



CYIENT

# INVESTOR PRESENTATION

Q4 FY21 & FY21

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- Leadership team



**BVR MOHAN REDDY**  
Founder Chairman and  
Board Member



**MM Murugappan**  
Non Executive Chairman



**KRISHNA BODANAPU**  
MD & CEO



**AJAY AGGARWAL**  
Executive Director,  
President & CFO



**KARTHIK NATARAJAN**  
Executive Director,  
President & COO

## Highlights

- Financial Highlights
- Business Highlights

## Financial Update

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

## Business Update

- BU performance update
- Outlook for FY22

*Annexures*

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# • Highlights for the Quarter

## Revenue

**4.7% QoQ (₹ terms)**

**6.0% QoQ (\$ terms)**

Quarterly revenue at  
\$149.9Mn/₹10,932Mn

## Normalized EBIT<sup>^</sup> Margin @ 12.6%

**Services EBIT margin at 13.6%**

**DLM EBIT margin at 8.8%**

## Normalized PAT<sup>^</sup> Margin @ 10.1%

**Normalized PAT for the quarter at ₹1,107 Mn**

## Financial Highlights for Quarter

- Group revenue at \$149.9 Mn; growth of 6.0% QoQ (4.7% in CC) and growth of 0.4% YoY
- Services revenue at \$119.6 Mn; growth of 3.7% QoQ (2.2% in CC).
- DLM revenue at \$30.3 Mn; growth of 16.4% QoQ, and growth of 78.6% YoY
- Free Cash Flow generation for the quarter at INR ₹1,897 Mn, a conversion of 101.3% on EBITDA (conversion of 171.4% on PAT)
- Normalized EBIT margin excluding exceptional items at 12.6% up by 148 bps QoQ. Highest in the last eight quarters:
  - EBIT margin for services at 13.6%, higher by 233 bps QoQ
  - EBIT margin for DLM at 8.8%, lower 181 bps QoQ
- Normalized PAT at ₹1,107 Mn for the quarter; growth of 16.0% QoQ

# Highlights for the Year

## Revenue

**-6.7% YoY (₹ terms)**  
**-10.9% YoY (\$ terms)**

Yearly revenue at  
\$556.8 Mn/₹41,324Mn

## EBIT

**Normalised EBIT at ₹4,162 Mn**

**Normalized EBIT<sup>^</sup> Margin @ 10.1%**

**Services EBIT margin at 11.0%**

**DLM EBIT margin at 5.7%**

**Normalized PAT<sup>^</sup> Margin @ 9.0%**

**Normalized PAT for the year at ₹3,714 Mn**

## Financial Highlights for the Year

- Consolidated revenue at \$556.8 Mn; de-growth of 10.9% (12.0% in CC)
- Services revenue at \$461.3 Mn; de-growth of 16.2% (17.7% in CC).
- DLM revenue at \$95.6 Mn; growth of 28.3% YoY
- Normalized EBIT margin excluding exceptional items at 10.1%; up by 85 bps YoY
  - EBIT margin for services at 11.0%, higher by 46 bps
  - EBIT margin for DLM at 5.7%, higher by 599 bps
- Highest ever Free Cash Flow generation in a year at INR ₹7,609 Mn, a conversion of 113.5% on EBITDA (conversion of 204.8% on PAT)
- Normalized PAT at ₹3,714 Mn for the year; de-growth of 0.3%
- Highest ever dividend of ₹17 per share in an year

# • Highlights for the Quarter

## **Cyient and Eolos Partner to Launch "Design for Circularity" Consulting and Engineering Practice**

- New practice combines 25+ years of industrial experience and operational expertise of the two companies to support industries in transitioning towards greater sustainability
- The engineering practice will address the needs of industries facing the most stringent changes in their standards and regulations by offering solutions for traceability, material engineering (reduction, re-use, and regeneration), obsolescence management, and supply chain (including packaging, disposal, and waste management). The primary focus will be on the rail, automotive, aerospace, and med-tech industries with the ambition to grow in the other sectors.
- Strategic partnership to foster eco-innovation and enable long-term change of industrial processes

## **INTELLICYIENT' - Help Customers Accelerate Digital Industrial Transformation with Industry 4.0 Solutions**

- Suite of Industry 4.0 solutions that will enable digital transformation for industries that draw significant value from their assets such as manufacturing, industrial, aerospace, automotive and off-highway, utilities and mining and natural resources
- With six digital solutions, powered by the interplay of nine technology studios, and a strong partner ecosystem, INTELLICYIENT will help enterprises achieve the full potential of digital transformation with IT-OT convergence
- Aims to focus on the four key themes of smart automation, intelligent supply chain, end-to-end visibility of workflows and assets, and next-gen workforce solutions that are driving Industry 4.0 adoption

## **AS9145 Supplier PPAP Platform to Support a Global Supply Chain Rollout**

- Cyient will assist in selling, implementing, and supporting the solution with the global rollout of the platform while also providing integration and customization services
- Companies will be able to replace manual processes with a more robust and secure cloud platform that adheres to the latest industry best practices and compliance requirements



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# Revenue for Q4 FY21

Revenue	Q4 FY21	Q3 FY21	Q2 FY21	Q1 FY21	Q4 FY20	QoQ	YoY
<b>Group</b>							
\$ Mn	<b>149.9</b>	141.4	135.0	130.6	149.2	6.0%	0.4%
₹ Mn	<b>10,932</b>	10,443	10,033	9,917	10,736	4.7%	1.8%
<b>Services</b>							
\$ Mn	<b>119.6</b>	115.3	114.1	112.2	132.3	3.7%	-9.6%
₹ Mn	<b>8,722</b>	8,521	8,487	8,521	9,513	2.4%	-8.3%
<b>DLM</b>							
\$ Mn	<b>30.3</b>	26.0	20.9	18.4	17.0	16.4%	78.6%
₹ Mn	<b>2,210</b>	1,921	1,546	1,396	1,222	15.0%	80.8%

Revenue USD Mn	By Geography (%)			\$ Mn	QoQ growth	YoY growth
	Q4FY21	Q3FY21	Q4FY20			
<b>Group</b>						
NAM	47.4%	49.0%	55.7%	71.0	2.5%	-14.6%
EMEA	24.6%	25.3%	25.7%	36.9	3.0%	-3.9%
APAC incl India	28.0%	25.7%	18.6%	41.9	15.6%	51.4%

- Services grew by 3.7% QoQ
- DLM is higher by 16.4% QoQ

# Revenue for FY21

Revenue	FY21	FY20	FY19	FY18	FY17	YoY
<b>Group</b>						
\$ Mn	<b>556.8</b>	625.2	660.0	607.4	537.8	-10.9%
₹ Mn	<b>41,324</b>	44,274	46,175	39,175	36,065	-6.7%
<b>Services</b>						
\$ Mn	<b>461.3</b>	550.7	580.2	545.7	483.3	-16.2%
₹ Mn	<b>34,252</b>	38,992	40,592	35,193	32,417	-12.2%
<b>DLM</b>						
\$ Mn	<b>95.6</b>	74.5	79.8	61.7	54.5	28.3%
₹ Mn	<b>7,072</b>	5,282	5,583	3,982	3,648	33.9%

Revenue USD Mn	By Geography (%)		\$ Mn	YoY growth
	FY20	FY21		
<b>Group</b>			<b>FY21</b>	
NAM	55.8%	49.6%	276.0	-20.9%
EMEA	26.4%	25.7%	143.1	-13.2%
APAC incl India	17.8%	24.7%	137.8	23.6%

- Services was down by 16.2% YoY
- DLM is higher by 28.3% YoY

# Income statement for Q4 FY21

All Figures in ₹ Mn	Q4 FY21	Q3 FY21	Q4 FY20
Revenue	10,932	10,443	10,736
EBIT (Reported)	1,073	1,165	464
<b>EBIT (Normalised)</b>	1,382	1,165	905
PAT (Reported)	1,031	954	452
<b>PAT (Normalised)</b>	1,107	954	754
EPS (₹ Reported)	9.4	8.7	4.1
<b>EPS (₹ Normalised)</b>	10.1	8.7	6.9

All Figures in %	Q4 FY21	Q3 FY21	Q4 FY20
Gross Margin	36.0%	34.6%	33.5%
EBIT Margin (Reported)	9.8%	11.2%	4.3%
<b>EBIT Margin (Normalised)</b>	12.6%	11.2%	8.4%
ETR (excl. one-offs) <sup>^</sup>	23.4%	23.5%	23.9%
PAT Margin (Reported)	9.4%	9.1%	4.2%
<b>PAT Margin (Normalised)</b>	10.1%	9.1%	7.0%

## QoQ EBIT Movement

- Consolidated normalized EBIT margin stood at 12.6%; up by 148 bps QoQ
- Services EBIT at 13.6%; was up by 233 bps QoQ driven by improvement in operational metrics (209 bps), positive impact of volume on SG&A and depreciation (96 bps) partly offset by net increase in SG&A (71 bps). (Please refer slide 15).
- DLM margins at 8.8%, down by 181 bps QoQ primarily due to change in revenue mix

## Profit After Tax Movement

- PAT increased by 16% QoQ primarily from higher EBIT partially offset by higher tax from higher profits
- ETR is 23.4%. Lower by 13 bps from Q3 ETR of 23.5%



# Income statement for FY21

All Figures in ₹ Mn	FY21	FY20
Revenue	41,324	44,274
EBIT (Reported)	3,853	3,643
<b>EBIT (Normalised)</b>	4,162	4,084
PAT (Reported)	3,638	3,425
<b>PAT (Normalised)</b>	3,714	3,727
EPS (₹ Reported)	33.1	31.1
<b>EPS (₹ Normalised)</b>	33.8	33.9

All Figures in %	FY21	FY20
Gross Margin	34.3%	34.6%
EBIT Margin (Reported)	9.3%	8.2%
<b>EBIT Margin (Normalised)</b>	10.1%	9.2%
ETR (excl. one-offs) <sup>^</sup>	23.7%	22.8%
PAT Margin (Reported)	8.8%	7.7%
<b>PAT Margin (Normalised)</b>	9.0%	8.4%

## YoY EBIT Movement

- Consolidated EBIT margin stood at 10.1%; up by 85 bps QoQ
- Services EBIT at 11% up by 46 bps YoY driven by improvement in operational metrics (126 bps), positive Fx impact (141 bps), positive impact of volume on SG&A (16 bps) partly offset by wage hikes (33 bps), change in revenue mix (67 bps), One time restructuring costs (89 bps) and depreciation impact (48 bps). (Please refer slide 15).
- DLM margins at 5.7%, up 599 bps YoY driven by better revenue mix and higher volume.

## Profit After Tax Movement

- PAT is lower by 0.3% YoY primarily from lower other income and increase in tax partially offset by higher EBIT
- ETR is 23.7% marginally higher YoY by 90bps



# PAT and EBIT Walk – Reported to Normalized

## PAT walk - Reported to Normalised (₹Mn)

₹ Mn	Note	Q4 FY21	Q3 FY21	Q4 FY20	FY21	FY20
<b>Reported PAT</b>		<b>1,031</b>	<b>954</b>	<b>452</b>	<b>3,638</b>	<b>3,425</b>
<b>Exceptional Items</b>						
Impairment of Goodwill	1	309			309	
Reversal of earnouts	2	(343)			(343)	
Decrease in fair value of minority investment	3	110			110	
Exceptional items of Q4FY20 <sup>^</sup>				109		109
<b>Normalized PAT</b>		<b>1,107</b>	<b>954</b>	<b>754</b>	<b>3,714</b>	<b>3,727</b>
Reported EPS (₹)		9.4	8.7	4.1	33.1	31.1
Normalised EPS (₹)		10.1	8.7	6.9	33.8	33.9

## EBIT walk - Reported to Normalised (₹Mn)

Normalised EBIT ₹ Mn	Note	Q4 FY21	Q3 FY21	Q4 FY20	FY21	FY20
<b>Reported EBIT</b>		<b>1,073</b>	<b>1,165</b>	<b>464</b>	<b>3,853</b>	<b>3,643</b>
<b>Exceptional Items</b>						
Impairment of Goodwill	1	309			309	
Exceptional items of Q4FY20 <sup>^</sup>				37		37
<b>Normalised EBIT</b>		<b>1,382</b>	<b>1,165</b>	<b>905</b>	<b>4,162</b>	<b>4,084</b>

- We have strong governance mechanisms in place to assess and mitigate balance sheet risk
- As part of the risk assessment we have prudently taken calls on impairment of goodwill and minority investment

Note	FY21 Exceptional items	₹ Mn	Description
1	Impairment of Goodwill	309	Carrying value of the goodwill of an European acquisition has been impaired during the quarter, based on underlying business forecasts. However, business in total will continue
2	Reversal of earn-outs	-343	Reversal on contingent consideration payable on past acquisitions which are not contractually payable due to one off lower performance for the year
3	Decrease in fair value of minority investment	110	One of our investee was was acquired by an Israeli Company and as part of the arrangement, preferred holders were not entitled to the proceeds of the transaction. Accordingly we have decreased the fair value of the investment

# EBIT margin bridge for Q4 FY21 and FY21

Particulars	
<b>EBIT Q3 FY21 (Group)</b>	<b>11.2%</b>
Add: DLM impact	12 bps
<b>EBIT Q3 FY21 (Services)</b>	<b>11.3%</b>
<b>Tailwinds in Q4 FY21</b>	
<i>Improvements in operational metrics</i>	209 bps
<i>Volume impact on SGA &amp; Depreciation</i>	96 bps
<b>Headwinds in Q4 FY21</b>	
<i>Net increase in SGA</i>	-71 bps
<b>Normalized EBIT Q4 FY21 (Services)*</b>	<b>13.6%</b>
Less: DLM impact	97 bps
<b>Normalized EBIT Q4 FY21 (Group)</b>	<b>12.6%</b>

*Levers for margin improvement in FY22 – Automation, cease and cure of low margin accounts, absorption of S&A due to growth and better revenue mix*

Particulars	
<b>Normalised EBIT FY20 (Group)</b>	<b>9.2%</b>
Add: DLM impact	130 bps
<b>Normalised EBIT FY20 (Services)</b>	<b>10.5%</b>
<b>Headwinds in FY21</b>	
<i>Improvements in operational metrics</i>	126 bps
<i>Fx impact</i>	141 bps
<i>Volume impact on SGA</i>	16 bps
<b>Headwinds in FY21</b>	
<i>Hike impact</i>	-33 bps
<i>Change in revenue mix</i>	-67 bps
<i>One time restructuring costs</i>	-89 bps
<i>Depreciation impact</i>	-48 bps
<b>Normalised EBIT FY21 (Services)</b>	<b>11.0%</b>
Less: DLM impact	90 bps
<b>Normalised EBIT FY21 (Group)</b>	<b>10.1%</b>

# Cash Generation for Q4FY21 and FY21

All Figures in ₹ Mn	Q4 FY21	Q3 FY21	Q4 FY20	FY21	FY20
<b>Services</b>					
<b>Profit before tax</b>	<b>1,204</b>	<b>1,109</b>	<b>904</b>	<b>4,558</b>	<b>4,734</b>
(+/-) Non-cash & non-operating items	411	339	817	1,519	2,095
<b>Operating profit before WC changes</b>	<b>1,615</b>	<b>1,448</b>	<b>1,721</b>	<b>6,077</b>	<b>6,829</b>
(+/-) DSO Movement (Receivables)	540	586	(73)	3,010	(22)
(+/-) Other WC changes	4	184	19	441	(315)
<b>Operating CF after WC changes</b>	<b>2,158</b>	<b>2,218</b>	<b>1,667</b>	<b>9,528</b>	<b>6,492</b>
Less: Taxes	(415)	(382)	(390)	(1,330)	(1,443)
Less: Capex	(77)	(105)	(263)	(672)	(976)
<b>FCF Services</b>	<b>1,667</b>	<b>1,731</b>	<b>1,014</b>	<b>7,526</b>	<b>4,073</b>
<b>DLM</b>					
<b>Free Cash Flow generated (DLM) - ii</b>	<b>230</b>	<b>(213)</b>	<b>60</b>	<b>84</b>	<b>(387)</b>
<b>Group FCF (i+ii)</b>	<b>1,897</b>	<b>1,518</b>	<b>1,074</b>	<b>7,609</b>	<b>3,686</b>
<b>FCF to EBITDA Conversion</b>	<b>101.3%</b>	<b>85.8%</b>	<b>75.2%</b>	<b>113.5%</b>	<b>55.2%</b>
<b>FCF to Normalized PAT Conversion</b>	<b>171.4%</b>	<b>159.1%</b>	<b>142.4%</b>	<b>204.8%</b>	<b>98.9%</b>

*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 ₹14,650 Mn
- In Q4, the free cash flow conversion stood at 101.3% for group and 108.3% for Services. DLM has generated a cash of ₹230 Mn in Q4 FY21
- Highest ever free cash flow generated in FY21 at ₹7,609 Mn. The cash flow conversion for the year stood at 113.5% for group and 124.4% for Services. DLM has generated a cash of ₹84 Mn in FY21



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# • BU performance Q4 FY21

Business Units	Services			DLM			Group		
	\$ Mn	QoQ	YoY	\$ Mn	QoQ	YoY	\$ Mn	QoQ	YoY
<b>A&amp;D</b>	30.3	3.9%	-33.1%	20.7	22.5%	83.5%	51.0	10.6%	-9.9%
<b>Communications</b>	34.8	2.2%	3.4%	0.2	202.2%	618.5%	35.0	2.5%	3.8%
<b>E&amp;U</b>	15.7	5.3%	2.5%	2.6	33.1%	2.5%	18.3	8.5%	2.5%
<b>Transportation</b>	16.1	1.3%	7.1%	0.3	-21.1%	166%	16.4	0.8%	8.4%
<b>Portfolio</b>	11.9	0.2%	-16.4%	0.0	-15.6%	-37.3%	11.9	0.1%	-16.5%
<b>SIA</b>	7.4	22.8%	39.0%	NA	NA	NA	7.4	22.8%	39.0%
<b>MT&amp;H</b>	3.3	-1.5%	-0.8%	6.5	-3.0%	121.4%	9.8	-2.5%	56.3%
<b>Total</b>	<b>119.6</b>	<b>3.7%</b>	<b>-9.6%</b>	<b>30.3</b>	<b>16.4%</b>	<b>78.6%</b>	<b>149.9</b>	<b>6.0%</b>	<b>0.4%</b>
<i>CC Growth</i>		<i>2.2%</i>	<i>-13.7%</i>					<i>4.7%</i>	<i>-3.5%</i>

- Group growth stood at 6.0% QoQ and 4.7% in cc | Services growth stood at 3.7% QoQ and 2.2% in cc | DLM growth stood at 16.4% QoQ
  - Registered growth in the A&D, despite headwinds; clocked a 3.9% sequential growth in Q4 FY21
  - Highest revenue in communications and semiconductor vertical in the last seven quarters
  - Highest ever revenue for Design Led Manufacturing business at \$30.3 million
- Order intake in Q4 FY21 is at \$238 Mn, increased by 22.4% QoQ.
- Won 8 large deals with total contract potential of \$91 million:
  - 6 large deals in Services worth \$71 million
  - 2 large deals in DLM worth \$20 million

# • BU performance FY21

Business Units	Services		DLM		Group	
	\$ Mn	YoY	\$ Mn	YoY	\$ Mn	YoY
A&D	125.4	-32.8%	62.1	22.9%	187.5	-20.9%
Communications	131.3	2.5%	0.3	-37.1%	131.6	2.4%
E&U	56.9	-20.1%	7.1	-34.3%	64.0	-22.0%
Transportation	61.8	-7.2%	0.9	634%	62.7	-6.0%
Portfolio	47.0	-19.7%	0.1	-77.0%	47.0	-20.0%
SIA	25.8	-3.7%	NA	NA	25.8	-3.7%
MT&H	13.2	0.2%	25.1	105.3%	38.3	50.8%
<b>Total</b>	<b>461.3</b>	<b>-16.2%</b>	<b>95.6</b>	<b>28.3%</b>	<b>556.8</b>	<b>-10.9%</b>
<i>CC Growth</i>		<i>-17.7%</i>				<i>-12.0%</i>

- Group de-growth stood at 10.9% YoY and 12.0% in cc
- Services de-growth stood at 16.2% YoY and 17.7% in cc
- DLM growth stood at 28.3% YoY

- Cyient continued its focus on customer-centricity to record the highest CSAT (Customer Satisfaction) score ever, driven by extending exceptional support to customers in challenging times
- The company received multiple customer endorsements for delivery excellence from key customers, including Thales and Boeing
- Cyient retained its leadership position in engineering and R&D services for the seventh consecutive year, in the annual ratings by Zinnov, a leading global management and strategy consulting firm

# • BU performance per new structure Q4 FY21

Business Units	Services			DLM			Group		
	\$ Mn	QoQ	YoY	\$ Mn	QoQ	YoY	\$ Mn	QoQ	YoY
<b>Transportation</b>	<b>46.4</b>	<b>2.9%</b>	<b>-23.1%</b>	<b>21.0</b>	<b>21.5%</b>	<b>84.3%</b>	<b>67.5</b>	<b>8.1%</b>	<b>-6.0%</b>
Aerospace	30.3	3.9%	-33.1%	20.7	22.5%	83.5%	51.0	10.6%	-9.9%
Rail transportation	16.1	1.3%	7.1%	0.3	-21.1%	165.8%	16.4	0.8%	8.4%
<b>C&amp;U</b>	<b>42.3</b>	<b>2.5%</b>	<b>-1.2%</b>	<b>0.2</b>	<b>202.2%</b>	<b>618.5%</b>	<b>42.4</b>	<b>2.7%</b>	<b>-0.8%</b>
Communications	34.8	2.2%	3.4%	0.2	202.2%	618.5%	35.0	2.5%	3.8%
Utilities	7.5	3.9%	-18.1%	0.0	NA	NA	7.5	3.9%	-18.1%
<b>Portfolio</b>	<b>30.9</b>	<b>6.5%</b>	<b>6.0%</b>	<b>9.1</b>	<b>5.1%</b>	<b>65.2%</b>	<b>39.9</b>	<b>6.2%</b>	<b>15.4%</b>
<b>Total</b>	<b>119.6</b>	<b>3.7%</b>	<b>-9.6%</b>	<b>30.3</b>	<b>16.4%</b>	<b>78.6%</b>	<b>149.9</b>	<b>6.0%</b>	<b>0.4%</b>
<i>CC Growth</i>		<i>2.2%</i>	<i>-13.7%</i>					<i>4.7%</i>	<i>-3.5%</i>

# • BU performance per new structure FY21

Business Units	Services		DLM		Group	
	\$ Mn	YoY	\$ Mn	YoY	\$ Mn	YoY
<b>Transportation</b>	<b>187.2</b>	<b>-26.0%</b>	<b>63.0</b>	<b>24.4%</b>	<b>250.1</b>	<b>-17.6%</b>
Aerospace	125.4	-32.8%	62.1	22.9%	187.5	-20.9%
Rail transportation	61.8	-7.2%	0.9	634%	62.7	-6.0%
<b>C&amp;U</b>	<b>159.7</b>	<b>-6.9%</b>	<b>0.3</b>	<b>-37.1%</b>	<b>160.0</b>	<b>-7.0%</b>
Communications	131.3	2.5%	0.3	-37.1%	131.6	2.4%
Utilities	28.4	-34.7%	0.0	NA	28.4	-34.7%
<b>Portfolio</b>	<b>114.4</b>	<b>-9.3%</b>	<b>32.3</b>	<b>37.9%</b>	<b>146.7</b>	<b>-1.9%</b>
<b>Total</b>	<b>461.3</b>	<b>-16.2%</b>	<b>95.6</b>	<b>28.3%</b>	<b>556.8</b>	<b>-10.9%</b>
<i>CC Growth</i>		<i>-17.7%</i>				<i>-12.0%</i>

# • Business Performance & Outlook (1/4)

## **Aerospace & Defense**

Aerospace & Defense BU witnessed a growth of 3.9% QoQ and declined by 33.1% YoY. This is the first quarter to witness a sequential growth in services since March 2020 led by growth in some of our key customers. The recovery in commercial aviation should commence with the increase in air traffic. We expect demand to improve in the later half of the year based on the success of vaccination. Aftermarket is expected to show the fastest recovery. We are focusing on Digital and automation investments which should translate into increased business in the coming quarters.

## **Communications**

Communications delivered a growth of 2.2% for the sequential quarter, on the top of the 5.2% growth from the previous quarter. With this, the YoY corresponding quarter performance of this unit was up by 3.4%.

We won 6 major deals in FY21 in the areas of fiber, wireless, system integration and 5G rollout from existing and new clients and we continue to benefit from accelerated deployment of 5G networks which are now about 10% of our revenue portfolio for this segment. We have rolled out a strategic transformation program under which we have made conscious choices to invest and develop capabilities in growth hot spots such digital transformation of network design & deployment, network virtualization & cloudification and Enterprise network transformation which has started to contribute significantly to our growth momentum.

The outlook for this segment for Q1 FY22 and full year remains positive, supported by favorable industry trends and enabled by our strategic transformation program which is designed to accelerate our growth momentum.

# • Business Performance & Outlook (2/4)

## **E&U**

The E&U vertical grew by 5.3% QoQ and 2.5% YoY. Growth in Energy vertical was driven by recovery in a few key accounts and as an aggregation of growth across multiple smaller accounts. We see continued signs of recovery in the upstream O&G markets as oil prices continue to hover around \$60/ barrel.

On the mining and natural resources side, customers are increasingly looking to re-invent their operating models including adopting remote/global engineering frameworks to suit the post-pandemic scenarios. Full year outlook remains positive with accelerated digital transformation supported by expectation of easing geo-political situations in the South China sea and pandemic situation not worsening in key geographies such as Australia, Africa as well as North and South America.

Utilities too witnessed a strong quarter and we have a robust deal pipeline which provides good growth visibility for FY22. Our approach to focus on technology led transformational programs has helped us build a strong pipeline of deals along with our partners, which we believe will translate into a differentiated positioning for our Utilities segment.

## **Transportation**

The rail transportation grew by 1.3% QoQ and 7.1% YoY. Growth in Q4 was driven by recovery in key accounts and ramp up of new engagements initiated in 2020. Overall, the industry is seeing increased infrastructure projects funneling demand across the engineering segment. We are seeing strong growth in new accounts which is expected to drive strong growth in FY22

# • Business Performance & Outlook (3/4)

## **MTH**

Medical Technology and Healthcare business unit has experienced a de-growth of 1.5% QoQ and 0.8% YoY. The QoQ de-growth was driven by right shifting of recently won services project and a slowdown in manufacturing production for one of our top DLM clients due to the impact of COVID-19 on the global supply chain.

The outlook for this sector for FY22 remains positive as we continue to execute and ramp-up on the recently awarded contracts while strengthening our pipeline focused on digital transformation, embedded software and DLM services.

## **Portfolio**

Our Portfolio business witnessed a marginal growth of 0.2% QoQ and a decline of 16.4% YoY. In the geospatial side we witnessed a softening in our top 3 geospatial customers which are still impacted by Covid-19. We continue to focus on the development of 3 new solutions (5GIP, Virtual Walkout, and VMS) that support Utilities, Communications, and Energy industries as part of our horizontal strategy. Expansion of Mobile Mapping technologies and Geo AI offerings will drive vertical service line growth.

While Off-Highway customers continue to witness Covid related business impact leading to a different spending pattern, we continue to see an increased traction with our new strategic focus sub segment of automotive globally. For FY22, the automotive industry is expected to witness positive traction due to the need of increased software and digital content as well as the accelerated digitalization drive for the off-highway sub-segment.



# • Business Performance & Outlook (4/4)

## **SIA**

Semiconductor grew by 22.8% QoQ and 39.0% YoY. Growth in Q4 was driven by a recovery in the services business and strong customer demand. Customer demand for engineering services is expected to remain strong. For solutions there is a gradual recovery, though there is a risk of specific delays in projects due to deferred investment decisions.

## **DLM**

The DLM business grew by 16.4% QoQ and 78.6% 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 overall business metrics. Strong order pipeline coupled with order backlog gives us good visibility for growth in FY22.

We continue to see opportunities in the below areas:

- Continued push for 'Make in India' to attract business moving out of China
- Automobile sector- Increased electrification of vehicles
- Energy sector - increasing and steady fuel prices
- Potential to attract new customers in Communication and Medical industries for new technologies

# • Outlook for FY22

## Revenue

- We expect to grow double digit in FY22. We don't have a specific range to provide yet. We will see how H1 shapes up and comment once we have better visibility for the full year
- In Q1 FY22, the Group revenue will witness a decline due to drop in DLM
- Services revenue will witness growth on a sequential basis in Q1 FY22
- DLM revenue drop in Q1 is seasonal *and for the full year, we expect DLM to grow about 20%*

## EBIT Margin

- The efficiency improvements which started in FY21 and will continue in FY22 and for the full year we expect the margins to improve by roughly 200 bps
- Despite the headwind of wage hikes, we expect margins to be stable and improve in Q1 (roughly 50 bps).
- Margins in DLM will drop in Q1 due to lower volume and mix change but the YOY margins for the full year will improve > 200 bps.

## Others

- We do not expect any export incentives in FY22 as there is no clarity on the new policy
- Q1 FY22 ETR will be in the range of 25-26%

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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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**