



CYIENT

INVESTOR PRESENTATION

Q1 FY21

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- Leadership team



BVR MOHAN REDDY
Executive Chairman



KRISHNA BODANAPU
MD & CEO



AJAY AGGARWAL
President & CFO



KARTHIK NATARAJAN
President & COO

Highlights

- Financial Highlights
- Business Highlights

Financial Update

- Revenue
- Income statement update
- Margin bridge
- Cash generation

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- BU performance update

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• Highlights for the Quarter (1/4)

Revenue

-7.6% QoQ (₹ terms)
-12.5% QoQ (\$ terms)

Quarterly revenue at
\$130.6Mn/₹9,917Mn

Consolidated EBIT Margin @ 5.2%

Services EBIT margin at 6.7%
DLM EBIT margin at -4.6%

PAT growth @ 8.0% QoQ

PAT for the quarter at ₹814 Mn

Financial Highlights for Quarter

- Consolidated revenue at \$130.6 Mn; de-growth of 12.5% QoQ and de-growth of 16.6% YoY
- Services revenue at \$112.2 Mn; de-growth of 15.2% QoQ (-14.3% in CC) and de-growth of 18.6% YoY
- DLM revenue at \$18.4 Mn; growth of 8.5% QoQ, and de-growth of 1.4% YoY
- Free cash flow to EBITDA conversion at 138.1%
- EBIT margin for services at 6.7%, down 283 bps QoQ
- EBIT margin for DLM at -4.6%, down 410 bps QoQ
- Profit After Tax at ₹814 Mn for the quarter; growth of 8.0% QoQ

• Highlights for the Quarter (2/4)

Update on deal wins - Hitachi Rail:

- Signed an agreement with Hitachi Rail to deliver project engineering services and accelerate the evolution of its signalling technology
- Cyient will develop and operate a Central Delivery Centre for Hitachi Rail in India, and a Regional Centre in the US
- Will be responsible for delivering engineering services for Hitachi's global signalling projects that use proprietary interlocking platforms

Update on collaboration with Microsoft

- Cyient IoT Edge Gateway 5400, the flagship product in the company's family of IoT gateways, is Microsoft Azure Certified for IoT
- Cyient's IoT Edge Gateway 5400 provides diverse connectivity and communication protocol options, advanced data processing, and edge analytics capabilities for remote asset monitoring and predictive maintenance solutions

Diversifying our customer base

- We have added 25 new customers in Q1 FY21

Commissioning of the Hyderabad factory

- The new DLM factory in Hyderabad has been commissioned. This is one of the most advanced electronics manufacturing facilities in India, underpinned by the latest technologies in factory automation, Industry 4.0 and supply chain management
- Strategic advantage to be located in a manufacturing hub in terms of proximity to probable customers, managing supply chains and co-ordination with the design teams

- Highlights for the Quarter (3/4)

Overview of Hyderabad plant



Location: Hyderabad Airport Special Economic Zone

Size of facility: 150,000 Sq. Ft facility in 10 Acres of Land

Status: Qualification of units are in progress and serial production will start from August 2020

Employees: 100+ by end of July 2020 and 500+ March 2021

• Highlights for the Quarter (4/4) •

Key appointments - Strengthening the Senior management team

Felice Gray-Kemp - Senior Vice President and Global General Counsel

- Leads the compliance function for Cyient and will be responsible for ensuring that our legal, enterprise risk management, corporate governance, and secretarial functions continue to reflect a commitment to excellence and ethics
- Brings in more than 22 years of global commercial law experience to the company

Meenu Bagla - Vice President and Chief Marketing Officer

- Will be responsible for strengthening the brand reach, relevance, and advocacy to deliver accelerated business growth in new and existing markets
- More than 20 years of experience in the technology industry

Richard L. Palm - Vice President - Supply Chain, Design Led Manufacturing

- Strong expertise in operations with specialization in strategic sourcing, supply management, global sourcing, global logistics, material requirements planning (MRP), and procurement
- Has over 25 years of broad experience in many industries, including communications, consumer electronics, computers and network security, automotive, and supply chain consulting

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Revenue for Q1 FY21

Revenue	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	QoQ	YoY
Group							
\$ Mn	156.6	164.2	155.2	149.2	130.6	-12.5%	-16.6%
₹ Mn	10,890	11,589	11,060	10,736	9,917	-7.6%	-8.9%
Services							
\$ Mn	137.9	140.4	140.1	132.3	112.2	-15.2%	-18.6%
₹ Mn	9,593	9,902	9,984	9,513	8,521	-10.4%	-11.2%
DLM							
\$ Mn	18.7	23.8	15.1	17.0	18.4	8.5%	-1.4%
₹ Mn	1,297	1,687	1,076	1,222	1,396	14.2%	7.6%

Revenue USD Mn	Q1 FY21	QoQ	YoY
Geography			
NAM	68.3	-17.8%	-21.3%
EMEA	31.3	-18.5%	-28.9%
APAC incl India	31.0	11.8%	20.4%

- Services de-growth of 15.2% QoQ
- Overall DLM is higher by 8.5% QoQ (\$1.4 Mn), primarily due to increase in Standalone DLM revenue of \$2.5 Mn QoQ

Income statement for Q1 FY21

All Figures in ₹ Mn	Q1 FY21	Q4 FY20	Q1 FY20
Revenue	9,917	10,736	10,890
EBIT (Reported)	511	464	1,005
EBIT (Normalised)	511	905	1,005
PAT (Reported)	814	452	905
PAT (Normalised)	814	754	905
EPS (₹ Reported)	7.4	4.1	8.2
EPS (₹ Normalised)	7.4	6.9	8.2

All Figures in %	Q1 FY21	Q4 FY20	Q1 FY20
Gross Margin	30.5%	33.5%	34.4%
EBIT Margin (Reported)	5.2%	4.3%	9.2%
EBIT Margin (Normalised)	5.2%	8.4%	9.2%
ETR*	25.0%	23.9%	22.0%
PAT Margin (Reported)	8.2%	4.2%	8.3%
PAT Margin (Normalised)	8.2%	7.0%	8.3%

*ETR for Q4FY20 excludes one offs

QoQ EBIT Movement

- Consolidated EBIT margin stood at 5.2%; down 328 bps QoQ
- Services margin at 6.8%; lower by 283 bps QoQ primarily driven by one time restructuring cost (259 bps), volume impact on SGA and depreciation (289bps), one off adverse revenue mix (134 bps) offset by reduction in SG&A cost (185 bps), improvement in operational metrics (110bps) and forex impact (104 bps). (Please refer slide 12).
- DLM margins -4.6%; compared to -0.5% in Q4 FY20

Profit After Tax Movement

- Normalized PAT increase by 8.0% QoQ is primarily due to higher other income on account of export incentives received
- ETR is 25%. However without export incentives, ETR would be 23.6%, lower by 30bps QoQ

EBIT margin bridge for Q1 FY21

Particulars	
EBIT Q4 FY20 (Group)^	8.4%
<i>Add: DLM impact</i>	<i>115 bps</i>
EBIT Q4 FY20 (Services)^	9.6%
Headwinds in Q1 FY21	
<i>One time restructuring costs</i>	<i>-259 bps</i>
<i>Volume impact on SGA & Depreciation</i>	<i>-289 bps</i>
<i>One off adverse revenue mix</i>	<i>-134 bps</i>
Tailwinds in Q1 FY21	
<i>Reduction in SG&A cost</i>	<i>185 bps</i>
<i>Improvements in operational metrics</i>	<i>110 bps</i>
<i>Fx impact</i>	<i>104 bps</i>
EBIT Q1 FY21 (Services)	6.7%
<i>Less: DLM impact</i>	<i>-160 bps</i>
EBIT Q1 FY21 (Group)	5.2%

[^]Normalised EBIT is considered for Q4FY20

Cash Generation for Q1 FY21

All Figures in ₹ Mn	Q1 FY21	Q4 FY20	Q1 FY20
Services			
Profit before tax	1,141	904	1,157
(+/-) Non-cash & non-operating items	380	817	401
Operating profit before WC changes	1,521	1,721	1,558
(+/-) DSO Movement (Receivables)	662	-73	-1,320
(+/-) Other WC changes	510	19	653
Operating CF after WC changes	2,693	1,667	891
Less: Taxes	-164	-390	-240
Less: Capex	-451	-263	-330
FCF Services	2,078	1,014	321
DLM			
Free Cash Flow generated (DLM) - ii	85	60	-182
Group FCF (i+ii)	2,163	1,074	139
FCF to EBITDA Conversion	138.1%	75.2%	8.8%

Note: Free Cash Flow(FCF), which was being earlier prepared as per management reporting, has been aligned to statutory reporting with effect from Q1 FY21. Consequently, the comparative periods have also been recast to reflect the change. The format for presentation has also been suitably amended

Cash Generation

- Cash and cash equivalents at a healthy levels of ₹ 11,098 Mn
- In Q1, the cash flow conversion stood at 138.1% for group and 144.9% for Services. DLM has generated cash of ₹85 Mn in Q1 FY21
- Export incentives of ₹519 Mn boosted cash conversion

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• BU performance Q1 FY21

Business Units	Services			DLM			Group		
	\$ Mn	QoQ	YoY	\$ Mn	QoQ	YoY	\$ Mn	QoQ	YoY
A&D	35.0	-22.9%	-27.8%	12.7	14.3%	3.4%	47.6	-15.6%	-21.5%
Communications	30.0	-10.8%	0.7%	0.0	-26.4%	-62.5%	30.1	-10.8%	0.6%
E&U	13.2	-13.7%	-22.0%	1.3	-52.5%	-66.3%	14.5	-19.4%	-30.0%
Transportation	13.4	-10.8%	-24.1%	0.1	-29.3%	46.8%	13.5	-10.9%	-23.9%
Portfolio	11.3	-20.5%	-20.9%	NA	NA	NA	11.3	-20.5%	-21.3%
SIA	6.2	15.6%	-18.7%	NA	NA	NA	6.2	15.6%	-18.7%
MT&H	3.1	-7.4%	-0.8%	4.4	46.8%	74.2%	7.4	18.2%	32.7%
Total	112.2	-15.2%	-18.6%	18.4	8.5%	-1.4%	130.6	-12.5%	-16.6%
<i>CC Growth</i>		<i>-14.3%</i>	<i>-16.9%</i>					<i>-11.6%</i>	<i>-15.1%</i>

- Services de-growth of 15.2% QoQ, 14.3% in constant currency lower by \$20.1 Mn mainly from A&D, Communications and Portfolio
- Overall DLM is higher by 8.5% QoQ (\$1.4 Mn), primarily due to increase in Standalone DLM revenue of \$2.5 Mn QoQ

• Business Performance & Outlook (1/3)

Aerospace & Defense

Aerospace & Defence business unit witnessed a decline of 15.6% QoQ and 21.5% YoY. The services business from commercial aviation clients witnessed significant challenges across geographies. The defence business remained resilient and we expect the traction to continue through the year. The manufacturing business grew driven by new wins and stable defence accounts.

We expect to witness decline in Q2 driven by poor market demand for passenger travel. We are actively engaged with key clients to strengthen our relationship and retain our market share. We expect manufacturing business to witness strong growth through Q2. The digital offerings are seeing momentum in this vertical. We expect the demand to be driven by digital, defence and DLM in the near term.

Communications

Communications business unit witnessed a decline of 10.8% QoQ and growth of 0.6% YoY. The services business witnessed increased demand in key clients driven by demand for increased network bandwidth both from consumer & enterprise segments . Also 5G rollouts across various geographies are gaining traction. However, closure on major programs, field access and new client acquisition remained a challenge.

We expect strong growth in Q2 driven by growth in key clients. 5G rollouts, wireless and fiber rollout, digital technologies will continue to drive growth through next few quarters.

• Business Performance & Outlook (2/3)

Transportation

Transportation business unit witnessed a decline of 10.9% QoQ and 23.9% YoY, primarily driven by change in revenue complexion and lower momentum in one of our key clients.

Our outlook for Q2 continues to remain positive driven by growth in key client accounts and new wins in mobility business. We expect momentum in signaling business to return through the quarter.

E&U

Energy and Utilities business unit witnessed a decline of 19.4% QoQ and 30.0% YoY driven by temporary stoppage in field work for the Utilities business and decline in demand for the manufacturing business.

We expect strong growth in Q2 driven by growth across services. We expect traction in Energy segment to return post Q2

MTH

Medical technology and Healthcare business unit witnessed a growth of 18.2% QoQ and 32.7% YoY driven by growth in key client in the services business and manufacturing business.

Our outlook for Q2 stands positive driven by growth in key client in the manufacturing business. We expect growth in Covid related equipment's like IVD and hospital equipment's to drive growth through the quarter.

• Business Performance & Outlook (3/3)

SIA

Semiconductor, IoT and Analytics business unit witnessed a growth of 15.6% QoQ and decline of 18.7% YoY. The growth was driven by growth in key clients in semiconductor as well as embedded automotive services. We also completed ASIC IC shipments for a high precision GPS chip leveraging our new test infrastructure in Europe. Besides this, our facilities in Leuven (Belgium) and Duisburg (Germany) will be fully equipped to perform test development for high volume production for complex analog mixed signal ASICs through the year.

We expect growth through Q2 driven by ramp up in new turnkey ASIC projects and IC shipments.

DLM

Design Led manufacturing business unit witnessed a growth of 8.4% QoQ and decline of 1.4% YoY driven by growth across Aerospace and Medical segments. Our strong focus on inventory reduction through the quarter resulted in increased cash flow for the business.

We expect strong growth through Q2 driven by key clients in Aerospace & Defence and Medical segment. We will continue to focus on better inventory management and operational excellence to improve our cash position.

Cyient (Estd: 1991, NSE: CYIENT) is a global engineering and technology solutions company. As a Design, Build, and Maintain partner for leading organizations worldwide, Cyient takes solution ownership across the value chain to help customers focus on their core, innovate, and stay ahead of the curve. The company leverages digital technologies, advanced analytics capabilities, domain knowledge, and technical expertise to solve complex business problems.

Cyient partners with customers 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 defense, healthcare, telecommunications, rail transportation, semiconductor, geospatial, industrial, and energy.

For more information, please visit www.cyient.com. Follow news about the company at @Cyient

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Disclaimer

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 DLM Private Limited, Cyient Canada Inc.; Cyient Defense Services Inc; Cyient Benelux BV; Cyient Schweiz GmbH; Cyient SRO; AnSem NV; AnSem B.V.; and Cyient AB.

During the quarter, B&F Design Inc was merged with Cyient Defense Services Inc

Partly owned subsidiary: Cyient Solutions and Systems Private Limited.

Joint venture: Infotech HAL Ltd

The income statement and cash flow provided is in the internal MIS format. MIS format is different from the income statement and cash flow published as part of the financial results, which is as per the statutory requirement.



THANK YOU