

Investor Presentation

August 2020



Amber Enterprises India Limited

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Company Overview



Amber At A Glance

Overview



Leading One-Stop solution provider for India's HVAC Industry



One of the most backward integrated manufacturer of ACs for static and mobility applications



Leading supplier of AC and Non-AC components



Well diversified revenue base – RAC (61%), components (33%) and mobility applications (6%)⁴



Marquee customer base: Serving all top 10 RAC brands of India



Successful integration of acquired companies

Key numbers

23.6%

Share in Total RAC market¹

51.0%

Share in Railways²

15

Manufacturing Plants across 6 states³

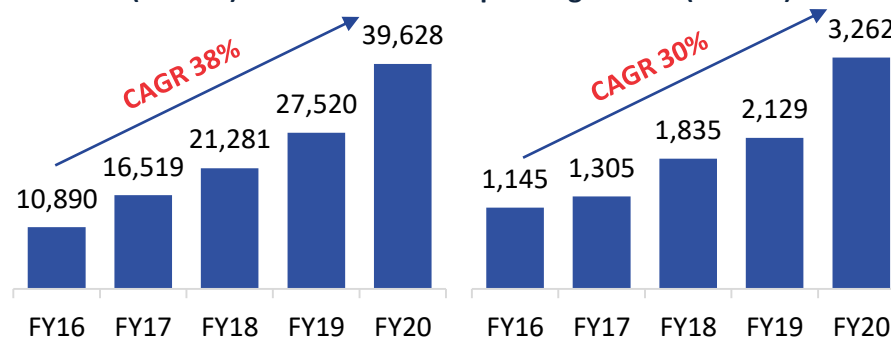
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R&D Facilities³

Key consolidated financials

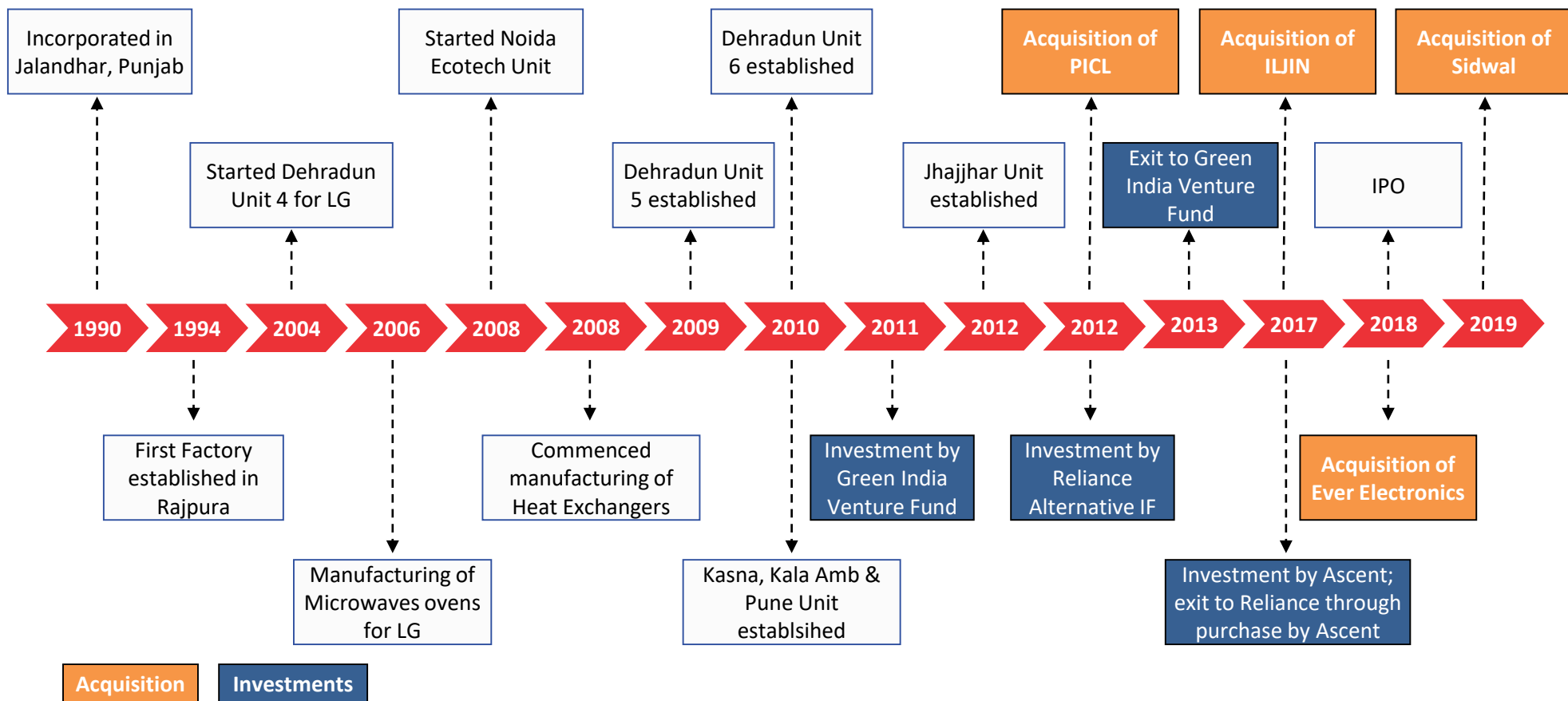
Revenue (INR mn)

Operating EBITDA (INR mn)

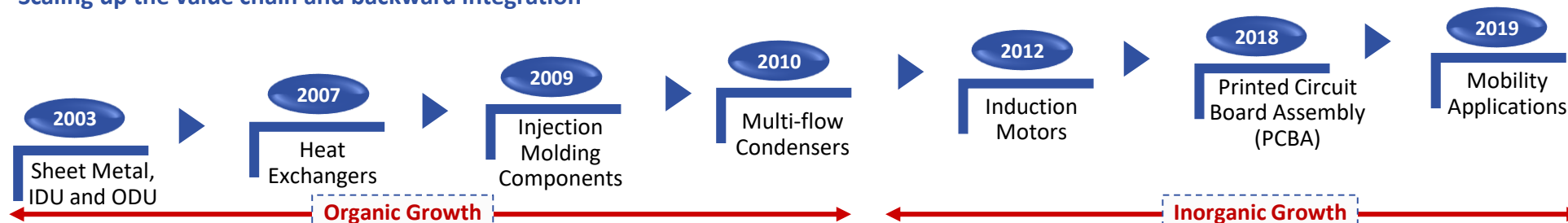


Note: ¹ Based on actual FY20 unit sales of the Company calculated as a % of FY20E industry numbers per Frost & Sullivan (F&S) Report 2017; ² Based on actual FY20 unit sales of Sidwal calculated as % of total RMPU demand from Indian Railways (Ministry of Railways) for FY20; ³ As of June 30, 2020; ⁴ Based on FY20 Consolidated Financials

Key Milestones in Our Journey



Scaling up the value chain and backward integration



Static Applications

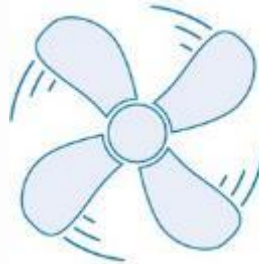
Residential Systems



Light Commercial Cassette

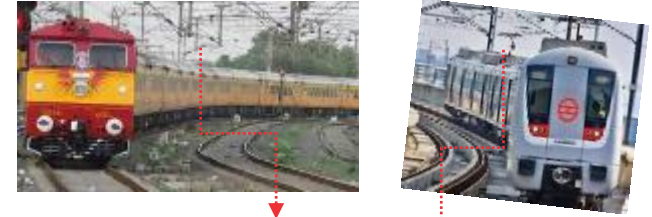


Light Commercial Ducted & Mini Splits

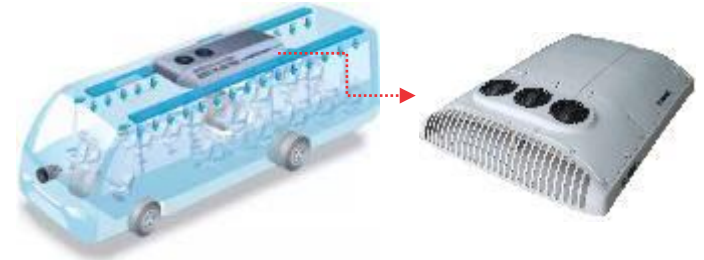


Mobility Applications

Railways & Metro Systems



Bus Air Conditioners



Défense Applications



...and a Leading Manufacturer and Supplier of Critical Components



Heat Exchangers

Annual Capacity : 7 million coils



Customer Base

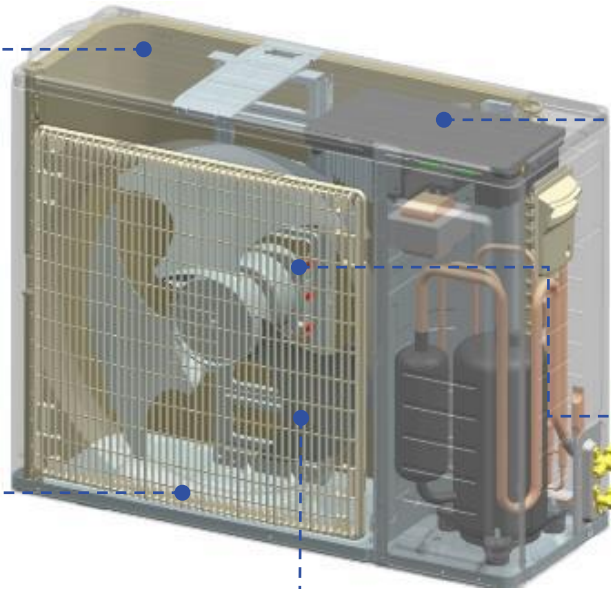
- LG, Daikin, Panasonic and captive usage

Metal & Plastic Parts



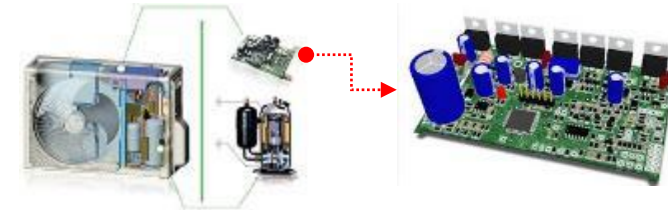
Customer Base

- LG, CMI, Panasonic, Bluestar and captive usage



PCBA (Home Appliances)

Annual Capacity: 10.5 million PCBA

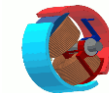


Customer Base

- LG, IFB, Panasonic, Hitachi, Bluestar, Voltas, Carrier Midea and captive usage

Electrical Motors

- AC & DC Motors : 22 ~ 110 Watts
 - Commercial AC & EC Motors
- Annual Capacity**: 4 million motors

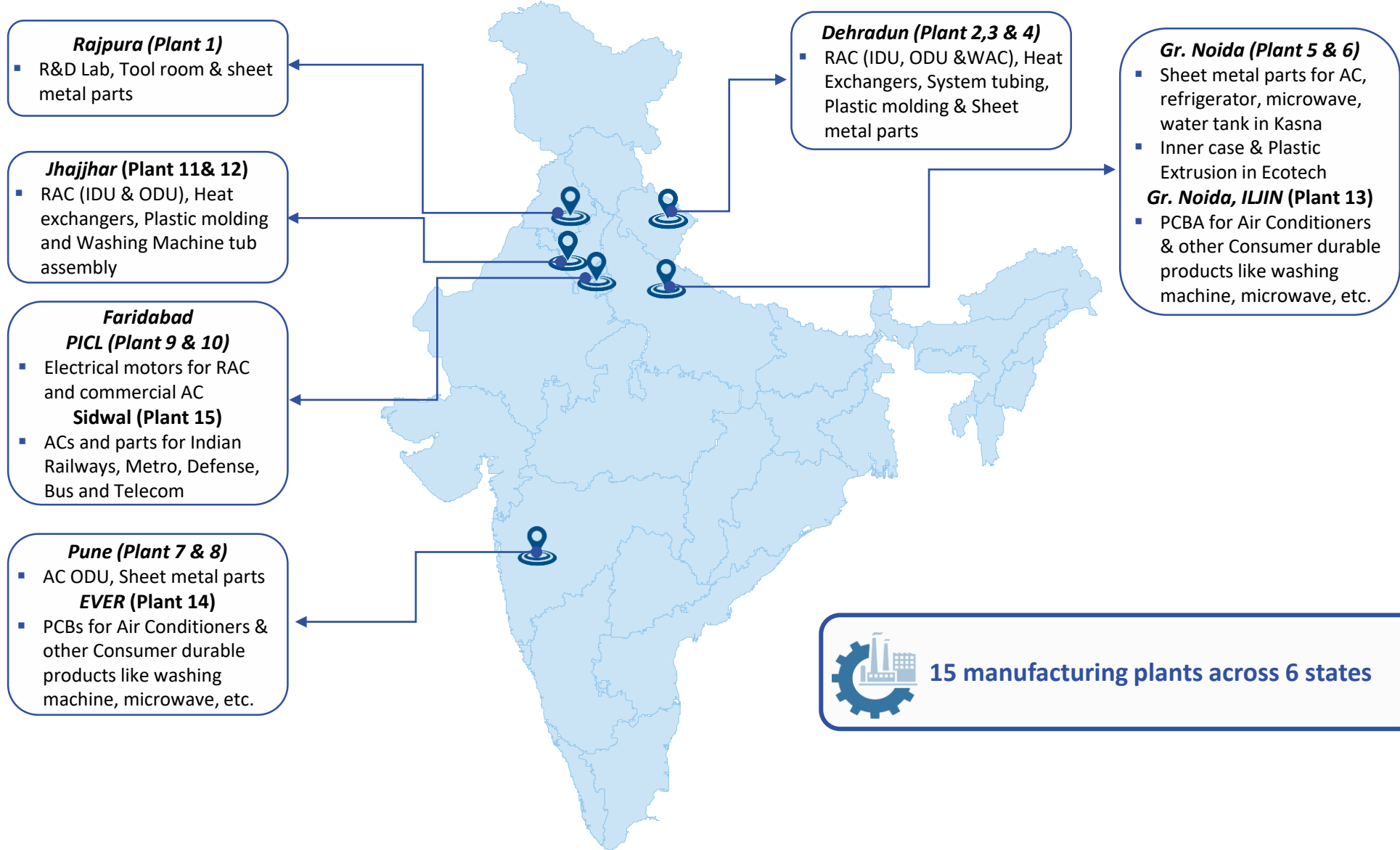


Customer Base

- Daikin, Panasonic, Hitachi, Bluestar, Carrier, Voltas, Carrier Midea and captive usage
- **Exports: US & Middle East**

Note: Annual capacities as of June 30, 2020

Strategically Located Manufacturing Facilities



Note: Map not to scale; Manufacturing plants as of June 30, 2020

Successfully Integrated Acquired Companies



Overview

- Largest induction motor manufacturer for HVAC industry in India
- **200+** Models and serving marquee customer base
- **Market:** Serves domestic and export market
- **Infrastructure:** 4 million motors p.a. with 7 lines of manufacturing

- Iljin & Ever are market leader in PCB manufacturing and Assembly
- **2 decades** of experience in providing solutions in the home appliances and automobile industry
- Strong R&D capabilities, resulting in one stop solution
- **Infrastructure:** 10.5 million PCBs p.a. with 10 SMT lines, 7 AI lines and 9 ML lines

- Wide product offering in mobility applications
- 1st company to provide indigenised solutions for roof mounted package units (RMPU) for Indian Railways and Metro
- **Market:** Indian Railways, Metro, Defence, Bus and telecom

Products



Nema frame



BLDC motor

RAC ODU/IDU



Inverter control box



Top loading BLDC



WAC CTL



Precision AC for telecom



Roof type design



MIL grade AC



Saloon HVAC

Customers

Whirlpool	Hitachi	Daikin
Carrier	Voltas	Panasonic
Blue Star	East West (US)	Samco (KSA)

IFB	LG	Hitachi
Hyundai	Blue Star	Bajaj
Panasonic	LS Automotive	

Indian Railways	BEML	Siemens
Delhi Metro Rail Corporation Limited	CAF	
Hyundai - Rotem	Alstom	

Experienced Leadership & Senior Management Team



Jasbir Singh

Chairman & CEO

- Over 15 years of experience in RAC Manufacturing sector
- Instrumental in successful commissioning of 6 factories in last 10 years
- Handles key customer relationships
- Co-Chair in FICCI – Electronics & Appliances
- Secretary in CEAMA
- Bachelor's Degree in Engineering (Industrial Production), Karnataka University & MBA from University of Hull, United Kingdom
- Awarded Man of Appliance by CEAMA- 2018



Daljit Singh

Managing Director

- Over 11 years of experience in RAC Manufacturing sector
- Previously worked with Morgan Stanley in New York, USA
- Awarded "Entrepreneur of the Year 2016" by Ludhiana Management Association
- Bachelor's Degree in Electronic Engineering, Nagpur University & Masters degree in Information Technology, Rochester Institute of Technology, USA



Sanjay Arora

Director - Operations

- Responsible for Operations, Innovation, HR/IR, Security & Legal matters
- 34 years of work experience; joined Amber in 2012
- Diploma degree in Electrical Engineering from YMCA Institute of Engineering, India
- Management Diploma – Kellogg India
- Innovation training – Toyota Japan



Udaiveer Singh

President – RAC Division

- Responsible for Planning & Operations of the RAC manufacturing facilities
- 30 years of work experience; joined Amber in 1992
- Diploma in Mechanical Engineering from Board of Technical Education U.P.



Sachin Gupta

Vice President – RAC Division

- Responsible for Business Development
- 17+ years of work experience; joined Amber in 2014
- Bachelor's degree in Electrical Engineering from Punjab Technical University & PGDBA from AIIMS Chennai



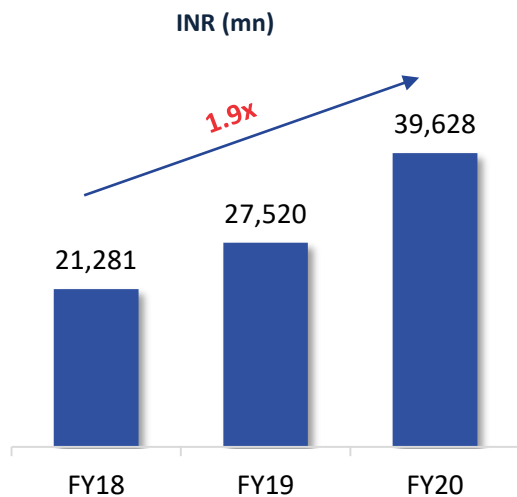
Sudhir Goyal

CFO

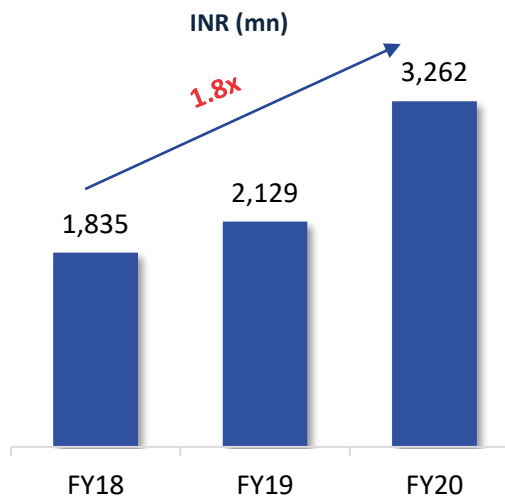
- Responsible for Finance & Accounts
- 17+ years of work experience; joined Amber in 2012
- Chartered Accountant from ICAI, B.Com (Hons) from Delhi University

Performance Since IPO

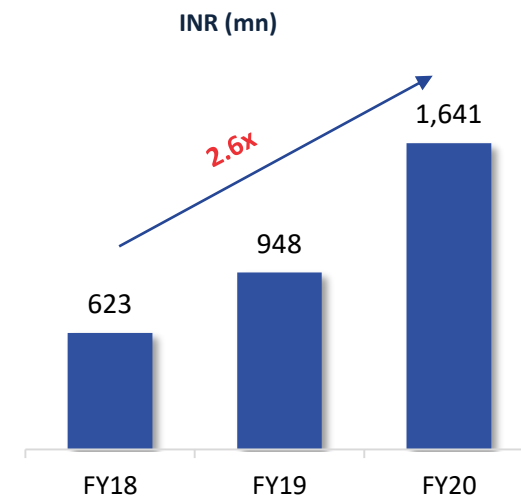
Robust Revenue Growth



Strong Operating EBITDA Growth



Strong PAT Growth



2 Acquisitions

11 New customers added

12 New product launches

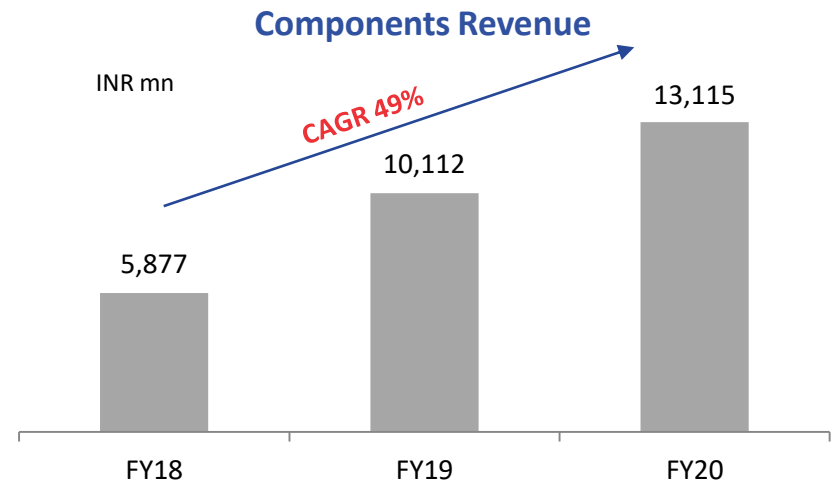
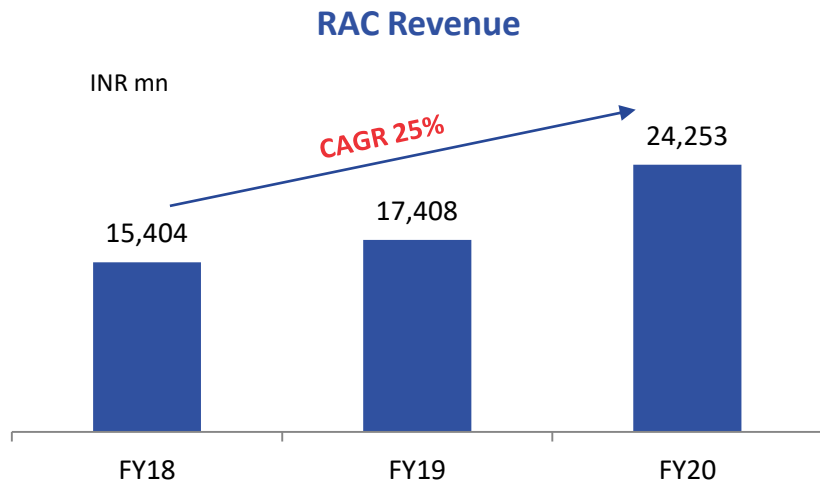
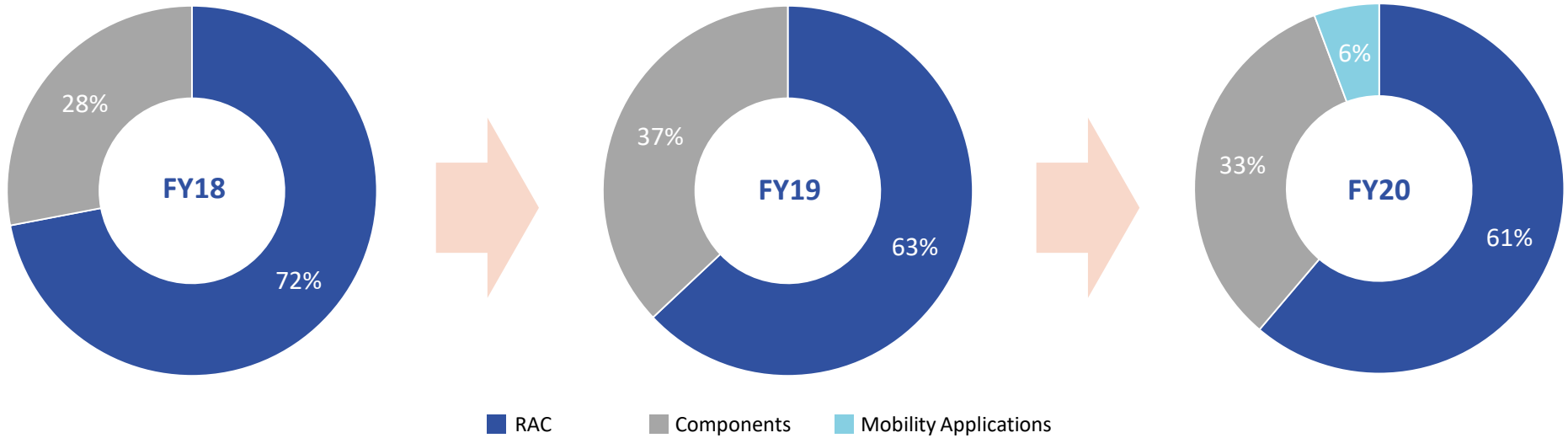
3 New plants¹

18.5% FY20 ROCE vs. 16.8% in FY18

15.1% FY20 ROE vs. 9.9% in FY18

Note: Financials based on consolidated figures; ¹Including plants from acquired companies

Diversifying Revenue Across Segments



Note: Financials based on consolidated figures

Key Value Proposition



Key Value Proposition

MARKET LEADERSHIP IN GROWING RAC OEM/ODM INDUSTRY

- Strong sector tailwinds
- 23.6%¹ market share of overall RAC volumes in FY20
- Outsourced manufacturing to grow at a CAGR of 23.7%² over FY20E-22E

DIVERSIFIED PORTFOLIO OF CRITICAL & RELIABILITY COMPONENTS

- RAC components such as heat exchangers, motors, PCBA and metals & plastics
- Non RAC Components such as PCBA, motors, forming & extrusion and metals & plastics
- High degree of backward integration for finished product

LEADING HVAC SOLUTION PROVIDER FOR MOBILITY APPLICATIONS

- Largest player in supplying air conditioner & components for Indian Railways Main Line
- Dominant presence in metro air conditioners
- Pan India service network; makes us a preferred partner for after sales support
- Also provides air conditioners for special applications, defense, bus and telecom



R&D AND PRODUCT DESIGN CAPABILITIES LEADING TO HIGH PROPORTION OF ODM BUSINESS

- 150+ strong R&D team equipped with best in class infrastructure and software
- 12 product launches in last 5 years
- First to market products like Inverter ACs , IOT models, and Inverter Boards (as ODM solutions)
- 1st Company in India to indigenize RMPU for railways & metro trains

STRONG CUSTOMER RELATIONSHIP WITH PAN INDIA MANUFACTURING FACILITIES

- Serves all top 10 RAC brands in India
- Amber's customers command ~75% of the Indian RAC market share
- 15 state of the art manufacturing facilities located in the vicinity of customers

STELLAR FINANCIAL PROFILE

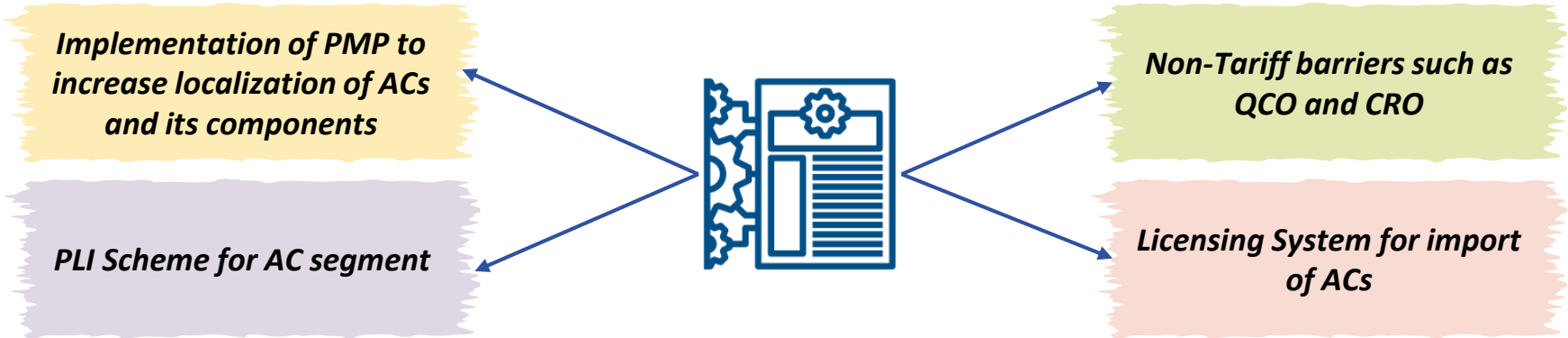
- Robust growth and return ratios with comfortable debt profile
- Operational turn around of acquisitions

Source: ¹ Based on actual FY20 unit sales of the Company calculated as a % of FY20E industry numbers per F&S Report 2017; ² Based on F&S Report 2017



Vocal for Local – To Significantly Increase the Manufacturing base for Consumer Electronics in India

Various policy interventions under discussions



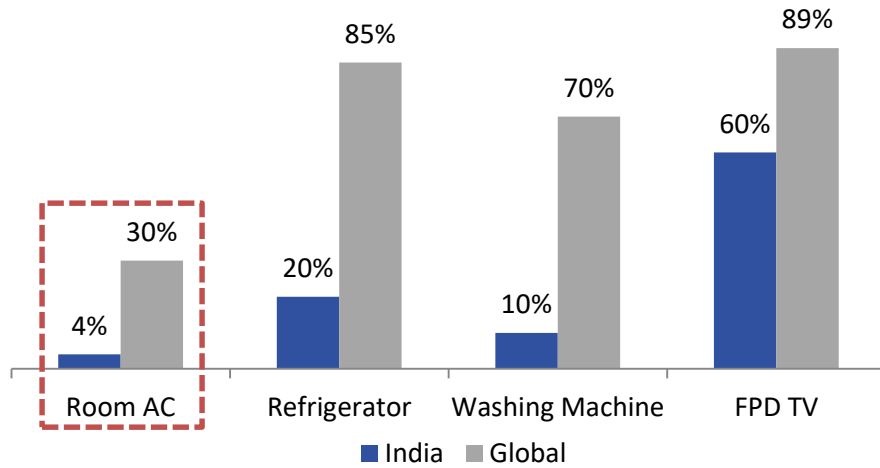
Increasing export opportunities combined with Govt. initiatives to discourage imports likely to fuel growth

Source: Industry Research, Media articles
 Note: PMP = Phased Manufacturing Plan, PLI = Performance Linked Incentive, QCO = Quality Control Order, CRO = Compulsory Registration Order

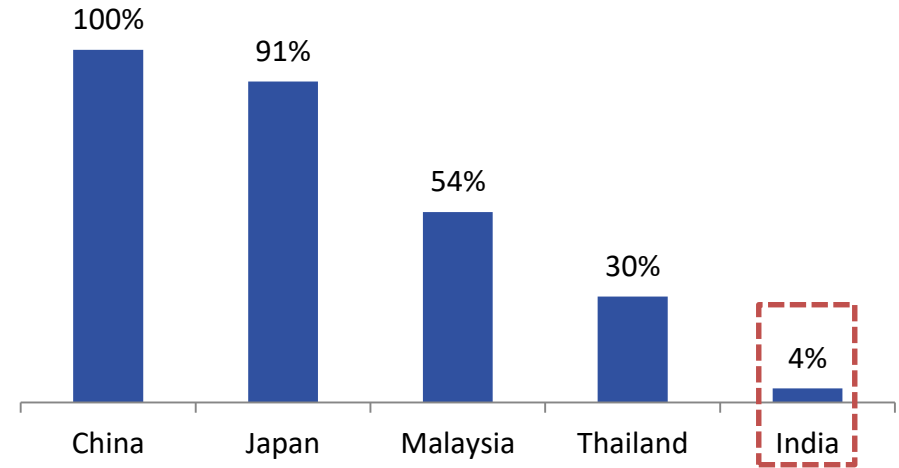
Significant Growth in India HVAC Driven by Low Penetration Levels



RAC is under-penetrated v/s other consumer durables; offers maximum headroom for growth, FY15



RAC penetration in India is significantly below Global/Asian markets

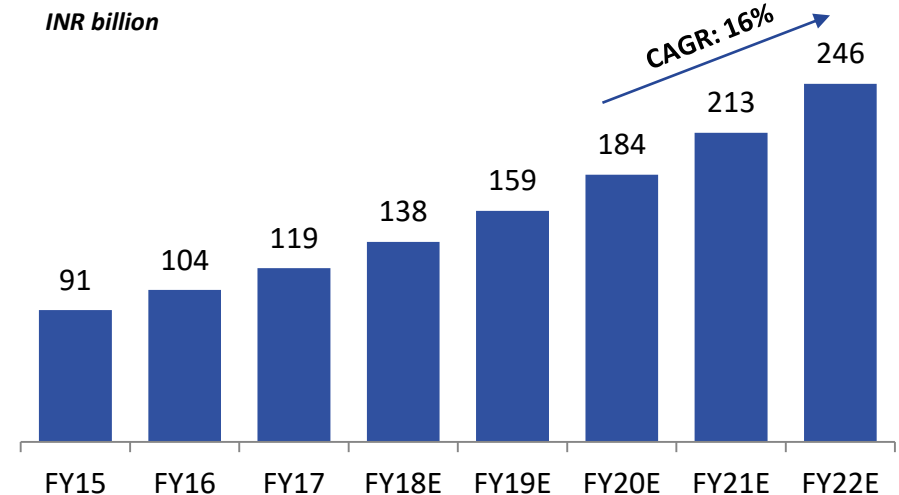


Key growth drivers

- Affluent middle class & changing lifestyles**
- Low market penetration**
- Low recurring cost because of Energy-efficient ACs**
- Increase in average temperatures**
- Adequacy of power**

Source: F&S Report 2017

India RAC market to witness robust growth

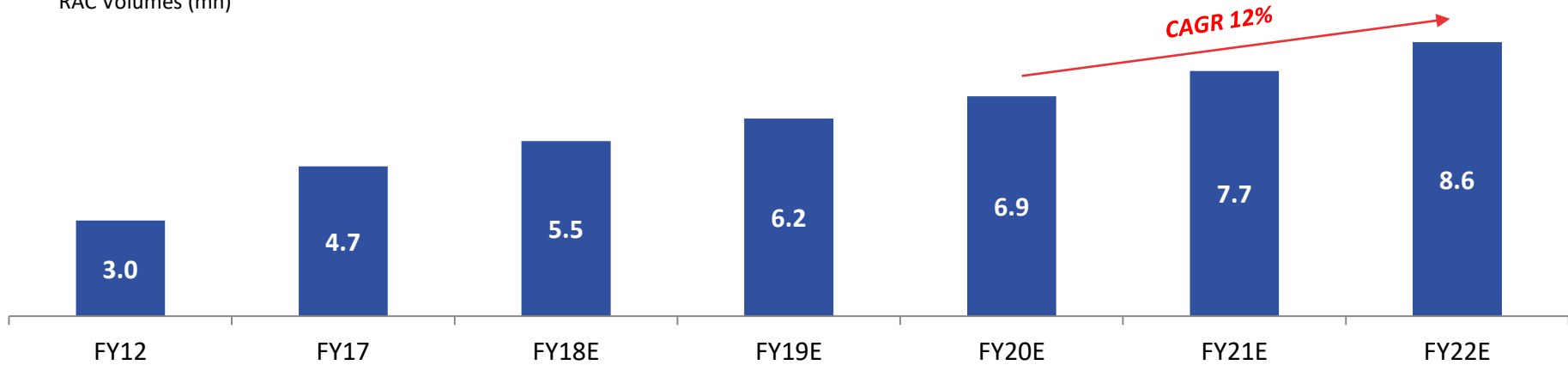


Amber is a Market Leader in India HVAC Industry

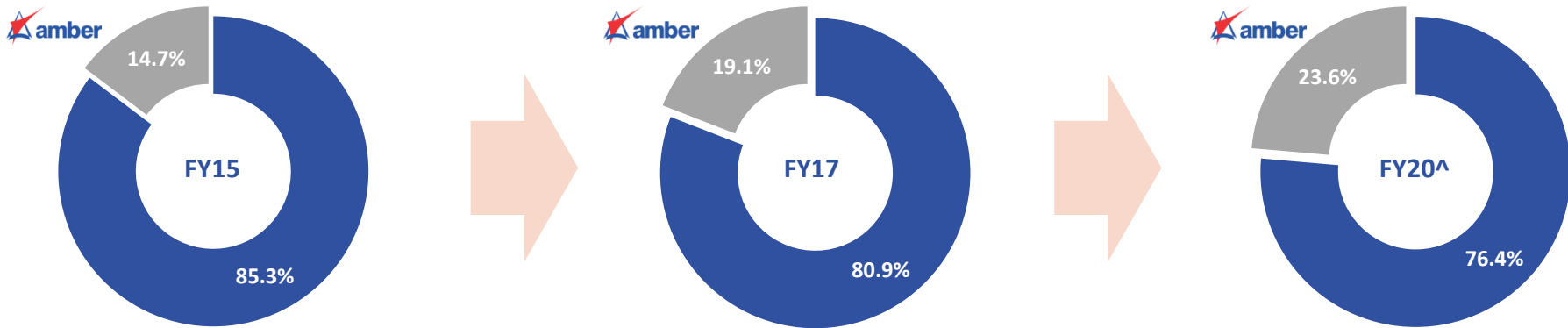


RAC Market in India

RAC Volumes (mn)



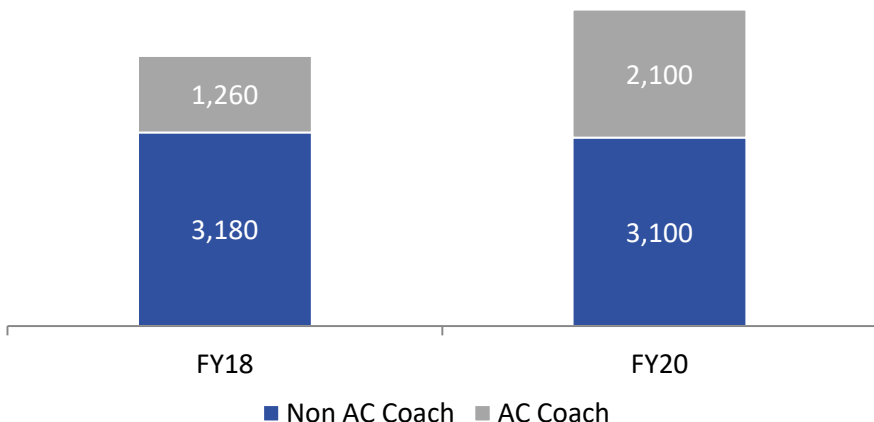
Consistently increasing market share in Indian RAC industry



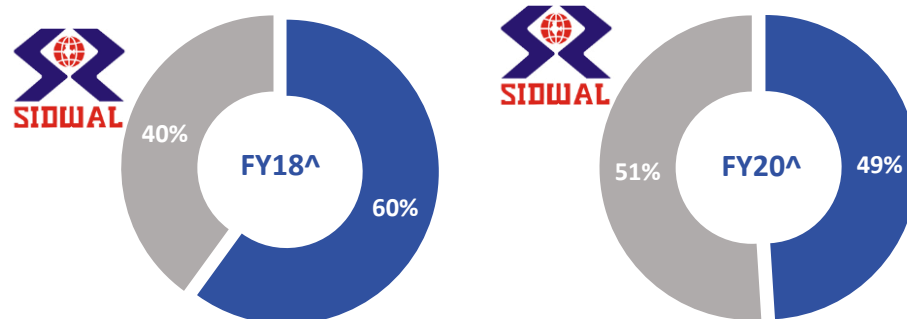
Source: F&S Report 2017; ^ Based on actual FY20 unit sales of the Company calculated as a % of FY20E industry numbers per F&S Report 2017

Well Placed to Capture HVAC Demand From Railways & Metros

Increase in share of Railway AC coach manufacturing to 40% in FY20



Consistently increasing market share



Urban transportation infrastructure in India foreseeing big investment and a massive upgradation

Indian Railways

- Increasing urbanization and rising income driving growth in passenger segment
- Increasing investment to upgrade railway infrastructure
- Rise in demand of public transport
- Focus on local procurement

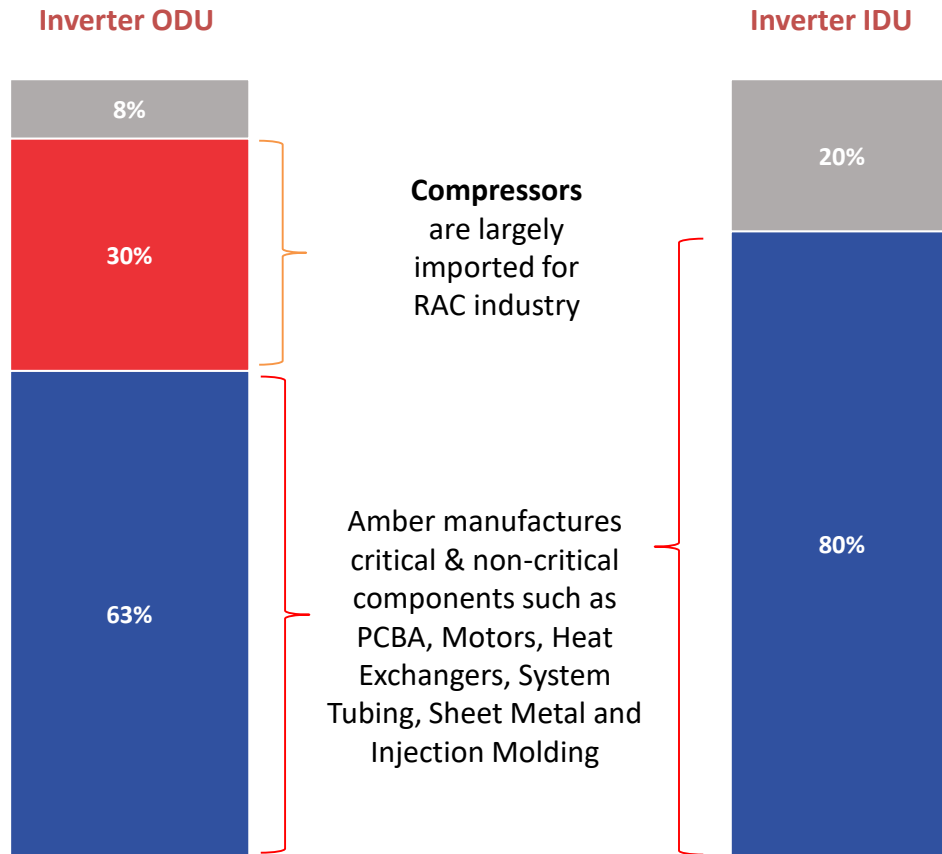
Metro Lines

- In the metro rail space, contracts worth ~INR 225 bn have been awarded over the past year including ~INR 60 bn pertaining to rolling stock
- Urbanization making a push towards mobility & easy connectivity
- Increasing congestion in all major cities
- Metro projects provide fast, reliable and comfortable transport services for commuters

Source: Industry Research, Media articles, Government of India (Ministry of Railways); [^] Based on actual FY18 & FY20 unit sales of Sidwal calculated as % of total RMPU demand from Indian Railways (Ministry of Railways) for FY18 and FY20 respectively

High Degree of Backward Integration

Amber manufactures up to 63% of the Inverter ODU and 80% of the Inverter IDU in terms of bills of materials

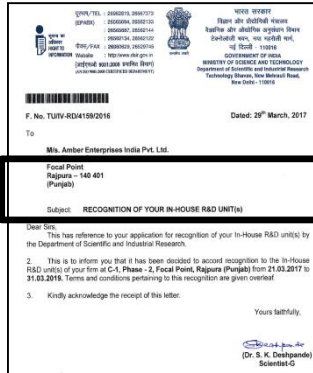


■ Manufactured by Amber ■ Imports ■ Outsourced

■ Manufactured by Amber ■ Outsourced

- Amber offers critical & reliability functional components
- Compressors are largely imported by all brands
- Reduction of dependency on external suppliers
- Provides major competitive advantage
- Backward Integration enables flexibility & cost control
- Entry into newer brands through components

Approved by Department of Scientific & Industrial Research (DSIR)



Accredited by National Accreditation Board for Testing & Calibration Laboratories (NABL)



4 Facilities:

- ✓ 3-D CAD , Unigraphics
- ✓ Siemens Team Centre Systems
- ✓ Product Launch Control through NPI
- ✓ 10 Psychometric labs
- ✓ Anechoic sound chambers
- ✓ EMI / EMC Setup
- ✓ ROHS & Product Safety validation

R&D team includes:

- ✓ Leaders with 18+ years experience in large MNCs
- ✓ Area of expertise include energy efficient design, Inverter AC technology, various simulations, 3D designing etc. Electronics Firmware Designing & Flow Analysis

Air Conditioner R&D

- 36 Engineers
- 44 Assistant

PICL Electrical Motors R&D

- 16 Engineers
- 11 Assistant

ILJIN Electronics PCB R&D

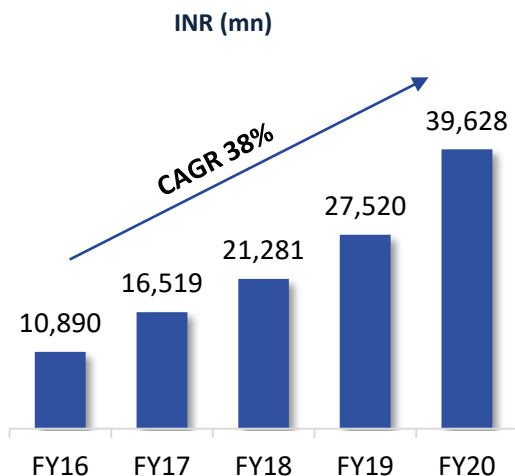
- 22 Engineers
- 2 Assistant

SIDWAL AC R&D

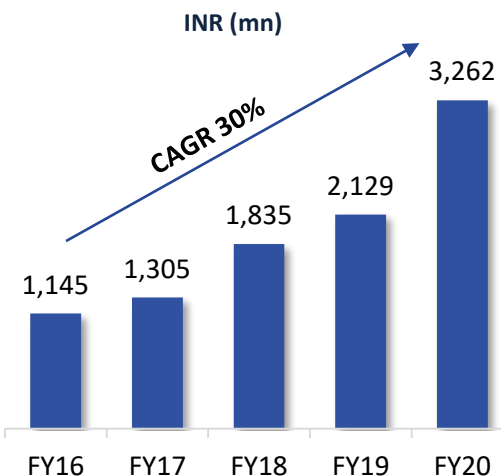
- 22 Engineers
- 8 Assistant

Strong Financial Performance – Consolidated

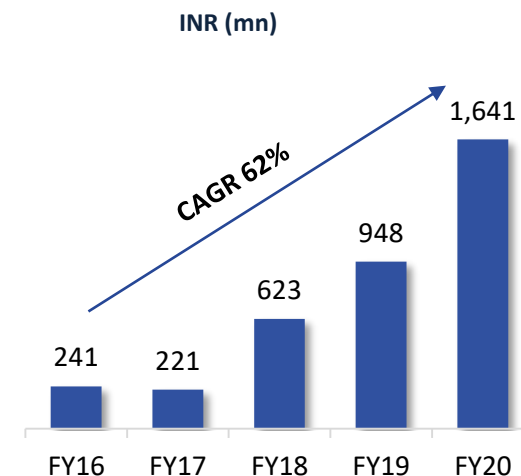
Robust Revenue Growth



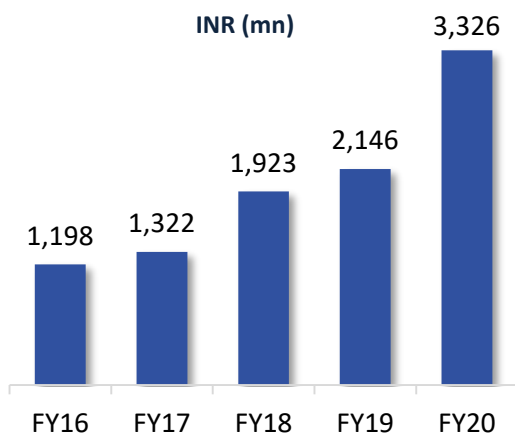
Strong Operating EBITDA Growth



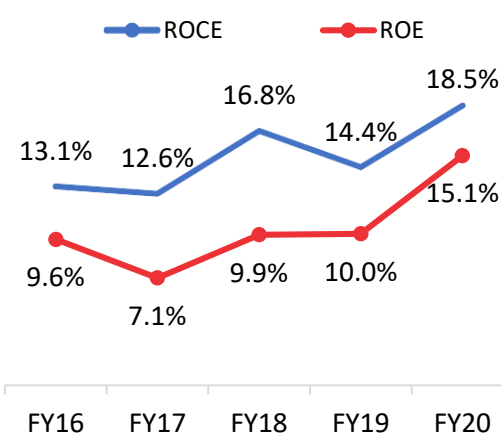
Strong PAT Growth



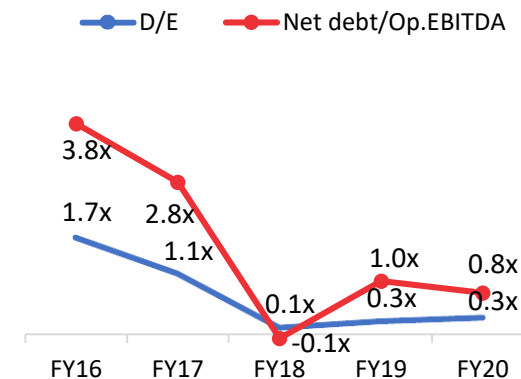
Strong Operating Cash Flows



Strong Return Ratios



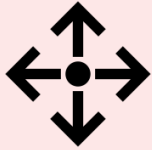
Comfortable Debt Profile



Operating EBITDA = Revenue - (COGS + Employee expense + Other expenses); EBIT = Operating EBITDA - Depreciation; Capital Employed = LT Debt + ST debt + current maturity of long term debt - cash; ROE = Net Income/Total Equity; ROCE = EBIT/(Average of Capital employed of current & previous year); D/E = Total Debt/ Total Equity; Net Debt/Op.EBITDA = (Gross Debt- cash)/ Operating EBITDA; Operating cash flows is before working capital changes

Growth Strategy





Expansion of existing product portfolio with a focus on ODM

- Continue to add new product offerings; new models of IOT based Inverter RAC, ACs for mobility applications like trains and metro coaches
- Add RAC components such as brushless DC Motor, Resin-core motors & inverter controllers to achieve greater backward integration



Expand domestic consumer base and grow export sales

- Capture the growth in Indian RAC industry
- Expand our global reach through increased customer acceptance of our products in international markets
- Leverage low cost advantages of manufacturing & initiate exports to USA, Middle East, South East Asia & Europe



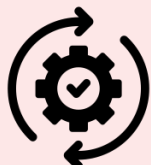
Continuing innovation and strengthening R&D capacity

- Continually improve our R&D capabilities to pre-empt market dynamics & meet customer's requirements
- Design higher energy efficient models across various green refrigerants which have low ozone depletion potential



Pursue selective acquisitions, partnership opportunities, inorganic and organic growth

- Evaluate opportunities domestically and internationally to acquire established business or technologies
- Opportunities can be in the nature of strategic acquisitions, joint venture, new partner tie-ups and asset purchases



Continue to focus on increasing efficiency & profitability

- Further continue integration of manufacturing facilities & carry-out most of the processes in-house
- Continue the culture of innovation to enhance operational efficiencies & optimising asset and material flow

Appendix



Consolidated Profit & Loss Account



<i>INR mn</i>	FY16	FY17	FY18	FY19	FY20
REVENUE					
Revenue from operations	10,890	16,519	21,281	27,520	39,628
Other income	31	88	87	99	82
Total revenue	10,921	16,607	21,368	27,619	39,710
EXPENSES					
Cost of materials consumed	8,649	13,987	17,521	23,367	33,247
Changes in inventories of finished goods and work-in-progress	(64)	(275)	168	(172)	(230)
Employee benefits expense	365	437	468	588	1,063
Finance costs	532	635	538	246	419
Depreciation and amortization expense	309	401	490	623	848
Other expenses	803	1,065	1,289	1,609	2,455
Total expenses	10,594	16,250	20,474	26,260	37,802
Profit before tax	327	357	894	1,359	1,908
Tax expense	86	136	271	412	266
Net profit for the year	241	221	623	948	1,641
Operating EBITDA	1,145	1,305	1,835	2,129	3,262

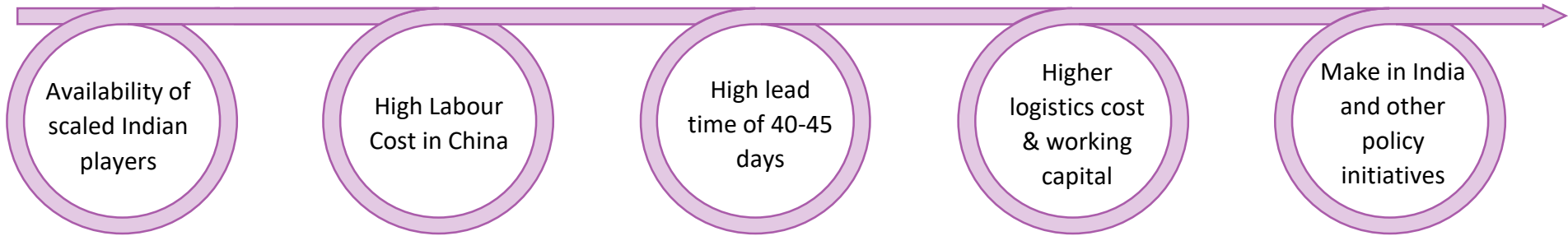
Consolidated Balance Sheet



<i>INR mn</i>	FY16	FY17	FY18	FY19	FY20
Shareholders' funds	2,626	3,627	8,928	9,861	11,284
Minority interest	0	0	0	190	348
Long-term borrowings	1,598	2,219	433	1,412	1,388
Other Non-current liabilities	554	129	639	794	1,540
Short-term borrowings	2,681	1,522	622	895	1,817
Other Current liabilities	3,405	5,010	6,658	10,587	12,651
Total	10,864	12,507	17,280	23,739	29,028
ASSETS					
Non-current assets	5,368	5,781	7,398	8,431	11,176
Long-term loans and advances	105	108	144	137	130
Other non-current assets	98	107	99	342	366
Inventories	2,240	2,685	3,956	5,606	6,557
Trade receivables	2,476	3,101	3,786	7,872	8,542
Other current assets	576	726	1,898	1,351	2,258
Total	10,864	12,507	17,280	23,739	29,028

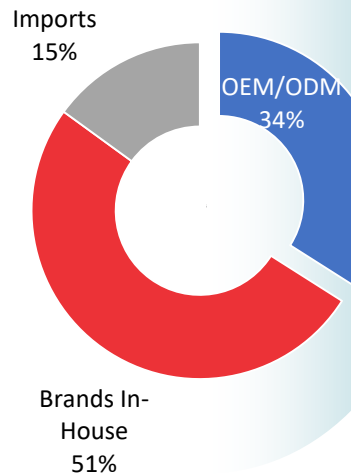
Growth of Indian OEM/ODM RAC Players Driven by Import Substitution and ODM Focus

Reasons behind Imports from China losing volumes in favour of Indian OEM/ODM



Growing importance of ODM segment within outsourcing

Break down of RAC sourcing (FY17)



ODM allows faster product development, design support along with manufacturing

ODM is a step forward in gaining customer confidence besides acquiring higher wallet share

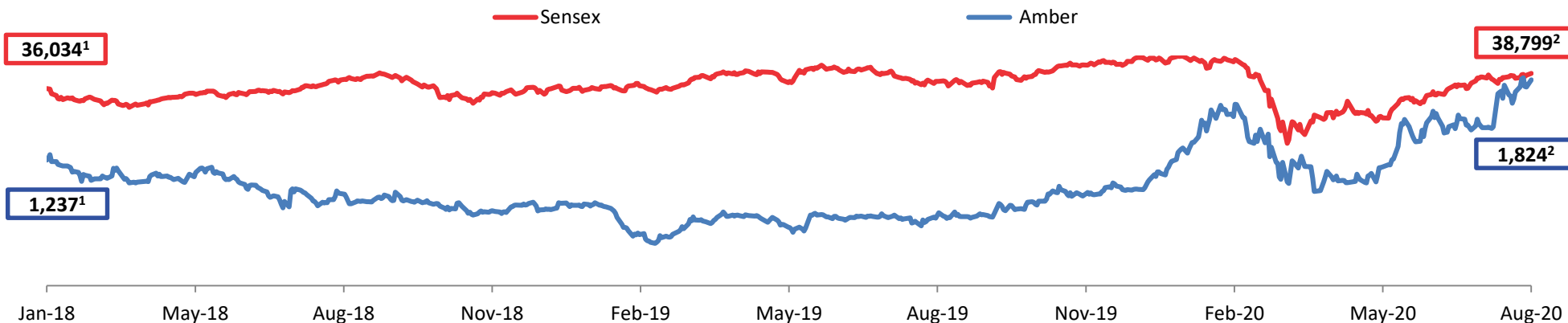
RAC brands avoid manufacturing challenges & save on cost along with faster time to market

New market entrants find ODM an attractive option in order to achieve faster market penetration

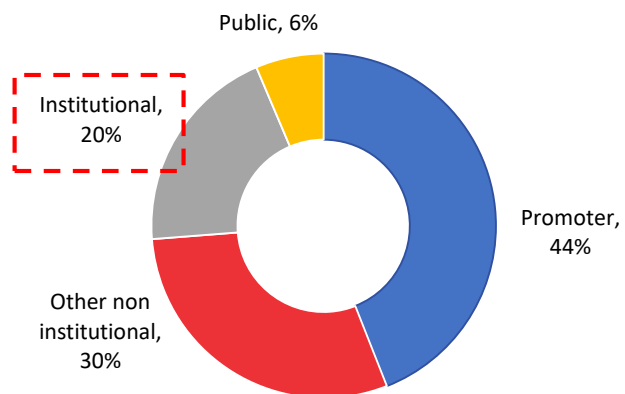
Association with ODM is strategic whereas, OEM collaboration is transactional

Stock Performance and Shareholding

Amber has outperformed broader market



Shareholding Pattern (as of June 2020)



Key Institutional Investors (as of June 2020)

Fund House	% Holding
Goldman Sachs	4.86%
Abu Dhabi Investment Authority	2.13%
Kotak Mutual Fund	1.70%
Others	11.15%

Source: BSE
¹ As of 30/01/2018; ² as of 24/08/2020

THANK YOU

