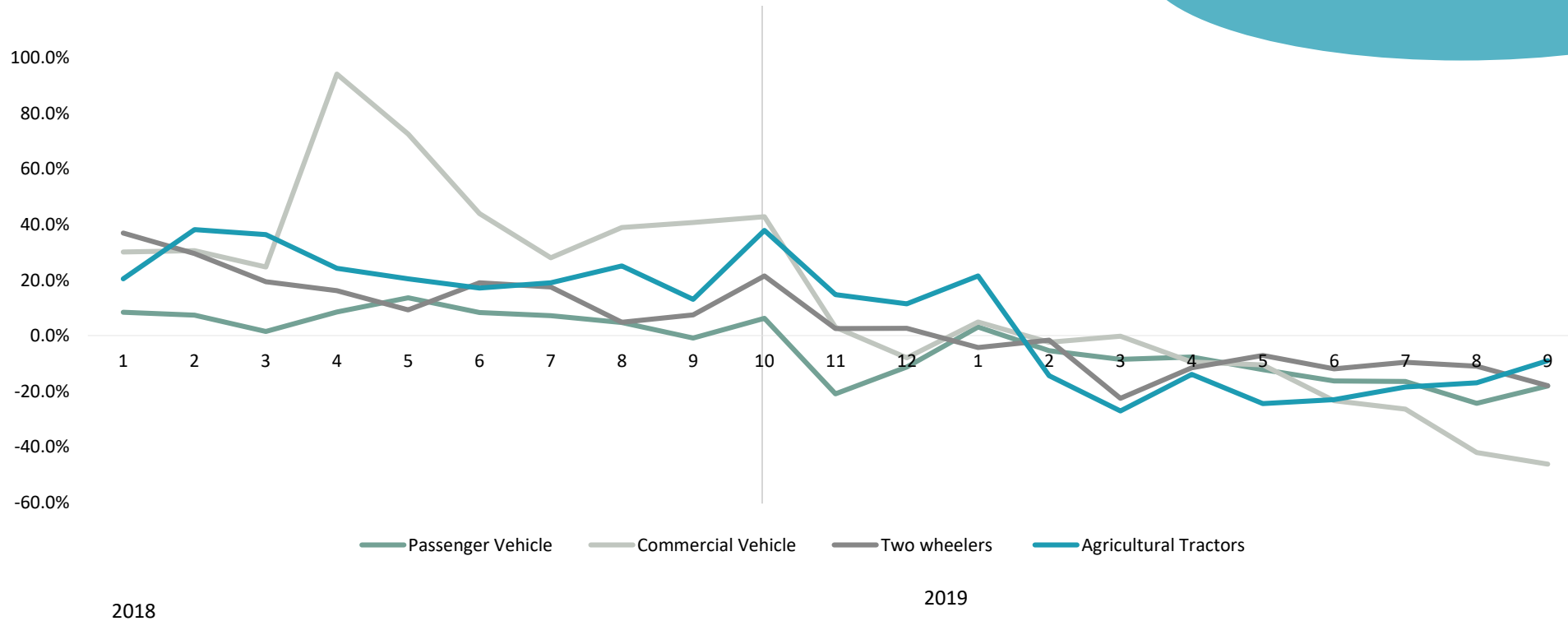
 Positive impact of Corporate tax

 Operating profit could be managed well due to cost flexing

Indian Automotive Industry continues deceleration

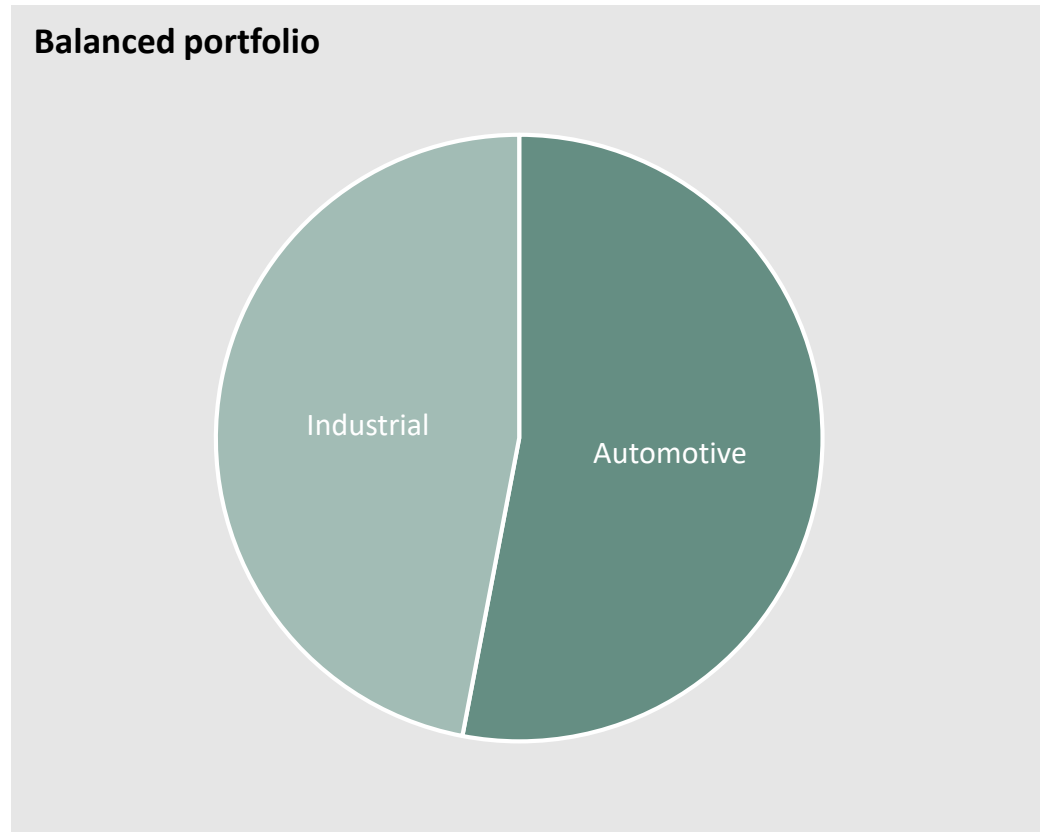
Automobile Production YTD September 2019

% Change vs Previous year

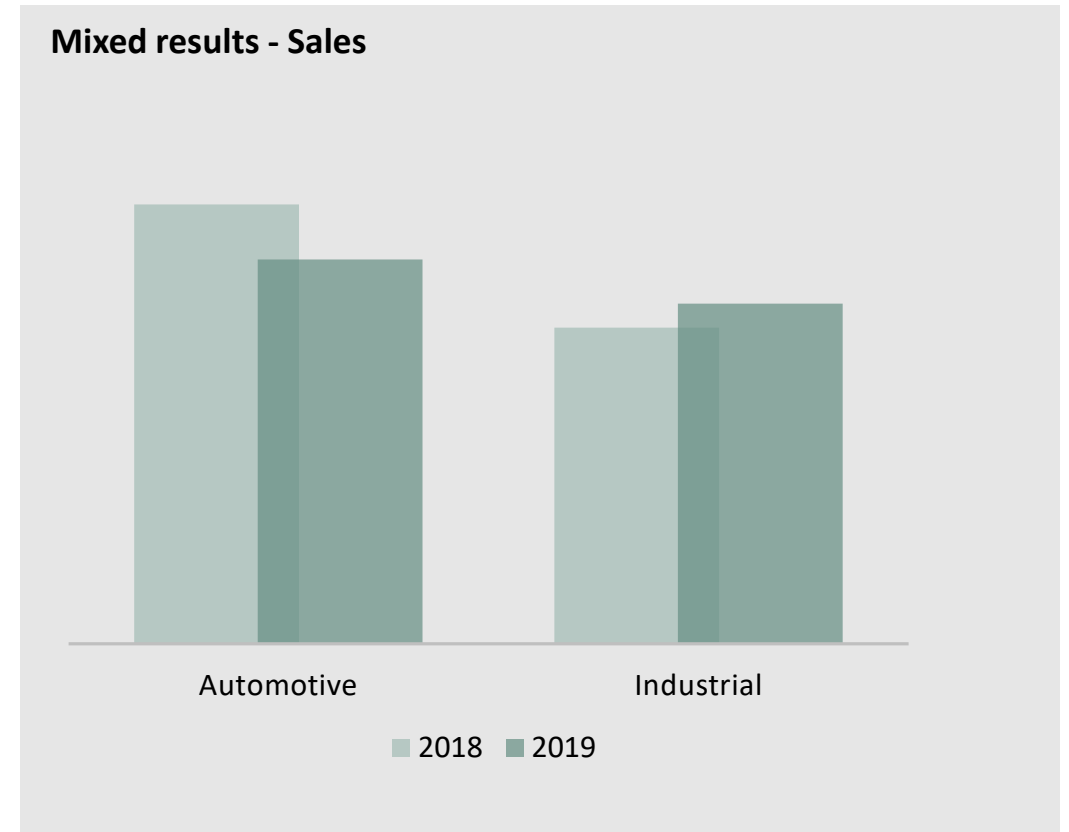


Automotive Industry YoY -11.6%

Schaeffler strikes a balance.. More than Automotive!

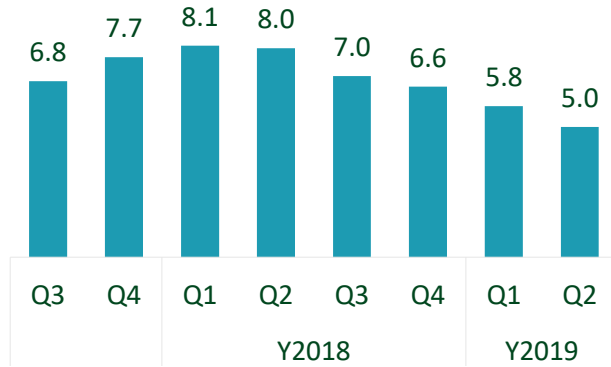


Charts indicates Sales in India (excl. exports)

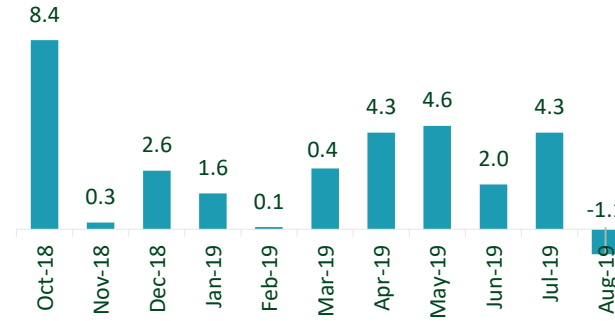


Domestic economic activity remains subdued | FY 2019-20 growth forecast trimmed to 6.1%^{2]}

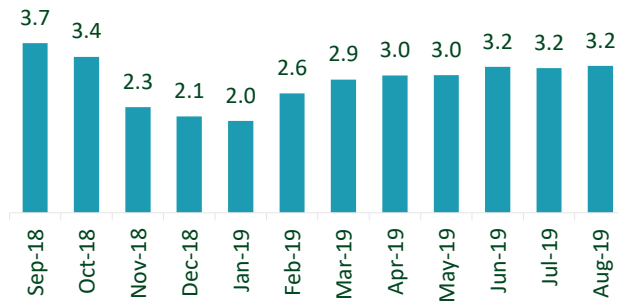
GDP Growth % ^{1]}



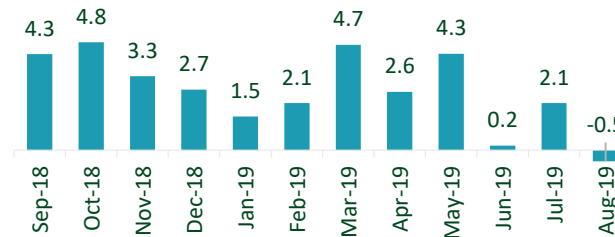
IIP – Overall (%) ^{2]}



Consumer Price Index ^{2]}



Core Industry Growth (%) ^{3]}



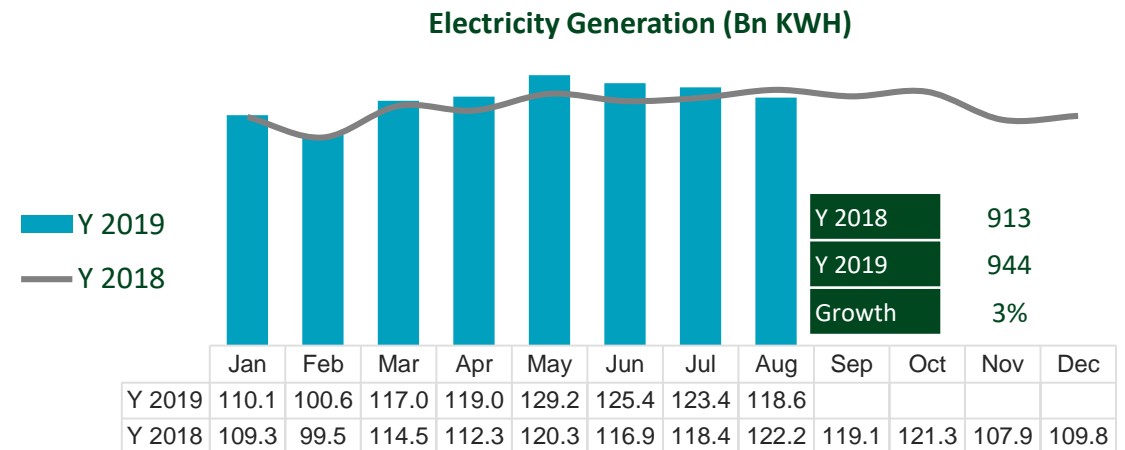
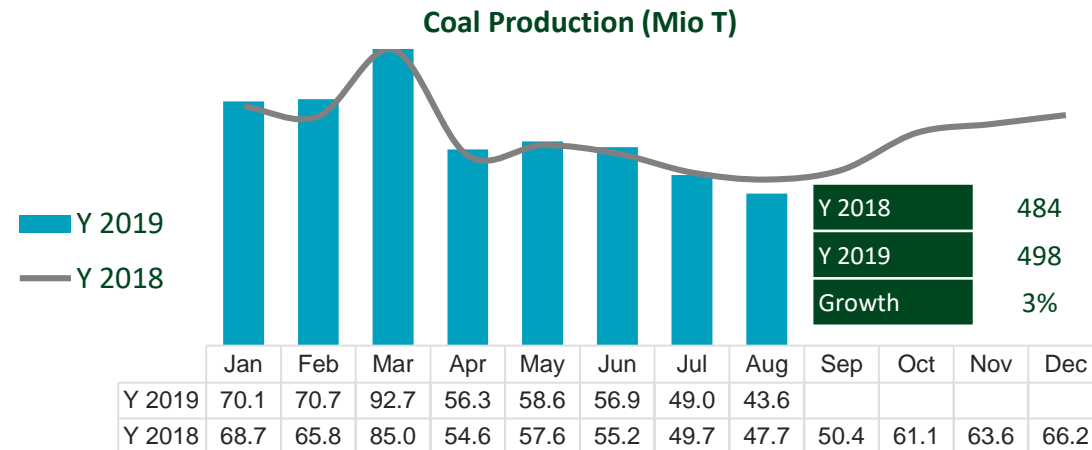
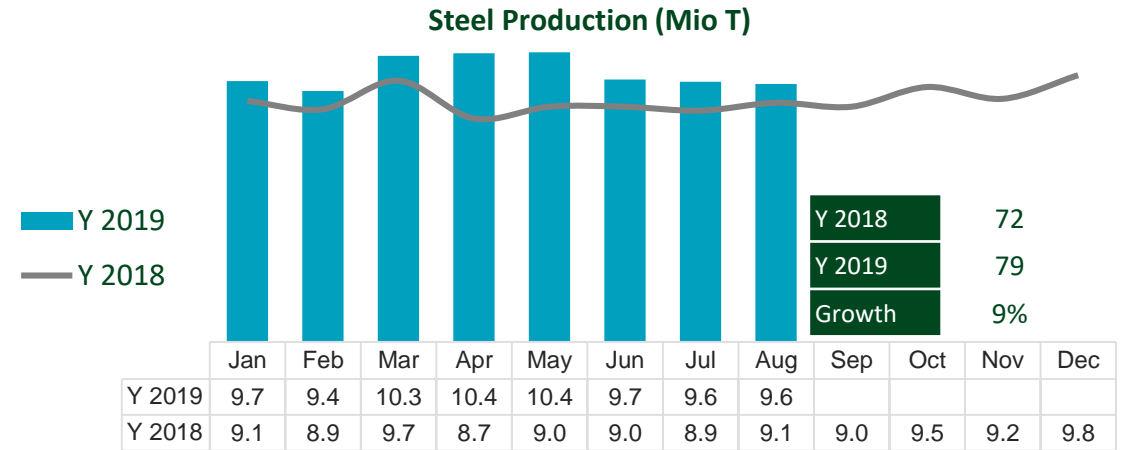
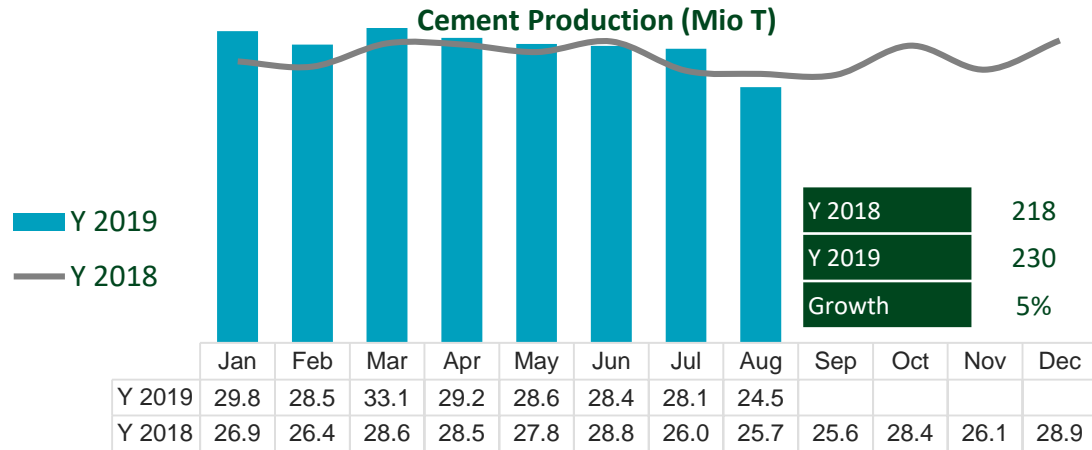
Key Aspects

- FY 2019-20 GDP growth outlook has been pared down to 6.1% by RBI as Indian economy faces a combination of domestic and global headwinds
- Weak growth in the manufacturing sector and the slowdown in private consumption, both continue to escalate the slowdown
- India's industrial production shrank by 1.1% YoY in Aug 2019, capital goods sector contracted by 21% indicating lack of investment activity
- All major automakers continue to observe no production days to adjust production and cut down inventories

1]Source: Central Statistics Office (CSO). GDP growth is as per latest revisions at constant prices; 5 Apr 2019

2]Source: RBI 3] Source: Office of the Economic Adviser

Contraction in Coal, Cement & Oil related sectors mute IIP growth



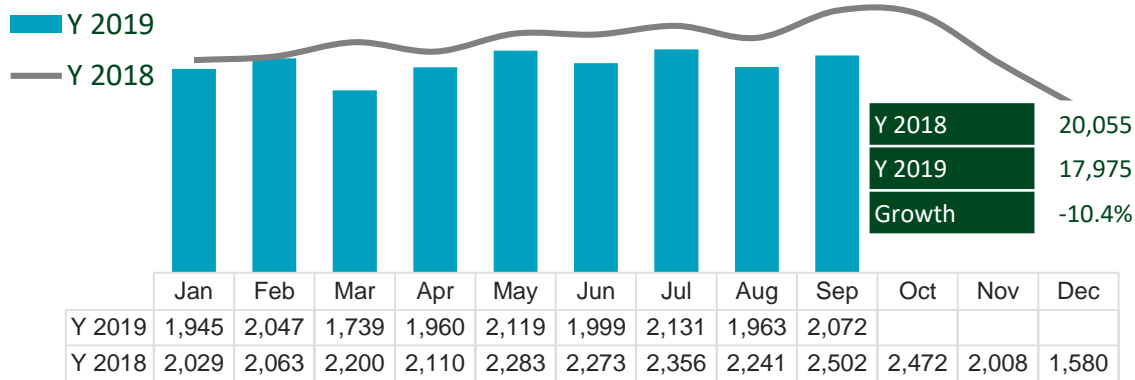
Source: Office of the Economic Adviser, all figures rounded off

Mobility remains under pressure as sales fall across categories

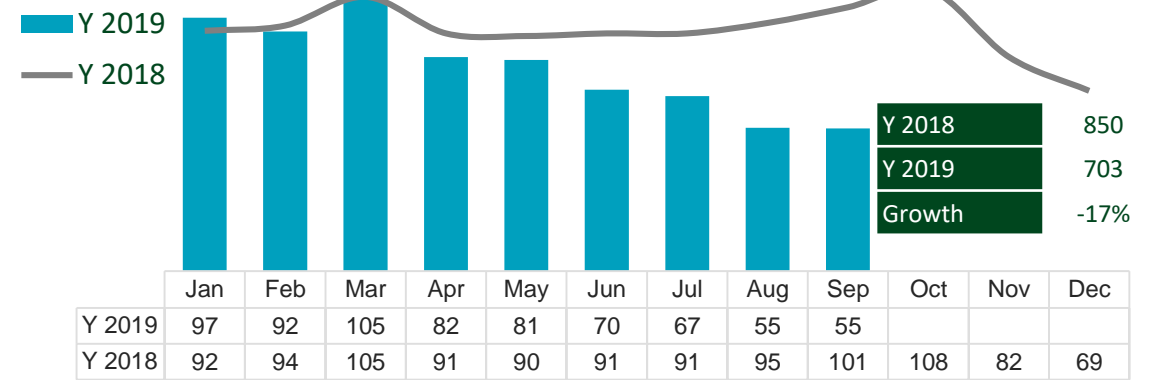
in T Units

Automobile sales continue to be in slow lane despite the festive push

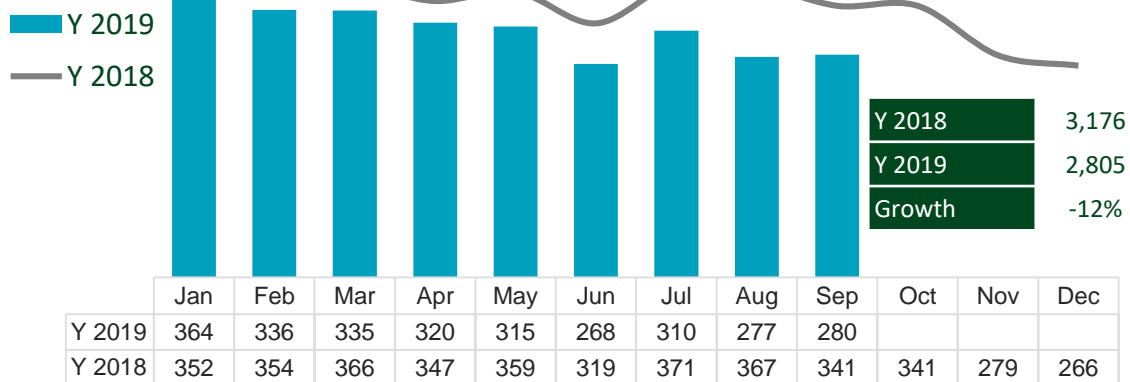
Two and Three Wheelers^{1]}



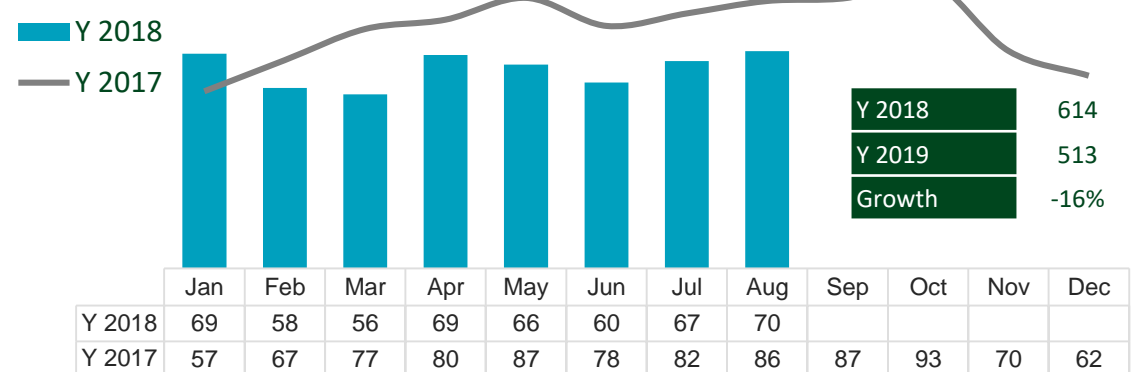
Commercial Vehicles^{1]}



Passenger Vehicles^{1]}



Agriculture Tractors^{2]}



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

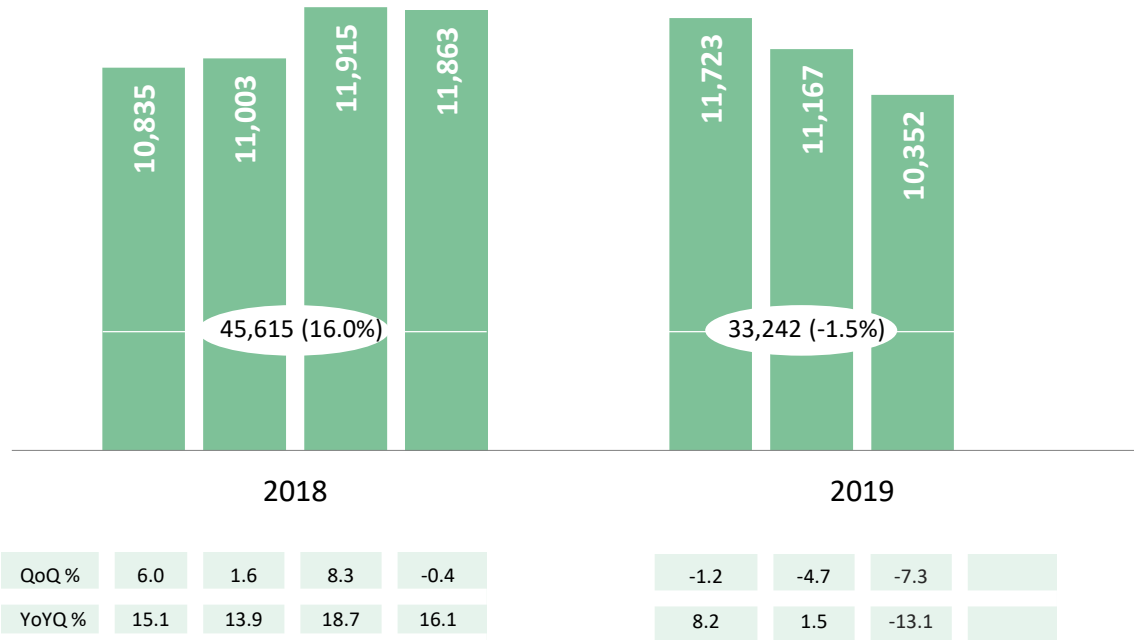
[2] Source: Tractor Manufacturer Association (TMA); *Mar is estimated production

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Revenue from Operations | Automotive volumes down due to weak demand

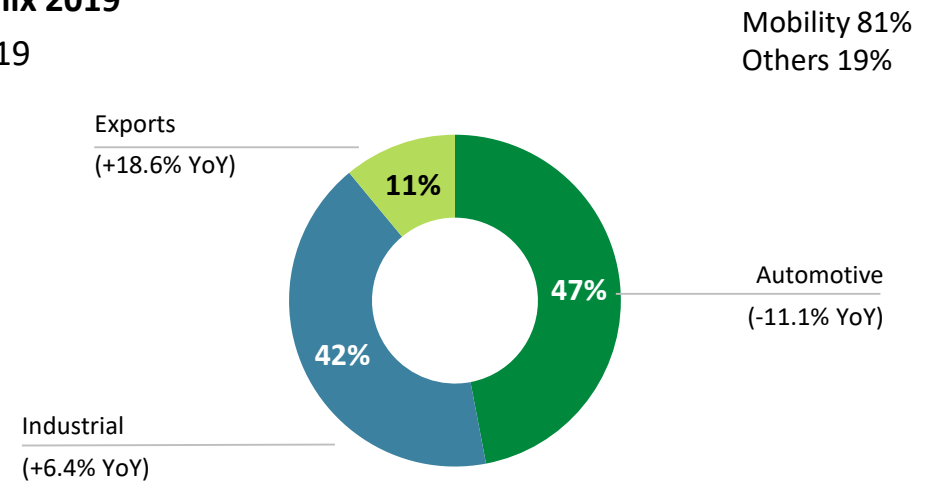
Total revenue in INR mn



Key aspects

- Mobility segment : Automotive demand further decelerated in the quarter. Railway continues growth momentum.
- Others : Positive results from Wind offsets demand drop in Power Transmissions.

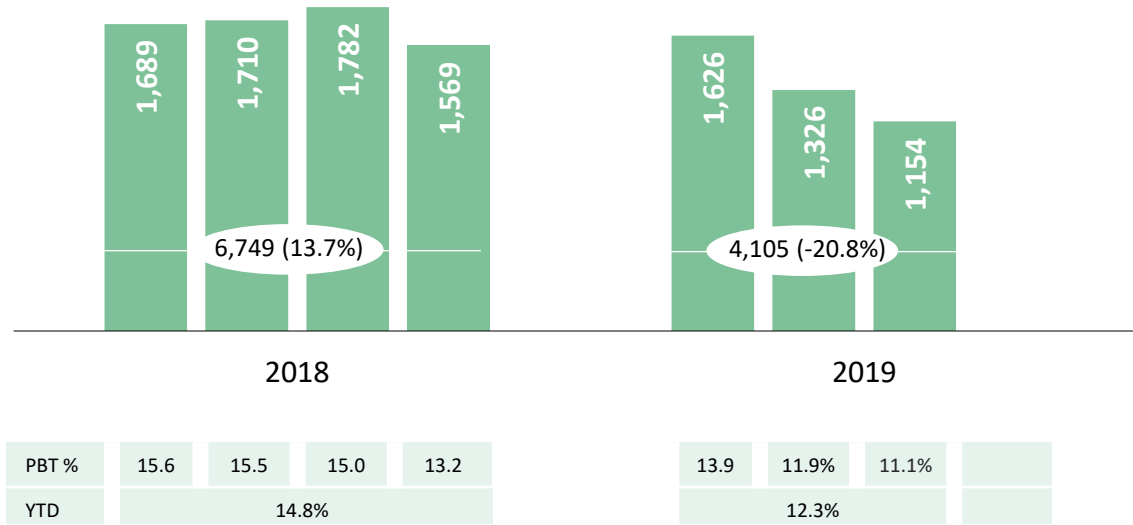
Sales mix 2019 9M-2019



Earning Quality | Continues to be impacted by softness in Automotive

PBT (before exceptional items)

in INR mn (% in bracket denotes absolute change over same period previous year)



Key comments

- Automotive volumes continue to be lower.
- Cost flexing in line with Production output during the quarter.
- Working Capital management continuously in focus – demand volatility causes imbalance

Earnings in the quarter impacted by continued softness in automotive demand

Q3 2019 Performance Highlights

	Unit	Q3 2019	Q2 2019	Q3 2018	9M 2019	9M 2018	12M 2018
Revenue	INR mn	10,352	11,167	11,915	33,242	33,752	45,615
Revenue growth (y-o-y)	%	-13.1%	1.5%	18.7%	-1.5%	15.9%	16.0%
EBITDA Margin	%	14.0%	14.3%	16.8%	14.8%	17.3%	16.8%
EBIT Margin	%	10.1%	10.9%	13.7%	11.3%	14.1%	13.5%
PBT Margin	%	11.1%	11.9%	15.0%	12.3%	15.3%	14.8%
PAT Margin	%	9.1%	7.4%	7.6%	8.5%	9.2%	9.2%

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We are in action continuously

We are in action mode continuously

Preparing for Future

- Started a brand new Campaign Van for Automotive Aftermarket which will be traversing 2300 km, 50 cities, 2000 garages
- Ongoing investments despite slow down – 2,550 INR mn in 9M 2019
- Operational excellence, cost flexing, stretch targets set for recovering markets
- Construction of new building at Savli plant in progress
- Sales and Corporate colleagues now housed under one roof – improved synergies
- Ongoing projects and initiatives in terms of Brand protection, Occupational safety, Digitalization, Governance and Compliance



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