



SONA COMSTAR

Q1 FY23 Earnings Presentation

28 July 2022

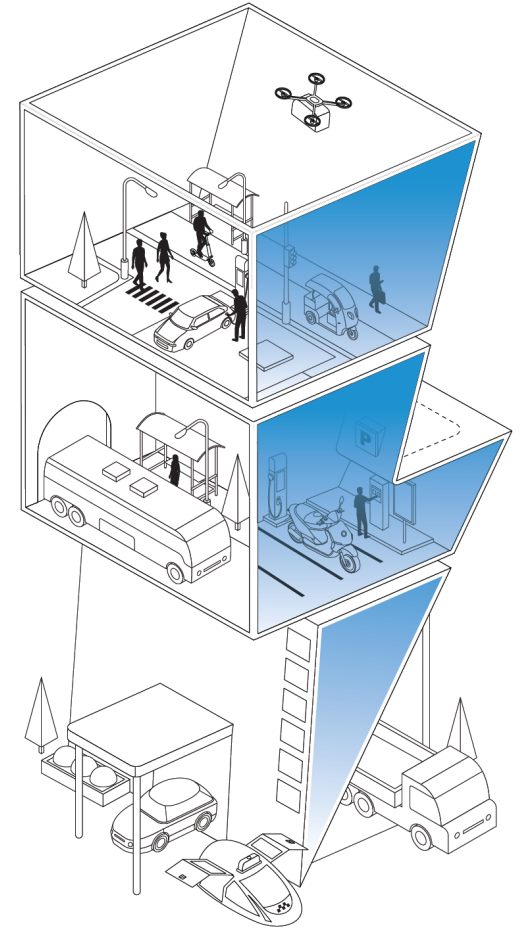
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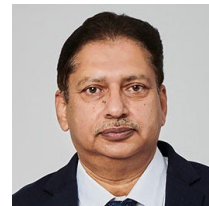
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Our Management Team



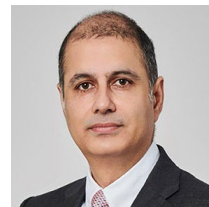
**Mr. Kiran Manohar
Deshmukh**
Group CTO



Mr. V. Vikram Verma
CEO, Driveline Business



Mr. Sat Mohan Gupta
CEO, Motor Business



Mr. Rohit Nanda
Group CFO



Mr. Vivek Vikram Singh
MD & Group CEO



Mr. Amit Mishra
Head, Investor Relations

Q1 FY23 Financial Performance Highlights

5,892 mn | 18%

Revenue | YoY Growth

1,425 mn | 3%

EBITDA | YoY Growth

24.2% EBITDA Margin

758 mn | 5%

PAT | YoY Growth¹

12.9% PAT Margin

1,627 mn | 68%

EV Revenue | YoY Growth

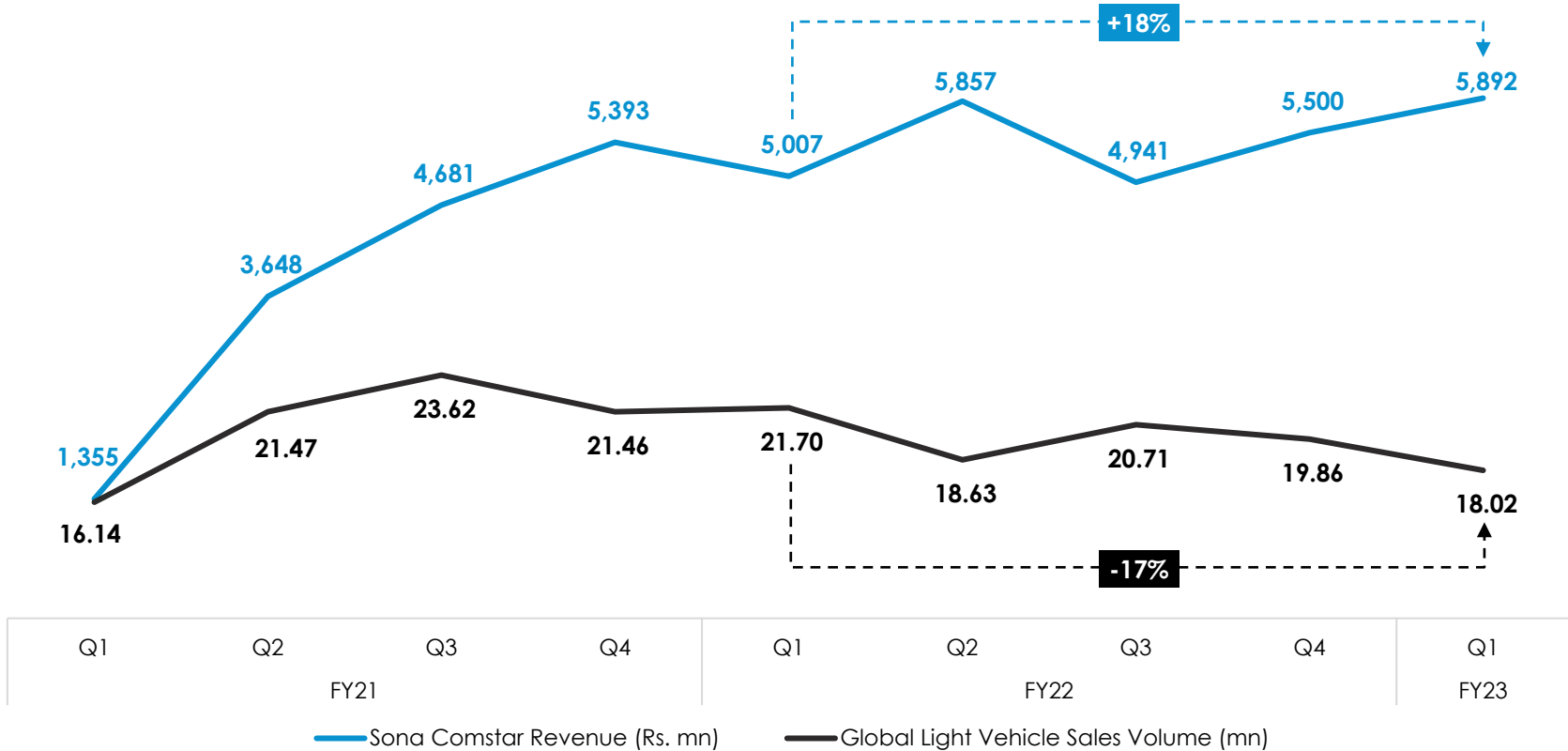
29%

Q1 FY23 Revenue Share
from EV

Notes:

1. Calculated after excluding exceptional income of Q1 FY22

We continue to grow despite the persistent challenges faced by the automotive sector in the last two years





Update on our Strategic Priorities

Net formed differential gears coming out of our forging press

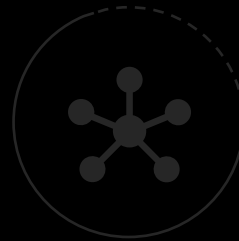
Update on our Strategic Priorities



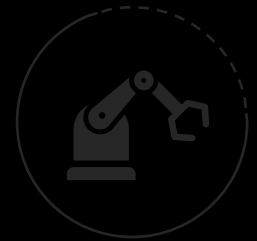
Electrification



**Global Market
Significance**



Diversification



Technology

Sizeable and Increasing Presence in EVs



29%

Q1 FY23 Revenue Share
from BEV

1,627 mn

Q1 FY23 BEV segment
revenue

68%

Q1 FY23 BEV revenue
YoY growth

30

(9+21)¹

EV Programs¹ awarded across
19 customers as at the end of
Q4 FY22

+6



36

(10+26)¹

EV Programs¹ awarded across
23 customers as at the end of
Q1 FY23

Notes:

1. Include only BEV and PHEV programs currently in serial production as well as in the orderbook; numbers in brackets to be read as → (# of programs in serial production + # of programs in orderbook)

3 significant EV program wins in Q1 to drive diversified EV growth



**Traction Motors for
Electric 2-Wheelers**



**Final Drive Differential
Assembly for
Electric Cars & SUVs**

1 program from
Indian OEM of Electric and ICE 2 Wheelers

₹ 9,128 mn

addition in our orderbook

FY23

SOP Year

2 programs from
European OEM of PVs and EVs

₹ 16,071 mn

addition in our orderbook

FY26

SOP Year



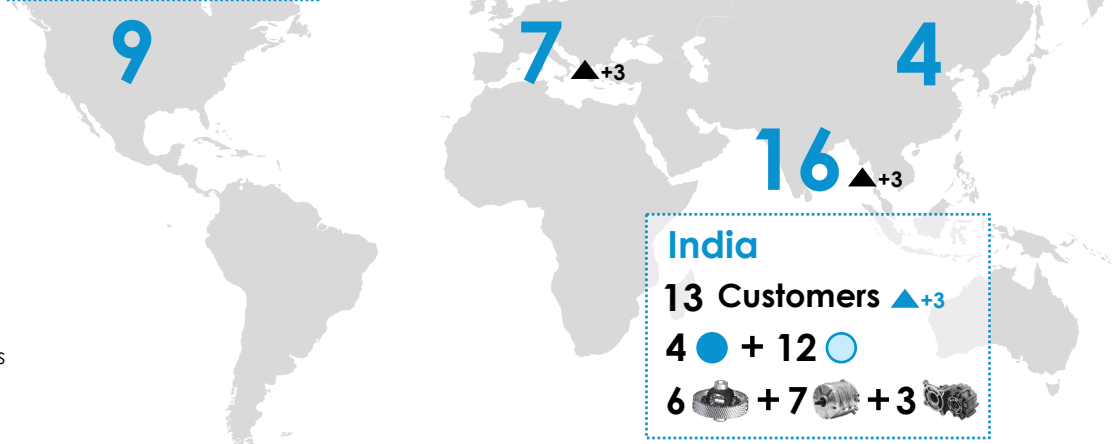
36 EV programs across 23¹ different customers

No. of programs customers			
	19	10 ^{3, 4, 5}	-
	3	3 ⁴	7
	-	3	3 ⁵

North America
 4 Customers
 3 ● + 6 ○
 9

Europe²
 5 Customers ▲+1
 1 ● + 6 ○
 5 + 2

Asia
 4 Customers
 2 ● + 2 ○
 3 + 1



India
 13 Customers ▲+3
 4 ● + 12 ○
 6 + 7 + 3

- Programs in serial production
- Programs in orderbook
- Programs for geartrain components
- Programs for traction motors, IMCM and PHEV starters
- Programs for e-Axle

▲+x denotes the change during Q1 FY23

Notes:
 1. 2 customers are present in more than one geography
 2. Europe geography includes the UK
 3. 1 customer is common across PV geartrain and CV/OHV geartrain
 4. 1 customer is common across PV geartrain and PV motors
 5. 1 customer is common across PV geartrain and E3W e-Axles

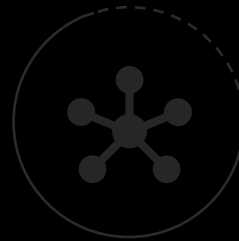
Our Strategic Priorities



Electrification



Global Market
Significance

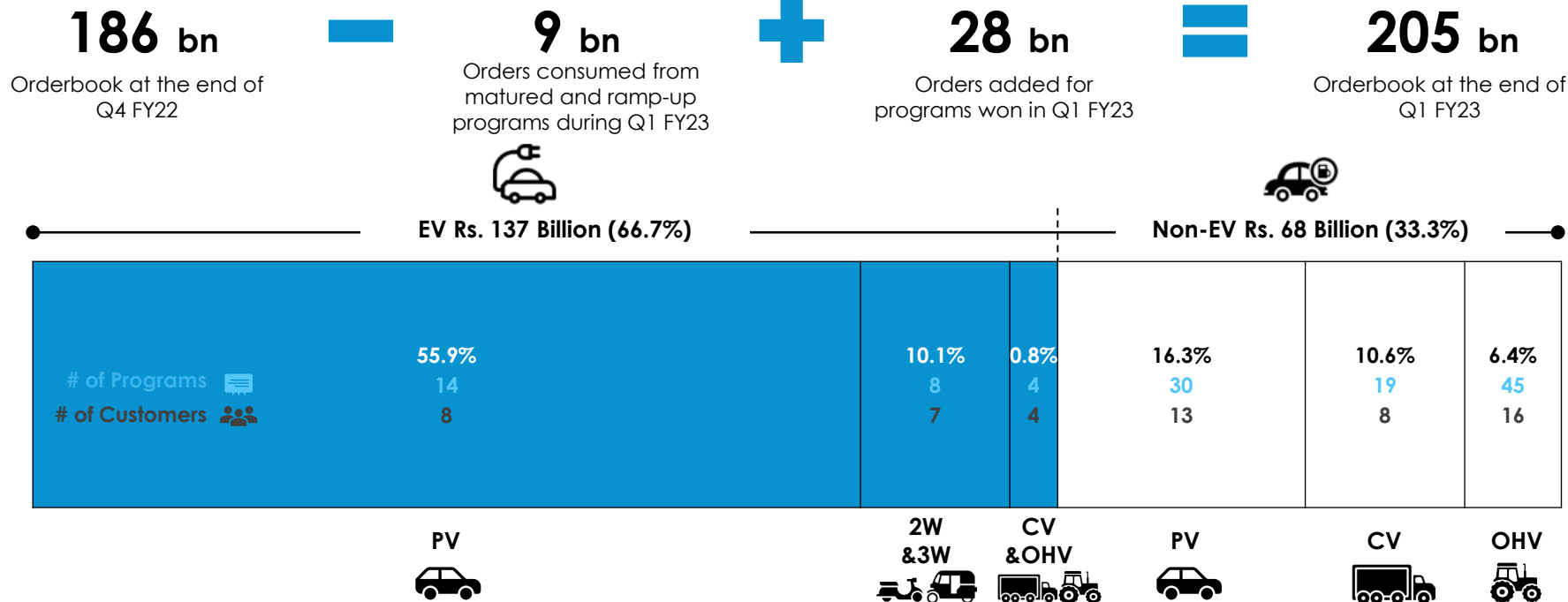


Diversification



Technology

With new wins of Rs. 28 billion our net order book¹ grows to Rs. 205 billion (9.6x FY22 revenue)



Notes:

1. Net order book means the aggregate revenue from awarded programs which are either yet to start production or are yet to fully ramp up, in the next 10 years, after adjusting for the negative impact of all programs that are expected to reach end of life or be phased out. We have also applied a discount to accommodate any unforeseen delays or changes in program launches that may happen in the future.

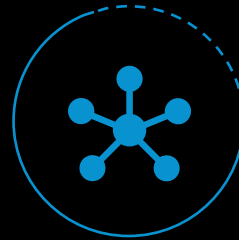
Our Strategic Priorities



Electrification



Global Market
Significance



Diversification



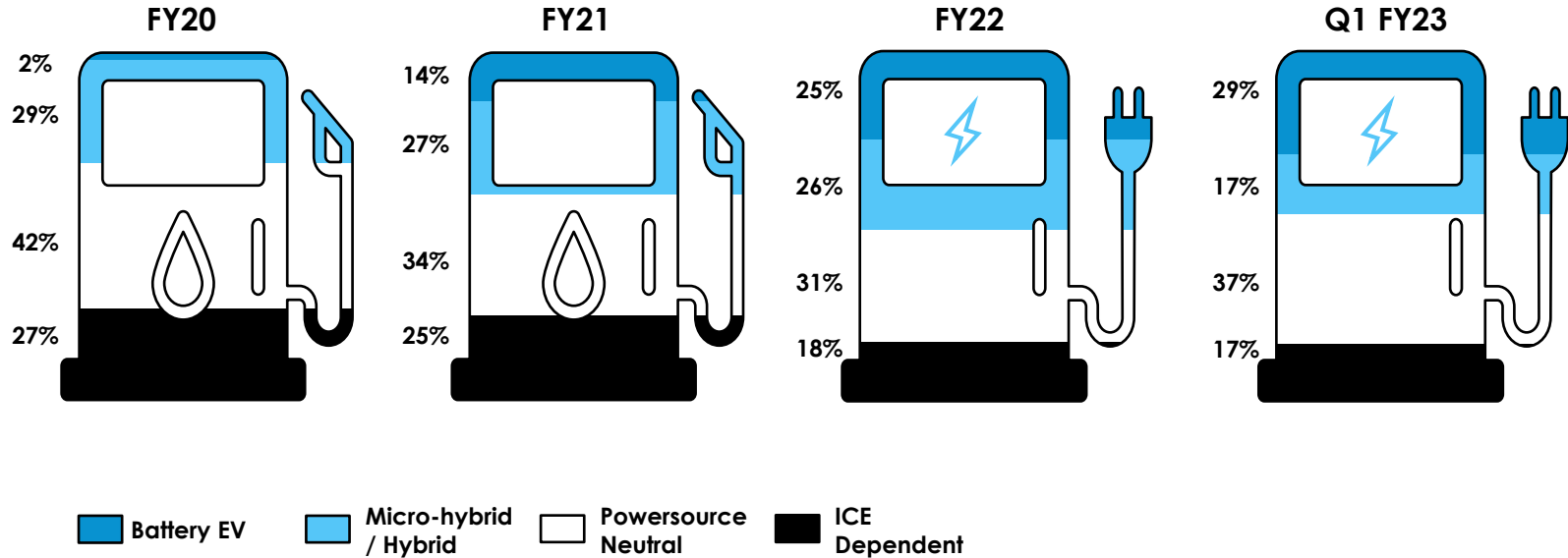
Technology



Diversified Revenue Mix – By Powertrain

Battery EV increasing as a % of our revenue continues to be our dominant and secular theme

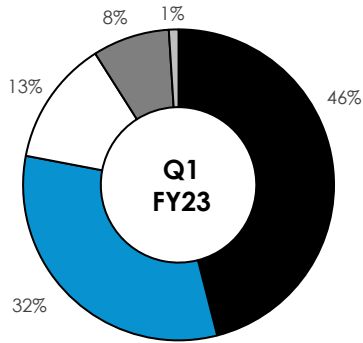
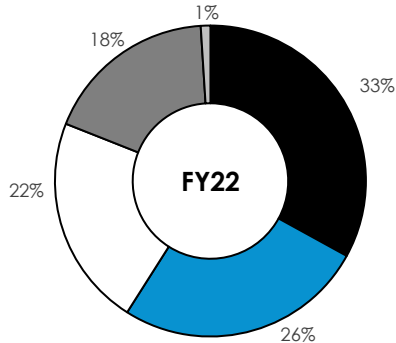
Our pure ICE dependence continues to reduce steadily going from 25% in FY21 to 17% in Q1 FY23



Diversified Revenue Mix

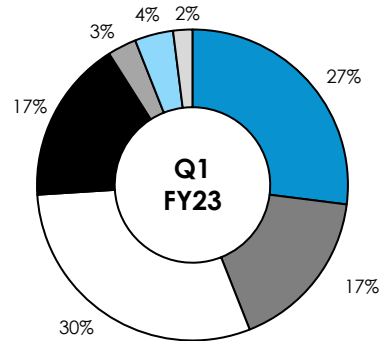
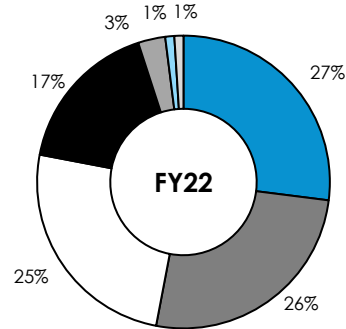


By Geography



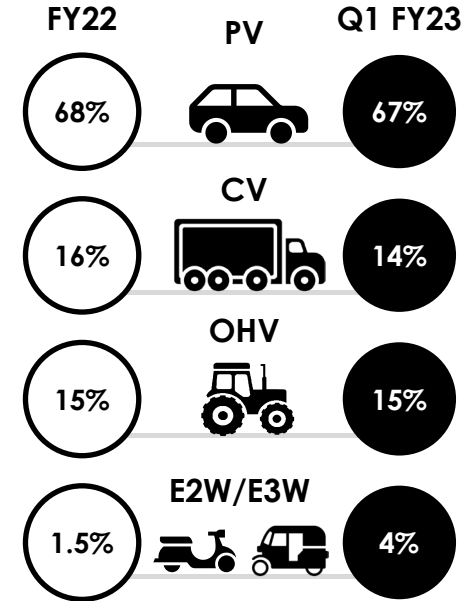
■ North America ■ India □ Europe ■ Asia (excl. India) □ RoW

By Product



■ Differential Assembly ■ Micro/Plug-in Hybrid Starter Motors
 □ Differential Gears ■ Conventional Starter Motors
 ■ Others Drivetrain Parts ■ Traction Motors
 □ Others

By Vehicle segment



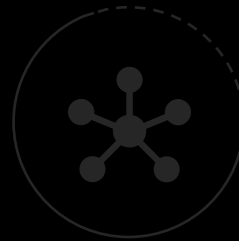
Our Strategic Priorities



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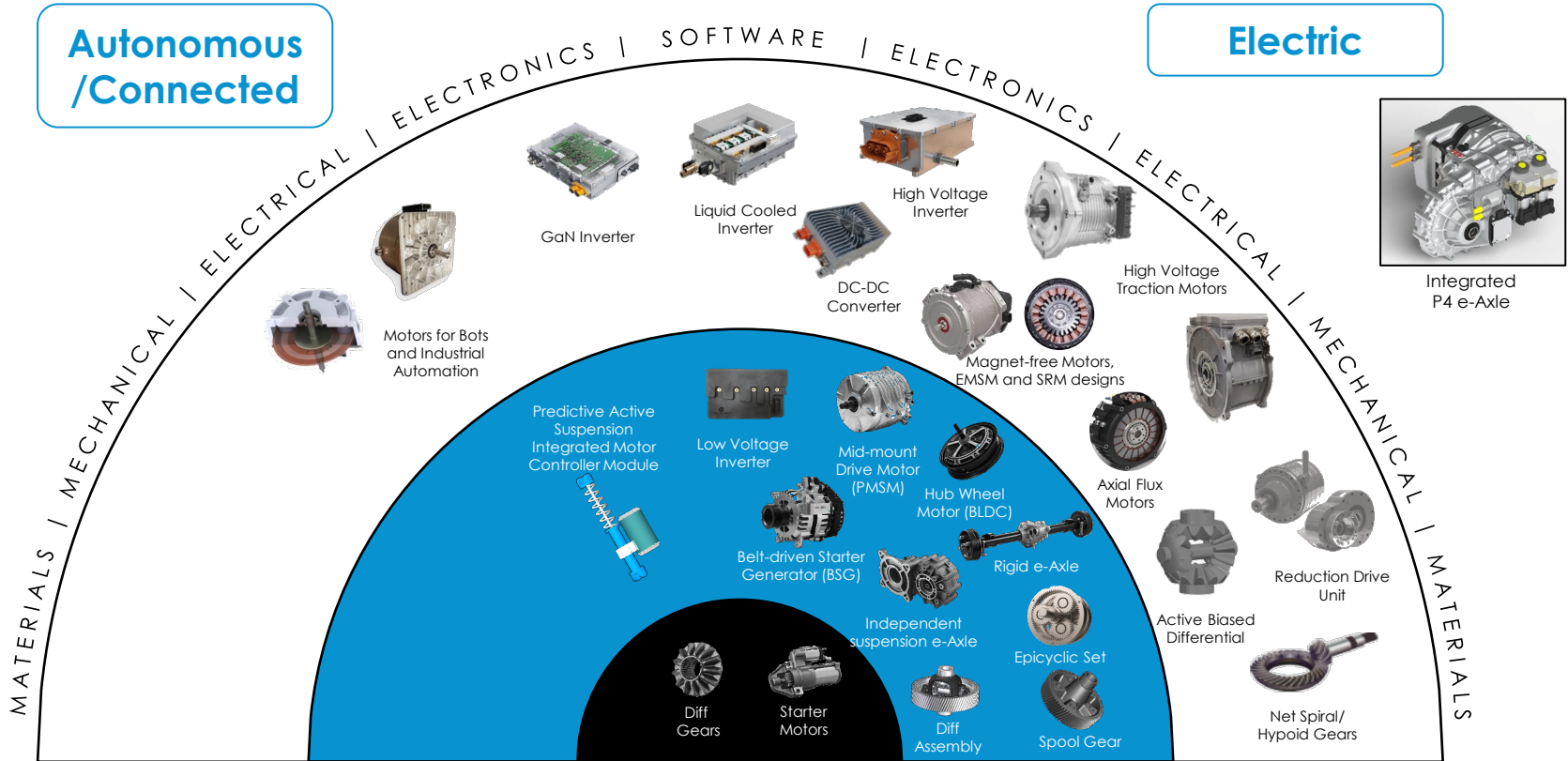
Technology

Technology Roadmap



Autonomous /Connected

Electric



Future Products
 Current Products
 Legacy Products

Note: The product images shown are for illustration purposes only and may not be an exact representation of the products



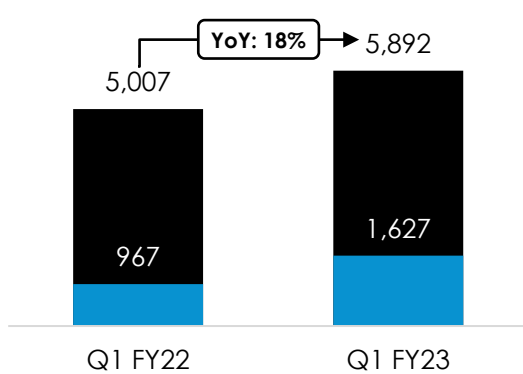
Q1 FY23 Financial Update

Our final drive gears

Q1 FY23 Financials

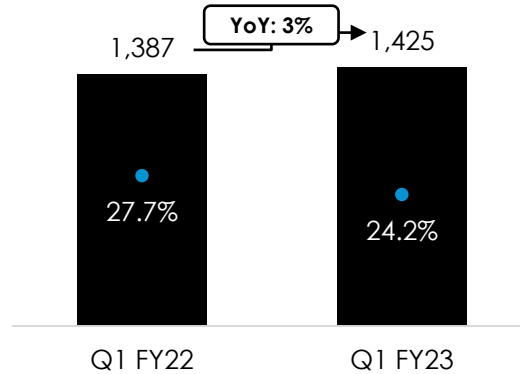
Revenue¹ (Rs. mn)

■ BEV



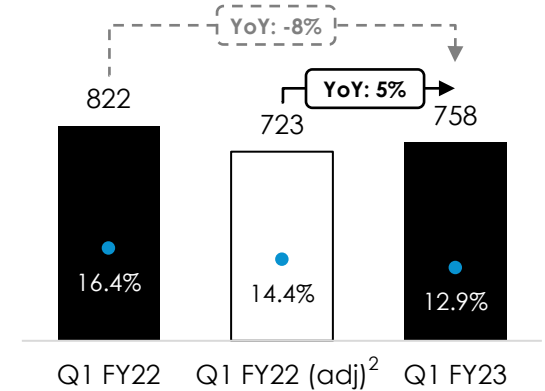
- o BEV Revenue higher by 68% and constitutes 29% of total revenue
- o Non-BEV Revenue grew by 6% despite decline of 14% in light vehicle sales in our top-3 markets (North America, India, and Europe)

■ EBITDA (Rs. mn) ● EBITDA Margin (%)



- o Drop of ~3.4% in EBITDA Margin is due to increase in RM prices largely because of arithmetic effect despite material price passthrough
- o Additional costs on account of severe power outages Rs. 21 mn and one-time expenses relating to tech partnerships Rs. 13 mn neutralized the favourable impact of operating leverage

■ PAT (Rs. mn) ● PAT Margin (%)



- o Lower finance cost (as % of revenue) has improved margin transmission from EBITDA to PAT by ~0.9%
- o Adjusted PAT for Q1 FY22 has been adjusted for IPO expenses

Notes:

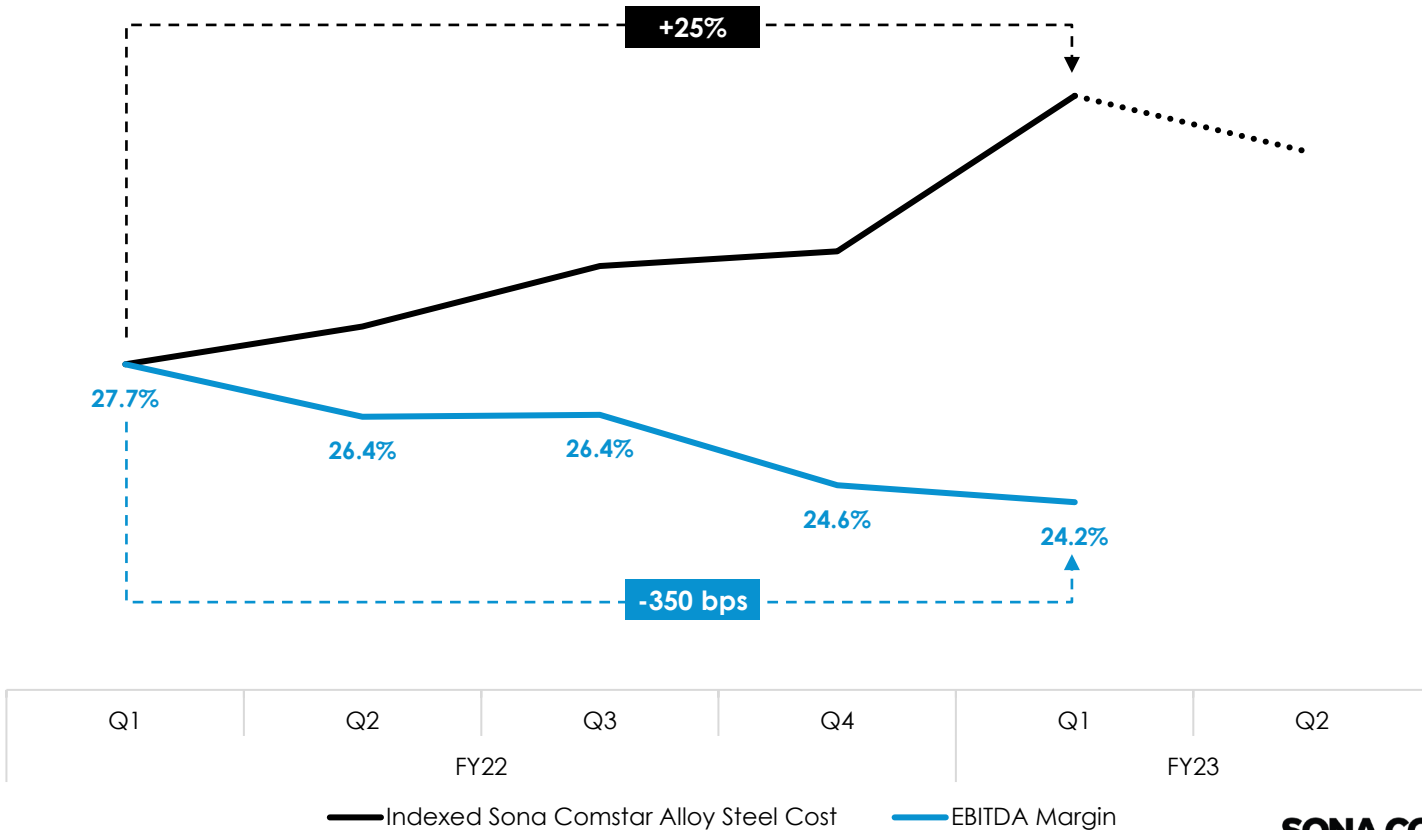
1. Revenue includes net gain from foreign exchange
2. As shown on page no. 34 of [Q1 FY22 earnings presentation](#)

Illustration of change in margin with 100% RM cost passthrough

(numbers in INR)	Before RM price increase	RM price increase @25%	After RM price increase
Revenue	100.00	+11.25	111.25
Material Cost	45.00	+11.25	56.25
Material Profit	55.00	-	55.00
Material Margin	55.0%	560 bps	49.4%

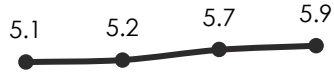
Ceteris paribus, 25% RM price increase should lead to 560 bps margin decline even with 100% RM cost passthrough

We have largely contained margin impact amidst unprecedented RM inflation during the last year, through growth, passthrough and other measures



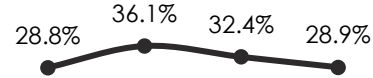
Key Ratios

VA/Employee cost



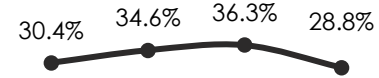
Mar-20 Mar-21 Mar-22 Jun-22

RoCE (%)



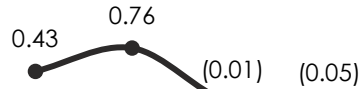
Mar-20 Mar-21 Mar-22 Jun-22

RoE (%)



Mar-20 Mar-21 Mar-22 Jun-22

Net Debt to EBITDA



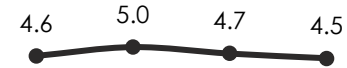
Mar-20 Mar-21 Mar-22 Jun-22

Working Capital Turnover



Mar-20 Mar-21 Mar-22 Jun-22

Fixed Asset Turnover

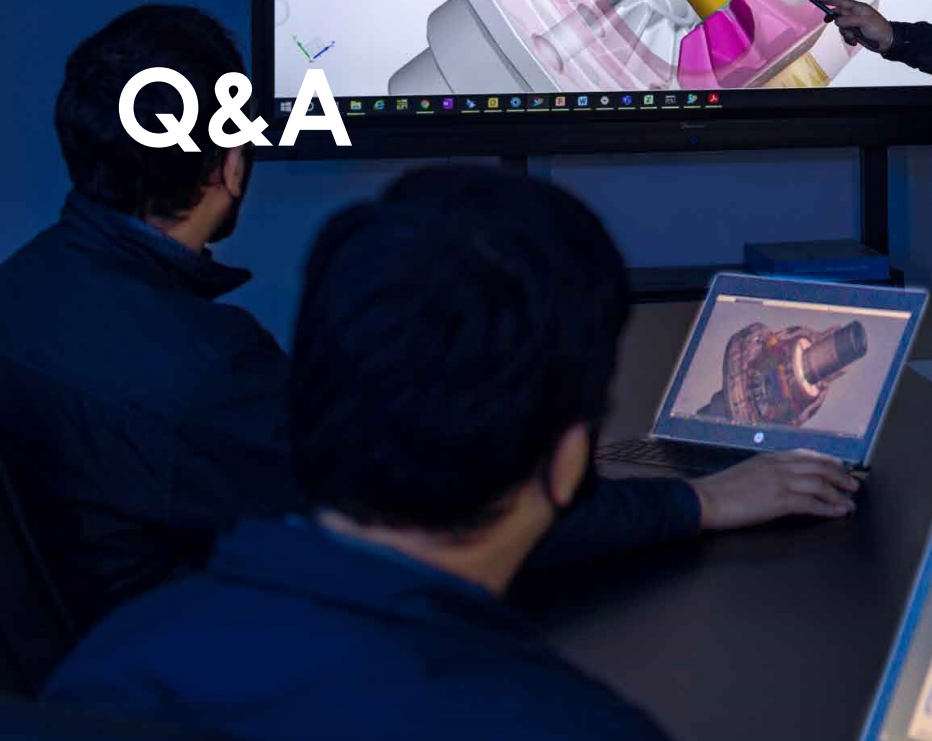
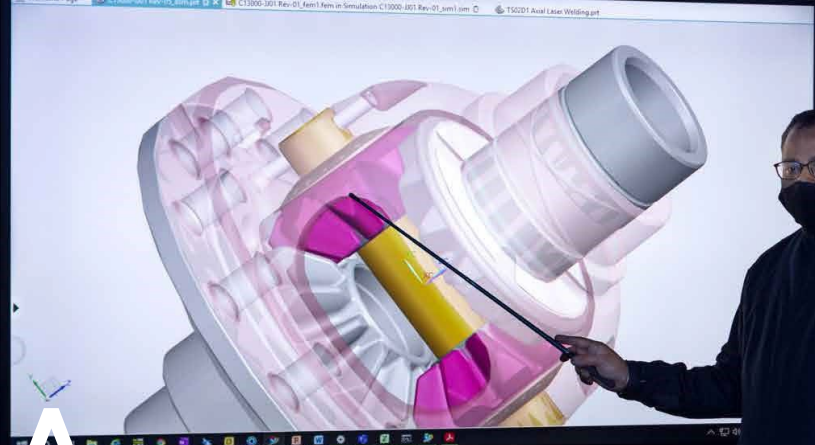


Mar-20 Mar-21 Mar-22 Jun-22

Note:

- 1) VA/Employee Cost = Material margin/ (Employee cost + Manpower cost on hiring)
- 2) ROCE = LTM EBIT/ Average tangible capital employed
- 3) ROE = LTM PAT/ Average tangible net worth
- 4) Net Debt to EBITDA = Short-term & long-term debt less cash, bank balances & mutual fund investments / LTM EBITDA
- 5) Working Capital Turnover = LTM Revenue/ Average net working capital
- 6) Fixed asset turnover = LTM Revenue/ Average Tangible net block
- 7) Mar-20 numbers are based on pro-forma financials
- 8) RoCE and RoE for earlier years have been recalculated due to merger

Q&A



New Product Development Discussion



Appendix

Inside view of our manufacturing plant at Manesar, Haryana

One Vision

To become one of the World's
most **Respected** and **Valuable**
Auto Technology companies
for our
Customers, Employees &
Shareholders

Our story so far...

Phase - 1

- 18 Customers
- 2 Plants
- 1 Product

Phase - 2

- 22 Customers
- 2 Plants
- 2 Products

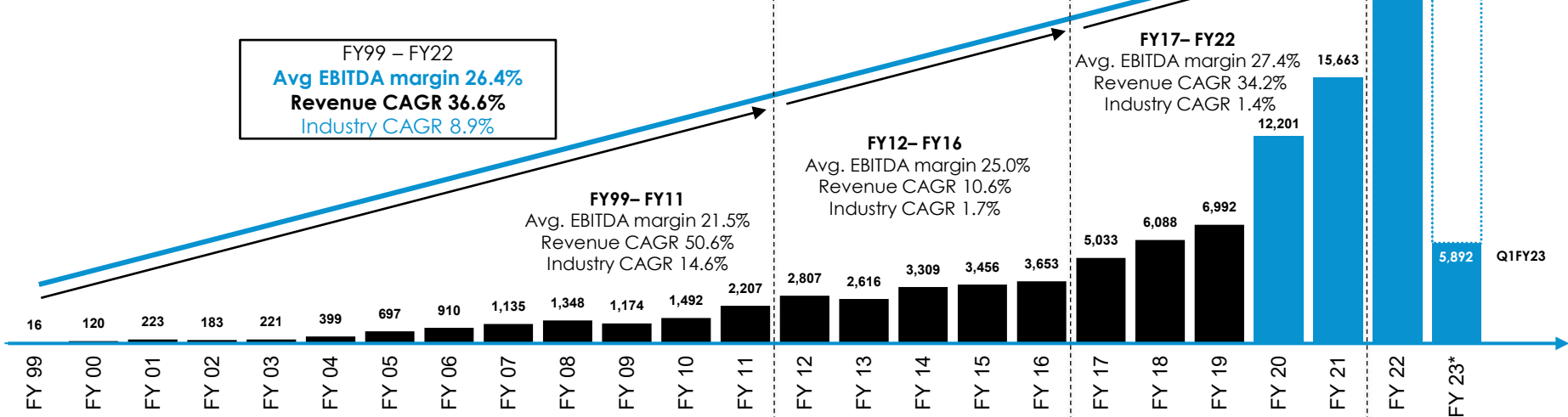
Phase - 3

- Acquisition of Comstar
- 47 Customers (37+10)
- 9 Plants (5+4)
- 10 Products (5+5)

Phase - 4

- Started journey as public company
- 60 customers
- 9 plants
- 13 products

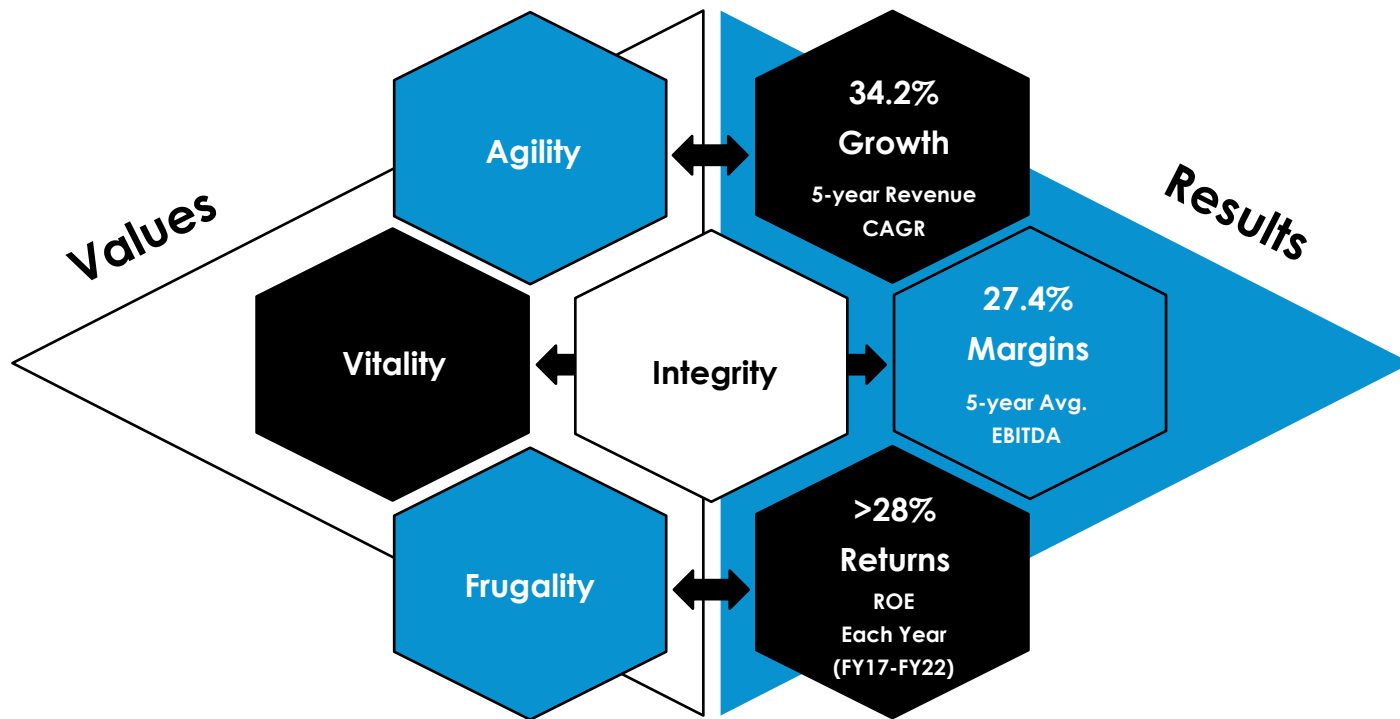
Revenue in INR millions



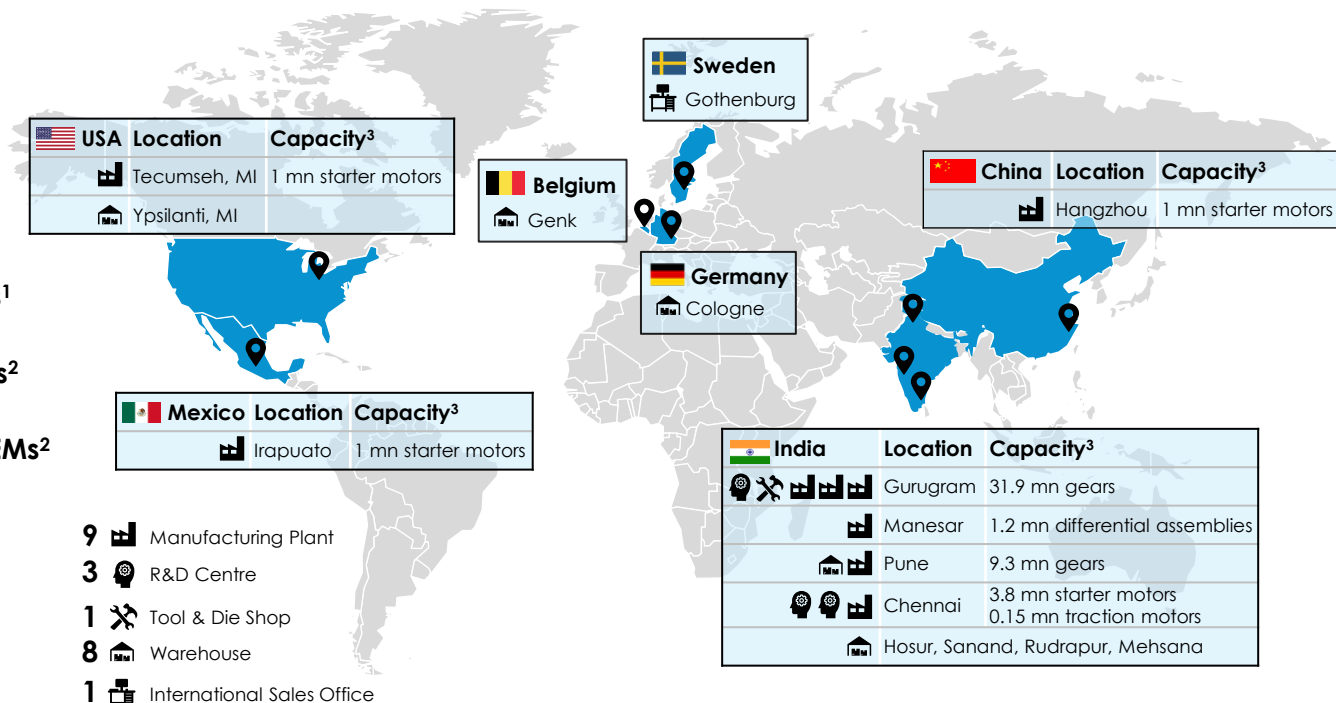
Notes:

1. FY20 onwards financials include Comstar
2. Industry data source: SIAM

Guided by Values



Established Global Presence to Serve Customers Locally

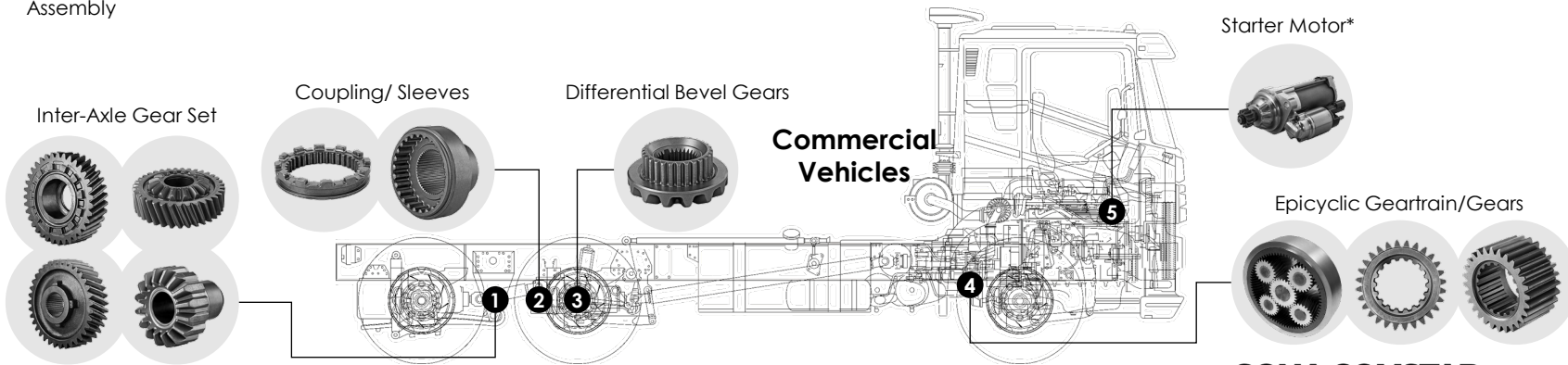
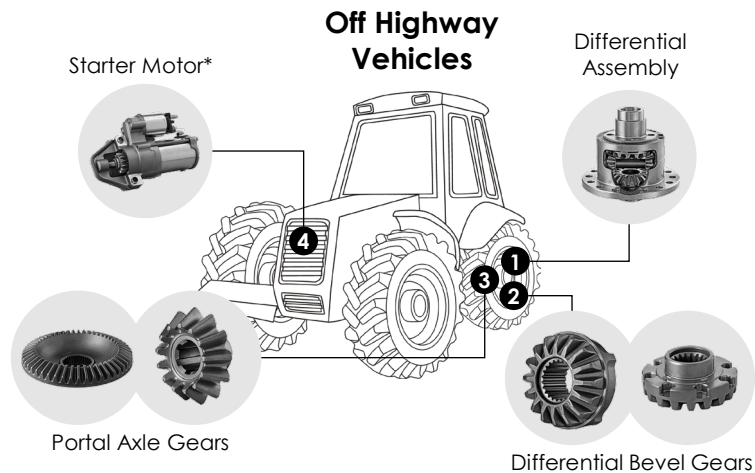
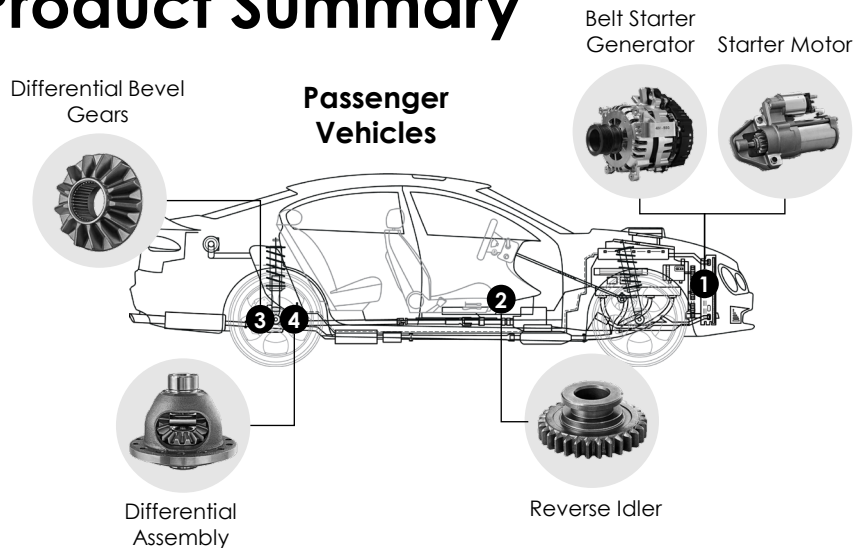


- 7 of the world's top 10 PV OEMs¹
- 3 of the world's top 10 CV OEMs²
- 7 of the world's top 8 tractor OEMs²

- 9 Manufacturing Plant
- 3 R&D Centre
- 1 Tool & Die Shop
- 8 Warehouse
- 1 International Sales Office

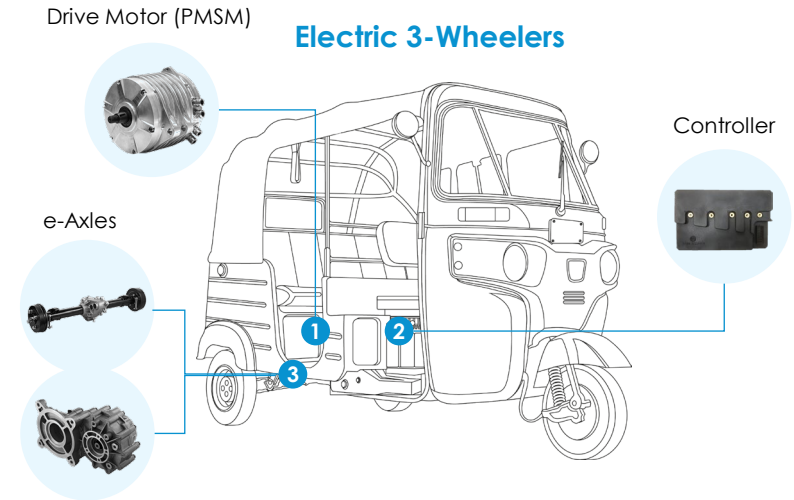
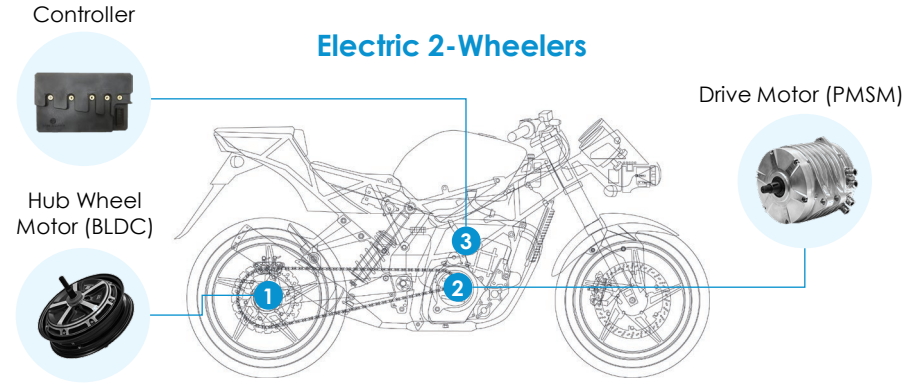
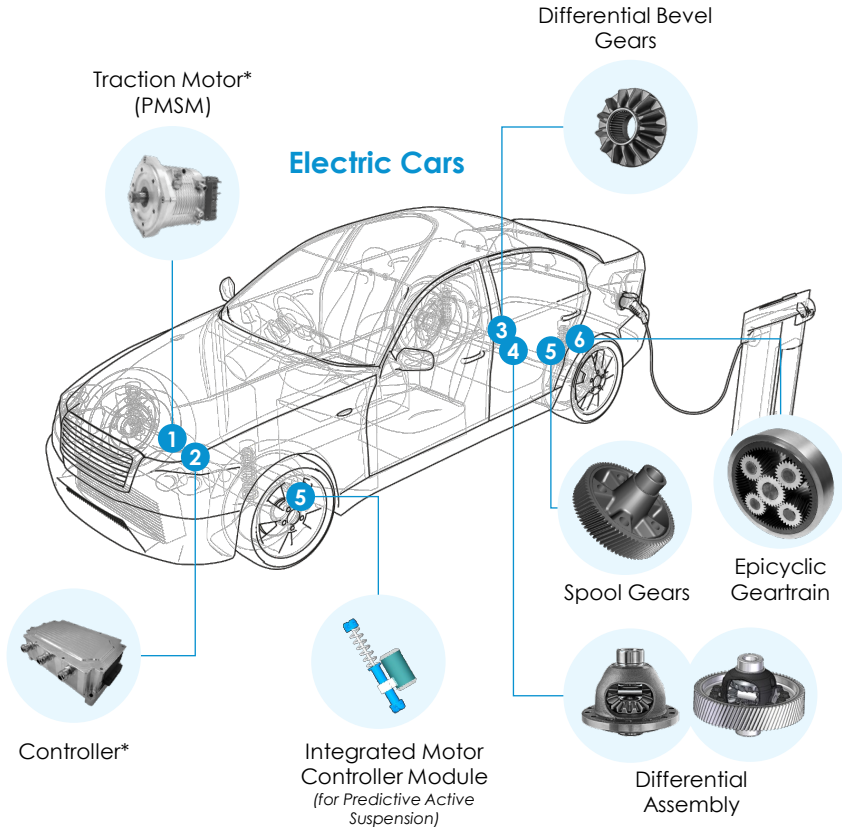
Notes:
 1. Source: BofA, Company Analysis
 2. Source: Ricardo report
 3. Capacity as of March 2022

Product Summary



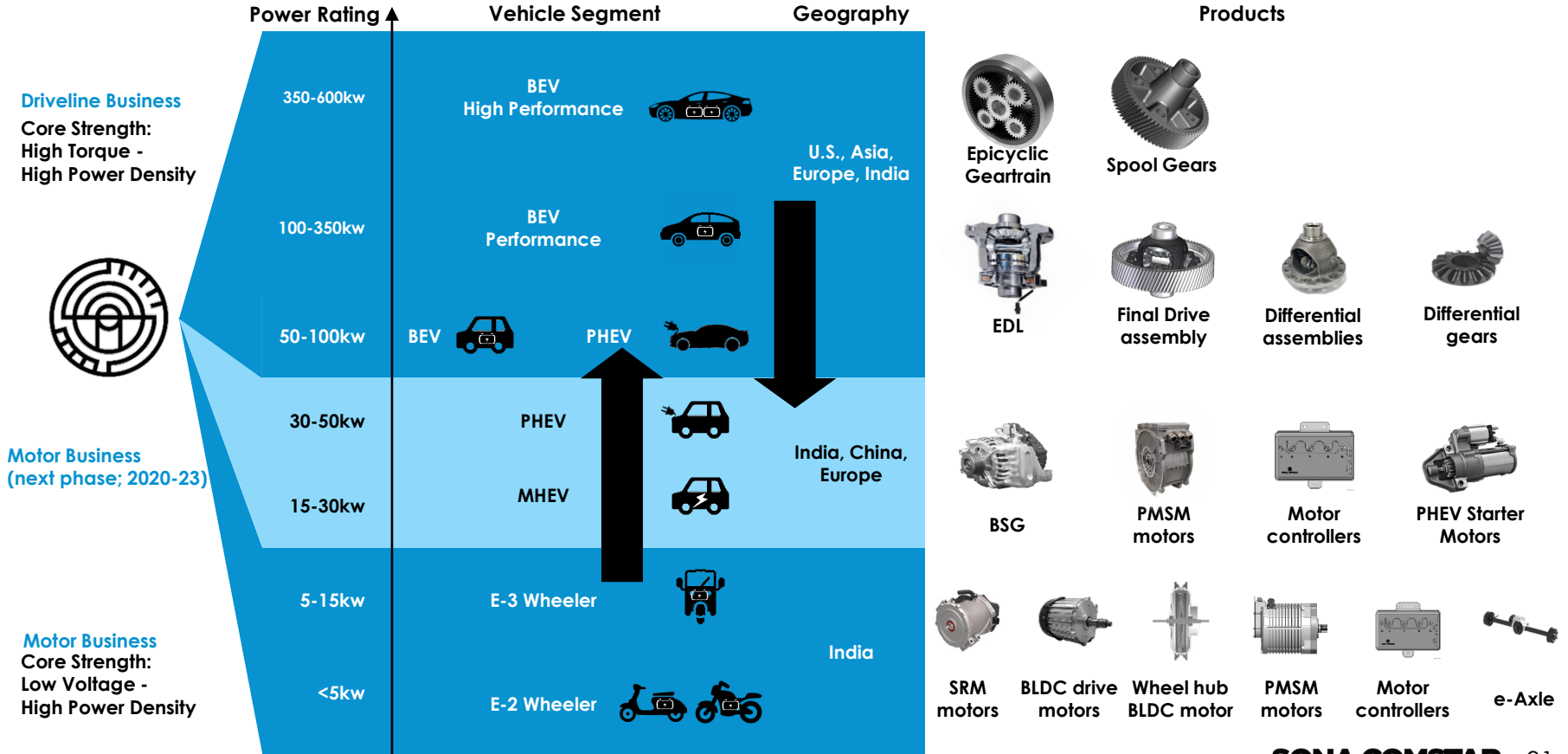
* Product under development

Product Summary

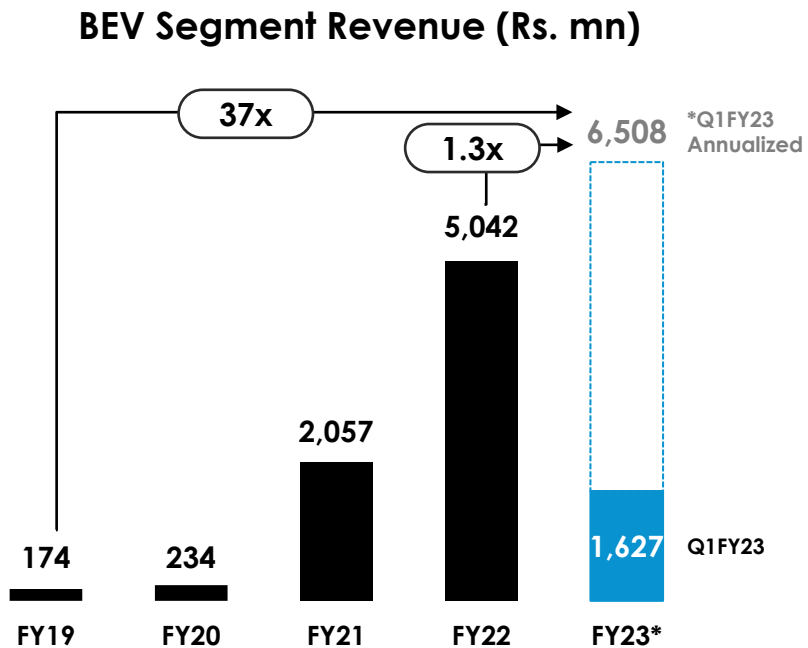
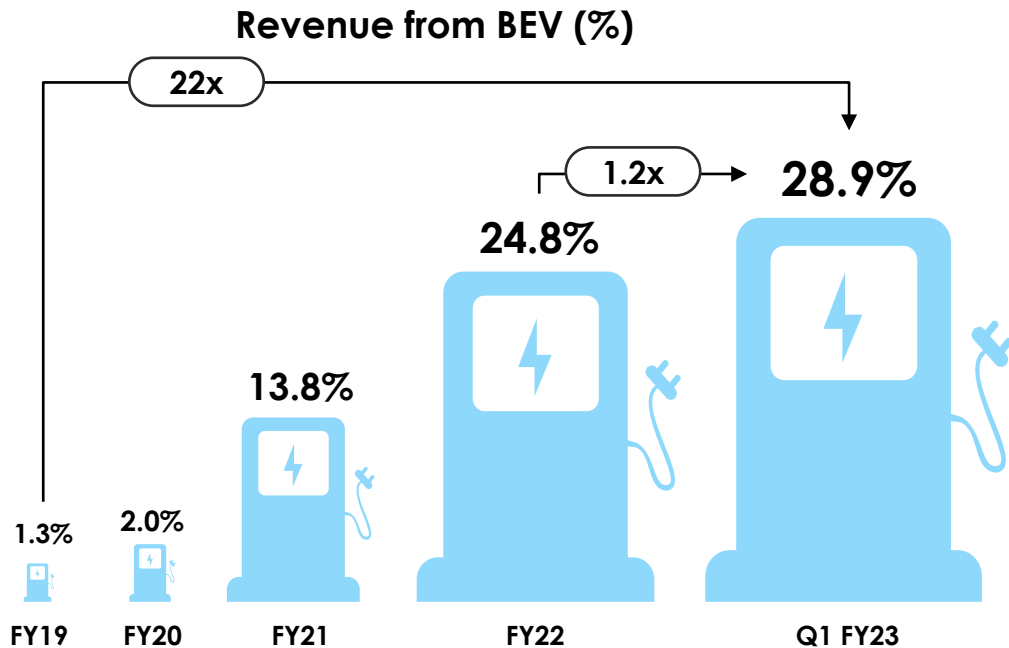


* Product under development

Electrification: Our Approach to Market

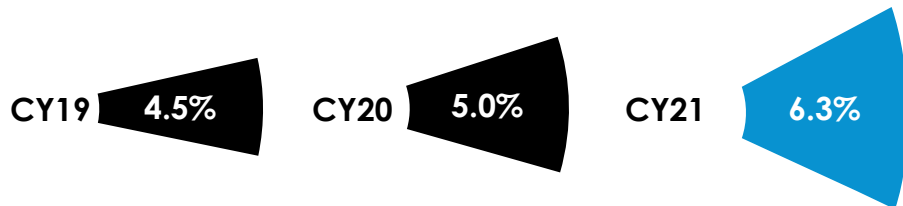


Revenue share from BEV has grown 22x over 4 years, with absolute BEV revenue growth at 37x

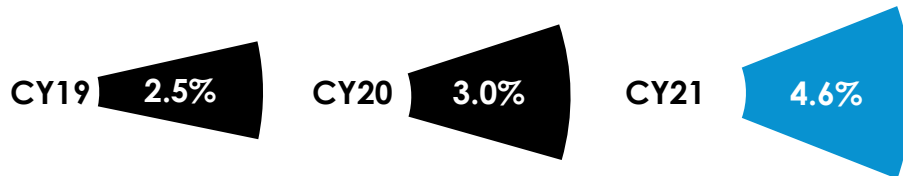


Market Shares for Differential Gears and Starter Motors

Global Market Share of Differential Gears¹



Global Market Share of Starter Motors¹



While we continue to dominate the Indian market for Differential Gears

Passenger Vehicles



55-60%²

Commercial Vehicles



80-90%²

Tractors



75-85%²

Notes:

1. As per Ricardo report; starter motor market share across light vehicles
2. As per CRISIL report dated Feb 2021