



CYIENT

INVESTOR PRESENTATION

Q2 FY19

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.

Highlights for the Quarter

- Financial Highlights
- Business Highlights
- Awards & Recognition
- CSR Activities

Financial Update

- Revenue
- Income statement update
- Other Income & Hedge
- Cash generation

Business Update

- Significant highlights
- M&A update
- Industry outlook
- Future outlook

Annexures

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• Highlights for the Quarter (1/3)

Revenue

12.5% YoY / 5.1% QoQ

Quarterly revenue at \$**168.9Mn**

Operating Profit Growth

23.5%

QoQ

Net Profit Growth

54.0%

QoQ

Financial Highlights for Quarter

- Highest ever PAT Growth; 54% QoQ & 14% YoY
- Highest ever quarter on revenue (\$168.9Mn), Operating profit (₹1,626Mn) and PAT (₹1,271Mn)
- Constant currency revenue growth of 6.5% QoQ and 14.5% YoY
- Service margin expansion of 212 bps QoQ at 15.3%, led by improved utilization of 78%, up 294 bps; Group margin expansion of 151 bps QoQ at 13.7%
- Highest ever Services revenue at \$146Mn; 8.7% YoY growth; DLM growth: 44.8% YoY
- Cash flow conversion at 72%; H1 at 55% at group level and 45% for services
- Highest ever cash balance of ₹12Bn after payment of final dividend
- DSO at 82 days, 7 days lower QoQ
- **Company declared an interim dividend of ₹6.0/Share - highest ever**

• Highlights for the Quarter (2/3)

Transportation , Communication and I&ENR revenue growth of ~14%, ~12% & ~8% YoY (in \$)	NAM, APAC & EMEA & revenue growth of ~17%, ~11% & ~6% YoY
CSS won its first order from Indian Defence \$190Mn opportunity identified	NBA program in full swing 7 new projects added

Business Highlights for the Quarter

- Cyient Receives AS9100 Rev D and ISO 9001:2015 quality certifications for Melbourne (FL) Facility
- Successfully completed the TL 9000 2nd surveillance audits for Hyderabad and Paragould locations
- Cyient - Bluebird JV wins its first order from Indian Army for SpyLite Mini UAS
- Experience centre at Blacktown, Australia
- Extending Pune Facility to accommodate growth in one key customer

• Highlights for the Quarter (3/3)

Awards & Recognition

- Cyient recognized as Top IT/ITES Exporter Award in the ₹1,000 crore export category
- Mr. BVR Mohan Reddy conferred at the 26th HYSEA Awards
- “Major Contender” in the Everest Group Verification & Validation Engineering Services PEAK Matrix™ 2018
- Featured in the top 20 most promising Aerospace Tech Solutions Providers list by CIO Review

CSR Activities

- Continue to support 25 Government Schools - supporting underprivileged children
- Cyient Foundation participated in the Haritha Haram a mega plantation drive in the state of Telangana
- Added seven more Cyient Digital Centre that provides digital educational resources taking the total to 67 providing digital literacy to 27,000+ children

Highlights for the Quarter

- Financial Highlights
- Business Highlights
- CSR Activities
- Infrastructure
- Awards and Operations

Financial Update

- Revenue
- Income statement update
- Cash generation
- Hedge and other income

Business Update

- Significant highlights
- M&A update
- Industry outlook
- Future outlook

Annexures

• Revenue for Q2 FY19

Revenue	Q2FY18	Q3FY18	Q4FY18	Q1FY19	Q2 FY19	QoQ	YoY
\$ Mn	150.1	152.0	164.6	160.8	168.9	5.1%	12.5%
₹ Mn	9,654	9,834	10,618	10,800	11,870	9.9%	23.0%

Business Units	Services			Group			Geography	
	\$ Mn	QoQ	YoY	\$ Mn	QoQ	YoY		
A&D	49.3	1.0%	5.7%	64.1	7.4%	26.9%	NAM	\$87.7
Comms	35.0	2.6%	11.9%	36.4	1.0%	-5.6%		4.0% QoQ
U&G	20.8	2.7%	-2.4%	20.8	2.7%	-2.4%		16.7% YoY
Transportation	17.2	-0.4%	13.9%	17.2	-0.4%	13.9%	EMEA	\$40.2
I&ENR	12.5	4.0%	8.1%	16.3	7.6%	11.7%		1.7% QoQ
SIA	8.4	8.2%	53.0%	8.4	8.2%	53.0%		5.6% YoY
MT&H	2.8	9.1%	-3.6%	5.6	23.8%	29.0%	APAC (incl. India)	\$41.0
Total	146.0	2.3%	8.7%	168.9	5.1%	12.5%		11.0% QoQ
<i>CC Growth QoQ</i>		<i>3.5%</i>	<i>3.7%</i>		<i>6.5%</i>	<i>14.5%</i>		11.2% YoY

- Six out of Seven Business Units have grown QoQ with leading growth in I&ENR, U&G and Communication; DLM business grew 27.3%

**Planned exit of lower margin B2P in DLM is causing a YoY de-growth in the Communications business. This change is expected to improve the margins. The BU has a double digit growth in Services YoY and full year outlook for the services business is strong*

Income statement for Q2 FY19

All Figures in ₹ Mn	Q2 FY19	Q1 FY19	Q2 FY18
Revenue	11,870	10,800	9,654
Operating Profit	1,626	1,316	1,409
PAT	1,271	825	1,114
EPS (₹)	11.2	7.3	9.9

All Figures in %	Q2 FY19	Q1 FY19	Q2 FY18
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%
<i>ETR (excl. one-offs)</i>	<i>24.5%</i>	<i>27.1%</i>	<i>28.1%</i>
PAT Margin	10.2%	7.5%	11.1%

Operating profit Movement

- Service margin expansion of 212 bps QoQ at 15.3%
 - Tailwinds of rupee depreciation (~80 bps), improved utilization and offshoring (~130 bps), SG&A absorption (~100 bps) offset by headwinds of wage hike impact (~100 bps) *Please refer slide 11*
- Group margin expansion of 151 bps QoQ at 13.7%

Profit After Tax Movement

- PAT grew 54% QoQ aided by strong growth in operating profit (~24%) and other income (~233%) on account of "export incentives on Merchandise and Engineering and related services in DLM and Services ("Incentives")² (~₹234Mn) and unrealized gains on forex restatement (₹207Mn)
- ETR @29.8% higher due to one off¹ and Incentives²; Excluding the above, the ETR is 24.5%, down 70 bps QoQ
- ETR for FY19 excluding one off¹ and Incentives² is likely to be 23.6% down ~200 bps YoY
- We expect the benefits from Incentives to flow through in FY20 as well and ETR for FY20 is likely to be between 22% to 23%

¹During the quarter, there was dividend received from a subsidiary company. This is eliminated on consolidation; however the tax expense on the same increased the ETR for the quarter by 4.4% and for the year by 1.2%

²During the year, company received Incentives of ₹234Mn which is taxed at ~35% and thereby increased the ETR for the quarter by 0.9% and for the year by 0.2%. Excluding the impact of the above, the ETR for the quarter is 24.5%

- Operating margin bridge for Q2 FY19

₹ Mn	
OPM Q1 FY19 (Group)	12.2%
Add: DLM Impact	100 bps
OPM Q1 FY19 (excluding DLM)	13.2%
Headwinds	
Wage Hike	-100 bps
Tailwinds	
Forex - ₹ depreciation	80 bps
Utilization + Offshoring	130 bps
SG&A Absorption	100 bps
OPM Q2 FY19 (excluding DLM)	15.3%
Add: DLM Impact	-160 bps
OPM Q2 FY19 (Group)	13.7%

• Other Income for Q2 FY19

All Figures in ₹ Mn	Q2 FY19	Q1 FY19	Q2 FY18
Income from Treasury			
Interest on Invesmtents/Deposits	116	116	98
Dividend on Mutual Funds	14	8	10
Subtotal (A)	130	124	108
Realised gains/(losses) on Fwd Contracts (B)	(62)	(46)	161
Unrealised Fx gains/losses (C)	237	30	93
Others			
Interest on IT Refunds	0	13	0
Reversal of Old provisions	10	11	15
Rents received	2	10	10
Incentives	234	0	0
Others	17	28	20
Others (D)	263	62	45
Grand total (A+B+C+D)	568	170	406

• Other income is higher by ₹397Mn due to benefits from Incentives (₹234Mn) and unrealized restatement gain (₹207 Mn). Benefit from Incentive to continue through H2 FY19 and FY20 at ~₹209Mn and ₹443Mn respectively

• Realized loss on forward contract due to rupee depreciation against USD and CAD

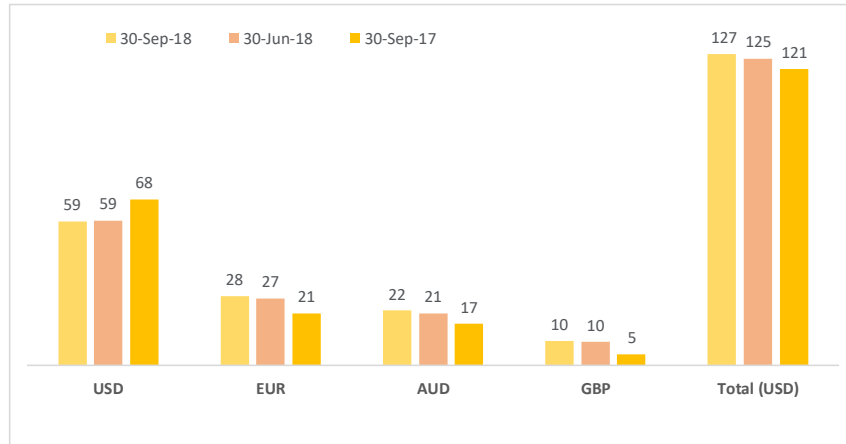
• As of 30th September, net monetary assets subject to restatement are ~\$35Mn

Currency Movement	Q2 FY19		Q1 FY19		Q2 FY18	
	Forward	Spot	Forward	Spot	Forward	Spot
USD	69.6	72.6	67.3	67.9	68.5	65.4
EUR	85.0	84.6	75.9	79.8	77.5	77.0
GBP	94.7	95.0	87.7	91.1	88.3	87.8
AUD	52.6	52.3	50.4	50.7	52.2	51.3
CAD	54.3	55.7	50.4	52.0	52.4	52.6

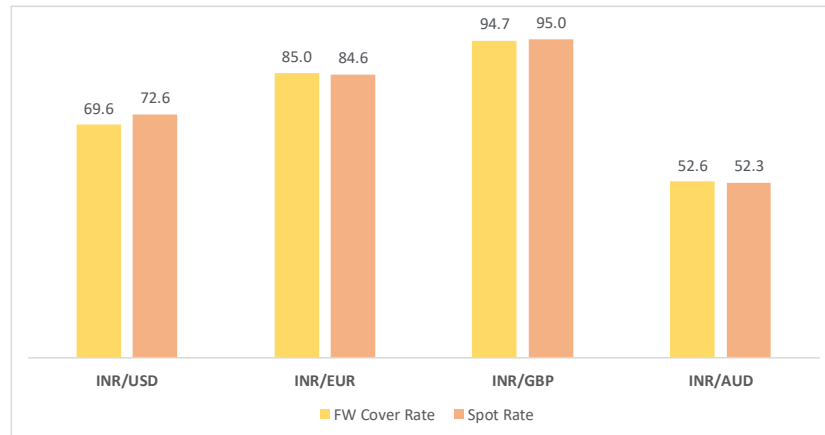
• Hedge Book for Q2 FY19

Outstanding Forward Contracts*

Value in Respective
Currency Mn.



Booked Rate (in ₹) for next 12 Months



- Despite the volatility in major currencies, the company continues to adhere to a consistent Fx policy of hedging ~70% for next 12 months for major currencies (USD, GBP, EUR, CAD and AUD)
- On the current forward contracts, the company has following position for the next 12 months at current spot rates:
 - Outstanding Forward Contract as on 30th Sep '18 in ~ \$127 Mn
 - If the spot rate remains at same level (as at 30th Sep'18), forex loss on current forward contracts could be **~\$ 2.5Mn for next 12 months; of which ~\$2.8Mn in next six months**

Cash Generation for Q2 FY19

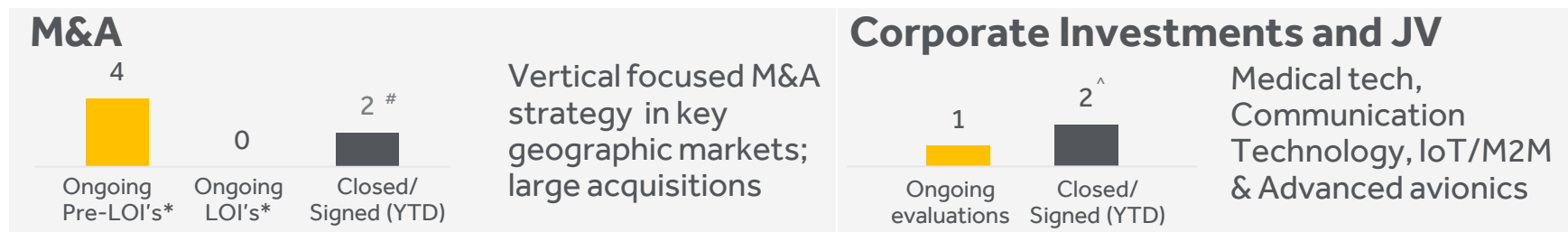
All Figures in ₹ Mn	Q2 FY19	Q1 FY19	Q2 FY18
Services			
Operating Profit	1,466	1,273	1,389
Other Income	520	157	405
Profit from Operations	1,986	1,430	1,795
DSO Movement (Receivables)	(284)	(1,123)	(562)
<i>DSO Days (Services)</i>	<i>84</i>	<i>88</i>	<i>82</i>
Other WC changes	62	539	10
Operating CF after WC changes	1,764	846	1,243
Less: Taxes	(436)	(142)	(424)
Less: Capex	(160)	(286)	(208)
Free Cash Flow generated (Services) - i	1,168	418	611
DLM			
Free Cash Flow generated (DLM) - ii	417	27	(191)
Group FCF (i+ii)	1,585	445	420
FCF to EBITDA Conversion	72.3%	29.9%	23.1%

- Cash and cash equivalents at a healthy levels of ₹12,110Mn after payment of final dividend ₹4.0/share
- FCFF to EBITDA conversion at 72%; H1 FY19 conversion at 47%
- DSO at 82 days, 7 days lower QoQ, due to improved collection
- Cash flow conversion at 72%; H1 at 55% at group level and 45% for services

	Financial Update	Business Update
<ul style="list-style-type: none">• Financial Highlights• Business Highlights• Awards & Recognition• CSR Activities		<ul style="list-style-type: none">• Significant highlights• M&A update• Industry outlook• Future outlook
Annexures		

- **Significant Developments for Q2 FY19**
 - **Cyient Solutions & Systems Pvt. Ltd. ("CSS") – a 51:49 Joint Venture with Bluebird Aero Systems, Israel**
 - CSS won its first contract from Indian Army for supplying SpyLite mini UAV systems for high altitude aerial surveillance.
 - Identified \$190M opportunity pipeline and in the process of finalising go-to-market strategy.
 - Currently in investment phase and expect to break-even in FY21
 - **New Business Accelerator program (NBA)**
 - Seven new projects got added in Q2'FY19 taking the total projects to 19, to commence over H2'FY19
 - Seeing customer level traction in the products/solutions being developed under NBA, especially in the IoT space
 - The current NBA initiatives to accelerate Cyient's EPS growth from FY21 (year 3 onwards)

Investment Pipeline & Focus Areas for Q2 FY19











*Pre LOI and LOI are the current balances

Ansem acquisition and acquisition of balance 49% in Cyient Insights

^ includes Bluebird JV

Broad inorganic strategy of focusing on new geography led expansion, new services and consolidation opportunities shall continue

Active Investment Pursuits – Specific focus areas

 A&D <ul style="list-style-type: none"> IP led opportunities in systems, sub-systems and components in Avionics and Digital and MRO sub-systems 	 Comms <ul style="list-style-type: none"> Design and planning companies in small cells Next gen comm. solutions, Network analytics and optimization & remote mgmt 	 Medical <ul style="list-style-type: none"> Design to Build companies with OEM partnership in Diagnostic Imaging, In-vitro Diagnostic & Cardiology 	 Rail <ul style="list-style-type: none"> Signalling Application Engineering & Testing
 I&ENR <ul style="list-style-type: none"> Digital solutions – Connected equipment, Asset Health Monitoring, Digital Capital Projects and Industrial automation integration 	 SI&A <ul style="list-style-type: none"> Systems Co. with focus on Embedded Systems & Software: Auto Expertise, Autonomous/Connected - HW & SW & IoT systems - HW /SW 	 DLM <ul style="list-style-type: none"> Vertical led design specializing in high-mix, low-medium volume assemblies, quick-turn prototypes and new product introduction (NPI) 	 Corp. Inv. <ul style="list-style-type: none"> Startup investments & strategic organic opportunities: JV/Collaboration, IP investment

* Broad inorganic strategy focused on new geography led expansion, new Services and consolidation opportunities continue

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• Industry Outlook & Business Performance (1/4)

Aerospace & Defense

The Aerospace and Defense (A&D) industry is expected to witness strong growth driven by increase in commercial aircraft order backlog. The defence spending is expected to increase across most top spenders for the year. Overall, the industry is expected to witness a 5% growth, the same as previous year. The focus on innovation would continue with focus on intelligence and cyber security. We are seeing stability and moderate growth in our large accounts and good 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 industry continues to be a critical force for growth, innovation, and disruption across multiple industries. The Revenue growth for carriers is of critical importance in 2018. Revenue yield on data services (revenue per bit consumed) continues to decline as consumers use more and more data, with static or declining monthly bills. Hence, it is critical to identify rapid investment opportunities across the telecom portfolio—including 5G, IoT, and cross-industry partnerships (such as mHealth and mPayments), as well as a host of other growth opportunities. 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.



• Industry Outlook & Business Performance (2/4)

Utilities and Geospatial

The utilities industry is witnessing significant growth due to an investment in distributed and renewable power generation projects and increasing regulatory driven requirements. Large investments in grid modernization, renewables, mobility and smart metering continue to dominate capital investments, supported by operational processes to manage increasing volumes of data. The global Geospatial market also continues to grow as spatial dimension and locational context becomes critical for many diverse businesses and applications. There is an increasing focus on mobile solutions, as well as AR/VR, 3D, and indoor-mapping. 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

The rail transportation industry is expected to witness strong growth driven by growth in rolling stock and signalling. The industry focus on consolidation continues. The focus on digitization and standardization is expected to continue throughout the year. 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. 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.



• Industry Outlook & Business Performance (3/4)

Industrial, Energy and natural resources

The oil & gas industry continues to recover from last few years of weak prices, enforced capital discipline, portfolio realignments, and productivity efficiencies. The outlook for mining sector is positive with rising commodity prices. The sector is experiencing strong outlook of future orders and reduced operational costs. The investment in the sector is expected to improve with a significant number of large projects and expansions to go live from 2020. 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

The semiconductor industry grew by 4.4 percent in the second quarter of 2018. The growth occurred in all application markets and world regions. The growth was predominantly driven by growth in enterprise and storage segments. Overall, the demand for Artificial Intelligence (AI), Internet of Things (IoT), Level 3 autonomous vehicles, and high-throughput technologies such as 5G and Augmented/Virtual Reality (AR/VR) are driving increased demand across the semiconductor segment, particularly for processors, sensors and analog ICs. The BU has gained traction with new automotive customers and ramp up with existing semiconductor customers. The AnSem acquisition is further expected to scale service offerings and customer base. The BU expects high double digit growth for the year.



• Industry Outlook & Business Performance (4/4)

Medical Technology and Healthcare

The medical device industry is poised for steady growth, with the industry expected to grow at a rate of ~5% during the year. The growth is driven by increased demand for digital health solutions such as Artificial Intelligence (AI), Internet of Medical Things (IoMT), Big Data & Analytics, and Robotics. Further economic development across emerging markets is helping drive growth in the 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.



• Outlook for FY19

Revenue Growth

- Double digit growth in the Services business
- Legacy DLM business expected to grow by ~20%
- Overall DLM growth expected to be ~35% including B&F

Operating Profit

- Double digit growth in operating profit in FY19
- OPM to be higher YoY by ~ 50 bps (If INR stays at 72/\$ for the rest of the year without any cross currency headwinds)

Driver	Year beginning	Current view (Fcst)
Utilization, Offshoring & Other efficiency drivers	+ 200 bps	+ 100 bps ●
Fx Gains	0 bps	+ 150 bps ●
Indirect Cost Absorption	+ 70 bps	+ 50 bps ●
Wage Hike	- 170 bps	- 170 bps ●
Additional investment in NBA	- 100 bps	- 80 bps ●
Net Change in OPM	0 bps	+ 50 bps ●

- DLM margin will improve YoY: low single digit

Others

- Other Income higher from initial outlook due to gains from Incentives.
- Reported ETR likely to be 24.4% - 25.4% (Even with incremental PBT due to higher other income) and ETR (excl. dividend) is likely to be in the range of 23.2% - 24.2%

Net profit – High single to double digit growth

Status against
initial outlook



Cyient (Estd: 1991, NSE: CYIENT) provides engineering, manufacturing, geospatial, networks, and operations management services 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 Chwezi 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) & 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



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 rigor 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

¹ Forward 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, networks, and operations management services 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