



HAVELLS



HAVELLS INDIA LIMITED

May 2018

25 YEARS OF PUBLIC LISTING

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- Consistent growth in each business parameter
- Listed in 1993, an era of public listing of illustrious companies including Infosys, Motherson Sumi, Eicher Motors and Sun Pharmaceutical

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	32,711*	37%
No. of people (excl. workers)	~350	5,789	12%

* as on 18th May-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

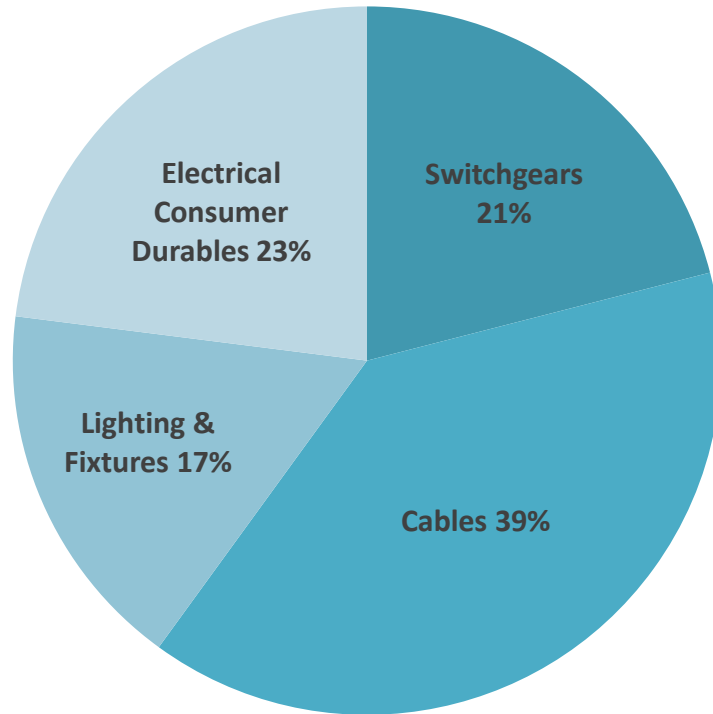
Growing middle class across urban, semi urban.

Brand aspiration, better standard of living and global exposure

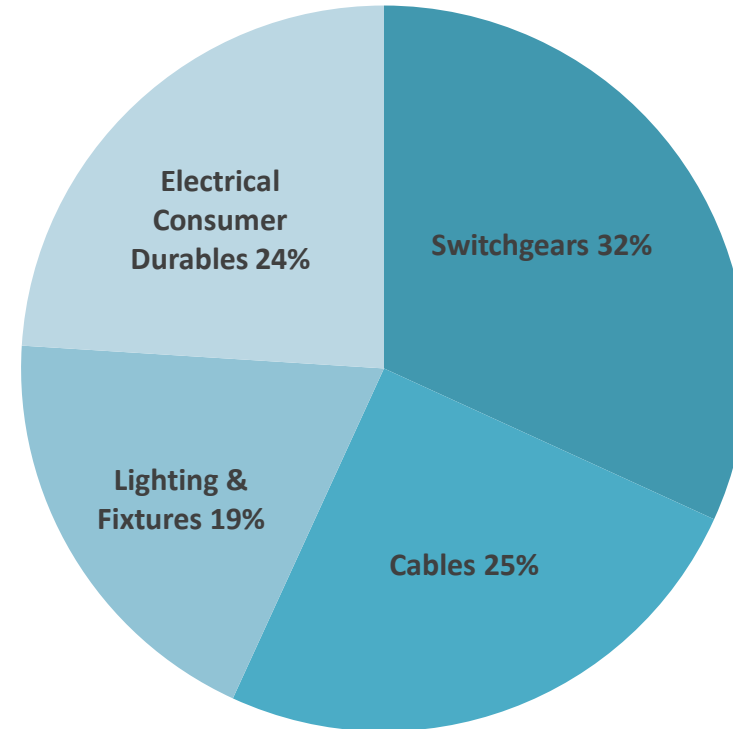
HAVELLS ELECTRICAL

SEGMENTS

Revenue Mix (FY 18)



Contribution Margin Mix (FY 18)

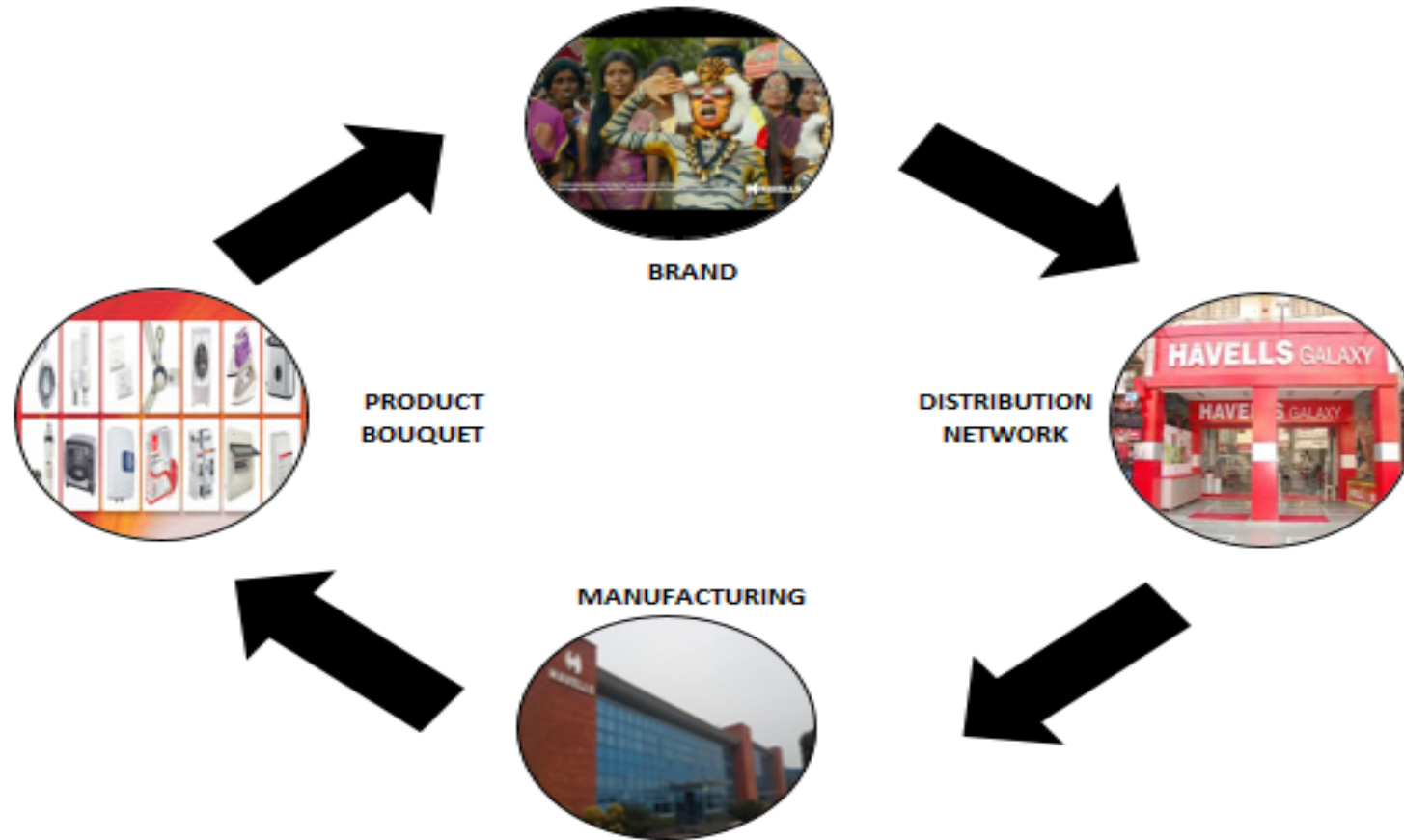


MARKET SHARE: TOP 3 ACROSS CATEGORIES

	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



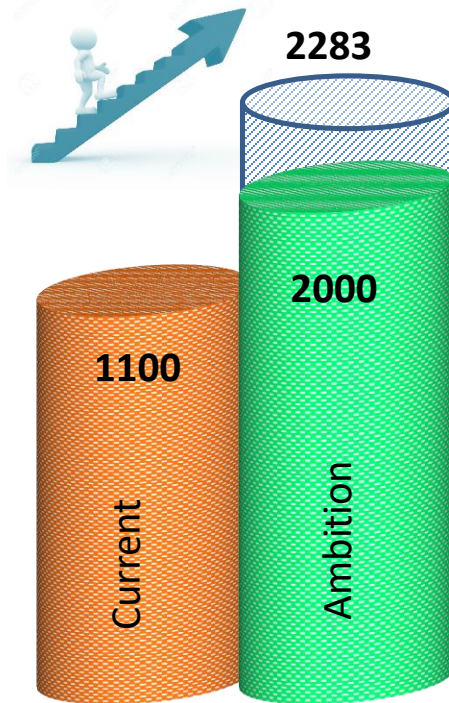
2016: Air Coolers



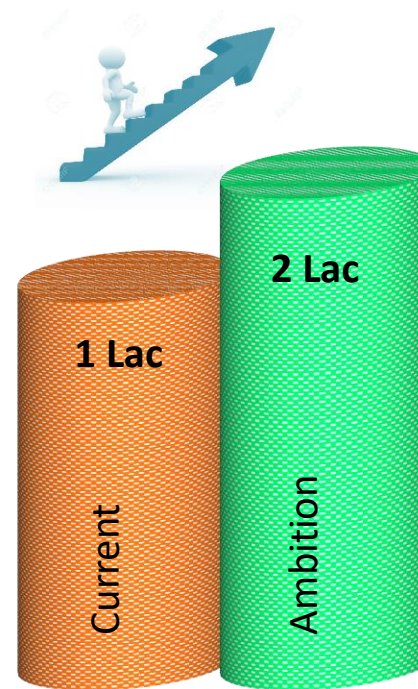
CHANNEL EXPANSION- DEEPER PENETRATION

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

TOWN PENETRATION – 25K ABOVE POPULATION

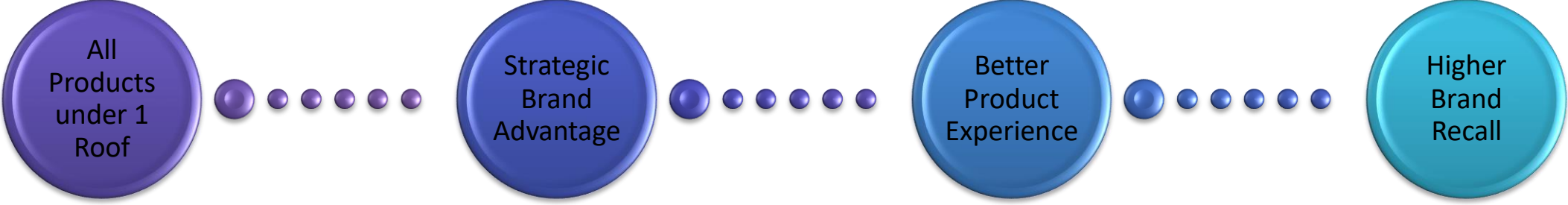
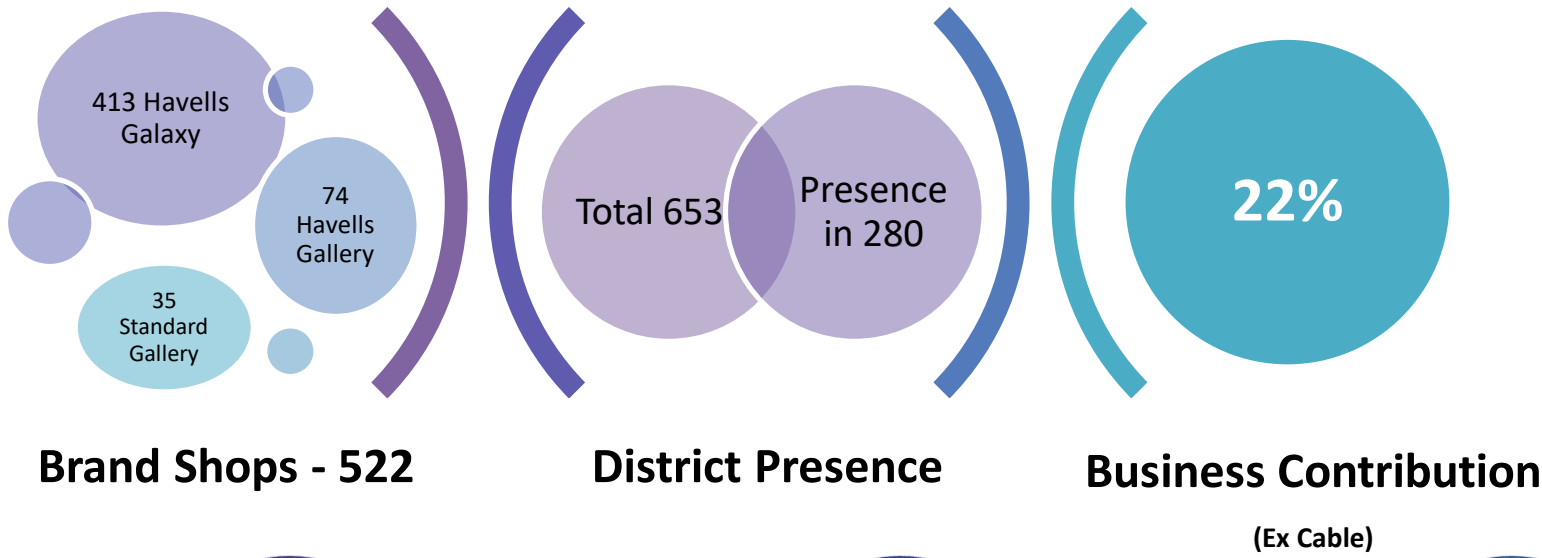


RETAILER - COUNT



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

CHANNEL EXPANSION-GALAXIES



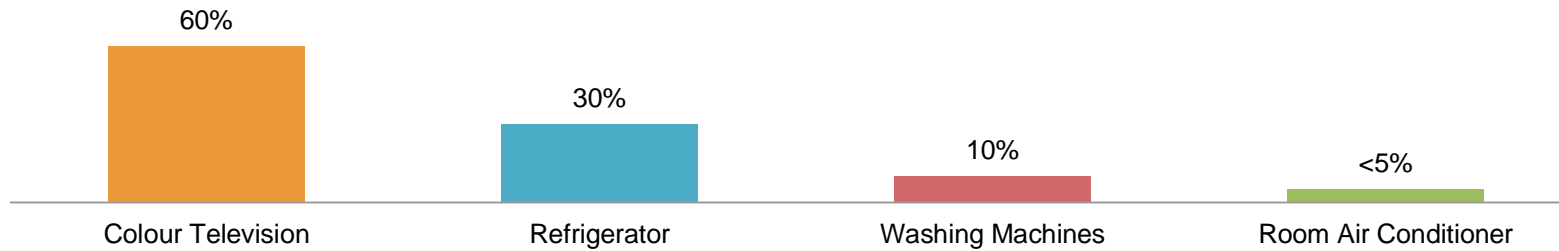
Largest Brand Shop Channel in Industry





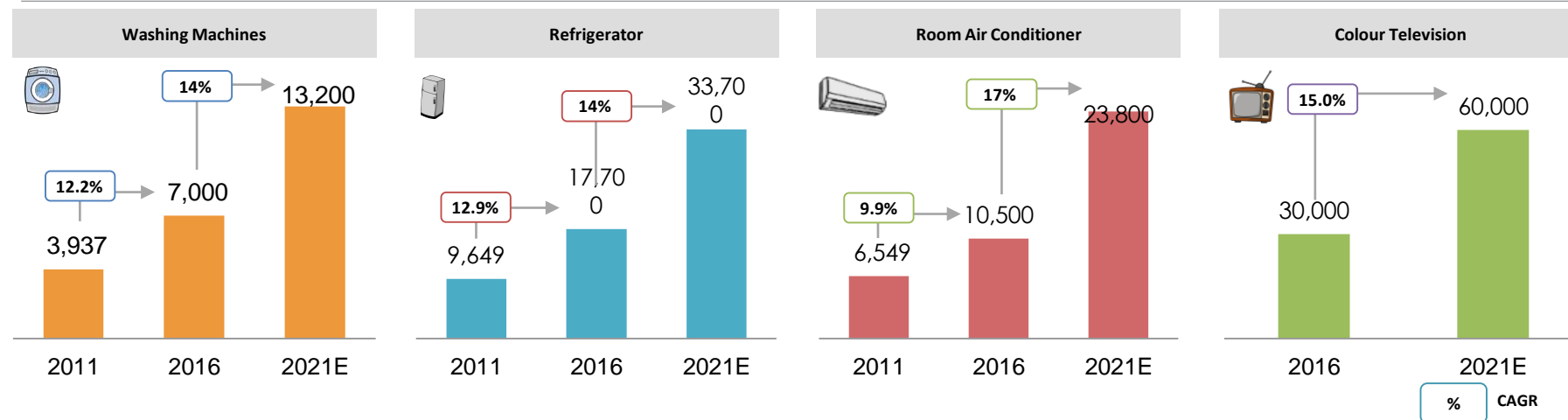
HIGH GROWTH POTENTIAL INDUSTRY

- Low Penetration



- Each Product Group Expected To Grow At Double Digit

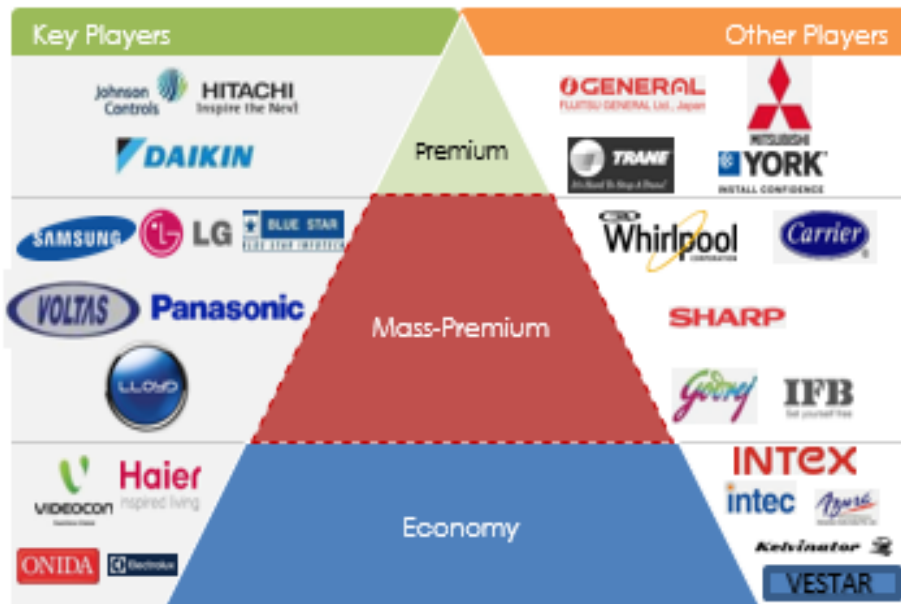
INR Cr



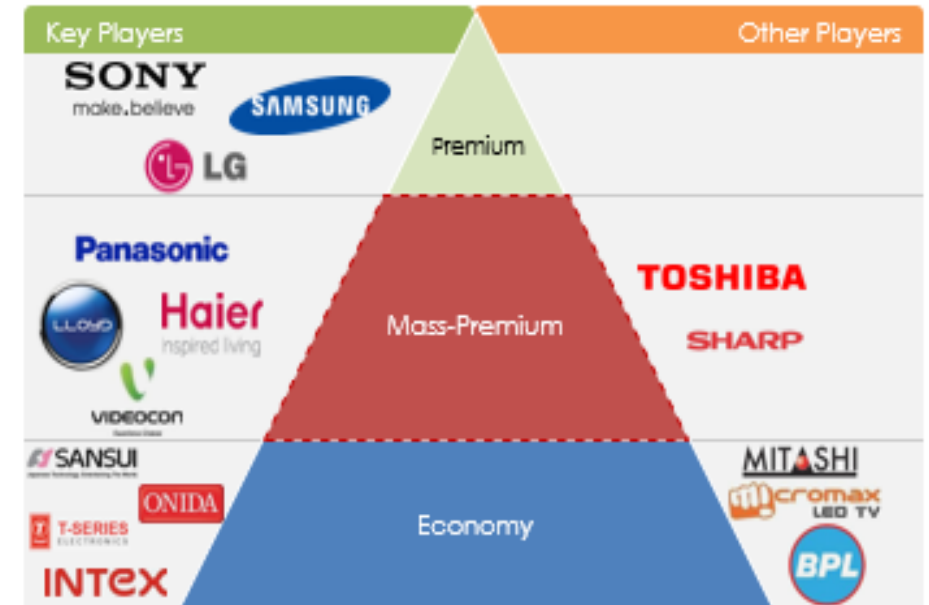
Source: Industry data

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



FY17 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 B2B –
HVAC&R 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

	FY16 Havells	FY17 Havells	FY18 Havells	FY18 Lloyd (from 8 th May'17)	FY18 Havells Total
Net Revenue	53,783	61,353	67,244	14,141	81,385
Growth %	4%	14%	10%**	--	33%
EBIDTA %	14.0%	13.4%	13.9%	8.0%	12.9%
PBT % before exceptions	13.1%	13.5%	13.5%	7.8%	12.3%
PAT % before exceptions*	9.5%	9.7%	--	--	8.6%
CAPEX	1,766	2,386	--	--	1,522
ROCE %	27%	27%	--	--	30%
Net Worth	29,537	32,736	--	--	37,392
Net Working Capital	5,057	5,274	--	--	3,131
Cash & Bank	13,652	19,375	--	--	15,262

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

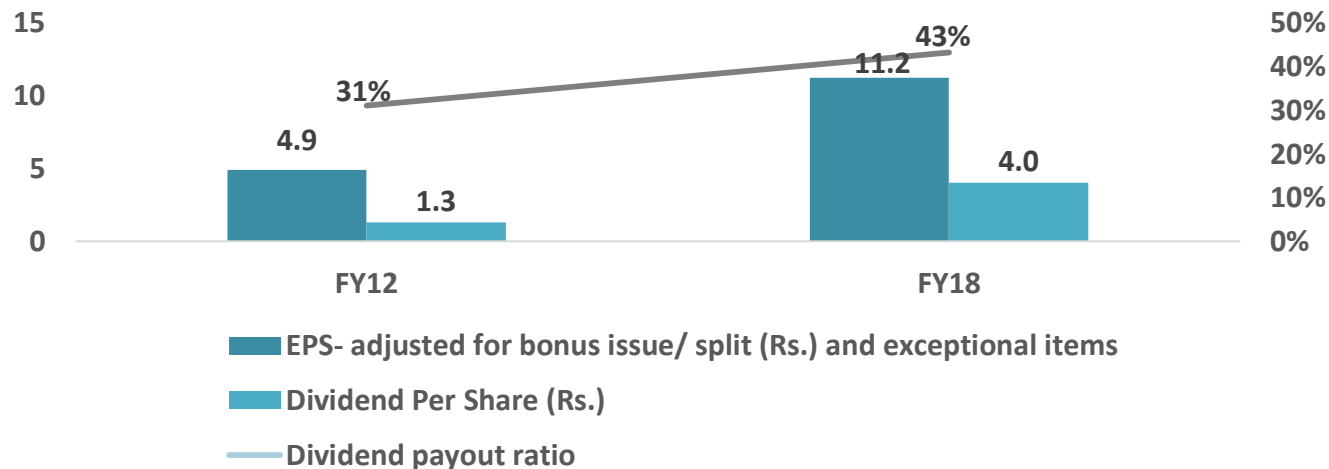
* PAT for FY18, FY17 and FY16 was Rs. 7,126, Rs. 5,390 and Rs. 7,120 mn including exceptional items

** After adjustment of excise, growth over last year is 13%

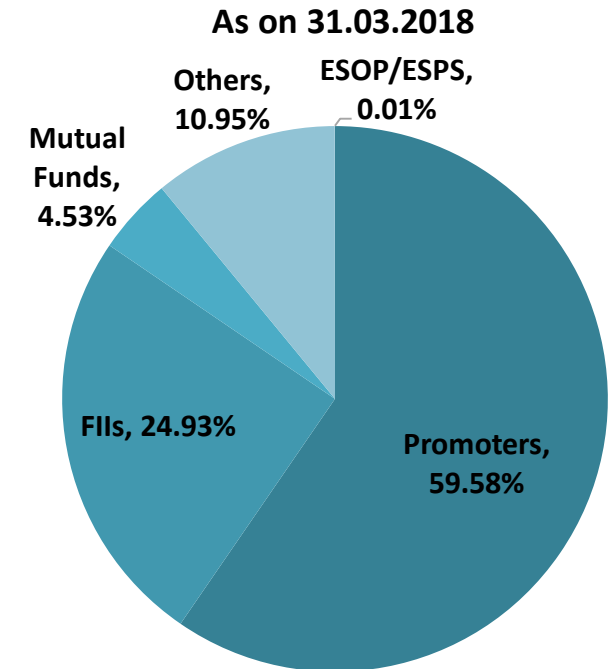
BENCHMARKING WITH THE BEST CORPORATE, FINANCIAL AND SHAREHOLDERS GOVERNANCE

- 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

EPS, DPS & Dividend Payout Ratio



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