



**HAVELLS**



# HAVELLS INDIA LIMITED

Aug 2018

# 25 YEARS OF PUBLIC LISTING

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- Consistent growth in each business parameter

in INR crores

	FY 1994	FY 2018	CAGR
Revenues	17.1	8,138	29%
EBIDTA	1.6	1,049	31%
PBT	1.3	1,003	32%
PAT	0.9	713	32%
Net Worth	8.5	3,739	29%
Market Cap.	15	43,741*	39%
No. of people (excl. workers)	~350	5,789	12%

\* as on 21<sup>st</sup> Aug-18

# KEY MILESTONES

- **Leverage channel by expanding product portfolio**
  - ✓ Industrial to a consumer company
- **Manufacturing**
  - ✓ Large scale manufacturing on China pattern
  - ✓ Quality on European benchmark
  - ✓ >93% in-house
- **National Advertising and uniform discounting**
  - ✓ Disproportionate ad spend on 'non-consumer' products
- **Mass to 'mass premium'**
  - ✓ Steady premiumisation
- **Acquisition of Sylvania and pragmatic exit**
  - ✓ Changing industry dynamics and capital allocation
- **Lloyd Acquisition**
  - ✓ Entry into high potential Large Consumer Durables
  - ✓ Aligned with 'Deeper into Homes'



# MOVING AHEAD



## DEEPER INTO HOMES

## ➤ 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%



# 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.

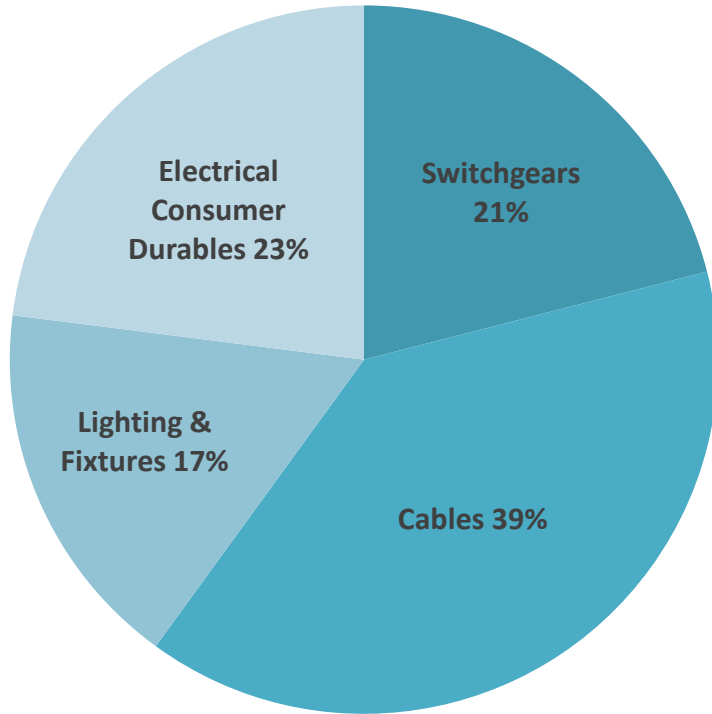
Brand aspiration, better standard of living and global exposure

# HAVELLS ELECTRICAL

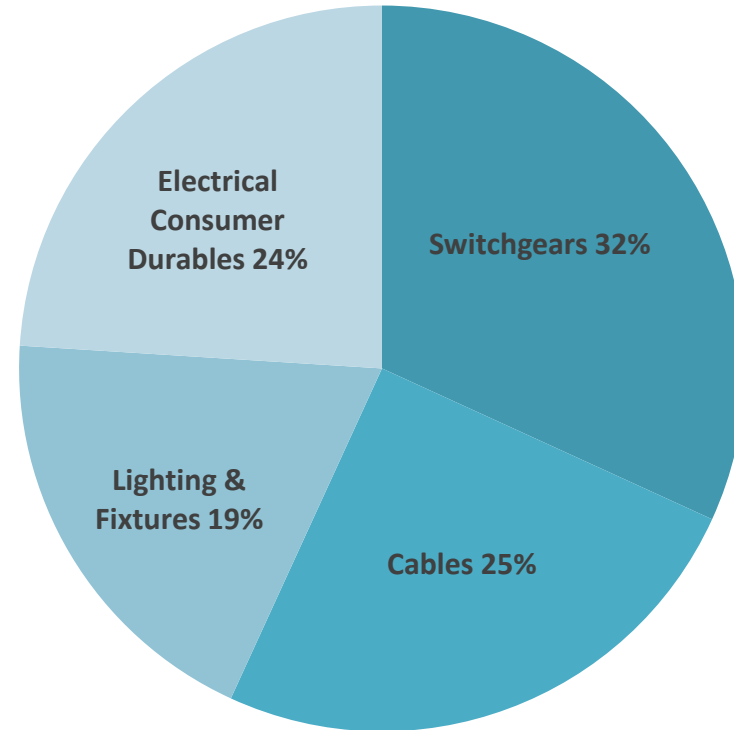


# SEGMENTS

Revenue Mix (FY 18)



Contribution Margin Mix (FY 18)



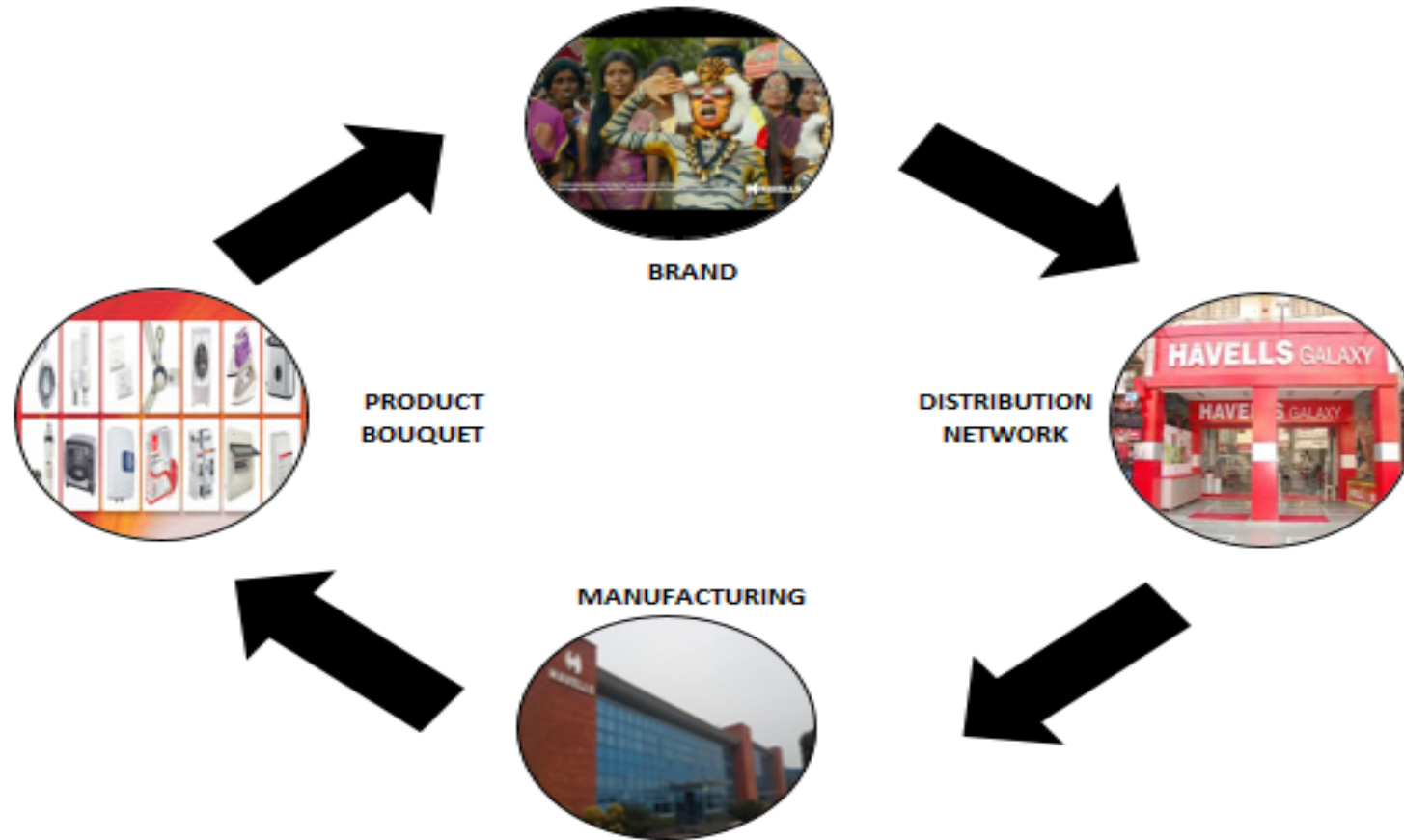
# MARKET SHARE: TOP 3 ACROSS CATEGORIES

	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%	# 2	Low	Racold, AO Smith
	Other Appliances	5,200	2-3%	-	Low	Bajaj, Philips

\* Premium modular plate switches



# AN EFFICIENT INTERPLAY



Higher Market Share

Higher Profitability

Free Cash Flow

Superior Return to shareholders

# CONSISTENT NEW PRODUCT INTRODUCTIONS

2012: Water Heaters



2013: Domestic Appliances



Dec 2017: Water Purification

2013: Pumps



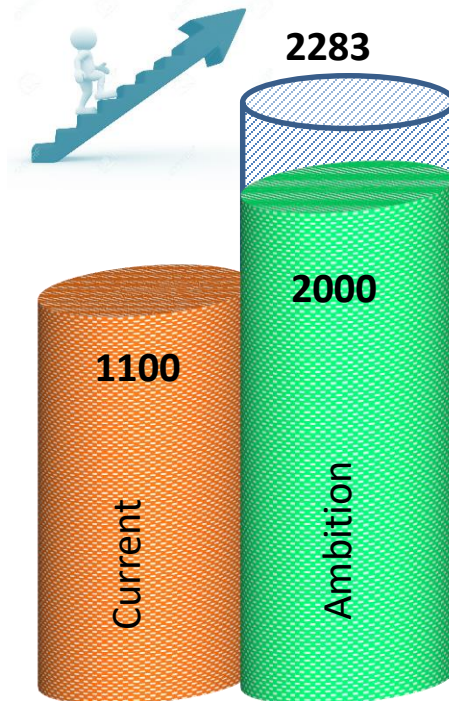
2016: Air Coolers



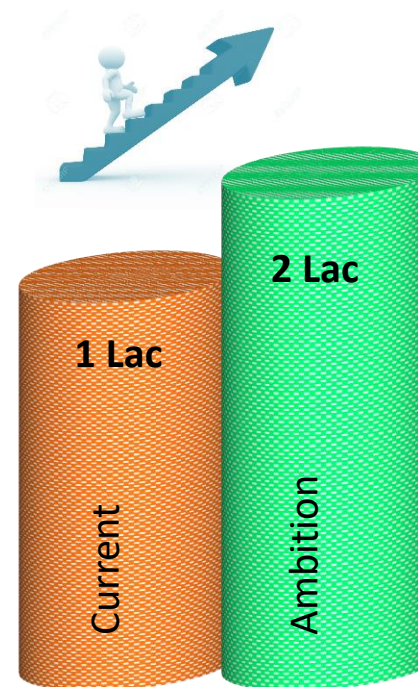
# CHANNEL EXPANSION- DEEPER PENETRATION

## Proximity to Consumer – Transition towards Rural & Semi-Urban Cities

TOWN PENETRATION – 25K ABOVE POPULATION



RETAILER - COUNT



~8,500  
Direct Dealers

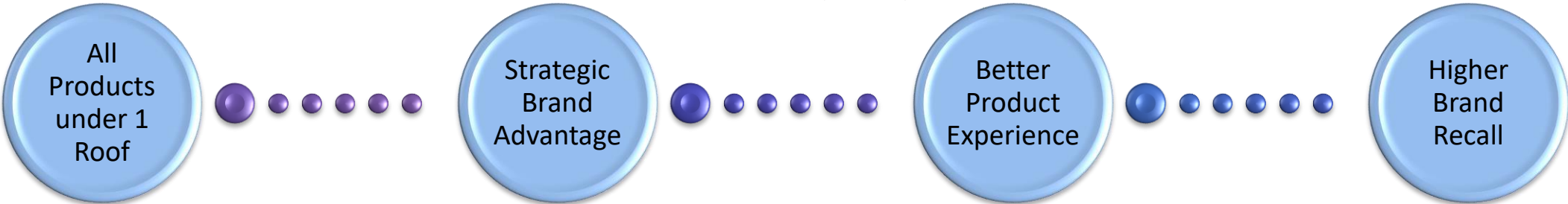
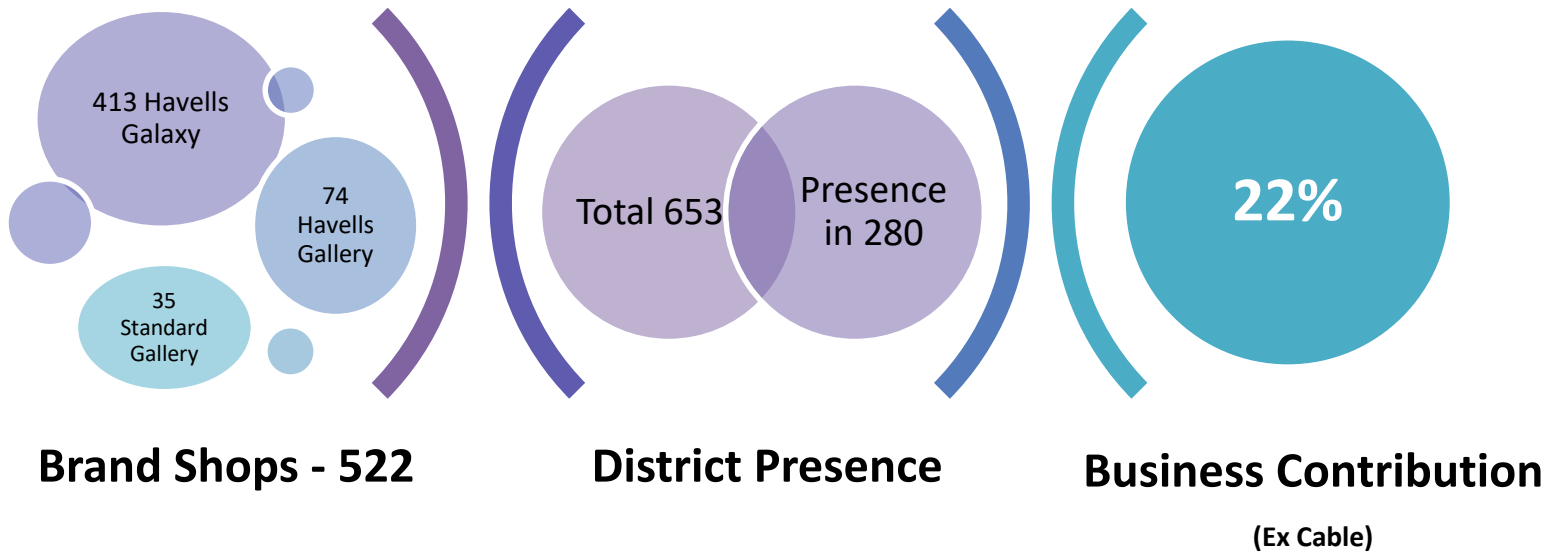
~100,000  
Retailers

~220,000  
Electricians

- Havells' major penetration is in Metro, Tier I & II Towns
- Rural sector and Tier III & below towns ket penetration opportunity



# CHANNEL EXPANSION-GALAXIES



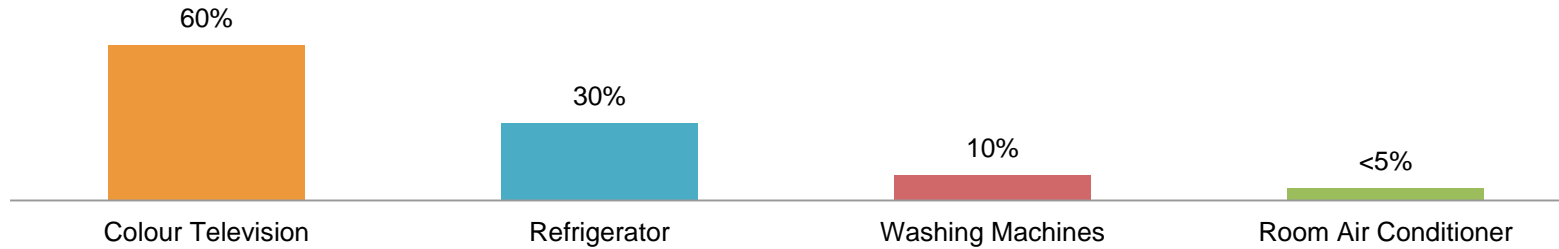
*Largest Brand Shop Channel in Electrical Industry*





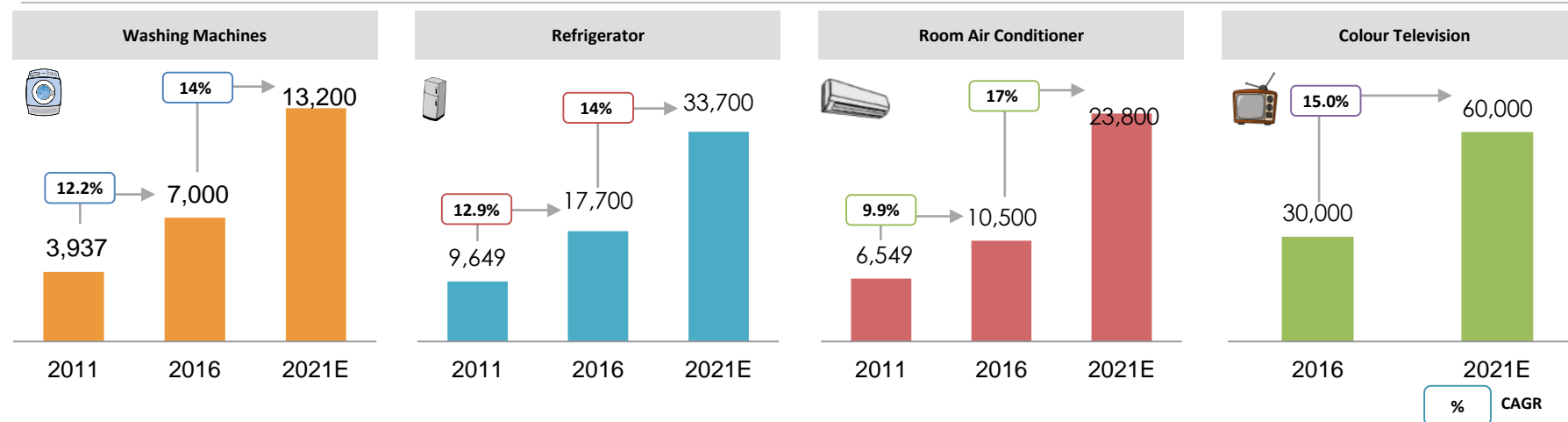
# HIGH GROWTH POTENTIAL INDUSTRY

- Low Penetration



- Each Product Group Expected To Grow At Double Digit

INR Cr

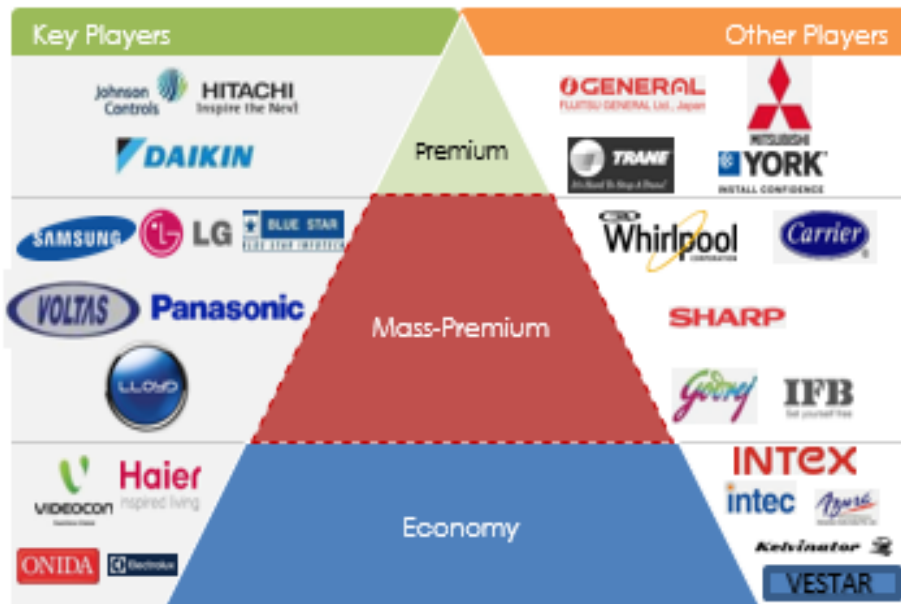


Source: Industry data

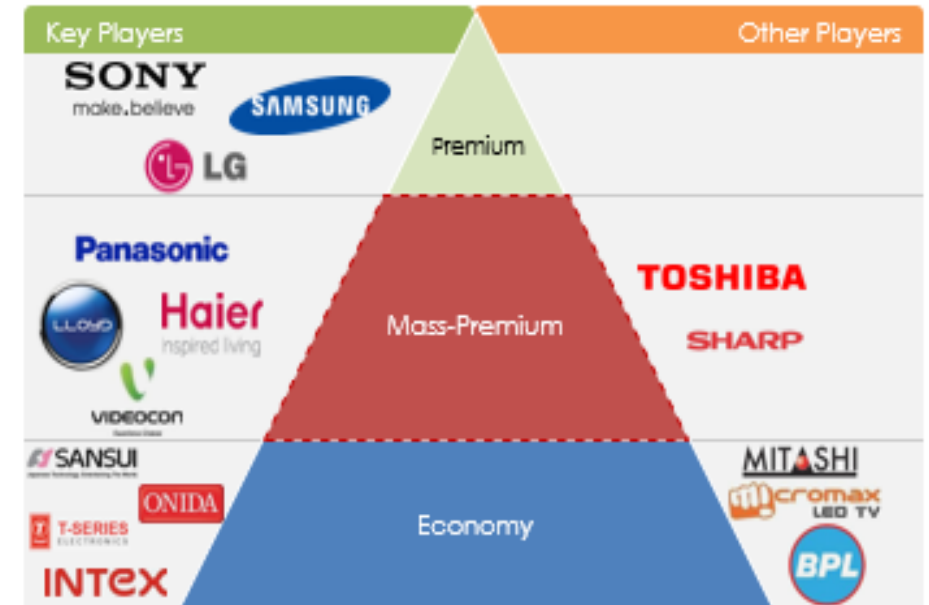


# MASS PREMIUM POSITIONING

Air Conditioner Market in India



LED TV Market in India



# INDUSTRY UNDERGOING DISRUPTION

- Fixed Speed ➡ Variable Speed
- Change in Star Rating from CY2018
- IOT
- Upgrading to Green Gas
- HD/FHD ➡ SMART ➡ UHD ➡ OLED
- Internet : Better penetration, Better bandwidth
- Convenience: Streaming options, Anytime (24x7) viewing
- Replacement market driven by migration from CRT to LED TV & Increasing screen size.

**Creating opportunity for well capitalised, committed long range players**

# LLOYD WELL PLACED IN CONSUMER DURABLES MARKET



FY18 Gross sales of  
c.INR 2,000 Cr



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



Among top three AC  
players in the country



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



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



10,000+  
Display points pan India



600+  
Service centers pan  
India



6 decades  
of brand vintage in AC  
segment



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

- To be an integrated, formidable and well entrenched consumer durable brand
- Innovation focussed on local requirements
- Billion \$ revenues with top quartile margins in 4-5 years
- Deeper presence across product categories and geographies
- Amongst top five players in each category

# FINANCIALS

# STANDALONE FINANCIALS

Financial highlights

in millions of Rupee

	FY17 Havells	FY18 Havells	FY18 Lloyd (from 8 <sup>th</sup> May'17)	FY18 Havells Total	Q1 FY19 Havells Total
Net Revenue	61,353	67,244	14,141	81,385	25,963
Growth %	14%	10%**	--	33%	40% <sup>^</sup>
EBIDTA %	13.4%	13.9%	8.0%	12.9%	12.4%
PBT % before exceptions	13.5%	13.5%	7.8%	12.3%	11.7%
PAT % before exceptions*	9.7%	--	--	8.6%	8.1%
CAPEX	2,386	--	--	1,522	650
ROCE %	27%	--	--	30%	32%
Net Worth	32,736	--	--	37,392	39,671
Net Working Capital	5,274	--	--	3,131	3,393
Cash & Bank	19,375	--	--	15,262	17,371

• 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 FY18 and FY17 was Rs. 7,126 and Rs. 5,390 including exceptional items

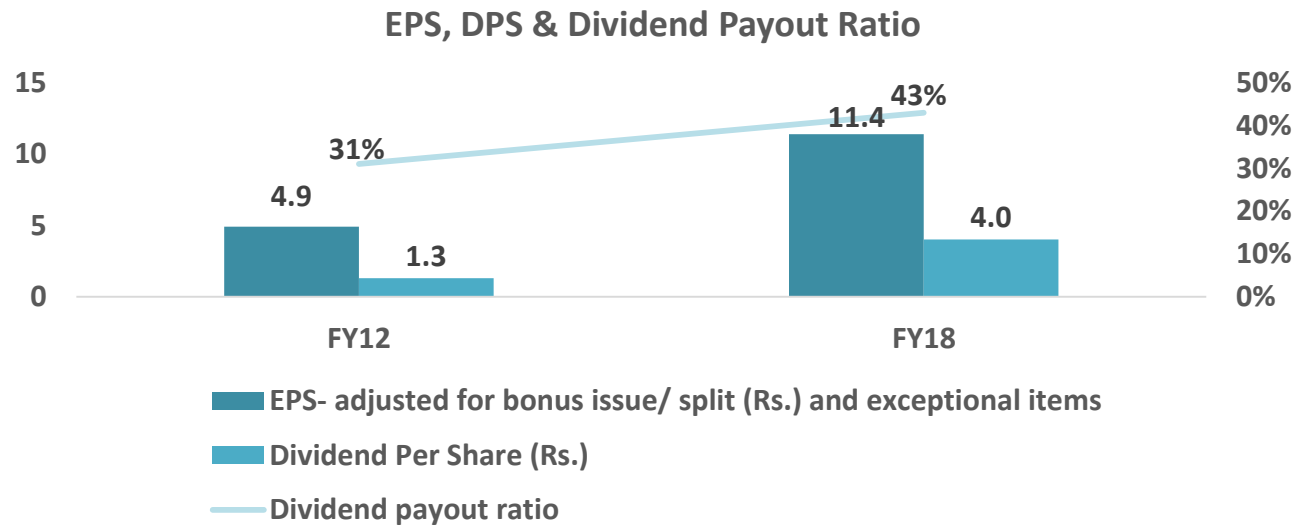
\*\* After adjustment of excise, growth is 13%

<sup>^</sup> Ex-Lloyd 22% adjusted growth

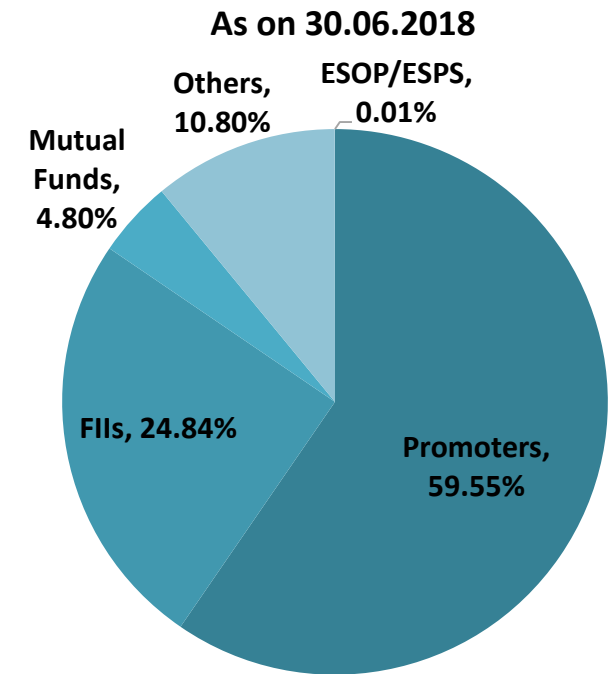


# BENCHMARKING WITH THE BEST CORPORATE, FINANCIAL AND SHAREHOLDERS GOVERNANCE

- 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





## 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**