



CYIENT

# INVESTOR PRESENTATION

Q1 FY19

# Confidentiality Statement

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## Highlights for the Quarter

- Financial Highlights
- Business Highlights
- Awards & Recognition
- CSR Activities

## Financial Update

- Revenue
- Income statement update
- Other Income & Hedge
- Cash generation

## Business Update

- Significant highlights
- M&A update
- Industry outlook
- Future outlook

## *Annexures*

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## • Highlights for the Quarter (1/3)

### Revenue

**14.3%**  
YoY

Quarterly revenue at \$**160.8** Mn

### Operating Profit Growth

**13.5%**  
YoY

### Cash & Cash Equivalent

**₹11 Bn**

## Financial Highlights for Quarter

- Performance in line with annual plan and Q1 FY19 skew including expected seasonality in DLM
  - YoY \$ services growth of **10.9%**; highest ever at **\$142.8 Mn**; QoQ services growth in CC is **1.1%**; DLM growth of **52.1%** YoY
- Overall operating profit at **₹1,316 Mn**; Operating margin at **12.2%**;
- Healthy cash & cash equivalent at **₹11 Bn**

## • Highlights for the Quarter (2/3)

|   |   |
|---|---|
| <b>A&amp;D, Transportation &amp; SIA revenue growth of</b>      | <b>EMEA, NAM &amp; APAC revenue growth of</b> |
| <b>~26%, ~28% &amp; ~35% YoY (in \$)</b>                        | <b>~17%, ~14% &amp; ~13% YoY</b>              |
| <b>51:49 Joint Venture for UAV systems with Israeli partner</b> | <b>Acquisition Ansem</b>                      |
|   | <b>100% Acquisition Cyient Insights</b>       |

## Business Highlights for the Quarter

- Acquisition of Belgium based AnSem, a leading fabless, custom analog and mixed-signal ASIC design company
  - A major foray into new age technologies
- Commenced operations of JV with Israeli partner for UAV systems, obtained Industrial License
- Acquired balance 49% stake in Cyient Insights; now 100% owned by Cyient
  - Improved focus on analytics portfolio
- Creation of Silicon Solution Lab for automated testing of chips for accelerated delivery for our clients
- Received AS9100 Rev D and ISO 9001:2015 Quality Certifications for Melbourne, Florida
- Successfully completed the AS9115A software audit for a major aero customer for DLM facility in Mysore

## • Highlights for the Quarter (3/3)

### Awards & Recognition

- Recognised for good practices at the 6th FICCI Quality Excellence Awards
- Won "Commendable Performance Award 2018" from John Deere
- Institutional Investors in an independent survey recognized Cyient's CFO among top three CFOs in Asia under sell-side category for investor relations in the IT Services and Software category.

### CSR Activities

- Continue to support 25 Government Schools - supporting underprivileged children
- Added three more Cyient Digital Centre that provides digital educational resources taking the total to 60 providing digital literacy to 25,000+ children

## Highlights for the Quarter

- Financial Highlights
- Business Highlights
- CSR Activities
- Infrastructure
- Awards and Operations

## Financial Update

- Revenue
- Income statement update
- Cash generation
- Hedge and other income

## Business Update

- Significant highlights
- M&A update
- Industry outlook
- Future outlook

*Annexures*



# Revenue for Q1 FY19

| Revenue | Q1FY18 | Q2FY18 | Q3FY18 | Q4FY18 | Q1FY19        | QoQ          | YoY          |
|---------|--------|--------|--------|--------|---------------|--------------|--------------|
| \$ Mn   | 141    | 150    | 152    | 165    | <b>161</b>    | <b>-2.3%</b> | <b>14.3%</b> |
| ₹ Mn    | 9,070  | 9,654  | 9,834  | 10,618 | <b>10,800</b> | <b>1.7%</b>  | <b>19.1%</b> |

| Business Units        | Services       | DLM           | Group          | QoQ          | YoY          |                           |            |
|-----------------------|----------------|---------------|----------------|--------------|--------------|---------------------------|------------|
| <b>A&amp;D</b>        | \$48.8         | \$10.9        | \$59.7         | -1.9%        | 26.0%        | <b>NAM</b>                | \$84.4     |
| <b>Comms</b>          | \$34.1         | \$2.0         | \$36.0         | -3.5%        | 5.7%         |                           | 4.6% QoQ   |
| <b>U&amp;G</b>        | \$20.3         | \$0.0         | \$20.3         | -12.5%       | -5.5%        |                           | 13.9% YoY  |
| <b>Transportation</b> | \$17.2         | \$0.0         | \$17.2         | 4.5%         | 27.9%        | <b>EMEA</b>               | \$39.5     |
| <b>I&amp;ENR</b>      | \$12.0         | \$3.2         | \$15.2         | -3.0%        | 6.0%         |                           | -15.3% QoQ |
| <b>SIA</b>            | \$7.8          | \$0.0         | \$7.8          | 38.9%        | 34.6%        | <b>APAC (incl. India)</b> | 16.9% YoY  |
| <b>MT&amp;H</b>       | \$2.6          | \$2.0         | \$4.6          | -17.0%       | 10.2%        |                           | \$36.9     |
| <b>Total</b>          | <b>\$142.8</b> | <b>\$18.0</b> | <b>\$160.8</b> | <b>-2.3%</b> | <b>14.3%</b> |                           | -1.2% QoQ  |
| <i>CC Growth</i>      |                |               |                | <i>-1.4%</i> | <i>13.3%</i> |                           | 12.6% YoY  |

- Strong YoY growth of 14.3% driven by increases in SIA, A&D and Transportation; Acquisition of AnSem added \$1.7M for two months of the quarter; in line with the annual plan
- Services QoQ growth of 1.1% on a CC basis; DLM YoY growth of 52.1%, QoQ de-growth due to seasonality

# Income statement for Q1 FY19

| All Figures in ₹ Mn | Q1 FY19 | Q4FY18 | Q1FY18 |
|---------------------|---------|--------|--------|
| Revenue             | 10,800  | 10,618 | 9,070  |
| Operating Profit    | 1,316   | 1,492  | 1,160  |
| PAT                 | 825     | 1,215  | 878    |
| EPS (₹)             | 7.3     | 10.8   | 7.8    |

| All Figures in %            | Q1FY19       | Q4FY18       | Q1FY18       |
|-----------------------------|--------------|--------------|--------------|
| Gross Margin                | 34.3%        | 34.8%        | 34.9%        |
| Operating Margin            | <b>12.2%</b> | <b>14.1%</b> | <b>12.8%</b> |
| Effective Tax Rate          | 27.1%        | 21.7%        | 31.1%        |
| <i>ETR (excl. one-offs)</i> | <i>25.2%</i> | <i>25.0%</i> | <i>27.1%</i> |
| PAT Margin                  | <b>7.5%</b>  | <b>11.0%</b> | <b>9.3%</b>  |

*PAT is normalised for Q4 FY18 to exclude one off impact of RSU fair valuation ~₹32 Mn*

## Operating profit Movement

- Performance in line with annual plan of quarterly skew & DLM seasonality
- Services OPM at 13.2%; impacted by one-offs of 200 bps; DLM OPM at 4.6%
- Overall decline on expected lines due to
  - Lower offshore mix and utilization (120 bps) and wage hike (70 bps)
  - Forex upside movement (60 bps) negated by one off expenses including M&A (40 bps) and SG&A absorption (30 bps)

## Profit After Tax Movement

- Other income is lower by ₹ 238 Mn (~58%), which is mainly due to one-offs on subsidies, interest on government refunds and other non operating items from Q4 FY18 (₹115Mn) and losses on forward contracts and forex restatement (₹135 Mn)
- ETR higher due to one-offs due to adverse shift in profit mix

## Other Income for Q1 FY19

| All Figures in ₹ Mn                                 | Q1 FY19     | Q4 FY18    | Q1 FY18     |
|---|-------------|------------|-------------|
| <b>Income from Treasury</b>                         |             |            |             |
| Interest on Invesmtents/Deposits                    | 116         | 104        | 104         |
| Dividend on Mutual Funds                            | 8           | 14         | 11          |
| <b>Subtotal (A)</b>                                 | <b>124</b>  | <b>118</b> | <b>115</b>  |
| <b>Realised gains/(losses) on Fwd Contracts (B)</b> | <b>(46)</b> | <b>46</b>  | <b>216</b>  |
| <b>Unrealised Fx gains/(losses) (C)</b>             | <b>30</b>   | <b>73</b>  | <b>(14)</b> |
| <b>Others</b>                                       |             |            |             |
| Interest on IT Refunds                              | 13          | 82         | 0           |
| Reversal of Old provisions                          | 19          | 65         | 17          |
| Rents received                                      | 9           | 8          | 7           |
| Misc Interest income                                | 4           | 4          | 4           |
| Others  | 17          | 12         | 7           |
| <b>Others (D)</b>                                   | <b>62</b>   | <b>172</b> | <b>34</b>   |
| <b>Grand total (A+B+C+D)</b>                        | <b>170</b>  | <b>408</b> | <b>351</b>  |

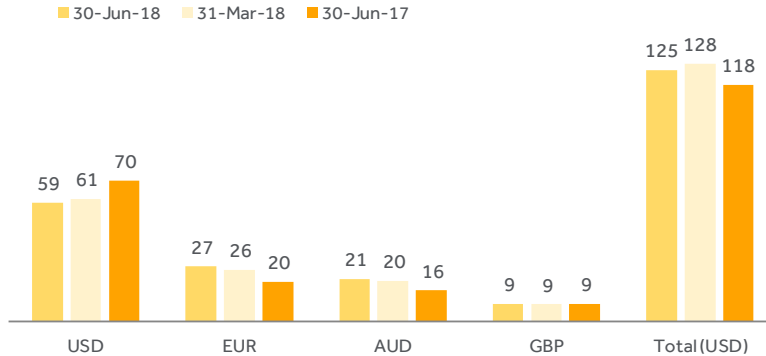
| Currency Movement | Q1 FY19 |      | Q4 FY18 |      | Q1 FY18 |      |
|-------------------|---------|------|---------|------|---------|------|
|                   | Forward | Spot | Forward | Spot | Forward | Spot |
| <b>USD</b>        | 67.3    | 67.9 | 68.3    | 64.5 | 71.1    | 64.4 |
| <b>EUR</b>        | 75.9    | 79.8 | 75.4    | 79.7 | 81.1    | 71.7 |
| <b>GBP</b>        | 87.7    | 91.1 | 86.3    | 90.6 | 103.7   | 82.8 |
| <b>AUD</b>        | 50.4    | 50.7 | 52.8    | 50.7 | 52.2    | 48.5 |
| <b>CAD</b>        | 50.4    | 52.0 | -       | -    | -       | -    |

- Volatility in movement of all currencies especially rupee depreciation has adversely impacted the realised and unrealised forex losses
- Change in others mainly from interest on IT refunds & collection of Bad debts

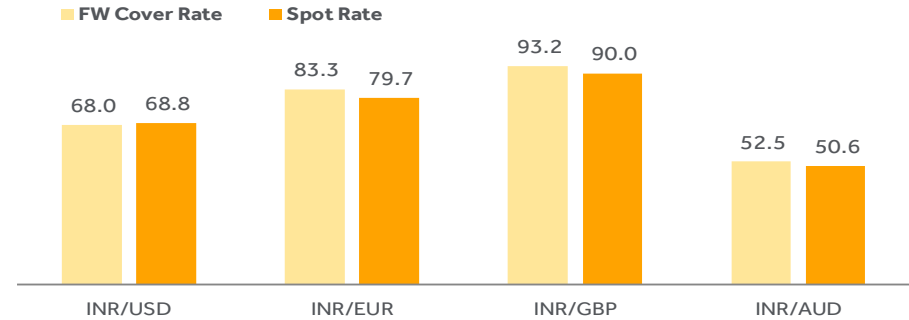
# Hedge Book for Q1 FY19

## Outstanding Forward Contracts\*

Value in Respective Currency Mn.



## Booked Rate (in ₹ ) for next 12 Months



- The company continues to adhere to a consistent Fx policy of hedging ~70% for next 12 months for major currencies
- On the current forward contracts at spot rate, the company has following position for the next 12 months:
  - Outstanding Forward Contract as on 30<sup>th</sup> Jun '18 in ~\$125 Mn
  - If the spot rate remains at same level as 30<sup>th</sup> Jun'18 (₹ 68.8), forex gains on current forward contracts could be ~\$1.9 Mn, \$0.5Mn for next 9 months

# Cash Generation for Q1 FY19

| All Figures in ₹ Mn                     | Q1 FY19      | Q4 FY18      | Q1 FY18      |
|---|--------------|--------------|--------------|
| <b>Services</b>                         |              |              |              |
| <b>Operating Profit</b>                 | <b>1,273</b> | <b>1,319</b> | <b>1,180</b> |
| Other Income                            | 157          | 406          | 351          |
| <b>Profit from Operations</b>           | <b>1,430</b> | <b>1,725</b> | <b>1,531</b> |
| DSO Movement (Receivables)              | (1,123)      | (380)        | (386)        |
| <i>DSO Days</i>                         | <i>88</i>    | <i>80</i>    | <i>84</i>    |
| Other WC changes                        | 539          | (160)        | 6            |
| <b>Operating CF after WC changes</b>    | <b>846</b>   | <b>1,185</b> | <b>1,151</b> |
| Less: Taxes                             | (142)        | (306)        | (184)        |
| Less: Capex                             | (286)        | (240)        | (200)        |
| Free Cash Flow generated (Services) - i | 418          | 639          | 767          |
| <b>DLM</b>                              |              |              |              |
| Free Cash Flow generated (DLM) - ii     | 27           | (137)        | (119)        |
| <b>Group FCF (i+ii)</b>                 | <b>445</b>   | <b>502</b>   | <b>648</b>   |
| <b>FCF to EBITDA Conversion</b>         | <b>30.0%</b> | <b>26.4%</b> | <b>42.9%</b> |

- Overall DSO for the quarter without one-offs is 6 days lower (forex impact at 3 days & collection spill over at 3 days). The increase in DSO is not driven by increase in potential risks on receivables days
- FCF for H1 expected to be in line with past at ~40% and in line with the annual plan

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## • Significant Developments for Q1 FY19

- Cyient Limited has acquired Belgium based AnSem N.V., a leading fabless, custom analog and mixed-signal ASIC design company. AnSem is a ~\$10 Mn and 20%+ operating margin business
- Formed a 51:49 Joint Venture Cyient Solutions and Systems Pvt. Ltd (“CSS”) with an Israeli partner to manufacture and support UAV systems in India
- Acquired 49% stake, taking the ownership of 100% for Cyient Insights for improved focus in data analytics portfolio
- Received shareholders and RBI approval to cap the foreign shareholding to 49%.
  - Limits for individual category: FPI/FII (43%), NRI (3%) and FDI (3%)
- Under New Business Accelerator program (NBA), nine projects have commenced each with a development cycle of 12 to 24 months ; ~10% of FY19 forecast spent

# Investment Pipeline & Focus Areas for Q1 FY19



\*Pre LOI and LOI reflect a balance position

# Includes Ansem acquisition, Bluebird JV and acquisition of balance 49% in Cyient Insights

## Active Investment Pursuits – Specific focus areas\*

|   |   |  |   |
|---|---|--|---|
| <p><b>A&amp;D</b></p> <ul style="list-style-type: none"> <li>IP led opportunities in systems, sub-systems and components in Avionics and Digital and MRO sub-systems</li> </ul>                           | <p><b>Comms</b></p> <ul style="list-style-type: none"> <li>Design and planning companies in small cells</li> <li>Next gen comm. solutions, Network analytics and optimization &amp; remote management</li> </ul>  | <p><b>Medical</b></p> <ul style="list-style-type: none"> <li>Design to Build companies with OEM partnership in Diagnostic Imaging, In-vitro Diagnostic &amp; Cardiology</li> </ul>                       | <p><b>Rail</b></p> <ul style="list-style-type: none"> <li>Signalling Application Engineering &amp; Testing</li> </ul>   |
| <p><b>I&amp;ENR</b></p> <ul style="list-style-type: none"> <li>Digital solutions; connected equipment, asset health monitoring, digital capital projects and industrial automation integration</li> </ul> | <p><b>SI&amp;A</b></p> <ul style="list-style-type: none"> <li>Systems Co. with focus on Embedded Systems &amp; Software: Auto Expertise, Autonomous/Connected - HW &amp; SW &amp; IoT systems - HW /SW</li> </ul> | <p><b>DLM</b></p> <ul style="list-style-type: none"> <li>Vertical led design specializing in high-mix, low-medium volume assemblies, quick-turn prototypes and new product introduction (NPI)</li> </ul> | <p><b>Corp. Inv.</b></p> <ul style="list-style-type: none"> <li>Startup investments &amp; strategic organic opportunities: JV/Collaboration, IP investment</li> </ul> |

\* Broad inorganic strategy focused on new geography led expansion, new Services and consolidation opportunities continue



# • Industry Outlook (1/4)

## Aerospace & Defense

The Aerospace and Defense (A&D) industry is expected to witness double-digit growth, driven by a strong commercial aircraft order backlog. On the defense sector side heightened global security threats as well as higher defense spending from other major regional powers such as India, China, and Japan are likely to drive growth in global defense sector in 2018 and beyond.



## Communications

The Communications industry is witnessing an unprecedented change. The wireless carriers across geographies are making significant investments in getting ready for the upcoming 5G rollouts and IoT enabled devices. The fixed line carriers are seeing huge demand for gigabit broadband in urban areas and governments push for providing rural connectivity. Also, increasing competition and reduced ARPU's are leading to large scale mergers & acquisitions among communication service providers.



# • Industry Outlook (2/4)

## Utilities and Geospatial

The utility industry is expected to witness significant growth in demand for increase in distributed and renewable power generation projects and regulatory requirements, utility companies continue to make large investments in grid modernization, distributed generation, field force automation, and Advanced Metering Infrastructure (AMI) to support their operations. The global Geospatial market also continues to expand as location data is becoming critical for many diverse businesses and applications. There is an increasing focus on mobile solutions, as well as AR/VR, 3D, and indoor-mapping.



## Transportation

The rail transportation industry is expected to witness strong growth driven by growth in rolling stock and signalling. The industry focus on consolidation continues. The focus on digitization and standardization is expected to continue through the year.



# • Industry Outlook (3/4)

## Industrial, Energy and natural resources

The oil and gas industry is expected to continue its slow recovery as upstream companies increase production. The mining industry continues to be volatile with increasing demand for specific commodities. Mining operators continue to invest in disruptive technologies and automation. A significant number of large projects and expansions are expected to go live from 2020. Exploration is projected to grow in emerging countries and even in the US.



## Semiconductor

The global Semiconductor industry growth will be driven by expansion in the memory sector, as well as the adoption of AI, 5G, and autonomous vehicles. With increasing costs of new chip-fabrication plants and need for efficiencies at scale, the trend of consolidation is expected to continue.



# • Industry Outlook (4/4)

## Medical Technology and Healthcare

The global Healthcare industry is forecasted to grow at at ~5% during the year. The industry is expected to witness the adoption of popular digital health technology solutions, such as artificial intelligence (AI), Internet of Medical Things (IoMT), big data analytics, and robotics across select healthcare segments.



# • Future Outlook for FY19

## Revenue Growth

- Double digit growth in the Services business
- Legacy DLM business expected to grow by ~20%
- Overall DLM growth expected to be ~35% including B&F

## Operating Profit

- Double digit growth in operating profit in FY19
- OPM to be flat YoY
  - Driven by operational improvements, upsides from exchange rates, offset by investments
- DLM margin will improve; low single digit

## Others

- Tax rate likely to be lower by ~200 bps (23% ETR)

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## • Message from the Management



**Commenting on the results, Mr. Krishna Bodanapu, Managing Director and Chief Executive Officer,** said, “Q1 FY 19 has been in line with our expectation. We witnessed a YoY growth of 14.3% driven by strong growth in Aerospace and Defense, Transportation and Semiconductor, IOT and Analytics business units. On QoQ basis we witnessed a de-growth of 2.3%. The services business witnessed a growth of 1.1% QoQ in constant currency, while DLM business witnessed a de-growth due to cyclicity in the business. Our top customer revenue grew by 6.4% YoY. Our Aerospace and Defense business grew by 15.4% YoY which reflects that the momentum is back after a few tepid years

To reinforce our Design-Build-Maintain value proposition, we made two key acquisitions during the quarter. AnSem N.V. that specializes in advanced analog, radio frequency, and mixed-signal integrated circuit design. This acquisition will strengthen our capability in smart sensors to capture data while leveraging our IoT and analytics capabilities. We also acquired a small manufacturing facility in North America to strengthen our manufacturing capabilities inline with our S3 strategy. We also signed a definitive agreement to acquire 100% ownership of Cyient Insights Private Limited (Cyient Insights), a data science company whose 51% stake was acquired in 2014. This quarter we also formed a Joint Venture Cyient Solutions and Systems Pvt. Ltd. (“CSS”) with Israel-based BlueBird Aero Systems. CSS will indigenize, manufacture, assemble, integrate, and test advanced UAV systems at our production facilities in Hyderabad by leveraging BlueBird’s technology and manufacturing know-how. Several of our key projects have kicked off in the New Business Accelerator program which will give us good traction in the years to come.

Our outlook for FY 19 continues to remain strong. We expect a double digit growth in operating profit through the year. Our operating margin is expected to remain flat YoY as operational improvements and upsides from exchange rates are offset by investments we make through the year.

## • Message from the Management



**Commenting on the results, Mr. Ajay Aggarwal, President & CFO,** said, "I am pleased to share that Cyient is progressing well to another year of well-rounded performance with 14.3% YoY growth in dollar revenue with 13.5% YoY growth in operating profit. The quarter performance has been in line with our annual plan. Improving operating efficiencies and optimization/absorption of SG&A is the top priority for FY19. While it did not play to plan, also due to limited growth, we are committed to focus on achieving operating margin for the year. Cash generation continues to be a key focus and while in Q1 FY19, it has been lower, we are confident of H1 FY19 and full year FY19 in line with past and annual plan. The cash balance is at ₹11 Bn which is the highest ever.

We continue to remain confident to achieve strong FY19 performance and will focus on growth, improvement in operating efficiencies and cash generation and thus maximizing the value for our shareholders."



# • Business Performance & Outlook (1/3)

## **Aerospace & Defence**

The Aerospace & Defense BU witnessed a growth of 15.4% YoY and 4.7% QoQ driven by new business from existing and new clients. Our UTC business is stabilizing and we expect to show growth this year. We completed the acquisition of a small facility in North America to strengthen our Manufacturing capabilities in line with our S3 strategy. Our outlook for FY19 continues to be positive with demand from key clients expected to drive growth.

## **Communications**

The Communication BU witnessed a growth of 16.2% YoY, however, it de-grew by 3.2% QoQ. The sequential weakness is driven by lower work volumes from select clients in Europe and ramping down of a program in APAC. The outlook for FY19 continues to be strong with the growth coming from increased volumes for key customers and increased plan, design and build work for fixed and mobile networks.

## **Utilities & Geospatial**

The U&G BU witnessed a degrowth of 5.5% YoY and 12.5% QoQ due to delays in project commitment (utilities) and cyclicalities (geospatial) together with higher costs. However, our pipeline continues to grow for both core services and IP solutions. The outlook for FY19 continues to be challenging with an emphasis on cost reduction and a number of long-term deals and new clients in new markets driving growth. In Utilities, our solutions strategy is gathering momentum as interest in IP-led solutions is meeting the digital transformation needs of the market. In Geospatial, increasing technology enablement of related services and solutions positions us positively for market growth.

# • Business Performance & Outlook (2/3)

## **Transportation**

The Transportation BU witnessed growth of 27.8% YoY and 4.5% QoQ driven predominantly by strong momentum in key accounts and new project wins. Our outlook for FY19 continues to be positive supported by industry growth in our focus segments of Rolling Stock and Signaling, our strong long term relationships, healthy opportunity pipeline and the increasing momentum in strategy execution.

## **Industrial, Energy and natural resources (IE&NR)**

The I&ENR BU witnessed growth of 6% YoY and a degrowth of 3% QoQ. The YoY growth in the business was predominantly driven by strong performance in Off Highway Equipment. We launched our connected equipment and asset health monitoring solutions with key clients and are seeing significant interest in both the OEM and Owner / Operator segments. The outlook for FY19 continues to be positive as we anticipate strong growth in key accounts and manufacturing segment.

## **Semiconductor, Internet of Things & Analytics (SI&A)**

The SIA BU witnessed a growth of 34.6% YoY and 39.1% QoQ (including Ansem) driven by strong traction in existing clients and new client wins. This quarter we completed the acquisition of Belgium based fabless semiconductor company, AnSem N.V. The company specializes in advanced analog, radio frequency, and mixed-signal integrated circuit design. The company provides custom ASICs for global clients across key industries. Their capability will allow us to offer turnkey ICs— from concept circuit to final production. With this acquisition, Cyient can help clients develop smart analog sensors to capture data while leveraging our IoT and analytics capabilities. Our outlook for FY19 continues to remain positive basis some significant design opportunities with new clients (including AnSem N.V.) and demand in verification services.

# • Business Performance & Outlook (3/3)

## **Medical Technology and Healthcare**

The Medical and Healthcare BU witnessed a growth of 10% YoY and degrowth of 17% QoQ. The QoQ degrowth was primarily due to particularly strong Q4 and a couple of delayed project starts. The outlook for FY19 continues to be positive in both revenue and profitability. We are seeing projects starting across all five of our key segments of diagnostic imaging, in-vitro diagnostics, consumer healthcare, cardiology/patient monitoring and orthopedics. To support this growth and solution development, we have made strategic hires with deep domain and functional expertise in cardiology, patient monitoring and medical device manufacturing.

## **Design Led Manufacturing**

The DLM BU witnessed a growth of 52.1% YoY (including B&F) driven by strong growth in Aerospace and Medical technology segments. This quarter we completed the proof of concept on Digital Twin our digital factory initiative. The Digital Twin collects data from all the SMT machines and uses that data to analyze utilization and life of each asset. The dash board gives a graphical representation of the key behavior of the systems coupled with predictive analytics of these machines to detect anomalies based on patterns. Our outlook for FY19 continues to be positive driven by strong order book and large deals in the pipeline including orders from major global players that is expected to improve revenues significantly over the years.

# Consolidated Financial Metrics

| ₹ Mn                        | Q1 FY19 | Q4 FY18 | Q1 FY18 | Growth % |       |
|-----------------------------|---------|---------|---------|----------|-------|
|                             |         |         |         | QoQ      | YoY   |
| Revenue                     | 10,800  | 10,618  | 9,070   | 1.7%     | 19.1% |
| Operating Profit            | 1,316   | 1,492   | 1,160   | -11.8%   | 13.5% |
| Operating Margin            | 12.2%   | 14.1%   | 12.8%   |          |       |
| PAT (Reported)              | 825     | 1,184   | 878     | -30.3%   | -6.0% |
| PAT (Adjusted) <sup>1</sup> | 825     | 1,215   | 878     | -32.1%   | -6.0% |

<sup>1</sup>In Q4 FY18 RSUs reassessment upon vesting has a fair valuation impact of ₹32 Mn

| \$ Mn                       | Q1 FY19 | Q4 FY18 | Q1 FY18 | Growth % |       |
|-----------------------------|---------|---------|---------|----------|-------|
|                             |         |         |         | QoQ      | YoY   |
| Revenue                     | 160.8   | 164.6   | 140.6   | -2.3%    | 14.3% |
| Operating Profit            | 19.6    | 23.1    | 18.0    | -15.3%   | 9.0%  |
| Operating Margin            | 12.2%   | 14.1%   | 12.8%   |          |       |
| PAT (Reported)              | 12.3    | 18.4    | 13.6    | -33.1%   | -9.8% |
| PAT (Adjusted) <sup>2</sup> | 12.3    | 18.8    | 13.6    | -34.8%   | -9.8% |

<sup>2</sup>In Q4 FY18 RSUs reassessment upon vesting has a fair valuation impact of \$0.5 Mn

# Additional Financial Metrics

| DLM Financials - Summary (₹ Mn) <sup>1</sup> | Q1 FY19 | Q4 FY18 | Q1 FY18 |
|--|---------|---------|---------|
| Revenue                                      | 1,212   | 1,418   | 763     |
| Gross Profit                                 | 150     | 187     | 43      |
| Operating Profit                             | 55      | 97      | (53)    |
| Profit Before Tax                            | 14      | 48      | (92)    |

<sup>1</sup>Including B&F Design Inc.

| AnSem N.V. <sup>2</sup> | ₹ Mn  | \$ Mn |
|-------------------------|-------|-------|
| Revenue                 | 110.6 | 1.6   |
| Operating Profit        | 19.1  | 0.3   |
| Operating Margin        | 17.3% | 17.3% |

<sup>2</sup>Cyient Ltd. through its subsidiary acquired Belgium based AnSem N V in April, 2018, consolidated for two months of operation

# Consolidated Revenue Segmentation

## By Geography (%)

|                               | Q1 FY19 | Q4 FY18 | Q1 FY18 |
|-------------------------------|---------|---------|---------|
| Americas                      | 52.5%   | 49.0%   | 52.7%   |
| Europe, Middle East, Africa   | 24.6%   | 28.3%   | 24.0%   |
| Asia Pacific (includes India) | 23.0%   | 22.7%   | 23.3%   |

## By Business Unit (%)<sup>1</sup>

|                          | Q1 FY19 | Q4 FY18 | Q1 FY18 |
|--------------------------|---------|---------|---------|
| Aerospace and Defense    | 37.2%   | 36.5%   | 33.6%   |
| Transportation           | 10.7%   | 10.1%   | 9.7%    |
| I&ENR                    | 9.4%    | 9.9%    | 10.2%   |
| Semiconductor            | 4.8%    | 3.4%    | 4.1%    |
| Medical & Healthcare     | 2.8%    | 3.3%    | 2.9%    |
| Utilities and Geospatial | 12.6%   | 14.1%   | 15.2%   |
| Communications           | 22.4%   | 22.7%   | 24.3%   |

<sup>1</sup> Including DLM split across BUs

## Onsite/offshore Split (%)<sup>2</sup>

|          | Q1 FY19 | Q4 FY18 | Q1 FY18 |
|----------|---------|---------|---------|
| Onsite   | 58.1%   | 56.0%   | 59.6%   |
| Offshore | 41.9%   | 44.0%   | 40.4%   |

<sup>2</sup> Onsite/Offshore is computed only for services business

# Consolidated Operations Metrics

## Utilization (%)<sup>1</sup>

|             | Q1 FY19 | Q4 FY18 | Q1 FY18 |
|-------------|---------|---------|---------|
| Utilization | 75.0%   | 76.7%   | 74.1%   |

<sup>1</sup> Utilization is computed only for services business

## Account Receivables (in Days)

|                  | Q1 FY19   | Q4 FY18   | Q1 FY18   |
|------------------|-----------|-----------|-----------|
| <b>DSO Total</b> | <b>89</b> | <b>81</b> | <b>81</b> |
| - Billed         | 63        | 58        | 59        |
| - Unbilled       | 26        | 23        | 22        |

## Order Intake (\$ Mn)<sup>2</sup>

|                       | Q1 FY19    | Q4 FY18    | Q1 FY18    |
|-----------------------|------------|------------|------------|
| Cyient Services       | 153        | 187        | 131        |
| DLM                   | 17         | 19         | 30         |
| <b>Group OI Total</b> | <b>169</b> | <b>206</b> | <b>161</b> |

<sup>2</sup> The Order Intake reported is the total value of all orders received during the period. Some of these orders are multi year and can be executed over more than 12 months

# Consolidated Customer & Employee Metrics

## Top Clients: Revenue Contribution (%)

|        | Q1 FY19 | Q4 FY18 | Q1 FY18 |
|--------|---------|---------|---------|
| Top 5  | 33.7%   | 33.8%   | 37.6%   |
| Top 10 | 46.0%   | 45.4%   | 50.2%   |

## No. of Million \$ Clients

|                            | Q1 FY19   | Q4 FY18   | Q1 FY18   |
|----------------------------|-----------|-----------|-----------|
| 20 Mn+                     | 4         | 4         | 5         |
| 10 Mn+                     | 11        | 12        | 9         |
| 5 Mn+                      | 25        | 26        | 25        |
| 1 Mn+                      | 66        | 72        | 67        |
| <b>New Customers Added</b> | <b>20</b> | <b>16</b> | <b>30</b> |

## Employee

|                       | Q1 FY19 | Q4 FY18 | Q1 FY18 |
|-----------------------|---------|---------|---------|
| Total Manpower        | 15,056  | 14,762  | 13,835  |
| Technical & Pool      | 13,851  | 13,614  | 12,730  |
| Non-Technical         | 419     | 348     | 315     |
| Support               | 786     | 800     | 790     |
| Voluntary Attrition   | 18.2%   | 16.9%   | 16.6%   |
| Involuntary Attrition | 2.1%    | 1.5%    | 1.9%    |



# Consolidated Other Financial Metrics (1/2)

## Cash Position (₹ Mn)

|                        | Q1 FY19 | Q4 FY18 | Q1 FY18 |
|------------------------|---------|---------|---------|
| Cash & Cash Equivalent | 10,999  | 10,937  | 10,320  |
| Cash & Bank balances   | 4,220   | 3,587   | 3,058   |
| Investments in FDs     | 5,886   | 6,220   | 6,096   |
| Investment in MFs      | 893     | 1,130   | 1,166   |

## Other Income (₹ Mn)

|                             | Q1 FY19    | Q4 FY18    | Q1 FY18    |
|-----------------------------|------------|------------|------------|
| Income from Investments     | 124        | 118        | 115        |
| Fx Gain/(Loss) - Realised   | -46        | 46         | 216        |
| Fx Gain/(Loss) - Unrealised | 30         | 73         | -14        |
| Others                      | 62         | 172        | 34         |
| <b>Total</b>                | <b>170</b> | <b>409</b> | <b>351</b> |

## Capex (₹ Mn)

|                     | Q1 FY19 | Q4 FY18 | Q1 FY18 |
|---------------------|---------|---------|---------|
| Capital Expenditure | 397     | 476     | 258     |

## Consolidated Other Financial Metrics (2/2)

### Outstanding Forward Contracts (Mn of respective currencies)<sup>1</sup>

|            | Q1 FY19 | Q4 FY18 | Q1 FY18 |
|------------|---------|---------|---------|
| USD / INR  | 59.1    | 61.0    | 70.0    |
| EURO / INR | 27.4    | 26.0    | 20.0    |
| GBP / INR  | 8.8     | 9.0     | 9.0     |
| AUD / INR  | 21.3    | 20.0    | 15.7    |

<sup>1</sup> Forward contracts is taken only for services business

| \$/₹            | Q1 FY19 | Q4 FY18 | Q1 FY18 |
|-----------------|---------|---------|---------|
| Quarter Average | 67.17   | 64.49   | 64.49   |
| Quarter Closing | 68.84   | 65.10   | 64.74   |

# Consolidated Income Statement

| ₹ Mn                               | Q1 FY19       | Q4 FY18       | Q1 FY18      |
|------------------------------------|---------------|---------------|--------------|
| <b>Operating Revenue</b>           | <b>10,800</b> | <b>10,618</b> | <b>9,070</b> |
| <b>Cost of Revenue</b>             | <b>7,100</b>  | <b>6,919</b>  | <b>5,904</b> |
| Direct Salary and related costs    | 4,835         | 4,527         | 4,167        |
| Direct Travel                      | 245           | 223           | 189          |
| Sub contract and others            | 929           | 905           | 719          |
| Delivery Management                | 233           | 213           | 208          |
| Material cost                      | 859           | 1,051         | 621          |
| <b>Gross profit</b>                | <b>3,700</b>  | <b>3,699</b>  | <b>3,166</b> |
| Sales and Marketing                | 662           | 646           | 618          |
| General and Administration         | 1,721         | 1,561         | 1,388        |
| <b>Operating Profit</b>            | <b>1,316</b>  | <b>1,492</b>  | <b>1,160</b> |
| Depreciation and Amortization      | 285           | 257           | 261          |
| Financial expenses                 | 82            | 67            | 52           |
| Other income                       | 170           | 408           | 351          |
| <b>Profit before tax (PBT)</b>     | <b>1,119</b>  | <b>1,576</b>  | <b>1,198</b> |
| Exceptional Item                   | 0             | 32            | 0            |
| Tax                                | 304           | 336           | 373          |
| Share of Profit IASI & IHAL        | 1             | 0             | 25           |
| Minority Interest                  | 9             | -28           | 27           |
| <b>Profit After Tax (Reported)</b> | <b>825</b>    | <b>1,184</b>  | <b>878</b>   |
| <b>Profit After Tax (Adjusted)</b> | <b>825</b>    | <b>1,215</b>  | <b>878</b>   |
| <b>Basic EPS (₹) - Reported</b>    | <b>7.3</b>    | <b>10.5</b>   | <b>7.8</b>   |
| <b>Basic EPS (₹) - Adjusted</b>    | <b>7.3</b>    | <b>10.8</b>   | <b>7.8</b>   |
| Gross Margin                       | 34.3%         | 34.8%         | 34.9%        |
| Operating Margin                   | 12.2%         | 14.1%         | 12.8%        |
| Effective Tax Rate                 | 27.1%         | 21.8%         | 31.1%        |
| PAT Margin (Reported)              | 7.5%          | 10.7%         | 9.3%         |
| PAT Margin (Adjusted)              | 7.5%          | 11.0%         | 9.3%         |

# Consolidated Balance Sheet

| ₹ Mn                                   | Q1 FY19       | Q4 FY18       | Q1 FY18       |
|--|---------------|---------------|---------------|
| <b>EQUITY AND LIABILITIES</b>          |               |               |               |
| <b>Shareholders' funds</b>             |               |               |               |
| - Share capital                        | 565           | 563           | 563           |
| - Reserves and surplus                 | 23,845        | 22,879        | 21,359        |
| <b>Total - Shareholders' funds</b>     | <b>24,410</b> | <b>23,442</b> | <b>21,922</b> |
| <b>Non-current liabilities</b>         |               |               |               |
| - Long-term borrowings and liabilities | 2,307         | 1,009         | 594           |
| - Long-term provisions                 | 998           | 898           | 838           |
| - Deferred tax liabilities (net)       | 320           | 356           | 330           |
| <b>Total - Non-current liabilities</b> | <b>3,625</b>  | <b>2,263</b>  | <b>1,762</b>  |
| <b>Current liabilities</b>             |               |               |               |
| - Short-term borrowings                | 1,980         | 1,780         | 1,252         |
| - Trade payables                       | 4,225         | 3,813         | 3,615         |
| - Other current liabilities            | 2,995         | 2,483         | 2,784         |
| - Short-term provisions                | 706           | 545           | 775           |
| <b>Total - Current liabilities</b>     | <b>9,906</b>  | <b>8,621</b>  | <b>8,426</b>  |
| <b>TOTAL - EQUITY AND LIABILITIES</b>  | <b>37,941</b> | <b>34,326</b> | <b>32,110</b> |
| <b>ASSETS</b>                          |               |               |               |
| <b>Non-current assets</b>              |               |               |               |
| - Property, plant and equipment        | 5,386         | 4,941         | 4,506         |
| - Goodwill                             | 5,344         | 3,549         | 3,204         |
| - Non-current investments              | 93            | 298           | 1,057         |
| - Deferred tax assets (net)            | 360           | 321           | 208           |
| - Other non-current assets             | 1,817         | 1,761         | 1,817         |
| <b>Total - Non-current assets</b>      | <b>13,000</b> | <b>10,870</b> | <b>10,792</b> |
| <b>Current assets</b>                  |               |               |               |
| - Inventories                          | 1,471         | 1,312         | 1,192         |
| - Current investments                  | 893           | 1,130         | 1,166         |
| - Trade receivables                    | 7,672         | 6,913         | 5,859         |
| - Cash and cash equivalents            | 10,106        | 9,807         | 9,154         |
| - Other current assets                 | 4,799         | 4,294         | 3,947         |
| <b>Total - Current assets</b>          | <b>24,941</b> | <b>23,456</b> | <b>21,318</b> |
| <b>TOTAL ASSETS</b>                    | <b>37,941</b> | <b>34,326</b> | <b>32,110</b> |

# Consolidated Cash Flow Movement

| ₹ Mn  | Q1 FY19    | Q4 FY18    | Q1 FY18    |
|---|------------|------------|------------|
| <b>Free cash flow, after non-operating income</b> | <b>445</b> | <b>502</b> | <b>648</b> |
| Long term investments                             | (1,273)    | (479)      | (29)       |
| Equity  | 2          | 3          | 2          |
| Borrowings  | 878        | 650        | (7)        |
| Dividends   | -          | (541)      | -          |
| Exceptional item - Cash RSU                       | (117)      | -          | -          |
| Cash on acquisitions                              | 127        | 32         | -          |
| <b>Net change in cash</b>                         | <b>62</b>  | <b>167</b> | <b>614</b> |
| Opening cash position                             | 10,937     | 10,770     | 9,706      |
| Closing cash position                             | 10,999     | 10,937     | 10,320     |
| <b>Free cash flow to EBITDA (Group)</b>           | <b>30%</b> | <b>26%</b> | <b>43%</b> |

# Cyient Metrics (Excluding Design Led Manufacturing)

# Cyient Metrics (Excluding Design Led Manufacturing) (1/3)

## By Geography (%)<sup>1</sup>

|                                | Q1 FY19 | Q4 FY18 | Q1 FY18 |
|--------------------------------|---------|---------|---------|
| Americas                       | 55.3%   | 53.3%   | 55.8%   |
| Europe, Middle East, Africa    | 26.3%   | 27.0%   | 25.8%   |
| Asia Pacific (including India) | 18.4%   | 19.7%   | 18.4%   |

<sup>1</sup> India is included in APAC (from EMEA earlier), now restated for previous periods

## By Business Unit (%)

|                          | Q1 FY19 | Q4 FY18 | Q1 FY18 |
|--------------------------|---------|---------|---------|
| Aerospace and Defense    | 34.2%   | 33.4%   | 35.2%   |
| Transportation           | 12.1%   | 11.6%   | 10.5%   |
| I&ENR                    | 8.4%    | 8.3%    | 8.5%    |
| Semiconductor            | 5.5%    | 3.9%    | 4.5%    |
| Medical & Healthcare     | 1.8%    | 1.9%    | 2.0%    |
| Utilities and Geospatial | 14.2%   | 16.2%   | 16.6%   |
| Communications           | 23.9%   | 24.7%   | 22.8%   |

## Onsite/offshore Split (%)

|          | Q1 FY19 | Q4 FY18 | Q1 FY18 |
|----------|---------|---------|---------|
| Onsite   | 58.1%   | 56.0%   | 59.6%   |
| Offshore | 41.9%   | 44.0%   | 40.4%   |

# Cyient Metrics (Excluding Design Led Manufacturing) (2/3)

## Currency Mix (%)

|        | Q1 FY19 | Q4 FY18 | Q1 FY18 |
|--------|---------|---------|---------|
| USD    | 57.1%   | 55.4%   | 56.9%   |
| EURO   | 12.0%   | 12.3%   | 10.8%   |
| GBP    | 8.4%    | 10.1%   | 10.9%   |
| AUD    | 13.0%   | 12.9%   | 13.0%   |
| Others | 9.5%    | 9.4%    | 8.4%    |

## Utilization (%)

|             | Q1 FY19 | Q4 FY18 | Q1 FY18 |
|-------------|---------|---------|---------|
| Utilization | 75.0%   | 76.7%   | 74.1%   |

## Account Receivables (in Days)

|                  | Q1 FY19   | Q4 FY18   | Q1 FY18   |
|------------------|-----------|-----------|-----------|
| <b>DSO Total</b> | <b>88</b> | <b>80</b> | <b>79</b> |
| - Billed         | 59        | 53        | 55        |
| - Unbilled       | 29        | 27        | 24        |



# Cyient Metrics (Excluding Design Led Manufacturing) (3/3)

## Top Clients: Revenue Contribution (%)

|        | Q1 FY19 | Q4 FY18 | Q1 FY18 |
|--------|---------|---------|---------|
| Top 5  | 37.9%   | 38.9%   | 41.0%   |
| Top 10 | 51.8%   | 52.4%   | 54.8%   |

## No. of Million \$ Clients

|                            | Q1 FY19   | Q4 FY18   | Q1 FY18   |
|----------------------------|-----------|-----------|-----------|
| 20 Mn+                     | 4         | 4         | 5         |
| 10 Mn+                     | 11        | 12        | 9         |
| 5 Mn+                      | 25        | 24        | 21        |
| 1 Mn+                      | 65        | 63        | 57        |
| <b>New Customers Added</b> | <b>20</b> | <b>16</b> | <b>29</b> |

## Employee

|                       | Q1 FY19 | Q4 FY18 | Q1 FY18 |
|-----------------------|---------|---------|---------|
| Total Manpower        | 14,411  | 14,125  | 13,206  |
| Technical & Pool      | 13,405  | 13,087  | 12,201  |
| Non-Technical         | 220     | 238     | 215     |
| Support               | 786     | 800     | 790     |
| Voluntary Attrition   | 18.5%   | 17.3%   | 16.8%   |
| Involuntary Attrition | 2.2%    | 1.6%    | 2.0%    |

# Cyient Metrics (Design Led Manufacturing)

# Cyient Metrics (Design Led Manufacturing) (1/3)

## Income Statement - Abridged (In ₹ Mn)<sup>1</sup>

|                               | Q1 FY19    | Q4 FY18    | Q1 FY18     |
|-------------------------------|------------|------------|-------------|
| Net Revenue                   | 1,212      | 1,418      | 763         |
| Direct Salaries & other costs | 141        | 114        | 43          |
| Material Cost                 | 921        | 1,116      | 678         |
| <b>Gross Profit</b>           | <b>150</b> | <b>188</b> | <b>43</b>   |
| SG&A                          | 95         | 90         | 95          |
| <b>Operating Profit</b>       | <b>55</b>  | <b>97</b>  | <b>(53)</b> |
| Other Charges                 | 41         | 50         | 39          |
| <b>Profit Before Tax</b>      | <b>14</b>  | <b>48</b>  | <b>(92)</b> |

<sup>1</sup> Includes B&F Design Inc.

## By Geography (%)<sup>1</sup>

|                                | Q1 FY19 | Q4 FY18 | Q1 FY18 |
|--------------------------------|---------|---------|---------|
| Americas                       | 30.0%   | 20.6%   | 18.2%   |
| Europe, Middle East, Africa    | 10.8%   | 37.4%   | 5.1%    |
| Asia Pacific (including India) | 59.2%   | 42.0%   | 76.7%   |

<sup>1</sup> India is included in APAC (from EMEA earlier), now restated for previous periods

# Cyient Metrics (Design Led Manufacturing) (2/3)

## By Business Unit (%)

|                       | Q1 FY19 | Q4 FY18 | Q1 FY18 |
|-----------------------|---------|---------|---------|
| Aerospace and Defense | 60.6%   | 57.0%   | 17.0%   |
| Industrial            | 17.4%   | 19.9%   | 29.1%   |
| Medical               | 11.1%   | 12.5%   | 12.5%   |
| Communication         | 10.8%   | 9.8%    | 40.4%   |
| Others                | 0.0%    | 0.6%    | 1.0%    |

## Currency Mix (%)

|       | Q1 FY19 | Q4 FY18 | Q1 FY18 |
|-------|---------|---------|---------|
| USD   | 69.1%   | 70.7%   | 38.6%   |
| EURO  | 2.5%    | 3.1%    | 1.4%    |
| Othes | 28.3%   | 26.2%   | 60.0%   |

## No. of Million \$ Clients

|                            | Q1 FY19 | Q4 FY18 | Q1 FY18 |
|----------------------------|---------|---------|---------|
| 5 Mn+                      | 0       | 3       | 4       |
| 2 Mn+                      | 1       | 6       | 6       |
| 1 Mn+                      | 1       | 12      | 10      |
| <b>New Customers Added</b> | 0       | 0       | 1       |

# Cyient Metrics (Design Led Manufacturing) (3/3)

## Key Operational Metrics

|                            | Q1 FY19 | Q4 FY18 | Q1 FY18 |
|----------------------------|---------|---------|---------|
| Headcount                  | 645     | 637     | 629     |
| DSO (in Days)              | 114     | 92      | 102     |
| DPO (in Days)              | 141     | 97      | 162     |
| Customer Advance (in Days) | 43      | 28      | 7       |
| Inventory (in Days)        | 136     | 137     | 115     |
| Total Cash (₹ Million)     | 330     | 135     | 220     |

Cyient (Estd: 1991, NSE: CYIENT) provides engineering, manufacturing, geospatial, networks, and operations management services to global industry leaders. Cyient leverages the power of digital technology and advanced analytics capabilities, along with domain knowledge and technical expertise, to solve complex business problems. As a Design, Build and Maintain partner, Cyient takes solution ownership across the value chain to help clients focus on their core, innovate, and stay ahead of the curve.

Relationships form the core of how Cyient works. With ~15,000 employees in 21 countries, Cyient partners with clients to operate as part of their extended team, in ways that best suit their organization's culture and requirements. Cyient's industry focus includes aerospace and defence, medical, telecommunications, rail transportation, semiconductor, utilities, industrial, energy and natural resources.

For more information, please visit [www.cyient.com](http://www.cyient.com) ; Follow news about the company at @Cyient.

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## Disclaimer

This document contains certain forward-looking statements on our future prospects. Although Cyient believes that expectations contained in these statements are reasonable, their nature involves a number of risks and uncertainties that may lead to different results. These forward-looking statements represent only the current expectations and beliefs, and the company provides no assurance that such expectations will prove correct.

All the references to Cyient's financial results in this update pertain to the company's consolidated operations comprising wholly-owned subsidiaries Cyient Europe Limited; Cyient Inc.; Cyient GmbH; Cyient Australia Pty Ltd; Cyient Singapore Private Limited; Cyient KK; Cyient Israel India Limited; Cyient Insights Private Limited; partly owned subsidiaries Cyient Solutions and Systems Private Limited; Cyient DLM Private Limited; joint venture Infotech HAL Ltd (HAL JV) & associate company Infotech Aerospace Services Inc. (IASI) until 8th December 2017; and step-down subsidiaries Cyient Canada Inc.; Cyient Defense Services Inc.; Certon Software Inc.; Certon Instruments Inc.; B&F Design Inc.; New Technology Precision Machining Co. Inc.; Cyient Insights LLC; Cyient Benelux BV; Cyient Schweiz GmbH; Cyient SRO; AnSem NV; AnSem B.V.; Cyient AB and Techno Tools Precision Engineering Private Limited (TTPL). TTPL is merged into Cyient DLM Private Limited effective 1 April 2017.

The income statement and cash flow provided is in the internal MIS format. MIS format is different from the income statement published as part of the financial results, which is as per the statutory requirement



**THANK YOU**