Eicher Motors Investor’s Meet
Nov 30th, 2015 - Chennai

Journey of VECV

Vinod Aggarwal, CEO
Contents

- Business Environment
- VECV Overview
- Strategies and Outlook
Indian Economy

- India Nominal GDP @ ~2 TUSD (2014) is 9th largest.
- India became world's fastest growing major economy from the last quarter of 2014.
- Continued reform, re-starting of stalled projects, favorable monetary policy and consistently low inflation expected to take India’s GDP to ~8% growth level in FY17.
India’s investment in infrastructure is estimated to be more than double in 12th plan (2012–17) compared to the 11th five year plan.

On ground Implementation of initiatives like smart city program, dedicated freight corridors, 24*7 power availability etc. is expected to give a boost to infra sector.

Govt. plans to increase production of coal to 1.5 billion tons by 2020 compared to present levels of ~ 600 MT in FY15.
• Ministry of road transport and highway targeting 30 kms of road/day from 2016.
• Thrust on cement roads to improve life of roads.
• Several steps being taken to improve road construction execution such as:
  o NHAI to revive 34 stalled projects worth Rs.35000 crore by compensating developers for delays not attributable to them by pushing forward the toll period for the BOT (Build-Operate-Transfer) projects.
  o Land costs not to be included in cost of road projects thereby improving pace of project clearance. All projects with a civil construction cost of up to Rs.1,000 crore will be cleared by the ministry.

### Road Sector

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<tr>
<td>National Highways</td>
<td>38548</td>
<td>78244</td>
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<tr>
<td>Grants to States for roads</td>
<td>5960</td>
<td>7439</td>
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<td>Rural roads including grants to states</td>
<td>14200</td>
<td>14291</td>
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<td>Maintenance of National highways</td>
<td>2599</td>
<td>2071</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>61307</strong></td>
<td><strong>102045</strong></td>
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Automotive Mission Plan 2016-26 .. Key takeaways

• AMP 2026 aims to propel the Indian Automotive Industry to be the engine of the “Make in India” program.

• “Vision 3/12/65” – By 2026, Indian Automotive industry to be among the top 3 in the world, and growing in value to over 12% of India’s GDP (from current ~7%) and more than 40% to manufacturing sector over next ten years and create additional 65 million jobs.

• AMP envisages that Automotive industry will grow 3.5 -4 times in value from its current output of ~ Rs.4,64,000 Cr (~70 BUSD) in 2015 to ~ Rs.16,16,000 – 18,88,500 Cr. (250 – 300 BUSD) by 2026.

• Focus on safety, pollution, enhancing mobility, job creation, exports, fair and predictable government policies/ regulations.

• Automobile industry has the potential to scale up exports to 35-40% of its output over next decade.
...VECV Milestones since inception...

2008: Signing of definitive agreements
Jul-Aug 2008: Commencement of JV

2009: Inauguration of new gear component plant at Dewas
2009: Launch of CSI-1 quality improvement initiative

2010: VTI launched FH 520 - the most powerful Volvo truck on Indian road
2010: Launch of VE-series of Eicher HD trucks

2011: Reliability Lab Inauguration

2012: CED paint shop inauguration
2012: VEPDC inauguration

2013: VEPT Pithampur inauguration
...VECV Milestones since inception...

2013: Start of cabin production in body shop

2013: Start of production at Bus body plant at Baggad (MP)

2013: Pro Series launch

2013: EEC gear plant, Dewas Unit II inauguration

2014: Volvo Trucks launch of new range of products comprising FH, FM and FMX

2014: Inauguration of Eicher retail excellence center (VECV academy)

2015: Inauguration of 'Customer Experience Center' and 'Vehicle display zone'
Strong Corporate Governance

• Institutionalized strong Corporate Governance at VECV

• 2 members from Volvo AB, 2 members from EML, and 2 independent members on VECV Board.

• Strong Professional Management.

• Key Decision Fora driving the cooperation projects between Volvo AB & VECV. Viz Technology committee, Sales and Marketing Committee, Product Committee, Operations Committee.
**VECV Strategic Direction**

- To be recognized as the industry leader driving modernization in commercial transportation in India and the developing world
- Aspirational target to reach volumes > 100,000 units, with >10% from exports in next 3 to 4 years.
- VEPT Engine volumes > 100,000 units in next 3 to 4 years
- Comprehensive network with complete geographical coverage

Figures in brackets in all the graphs above are growth
VECV Establishment

Pithampur
- Eicher CV Manufacturing
- Pithampur (SEZ) EEC Gearbox Facility
- Bagad (MP) Bus Body Plant
- Pithampur VEPT Plant
- Dewas EEC Gear Plant Unit 1 & 2
- Thane EEC Gear plant

Pithampur VEPDC

Gurgaon VECV HQ

Bangalore Volvo Trucks HQ

Includes outsourced employees

11976* Employees strong....
Strong drivers for CV industry...future growth

- Focus on investment and execution of infrastructure projects.
- Growing domestic economy with untapped rural market.
- Implementation of key reforms like GST, land acquisition.
- Strict implementation of ban on overloading.
- Smart cities and focus on sustainable, efficient urban mobility systems.
- NGT ban on diesel vehicles >10 years in Delhi.
- Labor reforms and improving ease of doing business.
CV Industry on recovery path...led by HD trucks

CV industry after worst recession lasting three years started recovering in 2014...

Figures in brackets in all the graphs above are growth.
CV Industry on recovery path...exports too doing well

Figures in brackets in all the graphs above are growth
**VECV Performance**

- **Revenue (Rs. Cr)**
  - 2009: 2,593
  - 2010: 5,388
  - 2011: 7,513
  - 2012: 9,493
  - 2013: 11,794
  - 2014: 13,543
  - Figures in brackets are growth percentages.

- **Revenue (Rs. Cr) YTD**
  - YTD Sep’14: 4,905
  - YTD Sep’15: 5,322
  - Figures in brackets are growth percentages.

- **EBITDA (Rs. Cr) and EBITDA margin%**
  - 2009: (2.3%) 16
  - 2010: (0.7%) 495
  - 2011: (5.2%) 493
  - 2012: (7.2%) 419
  - Figures in brackets are EBITDA margins.

- **Positive operating margin even during downturn in CV industry.**

Revenue and EBITDA includes other income.
VECV Performance

Historical Parameters | YTD Sep’15
--- | ---
Cash generation since inception of JV | 2418
Capex Incurred since inception of JV | 2633
Dividend distributed since inception of JV | 440

• Almost entire capex expenditure met from internal cash generations.
• Consistent dividend distribution since inception of VECV
• VECV continues to be a debt free company despite Capex of Rs.2633 crores.
Consistently improving performance in LMD trucks and Buses.

HD trucks continues to be a high potential area being addressed through focused products and approach.

*The HD market share includes both Eicher and Volvo Trucks*
Presence in 25 Countries of South Asia, Middle East and Africa aided by 26 distributors

41000 plus overseas population

Market specific products based on new generation products planned for introduction in 2016 for deeper penetration
Eicher LMD Trucks: **steadily gaining market share**

Eicher Pro 1000 series (5-15 Ton GVW)

- Best in class vehicle life time profitability and known as ‘Mileage ka badshah’.
- Modern world-class spacious cabin
- Designed to provide best in class driving comfort and superior ride
- CED painted cabin with high gloss life
- Rugged aggregates - high reliability and high uptime
- Optimized maintenance cost.

Eicher Pro 3000 series (10-15 Ton GVW)
Eicher HD Trucks: to leverage full potential.....

- VEDX Engines (5 and 8 liter) – Volvo Group Euro-6 technology engines adopted for Euro-3 and Euro-4 for Indian needs.
- Fuel coaching system – improves fuel efficiency through advanced human-machine interface.
- Advanced on-board diagnostics helps in achieving superior uptime.
- Next-Generation cabin to provide relaxed yet efficient workspace for the driver.
- Cruise control providing fatigue free driving experience
Volvo Trucks Range of Products

Market leader in Premium Truck segment...
Pushing the limits on what premium trucks can offer

Leadership in niche segments

- Among technologically most advanced range in India.
- Fuel-efficient and high torque 13-litre engines ranging from 400 to 520 hp.
- Intelligent I-Shift automated gearbox optimized for tough and rugged mining operating conditions.
- Volvo’s unique Dynafleet telematics system for better fuel consumption and real time tracking of vehicles.
- The new Volvo FH 520, with load carrying capacity (GCW) of 200T.
Eicher Buses: strong growth...

- Best in class fuel efficiency
- In-house bus body fabrication for superior build quality
- Superior aesthetics
- Bus body code & School bus code compliant school buses with 38 safety features
- Parabolic suspension for better comfort
Pro Series HD trucks – customer testimonials

“Eicher Pro 6031 gives me 10% better fuel efficiency and runs 22382 kms in a month.”

– Jaideep Kaur, Chief Fleet Manager, Chandigarh

“Eicher Pro 6031 provides great pick up, 5-15% better fuel efficiency and excellent tyre life.”

– Pradeep Verma, Owner, Fast Forward Transp, Kharar

“I can make more trips in the same budget.”

– Bimal Singh, Transporter, Tarnaka, Hoshiarpur

“2 extra trips every month and 10% better fuel efficiency”

– Vivek Kataria, Owner, Modern Movers, Noida

“I get about 13-15% more mileage than any other truck on the road.”

– Harish Sood, Transporter, Haridwar

“From 2-3 trips, now I make 3-4 trips.”

– Dr. S. Rakesh, Owner, Ashish Transp, Patiala

“Eicher has paid great attention where it matters the most, that is driver comfort.”

– Hardeep Singh, Owner, Shashi Transp, Delhi

“The after sales service is good, there are value added features and it helps the driver to drive up to 2000 km without fatigue.”

– S. Rakesh, Varun Transporter, Greenspur

“The faster turnaround time, enhanced service intervals and superior fuel efficiency makes transporting an economical and efficient affair.”

– S.S. Jaffari, Owner, Swaraj Transport, Kingsbrow
Pro Series trucks – customer testimonials

“Eicher Pro 6031 trucks have become an invaluable part of my fleet, giving my business more productivity, more profits.”
- Sushilkrup Phaniyar, Maharashtra

“Compared to other trucks, Eicher Pro 6031 runs 2000 kms. more.”
- S. Muhammad, Kishan Transport, Bengaluru

“The Eicher Pro 6031 gives me mileage equivalent to a 10 tyre truck”
- G. K. Patel, Saint, Commercial Test Spot, Mumbai

“It makes me do 2 extra trips, that is about 10,000 km instead of 8,000 km.”
- Bishnu Das, Ashish Transport, Nagpur

“I have Eicher Pro 6031 currently, and planning to buy 15 more.”
- Prakash Joshi, Vajra Foodline, Belgaum

“My Eicher Pro 6031 trucks have been a great profit making machine for me.”
- A. Neelanjan, Shreevengaya Transport, Varanasi

“Earlier trucks used to run 5,000–5,000 km in a month, now with Eicher Pro 6035 it runs 8,000 to 9,000 kms.”
- V. Patel, Maharashtrian Cargo, Varanasi

“Instead of 2 trips we do 3 trips with the Eicher Pro 6031.”
- B. Jagadish, Millennium Cargo, Bengaluru

“Associating itself with Volvo, has clearly given Eicher the edge over all other trucks.”
- G. D. Patil, Datta Transport, Mumbai
Eicher Trucks & Buses Network

• Dealer network 272 nos. including 10 COCO outlets
• Additional 40+ site support facilities
• 23 distributors, 156 Eicher Genuine Parts Shoppe and >2500 multi-brand parts retailers.

Volvo Trucks Network

• Over 150 touch points.
• Hub and spoke network model
• Sets benchmarks in the industry for vehicle uptime and productivity
After-market.....delivering value for customer delight

EGP Shoppe

Innovative site support models to delight customers

People & process focus through driver engagement, Competence development, Genuine Service Process, e-DCS (Electronic Dealer Collaboration System)

High uptime

VE Parts Distribution Center
Pithampur, Madhya Pradesh
World Class Manufacturing set up....

*Most productive plant to produce upto 66,000 trucks scalable to 100,000 trucks.

*Cab weld shop with robotic welding and integrated testing facilities.

*CED paint shop - best in class e-Rodip German technology with robotic painting.

*Highly flexible vehicle assembly lines with right blend of technology to control critical parameters.

*State-of-the-art bus plant spread over 46 acre set up under VECV’s overriding vision of driving modernization of the Indian CV market.

*Complex and critical sub-assemblies by robots, ensuring cabin without leakage and even fit and finish.
• Product Development spend is ~2.2% of the Turnover
• Strong Product Development team of ~440 engineers.
• HD Platform indigenously developed at very low cost.
• End – End product development capability – Fully Equipped Engine, Transmission & Vehicle Development Center
VE Powertrain

- First engine plant in India producing Euro-6 compliant base engine supplying to Europe.
- Exclusive manufacturing hub for medium duty engine requirements of Volvo Group.
- Capacity scalable up to 100,000 engines
- The 5 and 8 liter engines of this platform delivers power ranging from 180 to 350 HP.
- Already started supplying Euro-6 compliant engines to Europe over 1500 per month.
- Best executed project with Volvo technology with frugal approach.
Eicher Non-Automotive Engines and Aggregates

- Engines and drivelines for Power, Industrial and other off-highway applications
- Sales of over 2500 Engines and aggregates
- Widely reputed as most reliable and lowest operating cost engines in respective category
- Pan India presence in Genset segment.
- Established in material handling segment.
- Presence in fire fighting, agro-machinery and earth-moving segments.
- Started exports to SAARC, Middle-East and African countries.
Other VECV Business Areas
Components and Engineering Solutions

Eicher Engg Components (EEC)

- Strategic supplier of drive line components to Eicher Trucks and Buses, Royal Enfield, Volvo Group and other large OEMs.
- Production facilities at: Thane, Dewas and SEZ, Pithampur

Eicher Engg Solutions (EES)

- Comprehensive product development services - Class A surfacing, CAD, CAE, prototyping, etc.
- Integrated product development with global engineering solutions delivery centers in Michigan-US, Gurgaon, Indore -INDIA, Beijing, Shanghai - CHINA
To Summarize…

• Strongest business model and balance sheet in Indian Commercial Vehicle industry
  ✓ low operating capital/ working capital
  ✓ integrated manufacturing operations at Pithampur for Trucks and Buses

• Light and medium duty trucks and buses are performing excellent with consistent growth on market share

• Long term approach in HD to nurture the PRO series and shift the market to the next generation; get scale and volume from upgraded legacy range (huge potential for growth in HD trucks).

• With state-of-the-art latest technology products, good potential to grow in export markets.

• Infrastructure, processes and systems capable of taking on future growth.

• Future ready with access to Volvo Group world class global technology.

• Strong alignment between partners on way ahead
  ✓ focused management team with one goal - modernize Indian commercial transportation (profitably)
Thank You!