



**SONA COMSTAR**

# **Q2 & H1FY22 Earnings Presentation**

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**27 October 2021**

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# Our Management Team



**Mr. V. Vikram Verma**  
*CEO, Driveline Business*



**Mr. Kiran Manohar  
Deshmukh**  
*Group CTO*



**Mr. Sat Mohan Gupta**  
*CEO, Motor Business*



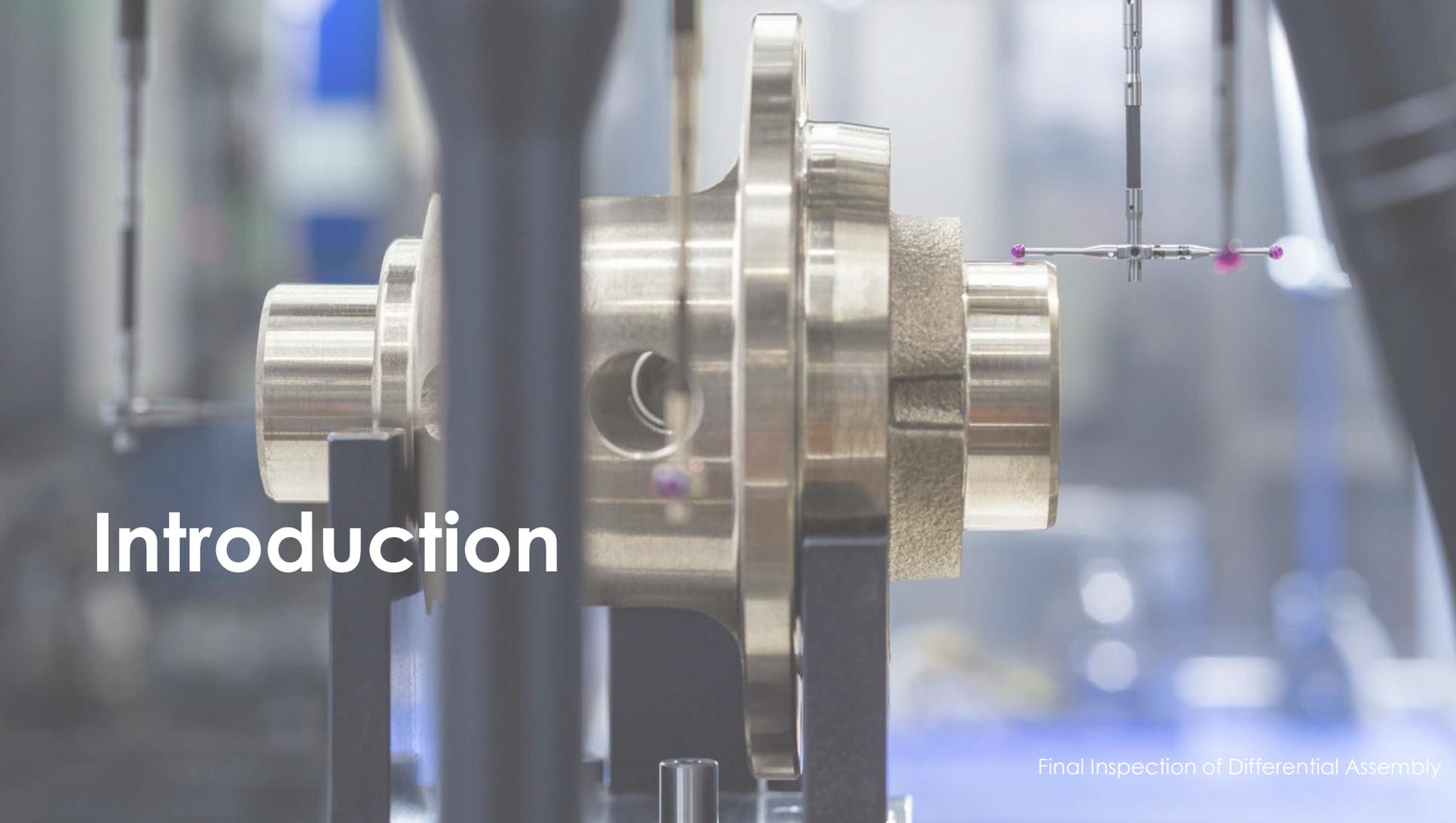
**Mr. Rohit Nanda**  
*Group CFO*



**Mr. Vivek Vikram Singh**  
*MD & Group CEO*

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Our Strategic Priorities	<b>13</b>
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# Introduction

Final Inspection of Differential Assembly

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# One Vision

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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

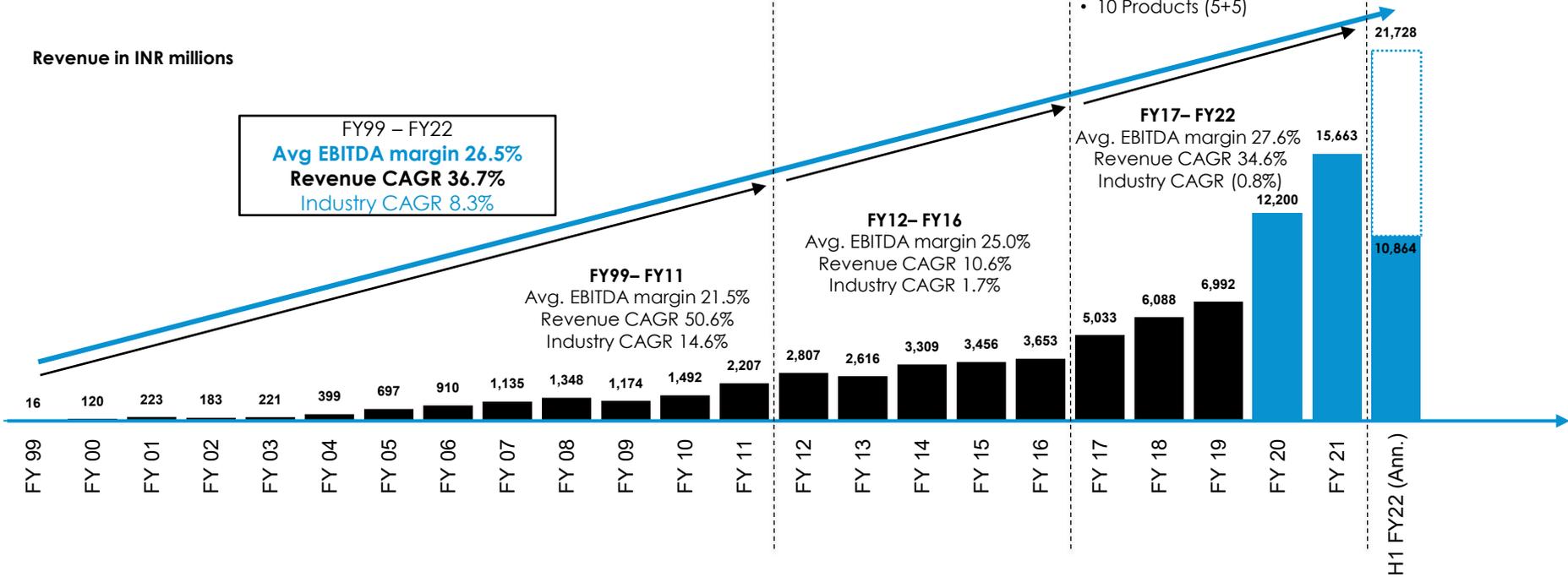
## Phase - 3

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

## Phase - 4

- Started journey as public company

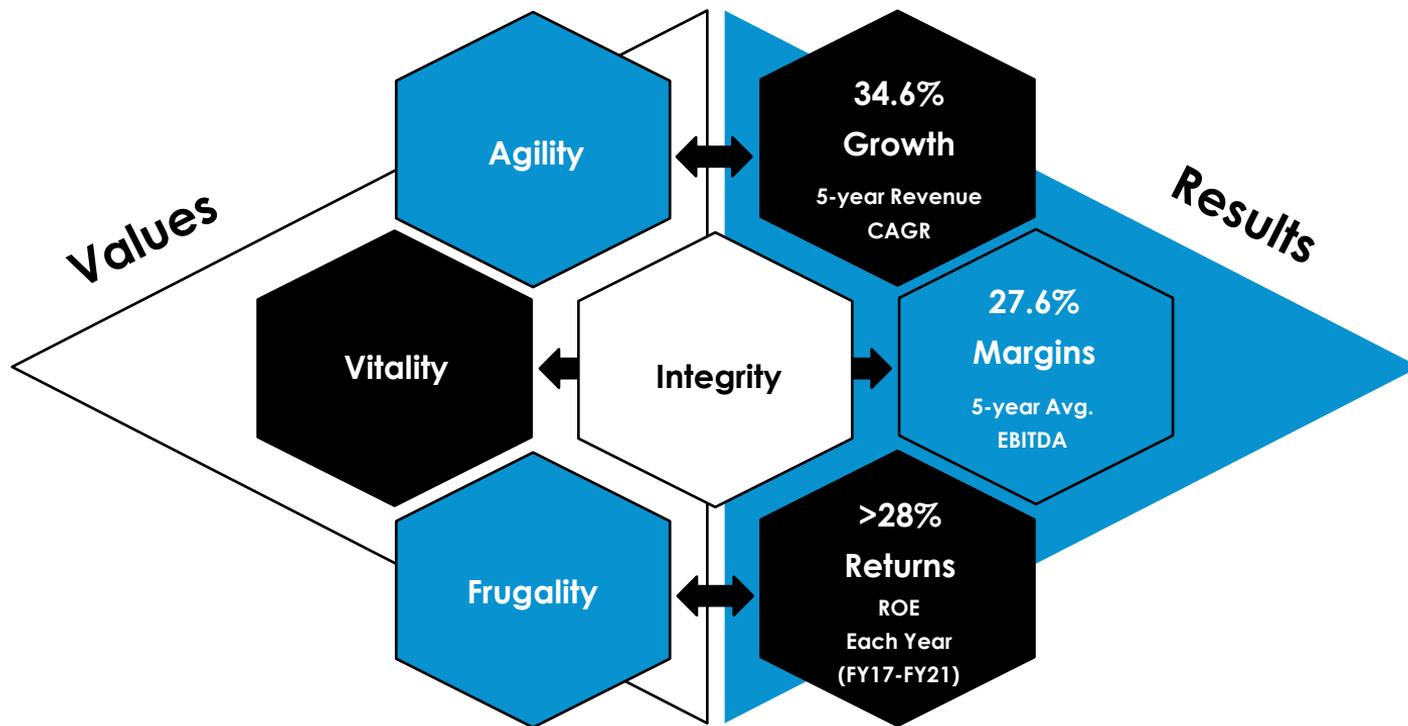
Revenue in INR millions



### Notes:

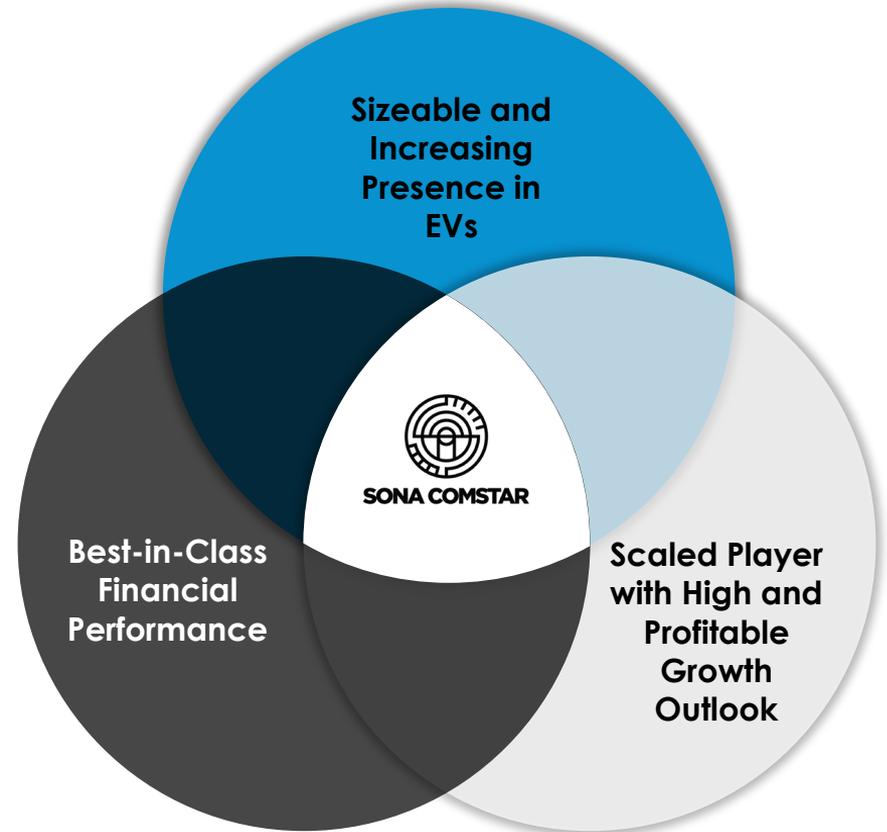
1. FY20, FY21 and H1 FY22 include Comstar
2. Industry data source: SIAM

# Guided by Values



# Our Value Proposition

We are one of the world's leading automotive technology companies, designing, manufacturing and supplying mission-critical complex systems and components for both **electrified** and non-electrified powertrain segments



# Sizeable and Increasing Presence in EVs

**21%**

H1 FY22 Revenue Share  
from BEV

**2,206 mn**

H1 FY22 BEV segment  
revenue

**223%**

H1 FY22 BEV revenue  
YoY growth

**17**

**(5+12)<sup>1</sup>**

BEV Programs<sup>1</sup> awarded  
across 10 customers as at the  
end of Q1 FY22

**+3**



**20**

**(7+13)<sup>1</sup>**

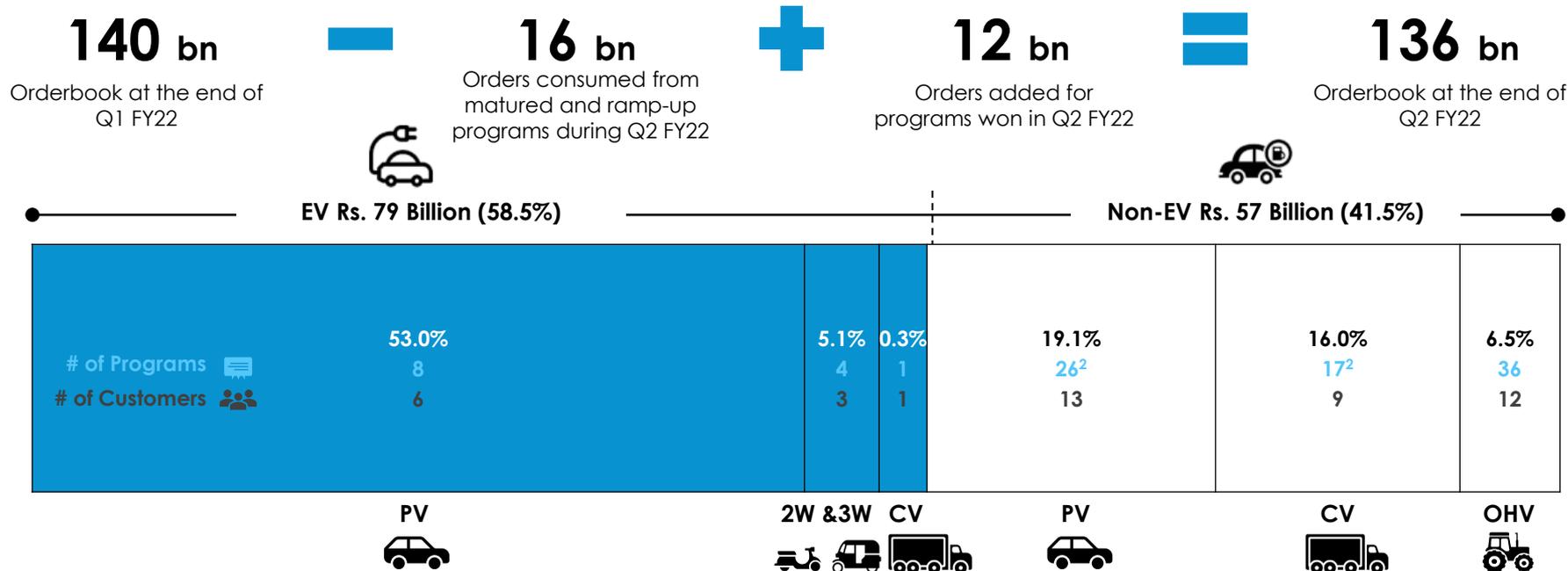
BEV Programs<sup>1</sup> awarded  
across 11 customers as at the  
end of Q2 FY22

## Notes:

1. Include 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)

# Scaled Player with High and Profitable Growth Outlook

Our net order book<sup>1</sup> at Rs. 136 billion is 8.7x FY21 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.
2. In slide 11 of Q1 FY22 Earnings Presentation, the number of programs for Non-EV PV and Non-EV CV were mistakenly interchanged and were mentioned as 15 and 23 respectively, however the correct numbers were 23 and 15 respectively. The corrected slide has been put in the Appendix of this presentation.

# Best-in-Class Financial Performance: Q2 FY22 Highlights

**5,857** mn | **52%**

Revenue | YoY Growth

**1,544** mn | **24%**

EBITDA | YoY Growth

**882** mn | **22%**

PAT | YoY Growth

**26.4%** EBITDA Margin

**15.1%** PAT Margin

**1,239** mn | **143%**

BEV Revenue | YoY Growth

**22%**

Q2 FY22 Revenue Share  
from BEV

# Best-in-Class Financial Performance: H1 FY22 Highlights

**10,864 mn | 102%**

Revenue | YoY Growth

**2,931 mn | 90%**

EBITDA | YoY Growth

**27.0%** EBITDA Margin

**1,705 mn | 136%**

PAT | YoY Growth

**15.7%** PAT Margin

**6.4%**

Global Market Share  
of Differential Gears<sup>1</sup>

**5.0%**

Global Market Share  
of Starter Motors<sup>2</sup>

**34.7%**

RoCE<sup>3</sup>

## Notes:

1. For 9M CY21; as per Ricardo report
2. For 9M CY21; across light vehicles; as per Ricardo report
3. H1 FY22 annualised

The image shows four glowing orange, net-formed differential gears arranged on a dark metal mesh conveyor belt. The gears are illuminated from below, creating a bright orange glow. The background is dark and industrial, suggesting a factory setting. The text "Our Strategic Priorities" is overlaid in white on the left side of the image.

# Our Strategic Priorities

Net formed differential gears coming out of our forging press

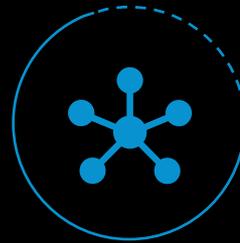
# Our Strategic Priorities



**Electrification**



**Global Market  
Significance**



**Diversification**



**Technology**

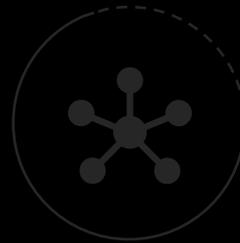
# Our Strategic Priorities



**Electrification**



**Global Market  
Significance**



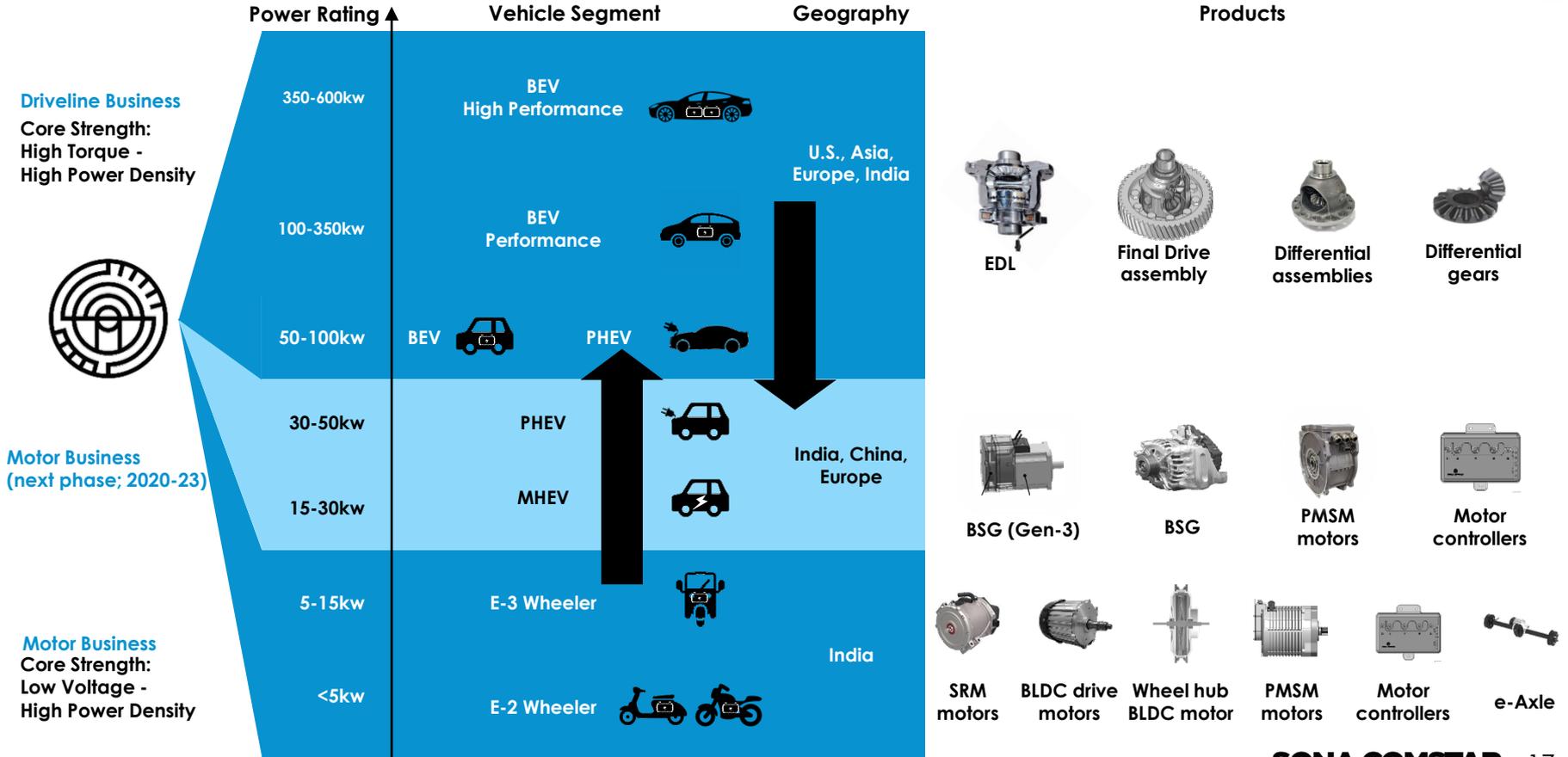
**Diversification**



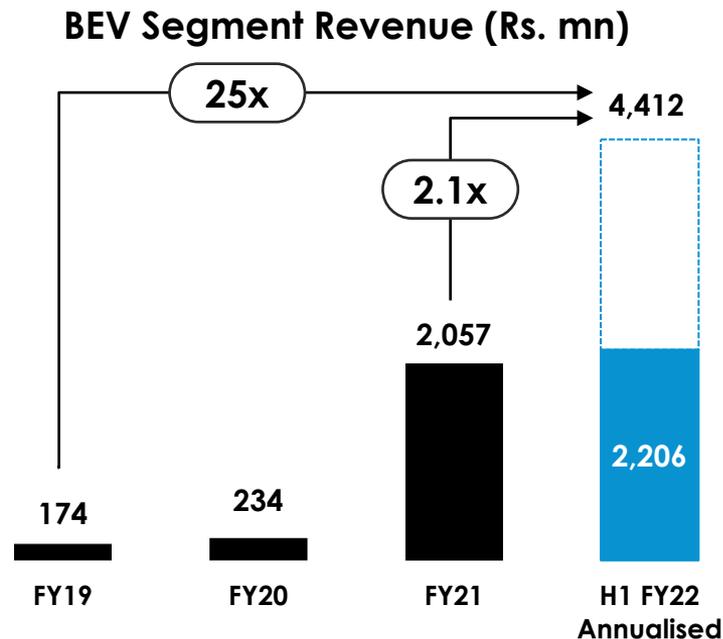
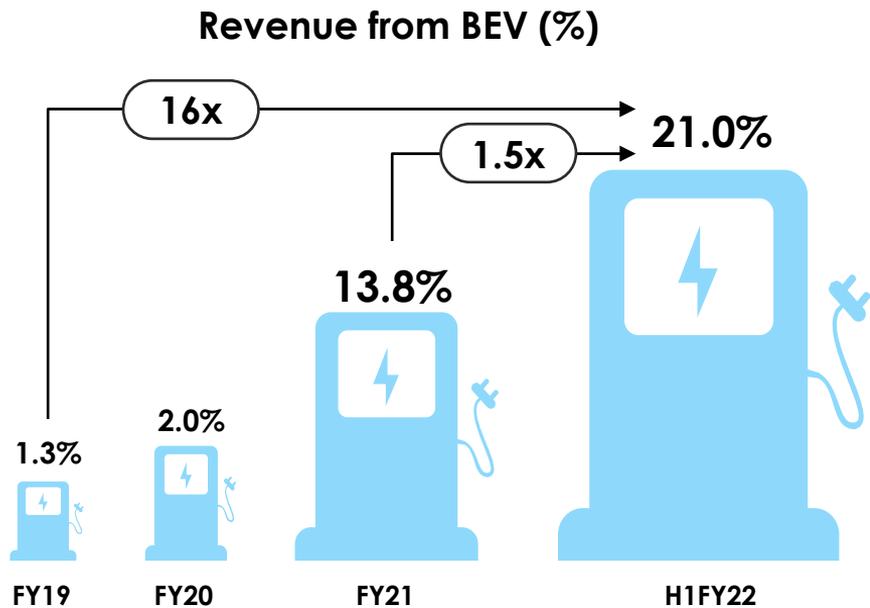
**Technology**



# Electrification: Our Approach to Market



# Revenue share from BEV has grown 16x over 3 years, with absolute BEV revenue growth at 25x



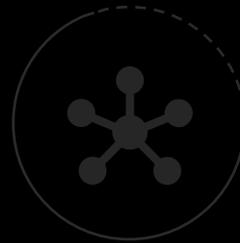
# Our Strategic Priorities



Electrification



Global Market  
Significance



Diversification



Technology

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



## Differential Gears<sup>1</sup>



## Starter Motors<sup>1</sup>



While we continue to dominate the Indian market for Differential Gears

### Passenger Vehicles



55-60%<sup>2</sup>

### Commercial Vehicles



80-90%<sup>2</sup>

### Tractors



75-85%<sup>2</sup>

#### Notes:

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

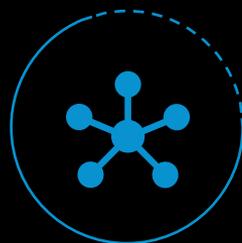
# Our Strategic Priorities



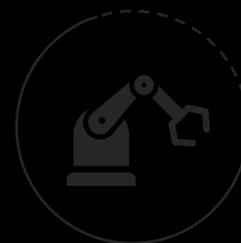
Electrification



Global Market  
Significance



Diversification



Technology

## Well diversified across categories

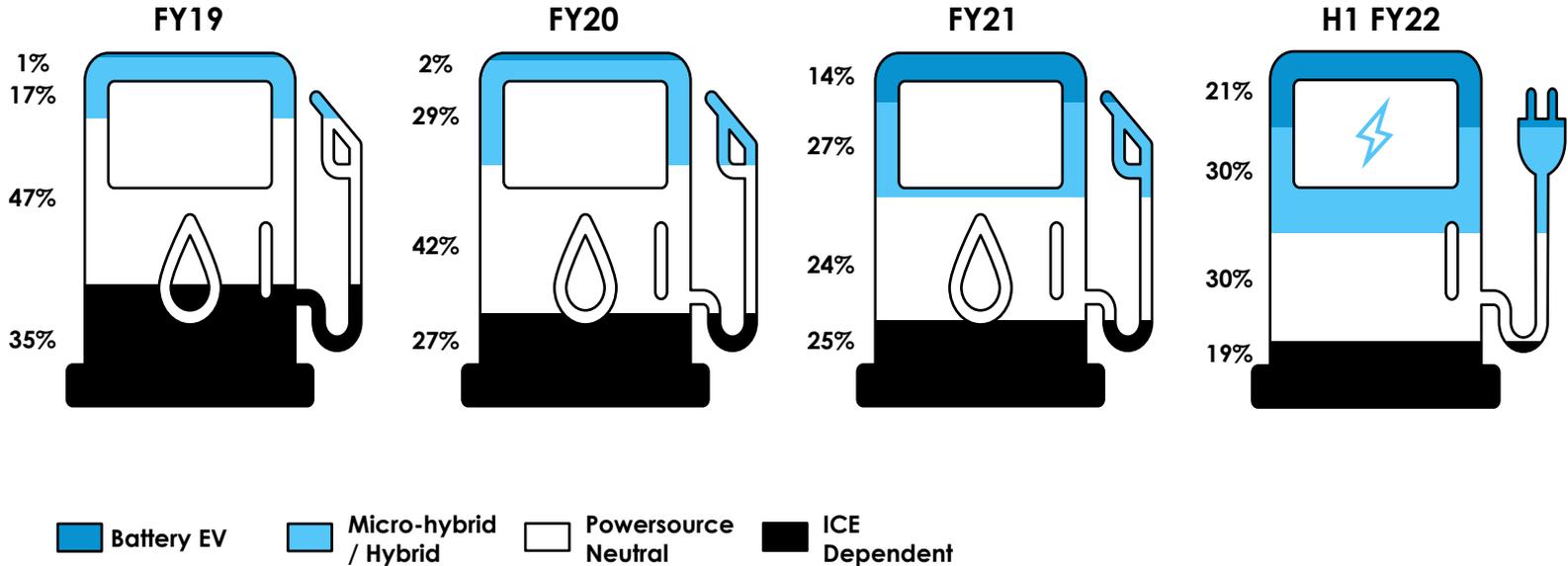
Products, Powertrain, Geographies, and Vehicle segments



# Diversified Revenue Mix – By Powertrain

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

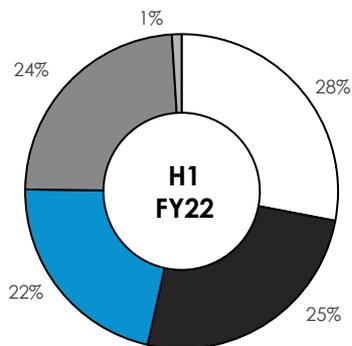
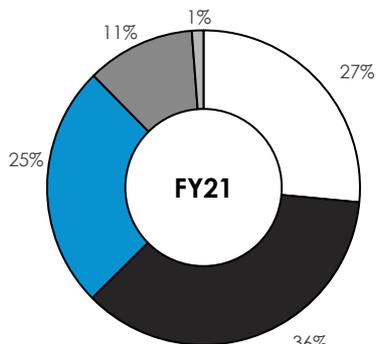
Our pure ICE dependence continues to reduce steadily going from 25.1% in FY21 to 19.2% in H1 FY22



# Diversified Revenue Mix

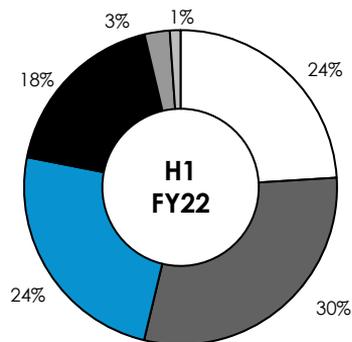
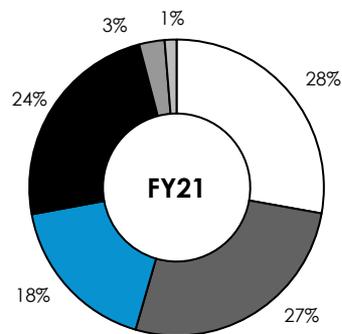


## By Geography



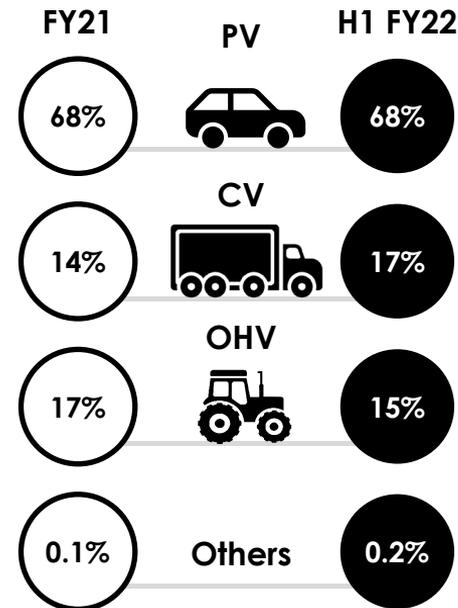
□ Europe ■ North America ■ India ■ Asia (excl. India) ■ RoW

## By Product



□ Differential Gears ■ Micro-Hybrid Starter Motors  
 ■ Differential Assembly ■ Conventional Starter Motors  
 ■ Others Gears ■ Others

## By Vehicle segment



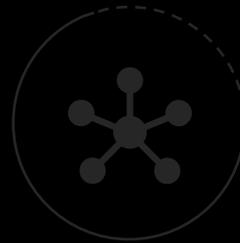
# Our Strategic Priorities



Electrification



Global Market  
Significance



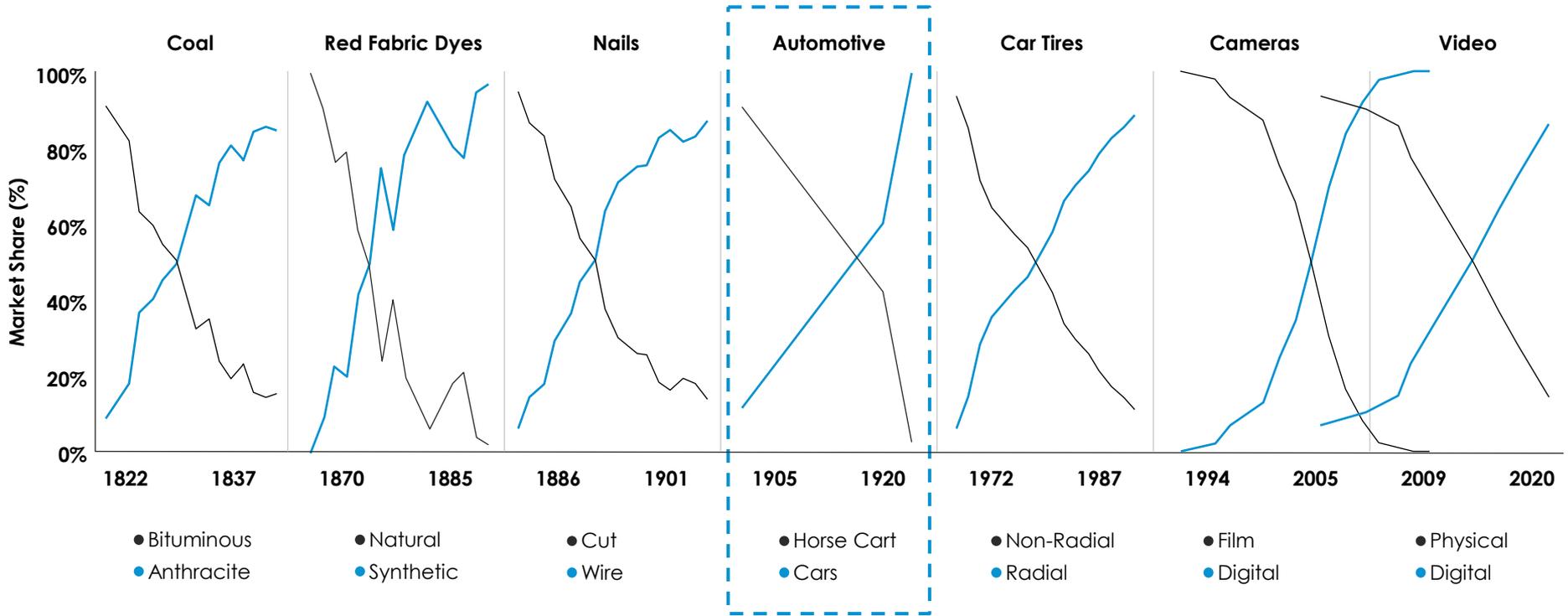
Diversification



**Technology -  
Electrification: The  
Biggest Disruption in  
Mobility**



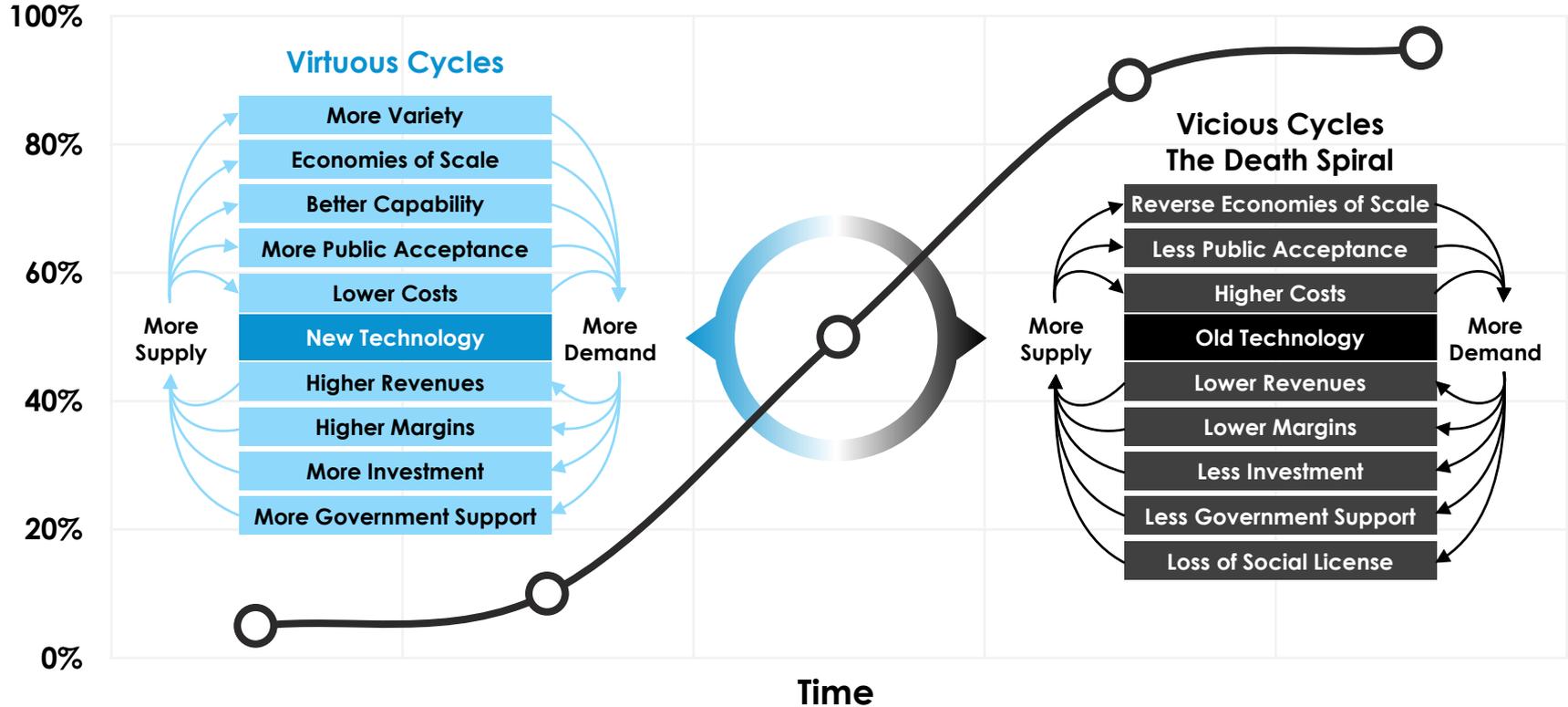
# Disruption and the 15 Year Rule





# Causal Feedback Loops Drive Disruption

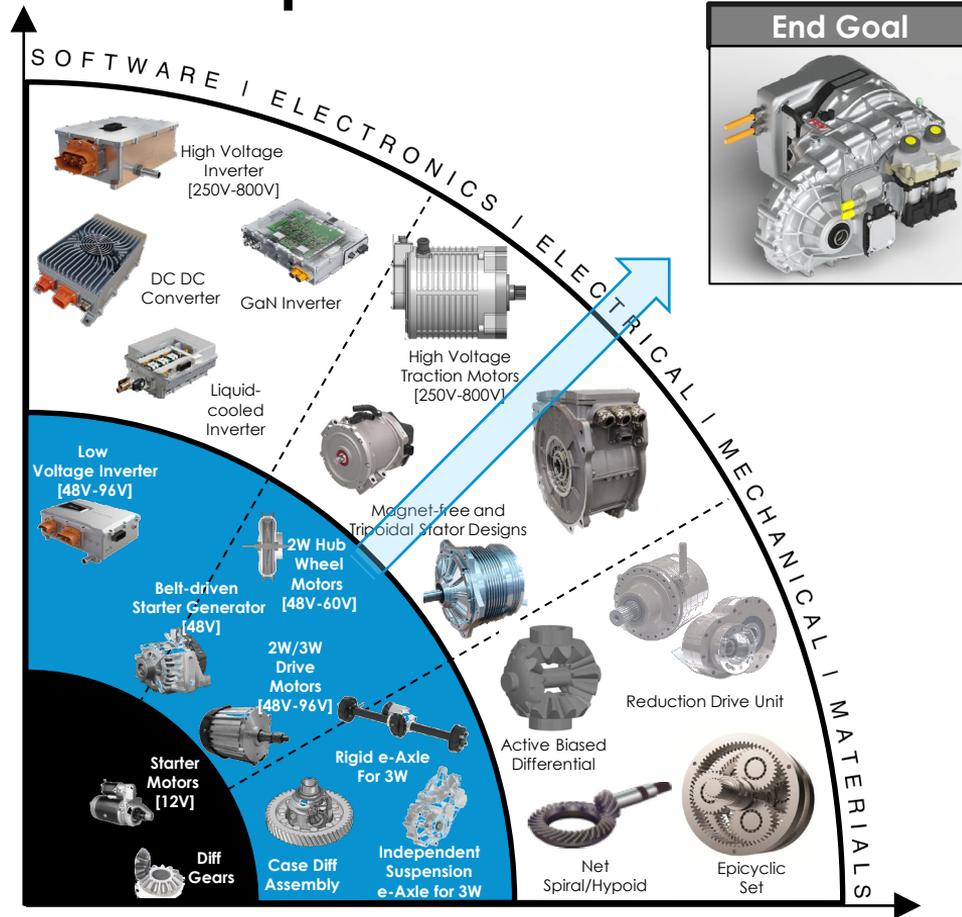
Market Share



# Technology Roadmap



- Future Products
- Current Products
- Legacy Products



**Integrated System**  
**[Mix and match components;**  
**Family of P4 e-Axle Units]**

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



# Enhancing Digital Skills of Employees

Making employees 'smarter' for our 'smart' factories

## Traditional challenges in the Auto Industry



Asset utilization



Time to market



Mass customization



Shorter product life cycles



Unpredictability of demand

## Enablers of Industry 4.0



Strategy & Leadership



IT Infrastructure



Employee Skills



1<sup>st</sup> in the automobile industry to upskill our workforce through NASSCOM's FutureSkills® Prime Program

- MeitY funded scheme conceptualized and constructed by NASSCOM
- Platform designed to develop digital fluency in new age technologies and build advanced skills
- Certification on emerging technologies and professional skills



Artificial Intelligence



Machine Learning



Internet of Things



Cyber Security



Design Thinking



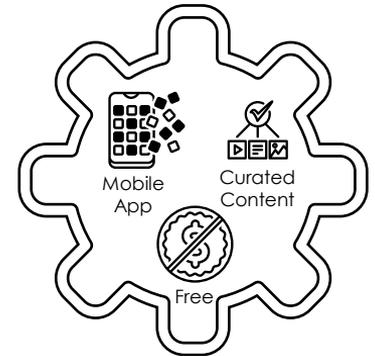
Creativity

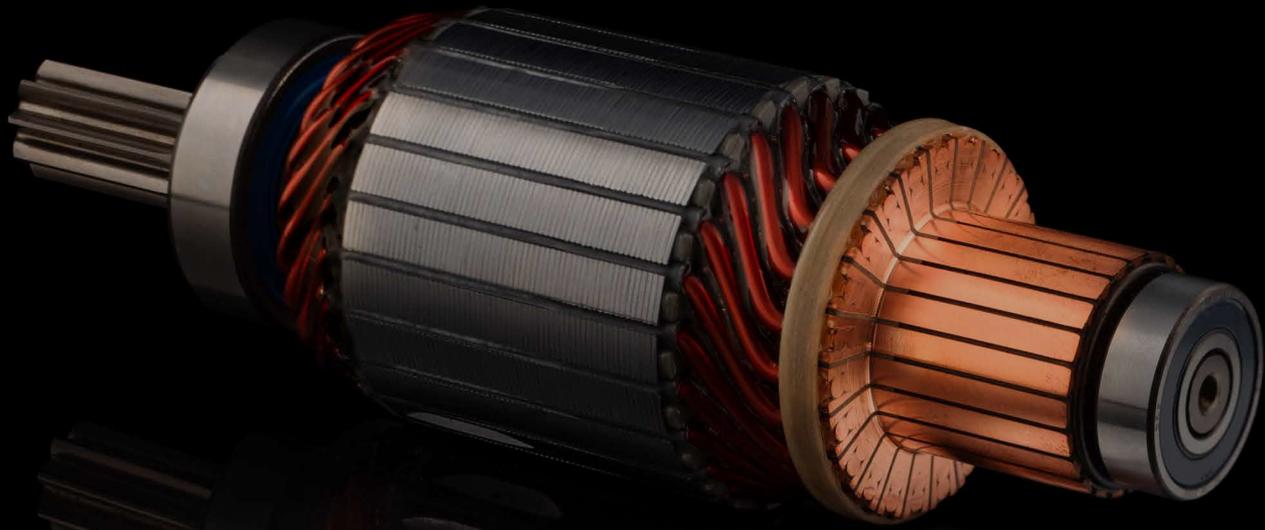


Problem Solving



Critical Thinking



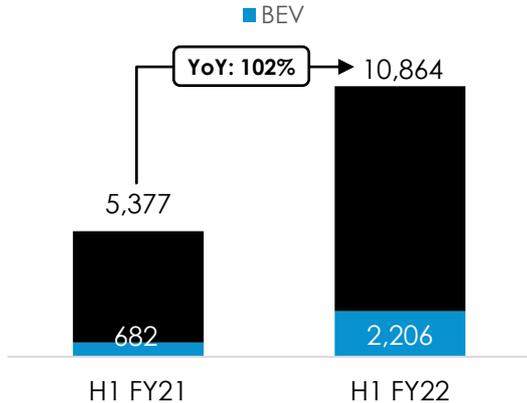


# Q2 & H1 FY22 Financial Update

Our armature used in starter motors

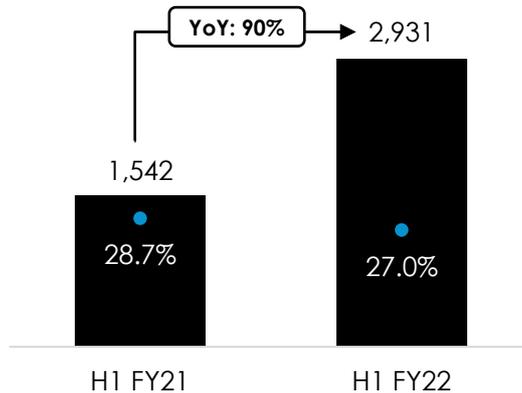
# H1 FY22 Financials – YoY Comparison

Revenue (Rs. mn)



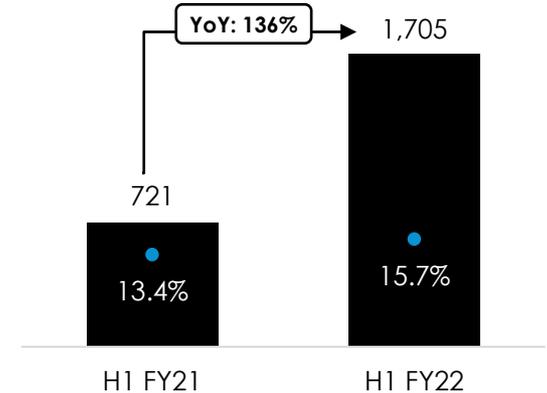
- BEV Revenue higher by 223%, constitutes 21% of total revenue
- Revenue in North America, Europe, India and Asia (excl. India) grew by 20%, 151%, 92% and 582% respectively

■ EBITDA (Rs. mn) ● EBITDA Margin (%)



- Positive margin impact of ~2.5% and ~3.8% due to operating leverage and product mix respectively
- Margin impact due to increase in RM cost
  - Numerator-denominator effect despite pass through ~(-3.7%)
  - No pass through ~(-2.1%)
- ~(-2.1%) margin impact due to lower forex gain

■ PAT (Rs. mn) ● PAT Margin (%)

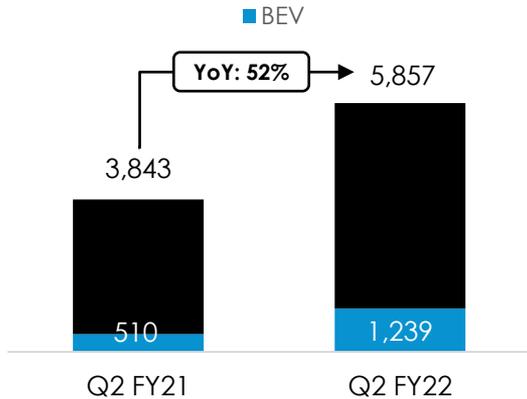


- Lower finance cost and depreciation (as % of revenue) has improved PAT Margin
- H1 FY22 PAT includes exceptional income due to reversal of IPO expenses, having 1% post-tax impact on the margin



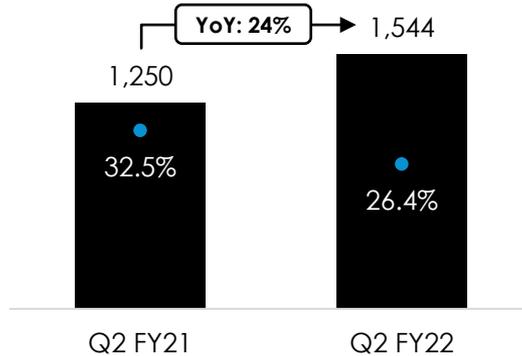
# Q2 FY22 Financials – YoY Comparison

Revenue (Rs. mn)



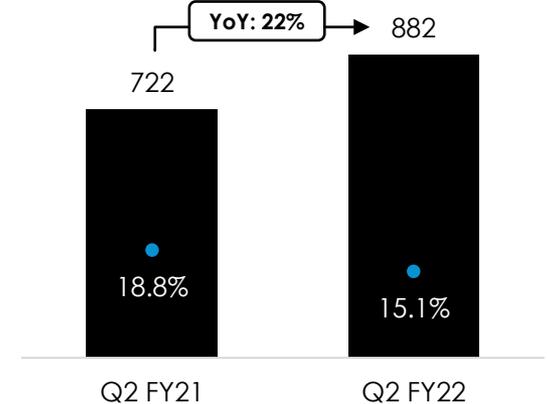
- o BEV Revenue higher by 143%, now constitutes 22% of total revenue
- o Revenue in Europe, India and Asia (excl. India) grew by 88%, 33% and 474% respectively
- o North America revenue down by 14% due to relatively higher impact of semi-conductor chip shortage on some of our North American customers

■ EBITDA (Rs. mn) ● EBITDA Margin (%)



- o Positive impact of  $\sim 1.2\%$  on EBITDA margin due to operating leverage
- o Margin impact due to increase in RM cost
  - Numerator-denominator effect despite pass through  $\sim (3.7\%)$
  - No pass through and Product mix  $\sim (1.7\%)$
- o  $\sim (2\%)$  margin impact due to lower forex gain in the current quarter

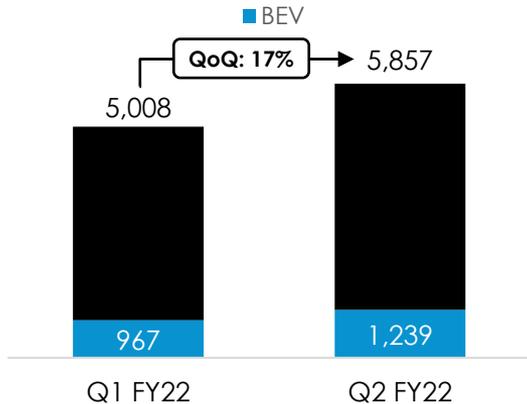
■ PAT (Rs. mn) ● PAT Margin (%)



- o Lower finance cost (as % of revenue) has assisted in better margin transmission between EBITDA and PAT

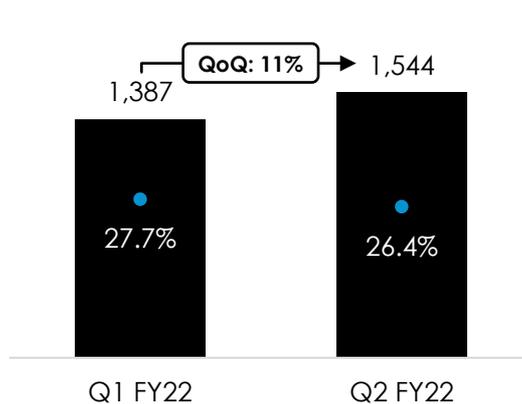
# Q2 FY22 Financials – QoQ Comparison

Revenue (Rs. mn)



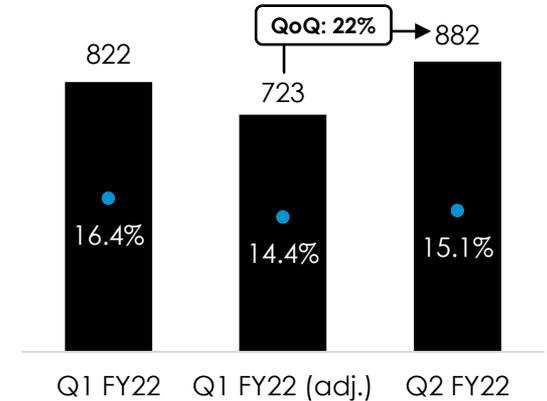
- BEV Revenue higher by 28%
- Revenue in North America, Europe, India and Asia (excl. India) grew by 3%, 7%, 22% and 42% respectively

■ EBITDA (Rs. mn) ● EBITDA Margin (%)



- EBITDA Margin lower mainly due to product mix and increase in RM price

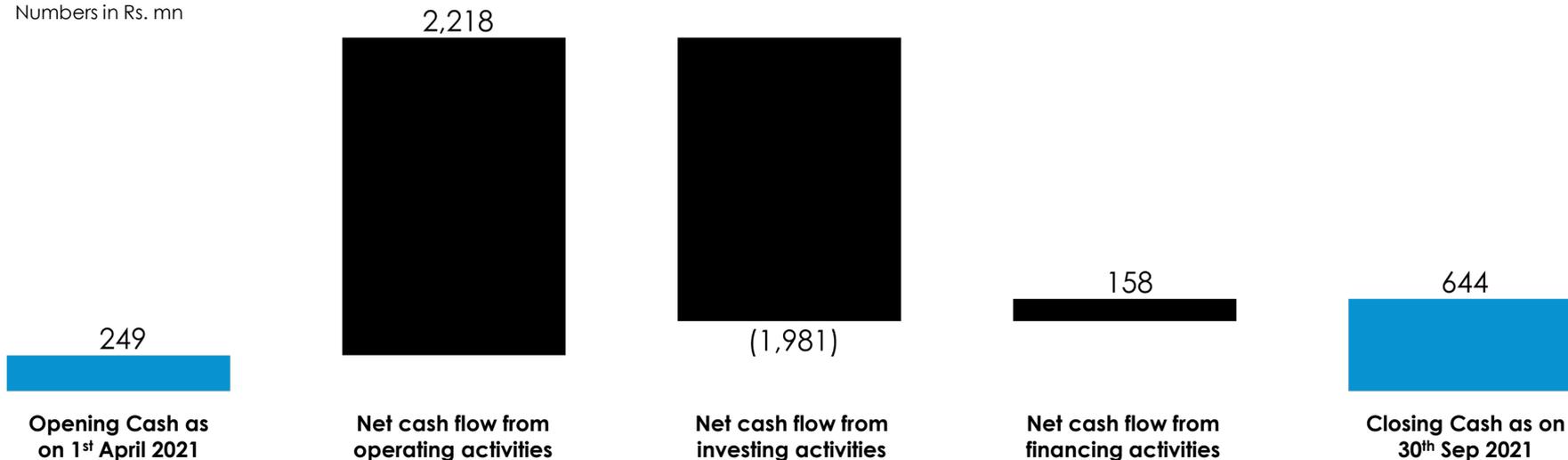
■ PAT (Rs. mn) ● PAT Margin (%)



- Q1 FY22 PAT includes pre-tax exceptional gain of Rs. 132 mn due to reversal of IPO expenses
- Lower finance cost and depreciation (as % of revenue) has assisted in better margin transmission between EBITDA and Adj. PAT

# Abridged Cash Flow

Numbers in Rs. mn



EBITDA	2,931
Δ Working capital	(559)
Tax paid	(462)
Exceptional income	132

Capex	(1,472)
Treasury Investments	(513)

Net IPO proceeds:	2,940
Net loan repayment	(2,670)
Finance cost & lease liabilities	(113)

# H1 FY22 Key Ratios

**VA/Employee cost**



FY20 FY21 H1 FY22

**RoCE (%)**



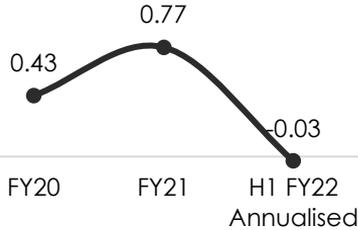
FY20 FY21 H1 FY22  
Annualised

**RoE (%)**



FY20 FY21 H1 FY22  
Annualised

**Net Debt to EBITDA**



FY20 FY21 H1 FY22  
Annualised

**Working Capital Turnover**



FY20 FY21 H1 FY22  
Annualised

**Fixed Asset Turnover**

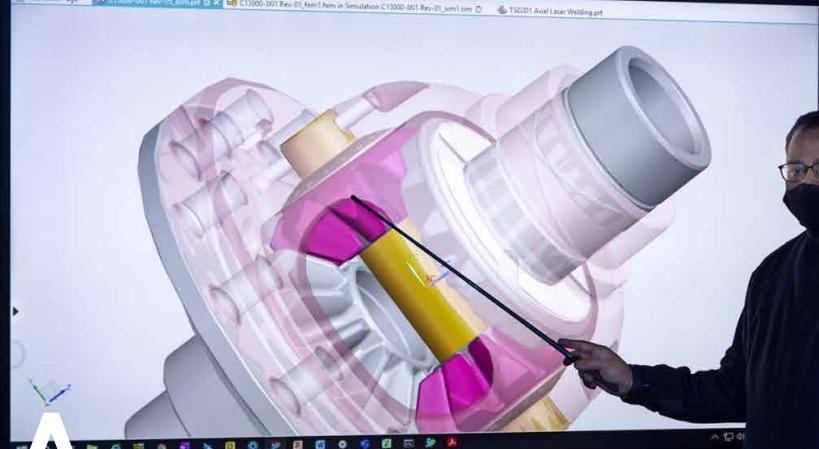


FY20 FY21 H1 FY22  
Annualised

**Note:**

- 1) VA/Employee Cost = Material margin/ (Employee cost + Manpower cost on hiring)
- 2) ROCE = EBIT/ Closing tangible capital employed
- 3) ROE = Reported PAT/ Closing tangible net worth
- 4) Net Debt = Short-term & long-term debt less Cash & bank balances
- 5) Working Capital Turnover = Revenue/ Closing net working capital
- 6) Fixed asset turnover = Revenue/ (Tangible net block + CWIP)
- 7) FY20 numbers are based on pro-forma financials

Q&A



New Product Development Discussion



**Thank you**

Our final drive gears

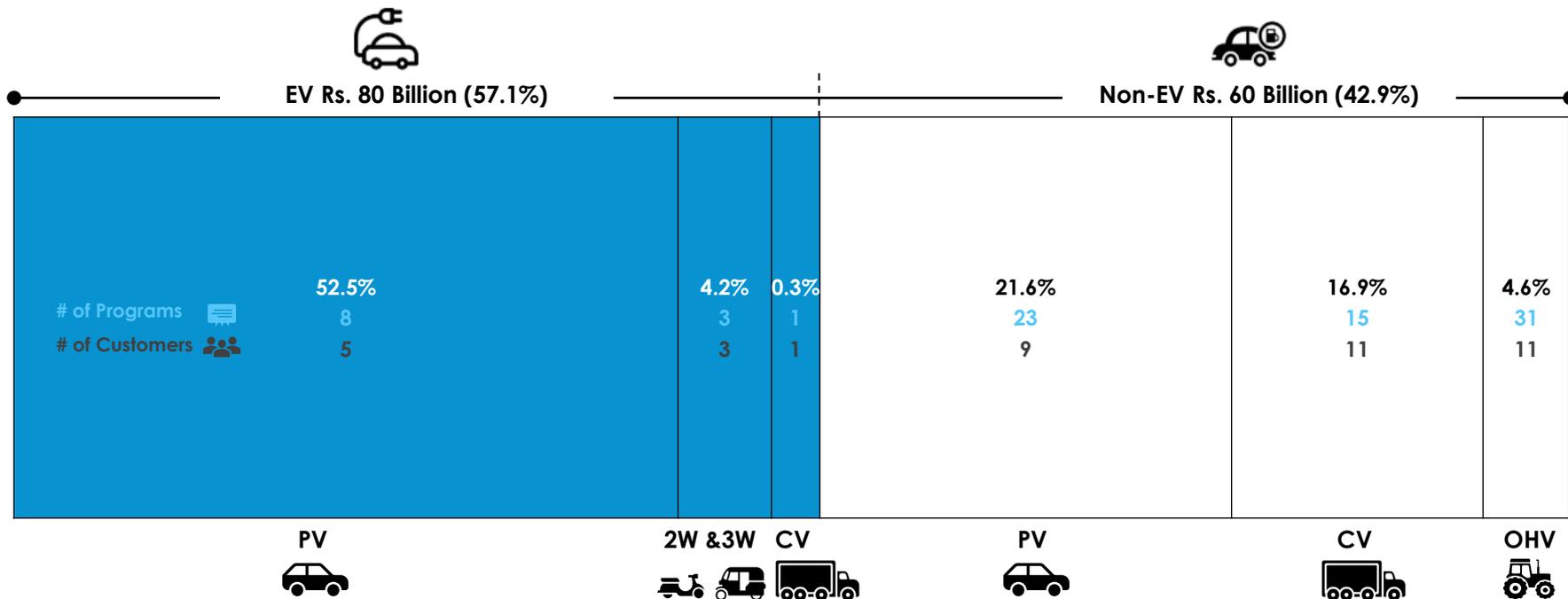
# Appendix



Outside view of our manufacturing plant at Manesar, Haryana

# Scaled Player with High and Profitable Growth Outlook

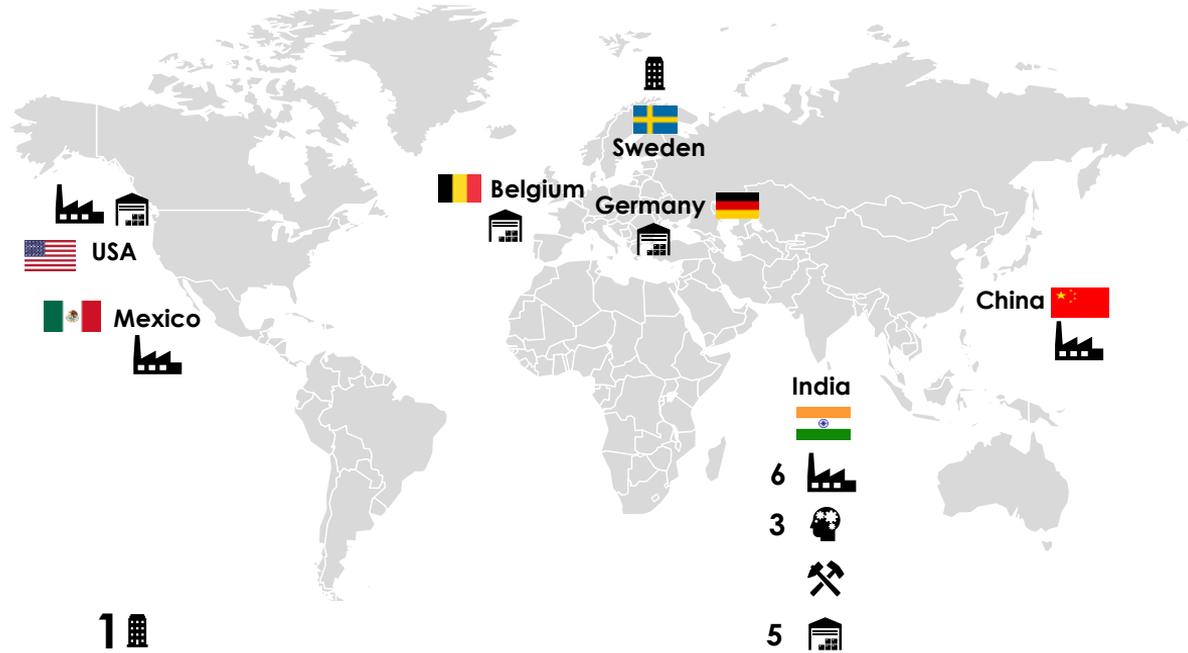
Our net order book at Rs. 140 billion is 9.1x FY21 revenue



**Note:** 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.

# Established Global Presence to Serve Customers Locally

-  6 of the world's top 10 PV OEMs<sup>1</sup>
-  3 of the world's top 10 CV OEMs<sup>1</sup>
-  7 of the world's top 8 tractor OEMs<sup>1</sup>



**9**   
Manufacturing Plant

**3**   
R&D Centre

**1**   
Tool & Die Shop

**8**   
Warehouse

**1**   
Sales Office

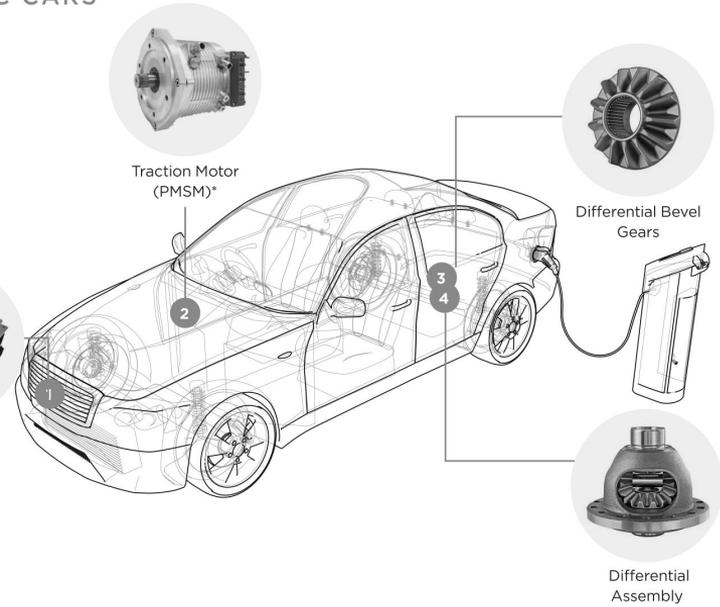
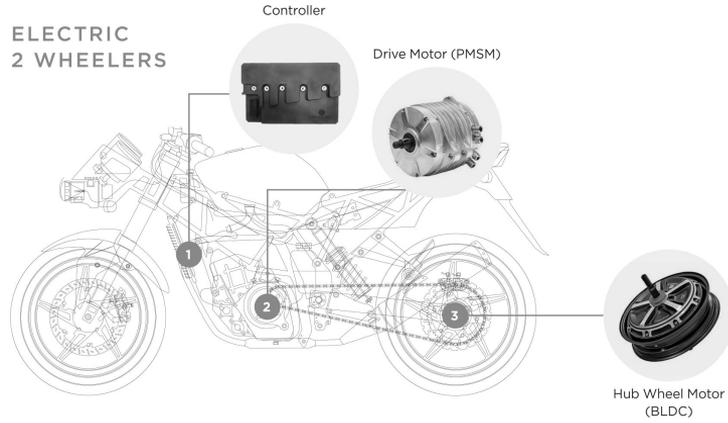
**6**   
**3**   
  
**5** 

Notes:  
1. As per Ricardo report

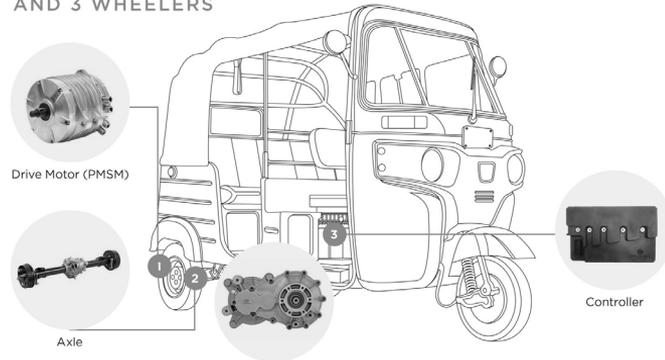
# Product Summary

## ELECTRIC CARS

### ELECTRIC 2 WHEELERS

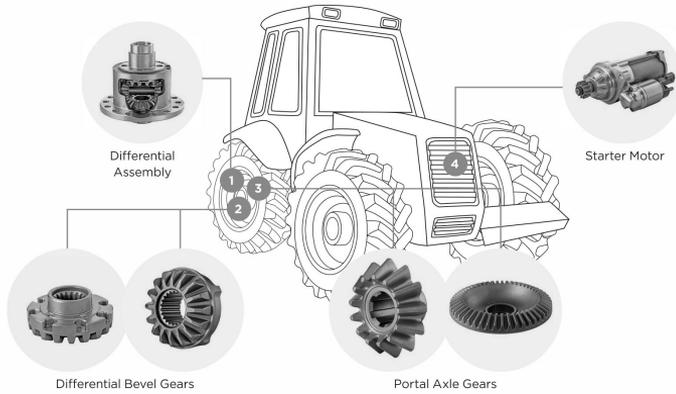


### ELECTRIC RICKSHAWS AND 3 WHEELERS

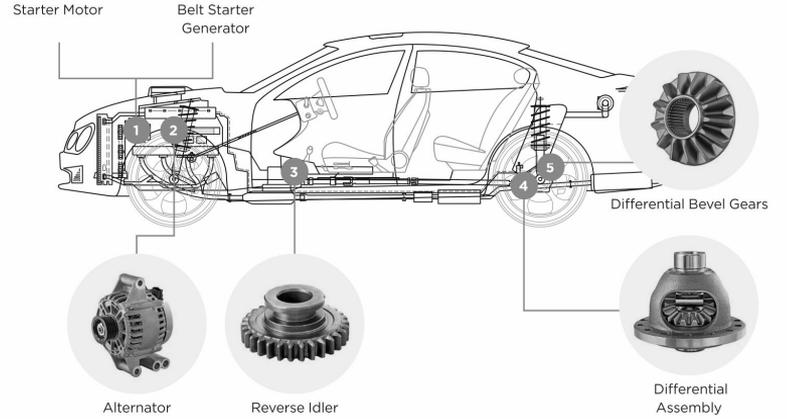


# Product Summary

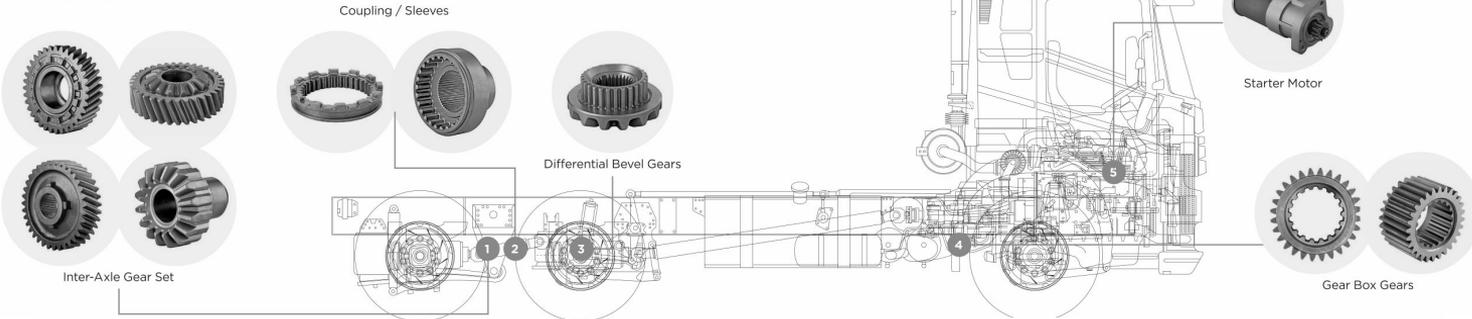
## OFF HIGHWAY VEHICLES



## PASSENGER VEHICLES



## COMMERCIAL VEHICLES



# 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
<b>Material Margin</b>	<b>55.0%</b>	<b>-3.5%</b>	<b>51.5%</b>

