

Alicon Castalloy Ltd

Q2 & H1 FY20 Results Presentation

October 17, 2019

Disclaimer

Except for the historical information contained herein, statements in this presentation and the subsequent discussions, which include words or phrases such as "will", "aim", "will likely result", "would", "believe", "may", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", seek to", "future", "objective", "goal", "likely", "project", "should", "potential", "will pursue", and similar expressions of such expressions may constitute "forward-looking statements". These forward looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, obtain regulatory approvals, our provisioning policies, technological changes, investment and business income, cash flow projections, our exposure to market risks as well as other risks. The Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

Contents





About Alicon Castalloy

Alicon Castalloy - Overview

Offers end-to-end solutions spanning the entire spectrum of aluminum casting needs across multiple user industries

Offers - Design, Engineering, Casting, Machining and Assembly, Painting and Surface Treatment of Aluminum Components

Pioneer in India for processes of Low Pressure Die Casting (LPDC) and Gravity Die Casting (GDC)

Operates one of the largest Aluminum foundries in India

Leaders in the development of Pro-Cast and Magma space in India

Diversified marquee Customer base across core sectors in India coupled with steady rise in International presence

Robust track record of 44 years, further enriched by 89 year legacy of Illichmann Castalloy



Alicon Castalloy - At a Glance



17%

Revenue CAGR
(5 yr)



21%

EBITDA CAGR
(5 yr)



23%

PAT CAGR
(5 yr)



4

Manufacturing
Units



1,192

INR crore of
Revenue in FY19



84

customers with..

674

Live Parts



46

No. of product
innovations during FY19



Presence in

18

countries

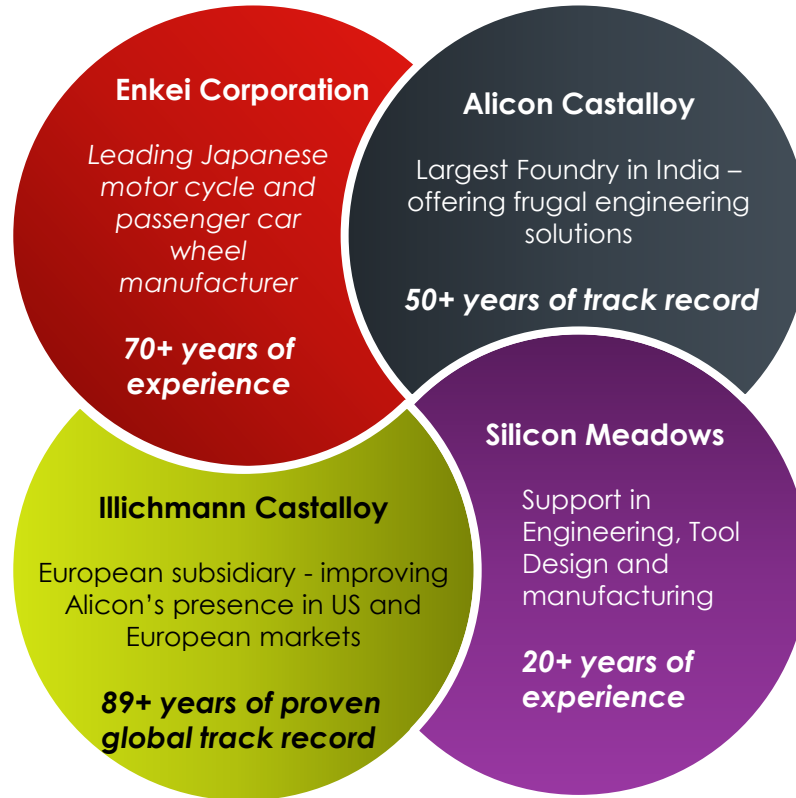


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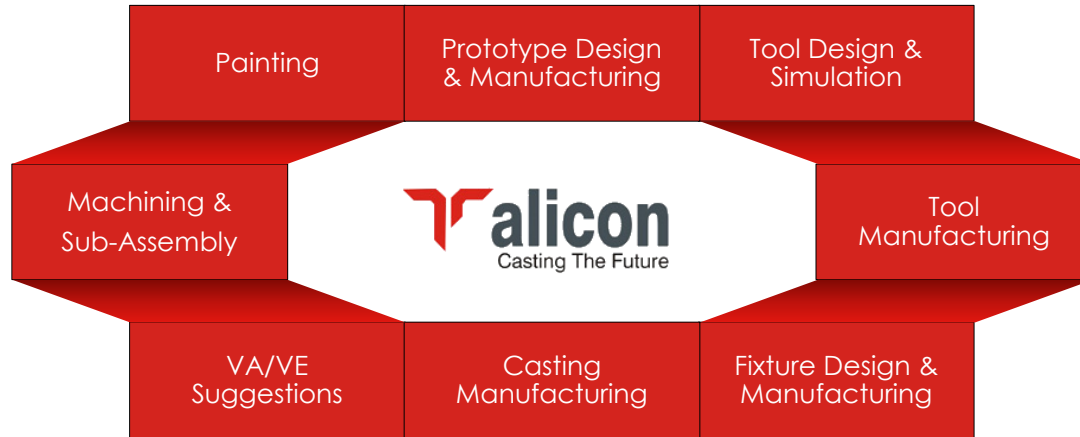
No. of permanent
employees

Alicon Castalloy – Blending the best attributes

*A blend of
European
engineering skills,
Japanese quality
and inherent
Indian ingenuity
and frugality*



One-stop shop for all engineering solutions related to aluminum alloy castings



Catering to key sectors of the Indian economy



Automobile



Infrastructure



Aerospace



Medical



Energy



Agriculture

Global Presence : Close-to-Demand

Strategic locations enable better speed-to-market and increased cost optimization



4 modern plants
(1 international)

High-end machines

Advanced Technology Centre

Globally competent Tool
Rooms (20 tools/ a month)

Full-edged Machine Shop
(including assembly facility)

USA
Marketing Franchise

France
Marketing Franchise

Austria
International Marketing
Office

Slovakia
* Manufacturing Plant
* Tool Room
* Product Validation Lab

**Chinchwad, Pune
Maharashtra**
* Manufacturing Plant
* Tool Room
* Product Validation Lab
* Machine Shop

**Shikrapur, Pune
Maharashtra**
* Manufacturing Plant
* Technology Centre
* Product Validation Lab
* Machine Shop

**Binola,
Haryana**
* Manufacturing Plant
* Product Validation Lab

Diversified base of marquee customers

Diversity across markets and industries provides a natural hedge

TWO WHEELER OEM



Not reliant on a single 'anchor' customer

None of the customers contribute >15% of turnover

FOUR WHEELER OEM



TIER 1 & NON AUTO



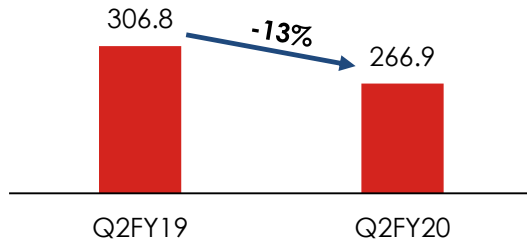
AND MANY MORE...



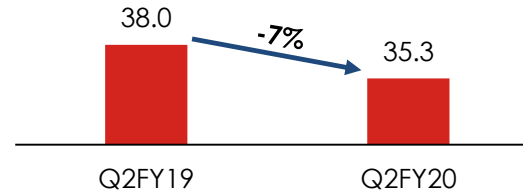
Q2 & H1 FY2020 Financial Performance

Q2FY20 Highlights – Consolidated

Total Income

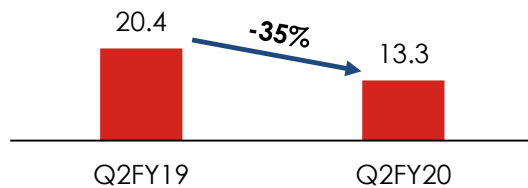


EBITDA

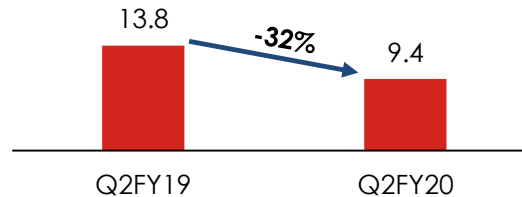


EBITDA %	12.4	13.2
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PBT



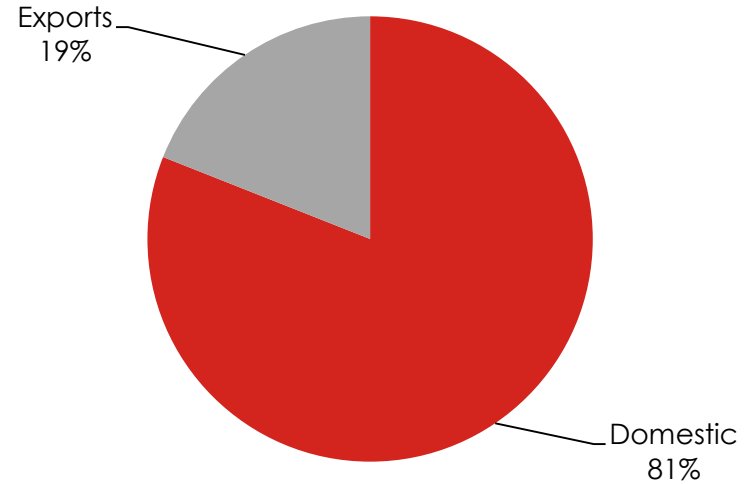
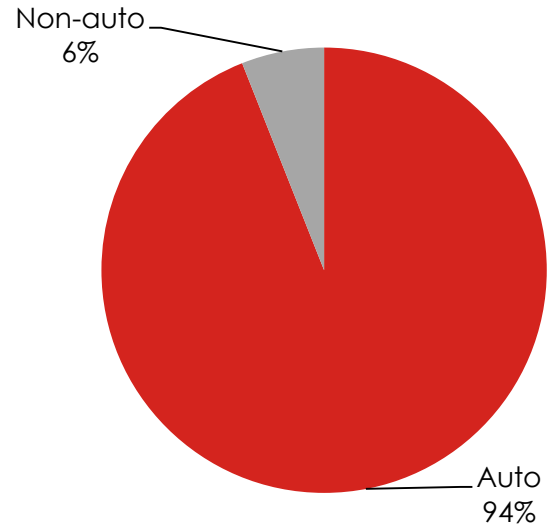
PAT



PAT %	4.5	3.5
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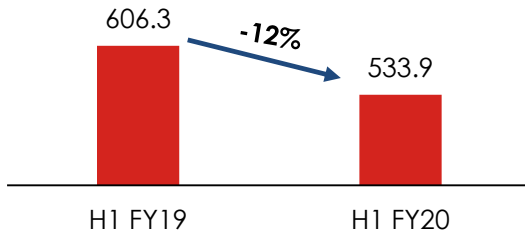
- Total Income stood at Rs. 266.9 crore, stable when compared to the immediately preceding quarter
- On a YoY basis, Domestic Revenues and the Export* segment de-grew by 13%. On a sequential quarter basis, both remained stable
- Other income stood at Rs. 0.65 crore, higher by 19% yoy
- Gross margins stable at 48%
- EBITDA stood at Rs. 35.35 crore, higher by 27% compared to Q1FY20
- On a YoY basis, EBITDA margins improved 85 bps to 13.2% due to cost control and operating efficiencies
- On a sequential quarter basis, EBITDA margin improved by 280 bps
- PAT of Rs. 9.4 cr in Q2, higher by 84% as compared to the immediately preceding quarter

Revenue Mix – Q2FY20

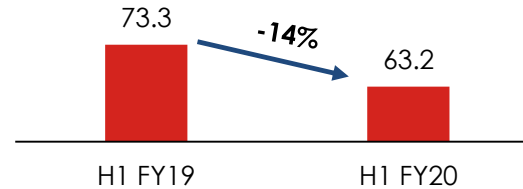


H1 FY20 Highlights – Consolidated

Total Income

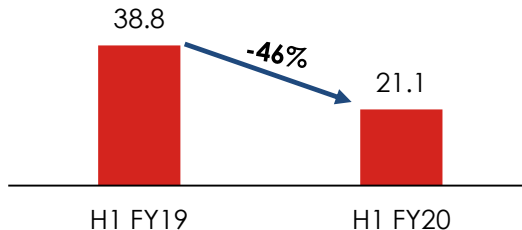


EBITDA

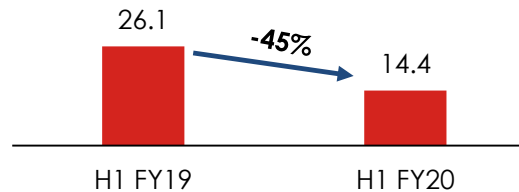


EBITDA %	12.1	11.8
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PBT



PAT



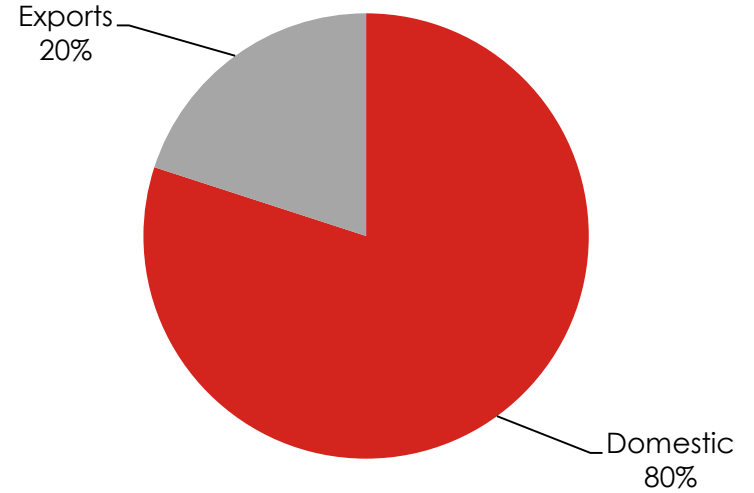
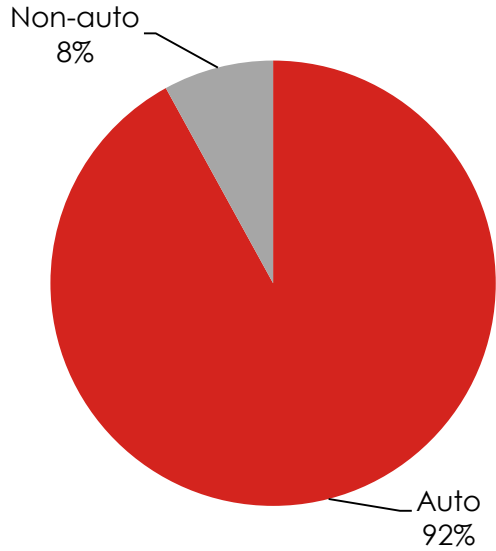
PAT %	4.3	2.7
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- Total Income stood at Rs. 533.9 crore as against 606.3 crore in H1 FY19
 - Domestic Revenues were lower by 9.3% YoY
 - Export* segment reported de-growth of 21.2% YoY
- Other income stood at Rs. 1.30 crore, lower by 21%
- Gross margin was stable at 48%
- EBITDA stood at Rs. 63.2 crore
- EPS (Diluted) stood at Rs. 10.38 in H1FY20 as against Rs. 18.56 in H1FY19

Figures in Rs. Crore

*Exports (incl. overseas business)

Revenue Mix – H1 FY20



Abridged P&L – Consolidated

Particulars (Rs. crore)	Q2FY20	Q2FY19	Y-o-Y Shift	H1 FY20	H1FY19	Y-o-Y Shift
Net Revenue from Operations	266.21	306.28	-13%	532.60	604.68	-12%
Other Income	0.65	0.54	19%	1.30	1.64	-21%
Total Income	266.86	306.83	-13%	533.90	606.32	-12%
Total Expenditure	231.51	268.80	-14%	470.71	533.03	-12%
Raw Material expenses	139.68	156.80	-11%	277.89	308.66	-10%
Employee benefits expense	35.02	43.87	-20%	72.31	86.12	-16%
Other expenses	56.81	68.13	-17%	120.51	138.25	-13%
EBITDA	35.35	38.03	-7%	63.19	73.29	-14%
EBITDA margin (%)	13.2%	12.4%	+85 bps	11.8%	12.1%	-25 bps
Finance Costs	10.56	8.27	28%	20.40	16.15	26%
Depreciation and Amortization	11.48	9.36	23%	21.73	18.32	19%
PBT	13.30	20.40	-35%	21.06	38.82	-46%
Tax Expenses	3.95	6.59	-40%	6.62	12.71	-48%
PAT	9.36	13.81	-32%	14.44	26.11	-45%
PAT Margin (%)	3.5%	4.5%	-99 bps	2.7%	4.3%	-160 bps

Abridged Balance Sheet – Consolidated

Equity & Liabilities (Rs. Crore)	As on Sept 30, 2019	As on March 31, 2019	Assets (Rs. Crore)	As on Sept 30, 2019	As on March 31, 2019
a) Shareholders' Funds	313.22	308.26	a) Non-current Assets	395.47	380.73
b) Non-current Liabilities (NCL)			a) Current Assets		
- Financial Liabilities	87.47	84.85	- Inventories	102.94	119.67
- Provisions	6.28	6.18	- Trade Receivables	353.89	342.65
- Deferred Tax liabilities	24.01	23.25	- Cash & Bank balance	9.67	8.16
Total Non-current Liabilities	117.78	114.28	- Others	27.17	28.09
c) Current Liabilities (CL)			Total Current Assets	493.67	498.57
- Financial Liabilities	445.96	441.41	Total Assets	889.14	879.31
- Other CL	8.38	9.94			
- Provisions	1.64	3.25			
- Current Tax Liability (Net)	2.16	2.16			
Total Current Liabilities	458.14	456.76			
Total Liabilities	575.92	571.04			
Total Equities & Liabilities	889.14	879.31			

Management's Message

Commenting on the performance, Mr. Rajeev Sikand, Group CEO , Alicon Castalloy said,

"In the backdrop of an unprecedented slowdown in the Global & Domestic Auto Industry, we have reported lower volumes as customers have deferred production schedules. This, combined with our strategic decision to reduce inventory has led to lower total income of Rs. 267 crore in Q2 FY20. However, on a sequential basis, we delivered a meaningful improvement, both in terms of revenues and profitability. Even as we navigate the current turbulence in our industry, we are sowing the seeds for a more robust business model by expanding our innovative product offerings and augmenting our presence in various sectors like Infrastructure, Aeronautics, Defense, Energy and Agriculture. We have added a range of high-potential SKUs across auto, EV and non-auto segments and have also been focusing on improving overall business efficiencies. We are also continuously investing behind the right talent pool and new technologies to drive further differentiation.

We are confident that the automobile industry will bounce back stronger from the present day challenges. The upcoming safety and emission norms will enable a higher component content per vehicle, which will help boost demand for the entire auto-components industry over the medium to long term. Overall, we remain well-positioned to cater to the many opportunities and are optimistic of delivering a sustainable and healthy growth trajectory going forward."

Business Growth Levers & Outlook

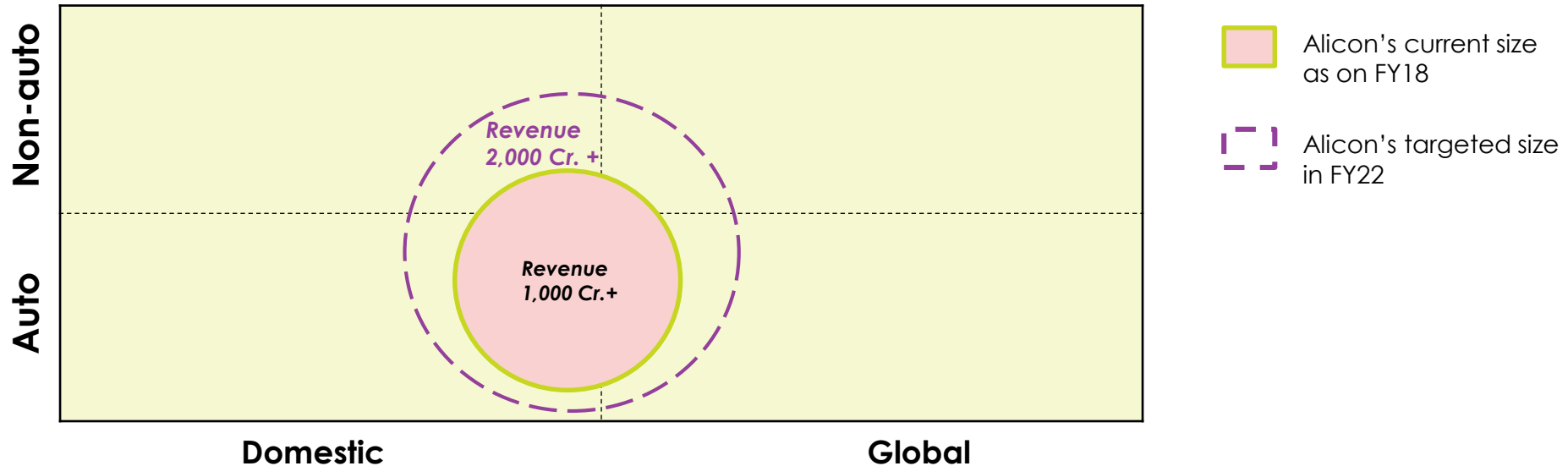


Growth Enablers



Vision G5 2021-22

In FY16, Alicon unveiled its vision G5 2021-22, which spells out the Company's ambition to be among the Top 5 global foundries by FY2021-22



The Alicon DNA

To become the globally preferred supplier for Light Alloy Casting Solutions



Our Mission

Grow the employees, associates and suppliers

Ensure total customer satisfaction

Increase shareholder value



Our Values

Quality, Integrity and Respect

Encourage Entrepreneurship

Ownership and Accountability

Commitment to the Environment and Community

North Star philosophy - Alicon endeavors to promote Indian self-reliance in the present domains

“ We are proud to be Indians, we work to make India proud ”

The North Star philosophy aligns the Company's Corporate Pledge, Vision, Mission, Values, DNA and future growth Strategy



Concall Details

Conference Call Details

Alicon Castalloy's Q2 & H1 FY20 Earnings Conference Call

Time & Date

- 2:30 PM on Friday, October 18, 2019
-

Local dial-in numbers

- +91 22 6280 1141
 - +91 22 7115 8042
-

International Toll Free Number

- Hong Kong: 800 964 448
 - Singapore: 800 101 2045
 - UK: 0 808 101 1573
 - USA: 1 866 746 2133
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Thank You

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