



SONA COMSTAR

Q2 & H1 FY23 Earnings Presentation

28 October 2022

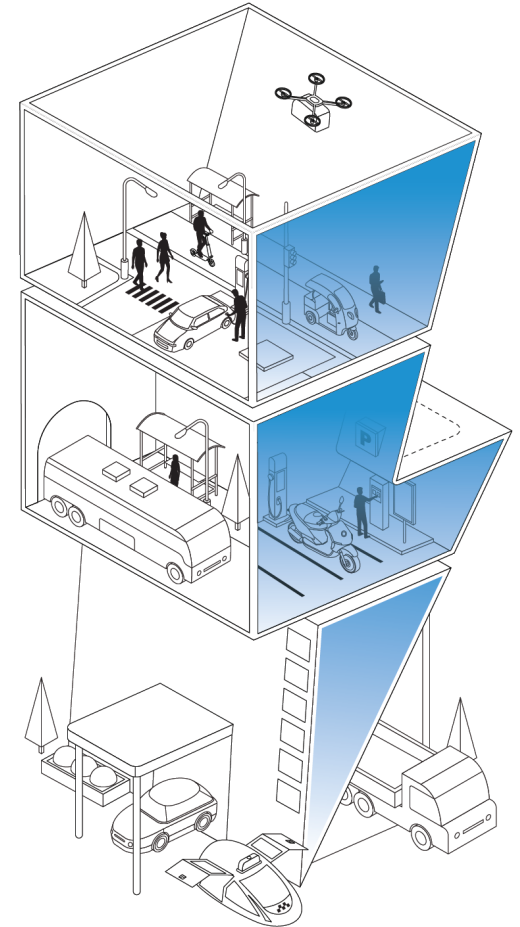
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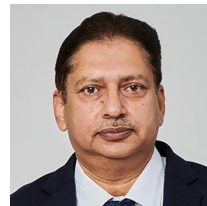
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Our Management Team



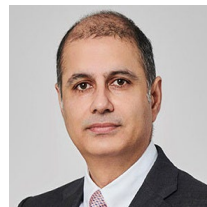
**Mr. Kiran Manohar
Deshmukh**
Group CTO



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

Q2 FY23 Financial Performance Highlights

6,574 mn | 12%

Revenue | YoY Growth

1,657 mn | 7%

EBITDA | YoY Growth

25.2% EBITDA Margin

925 mn | 5%

PAT | YoY Growth

14.1% PAT Margin

1,310 mn | 6%

BEV Revenue | YoY Growth

21%

Q2 FY23 Revenue Share
from BEV

H1 FY23 Financial Performance Highlights

12,466 mn | 15%

Revenue | YoY Growth

3,082 mn | 5%

EBITDA | YoY Growth

1,684 mn | 5%

PAT | YoY Growth¹

24.7% EBITDA Margin

13.5% PAT Margin

27.7%

RoCE²

27.3%

RoE³

Notes:

1. Calculated after excluding exceptional income of Q1 FY22
2. ROCE = LTM EBIT/ Average tangible capital employed
3. ROE = LTM PAT/ Average tangible net worth



Update on our Strategic Priorities

Net formed differential gears coming out of our forging press

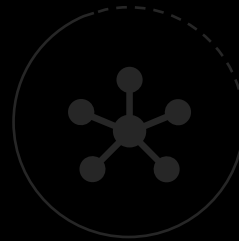
Update on our Strategic Priorities



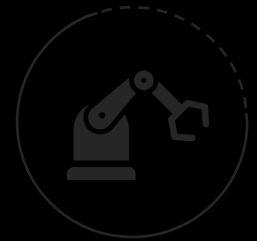
Electrification



**Global Market
Significance**



Diversification



Technology

Sizeable and Increasing Presence in EVs



25%

H1 FY23 Revenue Share
from BEV

2,937 mn

H1 FY23 BEV segment
revenue

33%

H1 FY23 BEV revenue
YoY growth

36

(10+26)¹

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

+1



37

(10+27)¹

EV Programs¹ awarded across
23 customers as at the end of
Q2 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)

37 EV programs across 23¹ different customers

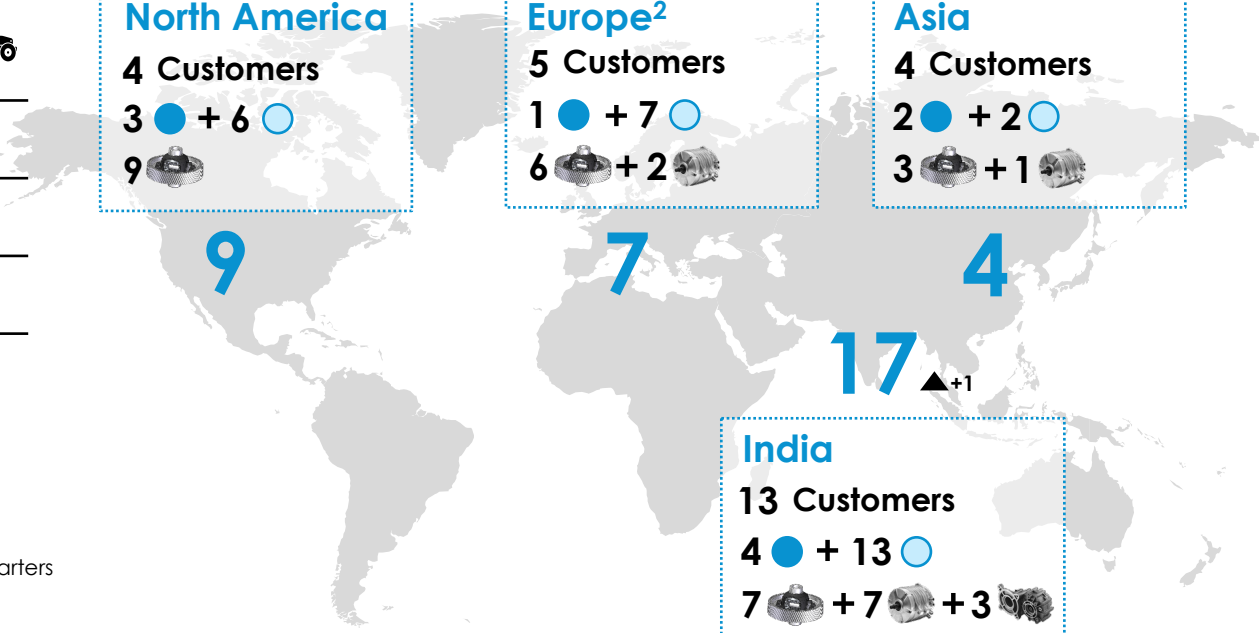


No. of programs customers			
	20 10	-	4 4
	3 3	7 6	-
	-	3 3	-

North America
 4 Customers
 3 ● + 6 ○
 9

Europe²
 5 Customers
 1 ● + 7 ○
 6 + 2

Asia
 4 Customers
 2 ● + 2 ○
 3 + 1



India
 13 Customers
 4 ● + 13 ○
 7 + 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 Q2 FY23

Notes:

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

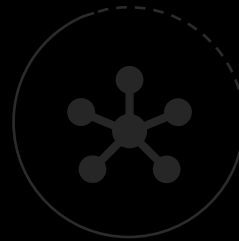
Our Strategic Priorities



Electrification



Global Market
Significance



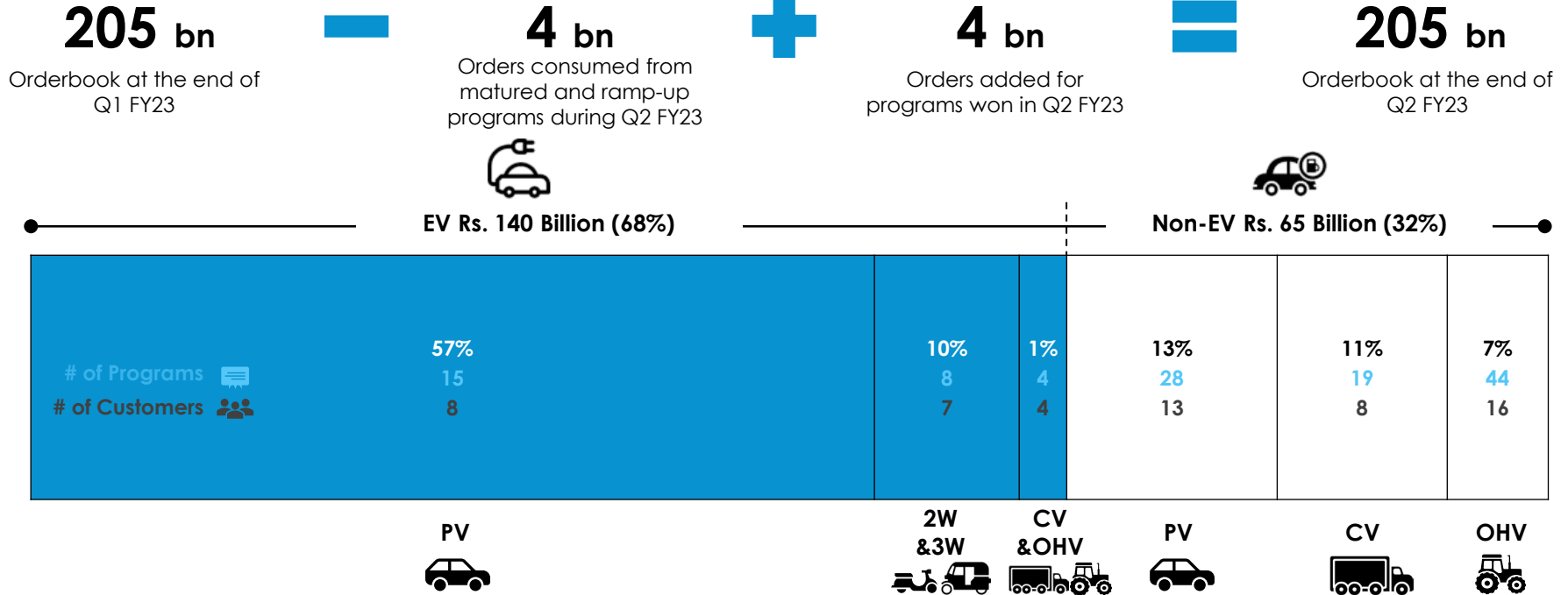
Diversification



Technology



Our net order book¹ is 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.

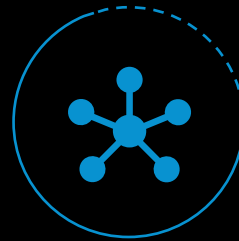
Our Strategic Priorities



Electrification



Global Market
Significance



Diversification



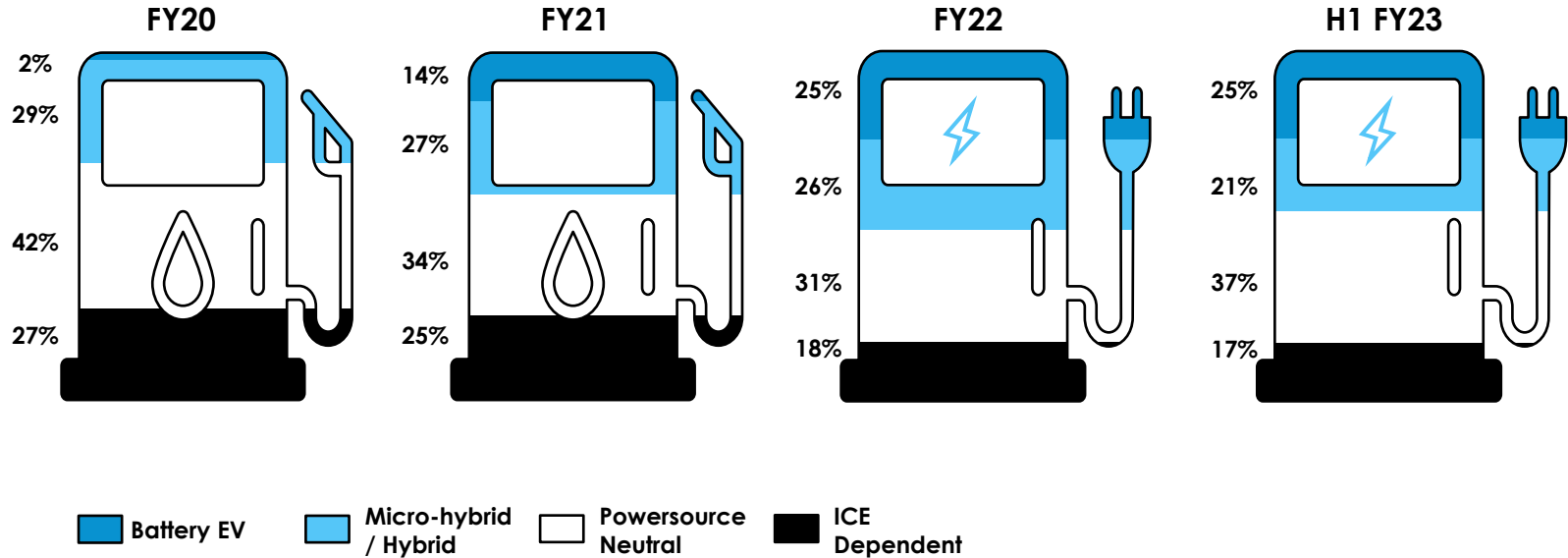
Technology



Diversified Revenue Mix – By Powertrain

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

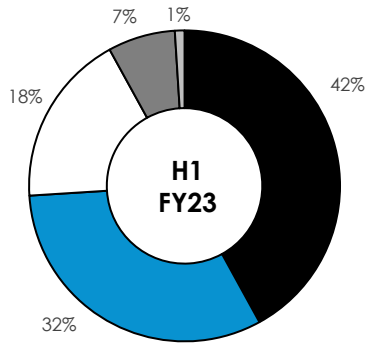
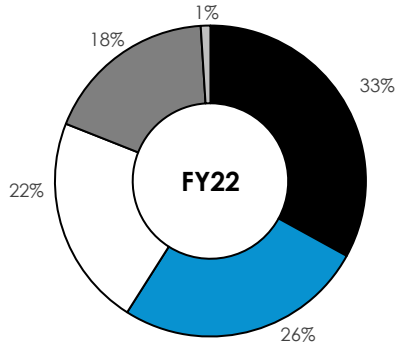
Our pure ICE dependence continues to reduce steadily going from 25% in FY21 to 17% in H1 FY23





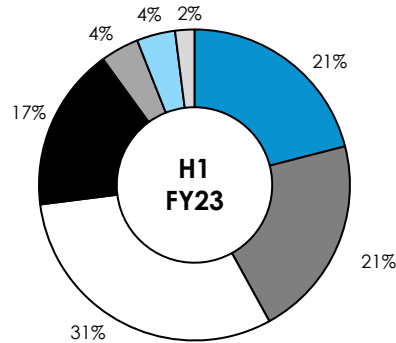
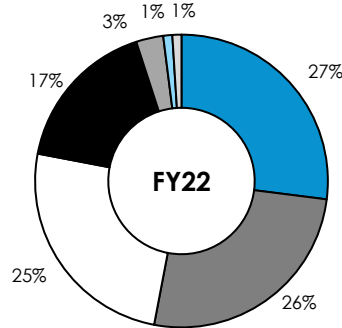
Diversified Revenue Mix

By Geography



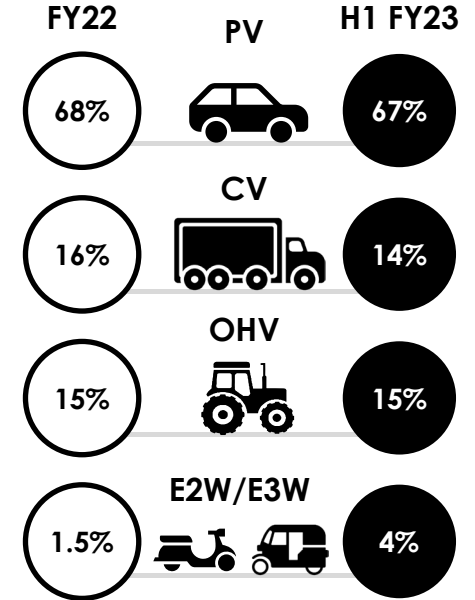
■ North America ■ India □ Europe ■ Asia (excl. India) □ RoW

By Product



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

By Vehicle segment



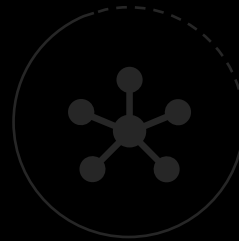
Our Strategic Priorities



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Global Market
Significance



Diversification



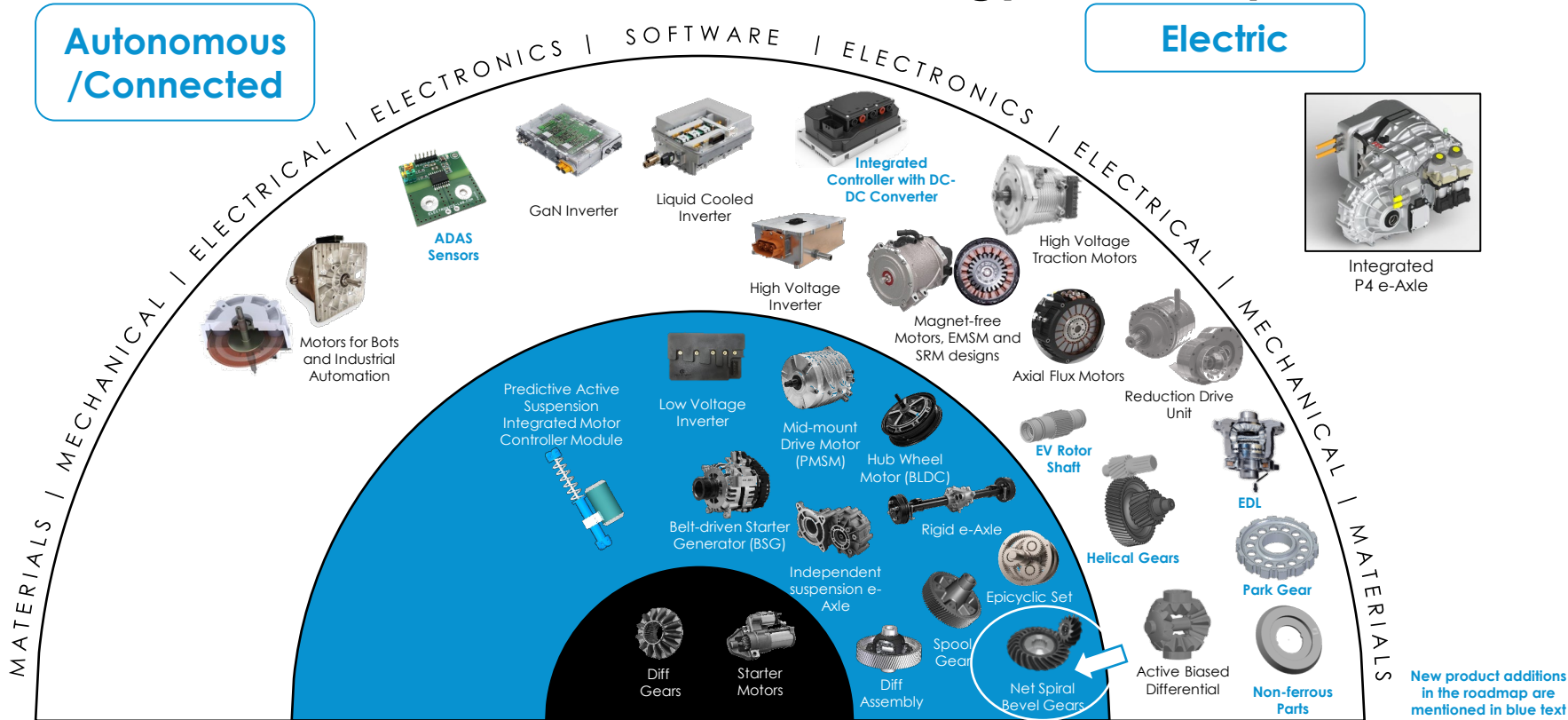
Technology

We have introduced one new product to the market in Q2 and added five more in the technology roadmap



Autonomous /Connected

Electric



Future Products
 Current Products
 Legacy Products

New product additions in the roadmap are mentioned in blue text

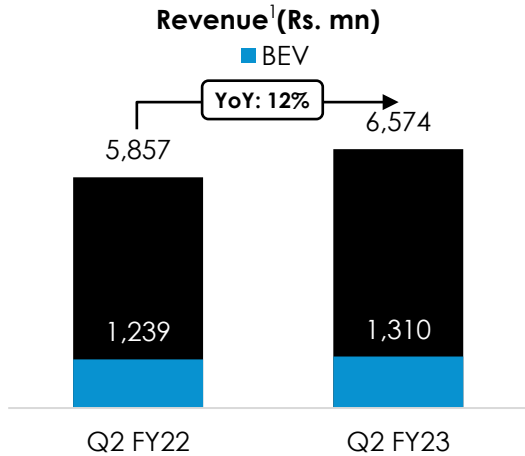
Note: The product images shown are for illustration purposes only and may not be an exact representation of the products



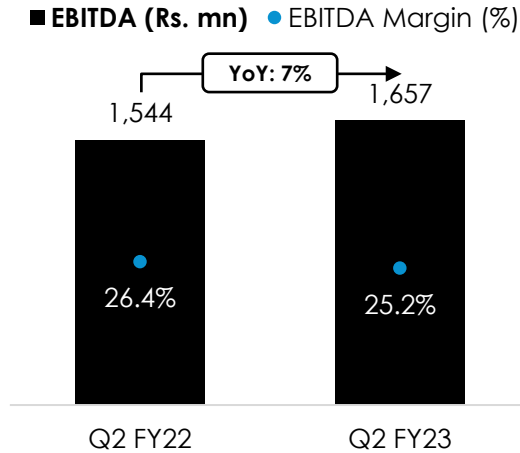
Q2 FY23 Financial Update

Our final drive gears

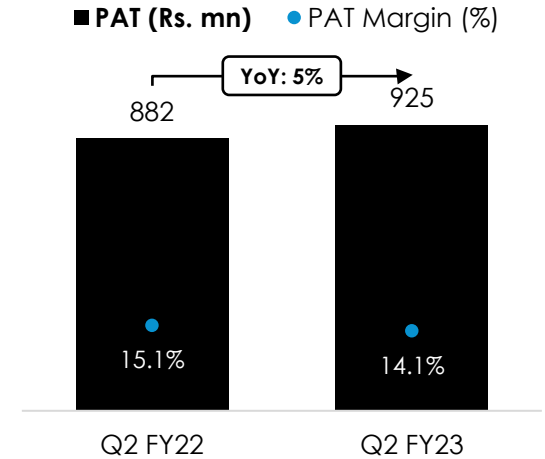
Q2 FY23 Financials



- BEV Revenue higher by 6% and constitutes 21% of total revenue
- Non-BEV Revenue grew by 14% while light vehicle sales in our top-3 markets (North America, India, and Europe) grew by only 4%



- YoY drop of ~1.2% in EBITDA Margin is largely due to increase in RM prices because of "arithmetic effect" despite material price passthrough
- Sequentially, EBITDA margin improved by 100 bps

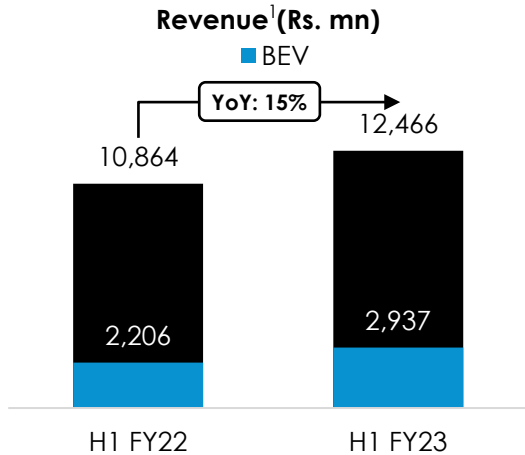


- PAT margin impacted due to margin transmission from EBITDA to PAT

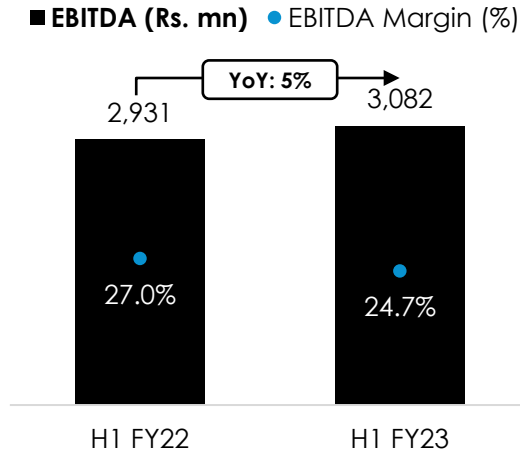
Notes:

1. Revenue includes net gain from foreign exchange

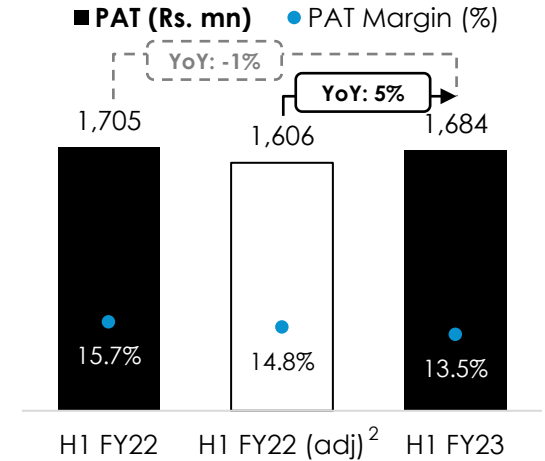
H1 FY23 Financials



- BEV Revenue higher by 33% and constitutes 25% of total revenue
- Non-BEV Revenue grew by 10% despite decline of 6% in light vehicle sales in our top-3 markets (North America, India, and Europe)



- Drop of ~2.3% in EBITDA Margin is largely due to increase in RM prices because of "arithmetic effect" despite material price passthrough



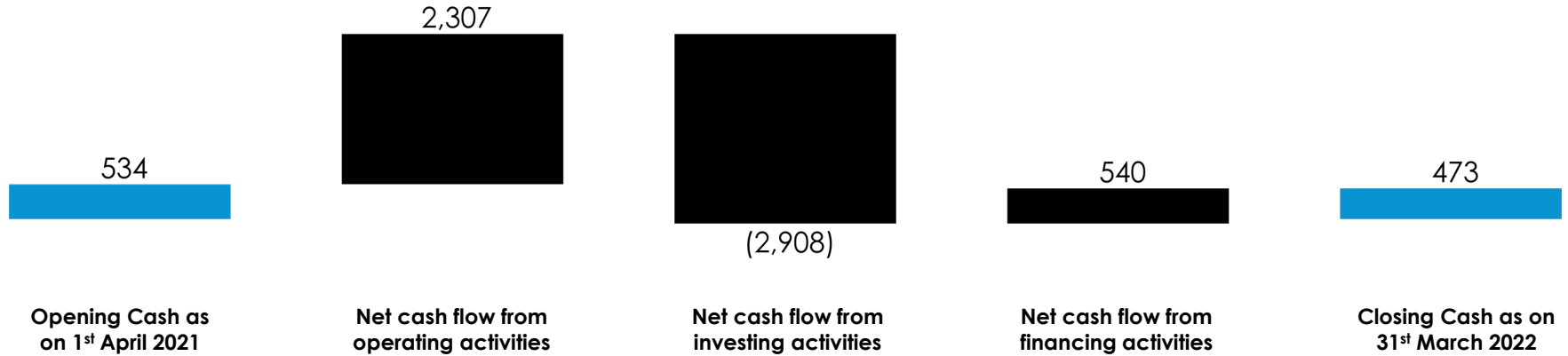
- Adjusted PAT for H1 FY22 has been adjusted for IPO expenses
- Impact of higher depreciation: ~ (30 bps)
- Impact of lower finance cost: ~70 bps

Notes:

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

FCFO of INR 649 mn in H1 FY23

Numbers in Rs. mn



EBITDA	3,082
Δ Working capital	(641)
Tax paid	(414)
Others	280

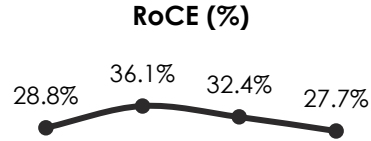
Capex	(1,658)
Investments	(1,203)
Others	(47)

Net loan drawn	1,070
Dividend	(450)
Others	(80)

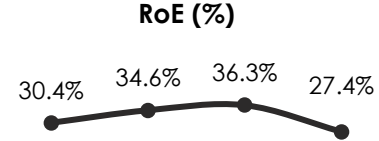
Key Ratios



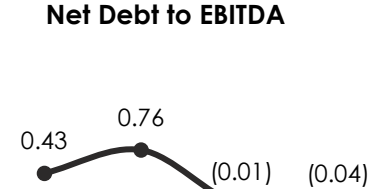
Mar-20 Mar-21 Mar-22 Sep-22



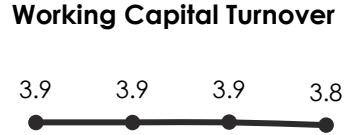
Mar-20 Mar-21 Mar-22 Sep-22



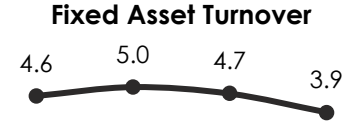
Mar-20 Mar-21 Mar-22 Sep-22



Mar-20 Mar-21 Mar-22 Sep-22



Mar-20 Mar-21 Mar-22 Sep-22

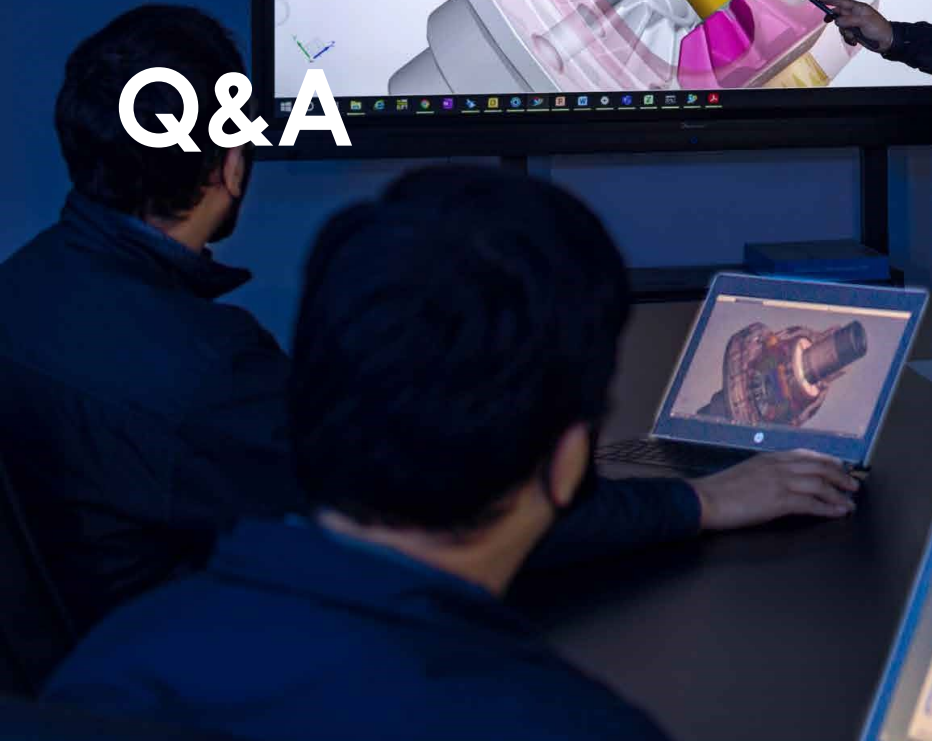
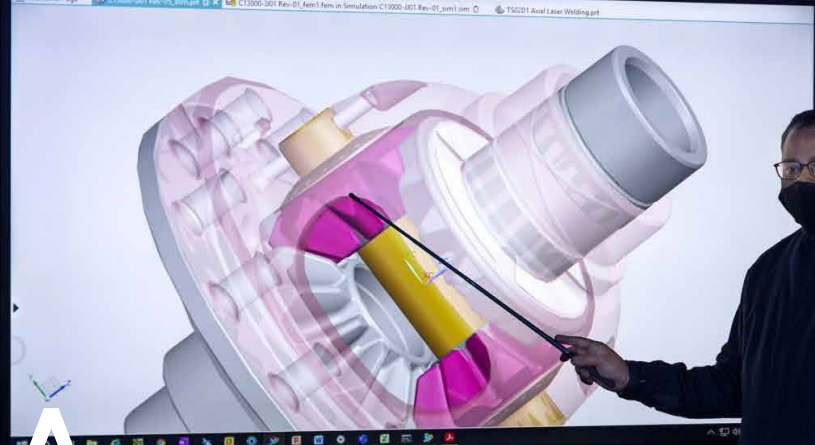


Mar-20 Mar-21 Mar-22 Sep-22

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

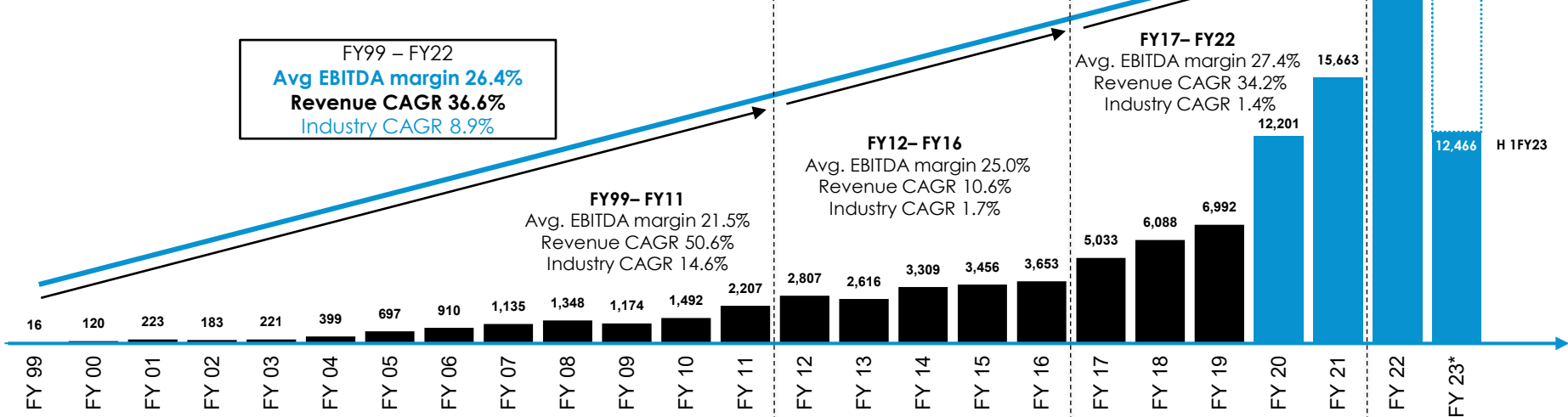
Phase - 3

- 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

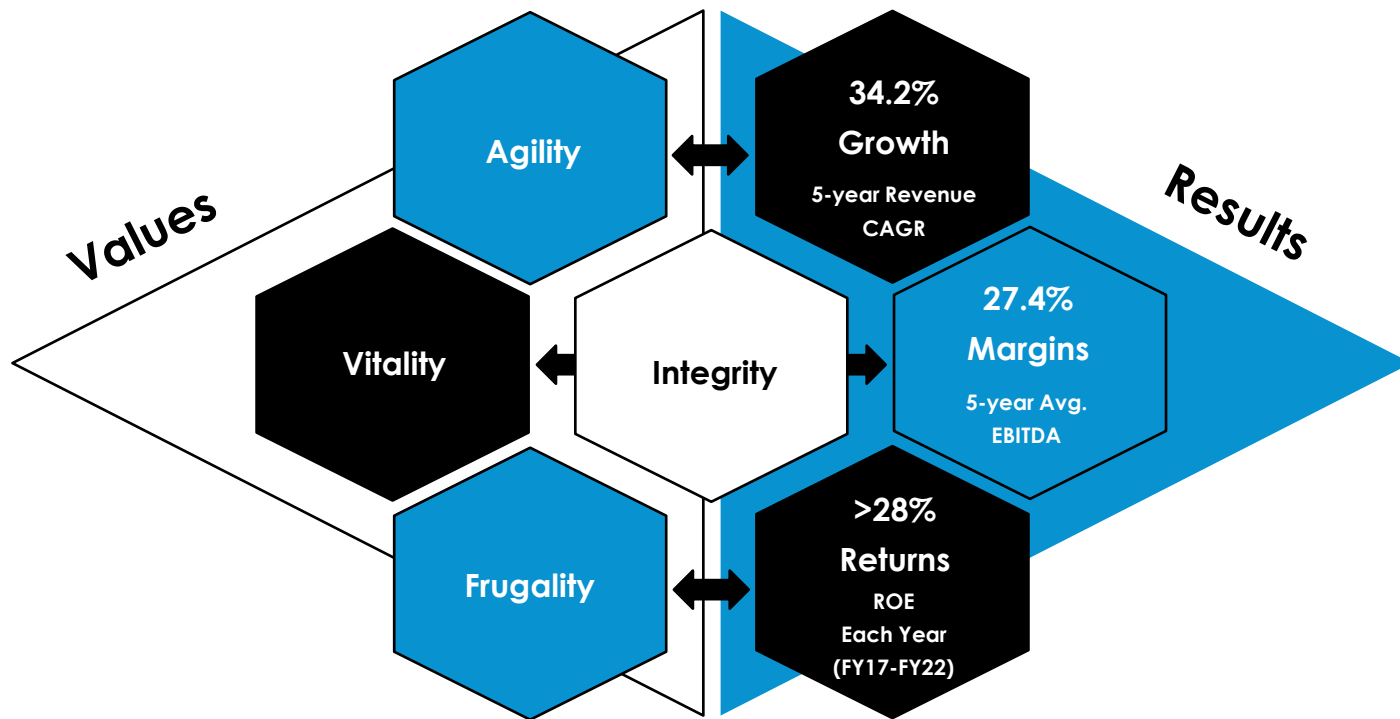
Revenue in INR millions



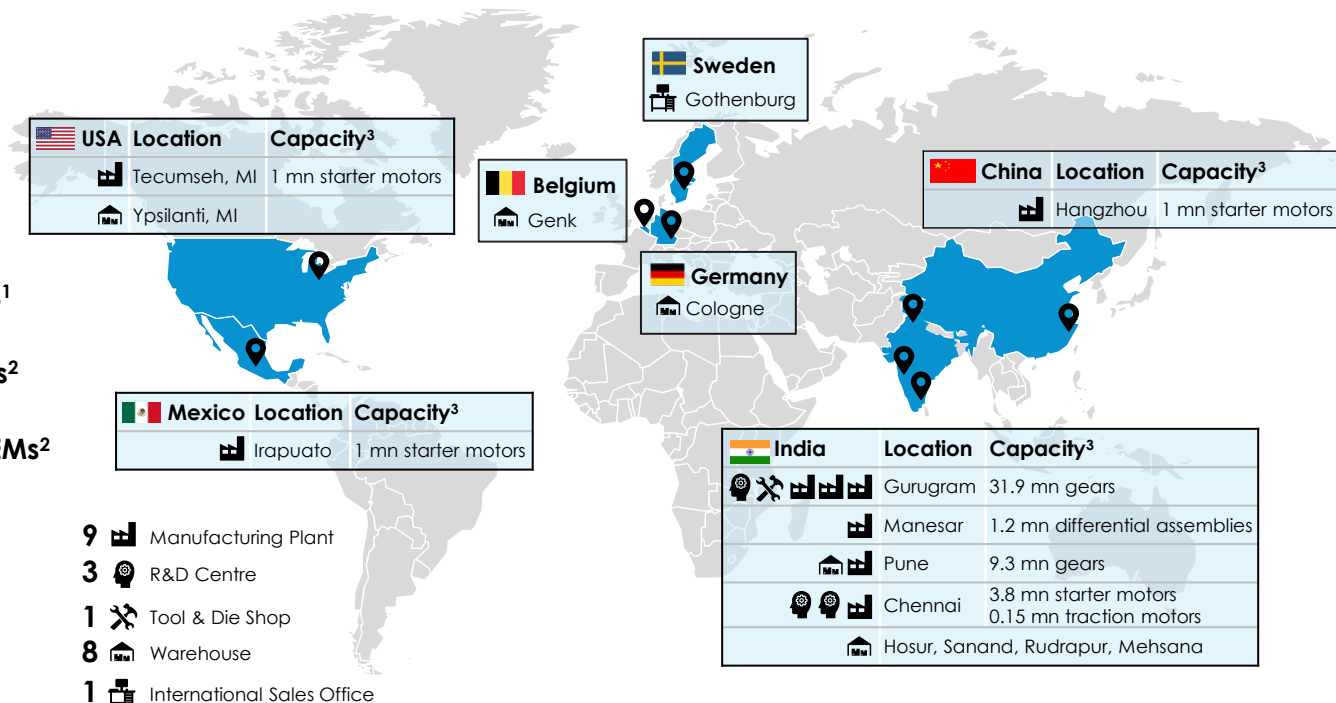
Notes:

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

Guided by Values



Established Global Presence to Serve Customers Locally



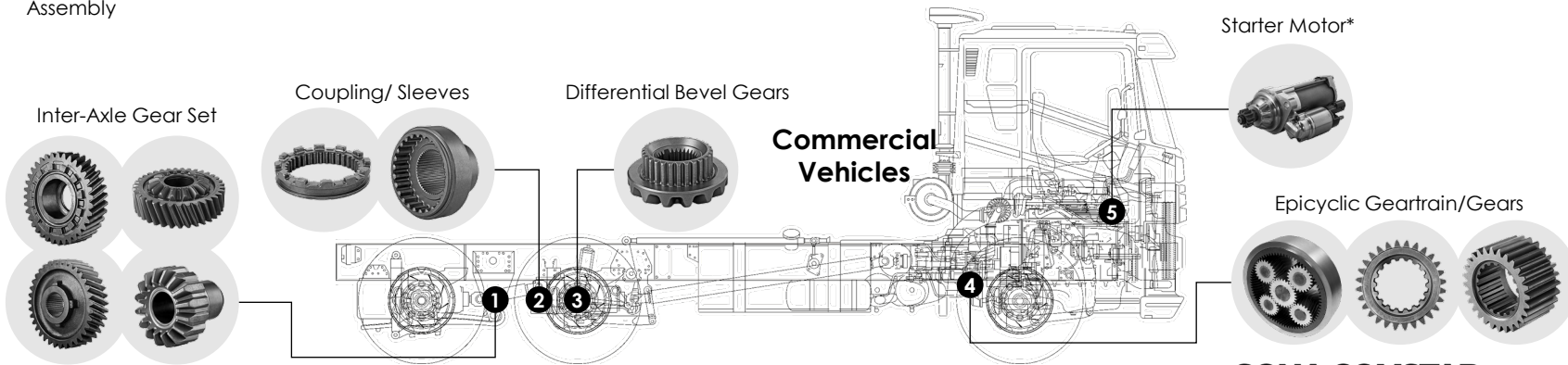
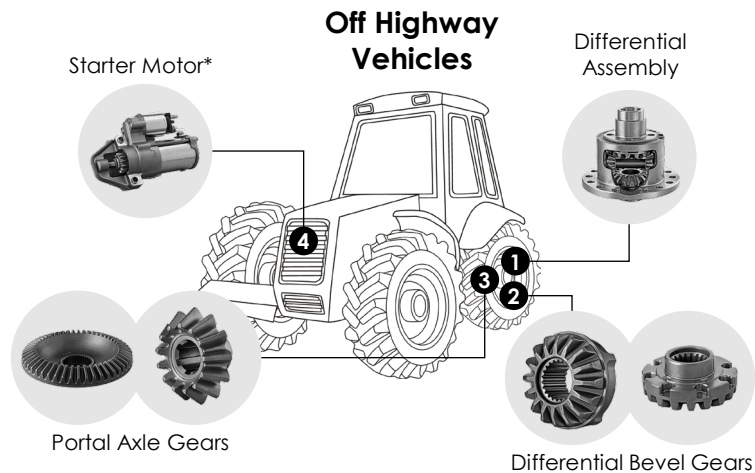
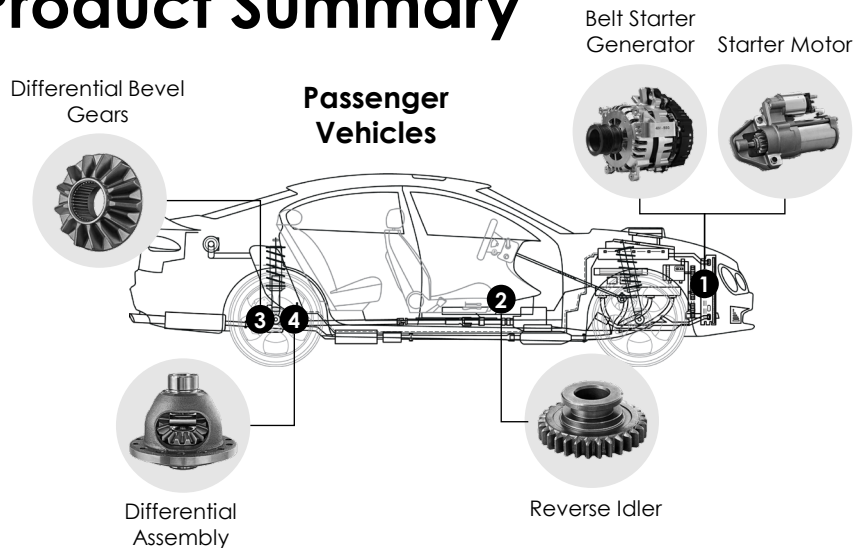
-  7 of the world's top 10 PV OEMs¹
-  3 of the world's top 10 CV OEMs²
-  7 of the world's top 8 tractor OEMs²

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

Notes:

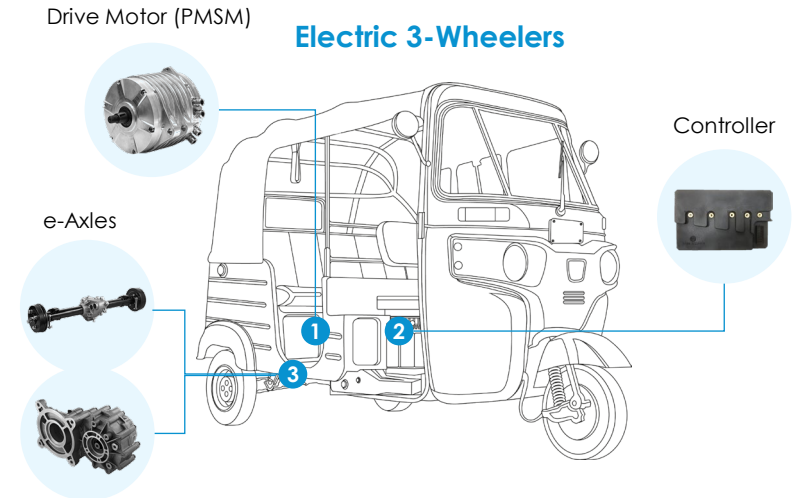
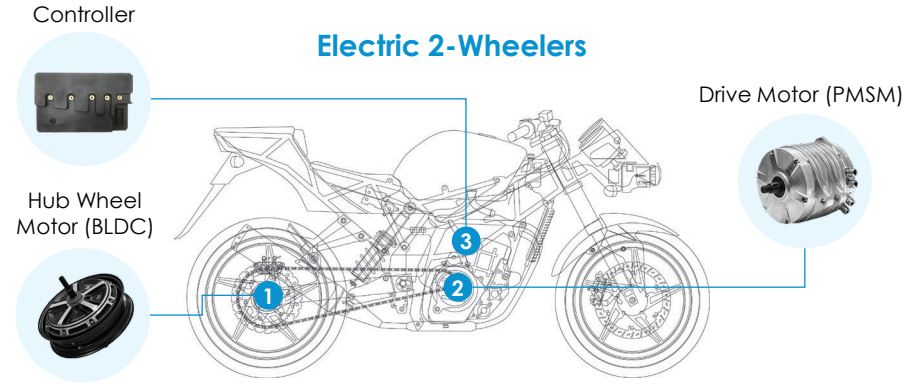
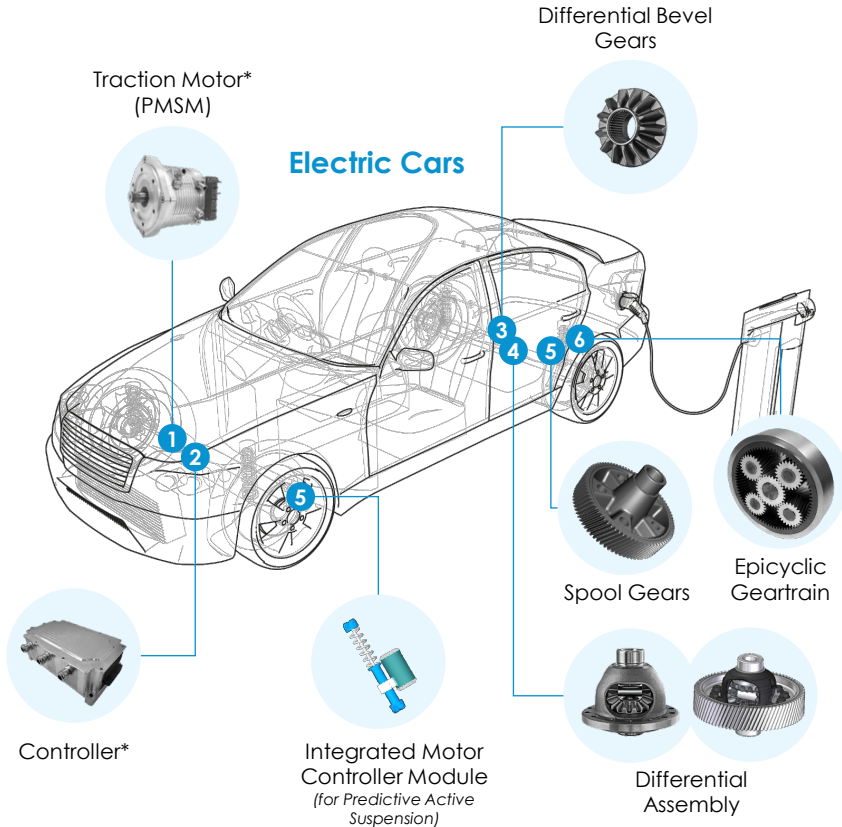
1. Source: BofA, Company Analysis
2. Source: Ricardo report
3. Capacity as of March 2022

Product Summary



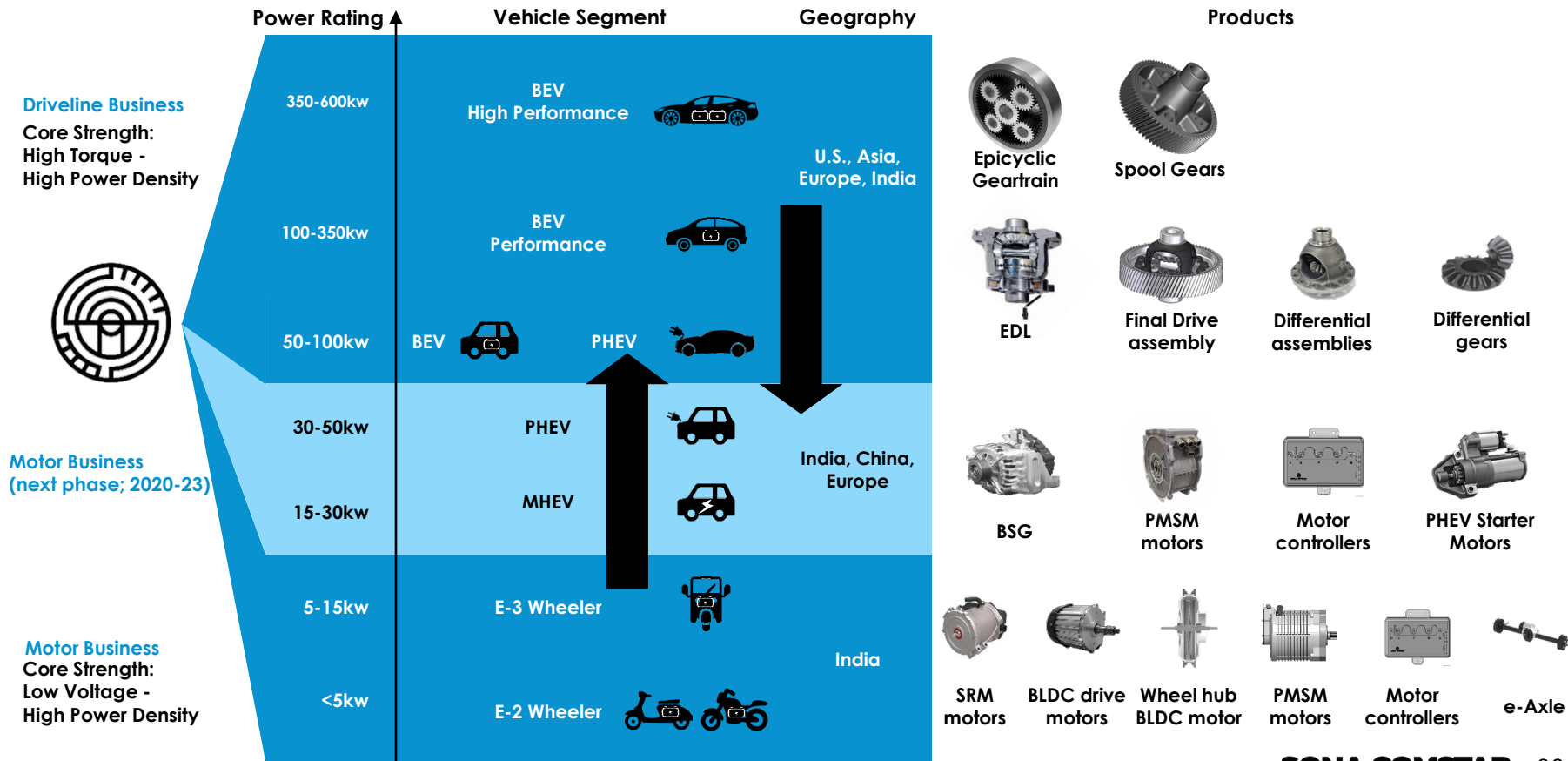
* Product under development

Product Summary



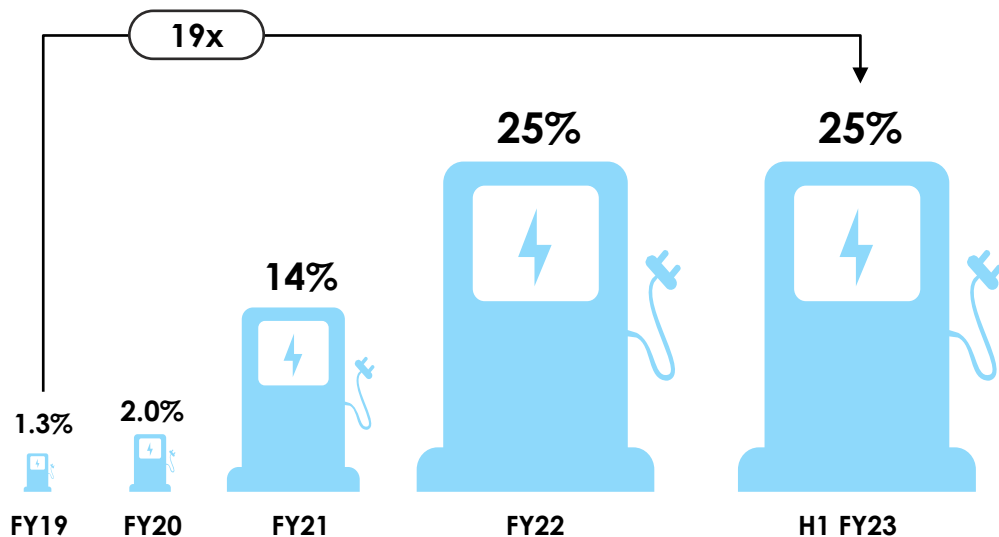
* Product under development

Electrification: Our Approach to Market

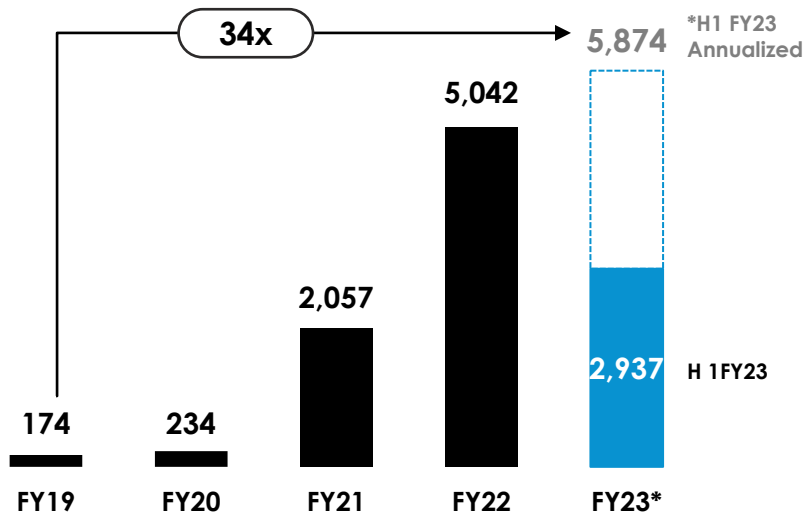


Revenue share from BEV has grown 22x over 4 years, with absolute BEV revenue growth at 34x

Revenue from BEV (%)

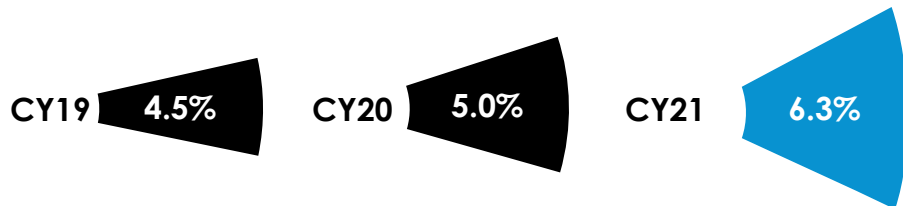


BEV Segment Revenue (Rs. mn)

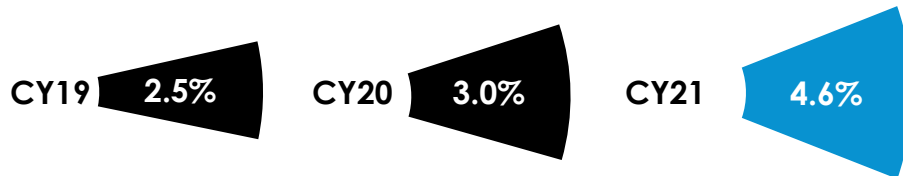


Market Shares for Differential Gears and Starter Motors

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

