

Tata Elxsi delivers steady growth in Q3FY23 with 7.2% QoQ growth in revenues and PAT growth of 11.7% QoQ

Crosses the 100M US\$ run rate in a quarter for the first time, powered by Automotive and Design Digital

Bangalore, January 25, 2023: Tata Elxsi (BSE: 500408 | NSE: TATAELXSI), amongst the world's leading providers of design led technology services, announced its third quarter results for the period ending 31st December 2022.

Highlights of the Quarter Ended 31st December 2022

- Revenues from operations at Rs. 817.7 Cr, + 7.2% QoQ, + 28.7% YoY
- Overall quarterly revenue crosses US\$ 100 million for the first time
- EBITDA Margin expands to 30.2%, + 9.0% QoQ growth
- Profit after tax at Rs. 194.7 Cr, + 11.7% QoQ
- EPS grows 11.7% QoQ and 29.0% YoY to Rs. 31.26

For the quarter ending December 31st, 2022, the company reported Rs. 817.7 Cr of revenues from operations, a steady growth of 7.2% QoQ and 28.7% YoY while Profits after tax grew 11.7% QoQ and 29.0% YoY.

All three segments of EPD, IDV and SIS delivered robust growth of 5.1%, 25.5% and 9.3% QoQ respectively.

Q3 Business Highlights:

Industries:

- Transportation witnessed stellar growth of 12% QoQ and 33.2% YoY, aided by large deals and market share gains in EV, Software Defined Vehicles and adjacencies.
- Healthcare grew at 28.4% YoY, driven by new product engineering, digital health and regulatory services.
- Media and Communications grew 14.7% YoY in a challenging quarter for the industry, aided by new wins in Android TV and AdTech, and platform-led deals with operators.
- Among regions, Europe delivered strong growth of 8.9% QoQ, followed with US at 6.3% QoQ.

Mr. Manoj Raghavan, CEO and Managing Director, Tata Elxsi, commenting on the company's performance, said:

"We have delivered a quarter of steady growth in a seasonally weak and challenging quarter for the technology industry and macro-economic uncertainty in our key markets. We are seeing strong and sustained growth in the Automotive and adjacent segments in Transportation, led by our differentiated EV and digital capabilities.

We won multi-year deals in EV and Software Defined Vehicle architectures in the automotive space, and a strategic entry into a global OEM software organization.

Both our Healthcare and Media & telecom business saw some impact of delayed decision-making, furloughs and a short quarter. We have done well to protect our business and position ourselves strongly for upcoming strategic deals.

In the Media and Telecom vertical, we have won strategic platform-led deals with operators in media and communications, and new wins especially in the AdTech space.

The Healthcare & Lifesciences vertical saw new product development deals including a Renal Home care platform for a leading US medical device company.

Our Design business continues to win *Design Digital* deals for the company across our key verticals. It is seeding opportunities for larger development projects and next-generation digital applications, including AR/VR and AI enabled entertainment experiences.

For us, this has been a quarter of focusing on positioning ourselves strongly for the future with our unique design-led capabilities, scaling across our customer base, and harnessing the exceptional investments in employee additions we have made in the last quarter and before.

The attrition rate declined for the third consecutive quarter, even as we continue to invest in bringing in the right expertise to deliver exceptional outcomes for our customers. This is helping us accelerate growth in the increasing number of strategic accounts and new offerings we are bringing to market. We have also invested in establishing a digital engineering center in Frankfurt, to support our growth in Germany and Europe.

We are entering the last quarter of the financial year with a strong order book and a healthy deal pipeline across key markets and industries, and a differentiated *Design Digital* positioning.”

About Tata Elxsi

Tata Elxsi is amongst the world’s leading providers of design and technology services across industries including Automotive, Broadcast, Communications, Healthcare and Transportation.

Tata Elxsi is helping customers reimagine their products and services through design thinking and application of digital technologies such as IoT (Internet of Things), Cloud, Mobility, Virtual Reality and Artificial Intelligence. For more information, please visit www.tataelxsi.com

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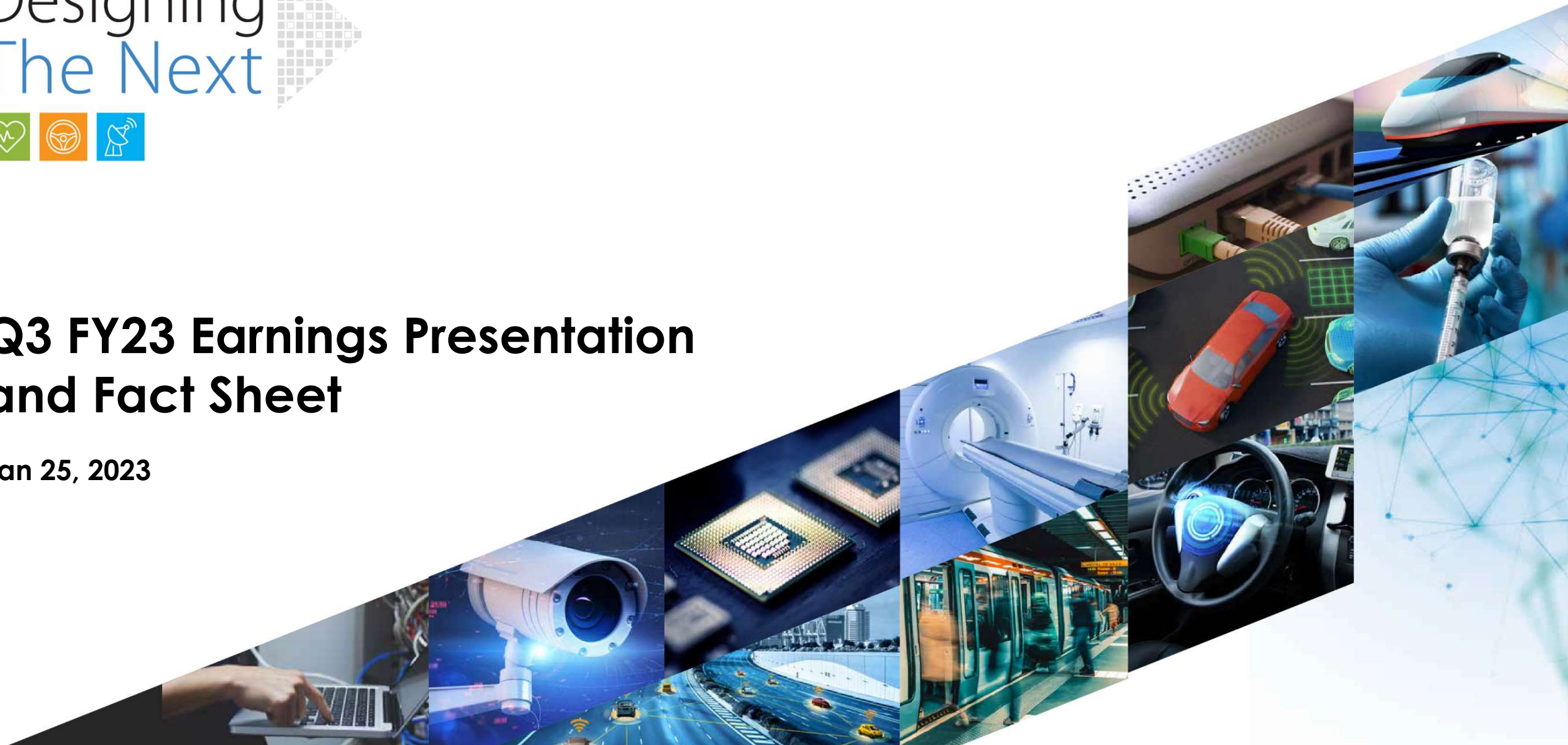
TATA ELXSI

Designing
The Next



Q3 FY23 Earnings Presentation and Fact Sheet

Jan 25, 2023

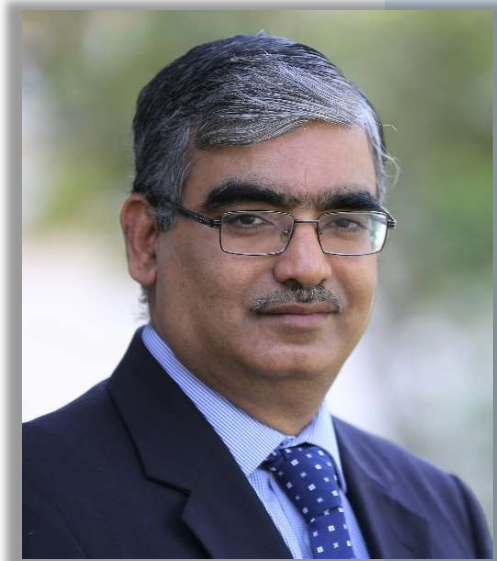


Disclaimer

This release may contain certain future prospects which may be a forward-looking statements. Forward-looking statements by their nature involve a number of risks and uncertainties that could cause actual results to differ materially from market expectations. These forward-looking statements represent only the Company's current intentions, beliefs or expectations, and any forward-looking statement speaks only as of the date on which it was made. The Company assumes no obligation to revise or update any forward-looking statements.

Note: All numbers have been rounded to the nearest digit for convenience of representation.

Message from the CEO and Managing Director



Manoj Raghavan
CEO and MD
Tata Elxsi Ltd.

“We have delivered a quarter of steady growth in a seasonally weak and challenging quarter for the technology industry and macro-economic uncertainty in our key markets. We are seeing strong and sustained growth in the Automotive and adjacent segments in Transportation, led by our differentiated EV and digital capabilities. We won multi-year deals in EV and Software Defined Vehicle architectures in the automotive space, and a strategic entry into a global OEM software organization.









Our Media & Telecom and Healthcare businesses saw some impact of delayed decision-making, furloughs and a short quarter. We have done well to protect our business and position ourselves strongly for upcoming strategic deals.

Our Design business continues to win *Design Digital* deals for the company across our key verticals and seed opportunities for larger development.

For us, this has been a quarter of focusing on positioning ourselves strongly for the future with our unique design-led capabilities, scaling across our customer base, and harnessing the exceptional investments in employee additions we have made in the last quarter and before.

We are entering the last quarter of the financial year with a strong order book and a healthy deal pipeline across key markets and industries, and a differentiated *Design Digital* positioning.”

Highlights for Q3 FY23

Revenue	Sequential Growth	YoY Revenue Growth	QoQ Constant Currency Growth
817.7 INR Cr	 7.2%	 28.7%	 3.5%
Profitability	EBITDA INR Cr	PBT INR Cr	PAT INR Cr
EBITDA Margin 30.2%	 246.9 Cr (9.0% QoQ)	 240.1 (9.6% QoQ)	 194.7 (11.7% QoQ)
EPS	Q3 FY23	QoQ Growth	YoY Growth
	 31.26	11.7%	29.0%
People	Closing Headcount	Net Additions	LTM Attrition
	11607	-72	 18.4%

Financial Highlights – Q3FY23

Revenue

- Revenues from operations at Rs. 817.7 Cr, + 7.2% QoQ, + 28.7% YoY

Profit

- Operating Margin at 30.2 %; Net Margin (PBT) at 28.7%
- Profit Before Tax (PBT) at Rs. 240.1 Cr, +19.9% YoY
- Profit After Tax (PAT) at Rs. 194.7 Cr, +29.0% YoY

Segment Highlights

- Transportation witnessed stellar growth of 12.0% QoQ and 33.2% YoY, aided by large deals and growth across customers in EV, Software Defined Vehicles (SDV) and adjacencies.
- Healthcare growth at 28.4% YoY, driven by new product engineering, digital health and regulatory services.
- Media and Communications grew 14.7% YoY in a challenging quarter for the industry, aided by platform-led deals and entry into new operator accounts.

Key Deal Wins – Driving Scale and Differentiation

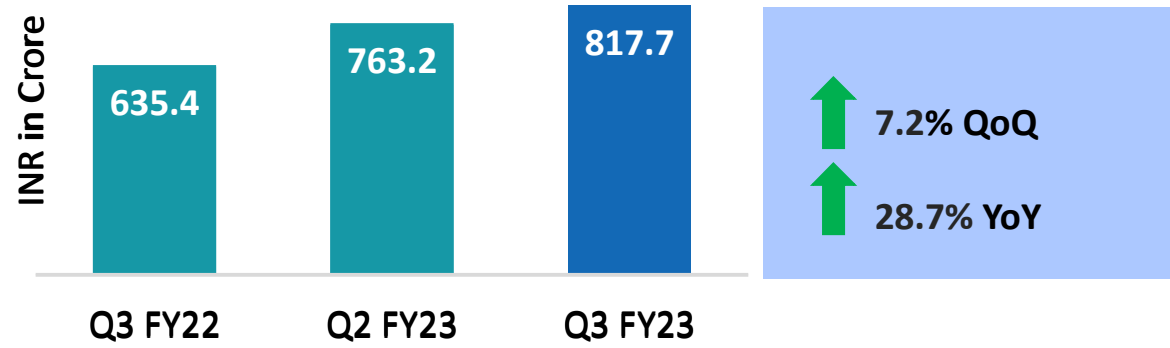
- Selected by a global OEM software organization for a Software Defined Vehicle (SDV) program. This represents a strategic entry for next generation SDV and EV platform development.
- Tata Elxsi selected to set up an offshore center of excellence for EV system development for a leading US EV system supplier. This represents a multi-million multi-year engagement.
- Tata Elxsi won a design-led New Product Development (NPD) deal from a Global medical devices company for development of a home renal care platform.
- A leading broadcaster in EMEA selected Tata Elxsi to develop, integrate and deploy a next generation AdTech platform for streaming video services.
- Tata Elxsi selected to design, integrate and set up AR/VR based safety training and worker productivity training centers across multiple manufacturing plants for a global industrial leader. This unique industry-first solution for smart manufacturing brings together design, content and technology.

Tata Elxsi Financial Summary – Q3 FY23

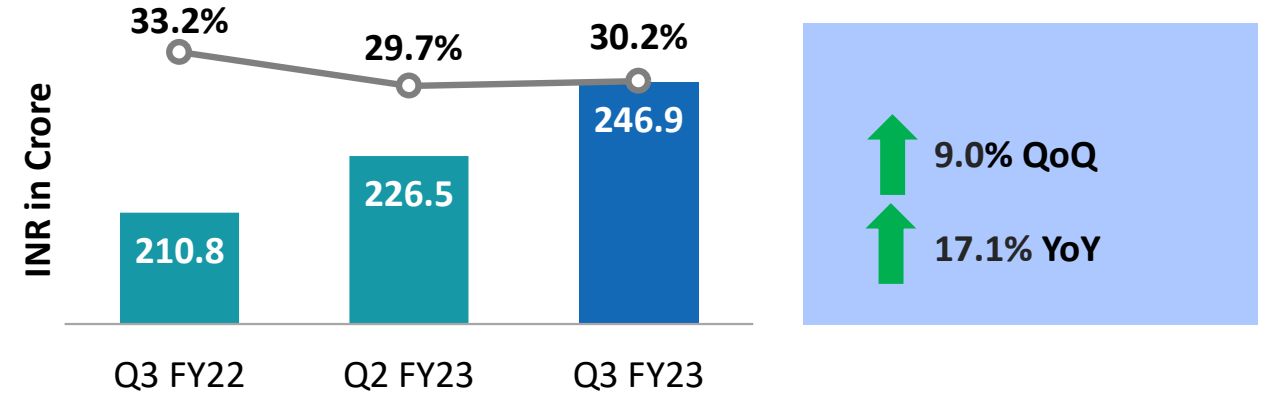
Particulars	Metrics	Q3FY23	Q2FY23	QoQ Growth	Q3FY22	YoY Growth
Revenue (INR CR)	Revenue from Operations	817.7	763.2	7.2%	635.4	28.7%
	Other Income	19.1	18.7	2.5%	6.5	193.9%
	Total Income	836.9	781.8	7.0%	641.9	30.4%
Margins (INR CR)	EBITDA	246.9	226.5	9.0%	210.8	17.1%
	EBIT	225.4	204.8	10.1%	196.8	14.5%
	PBT	240.1	219.2	9.6%	200.3	19.9%
	PAT	194.7	174.3	11.7%	151.0	29.0%
Margin (%)	EBITDA	30.2%	29.7%		33.2%	
	EBIT	27.6%	26.8%		31.0%	
	PBT	28.7%	28.0%		31.2%	
	PAT	23.3%	22.3%		23.5%	
EPS (INR)	Basic	31.26	27.98	11.7%	24.24	29.0%
	Diluted	31.26	27.98	11.7%	24.24	29.0%

Tata Elxsi Financial Performance – Q3 FY23

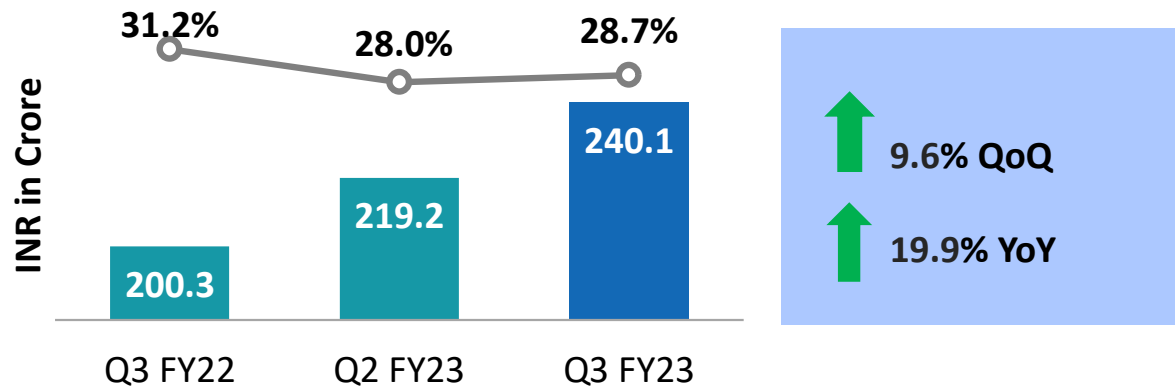
Operating Revenue



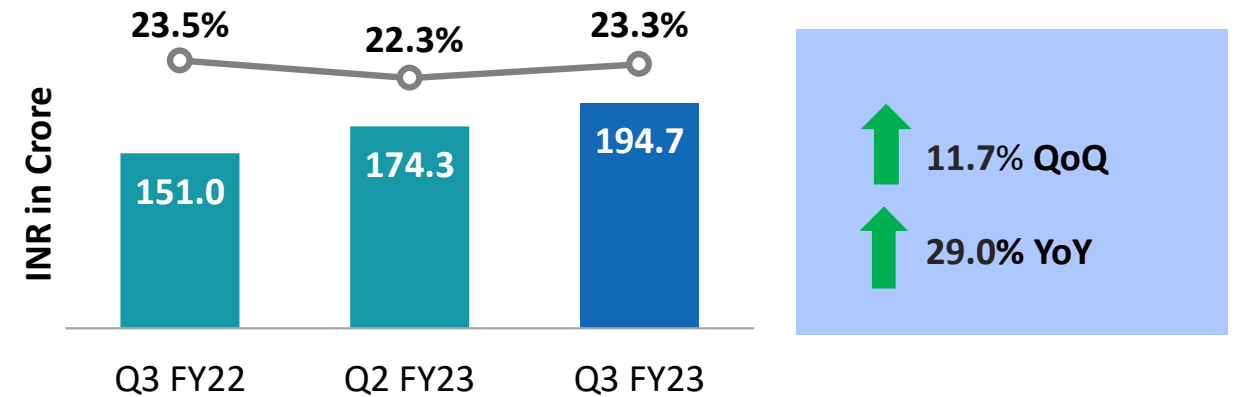
Operating EBITDA & Margin (%)



PBT & Margin (%)

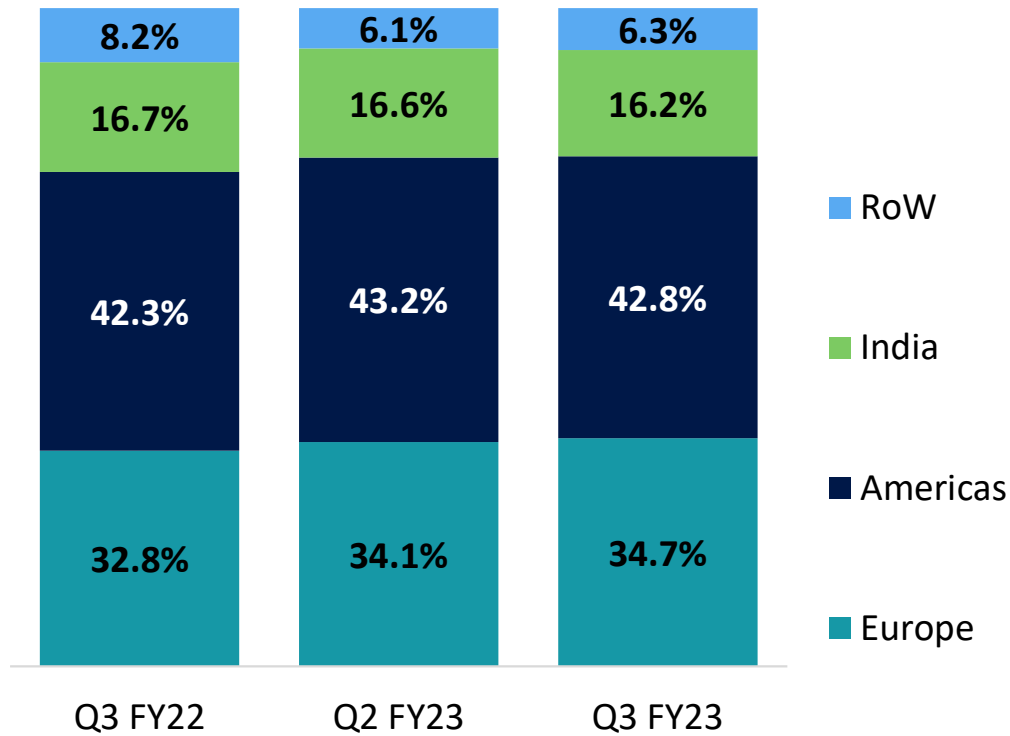


PAT & Margin (%)

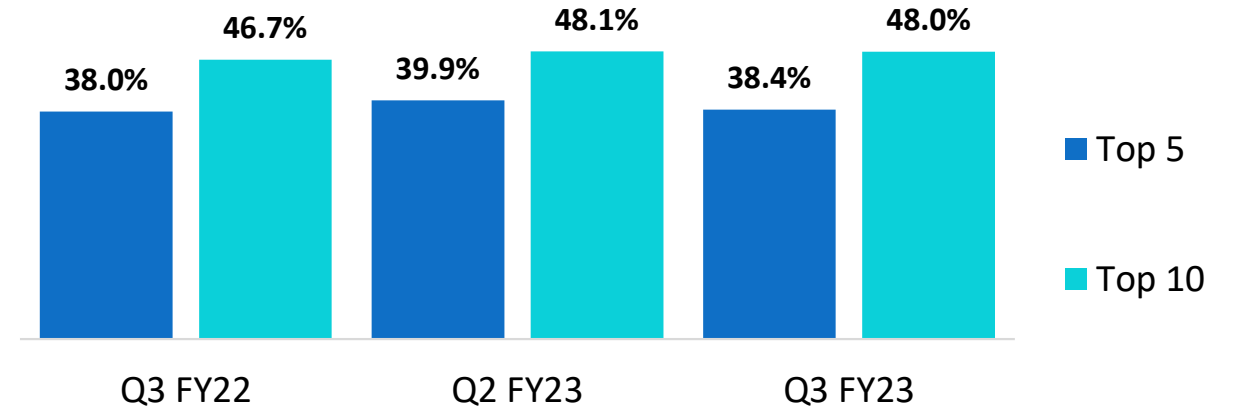


Tata Elxsi Operational Performance – Q3 FY23

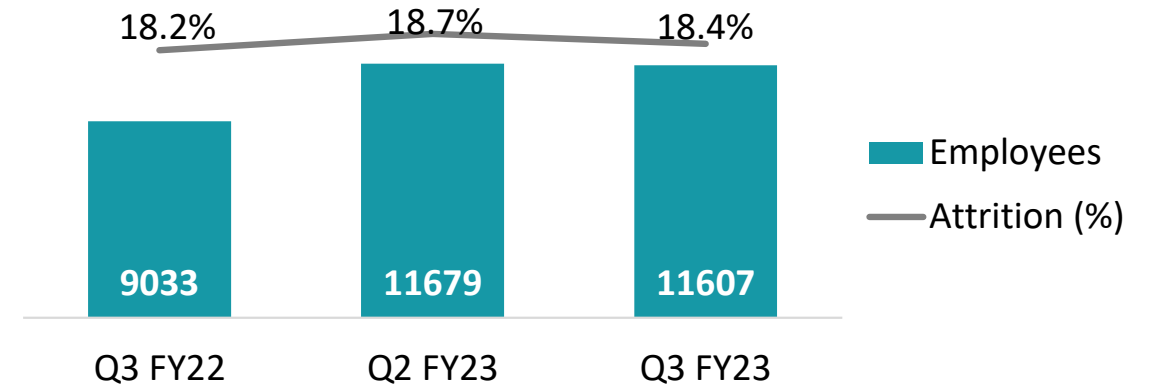
Revenue By Geography



Client Concentration



Employee Metrics



Tata Elxsi Segment Mix and Performance – Q3 FY23

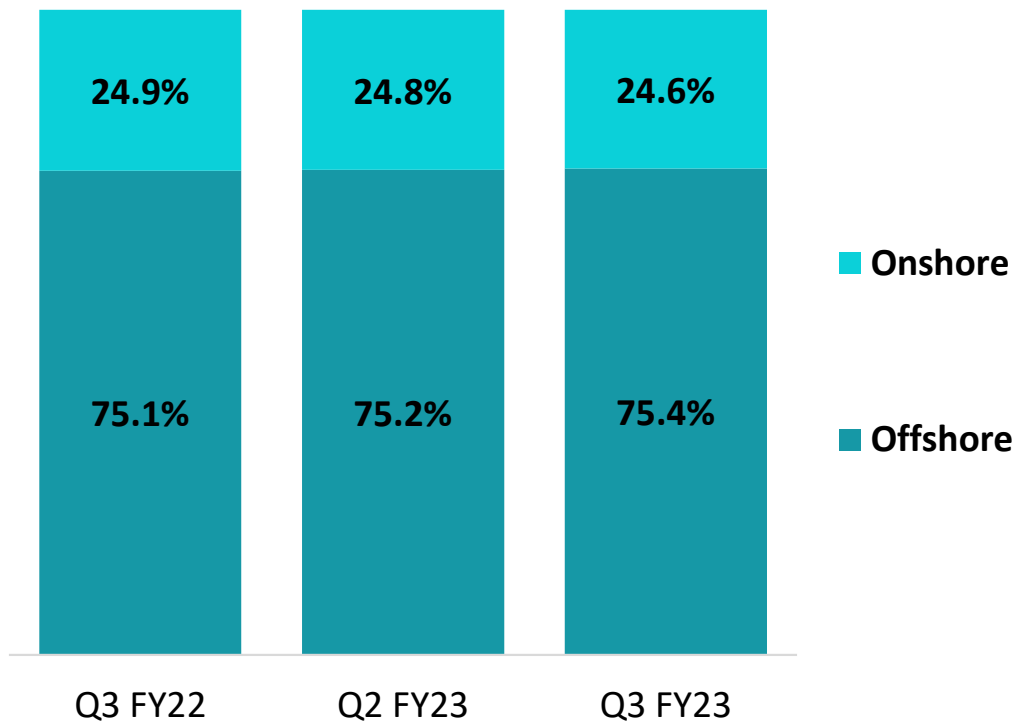
Segment Mix	Q3 FY23	Q2 FY23	QoQ Growth (In CC)	Q3 FY22	YoY Growth (In CC)
EPD	85.9%	87.6%	1.6%	88.9%	19.8%
IDV	11.3%	9.7%	19.0%	8.9%	61.8%
SIS	2.7%	2.7%	9.3%	2.2%	58.4%
TEL	100.0%	100.0%	3.5%	100.0%	24.4%

EPD Segment Mix and Performance – Q3 FY23

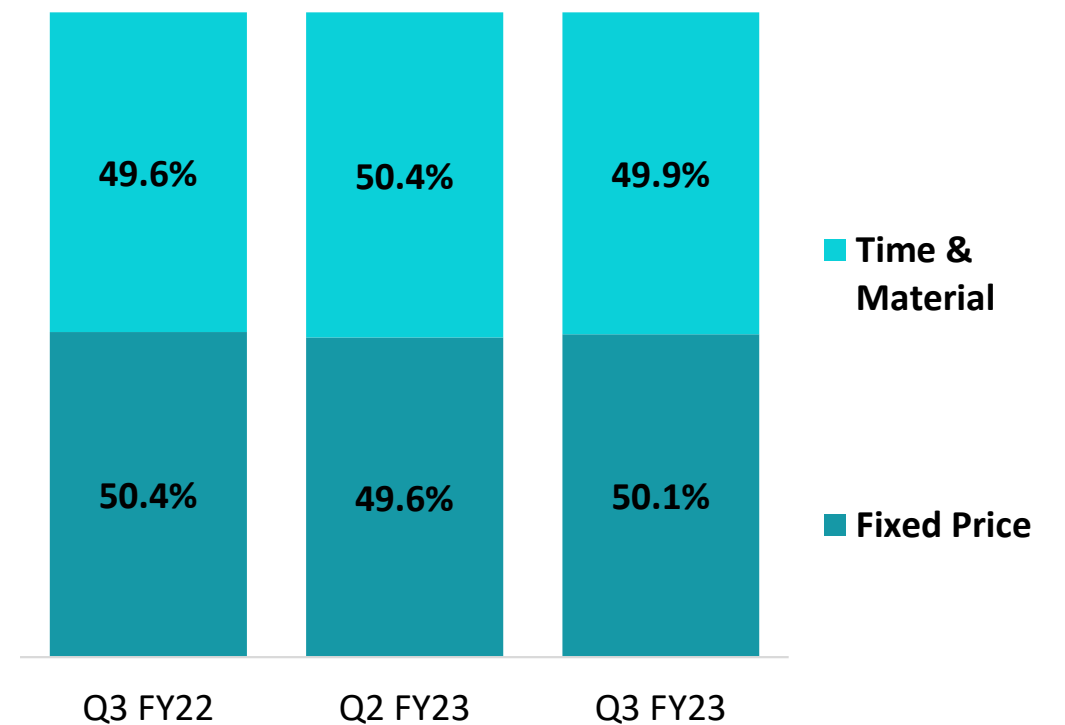
Segment Mix	Q3 FY23	Q2 FY23	QoQ Growth (In CC)	Q3 FY22	YoY Growth (In CC)
Transportation	44.3%	41.5%	7.3%	41.4%	30.9%
Media & Communications	40.3%	42.4%	-2.6%	43.7%	9.8%
Healthcare & Medical Devices	15.4%	16.1%	-1.9%	14.9%	18.3%
EPD	100.0%	100.0%	1.6%	100.0%	19.8%

EPD Operational Performance – Q3 FY23

Revenue By Onsite / Offshore Mix



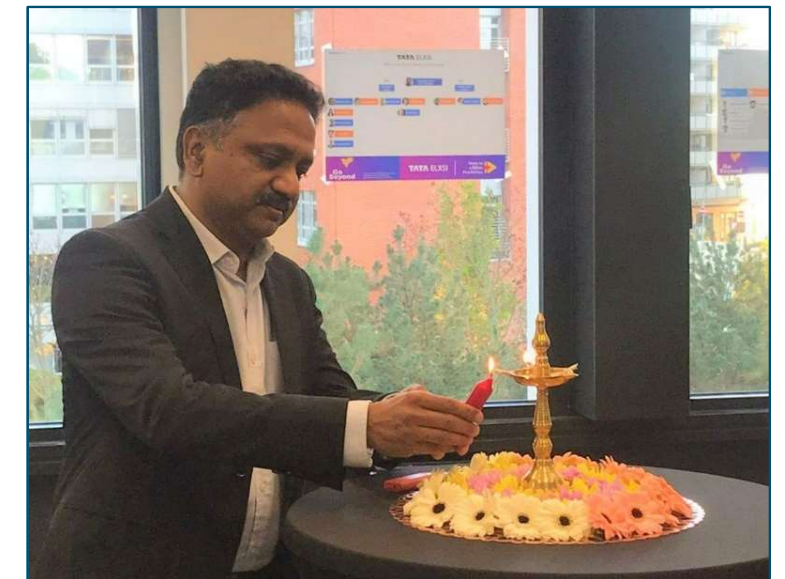
Revenue By Contract Type Mix



Tata Elxsi opens Digital Engineering Center in Frankfurt, Germany

Tata Elxsi's Frankfurt Digital Engineering centre was inaugurated by Mr. Manoj Raghavan, CEO and MD of Tata Elxsi, on Dec 15th, 2022.

The centre will work closely with OEMs, Tier 1s, European technology companies and universities in the region to develop new software and hardware design concepts and solutions.



Tata Elxsi wins prestigious Tata Innovista award for its futuristic connected TV solution

Tata Elxsi won the prestigious Tata Innovista award for bringing the '*Future of Connected TV*' to its customers. This solution provides key moment generation for Sports and is integrated with dynamic brand insertion technology.

The AI and ML enabled key moment generation technology identified and generates highlights in a chronological order of events. The AI and ML engine uses data from video, audio, scorecard and commentary.



Mr. Natarajan Chandrasekaran, Chairman, Tata Sons presenting the award to Mr. Manoj Raghavan, CEO and MD of Tata Elxsi, at the Innovista awards ceremony held in Mumbai.



Tata Elxsi receives 'Innovative Company of the Year' Award from CII

Tata Elxsi received the ***Innovative Company of the Year*** Award for the Large Enterprise Service Sector at the 9th Annual Confederation of Indian Industry Industrial Innovation Awards 2022.

The prestigious Confederation of Indian Industry created the CII Industrial Innovation Awards, which are regarded as one of the most prestigious innovation awards in the country.

Manoj Raghavan, CEO and Managing Director of Tata Elxsi, stated, "CII Innovation Award is an acknowledgement and reaffirmation of our dedication to the mission of being an innovation partner for our customers."





Incorporated in 1989, Tata Elxsi is amongst the world's leading providers of design and technology services across industries including Transportation, Media, Communications and Healthcare & Medical Devices.

Tata Elxsi provides integrated services – from research and strategy, to electronics and mechanical design, software development, validation and deployment, and is supported by a network of design studios, global development centers and offices worldwide. Tata Elxsi is helping customers reimagine their products and services through design thinking and application of digital technologies such as IoT (Internet of Things), Cloud, Mobility, Virtual Reality and Artificial Intelligence.

We combine deep domain expertise with over 30 years of technology and product development experience that enables brands to *differentiate and win*.



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