

15 October 2020

The BSE Limited  
PJ Towers  
Dalal Street  
Mumbai 400001  
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 enclosed Investor Update issued by the Company on the financial results for the quarter and half year ended 30 September 2020

This is for your information and records.

Thanking you  
For Cyient Limited



Ravi Kumar Nukala  
Dy. Company Secretary.

Cyient Ltd.

4<sup>th</sup> Floor, A Wing, 11 Software  
Units Layout, Madhapur  
Hyderabad - 500 081  
India

CIN: L72200TG1991PLC013134  
www.cyient.com  
Company.Secretary@cyient.com  
T +91 40 6764 1000  
F +91 40 2311 0352

Formerly Infotech Enterprises Limited



CYIENT

# INVESTOR PRESENTATION

Q2 FY21

# 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.

- Leadership team



**BVR MOHAN REDDY**  
Executive Chairman



**KRISHNA BODANAPU**  
MD & CEO



**AJAY AGGARWAL**  
President & CFO



**KARTHIK NATARAJAN**  
President & 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 (1/3)

### Revenue

**1.2% QoQ (₹ terms)**  
**3.4% QoQ (\$ terms)**

Quarterly revenue at  
**\$135.0Mn/₹10,033Mn**

### Consolidated EBIT Margin @ 11.0%

**Services EBIT margin at 12.2%**  
**DLM EBIT margin at 4.7%**

### PAT growth @ 3.0% QoQ

**PAT for the quarter at ₹839 Mn**

## Financial Highlights for Quarter

- Consolidated revenue at \$135.0 Mn; growth of 3.4% QoQ (1.3% in CC) and de-growth of 17.8% YoY
- Services revenue at \$114.1 Mn; growth of 1.7% QoQ (-0.5% in CC) and de-growth of 18.7% YoY
- DLM revenue at \$20.9 Mn; growth of 13.3% QoQ, and de-growth of 12.3% YoY
- Free cash flow to EBITDA conversion for the quarter at 131.4%
- Consolidated EBIT margin at 11.0% up by 586 bps QoQ
- EBIT margin for services at 12.2%, up 542 bps QoQ
- EBIT margin for DLM at 4.7%, up 926 bps QoQ (-4.6% in Q1FY21)
- Profit After Tax at ₹839 Mn for the quarter; growth of 3.0% QoQ

# • Highlights for the Quarter (2/3)

## **Cyient to Acquire IG Partners**

- Will strengthen Cyient's Digital Capabilities in the Energy and Mining Industry
- Powerful synergy of Cyient's digital execution capabilities and IGP's advisory expertise creates a unique value proposition for customers
- Acquisition adds to our footprint in Australia, which is an important region for future growth

## **Manufacturing Collaboration with Agappe to Bring World-Class Diagnostic Capabilities to Rural India**

- Entered into a manufacturing partnership with Agappe to bring to market Count X
- The Mispa Count X is an indigenously designed and developed three-part hematology analyzer by Agappe, that will make India self-reliant in hematology and enable the setup of well-equipped labs in remote and rural locations across India
- Cyient will manufacture certain key components of Mispa Count X at its ISO 13485-certified, state-of-art manufacturing facilities in India

## **Gold Status in the Esri Partner Network**

- Esri is the global market leader in geographic information system (GIS) software, location intelligence, and mapping
- Designation will boost Cyient's collaboration with Esri to develop and implement a wide range of cutting-edge geospatial services, tools, and solutions for global customers



# • Highlights for the Quarter (3/3)

## **Silver Boeing Performance Excellence Award**

- The Boeing Company issues the award annually to recognize suppliers who have achieved superior performance. The award is a testament to Cyient's dedication and consistent commitment to delivering value to its business partners across the A&D value chain

## **Launch of Empowering Tomorrow Together**

- Brings together all sustainability and CSR initiatives of Cyient under one umbrella and aims to build synergies, optimize resources, and maximize impact of the Cyient Foundation outreach programs
- Will cover activities under four focus areas: education, digital literacy, social innovation, and community development

## **Key Appointment**

### **Ramesh Abhishek joins Cyient's Board of Directors**

- A retired IAS officer of 1982 batch, Mr. Abhishek brings with him a rich experience of over 37 years as one of the most senior bureaucrats in the Indian Civil Service
- He has played key roles in leading governance, public policy, competitiveness, regulatory & judicial reforms, policy design & implementation, intellectual property rights, investment promotion & facilitation, institution building, among many others

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# Revenue for Q2 FY21

Revenue	Q2 FY21	Q1 FY21	Q4 FY20	Q3 FY20	Q2 FY20	QoQ	YoY
<b>Group</b>							
\$ Mn	<b>135.0</b>	130.6	149.2	155.2	164.2	3.4%	-17.8%
₹ Mn	<b>10,033</b>	9,917	10,736	11,060	11,589	1.2%	-13.4%
<b>Services</b>							
\$ Mn	<b>114.1</b>	112.2	132.3	140.1	140.4	1.7%	-18.7%
₹ Mn	<b>8,487</b>	8,521	9,513	9,984	9,902	-0.4%	-14.3%
<b>DLM</b>							
\$ Mn	<b>20.9</b>	18.4	17.0	15.1	23.8	13.3%	-12.3%
₹ Mn	<b>1,546</b>	1,396	1,222	1,076	1,687	10.8%	-8.4%

Revenue USD Mn	Q2 FY21	QoQ	YoY
<b>Geography</b>			
NAM	67.4	-1.2%	-24.9%
EMEA	39.0	24.5%	-11.2%
APAC incl India	28.6	-8.0%	-6.3%

- Services growth of 1.7% QoQ
- Overall DLM is higher by 13.3% QoQ (\$2.5 Mn) primarily due to increase in Standalone DLM revenue of \$2.2 Mn QoQ

# Income statement for Q2 FY21

All Figures in ₹ Mn	Q2 FY21	Q1 FY21	Q2 FY20
Revenue	10,033	9,917	11,589
EBIT (Reported)	1,105	511	1,110
PAT (Reported)	839	814	985
EPS (₹ Reported)	7.6	7.4	9.0

All Figures in %	Q2 FY21	Q1 FY21	Q2 FY20
Gross Margin	35.7%	30.5%	34.4%
EBIT Margin (Reported)	11.0%	5.2%	9.6%
ETR	23.1%	25.0%	22.4%
PAT Margin (Reported)	8.4%	8.2%	8.5%

## Profit After Tax Movement

- PAT increased by 3.0% QoQ mainly from higher operating income driven by higher volume and efficiency
- ETR is 23.1%. Lower by 190 bps from Q1 ETR of 25% (Q1 ETR was higher due to receipt of export incentives)

## QoQ EBIT Movement

- Consolidated EBIT margin stood at 11.0%; up 586 bps QoQ
- Services margin at 12.2%; higher by 542bps QoQ driven by improvement in operational metrics (327 bps), lower restructuring and one time costs (90 bps), lower other direct cost (110 bps), volume impact and lower spend on SG&A and depreciation (15bps) (Please refer slide 12).
- DLM margins at 4.7%, compared to -4.6% in Q1 FY21. Improvement on account of higher absorption and change in revenue mix

# EBIT margin bridge for Q2 FY21

Particulars	
<b>EBIT Q1 FY21 (Group)</b>	<b>5.2%</b>
<i>Add: DLM impact</i>	<i>160 bps</i>
<b>EBIT Q1 FY21 (Services)</b>	<b>6.7%</b>
<b>Tailwinds in Q2 FY21</b>	
<i>Improvements in operational metrics</i>	<i>327 bps</i>
<i>Lower restructuring cost</i>	<i>90 bps</i>
<i>Lower other direct cost</i>	<i>110 bps</i>
<i>Volume impact and lower spend on SGA &amp; depreciation</i>	<i>15 bps</i>
<b>EBIT Q2 FY21 (Services)</b>	<b>12.2%</b>
<i>Less: DLM impact</i>	<i>115 bps</i>
<b>EBIT Q2 FY21 (Group)</b>	<b>11.0%</b>

# Cash Generation for Q2 FY21

All Figures in ₹ Mn	Q2 FY21	Q1 FY21	Q2 FY20
<b>Services</b>			
<b>Profit before tax</b>	<b>1,103</b>	<b>1,141</b>	<b>1,270</b>
(+/-) Non-cash & non-operating items	388	380	439
<b>Operating profit before WC changes</b>	<b>1,492</b>	<b>1,521</b>	<b>1,709</b>
(+/-) DSO Movement (Receivables)	1,223	662	790
(+/-) Other WC changes	-256	511	-1,033
<b>Operating CF after WC changes</b>	<b>2,458</b>	<b>2,694</b>	<b>1,466</b>
Less: Taxes	-369	-164	-554
Less: Capex	-39	-451	-146
<b>FCF Services</b>	<b>2,050</b>	<b>2,078</b>	<b>766</b>
<b>DLM</b>			
<b>Free Cash Flow generated (DLM) - ii</b>	<b>-18</b>	<b>85</b>	<b>-250</b>
<b>Group FCF (i+ii)</b>	<b>2,032</b>	<b>2,163</b>	<b>516</b>
<b>FCF to EBITDA Conversion</b>	<b>131.4%</b>	<b>138.1%</b>	<b>29.4%</b>

*Note: Free Cash Flow (FCF), which was being earlier prepared as per management reporting, has been aligned to statutory reporting with effect from Q1 FY21. Consequently, the comparative periods have also been recast to reflect the change. The format for presentation has also been suitably amended*

## Cash Generation

- Cash and cash equivalents at a healthy levels of ₹ 13,509 Mn
- In Q2, the cash flow conversion stood at 131.4% for group and 132.2% for Services. DLM has consumed cash of ₹18 Mn in Q2 FY21
- FCF is over INR 2,000 Mn for the second consecutive quarter mainly driven by efficiency in collections, reduction in DSO by 10 days, tax and capex optimization despite non recurrence of export incentives

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# • BU performance Q2 FY21

Business Units	Services			DLM			Group		
	\$ Mn	QoQ	YoY	\$ Mn	QoQ	YoY	\$ Mn	QoQ	YoY
A&D	30.9	-11.5%	-35.0%	11.8	-7.4%	-34.2%	42.7	-10.4%	-34.8%
Communications	32.4	7.7%	6.4%	0.1	200.0%	-73.9%	32.4	7.9%	5.8%
E&U	13.1	-0.9%	-29.6%	1.4	10.4%	-44.6%	14.5	0.1%	-31.4%
Transportation	16.3	21.6%	-10.7%	0.1	-11.1%	NA	16.4	21.3%	-10.2%
Portfolio	11.9	5.4%	-22.1%	NA	NA	NA	11.9	5.4%	-22.3%
SIA	6.1	-2.3%	-12.0%	NA	NA	NA	6.1	-2.3%	-12.0%
MT&H	3.5	13.3%	3.5%	7.6	74.9%	136.3%	11.1	49.4%	68.4%
<b>Total</b>	<b>114.1</b>	<b>1.7%</b>	<b>-18.7%</b>	<b>20.9</b>	<b>13.3%</b>	<b>-12.3%</b>	<b>135.0</b>	<b>3.4%</b>	<b>-17.8%</b>
<i>CC Growth</i>		<i>-0.5%</i>	<i>-20.1%</i>					<i>1.3%</i>	<i>-16.3%</i>

- Group growth stood at 3.4% QoQ and 1.3% in cc
- Services growth stood at 1.7% QoQ and -0.5% in cc
- DLM growth stood at 13.3% QoQ
- Order intake in Q2 FY21 is at \$127.3 Mn, increased by 9% QoQ
- Improvement in margins driven by an improvement in operational metrics: (Q2FY21 vs Q1 FY21)
  - Offshoring at 53.1% vs 49.8%
  - Utilization at 78.8% vs 74.2%
- Our voluntary attrition for the quarter was contained at 9.2%. Attrition will stay in the high single digits in H2. In all the geographies and industry segments we are operating in, we continue to focus on key retentions and enhanced attention to meaningful engagement in the virtual work environment



# • Business Performance & Outlook (1/3)

## **Aerospace & Defense**

Aerospace & Defense BU witnessed a de-growth of 10.4% QoQ and 34.8% YoY. The full impact of the Covid crisis was witnessed in this quarter with most customers reducing their spends significantly. We saw growth in our DLM business and are further likely to see strong YoY growth in this area. Cyient also received 'The Silver Boeing Performance Excellence Award' which is a testament to Cyient's dedication and consistent commitment to delivering value to its business partners across the A&D value chain

Q3 revenues are expected to see a decline due to business cyclicality. The outlook for the next few quarters remains uncertain driven by poor market demand for passenger travel.

## **Communications**

Communications BU witnessed a growth of 7.9% QoQ and 5.8% YoY and has now become our largest vertical. The performance was driven by growth in key accounts. We continue to benefit from rollout of broadband networks globally to support virtual collaboration (WFH) trends combined with accelerated rollout of 5G networks, which is now about 11% of our revenue portfolio. We were also selected as a preferred vendor by our key client in NAM for rollout of their 5G network.

The outlook for H2 FY21 remains positive, supported by the favourable industry trends of technology led network transformation and accelerated deployment of broadband and wireless infrastructure.

# • Business Performance & Outlook (2/3)

## **E&U**

Energy and Utilities BU has witnessed a growth of 0.1% QoQ and de-growth of 31.4% YoY due to project deferrals in the utilities business and decline in demand for the manufacturing business. We expect traction in the Energy segment driven by our recent acquisition of IG partners in Mining. We believe that the powerful synergy of Cyient's digital execution capabilities and IGP's advisory expertise creates a unique value proposition for the industry.

## **Transportation**

Transportation BU witnessed a growth of 21.3% QoQ and de-growth of 10.2% YoY. Growth in Q2 was driven by recovery in key accounts and ramp up of new engagements initiated in 2020. We see early signs of recovery from the pandemic with production facilities reopening.

Accelerated adoption of global engineering models is leading to significant ramp ups in new engagements. The outlook for H2 FY21 remains positive supported by expectation of a steady recovery in the Rail transportation industry.

## **MTH**

The Medical and Healthcare business unit has grown by 49.4% in QoQ and 68.4 % YoY. We witnessed a strong performance from DLM side of this business. We added one of the top 3 Med-Tech companies as our client.

We continue to look for new business opportunities from new and existing customers across the business lines (Product Design, Lifecycle Management and DLM)

# • Business Performance & Outlook (3/3)

## **SIA**

Semiconductor BU witnessed de-growth of 2.3% QoQ and 12.0% YoY. De-growth was primarily driven by decline in one of the top clients. We expect the softness in this vertical to continue in H2FY21

## **Portfolio**

Portfolio BU witnessed a growth of 5.4% QoQ and de-growth of 22.3% YoY. Cyient has joined an exclusive list of companies that have attained Esri Gold Partner status globally. This will enable Cyient to develop and implement a wide range of next-generation geospatial services, tools, and solutions across multiple industries, including telecommunications, energy & utilities, mining, transportation, defense, the public sector, and manufacturing in collaboration with Esri.

The outlook remains positive as we see opportunities related to new revenue streams in existing customers. We are also seeing more opportunities to proactively bid on horizontal solutions that leverage Portfolio BU capabilities into other verticals and BU's.

## **DLM**

Design Led manufacturing BU witnessed a growth of 13.3% QoQ and de-growth of 12.3% YoY driven by growth across Segments. Our strong focus on inventory reduction through the quarter resulted in increased cash flow for the business.

We expect strong growth through Q3FY21 driven by key clients in Aerospace & Defense and Medical segment. We will continue to focus on better inventory management and operational excellence to improve our cash position. We continue to focus on leveraging the Additive Manufacturing lines in India and USA to attract new customers.

Cyient (Estd: 1991, NSE: CYIENT) is a global engineering and technology solutions company. As a Design, Build, and Maintain partner for leading organizations worldwide, Cyient takes solution ownership across the value chain to help customers focus on their core, innovate, and stay ahead of the curve. The company leverages digital technologies, advanced analytics capabilities, domain knowledge, and technical expertise to solve complex business problems.

Cyient partners with customers to operate as part of their extended team in ways that best suit their organization's culture and requirements. Cyient's industry focus includes aerospace and defense, healthcare, telecommunications, rail transportation, semiconductor, geospatial, industrial, and energy.

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

Contact Details:

### **Investor Relations**

Mayur Maniyar

Direct: +91 40 67641537

Board: +91 40 67641000 (Extn-1537)

Mobile: +91 9224126705

Email: [mayur.maniyar@cyient.com](mailto:mayur.maniyar@cyient.com)

### **Media Relations**

Reet Sibia Gwari

Direct: +91 40 6748 9917

Board: +91 40 6748 9100 (Extn-3917)

Mobile: + 91 97047 91326

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

## 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.; and Cyient AB.

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.



# THANK YOU



CYIENT

# INVESTOR PRESENTATION ANNEXURE

Q2 FY21

## • Message from the Management



**Commenting on the results, Mr. Krishna Bodanapu, Managing Director and Chief Executive Officer, said** “Q2 FY21 results are in line with our expectations. We recorded a revenue of \$135 Mn which was higher by 1.3% QoQ and lower by 16.3% YoY in constant currency. Growth in Services business across Transportation, Communications and Portfolio BUs was offset by Aerospace & Defense BU decline. The DLM business grew by 13.3% QoQ. The EBIT margin is higher by 586bps QoQ. We generated Free Cash Flow of \$27.3 Mn in Q2FY21.

This quarter we focused on setting up the business back on a growth path. We continued our rigor on efficiency improvement and building pipeline for the business. We won key projects which sets us up for a better H2. We are focused on building a strong pipeline with large opportunities and rigor on account mining across key clients. This quarter we also restructured the organization to realign ourselves to the market opportunities and focus on growth in key industries. The new structure will enable us to function in a more agile and efficient manner. We also made significant investments in strengthening our business through strategic partnerships and M&A. We intend to acquire IG partners, an Australian consulting firm to expand our digital capabilities in the mining sector. The IG Partners transaction, the terms of which are confidential, remains conditional on regulatory approval and will result in Cyient taking full ownership of the company.

Our outlook for H2 is positive and we expect growth based on the outlook and pipeline across most sectors. We will see a decline in the aerospace business due to seasonality challenges and lower number of workdays. For the year we expect a double digit decline in revenue and margins will be similar to FY 20 margins.”



## • Message from the Management



**Commenting on the results, Mr. Ajay Aggarwal, President & CFO, said, "I am pleased to share that during Q2 FY21, we delivered one of our best margin and cash flow in recent past. Our initiatives on increasing efficiency and cost optimisation yielded results with EBIT margin at 11%, an expansion of 586 bps QoQ and our EBIT is flat YOY . Our sustained focus on collections and cash conservation led to a robust FCF to EBITDA conversion of 131.4% and healthy cash balance of INR 13,509 Mn.**

We generated FCF of ₹ 2,032 Mn for the quarter with DSO at 90 days (Lower QoQ by 10 days). We witnessed a significant improvement in Design Led Manufacturing (DLM) performance specially on improved margin.

Our rigorous initiatives on collection, discretionary cost control and automation continue. We expect the full benefits of improved operational efficiency to be visible by end of FY21. We remain deeply focussed on organic and inorganic strategic investments.

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."

# Consolidated Financial Metrics

## Key Financial Metrics

₹ Mn	Q2 FY21	Q1 FY21	Q2 FY20	Growth %	
				QoQ	YoY
Revenue	10,033	9,917	11,589	1.2%	-13.4%
Reported EBIT	1,105	511	1,110	116.2%	-0.5%
EBIT margin	11.0%	5.2%	9.6%	586 bps	143 bps
Reported PAT	839	814	985	3.0%	-14.8%
Reported EPS (₹)	7.6	7.4	9.0	3.0%	-14.8%

## Key Financial Metrics

\$ Mn	Q2 FY21	Q1 FY21	Q2 FY20	Growth %	
				QoQ	YoY
Revenue	135.0	130.6	164.2	3.4%	-17.8%
EBIT	14.9	6.7	15.6	120.9%	-4.9%
EBIT margin	11.0%	5.2%	9.6%	586 bps	143 bps
Reported PAT	11.3	10.7	13.8	5.2%	-18.3%

## Foreign Exchange Rate

\$/₹	Q2 FY21	Q1 FY21	Q2 FY20
Quarter Average	74.32	75.93	70.58
Quarter Closing	73.78	75.60	70.50

# Consolidated Revenue Segmentation

## By Geography (%)

	Q2 FY21	Q1 FY21	Q2 FY20
Americas	49.9%	52.3%	55.3%
Europe, Middle East, Africa	28.9%	24.0%	26.5%
Asia Pacific (includes India)	21.2%	23.7%	18.2%

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

	Q2 FY21	Q1 FY21	Q2 FY20
Aerospace and Defense	31.6%	36.5%	39.9%
Transportation	12.1%	10.3%	11.1%
Energy and Utilities	10.7%	11.1%	12.8%
Semiconductor, IoT and Analytics	4.5%	4.7%	4.2%
Medical, Technology and Healthcare	8.2%	5.7%	4.0%
Communications	24.0%	23.0%	18.7%
Portfolio	8.8%	8.7%	9.3%

<sup>^</sup> Including DLM split across BUs

# Consolidated Operations Metrics

## Account Receivables (in Days)

	Q2 FY21	Q1 FY21	Q2 FY20
<b>DSO Total</b>	<b>90</b>	<b>100</b>	<b>95</b>
- Billed	64	67	64
- Unbilled	26	33	31

## Order Intake (\$ Mn)^

	Q2 FY21	Q1 FY21	Q2 FY20
Cyient Services	112	99	143
DLM	15	18	22
<b>Group OI Total</b>	<b>127</b>	<b>117</b>	<b>165</b>

*^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 Client Metrics

## Top Clients: Revenue Contribution (%)

	Q2 FY21	Q1 FY21	Q2 FY20
Top 5	29.5%	30.2%	31.0%
Top 10	38.4%	40.1%	41.6%

## No. of Million \$ Clients

	Q2 FY21	Q1 FY21	Q2 FY20
20 Mn+	3	3	4
10 Mn+	7	9	12
5 Mn+	32	30	27
1 Mn+	95	92	91
<b>New Clients Added</b>	<b>16</b>	<b>25</b>	<b>20</b>

# Consolidated Employee Metrics

## Employee

	Q2 FY21	Q1 FY21	Q2 FY20
Total Headcount	12,267	12,820	14,869
Technical & Pool	11,335	11,846	13,800
Non-Technical	310	320	380
Support	622	654	689
Voluntary Attrition	9.2%	13.6%	18.0%

# Consolidated Other Financial Metrics

## Capex (₹ Mn)^

	Q2 FY21	Q1 FY21	Q2 FY20
Capital Expenditure	120	563	412

*^Capex includes investment and business capex*

## Cash Position (₹ Mn)

	Q2 FY21	Q1 FY21	Q2 FY20
Cash & Cash Equivalent	13,509	11,098	8,641
Cash & Bank balances	4,680	4,733	3,586
Investments in FDs	8,829	6,365	4,039
Investment in MFs	-	0	1,016

## Outstanding Forward Contracts (Mn of respective currencies)^

	Q2 FY21	Q1 FY21	Q2 FY20
USD / INR	69.1	69.1	69.4
EURO / INR	28.8	28.8	26.7
GBP / INR	6.5	6.5	7.5
AUD / INR	27.7	27.7	24.5

*^Forward contracts are taken only for services business*

# Consolidated Income Statement

₹ Mn	Q2 FY21	Q1 FY21	Q2 FY20
<b>Operating Revenue</b>	<b>10,033</b>	<b>9,917</b>	<b>11,589</b>
<b>Cost of Revenue</b>	<b>6,449</b>	<b>6,891</b>	<b>7,601</b>
Direct Salary and related costs	4,075	4,441	4,986
Direct Travel	97	69	192
Delivery Management	249	255	209
Material cost	1,074	1,090	1,249
Other costs incl Subcontract costs	954	1,036	964
<b>Gross profit</b>	<b>3,584</b>	<b>3,026</b>	<b>3,987</b>
Sales and Marketing	365	448	531
General and Administration	1,630	1,583	1,859
Depreciation and Amortization	484	484	488
<b>EBIT</b>	<b>1,105</b>	<b>511</b>	<b>1,110</b>
Financial expenses	107	109	120
Other income	93	684	264
<b>Profit before tax (PBT)</b>	<b>1,091</b>	<b>1,086</b>	<b>1,254</b>
Tax	252	272	281
Associate & Minority Profit	0.1	0.2	12.2
<b>Profit After Tax (Reported)</b>	<b>839</b>	<b>814</b>	<b>985</b>
Basic EPS (₹) (Reported)	7.6	7.4	9.0
Gross Margin	35.7%	30.5%	34.4%
EBIT Margin	11.0%	5.2%	9.6%
Effective Tax Rate	23.1%	25.0%	22.4%
PAT Margin (Reported)	8.4%	8.2%	8.5%



# Consolidated Balance Sheet

₹ Mn	Q2 FY21	Q1 FY21	Q2 FY20
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
- Share capital	550	550	550
- Reserves and surplus	26,841	25,889	25,206
<b>Total - Shareholders' funds</b>	<b>27,391</b>	<b>26,439</b>	<b>25,756</b>
<b>Non-current liabilities</b>			
- Long-term borrowings and liabilities	2,891	2,949	3,730
- Long-term provisions	1,222	1,199	1,152
- Deferred tax liabilities (net)	269	313	327
<b>Total - Non-current liabilities</b>	<b>4,382</b>	<b>4,461</b>	<b>5,209</b>
<b>Current liabilities</b>			
- Short-term borrowings	3,407	2,695	2,273
- Trade payables	3,722	3,530	4,142
- Other current liabilities	3,620	4,478	3,532
- Short-term provisions	751	863	871
<b>Total - Current liabilities</b>	<b>11,500</b>	<b>11,566</b>	<b>10,818</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>43,273</b>	<b>42,466</b>	<b>41,783</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
- Property, plant and equipment	8,795	9,176	8,795
- Goodwill	5,384	5,371	5,189
- Non-current investments	426	415	344
- Deferred tax assets (net)	337	403	426
- Other non-current assets	1,740	1,820	1,956
<b>Total - Non-current assets</b>	<b>16,682</b>	<b>17,185</b>	<b>16,710</b>
<b>Current assets</b>			
- Inventories	1,657	1,719	2,200
- Current investments	0	0	1,016
- Trade receivables	6,938	7,340	8,296
- Cash and cash equivalents	13,509	11,098	7,625
- Other current assets	4,487	5,124	5,936
<b>Total - Current assets</b>	<b>26,591</b>	<b>25,281</b>	<b>25,073</b>
<b>TOTAL ASSETS</b>	<b>43,273</b>	<b>42,466</b>	<b>41,783</b>

# Consolidated Cash Flow Movement

₹ Mn	Q2 FY21	Q1 FY21	Q2 FY20
<b>Free cash flow from operations</b>	<b>2,032</b>	<b>2,163</b>	<b>516</b>
Investment in non current investments	-15		
Settlement of deferred consideration pertaining to prior year acquisitions		-99	
Interest received	132	21	239
Finance costs paid	-47	-58	-50
Proceeds/(Repayment) of borrowings, net	612	-268	-100
Repayment of lease liabilities	-265	-243	-282
Proceeds from issue of equity shares			17
Dividend paid	1	-9	-4
Others	-39	73	92
<b>Net change in cash</b>	<b>2,411</b>	<b>1,580</b>	<b>428</b>
<b>Opening cash position</b>	<b>11,098</b>	<b>9,518</b>	<b>8,213</b>
<b>Closing cash position</b>	<b>13,509</b>	<b>11,098</b>	<b>8,641</b>
<b>FCF to EBITDA<sup>^</sup> Conversion</b>	<b>131.4%</b>	<b>138.1%</b>	<b>29.4%</b>

<sup>^</sup>EBITDA used for FCF conversion includes other income part of cash flow from operations

**Note:** Free Cash Flow( FCF), which was being earlier prepared as per management reporting, has been aligned to statutory reporting with effect from Q1 FY21. Consequently, the comparative periods have also been recast to reflect the change. The format for presentation has also been suitably amended

# Other Income for Q2 FY21

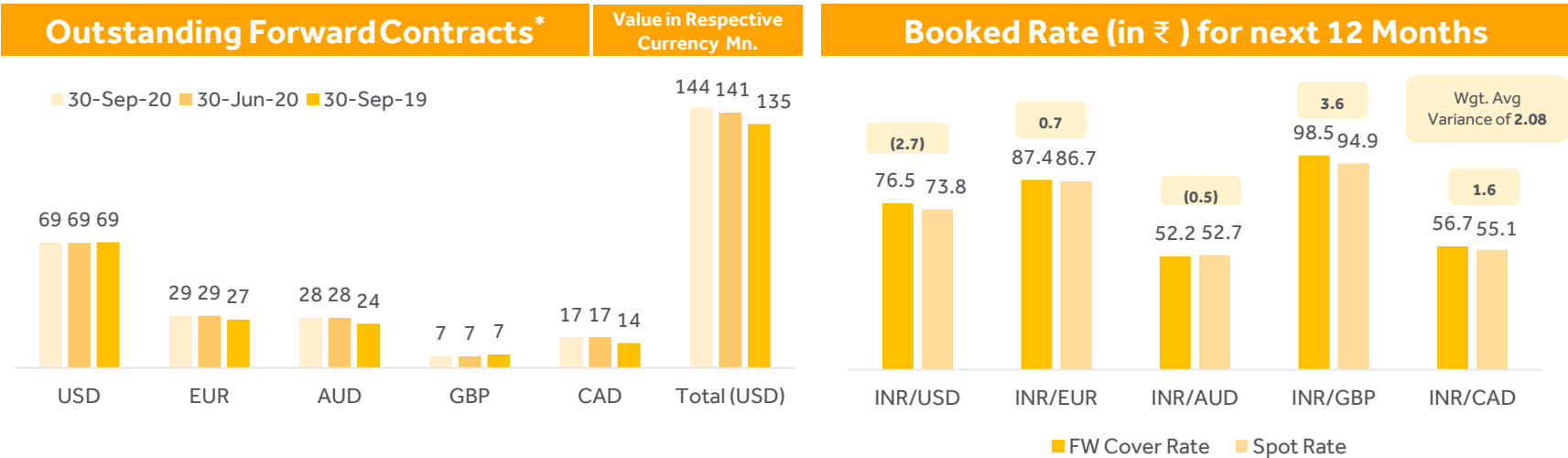
All Figures in ₹ Mn	Q2 FY21	Q1 FY21	Q2 FY20
<b>Income from Treasury</b>			
Interest on Invesmtents/Deposits	115	91	96
Dividend on Mutual Funds	0	0	5
<b>Subtotal (A)</b>	<b>115</b>	<b>91</b>	<b>101</b>
<b>Realised gains/(losses) on Fwd Contracts (B)</b>	<b>(66)</b>	<b>(52)</b>	<b>174</b>
<b>Unrealised Fx gains/(losses) (C)</b>	<b>(26)</b>	<b>70</b>	<b>(56)</b>
<b>Others</b>			
Interest on IT Refunds	0	0	0
Reversal of Old provisions	7	26	5
Rents received	5	5	2
Tax incentives on export of merchandise	0	519	0
Others	59	26	38
<b>Others (D)</b>	<b>71</b>	<b>576</b>	<b>45</b>
<b>Grand total (A+B+C+D)</b>	<b>93</b>	<b>684</b>	<b>264</b>

Currency Movement	Q2 FY21		Q1 FY21		Q2 FY20	
	Forward	Spot	Forward	Spot	Forward	Spot
<b>USD</b>	73.3	74.1	72.6	75.9	73.6	70.8
<b>EUR</b>	83.1	87.2	83.9	84.0	88.1	78.2
<b>GBP</b>	91.3	96.6	95.4	93.9	97.0	86.1
<b>AUD</b>	51.0	53.3	51.1	50.8	53.6	48.5
<b>CAD</b>	55.9	56.0	54.6	55.3	56.4	53.3

## For the quarter

- Other income at ₹93 Mn down by 86% QoQ primarily on account of non recurrence of export incentives
- Treasury income has improved by INR 24 Mn from higher invested cash
- Forward contract loss is ₹66 Mn. Adverse movement of ₹14 Mn QoQ (mainly from reduced EURO and AUD contracts vs Q1)
- Unrealised Fx loss is mainly due to restatement of balance sheet items primarily in DLM

# Hedge Book for Q2 FY21



- Due to volatility in major currencies (USD, GBP, EUR, CAD and AUD), the company follows the policy to hedge up to 80% of net inflows for the rolling 12 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 30<sup>th</sup> Sep'20 in ~ **\$ 144 Mn**
  - If the spot rate remains at same level (as at 30<sup>th</sup> Sep'20), forex gain on current forward contracts could be ~**\$ 3.3 Mn**

\*Outstanding forward contracts excludes CyientDLM

# Cyient Metrics (Excluding Design Led Manufacturing)

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

## By Geography (%)

	Q2 FY21	Q1 FY21	Q2 FY20
Americas	53.4%	56.8%	59.4%
Europe, Middle East, Africa	28.6%	26.0%	26.3%
Asia Pacific (including India)	18.0%	17.1%	13.6%

## By Business Unit (%)

	Q2 FY21	Q1 FY21	Q2 FY20
Aerospace and Defense	27.1%	31.2%	33.9%
Transportation	14.3%	12.0%	13.0%
Energy and Utilities	11.5%	11.8%	13.2%
Semiconductor, IoT and Analytics	5.3%	5.5%	4.9%
Medical, Technology and Healthcare	3.1%	2.7%	2.4%
Communications	28.4%	26.8%	21.7%
Portfolio	10.4%	10.1%	10.9%

## Onsite/offshore Split (%)

	Q2 FY21	Q1 FY21	Q2 FY20
Onsite	46.9%	50.2%	55.3%
Offshore	53.1%	49.8%	44.7%

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

## Currency Mix (%)

	Q2 FY21	Q1 FY21	Q2 FY20
USD	53.3%	47.4%	59.8%
EURO	10.0%	8.7%	13.3%
GBP	9.8%	10.2%	8.1%
AUD	12.6%	12.4%	8.0%
Others	14.4%	21.4%	10.8%

## Account Receivables (in Days)

	Q2 FY21	Q1 FY21	Q2 FY20
<b>DSO Total</b>	<b>96</b>	<b>107</b>	<b>98</b>
- Billed	65	69	61
- Unbilled	31	38	36

## Utilization (%)

	Q2 FY21	Q1 FY21	Q2 FY20
Utilization	78.8%	74.2%	78.7%

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

## Top Clients: Revenue Contribution (%)

	Q2 FY21	Q1 FY21	Q2 FY20
Top 5	34.8%	35.2%	36.2%
Top 10	45.4%	46.6%	47.3%

## No. of Million \$ Clients

	Q2 FY21	Q1 FY21	Q2 FY20
20 Mn+	3	3	4
10 Mn+	7	9	12
5 Mn+	27	26	22
1 Mn+	85	82	77
<b>New Clients Added</b>	16	25	19

## Employee

	Q2 FY21	Q1 FY21	Q2 FY20
Total Headcount	11,639	12,182	14,215
Technical & Pool	10,760	11,265	13,204
Non-Technical	298	308	373
Support	581	609	638



# Cyient Metrics (Design Led Manufacturing)

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

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

	Q2 FY21	Q1 FY21	Q2 FY20
Net Revenue	1,546	1,396	1,687
Direct Salaries & other costs	262	221	268
Material Cost	1,076	1,089	1,249
<b>Gross Profit</b>	<b>209</b>	<b>86</b>	<b>169</b>
SG&A	76	99	138
Depreciation & amortisation	60	51	32
<b>EBIT</b>	<b>72</b>	<b>-64</b>	<b>-0</b>
Others	-76	19	-8
<b>Profit Before Tax</b>	<b>-4</b>	<b>-45</b>	<b>-8</b>

<sup>^</sup> Includes B&F Design and NewTech

## By Geography (%)

	Q2 FY21	Q1 FY21	Q2 FY20
Americas	31.2%	24.8%	26.7%
Europe, Middle East, Africa	30.1%	11.3%	27.1%
Asia Pacific (including India)	38.7%	63.9%	46.2%

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

## By Business Unit (%)

	Q2 FY21	Q1 FY21	Q2 FY20
Aerospace and Defense	56.4%	68.9%	75.1%
Transportation	0.4%	0.5%	0.0%
Energy & Utilities	6.6%	6.8%	10.5%
Medical	36.5%	23.6%	13.5%
Communications	0.3%	0.1%	1.0%
Portfolio	0.0%	0.0%	0.2%
Others	0.0%	0.0%	-0.3%

## Currency Mix (%)

	Q2 FY21	Q1 FY21	Q2 FY20
USD	62.2%	77.0%	82.0%
EURO	4.6%	2.8%	3.0%
AUD	0.0%	0.5%	1.0%
Others	33.2%	19.7%	14.0%

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

## No. of Million \$ Clients

	Q2 FY21	Q1 FY21	Q2 FY20
5 Mn+	5	4	5
2 Mn+	10	10	10
1 Mn+	10	10	14
<b>New Clients Added</b>	0	0	1

## Key Operational Metrics

	Q2 FY21	Q1 FY21	Q2 FY20
Headcount	628	638	654
DSO (in Days)	60	53	85
DPO (in Days)	85	91	131
Customer Advance (in Days)	64	82	88
Inventory (in Days)	100	126	125
Total Cash (₹ Million)	598	838	596

# Investment Pipeline & Focus Areas: Q2 FY21



\*Pre LOI and LOI reflect a balance position

^Signed definitive agreements to acquire IG Partners (Closing to happen post receiving approval from Foreign investment review board of Australia)

#Closed funding in Qnu Labs (quantum-resilience company that provides security products and solutions for the Cloud/Internet)

## Active Investment Pursuits – Specific focus areas\*

<p><b>A&amp;D</b></p> <ul style="list-style-type: none"> <li>B2S capabilities around power supply, LRUs, controllers</li> <li>Manufacturing, engineering &amp; after market focus including airlines access</li> <li>Digital Platforms Analytics, MRO, Predictive Tools</li> </ul>	<p><b>Comms</b></p> <ul style="list-style-type: none"> <li>OSS &amp; NGOSS, SDN/NFV based solutions, 5G testing, NFV testing,</li> <li>Migration &amp; Modernization of networks</li> <li>Cloud migration &amp; virtualization</li> <li>Video services /Content annotation/compression technology</li> <li>Cloud, Analytic and CX platforms</li> </ul>	<p><b>Medical</b></p> <ul style="list-style-type: none"> <li>DLM, Embedded HW &amp; SW, Product Dev, V&amp;V</li> <li>Medical device SW V&amp;V</li> </ul>	<p><b>Rail</b></p> <ul style="list-style-type: none"> <li>Signalling Application Engineering &amp; Testing</li> <li>Rolling Stock: Complex WP capability in Systems</li> <li>Expand into rail operators ecosystem</li> </ul>
<p><b>E&amp;U</b></p> <ul style="list-style-type: none"> <li>Enable Digital mining: Sensors, wireless Infra, analytics</li> </ul>	<p><b>SI&amp;A</b></p> <ul style="list-style-type: none"> <li>Product engineering services companies</li> <li>Infotainment, ADAS and Connected cars /platforms</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 organic opportunities:</li> <li>Emerging Tech (Digital, AR/VR, AI, CX and IoT)</li> </ul>

\* Broad inorganic strategy focused on consolidation as an Engineering Player, Strengthen core and Gain scale while bringing focus on Software and Digital services/solutions including Industry 4.0 and high growth segments

Cyient (Estd: 1991, NSE: CYIENT) is a global engineering and technology solutions company. As a Design, Build, and Maintain partner for leading organizations worldwide, Cyient takes solution ownership across the value chain to help customers focus on their core, innovate, and stay ahead of the curve. The company leverages digital technologies, advanced analytics capabilities, domain knowledge, and technical expertise to solve complex business problems.

Cyient partners with customers to operate as part of their extended team in ways that best suit their organization's culture and requirements. Cyient's industry focus includes aerospace and defense, healthcare, telecommunications, rail transportation, semiconductor, geospatial, industrial, and energy.

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

#### Contact Details:

##### **Investor Relations**

Mayur Maniyar

Direct: +91 40 67641537

Board: +91 40 67641000 (Extn-1537)

Mobile: +91 9224126705

Email: [mayur.maniyar@cyient.com](mailto:mayur.maniyar@cyient.com)

##### **Media Relations**

Reet Sibia Gwari

Direct: +91 40 6748 9917

Board: +91 40 6748 9100 (Extn-3917)

Mobile: + 91 97047 91326

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

## 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.; and Cyient AB.

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.

The background of the slide is a photograph of several people sitting around a table in what appears to be a meeting or collaborative work environment. The image is heavily filtered with a warm, yellow-orange color. A large white rectangular box is positioned on the left side of the slide, containing the text 'THANK YOU'.

# THANK YOU