

ROYAL ENFIELD

# BRAND - WAY FORWARD

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2019-2020



# ROYAL ENFIELD

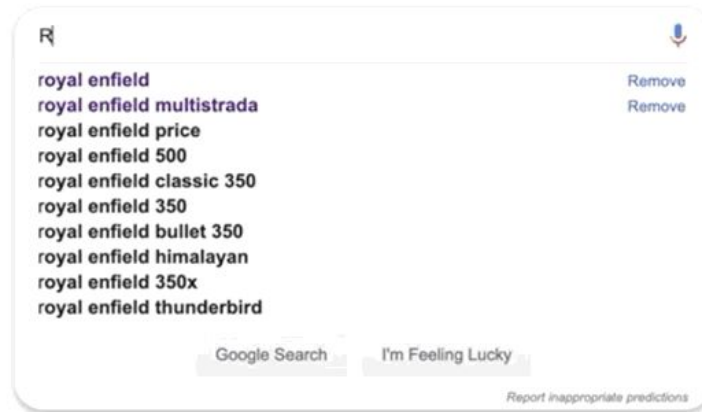
THE LEGEND RIDES ON



***“ 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

*Celebrating 50 years in India*



**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

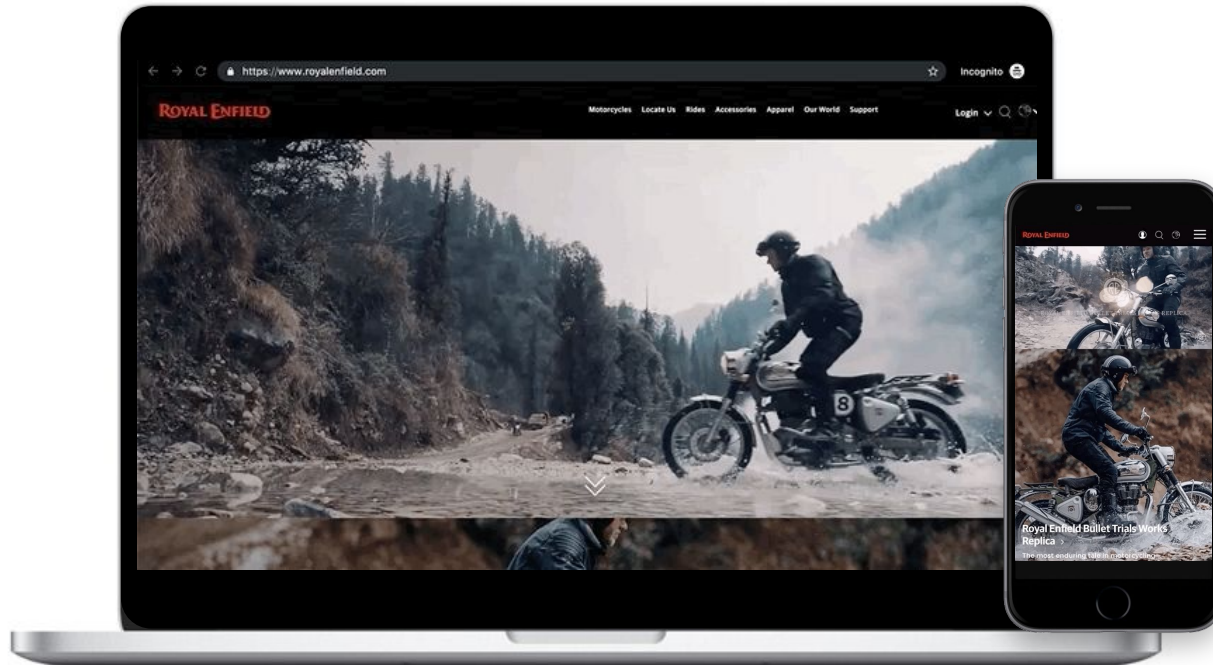
COMPETITOR 2    0.7 MILLION

COMPETITOR 2    0.6 MILLION

# 29.5 MILLION TOTAL WEB VISITS

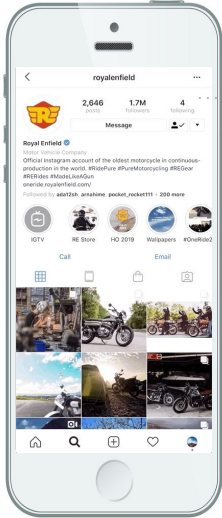
60% OF ALL WEBSITE VISITS IN THE 150 TO 750CC MOTORCYCLE SEGMENT ARE ON ROYALENFIELD.COM

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

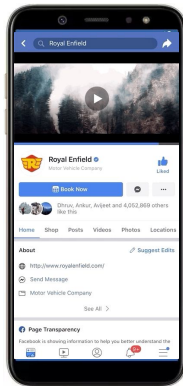


# The Digital Opportunity

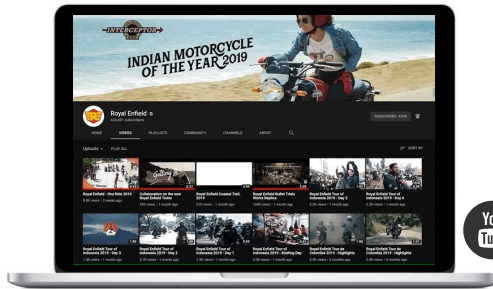
**6 MILLION**  
**STRONG SOCIAL MEDIA**  
**COMMUNITY**  
**WHICH IS FULLY ORGANIC**  
ONE OF THE STRONGEST ONLINE  
COMMUNITIES IN THE WORLD



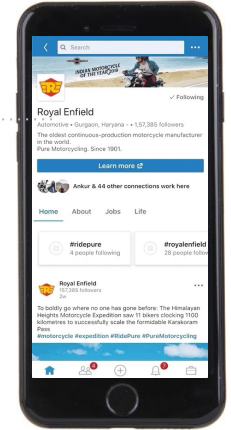
 **1.8 M**



 **4.1 M**



 **412 K**



 **160 K**



 **115 K**

## LISTENING AND MONITORING

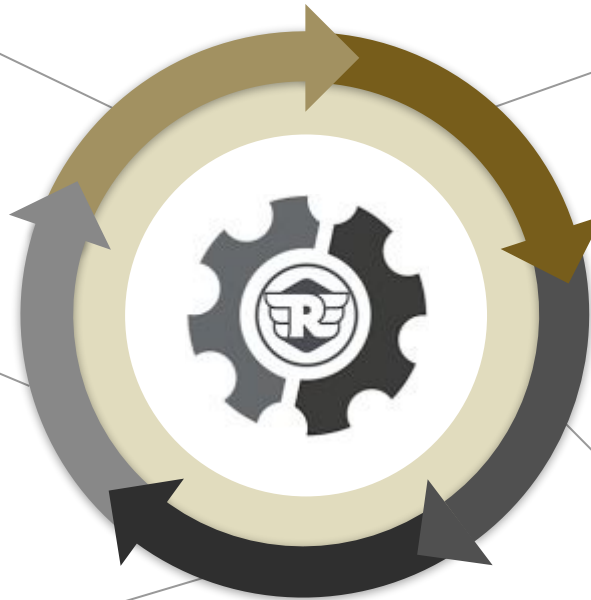
Tracking Brand, Competition & Category, monitoring **200K+ mentions, comments & conversations**

## 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



## EVOLVED ANALYTICS

Unlocking potential of **Big Data & Big Query** through Joint Business Plan with Google & Facebook

## 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

Charting new routes to a Pure Motorcycling Way of Life

**OVER 1,00,000 RIDERS RODE WITH  
ROYAL ENFIELD IN 2018-19**



The Royal Enfield Retail Footprint

# CHENNAI







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

**#1 ROYAL ENFIELD**  
42% Top of Mind Awareness

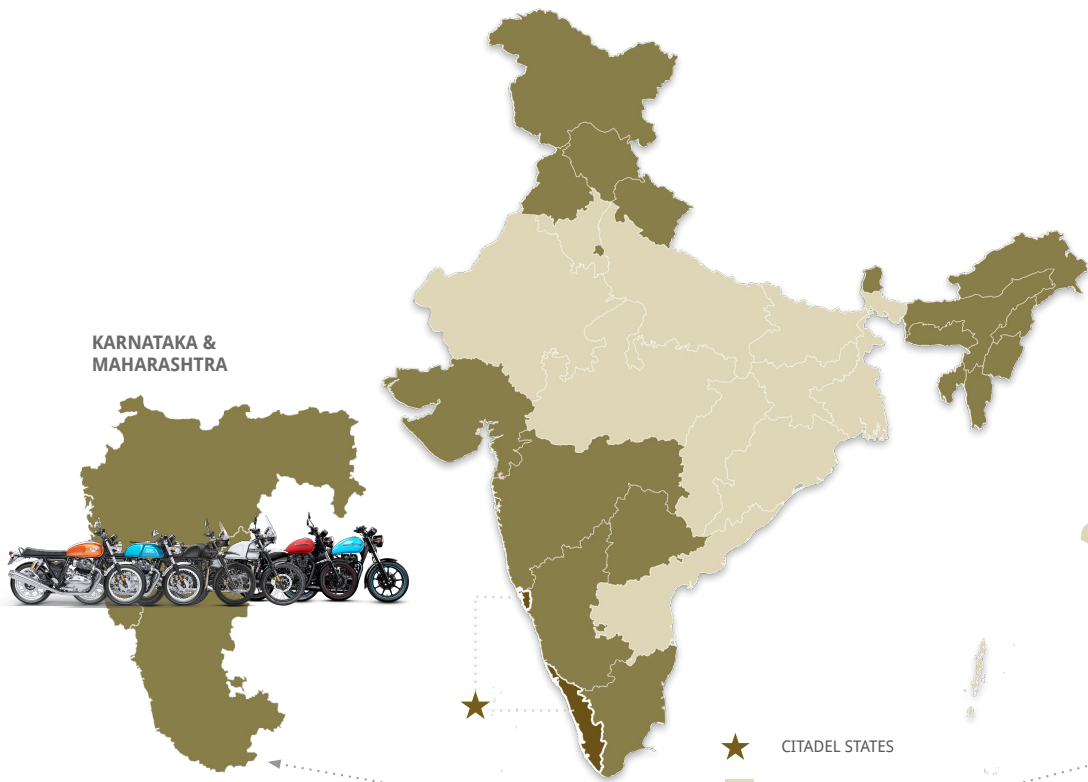
400 bps ahead of our closest competitor

1400 bps ahead of our closest competitor

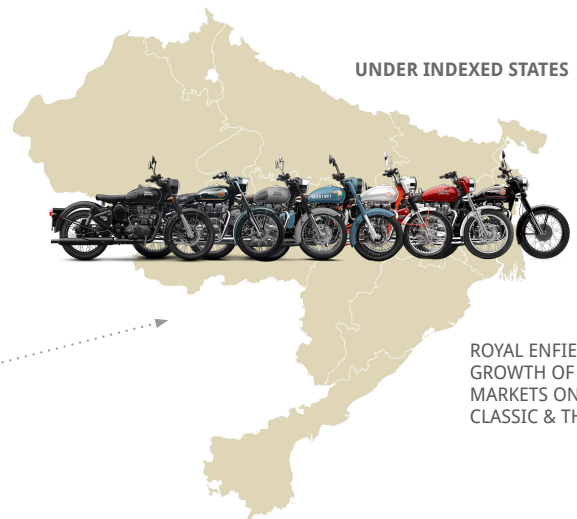
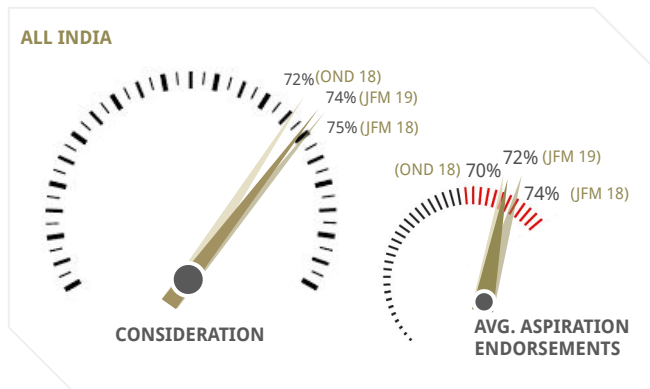


*\*Internal Millward Brown Brand Health Report with sample size of ~3200)*

# Opportunities to win in many Indias



NON CLASSIC MOTORCYCLES CONTRIBUTE 25% OF TOTAL SALES IN COMPARISON TO 14% FOR REST OF INDIA



ROYAL ENFIELD POSTED A GROWTH OF 8% IN THESE MARKETS ON THE WAVE OF THE CLASSIC & THE BULLET

# Winning in Many Indias - Market & approach Clustering

RE <26%

↑ HIGH POTENTIAL ↓ LOW PENETRATION

Andhra Pradesh, Telangana, North East, Orissa, West Bengal, Karnataka, Maharashtra, Tamil Nadu

OBJECTIVE:  
DRIVE AWARENESS AND TRIAL @ SCALE

↓ LOW POTENTIAL ↓ LOW PENETRATION

Bihar, Jharkhand, Gujarat, Madhya Pradesh, Chattisgarh

OBJECTIVE:  
DRIVE ACCESSIBILITY

RE >26%

↑ HIGH POTENTIAL ↑ HIGH PENETRATION

Himachal Pradesh, Jammu & Kashmir, Uttarakhand, Delhi, Chandigarh, Goa, Kerala

OBJECTIVE:  
DRIVE DIFFERENTIATION

↓ LOW POTENTIAL ↑ HIGH PENETRATION

Haryana, Punjab, Rajasthan, Uttar Pradesh

OBJECTIVE:  
DRIVE ASPIRATION THROUGH LIFESTYLE

PST  
>23.5%

PST  
<23.5%

# Steady and Sure over time...

REDDITCH



GUN GREY & STEALTH BLACK



HIMALAYAN SLEET & THUNDERBIRD X



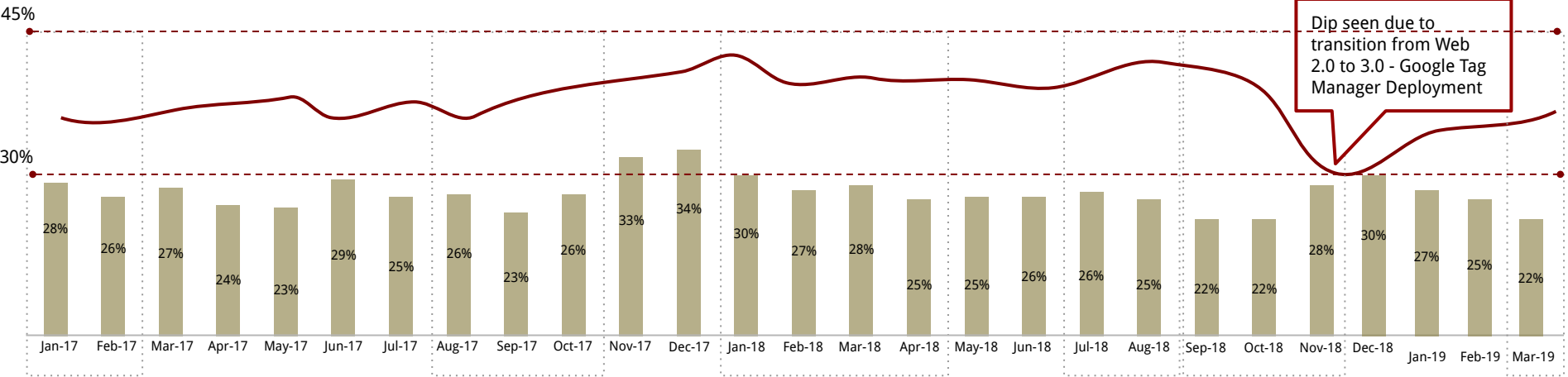
SIGNALS



TWINS



BULLET TRIALS

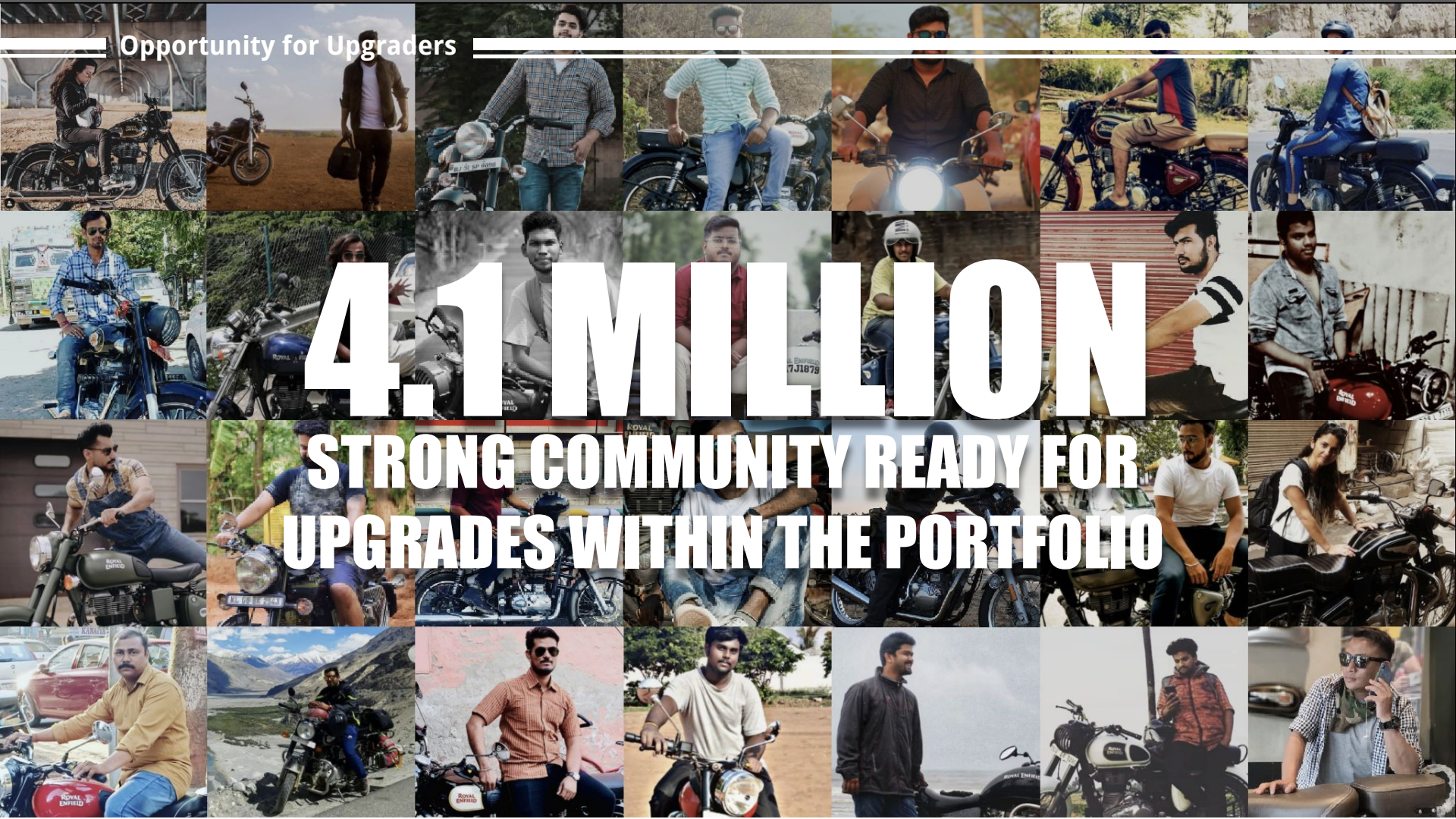


Dip seen due to transition from Web 2.0 to 3.0 - Google Tag Manager Deployment

Market Share  
Share of Search

Opportunity for Upgraders

4.1 MILLION  
STRONG COMMUNITY READY FOR  
UPGRADES WITHIN THE PORTFOLIO



# The Twins Launch - A watershed event in motorcycling

Buying guides  
Triumph T20 Cub Tiger in your tank | Honda CB450 So fast they banned it

BUY SELL RIDE RESTORE

# CLASSIC BIKE

## Royal Enfield 650 twins

WE RIDE THE NEW INTERCEPTOR AND CONTINENTAL GT

Rocket 3 racer for the road!

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# PubliMotos

## INTERCEPTOR Y CONTINENTAL GT 650

Probamos la más potente Rouster y Cafe Racer de la marca

En acción **HONDA CB-125F**  
Diseñada para conquistar

TOBY PRICE GANÓ EL DAKAR

publicimotos.com

¡KYMCO Super NEX, una superdeportiva taiwanesa!

TESTE KTM 390 DUKE. ESPORTIVIDADE E TECNOLOGIA

# motociclismo

www.motociclismoonline.com.br

## NOVAS ROYAL ENFIELD Interceptor e Continental GT 650 surpreendem e levam a marca a um novo patamar!

LANÇAMENTOS HONDA

- CB 1000R
- XRE 300
- Elite 125
- Novo PCX

E MAIS SEIS NOVIDADES! \* GL 1800 Gold Wing / Tour DCT \* SH 300i Sport \* CG 160 Titan Série Especial 25 anos \* Pop 110i CBS \* CRF 250F

SUPERTESTE **YAMAHA MT-07**  
A naked bicilíndrica foi atualizada, e nós a pusemos à prova!

ESPECIAL **INTERMOT 2018 SALÃO DE COLÔNIA**

Recognition by those who know best



MOT4



## Twins: Source of Growth



*55% of all Twins Customers are upgraders  
from the 350cc Royal Enfields*

### WHAT'S WORKED

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

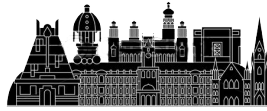
### KEY TASKS

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

# Twins: Source of Growth



**BANGALORE**



**CHENNAI**



**MUMBAI**



**NEW DELHI**



**HYDERABAD**



**PUNE**

## TYPICALLY AMONGST TWIN OWNERS

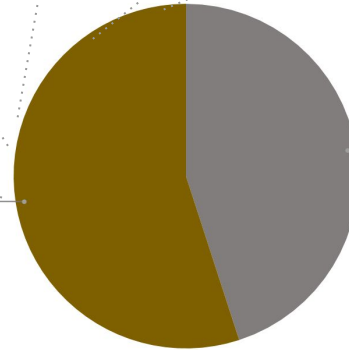


**INTERCEPTOR 650**  
30-45 yrs



**GT 650**  
18-30 yrs

THESE KEY METROS .  
55.0%

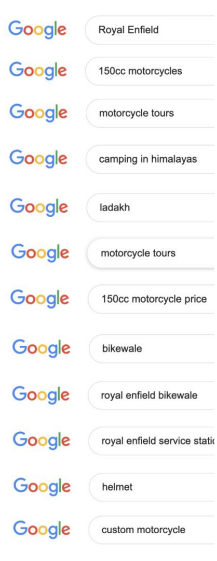


REST OF INDIA  
45.0%

TWINS INDIA SALES

# Delighting Customer throughout their brand journey

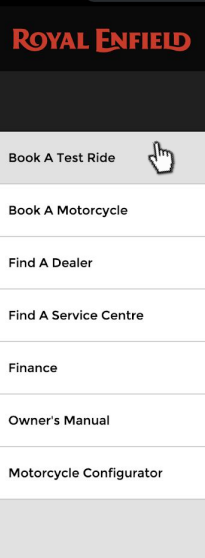
## IN SEARCH



ONLINE SEARCH



EXPERT/  
USER GROUP  
ADVICE



ONLINE ENQUIRY

## IN STORE



STORE VISIT



TEST RIDE



BOOKING  
& PURCHASE



DELIVERY



AFTER SALES  
SERVICE



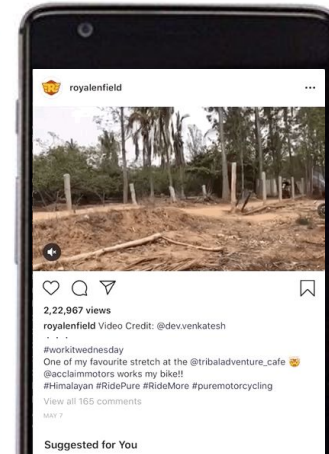
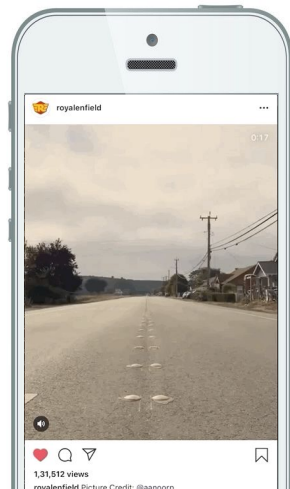
COMMUNITY  
ENGAGEMENT  
(RIDES)

## IN USE

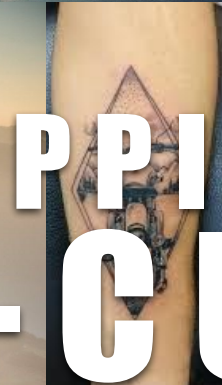
Living and sharing a Pure Motorcycling Way of Life

# THE POWER OF UGC

70% OF ALL ROYAL ENFIELD SOCIAL CONTENT IS USER GENERATED AND  
ENJOYS A HIGHER ENGAGEMENT RATE



New Ride Formats



# TAPPING INTO SUB-CULTURES



New Ride Formats

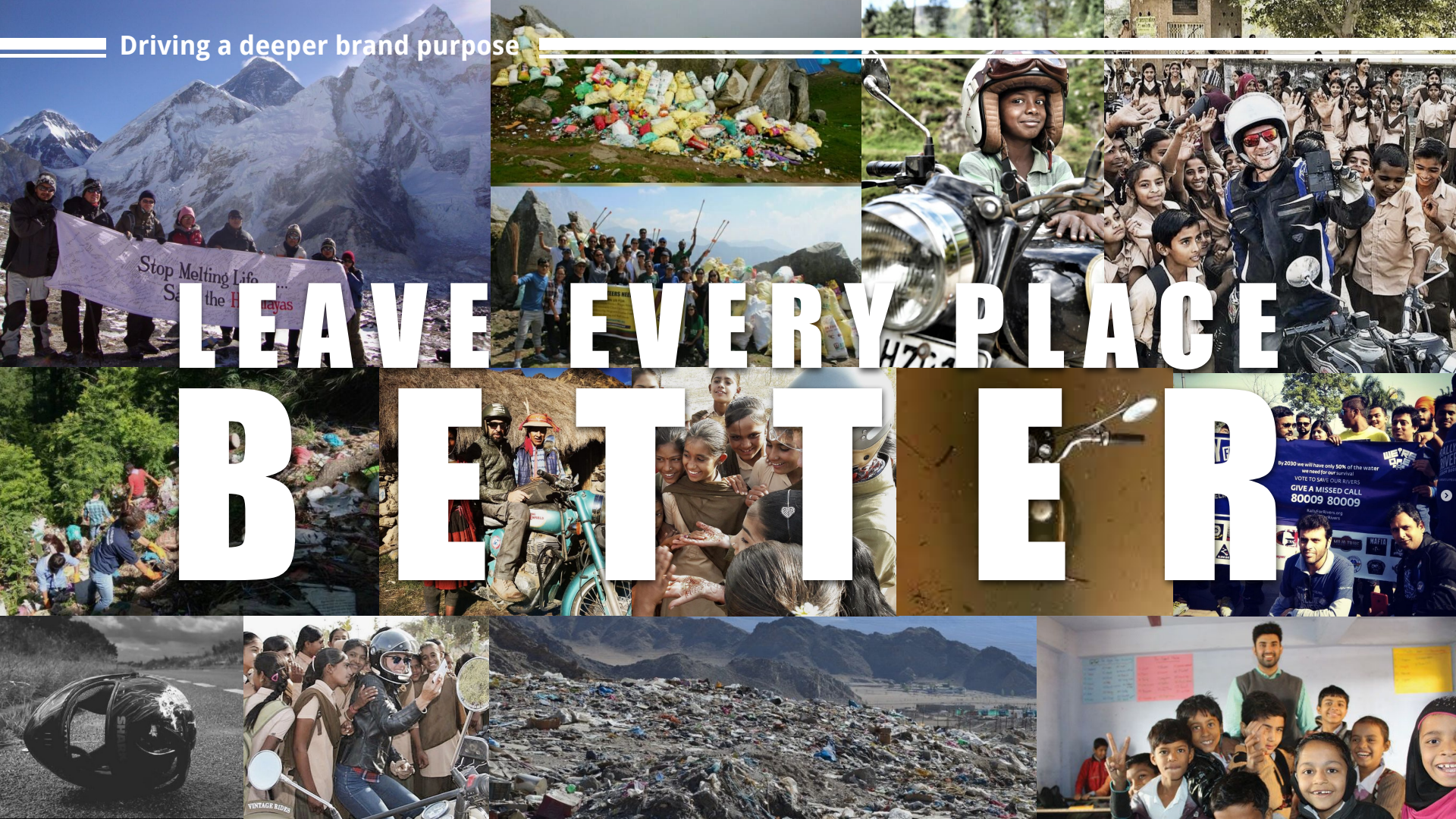


# SUB-BRAND FOCUSED RIDERS

# FLAT TRACK

A Royal Enfield motorcycle rider is shown in profile, leaning forward on a dirt track. The rider is wearing a black leather jacket, a white and red helmet, and brown boots. The motorcycle is a classic-style bike with a large headlight and a wind deflector. The background features a hazy, mountainous landscape under a clear sky. In the distance, another rider is visible, kicking up a cloud of dust. The overall scene conveys a sense of adventure and off-road riding.

Driving a deeper brand purpose



# LEAVE EVERY PLACE BETTER

VINTAGE RIDES





**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**



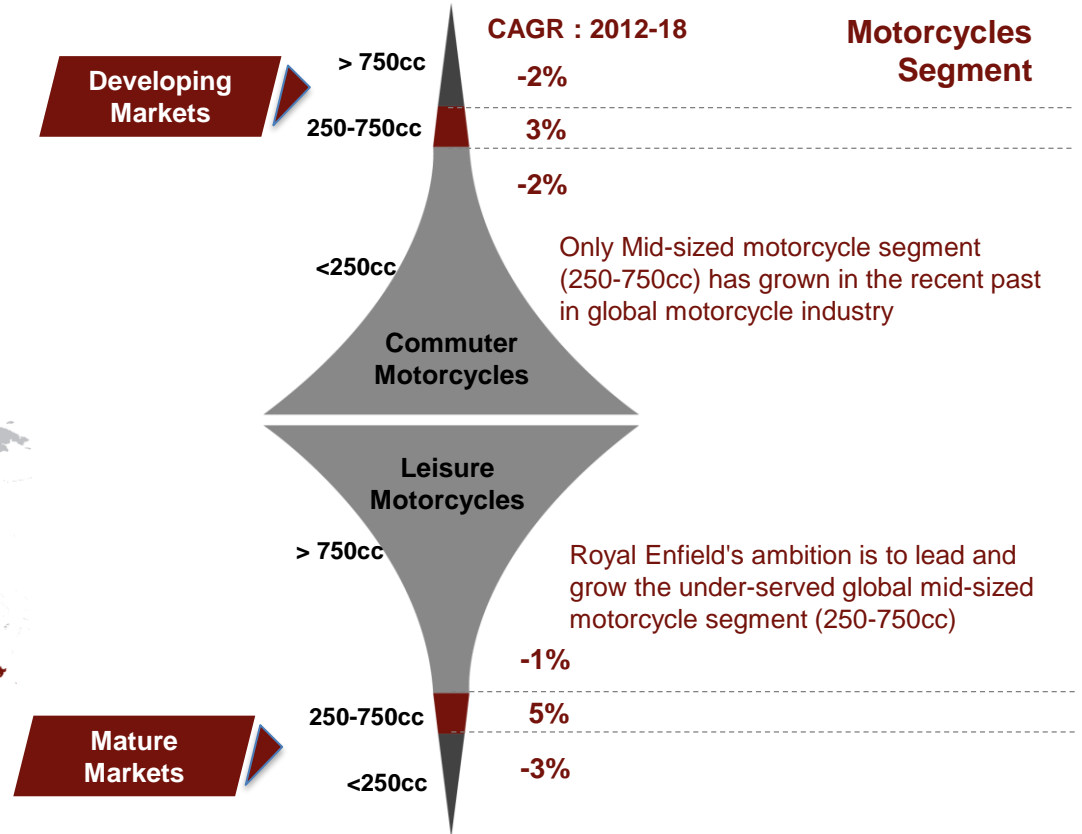
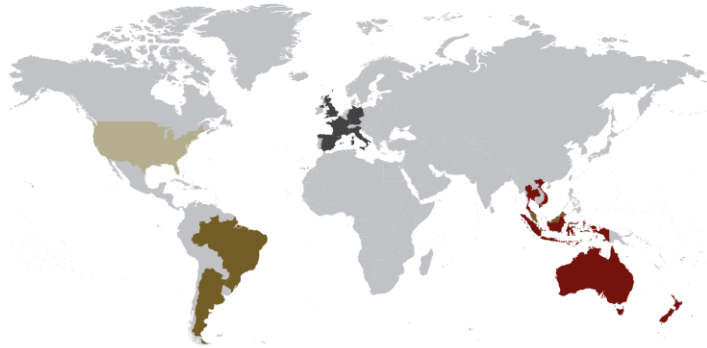
# International History

## Royal Enfield Recent International Journey



# 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

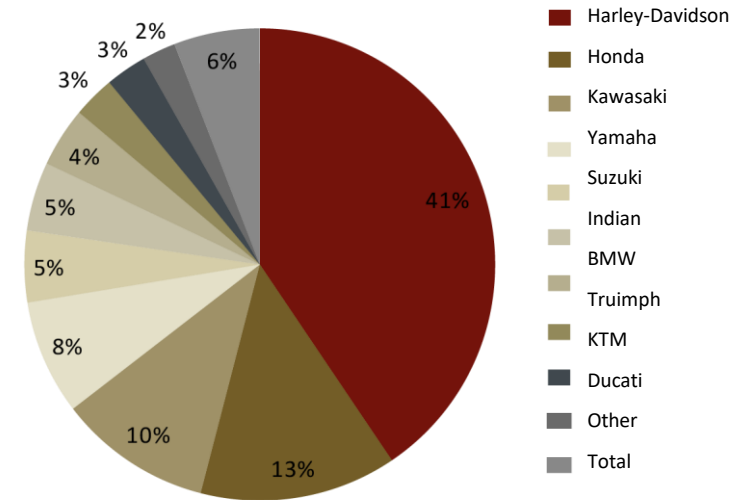
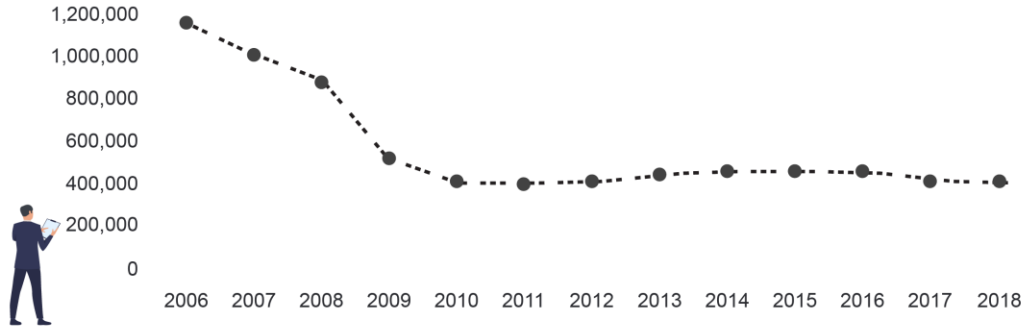


# North America Motorcycle Market

## 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

North America New Motorcycles Sales



# 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

# 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



# North America – Twins Launch

## 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



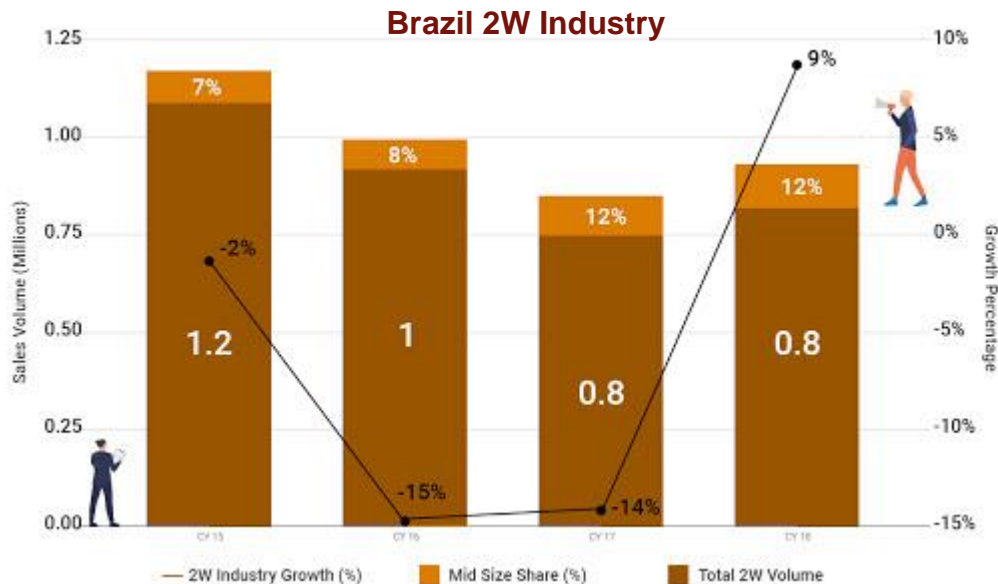
A group of motorcyclists riding on a paved road through a hilly, rural landscape. The lead rider is in the foreground, wearing a black helmet with goggles and a leather jacket. The background shows rolling green hills and a clear sky. The text 'LATIN AMERICA' is overlaid in white on a dark horizontal bar.

# LATIN AMERICA

# Brazil - Competitive Landscape

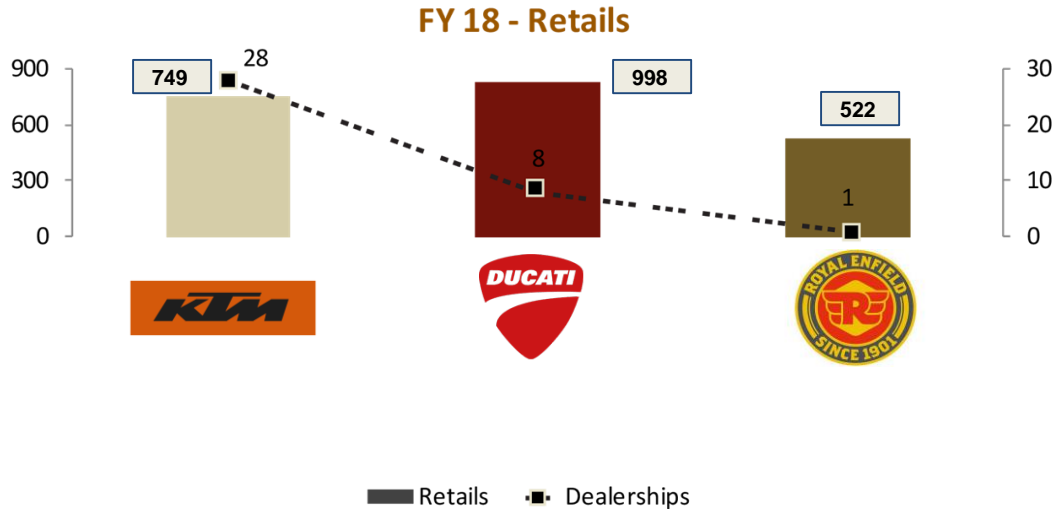
CY 2018	Engine Size	Sales Volume	%
Lower cc	< 250 cc	523,780	56%
Mid-Size	250 - 750 cc	111,303	12%
Higher cc	> 750 cc	19,641	2%
Scooters/ Underbone/ Others		281,904	30%
<b>Total</b>		<b>936,628</b>	<b>100%</b>

- 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.



Source: Company Research

# Brazil - RE Performance



## Focused Growth Strategy:

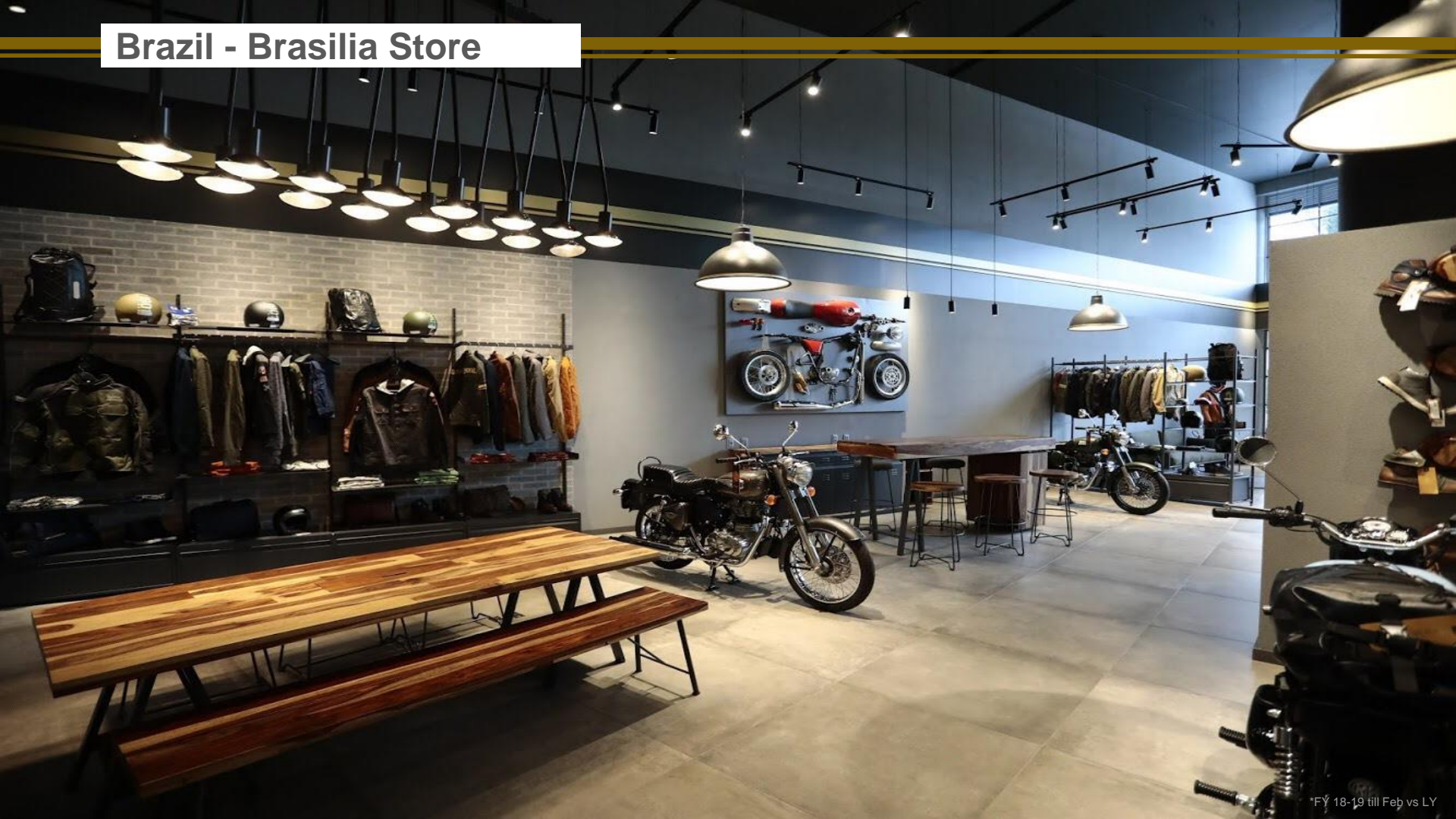
- Brand development
- Network/dealer expansion
- New product launches

Company	2W Total Sales CY 2018	Mid Size Total Sales
HONDA	744,974	62,482
YAMAHA	128,875	35,066
BMW	7,158	2,137
Kawasaki	5,942	3,658
SUZUKI	5,605	1,237
HARLEY-DAVIDSON	5,746	-
TRIUMPH	4,396	-
KTM	749	400
ROYAL ENFIELD	522	522
DUCATI	998	1
OTHERS	31,663	5,800

# Brazil - Brasilia Store

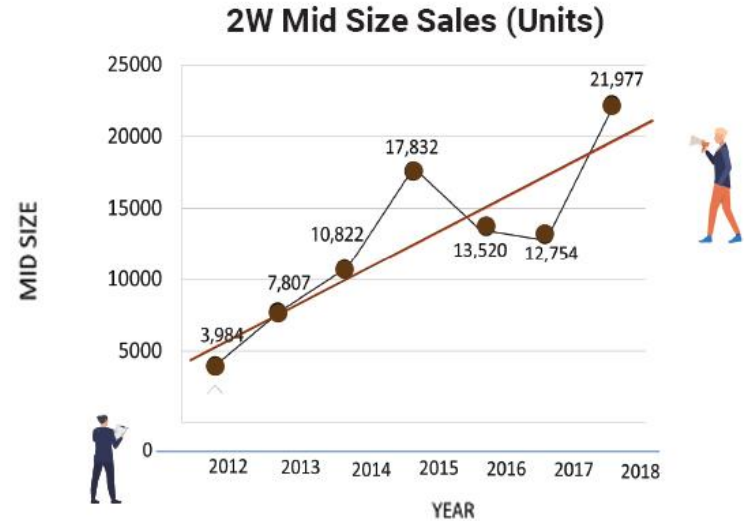
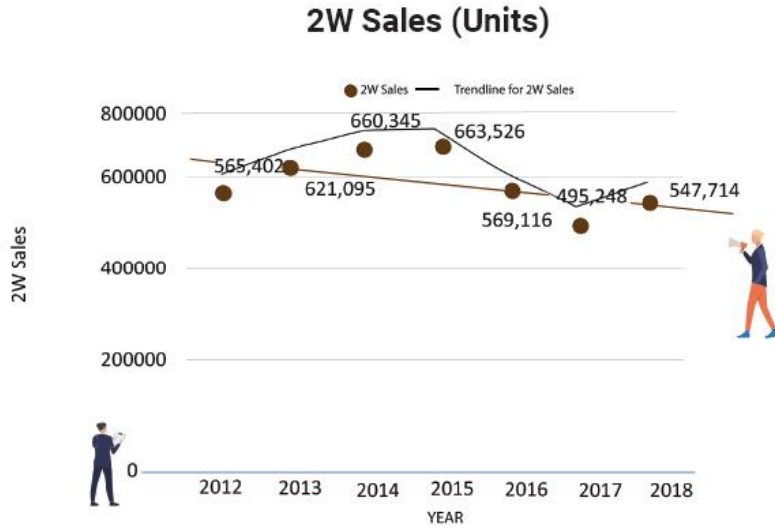


# Brazil - Brasilia Store



# Colombia - Market Situation

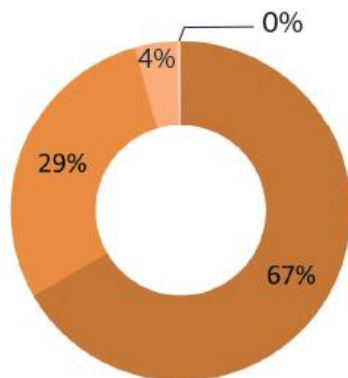
- Middleweight segment is growing steadily
- Recreation riding is increasing
- On/Off road motorcycles are popular



# Colombia - Competitive Landscape

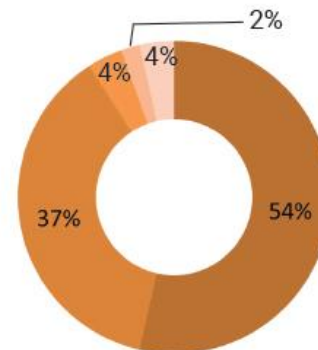
## 2W Sales by Engine Size for CY 2018 (Units)

■ <150 cc ■ 150 to 249 cc ■ 250 to 750 cc ■ >750 cc



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

■ Roadster - Sport ■ Dual Purpose ■ Super sport ■ Roadster- Classic ■ Others



**Market structure presents fascinating opportunity for Royal Enfield**



## Colombia - Journey so far



Medellín store



Bogotá 134



Bogotá Zona T



Cali store



Bogotá Campin



Pereira store



Villavicencio



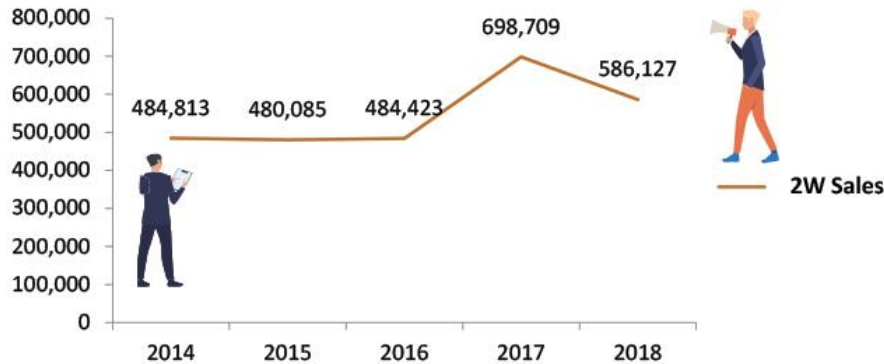
Bogotá Normandía

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

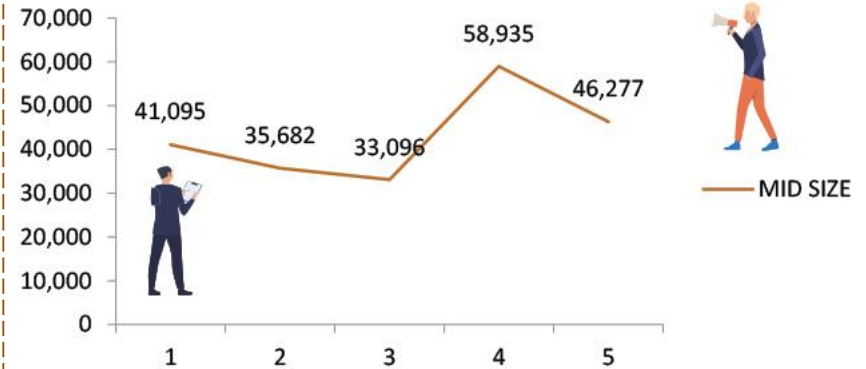
# Argentina - Market Situation

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

## 2W Sales (Units)



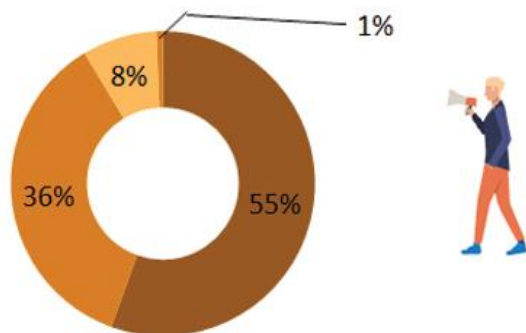
## 2W Mid Size Sales (Units)



# Argentina - Competitive Landscape

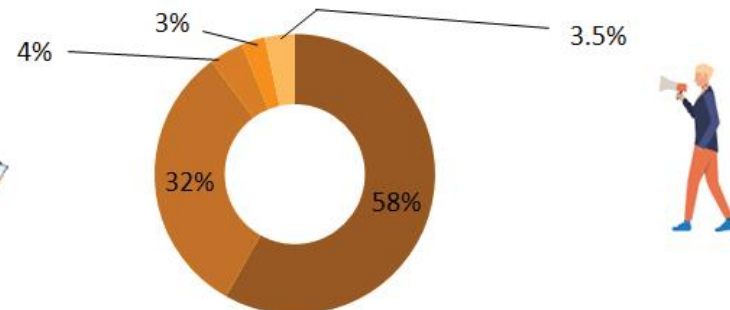
## 2W Sales by Engine Size for CY 2018 (Units)

■ <150 cc ■ 150 to 249 cc ■ 250 to 750 cc ■ >750 cc



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

■ ON-OFF ■ STREET ■ S.SPORT ■ SCOOTER ■ OTHER



**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)

# LATAM - Journey so far - Events & Rides



Reunion Colombia  
2018 - Ride



La Gujira Ride,  
Colombia



Test Ride Campaign  
Bogota, Colombia



Bogota, Colombia  
Night Ride



One Ride 2019  
Colombia



Himalayan Off Road Ride  
Colombia

# International Growth Strategy

## Summary:

- At early stage of the international journey
- Excited about the initial results in the international growth strategy





| GLOBAL  
| TECHNICAL ORGANISATION

## UCE Platform change

was used to drive the change agenda across organization

WE HAVE BUILT THE



CAPACITY



CAPABILITY

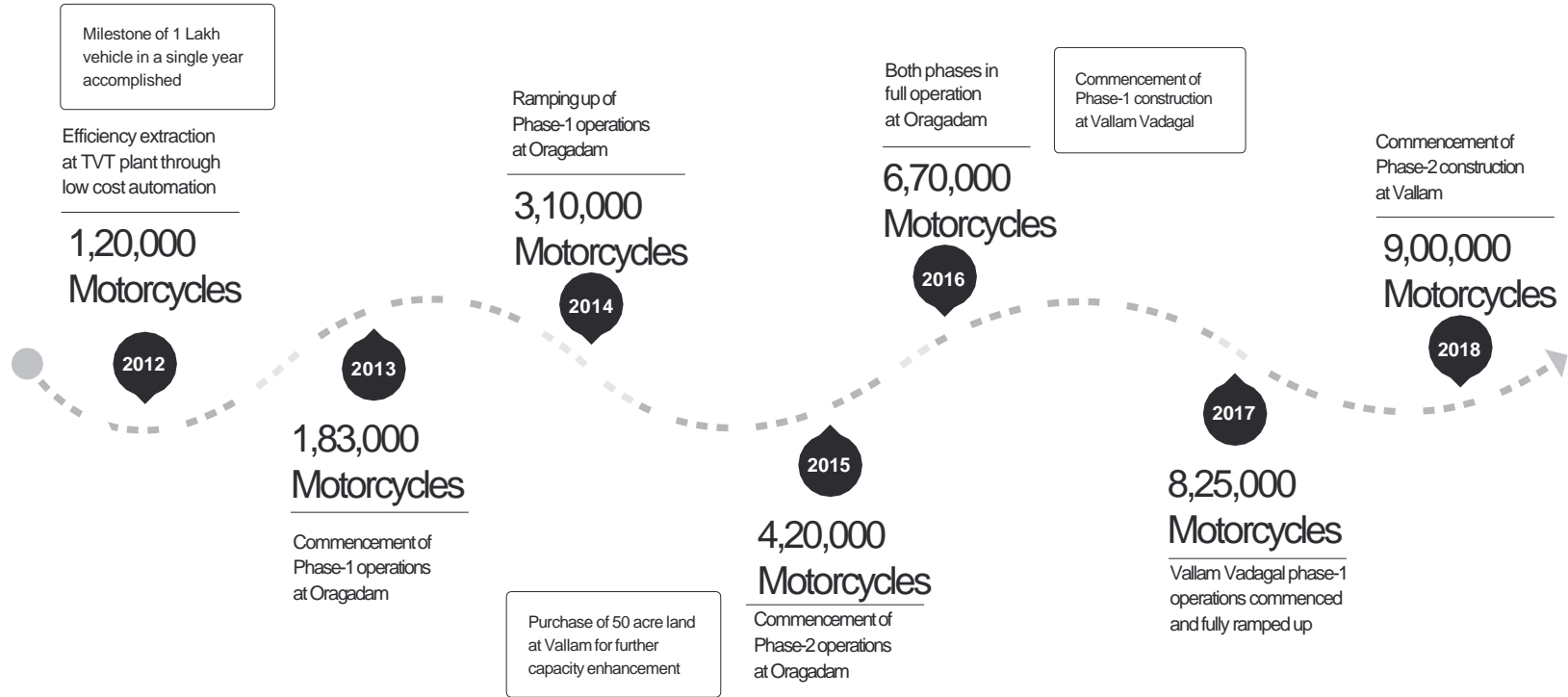


COMPETENCY



## Capacity addition

in modules helped maximize the efficiency extraction



THIRUVOTTIYUR



No Assembly operations;  
Plating & Auto buffing

ORAGADAM



Capacity  
600,000 motorcycles per  
annum

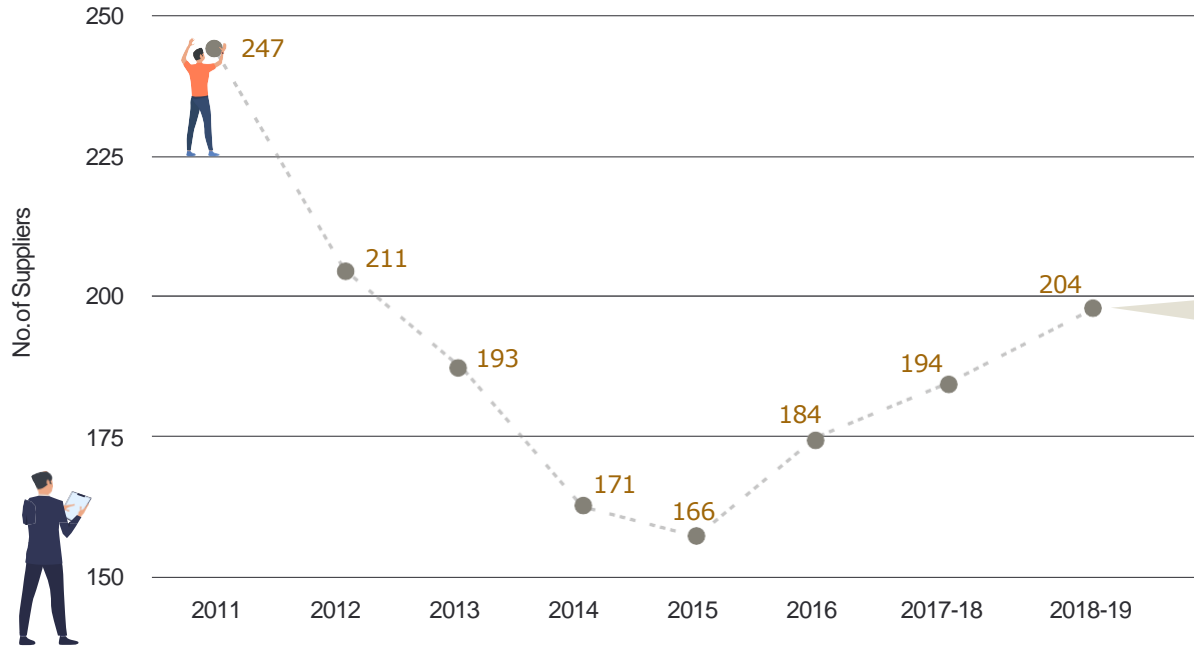
VALLAM VADAGAL



Capacity  
600,000\* motorcycles per  
annum

## 204 Strong vendor

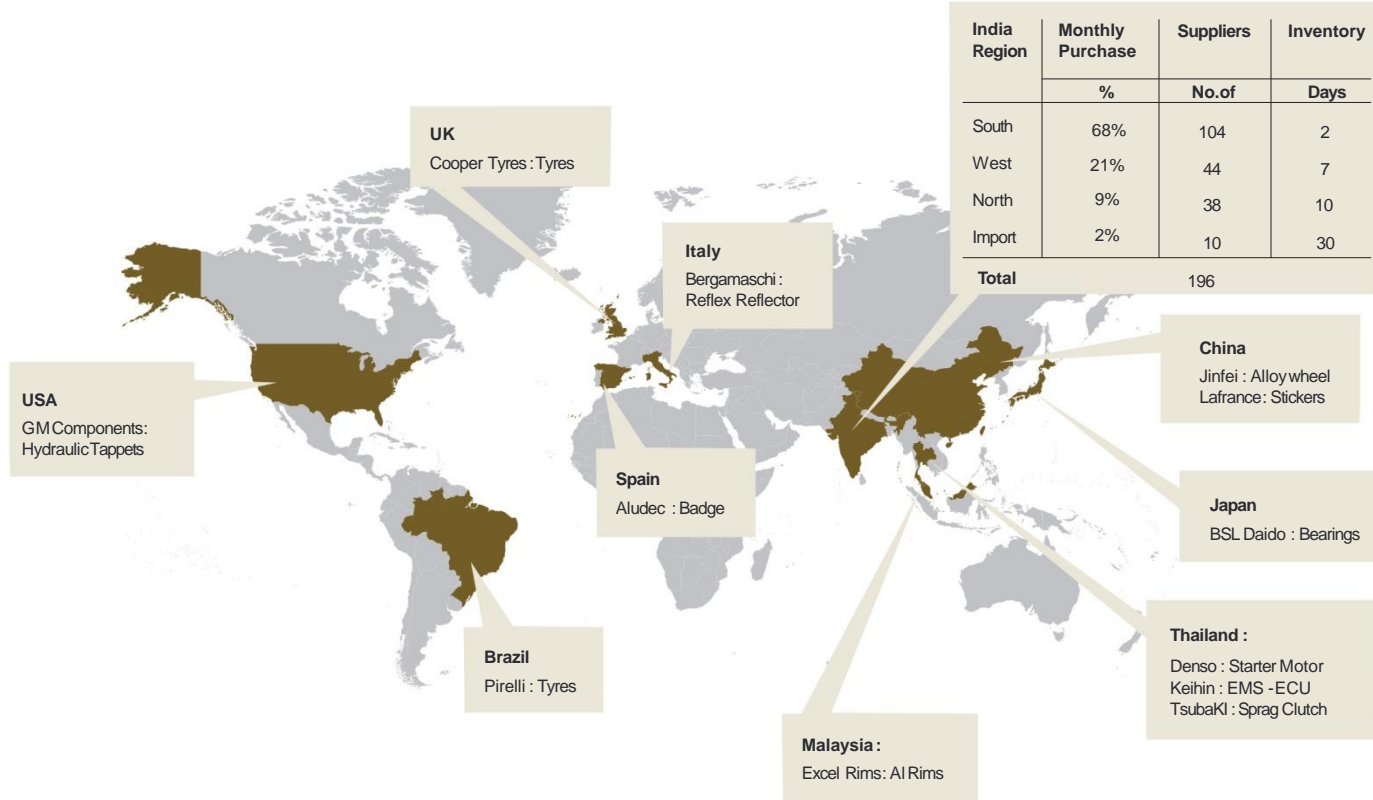
base to support the growth



- 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



India Region	Monthly Purchase	Suppliers	Inventory
	%	No.of	Days
South	68%	104	2
West	21%	44	7
North	9%	38	10
Import	2%	10	30
<b>Total</b>		196	

## Every investment

was done for best-in-class output with frugality

### VEHICLE ASSEMBLY



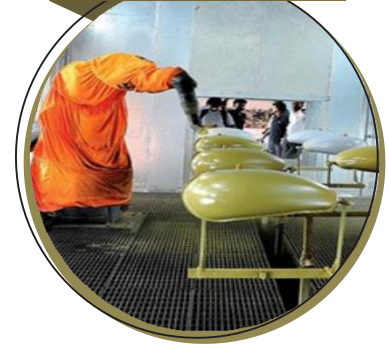
- Assembly line flexibility -248 SKUs produced in one line
- Number of Poka Yoke in line - 30
- DC nut-runners for critical tightening joints
- SRK methodology followed for New Product Introduction
- Road test and dynamometer testing done for 100% of vehicles

### ENGINE ASSEMBLY



- Automation of critical sub assembly operations
- 100% of tightening operations by DC nut-runners with accuracy of  $\pm 3\%$
- 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

### THIRUVOTTIYUR



No. of people  
(Shifted to new tech center)

### UK TECHNOLOGY CENTER



No. of people - 150

### INDIA TECHNOLOGY CENTER



No. of people - 265  
(Product testing team  
already in place, and  
remaining people are being  
moved from TVT and other  
locations to Tech Center)

## 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

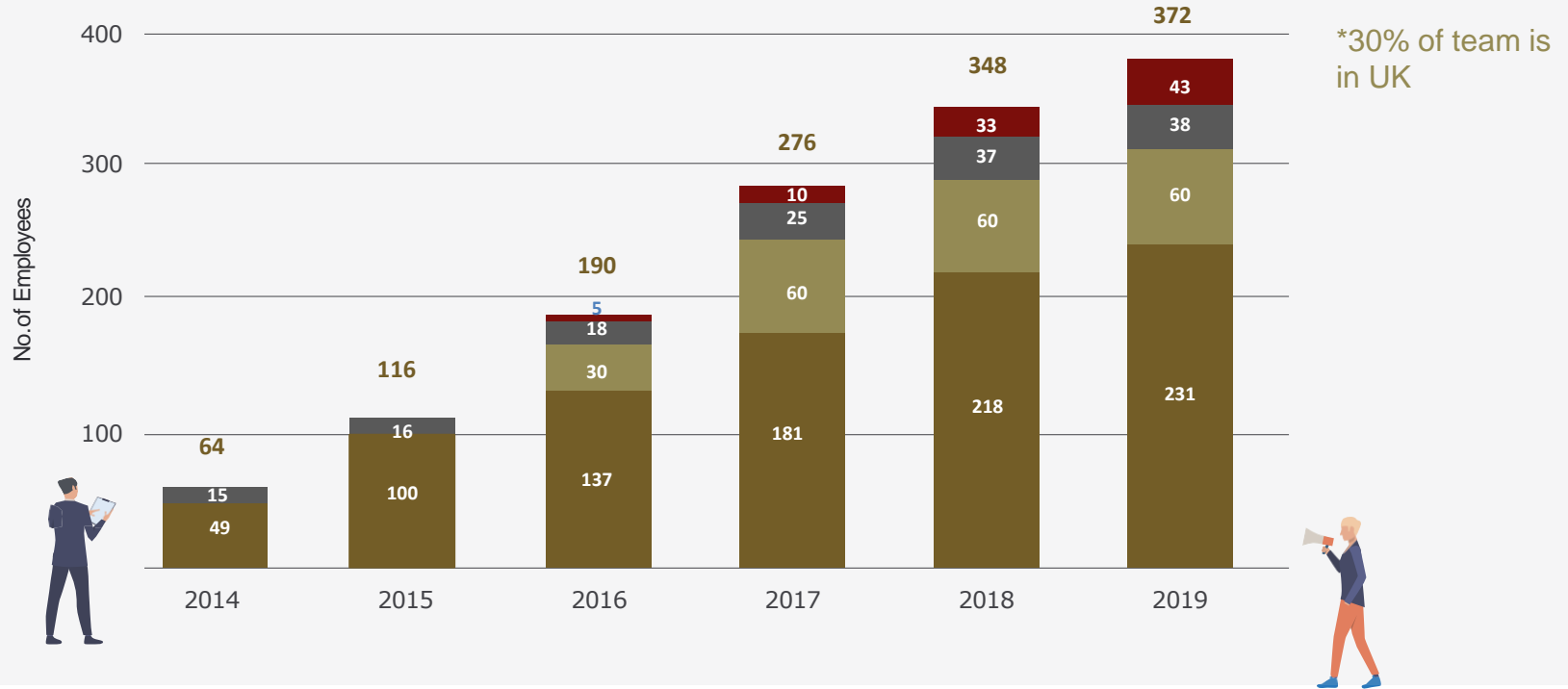


**Genuine Motorcycle Accessories** - Define and design accessories



**Current Engineering** - Continuous improvement of products after entry to marketplace

# Product Development

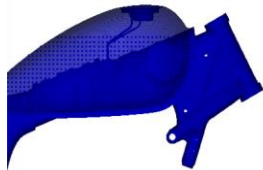
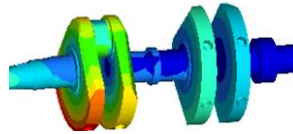
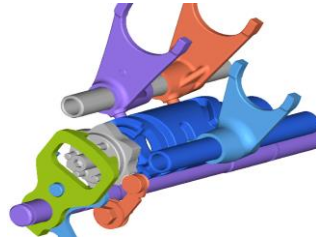
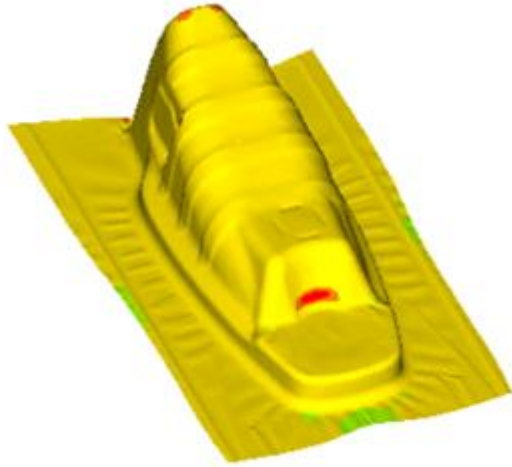


## Development Global Growth

- GenuineMotorcycleAccessories
- Product Strategy/Industrial Design
- Current Engineering
- ProductDevelopment

# Product development growth

not just in numbers, but in capability



## Analysis carried out on the Twins

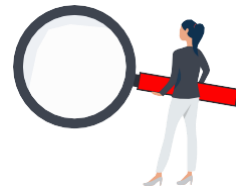
Analysis team simulates and tests components, systems and whole motorcycle in the virtual world to identify problems before making real components

- 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

## Product Development - Facilities



Purpose-built new Technology Centre nearing completion in Chennai Incorporates new test equipment to enhance development process



- Hemi-anechoic chamber
- Sound-absorbing walls and ceiling
- Used to develop sound of the motorcycle



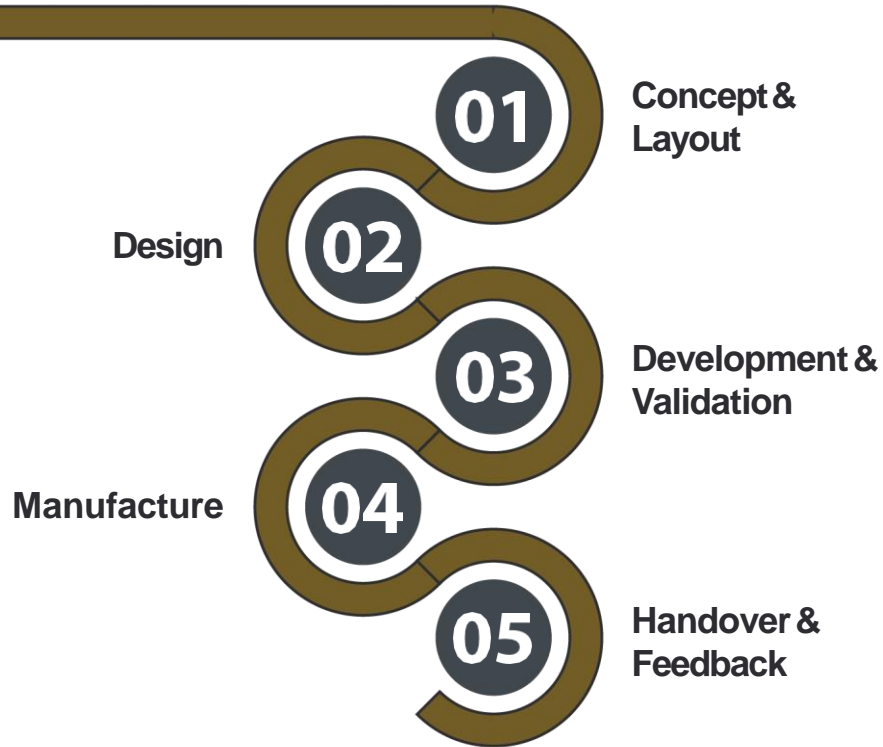
- “Four poster” road simulator
- Accelerated road load based structural simulation test
- Inputs in X & Y direction

## Product Development – New Facilities



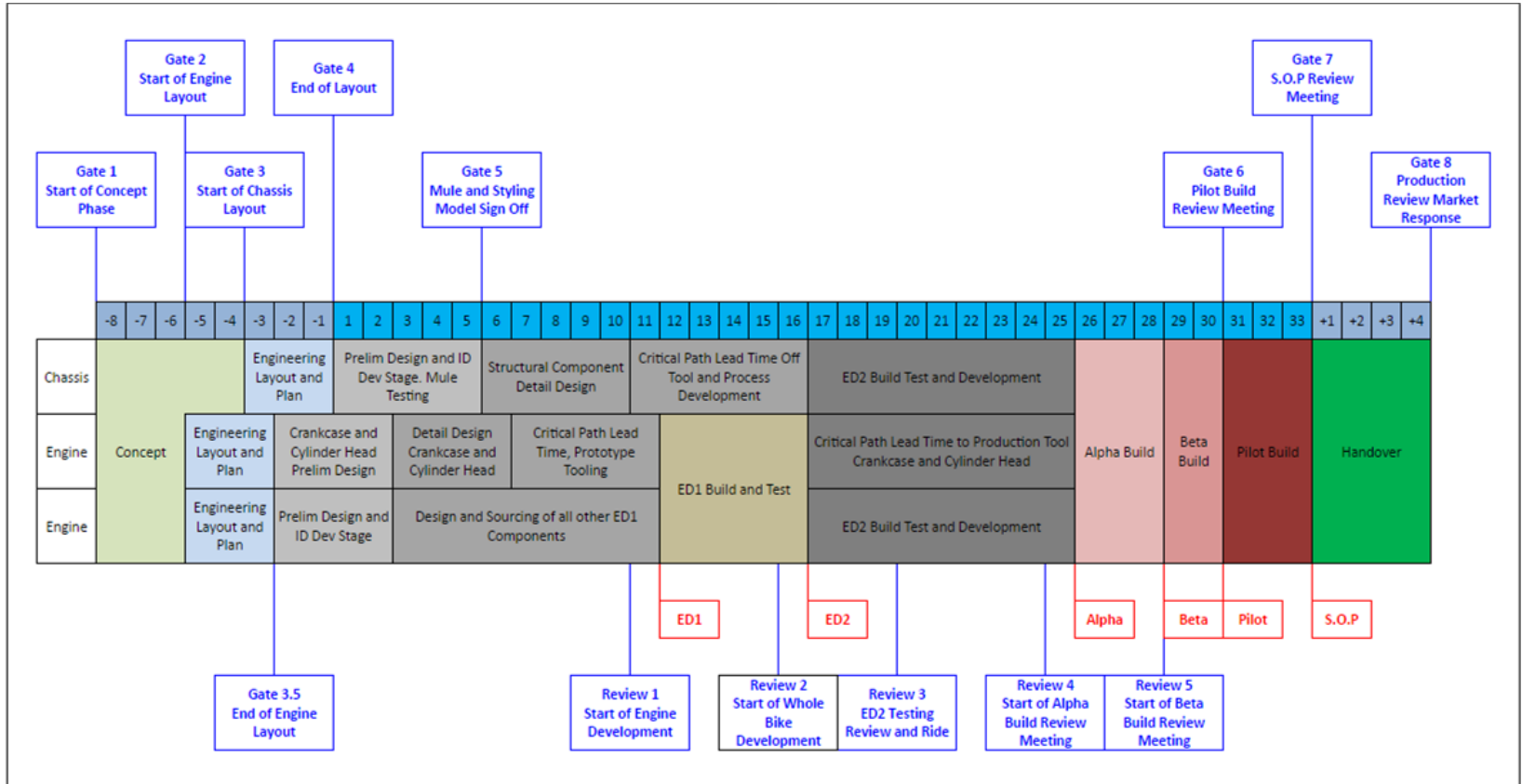
- 9 engine test beds (Earlier 3)
- 4 chassis dynamometers (Earlier 1)
- Climatic chamber (-20°C to +60° C, new)
- Emissions dynamometer
- Component test rigs
- Prototyping
  - Machining
  - Fabricating
  - 3D printing (new)
  - Vacuum casting (new)
  - Pressing





- Five interlinked processes
- Eight gates to deliver the right information at the right time
- Five reviews to deliver an agile test and development process
- Three development builds to optimise the product
- Three manufacturing builds to fully develop the process
- A framework of documents to guide and give visibility

## Class 5 Project Timeline



## Product Development – Outcomes

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





### LEGISLATION

- **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**

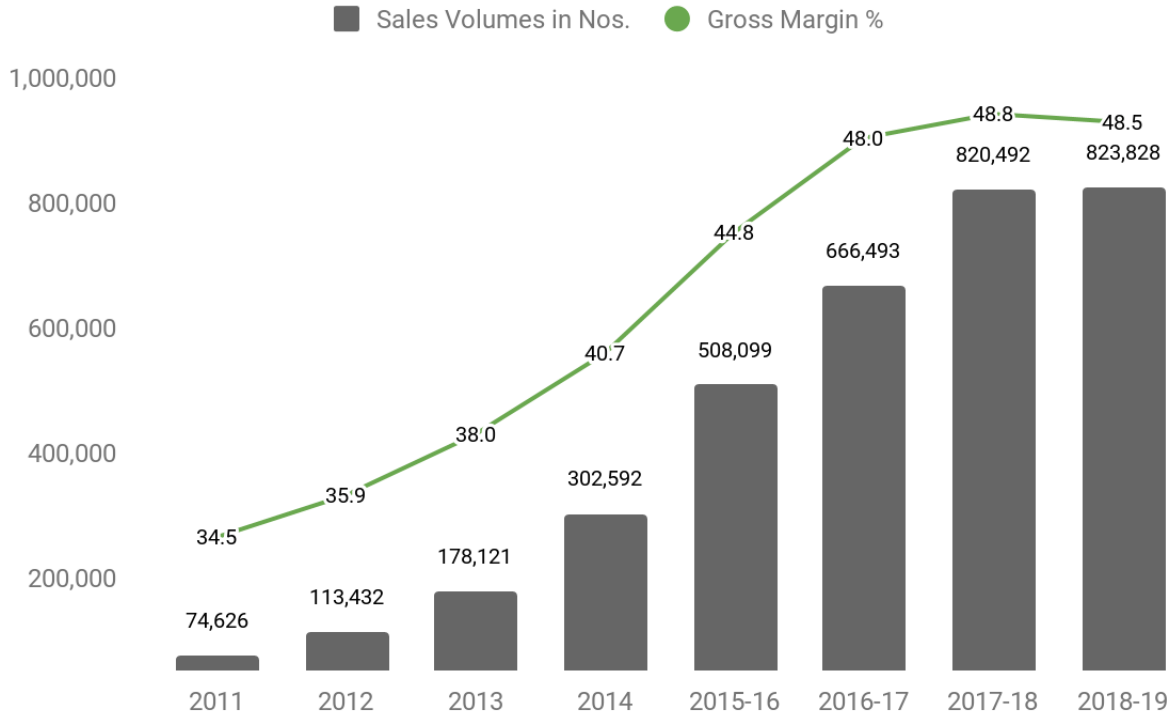
**"HOLY WOW, THAT'S A GAME  
CHANGER"  
-OVERDRIVE - INDIA**

**'THE ROYAL ENFIELD 650 TWINS  
ARE BUILT TO TAKE ON THE WORLD"  
-AUTOCAR - INDIA**



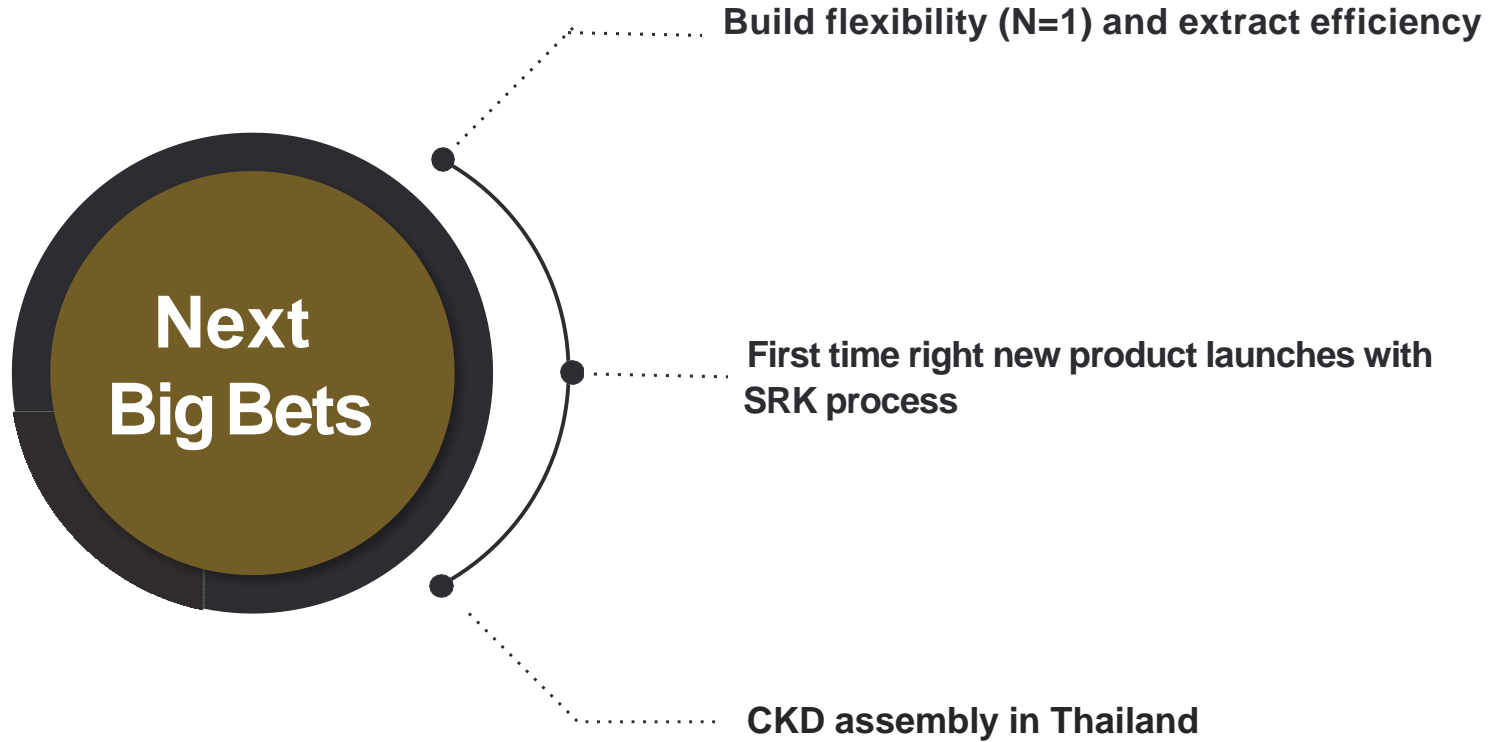
# One big initiative which helped in profitability

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





# VE Commercial Vehicles Ltd

Vinod Aggarwal, *MD & CEO*



# CV Industry and VECV... A Promising Future



**Business Environment**



**VECV Overview**



**Investments, Plans and Outlook**

# CV Industry and VECV... A Promising Future



Business Environment

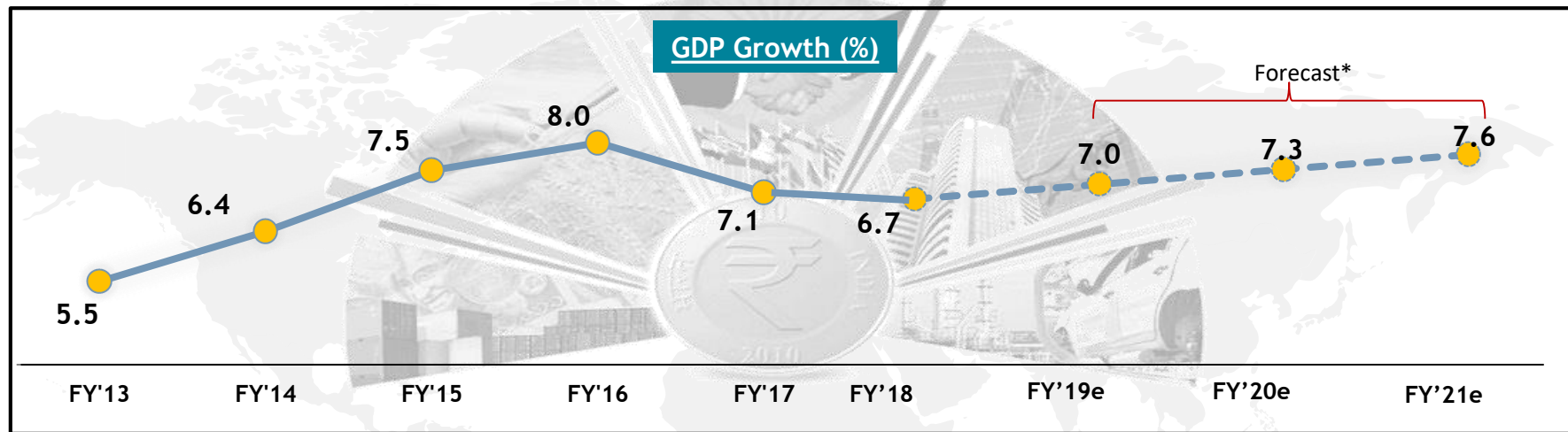


VECV Overview



Investments, Plans and Outlook

# Macro-economic outlook... India's long term growth story remains intact...a large opportunity for the auto-industry



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\* 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 Scrapage 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

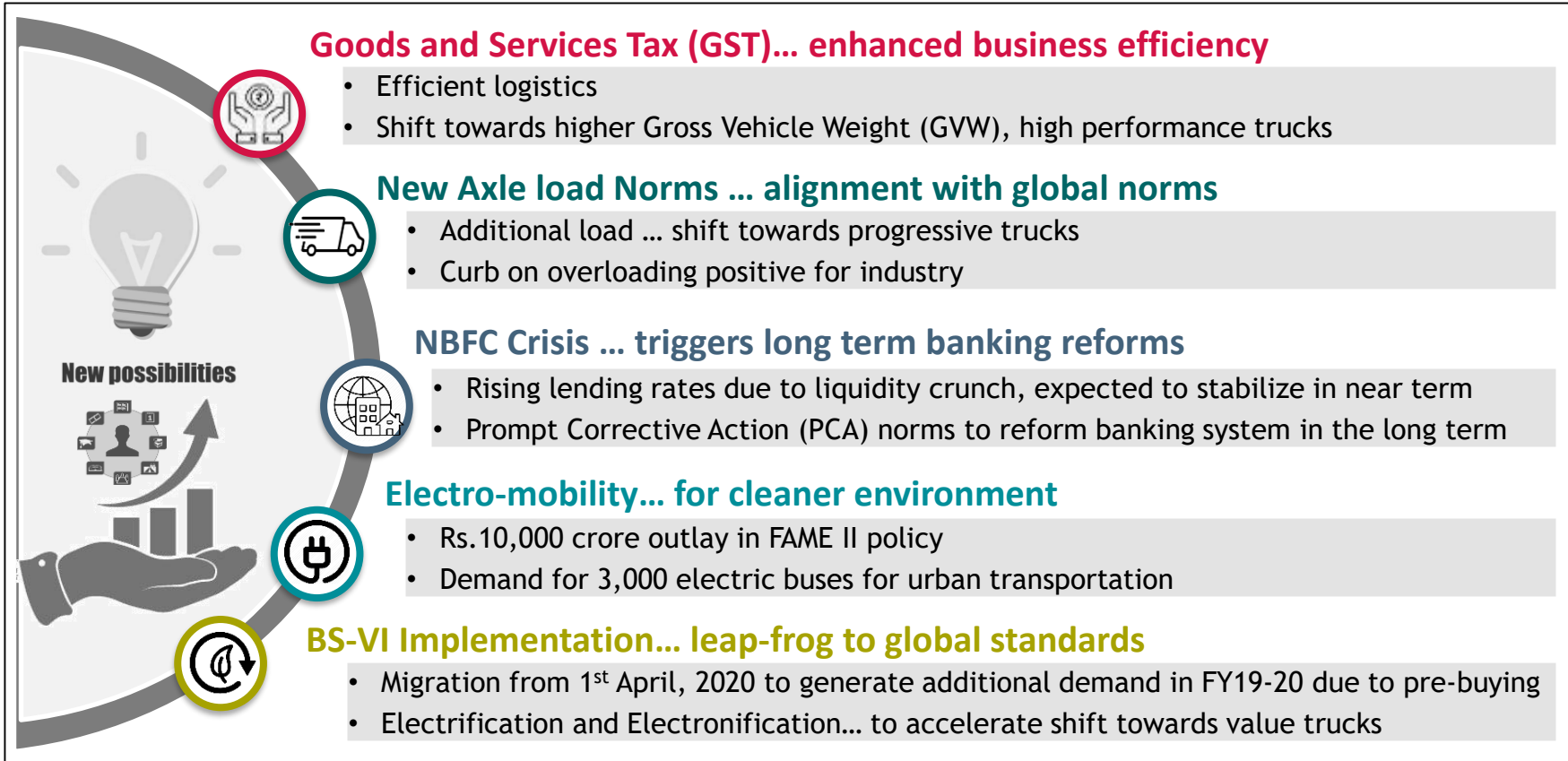
\*Source: AMP document from SIAM

\*\*Source: <https://www.ibef.org/industry/infrastructure-sector-india.aspx>

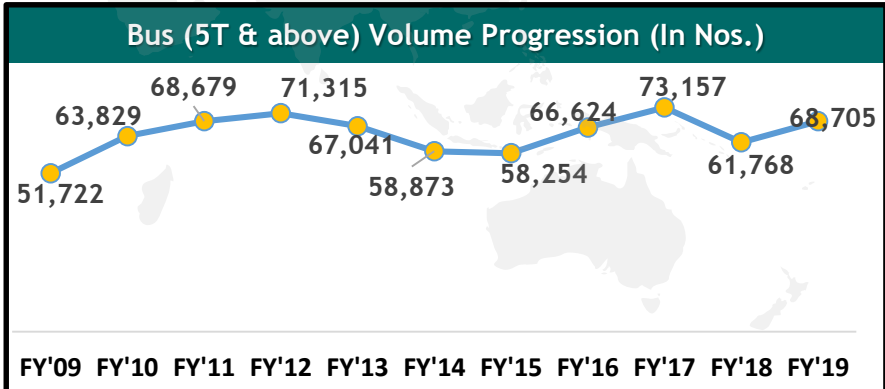
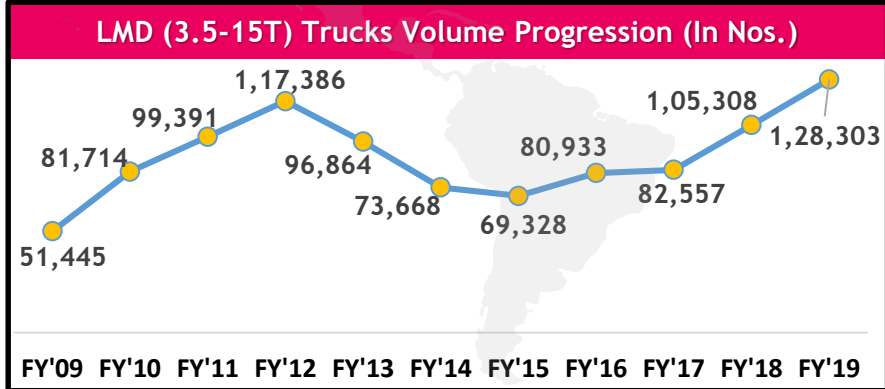
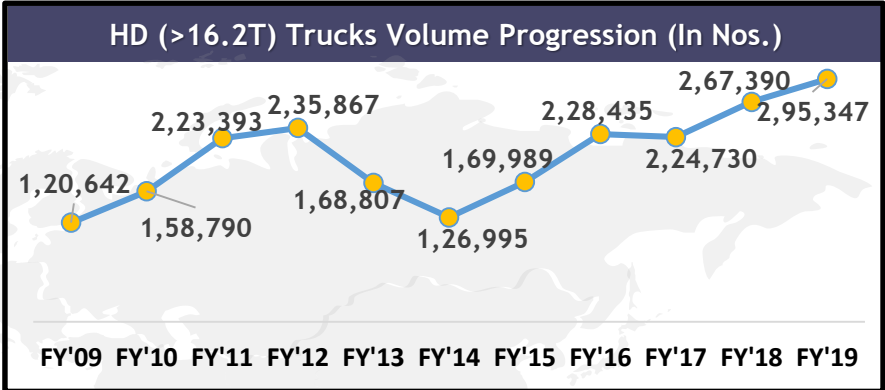
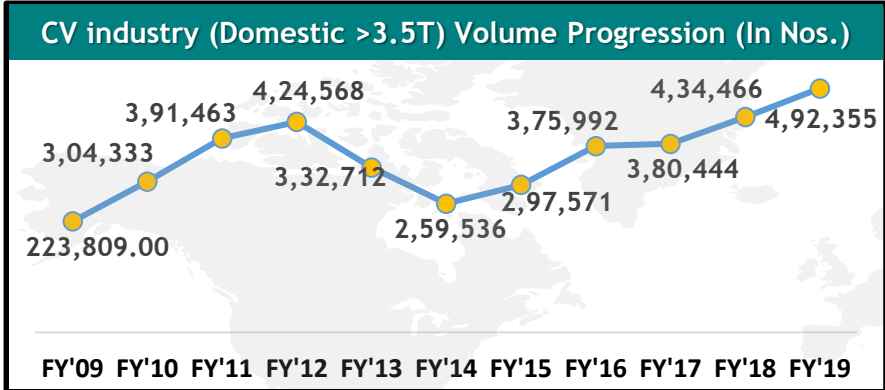
\*\*\*Draft policy



# Business environment factors impacting CV industry



# Indian CV industry riding on new initiatives... continues to provide huge opportunities of growth



Source: SIAM



# CV Industry and VECV... A Promising Future



Business Environment

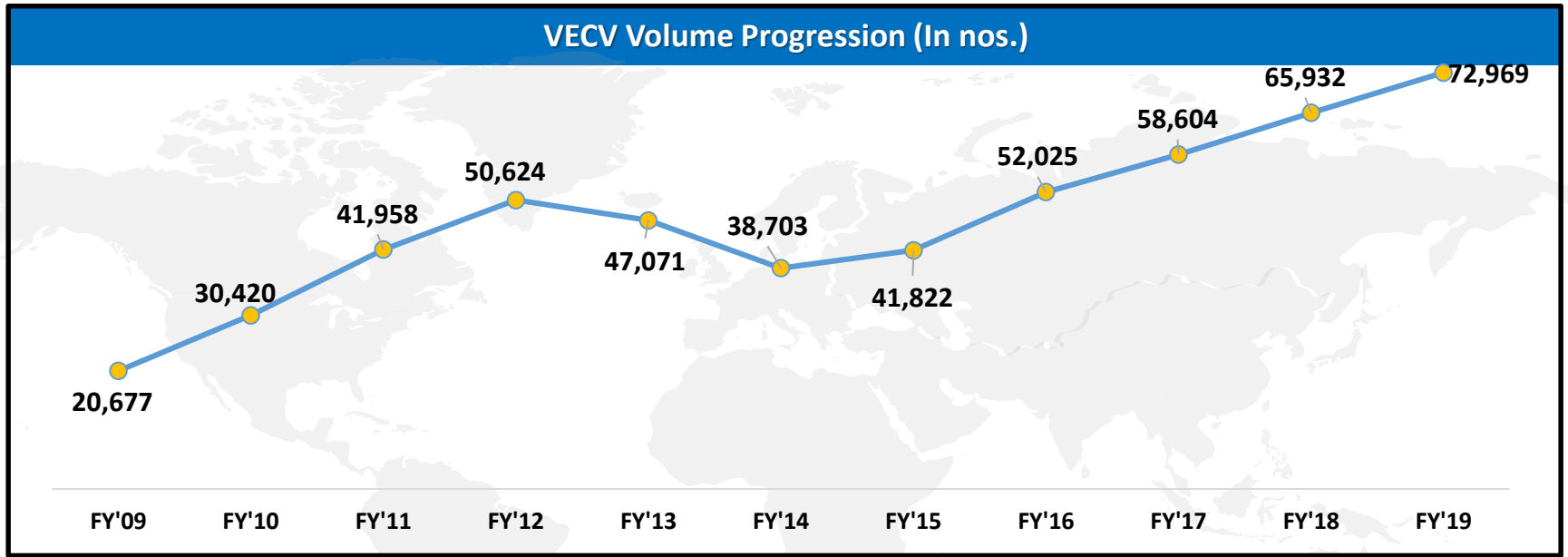


VECV Overview



Investments, Plans and Outlook

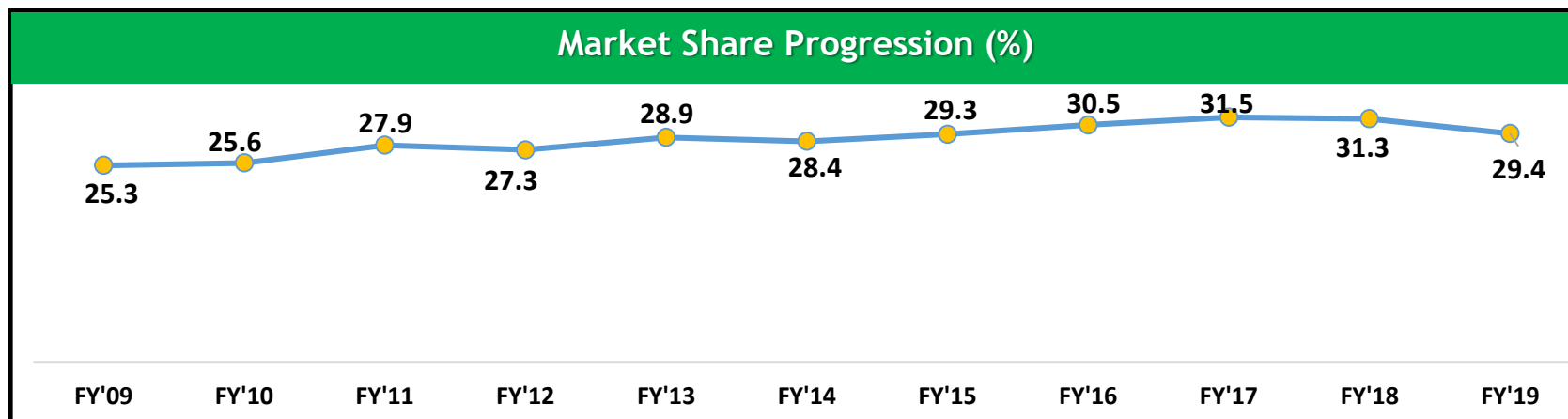
# VECV Volume Progression ... consistent growth with strong performance



- ↪ 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)

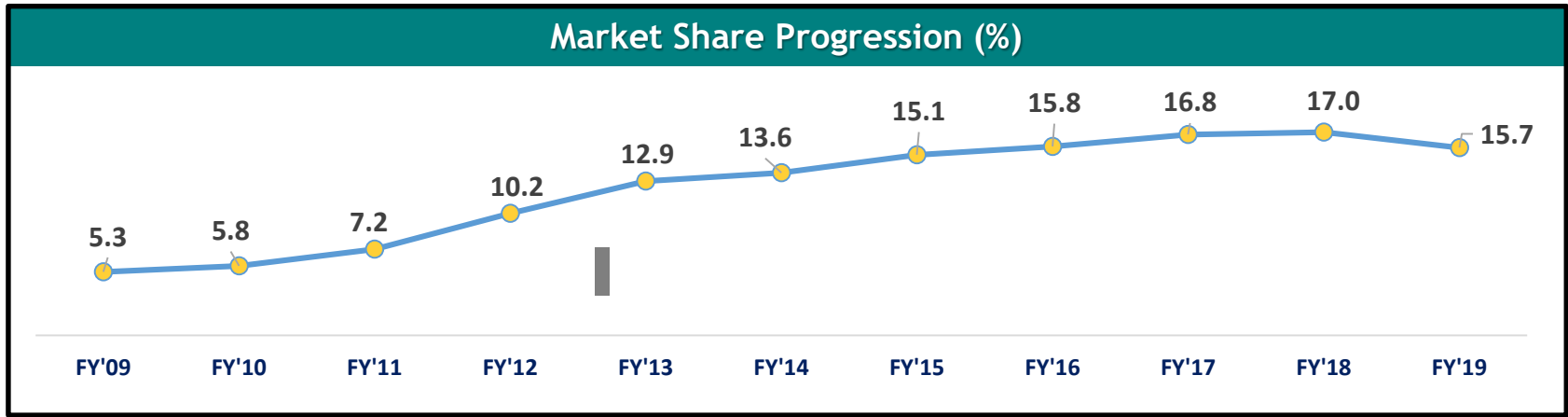


- Portfolio covering **4.9T ~16.2T** range offering 340+ variants



- Best in class **payload** & superior **driver comfort**

# 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



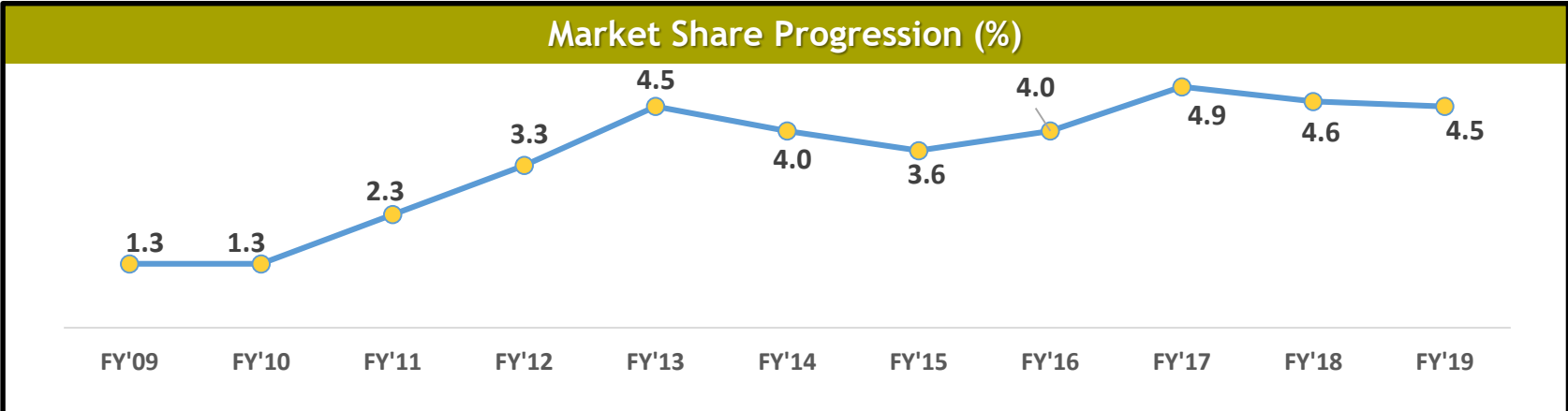
- **Contemporary looks**, body from **state-of-the-art in-house plant**



- Best in class **Fuel efficiency**

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A VOLVO GROUP AND EICHER MOTORS JOINT VENTURE

# HD Trucks ... game changing next generation product range



- **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'

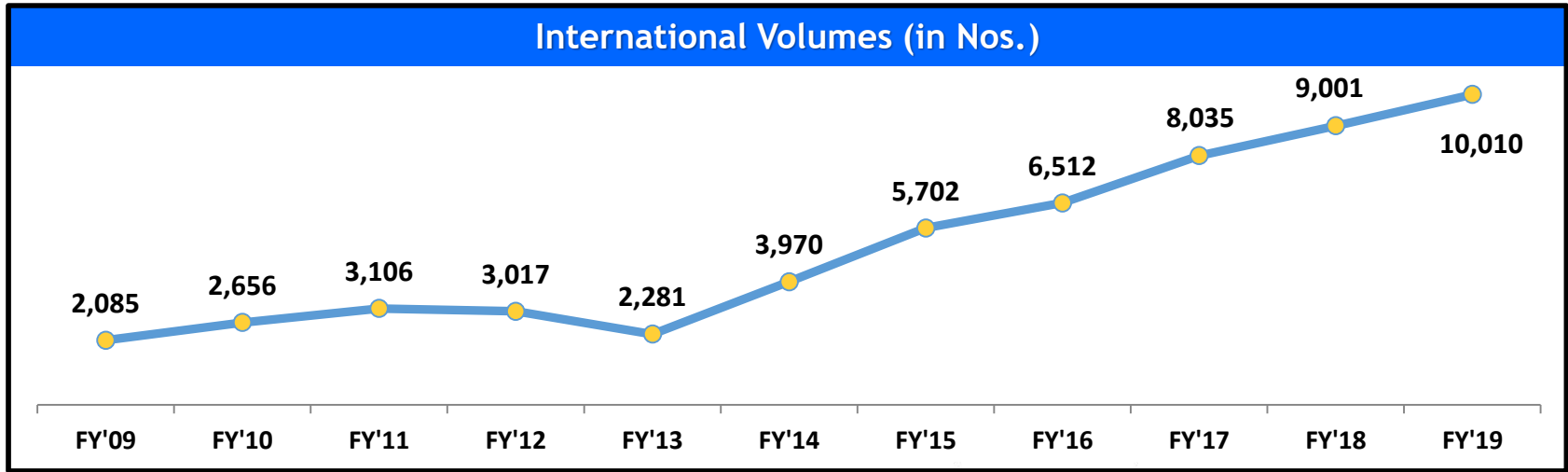


- **Lifetime support solutions & productivity management (Eicher Live)**

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# International Business... strong footprint in 'India like' markets, continuously exploring other markets with UD brand



#### Current Key Markets



- ▷ Bangladesh
- ▷ Nepal
- ▷ Sri Lanka



- ▷ Kuwait
- ▷ Saudi Arabia



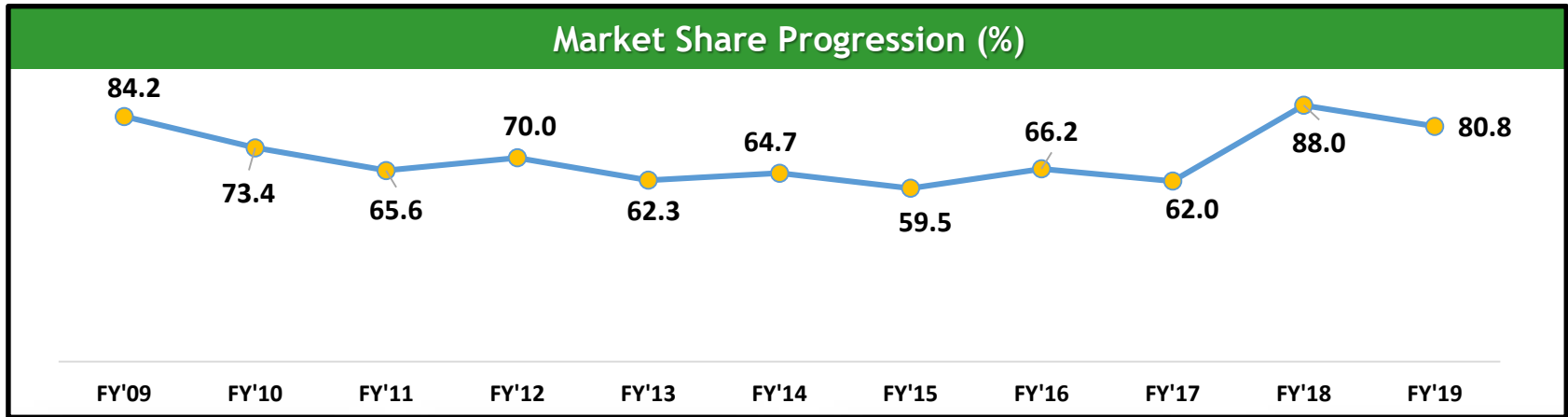
- ▷ Kenya
- ▷ Tanzania

#### New Markets



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- Market leadership consistently **>60% market share**



- **No 1 in Brand image** amongst relevant brands

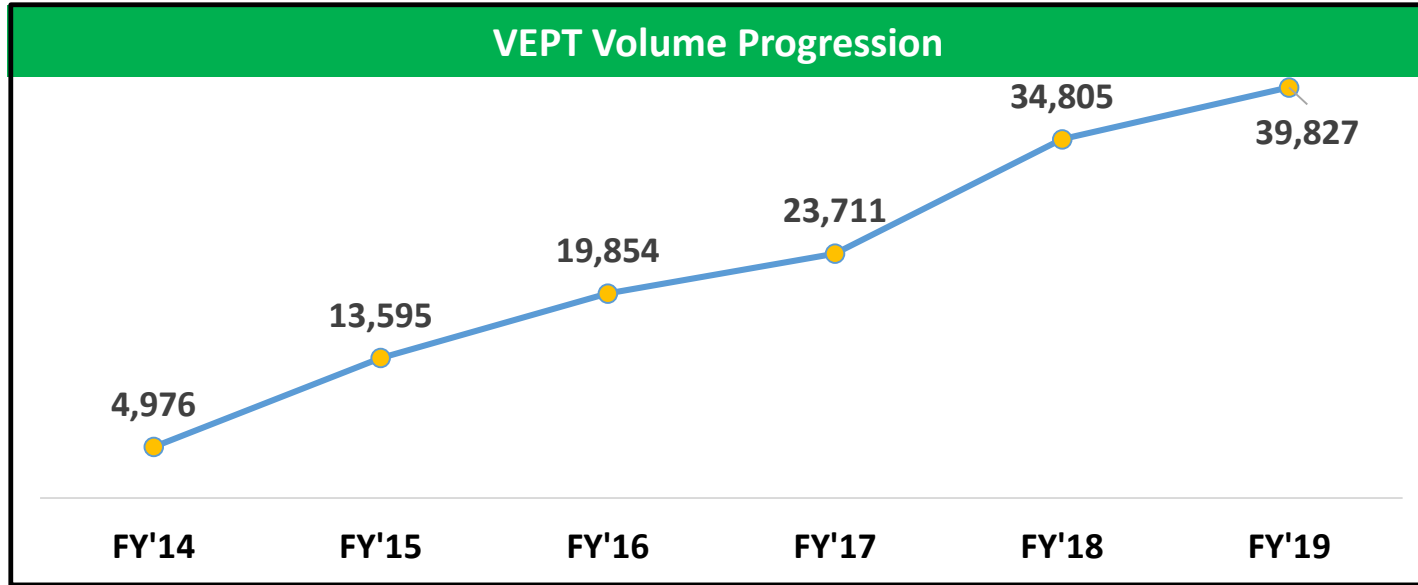


- **Strong customer focus culture & delivering industry benchmark** for uptime & driver productivity



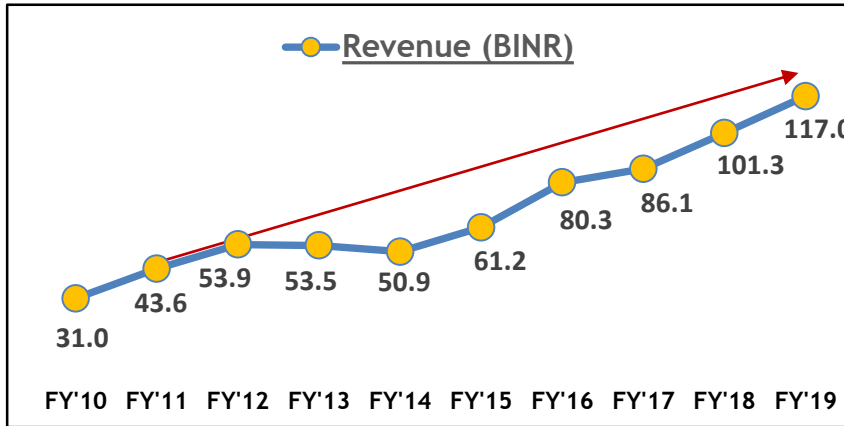
- **Tipper working 20 -22 hours per day with 6,500 hours of utilization per annum**

# Commendable performance at VE Powertrain (VEPT)... volumes have grown at healthy pace



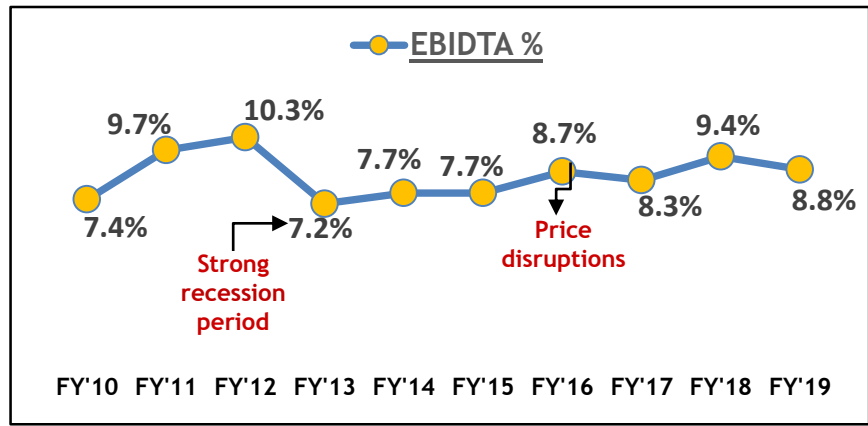
- ↗ Capacity scalable up to 100,000 engines
- ↗ Best executed project with Volvo technology & frugal approach
- ↗ Exclusive manufacturing hub for medium duty automotive engines for Volvo Group

# 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 31<sup>st</sup> 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



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# 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

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**VOLVO**

**EICHER**



# 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

## Telematics



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

## VE Parts Distribution Centre



## Two new Modern Gear Plants



## Reliability Lab



**VE COMMERCIAL VEHICLES**  
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# 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



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# BSVI Preparedness ... geared up for the next wave of opportunity

## MANUFACTURING READINESS



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

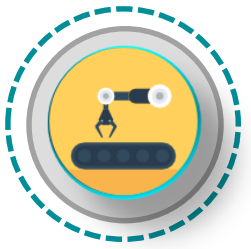


## PRODUCT READINESS



- LMD trucks – Dual product range with fuel efficient engines
- HD trucks - Completely Modular Platform
- BUS - Fresh New Looks, MDE Engine ( 1<sup>st</sup> time on bus platform)

## FRONT END READINESS



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



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# 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



Groundbreaking Ceremony  
14th November 2018



Compound Wall



Civil Construction

## 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

**VE COMMERCIAL VEHICLES**  
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**VOLVO**

**EICHER**

