

# Investor Presentation

28<sup>th</sup> January 2021

# DATAMATICS

**Datamatics Global Services Limited**

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

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# Agenda



**01.** Company  
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**04.** Quarterly  
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**02.** Strategy &  
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**05.** Awards &  
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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

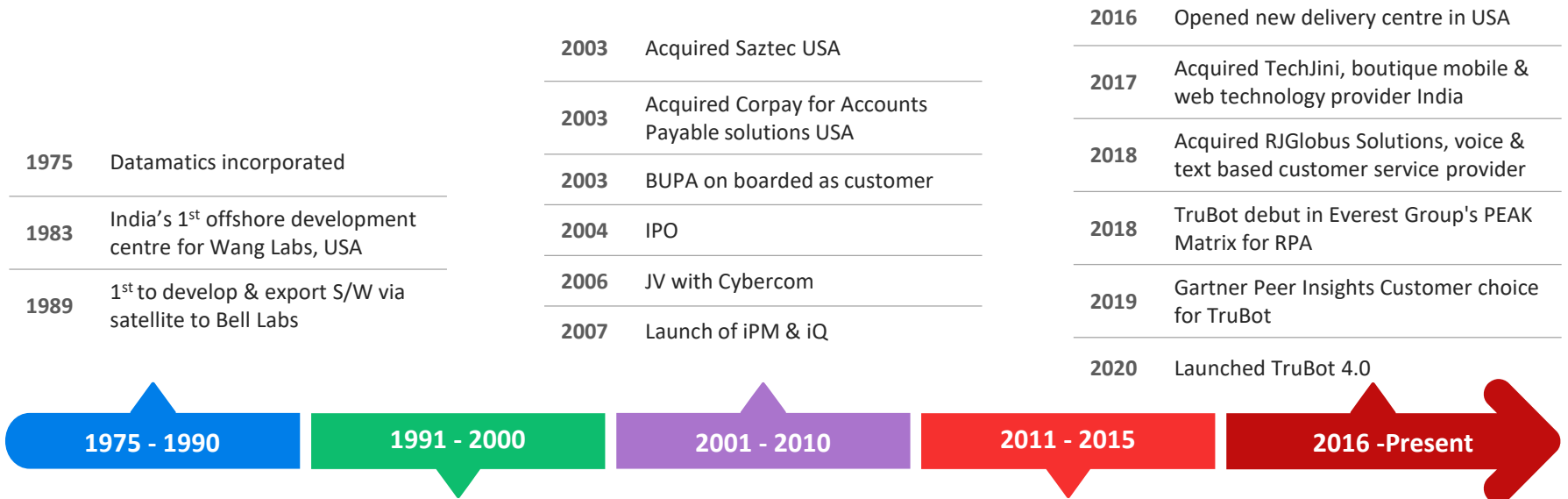
- Managed by strong, robust, experienced and stable management team



## 9MFY21 Highlights

- Operating Revenue ₹ 8,657.6 Mn; down 3.0% YoY
- EBITDA at ₹ 1,003.9 Mn; up 5.3% YoY
- EBITDA margin at 11.6% as compared to 10.7% in 9MFY20
- PAT (after minority interest) at ₹ 510.9 Mn; down 2.1% YoY
- Total cash & cash equiv. plus liquid investments of ₹ 2,543.1 Mn
- Debt free company
- DSO was at 68 days
- 125+ Channel partners
- Company entered into a stock redemption agreement with Cignex to dispose off its entire stake

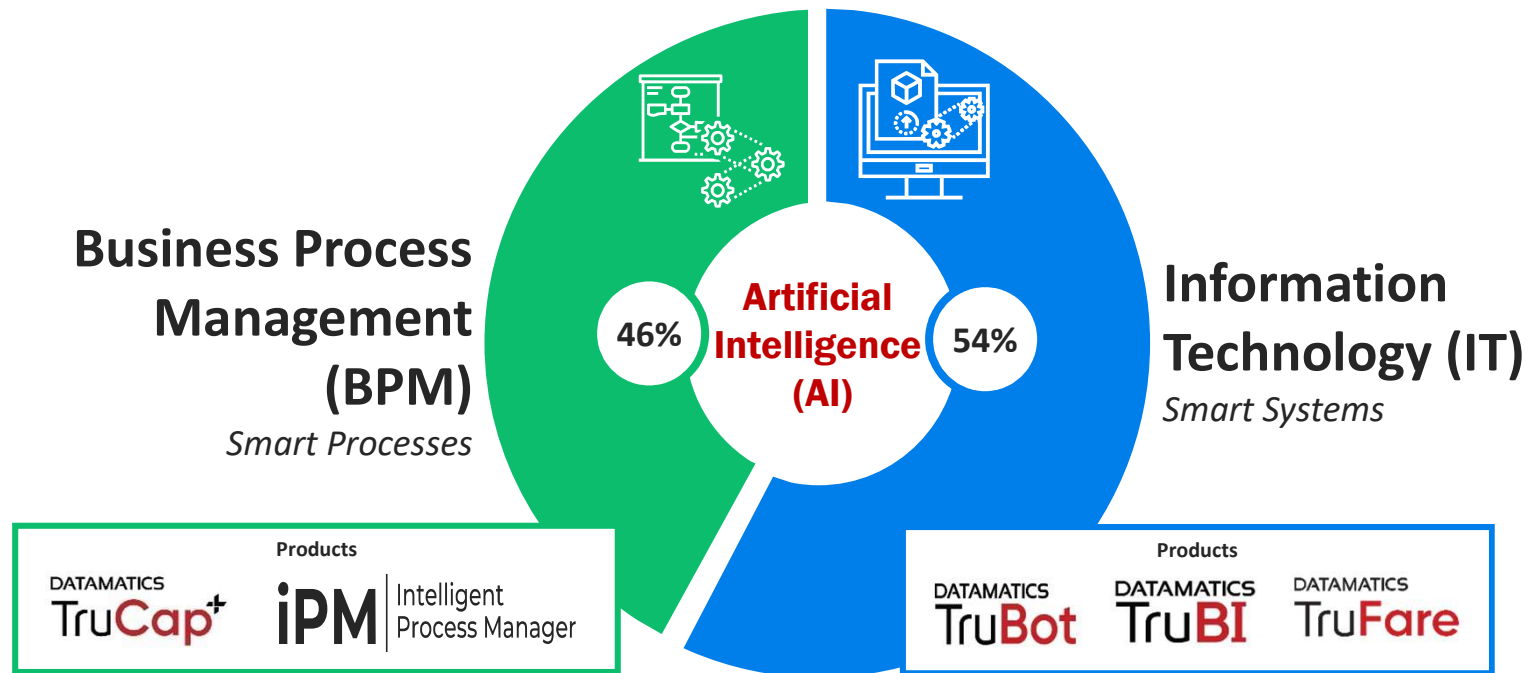
# Key Milestones



1992	India's 1 <sup>st</sup> e-publishing co
1998	1 <sup>st</sup> 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

- Worldwide IT spending is expected to total US\$ 3.8 trillion in 2021, a growth of 4% from 2020 mainly due to the acceleration of digitalization efforts by enterprises supporting a remote-work-first environment and leveraging hyperautomation to ensure pandemic driven demands are met (Source: Gartner October 2020, Spending Forecast Release)
- The pandemic has created a seismic shift in focus for enterprises towards minimizing disruption, getting to quick recovery and building resilience in operations going forward
- Global Cloud computing industry is expected to grow from \$371.4 billion in 2020 to \$832.1 billion by 2025, at a CAGR of 17.5%. Increased automation and agility is expected to drive the cloud computing growth. (Source: Research and Markets Report)
- Global AFC market is expected to grow from US\$ 6,639.1 mn in 2019 to US\$ 12,753.8 mn by 2027, at a CAGR of 11.6%. (Source: Allied Market Research Report)

## Metrics



**54%**  
*Revenue Contribution*



**7.5%**  
*EBITDA Margin*



**96%**  
*Repeat Business*

# Business Process Management (BPM)



## Offerings

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



## Opportunity

- The global IT outsourcing market was valued at US\$ 333.7 bn in 2019 and it is projected to reach US\$ 397.6 bn by 2025, registering a CAGR of 4.5% (Source: ResearchAndMarkets Report)
- Digitalization at scale and pandemic's acceleration of Work-From-Anywhere has boosted technology demand across industry verticals and geographies
- Industry experts believe that IT outsourcing industry is witnessing multi-year technology upgrade cycle in 3 key stages – (1) a large-scale shift to cloud; (2) the building of applications in the cloud native world; and (3) collaboration between IT service vendors and customers to build new technology solutions
- United States continues to remain biggest market for BPM
- Datamatics is seeing specific opportunities in the process automation and dynamic content management areas

## Metrics



**46%**  
*Revenue Contribution*



**16.4%**  
*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

- Robotic Process Automation (RPA) market size surpassed over US\$ 2 bn in 2019 and is expected to witness 40% CAGR from 2020 to 2026 (Source: Global Market Insights Report)
- Key driver for RPA projects is their ability to improve process quality, speed and productivity, each of which is increasingly important as organizations try to meet the demands of cost reduction during COVID-19
- As per recent Gartner's release, 90% of large organizations globally will have adopted RPA in some form by 2022 as they look to digitally empower critical business processes through resilience and scalability, while recalibrating human labor and manual effort
- 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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## Q3FY21 – Key Financial Highlights



- Revenue at ₹ 3,030.6 million; up 6.1% q-o-q and flat y-o-y; growth was driven by BPM business
- EBITDA at ₹ 389.0 million; up 18.1% q-o-q and up 48.1% y-o-y
- EBITDA margin was at 12.8%; up 130 bps q-o-q and up 425 bps y-o-y. Sustained double digit EBITDA margin aided by cost optimization efforts
- PAT (after non-controlling interest) at ₹ 221.6 million; up 43.7% q-o-q and up 69.6% y-o-y
- EPS (Diluted) at ₹ 3.76 for Q3FY21 as against ₹ 2.62 in Q2FY21 and ₹ 2.22 in Q3FY20

## 9MFY21 – Key Financial Highlights



- Revenue at ₹ 8,657.6 million; down 3.0% y-o-y; growth was mainly impacted due to Covid-19 pandemic in the initial quarters of the fiscal year
- EBITDA at ₹ 1,003.9 million; up 5.3% y-o-y
- EBITDA margin was at 11.6%; up 92 bps y-o-y
- PAT (after non-controlling interest) at ₹ 510.9 million; down 2.1% y-o-y
- EPS (Diluted) at ₹ 8.67 as against ₹ 8.85 in 9MFY20

## Q3 & 9MFY21 – Consolidated Profit and Loss



Particulars (₹ in Mn)	Q3 FY21	Q3 FY20	YoY %	Q2 FY21	QoQ %	9M FY21	9M FY20	YoY %
<b>Revenue from Operations</b>	<b>3,030.6</b>	<b>3,060.5</b>	<b>-1.0%</b>	<b>2,856.2</b>	<b>6.1%</b>	<b>8,657.6</b>	<b>8,929.4</b>	<b>-3.0%</b>
Purchase of Products and Licenses	9.7	32.2		54.9		93.8	91.3	
Employee Benefits Expenses	2,029.9	1,987.2		1,950.3		5,919.1	5,713.9	
Other Expenses	602.0	778.5		521.7		1640.8	2170.6	
<b>EBITDA</b>	<b>389.0</b>	<b>262.6</b>	<b>48.1%</b>	<b>329.3</b>	<b>18.1%</b>	<b>1,003.9</b>	<b>953.6</b>	<b>5.3%</b>
<b>EBITDA Margin %</b>	<b>12.8%</b>	<b>8.6%</b>	<b>425bps</b>	<b>11.5%</b>	<b>130bps</b>	<b>11.6%</b>	<b>10.7%</b>	<b>92bps</b>
Depreciation/Amortization	110.9	94.4		96.2		301.3	277.8	
Finance Costs	-11.6	12.4		15.1		25.0	36.2	
Other Income	28.3	52.7		10.7		63.0	131.4	
Share of Net Profits of Associates and JVs	2.9	1.8		2.6		7.2	7.7	
<b>PBT</b>	<b>320.9</b>	<b>210.3</b>	<b>52.6%</b>	<b>231.3</b>	<b>38.8%</b>	<b>747.9</b>	<b>778.6</b>	<b>-3.9%</b>
<b>PBT Margin %</b>	<b>10.6%</b>	<b>6.9%</b>	<b>372bps</b>	<b>8.1%</b>	<b>249bps</b>	<b>8.6%</b>	<b>8.7%</b>	<b>-8bps</b>
Tax Expense	78.3	51.6		61.1		194.7	199.9	
% Tax Rate	24.4%	24.5%		26.4%		26.0%	25.7%	
<b>PAT</b>	<b>242.6</b>	<b>158.7</b>	<b>52.9%</b>	<b>170.1</b>	<b>42.6%</b>	<b>553.2</b>	<b>578.7</b>	<b>-4.4%</b>
<b>PAT Margin %</b>	<b>8.0%</b>	<b>5.2%</b>	<b>282bps</b>	<b>6.0%</b>	<b>205bps</b>	<b>6.4%</b>	<b>6.5%</b>	<b>-9bps</b>
Non-Controlling Interest	21.0	28.1		15.9		42.4	56.8	
<b>PAT (after Non-Controlling Interest)</b>	<b>221.6</b>	<b>130.6</b>	<b>69.6%</b>	<b>154.2</b>	<b>43.7%</b>	<b>510.9</b>	<b>521.9</b>	<b>-2.1%</b>
<b>EPS (Diluted) (Rs)</b>	<b>3.76</b>	<b>2.22</b>	<b>69.3%</b>	<b>2.62</b>	<b>43.7%</b>	<b>8.67</b>	<b>8.85</b>	<b>-2.1%</b>



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## Q3 FY21 – Business Updates

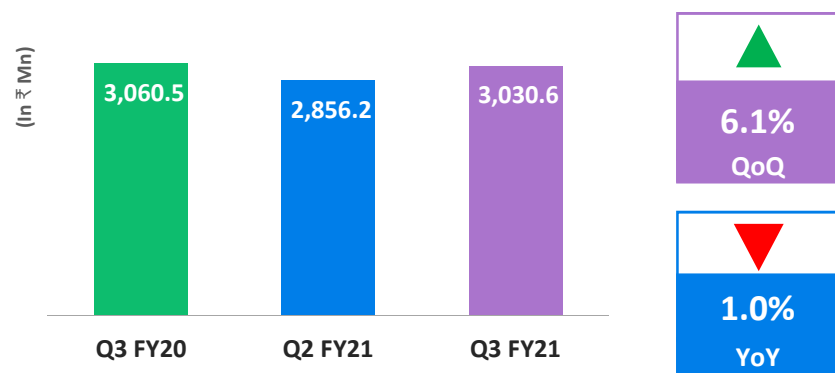


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- Added 10 new customers
  - Datamatics simplifies document processing with a new AI-enabled TruCap+ Intelligent Document Processing (IDP) solution
  - Divested its stake in Cignex
  - Helped UTI Mutual Fund to set-up a paperless Digital Workplace in record time amid pandemic
  - Datamatics TruCap+ recognized as a Leader in SPARK Matrix: Intelligent Document Processing (IDP), 2020
  - Leading global technology research and advisory firm ISG creates an exclusive briefing note on Datamatics' Digital Finance and Accounting (F&A) solutions titled "Datamatics: Re-envisioning Finance through Intelligent Solutions"
  - Won the Market Research Society of India (MRSI) Golden Key Awards 2020 for its exceptional initiative of transforming the BMC Helpline into an Emergency Response Center during the Lockdown period
  - Won the CRN Excellence Award 2020 for its innovative virtual reality gaming App for Alzheimer's patients
-

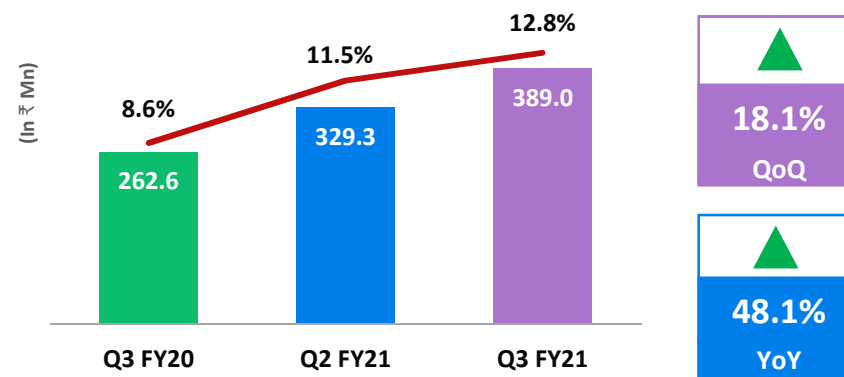
# Q3 FY21 – Key Result Highlights



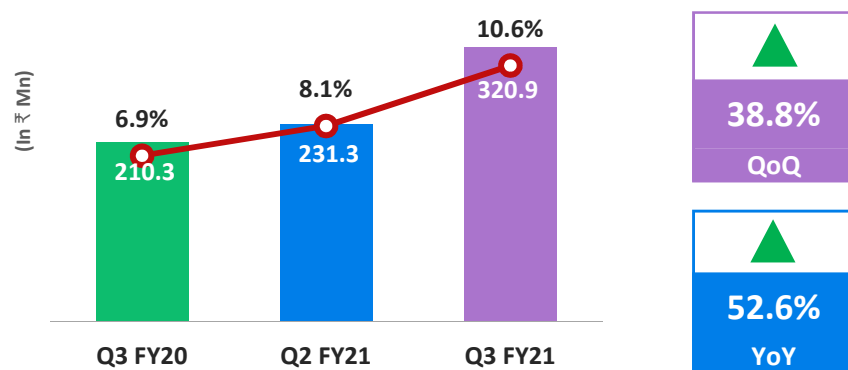
## Operating Revenues



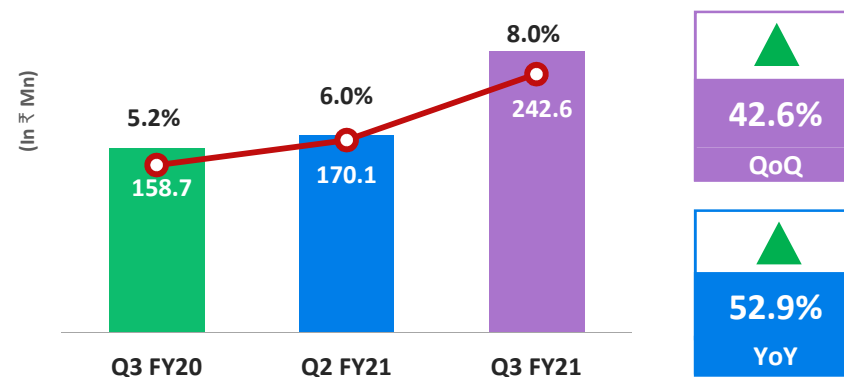
## EBITDA & EBITDA Margin %



## PBT & PBT Margin %



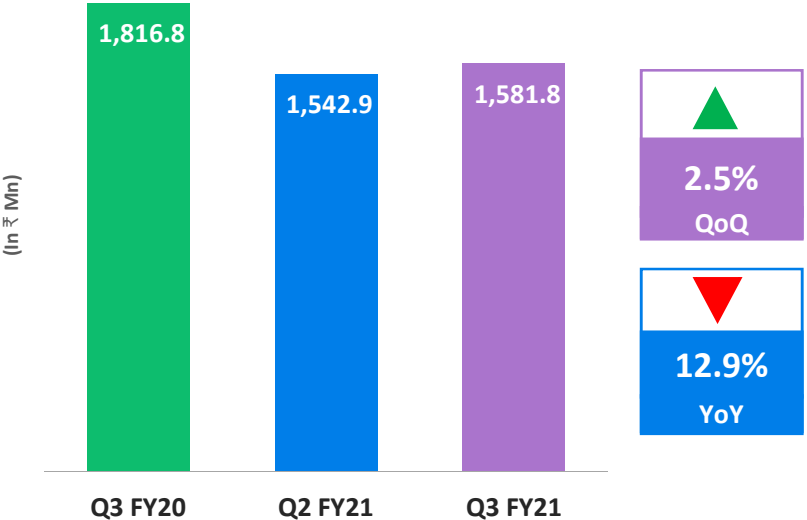
## PAT before NCI & PAT before NCI Margin %



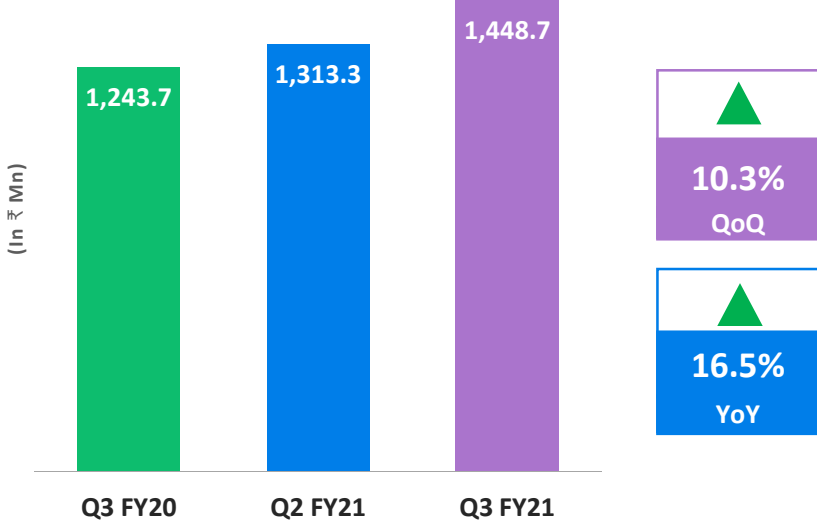
# Q3 FY21 – Revenue Segment Analysis



IT Services Revenues – Q3 FY21



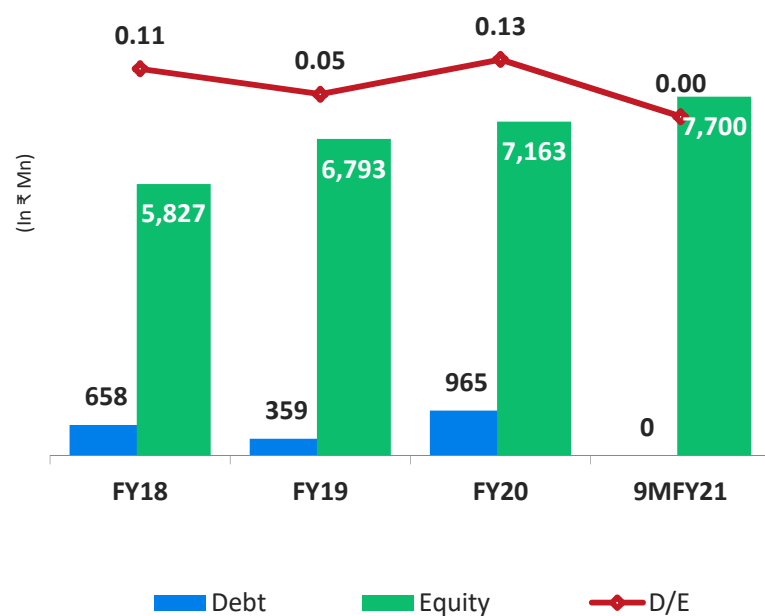
BPM Revenues – Q3 FY21



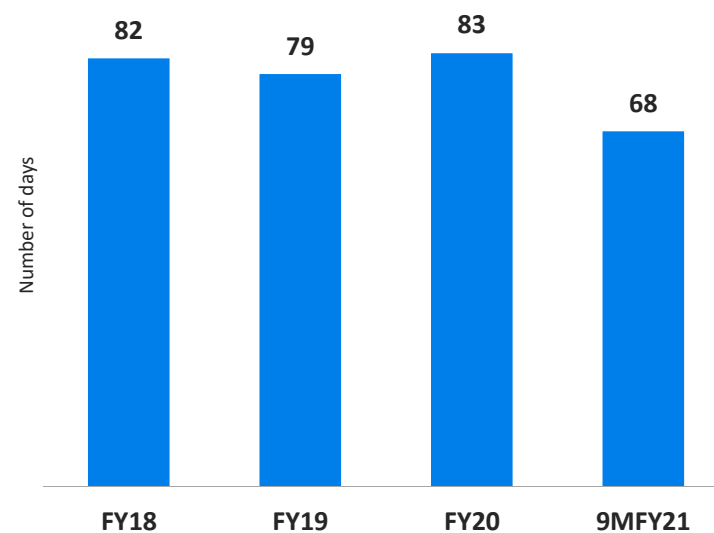
# Healthy Balance Sheet Position



## Leverage Analysis



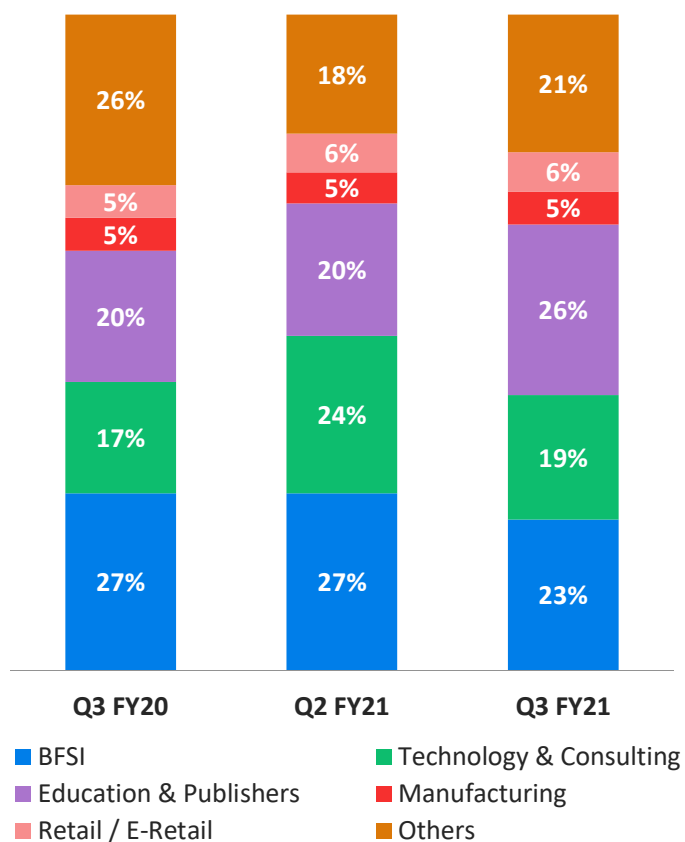
## Days Sales Outstanding (DSO)



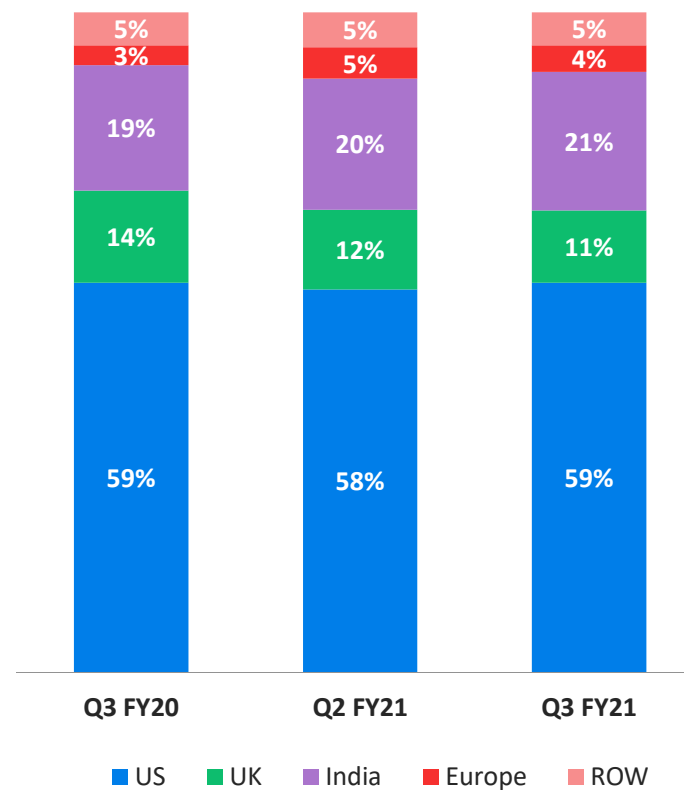
# Q3 FY21 – Revenue Segment Analysis



## Revenue by Industry



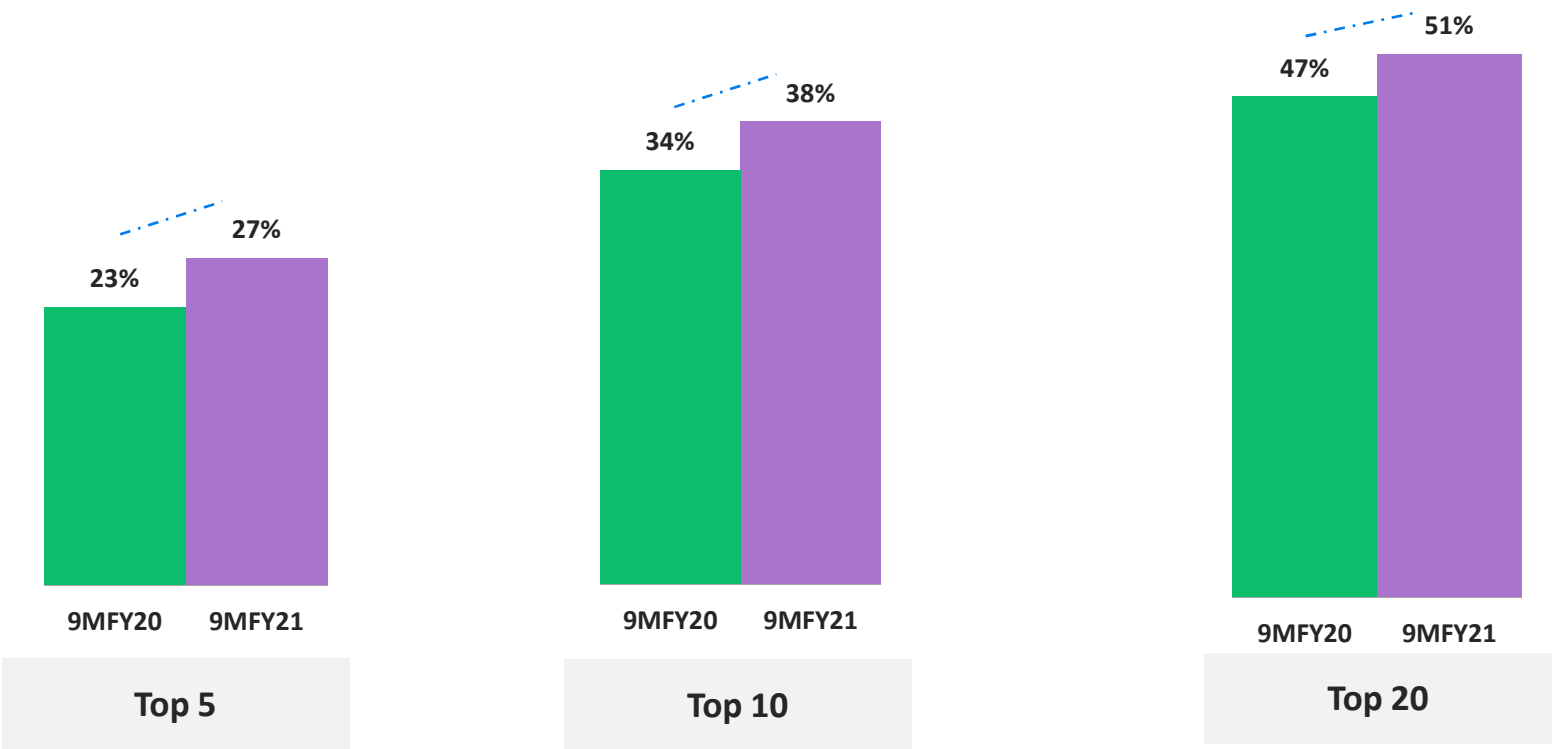
## Revenue by Geography



# 9M FY21 – Client Concentration



Client concentration maintained at a comfortable level



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# Key Analyst Coverage



Datamatics recognized in the Gartner Toolkit: Vendor Identification for AI and Data and Analytics Service Providers



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Datamatics recognized in the Omdia Universe report on Selecting a Robotic Process Automation (RPA) Provider 2020-21



Datamatics recognized in the Gartner Peer Insights 'Voice of the Customer': Robotic Process Automation 2020



Datamatics recognized in the Frost & Sullivan 'Technology Advancements Transforming the Asia-Pacific Intelligent Automation Market, 2020–2024' report



Datamatics recognized by HFS Research in the Top 10 F&A Vendors 2020-21



Datamatics TruBot profiled in the Executive View: Datamatics TruBot Robotic Process Automation by KuppingerCole Analysts



Datamatics recognized as an Aspirant in Next-generation Application Management Services Everest PEAK Matrix® Assessment 2021



Datamatics TruCap+ featured as Major Contender in IDP – Technology Vendor Landscape with Products Everest PEAK Matrix® Assessment 2020



Datamatics leaps out of the Aspirants category to become a Major Contender in the Everest Group- Robotic Process Automation (RPA) Everest Peak Matrix 2020



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

# Recognition: Awards



Datamatics recognized at UN Global Compact Network India Innovative Practices Award "Women at Work" 2020

TruBot won Gold Stevie Award 2020 for 'Sales & Customer Service'

TruCap+ won 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

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

TruBot, TruCap+ won Silver and Bronze Awards at the Asia Pacific Stevie Awards 2020

Datamatics won the CRN Excellence Awards 2020 in the Enterprise Mobility & Virtual Reality category

TruAI won Gold Stevie Award at the American Business Awards® 2020

Datamatics awarded as Best Diversity & Inclusion Award for Gender Diversity and Empowerment at Best Diversity and Inclusion Practices of Asia Seminar and Awards 2020

Datamatics won Market Research Society of India (MRSI) Golden Key Award 2020 for 'BMC COVID-19 Helpline Initiative'

## For further queries



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