



CYIENT

# INVESTOR PRESENTATION

Q4 FY20 & FY20

# Confidentiality Statement

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Highlights	Financial Update	Business Update
<ul style="list-style-type: none"> <li>• Financial Highlights</li> <li>• Business Highlights</li> <li>• Awards and Recognition</li> <li>• CSR Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue</li> <li>• Cost optimization</li> <li>• Hedge and other income</li> <li>• Income statement update</li> <li>• Cash generation</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic initiatives</li> <li>• M&amp;A update</li> <li>• Industry outlook</li> </ul>
<p><i>Annexures</i></p>		

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<i>Annexures</i>		

# Highlights for the Quarter

## Revenue

**-2.9% QoQ (₹ terms)**

**-3.8% QoQ (\$ terms)**

Quarterly revenue at  
**\$149.2 Mn/₹10,736 Mn**

## Normalized EBIT<sup>^</sup> Margin @ 8.4%

**Normalized Services Margin @ 9.6%**

**DLM Margin @ -0.5%**

## PAT

**Normalised PAT<sup>^</sup> for the quarter at ₹754 Mn**

## Financial Highlights for Quarter

- Consolidated revenue at \$149.2 Mn; de-growth of 3.8% QoQ and de-growth of 9.7% YoY
- Services revenue at \$132.3 Mn; de-growth of 5.6% QoQ (5.4% in CC) and de-growth 10.0% YoY
- DLM revenue at \$17 Mn; growth of 12.4% QoQ; de-growth of 7.1% YoY
- Cash flow to EBITDA conversion at 74.0%
- Normalized EBIT excluding one-offs at ₹905 Mn
  - Normalized EBIT margin excluding one-offs 8.4%; lower by 118 bps QoQ
  - Normalized EBIT margin for services excluding one-offs at 9.6%, lower by 100 bps QoQ

*\*Refer slide 7 & 8 for details on normalized EBIT and normalized PAT*

# • Highlights for the Year

## Revenue

**-4.1% YoY (₹ terms)**

**-5.3% YoY (\$ terms)**

Yearly revenue at \$**625.2** Mn/₹**44,274** Mn

## EBIT

**Normalised EBIT at ₹4,084 Mn**

**Normalized EBIT<sup>^</sup> Margin @ 9.2%**

**Normalized Services Margin @ 10.5%**

**DLM Margin @ -0.2%**

## PAT

**Normalised PAT<sup>^</sup> for the year at ₹3,727 Mn**

## Financial Highlights for Year

- Group revenue at \$625.2 Mn; de-growth of 5.3% (4.0% in CC terms)
- Services revenue at \$550.7 Mn; de-growth of 5.1% (3.7% in CC terms)
- DLM revenue at \$74.6 Mn; de-growth of 6.6%
- Normalized EBIT excluding one-offs at ₹4,084 Mn; de-growth of 23.4%
- Normalized EBIT margins excluding one-offs at 9.2%; lower by 232 bps
  - Normalized EBIT margin for services excluding one-offs at 10.5%, lower by 228 bps
- Free Cash flow at ₹4,102 Mn (highest ever)
- Free Cash Flow conversion at 56.9%
- Normalized PAT at ₹3,727 Mn; de-growth of 23.9%
- Total dividend for the year stood at Rs 15/- per share

*\*Refer slide 7 & 8 for details on normalized EBIT and normalized PAT*

# PAT and EBIT Walk – Reported to Normalised

Normalised PAT ₹ Mn	Note <sup>^</sup>	Q4 FY20 <sup>^</sup>	Q3 FY20	Q4 FY19	FY20 <sup>^</sup>	FY19
<b>Reported PAT</b>		<b>452</b>	<b>1,083</b>	<b>1,768</b>	<b>3,425</b>	<b>4,785</b>
<b>Exceptional Items</b>						
Impairment of GSEA intangible asset	<b>1</b>	109			109	
Impairment of intangible asset under development	<b>2</b>	222			222	
Impairment of Certsafe IP	<b>3</b>	73			73	
Reversal of earnouts (Certon and AnSem)	<b>4</b>	-333			-333	
IHAL receivable writeoff	<b>5</b>	37			37	
One off tax provision	<b>6</b>	194			194	
One off employees cost	<b>7</b>			77		77
Insights LLC dissolution	<b>8</b>			35		35
<b>Normalised PAT</b>		<b>754</b>	<b>1,083</b>	<b>1,881</b>	<b>3,727</b>	<b>4,898</b>
<b>Reported EPS (₹)</b>		<b>4.1</b>	<b>9.8</b>	<b>15.7</b>	<b>31.1</b>	<b>42.4</b>
<b>Normalised EPS (₹)</b>		<b>6.9</b>	<b>9.8</b>	<b>16.6</b>	<b>33.9</b>	<b>43.4</b>
Normalised EBIT ₹ Mn	Note <sup>^</sup>	Q4 FY20 <sup>^</sup>	Q3 FY20	Q4 FY19	FY20 <sup>^</sup>	FY19
<b>Reported EBIT</b>		<b>464</b>	<b>1,063</b>	<b>1,378</b>	<b>3,643</b>	<b>5,217</b>
<b>Exceptional Items</b>						
Impairment of GSEA intangible asset	<b>1</b>	109			109	
Impairment of intangible asset under development	<b>2</b>	222			222	
Impairment of Certsafe IP	<b>3</b>	73			73	
IHAL receivable writeoff	<b>5</b>	37			37	
One off employees cost	<b>7</b>			77		77
Insights LLC dissolution	<b>8</b>			35		35
<b>Normalised EBIT</b>		<b>905</b>	<b>1,063</b>	<b>1,490</b>	<b>4,084</b>	<b>5,329</b>

7 <sup>^</sup> Refer next slide for explanation on exceptional items

## Note on exceptional items in Q4FY20 and Q4FY19

Note	Exceptional Items	₹ Mn	Description
1	Impairment of Global Services Engineering Asia intangible asset	109	Carrying value of the asset has been impaired during the quarter, based on forecast of underlying business contracts. However, business in total will continue
2	Impairment of intangible asset under development	222	One-time charge of Rs. 222 Mn relating to costs incurred on development of customized UAV systems in a subsidiary in view of the potential delays in materialization of orders.
3	Impairment of Certsafe IP	73	Carrying value of the asset has been impaired during the quarter, based on forecast of underlying business contracts
4	Reversal of earn-outs (Certon and AnSem)	-333	Reversal on contingent consideration payable on past acquisitions which are not contractually payable due to one off lower performance for the year
5	IHAL receivable write-off	37	Carrying value of the asset has been written off during the quarter, based on recoverability assessment.
6	One off tax provision	194	
	i. Impact of Tax Ordinance 2019	56	Switchover of effective tax rate from current regime to Ordinance and related deferred tax impact.
	ii. Provision for tax under Vivad Se Vishwas (VSV) scheme	44	Availment of VSV scheme and related provisions
	iii. Other tax provisions	94	One time impact of settled assessments and other provisions
7	One off employee cost	77	Provision towards dues on PF allowances for FY11 to FY13 and interest component till FY19
8	Insights LLC dissolution	35	



## • Highlights for the Quarter

In India, 92%  
employees are  
enabled to WFH

96% of employees  
are either WFH or  
from customer  
locations in other  
geographies

WFH approvals  
from ~94% of our  
clients across top  
65 accounts

Employee  
health and  
safety is our  
priority

*As on 30<sup>th</sup> April 2020*

## Business Highlights for the Quarter

- Signed an agreement with Hitachi Rail to deliver a series of project engineering services to support and accelerate the evolution of its signaling technology and enhance its project execution capacity in April 2020
- Mysore facility to support manufacturing of Covid-19 diagnosis units and X-ray system assemblies
- Providing Telangana State Police with drone-based surveillance technology to help implement the COVID-19 related lockdown in Hyderabad
- Contributed ₹ 20 Mn to the Telangana Chief Minister's Relief Fund to support the government's efforts in fighting the Covid-19 pandemic in April 2020

# • Highlights for the Quarter

## Awards & Recognition

- Won the Supplier Innovation Award for the seventh consecutive year and the Supplier Highest Productivity Award for the fourth year in a row at the Annual Pratt and Whitney Supplier Summit 2019
- Won the 2019 Harithaharam Award at the CII Telangana State Annual Meeting 2019-20 for sustainable efforts in improving tree cover in the state

## CSR Activities

- Continue to support 28 Government Schools – providing education to 18500+ underprivileged children
- Continue to support 70 Cyient Digital Centers (CDCs) in around Telangana and Andhra Pradesh
- Provided training to the 3<sup>rd</sup> pilot batch of 300 unemployed women on tailoring, bakery and beauty courses through the Cyient Urban Micro Skill Center(CUMSC) for urban poor
- Organized a blood donation drive to commemorate 100 years of the Indian Red Cross Society. Witnessed participation by more than 500 volunteers
- Took up the cause of girl child welfare by organizing activities geared to help underprivileged adolescent girls

## Highlights

- Financial Highlights
- Business Highlights
- CSR Activities

## Financial Update

- Revenue
- Cost optimization
- Hedge and other income
- Income statement update
- Cash generation

## Business Update

- M&A update
- Industry Outlook

*Annexures*

# Revenue for Q4 FY20

Revenue	Q4 FY19	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	QoQ	YoY
\$ Mn	165.2	156.6	164.2	155.2	149.2	-3.8%	-9.7%
₹ Mn	11,629	10,890	11,589	11,060	10,736	-2.9%	-7.7%

Business Units	Services			Group			Geography	
	\$ Mn	QoQ	YoY	\$ Mn	QoQ	YoY		
A&D	45.3	0.5%	-9.0%	56.4	4.7%	-6.9%	NAM	\$83.1 Mn
Comms	33.7	<i>-0.7% cc</i> -1.4%	2.7%	33.7	-2.0%	1.1%		-5.7% QoQ
E&U	15.3	-24.7%	-20.3%	17.9	-20.5%	-18.3%		-6.9% YoY
Transportation	15.0	-3.4%	-16.6%	15.2	-3.5%	-15.9%	EMEA	\$38.4 Mn
Portfolio	14.2	-3.0%	-10.1%	14.2	-3.0%	-10.6%		-1.3% QoQ
SIA	5.4	-22.3%	-35.1%	5.4	-22.3%	-35.1%	APAC (incl. India)	\$27.7 Mn
MT&H	3.3	-1.6%	11.8%	6.3	-10.9%	12.7%		-5.9% YoY
<b>Total</b>	<b>132.3</b>	<b>-5.6%</b>	<b>-10.0%</b>	<b>149.2</b>	<b>-3.8%</b>	<b>-9.7%</b>		-21.1% YoY
<i>CC Growth</i>		<i>-5.4%</i>	<i>-8.8%</i>		<i>-3.7%</i>	<i>-8.6%</i>		

- Services de-growth of 5.6% QoQ, 5.4% in constant currency
- Standalone DLM growth is 12.7% QoQ, -5.2% YoY
- Overall DLM is higher by 12.4% QoQ (\$1.9 Mn) primarily due to increase in Standalone DLM revenue of \$1.5 Mn

- Factors impacting revenue growth in Q4FY20

Factors	Impact \$ Mn	Description
Offshore & Onsite Covid-19 Impact	4.0	~3Mn offshore and ~1Mn onsite
DLM (Covid-19)	1.2	Supply chain issues
Semiconductor Supply Chain (Covid-19)	1.5	Delay in component shipments from China
E&U licence revenue	2.0	License fee to be recognized over implementation schedule
E&U Execution Challenges	3.0	Field work challenges in NAM utilities
<b>Total</b>	<b>11.7</b>	

# Revenue for FY20

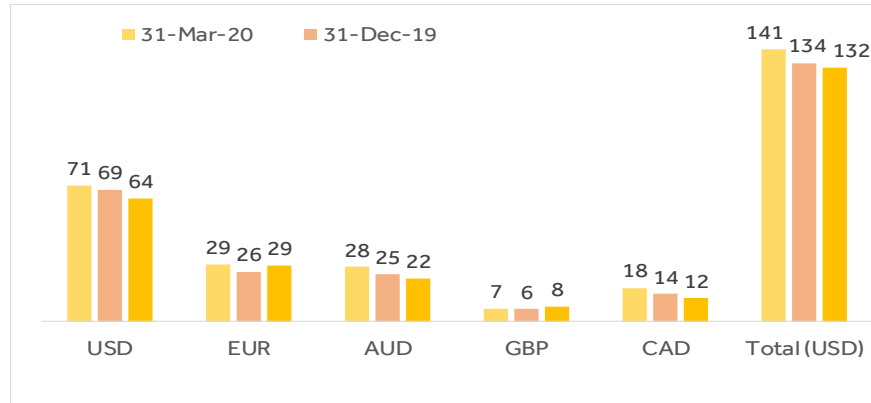
Revenue	FY16	FY17	FY18	FY19	FY20	YoY	
\$ Mn	472.1	537.9	607.4	660.0	625.2	-5.3%	
₹ Mn	30,956	36,065	39,175	46,175	44,274	-4.1%	
Business Units	Services		Group		Geography		
	\$ Mn	YoY	\$ Mn	YoY			
A&D	186.5	-4.8% cc -5.6%	236.5	-4.7%	NAM	\$348.8 Mn -0.5% YoY	
Comms	128.1	-3.4% cc -5.6%	128.6	-8.1%		EMEA	\$164.8 Mn 5% YoY
E&U	71.2	2.7% cc 1.1%	82.3	-0.6%	APAC (incl. India)		\$111.5 Mn -26.8% YoY
Transportation	66.5	-2.5% cc -4.7%	66.9	-4.2%			
Portfolio	58.4	-7.2% cc -9.2%	58.6	-9.7%			
SIA	26.7	-14.3%	26.7	-14.3%			
MT&H	13.2	18.0%	25.5	18.5%			
<b>Total</b>	<b>550.7</b>	<b>-5.1%</b>	<b>625.2</b>	<b>-5.3%</b>			
CC Growth		-3.7%		-4.0%			

- Services de-growth of 5.1% YoY, 3.7% in constant currency
- Standalone DLM growth is 6.3% YoY
- Overall DLM is lower by 6.6% YoY (\$5.2 Mn) primarily due to decrease in Standalone DLM revenue of \$4.3 Mn

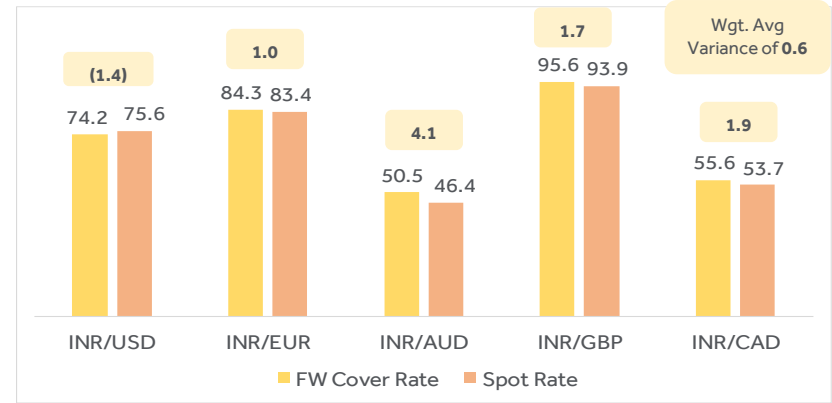
# Hedge Book for Q4 FY20

## Outstanding Forward Contracts\*

Value in Respective Currency Mn.



## Booked Rate (in ₹) for next 12 Months



- Due to volatility in major currencies (USD, GBP, EUR, CAD and AUD), the company revised the policy to hedge 80% of net inflows for the rolling 12 months (as against previous policy of 70%)
- On the current forward contracts, the company has following position for the next 12 months at current spot rates:
  - Outstanding Forward Contract as on 31<sup>st</sup> Mar'20 in ~ **\$ 141 Mn**
  - If the spot rate remains at same level (as at 31<sup>st</sup> Mar'20), forex gain on current forward contracts could be ~**\$ 1.2 Mn**

\*Outstanding forward contracts excludes CyientDLM

# Other Income for Q4 FY20 & FY20

All Figures in ₹ Mn	Q4 FY20	Q3 FY20	Q4 FY19	FY20	FY19
<b>Income from Treasury</b>					
Interest on Invesmtents/Deposits	94	88	135	391	487
Dividend on Mutual Funds	8	8	13	29	52
<b>Subtotal (A)</b>	<b>102</b>	<b>96</b>	<b>148</b>	<b>420</b>	<b>539</b>
<b>Realised gains/(losses) on Fwd Contracts (B)</b>	<b>81</b>	<b>151</b>	<b>(6)</b>	<b>514</b>	<b>(180)</b>
<b>Unrealised Fx gains/losses (C)</b>	<b>(48)</b>	<b>184</b>	<b>126</b>	<b>61</b>	<b>107</b>
<b>Others</b>					
Interest on IT Refunds	0	0	0	0	13
Reversal of Old provisions	25	23	30	80	61
Rents received	2	7	2	14	16
Tax incentives on export of merchandise	0	0	280	18	514
Others	44	37	209	143	269
<b>Others (D)</b>	<b>71</b>	<b>67</b>	<b>521</b>	<b>255</b>	<b>873</b>
<b>Grand total (A+B+C+D)</b>	<b>206</b>	<b>498</b>	<b>789</b>	<b>1250</b>	<b>1340</b>

Currency Movement	Q4 FY20		Q3 FY20		Q4 FY19	
	Forward	Spot	Forward	Spot	Forward	Spot
<b>USD</b>	72.8	72.5	74.5	71.3	67.3	70.7
<b>EUR</b>	85.4	80.4	87.4	79.1	84.5	80.4
<b>GBP</b>	97.4	93.6	96.7	91.7	94.3	93.1
<b>AUD</b>	52.3	47.3	53.4	48.7	52.7	50.6
<b>CAD</b>	56.0	54.5	56.0	54.0	53.3	52.4

Forward and spot rates represent average of monthly rates

Earnout reversals, amounting to RS 333 Mn, excluded from other income for Q4FY20 and FY20, is part of exceptional item

## For the quarter

- Other income is lower by ₹293 Mn (-58.7%) QoQ
- Forward contract gain has decreased QoQ due to reduced gain from USD contracts vs Q3 FY20
- Unrealised Fx loss is mainly due to restatement of cross currency loans in EUR & USD

## For the year

- Other income is lower by ₹90 Mn (-7%) YoY
- Treasury income has reduced due to decreased cash deployment mainly from utilization of funds for final dividend of FY19 - INR 1,200 Mn and total dividend of FY20 - INR 2,000 Mn.
- Forward contract gain has increased due to YoY gain in USD and EUR contracts
- The export tax incentives have right shifted to Q2 FY21



# Income statement for Q4 FY20

All Figures in ₹ Mn	Q4 FY20	Q3 FY20	Q4 FY19
Revenue	10,736	11,060	11,629
EBIT (Reported)	464	1,063	1,378
<b>EBIT (Normalised)</b>	<b>905</b>	<b>1,063</b>	<b>1,490</b>
PAT (Reported)	452	1,083	1,768
<b>PAT (Normalised)</b>	<b>754</b>	<b>1,083</b>	<b>1,881</b>
EPS (₹ Reported)	4.1	9.8	15.7
EPS (₹ Normalised)	6.9	9.8	16.6

All Figures in %	Q4 FY20	Q3 FY20	Q4 FY19
Gross Margin	33.5%	36.0%	35.3%
EBIT Margin (Reported)	4.3%	9.6%	11.8%
<b>EBIT Margin (Normalised)</b>	<b>8.4%</b>	<b>9.6%</b>	<b>12.8%</b>
ETR (excl. one-offs)	23.9%	23.3%	21.5%
PAT Margin (Reported)	4.2%	9.8%	15.2%
<b>PAT Margin (Normalised)</b>	<b>7.0%</b>	<b>9.8%</b>	<b>16.2%</b>

Refer slide 7 & 8 for details on normalized EBIT and normalized PAT

## QoQ EBIT Movement

- Consolidated normalized EBIT stood at 8.4%; down 118 bps QoQ
- Services margin at 9.6%; lower by 100 bps QoQ primarily driven by lower utilization (140 bps), adverse revenue mix (70 bps), volume impact on SGA and depreciation (120bps) offset by decrease in SGA cost (210 bps) and forex impact (20 bps). (Please refer slide 19).
- The margins were also lower by additional 100 bps from forecast due to the volume drop compared to forecast.
- DLM margins -0.5%; compared to 0.2% in Q3 FY20

## Profit After Tax Movement

- Normalized PAT decreased by ~30.4% QoQ
- Significant impact on PAT from lower other income and lower EBIT
- ETR excluding one-offs has increased to 23.9% from 23.3% in Q3 FY20

# Income statement for FY20

All Figures in ₹ Mn	FY20	FY19
Revenue	44,274	46,175
EBIT (Reported)	3,643	5,217
<b>EBIT (Normalised)</b>	<b>4,084</b>	<b>5,329</b>
PAT (Reported)	3,425	4,785
<b>PAT (Normalised)</b>	<b>3,727</b>	<b>4,898</b>
EPS (₹ Reported)	31.1	42.4
EPS (₹ Normalised)	33.9	43.4

All Figures in %	FY20	FY19
Gross Margin	34.6%	34.7%
EBIT Margin (Reported)	8.2%	11.3%
<b>EBIT Margin (Normalised)</b>	<b>9.2%</b>	<b>11.5%</b>
ETR (excl. one-offs)	22.8%	21.2%
PAT Margin (Reported)	7.7%	10.4%
<b>PAT Margin (Normalised)</b>	<b>8.4%</b>	<b>10.6%</b>

Refer slide 7 & 8 for details on normalized EBIT and normalized PAT

## YoY EBIT Movement

- Consolidated normalized EBIT stood at 9.2%; down 232 bps YoY
- Services margin at 10.5% was lower by 228 bps YoY primarily driven by headwinds from wage hike (170 bps), change in revenue mix (40 bps), higher investment (60 bps), volume impact on SGA (90 bps), net depreciation impact (28 bps), one time cost impact of (170 bps) offset by benefit from cost optimization (330 bps).
- Full year margins were impacted significantly by volume drop and hence despite the success of the cost optimization program we see a decline in margins. The knowledge transfer is complete and cost optimization exercise will continue to be driven internally. We are confident of margin expansion once we have stability and volumes pick up.
- DLM margins -0.2%: compared to 2.3% in FY19

## Profit After Tax Movement

- Normalised PAT at ₹3,727 Mn, lower YoY by 23.9%
- Significant impact on PAT from lower other income and lower EBIT

# EBIT margin bridge for Q4 FY20 & FY20

Particulars	
<b>Normalised EBIT Q3 FY20 (Group)</b>	<b>9.6%</b>
<i>Add: DLM impact</i>	<i>100 bps</i>
<b>Normalised EBIT Q3 FY20 (Services)</b>	<b>10.6%</b>
<b>Headwinds in Q4FY20</b>	
<i>Lower utilization</i>	<i>-140 bps</i>
<i>Change in mix of revenue</i>	<i>-70 bps</i>
<i>Volume impact on SGA</i>	<i>-100 bps</i>
<i>Volume impact on Depreciation</i>	<i>-20 bps</i>
<b>Tailwinds in Q4FY20</b>	
<i>Decrease in SGA cost</i>	<i>210 bps</i>
<i>Fx impact</i>	<i>20 bps</i>
<b>Normalised EBIT Q4 FY20 (Services)</b>	<b>9.6%</b>
<i>Less: DLM impact</i>	<i>110 bps</i>
<b>Normalised EBIT Q4 FY20 (Group)</b>	<b>8.4%</b>

Particulars	
<b>Normalised EBIT FY19 (Group)</b>	<b>11.5%</b>
<i>Add: DLM impact</i>	<i>130 bps</i>
<b>Normalised EBIT FY19 (Services)</b>	<b>12.8%</b>
<b>Headwinds in FY20</b>	
<i>Wage Hike</i>	<i>-170 bps</i>
<i>Change in mix of revenue</i>	<i>-40 bps</i>
<i>Increase in investment cost</i>	<i>-60 bps</i>
<i>Volume impact on SGA</i>	<i>-90 bps</i>
<i>Net Depreciation impact</i>	<i>-28 bps</i>
<i>One time cost impact</i>	<i>-170 bps</i>
<b>Tailwinds in FY20</b>	
<i>Benefit from Cost optimisation</i>	<i>330 bps</i>
<b>Normalised EBIT FY20 (Services)</b>	<b>10.5%</b>
<i>Less: DLM impact</i>	<i>130 bps</i>
<b>Normalised EBIT FY20 (Group)</b>	<b>9.2%</b>

Refer slide 7 & 8 for details on normalized EBIT

# Cash Generation for Q4 FY20 & FY20

All Figures in ₹ Mn	Q4 FY20	Q3 FY20	Q4 FY19	FY20	FY19
<b>Services</b>					
<b>Operating Profit</b>	<b>1,199</b>	<b>1,462</b>	<b>1,513</b>	<b>5,590</b>	<b>5,925</b>
Other Income	231	461	985	1,224	1,323
<b>Profit from Operations</b>	<b>1,430</b>	<b>1,924</b>	<b>2,498</b>	<b>6,814</b>	<b>7,248</b>
DSO Movement (Receivables)	-73	581	-474	-22	-1,768
Other WC changes	195	-122	-863	-368	289
<b>Operating CF after WC changes</b>	<b>1,552</b>	<b>2,383</b>	<b>1,161</b>	<b>6,424</b>	<b>5,769</b>
Less: Taxes	-421	-228	-366	-1,442	-1,406
Less: Capex	-242	-76	-16	-827	-704
<b>Free Cash Flow generated (Services) - i</b>	<b>889</b>	<b>2,079</b>	<b>779</b>	<b>4,155</b>	<b>3,659</b>
<b>DLM</b>					
<b>Free Cash Flow generated (DLM) - ii</b>	<b>285</b>	<b>-135</b>	<b>-377</b>	<b>-53</b>	<b>111</b>
<b>Group FCF (i+ii)</b>	<b>1,175</b>	<b>1,944</b>	<b>402</b>	<b>4,102</b>	<b>3,770</b>
<b>FCF to EBITDA Conversion</b>	<b>74.0%</b>	<b>95.7%</b>	<b>15.8%</b>	<b>56.9%</b>	<b>48.4%</b>

## Cash Generation

- Cash and cash equivalents at a healthy levels of ₹ 9,518 Mn
- In Q4, the cash flow conversion stood at 74.0% for group and 56.0% for Services. DLM has generated cash of ₹285 Mn in Q4 FY20
- In FY20, the cash flow conversion stood at 56.9% for the Group and 59.0% for services. DLM has consumed cash of ₹53 Mn in FY20

<h2>Highlights</h2>	<h2>Financial Update</h2>	<h2>Business Update</h2>
<ul style="list-style-type: none"> <li>• Financial Highlights</li> <li>• Business Highlights</li> <li>• CSR Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue</li> <li>• Cost optimization</li> <li>• Hedge and other income</li> <li>• Income statement update</li> <li>• Cash generation</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic initiatives</li> <li>• M&amp;A update</li> <li>• Industry outlook</li> </ul>
<p><i>Annexures</i></p>		

# • Strategic initiatives for FY21 (From learnings of FY20)

## **Strategic:**

- COO organization focused on EBIT achievement and sustenance.
- Structural changes in Sales teams and Delivery teams focused on revenue accuracy
- Aligning KPI's of Top 100 leaders of the organization to include forecasting accuracy
- Structuring new contracts and restructuring existing contracts with customers for better predictability

## **Process/Systems:**

- System integrated approach towards forecasting by leveraging the revenue and cost plans in ERP
- Assessment of forecast by stream of revenue – FTE Driven, Sub-Con, Revenue from sale of licenses, IP revenue etc.
- Fortnightly progress review of risks and opportunities – by CXO's
- Weekly assessment of FX volatility and potential impact across Top Customers

## **Cost:**

- Program management of Cost Optimization Program, driven by a cross functional team
- Budgetary tracking on Cost take outs / savings
- Revenue to Resource alignment to ensure demand-supply is matched and bench at sub optimal levels
- Regular Cadence to review cost optimization

# Investment Pipeline & Focus Areas: Q4 FY20



\*Pre LOI and LOI reflect a balance position

## Active Investment Pursuits – Specific focus areas\*

<p><b>A&amp;D</b></p> <ul style="list-style-type: none"> <li>• IP led opportunities in systems, sub-systems and components in Avionics and Digital and MRO sub-systems</li> <li>• Mechanical manufacturing in engine externals</li> </ul>	<p><b>Comms</b></p> <ul style="list-style-type: none"> <li>• Wireless designing &amp; planning in the area of small cells</li> <li>• Engineer Furnish &amp; Install &amp; Commissioning &amp; Install activities</li> <li>• NGOSS solution providers &amp; Network Infrastructure provider – Build/Construct</li> </ul>	<p><b>Medical</b></p> <ul style="list-style-type: none"> <li>• Design to Build companies with OEM partnership in Diagnostic Imaging, In-vitro Diagnostic &amp; Cardiology</li> </ul>	<p><b>Rail</b></p> <ul style="list-style-type: none"> <li>• Signalling Application Engineering &amp; Testing</li> </ul>
<p><b>E&amp;U</b></p> <ul style="list-style-type: none"> <li>• Digital solutions – Connected equipment, Asset Health Monitoring, Digital Capital Projects and Industrial automation integration</li> </ul>	<p><b>SI&amp;A</b></p> <ul style="list-style-type: none"> <li>• Systems Co. with focus on Embedded Systems &amp; Software: Auto Expertise, Autonomous/Connected - HW &amp; SW &amp; IoT systems - HW /SW</li> </ul>	<p><b>DLM</b></p> <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>	<p><b>Corp. Inv.</b></p> <ul style="list-style-type: none"> <li>• Startup investments &amp; strategic opportunities: organic</li> <li>• JV/Collaboration,</li> <li>• IP investment</li> </ul>

# • Industry Outlook & Business Performance (1/4)

## Aerospace & Defense

The Aerospace and Defense industry is expected to be severely impacted with airlines likely to file for bankruptcy and requiring government bailout. The commercial aerospace segment is expected to see high cancellations/deferments. The defense segment continues to remain stable with firms pulling its commercial supply chain into their defense businesses. There will be increased focus on digitization, automation and optimization.



## Communications

The communications industry expects medium impact with delays expected in the 5G standardization and auctions. Investments are expected to increase in autonomous, software-based, cloud-led network. While device manufacturers are expected to be impacted negatively along with CSP's, the demand for OTT content is expected to increase.





# • Industry Outlook & Business Performance (2/4)

## Energy & Utilities

Energy industry is expected to be impacted with low oil pricing leading to decline in production and margin pressures across the oil and gas value chain. A similar trend of falling demand and price reduction can be observed in the electricity sector. Europe has faced a record collapse in electricity prices. The mining industry is expected to rebound with China coming back to normal. Utilities segment continues to remain strong and unaffected by supply and demand issues. Growth in utilities will be driven by investments in grid modernization & renewable energy, transmission and distribution systems. Opportunities to boost in electrification will increase. The participation of utilities in smart city programmes will also expected to increase.



## Transportation

The Transportation industry is expected to within a medium term impact with people accessing lesser public transport and delayed project execution. The Mass Transit, Commuter and High Speed segments are expected to be more impacted as compared to Freight and Signalling segments. As countries invest in infrastructure in the long run industry is expected to see an uptick.



# • Industry Outlook & Business Performance (3/4)

## Portfolio

The industry will face strong headwinds due to decreased demand from end-industries /consumers. Uncertainties in global supply chain will lead to challenges in production planning. Expected double down on investments across Industry 4.0 and automation initiatives to insulate against future concerns.

The Geospatial industry is expected to witness potential production stoppages and decrease in demand. The focus will be on digital engineering services. The industry will see continued investments in industry 4.0 and automation.



## Semiconductor

The Semiconductor industry is impacted by the demand side concern, given reduced consumer spend in industries such as consumer electronics, automotive and industrial. Increased demand for enhanced compute, automation, and connectivity will translate to a higher semiconductor consumption across areas such as data centres, 5G, IoT, and cloud.



# • Industry Outlook & Business Performance (4/4)

## Medical Technology and Healthcare

The Medical Technology and Healthcare industry is expected to be impacted with decrease demand and focus on elective surgeries. OEMs are diverting their spend on products and areas which are mostly aligned to Covid 19. There is increased focus on building intelligent devices with capabilities around predictive diagnostics and early detection to enable remote monitoring.



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, and its domain knowledge and technical expertise, to solve complex business problems.

With over ~14,000 employees globally, 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.

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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**