



**Proud
to be
part of.**

Presentation on Results

Quarter and Half-year ended 30th September 2018 (Q2 and H1 2018-19)

16th November 2018

 **Samvardhana Motherson
Automotive Systems
Group BV**

- **Highlights**
- **Group Information**
- **Financial Performance**
- **Debt & Liquidity Status**
- **Order Book**

Highlights : H1 2018-19

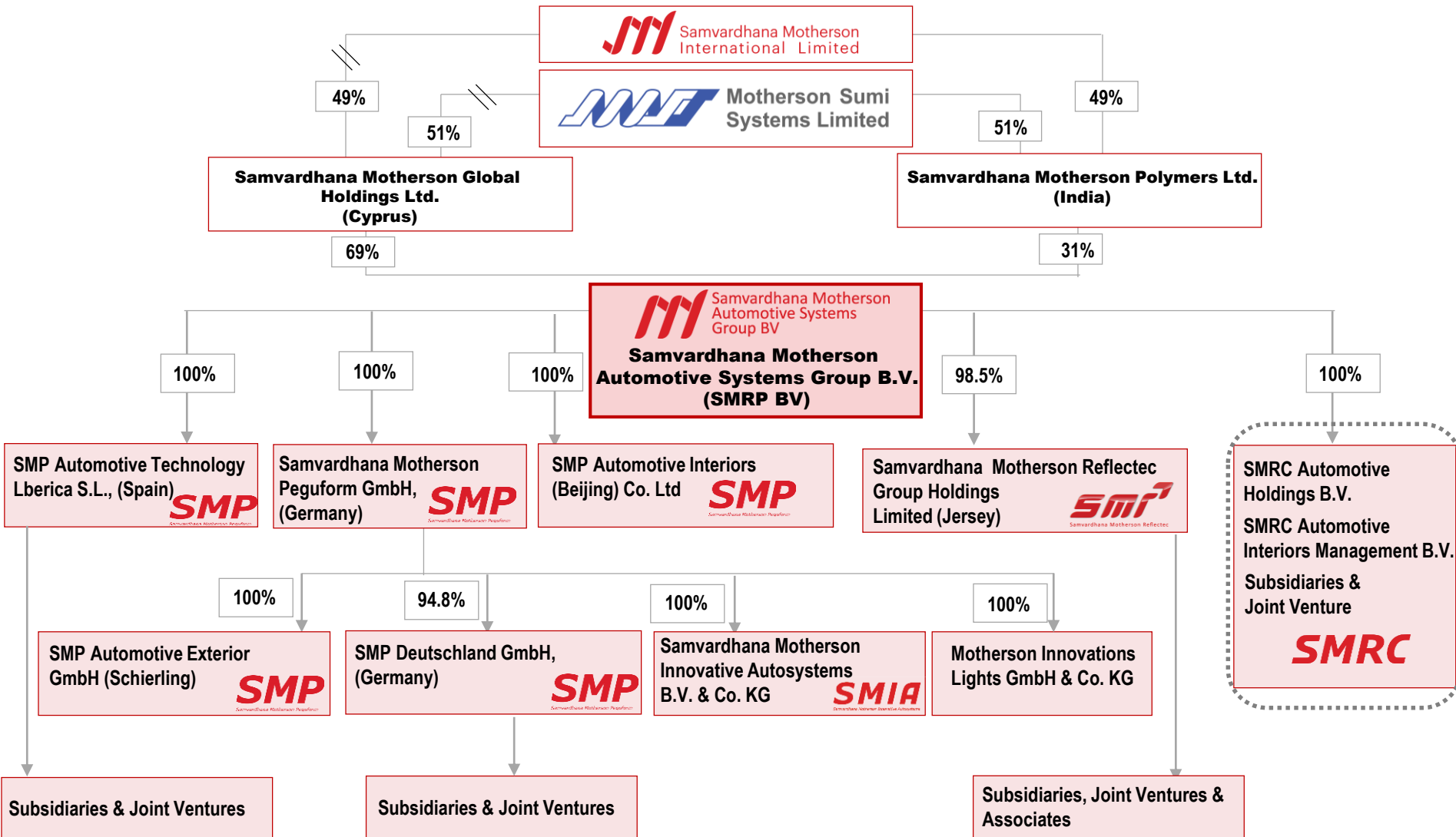
- **Acquisition of Reydel Automotive Group** (renamed as SMRC)
 - Transaction successfully closed on 2nd August 2018; purchase price of US\$ 200.4 million (€ 173.0 million)
 - Post-acquisition results for 2 months consolidated for September 30, 2018
 - Gain on bargain purchase of €24.7 million recognized based on preliminary fair values
 - Cash & cash equivalents of €82.3 million and borrowings of €43.9 million as of the acquisition date
 - Integration of SMRC into the Group is underway
- **Enhancement of capital structure**
 - RCF size increased by €75 mn to €575 million; added 3 new banks
 - Term loan facility of US\$ 60 million availed during September 2018; maturity August 2023
- **Development of Greenfield plants**
 - SMP Kecskemet, Hungary – Commenced commercial production in April 2018; gradually ramping up to meet customers schedules
 - SMP Tuscaloosa, USA – Ready for commercial production in Q3 2018-19
- **Order Book** at € 19.5 billion as at September 30, 2018; including € 2.0 billion from SMRC

Changes in Accounting Standard IFRS 15

- Effective April 01, 2018, IFRS 15 – *Revenue from Contracts with Customers* became applicable on the Group.
- The Group builds all customized products for its customers. In certain contracts, the Group is undertaking higher level assemblies of modules such as Instrument Panels, Cockpits etc. wherein whole/ substantial components are procured from suppliers nominated by customer without taking over any risks on the Company itself.
- In view of implementation of new standard, only service fees involved in such contracts where the company has limited risks has been recognized as revenue by netting the cost of such components from raw material consumption as well as from sales as against earlier practice of full value to be included in Revenue.
- The new standard has been applied from April 01, 2018. The Group has adopted modified retrospective approach and hence comparative figures have not been reinstated. This change does not have impact on profits before and after tax.
- In order to make a comparison we have given impact on the revenue on slide no – 9 and 10.

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SMRP BV Group Structure



Global Presence

Plants.

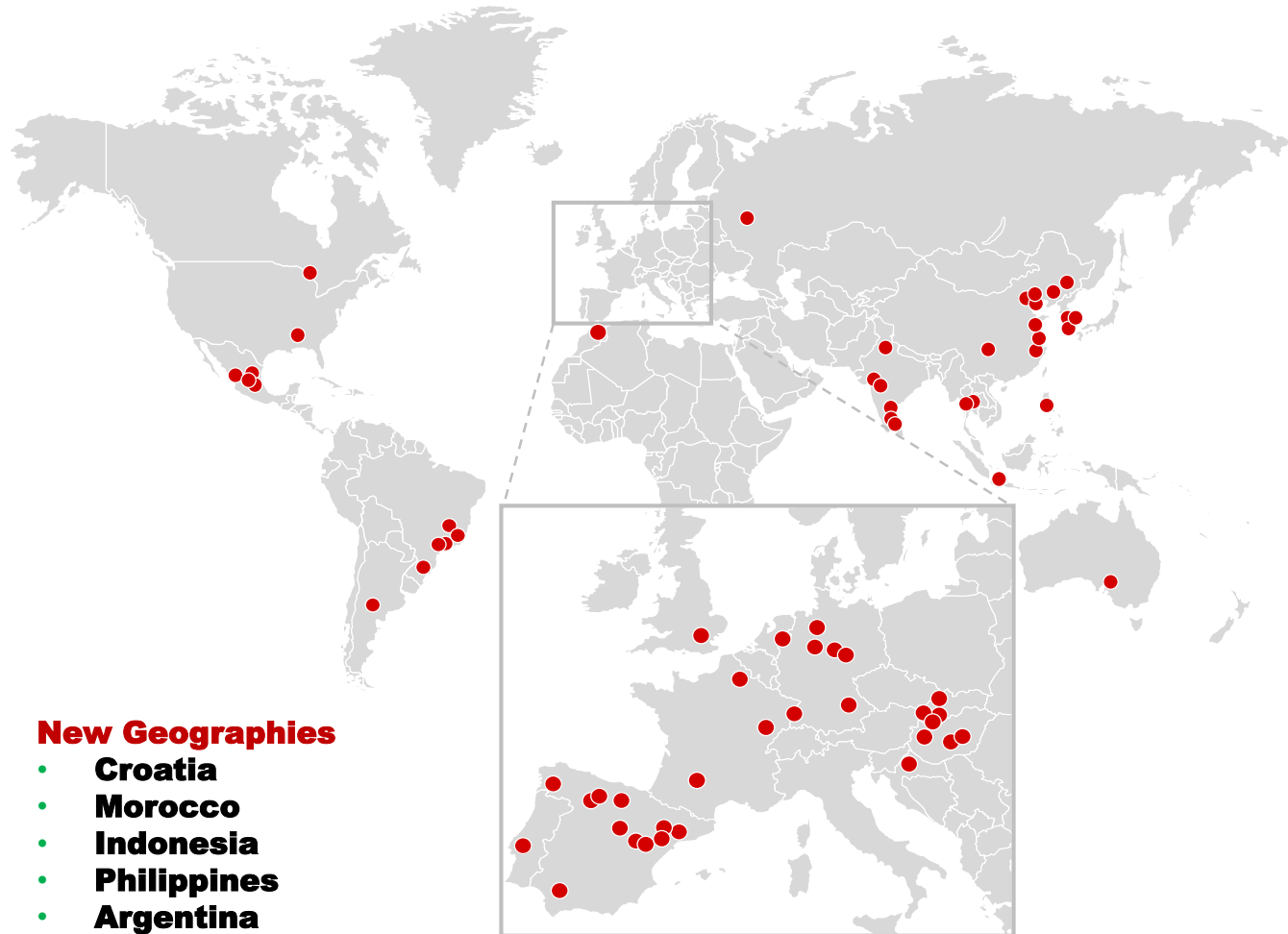
68

Countries.

24

Workforce*

32,600+



New Geographies

- **Croatia**
- **Morocco**
- **Indonesia**
- **Philippines**
- **Argentina**

** Include full time, part time, temporary & contract employees*



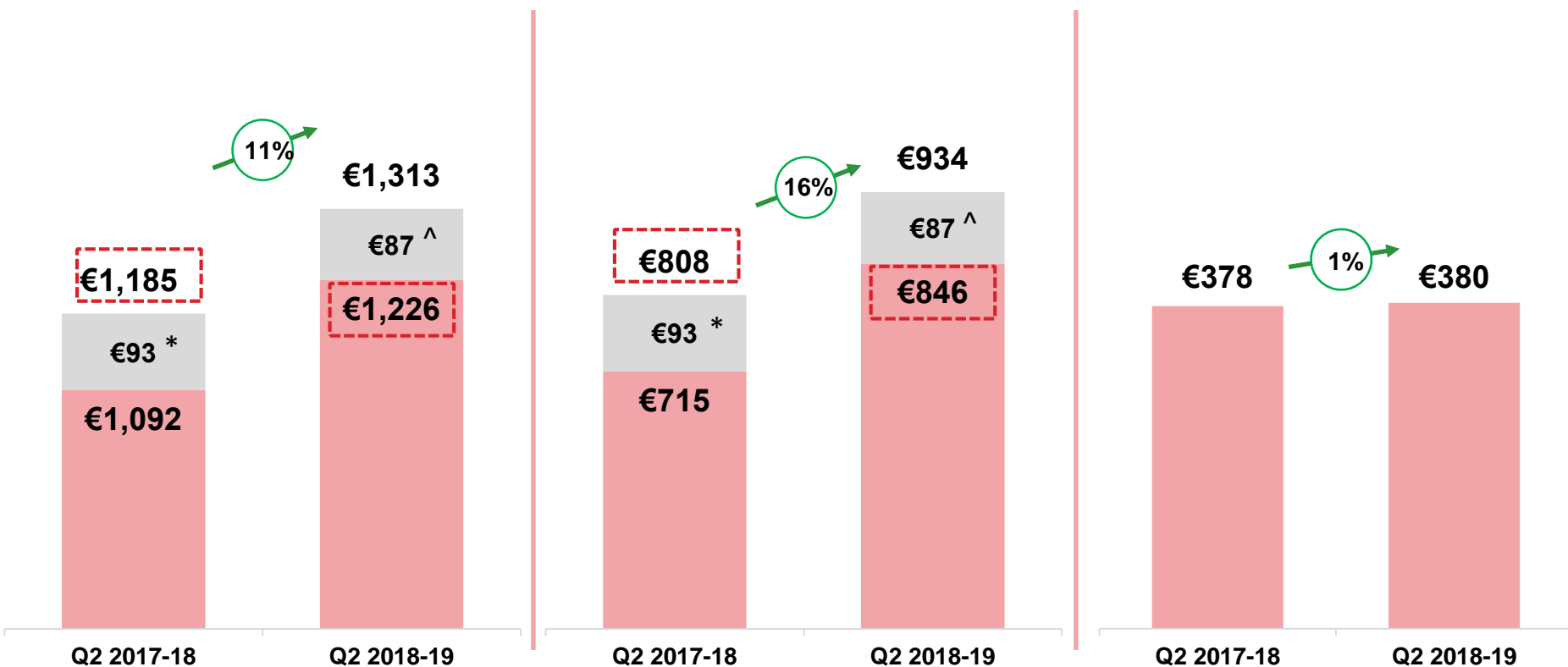
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Impact of IFRS 15 on Q2 Revenue

Consolidated Revenues

SMP Revenues (including SMRC)

SMR Revenues



Revenue impacted due to IFRS 15 (refer slide 4 for details)

* Included in reported revenue
^ Netted in reported revenue

Reported Revenues

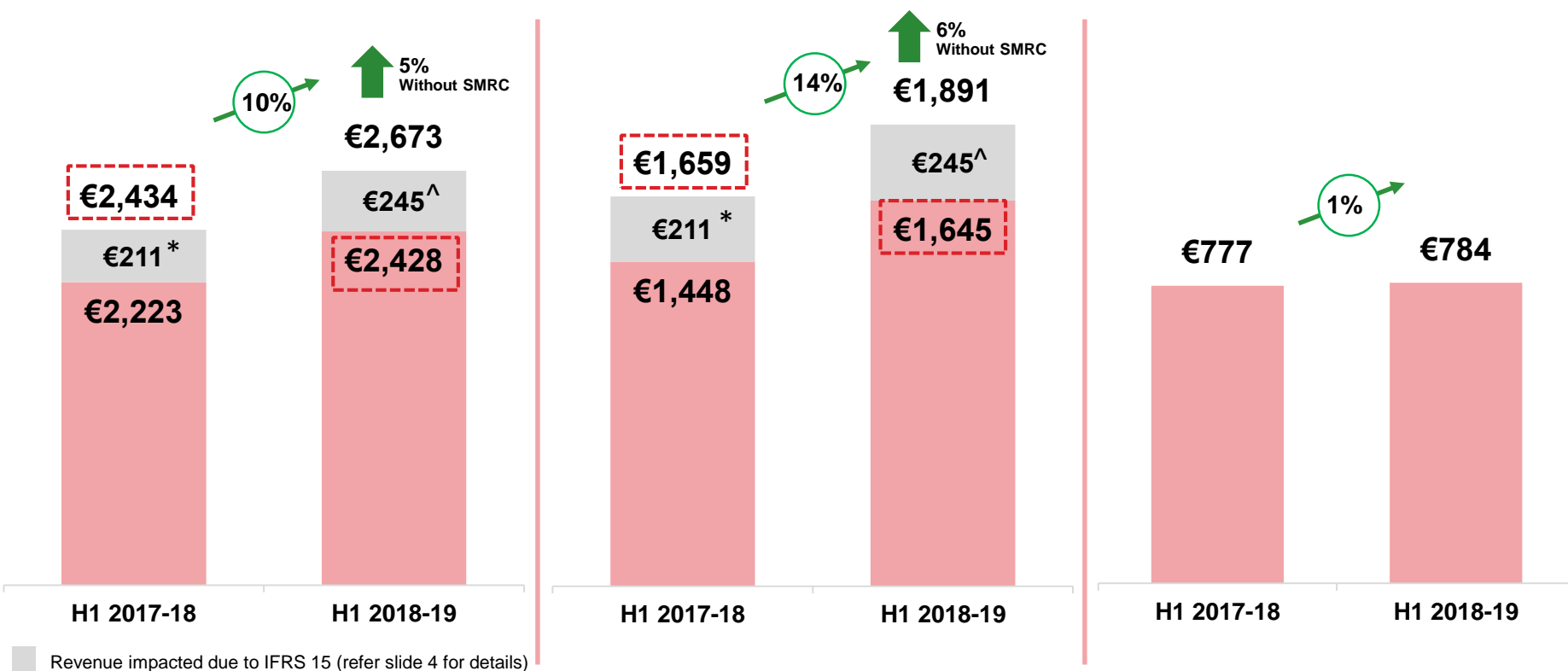


Impact of IFRS 15 on H1 Revenue

Consolidated Revenues

SMP Revenues (including SMRC)

SMR Revenues



* Included in reported revenue

^ Netted in reported revenue

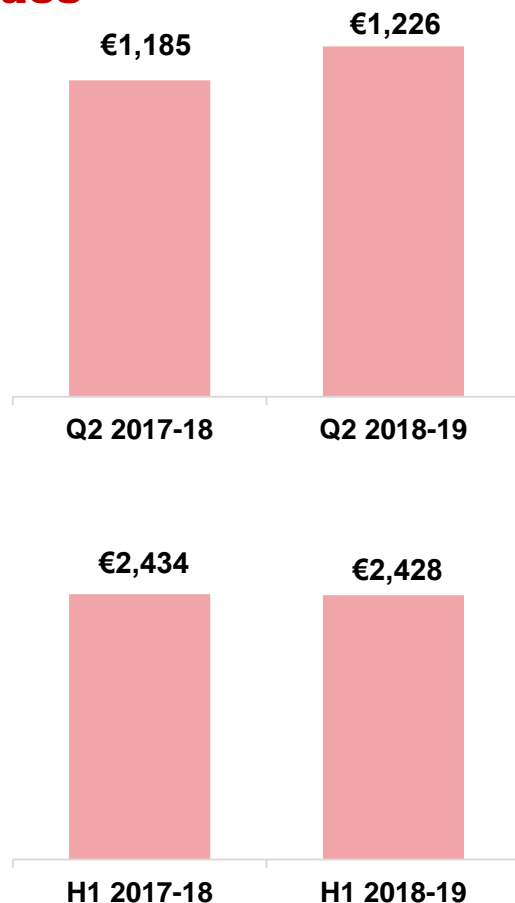
Reported Revenues



SMRP BV Consolidated : Q2 and H1 2018-19

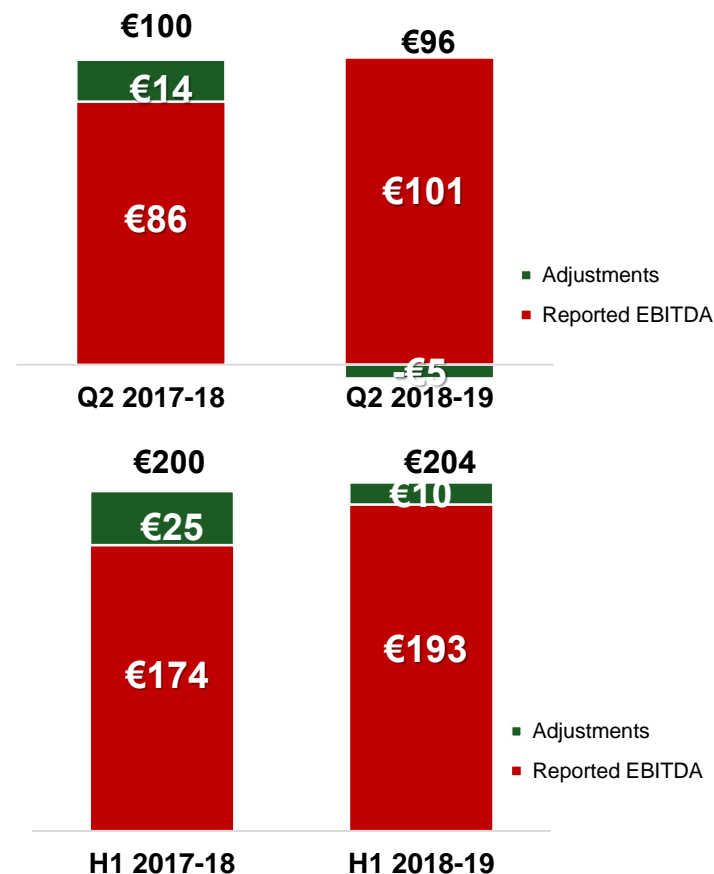
(In Million Euro)

Revenues*



* Revenues have been considered based on reported figures without adjusting for impact of IFRS 15

Adjusted EBITDA



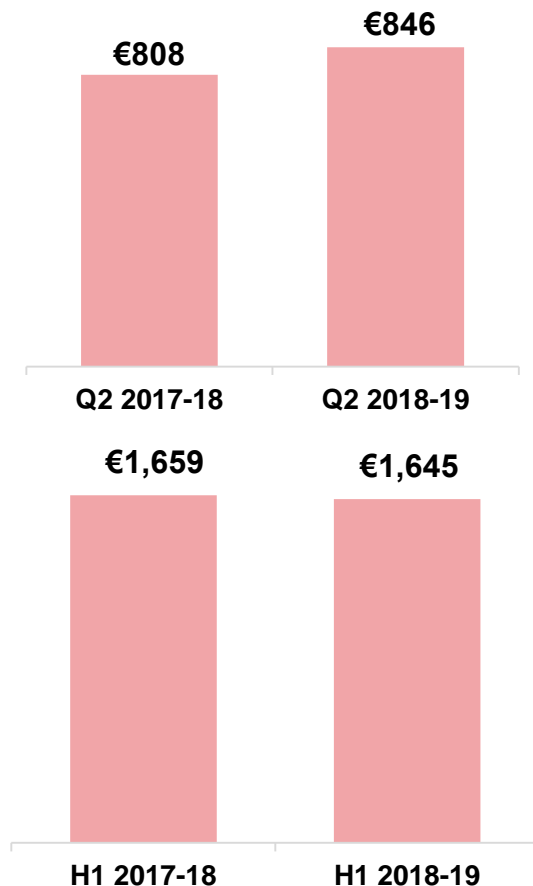
Adjustments	Q2 2017-18	Q2 2018-19	H1 2017-18	H1 2018-19
Start-up costs	14	20	26	35
Gain on bargain purchase of SMRC	-	(25)	-	(25)
Total	14	(5)	26	10

- Start-up cost relates to costs incurred for new plants & facilities under construction
- Gain on bargain purchase relates to difference in fair value of net assets acquired of SMRC and purchase consideration paid



SMP : Q2 and H1 2018-19

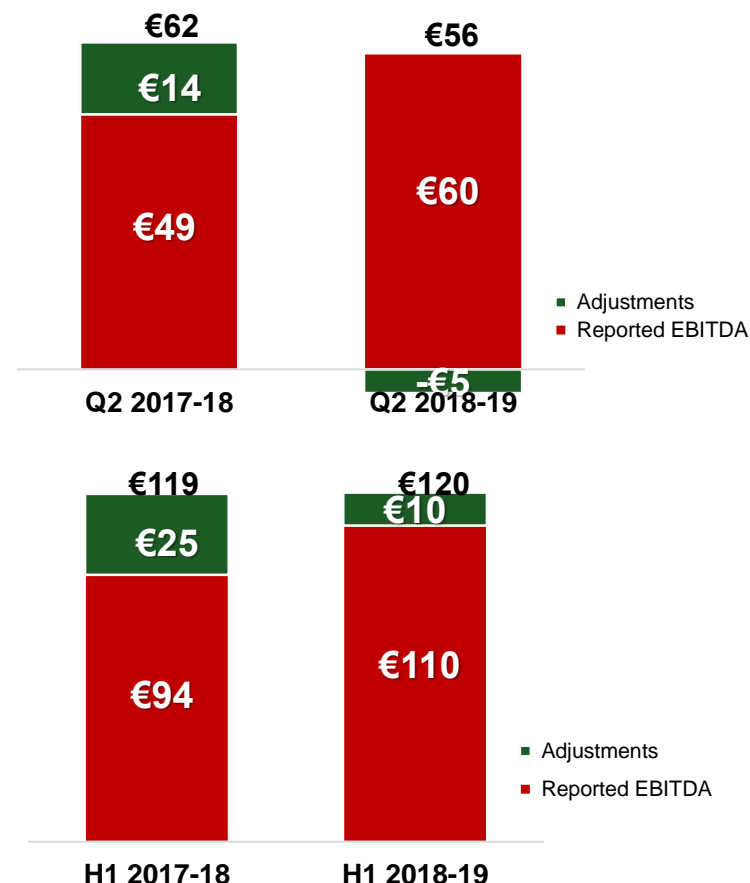
Revenues*



* Revenues have been considered based on reported figures without adjusting for impact of IFRS 15

SMP includes results of SMRC post acquisition

Adjusted EBITDA



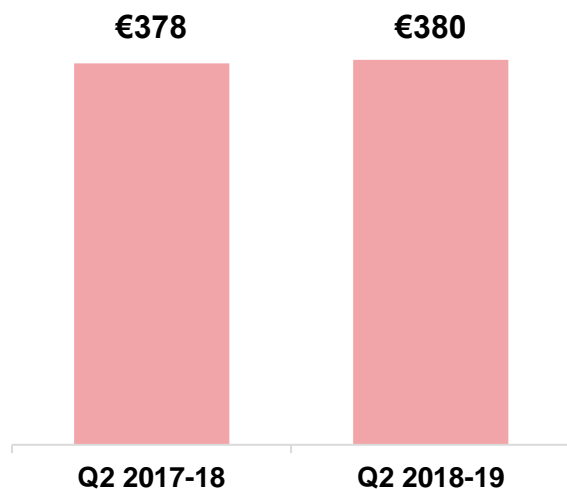
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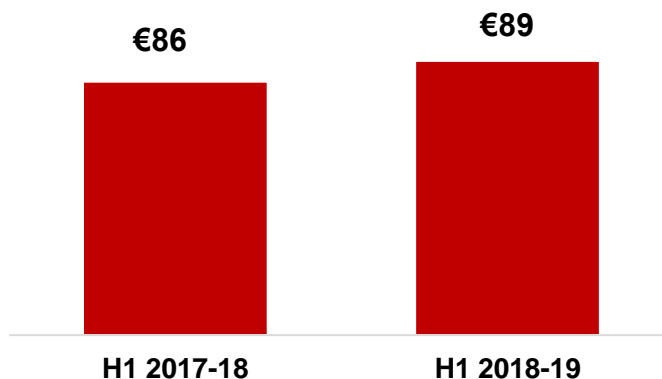
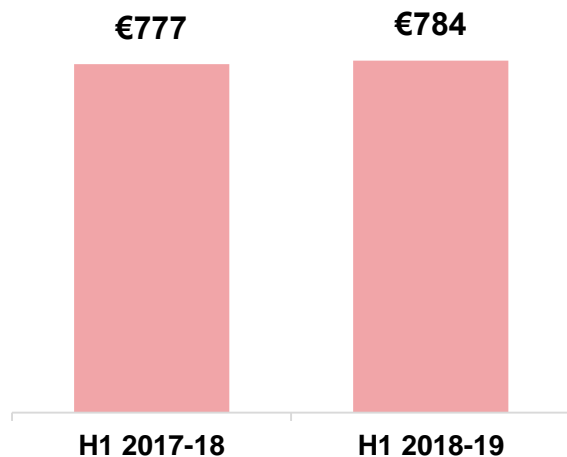
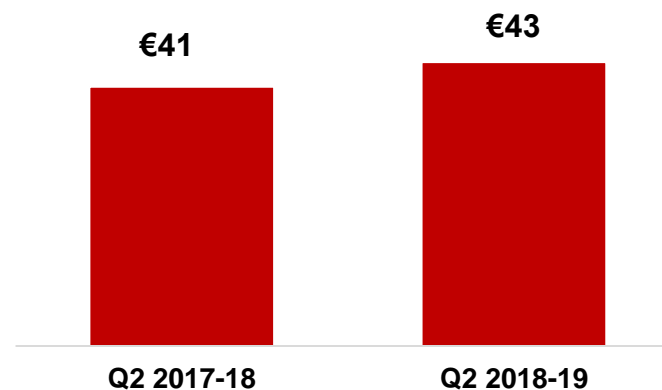


SMR : Q2 and H1 2018-19

Revenues

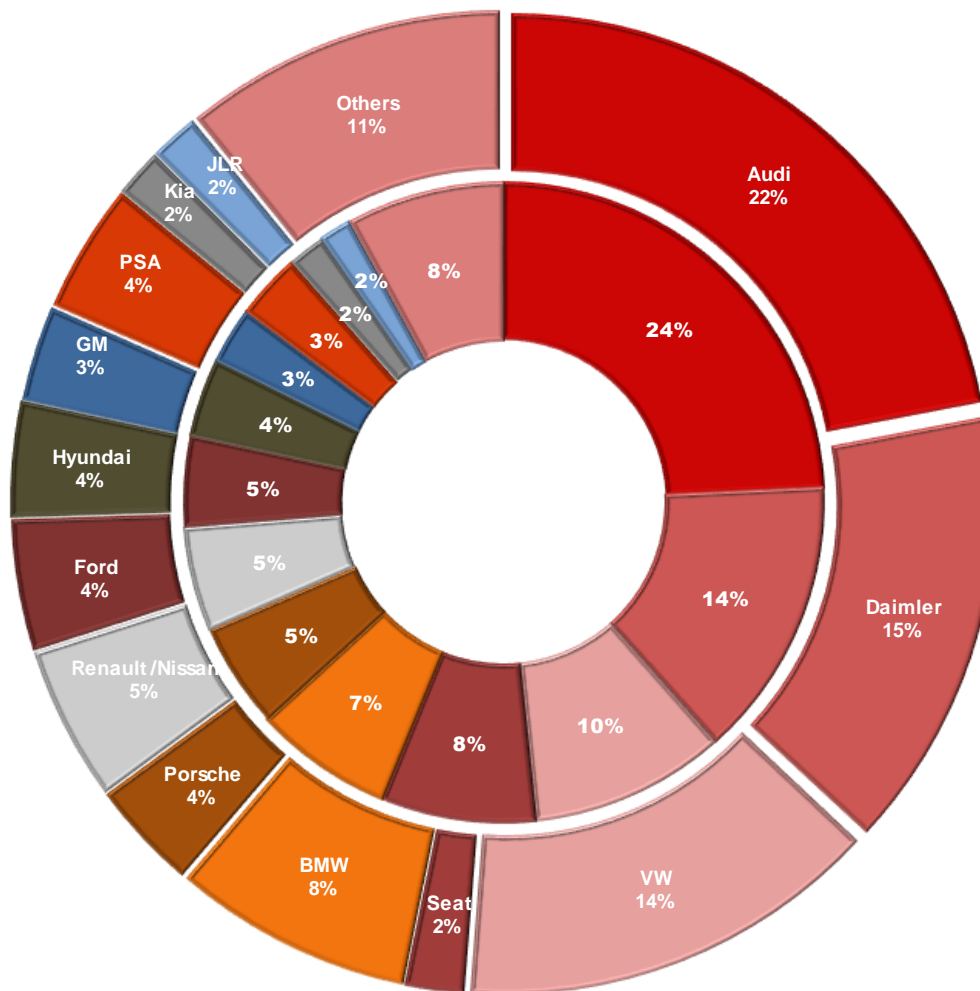
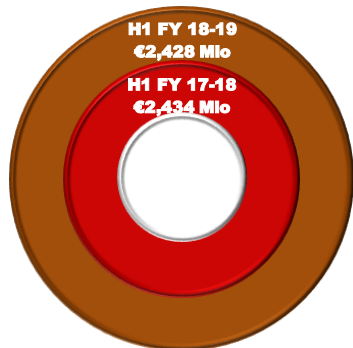


EBITDA



Revenue Split - By Customer

For the half year ended September 30, 2018



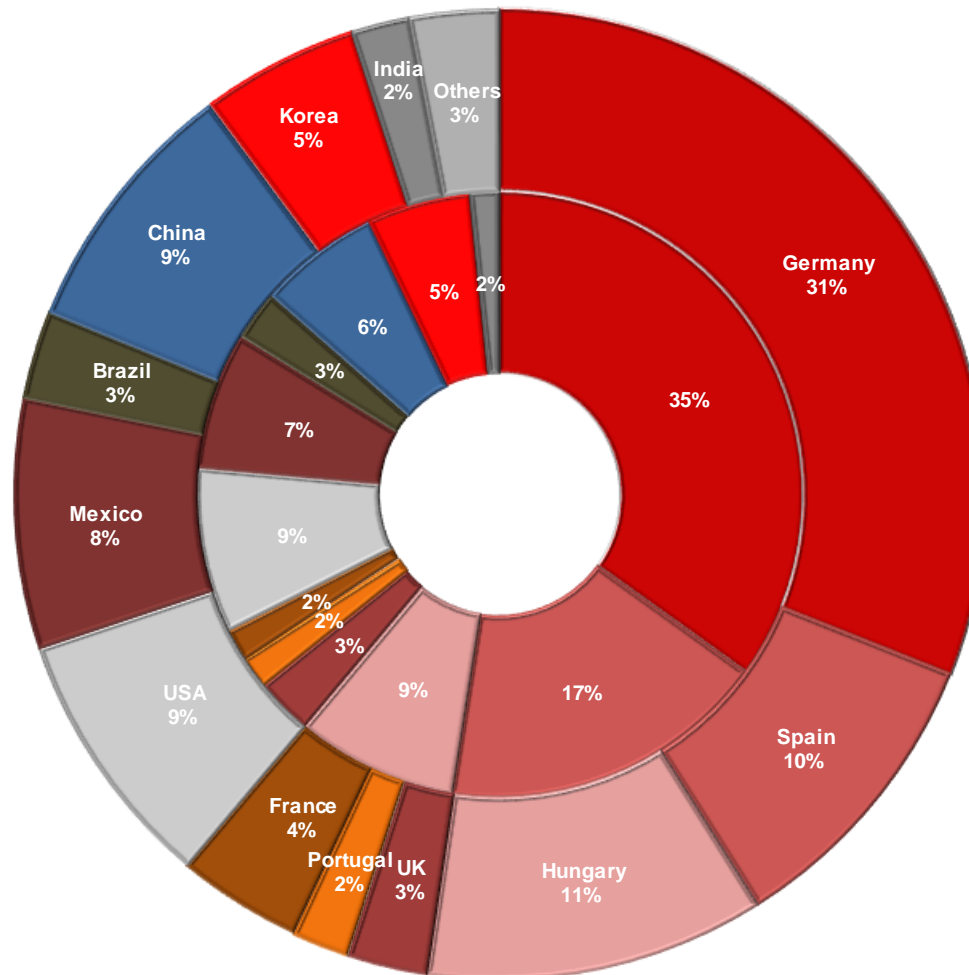
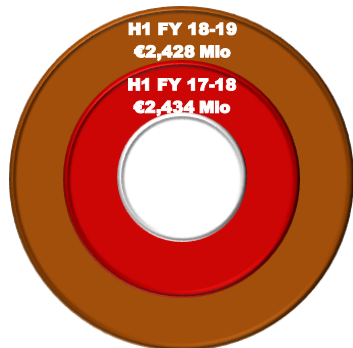
**Diversified
Customer Profile
Moving towards 3CX15.**

H1 FY18-19 revenue after applying IFRS 15



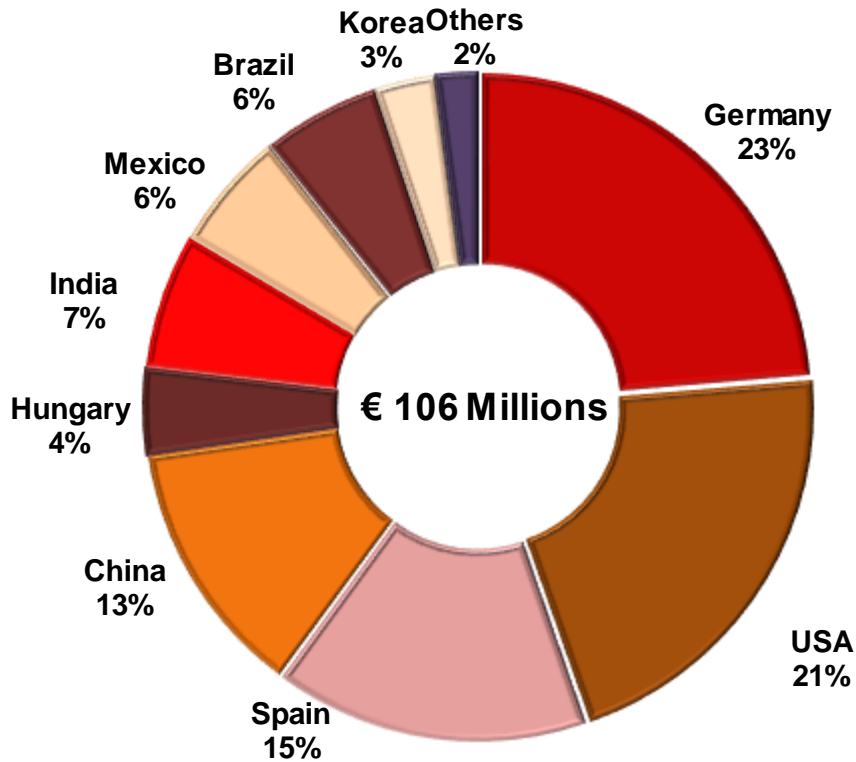
Revenue Split - By Geography

For the half year ended September 30, 2018

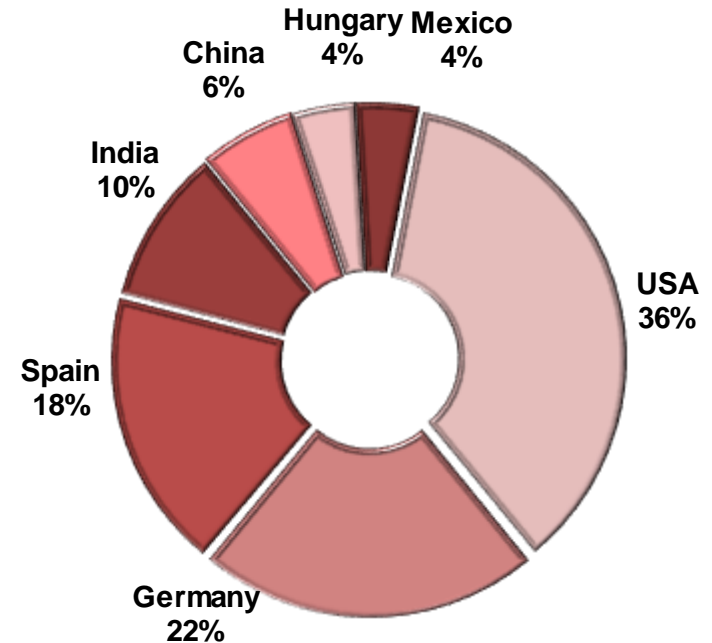


H1 FY18-19 revenue after applying IFRS 15

Capital Expenditure For the period ended September 30, 2018



Expansion capex - € 53 Million Approx. 50%



SMP
Samvardhana Motherson Peguform

€ 75 Million

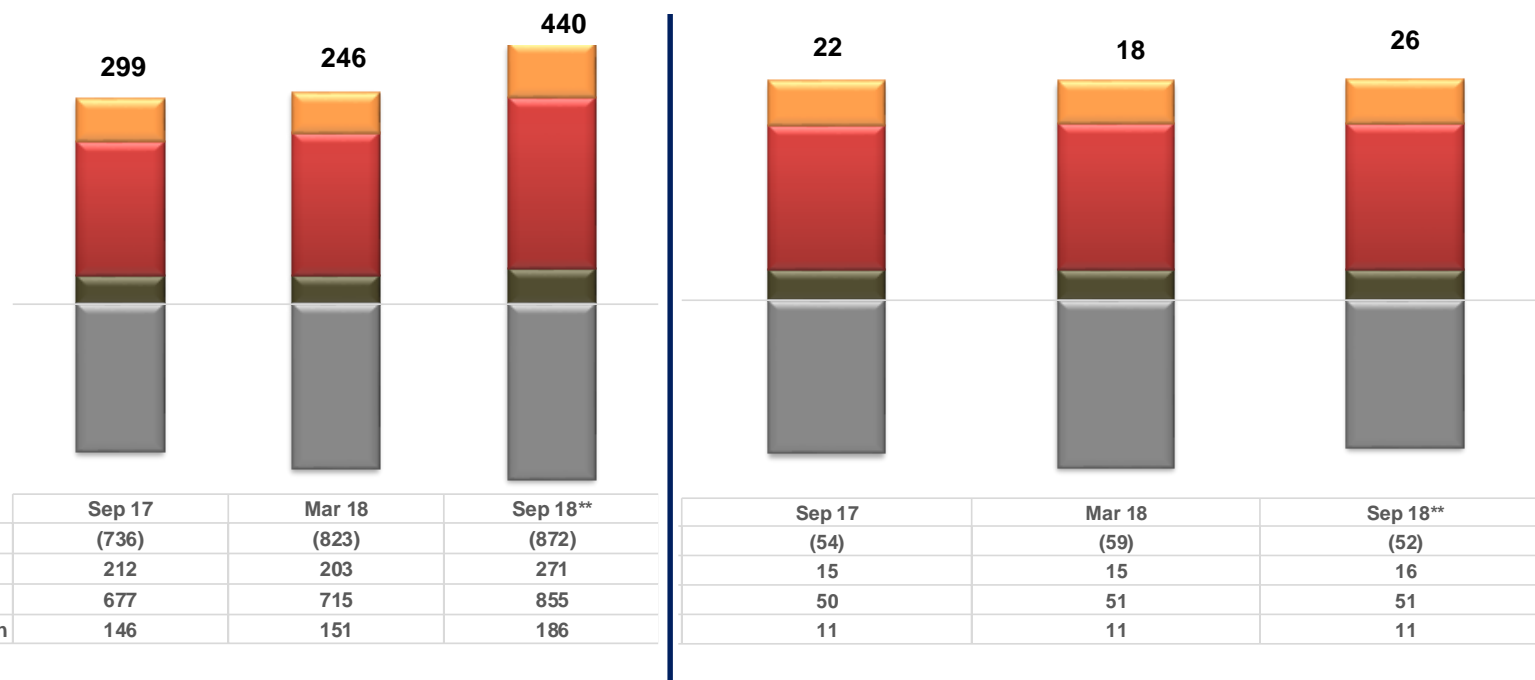
SMT
Samvardhana Motherson Refractories

€ 31 Million

Trade Working Capital

€ Millions.

No of Days.



* Receivables includes unbilled receivables in respect of in-progress engineering inventory recognized as receivables under percentage of completion method

** Working capital days has been computed on gross revenue.



Summary of Cash Flow

For the period ended September 30, 2018

Statement of Cash Flows (€ millions)	April 1, 2017 to Sep 30, 2017	April 1, 2018 to Sep 30, 2018
Cash flow from operating activities before changes in working capital and income tax	175	169
Changes in working capital	(145)	(237)
Income tax paid	(43)	(24)
Cash flow from operating activities	(13)	(92)
Purchase of property, plant and equipment (including Pre-Payments)	(160)	(96)
Payment for acquisition of SMRC	-	(173)
Cash acquired on SMRC acquisition	-	82
Others	4	1
Cash flow from investing activities	(157)	(186)
Proceeds from issue of bond	294	-
Repayment of bond	(500)	-
Net Proceeds from borrowings (including finance leases)	142	321
Interest Paid	(35)	(26)
Others	(11)	(10)
Cash flow from financing activities	(110)	285
Net increase in cash and cash equivalents	(281)	7
Cash and cash equivalents at the beginning of the period	506	216
Variation in cash and cash equivalents from translation in foreign currencies	(4)	1
Cash and cash equivalents at the end of the period	222	224

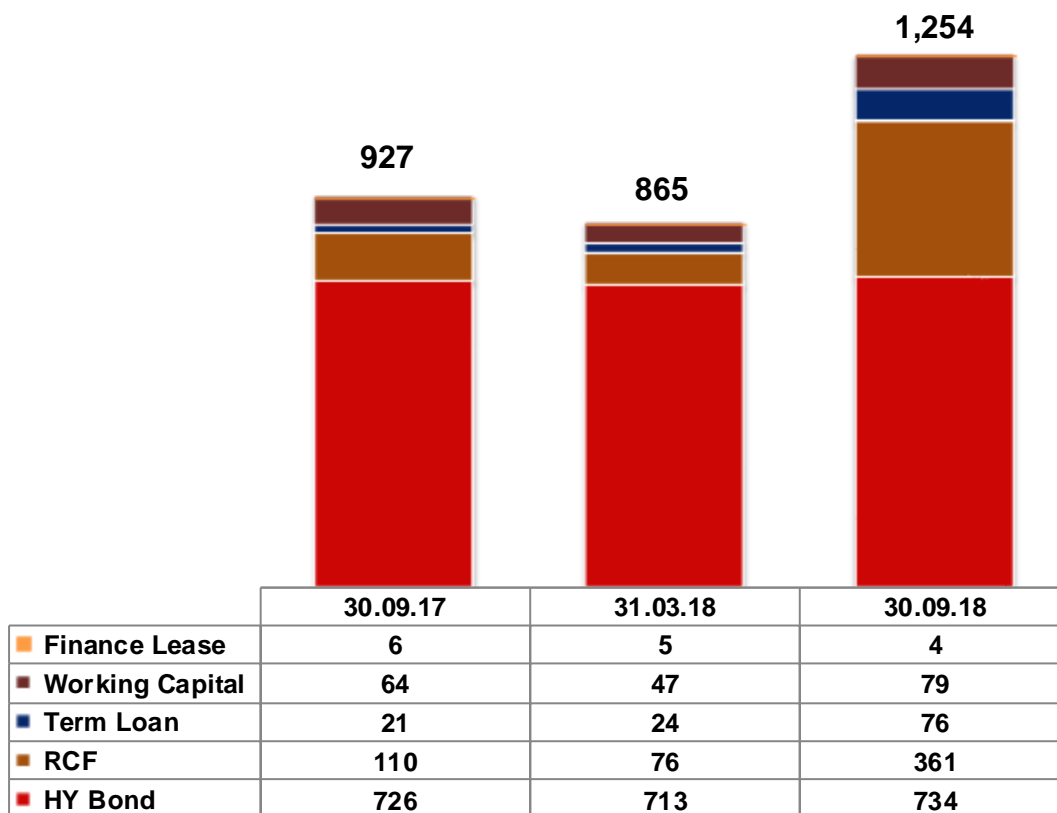


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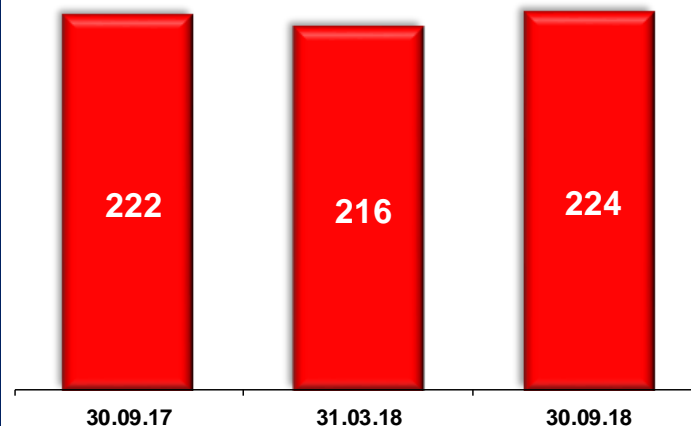
Cash & Debt Status

Gross Debt

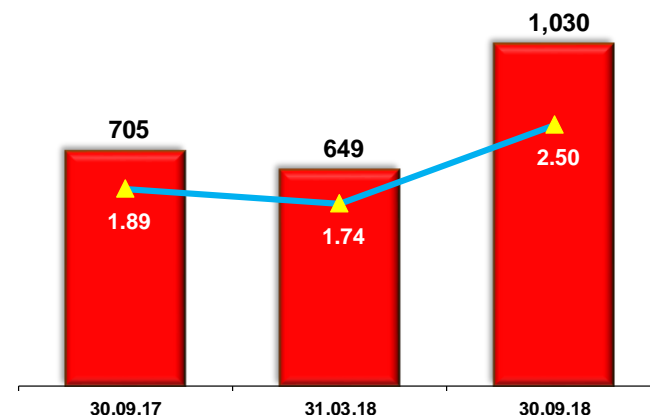
- US\$ 60 mn Term Loan availed during September 2018
- RCF utilised for Reydel purchase consideration of USD 200.4 million



Cash



Net Debt / Net Leverage*



* Net leverage computed as per definitions given in RCF agreements. SMRC LTM EBITDA has been considered on proforma basis.



Liquidity Status As at September 30, 2018

Available Liquidity*.

€ in Millions	Sanctioned Limit	Utilised as at Sep 30, 2018	Liquidity Available
RCF (including ancillary facilities)	575	361	214
Cash and Cash Equivalents			224
Total Liquidity Available			438

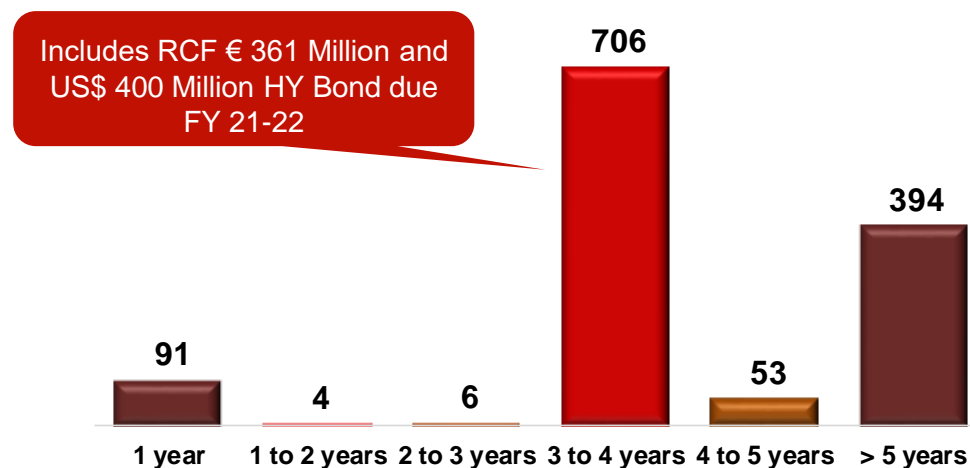
* Available liquidity subject to headroom under leverage ratios

Leverage Ratio .

Key Ratios [#]	Allowed	Sep 30, 2018
Gross Leverage Ratio: Indenture	3.50x	3.04x
Net Leverage Ratio : RCF	3.25x	2.50x

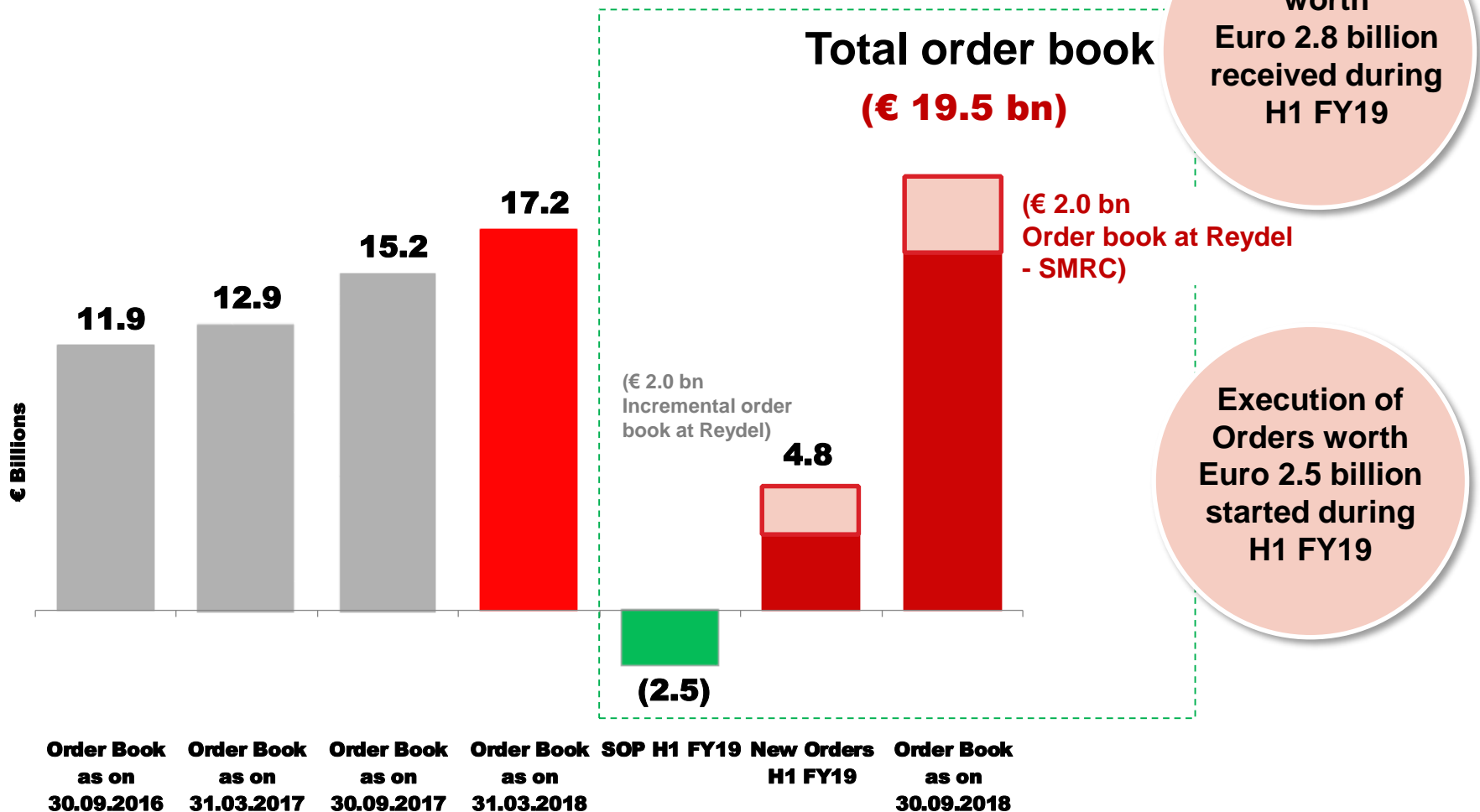
Computed as per definitions given in Indenture & RCF agreements

Maturity profile.



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Order Book Status



Order book status represents Gross Revenues (including Cockpit assemblies), which are reported on Net basis in financial statements consequent of implementation of IFRS 15

SOP: Start of production i.e. commencement of commercial execution of orders



Safe harbour

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Thank you.