We will put the world under the spell of a new order of motorcycling from a brand that continues to transcend time.

- Siddhartha Lal, 2005
The Digital Opportunity

28.5 MILLION SEARCHES
9% GROWTH OVER LAST YEAR

ROYAL ENFIELD RECEIVES 2.37 MILLION WEB SEARCHES ON AN AVERAGE IN A MONTH, WHICH IS HIGHER THAN THE COMBINED WEB SEARCHES OF THE REST OF THE TOP 3 COMPETITOR BRANDS

COMPETITOR 1 1.1 MILLION
COMPETITOR 2 0.7 MILLION
COMPETITOR 2 0.6 MILLION
The Digital Opportunity

29.5 MILLION TOTAL WEB VISITS

60% OF ALL WEBSITE VISITS IN THE 150 TO 750CC MOTORCYCLE SEGMENT ARE ON ROYALENFIELD.COM

Total Web Visits grew from 19.7 M in 2016-17 to 29.5 M
The Digital Opportunity

6 MILLION
STRONG SOCIAL MEDIA
COMMUNITY
WHICH IS FULLY ORGANIC
ONE OF THE STRONGEST ONLINE COMMUNITIES IN THE WORLD
Royal Enfield Command Center

**LISTENING AND MONITORING**
Tracking Brand, Competition & Category, monitoring 200K+ mentions, comments & conversations

**BRAND ADVOCACY**
750+ Brand Advocates
seeding positive brand sentiment across platforms

**RESPONSE MANAGEMENT**
300+ daily queries handles across social platforms with real time tagging for solutions

**CONTENT CURATION**
70% of all social content & 30% of web content is curated from the community. 50k+ images & videos scanned every month for tagging for repurposing

**EVOLVED ANALYTICS**
Unlocking potential of Big Data & Big Query through Joint Business Plan with Google & Facebook
OVER 1,000,000 RIDERS RODE WITH ROYAL ENFIELD IN 2018-19
350 NEW STUDIO STORES PLANNED IN 2019

THE TARGET IS TO INCREASE ROYAL ENFIELD’S RETAIL FOOTPRINT TO 1100 TOWNS WITH 1350 STORES
Brand Awareness & Consideration vs Competition

#1 Royal Enfield
72% Consideration

400 bps ahead of our closest competitor

#1 Royal Enfield
42% Top of Mind Awareness

1400 bps ahead of our closest competitor

*Internal Millward Brown Brand Health Report with sample size of ~3200*
Opportunities to win in many Indias

Royal Enfield posted a growth of 8% in these markets on the wave of the Classic & the Bullet. Non Classic Motorcycles contribute 25% of total sales in comparison to 14% for Rest of India.

FY 18-19 till Feb vs LY
Winning in Many Indias - Market & approach Clustering

**RE <26%**

- **PST >23.5%**
  - Andhra Pradesh, Telangana, North East, Orissa, West Bengal, Karnataka, Maharashtra, Tamil Nadu
  - OBJECTIVE: DRIVE AWARENESS AND TRIAL @ SCALE

- **PST <23.5%**
  - Bihar, Jharkhand, Gujarat, Madhya Pradesh, Chattisgarh
  - OBJECTIVE: DRIVE ACCESSIBILITY

**RE >26%**

- **PST >23.5%**
  - Himachal Pradesh, Jammu & Kashmir, Uttarakhand, Delhi, Chandigarh, Goa, Kerala
  - OBJECTIVE: DRIVE DIFFERENTIATION

- **PST <23.5%**
  - Haryana, Punjab, Rajasthan, Uttar Pradesh
  - OBJECTIVE: DRIVE ASPIRATION THROUGH LIFESTYLE

*PST refers to motorcycle segment with engine displacement of above 125cc*
Steady and Sure over time...

Dip seen due to transition from Web 2.0 to 3.0 - Google Tag Manager Deployment
Opportunity for Upgraders

STRONG COMMUNITY READY FOR UPGRADES WITHIN THE PORTFOLIO

4.1 MILLION
The Twins Launch - A watershed event in motorcycling

38 COVER STORIES
Recognition by those who know best
Twins: Source of Growth

WHAT’S WORKED
- Product & Price - Incredible Value
- Launch phase built buzz
- Positive Word of mouth and Sentiment
- Flawless product quality

KEY TASKS
- Continue to Build Awareness & Salience in the 6 key cities
- Drive Consideration amongst intenders
- Upgrade current Royal Enfield owners

55% of all Twins Customers are upgraders from the 350cc Royal Enfields
Twins: Source of Growth

BANGALORE
CHENNAI
MUMBAI
NEW DELHI
HYDERABAD
PUNE

TYPICALLY AMONGST TWIN OWNERS

INTERCEPTOR 650
30-45 yrs

GT 650
18-30 yrs

TWINS INDIA SALES

55.0%

45.0%

THESE KEY METROS

REST OF INDIA
Delighting Customer throughout their brand journey

IN SEARCH

- Royal Enfield
- 150cc motorcycles
- motorcycle tours
- camping in himalayas
- helmet

GOOGLE

EXPERT/ USER GROUP ADVICE

- Book A Test Ride
- Book A Motorcycle
- Find A Dealer
- Find A Service Centre
- Finance
- Owner's Manual
- Motorcycle Configurator

ONLINE ENQUIRY

IN STORE

- STORE VISIT
- TEST RIDE
- BOOKING & PURCHASE
- DELIVERY
- AFTER SALES SERVICE

IN USE

- DELIVERY
- AFTER SALES SERVICE
- COMMUNITY ENGAGEMENT (RIDES)

ONLINE

ONLINE ENQUIRY
Living and sharing a Pure Motorcycling Way of Life

THE POWER OF UGC

70% OF ALL ROYAL ENFIELD SOCIAL CONTENT IS USER GENERATED AND ENJOYS A HIGHER ENGAGEMENT RATE
TAPPING INTO SUB-CULTURES

New Ride Formats
NEW RIDE FORMATS

FLAT TRACK
Driving a deeper brand purpose

LEAVE EVERY PLACE BETTER
To conclude

Leveraging power of social and user generated content

Full portfolio strategy to accelerate growth and develop market potential

Further expansion with the right retail formats

Royal Enfield Command Center is the epicenter of everything Digital
- Journey from a Reporting Hub to Action Center
Royal Enfield
International Business and Americas
International History

Royal Enfield Recent International Journey

- Royal Enfield becomes India-based motorcycle company
- Begins exporting motorcycles to select international markets
- Royal Enfield North America (RENA) becomes 1st wholly-owned subsidiary company
- Thailand is 3rd market with wholly-owned subsidiary company
- Brazil is 2nd market with wholly-owned subsidiary company
- Exporting to over 40 countries through independent distributors

*FY 18-19 till Feb vs LY*
International Growth Strategy

- International strategy shift from “opportunistic” to “strategic growth”
- Middleweight segment opportunities in both Developing and Mature markets
- Focused on identified key markets – 7 developed and 6 developing markets

Royal Enfield's ambition is to lead and grow the under-served global mid-sized motorcycle segment (250-750cc)
North America Motorcycle Market

**North America**

- Important and influential motorcycle market
- Over 9 million registered motorcycles
- Middleweight segment is growing
- Royal Enfield aims to be in “Top 7” by market share in 3-5 years

*FY 18-19 till Feb vs LY*
Setting-up Footprint in North America

Development

- **Phase 1**: Set-up business (2016-18)
  - Started Royal Enfield North America (RENA), a wholly-owned subsidiary company
  - Focused on building and developing a dealer network mainly through Multi Brand Outlets (MBOs)
  - Basic brand-building Marketing activation
    - Brand Ambassadors
    - Motorcycle events
    - Digital & Social
    - Low cost, high impact

Full range product catalogue

Full range product catalogue

Started Facebook & Instagram for North America covering Canada and USA

*FY 18-19 till Feb vs LY
Setting-up Footprint in North America

Development

- **Phase 2**: Operate and grow business (2018 onward)
  - Leverage new motorcycle launches
  - Big focus on PR with the launches
  - Build brand awareness
  - 1st new motorcycle launch in RENA: Himalayan
    - Very successful
    - 15 journalists from North America
    - Doubled RE sales in USA in the 1st year
    - Created new motorcycle segment niche

*FY 18-19 till Feb vs LY*
Global Twins Launch and Media Ride

- September 2018 in Santa Cruz, California, USA
- Live Views: 0.6 Million
- Good Engagement Rates, 60% higher than average
- Net Sentiment: 96%
- Over 120 journalists from around the world
- 2 days of riding and presentations
- Resulted in 38 cover stories and over 1000 articles, testimonials, reviews across offline and online media across markets
2019 Twins Regional Consumer Launches

Focus- Demo rides

8 stops with the “Pick your Play” semi
- May 11th, Miami, Florida
- May 18th, Summit Point, West Virginia
- June 1st, Milwaukee, WI
- June 8th, Acton, Ontario, Canada
- June 15th, Denver, Colorado
- June 21st, San Jose, California
- June 29th, Brea, California
- June 30th, San Diego, California

5 stops with the Marketing Vans
- May 26th, Kansas City, Missouri
- July 11th & 12th, Greensboro, North Carolina
- July 26th & 27th, Mahwah, New Jersey
- TBD, Enfield, Connecticut
- October 12th, San Jose, California
LATIN AMERICA
Brazil - Competitive Landscape

- The 2W industry has bounced back positively with double digit growth in calendar year 2018 (10.4%).
- The mid size has also grown by 12% y-o-y.
- Brazil presents extremely healthy Source of Growth (56%) and the largest mid-size market globally (Excl India).
- A strong motorcycling culture including commuting & leisure exists in Brazil.

<table>
<thead>
<tr>
<th>CY 2018</th>
<th>Engine Size</th>
<th>Sales Volume</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower cc</td>
<td>&lt; 250 cc</td>
<td>523,780</td>
<td>56%</td>
</tr>
<tr>
<td>Mid-Size</td>
<td>250 - 750 cc</td>
<td>111,303</td>
<td>12%</td>
</tr>
<tr>
<td>Higher cc</td>
<td>&gt; 750 cc</td>
<td>19,641</td>
<td>2%</td>
</tr>
<tr>
<td>Scooters/Underbone/Others</td>
<td></td>
<td>281,904</td>
<td>30%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>936,628</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Company Research
Brazil - RE Performance

**Focused Growth Strategy:**
- Brand development
- Network/dealer expansion
- New product launches

**FY 18 - Retails**

**Source:** Fenabrave, Company Research

<table>
<thead>
<tr>
<th>Company</th>
<th>2W Total Sales CY 2018</th>
<th>Mid Size Total Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Honda</td>
<td>744,974</td>
<td>62,482</td>
</tr>
<tr>
<td>Yamaha</td>
<td>128,875</td>
<td>35,066</td>
</tr>
<tr>
<td>BMW</td>
<td>7,158</td>
<td>2,137</td>
</tr>
<tr>
<td>Kawasaki</td>
<td>5,942</td>
<td>3,658</td>
</tr>
<tr>
<td>Suzuki</td>
<td>5,605</td>
<td>1,237</td>
</tr>
<tr>
<td>Harley</td>
<td>5,746</td>
<td>-</td>
</tr>
<tr>
<td>Triumph</td>
<td>4,396</td>
<td>-</td>
</tr>
<tr>
<td>KTM</td>
<td>749</td>
<td>400</td>
</tr>
<tr>
<td>Ducati</td>
<td>522</td>
<td>522</td>
</tr>
<tr>
<td>Others</td>
<td>31,663</td>
<td>5,800</td>
</tr>
</tbody>
</table>
Colombia - Market Situation

- Middleweight segment is growing steadily
- Recreation riding is increasing
- On/Off road motorcycles are popular
Colombia - Competitive Landscape

2W Sales by Engine Size for CY 2018 (Units)

- <150 cc: 67%
- 150 to 249 cc: 29%
- 250 to 750 cc: 4%
- >750 cc: 0%

2W Midsize Sales by Product Category for CY 2018 (Units)

- Roadster - Sport: 54%
- Dual Purpose: 37%
- Super sport: 4%
- Roadster- Classic: 4%
- Others: 2%

Market structure presents fascinating opportunity for Royal Enfield

*FY 18-19 till Feb vs LY*
Colombia - Journey so far

Network - 8 exclusive stores and 11 MBOs for sales. 32 service points across Colombia.
Argentina - Market Situation

- Middleweight segment is growing
- Recreation riding is increasing
- On / Off road motorcycles are popular

*FY 18-19 till Feb vs LY
Argentina - Competitive Landscape

About 44% of the market is more than 150cc engine size, a real opportunity for Royal Enfield
Argentina - Journey so far

Buenos Aires - Store 1 at Vicente Lopez

Buenos Aires - Store 2 at Pilar (In progress. Launch by mid June 2019)

*FY 18-19 till Feb vs LY
International Growth Strategy

Summary:

- At early stage of the international journey
- Excited about the initial results in the international growth strategy
UCE Platform change was used to drive the change agenda across organization.

WE HAVE BUILT THE

CAPACITY | CAPABILITY | COMPETENCY
Capacity addition in modules helped maximize the efficiency extraction at TVT plant through low cost automation.

- Milestone of 1 Lakh vehicle in a single year accomplished.
- Efficiency extraction at TVT plant through low cost automation.
- 1,20,000 Motorcycles - 2012
- 1,83,000 Motorcycles - 2013
- Commencement of Phase-1 operations at Oragadam.
- Ramping up of Phase-1 operations at Oragadam - 2014
- 3,10,000 Motorcycles - 2014
- Both phases in full operation at Oragadam - 2016
- 6,70,000 Motorcycles - 2016
- Commencement of Phase-1 construction at Vallam Vadagal - 2017
- Commencement of Phase-2 construction at Vallam Vadagal - 2018
- 9,00,000 Motorcycles - 2018
- Purchase of 50 acre land at Vallam for further capacity enhancement.
- Commencement of Phase-2 operations at Oragadam - 2015
- 4,20,000 Motorcycles - 2015
- Vallam Vadagal phase-1 operations commenced and fully ramped up - 2017
- 8,25,000 Motorcycles - 2017
Having One Million+ capacity

<table>
<thead>
<tr>
<th>Location</th>
<th>Operations</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>THIRUVOTTIYUR</td>
<td>No Assembly operations;</td>
<td>600,000* motorcycles per</td>
</tr>
<tr>
<td></td>
<td>Plating &amp; Auto buffing</td>
<td>annum</td>
</tr>
<tr>
<td>ORAGADAM</td>
<td>Capacity 600,000 motorcycles</td>
<td>per annum</td>
</tr>
<tr>
<td>VALLAM VADAGAL</td>
<td>Capacity 600,000* motorcycles</td>
<td>per annum</td>
</tr>
</tbody>
</table>

* FULL CAPACITY AVAILABLE FROM 2020-21
204 Strong vendor base to support the growth

- Continuing supplier rationalization
- Adding new suppliers for new technologies/platforms for BS VI & OBD 2 regulations
- 25 suppliers’ base location shifted from other regions to Chennai in past 3 years
Vendors Presence across the globe

<table>
<thead>
<tr>
<th>Region</th>
<th>Suppliers</th>
<th>Inventory</th>
</tr>
</thead>
<tbody>
<tr>
<td>South</td>
<td>68%</td>
<td>104</td>
</tr>
<tr>
<td>West</td>
<td>21%</td>
<td>44</td>
</tr>
<tr>
<td>North</td>
<td>9%</td>
<td>38</td>
</tr>
<tr>
<td>Import</td>
<td>2%</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>196</td>
</tr>
</tbody>
</table>
Every investment was done for best-in-class output with frugality

**VEHICLE ASSEMBLY**
- Assembly line flexibility - 248 SKUs produced in one line
- Number of Poka Yoke in line - 30
- DC nut-runners for critical tightening joints
- SRK methodology followed for New Product Introduction
- Road test and dynamometer testing done for 100% of vehicles

**ENGINE ASSEMBLY**
- Automation of critical sub assembly operations
- 100% of tightening operations by DC nut-runners with accuracy of ±3%
- Number of Poka Yoke in the line - 399
- Semi automatic testing of 100% engines to ensure all the critical parameters

**SURFACE FINISHING**
- Total no. of painting robots deployed - 46
- Corrosion protection (salt spray test) - 800 hours
- Weather resistance on painted parts - 500 hours
- Shine appearance measured by gloss - 90 units @60 deg
- Currently painting about 25 colours, and it is capable to add 20 more colours
Every investment was done for best-in-class output with frugality.

**MACHINING**
- Total no of machining centers across all the plants - 300
- Process capability index – minimum 1.67 for all critical parameters
- Average part cleanliness <4 mg achieved by robotic washing
- Data capturing of critical parameters by using online SPC

**FABRICATION**
- 100% Robotic welding of frames
- Total no. of robots deployed - 46
- Improved ride & handling experience by achieving the controlled process / product parameters
- Frame welding overall gauge answering - 99.5%

**AUTO BUFFING**
- Two stage automated buffing process enhance the aesthetics of plating components
- Provides uniform and consistent finish throughout the component
- Environmental friendly process with engineered dust extraction system
Improved Product Development Capability

<table>
<thead>
<tr>
<th>Location</th>
<th>No. of people</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>THIRUVOTTIYUR</td>
<td>(Shifted to new tech center)</td>
<td></td>
</tr>
<tr>
<td>UK TECHNOLOGY CENTER</td>
<td>150</td>
<td>(Product testing team already in place, and remaining people are being moved from TVT and other locations to Tech Center)</td>
</tr>
<tr>
<td>INDIA TECHNOLOGY CENTER</td>
<td>265</td>
<td></td>
</tr>
</tbody>
</table>
Product Development at Royal Enfield has been evolving

- Prepare product pipeline for next 7-10 years
- Legislation (BS6 and Euro 5)
- Continually improving product quality
- Desire for global expansion
- Deepening in-house capability
New Product Development Teams

Who Designs and Develops New Products?

Product Strategy - Identify opportunities, define products

Industrial Design – Visual design of the product

Product Development - Engineering analysis, design and validation of powertrain, electrical and vehicle

Genuine Motorcycle Accessories - Define and design accessories

Current Engineering - Continuous improvement of products after entry to marketplace
Product Development

Development Global Growth

- Genuine Motorcycle Accessories
- Product Strategy/Industrial Design
- Current Engineering
- Product Development

*30% of team is in UK
Product development growth
not just in numbers, but in capability

Analysis carried out on the Twins

Analysis team simulates and tests components, systems and whole motorcycle in the virtual world to identify problems before making real components

- Handling and stability
- Engine performance & durability
- Frame stiffness, strength and durability
- Sound and vibration prediction
- Combustion - fuel consumption and emissions
- Thermal management, rider comfort
- Manufacturing process simulation
UK Technology Centre opened in May 2017: Purpose-built, world class complete development facility from concept to pre-production.
Purpose-built new Technology Centre nearing completion in Chennai Incorporates new test equipment to enhance development process
Product Development – New Facilities

- Hemi-anechoic chamber
- Sound-absorbing walls and ceiling
- Used to develop sound of the motorcycle
Product Development – New Facilities

- “Four poster” road simulator
- Accelerated road load based structural simulation test
- Inputs in X & Y direction
Product Development – New Facilities

- 9 engine test beds (Earlier 3)
- 4 chassis dynamometers (Earlier 1)
- Climatic chamber (-20°C to +60°C, new)
- Emissions dynamometer
- Component test rigs
- Prototyping
  - Machining
  - Fabricating
  - 3D printing (new)
  - Vacuum casting (new)
  - Pressing
Product Development – Process

- **Concept & Layout**
- **Development & Validation**
- **Handover & Feedback**

**Design**
- 01: Five interlinked processes
- 02: Eight gates to deliver the right information at the right time
- 03: Five reviews to deliver an agile test and development process
- 04: Three development builds to optimise the product
- 05: Three manufacturing builds to fully develop the process

**Manufacture**
- A framework of documents to guide and give visibility
Re-shaping of Royal Enfield Product Development team and process started in 2015

First products from new team and process are the Interceptor and Continental GT 650 Twins, released in late 2018
Product Development - Future Challenges

- **ABS** recently became mandatory - Now added to all the motorcycles
- **Euro 5/BS VI** emissions norms - In-house team now has capability to design and calibrate latest generation Engine Management Systems to meet future emissions requirements
- On Board Diagnostics - New requirements in two stages as part of Euro 5 legislation. Will be developed by in-house Engine Management System team

---

**Future Market Requirements**

- “Advanced Concepts” - Scanning of horizon
- Connectivity - Being explored
- Electric powertrain - Being explored
“I’VE FALLEN BACK IN LOVE WITH ROYAL ENFIELD”
-FAST BIKES - INDIA

“HOLY WOW, THAT’S A GAME CHANGER”
-OVERDRIVE - INDIA

‘THE ROYAL ENFIELD 650 TWINS ARE BUILT TO TAKE ON THE WORLD”
-AUTOCAR - INDIA
One big initiative which helped in profitability is Material cost reduction.

- First principle costing negotiation
- Commodity management
- Value addition and Value engineering
- Benchmarking
- Low cost automation
- Nesting
- Alternate and low cost country sourcing
Future Focus

Next Big Bets

- Build flexibility (N=1) and extract efficiency
- First time right new product launches with SRK process
- CKD assembly in Thailand
CV Industry and VECV... A Promising Future

- Business Environment
- VECV Overview
- Investments, Plans and Outlook
CV Industry and VECV... A Promising Future

Business Environment

VECV Overview

Investments, Plans and Outlook
Macro-economic outlook... India’s long term growth story remains intact...a large opportunity for the auto-industry

GDP Growth (%)

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>GDP Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY'13</td>
<td>5.5</td>
</tr>
<tr>
<td>FY'14</td>
<td>6.4</td>
</tr>
<tr>
<td>FY'15</td>
<td>7.5</td>
</tr>
<tr>
<td>FY'16</td>
<td>8.0</td>
</tr>
<tr>
<td>FY'17</td>
<td>7.1</td>
</tr>
<tr>
<td>FY'18</td>
<td>6.7</td>
</tr>
<tr>
<td>FY'19e</td>
<td>7.0</td>
</tr>
<tr>
<td>FY'20e</td>
<td>7.3</td>
</tr>
<tr>
<td>FY'21e</td>
<td>7.6</td>
</tr>
</tbody>
</table>

Forecast*

2-WHEELERS, 3-WHEELERS & TRACTORS

COMMERCIAL VEHICLES

CARS

STEEL & CEMENT

WORLD's NO. 1*

WORLD's NO. 4*

WORLD's NO. 5*

WORLD's NO. 2**

* By Sale

** By Production
CV industry ... on threshold of a period of long term sustained growth

**Automotive Mission Plan 2016-26... aspirations**
- To be among top 3 automotive industry in the world.*
- Auto-industry to grow 3.5-4 times in value from around $70 billion to $250-300 billion*

**Infrastructure Development... impetus for growth**
- India requires over $700 billion investment by 2022 for sustainable development.**
- Smart cities, Swachh Bharat, housing for all, road projects like Bharat-mala, Sagar-mala

**Vehicle Scrappage Policy***... modernizing transportation**
- Lower pollution and safer vehicles
- Additional growth of 20-30% expected

**Hub and Spoke Model... changing logistics model**
- Improved logistics efficiency
- Higher demand for Light and Medium duty trucks

**Growing Urbanization... requirement for rapid mass transit**
- Emphasis on public transportation, movement from cars to buses
- Demand for last mile connectivity - impetus to Light and Medium duty buses

*Source: AMP document from SIAM
**Source: https://www.ibef.org/industry/infrastructure-sector-india.aspx
***Draft policy
Business environment factors impacting CV industry

**Goods and Services Tax (GST)... enhanced business efficiency**
- Efficient logistics
- Shift towards higher Gross Vehicle Weight (GVW), high performance trucks

**New Axle load Norms ... alignment with global norms**
- Additional load ... shift towards progressive trucks
- Curb on overloading positive for industry

**NBFC Crisis ... triggers long term banking reforms**
- Rising lending rates due to liquidity crunch, expected to stabilize in near term
- Prompt Corrective Action (PCA) norms to reform banking system in the long term

**Electro-mobility... for cleaner environment**
- Rs.10,000 crore outlay in FAME II policy
- Demand for 3,000 electric buses for urban transportation

**BS-VI Implementation... leap-frog to global standards**
- Migration from 1st April, 2020 to generate additional demand in FY19-20 due to pre-buying
- Electrification and Electronification... to accelerate shift towards value trucks
Indian CV industry riding on new initiatives… continues to provide huge opportunities of growth

CV industry (Domestic >3.5T) Volume Progression (In Nos.)

HD (>16.2T) Trucks Volume Progression (In Nos.)

LMD (3.5-15T) Trucks Volume Progression (In Nos.)

Bus (5T & above) Volume Progression (In Nos.)

Source: SIAM
CV Industry and VECV… A Promising Future

Business Environment

VECV Overview

Investments, Plans and Outlook
Excellent performance with VECV sales touching a new high every year since last four years

New Pro-series value trucks getting excellent response, share in VECV sales increasing every year

‘Creating Differentiated Customer Experience’, the mantra for future growth
LMD (3.5-15T) Trucks ... most modern product range to cater to the changing market dynamics

- Dual product range to address ‘Basic’ & ‘Value’ segments
- ‘Mileage ka Badshah’ (undisputed FE Leadership)
- Portfolio covering 4.9T ~ 16.2T range offering 340+ variants
- Best in class payload & superior driver comfort

Market Share Progression (%)

<table>
<thead>
<tr>
<th>FY'09</th>
<th>FY'10</th>
<th>FY'11</th>
<th>FY'12</th>
<th>FY'13</th>
<th>FY'14</th>
<th>FY'15</th>
<th>FY'16</th>
<th>FY'17</th>
<th>FY'18</th>
<th>FY'19</th>
</tr>
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<tbody>
<tr>
<td>25.3</td>
<td>25.6</td>
<td>27.9</td>
<td>27.3</td>
<td>28.9</td>
<td>28.4</td>
<td>29.3</td>
<td>30.5</td>
<td>31.5</td>
<td>31.3</td>
<td>29.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY'09</th>
<th>FY'10</th>
<th>FY'11</th>
<th>FY'12</th>
<th>FY'13</th>
<th>FY'14</th>
<th>FY'15</th>
<th>FY'16</th>
<th>FY'17</th>
<th>FY'18</th>
<th>FY'19</th>
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<td>25.3</td>
<td>25.6</td>
<td>27.9</td>
<td>27.3</td>
<td>28.9</td>
<td>28.4</td>
<td>29.3</td>
<td>30.5</td>
<td>31.5</td>
<td>31.3</td>
<td>29.4</td>
</tr>
</tbody>
</table>

- Market Share Progression (%)

VE COMMERCIAL VEHICLES
A VOLVO GROUP AND EICHER MOTORS JOINT VENTURE

3.5-15T
Bus ... market share grows 3 times in 10 years ... significant growth potential

- Wide range from 12 - 81 seater
- Leading in safety with host of features
- Contemporary looks, body from state-of-the-art in-house plant
- Best in class Fuel efficiency
HD Trucks ... **game changing next generation product range**

**Market Share Progression (%)**

<table>
<thead>
<tr>
<th>FY'09</th>
<th>FY'10</th>
<th>FY'11</th>
<th>FY'12</th>
<th>FY'13</th>
<th>FY'14</th>
<th>FY'15</th>
<th>FY'16</th>
<th>FY'17</th>
<th>FY'18</th>
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<td>1.3</td>
<td>1.3</td>
<td>2.3</td>
<td>3.3</td>
<td>4.5</td>
<td>4.0</td>
<td>3.6</td>
<td>4.0</td>
<td>4.9</td>
<td>4.6</td>
<td>4.5</td>
</tr>
</tbody>
</table>

- **Widest range of products in the basic, value, and mid-premium segments**
- **Best in class fuel efficiency**
- **Class leading modern features like EPS, IDIS, ‘Fuel Coaching’ and ‘Cruise Control’**
- **Lifetime support solutions & productivity management (Eicher Live)**
International Business... strong footprint in ‘India like’ markets, continuously exploring other markets with UD brand

International Volumes (in Nos.)

Current Key Markets
- South Asia
  - Bangladesh
  - Nepal
  - Sri Lanka

New Markets
- Middle East
  - Kuwait
  - Saudi Arabia
- Africa
  - Kenya
  - Tanzania
- South Africa
- Indonesia
Volvo Trucks... leadership in premium segment

Market Share Progression (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY'09</td>
<td>84.2</td>
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<tr>
<td>FY'10</td>
<td>73.4</td>
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<tr>
<td>FY'11</td>
<td>65.6</td>
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<tr>
<td>FY'12</td>
<td>70.0</td>
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<td>FY'14</td>
<td>64.7</td>
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<tr>
<td>FY'15</td>
<td>59.5</td>
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<tr>
<td>FY'16</td>
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<tr>
<td>FY'17</td>
<td>62.0</td>
</tr>
<tr>
<td>FY'18</td>
<td>88.0</td>
</tr>
<tr>
<td>FY'19</td>
<td>80.8</td>
</tr>
</tbody>
</table>

- Market leadership consistently >60% market share
- No 1 in Brand image amongst relevant brands
- Strong customer focus culture & delivering industry benchmark for uptime & driver productivity
- Tippers working 20 - 22 hours per day with 6,500 hours of utilization per annum
Commendable performance at VE Powertrain (VEPT)... volumes have grown at healthy pace

- Capacity scalable up to 100,000 engines
- Best executed project with Volvo technology & frugal approach
- Exclusive manufacturing hub for medium duty automotive engines for Volvo Group
Financials ... 3.8 times surge in revenue, healthy margins despite recession and disruptions

Revenue
- Revenue surged from 31 BINR in FY’10 to 117 BINR (1.67 BUSD*) in FY18-19

EBIDTA
- Healthy EBIDTA margin even during recession, demonetization and BSIII ban impact

- Total Capex of 43,201 MINR (617.2 MUSD) till FY18-19 from internal accruals
- Net operating cash flow positive at 2,562 MINR during FY18-19 after an investment of 7,039 MINR
- Net working capital was negative at 7,123 MINR as on 31st March 2019

* US$ 1 = INR 70
CV Industry and VECV... *A Promising Future*

- **Business Environment**
- **VECV Overview**
- **Investments, Plans and Outlook**
10 years of successful journey with meticulous execution ... Robust foundation laid based on trust, mutual respect & win-win

**2008-2012**
- JV formation and Synergy projects
- Strong foundation laid based on trust, mutual respect & win-win
- Product development initiatives (Condor cab, EMS 3.0, new Engines)
- Medium Duty Engine project for Volvo Group initiated
- Modernization of industry infrastructure (CED paint shop, Truck plant, new Gear plant)
- Adoption of world class processes (GDP, sales, aftersales, quality and manufacturing processes)
- Adapted Goal of becoming Customer satisfaction India Number 1

**2013-2017**
- Project completion and launch of Pro series
- Pro series products with Volvo Group technology launched
- New Bus plant, Engine plant and Gear plant commissioned
- World class parts distribution center set up
- Company owned & operated dealerships initiated
- Focus on brand and dealer infrastructure
- Shift of focus from industry to commercial areas
- Pro 8000 indigenization

**2018-2025**
- Aspiration & Focus areas
- Transforming into Commercial organization
- Leverage Analytics and Digital
- Profitable growth especially in HD
- Enhance synergy with Volvo Group
- BS VI migration
- Bhopal Plant
- Quality leadership
- Differentiated Aftermarket experience including uptime center
- Revitalizing VECV values
- Enhanced synergy with Volvo Group
Strong base created with investment funded from internal accruals... Modern infrastructure, still very lean and frugal

**Truck Plant Modernization**
- Modern assembly lines with MES/ IoT
- Best in class CED paint shop
- Modern Body-in-White line

**VE Powertrain**
- State-of-the-art Euro VI compliant Engine Plant

**New and Modern Bus Plant**
- State-of-the-art bus building plant

**Complete renewal of products in 5-55 T range**
- New cabin development: 2.1 m and 2.2 m adopted from UD platform;
  - 2.4 m currently under indigenization
- Pro 1000, Pro 3000, Pro 5000, Pro 6000, Pro8000 and Skyline Pro
Strong base created with investment funded from internal accruals... *Modern infrastructure, still very lean and frugal*

**Capacity Expansion - Trucks & Buses**
- ETB Pithampur plant capacity increased to 90k from 66K
- New Plant under construction at Bhopal for capacity beyond 90K

**BS VI engine development**
- Complete Engine Range comprising 7 engine platforms with 14 engine ratings successfully certified for BS VI

**VE Parts Distribution Centre**

**Two new Modern Gear Plants**

**Telematics**
- Advanced Telematics solution
- Helps customers to maximize productivity and profitability

**Reliability Lab**
Strong base created with investment funded from internal accruals... Modern infrastructure, still very lean and frugal

**Industry first AMT on Trucks & Buses**

**India’s first 7-Speed MD truck**

**India’s first 55T HD truck**

**Going Green with Hybrid and Electric Buses**

**Industry first CNG BSVI certification**

**Indigenously developed 9 speed Gearbox for HD trucks**
BSVI Preparedness ... geared up for the next wave of opportunity

**MANUFACTURING READINESS**

- BSVI engine (diesel & CNG) certification (1st in INDIA)
- Line (engine/assembly) readiness at VEPT, trucks and bus plant

**FRONT END READINESS**

- Training & workshops- Eicher & Dealer team
- STA availability, Collateral Readiness
- Vehicle Seeding

**PRODUCT READINESS**

- LMD trucks – Dual product range with fuel efficient engines
- HD trucks - Completely Modular Platform
- BUS - Fresh New Looks, MDE Engine (1st time on bus platform)
Future Capacity Enhancement... Bhopal Plant

- Phase 1 capacity - 40,000 vehicles/ annum, further scalable to 100,000 vehicles/ annum
- Driving modernization - advanced engine and vehicles assembly lines, BSVI compliant
- Green initiatives for sustainability: Zero discharge, daylight & rain water harvesting, green building
- Integrated Management System (IMS) and Volvo production system implementation
- Right blend of automation and Industry 4.0 Compliance
- Start of production - April 2020
Summary... VECV in a strong position to grow

- Strong and synergistic partnership with Volvo group
- Extensive product portfolio with vehicles in all segments
- The BS VI advantage: producing Euro VI engines long block since 2013 at VE Powertrain for Volvo Group requirements
- Excellent performance at VE Powertrain, Components business, and Volvo Trucks India (VTI)
- With state-of-the-art latest technology products and Volvo Group support, good potential to grow in export markets
- Most compact and integrated manufacturing operations at Pithampur, new modern facility coming up at Bhopal for next level of growth
- CV industry is at the threshold of a sustained period of growth and VECV is ready with
  - Latest product offerings & manufacturing capacity with modern plants
  - Robust front end network with new philosophy of Uptime excellence
Thank You