

Schneider Electric Infrastructure Limited

FY 2020-21

21st Aug 2020

Disclaimer

All forward-looking statements are Schneider Electric Infrastructure Limited (India) management's present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements.

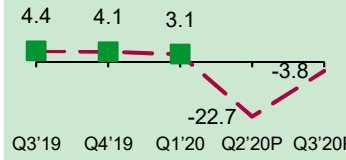
This presentation includes information pertaining to the our markets and our competitive positions therein. Such information is based on market data and our actual sales in those markets for the relevant periods. We obtained this market information from various third party sources (industry publications, surveys and forecasts) and our own internal estimates. We have not independently verified these third party sources and cannot guarantee their accuracy or completeness and our internal surveys and estimates have not been verified by independent experts or other independent sources.



Broad Economic Indicators

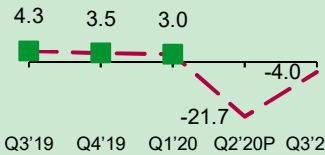
GDP – Gross Domestic Product

GDP growth slowed down to 3.1% in Q1 2020, slowest since 2008-09 economic crisis.



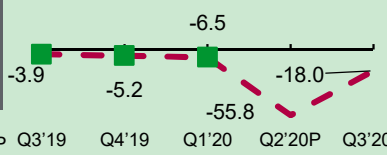
GVA- Gross value added

GVA growth slowed down to 3.0% in Q1 2020, following the same trend as GDP growth rate.



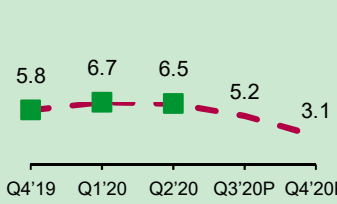
GFCF – Gross Fixed capital formation

GFCF growth rate dropped to -6.5% in Q1 2020, expected to decline significantly in Q2 2020; indicating weak investment scenario.



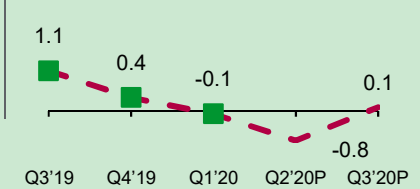
CPI - Inflation

CPI inflation slowed down moderately to 6.5% in Q2 2020.



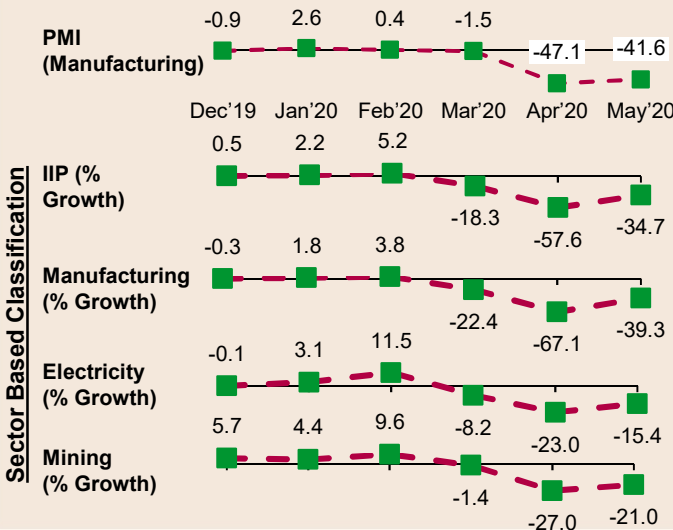
CAD (%GDP) Current account deficit

India recorded a current account surplus of 0.1% of GDP in Q1'20; first quarterly surplus in 13 years.



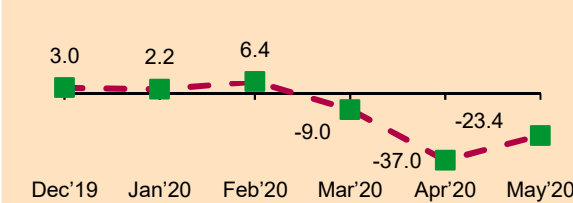
Industry growth Indicators

IIP continued to witness contraction, albeit at a slower pace of -34.7% in May'20; manufacturing continues to be the worst hit sector.

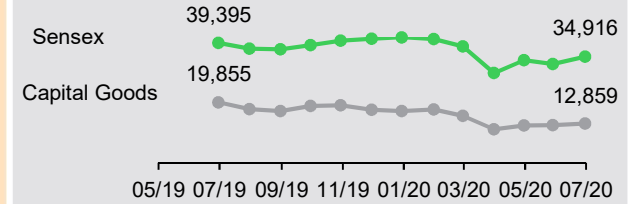


Core Sector Growth

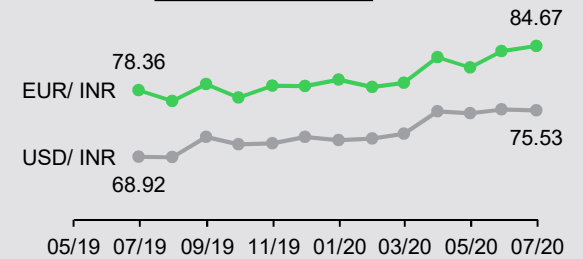
Core sector growth witnessed a decline of -23.4% in May'20. Steel, cement, refinery, natural gas were the worst hit sectors



Equity Market



Exchange Market



Global Indices

	Latest	Previous	Trend
Ease of Doing Business	63 (2019-20)	77 (2018-19)	▲
Competitive rank	68 (2019-20)	58 (2018-19)	▼

Interest Rates

CRR 3.00%* **Repo Rate 4.00%***

CY considered Q4'19 : Oct – Dec 2019; Growth % figures are Y-o-Y; Forecasts may be revised owing to Coronavirus outbreak

- - - - - Forecasted Data(CMIE) ■ Released figures *As on 16 Jul 2020 ³

Market trends and movements observed locally

General / Investments

Changes in the market	<ul style="list-style-type: none"> GDP Calendar year went to 2.5% from 4.5% * Barclays
Threats / Opportunities	<ul style="list-style-type: none"> Digitization of power systems with 24x7 Reliable power supply
Mega Projects	<ul style="list-style-type: none"> Visible signs of stalling of large projects
Regulation impact	<ul style="list-style-type: none"> 'Make in India' initiative is promoting preference to local content (>50%) . SE Protection relay and consequently INMVE business impacted → Need Localization of P3 & P5
Other	<ul style="list-style-type: none"> Investments to be reassessed post Lockdown

Segments

Power & Grid	<ul style="list-style-type: none"> State government to maintain 11% growth in 2020 from 2019. Demand: ~25% stalling during lockdown
EI: O&G, MMM etc.	<ul style="list-style-type: none"> Coal, Steel, Alum. impacted negatively due to slowdown in Construction Fresh capex being postponed due to uncertainty & lockdown
ES: DC etc.	<ul style="list-style-type: none"> Growth in DC , Cloud , e-commerce , Telecom, Govt. digitization initiatives, In country data storage
Mobility	<ul style="list-style-type: none"> Liquidity & low demand will delay auto sales Slowdown in investment from Chinese manf. & imports of auto components & EVs
Other segments	<ul style="list-style-type: none"> Investment in SMART campus (education, Hotels, Healthcare, Residential)

Technology

Digital	<ul style="list-style-type: none"> Strong move in SMART Cities to increase digital infrastructure
SF6 Free	<ul style="list-style-type: none"> Although Environmental suitability high on the agenda SF6 free is not currently a priority

Other

Medium Market	<ul style="list-style-type: none"> MV players moving towards license model
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Executive Summary



Achievements

- **Orders** – Momentum in Q1. Orders are 11% up vs last year
- **Major Orders in Q1'20**
 - Azure (MPT)
 - ABB- Hitachi (GIS)
 - Siemens (GIS)
 - Chittaranjan (Loco)
 - Toyo (AIS)
- Four Licensee Partners (Two PIX MV and Two FBX) quote gate cleared..



Issues/Challenges

- Sales impacted by around 150 crores due to lockdown as on Q1 - Recovery plan put in place.
- Some stickiness expected in Order Backlog liquidation
- Delay in customer clearance for Mfg as well as Inspection
- Very high uncertainty in supply chain – Vendor location, Capacity, material, Labor, Transport, Legal, EHS, Import orders



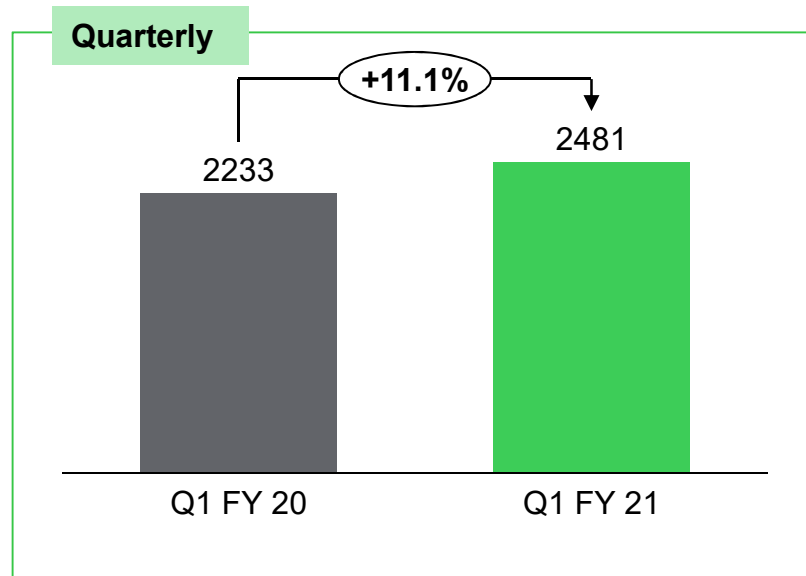
Priorities

- Plant Procurement and Industrial teams are working on capacity increase in H2 to meet forecast covering lost capacities of H1
- Cost reductions initiatives – Plant & Commercial
- Cash remains a priority with increased follow up with Customers
- Trade off between Inventory vs capacity utilization

Financial Update

Orders

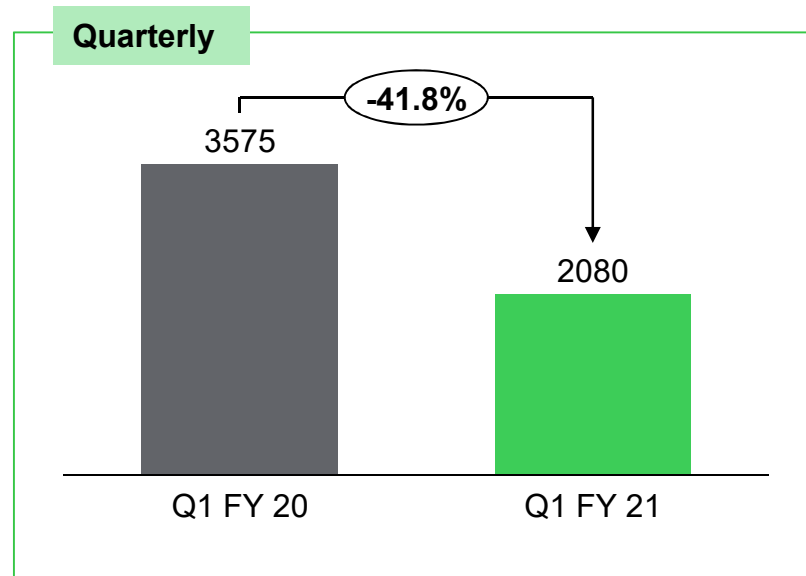
MINR



- Business Order intake: Q1 FY 21 +11.1% vs last year

Sales

MINR



➤ Sales is down by -41.8% vs last year same quarter mainly due to country wide lockdown

Financial Results 3M- June 20 Vs 19

MINR

SEIL results analysis	Q1 (Apr-Jun 2020)		Q1 (Apr-Jun 2019)		YoY (%) Change
	MINR	%	MINR	%	
Sales	2,080		3,575		-41.8%
Other income	17		43		
Total Sales	2,097		3,618		
Material costs	1,392	66.9%	2,642	73.9%	
Gross Margin	705	33.9%	976	27.3%	6.6%
Employee costs	452	21.7%	531	14.8%	
Other expenses	339	16.3%	372	10.4%	
EBITDA	-86	-4.1%	73	2.0%	-6.2%
Depreciation	61	2.9%	54	1.5%	
EBITA	-147	-7.1%	19	0.5%	
Interest	122	5.9%	118	3.3%	
Profit before Exceptional items	-270	-13.0%	-99	-2.8%	-10.2%
Exceptional	24			0.0%	
Profit after tax	-294	-14.1%	-99	-2.8%	-11.3%

- Sales is down by -41.8% vs last year same quarter mainly due to country wide lockdown
- Other income is lower due to higher old debt collections in last year
- Exceptional is Employee severance pay



Life Is On

Life Is On

Schneider
Electric