

L&T TECHNOLOGY SERVICES LIMITED

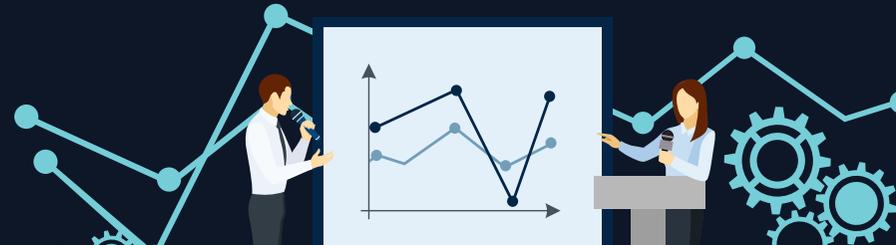
FIRST QUARTER - FY 23 RESULTS

Investor Release

Mumbai, India, July 15, 2022



FINANCIAL HIGHLIGHTS



REVENUE IN INR

- Revenue of **₹18,737 million** for the quarter; up **6.7% QoQ** and **23.4% YoY**

REVENUE IN USD

- Revenue of **\$239.5 million** for the quarter; up **3.2% QoQ** and **16.5% YoY**; in constant currency up **4.7% QoQ** and **19.9% YoY**

PROFIT IN INR

- EBIT of **₹3,434 million** for the quarter, EBIT margin at **18.3%**
- Net Income of **₹2,742 million** for the quarter, up **4.7% QoQ** and **26.9% YoY**; Net Income margin at **14.6%**

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 on a strong note with revenue growing sequentially by 4.7% in constant currency and deal bookings at our all-time high. Growth was led by Plant Engineering and Industrial Products, benefitting from spends towards digital manufacturing, energy transition, and smart & connected products. Our big bets focus has helped us to align ourselves with these strategic and multi-year customer programs. We had good execution operationally too, with EBIT margin above 18% levels even as we invest for growth and capability building.

In Q1, we won a total of seven deals with TCV of USD 10 million plus which includes a USD 50 million deal and four USD 15 million deals. Our Aerospace and Rail segment is seeing a revival of large deal bookings with a USD 50 million deal in Q1 on the back of a stellar long-term deal that we won in the prior quarter. To cater to new age digital requirements of Aerospace, we recently opened an engineering design center in Toulouse, France.

We see a broad-based pipeline of opportunities which gives us confidence of growth momentum sustaining. We reaffirm our FY23 USD revenue growth guidance of 13.5-15.5%.

I am happy to share that ISG has rated us as leaders across Design and Development (Products Services, Experience), Connected and Intelligent Operations - Discrete Industries, Connected and Intelligent Operations - Process Industries in both US and Europe regions. Another certification that we are proud of is LTTS being recognized as a Great Place to Work® for its employee friendly best practices. This is a testament to our standing as a preferred company for passionate engineers.

I am very grateful to our employees for their commitment and dedication, 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 segments. The major wins are listed below:

- A global aerospace & rail major has chosen LTTS as a preferred engineering partner for its technology unit in Canada. As part of the program, LTTS will offer end-to-end integrated engineering across products, operations and 5G driven next-gen connectivity solutions.
- An international healthcare firm has awarded LTTS a program to help in harmonizing and streamlining their QMS systems across North America. The scope of engagement covers R&D, product quality, manufacturing and supply chain.
- For an automotive mobility company, LTTS is setting up an engineering center of excellence for AutoSAR and functional safety based software development activities.
- A US based new-age EV OEM has awarded LTTS a multi-year engineering program encompassing energy storage systems, battery structures & BMS integration and design support to help the customer launch its new line-up of electric vehicles.
- LTTS has been selected by a global technology company as its preferred technology partner for developing robust testing and accelerator frameworks for its Embedded systems
- LTTS won a multi-year deal from an American energy company to be their primary engineering partner for two of its existing refining sites. LTTS will provide engineering services including systemization, circuit design, full process & corrosion review, risk-based inspection and validation of equipment and inventory
- For an international auto components manufacturer, LTTS has been awarded 2 deals where it will be undertaking end-to-end engineering work for their hardware, mechanical engineering programs, and support the application development.

- LTTS will expand its R&D lab in Bangalore and engineering team globally, to support a North America based customer for Software integration, validation and debugging of hardware products
- An American technology company has chosen LTTS for developing safety libraries and embedded firmware implementation for its family of chipsets. LTTS will also provide software safety qualifications, CSP generation, architecture and design of software components.
- LTTS has been selected by a leading network solutions provider to build, operate and manage a 5G radio testing lab which will provide end-to-end test services for ORAN networks comprising lab operational and management services.
- A leading medical technology company has awarded LTTS a deal to help in its Green Field facility in Mexico, involving manufacturing transfer of systems and component lines. The program entails developing future state layout, value stream mapping, process validation and quality documentation remediation for the site.

INCOME STATEMENT (CONSOLIDATED)

Amount in ₹ million

	Q1 FY22	Q4 FY22	Q1 FY23	QoQ	YoY
Revenue	15,184	17,561	18,737	6.7%	23.4%
Cost of sales	10,118	11,765	12,560		
Gross Profit	5,066	5,796	6,177	6.6%	21.9%
Selling, General & Administration Expenses	1,889	1,992	2,167		
EBITDA	3,177	3,804	4,010	5.4%	26.2%
Depreciation & Amortisation	554	530	576		
EBIT	2,623	3,274	3,434	4.9%	30.9%
Other Income, net	334	314	340		
Income tax expense	787	956	1,024		
Minority Interest	8	12	8		
Net Income	2,162	2,620	2,742	4.7%	26.9%
Margins (%)					
Gross Margin	33.4%	33.0%	33.0%		
EBITDA Margin	20.9%	21.7%	21.4%		
EBIT Margin	17.3%	18.6%	18.3%		
Net Income Margin	14.2%	14.9%	14.6%		
Earnings Per Share (INR)					
Basic	20.57	24.83	25.98		
Diluted	20.44	24.78	25.95		

OTHER INCOME

	Q1 FY22	Q4 FY22	Q1 FY23
Income from investments, net	164	215	233
Foreign exchange gains/(loss)	245	207	142
Others	(75)	(108)	(35)
Total	334	314	340

BALANCE SHEET (CONSOLIDATED)

Amount in ₹ million

	FY22	Q1 FY23
Assets		
Property and equipment	6,496	6,549
Intangible Assets and Goodwill	6,430	6,453
Accounts Receivable	16,959	16,820
Unbilled Revenues	2,610	4,411
Investments	14,779	16,960
Cash and Cash equivalents	6,742	5,449
Other current assets	3,022	2,609
Other non-current assets	3,872	2,890
Total Assets	60,910	62,141
Liabilities and Shareholders' Equity		
Shareholders' Funds	41,625	44,054
Other current liabilities	13,789	13,285
Other non-current liabilities	5,359	4,656
Minority Interest	137	146
Total Liabilities	60,910	62,141

CASH FLOW SUMMARY (CONSOLIDATED)

Amount in ₹ million

	FY22	YTD FY23
Net cash provided by operating activities	10,062	1,417
Capex	-1,555	-503
Free Cash Flow	8,507	914
Free Cash Flow to Net Income (%)	89%	33%

OPERATIONAL PERFORMANCE



	Q1 FY22	Q4 FY22	Q1 FY23	QoQ Growth	YoY Growth	In Constant Currency	
						QoQ Growth	YoY Growth
Revenue (USD Mn)	205.7	232.0	239.5	3.2%	16.5%	4.7%	19.9%

REVENUE BY VERTICAL

	Q1 FY22	Q4 FY22	Q1 FY23	QoQ Growth	YoY Growth
Transportation	31.2%	33.3%	33.2%	2.9%	23.8%
Industrial Products	19.5%	18.8%	19.0%	4.4%	13.6%
Telecom & Hi-tech	22.0%	21.0%	20.3%	0.1%	7.3%
Plant Engineering	15.5%	15.4%	16.0%	7.5%	20.3%
Medical Devices	11.7%	11.5%	11.5%	2.6%	13.9%

REVENUE BY GEOGRAPHY

	Q1 FY22	Q4 FY22	Q1 FY23	QoQ Growth	YoY Growth
North America	62.3%	62.3%	62.9%	4.2%	17.6%
Europe	16.8%	16.1%	16.4%	5.1%	14.0%
India	12.9%	14.5%	13.2%	(5.9%)	19.6%
Rest of the World	8.0%	7.0%	7.4%	9.0%	7.8%

REVENUE MIX

	Q1 FY22	Q4 FY22	Q1 FY23
Onsite	41.9%	45.4%	43.8%
Offshore	58.1%	54.6%	56.2%

REVENUE BY PROJECT TYPE

	Q1 FY22	Q4 FY22	Q1 FY23
Fixed Price	33.8%	28.6%	26.9%
Time and Material Contract	66.2%	71.4%	73.1%

CLIENT PROFILE

	Q1 FY22	Q4 FY22	Q1 FY23
Number of Active Clients	305	324	337
30 Million dollar +	-	2	2
20 Million dollar +	5	6	7
10 Million dollar +	20	22	23
5 Million dollar +	43	48	51
1 Million dollar +	122	136	142

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

CLIENT CONTRIBUTION TO REVENUE

	Q1 FY22	Q4 FY22	Q1 FY23
Top 5 Clients	16.4%	17.2%	16.7%
Top 10 Clients	27.4%	28.3%	27.6%
Top 20 Clients	43.9%	43.5%	43.2%

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

EMPLOYEE STATISTICS

	Q1 FY22	Q4 FY22	Q1 FY23
Total Headcount	16,972	20,861	21,433
Billable	15,896	19,534	20,082
Sales & Support	1,076	1,327	1,351
Voluntary Attrition % (LTM)	14.5%	20.4%	23.2%

EXCHANGE RATE (USD/INR)

	Q1 FY22	Q4 FY22	Q1 FY23
Period Realised	73.83	75.69	78.23
Period Closing	74.33	75.79	78.97

INDUSTRY RECOGNITIONS

- Recognized as a **Great Place to Work**[®] for its best practices across India, as it fared extremely well across parameters like credibility, respect, fairness, pride and employee camaraderie
- LTTS has been positioned as a **'Leader' in all 5 quadrants** for the North America market in the 2022 **ISG Provider Lens[™] Digital Engineering Services** report
- LTTS' Chest-rAI[™] solution recognized as an **"Innovator"** by NASSCOM in their **AI GameChangers Awards 2022**
- **Hfs Research** recognized LTTS among the **Top 10 Industry 4.0 Service Providers**
- LTTS recognized as **'Leader'** in Everest Group's Digital Product Engineering Services **PEAK Matrix[®] Assessment 2022**
- LTTS wins **Golden Peacock Corporate Social Responsibility Award**



OTHER HIGHLIGHTS

- **Inauguration of EDC in France** – LTTS inaugurated its Engineering Design Centre (EDC) in Toulouse, France, to cater to the new age digital requirements of the global aerospace and defence sectors. The centre will specialize in end-to-end solutions for aerospace design & manufacturing.
- **Inauguration of ER&D Centre in Poland** – LTTS unveiled its Engineering, Research and Development (ER&D) centre in Krakow, Poland, to cater to customers in Automotive, Mobility and Hi-Tech domains. The ER&D centre will support several major customers in Europe and North America. LTTS plans to ramp up the centre headcount to over 300 engineers in the next three years.
- **Industry-Academia Collaborations** – LTTS signed an MoU with IIT-Gandhinagar to develop cutting-edge solutions in AI and Mechatronics. LTTS also signed an agreement with Pandit Deendayal Energy University (PDEU) to develop technologies and innovations in clean and sustainable energy.
- **5th Edition of TECHgium[®]** - LTTS conducted the 5th Edition of its annual academia-industry innovation initiative, TECHgium[®]. The current edition saw overwhelming participation of 30,421 students, from 444 reputed engineering institutes across India.

PATENTS

At the end of Q1FY23, the patents portfolio of L&T Technology Services stood at **913**, out of which **625** are co-authored with its customers and the remaining **288** are filed by LTTS.



CORPORATE SOCIAL RESPONSIBILITY

As part of its Social Responsibility mandate, LTTS undertook several CSR initiatives with a focus on Health, Education, Skill Development, Water, Environment and Sports. The key initiatives undertaken in Q1FY23 include:



Project Hyperloop

L&T Technology Services partnered with IIT Madras to support its Hyperloop project. The funding & technical support provided by LTTS will enable IIT Madras' Team Avishkar to gain traction in breakthrough disruptions in the emerging domain of Hyperloop-based transportation solutions for futuristic commuting experience.

LTTS' CEO and MD, Mr Amit Chadha signed the agreement along with Prof. V. Kamakoti, Director, IIT Madras.



Integrated Watershed Management Project in Tamil Nadu

LTTS constructed water harvesting structures such as check dams and village ponds to help the parched rural regions in Tamil Nadu. LTTS also setup a threshing yard and training camps to help the residents in these regions.

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 21,400 employees spread across 19 global design centers, 28 global sales offices and 89 innovation labs as of June 30, 2022.



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