



Macro Economic Overview



Two Wheeler Landscape



The Big Picture



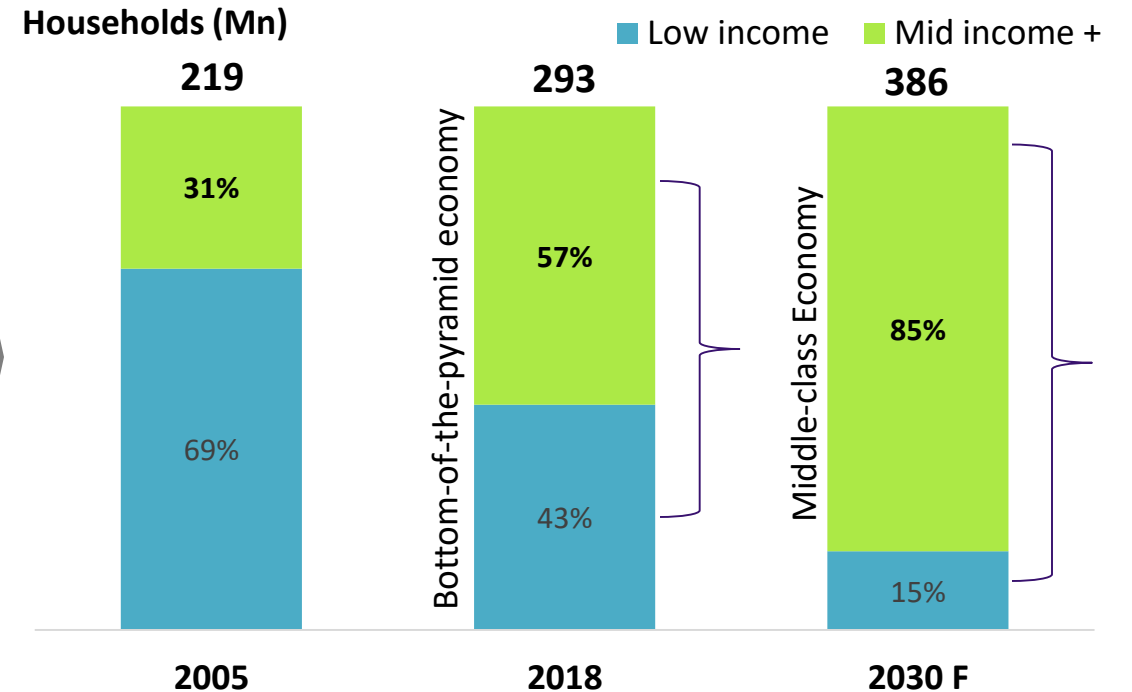
Strategy

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

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

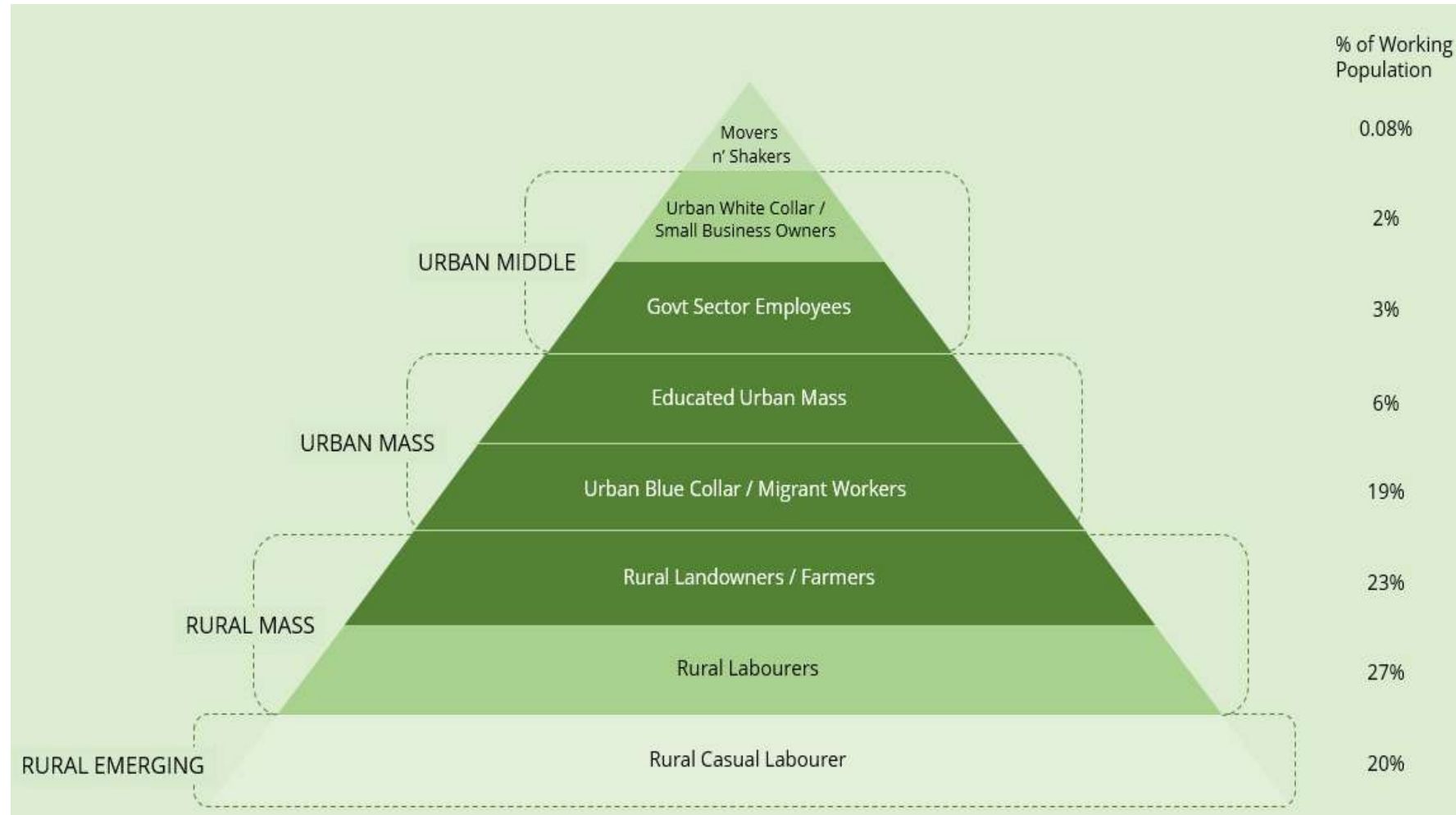
330Mn middle income+ households expected by 2030 → 2x of 2018 current levels



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



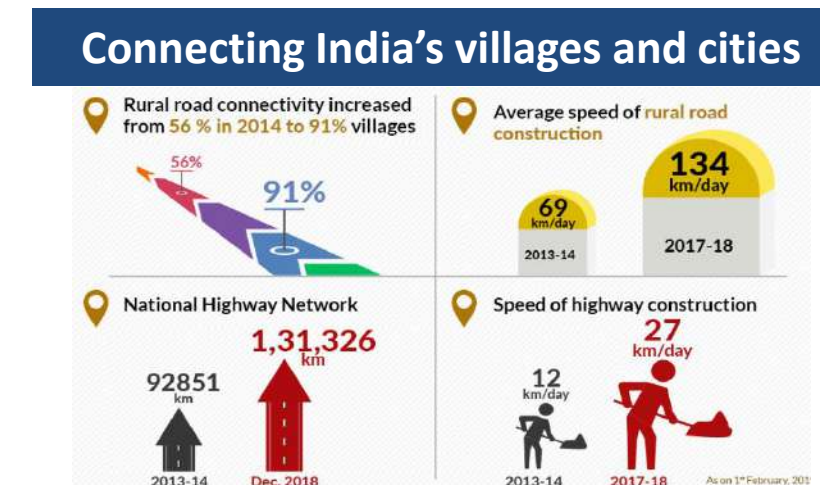
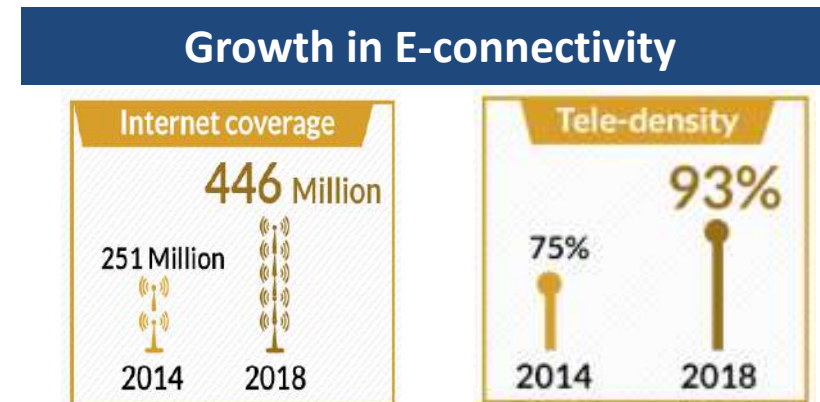
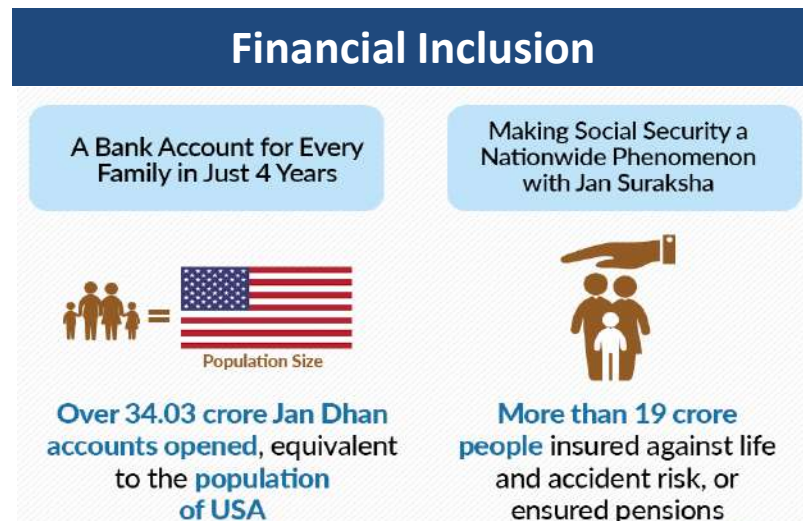
Many consumer archetypes will persist as age, education, occupation and connectedness begin to strongly influence preferences within each income segment



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](https://transformindia.gov.in/)

India growth story intact → higher levels of consumption

Demographic
dividend

Women in
workforce

Road
development

Infrastructure
development

Urbanization





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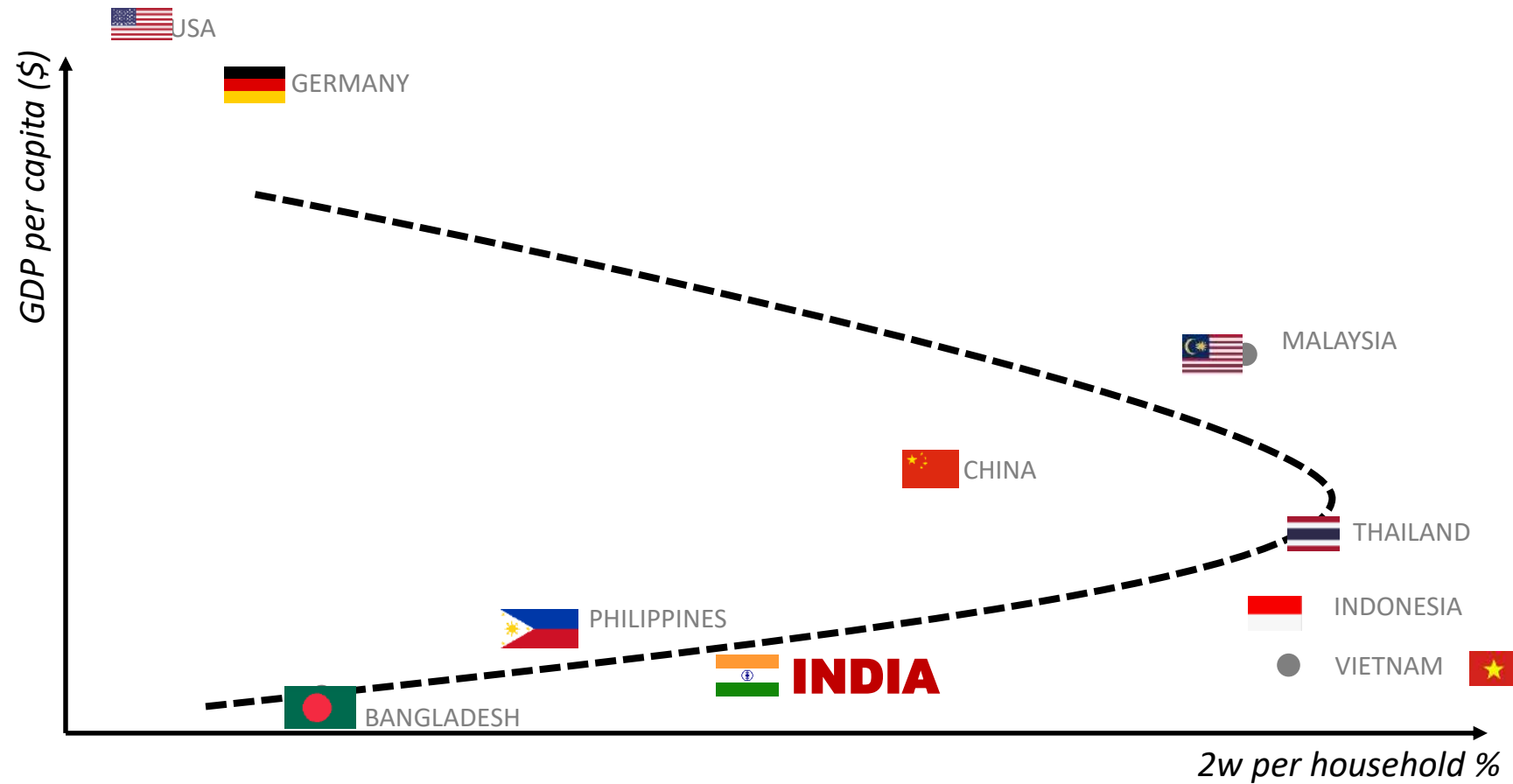


The Big Picture



Strategy

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



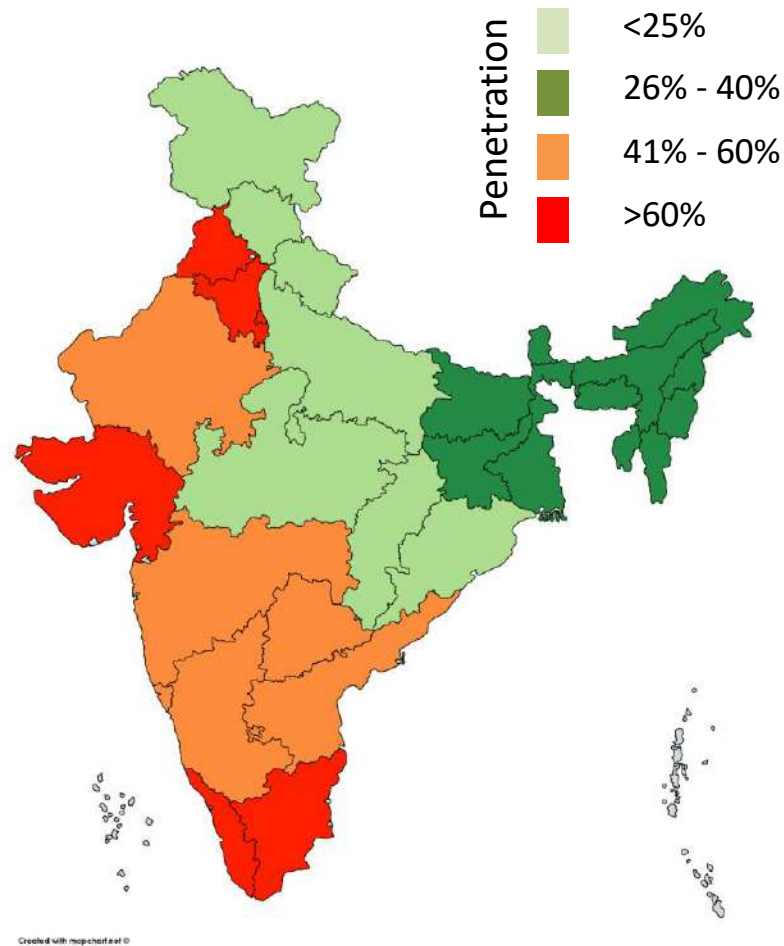
Source: [Roland Berger Focus Report, July 2018](#)

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

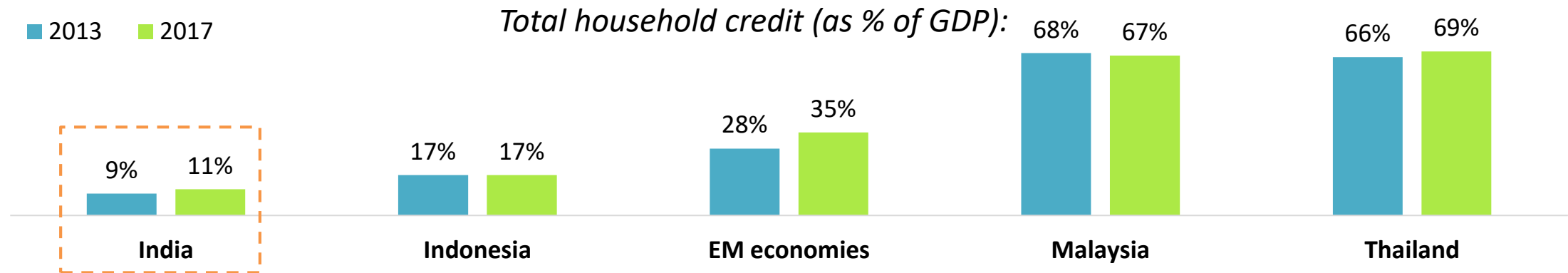


State by penetration	Penetration / 1,000	Opportunity
Low 7	73	-
Average	102	40%
Top 7	168	130%
Tamil Nadu	202	177%
Delhi	247	238%

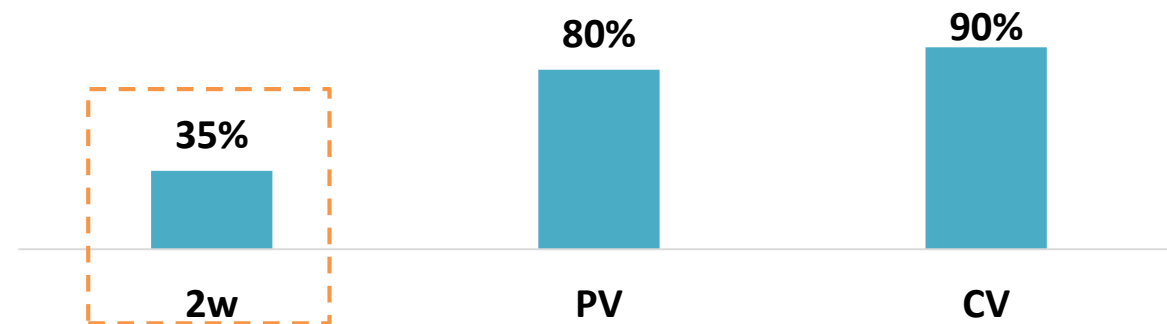
Source: Sell Side research

Higher financing levels will help increase 2w penetration further

Household financing to grow in line with Asian & EM peers

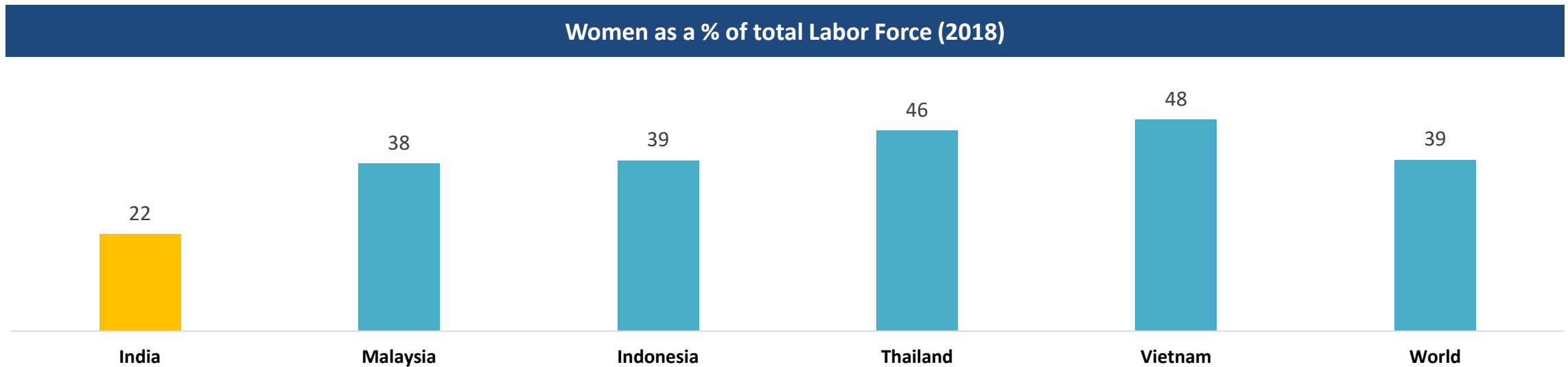


Significant opportunity for enhancing finance penetration in 2w (FY18)



Source: [BIS Statistics](#)

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



Women 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>



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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.)

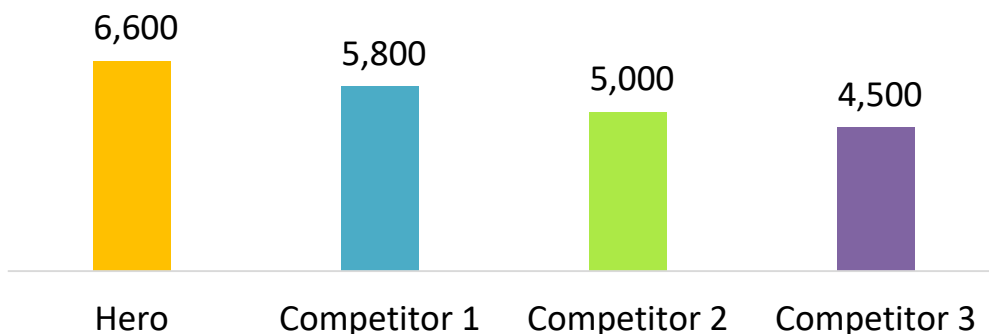


Source: HMCL Analysis

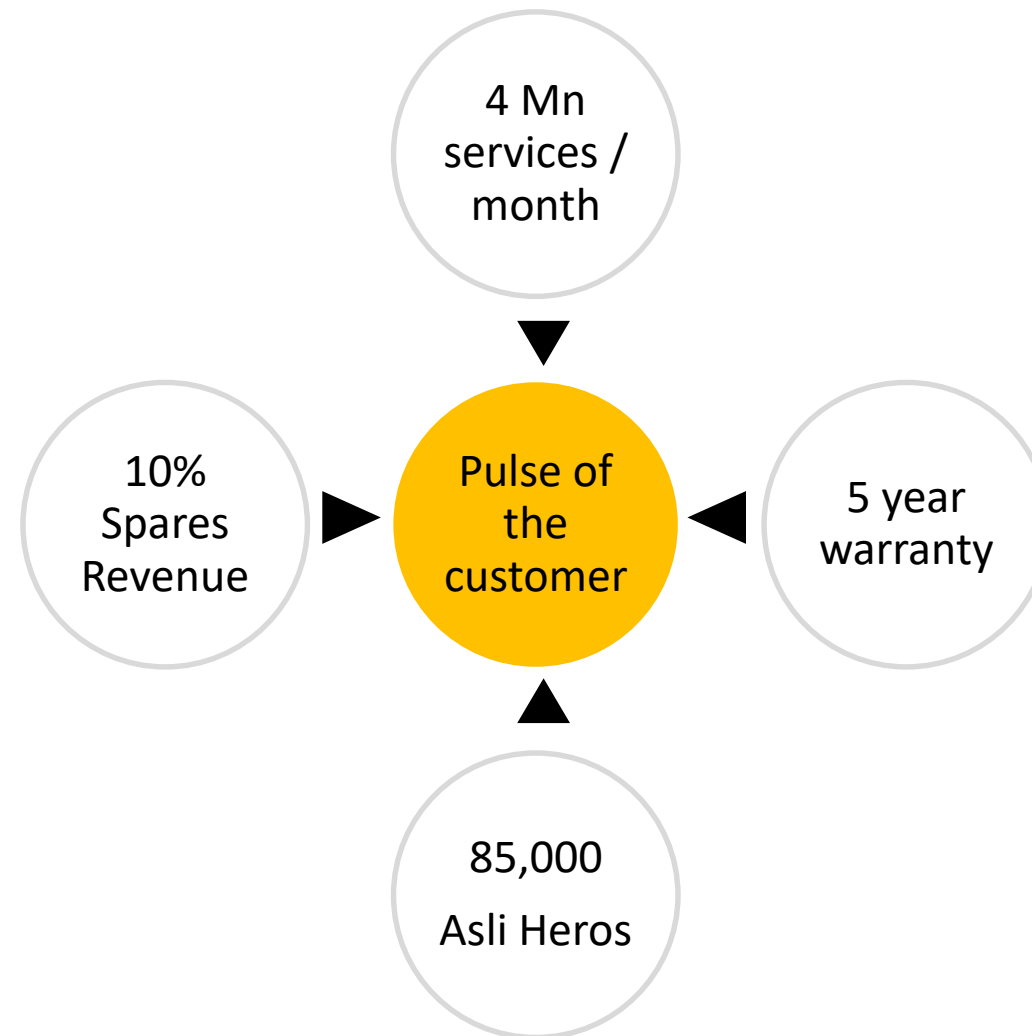
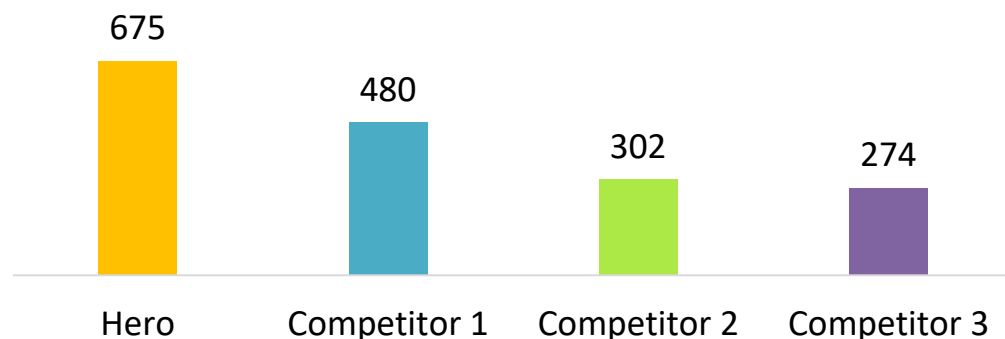


Largest distribution and service network in the world → higher sales for our dealerships

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



Green plant



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



**Modernization
& Digitalization**

- Smart factory
- Predictive maintenance
- Traceable BOP*

Total capacity: ~10Mn units/ pa

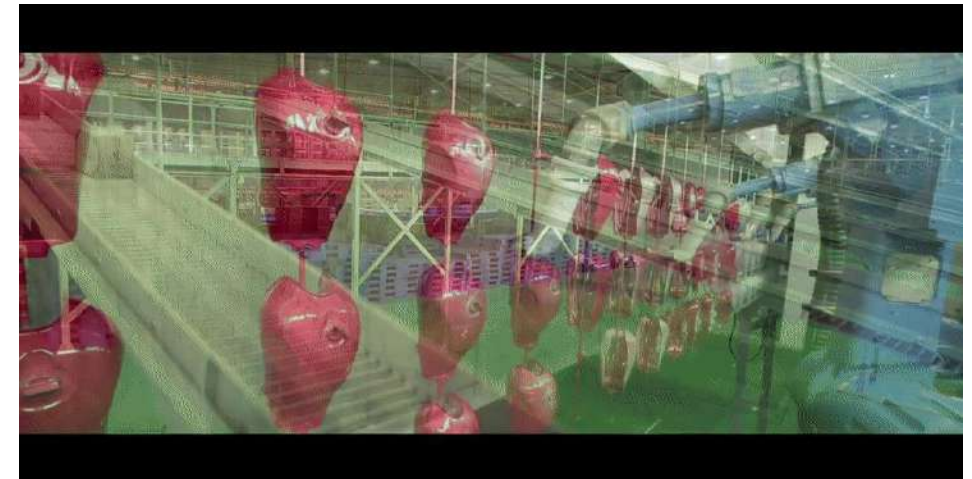
*BOP: Bought out parts
Source: HMCL Analysis

World class manufacturing efficiencies have been developed



18 seconds = 1 Motorcycle rollout

Flexible Manufacturing Systems: Fuel Tank Painting

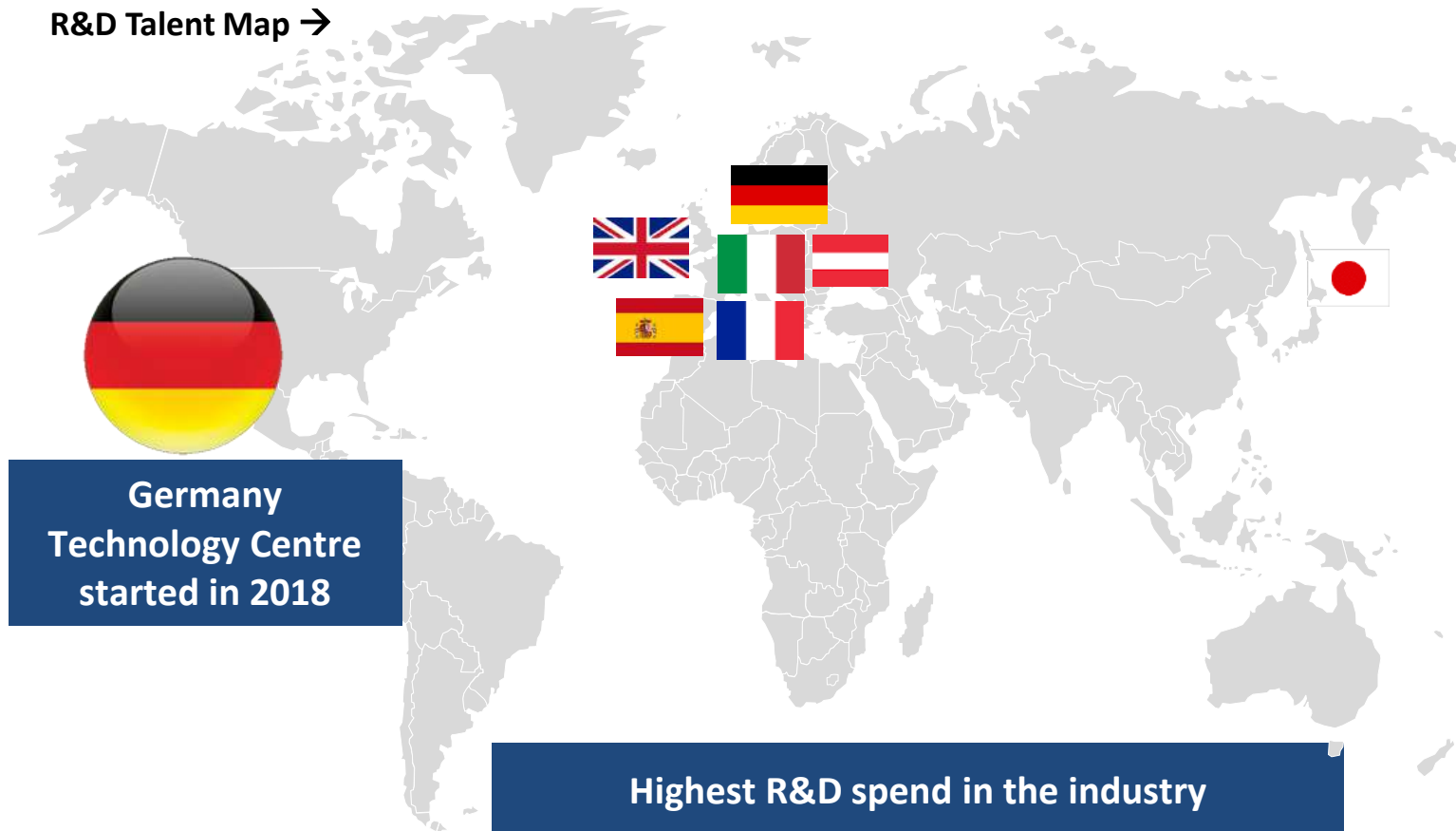


BOP: Bought out parts
Source: HMCL Analysis

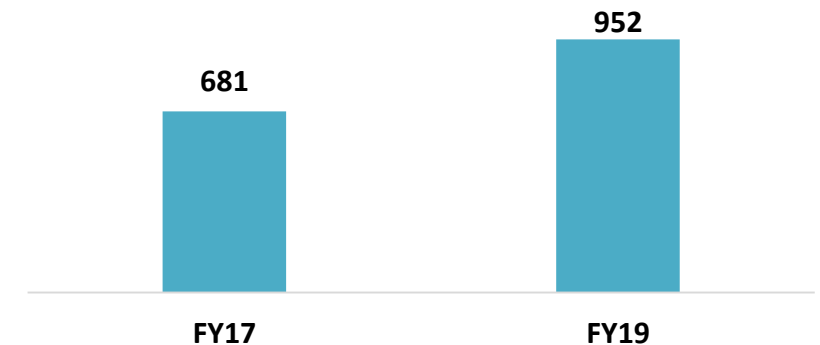
Rapidly building our innovation capability..

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 →



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



(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



Xtreme 200R



Xpulse 200



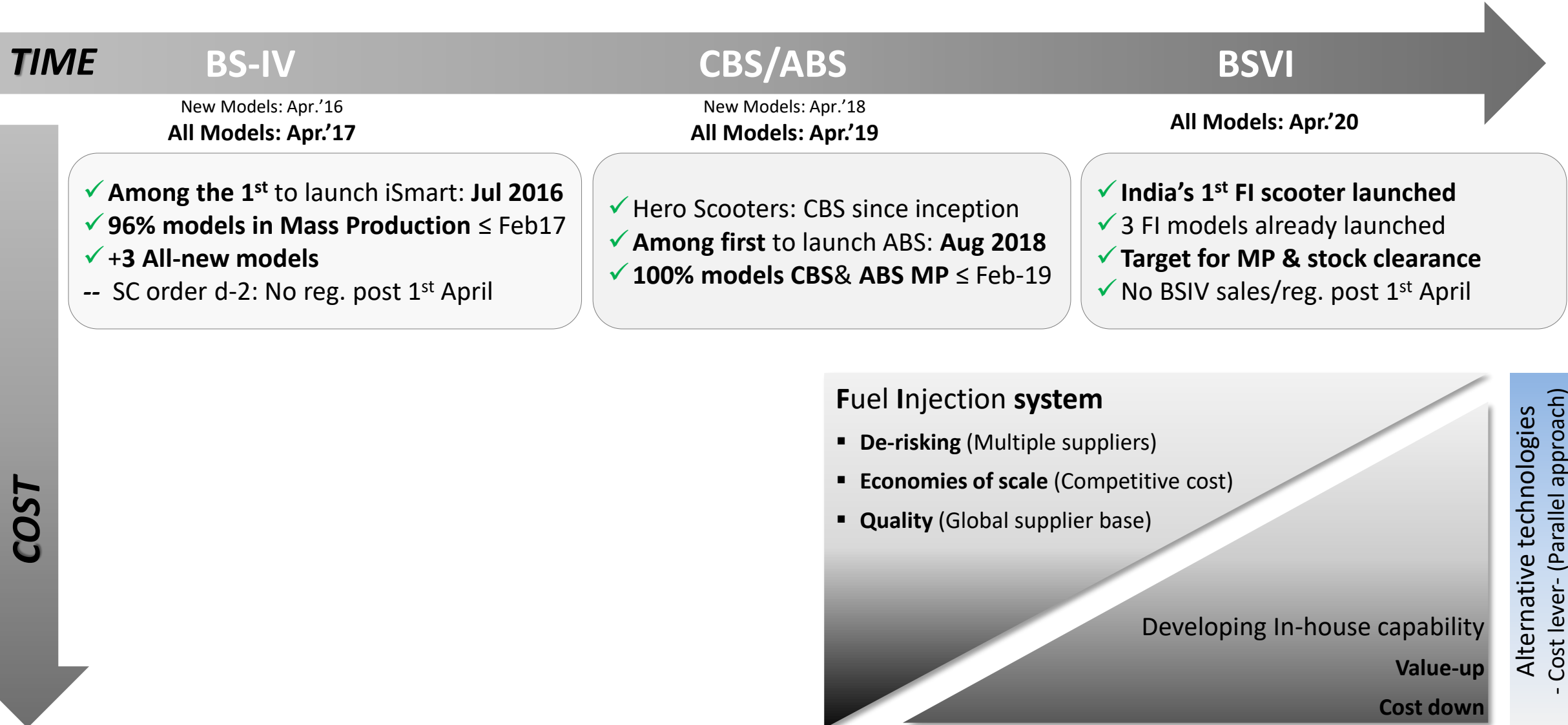
Xtreme 200S



Xpulse 200T

Comprehensive premium portfolio

Comprehensively addressing regulatory changes





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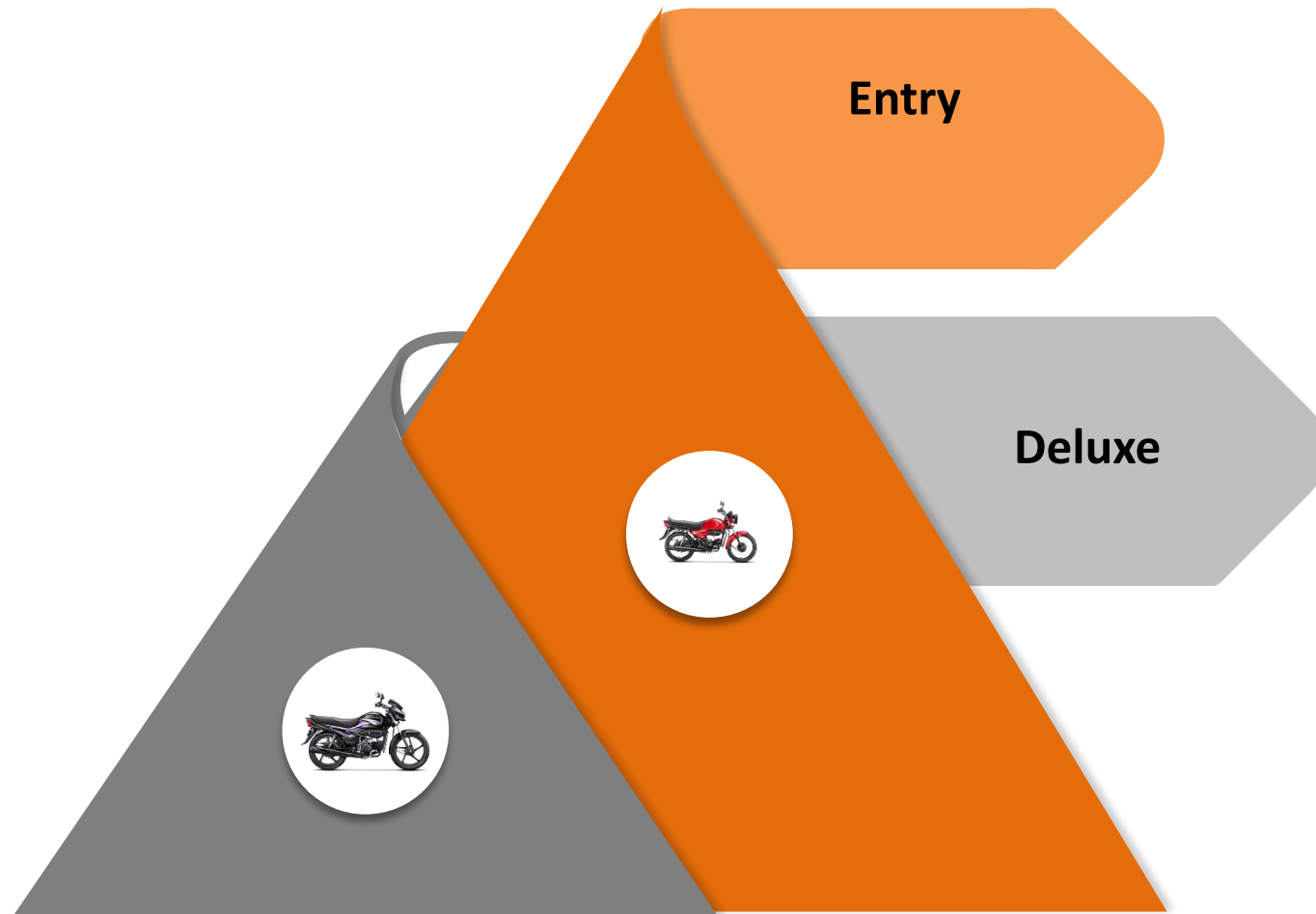


Strategy

Our Strategy



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



Low penetration → Entry, Deluxe growth

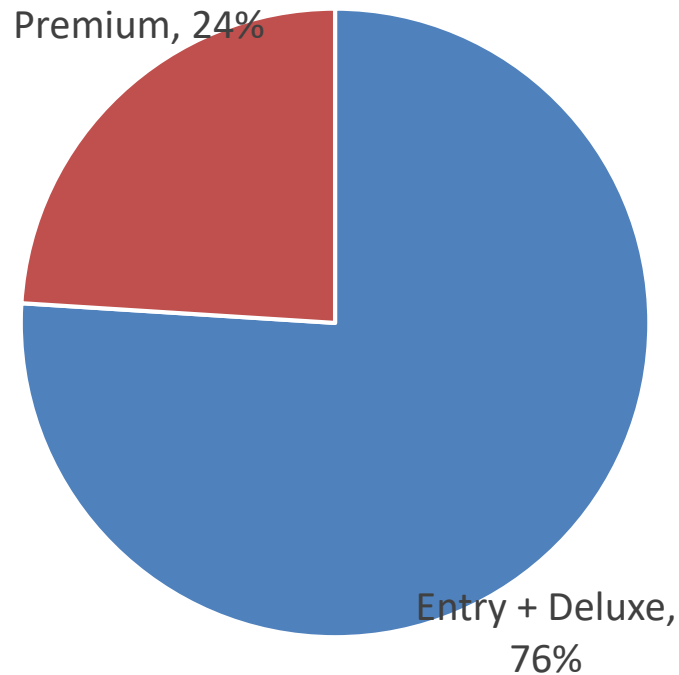
- Entry: 1st time buyers: >75%
 - Demographic dividend
 - Social upgrader
 - Aspirational
-
- Deluxe: the next move
 - Follow lifecycle of the customer
 - Refreshes to drive category growth

Strengths

Brand
Rural understanding
Service & distribution network

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

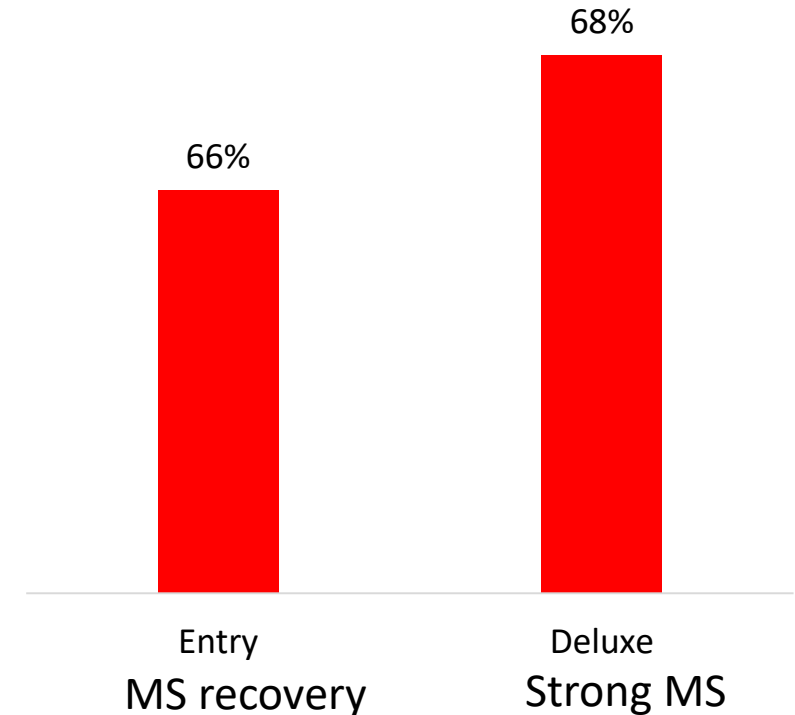
Entry + Deluxe: 76% of
Motorcycle market



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



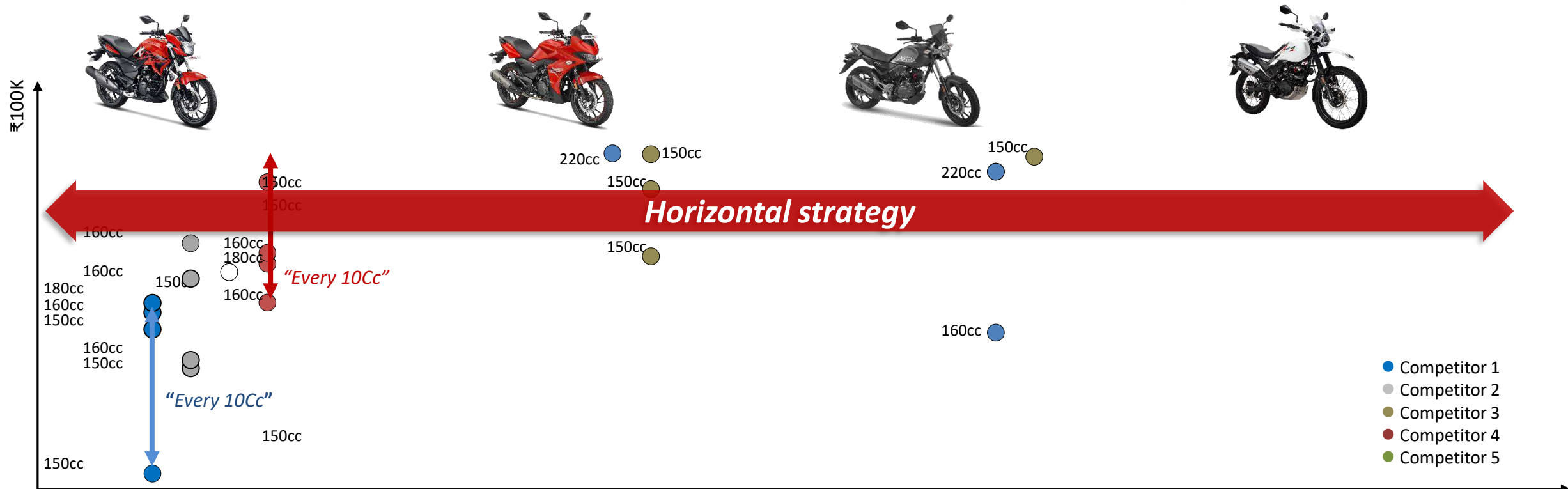
XPULSE 200
LAUNCHED MAY-19

₹1,05,000 (Fi)

₹97,000

Make New Tracks

The Premium portfolio will address 70% its market segment



NAKED

1 → 4

Platform Diverse offering

Only company with 4 platforms

SPORT

< ₹100K

~70%

Of +150cc market

TOURING

ADVENTURE

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



Focussed TV / Print communication

Distribution strategy



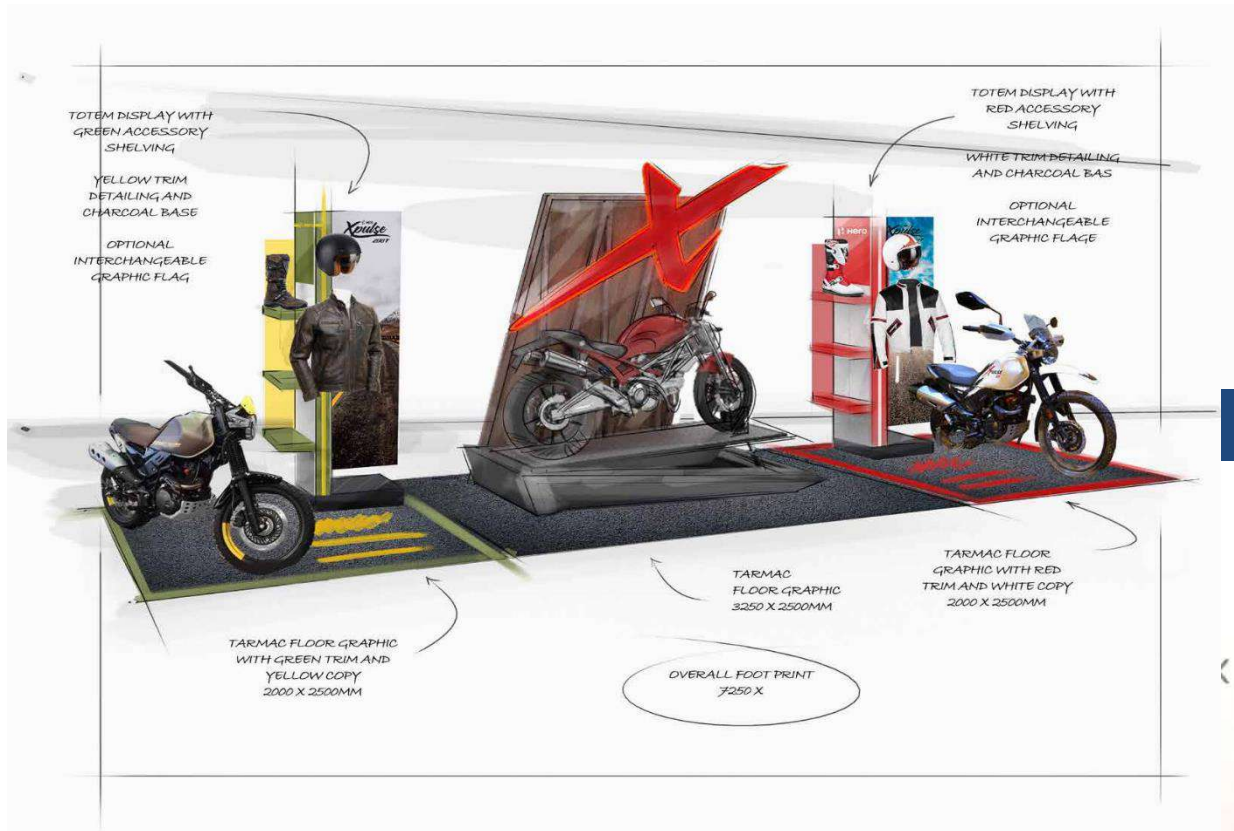
Premium experience, shop in shop
& premium sales consultants

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

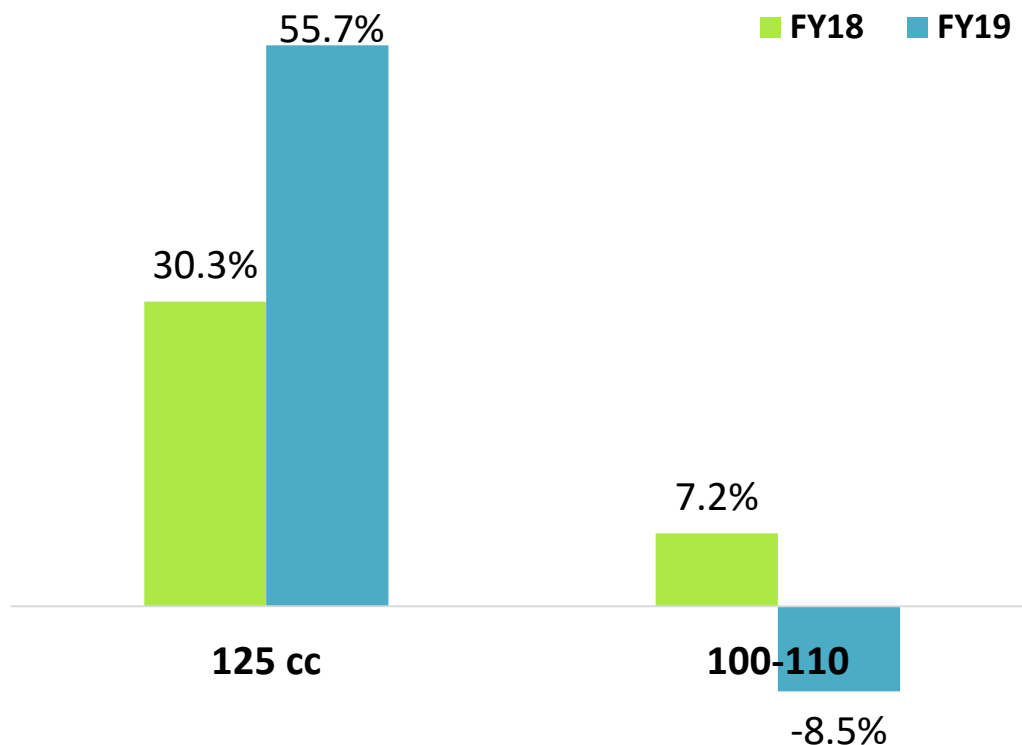


Leveraging ... in Global Markets

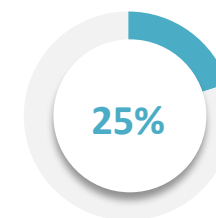


Win in Scooters through 125 cc segment

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

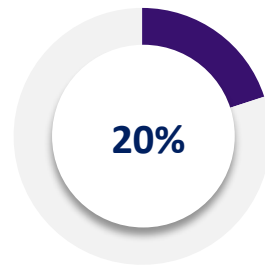
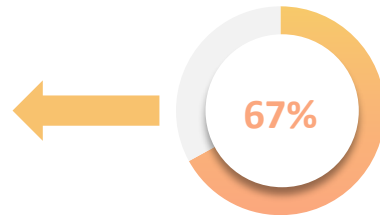
₹57,500 (Vx)

₹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)

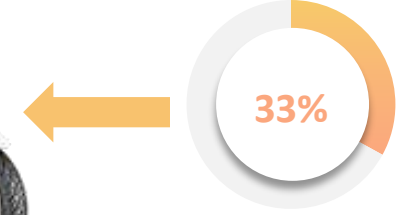
₹ 60,000 (Disc)

₹ 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



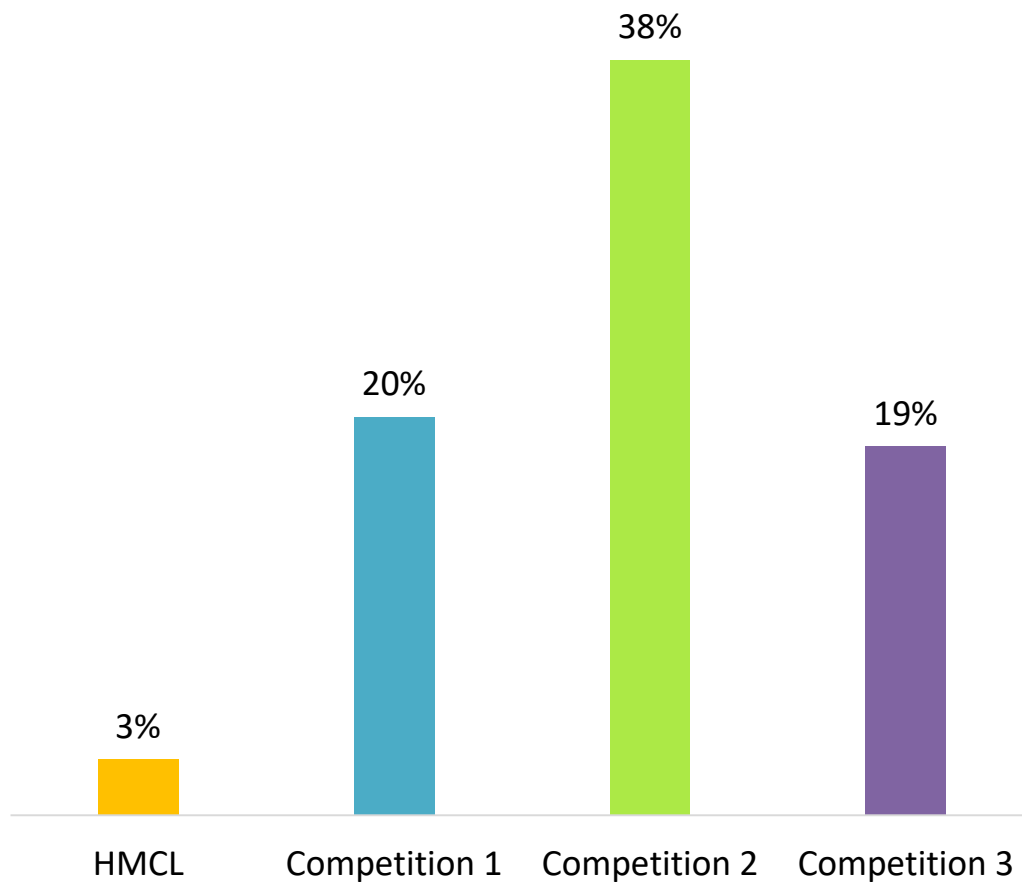
- *Elegant metal body*
- *USB charger, external fuel filling, H signature tail lamps*

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

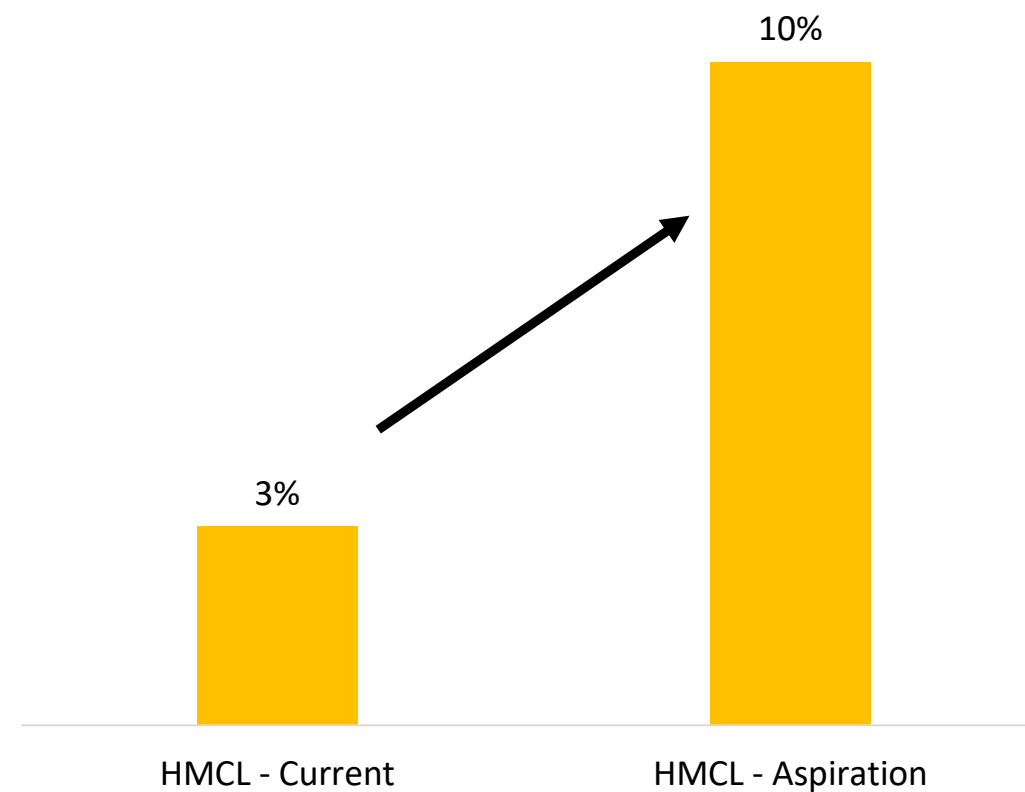


Scale up global business market by market

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

Internal



- **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



External



- 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

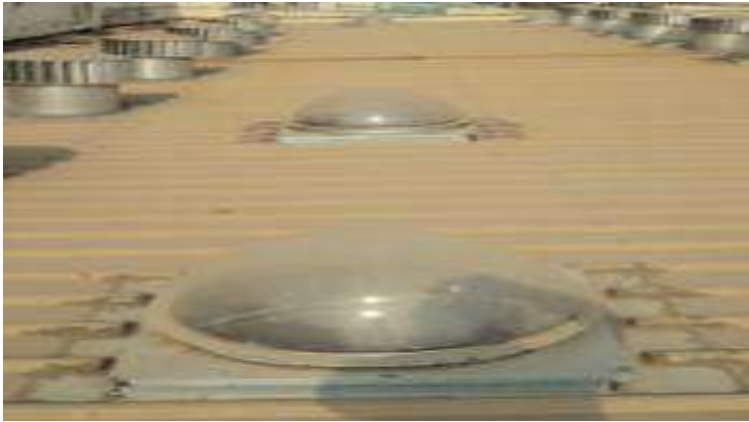
Governance



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

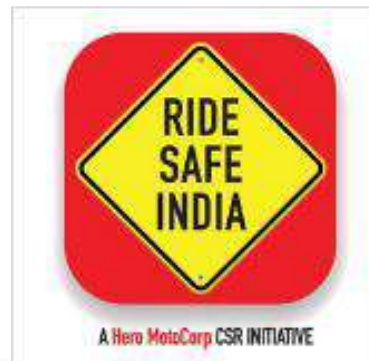
Greener

- › 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



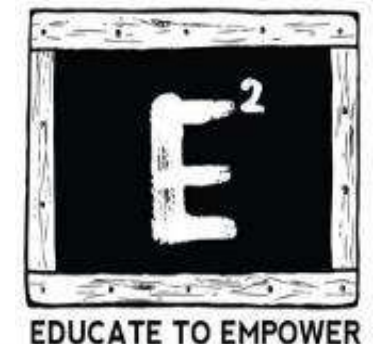
Safer

- › 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



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



Vikram Kasbekar
Executive Director



Pawan Munjal
Chairman, MD & CEO

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"



Niranjan 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

Focussed on sustainable development





Thank You

