KPI1

August 23, 2019

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

Scrip ID: KPITTECH Scrip Code: 542651

Kind Attn: The Manager, Department of Corporate Services National Stock Exchange of India Ltd., Exchange Plaza, C/1, G Block, Bandra - Kurla Complex, Bandra (E), Mumbai - 400051.

Symbol: KPITTECH Series: EQ

Kind Attn: The Manager, Listing Department

Subject:Update of Investor Conference held on August 20, 2019.Ref:Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Dear Sir / Madam,

In furtherance to our communication made on August 19, 2019, please find attached herewith Investor Presentation.

Request you to please take the same on your records and further dissemination.

Thanking you.

Yours faithfully,

For **KPIT Technologies Limited** (Formerly KPIT Engineering Limited)



Nida Deshpande Company Secretary & Compliance Officer



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KPI1.

August, 2019

Investor Conference August 2019







KPIT New Brand Video was embedded here. Deleted from slide deck for sharing. Video available at <u>https://www.youtube.com/watch?v=WL3IbzJb504</u>

Forward Looking Statements

Some of the statements in this update that are not historical facts are forwardlooking 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 highly-competitive market for the types of services that we offer, market conditions that could cause our customers 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

Agenda

1	Welcome and Introduction	Vinit Teredesai
2	Industry Trends and Our Vision	Ravi Pandit
3	Mission, Strategy and Business Outlook	Kishor Patil
4	Vertical and Customer Strategy	Sachin Tikekar
5	Technology Roadmap	Anup Sable
6	Technology Overview – Autonomous Driving	Manaswini Rath
7	Technology Overview – Vehicle Diagnostics	Stefan Zeppetzauer

INDUSTRY TRENDS AND OUR VISION

Mega Trends in Mobility Industry





Increase in number of vehicle platforms



New Players are emerging in the EV & AD domains



Compliance & regulations



Emergence of new business models

OEMs separating out H/w & S/w spend & buying

Software and Electronics to outgrow the Automotive Sales

In USD Billion			- 34	Components	CAGR (2020-30)
			Power Electronics (e Battery Cells)		15%
			Software (functions, OS, Middleware)	9%	
238 13 20			304	Integration, Verification and Validation	10%
20				Hardware (ECUs/DCUs, Sensors, others)	5%
185				Automotive Sales (USD	Billion)
				2020	2030
2020		2030		2,755	3,800
 Hardware (ECU, Sensors etc) Power Electron 		ronics		Auto Sales CAGR 2020-30 : 3%	
Software Integration, V		Verification & Validation			

Software Growth to be driven by these Domains



Software Growth to be driven by these Stages



New Technology Investments – Major Mobility Players



strengthen development and production of automotive electrification

\$1 billion+ into Uber Technologies Inc's self-driving vehicle unit

Technology Investments are driving high growth and predictability for technology focused niche players like KPIT

K P I 1 Source : Public announcements by these companies in last 6 months. List not exhaustive. All images - copyrights belong to the rightful owner.

Our Vision

Reimagining mobility with you for creation of a cleaner, smarter and safer world

Mobility: Technologies that enable people and goods to move in cleaner, smarter and safer way. This includes passenger, commercial & off-highway vehicles. Also, organizations that offer mobility as a service

Reimagining: The paradigm shift in mobility gives us an opportunity to think afresh

MISSION, STRATEGY AND BUSINESS OUTLOOK

13

Our Mission

Know "software" better than any auto company in the world and know "auto" better than any other software company in the world.

Become a bridge to the New Mobility industry.

We will create value by nurturing a CULTURE OF EXCELLENCE by



Becoming the leading Company in PLATFORM business



Delivering ZERO DEFECT



Being the BEST PLACE to GROW



Having strategic relationship with our T25 CUSTOMERS

Platforms, Tools and Accelerators Strategy



OEMs, New Mobility Companies and Tier1s want to bring newer features to the market faster

KPIT provides innovative, speedy and trusted development of features from design to production

Our value proposition - Faster time to deployment through ...

- 1. Platforms, Tools, Accelerators
- 2. Deep Domain Expertise
- 3. Ability to scale globally

Work closely with Semiconductor companies for the suitable Platforms

We are well positioned for these Opportunities

McKinsey & Company

July 2019 : KPIT features in report on "Automotive software and electronics 2030"

3.4 New partnerships and cooperation models are emerging – primarily for software- and electronics-related topics

closely together. One example would be the close collaboration of BMW, FCA, Intel, Magna, Aptiv, Continental, LiDAR supplier Innoviz, and SW specialists TTTech and KPIT to jointly develop an AD platform. Baidu is trying to build an open platform for AD with its OEM, tier-1 supplier, tier-2 supplier, and research institution partners, sharing source code and data.



April 2019 : Automotive Software Global Market Outlook report by Research and Markets According to this research, the market accounted for \$15.53 billion in 2017 and is expected to reach \$82.58 billion by 2026 growing at a CAGR of 20.4% during the forecast period. Factors

Some of the key players profiled in the market include NXP, Aimotive, Airbiquity, Apple, Autone Mobile, Blackberry, Elektrobit, Google, Green Hills Software, Kpit Technologies, Luxoft Microsoft Corporation, NVIDIA, Renesas Electronics, Rightware, Robert Bosch, Saferide Technologies Ltd, Sigma Software Group, Vector Informatik and Wind River System.

Financial Performance and Outlook



Revenue



28.6% CAGR from FY17 to FY19



- Growth driven by T25 Customers.
- T25 Customer across GEO's with mix of OEM's & Tier 1's

Revenue

GEO Mix

Practice Mix



Well balanced geography revenue spread

70% of the Revenue coming from

New Age practices

EBITDA & Net Cash



EBITDA



 EBITDA improvement despite rupee appreciation of 1.75% Net Cash Generation of 1139 INR million in 6 months post de-merger FY20



 16% to 18% comparable constant currency revenue growth



EBITDA %

- 14% to 15% EBITDA Margin
- 40% to 50% absolute EBITDA

growth

Medium Term Goal

- \$ 500 million Revenue
- 16% to 18% EBITDA
- Free Cash Flow to EBITDA 70%+
- Return on capital employed*25 %+

EBITDA improvement Bridge



Strong Fundamentals



6800+ Automobelievers

20+ Nationalities

We are Ready 20% Masters & PhD Holders

25 Innovation Awards

51 Patents

4% - 5% of Revenue spent on R&D

VERTICAL AND CUSTOMER STRATEGY

Mobility Vertical Trends

Passenger Cars

- •Partnerships for Autonomous, Electric and Connected
- •Slow down in car sales across markets
- •Leadership changes globally
- •Electric car production and sales are projected to rise

Commercial Vehicles

- •Ramp up of efforts for electrification at medium volume
- •We are seeing a move from ADAS to AD
- Industry consolidation leading to restructuring of engineering teams
- •Clear demand for connected vehicles, however monetization unclear

New Mobility

- •Customer moving from ownership to mobility
- •OEMs seeking long term partnerships with shared mobility and technology companies
- •Usage of micro mobility and last mile logistics
- •Tech giants (Intel, Microsoft, Amazon etc.) actively looking at mobility as a service

Vertical Focus Strategy - Organizing business to increase our play in mobility

Passenger Cars	Commercial Vehicles	New Mobility
• Significant revenue at	Account based strategy	• Two wheelers, Fleet Management, Shared Mobility
present	 Build offerings tailored 	• Leverage existing platforms –
 Select customers with 	for these customers	Maximus Pro, JRM
qualitative growth	 Build customized 	 Build solutions for Shared Mobility
•Create large deals	offerings leveraging	 Build partnerships
 Platform & annuity business 	existing practices	

Focused Accounts Strategy for Accelerated Profitable Growth



Selection Criteria will be...

- Important to us from overall Mobility ecosystem perspective
- Highest level of relationship and committed to strategic partnership
- Strategic for our practices
- High quality of engagement (platforms, tools, accelerators and long-term large annuity deals)

T17 accounts have been identified out of T25, developing next 8 accounts from potential accounts

Robust Growth across the Geographies

- Largest Market
- Balanced growth in non-CASE and CASE

AMERICAS

 Strong relationship with passenger and commercial vehicles customers Growth driven by CASE - especially electrification and AD

EUROPE

Fastest <mark>growing</mark> geograph<mark>y</mark> Growth across passenger cars and new mobility
High profitable growth

ASIA

A Glocal Strategy

Build customer intimacy through...



Practice and program management presence at key global locations



Global delivery model



Consistent customer experience across all locations



Diverse teams in cultures, languages and thoughts



TECHNOLOGY ROADMAP

Software in Mobility – it's a complex affair !



Modern high-end car

One 6 Core Processor

- 100+ Processors •
- 4 different network technologies
- 8-10 networks •
- High speed Real time performance

Safety

•

iPhone X

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Premium you pay now is only for software

Software in mobility – complexity in lines of code is growing leaps and bounds!

Lines of Code



KPIT Source : Electronicdesign.com

Digital Cockpit – Enhanced user experience is set to grow.



KPIT is present in digital cockpit world through platforms

Its all about Software

Our Strategy



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Work closely with Semiconductor companies for the suitable Platforms

We deliver software with deep expertise through our practice structure



Autonomous Driving



AUTOSAR



Connected Vehicles



Mechatronics



Conventional and Electric Powertrain



Vehicle Diagnostics

By 2030 almost 100% cars will be connected

Digital Shift \rightarrow ~100% new cars to be connected ~25% vehicles will be electric be autonomous



Future digital services that connectivity may enable



Why doesn't current sales volume affect the development project work?



- Vehicle software complexity is growing. What we are paying as premium, is mostly for software.
- Number of platforms are increasing for Autonomous and Electric Vehicles. Software is critical for both these new emerging areas.
- Digital cockpit will enhance the user experience, software will drive this experience. The scale and complexity will increase as a result for software.
- New vehicles architectures will be dominated by software.

KPIT is well positioned to leverage these changes with

Platform driven Services approach | Practice focus that we have created

AUTONOMOUS DRIVING

Autonomous Driving

Largest independent engineering services and solutions provider

Services



Development of SW Functions



Solutions

AD platform



Global Talent from 14 Countries



Software components



Scenario libraries



More than 45 Patents and Publications



Ground Truth Generation Tools & Operations

Growth of Autonomous Driving business over last 3 years



Global AD Customers 12 OEMs and 9 Tier 1s

	Americas	Europe	Asia
OEMs	3	4	5
Tier 1s	3	3	3

Revenue has grown at an average Y-O-Y growth of **50+% over last 3 years;** with higher % from L4-L5

Key Take Away



VEHICLE DIAGNOSTICS

Vehicle Diagnostics process chain from Engineering to Aftersales



Seamless diagnostics data exchange and enabling toolchain through the entire process holds the key

Main industry opportunities for Vehicle Diagnostics



With knowledge of various vehicle sub-systems and vehicle engineering process, KPIT is Uniquely positioned to address above pain points of OEMs

Growth of this business over last 3 years

Year on Year Growth



Split: Service Vs License revenue



Revenue has grown at an average Y-O-Y growth of **40+% over last 3 years**; Percentage of License revenue also has grown consistently



Thank You

8/23/2019