



CYIENT

# INVESTOR PRESENTATION ANNEXURE

Q2 FY21

## • Message from the Management



**Commenting on the results, Mr. Krishna Bodanapu, Managing Director and Chief Executive Officer, said** “Q2 FY21 results are in line with our expectations. We recorded a revenue of \$135 Mn which was higher by 1.3% QoQ and lower by 16.3% YoY in constant currency. Growth in Services business across Transportation, Communications and Portfolio BUs was offset by Aerospace & Defense BU decline. The DLM business grew by 13.3% QoQ. The EBIT margin is higher by 586bps QoQ. We generated Free Cash Flow of \$27.3 Mn in Q2FY21.

This quarter we focused on setting up the business back on a growth path. We continued our rigor on efficiency improvement and building pipeline for the business. We won key projects which sets us up for a better H2. We are focused on building a strong pipeline with large opportunities and rigor on account mining across key clients. This quarter we also restructured the organization to realign ourselves to the market opportunities and focus on growth in key industries. The new structure will enable us to function in a more agile and efficient manner. We also made significant investments in strengthening our business through strategic partnerships and M&A. We intend to acquire IG partners, an Australian consulting firm to expand our digital capabilities in the mining sector. The IG Partners transaction, the terms of which are confidential, remains conditional on regulatory approval and will result in Cyient taking full ownership of the company.

Our outlook for H2 is positive and we expect growth based on the outlook and pipeline across most sectors. We will see a decline in the aerospace business due to seasonality challenges and lower number of workdays. For the year we expect a double digit decline in revenue and margins will be similar to FY 20 margins.”

## • Message from the Management



**Commenting on the results, Mr. Ajay Aggarwal, President & CFO, said, "I am pleased to share that during Q2 FY21, we delivered one of our best margin and cash flow in recent past. Our initiatives on increasing efficiency and cost optimisation yielded results with EBIT margin at 11%, an expansion of 586 bps QoQ and our EBIT is flat YOY . Our sustained focus on collections and cash conservation led to a robust FCF to EBITDA conversion of 131.4% and healthy cash balance of INR 13,509 Mn.**

We generated FCF of ₹ 2,032 Mn for the quarter with DSO at 90 days (Lower QoQ by 10 days). We witnessed a significant improvement in Design Led Manufacturing (DLM) performance specially on improved margin.

Our rigorous initiatives on collection, discretionary cost control and automation continue. We expect the full benefits of improved operational efficiency to be visible by end of FY21. We remain deeply focussed on organic and inorganic strategic investments.

Cyient will continue to reap opportunities for growth, improvement in operating margin, cash generation and thus delivering on the promise of maximizing the value for our shareholders."

# Consolidated Financial Metrics

## Key Financial Metrics

₹ Mn	Q2 FY21	Q1 FY21	Q2 FY20	Growth %	
				QoQ	YoY
Revenue	10,033	9,917	11,589	1.2%	-13.4%
Reported EBIT	1,105	511	1,110	116.2%	-0.5%
EBIT margin	11.0%	5.2%	9.6%	586 bps	143 bps
Reported PAT	839	814	985	3.0%	-14.8%
Reported EPS (₹)	7.6	7.4	9.0	3.0%	-14.8%

## Key Financial Metrics

\$ Mn	Q2 FY21	Q1 FY21	Q2 FY20	Growth %	
				QoQ	YoY
Revenue	135.0	130.6	164.2	3.4%	-17.8%
EBIT	14.9	6.7	15.6	120.9%	-4.9%
EBIT margin	11.0%	5.2%	9.6%	586 bps	143 bps
Reported PAT	11.3	10.7	13.8	5.2%	-18.3%

## Foreign Exchange Rate

\$/₹	Q2 FY21	Q1 FY21	Q2 FY20
Quarter Average	74.32	75.93	70.58
Quarter Closing	73.78	75.60	70.50

# Consolidated Revenue Segmentation

## By Geography (%)

	Q2 FY21	Q1 FY21	Q2 FY20
Americas	49.9%	52.3%	55.3%
Europe, Middle East, Africa	28.9%	24.0%	26.5%
Asia Pacific (includes India)	21.2%	23.7%	18.2%

## By Business Unit (%)<sup>^</sup>

	Q2 FY21	Q1 FY21	Q2 FY20
Aerospace and Defense	31.6%	36.5%	39.9%
Transportation	12.1%	10.3%	11.1%
Energy and Utilities	10.7%	11.1%	12.8%
Semiconductor, IoT and Analytics	4.5%	4.7%	4.2%
Medical, Technology and Healthcare	8.2%	5.7%	4.0%
Communications	24.0%	23.0%	18.7%
Portfolio	8.8%	8.7%	9.3%

<sup>^</sup> Including DLM split across BUs

# Consolidated Operations Metrics

## Account Receivables (in Days)

	Q2 FY21	Q1 FY21	Q2 FY20
<b>DSO Total</b>	<b>90</b>	<b>100</b>	<b>95</b>
- Billed	64	67	64
- Unbilled	26	33	31

## Order Intake (\$ Mn)<sup>^</sup>

	Q2 FY21	Q1 FY21	Q2 FY20
Cyient Services	112	99	143
DLM	15	18	22
<b>Group OI Total</b>	<b>127</b>	<b>117</b>	<b>165</b>

<sup>^</sup>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 Client Metrics

## Top Clients: Revenue Contribution (%)

	Q2 FY21	Q1 FY21	Q2 FY20
Top 5	29.5%	30.2%	31.0%
Top 10	38.4%	40.1%	41.6%

## No. of Million \$ Clients

	Q2 FY21	Q1 FY21	Q2 FY20
20 Mn+	3	3	4
10 Mn+	7	9	12
5 Mn+	32	30	27
1 Mn+	95	92	91
<b>New Clients Added</b>	<b>16</b>	<b>25</b>	<b>20</b>

# Consolidated Employee Metrics

## Employee

	Q2 FY21	Q1 FY21	Q2 FY20
Total Headcount	12,267	12,820	14,869
Technical & Pool	11,335	11,846	13,800
Non-Technical	310	320	380
Support	622	654	689
Voluntary Attrition	9.2%	13.6%	18.0%



# Consolidated Other Financial Metrics

## Capex (₹ Mn)^

	Q2 FY21	Q1 FY21	Q2 FY20
Capital Expenditure	120	563	412

*^Capex includes investment and business capex*

## Cash Position (₹ Mn)

	Q2 FY21	Q1 FY21	Q2 FY20
Cash & Cash Equivalent	13,509	11,098	8,641
Cash & Bank balances	4,680	4,733	3,586
Investments in FDs	8,829	6,365	4,039
Investment in MFs	-	0	1,016

## Outstanding Forward Contracts (Mn of respective currencies)^

	Q2 FY21	Q1 FY21	Q2 FY20
USD / INR	69.1	69.1	69.4
EURO / INR	28.8	28.8	26.7
GBP / INR	6.5	6.5	7.5
AUD / INR	27.7	27.7	24.5

*^Forward contracts are taken only for services business*

# Consolidated Income Statement

₹ Mn	Q2 FY21	Q1 FY21	Q2 FY20
<b>Operating Revenue</b>	<b>10,033</b>	<b>9,917</b>	<b>11,589</b>
<b>Cost of Revenue</b>	<b>6,449</b>	<b>6,891</b>	<b>7,601</b>
Direct Salary and related costs	4,075	4,441	4,986
Direct Travel	97	69	192
Delivery Management	249	255	209
Material cost	1,074	1,090	1,249
Other costs incl Subcontract costs	954	1,036	964
<b>Gross profit</b>	<b>3,584</b>	<b>3,026</b>	<b>3,987</b>
Sales and Marketing	365	448	531
General and Administration	1,630	1,583	1,859
Depreciation and Amortization	484	484	488
<b>EBIT</b>	<b>1,105</b>	<b>511</b>	<b>1,110</b>
Financial expenses	107	109	120
Other income	93	684	264
<b>Profit before tax (PBT)</b>	<b>1,091</b>	<b>1,086</b>	<b>1,254</b>
Tax	252	272	281
Associate & Minority Profit	0.1	0.2	12.2
<b>Profit After Tax (Reported)</b>	<b>839</b>	<b>814</b>	<b>985</b>
Basic EPS (₹) (Reported)	7.6	7.4	9.0
Gross Margin	35.7%	30.5%	34.4%
EBIT Margin	11.0%	5.2%	9.6%
Effective Tax Rate	23.1%	25.0%	22.4%
PAT Margin (Reported)	8.4%	8.2%	8.5%

# Consolidated Balance Sheet

₹ Mn	Q2 FY21	Q1 FY21	Q2 FY20
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
- Share capital	550	550	550
- Reserves and surplus	26,841	25,889	25,206
<b>Total - Shareholders' funds</b>	<b>27,391</b>	<b>26,439</b>	<b>25,756</b>
<b>Non-current liabilities</b>			
- Long-term borrowings and liabilities	2,891	2,949	3,730
- Long-term provisions	1,222	1,199	1,152
- Deferred tax liabilities (net)	269	313	327
<b>Total - Non-current liabilities</b>	<b>4,382</b>	<b>4,461</b>	<b>5,209</b>
<b>Current liabilities</b>			
- Short-term borrowings	3,407	2,695	2,273
- Trade payables	3,722	3,530	4,142
- Other current liabilities	3,620	4,478	3,532
- Short-term provisions	751	863	871
<b>Total - Current liabilities</b>	<b>11,500</b>	<b>11,566</b>	<b>10,818</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>43,273</b>	<b>42,466</b>	<b>41,783</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
- Property, plant and equipment	8,795	9,176	8,795
- Goodwill	5,384	5,371	5,189
- Non-current investments	426	415	344
- Deferred tax assets (net)	337	403	426
- Other non-current assets	1,740	1,820	1,956
<b>Total - Non-current assets</b>	<b>16,682</b>	<b>17,185</b>	<b>16,710</b>
<b>Current assets</b>			
- Inventories	1,657	1,719	2,200
- Current investments	0	0	1,016
- Trade receivables	6,938	7,340	8,296
- Cash and cash equivalents	13,509	11,098	7,625
- Other current assets	4,487	5,124	5,936
<b>Total - Current assets</b>	<b>26,591</b>	<b>25,281</b>	<b>25,073</b>
<b>TOTAL ASSETS</b>	<b>43,273</b>	<b>42,466</b>	<b>41,783</b>

# Consolidated Cash Flow Movement

₹ Mn	Q2 FY21	Q1 FY21	Q2 FY20
<b>Free cash flow from operations</b>	<b>2,032</b>	<b>2,163</b>	<b>516</b>
Investment in non current investments	-15		
Settlement of deferred consideration pertaining to prior year acquisitions		-99	
Interest received	132	21	239
Finance costs paid	-47	-58	-50
Proceeds/(Repayment) of borrowings, net	612	-268	-100
Repayment of lease liabilities	-265	-243	-282
Proceeds from issue of equity shares			17
Dividend paid	1	-9	-4
Others	-39	73	92
<b>Net change in cash</b>	<b>2,411</b>	<b>1,580</b>	<b>428</b>
<b>Opening cash position</b>	<b>11,098</b>	<b>9,518</b>	<b>8,213</b>
<b>Closing cash position</b>	<b>13,509</b>	<b>11,098</b>	<b>8,641</b>
<b>FCF to EBITDA<sup>^</sup> Conversion</b>	<b>131.4%</b>	<b>138.1%</b>	<b>29.4%</b>

<sup>^</sup>EBITDA used for FCF conversion includes other income part of cash flow from operations

**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

# Other Income for Q2 FY21

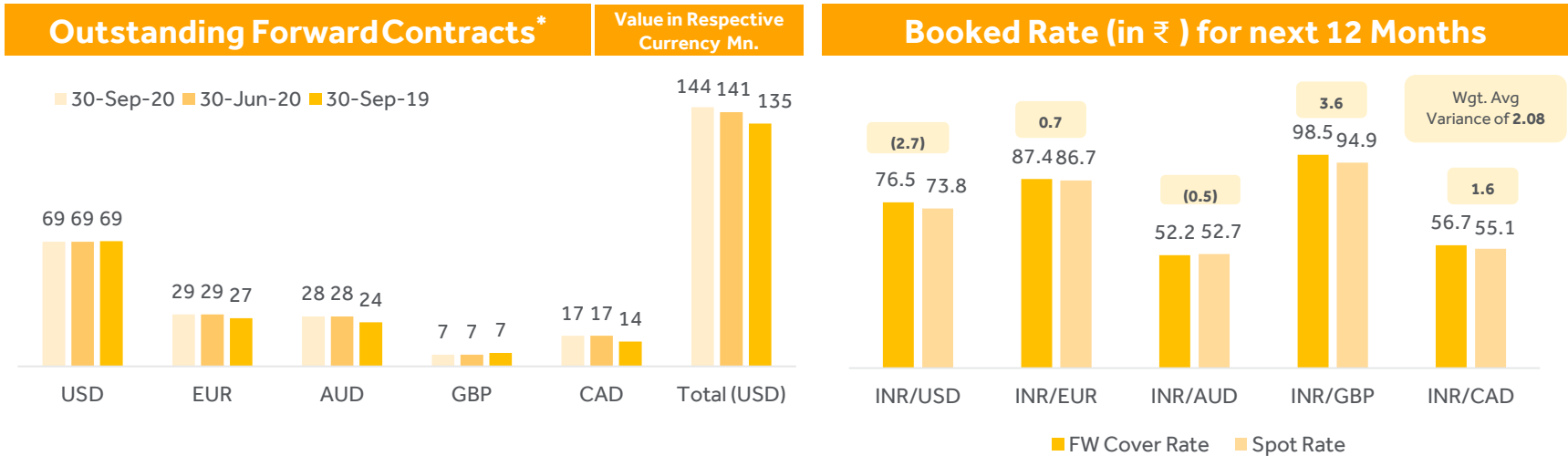
All Figures in ₹ Mn	Q2 FY21	Q1 FY21	Q2 FY20
<b>Income from Treasury</b>			
Interest on Invesmtents/Deposits	115	91	96
Dividend on Mutual Funds	0	0	5
<b>Subtotal (A)</b>	<b>115</b>	<b>91</b>	<b>101</b>
<b>Realised gains/(losses) on Fwd Contracts (B)</b>	<b>(66)</b>	<b>(52)</b>	<b>174</b>
<b>Unrealised Fx gains/(losses) (C)</b>	<b>(26)</b>	<b>70</b>	<b>(56)</b>
<b>Others</b>			
Interest on IT Refunds	0	0	0
Reversal of Old provisions	7	26	5
Rents received	5	5	2
Tax incentives on export of merchandise	0	519	0
Others	59	26	38
<b>Others (D)</b>	<b>71</b>	<b>576</b>	<b>45</b>
<b>Grand total (A+B+C+D)</b>	<b>93</b>	<b>684</b>	<b>264</b>

Currency Movement	Q2 FY21		Q1 FY21		Q2 FY20	
	Forward	Spot	Forward	Spot	Forward	Spot
<b>USD</b>	73.3	74.1	72.6	75.9	73.6	70.8
<b>EUR</b>	83.1	87.2	83.9	84.0	88.1	78.2
<b>GBP</b>	91.3	96.6	95.4	93.9	97.0	86.1
<b>AUD</b>	51.0	53.3	51.1	50.8	53.6	48.5
<b>CAD</b>	55.9	56.0	54.6	55.3	56.4	53.3

## For the quarter

- Other income at ₹93 Mn down by 86% QoQ primarily on account of non recurrence of export incentives
- Treasury income has improved by INR 24 Mn from higher invested cash
- Forward contract loss is ₹66 Mn. Adverse movement of ₹14 Mn QoQ (mainly from reduced EURO and AUD contracts vs Q1)
- Unrealised Fx loss is mainly due to restatement of balance sheet items primarily in DLM

# Hedge Book for Q2 FY21



- Due to volatility in major currencies (USD, GBP, EUR, CAD and AUD), the company follows the policy to hedge up to 80% of net inflows for the rolling 12 months.
- On the current forward contracts, the company has following position for the next 12 months at current spot rates:
  - Outstanding Forward Contract as on 30<sup>th</sup> Sep'20 in ~ **\$ 144 Mn**
  - If the spot rate remains at same level (as at 30<sup>th</sup> Sep'20), forex gain on current forward contracts could be ~**\$ 3.3 Mn**

\*Outstanding forward contracts excludes CyientDLM

# Cyient Metrics (Excluding Design Led Manufacturing)

# Cyient Metrics (Excluding Design Led Manufacturing) (1/3)

## By Geography (%)

	Q2 FY21	Q1 FY21	Q2 FY20
Americas	53.4%	56.8%	59.4%
Europe, Middle East, Africa	28.6%	26.0%	26.3%
Asia Pacific (including India)	18.0%	17.1%	13.6%

## By Business Unit (%)

	Q2 FY21	Q1 FY21	Q2 FY20
Aerospace and Defense	27.1%	31.2%	33.9%
Transportation	14.3%	12.0%	13.0%
Energy and Utilities	11.5%	11.8%	13.2%
Semiconductor, IoT and Analytics	5.3%	5.5%	4.9%
Medical, Technology and Healthcare	3.1%	2.7%	2.4%
Communications	28.4%	26.8%	21.7%
Portfolio	10.4%	10.1%	10.9%

## Onsite/offshore Split (%)

	Q2 FY21	Q1 FY21	Q2 FY20
Onsite	46.9%	50.2%	55.3%
Offshore	53.1%	49.8%	44.7%



# Cyient Metrics (Excluding Design Led Manufacturing) (2/3)

## Currency Mix (%)

	Q2 FY21	Q1 FY21	Q2 FY20
USD	53.3%	47.4%	59.8%
EURO	10.0%	8.7%	13.3%
GBP	9.8%	10.2%	8.1%
AUD	12.6%	12.4%	8.0%
Others	14.4%	21.4%	10.8%

## Account Receivables (in Days)

	Q2 FY21	Q1 FY21	Q2 FY20
<b>DSO Total</b>	<b>96</b>	<b>107</b>	<b>98</b>
- Billed	65	69	61
- Unbilled	31	38	36

## Utilization (%)

	Q2 FY21	Q1 FY21	Q2 FY20
Utilization	78.8%	74.2%	78.7%

# Cyient Metrics (Excluding Design Led Manufacturing) (3/3)

## Top Clients: Revenue Contribution (%)

	Q2 FY21	Q1 FY21	Q2 FY20
Top 5	34.8%	35.2%	36.2%
Top 10	45.4%	46.6%	47.3%

## No. of Million \$ Clients

	Q2 FY21	Q1 FY21	Q2 FY20
20 Mn+	3	3	4
10 Mn+	7	9	12
5 Mn+	27	26	22
1 Mn+	85	82	77
<b>New Clients Added</b>	16	25	19

## Employee

	Q2 FY21	Q1 FY21	Q2 FY20
Total Headcount	11,639	12,182	14,215
Technical & Pool	10,760	11,265	13,204
Non-Technical	298	308	373
Support	581	609	638

# Cyient Metrics (Design Led Manufacturing)

# Cyient Metrics (Design Led Manufacturing) (1/3)

## Income Statement - Abridged (In ₹ Mn)<sup>^</sup>

	Q2 FY21	Q1 FY21	Q2 FY20
Net Revenue	1,546	1,396	1,687
Direct Salaries & other costs	262	221	268
Material Cost	1,076	1,089	1,249
<b>Gross Profit</b>	<b>209</b>	<b>86</b>	<b>169</b>
SG&A	76	99	138
Depreciation & amortisation	60	51	32
<b>EBIT</b>	<b>72</b>	<b>-64</b>	<b>-0</b>
Others	-76	19	-8
<b>Profit Before Tax</b>	<b>-4</b>	<b>-45</b>	<b>-8</b>

<sup>^</sup> Includes B&F Design and NewTech

## By Geography (%)

	Q2 FY21	Q1 FY21	Q2 FY20
Americas	31.2%	24.8%	26.7%
Europe, Middle East, Africa	30.1%	11.3%	27.1%
Asia Pacific (including India)	38.7%	63.9%	46.2%

# Cyient Metrics (Design Led Manufacturing) (2/3)

## By Business Unit (%)

	Q2 FY21	Q1 FY21	Q2 FY20
Aerospace and Defense	56.4%	68.9%	75.1%
Transportation	0.4%	0.5%	0.0%
Energy & Utilities	6.6%	6.8%	10.5%
Medical	36.5%	23.6%	13.5%
Communications	0.3%	0.1%	1.0%
Portfolio	0.0%	0.0%	0.2%
Others	0.0%	0.0%	-0.3%

## Currency Mix (%)

	Q2 FY21	Q1 FY21	Q2 FY20
USD	62.2%	77.0%	82.0%
EURO	4.6%	2.8%	3.0%
AUD	0.0%	0.5%	1.0%
Others	33.2%	19.7%	14.0%

# Cyient Metrics (Design Led Manufacturing) (3/3)

## No. of Million \$ Clients

	Q2 FY21	Q1 FY21	Q2 FY20
5 Mn+	5	4	5
2 Mn+	10	10	10
1 Mn+	10	10	14
<b>New Clients Added</b>	0	0	1

## Key Operational Metrics

	Q2 FY21	Q1 FY21	Q2 FY20
Headcount	628	638	654
DSO (in Days)	60	53	85
DPO (in Days)	85	91	131
Customer Advance (in Days)	64	82	88
Inventory (in Days)	100	126	125
Total Cash (₹ Million)	598	838	596

# Investment Pipeline & Focus Areas: Q2 FY21



\*Pre LOI and LOI reflect a balance position

^Signed definitive agreements to acquire IG Partners (Closing to happen post receiving approval from Foreign investment review board of Australia)

#Closed funding in Qnu Labs (quantum-resilience company that provides security products and solutions for the Cloud/Internet)

## Active Investment Pursuits – Specific focus areas\*

A&D	Comms	Medical	Rail
<ul style="list-style-type: none"> <li>B2S capabilities around power supply, LRUs, controllers</li> <li>Manufacturing, engineering &amp; after market focus including airlines access</li> <li>Digital Platforms Analytics, MRO, Predictive Tools</li> </ul>	<ul style="list-style-type: none"> <li>OSS &amp; NGOSS, SDN/NFV based solutions, 5G testing, NFV testing,</li> <li>Migration &amp; Modernization of networks</li> <li>Cloud migration &amp; virtualization</li> <li>Video services /Content annotation/compression technology</li> <li>Cloud, Analytic and CX platforms</li> </ul>	<ul style="list-style-type: none"> <li>DLM, Embedded HW &amp; SW, Product Dev, V&amp;V</li> <li>Medical device SW V&amp;V</li> </ul>	<ul style="list-style-type: none"> <li>Signalling Application Engineering &amp; Testing</li> <li>Rolling Stock: Complex WP capability in Systems</li> <li>Expand into rail operators ecosystem</li> </ul>
E&U	SI&A	DLM	Corp. Inv.
<ul style="list-style-type: none"> <li>Enable Digital mining: Sensors, wireless Infra, analytics</li> </ul>	<ul style="list-style-type: none"> <li>Product engineering services companies</li> <li>Infotainment, ADAS and Connected cars /platforms</li> </ul>	<ul style="list-style-type: none"> <li>Vertical led design specializing in high-mix, low-medium volume assemblies, quick-turn prototypes and new product introduction (NPI)</li> </ul>	<ul style="list-style-type: none"> <li>Startup investments &amp; strategic organic opportunities:</li> <li>Emerging Tech (Digital, AR/VR, AI, CX and IoT)</li> </ul>

\* Broad inorganic strategy focused on consolidation as an Engineering Player, Strengthen core and Gain scale while bringing focus on Software and Digital services/solutions including Industry 4.0 and high growth segments

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](http://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.

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**