



Q3 FY17 RESULTS

AXISCADES Engineering Technologies Limited

CIN NO : L72200KA1990PLC084435

Certain statements in this communication may be considered as 'forward looking statements' within the meaning of applicable laws and regulations. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Important developments that could affect the Company's operations include changes in the industry structure, significant changes in political and economic environment in India and overseas, tax laws, import duties, litigation and labour relations.

AXISCADES Engineering Technologies Limited (ACETL) will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

Vice Chairman's Message

Key Highlights – Q3 FY7

Consolidated Financials

Revenue Segmentation

Proforma Financials

Annexures

Note: Consolidated performance for Q3 FY17 & 9M FY17 includes the performance of AXISCADES Aerospace and Technologies, a 100% subsidiary of ACETL. Hence prior period financials are not strictly comparable.

Commenting on the Q3 FY17 performance, Mr. Sudhakar Gande, Executive Vice Chairman, AXISCADES Engineering Technologies Ltd., "We are happy to have closed the ACATL acquisition this quarter and reported consolidated numbers. The acquisition is highly synergistic for our Aerospace & Defence business growth thus expanding our target addressable market. ACATL's strong technical capabilities in Electronics, Software simulation and System Integration will help us deepen existing relationships with cross-sell opportunities across our target industries, while also enhancing our marquee client base. The transaction will create long term, sustainable value enhancement for all shareholders.

With the combined offering of Product Engineering and Technology solutions, AXISCADES is better positioned to address large domestic and global programs. Expanding our product solution offerings, AXISCADES has signed MOU and Cooperation agreement with DroneVolt and VRM; international companies and market leaders in areas of Drone systems and Aircraft Simulation.

We continue to see expansion of our projects in our Airbus ODC specifically in the areas of new aircraft platform from Design to Manufacturing Engineering and after-market support. This reflects our commitment to supporting transformation through engineering solutions.

We will continue to make investments to grow our business organically while our balance sheet provides us the strength to scout for inorganic opportunities in select areas like embedded electronics, medical devices, product lifecycle management, etc to expand our solution offerings and value proposition to clients. We are seeing good traction and have a good pipeline building across all segments."

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Merger Highlights

- ❑ AXISCADES Engineering Technologies Limited (ACETL) has completed the acquisition of AXISCADES Aerospace and Technologies Private Limited (ACATL).
- ❑ ACATL's strong technical and domain expertise combined with proven global delivery capability will help us deepen existing relationships with cross-sell opportunities, while also enhancing our marquee client base.
- ❑ On 9M basis company has added 921 Million INR to the top line adding 35% to its existing base.
- ❑ On 9M and 3M basis the EBITDA of the acquired company stands at 13% and 20.8% respectively

Financial Highlights Q3 FY17

- ❑ **Total Income at Rs 1097 Million (923 Excluding Acquisition) vs 937 Million in Q2 FY17**
 - ✓ Excluding Acquisition total income is down by 1.5%, mainly impacted by revenue decline from in large heavy engineering clients.
- ❑ **EBITDA at Rs. 98 million; EBITDA margin at 8.9% (6.5% Excluding acquisition)**
 - ✓ Impacted primarily on account of lower revenue base and wage hikes, offsetting benefits of reduction in outsourcing expense.

Business Highlights

- ❑ Added 3 new customers in Aerospace, one each in Middle east, North America and Europe.
- ❑ Signed MoU with Drone Volt to jointly address the growing market for drones in the Indian defense and aerospace sector.
- ❑ Signed MoU with E2M Technologies jointly address the requirements for full flight and full mission simulators in the Indian Aero and Defence sectors
- ❑ Signed industrial cooperation agreement (ICA) with Virtual Reality Media, to evaluate opportunities for full flight simulator and to address the requirements for Russian platforms, such as the Dornier 228 aircraft.



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Consolidated Financials

Financial Performance

	9M FY17	9M FY16
Revenue from operations (\$ Million)	\$ 55.8	\$ 42.8
In Million Rs	-	-
Revenue from operations	3,749	2,764
Total Income	3,765	2,795
Employee Expenses	1,912	1,710
Direct Expenses	575	-
Project Related Expenses	290	207
Other expenses	630	466
Total expenses	3,408	2,383
EBITDA	357	412
PBT	210	327
PAT (After Minority Interest)	116	210
EPS	3.08	7.72
EBITDA %	9.5%	14.7%
PBT %	5.6%	11.8%
PAT % (After Minority Interest)	3.1%	7.5%

Note: Consolidated performance for 9M FY17 includes the performance of AXISCADES Aerospace and Technologies, a 100% subsidiary of ACETL. Hence prior period financials are not strictly comparable.

Highlights

Total Income

□ Total income increased 35% YoY led largely by the merger of ACATL

EBITDA

□ 9M FY17 - EBITDA excluding merger stands at 8.3% vis a vis 14.7% in previous year. Decline in EBITDA is on account of lower revenue and investments in leadership hiring.

□ 9M FY17 – ACATL EBITDA stands at 13.0%

Financial Performance

	Q3 17	Q2 17	Q3 16
Revenue from operations (\$ Million)	16.2	14.0	14.7
In Million Rs	-	-	-
Revenue from operations	1,097	936	966
Total Income	1,103	937	977
Employee Expenses	633	613	592
Direct Expenses	68	-	-
Project Related Expenses	85	92	96
Other expenses	218	152	145
Total expenses	1,004	857	833
EBITDA	98	80	144
PBT	38	63	118
PAT (After Minority Interest)	19	34	75
EPS	0.53	1.26	2.76
EBITDA %	8.9%	8.5%	14.7%
PBT %	3.5%	6.7%	12.2%
PAT % (After Minority Interest)	1.7%	3.7%	7.7%

Note: Consolidated performance for Q3 FY17 includes the performance of AXISCADES Aerospace and Technologies, a 100% subsidiary of ACETL. Hence prior period financials are not strictly comparable.

Highlights

Total Income

- Revenue grew by 17.3% QoQ, mainly on account of ACATL merger
- Excluding Acquisition total income down 1.5%, Mainly impacted by revenue decline particularly in large heavy engineering clients.

EBITDA

- EBITDA grew by 23.7% QoQ, aided by the ACAT merger
- Excluding merger, EBITDA margin reduced by 2.1% sequentially due to lower revenue.

Particulars (Rs. million)	31-Dec-16	31-Mar-16
Net Worth	2,873	1,577
Total debt	796	273
- Long term loan	329	-
- Working Capital	467	273
Trade payables	388	183
Fixed assets (Net of Depreciation)	878	224
Cash and cash equivalents	399	335
Trade receivables	1,148	842

Note: Consolidated balance sheet for 31-Dec-16 includes the performance of AXISCADES Aerospace and Technologies, a 100% subsidiary of ACETL. Hence prior period financials are not strictly comparable.

Key ratios (%)	9M FY17	Q3 FY17
Gross margin	30.5%	32.0%
Selling expenses	6.6%	7.5%
G&A expenses	14.4%	15.6%
EBITDA Margin	9.5%	8.9%
PBT margin	5.6%	3.5%
PAT (After Minority Interest)	3.1%	1.7%
EPS (Rs.)	3.08	0.53

Revenue By Vertical (%)	9M FY17	Q3 FY17
Engineering Design Services	75.7%	83.7%
Strategic Technology Solutions	24.3%	16.3%

Revenue By Geography (%)	9M FY17	Q3 FY17
Americas	27.3%	31.9%
Europe	40.1%	45.5%
APAC	32.6%	22.6%

Revenue By Industry (%)	9M FY17	Q3 FY17
Aerospace and Strategic Tech Solutions	63.5%	59.1%
Heavy Engineering	28.0%	31.1%
Automotive and Industrial Products	4.5%	4.8%
Renewable Energy	4.0%	5.0%

In INR Millions

Particulars	FY '16	9M '17	3Q '17
Total Income*	5,297	3,765	1,103
- ACET Consol (Ex ACAT)	3,775	2,851	923
- ACAT	1,522	921	190
- ELIM/ Regrouping	-	(7)	(10)
Total Cost	4,578	3,409	1,005
- ACET Consol (Ex ACAT)	3,219	2,615	864
- ACAT	1,358	801	151
- ELIM/ Regrouping	-	(7)	(10)
Total EBITDA	719	356	98
- ACET Consol (Ex ACAT)	555	237	59
- ACAT	164	119	40
EBITDA Margin	13.6%	9.5%	8.9%
- ACET Consol (Ex ACAT)	14.7%	8.3%	6.4%
- ACAT	10.8%	13.0%	20.8%

* Total Income from operations as mentioned in Financial statement as per Regulation 33 of the Listing Regulations

AXISCADES Engineering Technologies Limited (AXISCADES) is one of India's leading engineering solutions providers, catering to the futuristic needs of Aerospace, Heavy Engineering, Automotive and Industrial Production sectors.

AXISCADES has been formed through the convergence of two entities – Axis-IT&T (Engineering services for Heavy Engineering and Industrial Products) and CADES (Engineering services for Aerospace and Automotive domains) – to leverage on their processes, technology and customer relationships. Recently AXISCADES has completed acquisition of AXISCADES Aerospace and Technologies Private Limited (ACATL).

Based in Bangalore, AXISCADES has offices worldwide including North America, Europe and Asia. With over nearly three decades of experience in engineering excellence and unparalleled domain expertise, a passion to challenge the status quo, AXISCADES is best suited to become the first choice partners to global OEMs across the world.

For further information, please contact:

Kaushik Sarkar

AXISCADES Engineering Technologies Ltd.
Kirloskar Business Park, Block 'C', 2nd Floor, Hebbal,
Bangalore – 560 024, India
Tel: +91 80 4193 9000
Email : investors.relations@axiscades.com

Gavin Desa / Varun Divadkar

CDR, India
Floor 2, Motlibai Wadia Bldg, Horniman Circle, Fort,
Mumbai 400 001
Tel: +91 22 6645 1237 / 1211 / 1222
Email: gavin@cdr-india.com / varun@cdr-india.com



Annexures

Key Terms	Explanation
Operating Margin	Earning before Interest and taxes is calculated from Financial statement as per Regulation 33 of the Listing Regulations, Profit from operations before other income, finance costs & exceptional items + Depreciation, Divided by Total Income from Operations.
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



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Thank You