

KPIT

August 03, 2020

Investor Update Q1FY21



KPIT Technologies Ltd.

Forward Looking Statements

Some of the statements in this update that are not historical facts, are forward-looking statements. These forward-looking statements include our financial and growth projections, as well as statements concerning our plans, strategies, intentions and beliefs concerning our business and the markets in which we operate. These statements are based on information currently available to us, and we assume no obligation to update these statements as circumstances change. There are risks and uncertainties that could cause actual events to differ materially from these forward-looking statements. These risks include, but are not limited to, the level of market demand for our services, the competitive market for the type of services and solutions that we offer, market conditions that could cause our customers to reduce their spending for our services, our ability to create, acquire and build new businesses and to grow our existing businesses, our ability to attract and retain qualified personnel, currency fluctuations and market conditions in India and elsewhere around the world, and other risks not specifically mentioned herein but those that are common to industry



Performance Overview

- Q1FY21

Q1FY21 Performance Overview

KPIT Q1FY21 USD revenue at USD 65.25 Million, a Y-o-Y decline of 9.1% in constant currency terms



Revenue decline of 13.8% Q-o-Q in constant currency terms



Q1FY21 EBITDA at 13.4%, Net Profit at ₹ 240 Million, 21.7% Y-o-Y decline in Net Profit



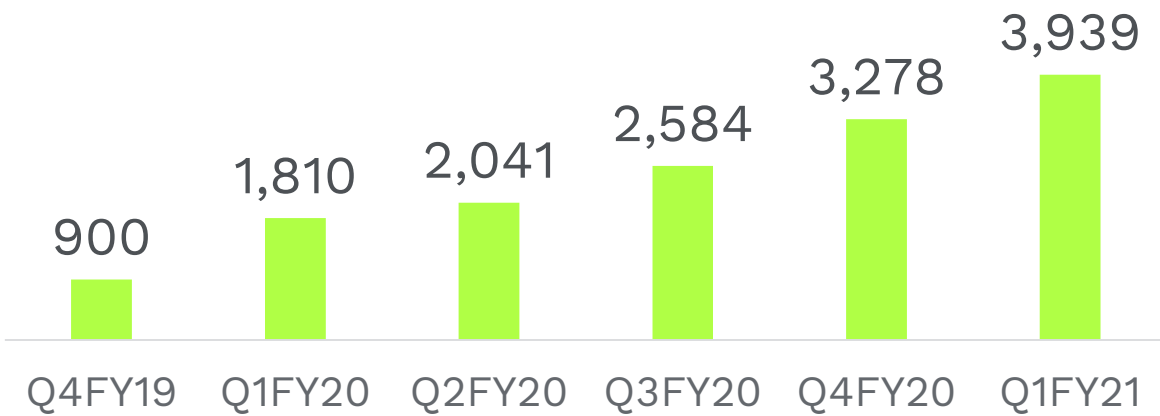
New deal signed, worth USD 60+ M over 5 years



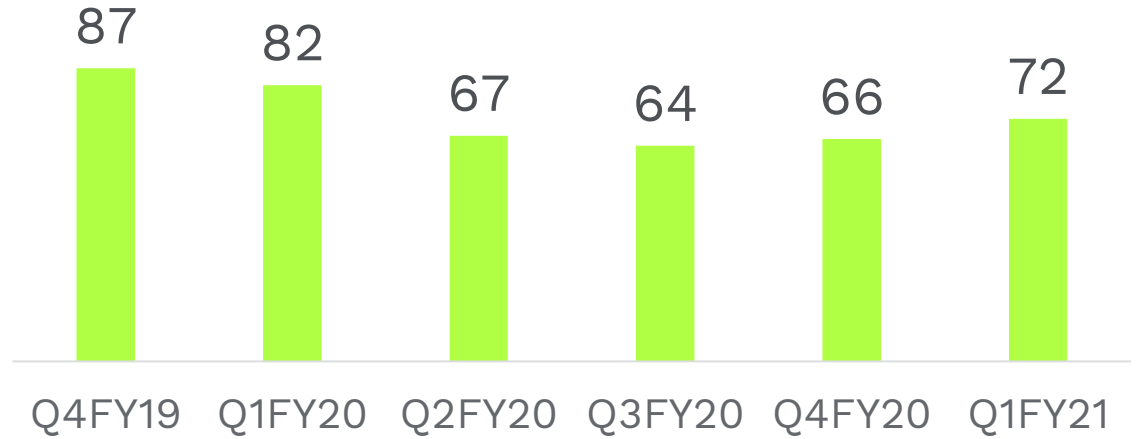
Net Cash as at the quarter end stood at ₹ 3,939 Million

Additional facts - timeseries

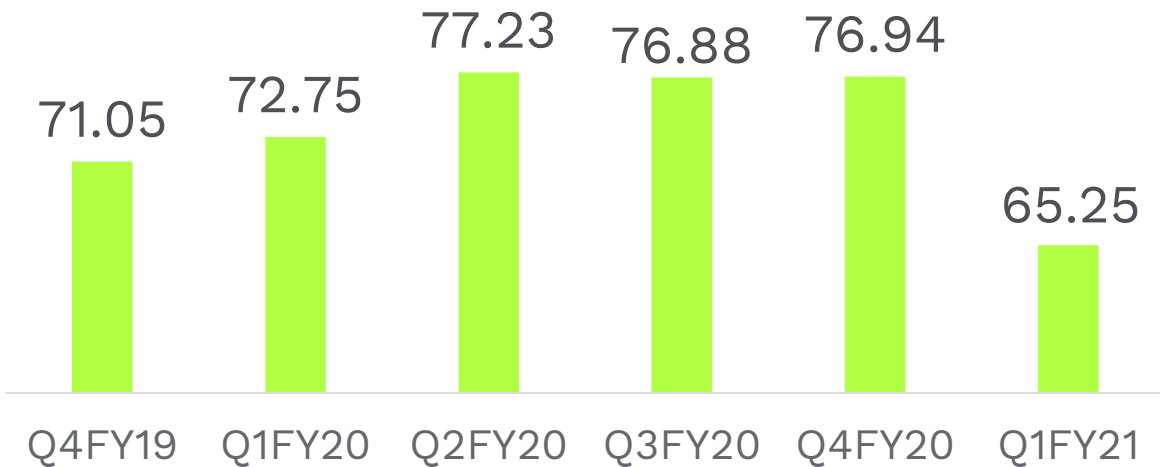
Qtr End Net Cash ₹ M



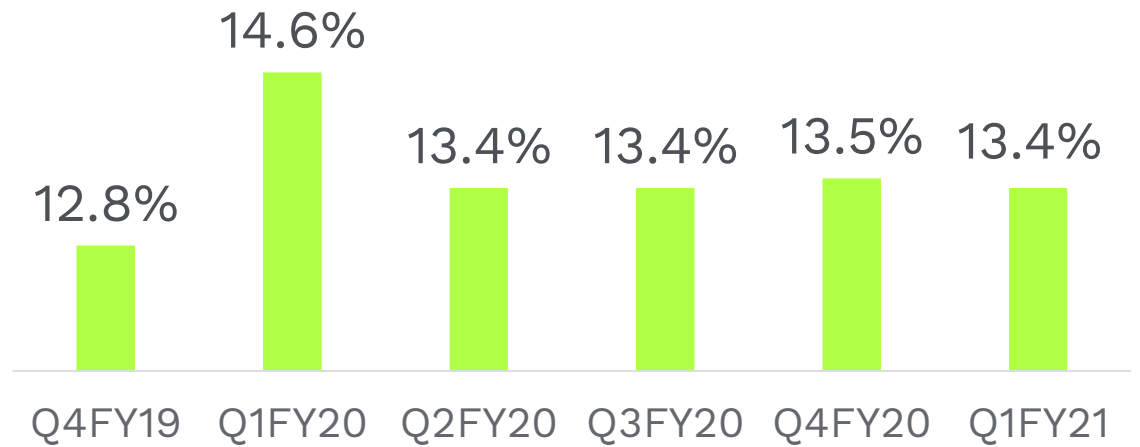
Qtr End DSO



Revenue \$ M



EBITDA %



Management Quotes



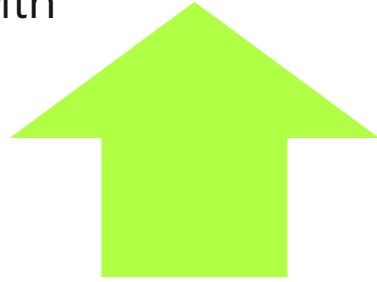
Kishor Patil, Co-founder, CEO and MD, KPIT said,” The performance of this quarter is in line with our expectations in the face of the global pandemic. The mobility industry is stabilizing, and we are witnessing increased interest from our strategic clients with prioritizing of investments in Electric Powertrain, Autonomous Driving and Digital Cockpit. We have closed two large deals in consecutive quarters now and remain optimistic about growth and gradual improvement in other operating parameters in H2FY21 and beyond”.



Sachin Tikekar, President and Whole-time Director, KPIT said,” Our priority during the last quarter was to keep the well-being of our employees in the center, uphold all our commitments to our clients and to remain liquid to get through the difficult spell. We did a tremendous job on all the three; thanks to the unwavering commitment of our employees and great support from our clients. We continue to invest in our Practices to do more with less for our clients as they tread their way through the global pandemic”.

Cash Flow – Major Movement

INR Mln



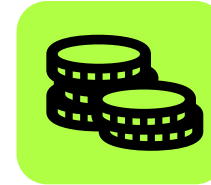
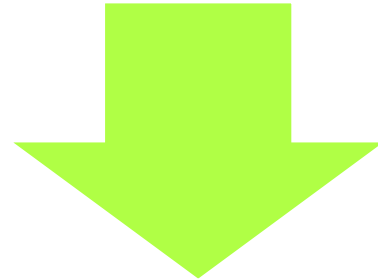
Cash Profit – 570

Decrease in Working Capital – 690

Capex – 332

Loans repaid – 166

MicroFuzzy - 170



Q-o-Q Increase in Net Cash of INR 660 Million

Cash and Cash Equivalents break-up	₹ M
In Investment Accounts (in India)	1,494
In Investment Accounts (outside India)	899
In Operating Accounts	1,926
TOTAL	4,319

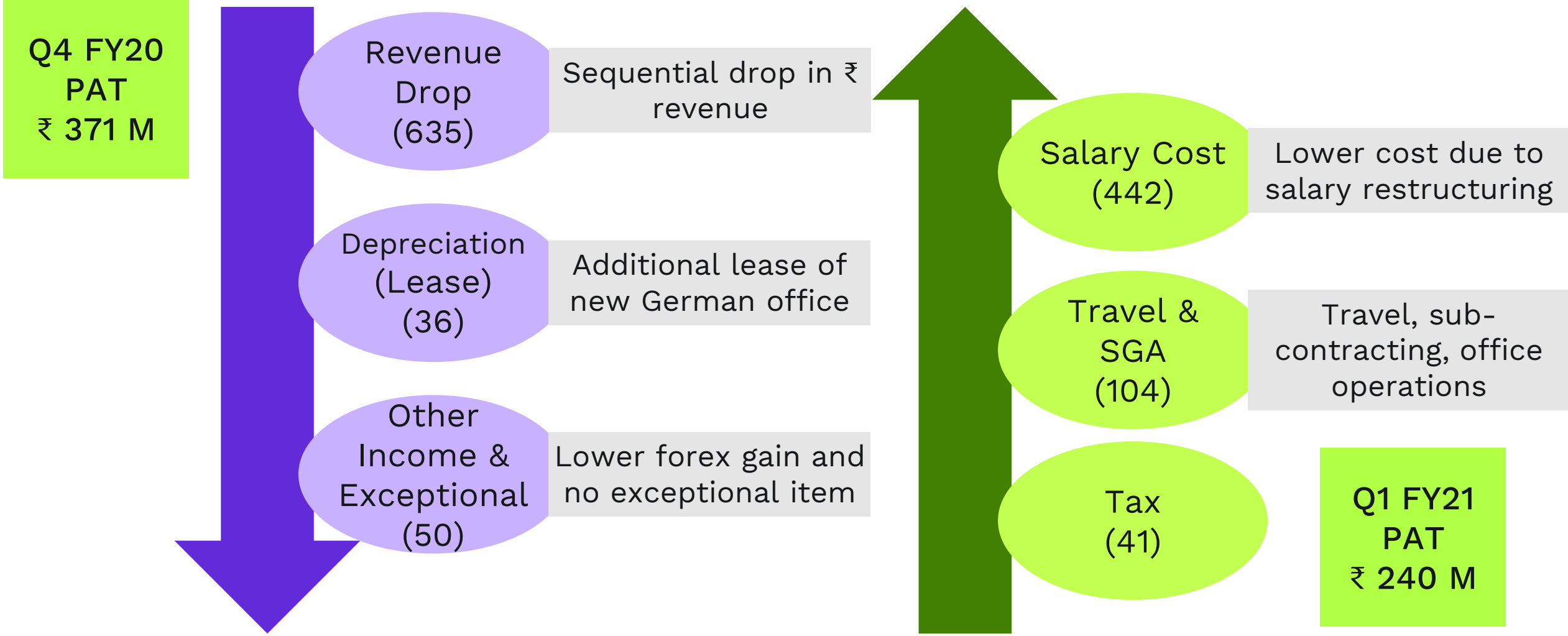
NET CASH (INR Mln)	Q1FY21	Q4FY20
Gross Cash	4,319	3,820
Long Term Debt	380	376
Short Term Debt	NIL	166
NET CASH	3,939	3,278



FCF/EBITDA – 125%

Net Cash/MCap – 22%

Movement in Profit, Major Items – Q4FY20 to Q1FY21



Significant Deal Win



A leading Automotive Tier I and system supplier for Autonomous Driving and ADAS and a market leader in automotive safety electronics products has selected KPIT as their strategic software partner. This Strategic partnership will leverage cutting edge software technology from KPIT for various vehicle programs globally for Autonomous Driving, ADAS and AUTOSAR domains.

The engagement pans for 5 years and the deal value is estimated at USD 60+ million.

The partnership involves KPIT to collaborate seamlessly with them across multiple countries in Europe, US and Asia for various production programs.

Other Major Deal Wins



A leading German Car Manufacturer selected KPIT for a project in electric powertrain area



A leading Asian car manufacturer selected KPIT for a project in the connected domain



A leading German Car Manufacturer selected KPIT for a project in ADAS area



A leading Asian Tier I supplier selected KPIT for a project in the electric powertrain area



A leading US Tier I Supplier selected KPIT for multiple projects in AD-ADAS domain

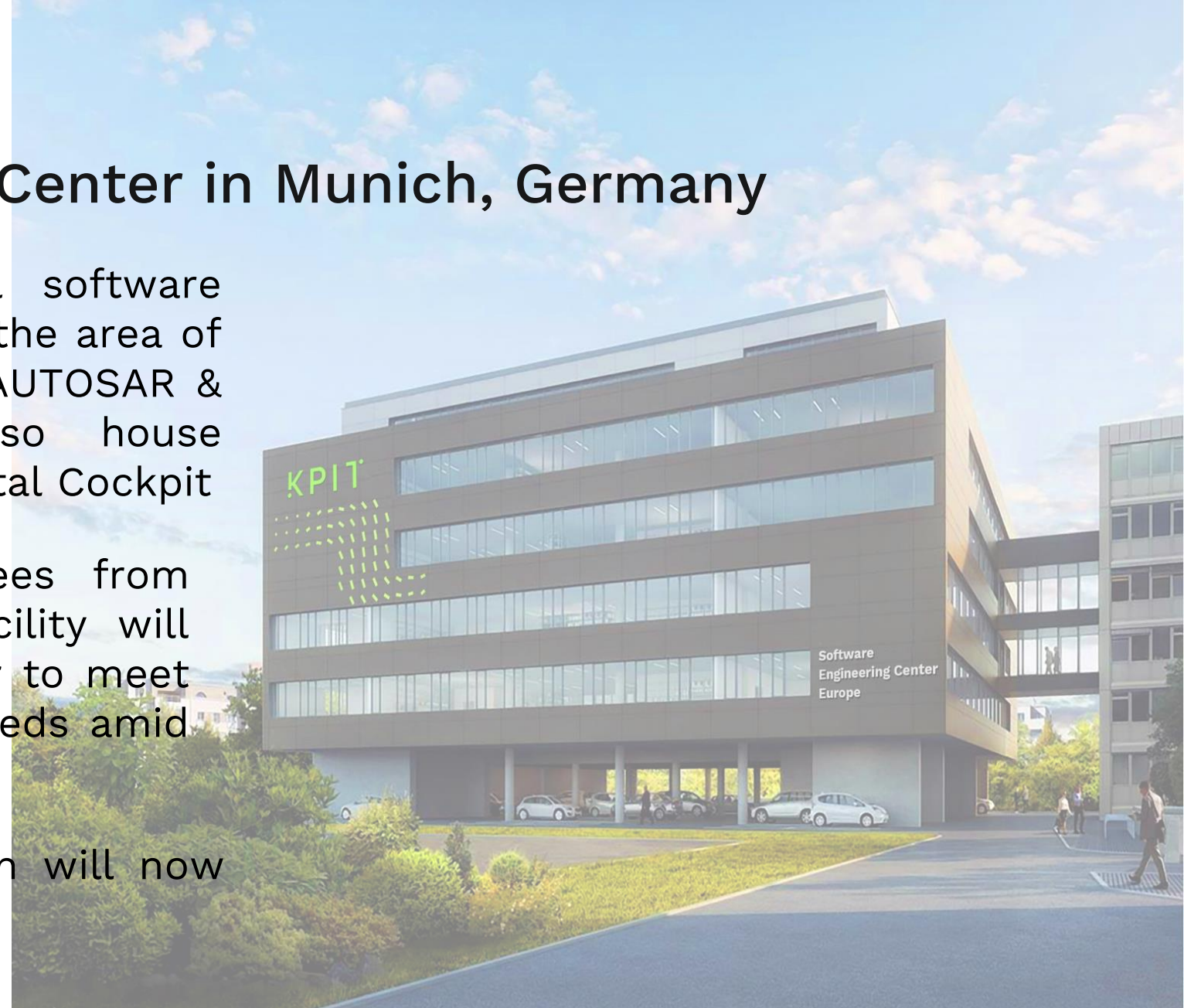
Other Updates

New Software Engineering Center in Munich, Germany

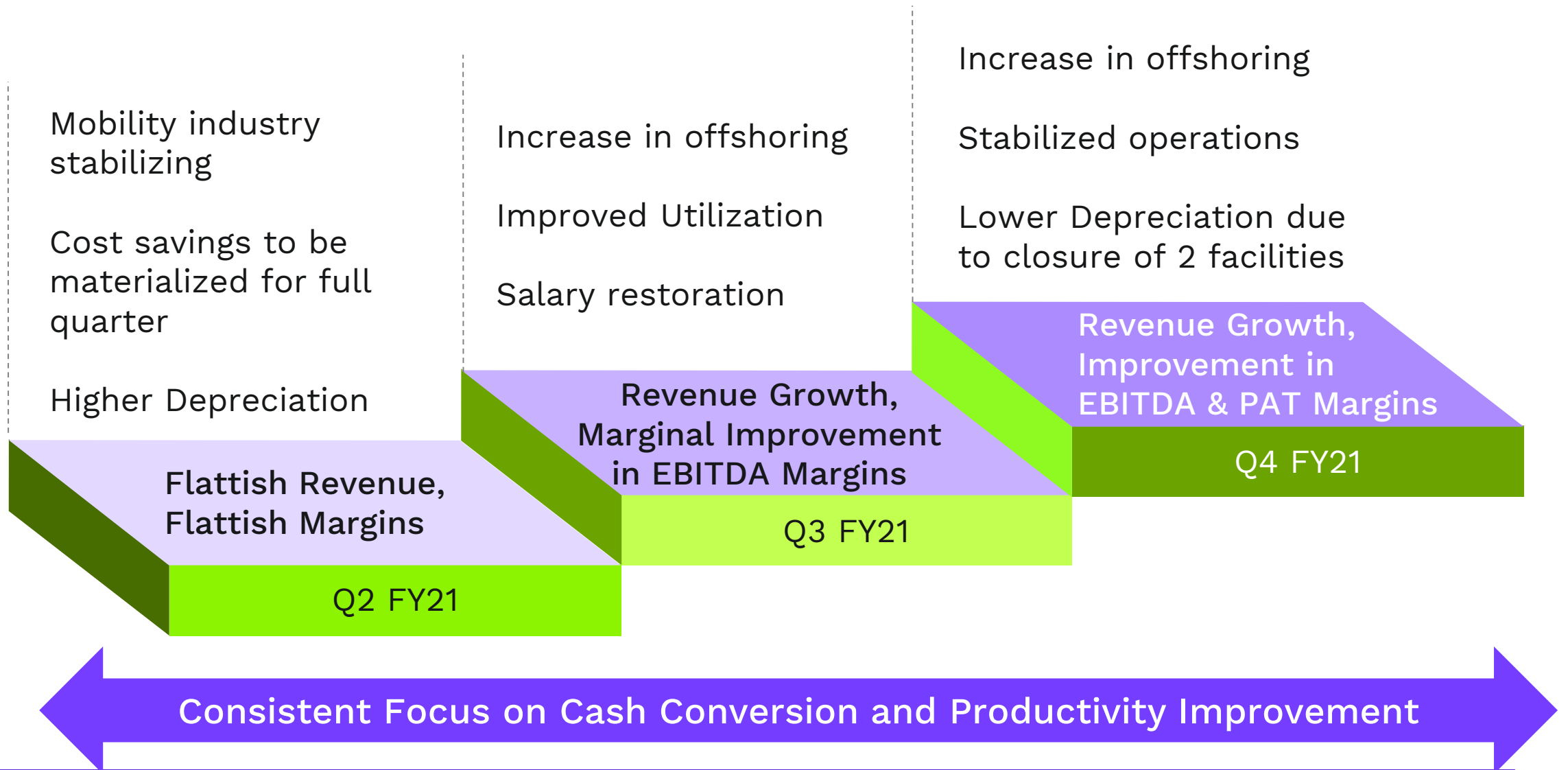
This will be KPIT's largest global software integration and technology center in the area of Electrification, Autonomous Driving, AUTOSAR & Vehicle Diagnostics and will also house expertise in other areas including Digital Cockpit

Represented by over 700 employees from more than 25 nationalities, this facility will serve as a global competence center to meet the complex automotive software needs amid significant technology shifts

The existing KPIT facilities in Munich will now consolidate under this one center



The way forward





Updates

Thought Leadership Updates



German automotive magazine Automobil-Elektronik

The leading German automotive magazine, AUTOMOBIL-ELEKTRONIK interviewed Kishor Patil, about various topics related to automotive software and the role KPIT plays as the mobility industry undergoes a paradigm shift. Kishor Patil spoke about KPIT's positioning of becoming the Global No.1 Software Integration Partner in this Cover-interview.



KPIT's Powertrain team article was published in Auto Tech Review

An article authored by KPIT's Powertrain team was published in Auto Tech Review, leading automotive magazine in India. The article talks about how software in automobiles helps curb air pollution



CSR @ KPIT

KPIT Technologies innovates versatile ventilators in fight against COVID-19



Ventilators are a result of KPIT's passion for engineering & commitment towards community contribution

Innovation awarded by Marico Foundation as the top winner in their Innovate2BeatCOVID national challenge

KPIT ventilator is engineered with the best national and international benchmark parameters & features. It is designed to be portable, robust, user-friendly and safe to provide support during the entire spectrum of need, from ambulances to ICUs.

These ventilators have been certified by NABL (National Accreditation Board for Testing and Calibration Laboratories)-accredited laboratories and validated as versatile, safe and robust by doctors.



Financial and Operational Data

- Snapshot

Profit & Loss Account Snapshot

INR MN

DETAILS	Q1FY21	Q4FY20	Q1FY20
Revenue from Operations	4,927.10	5,562.28	5,057.51
Other Income	25.17	76.79	14.56
Total Income	4,952.27	5,639.07	5,072.07
Operating Expenses	4,283.19	4,810.91	4,318.80
EBITDA	662.37	751.37	738.71
Depreciation	330.03	293.95	238.23
EBIT	332.34	457.42	500.48
Finance Costs	49.31	44.96	45.81
Change in FMV of Investments	3.21	47.43	(46.44)
Profit Before Exceptional Items	292.95	536.68	422.79
Exceptional items	-	(64.15)	(24.66)
PBT	292.95	472.53	398.13
Tax	50.70	91.53	88.02
PAT	242.25	381.0	310.11
Profit Attributable to owners of company	240.17	371.36	306.89
Profit Attributable to non-controlling interest	2.08	9.64	3.22

This includes forex loss of ₹ 18.46 Million which is excluded in EBITDA computation

Balance Sheet Snapshot

INR MN

ASSETS	Q1FY21	Q4FY20
<u>NON-CURRENT ASSETS</u>		
Property, Plant & Equipment	2,095.86	2,128.87
Right-of-use Assets	2,977.66	1,627.62
Other Tangible Assets	83.28	51.70
Goodwill & Other Intangibles	1,652.68	1,507.85
Other Non-Current Assets	987.39	892.39
TOTAL NON-CURRENT	7,796.87	6,208.43
<u>CURRENT ASSETS</u>		
Inventories	76.25	115.27
Cash and Cash Equivalents	4,318.57	3,820.53
Trade Receivables	4,345.75	4,486.77
Other Current Assets	1,969.97	1,719.62
TOTAL CURRENT	10,710.54	10,142.19
TOTAL ASSETS	18,507.41	16,350.62

EQUITY & LIABILITIES	Q1FY21	Q4FY20
Equity Share Capital	2,689.02	2,688.8
Other Equity	7,930.92	7,780.77
Equity attributable to owners	10,619.94	10,469.57
Non-controlling interests	21.03	35.71
TOTAL EQUITY	10,640.97	10,505.28
<u>NON-CURRENT LIABILITIES</u>		
Borrowings	NIL	NIL
Lease Liabilities	2,356.68	1,143.95
Other Non-Current Liabilities	159.76	150.67
TOTAL NON-CURRENT	2,516.44	1,294.62
<u>CURRENT LIABILITIES</u>		
Borrowings	380.08	542.67
Trade Payables	902.14	846.74
Lease Liabilities	461.45	313.51
Others	3,606.33	2,847.80
TOTAL CURRENT	5,350.0	4,550.72
TOTAL EQUITY AND LIABILITIES	18,507.41	16,350.62

Revenue Break-up

USD MN

Geography	Q1FY21	Q4FY20	Q1FY20	Q-o-Q	Y-o-Y
US	27.45	30.41	30.29	(9.7)%	(9.4)%
Europe	25.74	31.91	27.00	(19.4)%	(4.7)%
Asia	12.06	14.62	15.45	(17.5)%	(22.0)%
TOTAL	65.25	76.94	72.75	(15.2)%	(10.3)%
Verticals	Q1FY21	Q4FY20	Q1FY20	Q-o-Q	Y-o-Y
Passenger Cars	50.76	58.33	52.88	(13.0)%	(4.0)%
Commercial Vehicles	13.55	16.67	17.63	(18.8)%	(23.2)%
New Mobility	0.61	0.83	0.54	(26.7)%	13.0%
Others	0.33	1.11	1.70	(69.8)%	(80.3)%
TOTAL	65.25	76.94	72.75	(15.2)%	(10.3)%
Practices	Q1FY21	Q4FY20	Q1FY20	Q-o-Q	Y-o-Y
Powertrain	23.92	25.01	25.10	(4.4)%	(4.7)%
AD-ADAS	14.37	19.87	15.58	(27.7)%	(7.7)%
Connected Vehicle	8.24	8.07	10.91	2.1%	(24.5)%
Others	18.72	23.99	21.16	(22.0)%	(11.5)%

P&L Metrics

	Q1FY21	Q4FY20	Q1FY20	Q-o-Q	Y-o-Y
Revenue by Contract Type					
Time & Material Basis	48.2%	48.6%	48.6%	(15.9)%	(11.0)%
Fixed Price Basis	51.8%	51.4%	51.4%	(14.6)%	(9.7)%
Customers					
Strategic Customer Revenue (T21)*	86%	82%	79%	(11.1)%	(2.4)%
Active Customers	55	58	60		

Revenue per Devp. Employee USD	41,394	46,675	45,576
EBITDA Margin	13.4%	13.5%	14.6%
EBIT Margin	6.7%	8.2%	9.9%
PAT Margin	4.9%	6.7%	6.1%
Effective Tax Rate	17.3%	19.4%	22.1%
EPS (Basic)	0.89	1.38	1.14
EPS (Diluted)	0.89	1.38	1.14

Currency wise revenues, Hedging Details

Currency wise revenue	Q1FY21	Q4FY20	Q1FY20
USD	43.1%	41.2%	41.8%
EUR	34.8%	32.7%	29.2%
GBP	4.2%	8.1%	7.5%
JPY	9.4%	9.6%	12.0%
INR	5.3%	5.9%	6.5%
Others	3.2%	2.7%	2.9%

Realized Rate	Q1FY21	Q4FY20	Q1FY20
INR/USD	75.51	72.29	69.52

Hedge Details	Q1FY21
Hedge Rates	
USD/INR	75.32
EUR/INR	85.36
GBP/INR	94.90
Hedge Amounts(Mn)	
USD/INR	18.65
EUR/INR	6.00
GBP/INR	4.55

Headcount Data

Period End Headcount	Q1FY21	Q4FY20	Q1FY20	Q-o-Q	Y-o-Y
Development	6,305	6,594	6,385	-	-
Enabling & Sales	501	531	506	-	-
Total	6,806	7,125	6,891	-	-



Contact us

- [Contact](#)

Conference Call Details - TBU

Conference name	: KPIT Technologies Q1 FY2021 Post Earnings Conference Call
Date	: Tuesday August 04, 2020
Time	: 1600 Hrs.
Participants	: Mr. Kishor Patil, Co-founder, CEO & MD Mr. Sachin Tikekar, President & Board Member Mrs. Priya Hardikar, SVP & Head of Finance Mr. Sunil Phansalkar, Head-IR
Dial-in Numbers for all participants	
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Local Access	: +91 22 7115 8017
International Numbers	: USA - 1 866 746 2133 UK - 0 808 101 1573 Singapore - 800 101 2045 Hongkong - 800 964 448

About KPIT Technologies

KPIT (BSE: 542651; NSE: KPITTECH), is a global technology company providing software solutions that help mobility companies leapfrog towards autonomous, clean, smart and connected future. With 7,000+ *Automobelievers* across the globe, specializing in embedded software, AI & Digital solutions, KPIT enables customers accelerate implementation of next generation mobility technologies. For more information, visit <http://www.kpit.com>

Take Care and Stay Safe

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Thank You