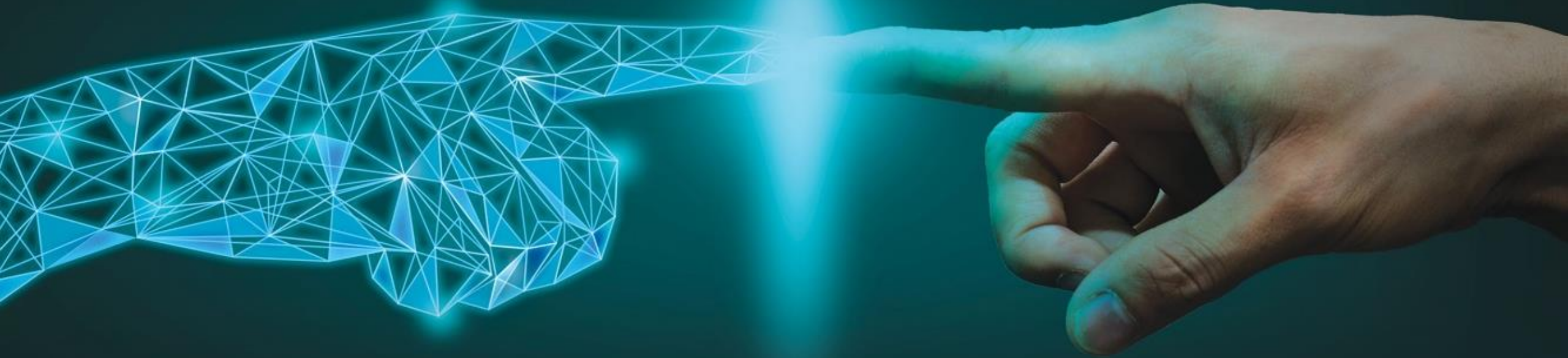**TATA** ELXSI

Design Digital

TATA

Q3 FY22 Earnings Presentation and Fact Sheet

January 18, 2022

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 are pleased to report another quarter of consistent and strong growth, supported by differentiated offerings and industry leading operational excellence.

We continue to execute strongly on all our key strategies, driving growth across our three primary industry verticals and regions, building on our software and digital product engineering capabilities.

We are seeing significant growth in the automotive market, with large and strategic deals with both OEMs and suppliers across Electric, Autonomous, Connected and Digital, underscoring our technology and engineering leadership.

We have won strategic multi-year large deals this quarter against the best global competitors in all three industries, which clearly underscores the differentiation we bring to our customers, and the relevance of our design-led technology capabilities.

The superior topline and bottom-line performance was supported by industry-leading operational excellence and talent retention. We are continuing to invest in our talent pipeline to support continued growth.

We are entering the fourth quarter with the confidence of a strong order book and a healthy deal pipeline across key markets and industries."

Highlights for Q3 FY22

Revenue	Sequential Growth	QoQ Constant Currency Growth	YoY Revenue Growth
635.4 INR Cr	⬆ **6.7%**	⬆ **6.5%**	⬆ **33.2%**

Profitability	EBITDA INR Cr	PBT INR Cr	PAT INR Cr
EBITDA Margin 33.2%	⬆ **210.8 Cr** (46.8% YoY)	⬆ **200.3** (36.9% YoY)	⬆ **151.0** (43.5% YoY)

EPS	Q3 FY22	QoQ Growth	YoY Growth
	⬆ **24.24**	**20.4%**	**43.5%**

People	Closing Headcount	Net Additions	LTM Attrition
	⬆ **9033**	**414**	**18.2%**

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Performance Highlights

Financial Highlights

- Revenues from operations at Rs. 635.4 Cr; +6.7% QoQ, +33.2 % YoY

- Constant currency revenue up 6.5% QoQ, 32.7% YoY

- EBITDA of ₹ 210.8 Cr; Growth of 14.8% QoQ and 46.8% YoY

- PBT of 200.3 Cr; PBT% increased from 28.6% in Q2 to 31.2% in Q3

Awards and Accolades

- Tata Elxsi has been ranked in the **Leadership Zone** for **Automotive, Medical Devices, and Telecom** industries in the latest Zinnov Zones for ER&D Services 2021 ratings

- Tata Elxsi won the **OTT TV Technology of the Year Award** at the renowned VideoTech Innovation Awards 2021, in London

- Tata Elxsi and Tata Steel has jointly won the L&D **Vision and Innovation Award** 2021 for the Tata Steel Safety Leadership Development Centre at Jamshedpur

Segment Highlights

- Embedded Product Design (EPD), the company's largest division grew by 36.0% YoY

- Industrial Design & Visualization (IDV) grew by 12.4% YoY and 61.7% YTD on a sequential basis

Awards and Accolades

Tata Elxsi recognized as a Leader and specialized ER&D Service Provider across all our key industry verticals, in the Zinnov Zones 2021 annual ratings

Tata Elxsi ranked as leader in the **Automotive, Medical Devices, and Telecom** industries.
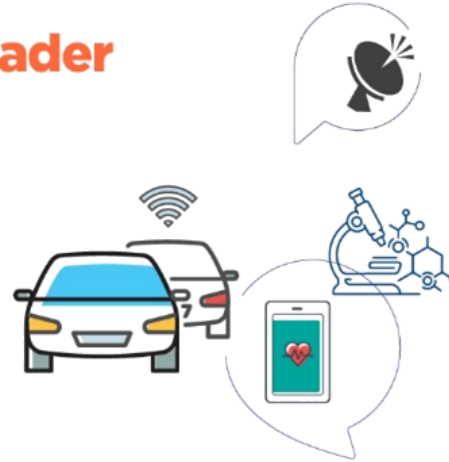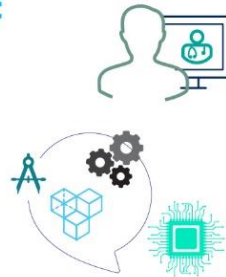
TATA ELXSI   zinnov ZONES | ER&D SERVICES

▶ **Design** Digital

Tata Elxsi accredited as the most specialized ER&D Service Provider in the Execution Zone for industrial digital, telehealth, telematics technologies, and semiconductors.

TATA ELXSI   zinnov ZONES | ER&D SERVICES

▶ **Design** Digital

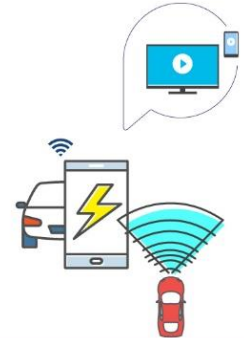Tata Elxsi recognized for its **AI Engineering** worldwide & contribution to **SDN & NFV.**

TATA ELXSI   zinnov ZONES | ER&D SERVICES

▶ **Design** Digital

Tata Elxsi positioned in the Leadership Zone for **ADAS** and **OTT** technologies.

TATA ELXSI   zinnov ZONES | ER&D SERVICES

▶ **Design** Digital

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Awards and Accolades

Innovation and Vision Award for the World's first Experiential Safety Training Centre for TATA STEEL

Winner of OTT TV Technology of the Year Award at the Videotech Innovation Awards 2021

Key Deal Wins – Driving Scale and Sustainability

- Selected by a world-leading systems supplier for the development of an autonomous driving platform for commercial vehicles
  - Tata Elxsi will enable software development and integration for a new autonomous system
  - Multi-year foundation for delivery of production programs for various OEMs

- Tata Elxsi was awarded a 3-year 20M US$ deal by a leading global MSO to support and manage its network operations across data, mobile and video service delivery
  - Important milestone in delivering multi-year build + run services for MSOs at scale
  - Marque deal win against global Tier 1 competitors and incumbents

- *Design Digital* deal from a leading Japanese OEM for the development of a next-gen HMI for infotainment and in-cockpit interface for their range of vehicles
  - Design-led approach from consumer research to design strategy, HMI design and implementation
  - Modular design architecture to encompass range from entry-level to premium cars

- Tata Elxsi was selected by a North American new-age EV OEM for a strategic software development program

- A US headquartered Healthcare technology leader awarded Tata Elxsi a long-term multi-million US$ deal for its Digital Transformation & Cloud Migration Program

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Partnerships - Co-innovating for the future of mobility

Tata Elxsi partners with Green Hills to develop a Driver Monitoring System solution driven by AI and AUTOSAR Adaptive software defined architecture and secure Integrity OS

Driver Monitoring Systems (DMS) are increasingly becoming important to both conventional and autonomous vehicles in addressing growing safety risks caused by distracted and drowsy drivers and providing the essential assurance that a driver is ready to assume control from an autonomous driving system. The Euro New Car Assessment Programme (NCAP) already requires DMS for five-star safety ratings, while the European General Safety Regulation has mandated DMS technology for all new cars, vans, trucks and buses starting in CY2024.

The integrated AUTOSAR Adaptive-based DMS from Tata Elxsi and Green Hills Software delivers intelligent determination of a driver's readiness and state of attentiveness. It runs on the safe, secure INTEGRITY-based high-performance platform that is already proven in millions of vehicles today.
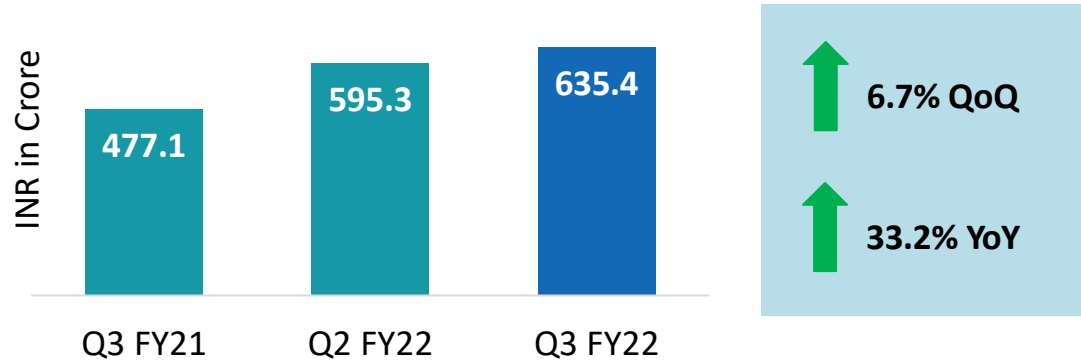
- Tata Elxsi's DMS software utilizes state-of-the-art Artificial Intelligence and Machine learning algorithms to detect driver attention levels utilizing a hybrid vision pipeline architecture that intelligently combines vehicle data (direction, speed) with the driver's eye gaze direction, head orientation and facial expression.

- The platform utilizes Tata Elxsi's functional safety compliant AUTOSAR Adaptive stack and the software defined architecture provides for Over-the-Air (OTA) software updates and cloud connectivity for event recording.

- Green Hills Software provides the safe, secure and deterministic run-time foundation for the DMS software, powered by the INTEGRITY RTOS, pre-certified to ISO 26262 ASIL D and ready for cybersecurity standard ISO 21434.
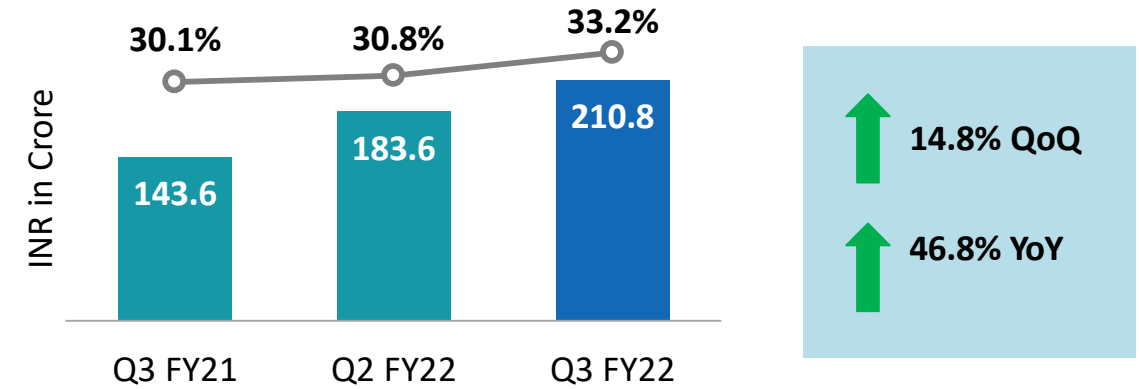
Financial Summary – Q3 FY22

Particulars	Metrics	Q3FY22	Q2FY22	QoQ Growth	Q3FY21	YoY Growth
Revenue (INR CR)	Total Income from operations	635.4	595.3	6.7%	477.1	33.2%
	Other Income	6.5	2.4		15.1	
	Total Income	**641.9**	**597.8**	7.4%	**492.2**	30.4%
Margins (INR CR)	EBITDA	210.8	183.6	14.8%	143.6	46.8%
	EBIT	196.8	170.1	15.7%	132.6	48.5%
	PBT	200.3	171.0	17.1%	146.3	36.9%
	PAT	151.0	125.3	20.4%	105.2	43.5%
Margin (%)	EBITDA	33.2%	30.8%		30.1%	
	EBIT	31.0%	28.6%		27.8%	
	PBT	31.2%	28.6%		29.7%	
	PAT	23.5%	21.0%		21.4%	
EPS (INR)	Basic	24.24	20.13	20.4%	16.9	43.5%
	Diluted	24.24	20.13	20.4%	16.9	43.5%

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Financial Performance – Q3 FY22

Operating Revenue

INR in Crore

- Q3 FY21: 477.1
- Q2 FY22: 595.3
- Q3 FY22: 635.4

↑ 6.7% QoQ
↑ 33.2% YoY

Operating EBITDA & Margin (%)

INR in Crore

- Q3 FY21: 143.6 — 30.1%
- Q2 FY22: 183.6 — 30.8%
- Q3 FY22: 210.8 — 33.2%

↑ 14.8% QoQ
↑ 46.8% YoY

PBT & Margin (%)

INR in Crore

- Q3 FY21: 146.3 — 29.7%
- Q2 FY22: 171.0 — 28.6%
- Q3 FY22: 200.3 — 31.2%

↑ 17.1% QoQ
↑ 36.9% YoY

PAT & Margin (%)

INR in Crore

- Q3 FY21: 105.2 — 21.4%
- Q2 FY22: 125.3 — 21.0%
- Q3 FY22: 151.0 — 23.5%

↑ 20.4% QoQ
↑ 43.5% YoY
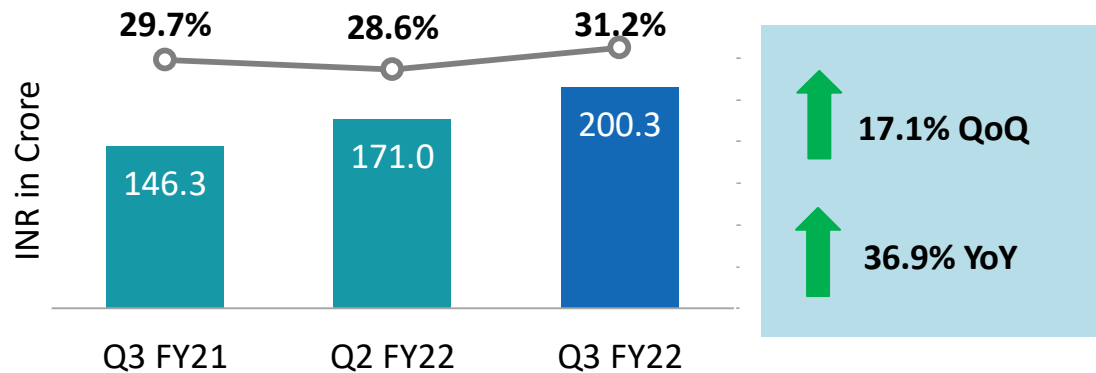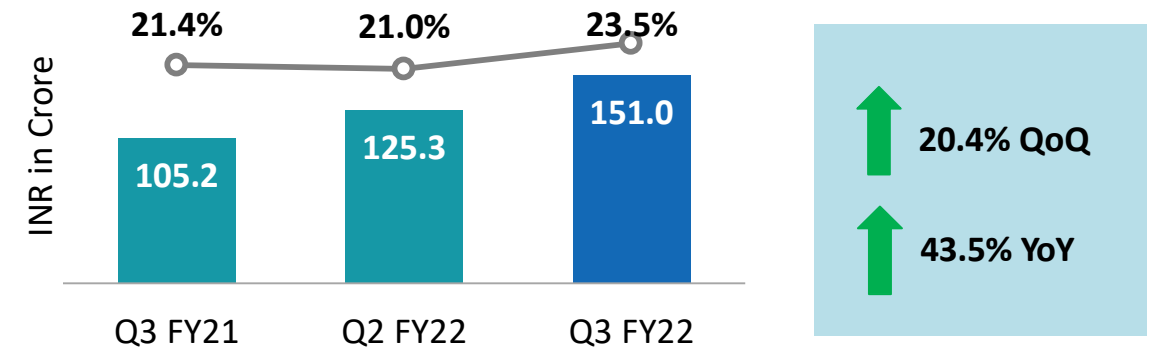
Operational Performance – Q3 FY22

Segment Mix	Q3 FY22	Q2 FY22	Q-o-Q Growth (In CC)	Q3 FY21	Y-o-Y Growth (In CC)
Embedded Product Design (EPD)	**88.9%**	86.3%	9.6%	87.1%	35.4%
Industrial Design & Visualization (IDV)	**8.9%**	11.2%	-15.4%	10.5%	12.0%
System Integration & Support (SIS)	**2.2%**	2.4%	-2.4%	2.4%	22.8%
Total (Tata Elxsi)	**100.0%**	**100%**	**6.5%**	**100.0%**	**32.7%**

Operational Performance – Q3 FY22

Revenue By Geography

Stacked bar chart showing Revenue By Geography:

	Q3 FY21	Q2 FY22	Q3 FY22
RoW	14.4%	8.7%	8.2%
India	13.0%	16.4%	16.7%
Americas	36.0%	41.6%	42.3%
Europe	36.6%	33.4%	32.8%

Client Concentration

	Q3 FY21	Q2 FY22	Q3 FY22
Top 1	11.7%	13.1%	14.4%
Top 5	35.4%	36.6%	38.0%
Top 10	47.2%	48.0%	46.7%

Employee Metrics

	Q3 FY21	Q2 FY22	Q3 FY22
Employees	6816	8619	9033
Attrition (%)	7.0%	13.9%	18.2%

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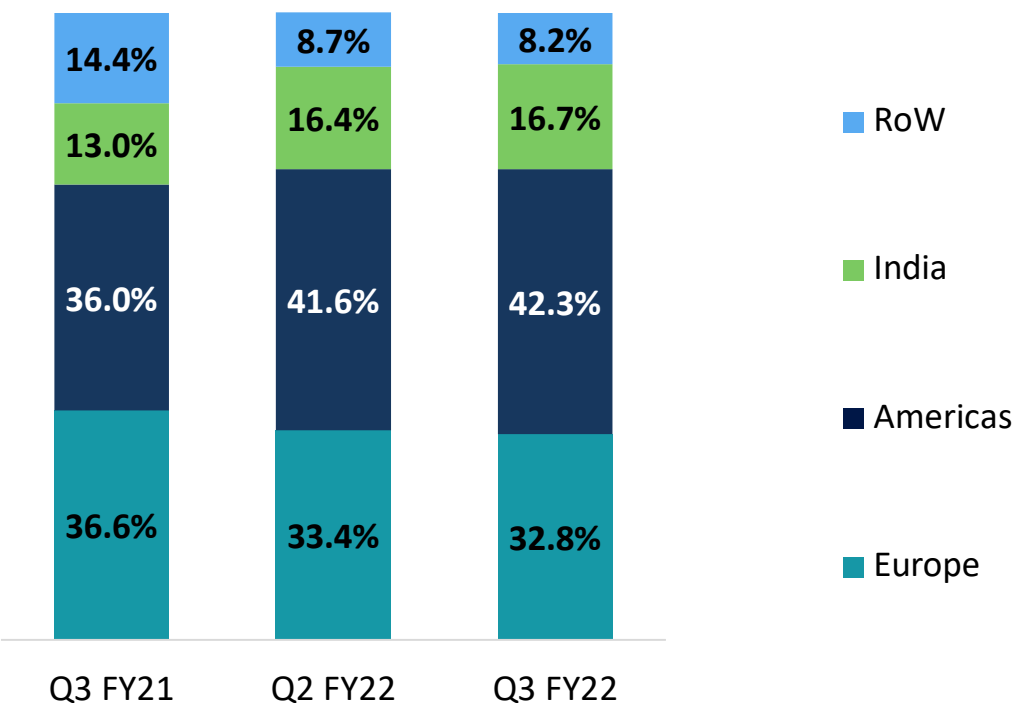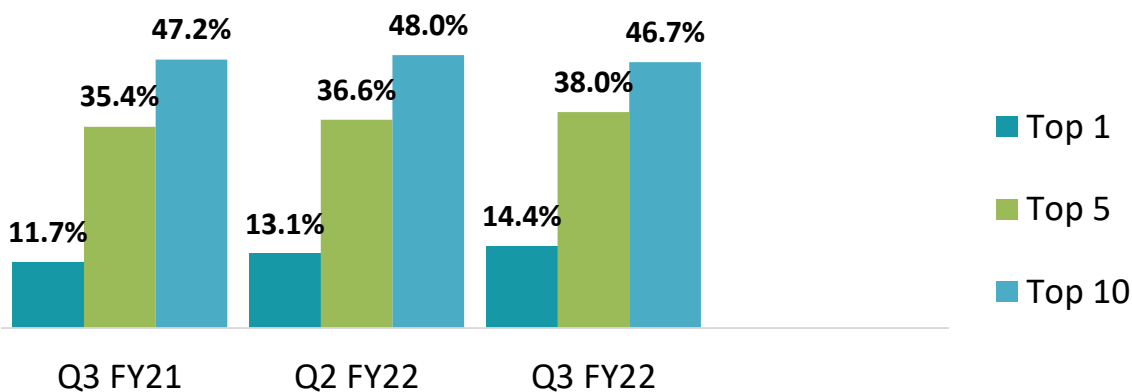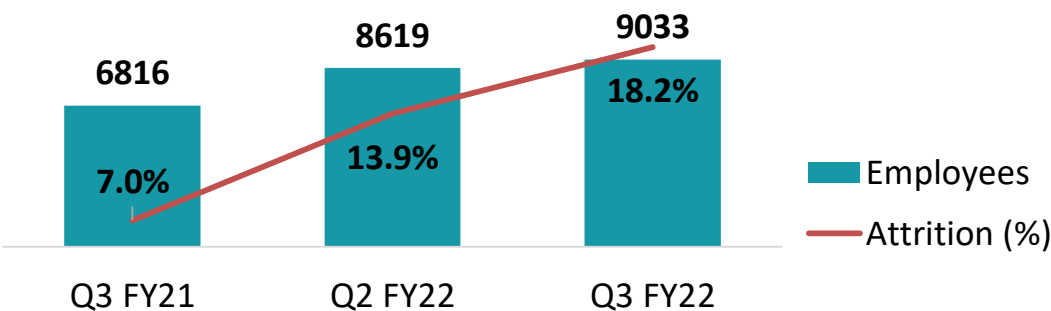
EPD Operational Performance – Q3 FY22

Industry Mix	Q3 FY22	Q2 FY22	Q-o-Q Growth (In CC)	Q3 FY21	Y-o-Y Growth (In CC)
Transportation	**41.4%**	41.4%	9.7%	43.0%	31.2%
Media & Communications	**43.7%**	45.1%	6.3%	45.4%	30.2%
Healthcare & Medical Devices	**14.9%**	13.4%	20.7%	11.7%	71.5%
Total (Tata Elxsi)	**100.0%**	**100%**	**9.6%**	**100.0%**	**35.4%**

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EPD Operational Performance – Q3 FY22

Revenue By Onsite / Offshore Mix

	Q3 FY21	Q2 FY22	Q3 FY22
Onsite	32.6%	25.3%	24.9%
Offshore	67.4%	74.7%	75.1%
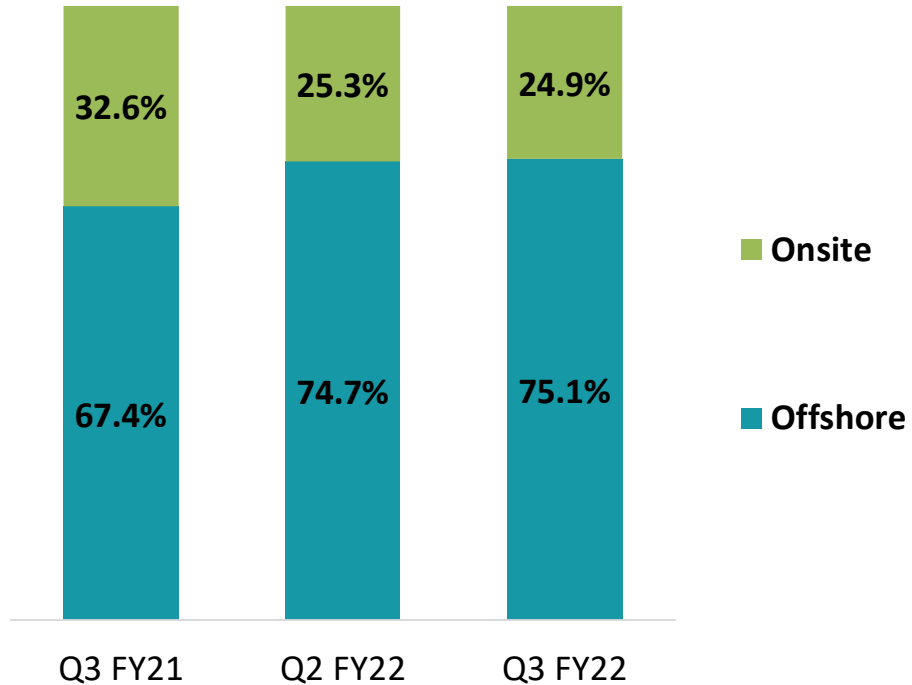
Revenue By Contract Type Mix

	Q3 FY21	Q2 FY22	Q3 FY22
Time & Material	56.0%	50.8%	49.6%
Fixed Price	44.0%	49.2%	50.4%

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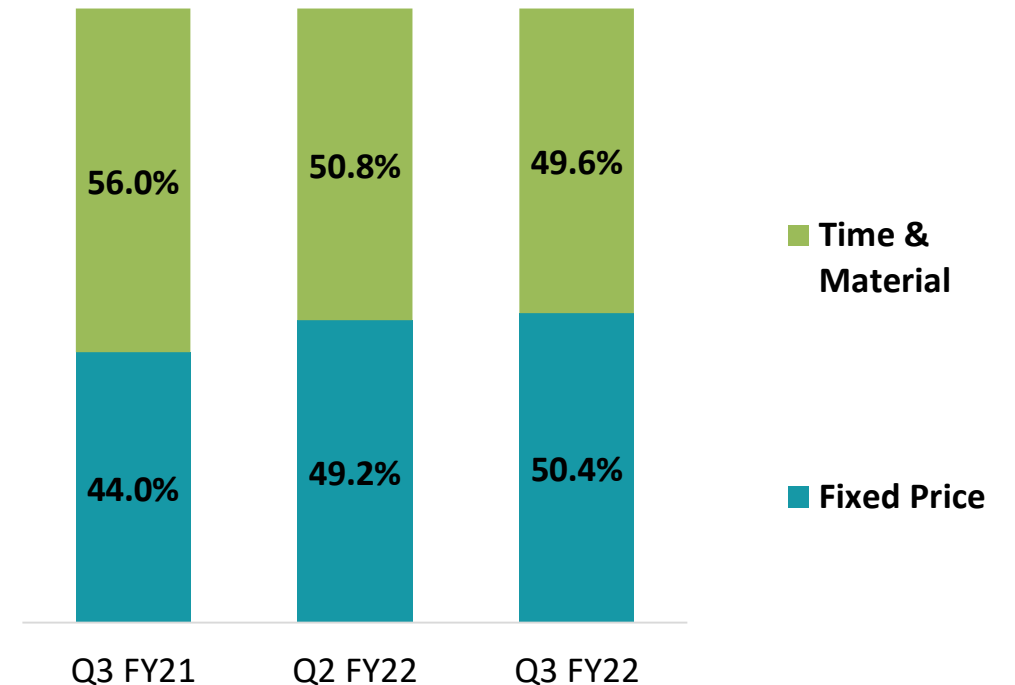
Incorporated in 1989, Tata Elxsi is amongst the world's leading providers of design and technology services across industries including Transportation, Media, Communications and Healthcare & Medical Devices.

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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