



CYIENT

INVESTOR PRESENTATION ANNEXURE

Q3 FY21

• Message from the Management



Commenting on the results, Mr. Krishna Bodanapu, Managing Director and Chief Executive Officer, said “Q3 FY21 results are in line with our expectations, we recorded a revenue of \$141.4 Mn which was higher by 4.1% QoQ and lower by 10.4% YoY in constant currency. Services business recorded a revenue of \$115.3 Mn. The revenue for the Design Led Manufacturing (DLM) business stood at \$26 Mn and grew by 24.8% QoQ and 72.4 % YoY. The EBIT margin at 11.2% is higher by 14 bps QoQ and 154 bps YoY, mainly driven by operational efficiency, better DLM margins and lower SG&A spending.

We continue to focus on improving operational efficiency and executing actions to bring growth back in the business. We won a number of large deals which sets us up for a stronger performance in the coming quarters. Our Order Intake (OI) for the quarter has increased by 7% YoY backed by strong growth in key clients and digital opportunities. The new organization structure implemented in the last quarter is settling in well and we see increased growth traction with opportunities in key industries. We continue to strengthen our relationship with our existing clients. This quarter we were awarded with the Supplier Performance Award for delivery excellence by Thales and Annual Productivity and Cost Saving Award by Pratt and Whitney which speaks of our commitment to our client’s success.

We expect the recovery in the business through Q4 FY21 with services business growing sequentially driven by growth across all segments except Aerospace & Defense which is expected to remain flat. Our outlook for FY21 remains unchanged wherein we expect a double-digit de-growth in revenue.”

• Message from the Management



Commenting on the results, Mr. Ajay Aggarwal, President & CFO, said, “It is satisfying to see all-round growth in revenue, operating & net profit and cash generation this quarter. The revenue for Q3FY21 stood at \$141.4 Mn; growth of 4.7% QoQ (4.1% in CC). Improvement in operating profit as a focus area has percolated to all levels in the organisation. Consolidated EBIT margin stood at 11.2%; up by 14 bps QoQ despite furloughs and hikes. DLM margins were the highest ever at 10.6%, up 594 bps QoQ. Profit after Tax at ₹954 Mn for the quarter; growth of 13.8% QoQ..

I am pleased to report that Cyient generated a robust cash flow of INR 1518 Mn in Q3FY21, translating to 85.8% of EBITDA conversion for the quarter (YTD FCF highest ever at INR 5714 Mn at 117% EBITDA conversion). DSO is at 88 days (lower by 2 days QoQ and 6 days YoY). This is a reflection of our continuous improvement on various drivers of cash generation viz. DSO collection, Capex rationalization and other initiatives. Our cash balance stands at INR 14,313 Mn. With strong cash flow generation contributing to the cash balance quarter on quarter, we will continue to focus on strategic investments.

We expect the momentum to continue in the coming quarters as well. Maximizing shareholder wealth is paramount to us and we will continue to focus on all the drivers to make this happen i.e. revenue & profit growth and cash generation. We are working towards achieving even better results in the coming years.”

Consolidated Financial Metrics

Key Financial Metrics

₹ Mn	Q3 FY21	Q2 FY21	Q3 FY20	Growth %	
				QoQ	YoY
Revenue	10,443	10,033	11,060	4.1%	-5.6%
Reported EBIT	1,165	1,105	1,063	5.5%	9.6%
EBIT margin	11.2%	11.0%	9.6%	14 bps	154 bps
Reported PAT	954	839	1,083	13.8%	-11.9%
Reported EPS (₹)	8.7	7.6	9.8	13.7%	-11.9%

Key Financial Metrics

\$ Mn	Q3 FY21	Q2 FY21	Q3 FY20	Growth %	
				QoQ	YoY
Revenue	141.4	135.0	155.2	4.7%	-8.9%
EBIT	15.8	14.9	14.9	6.1%	5.7%
EBIT margin	11.2%	11.0%	9.6%	14 bps	154 bps
Reported PAT	12.9	11.3	15.2	14.5%	-15.0%

Foreign Exchange Rate

\$/₹	Q3 FY21	Q2 FY21	Q3 FY20
Quarter Average	73.87	74.32	71.27
Quarter Closing	73.27	73.78	71.39

Consolidated Revenue Segmentation

By Geography (%)

	Q3 FY21	Q2 FY21	Q3 FY20
Americas	49.1%	49.9%	56.3%
Europe, Middle East, Africa	25.3%	28.9%	26.6%
Asia Pacific (includes India)	25.6%	21.2%	17.1%

By Business Unit (%)[^]

	Q3 FY21	Q2 FY21	Q3 FY20
Aerospace and Defense	32.6%	31.6%	34.8%
Transportation	11.5%	12.1%	10.1%
Energy and Utilities	11.9%	10.7%	14.5%
Semiconductor, IoT and Analytics	4.3%	4.5%	4.4%
Medical, Technology and Healthcare	7.1%	8.2%	4.5%
Communications	24.1%	24.0%	22.2%
Portfolio	8.4%	8.8%	9.4%

[^] Including DLM split across BUs

Consolidated Operations Metrics

Account Receivables (in Days)

	Q3 FY21	Q2 FY21	Q3 FY20
DSO Total	88	90	94
- Billed	68	64	59
- Unbilled	20	26	35

Order Intake (\$ Mn)^

	Q3 FY21	Q2 FY21	Q3 FY20
Cyient Services	178	112	173
DLM	17	15	8
Group OI Total	195	127	181

^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 (%)

	Q3 FY21	Q2 FY21	Q3 FY20
Top 5	28.8%	29.5%	33.0%
Top 10	38.4%	38.4%	44.5%

No. of Million \$ Clients

	Q3 FY21	Q2 FY21	Q3 FY20
20 Mn+	3	3	4
10 Mn+	7	7	11
5 Mn+	32	32	28
1 Mn+	94	96	93
New Clients Added	13	16	13

Consolidated Employee Metrics

Employee

	Q3 FY21	Q2 FY21	Q3 FY20
Total Headcount	12,187	12,267	14,472
Technical & Pool	11,248	11,335	13,405
Non-Technical	334	310	378
Support	605	622	689
Voluntary Attrition	13.2%	9.2%	19.7%

Consolidated Other Financial Metrics

Capex (₹ Mn)^

	Q3 FY21	Q2 FY21	Q3 FY20
Capital Expenditure	189	120	652

^Capex includes investment and business capex

Cash Position (₹ Mn)

	Q3 FY21	Q2 FY21	Q3 FY20
Cash & Cash Equivalent	14,313	13,509	10,239
Cash & Bank balances	5,150	4,680	4,172
Investments in FDs	9,163	8,829	5,070
Investment in MFs	0	0	997

Outstanding Forward Contracts (Mn of respective currencies)^

	Q3 FY21	Q2 FY21	Q3 FY20
USD / INR	70.6	69.1	68.7
EURO / INR	29.1	28.8	25.9
GBP / INR	6.8	6.5	6.5
AUD / INR	28.8	27.7	24.7

^Forward contracts are taken only for services business

Consolidated Income Statement

₹ Mn	Q3 FY21	Q2 FY21	Q3 FY20
Operating Revenue	10,443	10,033	11,060
Cost of Revenue	6,826	6,449	7,082
Direct Salary and related costs	4,219	4,075	4,873
Direct Travel	81	97	190
Delivery Management	209	249	201
Material cost	1,319	1,074	661
Other costs incl Subcontract costs	998	954	1,158
Gross profit	3,617	3,584	3,978
Sales and Marketing	423	365	555
General and Administration	1,544	1,630	1,889
Depreciation and Amortization	485	484	470
EBIT	1,165	1,105	1,063
Financial expenses	136	107	129
Other income	219	93	498
Profit before tax (PBT)	1,248	1,091	1,433
Tax	294	252	333
Associate & Minority Profit	0.1	0.1	-16.5
Profit After Tax (Reported)	954	839	1,083
Basic EPS (₹) (Reported)	8.7	7.6	9.8
Gross Margin	34.6%	35.7%	36.0%
EBIT Margin	11.2%	11.0%	9.6%
Effective Tax Rate	23.5%	23.1%	23.3%
PAT Margin (Reported)	9.1%	8.4%	9.8%

Consolidated Balance Sheet

₹ Mn	Q3 FY21	Q2 FY21	Q3 FY20
EQUITY AND LIABILITIES			
Shareholders' funds			
- Share capital	550	550	550
- Reserves and surplus	27,781	26,841	25,539
Total - Shareholders' funds	28,331	27,391	26,089
Non-current liabilities			
- Long-term borrowings and liabilities	3,262	2,891	3,591
- Long-term provisions	1,299	1,222	1,155
- Deferred tax liabilities (net)	306	269	378
Total - Non-current liabilities	4,867	4,382	5,124
Current liabilities			
- Short-term borrowings	3,350	3,407	3,100
- Trade payables	3,859	3,722	3,911
- Other current liabilities	3,815	3,620	3,842
- Short-term provisions	712	751	558
Total - Current liabilities	11,736	11,500	11,411
TOTAL - EQUITY AND LIABILITIES	44,934	43,273	42,624
ASSETS			
Non-current assets			
- Property, plant and equipment	8,910	8,795	8,930
- Goodwill	6,123	5,384	5,331
- Non-current investments	450	426	332
- Deferred tax assets (net)	428	337	505
- Other non-current assets	1,664	1,740	1,783
Total - Non-current assets	17,575	16,682	16,881
Current assets			
- Inventories	1,634	1,657	2,259
- Current investments	3	0	997
- Trade receivables	7,670	6,938	7,297
- Cash and cash equivalents	14,313	13,509	9,242
- Other current assets	3,739	4,487	5,948
Total - Current assets	27,359	26,591	25,743
TOTAL ASSETS	44,934	43,273	42,624

Consolidated Cash Flow Movement

₹ Mn	Q3 FY21	Q2 FY21	Q3 FY20
Free cash flow from operations	1,518	2,032	1,957
Investment in non current investments	-640	-15	0
Interest received	175	132	138
Finance costs paid	-51	-47	-73
Proceeds/(Repayment) of borrowings, net	-118	612	785
Repayment of lease liabilities	-122	-265	-172
Dividend paid	-2	1	-796
Others	44	-39	-232
Net change in cash	804	2,411	1,598
Opening cash position	13,509	11,098	13,509
Closing cash position	14,313	13,509	10,239
FCF to EBITDA[^] Conversion	85.8%	131.4%	102.4%

[^]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 Q3 FY21

All Figures in ₹ Mn	Q3 FY21	Q2 FY21	Q3 FY20
Income from Treasury			
Interest on Invesmtnts/Deposits	128	115	88
Dividend on Mutual Funds	0	0	8
Subtotal (A)	128	115	96
Realised gains/(losses) on Fwd Contracts (B)	(43)	(66)	151
Unrealised Fx gains/(losses) (C)	74	(26)	184
Others			
Interest on IT Refunds	0	0	0
Reversal of Old provisions	0	7	23
Rents received	2	5	7
Tax incentives on export of merchandise	0	0	18
Others	58	59	19
Others (D)	60	71	67
Grand total (A+B+C+D)	219	93	498

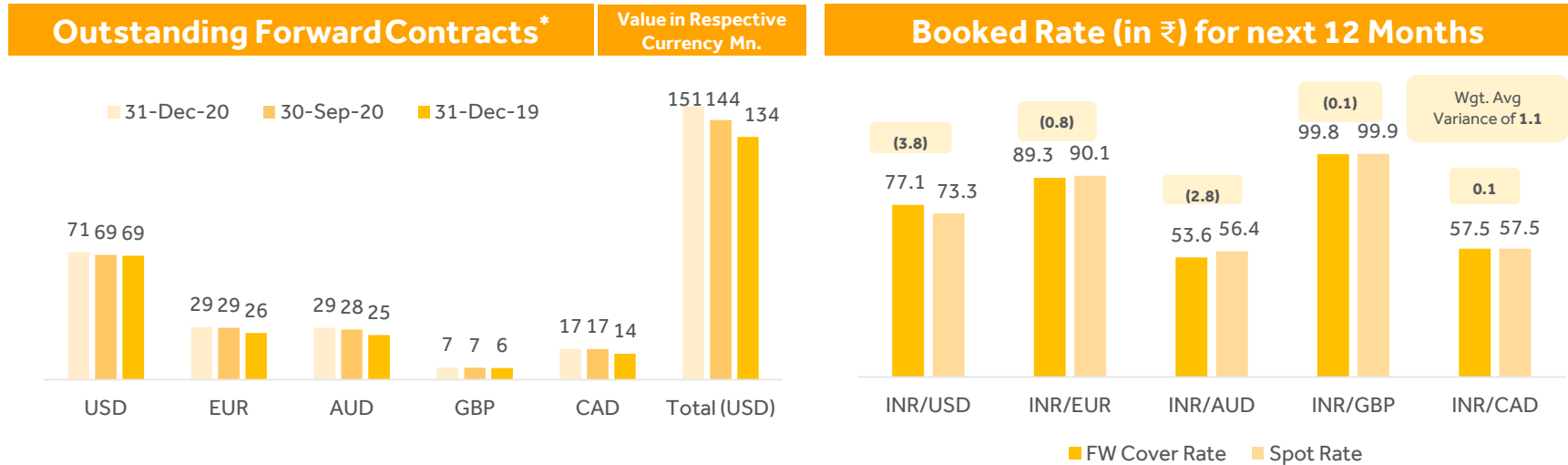
Currency Movement	Q3 FY21		Q2 FY21		Q3 FY20	
	Forward	Spot	Forward	Spot	Forward	Spot
USD	74.2	74.0	73.3	74.1	74.5	71.3
EUR	84.3	88.3	83.1	87.2	87.4	79.1
GBP	97.1	98.3	91.3	96.6	96.7	91.7
AUD	51.4	54.2	51.0	53.3	53.4	48.7
CAD	56.1	56.7	55.9	56.0	56.0	54.0

Forward and spot rates represent average of monthly rates

For the quarter

- Other income is higher by ₹126 Mn (+136% QoQ)
- Treasury income has improved by ₹13 Mn from higher invested cash, despite lower average yield
- Forward contract loss is ₹43 Mn, movement of ₹23 Mn QoQ (mainly from favourable movement in USD contracts vs Q2)
- Unrealised Fx gain is mainly from restatement of balance sheet items in India & UK offset by losses in NAM and Germany entities
- Others include export incentives and fair value gains

Hedge Book for Q3 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 31st Dec'20 in ~ **\$ 151 Mn**
 - If the spot rate remains at same level (as at 31st Dec'20), forex gain on current forward contracts could be ~**\$ 2.3 Mn**

*Outstanding forward contracts excludes CyientDLM

Cyient Metrics (Excluding Design Led Manufacturing)

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

By Geography (%)

	Q3 FY21	Q2 FY21	Q3 FY20
Americas	53.2%	53.4%	57.5%
Europe, Middle East, Africa	28.2%	28.6%	25.5%
Asia Pacific (including India)	18.6%	18.0%	16.9%

By Business Unit (%)

	Q3 FY21	Q2 FY21	Q3 FY20
Aerospace and Defense	25.3%	27.1%	32.2%
Transportation	13.8%	14.3%	11.1%
Energy and Utilities	12.9%	11.5%	14.5%
Semiconductor, IoT and Analytics	5.3%	5.3%	4.9%
Medical, Technology and Healthcare	2.9%	3.1%	2.4%
Communications	29.5%	28.4%	24.4%
Portfolio	10.3%	10.4%	10.5%

Onsite/offshore Split (%)

	Q3 FY21	Q2 FY21	Q3 FY20
Onsite	53.1%	53.2%	54.8%
Offshore	46.9%	46.8%	45.2%

^There was an error in the Q2 FY21 onshore/offshore mix in the Q2 FY21 presentation which has been corrected now

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

Currency Mix (%)

	Q3 FY21	Q2 FY21	Q3 FY20
USD	52.3%	53.3%	55.0%
EURO	14.4%	10.0%	14.0%
GBP	9.7%	9.8%	10.0%
AUD	12.0%	12.6%	9.0%
Others	11.6%	14.4%	12.0%

Account Receivables (in Days)

	Q3 FY21	Q2 FY21	Q3 FY20
DSO Total	93	96	94
- Billed	68	65	55
- Unbilled	25	31	39

Utilization (%)

	Q3 FY21	Q2 FY21	Q3 FY20
Utilization	80.9%	78.8%	79.3%

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

Top Clients: Revenue Contribution (%)

	Q3 FY21	Q2 FY21	Q3 FY20
Top 5	35.3%	34.8%	36.6%
Top 10	47.0%	45.4%	49.3%

No. of Million \$ Clients

	Q3 FY21	Q2 FY21	Q3 FY20
20 Mn+	3	3	4
10 Mn+	7	7	11
5 Mn+	25	27	23
1 Mn+	82	85	77
New Clients Added	13	16	13

Employee

	Q3 FY21	Q2 FY21	Q3 FY20
Total Headcount	11,559	11,639	13,854
Technical & Pool	10,669	10,760	12,847
Non-Technical	327	298	364
Support	563	581	643

Cyient Metrics (Design Led Manufacturing)

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

Income Statement - Abridged (In ₹ Mn)[^]

	Q3 FY21	Q2 FY21	Q3 FY20
Net Revenue	1,921	1,546	1,076
Direct Salaries & other costs	270	262	233
Material Cost	1,319	1,076	661
Gross Profit	333	209	182
SG&A	64	76	147
Depreciation & amortisation	65	60	34
EBIT	204	72	2
Others	-33	-76	-24
Profit Before Tax	170	-4	-23

[^] Includes B&F Design and NewTech

By Geography (%)

	Q3 FY21	Q2 FY21	Q3 FY20
Americas	30.8%	31.2%	49.9%
Europe, Middle East, Africa	12.5%	30.1%	20.9%
Asia Pacific (including India)	56.7%	38.7%	29.2%

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

By Business Unit (%)

	Q3 FY21	Q2 FY21	Q3 FY20
Aerospace and Defense	65.1%	56.4%	59.6%
Transportation	1.6%	0.4%	0.0%
Energy & Utilities	7.5%	6.5%	14.8%
Medical	25.6%	36.5%	24.4%
Communications	0.2%	0.3%	1.2%
Portfolio	0.0%	0.0%	0.0%

Currency Mix (%)[^]

	Q3 FY21	Q2 FY21	Q3 FY20
USD	73.0%	68.0%	79.0%
EURO	23.5%	4.6%	4.0%
AUD	1.8%	0.0%	0.0%
Others	1.4%	27.4%	16.9%

[^] Includes B&F Design and NewTech

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

No. of Million \$ Clients[^]

	Q3 FY21	Q2 FY21	Q3 FY20
5 Mn+	7	5	5
2 Mn+	12	11	10
1 Mn+	12	11	16
New Clients Added	0	0	0

[^] Includes B&F Design and NewTech

Key Operational Metrics[^]

	Q3 FY21	Q2 FY21	Q3 FY20
Headcount	628	628	618
DSO (in Days)	68	60	94
DPO (in Days)	83	84	110
Customer Advance (in Days)	38	64	103
Inventory (in Days)	95	102	155
Total Cash (₹ Million)	562	611	541

[^] Includes B&F Design and NewTech

Investment Pipeline & Focus Areas: Q3 FY21



*Pre LOI and LOI reflect a balance position

^Acquired IG Partners post approval of Foreign Investment Review Board of Australia

Active Investment Pursuits – Specific focus areas*

A&D	Comms	Health care	Digital/Industry 4.0
<ul style="list-style-type: none"> Aviation solutions in Intelligence, Surveillance & Reconnaissance (ISR) and Power systems in Avionics Digital after market/MRO and Industry 4.0 solutions in Defence 	<ul style="list-style-type: none"> Planning and design engineering services for Wireline & Wireless providers Network Analytics Managed SD-WAN services with single/multi homing setups for Enterprises. 	<ul style="list-style-type: none"> Hardware, software and system integration for product development for firms in medical engineering services DLM, Embedded HW & SW, Product Dev, V&V Process automation, RPA 	<ul style="list-style-type: none"> Build capabilities in Connected Manufacturing, Connected Supply Chain and ERP-MES-PLM integration ETL; data extraction and manipulation capabilities to drive digital transformation
Embedded systems	Power Electronics	Automotive	Other capabilities
<ul style="list-style-type: none"> Embedded system engineering capabilities in Aerospace, Defence, Medical, Automotive, Rail transportation and communications domain 	<ul style="list-style-type: none"> Hardware and Software engineering solutions in Power conversion, Inversion and distributions systems 	<ul style="list-style-type: none"> Embedded HW-SW, IT, IoT, AR VR and Analytics capabilities Infotainment , ADAS, ECU's, Power electronics, Powertrain and Connected cars /platforms 	<ul style="list-style-type: none"> Integrated plant engineering services in clean tech space; layout, piping, electrical and structural designing of plants Location based services

* 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. 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