Kabra ExtrusionTechnik Ltd

Investor Presentation | October 2023

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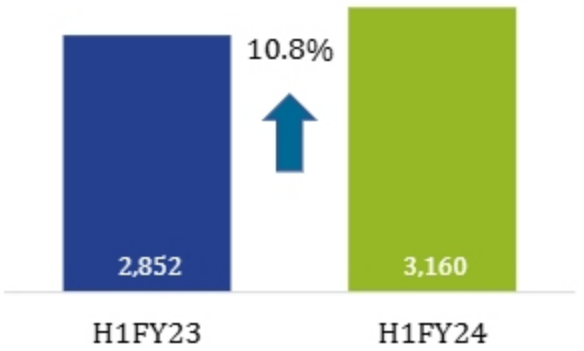
Financial Highlights

Consolidated Half Yearly Highlights

- Operating revenues grew by 10.8% YoY to ₹ 3,160 Mn in H1 FY24
- EBITDA degrew by 15.9% YoY to ₹ 240 Mn during H1 FY24
- PAT degrew by 16.4% YoY to ₹ 114 Mn in H1 FY24
- The change in margin profile is due to higher operating cost and finance cost

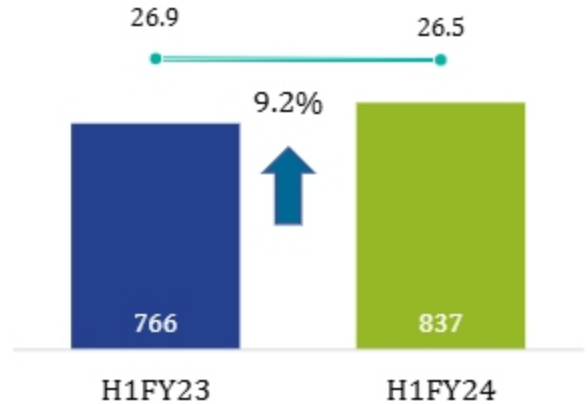
(in ₹ Mn)

OPERATING REVENUE



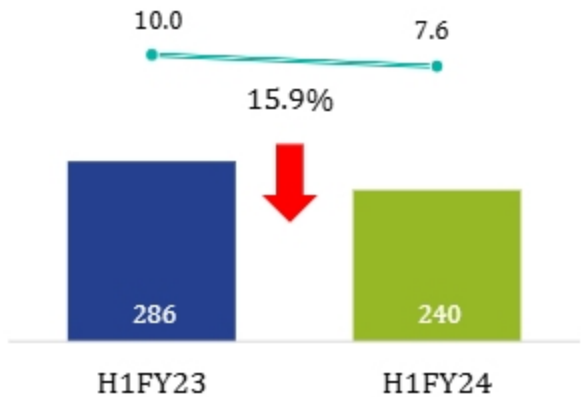
(in ₹ Mn)

GROSS PROFIT & GROSS MARGINS (%)



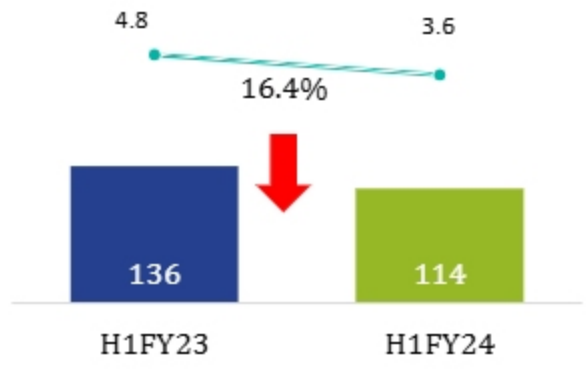
(in ₹ Mn)

EBITDA & EBITDA MARGINS (%)



(in ₹ Mn)

PAT & PAT MARGINS (%)

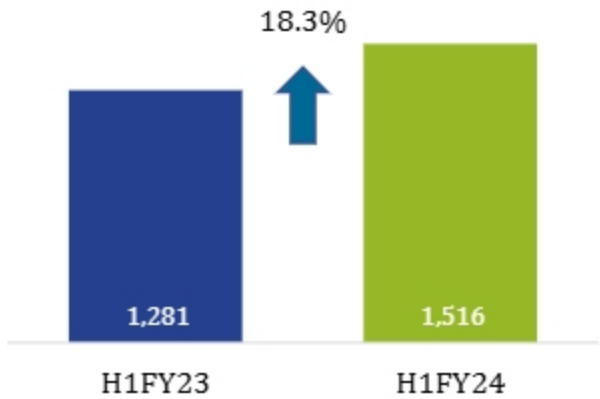


Half Yearly Operational Highlights

- Extrusion Machinery segment revenues surged by 18.3% YoY at ₹ 1,516 Mn in H1 FY24
- Battrixx revenues grew by 5.7% YoY to ₹ 1,680 Mn in H1 FY24
- Battrixx anticipates demand recovery owing to the ongoing festive season coupled with new launches by the OEMs

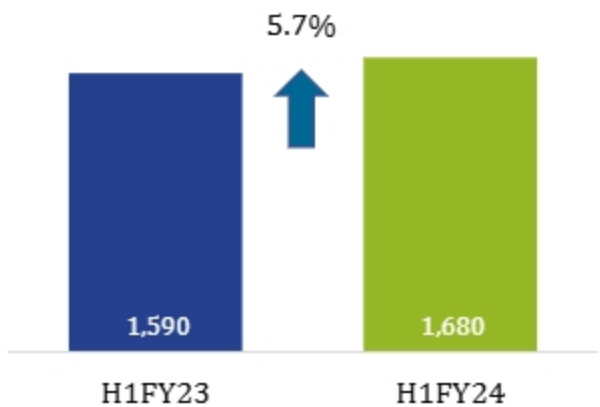
(in ₹ Mn)

EXTRUSION REVENUES



(in ₹ Mn)

BATTRIXX REVENUES



Consolidated Profit & Loss Statement: Q2 & H1FY24

(in ₹ Mn)

Particulars	Q2FY24	Q2FY23	YoY	Q1FY24	QoQ	H1FY24	H1FY23	YoY	FY23
Revenues	1,824	1,800	1.3%	1,336	36.5%	3,160	2,852	10.8%	**6,700**
Cost of Goods Sold	1,394	1,360	2.5%	930	50.0%	2,323	2,086	11.4%	4,862
Gross Profit	**430**	**441**	**(2.4%)**	**407**	5.7%	**837**	**766**	**9.2%**	**1,838**
Gross Profit margin (%)	***23.6%***	***24.5%***	**(90 bps)**	***30.4%***	**(687 bps)**	***26.5%***	***26.9%***	**(39 bps)**	***27.4%***
Employee Expenses	141	121	16.4%	140	0.3%	281	227	23.5%	477
Other Expenses	174	140	24.2%	143	22.2%	316	253	24.7%	620
EBITDA	**115**	**180**	**(35.9%)**	**124**	-7.2%	**240**	**286**	**(15.9%)**	**741**
EBITDA margin (%)	***6.3%***	***10.0%***	**(366 bps)**	***9.3%***	**(297 bps)**	***7.6%***	***10.0%***	**(242 bps)**	***11.1%***
Depreciation & Amortization	39	33	16.0%	37	3.9%	76	66	15.0%	136
EBIT	**77**	**146**	**(47.7%)**	**87**	(11.9%)	**164**	**220**	**(25.2%)**	**605**
Finance Cost	24	21	19.0%	24	(0.2%)	49	36	35.4%	91
Other Income	24	13	80.1%	13	86.5%	36	19	87.3%	32
EBT before Exceptional Items	**76**	**139**	**(45.3%)**	**75**	1.1%	**152**	**203**	**(25.3%)**	**546**
Share in P/L of JV & Associates	(1)	0	N.A.	2	N.A.	1	(2)	N.A.	(3)
EBT after Exceptional	**75**	**139**	(46.3%)	**77**	(3.4%)	**152**	**201**	(24.4%)	**543**
Tax	19	44	(58.3%)	20	(5.5%)	38	65	(41.2%)	168
PAT	**56**	**95**	**(40.7%)**	**58**	(2.6%)	**114**	**136**	**(16.4%)**	**375**
PAT margin (%)	***3.1%***	***5.3%***	**(219 bps)**	***4.3%***	**(124 bps)**	***3.6%***	***4.8%***	**(118 bps)**	***5.6%***
EPS (in ₹)	**1.61**	**2.71**	**(40.7%)**	**1.65**	(2.6%)	**3.26**	**3.90**	**(16.4%)**	**10.72**

Consolidated Balance Sheet Statement

(in ₹ Mn)

Particulars	FY19	FY20	FY21	FY22	FY23	H1 FY24
ASSETS						
Non-current Assets	1,664	1,738	1,966	2,028	2,098	2,359
Current Assets	1,762	1,955	2,025	3,657	4,250	4,905
TOTAL ASSETS	**3,426**	**3,694**	**3,991**	**5,685**	**6,348**	**7,264**

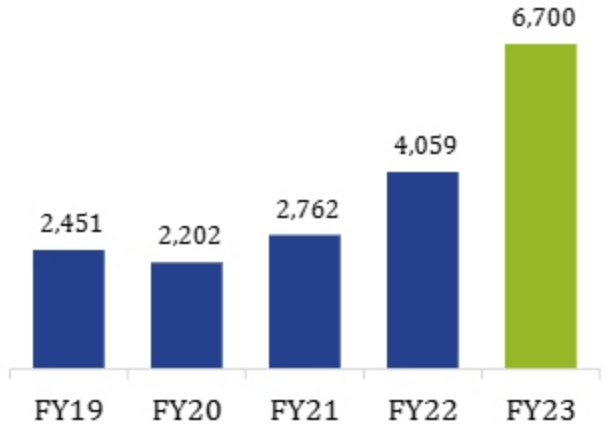
EQUITY AND LIABILITIES						
Equity	2,461	2,322	2,781	3,289	3,835	4,301
Non-current Liabilities	27	170	163	242	236	209
Current Liabilities	938	1,202	1,047	2,154	2,277	2,755
TOTAL EQUITY AND LIABILITIES	**3,426**	**3,694**	**3,991**	**5,685**	**6,348**	**7,264**

Consolidated Financial Highlights

- Operating revenues grew by 28.6% CAGR during FY19-23
- EBITDA recorded 37.6% CAGR during FY19-23
- PAT grew by 11.4% CAGR during FY19-23

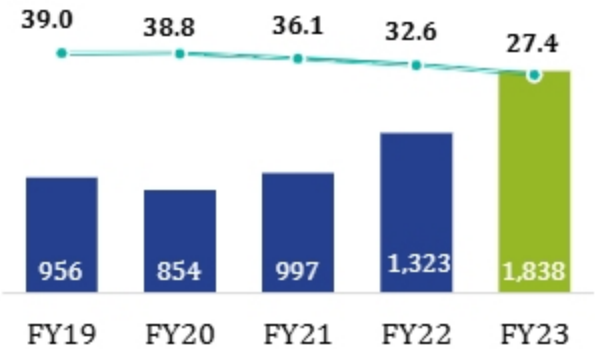
(in ₹ Mn)

OPERATING REVENUE



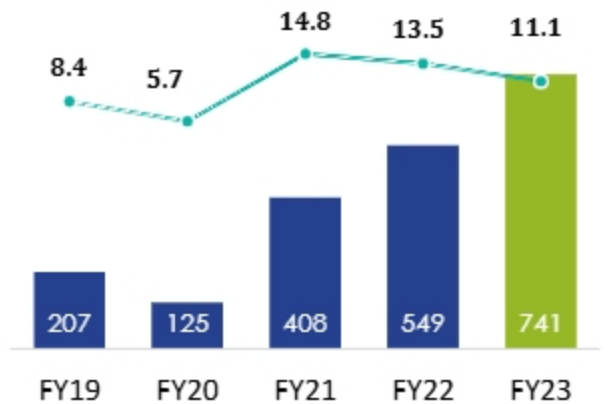
(in ₹ Mn)

GROSS PROFIT & GROSS MARGINS (in %)



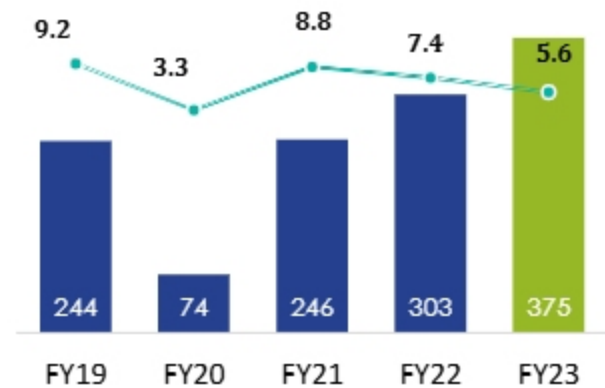
(in ₹ Mn)

EBITDA & EBITDA MARGINS (in %)



(in ₹ Mn)

PAT& PAT MARGINS (in %)

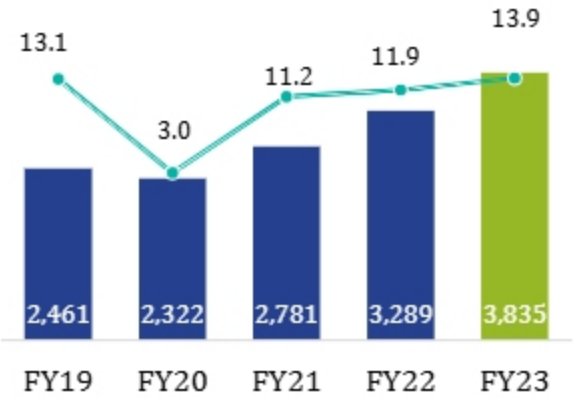


Key Financial Ratios

- Continues to fuel expansion plans by displaying financial prudence with a low debt stance

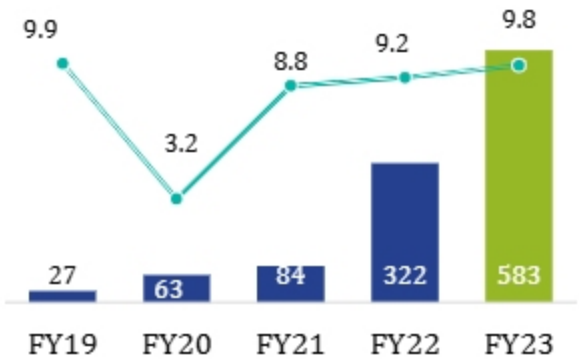
(in ₹ Mn)

NETWORTH & ROCE



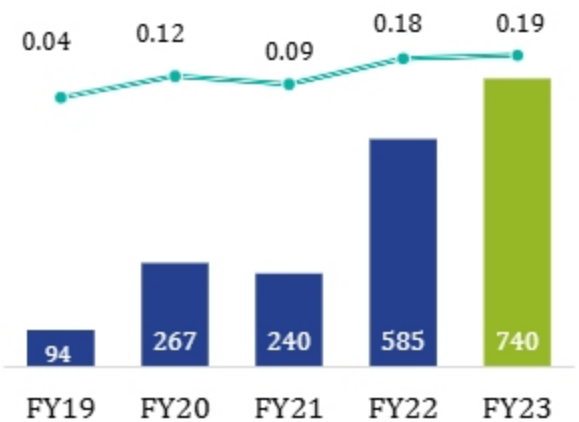
(in ₹ Mn)

CASH & CASH EQUIVALENTS & ROE



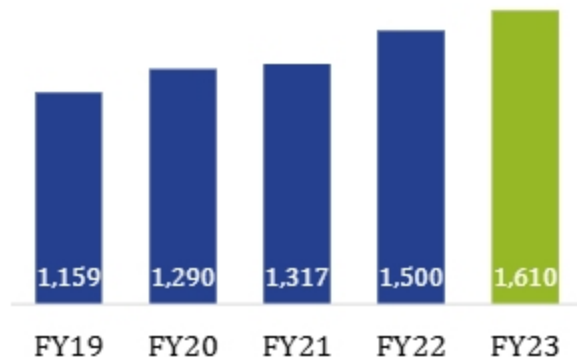
(in ₹ Mn)

DEBT & DEBT-EQUITY



(in ₹ Mn)

PROPERTY, PLANT & EQUIPMENT



Company Snapshot

Company Snapshot

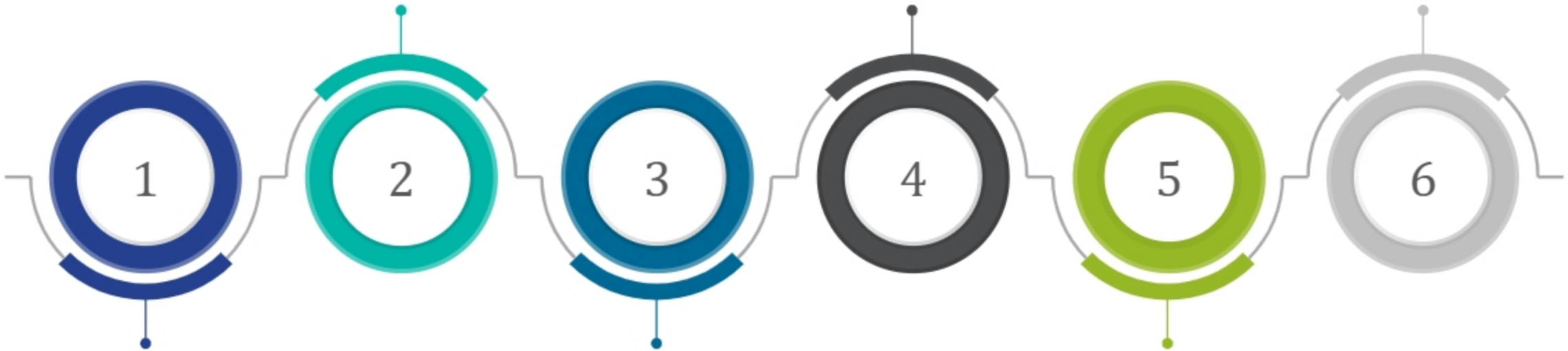
Particulars	Extrusion Machinery Business (Established Market Leader)	Battrixx (Emerging Leader in an EVolving Segment)
Business Overview	• India's premier manufacturer & exporter of extrusion plants • Presence in 100+ countries with +15,000 installations	• Battrixx is a battery related solutions for electric mobility and energy storage • Battery & related components constitutes ~35-45% of cost in an Electric Vehicle
Products	• Blown Film Lines, Pipe Extrusion Lines, Sheet Extrusion Lines, Compounding Lines and Auto Feeding Systems	• Battery Packs across multiple chemistries, Battery Management Systems (BMS) and IoT Solutions
Industry Application	• Packaging Industry, Infrastructure & Construction, Telecom and Plasticulture	• E 2 Wheelers, E 3 Wheelers, LCV and Swapping Stations
Market Share*	• Industry leader with 40% market share (FY23)	• Captured 18% market share in the lithium-ion batteries in its segment (FY23)
Revenue & EBIT [FY23 & H1 FY24]	• Revenue: INR 3,198 Mn/ INR 1,516 Mn • EBIT: INR 366 Mn / INR 164 Mn	• Revenue: INR 3,534 Mn/ INR 1,680 Mn • EBIT: INR 273 Mn / INR 35 Mn

** As per the Company's estimates*

Battrixx Business

Our Journey so Far

1. Acquired Licence Design & Manufacturing Technology from a leading European EV Battery player
2. Started as low technology & low automation **battery pack assembler**
3. Invested in advanced manufacturing and R&D Capabilities
4. Became **co-design, development and manufacturing partners** for the OEMs
5. Added capabilities across smart BMS, IoT, Telematics along with data analytic **solutions**
6. Partner of Choice for our customers



Battrixx – Where We Aspire for Leadership

- Largest chemistry agnostic battery pack manufacturer
- Culture of continuous innovation through strong R&D capabilities
- Real time data feedback loops
- Capability to manufacture safe, optimum and regulatory compliant battery packs
- Enjoys long term co-development partnerships with OEMs

Largest Chemistry Agnostic Battery Pack Manufacturer

Strategic choices made – (i) Not Manufacturing Cells (ii) Capabilities to Handle Multiple Chemistries & Types of Cells

Battery Value Chain
Component Production
Cell Production
Module Production
Pack Assembly
Vehicle Integration
Use
Reuse and Recycling

Our Focus Area – *Strategic choice has been made to have capabilities to handle multiple cell chemistries and different form factor of cells*

One of the few players with

- **The ability to handle multiple chemistries & types of cells**
  - Chemistries – LFP, NMC, NCA, etc.
  - Types of Cells - Prismatic & Cylindrical
- **Expertise across Electrical & Electronics**
  - Smart BMS
  - IoT & Telematics
  - Data Analytics Solutions
- **IATF approved manufacturing facility**

Accomplished Leadership in E 2 Wheelers and Extending the Product Portfolio into other Categories

E 2 Wheelers	18 % market share	Existing Category
E 3 Wheelers	Penetrate in Q4FY24	Near Term Plan
E Light Commercial Vehicles		
E 4 Wheelers		
E Tractors	Long Term Plan	
E Buses		
Energy Storage Services (ESS)		

Building an Ecosystem for Continuous Innovation

R&D Access

- Inhouse Engineering & Design Team
- Acqui-hired Team from Varos Technologies
- Access to Global Universities
- Foreign Collaborations

Areas worked upon

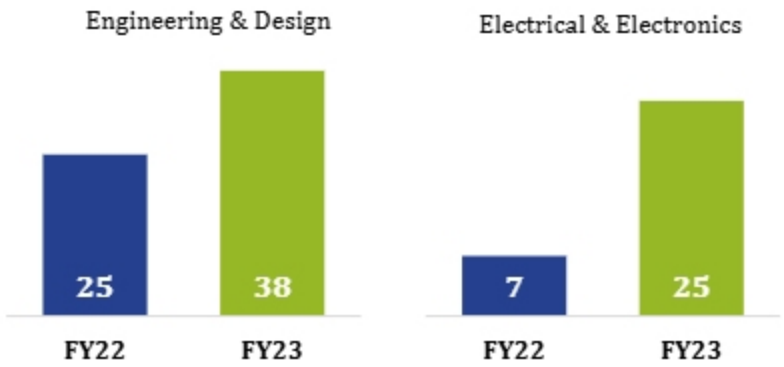
- Future Chemistries
- Electronics & Data Analytics
- Absorb Technology & Customize it for Local Conditions
- Designs and Tests Prototypes

Goals

To be a preferred partner to OEMs for providing futuristic customer centric products & solutions

Investing in R&D for Sustainable Growth

Growing R&D Human Capital



Targeting 100+ R&D Human Capital by FY24

Increasing Intellectual Property Access

1. Technology Tie-up with European Company
4. Access to Indian & Global Universities

Working towards Future Innovations

Material Science & Cell Chemistry

Applying material science for efficient thermal management & Work across multiple cell chemistries

Technology Absorption

Efficient thermal management & Safe Battery Pack suitable for local conditions

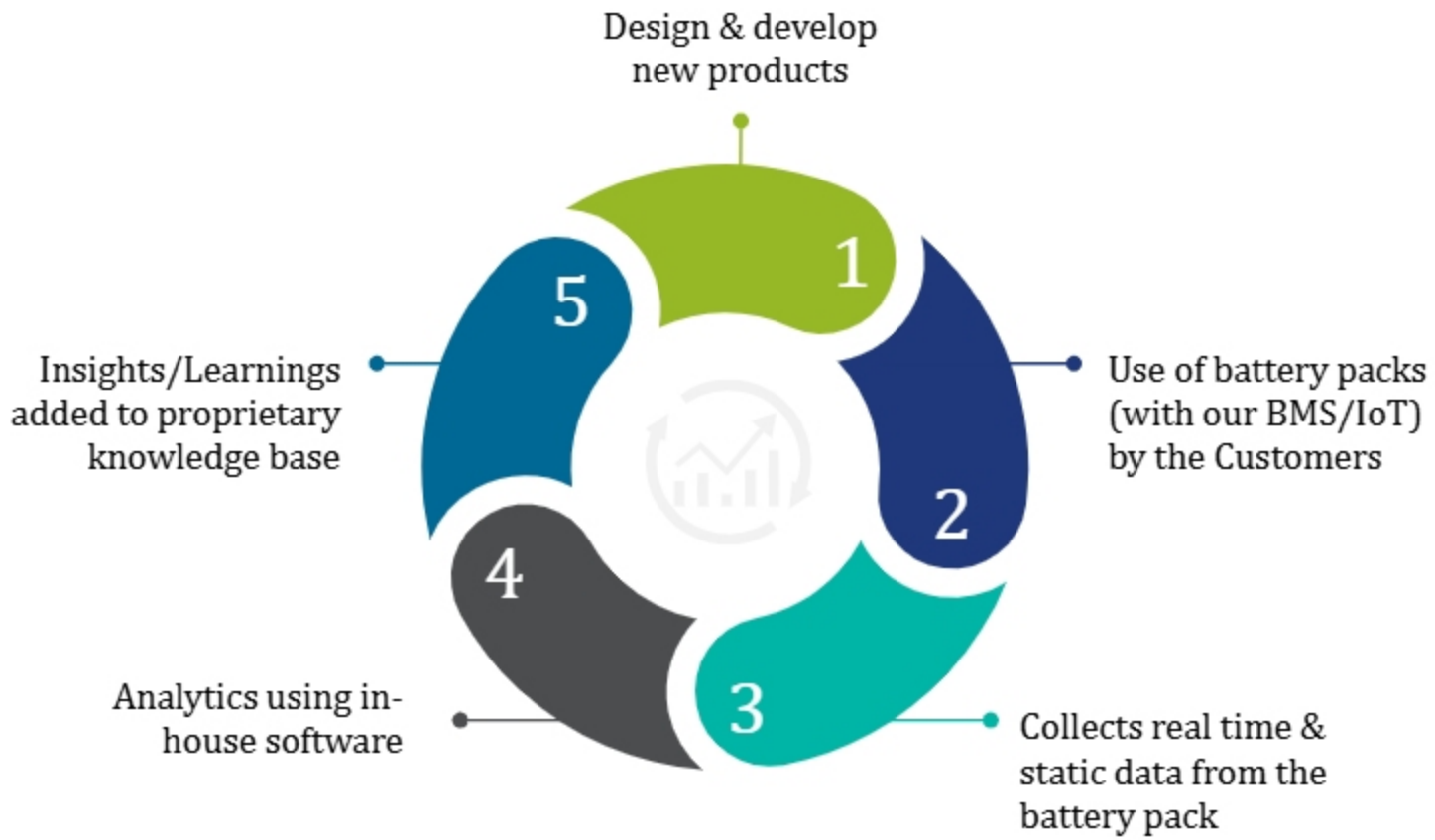
Electronics & IoT

Real-time data analytics for continuous improvement of battery packs design

Designing

Solutions based on OEMs end goals

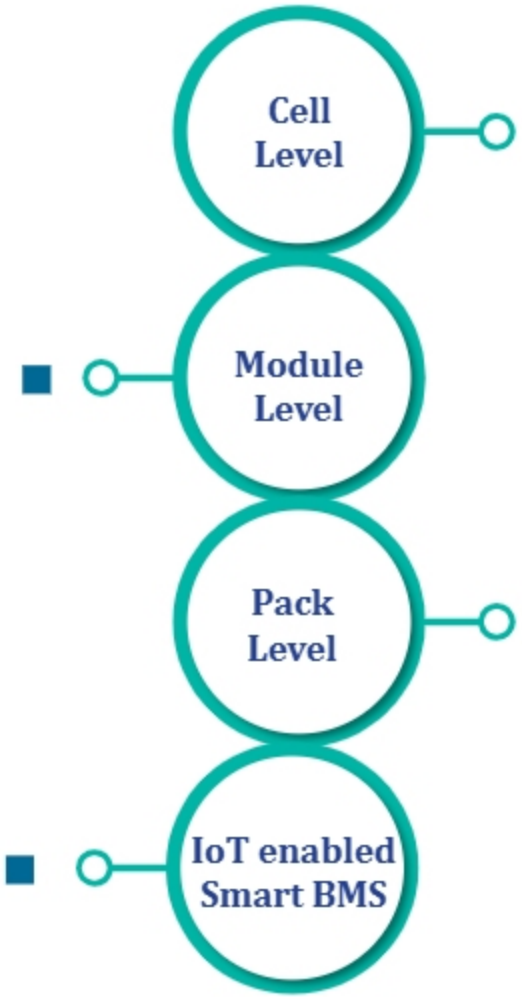
Harnessing Data for Continuous Improvement



- Data collected from battery packs helps in designing more efficient battery packs improving our **right to win.** 90%+ of customer now use Battrixx designed products as compared to less than 40% a year ago
- More customers (higher volumes) helps us gather more data creating a **network effect**
- Relevant learnings are also shared with the customers to enhance their end product leading to **enhanced customer stickiness**

Safe & Custom-made Optimized Battery Packs

Safety and Performance Optimization are integrated at every level of battery design



- Cell level protection to mitigate thermal runways (avoiding fire incidents)
- Advanced weld technology which provides high strength, tensile force and least resistance thereby, improving pack performance
- Protecting over current & short circuit during charge and discharge
- In-house BMS software with high accuracy SOC/SOH and multi parameter based response for improved performance & safety

Enduring & Growing Partnerships with OEMs

Success Story 1: New Client Win

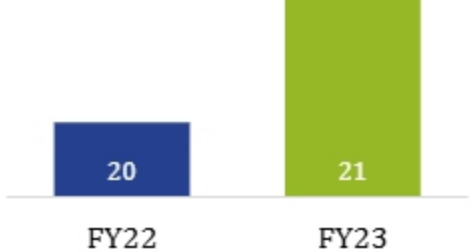
- Engaged with the prospective client to understand their specific requirements
- R&D team proposes improvements in the OEM's current battery & builds an optimized prototype
- The prospective client visits Battrixx facility with an aim to procure the proposed battery pack from October 2022
- However, Battrixx high quality manufacturing facility & safety standards prompts the OEM to place order for supply in July 2022, thereby enhancing the customer's delight

Success Story 2: Increased OEM's Wallet Share

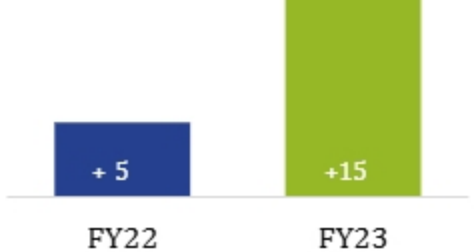
- An existing & growing large OEM client experienced higher demand for their products
- The OEM increased their requirements by 1.5x in a span of two months
- Battrixx's team fulfils the OEM requirements while ensuring consistent quality and safety protocols
- This eventually led to 60% of OEM's requirement being fulfilled by Battrixx as compared to 10% earlier

Prototypes Manufactured

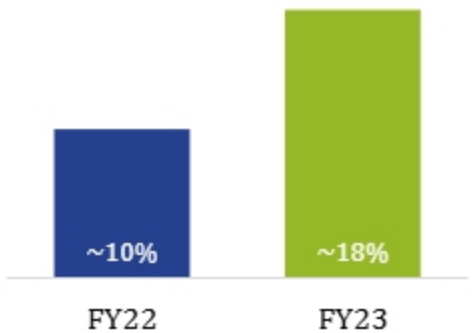
New Products Launched



OEM Partnership



Battrixx - Market Share



First EV Battery Pack Manufacturer Accredited with ARAI Certification

- Battrixx was the first EV battery-pack manufacturer to be accredited with ARAI certification under AIS 156 Amendment III Phase 2 for its batteries, conceptualized and designed in-house strategically with Hero Electric's R&D team
- Battrixx latest battery packs offers enhanced performance maintaining the highest safety standards

Our Point of View

- With standards/requirements gets stringent, the value proposition of organized manufacturers like Battrixx gets stronger
- E 2 Wheelers / E 3 Wheelers industry is highly fragmented and is expected to remain fragmented (Source: Bernstein Electric Revolution 2022 Report). This hinders the ability of the smaller players to invest in R&D which augments Battrixx value proposition even further

IP67 Water proof battery

A/V warning system (safety Alarm)

Pressure Release Vent

Temperature Alarm

Multiple Fuses

Cell Traceability

Data Logging as per IS17387

RFID Tag Reading & Writing

Extrusion Machinery Business

Extrusion Machinery Business

Pillars of Strength

Strong Parentage

Part of Kolsite Group with over six decades legacy

Technical Collaboration

Forged meaningful partnerships/JVs/investments to strengthen value proposition in both the verticals

R&D Focus

Invest in R&D to churn innovative products

Market Positioning

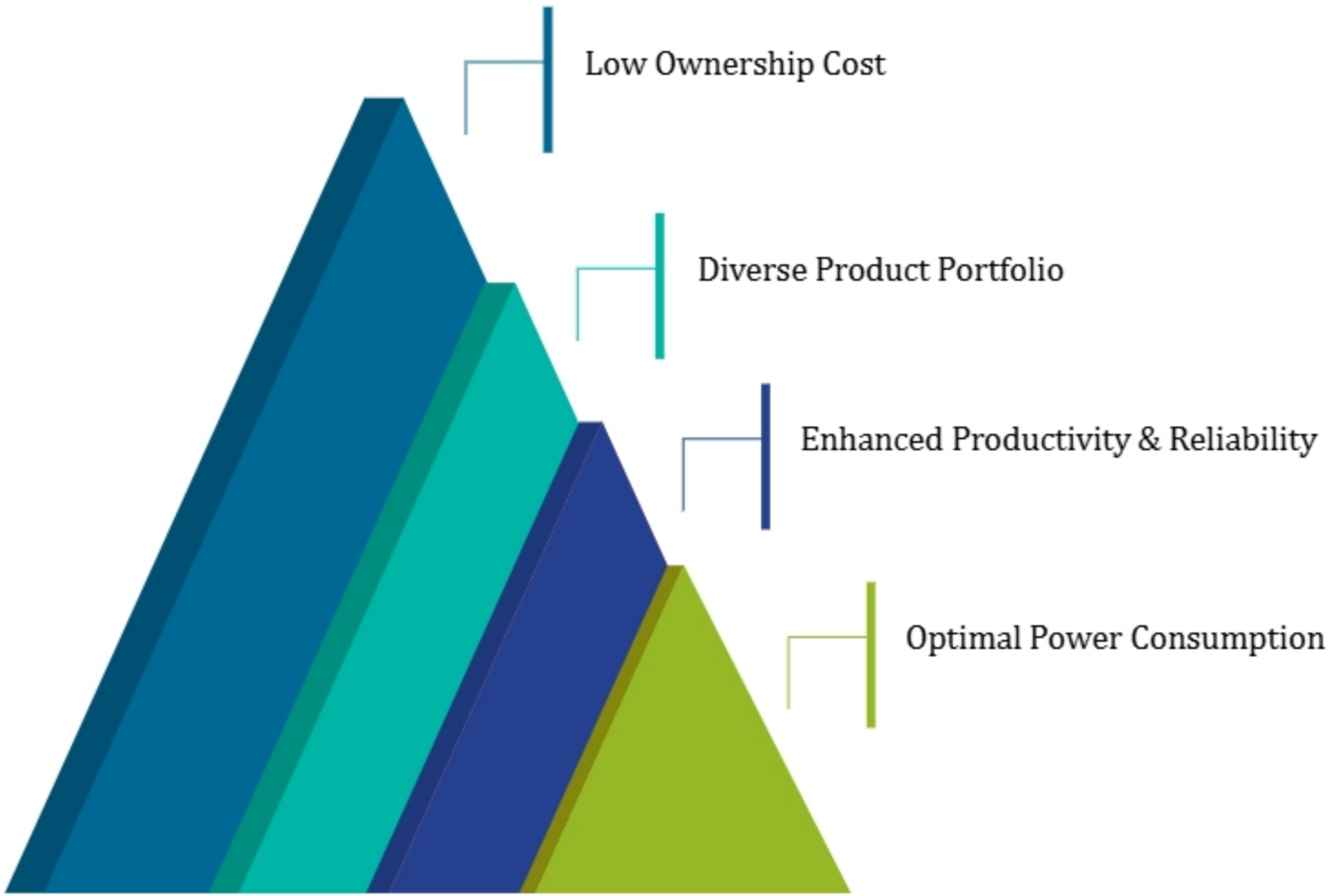
Brand enjoys leadership status with 40% market share with export market presence in 100+ countries

Get. 'Tech'. Set

Company	Technical Edge
Battenfeld-Cincinnati	Technical tie-up with Battenfeld-Cincinnati since 1983 for pipe and profile machinery
Extron Mecanor	JV with Extron Mecanor, Finland in October 2016 to provide an integrated approach to pipe producers by offering pipe socketing and belling solutions
Penta	A 50:50 JV with Penta SRL, Italy for auto-feeding systems for the plastics and food processing industry

Right to Win Quotient

Customer Centric Approach



R&D's: Drip Line Success Story

Continual Improvement towards Diverse Areas

- Manufacturing
- Application development
- Design
- Control and Automation

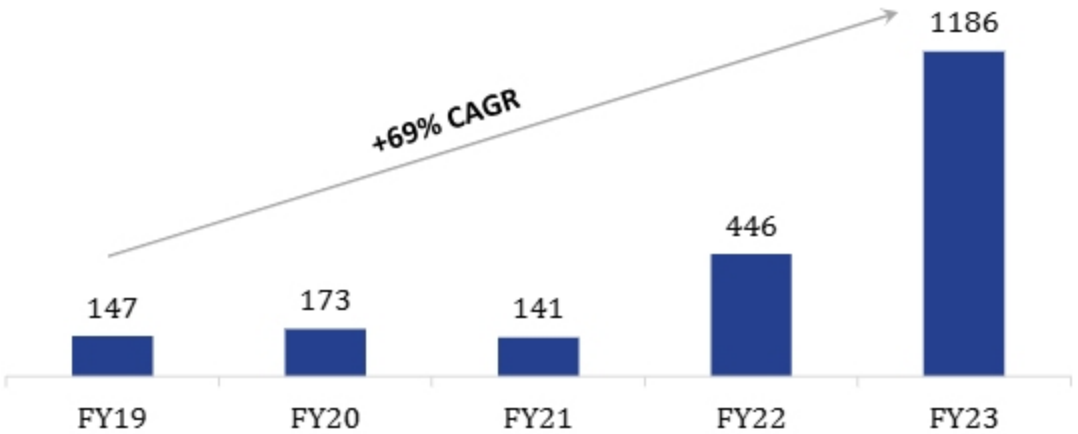
Result

Create new range of Pipe & Film Plants and other innovative products

Annexures

EV: Industry Dynamics

EV Sales growth in India FY19-23 (in '000s units)



Source: Society of Manufacturers of Electric Vehicles (SMEV)

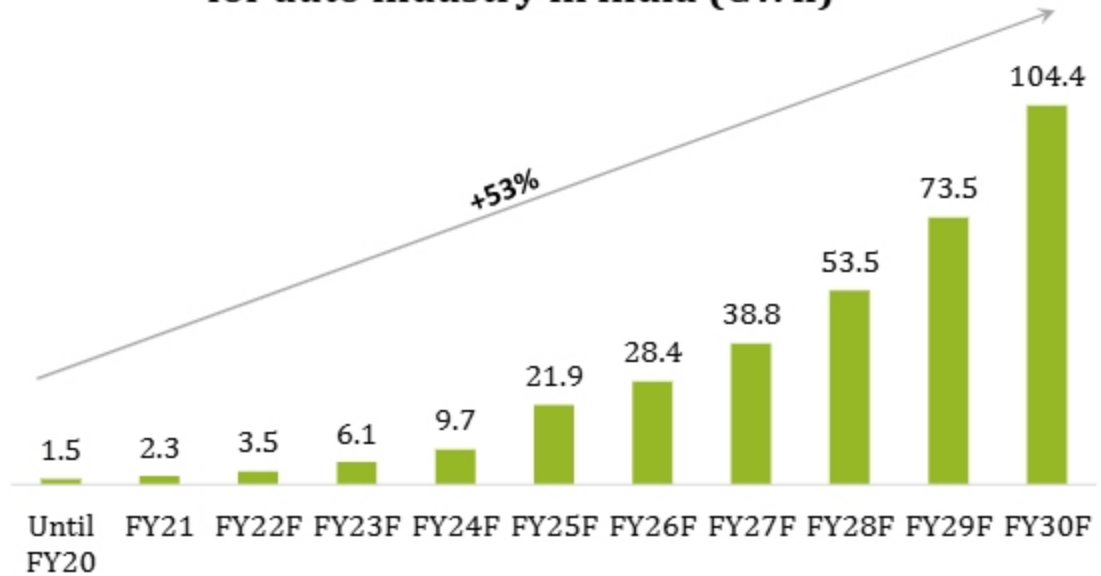
Increase in EV sales at CAGR of 69% (FY19 to FY23) on back of government initiatives like:

- Launch of demand incentives under FAME I and FAME II
- Reduction of applicable GST rates (from 12% to 5%)

As per RBSA Advisors, a consultancy firm, the industry is further expected to grow from -US$79 billion in 2021 to **US$150 billion in** 2030.

Source: International Council of Clean Transportation, CEEW Center of Energy Finance, Press release

Annual Lithium-ion battery capacity additions for auto industry in india (GWh)



Source: JMK Research in collaboration with The Institute for Energy Economics and Financial Analysis (IEEFA)

EV battery demand to increase by 53% in 2030 aided by:

- Expected shift in buying patterns toward EVs
- Strong government support including, encouragement for developing new business models for batteries
- Large-scale deployment plans for commercial vehicles expected by 2028

EVs and Component Manufacturing: Policy Support

Steps taken by the government to localize EV and component manufacturin

2015

Launched FAME I scheme with an initial outlay of INR100 crores to achieve fuel security and sustainable environment through EVs.

2018

Increased the outlay to INR 895 crore under the FAME I scheme to create a local ecosystem of EV and components manufacturing.

2019

Approved the extension of the FAME I scheme with an outlay of INR 10,000 crore for 3 years to create a favorable demand for advanced battery and registered vehicles.

2021

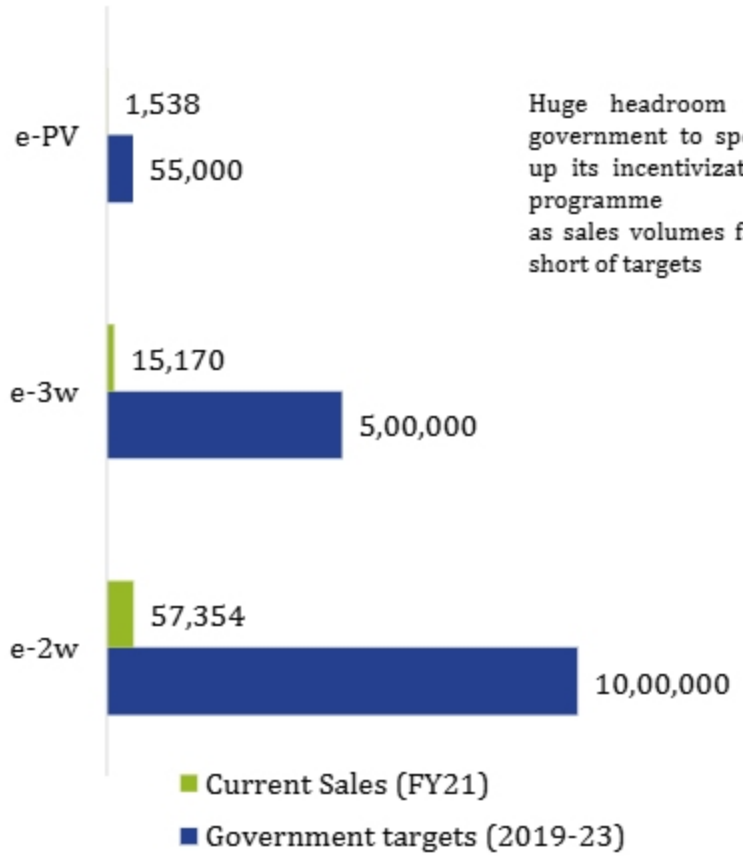
- Launched National Programme on Advanced Chemistry Cell (ACC)Battery Storage to bring down battery prices in subsequent years
- Earmarked an outlay of INR 18,100 crore for building giga factories (similar to Tesla) in India

2022

Announced the introduction of policy frameworks for battery swapping in the Union Budget 2022-23

Source: Press releases, CEEW Centre for Energy Finance

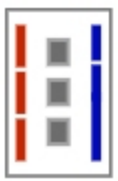
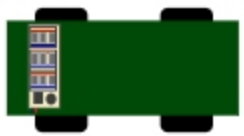
Fame II: Target vs: Actuals (FY21)
(in units)



Huge headroom for government to speed up its incentivization programme as sales volumes falls short of targets

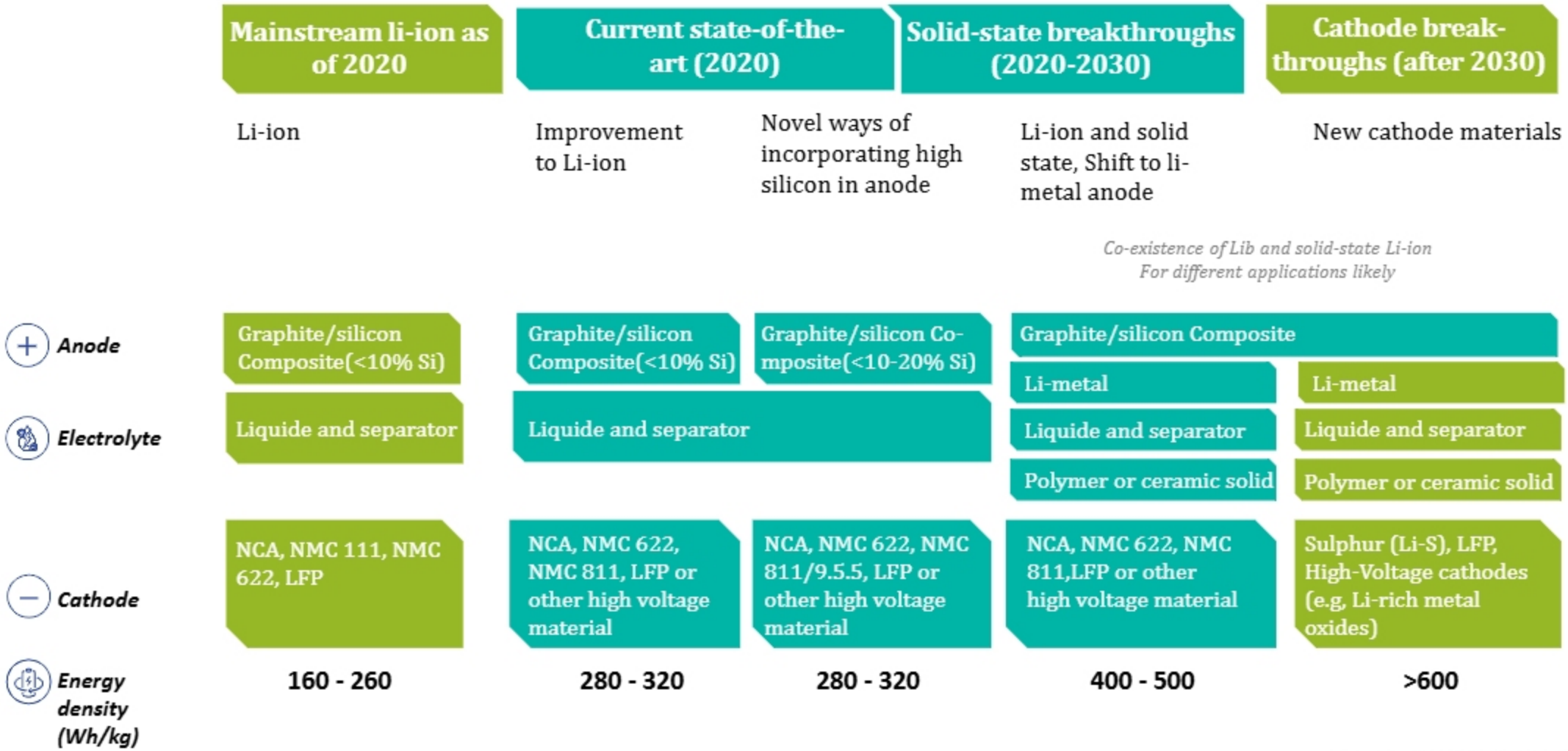
Source: Jefferies

Battery Value Chain: Strategic Focus

Component production	Cell production	Modules production	Pack assembly	Vehicle integration	Use	Reuse & recycling
						
Manufacture of anode and cathode active material, binder, electrolyte and separator	Production and assembly of single cells	Configuration of cells into larger modules that include some electronic management	Installation of modules together with systems that manage power, charging, and temperature	Integration of battery pack into the vehicle structure, including the battery-car interface (connectors, plugs, mounts)	Use during specified in-vehicle battery lifetime	Battery reuse; deconstruction and cleaning preparatory to recycle of material and component

Our focus area

Evolving Cell Chemistries



Source: McKinsey & Company

Safe Harbour Statement

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