

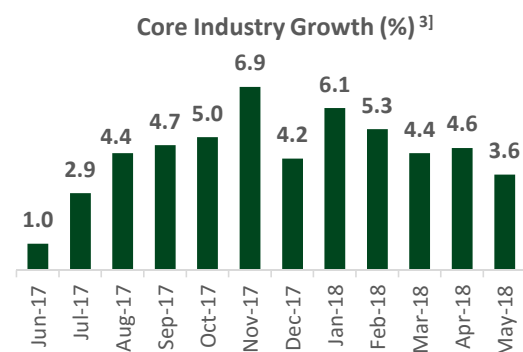
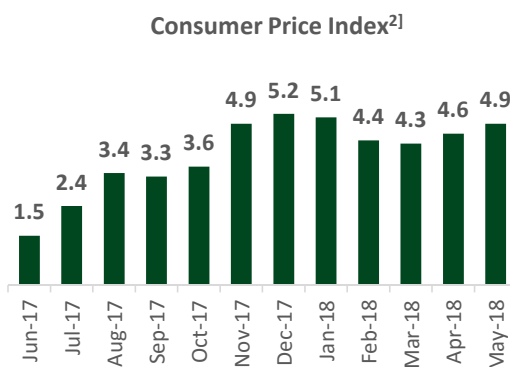
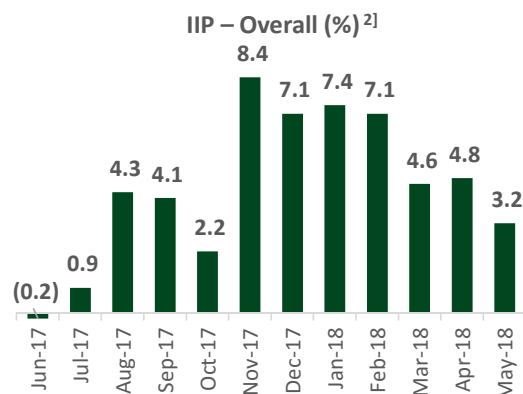
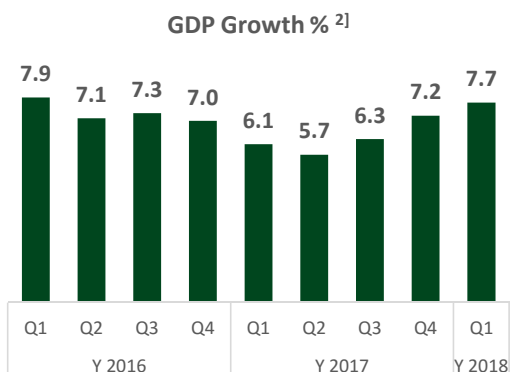


# Investor Presentation

Schaeffler India Limited  
July 26, 2018

- 1** Economy & Market
- 2 Financial update Q2 2018
- 3 Transaction update
- 4 Key takeaways

## Economy staying on track; expected to grow 7.4% in 2018<sup>1]</sup>



### Key Aspects

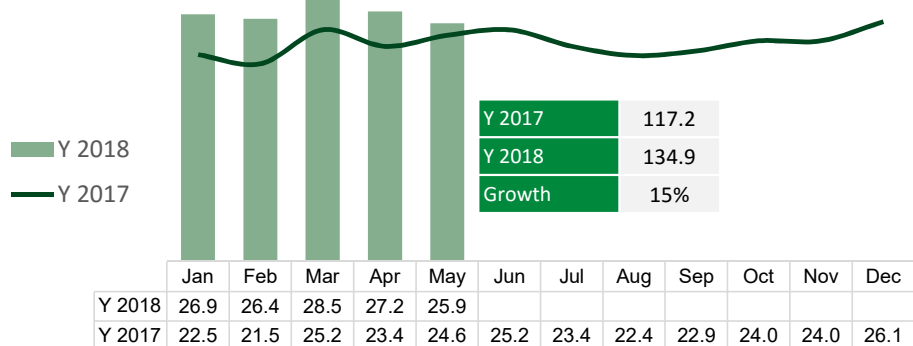
- ▶ India surpassed France to become the 6<sup>th</sup> largest economy (\$2.61 trillion) in the world; should surpass Britain this year to become 5<sup>th</sup> largest
- ▶ Manufacturing and Construction sectors driving growth, backed by government spending and increased private investment
- ▶ Core Industry growth moderating on account of slow down in refinery products, fertilizers, crude oil/natural gas and steel output
- ▶ Inflation growing steadily on account of rising oil prices leading RBI to increase the repo rate by 25 basis points (first in almost 5 years)
- ▶ Global trade wars and protectionism policies (anti-dumping duty, custom duties etc.) on the rise

**Economy staying on track**

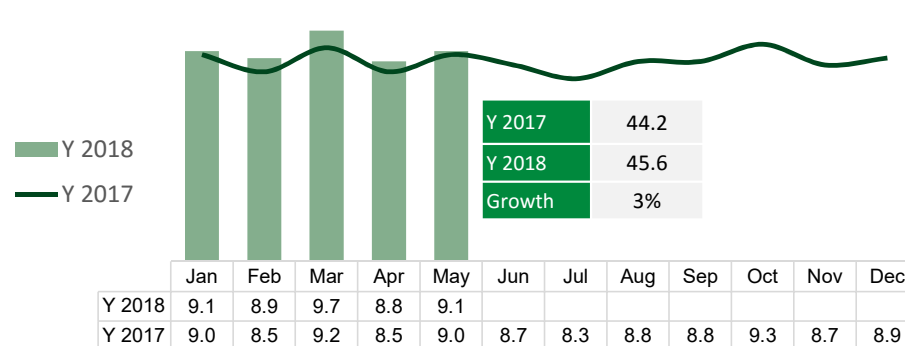
1]Source: RBI, 2] Source: Database on Indian Economy, RBI, 3] Source: Office of the Economic Adviser  
 Note: GDP growth is as per latest revisions from CSO at constant prices; 20 Jul 2018

## Positive sentiments in infrastructure and utility continues

### Cement Production (Mio T)

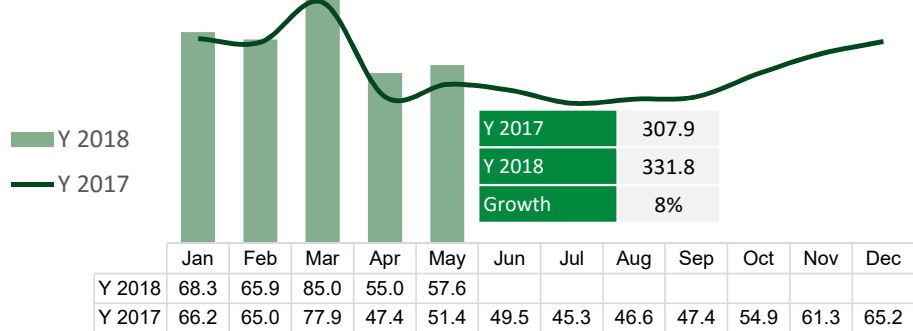


### Steel Production (Mio T)

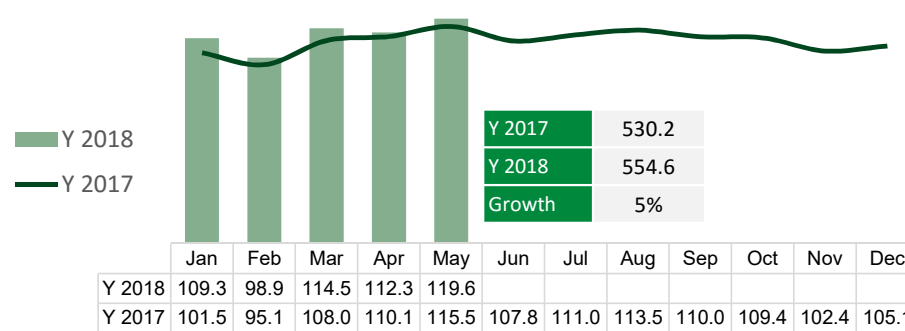


**Strong start to the year as IIP and Core Industries continue the growth story from 2017**

### Coal Production (Mio T)



### Electricity Generation (Bn KWH)

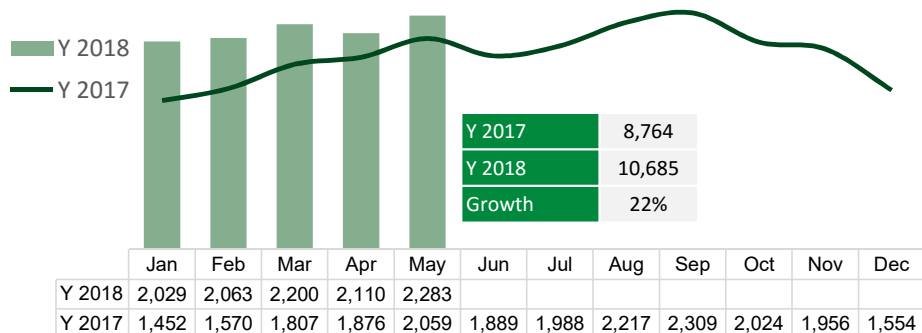


Source: Office of the Economic Adviser

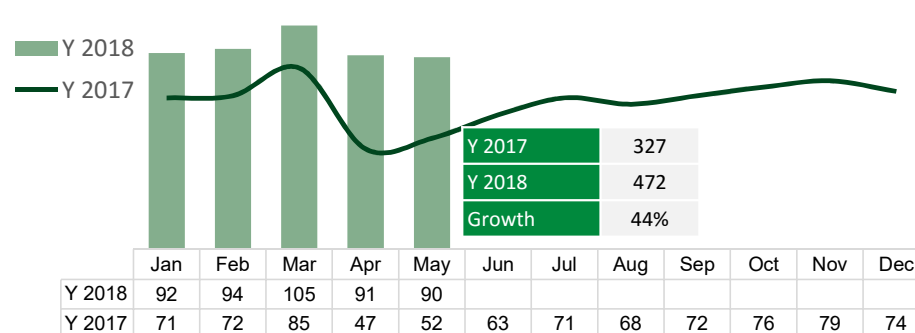
## Mobility expected to keep the growth momentum in 2018

in T Units

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

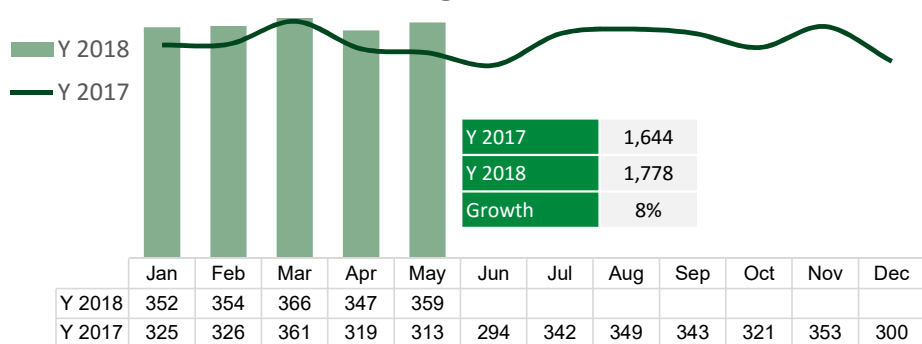


### Commercial Vehicles<sup>1</sup>



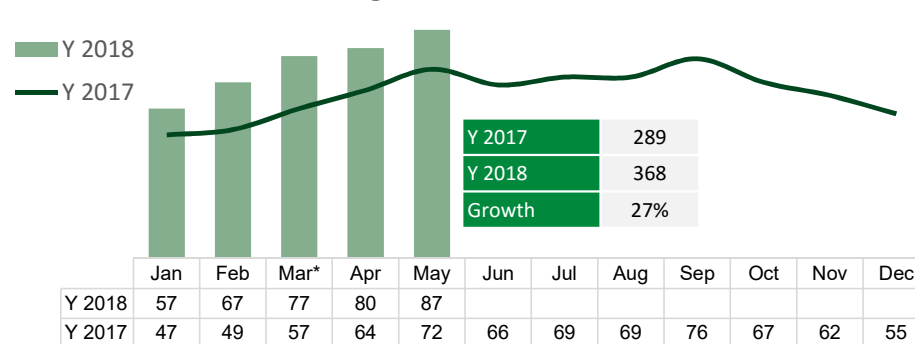
Strong growth in TW (partially due to favorable base effect of demonetization); Agri Tractors continue impressive growth for third year in a row. Exceptional growth in CVs- clouds on horizon due to recent axle loading change announced by Govt.

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



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

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



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

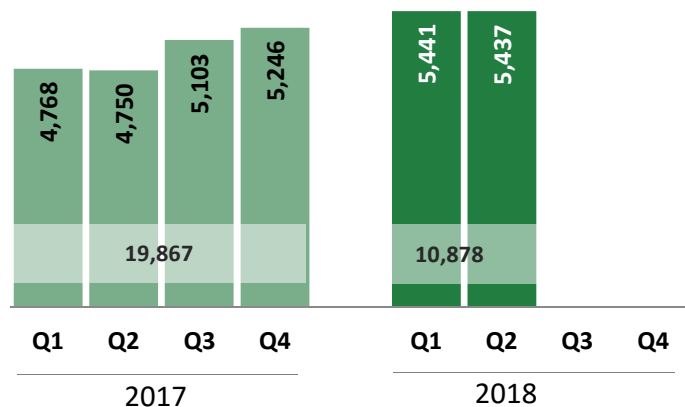
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## Schaeffler India Limited : Total income (Net)

### Total Income (Net)

mn INR

Q2-2018 over Q1-2018	Q2-2018 over Q2-2017	H1-2018 over H1-2017
-0.1%	14.5%	14.3%



### EBT Margin

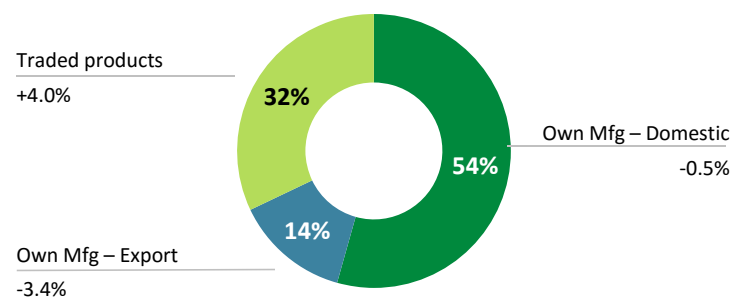
18.1%	17.6%	17.8%	19.4%	18.0%	17.4%		
18.2%				17.7%			

### Key aspects

- ▶ Q2-2018 over Q1-2018 : Q1 performance maintained in Q2
- ▶ Q2-2018 over Q2-2017 : Growth of 14.5% driven by growth in Industrial (14.4%), Automotive OE (36.0%), Exports lower (-17.4%)
- ▶ H1-2018 over H1-2017 : Growth of 14.3% driven by Industrial (16.3%) and Automotive (31.7%), Exports lower (-9.3%)

### Sales mix 2018

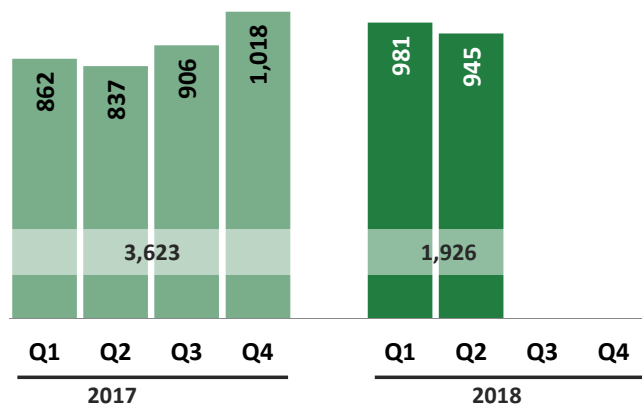
H1 2018 vs H1 2017



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

EBT  
mn INR

Q2-2018 over Q1-2018	Q2-2018 over Q2-2017	H1-2018 over H1-2017
-3.6%	12.9%	13.4%



EBT Margin

18.1%	17.6%	17.8%	19.4%	18.0%	17.4%		
18.2%				17.7%			

### Key aspects

- ▶ Better sales volume in domestic market ensures stable EBT
- ▶ H1 2018 Average EBT in line with H1 2017
- ▶ Q2 2018 EBT impacted due to steel price.



## Schaeffler India Limited : Q2 Performance Highlights

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in million INR	Q2 2018	Q1 2018	Q2 2018 vs Q1 2018		Q2 2017	Q1 2018 vs Q1 2017		H1 2018	H1 2017	H1 2018 vs H1 2017	
<b>Total income (Net)<sup>[1]</sup></b>	5,437	5,441	-4	-0.1%	4,750	687	14.5%	10,878	9,518	1,360	14.3%
<b>EBITDA</b>	974	987	-13	-1.3%	878	96	10.9%	1,961	1,784	177	9.9%
<b>% Margin</b>	17.9%	18.1%			18.5%			18.0%	18.7%		
<b>EBT</b>	945	981	-36	-3.7%	837	108	12.9%	1,927	1,699	228	13.4%
<b>% Margin</b>	17.4%	18.0%			17.6%			17.7%	17.8%		
<b>EAT</b>	612	660	-48	-7.2%	540	72	13.3%	1,273	1,115	158	14.2%
<b>% Margin</b>	11.3%	12.1%			11.4%			11.7%	11.7%		

[1] Net of taxes for all the periods

## Financial statements – Q2/6M 2018 and pro forma

Key Highlights	Schaeffler India Ltd <sup>[1]</sup>			INA Bearings India Pvt. Ltd <sup>[2]</sup>			LuK India Pvt Ltd <sup>[2]</sup>			Schaeffler India Ltd (Proforma)		
	mn INR	CY 17	Q1 2018	Q2 2018	CY 17	Q1 2018	Q2 2018	CY 17	Q1 2018	Q2 2018	CY 17	Q1 2018
Total income (net)	19,867	5,441	5,437	11,951	3,157	3,279	8,575	2,558	2,737	40,216	11,113	11,374
% growth (y-o-y)	6.5%	14.1%	14.5%	14.0%	10.6%	8.7%	17.3%	30.2%	27.7%	10.8%	16.3%	14.8%
EBITDA	3,739	987	974	1,668	435	452	1,478	447	507	6,885	1,869	1,933
% margin	18.8%	18.1%	17.9%	14.0%	13.8%	13.8%	17.2%	17.5%	18.5%	17.1%	16.8%	17.0%
EBIT	3,028	799	782	1,322	346	361	1,154	365	424	5,504	1,510	1,567
% margin	15.2%	14.7%	14.4%	11.1%	11.0%	11.0%	13.5%	14.3%	15.5%	13.7%	13.6%	13.8%
EBT	3,623	981	945	1,155	309	331	1,124	365	427	5,902	1,654	1,704
% margin	18.2%	18.0%	17.4%	9.7%	9.8%	10.1%	13.1%	14.3%	15.6%	14.7%	14.9%	15.0%
EAT	2,380	660	612	743	201	216	773	250	295	3,896	1,111	1,123
% margin	12.0%	12.1%	11.3%	6.2%	6.4%	6.6%	9.0%	9.8%	10.8%	9.7%	10.0%	9.9%

[1] Based on unaudited Limited review of six months financials ending 30th June 2018

[2] Q1 & Q2 2018 numbers are unaudited

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

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

## Key aspects (INA &amp; LuK)

- ▶ Consistent revenue growth in all business divisions of Automotive OE as well as in Automotive AM
- ▶ Continued strong volumes for Tractors and CV clutches
- ▶ Revenue growth and better operational performance, adverse impact of increase in duties and steel price

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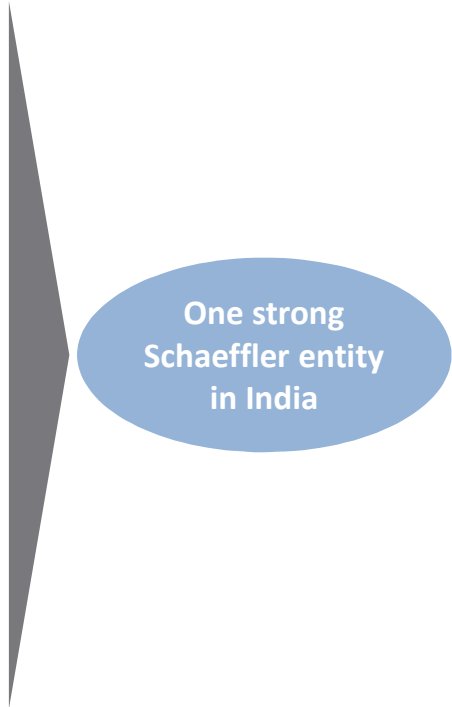
**Transaction expected to be completed in Q3 2018 and is currently on track**

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
▶ Shareholder approvals <ul style="list-style-type: none"> <li>– Approval of majority of public shareholders</li> <li>– Approval of majority (in number) of shareholders and creditors representing 75% in value</li> </ul>	✓ Q1CY18
▶ NCLT approval <ul style="list-style-type: none"> <li>- Approval of Chennai NCLT</li> <li>- Approval of Mumbai NCLT</li> </ul>	✓ Q3CY18 Q3CY18
▶ BSE & NSE approvals for listing	Q4CY18
▶ Closing of transaction	Q4CY18

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## One strong Schaeffler entity in India

- 1 Economic outlook continues to be positive
- 2 Better sales in domestic market in both Automotive and Industrial
- 3 EBT Performance impacted slightly by price – actions in place for improving
- 4 NCLT Chennai approval order received – NCLT Mumbai in process
- 5 Preparatory work undertaken for post merger integration activities



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