CEAT

February 07, 2017

BSE Limited
Corporate Service Department,
1st Floor, P.J. Towers,
Dalal Street,
Mumbai 400 001

Security Code: 500878

The National Stock Exchange of India Limited
Exchange Plaza, 3rd Floor,
Plot No. C/1, "G" Block,
Bandra Kurla Complex,
Bandra East,
Mumbai 500 051

Symbol: CEATLTD

Dear Sirs/Madam,

Sub: Press Release and intimation of Earnings conference call for Un-audited Financial Results for the quarter ended December 31, 2016

Please find enclosed herewith a copy of Press Release with respect to Unaudited Financial Results of the Company for the quarter ended December 31, 2016.

Kindly note the following dial in details for the Q3 FY17 - Earnings Conference Call scheduled on Wednesday, 8th February 2017 from 4.00 pm IST :

Location	Number
India	022 3938 1074 / (city code) 3940 3977
USA	1 866 746 2133
UK	0 808 101 1573
Singapore	800 101 2045
Hong Kong	800 964 448

You are requested to kindly take the same on records.

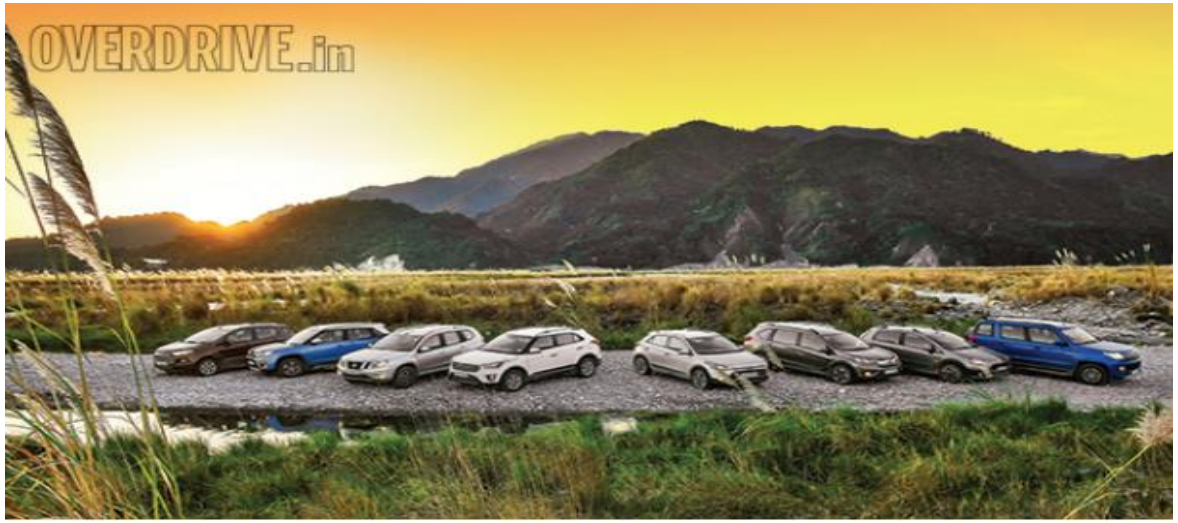
Thanking you,

Yours faithfully,
For **CEAT Limited**

S.R. Joshi

Shruti Joshi
Company Secretary
Encl: as above

An RPG Group Company



Q3 FY17 – Investor Presentation

February 7th, 2017

Disclaimer

This presentation may include statements which may constitute forward-looking statements. All statements that address expectations or projections about the future, including, but not limited to, statements about the strategy for growth, business development, market position, expenditures, and financial results, are forward looking statements. Forward looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The actual results, performance or achievements, could thus differ materially from those projected in any such forward-looking statements.

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Section 1: RPG Group Overview

RPG Group: Powered by Passion, Driven by Ethics

UNLEASH**TALENT**
TOUCH**LIVES**
OUT**PERFORM**
AND☺

RPG Enterprises was founded in 1979 by Shri Rama Prasad Goenka, popularly known as RP Goenka, a pioneering fifth generation business leader from the Goenka family. The Goenkas have a history of business dating back to 1820 AD in banking, textiles, jute and tea. Under RP Goenka's dynamic leadership, the Group grew in size and strength with several acquisitions in the 1980s and 1990s. CEAT became a part of the RPG Group in 1982, which is now one of India's fastest growing conglomerates with 20000+ employees, presence in 100+ countries and annual gross revenues of ~$3 Bn.

KEC International

World leader in Power Transmission EPC space

CEAT

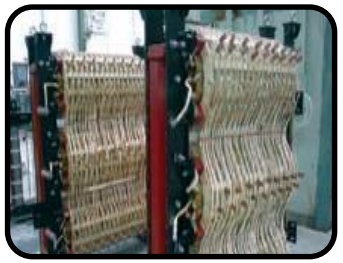
One of India's leading manufacturer of automobile tyres

Zensar Technologies

Software services provider spread across 20 countries, 400+ customers.

RPG Life Sciences

Pharma company with wide range medicines in global generics and synthetic APIs.



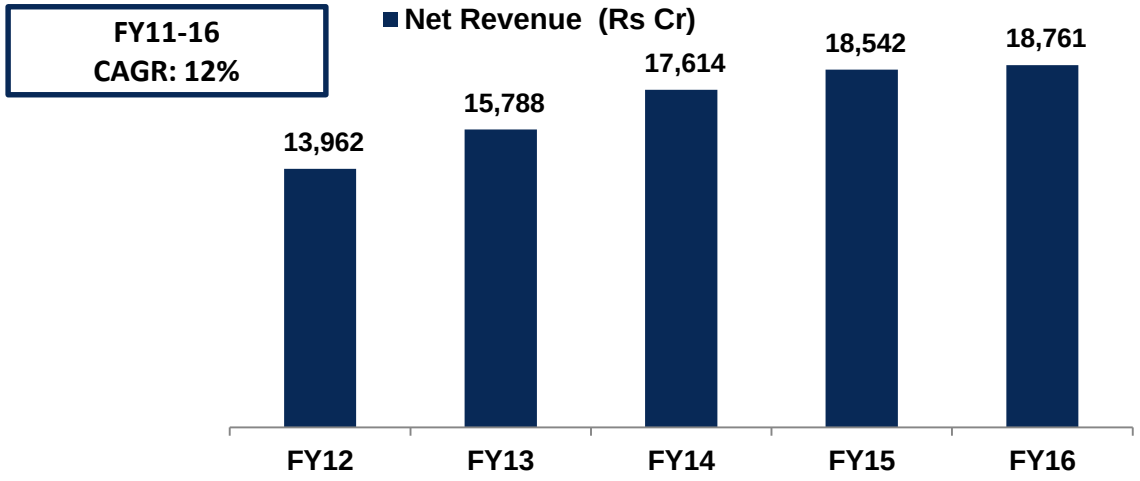
Raychem RPG

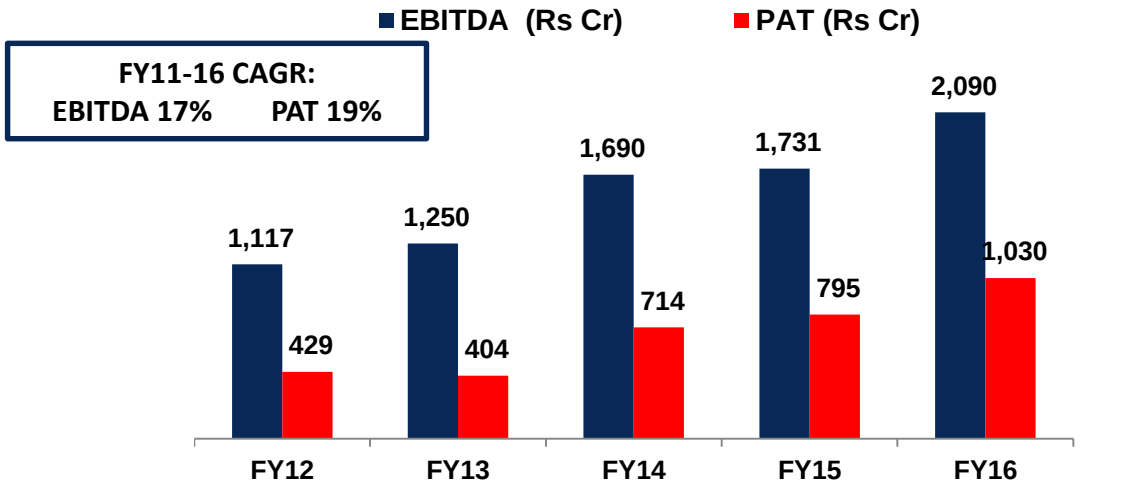
Engineering products and services catering to infrastructure segment of the economy.

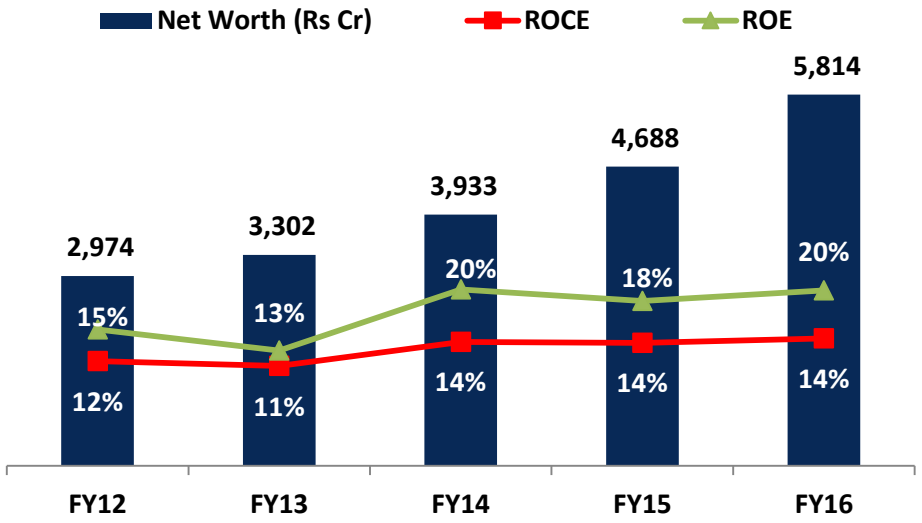
Harrisons Malayalam

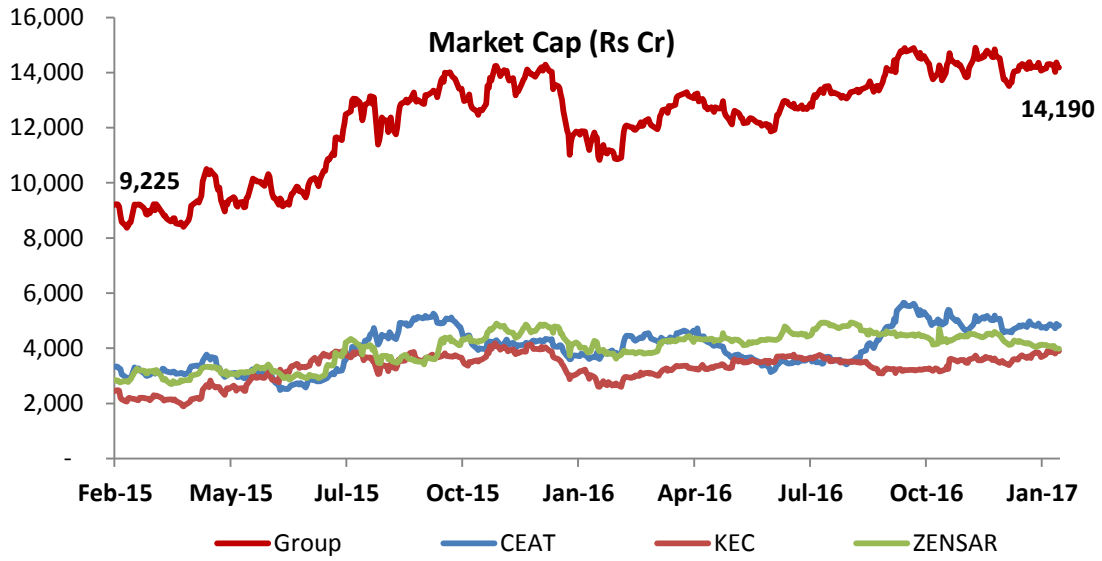
One of India's largest plantation companies with tea, rubber and other agro products.

RPG Group: Key Financials









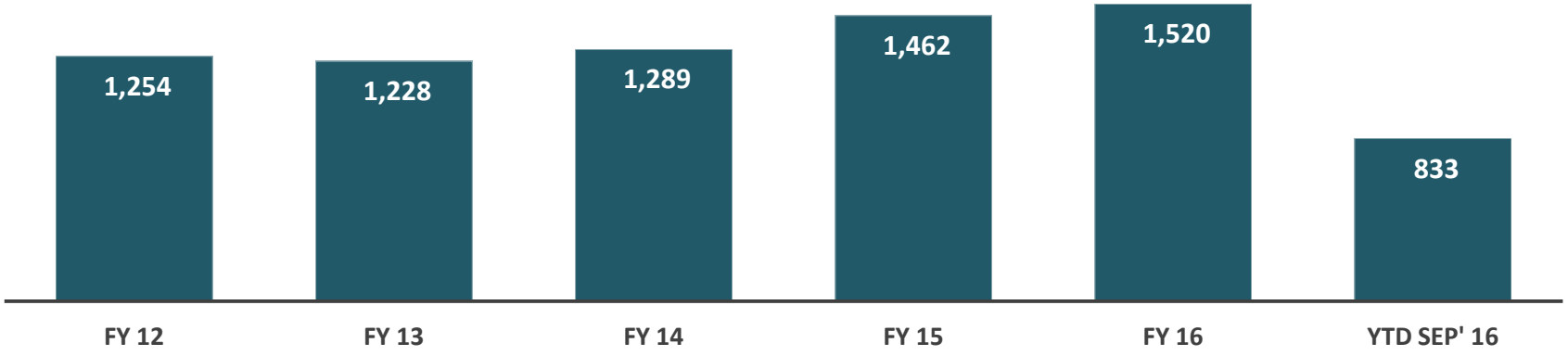
Note:

1) ROCE is calculated by taking EBIT multiplied by (1 minus tax rate @ 33%) divided by Average Capital Employed
2) ROE is calculated by taking PAT divided by Average Net-worth
3) Market Cap updated till 3rd Feb 2017

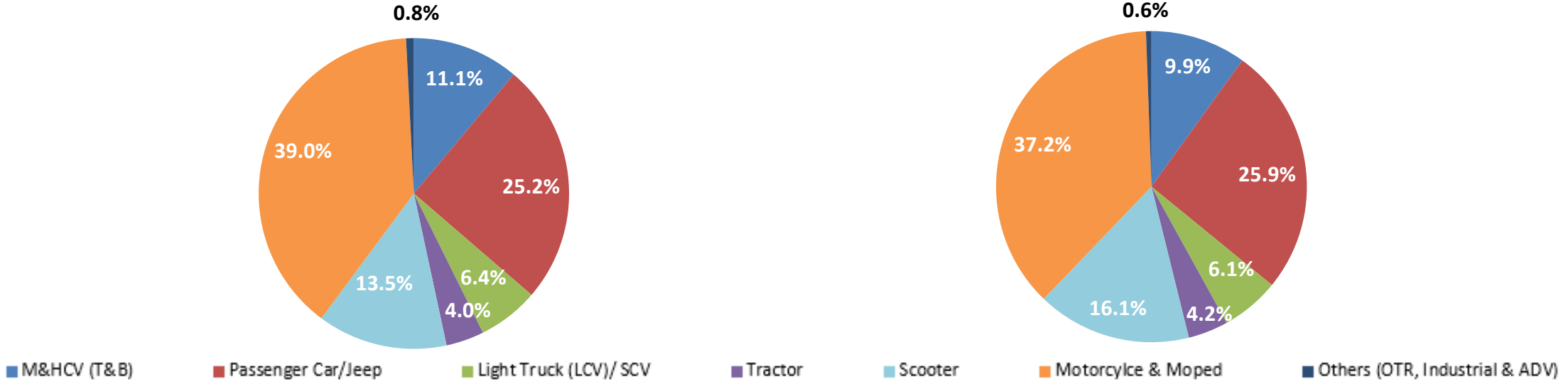
Section 2: Industry Overview

Indian Tyre Industry

Total Tyre Production in India (Volumes in Lakhs)



April-September FY16



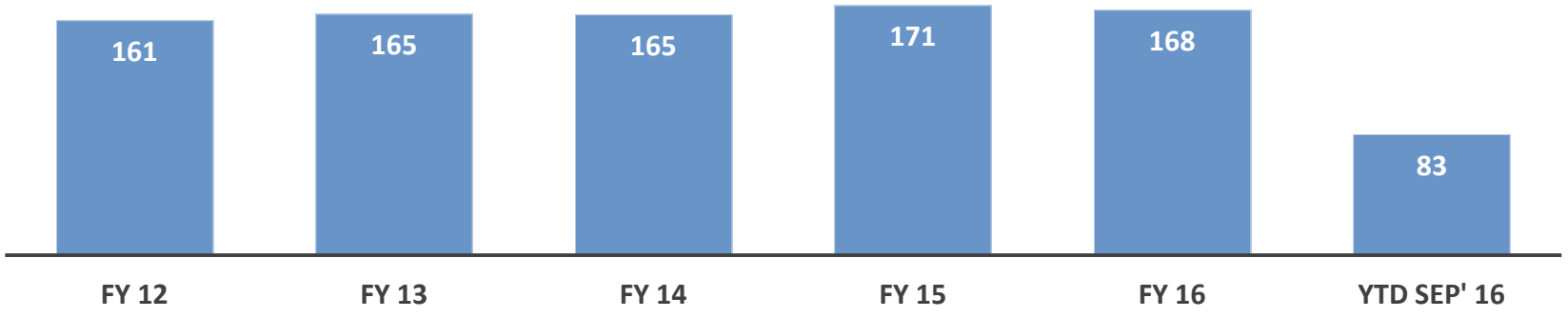
April-September FY17

Source: Industry Sources

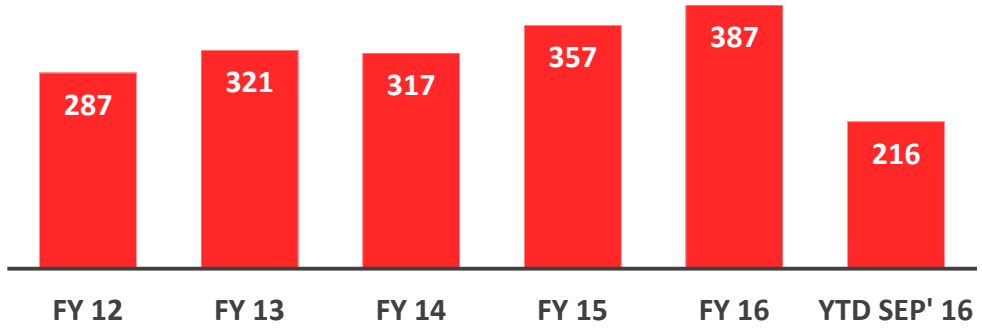
Indian Tyre Industry

Tyre Production in India (Volumes in Lakhs)

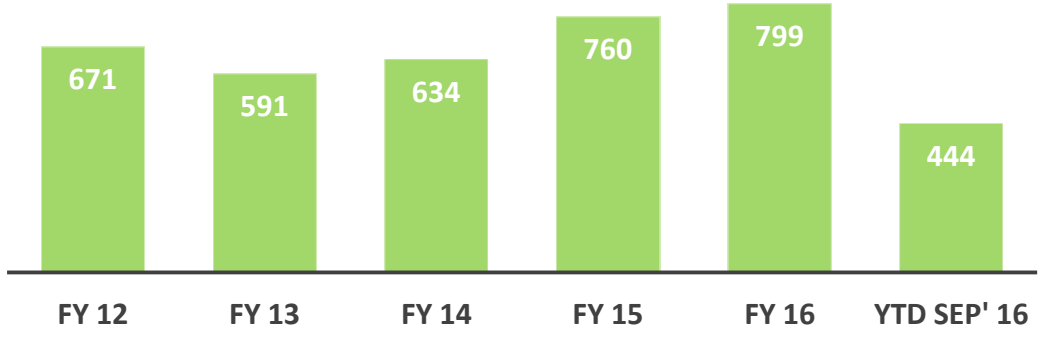
MHCV (T&B)



Passenger Car / Jeep



2 / 3 wheeler



Source: Industry Sources

Section 3: Business Overview

Board of Directors

Harsh Vardhan Goenka
Chairman, Non Executive Director

Anant Vardhan Goenka
Managing Director

Arnab Banerjee
Whole -Time Director

Atul C. Choksey
Non Executive
Independent Director

Haigreve Khaitan
Non Executive
Independent Director

Hari L. Mundra
Non Executive
Non Independent Director

Kantikumar R. Podar
Non Executive
Independent Director

Mahesh S. Gupta
Non Executive
Independent Director

Paras K. Chowdhary
Non Executive
Independent Director

Punita Lal
Non Executive
Independent Director

Ranjit Pandit
Non Executive
Independent Director

S. Doreswamy
Non Executive
Independent Director

Vinay Bansal
Non Executive
Independent Director

Leadership Team

Anant Goenka

Managing Director

Kumar Subbiah

Chief Financial Officer

Arnab Banerjee

Executive Director - Operations

Milind Apte

Senior Vice President - Human Resources

Tom Thomas

Executive Director - Technology & Products

Dilip Modak

Senior Vice President - Manufacturing

Chandrashekhar Ajgaonkar

Senior Vice President - Quality Based Management

Overview

India's leading tyre company with over **50** yrs of presence

Distribution Network : **4,500+** dealers, **400+** exclusive CEAT franchisees

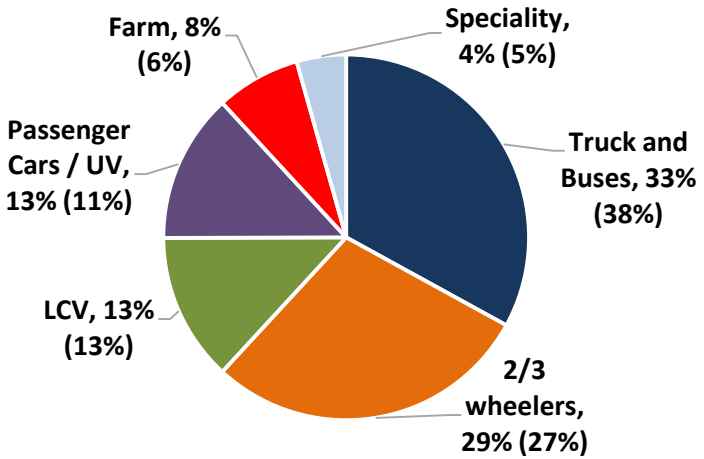
6 Manufacturing facilities - Bhandup, Nasik, Halol, Nagpur, Ambernath* & Sri Lanka

100+ countries where products are sold with strong brand recall

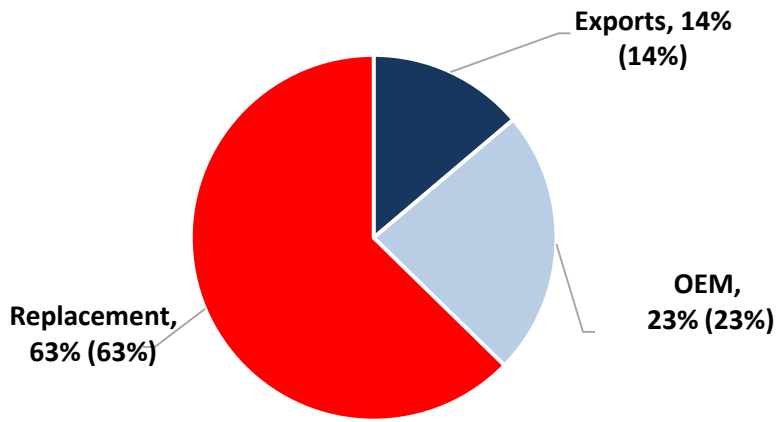
#No 1 player in Sri Lanka in terms of market share

* Under commissioning

YTD Dec'16 Revenue Breakup by Product



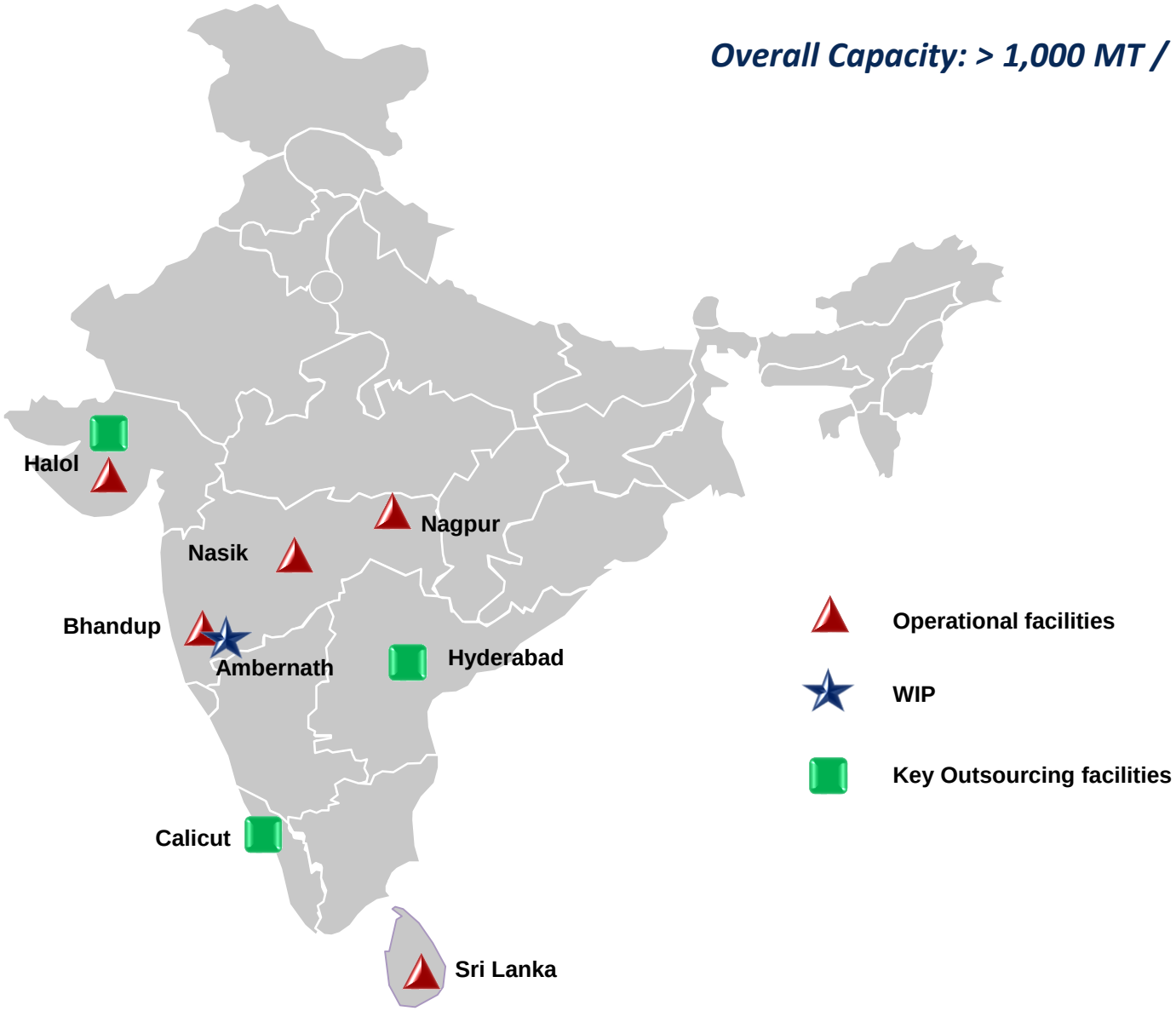
YTD Dec'16 Revenue Breakup by Market



Note : Figures in parenthesis denote YTD Dec' 15

Manufacturing Facilities

Overall Capacity: > 1,000 MT / day



Strategy

Profitable growth

Domestic Market

- ✓ Two wheelers
- ✓ Passenger cars & Utility vehicles

International Market

- ✓ Off Highway Tyres
- ✓ Emerging markets

1. Differentiated Products
2. Strong Brand
3. Extensive Distribution
4. Deep OEM Partnerships
5. World Class R&D
6. Expanding Global Reach

1 Differentiated Products

New Entries and Primary Supplier to OEM's

Key developments

- **Focus on OEM, recent entries as primary supplier for OEM launches-** Tork T6X, Hero Motocorp Achiever 150, Renault Kwid, M&M TUV 300, RE Himalayan, Honda Navi, Bajaj Vikrant V15, Hero Splendor iSmart 110, Datsun Redigo, Suzuki Access 125 etc.
- **Recent entries into OEM's existing models** – Daimler Truck Radials, Suzuki Gixxer, RE Classic, Yamaha FZ, Volvo Eicher Commercial Radial etc.
- **Platforms** like Fuelsmart, Gripp, Mileage etc.

2 Strong Brand

Renault Kwid and Duster ran on CEAT summer & winter tyres from Delhi to Paris without a single puncture during this epic journey

RPG

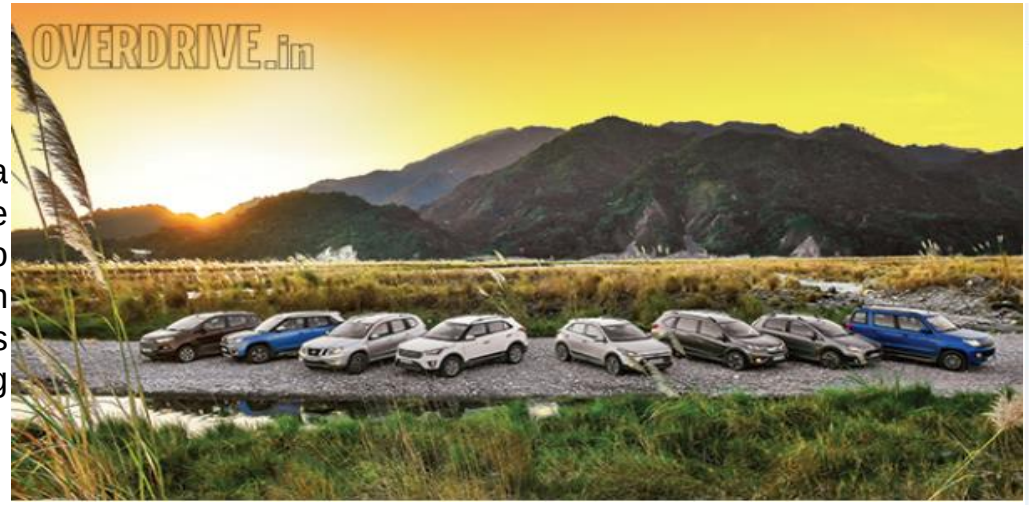
CEAT it helps

In the new 2W TVC, “In the Game of Roads, CEAT Helps”, the concept of “Be Idiot Safe” campaign was evolved to the next level. It reflects CEAT’s purpose of making mobility safer & smarter

#NoMoreFunny
Social Media Campaign

1.47 mn views on yoututbe

CEAT organized a crossover vehicle drive from Guwahati to Arunachal Pradesh with Overdrive. Different cars ran on CEAT tyres during this tough journey



3 Extensive Distribution

Shoppe

Shop in Shop (SIS)

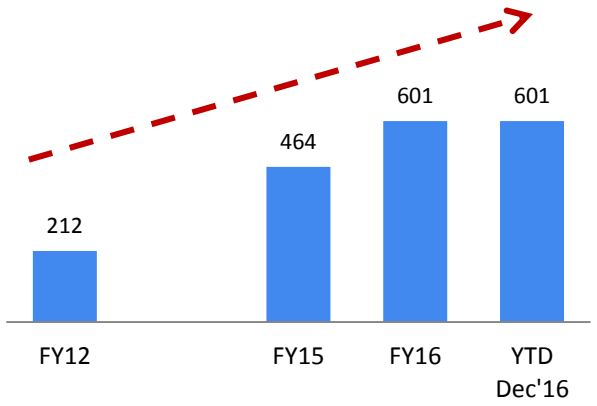
Distribution Network

- 4,500+ dealers
- 400+ CEAT Franchisees (Shoppes + Hubs)
- 250+ two-wheeler distributors
- Developed Multi Brand Outlet / Shop in Shop model over last 2 years. Over 350+ outlets so far
- Launched CEAT Bike Shoppes in Bangalore and Kolkata

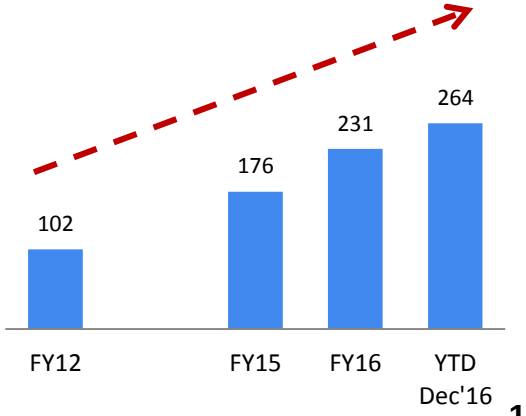
Multi Brand Outlet (MBO)

Bike Shoppe

District coverage



No. of CEAT Shoppes



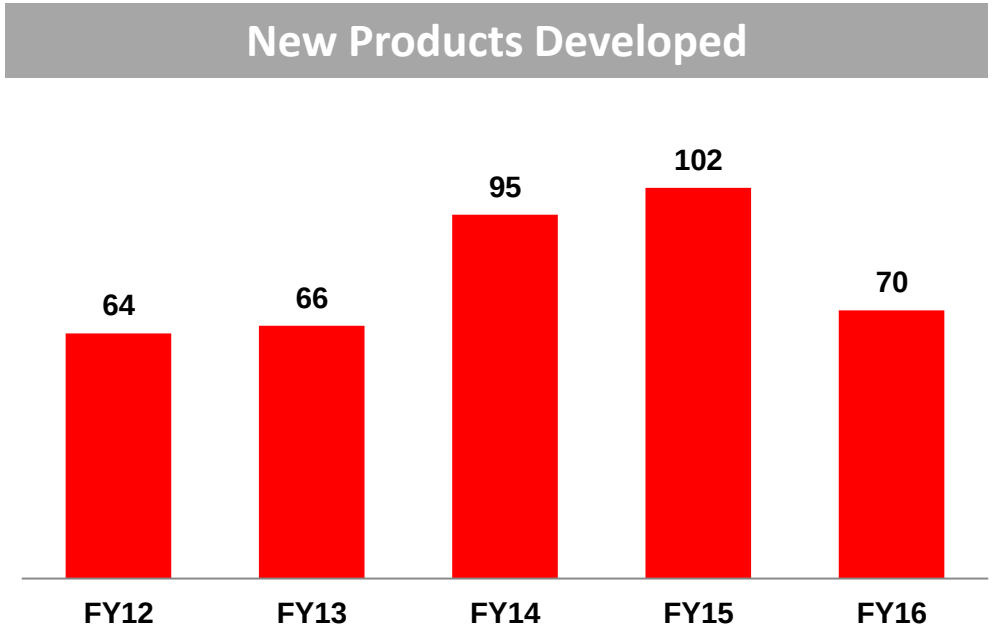
4 Deep OEM Partnerships

TATA MOTORS
Ashok Leyland
VE COMMERCIAL VEHICLES
A VOLVO GROUP AND EICHER MOTORS JOINT VENTURE
ESCORTS
Mahindra
DAIMLER
EICHER
AMW BUILT TO WIN
TAFE

MARUTI SUZUKI
TATA MOTORS
Mahindra
HYUNDAI
RENAULT
FORCE MOTORS
DATSUN

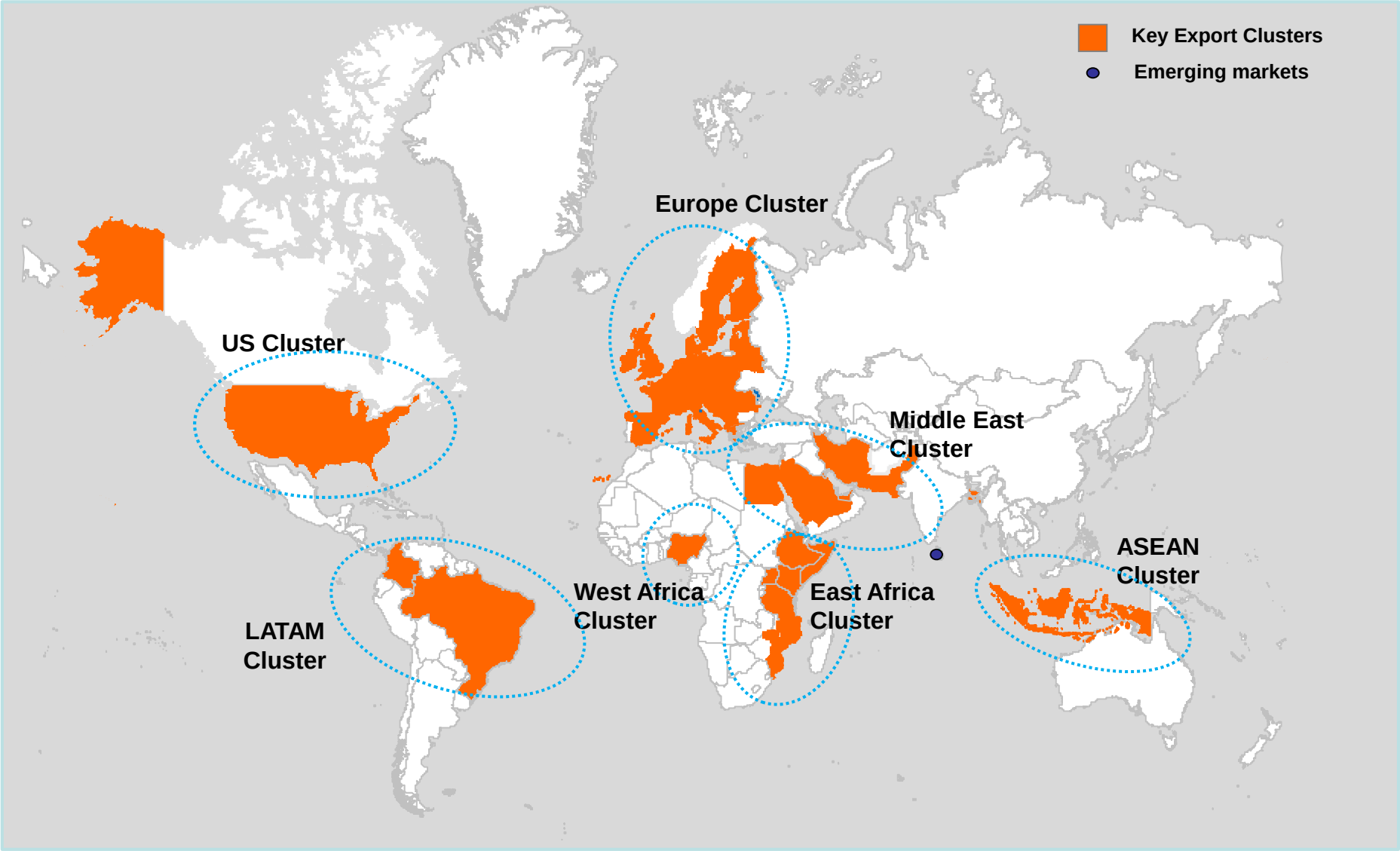
HONDA
Hero
ROYAL ENFIELD
SUZUKI
BAJAJ
Mahindra
YAMAHA
LML
PIAGGIO
TORK MOTORCYCLES

5 World Class R&D



- State of the art R&D facility at Halol plant
- R&D focussed on development of breakthrough products, alternate materials, green tyres & smart tyres
- Partnerships with global institutes
- Increased allocation towards R&D

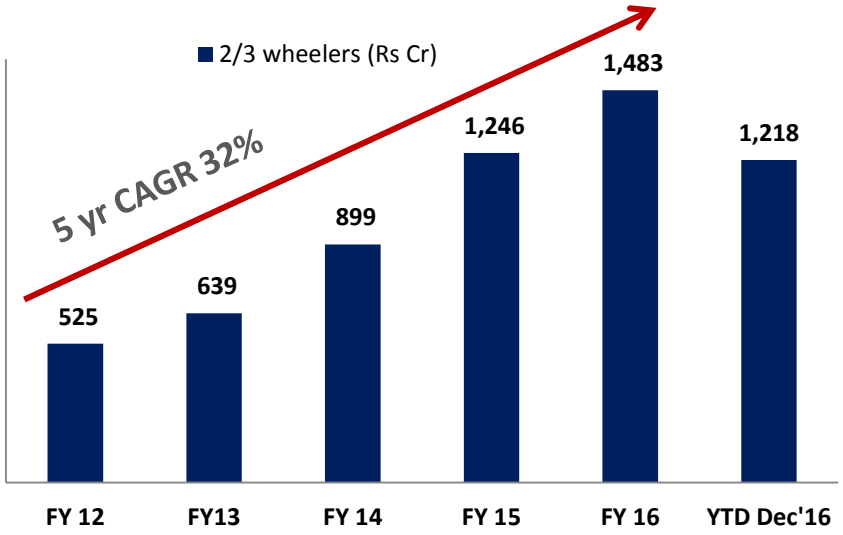
6 Expanding Global Reach

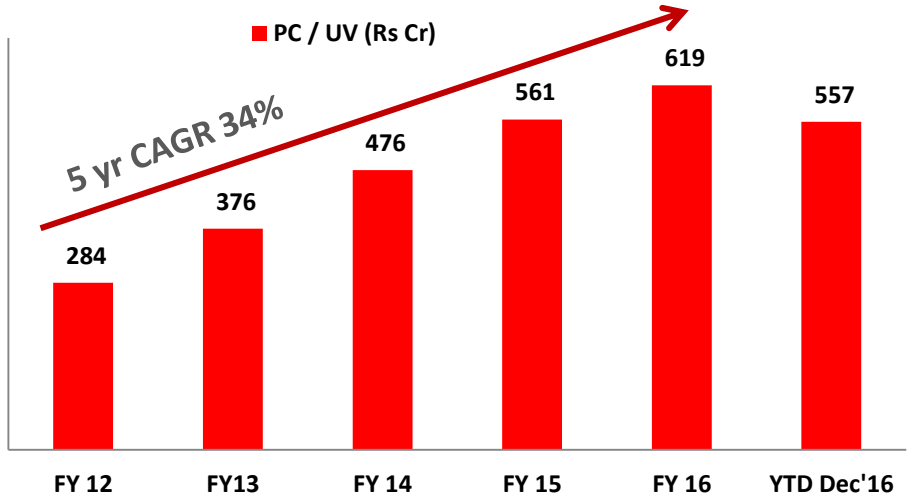


- **Sri Lanka:** Leadership position with 50+% market share
- Focused product and distribution strategy for select clusters

Passenger Segment Trends

Revenue





Expanding Capacities

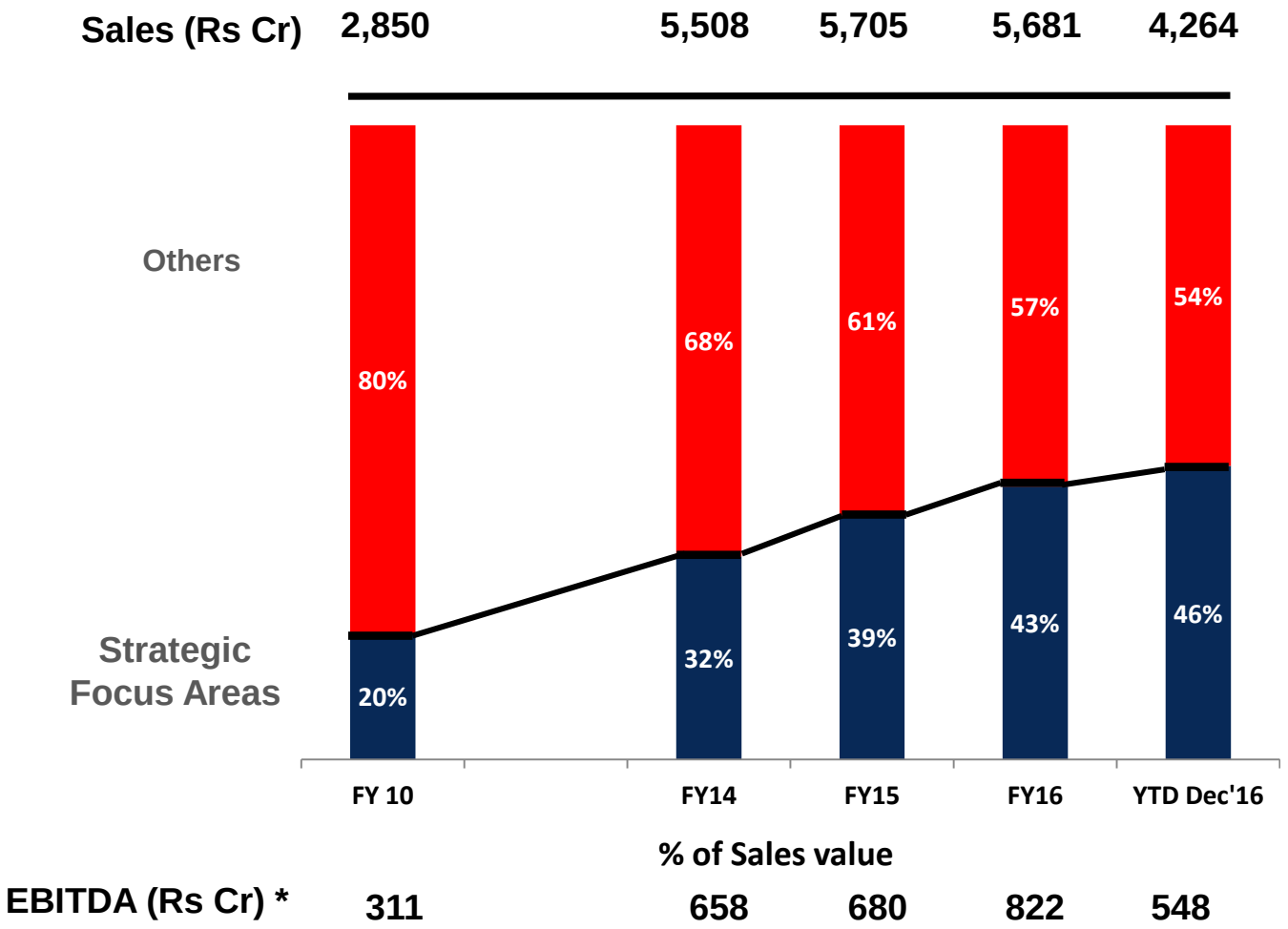
- Nagpur plant commissioned 50 MT/day capacity as of December 2016; total capacity of 120 MT/day
- Halol Phase II plant commissioned 69 MT/day as of December 2016; total capacity of 120 MT/day
- YTD Dec'16/ YTD Dec'15 volume growth: 2 wheelers (+20%), PC/UV (+20%)

Off Highway Tyres

Status Update

- Greenfield OHT (Off Highway Tyres) radial plant in Ambernath
- Investing Rs 330 Crs for a Phase 1 capacity of 40 MT/day which will be further ramped up to 100 MT/day
- Production is expected to commence by Q4 FY17

Strategic Focus Areas – Continued Momentum



Strategic Focus Areas
(Passenger Segment, Specialty Exports & Emerging Markets)

- CAGR of 27%
- 4.3x growth from Rs.570 (FY10) to Rs. 2,450 crs (FY16)
- Substantial contribution towards increasing profitability
- Market share growing

Note
YTD Dec'16 figures are per IND AS; Other financial figures are as per IGAAP as published in previous periods
For YTD Dec'16, Company's investment in Sri Lanka JV is accounted using Equity method under IND AS which was earlier consolidated using proportionate consolidation method
For YTD Dec'16, EBITDA includes profit from Sri Lanka JV (after tax)
EBITDA includes Other operating income; does not include Non- operating income

Section 4: Operational & Financial Overview

Q3 FY17 Operational Highlights

Credit Rating

Long term credit rating upgraded to AA by CARE and India Ratings & Research

Capex Investment

2,800 cr capex investment over next five years.

With this, the capacity will go up by 1 mn TBR tyres, 17 mn 2-Wheeler tyres, 6 mn PCR tryes per annum

OEM approvals & entries

Ashok Leyland PRO R10

Mahindra Bolero Power+

Nissan Milaze

India's first electric bike
Tork T6X launched on CEAT

Bajaj – V12

Consolidated: Q3 FY17 Financial Highlights

Q3 FY17 v/s Q2 FY17 (Q-o-Q)

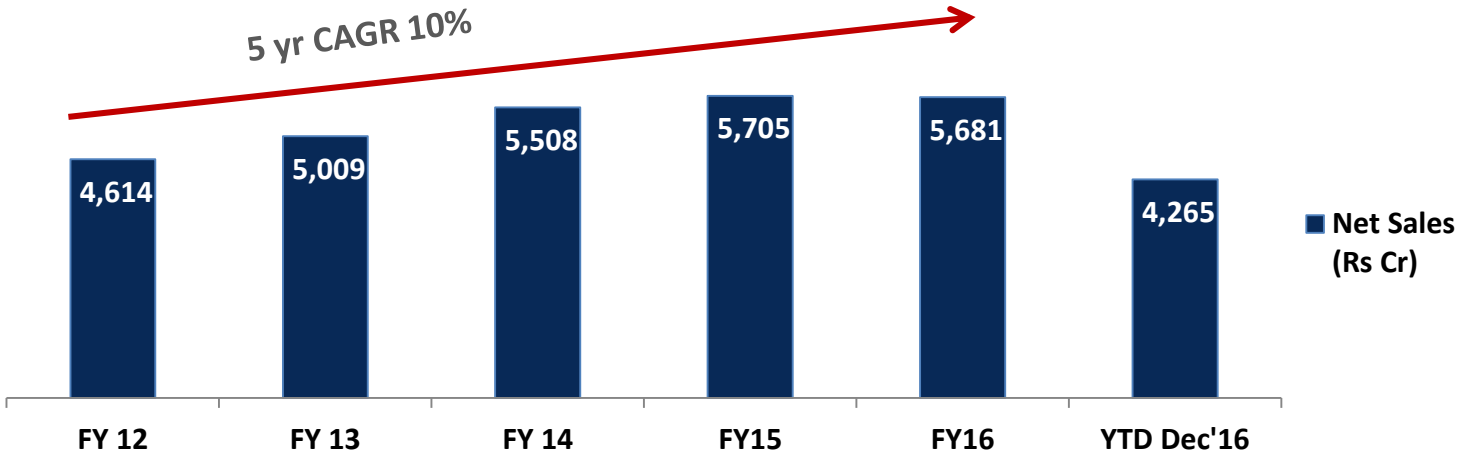
- Sales down by 2.2% at Rs 1,386 Crs from Rs 1,418 Crs; volume decline of 2.2%
- Gross margins have contracted to 40.8% from 42.3%
- EBITDA stood at Rs. 158 crs compared to Rs 194 Crs; margins at 11.4% from 13.7%
- PAT stood at Rs 84 Crs compared to Rs 107 Crs
- Debt / equity at 0.4x compared to 0.3x
- Debt / EBITDA stood at 1.3x from 1.0x

Q3 FY17 v/s Q3 FY16 (Y-o-Y)

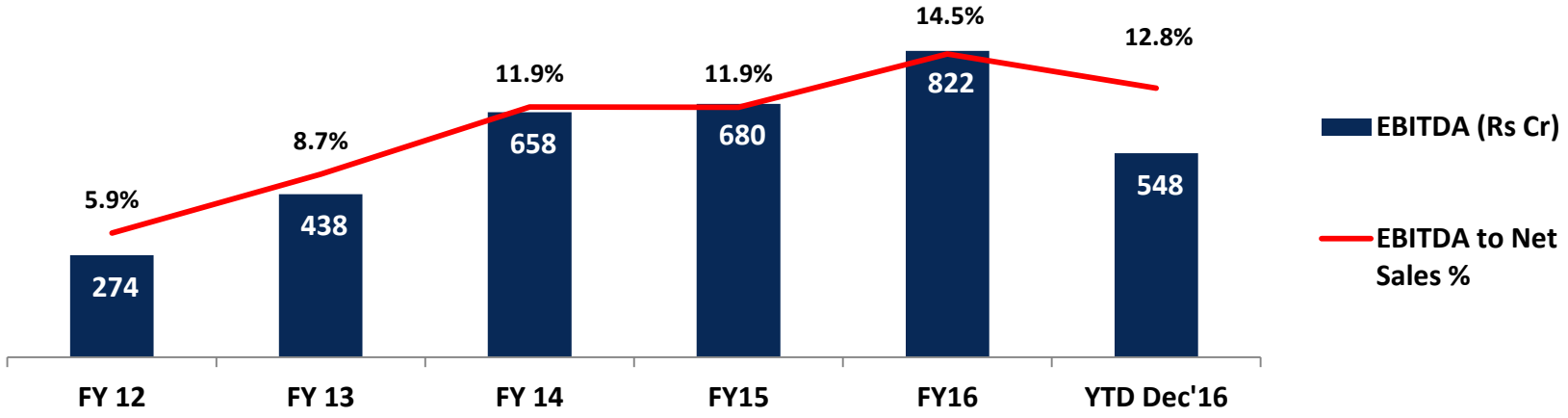
- Sales up by 5.4% at Rs 1,386 Crs from Rs 1,315 Crs; volume growth of 10.7%
- Gross margins have contracted to 40.8% from 44.4%
- EBITDA stood at Rs. 158 crs compared to Rs 201 Crs; margins at 11.4% from 15.2%
- PAT stood at Rs 84 Crs compared to Rs 112 Crs
- Debt / equity at 0.4x; same as for Q3 FY16
- Debt / EBITDA stood at 1.3x from 0.9x

Consolidated: Financial Trends

Revenue growth



Margin trends



Notes

YTD Dec'16 financials are per IND AS; Other financial figures are as per IGAAP as published in previous periods

Company's investment in Sri Lanka JV is accounted using Equity method under IND AS which was earlier consolidated using proportionate consolidation method

For YTD Dec'16, EBITDA includes profit from Sri Lanka JV (after tax)

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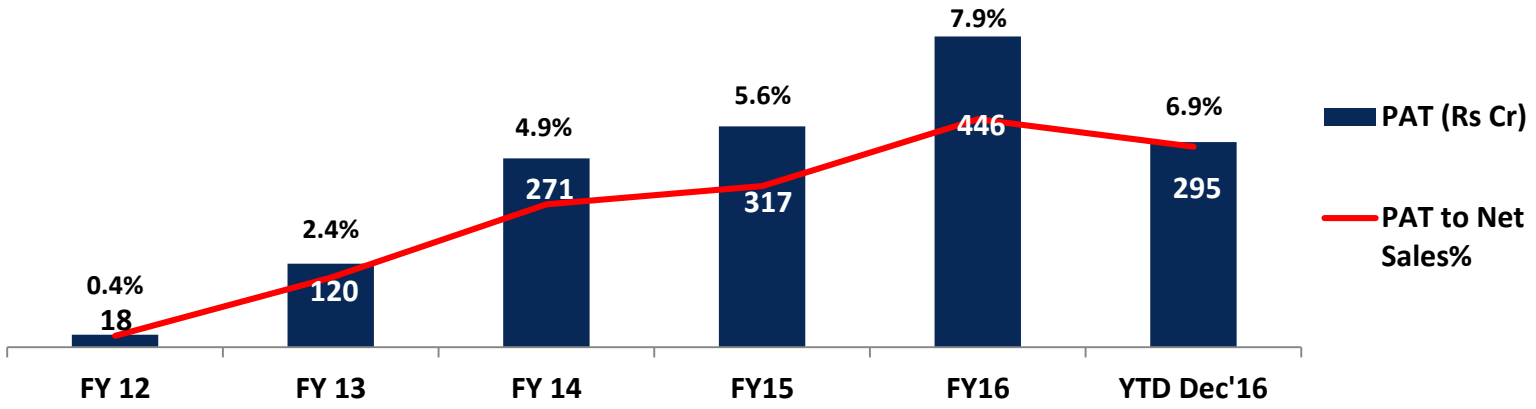
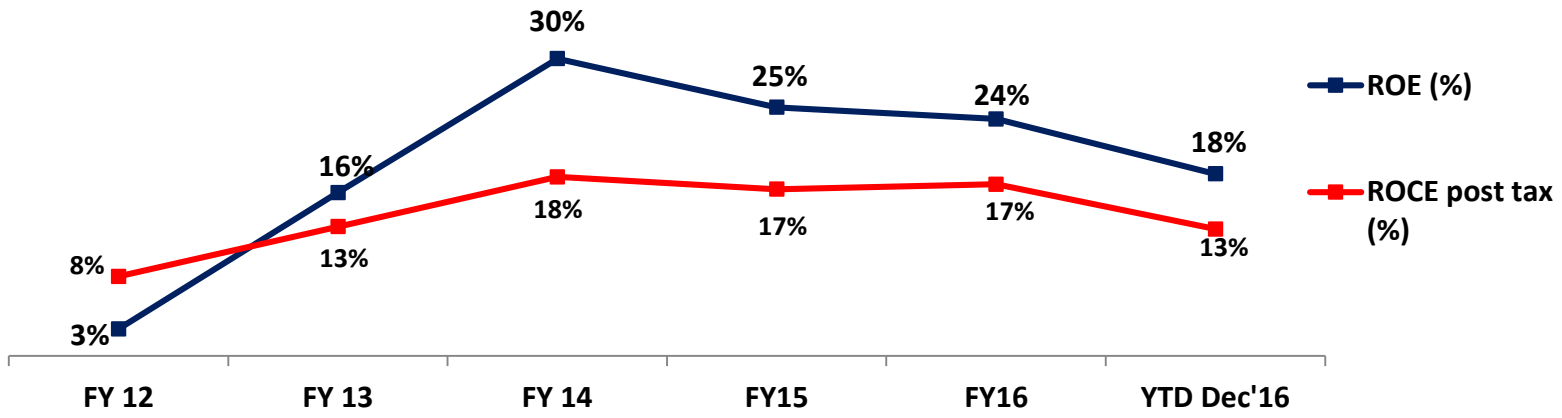
Consolidated: Financial Trends

PAT trends



Return Ratios



Notes

For Income statement figures - FY17 figures are as per IND AS; other figures are as per IGAAP

For Balance Sheet figures – only Q2 FY17 figures are as per IND AS

QIP proceeds considered for part of the year for 2015

ROCE is based on PBIT *(1-tax rate) and average capital employed has been considered for calculations

Consolidated: Q3 FY17 Financials

Rs Cr

Parameter	Q3FY16	Q2FY17	Q3FY17	QoQ	YoY	YTD Dec' 15	YTD Dec' 16	YoY
Net Sales	**1,315**	**1,418**	**1,386**	**-2.2%**	**5.4%**	**4,062**	**4,265**	**5.0%**
Raw Material	731	819	820	0.1%	12.2%	2,303	2,475	7.5%
Gross margin	**584**	**599**	**566**	**-5.5%**	**-3.1%**	**1,759**	**1,790**	**1.8%**
Gross margin %	**44.4%**	**42.3%**	**40.8%**	**-140 bps**	**-360 bps**	**43.3%**	**42.0%**	**-130 bps**
Employee	97	100	106	5.5%	8.7%	296	302	2.0%
Other Expenses	307	323	319	-1.3%	3.9%	903	994	10.0%
EBITDA	**201**	**194**	**158**	**-18.4%**	**-21.1%**	**616**	**548**	**-11.2%**
EBITDA %	**15.2%**	**13.7%**	**11.4%**	**-230 bps**	**-380 bps**	**15.2%**	**12.8%**	**-230 bps**
Finance Cost	20	16	19	17.5%	-3.7%	69	61	-11.7%
Depreciation	26	32	35	10.7%	33.0%	73	97	33.5%
Operating PBT	**155**	**147**	**105**	**-28.5%**	**-32.4%**	**476**	**391**	**-17.9%**
Exceptional expense	-	-	-	-	-	1	1	-17.4%
Non-Operating income	5	4	6	55.2%	10.2%	21	15	-28.5%
PBT	**159**	**150**	**110**	**-26.6%**	**-31.2%**	**495**	**404**	**-18.4%**
PAT	**112**	**107**	**84**	**-21.6%**	**-25.3%**	**339**	**295**	**-13.1%**

Notes

Figures are as per IND AS

Company's investment in Sri Lanka JV is accounted using Equity method under IND AS which was earlier consolidated using proportionate consolidation method

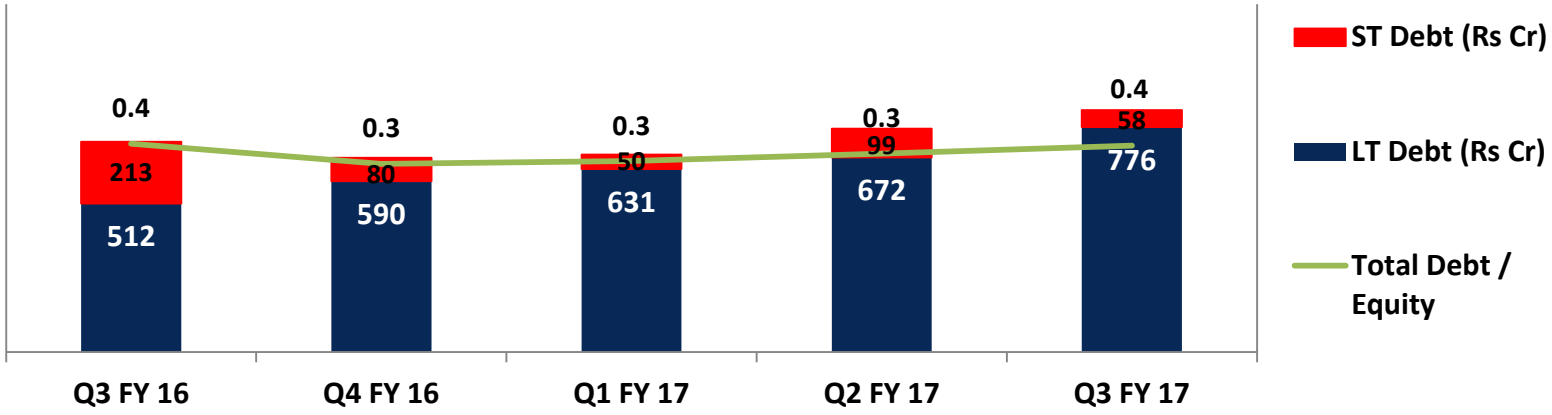
EBITDA includes profit from Sri Lanka JV (after tax)

EBITDA includes Other operating income; does not include Non- operating income

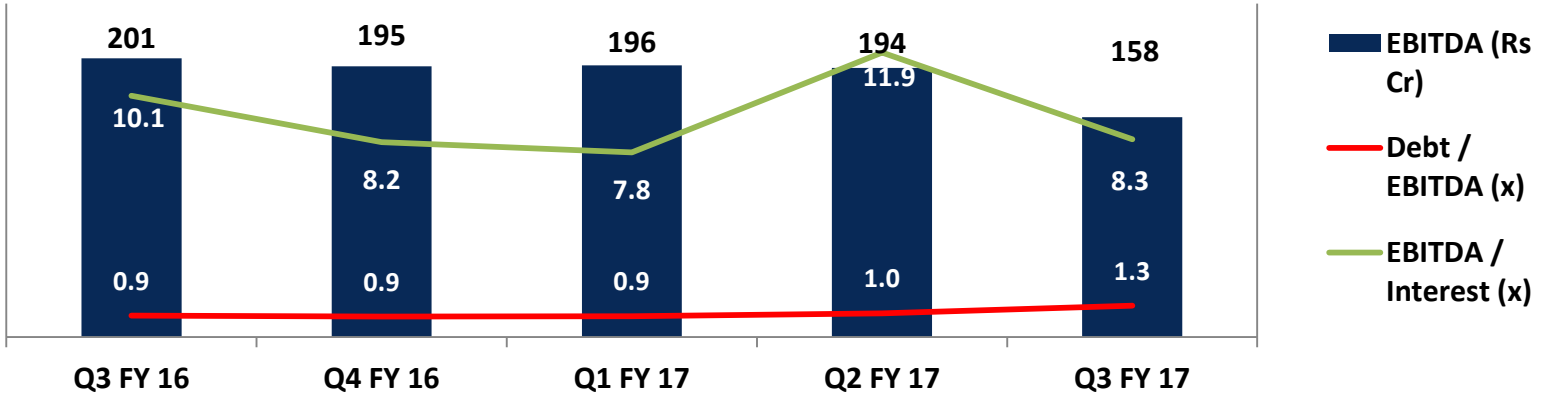
Consolidated: Leverage / coverage Profile

Total Debt (Rs Cr)	725	670	681	770	834

Debt breakup



Leverage ratios



Notes

For Income statement figures - FY17 figures are as per IND AS; other figures are as per IGAAP

For Balance Sheet figures – only Q2 FY17 figures are as per IND AS

Company's investment in Sri Lanka JV is accounted using Equity method under IND AS which was earlier consolidated using proportionate consolidation method

FY17 EBITDA includes profit from Sri Lanka JV (after tax)

EBITDA includes Other operating income; does not include Non- operating income. Debt includes current maturities of long term debt

Standalone: Q3 FY17 Financials

Rs Cr

Parameter	Q3FY16	Q2FY17	Q3FY17	QoQ	YoY	YTD Dec' 15	YTD Dec' 16	YoY
Net Sales	**1,310**	**1,404**	**1,371**	**-2.3%**	**4.6%**	**4,046**	**4,221**	**4.3%**
Raw Material	734	816	813	-0.3%	10.8%	2,305	2,463	6.9%
Gross margin	**576**	**587**	**558**	**-5.1%**	**-3.2%**	**1,742**	**1,758**	**0.9%**
Gross margin %	**44.0%**	**41.8%**	**40.7%**	**-120 bps**	**-330 bps**	**43.0%**	**41.6%**	**-140 bps**
Employee	92	95	100	5.2%	7.9%	281	285	1.3%
Other Expenses	294	316	319	0.7%	8.2%	885	981	10.9%
EBITDA	**196**	**185**	**151**	**-18.8%**	**-23.4%**	**604**	**521**	**-13.7%**
EBITDA %	**15.0%**	**13.2%**	**11.0%**	**-220 bps**	**-400 bps**	**14.9%**	**12.3%**	**-260 bps**
Finance Cost	19	16	19	18.7%	-5.0%	68	59	-13.8%
Depreciation	26	31	35	10.8%	32.9%	72	96	33.5%
Operating PBT	**152**	**139**	**98**	**-29.5%**	**-35.3%**	**465**	**367**	**-21.0%**
Exceptional expense	-	(0)	-	-100.0%	-	1	1	-17.0%
Non-Operating income	12	5	24	351.0%	101.2%	41	36	-12.2%
PBT	**163**	**144**	**121**	**-15.7%**	**-25.6%**	**502**	**401**	**-20.0%**
PAT	**117**	**102**	**94**	**-7.5%**	**-19.4%**	**348**	**292**	**-16.0%**
Volumes (mt)	**65,200**	**73,700**	**72,300**	**-2.0%**	**10.8%**	**1,98,000**	**2,12,000**	**12.2%**

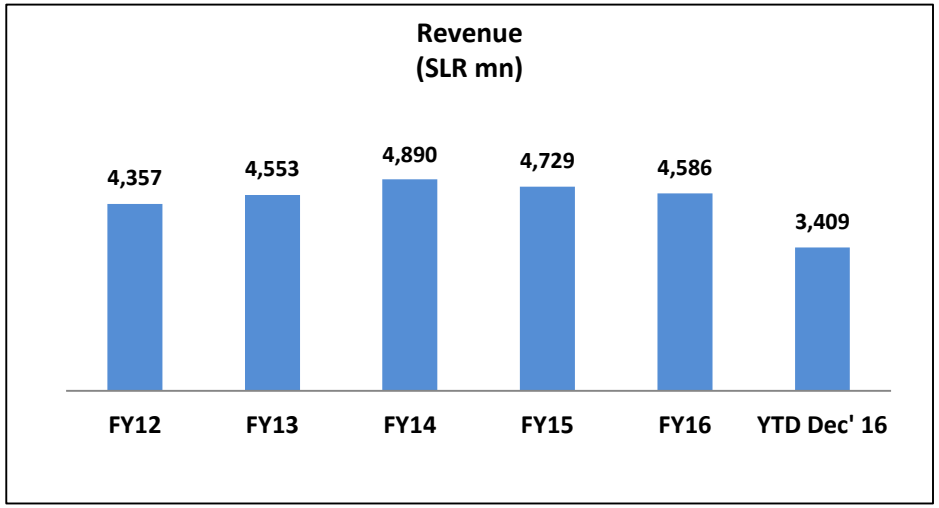
Notes

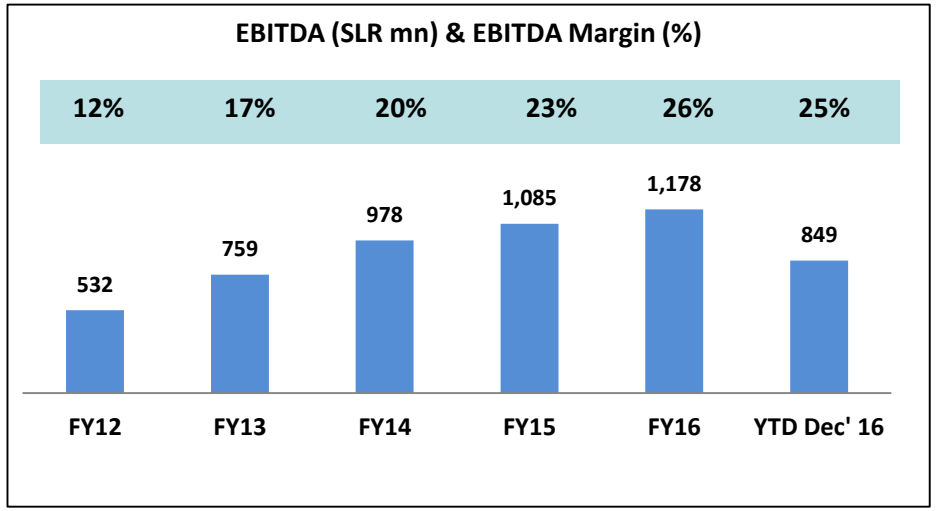
Financials are as per IND AS

EBITDA includes Other operating income; does not include Non- operating income

Emerging Markets Trends

Sri Lanka

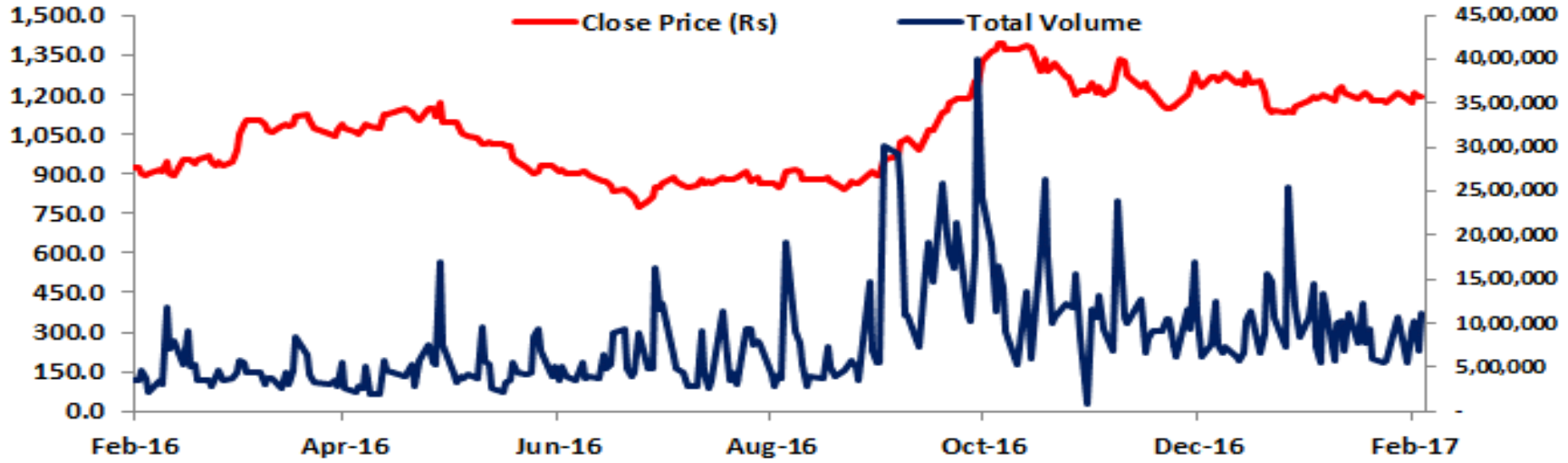




- 50% JV with Kelani Tyres Ltd
- Strong presence in the truck, light truck, 2 / 3 wheeler and radial tyre segments
- Two manufacturing facilities with total capacity of 61 MT/day
- Only company with local presence supported by brand, network & strong after sales service
- Q3 FY17 Volume stood at 3,955 MT

Notes
EBITDA = Profit before taxation + Depreciation and Amortization Exps + Finance Costs (EBITDA includes non-operating income)
Capacity refers to achievable capacity

Equity Shareholding & Price trends

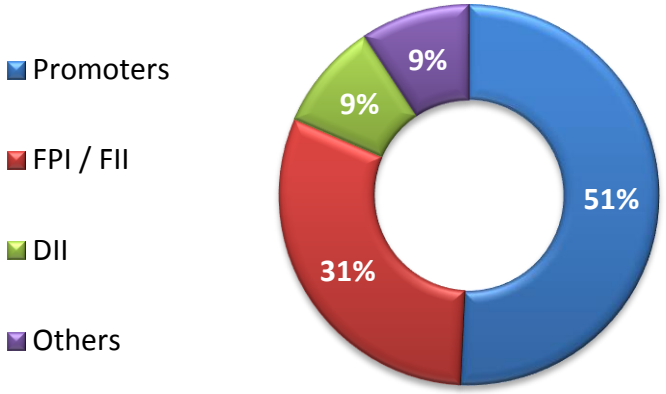


Source : Capitaline
Data is updated till 3rd Feb 2017

Returns since Feb' 16

- CEAT: 29%
- Sensex: 14%

Shareholding Pattern as on December 31, 2016



Market Information

- Market Price (Feb 3): Rs 1,193/share
- Face Value : Rs 10/share
- Market Cap (Feb 3): Rs 4,829 Cr

THANK YOU