

November 18, 2020

The Manager
Listing Department
BSE Limited
Phirozee Jeejeebhoy Tower,
Dalal Street
Mumbai 400 001
BSE Scrip Code: 532395

The Manager
Listing Department
The National Stock Exchange of India Limited
Exchange Plaza, 5 Floor, Plot C/1, G Block
Bandra – Kurla Complex, Bandra(E),
Mumbai 400 051
NSE Symbol: AXISCADES

Dear Sir,

Sub: Press Release – Q2FY21 Results

With reference to the captioned subject, please find enclosed the Press Release with respect to Q2FY21 Results.

This is for your information and necessary records.

Yours faithfully,
For **AXISCADES Technologies Limited**
(formerly **AXISCADES Engineering Technologies Limited**)



Shweta Agrawal
Company Secretary

AXISCADES Technologies Limited
(formerly **AXISCADES Engineering Technologies Limited**)
CIN No.: L72200KA1990 PLC084435



Robust results driven by strong operating performance

Results Release

Key Highlights

- Q2 FY21 INR revenue at 1,431 Mn (34.6 % growth Q-o-Q)
- New customers on-boarded; key partnerships forged in the transportation segment with niche companies and to leverage upcoming opportunities in Strategic technologies.
- EBITDA margin for Q2 FY21 at 14.8% (310 bps improvement) driven by a combination of topline growth and better operating efficiencies
- Cash in hand at a historical high of INR 866 Mn

Bengaluru, Nov 18, 2020

AXISCADES, a technology Company focusing on Product Engineering Solutions, serving Global OEMs announced its Q2 FY21 financial results. The company has posted a robust performance reflected in a 34.6% growth in Revenues primarily on the back of a strong performance in the strategic technology business. Despite a challenging macro environment in which the Company's largest vertical; aerospace continues to be under pressure, the AXISCADES leveraged its established capabilities and continuing thrust on cost rationalisation to significantly enhance its EBITDA margins and cashflow generation on both a corresponding and sequential quarter basis.

I. Performance Highlights:

Q2 FY 21 vs Q1 FY 21

- Q2 FY21 **revenues** are INR 1,431 Mn against Q1 FY21 revenue of INR 1,063 Mn, reflecting a growth of 35% in INR terms primarily driven by performance in strategic technology business.
- **EBITDA Margins:** 310 bps improvement in EBITDA margins to 14.8%
- **Profit before taxes and before exceptional items for Q2FY21 stands at Rs 87Mn**

H1 FY 21 vs H1 FY 20

- H1 FY21 revenue at INR 2,495 Mn against H1 FY20 revenue of INR 3,122 Mn a decline of 20% in INR terms primarily on account of the ongoing pandemic

- Despite decline in revenues, EBITDA margins improved by 162bps to 13.5% owing to cost rationalization measures undertaken over the last few months
- **Cash in hand** at a historical high of INR 866 Mn owing to substantial cash flow generation
- Recognized INR 440 Mn as goodwill impairment on the investment in Mistral and a gain of INR 230 Mn on the contingent consideration payable resulting in a net impact of INR 210 Mn

II. Business Updates

- Onboarded four new customers in Heavy Engineering and Transportation vertical
- Received new Purchase Orders from defence OEMs, despite the current market conditions.
- Launched three new products – Elevated Skin Temperature Sensor, Social Distancing Application and Remote Operations Desk, from the recently established Digital Lab aimed to provide comprehensive solution to Clients in the prevalent conditions.
- The first product is ‘WecareEST’ - an Elevated Skin Temperature Sensor, a non-touch skin temperature measuring device with Web and Mobile Applications. The second product is a Social Distancing Application, a video analysis-based application that indicates any violation of specified social distance. And the third product is a Remote Operations Desk which enables the monitoring and control of operations of a factory environment from remotely located Desktop. The products are undergoing Beta test and will be available for deployment soon.
- Exploring new opportunities arising out of the pandemic specifically in the transportation and healthcare sectors
- Expanding the sales footprint to take advantage of prospects opening up in new service lines.
- Forged partnerships with niche companies to address upcoming opportunities in Strategic technologies.

Commenting on the results and outlook, Mr. David Bradley, Chairman of AXISCADES said: *“Given the market scenario, our teams have done well to cushion the group from the impact Covid-19 has had across the industry. We are in a good position to capitalize on the opportunities that are ahead of us. We have expanded our portfolio of services to be closer to market needs and our clients are fully appreciative of the support we have been extending through the pandemic.”*

I. Operations By Region H1 FY21 vs H1 FY20

Europe (36% of revenues) declined by 5%, primarily due the slowdown in the aerospace industry

North America revenues (40% of revenues) increased by 1%

Asia-Pacific region (contributing 17% of Group revenues) increased by 2%

III. Operations By Business

Aerospace – Lockdowns and consequent travel restrictions have severely impacted the sector, thereby leading to cancellation of new orders. Manufacturing plants too are either shut down for a few days in a week or are operating at lower capacity utilisation. Despite the turbulence in the sector, AXISCADES registered a revenue of INR 287 Mn though this was an overall decline of 9.6% compared to Q1 FY21.

Strategic Technology Solutions – During the quarter Strategic Technology solutions registered a revenue of INR 507 Mn and accounted for 35% of the revenues.

Heavy Engineering – Despite the pandemic, this business segment during Q2FY21 maintained its revenues at similar levels compared to the immediately previous quarter.

IV. Market Outlook for Key Industries:

AEROSPACE

- Commencement of domestic air travel offers impetus to demand but fear of 2nd wave of pandemic and border closures continue to affect international travel.
- Air Cargo continues to strengthen month on month.

DEFENCE

- Defense contractors experiencing slowing demand and a flattening of the growth curve over the long term as national governments seek to reduce deficits and control expenses.
- Atmanirbhar Abhiyan and Defence Acquisition Procedure (DAP) 2020 are set to boost the Indian Defence production.
- Embargo on import of 101 items offers a definite opportunity for private Defence companies in the India.

INDUSTRIAL

- Manufacturers are increasingly turning their focus on aftermarket services, to enhance customer satisfaction and increase revenue-generating opportunity.
- Industry is keen on investments towards digital and automation initiatives to insulate against future concerns.

II. COVID 19 Update – Proactively Navigating COVID & Beyond

AXISCADES' foremost priority is in ensuring the health and safety of its employees. Towards this objective the Group has taken several initiatives including WFH, enhanced cleaning and social distancing measures within its office premises.

For its customers, the Company has offered free tools created by its own teams that has help them mitigate some of the risks of COVID. For example, the AXISCADES team created a social distancing detector tool that uses AI and vision based applications to keep tabs and issue warnings to those who violate social distancing norms. These initiatives are a reflection of the teams' agility and being able to proactively respond to macro challenges and minimise disruption for its clients.

III. Name change

In alignment with its vision of being a leading technology solutions provider, the Company changed its name from AXISCADES ENGINEERING TECHNOLOGIES LIMITED to AXISCADES TECHNOLOGIES LIMITED effective November 10, 2020.

About AXISCADES 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 delivery centres worldwide including North America, Europe and Asia.

For further information, please contact:

A Srinivas

AXISCADES Technologies Ltd.

(formerly AXISCADES Engineering Technologies Ltd)

Kirloskar Business Park, Block 'C', 2nd Floor,
Hebbal, Bangalore – 560 024, India

Tel: +91 80 4193 9000

Email : investor.relations@axiscades.com

Gavin Desa / Rishab Barar

CDR, India

Floor 3, Raj Mahal Bldg., V N Road
Road, Churchgate, Mumbai 400 020

Tel: +91 22 6645 1237 / 1235

Email: gavin@cdr-india.com

rishab@cdr-india.com
