

August 3, 2018

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**  
25<sup>th</sup> Floor,  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
MUMBAI - 400 001  
Scrip Code: 500182

**Sub: Presentation made to Investors/Analysts**

Dear Sirs,

This is in furtherance to our letter dated July 31, 2018, wherein we had given you an advance intimation of the upcoming Analyst/Investor meeting, pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In this regard, please find enclosed herewith a copy of the Presentation made to Investors/Analysts.

This is submitted for your information and records.

Thanking you.

**For Hero MotoCorp Limited**

A handwritten signature in blue ink, appearing to read 'Neerja Sharma', with a horizontal line underneath.

**(Neerja Sharma)**  
**Company Secretary**

**Hero MotoCorp Ltd.**

**Regd. Office:** 34 Community Centre, Basant Lok, Vasant Vihar, New Delhi – 110057, India  
Tel. +91-11-26142451, 46044100, Fax +91 11 26143321, 26143198  
HeroMotocorp.com CIN: L35911DL1984PLC017354 PAN: AAACH0812J



**Hero**

# Investor - Management Meet

3<sup>rd</sup> August, 2018

Mumbai

August 2018

# Building on our successful legacy



World's # 1 Two Wheeler Company



\$5 Bn Revenue;  
\$10 Bn Market Cap



50% motorcycle market share in India



World class R&D Centre



Presence in 37 Countries



Volume 2x; Revenue 3x;  
Profit 4x in 10 years

Source: HMCL Analysis



Investor Relations

Management Meet

# Over the years and across segments



#1 Two-wheeler company in the world for 17 consecutive years



~35% market share in the domestic two-wheeler market



9Mn units cumulative installed capacity across five world-class facilities; one of the largest in the world



>20 Products comprising 100cc, 110cc, 125cc and 200cc premium motorcycles + scooters for a wide customer spectrum across genders



Global presence: 37 countries



30+ Years of experience of catering to varied customer aspirations in the two-wheeler industry



>50% Market share in the domestic motorcycle market



>6,500 pan-India touch points and presence in over a 100,000 villages



~85Mn units cumulative sales achieved since inception. Only company in the world to have achieved the milestone



>8,000 team members driving Hero's progress

Source: HMCL Analysis



# Professional management team drives Hero's growth agenda



## **Sanjay Bhan, Head Sales & After Sales**

Sanjay joined Hero in Jan 1991 in Sales based out of Vadodara and worked his way up to as the Marketing Head in 2008. He has been responsible for the launch of the new brand "Hero" with the successful corporate campaign "Hum mein hai Hero". He holds an MBA from South Gujarat University



## **Niranjn Gupta, Chief Financial Officer**

Niranjn served as CFO for the Aluminium & Power vertical of Vedanta Group. He has also worked with Unilever in various capacities including Global Finance Director of Household care & Hair category at Unilever, London. He also served as Procurement Head of Unilever, South Asia driving supply chain synergies and competitive sourcing. Mr. Gupta is a B.Com. (Hons), CA, Cost Accountant & CS



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

Rajat worked at McKinsey & Co. where he was a Senior Partner co-leading Operations and Industrial Practices in India and Purchasing & Supply Management Practice in APAC serving companies across India, Australia, EMEA. Rajat completed his B Tech in CS&E from IIT Delhi, and MBA from IIM Ahmedabad, with gold medal for academic excellence



## **Mr. Vikram Kasbekar, Executive Director Operations (Plants)**

Vikram brings over 4 decades of experience in Operations, Supply Chain, Manufacturing and Project Engineering. He has been with Hero for ~14 years in two stints. His work at Birla Copper as 'Business Head' gave him exposure to the copper business & during this period the Mitsubishi and auto component smelter technology was stabilised & the business was turned profitable. He graduated from IIT, Madras in Mechanical Engineering



## **Ashok Bhasin, Head Digitization**

In his previous role, Mr Bhasin was the GM and MD, Reckitt Benckiser, Nigeria. Prior to that he worked with Whirlpool Corp where he was VP Marketing, South Asia and then as Global Director, Whirlpool Corp, USA. He is an MBA from FMS, Delhi



## **Mr. Vijay Sethi, Chief Information Officer, Chief Human Resources Officer & Head Corporate Social & Head CSR**

Vijay leads innovation efforts at Hero and held interim charge for HR. He also serves as a Board Member of HMC MM Auto (JV of HMCL & Magneti Marelli, Italy) and has 25+ years of experience in manufacturing industry and in consulting environment. He has earlier worked with TCS & Ranbaxy. He holds an MBA in Materials Management, a Master's in Industrial Engineering, a Bachelor's in Mechanical Engineering and has attended leadership programs at HBS and ISB



## **Dr. Markus Braunsperger, Chief Technology Officer**

Markus joined Hero from BMW, Germany, where he worked for the past 25 years in several senior roles in R&D, Production and Strategy including heading the entire R&D function for BMW motorcycles for several years. He was responsible for project management for key product lines such as 5/6/7 series and X3, X5 and X6 (4 wheelers)



## **Malo Le Masson, Head - Global Product Planning**

In his earlier role, Malo was the Global Head of Infiniti Product Long Term Strategy. His significant experience in Product Planning has been with Nissan across- Japan, France, HK, Netherlands and Switzerland. His most prominent projects were the global launches of Nissan March/ Micra, Juke and the EV model - Nissan Leaf. He completed his Engineering from ENIT (National Engineering School of Tarbes, France) and Masters in Fluid Dynamics from Aix-Marseille, France



## **Neeraj Mathur, VP - Strategic Sourcing & SCM**

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

# With an ambition to expand presence in the export markets



**FY 2016-17**

- 180,585 total units exported
- 140,773 units Motorcycles exported



**FY 2017-18**

- 204,476 total units exported
- 178,157 units Motorcycles exported

# Manufacturing in India and overseas



**Dharuhera**  
**2.1 mn**



**Gurgaon**  
**2.1 mn**



**Haridwar**  
**2.7 mn**



**Neemrana**  
**1.1 mn**



**Halol**  
**1.2 mn**



**Bangladesh**  
**0.12 mn**



**Villa Rica, Colombia**  
**0.08 mn**

 Indian Manufacturing facilities

Overseas Manufacturing facility 



# While we consolidate our lead in the Entry & Executive segments

## Entry - Splendor

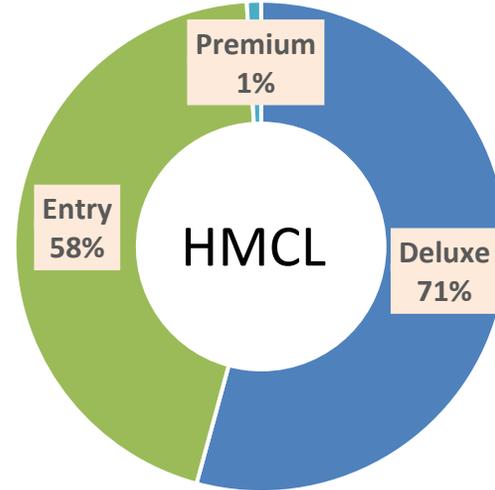
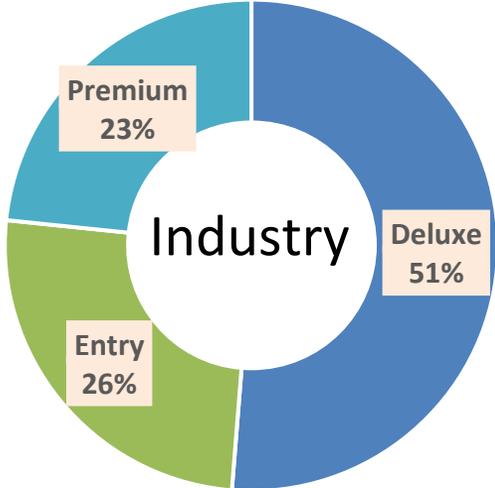


## Deluxe - Glamour



- Entry & Deluxe segments are Hero's bastion contributing to over 50% market share of the domestic motorcycle industry
- Growth lever for motorcycles: Continue to strengthen the product portfolio with newer launches

Passion Advert



Market Share as of Q1-FY19

# And Build portfolio in Scooters & Premium Motorcycles

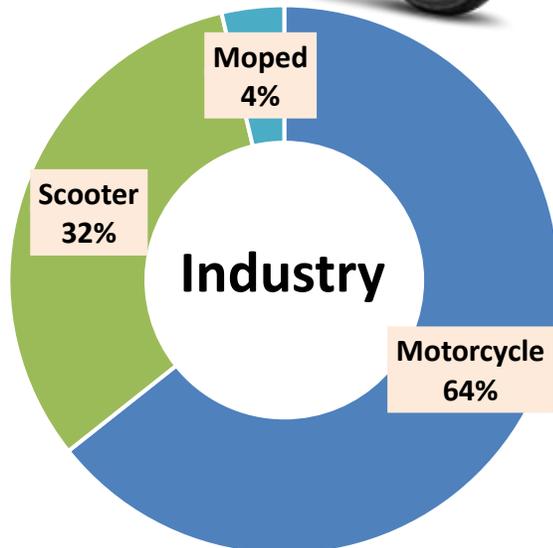
Duet



Maestro Edge



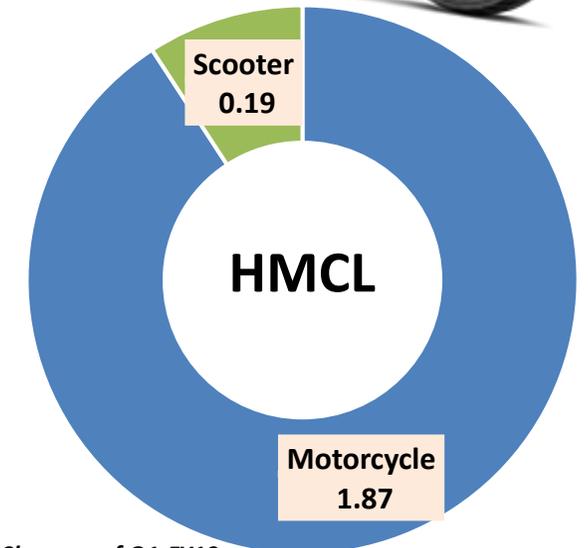
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## Maestro Edge Advert

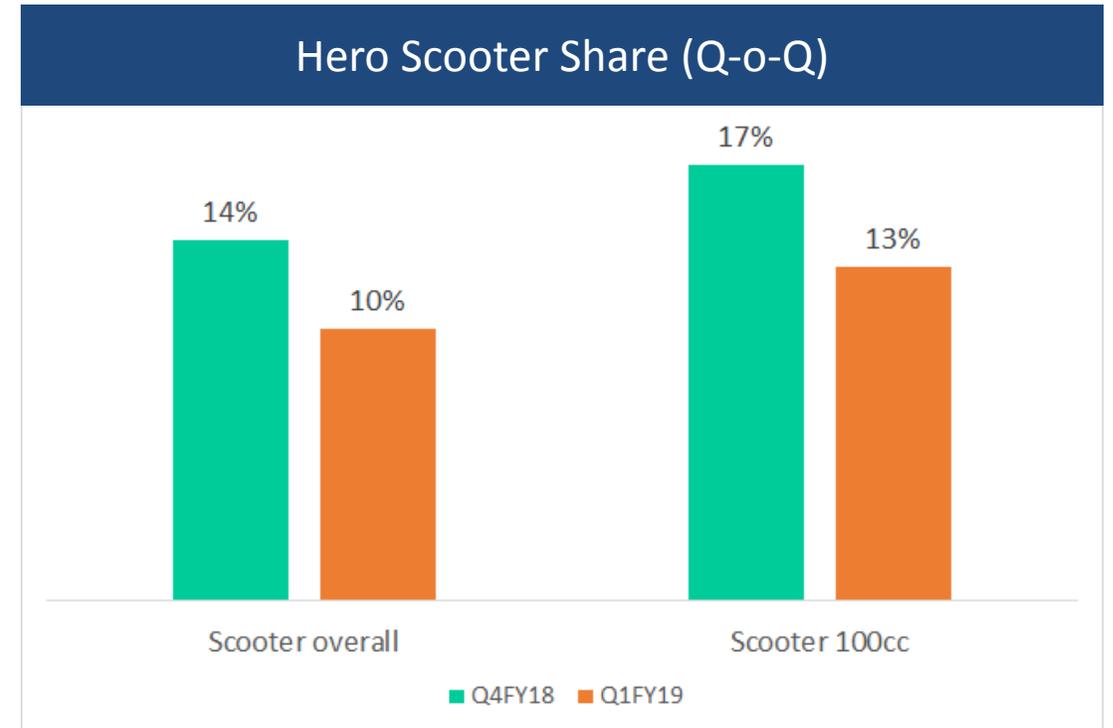
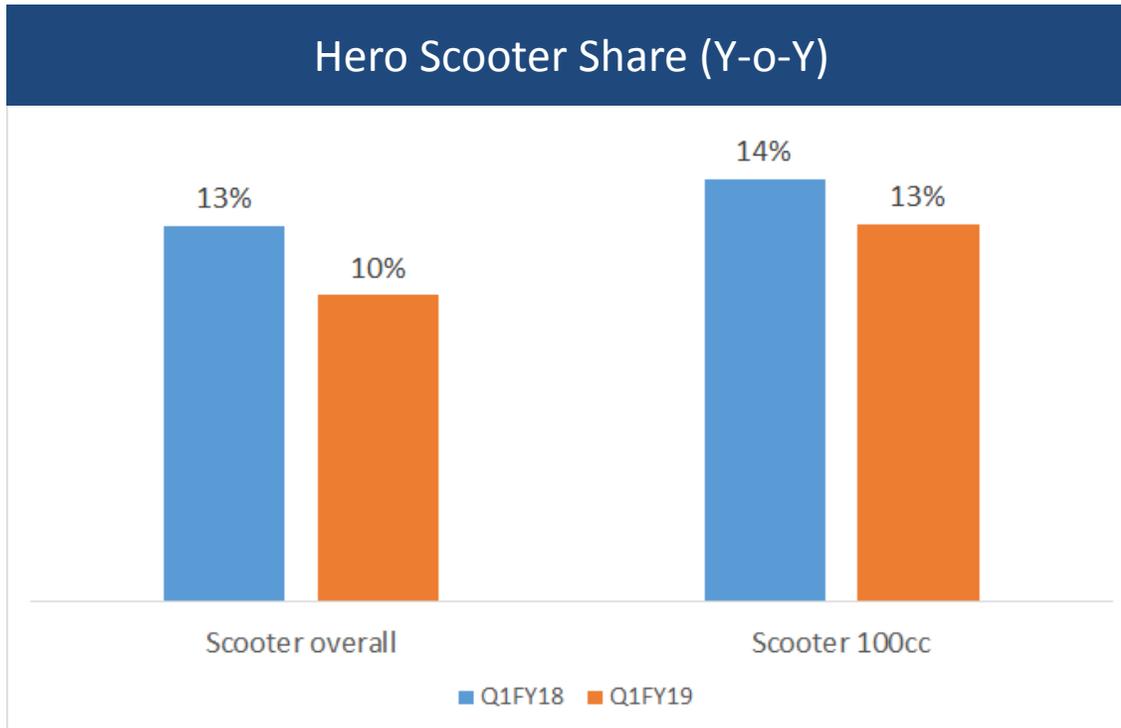
### New launches to invigorate our position

- 2 new products planned in the fastest growing 125cc scooter segment
- Premium product launches



Market Share as of Q1-FY19

# Focussed on participating in growing segment: 125cc scooters outperformed the scooter market overall



125 cc scooter segment at 20% of the 2w industry, grew the fastest at over 60%. Hero's lack of product led to loss of market share in the segment. 2 new products are planned in this segment to complete our portfolio

Source: Company analysis



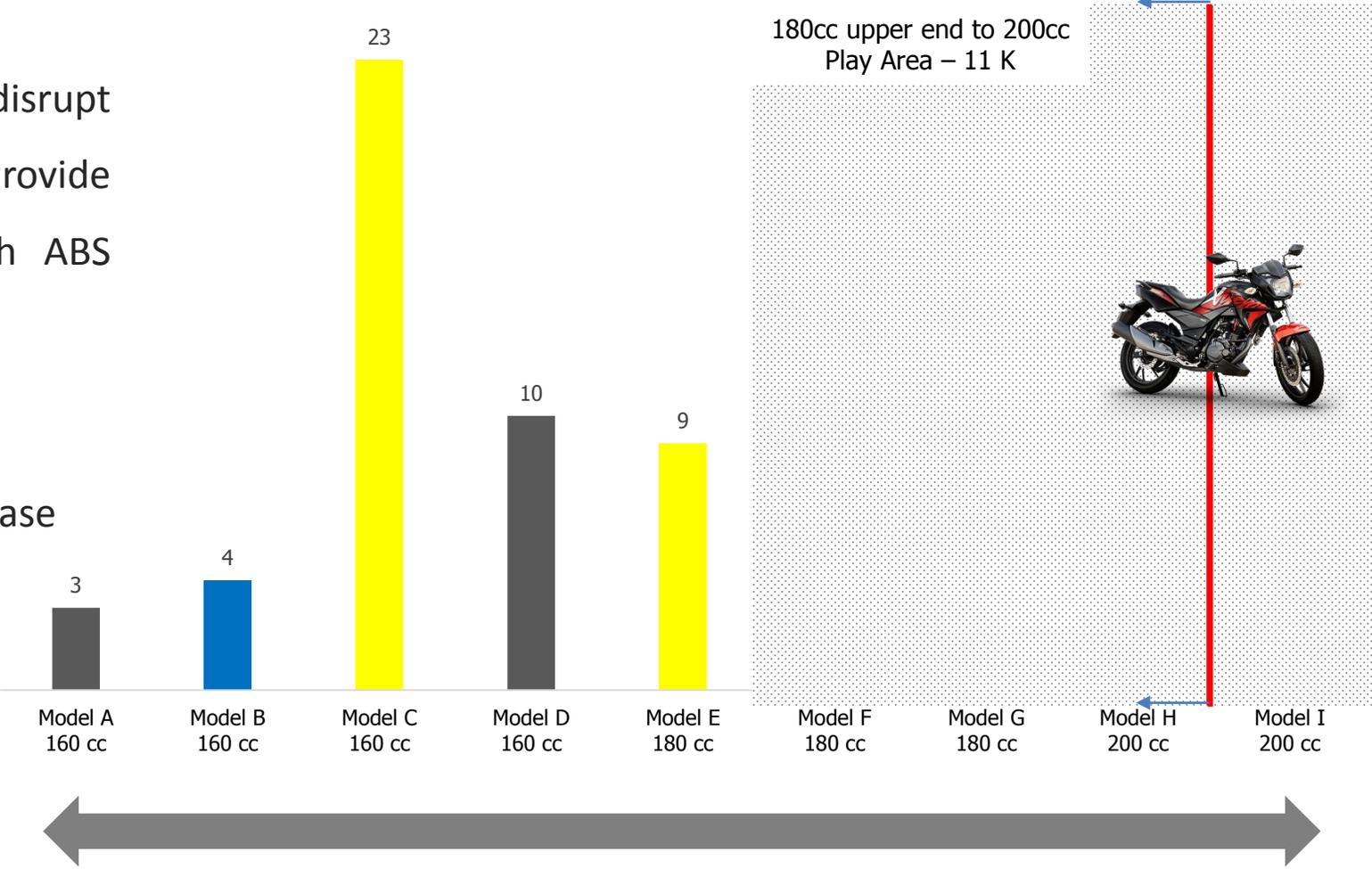
# Addressing the premium motorcycle market through disruptive product positioning: Bull's eye TG to help them upgrade to a higher class

## OFFER A COMPELLING PROPOSITION

Smart positioning of Xtreme 200R to disrupt current market offering dynamics. Provide customers with much Higher CC with ABS Technology at a slightly premium price

## INCREASE HERO PLAY AREA

To get into larger customer base consideration set & drive enquiries



# With new products developed at CIT / best in class R&D capabilities



Commissioned Global Centre of Innovation & Technology (CIT) at Jaipur, Rajasthan with an investment of ~\$125Mn; Operations began in March 2016

Led by Dr Markus Braunsperger (CTO)/ 25 years of R&D experience in **BMW, Germany**

Engaged ~**600** automotive experts with global, regional expertise

World class **16-KM – long Test track/ 45 different** surfaces to simulate road conditions worldwide

**11-storey 'Iconic Tower'** each floor plate orientation is different to have maximum view and light

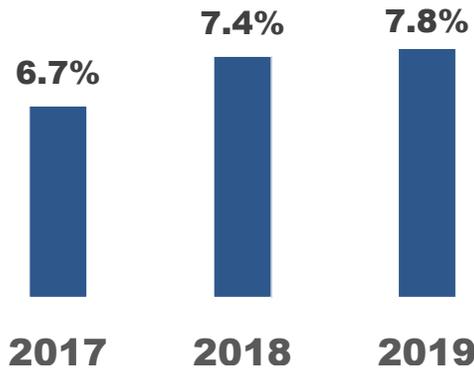
**Multiple laboratories** for part, function and vehicle verification and validation

**Concept design studios** equipped with latest design software and clay modelling/ milling facility

Committed to create a sustainable future, CIT has imbibed advanced green technologies in its design, ensuring eco-friendly operations. **Platinum** rating by the Indian Green Building Council (IGBC)



# Macro economy continues to be supportive



Strong long term GDP growth expectation

Focus on rural: MSPs, loan waivers and effort towards raising farm income; Increased focus on electrification, housing and infrastructure



## MACRO UPDATE

Regulations (e.g. Simplification of GST filing and slabs) to enhance economic growth and formalization

Double digit volume growth in the two wheeler industry  
Emission & safety norms, Upcoming BS VI regulations, EV push

**LATEST GST RATES FOR VARIOUS SERVICES**

Category	New Rate	Old Rate
Transportation (e.g., taxi, bus)	28%	19%
Food & Beverages (e.g., restaurant, cafe)	18%	43%
Retail (e.g., clothing, electronics)	12%	14%

**NEW RULES FOR NEW MODELS**

**TWO-WHEELERS**

- > **Anti-lock braking system**, which provides better grip while cornering and on slippery surfaces, will be mandatory on all two-wheeler petrol vehicles above 125cc and electric two-wheelers having net power of more than 11KW from April 1, 2018, and from April 1, 2019, for all new two-wheelers of existing models
- > **Combined braking system**, which distributes braking to both the wheels even if only one brake lever is pressed, will be compulsory on all two-wheelers below 125cc and on electric two-wheelers with net power of less than 11KW from April 1, 2018, and for all new two-wheelers of existing models from April 1, 2019

**FOUR-WHEELERS**

- > **Airbags on driver's side** even in entry-level (up to nine-seater) passenger vehicles will be **mandatory** in cars manufactured on or after July 1, 2019. Manufacturers are free to provide more airbags

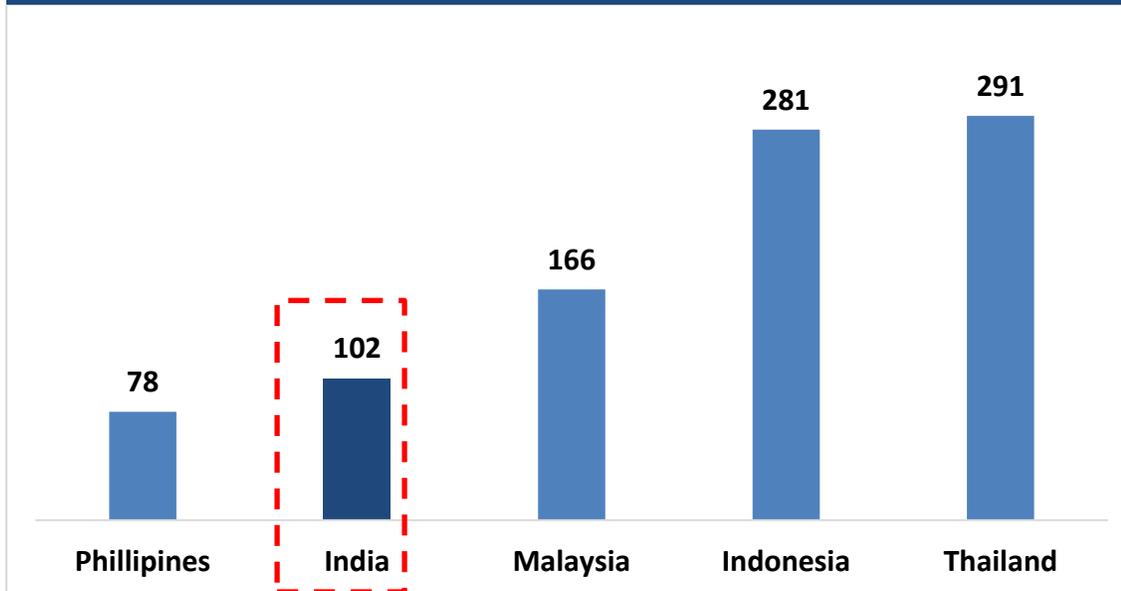
**Note** | 1) Two-wheeler manufacturers are, however, free to provide ABS and CBS systems in any class of vehicles over and above the mandated requirement 2) None of the above rules will apply to vehicles (two- or four-wheeler) purchased on or before the applicability of deadline

Source: IMF July 2018 Update, HMCL Analysis



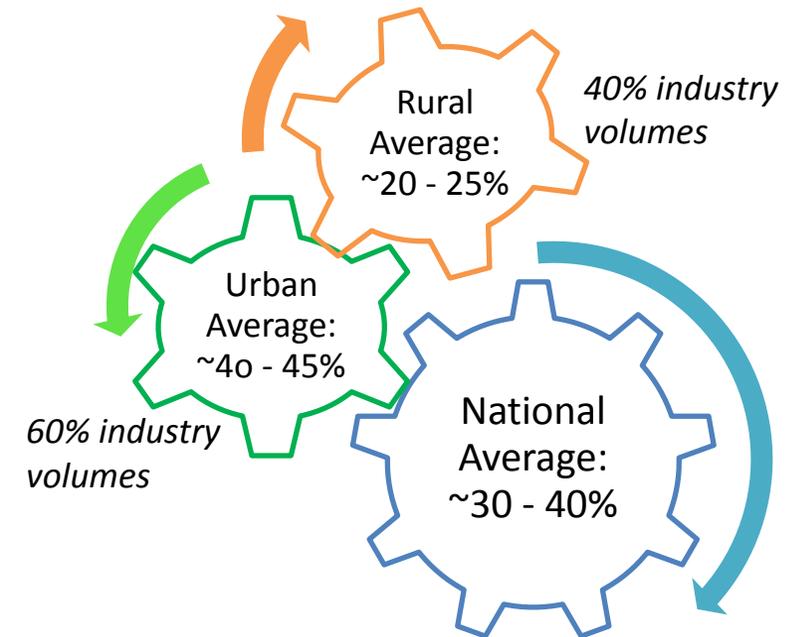
# And huge penetration opportunity still remains

2w penetration per '000 people well below Asian peers



Source: reproduced from Sellside Research

2w penetration levels in India



**Significant opportunity:** The above does not include bottom of the pyramid households, including which, current penetration is further lower

Source: Company Financial Reports

# We manoeuvre challenges and capitalize on opportunities for Hero going forward

## Challenges

- Navigating regulatory landscape
- Volatile Commodity Costs
- Expiry of duty benefits

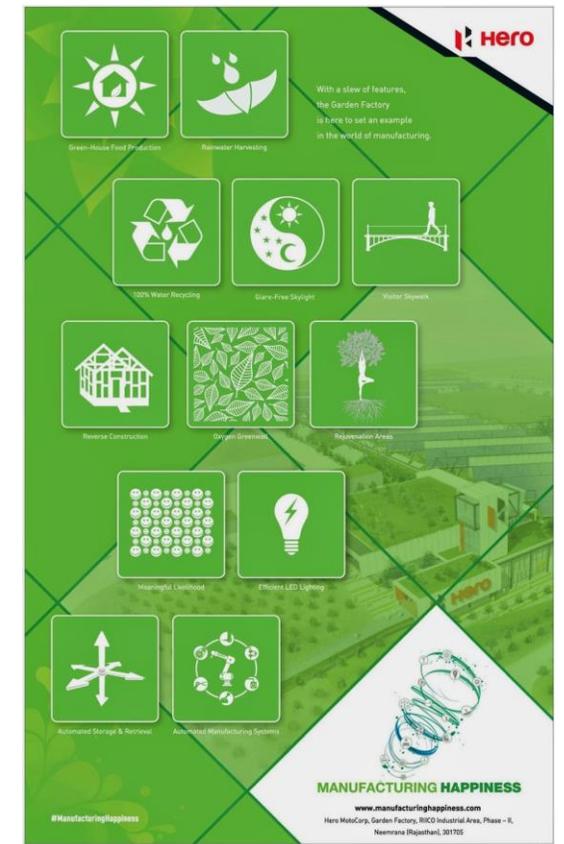
## Opportunities

- + Favorable macro economy
- + Significant penetration opportunity
- + Operating leverage
- + Duty benefits in new plants
- + New Launches

Source: HMCL Analysis

# In a dynamic & increasingly stringent regulatory environment

- Emission and safety norms: BSVI effective by Apr 2020 especially service related challenges in the new technology: “Asli Hero” with 65,000+ empanelled technicians gives us a significant strategic leverage
- Earlier implementation in metros as government pushing for fuel availability, even if implementation is only in metros
- EVs and paper on alternate fuel adoption - Government is considering ways of reducing emissions
- ABS/ CBS regulations preparedness
  - All Hero scooters already CBS equipped
  - Most motorcycles will come with CBS by end of 2018. Xtreme 200R was launched in North East with ABS standard



**Electric Vehicle (EVs) are an important focus area for Hero with investments in Ather & development at CIT**

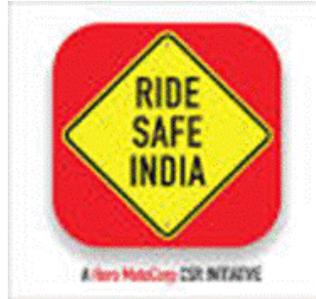


Oct. 2016  
Amount: US\$ 31 MN  
Stake: ~30%

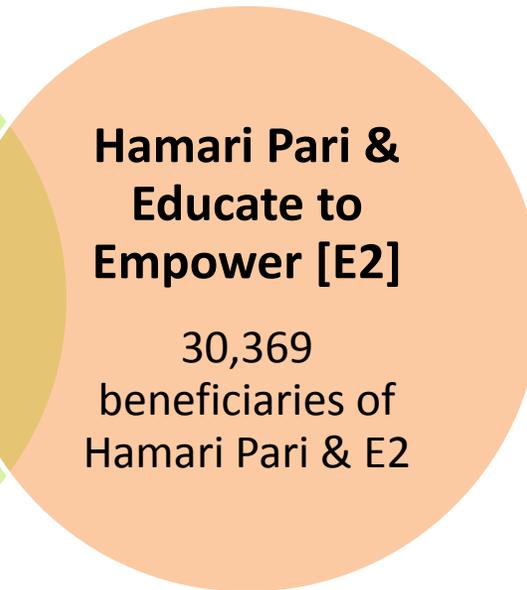
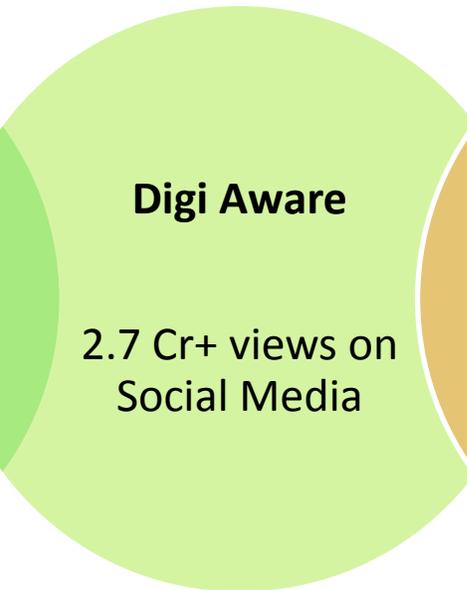
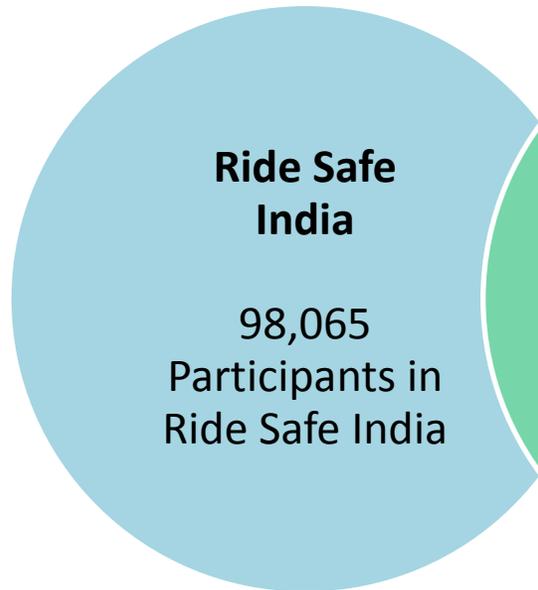
Jul. 2018  
Amount: US\$ 19 MN  
Type: Bridge - CCD; Stake: To be based on Series C Valuation



# While playing our part in building our communities



Flagship Programs



# In summary, we are investing across segments to grow and address the challenging domestic & export markets



Growth momentum in the sector

Strong Brands & Portfolio Tailwinds

New launches in Premium and Scooter segment

Long term opportunity in global

Geared up for new trends



**Hero**

Thank You

