



Crompton

Investor Presentation

Sept 2018

 LET'S
HANGOUT
GHAR PE!

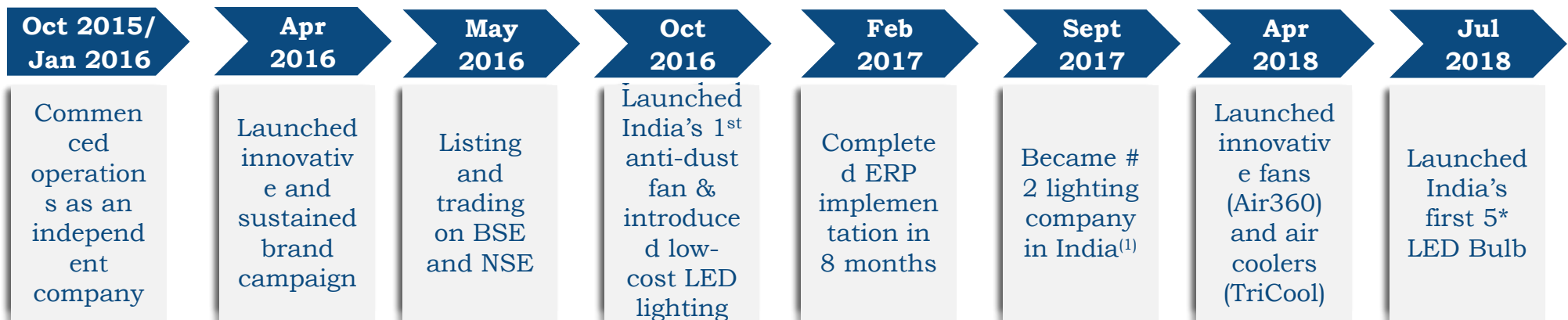
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Crompton: A New Beginning ...



Key Milestones Post Demerger



KPIs

- To grow top line faster than the market
- Grow profits at least in line with top line growth
- To convert bulk of our profits into cash

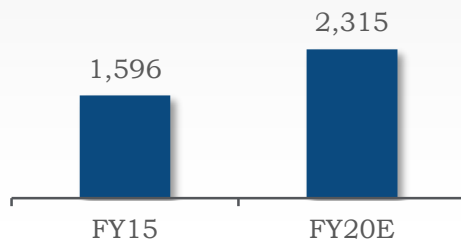
1. As per Q2 FY18 financials.

Significant Macro Opportunity...

Key Drivers in Place...

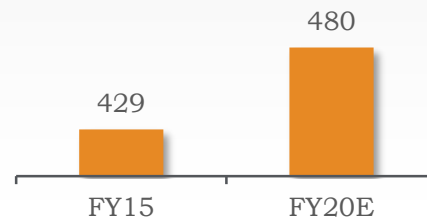
Rising Disposable Income

(GDP Per Capita⁽¹⁾, in US\$)



Increasing Urbanization

(Urban Population, in mn)



Increasing Electrification

Government aims to electrify every household by 2018:

250+ million electrified households

Thrust on Affordable Housing

Government aims to create affordable Housing For All by 2022:

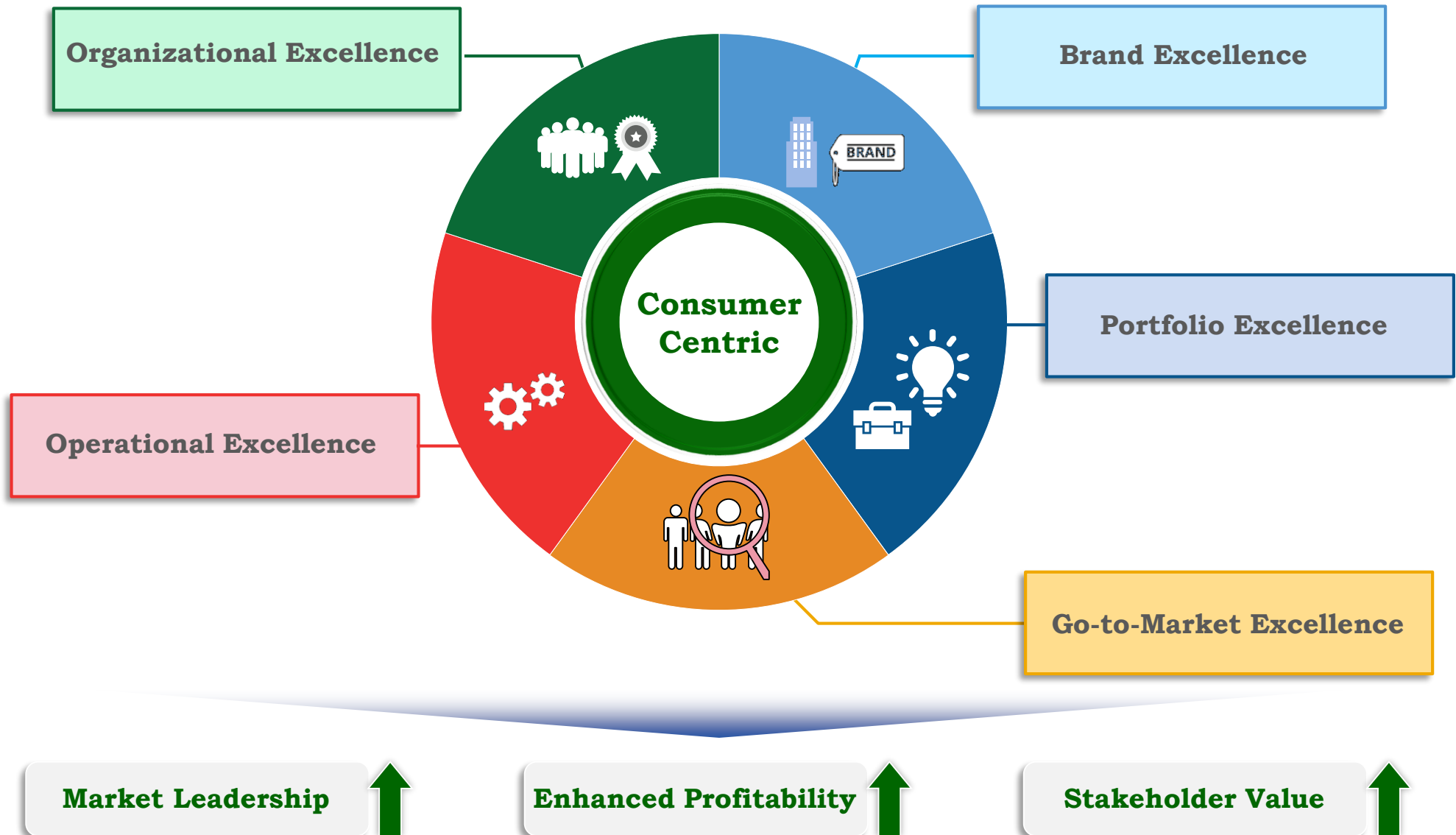
20 million houses to be built across the nation

...Leading to Significant Industry Opportunity⁽³⁾

~INR 300 bn market opportunity growing at 10%+ for the organized sector
– Lighting (~INR 120bn), Fans (~INR 75bn), Pumps (~INR 75bn), Appliances⁽²⁾ (~INR 30bn)

Crompton Poised to Capitalize on the Macro Opportunity...

The Management has identified **Five Strategic Levers** to capture this opportunity



... by putting Strategic Levers to Work



Leading to market leadership and enhanced profitability thereby, maximizing shareholder value

Leveraging 75+ Years of Brand Heritage



75+ years brand legacy

Superbrand

accreditation to Fans,
Lighting and Pumps
Brands

4 editions

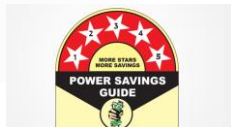
of Superbrands (2004,
2007, 2009, 2012) - only
consumer electrical
player to be selected



Air360



LYOR



Crompton leveraging its strong brand legacy and operational excellence to gain disproportionate market share

Continuous Investments into Energizing the Brand ...

TV Advertisements



Print Campaign

क्रॉम्पटन चलाओ आराम पाओ

क्रॉम्पटन एयर कूलर्स की विस्तृत रेंज जो दे ज्यादा ठंडी हवा

बैट, मॉडर, डिजिटल, स्मार्ट 2D

LET'S HANGOUT GHAR PE! Crompton

In-shop Branding



LET'S HANGOUT GHAR PE! Crompton

Latest range of home appliances ghar ki smart aur easy choice.

बैट, मॉडर, डिजिटल, स्मार्ट 2D

... Following a Multi-Channel Holistic Approach

Crompton has created a compelling Brand Idea, **“Let’s Hangout Ghar Pe”**

Brand Idea

New brand campaign to reach the consumer across various touch points



Let’s Hangout Ghar Pe!

Advertising Equity

Consumer Touch Point

- Specific hard claims / features⁽¹⁾

- Educational⁽²⁾

Customer Touch Point

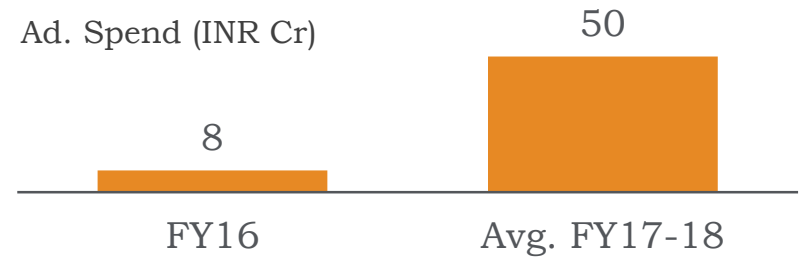
- Creating Brand Ambassadors⁽³⁾

- In-store Initiatives⁽⁴⁾

Trials

Impact

Crompton has leveraged advertising effectively in order to improve brand recall

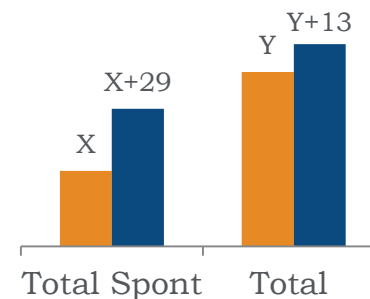


% of rev. 0.2%

1.3%

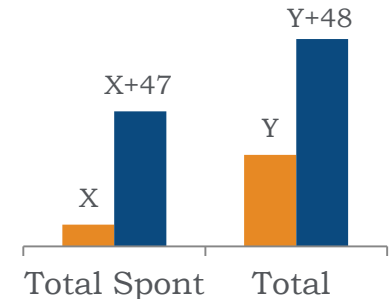
Fans

% Brand recall



Pumps

% Brand recall



Before launch (Mar'16) After launch (Jan'18)

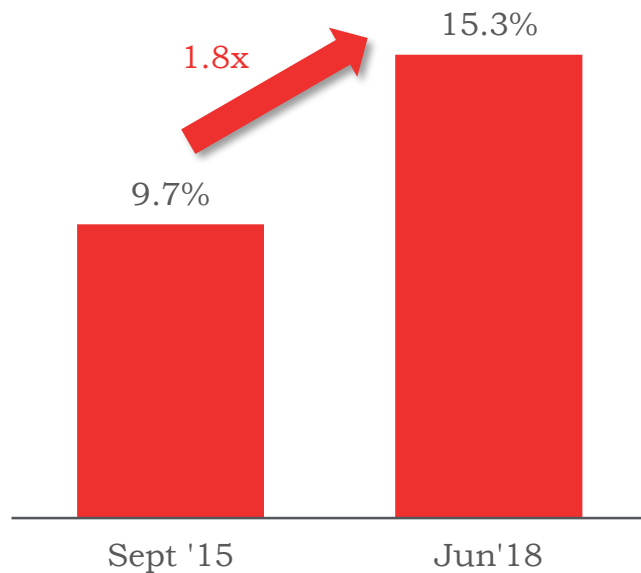
Source: Market Pulse

Notes: (1) Digital, TV, Print, Radio, OOH etc.; (2) Brochures, 3rd party / Architects, Apps, Digital etc.; (3) Retailers, Electronics, Plumbers etc.; (4) Look & feel, Shopper claims, etc.

Customer Centric Innovation Driving Portfolio Excellence

Premium Fans

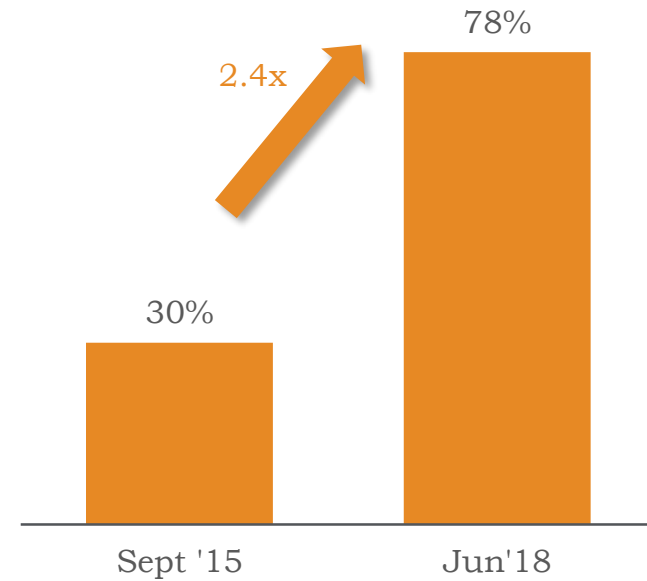
(% Salience)



Innovation and in-store placement

LED Lighting

(% Salience)



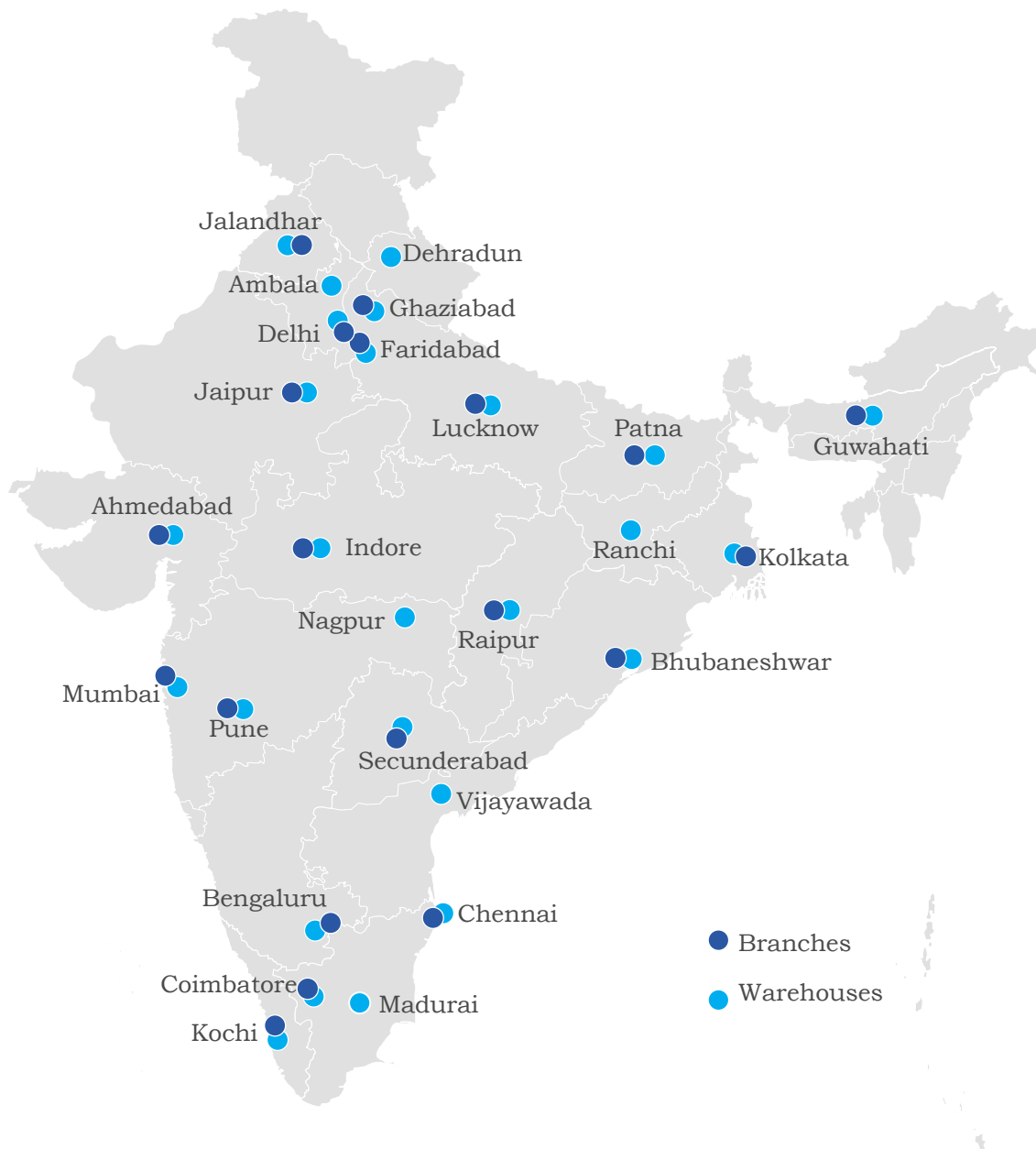
Innovation, filled portfolio gaps, led price disruption to drive adoption

Launched innovative products (Eg: Anti-Dust Fans) to increase salience in premium fans

Significantly increased availability of LED lights at price points better customized for consumer needs

Increased Salience

Go-to-Market Strategy Tailored to Win In-Store



Leverage Existing Pan-India Distribution Network

Nationwide network with **3,000+ distributors** and **100,000+ retailers**

Expanding the Current Reach

Implement Distribution Model across the portfolio basis our learning in lighting

Strong after-sales support with 500+ service centers

Enhancing customer experience across all touch points

GTM Pilots Driving Structural Changes on Ground

Key Focus Areas for the Project

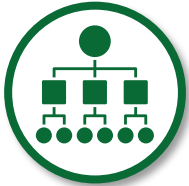


Larger distributors with **strong distribution background**



Robust IT Setup

- Leveraging technology to capture secondary sales data



Pricing structure with RDP implementation



Universe mapping of counters, beat plans for all DSMs and KPI tracking through IT enablers implemented



Structured go-to market through stronger infra setup with more DSMs, vans; Focus on better service, replacement etc

Changes Being Driven on Ground



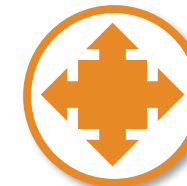
Sales Team being strengthened across the region



Target to aggressively **increase reach**



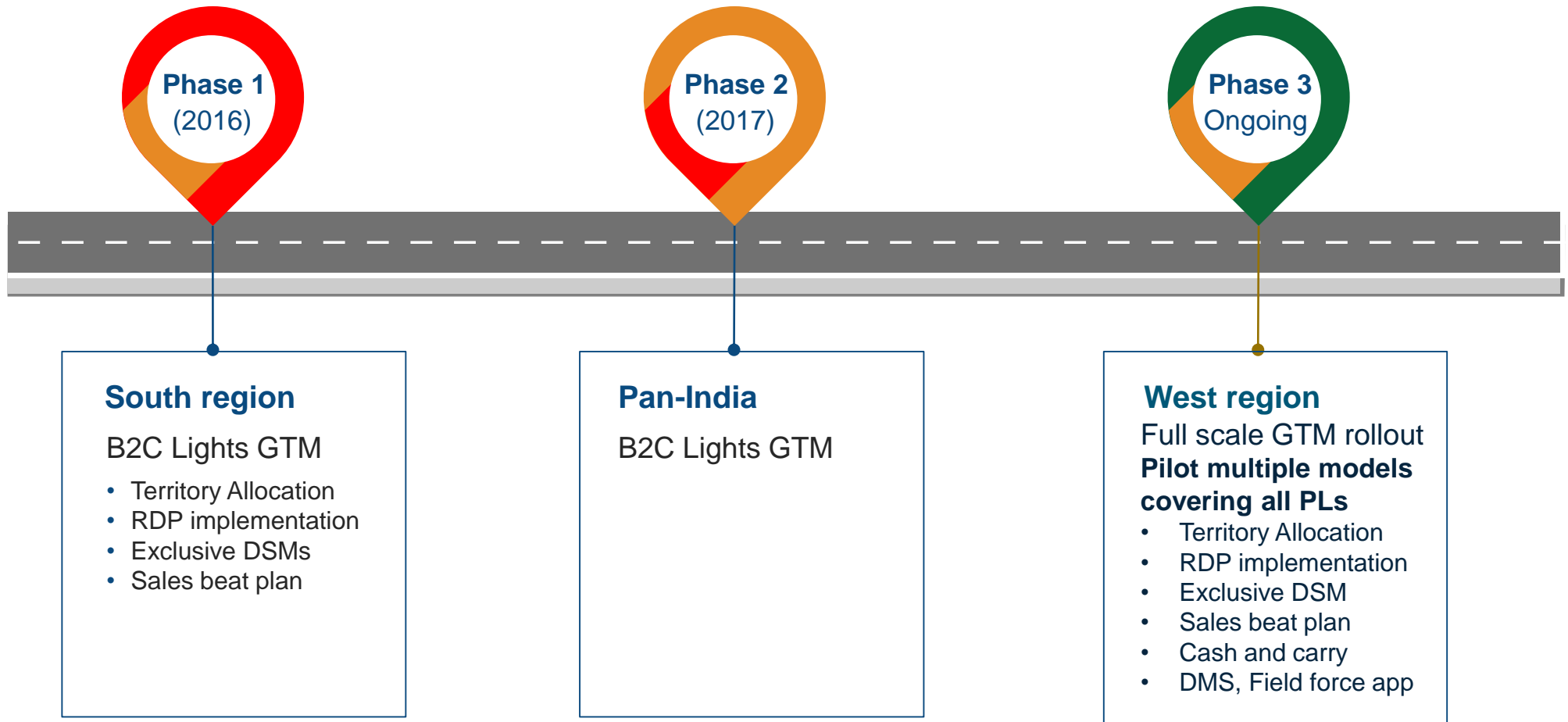
Tactical price corrections in select products



Market Blitz campaigns to **expand product awareness and counter share**

Embarked on this journey 2 years ago

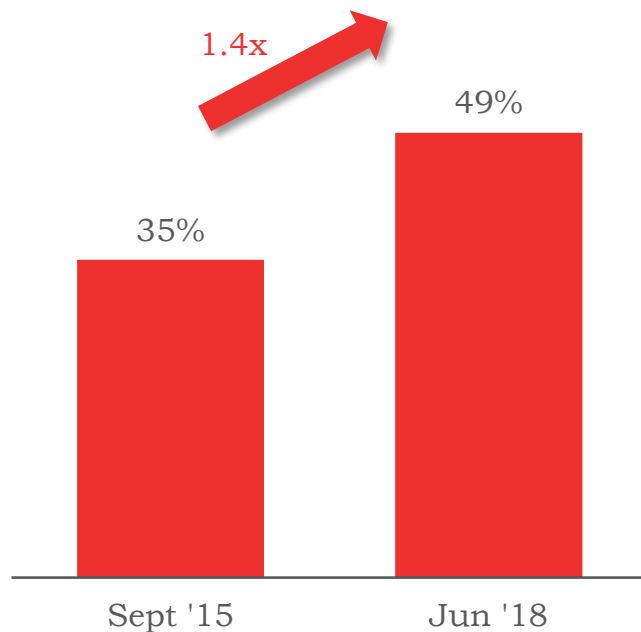
Crompton



Branding and Distribution Initiatives Driving Significant Increase in Reach

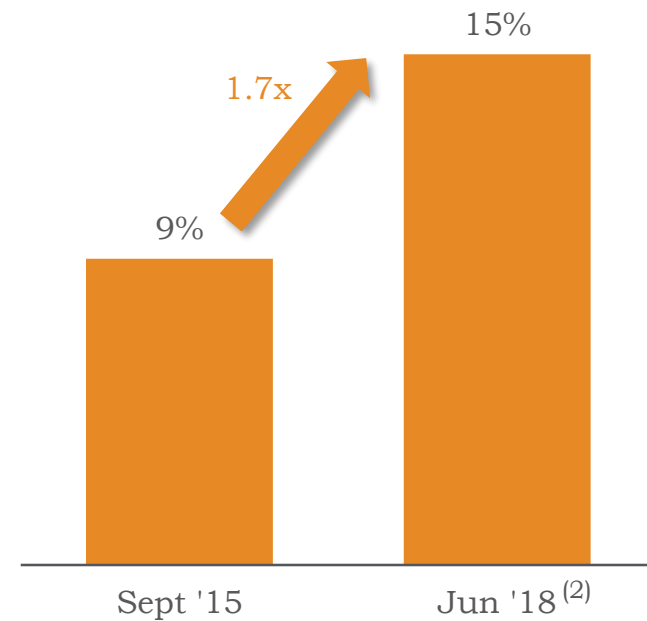
Fans

(% Counter Reach⁽¹⁾)



LED Lighting

(% Counter Reach⁽¹⁾)



Why did we succeed?

- ✓ Building the right capability and training of the team to drive this initiative
- ✓ Systematic roll-out of initiatives across company divisions and geographies after initial PoC⁽³⁾
- ✓ Continuous monitoring of progress via a defined set of metrics

Sources: Market Pulse, Internal Estimates.

1. Counter Reach = Number of counters where Crompton is present/ Total counters in India. 2. Jan'18 onwards Market Pulse changed the basis for the Lighting market, Mar'18 numbers not comparable to Sept'15. 3. Proof of concept

Operational Excellence Driving Margin Expansion

Operational Streamlining and Optimization

✓ Implemented sales and operational planning to improve material availability

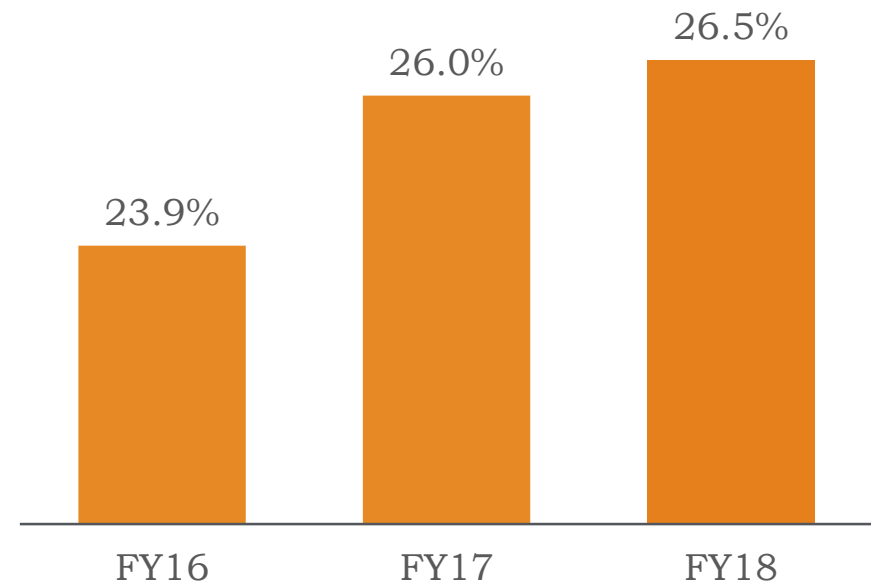
✓ Focusing on various initiatives to leverage IT

✓ ERP Implementation in 8 months

✓ Leverage scale in purchase

Consistent Gross Margin^(1,2) Improvement

In %



Key Drivers

- ✓ Premiumization of product portfolio
- ✓ Focused cost reduction program
- ✓ Value engineering across the portfolio

Sources: Company Filings and Internal Estimates.

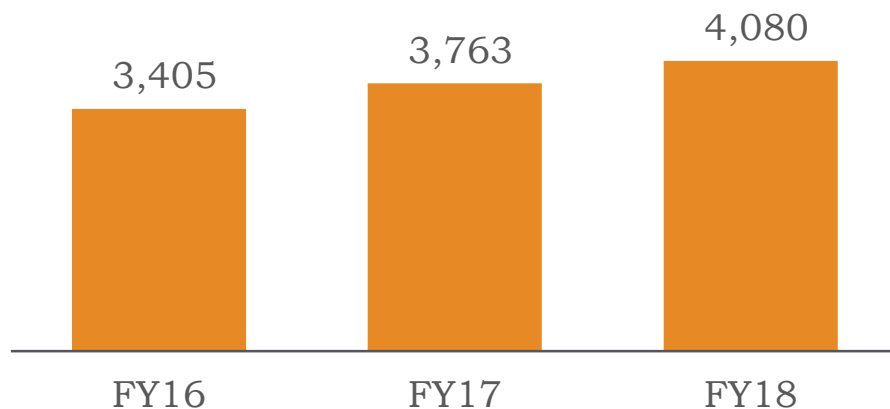
1. Gross Margin = (Net Revenue - Total Material Cost - Direct Cost) / Net Revenue

2. Margins have been calculated on GST and INDAS adjusted revenues

Financial Highlights

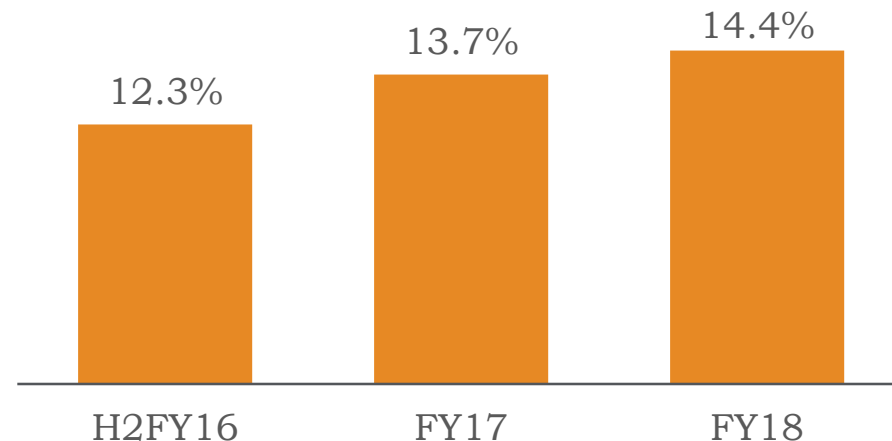
Growing Revenues⁽¹⁾

In INR Crs



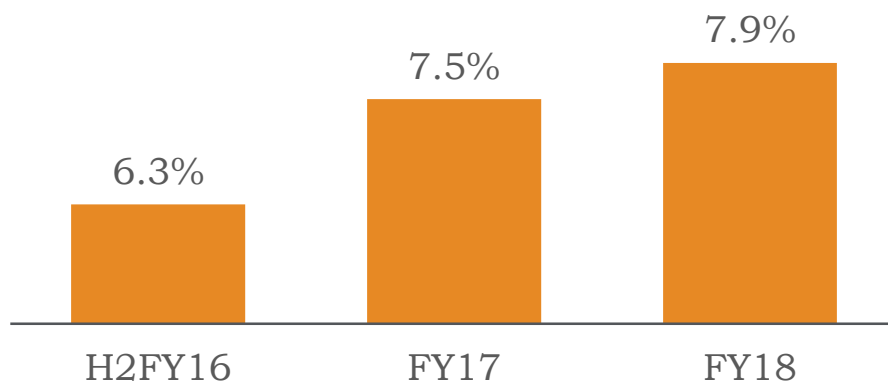
Expanding EBITDA Margin^(1,2)

In %



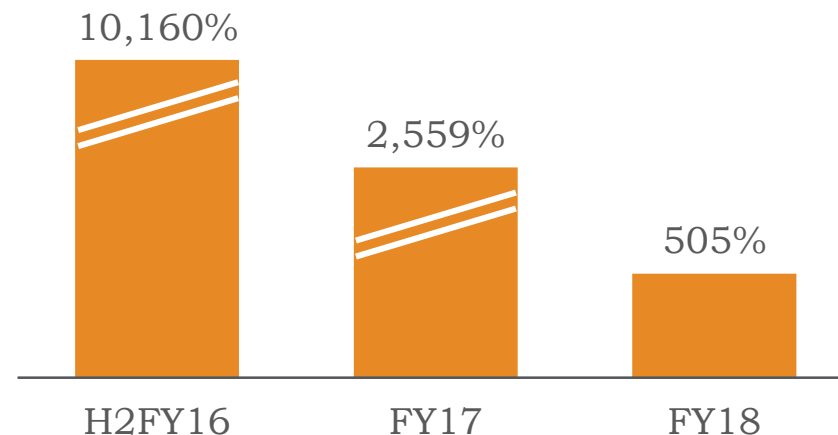
Increasing PAT Margin^(1,3)

In %



Consistently High Returns

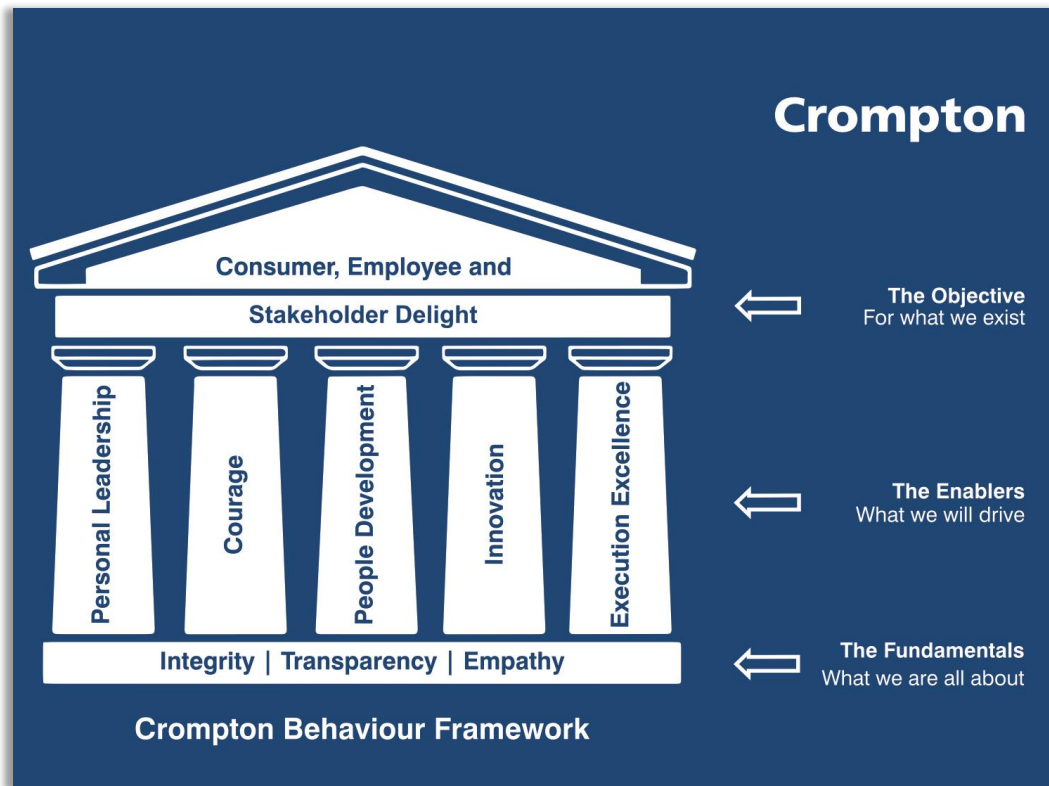
ROCE⁽⁴⁾ in %



1. Revenue for FY17 and FY16 are adjusted for GST and IndAS for comparison purposes, margins have also been calculated on adjusted revenue 2. EBITDA (in INR cr) is pre-ESOP 3. PAT (in INR cr) for H2FY16, FY17, FY18 is 108, 283, 324 respectively. 4. ROCE: Return on Capital Employed; ROCE (pre ESOP) = EBIT / End Period Capital Employed less Goodwill and Cash; Capital Employed = Shareholders' Equity + Long Term Borrowings + Short Term Borrowings + Current Maturities of Long Term Borrowings.

Organization Being Built for Sustained Excellence

Crompton's Behaviour Framework



Key Appointments to Drive Growth and Innovation

- ✓ Marketing Head
- ✓ Procurement Head
- ✓ Quality Head
- ✓ Risk Head

Capability Building

- ✓ Through external hires for select positions
- ✓ Tie-up with external agencies
- ✓ Building pipeline through graduate hires from premiere institutes

Creating an agile and sustainable organization capable of meeting ever-evolving customer needs

Experienced Management Team with Diverse Consumer Experience

Shantanu Khosla
Managing Director



- Joined CGCEL in July 2015
- Prior Experience:



MD & CEO
(2002 – 2015)

- **30+ years** of experience in managing consumer business across markets, product categories and functions
- Alumnus of Indian Institute of Technology, Bombay and the Indian Institute of Management, Calcutta

Mathew Job
Chief Executive Officer



- Joined CGCEL in September 2015
- Prior Experience:



MD (2012 – 2015)



MD (2009 – 2012)



Senior Marketing Director (1994 – 2009)

- Alumnus of the Indian Institute of Management, Calcutta

Sandeep Batra
Chief Financial Officer



- Joined CGCEL in September 2015
- Prior Experience:



CFO (2009 – 2015)



CFO (1988– 2009)

- Alumnus of St. Xavier's College, Kolkata, a Chartered Accountant and Company Secretary

Crompton has already built a strong and deep management team, and continues to expand the breadth and depth of the team as an organizational excellence priority.

Distinguished Board of Directors and High Standards of Corporate Governance

Hemant Nerurkar



Managing Director



Shantanu Khosla



Managing Director & CEO



D Sundaram



Vice-Chairman and CFO



P M Murthy



Managing Director



**Past/
Current
Affiliations**

Shweta Jalan



Advent International
GLOBAL PRIVATE EQUITY



Promeet Ghosh



TEMASEK
HOLDINGS



Sahil Dalal



Advent International
GLOBAL PRIVATE EQUITY



**Past/
Current
Affiliations**

In Summary ...

