



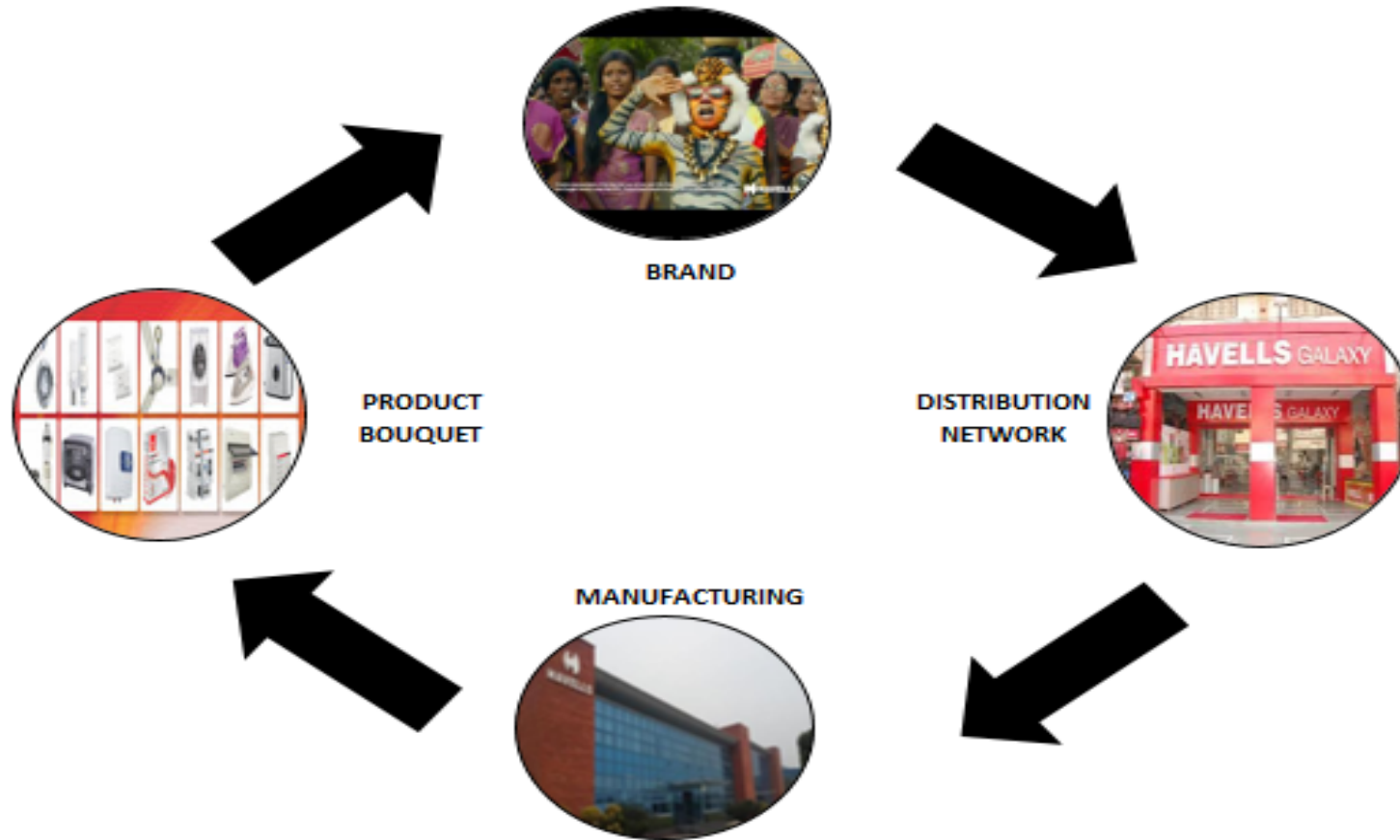
HAVELLS



HAVELLS INDIA LIMITED

February 2018

AN EFFICIENT INTERPLAY



Higher Market Share

Higher Profitability

Free Cash Flow

Superior Return to shareholders

HAVELLS REPRESENTS 2 POOLS OF LARGE OPPORTUNITIES

Electricals

SIZE: ~ Rs. 45K crores
CAGR (2018-23): ~12%



Home Appliances

SIZE: ~ Rs. 70K crores
CAGR (2018-23): ~15%



HAVELLS : SNAP SHOT

			(Rs. in crores)
■ An Indian FMEG	FY 2012	FY2017	CAGR% (5yrs)
Turnover	3,581	6,135	11%
EBITDA %	12.8%	13.4%	12%
Net Profit before exceptions	305	596	16%
Market Capitalization	71,38	31,660*	

* as on 6th February 2018

FAVOURABLE MACRO LEVERS

Urbanization

To be 40% by 2030 from 31% currently

Investment on infrastructure and housing will be key focus area

Electrification

High degree of focus on electrification, presently 78% population electrified, low quality and regular supply are key issues

Organized Penetration

Low to medium penetration in most of the categories

Large presence of unorganized sector

Young Demography

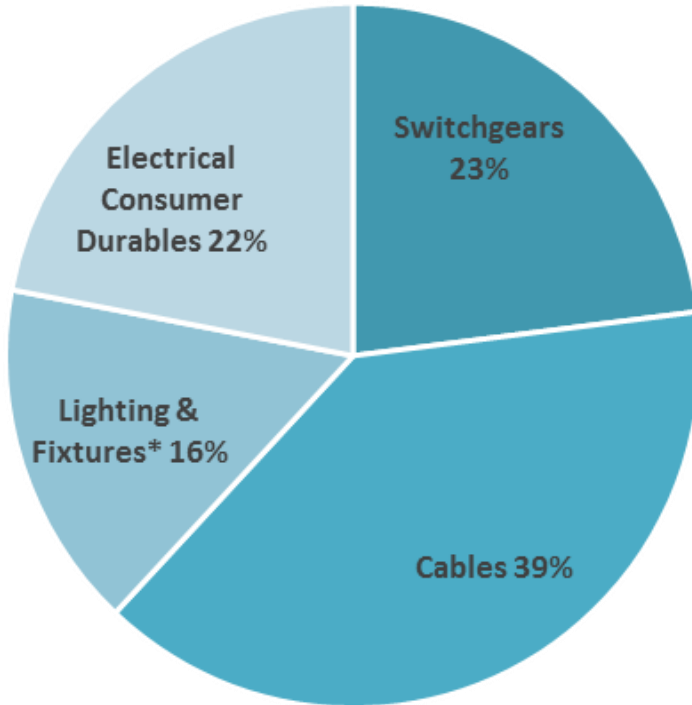
Growing middle class across urban, semi urban.

Brand aspiration, better standard of living and global exposure

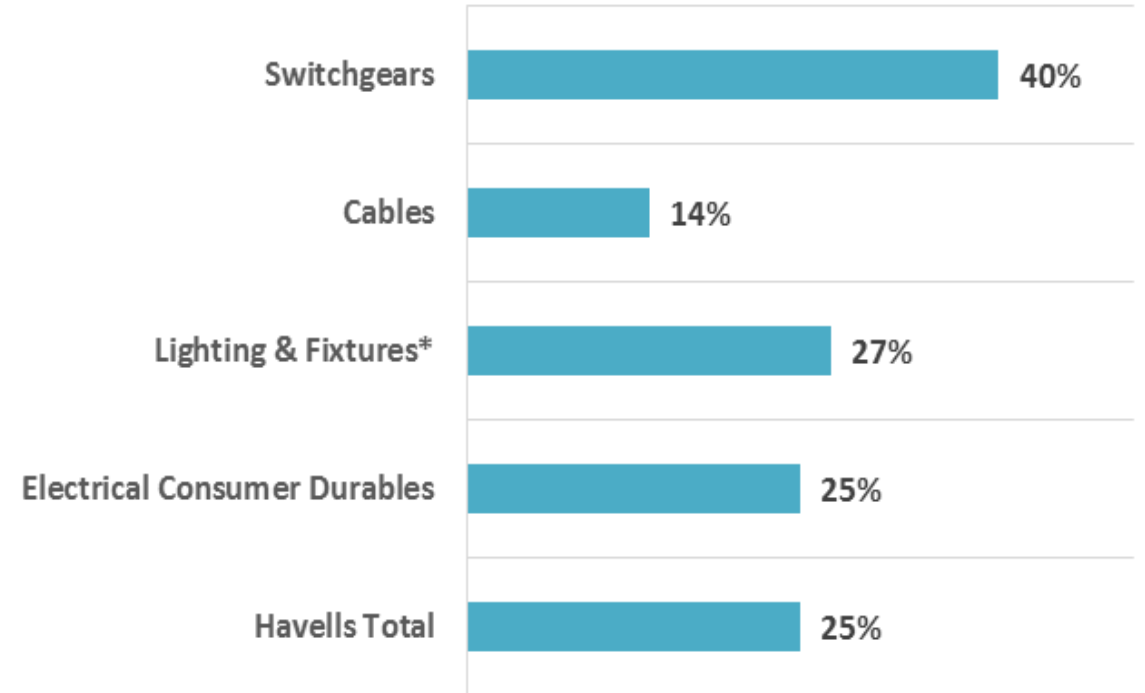
HAVELLS ELECTRICAL

SEGMENTS

Revenue Mix (FY17)



Contribution Margin % (FY 17)

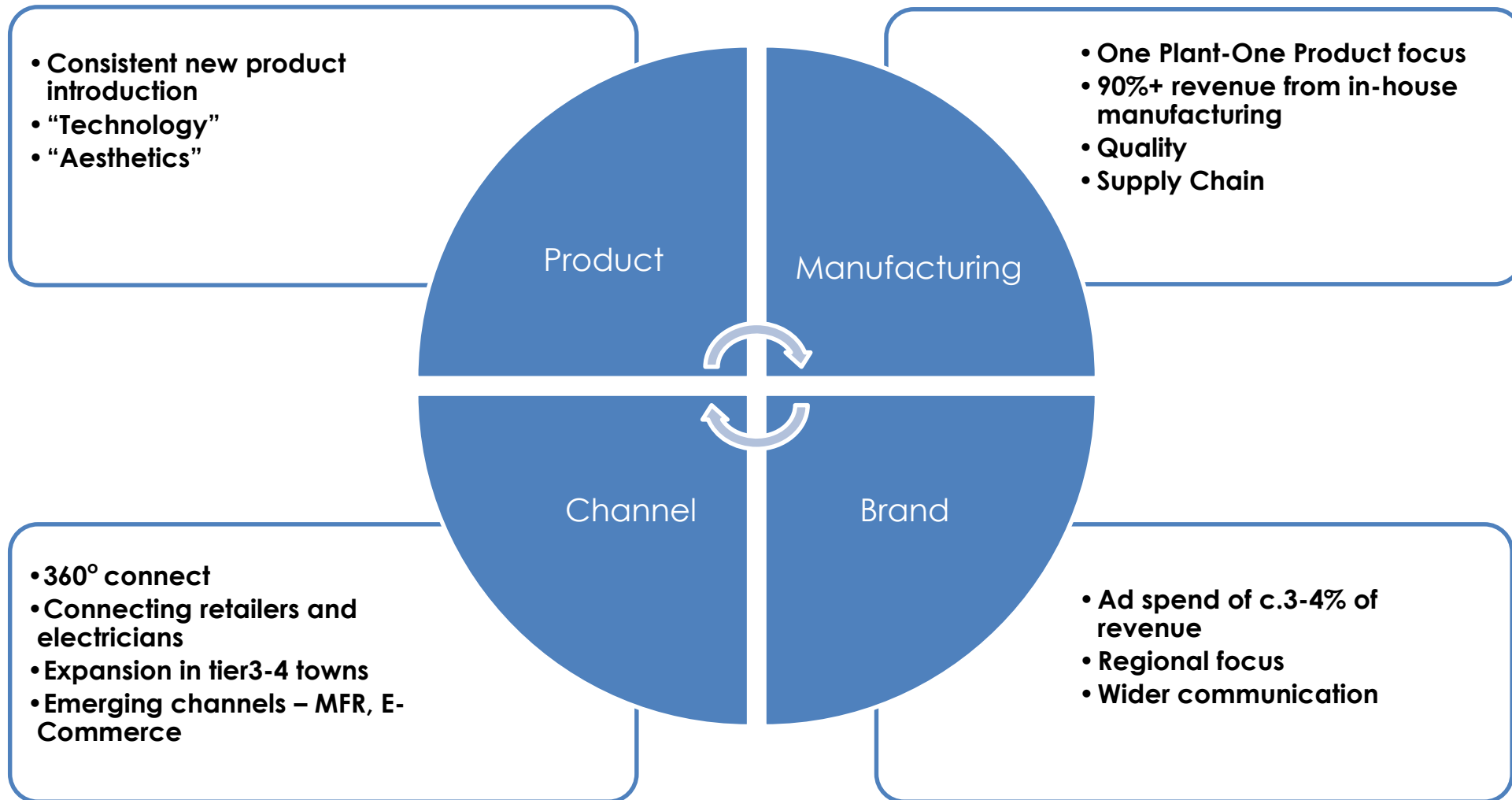


MARKET SHARE: TOP 3 ACROSS CATEGORIES

	Product	Indicative Market Size (Rs. in crores)	Indicative Market Share	Indicative Rank	Organized Penetration Level	Peers
Switchgears	MCB	2,200	27-28%	# 1	High	Legrand, Schneider
	Switches*	2,200	14-15%	# 3	Medium	Panasonic (Anchor), Legrand
Cable	Domestic	8,000	16%	# 3	Low	Finolex, Polycab
	Industrial	12,000	10%	# 3	Medium	Polycab, KEI
LED Lighting	Lighting & Fixtures	6,500	10-14%	# 2-4	Medium	Philips, Crompton, Bajaj, Wipro
ECD	Fans	6,900	16%	# 3	High	Crompton, Orient, Usha
	Water Heaters	1,400	15%	# 3	Low	Racold, AO Smith
	Other Appliances	5,200	2-3%	-	Low	Bajaj, Philips

* Premium modular plate switches

EXCELLENCE ACROSS VERTICES



DEEPENING PARTNERSHIP WITH CHANNEL : 360° CONNECT

- Deeper focus on distribution and last mile connect with retailers and electricians, to be serviced through existing dealer
- Simplified incentive scheme for easier adoption and participation
- Omni channel presence , to expand into Brand Shop, MFR, Projects and Ecommerce

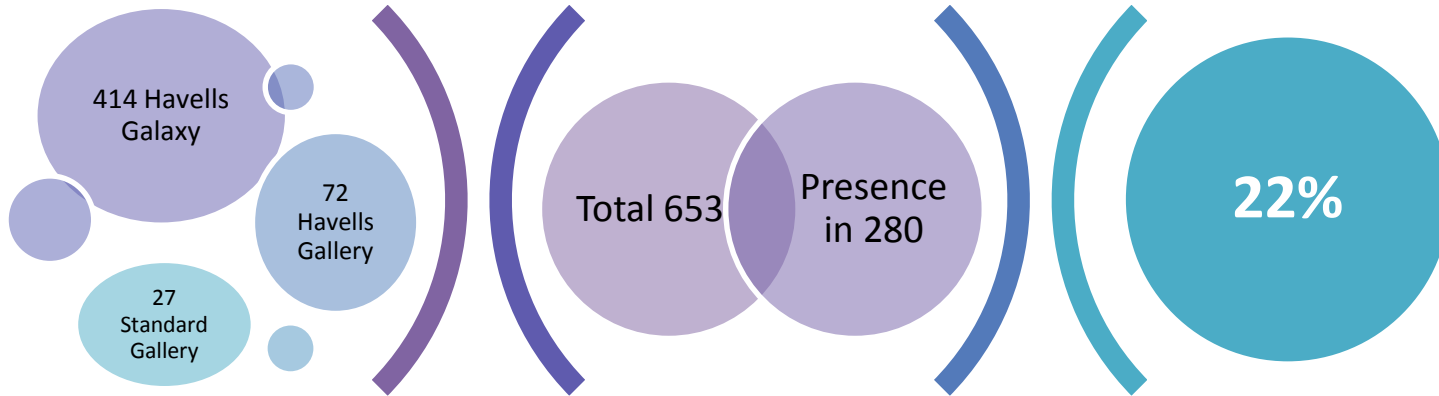
~7,500
Direct Dealers

~100,000
Retailers

~220,000
Electricians



CHANNEL EXPANSION-GALAXIES

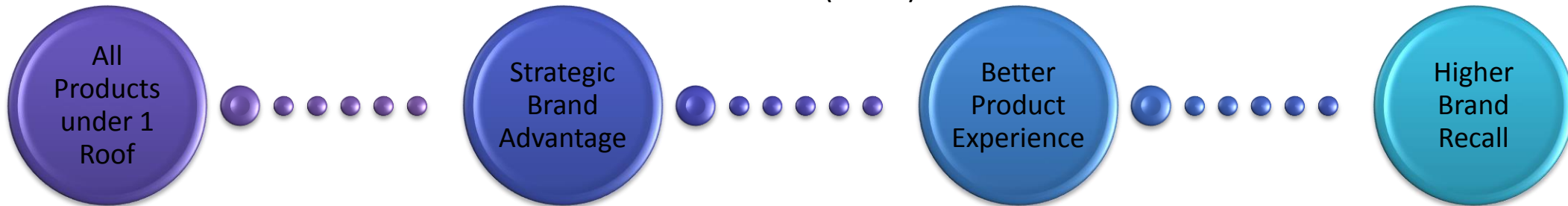


Brand Shops - 513

District Presence

Business Contribution

(Ex Cable)



Largest Brand Shop Channel in Industry



SUSTAINED INVESTMENT IN BRAND & SUPPLY CHAIN



Brand: Sizable investment in advertisement, 3-4% of revenue, comparable with industry leaders in paints, adhesive etc.

Invested Rs 770 crores in advertisement and promotion over last 5 years.



Fortifying Management Bandwidth: Strengthening organization structure for sharper focus with greater accountability.

5 strategic business units, to be managed separately with complete responsibility of P&L.



Manufacturing: Currently ~ 90% of sale is from in-house manufacturing.

12 large scale, well equipped plants with one plant - one product focus.



After Sales Service: Large Network for entire product category – covering 400 cities, 7 vernacular languages + Hindi & English, 580 channel partners with 2,000 people + 250 Havells' employees.

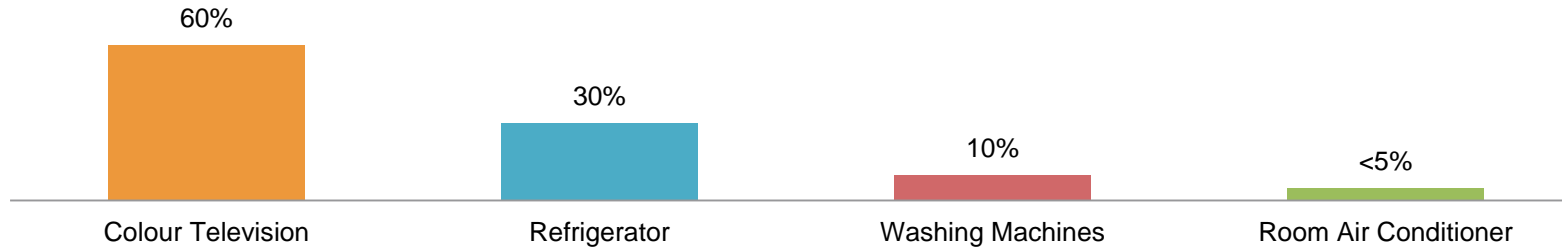


DEEPER INTO HOMES



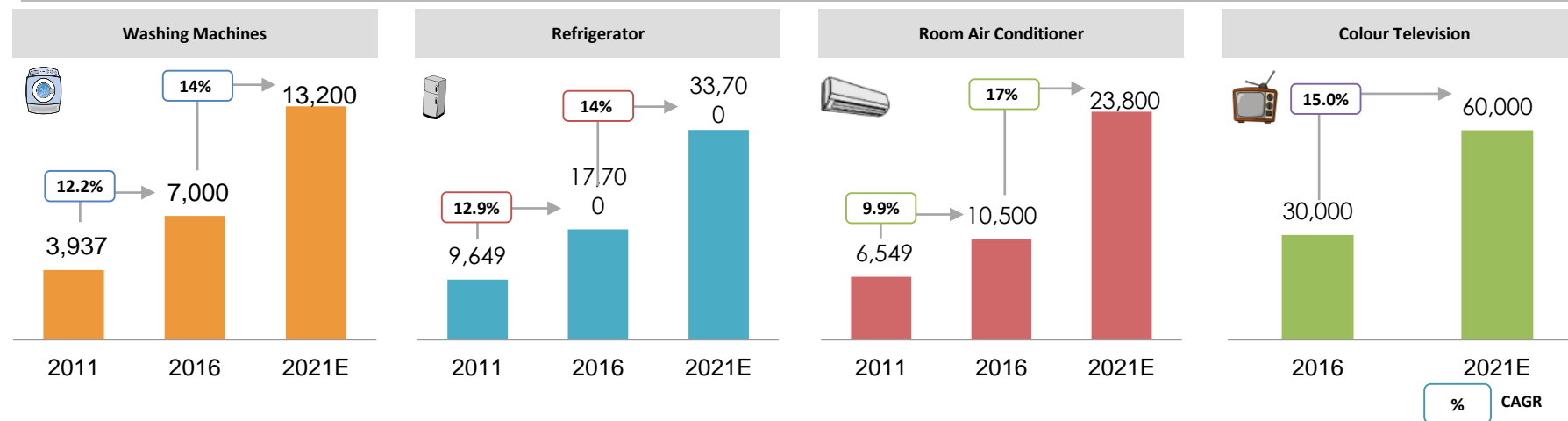
HIGH GROWTH POTENTIAL INDUSTRY

- Low Penetration



- Each Product Group Expected To Grow At Double Digit

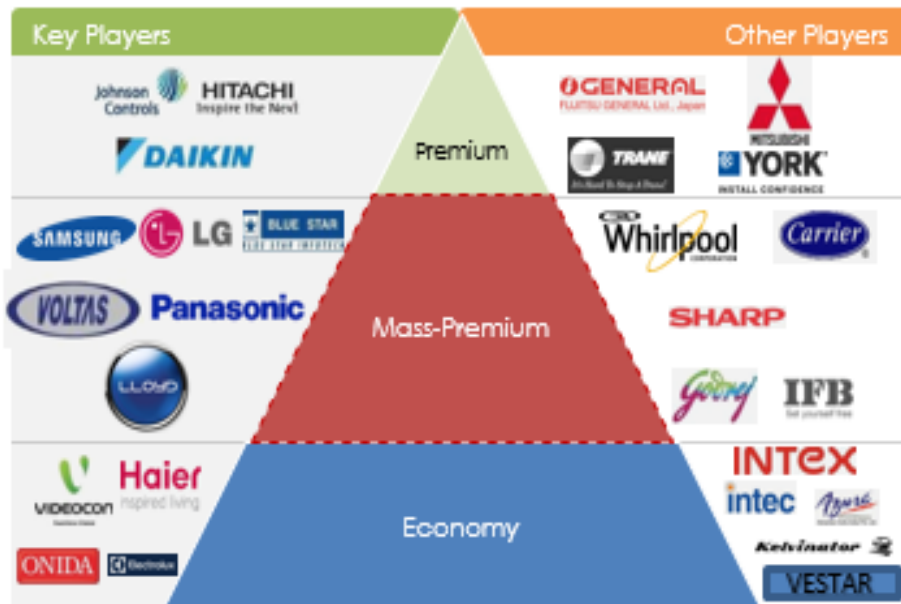
INR Cr



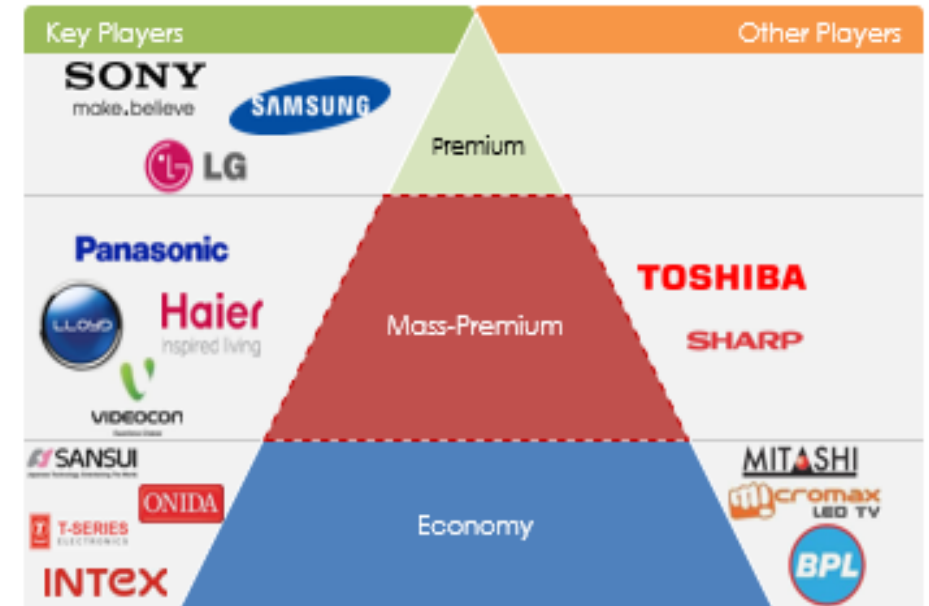
Source: Industry data

MASS PREMIUM POSITIONING

Air Conditioner Market in India



LED TV Market in India



LLOYD WELL PLACED IN CONSUMER DURABLES MARKET



FY17 Gross sales of
c.INR 2,000 Cr



Gained 3% share in LED TV
segment of India in
< 5 years



600+
Service centers pan
India



Gained 13% share in AC
segment of India in
< 7 years



Innovative and aggressive in
brand building initiatives,
created a strong connect



6 decades of Brand
vintage in B2B –
HVAC&R segment



Among top three AC
players in the country



10,000+
Display points pan India



Presence across
450+ cities

STRATEGIC INITIATIVES

➤ Channel

- ✓ 65% through distributors, gravitate to industry average of ~50%+
- ✓ Brand Store, MTs, RRs to extend the reach and improve brand imagery
- ✓ Expand in Tier 1 and Metro towns

➤ Portfolio Expansion

- ✓ Reduce dependence on single product category
- ✓ Strengthen the offering in TV and WM

➤ In-house manufacture and product development; committed an outlay of ~Rs. 350 crores for AC plant at Neemrana

➤ Fortifying Lloyd Management team across products, sales and marketing

➤ Leverage Havells brand, infrastructure, consumer connect



ASPIRATION

- Opportunity for well capitalised, committed long range players
- To be an integrated, formidable and well entrenched consumer durable brand
- Innovation focussed on local requirements
- Deeper presence across product categories and geographies
- Amongst top five players in each category

FINANCIALS

STANDALONE FINANCIALS

Financial highlights

in millions of Rupee

	FY16 Havells	FY17 Havells	9M FY18 Havells	9M FY18 Lloyd (from 8th May'17)	9M FY18 Havells Total
Net Revenue	53,783	61,353	47,737	8,300	56,037
Growth %	4%	14%	8%**	--	27%
EBIDTA %	14.0%	13.4%	13.6%	4.8%	12.3%
PBT % before exceptions	13.1%	13.5%	13.0%	5.2%	11.8%
PAT % before exceptions*	9.5%	9.7%	--	--	9.1%

CAPEX	1,766	2,386	--	--	890
ROCE %	27%	26%	--	--	26%
Net Worth	29,537	32,736	--	--	35,074
Net Working Capital	5,057	5,274	--	--	5,776
Cash & Bank	13,652	19,375	--	--	7,865

• Low working capital due to channel financing made available to dealers i.e. direct funding by bankers with no recourse on the company

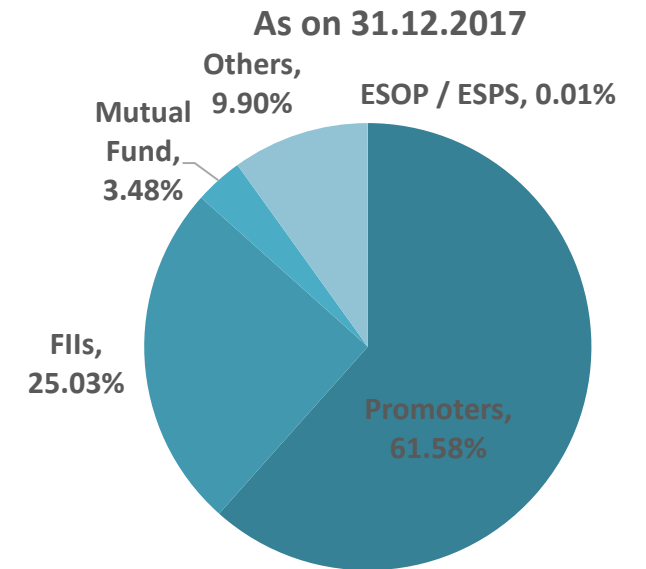
* PAT for 9M FY18, FY17 and FY16 was Rs. 4,868, Rs. 5,390 and Rs. 7,120 mn including exceptional items

** After adjustment of excise in exempted zones, growth over last year in 9M is 11%

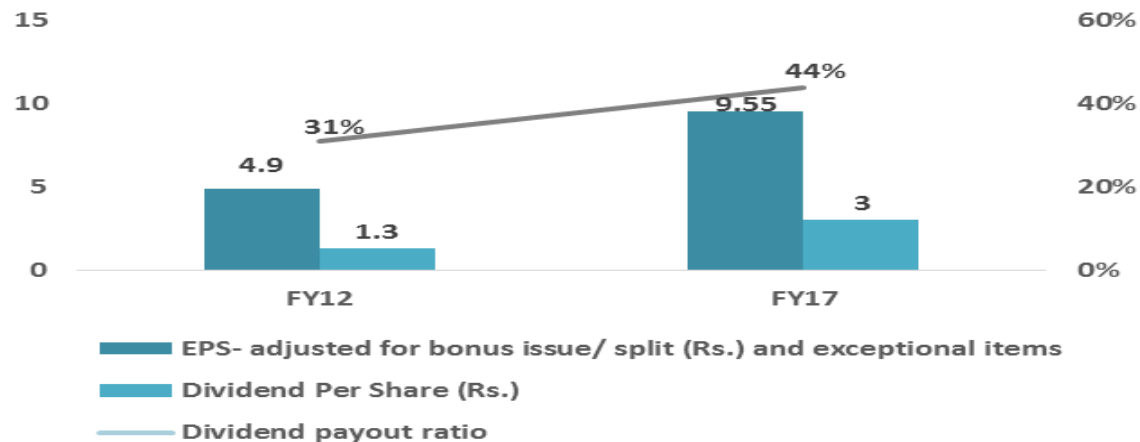
BENCHMARKING WITH THE BEST CORPORATE, FINANCIAL AND SHAREHOLDERS GOVERNANCE

- Promoters- single business focus
- Transparent and detailed communication to shareholders
- Committed to high standards of corporate and shareholder governance, assigned CGR 2+ rating by CARE

Shareholding Pattern



EPS, DPS & Dividend Payout Ratio



SUMMARY

- India represents large untapped opportunity with lower penetration, higher unorganized sector & growing electrification
- Havells preparing for future with constant products expansion, deepening market reach & brand reinforcement
- Organic leverage with opportunistic acquisition to drive growth
- Strengthening management bandwidth to lead ambitious growth plan
- Native business acumen, market connect and ethics remain core values

 Crabtree

 STANDARD

 HAVELLS

 REO



INDIA: ELECTRIFIED BY HAVELLS