



HAVELLS



HAVELLS INDIA LIMITED

Dec 2018

25 YEARS OF PUBLIC LISTING

25 YEARS OF PUBLIC LISTING

- 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	42,300*	38%
No. of people (excl. workers)	~350	5,789	12%

* as on 7th Dec-18



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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'



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MOVING AHEAD



DEEPER INTO HOMES



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➤ 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



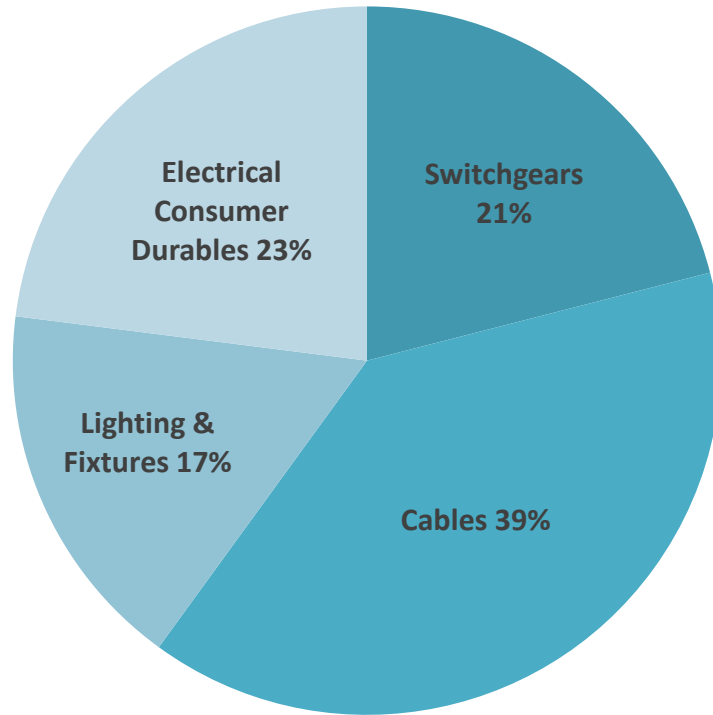
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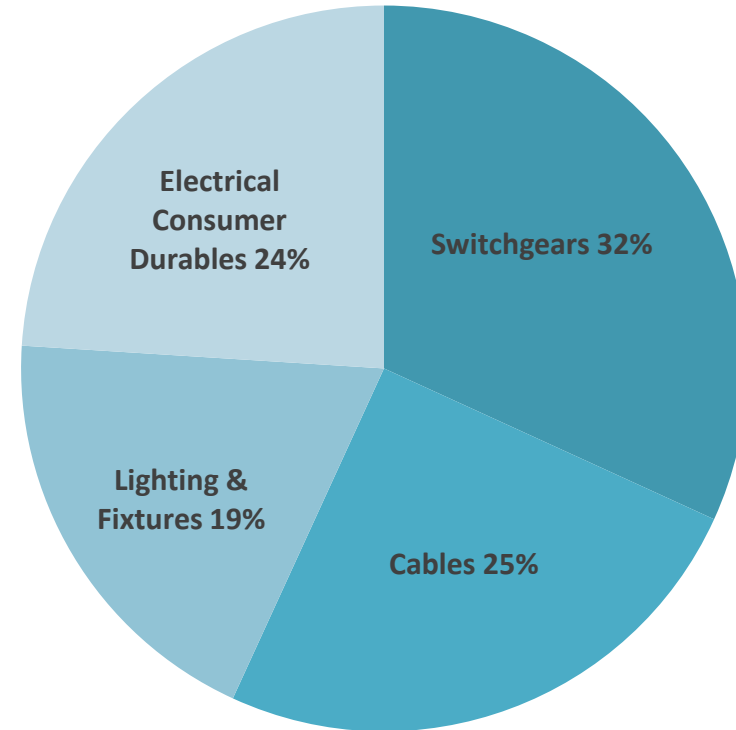
HAVELLS ELECTRICAL

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

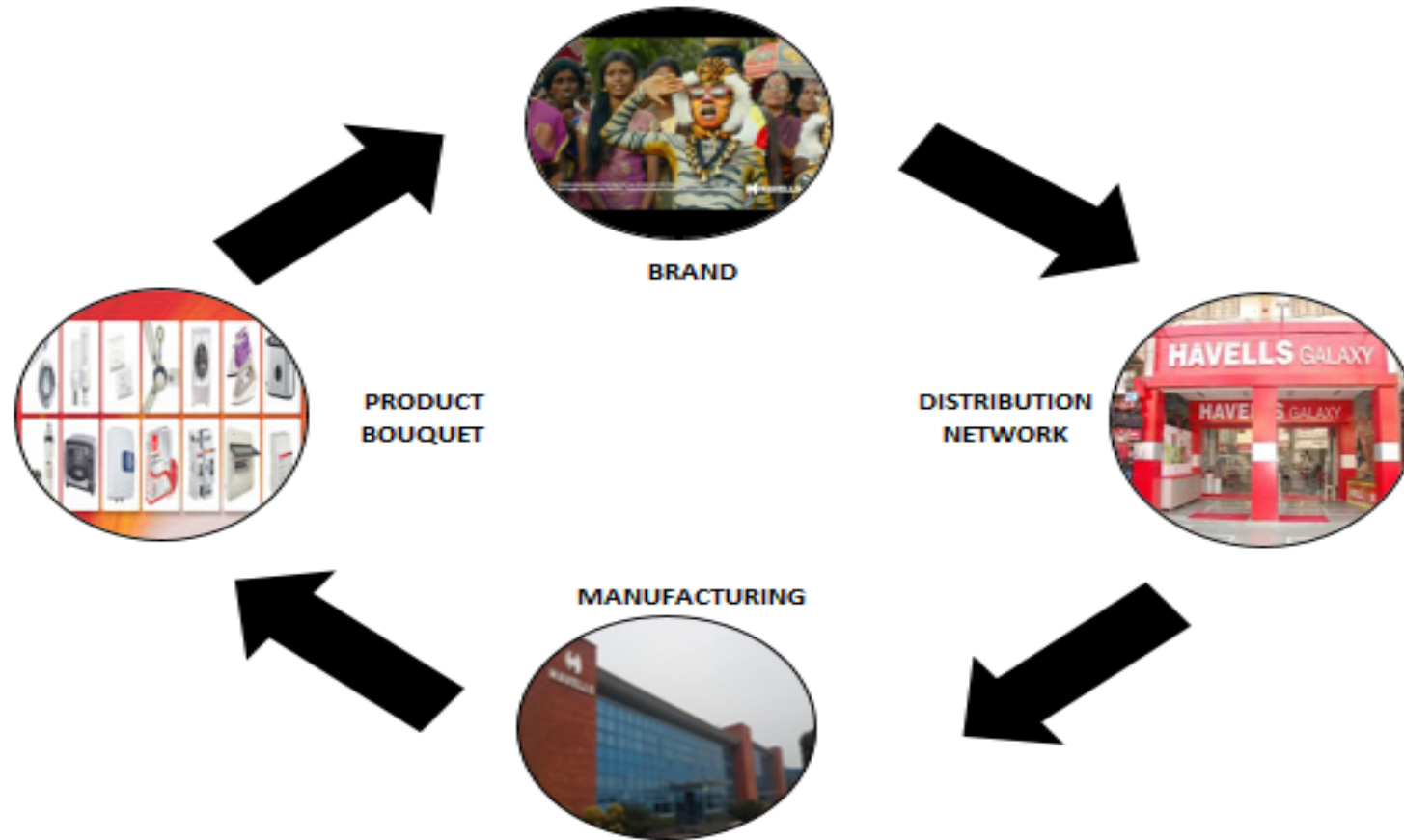
* Premium modular plate switches



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AN EFFICIENT INTERPLAY



Higher Market Share

Higher Profitability

Free Cash Flow

Superior Return to shareholders



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CONSISTENT NEW PRODUCT INTRODUCTIONS

2012: Water Heaters



2013: Domestic Appliances



Dec 2017: Water Purification

2013: Pumps



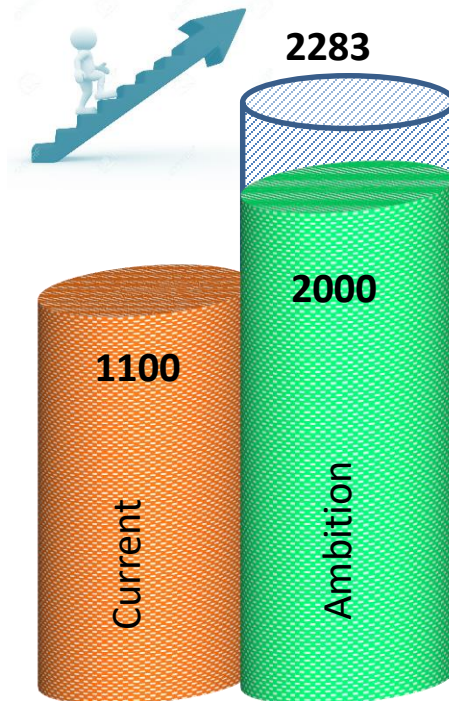
2016: Air Coolers



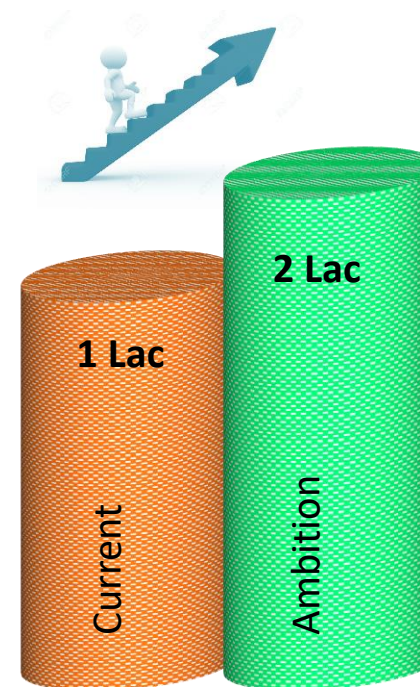
CHANNEL EXPANSION- DEEPER PENETRATION

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

TOWN PENETRATION – 25K ABOVE POPULATION



RETAILER - COUNT



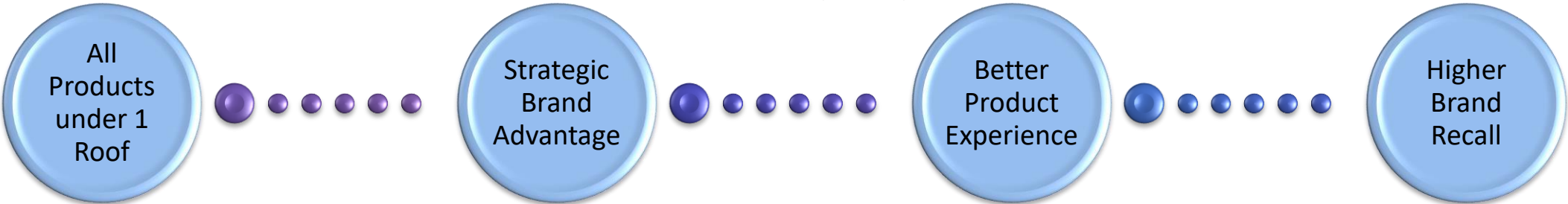
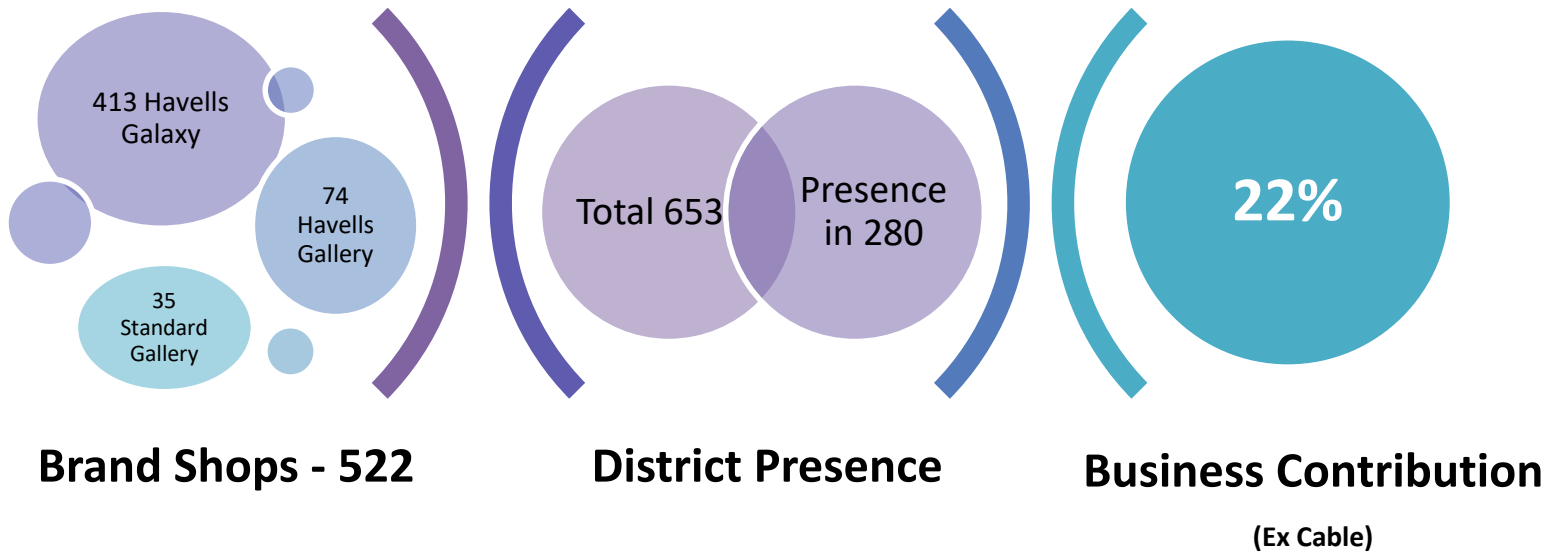
~8,500
Direct Dealers

~100,000
Retailers

~220,000
Electricians

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

CHANNEL EXPANSION-GALAXIES



Largest Brand Shop Channel in Electrical Industry

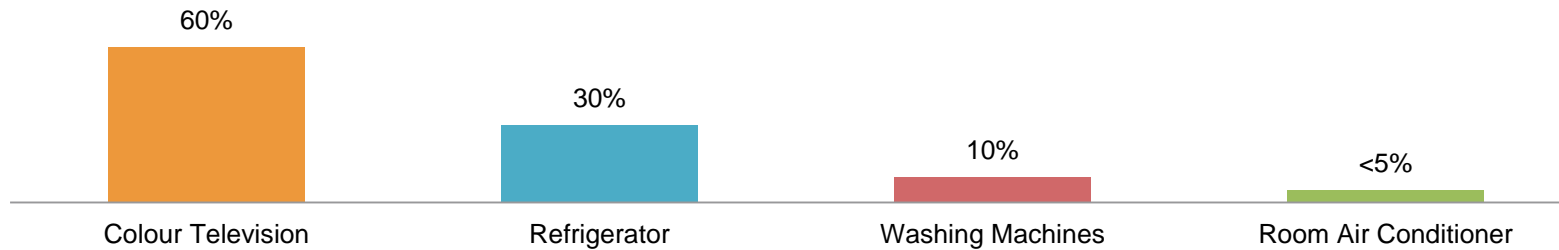


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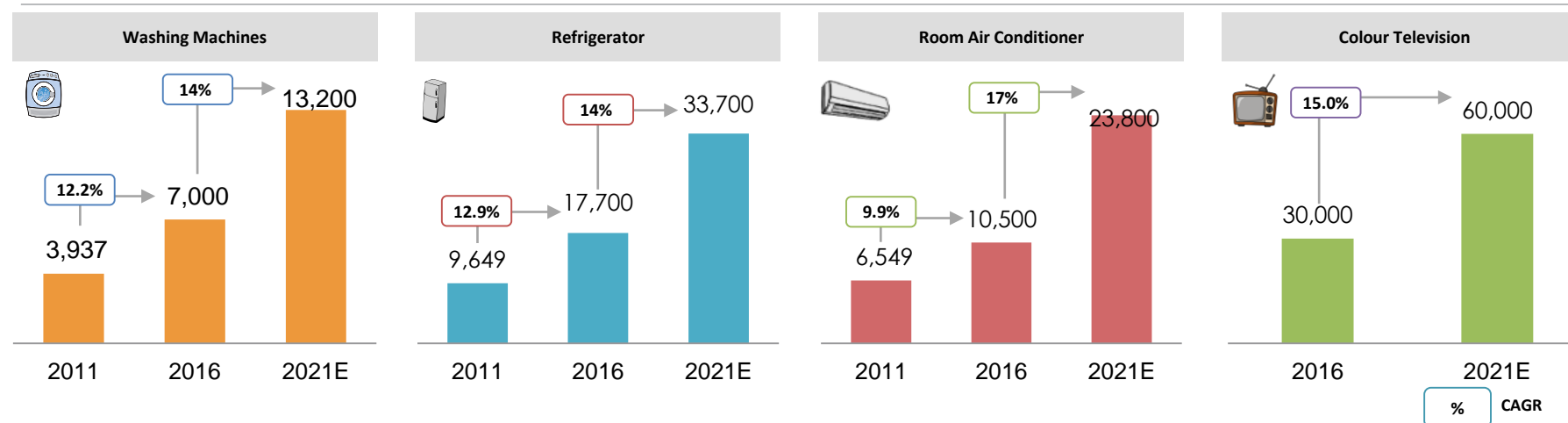
HIGH GROWTH POTENTIAL INDUSTRY

- Low Penetration



- Each Product Group Expected To Grow At Double Digit

INR Cr



Source: Industry data

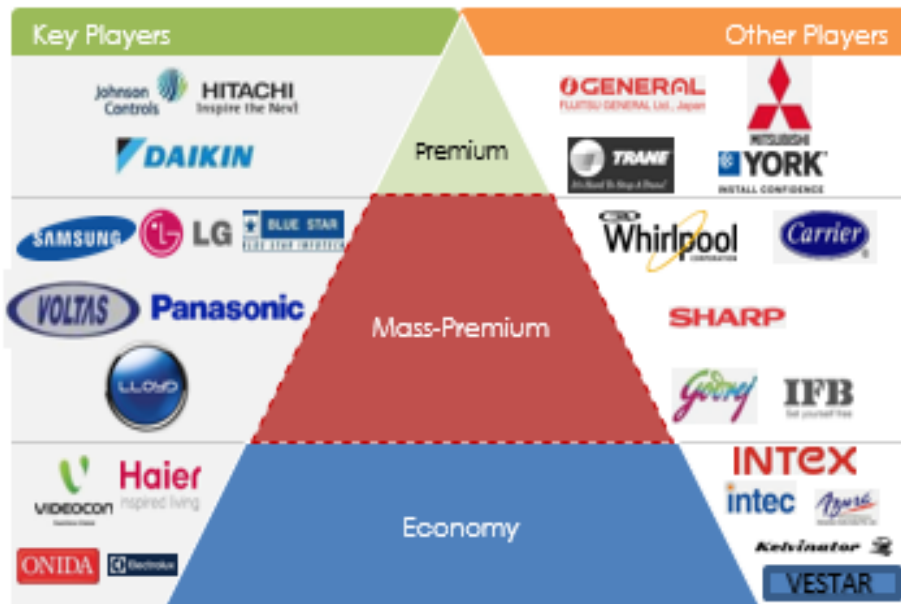


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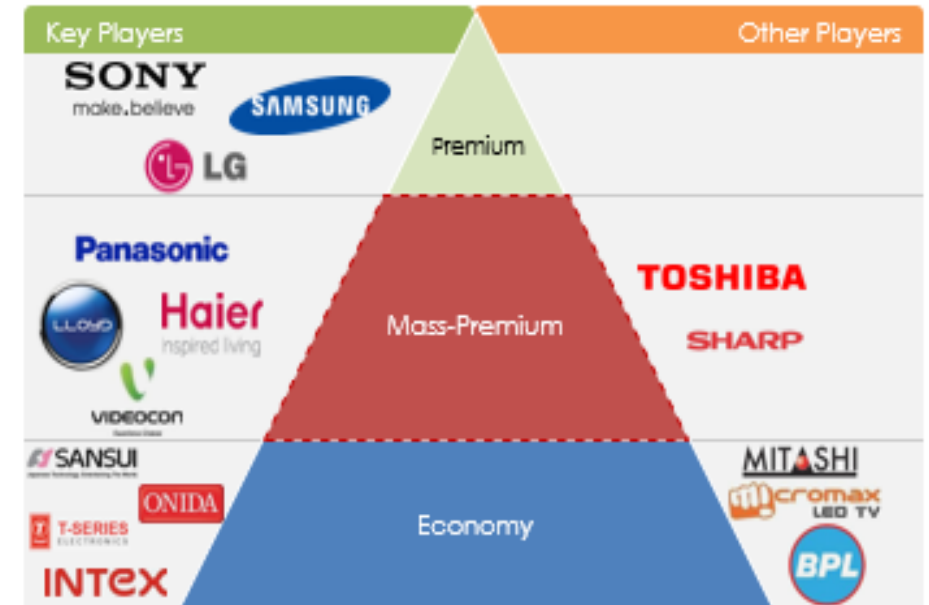
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MASS PREMIUM POSITIONING

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



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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



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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



LLOYD

Crabtree



REO

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STANDALONE FINANCIALS

Financial highlights

in millions of Rupee

	FY17 Havells	FY18 Havells	FY18 Lloyd (from 8 th May'17)	FY18 Havells Total	H1 FY19 Havells Total
Net Revenue	61,353	67,244	14,141	81,385	47,873
Growth %	14%	10%**	--	33%	32% [^]
EBIDTA %	13.4%	13.9%	8.0%	12.9%	12.1%
PBT % before exceptions	13.5%	13.5%	7.8%	12.3%	11.7%
PAT % before exceptions*	9.7%	--	--	8.6%	8.1%
CAPEX (incl. intangibles)	2,386	--	--	15,962	1,433
ROCE %	27%	--	--	30%	32%
Net Worth	32,736	--	--	37,392	38,433
Net Working Capital	5,274	--	--	3,131	7,259
Cash & Bank	19,375	--	--	15,262	11,755

• 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%

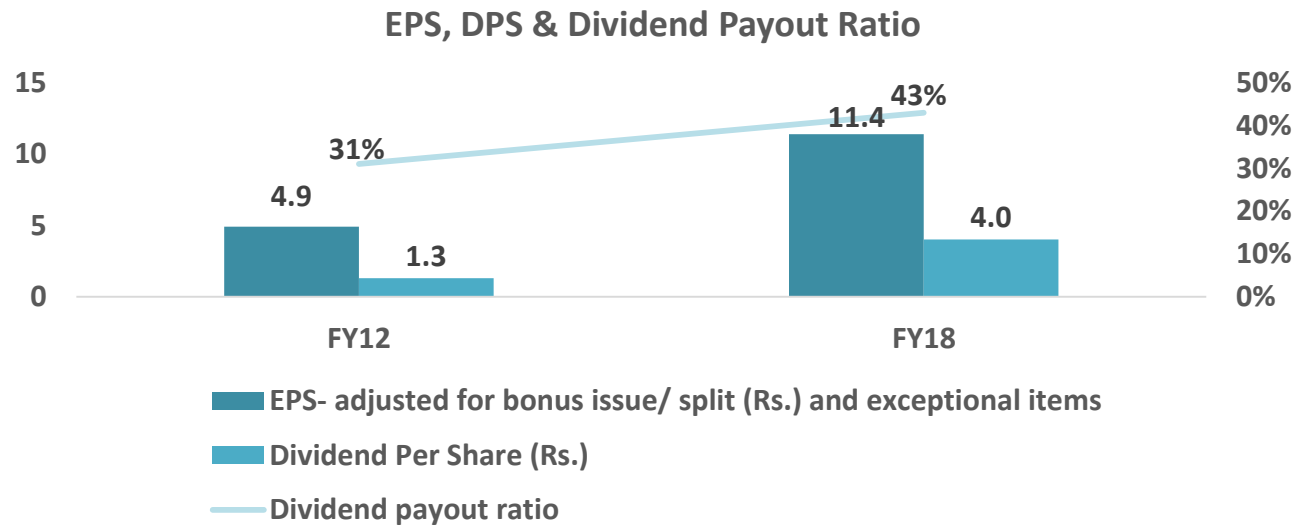
[^] Ex-Lloyd 25% adjusted growth



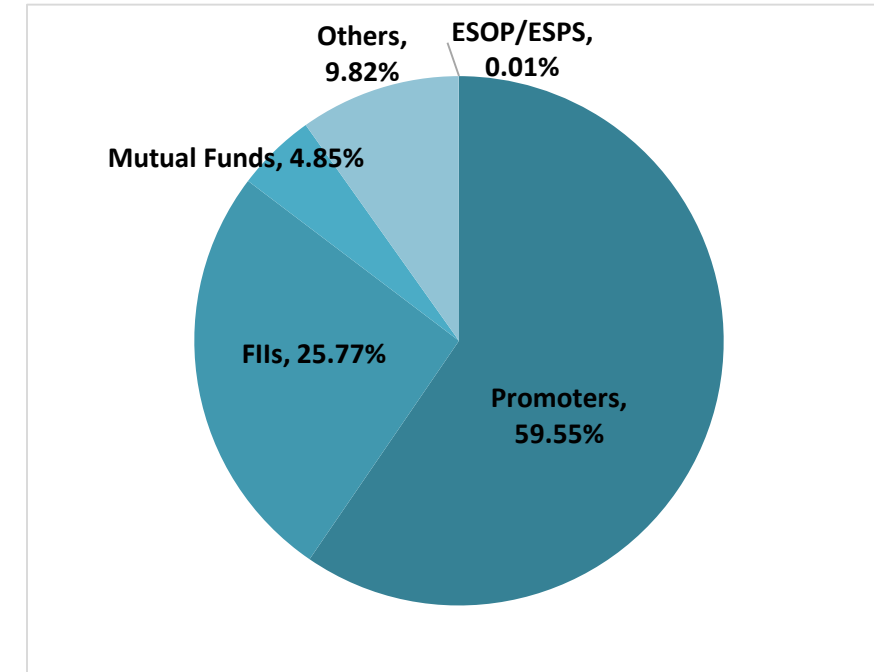
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BENCHMARKING WITH THE BEST CORPORATE, FINANCIAL AND SHAREHOLDERS GOVERNANCE

- 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
As on 30.09.2018**



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

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REO



INDIA: ELECTRIFIED BY HAVELLS