

Investor Presentation

10th September 2020

DATAMATICS

Datamatics Global Services Limited

BSE: 532528 | NSE: DATAMATICS | ISIN: INE365B01017 | CIN: L72200MH1987PLC045205

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Agenda



01. Company
Overview

04. Quarterly
Updates

02. Strategy &
Investment Rationale

05. Awards &
Recognition

03. Financial
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Executive Summary



Nature of Business

- Global Technology, BPM and Digital Solutions company that builds intelligent solutions for data-driven businesses to enhance their productivity and customer experience
- Headquartered in Mumbai, have strong presence in USA, Europe, Asia Pacific
- Global Delivery Centers in 4 regions
- 200+ significant customers

Management

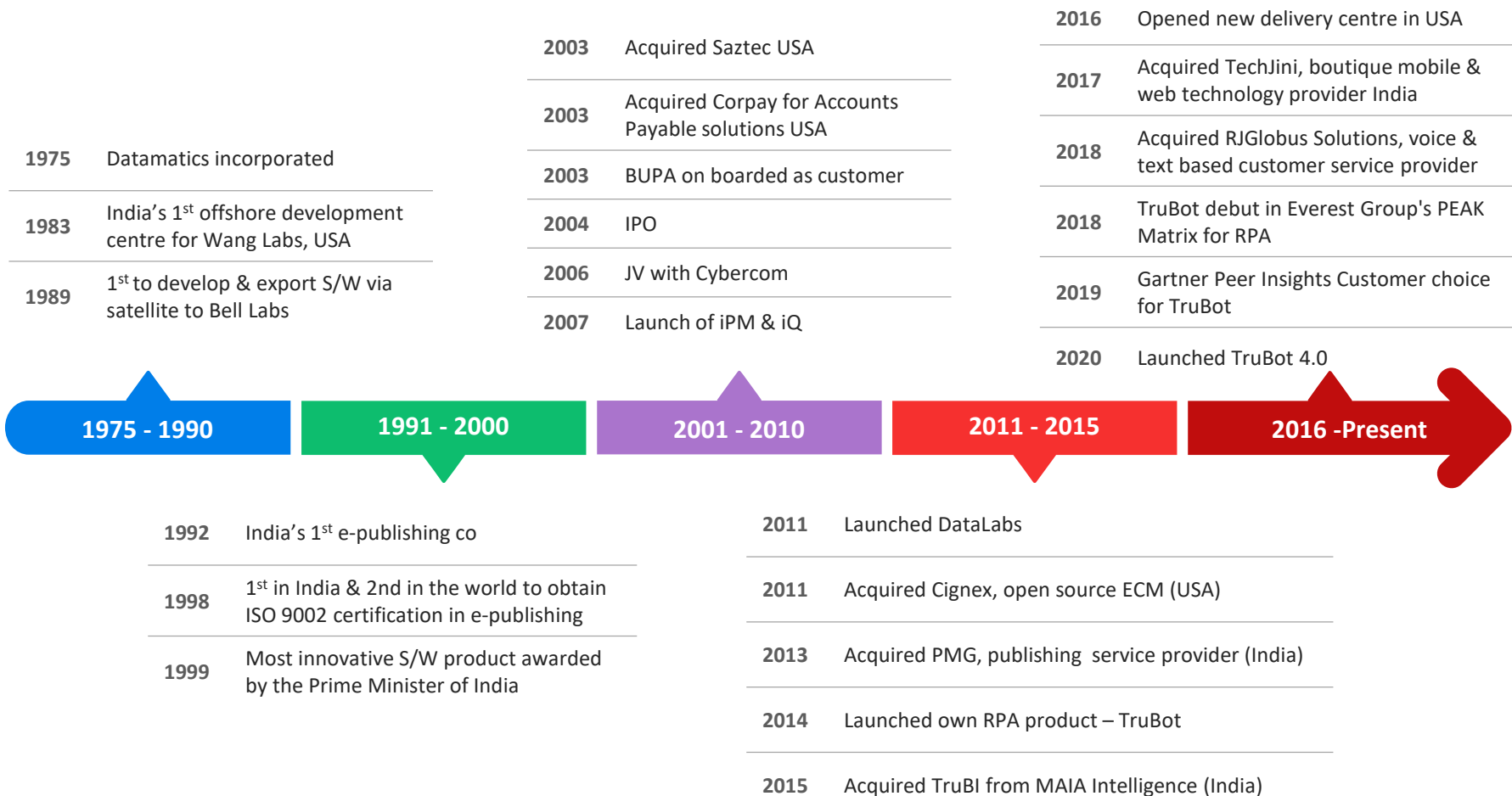
- Managed by strong, robust, experienced and stable management team



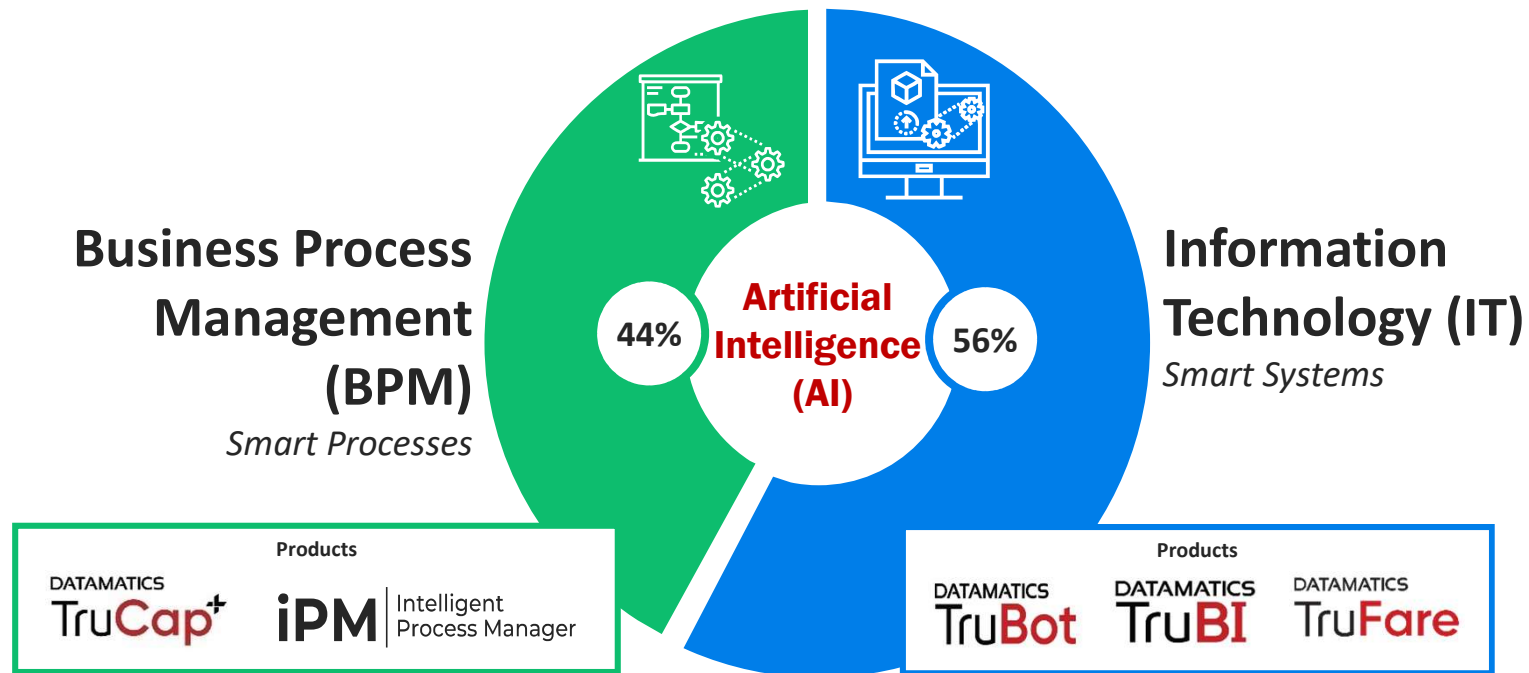
Q1FY21 Highlights

- Operating Revenue ₹ 2,770.9 Mn; down 4.5% in rupee terms and 9.6% in constant currency y-o-y
- EBITDA was at ₹ 285.6 Mn
- EBITDA margin at 10.3%
- PAT (after non-controlling interest) was at ₹ 135.1 Mn
- Total cash & cash equiv. plus liquid investments of ₹ 2,328 Mn
- Debt of ₹ 588 Mn
- Net Cash at ₹ 1,740 Mn
- Added 4 new significant customers in Q1FY21
- 10 Channel Partners added. Total 125+ Channel Partners
- Extended free usage of 3 TruBots under 'COVID-19 Enterprise Support Program' until 30th September 2020

Key Milestones



Line of Business



IT Solutions



Offerings

- Application Management Services
- Digital Solutions
 - ✓ Robotic Process Automation (RPA)
 - ✓ Enterprise Mobility
 - ✓ Cloud Solutions
- Automated Fare Collection (AFC)



Opportunity

- The worldwide IT spending is expected to total US\$ 3.4 trillion in 2020, a decline of 8% from 2019, mainly due to impact of Covid-19 (Source: Gartner May 2020, Spending Forecast Release)
- The Covid-19 pandemic and effects of the global economic recession are causing CIOs to prioritize spending on technology and services that are deemed “mission-critical” over initiatives aimed at growth or transformation
- As the pandemic continues to spur remote working, public cloud services, which is applicable into multiple categories, is expected to be a bright spot growing at 19% in 2020, as per Gartner
- In 2020, some longer-term cloud-based transformational projects may be put on hiatus, but the overall cloud spending levels which was projected for 2023 and 2024 will now be showing up as early as 2022, as per Gartner

Metrics



56%
Revenue Contribution



10.4%
EBITDA Margin



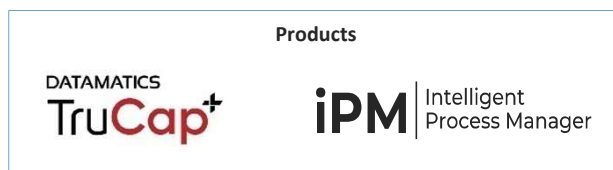
99%
Repeat Business

Business Process Management (BPM)



Offerings

- Financial Transaction Processing
- Content Management & Publishing
- Customer Management



Opportunity

- The global IT-BPM market is expected to touch US\$221-\$226 billion in 2020, growing at 4%-6%, the slowest in the last five years, exacerbated by slowdown due to the Covid-19 outbreak. The growth was 5% -7% in 2019. (Source: US IT research and advisory Everest Group)
- India, which accounts for 40%-45% share of IT –BPM, is expected to see progress, albeit at a slower rate, weighed down by the Covid-19 impact, lower growth forecasts, tight credit policies, and slow economic reforms
- United States continues to remain biggest market for BPM
- Datamatics is seeing specific opportunities in the process automation and dynamic content management areas

Metrics



44%
Revenue Contribution



10.1%
EBITDA Margin



100%
Repeat Business

Robotics Process Automation (RPA)



Offerings

- Provides RPA implementation, licensing, and support services for a range of repetitive and rule-based processes without any manual intervention
- TruBot, a vertical-agnostic product is an off-the-shelf software bot that can automate repetitive process and can be deployed to mimic human activities in the virtual computing environment
- TruBot also comes with an intelligent data capture solution, TruCap+. It has integrated artificial intelligence (AI) & fuzzy logic and captures meaningful data from unstructured documents with over 99% accuracy.

Opportunity

- When most of the industries have slowed down due to the Covid-19 impact, new technologies such as RPA and Cloud Computing are moving forward to offer recession-proof operations
- The successful implementation of RPA across various sectors during Covid-19 has embarked on the upsurge in its future demands undeniably
- With 85% of the RPA market still untapped, the economic slowdown will encourage all businesses to dive into automation
- Datamatics is seeing robust opportunities in the robotics processes

Client Metrics



4000+

Active TruBots



1000+

Process Automated



100+

Customers Globally



300+

TruBot Experts



300+ Mn

*Documents processed
through TruCap+*



125+

Partners & Growing

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Strategy & Outlook for the Future



Account Penetration & Focus on larger deals



Strengthen Partners & Reseller Channel



Invest in Automation to improve productivity



Digital Solutions:

Focus on Products – Robotics & Advanced Analytics

AFC opportunity – Focus on India and US geographies

Investment Rationale: Business



Delivers comprehensive suite of innovative services and solutions to customers including Fortune 500 companies for managing their end-to-end Application Life Cycle and Business Critical Processes



Strong brand reputation in the market and a stable foothold in the IT & ITeS spectrum



Developed own products to strengthen its offerings such as TruCap+ in data capture, TruBot in RPA, iPM Workflow & TruBI in Analytics, TruAI for Artificial intelligence and TruFare in Automated Fare Collection (AFC)



Has a strong presence in the AFC space and has executed over 25+ marquee projects across the globe including New York, London, Hong Kong and Dubai; strong pipeline in India & USA. Only company in India to have a highly evolved AFC, smart gates and contactless gates service offerings



Has a strong R&D centre - DataLabs focusing on the new age technology areas such as AI & Cognitive Science, RPA and Augmented & Virtual Reality



Healthy financials with a positive outlook

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Q1FY21 – Key Financial Highlights



- Revenue at ₹ 2,770.9 million; down 4.5% y-o-y and down 10.7% q-o-q
- EBITDA at ₹ 285.6 million; down 19.4% y-o-y and up 1.2% q-o-q
- EBITDA margin was at 10.3%; down 190 bps y-o-y and up 122 bps q-o-q. The margin was mainly impacted due to COVID-19
- PAT (after non-controlling interest) at ₹ 135.1 million; down 29.8% y-o-y and up 17.0% q-o-q
- EPS (Diluted) at ₹ 2.29 for Q1FY21 as against ₹ 3.26 in Q1FY20 and ₹ 1.96 in Q4FY20

Q1 FY21 – Consolidated Profit and Loss



Particulars (₹ in Mn)	Q1 FY21	Q1 FY20	YoY %	Q4 FY20	QoQ %
Revenue from Operations	2770.9	2,901.7	-4.5%	3,103.8	-10.7%
Purchase of Products and Licenses	29.3	34.3	-14.7%	78.5	-62.7%
Employee Benefits Expenses	1939.0	1,831.9	5.8%	2,036.8	-4.8%
Other Expenses	517.1	681.2	-24.1%	706.4	-26.8%
Reported EBITDA	285.6	354.4	-19.4%	282.1	1.2%
Reported EBITDA Margin %	10.3%	12.2%	-190 bps	9.1%	122 bps
Depreciation/Amortization	94.2	88.2	6.8%	92.1	2.3%
Finance Costs	21.4	13.6	57.3%	10.0	112.9%
Other Income	24.0	17.3	38.7%	73.7	-67.5%
Share of Net Profits of Associates and JVs	1.8	4.0	-54.7%	4.4	-58.9%
Adj. PBT (Without Goodwill Impairment Cost)	195.8	273.8	-28.5%	258.0	--24.1%
PBT Margin %	7.1%	9.4%	-236bps	8.3%	-124 bps
Impairment of Goodwill and Other Assets	-	-	-	157.7	-100%
PBT	195.8	273.8	-28.5%	100.3	95.2%
PBT Margin %	7.1%	9.4%	-236bps	3.2%	384 bps
Tax Expense	55.2	64.7		62.0	
% Tax Rate	28.2%	23.6%		61.8%	
PAT	140.6	209.1	-32.8%	38.3	267.1%
PAT Margin %	5.1%	7.2%	-213bps	1.2%	384 bps
Non-Controlling Interest	5.5	16.7		-77.21	
PAT (after Minority Interest)	135.1	192.4	-29.8%	115.5	17.0%
EPS (Diluted) (Rs)	2.29	3.26	-29.8%	1.96	17.0%

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Response to COVID-19



-
- Implemented all the guidelines recommended by the Government to ensure the safety and well-being of employees
 - Work from home enabled for majority of employees
 - Focus on Customers & understand their business priorities and align strategies as per their business requirements
 - Standardized communication platforms across the Company to ensure collaboration
 - Enhanced cyber security with employee awareness, security monitoring tools and remote monitoring tools
 - Managing cash reserves and execute on cost-reduction strategies wherever possible such as surrendering real estate space and renegotiating contracts
 - Extended free usage of three TruBots under 'COVID-19 Enterprise Support Program' until 30th September 2020
-

Q1 FY21 – Business Updates



BUSINESS UPDATES

- Added 4 new customers in Q1 FY21
- Over 125 partners across the globe. Strategic partnership with Ingram Micro, a global broad-based IT distributor, extended to META region.
- Unveiled refreshed Datamatics logo
- As a part of our CSR initiative, we volunteered to help the Brihanmumbai Municipal Corporation (BMC) to help the migrants by setting up an emergency response center

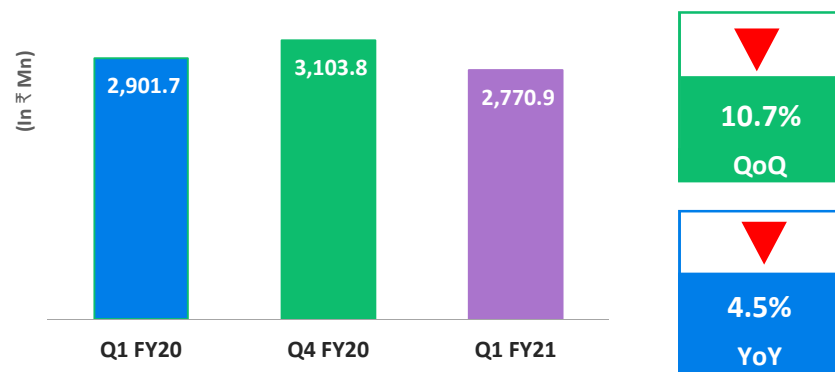
RECOGNITION

- Datamatics recognised for being among the Top Companies in the Private sector at the United Nations Global Compact Network India (UN GCNI) Innovative Practices Award “Women at Work” -2020
- Datamatics Finance and Accounting Solutions recognised in ‘Datamatics: Re-envisioning Finance through Intelligent Solutions’ report by ISG
- TruBot RPA case studies featured in Gartner’s ‘Tool: Banking and Insurance Use Cases to Drive Hyperautomation’

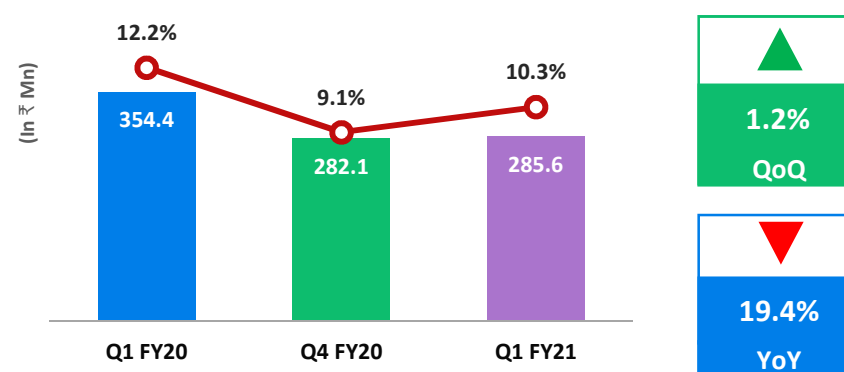
Q1 FY21 – Key Result Highlights



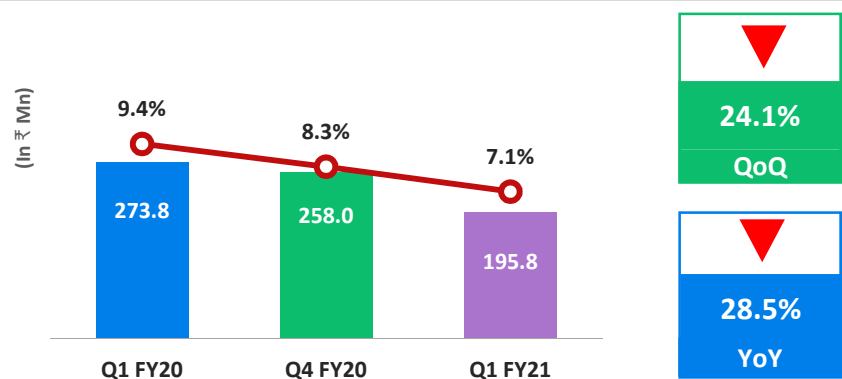
Operating Revenues



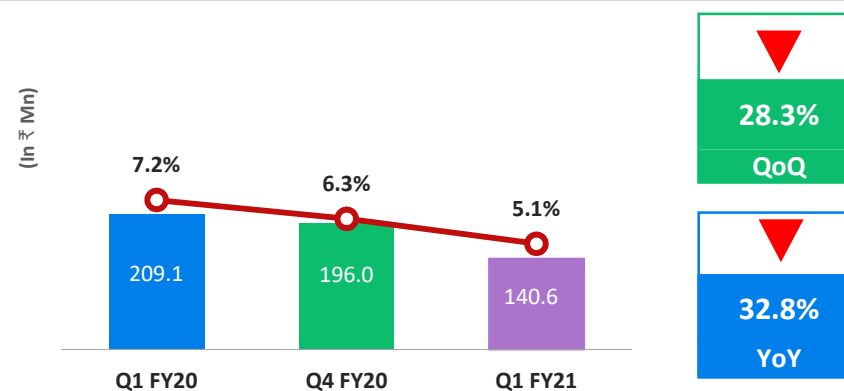
EBITDA & EBITDA Margin %



Adjusted PBT & PBT Margin* %



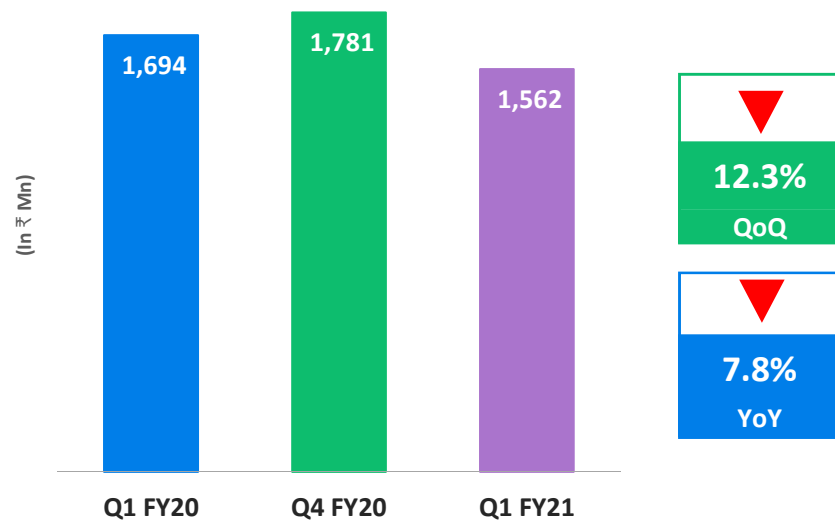
Adjusted PAT before NCI & PAT before NCI Margin %



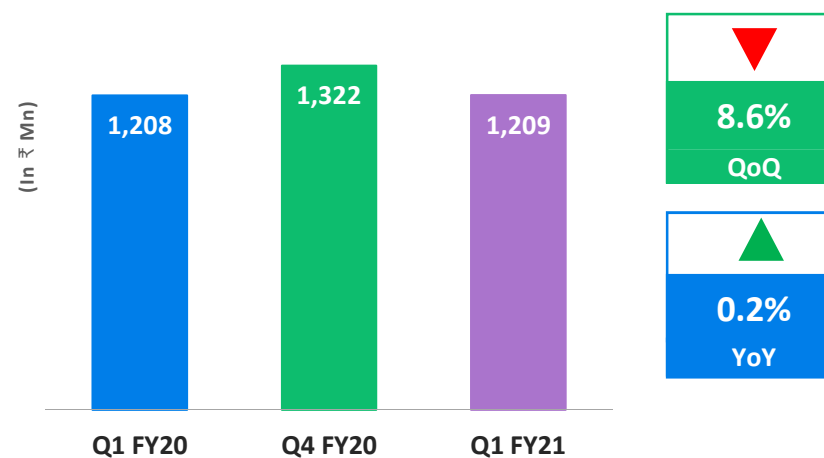
Q1 FY21 – Revenue Segment Analysis



IT Services Revenues – Q1 FY21



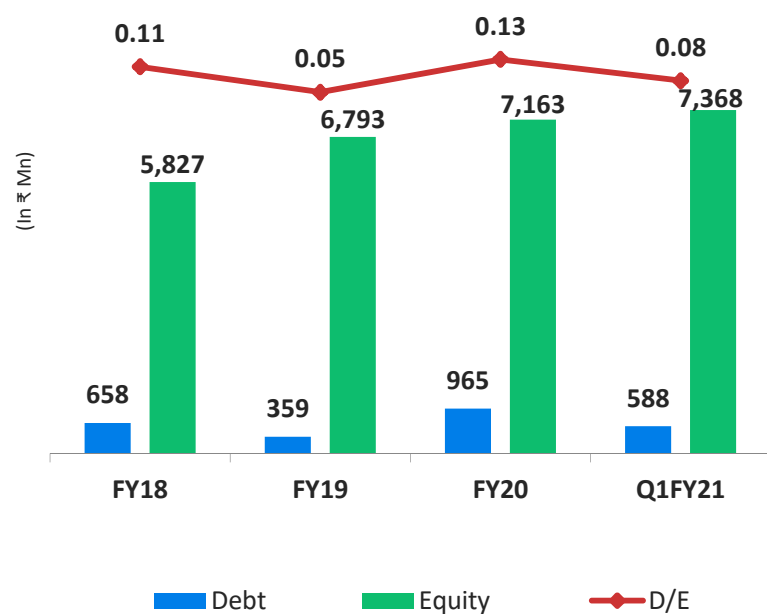
BPM Revenues – Q1 FY21



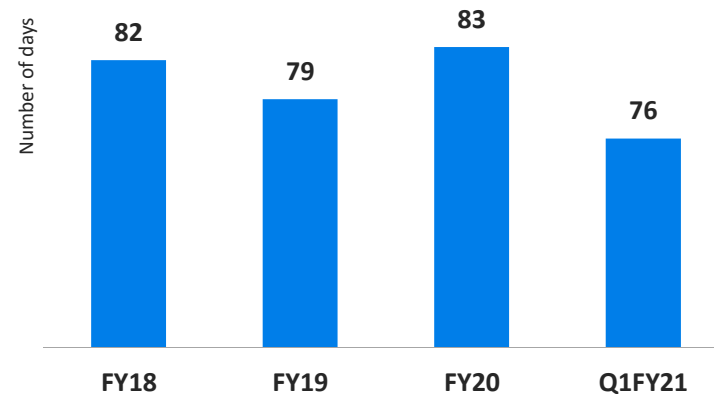
Healthy Balance Sheet Position



Leverage Analysis



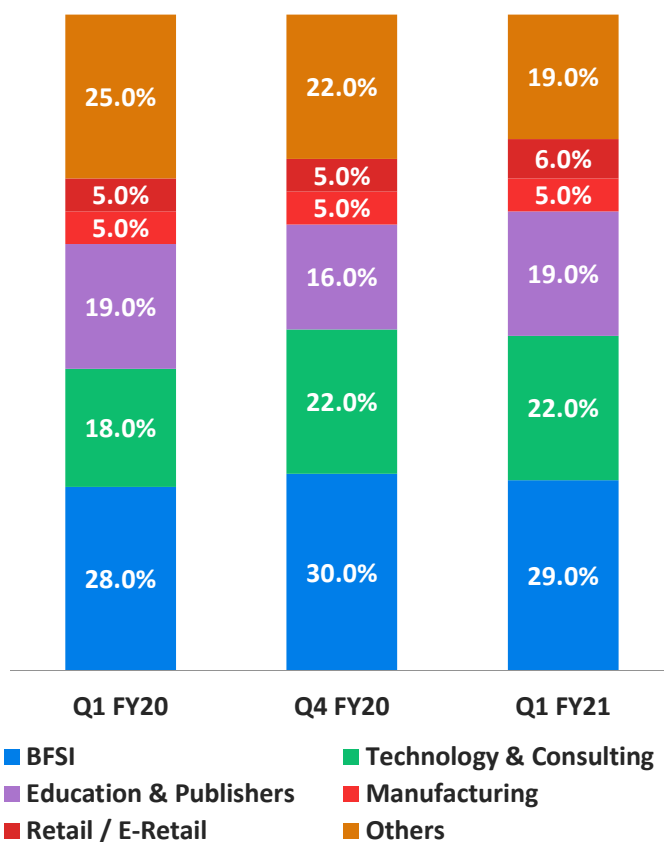
Days Sales Outstanding (DSO)



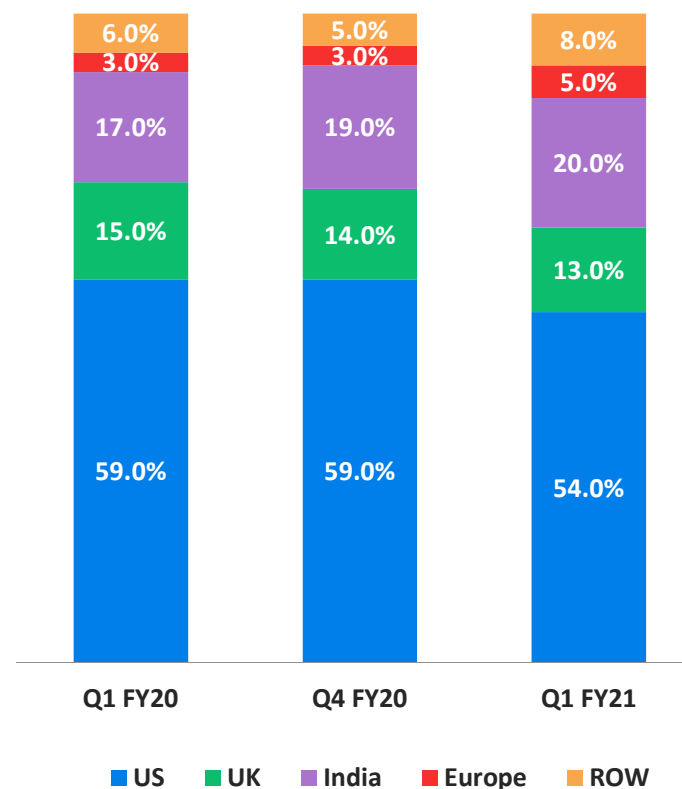
Q1 FY21 – Revenue Segment Analysis



Revenue by Industry



Revenue by Geography

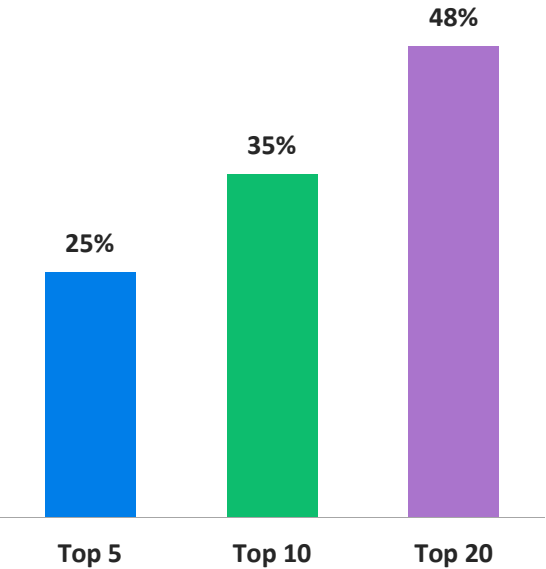


Q1 FY21 – Client Concentration

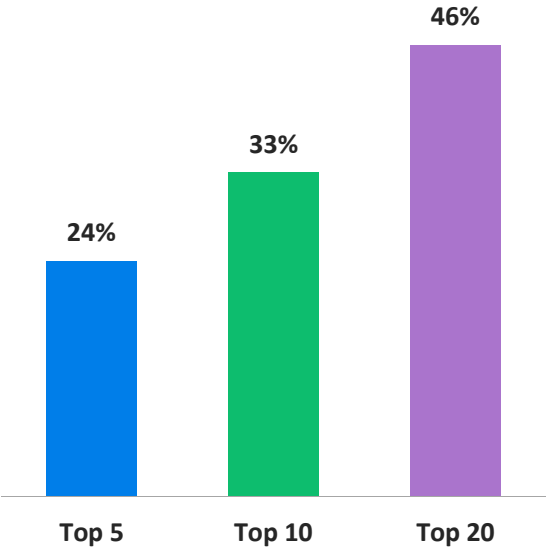


Client concentration maintained at a comfortable level

Q1 FY21



FY20



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Key Analyst Coverage



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Datamatics Finance and Accounting Solutions recognised in Financial and Accounting Outsourcing 2020 ISG Provider Lens™ Study



TruBot recognized in Gartner Competitive Landscape: Robotic Process Automation Software 2020



Datamatics Finance and Accounting Solutions recognised in 'Datamatics: Re-envisioning Finance through Intelligent Solutions' report by ISG



TruCap+ recognized as MAJOR CONTENDER in Everest Peak Matrix - Intelligent Document Processing (IDP) Technology Vendors 2020



TruBot featured in Zinnov Zones Ratings for RPA/Hyper Intelligent Automation Platforms 2020



Everest recognizes Datamatics as a Star Performer in Finance and Accounting (F&A) Digital Capability Platform (DCP) Solutions PEAK Matrix™ Assessment 2020



Everest recognizes Datamatics in Advanced Analytics & Insights – Service Provider Landscape with Services PEAK Matrix™ Assessment 2020



Datamatics TruBot named as a High Achiever in the NelsonHall NEAT for Intelligent Automation Platforms 2019



Quadrant Knowledge Solutions recognizes Datamatics TruBot in SPARK Matrix: for Robotic Process Automation 2019



ISG recognizes Datamatics as a Contender in ISG Provider Lens™ Insurance BPO Digital Services - U.S. 2019

Recognition: Awards



Datamatics recognised at UN Global Compact Network India Innovative Practices Award “Women at Work” 2020

TruBot recognised at Gold Stevie Award 2020 for ‘Sales & Customer Service’

TruCap+ wins People’s Choice Stevie Award 2020 for ‘Favourite New Products’

Datamatics featured in the IAOP 2020 and 2019 Global Outsourcing 100 List of the world’s best outsourcing providers

Rail Analysis India Award 2020 & 2019 for Automated Fare Collection technology

MRSI Golden Key Award 2019 for 'Best Business Impact through Analytics'

NASSCOM Customer Service Excellence Award 2019

Gold Stevie Award at the American Business Awards® 2019 for TruBot

2019 IBM Asia Pacific excellence Award

TruBot wins the CIO Choice 2019 Recognition for Robotic Process Automation

TruBot recognized in the IBS Intelligence Global FinTech Innovation Awards 2019

IMC Digital Technology Award 2019 for TruBot and TruAI

For further queries



Mr. Sandeep Mantri
Chief Financial Officer

✉ investorrelations@datamatics.com

Diwakar Pingle / Asha Gupta

✉ dpingle@christensenir.com

✉ agupta@christensenir.com

📞 +91 9833904971

📞 +91 7506685911

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