

# *L&T Technology Services Limited* *Second Quarter-FY 17 Results*

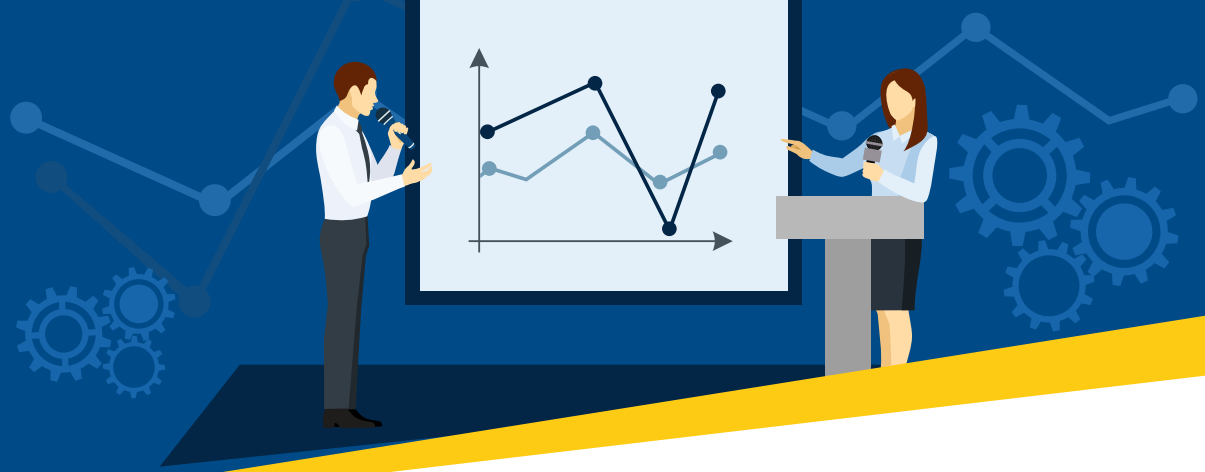
 *L&T Technology Services*



Investor Release  
Mumbai, India  
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## FINANCIAL HIGHLIGHTS

### REVENUE IN INR

- Revenue at **₹8,227 million** for the quarter; growth of **2.5% QoQ** and **6.6% YoY**

### REVENUE IN USD

- Revenue growth in constant currency at **3.2% QoQ** and **5.1% YoY**
- Revenue at **\$123 million** for the quarter; growth of **2.3% QoQ** and **3.5% YoY**

### PROFIT IN INR

- EBITDA Margin for the quarter at **19.0%**, an improvement of **40 bps QoQ**
- EBITDA at **₹1,562 million** for the quarter; growth of **4.8% QoQ** and **27.5% YoY**
- Net Income at **₹1,119 million** for the quarter; growth of **3.5% QoQ** and **19.7% YoY**

## SAFE HARBOUR STATEMENT

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a 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 are pleased to present the company's results for the quarter ended 30th September 2016, following our successful initial public offering in September 2016. We grew by over 3 percent in constant currency on a sequential basis. Our key verticals, Transportation and Telecom posted a decent growth during the period. Our operating margin improved to 19 percent from 18.6 percent QoQ and from 15.9% YoY, led by utilization improvements and other operational efficiency initiatives.

The results are a testimony to the unique propositions that L&T Technology Services offers to its global clientele. At L&T Technology Services, we are building smarter products in which Edge Analytics is embedded in the products itself. Our focus on innovation engine has led to a robust patent portfolio, while cross pollination of technologies has created renewable energy storage up to 1 MW through stackable inverters. The growing demand for smart products and services from our global customers is expected to boost our digital engineering offerings over the next few years. We have also strengthened and extended our home grown IoT platform UBIQWeise and i-BEMS solution through which we have achieved higher connectivity and data load for IoT and Industrial IOT applications.

We take this opportunity to thank the investor community for the faith reposed in us and assure you that we will continue to grow with innovative offerings to the market.



### **Dr. Keshab Panda**

CEO & Managing Director  
L&T Technology Services Limited.



## PERFORMANCE HIGHLIGHTS

### KEY DEAL WINS

We won a number of multi-million dollar contracts from global customers during the quarter.

- L&T Technology Services signed a multi-year contract consolidating relationship with a leading global semiconductor company
- We have been selected by a media and entertainment technology company for development, modification and testing of software, hardware for its products and equipments
- LTTS selected as preferred engineering services partner under a multi-year partnership contract with a large global manufacturer of motion and control technologies
- LTTS augmented its relationship with a leading global automotive major for R&D Outsourcing, Product Development and Sustenance Engineering

### PARTNERSHIP AND ALLIANCES

The Company is building a robust Industrial IoT ecosystem with prominent technology leaders such as Intel, Microsoft, Dell, Redknee and the Indian Institute of Science, Bangalore, driving innovation and delivering transformation in this digital era.

- L&T Technology Services announced a Digital Engineering Transformation partnership with Microsoft Corporation. This strategic partnership between the two companies enables enterprises around the world to leverage L&T Technology's cutting-edge IP-led Digital Engineering solutions hosted on Microsoft's Azure enterprise cloud.
- L&T Technology Services partnered with India's Premier Engineering and Research Institution, Indian Institute of Science (IISc), Bangalore with their Power Electronics Group and Center for Nano Science and Engineering for innovation initiatives in the area of Internet of Things Sensors and Energy Efficient Systems
- Dell has partnered with L&T Technology Services to build a holistic ecosystem of IoT solutions that span across industries – from energy to manufacturing to transportation

## PATENTS

During the second quarter L&T Technology Services filed **3** patents aggregating to **37** pending patents. Newly filed patents include **1** patent in transportation domain for providing improved refrigeration system in transport containers, **1** international patent in the Medical Devices domain for a 3D Modelling solution and **1** in the Industrial Products domain for character recognition in a metering device. The number of patents co-authored with customers has increased to **137**, taking the total patent count to **174** as of 30<sup>th</sup> September 2016. The company has also filed for two new trademarks during this period.



## OTHER HIGHLIGHTS

- L&T Technology Services launched a center of excellence in Dublin, Ohio U.S dedicated to digital engineering and autonomous vehicles. The Digital Engineering Center will be a big boost for autonomous and connected vehicles technology in the region and showcase world class technologies, supporting OEMs and U.S customers through its product design and manufacturing engineering capabilities.
- We have taken our trademarked UBIQWeise platform from the consumer electronics to other segments such as construction
- Our smart buildings framework i-BEMS now caters to lighting along with Heating, Ventilation and Air-Conditioning (HVAC)
- We have also partnered with Intel, Microsoft and other global firms to take i-BEMS solutions jointly to the market
- LTTS opened a lab focused on Machine Learning and Industrial Robotics in its Bengaluru campus
- NASSCOM in partnership with L&T Technology Services and its other technology and strategic partners launched its first IoT focused Center of Excellence (CoE) in Bengaluru

## CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

### Programs executed with partners & NGOs

- L&T Technology Services continues to foster skill development programs for specially abled people at Vadodara and for underprivileged communities at Mumbai, Chennai and Bengaluru, reaching over 1,450 beneficiaries
- The company is working with the National Agro Foundation to increase ground water level and improve crop yields in Pune district, Maharashtra
- LTTS has launched a renewable energy project to provide energy to a village comprising of 350 people near Mysore, Karnataka
- LTTS also initiated Mini Science projects for 2800 school students at Mumbai with plans to expand the project to schools in Vadodara & also in Mumbai covering around 4263 school students. Overall the company plans cover around 11000 underprivileged school students across Mumbai and Vadodara.

### Corporate Volunteering programs

- LTTS organised tree plantation programs, rural orphanage visits at Mysore and Mumbai with over 80 engineering trainees participating in the events

## AWARDS AND RECOGNITIONS

The awards and recognitions accorded to the company during the quarter included the following;

- L&T Technology Services received the prestigious **“Company of the Year”** award by Indo-American Chamber of Commerce (IACC). The US Consulate General presented the award.
- L&T Technology Services been rated as an **“Established and Expansive Leader” in the Internet of Things (IoT)** services by engineering consultancy firm Zinnov in their latest study on IoT Technology Services. L&T Technology Services was also rated **in the leadership zone in Product Development Engineering and Sensor & Devices Engineering for IoT services** in the same study.
- We won the Asia’s Best Employer Brand, Best Overall Recruiting and Staffing Organization of the Year and the Excellence in Training, Learning and Development Programs Awards 2016, from the Employer Branding Institute.



## FINANCIAL PERFORMANCE

### INCOME STATEMENT

Amount in ₹ million

	Q2 FY17	Q1 FY17	Q2 FY16	QoQ Growth	YoY Growth
Revenue	8,227	8,029	7,716	2.5%	6.6%
Direct Costs	6,665	6,539	6,491	1.9%	2.7%
<b>EBITDA</b>	<b>1,562</b>	<b>1,490</b>	<b>1,225</b>	<b>4.8%</b>	<b>27.5%</b>
Depreciation & Amortisation	151	178	144	(15.5%)	4.4%
<b>EBIT</b>	<b>1,411</b>	<b>1,312</b>	<b>1,081</b>	<b>7.6%</b>	<b>30.6%</b>
Other Income, net	144	226	250	(36.5%)	(42.5%)
Income tax expense	436	458	396	(4.7%)	10.1%
<b>Net Income</b>	<b>1,119</b>	<b>1,080</b>	<b>935</b>	<b>3.5%</b>	<b>19.7%</b>

	Q2 FY17	Q1 FY17	Q2 FY16
<b>Margins (%)</b>			
EBITDA Margin	19.0%	18.6%	15.9%
EBIT Margin	17.2%	16.3%	14.0%
Net Income Margin	13.6%	13.5%	12.1%
<b>Earnings Per Share</b>			
Basic	10.97	11.00	9.38
Diluted	10.73	9.51	6.92

Note: The figures are rounded off to the nearest million, percentages are based on absolute numbers





## OPERATIONAL PERFORMANCE

### REVENUE BY VERTICAL

	Q2 FY17	Q1 FY17	Q2 FY16
Transportation	32.9%	32.2%	28.8%
Industrial Products	25.5%	25.9%	24.8%
Telecom & Hi-tech	19.6%	18.6%	20.7%
Process Industry	15.2%	16.3%	19.1%
Medical Devices	6.7%	7.0%	6.5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### REVENUE BY GEOGRAPHY

	Q2 FY17	Q1 FY17	Q2 FY16
North America	62.3%	63.5%	58.9%
Europe	19.5%	20.2%	19.9%
India	7.4%	6.8%	8.1%
Rest of the World	10.7%	9.4%	13.1%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## REVENUE MIX

	Q2 FY17	Q1 FY17	Q2 FY16
Onsite	48.0%	51.1%	53.0%
Offshore	52.0%	48.9%	47.0%

## REVENUE BY CONTRACT TYPE

	Q2 FY17	Q1 FY17	Q2 FY16
Fixed Price	30.6%	28.6%	29.3%
Time and Material	69.4%	71.4%	70.7%

## CLIENT PROFILE

	Q2 FY17	Q1 FY17	Q2 FY16
Number of Active Clients	216	203	206
30 Million dollar +	1	1	0
20 Million dollar +	2	2	3
10 Million dollar +	7	7	8
5 Million dollar +	18	18	18
1 Million dollar +	53	50	44

## CLIENT CONTRIBUTION TO REVENUE

	Q2 FY17	Q1 FY17	Q2 FY16
Top 5 Clients	23.6%	24.2%	22.4%
Top 10 Clients	36.3%	37.8%	35.7%
Top 20 Clients	52.1%	53.8%	54.3%

## UTILISATION

	Q2 FY17	Q1 FY17	Q2 FY16
Including Trainees	78.4%	76.1%	69.6%

## EMPLOYEE STATISTICS

	Q2 FY17	Q1 FY17	Q2 FY16
Total Headcount	9,599	9,419	9,518
Billable	8,739	8,587	8,778
Sales & Support	860	832	740
Voluntary Attrition % (LTM)	14.6%	13.2%	11.9%

## EXCHANGE RATE (USD/INR)

	Q2 FY17	Q1 FY17	Q2 FY16
Period Average	66.94	66.85	64.97
Period Closing	66.62	67.53	65.59

## ABOUT L&T TECHNOLOGY SERVICES

L&T Technology Services Limited is a subsidiary of Larsen & Toubro Limited with a focus in the engineering services space, partnering with over 50 Fortune 500 companies. A leading pure-play Engineering, Research and Development services company, we offer design and development solutions through the entire product development chain, across various industries such as Industrial Products, Medical Devices, Transportation, Telecom & Hi-tech, and the Process Industry. We also offer solutions in the areas of Mechanical Engineering Services, Embedded Systems & Applications, Engineering Process Services, Product Lifecycle Management, Engineering Analytics, Power Electronics, Machine-to-Machine (M2M), and the Internet-of-Things (IoT).



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