

CEAT

July 29, 2016

BSE Limited,
Corporate Service Department,
1st Floor, P.J. Towers,
Dalal Street,
Mumbai 400 001

The National Stock Exchange of India Limited,
Exchange Plaza, 3rd Floor,
Plot No. C/1, "G" Block,
Bandra Kurla Complex,
Bandra East,
Mumbai 500 051

Security Code: 500878

Symbol: CEAT Limited

Dear Sir/Madam,

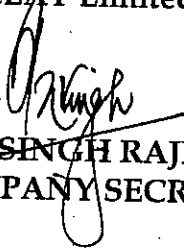
Sub: Investor Presentation Q1 FY 2016-17

In furtherance to our letter dated July 21, 2016, we are enclosing herewith the Investor Presentation on the Unaudited Financial Results for quarter ended June 30, 2016 for the Earnings Conference Call which is scheduled today, July 29, 2016 from 4.00 p.m. IST to 5.00 p.m. IST.

Request you kindly take the same on record and acknowledge receipt.

Thanking you,

For CEAT Limited



H.N. SINGH RAJPOOT
COMPANY SECRETARY



Q1 FY17 – Investor Presentation

July 29th, 2016

Disclaimer

This presentation may include statements which may constitute forward-looking statements. All statements that address expectations or projections about the future, including, but not limited to, statements about the strategy for growth, business development, market position, expenditures, and financial results, are forward looking statements. Forward looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The actual results, performance or achievements, could thus differ materially from those projected in any such forward-looking statements.

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Table of Contents

Section 1: RPG Group Overview

5-6

Section 2: Key Highlights

8

Section 3: Industry Overview

10-11

Section 4: Business Overview

13-26

Section 5: Operational & Financial Overview

28-38

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

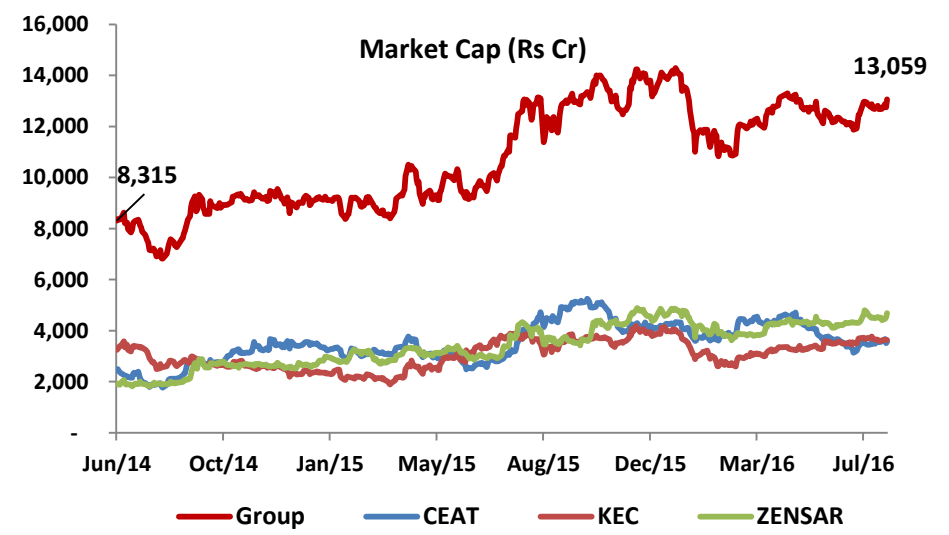
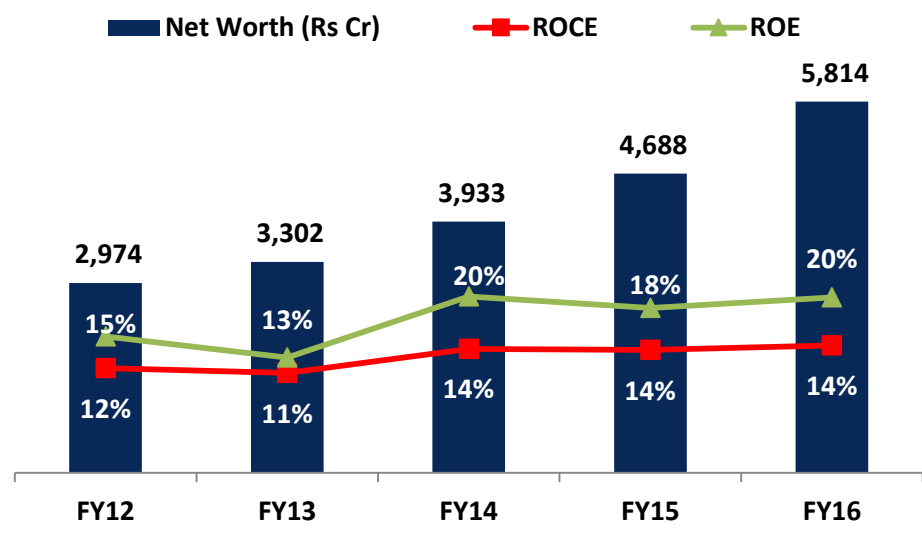
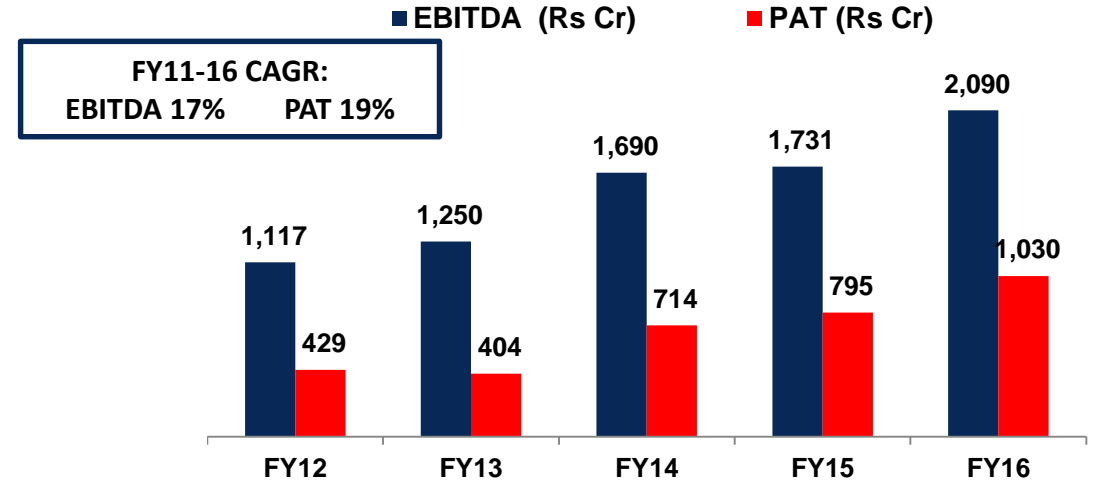
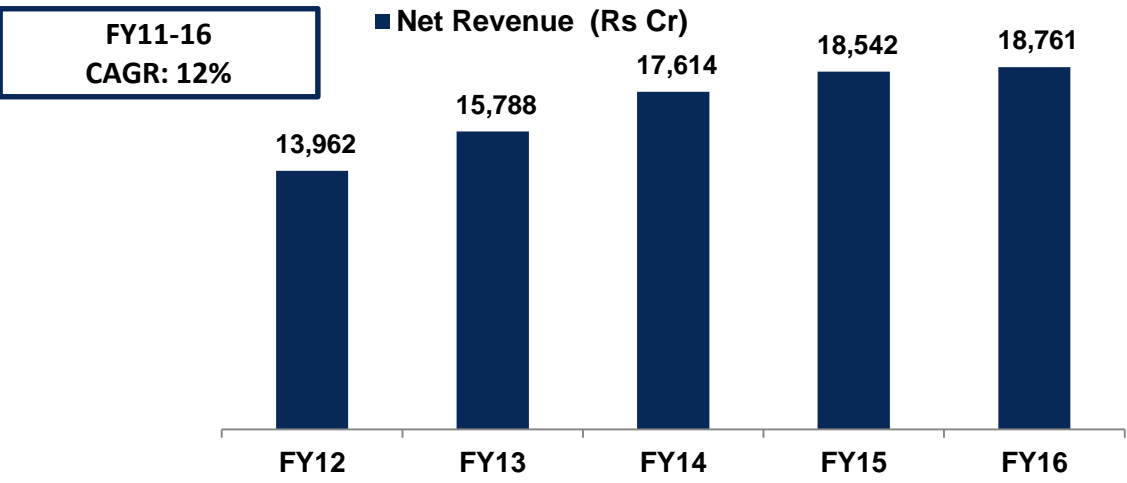
Engineering products and services catering to infrastructure segment of the economy.



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 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 27th July 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 commenced 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



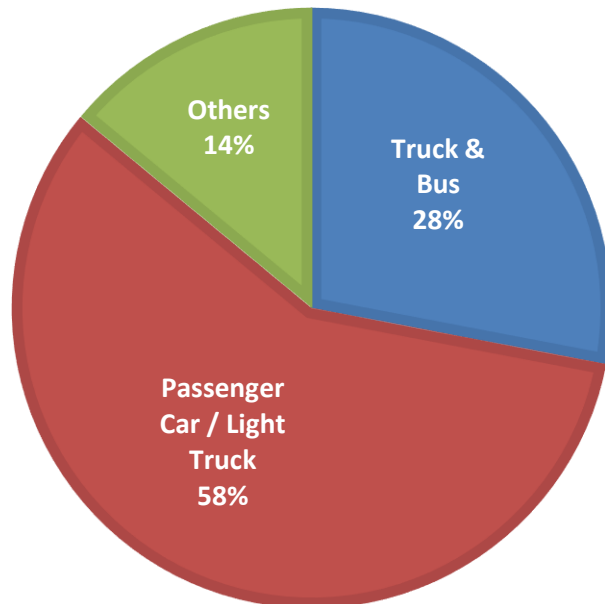
Changing product mix with increased focus towards passenger segments (41% revenue contribution in Q1 FY17 from 15% in FY11)

Section 3: Industry Overview

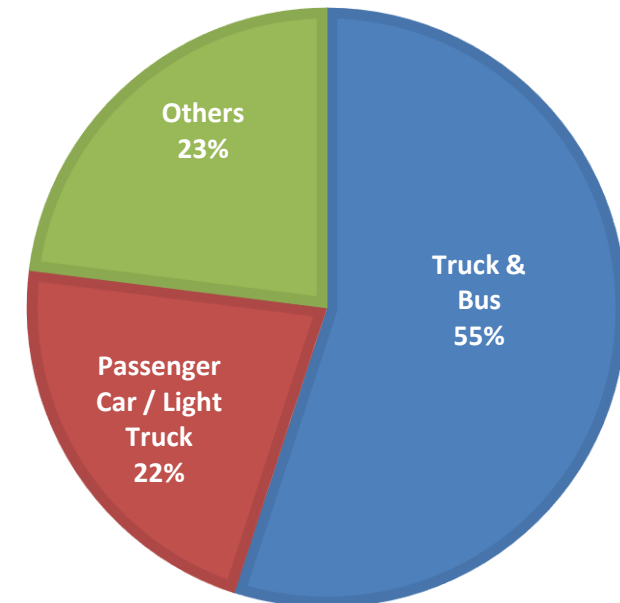
Indian Tyre Industry Overview

- ❖ 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



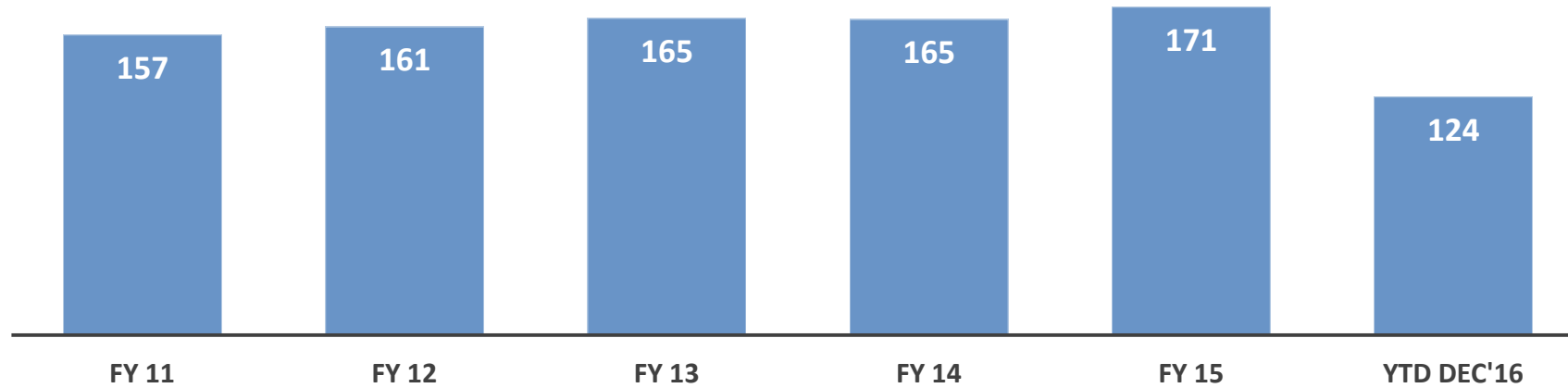
Indian tyre industry revenue segmentation



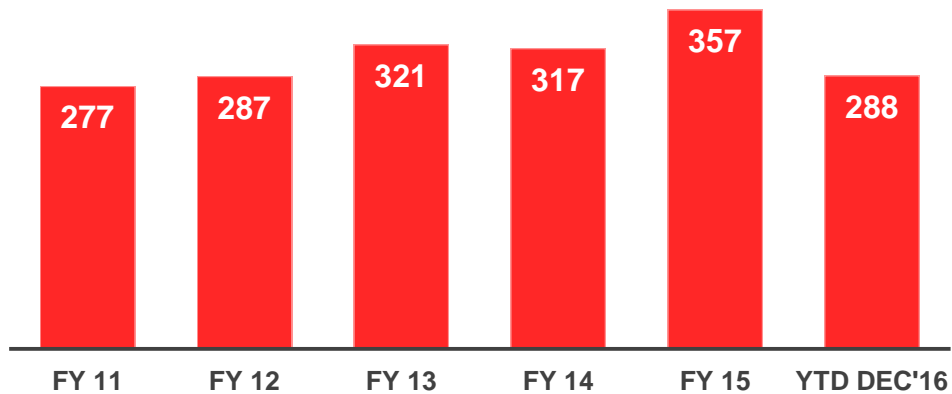
Indian Tyre Industry Overview

Total Tyre Production (Volumes in Lakhs)

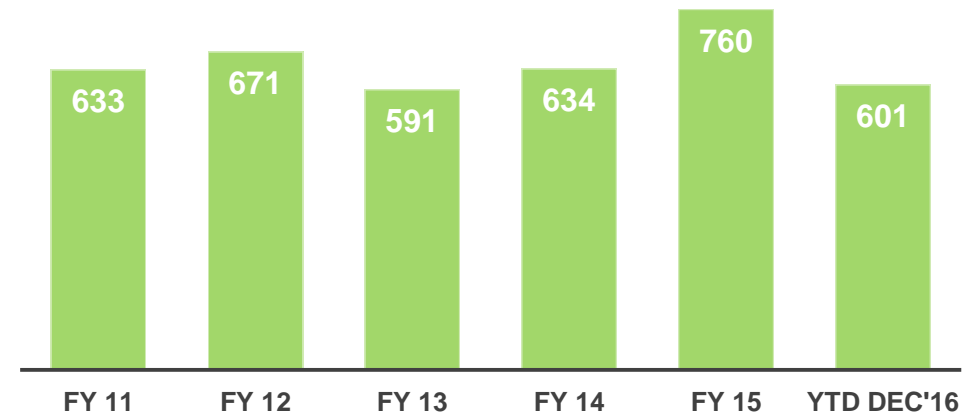
MHCV (T&B)



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**

Chandrashekhhar Ajgaonkar



**Senior Vice President
- Quality Based Management**

Subbiah Kumar



**Senior Vice President
- Materials & Outsourcing**

India's leading tyre company with over **50** yrs of presence

Distribution Network : **4,300+** dealers, **400+** exclusive CEAT franchisees

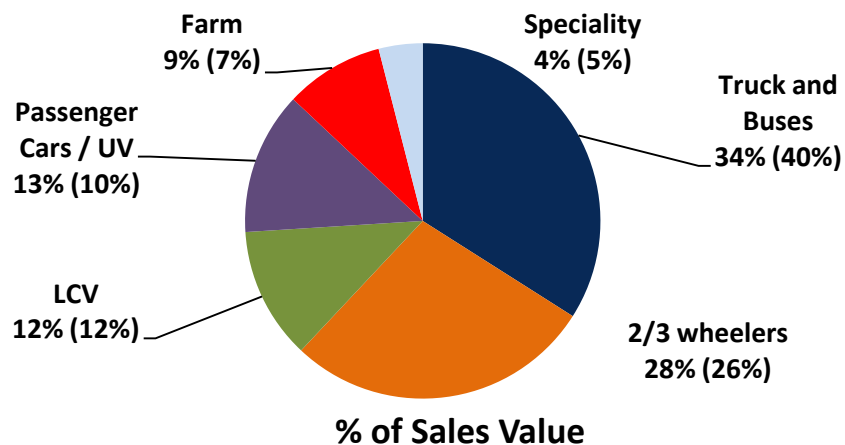
6 Manufacturing facilities - Bhandup, Nasik, Halol, Nagpur, Ambernath* & Sri Lanka

100+ countries where products are sold with strong brand recall

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

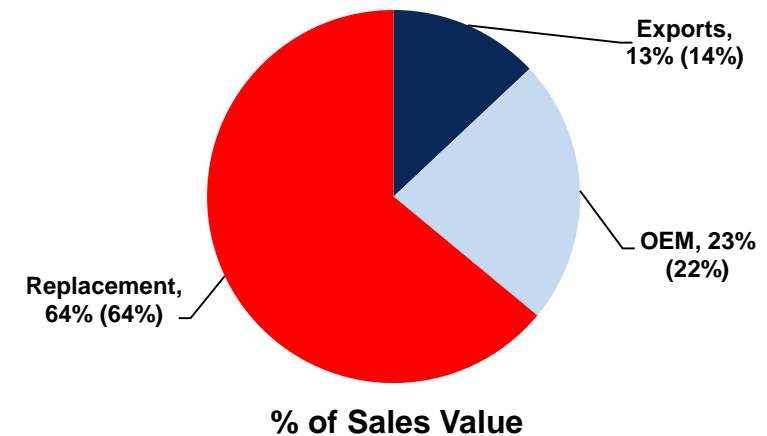
* Under commissioning

Q1 FY17 Revenue Breakup by Product



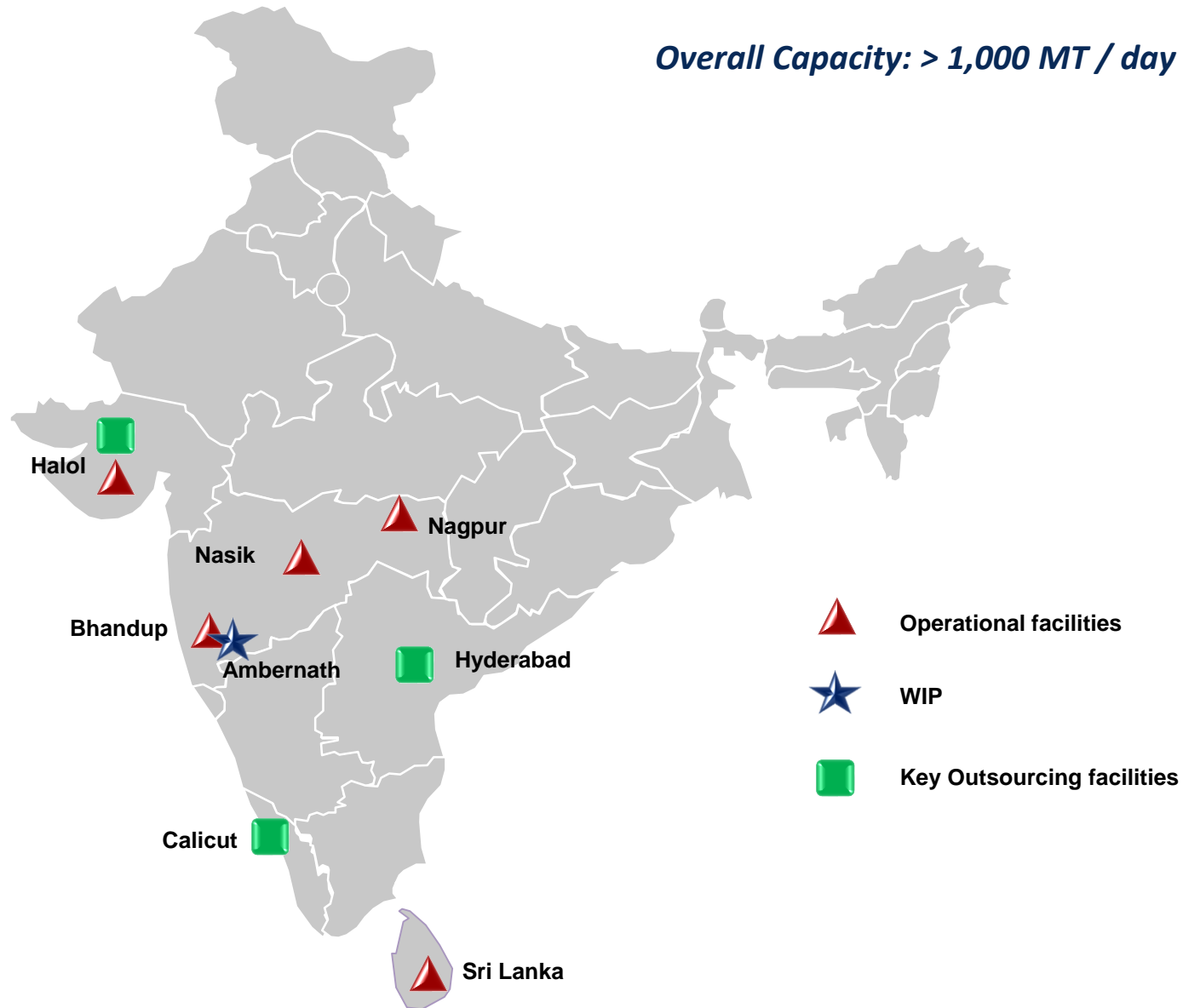
Note : Figures in parenthesis denote Q1 FY16

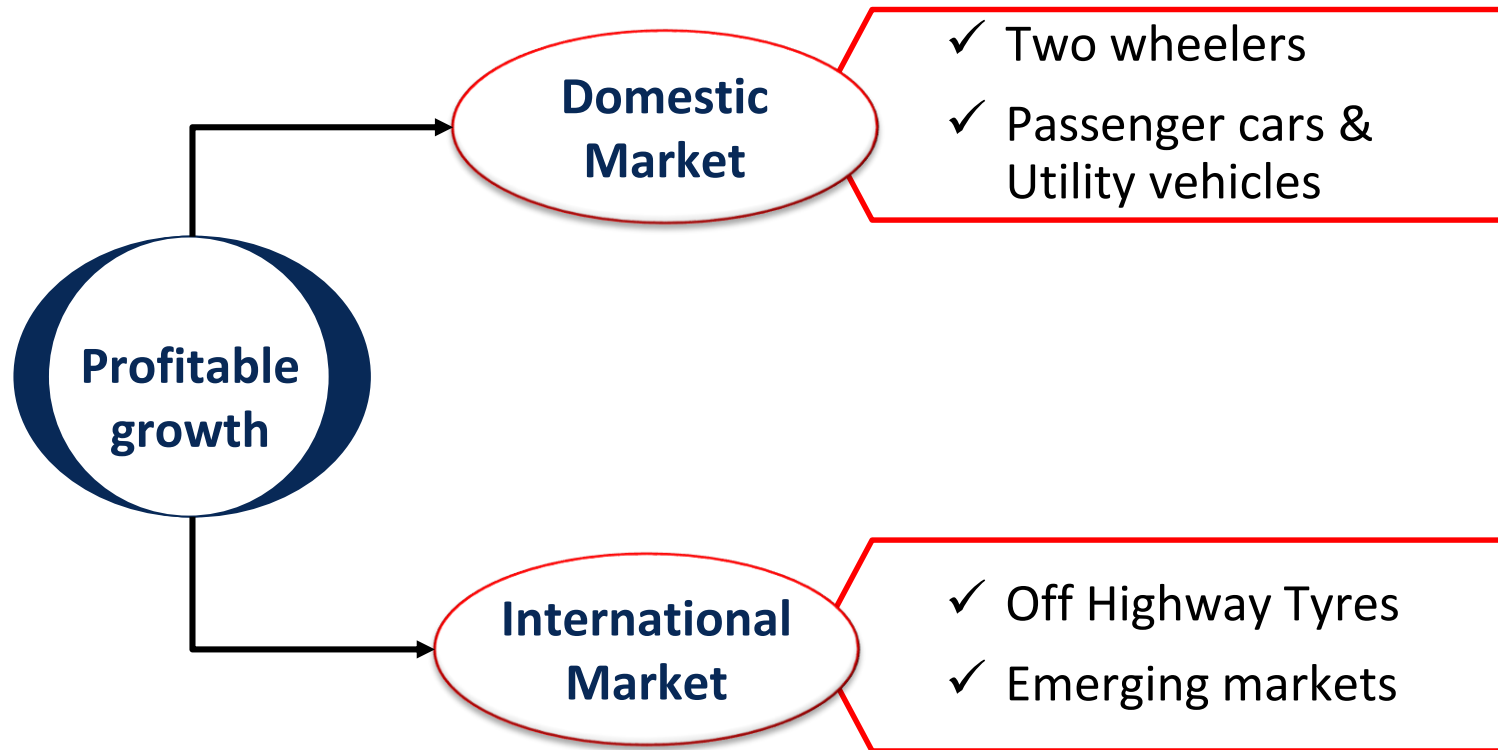
Q1 FY17 Revenue Breakup by Market



Manufacturing Facilities

Overall Capacity: > 1,000 MT / day





1 Differentiated Products

2 Strong Brand

3 Extensive Distribution

4 Deep OEM Partnerships

5 World Class R&D

6 Expanding Global Reach

1 Differentiated Products

New Entries and Primary Supplier to OEM's



Key developments

- **New entries into OEMs** - Honda Motorcycle, Renault, Suzuki Motorcycle etc
- **Primary supplier for OEM launches** - Renault Kwid, M&M TUV 300, RE Himalayan, Honda Navi, Bajaj Vikrant V15, Hero Splendor iSmart 110, Datsun Redigo, Suzuki Access 125 etc
- **Entry into existing models** – Daimler Truck Radials, Suzuki Gixxer, RE Classic, Yamaha FZ etc
- **New platforms** like Fuelsmart, Gripp, Mileage etc

2 Strong Brand

CEAT SUV Tyres Campaign -
“Our Grip Your Stories”



CEAT
CHASE THE
MONSOON 3
GRIP YOUR PATH

“Be Monsoon Smart”
campaign (For All Season Bike
Tyre with “Superior Wet Grip”)



IPL Strategic Timeout Partner



CEAT Tubeless Bike Tyre Campaign



3 Extensive Distribution

Shoppe



Shop in Shop (SIS)



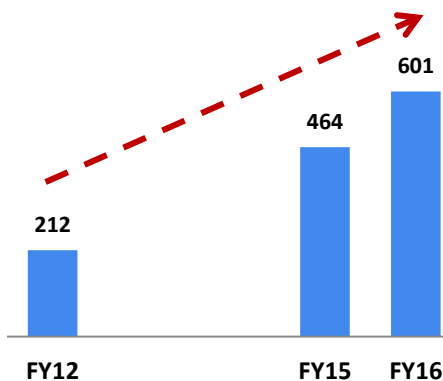
Distribution Network

- 4,300+ dealers
- 400+ CEAT Franchisees (Shoppes + Hubs)
- 250+ two-wheeler distributors
- Developed Multi Brand Outlet / Shop in Shop model over last 2 years
- Over 290 outlets so far

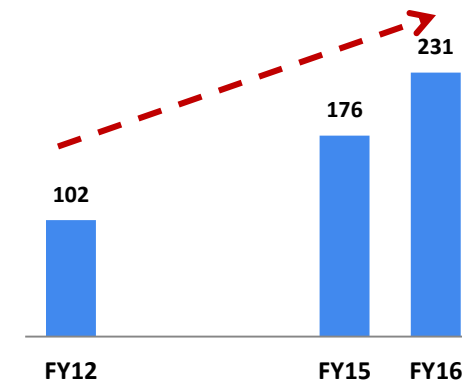
Multi Brand Outlet (MBO)



District coverage



No. of CEAT Shoppes

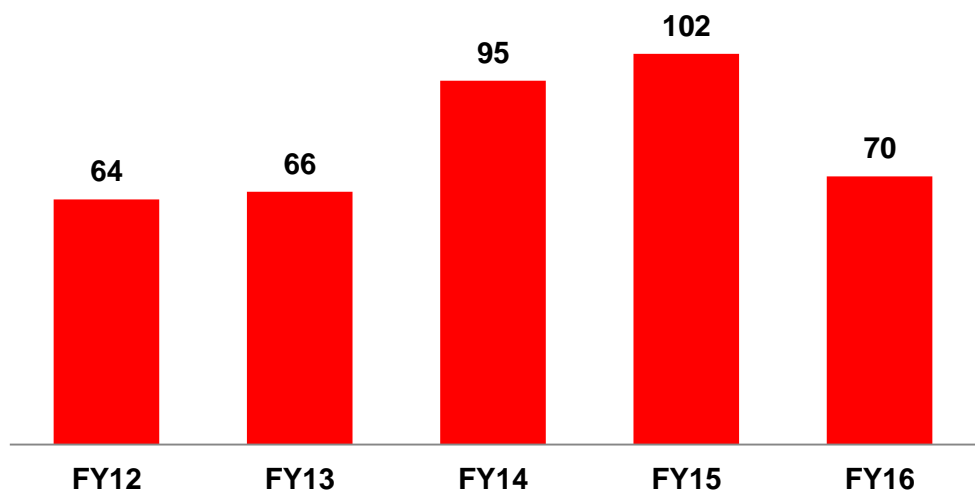


4 Deep OEM Partnerships

5 World Class R&D

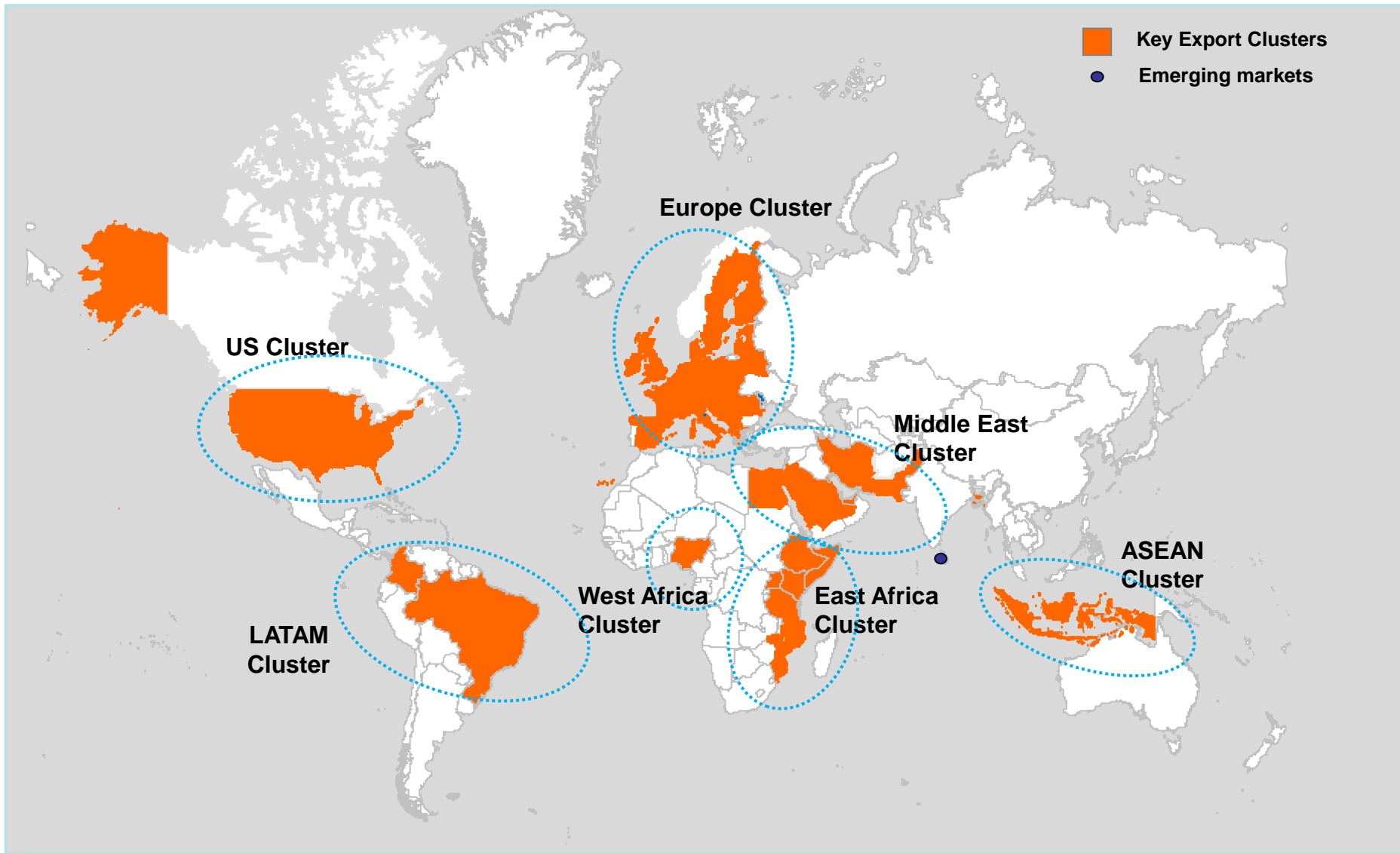


New Products Developed



- State of the art R&D facility at Halol plant
- R&D focussed on development of breakthrough products, alternate materials, green tyres & smart tyres
- Partnerships with global institutes
- Increased allocation towards R&D

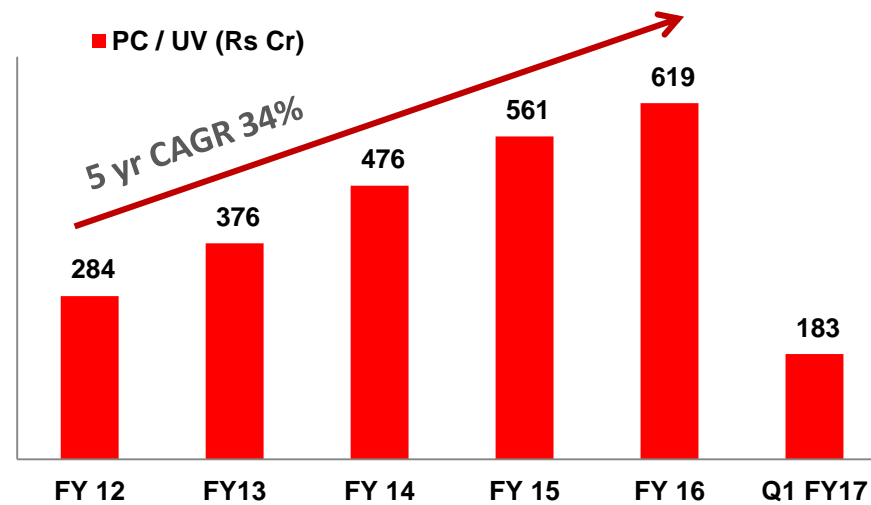
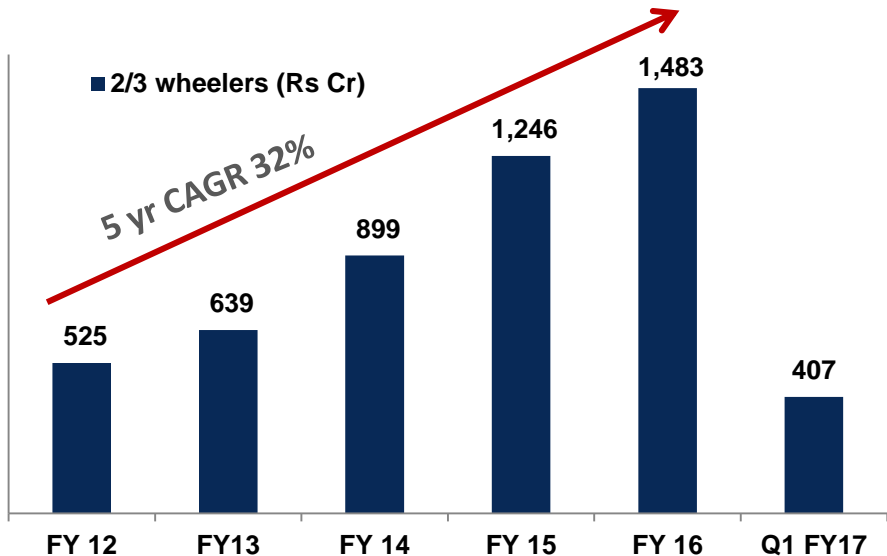
6 Expanding Global Reach



- **Sri Lanka:**
Leadership position with 50+% market share
- Focused product and distribution strategy for select clusters

Passenger Segment Trends

Revenue



Expanding Capacities

- Nagpur plant commissioned 19 MT/day capacity as of June 2016; total capacity of 120 MT/day
- Halol Phase II plant commissioned 51 MT/day as of June 2016; total capacity of 120 MT/day

Note

Q1 FY17 figures is per IND AS; Other financial figures are as per IGAAP as published in previous periods

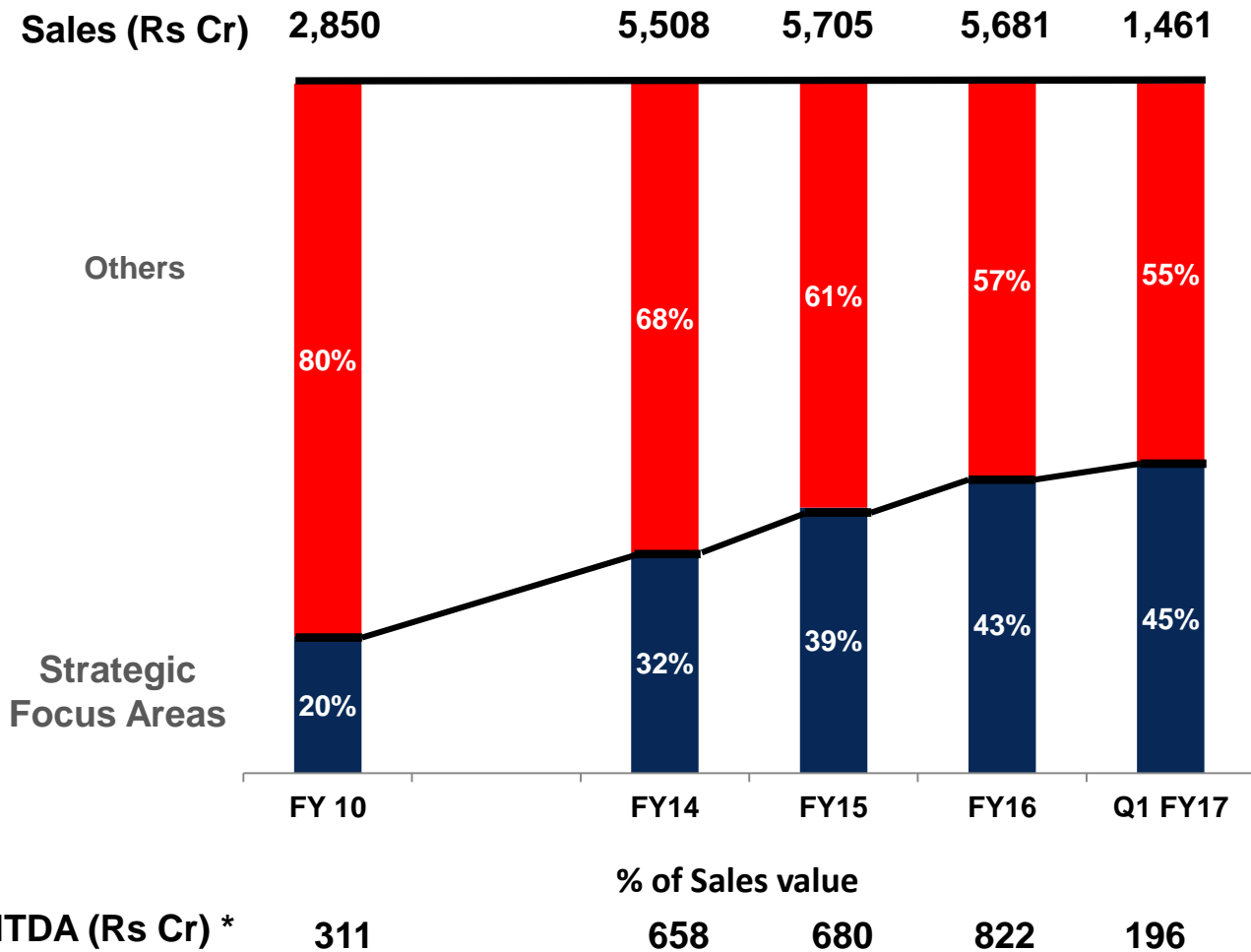
Off Highway Tyres



Status Update

- Greenfield OHT (Off Highway Tyres) radial plant in Ambernath
- Investing Rs 330 Crs for a Phase 1 capacity of 40 MT/day which will be further ramped up to 100 MT/day
- Production is expected to commence by Q4 FY17

Strategic Focus Areas – Continued Momentum



Strategic Focus Areas
(Passenger Segment, Specialty Exports & Emerging Markets)

- CAGR of 27%
- 4.3x growth from Rs.570 to Rs. 2,450 crs
- Substantial contribution towards increasing profitability
- Market share growing

Note

Q1 FY17 figures is per IND AS; Other financial figures are as per IGAAP as published in previous periods

For Q1 FY17, Company's investment in Sri Lanka JV is accounted using Equity method under IND AS which was earlier consolidated using proportionate consolidation method

* For Q1 FY17, EBITDA includes share of profit / (loss) from Sri Lanka JV

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

Section 5: Operational & Financial Overview

Q1 FY17 Operational Highlights

OEM approvals & entries



Bajaj V, made from the Invincible metal of INS Vikrant



Splendor iSmart 110 , Hero's first fully developed in-house production



New Suzuki Access 125, flagship scooter from Suzuki



Datsun redi-Go, its most affordable offering



Entry into Daimler with Truck Radials

CEAT Cricket Rating Awards 2016



Marketing & Branding



CEAT CHASE THE MONSOON 3 GRIP YOUR PATH

“Be Monsoon Smart” campaign (For All Season Bike Tyre with “Superior Wet Grip”)

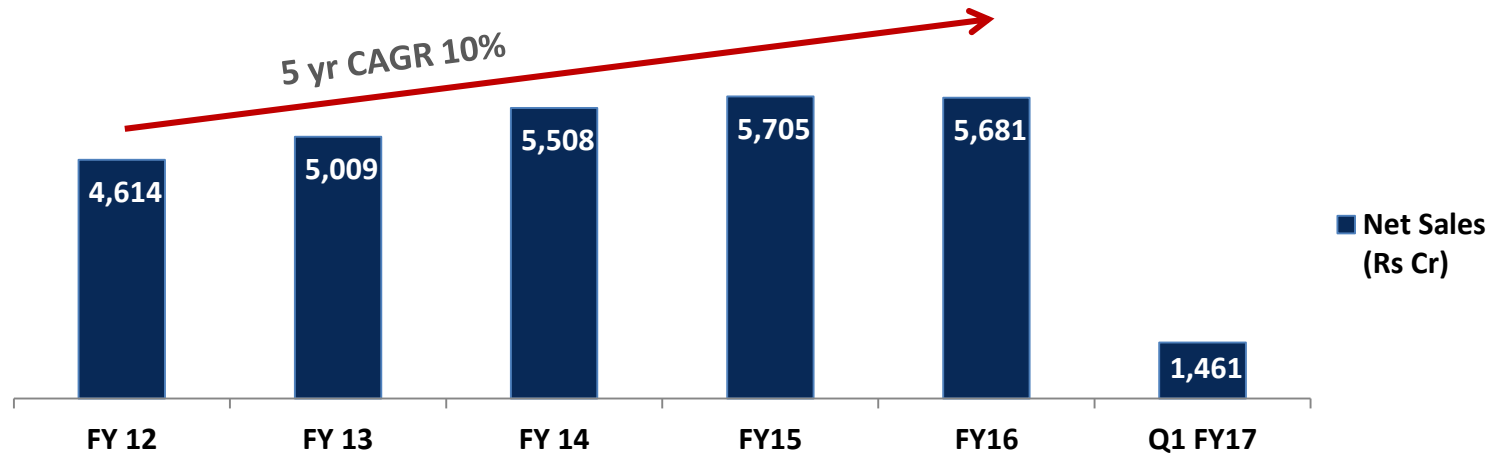
Consolidated: Q1 FY17 Financial Highlights

Q1 FY17 v/s Q1 FY16 (Y-o-Y)

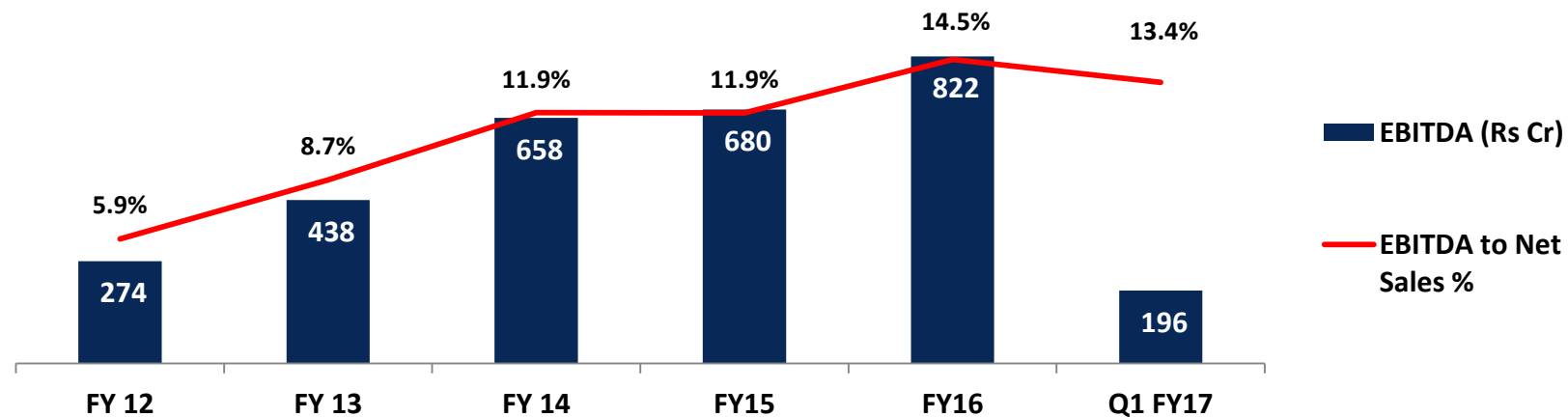
- Sales up by 4% at Rs 1,461 Crs from Rs 1,404 Crs; volume growth of 14%
- Gross margins have expanded to 42.8% from 41.9%
- EBITDA stood at Rs. 196 crs compared to Rs 224 Crs; margins at 13.4% from 15.9%
- PAT stood at Rs 104 Crs compared to Rs 122 Crs
- Debt / equity stood at 0.3x from 0.4x
- Debt / EBITDA stood at 0.9x from 0.8x
- ROE at 20%; ROCE at 15%

Consolidated: Financial Trends

Revenue growth



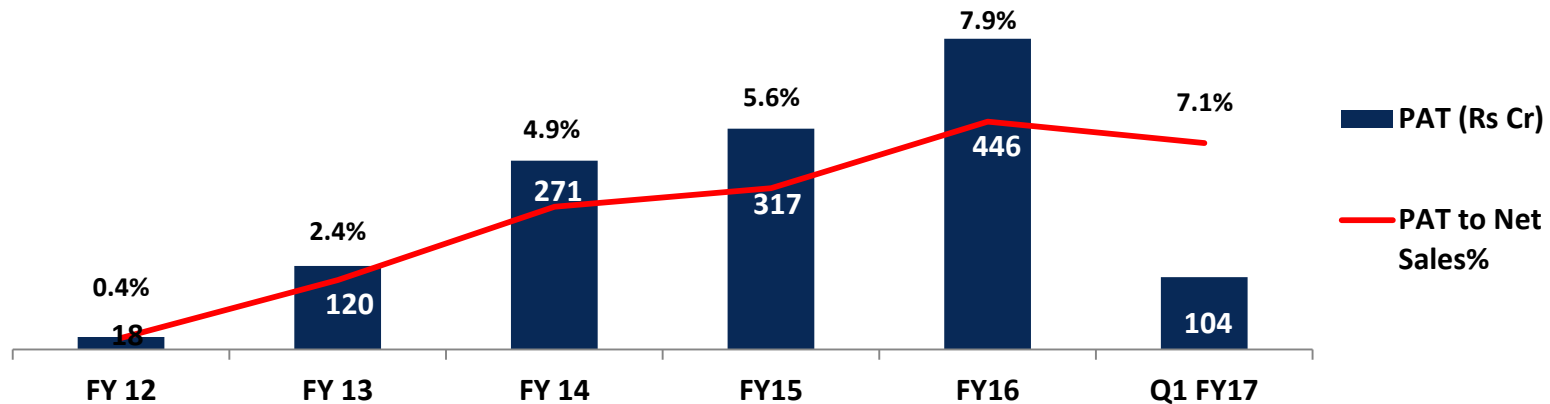
Margin trends



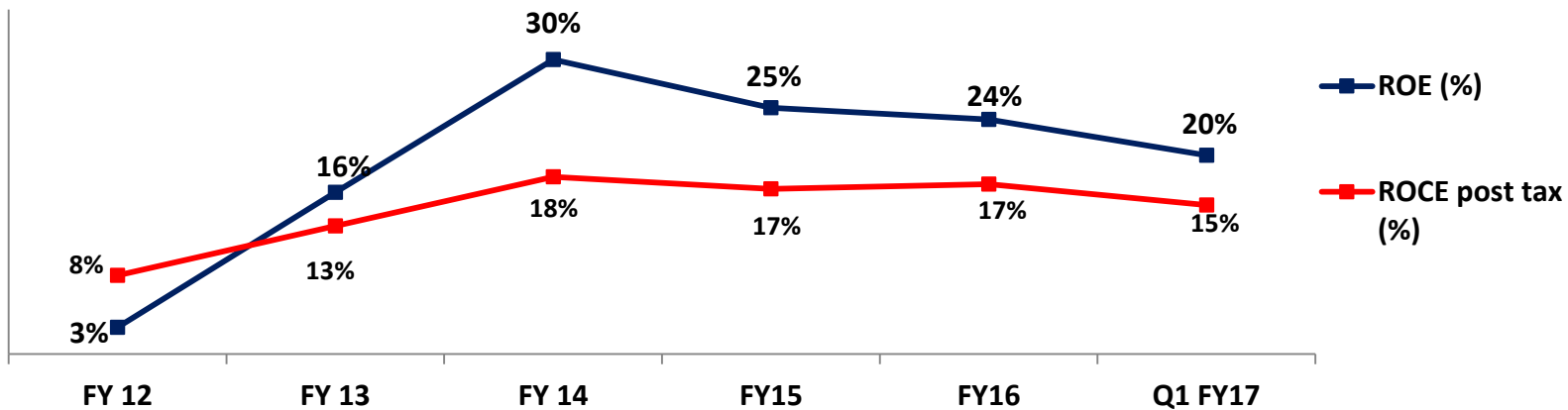
Note
 Q1 FY16 financials are per IND AS; rest of the financials are as per IGAAP as published in earlier periods
 Company's investment in Sri Lanka JV is accounted using Equity method under IND AS which was earlier consolidated using proportionate consolidation method
 EBITDA includes share of profit / (loss) from Sri Lanka JV
 EBITDA includes Other operating income; does not include Non- operating income

Consolidated: Financial Trends

PAT trends



Return Ratios



Note
 Q1 FY16 financials are per IND AS; rest of the financials are as per IGAAP as published in earlier periods
 QIP proceeds considered for part of the year for 2015
 Average capital employed considered. ROCE calculated based on PBIT *(1-tax rate)

Consolidated: Q1 FY17 Financials

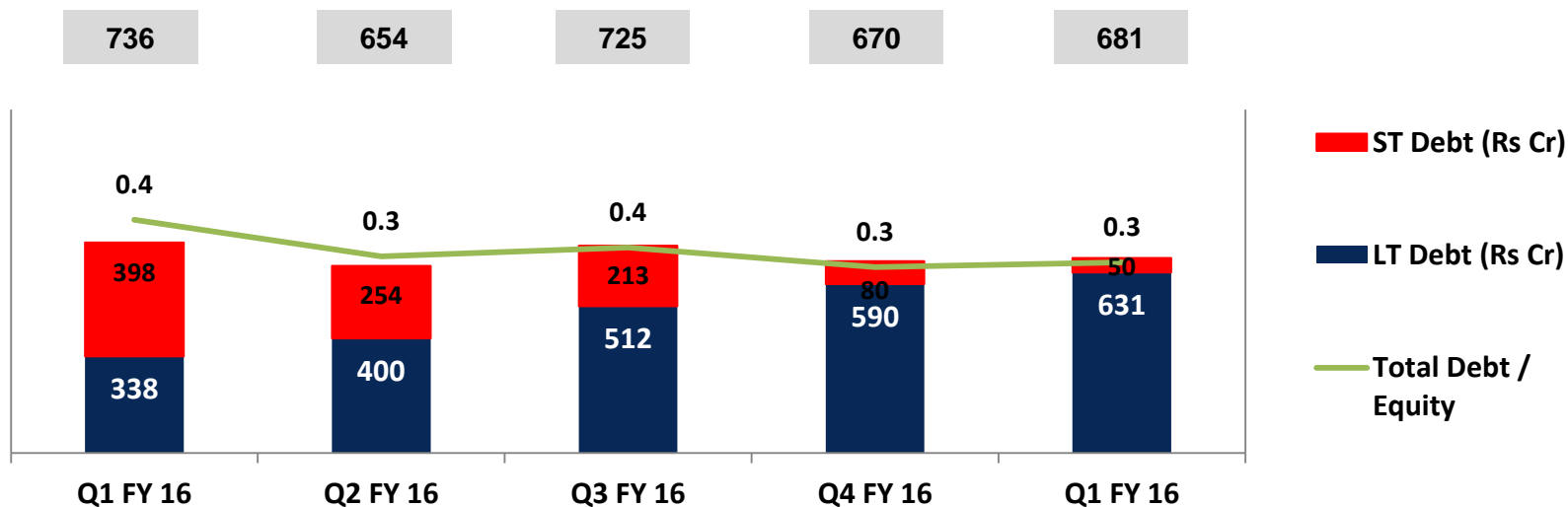
Parameter	Rs cr		
	Q1FY16	Q4FY16	Q1FY17
Net Sales	1,404	1,451	1,461
Growth (YoY)	-	-	4.0%
Growth (QoQ)	-	-	0.7%
EBITDA	224	195	196
Growth (YoY)	-	-	-12.7%
Growth (QoQ)	-	-	0.4%
EBITDA (%)	15.9%	13.4%	13.4%
PAT	122	105	104
EPS (Rs.) (Basic)	30.1	25.9	25.5
Net Worth	1,806	2,065	2,069
Debt	736	670	681
D/E (x)	0.4	0.3	0.3
No of shares (cr)	4.0	4.0	4.0
B/V (Rs.)	447	510	511

Note
 Q1 FY16 and Q1 FY17 are as per IND AS; Q4 FY16 results are as per IGAAP as published in previous quarter
 Company's investment in Sri Lanka JV is accounted using Equity method under IND AS which was earlier consolidated using proportionate consolidation method
 EBITDA includes share of profit / (loss) from Sri Lanka JV
 EBITDA includes Other operating income; does not include Non- operating income

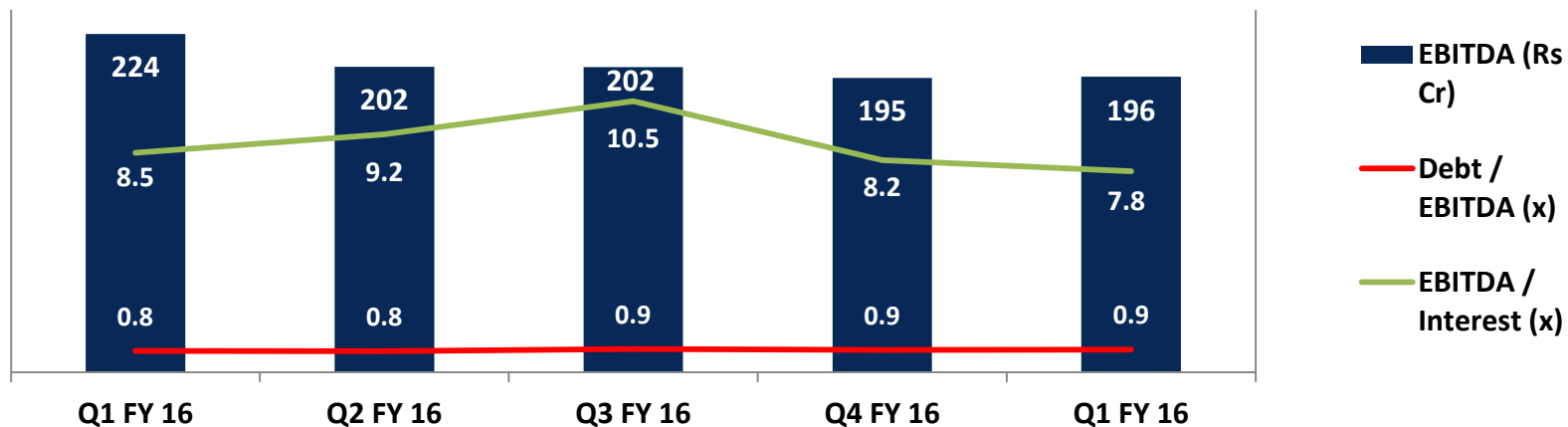
Consolidated: Leverage / coverage Profile

Total Debt
(Rs Cr)

Debt breakup



Leverage ratios



Note

Q1 FY16 and Q1 FY17 are as per IND AS; rest of the financials are as per IGAAP as published in earlier quarters

Company's investment in Sri Lanka JV is accounted using Equity method under IND AS which was earlier consolidated using proportionate consolidation method

EBITDA includes share of profit / (loss) from Sri Lanka JV

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

Standalone: IND AS Adjustments for Q1 FY17

Parameter	Rs Lakhs		
	30-Jun-16 IGAAP	Ind AS Adjustment	30-Jun-16 Ind AS
Gross sales	163,400	(1,145)	162,254
Less: Excise duty	17,591	-	17,591
Net sales	145,808	(1,145)	144,663
Other Operating Income	918	-	918
Total Income from operations (net)	146,726	(1,145)	145,581
Expenses			
Cost of materials consumed	77,257	-	77,257
Purchases of stock-in-trade	4,052	-	4,052
Changes in inventories of finished goods, work-in-progress and stock-in trade	2,049	-	2,049
Employee benefits expense	8,992	51	9,043
Depreciation and amortisation expense	2,996	0	2,996
Other expenditure	35,870	(1,235)	34,635
Total expenses	131,216	(1,184)	130,032
Profit from operations before Other Income, finance cost, exceptional Items and tax	15,510	39	15,549
Other Income	672	17	689
Profit from ordinary activities before finance, cost and exceptional Items	16,182	57	16,238
Finance costs	2,371	83	2,454
Profit from ordinary activities after finance, cost and exceptional Items	13,810	(26)	13,784
Exceptional Items	87	-	87
Profit from ordinary activities before tax	13,724	(26)	13,697
Tax Expense	4,057	(9)	4,048
Net Profit for the period	9,667	(17)	9,649
Other comprehensive income (net of tax)	-	(6)	(6)
Total Comprehensive Income(after tax)	9,667	(23)	9,643

1

Reclassification of Expenses “Rebates and Discount” to revenue, impact amounting to Rs 1,242.60 Lacs

Warranty provision is calculated for the period of 3 years which is now discounted at present value and differential amount is amortised over the remaining period and disclosed under finance cost.

2

Actuarial gain on Gratuity of Rs. 45 Lacs has been reclassified under “Other Comprehensive Income” and Interest portion on gratuity of Rs 6 Lacs has been reclassified under “Finance Costs”

3

Actuarial gain amounting to Rs 29 Lacs (net of tax) and impact of loss on fair value of cash flow hedges amounting to Rs 35 Lacs (net of tax) has been classified under “Other Comprehensive Income”

Standalone: IND AS Adjustments for Q1 FY16

Rs Lakhs

Parameter	30-Jun-15 IGAAP	Ind AS Adjustment	30-Jun-15 Ind AS
Gross sales	157,257	(1,029)	156,228
Less: Excise duty	16,513	-	16,513
Net sales	140,744	(1,029)	139,715
Other Operating Income	1,149	-	1,149
Total Income from operations (net)	141,893	(1,029)	140,864
Expenses			
Cost of materials consumed	73,395	-	73,395
Purchases of stock-in-trade	2,519	-	2,519
Changes in inventories of finished goods, work-in-progress and stock-in trade	5,240	-	5,240
Employee benefits expense	9,443	(243)	9,200
Depreciation and amortisation expense	2,311	0	2,311
Other expenditure	29,599	(1,109)	28,490
Total expenses	122,507	(1,352)	121,155
Profit from operations before Other Income, finance cost, exceptional Items and tax	19,386	323	19,709
Other Income	812	-	812
Profit from ordinary activities before finance, cost and exceptional Items	20,198	323	20,521
Finance costs	2,546	76	2,622
Profit from ordinary activities after finance, cost and exceptional Items	17,652	247	17,899
Exceptional Items	-	-	-
Profit from ordinary activities before tax	17,652	247	17,899
Tax Expense	5,876	85	5,961
Net Profit for the period	11,776	162	11,938
Other comprehensive income (net of tax)	-	(142)	(142)
Total Comprehensive Income(after tax)	11,776	20	11,796

1

Reclassification of Expenses “Rebates and Discount” to revenue, impact amounting to Rs 1,113.59 Lacs

Warranty provision is calculated for the period of 3 years which is now discounted at present value and differential amount is amortised over the remaining period and disclosed under finance cost.

2

Actuarial loss on gratuity (net of tax) amounting to Rs 162.29 lacs has been reclassified under “Other Comprehensive Income”

Standalone: Q1 FY17 Financials

Parameter	Rs Cr				
	Q1FY16	Q4FY16	Q1FY17	QoQ	YoY
Net Sales	1,397	1,383	1,447	4.6%	3.5%
Raw Material	812	785	834	6.2%	2.7%
Gross margin*	586	598	613	2.6%	4.7%
Gross margin %	41.9%	43.2%	42.4%	-80 bps	50 bps
Employee	92	90	90	0.4%	-1.7%
Other Expenses	285	330	346	4.9%	21.6%
EBITDA*	220	186	185	-0.4%	-15.8%
EBITDA %	15.8%	13.5%	12.8%	-70 bps	-300 bps
Finance Cost	26	23	25	7.4%	-6.4%
Depreciation	23	28	30	5.9%	29.7%
Operating PBT	171	135	131	-3.1%	-23.4%
Exceptional expense	-	10	1	-91.6%	-
Non-Operating income	8	6	7	12.1%	-15.3%
PBT	179	131	137	4.7%	-23.5%
PAT	119	102	96	-5.6%	-19.2%
Volumes (mt)	66,800	71,000	75,800	6.7%	13.3%

Note

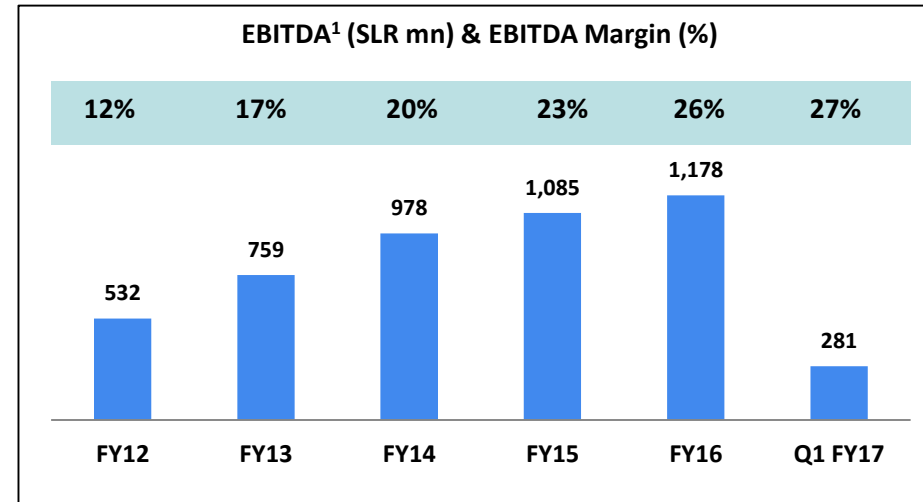
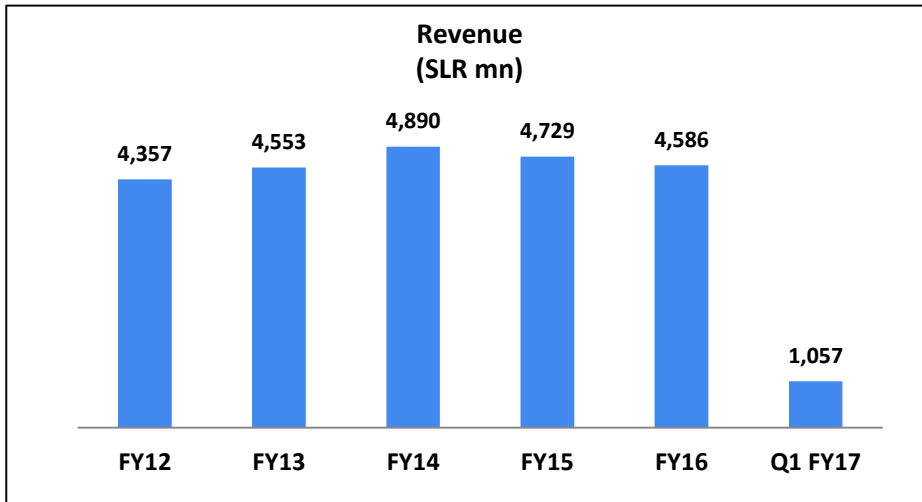
Q1 FY16 and Q1 FY17 are as per IND AS; Q4 FY16 results are as per IGAAP as published in previous quarter

* Compared to Q4 FY16, the Gross margin reduction would be ~40 bps instead of 80 bps after taking into account the IND AS impact

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

Emerging Markets Trends

Sri Lanka

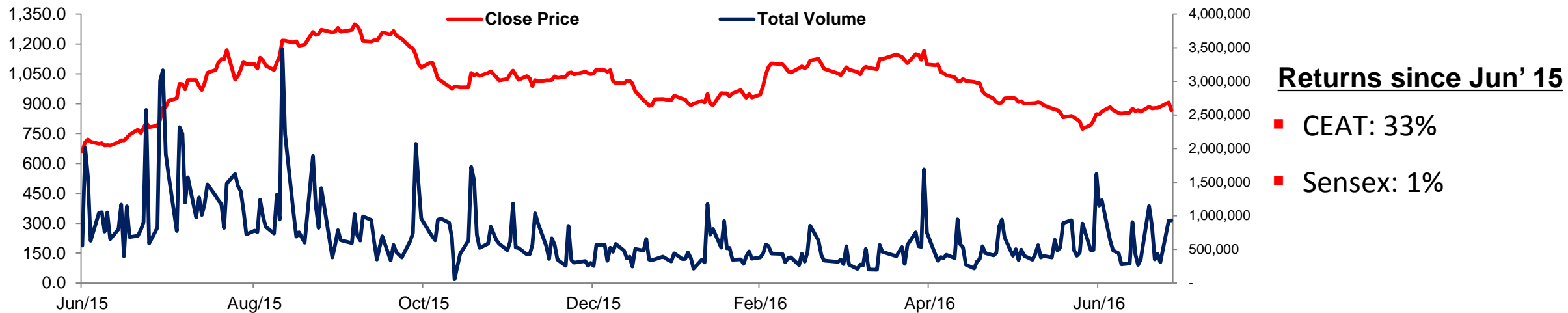


- 50% JV with Kelani Tyres Ltd
- Strong presence in the truck, light truck, 2 / 3 wheeler and radial tyre segments
- Two manufacturing facilities with total capacity² of 61 MT/day
- Only company with local presence supported by brand, network & strong after sales service
- Q1 FY17 Volume stood at 4,000 MT

Notes

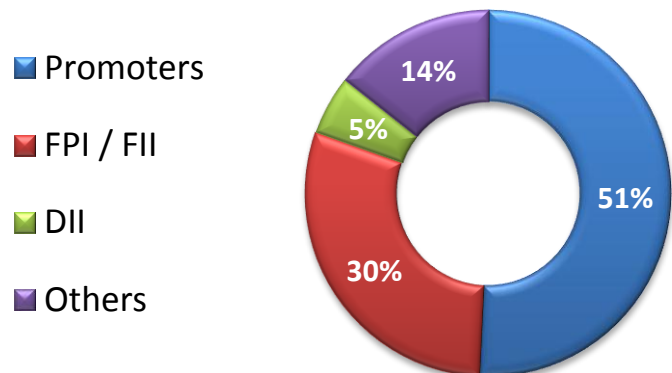
1. EBITDA = Profit before taxation + Depreciation and Amortization Exps + Finance Costs
2. Capacity refers to achievable capacity

Equity Shareholding & Price trends



Source : Capitaline

Jun 30, 2016 Shareholding Pattern



Market Information

- Market Price (Jul 27): Rs 881/share
- Face Value : Rs 10/share
- Market Cap (Jul 27): Rs 3,565 Cr
- Net Worth: Rs. 2,069 Cr

THANK YOU