

Q4 FY18 RESULTS

AXISCADES Engineering Technologies Limited

CIN NO : L72200KA1990PLC084435



AXISCADES

Inspired Solutions. By Design

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AXISCADES Engineering Technologies Limited (ACETL) will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

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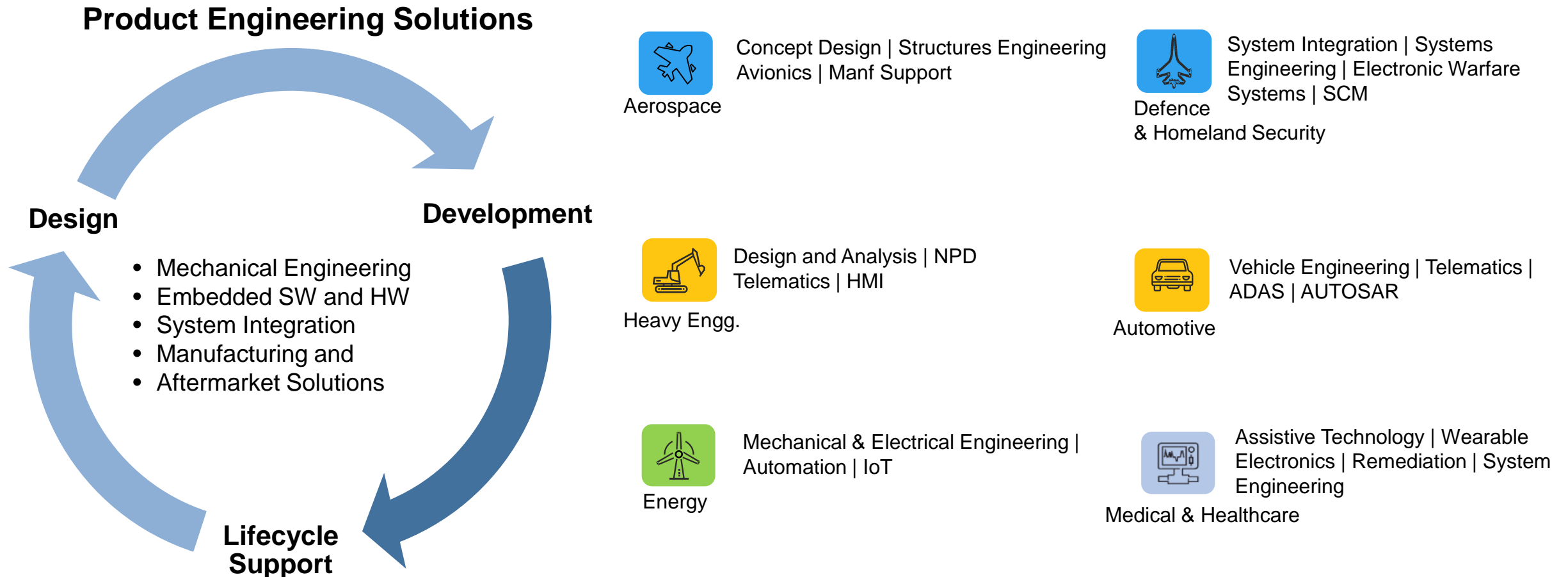
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AXISCADES Overview

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 Q4 FY18 performance, Mr. Sudhakar Gande, Executive Vice Chairman, AXISCADES Engineering Technologies Ltd.,

“The revenue performance during fourth quarter was upbeat, though was skewed. The margins however got impacted due to difficulties faced with the two clients coupled with higher cost during the quarter due to organizational restructuring. The Management is seized of the matter and has taken cost reduction initiatives. The impact of these steps should be visible in the next few quarters.”

Commenting on the Q4 FY18 performance, Mr. Mritunjay Singh, CEO & ED, AXISCADES Engineering Technologies Ltd.,

“Digitalization is impacting high technology and manufacturing industries across their product development lifecycle. Leveraging our domain expertise and competencies in mechanical, electrical, embedded electronics and software, we are venturing into the digitalization arena and building end-to-end engineering solutions. With a focus on addressing Industry 4.0 we are also forging partnerships for Industrial IoT and cyber defense security solutions and implementation.”

Key Highlights

Financial Highlights Q4 FY18

- ❑ **Consolidated Total Income at INR 1,569 Mn vs INR 1,451 Mn in Q3 FY18 and INR 1,191 Mn in Q4 FY17, higher by 8.1% QoQ and 31.7% YoY led by acquisition of Mistral Solutions**
 - In dollar terms, revenue from operations grew 3.6% QoQ and 40.9% YoY to US\$ 23.1 Mn
 - Revenue from operations stood at INR 1,485 Mn, higher by 3.0% QoQ and 35.2% YoY
- ❑ **Operating Income in Q4 FY18 were impacted by one-offs to the tune of INR 128 Mn during the quarter**
 - Primarily attributable to provisioning of receivables from two Hi-tech start-up customers in US.

Business Highlights

- ❑ Seeing signs of growth coming back in Heavy Engineering segment.
- ❑ Signed MOU with AERAACCESS to address Drone opportunity in surveillance, security & disaster management.
- ❑ Signed Industrial co-operation Agreement with SIDES, a French company for addressing opportunities in Airfield Crash Fire Vehicle & Trucks, viz Fire Fighting Trucks, civil defense trucks and industrial fire trucks.
- ❑ Opened office in Columbus, Indiana state, USA
- ❑ Enhanced focus on the PLM vertical leading to receipt of 1st purchase order.
- ❑ Positive momentum in Defense vertical with multiple domestic defense contracts in the production stage across various research labs. Mistral acquisition has added momentum to the Defense play.

Consolidated Financials

Consolidated Financial Performance – Q4 FY18

Financial Performance			
	Q4 FY18 [#]	Q3 FY18 [#]	Q4 FY17 [*]
Revenue from operations (\$ Million)	\$ 23.1	\$ 22.3	\$ 16.4
<i>In Million Rs</i>			
Revenue from operations	1,485	1,442	1,098
Other Income	84	10	92
Total Income	1,569	1,451	1,191
Employee Expenses	828	712	599
Direct Expenses	259	182	94
Project consultancy Charges	67	163	107
Other expenses	402	239	264
Total expenses	1,557	1,297	1,064
Operating Income	13	155	127
PBT	(93)	50	86
PAT (Before Minority Interest)	(125)	37	31
PAT (After Minority Interest)	(126)	36	31
Basic EPS	(3.33)	0.95	0.81
Operating Income %	0.8%	10.7%	10.6%
PBT %	-6.0%	3.4%	7.2%
PAT % (After Minority Interest)	-8.0%	2.5%	2.6%

Note: Consolidated performance for Q3 FY18 includes the performance of Mistral Solutions Private Limited for the month of December 2017 and Q4 FY18 performance includes the performance of Mistral Solutions Private Limited for 3 months, hence prior period ratios are not strictly comparable.

* Q4 17 performance has been presented after incorporating the applicable Ind AS adjustments

Explanatory Notes

- Consolidated revenue from operations in INR terms in Q4 FY18 grew 3.0% QoQ and 35.2% YoY
 - Led by the acquisition of Mistral Solutions (consolidation effective 1st December, 2017)

- Operating Income declined by 91.6% QoQ and 89.8% YoY on account of certain one-offs
 - One time impact of INR 128 Mn in Q4, primarily because of provisioning of receivables from two Hi-tech start-ups customers in US, in line with conservative accounting practices.
 - Excluding one-time impact, Operating income would have been INR 141 Mn and PBT would have been INR 35 Mn

- Q4 18 PBT was also impacted by INR 34 Mn due to non-cash accounting treatment pertaining to the Mistral acquisition.

Consolidated Financial Performance – FY18

Financial Performance		
	FY 18 #	FY 17
Revenue from operations (\$ Million)	\$ 79.9	\$ 72.1
<i>In Million Rs</i>		
Revenue from operations	5,192	4,868
Other Income	151	146
Total Income	5,342	5,014
Employee Expenses	2,837	2,511
Direct Expenses	549	670
Project consultancy Charges	546	398
Other expenses	1,085	902
Total expenses	5,016	4,480
Operating Income	327	534
PBT	(28)	288
PAT (Before Minority Interest)	(78)	145
PAT (After Minority Interest)	(82)	141
Basic EPS	(2.18)	3.74
Operating Income %	6.1%	10.6%
PBT %	-0.5%	5.8%
PAT % (After Minority Interest)	-1.5%	2.8%

Note: Consolidated performance for FY18 includes the performance of Mistral Solutions Private Limited for the period December 2017 till March 2018 hence prior period financials are not strictly comparable. FY 17 performance has been presented after incorporating the applicable Ind AS adjustments

Explanatory Notes

- ❑ In FY18, consolidated revenue from operations grew by 6.7% in INR terms and 10.8% in US\$ terms
 - Led by the acquisition of Mistral Solutions (consolidated effective 1st December, 2017)
- ❑ Operating Income has declined by 38.8% mainly due to
 - One time impact of INR 128 Mn in Q4 FY18, primarily due to provisioning of receivables from two Hi-tech start-up customers in US.
- ❑ PBT declined by INR 316 Mn mainly due to decline in operating income and additionally;
 - Non-Cash impact of acquisition cost of Mistral also impacted the Margins by INR 47 Mn in FY18
 - Merger expenses INR 30 Mn
- ❑ **Excluding one-time impact, Operating income would have been INR 455 Mn**
- ❑ **Excluding one-time impact and merger expenses, PBT would have been INR 130 Mn**

P&L Highlights

Key ratios (%)	Q4 FY18	Q3 FY18	Q4 FY17	FY18	FY17
Total Income (Rs. Mn.)	1,569	1,451	1,191	5,342	5,014
Gross margin	32.7%	31.0%	33.1%	30.0%	33.2%
Selling expenses	6.8%	5.9%	7.3%	7.8%	7.2%
G&A expenses (Including provisions)*	25.1%	14.4%	15.9%	16.1%	15.4%
EBITDA Margin	0.8%	10.7%	9.9%	6.1%	10.6%
PBT margin	-6.0%	4.3%	5.3%	0.0%	5.5%
PAT (Before Minority Interest)	-8.0%	2.5%	1.3%	-1.5%	2.6%
EPS (Rs.) Basic	-3.33	0.95	0.81	-2.18	3.74
EPS (Rs.) Diluted	-3.33	0.92	0.81	-2.18	3.74

Note :

Gross Margin is calculated on Total Income

* Q4 FY18 G&A expenses without one time provisions and expenses would have been at 15.8%

Consolidated performance for Q3 FY18 includes the performance of Mistral Solutions Private Limited for the month of December 2017 and Q4 FY18 performance includes the performance of Mistral Solutions Private Limited for 3 months, hence prior period ratios are not strictly comparable.

Consolidated Balance Sheet Snapshot

	31-Mar-18	31-Mar-17
	(INR Mn)	(INR Mn)
Net Worth	2917	3015
Total debt	1378	812
- Long term loan	726	272
- Working Capital	652	540
Net debt	759	48
Trade payables	500	275
Fixed assets (Net of Depreciation)	3437	1594
Capital work-in-progress	5	59
Cash and cash equivalents	619	719
Trade receivables	1,659	842

Note: Consolidated performance for FY18 includes the performance of Mistral Solutions Private Limited for the period December 2017 till March 2018 hence prior period financials are not strictly comparable.
 FY 17 performance has been presented after incorporating the applicable Ind AS adjustments

Revenue Segmentation

Revenue By Vertical (%)	Q4 FY18	Q3 FY18	Q4 FY17	FY18	FY17
Engineering Design Services	67.0%	79.2%	82.8%	79.4%	77.2%
Strategic Technology Solutions	33.0%	20.8%	17.2%	20.6%	22.8%

Revenue By Industry (%)	Q4 FY18	Q3 FY18	Q4 FY17	FY18	FY17
Aerospace	30.7%	33.4%	38.1%	40.1%	38.6%
Heavy Engineering & Others *	30.3%	36.1%	34.6%	38.4%	30.4%
Automotive and Industrial Products	2.4%	3.0%	3.9%	3.6%	3.5%
Energy	3.5%	6.2%	5.9%	7.6%	4.5%
Strategic Tech Solutions	33.1%	21.3%	17.5%	10.3%	23.0%

- Others includes Medical & Semiconductors

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Operational Metrics

Revenue by Delivery Location	Q4 FY18	Q3 FY18	Q4 FY17	FY18	FY17
Onshore	48.9%	43.0%	46.8%	48.1%	43.2%
Offshore	51.1%	57.0%	53.2%	51.9%	56.8%

Revenue by Currency	Q4 FY18	Q3 FY18	Q4 FY17	FY18	FY17
USD	58.8%	71.6%	78.0%	65.8%	61.9%
EURO	8.5%	11.8%	8.0%	12.6%	22.9%
INR	23.5%	8.6%	3.6%	12.8%	5.5%
GBP	3.2%	2.4%	3.5%	3.0%	3.3%
CAD	5.6%	5.2%	6.8%	5.6%	6.5%
Others	0.4%	0.4%	0.0%	0.2%	0.0%

Consolidated performance for Q3 FY18 includes the performance of Mistral Solutions Private Limited for the month of December 2017 and Q4 FY18 performance includes the performance of Mistral Solutions Private Limited for 3 months, hence prior period ratios are not strictly comparable.

Operational Metrics (contd..)

Revenue by Geography	Q4 FY18	Q3 FY18	Q4 FY17	FY18	FY17
EUROPE	35.4%	40.9%	49.8%	43.0%	58.7%
USA	31.6%	41.3%	33.8%	34.4%	23.5%
APAC	27.4%	12.6%	9.6%	17.1%	11.3%
CANADA	5.6%	5.2%	6.8%	5.7%	6.5%

Revenue by Project type	Q4 FY18	Q3 FY18	Q4 FY17	FY18	FY17
Time and Material	44.3%	44.0%	55.0%	48.8%	47.8%
Fixed Price	55.7%	56.0%	45.0%	51.2%	52.2%

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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