

October 19, 2022

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400001.

National Stock Exchange of India Ltd.,
Exchange Plaza, C/1, G Block,
Bandra - Kurla Complex, Bandra (E),
Mumbai - 400051.

Scrip ID: KPITTECH
Scrip Code: 542651

Symbol: KPITTECH
Series: EQ

Kind Attn: The Manager,
Department of Corporate Services

Kind Attn: The Manager,
Listing Department

Subject: - Investor Update - Q2 FY 2023.

Dear Sir / Madam,

Please find enclosed the investor Update - Q2 FY 2023.

Kindly take the same on your records.

Thanking you.

Yours faithfully,

For **KPIT Technologies Limited**

Nida Deshpande
Company Secretary & Compliance Officer

Encl.: - As mentioned above.

KPIT

Reimagining Mobility *with YOU*

October 19, 2022

Investor Update Q2FY2023

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

KPI1

Performance Overview

Q2FY23

Reimagining Mobility *with YOU*

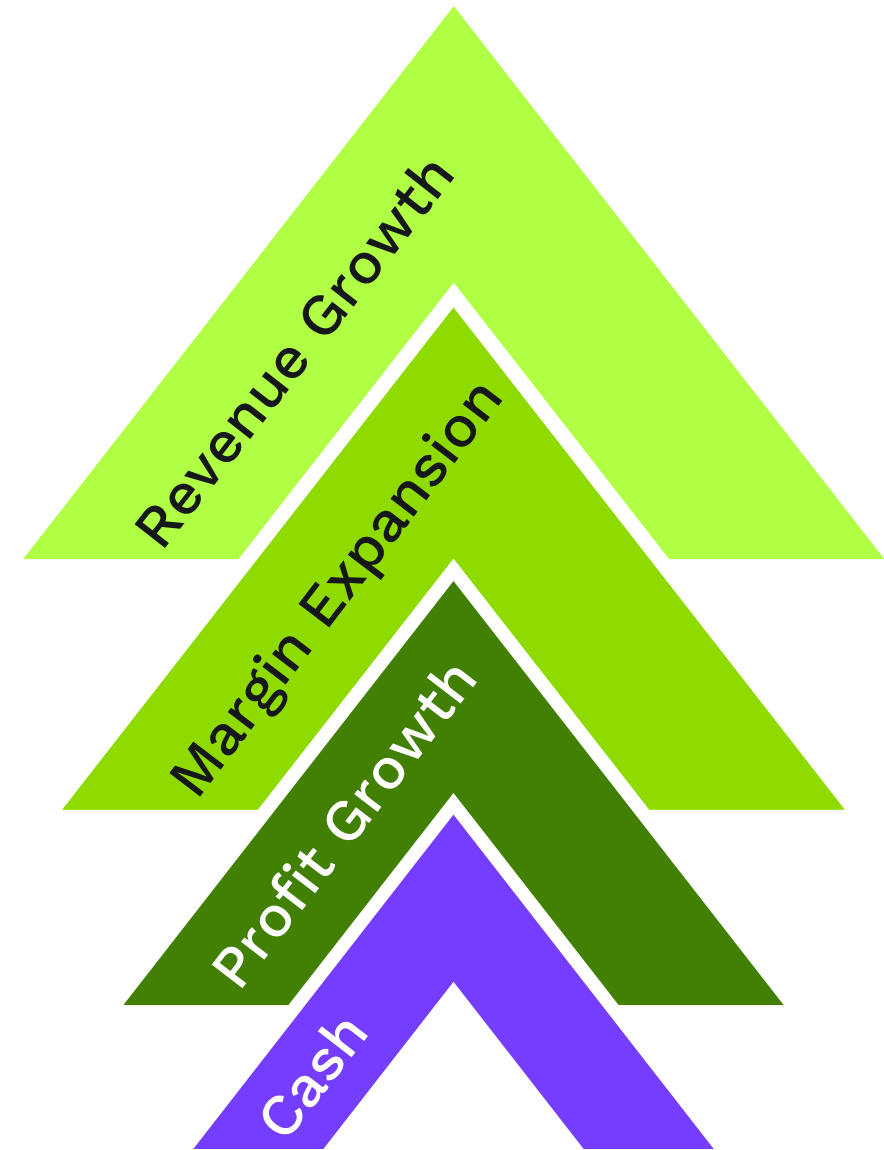
Performance Overview Q2FY23

Q2FY23 CC Revenue grows 27% YoY
FY23 CC revenue growth outlook increased to 31% - 32%

- 1 Q2FY23 Revenue** CC Revenue Growth of 27% Y-o-Y, 8.3% Q-o-Q
\$ Revenue Growth of 17.2% Y-o-Y and 4.8% Q-o-Q
- 2 Q2FY23 Profit** EBITDA growth of 33% Y-o-Y
Net Profit growth of 28% Y-o-Y
- 3 FY23 Outlook** FY23 Organic Growth outlook increased to 23%+
against 18%-21% earlier.
EBITDA margin outlook increased to 18.5%-19.0%
- 4 Deals & Pipeline** Revenue Pipeline at all time high
TCV of \$ 142 million won during the quarter

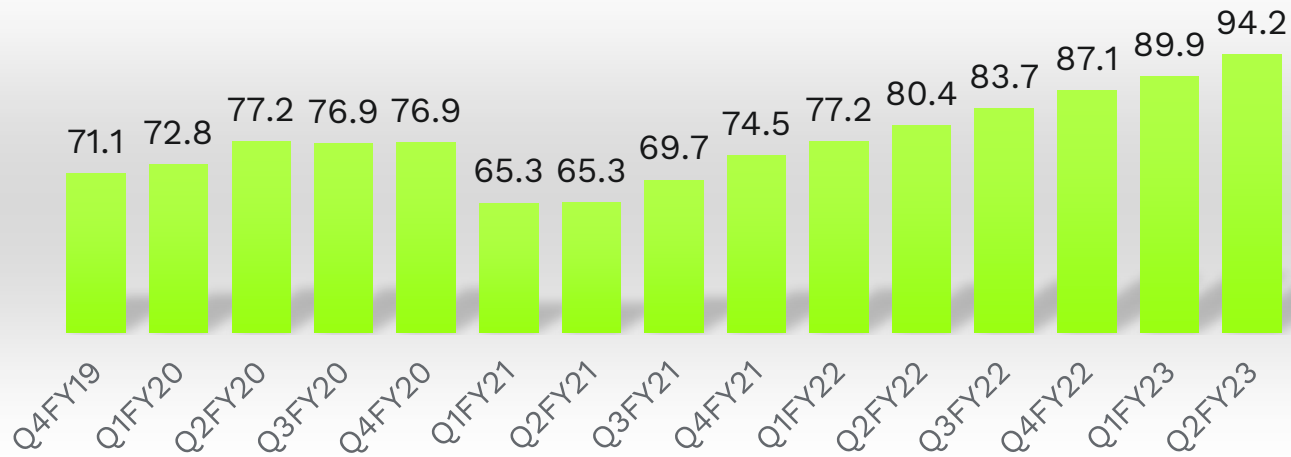
Performance Highlights

- 01** Sequential CC growth of 8.3% led by Digital Connected Solutions and Electric Powertrain domains. Growth led by Commercial Vehicles vertical. Higher cross currency impact. Pipeline continues to grow stronger, at all time high.
- 02** EBITDA impact of 90 bps post wage hikes in the quarter (gross impact of wage hikes ~ 300bps). Fresher additions and cross-currency headwinds impact continues. Operating efficiency, net realization improvement and revenue growth helped reduce impact on reported margins
- 03** Lower other income to the tune of ₹ 58 million (₹ 94.9 in Q2FY23 vs ₹ 152.9 in Q1FY23) on account of translation related foreign exchange losses resulting mainly from rupee depreciation/appreciation against the USD/Euro
- 04** Net Cash at quarter end stood at ₹ 9.6 billion post dividend payout. DSO at 48 days. Purchase of KPIT shares worth ₹ 220 million for ESOP Schemes by Employee Welfare Trust, during the quarter

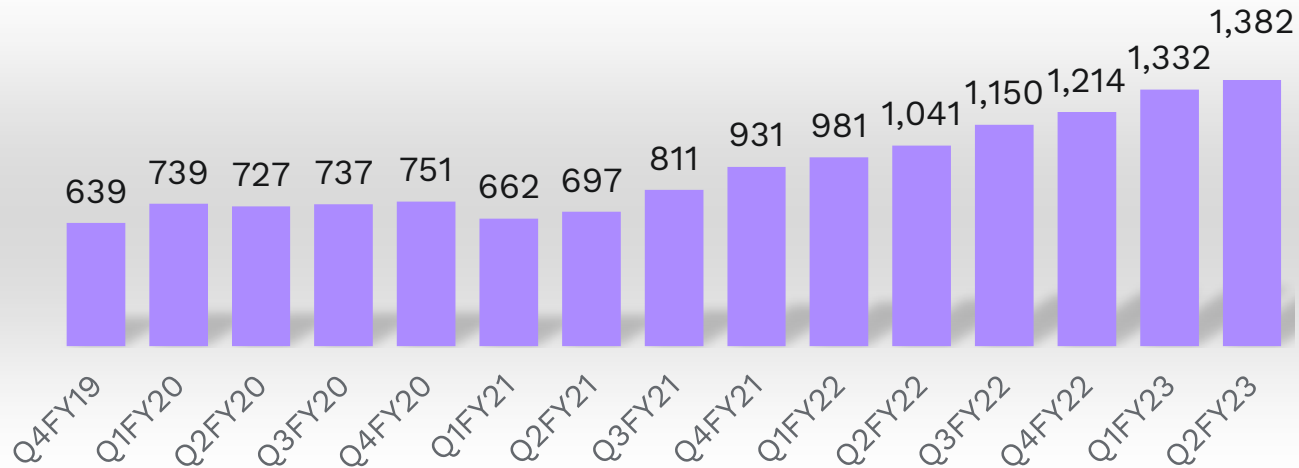


Additional facts - timeseries

Revenue \$ M



EBITDA ₹ M



Consistent Performance

9 Consecutive Quarters
of Steady Revenue Growth

9 Consecutive Quarters
of Steady EBITDA Growth

Management Quotes



Kishor Patil, Co-founder, CEO and MD, KPIT said,” Software is at the heart of the transformation that the mobility industry is witnessing. KPIT’s position as a leader in this transformation is leading to consistency in performance and long-term visibility of growth. Q2FY23 performance has been better than expectations. We have a healthy pipeline with a couple of mega engagements expected to get closed in the coming 3-4 months. We have thus raised our FY23 growth outlook to 31%-32%. The organic growth outlook is 200+ bps higher than the higher end of the 18%-21% outlook at the beginning of the year”.



Sachin Tikekar, President and Joint MD, KPIT said,” Vehicle makers are investing heavily to develop Software Defined Vehicles (SDVs) of tomorrow. This calls for deep domain expertise and software competence, which KPIT brings to the table. We are seeing the result of this and thus witnessing increased traction with our Strategic Clients. The supply side constraints are gradually moving in the right direction with attrition numbers consistently on the decline. We are very excited with the addition of Technica to the KPIT family with the closing effected in October 2022”.

Cash Flow – Major Movement

INR Million



Cash and Cash Equivalents break-up	₹ M
In Investment Accounts (in India)	4,561
In Investment Accounts (outside India)	1,910
In Operating Accounts	3,153
TOTAL	9,624

NET CASH (INR Mln)	Q2FY23	Q1FY23
Gross Cash	9,624	10,627
Long Term Debt	NIL	NIL
Short Term Debt	NIL	NIL
NET CASH	9,624	10,627



DSO Q2FY23 end : 48 Days

New Engagements

TCV of new engagements won during the Quarter : \$ 142 million



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



A leading European Car Manufacturer awarded KPIT a strategic engagement in the electric powertrain domain



A leading American Commercial Vehicle Manufacturer selected KPIT for a multiyear engagement in the powertrain domain



A leading Asian Car Manufacturer selected KPIT for a strategic program in the connected domain



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

KPII

Strategic Update

Q2FY23

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KPIT and Technica Engineering join forces to accelerate the transformation towards Software-Defined Vehicle (SDV)

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Technica specializes in production-ready system prototyping (combination of network system architecture, hardware prototyping, integration), automotive ethernet products, & tools for validation. It is headquartered in Munich with presence in Spain, Tunisia, and US, with a team of 600+ engineers.

Technica Engineering's deep understanding of vehicle networks and expertise in production-ready system prototyping will provide our clients immense value. This creates excellent synergies with KPITs' extensive software competence and across-the-stack expertise unmatched in the industry

We have common strategic clients & we get access to some leading disruptor mobility tech companies

Technica Closure

- The Technica Deal is now closed, and we expect full quarter revenues to be consolidated into KPIT in Q3FY23.
- As stated earlier, Technica has an Annual Revenue run-rate of Euro 42 – 43 million with EBITDA margins in the 20% range
- In H2FY23 we will have certain non-recurring deal related expenses which are factored while arriving at the EBITDA Margin outlook for FY23
- We will now focus on sales and delivery integration, common go-to-market and enabling function integration.

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FY23 Outlook

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FY23 – Outlook



CC Revenue Growth : 31% to 32%

Organic growth outlook 23+% as against 18%-21% earlier. Broad-based organic growth across practices, led by Strategic Clients. Reported \$ growth will be impacted adversely due to cross currency headwinds

EBITDA Margin : 18.5% to 19%

Improvement in net realization. High Growth leveraging fixed costs. Focus on productivity improvement

People

Supply side pressures, albeit easing out, will continue to a certain extent in FY23. Focus on Talent development and retention. Increments, promotions higher than average.

Investments

Technology led R&D Investments, Market facing investments, total 3+% of revenue

KPI1

Other Updates

Q2FY23

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KPIT – Thought Leadership

KPIT **COMVEC**
REIMAGINING
COMMERCIAL VEHICLES
of the Future!
Engineering and Software
Partner to the Commercial
Vehicle Industry

KPIT as Sponsor at SAE
COMVEC 22, USA

COMVEC
On-highway | Off-highway | Defense
September 20-22, 2022
Indianapolis, Indiana

Wish you could design a sustainable & connected future?
ATTEND NASSCOM'S DESIGN & ENGINEERING SUMMIT '22

Designing A Sustainable, Connected Future
Sustainable Mobility for a Better Tomorrow: From Theory to Practice

François Dossa
Executive Director, Strategy and Sustainability, Jaguar Land Rover

Kishor Patil
Co-founder, Managing Director, and CEO, KPIT

VIRTUAL SEPT 12
REGISTER [NASSCOM.IN/ENGINEERINGSUMMIT/](https://nasscom.in/engineeringsummit/)

A fireside chat show with JLR guest on “Sustainable Mobility” - NASSCOM

aws **AUTO ACCELERATE 2022**

KPIT
acceleration towards software defined vehicles
15+ PARTNERS
30+ COUNTRIES
Let's TALK!

KPIT invited to speak on **Software Defined Vehicles**

KPIT **PATHPARTNER** **AutoSens**

We were invited to speak at **AutoSens, Brussels**

PRODUCTION ENabler AND SPECIAL ALGORITHMS FOR IMAGING RADAR

See More... ▶

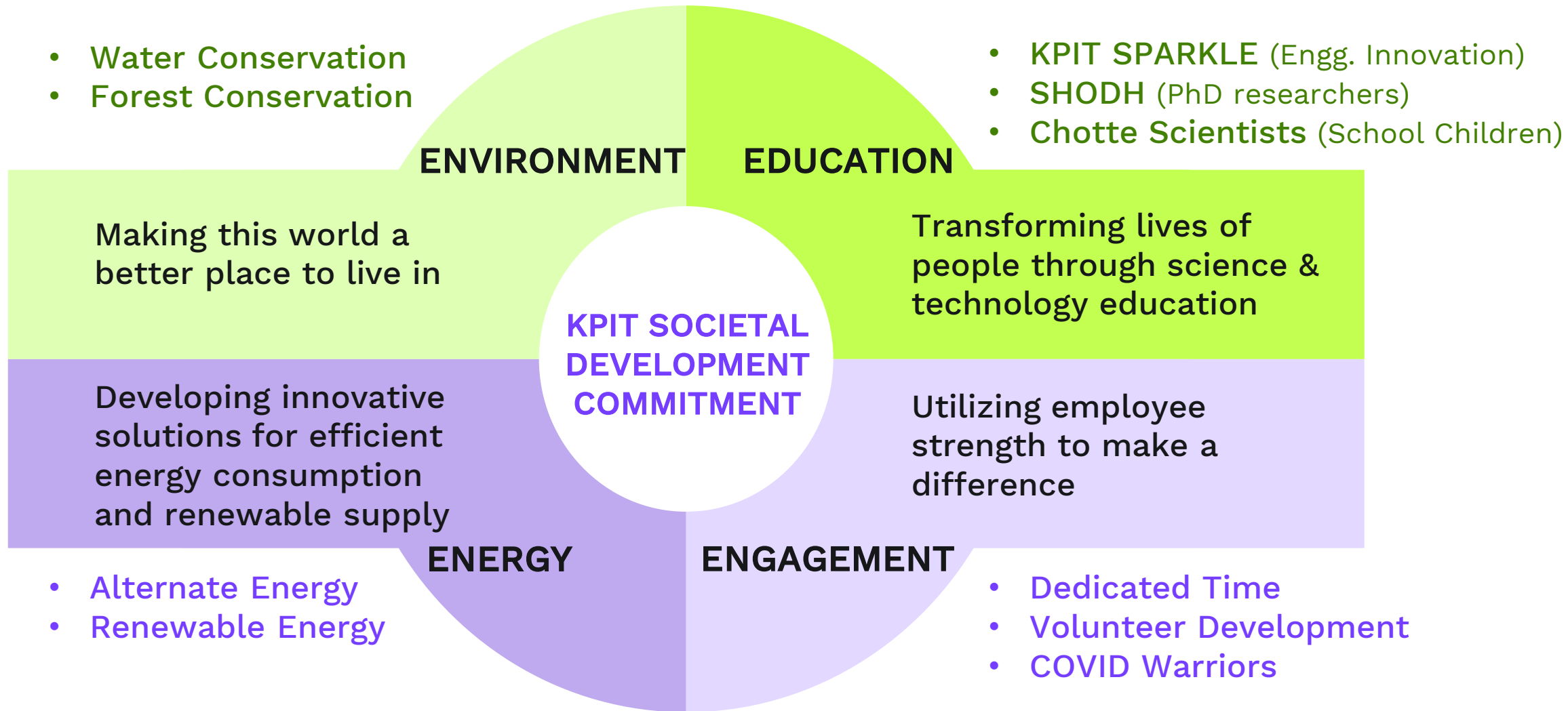
Key points of the talk

- 1 Production enabling algorithms like blockage detection, DDMA, multi path clutter removal
- 2 Special algorithms enabled by high density radar point cloud like self localization and classification
- 3 Different approaches with practical experience on imaging radar data for the algorithms

See More... ▶

KPIT was invited as a speaker on “Imaging Radar”

KPIT – Societal Development Commitment



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

KPIT – Celebrating World Environment Day



KPITians organized a tree plantation activity in collaboration with 14 Trees Foundation (14TF) around Pune.

The KPIT CSR team organized a rice sowing activity at Vajeghar Village (approximately 60 km from Pune) to support the farming efforts of our farmers.



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Financial & Operational Data

Snapshot

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Profit & Loss Account Snapshot

INR MN

DETAILS	Q2FY23	Q1FY23	Q2FY22
Revenue from Operations	7,448.32	6,857.24	5,908.73
Other Income	94.90	152.89	89.37
Total Income	7,543.22	7,010.13	5,998.10
Operating Expenses	6,066.69	5,525.51	4,868.14
EBITDA	1,381.63	1,331.73	1,040.59
Depreciation	327.41	310.23	290.93
EBIT	1,054.22	1,021.50	749.66
Finance Costs	70.31	63.43	38.56
Change in FMV of Investments	(1.92)	6.12	21.39
Profit Before Exceptional Items	1,076.89	1,117.08	821.86
Exceptional items	-	-	-
Profit/(loss) from equity accounted investee	14.36	3.77	-
PBT	1,091.25	1,120.85	821.86
Tax	255.60	244.26	170.86
PAT	835.65	876.59	651.00
Profit Attributable to owners of Company	834.80	854.28	651.00
Profit Attributable to non-controlling interest	0.85	22.31	-

Balance Sheet Snapshot

INR MN

ASSETS	Q2FY23	Q1FY23
<u>NON-CURRENT ASSETS</u>		
Property, Plant & Equipment	1,933.64	1,905.94
Right-of-use Assets	2,091.84	2,363.81
Other Tangible Assets	17.22	11.39
Goodwill & Other Intangibles	2,755.90	2,323.74
Other Non-Current Assets	1,484.50	1,427.25
TOTAL NON-CURRENT	8,283.10	8,032.13
<u>CURRENT ASSETS</u>		
Inventories	NIL	NIL
Cash and Cash Equivalents	9,624.20	10,627.06
Trade Receivables	3,982.13	3,413.04
Other Current Assets	2,516.20	2,188.29
TOTAL CURRENT	16,122.53	16,228.39
TOTAL ASSETS	24,405.63	24,260.52

EQUITY & LIABILITIES	Q2FY23	Q1FY23
Equity Share Capital	2,699.53	2,700.97
Other Equity	11,219.79	11,210.05
Equity attributable to owners	13,919.32	13,911.02
Non-controlling interests	193.13	175.32
TOTAL EQUITY	14,112.45	14,086.34
<u>NON-CURRENT LIABILITIES</u>		
Borrowings	NIL	NIL
Lease Liabilities	1,483.22	1,709.83
Other Non-Current Liabilities	1,182.67	1,220.20
TOTAL NON-CURRENT	2,665.89	2,930.03
<u>CURRENT LIABILITIES</u>		
Borrowings	NIL	NIL
Trade Payables	1,422.43	1,398.29
Lease Liabilities	372.66	408.45
Others	5,832.20	5,437.41
TOTAL CURRENT	7,627.29	7,244.15
TOTAL EQUITY AND LIABILITIES	24,405.63	24,260.52

Revenue Break-up

USD MN

Verticals*	Q2FY23	Q1FY23	Q2FY22	Q-o-Q	Y-o-Y
Passenger Cars	69.30	66.95	59.70	3.5%	16.1%
Commercial Vehicles	23.75	22.38	19.66	6.1%	20.8%

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

Business Units#	Q2FY23	Q1FY23	Q2FY22	Q-o-Q	Y-o-Y
Feature Development & Integration	64.86	61.64	56.96	5.2%	13.9%
Architecture & Middleware Consulting	12.04	12.83	9.11	(6.2)%	32.1%
Cloud Based Connected Services	17.26	15.41	14.29	12.0%	20.8%

#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	Q2FY23	Q1FY23	Q2FY22	Q-o-Q	Y-o-Y
US	34.81	34.95	32.53	(0.4)%	7.0%
Europe	41.11	35.89	32.13	14.5%	27.9%
Asia	18.24	19.04	15.69	(4.2)%	16.3%

P&L Metrics

	Q2FY23	Q1FY23	Q2FY22	Q-o-Q	Y-o-Y
Revenue by Contract Type					
Time & Material Basis	53.5%	51.0%	43.7%	9.9%	43.4%
Fixed Price Basis	46.5%	49.0%	56.3%	(0.6)%	(3.2)%
Clients					
Strategic Client Revenue	85.4%	84.9%	83.8%	5.3%	19.3%
Active Clients (Period End)	60	60	55		
Revenue per Devp. Employee USD	40,569	41,951	51,910		
R&D Expenditure (USD MN)	2.23	2.13	2.32		
EBITDA Margin	18.5%	19.4%	17.6%		
EBIT Margin	14.2%	14.9%	12.7%		
PAT Margin	11.2%	12.5%	11.0%		
Effective Tax Rate	23.4%	21.8%	20.8%		
EPS (Basic)	3.09	3.16	2.42		
EPS (Diluted)	3.06	3.13	2.39		

Currency wise revenues, Hedging Details

Currency wise revenue	Q2FY23	Q1FY23	Q2FY22
USD	41.1%	42.7%	41.9%
EUR	35.4%	33.5%	34.0%
GBP	8.1%	6.3%	5.5%
JPY	6.9%	8.7%	10.4%
INR	5.9%	5.8%	4.4%
Others	2.6%	2.9%	3.8%

O/s Hedge Details	Q2FY23
Hedge Rates	
USD/INR	80.41
EUR/INR	89.58
GBP/INR	102.97
JPY/INR	0.59
Hedge Amounts(Mn)	
USD/INR	50.42
EUR/INR	13.00
GBP/INR	2.40
JPY/INR	282.00

Headcount Data

Period End Headcount	Q2FY23	Q1FY23	Q2FY22	Q-o-Q	Y-o-Y
Development	9,284	8,570	6,192	-	-
Enabling & Sales	632	613	540	-	-
Total	9,916	9,183	6,732	-	-

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Contact Us

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Conference Call Details

Conference name : KPIT Technologies Q2 FY2023 Post Earnings Conference Call
Date : Wednesday October 19, 2022
Time : 1730 Hrs.
Participants : Mr. Kishor Patil, Co-founder, CEO & MD
Mr. Sachin Tikekar, President, Joint MD
Mr. Chinmay Pandit, Whole-time Director & Head Americas
Mr. Anup Sable, Whole-time Director & CTO
Mrs. Priya Hardikar, CFO
Mr. Sunil Phansalkar, Head-IR

Primary number : +91 22 6280 1116
Local Access : +91 22 7115 8017
International Numbers : USA - 1 866 746 2133 | UK - 0 808 101 1573 | Singapore - 800 101 2045
Hongkong - 800 964 448

Dial-in Numbers for all participants
[Diamond Pass Registration \(choruscall.in\)](https://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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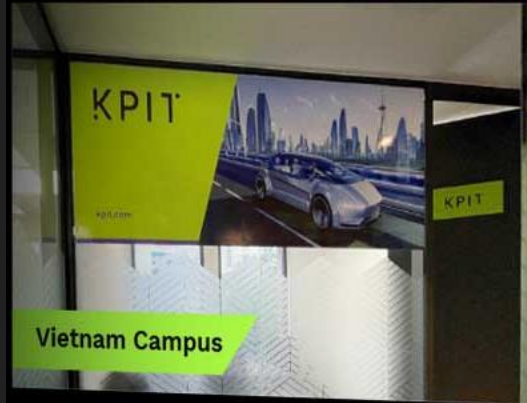


Website
www.kpit.com



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