



INVESTOR PRESENTATION

Q3 FY22



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● Leadership Team



KRISHNA BODANAPU
Managing Director & CEO



AJAY AGGARWAL
Executive Director & CFO



KARTHIK NATARAJAN
Executive Director & COO



Highlights

- Financial Highlights
- Business Highlights



Financial Update

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



Business Update

- BU performance update

Annexures



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● Highlights for the Quarter

Revenue

13.3% YoY / 6.5% QoQ (₹ terms)

11.7% YoY / 5.2% QoQ (\$ terms)

Quarterly revenue at **₹11,834Mn/\$157.9Mn**

EBIT Margin @13.9%

Services EBIT margin at **15.6%**

DLM EBIT margin at **6.0%**

PAT Margin @ 11.1%

PAT for the quarter at **₹1,317 Mn**

Financial Highlights for Quarter

- Group revenue at **\$157.9 Mn**; growth of **11.7%** YoY and **5.2%** QoQ (**5.9%** in CC)
- Services revenue at **\$129.1 Mn**; growth of **11.9%** YoY and **3.6%** QoQ (**4.4%** in CC)
- DLM revenue at **\$28.8 Mn**; growth of **10.6%** YoY and **12.8%** QoQ
- Group EBIT margin at **13.9%** up by **272 bps** YoY and down by **14 bps** QoQ;
- Group EBIT for Q3 at INR 1,642 Mn and Services EBIT for Q3 at INR 1,512 Mn are **highest ever**
- Services EBIT margin at **15.6%** up by **435 bps** YoY and up by **14 bps** QoQ; **highest ever**
- Free Cash Flow generation for the quarter at INR **₹1,596 Mn**, a conversion of **71.0%** on EBITDA (conversion of **121.2%** on PAT)
- PAT at **₹1,317 Mn** for the quarter; growth of **38.0%** YoY and **8.5%** QoQ

● Highlights for the Quarter

Leadership Position in Digital Engineering and E R&D - Zinnov Zones Recognition

- Cyient has been recognized as an Expansive-Established player in the overall ER&D and IoT Services in the 2021 Zinnov Zones ratings
- Cyient has been ranked in the Leadership zone across Aerospace, Telecommunication, Semiconductors, Industrial, and Medical Devices verticals, including SDN-NFV, and rated as an Expansive-Established player in Digital Engineering and ER&D Services - USA region

Launch of Global Management Consulting Practice

- With the launch of its consulting practice Cyient will codesign practical, performance-based business transformation solutions for enterprises across industries to enable sustainable growth
- Leverage engineering domain expertise to solve business critical problems for clients
- Cyient's consulting practice will offer services in the areas of Organization Effectiveness, Board and Governance, Asset Optimization and Digital Transformation

Hived off the Software Defined Radio (SDR) division of the Company

- Signed a definitive agreement with Innovation Communications Systems Limited (ICS) to hive off the Software Design Radio (SDR) division of the Company to ICS
- ICS is a technology-driven organization with a strong focus on communication product development and software services
- Cyient will receive 15% shareholding of ICS against this business transfer and investment

Major Contender for 5G Engineering Services -Everest Group PEAK Matrix®

- Cyient is positioned as a Major Contender in Everest Group's 5G Engineering Services PEAK Matrix® Assessment 2021
- Cyient's focused investments in partnerships and solutions to strengthen capabilities in public and private 5G core and access networks are cited as key strengths in the study by the analysts
- The report also notes Cyient's commitment towards developing strong capabilities in next-generation operations support systems (OSS) and network automation, with strengths in network infrastructure services, network operations, and maintenance



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Revenue for Q3 FY22

Revenue	Q3 FY22	QoQ	YoY	Q2 FY22	Q1 FY22	Q4 FY21	Q3 FY21
Group							
\$ Mn	157.9	5.2%	11.7%	150.1	143.5	149.9	141.4
CC growth		5.9%	12.1%				
₹ Mn	11,834	6.5%	13.3%	11,116	10,582	10,932	10,443
Services							
\$ Mn	129.1	3.6%	11.9%	124.6	119.3	119.6	115.3
CC growth		4.4%	12.4%				
₹ Mn	9,673	4.8%	13.5%	9,229	8,795	8,722	8,521
DLM							
\$ Mn	28.8	12.8%	10.6%	25.5	24.2	30.3	26.0
₹ Mn	2,161	14.5%	12.5%	1,888	1,786	2,210	1,921

- Services growth at 11.9% YoY
- DLM growth at 10.6% YoY
- Group growth at 11.7% YoY

Revenue USD Mn	By Geography (%)			\$ Mn	QoQ growth	YoY growth
Group	Q3 FY22	Q2 FY22	Q3 FY21	Q3 FY22		
NAM	49.2%	48.8%	49.0%	77.6	5.9%	12.1%
EMEA	25.1%	24.8%	25.3%	39.7	6.8%	10.8%
APAC incl India	25.7%	26.4%	25.7%	40.6	2.4%	11.8%

Income statement for Q3 FY22

All Figures in ₹ Mn	Q3 FY22	Q2 FY22	Q3 FY21
Revenue	11,834	11,116	10,443
EBIT (Reported)	1,642	1,558	1,165
PAT (Reported)	1,317	1,214	954
EPS (₹ Reported)	12.1	11.1	8.7

All Figures in %	Q3 FY22	Q2 FY22	Q3 FY21
Gross Margin	36.3%	38.4%	34.6%
EBIT Margin (Reported)	13.9%	14.0%	11.2%
ETR	24.6%	24.9%	23.5%
PAT Margin (Reported)	11.1%	10.9%	9.1%

QoQ EBIT Movement

- Consolidated EBIT margin stood at 13.9%; higher by 272 bps YoY and lower by 14 bps QoQ
- Services EBIT margin at 15.6% is **highest ever**; up by 435bps YoY and by 14 bps QoQ (Please refer slide 13 for QoQ margin bridge)
- DLM margins at 6.0% lower by 459 bps YoY and 81 bps QoQ

Profit After Tax Movement

- PAT increased by 38.0% YoY and 8.5% QoQ primarily from higher EBIT
- ETR is 24.6% lower by 32 bps from Q2 FY22 ETR of 24.9%

EBIT Margin Bridge for Q3 FY22

Particulars	
EBIT Q2 FY22 (Group)	14.0%
Add: DLM impact	147 bps
EBIT Q2 FY22 (Services)	15.5%
Tailwinds in Q3 FY22	
<i>Improvements in operational metrics</i>	87 bps
<i>Volume impact on SG&A</i>	139 bps
<i>Lower depreciation and volume impact on depreciation</i>	54 bps
Headwinds in Q3 FY22	
<i>Change in revenue mix</i>	-80 bps
<i>Lower billing days</i>	-107 bps
<i>Higher travel cost</i>	-25 bps
<i>Impact of merit increase</i>	-54 bps
EBIT Q3 FY22 (Services)	15.6%
Less: DLM impact	176 bps
EBIT Q3 FY22 (Group)	13.9%

Cash Generation for Q3FY22

All Figures in ₹ Mn	Q3 FY22	Q2 FY22	Q3 FY21
Services			
Profit before tax	1,692	1,505	1,109
(+/-) Non-cash & non-operating items	395	400	339
Operating profit before WC changes	2,087	1,905	1,448
(+/-) DSO Movement (Receivables)	91	(45)	586
(+/-) Other WC changes	95	297	184
Operating CF after WC changes	2,273	2,157	2,218
Less: Taxes	(334)	(429)	(382)
Less: Capex	(124)	(132)	(105)
FCF Services	1,815	1,596	1,731
DLM			
Free Cash Flow generated (DLM) - ii	(219)	454	(213)
Group FCF (i+ii)	1,596	2,050	1,518
FCF to EBITDA Conversion[^]	70.9%	97.0%	85.8%
FCF to PAT Conversion	121.2%	155.6%	159.1%

[^]EBITDA used for FCF conversion includes other income part of cash flow from operations

Cash Generation

- Cash and cash equivalents, including long-term treasury investments, at healthy level of **₹14,768 Mn**
- In Q3, the free cash flow conversion stood at **88.0%** for Services and **70.9%** for group:
 - FCF from services was higher by 13.7% QoQ due to favorable working capital movement and lower taxes
 - DLM has consumed a cash of **₹219 Mn** in Q3
- **We are tracking full year cash conversion to 70% at both the Group and Services level**



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● BU Performance Q3 FY22

Business Units \$ Mn	Q3 FY22	QoQ	YoY
Transportation	47.6	-0.5%	5.6%
Aerospace	33.4	3.9%	14.5%
Rail transportation	14.2	-9.5%	-10.6%
C&U	45.4	3.2%	10.1%
Communications	35.3	3.5%	3.5%
Utilities	10.1	2.3%	41.4%
Portfolio	36.1	10.2%	24.5%
Services (i)	129.1	3.6%	11.9%
DLM (ii)	28.8	12.8%	10.6%
Group (i+ii)	157.9	5.2%	11.7%

- Services growth stood at 3.6 QoQ and 4.4% in cc
 - Aerospace witnessed sequential growth of 3.9%
 - Growth in C&U and Portfolio, de-growth in rail transportation
 - Offshore mix for Q3 at 51.3% is highest ever
 - Utilization for Q3 at 86.2%, up by 128 bps QoQ, is highest ever
- DLM growth stood at 12.7% QoQ
- Group growth stood at 5.2% QoQ and 5.9% in cc

Order Intake (\$ Mn)^

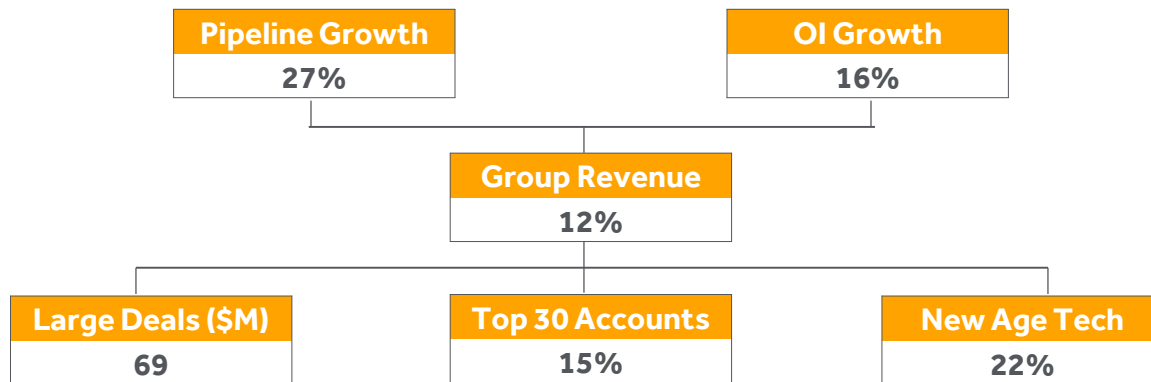
Particulars	Q3 FY22	QoQ	YoY
Cyient Services	200.6	63.6%	12.8%
DLM	24.9	-25.4%	50.0%
Group OI Total	225.5	44.6%	15.9%

^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

- **Won 7 large deals with total contract potential of ~\$68.8 million (6 from services and 1 from DLM)**

● Growth Story Q3 FY22 YoY

Pipeline Growth of 27% | Order intake (OI) Growth of 16% | Revenue Growth of 12%



- **Top 30 Accounts Growth of 15% and New Age Tech (including 5 Pillars) Revenue Growth of 22%** is leading to a Revenue growth of 12%

● Innovative Technology Solutions and Programs

SN	Industry	Technology Solutions / Programs
1	Transportation	Cloud Migration of Multi-Modal Transport Billing Platform: E2E solution Innovative solution for fare collection platform, migration of TB of data to Cloud & implementation for a major city in USA.
2	Digital	CYIENTIFIQ Innovation Platform for development of new IP and Digital Solutions: <ul style="list-style-type: none"> Intelligent and Connected Products: Build Intelligent sensors at the edge by upgrading FOTA architecture Nextgen Connectivity: Private LTE CoE Automation & Edge AI: Blind spot detection system and ADAS CoE Sustainable Energy: HVDC to DC Converter
3	Medical	Patient Monitoring System Test Automation System: Developed an automated test system by enabling automated dynamic switching of the sensor probes and companion modules with the Patient monitors.
4	Medical	Redesign to address Obsolescence and Supply Chain disruption: Innovative redesign techniques which reduce dependency on a specific/unique components, especially microcontrollers.
5	Automotive	Embedded Software Factory: Software testing and validation Framework for automotive products: ADAS, Domain Controllers and IVI
6	Communications	Small Cells Design & Deployment: As a part of their 5G network densification program we are working on small cell design and deployment program using smart pole/node solution.
7	Utilities	Grid Modernization Program: System Integrator for Transformation of client's Communications Network Inventory & Provisioning process.
8	Aerospace	Global Command Center for Aftermarket: A full-stack solution developed using digital technologies, deployed at Cyient premises and integrated with OEM systems.
9	Aerospace	Intercom for Helicopters: An innovative solution meeting the stringent requirements of power management, voice quality using codecs built on a configurable & expandable system for intercom.



BUSINESS PERFORMANCE & OUTLOOK

● Business Performance & Outlook (1/3)

Transportation

Transportation BU unit witnessed marginal de-growth on a sequential basis. The aerospace business continued to grow whereas the rail transportation business witnessed a de-growth. The growth in aerospace can be attributed to the increased business in key accounts, addition of a new customer in North America and a couple of deals secured in the aftermarket services as well as design & manufacturing of embedded systems. Specifically, Cyient was awarded a large manufacturing award from a US defense contractor, as well as a significant technical publications support contract this quarter. The rail business witnessed growth in the signaling business but was offset by the impact from the cost efficiency & supply chain optimization initiatives being driven as part of the ongoing consolidation / integration of rail OEMs. Although, the rail business showed de-growth this quarter, the aftermarket and digital opportunities across various customers is promising and expected to help the business recover in the coming quarters

The BU is optimistic about sustaining its growth in the aerospace business as OEMs & MROs continue to recover post-pandemic. The commercial aerospace market is still rebounding from 2020 lows. The defense market continues to be a positive with continued governmental dedication to large scale defense programs. The increasing number of rail infrastructure projects as well as rail modernization projects is expected to drive growth for the rail business on the engineering and aftermarket areas. The BU shall continue its focus on growing business across embedded systems and aftermarket digital services as well as generating revenue from new segments such as airline and rail operators in the coming quarters

DLM

DLM Revenue witnessed a sequential growth in Q3 FY22. While the India business remained steady there were challenges in the US business in terms of order fulfillment. Materials availability and longer lead time continue to remain a challenge to execute order backlog. We expect these to persist in Q4 FY22

● Business Performance & Outlook (2/3)

Communications and Utilities

Communications: Communications Unit witnessed sequential growth in Q3 FY22. Communications BU won two major deals in Q3, one from a key client in Australia to accelerate their broadband network performance and the other from a key prospect in Australia to enable their network transformation. We also started to engage with our key clients in North America to support their communication network roll out plans under the Rural Digital Opportunity Fund (RDOF) program. The outlook for this segment in FY22 remains positive supported by favorable industry trends and enabled by the strategic transformation program

Utilities: Utilities unit also witnessed sequential growth in Q3 FY22. We won a major program from a key client in North America to support their data transformation program and a strategic project from a new client in APAC to deploy a cloud native next generation spatial information system to enhance their user experience. 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 practice

Portfolio of Services

Automotive and Off Highway continue to see rising demand in the market. The outlook for this sector remains positive as we continue to ramp up on recent contracts while chasing key large opportunities. We have put in place unique solutions to counter the Talent landscape challenges. We continue to see positive signs for growth in coming quarters due to high demand for skills like embedded and quick ramp up expectations from our customers

Mining and Natural Resources growth continued in Q3 FY22. This was driven by an increase in Services revenue recovery and new logos. We expect this trend to continue in Q4 with a ramp up in key consulting projects. Mining activity remains strong, and we are focusing our efforts on large deal opportunities from major mining companies

● Business Performance & Outlook (3/3)

Portfolio of Services

Medical Technology and Healthcare witnessed positive sequential growth in Q3 FY22. This continues to be driven by the demand for our digital engineering services for new medical device platform development and embedded hardware and software services for next generation products. This quarter we were pleased to be awarded a major contract by a global market leader for orthopedic and medical solutions for our QA/RA services. In addition, we successfully secured 3 new strategic clients that are recognized as Top MedTech and Life Sciences industry leaders. The outlook for this sector remains positive as we continue to execute and ramp up on recent contracts while strengthening our pipeline focused on digital transformation, embedded software, design-led manufacturing services and quality and regulatory services

Semiconductor unit witnessed positive growth driven by a positive performance from solutions. Customer demand for both engineering services and solutions remains strong, however the talent and labor market remains highly competitive and a critical challenge. Global supply chain semiconductor issues create new opportunities

Energy, Industrial and Plant Engineering unit provides end-to-end capabilities across the energy value chain for oil and gas, industrial systems, and plant engineering. Despite a marginal decline in this quarter, the outlook for this BU remains positive. This BU will continue to drive growth through aggressive account mining and large deal pursuits

Geospatial witnessed sequential growth in Q3 FY22. Our geospatial strategy continues to move into execution with onboarding talent in key markets, internal retooling and revamping of our enterprise offerings. We are focusing on adjacencies in Mining, Comms and Utilities along with acceleration on initiatives around Automation and AI

● Outlook for FY22



Revenue

- We will grow double digit in FY22 in Services in USD
- DLM growth will be impacted due to supply side challenges



EBIT Margin

- We expect the full year margins to improve by ~ 350 bps leading to best in class earnings growth for the full year



Others

- We maintain that our FY22 ETR will be around 25%

● About Cyient

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.; Cyient AB; Integrated Global Partners Pty Limited; Integrated Global Partners Pte. Limited; Integrated Global Partners SpA; IG Partners South Africa (Pty) Ltd and Workforce Delta PTY. LTD.

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.



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