



Havells India Limited

Leveraging Brand & Distribution

November 2014

SYLVANIA



HAVELLS

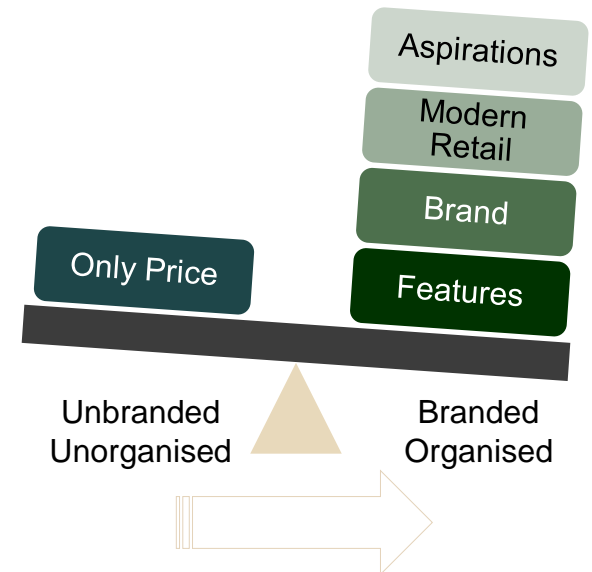


INTRODUCTION

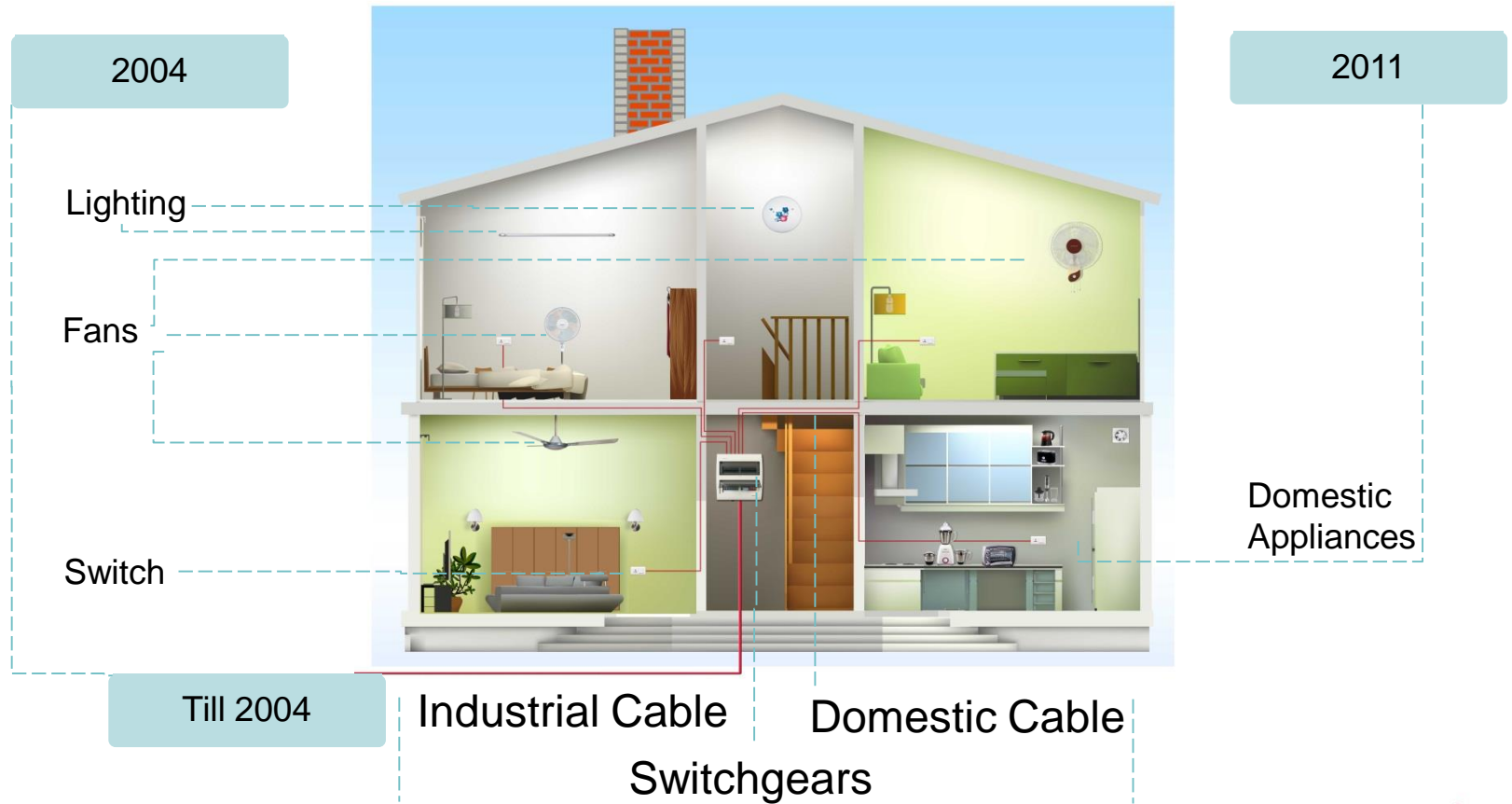
- Havells – a branded electrical consumer products company in India.
- Started in 1971 with the acquisition of Havells brand.
- Amongst top 4 brand in various product categories.
- Acquired global lighting brand ‘Sylvania’ in 2007 to expand in international markets.
- Consolidated Revenue of US\$ 1.4 billion and profit of US\$ 75 million.
- A focused brand & distribution business strengthening its core activities at ongoing basis.

FAVORABLE INDUSTRY DYNAMICS - INDIA

- Paradigm shift in consumer buying behavior, driven by aspiration.
- Branded over unbranded, organized over unorganized.
- Resulting in vast growth opportunity in branded electrical consumer products segment.
- Increasing consumer/ end users engagement and usage experience driving quality and brand recall as key differentiator.
- Select national brands, each centered towards product verticals.
- Housing growth, adequacy and quality of power– key macro growth driver.

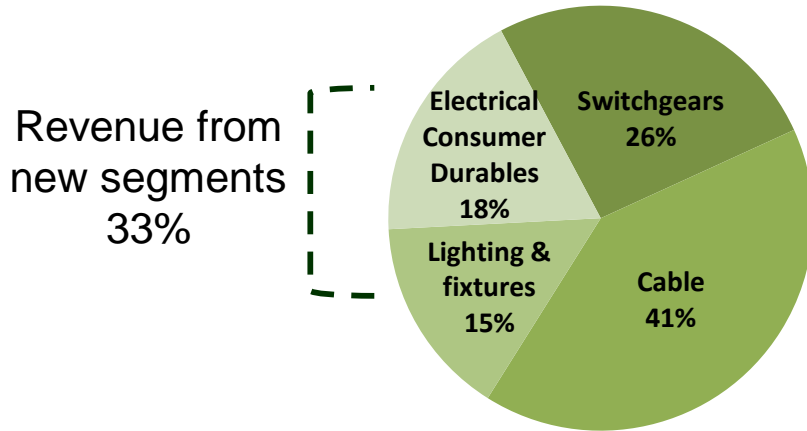


BACKYARD TO LIVING ROOM

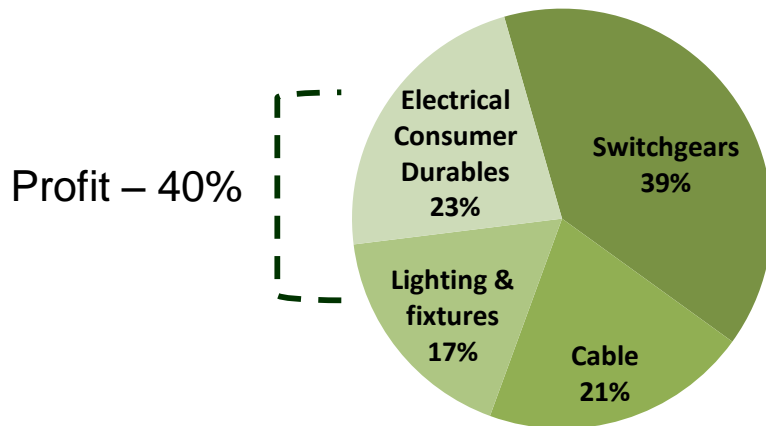


ABILITY TO LAUNCH, STABILIZE & CREATE SIZEABLE BUSINESS

Revenue Mix - FY14



Contribution Mix - FY14



Successfully gained market share in new segments. Amongst top four brands

Electrical Consumer Durable - Fans

Market Size ~ INR 47,000 million

Market share ~ 15%

Peer Position – Crompton, Usha, Orient

Lighting - CFL

Market Size ~ INR 24,000 million

Market share ~ 11%

Peer Position – Philips, Osram

Lighting - Luminaires

Market Size ~ INR 30,000 million

Market share ~ 14%

Peer Position – Philips, Bajaj, Crompton, Wipro

Domestic Appliances

Market Size ~ INR 50,000 million

Peer Position – Bajaj, Philips

Creating Long Term Value

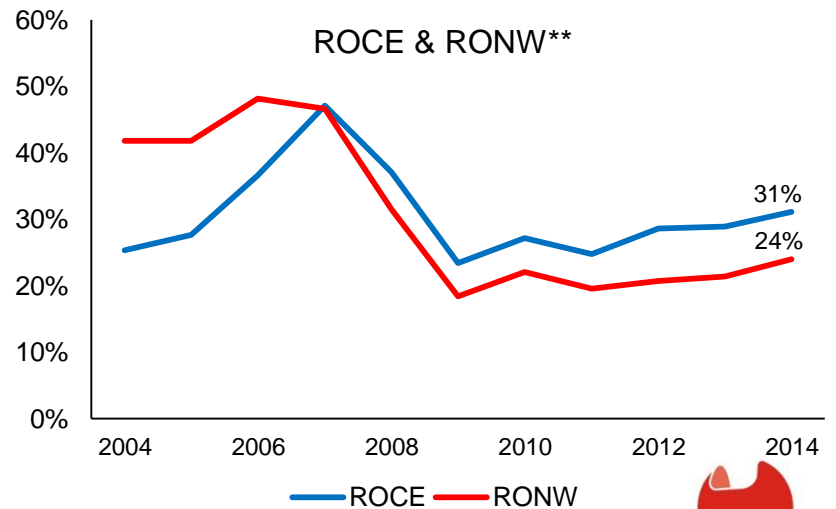
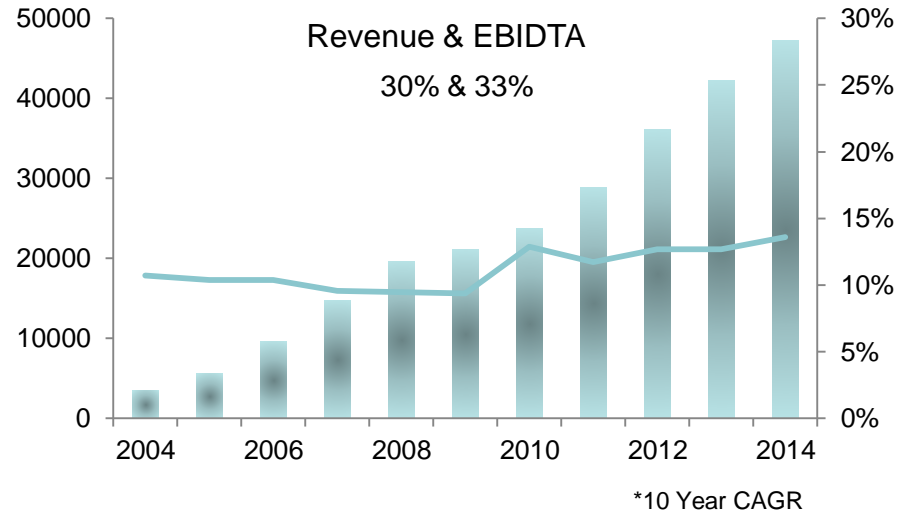
MAINTAINING INDUSTRY LEADERSHIP

1 **Switchgears - Domestic MCB**
 Market Size ~ INR 17,000 million
 Market share ~ 29% (15% in 2006)
 Peers – Legrand , Schneider

2 **Switchgears - Switches**
 Market Size ~ INR 16,000 million
 Market share ~ 20% (5% in 2006)
 Peers – Panasonic (Anchor), Legrand

3 **Cable - Domestic**
 Market Size ~ INR 72,000 million
 Market share ~ 14% (6% in 2006)
 Peers – Polycab, Finolex

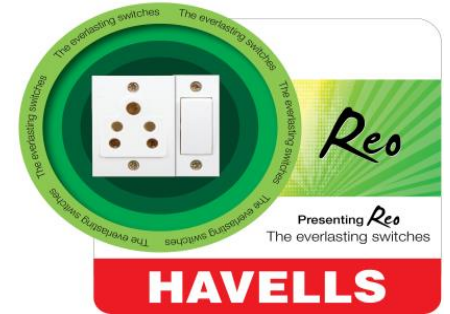
2 **Cable – Industrial**
 Market Size ~ INR 100,000 million
 Market share ~ 11% (6% in 2006)
 Peers – Polycab, KEI



** stand alone based on average

WIDER, DEEPER

- Direct presence in 100 towns with >500k population.
- Focus now on towns with 50-500k population. Out of 1200 towns, already reached nearly 770 towns.
- Less than 50k towns currently served by distributors as opportunity constrained with inadequacy of quality and availability of power.
- Reo launched as an entry level product to drive growth in smaller, emerging towns.
- Galaxy showrooms (franchised) to double from 200 to 400 covering 250 towns (against earlier 130 towns).
- Galaxy now contributes 16% of non-cable business apart from a high quality brand visibility and direct consumer engagement.
- Greater relationship with retailers & electricians through 'Power Plus' initiative. Current data base of 24,000 active retailers and 77,000 electricians.

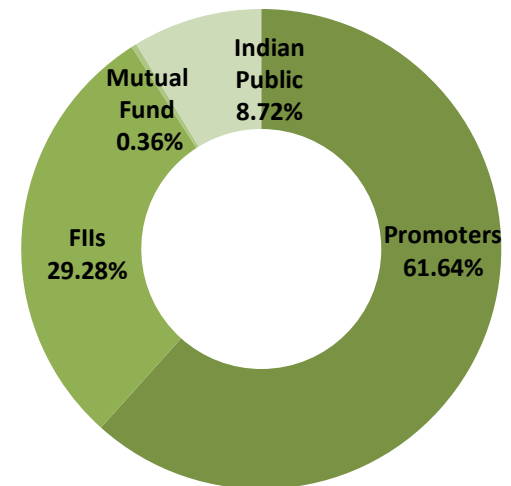


HAVELLS

BENCHMARKING WITH THE BEST CORPORATE, FINANCIAL AND SHAREHOLDERS GOVERNANCE

- Promoters- Single business focus, high quality corporate governance practices. Alignment of interest with other investors through transfer of “HAVELLS” Brand at no consideration.
- Predictability and sustainability of financials to emulate FMCG industry.
- Strict working capital management, low debt and superior cash flows.

Shareholding Pattern



Nalanda Capital
Sequoia Capital
Vontobel

HAVELLS STANDALONE FINANCIALS

in millions of Rupees

Operational highlights

	FY13	FY14	H1FY15
Net Revenue	42,250	47,197	26,420
<i>Growth (%)</i>	<i>17%</i>	<i>12%</i>	<i>19%</i>
EBIDTA	5,349	6,415	3,414
<i>EBIDTA %</i>	<i>12.7%</i>	<i>13.6%</i>	<i>12.9%</i>
Net Profit	3,714	4,787	2,269
<i>Net Profit %</i>	<i>8.8%</i>	<i>10.1%</i>	<i>8.6%</i>
CAPEX	1,200	920	752

- Additional guaranteed debt of Euro 26 mn out of which total outstanding principal amount is Euro 13.0 mn.

Balance Sheet highlights

	March 13	March 14	Sept 14
Net Worth	18,702	21,299	23,632
Gross Debt	1,088	1,955	1,259
Net Fixed Assets	9,135	9,341	9,650
Investment (Sylvania)	7,751	8,515	8,877
Net working capital	3,942	3,796	5,921
Cash & bank balance	2,465	6,261	4,383

- Low working capital due to channel financing made available to dealers i.e. direct funding by bankers with limited recourse on the company.
- 46% dividend payout on standalone profit.

SYLVANIA ACQUISITION – GLOBAL FOOTPRINT

- Acquired Sylvania lighting for expanding internationally with similar business profile-brand and distribution network.
- 100 years old brand having distribution network across Europe, Latin America and global brand recall.
- Acquired for Euro 227 million in 2007.
- Operational restructuring in 2009-10, currently under consolidation with profitability focus.

Lamps:



LEDs

Traditional

Fixtures:



LED

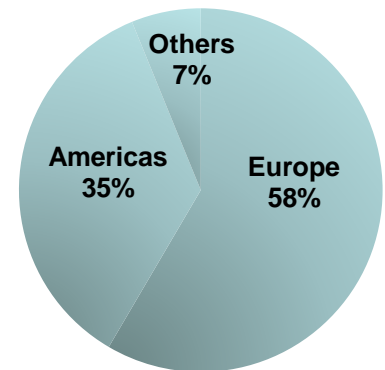
Architectural/IC

STRATEGY-SYLVANIA

- Stabilizing Europe, growth in Latin America and Asia.
- Expand product categories to move beyond lighting into electrical products (like Havells).
- Successful debt refinancing in 2012 led by ICICI bank, Standard Chartered and HSBC.
- Significant deleverage aided by proceeds from Havells equity and internal accruals.

Revenue Mix FY14

Geographical



SYLVANIA FINANCIALS

in millions of Euro

Operational highlights

	FY13	FY14	H1FY15
Net Revenue	€ 439.9	€ 440.1	€ 219.7
Operating Expenses	€ (416.6)	€ (417.5)	€ (208.7)
Pension liability	€ (0.8)	€ (6.1)	€ (1.8)
EBIDTA	€ 22.5	€ 16.5	€ 9.2
EBIDTA %	5.1%	3.7%	4.2%
Exceptional cost	€ (25.8)*	--	--
Net Profit	€ 30.5	€ (4.0)	€ (0.8)

* includes income from settlement agreement with Osram.

Balance Sheet highlights

	Mar 13	Mar 14	Sept 14
Share Capital	€ 141.2	€ 141.3	€ 141.3
Reserve & Surplus	€ (65.6)	€ (78.1)	€ (76.7)
Net debt	€ 68.4	€ 57.7	€ 57.3
Net Fixed Assets	€ 34.1	€ 32.0	€ 31.7
Goodwill	€ 53.0	€ 53.0	€ 53.0
Net working capital	€ 122.8	€ 109.9	€ 116.4

• All financials as per Indian GAAP.

CONSOLIDATED

in millions of Rupees

Operational highlights

	FY13	FY14	H1FY15
Net Revenue	72,478	81,858	43,359
<i>Growth (%)</i>	11%	13%	13%
EBIDTA	6,915	7,790	4,212
<i>As % to NR</i>	9.6%	9.5%	9.7%
Net Profit	5,814	4,463	2,249

Balance Sheet highlights

	FY13	FY14	H1FY15
Net worth	14,420	16,660	18,923
Net debt	5,079	1,716	2,201
Net fixed assets	11,555	12,068	12,204
Net working capital	12,477	12,967	15,104



SUMMARY

- Havells metamorphosing into branded consumer company benchmarked against the best-in-class across industries (not just electrical).
- Constant endeavor to align with best practices in each initiative for each stakeholder.
- Sylvania to spearhead global expansion.
- Continue to be ambitious and yet conservative group.
- Incremental cash flows and higher dividend payout to create long term shareholder value.