

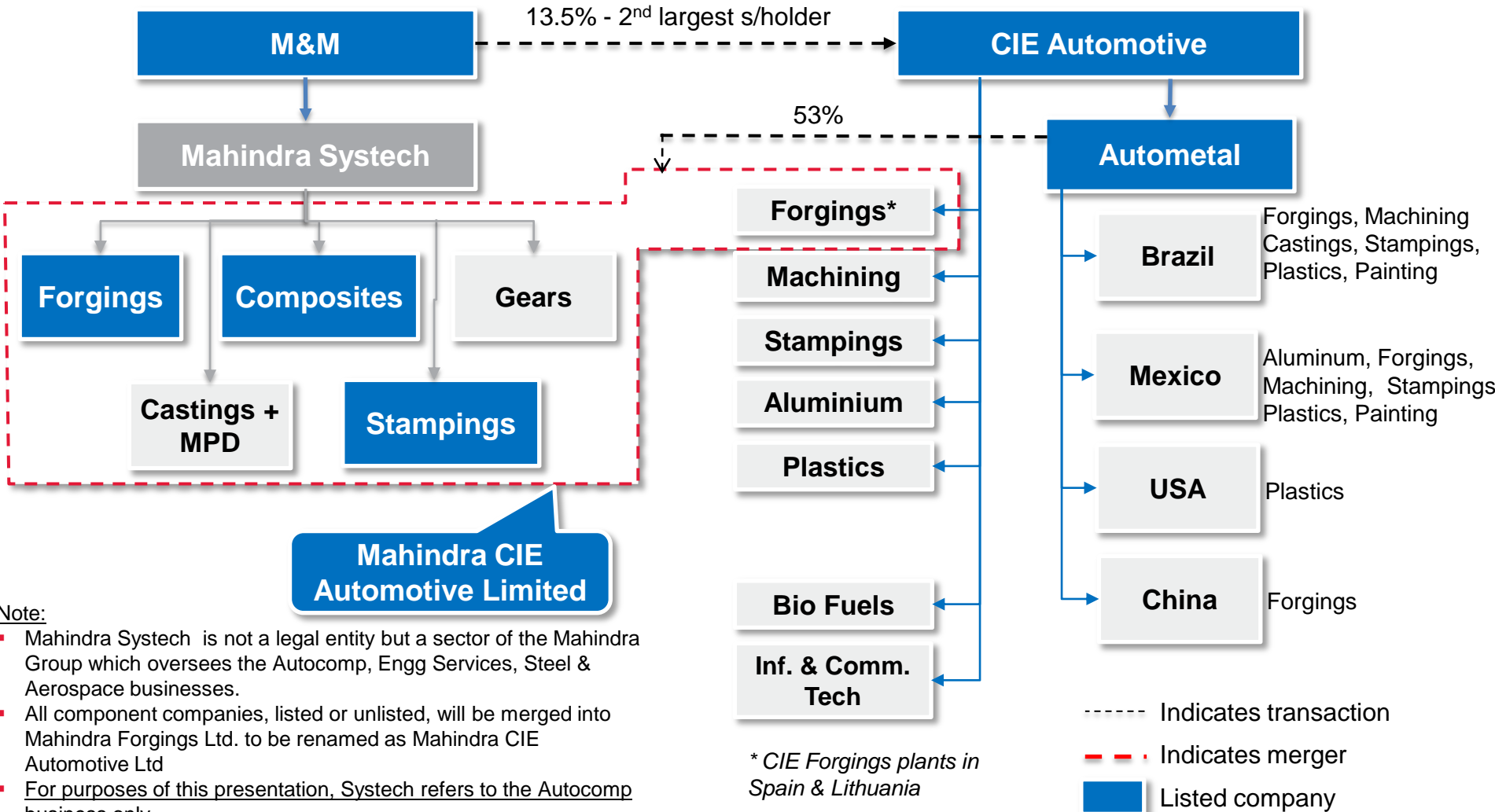


Investor Presentation

October, 2013

Mahindra + CIE Alliance: Overview

M&M Partner at 2 levels—CIE Group, Spain & Mahindra CIE, India



Mahindra + CIE Alliance: Transaction

Transaction in two steps

Transaction Steps & Timeline

Event	Estimated Dates
Transaction Signing	✓ June 15, 2013
CIE/Autometal to purchase stakes in MFL, MCL and MHIL and Closure of Open Offer at MFL & MCL. Simultaneously M&M to purchase stake in CIE.	✓ Oct, 2013
Mahindra CIE is created via a merger of Systech Companies & CIE Forgings*	April, 2014

Regulatory Approvals

- Competition Commission of India ✓
- Bundeskartellamt, Germany (Anti-Trust Authority) ✓
- SEBI Clearance for the Letter of Offer (Open Offer) ✓
- High Court and shareholders' approval for the merger

* To enable the merger of the Stampings business (MUSCO) with MFL, its steel subsidiary Mahindra Sanyo Steel has been merged into M&M

Mahindra Group: Autocomp Strategy

The CIE alliance is 'atypical' but accelerates Group strategy for Autocomp

Group Autocomp Strategy

Consolidate all component companies – 'One Systech' - to create a large listed entity

Globalize beyond Europe & India to other emerging markets

Achieve leadership position in few categories.

Create financial resources and international management bandwidth to manage globalization consolidation strategy

How the Alliance Helps?

- Helps **M&M continue its commitment to autocomp**
 - 2nd largest shareholder of CIE listed in Spain
 - Significant minority holding in **Mahindra CIE listed in India** and consisting of 'One Systech' + 'CIE Forgings Europe'
- Has a footprint in all major automotive growth markets – **India, Brazil, NAFTA, Europe, China***
- Provides the Group's mobility business with a global supply chain.
- Creates a **global forgings powerhouse**
- **From a majority owner of small two continent business to a minority 2nd largest shareholding in a large global components company of ~USD 3 Bn**
- Accelerates the execution of the Group strategy for auto components*

* Details Later

Mahindra + CIE Alliance: Rationale

Accelerates the globalisation & consolidation strategies of both CIE & Systech

- Globally, **automotive suppliers are consolidating** via M&A/partnerships to attain critical mass
 - Between 1990 and 2010, no. of suppliers has reduced from 60000+ to less than 10000
 - Critical mass for meeting the increasingly stringent technological & financial requirements of OEMs
- **Suppliers increasing expected to have global presence and standards**
 - Vehicle platforms and standards converging globally; Chinese/ Indian OEMs rapidly approaching global standards; 16% of Indian car production currently exported
 - Customers seeking global suppliers for global platforms (OEMs and Tier1s) but with local presence in markets to enable localisation
- **Emerging markets are becoming increasingly important** for the auto industry

Both Mahindra & CIE Groups are globalising their components business

- Mahindra's component business is 7% of group revenues but has the highest manufacturing footprint outside India (55% of revenues)
- CIE has presence in five continents – N & S America, Europe, Asia & Africa – and is constantly increasing its footprint especially in emerging markets

Mahindra + CIE Alliance: Rationale

The alliance will consolidate into a large global component group

Mahindra Systech



CIE Automotive

Segments

Forgings, Castings, Composites,
Stampings, Gears

Forgings, Castings, Composites,
Stampings, Roof Systems

Markets

India, Germany, UK, Italy

NAFTA, Mercosur, Europe, China,
Russia, Morocco

**Size
(Eur mn)**

575 (FY2013)

1,647 (CY2012)

EUR 1 = INR 70

Global Alliance

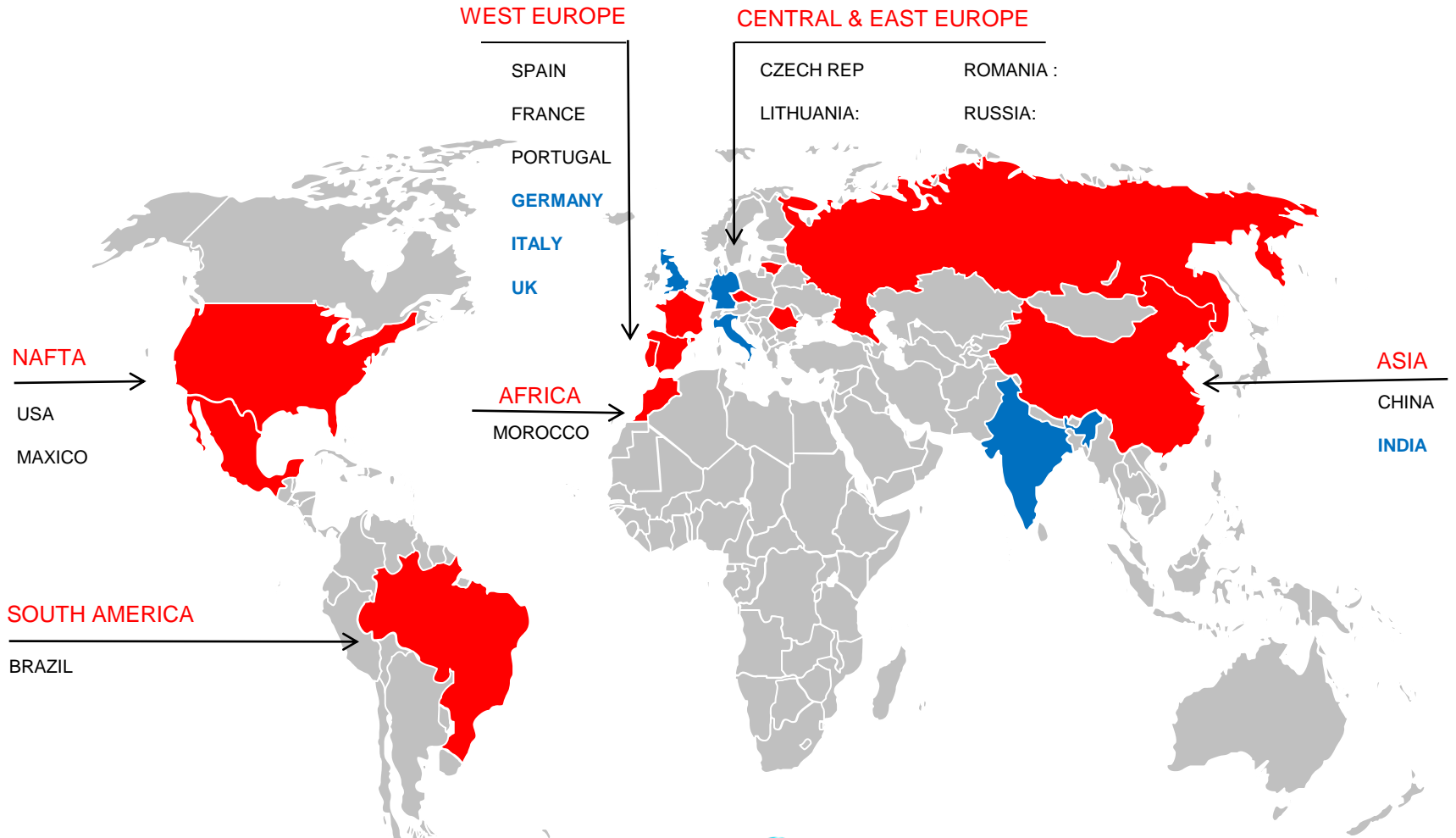
- Total Sales : EUR 2.2 bn/ Rs 15,000cr. , of which BRIC ~40%
- Presence in all key markets (except Korea/Japan)
- Exchange Listings in India, Brazil, Spain

CIE Automotive + Mahindra Systech

The Alliance covers the most important auto markets

CIE : Euro 1650mn, 16000 Employees

Systech : Euro575mn, 9000 Employees



Mahindra + CIE Alliance Rationale

Mahindra & CIE have similar values and focus areas

		
Focus on financial returns	✓	✓
Strong organic & inorganic growth	✓	✓
Multi - technology	✓	✓
Decentralized (local) decision process	✓	✓
Independent business units	✓	✓
JV / Acquisition Focus	✓	✓
Globalization	✓	✓

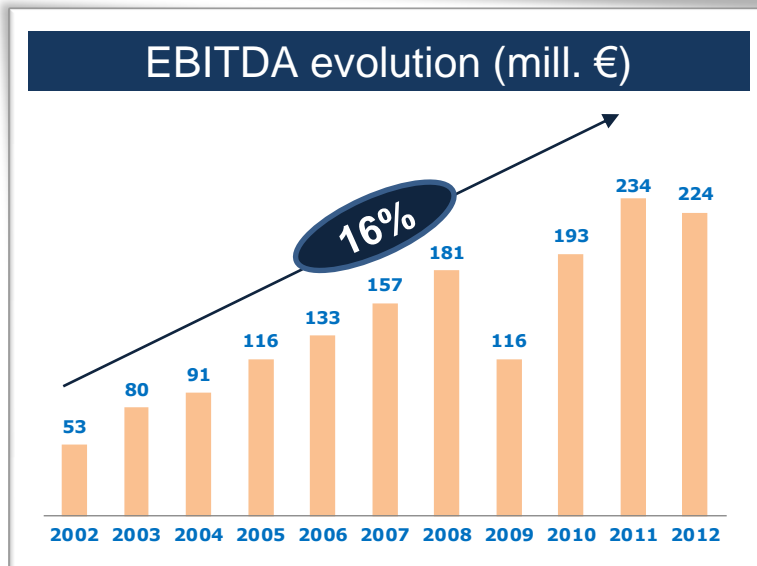
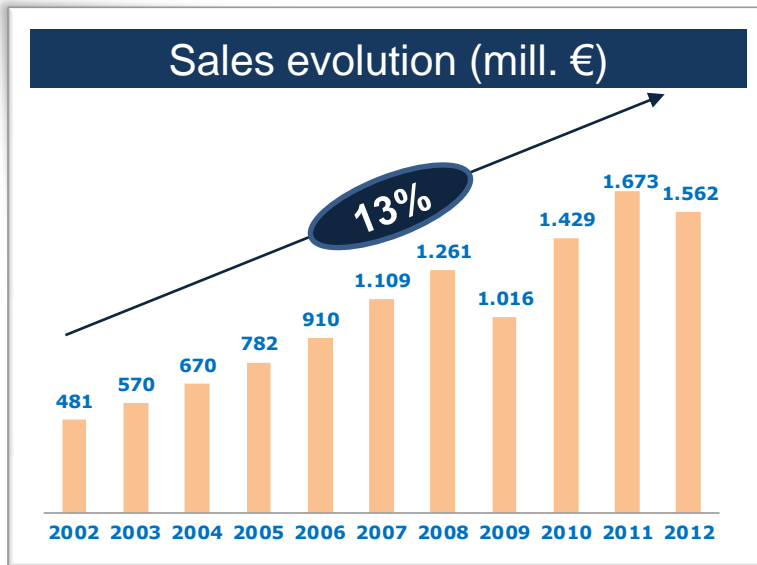
Both Mahindra & CIE evaluated many partners before zeroing in on the alliance

Leadership & Governance

- M&M to have two members on board of CIE, Spain
- CIE to have majority control of Mahindra CIE
- Joint pool of business leaders to be created

CIE Overview: Performance

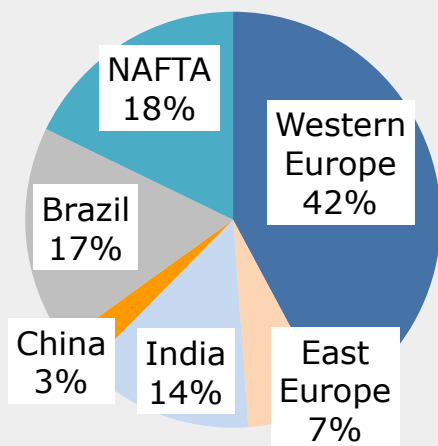
Profitable growth history over 10 years...driven by a strong business model



CIE Overview: Management Capabilities

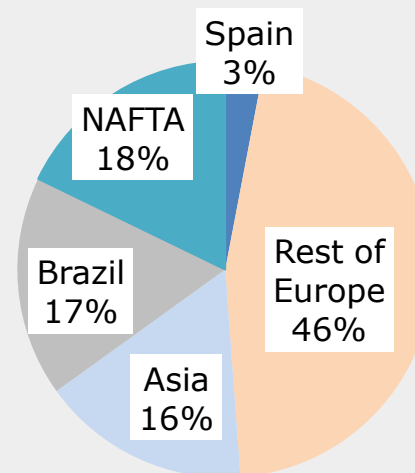
An international & highly diversified company

Sales by geographic area - origin
(2013E; automotive; Proforma including FY2012 for Mahindra CIE)



- 70 production plants and 8 R&D centres in Europe, Brazil, NAFTA, India and China

Sales by geographic area - final destination
(2013E; automotive; Proforma including FY2012 for Mahindra CIE)



- Only 3% of sales are directly dependent on the Spanish consumer market

(NAFTA: North American Free Trade Agreement (includes Canada, USA and Mexico))

CIE Sales and EBITDA show a balance between developed and high growth markets

CIE Overview: Management Capabilities

Management model based on: Diversification, operational strategy and lean and decentralized management. Focused on improving profitability

Profit in all the plants around the world

Ebitda \approx 16%
Automotive

During the European Crisis
improvement of 5pp

Unique and globally integrated organization prepared for growth

Corporate expenses <1%

Experience in the successful integration of companies (Price = Ebitda X3 in 3years)

CIE Team commitment to improve the profitability of the new integrated companies.



CIE Overview: Financial Strength

Financial strategy focused on cash, controlling leverage & diversifying financial markets

Free Cash >40% Ebitda

RONA >15%

Net Debt <2X Ebitda

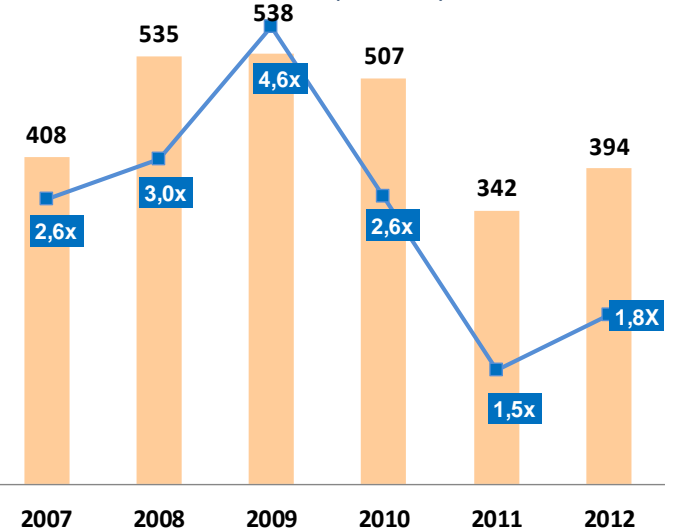
Diversification of financial markets

Stock market diversification

Cash available >500M€

Net Financial Debt Evolution

Net Financial Debt (mill. €)



CIE Overview: Growth Strategy

CIE wants to be in the markets where it can get significant market share
Growth in NAFTA; recovery+opportunistic in Europe; selective in Brazil;

Market Situation

Strategy



NAFTA

- Growing rapidly as US market recovers

- Start new greenfields in other technologies will allow for increasing the market share



Europe

- Market level 75% of peak
- Spanish industry rising in competitiveness

- Growth only in Market niches and opportunities that allow a great value generation
- When market reaches 100% we will attain excellence.



Brazil

- Market continues growing but the country's competitiveness is going down

- Differentiation by positioning in other more competitive emerging markets: Mexico and India.

CIE Overview: Growth Strategy

**CIE wants to be in the markets where it can get significant market share:
India will be the growth driver in Asia; China and Russia only niches**

Market Situation

Strategy



India

- Market expected growth from 3.7 to 10 million units in 10 years

- Enter now to take advantage from the beginning



China

- Growing Market but impossible to have significant market share and thus difficult to obtain profitability

- Growth only in strategic products



Russia

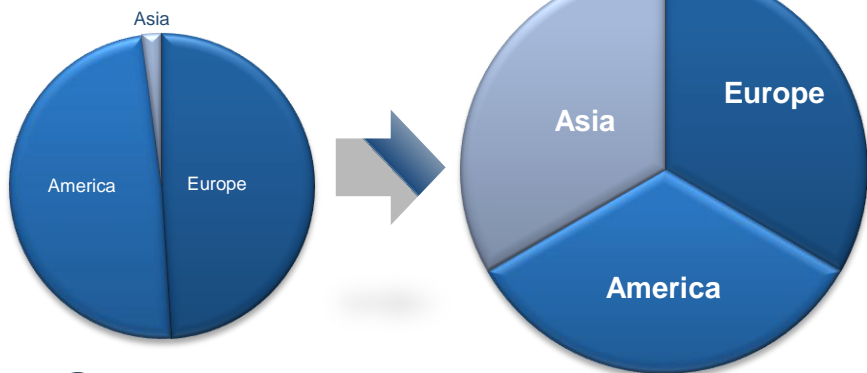
- Difficult market situation and difficult to get market share

- Develop only strategic products (aluminum engine parts and forging crankshafts)

CIE Overview: Value Creation

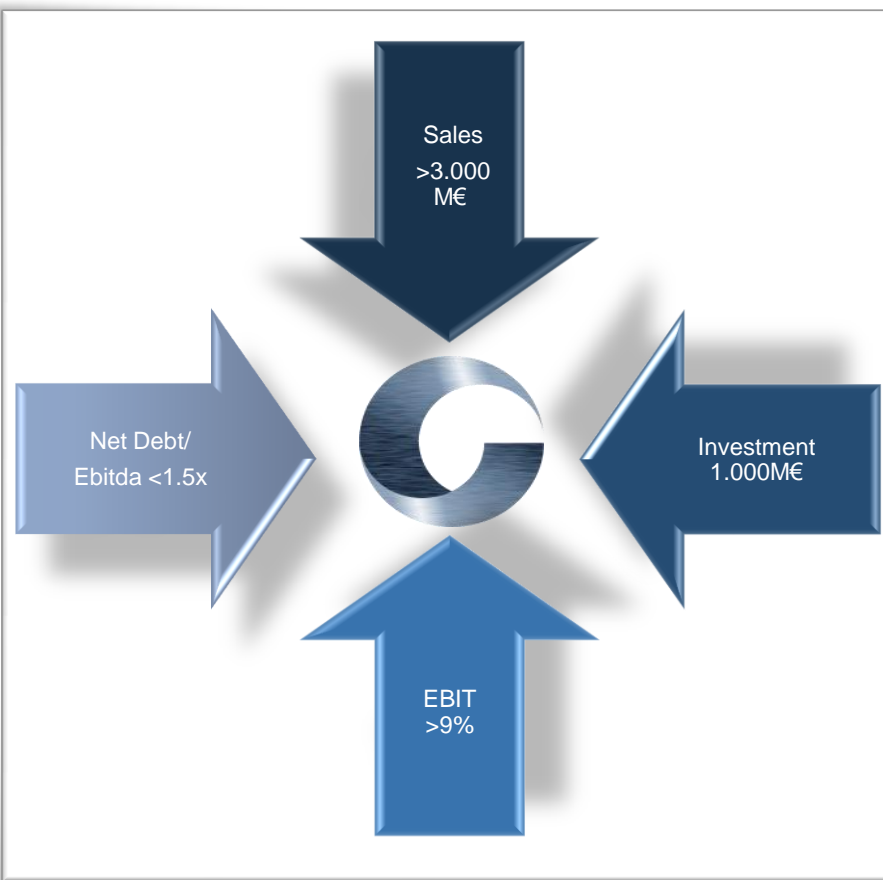
**Maintenance of profitability levels:
Improvement of profitability of the new integrated companies**

Turnover over 3.000 Mio€
CAGR > 15%



Sales 2012

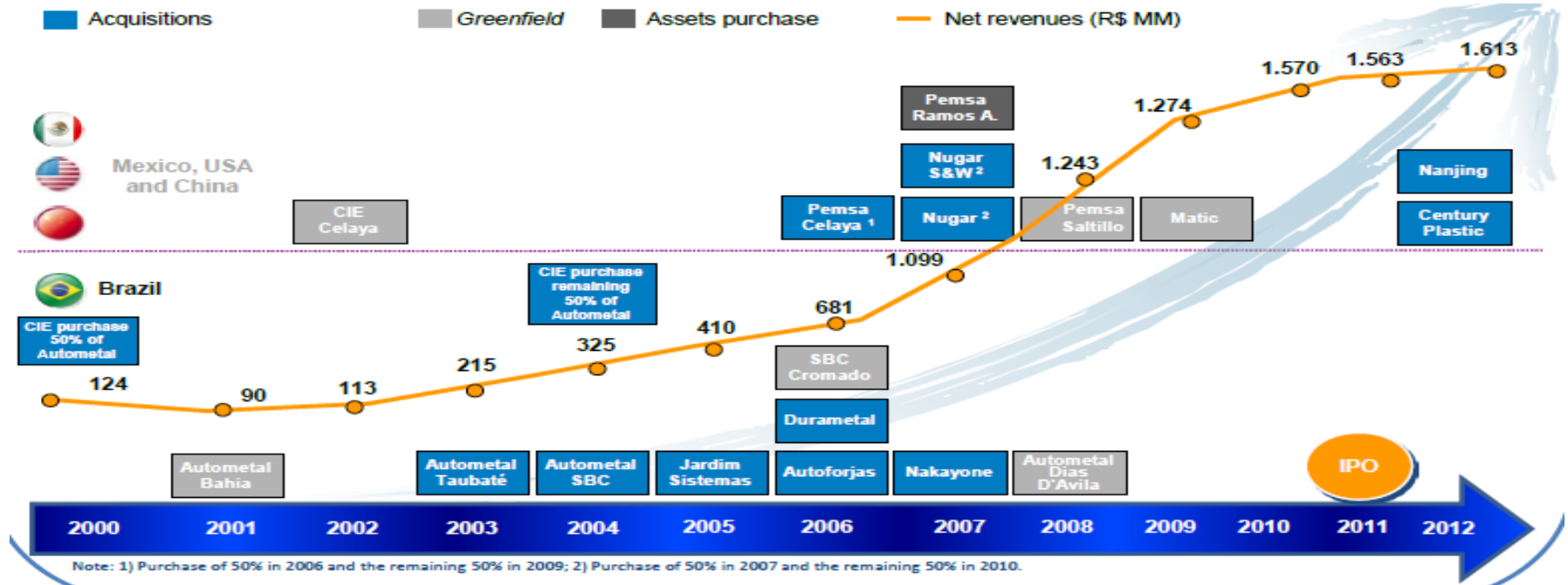
Sales 2017



CIE Overview: Integration Model

Autometal – A Case Study : CIE Automotive’s success story in Americas

Autometal represents CIE Automotive’s ability to adapt its business culture to different emerging markets through **successful alliances with local partners** and decentralized decision-making



(mill BRL)	2007	2008	2009	2010	2011	2012
Sales	1099	1243	1273	1572	1563	1613
EBITDA	198	210	215	301	293	271
EBITDA%	18,0%	16,9%	16,9%	19,1%	18,7%	16,8%

CIE Overview: Integration Model

Autometal – A Case Study: Examples of VALUE CREATION

Transforming average
companies into
Top Performers



Autoforjas



After 3 years of investment:

- Revenues increased from R\$105mm to R\$140mm (33%) with higher customer diversification
- EBITDA increase of 55% through cost reduction and efficiency improvements
- Superior quality technology transferred from Spain



Pemsa



After 3 years of investment::

- Revenues increased 200%
- EBITDA increase of 3x with the decision of sales to clients and launching new products
- Entered in the painting business in Mexico



Nakayone



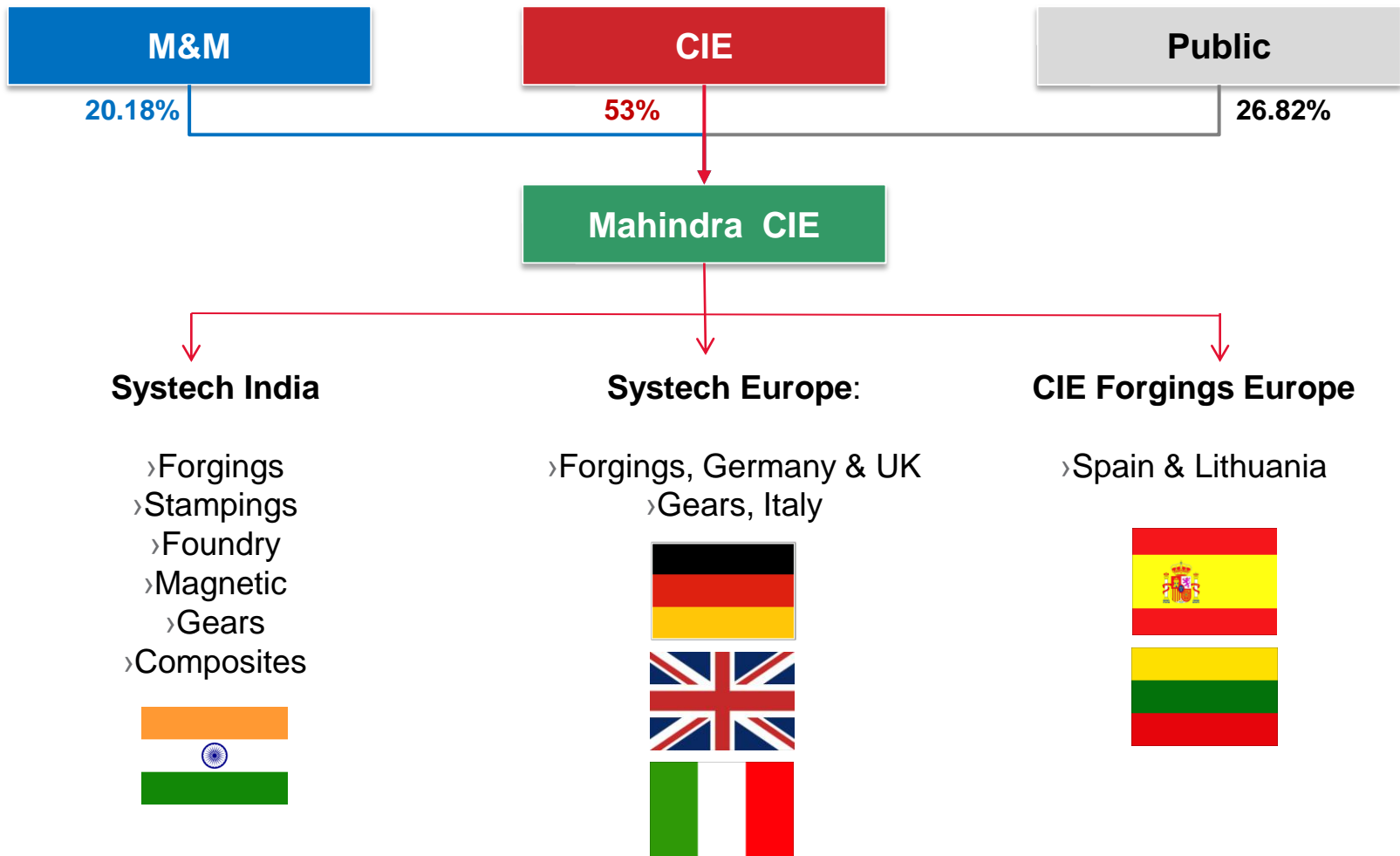
After 2 years of investment:

- EBITDA increase of 35% through the cancellation of non profitable products and increase of production of more value added products
- 1 client used to represent 80% and now the Company has over 8 clients, being the most representative responsible for just 25% of total sales

Source: Discussions with Autometal

Mahindra CIE: Overview

A large listed multitechnology company



Mahindra CIE : A Large Listed Multi Local Company; Multi Technology in India & a Global Forgings Powerhouse

Mahindra CIE: Financials

Systech India: Improving; Systech Europe: Needs Focus, CIE Forge: Profitable

				Rs. Mn
Revenue	F 12	F 13	Q1 F13	Q1 F14
Systech India	18046	18152	4415	4547
Systech Europe	26264	21991	6306	5684
CIE Forgings	11069	10396	2829	2915
Total	55380	50538	13550	13147

- Systech India EBITDA margin ~11%; EBIT margin ~7%: **Improving**
- Systech Europe EBITDA margin ~5%; EBIT margin ~0%: **In turnaround phase**
- CIE Forgings EBITDA margin ~14%; EBIT margin ~10%: **Profitable**
- Mahindra CIE EBITDA margin ~9%; EBIT margin ~4%: **Upside potential**

Notes

Financials for European businesses have been converted at Rs70 to a Euro

Mahindra CIE: Strategy

Focus on improving profitability and achieving growth in India

▪ Profitability And Capacity Increase

– Increase productivity in India for:

- › Increased margins
- › Increased capacity for future growth lowering capex requirements

– Turnaround European operations of Systemtech

▪ Focus on growth in India

– Drivers

- › Auto Market to grow From 3,7 to 10 mill units in 10 years
- › Export due to competitiveness in costs and currency

– Product Market

- › CIE products & customers to be introduced into India
- › Gain market share by expanding CIE Multitechnology model. Introducing Aluminum, Plastic, Painting

– Strategies

- › Step 1: Organic growth via productivity & implied capacity increase
- › Step 2: Capex for new capacity setup
- › Step 3: In the future also M&A and expansion into other markets in the region (Thailand, Indonesia, Malaysia, ...)

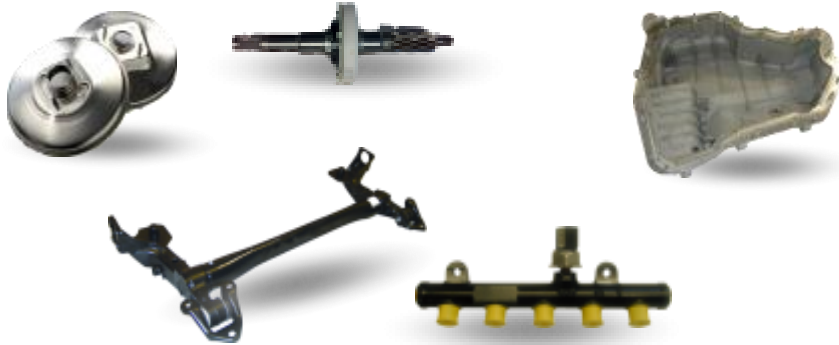
CIE growth is based on...



Mahindra CIE: Synergies

CIE products and customers can be introduced in India

Additional Products



Stampings (Example)

Cross Car Beams

Common Rails

Oil pans ...



Additional Global Customers (Future Market Leaders)



Mahindra CIE: Synergies

Gaining market share in India expanding into all CIE Technologies

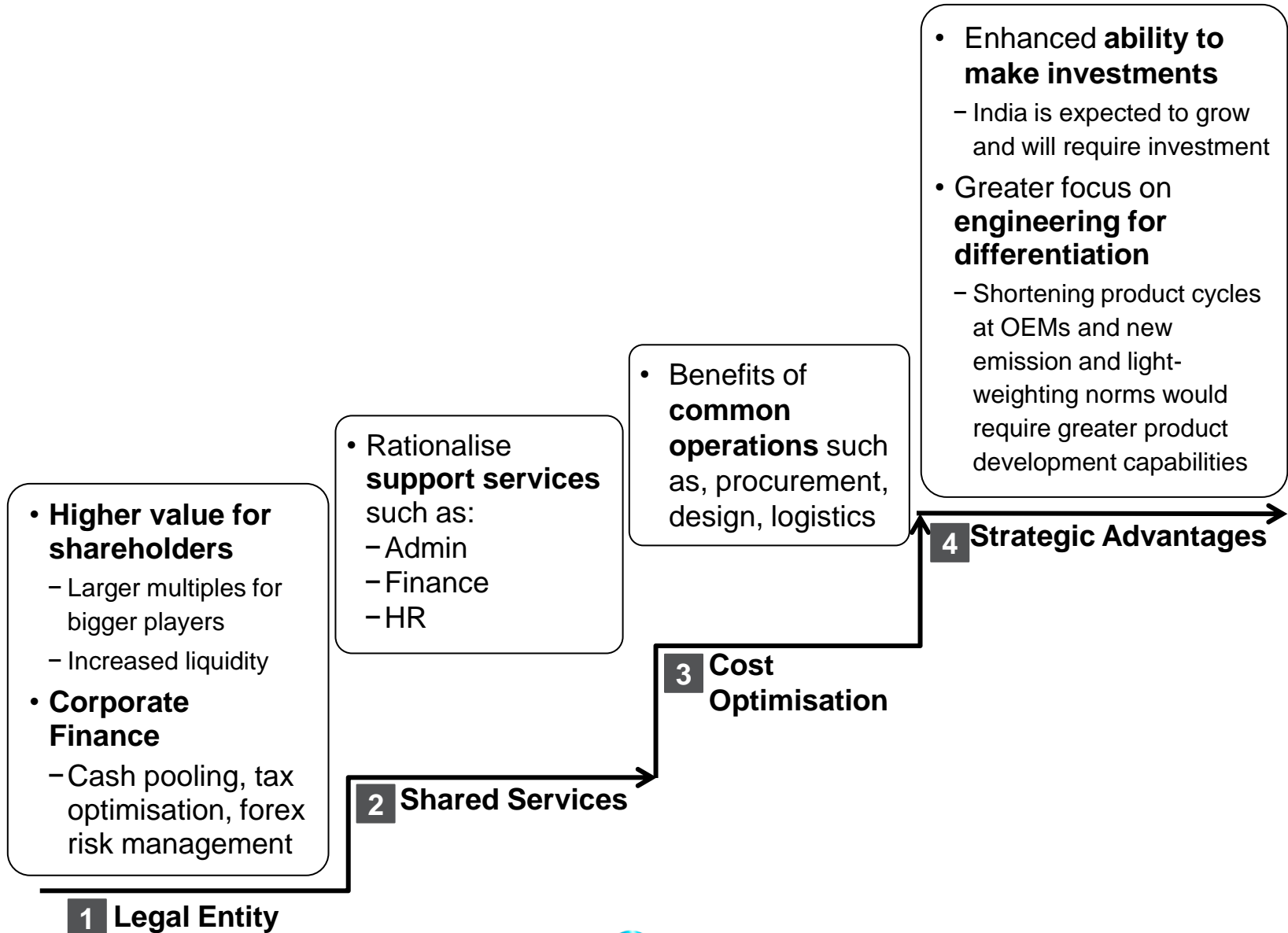
Process	EU	NAFTA	Brazil	Russia	India	China
Stampings						
Forgings ¹						
Gears/ Machining ²						
Plastics						
Aluminium						
Castings						
Painting						
Roof Sys.						
Composites						
Magnets						

1. Forgings in EU largely complementary – CIE serves car markets while Systemtech serves CV market
 2. Gears/ Machining complementary – Systemtech manufactures gears while CIE machines other components

CIE Presence Systemtech Presence

Mahindra CIE: Synergies

Benefits of consolidating businesses



Thank You