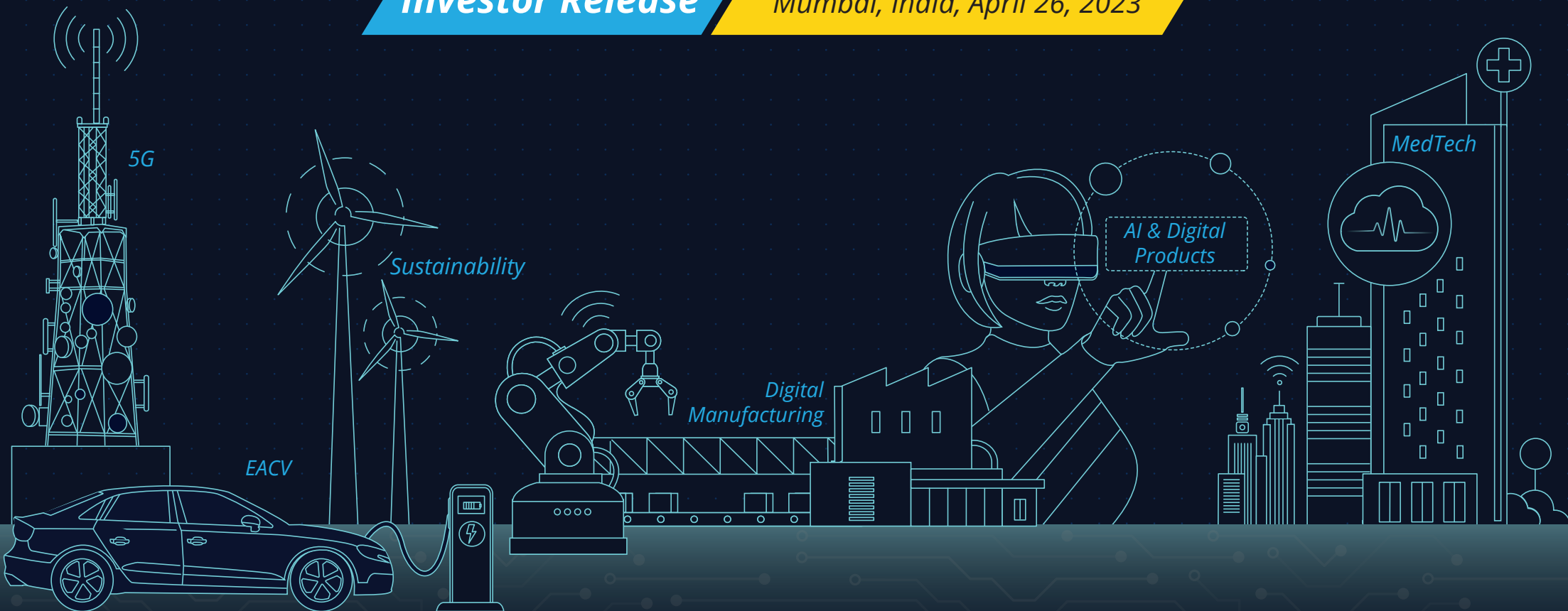


# L&T TECHNOLOGY SERVICES LIMITED

## FOURTH QUARTER - FY 23 RESULTS

**Investor Release**

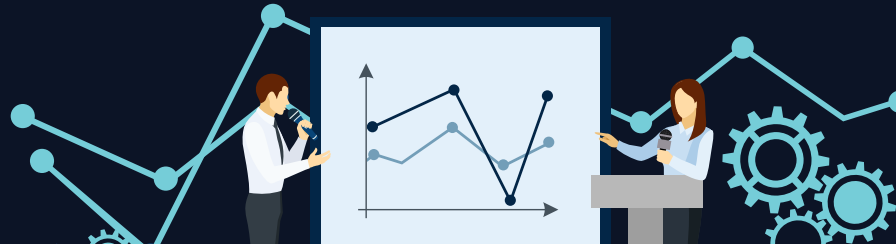
Mumbai, India, April 26, 2023





## 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.



## Q4 FY23

- Revenue of **₹20,962 million** for the quarter; growth of **2.3% QoQ** and **19.4% YoY**
- Revenue of **\$255.1 million** for the quarter; a growth of **2.8% QoQ** and **9.9% YoY**; in constant currency, a growth of **2.2% QoQ** and **12.1% YoY**
- EBIT of **₹3,927 million** for the quarter; EBIT margin at **18.7%**
- Net Income of **₹3,096 million** for the quarter, growth of **2.0% QoQ** and **18.2% YoY**; Net margin at **14.8%**

## FY23

- Revenue of **₹80,136 million** for the year; a growth of **22.0%**
- Revenue of **\$990 million** for the year; growth of **12.4%**; in constant currency, a growth of **15.8%**
- EBIT of **₹14,792 million** for the year; EBIT margin at **18.5%**
- Net Income of **₹11,698 million** for the year, growth of **22.2%**; Net margin at **14.6%**

## CAPITAL RETURN

- Final Dividend of **₹30** per share; Dividend pay-out ratio <sup>(1)</sup> of **41%** for the year
- ROE <sup>(2)</sup> of **26%** for the year

1. Dividend payout ratio is calculated as total dividend payout (Interim dividend plus proposed Final dividend) divided by Net Income

2. ROE represents Return on Equity and is calculated as the Net Income divided by Average Shareholder equity

## MESSAGE FROM THE CEO & MANAGING DIRECTOR



FY23 was a landmark year as we crossed a billion dollars in revenue run rate, ₹1,000 crores in annual profits and 1,000 patent filings. Our diversified industry presence has enabled us to grow revenues consistently. The 16% constant currency growth for the year was driven by an industry leading 22% at Transportation and double-digit growth at Plant Engineering and Industrial Products. Annual EBIT margin was the highest ever at 18.5% driven by a strong focus on building a robust and sustainable operating model. The combination of steady growth and expanding operating margin has led to an 18% CAGR in profits over the last 5 years.



In Q4, four of our five segments grew more than 4% sequentially with Medical and Plant Engineering segments leading the growth. Deal wins were healthy with one USD 40 million plus deal and three USD 10 million TCV deals. We maintained Operating margin at 18.7% and delivered another quarter of Net Profit above the ₹300 Crore mark.

Across our segments, we find that the top priorities for customers are innovation leveraging advanced technologies, energy transition and supply chain resilience. These priorities dovetail well with our big bets strategy and enable us to engage in larger deal conversations. Our own innovation engine is firing in tandem with a record 222 filings in FY23 taking the total to 1,090 patents.

We closed the acquisition of SWC on 01 April, 2023 and have made good progress in creating a pipeline of opportunities leveraging the joint capabilities. Till date we have won 3 deals internationally across Next Gen Communications, Transportation and Industrial Products.

For FY24, our guidance is for a USD constant currency revenue growth of 20% plus (10% plus organic growth). We are excited about the ever-expanding potential of newer technologies and our role as partners to the top ER&D companies globally for their next generation products.

**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 leading North American transportation major awarded LTTS a \$40 million contract to support them in fleet modernization across areas of vehicular control, simulation technology, Next Gen Communications, Cybersecurity and integration of the latest technology components into the core logistics platform for the customer.
- A leading Swedish OEM has awarded a V&V Engagement to support their Underground Mining & Rock Excavation (UMR) division globally. This involves all end-to-end development and testing activities including HIL/SIL across products, technologies and regions.
- LTTS has won a strategic deal from an American telecom infrastructure company to accelerate product development, set up new lab infrastructure and provide engineering services for its 5G ORAN program.
- LTTS has been selected by a North American Auto OEM to support their vehicle & sub system level based HIL test development, test automation, debugging and test execution for ADAS, EV & vehicle network components.

# FINANCIAL PERFORMANCE

## INCOME STATEMENT (CONSOLIDATED)

Amount in ₹ million

	Q4 FY22	Q3 FY23	Q4 FY23	QoQ	YoY	FY22	FY23	YoY
<b>Revenue</b>	17,561	20,486	20,962	2.3%	19.4%	65,697	80,136	22.0%
Cost of sales	11,765	13,716	14,159			43,791	53,981	
<b>Gross Profit</b>	<b>5,796</b>	<b>6,770</b>	<b>6,803</b>	<b>0.5%</b>	<b>17.4%</b>	<b>21,906</b>	<b>26,155</b>	<b>19.4%</b>
Selling, General & Administration Expenses	1,992	2,358	2,311			7,757	9,048	
<b>EBITDA</b>	<b>3,804</b>	<b>4,412</b>	<b>4,492</b>	<b>1.8%</b>	<b>18.1%</b>	<b>14,149</b>	<b>17,107</b>	<b>20.9%</b>
Depreciation & Amortisation	530	583	565			2,144	2,315	
<b>EBIT</b>	<b>3,274</b>	<b>3,829</b>	<b>3,927</b>	<b>2.6%</b>	<b>19.9%</b>	<b>12,005</b>	<b>14,792</b>	<b>23.2%</b>
Other Income, net	314	627	392			1,087	1,645	
Income tax expense	956	1,406	1,210			3,486	4,696	
Minority Interest	12	14	13			36	43	
<b>Net Income</b>	<b>2,620</b>	<b>3,036</b>	<b>3,096</b>	<b>2.0%</b>	<b>18.2%</b>	<b>9,570</b>	<b>11,698</b>	<b>22.2%</b>
<b>Margins (%)</b>								
Gross Margin	33.0%	33.0%	32.5%			33.3%	32.6%	
EBITDA Margin	21.7%	21.5%	21.4%			21.5%	21.3%	
EBIT Margin	18.6%	18.7%	18.7%			18.3%	18.5%	
Net Income Margin	14.9%	14.8%	14.8%			14.6%	14.6%	
<b>Earnings Per Share (INR)</b>								
Basic	24.83	28.75	29.32			90.92	110.80	
Diluted	24.78	28.66	29.22			90.74	110.48	

## OTHER INCOME

	Q4 FY22	Q3 FY23	Q4 FY23	FY22	FY23
Income from investments, net	215	327	398	753	1,206
Foreign exchange gains/(loss)	207	393	74	905	728
Others	-108	-93	-80	-571	-289
<b>Total</b>	<b>314</b>	<b>627</b>	<b>392</b>	<b>1,087</b>	<b>1645</b>

## BALANCE SHEET (CONSOLIDATED)

Amount in ₹ million

	FY22	FY23
<b>Assets</b>		
Property and equipment	6,496	6,602
Intangible Assets and Goodwill	6,430	6,402
Accounts Receivable	16,959	17,301
Unbilled Revenues	2,610	3,197
Investments	14,779	22,840
Cash and Cash equivalents	6,742	6,899
Other current assets	3,022	2,925
Other non-current assets	3,872	3,007
<b>Total Assets</b>	<b>60,910</b>	<b>69,173</b>
<b>Liabilities and Shareholders' Equity</b>		
Shareholders' Funds	41,625	49,509
Other current liabilities	13,733	15,139
Other non-current liabilities	5,415	4,345
Minority Interest	137	180
<b>Total Liabilities</b>	<b>60,910</b>	<b>69,173</b>

## CASH FLOW SUMMARY (CONSOLIDATED)

Amount in ₹ million

	FY22	FY23
Net cash provided by operating activities	10,062	13,051
Capex	-1,555	-1,726
<b>Free Cash Flow</b>	<b>8,507</b>	<b>11,325</b>
Free Cash Flow to Net Income (%)	89%	97%



# OPERATIONAL PERFORMANCE



	Q4 FY22	Q3 FY23	Q4 FY23	QoQ Growth	YoY Growth	In Constant Currency	
						QoQ Growth	YoY Growth
Revenue (USD Mn)	232.0	248.0	255.1	2.8%	9.9%	2.2%	12.1%

	FY22	FY23	YoY Growth	In Constant Currency	
				YoY Growth	YoY Growth
Revenue (USD Mn)	880.2	989.7	12.4%		15.8%

## REVENUE BY VERTICAL

	Q4 FY22	Q3 FY23	Q4 FY23	QoQ Growth	YoY Growth	FY22	FY23	YoY Growth
Transportation	33.3%	35.9%	34.5%	-1.1%	14.1%	31.9%	34.5%	21.6%
Industrial Products	18.8%	19.0%	19.3%	4.1%	12.6%	19.5%	19.1%	10.2%
Telecom & Hi-tech	21.0%	18.8%	19.0%	4.1%	-0.1%	21.4%	19.4%	2.0%
Plant Engineering	15.4%	15.5%	16.0%	5.8%	14.0%	15.4%	16.0%	16.4%
Medical Devices	11.5%	10.7%	11.2%	7.2%	6.3%	11.8%	11.0%	5.0%

## REVENUE SHARE BY GEOGRAPHY

	Q4 FY22	Q3 FY23	Q4 FY23	QoQ Growth	YoY Growth	FY22	FY23	YoY Growth
North America	62.3%	62.7%	60.2%	-1.4%	6.2%	62.5%	62.3%	12.0%
Europe	16.1%	16.1%	16.4%	5.2%	11.9%	16.5%	16.2%	10.3%
India	14.5%	13.6%	15.2%	15.0%	14.9%	13.5%	13.7%	13.9%
Rest of the World	7.0%	7.6%	8.2%	10.6%	28.6%	7.4%	7.8%	17.9%

## REVENUE MIX

	Q4 FY22	Q3 FY23	Q4 FY23	FY22	FY23
Onsite	45.4%	43.0%	43.0%	42.4%	43.7%
Offshore	54.6%	57.0%	57.0%	57.6%	56.3%

## REVENUE BY PROJECT TYPE

	Q4 FY22	Q3 FY23	Q4 FY23	FY22	FY23
Fixed Price	28.6%	28.6%	29.1%	30.3%	27.9%
Time and Material Contract	71.4%	71.4%	70.9%	69.7%	72.1%

## CLIENT PROFILE

	Q4 FY22	Q3 FY23	Q4 FY23
Number of Active Clients	324	343	341
30 Million dollar +	2	2	1
20 Million dollar +	6	8	9
10 Million dollar +	22	25	24
5 Million dollar +	48	50	52
1 Million dollar +	136	158	169

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

## CLIENT CONTRIBUTION TO REVENUE

	Q4 FY22	Q3 FY23	Q4 FY23
Top 5 Clients	17.2%	16.0%	15.9%
Top 10 Clients	28.3%	26.6%	26.6%
Top 20 Clients	43.5%	42.1%	42.0%

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

## EMPLOYEE STATISTICS

	Q4 FY22	Q3 FY23	Q4 FY23
Total Headcount	20,861	21,649	22,233
Billable	19,534	20,346	20,878
Sales & Support	1,327	1,303	1,355
Voluntary Attrition % (LTM)	20.4%	23.3%	22.2%

## EXCHANGE RATE (USD/INR)

	Q4 FY22	Q3 FY23	Q4 FY23	FY22	FY23
Period Realised	75.69	82.59	82.19	74.69	80.97
Period Closing	75.79	82.74	82.17	75.79	82.17

## INDUSTRY RECOGNITIONS

- LTTS was conferred with the '**BIG Innovation Award**' for Innovation in IoT for EDGYneer by the **Business Intelligence Group**
- **The 13<sup>th</sup> Aegis Graham Bell Awards** honored LTTS in the '**Innovation in EV Infrastructure**' category for its industry-leading EV Charging Infrastructure
- LTTS has been recognized as a **Partner-level Supplier** by John Deere for the fourth time, for outstanding performance in **product and service quality**
- **CSR Journal's Special Commendation Award** recognized LTTS' for **Clean Energy Project** benefitting tribal areas
- **Integrated Watershed Management** project by LTTS was recognized as the winner by **Indian Social Impact Awards**

## ISG Ratings

- LTTS has been rated as leaders in Digital Engineering Services in North America across Design & Development (Product, Services, Experience), Integrated Customer/User Engagement and Experience, Platforms and Applications Services, and Intelligent Operations
- ISG rated LTTS as Leader and the only pure-play ESP in Manufacturing Industry Services in the US and Europe
- LTTS has been rated as leaders in Life Sciences Digital Services 2022 for MedTech Digital Transformation

## OTHER HIGHLIGHTS

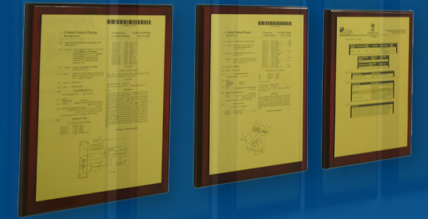
LTTS unveiled a new Centre of Excellence (CoE) in Mysore India that leverages the power of the cloud with Amazon Web Services (AWS). The CoE will allow LTTS to transition its suite of cutting-edge technologies focused on the future of mobility and reduce time-to-market for end customers.

LTTS launched a Tech Center for Intelligent Mobility along with an EV Innovation Center in collaboration with KLE Technological University to foster innovations in the field of mobility and sustainability.

The new EV Innovation Center will bring together some of the brightest minds from industry and academia and enable students to work on cutting-edge EV research and development projects. The Tech Center for Intelligent Mobility will focus on Advanced Driver Assistance Systems (ADAS) and Autonomous Driving Technologies.

## PATENTS

At the end of Q4FY23, the patents portfolio of L&T Technology Services stood at **1090**, out of which **727** are co-authored with its customers and the remaining **363** are filed by LTTS.



## CORPORATE SOCIAL RESPONSIBILITY

The past quarter witnessed the sheer passion and enthusiasm of LTTSites when it comes to contributing to the society. Key CSR initiatives undertaken by LTTS in Q4 FY23 include:



An Integrated Village Development Programme in Maharashtra comprising 3 rural enterprise units for production of cereals, spices, and flours.

Tabebuia Open Wheelchair Tennis Tournament that saw participation by 35 specially abled sportspersons at the Padukone Dravid Centre for Excellence



# 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 22,200 employees spread across 22 global design centers, 28 global sales offices and 99 innovation labs as of March 31, 2023.



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For additional information about L&T Technology Services log on to [www.LTTS.com](http://www.LTTS.com)