

# ***L&T Technology Services Limited***

## ***Third Quarter - FY 19 Results***



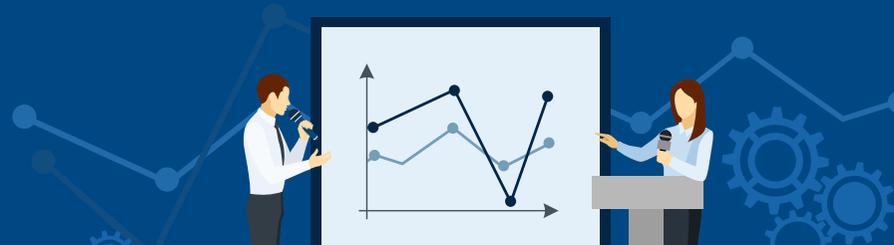
**INVESTOR  
RELEASE**

Vadodara, India  
January 17, 2019



**ENGINEERING  
THE CHANGE** 

## FINANCIAL HIGHLIGHTS



### REVENUE IN INR

- Revenue at **₹13,169 million** for the quarter; growth of **4% QoQ; 35.9% YoY**

### REVENUE IN USD

- Revenue at **\$185.7 million** for the quarter; growth of **4.8% QoQ; 23% YoY**
- Revenue growth in constant currency at **4.6% QoQ; 25.2% YoY**

### PROFIT IN INR

- EBITDA at **₹2,417 million** for the quarter; EBITDA margin at **18.4%**
- Net Income at **₹1,856 million** for the quarter, down by **2.8% QoQ** and up by **47.0% YoY**; Net margin at **14.1%**

## 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



Our Q3 results demonstrate robust topline and operational performance. We have sustained the double-digit growth trajectory across all industry segments by building on our excellent positioning in digital & leading-edge technologies which has now risen to 34% of revenues. During the quarter, LTTS won 8 multi-million dollar deals across all industry segments. On a YoY basis, LTTS has increased its USD50mn+ clients by 2, USD10mn+ clients by 4 and its USD5mn+ clients by 10.

On the operational front, our execution engine has been firmly focused on improving profitability along with growth. Our EBITDA margin has inched up consecutively for four quarters to 18.4% in Q3, which is an improvement of over 300bps on YoY basis.

We continue to invest in building new capabilities and creating new labs to aid innovation. In Q3 we started the 5G lab, where our engineers are working on new challenges and concepts. Such investments have been yielding results consistently – recently we were recognized as a leader in IoT technology by Zinnov and awarded the IoT Platforms Leadership by IoT Evolution Magazine. The platforms and proprietary solutions that we are developing in areas like Smart Campus, Autonomous Vehicles, NB-IoT, Digital Factory and Robotic Automation is helping LTTS to be at the forefront of the ER&D Services industry that is participating in transformational technology.

The demand environment remains healthy, and the strong growth achieved in the current year-to-date gives us confidence of exiting FY19 with industry leading growth once again. I would like to thank our employees for their untiring effort and our investors & stakeholders for their continued support and encouragement.



### **Keshab Panda**

CEO & Managing Director  
L&T Technology Services Limited



# PERFORMANCE HIGHLIGHTS



## KEY DEAL WINS

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

- LTTS is the engineering partner for the autonomous vehicle program of an European carmaker with an objective to improve the accuracy and precision of machine vision and scene recognition algorithms.
- Secured a deal with a global pharmaceutical company for developing a mobile platform for Diabetic therapy. This will facilitate better collaboration between patients and doctors through efficient data collection and sharing.
- Selected as the ER&D partner for optimising product design and manufacturing processes of a European aerospace major. The scope of work by LTTS involves 3D digitization, mesh generation in computational field simulation and manufacturing blueprints.
- A leading North American OEM has selected LTTS as a partner to help implement a supply chain rationalization program to reduce its overall cost. LTTS will be responsible for engineering, sourcing, testing and process validation.
- LTTS is the Technical Design Partner in enabling the Digital Transformation of a major technology corporate campus to create the most connected, accessible and sustainable campus in the world.
- Secured a multi-year contract to develop the active safety management platform for a US based Auto OEM major.
- LTTS was awarded a network deployment automation project for a leading telecom customer.
- A global beverage company has awarded LTTS a cyber security remediation project which entails design data protection of its plants around the globe.

# FINANCIAL PERFORMANCE

## INCOME STATEMENT (CONSOLIDATED)

Amount in ₹ million

	Q3FY18	Q2FY19	Q3FY19	QoQ	YoY
<b>Revenue</b>	<b>9,691</b>	<b>12,661</b>	<b>13,169</b>	<b>4.0%</b>	<b>35.9%</b>
Cost of sales	6,892	8,732	9,269		
<b>Gross Profit</b>	<b>2,799</b>	<b>3,929</b>	<b>3,900</b>	<b>-0.7%</b>	<b>39.4%</b>
Selling, General & Administration Expenses	1,314	1,640	1,483		
<b>EBITDA</b>	<b>1,485</b>	<b>2,289</b>	<b>2,417</b>	<b>5.6%</b>	<b>62.8%</b>
Depreciation & Amortisation	145	270	239		
<b>EBIT</b>	<b>1,340</b>	<b>2,018</b>	<b>2,178</b>	<b>7.9%</b>	<b>62.6%</b>
Other Income, net	426	546	353		
Income tax expense	501	646	670		
Minority Interest	2	8	5		
<b>Net Income</b>	<b>1,263</b>	<b>1,910</b>	<b>1,856</b>	<b>-2.8%</b>	<b>47.0%</b>
<b>Margins (%)</b>					
Gross Margin	28.9%	31.0%	29.6%		
EBITDA Margin	15.3%	18.1%	18.4%		
EBIT Margin	13.8%	15.9%	16.5%		
Net Income Margin	13.0%	15.1%	14.1%		
<b>Earnings Per Share (INR)</b>					
Basic	12.36	18.51	17.86		
Diluted	12.00	18.17	17.58		

## OTHER INCOME

Amount in ₹ million

	Q3FY18	Q2FY19	Q3FY19
Income from investments, net	16	46	38
Foreign exchange gains/(loss)	259	152	278
Others	151	348	37
<b>Total</b>	<b>426</b>	<b>546</b>	<b>353</b>

## NOTES

- The Company acquired 100% stake effective October 15, 2018 in Graphene Semiconductor Services Private Limited. In Q3FY19, Graphene contributed USD2.2mn to revenue.

## BALANCE SHEET (CONSOLIDATED)

Amount in ₹ million

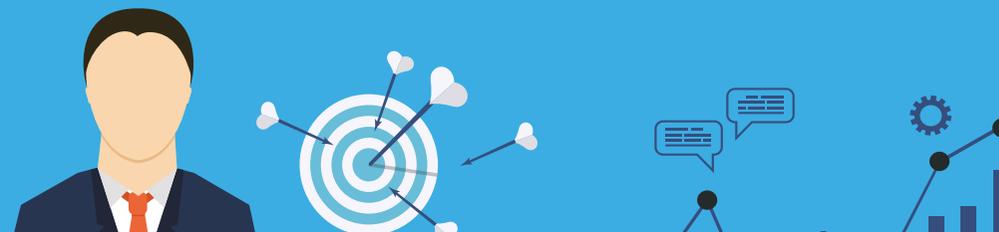
	FY18	Q3FY19
<b>Assets</b>		
Property and equipment	1,251	1,273
Intangible Assets and Goodwill	5,844	6,285
Accounts Receivable	9,623	11,063
Unbilled Revenues	2,154	3,054
Cash & Investments	3,749	4,841
Other current assets	3,081	2,371
Other non-current assets	1,349	1,663
<b>Total Assets</b>	<b>27,051</b>	<b>30,550</b>
<b>Liabilities and Shareholders' Equity</b>		
Shareholders' Funds	19,364	22,205
Short term borrowings	702	524
Other current liabilities	6,935	7,527
Other non-current liabilities	47	272
Minority Interest	3	22
<b>Total Liabilities</b>	<b>27,051</b>	<b>30,550</b>

## CASH FLOW SUMMARY (CONSOLIDATED)

Amount in ₹ million

	FY18	YTD FY19
Net cash provided by operating activities	4,136	4,800
Capex	-511	-501
<b>Free Cash Flow</b>	<b>3,625</b>	<b>4,299</b>
Free Cash Flow to Net Income (%)	72%	75%

# OPERATIONAL PERFORMANCE



	Q3FY18	Q2FY19	Q3FY19	QoQ Growth	YoY Growth	In Constant Currency	
						QoQ Growth	YoY Growth
Revenue (USD Mn)	151.0	177.2	185.7	4.8%	23.0%	4.6%	25.2%

## REVENUE BY VERTICAL

	Q3FY18	Q2FY19	Q3FY19	QoQ Growth	YoY Growth
Transportation	30.9%	32.0%	31.7%	3.9%	26.1%
Industrial Products	21.8%	20.6%	20.2%	2.8%	14.3%
Telecom & Hi-tech	27.9%	26.7%	27.0%	6.0%	19.0%
Process Industry	12.7%	14.2%	14.4%	6.1%	38.7%
Medical Devices	6.7%	6.5%	6.7%	8.0%	23.8%

## REVENUE BY GEOGRAPHY

	Q3FY18	Q2FY19	Q3FY19	QoQ Growth	YoY Growth
North America	58.7%	57.7%	57.8%	5.0%	21.3%
Europe	17.2%	17.2%	16.2%	-1.3%	15.9%
India	11.5%	12.5%	14.4%	21.3%	52.9%
Rest of the World	12.6%	12.6%	11.6%	-3.9%	13.1%

## REVENUE MIX

	Q3FY18	Q2FY19	Q3FY19
Onsite	50.7%	47.1%	47.4%
Offshore	49.3%	52.9%	52.6%

## REVENUE BY PROJECT TYPE

	Q3FY18	Q2FY19	Q3FY19
Fixed Price	38.2%	42.2%	42.1%
Time and Material Contract	61.8%	57.8%	57.9%

## CLIENT PROFILE

	Q3FY18	Q2FY19	Q3FY19
Number of Active Clients	242	239	244
50 Million dollar +	-	2	2
30 Million dollar +	3	3	3
20 Million dollar +	4	3	5
10 Million dollar +	12	14	16
5 Million dollar +	29	34	39
1 Million dollar +	78	94	98

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

## CLIENT CONTRIBUTION TO REVENUE

	Q3FY18	Q2FY19	Q3FY19
Top 5 Clients	25.5%	28.2%	27.4%
Top 10 Clients	37.9%	39.9%	38.9%
Top 20 Clients	53.3%	55.1%	54.4%

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

## UTILISATION

	Q3FY18	Q2FY19	Q3FY19
Including Trainees	78.8%	80.3%	81.3%

## EMPLOYEE STATISTICS

	Q3FY18	Q2FY19	Q3FY19
Total Headcount	11,941	13,585	14,777
Billable	11,009	12,604	13,711
Sales & Support	932	981	1,066
Voluntary Attrition % (LTM)	13.2%	15.0%	14.9%

## EXCHANGE RATE (USD/INR)

	Q3FY18	Q2FY19	Q3FY19
Period Realised	64.19	71.47	70.92
Period Closing	63.88	72.49	69.78

## INDUSTRY RECOGNITIONS

LTTS was honored with **the 2018 IoT Platforms Leadership Award** by IoT Evolution Magazine, a U.S. based technology publication. LTTS secured the recognition for their IoT powered Condition Based Monitoring Solution 'Integrated MCare' powered by the Company's IoT platform UBIQWeise2.0™

LTTS was positioned as **a Leader in IoT Technology & Services** by Zinnov across 12 unique expertise areas as compared to 7 in 2017

DataQuest has recognized LTTS as the **Best Company for Excellence & Innovation in Digital Engineering Services**

LTTS was awarded the **HR Department of the Year distinction 2018 at the Delaware Valley Awards** by the Rosen Group.

UBS Forum honoured LTTS with the **Best CSR Practice Award 2018** for creating significant and positive impact on people, communities and the environment through education initiatives.

## OTHER HIGHLIGHTS

**LTTS inaugurated its Digital Engineering Centre in Gothenburg, Sweden.** Located in the Lindholm Science Park, the Centre will act as a near shore development facility for LTTS' customers in the region, providing proximity and support for their agile transformation initiatives.

## PATENTS

At the end of the third quarter, the patents portfolio of L&T Technology Services stood at **363**, out of which **264** are co-authored with its customers and **99** are filed by LTTS.

**14** new patents were added in the quarter with **6** being filed by LTTS and **8** co-authored with customers.



## CSR & DIVERSITY

As part of its Social Responsibility mandate, LTTS undertook a number of CSR initiatives during the third quarter and impacted the lives of more than 2 lakh people across India:



- LTTS collaborated with Samarthanam Trust for the Disabled to organize the Tri-Nation Blind Cricket tournament between India, England and Sri Lanka, giving a platform to the visually challenged cricketers across the globe to realise their true potential and shine on the field.
- Employees at Chennai donated Immediate relief fund materials to help more than 104 families impacted by the cyclone Gaja near Thiruvavur district, TN.
- LTTS collaborated with Shankara Nethralaya, Laxmi Eye Institute, Indian Cancer Society and CareNx for healthcare initiatives associated with Eye Care, Cancer treatment and Pregnancy Care that benefited more than 30,000 individuals.
- Over 15 check dams were constructed by LTTS to create watersheds in some villages in Maharashtra and Tamil Nadu resulting in conservation of 40 million litres of water.
- Nearly 1,300 LTTS employees spent close to 3,000 hours towards 31 volunteering initiatives ranging from education and philanthropy to environmental causes, organized across LTTS locations in India.
- LTTS educated and upskilled over 63,000 people in the past year in association with ARCH Foundation, Agastya International Foundation and the Indian Institute of Science.

## 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 52 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 14,700 employees spread across 17 global design centers, 27 global sales offices and 48 innovation labs as of December 31, 2018.



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