



**03-March-2020**

**Mumbai**

**Investor Presentation**

**Mr. Gautam Chatterjee, MD & CEO**



*In this document, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This document and other statements—written and oral—that we periodically make, contain forward-looking statements that set out anticipated results based on the management’s plans and assumptions. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions.*

*In this document, we have assessed our performance versus our nearest competitor using publicly available information and our internal assessment of market performance triangulating information from different sources. Readers should keep this in mind. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statement or comparative assessments, whether as a result of any new information, future events or otherwise.*

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➤ **It is the Best of Times**

- ✓ Absolute Electoral Majority for Single Party

➤ **It is the Epoch of Belief**

- ✓ India will be a \$5 Trillion Economy

➤ **It is the Age of Wisdom**

- ✓ We must be an early mover in EV

➤ **It is the Season of Light**

- ✓ Every Indian Village has got Electricity

➤ **It is the Spring of Hope**

- ✓ Demographic advantage will propel us faster

## Witness to ...

- 2 World Wars
- Partition of India
- Opening up of Economy (1991)
- Decline and withering away** of many Indian companies who were the **Dominant Players** of their times
- Swamping of many sectors with **Imported products**
- Social, Economic and Technology **disruptions**
- The **advent of the Best of Battery companies** from Japan, Europe, China and USA in India
- The **retreat of Global Battery Manufacturing companies** from India

*Serving since*

1916

*Age*

104 Years

# Technology – Ahead of Time, All the Time



**First** to Launch PP Batteries

**First** to Launch Submarine Batteries

**First** to Launch Tubular Inverter Batteries

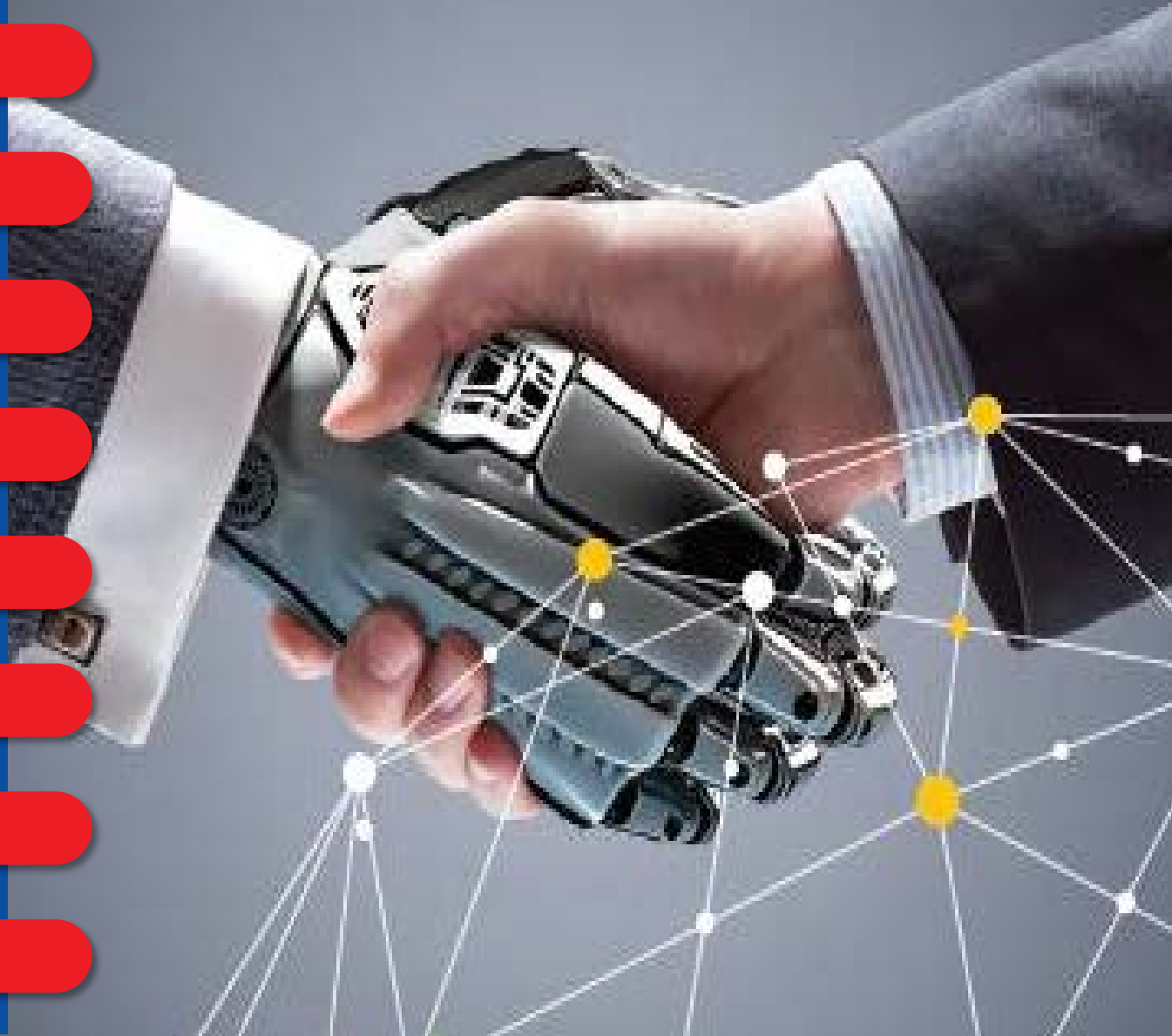
**First** and only one to make Plante Batteries

**First** to Launch ISS Batteries

**First** to Launch EFB Batteries

**First** to Launch Ultra Auto and Industrial Batteries

**First** to Launch Punched Grid Batteries



|                      |             |
|----------------------|-------------|
| <b>Serving since</b> | <b>1916</b> |
| <b>First Factory</b> | <b>1946</b> |

**The Statesman,  
5-Oct-1920**



**Times of India,  
29-Dec-1927**

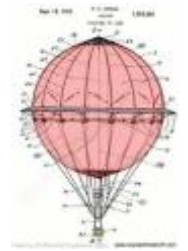


During **World War I**, Chloride Engineers developed a battery to operate airplane radio sets and numerous radio stations

1914-1918

1950s

Exide batteries provided power for **Piccard's balloon flight**



Exide battery was the first indigenous component in **Maruti car** which till then had all imported components

1980s



1999

During **Kargil war**, overnight, Exide geared up its production of batteries for Bofors field guns



*The list goes on ...*

## Our Achievements drive us



✓ Since inception, Exide has remained **Market Leader in the Lead Acid Battery** industry in India, each year every year

✓ **100+ years of posting Profit** and paying Dividend year after year—a rare feat, even globally

✓ In several African Countries, irrespective of Brand, **'batteries' are known as 'Exide'!**

# #What Drives You



# EXIDE



- 1. Exide Overview**
- 2. Market Leadership in a Challenging Environment**
- 3. Making Exide 'Future Proof'**
- 4. Robust Financial Health**
- 5. Benchmarking with Competition**
- 6. Way Forward**

A stylized graphic for EXIDE INDUSTRIES. The background is dark blue with a grid of glowing orange and yellow lines. Several diamond-shaped frames are scattered across the scene, some containing the letters "EX" or "ID". The text "EXIDE INDUSTRIES" is centered in a bold, white, sans-serif font.

**EXIDE INDUSTRIES**



1. **Exide Overview**
2. Market Leadership in a Challenging Environment
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A stylized graphic for EXIDE INDUSTRIES. The background is dark with a warm orange and red glow. Several glowing, diamond-shaped frames are scattered across the scene, some appearing to be part of a larger structure. The text "EXIDE INDUSTRIES" is centered in a bold, white, sans-serif font.

EXIDE INDUSTRIES

## Wide Application Areas (revenue share)



### AUTOMOTIVE

1. Four wheeler
2. Three wheeler
3. Two wheeler
4. Tractor
5. E-rickshaw
6. Inverter
7. Home UPS



### INDUSTRIAL

1. Industrial UPS
2. Renewable Energy
3. Power & Projects
4. Telecom
5. Traction
6. Railways
7. Miner's cap



### OTHERS

1. Submarines
2. Chargers
3. Solar projects

**9** *Manufacturing  
Plants*

**50+** *Countries - export  
destinations*

**150+** *Warehouses &  
Sales Offices*

**5,300+** *Employees*

**48,000+** *Direct & Indirect  
Dealers*

**57 Mn** *Automotive Battery  
Capacity*

**5 Bn Ah** *Industrial Battery  
Capacity*

|                           |                                   |
|---------------------------|-----------------------------------|
| Mr. Bharat Dhirajlal Shah | Chairman and Independent Director |
|---------------------------|-----------------------------------|

|                       |   |
|-----------------------|---|
| Mr. Gautam Chatterjee | Managing Director & Chief Executive Officer |
|-----------------------|---|

|                 |                       |
|-----------------|-----------------------|
| Mr. Arun Mittal | Director – Automotive |
|-----------------|-----------------------|

|                      |                      |
|----------------------|----------------------|
| Mr. Nawshir H. Mirza | Independent Director |
|----------------------|----------------------|

|                   |                      |
|-------------------|----------------------|
| Mr. Surin Kapadia | Independent Director |
|-------------------|----------------------|

|                   |                      |
|-------------------|----------------------|
| Ms. Mona N. Desai | Independent Director |
|-------------------|----------------------|

|                  |                      |
|------------------|----------------------|
| Mr. Sudhir Chand | Independent Director |
|------------------|----------------------|

|                 |  |
|-----------------|--|
| Mr. R.B. Raheja | Vice Chairman & Non-Executive Director |
|-----------------|--|

|                       |                          |
|-----------------------|--------------------------|
| Mr. Subir Chakraborty | Deputy Managing Director |
|-----------------------|--------------------------|

|                     |  |
|---------------------|--|
| Mr. A. K. Mukherjee | Director – Finance & Chief Financial Officer |
|---------------------|--|

## Shareholding Pattern of EIL



As of 31<sup>st</sup> December, 2019

## Indian

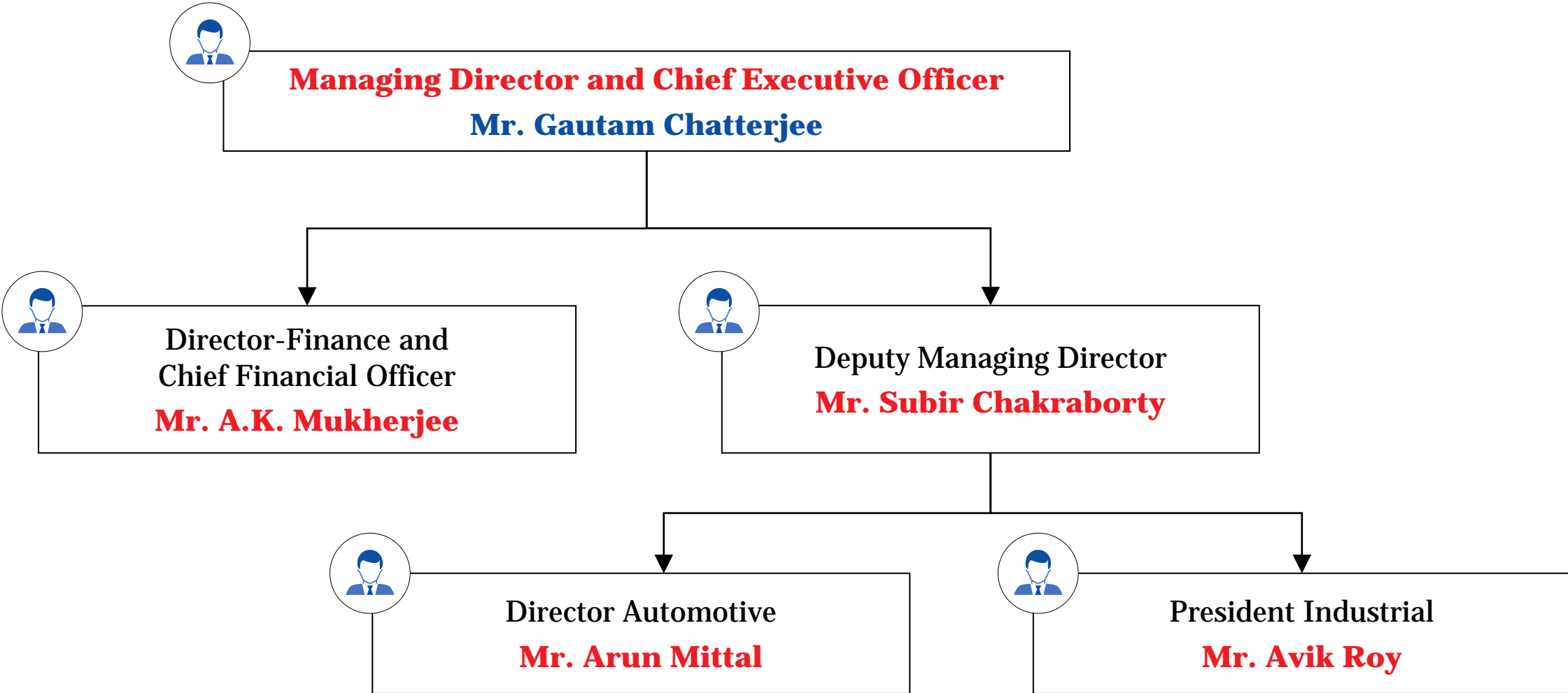
### *EIL's share*

|   |        |
|---|--------|
| <b>a</b> Exide Life Insurance Company Limited       | 100%   |
| <b>b</b> Chloride Power Systems & Solutions Limited | 100%   |
| <b>c</b> Chloride Metals Limited                    | 100%   |
| <b>d</b> Exide Leclanche Energy Private Limited     | 74.99% |
| <b>e</b> Chloride International Limited             | 100%   |

## Foreign

### *EIL's share*

|  |       |
|--|-------|
| <b>a</b> Chloride Batteries S.E. Asia Pte Limited (Singapore)          | 100%  |
| <b>b</b> Associated Battery Manufacturers (Ceylon) Limited (Sri Lanka) | 61.5% |
| <b>c</b> ESPEX Batteries Limited (United Kingdom)                      | 100%  |



**Business Verticals**

*Automotive, Industrial, Submarine*

**Enablers**

*Technology, Manufacturing, Brand, Human Resources*



## **Business Verticals**

*Automotive, Industrial, Submarine*

## **Enablers**

*Technology, Manufacturing, Brand, Human Resources*



**4-Wheeler**



**3-Wheeler**



**2-Wheeler**



**E-Rickshaw**



- ✓ Exide is the **market leader in all Automotive application** in domestic market
- ✓ **Wide range:** 3 Ah for two wheelers to 200 Ah for HCVs
- ✓ **Wide choice of Warranty period:** 12 months to 77 months (flat + pro-rata)
- ✓ **Strong International presence**

# Exide wins in market by building trust with OEM customers



We offer the best to our customers

State of the Art Global Technology

Installed capacity at multiple locations to cater to OEM plant locations

JIT supply to accommodate fluctuations in OEM demand

PAN India dealer and service network

We serve them all ...

**4W**

**3W**

**2W**

- Because of space constraint, logos of some of the OEM customers are depicted here
- All product names, logos, brands, and registered trademarks are property of their respective owners and used here for identification purpose only.

## Some of the Major Launches of 2019 and Upcoming Launches where Exide has 100% share



**Kia Seltos**



**MG Hector**



**Hyundai Venue**



**Tata Motors  
Gravitas**

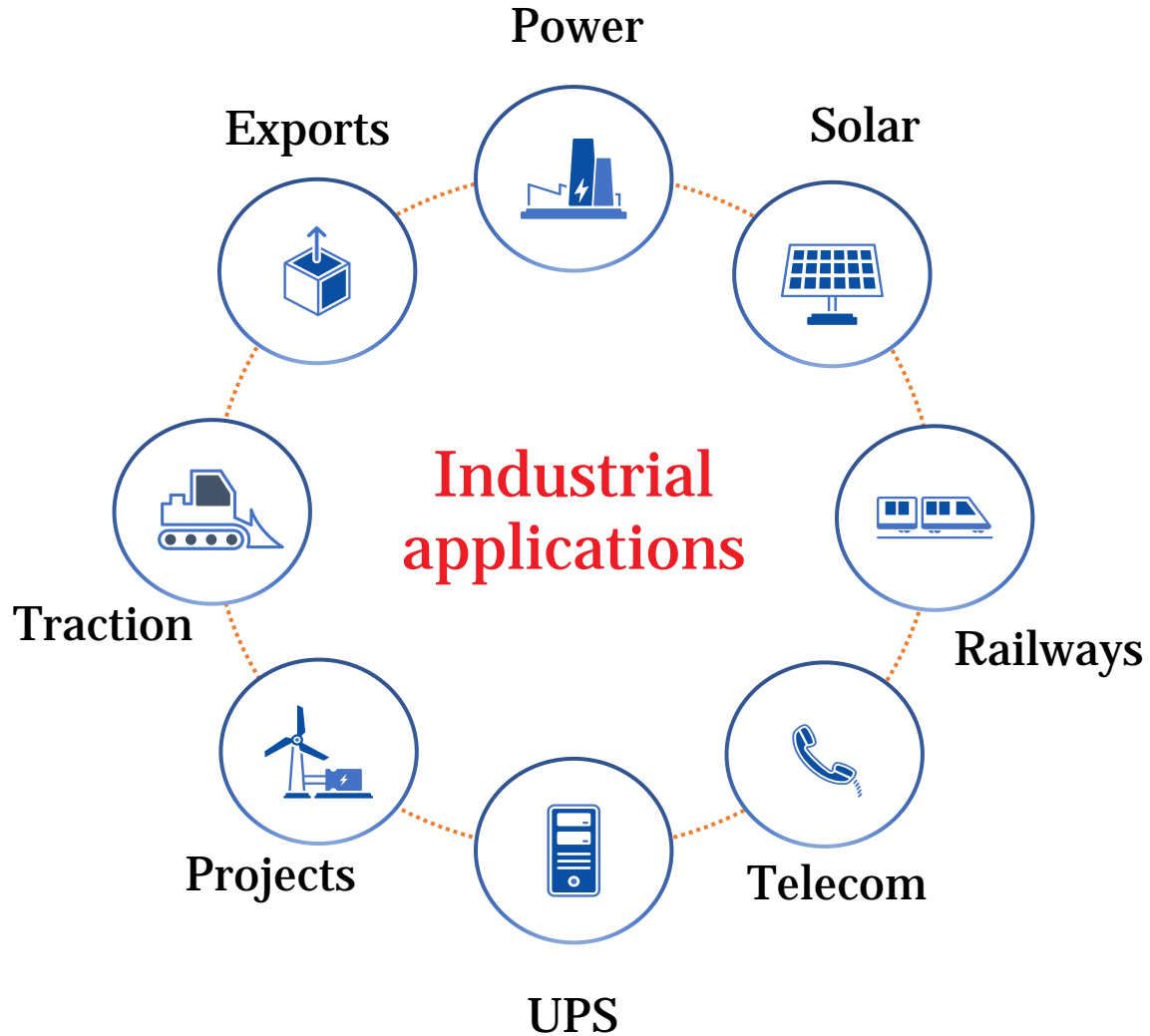
- ✓ **New OEMs in India** such as Morris Garages and Kia Motors **have relied on Exide Batteries**
- ✓ **Hyundai trusted on Exide Batteries** for launching 'Venue' – **their first offering of Connected Vehicle in India**
- ✓ We are the **only supplier to upcoming Tata Motors Gravitas**

## **Business Verticals**

*Automotive, Industrial, Submarine*

## **Enablers**

*Technology, Manufacturing, Brand, Human Resources*



- ✓ Exide is the **market leader in all Industrial applications** except Telecom
- ✓ Lead Acid Batteries ranging from **7 Ah to 3200 Ah** for wide range of applications
- ✓ **Strong International presence:** In over 50 countries



## **Business Verticals**

*Automotive, Industrial, Submarine*

## **Enablers**

*Technology, Manufacturing, Brand, Human Resources*

● Exide Industries Limited is **the only Company in South/South East Asia** with capacity for **bulk manufacturing of Submarine Batteries**

● Exide manufactures Batteries for different classes of Submarines of German, French and Russian designs – **including Nuclear Submarines**

● Exide has been the **Sole Supplier to the Indian Navy for 30 years**

● Exide also **exports to friendly countries** with Government of India's permission



# Highly Critical and Specialised Batteries—used as the Only Power Source in Submarines



- Each cell has electrical capacity of **more than 20,000 Ah**—compared to Automotive Battery capacity of 3 to 200 Ah

- Manufactured & supplied as a full set of Battery - with total weight of up to 300 ton/each Battery set - requires 14 to 15 Containers for shipment

- Exide provides Battery performance **guarantee of 6 years+** of actual use on Submarine—**Warranty returns are 'NIL' since inception**—testimony for Quality

- Competitors have been trying to enter this niche application for the past many years but not succeeded yet



**Business Verticals**

*Automotive, Industrial, Submarine*

**Enablers**

*Technology, Manufacturing, Brand, Human Resources*

## Business Verticals

*Automotive, Industrial, Submarine*

## Enablers

*Technology, Manufacturing, Brand, Human Resources*

# Our R&D prowess



## International collaborators



*Hitachi, Ltd. Japan*



*The Furukawa Battery Co. Ltd.  
Japan*



*East Penn Manufacturing Co., Inc.  
USA*



*Moura, Brazil*



*Ecoult, Australia*



*Advanced Battery Concepts LLC,  
USA*



***PG Engineers,  
PhDs in science &  
technology***

Development of Advanced Lead Acid Batteries for Emerging Applications

Ultra Batteries for both Automotive and Industrial applications that can deliver value equity with Li-ion Batteries

Developing tailor made solutions for EV customers and Telecom application in Li-ion space



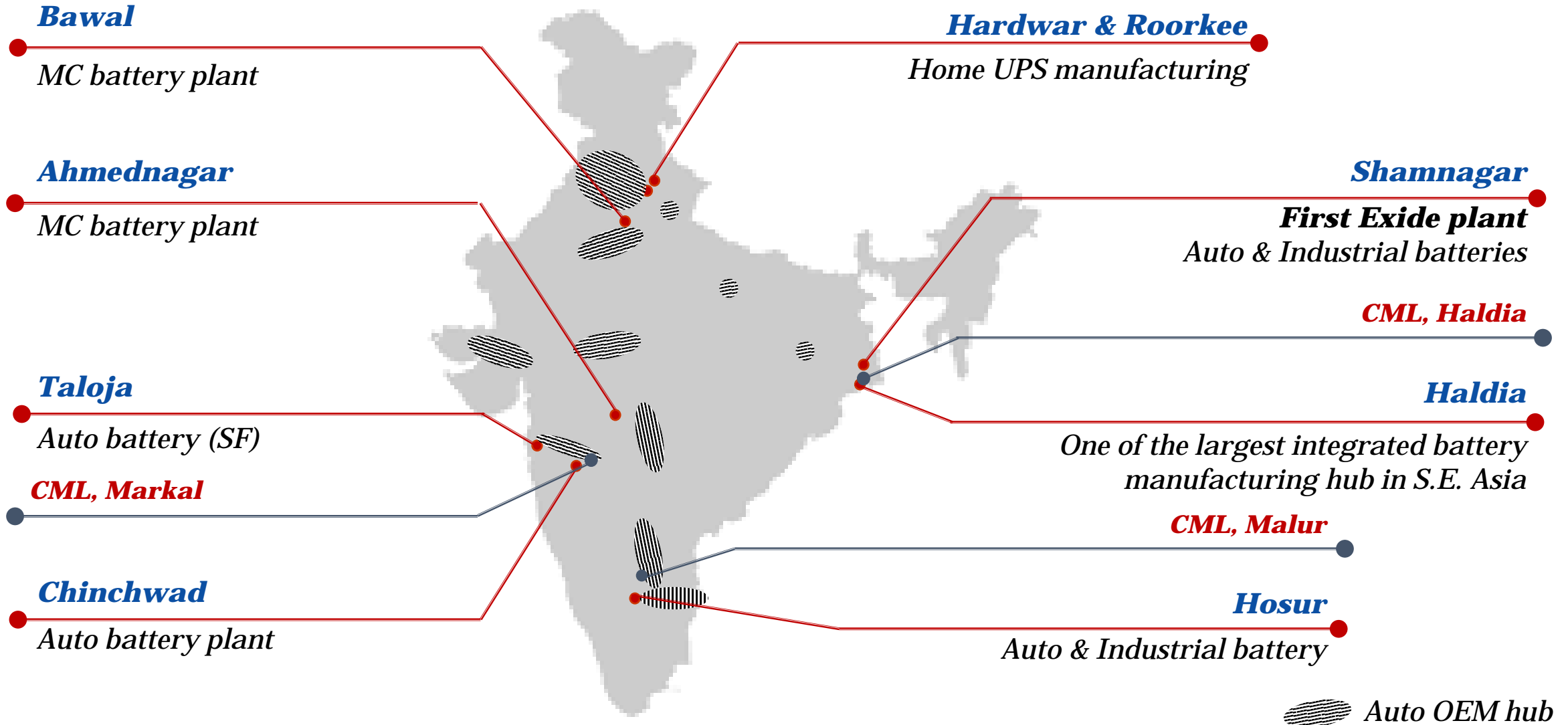
## Business Verticals

*Automotive, Industrial, Submarine*

## Enablers

*Technology, Manufacturing, Brand, Human Resources*

# Plants at multiple strategic locations across the country



## Business Verticals

*Automotive, Industrial, Submarine*

## Enablers

*Technology, Manufacturing, Brand, Human Resources*

## India moves on

# EXIDE

Captured Size and  
Dominating Omnipresence  
of a 100 Year Old brand



## 100 YEARS ~~OLD~~ *YOUNG*

- ✓ From being just a “**BIG Brand**” to → being a  
**“RELEVANT Brand”**
- ✓ From “**making a brand statement**” to →  
**“Engaging in Conversation”**

**RE-BUILD**

**RE-KINDLE**

**RE-ENERGISE**

# #WhatDrivesYou



*A NEW IDIOM CAPTURING THE NEW ETHOS ...*

**DRIVE**  
TO  
INNOVATE

**DRIVE**  
FOR  
GROWTH

**DRIVE**  
TO  
EXCEL

**DRIVE**  
TO  
PERFORM

**DRIVE**  
TO  
WIN

**DRIVE**  
FOR  
PROGRESS



## An “**Articulation**” of our “**Belief**”

- ✓ We do not just sell a battery
- ✓ We enable millions of Consumers, Partners and Employees to **DRIVE AHEAD**

## A **Reflection** of today’s **Consumer**



- ✓ Self-Driven to **MOVE AHEAD** and **ACHIEVE** their dreams



# Enabling the fulfilment of the drive

*A New Brand Personality*

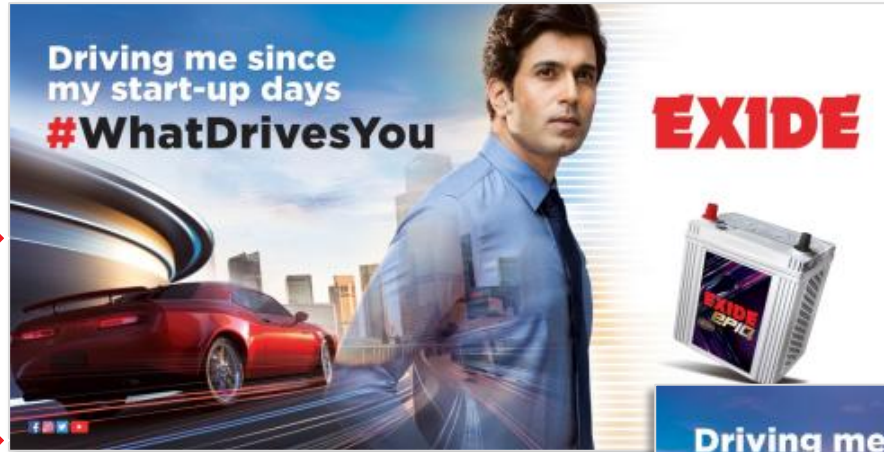
**Contemporary**

**Energetic**

**Positive**

**Refreshing**

**Active**



## Business Verticals

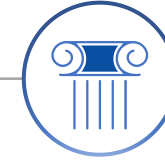
*Automotive, Industrial, Submarine*

## Enablers

*Technology, Manufacturing, Brand, Human Resources*

## Our Culture

*Traditional yet Warm*



## Our Fundamental Value

*Dignity and Respect*



## Our Talent Philosophy

*Ordinary People performing Extra-ordinary feats*



## Our Strength

*Employees' unshakable Pride & Trust in the Organization*



## Our Workplace

*An extended Home*



## Our Work Ethics

*Revolves around Loyalty and Hard-work*





Informal Cross-vertical Relationships that **Enables Speed of Action**

Strong Execution Orientation that **Ensures Obsession for Results**

Secured environment gives **Impetus to Employees to Work without Concern**

High stability of Leadership Team that **Safeguard Long-term Values**





## **Exide leadership behaviour**

- ✓ Partner With Customer & Stake Holder
- ✓ Develop & Empower Team
- ✓ Manage By Process & Facts
- ✓ Innovate & Lead Change
- ✓ Promote Cross Functional Collaboration
- ✓ Inspire Excellence
- ✓ Treat Others With Respect & Dignity



## **Leadership capability development**

- ✓ Leadership coaching academy instituted with aim to create **50+ model coaches**



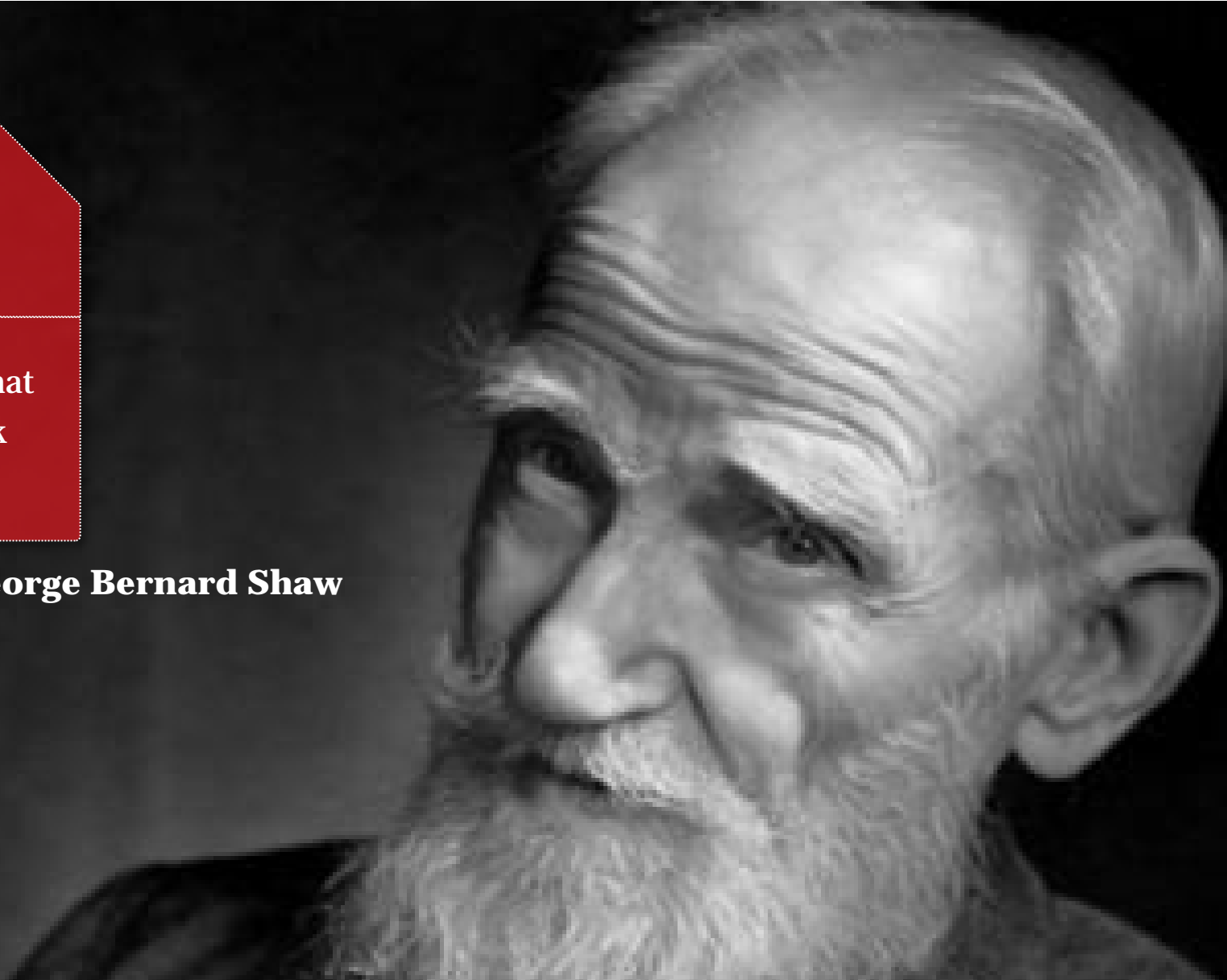
## **Skill academy**

- ✓ Academies have been created to build **functional excellence for Junior and Middle Management**

People see things;  
and they ask  
**“WHY?”**

But, I dream things that  
never were; and ask  
**“WHY NOT?”**

- **George Bernard Shaw**



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EXIDE INDUSTRIES



***In terms of Revenue Share, Exide is the leader in most application areas of Lead Acid Batteries ...***

| <b>Automotive</b>  |     |
|--------------------|-----|
| OEM - 4 Wheeler    | ✓   |
| OEM - 2 Wheeler    | ✓   |
| Trade - 4 Wheeler  | ✓   |
| Trade - 2 Wheeler  | ✓   |
| Inverter Batteries | ✓   |
| Exports            | ✓ * |

*\*No. 2 Indian Exporter of Automotive Batteries*

| <b>Industrial</b> |     |
|-------------------|-----|
| Power             | ✓   |
| Solar             | ✓   |
| Railways          | ✓   |
| Telecom           | ✓ * |
| UPS               | ✓   |
| Projects          | ✓   |
| Traction          | ✓   |
| Exports           | ✓   |

*\*No. 2 in Telecom Batteries*

| <b>Others</b> |   |
|---------------|---|
| Submarine     | ✓ |

Market Leader     
 No. 2

***Only Player in the World to make Lead Acid Batteries for all Applicable Verticals***

## Physical presence



1,750+

Exide Care Dealers

1,500+

SF Sonic-ECP+DD<sup>1</sup>

48,000+

Total Dealers<sup>2</sup>

1. ECP: Elite Channel Partner, DD: Direct Dealers

2. Includes Direct & Indirect Dealers

## Online presence



We don't just sell "Batteries", we sell "Uptime"



*Service infrastructure highlights*

**Service Centers: 170**

**Batmobile Vehicles: 170+**

**Humsafar Vehicles: 100+**

**Service Technicians: 1,300+**

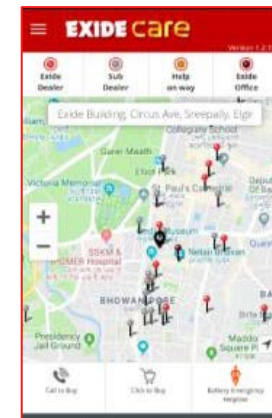
**Inverter Repair Centers: 12**

**EXIDE BATMOBILE**  
Emergency on-road service



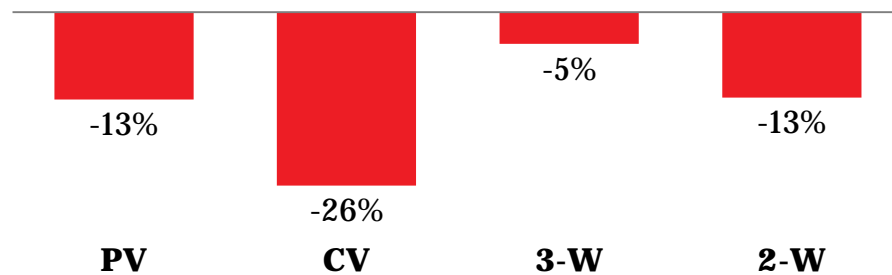
**EMERGENCY HELPLINE 1800-103-5454**

*Battery Emergency  
Helpline through Exide  
Care mobile application*





## Decline in Automotive Production YTD Jan-20 (compared to YTD Jan-19)



- ✓ **Slowdown** in the automotive production and domestic sales continues
- ✓ Exide being a major OE supplier has also been affected

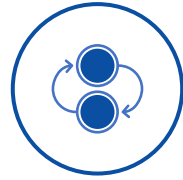
Source: SIAM and internal assessment



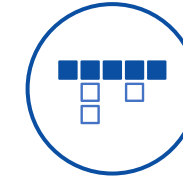
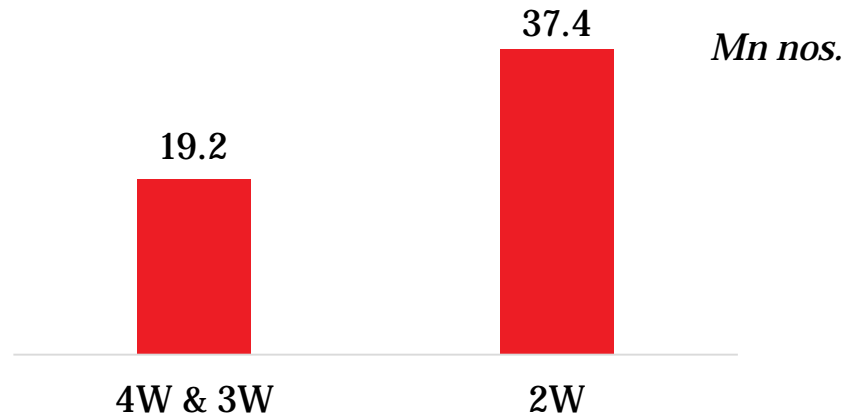
## Share of OEM Business (2019-20)

|              | 4-W & 3-W    | 2-W        |
|--------------|--------------|------------|
| <b>Exide</b> | ~ <b>60%</b> | <b>65%</b> |

- ✓ In these difficult times of the Automotive Industry, Exide's strategy is to **hold on to its market leadership** in the OE space
- ✓ Exide **stands to gain the most** when the OEMs are back to high growth trajectory



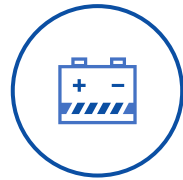
## Automotive Battery Replacement Market Size



## Replacement market is shifting towards organised

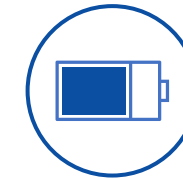
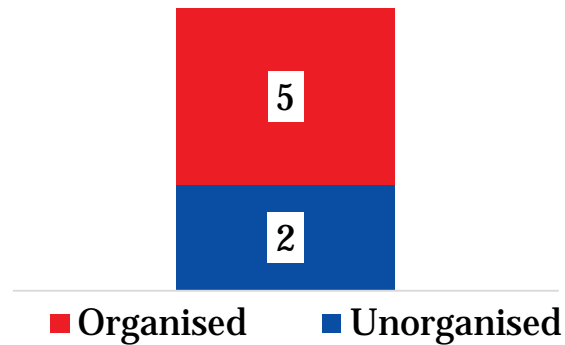
- ✓ ~40% of the replacement market is unorganised
- ✓ Share gain expected from the unorganised sector because of govt. policies (**GST, BMHR, etc.**)
- ✓ Plans to **leverage Dynex brand** to tap into this market

- ✓ Exide’s **Market Share for After Market Starter Batteries is estimated at over 50%** of organised sector (*Market share in FY20 for 4W Starter Batteries in 61 cities is over 57% - Source - GFK report*)
- ✓ Exide has **significantly gained Domestic Market Share** over the last 3 years



## Inverter Battery Replacement Market Size #

Mn nos.



## Inverter market is here to stay for foreseeable future

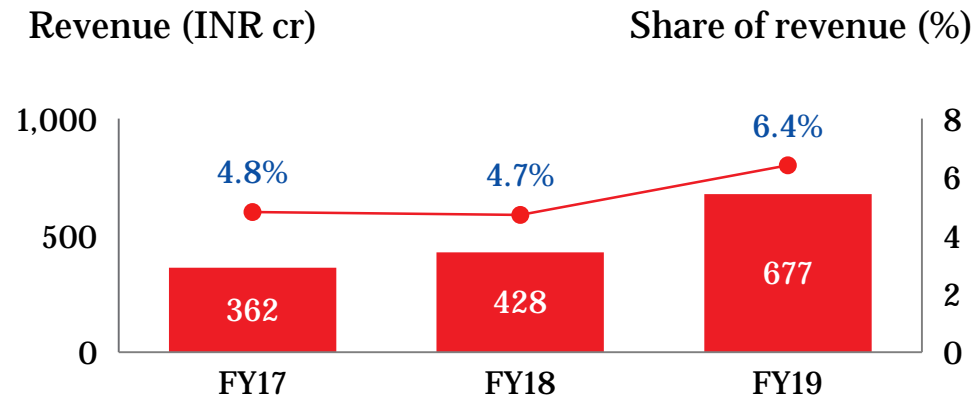
- ✓ Although adequate power generation capacity exists, Discoms are unable to buy required power
- ✓ **Rural power remains an issue:** In multiple States ~20% rural households get less than 15 hours electricity @

- ✓ Exide is the **Market leader with share for inverter batteries estimated at ~36%** (Market share in FY 20 for Inverter Batteries in 61 cities, Source – GFK Report)
- ✓ In spite of **aggressive play by relatively new players**, Exide has been able to **hold on to its market leadership**

Source: # Internal assessment; @ National Power Portal, MoP, GOI



## Strong traction in Exports over last few years



- ✓ We export Industrial and Automotive Batteries to **over 50 countries** across continents
- ✓ **Key markets** are in Europe, UK, Middle East, S.E. Asia and Africa

Source: Annual Report



## Strong growth expected in future

- ✓ Our Exports Division has long standing **relationships with international B2B customers**
- ✓ Our Batteries are **suitable** for a wide range of weather conditions
- ✓ We are already **compliant with certifications** required in Middle East
- ✓ Have set up an **office in UAE and deployed staff** to further grow the Middle East market ... more to follow



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EXIDE INDUSTRIES



## C for “Connected”

- ✓ Connected cars will require higher auxiliary power
- ✓ Exide has products for connected cars—we have 100% share of business with **Hyundai Venue, MG Hector, Kia Seltos**



## A for “Automated”

- ✓ Automated car is still a **distant concept for Indian market**
- ✓ However, **Exide has capability to meet** battery requirements that might emerge in this space



## S for “Shared”

- ✓ Exide is a preferred supplier for major cab hailing service providers (**e.g., Uber, Ola**)
- ✓ Exide has tailored products for this market



## E for “Electric”

- ✓ **Exide—Leclanche JV** created to cater to Li-ion Battery requirement
- ✓ Exide is also a **major supplier of Lead Acid Battery for EVs manufactured** in India

# Exide is an “Early Mover” in Li-ion Battery manufacturing in India



Private Limited

# Exide has formed JV with Leclanche, Switzerland



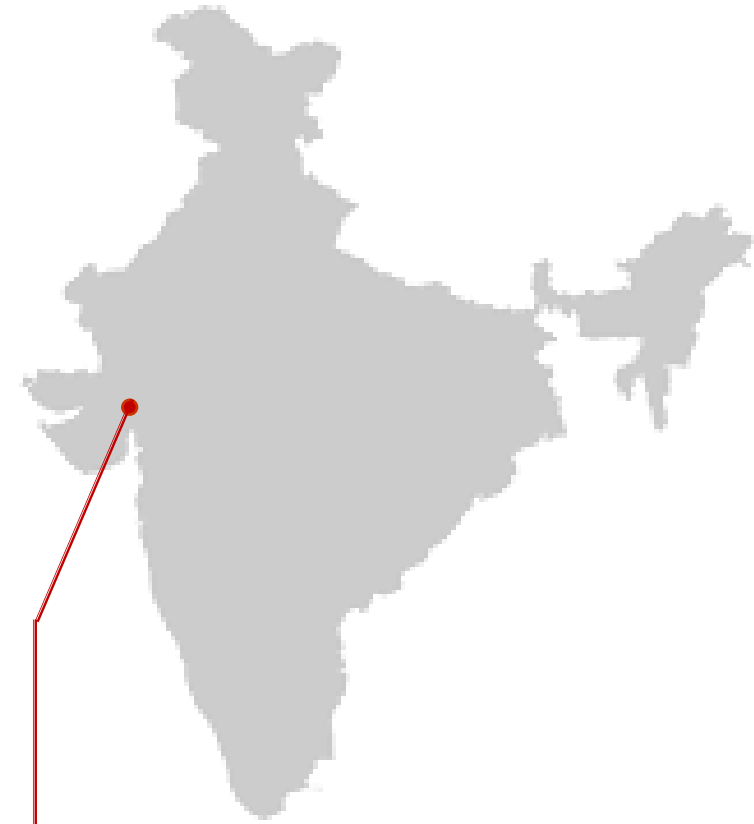
**nexcharge**  
Exide Leclanche Energy  
Private Limited



**74.99%**



**25.01%**



**Prantij, Gujarat**

- 56,680 sq. mtr factory of Nexcharge.
- 60 Km from Ahmedabad





## Key features

- ✓ Developed in Switzerland with key controls on Safety and Process
- ✓ Flexible to handle different variants of cell
- ✓ All Stations supervised with MES Control

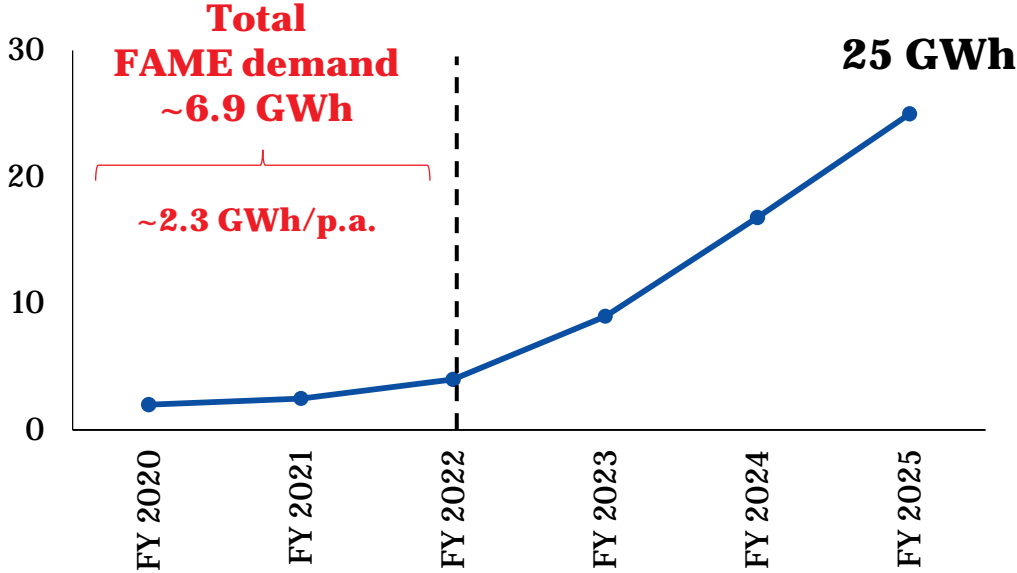


# There is strong potential for Li-ion batteries in India, but clarity on government policy required for demand visibility



While India has the potential to be ~ 25 GWh market by 2025, present visibility of demand is only 2.3 GWh per year under FAME Scheme till 2021-22

Estimated EV Battery Demand (GWh)



In an **optimistic scenario**, demand may peak to ~25 GWh across EVs by 2025 with support from Government and drop in Li-ion Prices



**However, Government support is not clear beyond FAME II**

Total FAME-II Subsidy translates to ~6.9 GWh, i.e. 2.3 GWh p.a.

Source: BCG analysis - 2020

## Draft central subsidy policy under discussion

➤ **Government is keen to grow EVs, however final Policy is yet to be announced**

➤ **Government is likely to Incentivise Plants with Capacity 5 GWh+**

➤ **Key Disbursement Criteria**

- ✓ Allocation of **50 GWh** Capacity
- ✓ **Rs 700 Cr. Total Subsidy Outgo**
- ✓ **Minimum capacity** of beneficiary plants needs to be **5 GWh**

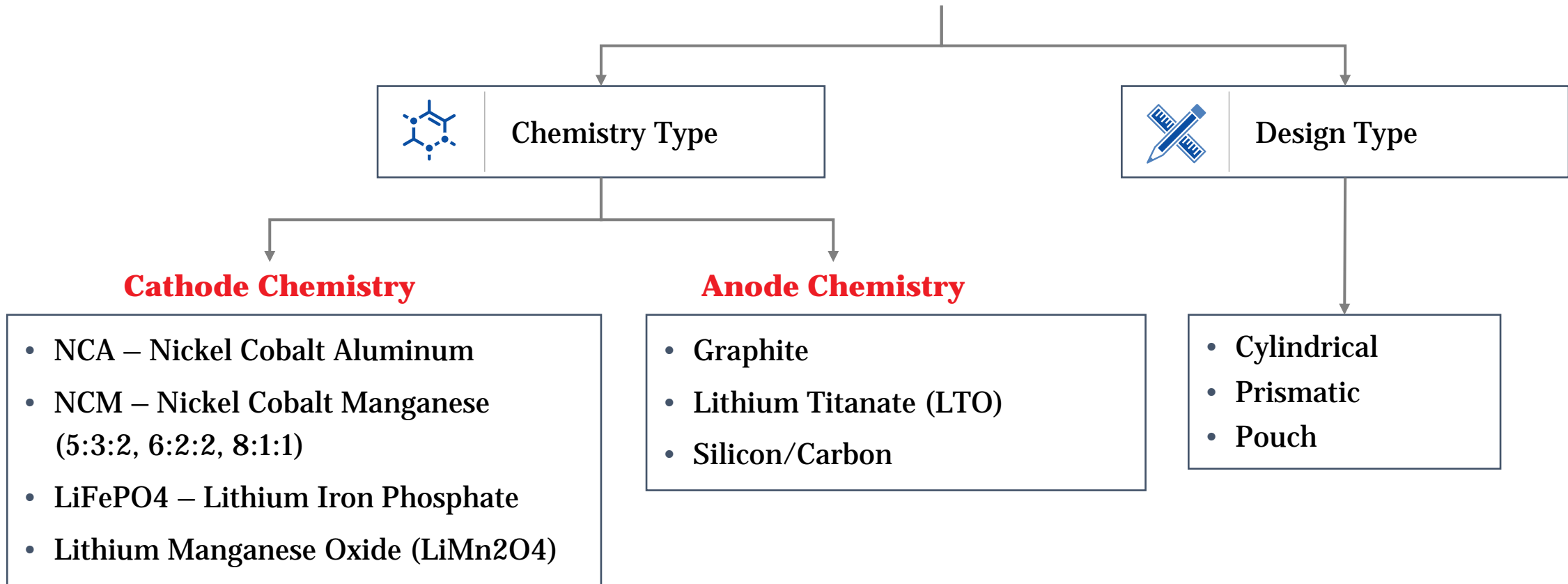
➤ **Manufacturing Support**

- ✓ 3% Interest Rate subvention on money borrowed in INR
- ✓ **10 year Corporate Tax Refund**
- ✓ Reduction in MAT to 9% from 18.5% / 15%
- ✓ Investment-linked Tax Incentive under Section 35 AD
- ✓ **Increase in Customs Duty** from April, 2021 on Cells to 10% from 5% and packs to 15% from 5%
- ✓ **Zero-duty imports** for Lithium, Iron and Cobalt

➤ **Output Linked Subsidy**

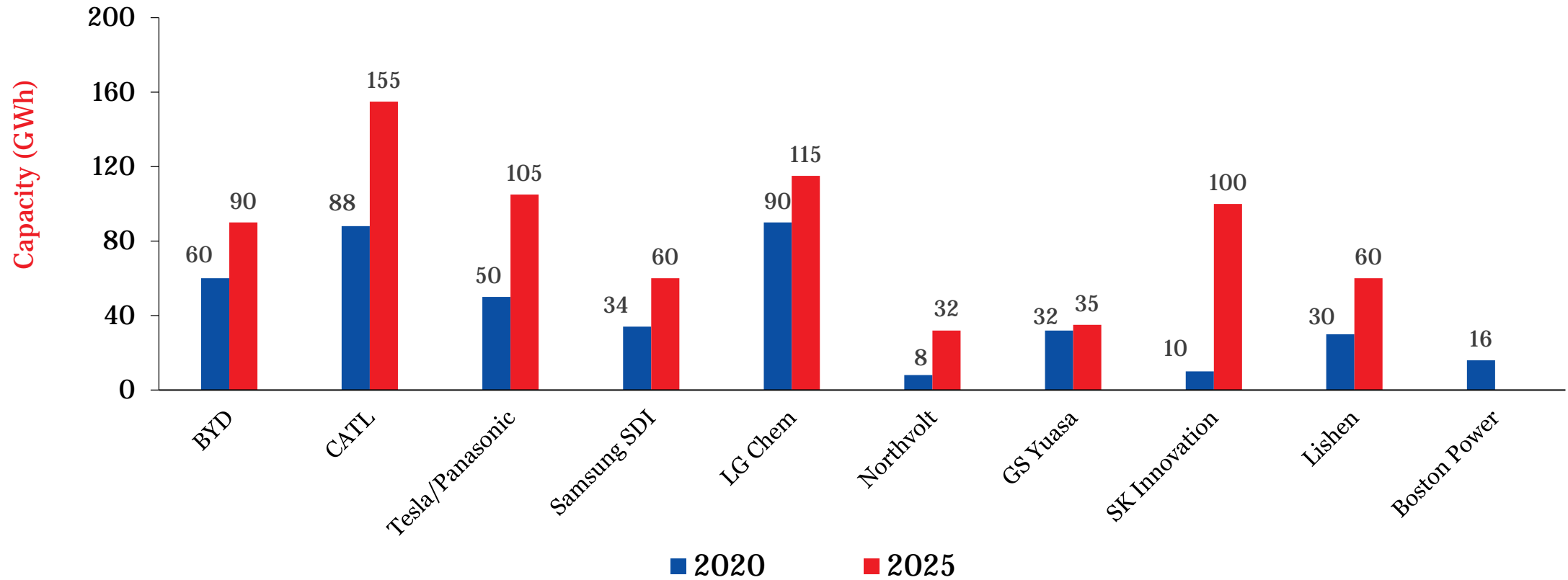
- ✓ **Up to \$35 per KWh** on price of the final Battery

## Lithium-ion Battery

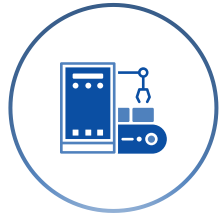




## Estimated global Li-ion battery production capacity



Source: Frost & Sullivan



## **Minimum scale of 5 GWh (over time) critical to be competitive in Cell Manufacturing**

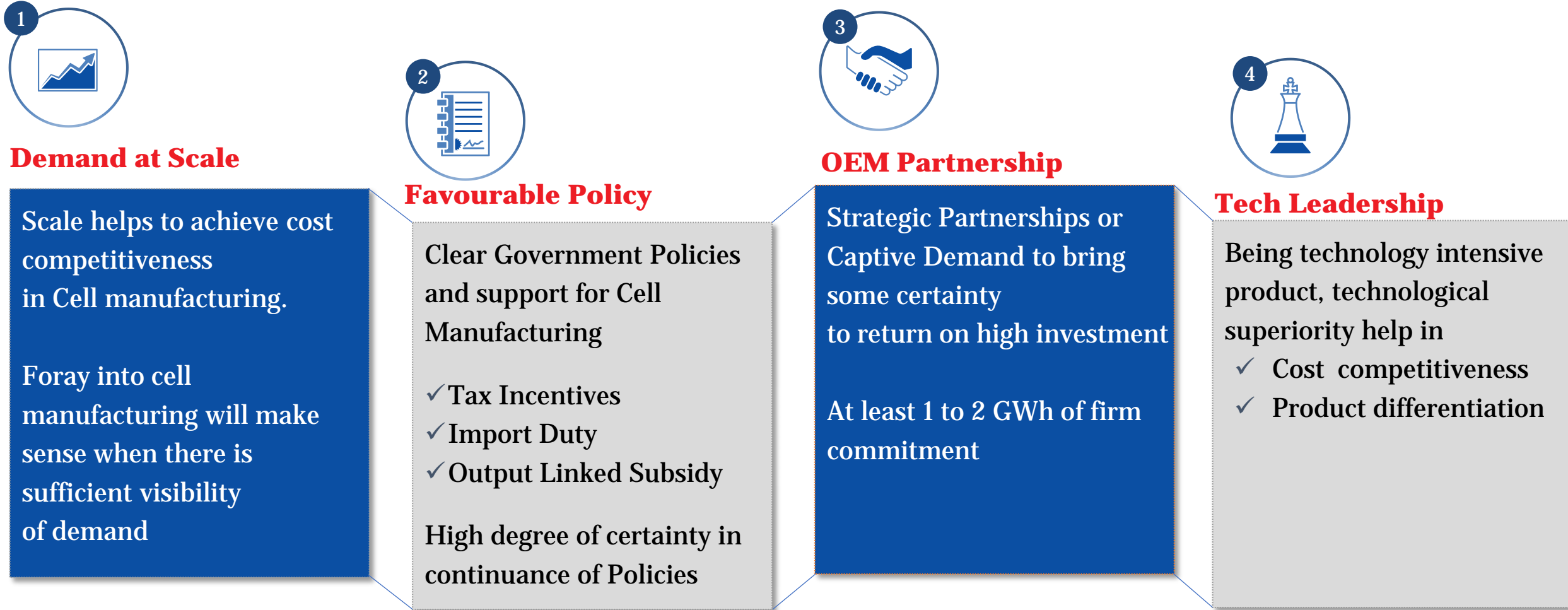
- ✓ ~8% Raw Material Procurement Cost Advantage
- ✓ 2-3% Manufacturing Process Efficiency



## **Global consolidation in Cell Manufacturing –**

- ✓ Share of top 5 players increased to 79% from 56% over the past 2 years

# Successful cell manufacturing is primarily contingent upon four factors



| Markets targeted<br>(early adopters)   | Size expected in<br>2022 (in MWh)   | Rationale for targeting market  |
|--|---|---|
|  Buses                    |  500   | <ul style="list-style-type: none"> <li>✓ Govt extending support to <b>~7,000 e-buses through FAME II</b></li> <li>✓ <b>2 major OEMs</b> have entered market and outsourced battery modules and packs</li> </ul> |
|  E-2 Wheelers             |  625   | <ul style="list-style-type: none"> <li>✓ <b>20+ OEMs</b> have started business – all with outsourced modules and packs</li> <li>✓ Established players in market with high volumes (&gt;1L)</li> </ul>           |
|  E-rickshaws<br>(Li-ion) |  150  | <ul style="list-style-type: none"> <li>✓ <b>Market has started to shift to Li-ion Battery</b></li> <li>✓ Current market demand is for 4 million Lead Acid Batteries per annum</li> </ul>                        |
|  Telecom                |  800 | <ul style="list-style-type: none"> <li>✓ <b>Reliance Jio uses Li Ion Battery</b> in 100% towers and will continue to do so</li> <li>✓ Other telecom companies may follow suit</li> </ul>                        |

Source: BCG analysis - 2020

**Growth potential exists across battery technologies—the “matured” as well as “young and emerging”**



**Lithium Ion Battery**

*Young with significant potential*

# Opportunity

*Matured but still growing*  
**Lead Acid Battery**

**We are living  
our vision and  
loving the journey**

# We supply Lead Acid Batteries to EV manufactures as well



- ✓ **EVs require Lead Acid Battery for auxiliary application**— demand of LAB will not dampen even with high EV penetration
- ✓ Exide is a major supplier of LAB to EV manufacturers in India.
- ✓ **Strong pipeline of business:** We are LAB supplier to EV models under development

## EV manufacturers



\* Because of space constraint, logos of some of the OEM customers are depicted here

**Therefore, our RISKS in a scenario of high adoption of EV stands MITIGATED**

Note: LAB: Lead acid battery  
All product names, logos, brands, and registered trademarks are property of their respective owners and used here for identification purpose only.



**M&M E Verito**



**Tata Motors Nexon**



**Bajaj E Chetak**

- ✓ Overall **Automotive Industry has grown at ~7% CAGR** in last 5 years
- ✓ Somewhat slowdown in recent years seen in line with overall economy
- ✓ Going forward following will be drivers of the Automotive battery sales:
  - ✓ Economic recovery leading OEM recovery
  - ✓ Four wheeler commercial fleets
  - ✓ Two wheelers for last mile connectivity
  - ✓ Proliferation of E-rickshaw
  - ✓ Scrappage policy
  - ✓ Large vehicle base – replacement demand
  - ✓ LAB supply to EVs



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- 6. Way Forward**

A stylized graphic for EXIDE INDUSTRIES. The background is dark blue with a grid of glowing orange and yellow lines. Several diamond-shaped frames are scattered across the scene, some containing the letters "EX" or "ID". The text "EXIDE INDUSTRIES" is centered in a bold, white, sans-serif font.

**EXIDE INDUSTRIES**



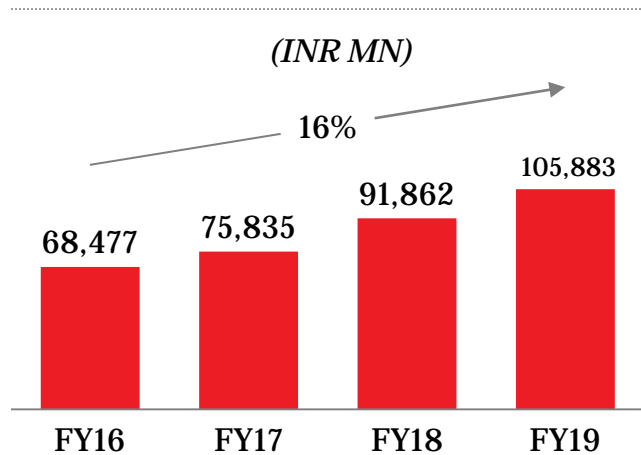
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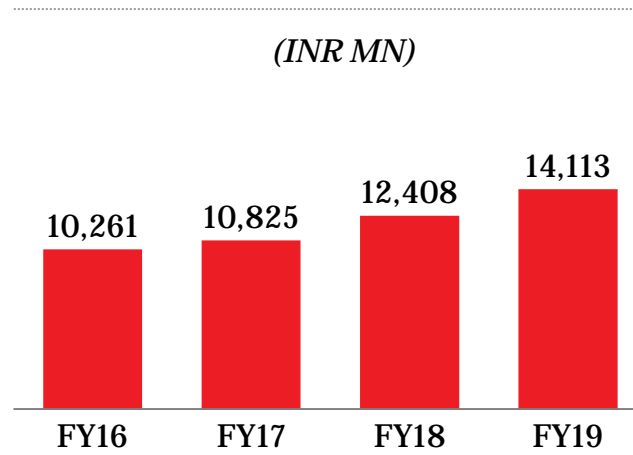
EXIDE INDUSTRIES

## FY16-FY19

### Revenue



### EBITDA



➤ **Robust growth over last four years**

- ✓ Widened our market leadership gap

➤ **Strong profitability over last four years by:**

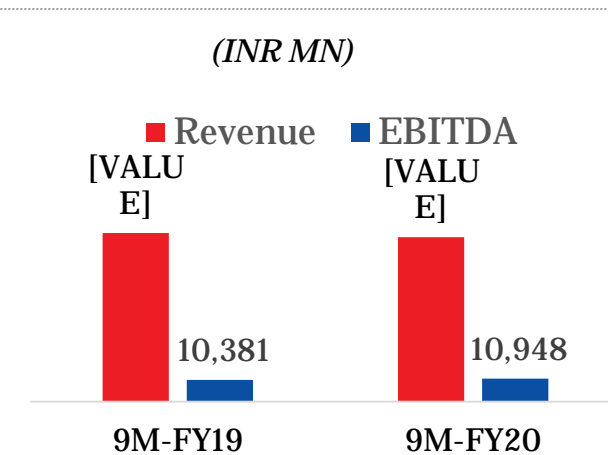
- ✓ Continuous Cost Focus leading to savings

➤ **Zero Debt Company since 2011<sup>1</sup>**

1. Except for short term borrowing for overseas equipment purchases @ 1-2% interest availed during FY15-FY17

## 9M FY19 – 9M FY20

### Revenue and EBITDA



1. Revenue dropped because of OEM slowdown
2. But Cost Leadership helped to post better Profitability

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# Why is EIL's EBITDA margin lower than Competition ?

## EBITDA margin\*

| Year    | EIL   | Nearest Competitor |
|---------|-------|--------------------|
| 2018-19 | 13.3% | 14.0%              |



**Material cost:** EIL's cost as per cent of revenue is 2.5% lower



**Employee cost:** EIL's cost as per cent of revenue is 1% higher



**Warranty Costs:** EIL's cost as per cent of revenue is 0.8% higher

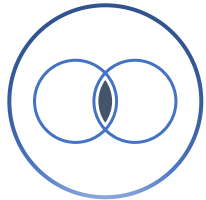


**Power & Fuel:** EIL's cost as per cent of revenue is marginally (0.1%) higher

Covers ~90%  
of the costs  
till EBITDA

\* Annual reports

## Will sustain Cost leadership through



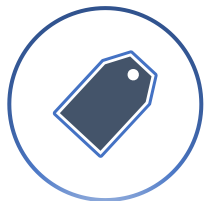
### Increased Backward integration:

- ✓ 100% subsidiary Chloride Metals Ltd (CML) supplying recycled lead
- ✓ CML increasing capacity ~2X by April 2020



### Other levers of competitiveness:

- ✓ Diversified Supplier base - National & International
- ✓ Large and consistent offtake helps to get Best Price
- ✓ Reverse auction



### Price premium of Exide:

- ✓ Helps keep Material Cost as percentage of Sales lower

## Reasons for high cost



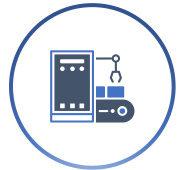
### **Factories started in 1946, 1969, 1981, 1997 ... and so on ...**

- ✓ Average **Employee Age 40 years**
- ✓ Strong labour unions with **3-year Agreement Cycles**



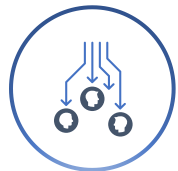
### **Multiple plant locations**

- ✓ **9 Factory Locations** of Exide – leads to **higher overheads** and other costs associated with lower Factory Capacity in single location



### **Three plants in Maharashtra**

- ✓ Cost of living/wages there is **15% higher than other places**



### **Retail distribution model**

- ✓ ~500 **sales persons employed for Retail Distribution** versus a leaner distribution model



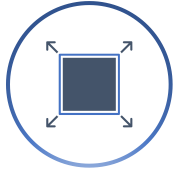
### **Higher OEM share**

- ✓ The Employee cost as percentage of Sales goes up as **Price per OE unit is less than After Market Price**



- ✓ **Latest automated plants have been imported** from USA (using EPM technology) and Japan (using Hitachi technology)
- ✓ Long Term Wage Agreement duration: **Increased from 3 Years to 5 Years**
- ✓ **Sales Optimisation Programs** and Training for frontline Sales Personnel
- ✓ **Ergonomic workstation design** introduced to enhance work environment and productivity
- ✓ **New employees joining now typically start at lower salaries** (30% of existing employees)
- ✓ **Cost levels expected to come down with retirement of ageing workmen** leading to the ratio tilting towards new employees joining at lower salaries

## Reasons for high warranty cost



### Large presence in Abusive Application Segments with higher Warranty

- ✓ **EIL is Market Leader in Inverter Batteries** which have significantly higher Warranty % compared to 4-wheeler Batteries due to **very challenging application**
- ✓ EIL has a **large presence in E-rickshaw space**, which is a **very abusive application area**, necessitating higher Warranty %



## Exide power cost marginally higher due to locations of plants

Tariff in Maharashtra, where we have 3 plants, are much more than other states



## Multiple cost reduction measures already taken ...

- ✓ Rooftop Solar Panel Installation
- ✓ Energy efficiency Projects in all Plants & Offices
- ✓ Energy Dashboards
- ✓ Energy Circles
- ✓ Group captive plants – to be set up by this year



## ... with visible results in FY20

- ✓ 2.2% reduction in energy consumption
- ✓ Solar power generation to increase by 8 times in 2020
- ✓ Greenhouse gas reduction by 2%



## OEM Share

- ✓ Significantly higher OEM Share in overall revenue as compared to Competition. Lower Margin OEM in Mix therefor leads to lesser EBITDA%



## Employee cost

- ✓ Higher average age of employees, factories in higher wage regions, retail distribution model



## Legacy cost







- ✓ Legacy Costs of 9 Factories working for decades, multiple plant locations



## Warranty Costs

- ✓ Higher because of significant presence in Abusive Application Segments with higher Warranty

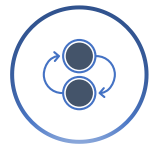
## Overall Revenue growth YoY

| Years             | EIL   | Nearest Competitor  |
|-------------------|---|---|
| 2017-18           | 21.1%  | 14.0%  |
| 2018-19           | 15.3%  | 12.1%  |
| 2019-20 (YTD Dec) | -2.4%  | 0.6%   |



### In last few years EIL's revenue growth surpassed Competition

- ✓ EIL's revenue growth in the last couple of years (2017-18 & 2018-19), on an average, was 520 basis points higher than Competition



### Reason for EIL's revenue de-growth in 2019-20 (YTD Dec'19)

- ✓ OEM sales contributes significantly higher in EIL as compared to that of Competition
- ✓ **When OEM demand is down by 20%**, EIL's revenue is more adversely affected than that for Competition
- ✓ On the flip side, **EIL stands to gain more when Automobile industry recovers**

# We are ahead of Competition in terms of revenue and domestic market share growth over last three years



## Overall Revenue growth YoY

| Years             | EIL   | Nearest Competitor |
|-------------------|-------|--------------------|
| 2017-18           | 21.1% | 14.0%              |
| 2018-19           | 15.3% | 12.1%              |
| 2019-20 (YTD Dec) | 2.4%  | 0.6%               |

## Domestic Revenue growth YoY

| Year    | EIL   | Nearest Competitor |
|---------|-------|--------------------|
| 2017-18 | 21.3% | 12.8%              |
| 2018-19 | 13.2% | 8.3%               |

## EIL has performed better in the domestic market

- ✓ **EIL's revenue** from domestic sales has **increased at a much faster rate** (average of 660 basis points) compared to Competition
- ✓ This is **indicative of EIL gaining market share** in the domestic market

Source: Annual Reports

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## **OEM**

- ✓ Hold on to existing Shares of Business with Conventional Batteries
- ✓ As conversion to EFB starts, increase Share of Business

## **After Market**

- ✓ Take a greater share of the Pie as Unorganised Market gets merged into the Organised Market
- ✓ Focus on high margin products

## **Exports**

- ✓ Aggressively grow Auto Exports to double in 2 / 3 years
- ✓ Focus on Industrial Standby application products
- ✓ Continue Expansion of Global Footprint and Market Share in Forklift Truck Batteries



## **Industrial**

- ✓ Hold on to our Dominant Market Shares in UPS, Traction (Forklift Truck Batteries), Power, Projects and Solar in Domestic Market. Increase our share in Telecom

## **New Business**

- ✓ Work with Indian OEMs in EV Space, both in LiB and LAB
- ✓ Leverage our Extensive Premium Dealer Network for After Sales Service for New Players in EV Space



## **Technology**

- ✓ Advanced Lead Acid chemistries for emerging applications
- ✓ Developing optimal solutions for energy storage business
- ✓ Preferred partner to EV manufacturers

**Revenue target:** Above the market growth rate

**EBITDA target:** Recent EBIDTA margin(%) growth trajectory to continue





**Project Jyotirmay - Employee Volunteering at a school in Kolkata**



**Patient's Ambulance donated to 'Little Sister of the Poor', an old age home**



**Public Sanitation facility built at Chinchwad**



**Exide Heals on Wheels**





**Hosur**



**Haldia**



**Chinchwad**



**Taloja**

*A hundred years hence  
Who it is  
With such curiosity  
Reads my poems  
A hundred years hence!*

*Shall I be able to send you  
An iota of joy of this fresh spring  
morning  
The flower that blooms today  
The songs that the birds sing  
The glow of today's setting sun  
Filled with my feelings of love*



**... we will be there for you!**



**THANK YOU!**

**Investor Contact**

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