

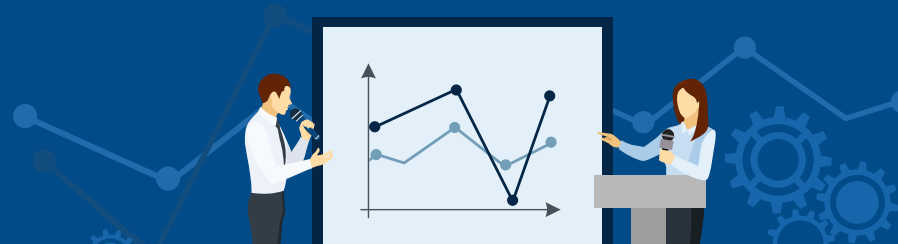
L&T TECHNOLOGY SERVICES LIMITED **FIRST QUARTER - FY 22 RESULTS**

Investor Release

Mumbai, India, July 14, 2021



FINANCIAL HIGHLIGHTS



REVENUE IN INR

- Revenue of **₹15,184 million** for the quarter; up **5.4% QoQ** and **17.3% YoY**

REVENUE IN USD

- Revenue of **\$205.7 million** for the quarter; up **4.2% QoQ** and **20.3% YoY**; in constant currency up **4.3% QoQ** and **18.6% YoY**

PROFIT IN INR

- EBIT of **₹2,623 million** for the quarter, EBIT margin at **17.3%**
- Net Income of **₹2,162 million** for the quarter, up **11.1% QoQ** and **84.3% YoY**; Net Income margin at **14.2%**

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



We started the new fiscal with a strong performance despite the pandemic related challenges during the quarter. In Q1, our revenue grew by 4.2% sequentially with four of our five segments growing inline or better than company. I am happy to note that Industrial Products which is our most innovative segment, led with 8% sequential growth, and its quarterly run rate of \$40mn has crossed the pre-Covid peak.

Deal traction was healthy in the quarter with 6 deal wins of TCV of USD10mn plus which includes 2 deals with TCV of USD25 million plus. Our innovation engine is matching the pace of our growth as we filed a record 23 patents in Q1. Revenues from digital and leading-edge technologies stood at 54% during the quarter.

On the operational front, we absorbed the wage hikes and improved EBIT margin by 70bps sequentially. The last four consecutive quarters of operating margin improvement has been a result of a gradual portfolio shift towards more digital engineering as well as operational efficiency initiatives around hiring, cross-skilling, productivity improvement and cost optimization.

To further scale and strengthen our technology and capability advantage, we have identified 6 strategic investment areas – Electric Autonomous & Connected Vehicle (EACV), 5G, Med-tech, Digital Manufacturing, AI&ML driven smart offerings and Sustainability. The focus will be on innovation and solution building in these new age areas that will position us as the partner of choice for customers in their next generation product development cycle.

We are confident that the growth will continue to be broad-based. We raise our FY22 USD revenue growth guidance to 15-17%. I am very grateful to our employees for their commitment and passion, and to all our stakeholders for the constant encouragement.



Amit Chadha

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:

- An American automotive supplier has selected LTTS as a strategic partner to provide engineering services for their EV and Power Electronics product portfolio. LTTS will also be setting up a centre of engineering excellence which will be leveraged by the global technology teams in North America, Europe and Asia.
- A global aerospace and defense company has awarded LTTS a program to support end-to-end engineering activities in a managed serviced model. The scope of work includes ownership of select R&D, lab activities as well as testing and certification infrastructure projects.
- LTTS will be providing turnkey hardware engineering support for a transportation and aerospace conglomerate's global urban rail program. Along with customizing signaling platforms specific to regional requirements, LTTS will also engineer 5G hardware connectivity across multiple transit authorities globally.
- A North American Electric Vehicle OEM selected LTTS for a multi-year engagement to be its engineering design partner. The scope of work encompasses the entire value chain including vehicle design for all existing as well as new models.
- A consumer electronics manufacturer selected LTTS to support its new product development initiatives, quality certifications and validation & verification activities across 6 of its manufacturing locations in North America.
- LTTS has been chosen as a partner to implement a water & wastewater system for the beverage plant of a leading food and beverage conglomerate. The sustainability initiative will reduce the water wastage and adhere to local regulations.

- A global manufacturer of motion and control technologies selected LTTS as a worldwide strategic transformation partner to implement and support its IoT initiatives. This multi-year contract includes developing and managing of its IoT Condition Monitoring platform and integrating various products.
- LTTS has won a prestigious 5G program to build and operate a fully automated 5G network lab from a leading USA-based software-driven telecom network OEM. LTTS will support the customer to accelerate the OEM's growth in the new-age 5G driven telecom landscape.
- LTTS has been chosen by a Asian electronic commerce company to support its network testing platform and develop web based applications. LTTS will offer engineering services to the customer in the areas of manual testing, engineering application development and DevOps.
- A global home appliances maker awarded LTTS a program to roll out an end-to-end 'Quality Clinic' initiative to enhance the customer's manufacturing processes, improve asset uptime, provide better quality workspace and increase the overall plant efficiencies.
- A multi-national lighting corporation has awarded LTTS a program to migrate its Smart City legacy application to a NextGen architecture. LTTS engineers will develop new features and also support in migrating existing end-customers to the new platform.

FINANCIAL PERFORMANCE

INCOME STATEMENT (CONSOLIDATED)

Amount in ₹ million

	Q1 FY21	Q4 FY21	Q1 FY22	QoQ	YoY
Revenue	12,947	14,405	15,184	5.4%	17.3%
Cost of sales	9,479	9,755	10,118		
Gross Profit	3,468	4,651	5,066	8.9%	46.1%
Selling, General & Administration Expenses	1,409	1,719	1,889		
EBITDA	2,059	2,931	3,177	8.4%	54.3%
Depreciation & Amortisation	492	540	554		
EBIT	1,567	2,391	2,623	9.7%	67.4%
Other Income, net	30	221	334		
Income tax expense	416	659	787		
Minority Interest	8	8	8		
Net Income	1,173	1,945	2,162	11.1%	84.3%
Margins (%)					
Gross Margin	26.8%	32.3%	33.4%		
EBITDA Margin	15.9%	20.3%	20.9%		
EBIT Margin	12.1%	16.6%	17.3%		
Net Income Margin	9.1%	13.5%	14.2%		
Earnings Per Share (INR)					
Basic	11.22	18.54	20.57		
Diluted	11.10	18.42	20.44		

OTHER INCOME

	Q1 FY21	Q4 FY21	Q1 FY22
Income from investments, net	107	117	164
Foreign exchange gains/(loss)	(38)	194	245
Govt. incentives	51	0	0
Others (incl. IND AS 116 Finance charge)	(91)	(90)	(75)
Total	30	221	334

BALANCE SHEET (CONSOLIDATED)

Amount in ₹ million

	FY21	Q1 FY22
Assets		
Property and equipment	6,379	6,058
Intangible Assets and Goodwill	6,564	6,541
Accounts Receivable	12,346	13,790
Unbilled Revenues	2,415	4,239
Investments	15,149	12,796
Cash and Cash equivalents	2,327	4,972
Other current assets	2,789	2,631
Other non-current assets	2,760	2,817
Total Assets	50,729	53,844
Liabilities and Shareholders' Equity		
Shareholders' Funds	34,731	37,014
Short term borrowings	-	-
Other current liabilities	10,982	12,011
Other non-current liabilities	4,915	4,709
Minority Interest	101	110
Total Liabilities	50,729	53,844

CASH FLOW SUMMARY (CONSOLIDATED)

Amount in ₹ million

	FY21	YTD FY22
Net cash provided by operating activities	13,273	951
Capex	-756	-264
Free Cash Flow	12,517	687
Free Cash Flow to Net Income (%)	189%	32%

OPERATIONAL PERFORMANCE



	Q1 FY21	Q4 FY21	Q1 FY22	QoQ Growth	YoY Growth	In Constant Currency	
						QoQ Growth	YoY Growth
Revenue (USD Mn)	171.0	197.5	205.7	4.2%	20.3%	4.3%	18.6%

REVENUE BY VERTICAL

	Q1 FY21	Q4 FY21	Q1 FY22	QoQ Growth	YoY Growth
Transportation	31.5%	31.2%	31.2%	4.3%	19.2%
Industrial Products	19.4%	18.9%	19.5%	7.8%	20.8%
Telecom & Hi-tech	22.4%	22.1%	22.0%	3.8%	18.2%
Plant Engineering	13.8%	15.5%	15.5%	4.1%	34.9%
Medical Devices	12.8%	12.3%	11.7%	-0.9%	9.9%

REVENUE BY GEOGRAPHY

	Q1 FY21	Q4 FY21	Q1 FY22	QoQ Growth	YoY Growth
North America	61.2%	61.5%	62.3%	5.5%	22.4%
Europe	16.0%	16.7%	16.8%	4.8%	26.1%
India	13.0%	13.1%	12.9%	2.9%	19.0%
Rest of the World	9.8%	8.8%	8.0%	-4.7%	-1.1%

REVENUE MIX

	Q1 FY21	Q4 FY21	Q1 FY22
Onsite	48.3%	42.1%	41.9%
Offshore	51.7%	57.9%	58.1%

REVENUE BY PROJECT TYPE

	Q1 FY21	Q4 FY21	Q1 FY22
Fixed Price	38.5%	36.1%	33.8%
Time and Material Contract	61.5%	63.9%	66.2%

CLIENT PROFILE

	Q1 FY21	Q4 FY21	Q1 FY22
Number of Active Clients	270	306	305
30 Million dollar +	1	-	-
20 Million dollar +	4	3	5
10 Million dollar +	22	20	20
5 Million dollar +	43	39	43
1 Million dollar +	113	122	122

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

CLIENT CONTRIBUTION TO REVENUE

	Q1 FY21	Q4 FY21	Q1 FY22
Top 5 Clients	17.8%	16.1%	16.4%
Top 10 Clients	29.7%	26.9%	27.4%
Top 20 Clients	46.8%	43.8%	43.9%

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

UTILISATION

	Q1 FY21	Q4 FY21	Q1 FY22
Including Trainees	70.9%	78.9%	79.2%

EMPLOYEE STATISTICS

	Q1 FY21	Q4 FY21	Q1 FY22
Total Headcount	16,641	16,452	16,972
Billable	15,481	15,335	15,896
Sales & Support	1,160	1,117	1,076
Voluntary Attrition % (LTM)	11.4%	12.2%	14.5%

EXCHANGE RATE (USD/INR)

	Q1 FY21	Q4 FY21	Q1 FY22
Period Realised	75.71	72.96	73.83
Period Closing	75.51	73.11	74.33

INDUSTRY RECOGNITIONS

- Everest Group has positioned LTTS as a **'Leader'** in the Semiconductor Annual Engineering Services PEAK Matrix Assessment™ Report
- NASSCOM honored L&T Technology Services with the Engineering and Innovation Excellence Awards 2021 in the **'Engineered-In-India Product of the Year'** category for Robotic Endo-Trainer Kit
- LTTS' AI-based framework AiKno® recognized with the annual IMC Digital Technology Awards, in the **'Smart-Tech Award for the Best Use of Emerging Technologies (Large Sector)'** category
- LTTS won Platinum in the **'Most Innovative Company of the Year'** and **'Achievement in Customer Satisfaction'** categories at the International TITAN Business Awards 2021

OTHER HIGHLIGHTS

- LTTS entered into a strategic partnership with network software provider Mavenir on Open RAN and 5G Test Automation solutions. This partnership will enable LTTS and Mavenir to drive innovation in the 5G space and co-create and contribute to a joint go-to-market strategy
- For demonstrating excellence in product lifecycle management (PLM), LTTS is one of the first engineering and technology companies in the APAC region to receive 'Advanced Partner' status within the PTC Partner Network program
- In collaboration with Intel Corporation, LTTS developed an outdoor smart parking solution that aims to redefine parking experience in public areas across the globe. Powered by Intel's OpenVINO Toolkit, the solution runs AI inferencing models on Intel Xeon scalable processors and Intel Movidius VPUs.
- LTTS' Global Engineering Academy is collaborating with UK's Coventry University to develop technologies and deepen skillsets in Autonomous Driving, EVs and Software Defined Vehicles.

PATENTS

At the end of the first quarter, the patents portfolio of L&T Technology Services stood at **719**, out of which **531** are co-authored with its customers and the remaining **188** are filed by LTTS.



CORPORATE SOCIAL RESPONSIBILITY

During the quarter, LTTS' CSR efforts were dedicated to address the needs of the community and ensuring the health and well-being of the masses. The key initiatives undertaken in Q1FY22 include:



Mysuru COVID Care Centre for rural population

LTTS dedicated a rural COVID Care Centre (CCC) in Saragur, Mysuru. Built in partnership with Swami Vivekananda Youth Movement (SVYM), the CCC will serve a population of over three lakh tribals in the region. The 19-bed centre is equipped with oxygen supply, critical care medical equipment and all other necessary resources.



The technology used here enables the safe management and care of patients, and the infrastructure is expected to benefit the local population for up to 15 years, enabling the people of Mysuru to continue availing the benefits of this key healthcare centre.

24*7 ICU-on-Wheels

LTTS and Samarthanam Trust launched free 24x7 ICU-on-Wheels, an Ambulance service in Bengaluru to assist COVID patients in need of immediate medical attention. The Ambulance is equipped with medical necessities such as ventilators, cardiac monitors, defibrillators, oxygen cylinders, emergency kit, other critical care life-saving equipment and medication.



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 57 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 16,900 employees spread across 17 global design centers, 28 global sales offices and 69 innovation labs as of June 30, 2021.



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