



Q1 FY19 Results Presentation



Varroc Group Overview

- **Founded in 1988** in Aurangabad, India
- Listed on BSE & NSE in July 2018

Two primary businesses:

1. **Varroc Lighting Systems (“VLS”)**: global supplier of exterior lighting systems to passenger car OEMs
2. **India Business**: supplier of diverse range of auto components primarily to 2W and 3W OEMs

- **Strong, long-lasting, growing customer relationships** with marquee auto OEMs globally and in India
- **Well-diversified global auto component business** across geographies, products and customers

- **Low cost, strategically located global** manufacturing footprint
- **37 manufacturing facilities** across Asia, Europe and North America

- **In-house R&D capabilities** in India, Czech Republic, China⁽⁴⁾, USA, Mexico, Germany, Italy, Romania and Poland
- **1,428 R&D engineers⁽⁵⁾; 185 patents granted globally⁽⁵⁾**

- **14,200+** employees across the globe⁽⁵⁾

Leading

tier-1 manufacturer and supplier to the Indian 2W and 3W OEMs

6th

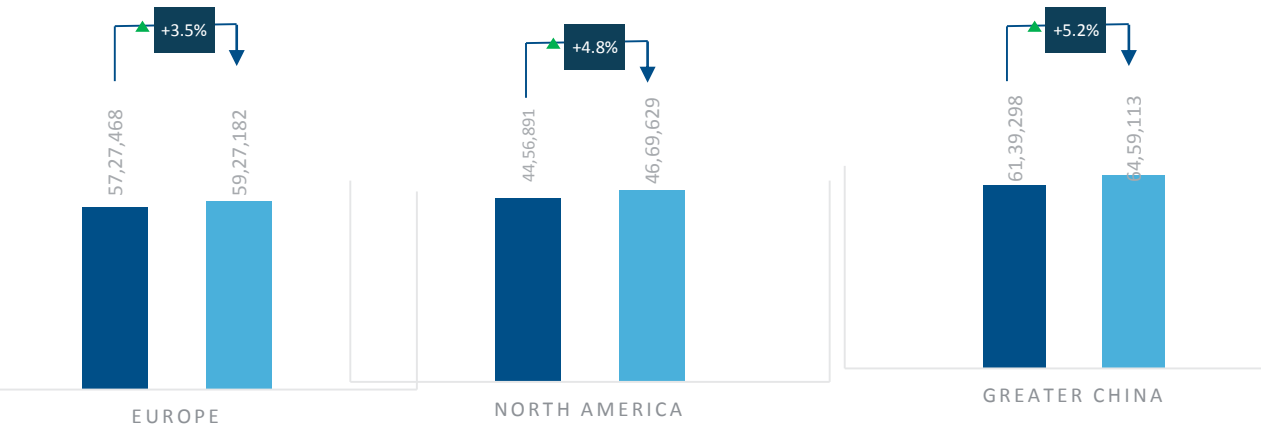
Largest⁽²⁾, fastest growing among top six global exterior auto lighting suppliers⁽²⁾

**INR 110bn
FY18 revenue⁽³⁾**

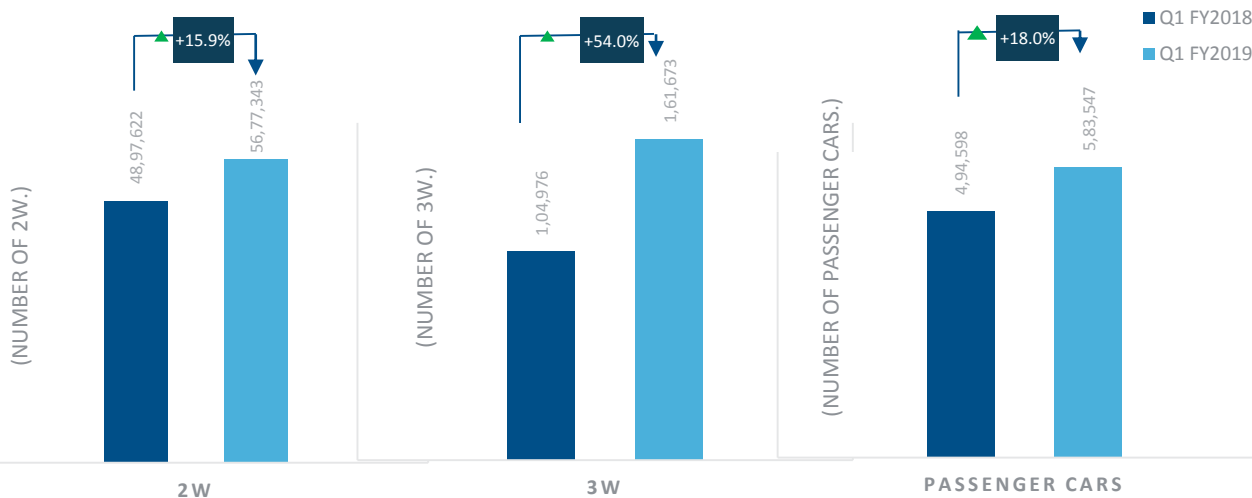


Industry Trends in Q1 FY19

Global Passenger Cars Market Q1 Sales



India Industry Trend : Automotive Sales YoY



- Global Passenger Vehicle production grew at an estimated rate of 3.7%YoY in Q1 FY19
- Our Global Lighting Business (VLS) outperformed the Passenger Vehicle production growth
- Strong growth in Q1 is due to the low base (anticipation of price drop post GST implementation) and the pick-up in rural economy.
- Exports continued to grow strongly both in 2W and 3W.

Business Highlights : Q1 FY19

- Revenue from Operations for Q1 FY19 up by 28.8% YoY[#]
- EBITDA increased by 26.0% YoY^{*}
- Reported PAT for the quarter at Rs 1,004 Million
- VLS successfully closed acquisition of SA-BA, a lighting company in Turkey, on 2nd July, 2018
- VLS on track to complete Brazil and Morocco plants. First SOPs are likely to be supported as of January 2019 and April 2019, respectively
- VLS announced its intention to set-up two new plants, for catering to additional customer demand, at Chennai (India) and Poland
- Varroc has opened an office in Japan in June 2018 to offer Lighting, Electrical and Electronics products to Japanese OEMs

Varroc Group: Summary Key Financials

Q1 FY19



(INR Mn)

Particulars	Q1 FY 19	Q1 FY18	Growth (Y-o-Y)/ Change
Revenue from Operations	29270	24343	20.2%
Revenue from operations (excl. Excise Duty & NA Interiors Business)	29188	22658	28.8%
EBITDA - Reported*	2412	2210	9.1%
EBITDA : like-for-like ^{\$}	2578	2046	26.0%
EBITDA Margin (%)	8.8%	9.0%	
PBT - reported	1343	1198	12.1%
PAT - reported	1004	984	2.1%
Capex*	1798	926	94.3%
Net Debt	14910	14827	

*EBITDA = Profit before share of net profits of investments *plus* Depreciation *plus* Finance Cost less Non-operating Portion of Other Income

^{\$} EBITDA : like-for-like excludes impact of Interior Plastics business closure in North America and other items as explained in slide no 9

Varroc Group: Business Wise Performance

Q1 FY19



(INR Mn)

SBU	Q1 FY19					Q1 FY18					Adjusted Revenue Growth YoY
	Revenue	Revenue Adjusted*	EBITDA	EBITDA # Like-for-like	% EBITDA Like-for-like	Revenue	Revenue Adjusted*	EBITDA	EBITDA # Like-for-like	% EBITDA Like-for-like	
India Business	10,431	10,431	1,064	1,064	10.2%	9,082	8,130	795	795	9.8%	28.3%
VLS	17,494	17,412	1,167	1,333	7.6%	14,220	13,488	1,292	1,127	8.4%	29.1%
Others	1,415	1,415	191	191	13.5%	1,074	1,074	140	140	13.0%	31.8%
Elimination	(70)	(70)	(11)	(11)		(33)	(33)	(16)	(16)		
Total	29,270	29,188	2,412	2,578	8.8%	24,343	22,658	2,210	2,046	9.0%	28.8%
China JV - 50%	1,605	1,605	214	214	13.3%	1,345	1,345	181	181	13.5%	19.4%

*TRIOM YoY growth 26.1%; IMES YoY growth 35.7%

Euro Performance for VLS

SBU	Q1 FY19					Q1 FY18					Adjusted Revenue Growth YoY
	Revenue	Revenue Adjusted*	EBITDA	EBITDA # Like-for-like	% EBITDA	Revenue	Revenue Adjusted*	EBITDA	EBITDA # Like-for-like	% EBITDA Like-for-like	
VLS	219	218	14.6	16.7	7.6%	201	190	18.2	15.9	8.4%	14.6%

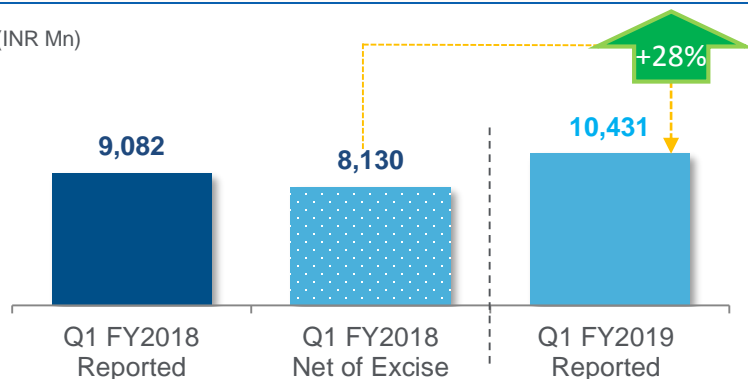
Exchange rates : INR/Euro Average for Q1 FY19 = 79.87 ; INR/Euro Average for Q1 FY18 = 70.90

- Excludes Excise Duty and Interiors Business
- #EBITDA : like-for-like excludes impact of interiors business closure in North America and other items as explained in slide no 9

India Business : Financial Performance

Revenue

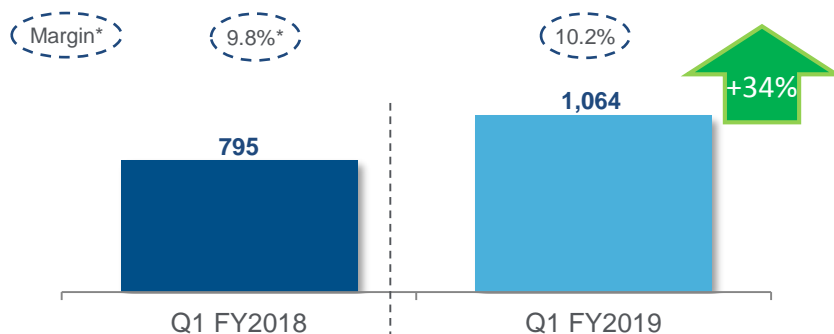
(INR Mn)



- Strong growth across divisions and customers

EBITDA

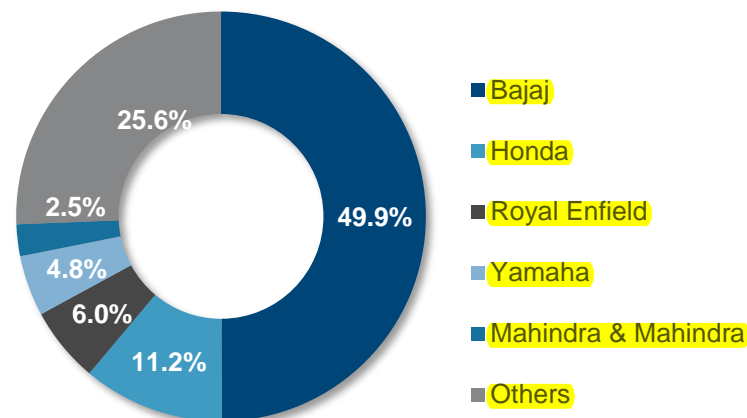
(INR Mn)



EBITDA margins increased by 40 bps YoY

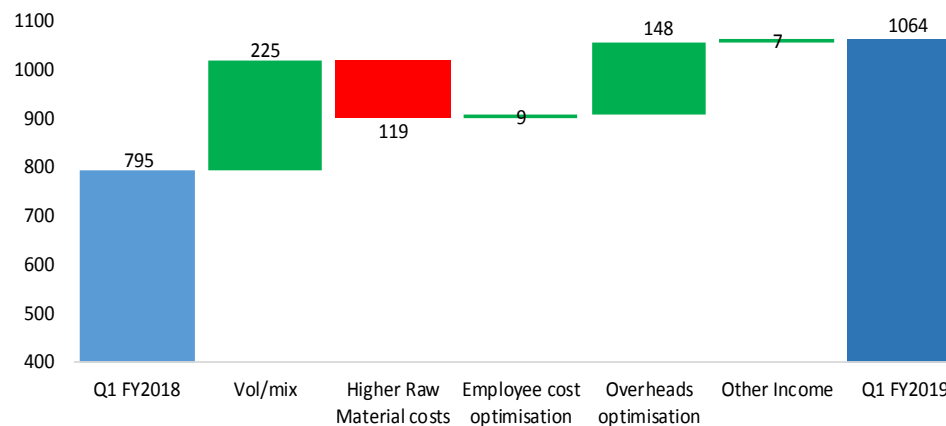
India Revenue Split by Customer⁽¹⁾

Q1 FY 2019, %



EBITDA variation analysis

Q1 FY 18 Vs Q1 FY19



* On Revenue excl. Excise Duty

Note: (1) Based on management information system database
Non-operating portion of other income not considered while calculating EBITDA

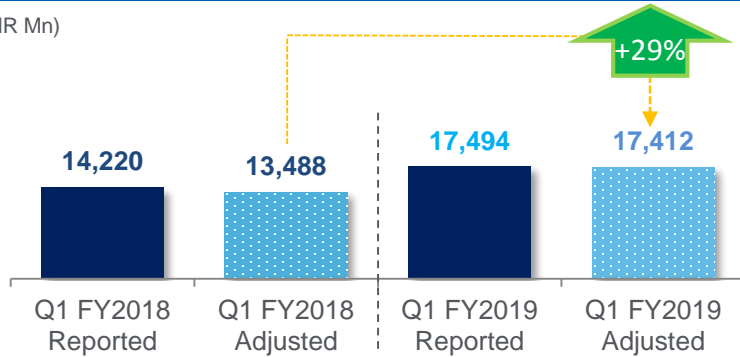
Global Lighting Business (VLS): Financial Performance



Revenue (1)

(INR Mn)

50% China Joint Venture:
Q1 FY 19 Revenue: 1605 Mn INR
Q1 FY 18 Revenue: 1345 Mn INR



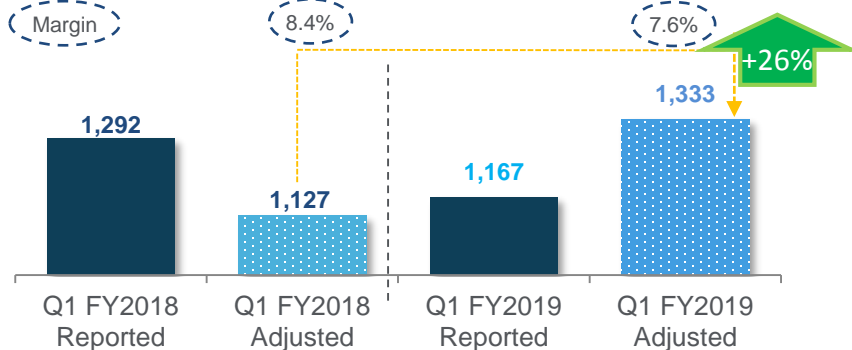
14.6% YoY revenue growth in Euro terms

EBITDA (1) & Adjusted EBITDA (4)

(INR Mn)

Margin

50% China Joint Venture:
Q1 FY 19 EBITDA / Margin: INR 214 Mn / 13.3%
Q1 FY 18 EBITDA / Margin: INR 181 Mn / 13.5%

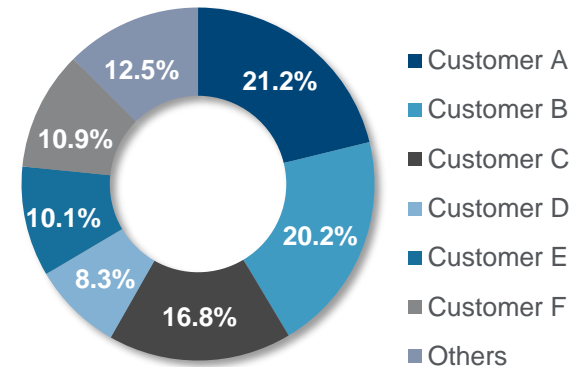


Eur Mn	18.2	15.9	14.6	16.7
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5%YoY EBITDA growth in Euro terms

VLS Production Revenue Split by Customer(2)

Q1 FY 2019, %



Top six customers production revenue grew by 11% YoY in Euro terms

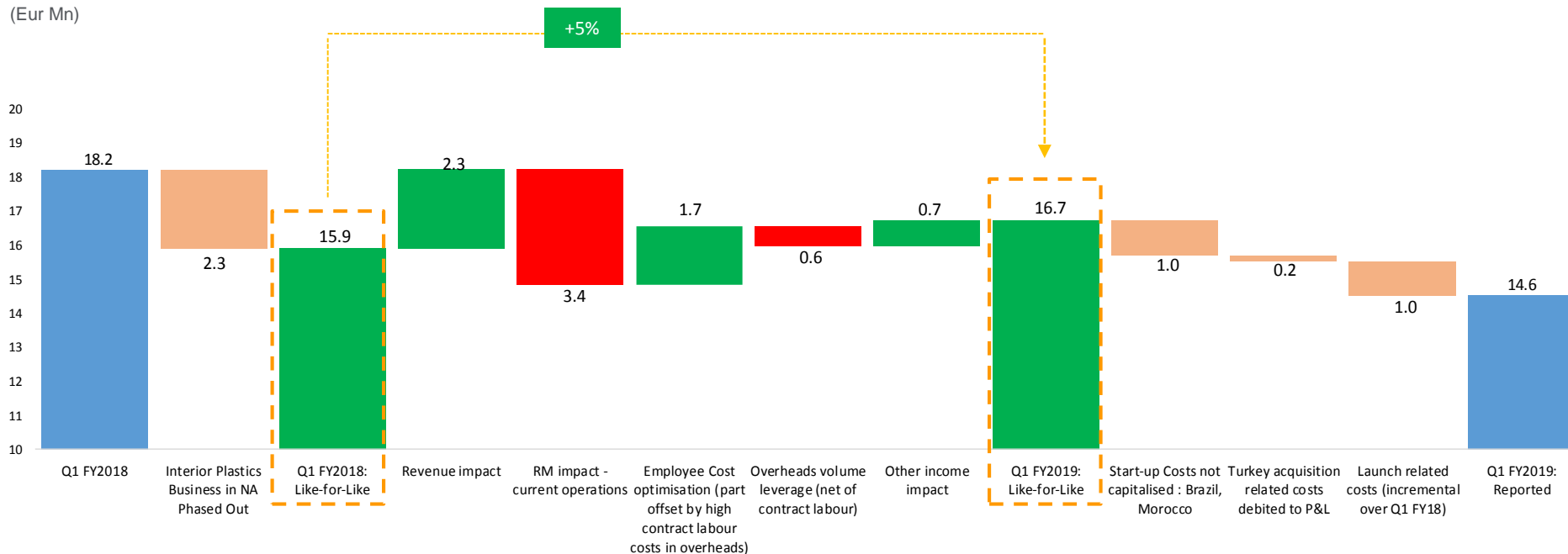
VLS EBITDA margin variation explanation on the next page

Note: (1) China JV revenue and EBITDA not included in the reported numbers; (2) Production revenue break-up based on Euro revenue for Q1 FY19; Customer A is an American multinational car manufacturer, Customer B is a large British car manufacturer, Customer C is an American electric car manufacturer, Customer D is an international automotive manufacturer, customer E is a large European car manufacturer & customer F is a global automotive manufacturer headquartered in Europe (3) Adjusted for closure of Interiors Business in North America & Excise Duty impact on VLS India (4) Adjusted for closure of Interior Plastics Business and other items

Global Lighting Business (VLS): EBITDA variation analysis



(Eur Mn)



5 new programs where the RM cost % to Revenue is higher

Higher shipping/handling costs due to increased Volumes from Czech

24 programs launched Vs 16 in Q1 FY18

R & D Updates

Global Lighting Business

- **Adaptive Driving Beam (ADB) technology developed by VLS:** Headlamps communicate with onboard cameras and sensors to allow the customer to drive with high beams on permanently without glaring other road users. VLS also held a workshop to demonstrate technology from 10 to 1.3 million pixels to key NA OEMs and media

Polymer

- Eliminate painting in a painted polymer part and get similar durability and finish using a new molding technology

Electrical

- Developed capabilities in Engine Management System (EMS) including hardware and software capabilities. We have JV with Italian based Dell Orto S.P.A.
- Developed smart / connected Instrument clusters
- Filed patents pertaining to ISG, a start/stop switch, adaptive anti-glare and adaptive bending lights

Metallic

- Developed lightweight solid Titanium valves for a major 2W OEM in India with 45% weight reduction; also Hollow Titanium valves for a leading premium 4W OEM for better building strength

Construction Status – Brazil

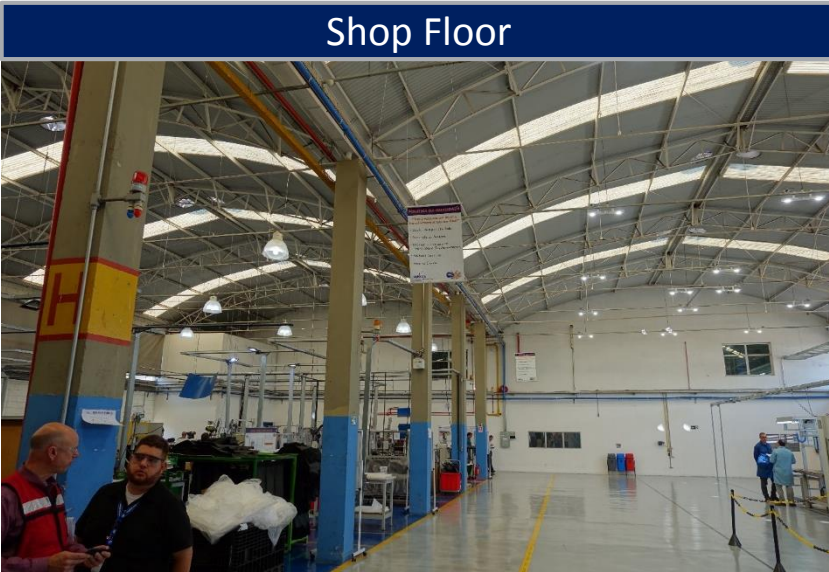
Building



Decorating/WIP



Shop Floor



Moulding



Construction Status – Czech Republic

Manufacturing facility expansion



CTP Industrial Park Expansion



Manufacturing facility expansion



Engineering & Admin Building



Construction Status - Morocco

Building under construction



Inside view of the work in progress



Inside view



Inside view of the work in progress



Construction Status – Halol, India

Material entry gate work-in-progress



Moulding M/C Installation



Surface treatment-paint booth installation



Surface treatment-hard coat installation



Business Outlook

- Indian 2W/3W market expected to maintain growth momentum
- Halol, Gujarat plant to start commercial production in September 2018; will supply lamps for a leading Indian 2W OEM
- Focused efforts for improving operating efficiencies in VLS Czech plant along with significant volume increases
- Focus on developing technology driven innovative products for our customers

Thank You