International Growth

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Overview

- Why change international approach?
- Opportunity
- Overview of North America region
- Plans for North America
The Oddity of the Motorcycle Industry Globally... is an opportunity

Developing Markets

Motorcycle Industry

Segment CAGR: **-5%**
Period: 2011-14

Royal Enfield’s ambition is to lead and grow the under-served global mid-sized motorcycle segment (250-750cc)
Change from **Opportunistic** to **Strategic** Global Growth

**GLOBAL GROWTH**

**Opportunistic**

- Poor Independent Distributors
- Reactive
- Few resources for Int’l
- No focus
- Minimal Investment

**Strategic**

- Upgrade Distributors
- Proactive
- Dedicated Int’l resources
- Focus on key markets
- Optimal Investment in key markets
Motorcycle Markets

(RIDE)
Brand Penetration Task

India
China
Vietnam
Thailand
Colombia

(RIDE MORE)
Frequency of Use Task

Brazil
Argentina

North America
Spain
Australia
UK
France
Dubai

125 – 200 CC Averages

Motorcycle Users

Low ≤ 50(%) High > 70(%)
Mature/Developed Motorcycle Markets

• Primarily recreation motorcycle markets
• Lower volume, but higher price and profit
• Influence rest of world
• Relatively small middle-weight segment
• Large millennial population interested in motorcycling
• Motorcycle brands offer “lifestyle” not just motorcycles.....

= Growth Opportunity for Royal Enfield
Build Aspiration in key cities, countries will follow

Exclusive Stores- 2015, early 2016
North America Region Opportunity

- Highest revenue/value of motorcycles sold annually
  - Over $8 billion (USD)

- Dominated by Harley-Davidson with new competition gaining rapidly

- Demographic shift in USA (Millennials)

- Distributors have limited resources and capabilities

- Opportunity for Royal Enfield
Why Royal Enfield?

• Motorcycles in North America have gotten –
  – Large
  – Complex
  – Expensive

• Millennial generation in North America
  – Moving to urban centers
  – Want 2-way interaction with brands
  – Interested in motorcycling
  – Avoid popular brands like Harley-Davidson
  – Enjoy Retro, modern classic styling
  – Interested in environmental sustainability

Royal Enfield is the Answer!
North America Region Plan

Take control of region from Independent Distributors

- Establish wholly-owned market company
- Implement key team aligned with growth strategy
- Develop systems & processes
- Adapt Marketing/Communications with appropriate tone
- Create benefits & profit for “best” dealers to become RE dealers
North America Region Plan

Build Brand Awareness

– Retail/dealer network
– Events – grassroots activation
– Demo Rides at dealers and events
– Influencers
– Social Media – dedicated effort and content creation
– PR – proactive and creative
– Digitally led advertising & marketing
– Mobile interactivity – customer experience
North America Retail Distribution Plan

*MBO – Multi Brand Outlet

Geographically Expansive and Multi-Layered In Market
North America Region Plan

Establish Retail Distribution

– Focus on excellent customer experience
– Speed to market
– Brand-building and awareness – national/regional in scope
– Sales volume
– Profit for dealer and Royal Enfield

– Geographically expansive and multi-layered

– Utilize the Smart Phone as the interface to the brand - for purchasing, community, service, etc.
Thank You