

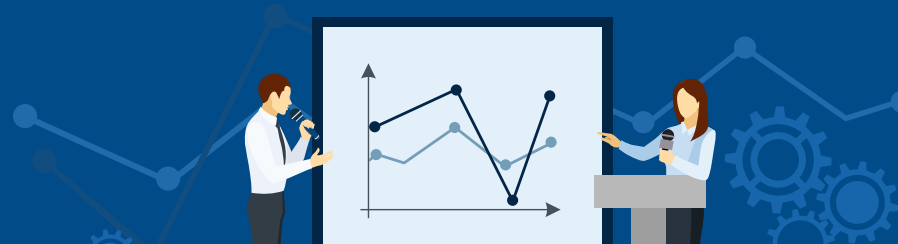
L&T TECHNOLOGY SERVICES LIMITED **SECOND QUARTER - FY 22 RESULTS**

Investor Release

Mumbai, India, October 19, 2021



FINANCIAL HIGHLIGHTS



REVENUE IN INR

- Revenue of **₹16,077 million** for the quarter; up **5.9% QoQ** and **22.4% YoY**

REVENUE IN USD

- Revenue of **\$217.4 million** for the quarter; up **5.7% QoQ** and **22.1% YoY**; in constant currency up **6.0% QoQ** and **22.3% YoY**

PROFIT IN INR

- EBIT of **₹2,964 million** for the quarter, EBIT margin at **18.4%**
- Net Income of **₹2,300 million** for the quarter, up **6.4% QoQ** and **39.1% YoY**; Net Income margin at **14.3%**

CAPITAL RETURN

- Special dividend of **₹10** per share to mark the 5-year anniversary of LTTTS' IPO

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 (LTTTS) 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 had a strong quarter with 6% sequential growth in constant currency driven by higher spends on digital engineering at all five segments. We are well positioned to capture this opportunity with our six big bets focussed on Electric Autonomous & Connected Vehicle (EACV), 5G, Med-tech, AI & Digital Products, Digital Manufacturing and Sustainability.

Performance was led by Industrial Products which grew by 8% or more for a second consecutive quarter and is on track to be one of our faster growing segments this fiscal. Medical, our youngest segment, crossed \$100mn in annualized revenue and is a testament to our differentiated domain expertise and strategic relationships. Our solutions in Medical such as Chest-rAI and Robotic Endo Trainer are gaining traction in the market as customers look to leverage AI and Robotics in their products.

During the quarter, LTTS won 5 deals with TCV of USD10 million plus, which includes 2 USD25 million plus deals. The rising digital adoption across our customer base has led to our revenue from digital & leading-edge technologies increasing to 55% in Q2.

Our broad-based growth was accompanied by a rise in Operating margin which at 18.4% is the highest we have reported. We will continue the journey of investing in innovation labs and capability building, that has yielded us gains in market share and operating model efficiency. Such investments have helped our offerings being consistently rated highly by the industry – recently we were recognized as a 'Leader' in Everest Group's Autonomous, Connected, Electric & Shared Mobility Automotive Engineering study.

The demand environment is healthy, and we are confident of broad-based growth continuing. We raise our FY22 USD revenue growth guidance to 19-20%. 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



PERFORMANCE HIGHLIGHTS



KEY DEAL WINS

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

- A Hi-Tech client has selected LTTS as their strategic partner to establish their extended product development center for adoption of new-age technologies and accelerate time-to-market
- For an American automotive supplier, LTTS will be expanding its dedicated design center in India to strengthen capacity and capabilities which will be leveraged by the customer's global technology teams. This center will act as the customer's future technology hub.
- LTTS has been awarded a multi-year program from an European Oil & Gas Company to create digital twins for all its upstream and downstream assets, to reduce operational costs
- A leading automotive parts maker has named LTTS as its engineering partner for providing digital cybersecurity, functional safety and software and hardware development.
- A manufacturer of household cleaning supplies has selected LTTS as its end-end engineering partner to design and implement machine safety for all their manufacturing sites in U.S.
- An American Industrial technology company has selected LTTS as its engineering services partner for mid of life product support for a suite of product lines catering to the agriculture segment.
- LTTS has been selected by a North American OEM to develop and enhance industry-unique surround camera Advanced Driver Assistance Systems (ADAS)
- LTTS is setting up multiple engineering labs-as-a-service for a leading global technology firm to support the customer's compute, storage, system, software and networking platform validation
- A European Med-tech company has named LTTS as its engineering provider to offer best in class Hardware and Software Product Engineering Service and to help build care as a service business models by smart enabling their products.

FINANCIAL PERFORMANCE

INCOME STATEMENT (CONSOLIDATED)

Amount in ₹ million

	Q2 FY21	Q1 FY22	Q2 FY22	QoQ	YoY
Revenue	13,138	15,184	16,077	5.9%	22.4%
Cost of sales	9,186	10,118	10,726		
Gross Profit	3,952	5,066	5,351	5.6%	35.4%
Selling, General & Administration Expenses	1,624	1,889	1,858		
EBITDA	2,328	3,177	3,493	9.9%	50.1%
Depreciation & Amortisation	527	554	529		
EBIT	1,801	2,623	2,964	13.0%	64.6%
Other Income, net	457	334	180		
Income tax expense	595	787	836		
Minority Interest	8	8	8		
Net Income	1,655	2,162	2,300	6.4%	39.1%
Margins (%)					
Gross Margin	30.1%	33.4%	33.3%		
EBITDA Margin	17.7%	20.9%	21.7%		
EBIT Margin	13.7%	17.3%	18.4%		
Net Income Margin	12.6%	14.2%	14.3%		
Earnings Per Share (INR)					
Basic	15.81	20.57	21.89		
Diluted	15.69	20.44	21.77		

OTHER INCOME

	Q2 FY21	Q1 FY22	Q2 FY22
Income from investments, net	111	164	180
Foreign exchange gains/(loss)	29	245	299
Govt. incentives	400	0	-290
Others (incl. IND AS 116 Finance charge)	-83	-75	-9
Total	457	334	180

BALANCE SHEET (CONSOLIDATED)

Amount in ₹ million

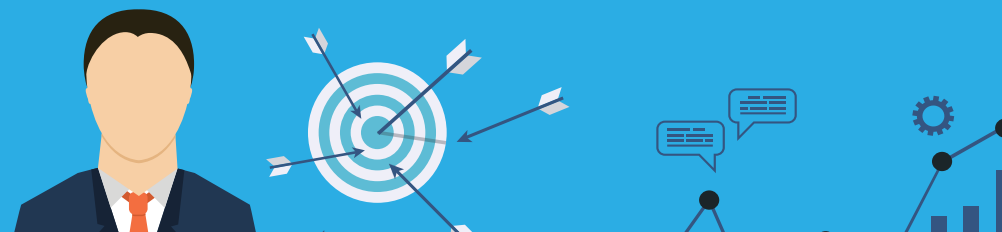
	FY21	Q2 FY22
Assets		
Property and equipment	6,379	6,653
Intangible Assets and Goodwill	6,564	6,467
Accounts Receivable	12,346	14,895
Unbilled Revenues	2,415	2,404
Investments	15,149	11,872
Cash and Cash equivalents	2,327	7,711
Other current assets	2,789	2,697
Other non-current assets	2,760	3,447
Total Assets	50,729	56,146
Liabilities and Shareholders' Equity		
Shareholders' Funds	34,731	38,128
Short term borrowings	-	-
Other current liabilities	10,982	12,705
Other non-current liabilities	4,915	5,195
Minority Interest	101	118
Total Liabilities	50,729	56,146

CASH FLOW SUMMARY (CONSOLIDATED)

Amount in ₹ million

	FY21	YTD FY22
Net cash provided by operating activities	13,273	4,613
Capex	-756	-388
Free Cash Flow	12,517	4,225
Free Cash Flow to Net Income (%)	189%	95%

OPERATIONAL PERFORMANCE



	Q2 FY21	Q1 FY22	Q2 FY22	QoQ Growth	YoY Growth	In Constant Currency	
						QoQ Growth	YoY Growth
Revenue (USD Mn)	178.0	205.7	217.4	5.7%	22.1%	6.0%	22.3%

REVENUE BY VERTICAL

	Q2 FY21	Q1 FY22	Q2 FY22	QoQ Growth	YoY Growth
Transportation	31.5%	31.2%	31.4%	6.2%	21.6%
Industrial Products	19.5%	19.5%	20.0%	8.6%	25.4%
Telecom & Hi-tech	21.4%	22.0%	21.1%	1.4%	20.6%
Plant Engineering	14.4%	15.5%	15.3%	4.1%	30.0%
Medical Devices	13.2%	11.7%	12.2%	9.6%	12.2%

REVENUE BY GEOGRAPHY

	Q2 FY21	Q1 FY22	Q2 FY22	QoQ Growth	YoY Growth
North America	60.0%	62.3%	62.9%	6.8%	28.0%
Europe	16.0%	16.8%	16.7%	5.2%	27.3%
India	13.6%	12.9%	13.0%	6.2%	16.5%
Rest of the World	10.4%	8.0%	7.4%	-2.2%	-12.8%

REVENUE MIX

	Q2 FY21	Q1 FY22	Q2 FY22
Onsite	45.1%	41.9%	40.8%
Offshore	54.9%	58.1%	59.2%

REVENUE BY PROJECT TYPE

	Q2 FY21	Q1 FY22	Q2 FY22
Fixed Price	39.7%	33.8%	30.0%
Time and Material Contract	60.3%	66.2%	70.0%

CLIENT PROFILE

	Q2 FY21	Q1 FY22	Q2 FY22
Number of Active Clients	283	305	314
30 Million dollar +	1	-	1
20 Million dollar +	5	5	6
10 Million dollar +	20	20	21
5 Million dollar +	44	43	45
1 Million dollar +	116	122	125

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

CLIENT CONTRIBUTION TO REVENUE

	Q2 FY21	Q1 FY22	Q2 FY22
Top 5 Clients	17.0%	16.4%	17.0%
Top 10 Clients	28.3%	27.4%	28.2%
Top 20 Clients	44.9%	43.9%	44.1%

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

UTILISATION

	Q2 FY21	Q1 FY22	Q2 FY22
Including Trainees	75.4%	79.2%	78.1%

EMPLOYEE STATISTICS

	Q2 FY21	Q1 FY22	Q2 FY22
Total Headcount	15,902	16,972	17,983
Billable	14,778	15,896	16,875
Sales & Support	1,124	1,076	1,108
Voluntary Attrition % (LTM)	10.8%	14.5%	16.5%

EXCHANGE RATE (USD/INR)

	Q2 FY21	Q1 FY22	Q2 FY22
Period Realised	73.79	73.83	73.96
Period Closing	73.77	74.33	74.23

INDUSTRY RECOGNITIONS

- LTTS has been recognized as a 'Leader' in Everest Group's **Autonomous, Connected, Electric & Shared Mobility Automotive Engineering** study
- NelsonHall positioned LTTS in the 'Leaders' Category in **Digital Manufacturing Services** in its NEAT Leader 2021 study
- ISG Group rated LTTS as 'Leader' in **IoT Consulting & Services** and **IT/OT Tech Data Convergence**
- LTTS' Finance Team was honoured for excellence in **Consistent Liquidity Management** by BW Businessworld CFO Finance Strategy Awards 2021
- Stevie's International Business Award adjudged LTTS' SafeX DevOps framework as the winner in the **Achievement in Product Innovation** category
- Association of National Advertisers (ANA), USA honoured LTTS with the B2 Award 2021 in the Podcast Category for **#EngineersFromTheHomeDesk Series**
- LTTS won the prestigious Association for Talent Development (ATD) Best Award 2021 and was ranked No. 1 for **Talent Development** practices

OTHER HIGHLIGHTS

- LTTS announced its award-winning healthcare solution Chest rAI™ in collaboration with global technology leader Intel Corporation. Chest rAI™ will be fuelled by the Intel OpenVINO Toolkit and AI Analytics Toolkit to run optimized AI inferencing models on 3rd Gen Intel Xeon Scalable processors with built in AI accelerators.
- L&T Technology Services inaugurated the NeXSens Lab in its Bengaluru Campus. The lab, which will serve LTTS' global clientele, is equipped with state-of-the-art high-precision tools and will cater to all sensorization requirements. With this lab, LTTS will enable rapid concept to prototyping needs of sensorization of products across various industry verticals.

PATENTS

At the end of the second quarter, the patents portfolio of L&T Technology Services stood at **769**, out of which **556** are co-authored with its customers and the remaining **213** 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 Q2FY22 include:



Short Stay Facility & Sneha-Hastha Project

To support the children displaced by the pandemic, LTTS partnered with SOS Children's Villages of India and MILT Charitable Trust for two projects to provide relief and shelter. Both the CSR initiatives was formally inaugurated by Mrs. Meena Subrahmanyan, President of Prayas Trust.

- Short Stay Facility: LTTS partnered with SOS Children's Villages of India to create temporary relief shelters for young girls without parental care. The shelter homes are in SOS Villages' Bengaluru campus.
- Sneha-Hastha Project: LTTS partnered with MILT Charitable Trust to provide permanent shelter for children orphaned by the pandemic. The initiative will also focus on the extra-curricular activities such as exercise and dance for a comprehensive development of the children to enable them to lead a fulfilling life as responsible citizens.



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 17,900 employees spread across 17 global design centers, 28 global sales offices and 72 innovation labs as of September 30, 2021.



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