Media Release

7.4 % YoY Growth in Standalone 9M FY20 Net Revenue mainly driven by Exports and higher Contribution from key businesses of Industrial Switchgear

Standalone 9M FY20 EBITDA at Rs. 50.9 crore – YoY growth of 8.8% on account high margin Industrial Switchgear Products

Standalone 9M FY20 PAT growth at 15.4% to Rs. 17.2 crore

Coimbatore, February 6th, 2020: Salzer Electronics Limited (BSE: 517059, NSE: SALZERELEC), among leading players offering total and customised electrical solutions, announced its unaudited financial results for the third quarter and nine months ended 31st December 2019.

Key Financial Highlights Rs. In Crore:

Particulars	Standalone						Consolidated
	Q3 FY20	Q3 FY19	YoY	9M FY20	9M FY19	YoY	Q3 FY20*
Net Revenue	134.7	143.5	**(6.1%)**	434.6	404.7	**7.4%**	**140.4**
EBITDA (excluding other income)	16.7	16.1	**3.8%**	50.9	46.8	**8.8%**	**17.1**
PAT	5.5	5.4	**1.9%**	17.2	14.9	**15.4%**	**5.8**
Basic EPS (Rs.)	3.44	3.39	**1.5%**	10.79	9.93	**8.7%**	**3.59**

***Consolidated – on account of acquisition of 74.8% shares of Kaycee Industries in Q2 FY20**

Standalone Financial Performance Highlights

For the quarter ended December 31st, 2019:

- **Net Revenue** in Q3 FY20, **Rs. 134.7 crore** as against Rs. 143.5 crore in Q3 FY19, **YoY decline of 6.1%,** mainly on account of lower contribution from wires & cables business segment
  - ✓ Contribution from **Exports increased to 20.7%,** as against 15.6% in the corresponding previous period driven by high margin Industrial Switchgear products and increase in exports primarily to USA
- Breakup of revenue:
  - ✓ **Industrial Switchgear – 50.0% of net revenues, YoY increase of 6.7%,** driven by increase in demand for three phase dry type transformers and higher exports
  - ✓ **Wires & Cables – 41.1% of net revenues, a y-o-y decline of 19%,** on account of low demand in domestic market
  - ✓ **Buildings Products – 6.8% of net revenues**. The revenue decreased by 3% on account of sluggish demand in domestic real estate industry
  - ✓ **Energy Management – 2.2% of net revenue –** order book driven business; revenue incurred from AMC charges for the past orders executed

- **EBITDA (excluding other income) stood at Rs. 16.7 crore** in Q3 FY20 as against Rs. 16.1 crore in Q3 FY19, **YoY growth of 3.8%**

- **Q3 FY20 EBITDA Margin at 12.40%** as against 11.21% in Q3 FY19 a YoY increase of **119 bps**, on account of higher exports of industrial switch gear products

- Despite decline in revenues **Profit After Tax grew by 1.9% to Rs. 5.5 crore** in Q3 FY20 as against Rs. 5.4 crore in Q3 FY19

For the nine months ended December 31st, 2019:

- **Net Revenue** in 9M FY20, **Rs. 434.6 crore** as against Rs. 404.7 crore in 9M FY19, **YoY 7.4% increase driven by exports and higher contribution from Industrial Switch Gear business**
  - ✓ Contribution from **exports was 16.9% in 9M FY20**

- Breakup of revenue for the Electrical Installation Products:
  - ✓ **Industrial Switchgear – 44.3% of total revenues, YoY increase of 13.7%,** driven by exports and Three Phased Dry Typed Transformer
  - ✓ **Wires & Cables – 47.3% of total revenues, YoY increase of 4.9%**
  - ✓ **Buildings Products – 6.4% of total revenues, YoY decline of 11%**
  - ✓ **Energy Management – 2.0% 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. 50.9 crore** in 9M FY20 as against Rs. 46.8 crore in 9M FY19, **YoY growth of 8.8%,** mainly on account of higher growth in Industrial Switch Gear and Wires & Cables businesses

- **9M FY20 EBITDA Margin at 11.71%,** YoY increase of 15 bps, on account of change in product mix

- **Profit After Tax was at Rs. 17.2 crore** in 9M FY20 as against Rs. 14.9 crore in 9M FY19, **YoY growth of 15.4%**

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 74.8% 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 during the 9M FY20 we have registered a 7.4% Y-o-Y growth in our revenues. This growth was mainly driven by demand in our switchgear business segment mainly in Export markets. The increase in contribution from exports of Industrial Switchgears helped us to improve our margins and also helped create visibility for the Salzer brand in different geographies.

The market sentiments in India continue to be sluggish and demand outlook remains challenging across categories as we have seen during the quarter as the wires & Cables business has declined by 19% Y-o-Y. We continue to take necessary action in order to tackle this and are confident of achieving our yearly targets of revenue on back of our quality products and long-term relations with our clients.

We continue to focus on adding new, niche and high margin products, enter new geographies and offer total and customised electrical solutions to our existing and new customers. To aid to this we are constantly on the lookout for any new opportunities for technical associations to strengthen the base for our product offerings.

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.

For further information, please contact:

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