



**mother's**

# Mother's views on trends in the global autotomotive industry.

12th September 2020



# **01 An introduction to Motherson.**

# Motherson.

- Motherson started in 1975 in Delhi as a partnership between my mother the Late Shrimati Swaran Lata Sehgal and me.
- Our name signifies a relationship of trust with all stakeholders.



1983

**We have come  
a long way.**

From  
making a  
humble  
t-coupler  
for the  
Maruti 800.



# Today.



**motherson**

is one of the world's leading specialised manufacturing companies for OEMs.

Working with 33 joint venture partners.

Over 135,000 people worldwide.

Operating over 270 facilities in 41 countries.

US\$ 11.2 bln. in yearly revenues.

< 2010-19 CAGR = 22.3%

**Engineering focused company, strong Tier 1 OEM supplier.**



# Increased content per vehicle.

Transformation from a wiring harness manufacturer to a diversified group.

01.  
**Wiring  
harness**



02.  
**Vision  
systems**



03.  
**Modules &  
polymer products**



04.  
**Technology &  
software**



05.  
**Metal  
products**



06.  
**Retail &  
services**



07.  
**Aerospace**



08.  
**Logistics**



09.  
**Health &  
Medical**





# Covid-lesson: Our long-held globally local strategy works.

Motherson does not follow an import and export model. We try to set up a plant and manufacture for our customers in a country for that country.



We invest in local plants and employment across the world, where our customers need us.



Demand is returning.

Mercedes Benz sees demand revival during festive season driving production ramp-up

NANDANA JAMES  
MUMBAI, AUGUST 21

Ramping up its production capacity to pre-Covid levels is the biggest challenge facing Mercedes Benz, and it expects this ramp-up, as well as a demand revival, during the upcoming festival season, said a top company executive.

"The luxury car market has been more affected than the general automobile market, and of course, when a revival takes place, it takes place step by step. We have already seen some amount of revival already in the smaller segments. And we are hopeful

that with the festive season coming, we will see more revival," Piyush Arora, Executive Director-Operations, Mercedes Benz India, told BusinessLine.

Some green shoots in demand are already visible, he added.

On an average, the festival season accounts for around 19 per cent of the annual sales of passenger car makers.



**Focus on digitisation**  
When it comes to the company's supply chain management, a high degree of digitisation—particularly in terms

of real-time information—has helped amid the challenges posed by the Covid-19 pandemic, Arora said. While digitisation efforts have been the focus area for Mercedes Benz India's largest luxury car maker, even before the pandemic, it got accelerated in the past few months due to the renewed focus on it due to Covid-19. The company plans to further bring in more digit-

isation, going forward, he said.

When asked about the future roadmap for the company in terms of its manufacturing and operations, Arora said: "Our state-of-the-art manufacturing facility located in Chakan (Pune, Maharashtra) has been the backbone of our success story in India. The last 25 years have been a great success which we have achieved with the facility in Chakan. Staying ahead of the competition by bringing the newest and relevant technologies via manufacturing products in the local market—this has been our strategy in the past. Product diversification, relevant products and relevant technologies would still remain our main direction."

Suzuki to make efforts to reach pre-Covid-level output, sales

PRESS TRUST OF INDIA  
New Delhi, September 5

SUZUKI MOTOR CORPORATION chairman Osamu Suzuki said the Indian market is expected to recover from the coronavirus pandemic and its group companies in India will make best efforts to recover production and sales to reach pre-Covid-19 levels. In a video message to the annual session of ACMA, Suzuki, who has a close affinity for India, also said the group will promote Make in India and 'Aatmanirbhar Bharat'.

He said India is also facing difficulties due to Covid-19 just like 'we in Japan', adding, "I am confident that your country will surely revive and grow further more". Suzuki said the Japanese market revived in July, August. "You will witness the recovery of the market in India as well," Suzuki said, while seeking cooperation from the component makers.

Virus Won't Affect Kia Motors' India Plans, says Global Prez

Korean co bets on small SUV Sonet to keep the momentum going

Ketan Thakkar & Satish John

Mumbai: It will take at least two years for the global automotive market to get back to normal, but Kia Motors Corp's India plans are unaffected and the volumes momentum will speed up with the launch of its new small sport utility vehicle Sonet, the South Korean carmaker's global president Ho Sung Song said.

Turning Covid-19 as a 'long-term virus', Song said he did not expect a V-shaped recovery globally, including in India. "India is untouched and the export plans from India will be the exception to the rule. We will be the exception to the rule. We are still very new in the market. Kia products in India, I think 2 lakh units, plus 1 lakh for overseas markets in the next five years."

In a market that is set to post a double-digit decline in the third fiscal year, Kia Motors India has set itself a target of selling 100,000 units in 2020, which is an impressive 50% growth, albeit on a modest base.

If it manages to meet its target in a market expected to hit a double-digit decline, Kia is likely to break into the top five carmakers in India from its current eighth position, Song said. That there was a spurt in personal mobility worldwide including in India, but that will not translate into a V-shaped recovery.

"I don't think V-shaped recovery

On Track

**ON RECOVERY**  
I don't think V-shaped recovery is possible. It will be a long-term virus. Economic recovery will take time

**ON EVs**  
The govt has to think about some incentive scheme if they want to stimulate demand in India. Critical issues of infra and the incentive schemes have to be addressed



HO SUNG SONG  
Global President, Kia Motors

ke drive," Song said.

Having crossed over \$1 billion in India, Kia Motors had set itself a target of producing 200,000 units in three years. Song said Kia was constantly looking to add new products to the India market in the coming years and they were more likely to be "innovative SUVs and MPVs" than

"Demand for SUVs is a big trend worldwide. We want to be producing new products (SUVs or MPVs) to India continuously with different styles of vehicles. We are studying various segments. The focus is on offering innovative styling over conventionally styled products," Song said.

Following the Sonet launch, Kia Motors has lined up plans to bring in a compact MPV—internally codenamed 'K7'—underlining the fact that the maker of Sonet is eyeing big volumes. The forthcoming products are likely to challenge market leaders Maruti Suzuki and sister company Hyundai Motor.

As for electric vehicles, Song said it was too early to look at local manufacturing of EVs in India.

"We think the Indian government's focus is on prioritising EVs for two and three-wheelers. I think the four-wheeled vehicle may be a relatively little late in their plans. The government has schemes if they want to stimulate demand in India. The critical issues of infrastructure and the incentive schemes have to be addressed," added Song.

Skoda Auto India witnesses 'Rapid' growth

VIVEK PHADNIS  
BENGALURU, INDIA

The Covid-19 pandemic has wreaked havoc on the automobile industry, much like it has in other sectors. It has been tougher for automobile businesses as they were already reeling under a massive slowdown.

However, things are looking up for Skoda Auto India. The Czech automaker launched three new models (the Rapid, Superb and Karoq) not very long ago in India and the response, the company said, has been encouraging.

"The response has been far better than we imagined. The best response has been for the Rapid 1.6 litre TSI. This is really important for us because we have gone ahead as a brand with the TSI message, particularly in small cars," Zee Hulla, Director—Sales, Service and Marketing, Skoda Auto India, told BusinessLine.

"People love the economy and power of the car. The demand at the moment

is higher than the same period last year when we had diesel and petrol," he added.

With the three new launches getting new TSI petrol engines, Skoda's fuel preference is very clear. "Our strategy will definitely be more petrol. We see this in the short to medium term as the best fuel for India," Hulla said.

"We have seen over a number of years that the demand for diesel has been reducing. We've not only seen this in India, but across the world. Diesel is dropping in terms of demand and is now seen as a dirty fuel. Therefore, governments are also legislating and restricting."

"In the medium term, TSI is the way we will go. If you look at the old 1.6 litre MPI engine that we have against the 1.0 litre TSI engine, there is more power, more torque and also 2.8% more fuel economy. We are ticking all the boxes the customer is looking for in a small to medium car," he added.

Apart from the Rapid, the response for the Octavia RS 240 got from our sedan has been good too. "We launched that car just before the lockdown and we sold pretty much every car. We have had a few cancellations since then for other reasons. The response in Ben-



Zee Hulla, Director—Sales, Service and Marketing, Skoda Auto India

galore has been incredible and it is our biggest challenge for the RS 240. There are a few left and we are still taking one or two orders every day or every other day," he stated.

While Hulla said that Skoda India was not directly affected by Covid-19, the company's recovery has been good. "Everyone has been much better than we expected. In fact, we have just agreed to increase production of the Rapid for this year above what we originally planned because the response has been good," he observed.

"The market has recovered very quickly. I think the biggest reason is that people feel that having their own personal transport gives them safety and security and they can keep it clean because it is their own. That has fueled demand, particularly at the lower end and there is also a lot of demand for used cars. And we sold more Raptids, for example, in July this year than for the same period last year," he said, adding that Skoda India's used car business is

also gaining momentum after Covid-19.

Sometime ago, Skoda India and the Volkswagen Group had announced the 'India 2.0' project, adding more investment and looking for growth in the country. Though the Covid-19 pandemic slightly hit plans, the company is still committed to it.

"One of the positives of the project is that we are still sticking to the production dates that we originally committed to. There is a lot of work because of Covid-19. There are a lot of experts whom we wanted to bring in from Europe to assist in production. Obviously, we can't bring them in now. There were a couple of tools that were to come over from China. Because of the lockdown in China, this was also delayed."

"Despite this, we are still planning to start production at the same time in Q3 2021. I think the team has done a great job in keeping things on track. This is exciting for us and we have not reduced investment in India 2.0 because of Covid-19," he informed.

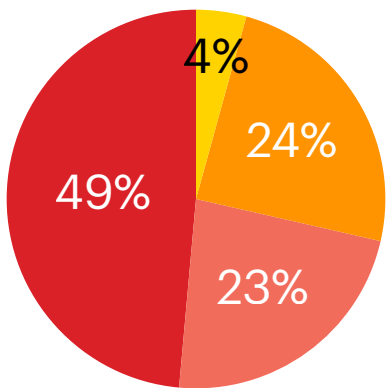


# 84% of our plants are running at more than 50% capacity.

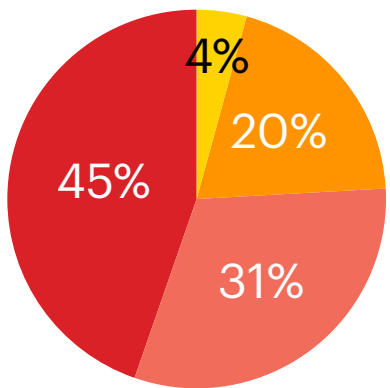
In Europe and the US, markets have rebounded well. India is a bit weaker. We expect things to normalise towards the end of the year.

## Europe, Middle East & Africa

As on 30th June 2020

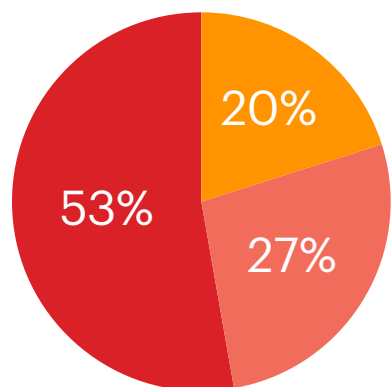


As on 24th July 2020

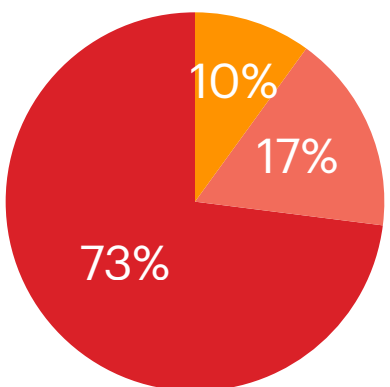


## Americas

As on 30th June 2020



As on 24th July 2020

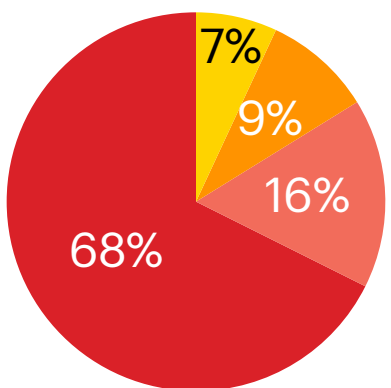


### Capacity utilisation

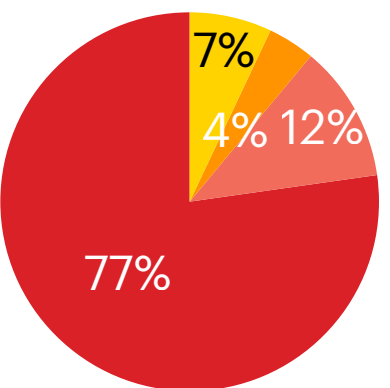
- Less than 25%
- 25%-50%
- 50%-75%
- More than 75%

## Asia (excl. India) & Australia

As on 30th June 2020

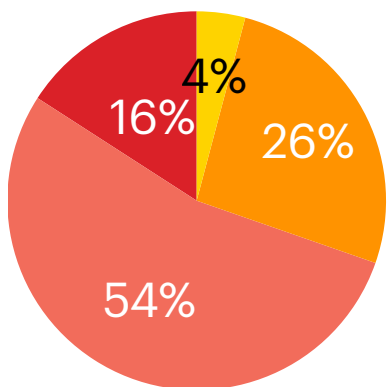


As on 24th July 2020

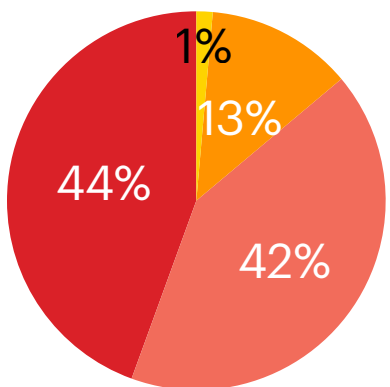


## India

As on 30th June 2020



As on 24th July 2020





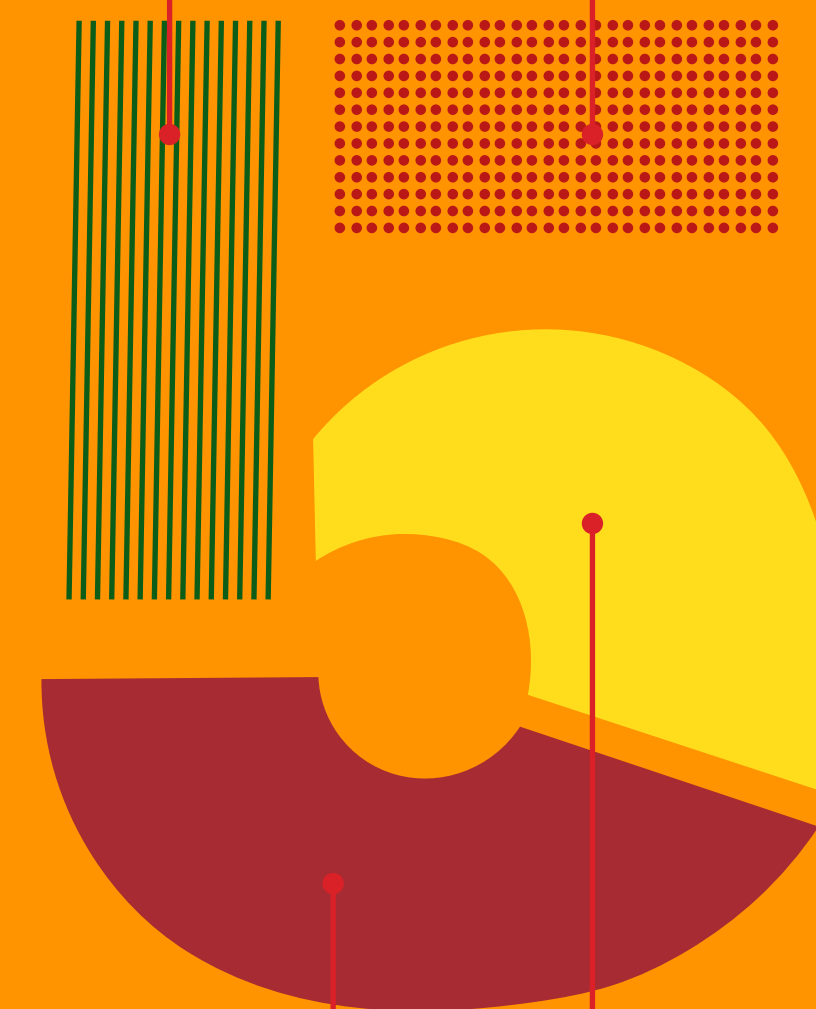
# Vision

# 2025

## The sixth 5-year plan.

**No. 1**  
USD 36 billion  
revenues in 2024-25  
with 40% ROCE  
(consolidated)

**No. 2**  
3CX10  
No country, customer or  
component should  
contribute more than  
10% of our revenues



**No. 3**  
75% of revenues  
from automotive  
industries, 25%  
from new divisions

**No. 3**  
40% of  
consolidated  
profit as  
dividend



# Four major trends.

C  
connected

A  
autonomous

S  
shared

E  
electric





# Rural and urban transportation solutions.

With 45% of global population in rural areas, a diverse range of transportation solutions is required.





# Mobility is changing but remains a fundamental human need.



In 2008/9, people thought the automotive sector had peaked in 2007. It had not.



# Our parts fit all future trends.

The changes underway do not affect our products and provide opportunities to increase content and value per car.

Autonomous?

Combustion?

Electric?

Connected?

Hybrid?

Rural, urban?

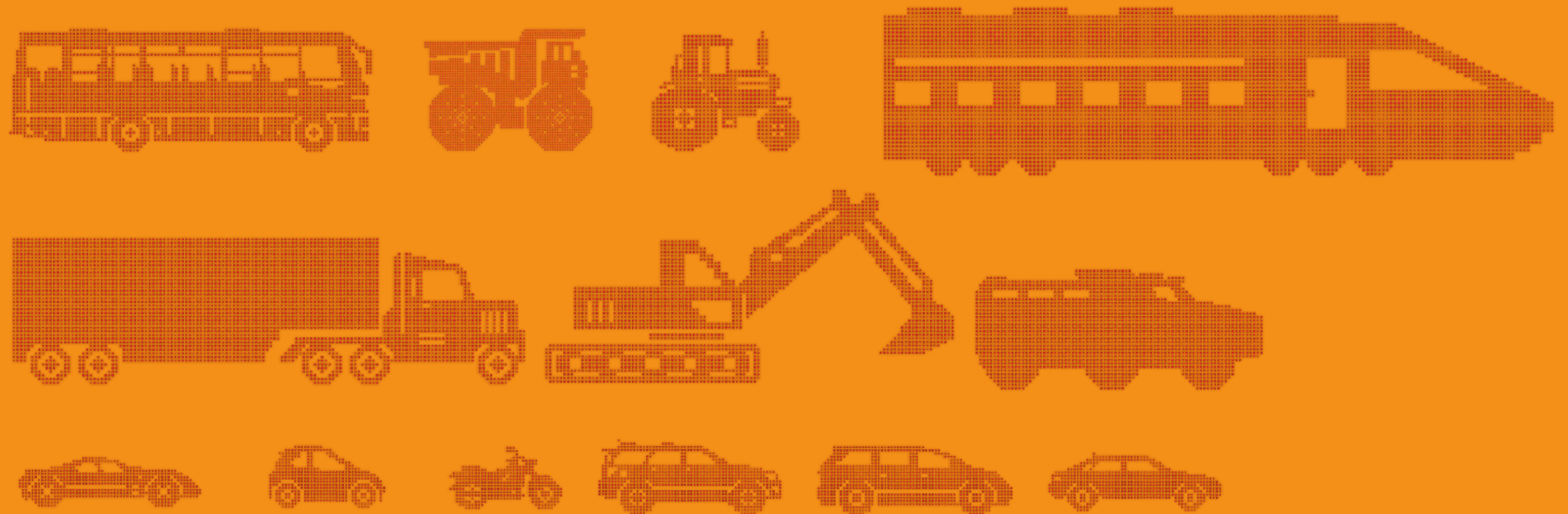
Shared?

Fuel cell?





# A total transportation solutions provider.



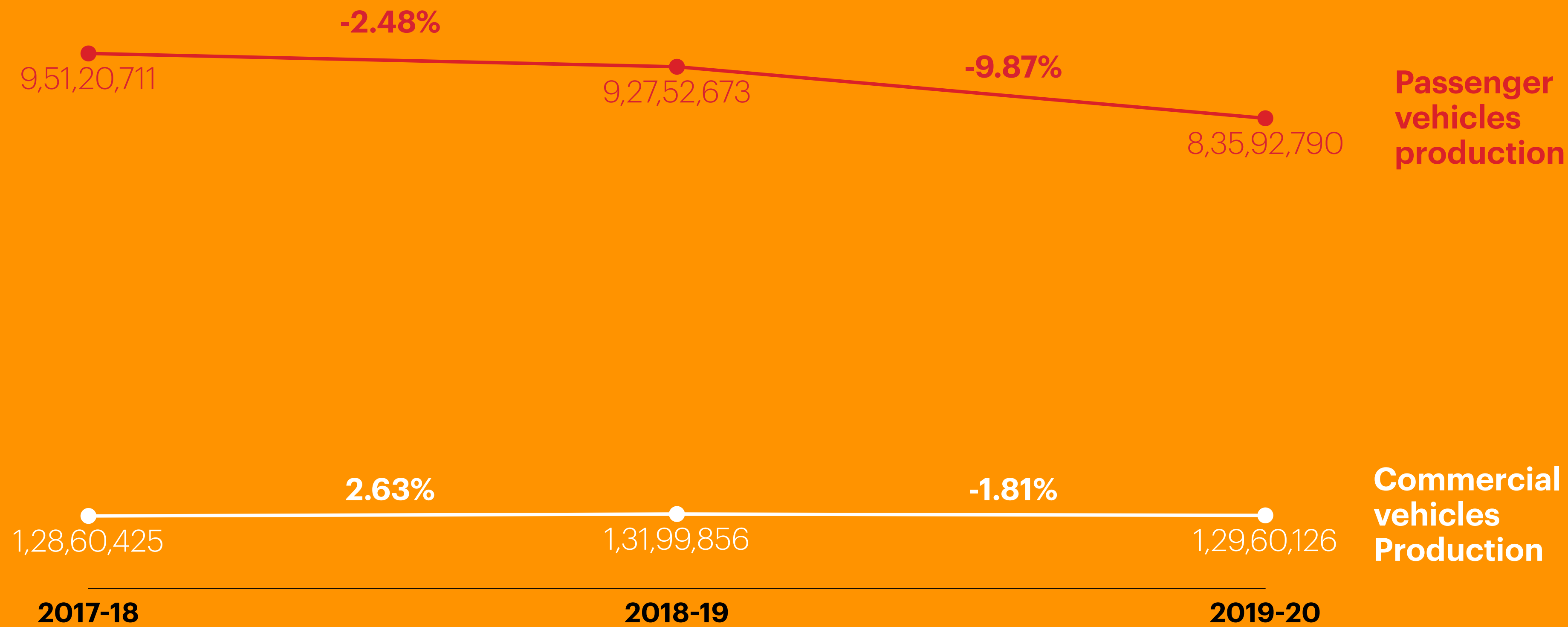


## **02 Motherson approach to acquisitions.**



# Acquisition opportunities are increasing.

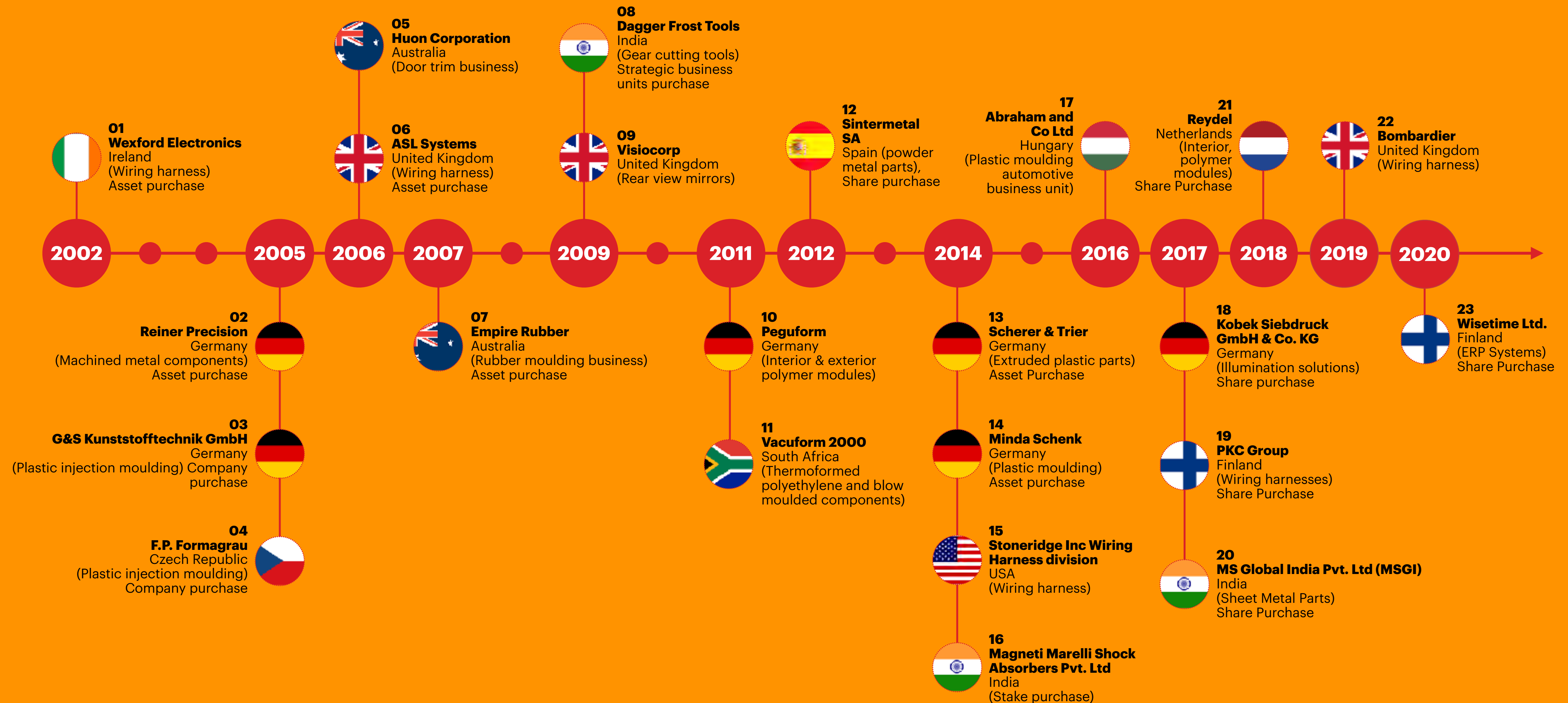
Global car sales have been under pressure. In combination with the covid-19 impact, this means there could be requests from carmakers to us to acquire companies.





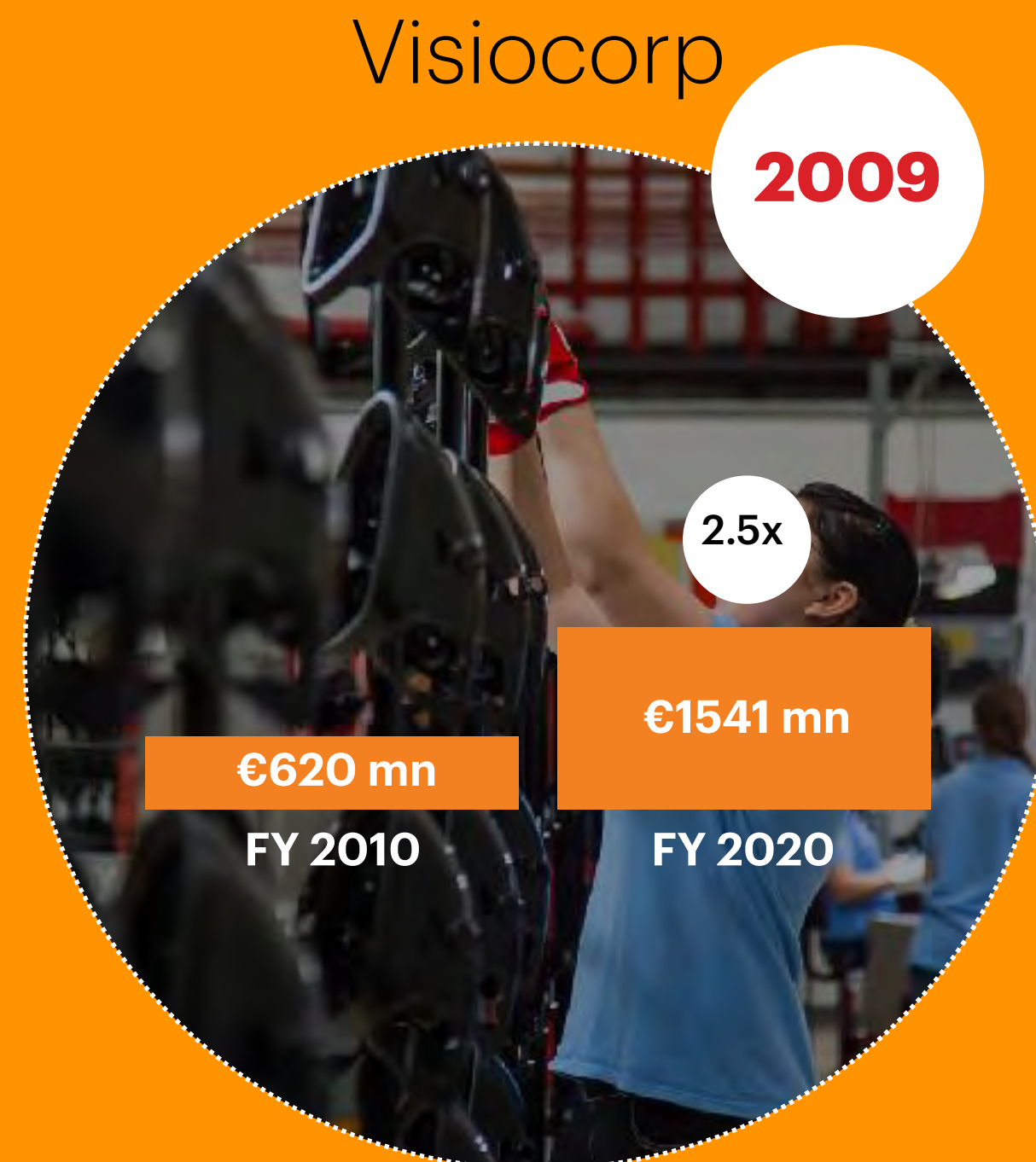
# Acquisitions at the behest of customers.

Motherson Group has integrated **23** acquisitions since 2002 bringing a wide range of solutions to customers.





# And we have grown large acquisitions profitably.



Doubled the size of the Group and brought leadership in mirrors and vision systems.



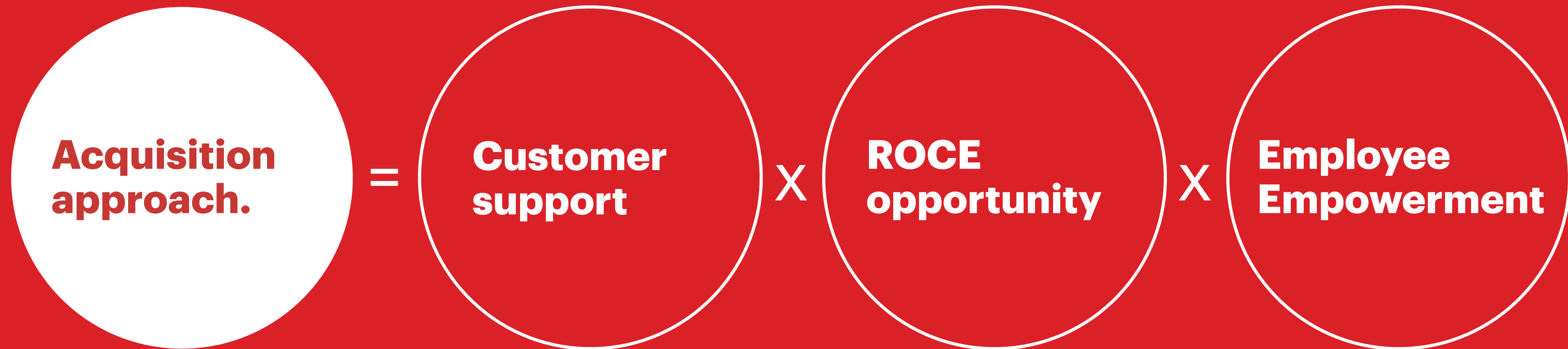
Doubled the size of the Group and brought growth to the polymer division.



Globalisation of the wiring division and leadership in the commercial vehicle segment.



# Some keys to our acquisition success.



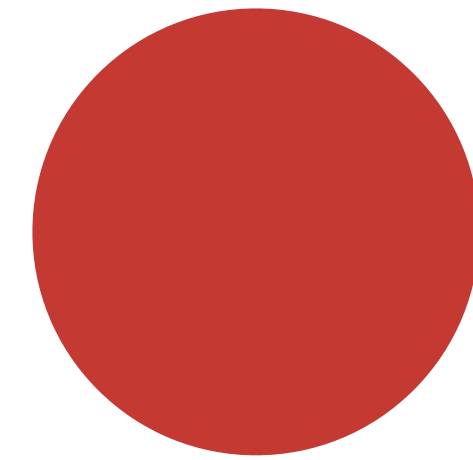
Each acquisition is  
different, hence needs a  
different solution



# Acquisitions must meet our own criteria.

We exercise  
restraint, so we  
deliver our  
shareholders what  
we promise.

**Not with any  
price tag.**







motherson

**Thank you.**

**Safe harbour**

This presentation contains forward-looking statements based on the currently held beliefs and assumptions of the management of the Company, which are expressed in good faith and, in their opinion, reasonable. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance, or achievements of the Company or industry results, to differ materially from the results, financial condition, performance or achievements expressed or implied by such forward-looking statements. Given these risks, uncertainties and other factors, recipients of this presentation are cautioned not to place undue reliance on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements to reflect future events or developments.