

QUARTERLY EARNINGS BRIEFING

Q3'FY17

Confidentiality Statement

The information shared herein is strictly confidential, proprietary and unique to the company. It is only made and shared for the purpose and extent it is intended for and no other. Usage or sharing of the said information in any form, directly or indirectly and in any manner whatsoever, might constitute a violation of laws or regulations in vogue in geographies in which the company operates, besides breaching confidentiality. The users shall meet any liability emanating from such violation and shall indemnify company for any loss, damage, expense, penalty, fine, fee, charges incurred by company on account of any such violation.

Contents

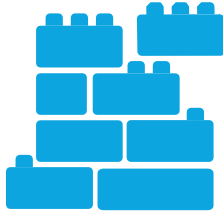
- **Highlights for the Quarter**
- **Financial Update**
 - Income statement update
 - Cash generation and other updates
- **Business Update**
 - M&A update
 - Industry outlook
 - Future outlook

Highlights for the Quarter (1/2)

Financial Highlights for Q3 FY 17

- Strong Revenue growth of 16.5% YoY in constant currency; Q3 revenue at US\$ 135.8 Mn up by 0.6% QoQ in constant currency in line with the expectation of seasonality in Q3
- Strong growth in Revenue in ₹ terms 17.1% YoY and 0.4% QoQ :Q3 revenue stands at ₹ 9,171 Mn
- Operating profit of ₹ 1,228 Mn, up by 15.6% YoY; Operating margin stands at 13.4% in line with expectations on seasonally weak quarter
- Net Profit for Q3 FY17 is ₹942 Mn up by 13.8% YoY
- FCF for the quarter stands at 1,273: highest ever ;DSO stands at 76 days: **Lowest ever**
- Continued Improvement in operational efficiency : Robust utilization at 78.3%
- EMEA & APAC posted a robust growth of ~38% & 29% YoY in \$ terms respectively
- 24 customers added during the quarter
- Continues focus on inorganic strategy : acquired UK-based geospatial services provider Blom Aerofilms Ltd
- Strong business outlook backed by pipeline and Order intake growth YoY

Highlights for the Quarter (2/2)



Operations

Launched the RSU plan as part of 25 years celebration for all the employees

Rebranded Blom Aero films acquisition at Cheddar Somerset, UK to Cyient Cheddar

Launched Workday, an HR management tool across the organization



Awards

Awarded with P&W Supplier Innovation and Higher Productivity Awards – 2016. For delivering highest productivity savings (\$5.2M), 9 Patents, 250 Standard Works

Cyient won the Itron Innovation Challenge 2017 at the Utility week

Cyient won four awards in the 11th edition of Kaizen competition Confederation of Indian Industry, Southern Region.



Infrastructure

Opened a new office in Pune focused on expanding our network of delivery center

Inaugurated a new Center of Excellences (CoE) for our engagement with one of our key aero client

Opened two centers for Cyient Defence Services in Florida, USA

Revenue Update

Revenue	Q3 FY17	Q2 FY17	Q1 FY17	Q4 FY16	Q3 FY16	QoQ	YoY
US\$ Mn*	135.8	136.5	124.7	121.4	118.6	-0.5%	14.5% [#]
In ₹ Million*	9,170.6	9,136.4	8,349.0	8,195.4	7,830.7	0.4%	17.1%

Business Unit	\$ Growth	
	QoQ	YoY
A&D	-4.9%	6.0%
Communications	2.3%	31.6%
Industrial & ENR	-1.5%	-2.7%
Medical & Healthcare [^]	-0.1%	43.1%
Semiconductor	-6.3%	0.0%
Transportation [^]	-1.4%	3.4%
U&G	1.2%	23.0%
DLM	10.0%	36.7%

Geographies	\$ Growth	
	QoQ	YoY
North America	-3.8%	1.2%
EMEA	5.6%	37.7%
Asia Pacific	-0.4%	28.5%

Group	-0.5%	14.5%
--------------	-------	-------

Key Takeaways

- Growth of **0.6% in Constant currency**
- Growth in \$ -0.5% during quarter impacted due
 - Revenue in line with expectation of a seasonally weak quarter for services business: lower working days onsite impacted services revenue by ~2%
 - Cross currency impact on Revenue is adverse by 110 bps

[^] Growth in Constant currency for Transportation is 1.6% QoQ and 5.7% YoY; Growth in Constant currency for M&H is 0.8% QoQ and 43.4% YoY.

[#] Constant currency growth YoY @ 16.5%.

* Revenue is including the excise duty as per new reporting guidelines from SEBI. All the numbers are restated for like to like comparison. Excluding excise duty revenue for Q2 FY17 stands at ₹9,076 Mn (\$135.6 Mn) and for Q3 FY16 at ₹7,816 Mn (\$118.4 Mn).

Income Statement Update

Particulars	UOM	Q3 FY17	Q2 FY17	Q3 FY16
Revenue*	₹ Mn	9,171	9,136	7,831
Cost of Revenue	₹ Mn	6,056	5,990	5,142
Gross Profit	₹ Mn	3,114	3,146	2,689
Operating Profit	₹ Mn	1,228	1,283	1,062
Tax	₹ Mn	322	267	246
Net Profit	₹ Mn	942	973	827
Earning Per Share (EPS)	₹/Share	8.4	8.6	7.3
Gross Margin	%	34.0%	34.4%	34.3%
Operating Margin	%	13.4%	14.0%	13.6%
Effective Tax Rate[^]	%	25.8%	22.6%	23.4%
Net Income Margin	%	9.9%	10.4%	10.2%

Key Takeaways

Operating Profit Movement:

- Operating margin is up by 15.6% YoY, in line with the expectation of seasonality in Q3
- Utilization in the Quarter improved by 0.3% and Offshore mix remained the same

Profit After Tax Movement:

- PAT in Q3 is impacted by higher tax and lower Income from associates (IASI), partially offset by higher other income
- FY17 Effective Tax Rate (ETR) is likely to be same as last year on a like to like basis

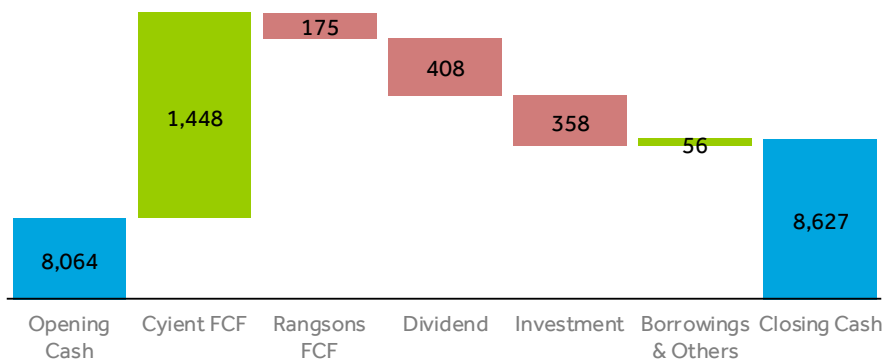
* Revenue is including the excise duty as per new reporting guidelines and the numbers are restated for like to like comparison. Excluding excise duty revenue for Q2 FY17 stands at ₹9,076 Mn and for Q3 FY16 at ₹7,816 Mn. The previously reported numbers for Q3FY16 have been restated as per the requirements of Indian Accounting Standards (Ind AS) which is applicable to the company from April 1, 2016. Q3 Revenue of ₹ 7,831 Mn positive impact of ₹13 Mn; net profit of ₹ 827 Mn, negative impact of ₹ 41 Mn.

⁷ ^ETR w/o one off would have been 22.5%.

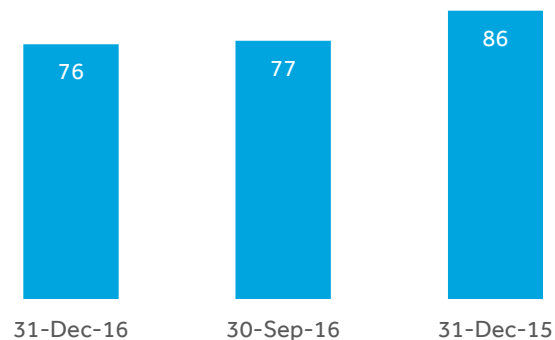
Cash Generation Update

Cash Generation			
Particulars	UOM	Q3'17	Q2'17
Cash Position	₹ Mn	8,627	8,064
	\$ Mn	127.0	121.0
Free Cash Flow	₹ Mn	1,273	558
	\$ Mn	\$18.9	8.3
	% of EBITDA	83%	38%
Capital Expenditure	% of sales	2.9%	2.6%

Cash Generation & Utilization (₹ Mn)



Days Sales Outstanding in Days

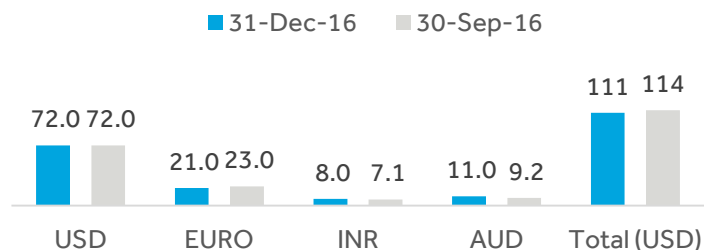


Key Takeaways

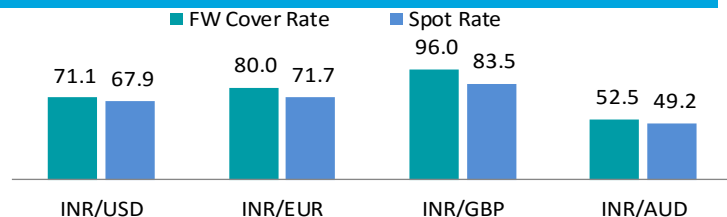
- Free cash flow 83% of EBITDA, ₹ 1,273 Mn for Q3.
- DSO stands at 76 days; **lowest ever** reduced by 10 days YoY, 1 day QoQ
- During the quarter dividend paid INR 408 Mn, investment made INR 358 Mn

Forex and Other Income Update

Outstanding Forward Contracts* Value in Respective Currency Mn.



Booked Rate (in ₹) for next 12 Months



Other income (₹ Mn)

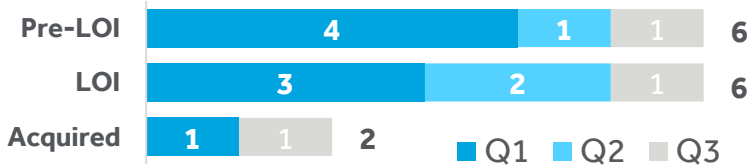
Particulars	Q3 FY 17	Q2 FY 17
Income from Treasury		
Interest on Investments / deposits	88.5	86.3
Dividend on mutual funds	5.1	9.0
Subtotal (A)	93.5	95.3
Realised Gain/(Loss) on Fwd Contracts (B)	113.1	94.8
Unrealised FX Gain/(Loss) (C)	11.5	(60.5)
Others (D)	91.1	54.7
GRAND TOTAL (A+B+C+D)	309.2	184.3

Key Takeaways

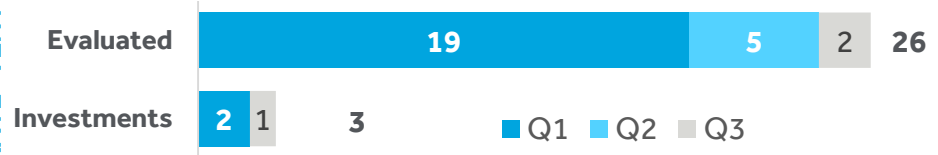
- Other income increase is mainly driven by Unrealized Fx gains
- On realized gain/losses on forward contracts company has strong position both for the next quarter as well as next 12 months at current spot rates:
 - Company has hedged ~70% of inflows for next 12 months – in line with policy
 - Forward contract gain could be ~ \$ 8 Mn in next 12 months at current spot rate (31-Dec-16)
 - Total hedge position \$ equivalent - ~\$111 Mn

M&A and CV Pipeline and Focus Areas

M&A DEAL PIPELINE



CORPORATE VENTURING



Vertical focused M&A strategy in key markets of NAM, Europe and APAC

FOCUS AREAS



AEROSPACE AND DEFENSE

- Engineering design services companies
- Design to manufacture for aerospace electronics
- Manufacturing engineering and repair engineering services



MEDICAL AND HEALTHCARE

- Design to Build companies with OEM partnerships

Focus is on Medical tech., Communication tech., IoT/M2M platforms and Advanced avionics



TRANSPORTATION - RAIL

- Rolling stock engineering design
- Signalling application engineering & testing
- Subsystem design & realization in electronics
- Predictive maintenance solutions



COMMUNICATION - TELECOM

- Wireless design and planning companies

Blom Acquisition

- Cyient Limited through its European Subsidiary has acquired 100% of UK based GIS company Blom Aerofilms Ltd engaged in providing services of data modelling, data acquisition and data processing.
- Blom brings complementary skills to strengthen Cyient's end to end geospatial solutions in line with its S3 strategy.
- Blom has a core team of around 40 people, had CY15 revenue of ~£6M and sustainable EBITDA margin of ~10% with opportunities to bring in synergies on the back of a global delivery model.
- This is very exciting for both our existing customers and prospects.
- In addition Cyient will look to extend these combined services into other key markets such as Smart Cities, Utilities and Transportation & across geographies

Industry outlook 1/3



AEROSPACE & DEFENSE

The Aerospace & Defense market is in fulfilment mode - major commercial aircraft and engine programs have entered into production and hence the focus is on production ramp up and manufacturing. Asia Pacific and the Middle East have also driven robust demand on the Defense side, an indication that the aviation growth 'super cycle' is steadfast.



INDUSTRIAL, ENERGY AND NATURAL RESOURCES

Energy growth demand will continue dominated by India and China. The industry continued to witness pressure on Capex spending. Industrial outlook is also muted with large OEM's shifting focus away from product development to cost takeout. The emphasis would be on improving products through new technologies (Electronics, IoT, analytics, etc.).



TRANSPORTATION

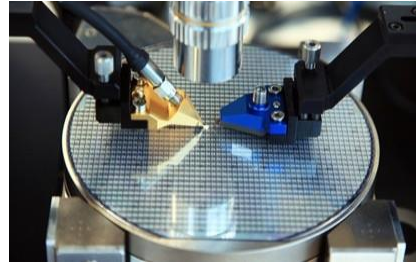
The rail industry is witnessing a transition towards internationalization and collaboration. There is an increased focus on operational efficiency. Digital solutions such as cybersecurity for signaling systems are gaining momentum.

Industry outlook 2/3



MEDICAL TECHNOLOGY AND HEALTHCARE

Medical Technology and Healthcare industry witnesses mega mergers. New technology such as connected devices and IoT offers tremendous promise and is expected to drive innovation and growth in the market.



SEMICONDUCTOR

The trend towards consolidation continues in the industry with key players consolidating to expand product portfolio and bring in cost synergies. Niche areas such as (\$340/ car in chip content), IoT, Security and Datacenter/Cloud are expected to grow.



UTILITIES AND GEOSPATIAL

The focus on AMI and smart meters continue which generates opportunities for data related services. Also, there is an increased focus on optimization and efficient asset and work management to reduce costs.

Industry outlook3/3



COMMUNICATIONS

Growth in the industry is expected to be driven by fiber deployment through CAF II initiatives in the US, shift from FTTP to FTTN and opportunities for HFC and wideband design expertise in ANZ. LTE Broadcast, or LTE-B, also known as Multimedia Broadcast Multicast Service (eMBMS) took a step further in the investment.



DESIGN LED MANUFACTURING (DLM)

DLM is witnessing high traction in Defence (Rafale and Barak 8 Programs) and Transportation (Indian Railways) for Go to India programs. A&D segment in NAM is witnessing significant consolidation of supply base and pressure on profits. Medtech focuses on Value Engineering, Cloud Connectivity and Analytics.

Future outlook

- **Revenue Growth**

- Outlook for the year remains unchanged. We expect
 - Double digit growth in the core business
 - DLM business will be in the ballpark of 50% growth

- **Margin Expansion through Operational Efficiency Improvements**

- Cyient **Services** to see a **~100 bps improvement** in operating margin and for the Group the OPM is expected to remain flat to marginally positive.
- Improved onsite job margins : 100 bps
- Operational Improvements: Utilization & Pyramid (50 bps each): 100 bps
- Better SG&A management and absorption net of investments: 100 bps
- Offset by Wage Hike ~ (150 bps) & DLM mix ~ (60 bps)

- **Earnings Growth**

- We expect **double digit** earnings growth in FY17

Q&A