



**INVESTOR
PRESENTATION**

Q3 FY23



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● Leadership Team



KRISHNA BODANAPU
Managing Director & CEO



AJAY AGGARWAL
Executive Director & CFO



KARTHIK NATARAJAN
Executive Director & COO



Highlights

- Operational Summary
- Financial Highlights
- Business Highlights



Financial Update

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



Business Update

- BU performance update

Annexures



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● Disclaimer

- Cyient Ltd's subsidiary, Cyient DLM Limited has filed a draft red herring prospectus (DRHP) dated January 9th, 2023 with the Securities and Exchange Board of India, BSE and NSE in connection with its proposed IPO.
- As we are in the SEBI mandated quiet period, the management will not be responding to any queries in connection with the proposed IPO or Cyient DLM Limited or the DLM business and operations.
- Participants are requested to kindly refer to the draft red herring prospectus dated January 9th, 2023 of Cyient DLM Limited available on websites of SEBI, BSE and NSE and the merchant bankers to the IPO (Axis Capital Limited and JM Financial Limited) for any information in relation to Cyient DLM Limited and the proposed IPO.

Highlights for the Quarter

Revenue

36.7% YoY / 15.9% QoQ (INR terms)
28.6% YoY / 13.4% QoQ (CC terms)
24.8% YoY / 12.7% QoQ (USD terms)
Quarterly revenue at **₹16,182Mn/\$197.0Mn**

EBITDA

Normalised[^] Group EBITDA margin at 17.2%
Normalised[^] Services EBITDA margin at 18.6%

EBIT

Normalised[^] Group EBIT margin at 12.9%
Normalised[^] Services EBIT margin at 13.9%

Normalised[^] PAT Margin @10.1%

Normalised PAT for the quarter at ₹1,627 Mn

Financial Highlights for Quarter

- Group revenue at **\$197.0 Mn**; growth of **28.6%** cc YoY (**24.8%** in USD) and **13.4%** cc QoQ (**12.7%** in USD)
- Group revenue at **₹16,182 Mn**; growth of **36.7%** YoY and **15.9%** QoQ
- Services revenue at **\$167.9 Mn**; growth of **34.4%** cc YoY (**30.1%** in USD) and **11.9%** cc QoQ (**11.2%** in USD). *Services revenue growth without acquisitions is 10.6% cc YoY and 3.7% cc QoQ*
- Normalised group EBITDA margin at **17.2%**; up by **78 bps** QoQ and down by **79 bps** YoY
- Normalised group EBIT margin at **12.9%**; up by **98 bps** QoQ and down by **100 bps** YoY
- Normalised services EBIT margin at **13.9%**; up by **147 bps** QoQ and down by **169 bps** YoY
- Normalised Free Cash Flow generation for the quarter at **₹ 1,247 Mn**, a conversion of **40.9%** on Normalised EBITDA (conversion of **76.6%** on Normalised PAT)
- Normalised PAT at **₹1,627 Mn** for the quarter; growth of **47.5%** QoQ and **23.5%** YoY, which is **highest** QoQ growth in **last 15 quarters**

[^]Normalised EBITDA, EBIT and PAT are excluding exceptional items and one-off M&A expenses. Refer slide 13 for details on Normalised EBITDA, EBIT and PAT

● Highlights for the Quarter

Cyient Reinforces its Position as a Major Contender in Everest's Industry 4.0 Services PEAK Matrix® Assessment 2022

- The PEAK Matrix is a proprietary framework for assessing service providers' relative market success and overall capability based on performance, experiences, ability, and knowledge
- This is a testament to our successful approach to helping customers 'Digitize the old and Architect the new'
- Our IntelliCyient suite of Industry 4.0 - coupled with a business and technology consulting framework, is helping organizations adopt new-gen technologies across the value chain of engineering – Design, Build & Maintain
- We have reinforced its position in the Industry 4.0 space through investments in creating IP/solutions and technology studio with lab environments to strengthen capabilities in IoT, cloud, automation, and analytics



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Revenue for Q3 FY23

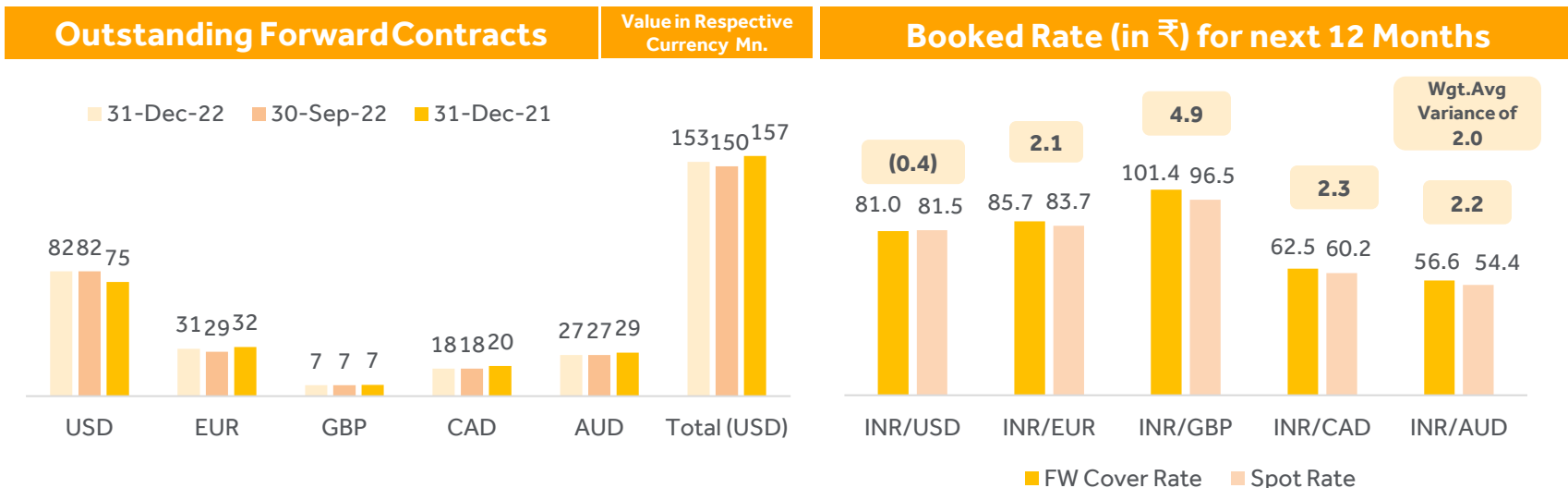
Revenue	Q3 FY23	QoQ	YoY	Q2 FY23	Q1 FY23	Q4 FY22	Q3 FY22
Group							
\$ Mn	197.0	12.7%	24.8%	174.8	161.6	156.7	157.9
<i>CC growth</i>		13.4%	28.6%				
₹ Mn	16,182	15.9%	36.7%	13,962	12,501	11,812	11,834
Services							
\$ Mn	167.9	11.2%	30.1%	151.1	137.1	130.6	129.1
<i>CC growth</i>		11.9%	34.4%				
₹ Mn	13,796	14.3%	42.6%	12,068	10,604	9,835	9,673

Revenue

- Group growth at **28.6%** cc YoY and **13.4%** QoQ
- Services growth at **34.4%** cc YoY and **11.9%** cc QoQ. *Services revenue growth without acquisitions is 10.6% cc YoY and 3.7% cc QoQ*

Revenue \$ Mn	By Geography (%)			\$ Mn	QoQ growth	YoY growth
	Q3 FY23	Q2 FY23	Q3 FY22			
Services						
NAM	48.1%	50.7%	54.2%	80.9	5.6%	15.6%
EMEA	32.8%	28.0%	28.1%	55.1	30.2%	52.1%
APAC incl India	19.0%	21.3%	17.8%	32.0	-0.8%	39.2%

Hedge Book



- Despite the volatility in major currencies (USD, GBP, EUR, CAD and AUD), the company continues to adhere to the policy of hedging upto ~70% to 80% of net inflows for the next rolling 12 months and upto 20% of net inflows for the next rolling 24 months.
- On the current forward contracts, the company has following position for the next 12 months at current spot rates:
 - Outstanding Forward Contract as on 31st December'22 is ~ **\$153.3 Mn**
 - If the spot rate remains at same level (as at 31st December'22), forex gain on current forward contracts could be ~ **\$2 Mn**

Income statement for Q3 FY23

All Figures in ₹ Mn	Q3 FY23	Q2 FY23	Q3 FY22
Revenue	16,182	13,962	11,834
EBITDA (Reported)	2,692	1,864	2,129
EBITDA (Normalised)^	2,783	2,291	2,129
EBIT (Reported)	1,993	1,234	1,642
EBIT (Normalised)^	2,084	1,661	1,642
PAT (Reported)	1,560	791	1,317
PAT (Normalised)^	1,627	1,103	1,317
EPS (₹ Reported)	14.3	7.2	12.1
EPS (₹ Normalised)^	14.9	10.1	12.1

All Figures in %	Q3 FY23	Q2 FY23	Q3 FY22
Gross Margin	37.8%	38.4%	36.3%
EBITDA Margin (Reported)	16.6%	13.4%	18.0%
EBITDA Margin (Normalised)^	17.2%	16.4%	18.0%
EBIT Margin (Reported)	12.3%	8.8%	13.9%
EBIT Margin (Normalised)^	12.9%	11.9%	13.9%
ETR	24.1%	27.1%	24.6%
PAT Margin (Reported)	9.6%	5.7%	11.1%
PAT Margin (Normalised)^	10.1%	7.9%	11.1%

[^]Normalised EBIT and PAT are excluding exceptional item and one-off M&A expenses
Refer slide 13 for details on normalized EBIT and PAT

QoQ EBITDA and EBIT Movement

- Normalised services EBIT margin excluding acquisitions at **15.1%**; up by **185 bps** QoQ due to improvement in operational efficiencies, volume impact on SG&A partially offset by lower capacity (*Please refer slide 14 for QoQ margin bridge*)
- Normalised consolidated EBIT margin stood at **12.9%**; up by **98 bps** QoQ and down by **100 bps** YoY
- Normalised consolidated EBITDA margin, including acquisitions, stood at **17.2%**; up by **78 bps** QoQ and down by **79 bps** YoY.
- Acquisitions are accretive at EBITDA level

QoQ Profit After Tax Movement

- Normalised PAT increased by **47.5%** QoQ and **23.5%** YoY primarily due to higher margins and lower taxes. This is the **highest** QoQ growth in **last 15 quarters**
- ETR is **24.1%**; lower by **296 bps** from Q2 FY23 ETR of 27.1%

PAT and EBIT Walk – Reported to Normalized

EBIT walk - Reported to Normalised (₹Mn)

₹ Mn	Note	Q3 FY23	Q2 FY23	Q3 FY22
Reported EBIT (Group)		1,993	1,234	1,642
Margin (%)		12.3%	8.8%	13.9%
Reported EBIT (Services)		1,832	1,077	1,512
Margin (%)		13.3%	8.9%	15.6%
Exceptional Items				
Legal expenses	1	89 (0.6%)	216 (1.8%)	-
One-off M&A expenses				
Citec and Celfinet	2	-	211 (1.7%)	-
Normalised EBIT (Services)		1,922	1,504	1,512
Margin (%)		13.9%	12.5%	15.6%
Normalised EBIT (Group)		2,084	1,661	1,642
Margin (%)		12.9%	11.9%	13.9%

(Impact on services EBIT)

Note	Particulars	Q3 ₹ Mn	Description
1	Exceptional item	89 (0.6%)	Legal fees paid in relation to the civil class action antitrust lawsuit filed against one of the company's US subsidiaries
2	One-off M&A expenses	-	Banker fees, Transfer taxes and other expenses paid in relation to acquisitions of Citec and Celfinet

PAT walk - Reported to Normalised (₹Mn)

₹ Mn	Note	Q3 FY23	Q2 FY23	Q3 FY22
Reported PAT		1,560	791	1,317
Exceptional Items				
Legal expenses	1	67	157	-
One-off M&A expenses				
Citec and Celfinet	2	-	155	-
Normalized PAT		1,627	1,103	1,317

EBIT Margin Bridge for Q3 FY23

Particulars	Q2 FY23	Q3 FY23
Group EBIT (Reported)	8.8%	12.3%
Services EBIT (Reported)	8.9%	13.3%
Exceptional items and One off M&A expenses	3.5%	0.7%
Services EBIT (Normalised)	12.5%	13.9%
Less: Acquisitions' impact	-0.7%	-1.1%
Services EBIT w/o acquisitions (Normalised)	13.2%	15.1%
QoQ movement		185 bps
QoQ movement bridge		
Tailwinds in Q3 FY23		
<i>Improvement in operational metrics</i>		<i>152 bps</i>
<i>Volume impact on SG&A</i>		<i>139 bps</i>
<i>Forex impact</i>		<i>75 bps</i>
Headwinds in Q3 FY23		
<i>Lower capacity</i>		<i>-130 bps</i>
<i>Increase in SG&A Spend</i>		<i>-51 bps</i>
Total		185 bps

Refer slide 13 for details on normalized EBIT

Cash Generation for Q3 FY23

All Figures in ₹ Mn	Q3 FY23	Q2 FY23	Q3 FY22
Services			
Profit before tax	1,897	949	1,692
(+/-) Non-cash & non-operating items	847	796	395
Operating profit before WC changes	2,744	1,745	2,087
(+/-) DSO Movement (Receivables)	(593)	(372)	91
(+/-) Other WC changes	(126)	(184)	95
Operating CF after WC changes	2,025	1,189	2,273
Less: Taxes	524	531	(334)
Less: Capex*	229	80	(124)
Services FCF (Reported)	1,272	578	1,815
Services FCF (Normalised)	1,362	906	1,815
Group FCF (Reported)	1,157	682	1,596
<i>FCF to EBITDA Conversion^ (Reported)</i>	<i>38.5%</i>	<i>35.0%</i>	<i>70.9%</i>
<i>FCF to PAT Conversion (Reported)</i>	<i>74.2%</i>	<i>86.2%</i>	<i>121.2%</i>
Group FCF (Normalised)	1,247	1,010	1,596
<i>FCF to EBITDA Conversion^ (Normalised)</i>	<i>40.9%</i>	<i>42.4%</i>	<i>70.9%</i>
<i>FCF to PAT Conversion^ (Normalised)</i>	<i>76.6%</i>	<i>91.6%</i>	<i>121.2%</i>

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

Normalised FCF and EBITDA used for above conversion is considered after excluding the impact of exceptional items

Cash Generation

- Cash and cash equivalents, including long-term treasury investments, at **₹8,694 Mn** at the end of Q3FY23 compared to **₹13,944 Mn** at the end of Q2FY23
- In Q3, the normalised free cash flow conversion stood at **40.9%** for group and **48.1%** for Services :
 - Normalised FCF from services, at **₹1,362 Mn**, was higher by **50.3%** QoQ due to higher profit
- We continue to have adequate cash to sustain our investment program and investor payout



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● BU Performance Q3 FY23

Revenue \$ Mn	Q3 FY23	QoQ (cc)	QoQ (\$)	YoY (cc)	YoY (\$)
ARC	86.7	1.7%	0.8%	8.6%	4.6%
Aerospace	35.5	4.4%	3.7%	8.1%	6.3%
Rail transportation	10.4	-4.9%	-6.0%	-21.0%	-27.1%
Communications	40.8	1.3%	0.2%	21.2%	15.7%
MEU	20.4	6.8%	5.7%	3.4%	-2.1%
New Growth Areas	30.1	8.0%	7.6%	26.1%	18.5%
Services (w/o acquisitions) (i)	137.2	3.7%	2.9%	10.6%	6.2%
Acquisitions (ii)	30.8				
Services (incl. acquisitions) (i+ii)	167.9	11.9%	11.2%	34.4%	30.1%
Group (incl. acquisitions)	197.0	13.4%	12.7%	28.6%	24.8%

- Services growth stood at **11.9%** cc QoQ and **11.2%** in USD terms
 - ARC witnessed growth of **1.7%** cc QoQ
 - MEU witnessed growth of **6.8%** cc QoQ
 - New Growth Areas witnessed growth of **8.0%** cc QoQ
 - Offshore mix for Q3 at **46.2%**
 - Utilization for Q3 at **90.9%**, up by **635 bps** QoQ
- Group witnessed growth of **13.4%** cc QoQ and **12.7%** in USD terms

Order Intake (\$ Mn)^

Particulars	Q3 FY23	QoQ	YoY
Cyient Services	237.1	83.4%	18.2%

[^]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 5 large deals in services with total contract potential of ~\$59.2 mn**



BUSINESS PERFORMANCE & OUTLOOK

● Business Performance & Outlook (1/2)

The markets continue to be dynamic considering the current geopolitical situation, high inflation, rising interest rates, higher energy prices, Supply Chain constraints etc. However, the globalization of R&D activities, the rising demand for integrating the latest technologies in the product and service offerings, and the growing need to shorten the product lifecycles and cost optimizations are expected to fuel the growth of the market. Major customers are showing signs of growth, but the challenges persist.

ARC

Aerospace: The high adoption of advanced technology and focus on fuel efficiency are likely to create ample growth opportunities for the market. Accelerated remediation of backlogs and higher aftermarket business are expected to fuel the growth. Product Lifecycle expansion programs, Digitizing processes, Smart factory, Electrification, Sustainability and modernization of Defense equipment are expected to create more opportunities. Expect to see a robust demand in CY 2023.

Rail: This vertical is on a recovery path. The focus is on high-speed rail, predictive maintenance, decarbonization, and Autonomous operations which will provide growth opportunities. For signaling there is a need for advanced automation and analytics solutions to build connected trains with foolproof rail cybersecurity solutions and Rail Traffic Management Systems, creating new Engineering and Manufacturing opportunities.

Communications: Network operators are augmenting their network capacity with additional wireless and fiber deployment to meet the constant demand for high-speed, secure and innovative enterprise applications. Priority areas are Acceleration of fiber deployment, leveraging digital to improve costs and CX, low energy consumption devices and automation which will drive newer opportunities and offerings.

● Business Performance & Outlook (2/2)

MEU

Mining: Global efforts to decarbonize and Energy transition efforts drive demand for iron ore, zinc, cobalt, copper etc. This increased demand emphasizes the need for Intelligent, Safe and Sustainable Mine Operations. Opportunities are arising from Automation and robotics solutions, Safety Operations, Private LTE, Intelligent Asset Management etc.

Energy & Utilities: The need to invest in clean and Sustainable Energy and increase in the transmission capacity will drive growth and create new opportunities. Hydrogen, Battery storage, Carbon Capture technology investments and integration of Smart & Micro grids are areas of growth.

New Growth Areas

Automotive & Mobility: Delivering affordable electric vehicles, Reduced manufacturing costs, Centralized IT operations, Softwarization, Connected Vehicles and Autonomous systems are the pivots driving growth. Developments in Electrification, Hydrogen fuel option, Digital technologies will expand service revenue and will create new opportunities.

Healthcare & Life Sciences: Data sharing, interoperability, equitable access and scientific breakthrough are creating demand and transforming healthcare system from treatment-based reactionary care to prevention and well-being. We see continuous investments and opportunities in Predictive, Proactive and Personalized patient care, Connected devices, Digital platforms, Shift to value-based care and need for accelerated testing.

HiTech: Geo AI and demand for SI capabilities will create more opportunities in this segment. Last mile tech companies and other opportunities in Space and HD maps will continue to bring growth in this sector. Shift toward platforms and adjacent analytics-based offerings will be on rise.

Semiconductor: Chips being used across all industries and products are driving growth. Sustainable practices to keep up with changing regulations, consumer expectations and R&D investments will continue to create more opportunities in this segment. Slower pickup expected over next 2-3 quarters.



Innovative Technology Solutions and Programs

Trends	Technology Solutions / Programs
Intelligent & Connected Products	<p>SBC (Single Board Computing Platform): A flexible, scalable and re-usable pre-validated SW/HW platform/framework based on Cyient's Middleware SW and off the shelf HW. Leveraged as "accelerator" to support low risk and fast Time to Market, IoTization of customers' product portfolio</p>
	<p>V&V Factory using CyFAST: Cyient's Framework for Automated System and Software Testing (CyFAST) is an AI-powered end-to-end multi-platform test integration and automation platform that simulates business use cases with less than 10% human intervention.</p>
Sustainability	<p>Cyient Tailings Management Solution (CyTMS): Developed and rolled out to Mining customers with the ability to comply with the ESG requirements of the new Global Industry Standard on Tailing Management (GISTM).</p>
	<p>Hybrid-renewal Power generation design : Working with a large European Energy customer to deliver a design for BESS modular package system as a plug-n-play solution for their Net Zero initiative of Hybrid / renewable power generation to help reduce CAPEX cost & improve installation at site.</p>
	<p>Digital Twin for Nuclear Power Plants: Working on digitalization for creating a "single source data digital twin platform " for accelerating the nuclear industry's standardization & modernizing engineering collaboration. for design, construction, and operational phases.</p>
Nextgen Connectivity	<p>Enterprise Private Networks: The solution creates the building blocks for providing a secure channel of communication between various IT and OT systems across multiple industries.</p>
	<p>Network Testing: Cloud based AI-driven device, performance, functional (RAN & Core) and NF testing to prove n/w capabilities & interoperability.</p>
Autonomous Systems & Processes	<p>Autonomous Industrial Systems : Working with US Automotive OEM to improve safety and security system of their industrial equipment</p>
	<p>Healthcare System: Building robot based precision surgery software and system accelerator for a healthcare OEM</p>
Digital Platforms & Customer Experience	<p>Regulatory Compliance Platform: Cyient's regulatory compliance platform provides regulatory workflow management, Regulatory Compliance – Augmented Gap analysis, pre-filled templates as per intended use case, monitoring, and dashboard.</p>
	<p>CADM: Cyient's Asset Data Management Solution & Services for e2e Integrated web-based cloud solution with automated smart accelerators to enable and accelerate digital transformation across Mining, Energy, CPG.</p>



● Outlook

- We see good momentum in our organic business and our **Q4 organic revenue in constant currency** will be **higher than Q3** driven by growth in Aerospace, Mining, Comms & Automotive
 - We will add **14-15%** in FY23 revenue due to **acquisitions** in constant currency
 - We expect **FY23 normalized EBIT margins for the organic business** to be in the range of **13-14%** for the group
 - We expect **FY23 normalized EBITDA margins** to be in the range of **16-17%** for the group
 - **Q4 normalized EPS** will be in the range of **₹15-16**
 - **FY23 ETR** is expected to be **around 26%**
 - FCF is expected to be in line for the full year on normalized basis
-
- In **FY24**, we have visibility to **\$1 Bn revenue run rate**
 - **FY24 EPS** will be at least **₹60**

● 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 Limited, Cyient Canada Inc.; Cyient Defense Services Inc; Cyient Benelux BV; Cyient Schweiz GmbH; Cyient SRO; AnSem NV; Cyient AB; Integrated Global Partners Pty Limited; Integrated Global Partners Pte. Limited; Integrated Global Partners SpA; IG Partners South Africa (Pty) Ltd; Workforce Delta Pty. Ltd.; Grit Consulting Pte. Ltd.; Celfinet - Consultoria EM Telecomunicacoes S.A.; Metemesonip, Unipessoal Lda; Celfinet UK Telecommunications Consulting Services Ltd.; Celfinet Espanã Consultoria en Telecomunicaciones; Celfinet (Brasil) - Consultoria em Telecomunições, Ltda, Celfinet Mozambique, Lda; Celfinet Mexico - Consultoria de Telecomunicaciones AS; Sentiec Oyj; Citec Group Oy Ab; Citec Oy Ab; Citec Engineering France Sarl; Citec AB; Citec Information & Engineering GmbH; Citec Group France SAS; Akilea Overseas Ltd.; Citec Norway AS; Citec Engineering India Limited

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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