

Q2 FY18 RESULTS

AXISCADES Engineering Technologies Limited

CIN NO : L72200KA1990PLC084435



AXISCADES

Inspired Solutions. By Design

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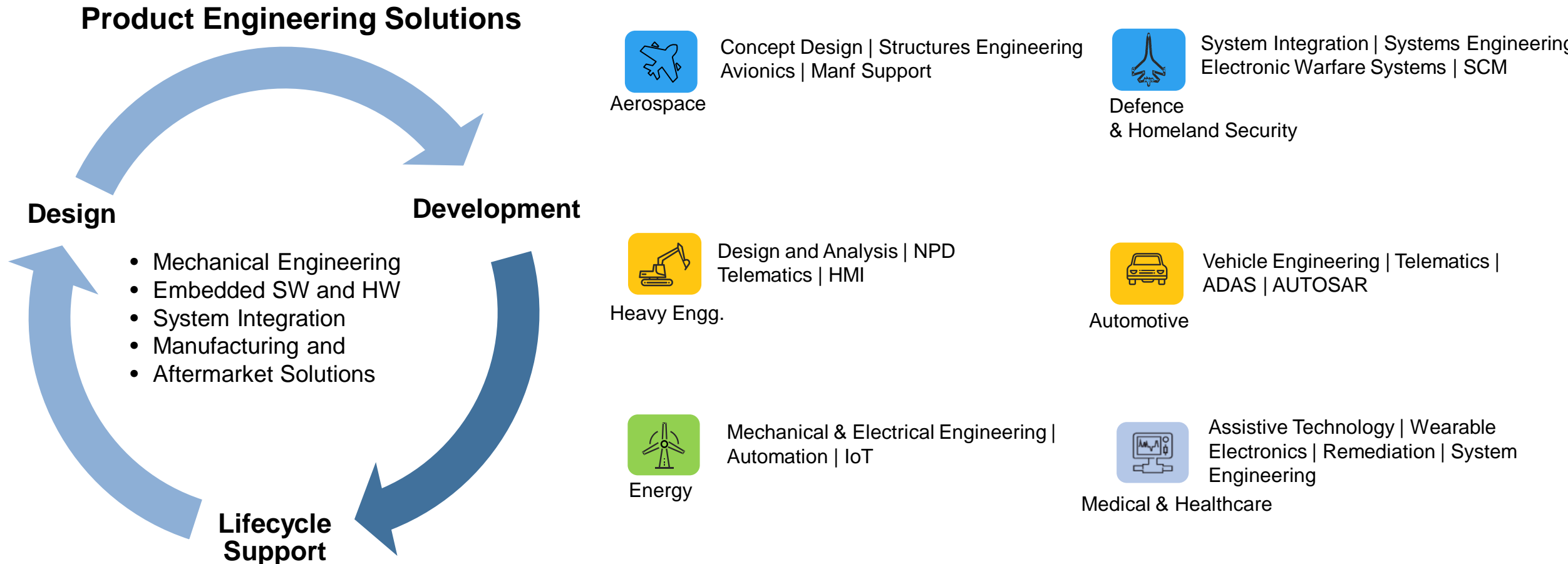
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AXISCADES Overview

AXISCADES is a leading Product Engineering Solutions company.



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

Commenting on the Q2 FY18 performance, Mr. Sudhakar Gande, Executive Vice Chairman, AXISCADES Engineering Technologies Ltd.,

“The second quarter of FY18 has been good for us. This is in line with our strategy to continue investing in development of competencies, verticals and focus on in-organic growth. This quarter we have seen increase in revenue across our Engineering vertical groups and key strategic accounts.

We are committed to drive operational efficiency and building competencies to address our customer needs.”

Mritunjay Singh appointed as New CEO

AXISCADES, India's leading Product Engineering Solutions Company announced on 12th December 2017 that its Board of Directors has appointed Mritunjay Singh as the Executive Director and Chief Executive Officer (CEO) of the company effective 2nd January 2018, subject to approvals.

Mritunjay Singh (Munjay) until recently was Executive Director and President of Persistent Services Business. He was the COO of the company responsible for operations across products, platforms and services. He was instrumental in strengthening the company's sales and delivery capabilities. He was driving the India government business as part of new market expansion. He turned around company's legacy business and put it on a growth path.

Financial Highlights Q2 FY18

- ❑ **Consolidated Total Income at INR 1,194 million vs INR 1,128 million in Q1 FY18, growth of 5.8%**
 - Engineering Design segment revenues at INR 1070 million as compared to INR 915 million last quarter, growth of 16.9%
 - PAT INR 9.2 million as compared to INR 0.5 million in Q1 FY18
 - EPS Rs. 0.21 as compared to Rs. (0.01) in Q1 FY18

Business Highlights

- ❑ Heavy Engineering & Industrial vertical sees good momentum with increased scope of engagement
- ❑ Added two customers in the quarter for Medical and Semiconductor account.
- ❑ Selected as supplier across divisions of a large Energy Fortune 500 global company
- ❑ Seeing positive trends in the Defence business. AXISCADES is in the final stage of contract negotiation for aircraft simulator.
- ❑ Acquisition of Mistral Solutions a Bengaluru-based specialized embedded technology company for Rs. 175 Cr. The acquisition to be completed in a phased manner will add significantly to AXISCADES' embedded practice and Make-in-India opportunities.

Consolidated Financials

Consolidated Financial Performance – Q2 FY18

Financial Performance

	Q2 18	Q1 18	Q2 17
Revenue from operations (\$ Million)	\$ 18.0	\$ 17.1	\$ 17.2
<i>In Million Rs</i>			
Revenue from operations	1,163	1,102	1,161
Other Income	31	26	18
Total Income	1,194	1,128	1,179
Employee Expenses	668	629	640
Direct Expenses	22	85	117
Project Consultancy Charges	201	115	92
Other expenses	227	216	190
Total expenses	1,118	1,045	1,038
Operating Income	76	83	141
PBT	14	2	69
PAT (Before Minority Interest)	9	0	38
PAT (After Minority Interest)	8	(1)	36
EPS	0.21	(0.01)	0.96
Operating Income %	6.4%	7.4%	12.0%
PBT %	1.2%	0.1%	5.9%
PAT % (After Minority Interest)	0.7%	0.0%	3.1%

Variance

Revenue from operations

- Revenue from operations in INR terms increased by 5.5% QoQ (5.3% QoQ in US\$ terms) , on the back of strong growth in the Engineering Services business

Total Expenses

- Total expenses increased by 7% Q-o-Q on account of increase in employee cost considering annual appraisal cycle, additional hiring in Heavy Engineering and Euro exchange rate impact
- Project consultancy charges has increased by INR 86 Mn. mainly on account of investment in Medical business

P&L Highlights

Key ratios (%)	Q2 FY 18	Q1 FY18	Q2 FY17
Total Income (Rs. Mn.)	1,194	1,128	1,179
Gross margin	29.0%	31.1%	30.3%
Selling expenses	6.7%	7.0%	7.0%
G&A expenses	16.0%	16.7%	14.8%
EBITDA Margin	6.4%	7.4%	12.0%
PBT margin	1.2%	0.1%	5.9%
PAT (Before Minority Interest)	0.8%	0.04%	3.2%
EPS (Rs.)	0.21	(0.01)	0.96

Note :

Gross Margin is calculated on Total Income

Revenue Segmentation

Revenue By Vertical (%)	Q2 FY18	Q1 FY18	Q2 FY17
Engineering Design Services	92.0%	83.0%	81.0%
Strategic Technology Solutions	8.0%	17.0%	19.0%

Revenue By Industry (%)	Q2 FY18	Q1 FY18	Q2 FY17
Aerospace	37.7%	37.0%	42.6%
Heavy Engineering & Others *	40.9%	33.5%	29.6%
Automotive and Industrial Products	4.8%	5.5%	4.7%
Energy	8.6%	7.0%	4.4%
Strategic Tech Solutions	8.0%	17.0%	18.7%

* Others includes Medical & Semiconductors

Operational Metrics

Revenue by Delivery Location	Q2 FY18	Q1 FY18	Q2 FY17
Onshore	54.0%	48.0%	47.0%
Offshore	46.0%	52.0%	53.0%

Revenue by Project type	Q2 FY18	Q1 FY18	Q2 FY17
Time and Material	53.0%	57.0%	49.0%
Fixed Price	47.0%	43.0%	51.0%

Revenue by Currency	Q2 FY18	Q1 FY18	Q2 FY17
USD	69.7%	63.5%	63.0%
EURO	15.0%	16.3%	23.3%
INR	5.9%	11.3%	3.9%
GBP	3.2%	3.5%	2.8%
CAD	6.2%	5.4%	7.0%

Consolidated Balance Sheet Snapshot

Particulars	30-Sep-17
	(INR Mn)
Net Worth	3028
Total debt	
- Long term loan	972
- Working Capital	691
Net debt (Total debts – Free Cash)	544
Trade payables	370
Fixed assets (Net of Depreciation)	1627
Capital work-in-progress	18
Cash and cash equivalents	1075
Trade receivables	1,357

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