

KPIT

May 27, 2020

Investor Update Q4FY20 & FY20



KPIT Technologies Ltd.

Forward Looking Statements

Some of the statements in this update that are not historical facts, are forward-looking statements. These forward-looking statements include our financial and growth projections, as well as statements concerning our plans, strategies, intentions and beliefs concerning our business and the markets in which we operate. These statements are based on information currently available to us, and we assume no obligation to update these statements as circumstances change. There are risks and uncertainties that could cause actual events to differ materially from these forward-looking statements. These risks include, but are not limited to, the level of market demand for our services, the competitive market for the type of services and solutions that we offer, market conditions that could cause our customers to reduce their spending for our services, our ability to create, acquire and build new businesses and to grow our existing businesses, our ability to attract and retain qualified personnel, currency fluctuations and market conditions in India and elsewhere around the world, and other risks not specifically mentioned herein but those that are common to industry



Performance Overview

- FY20 and Q4FY20

FY20 Performance Overview

KPIT registers Comparable Constant Currency growth of 14.5% in FY20 over FY19



Reported USD revenues grow 14.2% on a comparable basis in FY20 over FY19



EBITDA for FY20 stood at 13.7%



Net Profit for FY20 stood at ₹ 1,466 Million, EPS at ₹ 5.4



Net Cash as at FY20 end stood at ₹ 3,278 Million

Q4FY20 Performance Overview

KPIT Q4FY20 Net Profit registers a 23.2% growth Y-o-Y



Q4FY20 Y-o-Y comparable revenue growth of 11.5% in CC terms



Q4FY20 Y-o-Y reported revenue growth of 8.3%



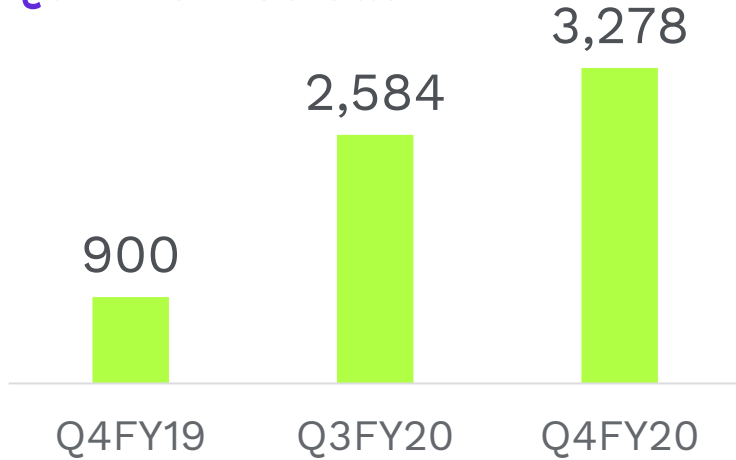
Q4FY20 EBITDA at 13.5%



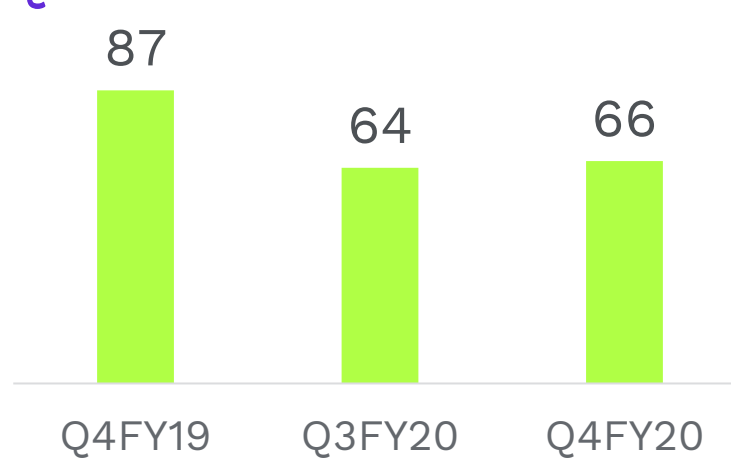
Net revenue loss of around 1.5% due to Covid-19 disruption during the quarter

Q4FY20 and FY20 additional facts

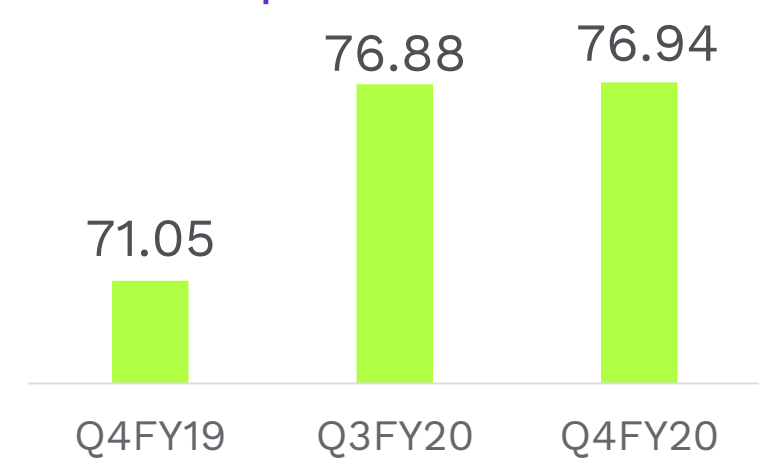
Qtr End Net Cash ₹ M



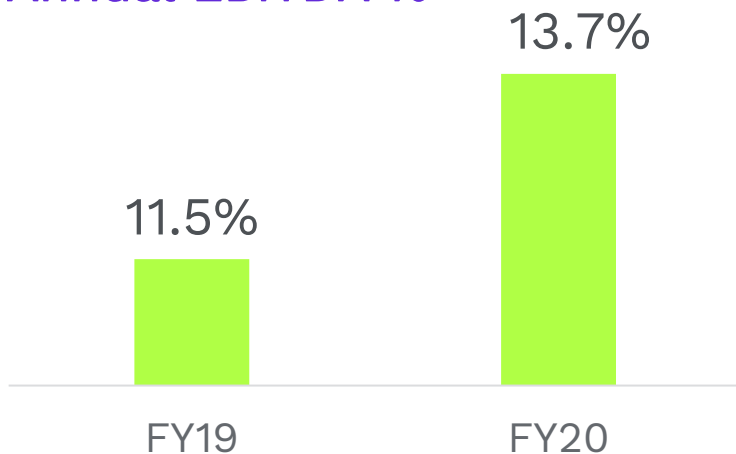
Qtr End DSO



Revenue \$ M



Annual EBITDA %



FY20 Reported Revenue (\$ M)	303.81
FY20 Reported EBITDA (₹ M)	2,953.61
FY20 Reported PAT (₹ M)	1,465.90

Management Quotes



Commenting on the performance of FY20, Ravi Pandit, Co-founder and Chairman, KPIT said, "FY20 was the first full year after demerger and we are happy to report industry leading comparable organic growth of 14%+ in FY20. FY20 has been a year of further sharpening of focus and energies. While the world is undergoing major changes due to Covid pandemic, I am confident of KPIT performing a prominent role in the new global mobility ecosystem".

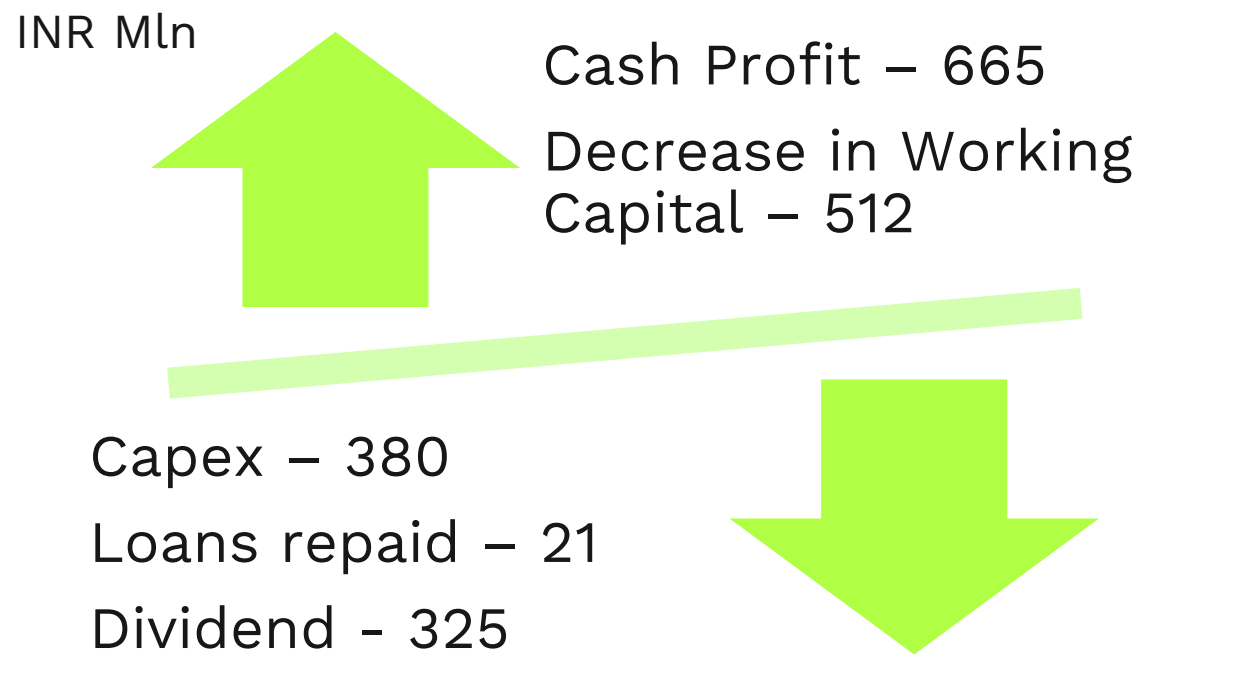


Kishor Patil, Co-founder, CEO and MD, KPIT said, "We experienced good traction in strategic accounts, which have cumulatively grown by ~20% in FY20. We have a strong Balance Sheet and have consistently built on our cash reserves. While Covid-19 will have a negative impact on business in H1FY21, we are now having constructive discussions with our clients and have won some sizable new deals, the benefit of which will start flowing in H2FY21".

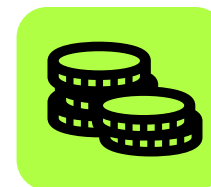


Sachin Tikekar, President and Whole-time Director, KPIT said, "At KPIT, the safety of our employees and deliverables to our clients are of prime importance to us. Our cross-functional teams have done a tremendous job to enable 98%+ work from home for our employees globally, without any disruption. We continue to engage with our clients in a deeper way to create more value for them".

Cash Flow – Major Movement



Cash and Cash Equivalents break-up	INR Million
In Investment Accounts	1,437
In Operating Accounts	2,383
TOTAL	3,820



Q-o-Q Increase in Net Cash of INR 694 Million

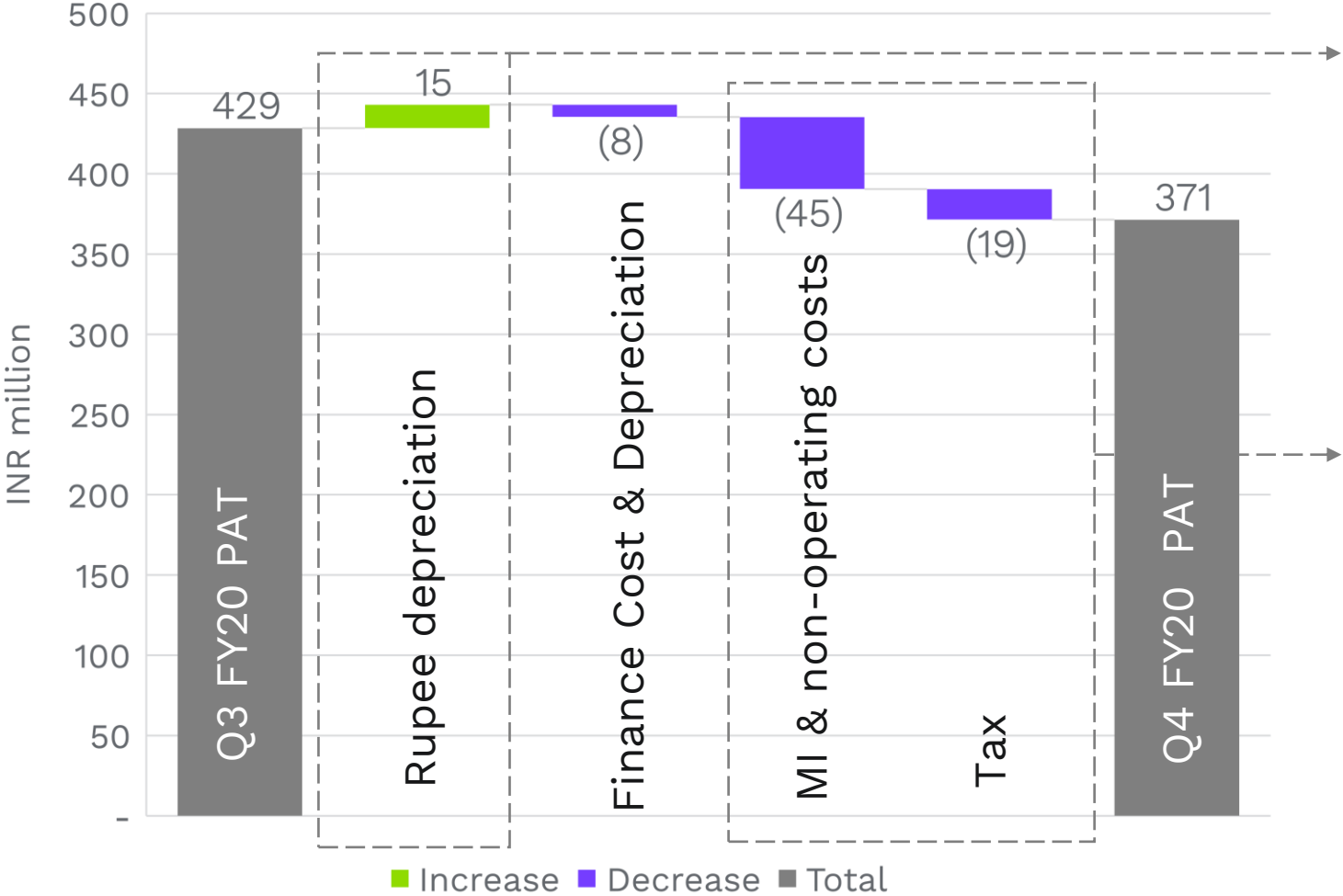
NET CASH (INR Mln)	Q4FY20	Q3FY20
Gross Cash	3,820	3,117
Long Term Debt	376	533
Short Term Debt	166	NIL
NET CASH	3,278	2,584



FCF/EBITDA – 100%

Net Cash/MCap – 28%

Movement in Profit – Q3FY20 to Q4FY20



- Operational EBITDA flattish QoQ
- Rupee depreciation positive impact of 0.3%
- Reduction in PAT due to onetime Tax credit (Q3FY20) and delta in non-operating costs

Significant Deal Win



KPIT wins **multi-million-dollar strategic deal** from a leading Automotive Tier 1 for a European Automaker's electrification program.

The engagement spans in excess of 5 years and deal value is estimated at USD 50+ million.

KPIT will set up a dedicated software competence center in Munich and India. This strategic software program spans across development, integration and software maintenance post start of production.

Other Major Deal Wins



A leading European Car Manufacturer selected KPIT for a project in electric powertrain area



A leading US Car Manufacturer selected KPIT for a project in AUTOSAR domain



A leading US Tier I Supplier selected KPIT for a project in the electric powertrain area



A leading Asian car manufacturer selected KPIT for a project in the Autonomous Driving domain



A leading American car manufacturer selected KPIT for a project in the connected domain

Important Updates

Re-classification of KPIT Promoters from Promoters to public shareholders in Birlasoft

Re-classification of Birlasoft Promoters from Promoters to public shareholders in KPIT

We have initiated both the processes mentioned above and would seek shareholder and other statutory approvals required for achieving the same.

Resignation of Vinit Teredesai, CFO and Key Management Personnel (KMP)

The Board of Directors in its meeting today, accepted the resignation of Vinit Teredesai as CFO and KMP. Vinit will continue in his current role till early June 2020. Mrs. Priyamvada Hardikar, will take over as Sr. Vice President, Head of Finance and KMP.

In tendering his resignation, Vinit said,” I am grateful to the Board and Management of KPIT for providing me the opportunity to work in this wonderful organization. As I pursue a different career opportunity, I wish the whole KPIT family a great future. I am sure KPIT will continue to prosper as a global leader in engineering for the Mobility ecosystem”.

Kishor Patil, CEO and MD, said,” I thank Vinit for his admirable contribution to KPIT, especially in the crucial execution of the complex merger-demerger and discipline in cash conversion. I wish him success in his future endeavors. I also wish success to Priya, who has successfully steered the accounting, taxation, auditing and treasury functions in KPIT, over the last 10+ years. ”.

KPIT Promoters pledged shares - update

1 Proficient and Kishor Patil purchased shares of KPIT from Birlasoft Promoters for which they respectively raised funds.

2 As of date, Proficient has repaid all its loans and its shares are completely free. Proficient owns 32.4% of the total outstanding shares of KPIT

3 Shares of Kishor Patil are not the primary security for the above-mentioned loan. The loan is planned to be fully repaid within 2 years from now

4 Thus as of today, only 17% of KPIT Promoter shareholding is pledged



Covid-19 Updates

Covid-19 Update – Our Actions

RAPID RESPONSE TASKFORCE

Cross functional team comprising of Senior Management, Project Teams, Facilities & Infra, IT Support, Security, HR and Marketing



EMPLOYEE COMMUNICATION

Periodic and concise communication for building trust, care for personal hygiene, health and well being



CLIENT COMMUNICATION

Proactive, regular, transparent communications with clients to drive change in mindset for changing the norms and set processes while ensuring BCP

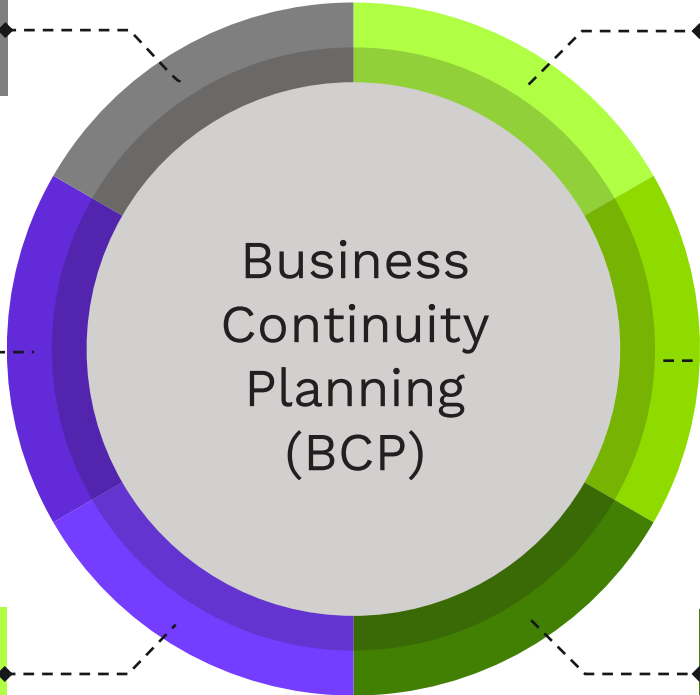


PHYSICAL & TECHNICAL INFRA

Stable technical infrastructure, availability of systems, connectivity, hardware, Taking care of Information security



Business Continuity Planning (BCP)



CHANGES IN MINDSET

Review set policies, norms and processes. Working with clients on required quick change in mindset, approvals & enablement

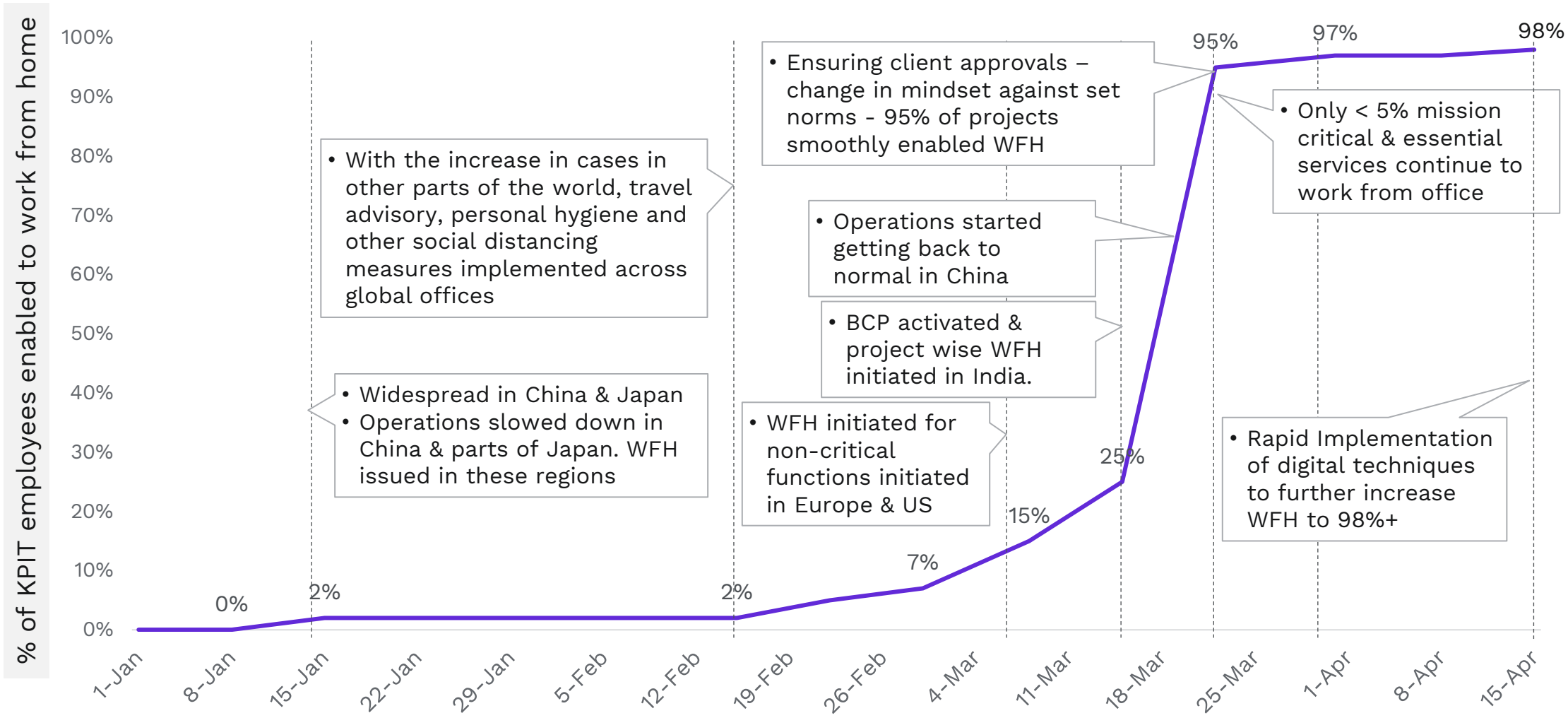


RAPID ADAPTATION

Exploring new ways and tools for digital delivery



Covid-19 Update – Work From Home Timeline



- With the increase in cases in other parts of the world, travel advisory, personal hygiene and other social distancing measures implemented across global offices

- Widespread in China & Japan
- Operations slowed down in China & parts of Japan. WFH issued in these regions

- WFH initiated for non-critical functions initiated in Europe & US

- Ensuring client approvals – change in mindset against set norms - 95% of projects smoothly enabled WFH

- Operations started getting back to normal in China
- BCP activated & project wise WFH initiated in India.

- Only < 5% mission critical & essential services continue to work from office

- Rapid Implementation of digital techniques to further increase WFH to 98%+

FY21 Outlook



We are cautious about FY21 owing to uncertainty due to the current disruption and possibility of a relapse of the pandemic globally. Hence, we refrain from giving any outlook for FY21 at this juncture.



H1FY21 revenues will be impacted and significant effect will be in Q1FY21. New deal wins benefit will be seen from H2FY21.



We expect the current disruption in Automotive industry to create new opportunities in the medium term.

Current Focus Areas	Conserve Cash, Improve Liquidity Further
	Increase share of wallet in strategic accounts
	Delivery and Operational Excellence



Updates

Thought Leadership Updates



Mr. Ravi Pandit appointed to the Board of Governors at AcSIR

The Honourable Prime Minister of India, Shri Narendra Modi, as the president of the Council of Scientific and Industrial Research (CSIR) has nominated Mr. Ravi Pandit as a member to the Board of Governance of the Academy of Scientific and Innovative Research

March 2020



Kishor Patil's keynote address at NASSCOM e-Confluence

Mr. Patil spoke on the thrust on Execution Excellence. He elaborated by pointing out at the key areas : 1) Setting up a taskforce and building rigor, 2) Being flexible and nimble, 3) Collaboration, 4) Building milestone-based plans over time-based ones, 5) Building domain skills and competencies & 6) Cleaning up unnecessary processes.

April 2020

Other Updates



Innovation in Retention Strategy Award

KPIT Technologies Limited was awarded with **Innovation in Retention Strategy** award for achieving and sustaining industry leading retention by World HRD Congress in Mumbai. Our CEO, Kishor Patil was awarded “**CEO with HR Orientation**” for transformative people initiatives and impact

February 2020



KPIT Shodh Awards

KPIT and Indian Institute of Science Education and Research (IISER) Pune concluded the 2nd Annual IISER Pune KPIT International Conference on Energy & Mobility. This platform provides opportunity to PhD researchers across the nation to present & recognize their research work in the area of “Energy & Mobility

February 2020



Sparkle 2020

At Sparkle 2020, students & their faculties presented ideas & projects across Energy & future Mobility. More than 20,000 students from across 1,100+ colleges all over India participated. Team Detox from Army Institute of Technology, Pune won the Gold Award

February 2020



Financial and Operational Data

- Snapshot

Profit & Loss Account Snapshot

INR MN

DETAILS	Q4FY20	Q3FY20	Q4FY19	FY20
Revenue from Operations	5,562.28	5,500.92	5,012.68	21,561.69
Other Income	76.79	101.79	36.39	283.17
Total Income	5,639.07	5,602.71	5,049.07	21,844.86
Operating Expenses	4,810.91	4,764.06	4,397.16	18,608.08
EBITDA	751.37	736.86	639.30	2,953.61
Depreciation	293.95	283.22	186.86	1,080.48
EBIT	457.42	453.64	452.44	1,873.13
Finance Costs	44.96	48.12	48.05	198.20
Change in FMV of Investments	47.43	5.62	319.01	(56.92)
Profit Before Exceptional Items	536.68	512.93	736.01	1,901.18
Exceptional items	(64.15)	(31.2)	(342.91)	(95.09)
PBT	472.53	481.73	393.1	1,806.09
Tax	91.53	72.39	83.27	338.34
PAT	381.0	409.34	309.83	1,467.75
Profit Attributable to owners of company	371.36	428.53	301.49	1,465.90
Profit Attributable to non-controlling interest	9.64	(19.19)	8.34	1.85

Balance Sheet Snapshot

INR MN

ASSETS	Q4FY20	Q3FY20
<u>NON-CURRENT ASSETS</u>		
Property, Plant & Equipment	2,128.87	2,140.08
Right-of-use Assets	1,627.62	1,427.97
Other Tangible Assets	51.70	48.43
Goodwill & Other Intangibles	1,507.85	1,579.20
Other Non-Current Assets	892.39	640.97
TOTAL NON-CURRENT	6,208.43	5,836.65
<u>CURRENT ASSETS</u>		
Inventories	115.27	174.82
Cash and Cash Equivalents	3,820.53	3,116.88
Trade Receivables	4,486.77	4,731.30
Other Current Assets	1,719.62	1,944.07
TOTAL CURRENT	10,142.19	9,967.07
TOTAL ASSETS	16,350.62	15,803.72

EQUITY & LIABILITIES	Q4FY20	Q3FY20
Equity Share Capital	2,688.8	2,687.37
Other Equity	7,780.77	7,636.78
Equity attributable to owners	10,469.57	10,324.15
Non-controlling interests	35.71	25.22
TOTAL EQUITY	10,505.28	10,349.37
<u>NON-CURRENT LIABILITIES</u>		
Borrowings	-	178.07
Lease Liabilities	1,143.95	966.71
Other Non-Current Liabilities	150.67	252.81
TOTAL NON-CURRENT	1,294.62	1,397.59
<u>CURRENT LIABILITIES</u>		
Borrowings	542.67	355.09
Trade Payables	846.74	1,080.64
Lease Liabilities	313.51	283.73
Others	2,847.80	2,692.39
TOTAL CURRENT	4,550.72	4,056.76
TOTAL EQUITY AND LIABILITIES	16,350.62	15,803.72

Revenue Break-up

USD MN

Geography	Q4FY20	Q3FY20	Q4FY19	Q-o-Q	Y-o-Y
US	30.41	30.72	28.43	(1.0)%	7.0%
Europe	31.91	31.44	23.81	1.5%	34.0%
Asia	14.62	14.72	18.82	(0.7)%	*(22.3)%
TOTAL	76.94	76.88	71.05	0.1%	8.3%

Verticals	Q4FY20	Q3FY20	Q4FY19	Q-o-Q	Y-o-Y
Passenger Cars	58.33	58.31	52.64	0.1%	10.8%
Commercial Vehicles	16.67	17.51	16.17	(4.7)%	3.1%
New Mobility	0.83	0.62	0.93	34.3%	(10.8)%
Others	1.11	0.45	1.31	144.7%	(15.6)%
TOTAL	76.94	76.88	71.05	0.1%	8.3%

Practices	Q4FY20	Q3FY20	Q4FY19	Q-o-Q	Y-o-Y
Powertrain	25.01	25.02	22.35	0.0%	11.9%
AD-ADAS	19.87	18.99	13.69	4.6%	45.1%
Connected Vehicle	8.07	9.94	10.60	(18.8)%	(23.9)%
Others	23.99	22.92	24.41	4.7%	(1.7)%

P&L Metrics

	Q4FY20	Q3FY20	Q4FY19	Q-o-Q	Y-o-Y
Revenue by Contract Type					
Time & Material Basis	48.6%	45.6%	52.0%	6.8%	1.2%
Fixed Price Basis	51.4%	54.4%	48.0%	(5.5)%	16.0%
Clients					
Strategic T25 Accounts Revenue	82.61%	83.95%	76.40%	(1.5%)	17.1%
Active Clients	58	55			

Revenue per Devp. Employee USD	46,675	45,403	45,091	
EBITDA Margin	13.5%	13.4%	12.8%	
EBIT Margin	8.2%	8.2%	9.0%	
PAT Margin	6.7%	7.8%	6.0%	
Effective Tax Rate	19.4%	15.0%	21.2%	
EPS (Basic)	1.38	1.59	1.12	
EPS (Diluted)	1.38	1.59	1.12	

Currency wise revenues, Hedging Details

Currency wise revenue	Q4FY20	Q3FY20	Q4FY19	FY20
USD	41.2%	41.4%	43.1%	42.5%
EUR	32.7%	33.5%	23.0%	30.9%
GBP	8.1%	6.7%	9.4%	7.4%
JPY	9.6%	10.9%	13.8%	10.8%
INR	5.9%	4.9%	7.6%	5.6%
Others	2.7%	2.7%	3.1%	2.8%

Realized Rate	Q4FY20	Q3FY20	Q4FY19
INR/USD	72.29	71.55	70.55

Hedge Details	Q4FY20
Hedge Rates	
USD/INR	73.30
EUR/INR	82.90
GBP/INR	95.0
Hedge Amounts(Mn)	
USD/INR	19.55
EUR/INR	6.0
GBP/INR	5.15

Headcount Data

Period End Headcount	Q4FY20	Q3FY20	Q4FY19	Q-o-Q	Y-o-Y
Development	6,594	6,773	6,303	-	-
Enabling & Sales	531	530	311	-	-
Total	7,125	7,303	6,614	-	-



Contact us

- [Contact](#)

Conference Call Details - TBU

Conference name	: KPIT Technologies Q4 FY2020 Post Earnings Conference Call
Date	: Thursday May 28, 2020
Time	: 1600 Hrs.
Participants	: Mr. S.B. (Ravi) Pandit, Co-founder & Chairman Mr. Kishor Patil, Co-founder, CEO & MD Mr. Sachin Tikekar, President & Board Member Mr. Vinit Teredesai, CFO Mrs. Priya Hardikar, SVP & Head of Finance Mr. Sunil Phansalkar, AVP & Head-IR
Dial-in Numbers for all participants	
Primary number	: +91 22 6280 1116
Local Access	: +91 22 7115 8017
International Numbers	: USA - 1 866 746 2133 UK - 0 808 101 1573 Singapore - 800 101 2045 Hongkong - 800 964 448

About KPIT Technologies

KPIT (BSE: 542651; NSE: KPITTECH), is a global technology company providing software solutions that help mobility companies leapfrog towards autonomous, clean, smart and connected future. With 7,000+ *Automobelievers* across the globe, specializing in embedded software, AI & Digital solutions, KPIT enables customers accelerate implementation of next generation mobility technologies. For more information, visit

<http://www.kpit.com>

Contact

For Investor Queries



Email
Sunil.Phansalkar@kpit.com



Desk Phone
+ 91 20 6770 6997



Cell
+ 91 98509 66011



Website
www.kpit.com



Sunil Phansalkar

Contact

For Media Queries



Email
Sunil.R@kpit.com



Desk Phone
+ 91 80 6606 6000 (7865)



Cell
+ 91 99001 50180



Website
www.kpit.com





Thank You