

SCHAEFFLER



# Schaeffler India Limited Investor Presentation – Q4/12M-2019

February 13, 2020

## Agenda

- 1 Market developments and Schaeffler**
- 2 Q4/12M 2019 Performance update
- 3 We step up in Governance

## Q4 2019 | Highlights and Lowlights



Q4 automotive performance was slightly better than Q3 due to temporary demand surge and on top initiatives

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Working capital improved significantly as receivable and inventory control measures were realized

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Operating profit was better due to ongoing cost flexing and better automotive sales mix

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Q4 witnessed slow industrial performance in all sectors excluding wind

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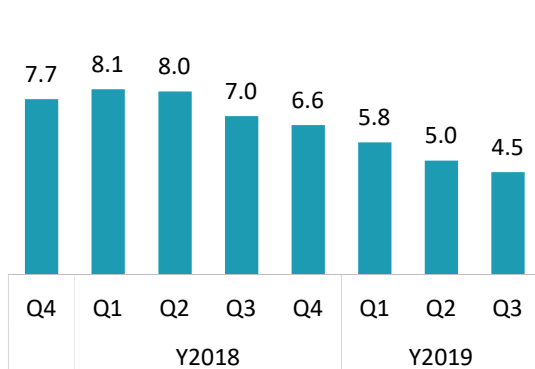


Intercompany exports also saw a dip due to lower demand from Europe and SEA

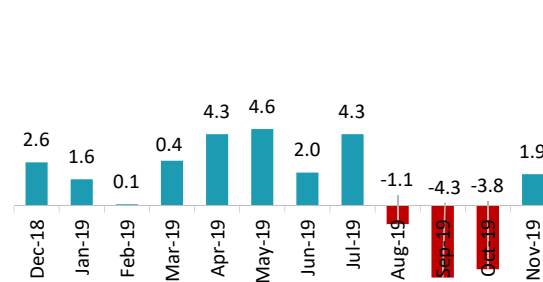
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**Domestic economic activity remains subdued | FY 2019-20 growth forecast trimmed to 5%<sup>2]</sup>**

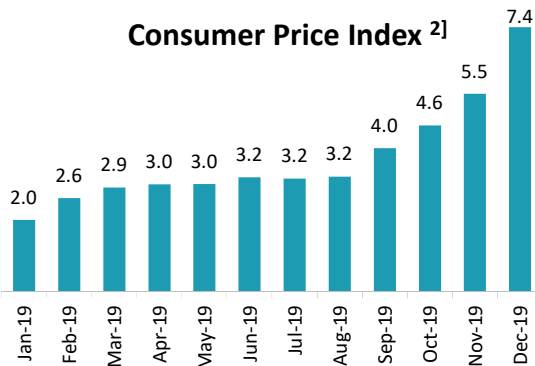
**GDP Growth % <sup>1]</sup>**



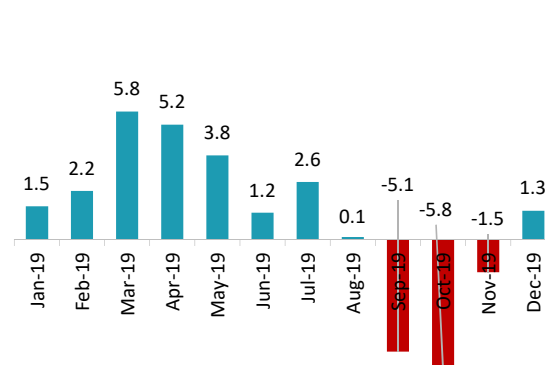
**IIP – Overall (%) <sup>2]</sup>**



**Consumer Price Index <sup>2]</sup>**



**Core Industry Growth (%) <sup>3]</sup>**



**Key Aspects**

- FY 2019-20 GDP growth outlook has been trimmed to 5% 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 has turned a corner in Dec; increase seen after a period of 3 months due to combination of favorable base and pickup in construction activity
- Recent budget continued with the thrust on infrastructure and measures to improve ‘Ease of Doing Business’
- Vehicle scrappage policy, awaiting final clearances from the cabinet, could be a game-changer for the automobile industry

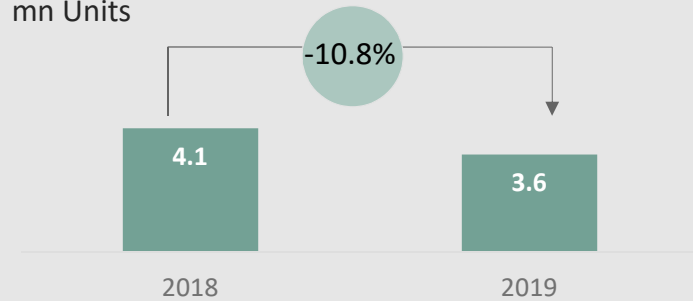
1]Source: Central Statistics Office (CSO). GDP growth is as per latest revisions at constant prices; 5 Sep 2019

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

## Automotive market headwinds 2019

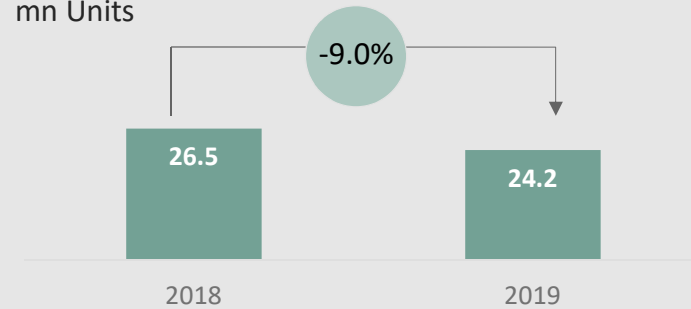
### Passenger vehicles production

mn Units



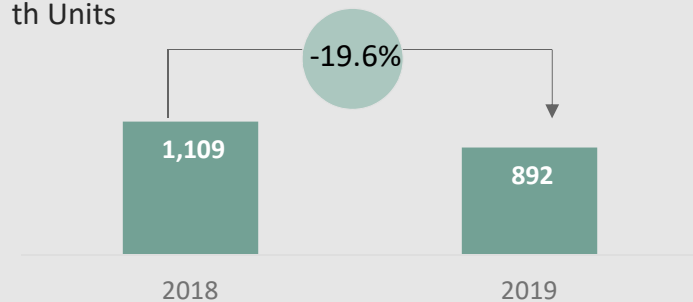
### Two wheeler production

mn Units



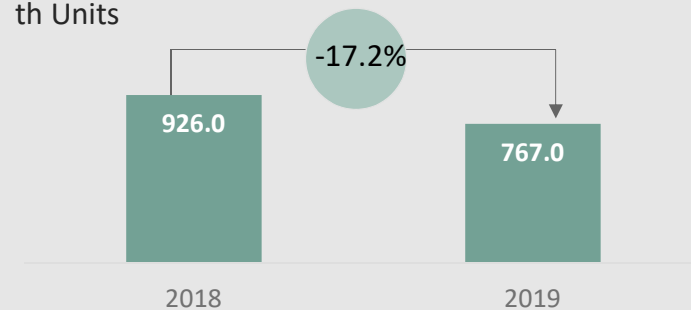
### Commercial vehicles production

th Units



### Agri Tractor production

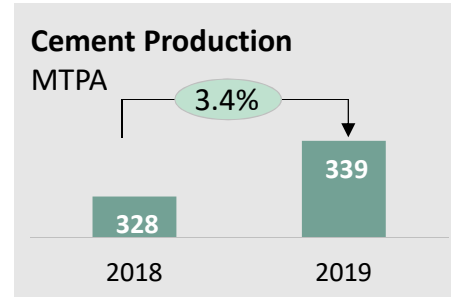
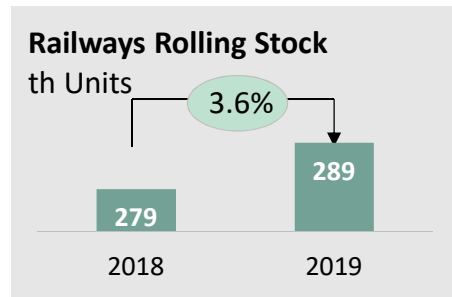
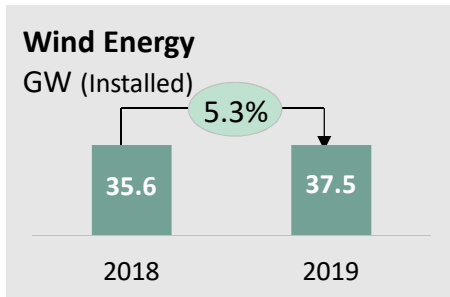
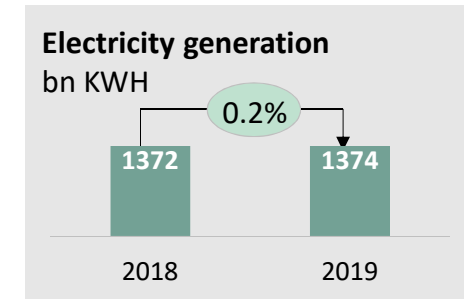
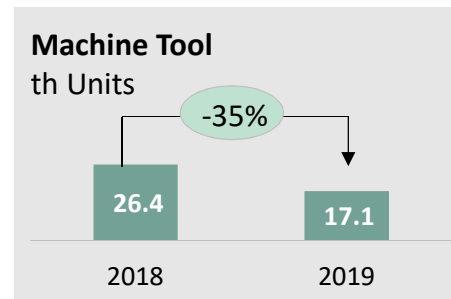
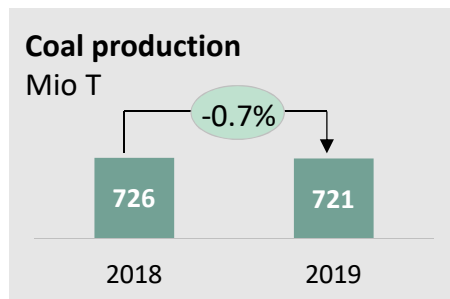
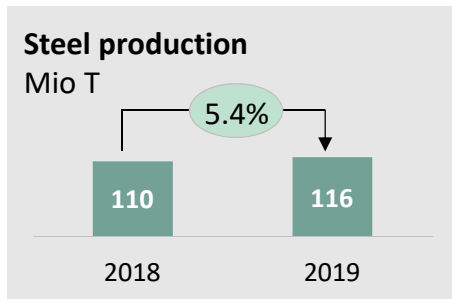
th Units



### Market and economy concerns

- Average degrowth 12% In Automobile sector led by liquidity crunch , higher acquisition cost and subdued consumer sentiments.
  - Liquidity crunch at NBFCs major lender for auto sector has negatively impact the market
  - Hike in insurance cost for 2W & 4W Led to price rise.
  - End Customer postponement of purchase decision due to change in emission norms.
- EV announcements (Govt. announcing migration to EV by 2030)

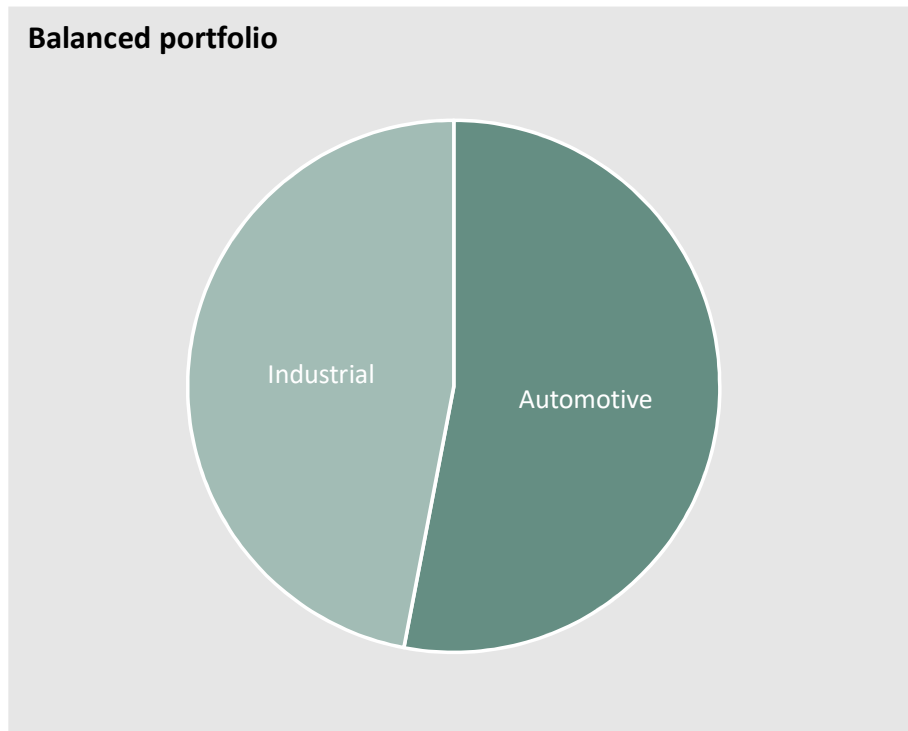
**Industrial experienced mixed Impacts with headwinds and upswings in different sectors**



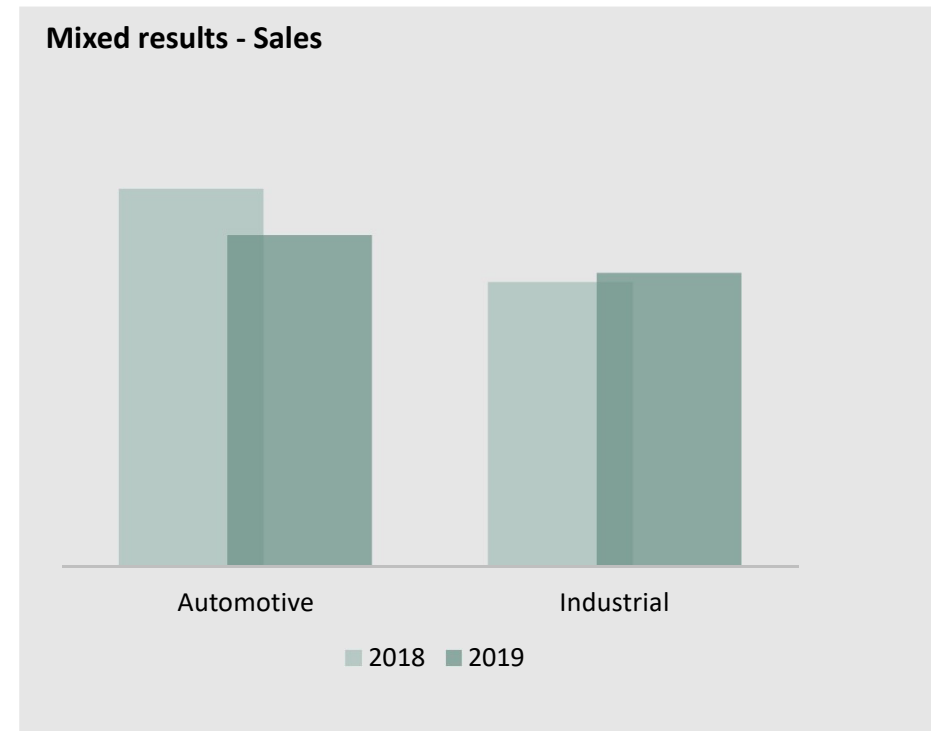
**Market and economy concerns**

- Increased Inflation – limiting domestic demand
- Liquidity crunch at OEMs and end customers - NBFC issues also hitting rural markets.

## We managed better due to balanced portfolio



Charts indicates Sales in India (excl. exports)



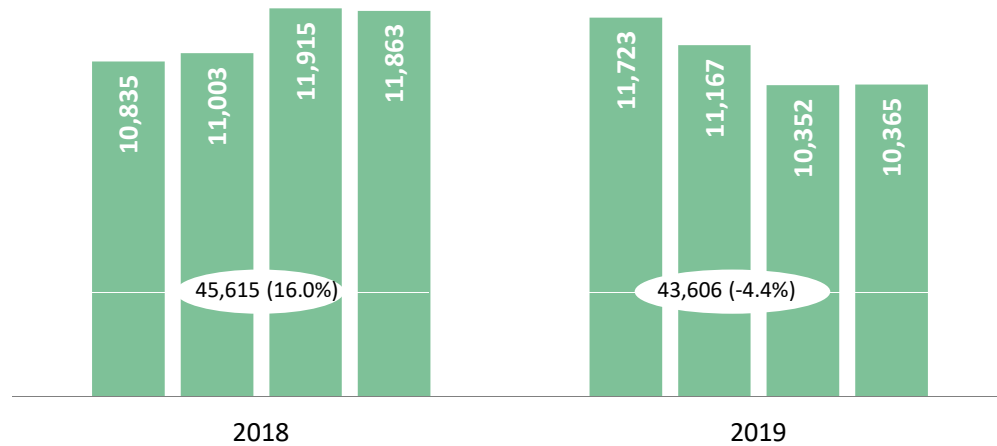
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**Revenue from Operations | Automotive volumes down due to weak demand**

**Total revenue**  
in INR mn



QoQ %	6.0	1.6	8.3	-0.4
YoYQ %	15.1	13.9	18.7	16.1

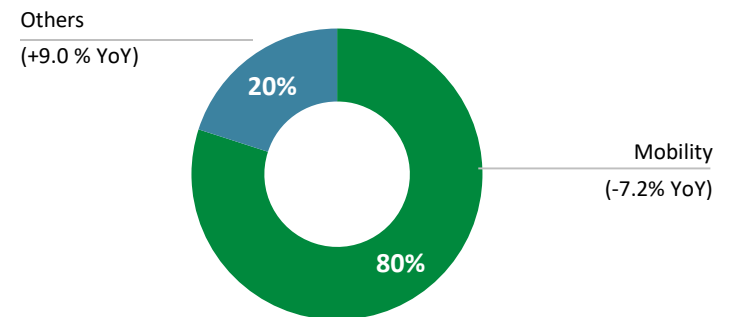
	-1.2	-4.7	-7.3	0.1
	8.2	1.5	-13.1	-12.6

**Key aspects**

- Mobility segment : Automotive witnessed a temporary surge in demand in Q4.
- Others : Positive results from Wind offsets demand drop in other industrial sectors.

**Sales mix 2019**

12M-2019

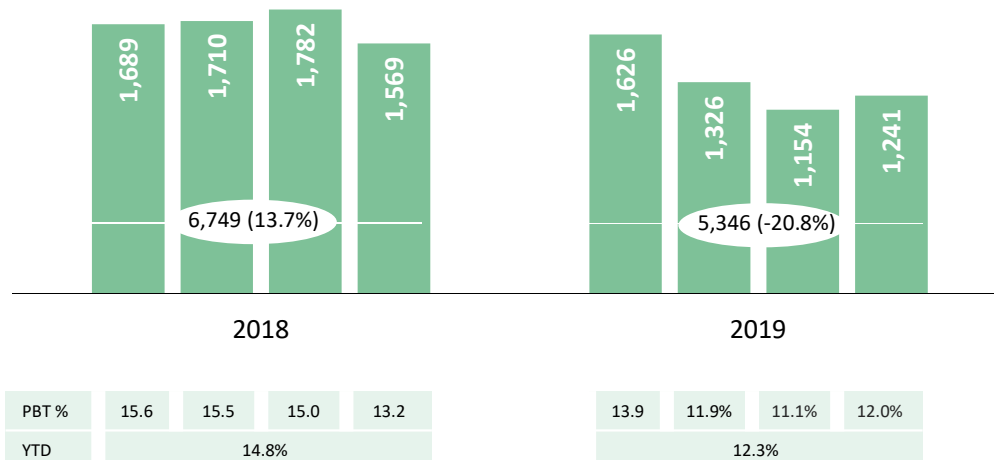


Note : The above includes exports 11% (-1.0% YoY)

**Earning Quality | Q4 improved due to better sales mix**

**PBT (before exceptional items)**

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



**Key comments**

- Automotive volumes improved in Q4
- Cost flexing in line with Production output continued to be in focus
- Working Capital improved significantly due to ongoing measures

Improved earnings in Q4 due to better mix and on top measures

## Q4 2019 Performance Highlights

	Unit	Q4 2019	Q3 2019	Q4 2018	12M 2019	12M 2018
<b>Revenue</b>	mn INR	10,365	10,352	11,863	43,606	45,615
<b>Revenue growth (y-o-y)</b>	%	-12.6%	-13.1%	16.1%	-4.4%	16.0%
<b>EBITDA Margin</b>	%	14.9%	14.0%	15.2%	14.8%	16.6%
<b>EBIT Margin</b>	%	10.8%	10.1%	11.9%	11.2%	13.4%
<b>PBT Margin</b>	%	12.0%	11.1%	13.2%	12.3%	14.8%
<b>PAT Margin</b>	%	8.2%	9.1%	9.0%	8.4%	9.2%

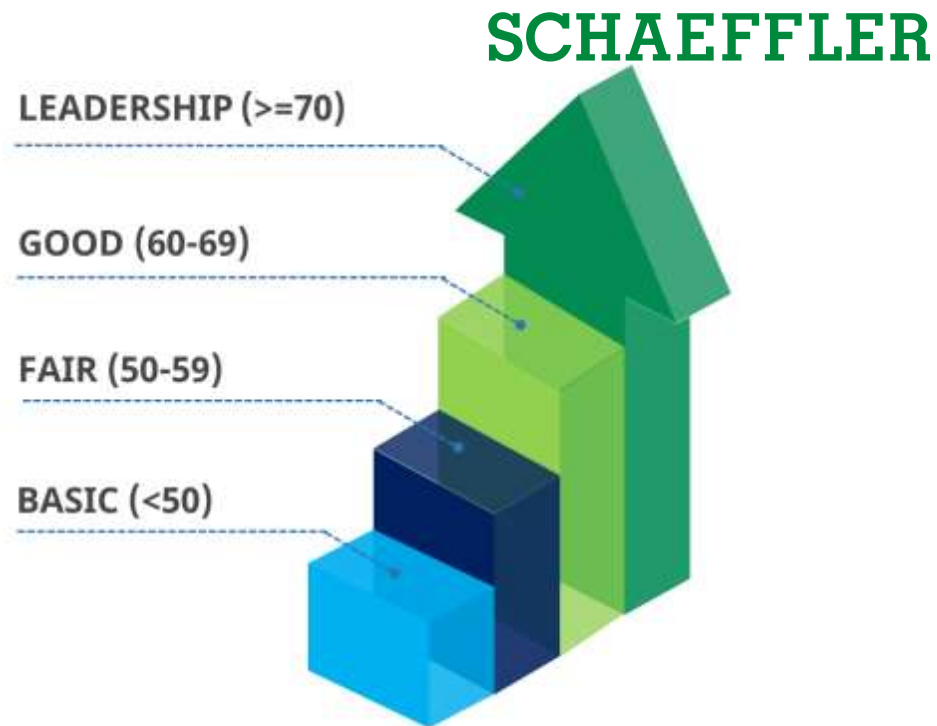
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We step up in Governance

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## Leadership position in Governance



Schaeffler India Limited achieves 'Leadership' position in governance

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Only 3 companies in SENSEX and 6 in BSE 100 fall in the 'Leadership' category

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Assessment as on December 20, 2019 by Institutional Investor Advisory Services (IIAS), a SEBI-registered proxy advisory firm

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