

## PRESS RELEASE

14<sup>th</sup> November 2022

### RESULTS UPDATE

**FOR THE HALF YEAR ENDED SEPTEMBER 30, 2022 :**

(Rs. In million)

STANDALONE	SEPTEMBER 2022		SEPTEMBER 2021		Growth
	Amount	%	Amount	%	
<b>OPERATING REVENUE (Net of taxes)</b>	<b>7231.89</b>		<b>5638.52</b>		<b>28.26%</b>
EBITDA (Operational)	1177.03	16.28%	1042.62	18.49%	12.89%

CONSOLIDATED (Excluding LDC)	SEPTEMBER 2022		SEPTEMBER 2021		Growth
	Amount	%	Amount	%	
<b>OPERATING REVENUE (Net of taxes)</b>	<b>10326.59</b>		<b>8552.86</b>		<b>20.74%</b>
EBITDA (Operational)	1444.87	13.99%	1292.82	15.12%	11.76%

CONSOLIDATED (Including LDC)	SEPTEMBER 2022		SEPTEMBER 2021		Growth
	Amount	%	Amount	%	
<b>OPERATING REVENUE (Net of taxes)</b>	<b>13612.47</b>		<b>8552.86</b>		<b>59.16%</b>
EBITDA (Operational)	1356.73	9.97%	1292.82	15.12%	4.94%

Phoenix Lamps Division Consolidated (PLD)	SEPTEMBER 2022		SEPTEMBER 2021		Growth
	Amount	%	Amount	%	
<b>OPERATING REVENUE (Net of taxes)</b>	<b>1754.46</b>		<b>1535.30</b>		<b>13.69%</b>
EBITDA (Operational)	114.21	6.54%	127.90	8.33%	(10.70)%

SENA DIVISION (NON-AUTOMOTIVE)	SEPTEMBER 2022		SEPTEMBER 2021		Growth
	Amount	%	Amount	%	
<b>OPERATING REVENUE (Net of taxes)</b>	<b>2439.11</b>		<b>2048.20</b>		<b>19.09%</b>
EBITDA (Operational)	301.56	12.36%	276.70	13.51%	8.98%

LDC DIVISION	SEPTEMBER 2022		SEPTEMBER 2021		Growth
	Amount	%	Amount	%	
<b>OPERATING REVENUE (Net of taxes)</b>	<b>3285.67</b>		-	-	-
EBITDA (Operational)	(88.08)	(2.68)%	-	-	-

Above Operational EBITDA is without considering all non-operational income, forex gain / loss &amp; acquisition expenses.

**FOR THE QUARTER ENDED SEPTEMBER 30, 2022.**

STANDALONE	Q2 SEP-22		Q2 SEP-21		Growth
	Amount	%	Amount	%	
<b>OPERATING REVENUE (Net of taxes)</b>	<b>3865.64</b>		<b>3547.75</b>		<b>8.96%</b>
EBITDA (Operational)	662.26	17.13%	723.40	20.39%	(8.45)%

CONSOLIDATED (Excluding LDC)	Q2 SEP-22		Q2 SEP-21		Growth
	Amount	%	Amount	%	
<b>OPERATING REVENUE (Net of taxes)</b>	<b>5470.99</b>		<b>4936.68</b>		<b>10.82%</b>
EBITDA (Operational)	807.17	14.75%	800.59	16.22%	0.82%

CONSOLIDATED (Including LDC)	Q2 SEP-22		Q2 SEP-21		Growth
	Amount	%	Amount	%	
<b>OPERATING REVENUE (Net of taxes)</b>	<b>7160.63</b>		<b>4936.68</b>		<b>45.05%</b>
EBITDA (Operational)	786.71	10.99%	800.59	16.22%	(1.73)%

Phoenix Lamps Division Consolidated (PLD)	Q2 SEP-22		Q2 SEP-21		Growth
	Amount	%	Amount	%	
<b>OPERATING REVENUE (Net of taxes)</b>	<b>910.26</b>		<b>925.40</b>		<b>(1.64)%</b>
EBITDA (Operational)	68.21	7.49%	89.20	9.64%	(23.53)%

SENA DIVISION (NON-AUTOMOTIVE)	Q2 SEP-22		Q2 SEP-21		Growth
	Amount	%	Amount	%	
<b>OPERATING REVENUE (Net of taxes)</b>	<b>1264.31</b>		<b>1010.70</b>		<b>25.09%</b>
EBITDA (Operational)	178.06	14.08%	115.10	11.39%	54.70%

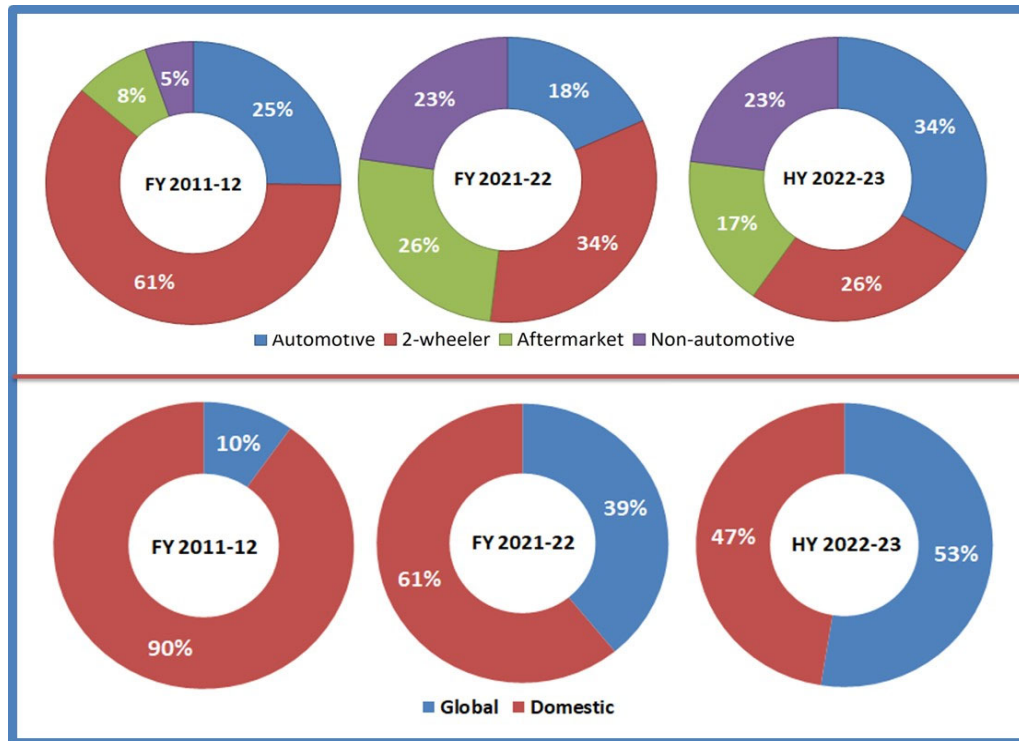
LDC DIVISION	Q2 SEP-22		Q1 June-22		Growth
	Amount	%	Amount	%	
<b>OPERATING REVENUE (Net of taxes)</b>	<b>1689.39</b>		<b>1596.29</b>		<b>5.83%</b>
EBITDA (Operational)	(15.65)	(0.93)%	(72.44)	(4.54)%	

Above Operational EBITDA is without considering all non-operational income, forex gain / loss & acquisition expenses.

DEBT LEVEL (Group) & Investment	Sep-22	Mar-22
	(Rs. In millions)	
Long Term *	2658	309
Short Term	3011	2,806
<b>TOTAL</b>	<b>5669</b>	<b>3,115</b>
<b>INVESTMENT IN MUTUAL FUNDS</b>	<b>2850</b>	<b>2619</b>

\*Includes LDC acquisition debt of Rs.2,266 Millions.

**SECTOR AND GEOGRAPHICAL REVENUE SPLITS**



**BUSINESS UPDATE**

- The overall Indian automotive segment grew at 22% during the first half of the year. Against this, Suprajit India business grew at 28%, showing a strong domestic operation, despite weak 2-wheeler market.
- Monetary tightening across the world due to inflationary trends, increasing lending rates and recessionary concerns are the major risks for global growth.
- Global slowdown concerns, inflationary and recessionary trends, Ukraine war, China Covid concerns, etc., are affecting global operations in US, Europe, and China.
- The pressure of higher commodity prices and chip shortages have eased but remain a concern.
- The above factors continue to dominate and influence overall operations.
- However, the consolidated business grew at 60% including LDC and at 21% excluding LDC, showing a strong resilience and underlying performance.
- Overall operations of the group continue to show robustness both in terms of sales growth and stable margins.

**DIVISIONAL HIGHLIGHTS****DOMESTIC CABLE DIVISION (DCD) :**

- Continues to deliver a strong performance, across OEM & aftermarket.
- Both Sales and EBITDA showed strong growth during the quarter and half year.
- The new facility for a comprehensive aftermarket cable operation at Bommmasandra Industrial area is progressing as per the plan. It is expected to be completed by the end of financial year.

**SUPRAJIT AUTOMOTIVE (SAL) AND SUPRAJIT EUROPE (SEU) :**

- Despite the global concerns, Europe in particular, SAL & SEU have delivered strong performance due to the launch of new projects.
- Most price increases with the customers have now been completed.
- Sales growth and margins are in line with expectations.
- New businesses are won and order pipeline is robust.

**SUPRAJIT ENGINEERING NON-AUTOMOTIVE (SENA) DIVISION :**

- Delivered another quarter of strong performance with good sales growth.
- Operations remained stable in all the 3 plants (Wichita, Juarez and Bangalore).
- EBIDTA margins remained strong.

**PHOENIX LAMPS DIVISION (PLD):**

- PLD continued to have a challenging quarter as indicated in the last update.
- Although the half-year growth has been satisfactory, the margin pressure and pricing challenges continue to persist. However, after careful scrutiny of the past two months' performance, it seems that margin compression is easing, and a positive trend is emerging.
- An improvement in margins from Q3 onwards is expected.
- A restructuring plan to further improve operational efficiencies and costs across the value chain within the organization is on the anvil. We expect this will accelerate improvement in the margins over the next 1-2 years.

**LIGHT DUTY CABLE (LDC) DIVISION:**

- In addition to the last update dated 25<sup>th</sup> July 2022, further brief on various operations of LDC is elaborated below:

**SHANGHAI LONESTAR – CHINA:**

- The covid disruption, which was significant during the first quarter, continued in some regions of China, leading to certain disruptions at Lone Star.
- Economy in China is slowing down, causing growth deceleration.
- Yuan – Chinese currency depreciated by about 10% over the past one year against US\$. Hence, sales for the year will decrease in dollar terms even though they are stable in the reporting currency, the Yuan.
- EBITDA margins have improved and have reached double digits.
- China operations contributed 20% to LDC business.

**SUPRAJIT – HUNGARY (SIOFOK):**

- European automotive markets are down due to economic recession and Ukraine war.
- Euro depreciated by about 8-10% over the past one year against US\$. Forint depreciated by about 30%.
- Sales for the half year in the reporting currency (Euro and Forint) has been reasonably stable but down in US\$ terms, due to currency depreciation.
- Inflationary trend in Hungary is significant leading to pressure on all costs, particularly wages and salaries.
- Operations has significant margin pressures and are negative due to the various reasons elaborated above and, in the previous update.
- Hungary operations contributed 21% to LDC business.

**SUPRAJIT – MEXICO (MATAMOROS):**

- The automotive markets are down in US due to production constraints.
  - The sales remain stable in line with the targets.
  - EBITDA margins have improved from significant negative to a break-even level.
  - Mexico operations contribute 59% to LDC's business.
- Overall, LDC is progressing generally as per the plans and in accordance with the update dated 25.7.2022.
  - Price increase from customers continues to be challenging. The progress is slower than originally projected but steady, in getting customer price increase.

- In view of the above, the overall LDC sales in US\$ is revised 5-7% lower compared to an earlier estimate of US\$ 95 mn. This is largely due to the currency depreciations, certain slowdown in Europe and Covid issues in China.
- The progress of LDC integration, work done by MAX Teams etc., are yielding significant benefits, both short and long term.
- The order pipeline remains strong. LDC is working on multiple significant new businesses and has also secured good new contracts with customers.

**SUPRAJIT TECHNOLOGY CENTRE (STC) AND ELECTRONICS FACILITY:**

- Electronics Facility at Doddaballapur was inaugurated by Mr.Sudarshan Venu, Managing Director, TVS Motor Company Limited (Please refer the Press Release dated 2<sup>nd</sup> November 2022).
- Production has commenced for digital clusters, throttle position sensors, rotary sensors and lock actuators for which new orders have been received from various customers, particularly in the 2-wheeler and EV space.
- These products have been developed by STC. These new products are expected to enhance Suprajit's content per 2-wheeler in the coming years.
- STC continues to strengthen its product portfolio in both electronic and mechanical space and in the process of commercializing some more new products.

**COMMENTARY ON THE CURRENT QUARTER AND THE BALANCE YEAR**

- The electronics division will start scaling up commercial shipments from its new facility.
- New business opportunities, prospects and pipeline are strong across the group entities.
- Despite significant headwinds and uncertainties across the world, the overall business outlook appears strong across various divisions of the Company.

**About Suprajit Engineering Limited:**

*Suprajit is India's largest automotive cable and halogen bulb maker with an annual global capacity of 400 million cables and 110 million halogen bulbs. Suprajit's customers' list includes most Indian automotive majors. Suprajit also exports to many marquee global customers.*

*For further information, please contact:*

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