



# **Q3 & 9M FY23 Earnings Presentation**

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**24 January 2023**

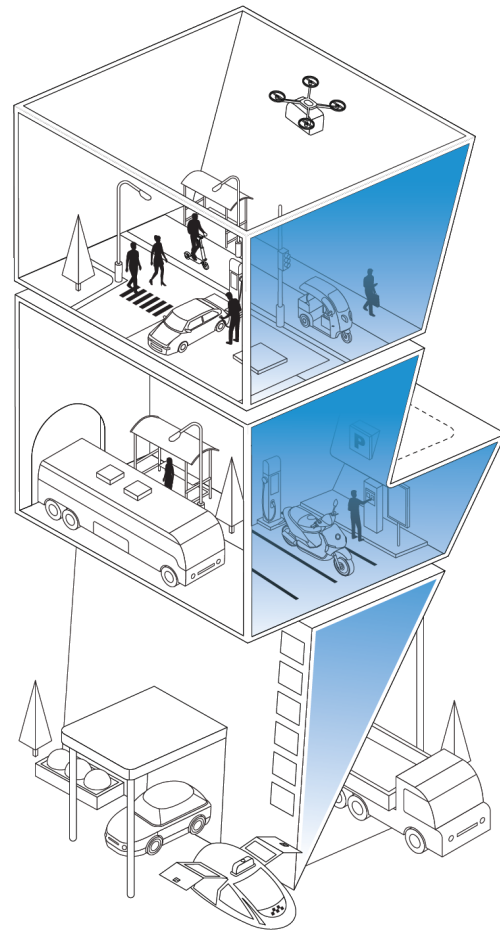
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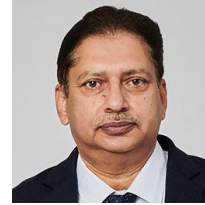
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# Our Management



**Mr. Kiran Manohar  
Deshmukh**  
*Group CTO*



**Mr. V. Vikram Verma**  
*CEO, Driveline Business*



**Mr. Sat Mohan Gupta**  
*CEO, Motor Business*



**Mr. Rohit Nanda**  
*Group CFO*



**Mr. Vivek Vikram Singh**  
*MD & Group CEO*



**Mr. Amit Mishra**  
*Head, Investor Relations*

# Q3 FY23 Financial Performance Highlights

**6,850 mn | 39%**

Revenue | YoY Growth

**1,862 mn | 43%**

EBITDA | YoY Growth

**27.2%** EBITDA Margin

**1,071 mn | 45%**

PAT | YoY Growth<sup>1</sup>

**15.6%** PAT Margin

**1,733 mn | 29%**

BEV Revenue | YoY Growth

**26%**

Q3 FY23 Revenue Share  
from BEV

## Notes:

1. Excluding exceptional income of Q3 FY22

# 9M FY23 Financial Performance Highlights

**19,316 mn | 22%**

Revenue | YoY Growth

**4,944 mn | 17%**

EBITDA | YoY Growth

**2,755 mn | 18%**

PAT | YoY Growth<sup>1</sup>

**25.6%** EBITDA Margin

**14.3%** PAT Margin

CY21

CY22

**6.3% → 7.2%**

Global Market Share  
of Differential Gears<sup>2</sup>

CY21

CY22

**4.6% → 4.1%**

Global Market Share  
of Starter Motors<sup>3</sup>

## Notes:

1. Excluding exceptional income of Q1 & Q3 FY22
2. As per Ricardo's market size estimates for CY21 & CY22
3. Across light vehicles; as per Ricardo's market size estimates for CY21 & CY22

The image shows four glowing orange, gear-like components, identified as net formed differential gears, moving along a dark metal mesh conveyor belt. The gears have a complex, multi-lobed shape and are illuminated from within, giving them a bright orange glow. The background is dark and industrial, with some structural elements visible.

# Update on our Strategic Priorities

Net formed differential gears coming out of our forging press

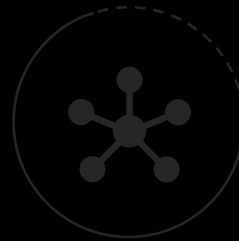
# Update on our Strategic Priorities



**Electrification**



**Global Market  
Significance**



**Diversification**



**Technology**

# Sizeable and Increasing Presence in EVs



**25%**

9M FY23 Revenue Share  
from BEV

**4,670 mn**

9M FY23 BEV segment  
revenue

**31%**

9M FY23 BEV revenue  
YoY growth

**37**

**(10+27)<sup>1</sup>**

EV Programs<sup>1</sup> awarded across  
23 customers as at the end of  
Q2 FY23

**+4**

**41**

**(10+31)<sup>1</sup>**

EV Programs<sup>1</sup> awarded across  
25 customers as at the end of  
Q3 FY23

## Notes:

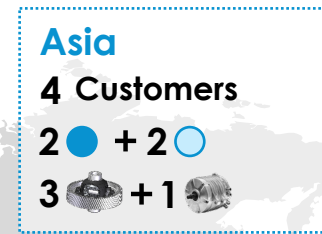
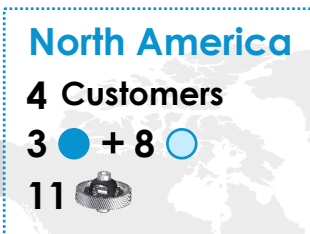
1. Include only BEV and PHEV programs currently in serial production as well as in the orderbook; numbers in brackets to be read as → (# of programs in serial production + # of programs in orderbook)



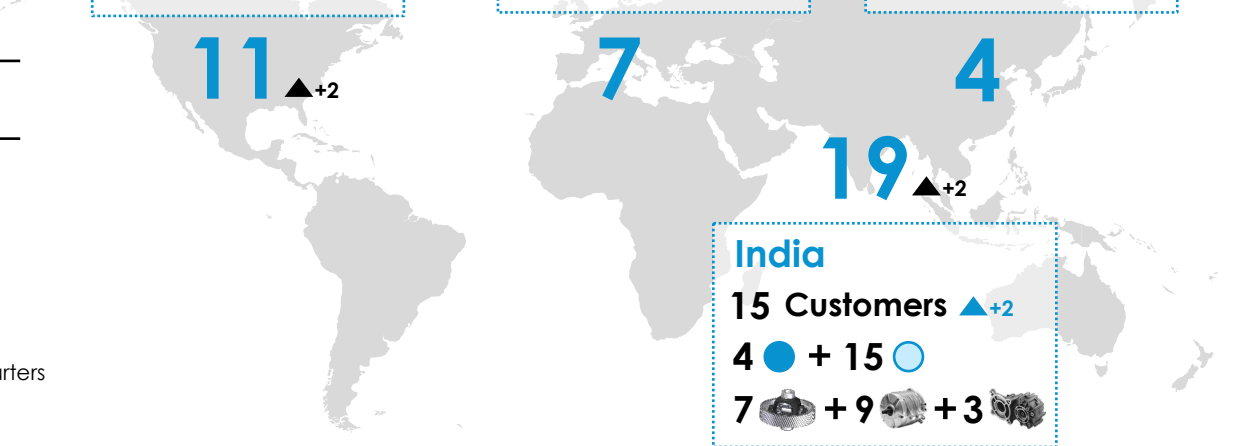
# 41 EV programs across 25<sup>1</sup> different customers



| No. of programs customers |       |     |     |
|---------------------------|-------|-----|-----|
|                           | 22 10 | -   | 4 4 |
|                           | 3 3   | 9 8 | -   |
|                           | -     | 3 3 | -   |



- Programs in serial production
- Programs in orderbook
- Programs for geartrain components
- Programs for traction motors, IMCM and PHEV starters
- Programs for e-Axle



▲+x denotes the change during Q3 FY23

## Notes:

- 2 customers are present in more than one geography
- Europe geography includes the UK

# 2 significant EV program wins in Q3 along with the introduction of a new EV product



**Electronically  
Locking Differential  
for Electric SUVs**

**Global OEM of EVs**

**₹ 33,500 mn**

addition in our orderbook

**H2 FY24**

SOP Year



**Differential Assembly for  
Electric Cars**

**US-European OEM of PVs & EVs**

**₹ 3,600 mn**

addition in our orderbook

**H2 FY24**

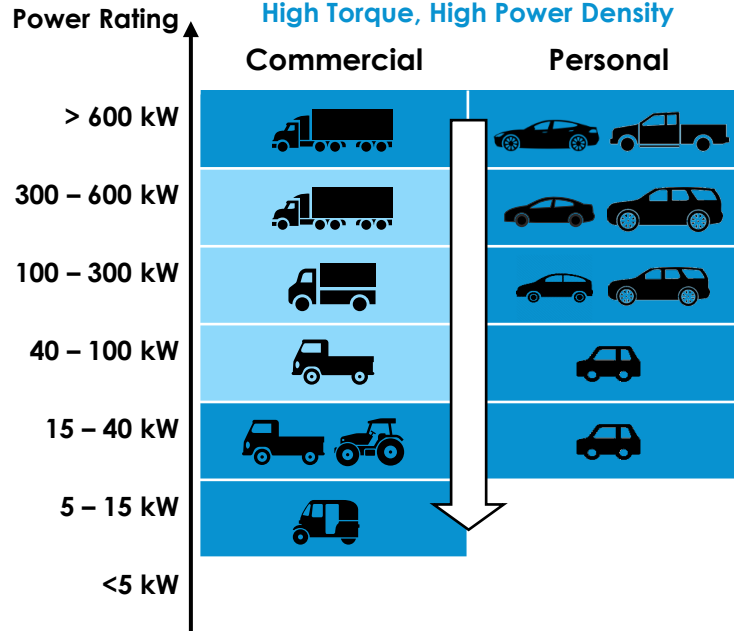
SOP Year

# Electrification: Our Approach to Market

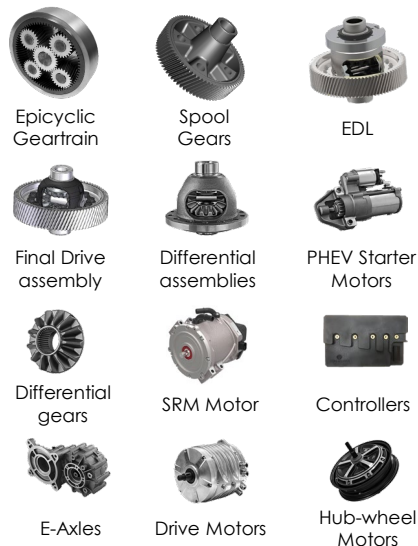


## Driveline Solutions

Core Strength:  
High Torque, High Power Density

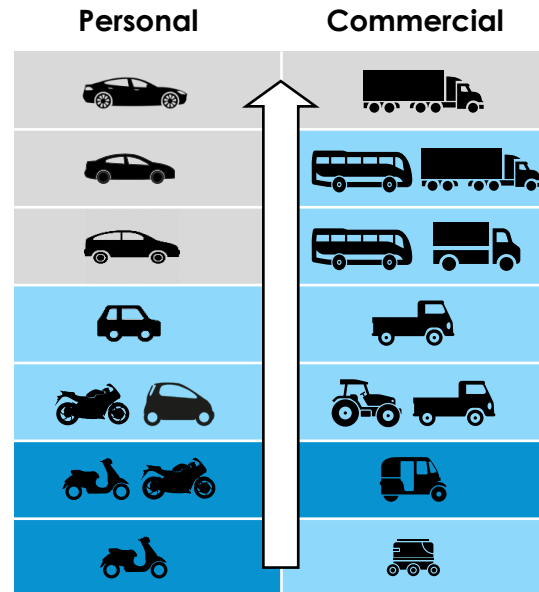


## EV Products



## Motor Solutions

Core Strength:  
Low Voltage, High Power Density



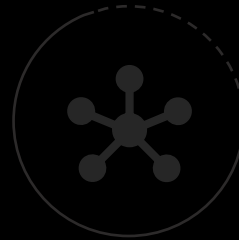
# Our Strategic Priorities



Electrification



Global Market  
Significance

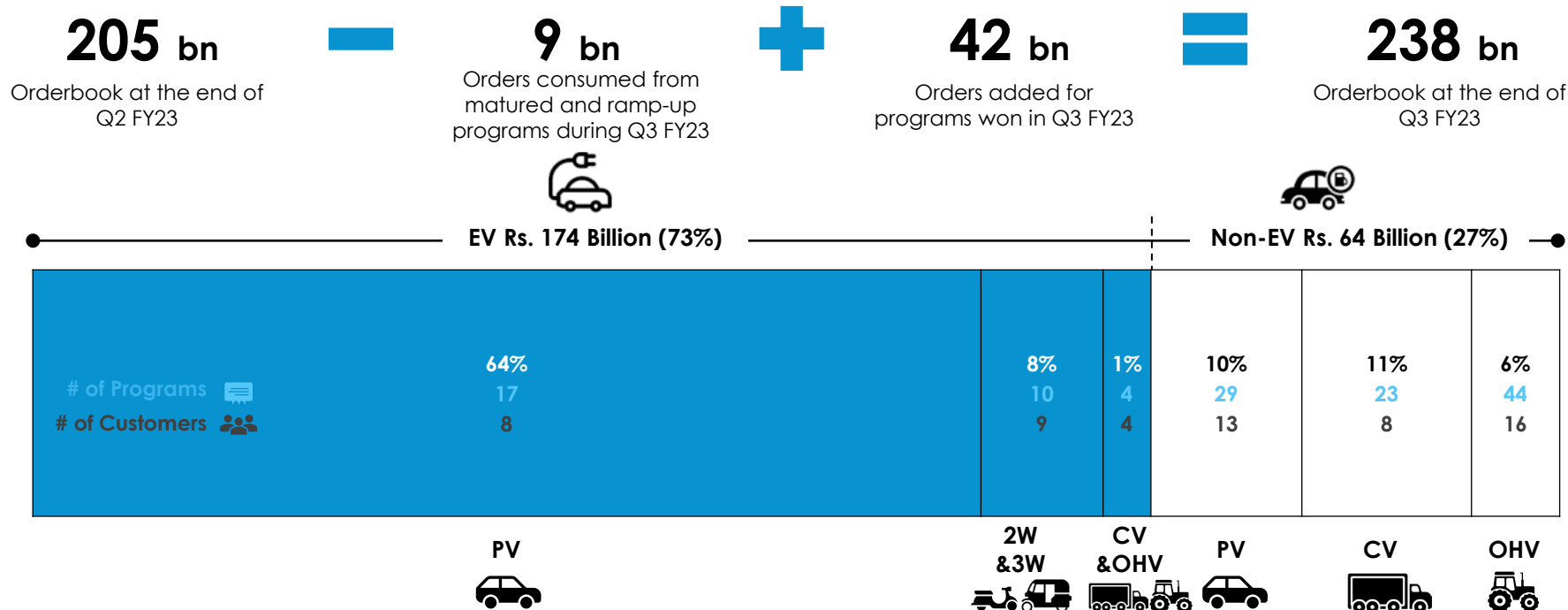


Diversification



Technology

# With new wins of ₹42 billion our net order book<sup>1</sup> grows to ₹238 billion (11.2x FY22 revenue)



## Notes:

- Net order book means the aggregate revenue from awarded programs which are either yet to start production or are yet to fully ramp up, in the next 10 years, after adjusting for the negative impact of all programs that are expected to reach end of life or be phased out. We have also applied a discount to accommodate any unforeseen delays or changes in program launches that may happen in the future.

# We are supplying to most of the major global OEMs



7 of the world's top 10 PV OEMs<sup>1a</sup>



5 of the world's top 15 EV OEMs<sup>1c</sup>



3 of the world's top 10 CV OEMs<sup>1b</sup>



4 of the Indian top 15 Indian e-2-Wheeler OEMs<sup>1d</sup>



7 of the world's top 10 tractor OEMs<sup>1b</sup>

## Global Market Share of Differential Gears<sup>2</sup>

CY19

4.5%

CY20

5.0%

CY21

6.3%

CY22

7.2%

## Global Market Share of Starter Motors<sup>2</sup>

CY19

2.5%

CY20

3.0%

CY21

4.6%

CY22

4.1%

### Notes:

1. Data Source: a) BofA Global Automobiles Report; b) Ricardo Report; c) EV-Volumes; d) Vahan Database; Company Analysis
2. As per Ricardo's market size estimates; starter motor market share across light vehicles

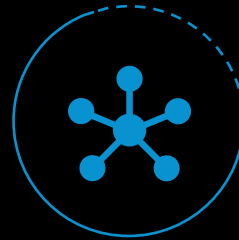
# Our Strategic Priorities



Electrification



Global Market  
Significance



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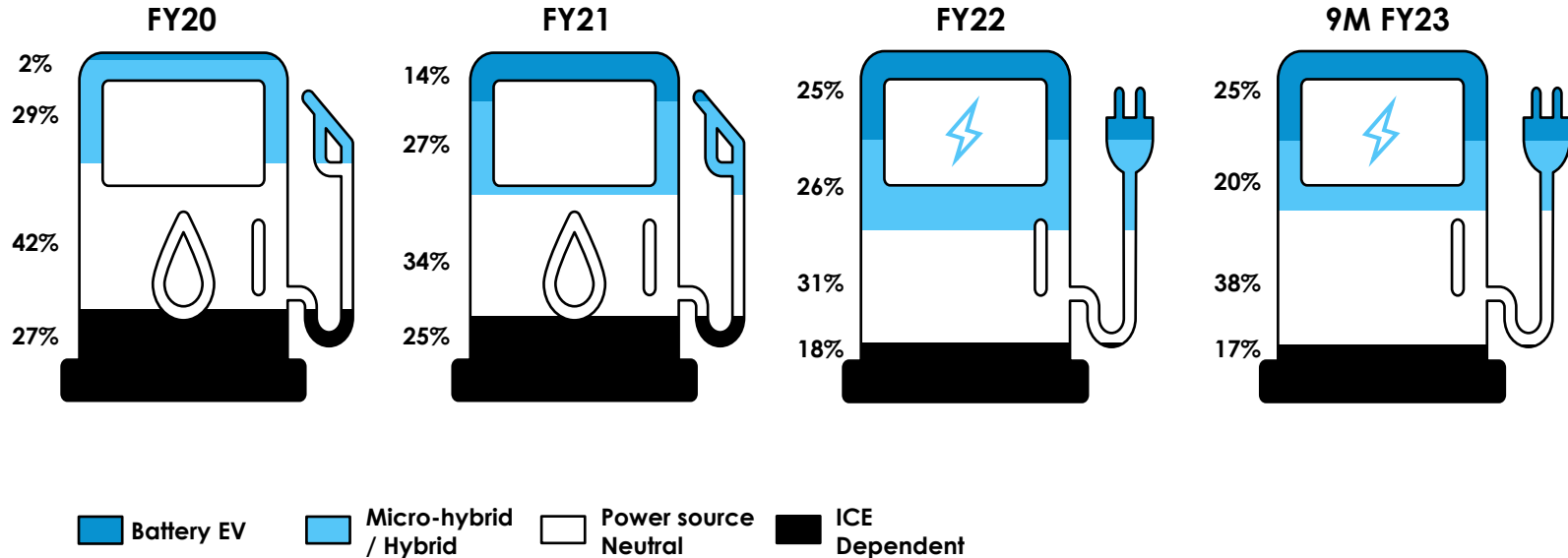
Technology



# Diversified Revenue Mix – By Powertrain

Battery EV increasing as a % of our revenue continues to be our dominant and secular theme

Our pure ICE dependence continues to reduce steadily going from 25% in FY21 to 17% in 9M FY23

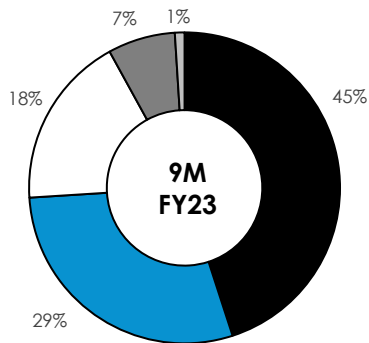
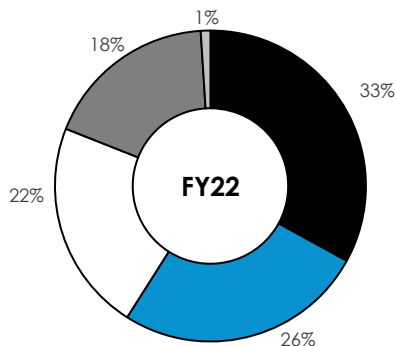




# Diversified Revenue Mix

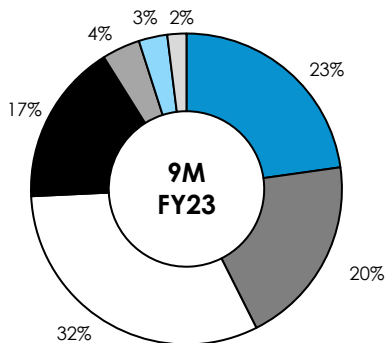
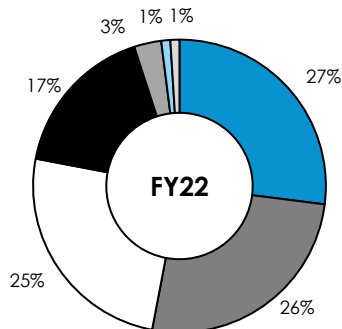


## By Geography



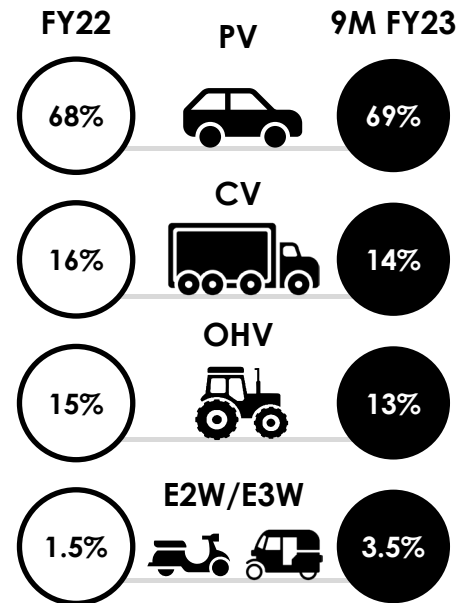
■ North America ■ India □ Europe ■ Asia (excl. India) □ RoW

## By Product



■ Differential Assembly ■ Micro/Plug-in Hybrid Starter Motors  
 □ Differential Gears ■ Conventional Starter Motors  
 ■ Others Drivetrain Parts ■ Traction Motors  
 □ Others

## By Vehicle segment



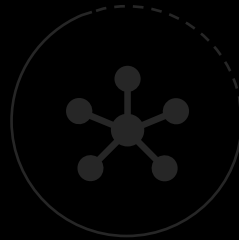
# Our Strategic Priorities



Electrification



Global Market  
Significance



Diversification



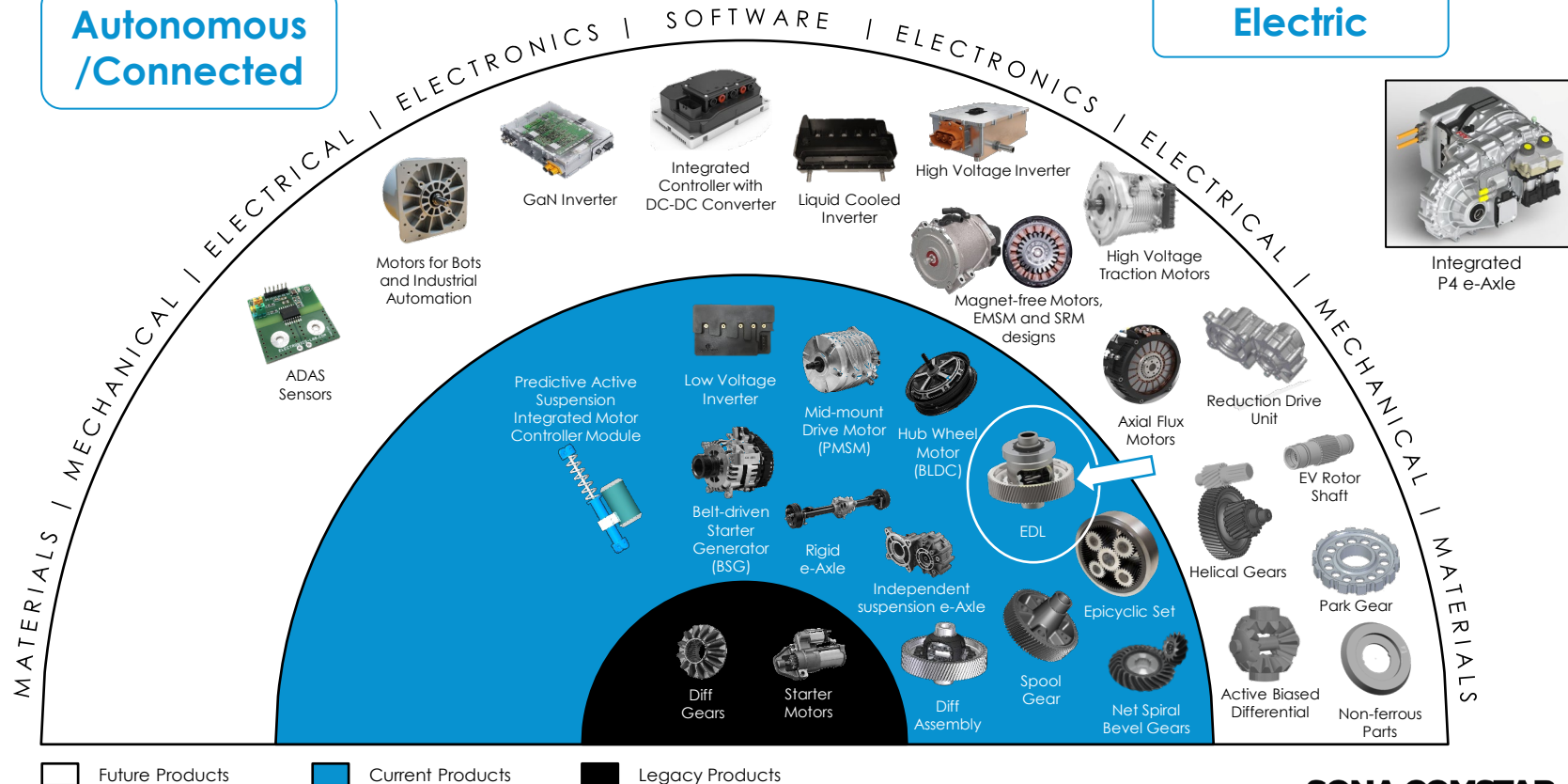
Technology

# We have introduced one more product to the market



Autonomous  
/Connected

Electric

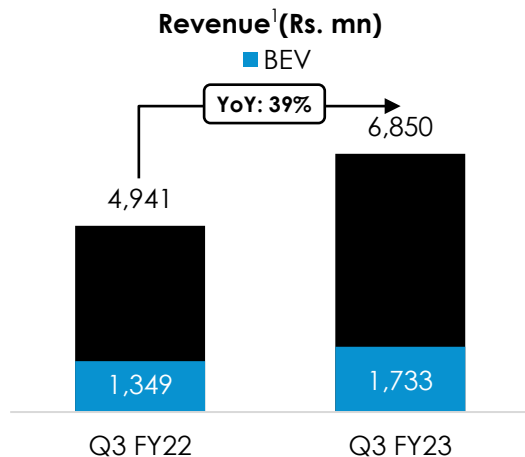




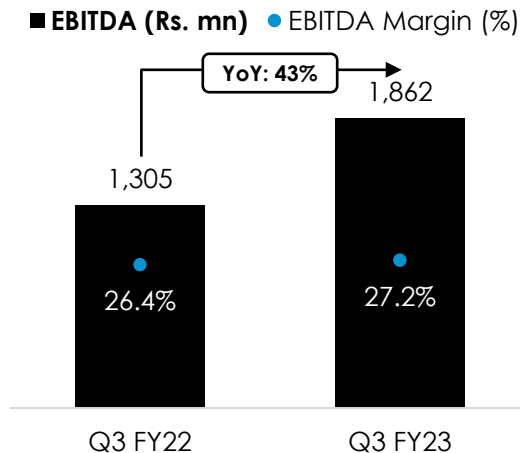
# Q3 FY23 Financial Update

Our final drive gears

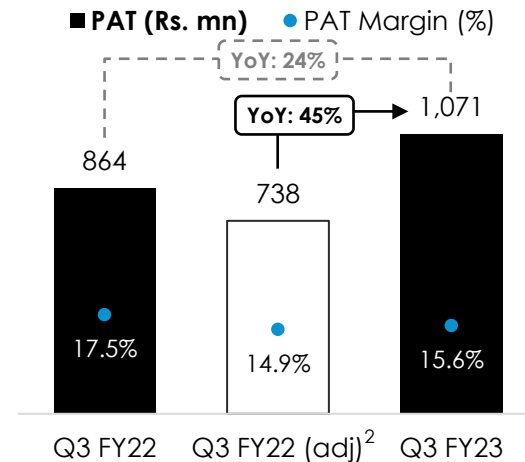
# Q3 FY23 Financials



- Highest ever BEV revenue
  - Up 29% YoY
  - 26% of total revenue
- Non-BEV Revenue grew by a robust 42% while light vehicle sales in our top-3 markets (North America, India, and Europe) grew by only 18%



- EBITDA Margin is higher by ~0.8% mainly due to product mix
  - Gain from operating leverage has helped offset impact of higher RM prices
- Sequentially, EBITDA margin has improved by ~200 bps

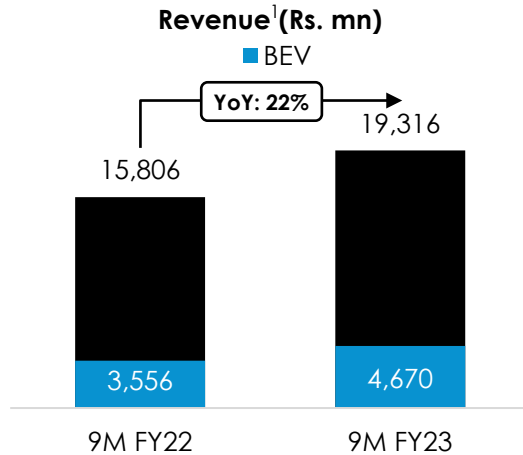


- PAT margin improved to 15.6% due to higher EBITDA margin

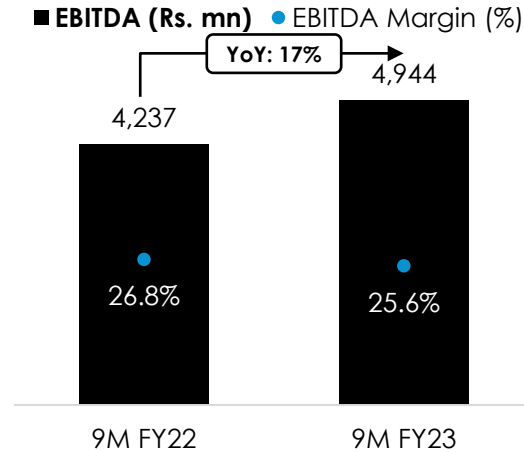
## Notes:

1. Revenue includes net gain from foreign exchange
2. Excluding exceptional income

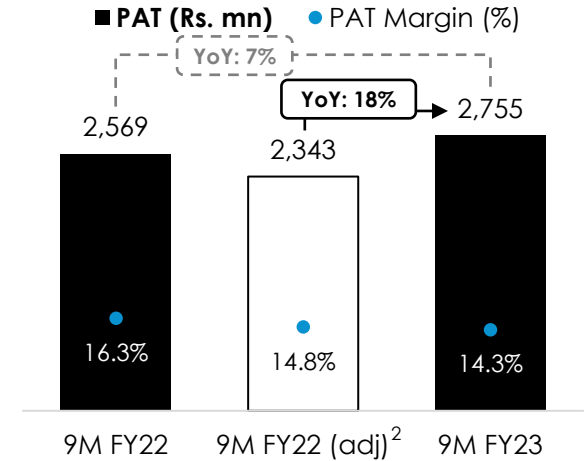
# 9M FY23 Financials



- BEV Revenue grew by 31% and constitutes 25% of total revenue
- Non-BEV Revenue grew by 20% while light vehicle sales in our top-3 markets (North America, India, and Europe) grew by only 1%



- EBITDA Margin was lower largely due to increase in RM prices (because of "arithmetic effect" despite material price passthrough) despite positive impact of product mix



- Lower net finance cost has resulted into better margin transmission between EBITDA and PAT

## Notes:

- Revenue includes net gain from foreign exchange
- Excluding exceptional income

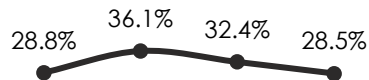
# Key Ratios

**VA/Employee cost**



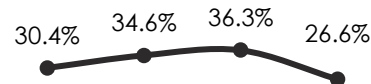
Mar-20 Mar-21 Mar-22 Dec-22

**RoCE (%)**



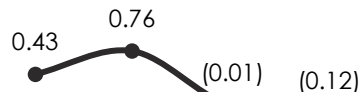
Mar-20 Mar-21 Mar-22 Dec-22

**RoE (%)**



Mar-20 Mar-21 Mar-22 Dec-22

**Net Debt to EBITDA**



Mar-20 Mar-21 Mar-22 Dec-22

**Working Capital Turnover**



Mar-20 Mar-21 Mar-22 Dec-22

**Fixed Asset Turnover**



Mar-20 Mar-21 Mar-22 Dec-22

**Note:**

- 1) VA/Employee Cost = Material margin/ (Employee cost + Manpower cost on hiring)
- 2) ROCE = LTM EBIT/ Average tangible capital employed
- 3) ROE = LTM PAT/ Average tangible net worth
- 4) Net Debt to EBITDA = Short-term & long-term debt less cash, bank balances & mutual fund investments / LTM EBITDA
- 5) Working Capital Turnover = LTM Revenue/ Average net working capital
- 6) Fixed asset turnover = LTM Revenue/ Average Tangible net block
- 7) Mar-20 numbers are based on pro-forma financials
- 8) RoCE and RoE for earlier years have been recalculated due to merger





# ESG Update



# We have published our first sustainability report



Click on the image to read the report

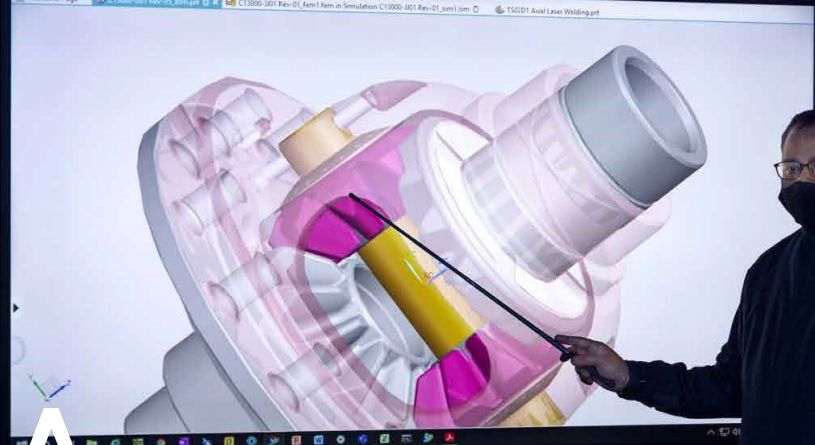
## Our ESG Goals

| Environment   | Social  | Governance  |
|---|---|---|
| <ul style="list-style-type: none"><li>• Providing low carbon mobility solutions</li><li>• Resource efficiency improvement and management</li><li>• Carbon footprint reduction</li></ul> | <ul style="list-style-type: none"><li>• Maintaining highest level of Quality, Health and Safety</li><li>• Becoming an equal opportunity provider</li><li>• Ensuring social impact</li></ul> | <ul style="list-style-type: none"><li>• Zero tolerance for corruption</li><li>• Zero non-compliance with regulations &amp; laws</li></ul> |

## Linkage to UN Sustainable Development Goals (SDG)



# Q&A



New Product Development Discussion



# Appendix



Inside view of our manufacturing plant at Manesar, Haryana

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# One Vision

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To become one of the World's  
most **Respected** and **Valuable**  
**Auto Technology** companies  
for our  
Customers, Employees &  
Shareholders

# Our story so far...

## Phase - 1

- 18 Customers
- 2 Plants
- 1 Product

## Phase - 2

- 22 Customers
- 2 Plants
- 2 Products

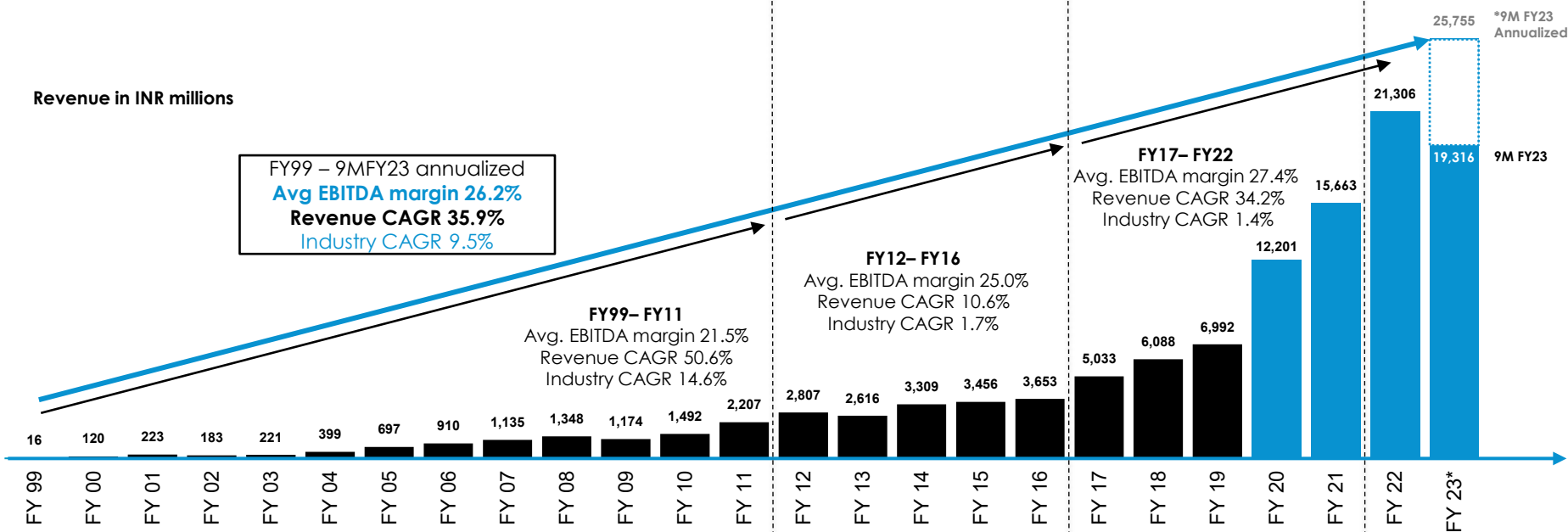
## Phase - 3

- Acquisition of Comstar
- 47 Customers (37+10)
- 9 Plants (5+4)
- 10 Products (5+5)

## Phase - 4

- Started journey as public company
- 68 customers
- 9 plants
- 15 products

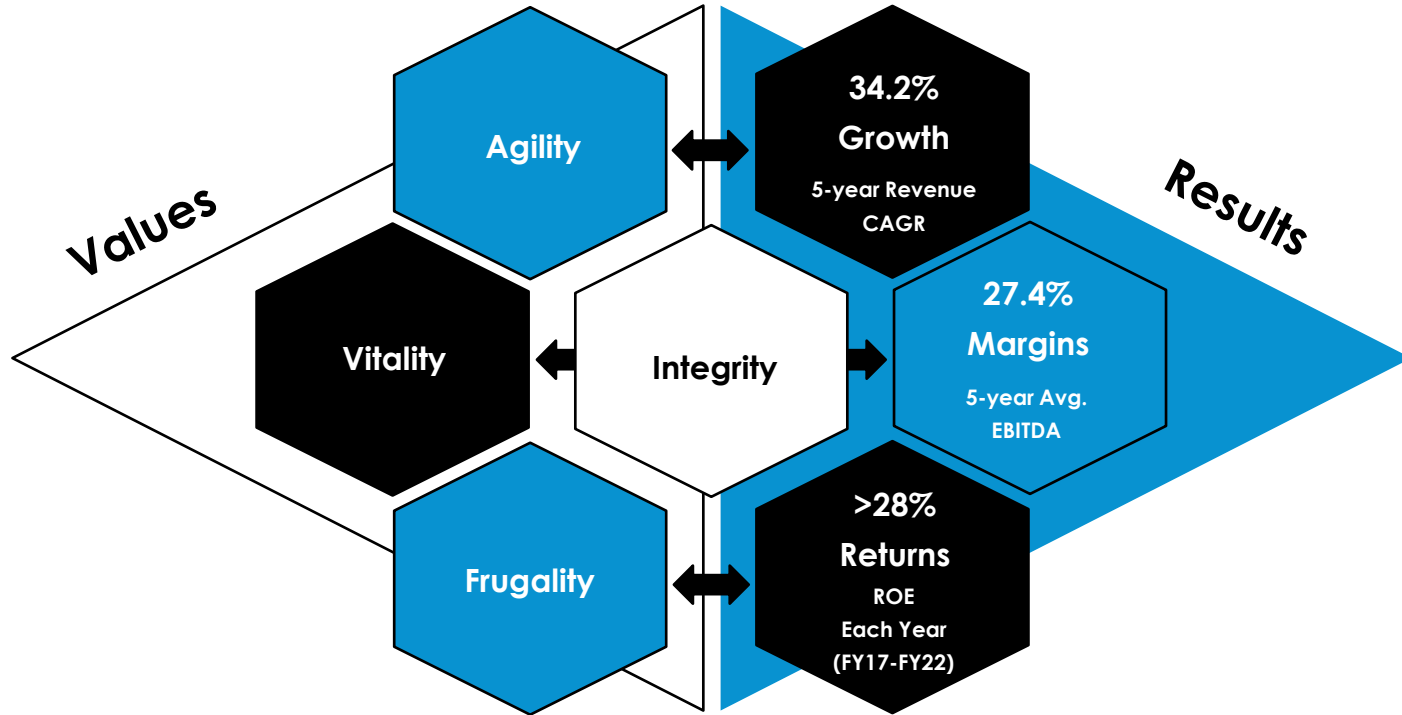
Revenue in INR millions



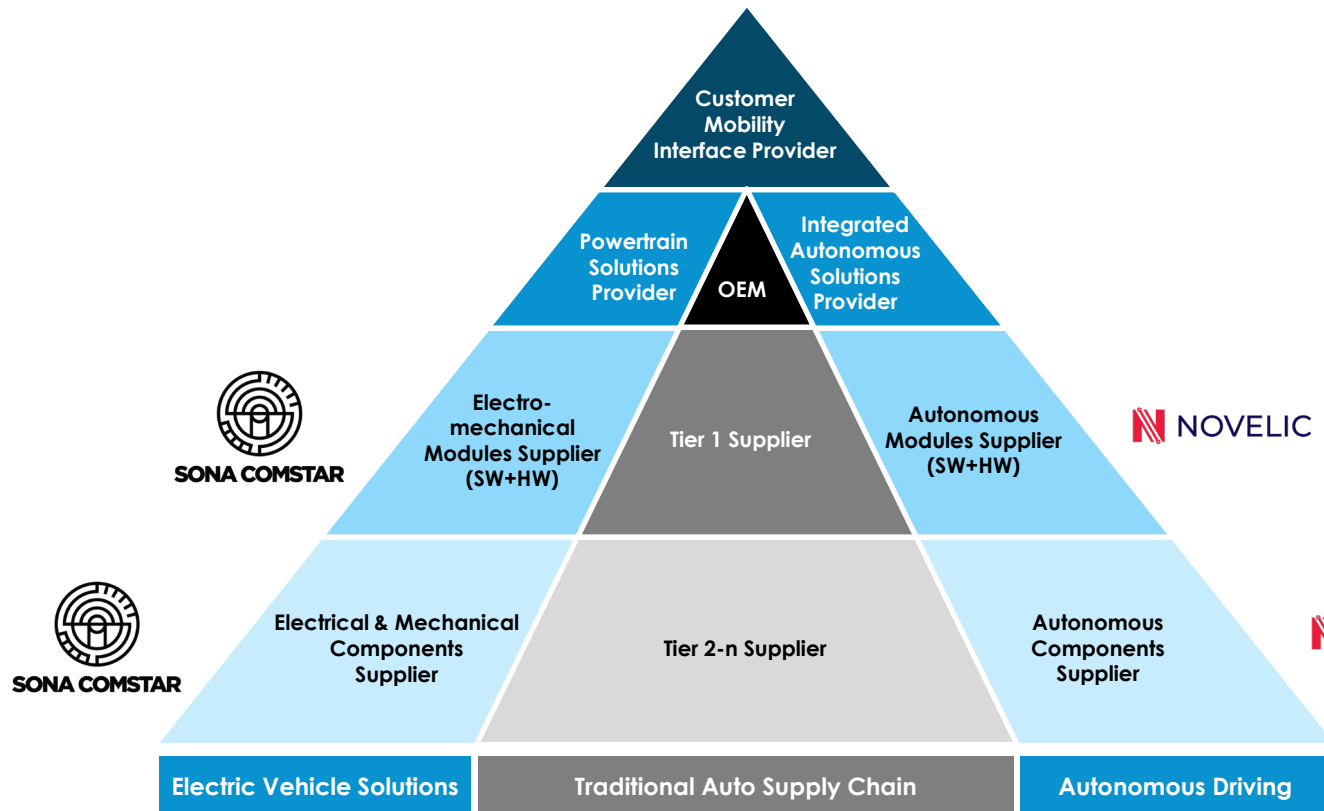
### Notes:

1. FY20 onwards financials include Comstar
2. Industry data source: SIAM

# Guided by Values



# Vertically-integrated and modular electro-mechanical and autonomous solutions provider for the new EPIC value chain

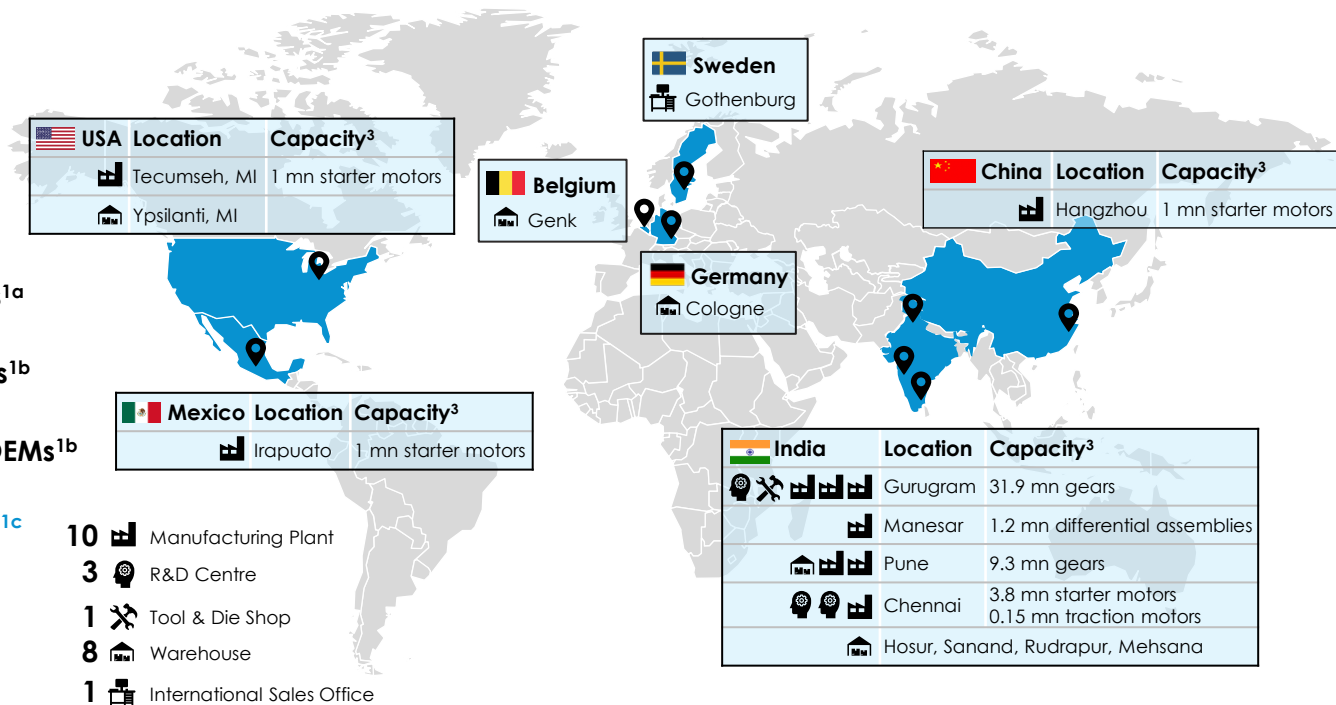


- Radar Boards & Antenna Design
- Embedded & Application Software
- Artificial Intelligence
- Machine Learning Algorithms
- Zonal architecture and multi-sensor systems



.. or any other radar chip manufacturer

# Established Global Presence to Serve Customers Locally



- 🚗 7 of the world's top 10 PV OEMs<sup>1a</sup>
- 🚚 3 of the world's top 10 CV OEMs<sup>1b</sup>
- 🚜 7 of the world's top 10 tractor OEMs<sup>1b</sup>
- 🚗 5 of the world's top 15 EV OEMs<sup>1c</sup>
- 🚲 4 of the Indian top 15 Indian e-2-Wheeler OEMs<sup>1d</sup>

## Notes:

1. Data Source: a) BofA Global Automobiles Report; b) Ricardo Report; c) EV-Volumes; d) Vahan Database; Company Analysis
2. Capacity as of March 2022

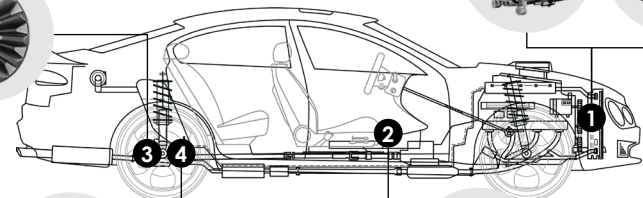


# Product Summary

Differential Bevel Gears

## Passenger Vehicles

Belt Starter Generator Starter Motor



Differential Assembly

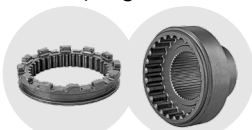


Reverse Idler

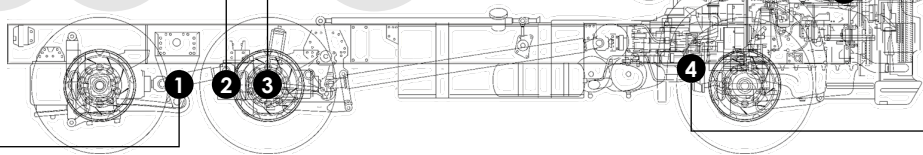
Inter-Axle Gear Set



Coupling/ Sleeves



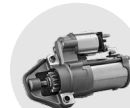
Differential Bevel Gears



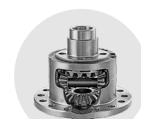
## Commercial Vehicles

## Off Highway Vehicles

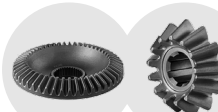
Starter Motor



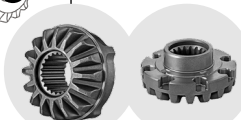
Differential Assembly



Spiral Bevel Gears



Portal Axle Gears

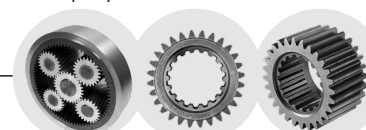


Differential Bevel Gears

Starter Motor\*

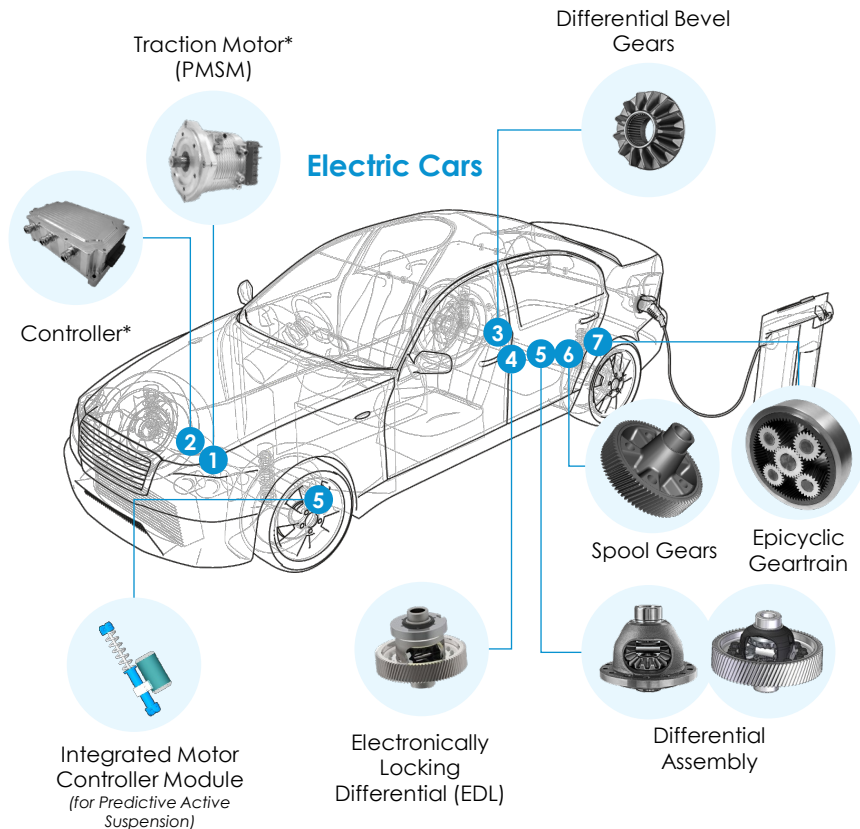


Epicyclic Geartrain/Gears



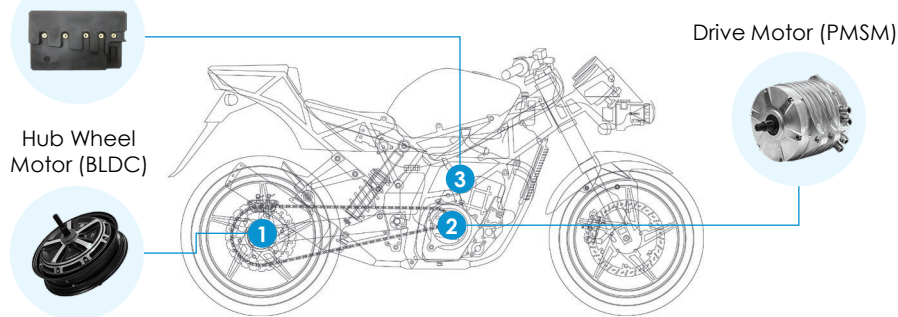
\* Product under development

# Product Summary



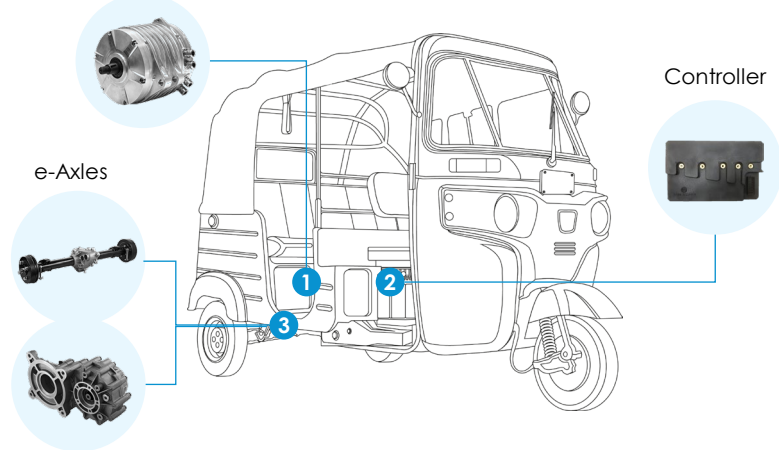
Controller

## Electric 2-Wheelers



Drive Motor (PMSM)

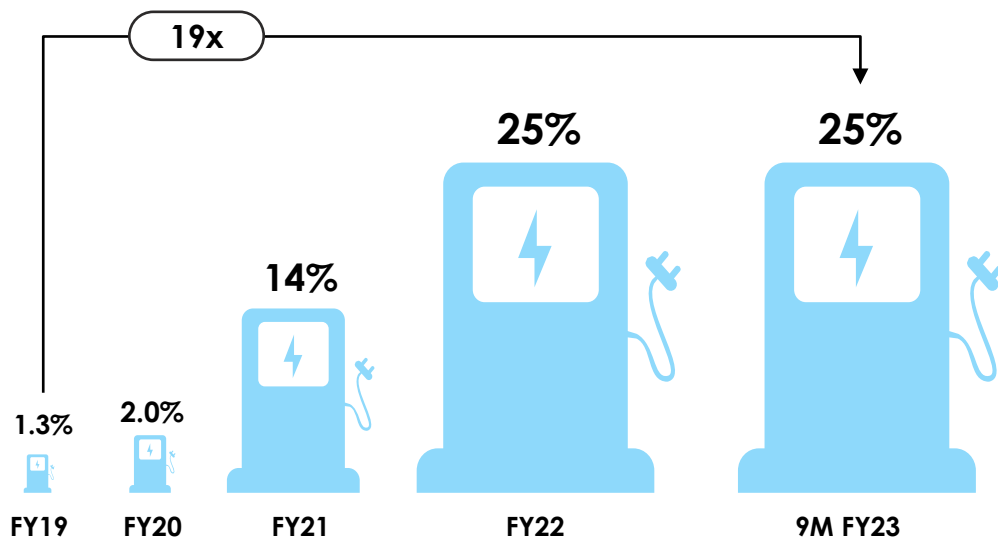
## Electric 3-Wheelers



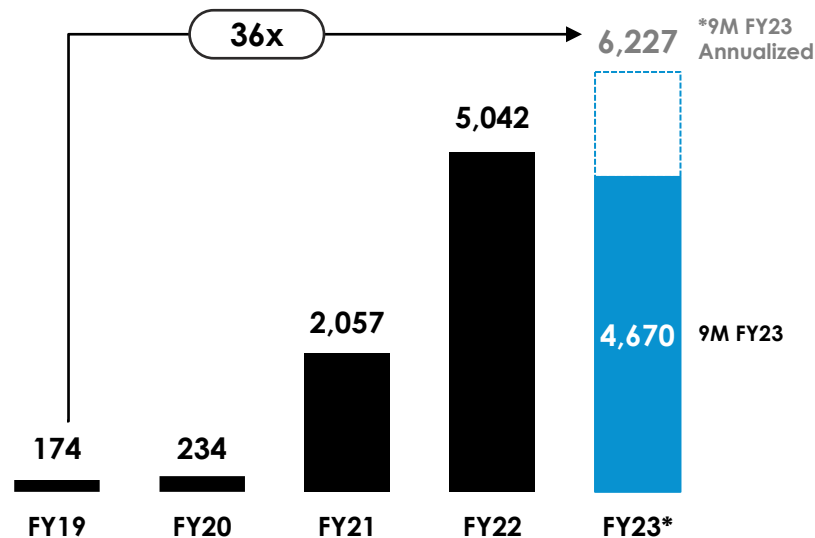
\* Product under development

# Revenue share from BEV has grown 22x over 4 years, with absolute BEV revenue growth at 36x

Revenue from BEV (%)

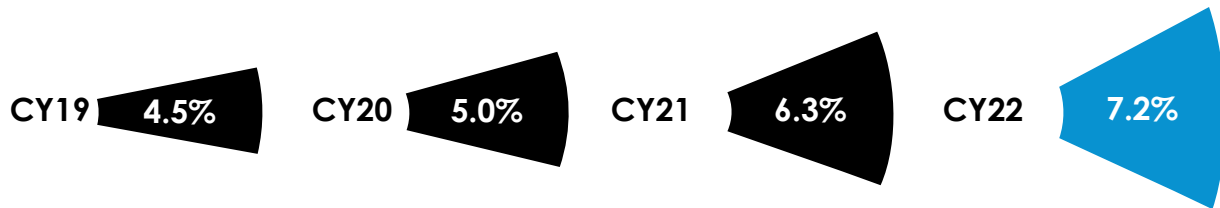


BEV Segment Revenue (Rs. mn)



# Market Shares for Differential Gears and Starter Motors

## Global Market Share of Differential Gears<sup>1</sup>



## Global Market Share of Starter Motors<sup>1</sup>



While we continue to dominate the Indian market for Differential Gears

### Passenger Vehicles



55-60%<sup>2</sup>

### Commercial Vehicles



80-90%<sup>2</sup>

### Tractors



75-85%<sup>2</sup>

#### Notes:

1. As per Ricardo report; starter motor market share across light vehicles
2. As per CRISIL report dated Feb 2021

# Illustration of change in margin with 100% RM cost passthrough

| (numbers in INR)       | Before RM price increase | RM price increase @15% | After RM price increase |
|------------------------|--------------------------|------------------------|-------------------------|
| Revenue                | 100.00                   | +6.75                  | 106.75                  |
| Material Cost          | 45.00                    | +6.75                  | 51.75                   |
| Material Profit        | 55.00                    | -                      | 55.00                   |
| <b>Material Margin</b> | <b>55.0%</b>             | <b>350 bps</b>         | <b>51.5%</b>            |

*Ceteris paribus*, 15% RM price increase should lead to 350 bps margin decline even with 100% RM cost passthrough

