

Media Release

All Key business segments have demonstrated good growth combined with higher contribution from exports

New products in Industrial switchgear – 3-phase dry type transformer & wire harness have grown 14% & 74% respectively

Standalone Q2 FY22 Net Revenue at Rs. 194.81 crore – YoY growth of 30.04% - highest ever number achieved in a quarter ever

Standalone Q2 FY22 EBITDA maintained at Rs. 18.41 crore

Standalone Q2 FY22 PAT at Rs. 7.46 crore – YoY growth of 13.39%

Coimbatore, November 1st, 2021: Salzer Electronics Limited (BSE: 517059, NSE: SALZERELEC), among leading players offering total and customised electrical solutions, announced its unaudited financial results for the Second quarter and first half ended 30th September 2021.

Key Financial Highlights Rs. In Crore:

Particulars	Standalone						Consolidated
	Q2 FY22	Q2 FY21	YoY	H1 FY22	H1 FY21	YoY	H1 FY22*
Net Revenue	194.81	149.80	30.04%	343.78	245.48	40.05%	352.65
EBITDA (excluding other income)	18.41	18.76	(1.84%)	33.21	28.35	17.18%	33.94
EBITDA Margin	9.45%	12.52%	(307 bps)	9.66%	11.55%	(189 bps)	9.62%
PAT	7.46	6.58	13.39%	11.41	7.27	56.85%	11.99
PAT Margin	3.83%	4.39%	(56 bps)	3.32%	2.96%	36 bps)	3.40%
Basic EPS (Rs.)	4.67	4.12	13.35%	7.14	4.55	56.92%	6.88

*Consolidated – on account of acquisition of 74.9% shares of Kaycee Industries

Standalone Financial Performance Highlights

For the second quarter ended September 30th, 2021:

- **Net Revenue** in Q2 FY22 was **Rs. 194.81 crore** as against Rs. 149.80 crore in Q2 FY21, **YoY growth of 30.04%, (20% Volume Growth and 10% Price growth). These sales figures are the highest ever achieved in a quarter by the Company** – on account of growth in key businesses mainly due to very good order inflow across sectors for all switchgear products, leading to 20% volume growth and 10% price growth, combined with higher contribution from exports
 - ✓ Contribution from **Exports at 27%**, export revenue grew 55% YoY in Q2 FY22, driven by higher exports to the Americas, Europe and Asia.
- Breakup of revenue:
 - ✓ **Industrial Switchgear – 54.18% of net revenue**
 - ✓ **Wires & Cables – 39.37% of net revenues**

- ✓ **Buildings Products – 6.45% of net revenues**
- **EBITDA (excluding other income) was maintained at Rs. 18.41 crore** in Q2 FY22 as against Rs. 18.76 crore in Q2 FY21
- **EBITDA Margin for the quarter stood at 9.45%, a decline of 307 bps**, mainly due to Raw material price continuing to increase. However, Company is passing on price increase to end customers.
- **Profit After Tax at Rs. 7.46 crore** in Q2 FY22 as against Rs. 6.58 crore in Q2 FY21, YoY growth of 13.39%

For the first half ended September 30th, 2021:

- ✓ **Net Revenue** in H1 FY22, **Rs. 343.78 crore** as against Rs. 245.48 crore in H1 FY21, **YoY growth of 40.05% (25%Volume Growth/15%Price growth)** due to strong demand across all key business segments especially industrial switchgear products from all the sectors
- ✓ Contribution from **exports was 26% in H1 FY22**, as against 21% in H1 FY21, mainly on account of higher exports to European and American markets
- Breakup of revenue for the Electrical Installation Products:
 - ✓ **Industrial Switchgear – 52.09% of total revenues**,
 - ✓ **Wires & Cables – 42.07% of total revenues**
 - ✓ **Buildings Products – 5.84% of total revenues**
 - ✓ **Energy Management – 0% of total revenue.** This is an order book driven business and increase in revenues have been due to in AMC
- **EBITDA (excluding other income) stood at Rs. 33.21 crore** in H1 FY22 as against Rs. 28.35 crore in H1 FY21, **YoY growth of 17.18%**, mainly on account of higher sales during this quarter
- **H1 FY22 EBITDA Margin at 9.66%**, YoY decrease of 189 bps, on account of continuous rise in raw material prices, faster than price hike of finished goods
- **Profit After Tax was at Rs. 11.41 crore** in H1 FY22 as against Rs. 7.27 crore in H1 FY21

Recent Developments:

- **Salzer forays into EV Business through Joint venture named “Salzer Kostad EV Chargers Pvt Ltd” with Austrian Company to manufacture technologically innovative and futuristic products in line with its strategy of product diversification**
 - ✓ Kostad Steuerungsbaubau GmbH – Specialists in EV chargers & e-charging stations
 - ✓ Salzer to own 26% equity in the Euro 2.00 mn (Rs 18cr) JV company
- **Salzer increases its penetration & presence into EV Business through another JV named “Salzer EMarch E-Mobility Pvt Ltd” to manufacture electric conversion kits for Vehicles**
 - ✓ Specialists in EV Conversion Kits for auto-rickshaws, cars and buses

Management Comment:

Commenting on this, Mr. Rajesh Doraiswamy, Joint Managing Director, Salzer Electronics Ltd said:

“As we all are aware, the past year brought headwinds for the economy and overall industry, in the form of the COVID-19 pandemic. The pandemic adversely impacted entire supply chains, logistics and business operations across sectors in India and globally. We have seen gradual recovery as markets are slowly opening in India and abroad. Consequently, operations gradually resumed to full capacity as the restrictions were eased in a staggered manner by the authorities. However, as we have demonstrated during the previous year, even in such trying times, Salzer continues to show resilience and registered a good performance. We even conducted vaccination drive for all our employees.

During the second quarter of the financial year, we registered a revenue of Rs. 194.81 crores with EBITDA and PAT of Rs. 18.41 crore and Rs. 7.46 crore, respectively. This quarter performance was very good with growth coming in from industrial switchgear products from all the sectors and export markets mainly the US. One of the main challenge for us is continuous rise in input material price increase which is not stable and passing off input costs to customers is very difficult which has impacted margins slightly.

In line with our strategy to diversify into new innovative product lines, we have recently entered into two Joint Ventures in the electric vehicles (EV) industry. One is a technical alliance with Kostad Steuerungsbau GmbH, an Austria-based specialist in EV FAST chargers and the second one is with EMarch LLP – an India based technology firm which has IP for Electric Conversion Kits for Auto rickshaws, Cars, and buses. We expect these alliances to help us capitalize on the high-growth-potential sector of EVs, as more and more countries encourage the adoption of EVs.

Moreover, as the dealer and retail markets pick up pace, and domestic as well as international markets gradually recover and business regains momentum, we expect to maintain our growth trajectory with our strong product offerings and brand position in the market. Overall, we remain committed to our agenda of delivering sustainable growth and are cautiously optimistic about the business performance in the coming quarters.

I thank all our stakeholders for their continued support and faith in our Company and wish everyone good health.”

About Salzer Electronics

- Salzer is a Leading player offering Total and Customized Electrical Solutions in Switchgears, Wires & Cables and Energy Management business. It is the largest manufacturer of CAM Operated Rotary switches & Wire Ducts in India. The Company caters to a wide range of products with four in-house manufacturing facilities, located in Coimbatore.
- The Company has a wide distribution network locally and globally, exporting to many countries. In India, Salzer markets its products through its own distributors and more than 350 local distributors of L&T. The Company has a strong R&D team that focuses on developing and commercializing the technologies of the products, and as a result, can offer total customized electrical solutions to its customers.

For further information, please contact:

Mr. Baskarasubramaniam

Salzer Electronics Ltd.

Email: baskarasubramanian@salzergroup.com

www.salzergroup.net

Ms. Savli Mangle / Mr. Rahul Trivedi

Bridge Investor Relations Pvt. Ltd.

Email: savli@bridge-ir.com / rahul@bridge-ir.com

www.bridge-ir.com

Caution Concerning Forward- Looking Statements:

This document includes certain forward-looking statements. These statements are based on management's current expectations or beliefs and are subject to uncertainty and changes in circumstances. Actual results may vary materially from those expressed or implied by the statements herein due to changes in economic, business, competitive, technological and/or regulatory factors. The Company is under no obligation to, and expressly disclaims any such obligation to, update or alter its forward-looking statements, whether as a result of new information, future events, or otherwise.