

Changing gears

Investor interaction with Hero MotoCorp Leadership

12th June 2023
Mumbai, India

Be the Future of Mobility
Create | Collaborate | Inspire

Updated and reposted on 13th June 2023

Safe harbor plan

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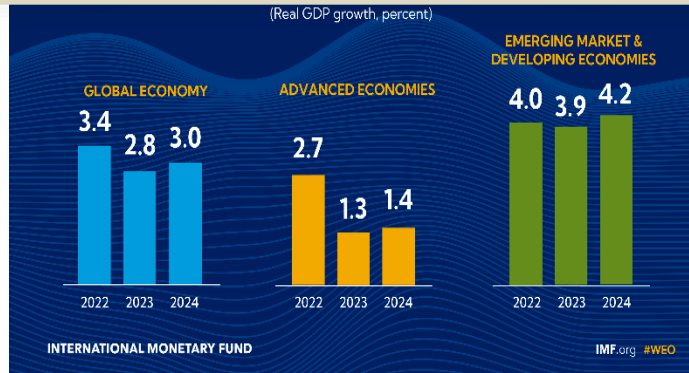
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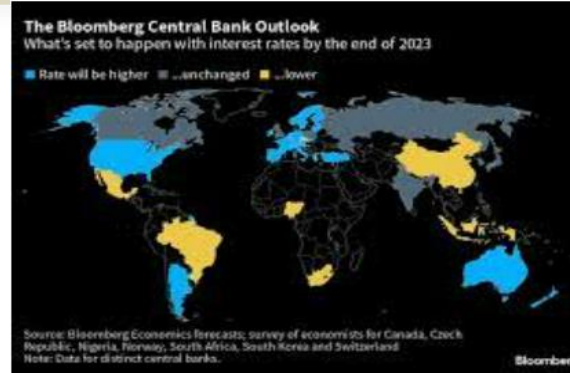
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Global economy coming out of the woods

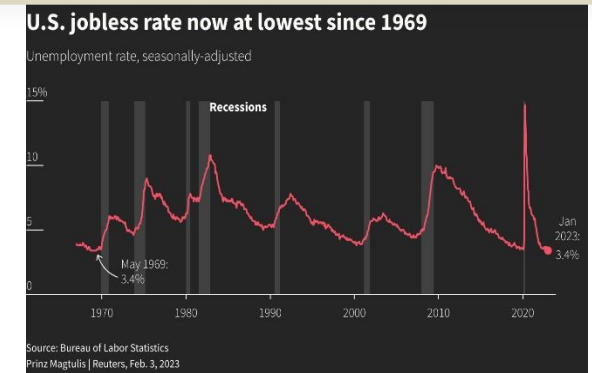
IMF growth forecasts have improved



Rate cycles have peaked



US unemployment at its lowest



Global supply chains eased



Commodities have been stable



India is better placed

	2022	2023	2024
World	3.4	2.9	3.1
US	2.0	1.4	1.0
Euro area	3.5	0.7	1.6
UK	4.1	-0.6	0.9
Japan	1.4	1.8	0.9
China	3.0	5.2	4.5
Russia	-2.2	0.3	2.1
Brazil	3.1	1.2	1.5
India	6.8	6.1	6.8

Source: International Monetary Fund World Economic Outlook update | Bloomberg

India story gains momentum

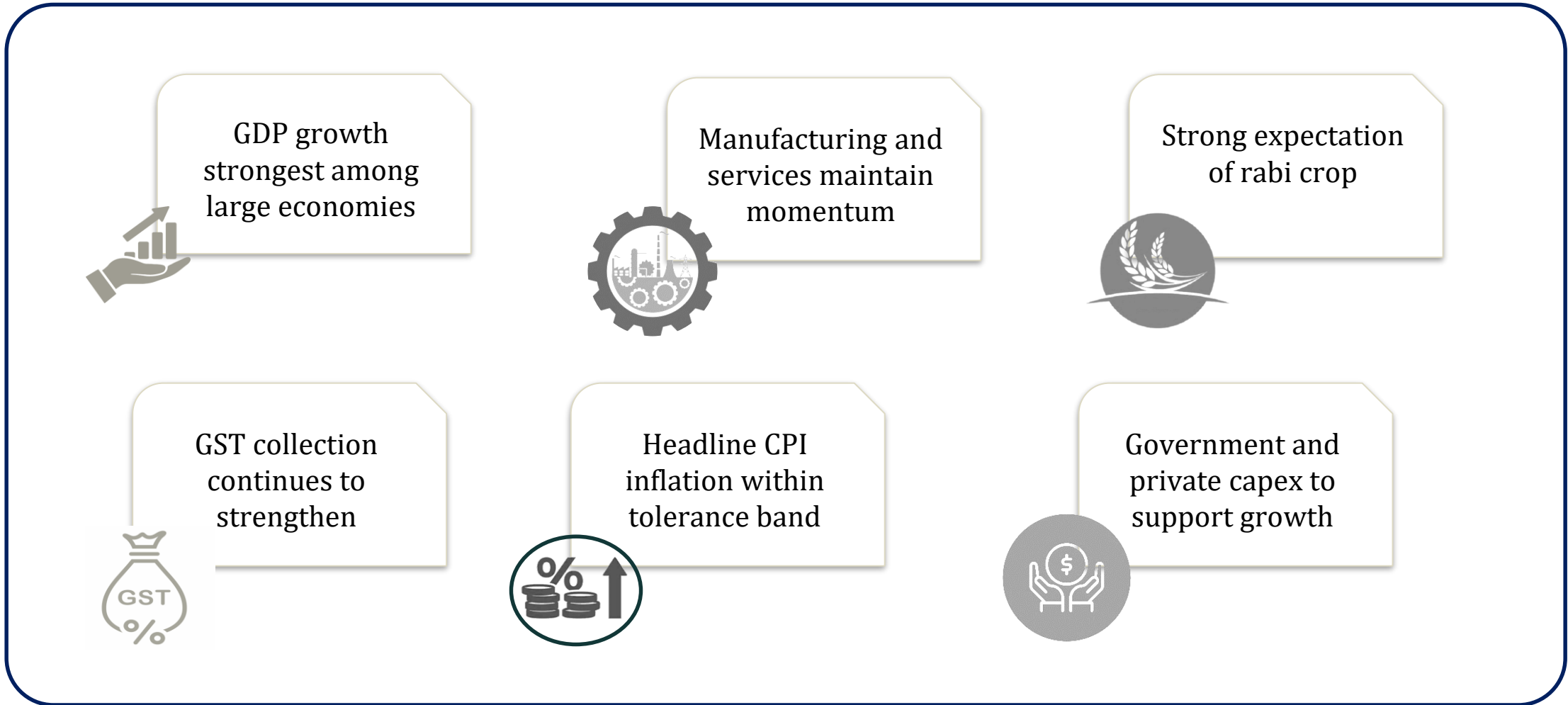
- ✓ Fastest growing major economy in the world
- ✓ From 10th largest in FY14 poised to grow to 3rd largest
- ✓ Population demographics builds work force and also leads to a strong domestic demand
- ✓ Capex cycle to support consumption growth: Government led and private supported



India likely to add \$1Tn in 3 years to its GDP

Source: IMF GDP estimates

Leading to strong consumer confidence



Creating platform for robust 2w growth

Broader economic recovery



Rural income, sentiment growth



Urban buoyancy

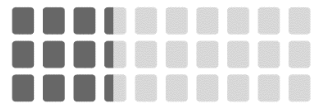


Govt. capex push



Road construction

2w opportunities



Low 2w penetration



New launches



Premiumisation



Financing

Mobility a structural need || 2w an income enabler

Brand Hero



Brand Hero: A legacy of trust

#1

TWO-WHEELER
MANUFACTURER

8

MANUFACTURING
FACILITIES

40+

COUNTRIES

9000+

CUSTOMER TOUCH
POINTS

110 MN

SATISFIED CUSTOMERS

37+

YEARS OF
EXCELLENT SERVICE



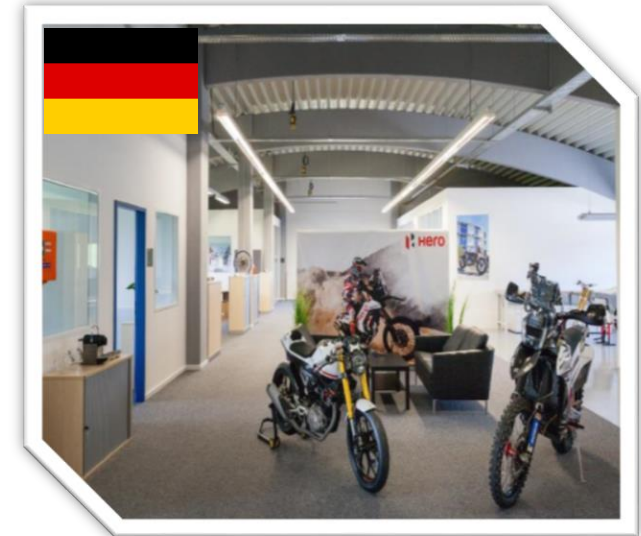
- Manufacturing excellence
- Extensive Distribution network
- Sourcing and supply chain at scale
- Powerful brands
- State of the art R&D
- Talent powerhouse

R&D gearing up for future models



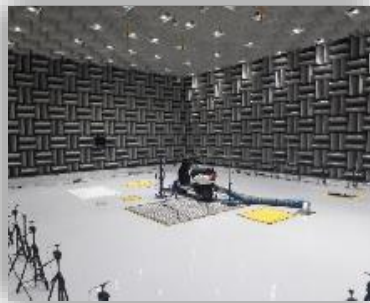
State of the art centre for delivering high quality, distinguished products

Centre of Innovation & Technology, Jaipur



R&D manufacturing, testing, validating of 2w, especially premium, EVs and components

Hero Tech Centre, Germany



Building platform for the future with latest technological enhancements



Leading to strong financials

Revenue

₹33,000 Cr

EBITDA per vehicle

₹8,500*

Profit after tax

₹2,900 Cr

Reserves

₹14,000 Cr

Revenue and Profit after tax figures for FY23

**EBITDA per vehicle for Q4FY23*

Reserves figures as at the end of FY23

Above figures have been rounded off

Changing gears



Be the Future of Mobility

Create | Collaborate | Inspire

Changing gears: Grow the Core

Key pillars



1. Grow the Core

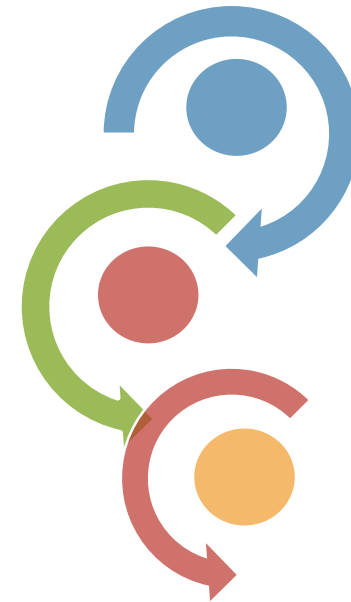
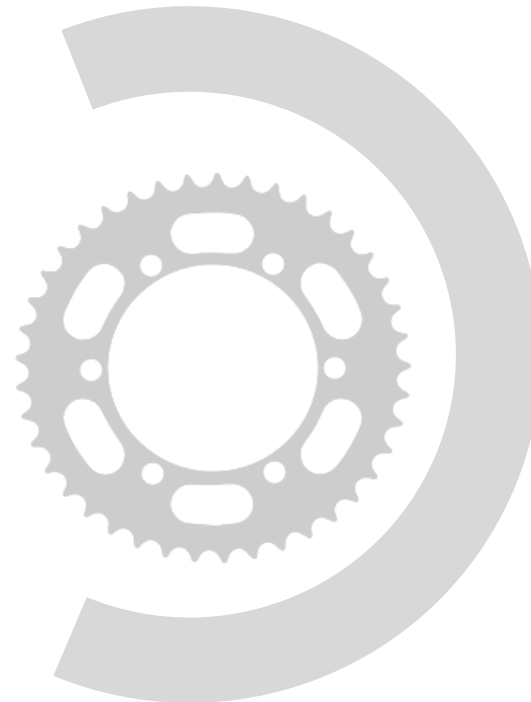


2. Win in Premium



3. Build EV leadership

Powered by



Innovation

Digitization

Services

Changing gears

Grow the Core

Expand the category and fortify our brands

Recover market share in 125cc

Increase share in Scooter

Accelerate other revenue streams

Rapidly scale up in top 10 markets in Global Business

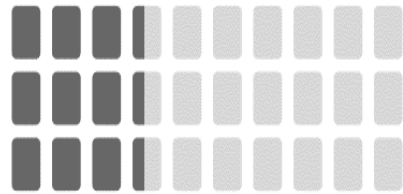


Changing gears

Expand the category and fortify our brands 1/2

Lead the category expansion

Deepen the penetration



Attract *First Time Buyers*

- **Campaign** → Mileage ka Hero, Dumdaar power etc.
- **Retail finance** initiatives enabling growth

Financing penetration

FY20: 47% → FY23: ~60%

- Leverage of **widest reach**

Growth in **younger customers** with Xtec models

Fortify our brands

GLAMOUR XTEC



NEW SUPER
Splendor XTEC
— 125cc —



Passion +

THE ICONIC
Passion XTEC



Changing gears

Support Splendor with multiple strong brands viz. Glamour, Super and Passion

Expand the category and fortify our brands 2/2



The iconic Passion+ to attract aspirational First Time Buyers

Recover market share in 125cc



Changing gears

Comprehensively address the 125cc category

Addressing larger customer base in 125cc through Xtec



Xtec: Extra Technology

XTEC in addition to core products offer customers opportunity to up/ down trade Premium of 4-8% over core variants



*LED Headlamp with HIPL**



Bluetooth Connectivity with Call & SMS Alert



USB Mobile Charger



Fully Digital Speedometer



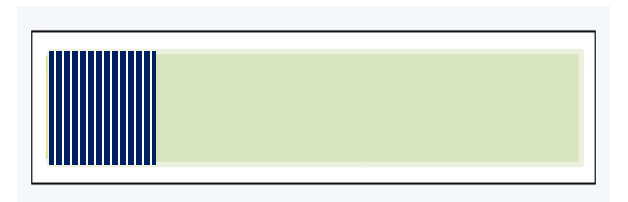
Real Time Mileage Indicator



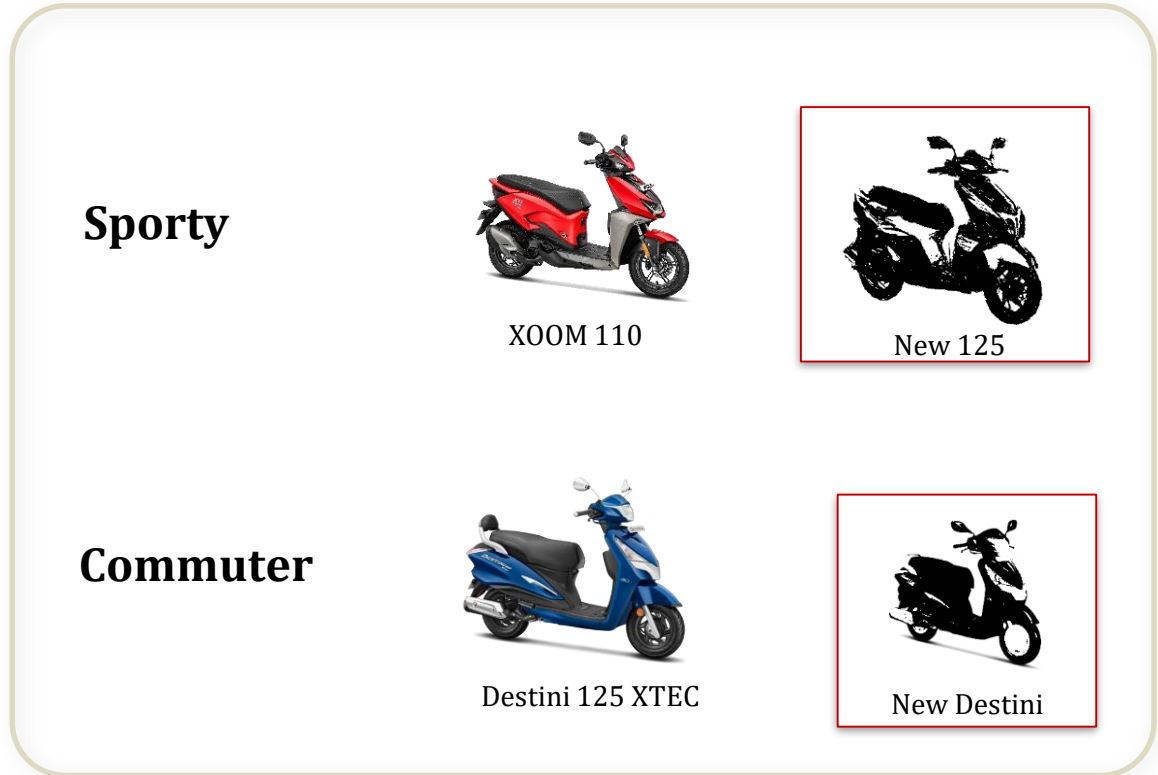
i3S Technology Idle-Stop-Start System

XTec contribution to total volumes

25%



Increase share in Scooter



Corner bending lights[^]



Bigger and wider tyre*



Fastest Acceleration#



Aerodynamic design



Changing gears

Significant positive feedback for the new Xoom

[^] 1st in Scooter industry

* Based on unique combination of front & rear tyre dimension compared to all scooter models in 110cc segment

Fastest compared to all scooter models in 110cc segment as per internal testing

Upgrade the buying experience

Enhanced visual identity

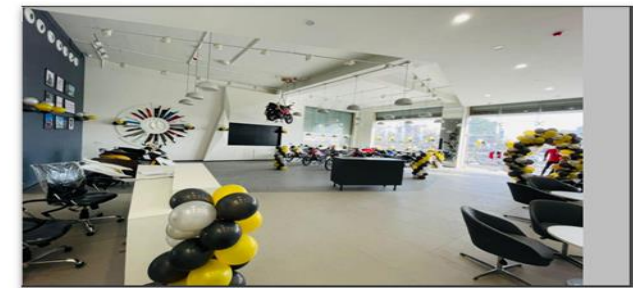
Rich customer experience

Tech enabled

Youthful energy

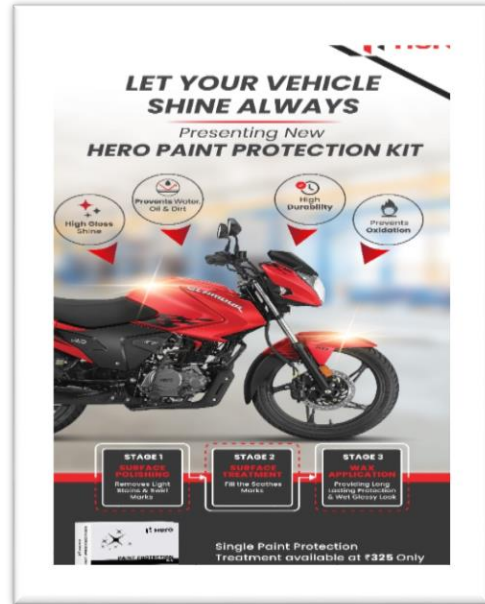
Universal appeal

Next 8 Quarters
500+ Stores



Encouraging customer and dealer feedback

Accelerate other revenue streams: Parts, Accessories & Merchandise



70%
Growth since 2019
~Rs.5,000Cr in FY23



Increase breadth & depth

Efficient logistics

Expand portfolio

Pioneered parts micro-distribution

Doubled retailer base in 3yrs

Signed on influencers, *Asli Heros*

Best in class Global Parts Centre

Pull based ordering

Oil, other bike care products

Accessories added to business

Merchandise aligned with growth

Rapidly scale up in top 10 markets in Global Business



Mexico



Columbia



Nigeria



Sri Lanka



Bangladesh



Nepal



Philippines

While continuing to build other markets

Changing gears: Win in Premium

Key pillars



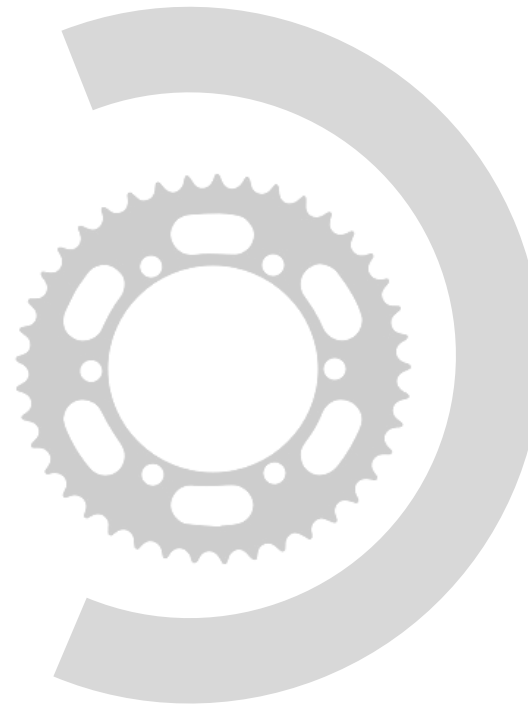
1. Grow the Core



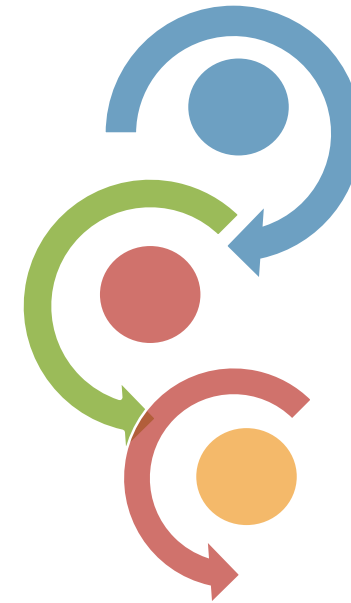
2. Win in Premium



3. Build EV leadership



Powered by



Innovation

Digitization

Services

Changing gears

Win in Premium

Build portfolio

Power brands,
premium imagery

Elevate the retail
buying experience

Premium customer
journey



Changing gears

Build portfolio



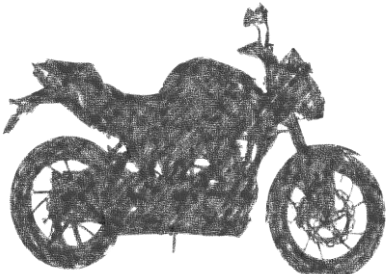
Core Premium



Core Premium



Upper Premium



Upper Premium

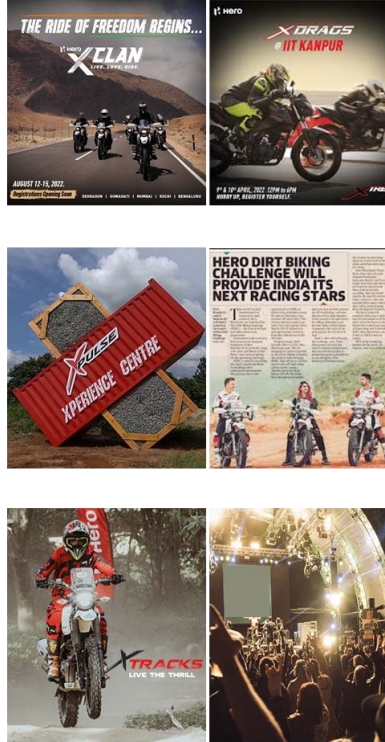
Changing gears

Power brands, premium imagery

Power brands



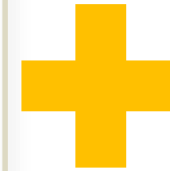
Premium properties



Merchandise



Premiumization



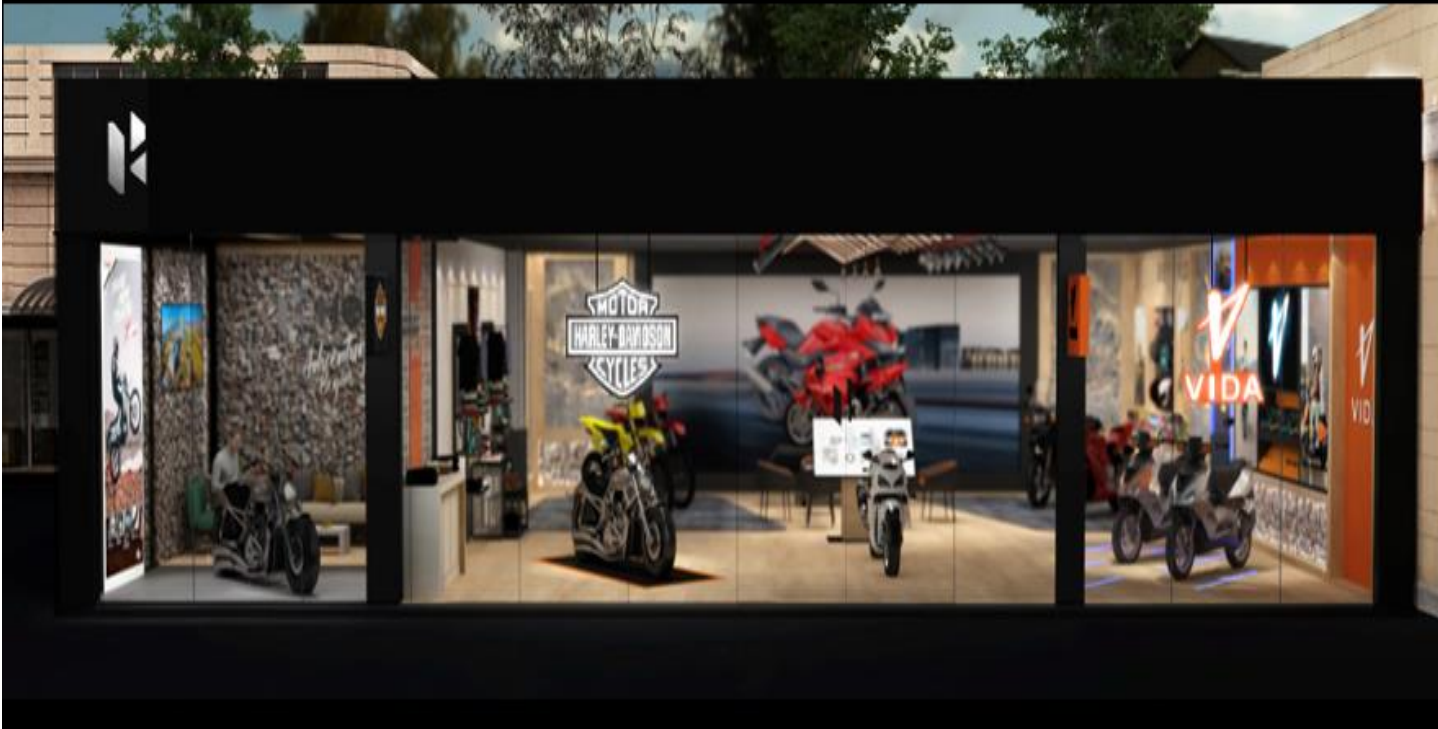
Harley-Davidson



Changing gears

Elevate the retail buying experience

Next 4 Quarters
100+ Exclusive Stores



Premium portfolio

Phy-gital customer journey

Sensorial experience

Pre-defined planogram

Prime locations

Soft skills, training and capabilities



Changing gears

Premium customer journey: Physical + Digital

Standout to **Excite | Connect | Attract**

Engage to Gratify

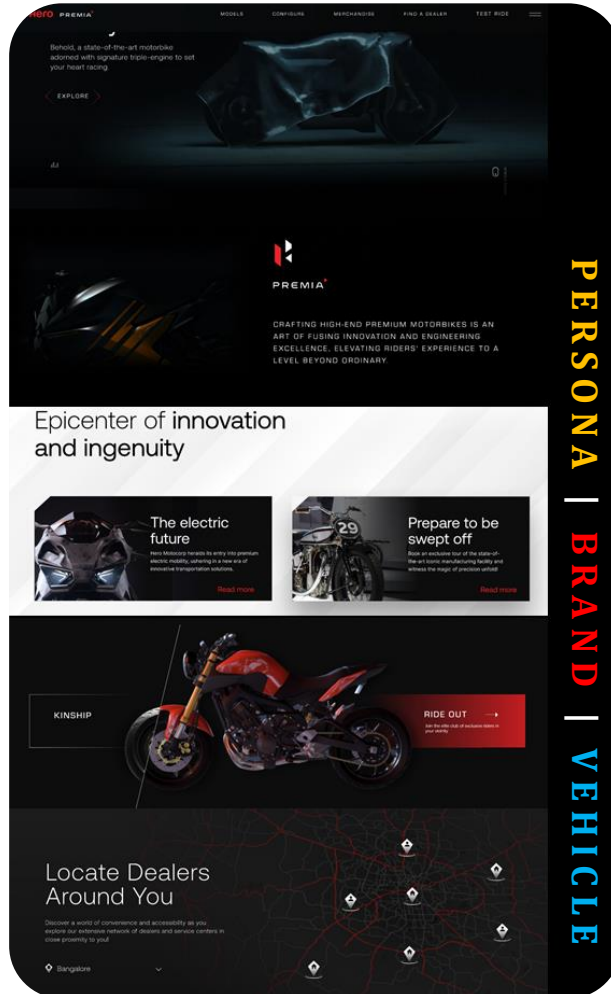
Premium Service to Elate

Drive Traffic

- Personalized & Contextualized Journeys
- Data Driven Marketing

Key Design Elements

- Engaged Buying Experience
- Intuitive
- Interactive
- 3D-Config



Lead Capture | Lead Nurture | Automated Campaign



Test Ride
Showroom & Home

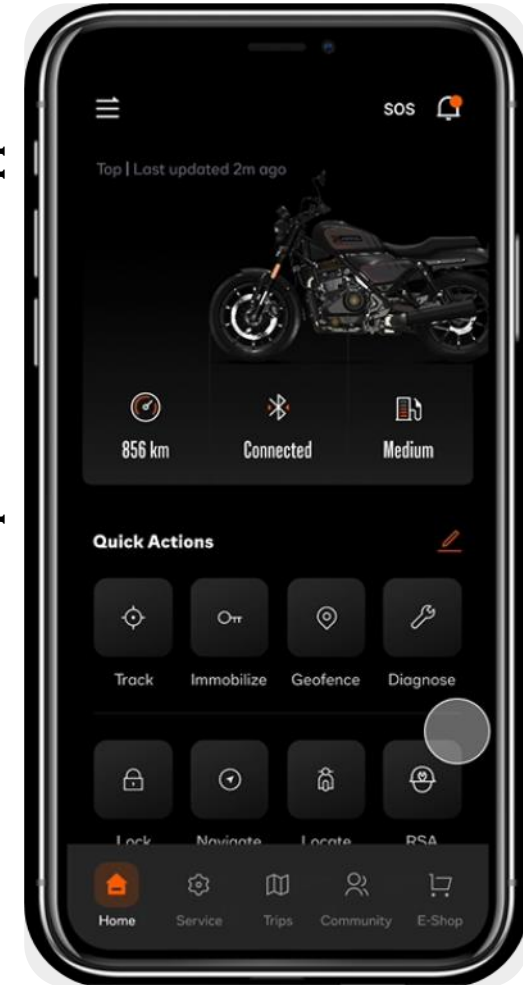


Life Size AR Try-on
Pre & Post Booking
Digital Engagement



Fully Digitally Enabled **Experience Centre**

Differentiated Service Experience with One App



Changing gears: Build EV leadership

Key pillars



1. Grow the Core

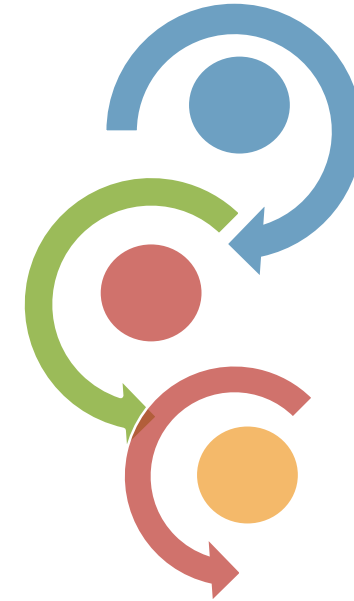
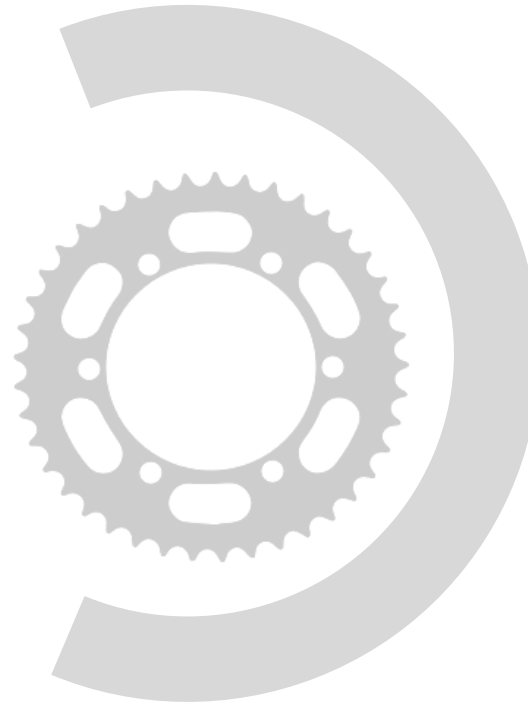


2. Win in Premium



3. Build EV leadership

Powered by



Innovation

Digitization

Services

Changing gears

Fully Loaded product with best-in-class features



VIDA V1 Pro

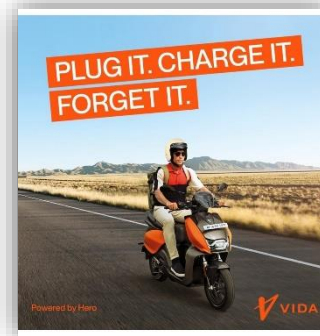
CHOOSE HOW YOU OWN YOUR VIDA V1 ELECTRIC SCOOTER

- EMI Starting @ ₹2,499*
- Loan offers at never-before interest rate of 5.99%*
- Zero* Processing Fee

1. Unmatched performance

- Top speed 80Kmph
- Acceleration 0-40kmph in 3.2 sec
- **100+ riding modes**
- **20 degree incline**

3. Real world range (RWR) of 110km



2. Charging options

- **2 removable batteries** enabling charging anywhere anytime
- Expansion of charging infrastructure coupled with interoperability with Ather

4. Built to Last

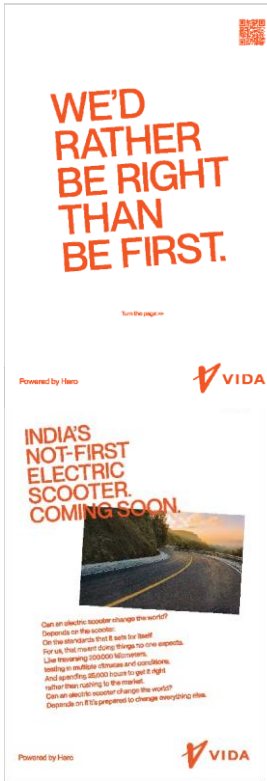


The most distance on an EV scooter in 24 hours

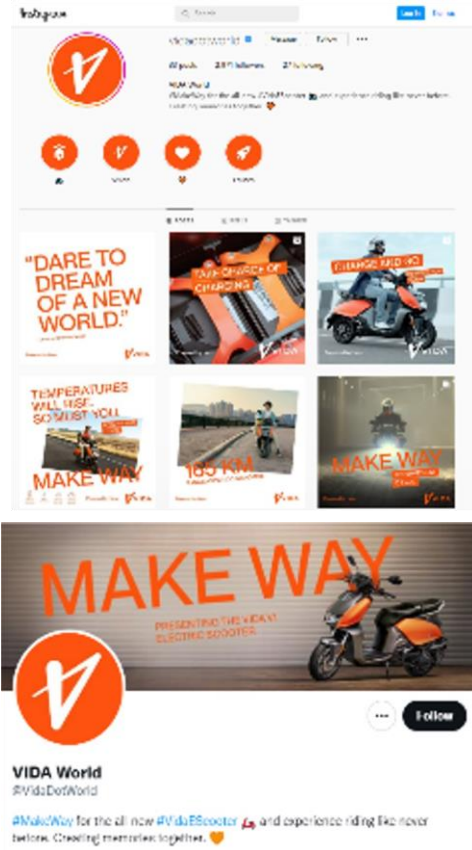
Changing gears

Innovative & consistent new age brand across formats

1 Advertising that is edgy and distinct



2 Born social: Leveraging social media to engage and connect



3 Clutter-breaking innovation



Powered by Hero



4 Experiential formats



VIDA Experience centre



Changing gears

Positive customer advocacy and sentiments



“ Dream to get hands on my first ever **electric Vehicle**, Was waiting for a **Brand** to remove my dependence on **external charging** & provide solution.



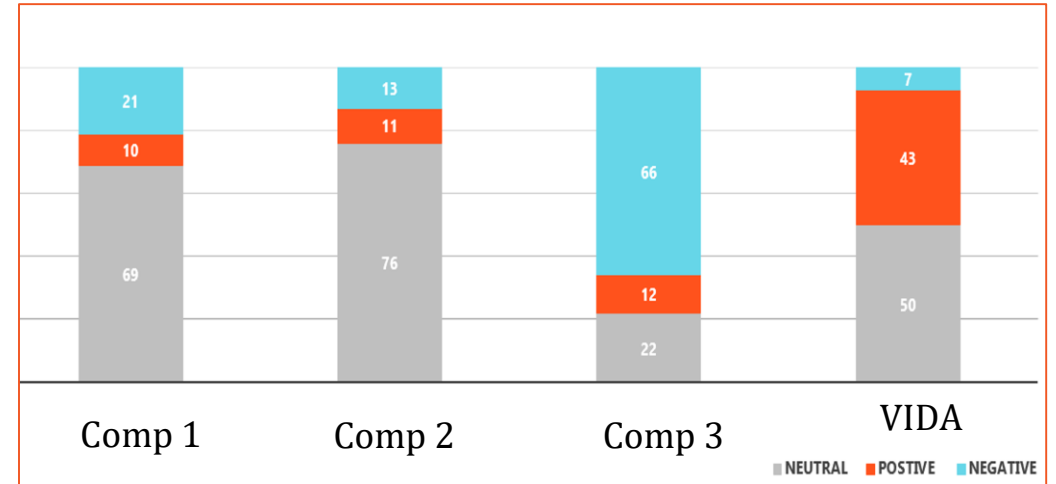
“ Design and sturdiness appealed the most to me and the **range** is what I have been looking for



“ Coming from the **house of the trusted Hero MotoCorp**, VIDA's **design, durability** and **power packed features** made a huge fan of this beast!



“ VIDA is **Eco Friendly**, Proud to give something back to the world , At Least not **emitting more carbon**
Happy to have **VIDA**



Positive social media sentiment - highest for VIDA among all 2w EV brands

Scale up from 3 to 100+ cities in FY24

Leverage our channel strength



VIDA Hubs: Exclusive stores in top cities



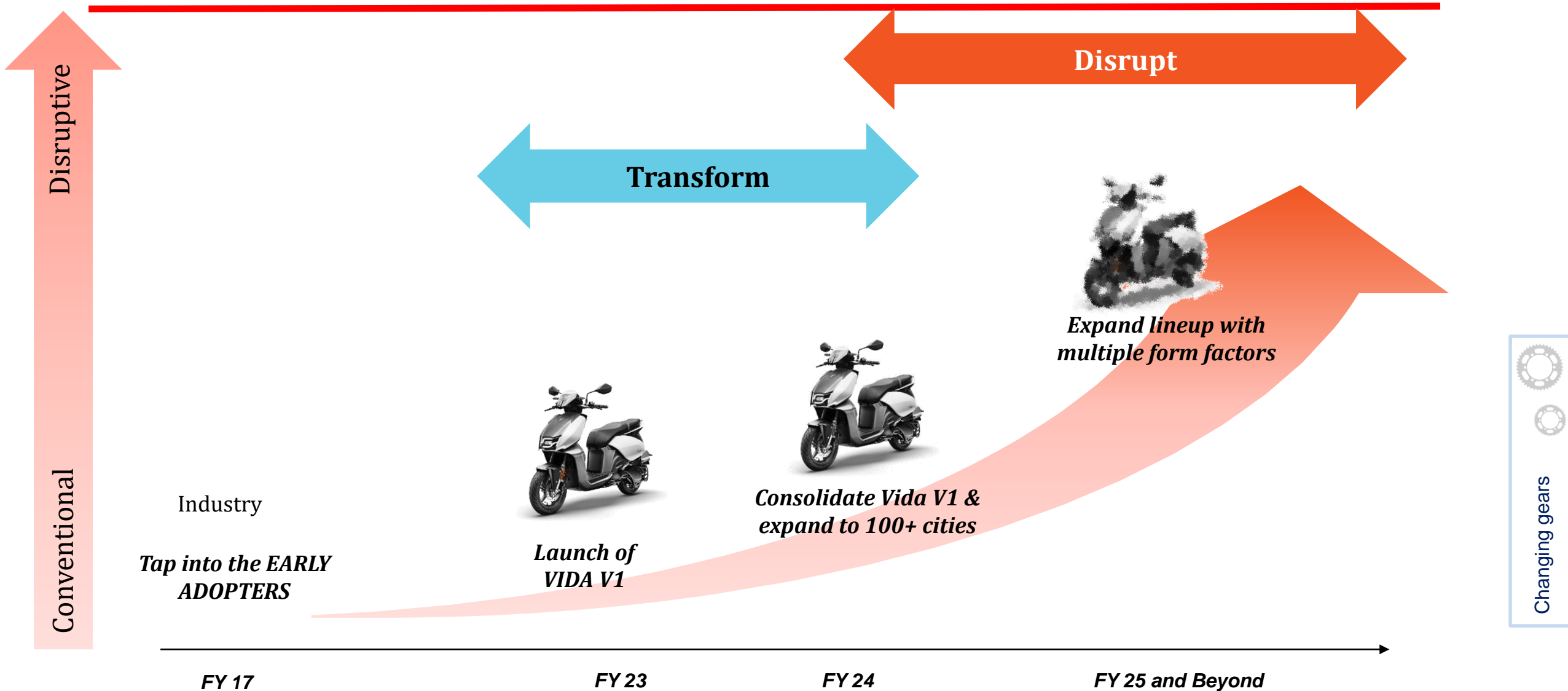
VIDA Pods: At Hero 2.0 stores & premium outlets

Expansion through innovative digital platforms



Changing gears

Product lineup to transform and expand the market



Doing Digital to Being Digital

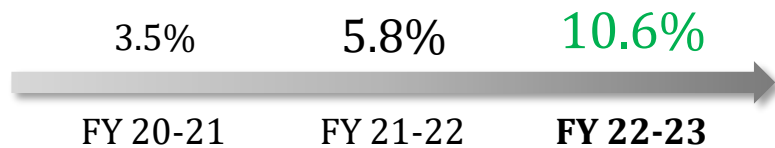
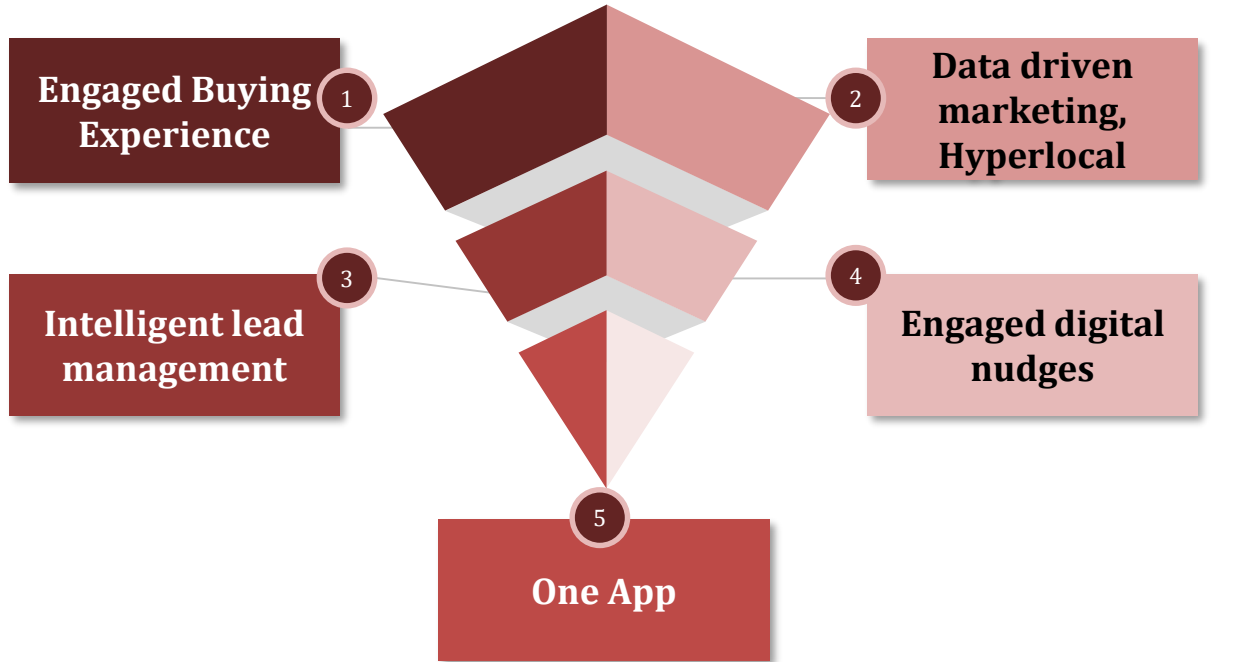


Be the Future of Mobility

Create | Collaborate | Inspire

Digital First

Creating Engaged Buying Experiences



YoY Increase in volume
Digital Enquiries



Be the Future of Mobility

Wheels of Trust | Powering Replacement Demand



Driving Efficiency through

- End-to-End Funnel Management
- 2X contribution in retail this year
- 2X in volume



Digital Factory

Pilot Live @ Tirupati

Digital factory enabled by technologies like IOT & AI are driving enhanced **operational efficiency & quality control**



- Utility cockpit
- Smart Cells
- Traceability



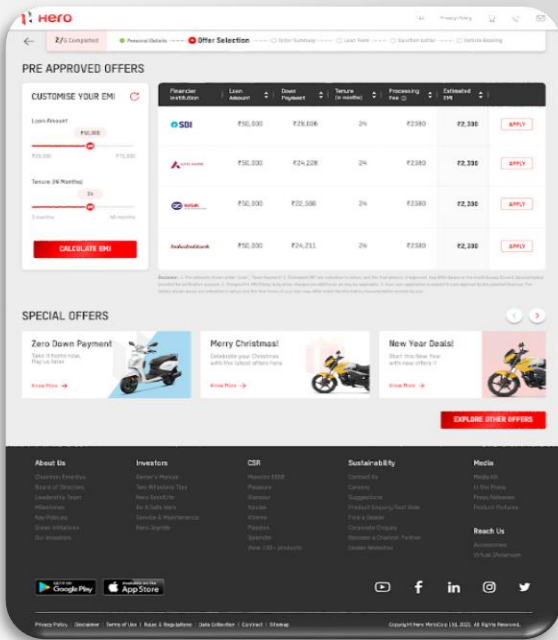
Create | Collaborate | Inspire

The way forward to, and, is Digital

Coming Up

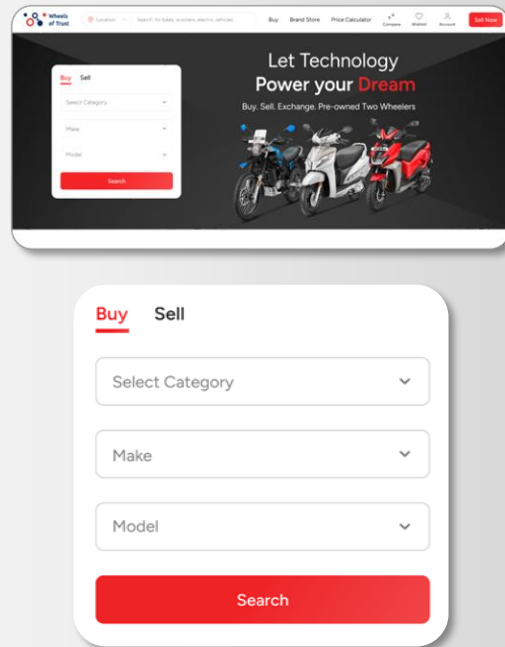
Digital Retail Finance Marketplace

Aggregator finance platform for better finance penetration leading to increased sales



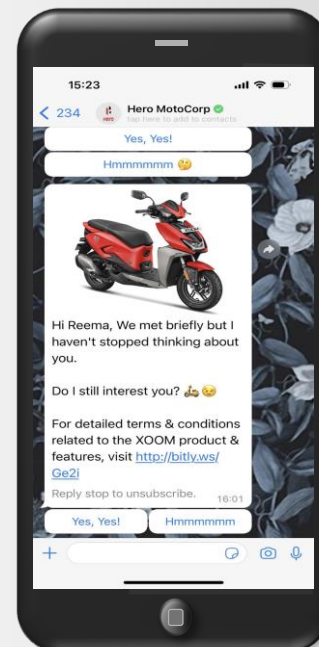
Launch of Online Exchange Marketplace

Exclusive Brand Store Section for Hero Sure



Always On marketing campaign enabled via GPT

Equipped with AI capabilities, leveraging Large Language Models (LLMs)



Digital Route to Market - Parts, Accessories & Merchandise business

1. D2C for Merchandising through online store
2. Digital Retailer Platform
3. Beat planning & optimization

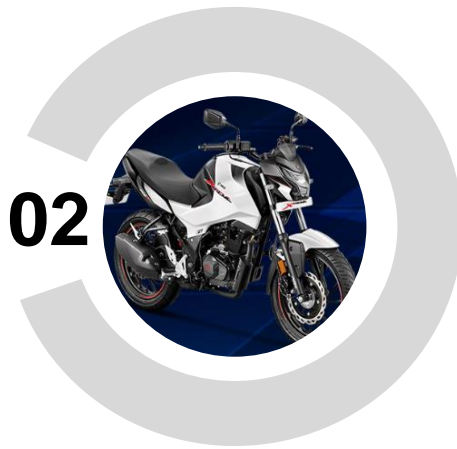


Amplifying digital via Connected vehicles

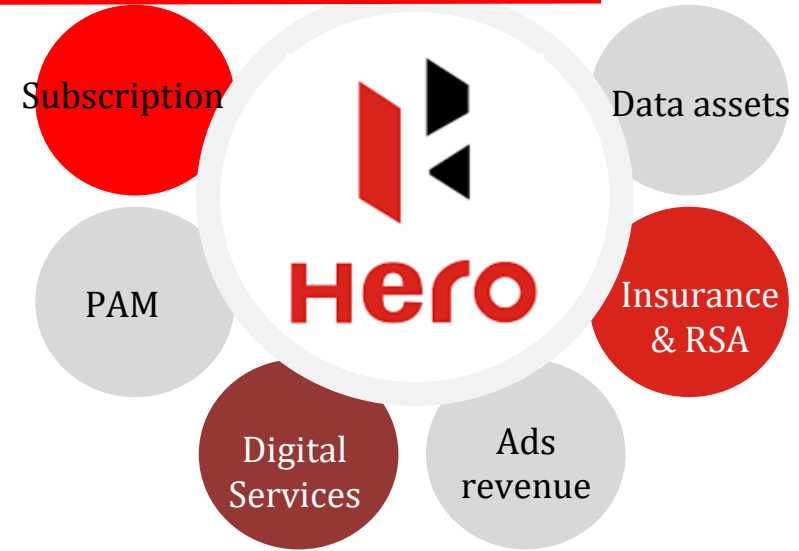
1 Mn downloads of upgraded Hero App (till date)



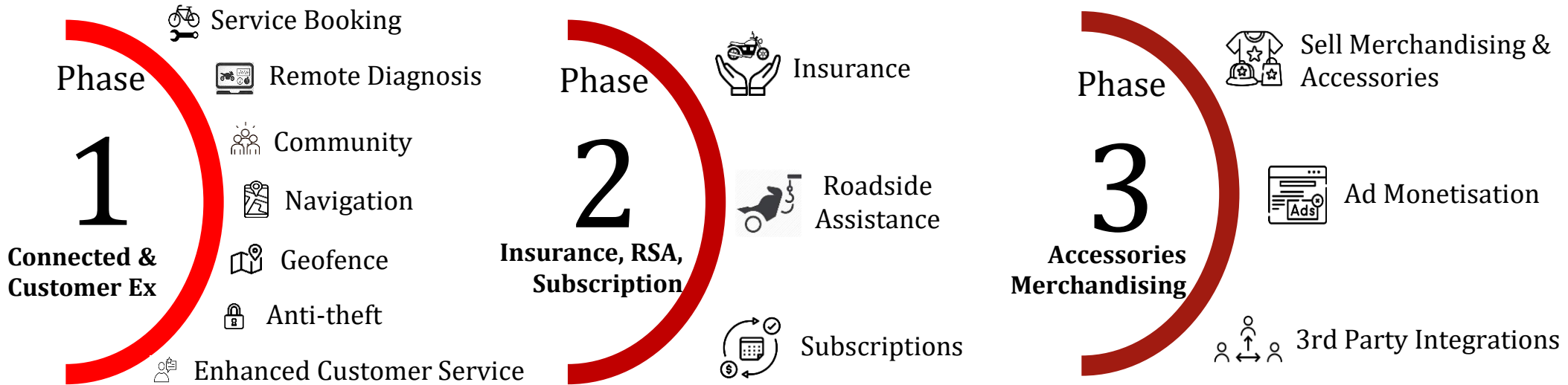
One App Strategy



Connected Vehicles
(Vida, Xtreme 160R, Pleasure+, HD)



Hero App Evolution



1



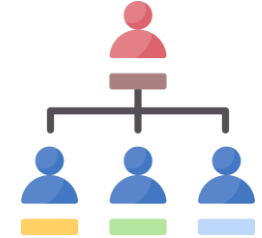
End user centricity
enabling **Edge to
Edge** Digital
Experiences.
“**Product Centric**”

2



**Technology
Platforms** driving
impactful innovation

3

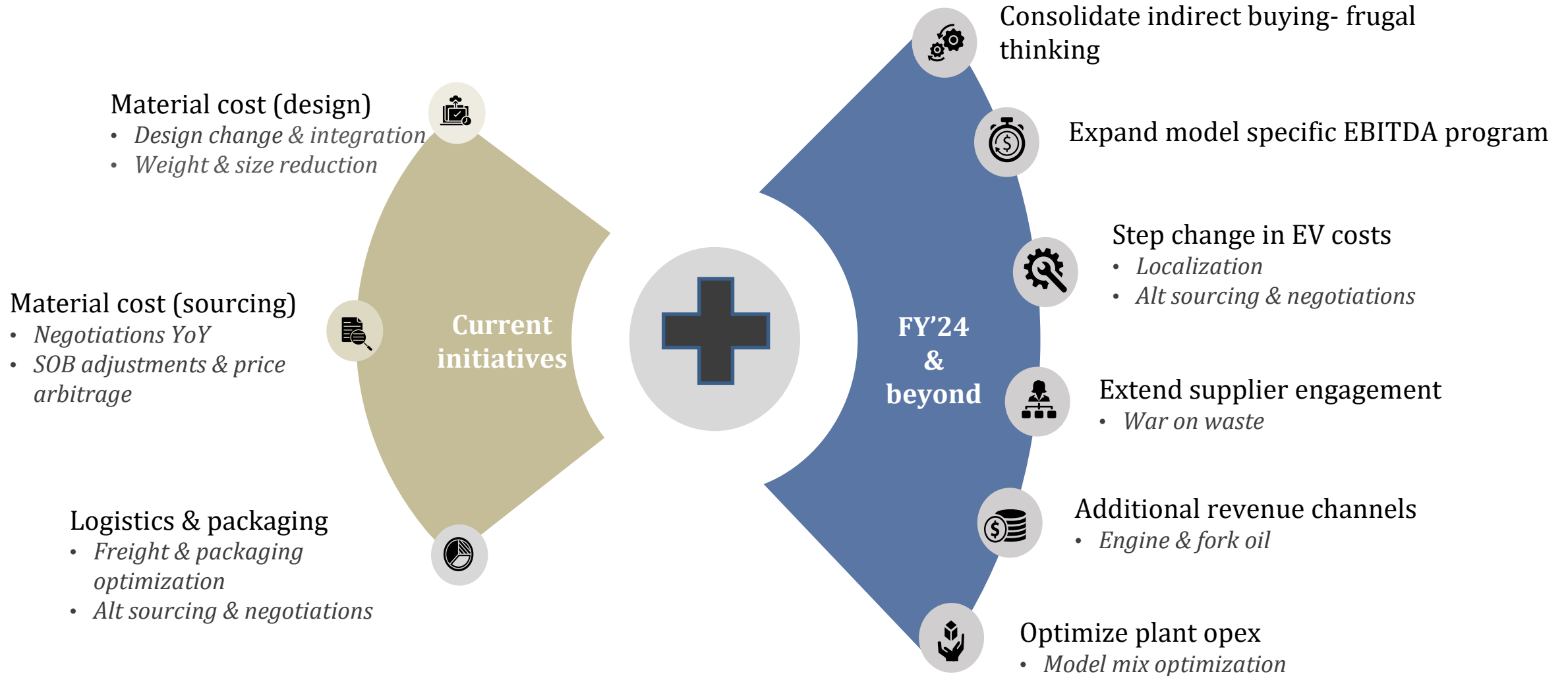


Data and Insights
Creating data
driven
organization

Profitable growth



Keen focus on margin support through supply chain optimization



Actively adapt to developments in EV and premium supply chain

New Supply Chain Partners

- › Co-locating teams, multiple senior CXO level meetings
- › Close technical collaboration with Hero (TCG and CIT) & SCPs

Electronic component shortages

- › Continuous monitoring, long term agreements
- › Develop multiple sources and establish direct relations with tier 3/4 chip suppliers

Product maturity

- › Design maturity of EV parts, premium components take more time and iterations
- › Rigorous development process ensures high quality components and subsystems

Cells

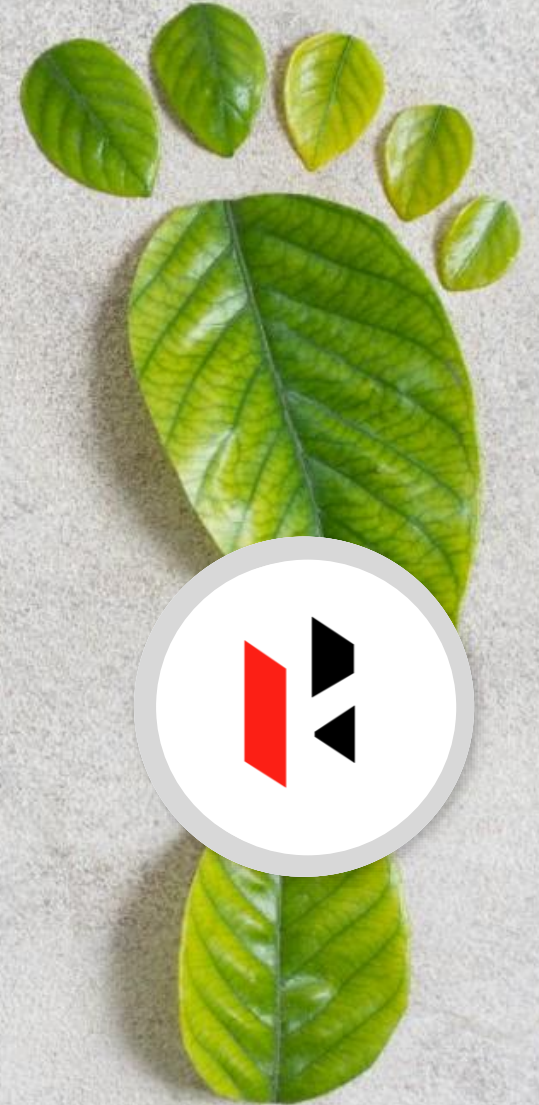
- › Validated and finalized supply of cylindrical cells from LGES, Samsung SDI & Panasonic
- › Actively investigate other form factors and new chemistries
- › Test new sources like BAK and sVolt

Technology integration

- › Introduction of non automotive partners like Google and Airtel
- › Inclusion of global partners like Bosch and Aptiv
- › Localizing technologies and parts e.g. motors with Brose
- › Advanced manufacturing like hydroforming process for premium quality of handles



Sustainability



Hero Ambitious Targets on Sustainability (HATS)



HATS: Details of certain projects undertaken

Carbon Neutrality



Re-wheeling

Halol Plant

2 Mw setup which will fetch 90 lakh kWh annually



Onsite Solar

Dharuhera, Neemrana, Gurgaon, Haridwar, CIT Jaipur, Halol, Tirupati

11.2 Mw total onsite solar capacity of HMCL



Cockpit

Neemrana, Tirupati, Horizon Office
Monitoring & control of HVAC

Water Positivity

Within the fence: 570 recharge shaft for rainwater
Dharuhera, Neemrana, Gurgaon, Haridwar, CIT Jaipur, Halol, Tirupati



Beyond the fence: 125 recharge shaft for rainwater harvest



Green Dealerships



Dealership, West Bengal

140 "Green basic" to be upgraded to Green Plus in FY'2024

Waste Neutrality

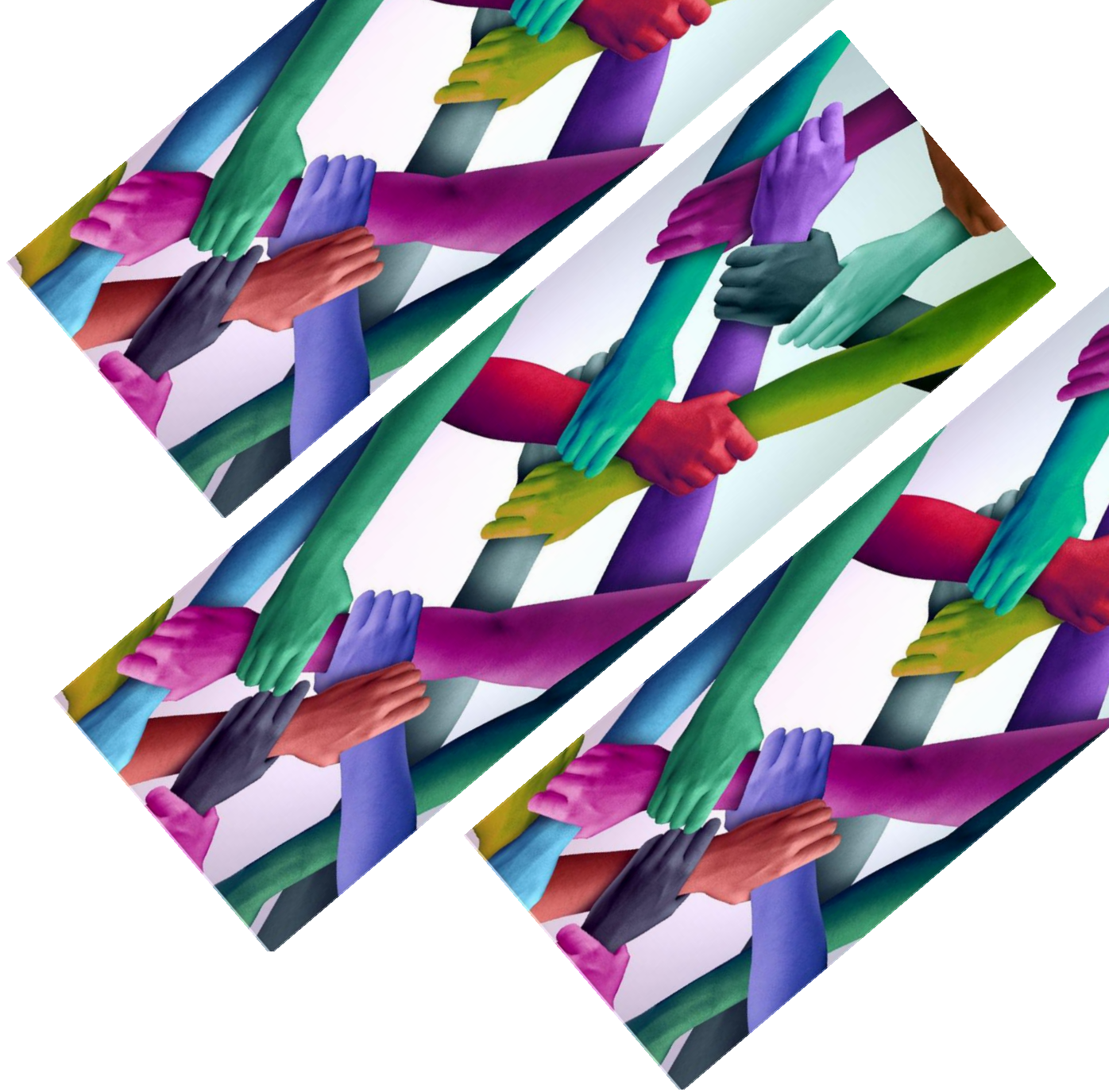
100% waste neutrality by 2024!

5 out of 8 plants are 100% waste neutral already

Sustainable partner development plan: Capacity building planned for larger partners

Diversity & Inclusion

@  Hero





EVERY WOMAN
A HERO

17% Women joined in FY 2022-23

51% Growth in women deployed on the shop floor for previous year

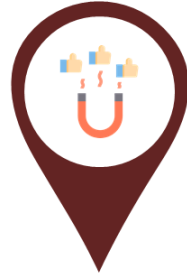
2X Growth in women at Senior Management roles

41% WIL Engagement ladies transitioned into leading roles

200 bps Increase in gender diversity, overall 10%

85% Returning mothers continue to work with us

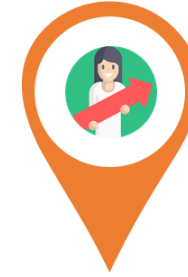
Comprehensive approach to Diversity & Inclusion



Attract
To create stronger pipeline



Retain
By creating Inclusive Culture



Grow
Provide Career Opportunities



Initiatives



- Experiential learning program
- Consists leadership modules spread in three trimesters

Policy changes



Travel & Transportation



Better infrastructure



Attractive 3x higher referral

Bigger, better and bolder



All Women Led
Engine Assembly at
Tirupati



All women batch of Team Members @
Vadodara



First women riders
expedition



Women at R&D

30% by **2030**



In summary

2 wheeler sector poised for long term growth

Brand Hero: Trust of 110Mn Customers, Scale, Extensive distribution network, State of the art R&D centres, Strong financials

Changing Gears on all fronts; Key priorities: Grow the core, Win in Premium, Build EV leadership

Maximum number of Launches in FY24: Upgrading retail experience, Doing Digital to Being Digital

Strong Balance sheet provides opportunity to explore adjacencies, M&As, Build/ expand multiple revenue streams

Creating Unbeatable Next Chapter



Acronym Legend

CPI: Consumer price index

D2C: Direct to Customer

EV: Electric Vehicle

EBITDA: Earnings before interest, taxes, depreciation and amortization

GDP: Gross Domestic Product

GST: Goods and Services Tax

IMF: International Monetary Fund

R&D: Research and Development

RSA: Roadside Assistance

SOB: Share of Business

SCPs: Supply Chain Partners

WIL: Women in Leadership

2w: Two-wheeler