

SJS Enterprises Limited
Q4 & FY23 EARNINGS PRESENTATION



Creating
Possibilities

Certain statements made in this presentation relating to the Company's objectives, projections, outlook, expectations, estimates, among others may constitute 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections etc., whether express or implied. These forward-looking statements are based on various assumptions, expectations and other factors which are not limited to, risk and uncertainties regarding fluctuations in earnings, competitive intensity, pricing environment in the market, economic conditions affecting demand and supply, change in input costs, ability to maintain and manage key customer relationships and supply chain sources, new or changed priorities of trade, significant changes in political stability in India and globally, government regulations and taxation, climatic conditions, natural calamity, commodity price fluctuations, currency rate fluctuations, litigation among others over which the Company does not have any direct control. These factors may affect our ability to successfully implement our business strategy. The company cannot, therefore, guarantee that the 'forward-looking' statements made herein shall be realized. The Company, may alter, amend, modify or make necessary corrective changes in any manner to any such forward looking statement contained herein or make written or oral forward-looking statements as may be required from time to time on the basis of subsequent developments and events



K A JOSEPH
Managing Director

- Founded the company in 1987
- More than 34 years of experience in aesthetics printing business
- Post graduate diploma in business administration from the St. Joseph's College of Business Administration, Bangalore; B.Sc from Bangalore University



SANJAY THAPAR
CEO & Executive Director

- Over 30 years of experience in the automotive industry
- Previously worked with Ashok Minda Group, Minda Valeo Security Systems, Minda HUF Limited, Tata Engineering and Locomotive Company Limited (now known as Tata Motors Limited)
- Bachelor's degree in science (mechanical engineering) from the Delhi College of Engineering



MAHENDRA NAREDI
Chief Financial Officer

- 20+ years of experience in financial management, key accounting & financial analysis, FP&A, fundraising, M&As, legal & compliances, and strategy.
- Previously worked in Minda Corporation, Wipro & GE
- Bachelor's degree in Law & Commerce from Rajasthan University, Chartered Accountant and Company Secretary from ICAI and ICSI




DEVANSHI DHRUVA
Head-Investor Relations


- Previously worked with Westlife Development Limited (McDonald's India) and Piramal Enterprises Limited managing Investor Relations. Earlier worked as Equity Research Analyst with Dolat Capital Markets Pvt. Ltd.
- PGDM – Finance from K J Somaiya Institute; M.Com & B.Com (Accounting & Finance) from University of Mumbai

Overview


Key Facts




Rs 4,330.5 Mn
Revenue FY23



26.4%
EBITDA margin FY23



2
Production facilities
(Bangalore, Pune)



~2000
Workforce

22
Countries served

175+
Customer locations
(Mar'22)

6,700+
SKUs
(FY23)

136 Mn
Parts supplied
(FY23)

Established market leader in an attractive business segment

Operates in the high value-add aesthetics market across multiple consumer-oriented end industries; increased focus on aesthetics and premium content creating opportunity throughout the component supply chain: SJS well-positioned to capitalize on the trends

Differentiated, comprehensive product portfolio

Leading edge technologies and a wide product suite including decals, appliques/dials, overlays, logos/3D lux, aluminium badges, in-mold decoratives (IMD), optical plastics and lens mask covers for diverse applications

Legacy of technology and innovation: in-house design / development

Strong in-house design and engineering capabilities and innovation track record across products, technologies and materials; history of new product development and successful commercialization supported by a dedicated R&D team

Long-standing core customer base consisting of leading OEMs

Partner, co-creator and supplier of choice to several leading OEMs in the automotive and consumer durables industry; dominant share of business in India and focused strategy to increase global presence

Well-invested, lean operations designed to support multi-fold revenue

New state-of-the-art manufacturing facility commissioned in 2018 to support future growth

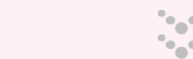
Market leadership in India for Aesthetic Products



Demonstrated product portfolio expansion



Design-backed new product development



Entrenched customer relationships



Well invested for the next 3-5 years





Q4FY23 Business & Financial Highlights



- **SJS grew ahead of the auto industry (2W + PV)** compared to flattish performance in auto industry production volumes during the quarter



- **Total Revenue at Rs 1065.7 mn**, on back of 17.2% YoY growth in PV segment



- We continue to generate strong cash flows & have a **robust cash & bank balance at Rs 1,648.2 Mn**
- **Debt free company** on net debt basis



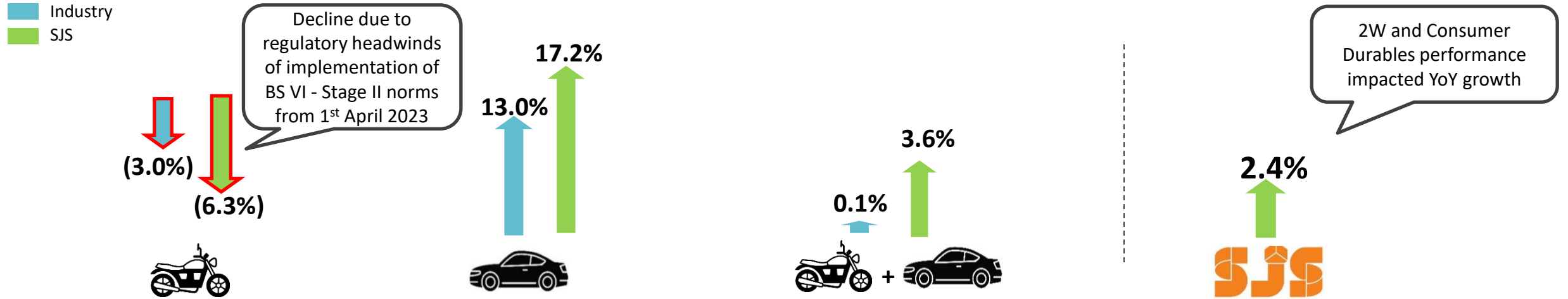
- Added **Litemed** in medical equipment segment and **entered TV segment** with first order win from Samsung in Consumer segment during Q4FY23



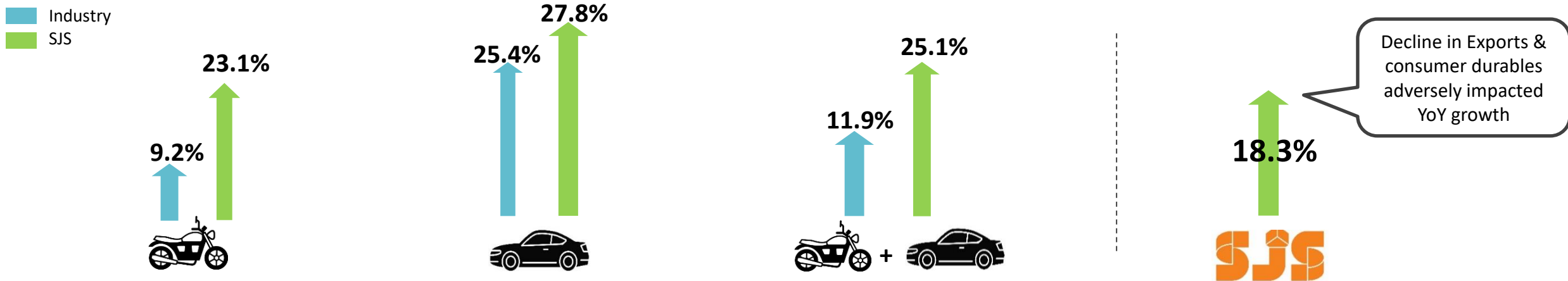
- **Free eye check up** done for **1200 children** across 13 Government schools
- **Distributed school bags** and arranged for benches / round tables for Government schools

In April 2023, SJS announced to acquire 90.1% stake in Walter Pack India (WPI) for a consideration of Rs 2,393 Mn

Q4FY23 - Industry Production Volume¹ v/s SJS YoY Sales²



FY23 - Industry Production Volume¹ v/s SJS YoY Sales²



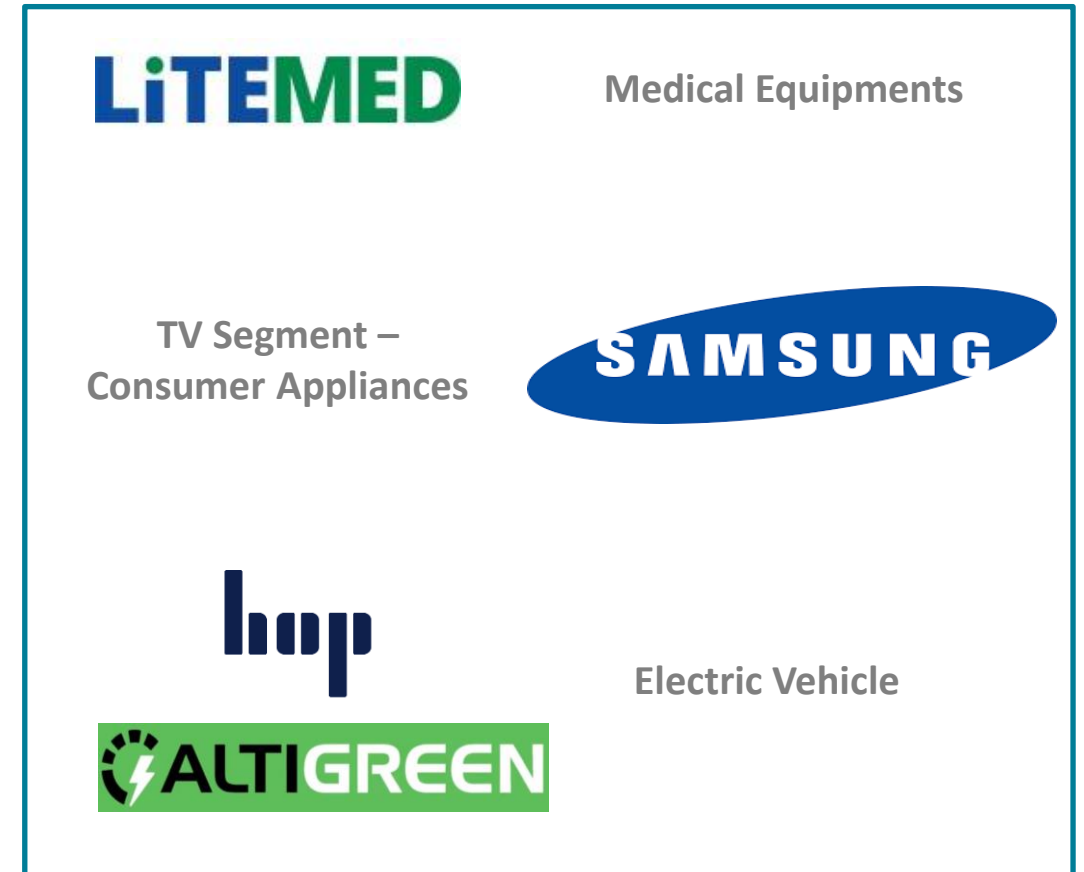
Note: 1) Industry Production Volumes are production in India; 2) For SJS YoY Sales it is Consolidated numbers

Strong growth story continues...

Growing Mega Accounts - Key Business Projects Won

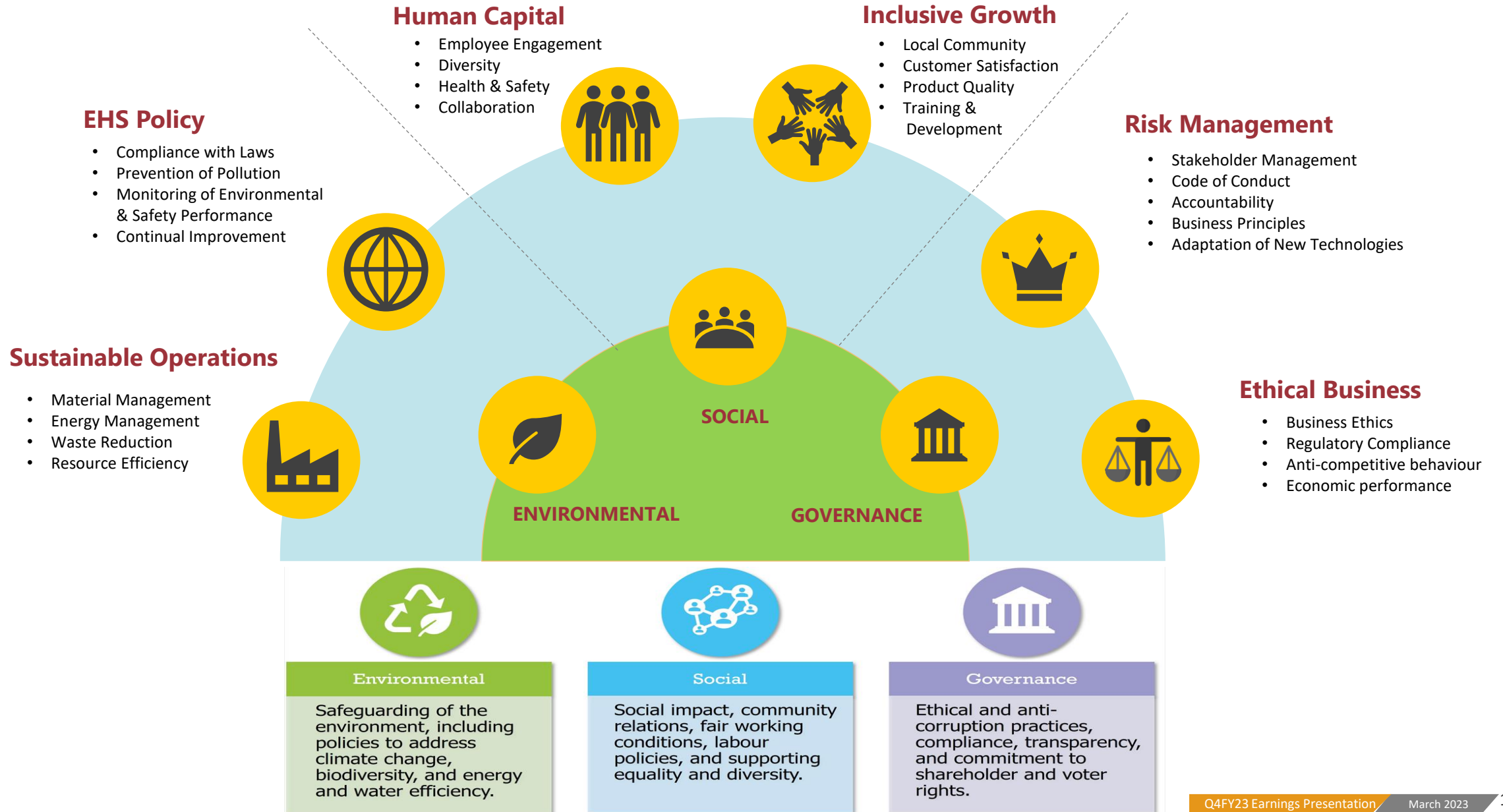


Adding New Customers





**3 times in a row,
SJS certified as a Great Place to Work
among mid size organisations,
in Feb 2023**



Free eye check up done for 1200 children across 13 Government schools
800 school bags distributed and 65 benches / round tables supplied to Government schools



800 School Bags were distributed to 13 near by Government schools



1200 school children benefitted from free eye check up camp conducted at 13 Government schools. 117 Spectacles given to children who have abnormality in their vision


E-Learning kit given to 7 Govt. Schools and Computers given to Police Station



65 Benches and round tables distributed to Government Schools



Resilient performance...


2.4%
YoY growth

- Revenue* at Rs 1,065.7 Mn on account of 17.2% YoY growth in PV segment - outperforming the underlying industry


1.8%
YoY growth


- EBITDA* at Rs 271.8 Mn, EBITDA margins of 24.8%, impact of 57bps YoY on account of change in product mix and lower exports


0.2%
YoY growth


- Net Profit* at Rs 153.9 Mn, with a margin of 14.4%

- Overall Domestic sales clocked 5.5% YoY growth; on back of 24.4% YoY growth in PV segment for the Company


Consistently delivering robust performance despite challenging environment...


18.3%
YoY growth

- Revenue at Rs 4,330.5 Mn on account of **25.1% YoY growth in automotive (2W+PV)** segment - outperforming the underlying industry growth of 11.9%


23.2%
YoY growth

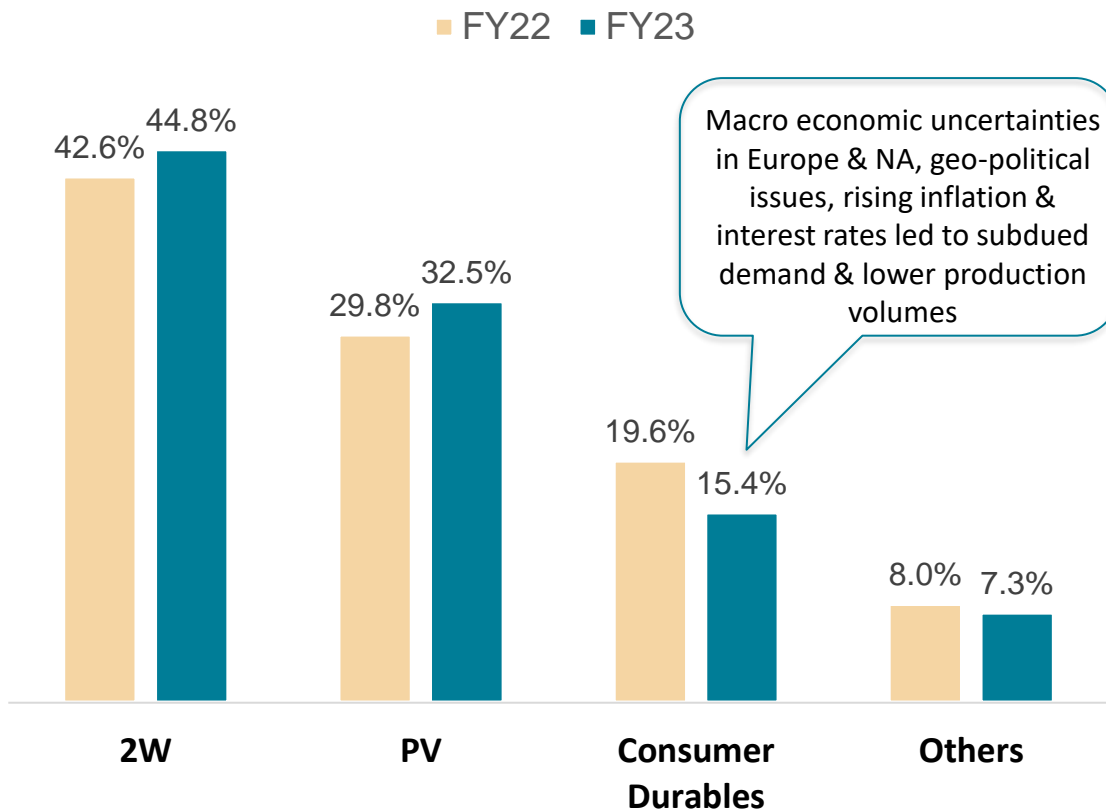
- EBITDA at Rs 1,167.8 Mn with EBITDA margins at **26.4%**, an improvement of 75 bps on back of higher sales and operational efficiencies


28.8%
YoY growth

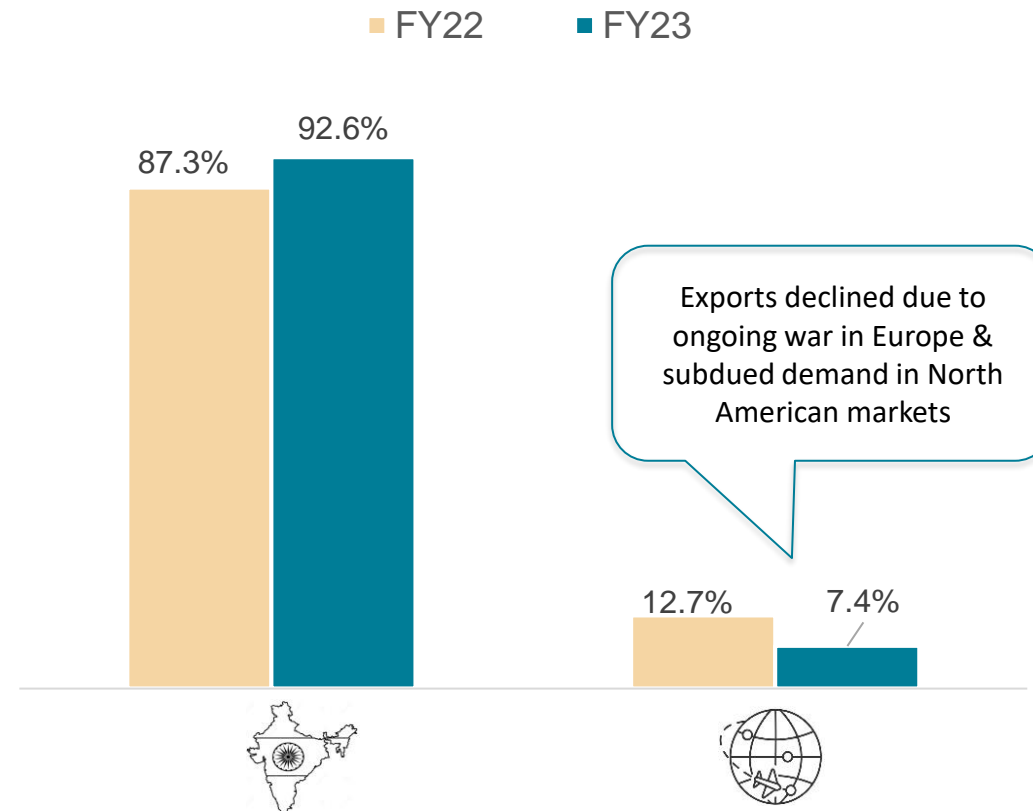
- Net Profit at Rs 672.5 Mn, with a margin of **15.5%**, an improvement of 127 bps YoY

- Overall domestic sales clocked **24.2%** YoY growth. PV business grew **33.5%** YoY and 2W business grew **27.3%** YoY

Revenue by end segment



Revenue by Geography



New generation products contributed ~9-10% of revenue during FY23, impacted due to drop in exports

Particulars (INR in Mn)	Q4FY23	Q4FY22	YoY%	Q3FY23	QoQ%	FY23	FY22 ¹	YoY%
Operating Revenue	1065.7	1041.1	2.4%	1063.7	0.2%	4330.5	3661.0	18.3%
EBITDA	271.9	267.0	1.8%	284.0	-4.3%	1,167.9	947.7	23.2%
EBITDA Margin %	24.8%	25.3%		26.1%		26.4%	25.6%	
Reported PAT	153.9	153.6	0.2%	157.1	-2.1%	672.5	550.2	22.2%
PAT Margin %	14.4%	14.8%		14.8%		15.5%	15.0%	
Adjusted PAT	153.9	153.6	0.2%	157.1	-2.1%	672.5	522.0	28.8%
PAT Margin %	14.4%	14.8%		14.8%		15.5%	14.3%	

Note: 1) Exceptional item – Rs. 37.61 Mn of provision for discount on a customer sale created during FY21 was reversed in December 2021 resulted in increased Sales, EBITDA, PBT & PAT of FY22.



- **Strong Cash & cash equivalents position (including Investments) of ~Rs 1,648.2 Mn as on 31st Mar 2023**

- **Strong Cash Flow generation of ~Rs 609.5 Mn for FY23**
- **FCFF to EBITDA stood at 52.2% for FY23**



- **Debt free Company on net debt basis**
- **Long term borrowing rating from ICRA is A+(Stable)**

- **Robust return ratios with ROCE at 33.1% and ROE at 15.7%**





Walter Pack India Acquisition

SJS | Announced acquisition of 90.1% stake in Walter Pack India in April 2023

Overview

- Founded in 2006 and headquartered in Pune, Walter Pack Automotive Products India Pvt. Ltd. (WPI) is a leader in design and development of high value-added functional decorative parts in India with focus on IMF⁽¹⁾, IML, IMD and IME⁽²⁾ technologies for automotive and appliance sectors
- Manufacturing capabilities include screen printing, thermoforming, cutting, overmoulding etc.
- 2/3rd of WPI revenues are from the automotive segment (PV) and the balance is from consumer segment
- WPI had provisional revenues of ~INR 1,200 Mn in FY23 with an EBITDA Margin of ~30%
- WPI has a total headcount of ~300 employees

Transaction Overview

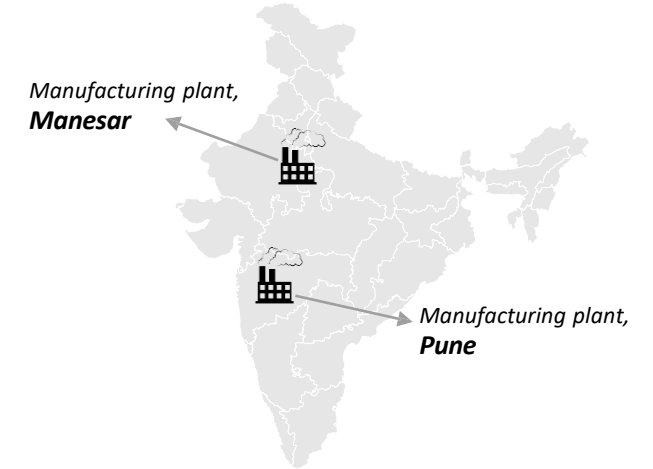
- SJS has agreed to acquire 90.1% of Walter Pack India for INR 2,393 Mn translating to an LTM EV / EBITDA of ~7x
- SJS will acquire 85.0% stake from Walter Pack Spain & 5.1% from the Indian promoter and founder, Roy Mathew
- The acquisition will be funded as follows:
 - INR 300 Mn by means of preferential placement to K A Joseph at INR 500 / share which is higher than the per equity share price of Rs 445.5 (12% premium) computed in accordance with the as per SEBI ICDR Regulations
 - INR 750 Mn to be financed by additional debt from Bajaj Finance at an interest rate of 9.5% per annum
 - INR 1,343 Mn from existing cash balance
- SJS has signed a 3-year technology support agreement with Walter Pack Spain for ongoing exchange of know-how

Rationale

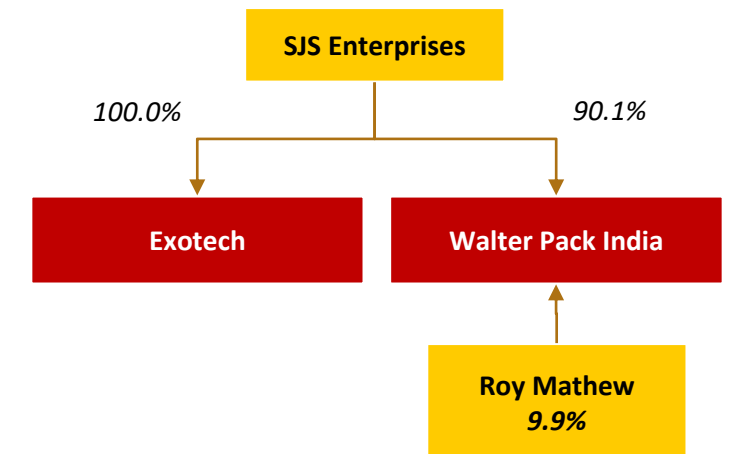
- **Monopoly:** WPI is the leader in India for IML technology and proficient in IMD, IMF and IME technologies, which helps command rich EBITDA margins (~30% in FY23P)
- **End industry Diversification:** Acquisition will help diversify SJS' end industry revenue split
- **Synergies:** Strong potential to acquire new customers and increase share of wallet with existing customers.
- **EPS Accretive:** Further, the acquisition would be earnings accretive and would aid enhancement of scale (WPI EBITDA is ~1/3rd of SJS EBITDA)

1. In-mold forming; 2. In-mold electronics

Manufacturing locations



Post acquisition corporate structure



In-Mold Decoration (IMD)

- IMD allows to decorate plastic parts in the injection moulding process, by transferring the inks and coating printed on the carrier film that runs through the cavity of the injection mould, leaving the intended designs printed on the injected part
- This technology is complementary to IMF for parts with less geometric complexity

In-Mold Forming (IMF)

- IMF is WPI's core business
- This technique is used to produce high-quality three-dimensional plastic parts with decorative finishes, which are robust and resistant to abrasion and wear

In-Mold Electronics (IME)

- IME allows to integrate electronic functionality and even hybridization of electronic components in films which, once thermoformed under high pressure, are introduced into the injection mould along with the decorative insert, providing decorated parts with electronic functionality

High-margin Products



Mid Panel



Gear Shift Bezels



Switch Plates



FATC Bezel



Logos



Wheel Caps

SJS | Key New Technologies Added Through Acquisition (2/2)



Technology	SJS + Exotech	Walter Pack India
2K Injection Moulding	-	✓
Plastic Painting	✓	-
Laser Decoration (Automatic / Red Laser)	-	✓
Silk Screen Printing	✓	***
Large parts Forming Technology (Low / High Pressure)	-	✓
Cutting (3D Die Cutting / 6 Axes Milling)	-	✓
Pad Printing (Robot Assisted)	-	✓
Hot Stamping	***	✓
Large Parts Chrome Film Decoration	-	✓
Assembly	✓	✓
Laser Cutting	✓	✓
Chrome Plating (Bright / Satin / Dark chrome)	✓	-
Printing on pressure sensitive films	✓	-
IML / IMD Tool Design Capabilities	-	✓
Design & Styling capabilities (Design Studio)	✓	-
In Mould Forming (IMF)	-	✓

*** Limited capability

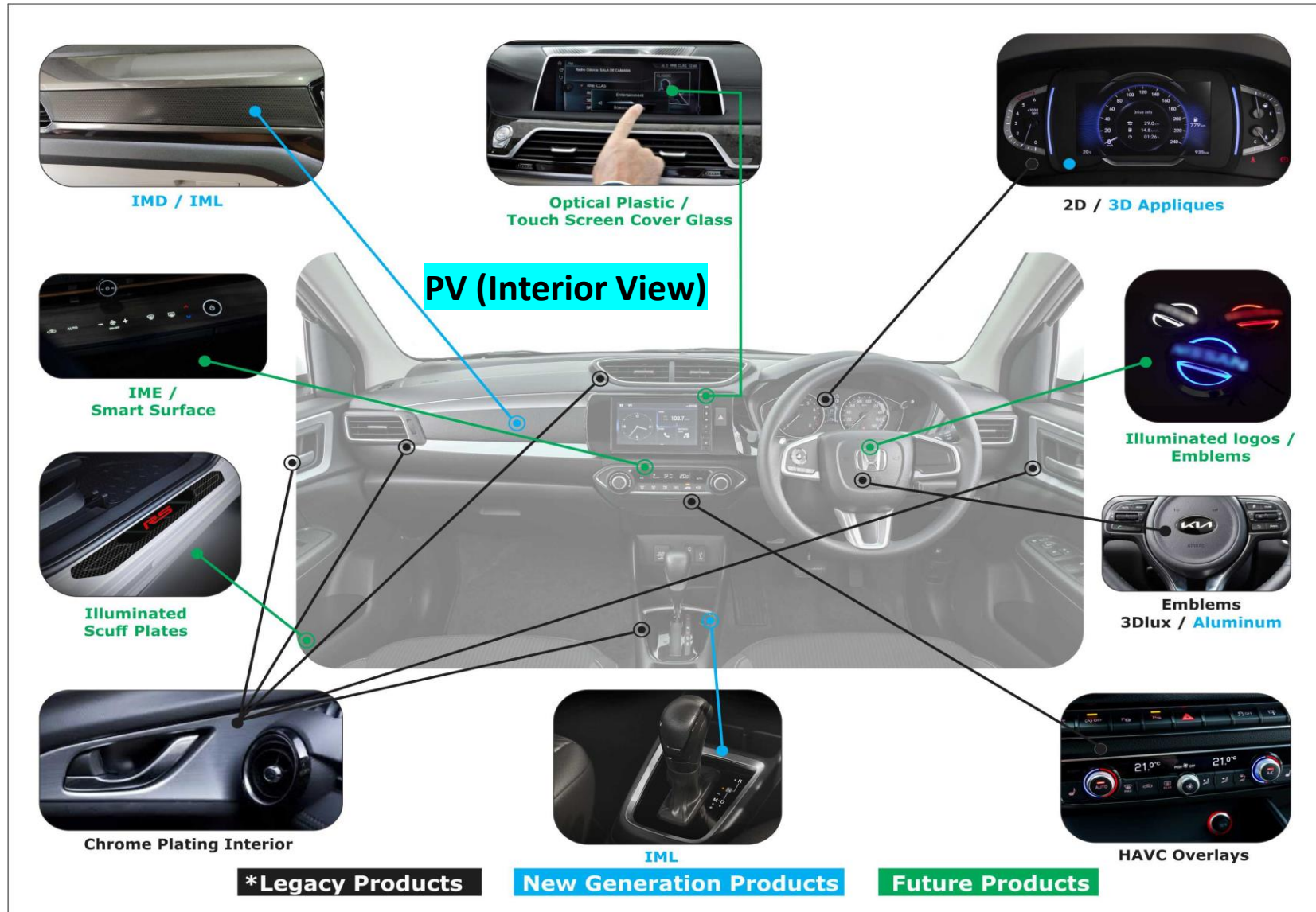


- Founded Walter Pack India in 2006 in Pune in collaboration with Walter Pack Spain
- Expertise in handling business development, design and operations functions of the Company
 - Has been instrumental in the growth of the India business by forging relationships with various OEM's
- Roy has immense experience in various plastic technologies like printing, IMF, IMD, injection moulding, lighting, plastronics etc.
 - He was instrumental in developing the early IMF parts in India for components like Climate control panels, Interior trims, facias
- Prior to founding Walter Pack India, Roy has worked with various companies like Lumax Industries Ltd and Tek Electromechanicals Pvt Ltd
- Roy holds an engineering degree in Plastic Tools Engineering



Future Growth Outlook

Transforming SJS with a well diversified product suite addressing every requirement of varied customer base



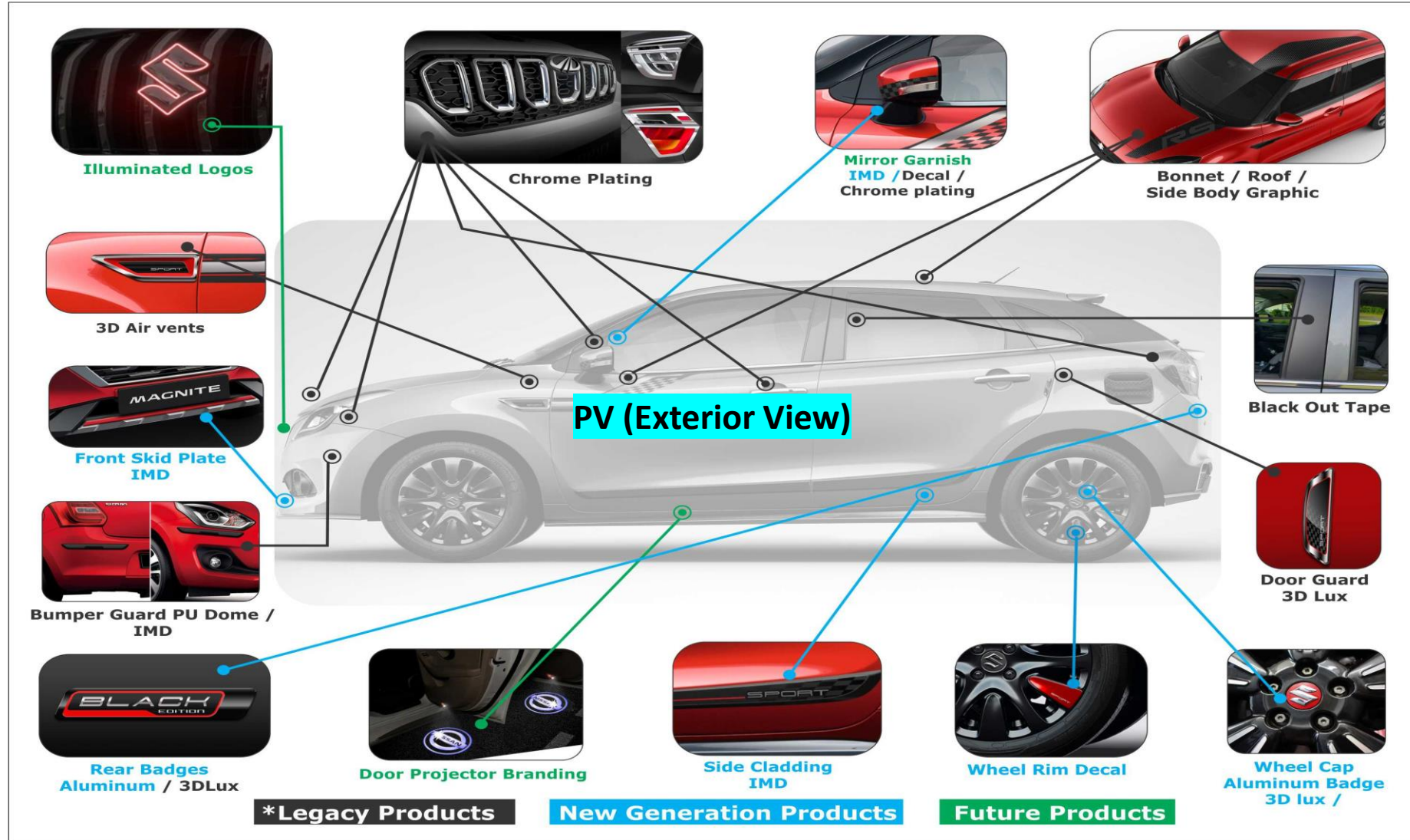
Rs 1200 – 1500
Per vehicle

Legacy Kit Value

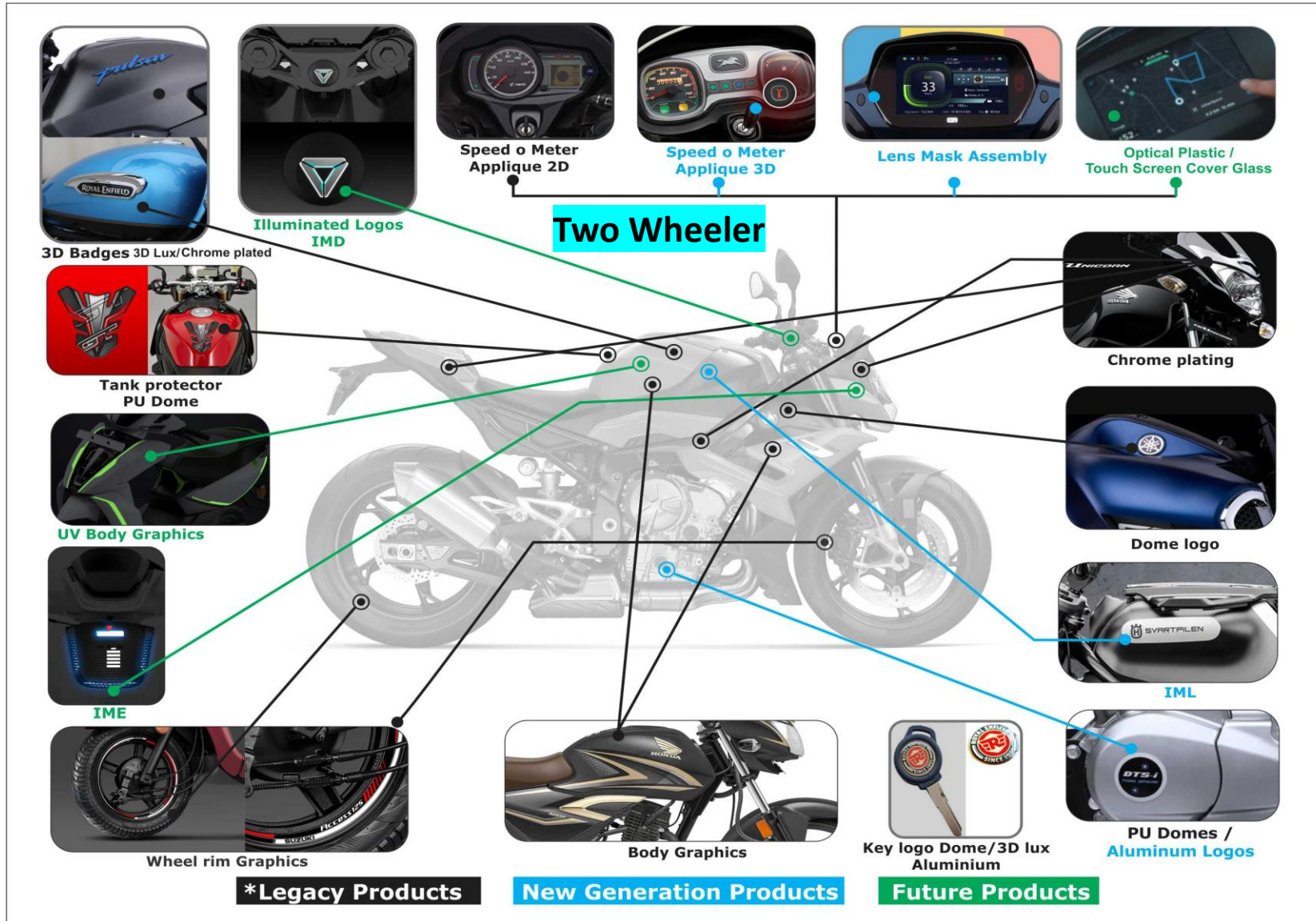
3 - 4x growth
Per vehicle

Future Kit Value

Transforming SJS with a well diversified product suite addressing every requirement of varied customer base



Transforming SJS with a well diversified product suite addressing every requirement of varied customer base



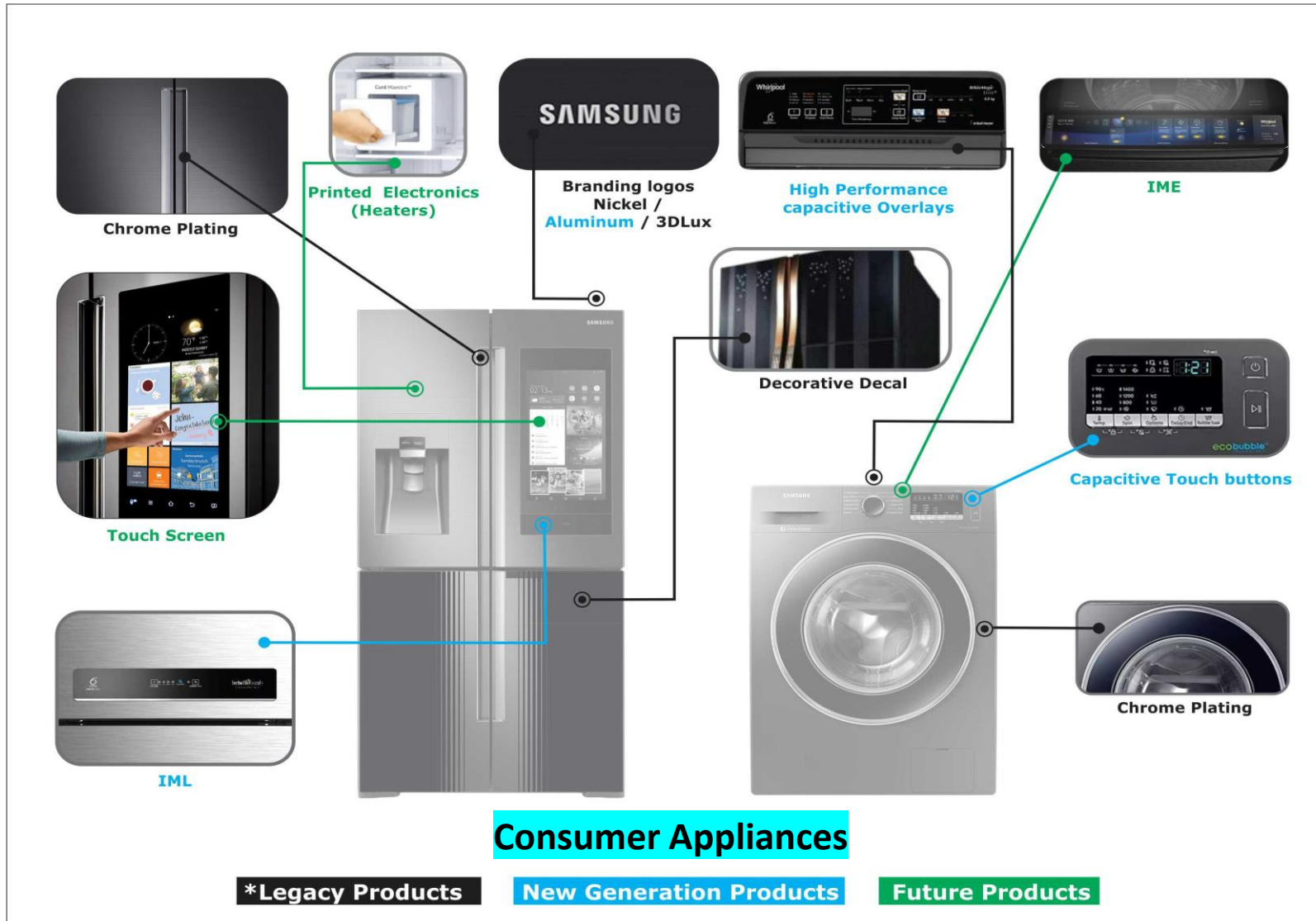
Rs 300 - 500
Per vehicle

Legacy Kit Value

1.5 - 2x
growth
Per vehicle

Future Kit Value

Transforming SJS with a well diversified product suite addressing every requirement of varied customer base



Rs 50 - 150
Per appliance

Legacy Kit Value

3 - 4x
growth
Per appliance

Future Kit Value

Strategy for organic growth over FY23-26



Exports : Increasing global presence

- Penetrate deeper in existing geographies and enter new geographies
- Strong focus on expanding presence in ASEAN
- Strengthening our sales force in Turkey, Brazil, Argentina and Columbia and exploring similar opportunities in other countries



Products : Focus on development of new technologies & advanced products

- Intend to develop and introduce Illuminated logos, In Moulded Electronic (IME) parts and other new gen technologies
- Continue to build capabilities to innovate & develop new products & increase application of products across industries



Key Customers : Growing mega accounts

- Building mega accounts with existing customers by expanding the array of products
- Increase customer base by marketing existing products to new customers and explore cross selling opportunities between SJS and Exotech



Capacity Expansion : Expand chrome plating capacity to meet higher demand pipeline

- Double the chrome plating capacity to support revenues of Rs 3,000 Mn from the current Rs 1,300 Mn capacity
- Higher capacity will also enable entry into global markets

Merger & Acquisitions Strategy

SJS successfully integrated Exotech business and demonstrated credible business improvement in Exotech's FY23 performance:

- **36.0% YoY growth in Revenue**, increasing from Rs 1,020.2 Mn to Rs 1,387.3 Mn in FY23.
- **Cost synergies & efficiency resulted in Exotech EBITDA margin expansion by 235 bps YoY** from 12.8% in FY22 to 15.2% in FY23. **Continuous improvement initiatives led to a cumulative expansion in EBITDA margins by ~300 bps from FY21 to FY23.**



Build capability in adjacent / new aesthetic product categories

Identified key product categories to enter / expand presence which include:

- IMD / IML
- IME (In-Mould Electronics)
- Plastic injection moulding



Expand presence in consumer related industries

Enter new segments and expand presence in other consumer related industries targeting

- Appliance manufacturers
- Consumer electricals



Enter new geographies / OEMs for chrome plating

- Expand presence in chrome plating (largest segment) and increase cross selling opportunities
- Overcome logistics cost as bulky parts
- Provides direct entry into OEMs to support cross selling opportunities

Announced acquisition of WPI; Aid in revenue growth acceleration and will be EPS accretive from FY24 itself

- **SJS will continue to outperform the industry** despite the continuing macro economic headwinds in export markets and gradual recovery in domestic 2W market
- **SJS expects over 50% YoY revenue growth** on account of expected positive outlook for 2W, PV and Consumer Durables
 - Premiumisation + New Customer Wins + Exports + WPI Acquisition = **Higher than industry sales growth for SJS**
- High visibility : Current **order book** to be executed **in FY24 is over 85% of FY24 forecasted revenue**
- SJS expects **WPI acquisition to be significantly EPS accretive** in current year itself. WPI would add incremental scale to SJS given WPI's EBITDA is approximately one-third of SJS' EBITDA
 - Robust margin profile of business and expected operating leverage to **drive PAT growth of ~40% YoY for FY24** as we balance higher growth with margins

FY23 Performance (INR Mn)		YoY Growth %
Revenue	4,330.5	18.3%
EBITDA*	1,167.8	23.2%
EBITDA margin	26.4%	
PAT *	672.5	28.8%
PAT Margin	15.5%	



- Continue to maintain best-in-class margins
- Strong cash flow generation of Rs 609.5 Mn in FY23
- Debt free company as of 31st Mar'23

Note: 1) Exceptional item – Rs. 37.61 Mn of provision for discount on a customer sale created during FY21 was reversed in December 2021 resulted in increased Sales, EBITDA, PBT & PAT of FY22.

Q4FY23 Earnings Call Invite

SJS Enterprises Limited (BSE: 543387) announced its results for the quarter and year ended March 31, 2023, on May 15th, 2023. Following the announcement, the management team will host a conference call for investors and analysts on May 16th, 2023, at 11:00 AM IST. The call will commence with a brief discussion on the previous quarter’s performance followed by an interactive question and answer session. Call details are below:

Date	16th May, 2023
Time	11:00 AM IST 01:30 PM HK/SG 06:30 AM UK (London) 01:30 AM EST USA
Duration	60 minutes
Universal Dial in	+91 22 6280 1145 +91 22 7115 8046
International Toll Free	HK: 800 964 448 SG: 800 101 2045 UK: 0 808 101 1573 USA: 1 866 746 2133
Diamond Pass Link	https://services.choruscall.in/DiamondPassRegistration/register?confirmationNumber=8416754&linkSecurityString=2be08feb8c

Note: Please dial in at least 10 minutes prior to the schedule to ensure that you are connected in time. Audio and transcript will be available within ten working days after the call on Investors page of company website (www.sjsindia.com).

For further information, please contact: Devanshi Dhruva | devanshi@sjsindia.com

THANK YOU

IR Contact

Ms. Devanshi Dhruva | Head - Investor Relations
devanshi@sjsindia.com

Appendix

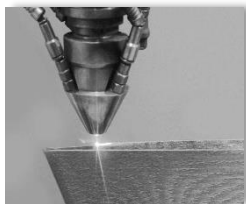
SJS | Longstanding history of design backed manufacturing excellence



Evolution into a leading design and aesthetics focused business



1987
SJS founded by three entrepreneurs



2006
Joint Venture with Serigraph, a US based commercial printing player



2010-14
New product addition in premium segment – 3D Lux etc.



2015
Everstone Capital acquired a majority stake; exit by Serigraph



2015-17
Entry into new product lines - IMD parts, aluminum & electro formed badges

2018
New manufacturing facility commissioned with 225,000 sq.ft. area and significant capacity boost



2019-20
Introduced premium / technologically advanced products (formed dials, Optical plastics, lens mask assemblies) and expanded PV customer base with new product range

2021
Exotech Plastics Acquisition completed to further complement product suite with addition of chrome products

Decals & Body Graphics



2D Appliques & Dials



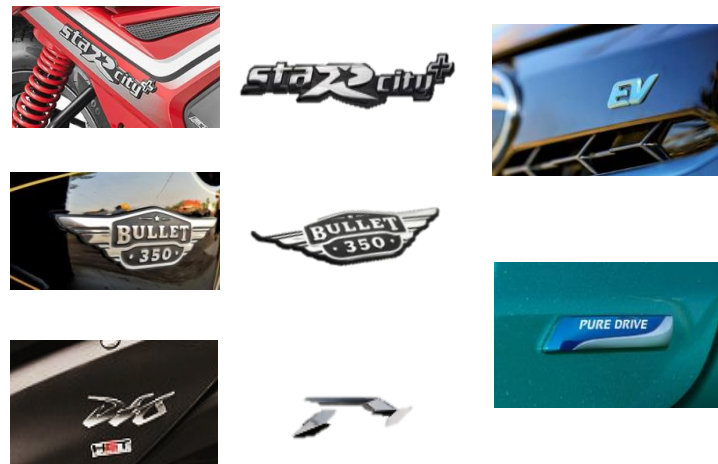
Domes



3D Appliques & Dials



3D Lux Badges



Aluminium Badges



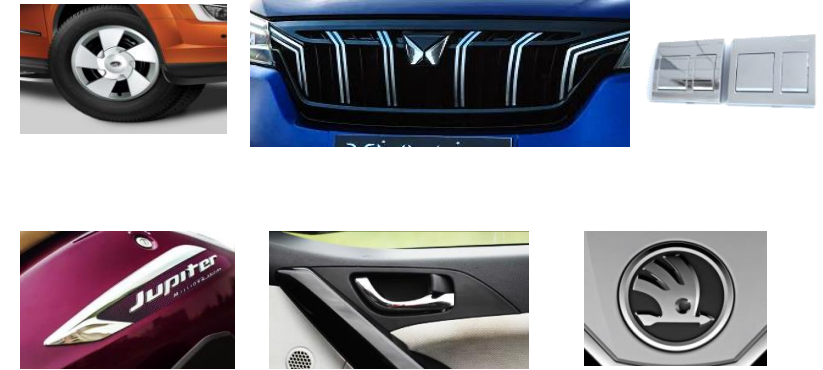
Overlays



Lens Mask Assembly



Chrome plated parts



IMLs / IMDs



Optical Plastics



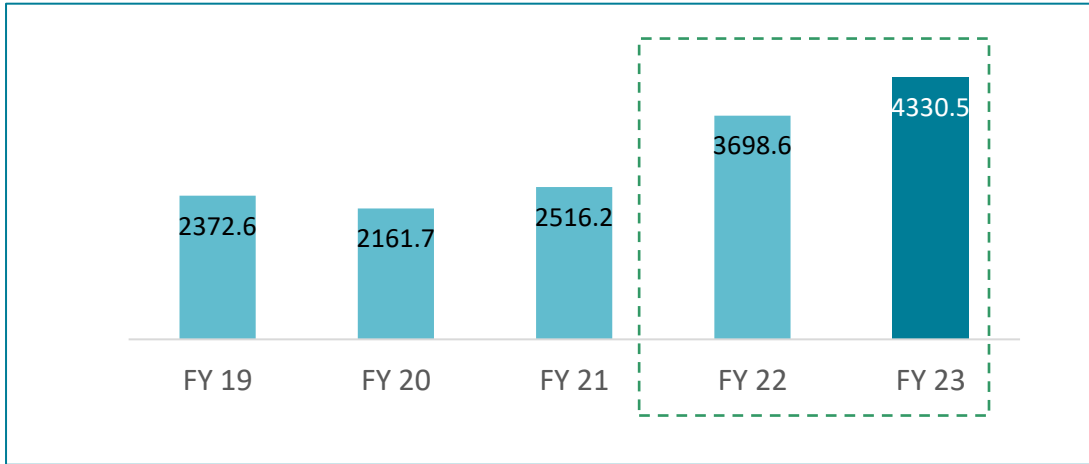
Without Anti glare/ Anti Reflection

With Anti glare/ Anti Reflection

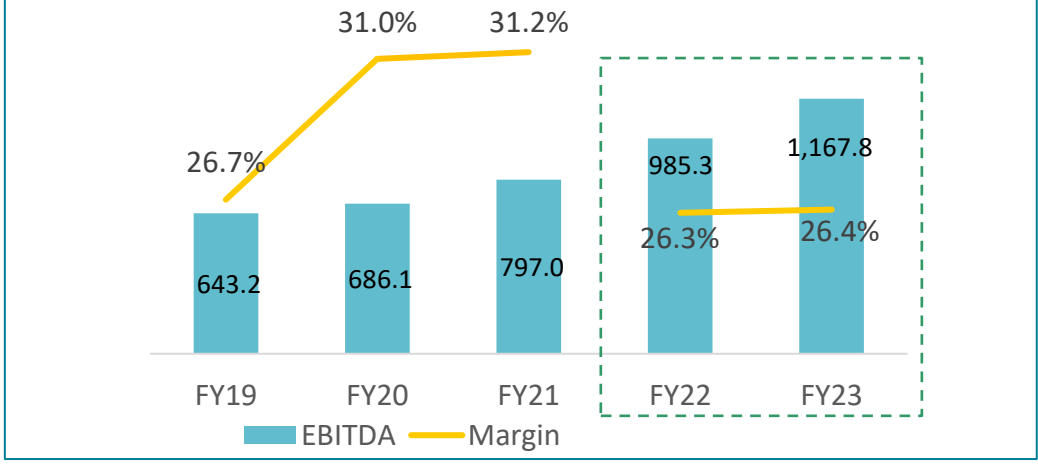
Aftermarket – “Transform”



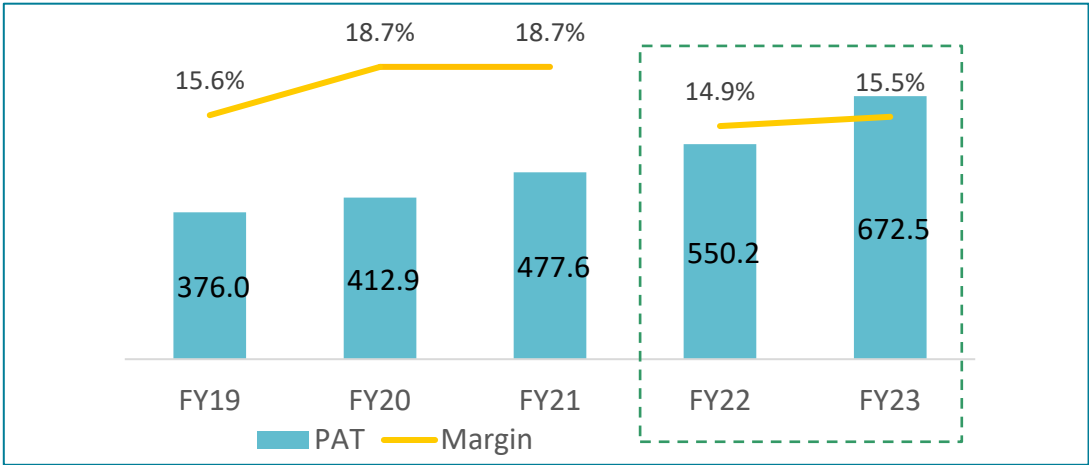
Revenue from Operation (INR Mn)



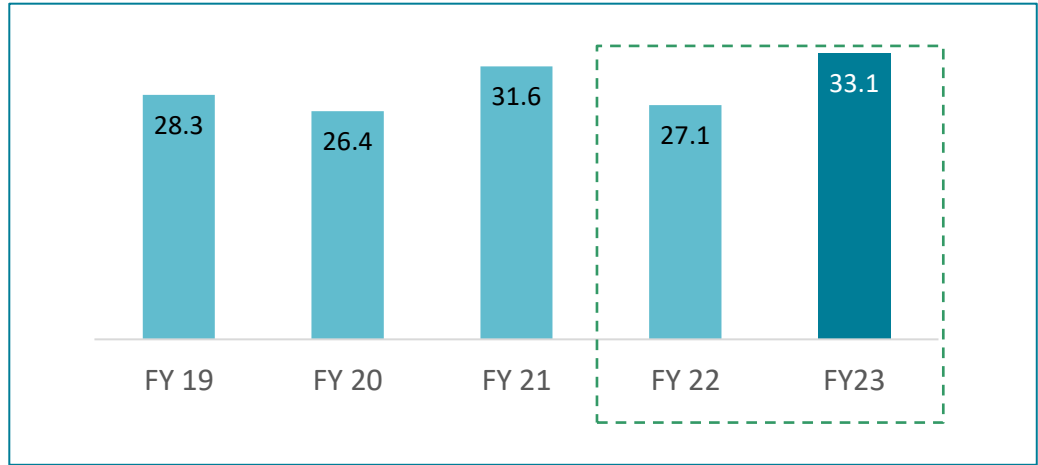
EBITDA (INR Mn) and EBITDA Margin (%)



PAT (INR Mn) and PAT Margin (%)



ROCE (%)



Note: FY22 and FY23 figures consolidated for SJS and Exotech (Reported financials)



K A Joseph

Managing Director – Promoter & Co-founder

- ❖ More than 34 years of experience in aesthetics printing business
- ❖ Leads the manufacturing operations for the Company and has spearheaded technological and product innovation over the years
- ❖ Also a director on the board of Exotech



Ramesh Chandra Jain

Non-Exec Chairman & Independent Director

- ❖ Worked for 25 years in Eicher & retired as group vice chairman
- ❖ Received the Society of British Aerospace Companies Prize in Aircraft Production ,1972-73 from the Cranfield University,

Board of Directors



Sanjay Thapar

Executive Director and CEO

- ❖ Over 30 years of experience in the auto industry
- ❖ Previously Group Chief Strategy Officer with Ashok Minda Group; MD of Minda Valeo Security Systems



Kevin K. Joseph

Executive Director

- ❖ Holds a bachelor’s degree in mechanical engineering
- ❖ Previously worked with Tata Elxsi Limited as a senior design engineer



Matthias Frenzel

Non-Executive & Independent Director

- ❖ Previously worked with Visteon Electronics Germany GmbH, S-Y Systems Technologies Europe GmbH and Johnson Controls GmbH



Vishal Sharma

Nominee Director

- ❖ MD - investments and operations with Everstone Capital Advisors Private Limited
- ❖ Previously worked with BCG India ⁽¹⁾; Sapient Corp (now known as Publicis Sapient)



Kazi Arif Uz Zaman

Nominee Director

- ❖ Ex-MD – private equity with Everstone Capital
- ❖ Presently a partner of GestAlt Network LLP



Veni Thapar

Non-Executive Independent Director

- ❖ Presently a partner of V K Thapar & Company, Chartered Accountants
- ❖ Was on the board of Bank of India as a part-time, non-official director under the CA ⁽²⁾ category

KMPs



Mahendra Naredi

Chief Financial Officer

- ❖ 20+ years of experience in financial management and analysis, key accounting and strategy. Previously worked in Minda Corp, Wipro & GE



R. Raju

Chief Marketing Officer

- ❖ Has over 22 years of experience in the field of marketing; Previously worked with ITW India Limited, ITW Signode India Limited etc.



Sadashiva Baligar

Chief Operation Officer

- ❖ Previously worked with Motherson Automotive Technologies, Automotive Manufacturers (Malaysia) SDN BHD, Toyota Kirloskar etc.

Note: ⁽¹⁾ BCG India – Boston Consulting Group (India) Private Limited; ⁽²⁾ Chartered Accountant