

ICICI SECURITIES AUTO CONFERENCE

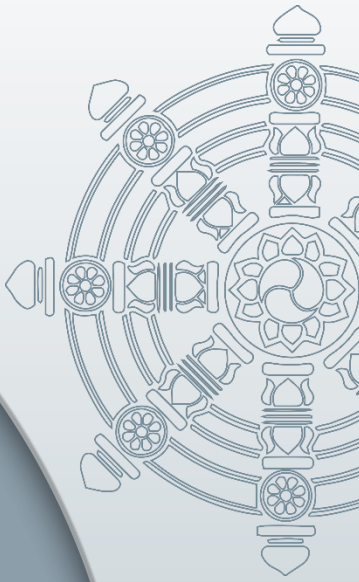
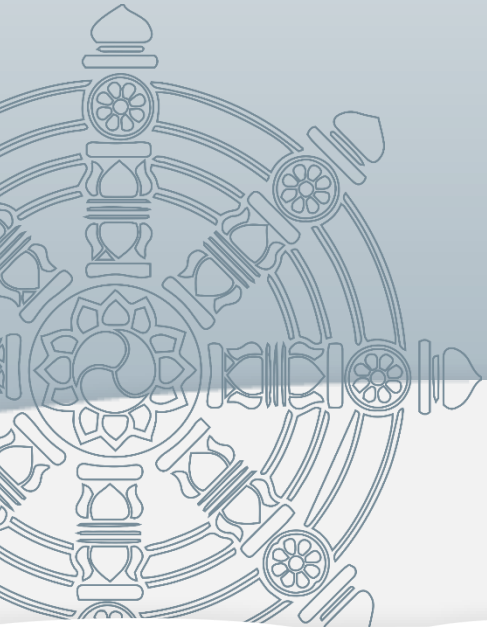
22nd August, 2019

V S Parthasarathy



ECONOMY

CHALLENGES &
OPPORTUNITIES



Economic Environment - **Speed Breakers**

World

- **Weakened Global growth** - IMF projects growth to decelerate to 3.2% in 2019 vs. 3.6% in 2018.
- **US growth outlook modest** - Expected growth of 2.6% in 2019 vs. 2.9% in 2018
- **Chinese economy down tick** - Expected growth of 6.2% in 2019 vs. 6.6% in 2018
- **Risks** - Personalities, trade and tariffs

India

- **GDP growth sharp slow down** - 20-quarter low of 5.8% in Q4 FY19. Overall FY19 growth fell to 6.8% from 7.1% in the preceding year

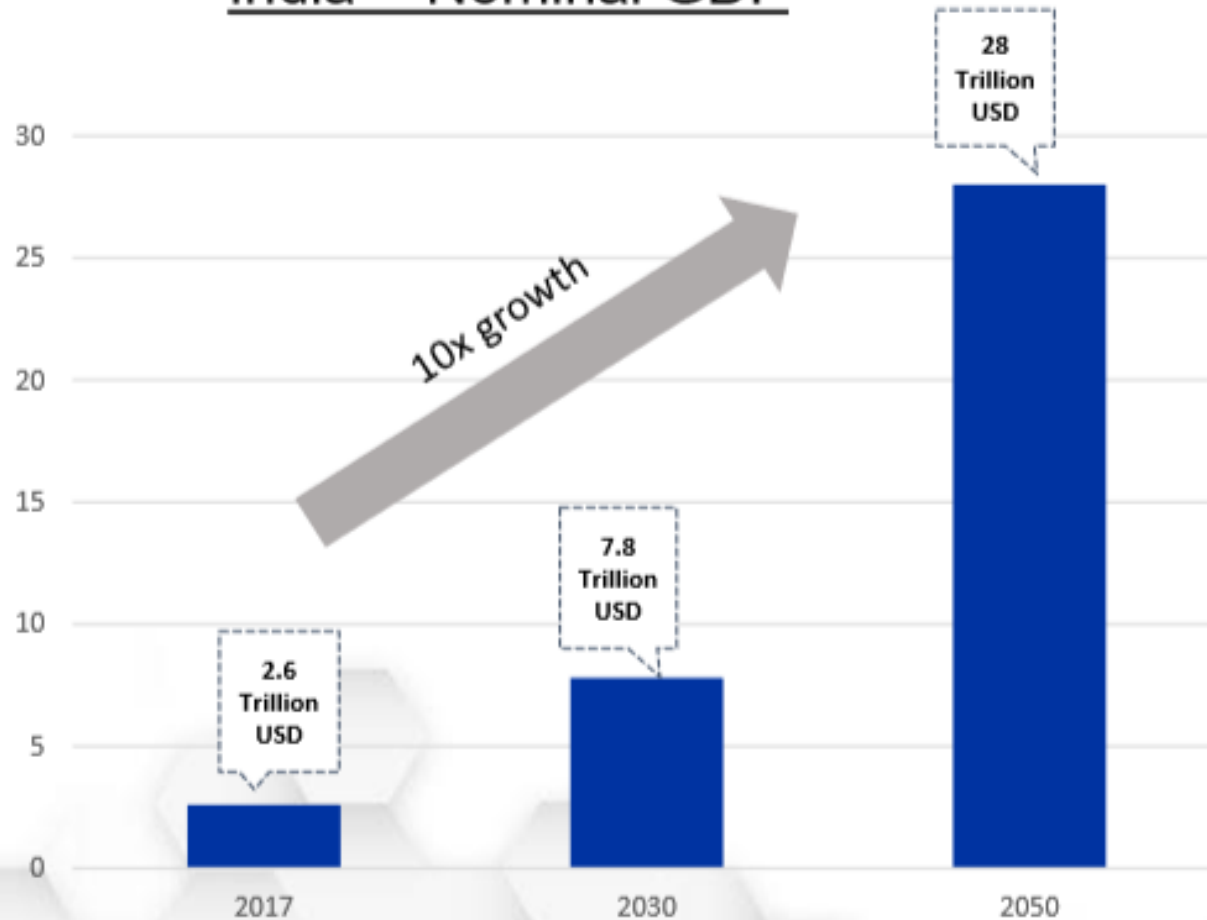
Economic Environment – *Green Shoots*

Indian Economy

- **Monsoon deficit wiped away** – deficit turned positive. Sowing picked up
- **Inflation continues downward trend** – remains under 4%
- **Commodity prices remain benign** – Oil price in comfort zone
- **Interest rates lower** – waiting it to trickle down to consumers
- **FY20 GDP expectation @ 6.9%**
- **Globally, accommodating Monetary policies may lead to surge in capital inflows**

India: Long Term Story Intact

India - Nominal GDP

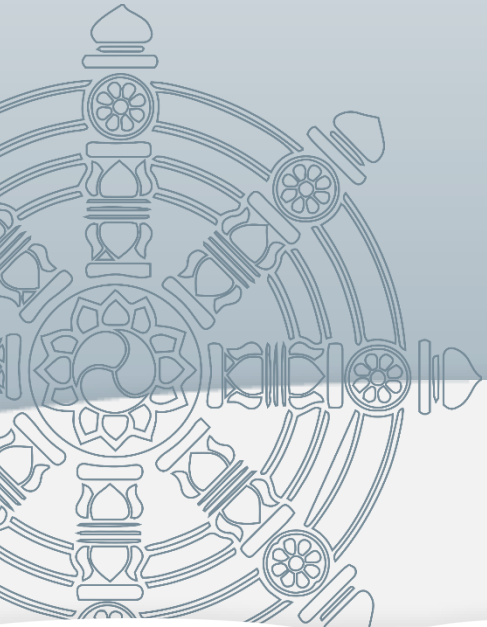
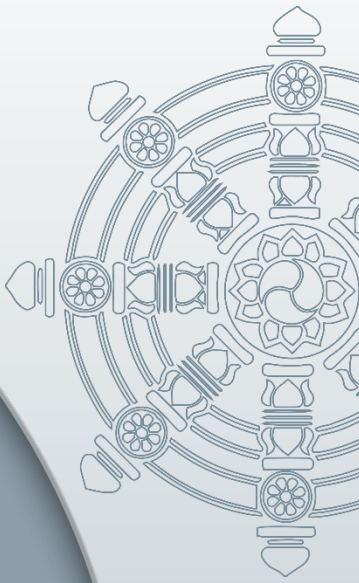
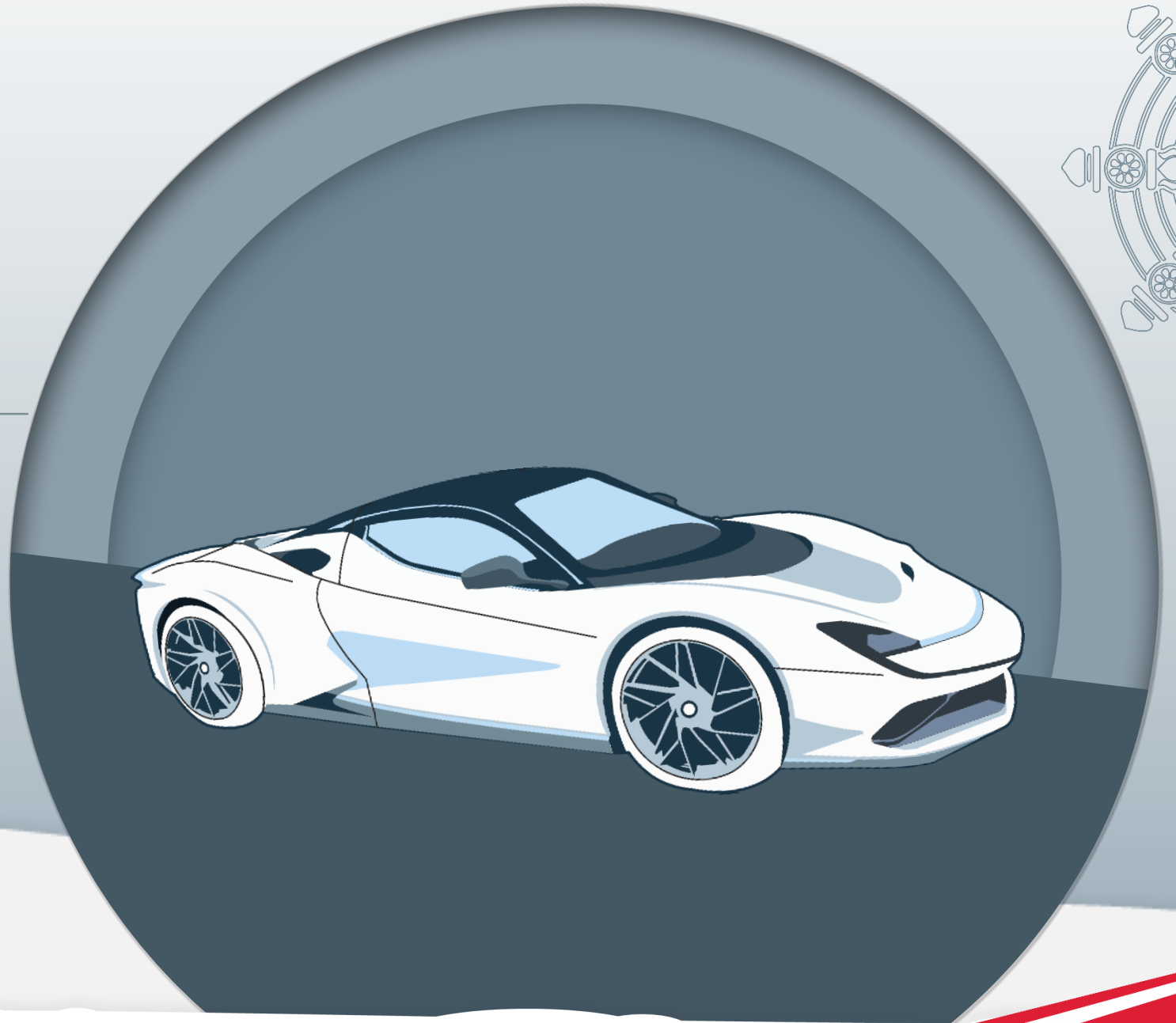


India by the numbers

- India's GDP growth at the rate of **7%**
- India is now the world's 7th largest economy (Nominal GDP terms) – **Will be 3rd largest in 2050**
- **850mn** of the 1.35bn people in India are under the **age of 35**
- Per capita income of around USD 1950 – **Will be USD 13,660 by 2040**

AUTO INDUSTRY

CHALLENGES &
OPPORTUNITIES



Q1F20 Domestic Industry **Pain**

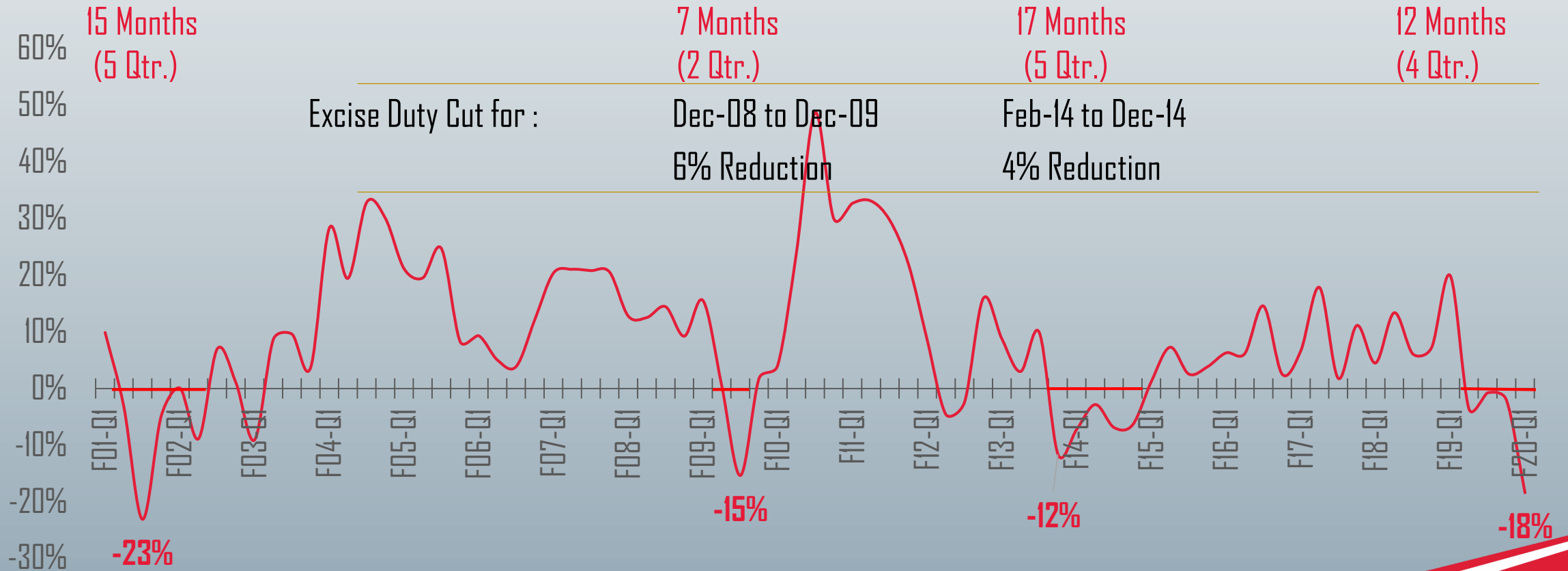
After a period of six years, all the segments in Auto showed a degrowth

YOY Growth	F18	F19	F19Q1	F19Q2	F19Q3	F19Q4	F20 Apr-July	M&M Growth
PV	7.9%	2.7%	19.9%	-3.6%	-0.8%	-2.0%	-21.6%	-5.0%
CV Total	20.0%	17.6%	51.6%	27.5%	6.7%	0.7%	-13.6%	-11.4%
3W	24.2%	10.3%	54.0%	24.6%	-6.8%	-8.7%	-7.4%	-7.1%
2W	5.7%	4.9%	15.9%	4.9%	8.4%	-9.0%	-12.9%	-
Tractor	21.7%	8.0%	23.9%	-2.6%	19.2%	-8.4%	-14.2%	-14.2%

Pressing Need of Domestic Industry

With -32% de-growth in Jul-19, PV has entered 13 months of de-growth patch

PV Growth and Fiscal Stimulus



India: A Unique Market

2 wheelers



- ~80% of all automotive sales in India are two wheelers – **21m in FY19**
- Close to **2m** are involved in courier services – huge market

3 wheelers



- India is one of the largest markets in the world for 3w – **0.7m sales in FY19**
- 3w address one of the most important challenges of urban transportation – Last mile connectivity

Fleet



- Routes are defined and they operate in a limited geography
- Utilization of vehicle is close to **25-30%**

Commercial



- **60%** of the overall goods transportation in the country happens on road – Huge market
- High vehicle utilization in the sector

Personal



Penetration of private passenger cars is still low compared to other developed markets

Mahindra & Mahindra: The *Perceptions*

1. M&M is most affected by the current industry slowdown.
2. M&M's diesel portfolio is most vulnerable to BSVI norms.
3. Does M&M really have a first mover advantage in EVs?
4. M&M's MHCV portfolio is still under the weather.
5. Is it the start of the Tractor market downcycle? Is the Tractor industry saturated?
6. M&M is known for Governance, is it getting governance premium?

Perception 1. M&M is most affected by the current industry slowdown.

Mahindra & Mahindra: Performance

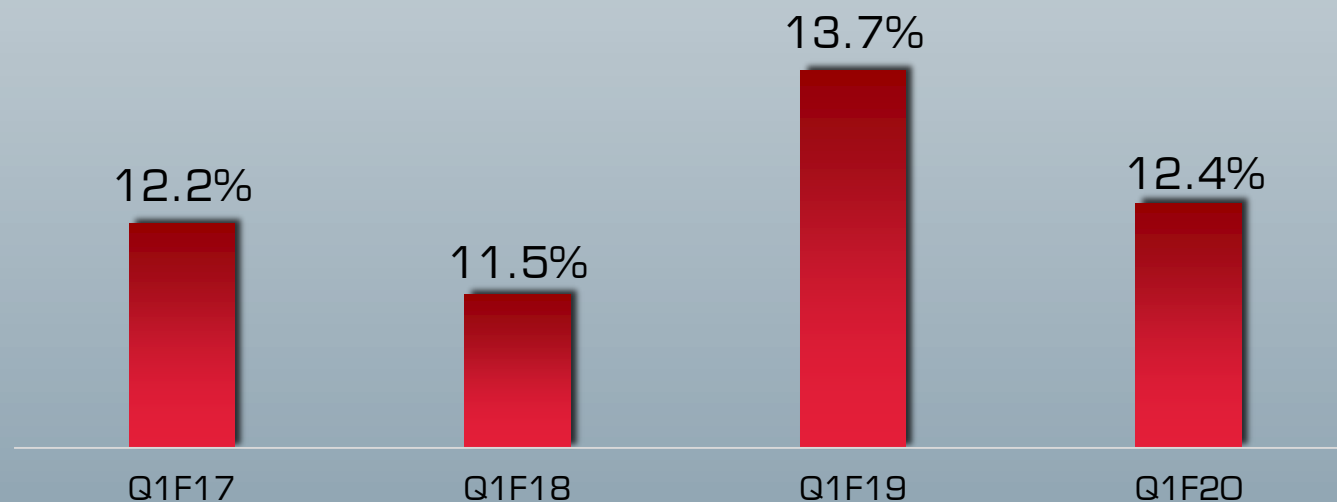
Resilient performance in a tough environment

Gain in market share in all key segments of auto sector

Auto Segment	Q1F20	Q1F19	Growth	Market Share YoY
PV	59,399	60,539	-1.9%	●
UV	56,095	56,074	0.0%	●
CV	51,594	56,940	-9.4%	●
3W	12,697	13,005	-2.4%	●
Domestic Total	1,23,690	1,30,484	-5.2%	●

Auto Segment

Best in auto industry margins for Q1F20



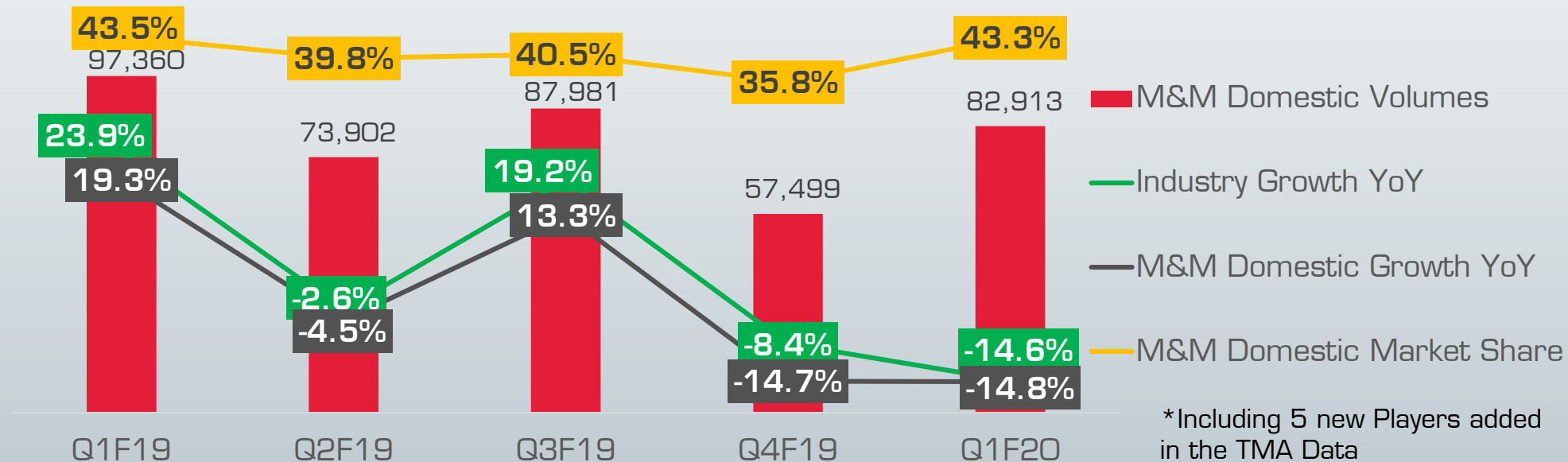
OPM higher than 2 of 3 prior YoY quarters (Q1F19 was an exceptionally good quarter)

Perception 1. M&M is most affected by the current industry slowdown.

Mahindra & Mahindra: *Performance*

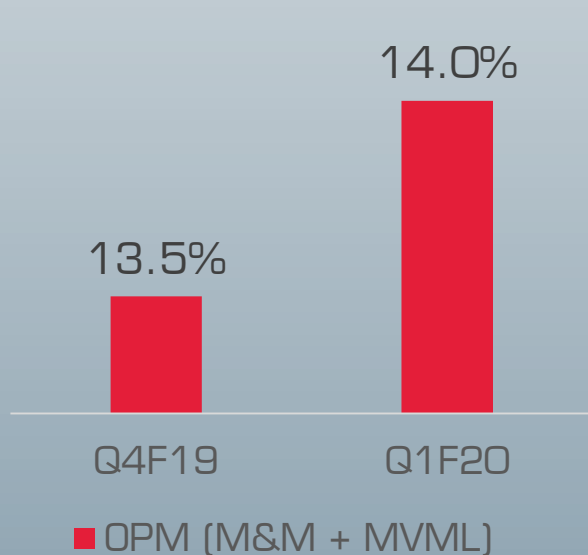
Tractor Segment

Sequential jump in market share, YoY remained stable

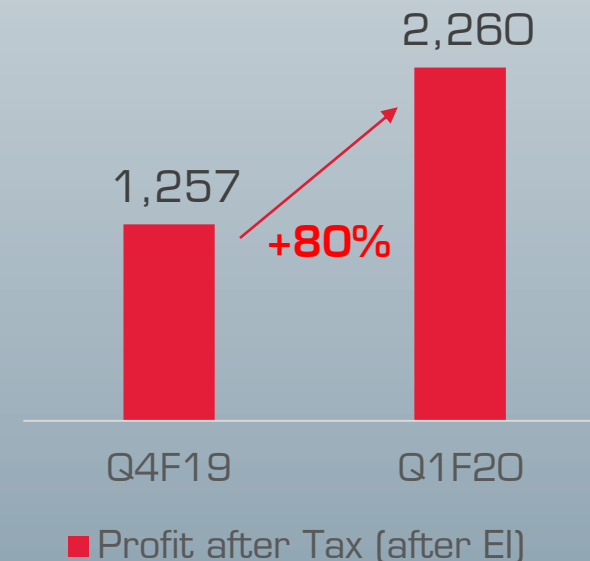


M&M + MVML

Sequential improvement of 50 bps

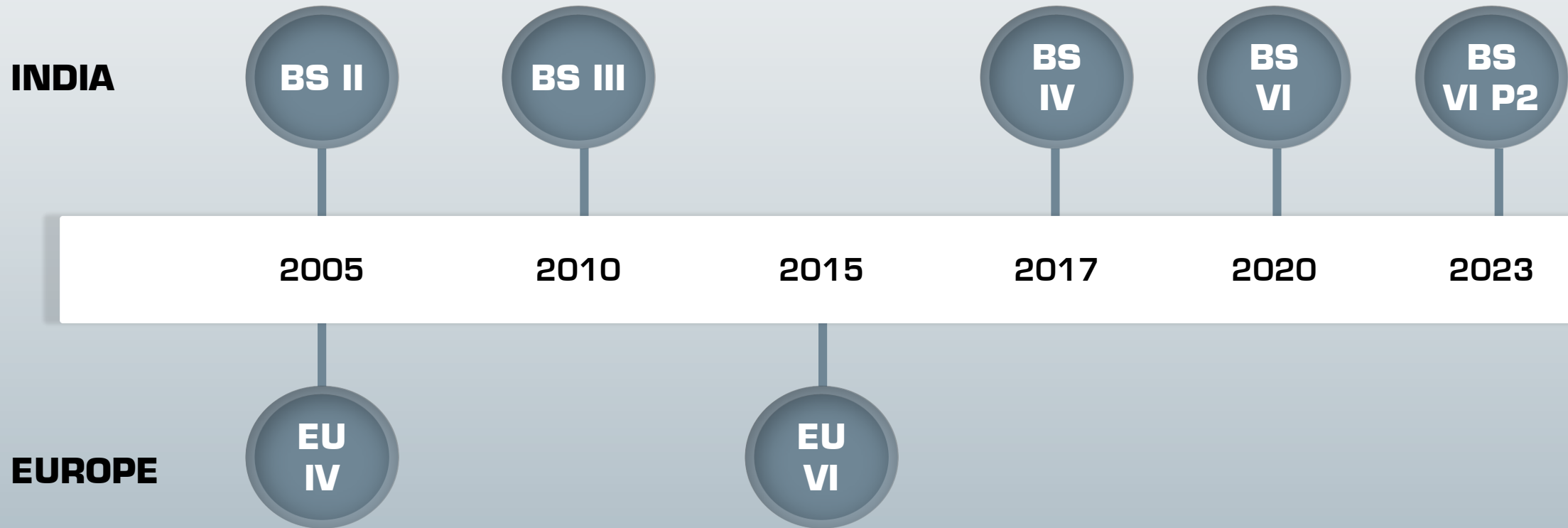


Bottomline enhanced by Investment Portfolio



Perception 2. M&M's diesel portfolio is most vulnerable to BSVI norms.

BS VI Legislation Roadmap



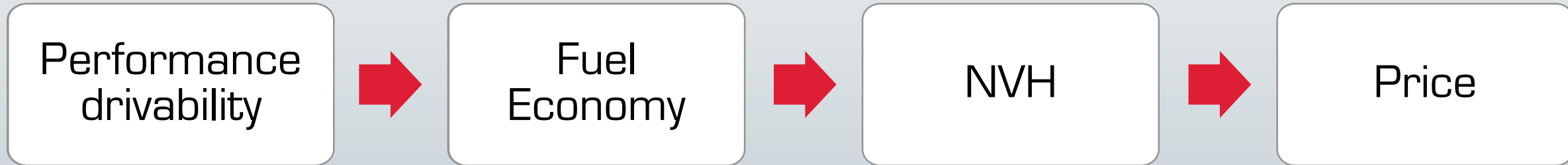
Stage 4 to Stage 6 Emission Migration, Europe in over 10 years and India in 3 Years

India is the first country to skip an emission standard (BS-V)

Perception 2. M&M's diesel portfolio is most vulnerable to BSVI norms.

BS VI Opportunity

Key Challenges



Creating Opportunities

We are fully prepared to meet the BSVI deadline

- **Global technology standards met** as we transition to BSVI
- **World-class gasoline technology** offering to give customers power of choice
- **Current cost levels better** than internal cost targets
- Leveraging **power of collaboration** (SYMC/Ford)

Perception 3. Does M&M really have a first mover advantage in EVs?

Driving Towards An **Electrifying Future**



- **Largest fleet** of on road EVs
- **135 Mn** eKms done
- **Full Range Player** – Class product for Mass to Best in Class
- Offering of **products, technology and manufacturing capability**
 - Higher voltage batteries, Drive train, power electronics, connected solutions
 - Leveraging collaborations



New Technology Plant at **Bangalore**

Perception 4. M&M's MHCV portfolio is still under the weather.

Robust *MHCV Portfolio*

CRUZIO is a brand-new range of based on the ICV platform.

Bus Portfolio of 15 to 40 seaters



Full range player from 3W to 49T



Completed the CV portfolio with the Launch of FURIO ICV

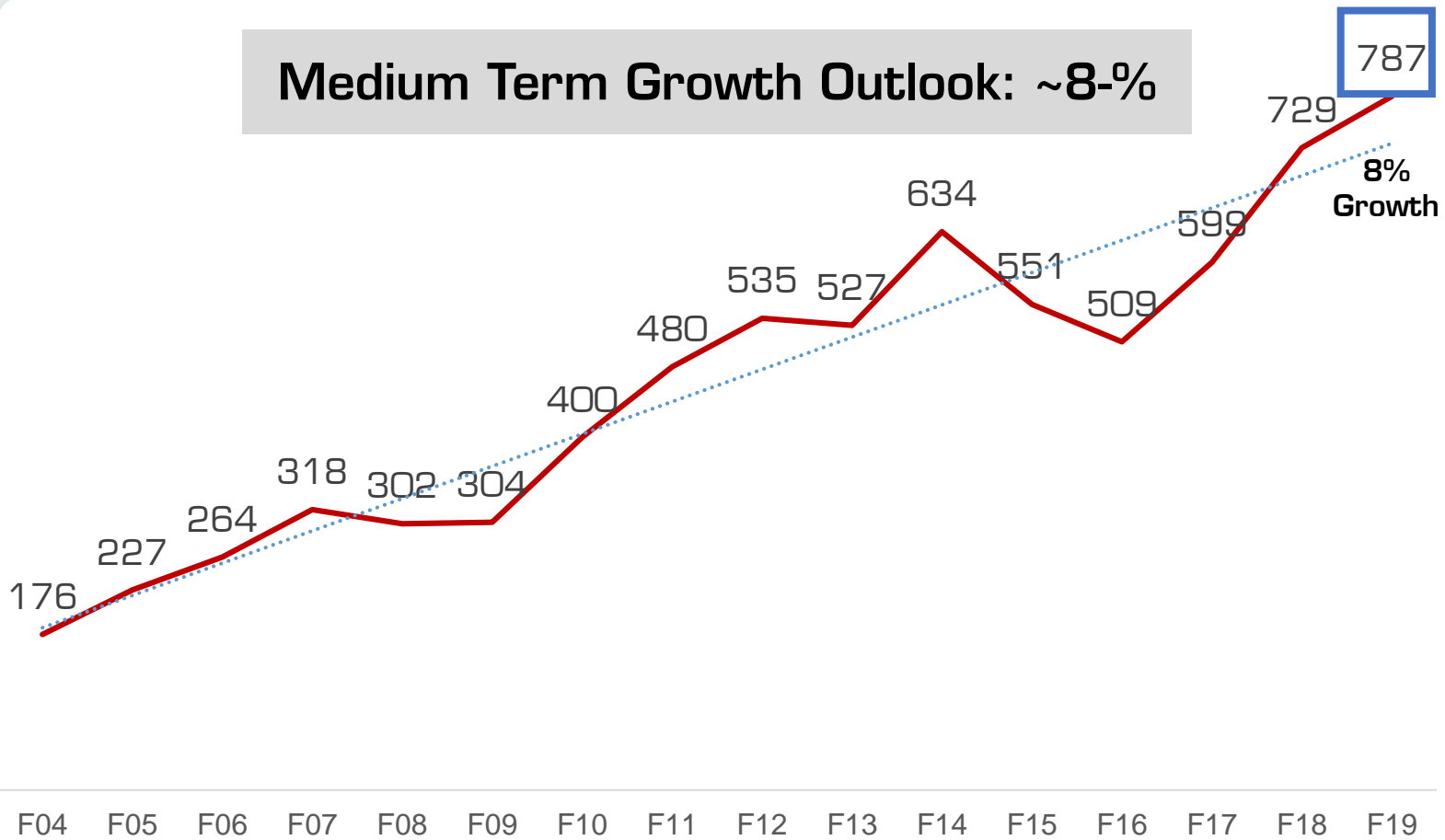
EBITDA break even at ecosystem level

Temporary disruption due to Axle Norms

Perception 5. Is it the start of the Tractor market downcycle? Is the Tractor industry saturated?

Historic Tractor Industry Growth rate ~ 10.5%

Medium Term Growth Outlook: ~8%



Growth Drivers

- Rural prosperity increasing at a faster rate
- Increasing trend of investment on irrigation – direct correlation to tractor growth
- Increase in horticulture leads to higher agri revenue and income
- Current tractor population at 43% of peak requirement (est. 16.2 Mn)

Domestic Tractor Sales ('000)

From F16, Addition of 5 New players in the TMA Data

Perception 5. Is it the start of the Tractor market downcycle? Is the Tractor industry saturated?

Fortifying The **Core**

3 Brand Strategy



**Pioneering
Technology**

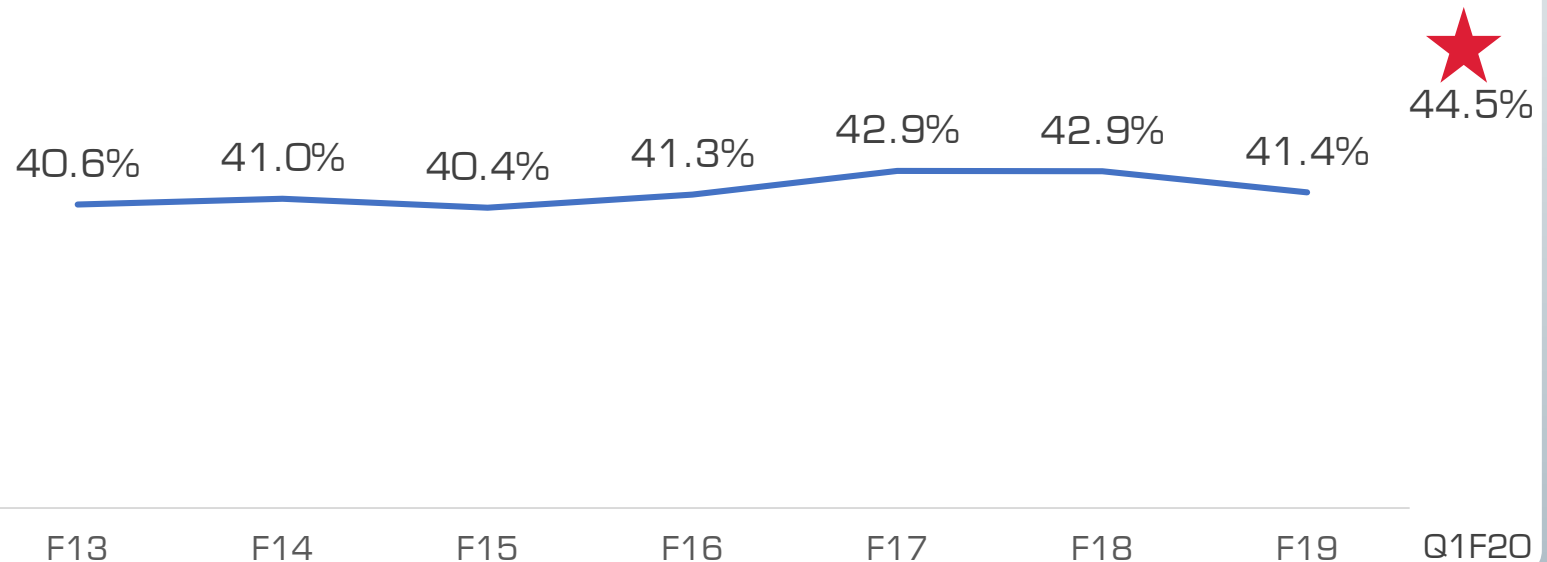


**Reliable,
Powerful,
Authentic**



**Affordable
Mechanization**

Continuing Leadership



Includes Mahindra, Swaraj and Trakstar brands
Excluding 5 new Players added in the TMA Data

Perception 5. Is it the start of the Tractor market downcycle? Is the Tractor industry saturated?

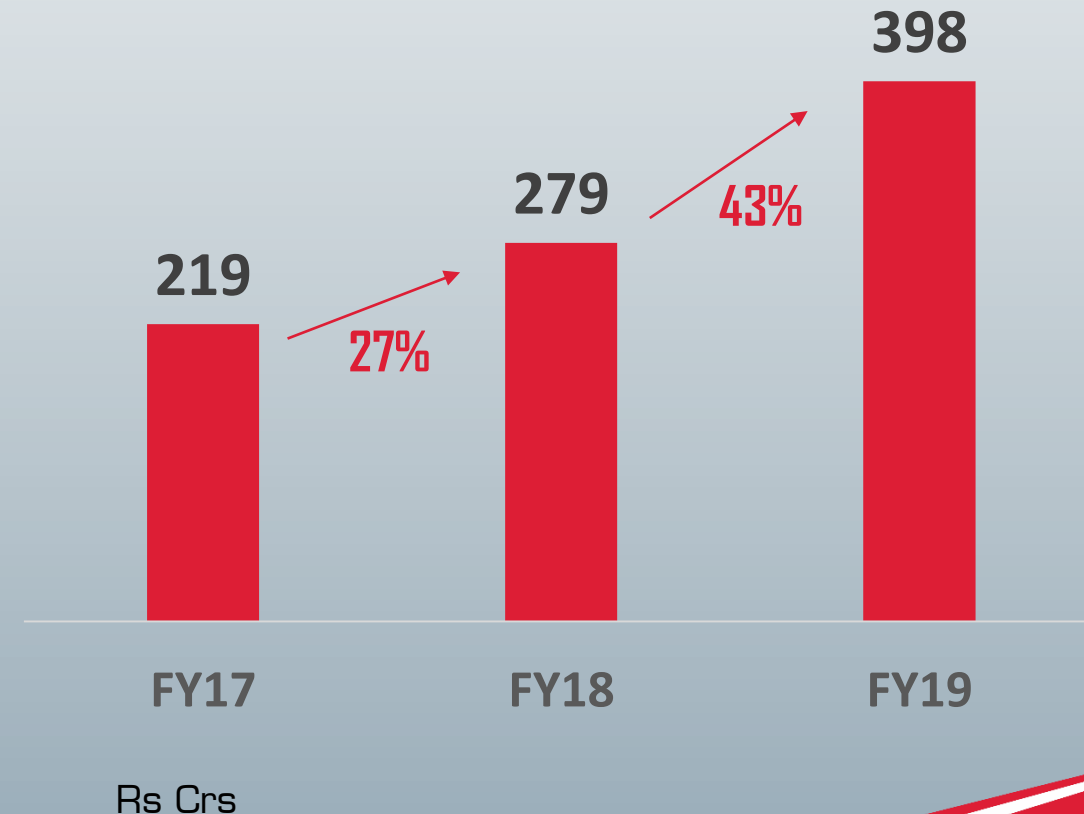
Farm Machinery

**India is tractorized,
not mechanized**

	India	Global
Tractor Industry	\$ 5.6 Bn	\$ 60 Bn
Farm Machinery Industry	\$ 1.0 Bn (organized sector)	\$ 100 Bn

Current farm machinery penetration level similar to that of tractors in 1980's

Farm Machinery – M&M India Journey



Perception 5. Is it the start of the Tractor market downcycle? Is the Tractor industry saturated?

Globalization



Vision to improve PBIT over the next 3-5 years to 5% by focusing on :

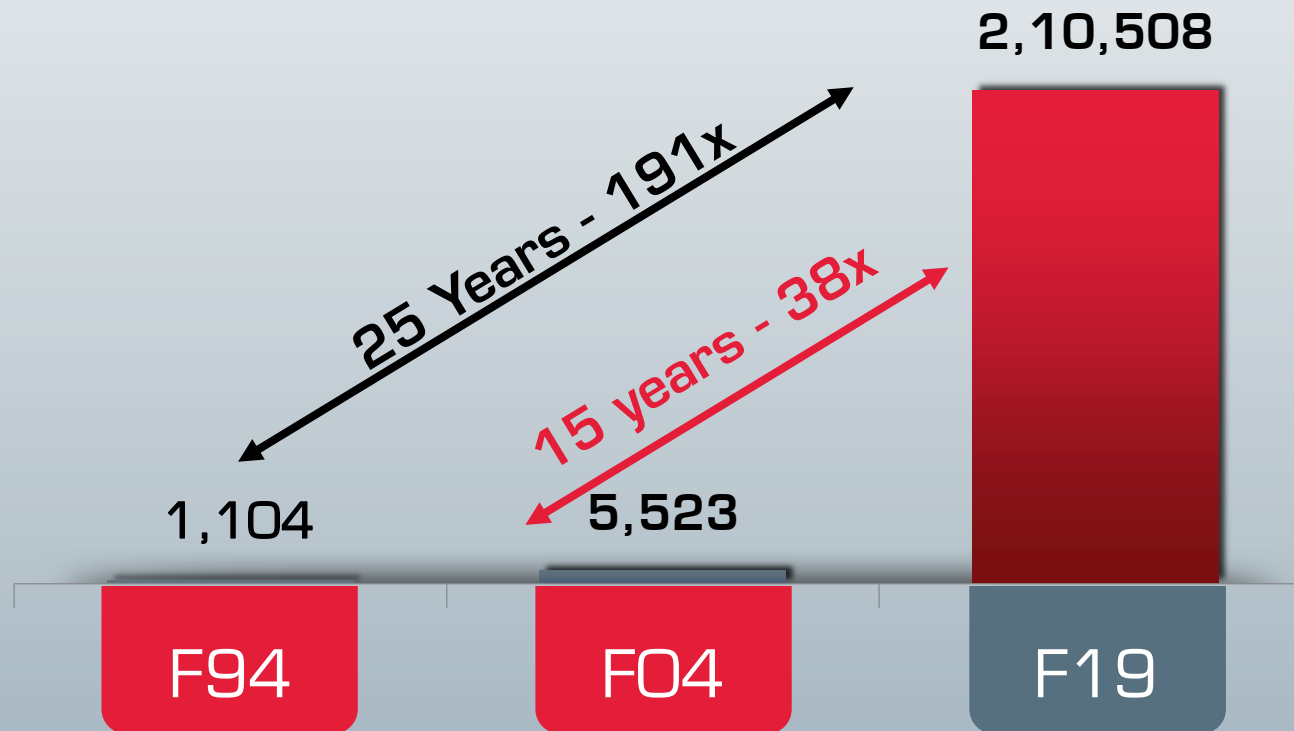
Operating leverage through Volume growth

Profit Improvement plan

Perception 6. M&M is known for Governance, is it getting governance premium?

Group *Value Creation*

Group Market Cap - (Rs Cr)



Prices as on 31st March | \$ = INR 69.32

Mkt. Cap (31 st Mar19)	Rs Crs
Mahindra & Mahindra	83,779
Tech Mahindra	76,299
MMFSL	26,020
Mahindra CIE	8,882
Ssangyong	4,656
Mahindra Logistics	3,761
Mahindra Holidays	3,198
Mahindra Lifespaces	1,888
Swaraj Engines	1,709
Mahindra EPC	315
Total	2,10,508
	\$ 30.4 bn

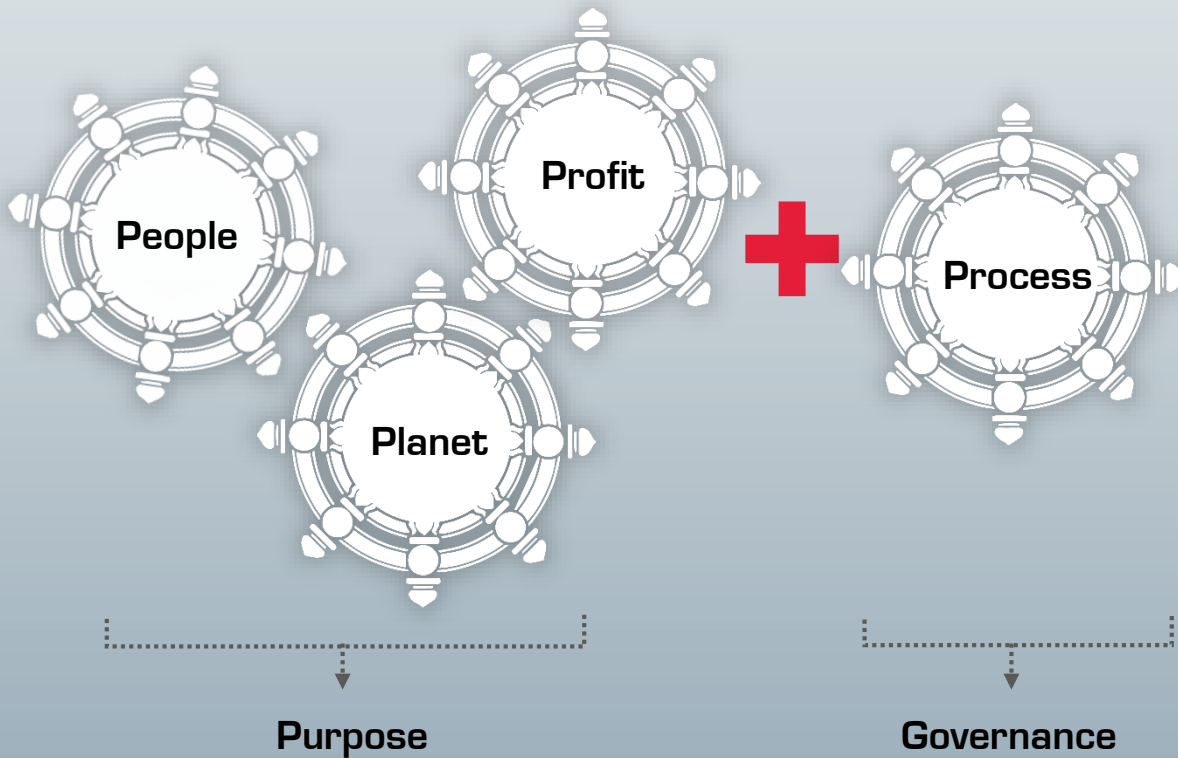
Perception 6. M&M is known for Governance, is it getting governance premium?

Capitalism Reimagined

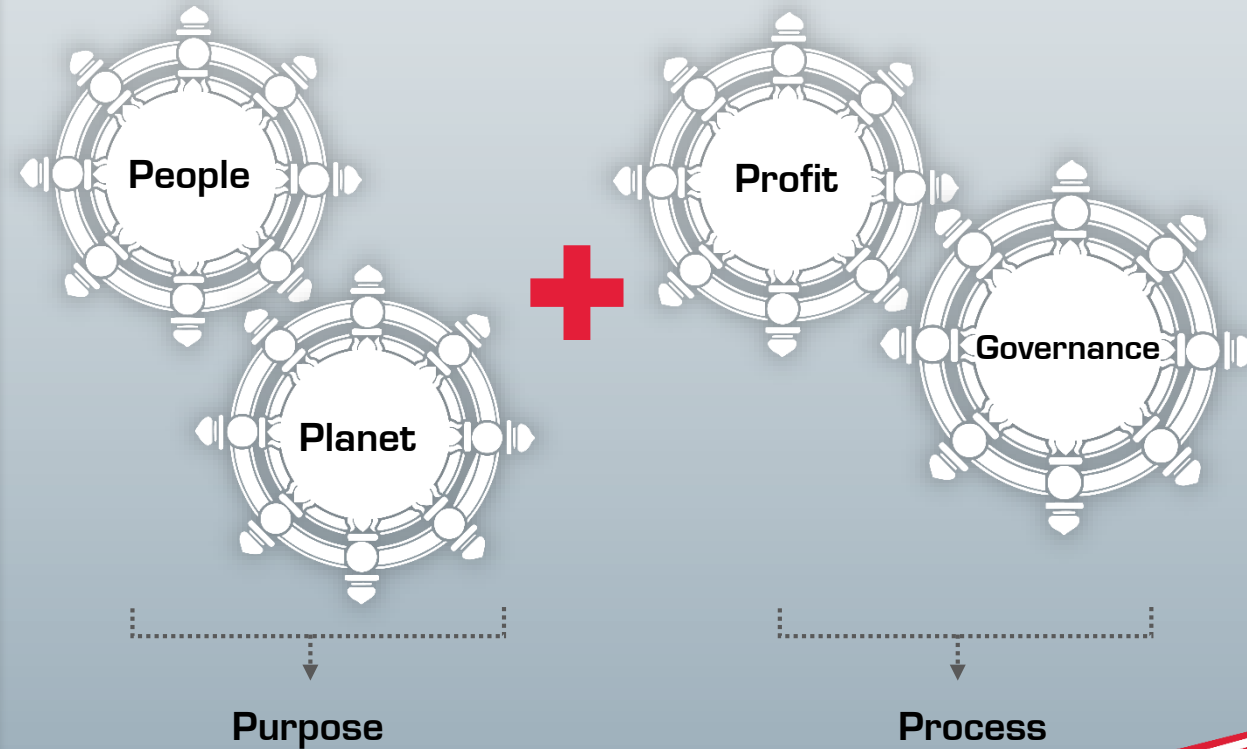
Profit with Purpose - The Mahindra Rise Way

Adding the 4th "P" to People, Planet, Profit + Process

Current

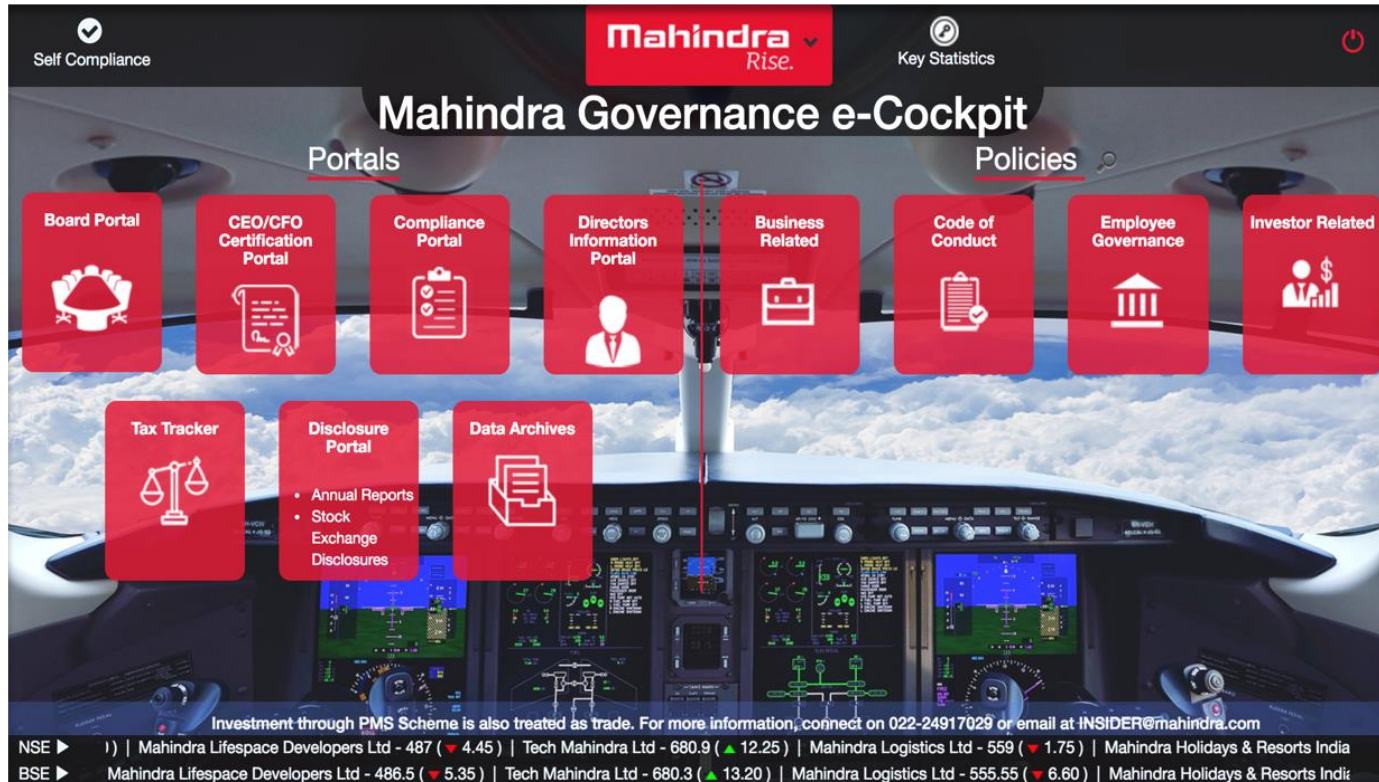


The Mahindra Rise Way



Perception 6. M&M is known for Governance, is it getting governance premium?

Governance in Action



AAA rating for five years in a row by all four leading rating agencies

ESG Calls

Integrated Annual Report

M&M received the Business Vision Award for 'Best Corporate Governance – India 2019'

In Summary



Mobility At **Inflection Point**



Full Range Player

UV

Full impact of the 3 new launches

SCV

Continue to be a market leader

MHCV

Full range player with Furio launch and on path to profitability



Fully prepared for BSVI

Diesel

Effective, timely migration

Gasoline

New range of powertrain

Costs

Better than internal targets



Pioneering the Shared Economy

Smart Sustainable Mobility Solution

Glyd

Zoomcar

Smart-Shift / Porter

Trringo



Win-win collaborations

Ford

SYMC

Global R&D

e-mobility

EESL

SmartE

Uber

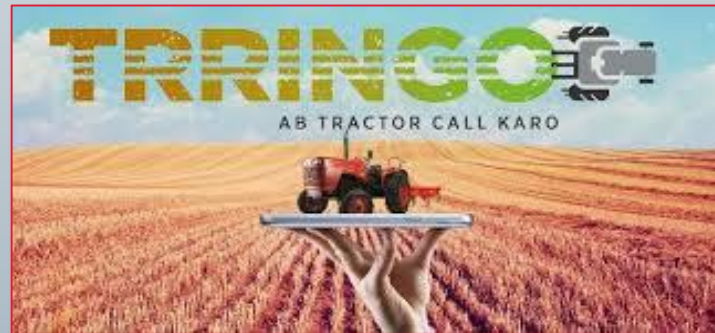
Thane Municipal Corp.
Govt. of Maharashtra



Leading the way in EV's

Well equipped for an exciting journey ahead both in India and abroad

Shared Economy



Collaborations



Farm **Tech**



Fortifying the Core

Strengthening our
leadership

3 Brand Strategy

Sufficient Headroom



Farm Machinery

Domestic business on a
strong growth trajectory

Leveraging global reach
through 3 key centres of
excellence:

Harvestors: Sampo

Rice Value Chain: MAM

Implements: Hisarlar



Globalization

Strengthening Mahindra
Brand in Global Markets
by tapping the needs of
small farmers

Profitable scaling up
of global subsidiaries

Targeting 50% of
revenues from overseas



Technology

Intelligent
Tractors

Precision
Farming

Tech-heavy new
platforms

Digital Farming
Solutions



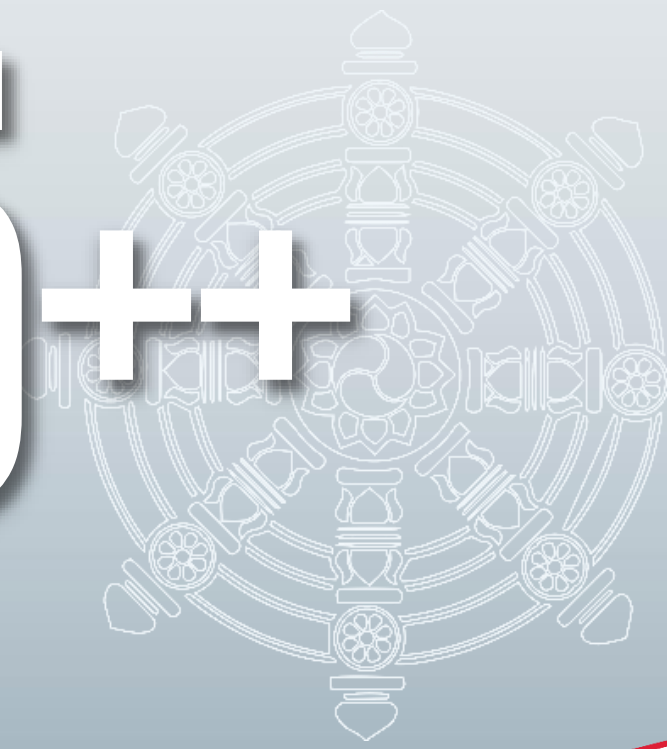
Designed by **BELIEF**

Designed with **GOVERNANCE**

Designed for **SHAREHOLDER PROSPERITY**

DESIGNED TO
RISE!

75 | 75++



KAL, AAJ AUR KAL



**THANK
YOU!**

