



SONA COMSTAR

Q4 & FY22 Earnings Presentation

05 May 2022

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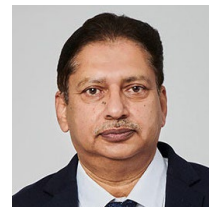
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Our Management Team



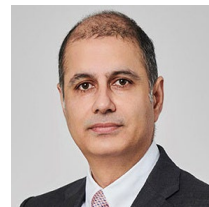
**Mr. Kiran Manohar
Deshmukh**
Group CTO



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

Q4 FY22 Financial Performance Highlights

5,500 mn | **2%**

Revenue | YoY Growth

1,354 mn | **-3%**

EBITDA | YoY Growth

1,047 mn | **75%**

PAT | YoY Growth

24.6% EBITDA Margin

19.0% PAT Margin

1,486 mn | **104%**

EV Revenue | YoY Growth

29%

Q4 FY22 Revenue Share
from EV

FY22 Financial Performance Highlights

21,306 mn | 36%

Revenue | YoY Growth

5,591 mn | 27%

EBITDA | YoY Growth

26.2% EBITDA Margin

3,615 mn | 68%

PAT | YoY Growth

17.0% PAT Margin

32.4%

RoCE¹

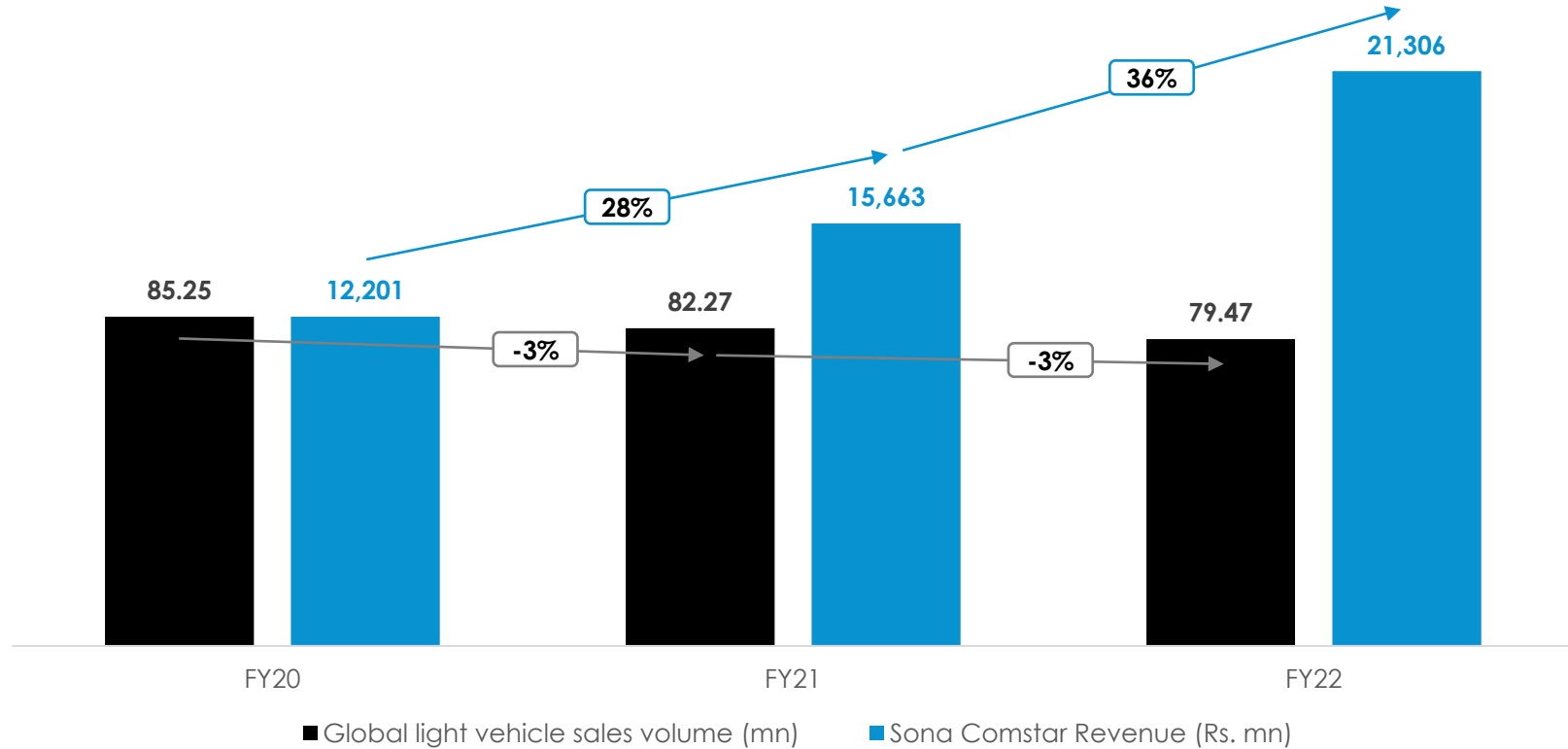
36.3%

RoE²

Notes:

1. ROCE = LTM EBIT/ Average tangible capital employed
2. ROE = LTM PAT/ Average tangible net worth

Rising against the tide





Update on our Strategic Priorities

Net formed differential gears coming out of our forging press

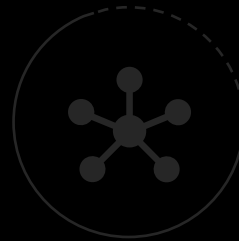
Update on our Strategic Priorities



Electrification



**Global Market
Significance**

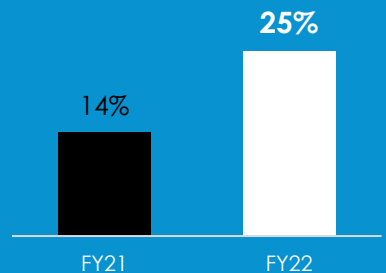


Diversification

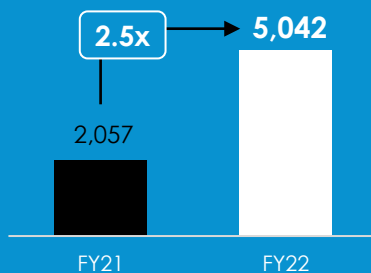


Technology

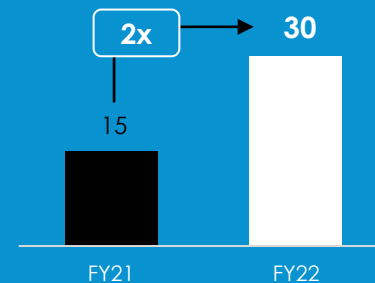
Sizeable and Increasing Presence in EVs



Revenue Share from BEV



BEV segment revenue



Cumulative No. of EV Programs awarded

24
(7+17)¹

EV Programs¹ awarded across
14 customers as at the end of
Q3 FY22

+6

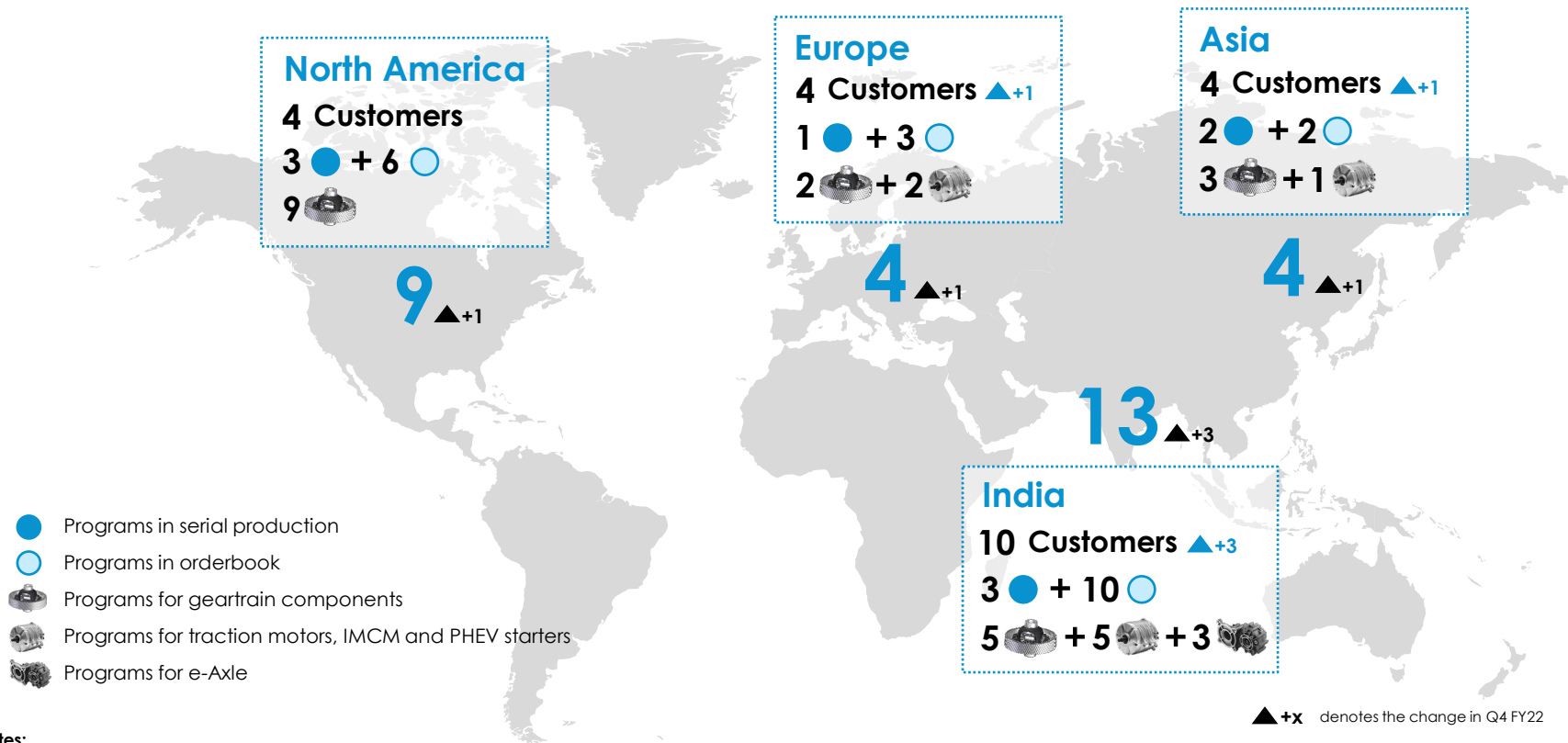
30
(9+21)¹

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

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)

30 EV Programs across 19¹ different customers



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

Notes:

1. 2 customers are present in more than one geography

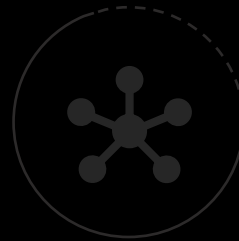
Our Strategic Priorities



Electrification



Global Market
Significance



Diversification

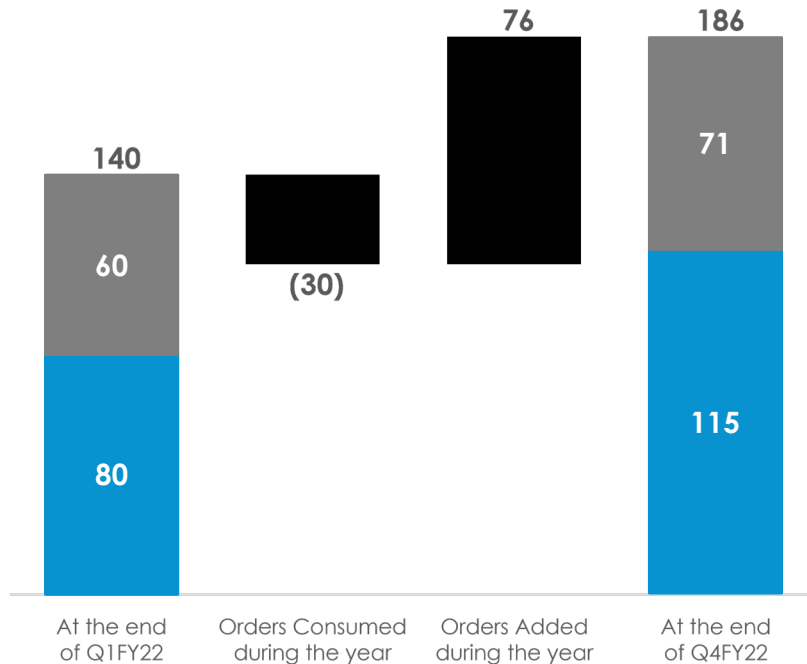


Technology

Orders worth Rs. 76 bn were added to our orderbook during the last 3 quarters



Net Orderbook (Rs. Billion)



43 Programs won in the last 3 quarters

- 13 EV + 30 Non-EV
- 14 with new customers + 29 with existing customers

10 New customers added in the last 3 quarters

- 7 EV + 3 Non-EV

Global Market Share of Differential Gears¹

CY20	5.0%	→	CY21	6.3%
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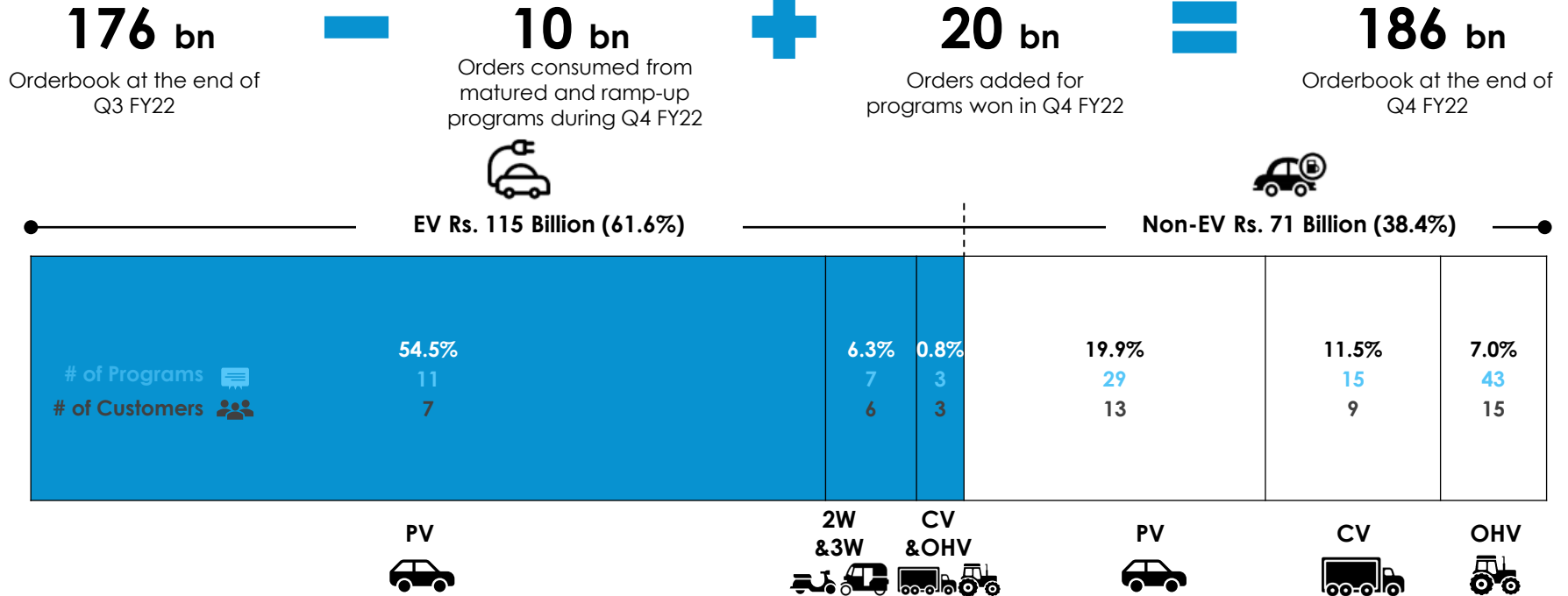
Global Market Share of Starter Motors²

CY20	3.0%	→	CY21	4.6%
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Notes:

1. As per Ricardo report
2. Across light vehicles; as per Ricardo report

EV contributes 62% to our net order book¹ of Rs. 186 billion



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.

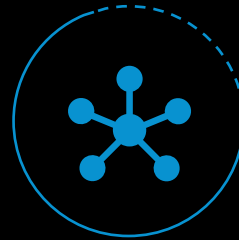
Our Strategic Priorities



Electrification



Global Market
Significance



Diversification



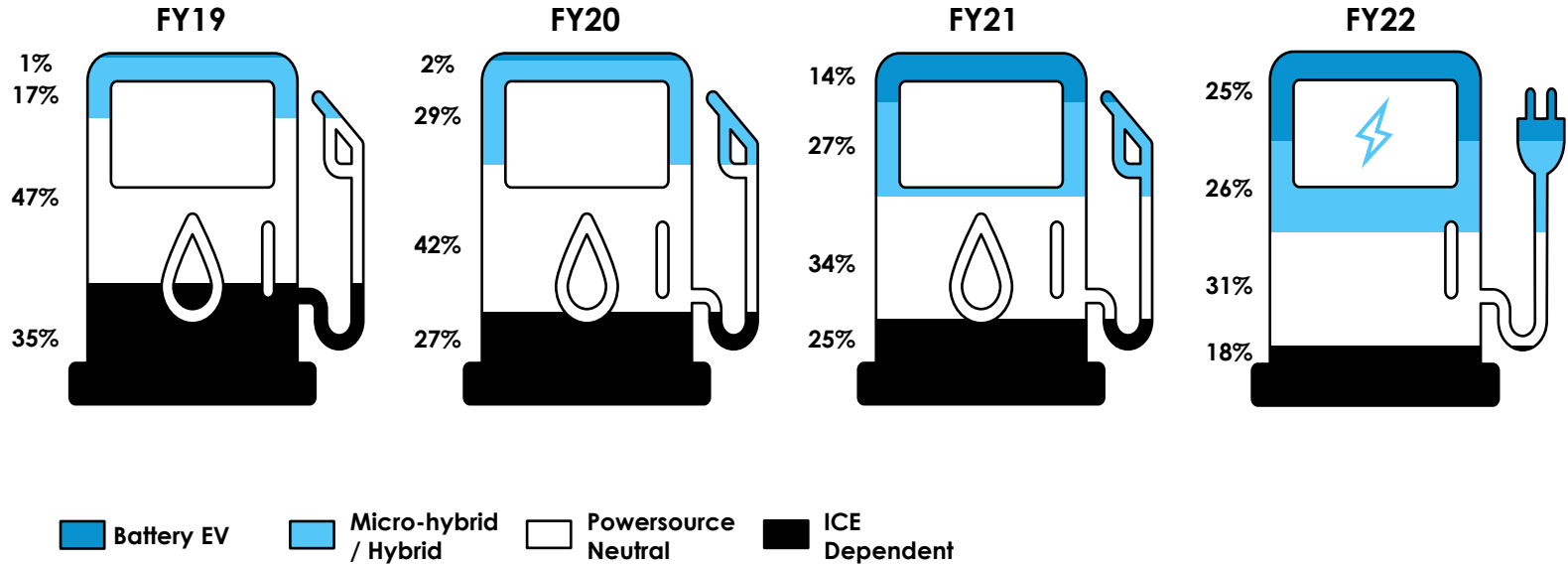
Technology



Diversified Revenue Mix – By Powertrain

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

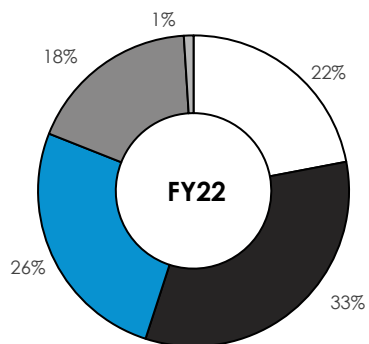
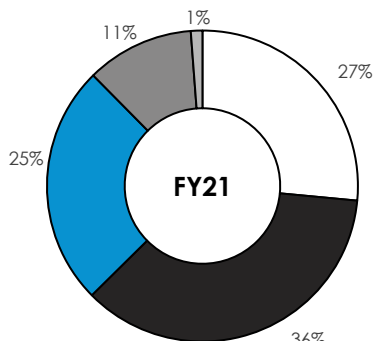
Our pure ICE dependence continues to reduce steadily going from 24.8% in FY21 to 17.6% in FY22



Diversified Revenue Mix

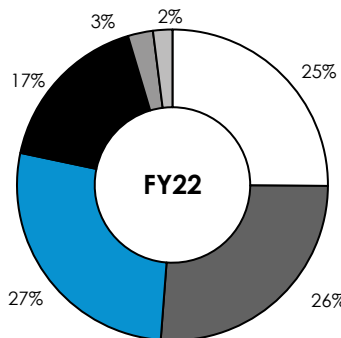
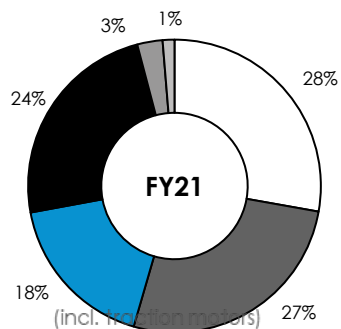


By Geography



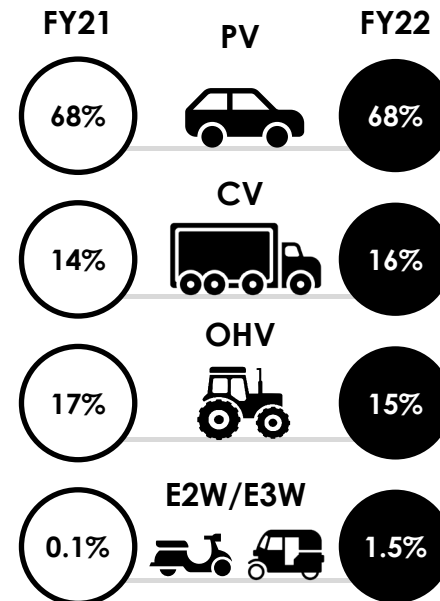
□ Europe ■ North America ■ India ■ Asia (excl. India) ■ RoW

By Product



□ Differential Gears ■ Micro/Plug-in Hybrid Starter Motors
 ■ Differential Assembly ■ Conventional Starter Motors
 ■ Others Gears ■ Others (incl. traction motors)

By Vehicle segment



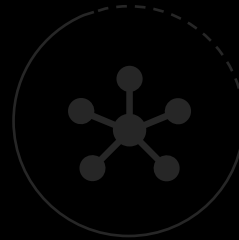
Our Strategic Priorities



Electrification



Global Market
Significance



Diversification



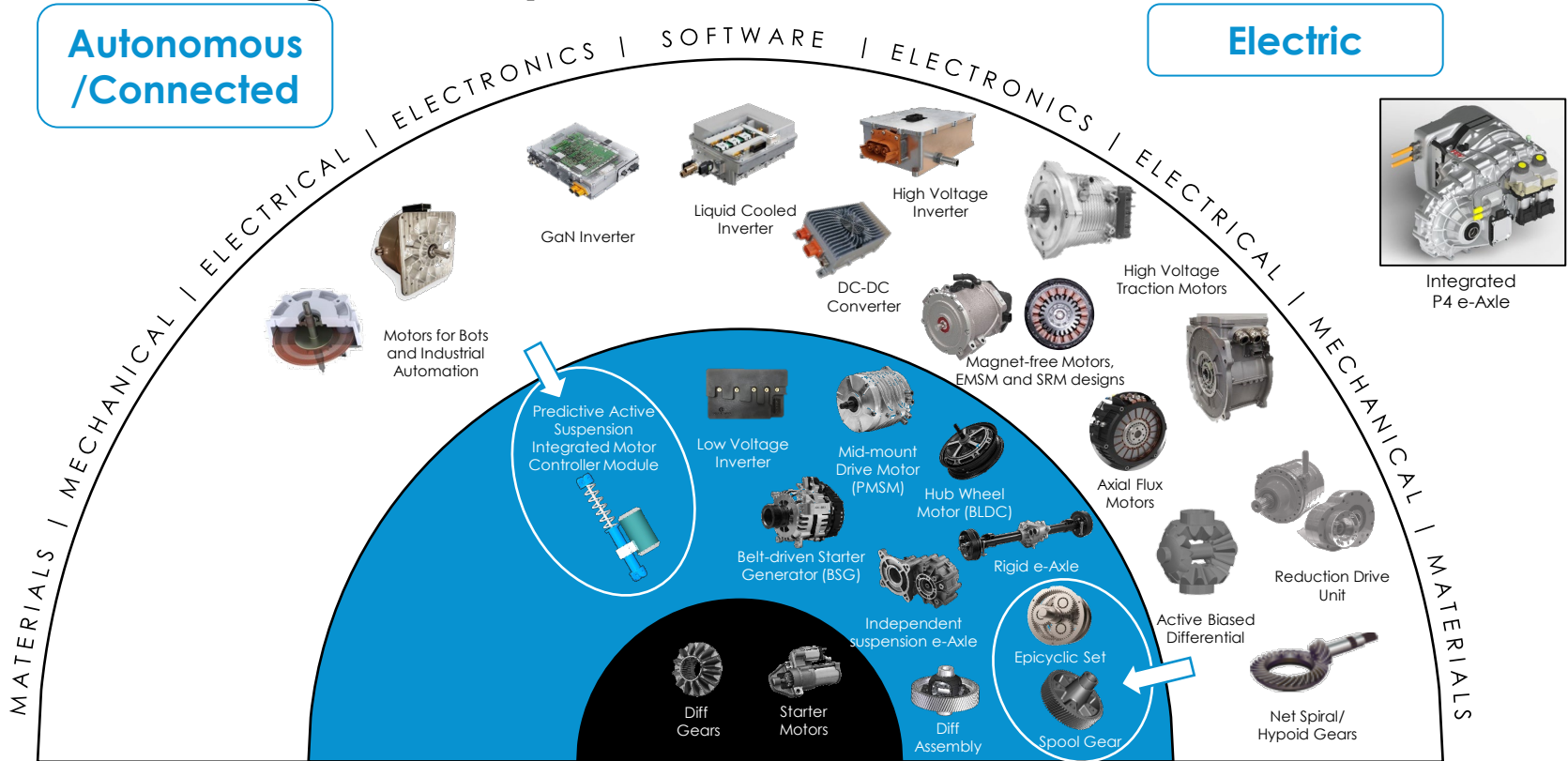
Technology

We have made progress on our technology roadmap by introducing 3 new products in FY22



Autonomous /Connected

Electric



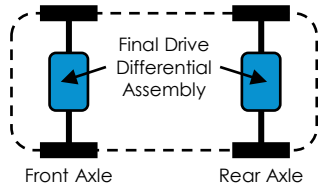
Future Products
 Current Products
 Legacy Products

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

For EV drivetrains, we now have products/solutions for almost every architecture



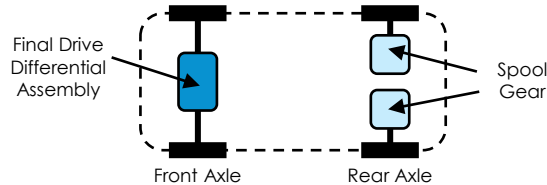
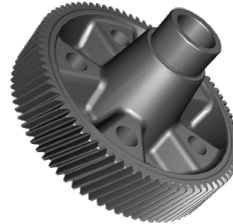
Final Drive Differential Assembly



1 or 2 motor architecture

Currently in production

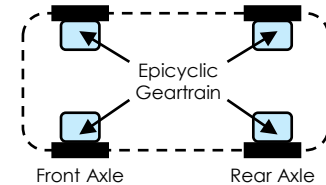
Spool Gear



3 motor architecture

Order won and production to start in FY24

Epicyclic Geartrain

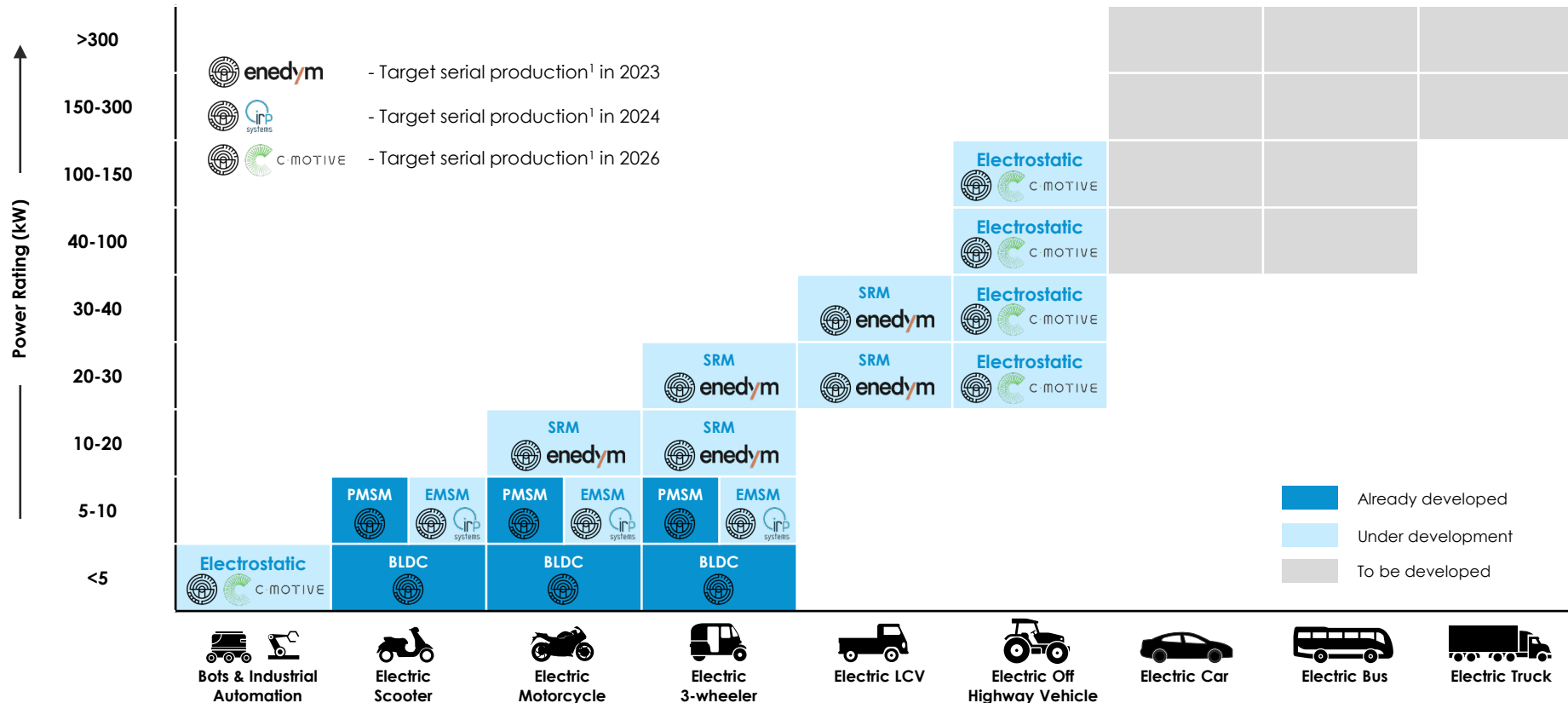


4 motor architecture

Apart from EVs it is used for CV gearbox/hub reduction application also

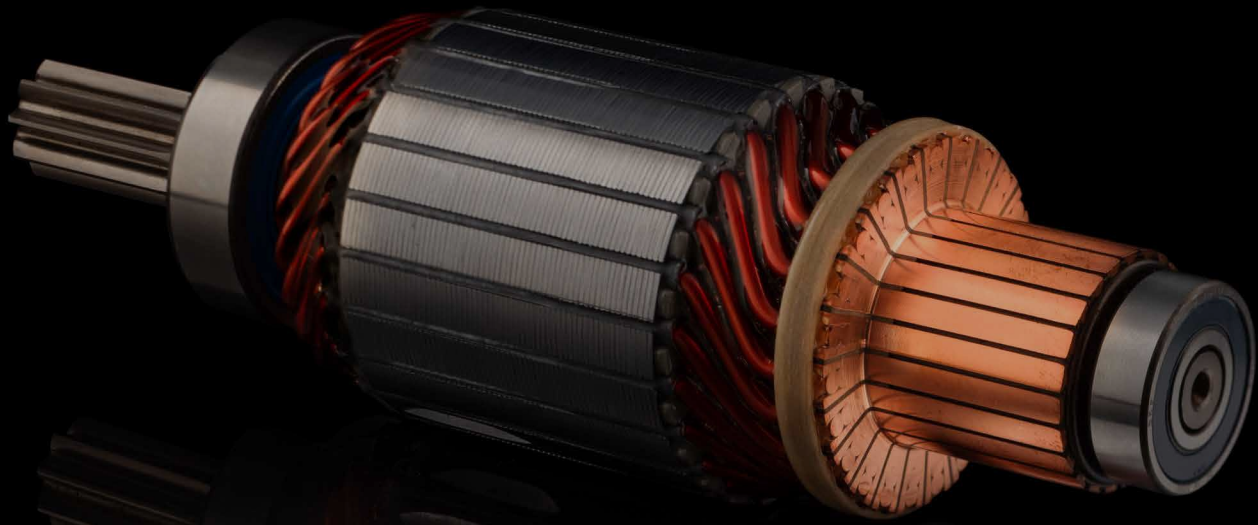
Order won for CV application and production to start in FY23

For traction motors we aim to develop products by mapping the right technology to the right application



Notes:

1. Serial production is likely to commence in the year mentioned for the product(s) being developed under these strategic partnerships



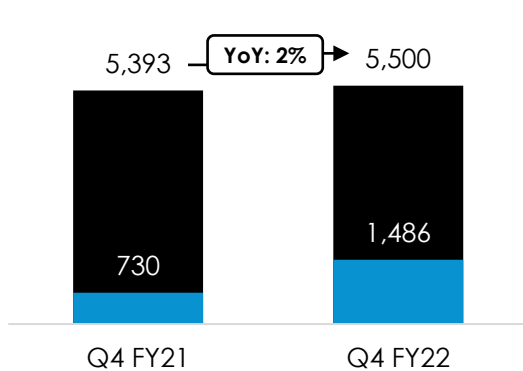
Q4 & FY22 Financial Update

Our armature used in starter motors

Q4 FY22 Financials

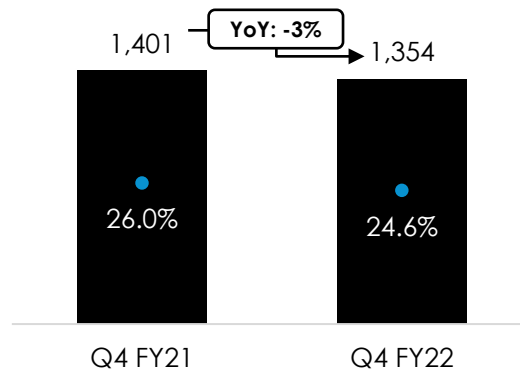
Revenue (Rs. mn)

■ BEV



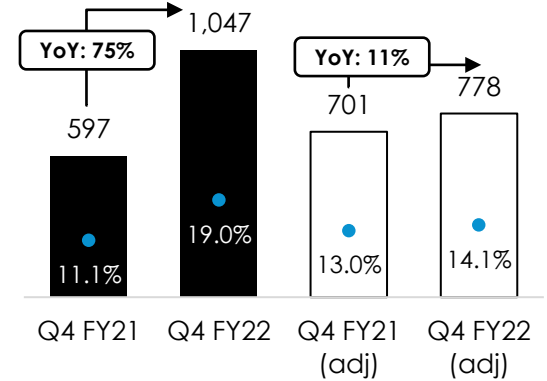
- BEV Revenue higher by 104%, constitutes 29% of total revenue
- Non-BEV Revenue declined 14% in line with the decline of automotive sales in our key markets of North America and Europe

■ EBITDA (Rs. mn) ● EBITDA Margin (%)



- Positive margin impact of ~2.0% due to product mix
- Margin impact due to increase in RM prices
 - Arithmetic effect despite pass through ~(-2.6%)
 - No pass-through impact ~(-0.8%)

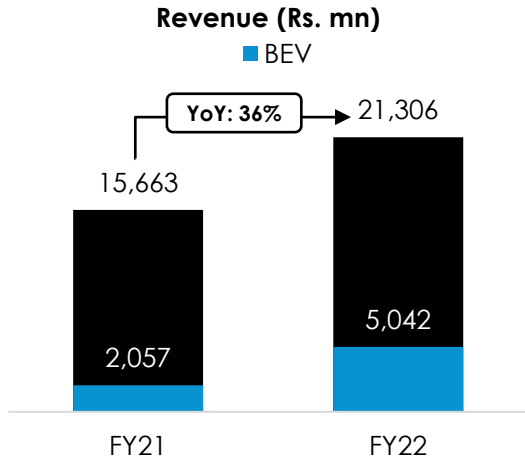
■ PAT (Rs. mn) ● PAT Margin (%)



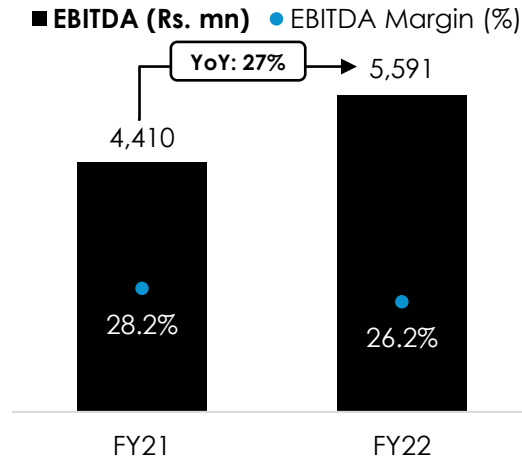
- PAT for Q4 FY21 has been adjusted for IPO expenses and Q4 FY22 for one time tax impacts



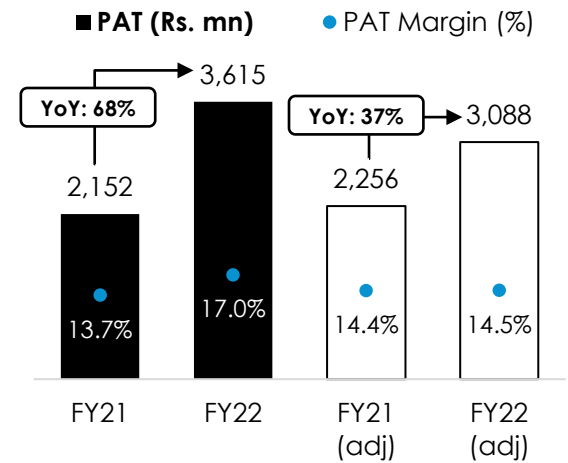
FY22 Financials



- BEV Revenue higher by 145%, constitutes 25% of total revenue
- Non-BEV Revenue grew 20% despite a decline of automotive sales in our key markets of North America and Europe by ~4%



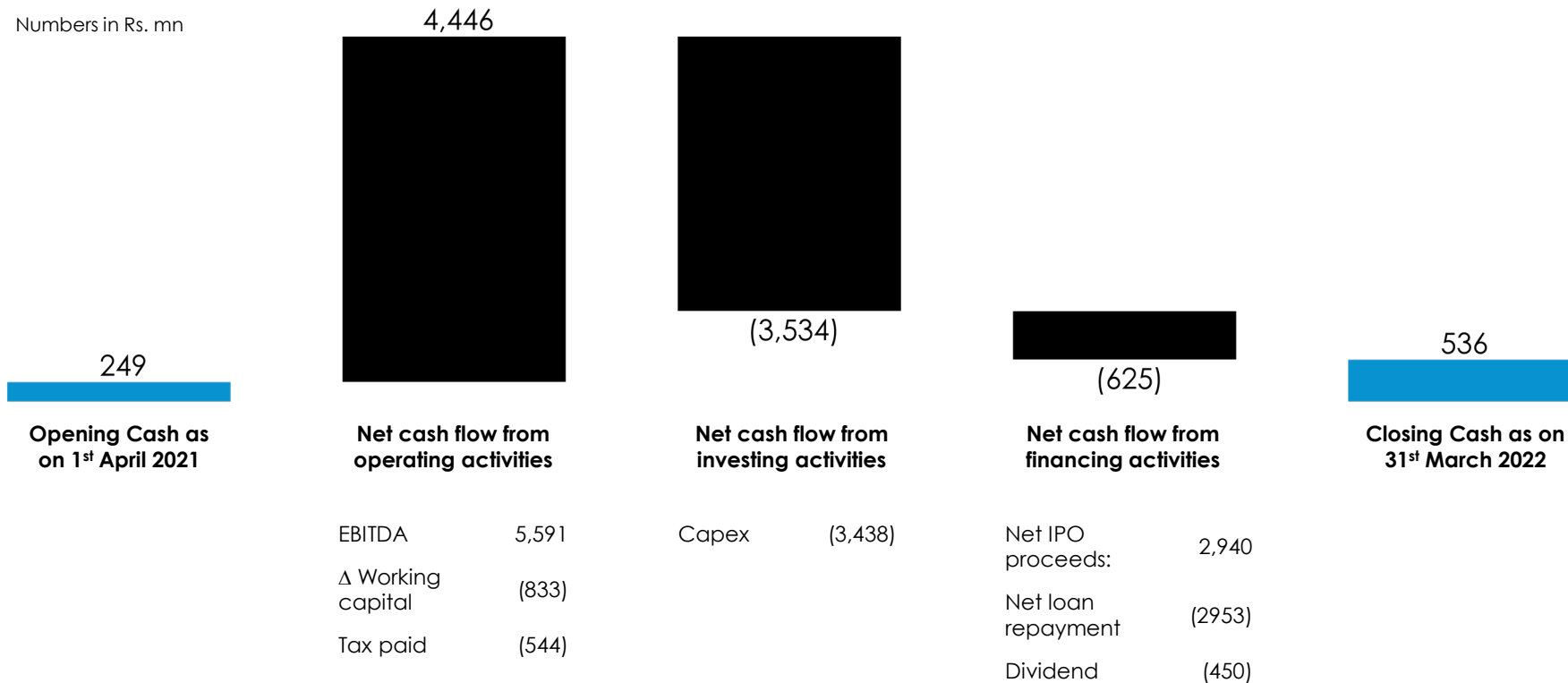
- Positive margin impact of ~1.4% and ~1.9% due to operating leverage and product mix respectively
- Margin impact due to increase in RM cost
 - Arithmetic effect despite pass through ~(-2.9%)
 - No pass-through impact ~(-1.2%)
- ~(-1.1%) margin impact due to lower forex gain



- Net impact of change in depreciation and interest cost (as % of revenue) has improved PAT margin by ~0.7%
- PAT for both years has been adjusted for IPO expenses and one time tax impacts in FY22

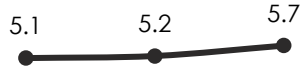
Abridged Cash Flow

Numbers in Rs. mn



Key Ratios

VA/Employee cost



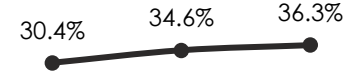
Mar-20 Mar-21 Mar-22

RoCE (%)



Mar-20 Mar-21 Mar-22

RoE (%)



Mar-20 Mar-21 Mar-22

Net Debt to EBITDA



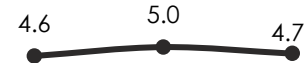
Mar-20 Mar-21 Mar-22

Working Capital Turnover



Mar-20 Mar-21 Mar-22

Fixed Asset Turnover

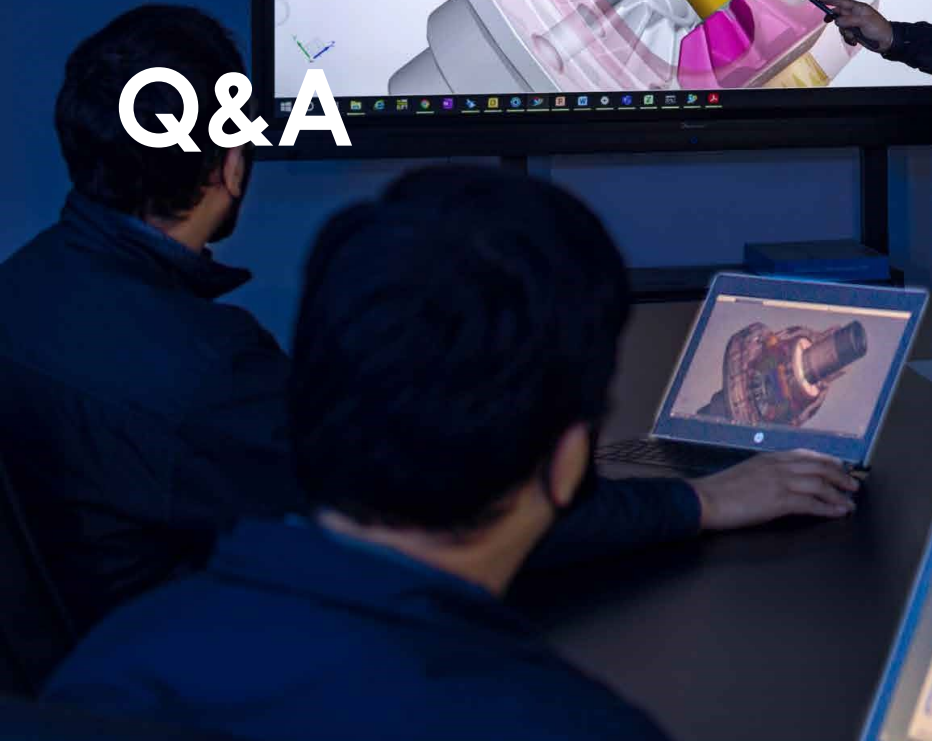
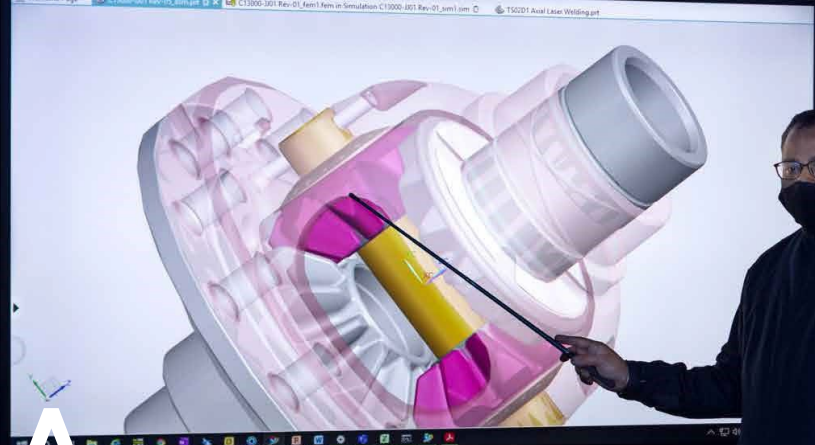


Mar-20 Mar-21 Mar-22

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 / 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



Outside 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

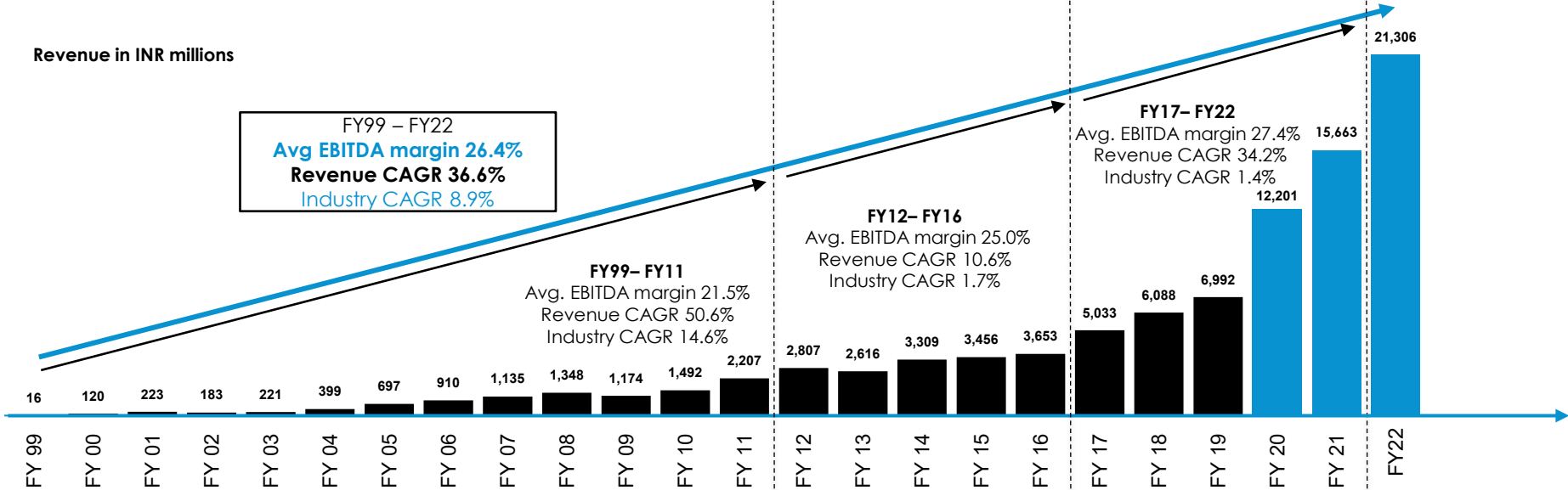
Phase - 3

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

Phase - 4

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

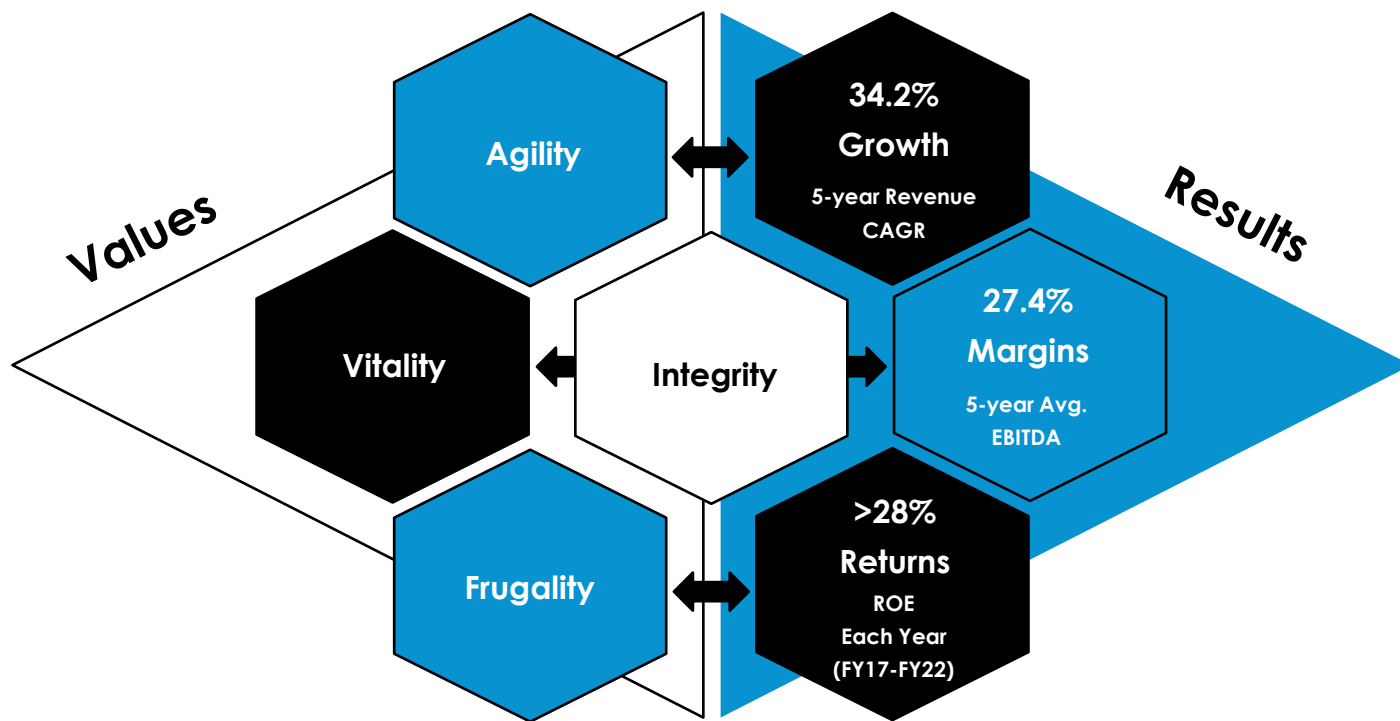
Revenue in INR millions



Notes:

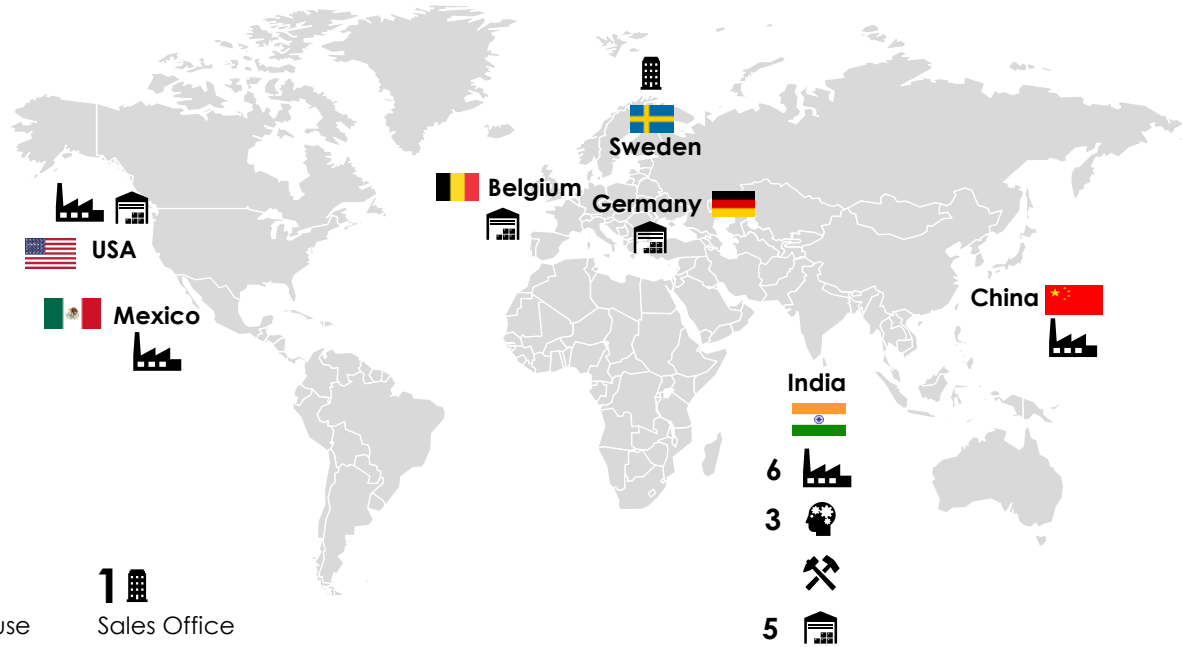
1. FY20, FY21 and 9M FY22 include Comstar
2. Industry data source: SIAM

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 
Sales Office

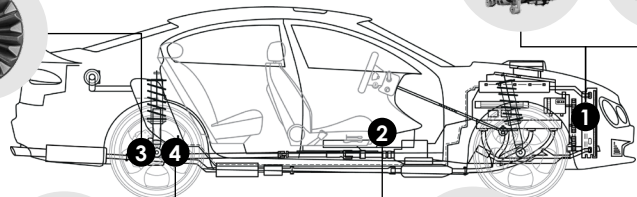
6 
3 
1 
5 

Notes:
1. Source: BofA, Company Analysis
2. Source: Ricardo report

Product Summary

Differential Bevel Gears

Passenger Vehicles

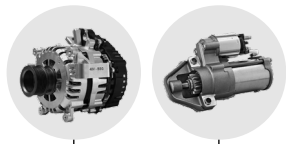


Differential Assembly

Reverse Idler



Belt Starter Generator Starter Motor

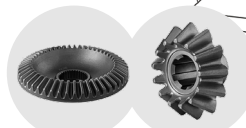


Off Highway Vehicles

Starter Motor



Differential Assembly



Portal Axle Gears

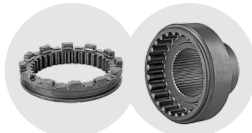


Differential Bevel Gears

Inter-Axle Gear Set



Coupling/ Sleeves



Differential Bevel Gears

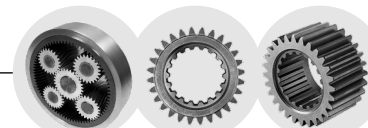


Commercial Vehicles

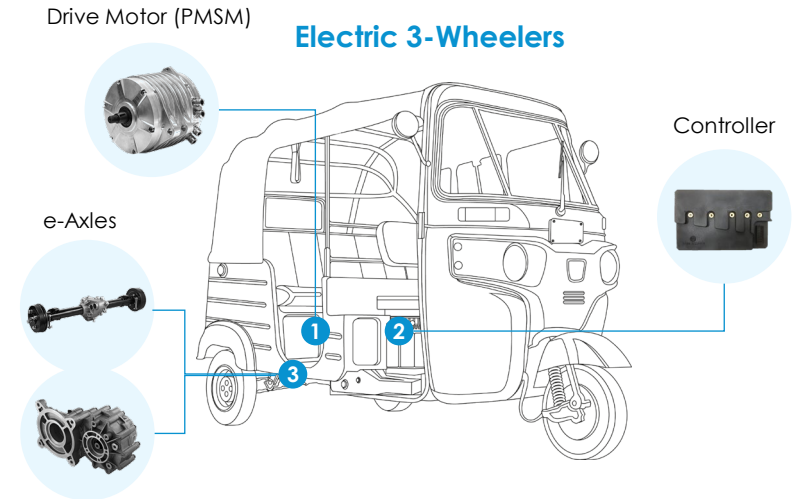
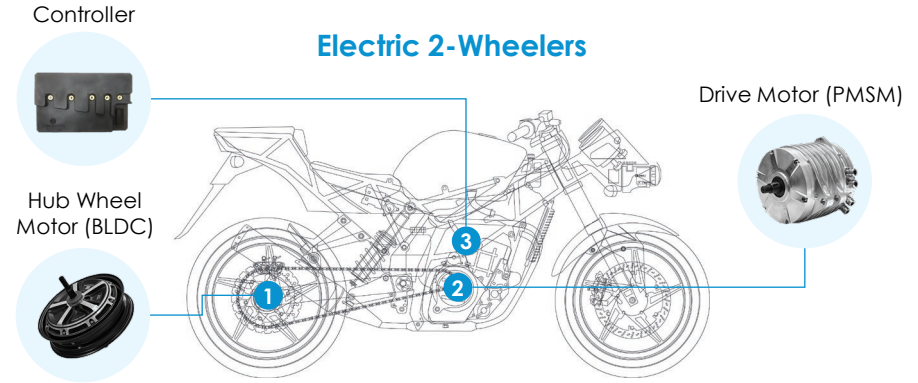
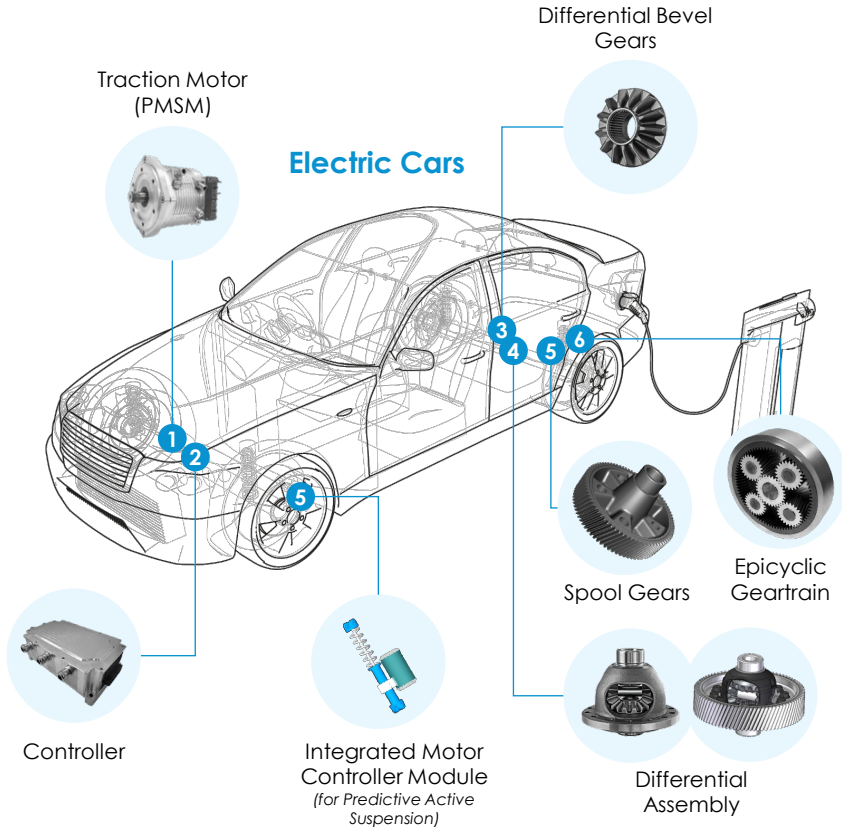
Starter Motor



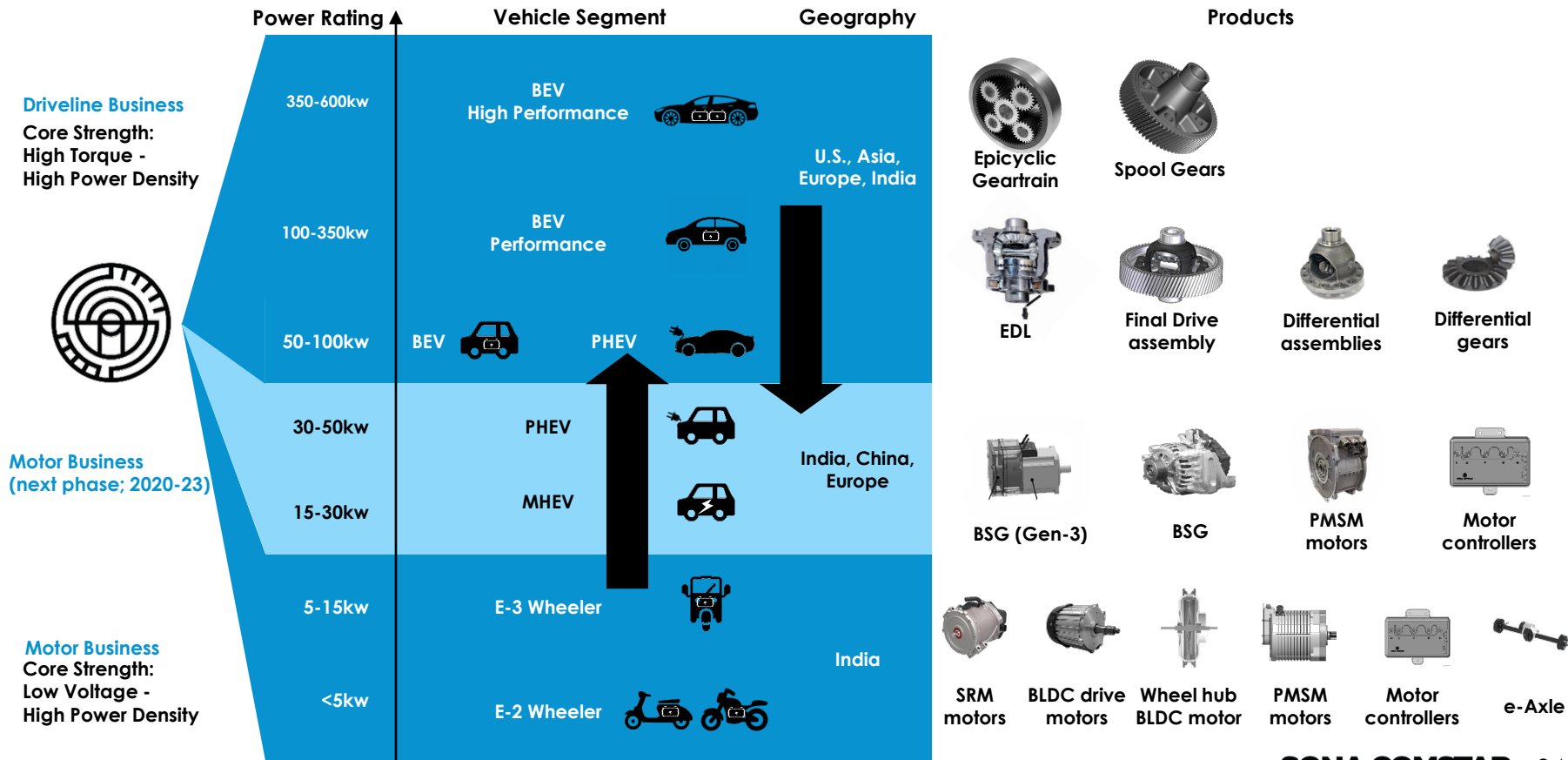
Epicyclic Geartrain/Gears



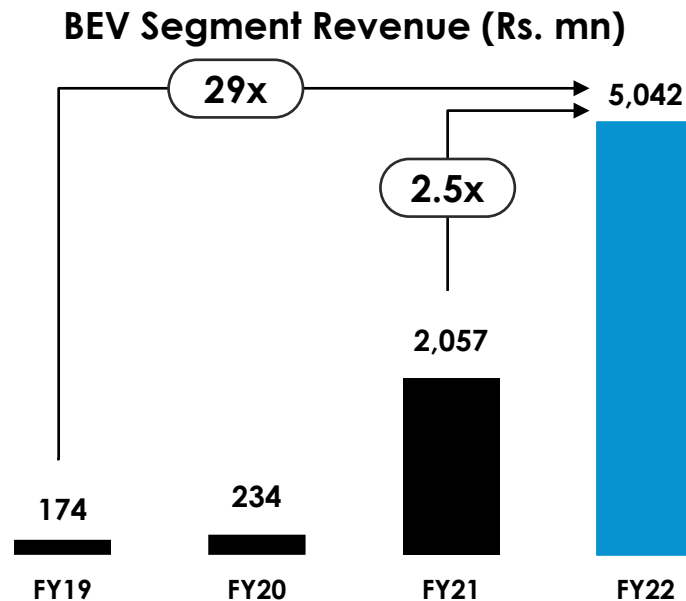
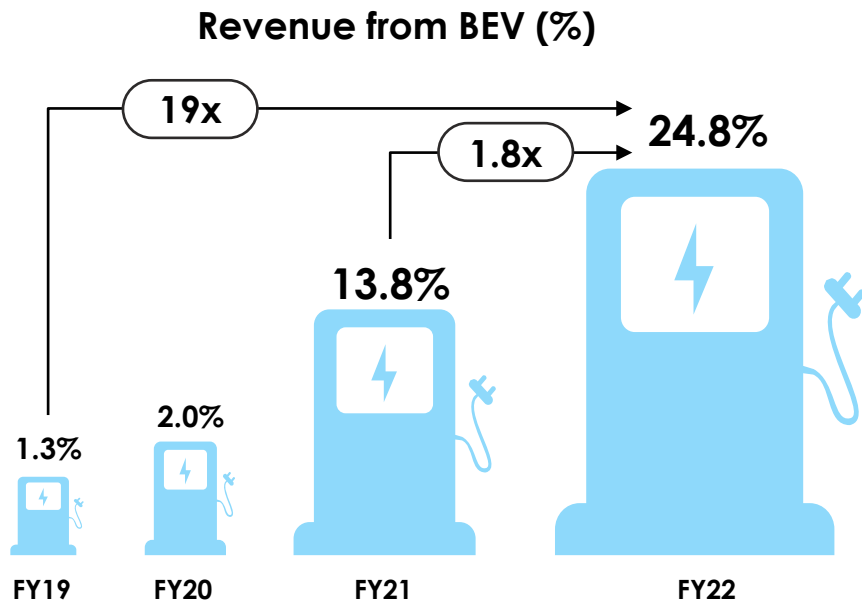
Product Summary



Electrification: Our Approach to Market

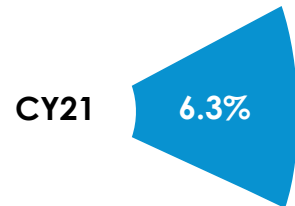


Revenue share from BEV has grown 19x over 3 years, with absolute BEV revenue growth at 29x

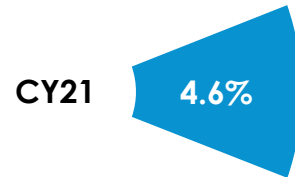


Our Global market share continues to increase across Differential Gears & Starter Motors

Differential Gears¹



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

Illustration of change in margin despite RM price passthrough

(numbers in INR)	Before RM price increase	RM price increase @15%	After RM price increase
Revenue	100.00	+6.75	106.75
Material Cost	45.00	+6.75	51.75
Material Profit	55.00	-	55.00
Material Margin	55.0%	-3.5%	51.5%