

17 January 2019

BSE Limited  
PJ Towers  
25th Floor, Dalal Street  
Mumbai – 400 001  
Scrip Code: 532175

The National Stock Exchange of India Ltd  
Exchange Plaza, Bandra-Kurla Complex  
Bandra (E)  
Mumbai – 400 051  
Scrip Code: CYIENT

Dear Sir,

Sub: Investor update – Reg.

Please find herewith enclosed investor update issued by the company on the financial results for the quarter ended 31 December 2018.

This is for your information and records.

Thanking you

Yours faithfully,  
For Cyient Limited



N. Ravi Kumar  
Dy. Company Secretary.



CYIENT

# INVESTOR PRESENTATION

Q3 FY19

# 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.

## Highlights for the Quarter

- Financial Highlights
- Business Highlights
- Awards & Recognition
- CSR Activities

## Financial Update

- Revenue
- Income statement update
- Other Income & Hedge
- Cash generation

## Business Update

- Significant highlights
- M&A update
- Industry outlook
- Future outlook

## *Annexures*

## Highlights for the Quarter

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## • Highlights for the Quarter (1/3)

### Revenue

**20.8% YoY (₹ terms)**

**8.6% YoY (\$ terms)**

**10.7% YoY(CC terms)**

Quarterly revenue at \$**165.1Mn**

### Operating Profit Growth

**22.2% YoY**

### Operating Profit Margin @ 14.7%

**Expansion of 103 bps QoQ**

### Financial Highlights for Quarter

- Highest ever quarterly revenue at ₹11,876Mn; growth of 20.8% YoY
- Highest ever operating profit at ₹1,749; growth of 22.2% YoY
- Operating margin at 14.7%; highest in last 12 quarters, expansion of 103 bps QoQ
- Services revenue at \$144.6Mn; 3.3% YoY growth; DLM at \$20.6Mn; 69.7% YoY growth
- Cash flow to EBITDA conversion at 85.6%
- Highest ever cash balance of ₹12.3Bn/\$176Mn
- Company would continue with its dividend policy of up to 40% dividend pay-out

## • Highlights for the Quarter (2/3)

<b>A&amp;D, SIA and MTH revenue growth of</b>  <b>~21%, ~30% &amp; ~20% YoY</b>	<b>NAM &amp; APAC revenue growth of</b>  <b>~13% &amp; ~21% YoY</b>
<b>CSS completed dispatch of first UAV system</b>  <b>\$190Mn opportunity identified</b>	<b>NBA program in full swing</b>  <b>3 new projects have started</b>

## Business Highlights for the Quarter

- Successfully completion of ISO 13485:2016 certification upgradation audit by BSI
- CSS (51:49 JV between Cyient Ltd and Blue Bird Aero Systems, Israel) completed the dispatch of the first UAV system to a unit of the Indian Army
- Opened a solutions centre at Peoria, Illinois, USA
- Opened a new block for one of the key customers in Pune

## • Highlights for the Quarter (3/3)

### Awards & Recognition

- Cyient conferred by P&W with Supplier Highest Productivity Award, Supplier Innovation Award and Consistent Supplier Productivity Award in 2018
- Cyient Singapore Private Limited won the Tripartite Alliance Award 2018
- Positioned as an established and expansive player in Zinnov ER&D services report 2018
- Cyient CFO won the "CFO of the Year" award and the Finance Team won "Excellence in Financial Planning and Analysis" award at the CFO Executive Leadership Summit organized by Kamikaze B2B Media in New Delhi

### CSR Activities

- Received "Best Overall Excellence in CSR" Award from National Awards for Excellence in CSR & Sustainability
- Continue to support 25 Government Schools - supporting underprivileged children
- Continue to support 67 Cyient Digital Centers (CDCs) in around Hyderabad to more than 27000+ children and 5,500+ community members
- Initiated a Urban Micro Skill Center (UMSC) for urban poor with support from Govt. of Telangana and National Skill Development Corporation (NSDC)



## Highlights for the Quarter

- Financial Highlights
- Business Highlights
- CSR Activities
- Infrastructure
- Awards and Operations

## Financial Update

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

## Business Update

- Significant highlights
- M&A update
- Industry outlook
- Future outlook

## *Annexures*

# • Revenue for Q3 FY19

Revenue	Q3FY18	Q4FY18	Q1FY19	Q2 FY19	Q3 FY19	QoQ	YoY
\$ Mn	152.0	164.6	160.8	168.9	<b>165.1</b>	-2.3%	8.6%
₹ Mn	9,834	10,618	10,800	11,870	<b>11,876</b>	0.1%	20.8%

Business Units	Services			Group			Geography	
	\$ Mn	QoQ	YoY	\$ Mn	QoQ	YoY		
<b>A&amp;D</b>	49.6	0.6%	2.2%	63.8	-0.5%	20.5%	<b>NAM</b>	\$89.3
<b>Comms</b>	33.8	-3.3%	6.5%	34.2	-5.9%	-0.8%		1.8% QoQ
<b>U&amp;G</b>	21.7	4.4%	-6.3%	21.7	4.4%	-6.3%		12.9% YoY
<b>Transportation</b>	17.3	1.0%	6.2%	17.4	1.1%	6.3%	<b>EMEA</b>	\$36.5
<b>I&amp;ENR</b>	12.4	-0.8%	2.9%	15.5	-5.3%	3.0%		-9.2% QoQ
<b>SIA</b>	6.7	-20.0%	30.3%	6.7	-20.0%	30.3%		-9.6% YoY
<b>MT&amp;H</b>	2.8	2.1%	1.3%	5.7	1.4%	20.1%	<b>APAC (incl. India)</b>	\$39.3
<b>Total</b>	<b>144.5</b>	<b>-1.0%</b>	<b>3.3%</b>	<b>165.1</b>	<b>-2.3%</b>	<b>8.6%</b>		-4.2% QoQ
<i>CC Growth</i>		-0.2%	5.3%		-1.5%	10.7%		20.7% YoY

- All BU's (excluding U&G) have grown YoY on YTD basis
- U&G likely to improve in Q4 and beyond

# Income statement for Q3 FY19

All Figures in ₹ Mn	Q3 FY19	Q2 FY19	Q3 FY18
Revenue	11,876	11,870	9,834
Operating Profit	1,749	1,626	1,431
PAT	921	1,271	878
EPS (₹)	8.1	11.2	7.8

All Figures in %	Q3 FY19	Q2 FY19	Q3 FY18
Gross Margin	35.0%	34.5%	35.6%
Operating Margin	<b>14.7%</b>	<b>13.7%</b>	<b>14.6%</b>
Effective Tax Rate	22.4%	29.8%	22.4%
<i>ETR (excl. one-offs)</i>	<i>22.4%</i>	<i>24.5%</i>	<i>22.4%</i>
PAT Margin	<b>7.9%</b>	<b>10.2%</b>	<b>10.8%</b>

*Reported ETR likely to be 24.4% - 25.4%. ETR (excl. dividend) is likely to be in the range of 23.5% - 24.5%*

## Operating profit Movement

- Consolidated operating margin at 14.7% ; up 103 bps QoQ aided by favorable business mix
  - Higher gross margin; at 35%; up 52 bps QoQ aided by better DLM margins
  - Service margin at 16.3% ; expansion of 100 bps QoQ due to better absorption of SG&A (90 bps), direct cost efficiencies (100 bps), fx impact (23 bps) offset by furlough impact (115 bps). *Please refer slide 11*
  - DLM margins at 4.0%; expanded by 30 bps QoQ; aided by mix change with focus on profitable business
- Q4 FY19 OPM will further expand from recovery from furlough, improvement in operational metric and further absorption in SG&A, despite headwinds from fx

## Profit After Tax Movement

- PAT reduced by ~28% QoQ primarily on account of reduction in other income
  - Balance Sheet Restatement losses at ₹286Mn (vs. gain of ₹237Mn last quarter) ; closing rate movement of ~₹3 change, closing at ₹69.9
  - Absence of export incentives on Merchandise and Engineering and related services ("Incentives"); ₹234Mn in last quarter
- ETR is lower by 210 bps QoQ (based on normalised ETR of Q2 FY19) primarily due to reduction in other income

# Operating margin bridge for Q3 FY19

Particulars	
OPM Q2 FY19 (Group)	13.7%
Add: DLM Impact	157 bps
<b>OPM Q2 FY19 (excluding DLM)</b>	<b>15.3%</b>
<b>Headwinds</b>	
Q3 Furloughs	-115 bps
<b>Tailwinds</b>	
SG&A Absorption	90 bps
Direct cost efficiencies	100 bps
Fx impact (₹ depreciation)	23 bps
<b>OPM Q3 FY19 (excluding DLM)</b>	<b>16.3%</b>
Add: DLM Impact	-153 bps
<b>OPM Q3 FY19 (Group)</b>	<b>14.7%</b>

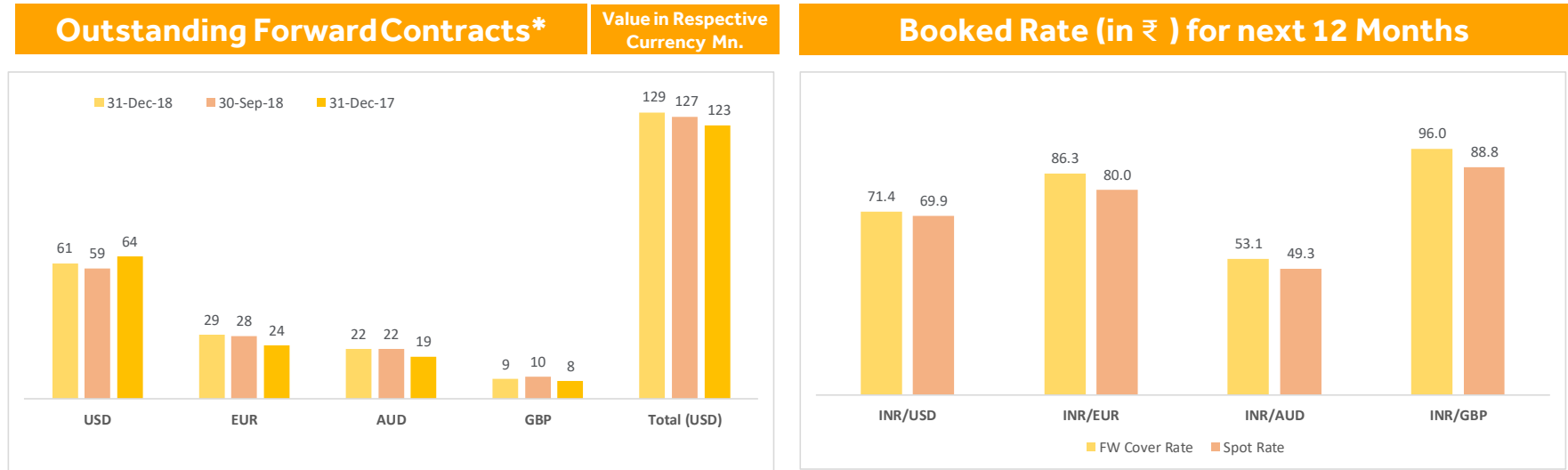
# Other Income for Q3 FY19

All Figures in ₹ Mn	Q3 FY19	Q2 FY19	Q3 FY18	QoQ Change	YoY Change
<b>Income from Treasury</b>					
Interest on Invesmtents/Deposits	120	116	96	4	24
Dividend on Mutual Funds	17	14	7	3	10
<b>Subtotal (A)</b>	<b>137</b>	<b>130</b>	<b>103</b>	<b>7</b>	<b>34</b>
<b>Realised gains/(losses) on Fwd Contracts (B)</b>	<b>(66)</b>	<b>(62)</b>	<b>132</b>	<b>(3)</b>	<b>(197)</b>
<b>Unrealised Fx gains/losses (C)</b>	<b>(286)</b>	<b>237</b>	<b>(50)</b>	<b>(523)</b>	<b>(236)</b>
<b>Others</b>					
Interest on IT Refunds	0	0	0	0	0
Reversal of Old provisions	10	10	24	0	(14)
Rents received	2	2	6	0	(4)
Incentives	0	234	0	(234)	0
Others	16	17	58	(1)	(42)
<b>Others (D)</b>	<b>28</b>	<b>263</b>	<b>88</b>	<b>(235)</b>	<b>(61)</b>
<b>Grand total (A+B+C+D)</b>	<b>(187)</b>	<b>568</b>	<b>273</b>	<b>(754)</b>	<b>(460)</b>

Currency Movement	Q3 FY19		Q2 FY19		Q3 FY18	
	Forward	Spot	Forward	Spot	Forward	Spot
USD	67.0	71.6	67.3	70.6	70.9	64.5
EUR	81.5	81.6	81.0	83.0	76.9	76.1
GBP	91.2	91.7	90.6	92.6	88.8	85.8
AUD	51.4	51.2	53.1	51.7	52.6	49.6
CAD	52.5	53.6	54.3	54.4	0.0	0.0

- Other income is lower by ₹754Mn primarily from restatement loss & export benefits in Q2 not received in Q3 (₹ 234 Mn)
- Realized loss on forward contract mainly due to loss on USD contracts
- As of 31<sup>st</sup> December, net monetary assets subject to restatement are ~\$42Mn

# • Hedge Book for Q3 FY19



- Despite the volatility in major currencies, the company continues to adhere to a consistent Fx policy of hedging ~70% for next 12 months for major currencies (USD, GBP, EUR, AUD and CAD)
- 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> Dec '18 in ~ \$129 Mn
  - If the spot rate remains at ₹69.9 (as of 31<sup>st</sup> Dec'18), forex gain on current forward contracts could be ~\$ **6.6 Mn** for next 12 months; ~\$ **0.42 Mn** for next 3 months

# Cash Generation for Q3 FY19

All Figures in ₹ Mn	Q3 FY19	Q2 FY19	Q3 FY18
<b>Services</b>			
Operating Profit	1,673	1,466	1,419
Other Income	(340)	520	216
<b>Profit from Operations</b>	<b>1,333</b>	<b>1,986</b>	<b>1,635</b>
DSO Movement (Receivables)	113	(284)	(181)
<i>DSO Days (Services)</i>	<i>83</i>	<i>84</i>	<i>80</i>
Other WC changes	551	62	221
<b>Operating CF after WC changes</b>	<b>1,997</b>	<b>1,764</b>	<b>1,675</b>
Less: Taxes	(462)	(436)	(317)
Less: Capex	(241)	(160)	(260)
Free Cash Flow generated (Services) - i	1,294	1,168	1,098
<b>DLM</b>			
Free Cash Flow generated (DLM) - ii	44	417	38
<b>Group FCF (i+ii)</b>	<b>1,338</b>	<b>1,585</b>	<b>1,136</b>
<b>FCF to EBITDA Conversion</b>	<b>85.6%</b>	<b>72.3%</b>	<b>66.7%</b>

- Cash and cash equivalents at a healthy levels of ₹12,308 Mn (highest ever) after payment of Dividend of ₹809 Mn during the quarter
- Cash flow conversion at 85.6% for the quarter due to better working capital management
- Cash flow conversion at 64.3% for group and 57.2% for services on a YTD basis

	Financial Update	Business Update
<ul style="list-style-type: none"><li>• Financial Highlights</li><li>• Business Highlights</li><li>• Awards &amp; Recognition</li><li>• CSR Activities</li></ul>		<ul style="list-style-type: none"><li>• Significant highlights</li><li>• M&amp;A update</li><li>• Industry outlook</li><li>• Future outlook</li></ul>
Annexures		



# • Significant Developments for Q3 FY19 •

- **Cyient Solutions & Systems Pvt. Ltd. ("CSSPL")** – a 51:49 Joint Venture with Bluebird Aero Systems, Israel has dispatched its first "high altitude aerial surveillance systems" to Indian Army
- **New Business Accelerator program (NBA)**
  - Three new projects have commenced in Q3'FY19 taking the total to 13; Total approved projects is 19
  - Seeing customer level traction in the products/solutions being developed under NBA, especially in the IoT, space-bots, augmented reality and smart city space
  - The current NBA initiatives likely to accelerate Cyient's EPS growth by 1.5-3%, from FY21 onwards

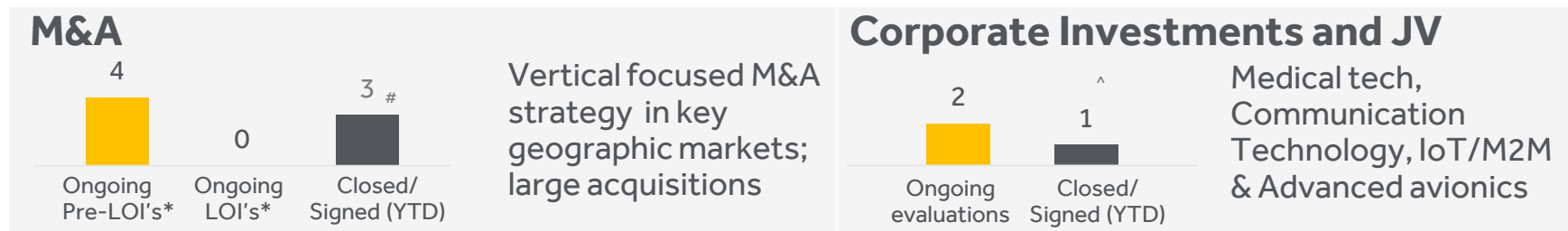
# • Significant Developments for Q3 FY19

- **Change of Auditors on account of mandatory rotation requirement in India**

The Board of Directors of the Company at its meeting held on January 17, 2019, on the recommendation of the Audit Committee, has proposed the appointment of S.R Batliboi Associates LLP, Chartered Accountants, (a member firm of Ernst and Young Global Limited), as the statutory auditors of the Company, subject to the approval of the shareholders of the Company. This appointment will be effective financial year commencing April 1, 2019 which will include limited review of the quarterly financial statements of the year. This appointment is necessitated by the requirement under Section 139 of the Indian Companies Act, 2013 and the Rules made thereunder, wherein it is mandatory for the company to rotate the current statutory auditors, M/s Deloitte Haskins and Sells, Chartered Accountants, on completion of the maximum term permitted under the said Section.

Further, based on the proposal of the Audit Committee of the Company, the Board has appointed KPMG India, Chartered Accountants, as internal auditors of the Company, with effect from April 1, 2019.

# Investment Pipeline & Focus Areas for Q3 FY19











\*Pre LOI and LOI are the current balances

# Ansem acquisition and acquisition of balance 49% in Cyient Insights

^ includes Bluebird JV

**Broad inorganic strategy of focusing on new geography led expansion, new services and consolidation opportunities shall continue**

## Active Investment Pursuits – Specific focus areas

 <b>A&amp;D</b> <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> </ul>	 <b>Comms</b> <ul style="list-style-type: none"> <li>Design and planning companies in small cells</li> <li>Next gen comm. solutions, Network analytics and optimization &amp; remote mgmt</li> </ul>	 <b>Medical</b> <ul style="list-style-type: none"> <li>Design to Build companies with OEM partnership in Diagnostic Imaging, In-vitro Diagnostic &amp; Cardiology</li> </ul>	 <b>Rail</b> <ul style="list-style-type: none"> <li>Signalling Application Engineering &amp; Testing</li> </ul>
 <b>I&amp;ENR</b> <ul style="list-style-type: none"> <li>Digital solutions – Connected equipment, Asset Health Monitoring, Digital Capital Projects and Industrial automation integration</li> </ul>	 <b>SI&amp;A</b> <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>	 <b>DLM</b> <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>	 <b>Corp. Inv.</b> <ul style="list-style-type: none"> <li>Startup investments &amp; strategic organic opportunities: JV/Collaboration, IP investment</li> </ul>

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

## Aerospace & Defense

The global aerospace and defense (A&D) industry recuperated and experienced a strong year, driven by an increase in passenger travel demand and global military expenditure. The industry is expected to continue its growth trajectory in 2019, led by growing commercial aircraft production and strong defense spending. The focus on innovation would continue with focus on intelligence and cyber security.



## Communications

The communications industry continues to be a critical force for growth, innovation, and disruption across multiple industries. The industry is expected to grow by 2% to 3% through 2019 driven primarily by broadband as demand for high speed data continues to increase. The trend of increased data consumption will persist in 2019 with even greater volumes of data generated by new technologies. 2019 will also see the industry embark on the 5G journey with key players making significant investments in 5G technologies.



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

## Utilities and Geospatial

The utilities industry is witnessing significant growth due to an investment in distributed and renewable power generation projects and increasing regulatory driven requirements. Large investments in grid modernization, renewable, mobility and smart metering continue to dominate capital investments, supported by operational processes to manage increasing volumes of data. The global Geospatial market also continues to grow as spatial dimension and locational context becomes critical for many diverse businesses and applications. There is an increasing focus on mobile solutions, as well as AR/VR, 3D, and indoor-mapping.



## Transportation

The rail transportation industry is expected to witness strong growth driven by growth in rolling stock and signalling. The industry focus on consolidation continues. The focus on digitization and standardization is expected to continue throughout the year.



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

## Industrial, Energy and natural resources

The oil & gas industry continues to recover from the last few years of weak prices, enforced capital discipline, portfolio realignments, and productivity efficiencies. The outlook for the mining sector is positive with rising commodity prices. The sector is experiencing strong outlook of future orders and reduced operational costs. The investment in the sector is expected to improve with a significant number of large projects and expansions to go live from 2020.



## Semiconductor

The semiconductor industry is expected to witness a drop of ~4% to - 5% through the year, driven by a downturn in memory chip sales. Overall, chipmakers sales are expected to keep rising in the coming year, but the memory chip market is projected to shrink slightly following explosive growth this year.



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

## Medical Technology and Healthcare

The medical device industry is poised for steady growth, with the industry expected to grow at a rate of ~5% during the year. The growth is driven by increased demand for digital health solutions such as Artificial Intelligence (AI), Internet of Medical Things (IoMT), Big Data & Analytics, and Robotics. Further economic development across emerging markets is helping drive growth in the industry.



# • Outlook for FY19

## Revenue Growth

- 8.5% to 9.5% growth in the Services business in constant currency
- Legacy DLM business expected to grow by ~20%
- Overall DLM growth expected to be ~35% including B&F

## Operating Profit

- Double digit growth in operating profit in FY19
- OPM to be flat to marginally higher YoY \*

Driver	Year beginning	Current (Fcst)*	
Utilization, Offshoring & Other efficiency drivers	+ 200 bps	+ 80 bps	●
Fx Gains	0 bps	+ 100 bps	●
Indirect Cost Absorption	+ 70 bps	+ 50 bps	●
Wage Hike	- 170 bps	- 170 bps	●
Additional investment in NBA	- 100 bps	- 60 bps	●
<b>Net Change in OPM</b>	<b>0 bps</b>	<b>0 bps</b>	●

- DLM margin will improve YoY: low single digit

## Others

- Other Income higher from initial outlook due to gains from Incentives.
- Reported ETR likely to be 24.4% - 25.4% (Even with incremental PBT due to higher other income) and ETR (excl. dividend) is likely to be in the range of 23.5% - 24.5%

## Net profit – Single digit growth \*

\* Sensitive to fx closing rates

Status against  
initial outlook





Cyient (Estd: 1991, NSE: CYIENT) provides engineering, manufacturing, geospatial, digital, networks, and operations management solutions to global industry leaders. Cyient leverages the power of digital technology and advanced analytics capabilities, along with domain knowledge and technical expertise, to solve complex business problems. As a Design, Build, Operate and Maintain partner, Cyient takes solution ownership across the value chain to help clients focus on their core, innovate, and stay ahead of the curve.

Relationships form the core of how Cyient works. With more than 15,000 employees in 21 countries, Cyient partners with clients 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 defence, medical, telecommunications, rail transportation, semiconductor, utilities, industrial, energy and natural resources.

For more information, please visit **[www.cyient.com](http://www.cyient.com)** ; Follow news about the company at @Cyient.

#### Contact Details:

##### **Investor Relations**

Piyush Parekh

Direct: +91 40 67641537

Board: +91 40 67641000 (Extn-1537)

Mobile: +91 961 928 5249

Email: [ir@cyient.com](mailto:ir@cyient.com)

##### **Media Relations**

Meeta Singh

Direct: +91 40 67481533

Board: +91 40 6748 9100 (Extn-1145)

Mobile: + 91 994 906 5300

Email: [press@cyient.com](mailto:press@cyient.com)

## Disclaimer

This document contains certain forward-looking statements on our future prospects. Although Cyient believes that expectations contained in these statements are reasonable, their nature involves a number of risks and uncertainties that may lead to different results. These forward-looking statements represent only the current expectations and beliefs, and the company provides no assurance that such expectations will prove correct.

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 Canada Inc.; Cyient Defense Services Inc.; B&F Design Inc.; New Technology Precision Machining Co. Inc.; Cyient Insights LLC; Cyient Benelux BV; Cyient Schweiz GmbH; Cyient SRO; AnSem NV; AnSem B.V.; Cyient AB and . During the quarter, Certon Software Inc. was merged into Cyient Inc. and Certon Instruments Inc. was dissolved. Partly owned subsidiaries, Cyient Solutions and Systems Private Limited; Cyient DLM Private Limited; joint venture Infotech HAL Ltd (HAL JV) and associate company Infotech Aerospace Services Inc (IASI) until 8th December 2017.

The income statement and cash flow provided is in the internal MIS format. MIS format is different from the income statement published as part of the financial results, which is as per the statutory requirement.



# THANK YOU



CYIENT

# INVESTOR PRESENTATION ANNEXURE

Q3 FY19

## • Message from the Management



**Commenting on the results, Mr. Krishna Bodanapu, Managing Director and Chief Executive Officer,** said, "Q3 is generally a slow quarter and we recorded a revenue degrowth of 1.5% in constant currency over the previous quarter. However, we witnessed a growth of 10.7% in constant currency YoY. The QoQ growth was impacted by degrowth in our Semiconductor and Communications business units wherein some of the key deals expected got pushed out to the next quarters. Due to seasonality in the business DLM segment witnessed a degrowth of 10% QoQ, however the business grew by 69.7% YoY.

Our operating margin improved by 103 bps QoQ despite lower working days, driven by better SG&A absorption and better operational metrics. We continue to make investments in our S3 strategy and are focused on building our capabilities across the product value chain.

As a testament to our effort in that direction our customer P&W recognized us with Supplier Highest Productivity Award 2018, Supplier Innovation Award 2018 and Consistent Supplier Productivity Award 2018. We also opened a new office in Peoria, Illinois which includes a state of the art digital lab and an experience centre. The new facility will help strengthen our local presence as an innovative solutions centre and support our continued growth in the industry."

## • Message from the Management



**Commenting on the results, Mr. Ajay Aggarwal, President & CFO,** said, "I am pleased to share that during Q3 FY19, we delivered a well-rounded growth with the highest-ever rupee revenue (₹11,876Mn) and operating profit (₹1,749Mn) for a quarter. The focus on operating profit has shown good results with 22.2% YOY growth. This quarter saw the highest operating margin in last 12 quarters at 14.7%, an expansion of 103 bps QoQ. The EBIDTA to Free Cash Flow stood at 85.6% culminating into the highest-ever cash balance (₹12.3Bn/ \$176Mn) for a quarter-end.

The focus on investments for long term investor returns continue. While these do have short-term impact on performance, we are confident of accelerated growth. There is a significant focus on profit improvement initiatives both on improving quality of revenue and cost positions and will show up in our results in future

We are confident of achieving our FY19 guidance number with a robust Q4 financial performance. Cyient will continue to reap opportunities for growth, improvement in operating margin, cash generation and thus delivering on the promise of maximizing the value for our shareholders."

# • Business Performance & Outlook (1/3)

## **Aerospace & Defense**

Aerospace & Defense (A&D) BU witnessed a growth of 0.9% QoQ and 2.9% YoY in constant currency led by growth across geographies and key customers. The business is witnessing strong traction across the product lifecycle and will continue to invest in S3 strategy to drive growth. The momentum is expected to continue into Q4 FY 19 and the outlook for the year remains positive driven by growth in Avionics and DLM segments.

## **Communications**

The Communications BU witnessed a degrowth of 1.7% QoQ and a growth of 10.9% YoY in constant currency. This has been a particularly difficult quarter for the BU as most of the deals got pushed either to Q4 or early next year. The delay in decision making on couple of large programs and work allocation being restricted impacted performance in Q3 FY19. The BU expects to grow in Q4 and build strong momentum for FY 20.

## **Utilities & Geospatial**

Utilities and Geospatial BU witnessed a growth of 5.2% QoQ and a degrowth of 4.2% YoY in constant currency. The growth in the BU was driven by new customer additions and better cost absorption. The focus on automation, IoT and analytics continues with specific focus on the Australian market. The BU expects a strong growth over Q4 FY19 backed by a strong pipeline and continued interest in solutions across all geographies.



## • Business Performance & Outlook (2/3)

### **Transportation**

Transportation BU witnessed a growth of 2.4% QoQ and 10.3% YoY in constant currency driven by momentum in key accounts and new project wins. The BU continues to make significant progress in identifying opportunities and launching new solution offerings in areas such as Augmented Reality, Smart Asset Maintenance & Cab Alarm notification. The outlook for the year continues to remain positive driven by strong industry growth in key segments, healthy pipeline and long term relationships.

### **Industrial and Energy Natural resources (I&ENR)**

I&ENR BU witnessed a growth of 0.3% QoQ and 5.9% YoY in constant currency driven by momentum in key customers. The BU continues to see strong pipeline in both existing and new clients. The mining segment is showing growth in connected equipment and asset health monitoring as they continue to focus on operational efficiency and automation. The industrial business has new opportunities in augmented and virtual reality, manufacturing engineering and electronics. The BU is expected to witness growth through the year driven by continued performance in key accounts.

### **Semiconductor**

Semiconductor BU witnessed de-growth of 19.7% QoQ and a growth of 16.8% YoY in constant currency. The BU added several new automotive customers through the quarter, however could not grow to cover for the degrowth. The BU continues to witness growth in analog turnkey offerings with new customers. The outlook for the year continues to remain strong.



# • Business Performance & Outlook (3/3)

## **Medical Technology and Healthcare**

The Medical Technology and Healthcare (MT&H) BU delivered a growth of 2.5% QoQ and 2.4% YoY in constant currency in a seasonally slow quarter. Our focus on providing end-to-end product development services to strategic segments is resulting in improved results and forward indicators of growth. We are focused on strengthening the sales funnel and backlog and are optimistic about new business. The BU expects to witness strong growth through the year driven by growth in DLM focused business, strong pipeline and order intake.

## **Design Led Manufacturing**

DLM BU (including B&F Design Inc.) witnessed a de- growth of 7.6% QoQ and a growth of 73.2% YoY in constant currency. The degrowth in the quarter was a result of our planned exit from lower margin accounts. However, YoY growth was significantly better due to higher revenues for all segments. We expect a sequential recovery in Q4 with positive movement in key business units. Our outlook for the year continues to remain strong we expect a double digit growth through the year.

# Consolidated Financial Metrics

## Key Operational Metrics (₹Mn)

₹ Mn	Q3 FY19	Q2 FY19	Q3 FY18	Growth %	
				QoQ	YoY
Revenue	11,876	11,870	9,834	0.1%	20.8%
Operating Profit	1,749	1,626	1,431	7.6%	22.2%
Operating Margin	14.7%	13.7%	14.6%	103 bps	18 bps
PAT	921	1,271	878	-27.5%	4.9%

## Key Operational Metrics (\$Mn)

\$ Mn	Q3 FY19	Q2 FY19	Q3 FY18	Growth %	
				QoQ	YoY
Revenue	165.1	168.9	152.0	-2.3%	8.6%
Operating Profit	24.4	23.0	22.1	5.8%	10.1%
Operating Margin	14.8%	13.6%	14.6%	103 bps	18 bps
PAT	12.8	17.9	13.6	-28.5%	-5.6%

## Foreign Exchange Rate

\$/₹	Q3 FY19	Q2 FY19	Q3 FY18
Quarter Average	71.93	70.27	64.68
Quarter Closing	69.93	72.64	64.09

# • Consolidated Revenue Segmentation

## By Geography (%)

	Q3 FY19	Q2 FY19	Q3 FY18
Americas	54.1%	52.0%	52.1%
Europe, Middle East, Africa	22.1%	23.8%	26.5%
Asia Pacific (includes India)	23.8%	24.3%	21.4%

## By Business Unit (%)<sup>1</sup>

	Q3 FY19	Q2 FY19	Q3 FY18
Aerospace and Defense	38.6%	38.0%	34.3%
Transportation	10.5%	10.2%	10.8%
I&ENR	9.4%	9.7%	10.2%
Semiconductor	4.1%	5.0%	3.4%
Medical & Healthcare	3.5%	3.3%	3.1%
Utilities and Geospatial	13.2%	12.3%	15.3%
Communications	20.7%	21.5%	22.8%

## Onsite/offshore Split (%)<sup>2</sup>

	Q3 FY19	Q2 FY19	Q3 FY18
Onsite	57.6%	57.2%	57.2%
Offshore	42.4%	42.8%	42.8%

<sup>2</sup> Onsite/Offshore is computed only for services business

# • Consolidated Operations Metrics

## Utilization (%)<sup>1</sup>

	Q3 FY19	Q2 FY19	Q3 FY18
Utilization	78.1%	78.0%	78.6%

<sup>1</sup> Utilization is computed only for services business

## Account Receivables (in Days)

	Q3 FY19	Q2 FY19	Q3 FY18
<b>DSO Total</b>	<b>83</b>	<b>82</b>	<b>80</b>
- Billed	59	59	57
- Unbilled	24	23	23

## Order Intake (\$ Mn)<sup>2</sup>

	Q3 FY19	Q2 FY19	Q3 FY18
Cyient Services	255	157	241
DLM	19	39	4
<b>Group OI Total</b>	<b>273</b>	<b>196</b>	<b>245</b>

<sup>2</sup> 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 Customer & Employee Metrics

## Top Clients: Revenue Contribution (%)

	Q3 FY19	Q2 FY19	Q3 FY18
Top 5	33.2%	32.7%	36.9%
Top 10	43.9%	44.1%	49.7%

## No. of Million \$ Clients

	Q3 FY19	Q2 FY19	Q3 FY18
20 Mn+	4	4	5
10 Mn+	13	13	11
5 Mn+	31	31	25
1 Mn+	87	81	75
<b>New Customers Added</b>	11	15	12

## Employee

	Q3 FY19	Q2 FY19	Q3 FY18
Total Manpower	15,193	15,040	14,457
Technical & Pool	14,002	13,845	13,326
Non-Technical	413	421	328
Support	778	774	803

## • Consolidated Other Financial Metrics (1/2)

### Other Income (₹ Mn)

	Q3 FY19	Q2 FY19	Q3 FY18
Income from Investments	137	130	103
Fx Gain/(Loss) - Realised	-66	-62	132
Fx Gain/(Loss) - Unrealised	-286	237	-50
Others	28	263	88
<b>Total</b>	<b>-187</b>	<b>568</b>	<b>273</b>

### Capex (₹ Mn)

	Q3 FY19	Q2 FY19	Q3 FY18
Capital Expenditure	326	236	292

### Cash Position (₹ Mn)

	Q3 FY19	Q2 FY19	Q3 FY18
Cash & Cash Equivalent	12,308	12,110	10,770
Cash & Bank balances	3,667	4,505	3,173
Investments in FDs	7,296	6,345	6,390
Investment in MFs	1,345	1,260	1,207

## • Consolidated Other Financial Metrics (2/2)

### Outstanding Forward Contracts (Mn of respective currencies)<sup>1</sup>

	Q3 FY19	Q2 FY19	Q3 FY18
USD / INR	61.0	58.8	63.5
EURO / INR	28.9	28.3	23.6
GBP / INR	8.9	8.7	8.4
AUD / INR	22.4	22.3	18.7

<sup>1</sup> Forward contracts is taken only for services business

# Consolidated Income Statement

₹ Mn	Q3 FY19	Q2 FY19	Q3 FY18
<b>Operating Revenue</b>	<b>11,876</b>	<b>11,870</b>	<b>9,834</b>
<b>Cost of Revenue</b>	<b>7,723</b>	<b>7,780</b>	<b>6,329</b>
Direct Salary and related costs	5,179	5,036	4,477
Direct Travel	249	265	232
Sub contract and others	934	1,044	815
Delivery Management	251	246	207
Material cost	1,109	1,188	598
<b>Gross profit</b>	<b>4,153</b>	<b>4,089</b>	<b>3,505</b>
Sales and Marketing	631	645	599
General and Administration	1,774	1,819	1,475
<b>Operating Profit</b>	<b>1,749</b>	<b>1,626</b>	<b>1,431</b>
Depreciation and Amortization	279	288	274
Financial expenses	96	97	56
Other income	-187	568	273
<b>Profit before tax (PBT)</b>	<b>1,187</b>	<b>1,809</b>	<b>1,374</b>
Exceptional item <sup>1</sup>			<b>254</b>
Tax	266	539	251
Share of Profit IASI & IHAL	1	1	0
Minority Interest	-1	0	7
<b>Profit After Tax</b>	<b>921</b>	<b>1,271</b>	<b>878</b>
<b>Basic EPS (₹)</b>	<b>8.1</b>	<b>11.2</b>	<b>7.8</b>
Gross Margin	35.0%	34.5%	35.6%
Operating Margin	14.7%	13.7%	14.6%
Effective Tax Rate	22.4%	29.8%	22.4%
PAT Margin	7.9%	10.2%	8.7%

<sup>1</sup> During Q3 FY18, the Company recognized an exceptional operating loss of ₹204 Mn in IASI due to hurricanes in Puerto Rico & loss of ₹50 Mn on IASI divestment. Tax reversal of ₹44 Mn on IASI divestment



# Consolidated Balance Sheet

₹ Mn	Q3 FY19	Q2 FY19	Q3 FY18
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
- Share capital	565	565	563
- Reserves and surplus	24,919	24,649	22,061
<b>Total - Shareholders' funds</b>	<b>25,484</b>	<b>25,214</b>	<b>22,624</b>
<b>Non-current liabilities</b>			
- Long-term borrowings and liabilities	1,986	2,188	813
- Long-term provisions	1,063	973	835
- Deferred tax liabilities (net)	355	352	240
<b>Total - Non-current liabilities</b>	<b>3,404</b>	<b>3,513</b>	<b>1,888</b>
<b>Current liabilities</b>			
- Short-term borrowings	2,200	2,192	1,150
- Trade payables	3,787	3,775	3,296
- Other current liabilities	4,324	3,865	2,468
- Short-term provisions	811	849	753
<b>Total - Current liabilities</b>	<b>11,122</b>	<b>10,681</b>	<b>7,667</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>40,010</b>	<b>39,408</b>	<b>32,179</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
- Property, plant and equipment	5,441	5,479	4,568
- Goodwill	5,249	5,249	3,204
- Non-current investments	194	203	292
- Deferred tax assets (net)	293	469	267
- Other non-current assets	2,092	1,987	1,569
<b>Total - Non-current assets</b>	<b>13,269</b>	<b>13,387</b>	<b>9,900</b>
<b>Current assets</b>			
- Inventories	1,485	1,482	1,233
- Current investments	1,345	1,260	1,207
- Trade receivables	7,797	7,753	6,480
- Cash and cash equivalents	10,963	10,850	9,563
- Other current assets	5,151	4,676	3,796
<b>Total - Current assets</b>	<b>26,741</b>	<b>26,021</b>	<b>22,279</b>
<b>TOTAL ASSETS</b>	<b>40,010</b>	<b>39,408</b>	<b>32,179</b>

# Consolidated Cash Flow Movement

₹ Mn	Q3 FY19	Q2 FY19	Q3 FY18
<b>Free cash flow, after non-operating income</b>	<b>1,338</b>	<b>1,585</b>	<b>1,136</b>
Long term investments	(50)	(243)	(215)
Equity	3	16	4
Borrowings	(97)	96	42
Dividends	(809)	(446)	(677)
Exceptional item - Cash on disposal of IASI	-	-	613
Others	(187)	103	-
<b>Net change in cash</b>	<b>198</b>	<b>1,111</b>	<b>903</b>
Opening cash position	12,110	10,999	9,867
Closing cash position	12,308	12,110	10,770
<b>Free cash flow to EBITDA (Group)</b>	<b>86%</b>	<b>72%</b>	<b>67%</b>

# Cyient Metrics (Excluding Design Led Manufacturing)

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

## By Geography (%)<sup>1</sup>

	Q3 FY19	Q2 FY19	Q3 FY18
Americas	58.2%	56.2%	55.0%
Europe, Middle East, Africa	24.1%	26.4%	27.7%
Asia Pacific (including India)	17.7%	17.4%	17.2%

<sup>1</sup> India is included in APAC (from EMEA earlier), now restated for previous periods

## By Business Unit (%)

	Q3 FY19	Q2 FY19	Q3 FY18
Aerospace and Defense	34.3%	33.8%	34.7%
Transportation	12.0%	11.8%	11.7%
I&ENR	8.6%	8.6%	8.6%
Semiconductor	4.7%	5.8%	3.7%
Medical & Healthcare	2.0%	1.9%	2.0%
Utilities and Geospatial	15.0%	14.3%	16.6%
Communications	23.4%	23.9%	22.7%

## Onsite/offshore Split (%)

	Q3 FY19	Q2 FY19	Q3 FY18
Onsite	57.6%	57.2%	57.2%
Offshore	42.4%	42.8%	42.8%

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

### Currency Mix (%)

	Q3 FY19	Q2 FY19	Q3 FY18
USD	57.2%	56.3%	56.3%
EURO	7.9%	13.4%	12.4%
GBP	13.6%	8.3%	10.1%
AUD	11.5%	12.5%	12.7%
Others	9.9%	9.5%	8.4%

### Utilization (%)

	Q3 FY19	Q2 FY19	Q3 FY18
Utilization	78.1%	78.0%	78.6%

### Account Receivables (in Days)

	Q3 FY19	Q2 FY19	Q3 FY18
<b>DSO Total</b>	83	84	80
- Billed	56	57	57
- Unbilled	27	27	23

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

## Top Clients: Revenue Contribution (%)

	Q3 FY19	Q2 FY19	Q3 FY18
Top 5	38.0%	37.9%	40.1%
Top 10	50.1%	51.0%	54.0%

## No. of Million \$ Clients

	Q3 FY19	Q2 FY19	Q3 FY18
20 Mn+	4	4	5
10 Mn+	13	13	11
5 Mn+	27	27	23
1 Mn+	73	68	66
New Customers Added	30	14	12

## Employee

	Q3 FY19	Q2 FY19	Q3 FY18
Total Manpower	14,532	14,385	13,829
Technical & Pool	13,539	13,395	12,799
Non-Technical	215	216	227
Support	778	774	803
Voluntary Attrition	21.2%	18.4%	16.8%
Involuntary Attrition	2.3%	4.3%	1.9%

# Cyient Metrics (Design Led Manufacturing)

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

## Income Statement - Abridged (In ₹ Mn)<sup>1</sup>

	Q3 FY19	Q2 FY19	Q3 FY18
Net Revenue	1,479	1,610	785
Direct Salaries & other costs	125	181	37
Material Cost	1174	1,249	653
<b>Gross Profit</b>	<b>180</b>	<b>180</b>	<b>94</b>
SG&A	122	121	86
<b>Operating Profit</b>	<b>59</b>	<b>59</b>	<b>8</b>
Other Charges	49	45	32
<b>Profit Before Tax</b>	<b>9</b>	<b>14</b>	<b>(23)</b>

<sup>1</sup> Includes B&F Design Inc.

## By Geography (%)<sup>2</sup>

	Q3 FY19	Q2 FY19	Q3 FY18
Americas	25.5%	24.6%	17.5%
Europe, Middle East, Africa	8.3%	7.2%	29.1%
Asia Pacific (including India)	66.2%	68.2%	53.4%

<sup>2</sup> India is included in APAC (from EMEA earlier), now restated for previous periods



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

## By Business Unit (%)

	Q3 FY19	Q2 FY19	Q3 FY18
Aerospace and Defense	68.7%	64.6%	30.3%
Industrial	15.3%	16.7%	28.2%
Medical	14.0%	12.5%	16.1%
Communication	2.1%	6.2%	24.4%
Others	0.0%	0.0%	1.0%

## Currency Mix (%)

	Q3 FY19	Q2 FY19	Q3 FY18
USD	78.9%	72.5%	54.1%
EURO	2.2%	2.4%	4.0%
Othes	18.9%	25.1%	41.9%

## No. of Million \$ Clients

	Q3 FY19	Q2 FY19	Q3 FY18
5 Mn+	4	3	2
2 Mn+	10	8	6
1 Mn+	14	12	9
<b>New Customers Added</b>	0	1	0

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

## Key Operational Metrics

	Q3 FY19	Q2 FY19	Q3 FY18
Headcount	661	655	628
DSO (in Days)	81	84	98
DPO (in Days)	116	89	124
Customer Advance (in Days)	98	36	34
Inventory (in Days)	146	104	91
Total Cash (₹ Million)	902	640	99

Cyient (Estd: 1991, NSE: CYIENT) provides engineering, manufacturing, geospatial, digital, networks, and operations management solutions to global industry leaders. Cyient leverages the power of digital technology and advanced analytics capabilities, along with domain knowledge and technical expertise, to solve complex business problems. As a Design, Build, Operate and Maintain partner, Cyient takes solution ownership across the value chain to help clients focus on their core, innovate, and stay ahead of the curve.

Relationships form the core of how Cyient works. With more than 15,000 employees in 21 countries, Cyient partners with clients 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 defence, medical, telecommunications, rail transportation, semiconductor, utilities, industrial, energy and natural resources.

For more information, please visit **[www.cyient.com](http://www.cyient.com)** ; Follow news about the company at @Cyient.

#### Contact Details:

##### **Investor Relations**

Piyush Parekh

Direct: +91 40 67641537

Board: +91 40 67641000 (Extn-1537)

Mobile: +91 961 928 5249

Email: [ir@cyient.com](mailto:ir@cyient.com)

##### **Media Relations**

Meeta Singh

Direct: +91 40 67481533

Board: +91 40 6748 9100 (Extn-1145)

Mobile: + 91 994 906 5300

Email: [press@cyient.com](mailto:press@cyient.com)

## Disclaimer

This document contains certain forward-looking statements on our future prospects. Although Cyient believes that expectations contained in these statements are reasonable, their nature involves a number of risks and uncertainties that may lead to different results. These forward-looking statements represent only the current expectations and beliefs, and the company provides no assurance that such expectations will prove correct.

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 Canada Inc.; Cyient Defense Services Inc.; B&F Design Inc.; New Technology Precision Machining Co. Inc.; Cyient Insights LLC; Cyient Benelux BV; Cyient Schweiz GmbH; Cyient SRO; AnSem NV; AnSem B.V.; Cyient AB and . During the quarter, Certon Software Inc. was merged into Cyient Inc. and Certon Instruments Inc. was dissolved. Partly owned subsidiaries, Cyient Solutions and Systems Private Limited; Cyient DLM Private Limited; joint venture Infotech HAL Ltd (HAL JV) and associate company Infotech Aerospace Services Inc (IASI) until 8th December 2017.

The income statement and cash flow provided is in the internal MIS format. MIS format is different from the income statement published as part of the financial results, which is as per the statutory requirement.



# THANK YOU