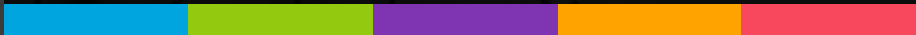


# CYIENT INVESTORS DAY FY 20

Krishna Bodanapu  
10<sup>th</sup> May 2019



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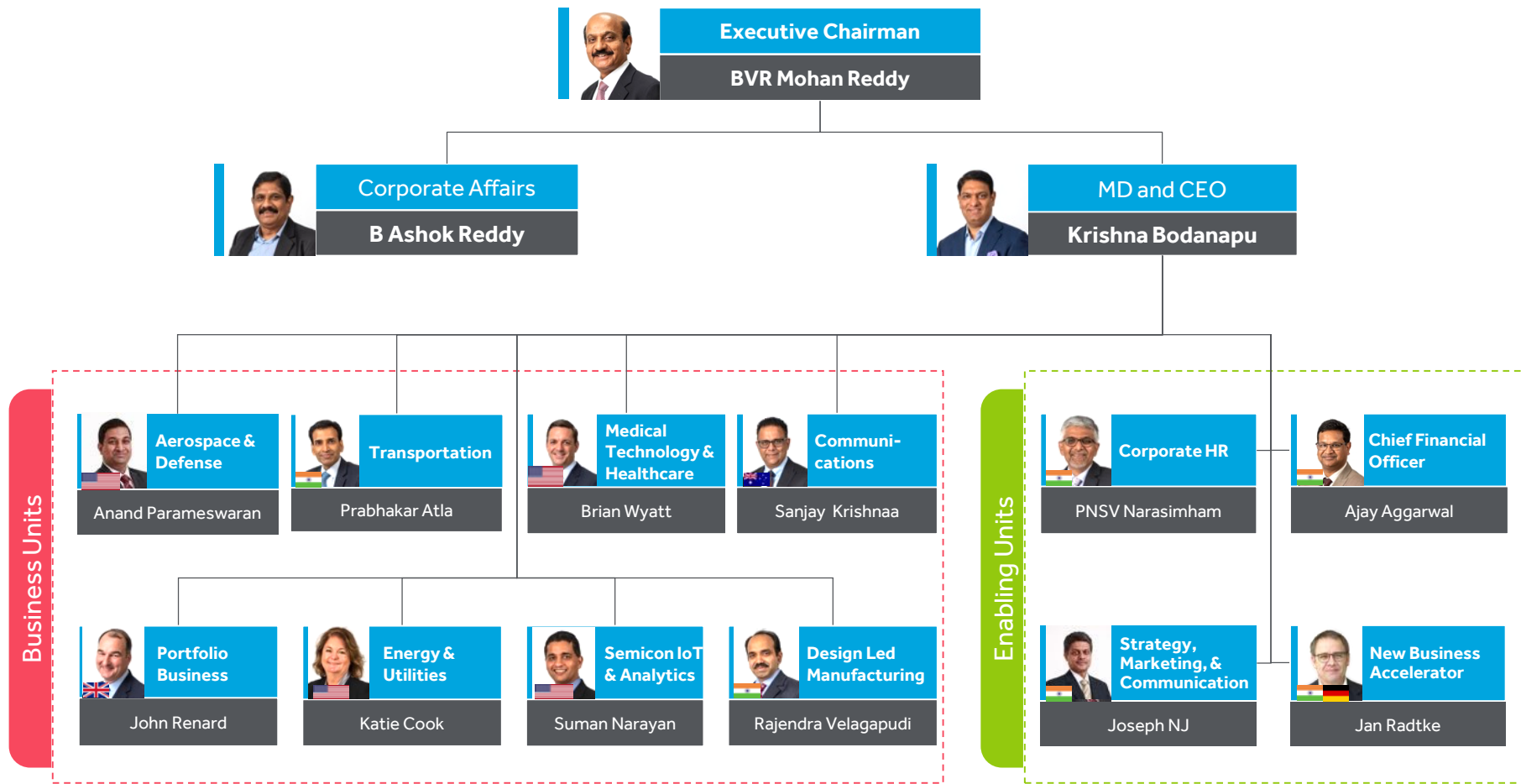
## Strategy Execution

Ambition, Growth, Investment, Leadership and Execution

# Cyient Leadership and FY 19 Updates



# Cyient Leadership Team



Business Units

Enabling Units

# What Worked Well



Top Clients  
Growth

**\$471.7M**

Higher by 8%  
YoY



Order  
Backlog

**\$558.7M**

Higher by  
\$57.2 M YoY



Revenue  
Per Client

**\$1484k**

Higher by  
\$392.5 K YoY



Profit Per  
Associate

**\$6161\***

Higher by \$199  
YoY

\*Excludes DLM



Headcount

**15,085\***

Higher by 323  
FTE YoY

\*Includes AnSem

# What Worked Well



Utilization

**77.2%**

Higher by 86 bps  
YoY



Offshoring

**42.3%**

Higher by 18 bps  
YoY



Effective  
Tax Rate

**23%**

Lower by 270  
bps YoY

<sup>^</sup>Excludes DLM



ASAT

**63%**

Improvement  
of 3% YoY



CSAT

**Ex 62.8**

Improvement  
of 4.7 YoY

# What Didn't Work Well



Services  
Revenue  
Growth

**7.6%**

Slowdown in CC  
growth



Margin  
Growth

**14%**

Flat despite  
operational  
initiatives



DSO

**88 Days**

Increase of  
7 days YoY



Attrition

**22.7%**

Higher by 465 bps  
YoY



Acquisition  
Performance

**76%**

Revenue  
achievement  
against budget



# Industry Landscape and Competitor Overview





# Global Engineering Services Outsourcing Market



## KEY TREND

Innovation-centric / IP based solutions Vs Manpower based engineering services



## FORECAST

~ \$93 Bn Industry projected to grow at a CAGR of ~6%



## MARKET DRIVER

Efficiency, Cost reduction and Talent availability



## COMMERCIAL MODEL

Fixed price / T&M to Risk/reward model pricing trend



## DIFFERENTIATION

Ability to address end to end value chain through better domain capability

4% growth driven by strong commercial aircraft order backlog and defense spending

### Aerospace & Defense



2%-3% growth driven by broadband rollout & 5G deployment

### Communications



~5% growth driven by RPA, IoMT, Robotics and AI

### Medical Technology & Healthcare

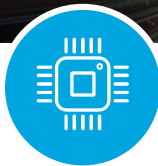


2.5% growth driven by investments in rail control and infrastructure

### Transportation



# Industry Trends and Outlook



### Semiconductor

3% drop due to downturn in memory chip market. Growth expected to return in 2020



### Energy & Utilities

2.5% growth driven by rising commodity prices, grid modernization and renewable focus










### Industrial

Growth restrained due to economy, pricing fluctuations and material costs. Expected to rebound in 2021

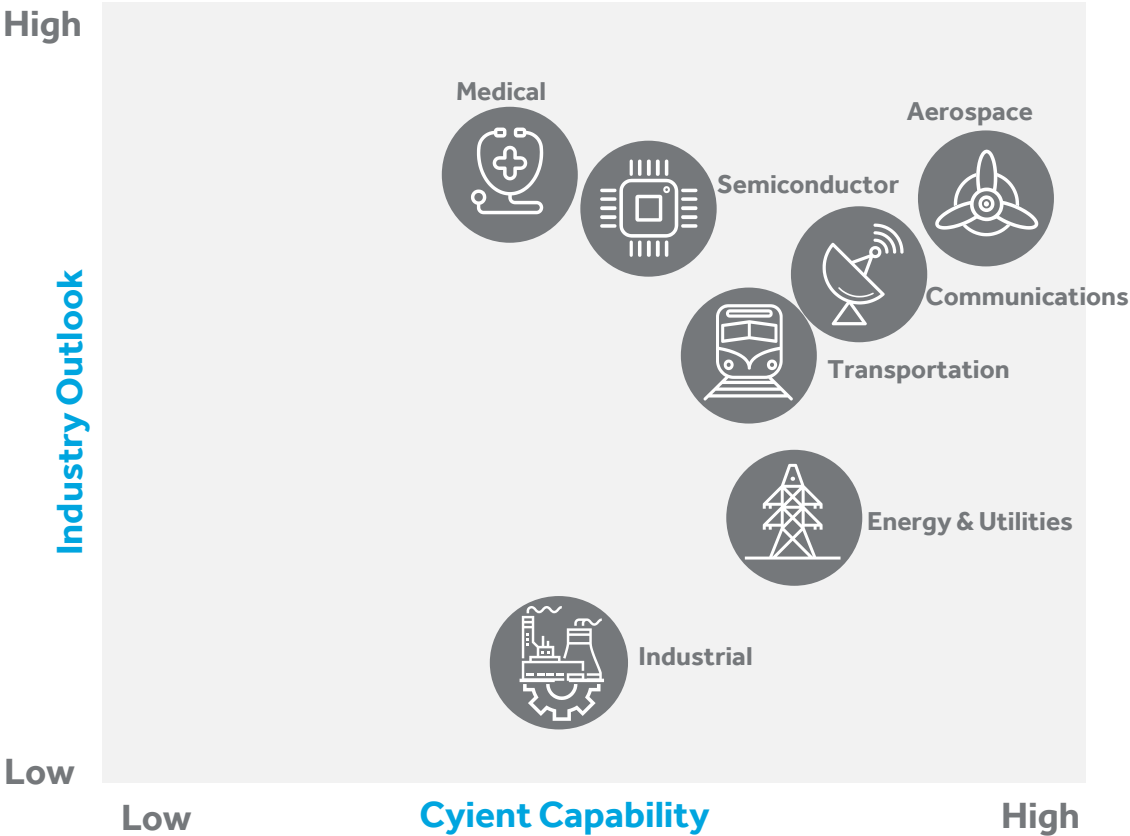
# Industry Outlook & Business Capability

Five Year Industry Outlook

BU	Now	3 Yrs.	5 Yrs.
			
			
			
			
			
			
			

Legend

Very Attractive      Moderately Attractive




# Aerospace & Defense Industry Focus



Addressable A&D  
Market Size

\$ 419 B



Market Drivers

- Continued focus on digital transformation
- Modernization of legacy systems- SWaP-C concept
- Continued M&A activity

Design	Build	Maintain
60%	23%	17%



Focus Areas

- Invest in digital transformation with focus on digital MRO, digital tech Pub, AR/VR and connected machines, Connected Factory etc.
- Continue to invest in solutions and designs that utilize off the shelf technology adapted to complex environments
- Utilize Cyient position in APAC to grow partnerships and outreach to firms seeking regional growth

# Strategy Execution





# Ambition

Expanding from  
Services to Solutions



## New Business Accelerator

Significant investments in developing technology focused solutions

### Digital Focus

## Technologies invested in

IoT | AR/VR | TRM | Spacebots | Additive Manufacturing | Machine Learning | Connected equipment's | Smart cities

## Key Partnerships

Bluebird | Sankhya Labs | Elpis | Kii | LVPEI | Coromandel



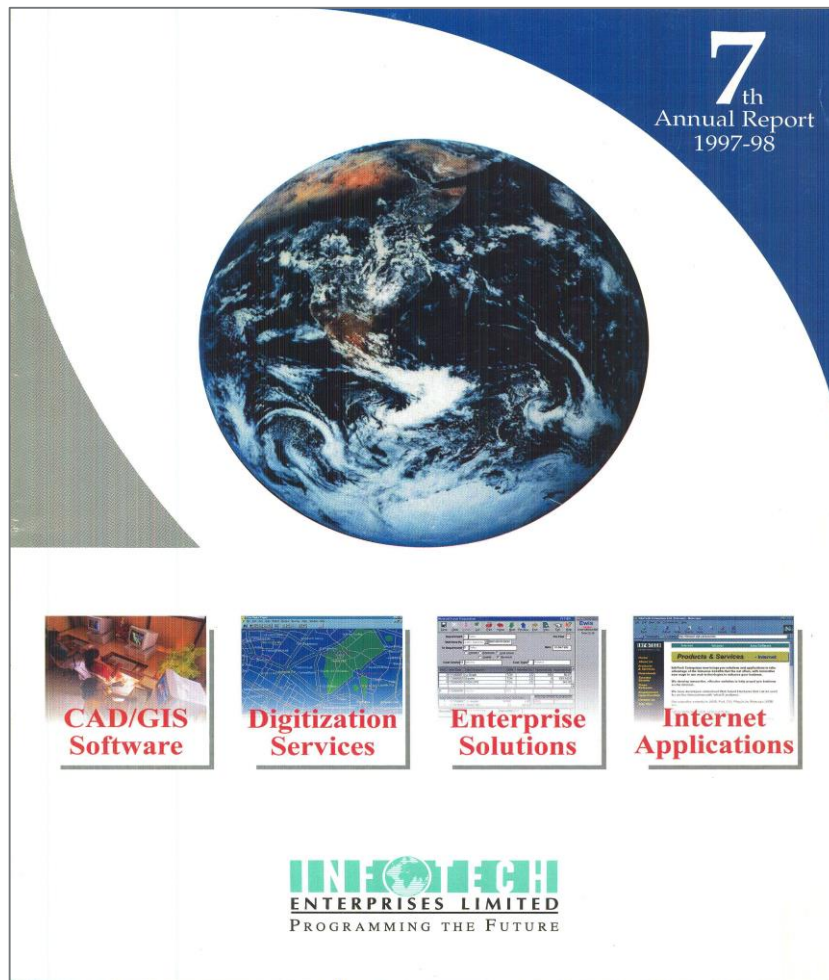


# Ambition

Expanding from  
Services to Solutions



## Our Digital Journey







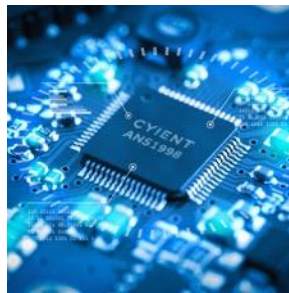
# Ambition

Expanding from  
Services to Solutions

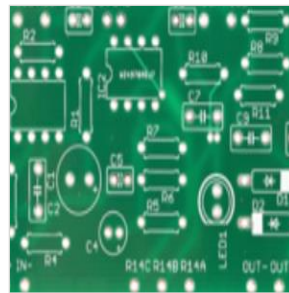


## Our Capabilities are Comprehensive

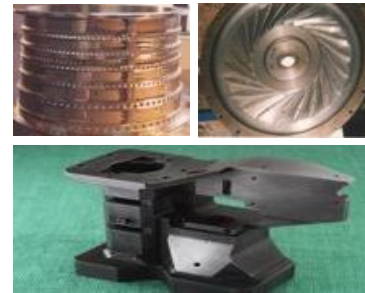
### Chip Design



### Electronic Design and Manufacturing



### Mechanical Design and Manufacturing



### System Integration



### Serviceability, Maintenance & Operations





# Growth

Industry leading  
Earnings Growth

## REVENUE

**\$ 660 Mn**

10.1% cc YoY

## PAT

**₹ 4,898 Mn**

14% YoY

## FCF

**₹ 3,770 Mn**

39.3% YoY

- Growth driven by Semiconductor, Communications, Transportation, and Aerospace & Defense business segments.
- Services business grew by 6.3% YoY (7.6% in cc) while DLM business grew by 29.3% YoY





# Growth

Industry leading  
Earnings Growth



## FY 20 Outlook

### Revenue Growth

- High single digit growth for Services in constant currency
  - DLM business expected to grow by ~ 15% in constant currency
- 

### EBIT

- Double digit growth in EBIT
- 

### Others

- ETR likely to be in the range of 22.5% - 23.5%
- Other income is expected to be marginally higher



# Investment

Prioritizing Investments



## Key Investment Focus Areas Identified

### BU focus areas

#### A&D

- Avionics
- Mechanical mfg.
- Digital

#### SI&A

- Connected vehicles
- Analytics & IoT

#### Communications

- Wireless N/w engg
- NGN solution
- Field services

#### E&U

- Signalling Apps engg
- Products: Asset ctrl
- Networks: Planning, ops, optimisation

#### MT&H

- DLM
- Embedded s/w & h/w
- Product dev
- V&V

#### E&U

- Asset connectivity & health
- Industrial automation
- Digital
- Embedded


### Investment themes

**Embedded software**

**Connected assets**


**Mechanical manufacturing**

**Design led manufacturing**

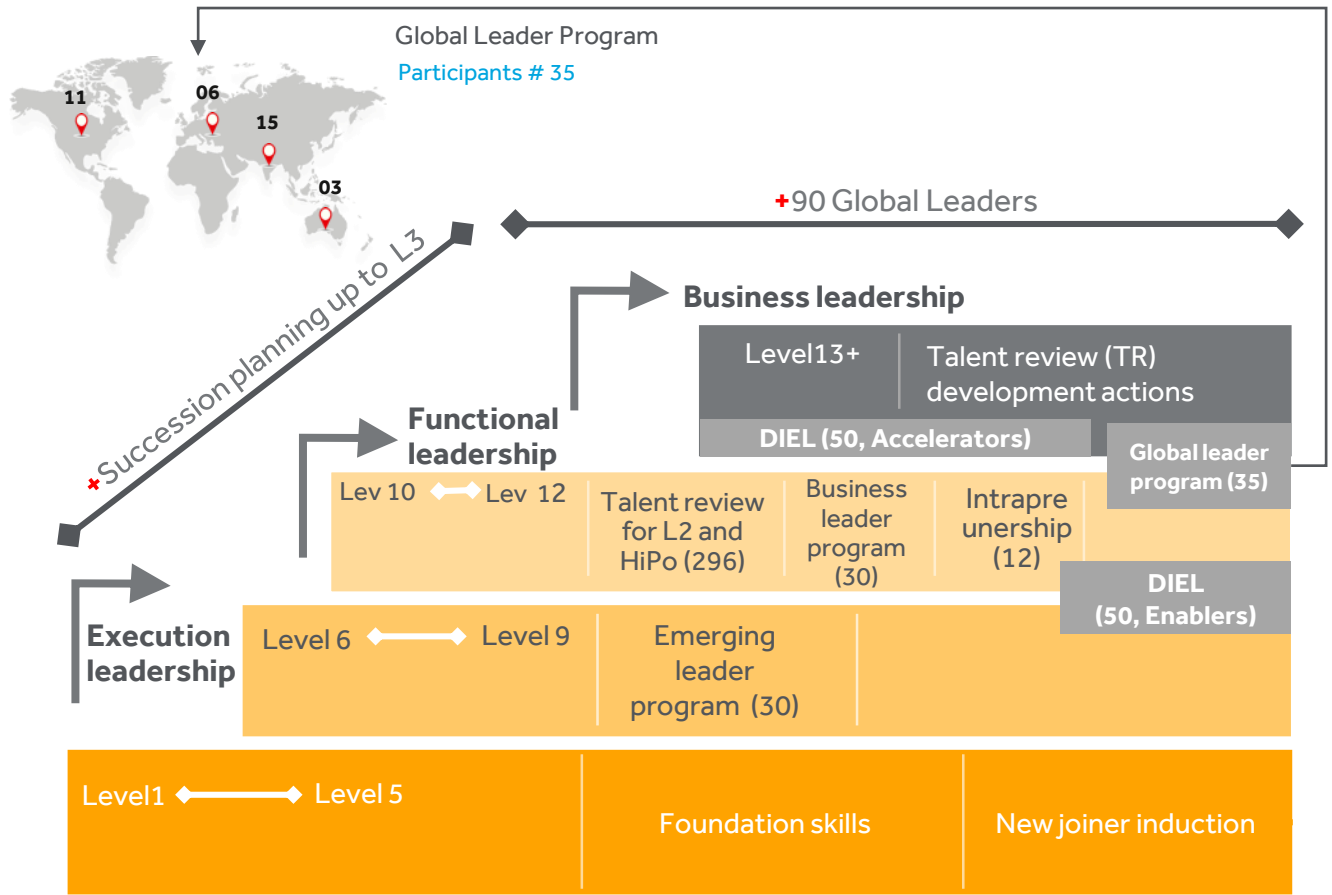


# Leadership

Building 2030's Talent



# Leadership and Succession Planning

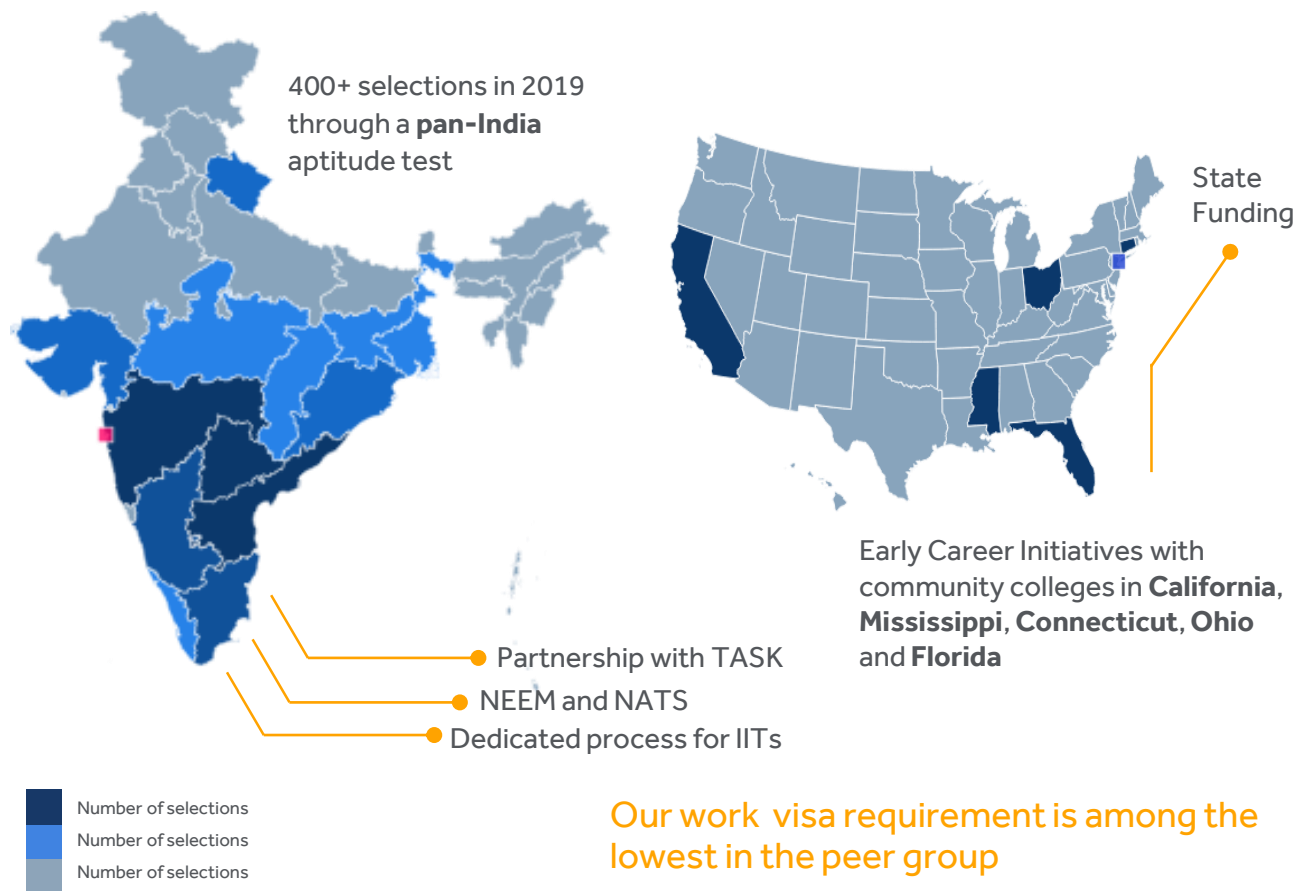




# Leadership

Building 2030's Talent

## Managing Early Career Program- Global focus on hiring fresh talent



Our work visa requirement is among the lowest in the peer group



# Leadership

Building 2030's Talent

## Technology Orientation through Blended Learning Approach- 10 X focus in FY20

15,000+ Hours | 54 Programs | 10 Technologies

### Awareness Programs

7000 Hrs. of learning delivered on emerging skills such as AI, RPA , Big Data

### Beginners Track

eLearning initiatives on AR/VR, RPA, IoT, Big Data

### Advance Programs

8000 Hrs. of blended learning on Cloud, Data Science, AI and cross-platform technologies

### Technical Career Path

Competency-based career progression instituted in Transport and MT&H BU

### MOOCS

1. Future Skills
2. edX
3. NPTEL

### Solutions Orientation

~3000 Hrs. of training delivered to on Design Thinking, Intrapreneurship and solution orientation







## Focused on Building a Strong Organization Culture



Our core values and culture guide our behavior and actions and build trust with our stakeholders.



### Diversity and Inclusion

- Structured focus on D&I
- Key Focus: Awareness, Inclusion, Gender Diversity, Ethnicity
- Cyient placed 5<sup>th</sup> out of 134 participants at United Nations Global Compact India (UNGCI) Gender Equality Summit for Best Innovative Practices Award on 'Women at Workplace'.



## Execution

Building a AGILE Culture



# Stakeholder Satisfaction

## Customer Satisfaction

**Ex 62.8**

**CSAT**

Improvement  
of 4.7 YoY

**6%**

**Percent of breakaway**

Improvement of  
3% YoY

## Associate Satisfaction

**Ex 63%**

**ASAT**

Improvement  
of 3% YoY

**15%**

**Disengaged Associates**

Lower by 3% YoY

THANK YOU