

22/07/2015

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# ACQUISITION UPDATE - MRO ENGINEERING BUSINESS OF PRATT & WHITNEY SINGAPORE (GSE - ASIA)

Presentation for Analyst Call  
22 July 2015

# S3 Strategy

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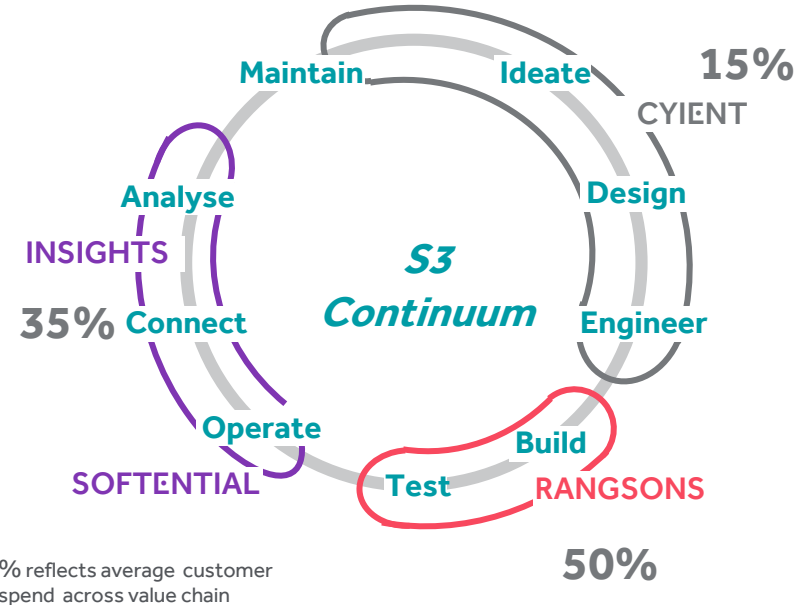
## S3 = Services, Systems, Solutions

### What is S3?

Positions and differentiates Cyient as a “concept to solution” partner addressing customers needs across more of their value chain

### Why S3?

- Supplier consolidation
- Risk-share partnerships
- Ecosystem for IP creation



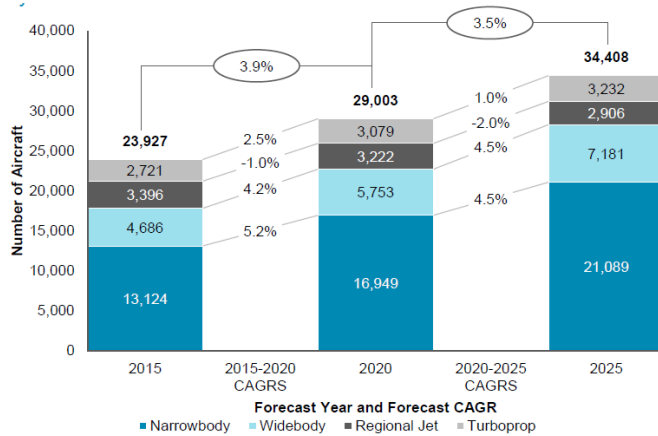
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# Forecast for aerospace industry: MRO spent at \$67 Bn. Likely to grow to \$100 Bn (2025)

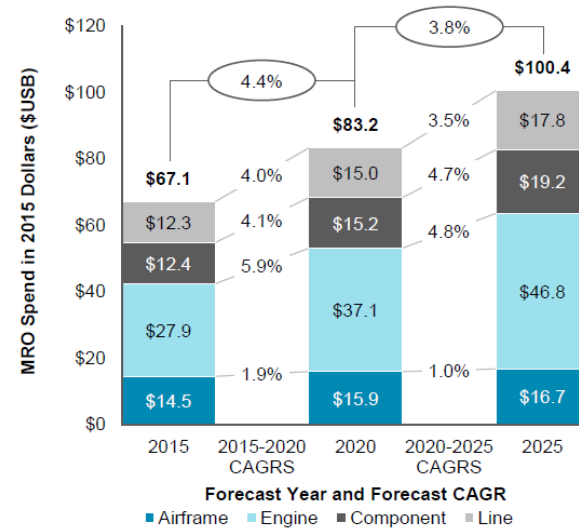
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### 2015-2025 Global Fleet Forecast by Aircraft Class



### 2015-2025 Global MRO Market Size Forecast by MRO Segment



\* Source: Oliver Wayman 2015-2025 Global Fleet & MRO Market Forecast

# Why GSE-Asia fits strategy execution

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Our industry strategy for Aerospace & Defense is to position **Cyient** as a **Design-Build-Maintain Partner** around Engines, Structures and Avionics & Systems

Strategy Execution includes **investing in Engine overhaul & repair capabilities**



**DESIGN**



**BUILD**



**MAINTAIN**

## Engineering

*Cyient has 15+ years track record in Aerospace industry, acknowledged leader in Design Engineering services*

## Product Realization

*Rangsons acquisition provides Design-led Manufacturing capability*

## Aftermarket Services

*Pratt GSE-Asia extends Cyient's value through Maintenance Repair Overhaul (MRO) Support*

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# Global Services Engineering (GSE) - Asia Overview

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<b>Incorporation</b>	Established in 2005
<b>Headquarters</b>	Singapore
<b>People</b>	90+ Repair Development Engineers: Expertise in mechanical engineering and aerospace engineering
<b>Core Competence</b>	Engineering design support to P&W's Global Service MRO
<b>Specialization</b>	Expertise in aerospace propulsion and industrial gas turbine
<b>Financials</b>	Revenue US\$10Mn - \$12Mn

# Transaction Rationale

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## Strategic fit

- Aligns with Cyient's Aerospace Strategy and focus on MRO services
- Previous experience with repair engineering provides confidence in delivering value to customers
- Strengthening existing Pratt & Whitney relationship
- Good combination of extension of previous work and expansion into new areas

## Access to New Markets

- Access to Singapore: A Strategic and Business friendly market
- Singapore is home to many Aerospace companies (MRO, R&D, manufacturing, data analytics)
- Potential to expand services to other aerospace companies in Singapore and APAC

## Value to P&W

- Consolidates engineering operations with strategic partner
- Provides additional career opportunities for current employees

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# Transaction Details

- Asset Purchase Transaction
- Transfer of ~90 employees
- P&W to give committed volume for a period of 4 years
- The business will see additional growth from new clients in the Aerospace industry and offshoring to India over medium to long term
- Deal to be financed by 1:1 Debt Equity for cost arbitrage and leveraging
- Revenue of US\$10 Mn-\$12Mn and EBITDA margin of 12%-14%
- Acquisition is EPS accretive and improves Return on Equity

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THANK YOU



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Q&A