

Media Release

14.8% YoY Growth in Standalone H1 FY20 Net Revenue mainly driven by Exports and key businesses of Industrial Switchgear and Wires & Cables business

Standalone H1 FY20 EBITDA at Rs. 34.2 crore – YoY growth of 11.4%

Standalone H1 FY20 Profit After Tax at Rs. 11.7 crore – YoY growth of 15.5%

Awarded ‘Best Collaborative Supplier’ by Schneider for 2019

Coimbatore, November 9th, 2019: 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 half year ended 30th September 2019.

Key Financial Highlights Rs. In Crore):

Particulars	Q2 FY20	Q2 FY19	YoY	H1 FY20	H1 FY19	YoY	Q2 FY20*
Net Revenue	137.8	134.7	2.3%	299.9	261.2	14.8%	143.9
EBITDA (excluding other income)	17.5	16.7	4.8%	34.2	30.7	11.4%	18.4
PAT	5.9	5.6	5.7%	11.7	10.2	15.5%	6.4
Basic EPS (Rs.)	3.72	3.56	4.4%	7.35	6.54	12.4%	3.96

*Consolidated – on account of acquisition of more than 75% shares of Kaycee Industries in Q2FY20

Standalone Financial Performance Highlights

For the quarter ended September 30th, 2019:

- **Net Revenue** in Q2 FY20, **Rs. 137.8 crore** as against Rs. 134.7 crore in Q2 FY19, **YoY growth of 2.3%**, mainly driven by increase in Exports and Industrial Switch Gear business
 - ✓ Contribution from **Exports increased to 19.6%**, as against 16.1% in the corresponding previous period
- Breakup of revenue:
 - ✓ **Industrial Switchgear – 47.1% of net revenues, YoY increase of 10.0%**, driven by increase in demand for three phase dry type transformers and higher exports
 - ✓ **Wires & Cables – 44.9% of net revenues, YoY increase of 7.4%**
 - ✓ **Buildings Products – 6.0% of net revenues.** The revenue decreased on account of sluggish demand in domestic real estate industry
 - ✓ **Energy Management – 2.1% of net revenue – order book driven business;** revenue incurred from AMC charges for the past orders executed
- **EBITDA (excluding other income) stood at Rs. 17.5 crore** in Q2 FY20 as against Rs. 16.7 crore in Q2 FY19, **YoY growth of 4.8%**

- **Q2 FY20 EBITDA Margin at 12.71%** as against 12.40% in Q2 FY19 a marginal YoY increase of **31bps**, on account of higher exports of industrial switch gear products
- **Profit After Tax was at Rs. 5.9 crore** in Q2 FY20 as against Rs. 5.6 crore in Q2 FY19, **YoY growth of 5.7%**
- On sequential comparison with Q1 FY20, Net Revenue has decline by 15% with a 2% marginal increase in PAT. The EBITDA and PAT margin increase by **240 bps and 74 bps respectively**, mainly on account of higher contribution from Industrial Switchgear Segment, a high margin business of the Company, during the quarter

For the first half ended September 30th, 2019:

- **Net Revenue** in H1 FY20, **Rs. 299.9 crore** as against Rs. 261.2 crore in H1 FY19, **YoY 14.8% increase driven across Industrial Switch Gear and Wires & Cables businesses**
 - ✓ Contribution from **exports was 15.2% in H1 FY20**
- Breakup of revenue for the Electrical Installation Products:
 - ✓ **Industrial Switchgear – 41.7% of total revenues, YoY increase of 17.9%**, driven by exports
 - ✓ **Wires & Cables – 50.2% of total revenues, YoY increase of 18.3%** on account of increase in seasonal demand
 - ✓ **Buildings Products – 6.2% of total revenues**
 - ✓ **Energy Management – 1.9% of total revenue.** This is an order book driven business and increase in revenues have been drive from increase in AMC
- **EBITDA (excluding other income) stood at Rs. 34.2 crore** in H1 FY20 as against Rs. 30.7 crore in H1 FY19, **YoY growth of 11.40%**, mainly on account of growth in Industrial Switch Gear and Wires & Cables businesses
- **H1 FY20 EBITDA Margin at 11.40%**, a marginal YoY decline of 35 bps, on account of change in product mix
- **Profit After Tax was at Rs. 11.7 crore** in H1 FY20 as against Rs. 10.2 crore in H1 FY19, **YoY growth of 15.5%**

Key Developments till date:

- Salzer Electronics - an approved vendor for Schneider - was awarded as the Best Collaborative Supplier for 2019
- In line with the focus on increasing product offerings and expanding footprint into newer segments along with access to all India dealer network, the Company acquired 72.32% stake in Kaycee Industries Ltd for a total consideration of Rs 18.10 crore
 - Kaycee Industries Limited a “**pre-independence**” Company with a legacy of “**three quarter of a century**”, being pioneer in Industrial Switchgear business and among the leading provider of electrical and electric component in India with manufacturing facility located at Ambernath – Thane

- Appointed Mr. Raman Krishnamoorthy as Vice President Finance & Operations of Kaycee Industries. Mr. Raman is a Finance Professional with over 21 years of experience in various aspects of financial and operational Management – Cost optimization, operating Controls, Accounting, Tax, Reporting, Budgeting, Cash & Treasury Management, Legal & Compliance, Insurance and Risk Management

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 we have been able to deliver a good growth of around 15% in the first half, despite the challenges of lower demand and slowdown in the overall Indian industry during the second Quarter. This growth has been on account of increase in our exports and key businesses of Industrial Switch Gear product and Wires & Cables. The business from the Indian Railways in H1FY20 was around Rs 9 crore which we expect to grow by around 18-20% over the next one year. However, the sluggish domestic real estate market impacted the growth in our building segment business, and we hope to see a pickup in demand in the coming quarters.

The market conditions continue to be challenging, despite this we remain confident of achieving our yearly targets of revenue on back of our quality products offerings and long-term relations with our clients. We continue to work towards improving our working capital efficiency and have already taken steps in that direction and are confident of achieving our set targets.

As part of our journey towards sustainable growth, we have made progress by adding newer products, new markets and customers. We expect that our enhanced manufacturing capabilities and brand visibility among our customers will enable us to scale our business and customer connect. We continue to look at growth opportunities both organic and via acquisitions as well as technical alliances that would give us a competitive edge.

Overall, we remain committed to our set agenda of delivering sustainable growth. I thank all our stakeholders for their continued support and faith in our Company”

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.

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