

Q1 FY18 RESULTS

AXISCADES Engineering Technologies Limited

CIN NO : L72200KA1990PLC084435



AXISCADES

Inspired Solutions. By Design

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Certain statements in this communication may be considered as ‘forward looking statements’ within the meaning of applicable laws and regulations. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Important developments that could affect the Company’s operations include changes in the industry structure, significant changes in political and economic environment in India and overseas, tax laws, import duties, litigation and labour relations.

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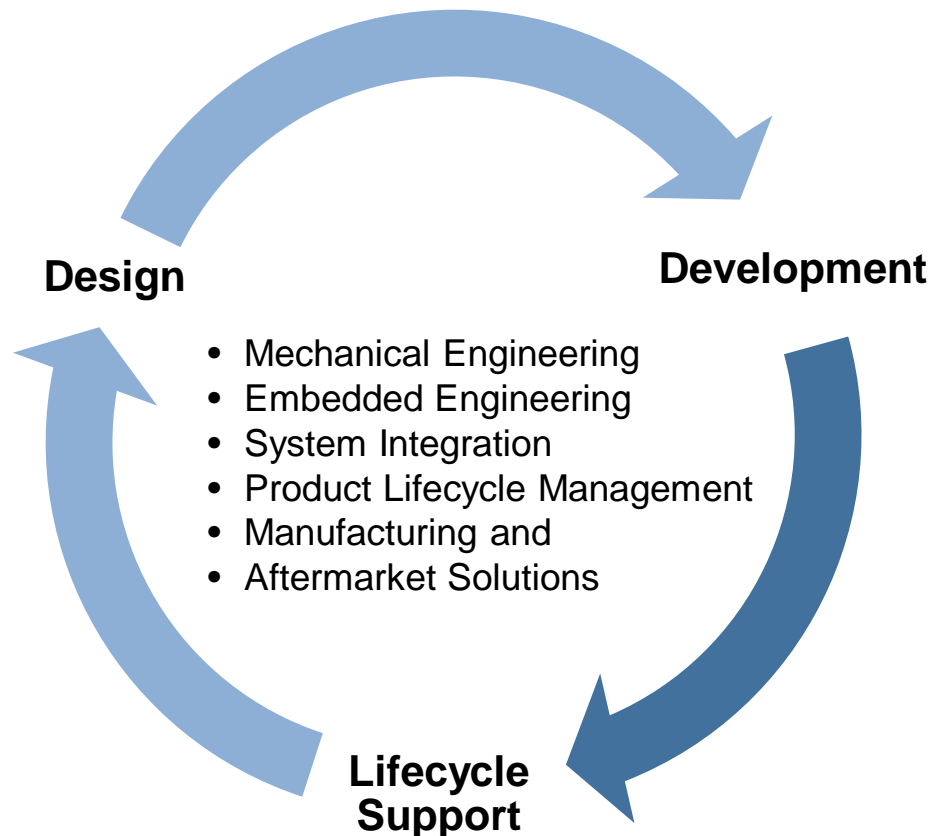
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Company Overview

AXISCADES is a recognized leader in Product Engineering Solutions. Our proven Hi tech products and services, coupled with industry best practices enable global OEMs create innovative, sustainable, safer & smarter products.

Product Engineering Solutions



Aerospace

Concept Design | Structures Engineering
Avionics | Manf Support



Defence

System Integration | Simulators
Electronic Warfare Systems | SCM



Heavy Engg.

Design and Analysis | NPD
Telematics | HMI



Automotive

Vehicle Engineering | Telematics |
ADAS | AUTOSAR



Energy

Mechanical & Electrical Engineering |
Technical Publication | PDM



Medical & Healthcare

Regulatory compliance Services |
Remediation | System Engineering

Vice Chairman's Message

Commenting on the Q1 FY18 performance, Mr. Sudhakar Gande, Executive Vice Chairman, AXISCADES Engineering Technologies Ltd.,

“We have made a steady start to the year as we continue to invest in development of competencies and proof of concept along with our customers in embedded and electronics space. This will provide us with the agility and technical superiority to deliver wider offerings.

With positive global trends and revival in certain sectors, we are upbeat of turnaround in some of our key strategic accounts and expect them to revert to growth trajectory this year. Leveraging our expertise in highly regulated sectors like aerospace and defence and world-class product engineering capabilities for high-technology industries, we will expand our solutions to new areas and geographies thereby improving our value proposition.”

Financial Highlights Q1 FY18

- ❑ **Consolidated Total Income at INR 1,128 million vs INR 1,184 million in Q4 FY17**
 - Engineering Design segment revenue at INR 915 million as compared to INR 898 million last quarter
 - Strategic Technology Solutions segment revenue at INR 188 million vs INR 189 million in Q4 FY17
 - Adjusted for onetime exceptional item of INR 16.1 Mn mainly pertaining to Stamp duty on merger with Indian Aviation Training Institute Pvt. Ltd., PAT is INR 11.13 Mn (Net of Tax) and EPS is INR 0.27

Business Highlights

- ❑ Aerospace vertical continues to see robust growth
- ❑ AXISCADES expands into APAC region, signs engineering services contract with Chinese subsidiary of European Aerospace OEM
- ❑ AXISCADES chosen as a global supplier partner by a large European defence systems manufacturer. This relationship has the potential to be a multi-year multi million dollar engagement
- ❑ Added one large off-highway / heavy engineering customer
- ❑ Continuing our focus on embedded and electronics domain, AXISCADES is working on pilot project with a North American OEM on vehicle automation
- ❑ Continues to expand our energy vertical from wind to conventional energy and nuclear. Added a large global OEM in this space during the quarter.

Consolidated Financials

Cons Financial Performance – Q1 FY18

Financial Performance

	Q1 18	Q4 17*	Q1 17
Revenue from operations (\$ Million)	\$ 17.1	\$ 16.3	\$ 22.4
INR Million			
Revenue from operations	1,102	1,087	1,501
Other Income	26	97	32
Total Income	1,128	1,184	1,532
Employee Expenses	629	610	627
Cost of Material	85	94	390
Project Related Expenses	115	107	114
Other expenses	216	258	234
Total expenses	1,045	1,069	1,364
Operating Income	83	115	168
PBT	2	58	101
PAT (Before Minority Interest)	0.5	11	61
PAT (After Minority Interest)	(0.6)	10	60
EPS	(0.01)	0.28	1.59
Operating Income %	7.4%	9.8%	11.0%
PBT %	0.1%	4.9%	6.6%
PAT % (Before Minority Interest)	0.04%	1.0%	4.0%

Variance

Revenue from operations

- Revenue from operations in INR terms increased by 1.4 % (In USD terms 4.6%) QoQ, mainly in Engineering Services

Total Expenses

- Total expenses decreased by 2% Q-o-Q showing positive trend due to tighter operations management

Operating Income

- Decreased by INR 20 Mn due to exchange rate and decrease in other income by INR 71 Mn

PAT

- Decreased in Q1 FY18 due to exceptional item of merger expense amounting to INR 16 Mn

Note : The figures have been presented as per Ind AS Q1 FY18 impact (INR 1.8 Mn)

* Q4 17 IND-AS numbers are management estimates.

P&L Highlights

Key ratios (%)	Q1 FY 18	Q4 FY17	Q1 FY17
Total Income (Rs. Mn.)	1,128	1,184	1,532
Gross margin	31.1%	33.1%	31.4%
Selling expenses	7.0%	7.3%	6.8%
G&A expenses	16.7%	15.9%	14.5%
EBITDA Margin	7.4%	9.8%	11.0%
PBT margin	0.1%	4.9%	6.6%
PAT (Before Minority Interest)	0.04%	1.0%	4.0%
EPS (Rs.)	(0.01)	0.28	1.59

Notes :

Gross Margin is calculated on Total Income

There was a onetime exceptional item of INR 16.1 Mn mainly pertaining to Stamp duty on merger with Indian Aviation Training Institute Pvt. Ltd. Adjusted for this one-off item

PAT is INR 11.13 Mn (Net of Tax) and EPS is INR 0.27

Revenue Segmentation

Revenue By Vertical (%)	Q1 FY18	Q4 FY17	Q1 FY17
Engineering Design Services	83.0%	82.6%	65.7%
Strategic Technology Solutions	17.0%	17.4%	34.3%

Revenue By Industry (%)	Q1 FY18	Q4 FY17	Q1 FY17
Aerospace	37.0%	38.1%	33.8%
Heavy Engineering	33.5%	33.9%	24.4%
Automotive and Industrial Products	5.5%	4.8%	4.4%
Energy	7.0%	5.8%	3.1%
Strategic Tech Solutions	17.0%	17.4%	34.3%

Revenue by Delivery Location	Q1 FY18	Q4 FY17	Q1 FY17
Onshore	48.0%	47.0%	37.0%
Offshore	52.0%	53.0%	63.0%

Revenue by Project type	Q1 FY18	Q4 FY17	Q1 FY17
Time and Material	57.0%	55.0%	41.0%
Fixed Price	43.0%	45.0%	59.0%

About AXISCADES Engineering Technologies Ltd.



AXISCADES is a leading Product Engineering and High-Technology solutions company catering to the futuristic needs of Aerospace & Defense, Heavy Engineering, Automotive, Energy and Medical Device sectors. Their proven technology products and services, coupled with industry best practices enable global OEMs create innovative, sustainable, safer and smarter products.

The company has 1800+ innovators spread across the globe delivering technology solutions in Mechanical Engineering, Embedded Engineering, System Integration, Product Lifecycle Management, Manufacturing and Aftermarket Solutions.

Headquartered in Bangalore, AXISCADES has 14 engineering centers worldwide including North America, Europe and Asia. With an unparalleled domain expertise, a passion to challenge the status quo, they are recognized as a preferred technology partner who can provide value across product lifecycle cycle from concept design to manufacturing support and after-market solutions.

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Annexures

Abbreviation and Key Terms

Key Terms	Explanation
Operating Margin	Earning before Interest and taxes is calculated from Financial statement as per Regulation 33 of the Listing Regulations.
Total Income	Revenue is Total Income from operations as mentioned in Financial statement as per Regulation 33 of the Listing Regulations.
Gross Margin	Revenue less salary and staff welfare cost of direct engineers and any other project delivery expenses (includes travel, hardware and software).
G&A Expenses	General and Administrative expenses, not directly attributable to delivery and sales.
PBT	Profit before Tax
PAT, Net Profit	Profit after Taxes and Minority Interest
EPS	Earning Per share
Net Worth	Share holders Fund
Capital Employed	Share holders Fund plus long term loans

Thank You