

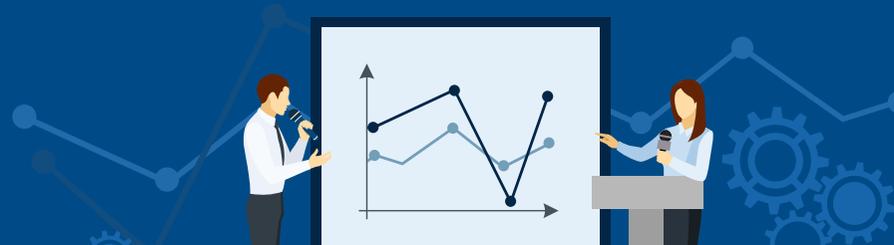
L&T TECHNOLOGY SERVICES LIMITED **THIRD QUARTER - FY 20 RESULTS**

Investor Release

Mumbai, India, January 17, 2020



FINANCIAL HIGHLIGHTS



REVENUE IN INR

- Revenue of **₹14,230 million** for the quarter; growth of **1.5% QoQ** and **8.1% YoY**

REVENUE IN USD

- Revenue of **\$199.3 million** for the quarter; growth of **0.8% QoQ** and **7.3% YoY**; growth in constant currency at **0.6% QoQ** and **7.5% YoY**

PROFIT IN INR

- EBIT of **₹2,391 million** for the quarter, growth of **0.1% QoQ** and **9.7% YoY**; EBIT margin at **16.8%**
- Net Income of **₹2,041 million** for the quarter, drop of **0.8% QoQ** and an increase of **10.0% YoY**; Net Income margin at **14.3%**

SAFE HARBOUR STATEMENT

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve number of risks, and uncertainties that could cause our actual results to differ materially from those in such forward-looking statements. L&T Technology Services Limited (LTTS) does not undertake to update any forward-looking statement that may be made from time to time by us or on our behalf.

MESSAGE FROM THE CEO & MANAGING DIRECTOR



I would like to wish the investor and analyst community a Happy New Year and also thank you for the continued interest in our company.

We are starting 2020 with a steady performance in Q3 that was consistent with our expectations. Three of our segments - Transportation, Plant Engineering, and Medical Devices delivered solid growth – in excess of 20% on YoY basis. In Telecom and Hitech, soft budgets and longer sales cycles impacted us in Q3 too, but our efforts in selling to a broader set of customers in this segment are bearing fruit which will lead to a turnaround from Q4 onwards.

In Q3, LTTS won 9 multi-million dollar deals across all major industry segments, with 2 deals having TCV of USD30mn+ each. On a YoY basis, LTTS has increased its USD20mn+ clients by 2 and its USD10mn+ clients by 4. Digital & leading-edge technologies - the growth driver for ER&D, contributed to 41% of Q3 revenues and grew by 29% YoY.

Overall, our growth expectations for Q4 remain unchanged and we maintain our USD revenue growth guidance of 10% for FY20.

As part of our strategy to be the preferred ER&D partner to our customers we continue to invest in competency building and broadening our presence within each of our segments. Last quarter, we opened an Aerospace & Defense Engineering Design Center in Rockford, Illinois (USA) which is our 9th design center outside of India, to cater to the development of high-performance engineering solutions for global aerospace and defense industry.

We are seeing a new set of opportunities as customers seek disruptive technologies like AI, sensor fusion and industrial robotics to strengthen their market competitiveness. The deal pipeline continues to be robust, and we look forward to another year of innovating with our customers.



Dr. Keshab Panda

CEO & Managing Director
L&T Technology Services Limited





KEY DEAL WINS

LTTS closed several multi-million dollar projects from global customers across various verticals. The major wins are listed below:

- Airbus India selected LTTS to manage their Avionics Software Development, V&V (Validation & Verification) and Data Analytics.
- A multi-national power company has selected LTTS as its strategic engineering partner to develop an IoT platform that combines hardware, software, and communication elements to bring diverse power components into a unified system that can be monitored and managed effectively. In addition, the customer's aero division has chosen LTTS for analysis & simulation of engine systems and structures.
- LTTS won a contract from a global technology conglomerate for VLSI engineering services spanning its product suite of AR & VR enabled solutions.
- The world's leading technology firm has awarded LTTS a multi-year deal involving an engineering analytics program for the customer's next generation wireless laptops and processors.
- In Europe, LTTS won an engineering services deal from a multi-national steel manufacturer to manage the Engineering, Procurement and Construction Management (EPCM) services for an upcoming plant.
- A leading auto parts maker has awarded LTTS a multi-year program for design and development of their Engine Control Unit (ECU) for enhanced fuel efficiency for a new range of powertrain vehicles.
- LTTS is setting up a development and design center in India for a European manufacturer to provide engineering projects across Embedded, Mechanical and Connectivity domains.
- LTTS has been awarded a program by a global media firm to design and develop a next generation chipset for broad-band and video security.
- A global medical devices OEM awarded LTTS a contract to develop a new IoT platform to remotely monitor their life sciences products installed globally.

FINANCIAL PERFORMANCE

INCOME STATEMENT (CONSOLIDATED)

Amount in ₹ million

	Q3 FY19	Q2 FY20	Q3 FY20	QoQ	YoY
Revenue	13,169	14,021	14,230	1.5%	8.1%
Cost of sales	9,269	9,497	9,557		
Gross Profit	3,900	4,524	4,673	3.3%	19.8%
Selling, General & Administration Expenses	1,483	1,692	1,810		
EBITDA	2,417	2,832	2,863	1.1%	18.4%
Depreciation & Amortisation	239	444	472		
EBIT	2,178	2,388	2,391	0.1%	9.7%
Other Income, net	353	378	354		
Income tax expense	670	704	687		
Minority Interest	5	3	17		
Net Income	1,856	2,058	2,041	-0.8%	10.0%
Margins (%)					
Gross Margin	29.6%	32.3%	32.8%		
EBITDA Margin	18.4%	20.2%	20.1%		
EBIT Margin	16.5%	17.0%	16.8%		
Net Income Margin	14.1%	14.7%	14.3%		
Earnings Per Share (INR)					
Basic	17.86	19.79	19.57		
Diluted	17.58	19.49	19.34		

OTHER INCOME

Amount in ₹ million

	Q3 FY19	Q2 FY20	Q3 FY20
Income from investments, net	38	100	78
Ind AS 116 finance charge	-	-87	-86
Foreign exchange gains/(loss)	278	71	214
Others	37	294	148
Total	353	378	354

BALANCE SHEET (CONSOLIDATED)

Amount in ₹ million

	FY19	Q3 FY20
Assets		
Property and equipment	1,443	5,529
Intangible Assets and Goodwill	6,356	6,153
Accounts Receivable	10,643	11,725
Unbilled Revenues	2,421	3,931
Investments	5,749	6,027
Cash and Cash equivalents	2,051	2,297
Other current assets	2,851	3,123
Other non-current assets	2,124	1,448
Total Assets	33,638	40,234
Liabilities and Shareholders' Equity		
Shareholders' Funds	24,792	27,494
Short term borrowings	702	214
Other current liabilities	7,919	8,902
Other non-current liabilities	194	3,569
Minority Interest	31	54
Total Liabilities	33,638	40,234

CASH FLOW SUMMARY (CONSOLIDATED)

Amount in ₹ million

	FY19	YTD FY20
Net cash provided by operating activities	8,061	5,458
Capex	-885	-1,229
Free Cash Flow	7,176	4,229
Free Cash Flow to Net Income (%)	94%	69%

OPERATIONAL PERFORMANCE



	Q3 FY19	Q2 FY20	Q3 FY20	QoQ Growth	YoY Growth	In Constant Currency	
						QoQ Growth	YoY Growth
Revenue (USD Mn)	185.7	197.7	199.3	0.8%	7.3%	0.6%	7.5%

REVENUE BY VERTICAL

	Q3 FY19	Q2 FY20	Q3 FY20	QoQ Growth	YoY Growth
Transportation	31.7%	35.0%	35.8%	3.1%	21.3%
Industrial Products	20.2%	19.4%	19.2%	-0.5%	1.6%
Telecom & Hi-tech	27%	20.6%	18.5%	-9.8%	-26.7%
Plant Engineering	14.4%	16.2%	17.2%	7.1%	28.2%
Medical Devices	6.7%	8.8%	9.4%	7.6%	50.6%

Note: Process Industry has been renamed to Plant Engineering

REVENUE BY GEOGRAPHY

	Q3 FY19	Q2 FY20	Q3 FY20	QoQ Growth	YoY Growth
North America	57.8%	61.7%	61.2%	0.0%	13.7%
Europe	16.2%	14.4%	14.1%	-1.2%	-6.3%
India	14.4%	13.1%	13.2%	1.6%	-1.8%
Rest of the World	11.6%	10.7%	11.4%	7.1%	5.8%

REVENUE MIX

	Q3 FY19	Q2 FY20	Q3 FY20
Onsite	47.4%	43.8%	44.0%
Offshore	52.6%	56.2%	56.0%

REVENUE BY PROJECT TYPE

	Q3 FY19	Q2 FY20	Q3 FY20
Fixed Price	42.1%	41.8%	42.7%
Time and Material Contract	57.9%	58.2%	57.3%

CLIENT PROFILE

	Q3 FY19	Q2 FY20	Q3 FY20
Number of Active Clients	244	259	265
50 Million dollar +	2	1	-
30 Million dollar +	3	3	3
20 Million dollar +	5	7	7
10 Million dollar +	16	17	20
5 Million dollar +	39	42	43
1 Million dollar +	98	106	107

Client profile is based on LTM (Last Twelve Months) revenue

CLIENT CONTRIBUTION TO REVENUE

	Q3 FY19	Q2 FY20	Q3 FY20
Top 5 Clients	27.4%	22.9%	21.1%
Top 10 Clients	38.9%	35.7%	33.9%
Top 20 Clients	54.4%	51.3%	49.8%

Client contribution is based on LTM (Last Twelve Months) revenue

UTILISATION

	Q3 FY19	Q2 FY20	Q3 FY20
Including Trainees	81.3%	77.8%	79.2%

EMPLOYEE STATISTICS

	Q3 FY19	Q2 FY20	Q3 FY20
Total Headcount	14,777	16,789	16,787
Billable	13,711	15,614	15,604
Sales & Support	1,066	1,175	1,183
Voluntary Attrition % (LTM)	14.9%	13.4%	13.9%

EXCHANGE RATE (USD/INR)

	Q3 FY19	Q2 FY20	Q3 FY20
Period Realised	70.92	70.92	71.41
Period Closing	69.78	70.87	71.39

INDUSTRY RECOGNITIONS

Confederation of Indian Industry (CII) conferred LTTS with the **CII Industrial Innovation Award, 2019** and recognized it as one of the most innovative Indian companies in the Services category in the 'Large Enterprises' segment.

The Government of India bestowed upon LTTS the dual distinction for '**High Growth in Women Employment**' as well as '**Highest Exporter-IT**' (**Mysuru Region**). The Award was given by the Software Technology Parks of India (STPI), a Government body.

ISG has rated LTTS as a **Leader in Product Engineering, Manufacturing Engineering** in Digital Oil Field (Upstream & Midstream), Automotive and Aerospace verticals

LTTS was the recipient of the **Frost and Sullivan 2019 - Indian Cognitive Automation Technology Innovation Leadership award**, an acknowledgement of excellence in Cognitive Automation Technology.

LTTS was felicitated for its **Robotic Endo-training Kit** at the 8th Foundation Day of Global Innovation & Technology Alliance (GITA). Hon'ble Minister of Science & Technology, Health and Family Welfare and Earth Sciences Dr. Harsh Vardhan felicitated LTTS at the event.

Zinnov rated LTTS in the leadership zone for its innovation and capability for Internet of Things (IoT) Technology and Services and recognized LTTS as a 'Leader' across 7 other unique expertise areas in its **Zinnov Zones IoT Services Rating for 2019** report.

OTHER HIGHLIGHTS

L&T Technology Services opened a design engineering center in Rockford, Illinois (USA) to cater to the new age digital requirements of the aerospace and defense markets. The center was inaugurated by Mr. Stan Kottke, Vice President of Electric Power Systems, Collins Aerospace, Senator Dave Syverson and Mr. Tom McNamara, Mayor, Rockford City, IL.



PATENTS

At the end of the third quarter, the patents portfolio of L&T Technology Services stood at **472**, out of which **352** are co-authored with its customers and the rest are filed by LTTS.



CORPORATE SOCIAL RESPONSIBILITY

LTTS launches initiative to build shelter homes for Cyclone Fani affected people in Puri, Odisha

LTTS launched “Project Neelachala” - a program for providing 150 disaster resilient shelter homes to those affected by Cyclone Fani in Puri district of Odisha. As a part of the project, LTTS will also provide skill development programs for residents in various construction activities which will ensure an additional means of livelihood for the affected people in the future.



ABOUT L&T TECHNOLOGY SERVICES

L&T Technology Services Limited (LTTS) is a listed subsidiary of Larsen & Toubro Limited focused on Engineering and R&D (ER&D) services. We offer consultancy, design, development and testing services across the product and process development life cycle. Our customer base includes 69 Fortune 500 companies and 51 of the world's top ER&D companies, across industrial products, medical devices, transportation, telecom & hi-tech, and the process industries. Headquartered in India, we have over 16,700 employees spread across 17 global design centers, 28 global sales offices and 50 innovation labs as of December 31, 2019.



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