

Schaeffler India Limited
(Formerly known as FAG Bearings India Limited)
Head Office & Works · P.O. Maneja, Vadodara – 390013, Gujarat, India

BSE Limited
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MUMBAI- 400 001

National Stock Exchange of India Limited
Exchange Plaza, C - 1, Block G,
Bandra-Kurla Complex, Bandra (E)
MUMBAI- 400 051

Company Code: 505790

Company Code: SCHAEFFLER

Your reference, your message from

Our reference, our message from

Phone
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Fax

Date
09.11.2017

Sub: Investor Presentation

Dear Sirs,

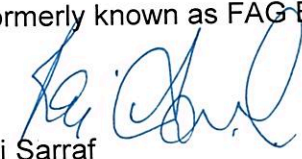
Pursuant to the Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed is the Investor Presentation on Financial Results for the quarter ended on September 30, 2017 and updates on the merger process.

The same is for your records.

Thanking you,

Yours faithfully,

For **Schaeffler India Limited**
[Formerly known as FAG Bearings India Limited]


Raj Sarraf
Company Secretary
ICSI M. No. 15526





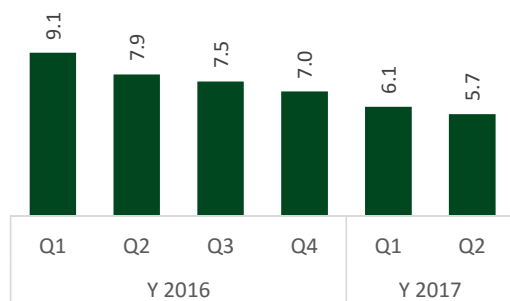
Investor Presentation

Schaeffler India Limited
November 09, 2017

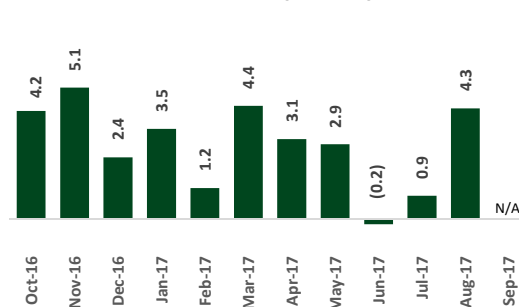
Investor Presentation

- 1** Economy & Market
- 2 Financial update Q3 / 9M - 2017
- 3 Merger update
- 4 Key takeaways

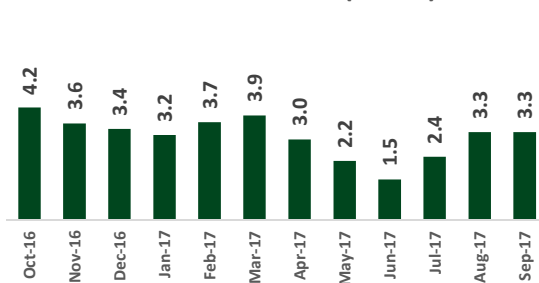
GDP growth [1]



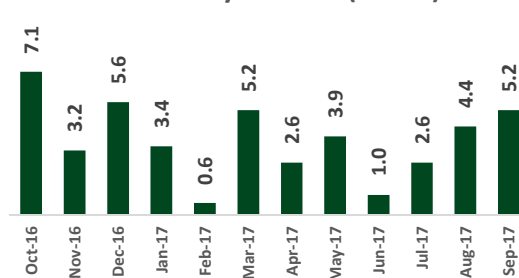
IIP – Overall (% YoY) [1]



Consumer Price Index (% YoY) [1]



Core Industry Growth (% YoY) [2]

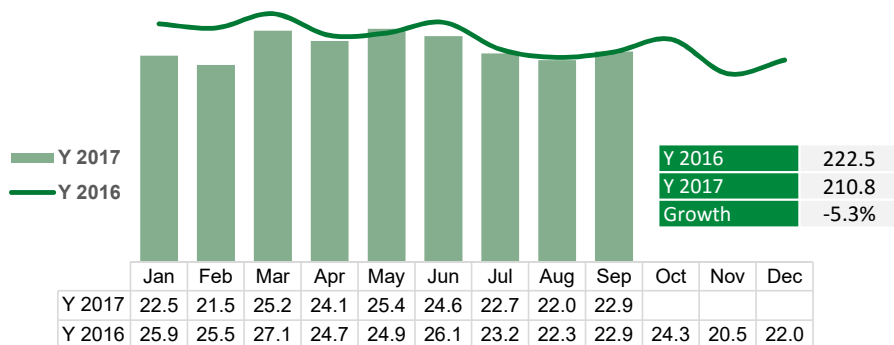


Key aspects

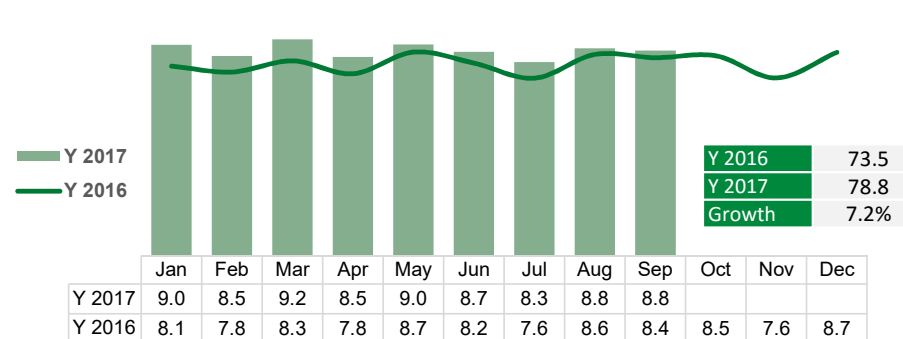
- ▶ Transitional impact from GST ongoing
- ▶ Core industry and IIP are expected to stabilize as manufacturers start to re-build inventories post GST implementation
- ▶ Inflation at record low, increase in public wages and pension, normal monsoon forecast and rural focus is expected to drive consumption

[1] Source: Central Statistics Office, [2] Source: Office of the Economic Adviser
 Note: IIP growth has been updated with base as 2011-12

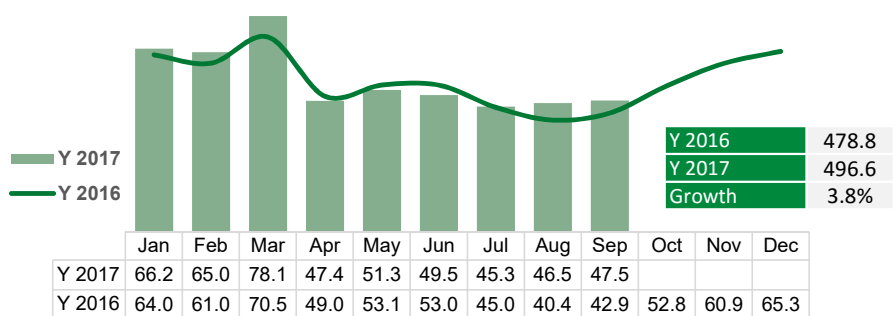
Cement Production (Mio T)



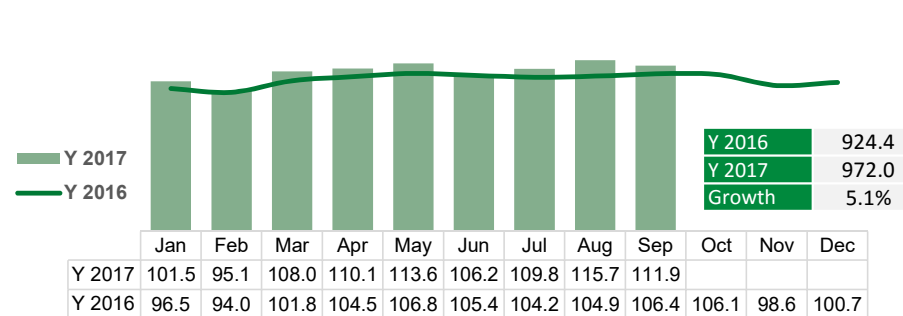
Steel Production (Mio T)



Coal Production (Mio T)

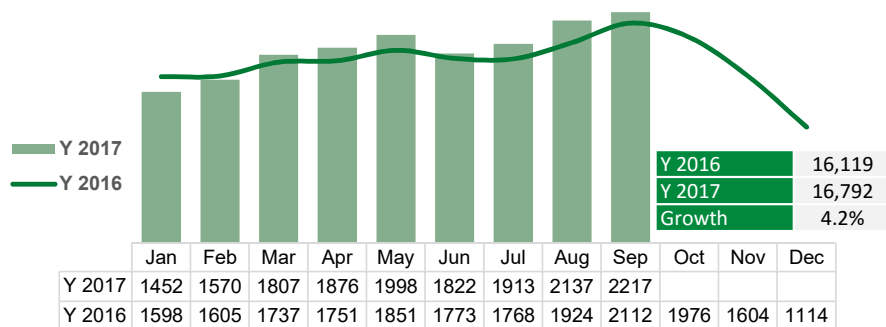


Electricity Generation (Bn kWh)

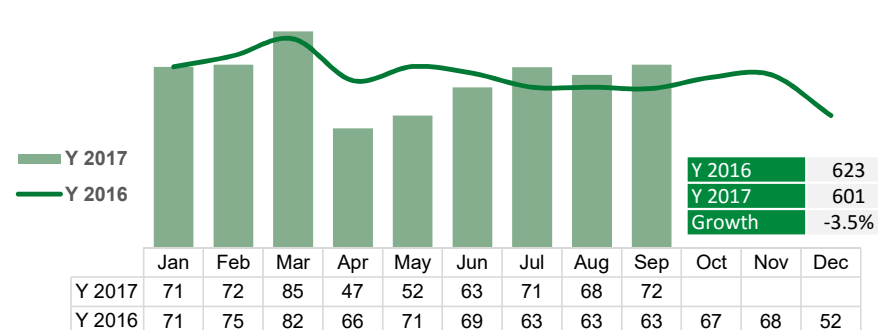


Source: Office of the Economic Adviser

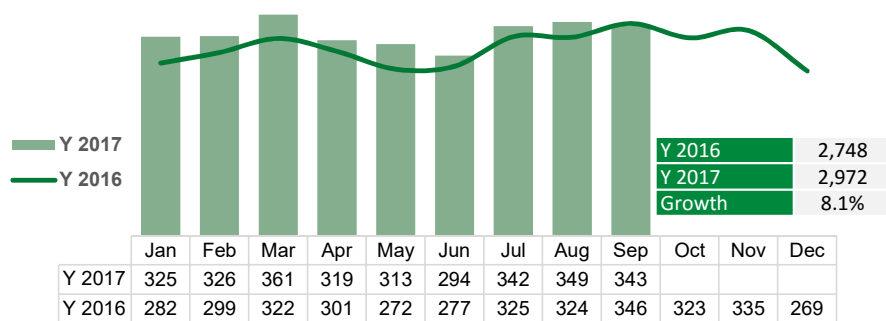
Two and Three Wheelers (T units)^[1]



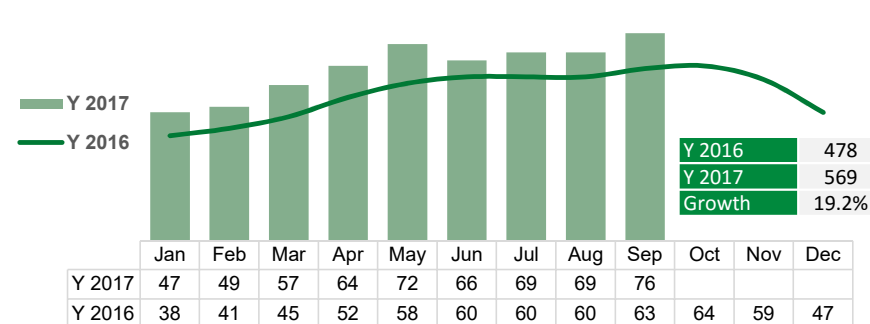
Commercial Vehicles (T units)^[1]



Passenger Vehicles (T units)^[1]



Agricultural Tractors (T units)^[2]



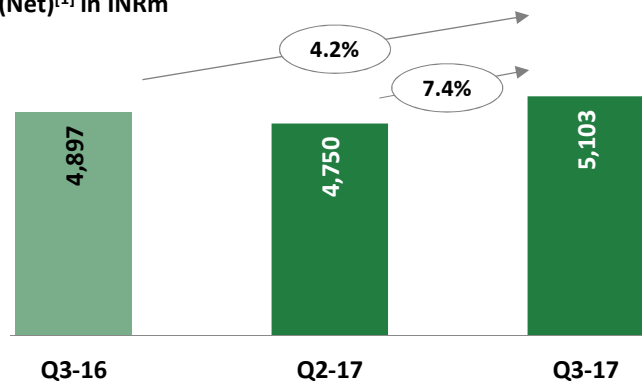
[1] Source: Society of Indian Automobile Manufacturers (SIAM)

[2] Source: Tractor Manufacturer Association (TMA)

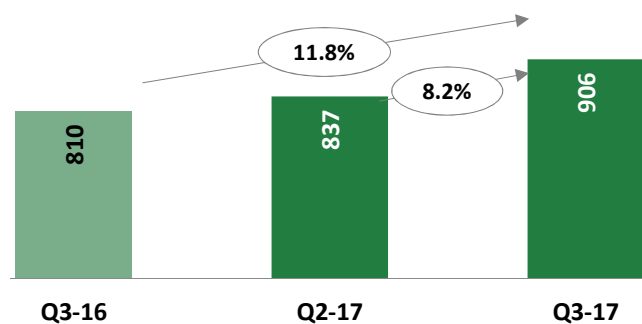
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Schaeffler India Limited: Q3 Performance Highlights

Total income (Net)^[1] in INRm



EBT in INRm



EBT Margin

Q3-16	16.5%	Q2-17	17.6%	Q3-17	17.8%
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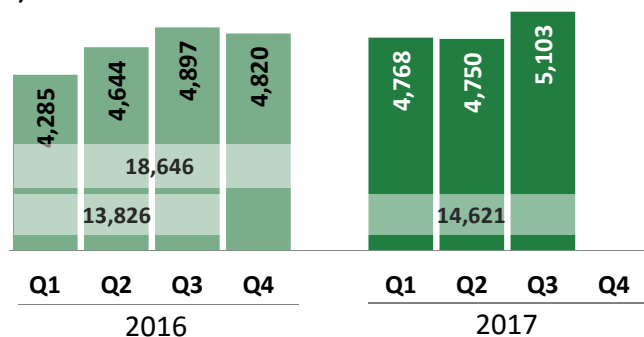
[1] Net of taxes for all the periods

Key aspects

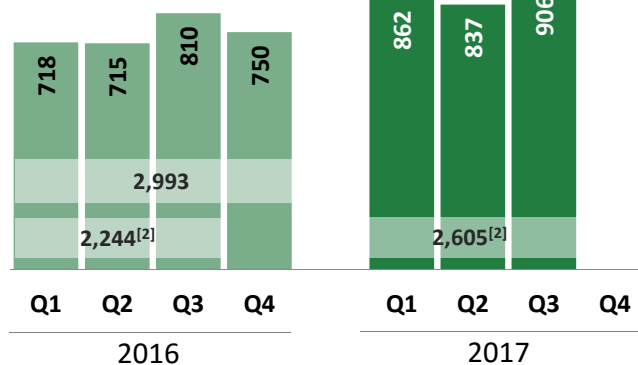
- ▶ Revenue growth 7.4% Q3/2017 vs. Q2/2017 due to growth in Automotive sectors including Passenger cars, Commercial vehicle, Tractors, Two wheelers and Distribution. On the other hand Wind dropped due to reduction in production plans at Wind turbine manufacturers
- ▶ EBT margin for Q3/2017 is in line with Q2/2017 due to steady operational performance. EBT margin improved from 16.5% Q3/2016 to 17.8% in Q3/2017 due to sales growth and better sales mix

Schaeffler India Limited : 9M Performance Highlights

Total income (Net)^[1] in INRm



EBT in INRm



EBT Margin	Qtrly	16.8%	15.4%	16.5%	15.6%
	9M	16.2%			
	CY	16.1%			

[1] Net of taxes for all the periods

[2] Sum of quarterly figures may not add up precisely due to rounding off decimal places

Key aspects

- ▶ Revenue growth 5.7% 9M/2017 vs. 9M/2016 due to growth in Passenger vehicles, Commercial vehicles, Agricultural Tractors, Wind energy and Raw materials.
- ▶ EBT margin improved from 16.2% 9M/2016 to 17.8% in 9M/2017 due to sales growth, better sales mix and improved operational performance.

Schaeffler India Limited : Q3 / 9M Performance Highlights

in million INR	Q3 2016	Q3 2017	Q3 2017 vs Q3 2016		9M 2016	9M 2017	9M 2017 vs 9M 2016	
Total income (Net)^[1]	4,897	5,103	205	4.2%	13,826	14,621	795	5.7%
EBITDA	838	916	78	9.4%	2,333	2,701	367	15.7%
% Margin	17.1%	18.0%		0.9% ▲	16.9%	18.5%		1.6% ▲
EBT	810	906	96	11.8%	2,244	2,605	362	16.1%
% Margin	16.5%	17.8%		1.3% ▲	16.2%	17.8%		1.6% ▲
EAT	525	586	61	11.6%	1,403	1,701	298	21.2%
% Margin	10.7%	11.5%		0.8% ▲	10.1%	11.6%		1.5% ▲

[1] Net of taxes for all the periods

Financial statements – 9M 2017 and pro forma

Key financials	Schaeffler India Ltd.			INA Bearings India Pvt. Ltd.			LuK India Pvt. Ltd.			Schaeffler India Ltd. (proforma ^[4])		
	INRm	CY16	H1CY17 ^[1]	9MCY17	CY16	H1CY17 ^[1]	9MCY17	CY16	H1CY17 ^[1]	9MCY17	CY16	H1CY17
Total income (net) ^[3]	18,822	9,518	14,621	10,446	5,867	8,964	7,313	4,087	6,273	36,420	19,411	29,731
% growth (y-o-y) ^[2]	5.7%	6.6%	5.7%	15.1%	17.6%	16.3%	16.5%	17.5%	15.0%	10.3%	11.9%	10.6%
EBITDA	3,122	1,784	2,701	1,488	889	1,331	1,262	684	1,073	5,871	3,356	5,105
% margin	16.6%	18.7%	18.5%	14.2%	15.2%	14.9%	17.3%	16.7%	17.1%	16.1%	17.3%	17.2%
EBT	2,985	1,699	2,605	997	633	950	889	509	810	4,870	2,841	4,364
% margin	15.9%	17.8%	17.8%	9.5%	10.8%	10.6%	12.2%	12.4%	12.9%	13.4%	14.6%	14.7%
EAT	1,945	1,115	1,701	685	414	618	611	369	573	3,241	1,898	2,892
% margin	10.3%	11.7%	11.6%	6.6%	7.1%	6.9%	8.3%	9.0%	9.1%	8.9%	9.8%	9.7%

Key highlights (INA India and LuK India)

- ▶ Strong revenue growth in Engine systems, Chassis and Transmission systems
- ▶ Consistent improvement in EBT led by sales growth and operational performance

[1] Based on limited review of six months financials ending 30th Jun 2017

[3] Net of taxes for all periods

[2] % change over the corresponding period prior year

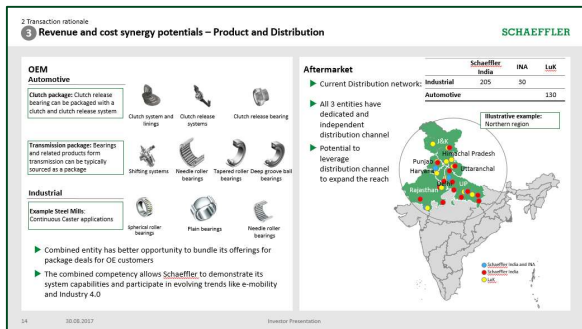
[4] Proforma is after eliminating intercompany transactions amongst three entities

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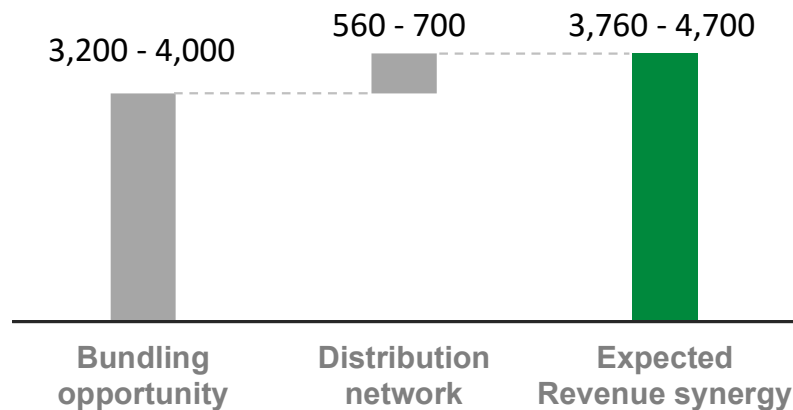
Transaction expected to be completed in 2018 and is currently on track

Key events	Expected date
▶ Requisite applications submission to BSE, NSE and SEBI for approvals	✓ Q3CY17
▶ BSE, NSE and SEBI approvals	Q4CY17
▶ Applications to NCLT (Mumbai and Chennai benches) in India	Q4CY17
▶ Notice to shareholders	Q4CY17 ^[1]
▶ Shareholder approvals – Approval of majority of public shareholders – Approval of majority (in number) of shareholders and creditors representing 75% in value	Q1CY18
▶ NCLT approval	Q2CY18
▶ BSE, NSE and SEBI (final) approvals	Q3 CY18
▶ Closing of transaction	Q3 CY18

[1] Could be delayed to January 2018



Sources of Revenue synergy potential [INRm]



Bundling Opportunity

- ▶ Enhanced content / car on next generation platforms
- ▶ System solutions, particularly for transmission automation
- ▶ Bearing sets for transmissions and Chassis (FAG + INA portfolio)
- ▶ Aftermarket kitting

Distribution Network

- ▶ Expanded geographic coverage
- ▶ Increased throughput per distributor through enhanced portfolio

3 Merger update

Cost synergy potential of 500 INRm on an annualized basis by 3 years

Transaction rationale

1 Revenue and cost synergy potentials – Optimizing warehousing and freight movement SCHAEFFLER

Current Network

To-Be Network

- ▶ Logistics Concept can be developed by leveraging combined requirements of 3 legal entities and thus creating a positive customer experience through 'One face' approach
- ▶ Consolidation of freight movement, warehouse operations and distribution channels

Transaction rationale

2 Revenue and cost synergy potentials – Efficiency Improvements SCHAEFFLER

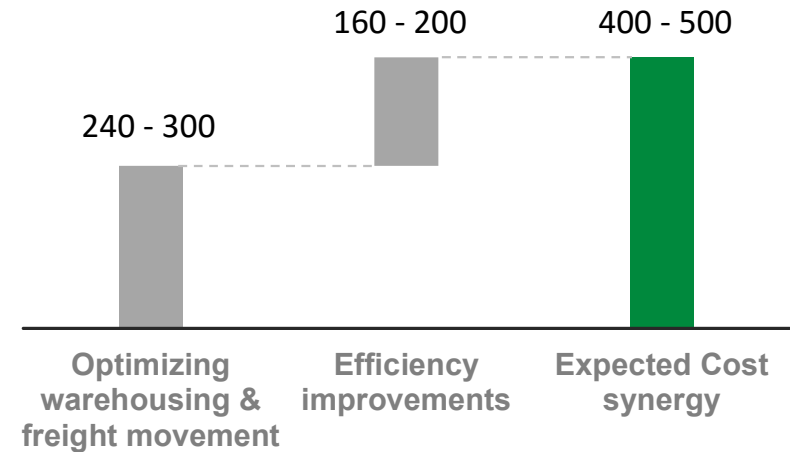
Sales & Marketing efficiency

- ▶ Re-organization of internal sales team to implement the 'One Schaeffler India' and 'Mobility for Tomorrow' strategy
- ▶ Field sales force efficiency improvement due to 'One face' to customer
- ▶ Consolidated sales offices at major upcountry locations

Administrative efficiency

- ▶ Efficiency due to single B2B, order management, common invoicing and document processing
- ▶ Simplified credit management and sales collection efforts
- ▶ Functional cost efficiency in Finance, HR, IT, procurement and internal sales
- ▶ Ease of implementation of shared services
- ▶ Reduced complexity of compliances due to a single legal entity

Sources of Cost synergy potential [INRm]



Optimizing Warehousing and Freight Movement

- ▶ Reduced cost of freight movement by leveraging volumes of all entities
- ▶ Greater opportunity for maximising Full truck loads providing control over costs and shipping lead times
- ▶ Enhanced operations by 3rd party logistics provider

Efficiency Improvements

- ▶ Re-organization of internal sales team and field sales force
- ▶ Functional cost efficiency in Finance, HR, IT and procurement
- ▶ Reduced complexity of compliances due to a single legal entity

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One strong Schaeffler entity in India

1

Economy expected to improve as the transitional impact of GST starts fading away

2

Automotive remained strong – Raw material improving – Wind showing signs of weakness

3

Q3 performance reflects improved sales and earnings

4

Q4 outlook remains positive

5

The Merger of INA India and LuK India with Schaeffler India Limited is on track

One strong
Schaeffler entity
in India

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