



CYIENT

INVESTOR PRESENTATION

Q3 FY21

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.

- Leadership team



BVR MOHAN REDDY
Executive Chairman



KRISHNA BODANAPU
MD & CEO



AJAY AGGARWAL
President & CFO



KARTHIK NATARAJAN
President & COO

Highlights

- Financial Highlights
- Business Highlights
- Performance linked ESOP scheme

Financial Update

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

Business Update

- BU performance update
- New GTM organization Structure

Annexures

Highlights

- Financial Highlights
- Business Highlights
- Performance linked ESOP scheme

Financial Update

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

Business Update

- BU performance update
- New GTM organization Structure

Annexures

Highlights for the Quarter (1/3)

Revenue

4.1% QoQ (₹ terms)

4.7% QoQ (\$ terms)

Quarterly revenue at
\$141.4Mn/₹10,443Mn

Consolidated EBIT Margin @ 11.2%

Services EBIT margin at 11.3%

DLM EBIT margin at 10.6%

PAT Margin @ 9.1%

PAT for the quarter at ₹954 Mn

Financial Highlights for Quarter

- Consolidated revenue at \$141.4 Mn; growth of 4.7% QoQ (4.1% in CC) and de-growth of 8.9% YoY
- Services revenue at \$115.3 Mn; growth of 1.0% QoQ (0.3% in CC). IGP contributed 1.2% to services revenue growth
- DLM revenue at \$26.0 Mn; growth of 24.8% QoQ, and growth of 72.4% YoY
- Free cash flow to EBITDA conversion for the quarter at 85.8%. YTD FCF is highest ever at ₹5,714 Mn up by 119% YoY
- Consolidated EBIT margin at 11.2% up by 14 bps QoQ
- EBIT margin for services at 11.3%, down 88 bps QoQ
- Highest ever EBIT margin for DLM at 10.6%, up 594 bps QoQ
- Profit After Tax at ₹954 Mn for the quarter; growth of 13.8% QoQ

• Highlights for the Quarter (2/3)

Leadership position in Engineering and R&D Services in Zinnov ratings

- Cyient has been placed in the top quadrant in the overall ER&D services category for the seventh consecutive year in the Zinnov Zones annual ratings
- Within ER&D services, Cyient maintained its “leadership” position in the aerospace, industrial, medical devices, telecom, and the software-defined network-NFV verticals. The report also recognizes Cyient’s mature Digital Engineering Services capabilities

Thales - 2020 Supplier Performance Award

- Demonstrates Cyient’s dedication and consistent commitment to delivering value to its business partners and customers. Thales issues this award annually to recognize suppliers for achieving excellence in execution
- Recognized for “on-conformity delivery performance”
- Achieved “Class A” rating for “on-time delivery performance”

SPRINT partners with Cyient to facilitate collaboration in Space Data and Technologies

- The partnership will enable Cyient to identify new business opportunities, to lower its product development costs and to offer cutting edge geospatial solutions with higher precision.
- The partnership will also assist Cyient in accessing industry experts from UK Academic Institutions and small businesses for collaborative space data and technology projects across UK

• Highlights for the Quarter (3/3) •

Signed an MoU with SaaS Provider Decipher to support the Global Rollout of Key Cloud Mining Platform

- The platform will help streamline tailings and rehabilitation monitoring in the industry
- Collaboration will enable global mining players to meet regulatory compliance and monitoring guidelines

Collaboration with SR University to help advance the field of Additive Manufacturing

- Cyient will help SR University in developing an industry-oriented curriculum focused on advanced manufacturing systems. This will help reduce the skill gap between the need and availability of resources trained in areas such as design for additive manufacturing
- Cyient will look to SR University to lead innovation through industry-aligned research and development in the field of advanced materials, design, and process controls.

• Proposal: Performance linked ESOP Scheme

Objective

- Opportunity for employees to participate in the long term value creation of the company
- Alignment of employees and shareholder interests

Scheme Details

- Cyient Associate Stock Option Scheme 2021 Trust to acquire 2 million shares via secondary acquisition
- The options on these shares shall be granted to the employees at face value
- Allocation based on management recommendation and approved by LNR committee based on performance and role

Criteria

- Vesting will begin upon achieving revenue, operating profit & sustainable share price milestones
- Vesting will occur in 3 tranches based on the associated targets
- Operational targets benchmarked to best in class performance
- The scheme will cover about 80 to 100 senior associates who can significantly influence the Company's performance

Highlights

- Financial Highlights
- Business Highlights
- Performance linked ESOP scheme

Financial Update

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

Business Update

- BU performance update
- New GTM organization Structure

Annexures

Revenue for Q3 FY21

Revenue	Q3 FY21	Q2 FY21	Q1 FY21	Q4 FY20	Q3 FY20	QoQ	YoY
Group							
\$ Mn	141.4	135.0	130.6	149.2	155.2	4.7%	-8.9%
₹ Mn	10,443	10,033	9,917	10,736	11,060	4.1%	-5.6%
Services							
\$ Mn	115.3	114.1	112.2	132.3	140.1	1.0%	-17.7%
₹ Mn	8,521	8,487	8,521	9,513	9,984	0.4%	-14.6%
DLM							
\$ Mn	26.0	20.9	18.4	17.0	15.1	24.8%	72.4%
₹ Mn	1,921	1,546	1,396	1,222	1,076	24.3%	78.6%

Revenue USD Mn	Q3 FY21	QoQ	YoY
Geography			
NAM	69.4	3.0%	-20.6%
EMEA	35.8	-8.3%	-13.4%
APAC incl India	36.2	26.8%	37.0%

- Services growth of 1.0% QoQ. IGP contributed 1.2% to services revenue growth
- Overall DLM is higher by 24.8% QoQ (+\$5.2 Mn) primarily due to increase in Standalone DLM revenue of \$4.8 Mn QoQ

Income statement for Q3 FY21

All Figures in ₹ Mn	Q3 FY21	Q2 FY21	Q3 FY20
Revenue	10,443	10,033	11,060
EBIT (Reported)	1,165	1,105	1,063
PAT (Reported)	954	839	1,083
EPS (₹ Reported)	8.7	7.6	9.8

All Figures in %	Q3 FY21	Q2 FY21	Q3 FY20
Gross Margin	34.6%	35.7%	36.0%
EBIT Margin (Reported)	11.2%	11.0%	9.6%
ETR	23.5%	23.1%	23.3%
PAT Margin (Reported)	9.1%	8.4%	9.8%

Profit After Tax Movement

- PAT increased by 13.8% QoQ primarily from higher other income (₹126 Mn) partially offset by higher tax from higher profits & increase in finance charges
- ETR is 23.5%. Higher by 40 bps from Q2 ETR of 23.1%

QoQ EBIT Movement

- Consolidated EBIT margin stood at 11.2%; up by 14 bps QoQ
- In Q3, we rolled out wage hikes for individual contributors (roughly 2/3rd of the associates), the impact of which was ~1% on EBIT
- Services EBIT at 11.3% was lower by 88 bps QoQ after taking into account the wage hike and furlough impact.
- There were improvements in operational metrics, favourable volume impact and lower spend on SG&A and depreciation which offset the headwinds mentioned above (Please refer slide 14).
- DLM margins at 10.6%, up 594 bps QoQ driven by better revenue mix

- EBIT margin bridge for Q3 FY21

Particulars	
EBIT Q2 FY21 (Group)	11.0%
<i>Less DLM impact</i>	<i>116 bps</i>
EBIT Q2 FY21 (Services)	12.2%
Tailwinds in Q3 FY21	
<i>Improvements in operational metrics</i>	<i>78 bps</i>
<i>Lower restructuring cost</i>	<i>45 bps</i>
<i>Volume impact and lower spend on SGA & depreciation</i>	<i>30 bps</i>
Headwinds in Q3 FY21	
<i>Impact on merit increase</i>	<i>-95 bps</i>
<i>Furlough impact</i>	<i>-90 bps</i>
<i>Increase in other direct costs</i>	<i>-55 bps</i>
EBIT Q3 FY21 (Services)	11.3%
<i>Add DLM impact</i>	<i>10 bps</i>
EBIT Q3 FY21 (Group)	11.2%

- We expect sequential improvement in margins in Q4 FY21 driven by the increase in volume and improvement in operational efficiencies

Cash Generation for Q3 FY21

All Figures in ₹ Mn	Q3 FY21	Q2 FY21	Q3 FY20
Services			
Profit before tax	1,109	1,103	1,403
(+/-) Non-cash & non-operating items	339	388	438
Operating profit before WC changes	1,448	1,492	1,841
(+/-) DSO Movement (Receivables)	586	1,223	581
(+/-) Other WC changes	184	-257	46
Operating CF after WC changes	2,218	2,458	2,468
Less: Taxes	-382	-369	-260
Less: Capex	-105	-39	-236
FCF Services	1,731	2,050	1,972
DLM			
Free Cash Flow generated (DLM) - ii	-213	-18	-15
Group FCF (i+ii)	1,518	2,032	1,957
FCF to EBITDA Conversion	85.8%	131.4%	102.4%

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 healthy level of ₹ 14,313 Mn
- In Q3, the cash flow conversion stood at 85.8% for group and 113.4% for Services. DLM has consumed cash of ₹213 Mn in Q3 FY21

Highlights

- Financial Highlights
- Business Highlights
- Performance linked ESOP scheme

Financial Update

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

Business Update

- BU performance update
- New GTM organization structure

Annexures

• BU performance Q3 FY21

Business Units	Services			DLM			Group		
	\$ Mn	QoQ	YoY	\$ Mn	QoQ	YoY	\$ Mn	QoQ	YoY
A&D	29.2	-5.7%	-35.3%	16.9	44.0%	88.1%	46.1	8.0%	-14.8%
Communications	34.1	5.2%	-0.2%	0.1	-3.8%	-66.8%	34.1	5.2%	-0.6%
E&U	14.9	13.9%	-26.6%	1.9	43.7%	-13.0%	16.9	16.7%	-25.3%
Transportation	15.9	-2.5%	2.1%	0.4	395.2%	16791%	16.3	-0.5%	4.7%
Portfolio	11.9	-0.4%	-19.1%	NA	NA	NA	11.9	-0.4%	-19.1%
SIA	6.1	0.2%	-12.0%	NA	NA	NA	6.1	0.2%	-12.0%
MT&H	3.3	-4.1%	-0.9%	6.7	-12.5%	80.7%	10.0	-9.9%	41.6%
Total	115.3	1.0%	-17.7%	26.0	24.8%	72.3%	141.4	4.7%	-8.9%
<i>CC Growth</i>		<i>0.3%</i>	<i>-19.7%</i>					<i>4.1%</i>	<i>-10.4%</i>

- Group growth stood at 4.7% QoQ and 4.1% in cc
- Services growth stood at 1.0% QoQ and 0.3% in cc
- DLM growth stood at 24.8% QoQ
- Order intake in Q3 FY21 is at \$194.5 Mn, increased by 52.8% QoQ.
- Won 5 multi year deals with total contract potential of \$106 million:
 - Won 3 large deals worth \$50 million with top 5 telecom companies
 - Won a deal in DLM worth \$36 million
 - Won a deal from a Med Tech company worth \$20 million

- The need for a new structure

The new organization structure will help Cyient improve performance across three key dimensions:

1

Accelerate growth through a well-structured and efficient Go-to-Market (GTM) organization

2

Improve operational agility and execution excellence through a Delivery 4.0 organization

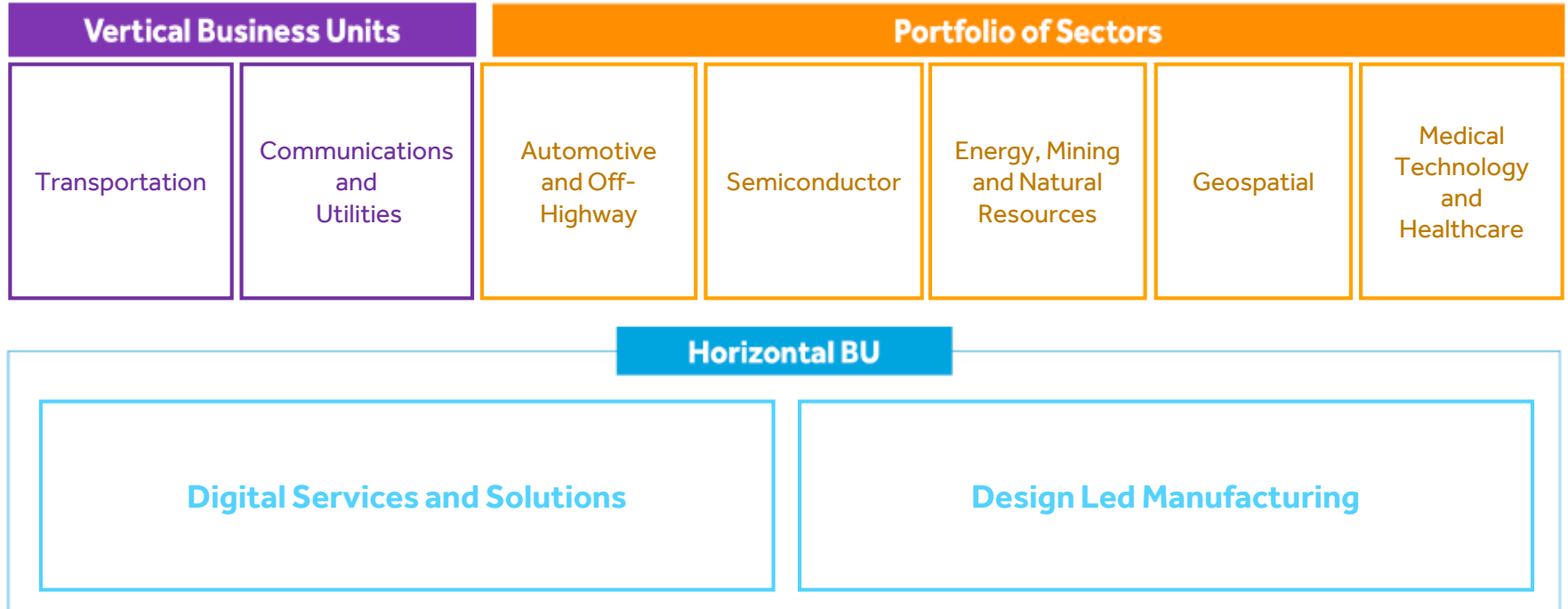
3

Enhance our value proposition through Design-Led Manufacturing and Digital capabilities

• New Go-To-Market (GTM) Organization Structure

Our Go-to-Market (GTM) structure is realigned into:

- Two Vertical Business Units
- Two Horizontal Business Units
- Portfolio of five sectors



- BU performance per new structure Q3FY21

Business Units	Services			DLM			Group		
	\$ Mn	QoQ	YoY	\$ Mn	QoQ	YoY	\$ Mn	QoQ	YoY
Transportation	45.1	-4.6%	-25.7%	17.3	46.4%	92.6%	62.4	5.6%	-10.4%
Aerospace	29.2	-5.7%	-35.3%	16.9	44.0%	88.1%	46.1	8.0%	-14.8%
Rail transportation	15.9	-2.5%	2.1%	0.4	395.2%	16791%	16.3	-0.5%	4.7%
C&U	41.2	5.5%	-11.9%	0.1	-95.9%	-97.6%	41.3	1.9%	-16.1%
Communications	34.1	5.2%	-0.2%	0.1	-3.8%	-66.8%	34.1	5.2%	-0.6%
Utilities	7.2	6.7%	-43.3%	0.0	-100.0%	-100.0%	7.2	-11.4%	-52.0%
Portfolio	29.0	4.2%	-11.1%	8.6	13.5%	136.4%	37.6	6.2%	3.7%
Total	115.3	1.0%	-17.7%	26.0	24.8%	72.3%	141.4	4.7%	-8.9%
<i>CC Growth</i>		<i>0.3%</i>	<i>-19.7%</i>					<i>4.1%</i>	<i>-10.4%</i>

- We will continue to report the BU wise numbers in the old and new formats till Q4 FY21 during the transition and will shift to the new format from Q1 FY22 onwards

• Business Performance & Outlook (1/3)

Aerospace & Defense

Aerospace & Defense BU grew by 8.0% QoQ and declined by 14.8% YoY. While the services business de-grew by 5.7% QoQ, our design led manufacturing business grew by 44% due to the increased spend by India/Israel. We expect a return to stability from Q4 onwards. The industry is expected to see signs of recovery from the mid-year onwards. While the business may take time to pick up, we are confident of our client relationships and growth potential in the long term.

Communications

Communications business grew by 5.2% QoQ and declined by 0.6% YoY. Growth in the business was driven by growth in key accounts and few large deal wins. We won 4 key deals in the areas of fiber, wireless, system integration and 5G rollout from existing and new clients. These long term deals strengthen our position in the Communications segment and provide a platform for further expansion. We continue to benefit from accelerated deployment of 5G networks which form ~10% of our revenue portfolio for this segment. Our outlook for Q4 and full year remains positive, supported by investments in technology led network transformation and accelerated deployment of broadband and wireless infrastructure.

Transportation

Transportation business declined by 0.5% QoQ and grew by 4.7% YoY. The QoQ drop was primarily due to right shifting of projects from some of our clients. We are optimistic about the recovery in Q4, driven by traction in key client accounts. In general, increased spends in rail transportation and consolidation in rail industry provide a strong outlook.

• Business Performance & Outlook (2/3)

E&U

Our E&U business grew by 16.7% QoQ and declined by 25.3% YoY driven by growth in key accounts. We expect the positive momentum to continue in Q4, driven by our focus on expanding the presence in the EPC sector, specifically around power generation facilities, facility system integrations, and energy storage projects. For Utilities, our focus will be on digital solutions in design automation and predictive maintenance applications for asset management.

MTH

Medical Technology and Healthcare business declined 9.9% QoQ and grew by 41.6% YoY. The QoQ de-growth was due the supply chain issues which impacted one of our top DLM clients. We continue to see a strong YoY growth in our DLM business primarily due to demand for medical devices and equipment to diagnose and treat COVID-19 patients. Our services business is well placed for growth with two contracts signed with key clients over the quarter. Our outlook for Q4 remains positive backed by strong client engagements and new contract wins.

Portfolio

Our Portfolio business witnessed a decline of 0.4% QoQ and a decline of 19.1% YoY. While the industrial segment continues to witness challenges due to reduced spend, the geospatial business witnessed growth across all key clients. We witnessed accelerated growth in one of our new clients and expect it to be among our top 5 geospatial clients. Our outlook for Q4 remains positive for the geospatial segment while Industrial segment will continue to face some challenges.

• Business Performance & Outlook (3/3) •

SIA

Semiconductor was flat QoQ and witnessed a decline of 12% YoY. This was mainly due to Turnkey ASIC development where the customers (typically OEM companies) are still reluctant to make new investments. We expect the softness in this vertical to continue in Q4 post which there should be pick up in growth.

DLM

The focus on mining of existing accounts coupled with opportunities in Indian Defense has led to a growth of 24.8% QoQ and 72.4% YoY. We have taken a lot of effort in localization of parts, inventory management, material cost reductions and automation which has led to a significant improvement in margins. Our decision to move out of low margin accounts is also showing up in the improved margin profile. Strong order pipeline coupled with order backlog gives us momentum to sustain the growth and margins.

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

Contact Details:

Investor Relations

Mayur Maniyar

Direct: +91 40 67641537

Board: +91 40 67641000 (Extn-1537)

Mobile: +91 9224126705

Email: mayur.maniyar@cyient.com

Media Relations

Reet Sibia Gwari

Direct: +91 40 6748 9917

Board: +91 40 6748 9100 (Extn-3917)

Mobile: + 91 97047 91326

Email: press@cyient.com

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