



SONA COMSTAR

Q4 & FY23 Earnings Presentation

03 May 2023

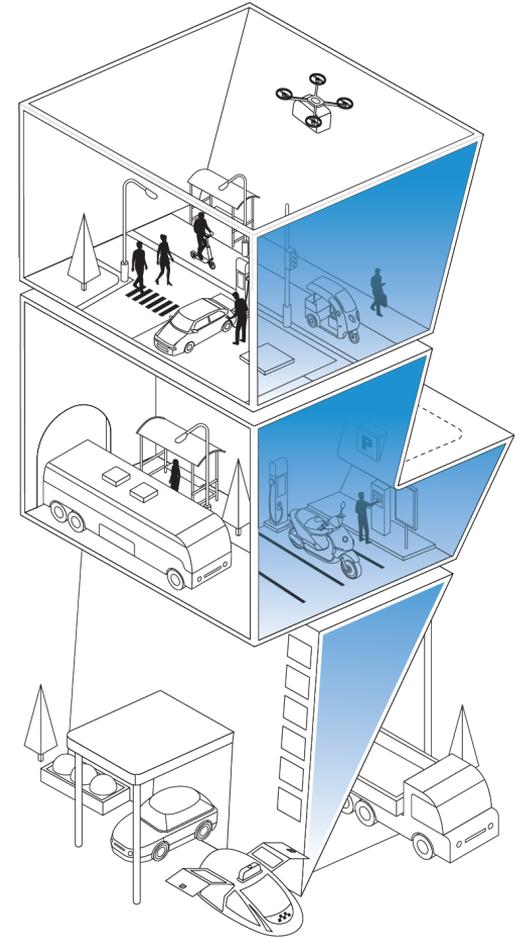
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Our Management



**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 FY23 Financial Performance Highlights

7,440 mn | 35%

Revenue | YoY Growth

2,014 mn | 49%

EBITDA | YoY Growth

27.1% EBITDA Margin

1,198 mn | 54%

PAT | YoY Growth¹

16.1% PAT Margin

2,037 mn | 37%

BEV Revenue | YoY Growth

28%

Q4 FY23 Revenue Share
from BEV

Notes:

1. Excluding exceptional income of Q4 FY22

FY23 Financial Performance Highlights

26,756 mn | **26%**

Revenue | YoY Growth

6,958 mn | **25%**

EBITDA | YoY Growth

26.0% EBITDA Margin

3,953 mn | **28%**

PAT | YoY Growth¹

14.8% PAT Margin

30.4%

RoCE²

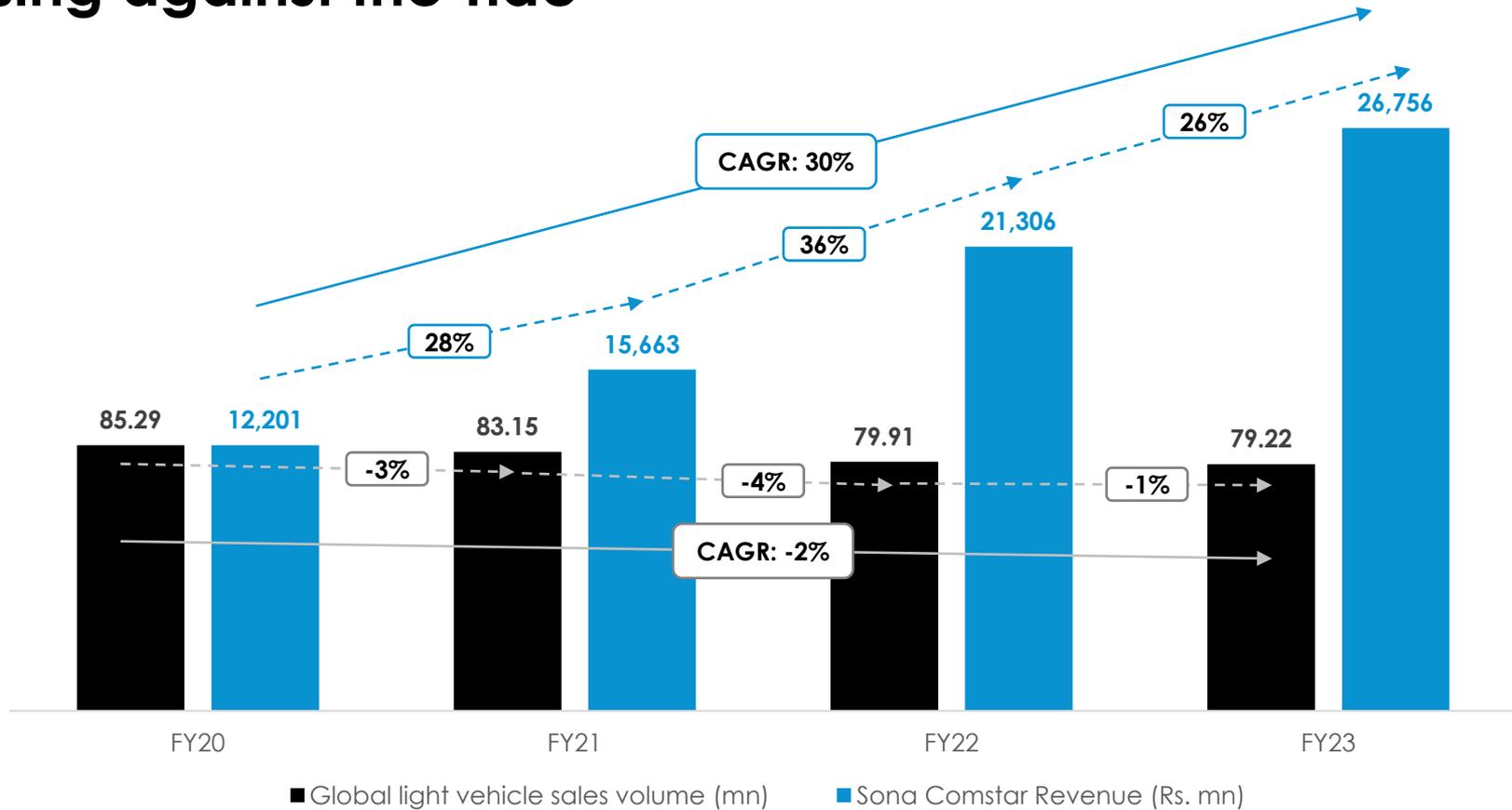
26.6%

RoE³

Notes:

1. Excluding exceptional income of FY22
2. ROCE = LTM EBIT/ Average tangible capital employed
3. ROE = LTM PAT/ Average tangible net worth

Rising against the Tide



The image shows four glowing orange, net-formed differential gears arranged in a diagonal line on a dark metal mesh conveyor belt. The gears have a complex, multi-lobed shape and are illuminated from below, creating a strong orange glow. The background is dark and industrial, with a metal frame visible on the right side.

Update on our Strategic Priorities

Net formed differential gears coming out of our forging press

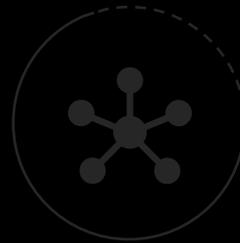
Update on our Strategic Priorities



Electrification



**Global Market
Significance**



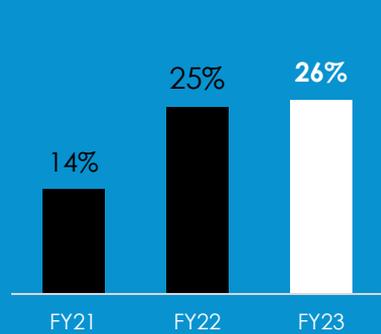
Diversification



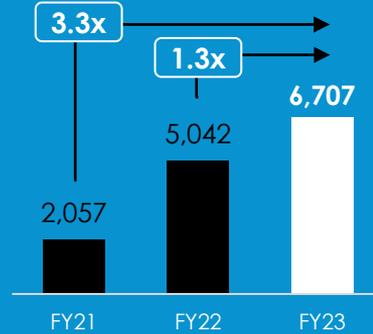
Technology



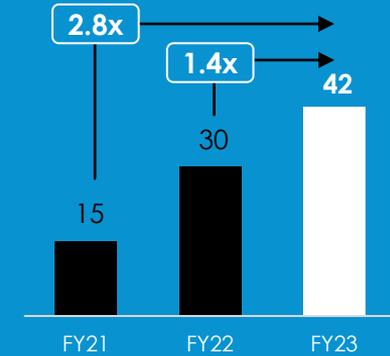
Sizeable and Increasing Presence in EVs



Revenue Share from BEV



BEV segment revenue



Cumulative No. of EV Programs awarded

41

(10+9+22)¹

EV Programs¹ awarded across
25 customers as at the end of
Q3 FY23

+1

42

(10+10+22)¹

EV Programs¹ awarded across
26 customers as at the end of
Q4 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 fully ramped up production + # of programs in ramp-up + # of programs not yet in production)

This new order win strengthens our presence in Electric CVs, with new products and increased revenue potential



Final Drive Differential +
Intermediate Gears +
Input/Rotor Shaft

For Class 4 Electric CV

North American New Age OEM of CV

₹ 5,010 mn
addition in our orderbook

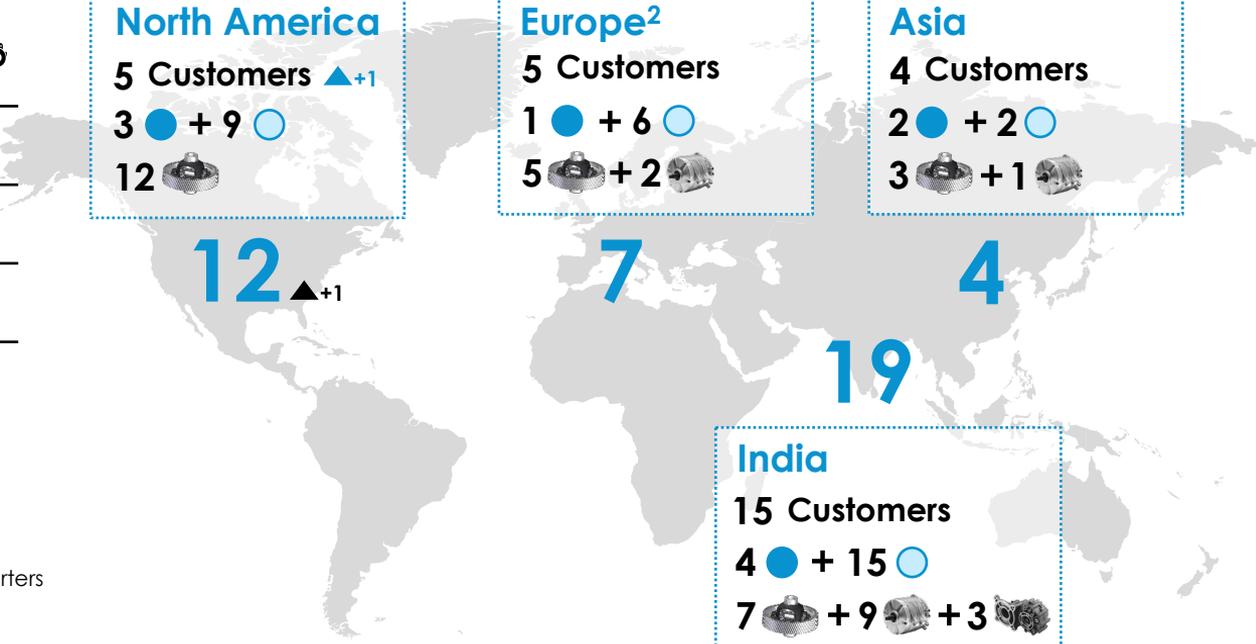
Q4 FY24
SOP Year



42 EV programs across 26¹ different customers



No. of programs customers			
	22 10	-	5 5
	3 3	9 8	-
	-	3 3	-



- Programs in fully ramped-up production
- Programs in ramp-up or not yet in production
- Programs for geartrain components
- Programs for traction motors, IMCM and PHEV starters
- Programs for e-Axle

▲+x denotes the change during Q4 FY23

Notes:

1. 2 customers are present in more than one geography
2. Europe geography includes the UK

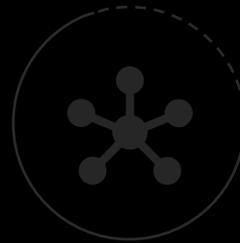
Our Strategic Priorities



Electrification



Global Market
Significance



Diversification

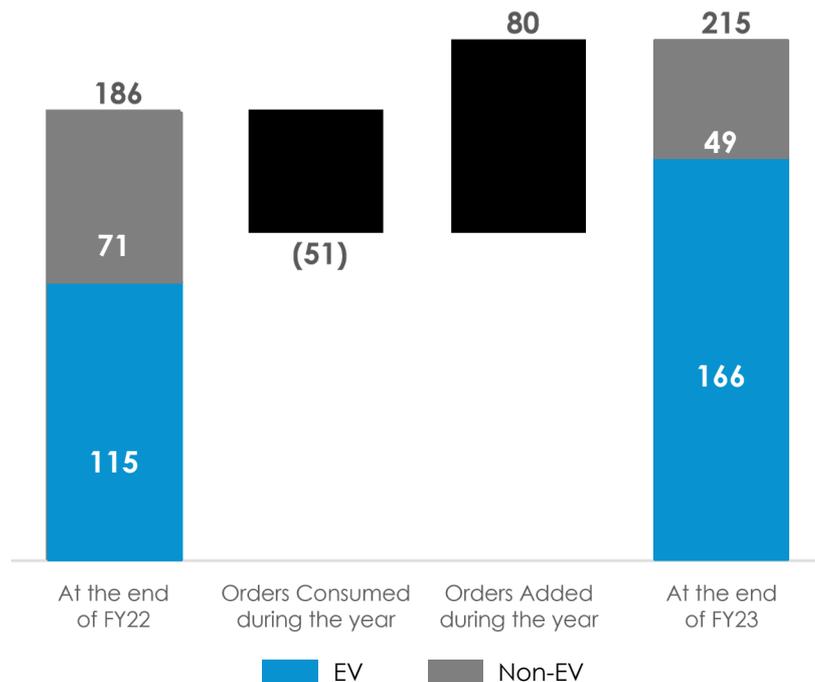


Technology

Orders worth Rs. 80 bn were added to our orderbook during FY23



Net Orderbook (Rs. Billion)



35 Programs won in FY23

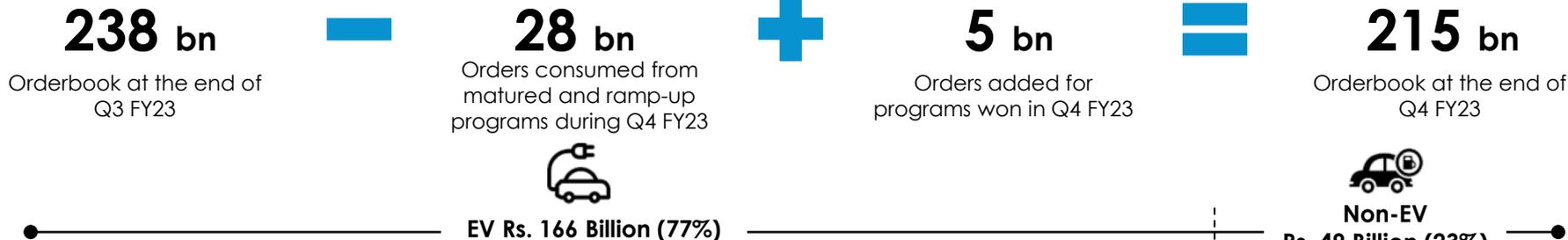
7 New customers added in FY23

Global Market Share of Differential Gears¹ CY21 → CY22
6.3% → **7.2%**

Global Market Share of Starter Motors¹ CY21 → CY22
4.6% → **4.1%**

Notes:
 1. As per Ricardo's market size estimates; starter motor market share is across light vehicles report

EV contributes 77% to our net order book¹ of ₹215 billion (8x FY23 revenue)



	EV		2W & 3W		CV & OHV	PV	CV	OHV
% of Revenue	66%	8%	3%	8%	9%	6%		
# of Programs	17	10	5	28	22	43		
# of Customers	8	9	5	12	8	16		

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.

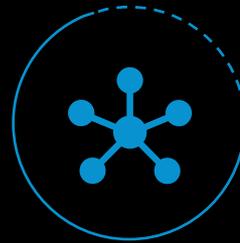
Our Strategic Priorities



Electrification



Global Market
Significance



Diversification



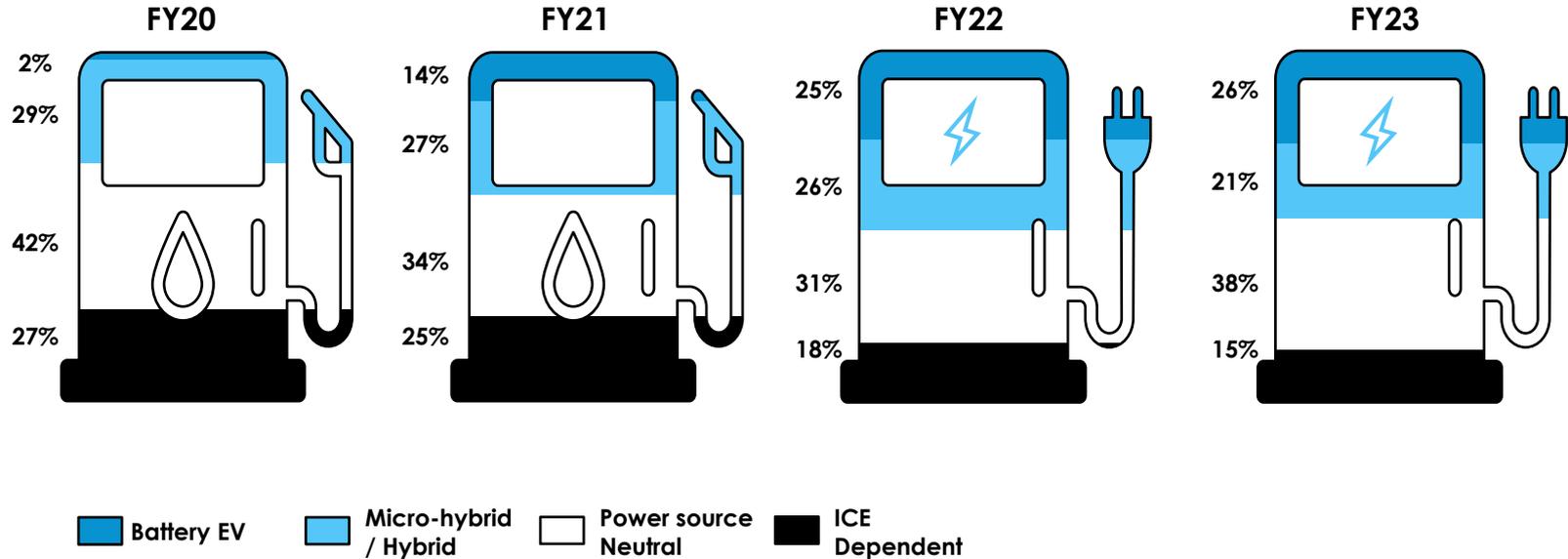
Technology



Diversified Revenue Mix – By Powertrain

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

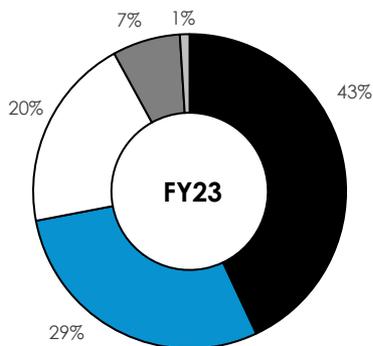
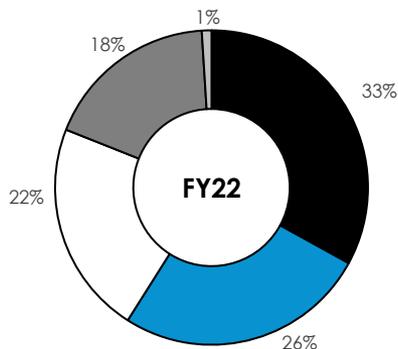
Our pure ICE dependence continues to reduce steadily going from 25% in FY21 to 15% in FY23



Diversified Revenue Mix

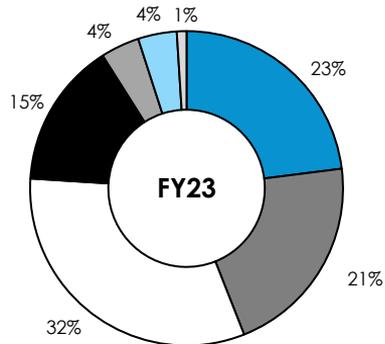
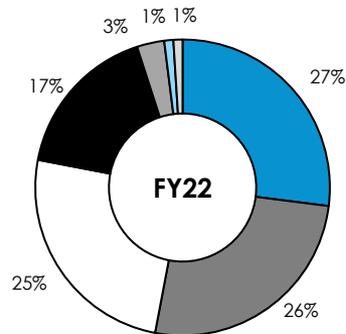


By Geography



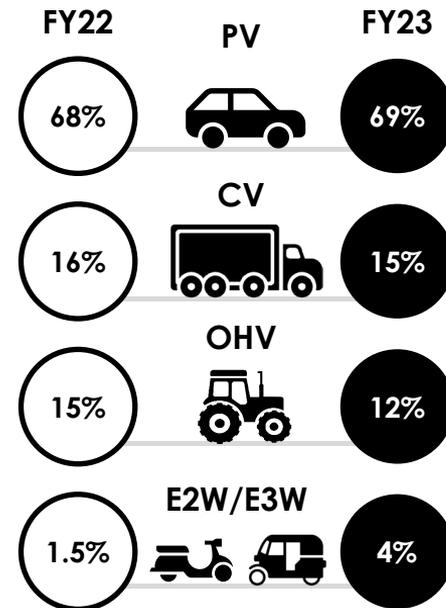
■ North America ■ India □ Europe ■ Asia (excl. India) □ RoW

By Product



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

By Vehicle segment



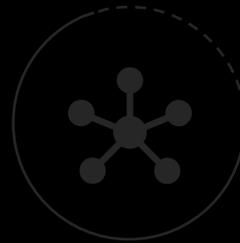
Our Strategic Priorities



Electrification



Global Market
Significance

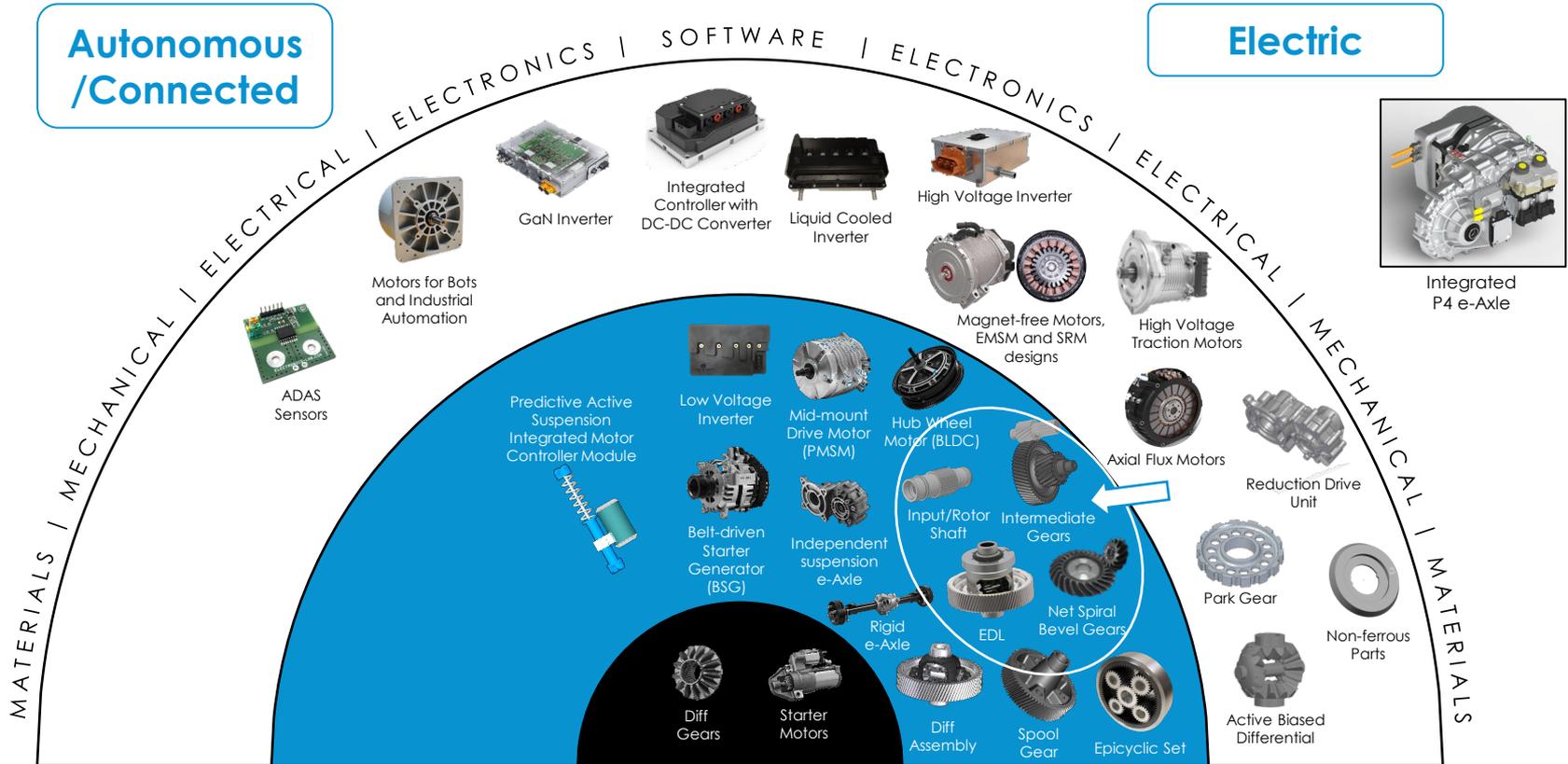


Diversification



Technology

We introduced 4 new products to the market in FY23



Future Products
 Current Products
 Legacy Products

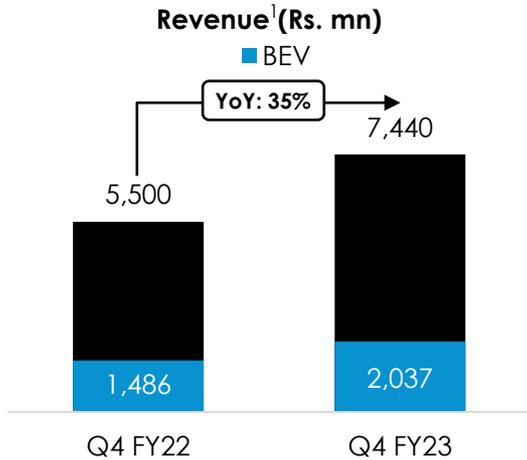
Note: The product images shown are for illustration purposes only and may not be an exact representation of the products



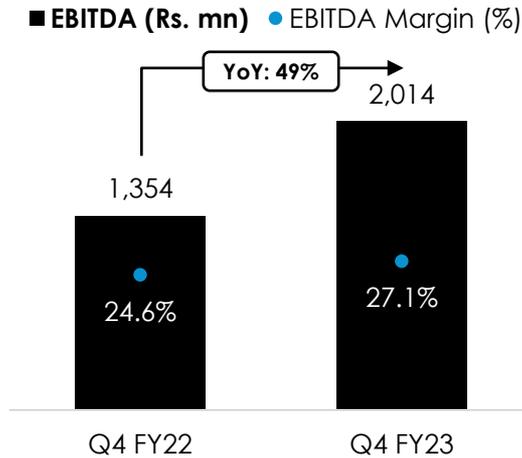
Q4 & FY23 Financial Update

Our final drive gears

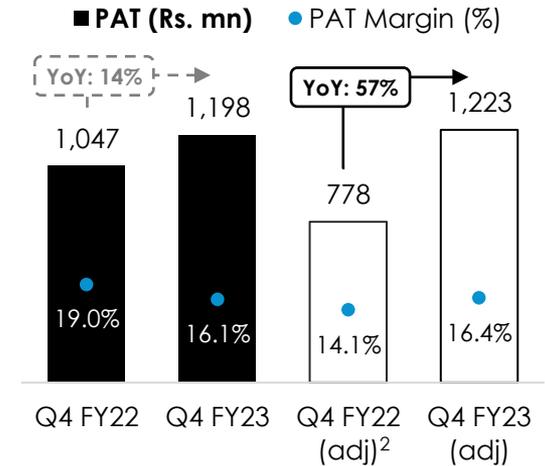
Q4 FY23 Financials



- Highest ever BEV revenue
 - Up 37% YoY
 - 28% of total sales
- Non-BEV Revenue grew by a robust 35% while light vehicle sales in our top-3 markets (North America, India, and Europe) grew by 11%



- EBITDA Margin is higher by ~2.5% largely due to positive impact from operating leverage and product mix

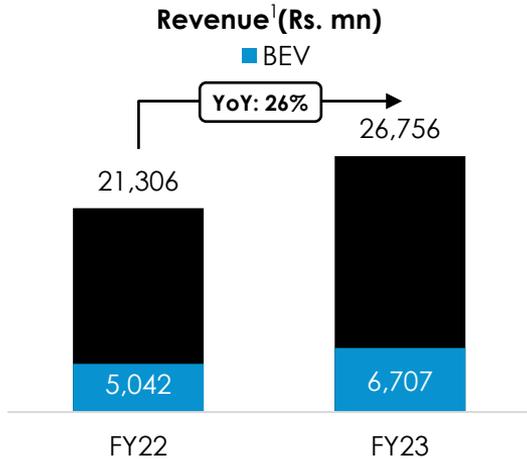


- Lower net finance cost and depreciation (as % of revenue) has resulted into better margin transmission between EBITDA and adjusted PAT
- PAT for Q4FY23 is adjusted for exceptional expenses related to diligence work for acquisition
- PAT for Q4FY22 is adjusted for one time tax impact

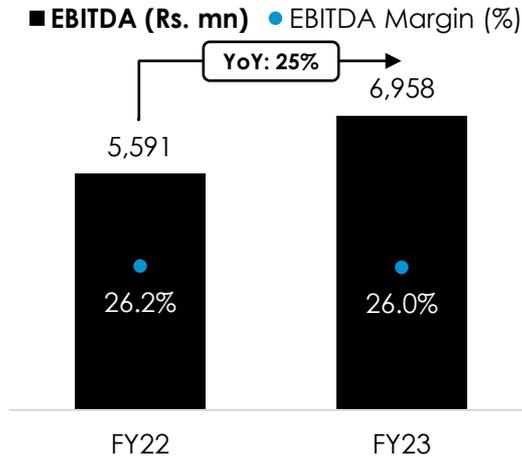
Notes:

1. Revenue includes net gain from foreign exchange
2. Adjusted PAT as shown on page no. 22 of [Q4 FY22 earnings presentation](#)

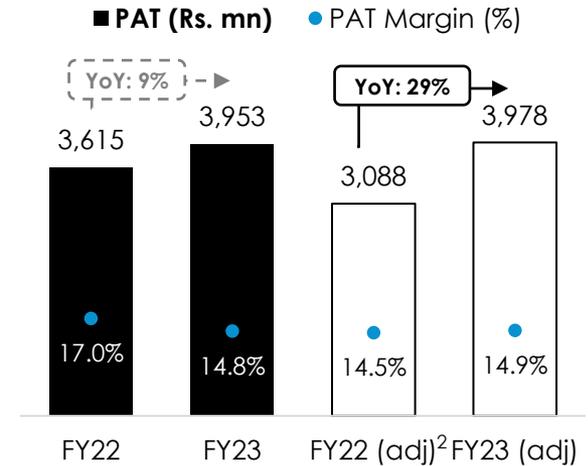
FY23 Financials



- BEV Revenue grew by 33% and constitutes 26% of total revenue
- Non-BEV Revenue grew by 23% while light vehicle sales in our top-3 markets (North America, India, and Europe) grew by only 2%



- EBITDA Margin was lower by ~0.2% despite positive impact of product mix and operating leverage, largely due to increase in RM prices (because of "arithmetic effect") despite material price passthrough)



- Lower net finance cost has resulted into better margin transmission between EBITDA and adjusted PAT
- PAT for FY23 is adjusted for exceptional expenses related to diligence work for acquisition
- PAT for FY22 is adjusted for one time tax impact and IPO expense reversal

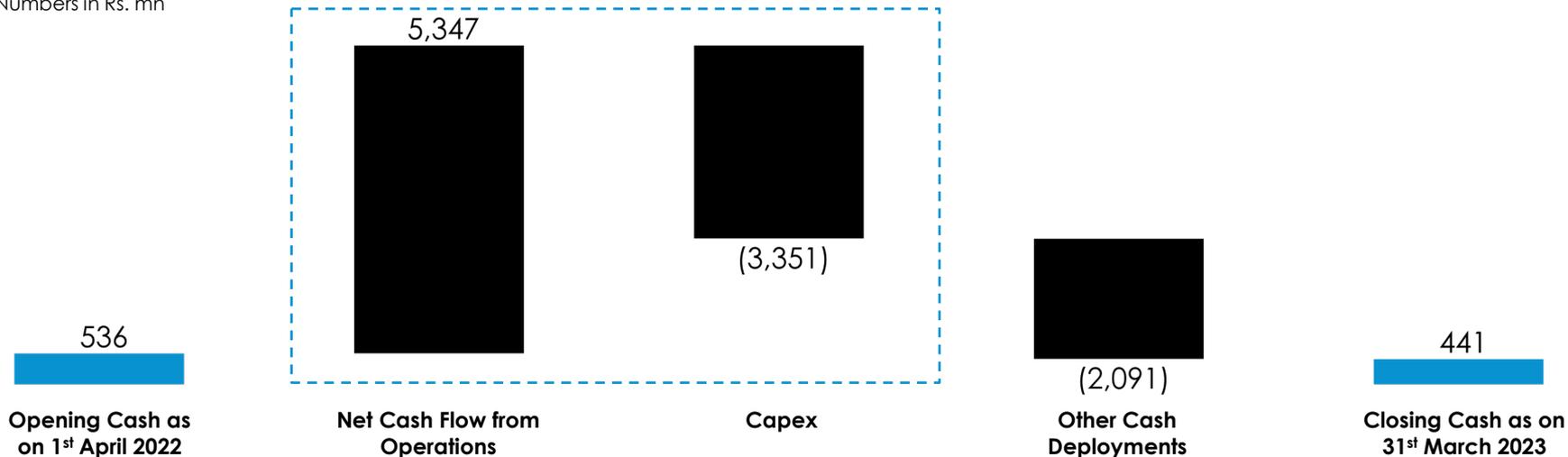
Notes:

1. Revenue includes net gain from foreign exchange
2. Adjusted PAT as shown on page no. 23 of [Q4 FY22 earnings presentation](#)

FCFO of INR 1,996 mn in FY23

Numbers in Rs. mn

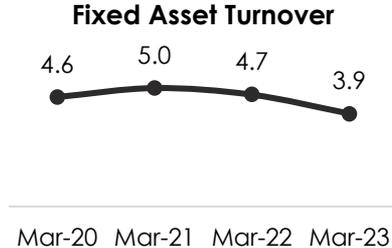
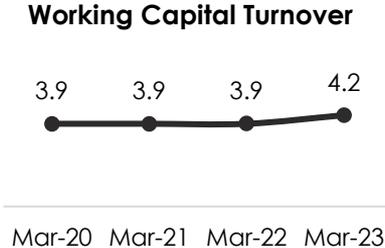
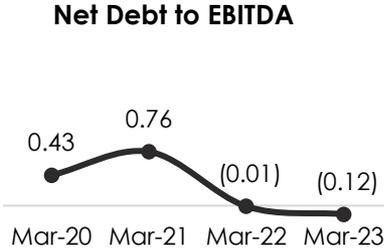
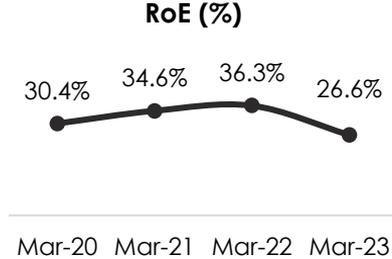
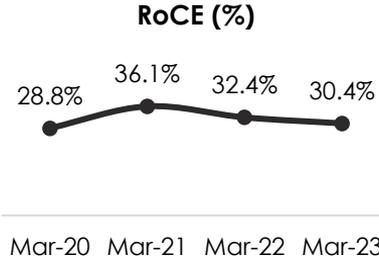
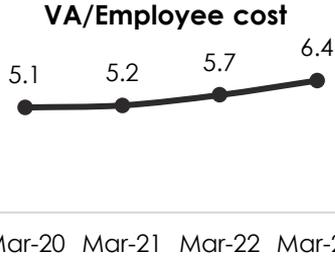
Free Cash Flow from Operations: INR 1,996 mn



EBITDA	6,958
Δ Working capital	(812)
Tax paid	(1,102)
Others	303

Investments	(2,287)
Net loan drawdown	1,471
Dividend	(1,199)
Others	(76)

Key Ratios



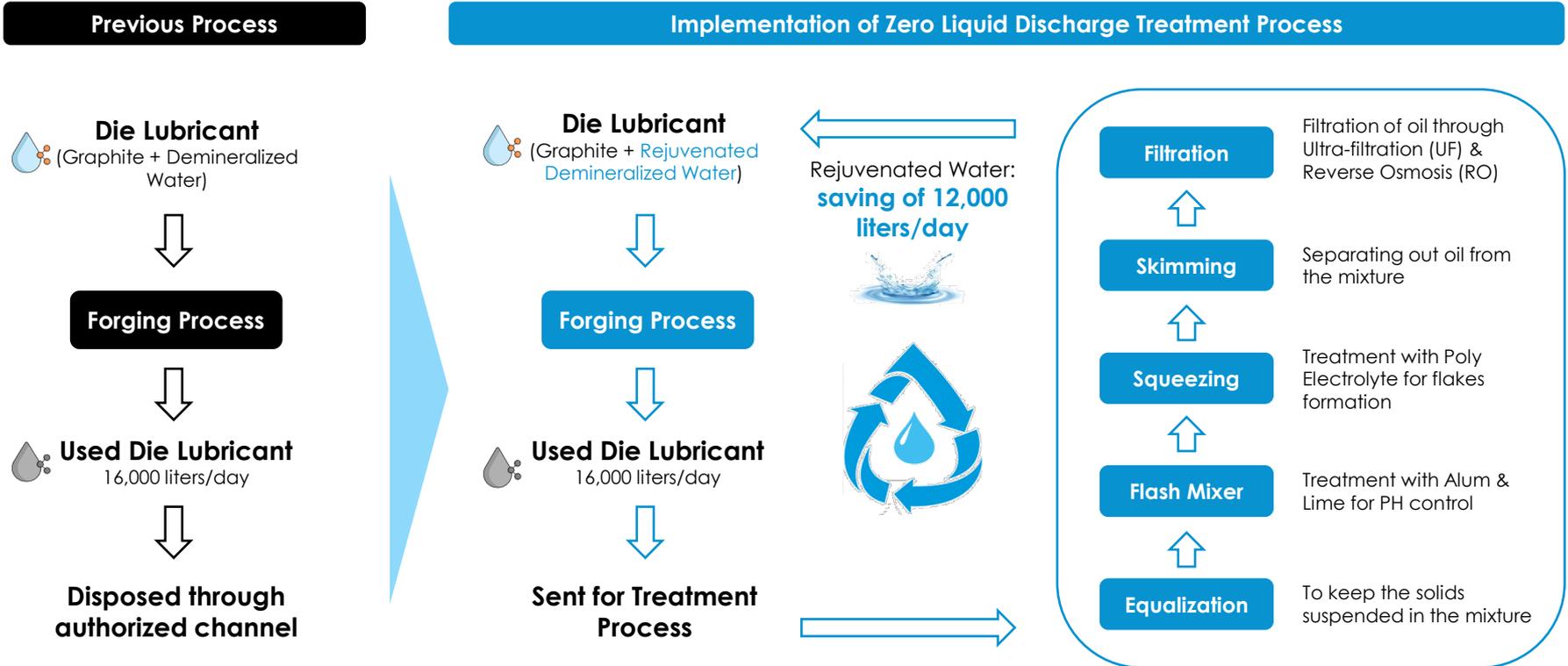
Note:

- 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

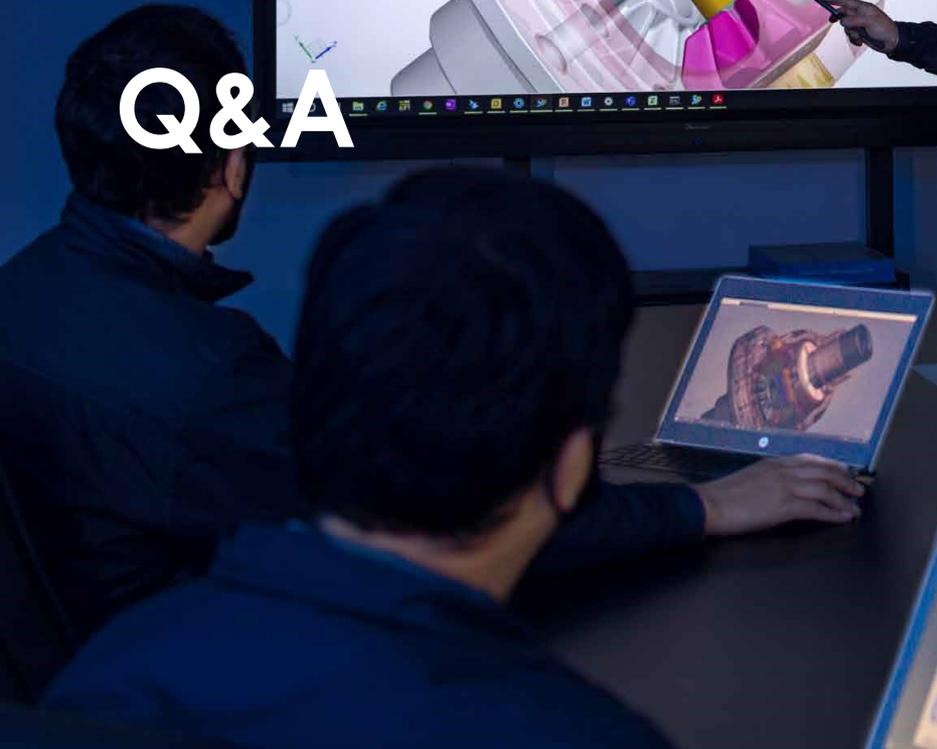
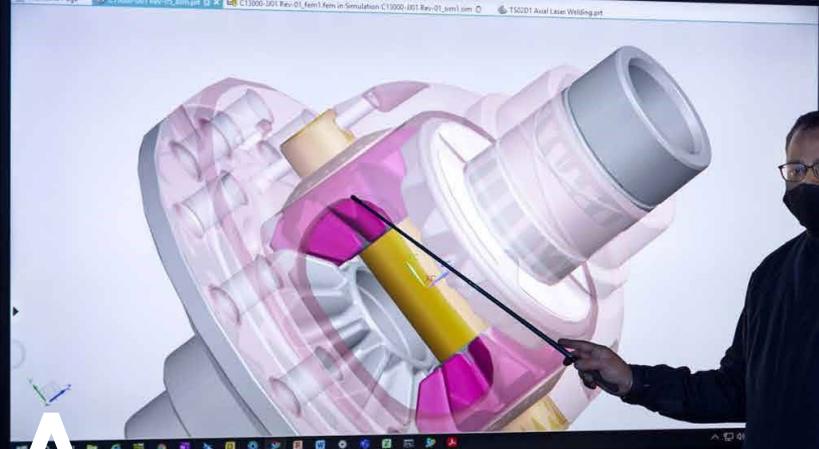
The image features a dense, close-up view of dark green fern fronds. The leaves are finely divided and have a slightly serrated edge. The lighting is dramatic, with some fronds in the foreground appearing brighter and more detailed, while others in the background are in deep shadow, creating a rich, textured appearance. The overall color palette is a range of greens, from deep forest green to a slightly lighter, more vibrant green where the light hits.

ESG Update

We implemented an innovative solution to reduce waste disposal by 75% and recycle 12,000 liters of water per day



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

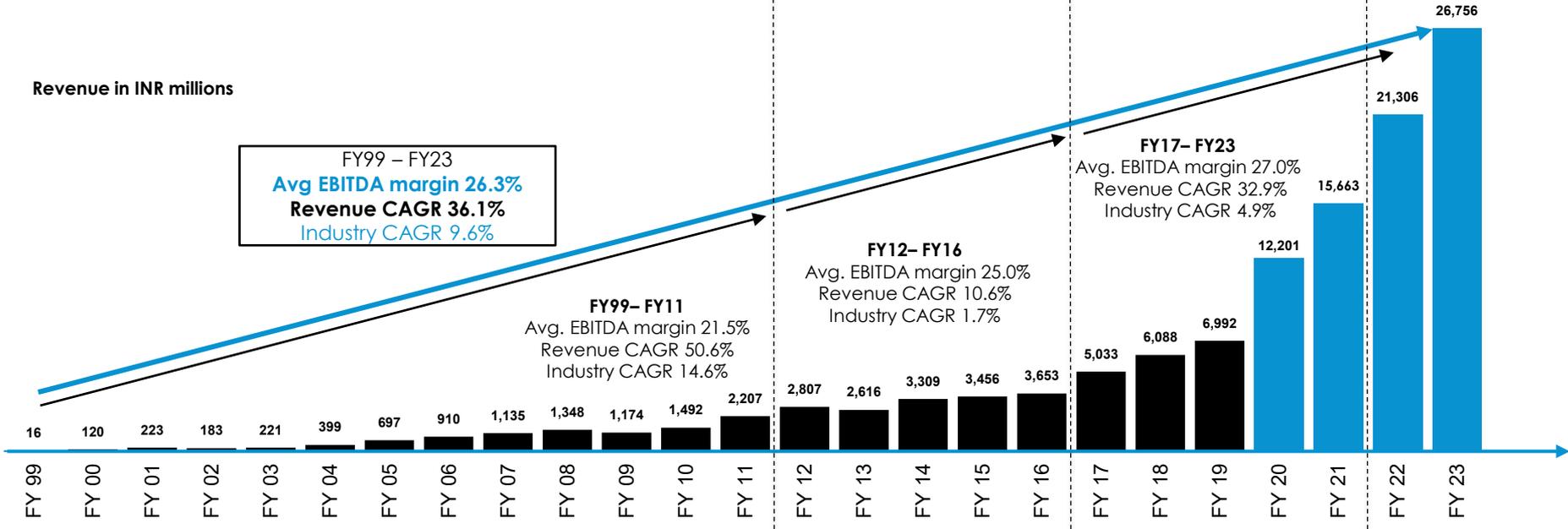
Phase - 3

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

Phase - 4

- Started journey as public company
- 68 customers
- 9 plants
- 17 products

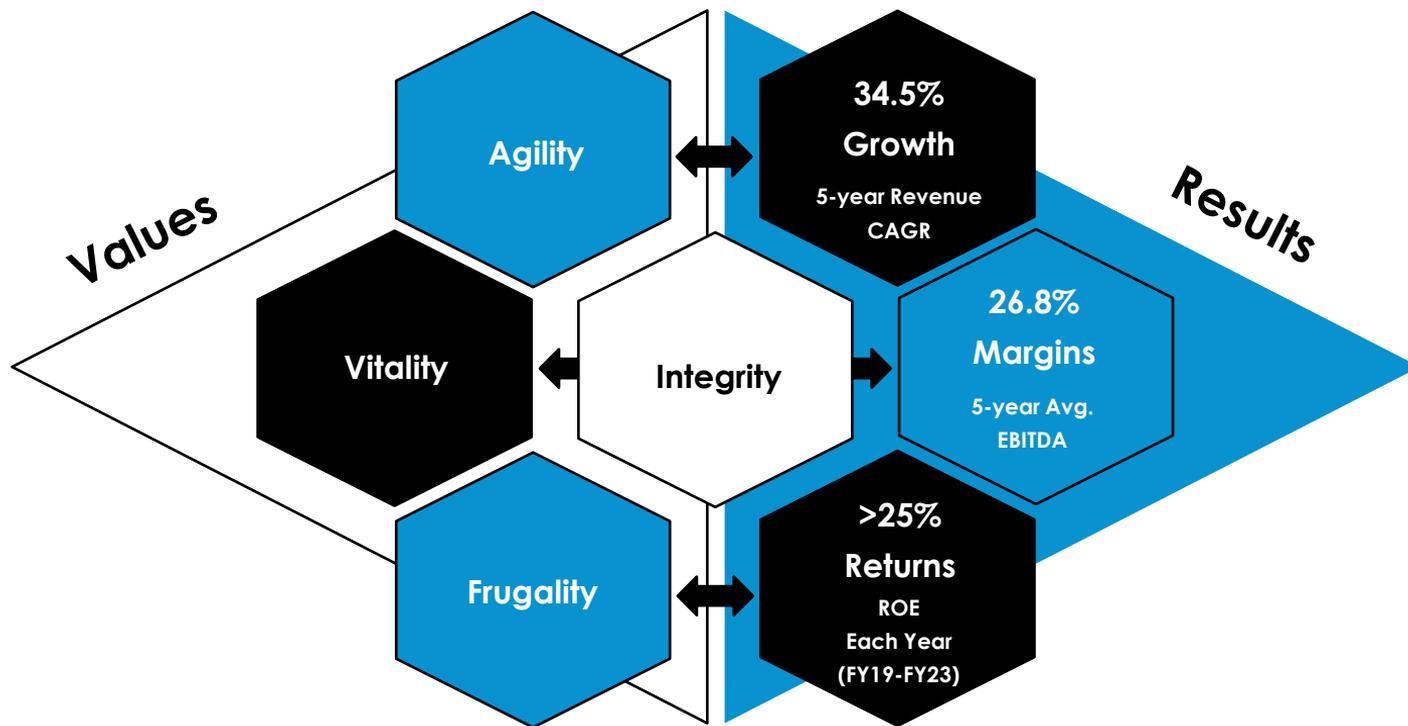
Revenue in INR millions



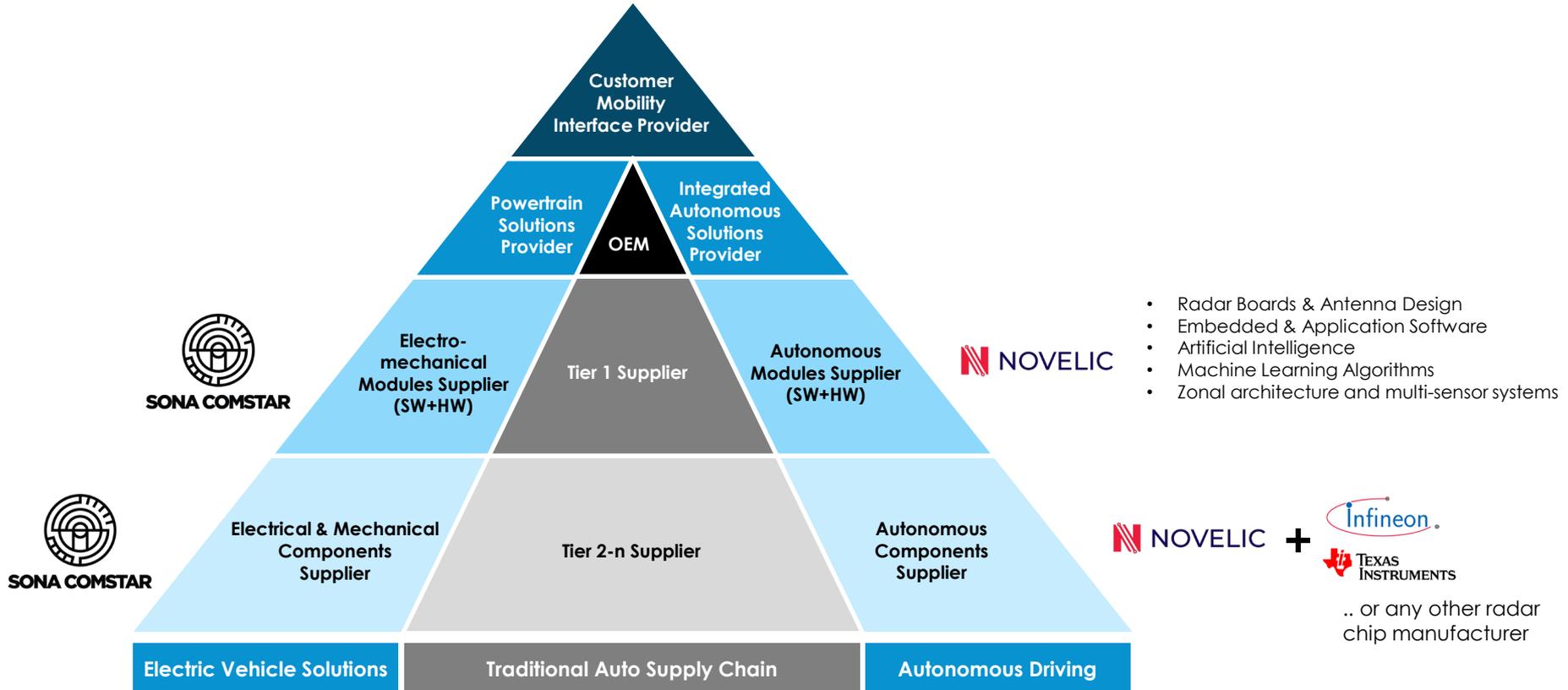
Notes:

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

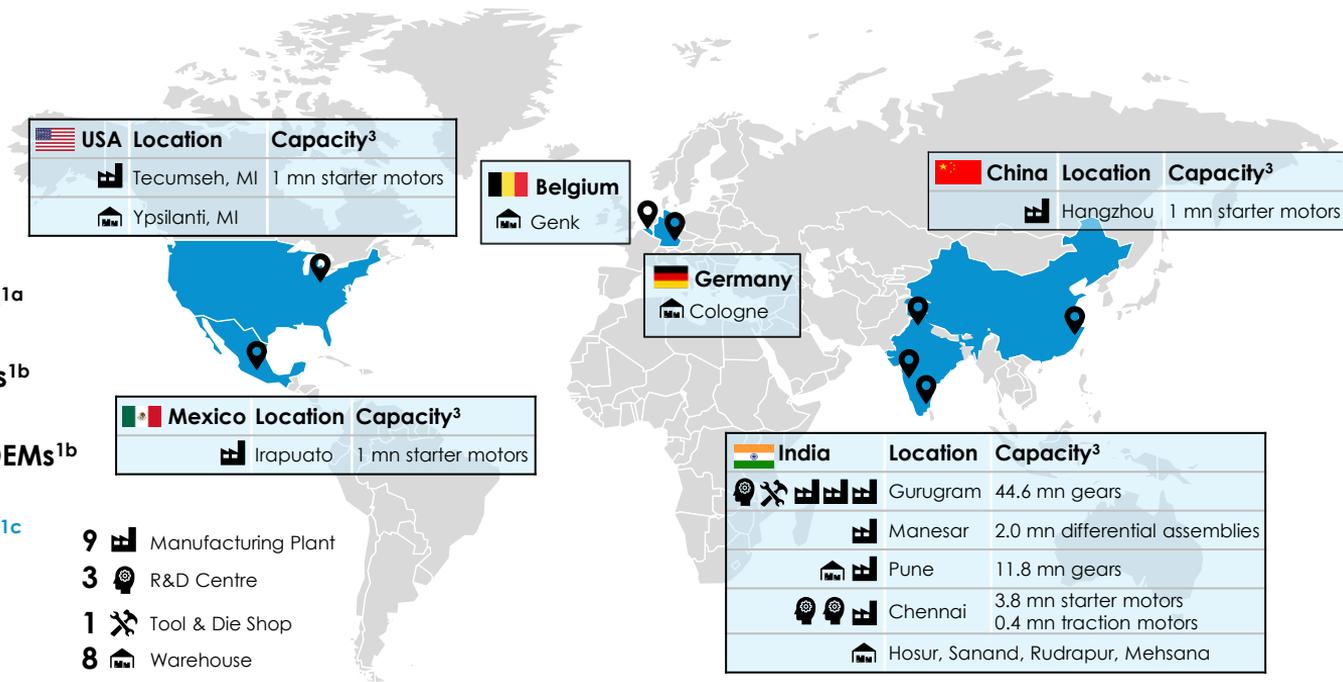
Guided by Values



Vertically-integrated and modular electro-mechanical and autonomous solutions provider for the new EPIC value chain



Established Global Presence to Serve Customers Locally



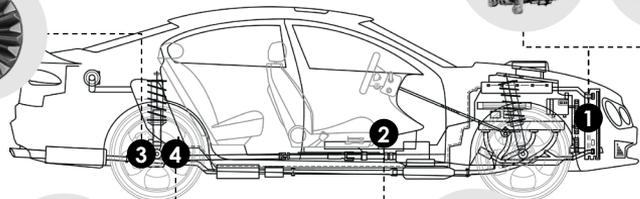
- 7 of the world's top 10 PV OEMs^{1a}
- 3 of the world's top 10 CV OEMs^{1b}
- 7 of the world's top 10 tractor OEMs^{1b}
- 5 of the world's top 15 EV OEMs^{1c}
- 4 of the Indian top 15 Indian e-2-Wheeler OEMs^{1d}

Notes:
 1. Data Source: a) BofA Global Automobiles Report; b) Ricardo Report; c) EV-Volumes; d) Vahan Database; Company Analysis
 2. Capacity as of March 2023

Product Summary

Differential Bevel Gears

Passenger Vehicles



Belt Starter Generator Starter Motor



Differential Assembly



Reverse Idler

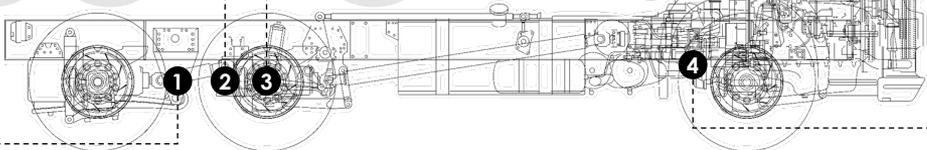


Inter-Axle Gear Set



Coupling/ Sleeves

Differential Bevel Gears



Commercial Vehicles

Off Highway Vehicles

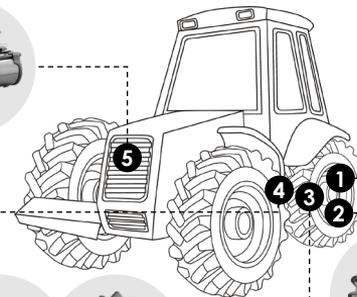
Starter Motor



Differential Assembly



Spiral Bevel Gears



Portal Axle Gears



Differential Bevel Gears

Starter Motor*



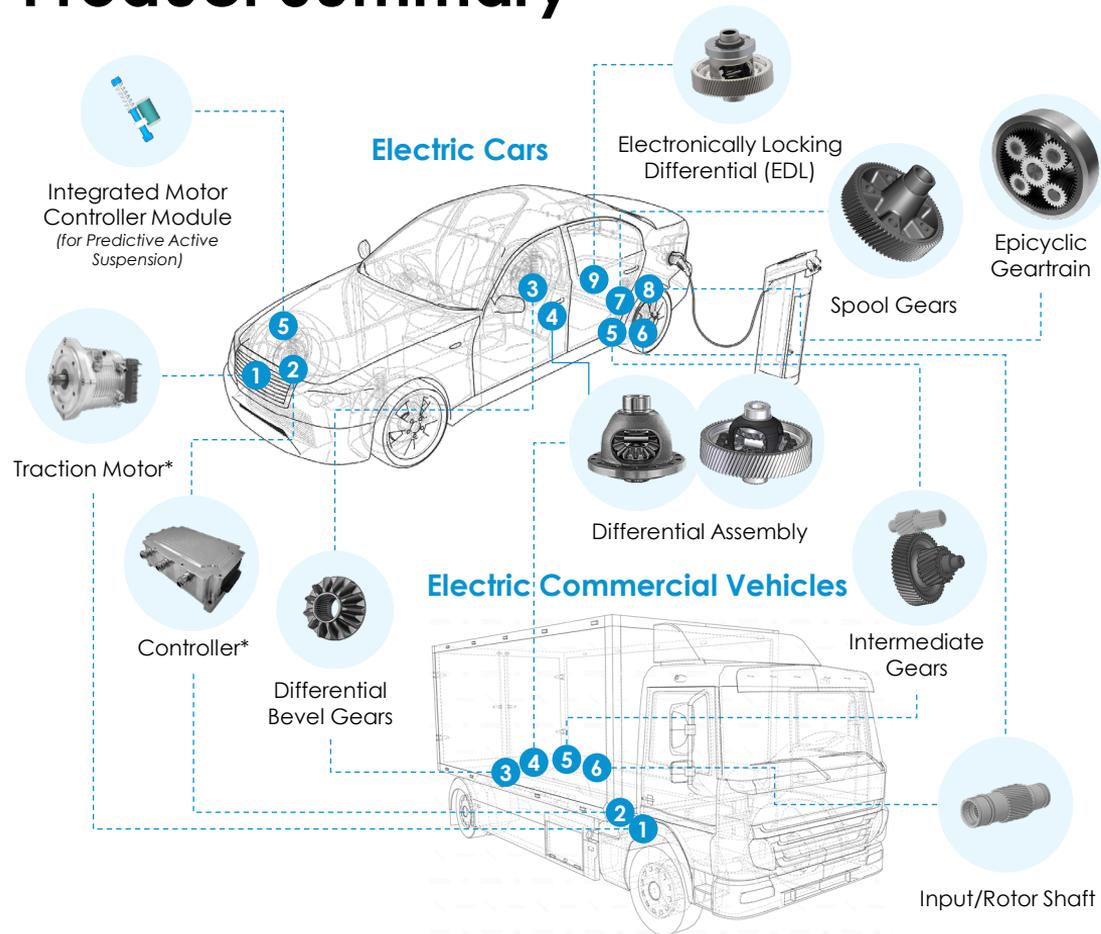
Epicyclic Geartrain/Gears



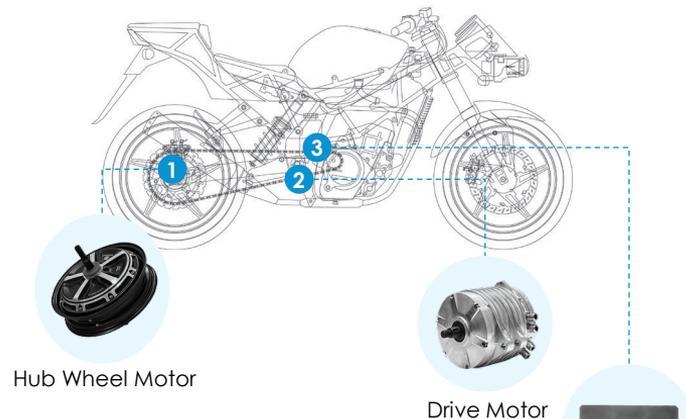
* Product under development

Product Summary

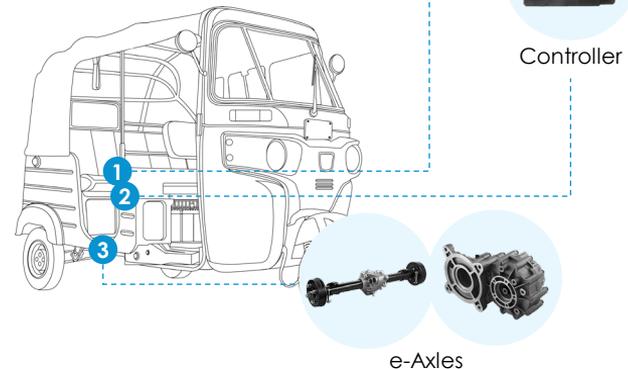
Electric Cars



Electric 2-Wheelers



Electric 3-Wheelers

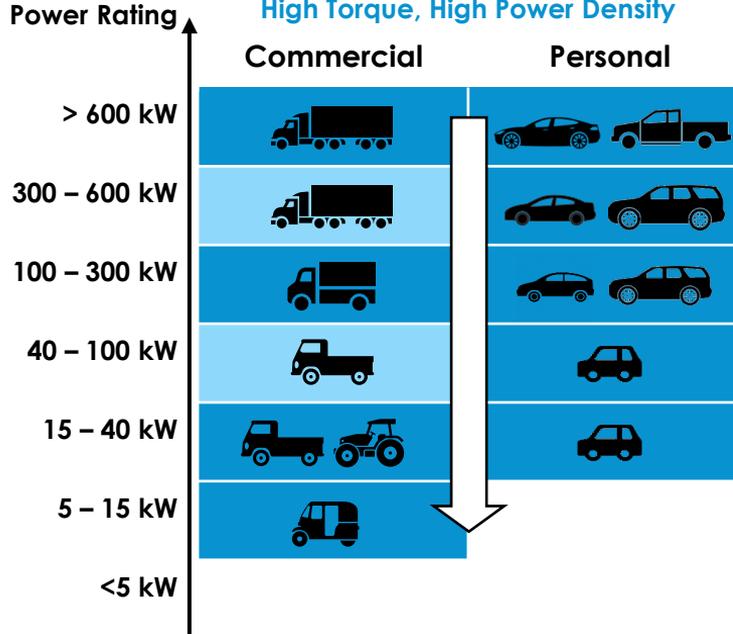


* Product under development

Electrification: Our Approach to Market

Driveline Solutions

Core Strength:
High Torque, High Power Density



In serial production or in orderbook

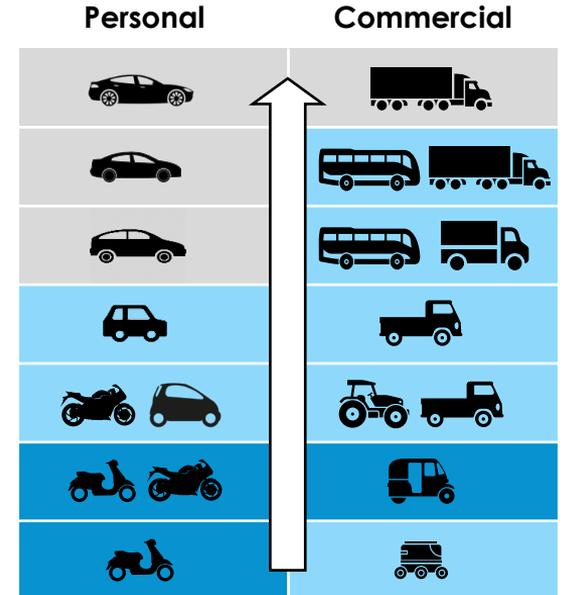
To be added between CY23-25

EV Products



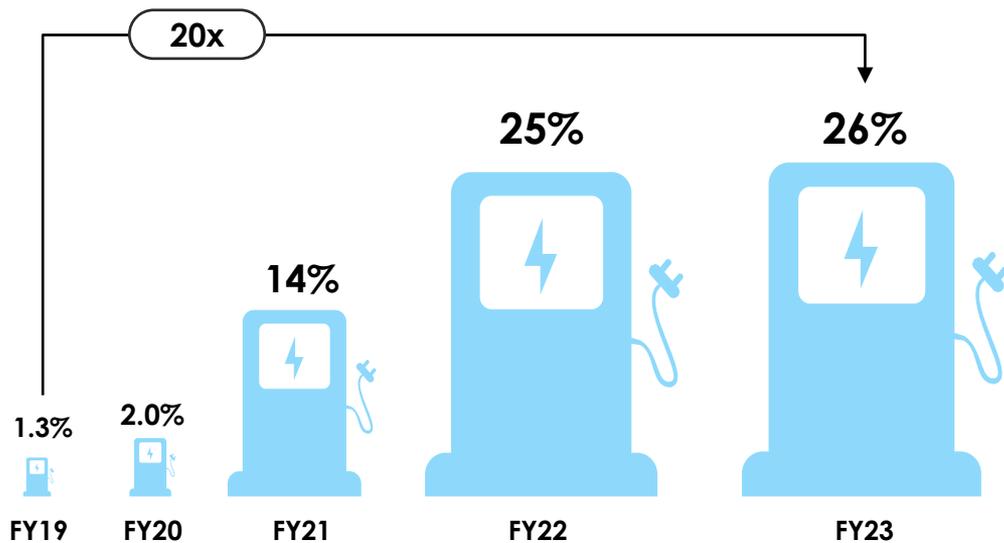
Motor Solutions

Core Strength:
Low Voltage, High Power Density

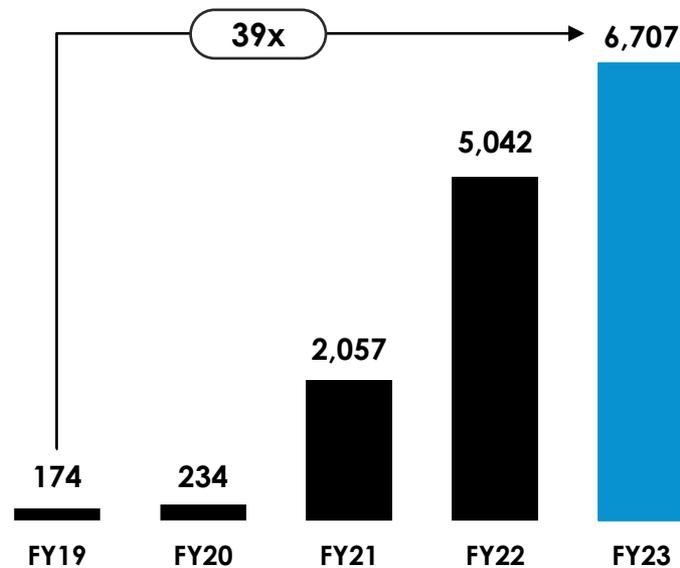


Revenue share from BEV has grown 20x over 4 years, with absolute BEV revenue growth at 39x

Revenue from BEV (%)



BEV Segment Revenue (Rs. mn)



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

Illustration of change in margin with 100% RM cost 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%	350 bps	51.5%

Ceteris paribus, 15% RM price increase should lead to 350 bps margin decline even with 100% RM cost passthrough

