

# The Motherson story

April 2018



## **O1 A brief introduction** to Motherson.



# Motherson -

Samvardhana Motherson Group was started in 1975 as a partnership between Late Mrs. Swaran Lata Sehgal and her son Mr. Vivek Chaand Sehgal.

# The name signifies a relationship of trust with all stakeholders.

# samvardhana motherson

Samvardhana Motherson Group (SMG) is one of the world's fastest growing specialized automotive component manufacturing companies for OEMs.



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## **MSSL's core business units**

• One of the largest manufacturer of IP modules, door trims and bumpers for passenger cars in Europe & India

• One of the largest manufacturers of wiring harnesses for passenger cars in India and for commercial vehicles globally

• One of the largest manufacturer of rear-view mirrors globally,

**01** Modules, bumpers, door trims and plastic parts



02 Wiring harnesses

03 Rear view mirrors



% of MSSL sales\*.





## Formulated in 1997, the vision of the Group has been the same all along

To be a globally preferred solutions provider.



# **5 Year Plans**

Since 1999-2000 we started to print our targets for the next 5 year plans in our Annual Report.

Today, Motherson only gives a 5-year guidance with a focus on long term growth

# **5 Year targets & our** achievements.

Target (as set in 2000)	Achievement (2005)	Target (as set in 2005)	Achievement (2010)	Target (as set in 2010)	Achievement (2015)	
To cross Rs. 1000 Crore	Achieved	Make MSSL a Billion Dollar	Achieved	Make MSSL a 5 Billion Dollar Company	Achieved USD 5.5 Bn	
(Consolidated) by the year 2005	Rs. 1029 Crores* *taking full turnover of JVs	Company 60% of our consolidated turnover should cater to the requirements of	USD 1.5 Bn Sales from customers outside	70% of our consolidated turnover should cater to the requirements of our customers	Sales from customers outside India is 85%Presence in 25 countries	
Achieve 30% of sales from global customers	Sales from customers outside India was 29%	our customers outside India Contribution from any individual	India was 70% Single largest	outside India Global Presence in 26-27 countries		
Not to have dependence of over	Largest customer contributed 27% of	customer in our turnover shall not be more than 20% of the total turnover	customer contributed 15% of the total turnover		26%* (on consolidated basis) 36% (Excluding Acquisitions done post announcement of Vision 2015) 41% (on standalone basis)	
25% on any one source Attaining	the total turnover ROCE of 39% (on both	Strive to maintain business ROCE of 40%	ROCE of 37% (standalone basis) ROCE of 22%	Achieve ROCE of 40%		
Return on Capital Employed of 40%	Consolidated & Standalone Basis)	Shift our stated dividend policy of	(consolidated basis) Dividend Payout			
Dividend Payout Ratio 40%	Dividend Payout Ratio was 43% for	40% payout of the company's profits to 40% payout of the consolidated Profits	Ratio 44% (Standalone) 32% (Consolidated)		Dividend Payout Ratio	
	2004-05		52 /6 (Consolidated)	Dividend Payout Ratio of 40% of our consolidated net profit	37% (on consolidated bas 62% (on standalone basis	

**Consistent Growth with Focus on Target ROCE of 40%** 



# 02 Our path of profitable growth.

#### **Delivering growth while** statying disciplined.

 MSSL consolidated revenues (Rs. in millions)

1993	2000	2005	2010	2015
193	<b>1,528</b> 2	<b>7,306</b> 2,984	<b>20,431</b> 46,591	
193	1,530	10,290	67,022	2,92,313
Total				52,590
Outside I	ndia			
<b>Within In</b>				3,44,903

\* Revenues of PKC group (acquired at the end of March 2017) of Euro 845.67 million for 2016 on performa



# Acquisitions.

The group has integrated 20 acquisitions since 2002, creating synergies while leaving companies to manage themselves as autonomously as possible.



#### **Proposed acquisition of Reydel.**

- MSSL's subsidiary SMRPBV, has executed the transaction documents for the proposed acquisition of Reydel Automotive Holdings B.V. and Reydel Automotive Management B.V on April 02, 2018
- Reydel Automotive is an established global supplier of Instrument Panels, Door Panels, Console Modules, Decorative Parts and Cockpit Modules,
- The company has strong customer relationships (25+ years average) with global OEMs and its top customers include PSA, Renault, RSM, SsangYong / Mahindra, VW and GM
- Transaction is structured under a Lockbox arrangement from 1 Jan 2017; all business cash flows from lockbox date to accrue to buyer
- The proposed transaction to be discussed with employee representatives and would be subject to customary closing conditions and receipt of required regulatory approvals. Indicatively, it is expected that the transaction will take 4-6 months to close.
- Consideration is expected to be financed using existing cash and banking limits at SMRPBV and estimated to be EPS accretive from Day 1



<b>Reydel Financial Highlights</b>				
\$ million CY17P <sup>1</sup>				
Revenues	1,048			
EBITDA	68			
EBIT	48			
Gross Debt	25			
Cash	88			

1. Unaudited US GAAP figures

#### **Reydel Product Portfolio**

#### **Instrument Panels**



#### **Console Modules**



#### **Door Panels**



#### **Cockpit Modules**



#### **Decorative Parts**



## **Motherson and Reydel – Combined Geographic Overview**



# **Customer-wise** revenue breakup.



Existing represents sales mix of April – December 17, extrapolated to full year



Please note that the split in the charts are based on Reydel's unaudited CY17 US GAAP figures Existing represents sales mix of April – December 17, extrapolated to full year

### 40% Payout : Stated Dividend Policy





# **Current share capital**

(Rs. in millions)

#### Total

- **QIP & Preferential Share Allotment**
- **FCCB**
- Bonus Issue
- **Right Issue**
- SMIIEL Merger
- Original IPO

#### **Dilution**





## **03 Our "not so secret"** recipe.





4 Asked to do more

> 5 Increase content, value per car

#### Strengthening customer trust via QCDDMSES performance. 1. Quality

**1. Quality** Seamlessly fit global quality standards of the customer.

#### 8. Sustainability

Be committed to longterm greatness rather than transactional relationships.

#### **7. Environment**

Meet the highest environmental standards.

**6. Safety** Work to the highest standards of safety. **5. Management** Lead the organisation with the highest governance standards.

#### **2. Cost** Work at leading cost levels.

#### **3.** Design

Provide design support for current products and new concepts.

**4. Delivery** Deliver globally and be able follow the customer where they need us.

# Increasing content per car : a "not yet" company.





**Door Trim** 





**Pillar Trim** 



Spoiler



Air Cleaner Assy.



**Tail Gates** 



Compressor



**Shock Absorber** 



**Outside Handle** 



**Scuff Plate** 



**Box Floor Console** 



**Pedal Box Assembly** 







**Wireless Power** 

**Body Control** Module

Vehicle Electronics



# Top line is vanity. Bottom line is sanity

Cash in bank is reality

> Never pursue top line for the sake of topline only.

# A strong focus on ROCE

- Return on Average Capital Employed (ROACE) for MSSL in our 5-year plans.
- All time high ROCE for Standalone at 48%



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# Stable and improving operating margins and ROCE - Case Study (SMR).



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# 04 Implications.

# Returns to shareholders.

 INR 2,500 invested in the MSSL IPO is worth INR 9,049,520 (including cumulative dividend)\*.





#### 2018

# Finance Cost

Raising funds, while reducing financing costs. Significant improvement in credit rating recognised and rewarded by investors.



⇒

## Motherson is trusted by OEMs globally.













# Toyota



Regional **Contribution Award** 

ST TAN A MALEONAR

(HEO PPM

n out a sed you in a bin care in In a bin bu

Zero Defect Supplies

Antipratio



**Best Project** 

Performance



Silver award

**ZERO PPM** Award





Certificate for Delivery

#### **Renault Nissan**



**Overall Best** QCDM Performance Awards



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# the world's acmired brands

**Audi** 

Toyota

Daimler

**BMW** 

Nissan

Suzuki

**Bombardier** 

Volkswagen



## Rankings.

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SMG's ranking has gone up from **40**<sup>th</sup> in **2014** to 26<sup>th</sup> in 2016 in global automotive suppliers by Automotive News

**MSSL ranked No. 1** auto ancillary in India for 7 consecutive years by **Fortune India** 

REVENUE | PROFIT | ASSETS

**Rscrore** 

38962.30

16792.21

12597.10

10936.50

8578.62

7927.46

5239.55

3312.36

2564.15

2512.07

2491.40

2477.11

2211.32

2015.62

1894.24

1794.09

155

231

314

391

473

486

FORTUNE INDIA 500 // DECEMBER 2016

Rscrere

1273.70

987.09

243.50

1248.10

245.51

649.99

116.31

122.98

111.13

205.72

107.27

65.54

86.95

39.99

204.62

197.48

**Hscrore** 

12446.

20758.

THE SECTORAL LIST

NOUSTRY RANK

UTO ANCILLARIES MOTHERSON SUMI SYSTEMS

AMTEKAUTO

BOSCH

SUNDARAM CLAYTON

ARROC ENGINEERING

MAHINDRA CIF AUTOMOTIVE

SUNDRAM FASTENERS

MINDA INDUSTRIES

MINDA CORPORATION

RANE HOLDINGS

WHEELS INDIA

VABCO INDIA

ASAHI INDIA GLASS

FAG BEARINGS INDIA

**SKF INDIA** 

BHARAT FORGE

*	
SSETS	WORTH
fls crore	Rscrate
12446.60	4236.00
20758.75	5900.40
3532.68	1331.98
8775.80	8288.80
3490.76	1847.94
6776.76	3575.76
3343.31	2010.73
1555.32	929.98
1016.65	468.21
1596.86	1569.39
1198.47	547.59
1382.08	590.76
1875.22	354.05
800.18	408.16
1073.23	1053.95
1312.77	1287.32



#### **MSSL** is among the Fab **50 companies of Asia** for 5 consecutive years by Forbes

# Value creation for all Stakeholders.



... The lives of our employees

... The wellbeing of the communities we work in

# Thank you.

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