

# With Camso in its Fold, Ceat Expects Margins to Increase

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**Mumbai:** Ceat's acquisition of Michelin's off-highway tyre (OHT) brand Camso will help the RPG Group company boost margins by raising the share of these more-profitable tyres in the overall mix to 25-30% from the current 15%, Anant Goenka, vice-chairman, RPG Group told ET.

Ceat signed a definitive agreement with the French tyre maker for acquiring the Camso brand for \$225 million, the company said in a statement on Friday. OHT includes agriculture tyres, harvester tyres, power sports tracks and material handling tyres.

"The acquisition will be margin-accretive for us. The margins of this business are higher than the Ceat margins," said Goenka. Margins in OHT category are fairly high—at 15-20% compared to 12% for

regular tyres, especially those that are operating or have the manufacturing in South Asia, he said.

With Camso in its fold, Ceat, which caters to the agriculture segment and competes with Balkrishna Industries, will also be able to sell agri tyres under the Camso brand. The latter doesn't have a

"A larger share coming out of the off-highway segment itself will give a lot of margin uptick to the overall business," he said, without giving a timeframe.

The global OHT market is projected to grow from \$17.48 billion in 2024 to \$25.23 billion by 2032, according to Fortune Business Insights.

## A COMPARISON



**Margins in off-highway tyre category are fairly high—at 15-20% compared to 12% for regular tyres, says Goenka**

presence in the segment.

Goenka said Camso has more than \$1 billion brand value and Ceat is buying \$250 million of that business in Sri Lanka. Presently, the share of OHT segment in Ceat's total revenue is 15%, which Goenka expects to rise to 25-30% in future.

"Whatever more we do out of it will be that much further beneficial in terms of synergistic opportunities that will come in. But I would certainly say our goal would be maybe 30% of our business at least should come from the OHT segment over the next 2-3 years," said Goenka.