



## Encouraging performance despite difficult Market environment Results Release

### Key Highlights

- *Q1 FY21 USD revenue at \$13.7 Mn (INR 1,063 Mn)*
- *Customer additions, continuing positive feedback and testimonials combined with negligible/ nil client losses gives comfort*
- *Thrust on efficiencies and cost control ensures double digit margins are maintained*
- *Portions of revenue and billing postponed due to significant disruption in the global supply chain on the customer front, however expected to close in the current fiscal*

### Bengaluru Sept 15, 2020

AXISCADES, a technology Company focusing on Product Engineering Solutions, serving Global OEMs announced its Q1 and FY21 financial results. The company's revenues for the quarter suffered owing to significant disruption caused by the pandemic. However despite a drop in revenue, AXISCADES saw several positives in the quarter - All the Company's large customers continue to be committed and supportive. In addition the maintaining of double digit margins consequent to its thrust on cost rationalisation over the last 18 months augurs well for the future. The company is recovering from the initial setback caused by the pandemic and apart from on-boarding new customers has also generated significant cashflows by optimizing its operations to better capitalize on its engagements.

Encouraging operating and financial performance in what has been an extremely challenging environment gives AXISCADES the confidence that it has in place a strong platform for sustained growth. Along with its significant capabilities, this platform has been further strengthened on the several initiatives taken across the business over the last two years.

## I. Performance Highlights:

### Q1 FY 21 vs Q1 FY 20

- Q1 FY21 USD revenues are 13.7 Mn (INR 1,063 Mn) against Q1 FY20 revenue of \$21.9 Mn (INR 1,544 Mn) down 38% in USD terms and 31% in INR terms

### Q1 FY 21 vs Q4 FY 20

- Q1 FY21 USD revenue at \$13.7 Mn (INR 1,063 Mn) against Q4 FY20 revenue of \$25.8 Mn (INR 1,924 Mn) down 47% in USD terms and 45% in INR terms
- **EBITDA Margin** for Q1FY 21 is 11.7%
- **Gross Debt** including ICD is 1264 ₹ Mn as on 30<sup>th</sup> June 2020 (Net Debt 294 ₹ Mn)
- **Cash Generated** from Operations ₹ 447 Mn

## II. Business Updates

- Onboarded 2 new customers in heavy engineering vertical.
- New Purchase Orders received in defence business
- Strong focus on acquiring and integrating end-to-end engineering services capabilities including Mechanical, Electrical, Electronics, and software capabilities.
- Further augmented the Digital Lab to offer enhanced POC and Prototyping capabilities in line with the customer demand.
- The Group is exploring and plans to tap on new opportunities arising out of the pandemic specifically in the transportation, healthcare and FMCG verticals.
- Sales footprint and market presence being expanded to offer new service lines to existing customer base and established offerings to new prospects.
- Successfully implemented WFH across all offices globally and consistently met client deliverables through a remote workforce. As of today, 80% of the workforce is working remotely.
- Optimised real estate costs in line with the new WFH normal.

### **Commenting on the results and outlook, Mr. David Bradley, Chairman of AXISCADES said:**

“There are critical elements that have been affecting the industry’s recovery. However, our diversified client base is ensuring that we have consistent revenue. Our teams are actively managing the cost base and our portfolio of services is well suited in the current context to help our clients cope with their challenges. Green shoots are emerging across all key verticals and that should help accelerate the recovery in the coming quarters.”

### III. Market Outlook for Key Industries:

#### **AEROSPACE**

- Sharp fall in air travel resulting in high deferments of planned aircraft deliveries, cancellations of new aircraft orders and prolonging existing backlog.
- Industry is set to focus more on MRO activities, refurbishments of older aircrafts and cargo conversions to enhance productive life of existing assets as opposed to new product development activities.
- Although innovation is a crucial focus area, new programs and designs are deferred by OEMs.
- Demand for smaller aircrafts and private jets are seeing an uptick.

#### **INDUSTRIAL**

- Poor end user demand has resulted in production stoppages and reduced factory activity which is causing a domino effect through the ecosystem that is surrounding the industry.
- Expected double down on investments across Industry 4.0 and automation initiatives to insulate against future concerns.

#### **DEFENCE**

- International and domestic defence production has been affected due to disruption in global supply chain.
- Geopolitical factors are keeping the demand for defence products fairly consistent.
- Atmanirbhar Abhiyan is further set to boost the Indian Defence production in a significant way.

### IV. Operations By Region.

**Europe** (28% of Group revenues) declined by 14%, primarily due the slowdown in the aerospace industry

**North America** revenues (54% of Group revenues) increased by 18% in Q1 FY 21

**Asia-Pacific** region (contributing 18% of Group revenues) declined by 3%

### V. Operations By Business

**Strategic Technology Solutions** – During the quarter Strategic Technology solutions registered a revenue of INR 156 Mn and accounted for 15% of the Group's revenue. The delivery timelines has been extended due to the lockdown and supply chain disruption but is expected to close in the current fiscal.

**Aerospace** – Due to reduced air travel, there are high deferments, cancellations of new orders and high existing backlog in the aerospace industry. Despite the turbulence in the sector, AXISCADES registered a revenue of INR 310 Mn but there was an overall decline of 43% compared to Q4 FY20.

**Heavy Engineering** – The segment grew by 8% over the previous quarter largely on account of new customer acquisitions and increased engagements with existing customers (total revenue of INR 525 Mn).

## **VI. COVID 19 Update – Proactively Navigating COVID & Beyond**

AXISCADES deployed work-from-home across its activities worldwide and thus quickly implemented the business continuity plans for its clients that were prepared well in advance. The Group has demonstrated its agility by being able to continue its services without disruption for our clients. The Group successfully implemented WFH across all offices globally and consistently met client deliverables through a remote workforce. As of today, 80% of the workforce is working remotely.

## **VII. Customer feedback**

The Company saw several positives in the quarter and its dedication to being a customer centric company saw it receive several positive feedback from its existing customers. The team has gone over and beyond to deliver customer success during the pandemic and has received several commendations from its customers in the heavy engineering, aerospace and defence domains

### **About AXISCADES Engineering Technologies**

AXISCADES is leading technology solutions company focussing on global ER&D sector and strategic technology markets. The Group is at the cutting edge of R&D to address the futuristic needs of its clients in the evolving world of digital, innovation and technology. Building on its 2,000 engineers worldwide and deep industry-specific expertise, AXISCADES enables organizations to materialize their business ambitions through a range of innovative services from strategy to operations. Headquartered in Bengaluru, AXISCADES has 14 engineering centres worldwide including North America, Europe and Asia.

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