

Q3 FY18 RESULTS

AXISCADES Engineering Technologies Limited

CIN NO : L72200KA1990PLC084435



AXISCADES

Inspired Solutions. By Design

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Table of Contents

Company Overview

Vice Chairman's Message

Key Highlights

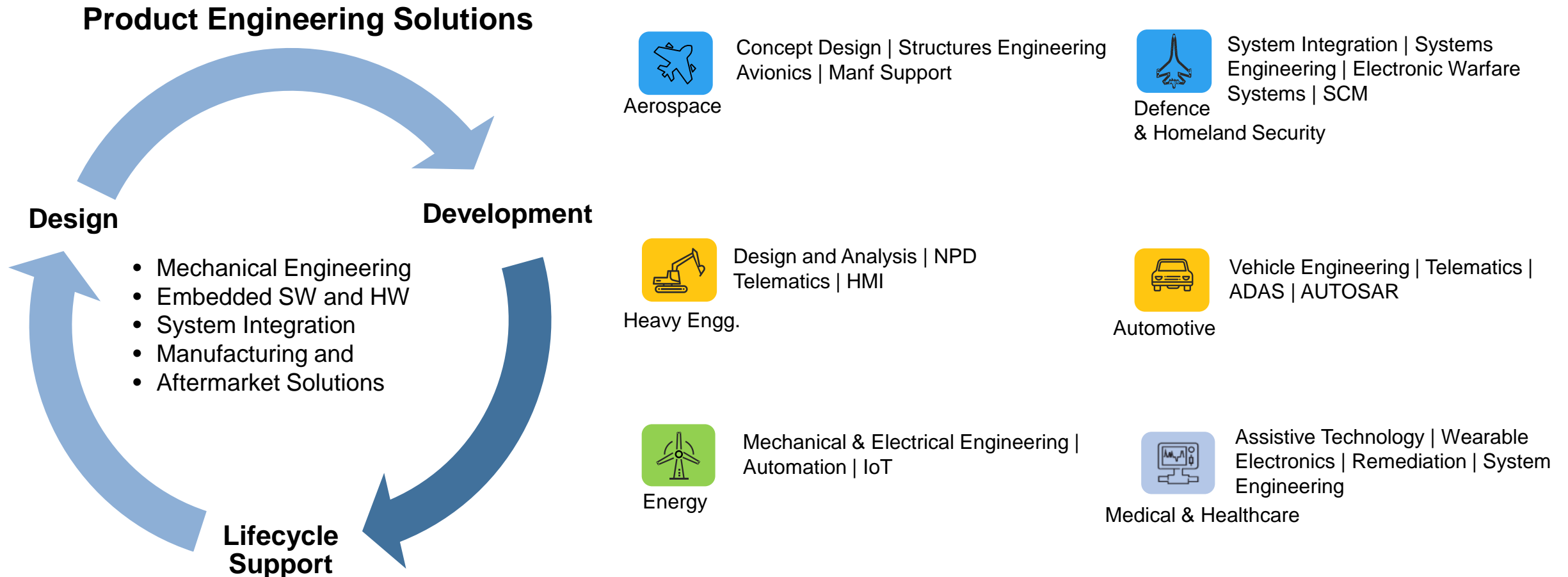
Consolidated Financials

Revenue Segmentation

Annexures

AXISCADES Overview

AXISCADES is a leading Product Engineering Solutions company.



Strategic partner to global OEMs for innovative, sustainable, safer & smarter products.

Vice Chairman's Message

Commenting on the Q3 FY18 performance, Mr. Sudhakar Gande, Executive Vice Chairman, AXISCADES Engineering Technologies Ltd.,

“This has been a good quarter for us. During the quarter we have successfully consolidated Mistral and initiated steps to leverage combined capabilities. We continue to see traction in our key accounts. I am committed to drive operational efficiencies, process improvements to deliver higher ROEs.

We are pleased to welcome Mritunjay Singh, CEO on Board and I am confident that his leadership and experience will be valuable to the Company in achieving the next phase of growth.”

Financial Highlights Q3 FY18

- ❑ **Consolidated Total Income at INR 1,451 million vs INR 1,194 million in Q2 FY18 and INR 1,111 million in Q3 FY17, higher by 21.5% Q-o-Q and 30.6% Y-o-Y led by acquisition of Mistral Solutions during the quarter**
 - In dollar terms, revenue from operations grew 23.7% Q-o-Q and 34.7% Y-o-Y to US\$ 22.3 Mn
 - Revenue from operations stood at INR 1,442 Mn, higher by 24.0% Q-o-Q and 30.2% Y-o-Y
 - EBIDTA stood at INR 155 Mn, up 103.9% Q-o-Q and 57.9% Y-o-Y
 - PAT grew 342.2% Q-o-Q and 146.6% Y-o-Y to INR 36 Mn
 - EPS came in strong for Q3 at INR 0.95 Basic and 0.92 Diluted per share

Business Highlights

- ❑ Sustained momentum in Aerospace Engineering vertical driven by consistent growth in key accounts
- ❑ Selected as main supplier to re-engineer and manufacture critical part for global Automotive OEM manufacturer, moving up the value chain from Engineering to Product Realization
- ❑ Completed Phase I of the acquisition of Mistral Solutions
- ❑ Cost saving initiatives and internalization of capabilities and skill sets with reduced project consultancy spends drove strong improvement in margins – to sustain going forward
- ❑ Mritunjay Singh appointed as the Chief Executive Officer effective 2nd January 2018 to help drive the Company's new phase of growth in areas like Automation, Digitization, IoT in the Engineering space

Consolidated Financials

Consolidated Financial Performance – Q3 FY18

Financial Performance			
	Q3 18 [#]	Q2 18	Q3 17 [*]
Revenue from operations (\$ Million)	\$ 21.7	\$ 18.0	\$ 16.2
<i>In Million Rs</i>			
Revenue from operations	1,442	1,163	1,107
Other Income	10	31	4
Total Income	1,451	1,194	1,111
Employee Expenses	712	668	646
Direct Expenses	182	22	69
Project consultancy Charges	163	201	85
Other expenses	239	227	214
Total expenses	1,297	1,118	1,013
Operating Income	155	76	98
PBT	50	14	32
PAT (Before Minority Interest)	37	9	15
PAT (After Minority Interest)	36	8	15
Basic EPS	0.95	0.21	0.38
Diluted EPS	0.92	0.21	0.38
Operating Income %	10.7%	6.4%	8.8%
PBT %	3.4%	1.2%	2.9%
PAT % (After Minority Interest)	2.5%	0.7%	1.3%

Note: Consolidated performance for Q3 FY18 includes the performance of Mistral Solutions Private Limited for the month of December 2017. Hence prior period financials are not strictly comparable.

* Q3 17 performance has been presented after incorporating the applicable Ind AS adjustments

Variance
<ul style="list-style-type: none"> ❑ Consolidated revenue from operations in Q3 FY18 grew 24% QoQ and 30.2% YoY <ul style="list-style-type: none"> ➤ Led by the acquisition of Mistral Solutions (consolidation effective 1st December, 2017) ➤ On an organic basis, revenue grew in INR terms by 2.4% Q-o-Q on the back of strong growth in the Engineering Services business ❑ EBITDA margins expanded 430 bps QoQ and 184 bps YoY to 10.7% in Q3 FY18 <ul style="list-style-type: none"> ➤ Strong focus of cost control ➤ Reduction in project consultancy spends on account of insourcing of business ❑ Consolidated PAT grew 342.2% Q-o-Q and 146.6% Y-o-Y to INR 36 Mn after accounting for acquisition expenses of INR 25.6Mn under Ind AS

P&L Highlights

Key ratios (%)	Q3 FY 18	Q2 FY 18	Q3 FY 17
Total Income (Rs. Mn.)	1,451	1,194	1,103
Gross margin	31.0%	29.0%	33.1%
Selling expenses	5.9%	6.7%	7.3%
G&A expenses	14.4%	16.0%	15.9%
EBITDA Margin	10.7%	6.4%	9.9%
PBT margin	4.3%	1.2%	3.5%
PAT (Before Minority Interest)	2.5%	0.8%	1.8%
EPS (Rs.) Basic	0.95	0.21	0.53
EPS (Rs.) Diluted	0.92	0.21	0.53

Note :

Gross Margin is calculated on Total Income

Q3 FY18 performance includes the performance of Mistral Solutions Private Limited for the month of December 2017. Hence prior period ratios are not strictly comparable.

Revenue Segmentation

Revenue By Vertical (%)	Q3 FY18	Q2 FY18	Q3 FY17
Engineering Design Services	79.0%	92.0%	83.0%
Strategic Technology Solutions	21.0%	8.0%	17.0%

Revenue By Industry (%)	Q3 FY18	Q2 FY18	Q3 FY17
Aerospace	33.4%	37.7%	41.7%
Heavy Engineering & Others *	36.0%	40.9%	30.9%
Automotive and Industrial Products	3.1%	4.8%	5.0%
Energy	6.1%	8.6%	5.0%
Strategic Tech Solutions	21.4%	8.0%	17.4%

- Others includes Medical & Semiconductors

Q3 FY18 performance includes the performance of Mistral Solutions Private Limited for the month of December 2017. Hence prior period ratios are not strictly comparable.

Operational Metrics

Revenue by Delivery Location	Q3 FY18	Q2 FY18	Q3 FY17
Onshore	43.0%	54.0%	45.0%
Offshore	57.0%	46.0%	55.0%

Revenue by Project type	Q3 FY18	Q2 FY18	Q3 FY17
Time and Material	44.0%	53.0%	48.0%
Fixed Price	56.0%	47.0%	52.0%

Revenue by Currency	Q3 FY18	Q2 FY18	Q2 FY17
USD	71.6%	69.7%	63.0%
EURO	11.8%	15.0%	23.3%
INR	8.6%	5.9%	3.9%
GBP	2.4%	3.2%	2.8%
CAD	5.2%	6.2%	7.0%
CNY	0.4%	0.0%	0.0%

Q3 FY18 performance includes the performance of Mistral Solutions Private Limited for the month of December 2017. Hence prior period ratios are not strictly comparable.

Annexures

About AXISCADES Engineering Technologies Ltd.



AXISCADES is India's leading product engineering solutions company catering to the futuristic needs of aerospace, defence, heavy engineering, automotive, energy, medical & healthcare sectors. Its proven technology products and services, coupled with industry best practices, enable global OEMs to create innovative, sustainable, safer and smarter products.

The company has more than 2,300 engineers worldwide, offers solutions in mechanical engineering, embedded software and hardware, system integration, manufacturing and aftermarket solutions across domains addressing every stage of product lifecycle development. Headquartered in Bengaluru, AXISCADES has 14 engineering centers worldwide including North America, Europe and Asia.

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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