

Media Release

Robust YoY quarterly revenue growth of 26% - driven by in Industrial switchgear and Building Electrical businesses

Growth driven by high demand products -Toroidal Transformers, Three phase Transformers, LAN Cables, and Sensors & MCBs

**Standalone Q2 FY23 EBITDA (excluding other income) at Rs. 24.48 crore
– YoY growth of 32.97%**

Q2 FY23 EBITDA Margin at 9.99% - YoY growth of 54 bps

Standalone Q2 FY23 PAT at Rs. 8.95 crore - YoY growth of 19.97%

Coimbatore, November 10th, 2022: Salzer Electronics Limited (BSE: 517059, NSE: SALZERELEC), a capital goods engineering Company offering total and customised electrical solutions, announced its unaudited financial results for the Second quarter and half year ended 30th September 2022.

Key Financial Highlights Rs. In Crore:

Particulars	Standalone						Consolidated
	Q2 FY23	Q2 FY22	YoY	H1 FY23	H1 FY22	YoY	Q2 FY23*
Net Revenue	244.96	194.81	25.75%	478.02	343.78	39.05%	245.62
EBITDA (excluding other income)	24.48	18.41	32.97%	44.10	33.21	32.77%	25.63
EBITDA Margin	9.99%	9.45%	54 bps	9.23%	9.66%	(43 bps)	10.44%
PAT	8.95	7.46	19.97%	17.73	11.41	55.42%	9.61
PAT Margin	3.66%	3.83%	(17 bps)	3.71%	3.32%	39 bps	3.91%
Basic EPS (Rs.)	5.60	4.67	19.91%	11.10	7.14	55.46%	5.87

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

Standalone Financial Performance Highlights

For the Second quarter ended September 30th, 2022:

- **Net Revenue** in Q2 FY23 was **Rs. 244.96 crore** as against Rs. 194.81 crore in Q2 FY22, **YoY growth of 25.75%**. This growth was drive by higher demand for Switchgear as well as Building products businesses. There has been a strong order inflow for high margin switchgear product - Three Phase Dry Type transformer particularly in the sectors of renewables and machine tools
 - ✓ Contribution from **Exports at 25.41%**, export revenue grew 18.3% YoY in Q2 FY23, driven by higher exports to Middle East Africa, North and South America and Europe.
- Breakup of revenue:
 - ✓ **Industrial Switchgear – 57.61% of net revenue**
 - ✓ **Wires & Cables – 34.15% of net revenues**

- ✓ **Buildings Electrical Products – 8.25% of net 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) was Rs. 24.48 crore** in Q2 FY23 as against Rs. 18.41 crore in Q2 FY22, **YoY growth of 32.97%** on account of increased sales in the Switchgear business and increase in exports
- **EBITDA Margin for the quarter stood at 9.99%, rise of 54 bps**, mainly on account of increase in sales from higher margin products. However, EBITDA margin has improved sequentially by 157 bps
- **Profit After Tax at Rs. 8.95 crore** in Q2 FY23 as against Rs. 7.46 crore in Q2 FY22, **YoY growth of 19.97%**

For the first half ended September 30th, 2022:

- ✓ **Net Revenue** in H1 FY23, **Rs. 478.02 crore** as against Rs. 343.78 crore in H1 FY22, **YoY growth of 39.05%**, driven by businesses of Industrial switchgear and Building products
- ✓ Contribution from **exports was 23.15% in H1 FY23**, export revenue grew 24.2% YoY in H1 FY23, driven by higher exports to Middle East, Africa, North and South America and Europe

- Breakup of revenue for the Electrical Installation Products:
 - ✓ **Industrial Switchgear – 53.15% of total revenues**,
 - ✓ **Wires & Cables – 38.87% of total revenues**
 - ✓ **Buildings Products – 7.98% 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. 44.10 crore** in H1 FY23 as against Rs. 33.21 crore in H1 FY22, **YoY growth of 32.77%**, mainly on account of higher sales during the half year
- **EBITDA Margin at 9.23%**, YoY decrease of 43 bps. This decline was on account of increase in raw material costs in Q1 FY23
- **Profit After Tax was at Rs. 17.73 crore** in H1 FY23 as against Rs. 11.41 crore in H1 FY22
- **PAT Margin at 3.71%** in H1 FY23 as against 3.32% in H1 FY22, **YoY increase of 39 bps**

Management Comment:

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

“Our second quarter performance has been in line with our expectations. We have been seeing a good growth coming in from Industrial switchgear and Building products businesses. We are witnessing substantially higher demand in many key products from these two businesses.”

During the Second quarter and half year ended of the financial year, we registered a revenue of Rs. 244.96 crores with EBITDA (excluding other income) and PAT of Rs. 24.48 crore and Rs. 8.95 crore, respectively. This growth came in primarily from industrial switchgear products as well as Building Products businesses especially in high demand products like Toroidal Transformers, Three phase Transformers, LAN Cables, Sensors, & MCB's.

I am happy to share that there is a strong demand especially for our 3-phase dry type transformers, particularly from the sectors of renewables and machine tools, as this product is getting very well accepted in the market and orders have started flow in. Our raw material prices have begun to stabilize and we are seeing the benefits of our price hikes in the form of better margins quarter on quarter. We also expect to reduce raw material consumption in coming quarters.

We recently received two patents for duration of 20 years – one for integrated cam operated rotary switches, which is a legacy product contributing substantially to our top line and another for MPCB. Such developments help protect our intellectual property and boost our efforts in R&D and product development.

Going ahead, we expect to maintain our growth trajectory combined with strong product offerings and brand position in the market. Based on the domestic and export outlook, we are optimistic on our overall business performance.

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.

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