

10 May 2019

The BSE Ltd  
PJ Towers  
25th Floor, Dalal Street  
Mumbai – 400 001  
Scrip Code: 532175

The National Stock Exchange of India Ltd  
Exchange Plaza, Bandra-Kurla Complex  
Bandra (E)  
Mumbai – 400 051  
Scrip Code: CYIENT

Dear Sir/ Madam,

Sub: 8<sup>th</sup> Investor day

The company today conducted its 8<sup>th</sup> annual investor day with wide participation from investors and analysts at its Manikonda campus, Hyderabad. The senior Management presented insights into the business and further outlook and plans. The related presentation is enclosed and also uploaded on the website of the company ([www.cyient.com](http://www.cyient.com)).

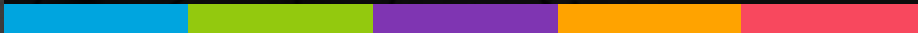
Thanking you  
Cyient Limited



N. Ravi Kumar  
Dy. Company Secretary

# CYIENT INVESTORS DAY FY 20

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



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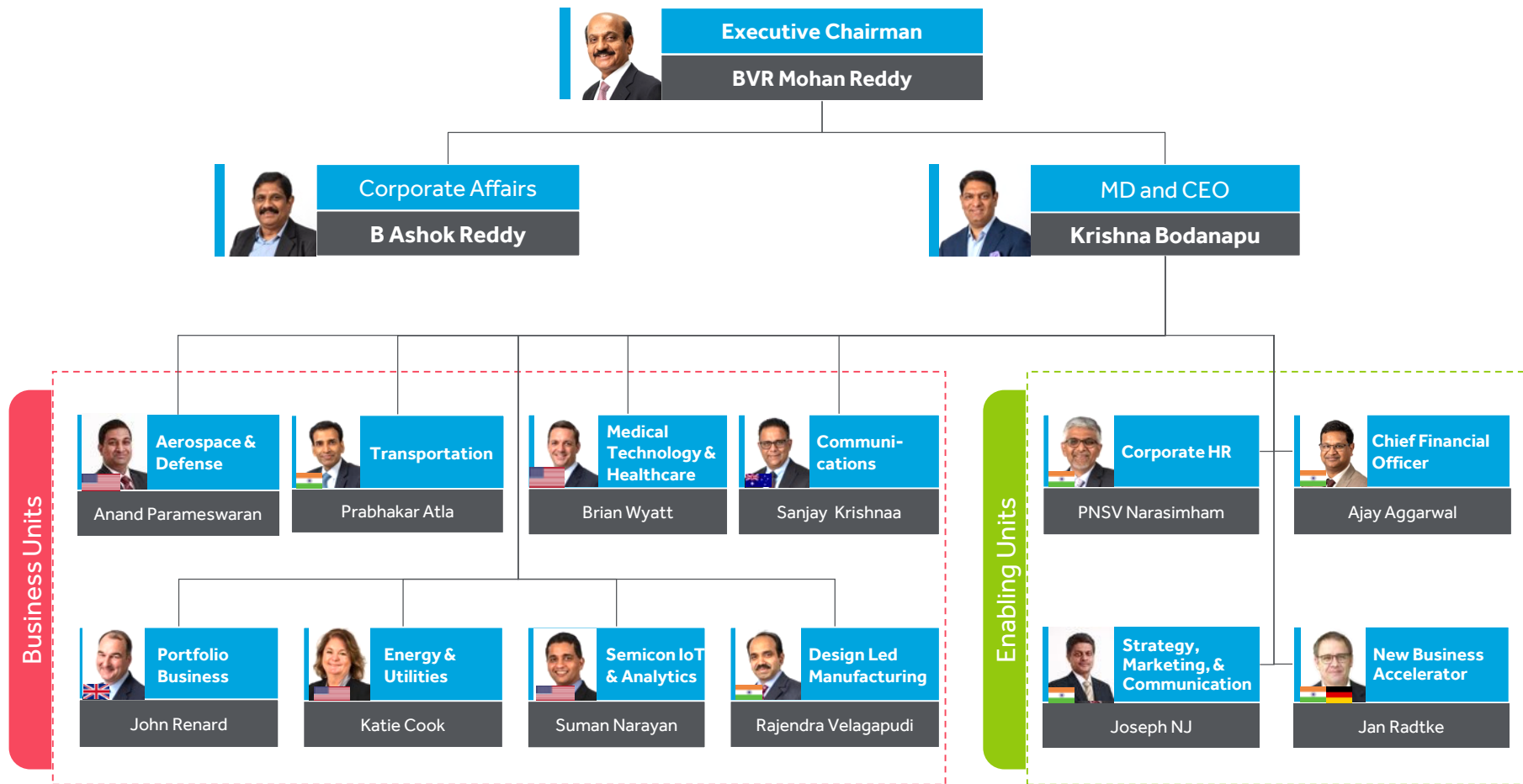
## Strategy Execution

Ambition, Growth, Investment, Leadership and Execution

# Cyient Leadership and FY 19 Updates



# Cyient Leadership Team



# 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

^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

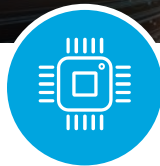


2.5% growth driven by investments in rail control and infrastructure

### 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

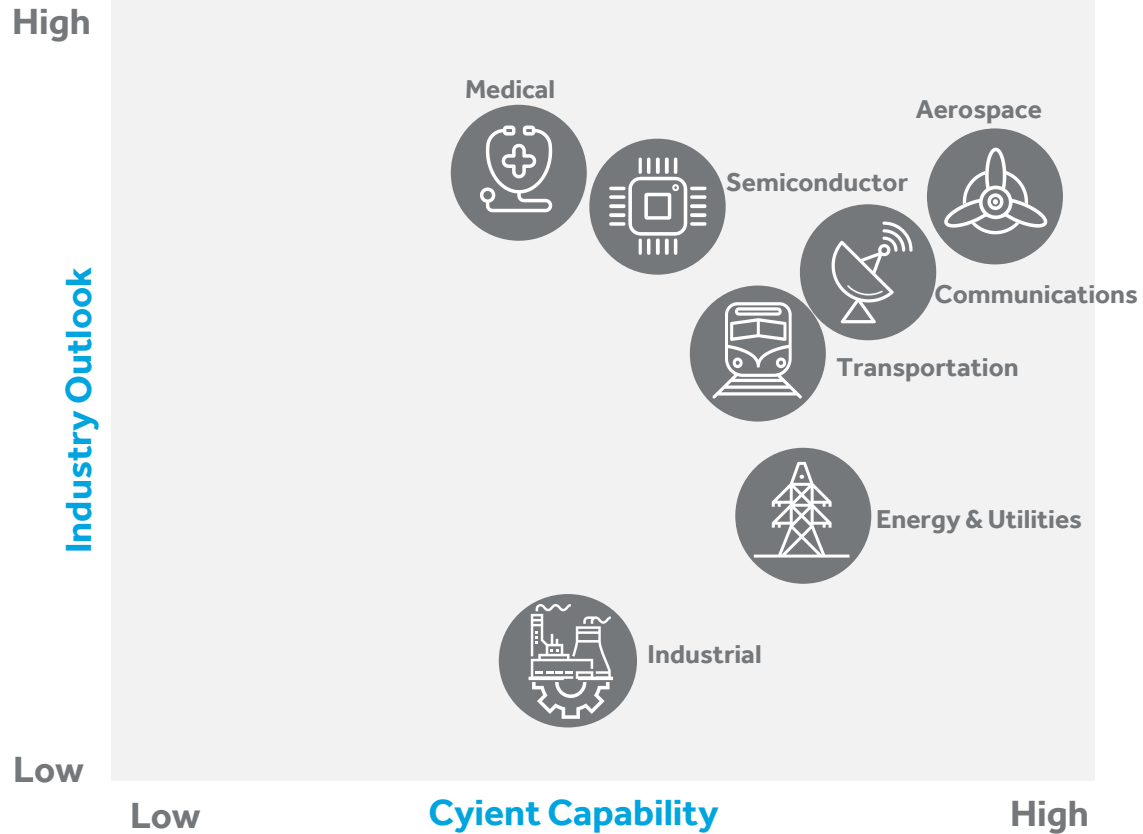
# Industry Outlook & Business Capability

## Five Year Industry Outlook

BU	Now	3 Yrs.	5 Yrs.
	Very Attractive	Very Attractive	Very Attractive
	Moderately Attractive	Very Attractive	Very Attractive
	Moderately Attractive	Very Attractive	Moderately Attractive
	Very Attractive	Moderately Attractive	Very Attractive
	Very Attractive	Very Attractive	Very Attractive
	Very Attractive	Moderately Attractive	Moderately Attractive
	Moderately Attractive	Moderately Attractive	Moderately Attractive

### Legend

■ Very Attractive
 ■ Moderately Attractive



# Aerospace & Defense Industry Focus



## Market Drivers

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

**Design**

**Build**

**Maintain**

**60%**

**23%**

**17%**

**Addressable A&D  
Market Size**

**\$ 419 B**



## 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

7<sup>th</sup>  
Annual Report  
1997-98

**CAD/GIS  
Software**

**Digitization  
Services**

**Enterprise  
Solutions**

**Internet  
Applications**

**INTECH**  
ENTERPRISES LIMITED  
PROGRAMMING THE FUTURE





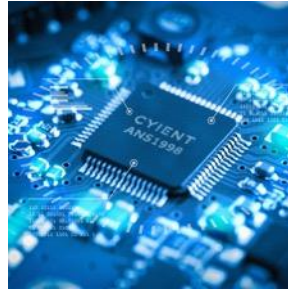
# Ambition

Expanding from  
Services to Solutions

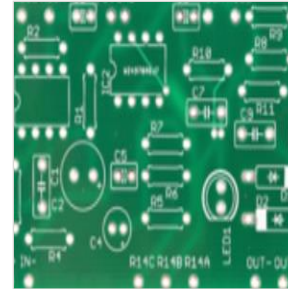


## Our Capabilities are Comprehensive

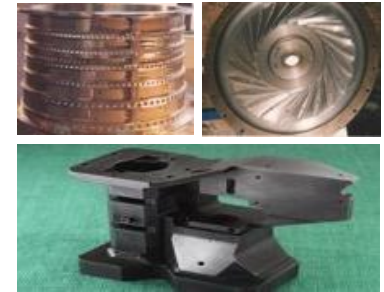
### Chip Design



### 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**

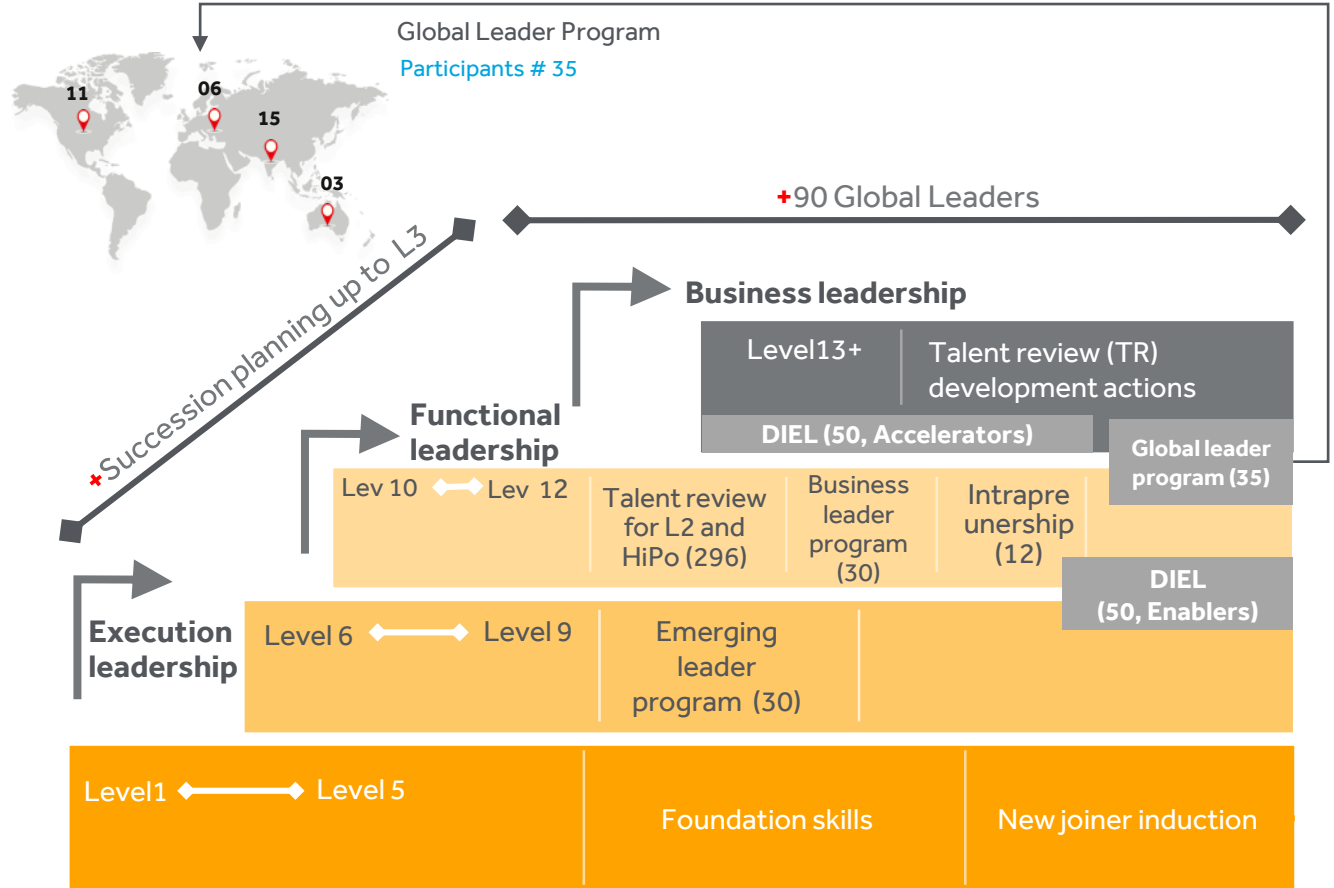
**Design led manufacturing**



# Leadership

Building 2030's Talent

## Leadership and Succession Planning



+ FY 20 AGILE Action

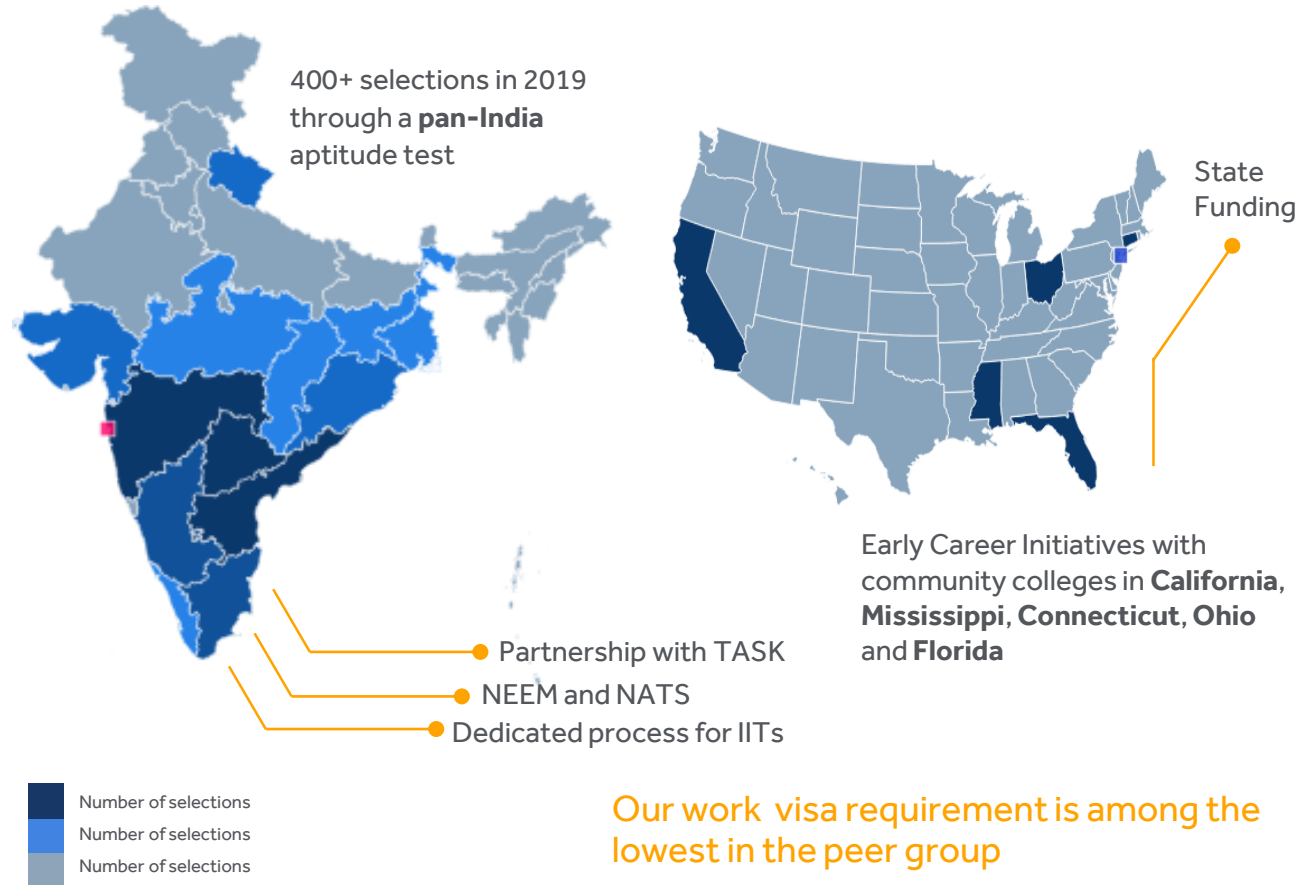
Programs spanning across bands



# 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

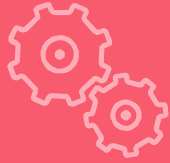
### MOOCS

1. Future Skills
2. edX
3. NPTEL

### Solutions Orientation

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





# Execution

Building a AGILE Culture



## 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