

Media Release

Q2 FY19 Revenue at Rs. 134.7 crore increase of 34% YoY – predominantly driven by organic growth in Industrial Switchgear and building segments, despite a challenging industry scenario

Q2 FY19 EBITDA at Rs 16.7 crore – YoY growth of 30% - growth across all business segments

Q2 FY19 Profit After Tax maintained at Rs. 5.6 crore

Credit Ratings upgrade by CRISIL - Long term borrowing Rating from A-/Positive to 'A/Stable', Short Term Borrowing Rating reaffirmed at 'CRISIL A1'

Coimbatore, October 27th, 2018: Salzer Electronics Limited (BSE: 517059, NSE: SALZERELEC), among leading players offering total and customised electrical solutions, announced its unaudited financial results for the quarter ended 30th September 2018. These financials are as per the IND AS accounting guidelines.

Key Financials (Rs. In Crore):

Particulars	Q2 FY19	Q2 FY18	YoY	H1 FY19	H1 FY18	YoY
Revenue (net off excise duty)	134.7	100.7	33.7%	261.2	205.3	27.2%
EBITDA	16.7	12.9	29.5%	30.7	23.4	31.4%
EBITDA margin (%)	12.40%	12.81%	(41bps)	11.75%	11.40%	35bps
PAT	5.6	5.8	(3.3%)	10.2	9.9	2.8%

Performance Highlights**For the quarter ended September 30th, 2018:**

- **Revenue from operations (net off excise duty)** in Q2 FY19, Rs. **134.7 crore** as against Rs. 100.7 crore in Q2 FY18, **YoY growth of 34%**
 - ✓ Contribution from **domestic sales at 84%** mainly driven by increase in demand in products in Building and Industrial Switchgear Segments
- Breakup of revenue for the Electrical Installation Products:
 - ✓ **Industrial Switchgear – 44% of total revenues, YoY increase of 17%**, on account of demand across sectors good uptick in sales of new products - three phase dry type transformers and wire harness as well as legacy products - rotary switches and toroidal transformers
 - ✓ **Buildings Products – 9% of total revenues, increase of 194% YoY** on account of increase new product offerings - Modular Switches, MCB's Distribution Boards,

Changeovers, Wires & Cables and focus on the retail segment in India

- ✓ **Wires & Cables – 43% of total revenues, YoY increase of 24%**, mainly on account of consolidation of Salzer Magnet Wires (acquired in Q4 FY18)
- ✓ **Energy Management –4% of Revenue**
- **EBITDA stood at Rs. 16.7 crore** in Q2 FY19 as against Rs. 12.9 crore in Q2 FY18, **YoY growth of 30%**, mainly on account of growth driven across all business segments
- **Q2 FY19 EBITDA margin at 12.40%**, QoQ increase of **135 bps**, YoY marginally decline by 36 bps despite change in product mix and increase in new products offerings
- **Profit After Tax maintained at Rs. 5.6 crore**

For the first half ended September 30th, 2018:

- **Revenue from operations (net off excise duty)** in H1 FY19, **Rs. 261.2 crore** as against Rs. 205.3 crore in H1 FY18, **YoY 27% increase driven across all business segments**
 - ✓ Contribution from **domestic sales at 84%** mainly driven by increase in demand and good traction for products in Building and Industrial Switchgear Segments
- Breakup of revenue for the Electrical Installation Products:
 - ✓ **Industrial Switchgear – 40% of total revenues, YoY increase of 18%**
 - ✓ **Buildings Products – 8% of total revenues, increase of 135% YoY** on account of increase in product offerings and focus on the retail segment in India
 - ✓ **Wires & Cables – 49 % of total revenues, YoY increase of 24%**, mainly on account of consolidation of Salzer Magnet Wires
 - ✓ **Energy Management – 3% of total revenue, YoY increase of 105%**. This is an order book driven business and increase in revenues have been drive from increase in AMC
- **EBITDA stood at Rs. 30.7 crore** in H1 FY19 as against Rs. 23.4 crore in H1 FY18, **YoY growth of 31%**, mainly on account of growth of all business segments
- **EBITDA Margin improved by 35 bps to 11.8%** as against 11.4% in the corresponding previous period, mainly on account of better product mix
- **Profit After Tax was at Rs. 10.2 crore** in H1 FY19 as against Rs. 9.9 crore in H1 FY18, **YoY growth of 3%**

Recent Developments

- CRISIL upgraded the credit ratings of the Company. The credit ratings have been upgraded to 'CRISIL A/Stable' from 'CRISIL A-/Positive' for long term borrowings and 'CRISIL A1' reaffirmed for short term borrowings reflecting a leading market position in domestic rotary switches market and an adequate financial risk profile
- Withdrawal of acquisition proposals relating to two Overseas Companies - Advanced ID Asia Engineering Co. Ltd, Thailand and United Marketing and Trading Limited, Hong Kong. This is post detailed study conducted, which has been mutually agreed by the Board of Directors and the Management in line with the plan for long -term value creation of the Salzer Group

Management Comment:

Commenting on the results, Mr. Rajesh Doraiswamy, Joint Managing Director and Chief Financial Officer, Salzer Electronics Ltd said:

"I am happy to share that this quarter once again, we have demonstrated good growth in our revenues, despite a challenging industry scenario domestically especially in the industrial switchgear market. This growth has been predominantly driven by increase in demand of our products under building and industrial switchgear segments. Our building segment has grown more than 190% YoY, as we have added new products in this segment and increased our retail presence in India.

Our legacy products under industrial switchgear segments like rotary switches and toroidal transformers have continued to show robust growth. We have seen good demand and uptick in our other two new products namely three phased try type transformers and wire harness.

Our focus always remains on adding new high margin products, reach out newer geographies and offer customized solutions to our clients. We are constantly looking for new opportunities for technical associations/acquisition to strengthen our base of product offering."

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, with a market share of 25% & 20% respectively. 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 more than 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.

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