

# Presentation by



Motherson Sumi  
Systems Limited

*January 2015*

A member of Samvardhana Motherson Group

- **Vision**
- SMG Overview
- MSSL Overview
- Strategic Growth & Risk Management Levers
- MSSL Performance
- Recent Developments & New plants
- Customer Recognition



# Vision & Mission



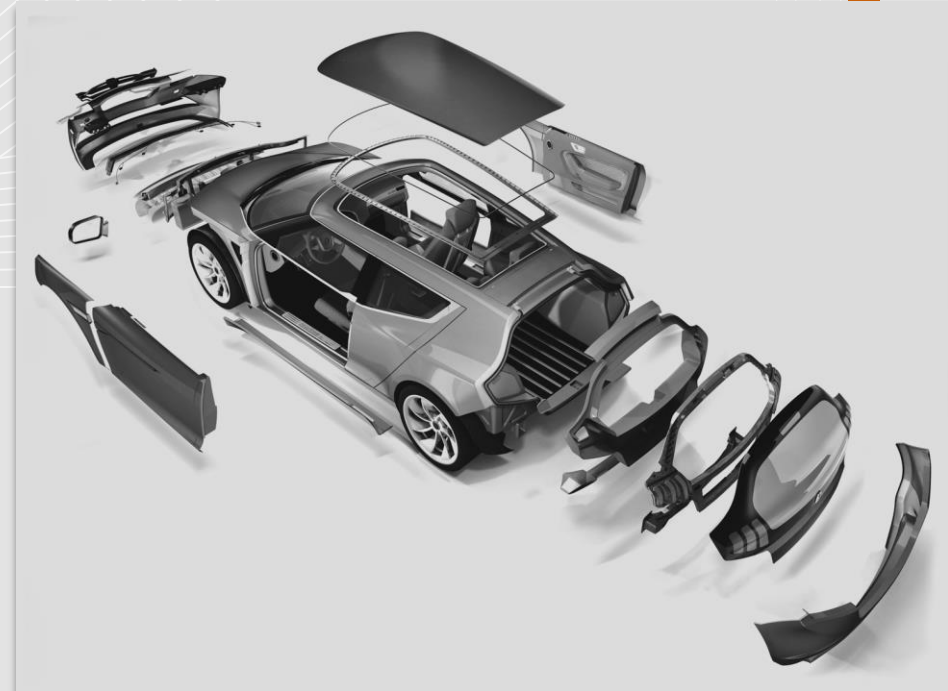
## Vision

To be a **Globally Preferred Solutions Provider**



## Mission

- Ensure Customer Delight
- Involve Employees as “Partners” in Progress
- Enhance Shareholder Value
- Set new standards in Good Corporate Citizenship



# 5 Year Targets



## 2005 Targets



## 2010 Targets



## 2015 Targets



Target	Achieved
To cross Rs. 1000 Crore (Consolidated) by the year 2005	Achieved Rs. <b>1029 Crores*</b> *taking full turnover of JVs
Achieve <b>30%</b> of sales from global customers	Sales from customers outside India was <b>29%</b>
Not to have dependence of over <b>25%</b> on any one source	Largest customer contributed <b>27%</b> of the total turnover
Attaining Return on Capital Employed of <b>40%</b>	ROCE of <b>39%</b> (on both Consolidated & Standalone Basis)
Dividend Payout Ratio <b>40%</b>	Dividend Payout Ratio was <b>43%</b> for 2004-05

Target	Achieved
Make MSSL a Billion Dollar Company	Achieved <b>USD 1.5 Bn</b>
<b>60%</b> of our consolidated turnover should cater to the requirements of our customers outside India	Sales from customers outside India was <b>70%</b>
Contribution from any individual customer in our turnover shall not be more than <b>20%</b> of the total turnover	Single largest customer contributed <b>15%</b> of the total turnover
Strive to maintain business ROCE of <b>40%</b>	<b>ROCE of 37%</b> (standalone basis) <b>ROCE of 22%</b> (consolidated basis)
Shift our stated dividend policy of 40% payout of the company's profits to <b>40%</b> payout of the consolidated Profits	Dividend Payout Ratio <b>44%</b> (Standalone) <b>32%</b> (Consolidated)

Target	Status as on 31.03.2014
Make MSSL a <b>5 Billion Dollar</b> Company	Already Achieved USD 5.02 Bn, One year ahead of the target
<b>70%</b> of our consolidated turnover should cater to the requirements of our customers outside India	Sales from customers outside India is <b>84%</b>
Global Presence in <b>26-27</b> countries	Presence in <b>25 countries</b>
Achieve ROCE of <b>40%</b>	<b>ROCE of 26%*</b> (on consolidated basis) <b>ROCE of 39%</b> (on standalone basis)
Dividend Payout Ratio of <b>40%</b> of our consolidated net profit	Dividend Payout Ratio <b>34%</b>

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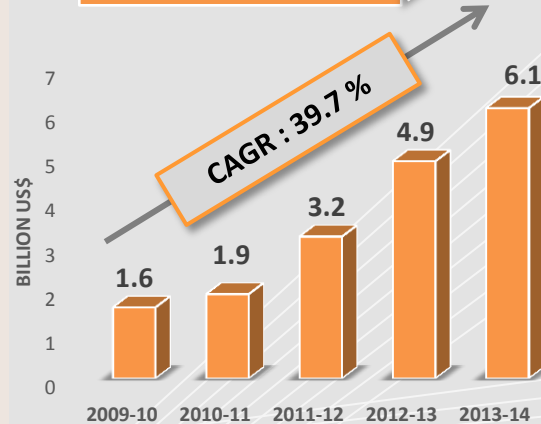
# Group Overview



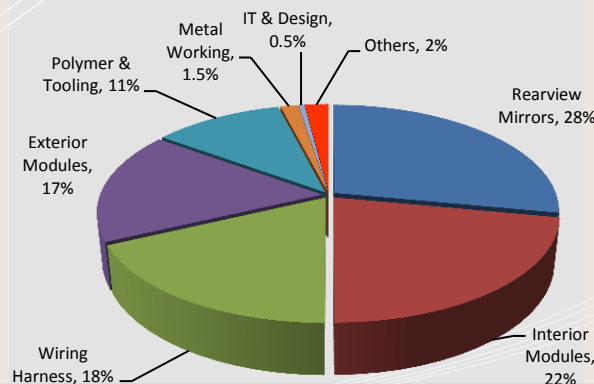
## Overview

- A global Group
- Presence in 25 countries
- Global customer base
- Providing full system solutions to automotive and other related industries
- Supplies to all the major automotive OEMs across the world

## Group Turnover



## Business Portfolio



## Industry Position

### One of the largest

#### Globally



- Exterior rearview mirrors

#### Europe



- Exterior rearview mirrors



- IP modules, door trims and bumpers



- Wiring harnesses for 2- wheelers, earthmoving and material handling equipment

#### India



- Wiring harnesses for passenger cars



- Rearview mirrors for passenger cars



- Moulded components and modules



- Cabins for large size dump trucks



- Plastic air intake manifolds



- CBN & PCD cutting tools & Gear cutting tools

# Group Global Presence



Over **160**  
**Manufacturing**  
**facilities** of Group

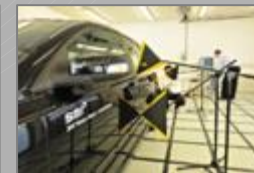
Over **135**  
**Manufacturing**  
**facilities** of MSSL

Presence in  
**25 Countries**

**Global Manufacturing**  
including strategic low cost  
manufacturing locations

**Global Customer Base**  
Strong presence in regions with  
key customer concentration

**Balanced Spread**  
Covering both Developed  
& Emerging markets

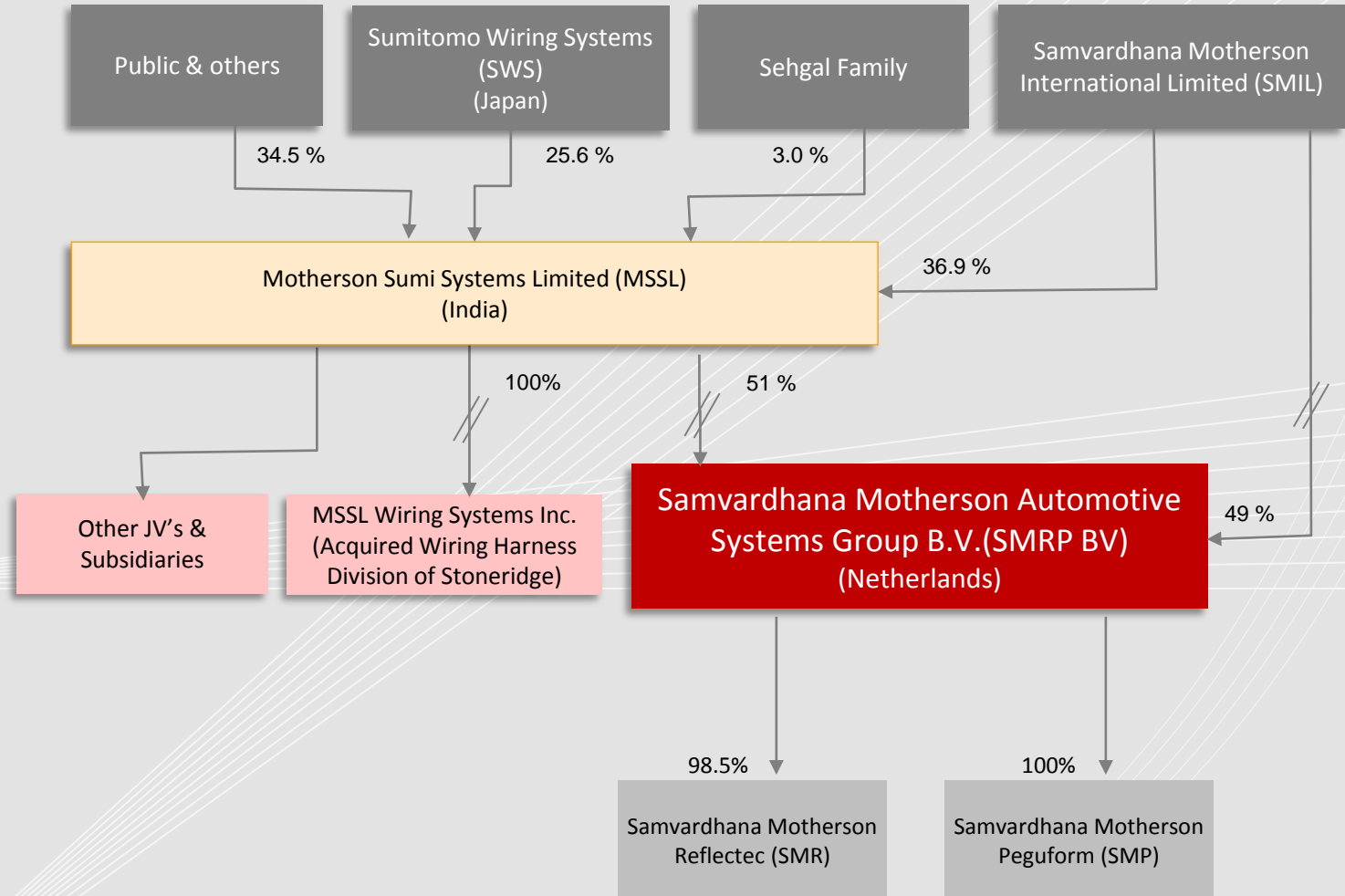


- Vision
- SMG Overview
- **MSSL Overview**
- Strategic Growth & Risk Management Levers
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# Group Structure

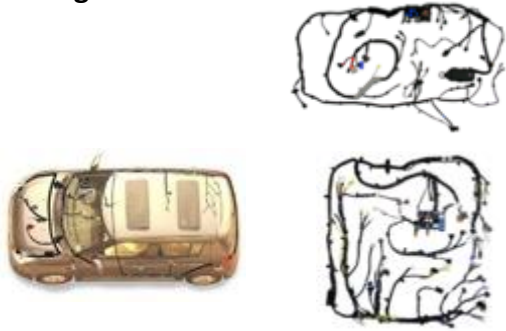


SMIL shareholding: Sehgal Family 90.3%, Sojitz Corporation 6.5%, Employees of the Group 3.2% // Indirect

# Business Portfolio



## Wiring Harnesses



## Rearview Mirrors



## Modules



## Elastomer Processing



## Polymer Processing & Tool Manufacturing



## HVAC & Vehicle Electronics



## Precision Metal Machining



# Key Product Overview



## Wiring Harnesses



- Market Leader – with over 65 % market share of passenger car wiring harnesses in India
- Manufacturing bases spread across India, Middle East, Europe, Sri Lanka, Thailand, Japan and Mexico. Serving a global customer base
- Strong presence in Europe two-wheeler & material handling equipment markets along with commercial vehicle segment in USA
- Full service supplier with complete in-house design capability, design validation and lab testing which enables SMG to provide complete design support to its customers
- Vertical backward integration for critical wiring harness components



Sumitomo Wiring Systems,  
Japan



Kyungshin Corp  
S. Korea

## Rearview Mirrors



- Samvardhana Motherson Reflectec (SMR), which acquired global rear view mirror business of Visiocrp in March 2009, is a leading manufacturer of automotive rear view mirrors in the world
- Presence in India since 1996 through initial JV with Britax which later on became a part of Visiocrp
- Supplying products to the Top Ten OEMs totalling more than 360 individual programs
- 20 manufacturing plants across the world in growing markets like China, India, Korea, Brazil & Mexico
- Technology leader with over 500 patents and a history of innovations
- 22% share of global passenger car rearview mirror market and a 53% share in India



Ningbo HuaXiang Electronic  
Co.,Ltd., China

Poong Jeong Ind Co., Ltd.,  
S. Korea

## Modules, Polymer Products and Tooling



- One of the largest molded parts, assemblies & module supplier to the European automotive industry through Samvardhana Motherson Peguform (SMP), Acquired in Nov 2011 & to the Indian automotive industry through polymer division Motherson Automotive Technologies & Engineering (MATE)
- Over 49 Manufacturing facilities across the globe
- Over 1100 machines of Injection, Gas, Compression and Blow Molding
- Injection Molding Machines from 5 Tons – 4500 Tons (Hydraulic / Electric)
- Complete In-house Post Processing Facilities including Paint Shop
- Robotic Trimming / Welding (Heat stake/ Ultrasonic/ Vibration) Operations
- LPI Injection Molding



Sumitomo Wiring  
Systems, Japan



Vacuform 2000 pty  
Ltd South Africa



Changshu Automobile  
Interior Decoration Co.,  
Ltd. China

Blanos Partners S.L  
Spain

Nippon Pigment (S) Pte. Ltd  
Toyota Tsusho Corporation,  
Japan

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# Advanced R&D capabilities resulting in strong intellectual property



## R&D set-up

- Efficient utilisation of R&D spend enabling technological leadership
  - Long track-record of market-first products
  - Dedicated R&D engineering staff
  - Fully equipped centres of excellence for project management and advanced engineering
- Selected Innovation examples
  - Aesthetic/emotion: Audi – two tone slash skin for instrument panels
  - Aesthetic/emotion: JLR – Logo Lamp
  - Safety: Volvo – camera blind spot detection system (BSDS)
  - Safety: Ford Trucks – Telescopic Trailer Tow (TTT) mirrors
  - Environment: Mercedes-Benz – natural fiber inserts for door trims

Ability to serve customers with technologies of their choice

**Successful Amalgamation of Multiple Technologies**

**Design Centers**

25

**Own Patents**

900+

**Registered Utility Models**

27

## R&D focus areas

### Safety



Sensor based pedestrian protection



360° monitoring system with integrated lane and object detection



Full plastic and fibre-reinforced airbag boxes

### Performance/efficiency



Advanced lighting



Next generation LogoLamp with improved properties



High performance full plastic rear bumper beam

### Environment



Light weight and fibre composite Class A surface panels



Extremely lightweight door components i.e. "Aerospace foam"



Full plastic battery tray for electric vehicles

### Aesthetics/emotion



High gloss panels with integrated HMI and light integration



'Hidden-till-lit' exterior solutions (dark chrome finish)



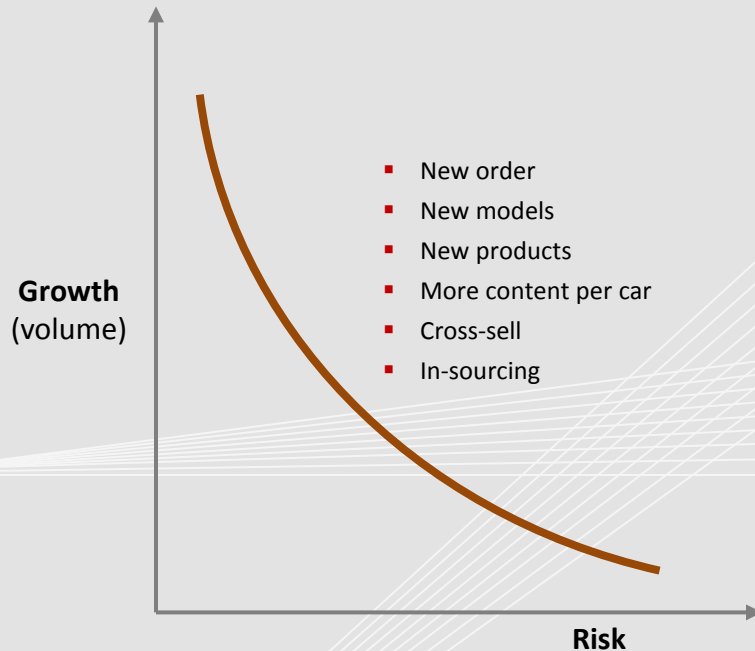
Next generation Logo Lamp with improved properties



# Derisking Through Growth



- 1 Organic growth
- 2 In-organic growth
- 3 Organic growth of acquisitions

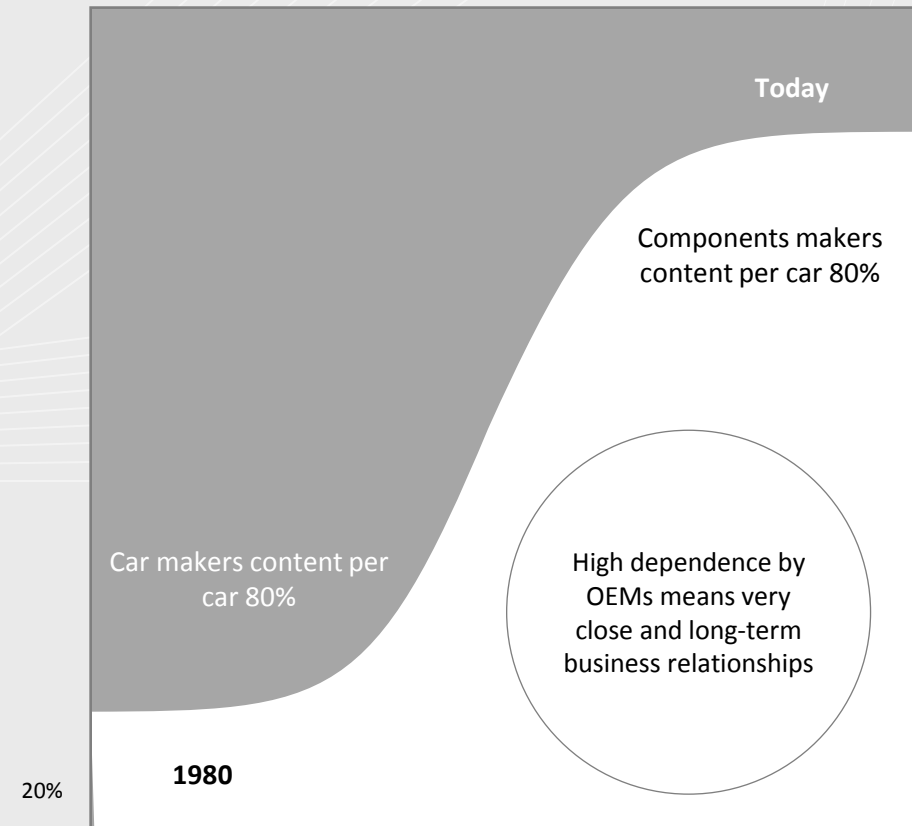


Strong customer bond

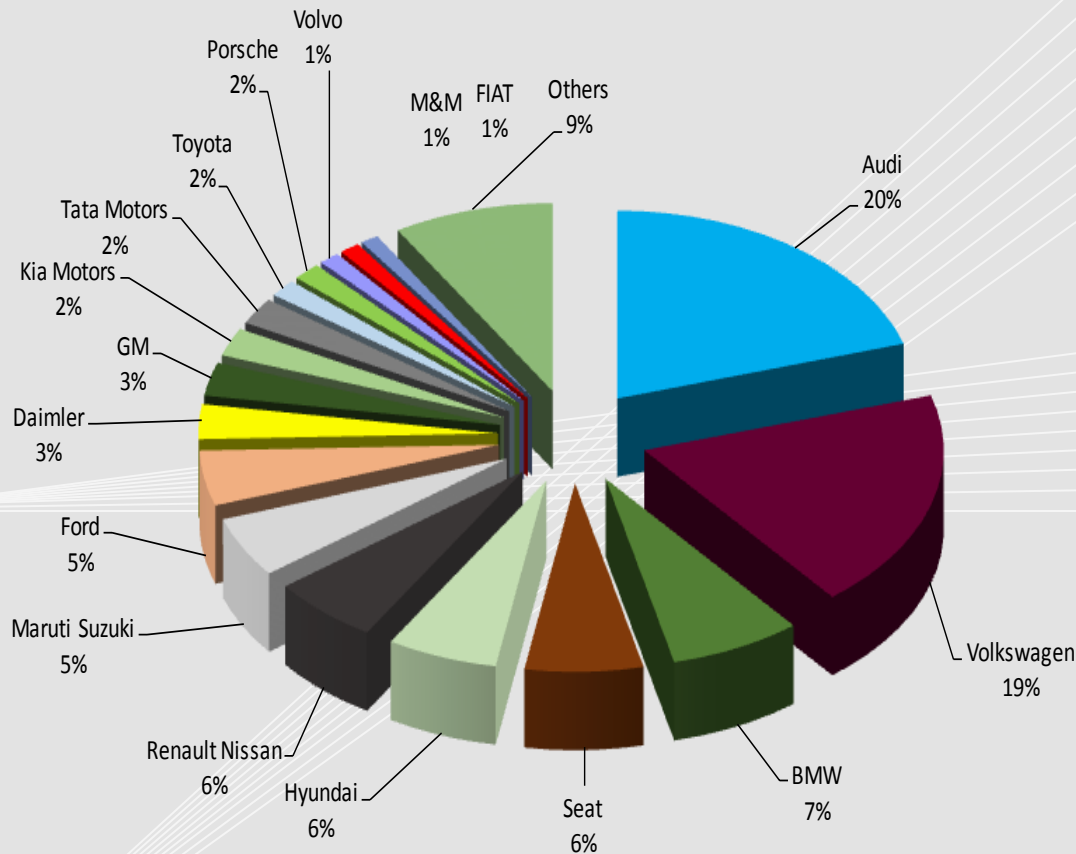
Diversified Portfolio

Lower Business Risk

## Increased OEM outsourcing



## Customer wise Sales\*



**Working on a policy to balance and grow the business in such a way that no**

**Single Customer**

**Single Country**

**Single Component**

**should constitute more than 15% of the turnover**

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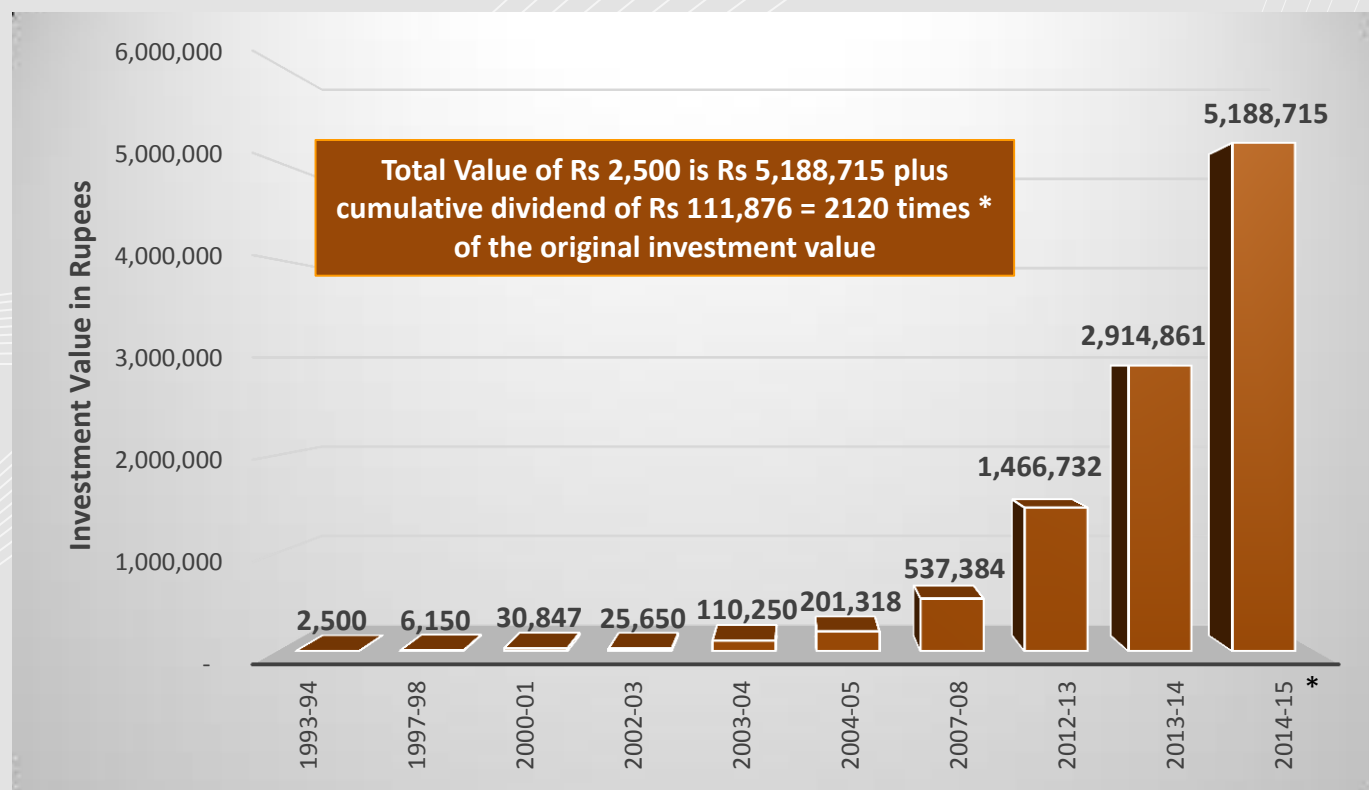


# MSSL Returns to Shareholders



Returns to shareholders through consistent value creation

	1993-94	1997-98	2000-01	2002-03	2003-04	2004-05	2007-08	2012-13	2013-14
	IPO	Bonus Issue	Bonus Issue	Split to Par value of Rs. 5 per Share	Split to Par value of Rs. 1 per Share	Bonus Issue	Bonus Issue	Bonus Issue	Bonus Issue
<b>Shares Held</b>	<b>100</b>	<b>150</b>	<b>225</b>	<b>450</b>	<b>2,250</b>	<b>3,375</b>	<b>5,062</b>	<b>7,593</b>	<b>11,390</b>
<b>Cumulative Dividend</b>		1,040	2,990	5,802	8,052	11,428	27,205	83,399	111,876



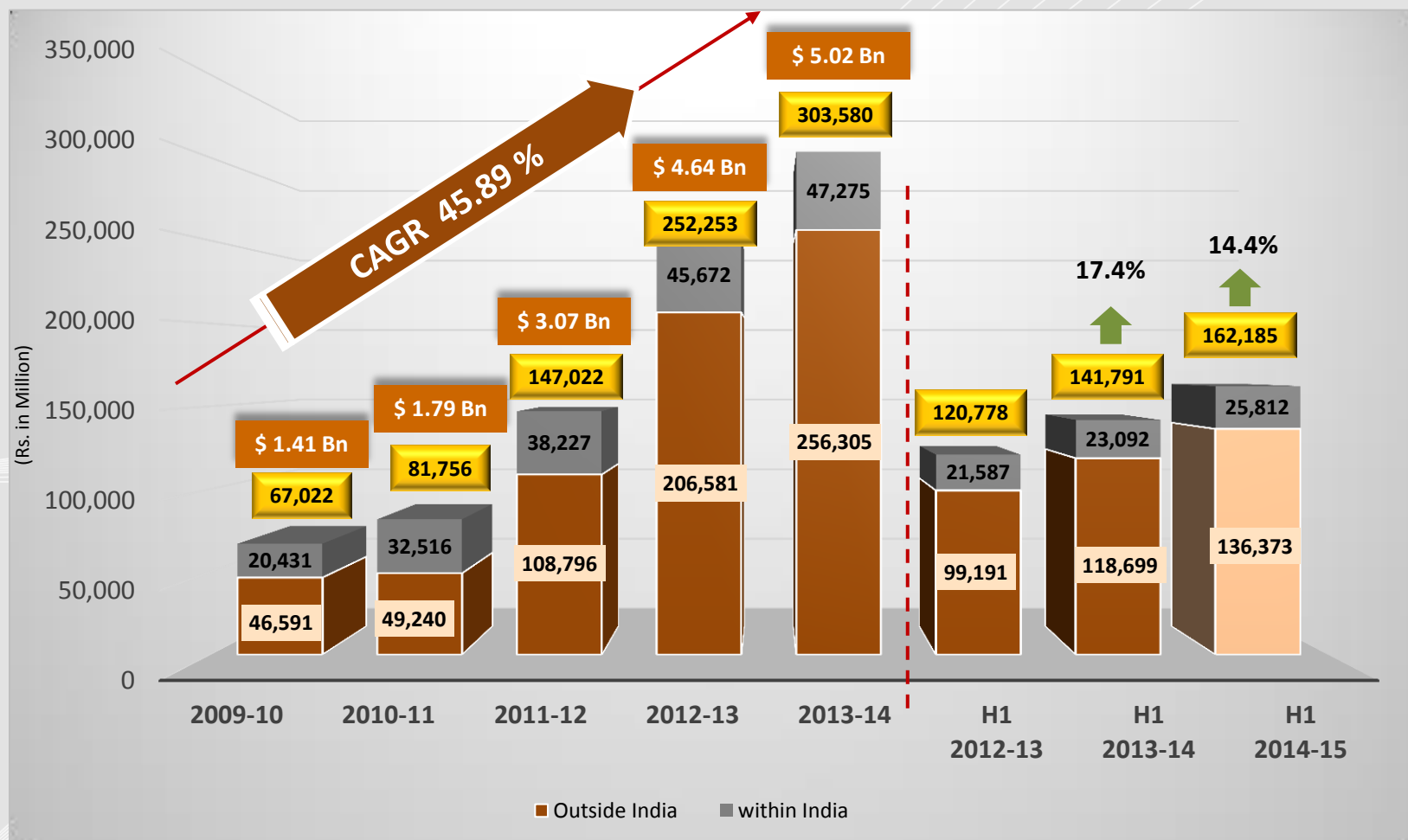
\* At closing rate of 1<sup>st</sup> Jan 2015

# Financial Performance



## Consolidated Sales

(Rs. in Million)



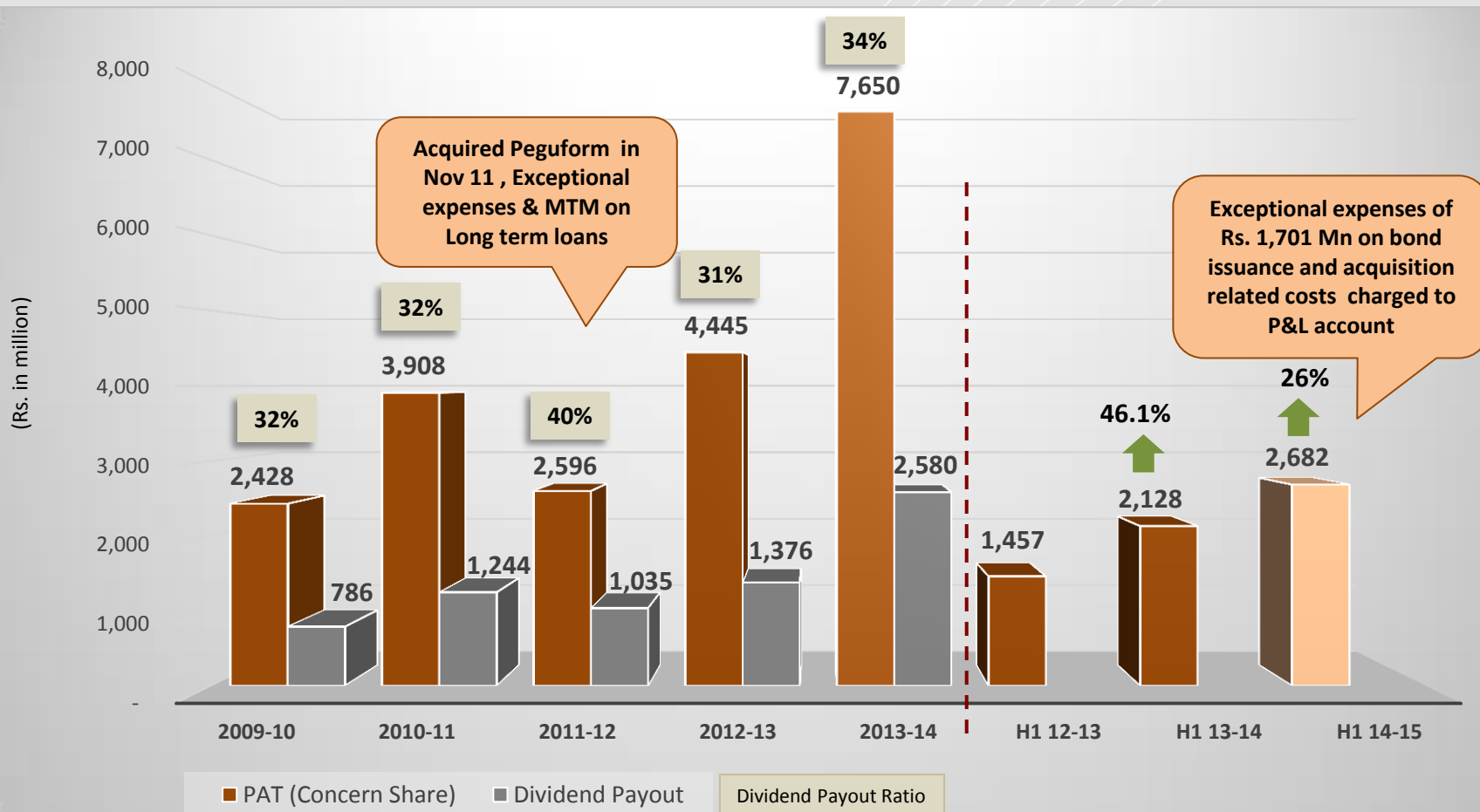


# Financial Performance



## PAT, Dividend Payout & Dividend Payout Ratio

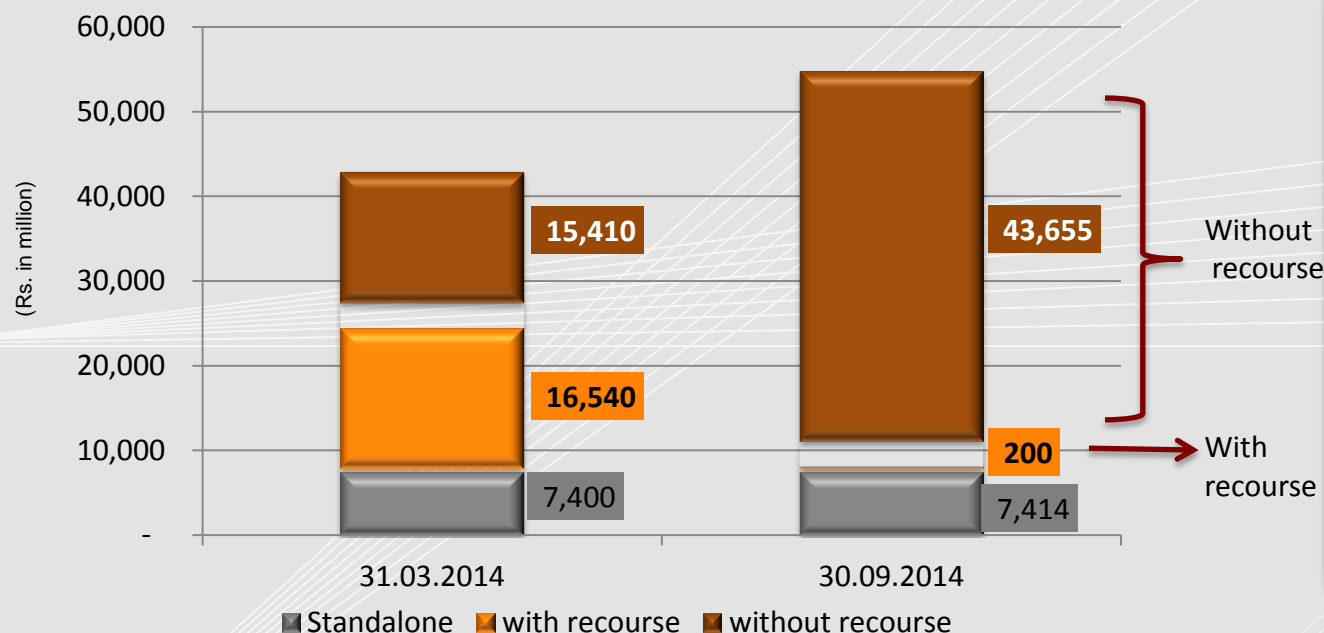
(Rs. in Million)



# Debt Status



Rs in million	31.3.2014	30.09.2014
Gross Debt*	48,398	61,924
* Include loans due in one year	8,452	2,977
Cash & Bank Balance	9,048	10,655
Net Debt	39,350	51,269
Net worth	26,518	30,183



Exchange Rate used	31.3.2014	30.09.2014
Rs / Euro	82.49	77.99
Rs / US \$	59.91	61.74

Major cash outflows April – September 2014 :

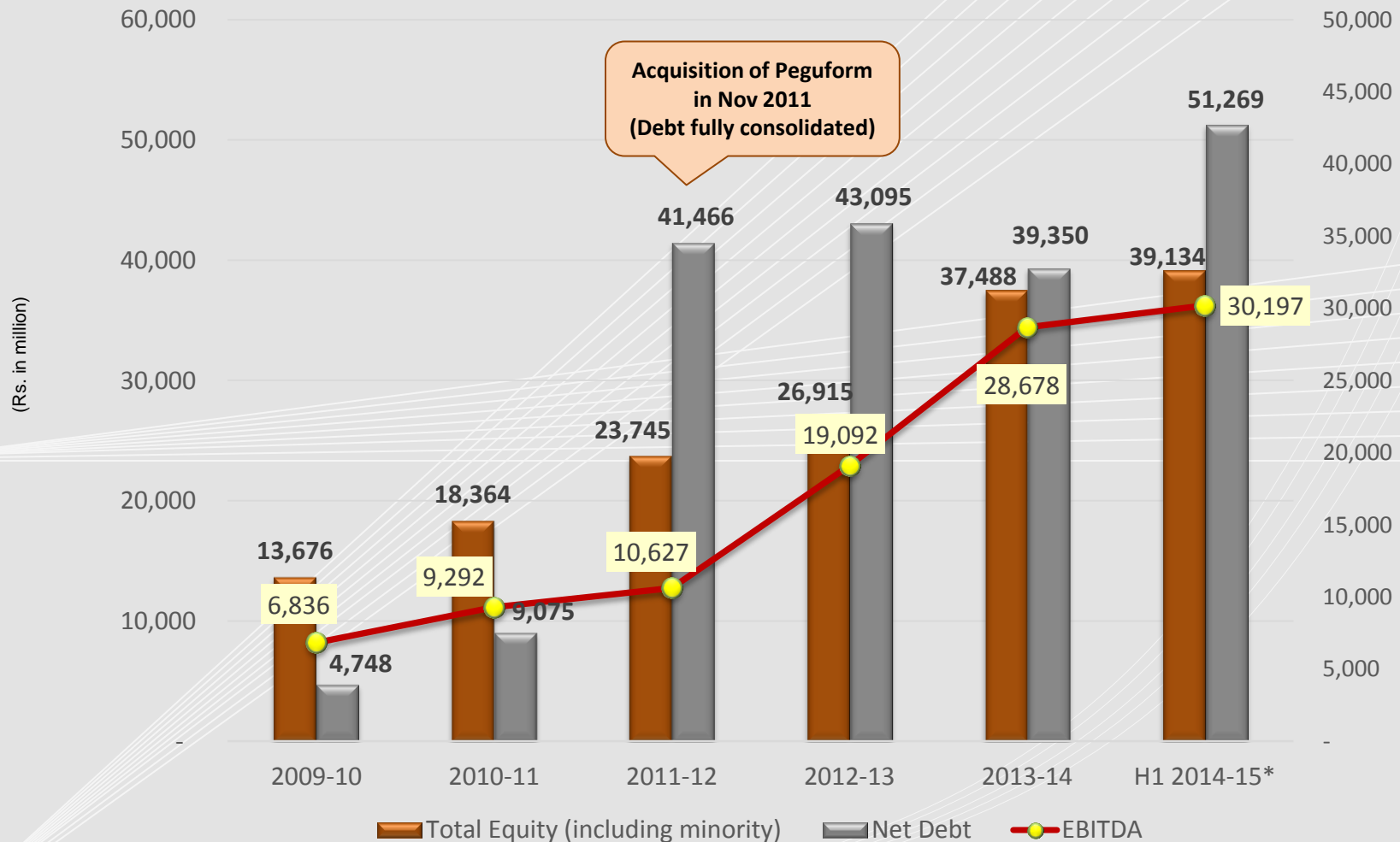
- Acquisition of wiring division of Stoneridge Inc. USA at a value of USD 71.4 Mn.
- Acquisition of minority interest in SMR & SMP to increase holdings to 98.5% in SMR and 100% in SMP.
- Capital expenditure of Rs. 9,322 Mn on new facilities & expansion.

# Financial Performance



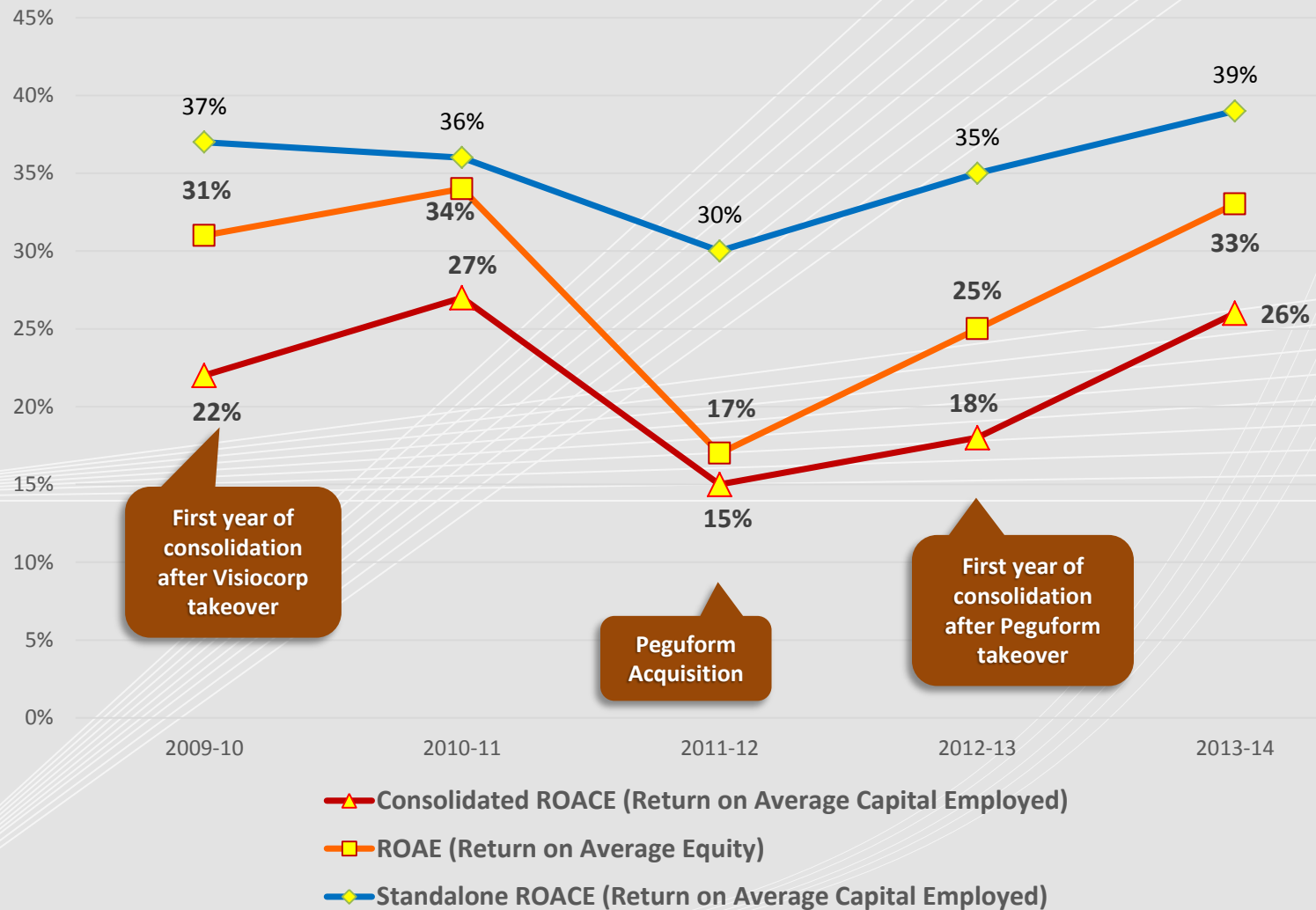
## Total Equity, Net Debt & EBITDA

(Rs. in Million)



\* As per clause 41, figure for EBITDA is for LTM (Last Twelve Months )

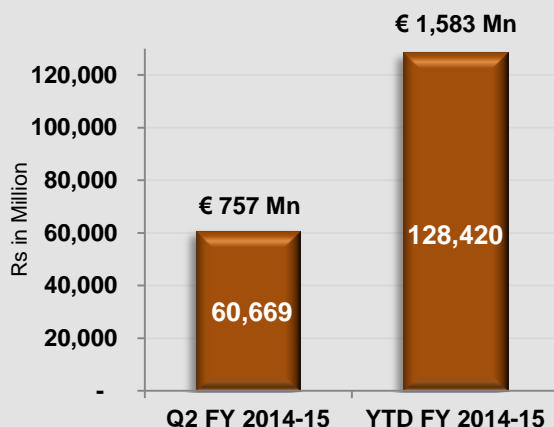
## ROACE & ROAE



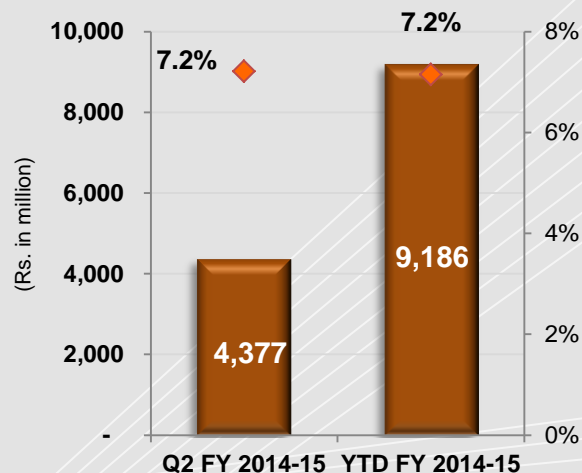
# SMRPBV : Q2 FY 2014-15 and YTD FY 2014-15



## » Sales



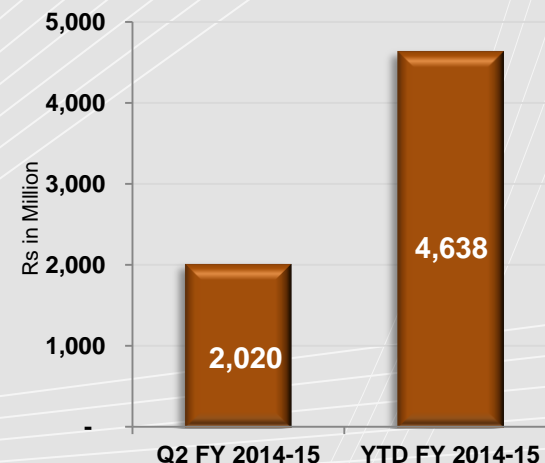
## » EBITDA\* / % to sales



■ EBITDA ♦ % of Sales

{\* Before exchange loss/ (Gain) and exceptional expenses}

## » PBT



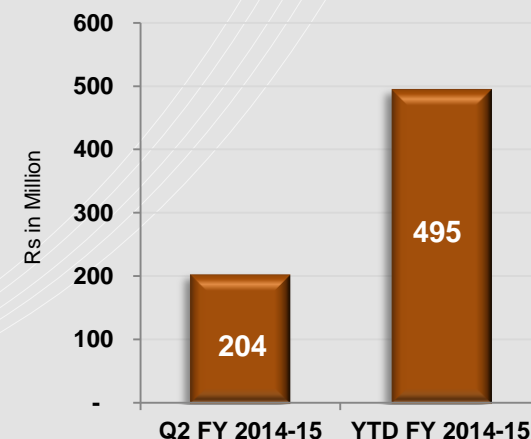
## Notes :

In Rs. Million	Q2 2014-15	YTD 2014-15
Exceptional expenses towards bonds issuance	849	1,306

## » New Orders Won

New Orders Won	Rs in Million	Euro Mn
April'14 ~ Sept'14	100,880	1,294

## » PAT (MSSL Share)





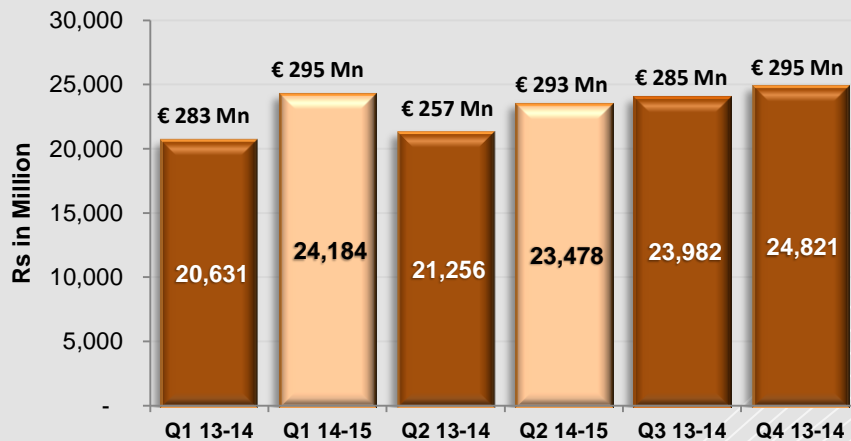
# SMP & SMR: Quarterly Overview



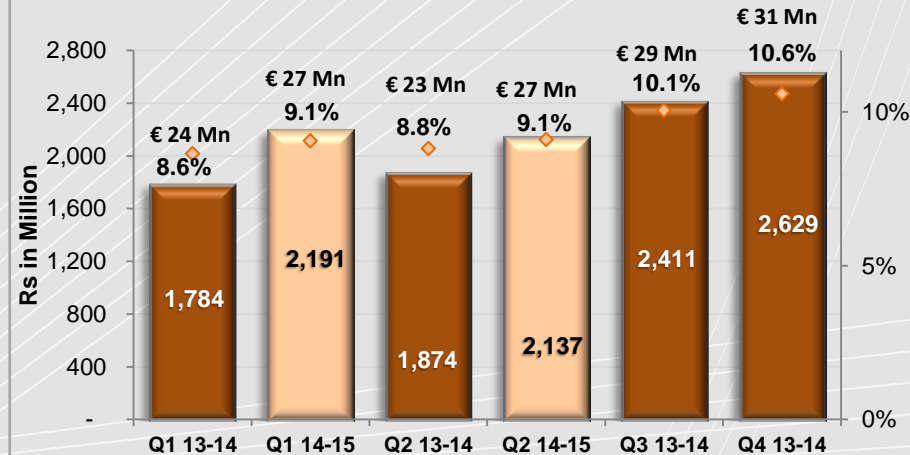
## SMR

- Acquired rear view mirror business of Visocorp in March 2009

### Sales



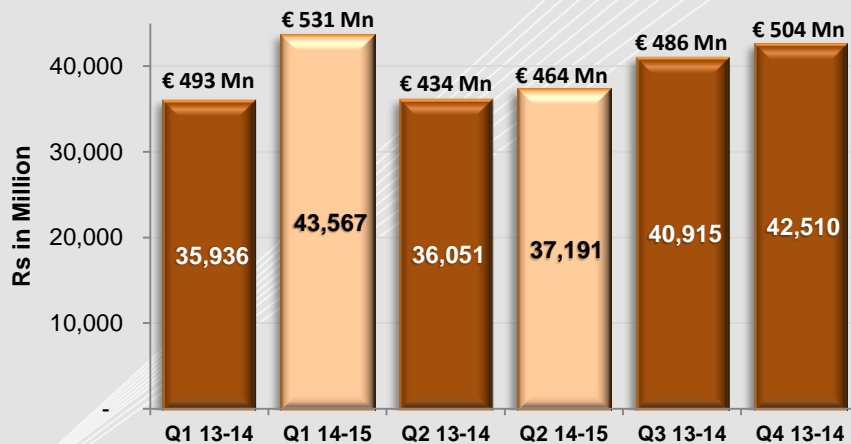
### EBIDTA\* / % to Sales



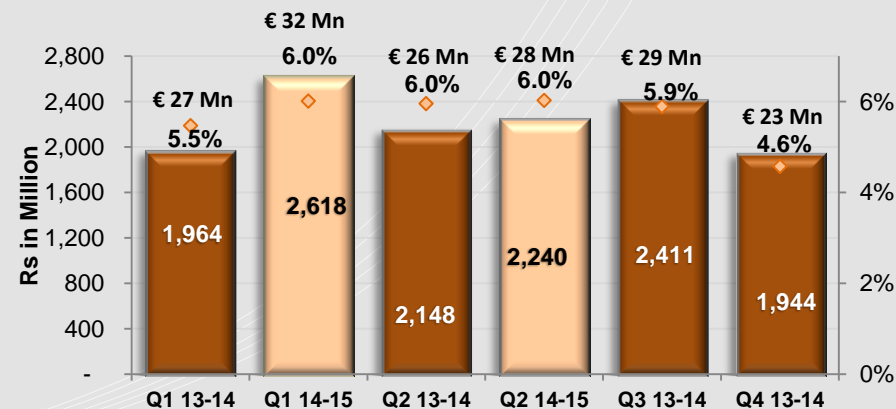
## SMP

- Acquired Peguform in November 2011

### Sales



### EBIDTA\* / % to Sales



{\* Before exchange loss/ (Gain) and exceptional expenses}

Euro figures converted on Exchange rate used for consolidation for respective period

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## Acquisitions

- Wiring harness business of Stoneridge
- Acquisition of shareholding from minority shareholding at SMP (16.28%) and SMR (4.8%).
- Assets of Minda Schenk GmbH (in administration) in Germany.

## New Orders

- SMRP BV received new orders for life time value of Euro 1.294 billions (Rs. 100,880 Mn) during April – September 2014. MSSL standalone, its JVs & subsidiaries received strong orders.

## Issuance of Senior Secured Bonds

- SMRPBV issued Euro 500 Mn 4.125% senior secured bonds with issuer ratings “BB+” with stable outlook by S&P. Bonds proceeds have been utilized to prepay the loans at SMR and SMP making them self sustained and self financed

# Acquisition of assets of Scherer & Trier



Samvardhana Motherson Automotive Systems Group B.V., Netherlands (SMRP BV), the subsidiary of Motherson Sumi Systems Ltd (MSSL) and joint venture with Samvardhana Motherson International Ltd. (SMIL) has announced signing of an agreement for purchase of assets of Scherer & Trier group (S&T), Germany from its administrator through its step down subsidiaries.



Airbag covers



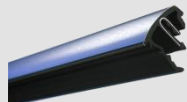
B-pillar cappings



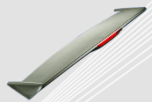
Foot rest moulding



Decor mouldings



Inner belt moulding



Rear spoilers

## Business

**Scherer & Trier** is one of the leading specialist suppliers of extruded and injection-moulded exterior and interior components.

- Scherer & Trier with its headquarters in Michelau/Oberfranken (Germany) has become an internationally renowned specialist in plastic technologies since its foundation in 1967
- The key manufacturing technologies: injection-moulding, extrusion, stretch-bending, painting and assembly. Further, the group has a vast experience in Tool making activities.
- On the 10<sup>th</sup> of Mar 14, Scherer & Trier filed for insolvency due to a failed follow-up financing

## Rationale behind Acquisition

- Strong Strategic Fit
- Sourcing synergies with strong vertical integration including state-of-the-art tool room for injection moulding tools, process engineering and in-house material development capabilities
- Diversification of client and product mix
- Access to a strong R&D portfolio
- Access to strong engineering and tool room capabilities
- Increased penetration to customers in Europe
- Sharing of resources with SMRP BV
- Strong and explicit Customer support
- This acquisition further consolidates MSSL's polymer business in Europe & North America.

## Consideration Payable

- The consideration payable is approx. Euro 36 million for the assets including land and building & inventories along with the shareholding held in Mexican entities.
- This acquisition includes 2 manufacturing facilities situated at Michelau (Germany) and Puebla, (Mexico)

# New / Upcoming facilities - Europe



**Company :** SMP  
**Location :** Oldenburg (Germany)  
**Type :** New Painting facility  
**Products :** Bumpers & Rocker Panels  
**Start of Operation :** Q3 FY14-15

**Company :** SMP  
**Location :** Polinya (Spain)  
**Type :** New Painting facility  
**Products :** Bumpers  
**Start of Operation :** Q1 FY15-16



**Company :** SMP  
**Location :** Boetzingen (Germany)  
**Type :** Brownfield Expansion  
**Products :** Door Panels based on natural fibre plastic  
**Start of Operation :** Q 3FY15-16



**Company :** SMP  
**Location :** Schierling (Germany)  
**Type :** Greenfield Plant  
**Products :** Bumpers  
**Start of Operation :** Q3FY14-15





# New/Upcoming facilities – Asia Pacific including India



Architectural Impression

**Company :** MSSL WHD  
**Location :** A 15, Sector-6, Noida (U.P.), India  
**Type :** Reconstruction of entire plant  
**Products :** Wiring Harnesses  
**Start of Operation :** Q2 FY 15-16

**Company :** SMP  
**Location :** Beijing (China)  
**Type :** Greenfield Plant  
**Products :** Door Panels  
**Start of Operation :** Q1 FY 16-17



Outside view



Outside view

Part of Paintshop

**Company :** MATE  
**Location :** Sanand (Gujarat), India  
**Type :** Greenfield plant  
**Products :** Polymer products  
**Start of Operation :** Q1 FY 15-16

**Company :** SMR  
**Location :** Chongqing (China)  
**Type :** Greenfield Plant  
**Products :** Exterior Mirrors  
**Start of Operation :** Q4 FY 14-15



Construction on site

Construction on site

**Company :** MATE  
**Location :** Walajabad, Chennai, India  
**Type :** Greenfield plant  
**Products :** Polymer products  
**Start of Operation :** Q1 FY15-16



Outside view



Painting Workshop

**Company :** SMP  
**Location :** Foshan (China)  
**Type :** Greenfield Plant  
**Products :** A/B/C pillars  
**Start of Operation :** Q2 FY 14-15



Inside view

**Company :** MSSL WHD  
**Location :** Walajabad, Chennai, India  
**Type :** Greenfield plant  
**Products :** Wiring Harnesses  
**Start of Operation :** Q1 FY15-16



Architectural Impression

**Company :** MSSL WHD  
**Location :** Thailand  
**Type :** Expansion  
**Products :** Wiring Harness



Outside view

# New/Upcoming facilities- Americas (USA+Mexico+Brazil)



**Company :** SMR  
**Location :** Marysville (USA)  
**Type :** New plant and significant capacity expansion  
**Products :** Exterior mirror  
**Expected :** Q1 FY 15-16



Outside view



Inside view



Inside view

**Company :** SMP  
**Location :** Zitlaltepec (Mexico)  
**Type :** Greenfield plant  
**Products :** Bumpers, Rocker panels, Wheel covers, Roof spoilers  
**Expected :** Q 1 FY 16-17



Architectural Impression

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# Customer Recognition



Overall Performance  
Gold Award  
2013-14



Quality & Delivery  
2013-14



System Audit Rating  
2013-14



Inner Part Localisation  
2013-14



Manufacturing Excellence  
2013-14



Nagare Schedule  
Adherence  
2013-14



Consistently High  
Quality Performance  
2013-14



Safety  
2013-14



Superior Performance  
Focused Cost Down  
2013-14



Superior Performance  
Car Sale  
2013-14



Gold Award  
Quality,  
Cost and Delivery  
2014



Outstanding  
Performance in New  
Products  
Development  
2013-14



Overall Best  
Performance  
Award  
2013-14



Merit Award  
for Best  
Performance  
2013-14



Supplier of the Year  
Gold Award  
2013



Outstanding Project  
Management  
2013



Zero PPM Award  
2013



Best Quality  
Performance  
2013



Localisation  
Award  
2013

# Customer Recognition



RENAULT NISSAN



Significant Improvement  
in Customer indicators  
2013



Best Quality  
Performance  
in FY 2014



Supplier of the Year  
2013



Supplier of the Year  
2012

VOLVO



Quality Award  
2013



Social Contribution  
Activities



QCIDM Supplier  
2013



Quality Commitment  
2011

CATERPILLAR®



Gold Certification  
2012



Significant Contribution

JOHN DEERE



Excellence in  
partner level  
Performance  
2013



New Product  
Development  
2013



Award for  
support in  
Aggressive  
Indigenization



Supplier of the year  
2013



Best Supplier for  
Quality & Delivery  
2013-14



Quality Improvement  
Award

Salcomp



Best Supplier Award  
on Overall  
Performance 2013

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# Thank You ...



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**A Relationship Built on Trust**

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