

Alicon Castalloy Ltd

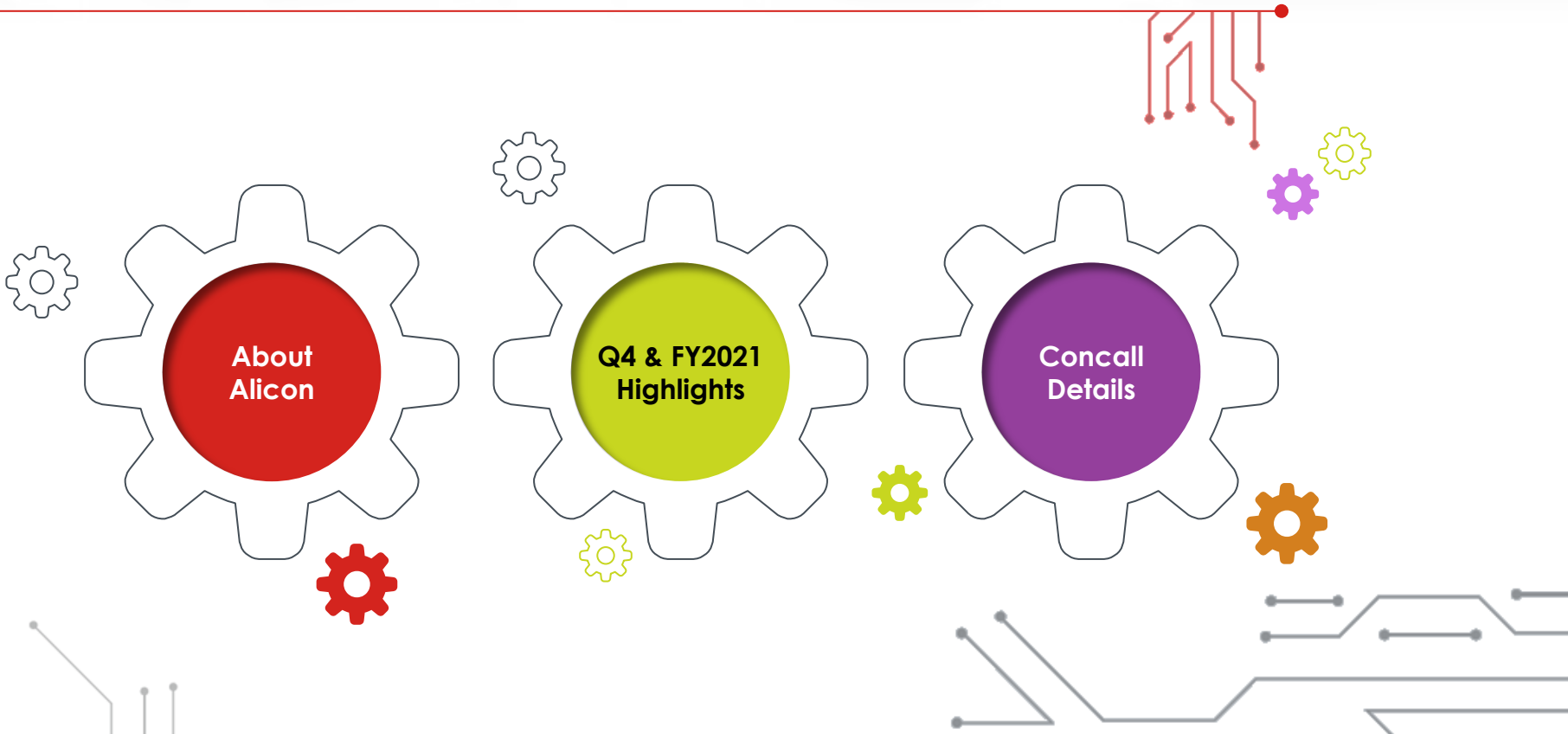
Q4 & FY21 Results Presentation

May 4, 2021

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



851

INR crore of Total
Income in FY21



86

INR crore of
EBITDA in FY21



88

customers with..

744

Live Parts



4

Manufacturing
Units



131

No. of product
innovations during FY20



Presence in

18

countries

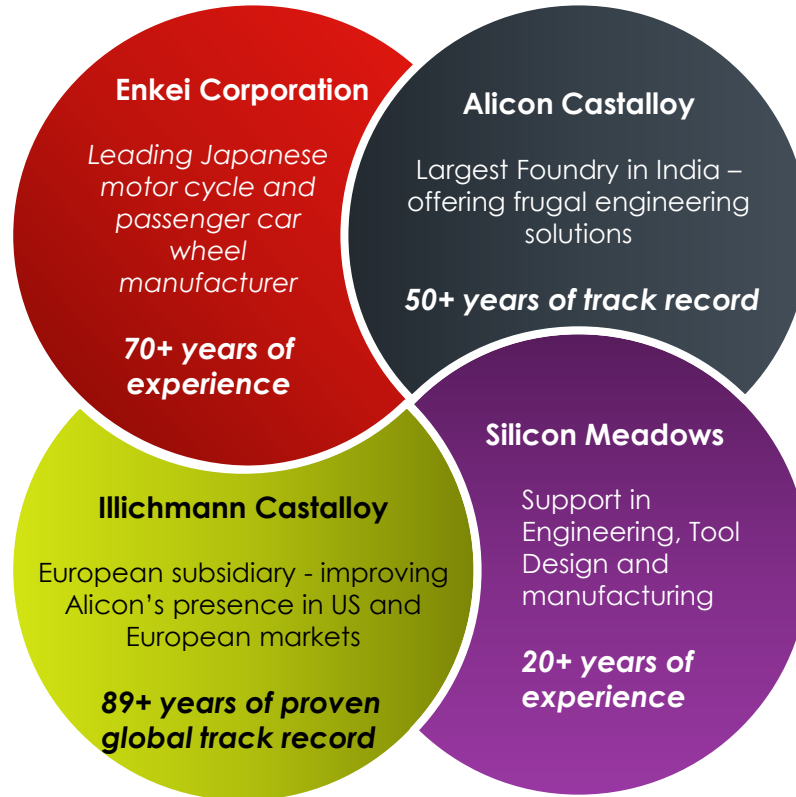


1,039

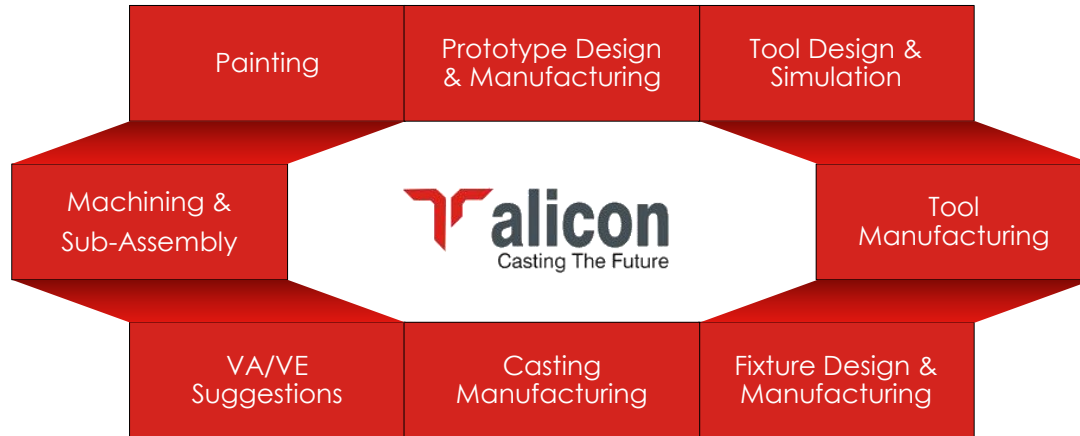
No. of permanent
employees

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 shorter time-to-market and enhanced 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...

The background is split into two main sections. The top right section is white and contains a grey circuit board pattern of lines and dots. The bottom left section is a dark red gradient that tapers to a point on the right. The text is centered in this red section.

Q4 & FY2021 Operational & Financial Highlights

Q4FY21 – Performance Highlights

- Aicon Castalloy reported its best ever quarter in Q4FY21 with the following achievements:
 - Revenues of Rs. 323 crore at all-time high for a single quarter
 - EBITDA of Rs. 49.1 crore at all-time high for a single quarter
 - *EBITDA Margin of 15.2% is the highest ever setting a new internal benchmark*
 - PAT of Rs. 25.3 crore at all-time high for a single quarter
 - Reduced Working Capital by Rs. 29 crore Y-o-Y despite increase in revenue by 63% on a Y-o-Y basis in Q4FY21
 - Cash and Bank Balances increased from Rs. 9 crore on 31st March 2020 to Rs. 20 crore on 31st March 2021

Q4 FY21: Overview of Operating Environment

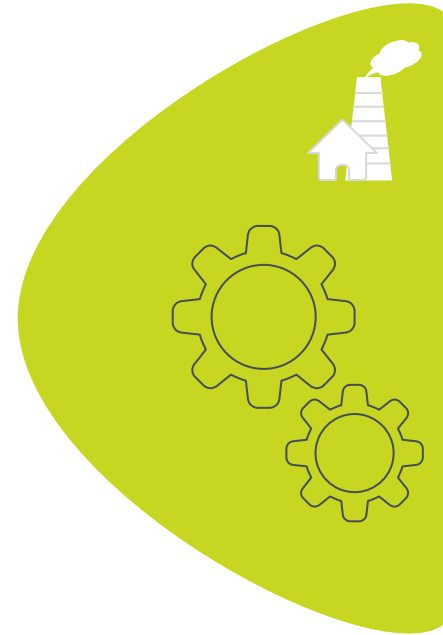
Business & Macro-demand Highlights:

- Alicon delivered a robust uptick in performance in Q4 in-line with strong momentum seen in volume offtake across both the domestic and export markets
- Domestically, OEMs witnessed sustained demand since the onset of festive season driven by new launches, pent up demand and a preference for personal mobility.
- Most of Alicon's global customers indicated recovery in demand and the International Operations through subsidiary Illichman Castalloy witnessed strong pickup despite concerns around the second wave in Europe
- Launches and announcements of EVs have increased leading to a expanding opportunity funnel combined with progress on development programs for OEMs focussed on light-weighting.
- Witnessing an intensifying demand pipeline supported by new business wins across auto, EV and non-auto segments, providing healthy growth visibility.
- Key risks for the short term are the price hikes undertaken by OEMs due to rising raw material pressures. Further, the intensity of second wave and consequent local lockdowns around India has impacted footfalls at vehicle showrooms.



COVID-19 second wave: Safeguarding Business Operations

- From a demand standpoint, while there was reasonable optimism in the markets in Q4FY21, the environment has evolved now with the spread of the COVID-19 infections
- The Country is witnessing localized lockdowns and restrictions being carried out in place of nation-wide lockdown as was the case last year
- Alicon's plants in Shikrapur and Chinchwad operated in complete accordance with the 'Break the Chain' guidelines issued by the Maharashtra government for the month of April.
- The Company is undertaking all the mandatory protocols and safety measures for all its employees across plants as per the healthy and safety guidelines
- The Company's administrative offices in India continue to implement Work from Home protocols for its employees
- From a business standpoint, Alicon continues to institute cost rationalization initiatives and has undertaken optimum working capital measures to conserve cash flows and ensure steady profitability



FY21: Operational Resilience

- Lower fixed expenses
- Lean and Agile manufacturing processes
- Improved gross margins
- Focus on reducing overheads
- Program to reduce interest cost



- In FY21, the Company has booked 81 parts
- This includes 39 parts in the Domestic business
- 42 parts from the Export business

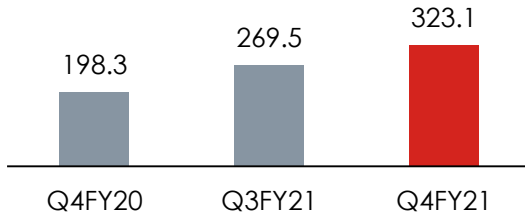
- Manufacturing facilities operating at steady utilization levels
- The Company continues to undertake all the mandatory protocols and safety measures for all its employees across plants as per the guidelines stipulated by the Ministry of Home Affairs of the Government of India

Alicon, as an organization is Future Ready to tap opportunities arising from:

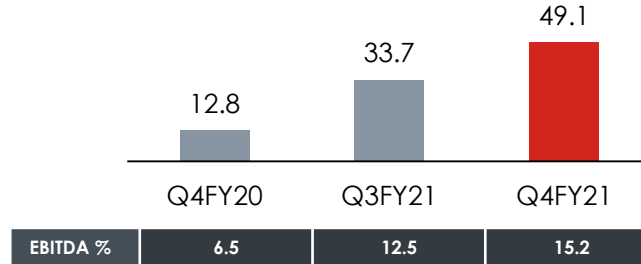
- Shift to personal mobility catalysed by pandemic
- Preference for green vehicles such as hybrid and electric vehicles
- Staggered introduction of vehicle scrappage policy
- Thrust on higher fuel efficiency
- Cost-optimisation & light-weighting of products

Q4 FY21 Highlights – Consolidated

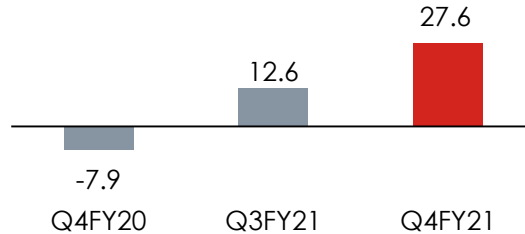
Total Income



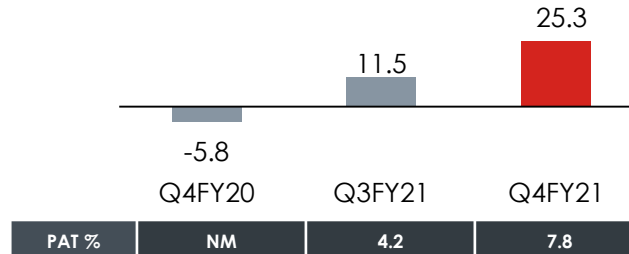
EBITDA



PBT



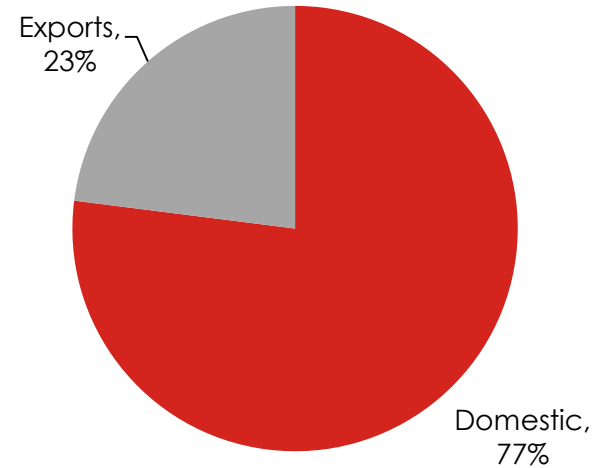
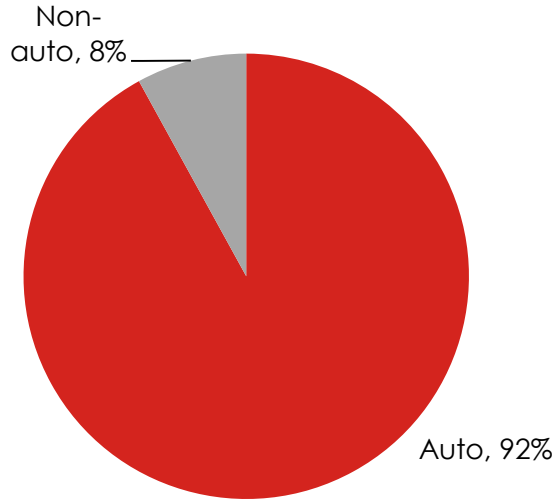
PAT



- Reported a robust uptick in performance both on a QoQ and YoY basis during the quarter
- Performance supported by improved contribution from international subsidiary – Illichman.
- In Q4, Total Income was higher by 63% YoY and 20% QoQ driven by improved volume offtake
- Other income of Rs. 0.5 crore
- Gross profit stood at Rs. 168.0 crore, with gross margin improving by 121 bps YoY to 52.1%
- EBITDA margin improved significantly by 872 bps to 15.2% led by operating leverage and supported by cost-optimization measures
- Reported PAT of Rs. 25.3 crore in Q4 which more than doubled on a QoQ basis, with PAT margin at 7.8%

Figures in Rs. Crore

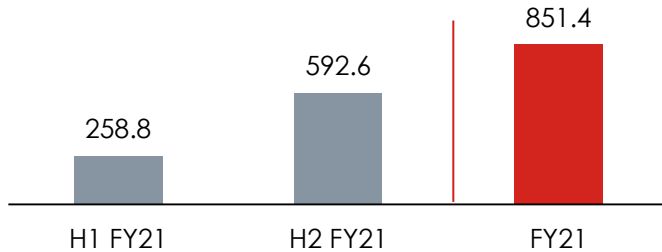
Revenue Mix – Q4FY21



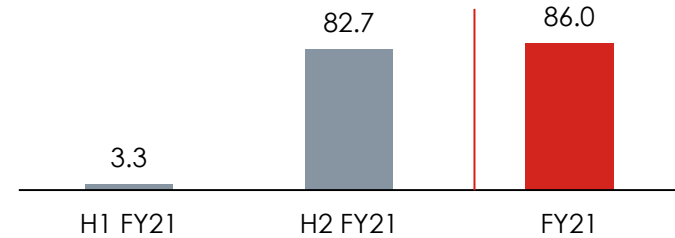
FY21 Highlights – Strong recovery in H2

Capitalised on market recovery to deliver a strong rebound in H2

Total Income



EBITDA

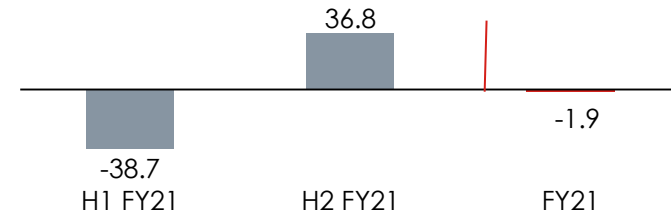


EBITDA %	H1 FY21	H2 FY21	FY21
	1.3	14.0	10.1

PBT



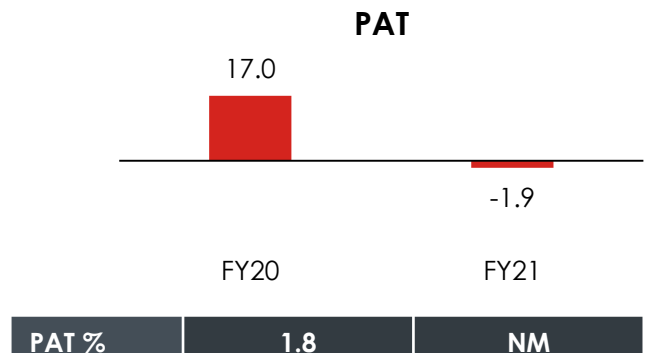
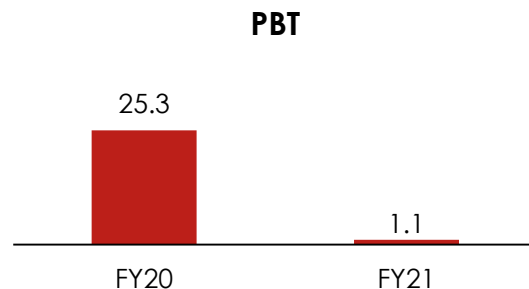
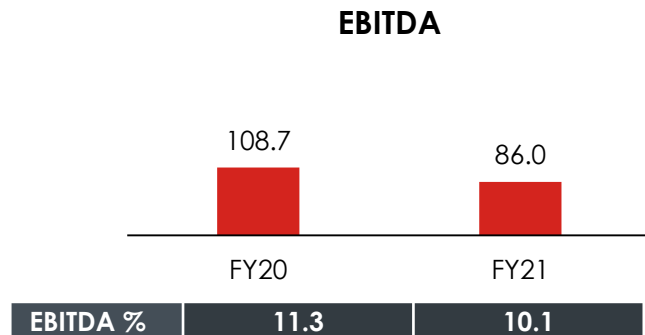
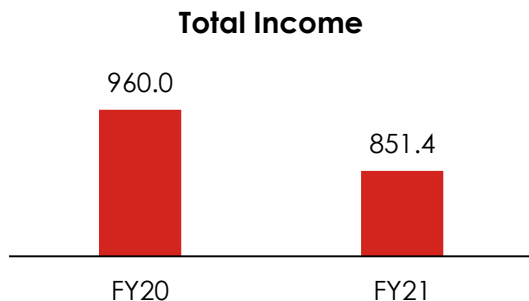
PAT



PAT %	H1 FY21	H2 FY21	FY21
	NM	6.2	NM

Figures in Rs. Crore

FY21 – Lockdown effect impacts y-o-y performance

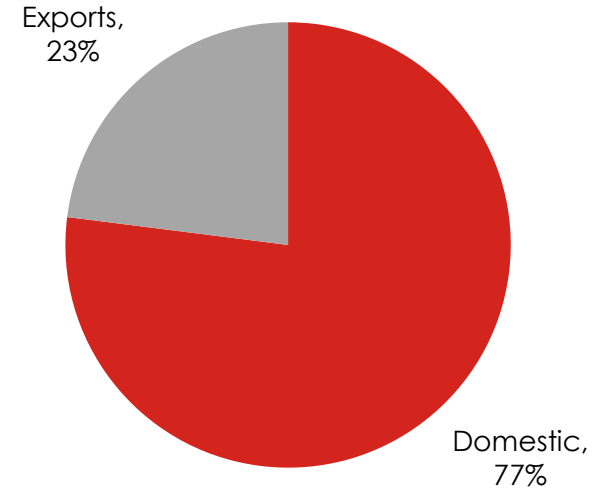
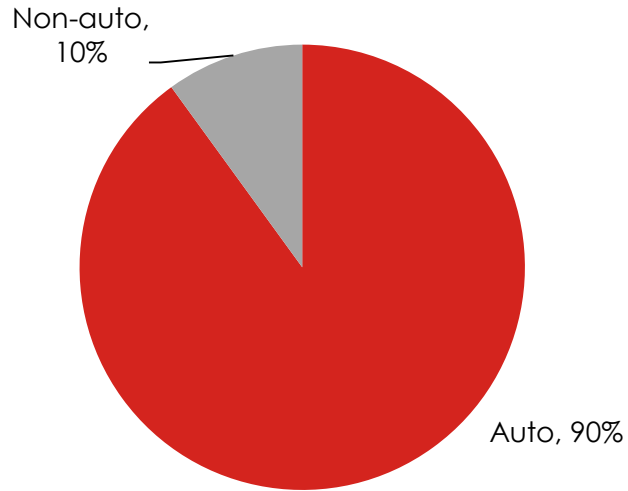


- Total Income stood at Rs. 851.4 crore as against Rs. 960.0 crore in FY20
- Other income stood at Rs. 2.9 crore, lower by 11%
- Gross margins improved by 230 bps to 51.4% on account of cost-optimisation measures undertaken during the year
- EBITDA stood at Rs. 86.0 crore in FY21, with margins at 10.1%

Note: Performance during the year is not comparable to corresponding period last year due to the unprecedented COVID-19 impact on business activities

Figures in Rs. Crore

Revenue Mix – FY21



Abridged P&L – Consolidated

Particulars (Rs. crore)	Q4FY21	Q4FY20	Y-o-Y Shift	FY21	FY20	Y-o-Y Shift
Net Revenue from Operations	322.57	197.72	63%	848.57	957.19	-11%
Other Income	0.51	0.61	-16%	2.86	2.79	2.5%
Total Income	323.08	198.33	63%	851.43	959.98	-11%
Total Expenditure	274.01	185.51	48%	765.41	851.29	-10%
Raw Material expenses	154.58	97.15	59%	412.82	487.66	-15%
Employee benefits expense	39.12	37.50	4%	135.04	143.04	-6%
Other expenses	80.31	50.86	58%	217.56	220.60	-1%
EBITDA	49.07	12.82	283%	86.01	108.69	-21%
EBITDA margin (%)	15.2%	6.5%	+872 bps	10.1%	11.3%	-122 bps
Finance Costs	9.23	9.33	-1%	36.14	39.34	-8%
Depreciation and Amortization	12.24	11.37	8%	48.79	44.03	11%
PBT	27.60	-7.89	NM	1.08	25.32	-96%
Tax Expenses	2.26	-2.05	NM	3.01	8.28	-64%
PAT	25.33	-5.84	NM	-1.92	17.03	NM
PAT Margin (%)	7.84%	NM	NM	NM	1.77%	-200 bps

Abridged Balance Sheet – Consolidated

Liabilities (Rs. Crore)	As on March 31, 2021	As on March 31, 2020	Assets (Rs. Crore)	As on March 31, 2021	As on March 31, 2020
a) Shareholders' Funds	316.98	314.93	a) Non-current Assets	420.18	417.08
b) Non-current Liabilities (NCL)	186.54	161.84	a) Current Assets	486.82	484.33
- Long-term Borrowings	148.21	122.18	- Inventories	125.5	105.97
- Other NCL	38.34	39.66	- Trade Receivables	323.3	338.27
c) Current Liabilities (CL)	403.47	424.64	- Cash & Bank balance	19.73	9.16
- Short-term Borrowings	168.50	213.49	- Others	18.28	30.93
- Trade Payables	156.41	151.86	Total	906.99	901.41
- Other CL	78.58	59.30			
Total	906.99	901.41			

Management Message

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

“We have reported a solid performance this quarter with revenues higher by 63% YoY and by 20% QoQ. Growth was primarily driven by robust uptick in volumes by OEMs across both the domestic and export markets and also on account of a lower base in Q4 FY20. On the profitability front, we have been able to sustain gains from the cost-optimization measures undertaken at start of this fiscal and we are pleased to report significantly improved gross margin and EBITDA margin at 52% and 15%, respectively. We have reported robust growth in PAT too which more than doubled from Q3 FY21. With a strong recovery in the second half we have substantially recouped the impact witnessed in the first half to deliver a resilient performance on a full year basis.

On the operational front, we witnessed strong momentum in engagements with our OEM customers in the domestic and export markets, leading to higher business traction. We are experiencing heightened interest from both incumbents and challengers as they aggressively pursue their plans for rollout of electric vehicles. Our endeavour is to proactively pursue these growth opportunities as we target a contribution of over 25% from the EV division on a growing revenue base by FY2025-26.

From a demand standpoint, while there has been reasonable optimism in the markets since the onset of the festive season, we are now witnessing heightened concerns due to the severity of the second wave. Given the localised lockdowns with less onerous restrictions, increased adaptation to the circumstances and the steadily rising numbers of daily vaccinations we believe the impact of the present situation is likely to be short-lived. In the backdrop, there have been some significant developments ranging from increased preference for personal mobility, introduction of the scrappage policy, PLI-linked scheme and improved allocation towards road infrastructure, which we believe, are set to substantially elevate demand. We are confident that stabilization of the macro-economic environment will lead to stronger and sustainable growth in the quarters ahead.”



Concall Details

Conference Call Details

Alicon Castalloy's Q4 & FY21 Earnings Conference Call

Time & Date

- 11.00 AM IST on Tuesday, May 4, 2021
-

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
-

Thank You

For further information, please contact:

Tarunkumar Vyas

Alicon Castalloy Ltd

Tel: +91 74200 73369

E-mail: tarun.vyas@alicongroup.co.in

Mayank Vaswani / Shikha Kshirsagar / Mit Shah

CDR, India

Tel: +91 22 98209 40953 / 99201 68314

Email: mayank@cdr-india.com

shikha@cdr-india.com

For more information, visit www.alicongroup.co.in