Casting the Future

Ref No.: Alicon/Stock Exch/Letter/2023-14 November 8, 2023

To
The Manager
The Department of Corporate Services
BSE Limited
Floor 25, P. J. Towers,
Dalai Street, Mumbai — 400 001

Scrip Code: 531147

To
The Manager
The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai — 400 051

Scrip Symbol: ALICON

Dear Sir/ Madam,

Sub: Revised Earnings Presentation on Q2 & H1 FY2024

Pursuant to the SEBI (listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached a copy of the revised presentation on the financials for the quarter and half year ended September 30, 2023.

.
We regret the inconvenience caused.

Thanking you,

Yours faithfully,

For **Alicon Castalloy Ltd**

Joshi

Amruta Joshi
Company Secretary

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Alicon Castalloy Ltd

Q2 & H1 FY24 Results Presentation

November 8, 2023

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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 49 years, further enriched by 89 year legacy of Illichmann Castalloy

Alicon Castalloy - At a Glance

1,405
INR crore of Total Income in FY23

157
INR crore of EBITDA in FY23

96
customers with..
841
Live Parts

4
Manufacturing Units

133
No. of product innovations FY20-23

Presence in
18
countries

994
No. of permanent employees

Alicon Castalloy – Blending the best attributes

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

Enkei Corporation

Leading Japanese motor cycle and passenger car wheel manufacturer

70+ years of experience

Alicon Castalloy

Largest Foundry in India – offering frugal engineering solutions

49 years of track record

Illichmann Castalloy

European subsidiary - improving Alicon's presence in US and European markets

89+ years of proven global track record

Atlas Castalloy

Support in Engineering, Tool Design and manufacturing

20+ years of experience

230+
Years of Cumulative Experience

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

Painting

Prototype Design & Manufacturing

Tool Design & Simulation

Machining & Sub-Assembly

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Tool Manufacturing

VA/VE Suggestions

Casting Manufacturing

Fixture Design & Manufacturing

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)

Austria

International Marketing Office

Slovakia

* Manufacturing Plant
* Tool Room
* Product Validation Lab

Chinchwad, Pune Maharashtra, India

* Manufacturing Plant
* Tool Room
* Product Validation Lab
* Machine Shop

Shikrapur, Pune Maharashtra, India

* Manufacturing Plant
* Technology Centre
* Product Validation Lab
* Machine Shop

Binola, Haryana, India

* Manufacturing Plant
* Product Validation Lab

Diversified base of marquee customers

Diversity across markets and industries provides a natural hedge

Not reliant on a single 'anchor' customer

None of the customers contribute >15% of turnover

TWO WHEELER OEM

AIKE, BMW, Bajaj Motorcycles, Honda, Hero, Husqvarna Motorcycles, KTM, Mahindra 2 Wheelers, Royal Enfield, Suzuki, Triumph

FOUR WHEELER OEM

Audi, Ashok Leyland, Daimler Truck, JLR, Honda, MAN, Maruti Suzuki (Way of Life!), Mahindra, PSA Groupe, Rimac Automobili, Renault Nissan, Stellantis, Scania, Tata, Toyota, Volkswagen, Volvo

TIER 1 & NON AUTO

BorgWarner Emissions Systems, Bosch, Cummins, Doppelmayr, Danfoss, Dana, Eaton, EM motive, Faiveley Transport, GE, Greaves, Garrett Advancing Motion, JCB, John Deere, KION Group (KION India), Knorr-Bremse, Kirloskar, Liebherr, Marelli, Mahle (Driven by performance), Mann+Hummel, Modine, New Holland, Solaer Group, Posh, Philips (sense and simplicity), Rotax, Samsung, Samsung SDI, Siemens, Stabeg, TBK, TitanX, ZF

AND MANY MORE….

Q2 & H1 FY2024 Operational & Financial Highlights

Q2 FY24: Overview of Operating Environment (1/2)

Business & Macro-demand Highlights:

- The overall volumes in the auto industry were stagnant during Q2 FY24.
- While three-wheelers, passenger vehicles (PV), and commercial vehicles (CV) showed growth, two-wheeler and tractor sales declined, resulting in an uneven performance across segments.
  - 6% growth in PV segment on a yoy basis
  - 9% growth in CV segment on a yoy basis
  - 2% de-growth in 2W segment on a yoy basis
- With festive season extending to November, there was lower YoY volume growth in Q2.
- Strong demand for UVs, but car demand has slowed down, contributing to a favorable mix for most OEMs in the PV segment.
- Continued healthy momentum in CV demand during Q2.
- 2W demand has been mixed with premium motorcycles seeing good volumes, entry motorcycles declining and scooter volumes flat in Q2. As a result, industry is estimated to decline by 1% YoY.
- Although 2W exports appear to have reached a bottom, recovery is expected to be slow due to adverse geopolitical trends.
- Favorable commodity costs persist, supporting overall financial performance.

Q2 & H1 FY24 - Operational Resilience

- Lower fixed expenses
- Lean and Agile manufacturing processes
- Focus on reducing overheads
- Program to reduce interest cost
- Plan to diversify energy mix

Sustainable Cost-optimisation

New Business Wins:

- In Q2 FY24, the Company has booked 9 new parts from 5 customers including 1 new customer
- This includes 3 parts from EV/CN, 4 parts from ICE, 1 part from Non Auto and 1 part from structural segment
- 8 parts are for international business and 1 parts are for domestic business

Key Motto for FY23-24: 3R

- Manufacturing facilities operated at utilization levels of around 68-70%
- After delay due to congestion and onset of Russia-Ukraine conflict, the overseas transit times for exports have begun to normalise. As a result, overseas customers are now witnessing build up of inventory and compressing their immediate term production schedules.

Manufacturing processes

Future Ready

- Alicon, as an organization is Future Ready to tap opportunities arising from:
- Preference for Carbon Neutral tech such as hybrid, EV, fuel cells and hydrogen cells
- Staggered introduction of vehicle scrappage policy
- Thrust on higher fuel efficiency
- Cost-optimisation & light-weighting of products

Alicon combating the 7Cs

Auto Industry is faced with seven key challenges impacting demand & consumer sentiments

1. COVID pandemic-related disruptions

- Demand slowdown and weak sentiments due to lockdowns, job losses, reduced household income impacted auto sales

2. Chip (semiconductor) shortages

- Chip shortages due to lockdowns impacted production across OEMs, resulting in loss in sales volumes and loss in customer schedules

3. Cost-based inflation

- Increase in costs of vehicle fuels, aluminium, elements, energy, logistic and other logistic costs resulted in higher production expenses. This, in addition to higher selling price of vehicles impacted demand

4. Cost of new product development

- Increase NPD cycle due to complex parts led by EV evolution. Also, more trials required for reaching normal efficiency and rejection levels

5. Conflict between Russia and Ukraine

- Production and sales stop in Russia in addition to shortages of RMs and subcomponents will impact Europe auto production

6. Supply Chain Crisis in Global Auto Industry

- Constraints in container availability and congestion at ports led to extended transit times. Customers are shifting to larger inventory days in response.

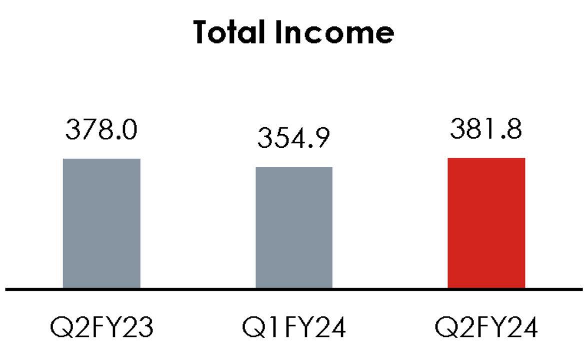
7. Recessionary Conditions in key Customer Markets

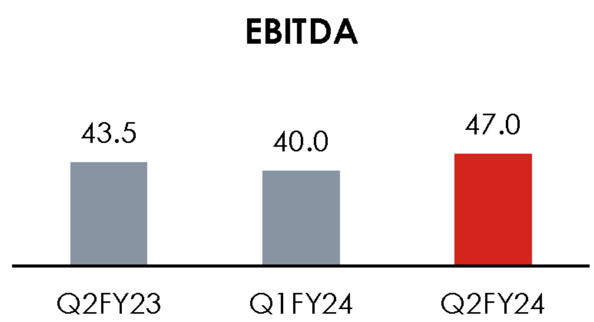
- Combination of high inflation, interest rate hikes by Central Banks and widespread news of layoffs is expected to impact GDP growth rate and consumer spend in key global markets

Alicon combated these 7Cs through:

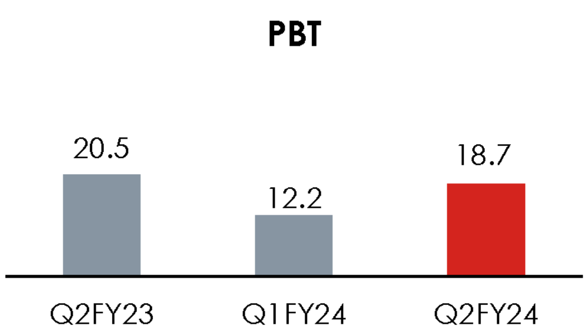
- Focus on enriched product mix and driving improved volumes of higher margin products
- Collaboratively working with customers to undertake price hikes
- Sustained cost reduction initiatives using Kaizen principles that enabled cost reduction at a micro-level across operations
- Driving higher operational efficiencies across business model

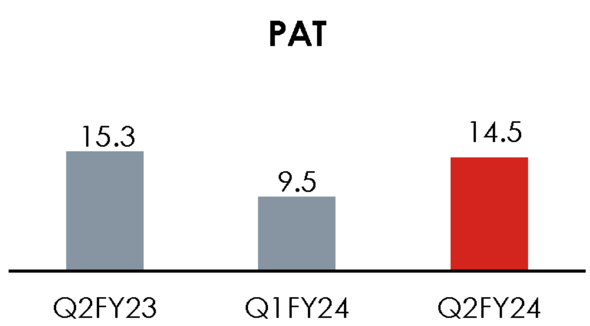
Q2 FY24 Highlights – Consolidated





EBITDA %	11.5%	11.3%	12.3%





PAT %	4.1%	2.7%	3.8%

Figures in Rs. Crore

- In Q2, Alicon delivered **Revenue Growth of 1% on a yoy basis and of 8% on a qoq basis.** This was driven by commencement of supplies for new parts and new logos offsetting the reduced volumes in legacy business.
- Gross profit was Rs. 190.79 crore, with the gross margin at 50.07%. **Gross Margin has improved by 143 Bps on a yoy basis** due to richer product mix and softening input prices.
- EBITDA of Rs, 47.03 crore, was higher by 8% on a yoy basis and 17% on a qoq basis, **The EBITDA margin has improved to 12.3%.** This is after accounting for non-cash charge of Rs. 3.66 crore on account of ESOP Scheme, adjusting for which EBITDA margin would be 13.3%.
- Profit after tax of Rs. 14.51 crore in Q2 was lower by 5% YoY due to increase in dep'n and finance costs. **On a QoQ basis, PAT was higher by 53%.**

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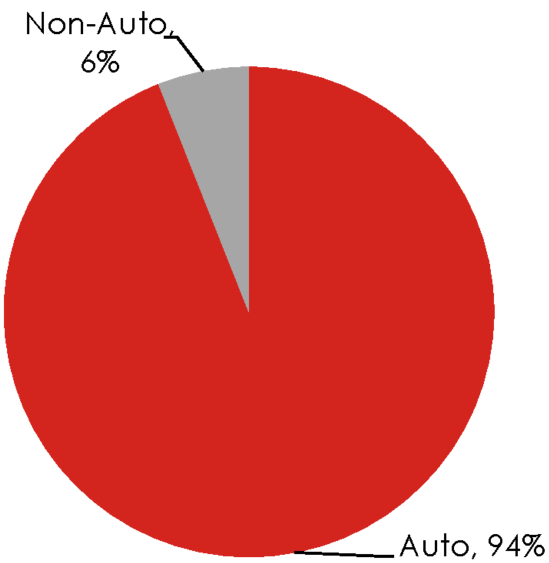
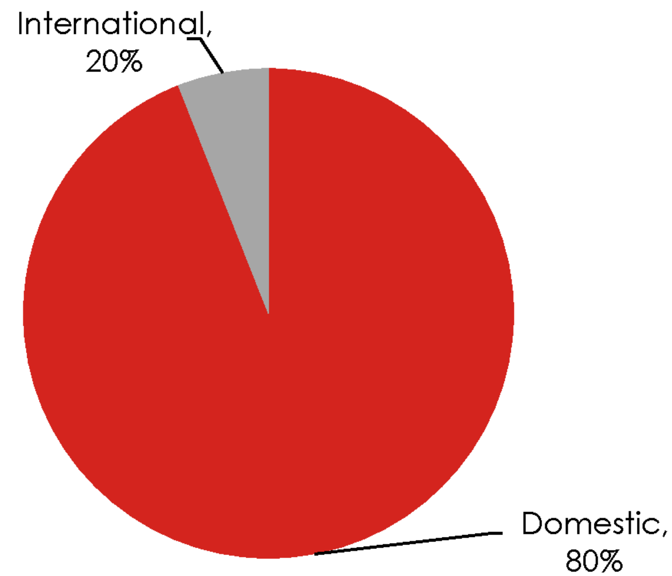
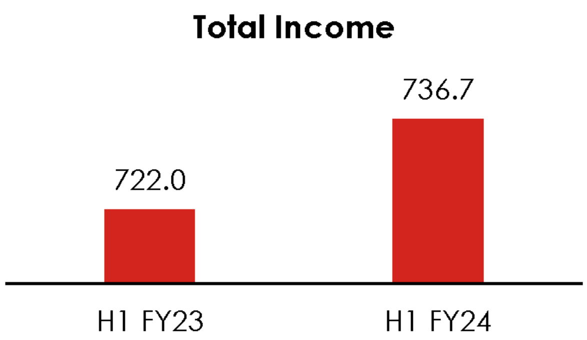
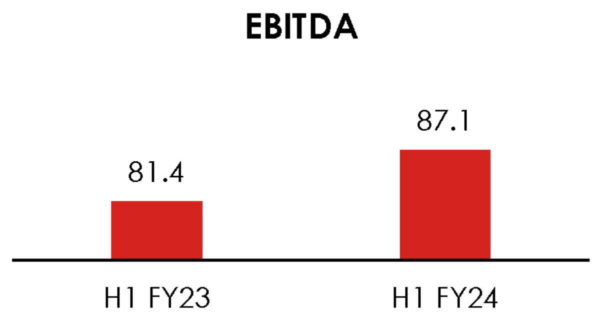
Revenue Mix – Q2 FY24



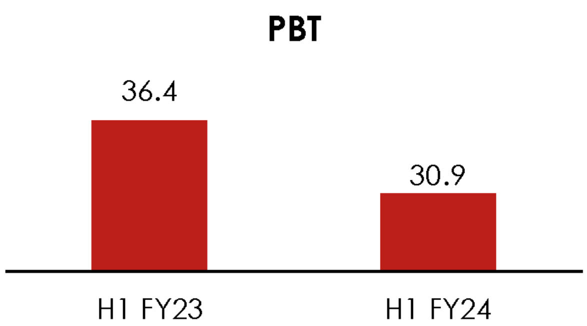


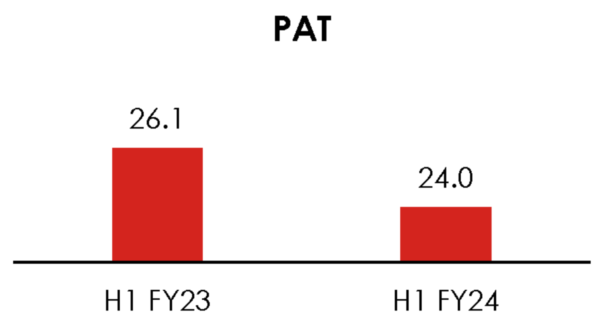
H1 FY24 Highlights – Consolidated





EBITDA %	11.3%	11.8%



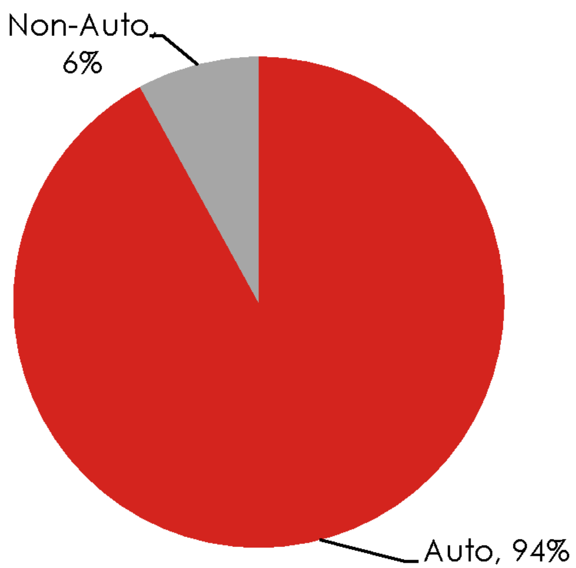


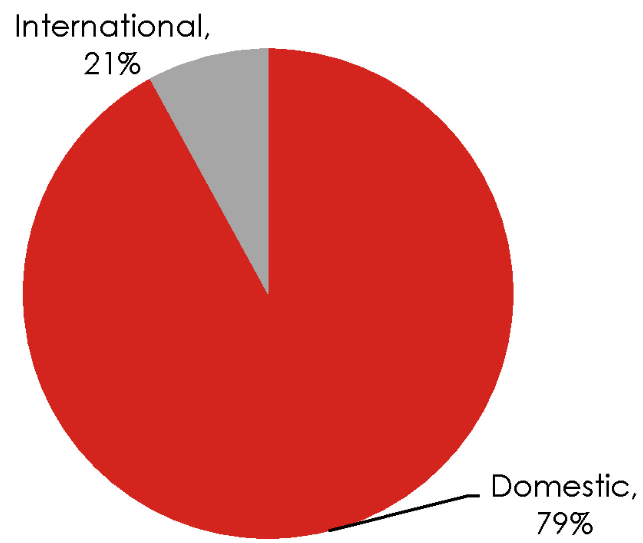
PAT %	3.6%	3.3%

Figures in Rs. Crore

- Alicon has reported an increase in Total Income by 2% YoY in H1FY24. This is ahead of industry growth which was flat and achieved by addition of new parts and logos which have offset the reduction in traditional business.
- Gross profit of Rs. 369.31 crore, higher by 7% YoY. Gross margin improves 215 basis points to 50.24% due to enriched product mix and cooling off in input prices.
- EBITDA rises 7% YoY to Rs. 87 crore. Reported an EBITDA margin of 11.8% in H1FY24, higher by 54 basis points YoY after absorbing Rs. 7.05 crore on account of ESOP Scheme Cost. Adjusting for this, EBITDA would be higher by 1% at 12.8%.
- PBT and PAT were impacted by the increase in interest and depreciation costs on a YoY basis.

Revenue Mix – H1 FY24





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Abridged P&L – Consolidated

Particulars (Rs. crore)	Q2 FY24	Q2 FY23	*Y-o-Y Shift*	H1 FY24	H1 FY23	*Y-o-Y Shift*
Net Revenue from Operations	381.04	377.26	1%	735.10	720.60	2%
Other Income	0.75	0.70	8%	1.55	1.36	14%
Total Income	**381.79**	**377.96**	**1%**	**736.65**	**721.96**	**2%**
Total Expenditure	**334.77**	**339.90**	**-2%**	**649.60**	**640.54**	**1%**
Raw Material expenses	190.25	193.74	-2%	365.79	374.05	-2%
Employee benefits expense	49.27	41.92	18%	96.59	81.44	19%
Other expenses	95.25	98.84	-4%	187.22	185.05	1%
EBITDA	**47.03**	**43.46**	**8%**	**87.05**	**81.42**	**7%**
EBITDA margin (%)	***12.3%***	***11.5%***	***+82 Bps***	***11.8%***	***11.3%***	***+54 Bps***
Finance Costs	10.15	7.33	39%	19.61	14.41	36%
Depreciation and Amortization	18.19	15.63	16%	36.56	30.59	20%
PBT	**18.69**	**20.50**	**-9%**	**30.89**	**36.41**	**-15%**
Tax Expenses	4.18	5.16	-19%	6.89	10.30	-33%
PAT	***14.51***	**15.34**	**-5%**	**24.00**	**26.11**	**-8%**
PAT Margin (%)	***3.8%***	***4.1%***	***-26 Bps***	***3.3%***	***3.6%***	***-36 Bps***

Abridged Balance Sheet – Consolidated

Liabilities (Rs. Crore)	As on September 30, 2023	As on March 31, 2023
a) Shareholders' Funds	**509.84**	**487.85**
b) Non-current Liabilities (NCL)	**152.93**	**134.20**
- Long-term Borrowings	118.03	108.56
- Other NCL	34.90	25.64
c) Current Liabilities (CL)	**482.18**	**465.52**
- Short-term Borrowings	178.40	192.30
- Trade Payables	235.59	219.82
- Other CL	68.19	53.39
Total	**1,144.96**	**1,087.56**

Assets (Rs. Crore)	As on September 30, 2022	As on March 31, 2022
a) Non-current Assets	**499.48**	**459.13**
a) Current Assets	**645.47**	**628.44**
- Inventories	135.94	152.84
- Trade Receivables	478.44	440.93
- Cash & Bank balance	7.14	11.95
- Others	23.95	22.72
Total	**1,144.96**	**1,087.56**

Management Message

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

"I am pleased to share that we have delivered a resilient financial performance this quarter, achieving total income of Rs. 381.79 crore, growing by 1% YoY. Despite subdued trends within the industry, we have successfully expanded our portfolio by adding new components and welcoming new customers, enabling operational momentum. Notably, we continue to enrich our revenue mix as new products and new logos are from focus categories of EV and 4W capturing higher value addition.

The highlight for the quarter has been the improved profitability as EBITDA growth continues to outpace revenue growth. Our strategic initiatives have positioned us well for a more favorable margin profile, which is evident even after absorbing higher manpower costs due to wage increases and the one-time cost in this financial year on account of the ESOP Scheme. Our steadfast dedication to value engineering, refined product mix and cost optimization efforts will enable us to build on this further.

There is significant change underway across the auto industry landscape. Multiple new technologies appear promising and are being pursued by various stakeholders even as established technologies are witnessing enhanced competitiveness. Our business model is agile and flexible allowing us to cater to a variety of components required by these diverse technologies. With several opportunities opening up, we are pursuing those which offer us greatest 'right-to-win' based on established niches, enable us to move up the chain in terms of innovation and value addition while contributing to an enriched product and customer profile. Amidst this, we are de-risking the business by adding diverse growth vectors such as technology agnostic parts, machining and value addition as well as light weighting to our business mix. Amidst the dynamically evolving trends in the global auto industry, we remain cautiously optimistic about our future prospects."

Concall Details

Conference Call Details

Alicon Castalloy's Q2 & H1 FY24 Earnings Conference Call

Time & Date	• **1.30 pm IST on Wednesday, November 8, 2023**
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
Pre-registration Link	• Diamond Pass

Thank You

For further information, please contact:

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