

Investor Presentation

10th May 2019



Datamatics Global Services Limited

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

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Agenda

01. Company
Overview

02. Strategy &
Investment Rationale

03. Financial
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04. Quarterly
Updates

05. Awards &
Certifications

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Executive Summary

Nature of Business

- Global IT and BPM 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
- 550+ customers
- 10,000+ Headcount

Management

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



FY19 Financials

- Operating Revenue ₹ 11,335 Mn
 - Up 24.5% in rupee terms and 17.9% in constant currency
- EBITDA ₹ 1,339 Mn; up 63.2%
- EBITDA Margin 11.8%; up 280 basis point
- PBT at ₹ 1,148 Mn; up 36.0%
- PAT at ₹ 845 Mn; up 18.1%
- Total cash & cash equiv. plus investments of ₹ 1,189 Mn
- Debt of ₹ 359 Mn
- Declared dividend 20%

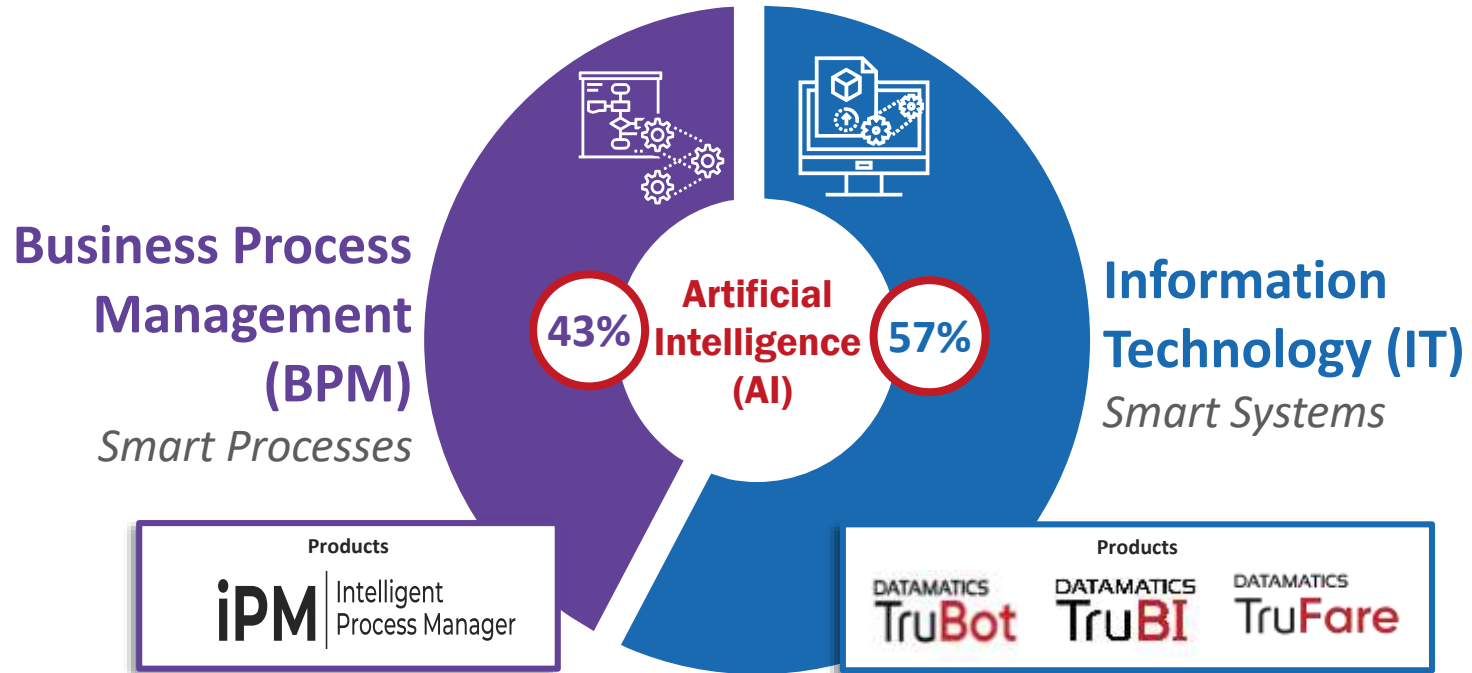
Key Milestones

1975	Datamatics incorporated	2003	Acquired Saztec USA	2016	Opened new delivery centre in USA
1983	India's 1 st offshore development centre for Wang Labs, USA	2003	Acquired Corpay for Accounts Payable solutions USA	2017	Acquired TechJini, boutique mobile & web technology provider India
1989	1 st to develop & export S/W via satellite to Bell Labs	2003	BUPA on boarded as customer	2018	Acquired RJGlobus Solutions, voice & text based customer service provider
		2004	IPO	2018	TruBot debut in Everest Group's PEAK Matrix for RPA
		2006	JV with Cybercom		
		2007	Launch of iPM & iQ		



1992	India's 1 st e-publishing co	2011	Launched DataLabs
1998	1 st in India & 2nd in the world to obtain ISO 9002 certification in e-publishing	2011	Acquired Cignex, open source ECM (USA)
1999	Most innovative S/W product awarded by the Prime Minister of India	2013	Acquired PMG, publishing service provider (India)
		2014	Launched own RPA product – TruBot
		2015	Acquired TruBI from MAIA Intelligence (India)

Line of Business



Business Process Management (BPM)

Offerings

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

Products

iPM | Intelligent
Process Manager

Opportunity

- BPM market was at US\$198 billion in 2018, growth of 4.5% on YoY basis mainly driven by high SaaS adoption, Artificial Intelligence (AI) & RPA. (Source: Nasscom STR'19)
- India's share in global sourcing spend in the BPM sector grew from 35% in 2012 to 38% in 2018, attributed to increase in customer trust
- Exports growing at 8.3%; driven largely by automation-led high-end services
- United States continues to remain biggest market for BPM
- Datamatics is seeing specific opportunities in the process automation and dynamic content management areas

Metrics



43%

Revenue Contribution



12.6%

EBITDA Margin



97%

Repeat Business

Offerings

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



Opportunity

- Global sourcing and IT spends grew at 3.7% and 3.2% respectively in 2018 and the trend will continue
- Legacy services including ADM & testing to grow at a steady pace and will drive cash generation
- AFC world wide market expected to be about US\$ 12 bn by 2024; CAGR of 11.1% from 2017. Incremental opportunity in this market is expected to be about US\$ 7 bn for the same period
 - India opportunity is expected to grow at a CAGR of 18% for the period 2018-24
- Digital solutions to show an increasing level of revenue contribution on the back of momentum in robotics and enterprise mobility.

Metrics



57%

Revenue Contribution



11.2%

EBITDA Margin



93%

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

RPA Services and Software Market 2016-2022



Client Metrics



2600+
Active TruBots



800+
Process Automated



95+
Customers Globally



200+
TruBot Experts



300+ Mn
Documents processed
through TruCap+



54+
Partners & Growing



Revenue momentum to continue; targeting a growth of 12-14% on constant currency basis



Addition of 50 new channel partners to kick start visibility to our TruBot product in the RPA space



AFC to continue its momentum and the Company awaits some new contracts that are undergoing the bidding process

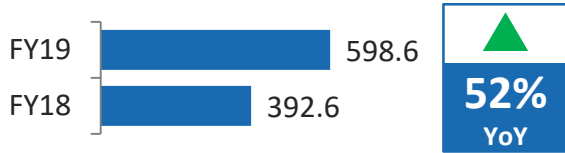
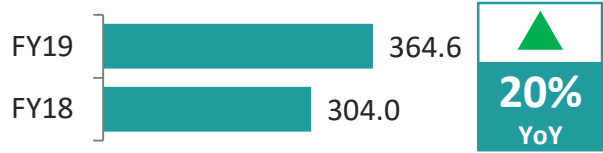
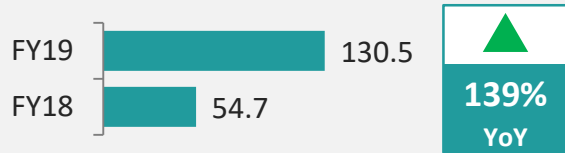
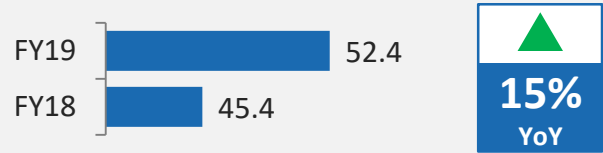


Relentless focus on operational efficiencies to drive margin improvement going forward



All acquisitions have been integrated completely and will drive value going forward

Acquisitions

Acquisition	Techjini Solutions Pvt. Ltd	RJGlobus Solutions Inc.
Objective	To strengthen Datamatics' mobility offerings	To enhance Datamatics' BPO offerings & an alternative low cost off shore center
Acquisition Date	July 2017	April 2018
Stake (%)	81.1%	75.0%
Consideration	Rs 446.0 mn	Rs 110 mn
Revenue (₹ Mn)	 <p>FY19 598.6 FY18 392.6 52% YoY</p>	 <p>FY19 364.6 FY18 304.0 20% YoY</p>
EBITDA (₹ Mn)	 <p>FY19 130.5 FY18 54.7 139% YoY</p>	 <p>FY19 52.4 FY18 45.4 15% YoY</p>
EBITDA Margin (%)	FY18 13.9% FY19 21.8%	FY18 14.9% FY19 14.4%

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Strategy & Outlook for the Future



Account Penetration & Focus on larger deals



Establish Partners & Reseller Channel



Invest in Automation to improve productivity



Digital Solutions

Focus on Products – Robotics & Advanced Analytics

AFC opportunity – Focus on Indian Metro Rail Projects



Strategic Acquisitions

Investment Rationale



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 strong foothold in the IT & ITeS spectrum



Developed own products to strengthen its offerings such as TruBot in RPA, iPM Workflow & TruBI in Advanced Analytics, iMobile in Mobility and TruFare in Automated Fare Collection (AFC)



Has a strong presence in the AFC space and in the last 15 years, has executed over 25 marquee projects across the globe including New York, London, Hong Kong and Dubai. 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



Strong financials with a positive outlook on revenue growth and margin improvement

01. Company
Overview

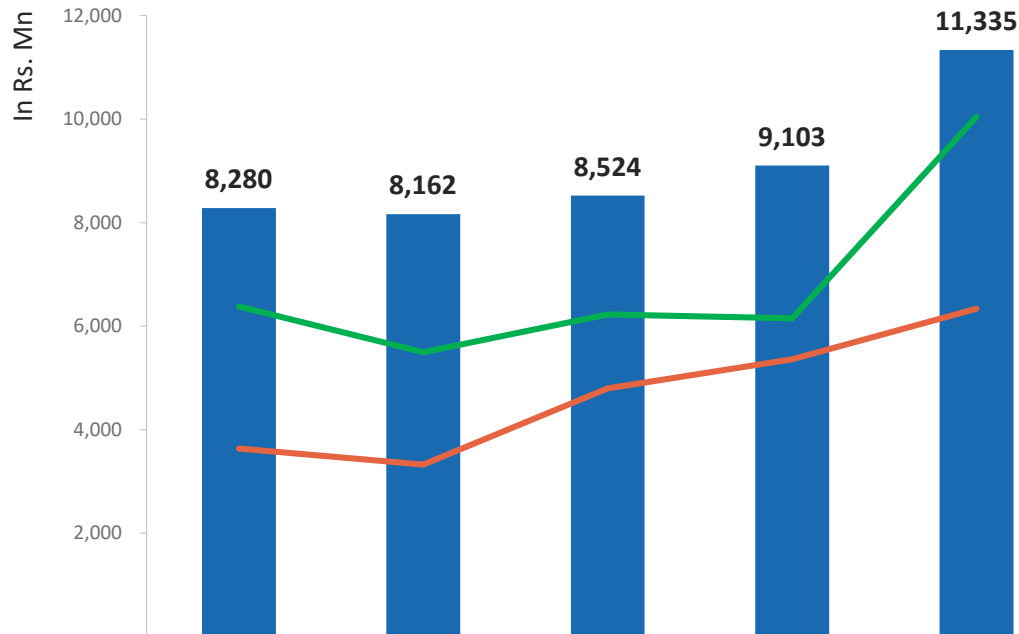
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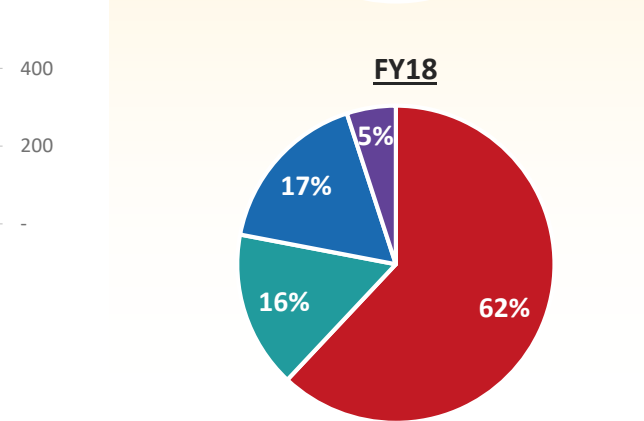
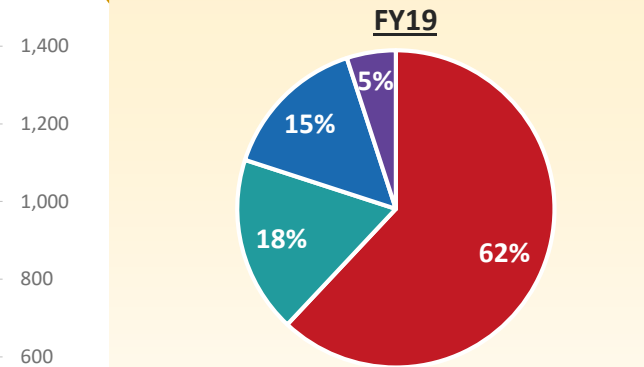
Steady growth over last 5 years



	FY15	FY16	FY17	FY18	FY19
Revenue	8,280	8,162	8,524	9,103	11,335
EBITDA^	851	733	830	820	1,339
PAT*	485	444	640	715	845

^EBITDA excl. Other Income | *PAT Before Minority Interest

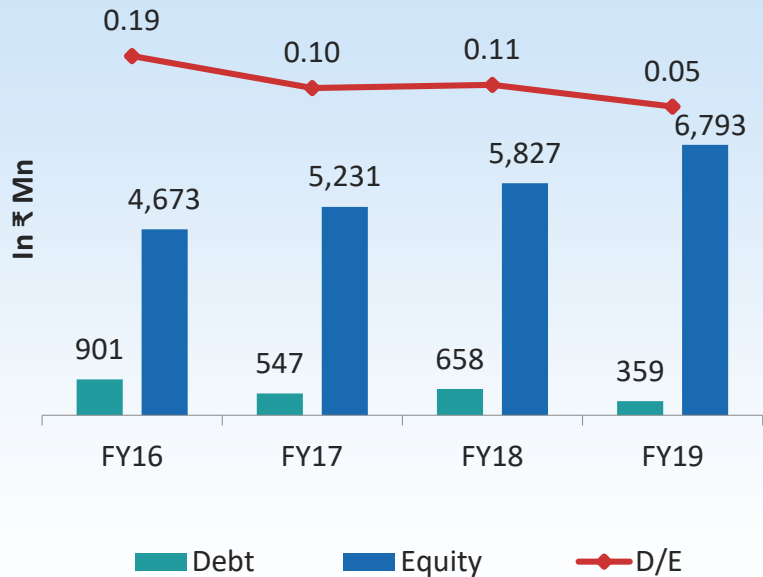
Revenue By Region



■ USA ■ Europe ■ India & ME ■ ROW

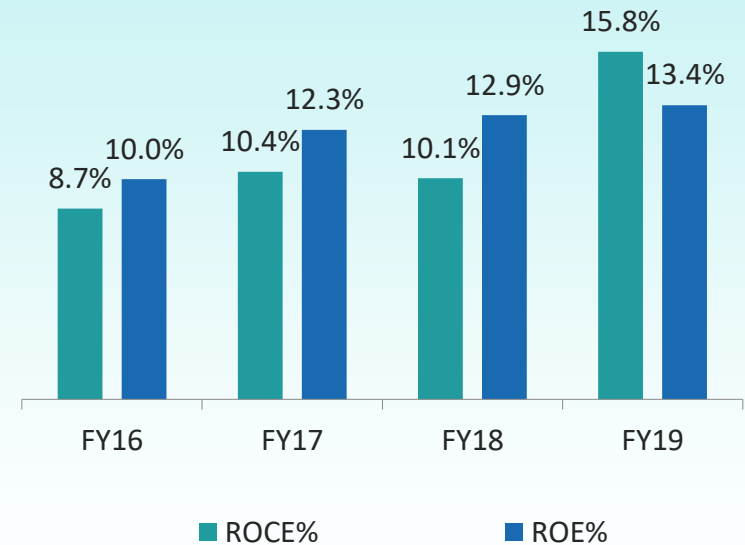
Healthy Balance Sheet Position

Leverage Analysis



*FY16 Equity and Debt Figures are as per I-GAAP
FY17 to FY19 are as per IND-AS standards*

Return Ratio Analysis



*FY16 Return Ratios calculated on I-GAAP figures
FY17 to FY19 are as per IND-AS standards*

Q4 & FY19 – Key Highlights



Strong operating performance backed by robust revenue growth and margin expansion

Q4 FY19 – YoY Analysis

- **Revenue - Rs. 3,069 mn, up 30.7%**
- **Region Wise (Revenue contribution %) - USA 66%, Europe 17%, India & ME 14% and ROW 4%**
- **Industry Wise (Revenue contribution %) - BFSI 32%, Publishing 24%, Manufacturing 11%**
- **EBITDA - Rs. 392 mn, up 69.6%; Margin at 12.8%, up 293 bps**
- **PAT - Rs. 265 mn, up 74.1%; Margin at 8.6%**

FY19 – YoY Analysis

- **Revenue - Rs. 11,335 mn, up 24.5%.**
- **Region Wise (Revenue contribution %) - USA 62%, Europe 18%, India & ME 15% and ROW 5%**
- **Industry Wise (Revenue contribution %) - BFSI 27%, Publishing 27%, Manufacturing 10%**
- **EBITDA - Rs. 1,339 mn, up 63.2%; Margin at 11.8%, up 280 bps**
- **PAT - Rs 845 mn, up 18.1%; Margin at 7.4%**

Q4 & FY19 – Consolidated Profit and Loss

Particulars (Rs in Mn)	Q4 FY19	Q4 FY18	YoY %	Q3 FY19	QoQ %	FY19	FY18	YoY%
Revenue from Operations	3,068.6	2,347.7	30.7%	2,859.3	7.3%	11,334.9	9,102.7	24.5%
Purchase of Products and Licences	35.4	33.2	6.5%	18.9	87.0%	111.5	96.1	16.0%
Employee Benefits Expenses	1,760.3	1,517.7	16.0%	1,764.2	-0.2%	6,891.3	5,668.9	21.6%
Other Expenses	881.3	566.0	1.1%	759.5	16.0%	2,993.6	2,517.4	18.9%
EBITDA	391.6	230.9	69.6%	316.6	23.7%	1,338.5	820.3	63.2%
EBITDA Margin %	12.8%	9.8%	293bps	11.1%	169bps	11.8%	9.0%	280bps
Depreciation/Amortization	64.5	70.8	-8.9%	66.2	-2.6%	260.4	203.3	28.1%
Finance Costs	12.4	12.3	1.1%	9.7	28.2%	47.7	40.3	18.4%
Other Income	47.3	-12.2	486.8%	-52.4	190.3%	108.1	244.3	-55.7%
Share of Net Profits of Associates and JVs	-6.8	2.9	-336.6%	4.3	-256.5%	9.0	22.9	-60.7%
PBT	355.3	138.5	156.6%	192.7	84.4%	1,147.5	843.9	36.0%
PBT Margin %	11.6%	5.9%	547bps	6.9%	454bps	10.1%	9.3%	80bps
Tax Expense	90.7	-13.5	771.8%	64.3	41.0%	302.8	128.9	135.0%
% Tax Rate	25.5%	-9.8%	-	33.4%	-	26.4%	15.3%	-
PAT	264.6	152.0	74.1%	128.4	106.1%	844.8	715.0	18.1%
PAT Margin %	8.6%	6.5%	198bps	4.5%	392bps	7.5%	7.9%	-27bps
Non-Controlling Interest	12.1	45.4	-73.4%	24.7	-51.1%	99.7	74.2	34.4%
PAT after Minority Interest	252.5	106.6	136.9%	103.7	143.5%	745.1	640.9	16.3%
EPS (Diluted) (Rs)	4.27	1.81	136.1%	1.72	148.2%	12.53	10.87	15.2%

FY19 – Consolidated Balance Sheet

Particulars (Rs in Mn)	FY19	FY18
Equity & Liabilities		
Shareholder's Funds		
Share Capital	294.8	294.8
Other Equity	6,104.8	5,169.1
Total Shareholder's Funds	6,399.6	5,463.8
Minority Interest	393.7	363.6
Total Equity	6,793.2	5,827.4
Liabilities		
Non -Current Liabilities		
Other Financial Liabilities	9.5	2.4
Long -term Provisions	228.4	174.1
Total Non -Current Liabilities	237.9	176.5
Current Liabilities		
Financial Liabilities		
Short -term Borrowings	358.8	658.0
Trade Payables	742.3	697.7
Other Financial Liabilities	122.0	19.9
Current tax liabilities	54.9	16.5
Other Current Liabilities	321.5	191.2
Short -term Provisions	36.9	37.9
Total of Current Liabilities	1,636.3	1,621.1
Total Equity & Liabilities	8,667.4	7,625.0

Particulars (Rs in Mn)	FY19	FY18
Assets		
Non-Current Assets		
Fixed Assets	1,177.4	1,112.1
Capital work in Progress	9.8	49.9
Goodwill	2,124.3	1,752.4
Other Tangible Assets	218.7	237.5
Intangible assets under development	3.2	-
Financial Assets		
Investments	113.9	115.3
Loans	0.3	3.7
Other Financial Assets	165.9	134.9
Deferred tax assets	24.9	139.9
Non Current Assets	163.1	99.7
Other non current assets	7.2	11.5
Total Non -Current Assets	4,008.4	3,657.0
Current Assets		
Financial assets		
Investments	454.5	213.0
Trade Receivables	2,461.4	2,047.9
Cash and cash equivalents	696.2	817.8
Bank balances	38.0	25.7
Loans & Advances	3.7	16.0
Other financial assets	694.0	620.5
Current tax assets	18.9	11.4
Other current assets	292.4	215.9
Total Current Assets	4,659.0	3,968.1
Total Assets	8,667.4	7,625.0

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Q4 & FY19 – Business Updates



Business Development

- Added 10 new customers in Q4 FY19 and 58 in FY19
- Datamatics continued its focus on developing partner & reseller program. Signed 23 new partners in Q4FY19, taking total partner strength to 54 across the globe.



Strategic Partnerships

- Datamatics is managing over 100 cloud instances through partnerships with leading cloud providers such as Amazon Web Services and Microsoft Azure

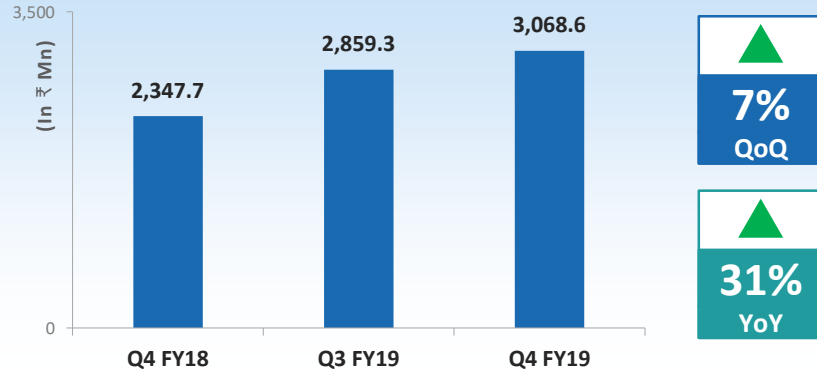


Recognition

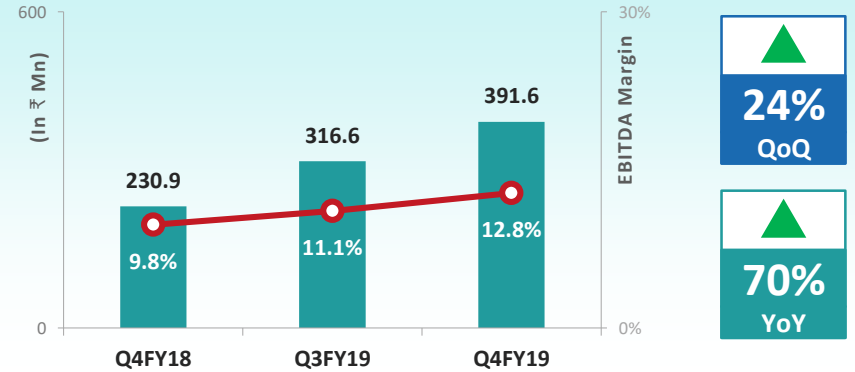
- Datamatics TruBot features amongst top 4 with Robotics Process Automation software on Gartner Peer Insights with overall rating of 4.5 stars contributed by 120+ Gartner verified customer reviews
- Company has been awarded automated fare collection project for Mumbai Metro Line 2a, 2b and 7

Q4 FY19 – Key Result Highlights

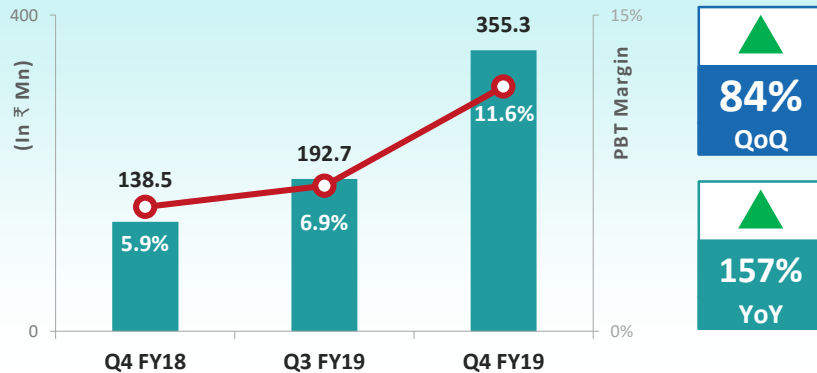
Operating Revenues



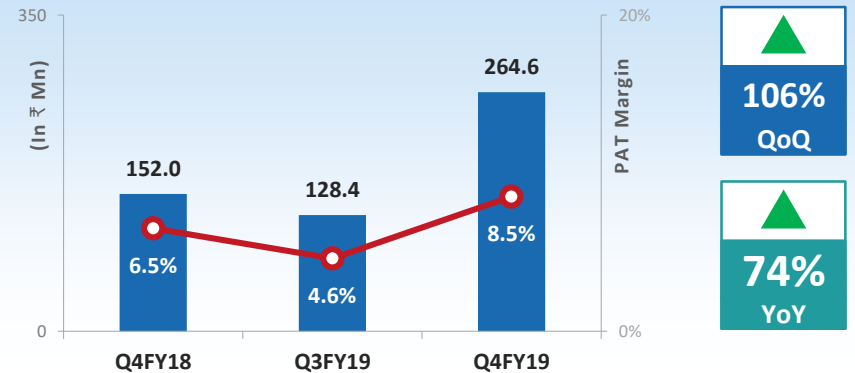
EBITDA & EBITDA Margin %



PBT & PBT Margin %

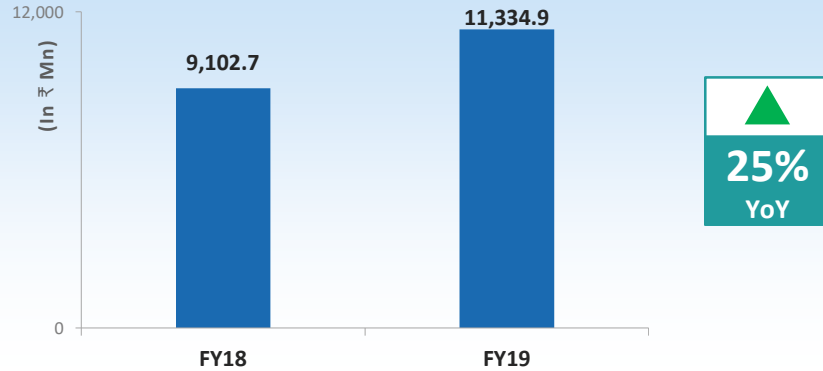


PAT & PAT Margin %

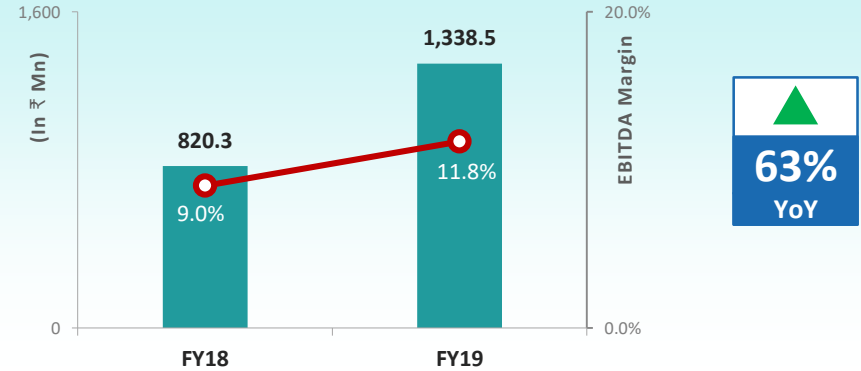


FY19 – Key Result Highlights

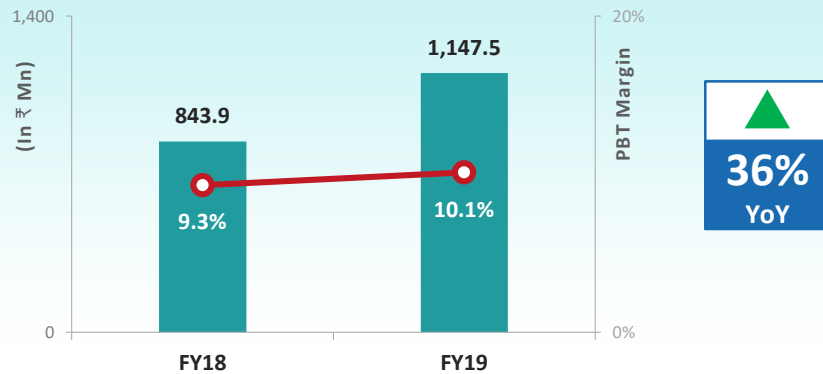
Revenues



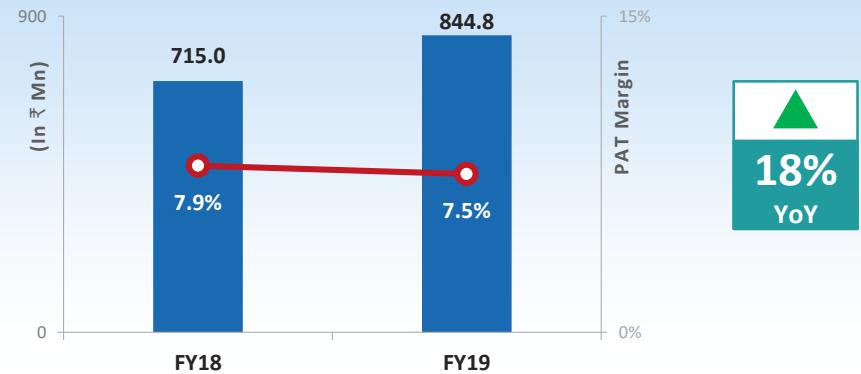
EBITDA & EBITDA Margin %



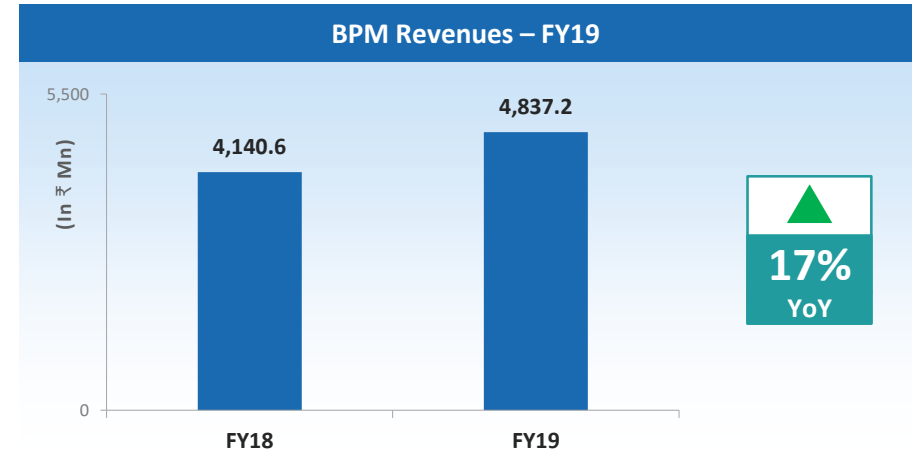
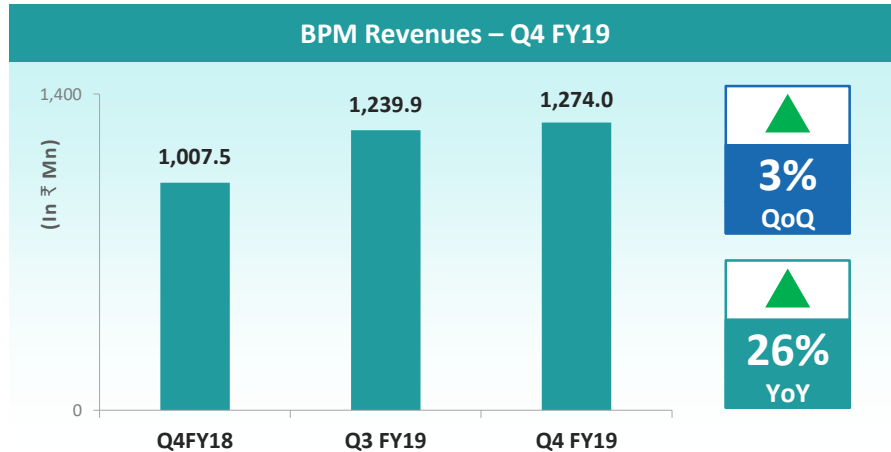
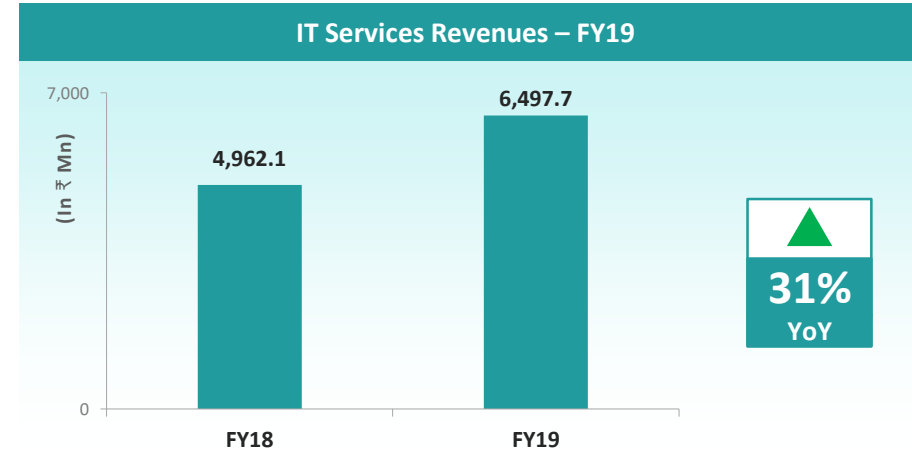
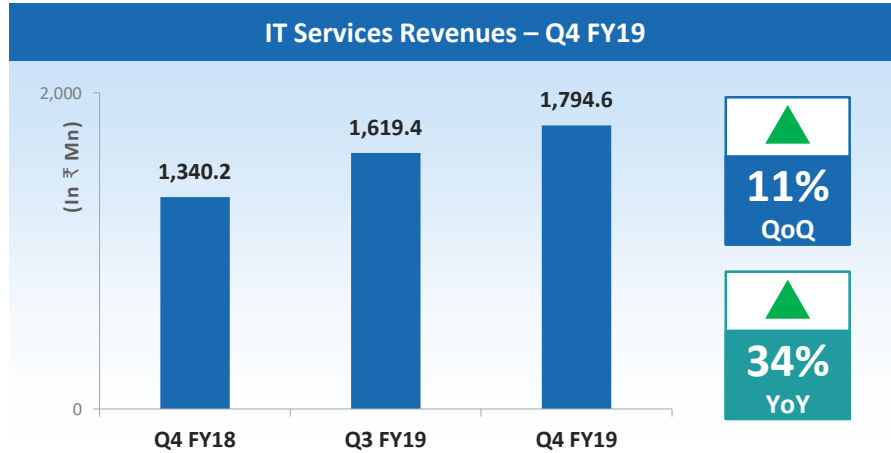
PBT & PBT Margin %



PAT & PAT Margin %

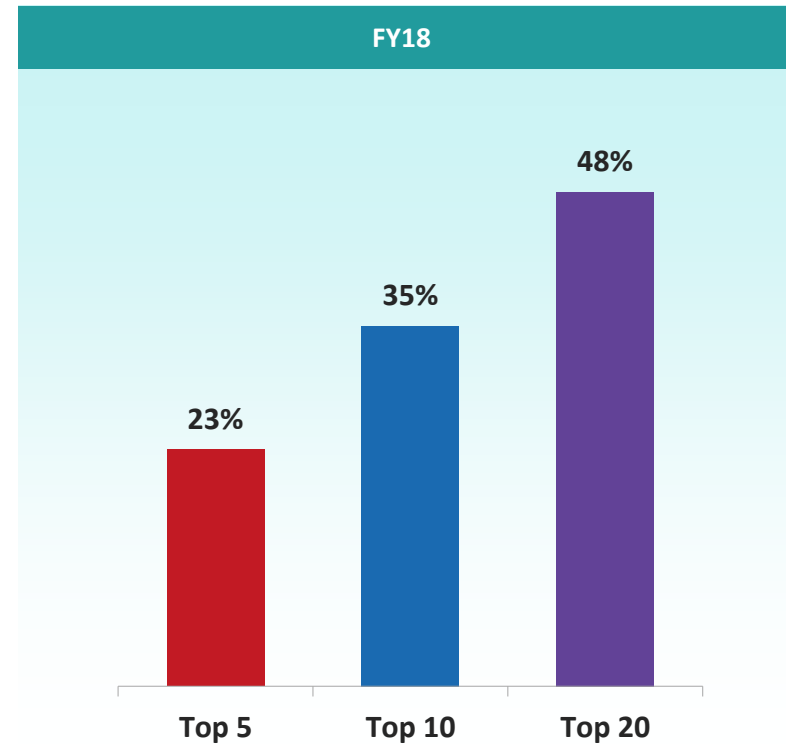
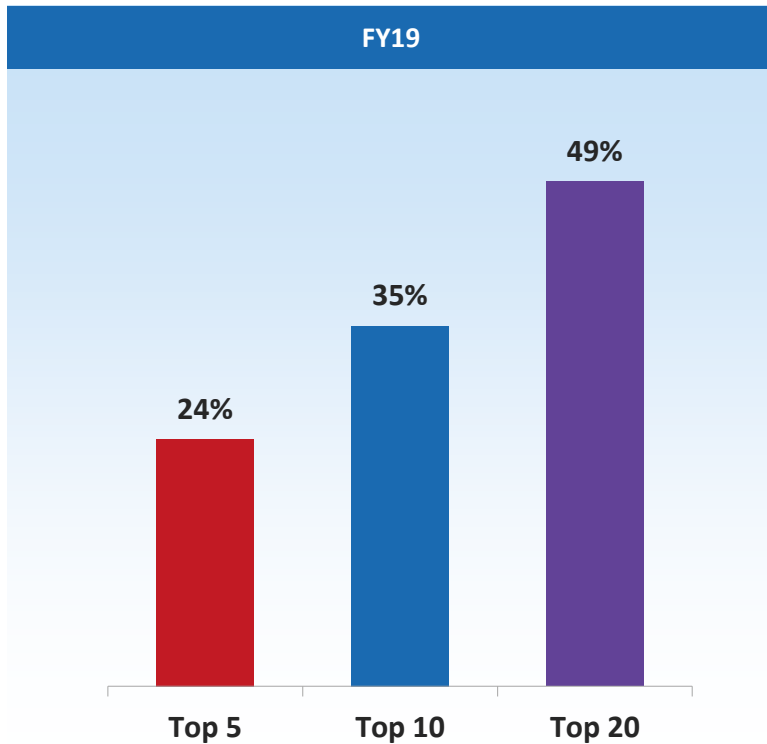


Q4 & FY19 – Revenue Segment Analysis



FY19 – Client Concentration

Client concentration maintained at a comfortable level



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Recent Awards



**2019 IBM Asia Pacific
Excellence Award**
*Top Transformation Business
Partner*



**Featured In International
Association Outsourcing
Professionals (IAOP) 2019 Global
Outsourcing 100 List**



**Indian Merchant Chamber (IMC)
Digital Technology Award 2018**
for TruBot



**Computer Society of India (CSI)
Recognized as Best Cognitive
Technology Provider of the Year
2018**



CIO Choice 2019
*Emerging Technologies Vendor
for TruBot*



Rail Analysis India Award 2019
*For TruFare, Datamatics
Automated Fare Collection
Solution*

Recent Recognitions



Gartner recognizes Datamatics in Competitive Landscape: Consulting & System Integration Service Providers for RPA



TruCap+ features in Everest's Intelligent Document Processing – Technology Vendor Landscape PEAK Matrix™ 2019 as MAJOR CONTENDER



Forrester recognizes Datamatics in Now Tech: RPA Services



TruBot features in IDC's RPA Vendor Assessment 2018



TruBot features in Everest PEAK Matrix Assessment, 2018: RPA – Technology Vendor Landscape



From *insight* to *action*.
Everest Group recognizes in F&A Outsourcing (FAO) PEAK Matrix™ Assessment 2019' as 'STAR PERFORMER'



Everest Group recognizes in F&A Digital Augmentation Suite PEAK Matrix™ Assessment 2018'



Everest Group recognizes in 'Banking BPO Digital Capability Platform (DCP) PEAK Matrix™ Assessment 2019

Certifications

**A1 Rating
Financial Stability
(S&P)**



**Re-appraised
SEI CMMI Level 4,
V 1.3**



**Certified
ISO 27001-2013**



**Certified
ISO 9001-2015**



**SSAE 16 SOC 1 & SOC
II with HiTRUST
HIPAA Compliant**



For further queries

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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.

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