

May 30, 2019

Asst. Vice President, Listing Deptt.
National Stock Exchange of India Ltd.,
Exchange Plaza, Plot C/1, G Block
Bandra Kurla Complex,
Bandra (E),
MUMBAI - 400 051
Scrip Code: HEROMOTOCO

The Secretary,
BSE Limited
25th Floor,
Phiroze Jeejeebhoy Towers,
Dalal Street,
MUMBAI - 400 001
Scrip Code: 500182

Sub.: Presentation made to analysts

Dear Sirs,

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in furtherance to our letter dated May 29, 2019 w.r.t. schedule of analyst / investor meet, please find enclosed herewith the presentation for the scheduled events.


Request you to kindly take the same on records.

Thanking you,

For Hero MotoCorp Ltd.



(Neerja Sharma)
Company Secretary & Chief Compliance Officer


Encl.: As above



Hero

Investor Presentation

Analyst Day

Mumbai

May 2019

Safe Harbor Statement

The views expressed here may contain information derived from publicly available sources that have not been independently verified by Hero MotoCorp Limited.

No representation or warranty (express or implied) is made as to, and no reliance should be placed on, the accuracy, completeness, reasonableness or reliability of this information. Any forward looking information in this presentation including, without limitation, any tables, charts and/ or graphs, has been prepared on the basis of a number of assumptions which may prove to be incorrect. This presentation should not be relied upon as a recommendation or forecast by Hero MotoCorp Limited (HMCL) and any of its subsidiaries. Past performance of HMCL and any of its subsidiaries cannot be relied upon as a guide to future performance. None of HMCL, any of their respective shareholders or subsidiaries or any of such person's officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this presentation.

This presentation, except for the historical information may contain statements, including the words or phrases such as “expects”, “anticipates”, “intends”, “will”, “would”, “should”, “undertakes”, “aims”, “estimates”, “contemplates”, “projects”, “believes”, “seeks to”, “objective”, “goal”, and similar expressions or variations of these expressions or negatives of these terms indicating future performance or results, financial or otherwise, which are forward looking statements. Although, we believe that the expectations reflected in these forward – looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. In addition, estimates of future operating results are based on our current expectation of businesses, which is subject to change.

Statements in this presentation speak only as of the date of this presentation, and we disclaim any responsibility to update or revise such statements.

This presentation is not intended, and does not, constitute or form part of any offer, invitation or the solicitation of an offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities in HMCL and any of its subsidiaries or undertakings or any other invitation or inducement to engage in investment activities, nor shall this presentation (or any part of it) nor the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision.

This presentation contains non – GAAP financial information, which the management of HMCL believes is valuable in understanding the performance of HMCL. However, non GAAP information is not uniformly defined by all companies and therefore it may not be comparable with similarly titled measures disclosed by other companies, including those in the same industry as HMCL. Although these measures are important in assessment and management of the business of HMCL, they should not be viewed in isolation or as replacement for, but rather as complementary to, the comparable GAAP measures.



Macro Economic Overview



Two Wheeler Landscape



The Big Picture



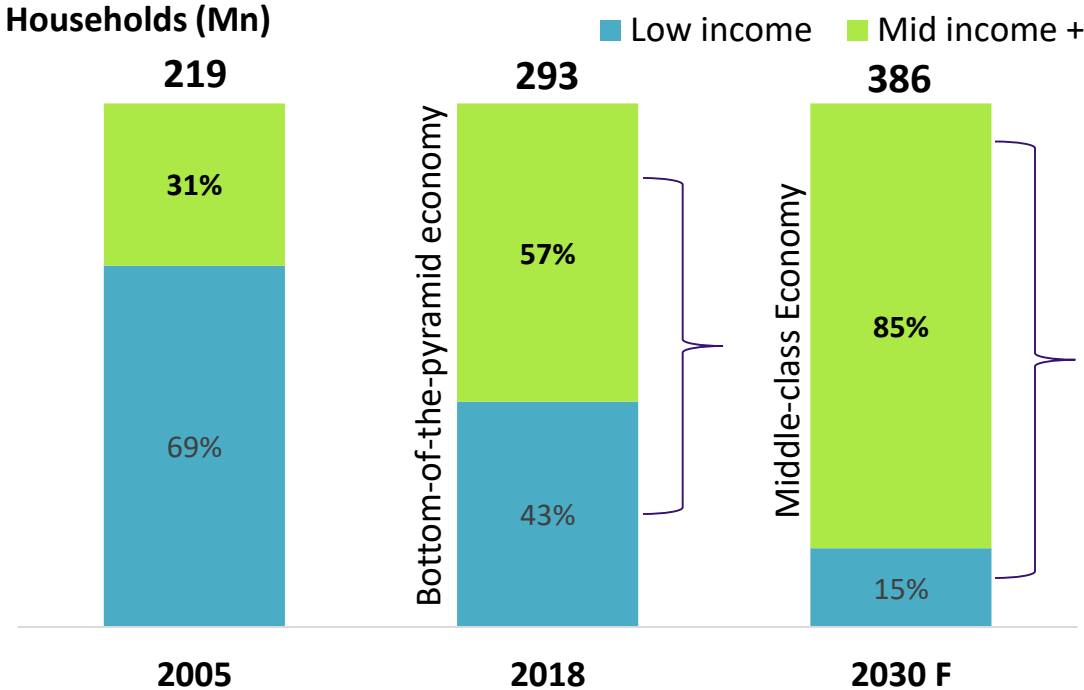
Strategy

GDP growth to continue, creating a larger middle-class

GDP growth in India to continue making it the 2nd largest GDP by PPP by 2050

330Mn middle income+ households expected by 2030 → 2x of 2018 current levels

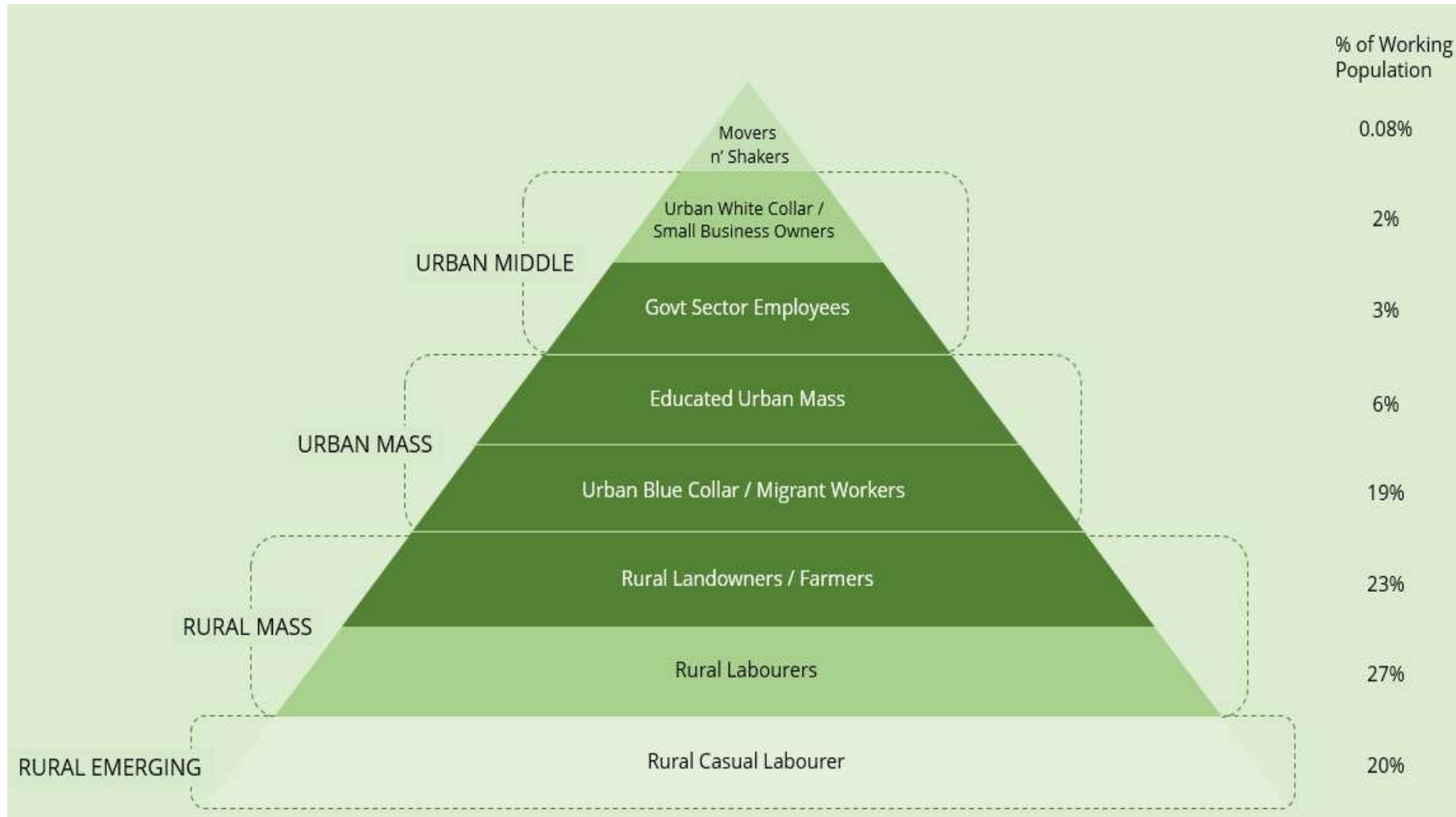
| | 2016 | | 2050 | |
|-----------|------|----|-----------|----|
| China | 1 | 1 | China | 1 |
| US | 2 | 2 | India | 2 |
| India | 3 | 3 | US | 3 |
| Japan | 4 | 4 | Indonesia | 4 |
| Germany | 5 | 5 | Brazil | 5 |
| Russia | 6 | 6 | Russia | 6 |
| Brazil | 7 | 7 | Mexico | 7 |
| Indonesia | 8 | 8 | Japan | 8 |
| UK | 9 | 9 | Germany | 9 |
| France | 10 | 10 | UK | 10 |



Opportunity at the bottom of the pyramid









Source: [PwC report, The World in 2050](#), [WEF Report](#)

Bottom of the pyramid and low-end working population likely to move into the middle class income segment



Source: Francis Kanoi Marketing Research: "Profile of 2W Users"

As income levels improve, multiple consumer archetypes will evolve

| Consumer archetype (2018) | | Avg. household income pa (\$) | Occupation | % working population |
|-----------------------------------|--|-------------------------------|------------------------------|----------------------|
| Not covered in consumer archetype |  | | Not covered | NA |
| Poor Rural |  | 2,800 | 70% informally/ non-employed | 29% |
| Poor Dreamers |  | 5,200 | 70% informally/ non-employed | 14% |
| Young and Savvy |  | 5,200 | 25% employed, 40% students | 11% |
| Middle India |  | 6,800 | 70% informally/ non-employed | 19% |
| Connected Aspirants |  | 6,800 | 60% employed | 15% |
| Conservative Rich |  | 40,000 | 70% informally/ non-employed | 4% |
| Sophisticated Rich |  | 40,000 | 55% employed, 20% students | 7% |

Source: [WEF Report](#)

Larger middle class → higher consumption



Rising incomes and expanding middle & high-income segments will reshape future consumption



Many Indias will drive consumption growth and the urban-rural divide will diminish significantly



Millennials & Gen Z will drive consumption, spending more than their predecessors



Indian peculiarities will shape opportunities for indigenous offerings, e-commerce, value-for-money brands and digital entertainment



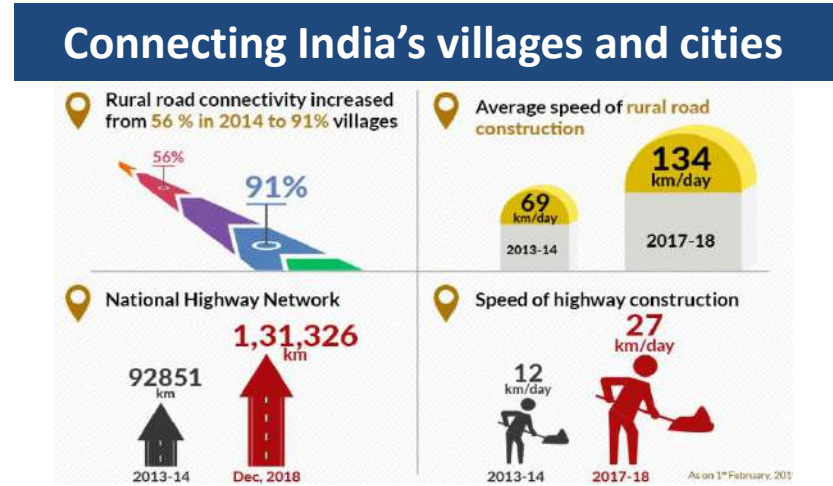
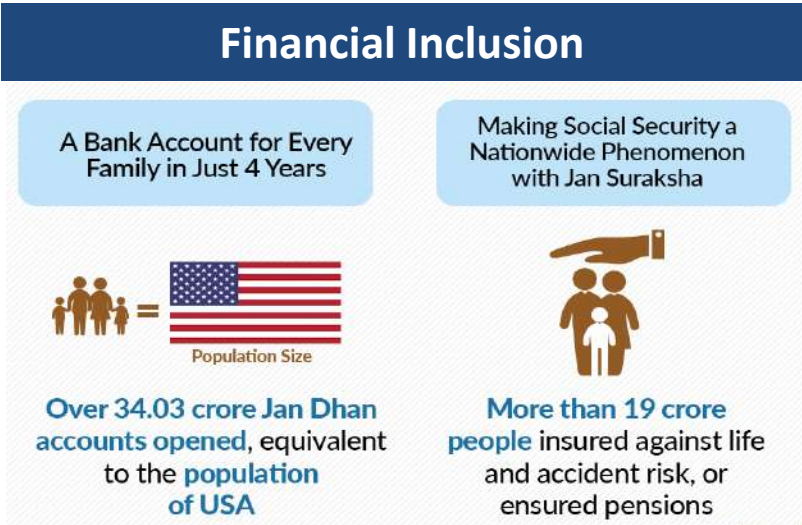
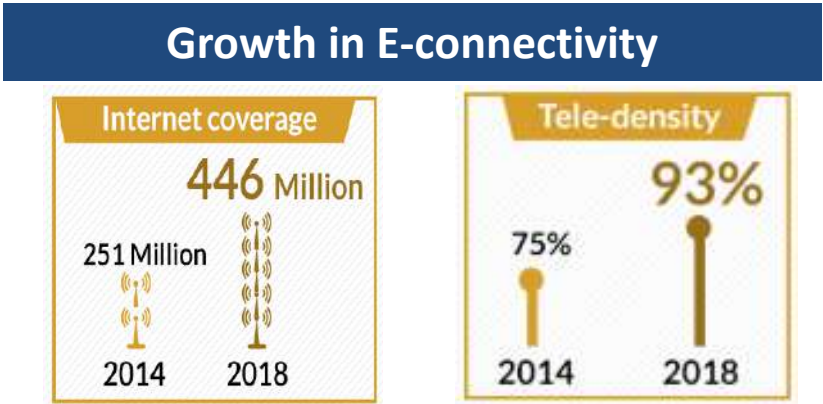
Many consumer archetypes will persist as age, education, occupation and connectedness begin to strongly influence preferences within each income segment



Connected India, with more than 1 Bn internet users, will have informed consumers demanding greater transparency from brands

Source: [WEF](#) Report

Economic and infrastructure development → higher consumption levels



Source: [TransformIndia](http://TransformIndia.com)



India growth story intact → higher levels of consumption

Demographic dividend

Women in workforce

Road development

Infrastructure development

Urbanization





Macro Economic Overview



Two Wheeler Landscape

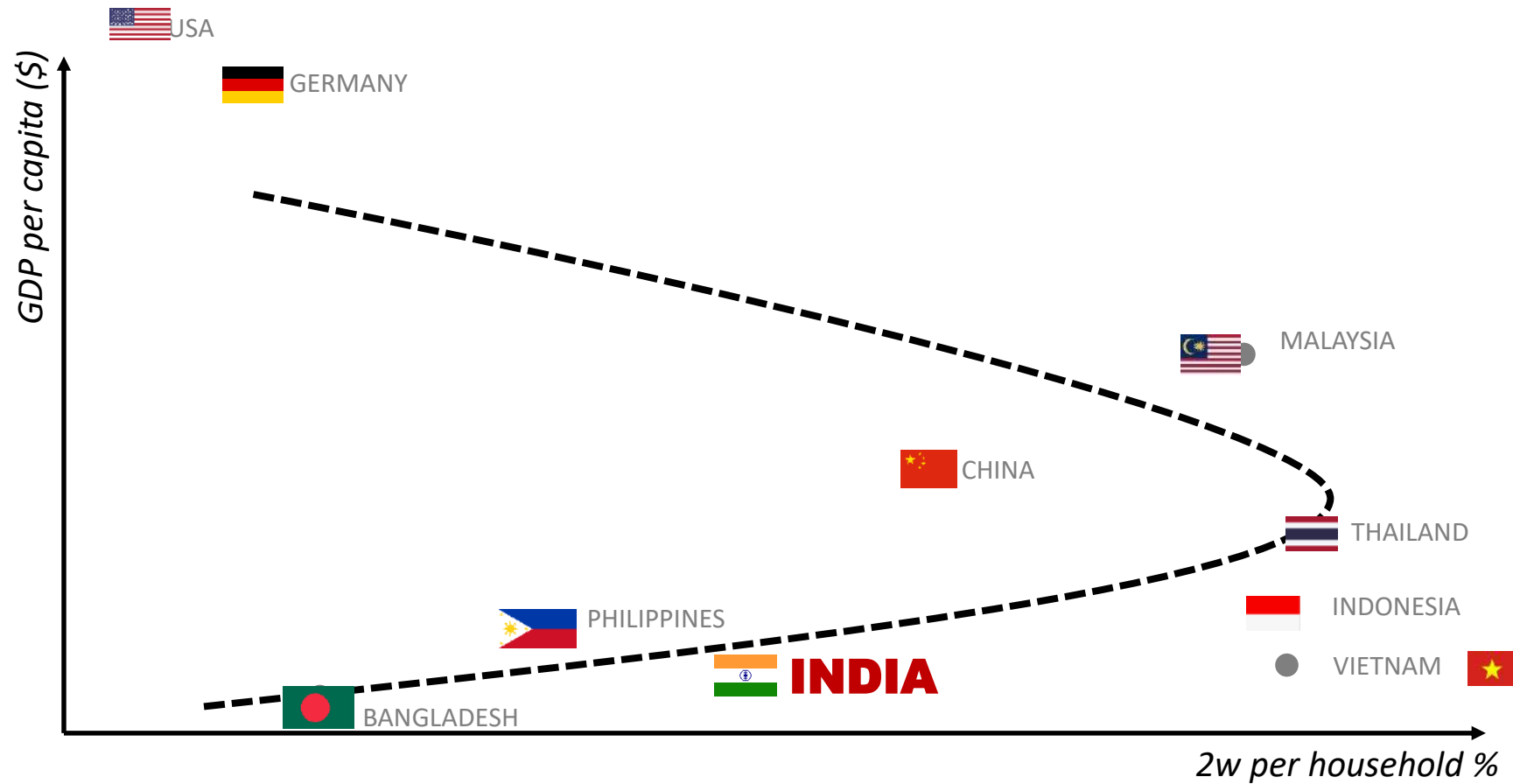


The Big Picture



Strategy

Strong correlation of GDP growth to 2w penetration - India far from saturation



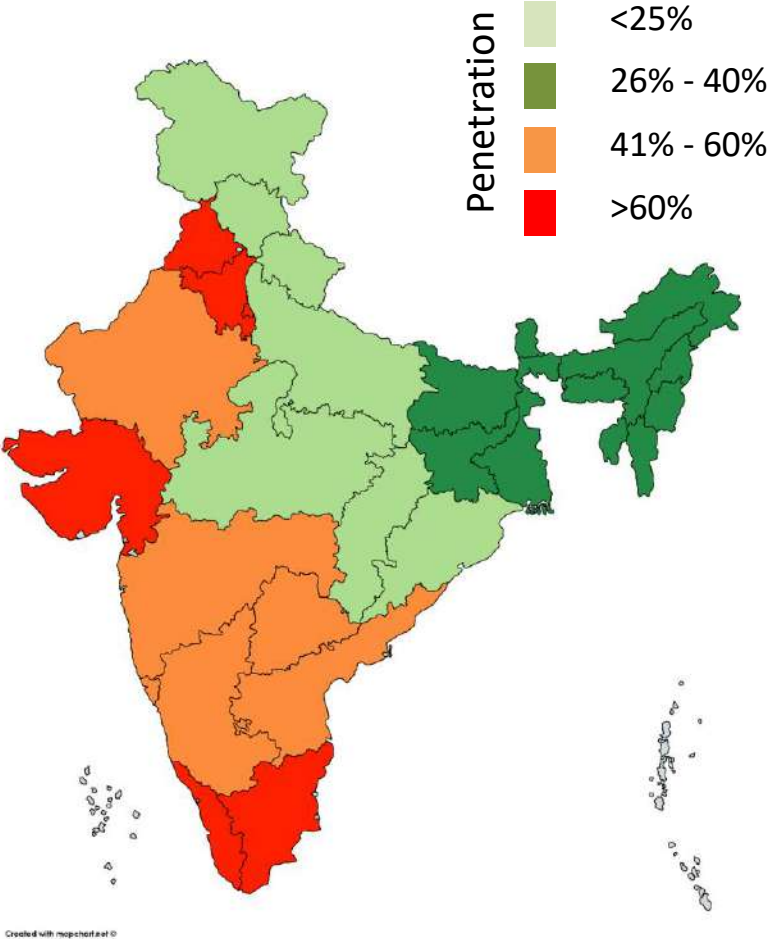
Source: [Roland Berger Focus Report, July 2018](#)

3x potential in India compared to Asian peers

| Country / Metric | Demographic (20-64 years) | GDP growth expectation % (5yrs) | 2w Penetration per 1000 population |
|------------------|---------------------------|---------------------------------|------------------------------------|
| Philippines | 63% | 6.40% | 78 |
| India | 66% | 7.20% | 110 |
| Malaysia | 69% | 4.90% | 166 |
| Indonesia | 67% | 5.40% | 281 |
| Thailand | 71% | 3.60% | 291 |
| Vietnam | 70% | 6.20% | ~350 |

Source: [OECD report on Asian Markets](#), [ASEAN Key Figures](#), World Bank Group, Sell side research

Interstate comparison reflects 2.5x potential



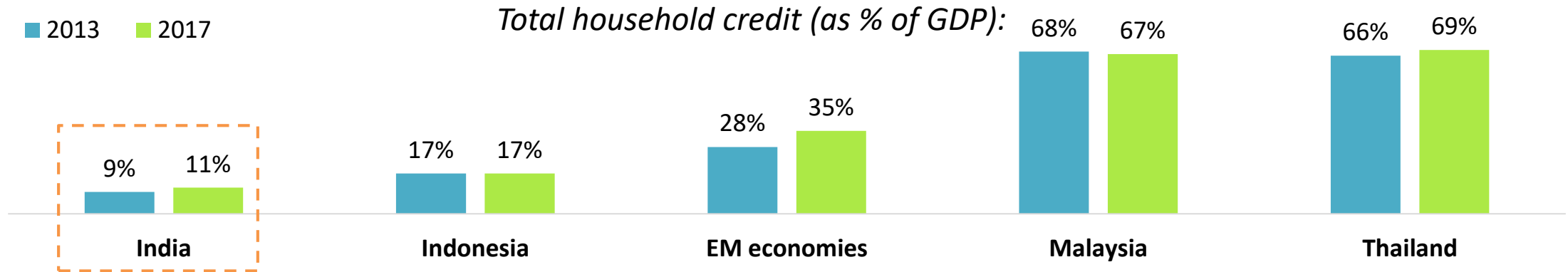
| State by penetration | Penetration / 1,000 | Opportunity |
|----------------------|---------------------|-------------|
| Low 7 | 73 | - |
| Average | 102 | 40% |
| Top 7 | 168 | 130% |
| Tamil Nadu | 202 | 177% |
| Delhi | 247 | 238% |

Source: Sell Side research

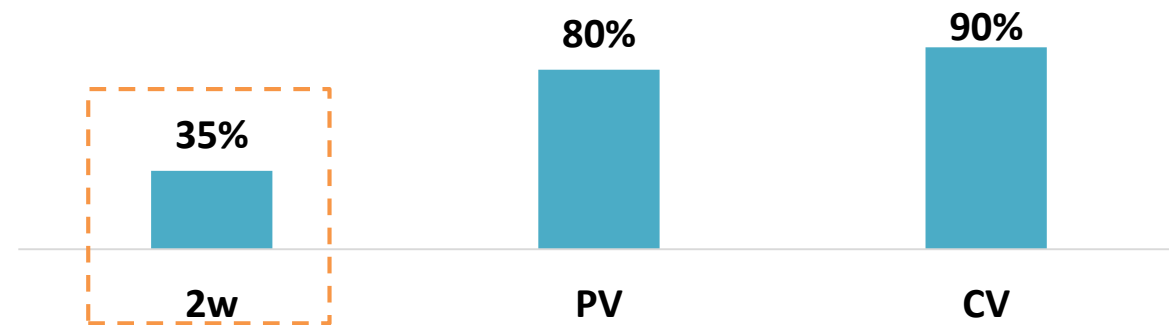


Higher financing levels will help increase 2w penetration further

Household financing to grow in line with Asian & EM peers



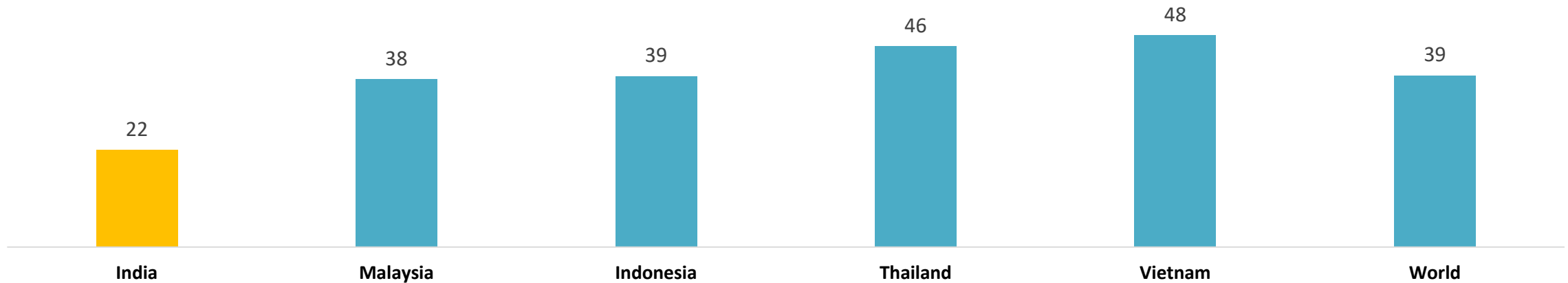
Significant opportunity for enhancing finance penetration in 2w (FY18)



Source: [BIS Statistics](#)

Increasing participation of women in the labor force presents another demographic benefit

Women as a % of total Labor Force (2018)



Women participation in Indian workforce set to grow considerably

Source: RBI Employment Statistics

2w demand has multiple drivers



Income enabler: Sturdy transport for longer distances



Point to point mobility for the city rider



Aspirational youth drive the commuter & leisure 2w demand



Enabling women's participation in education, employment and leisure



Leading to long term growth potential for the 2w industry

3x

Higher consumption

3x

Penetration opportunity wrt Asian peers <100 → 300/ per 1,000 people>

2.5x

Higher domestic penetration <Low penetration states → high penetration states>

3x

Increase in financing <Household credit in India 11% → EM 35%>

2x

More women in workforce <22% → 40% of labor force>



Macro Economic Overview



Two Wheeler Landscape



The Big Picture



Strategy

Lead Brand equity index



**Highest Brand
Equity Index: 3.3**

Preference

Price Premium

Recommendation

2x of the closest
competition in Deluxe

110cc: Top 2 brands

125cc: 2 of the Top 3 brands

Source: HMCL Analysis



4 of the top 5 industry leading brands are from the Hero stable

“4 of the top 5” 2w brands
are Hero brands (FY19 Vol.)

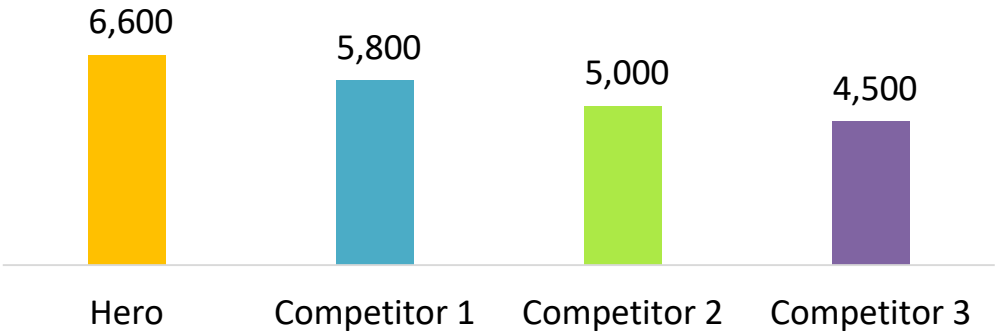


Source: HMCL Analysis

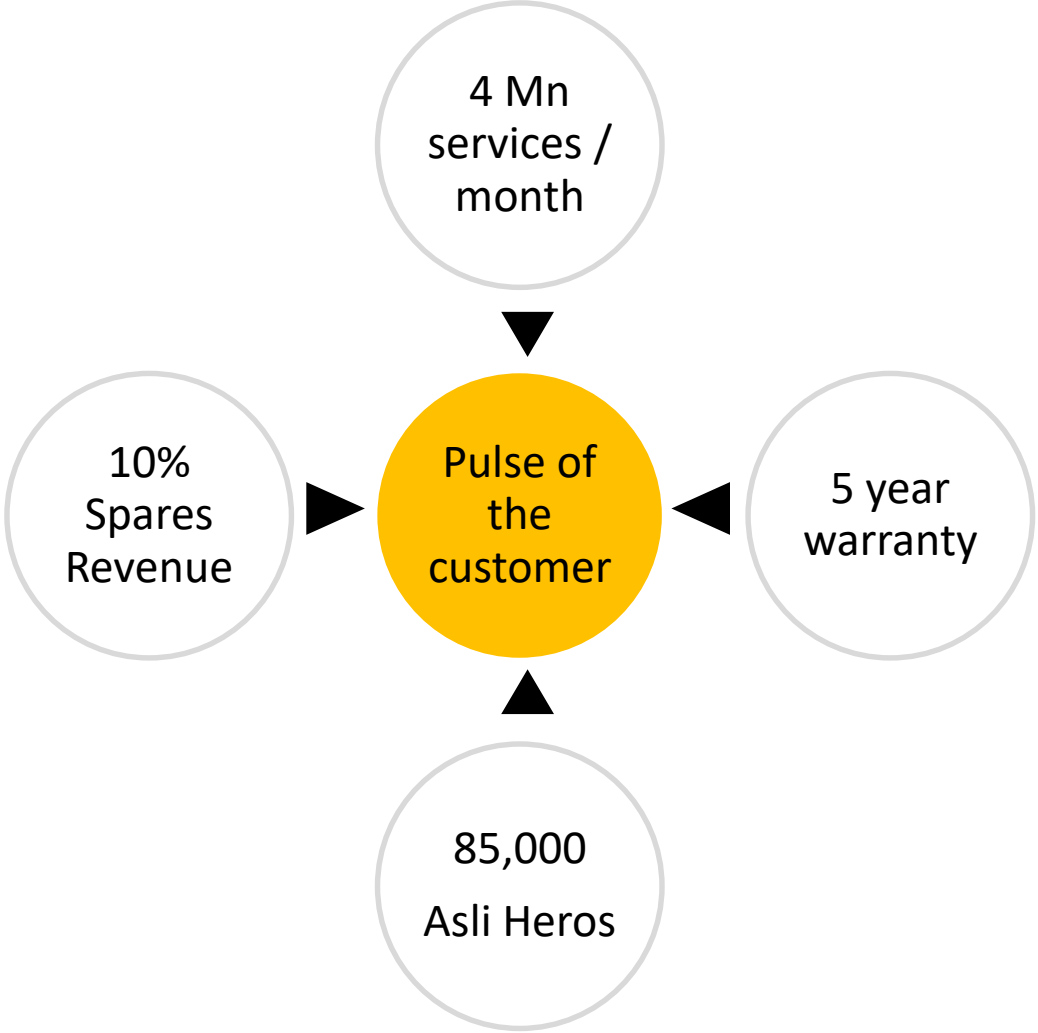
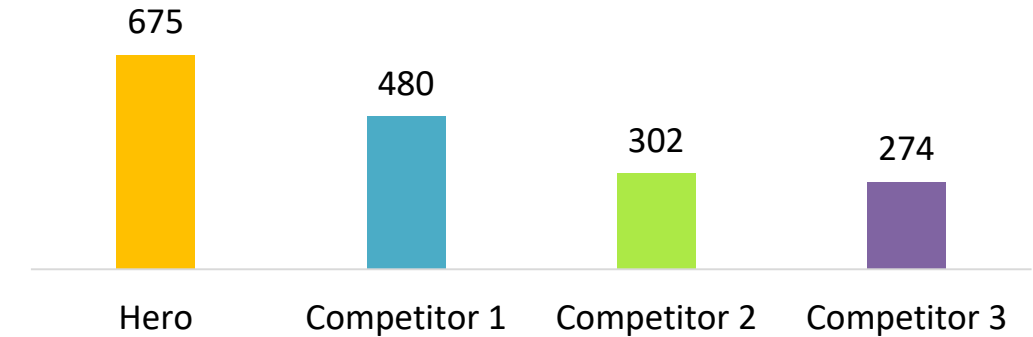


Largest distribution and service network in the world → higher sales for our dealerships

Hero has the most number of touchpoints (FY19)



Highest sales / dealer / pm (FY19)



Source: HMCL Analysis



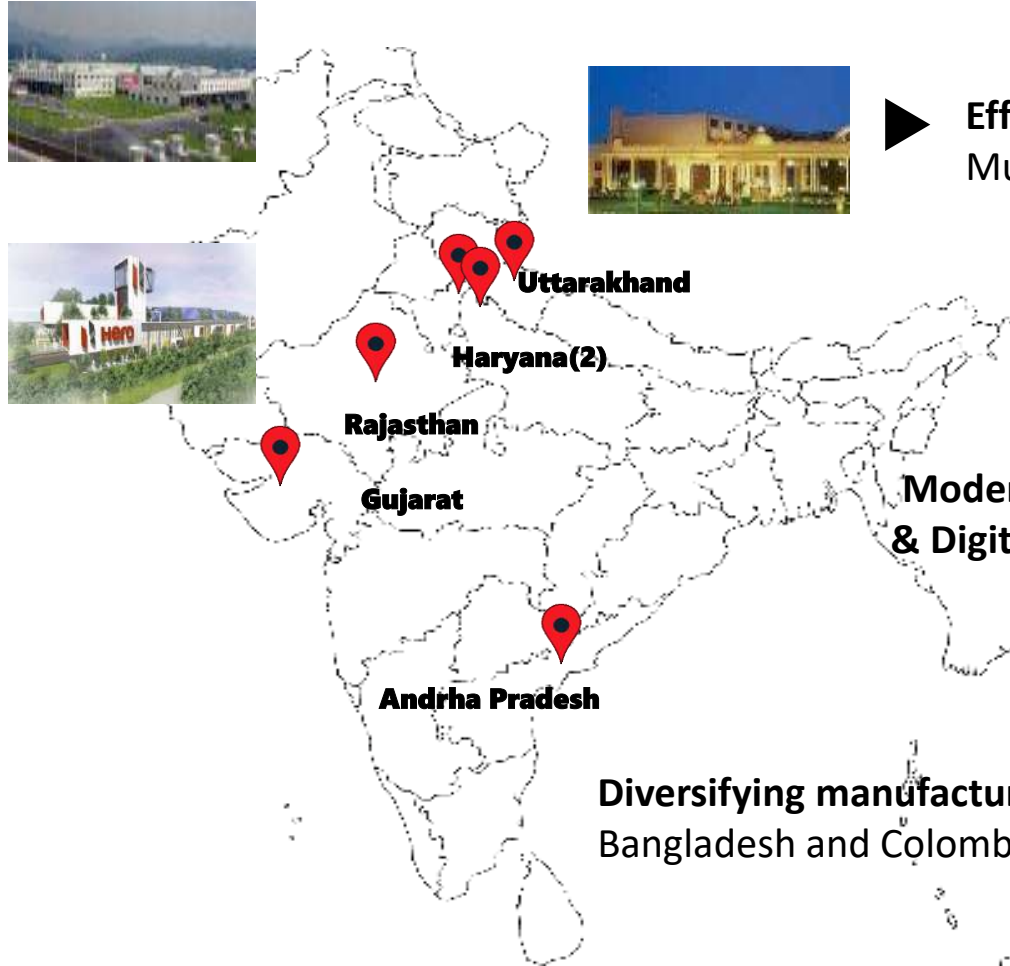
Sourcing and manufacturing at scale is a key strength

Largest 2w plant globally
Mega Factory: 2.7Mn / pa



Efficient, flexible manufacturing
Multi-model lines with quick change over

Green plant



Modernization & Digitalization

- Smart factory
- Predictive maintenance
- Traceable BOP*

Diversifying manufacturing base:
Bangladesh and Colombia

Total capacity: ~10Mn units/ pa

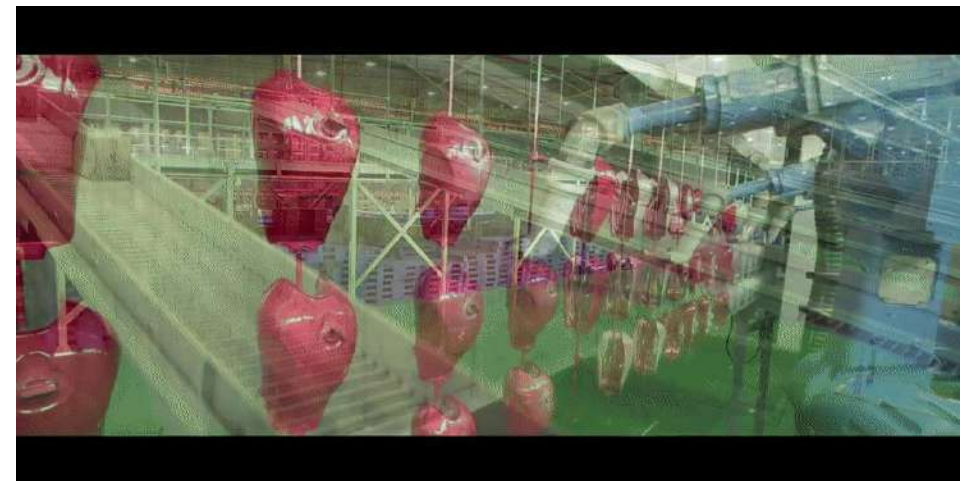
*BOP: Bought out parts
Source: HMCL Analysis

World class manufacturing efficiencies have been developed



18 seconds = 1 Motorcycle rollout

Flexible Manufacturing Systems: Fuel Tank Painting



BOP: Bought out parts
Source: HMCL Analysis

Rapidly building our innovation capability..

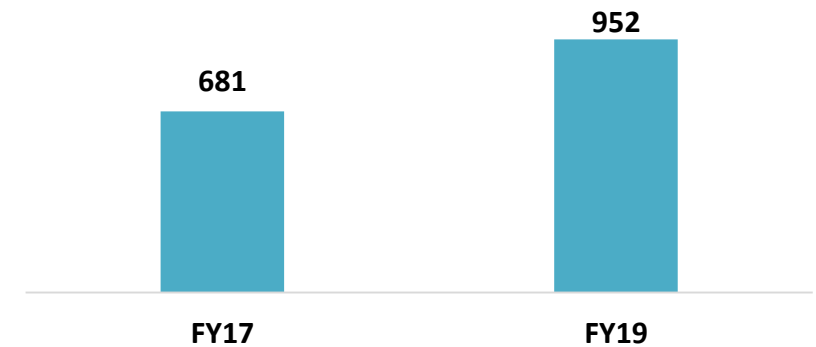
Global Centre of Innovation & Technology (CIT) at Jaipur operational since March 2016 | Spread across 247 acres |
| Initial investment of ₹850 Cr | ~850 Employees |

R&D Talent Map →



Germany
Technology Centre
started in 2018

Scaling employee base @ CIT



* Includes R&D Expenses and Capital Spends

Source: HMCL Financials



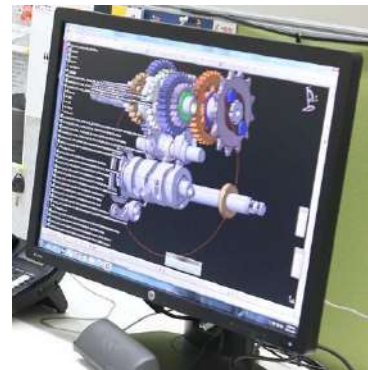
..with state of the art infrastructure & development machinery



World class Centre for Innovation & Technology (CIT) infrastructure



16 km test track with 45 terrains to simulate Indian & global roads



Design Simulation

Source: HMCL Analysis

Leading to many 1sts in technology



(Idle Start Stop System - μ -Hybrid)
1ST In India 2W - 2013

Higher **Mileage** Lower **Emissions**
 Equivalent to every i3S rider planting **1 tree** in a year



90% models ✓
 (by volume)

FI (Fuel Injection)



1st in M/C 125cc
2006 Glamour FI



1st in scooters
2019 Maestro Edge 125

(Connected Dashboard)

1ST in Premium segment - 2018



Multiple launches in the last 12 months

Refreshing our core



Passion XPro



Splendor +



Splendor iSmart+



HF Deluxe



Glamour FI



Super Splendor

Driving our scooter story



Destini 125



Pleasure +



Maestro Edge 125

Comprehensive premium portfolio



Xtreme 200R



Xpulse 200

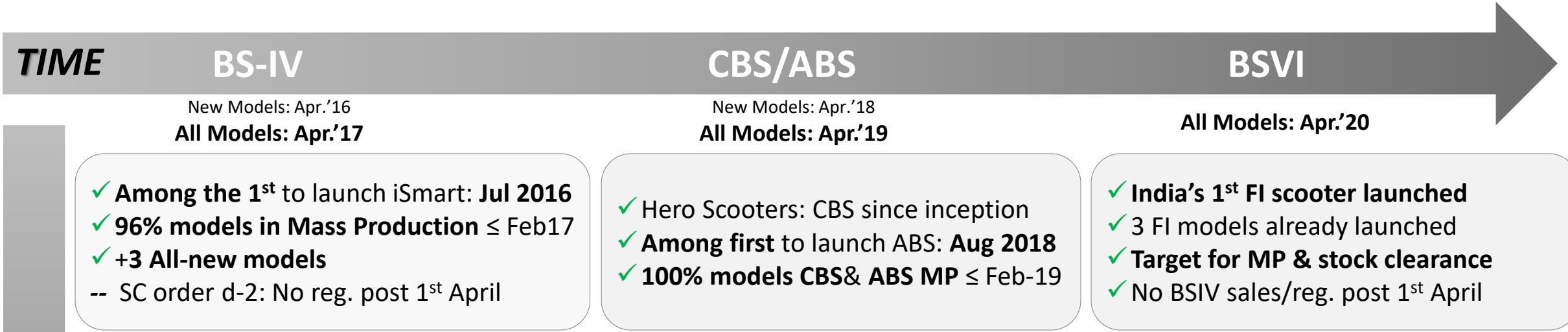


Xtreme 200S



Xpulse 200T

Comprehensively addressing regulatory changes



Fuel Injection system

- De-risking (Multiple suppliers)
- Economies of scale (Competitive cost)
- Quality (Global supplier base)

Developing In-house capability

Value-up
Cost down

Alternative technologies
- Cost lever- (Parallel approach)





Macro Economic Overview



Two Wheeler Landscape

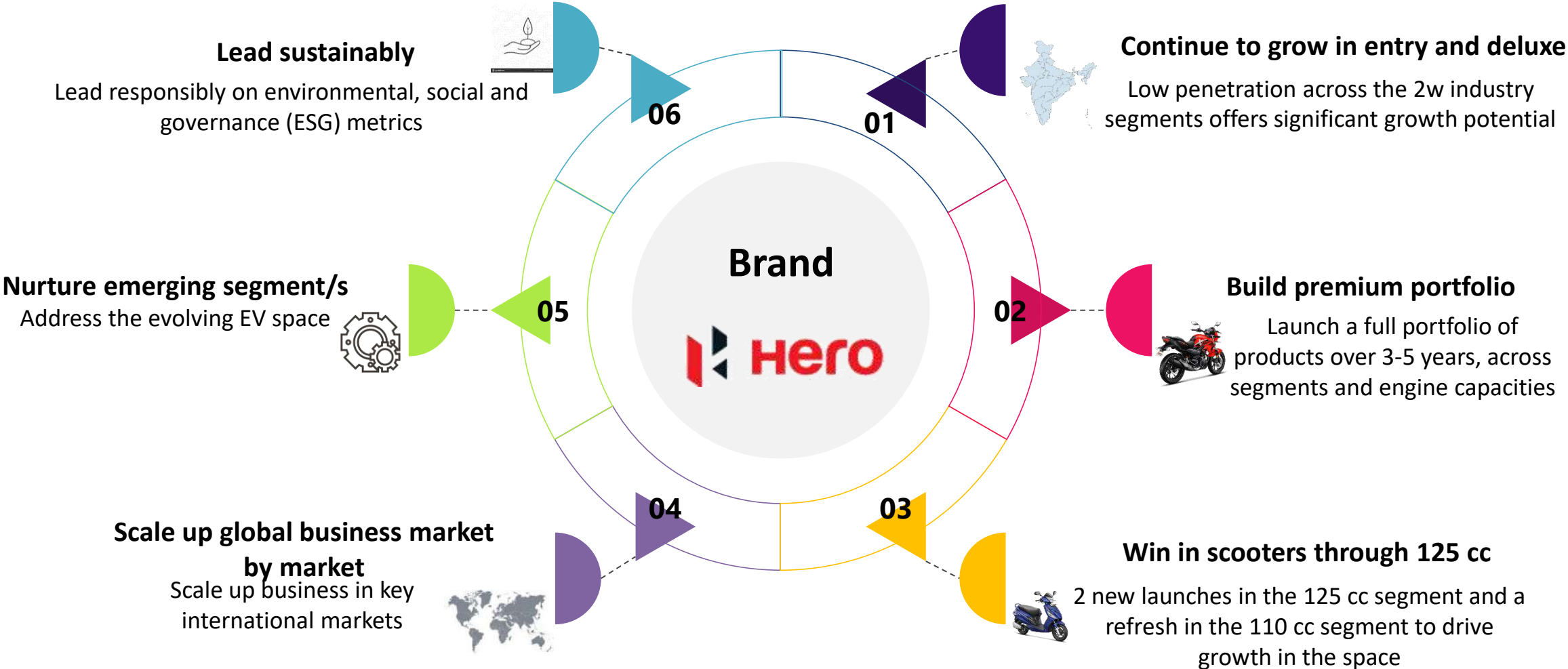


The Big Picture

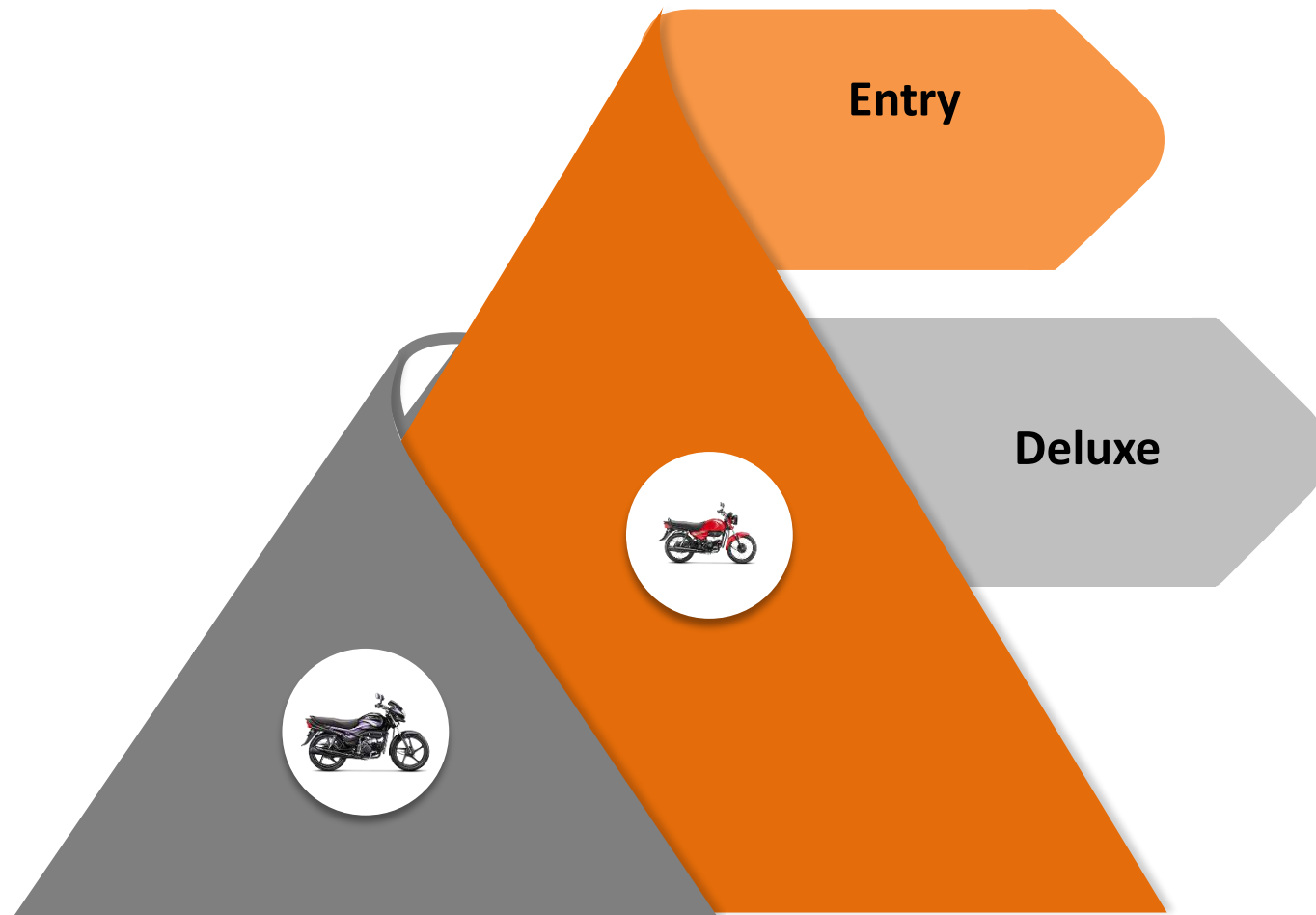


Strategy

Our Strategy



Continue to drive penetration through strong presence in Entry and Deluxe segments



Low penetration → Entry, Deluxe growth

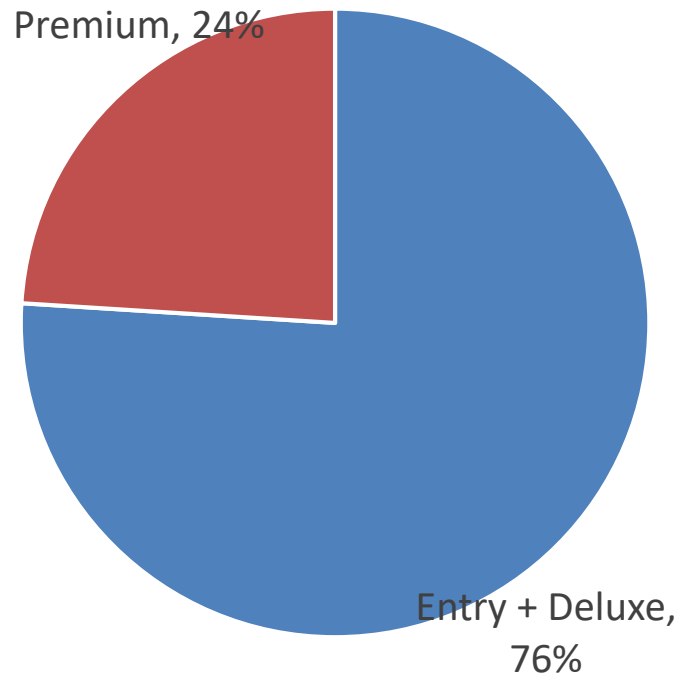
- Entry: 1st time buyers: >75%
 - Demographic dividend
 - Social upgrader
 - Aspirational
-
- Deluxe: the next move
 - Follow lifestage of the customer
 - Refreshes to drive category growth

Strengths

Brand
Rural understanding
Service & distribution network

Segment is big and growing faster; Hero leads with highest market share

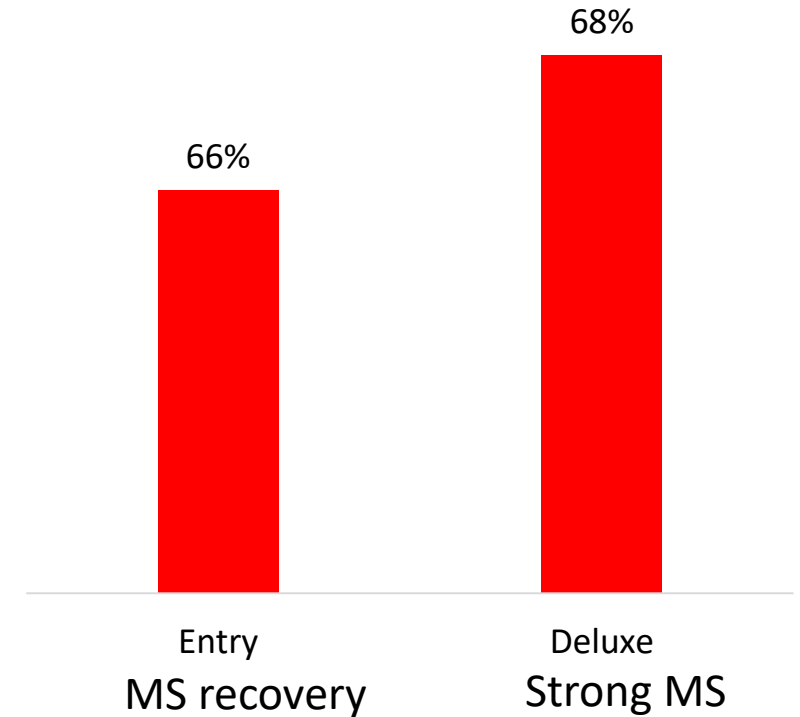
Entry + Deluxe: 76% of Motorcycle market



2w industry led by Motorcycle growth ahead of scooters

Entry + Deluxe growth > 2w growth (FY2019 7.5% vs 4.9%)

Hero continues to strengthen its leadership position



Q4FY19 unless otherwise specified

Continue to build a strong and differentiated value proposition

Invest in brands for sustainable MS

+

Pricing premium

Power of brand



Money for value not value for money

Brand of choice



Credible brand building

Sustainable Market share



4 of the top 5 selling brands

Premium pricing



Command premium on similar products



Build a Premium portfolio



XTREME 200R
LAUNCHED SEP-18

₹90,900

Fear nothing in the City



XTREME 200S
LAUNCHED MAY-19
₹98,500

Power of Presence



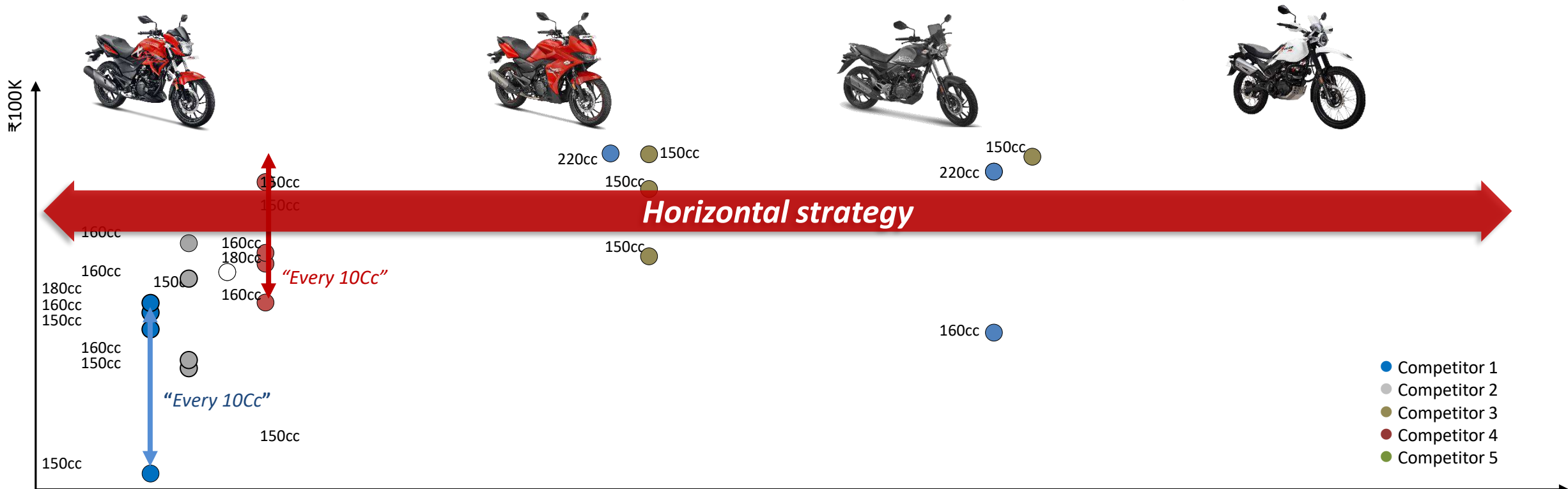
XPULSE 200T
LAUNCHED MAY-19
₹94,000

Make New Roads



XPULSE 200
LAUNCHED MAY-19
₹1,05,000 (Fi)
₹97,000
Make New Tracks

The Premium portfolio will address 70% its market segment



1 → **4**
 Platform → Diverse offering
Only company with 4 platforms

<₹100K
~70%
 Of +150cc market

1ST
In the segment

Turn by Turn Navigation | Bluetooth | Call Alerts



High decibel marketing strategy backed by industry leading investments in advertising and promotion

Brand ambassador



Focused TV / Print communication

Distribution strategy



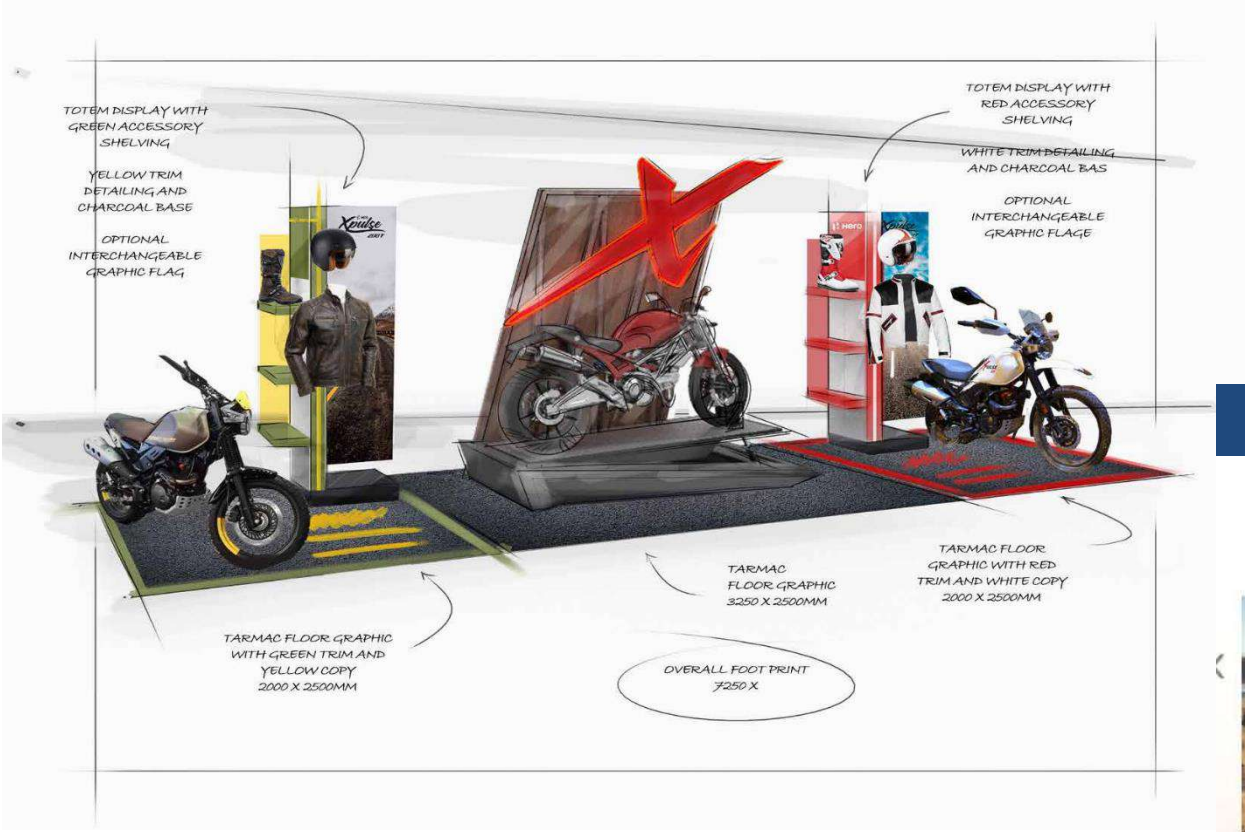
Premium experience, shop in shop & premium sales consultants

Digital strategy



Target group focused strategy

Offering a unique Premium experience



Unique picturesque, undiscovered trails...just next door



Multi-format trails across zones and terrains



Building Brand "Hero"



Develop the "Hero" brand image and exposure



2 Top 20 Finishes @ Dakar Rally 2019

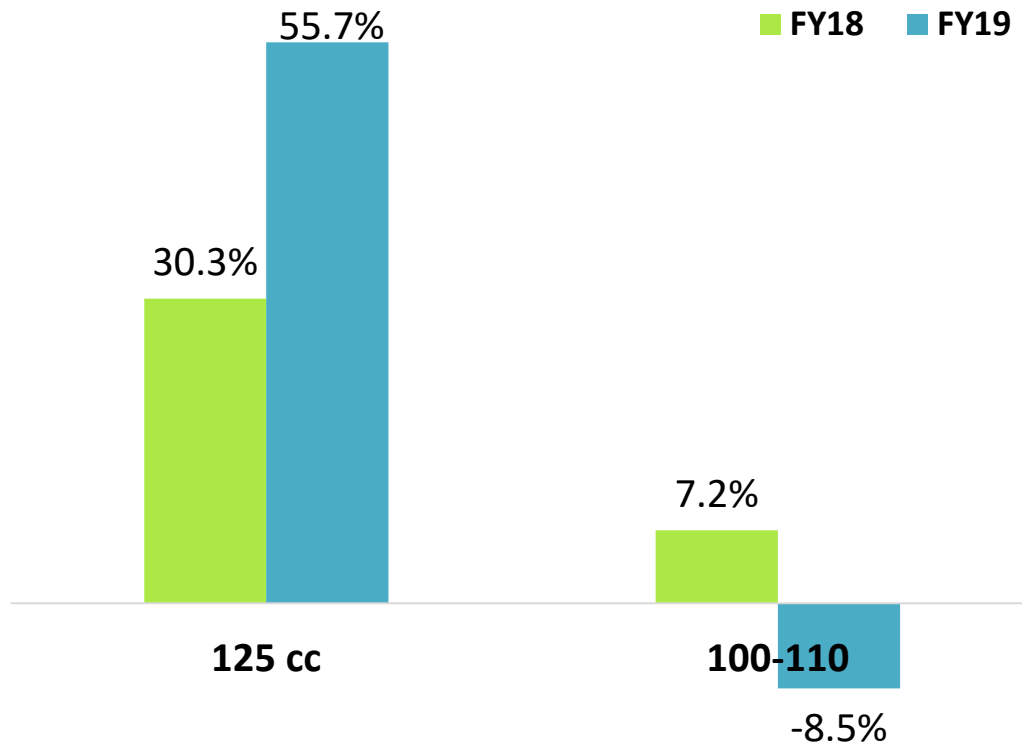


Leveraging ... in Global Markets

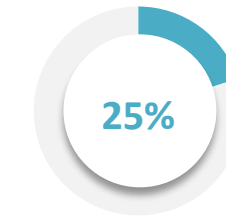


Win in Scooters through 125 cc segment

Scooter Segment Growth %



125 cc Scooter Segment



Proportion of scooter segment



Exponential Growth, ahead of the 100-110 cc segment, as customers seek choice

Source: HMCL Analysis



With the recent scooter launches supporting 125 cc segment

DESTINI 125



LAUNCHED NOV-18

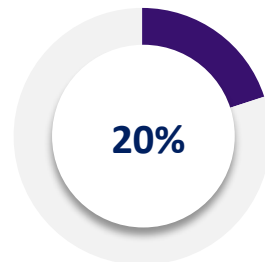
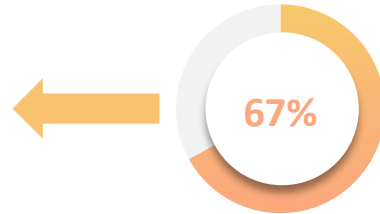
₹57,500 (Vx)

₹54,650 (Lx)



1st scooter in India with
i3s (Star-Stop System)

Commuter Segment
(125 cc)



MAESTRO 125
EDGE



LAUNCHED MAY-19

₹ 62,700 (Fi+Disc)

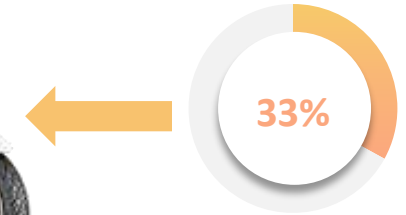
₹ 60,000 (Disc)

₹ 58,500



1st scooter in India
with FI technology

Sport Segment
(125 cc)



Retail MS%: after 6 months of launch

Price: Ex-showroom Delhi



Investor Relations

Analyst Day 2019

Anchor 125 cc presence through communication & strong value proposition

Marketing Communication



Generate brand love by driving brand story across TV/ print

Fully loaded



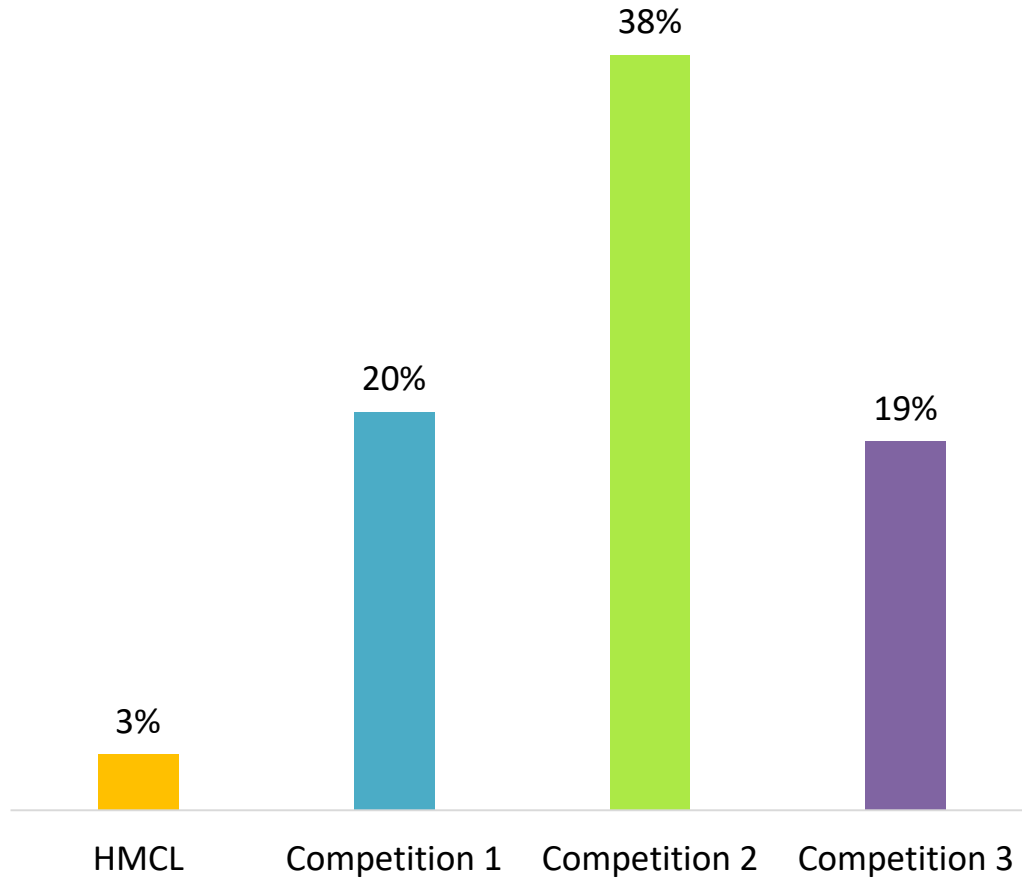
- *Elegant metal body*
- *USB charger, external fuel filling, H signature tail lamps*

Technology anchor:
125cc with India's first on
scooters

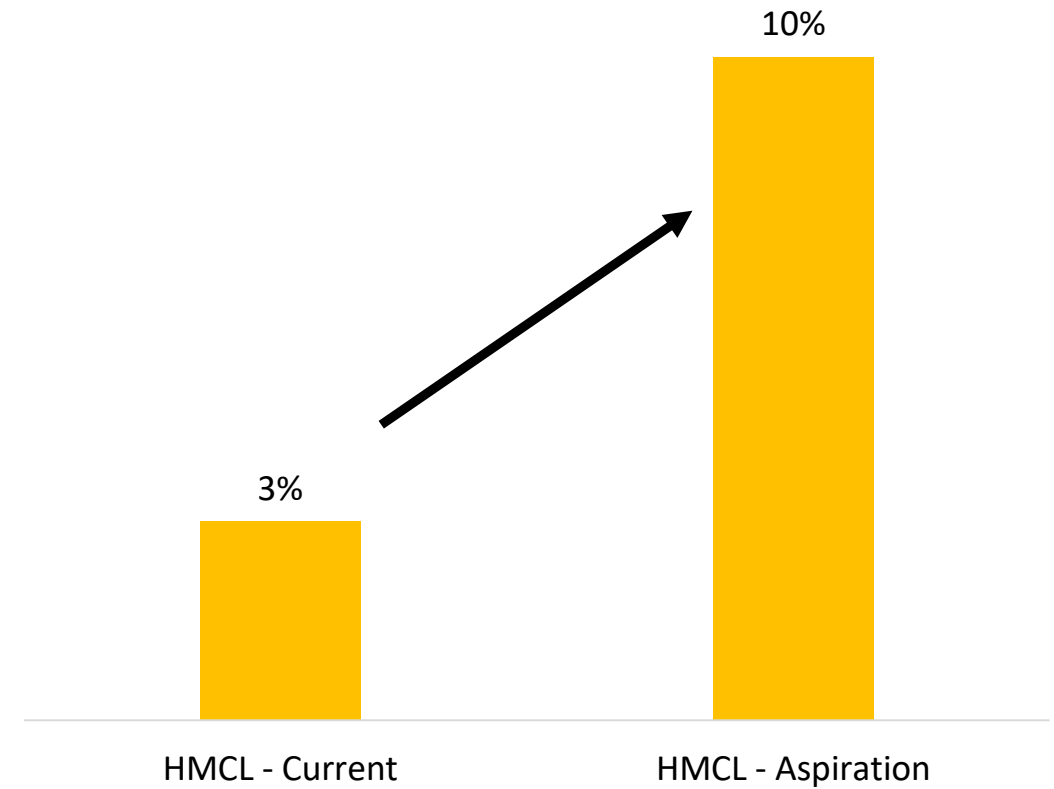


Scale up global business market by market

Export contribution (%) to revenue (FY18)



Hero's medium term aspiration (%)



Global reach, local expertise: market specific products & brands catering to 37 markets



DAWN CARGO
2019, to start

XPULSE 200
2019

DAWN 125
2014, Upgrade: 2019

DAWN 100
2013, Upgrade soon

EURO-IV RANGE -2018/2019

DAWN 150
2016, Upgrade; 2019

DAWN 150TR
2019

EV strategy: to address niche and mass EV adoption



- **Duet E**
- Consumer/ market in-depth in 2017 & 2018
- Competency building for mass market EV product



- In-house **start-up launched in Sep 2018**
- 2 teams, EV Mobility offer for 1 batch
- POC ready, progress for proto



- Smart EV Scooter based in Bengaluru
- **Launched S450 & S340 in Jun 2018**
- Establishing charging infrastructure
- Strategic ownership >30%



Lead sustainably

- Lower:
 - Energy consumption
 - Emissions
 - Water recycle, re-use

Environment



- Pillars for CSR:
 - Greener
 - Safer
 - Equitable

Social



- Strong governance framework:
 - Committees and policies
 - Risks and governance

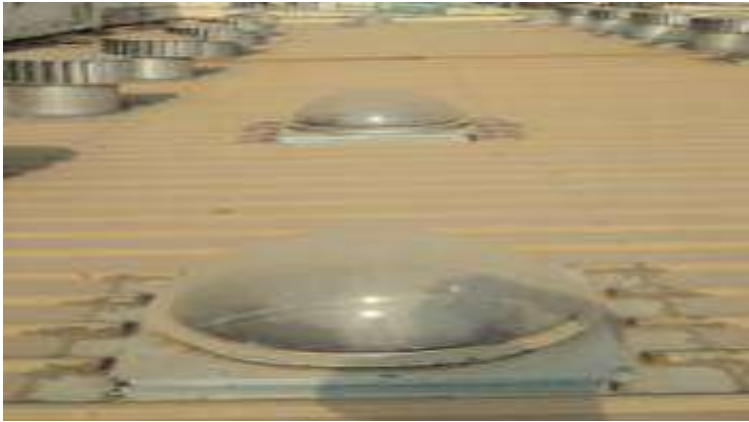
Governance



GOVERNANCE

Source: <https://www.heromotocorp.com/en-in/investors/sustainability-report.html>

Efficient and green design to reduce our carbon footprint



Eco friendly solar tube light



Solar Panels: Reduced CO₂ emissions
260.9 Tons / Year



Oxygen Generating Green Walls



Reverse Construction



Green House Food Production



Big Foot Technology

Hero strives for a greener, safer and more equitable Earth

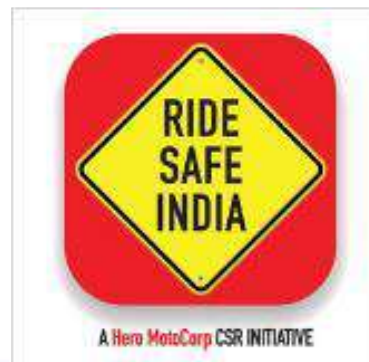
Greener

- › 1.4Mn saplings planted – Hero-Times of India (TOI) drive → 5,850,000sq ft green cover
- › Student army of 10,000 Green Corps in 100 schools
- › Set up 6,265 solar streetlights → 220 MW green energy



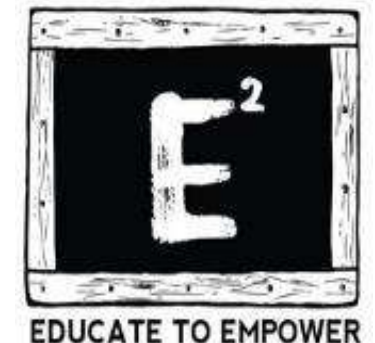
Safer

- › Flagship “Ride Safe” program
- › Trained 50,000 people on road safety
- › Road safety clubs in 1,150 schools



Equitable

- › 160,000 students benefitted across 6 states
- › Programs support employability and livelihood: women, technical skills, specially abled, entrepreneurial spirit
- › 2w ride training for women



Strong Governance framework



Ethics committee

Other committees

Share transfer committee

Eminent Board of Directors



M. Damodaran
Non-Executive & Independent
Director



Anand Burman
Non-Executive & Independent
Director



Ravi Nath
Non-Executive & Independent
Director



Shobana Kamineni
Non-Executive &
Independent Director



Paul Edgerley
Non-Executive & Independent
Director



Jagmohan Singh Raju
Additional & Independent
Director



Pradeep Dinodia
Non-Executive Director



Suman Kant Munjal
Non-Executive Director



Pawan Munjal
Chairman, MD & CEO



Vikram Kasbekar
Executive Director

Professional management team drives Hero's growth agenda



Sanjay Bhan, Head Sales & After Sales

Joined Hero in Jan 1991 in Sales after his MBA. Worked his way up to as the Marketing Head in 2008. Responsible for the launch of the new brand "Hero"



Niranjana Gupta, Chief Financial Officer

Earlier CFO for the Aluminium & Power of Vedanta. Worked with Unilever in various capacities including Global Finance Director in London. Also served as Procurement Head South Asia and drove supply chain synergies. Qualified as a CA, Cost Accountant & CS



Rajat Bhargava, Head- Strategy & Performance Transformation & Global Business

Moved from McKinsey & Co. where he was a Senior Partner co-leading Operations & Industrial Practices in India and Purchasing & Supply Management in APAC. He is B Tech from IIT Delhi, and a Gold medallist from IIM Ahmedabad



Vikram Kasbekar, Executive Director Operations (Plants)

>4 decades of experience in Operations, Supply Chain, Manufacturing and Project Engineering. Worked with Hero for ~14 years. Graduate from IIT, Madras in Mechanical Engineering



Markus Braunsperger, Chief Technology Officer

Joined after 25yrs with BMW, Germany. Held several senior roles in R&D, Production & Strategy including heading the R&D function for BMW motorcycles. Project manager for key product lines such as 5/6/7 series and X3, X5 and X6



Vijay Sethi, Chief Information Officer, Chief Human Resources Officer & Head Corporate Social & Head CSR

Passionate about CSR, he leads innovation efforts & holds interim charge for HR. He has 25+ years of experience in manufacturing & in consulting at TCS & Ranbaxy. MBA in Materials Management, a Master's in Industrial Engineering, a Bachelor's in Mechanical Engineering



Neeraj Mathur, VP - Strategic Sourcing & SCM

Prior to joining Hero MotoCorp in 2009, worked with Escorts Yamaha, Maruti Suzuki, GM and Delphi. He is responsible for purchases of over \$4Bn. Qualified as a BE in Mechanical Engineering from Delhi College of Engineering



Malo Le Masson, Head - Global Product Planning

Significant experience in Product Planning with Nissan across- JP, FR, HK, NL & CH. Led Infiniti Product Long Term Strategy. Key projects included global launches of Micra & the EV model - Nissan Leaf. Engineering graduate holds Masters in Fluid Dynamics from Aix-Marseille, France.



Gurinder Sandhu, Head Marketing

Over 20 years of marketing experience, 12 of which was in leadership positions at leading consumer product companies viz Coca Cola, Asian Paints, Airtel and Tata Docomo. Gurinder is a BTech. from IIT-Delhi and has an MBA from FMS Delhi



Neerja Sharma, Company Secretary & Chief Compliance Officer

Worked with Ballarpur Industries, Fortis Healthcare & Cairn. At Hero, Neerja ensures the highest standards of ethics & transparency working closely with the Board, leadership, shareholders & regulatory bodies. A qualified Company Secretary she is a commerce graduate

Financial performance: FY19

Volume

7.8 Mn



Revenue

₹34,000 Cr
3x over last 10 years



EBITDA Margin %

14.7%

Strong margin management

Top Quartile
Dividend Pay-out

Reserves

₹13,000 Cr



Source: HMCL FY19 Financials

In summary

01

Macro will continue to drive India growth

02

Significant long term opportunities in 2w

03

Hero has strong brands and capabilities to capture industry demand

04

Clear strategy to address white spaces- premium, scooter, global business

05

Gearing up to navigate EV space

06

Focused on sustainable development





Thank You

