

KPIT

Reimagining Mobility *with YOU*

January 31, 2023

Investor Update Q3FY2023

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 clients 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. In certain cases, the numbers reported in this update might be rounded off to the nearest whole number.

KPI1

Performance Overview

Q3FY23

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Performance Overview Q2FY23

Q3FY23 CC Revenue grows 44.7% YoY, 19.3% QoQ
Q3FY23 revenue crosses \$ 100M per quarter, at \$ 110.5M

1 Q3FY23 Revenue \$ Revenue Growth of 31.9% Y-o-Y, 17.3% Q-o-Q
Organic CC Growth of 24.6% Y-o-Y and 4.9% Q-o-Q

2 Q3FY23 Net Profit Q3FY23 Net Profit at ₹ 1,005 M
Net Profit growth of 43.5% Y-o-Y and 20.4% Q-o-Q

3 Q3FY23 EBITDA Q3FY23 EBITDA at 18.5%
EBITDA growth of 47.7% Y-o-Y and 22.9% Q-o-Q

4 Engagements & Outlook On track to beat FY23 growth outlook
TCV of \$ 272 million won during the quarter

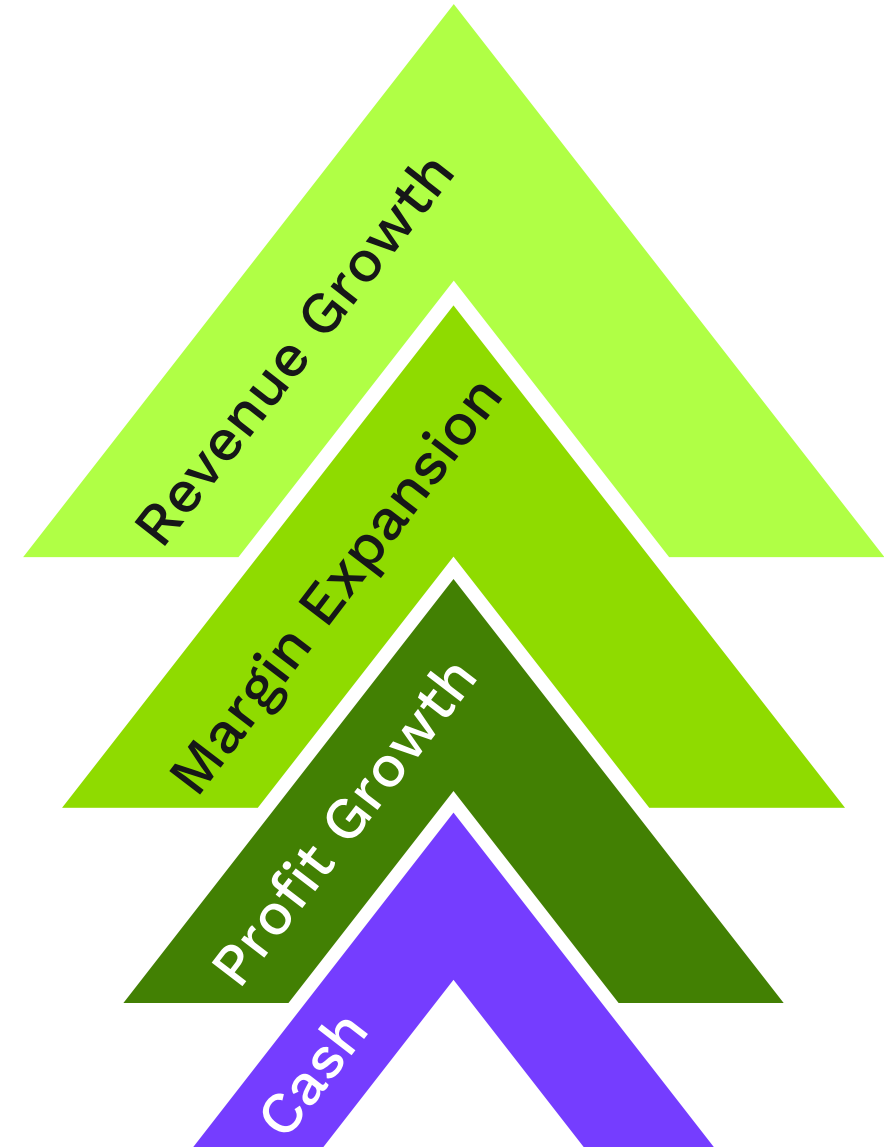
Performance Highlights

01 Organic growth led by Middleware & Architecture Consulting and Passenger Car vertical. Full quarter consolidation of Technica during the quarter. This quarter is seasonally the best quarter for Technica in terms of revenue and profitability.

02 EBITDA margins for the quarter flattish at 18.5% post impact of deal related and integration related expenses during the quarter. Integration expenses will continue over the next 2 quarters. Technica operating margins in line with expectations at ~ 20%+

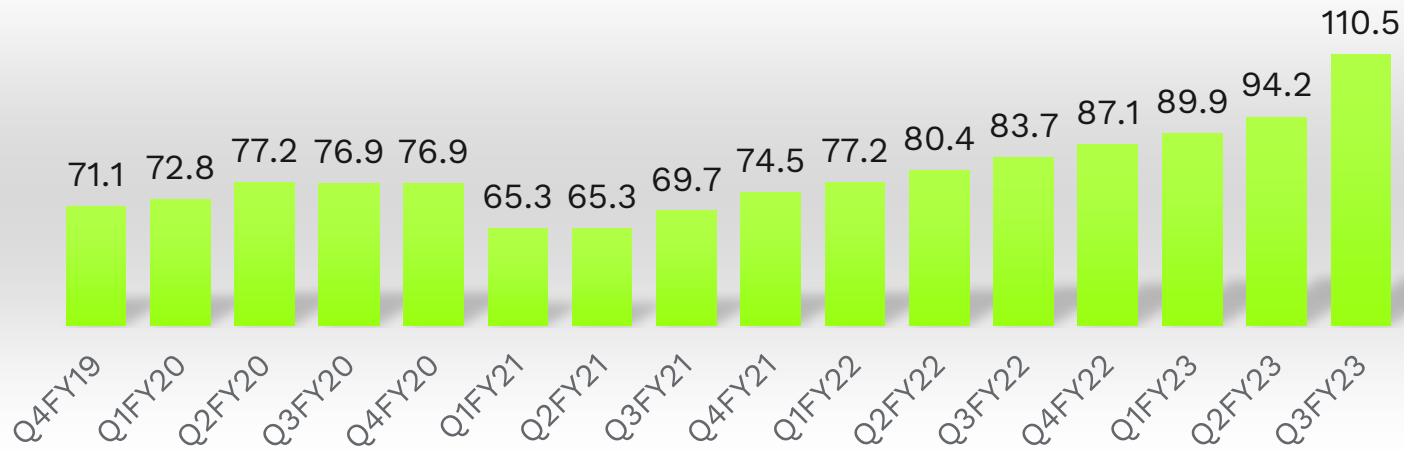
03 Higher other income to the tune of ~ ₹ 90 million (₹ 185 M in Q3FY23 vs ₹ 95 M in Q2FY23) on account of translation related foreign exchange gains resulting mainly from strong rupee depreciation against the Euro and GBP

04 Net Cash at quarter end stood at ₹ 6.75 billion post Acquisition related payout of Euro 60 Million which was done solely through internal accruals. DSO stood at 51 days. Interim Dividend of ₹ 1.45 per share declared.

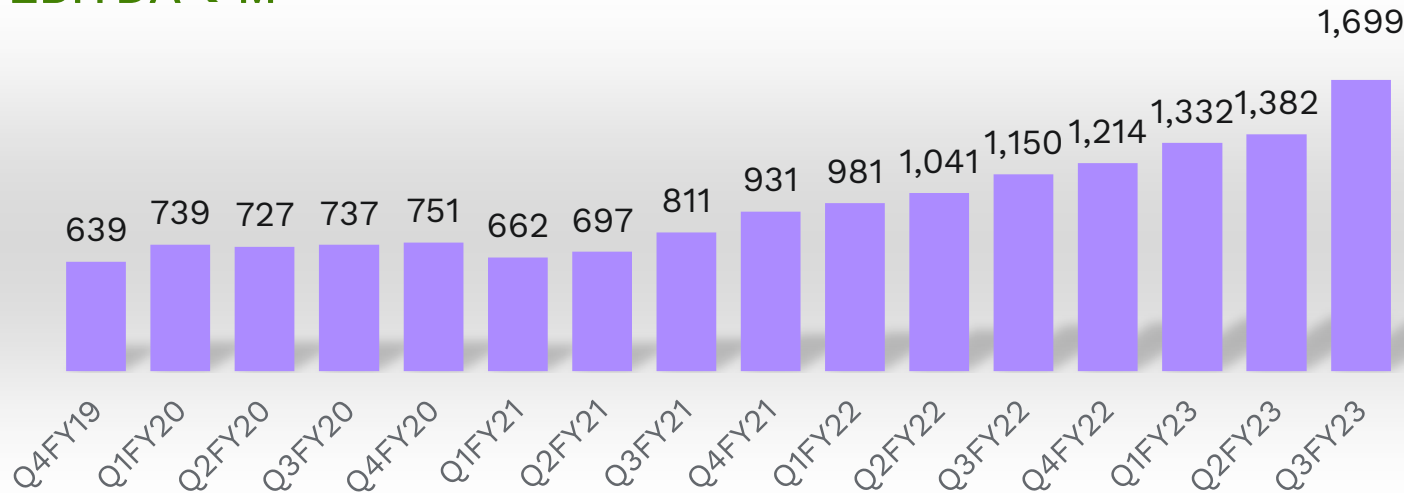


Additional facts - timeseries

Revenue \$ M



EBITDA ₹ M



Consistent Performance



10 Consecutive Quarters
of Steady Revenue Growth



10 Consecutive Quarters
of Steady EBITDA Growth

Management Quotes

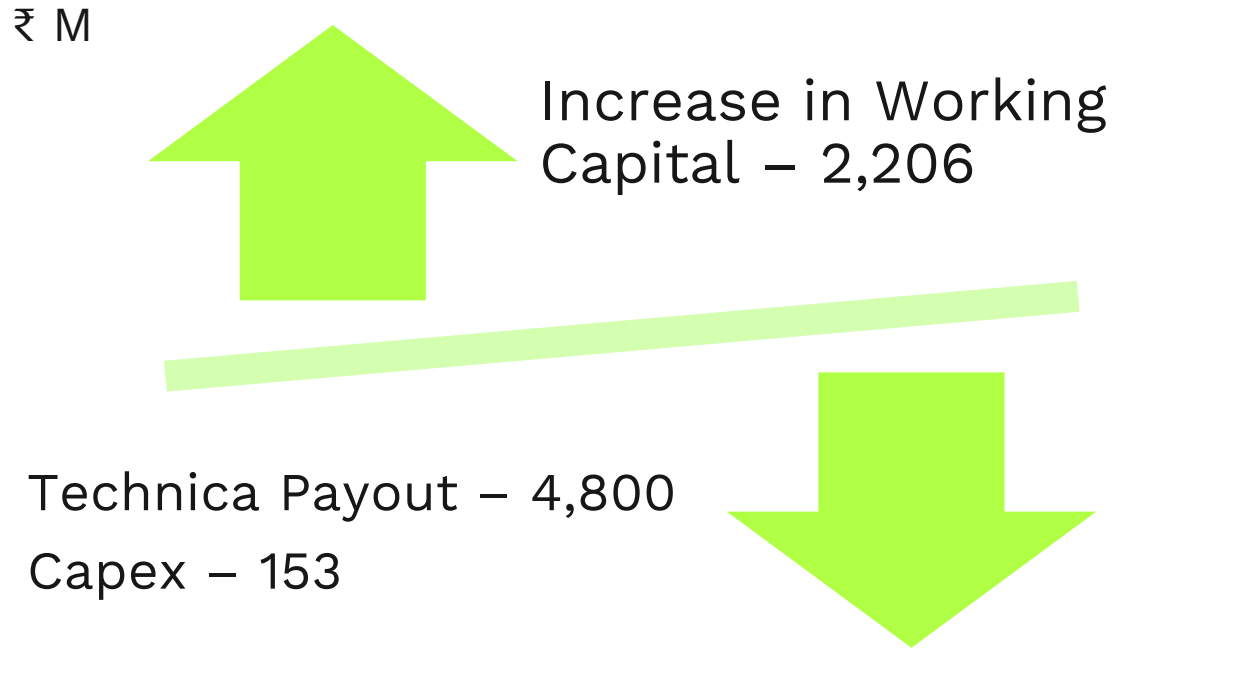


Kishor Patil, Co-founder, CEO and MD, KPIT said,” KPIT’s focus over the last 20+ years on the Mobility Industry is resulting in consistent growth and robust medium-term visibility. Q3FY23 performance has been better than expectations. Our performance, coupled with healthy pipeline and demand driven by client investments in Software Defined Vehicles, gives us confidence of beating our FY23 growth outlook. We are pleased to have the Technica family on-board KPIT and contemplate scaling greater heights together. These are exciting times, and we look forward to a sustainable profitable growth in the medium term.”



Sachin Tikekar, President and Joint MD, KPIT said,” Our engagements with Strategic Clients are progressively becoming more pertinent and partnership oriented. We are committed to investments in new-age technologies, relevant to the Mobility Industry, to further strengthen our solutions for accelerating the transformation journey of our clients. Our attention is on ensuring successful delivery of large complex engagements, that are also critical to the success of our clients. The employee turnover has shown a declining trend over last 2 quarters. We expect this trend to stay, going forward. We continue to focus on attraction, development and retention of relevant talent, across the globe.”

Cash Flow – Major Movement



Cash and Cash Equivalents break-up	₹ M
In Investment Accounts (in India)	2,210
In Investment Accounts (outside India)	859
In Operating Accounts	4,166
TOTAL	7,235

NET CASH (₹ M)	Q3FY23	Q2FY23
Gross Cash	7,235	9,624
Long Term Debt	NIL	NIL
Short Term Debt	493*	NIL
NET CASH	6,742	9,624



DSO Q3FY23 end : 51 Days

** Debt in the books of Technica which will be repaid over the next 4 quarters*

New Engagements

TCV of new engagements won during the Quarter : \$ 272* million

Renault Group selected KPIT as a strategic technology partner for next generation Software-Defined Vehicle(SDV) program (already announced mid-quarter)



A leading European Car Manufacturer selected KPIT for a multiple engagements in the electric powertrain domain



A leading European Car Manufacturer awarded KPIT a strategic engagement in the connected vehicles domain



A leading American Commercial Vehicle Manufacturer selected KPIT for multiple engagements in the vehicle engineering design and diagnostics domains



A leading Asian Car Manufacturer selected KPIT for multiple strategic programs in the autonomous driving and connected vehicle domains



A leading American Car Manufacturer awarded KPIT multiple programs in the middleware, electric powertrain and connected vehicles domains

KPI1

Other Updates

Q3FY23

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KPIT – Thought Leadership



Unfolding Mobility at BQ Prime's FutureToday Summit

Future Today Summit, BQ Prime explores the potential of key sectors like mobility, defence manufacturing, energy and power generation as well as digital commerce.

On 14th October, Mr Ravi Pandit graced the stage to discuss how mobility is on the cusp of an industry-defining transformation. His talk also explored the shift towards software defined vehicles.

Exchanging Perspectives and Ideas on Software-Defined Vehicle and Future of Mobility at IZB, Germany



KPIT was honored to have the opportunity to participate in the event to share our innovations with visitors from all over the world. Experts from KPIT, received overwhelming response from all, with powerful insights & new approaches to technology.

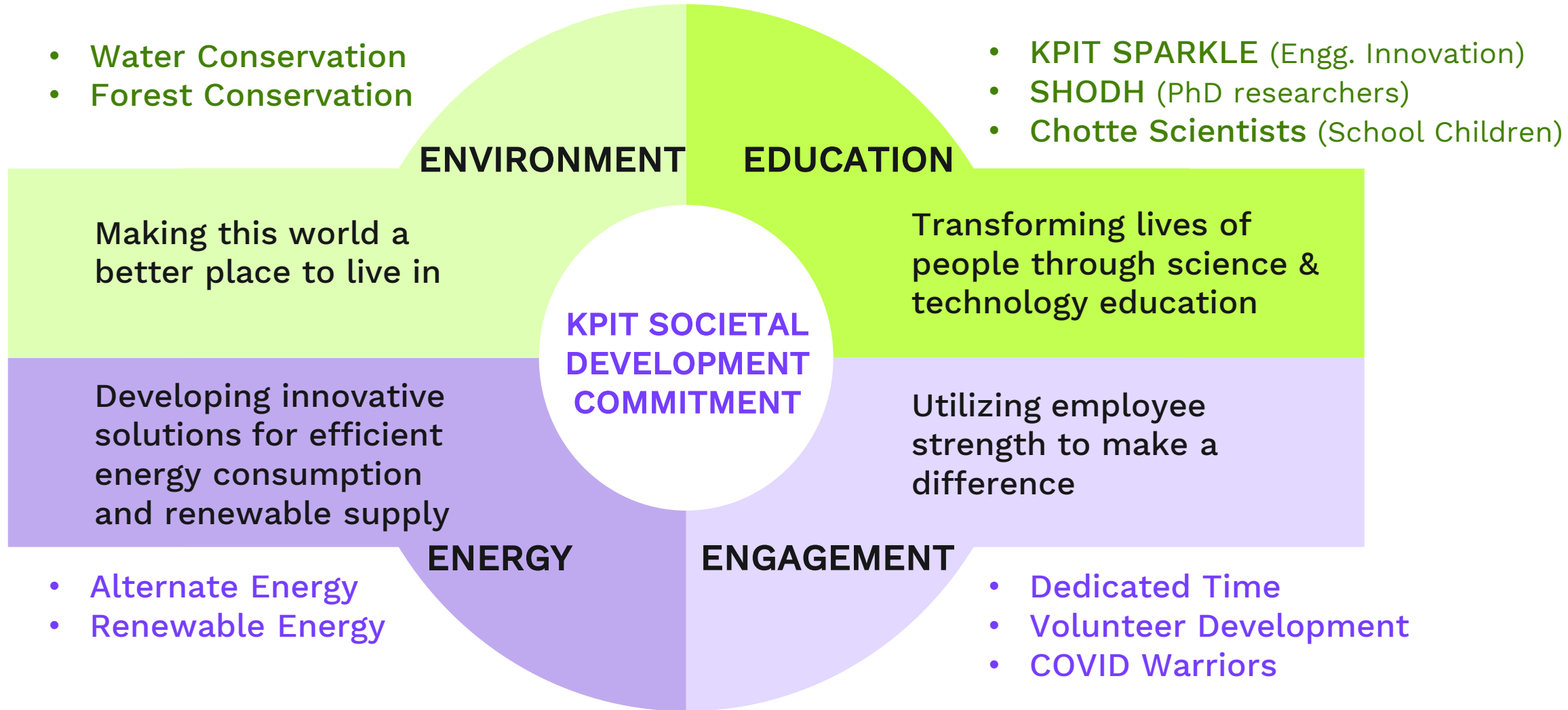
KPIT – Celebrating 20 years of partnership !!



KPIT and Cummins recently marked their 20th anniversary of partnership with celebrations at KPIT corporate office in Pune.

The evening was a memorable exchange of new ideas and thoughts, reflecting on the wonderful years of togetherness. In the last 20 years, KPIT has nurtured this relationship through technological innovation, engineering excellence, cross geography interactions & continuous learning and improvement. Together, we're paving the way towards a safer, smarter & sustainable world. And now on to many more such 20 years!

KPIT – Societal Development Commitment



KPIT is a Socially Responsible Corporate Citizen in each country it works

KPIT – KPITians from USA are helping make the world cleaner and greener

Recently, a spirited group of 40 KPITians, supported by family, made a collective difference at Yates Park in Rochester Hills, MI and the nearby Yates Cider Mill and Nature Trail.

The KPIT CSR team organized river cleaning event in partnership with the Clinton River Watershed Council Novi, Michigan. The team managed to fished out 30 bags of trash from the trail and the riverbanks.

These KPITians made it clear that their concern for the planet stretches far beyond what we do at KPIT.



KPIT – Generous donations from KPIT Thailand Employees

The CSR team at KPIT Thailand organized a donation drive recently and received an overwhelming response from KPITians in Thailand.

All the collected items were donated to the Baan Nokkamin Foundation in Thailand.

Overall, through our campaign, the team supported more than 300 children under the care of the foundation and partly some donated items will be converted into scholarships for the children.



KPIT

Financial & Operational Data

Snapshot

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Profit & Loss Account Snapshot

INR MN

DETAILS	Q3FY23	Q2FY23	Q3FY22
Revenue from Operations	9,171.15	7,448.32	6,223.67
Other Income	210.59	94.90	80.75
Total Income	9,381.74	7,543.22	6,304.42
Operating Expenses	7,472.50	6,066.69	5,073.92
EBITDA	1,698.65	1,381.63	1,149.75
Depreciation	404.05	327.41	311.57
EBIT	1,294.60	1,054.22	838.18
Finance Costs	82.82	70.31	44.83
Change in FMV of Investments	(29.37)	(1.92)	4.75
Profit Before Exceptional Items	1,393.0	1,076.89	878.85
Exceptional items	-	-	-
Profit/(loss) from equity accounted investee	0.74	14.36	(3.39)
PBT	1,393.74	1,091.25	875.46
Tax	353.17	255.60	172.37
PAT	1,040.57	835.65	703.09
Profit Attributable to owners of Company	1,004.90	834.80	700.10
Profit Attributable to non-controlling interest	35.67	0.85	2.99

Balance Sheet Snapshot

INR MN

ASSETS	Q3FY23	Q2FY23
<u>NON-CURRENT ASSETS</u>		
Property, Plant & Equipment	2,104.68	1,933.64
Right-of-use Assets	2,491.56	2,091.84
Other Tangible Assets	40.88	17.22
Goodwill & Other Intangibles	8,828.77	2,755.90
Other Non-Current Assets	1,500.08	1,484.50
TOTAL NON-CURRENT	14,965.97	8,283.10
<u>CURRENT ASSETS</u>		
Inventories	667.51	NIL
Cash and Cash Equivalents	7,235.42	9,624.20
Trade Receivables	6,262.91	3,982.13
Other Current Assets	2,091.19	2,516.20
TOTAL CURRENT	16,257.03	16,122.53
TOTAL ASSETS	31,223.00	24,405.63

EQUITY & LIABILITIES	Q3FY23	Q2FY23
Equity Share Capital	2,701.55	2,699.53
Other Equity	12,775.53	11,219.79
Equity attributable to owners	15,477.08	13,919.32
Non-controlling interests	232.13	193.13
TOTAL EQUITY	15,709.21	14,112.45
<u>NON-CURRENT LIABILITIES</u>		
Borrowings	NIL	NIL
Lease Liabilities	1,800.74	1,483.22
Other Non-Current Liabilities	1,233.02	1,182.67
TOTAL NON-CURRENT	3,033.76	2,665.89
<u>CURRENT LIABILITIES</u>		
Borrowings	493.43	NIL
Trade Payables	1,865.32	1,422.43
Lease Liabilities	467.14	372.66
Others	9,654.14	5,832.20
TOTAL CURRENT	12,480.03	7,627.29
TOTAL EQUITY AND LIABILITIES	31,223.00	24,405.63

Revenue Break-up

USD MN

Verticals*	Q3FY23	Q2FY23	Q3FY22	Q-o-Q	Y-o-Y
Passenger Cars	86.00	69.30	61.42	24.1%	40.0%
Commercial Vehicles	23.49	23.75	20.40	(1.1)%	15.1%

* The balance revenues come from others, which is not a big area as of now

Business Units#	Q3FY23	Q2FY23	Q3FY22	Q-o-Q	Y-o-Y
Feature Development & Integration	71.53	64.86	59.33	10.3%	20.6%
Architecture & Middleware Consulting	18.07	12.04	10.44	50.1%	73.0%
Cloud Based Connected Services	20.85	17.26	13.92	20.8%	49.8%

#Feature Development & Integration - Electrification, AD-ADAS, Body Electronics and VED

Architecture & Middleware Consulting – Middleware, AUTOSAR

Cloud Based Connected Services – Intelligent Cockpit, Digital Connected Solutions and Diagnostics

Geography	Q3FY23	Q2FY23	Q3FY22	Q-o-Q	Y-o-Y
US	35.39	34.81	30.43	1.7%	16.3%
Europe	56.96	41.11	35.12	38.6%	62.2%
Asia	18.10	18.24	18.14	(0.8)%	(0.2)%

P&L Metrics

	Q3FY23	Q2FY23	Q3FY22	Q-o-Q	Y-o-Y
Revenue by Contract Type					
Time & Material Basis	51.0%	53.5%	43.5%	11.8%	54.7%
Fixed Price Basis	49.0%	46.5%	56.5%	23.6%	14.5%
Clients					
Strategic Client Revenue	81.4%	85.4%	82.93%	10.7%	28.3%
Active Clients (Period End)	60	60	58		
Revenue per Devp. Employee USD	45,105	40,569	46,365		
R&D Expenditure (USD MN)	2.50	2.23	2.41		
EBITDA Margin	18.5%	18.5%	18.5%		
EBIT Margin	14.1%	14.2%	13.5%		
PAT Margin	11.0%	11.2%	11.2%		
Effective Tax Rate	25.3%	23.4%	19.7%		
EPS (Basic)	3.72	3.09	2.60		
EPS (Diluted)	3.68	3.06	2.56		

Currency wise revenues, Hedging Details

Currency wise revenue	Q3FY23	Q2FY23	Q3FY22
USD	35.0%	41.1%	37.8%
EUR	46.1%	35.4%	36.4%
GBP	5.6%	8.1%	5.0%
JPY	6.5%	6.9%	11.1%
INR	4.3%	5.9%	4.8%
Others	2.5%	2.6%	4.8%

O/s Hedge Details	Q3FY23
Hedge Rates	
USD/INR	81.47
EUR/INR	86.77
GBP/INR	100.92
JPY/INR	0.62
Hedge Amounts(Mn)	
USD/INR	44.25
EUR/INR	23.35
GBP/INR	5.65
JPY/INR	1,017

Headcount Data

Period End Headcount	Q3FY23	Q2FY23	Q3FY22	Q-o-Q	Y-o-Y
Development	9,795	9,284	7,220	-	-
Enabling & Sales	695	632	606	-	-
Total	10,490	9,916	7,826	-	-

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Contact Us

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Conference Call Details

Conference name : KPIT Technologies Q3 FY2023 Post Earnings Conference Call

Date : Wednesday February 01, 2023

Time : 1700 Hrs.

Participants : Mr. Kishor Patil, Co-founder, CEO & MD

Mr. Sachin Tikekar, President, Joint MD

Mr. Anup Sable, Whole-time Director & CTO

Mr. Chinmay Pandit, Whole-time Director & Head Americas

Mrs. Priya Hardikar, CFO

Mr. Sunil Phansalkar, Head-IR

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([choruscall.in](https://www.kpit.com/choruscall.in))

About KPIT Technologies

KPIT (BSE: 542651; NSE: KPITTECH), KPIT is a global technology company with software solutions that will help mobility leapfrog towards autonomous, clean, smart and connected future. With 9,000+ Automobelievers across the globe, specializing in embedded software, AI & Digital solutions, KPIT enables clients accelerate implementation of next generation mobility technologies. With development centers in Europe, USA, Japan, China, Thailand and India – KPIT works with leaders in mobility and is present where the ecosystem is transforming. ²⁵

For more information, visit <http://www.kpit.com>

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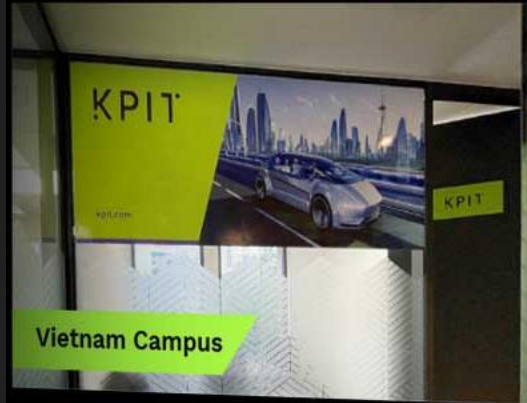


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THANK YOU !!



KPIT Technologies Ltd.

