



CYIENT

INVESTOR PRESENTATION ANNEXURE

Q2 FY19

• Message from the Management



Commenting on the results, Mr. Krishna Bodanapu, Managing Director and Chief Executive Officer, said, "I am delighted to report yet another very strong quarter. We witnessed a strong growth of 14.5% in constant currency driven by growth across Aerospace and Defense, Transportation, Industrial, Energy and Natural Resources (IENR) and Semiconductor, IOT and Analytics (SIA) business units. On a QoQ basis we witnessed a growth of 6.5% in constant currency. The services business witnessed a growth of 3.5% in constant currency while DLM business witnessed a growth of 27%. I am especially happy to report the strong performance in the DLM business, which I am certain is a reflection of the potential for growth and strategic synergy that exists in the business.

With focus on driving execution on S3 strategy our rigour on solutions development continues. This quarter, Cyient Systems and Solutions (CSS), our JV with BlueBird Aerosystems, won a bid from an Indian Defence unit to supply SpyLite HAASS systems for high altitude surveillance. As part of this bid CSS will supply two systems through the year. Our New Business Accelerator (NBA) Program focused on technology driven solutions continues to make good progress with all projects on track for commercial development. The NBA is expected to accelerate Cyient's EPS growth over the next few years. This quarter we were recognized as the Top IT/ITES Exporter in the Rs 1,000 crore export category by HYSEA. Our Chairman, Mr. BVR Mohan Reddy was also conferred with a Lifetime Achievement Award by HYSEA. Cyient was also named as one of the Top 20 most promising Aerospace Tech Solutions Providers by CIO Review magazine. We were selected for our ability to illustrate the functionality of services, systems, and solutions, and for being at the forefront of impacting the aerospace market. Cyient was also identified as a "Major Contender" in the Everest Group Verification & Validation engineering services Peak Matrix 2018 in the quarter.

Our outlook for FY 19 continues to remain strong. We expect a double digit growth in our services business, our DLM business will grow in high double digits. We also expect double digit growth in operating profit through the year. Our operating margin is expected to marginally improve through the year driven by operational improvements and upsides from exchange rates, some of which will be offset by wage hikes and 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 we saw the highest-ever revenue (\$168.9Mn), operating profit (₹1,626Mn), FCF (₹1,585Mn) and PAT (₹1,271Mn) in Q2 FY19 for a quarter. Cyient is progressing well on another year of well-rounded growth in revenue, profit and cash with growth of 23.5% QoQ in operating profit along with the highest ever PAT growth of 54% QoQ (14% YoY). We also saw expansion of 151 bps QoQ in OPM and that of 212 bps QoQ in Services margin. Healthy conversion of Free Cash Flow to EBITDA at 72% has translated into a highest ever cash balance of ₹12Bn after payment of dividend. DSO is lower by 7 days QoQ at 82 days. We declared a interim dividend of ₹6.0/share compared to ₹5.0/share in Q2 FY18.

We remain deeply focussed on organic and inorganic strategic investments. We expect the momentum to continue in the next two quarters as well. Cyient will continue to focus on growth, improvement in operating margin, cash generation and thus maximizing the value for our shareholders."

• Business Performance & Outlook (1/3)

Aerospace & Defence

Aerospace & Defense (A&D) business unit (BU) achieved a growth of 1.3% QoQ and 6.2% YoY in constant currency led by growth across geographies and key customers. The BU continues to witness moderate growth in large accounts and strong growth in new accounts. The business is expected to face seasonality challenges in Q3, however, the outlook for the year remains positive. The BU is expected to witness a mid to high single digit services revenue growth and double digit growth including DLM through the year driven by new wins in Avionics and DLM.

Communications

The Communications BU achieved a growth of 4.3% QoQ and 15.2% YoY in constant currency. The NAM and APAC exhibited reasonable growth as the BU continues to support various programs around fixed line and wireless networks. The BU is expected to witness a double digit growth through the year with good momentum across all geographies and programs especially wireless networks around small cell design and deployment and fibre roll out in NAM.

• Business Performance & Outlook (2/3)

Utilities & Geospatial

Utilities and Geospatial BU delivered a growth of 4.3% QoQ and a de- growth of 1.4% YoY in constant currency. The BU witnessed an improved utilization and a favourable shift towards offshore business, a trend that is expected to continue through the year. The Business unit expects a strong growth over the next quarter backed by a strong pipeline and continued interest in solutions across all geographies. The focus on automation, IoT and analytics continues. Overall, the BU expects to be flat through the year.

Transportation

Transportation BU delivered a growth of 2.3% QoQ and 16.0% YoY in constant currency supported by momentum in various key engagements and new project wins. The BU continues to make significant progress in efforts to leverage the opportunities presented by the rapidly evolving industry trends, especially around digitalization, consolidation and standardization. At Innotran Berlin, this year the BU unveiled Cycero, a product for rail cab audio alarm notification along with a number of solutions leveraging technology to address emerging industry trends such as Augmented Reality and Smart Asset Maintenance, which are well received by our key clients and endorsed by industry experts . The outlook for the year continues to remain positive with demand from key clients expected to drive growth. The BU is expected to witness double digit growth through the year.

• Business Performance & Outlook (3/3)

Industrial, Energy and natural resources (IE&NR)

The I&ENR BU witnessed a growth of 5.2% QoQ and 10.5% YoY in constant currency. The growth in the business was predominantly driven by strong performance in Off Highway Equipment segment. The BU continues to see strong pipeline in connected equipments and asset health monitoring solutions with new opportunities in both existing and new clients. The BU is expected to witness low double digit growth in US dollar terms for this financial year.

Semiconductor

Semiconductor BU which includes acquisition of Ansem witnessed a growth of 8.8% QoQ and 54.7% YoY in constant currency. The BU has gained traction with new automotive customers and ramp up with existing semiconductor customers. In addition to the current ASIC services business, The BU will be adding a Full Chip Solution providing turnkey custom ASIC's. The BU is also increasing focus on post silicon verification and validation services. The AnSem acquisition is further expected to scale service offerings and customer base. The BU expects high double digit growth for the year.

• Business Performance & Outlook (3/3)

Medical Technology and Healthcare

The Medical Technology and Healthcare (MT&H) BU delivered a growth of 9.7% QoQ and a de-growth of 2.9% YoY in constant currency due to gain in momentum and market share across the global medical device industry. Our focus on providing end-to-end product development services to strategic segments is resulting in improved results and forward indicators of growth. The BU expects a high single digit growth in services and high double digit growth including DLM through the year backed by strong sales pipeline and order intake.

Design Led Manufacturing

DLM BU (including acquisition of B&F) witnessed a strong growth of 28.5% QoQ and 47.0% YoY in Q2 FY19. The growth was driven by growth in A&D, MT&H and I&ENR segment while communications witnessed a de-growth. This is a strong indicator of the potential existing in the business and the potential for synergy business. Backed by strong order book, momentum in recent acquisition and large deals in pipeline, we expect a double digit growth through the year.

Consolidated Financial Metrics

Key Operational Metrics (₹Mn)

₹ Mn	Q2 FY19	Q1 FY19	Q2 FY18	Growth %	
				QoQ	YoY
Revenue	11,870	10,800	9,654	9.9%	23.0%
Operating Profit	1,626	1,316	1,409	23.5%	15.4%
Operating Margin	13.7%	12.2%	14.6%	151 bps	-90bps
PAT	1,271	825	1,114	54.0%	14.0%

Key Operational Metrics (\$Mn)

\$ Mn	Q2 FY19	Q1 FY19	Q2 FY18	Growth %	
				QoQ	YoY
Revenue	168.9	160.8	150.1	5.1%	12.5%
Operating Profit	23.1	19.6	21.9	18.1%	5.6%
Operating Margin	13.7%	12.2%	14.6%	151bps	-90bps
PAT	17.9	12.3	17.3	45.7%	3.3%

Foreign Exchange Rate

\$/₹	Q2 FY19	Q1 FY19	Q2 FY18
Quarter Average	70.27	67.17	64.32
Quarter Closing	72.64	68.84	65.39

Consolidated Revenue Segmentation

By Geography (%)

	Q2 FY19	Q1 FY19	Q2 FY18
Americas	52.0%	52.5%	50.1%
Europe, Middle East, Africa	23.8%	24.6%	25.3%
Asia Pacific (includes India)	24.3%	23.0%	24.6%

By Business Unit (%)¹

	Q2 FY19	Q1 FY19	Q2 FY18
Aerospace and Defense	38.0%	37.2%	33.6%
Transportation	10.2%	10.7%	10.1%
I&ENR	9.7%	9.4%	9.9%
Semiconductor	5.0%	4.8%	3.7%
Medical & Healthcare	3.3%	2.8%	2.9%
Utilities and Geospatial	12.3%	12.6%	14.2%
Communications	21.5%	22.4%	25.7%

¹ Including DLM split across BUs

Onsite/offshore Split (%)²

	Q2 FY19	Q1 FY19	Q2 FY18
Onsite	57.2%	58.1%	58.8%
Offshore	42.8%	41.9%	41.2%

² Onsite/Offshore is computed only for services business

Consolidated Operations Metrics

Utilization (%)¹

	Q2 FY19	Q1 FY19	Q2 FY18
Utilization	78.0%	75.0%	75.9%

¹ Utilization is computed only for services business

Account Receivables (in Days)

	Q2 FY19	Q1 FY19	Q2 FY18
DSO Total	82	89	82
- Billed	59	63	59
- Unbilled	23	26	23

Order Intake (\$ Mn)²

	Q2 FY19	Q1 FY19	Q2 FY18
Cyient Services	157	153	107
DLM	39	17	12
Group OI Total	196	169	119

² 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 (%)

	Q2 FY19	Q1 FY19	Q2 FY18
Top 5	32.7%	33.7%	37.2%
Top 10	44.1%	46.0%	49.2%

No. of Million \$ Clients

	Q2 FY19	Q1 FY19	Q2 FY18
20 Mn+	4	4	5
10 Mn+	13	11	9
5 Mn+	31	25	25
1 Mn+	81	66	74
New Customers Added	15	20	27

Employee

	Q2 FY19	Q1 FY19	Q2 FY18
Total Manpower	15,040	15,056	14,197
Technical & Pool	13,845	13,851	13,063
Non-Technical	421	419	328
Support	774	786	806
Voluntary Attrition	18.4%	18.2%	14.2%
Involuntary Attrition	4.3%	2.1%	2.6%

Consolidated Other Financial Metrics (1/2)

Other Income (₹ Mn)

	Q2 FY19	Q1 FY19	Q2 FY18
Income from Investments	130	124	108
Fx Gain/(Loss) - Realised	-62	-46	161
Fx Gain/(Loss) - Unrealised	237	30	93
Others	263	62	45
Total	568	170	406

Capex (₹ Mn)

	Q2 FY19	Q1 FY19	Q2 FY18
Capital Expenditure	236	397	244

Cash Position (₹ Mn)

	Q2 FY19	Q1 FY19	Q2 FY18
Cash & Cash Equivalent	12,110	10,999	9,867
Cash & Bank balances	4,505	4,220	3,346
Investments in FDs	6,345	5,886	5,763
Investment in MFs	1,260	893	758

• Consolidated Other Financial Metrics (2/2)

Outstanding Forward Contracts (Mn of respective currencies)¹

	Q2 FY19	Q1 FY19	Q2 FY18
USD / INR	58.8	59.1	67.5
EURO / INR	28.3	27.4	21.2
GBP / INR	8.7	8.8	8.5
AUD / INR	22.3	21.3	16.9

¹Forward contracts is taken only for services business

Consolidated Income Statement

₹ Mn	Q2 FY19	Q1 FY19	Q2 FY18
Operating Revenue	11,870	10,800	9,654
Cost of Revenue	7,780	7,100	6,236
Direct Salary and related costs	5,036	4,835	4,272
Direct Travel	265	245	214
Sub contract and others	1,044	929	715
Delivery Management	246	233	207
Material cost	1,188	859	827
Gross profit	4,089	3,700	3,418
Sales and Marketing	645	662	593
General and Administration	1,819	1,721	1,416
Operating Profit	1,626	1,316	1,409
Depreciation and Amortization	288	285	259
Financial expenses	97	82	57
Other income	568	170	406
Profit before tax (PBT)	1,809	1,119	1,499
Tax	539	304	421
Share of Profit IASI & IHAL	1	1	19
Minority Interest	0	9	17
Profit After Tax	1,271	825	1,114
Basic EPS (₹)	11.2	7.3	9.9
Gross Margin	34.5%	34.3%	35.4%
Operating Margin	13.7%	12.2%	14.6%
Effective Tax Rate	29.8%	27.1%	28.1%
PAT Margin	10.2%	7.5%	11.1%

Consolidated Balance Sheet

₹ Mn	Q2 FY19	Q1 FY19	Q2 FY18
EQUITY AND LIABILITIES			
Shareholders' funds			
- Share capital	565	565	563
- Reserves and surplus	24,649	23,845	21,702
Total - Shareholders' funds	25,214	24,410	22,265
Non-current liabilities			
- Long-term borrowings and liabilities	2,188	2,307	537
- Long-term provisions	973	998	848
- Deferred tax liabilities (net)	352	320	420
Total - Non-current liabilities	3,513	3,625	1,805
Current liabilities			
- Short-term borrowings	2,192	1,980	1,264
- Trade payables	3,775	4,225	3,165
- Other current liabilities	3,865	2,995	3,062
- Short-term provisions	849	706	691
Total - Current liabilities	10,681	9,906	8,182
TOTAL - EQUITY AND LIABILITIES	39,408	37,941	32,252
ASSETS			
Non-current assets			
- Property, plant and equipment	5,479	5,386	4,556
- Goodwill	5,249	5,344	3,204
- Non-current investments	203	93	1,085
- Deferred tax assets (net)	469	360	308
- Other non-current assets	1,987	1,817	1,934
Total - Non-current assets	13,387	13,000	11,087
Current assets			
- Inventories	1,482	1,471	1,098
- Current investments	1,260	893	758
- Trade receivables	7,753	7,672	6,350
- Cash and cash equivalents	10,850	10,106	9,109
- Other current assets	4,676	4,799	3,850
Total - Current assets	26,021	24,941	21,165
TOTAL ASSETS	39,408	37,941	32,252

Consolidated Cash Flow Movement

₹ Mn	Q2 FY19	Q1 FY19	Q2 FY18
Free cash flow, after non-operating income	1,585	445	420
Long term investments	(243)	(1,273)	(30)
Equity	16	2	0
Borrowings	96	878	(167)
Dividends	(446)	-	(676)
Exceptional item - Cash RSU	-	(117)	-
Cash on acquisitions	-	127	-
Others	103	-	-
Net change in cash	1,111	62	(453)
Opening cash position	10,999	10,937	10,320
Closing cash position	12,110	10,999	9,867
Free cash flow to EBITDA (Group)	72%	30%	23%

Cyient Metrics (Excluding Design Led Manufacturing)

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

By Geography (%)¹

	Q2 FY19	Q1 FY19	Q2 FY18
Americas	56.2%	55.3%	54.2%
Europe, Middle East, Africa	26.4%	26.3%	26.7%
Asia Pacific (including India)	17.4%	18.4%	19.1%

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

By Business Unit (%)

	Q2 FY19	Q1 FY19	Q2 FY18
Aerospace and Defense	33.8%	34.2%	34.7%
Transportation	11.8%	12.1%	11.2%
I&ENR	8.6%	8.4%	8.6%
Semiconductor	5.8%	5.5%	4.1%
Medical & Healthcare	1.9%	1.8%	2.2%
Utilities and Geospatial	14.3%	14.2%	15.9%
Communications	23.9%	23.9%	23.3%

Onsite/offshore Split (%)

	Q2 FY19	Q1 FY19	Q2 FY18
Onsite	57.2%	58.1%	58.8%
Offshore	42.8%	41.9%	41.2%

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

Currency Mix (%)

	Q2 FY19	Q1 FY19	Q2 FY18
USD	56.3%	57.1%	54.9%
EURO	13.4%	12.0%	13.0%
GBP	8.3%	8.4%	9.0%
AUD	12.5%	13.0%	14.4%
Others	9.5%	9.5%	8.7%

Utilization (%)

	Q2 FY19	Q1 FY19	Q2 FY18
Utilization	78.0%	75.0%	75.9%

Account Receivables (in Days)

	Q2 FY19	Q1 FY19	Q2 FY18
DSO Total	84	88	82
- Billed	57	59	56
- Unbilled	27	29	26

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

Top Clients: Revenue Contribution (%)

	Q2 FY19	Q1 FY19	Q2 FY18
Top 5	37.9%	37.9%	41.6%
Top 10	51.0%	51.8%	55.0%

No. of Million \$ Clients

	Q2 FY19	Q1 FY19	Q2 FY18
20 Mn+	4	4	5
10 Mn+	13	11	9
5 Mn+	27	25	22
1 Mn+	68	65	65
New Customers Added	14	20	27

Employee

	Q2 FY19	Q1 FY19	Q2 FY18
Total Manpower	14,385	14,411	13,568
Technical & Pool	13,395	13,405	12,537
Non-Technical	216	220	225
Support	774	786	806
Voluntary Attrition	18.4%	16.9%	14.2%
Involuntary Attrition	4.3%	2.2%	2.6%

Cyient Metrics (Design Led Manufacturing)

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

Income Statement - Abridged (In ₹ Mn)¹

	Q2 FY19	Q1 FY19	Q2 FY18
Net Revenue	1,610	1,212	1,017
Direct Salaries & other costs	181	141	39
Material Cost	1249	921	881
Gross Profit	180	150	97
SG&A	121	95	89
Operating Profit	59	55	8
Other Charges	45	41	45
Profit Before Tax	14	14	(36)

¹ Includes B&F Design Inc.

By Geography (%)²

	Q2 FY19	Q1 FY19	Q2 FY18
Americas	24.6%	30.0%	15.4%
Europe, Middle East, Africa	7.2%	10.8%	84.2%
Asia Pacific (including India)	68.2%	59.2%	0.3%

² India is included in APAC (from EMEA earlier), now restated for previous periods

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

By Business Unit (%)

	Q2 FY19	Q1 FY19	Q2 FY18
Aerospace and Defense	64.6%	60.6%	23.6%
Industrial	16.7%	17.4%	20.7%
Medical	12.5%	11.1%	9.3%
Communication	6.2%	10.8%	45.9%
Others	0.0%	0.0%	0.5%

Currency Mix (%)

	Q2 FY19	Q1 FY19	Q2 FY18
USD	72.5%	69.1%	38.6%
EURO	2.4%	2.5%	4.0%
Othes	25.1%	28.3%	57.5%

No. of Million \$ Clients

	Q2 FY19	Q1 FY19	Q2 FY18
5 Mn+	3	0	3
2 Mn+	8	1	7
1 Mn+	12	1	9
New Customers Added	1	0	0

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

Key Operational Metrics

	Q2 FY19	Q1 FY19	Q2 FY18
Headcount	655	645	629
DSO (in Days)	84	114	92
DPO (in Days)	89	141	90
Customer Advance (in Days)	36	43	35
Inventory (in Days)	104	136	123
Total Cash (₹ Million)	640	330	269

Cyient (Estd: 1991, NSE: CYIENT) provides engineering, manufacturing, geospatial, digital, networks, and operations management solutions 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, Operate 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 more than 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 ; 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 and step down 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, 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, partly owned subsidiaries Cyient Solutions and Systems Private Limited; Cyient DLM Private Limited; joint venture Infotech HAL Ltd (HAL JV) and associate company Infotech Aerospace Services Inc (IASI) until 8th December 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