

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

Investor Release

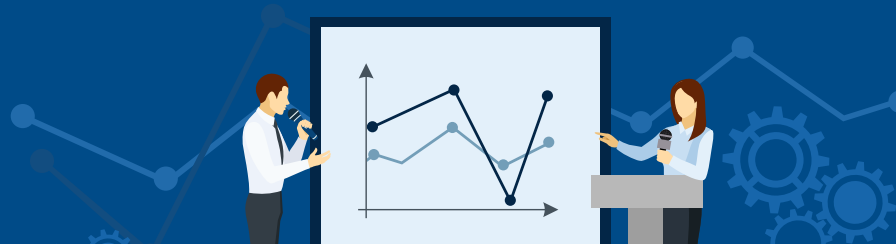
Mumbai, India, April 21, 2022



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.

FINANCIAL HIGHLIGHTS



Q4 FY22

- Revenue of **₹17,561 million** for the quarter; growth of **4.1% QoQ** and **21.9% YoY**
- Revenue of **\$232 million** for the quarter; a growth of **3.1% QoQ** and **17.5% YoY**; in constant currency, a growth of **3.6% QoQ** and **19.4% YoY**
- EBIT of **₹3,274 million** for the quarter; EBIT margin at **18.6%**
- Net Income of **₹2,620 million** for the quarter, growth of **5.3% QoQ** and **34.7% YoY**; Net margin at **14.9%**

FY22

- Revenue of **₹65,697 million** for the year; a growth of **20.6%**
- Revenue of **\$880 million** for the year; growth of **19.5%**; in constant currency, a growth of **20.0%**
- EBIT of **₹12,005 million** for the year; EBIT margin at **18.3%**
- Net Income of **₹9,570 million** for the year, growth of **44.3%**; Net margin at **14.6%**

CAPITAL RETURN

- Final Dividend of **₹15** per share; Dividend pay-out ratio ⁽¹⁾ of **39%** for the year
- ROE ⁽²⁾ of **25%** 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



Our FY22 performance was strong across the six dimensions of our strategy. We achieved a dollar revenue growth of 20% in constant currency for the year, with double digit growth at each of our 5 segments and 20% plus growth at Transportation, Industrial Products and Plant Engineering. Digital and leading-edge technologies have been a growth driver and differentiator for us, and its contribution inched up to 56% in FY22. Technology quotient improved with patent filings by our engineers rising to 98 which is more than three times that of the previous year. With better quality of growth, and improvement in operating metrics, we were able to improve EBIT margins to 18.3% for the year – an improvement of 380 bps.



We are making very good progress across our six bets; in Q4, we won a \$100 million plus deal in the EACV space - being chosen as the strategic engineering partner for a new age electric VTOL (Vertical Takeoff and Landing) aircraft program. With this deal, we have been able to extend our EACV success at Auto and Trucks & Off Highway segments, to Aerospace, reflecting our multi-domain engineering and technology track record and expertise.

Deal bookings continue to be strong with a total of 6 deals more than \$10 million won in Q4, that includes a \$100 million plus deal in EACV and another \$25 million plus deal. We see a healthy deal pipeline and demand environment across segments. Our FY23 guidance is for a dollar revenue growth of 13.5-15.5%.

Our team of around 20,000 engineers are excited about partnering with companies to herald new and breakthrough innovations. I am confident of our capability preparedness to capture greater mindshare and continue being the engineering partner of choice to the top ER&D companies globally.



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:

- Jaunt Air Mobility (Jaunt) has awarded LTTS a multi-year \$100 million+ electric air mobility contract. As part of the contract, LTTS will open an Engineering and R&D Centre in Québec Province for the next-gen electric aircraft manufacturer to provide new product development engineering and design services for the Jaunt Journey eVTOL (electric Vertical Takeoff and Landing) air taxi.
- For a middle eastern chemical manufacturing company, LTTS' engineers will be developing an AI based Decision Support System for forecasting asset performance using Machine Learning Models that provides early prediction to reduce failures and avoid unplanned maintenance and plant shutdowns. The solution is expected to be implemented at 10 Plants of the customer across the Middle East, USA & Europe.
- LTTS has been identified to support an American conglomerate to alleviate their global supply chain challenges. LTTS shall be working closely with the tier-1 and tier-2 suppliers of the customer and help identify and resolve supply chain bottlenecks.
- LTTS will be supporting the autonomous drive product development program for an American automotive company, by providing R&D and validation and verification services for its suite of robo-taxis. LTTS will also be setting up an offshore dedicated engineering center in India to support the customer's global roadmap.
- A global tier 1 automotive company has chosen LTTS as its technology partner in the areas of Power Electronics, Software Platform Development, Controls and Systems.
- LTTS has been selected as a strategic engineering supplier by a multinational oil field services company, for a range of engineering and technical services for surface and sub-surface equipment and support global operations.
- LTTS has won a multi-year deal from a European automotive supplier to support its next-gen In-Vehicle Infotainment (IVI) for multiple product lines encompassing cockpit electronics, display technologies and advanced driver assistance systems.
- A leading semiconductor manufacturer has empanelled LTTS as a strategic engineering partner for a period of 3 years to offer engineering services globally to its entire product suite and assist in their digital transformation journey.

FINANCIAL PERFORMANCE

INCOME STATEMENT (CONSOLIDATED)

Amount in ₹ million

	Q4 FY21	Q3 FY22	Q4 FY22	QoQ	YoY	FY21	FY22	YoY
Revenue	14,405	16,875	17,561	4.1%	21.9%	54,497	65,697	20.6%
Cost of sales	9,755	11,182	11,765			38,115	43,791	
Gross Profit	4,651	5,693	5,796	1.8%	24.6%	16,382	21,906	33.7%
Selling, General & Administration Expenses	1,719	2,018	1,992			6,308	7,757	
EBITDA	2,931	3,675	3,804	3.5%	29.8%	10,074	14,149	40.4%
Depreciation & Amortisation	540	531	530			2,183	2,144	
EBIT	2,391	3,144	3,274	4.1%	36.9%	7,891	12,005	52.1%
Other Income, net	221	259	314			1,082	1,087	
Income tax expense	659	907	956			2,308	3,486	
Minority Interest	8	8	12			32	36	
Net Income	1,945	2,488	2,620	5.3%	34.7%	6,633	9,570	44.3%
Margins (%)								
Gross Margin	32.3%	33.7%	33.0%			30.1%	33.3%	
EBITDA Margin	20.3%	21.8%	21.7%			18.5%	21.5%	
EBIT Margin	16.6%	18.6%	18.6%			14.5%	18.3%	
Net Income Margin	13.5%	14.7%	14.9%			12.2%	14.6%	
Earnings Per Share (INR)								
Basic	18.54	23.61	24.83			63.32	90.92	
Diluted	18.42	23.56	24.78			62.90	90.74	

OTHER INCOME

Amount in ₹ million

	Q4 FY21	Q3 FY22	Q4 FY22	FY21	FY22
Income from investments, net	117	193	215	449	753
Foreign exchange gains/(loss)	194	155	207	409	905
Others	-90	-89	-108	224	-571
Total	221	259	314	1,082	1,087

BALANCE SHEET (CONSOLIDATED)

Amount in ₹ million

	FY21	FY22
Assets		
Property and equipment	6,379	6,496
Intangible Assets and Goodwill	6,564	6,430
Accounts Receivable	12,346	16,959
Unbilled Revenues	2,415	2,610
Investments	15,149	14,779
Cash and Cash equivalents	2,327	6,742
Other current assets	2,789	3,022
Other non-current assets	2,760	3,872
Total Assets	50,729	60,910
Liabilities and Shareholders' Equity		
Shareholders' Funds	34,731	41,625
Other current liabilities	10,982	13,789
Other non-current liabilities	4,915	5,359
Minority Interest	101	137
Total Liabilities	50,729	60,910

CASH FLOW SUMMARY (CONSOLIDATED)

Amount in ₹ million

	FY21	FY22
Net cash provided by operating activities	13,324	10,062
Capex	-756	-1,555
Free Cash Flow	12,569	8,507
Free Cash Flow to Net Income (%)	189%	89%

OPERATIONAL PERFORMANCE



	Q4 FY21	Q3 FY21	Q4 FY22	QoQ Growth	YoY Growth	In Constant Currency	
						QoQ Growth	YoY Growth
Revenue (USD Mn)	197.5	225.1	232.0	3.1%	17.5%	3.6%	19.4%

	FY21	FY22	YoY Growth	In Constant Currency	
				YoY Growth	YoY Growth
Revenue (USD Mn)	736.6	880.2	19.5%		20.0%

REVENUE BY VERTICAL

	Q4 FY21	Q3 FY22	Q4 FY22	QoQ Growth	YoY Growth	FY21	FY22	YoY Growth
Transportation	31.2%	31.8%	33.3%	7.8%	25.5%	31.1%	31.9%	22.7%
Industrial Products	18.9%	19.5%	18.8%	-0.5%	17.2%	19.3%	19.5%	20.7%
Telecom & Hi-tech	22.1%	21.4%	21.0%	1.1%	11.4%	22.2%	21.4%	14.9%
Plant Engineering	15.5%	15.4%	15.4%	3.0%	16.5%	14.6%	15.4%	25.8%
Medical Devices	12.3%	11.9%	11.5%	-0.2%	10.1%	12.7%	11.8%	10.8%

REVENUE SHARE BY GEOGRAPHY

	Q4 FY21	Q3 FY22	Q4 FY22	QoQ Growth	YoY Growth	FY21	FY22	YoY Growth
North America	61.5%	62.5%	62.3%	2.8%	19.1%	61.0%	62.5%	22.5%
Europe	16.7%	16.5%	16.1%	0.8%	13.6%	16.2%	16.5%	21.6%
India	13.1%	13.7%	14.5%	9.5%	30.7%	13.4%	13.5%	20.8%
Rest of the World	8.8%	7.4%	7.0%	-1.6%	-5.7%	9.4%	7.4%	-5.4%

REVENUE MIX

	Q4 FY21	Q3 FY22	Q4 FY22	FY21	FY22
Onsite	42.1%	41.3%	45.4%	44.5%	42.4%
Offshore	57.9%	58.7%	54.6%	55.5%	57.6%

REVENUE BY PROJECT TYPE

	Q4 FY21	Q3 FY22	Q4 FY22	FY21	FY22
Fixed Price	36.1%	29.0%	28.6%	38.2%	30.3%
Time and Material Contract	63.9%	71.0%	71.4%	61.8%	69.7%

CLIENT PROFILE

	Q4 FY21	Q3 FY22	Q4 FY22
Number of Active Clients	306	318	324
30 Million dollar +	0	2	2
20 Million dollar +	3	6	6
10 Million dollar +	20	22	22
5 Million dollar +	39	44	48
1 Million dollar +	122	126	136

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

CLIENT CONTRIBUTION TO REVENUE

	Q4 FY21	Q3 FY22	Q4 FY22
Top 5 Clients	16.1%	17.3%	17.2%
Top 10 Clients	26.9%	28.5%	28.3%
Top 20 Clients	43.8%	43.8%	43.5%

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

UTILISATION

	Q4 FY21	Q3 FY22	Q4 FY22	FY21	FY22
Including Trainees	78.9%	75.9%	75.1%	75.7%	76.9%

EMPLOYEE STATISTICS

	Q4 FY21	Q3 FY22	Q4 FY22
Total Headcount	16,452	20,118	20,861
Billable	15,335	18,975	19,534
Sales & Support	1,117	1,143	1,327
Voluntary Attrition % (LTM)	12.2%	17.5%	20.4%

EXCHANGE RATE (USD/INR)

	Q4 FY21	Q3 FY22	Q4 FY22	FY21	FY22
Period Realised	72.96	74.95	75.69	73.98	74.69
Period Closing	73.11	74.34	75.79	73.11	75.79

INDUSTRY RECOGNITIONS

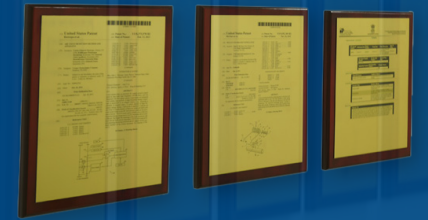
- **2022 U.S. BIG Innovation Awards** recognized LTTS in the **Top Innovative Product of the Year** category for its Point-of-Care Sepsis solution
- LTTS ranked as **#6** out of 54 service providers in **Everest Group's Engineering Services PEAK Matrix Service Provider of the Year™ Awards 2022**
- The **12th Aegis Graham Bell Awards** honored LTTS in the **Innovation in Cybersecurity** category
- US-based **Business Intelligence Group** recognized LTTS as one of the **Best Places to Work**
- LTTS recognized with **ASSOCHAM CSR & Sustainability Excellence Award 2022** in **the Healthcare** category
- LTTS won Gold in **BW Recycle: Recycling for a Greener Tomorrow Award 2022** for its **Solid Waste Management Program**

OTHER HIGHLIGHTS

- LTTS named as a **Partner-level Supplier & Supplier of the Year** in **John Deere's 2021 Achieving Excellence Program**
- Aerospace major **Airbus** recognized LTTS as a **Global Preferred Engineering Supplier** under its EMES³ (Engineering, Manufacturing Engineering and Services Strategic Suppliers) program.
- In collaboration with **Microsoft** and **Bentley Systems**, LTTS established a **Center of Excellence (CoE)** to address and accelerate the Digital Twin and Digital Thread requirements of new-age manufacturing companies. LTTS also launched a next-gen IoT-based engineering practice on Digital Twins for the manufacturing and industrial sectors
- Announcing the roadmap to achieve carbon and water neutrality by 2030, LTTS released its first **Sustainability Report** for the year 2020-21.

PATENTS

At the end of the fourth quarter, the patents portfolio of L&T Technology Services stood at **868** out of which **605** are co-authored with its customers and the remaining **263** are filed by LTTS.



CORPORATE SOCIAL RESPONSIBILITY

LTTS CSR initiatives are focused on Health, Education, Skill Development, Water, Environment and Sports. The key initiatives undertaken in Q4 FY22 include:

Vaccination drive for senior citizens and children

L&T Technology Services, in partnership with Samarthanam Trust, provided vaccination to 9,425 people – two doses for children and COVID-19 booster dose for senior citizens. The team also conducted a drive to raise awareness on the importance of vaccination. Additionally, safety equipment was provided to 14 vaccination centres in rural parts of Karnataka.



Restoration of Veernapalya Flyover

L&T Technology Services, in partnership with India Rising Trust, undertook the restoration of the area below Veernapalya Flyover (Bangalore, Karnataka). Based on the theme of Wild Karnataka, a new section has been added to the area, known as the Bison Section. Earlier a dump yard, this area has now been converted into a public utility space which also exhibits Karnataka's rich wildlife.

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 20,800 employees spread across 17 global design centers, 28 global sales offices and 89 innovation labs as of March 31, 2022.



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