

Investor Presentation

4th November 2020

DATAMATICS

Datamatics Global Services Limited

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

© Copyright 2019 Datamatics Global Services Limited and its subsidiaries
(hereinafter jointly referred as Datamatics). All rights reserved.

Agenda



01. Company
Overview

04. Quarterly
Updates

02. Strategy &
Investment Rationale

05. Awards &
Recognition

03. Financial
Overview

Agenda



01. Company
Overview

04. Quarterly
Updates

02. Strategy &
Investment Rationale

05. Awards &
Recognition

03. Financial
Overview

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

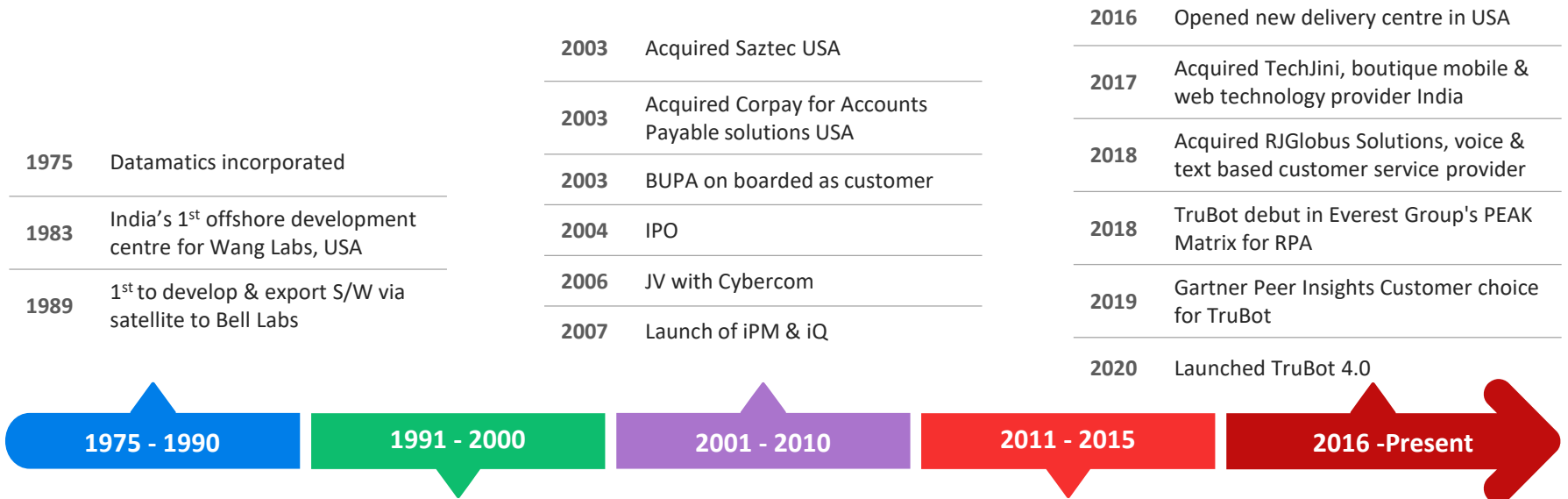
- Managed by strong, robust, experienced and stable management team



H1FY21 Highlights

- Operating Revenue ₹ 5,627.1 Mn; down 4.1% YoY.
- EBITDA was at ₹ 615.0 Mn
- EBITDA margin at 10.9%, Q2 margin at 11.5% compared to Q1 at 10.3% and PYQ2 at 11.3%
- PAT (after minority interest) was at ₹ 289.3 Mn
- Total cash & cash equiv. plus liquid investments of ₹ 1,815.1 Mn, Repaid all debts in the quarter. Debt free as on September 30, 2020
- Added 3 new significant customers in Q2FY21

Key Milestones



1992 India's 1st e-publishing co

1998 1st in India & 2nd in the world to obtain ISO 9002 certification in e-publishing

1999 Most innovative S/W product awarded by the Prime Minister of India

2011 Launched DataLabs

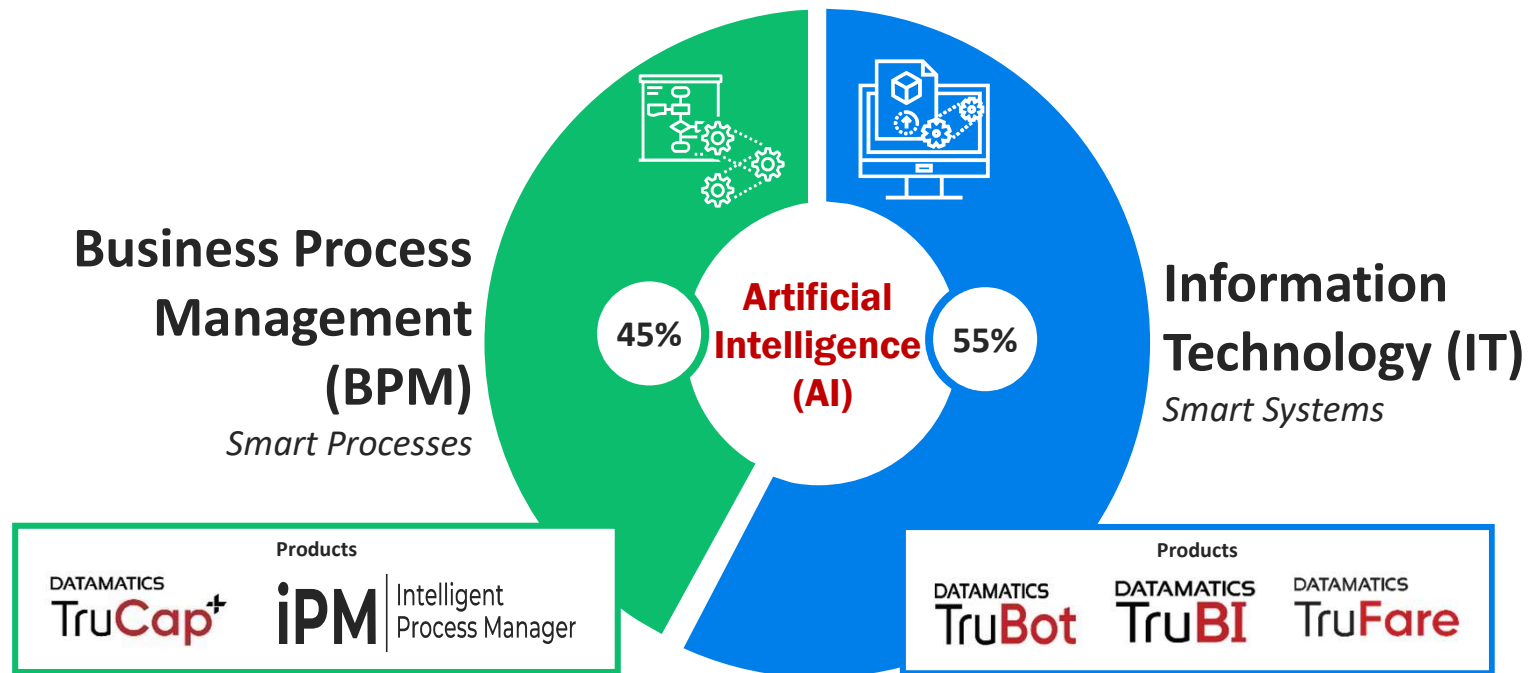
2011 Acquired Cignex, open source ECM (USA)

2013 Acquired PMG, publishing service provider (India)

2014 Launched own RPA product – TruBot

2015 Acquired TruBI from MAIA Intelligence (India)

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



55%
Revenue Contribution



8.5%
EBITDA Margin



96%
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



45%
Revenue Contribution



13.9%
EBITDA Margin



98%
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

Agenda



01. Company
Overview

02. Strategy &
Investment Rationale

03. Financial
Overview

04. Quarterly
Updates

05. Awards &
Recognition

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

Agenda



01. Company
Overview

04. Quarterly
Updates

02. Strategy &
Investment Rationale

05. Awards &
Recognition

03. Financial
Overview

Q2FY21 – Key Financial Highlights



- Revenue at ₹ 2,856.2 million; up 3.1% q-o-q and down 3.7% y-o-y; growth was driven by BPM business
- EBITDA at ₹ 329.3 million; up 15.3% q-o-q down 2.2% y-o-y
- EBITDA margin was at 11.5%; up 122 bps q-o-q and up 18 bps y-o-y; came back to Q2FY20 levels
- PAT (after non-controlling interest) at ₹ 154.2 million; up 14.1% q-o-q and down 22.7% y-o-y
- EPS (Diluted) at ₹ 2.62 for Q2FY21 as against ₹ 2.29 in Q1FY21 and ₹ 3.38 in Q2FY20

H1FY21 – Key Financial Highlights



- Revenue at ₹ 5,627.1 million; down 4.1% y-o-y
 - EBITDA at ₹ 615 million; down 11.0% y-o-y
 - EBITDA margin was at 10.9%; down 85 bps y-o-y
 - PAT (after non-controlling interest) at ₹ 289.3 million as against ₹ 391.8 in H1FY20
 - EPS (Diluted) at ₹ 4.91 as against ₹ 6.65 in H1FY20
-

Q2 & H1FY21 – Consolidated Profit and Loss



Particulars (₹ in Mn)	Q2 FY21	Q2 FY20	YoY %	Q1 FY21	QoQ %	H1 FY21	H1 FY20	YoY %
Revenue from Operations	2,856.2	2,967.2	-3.7%	2770.9	3.1%	5,627.1	5,869.0	-4.1%
Purchase of Products and Licenses	54.9	24.9		29.3		84.2	59.2	
Employee Benefits Expenses	1,950.3	1,894.8		1939.0		3,889.2	3,726.7	
Other Expenses	521.7	710.9		517.1		1,038.8	1,392.1	
EBITDA	329.3	336.7	-2.2%	285.6	15.3%	615.0	691.0	-11.0%
EBITDA Margin %	11.5%	11.3%	18bps	10.3%	122bps	10.9%	11.8%	-85bps
Depreciation/Amortization	96.2	95.2		94.2		190.4	183.4	
Finance Costs	15.1	10.3		21.4		36.5	23.9	
Other Income	10.7	61.4		24.0		34.6	78.7	
Share of Net Profits of Associates and JVs	2.6	1.9		1.8		4.3	5.9	
PBT	231.3	294.6	-21.5%	195.8	18.1%	427.0	568.3	-24.9%
PBT Margin %	8.1%	9.9%	-183bps	7.1%	103bps	7.6%	9.7%	-210bps
Tax Expense	61.2	83.0		55.2		116.4	147.7	
% Tax Rate	26.5%	28.2%		28.2%		27.3%	26.0%	
PAT	170.1	211.5	-19.6%	140.6	21.0%	310.6	420.6	-26.1%
PAT Margin %	6.0%	7.1%	-118bps	5.1%	88bps	5.5%	7.2%	-165bps
Non-Controlling Interest	15.9	12.1		5.5		21.4	28.8	
PAT (after Minority Interest)	154.2	199.4	-22.7%	135.1	14.1%	289.3	391.8	-26.2%
EPS (Diluted) (Rs)	2.62	3.38	-22.6%	2.29	14.1%	4.91	6.65	-26.2%

H1FY21 – Consolidated Balance Sheet



Particulars (Rs in Mn)	H1FY21	FY20
Equity & Liabilities		
Shareholder's Funds		
Share Capital	294.8	294.8
Other Equity	6,945.1	6,648.3
Total Shareholder's Funds	7,239.9	6,943.0
Non-Controlling Interests	287.4	220.2
Total Equity	7,527.2	7,163.2
Liabilities		
Non -Current Liabilities		
Lease liabilities	151.9	109.4
Other Financial Liabilities	13.6	52.3
Long -term Provisions	317.9	278.5
Total Non -Current Liabilities	483.4	440.2
Current Liabilities		
Financial Liabilities		
Short -term Borrowings	-	964.6
Trade Payables	854.6	897.3
Other Financial Liabilities	75.9	95.2
Lease liabilities	113.3	109.1
Short -term Provisions	80.5	68.5
Current tax liabilities	31.9	33.9
Other Current Liabilities	501.7	431.1
Total Current Liabilities	1,657.9	2,599.7
Total Equity & Liabilities	9,668.5	10,203.1

Particulars (Rs in Mn)	H1FY21	FY20
Assets		
Non-Current Assets		
Fixed Assets	1,159.7	1,180.1
Capital work in Progress	13.9	7.3
Goodwill	2,008.1	2,030.8
Other Tangible Assets	124.0	165.2
Right to use assets	227.1	172.9
Intangible assets under development	1.9	3.7
Financial Assets		
Investments	115.3	108.1
Loans	21.9	1.3
Other Financial Assets	145.7	138.6
Deferred tax assets	97.7	70.2
Non Current Assets	141.1	159.3
Other non current assets	2.9	4.6
Total Non -Current Assets	4,059.3	4,042.0
Current Assets		
Financial assets		
Investments	355.0	255.0
Trade Receivables	2,490.7	2,724.5
Cash and cash equivalents	1,460.1	1,948.2
Bank balances	39.1	39.1
Loans & Advances	10.7	11.0
Other financial assets	737.5	770.1
Current tax assets	140.6	49.5
Other current assets	361.5	351.3
Assets classified as held for sale	14.1	12.5
Total Current Assets	5,609.2	6,161.1
Total Assets	9,668.5	10,203.1

Agenda



01. Company
Overview

02. Strategy &
Investment Rationale

03. Financial
Overview

04. Quarterly
Updates

05. Awards &
Recognition

Q2 FY21 – Business Updates

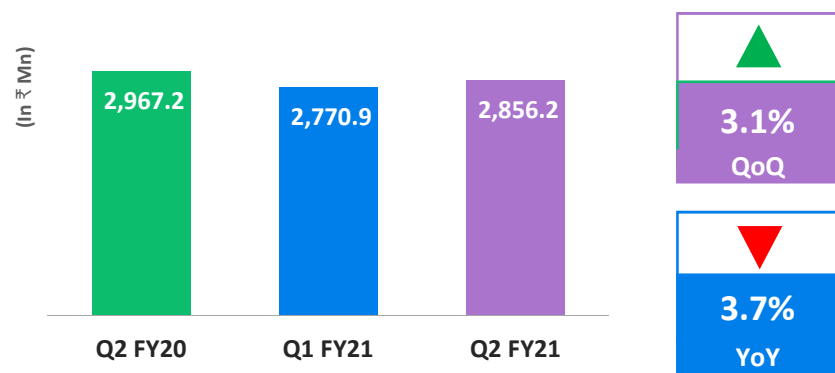


- Added 3 new customers in Q2 FY21
- Datamatics launched the world's largest repository of over 800 automation use cases for enterprises, customers and partners. The repository includes use cases across 13 industries such as BFSI, Manufacturing, Logistics; and 6 corporate functions like Finance & Accounting, Information Technology, Human Resources, and others
- Everest Group recognized Datamatics TruBot as a Major Contender in its Robotic Process Automation (RPA) Peak Matrix 2020. Datamatics was also acknowledged as a key player in RPA market in the report 'Datamatics looks to broaden its footprint in the RPA market' by 451 Research
- Datamatics recognized as a Star Performer in Finance and Accounting Outsourcing (FAO) – Service Provider Peak Matrix 2020

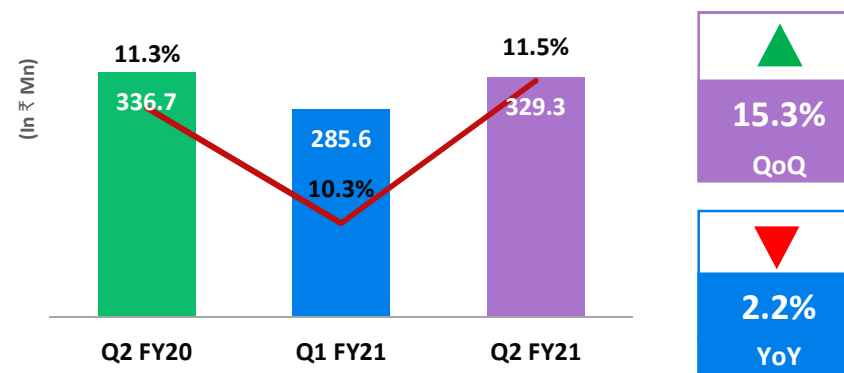
Q2 FY21 – Key Result Highlights



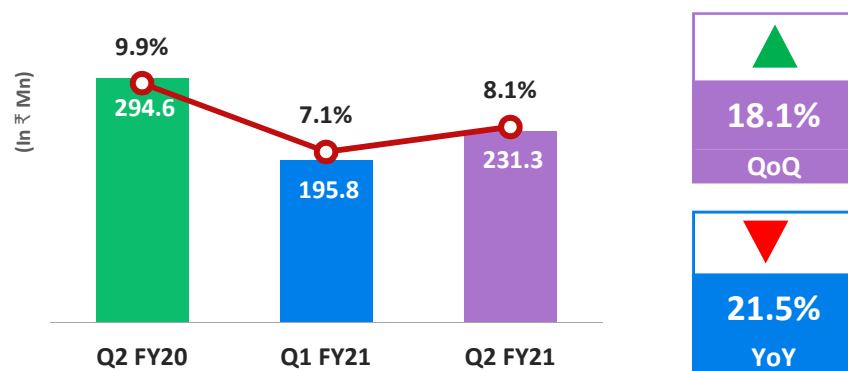
Operating Revenues



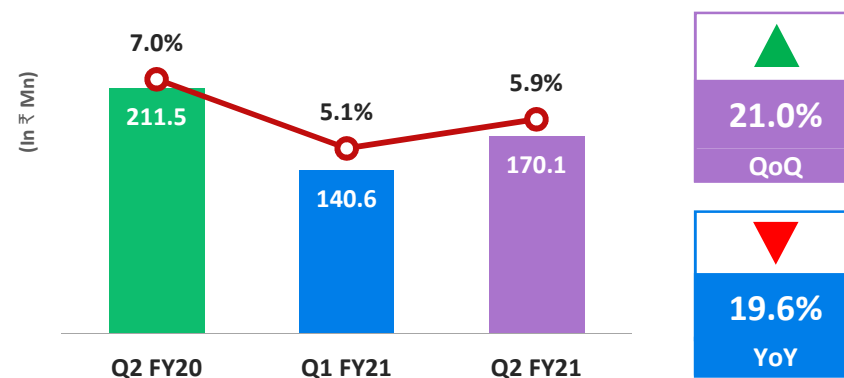
EBITDA & EBITDA Margin %



PBT & PBT Margin %



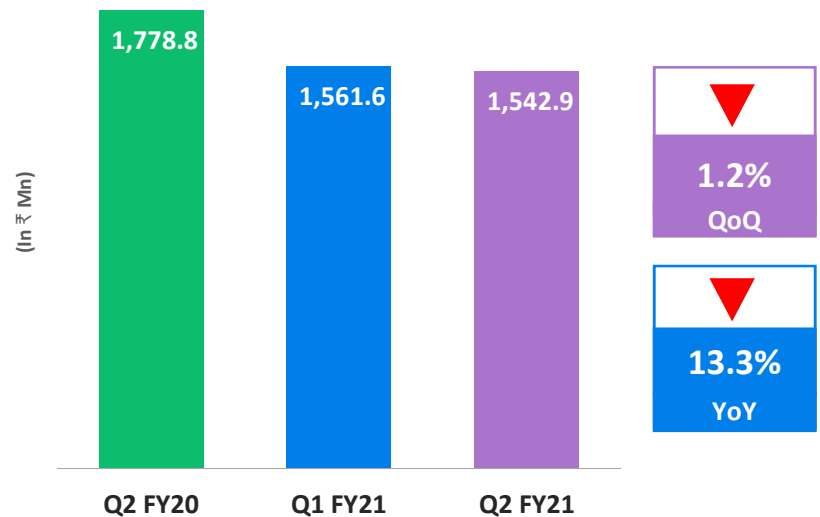
PAT before NCI & PAT before NCI Margin %



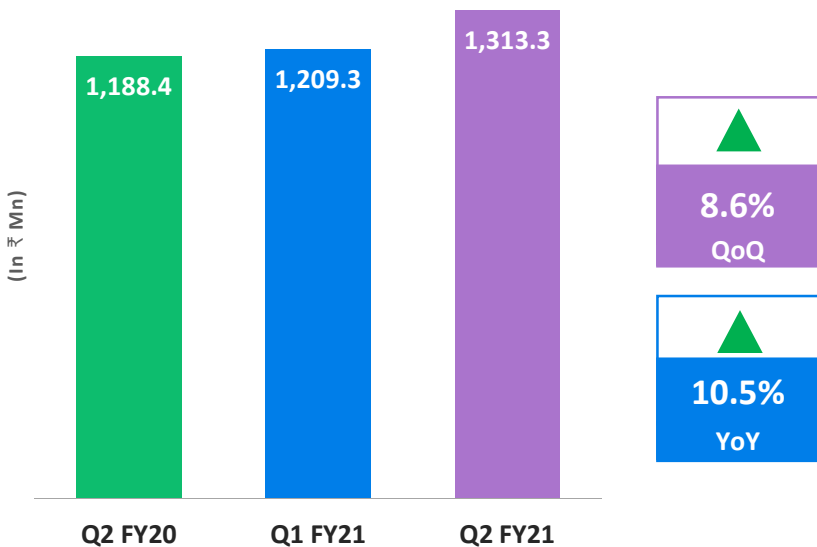
Q2 FY21 – Revenue Segment Analysis



IT Services Revenues – Q2 FY21



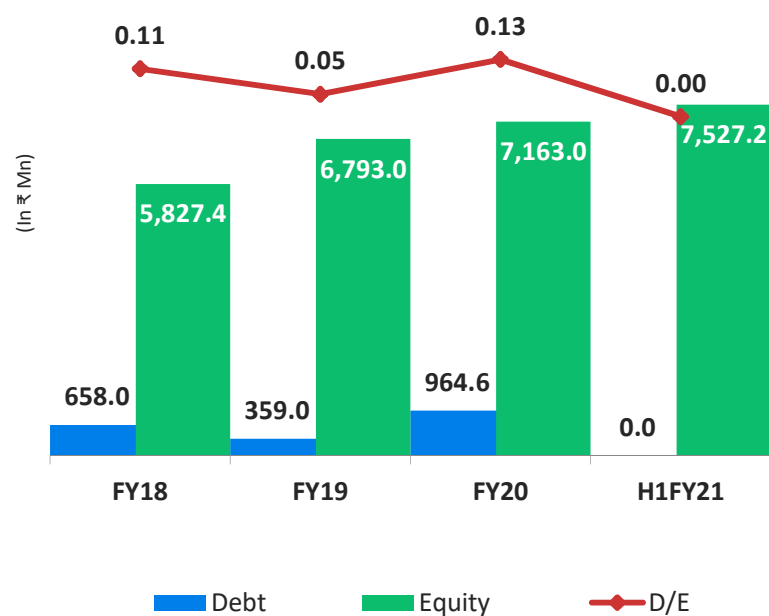
BPM Revenues – Q2 FY21



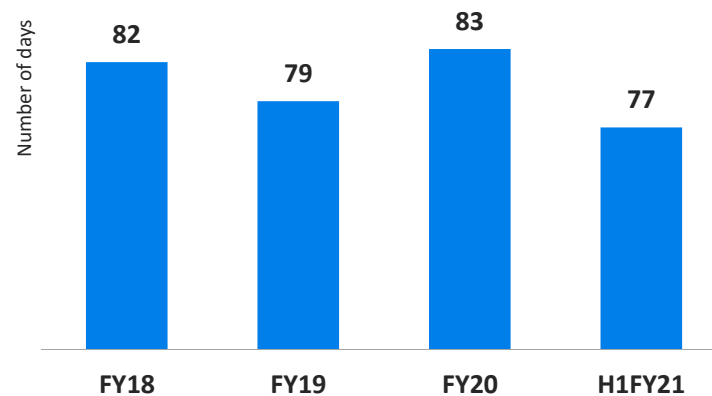
Healthy Balance Sheet Position



Leverage Analysis



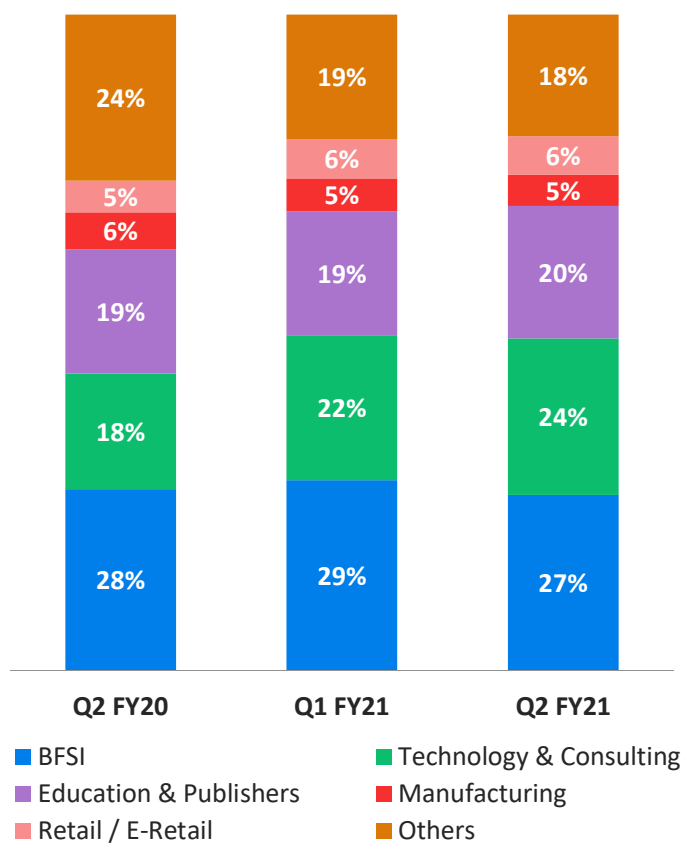
Days Sales Outstanding (DSO)



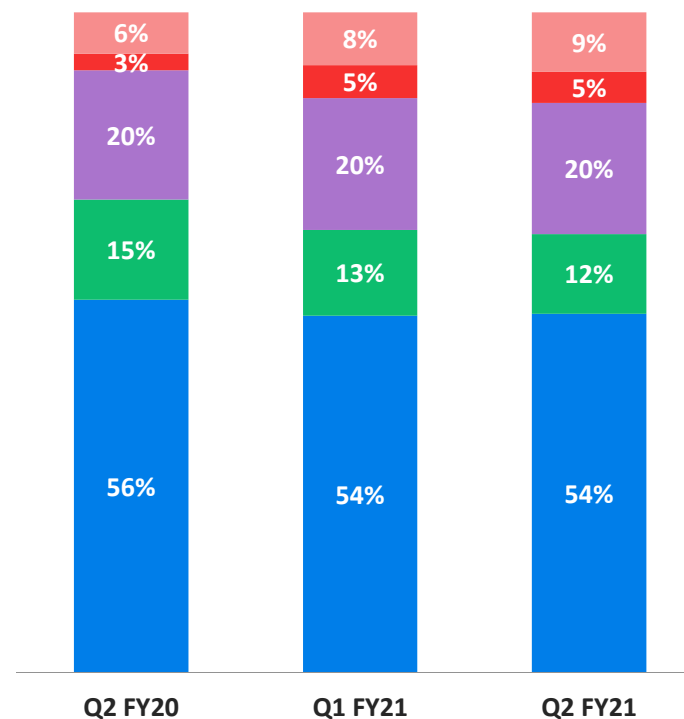
Q2 FY21 – Revenue Segment Analysis



Revenue by Industry



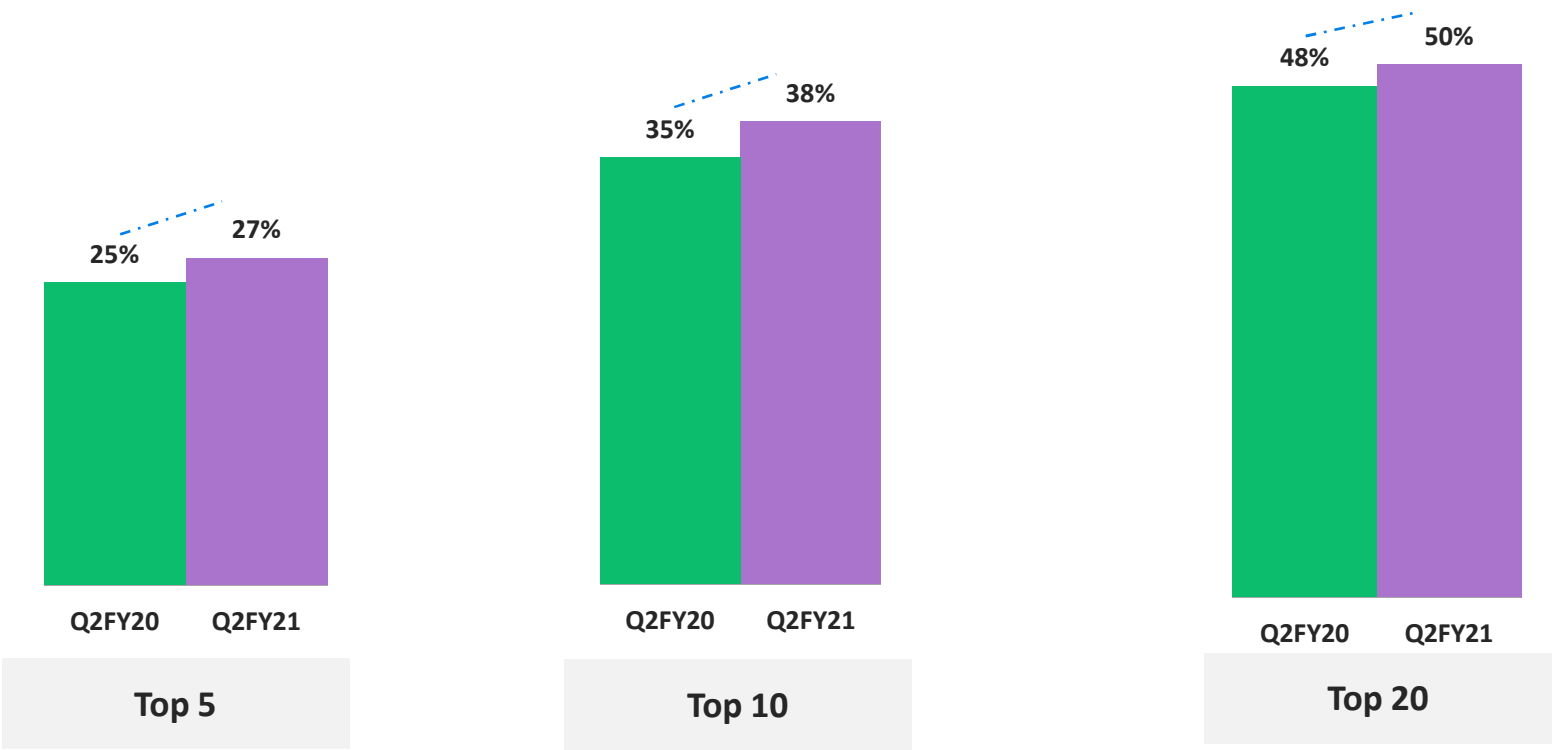
Revenue by Geography



Q2 FY21 – Client Concentration



Client concentration maintained at a comfortable level



Agenda



01. Company
Overview

04. Quarterly
Updates

02. Strategy &
Investment Rationale

05. Awards &
Recognition

03. Financial
Overview

Key Analyst Coverage



Datamatics TruBot recognized by Everest Group as Major Contender in Robotic Process Automation (RPA) Peak Matrix 2020



Datamatics recognized as a Star Performer in Finance and Accounting Outsourcing (FAO) – Service Provider Peak Matrix 2020



Datamatics acknowledged as a key player in RPA market in the report 'Datamatics looks to broaden its footprint in the RPA market' by 451 Research



Datamatics TruBot case studies featured in Gartner's 'Tool: Banking and Insurance Use Cases to Drive Hyperautomation'



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



TruBot recognized by Gartner in 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



Datamatics recognized as a Star Performer in the Everest 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



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

DISCLAIMER:

This presentation and the following discussion may contain “forward looking statements” by Datamatics Global Services (“DGS” or the Company) that are not historical in nature. These forward looking statements, which may include statements relating to future results of operations, financial condition, business prospects, plans and objectives, are based on the current beliefs, assumptions, expectations, estimates, and projections of the management of DGS about the business, industry and markets in which DGS operates.

These statements are not guarantees of future performance, and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond DGS’ control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward looking statements. Such statements are not, and should not be construed, as a representation as to future performance or achievements of DGS.

In particular, such statements should not be regarded as a projection of future performance of DGS. It should be noted that the actual performance or achievements of DGS may vary significantly from such statements.