

Investor Presentation

14th May 2020



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
Overview

04. Quarterly
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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



Business Process Management



IT Services & Cloud



Engineering Services



Content Management



Robotics & Virtual Assistants



Digital & Mobility Solutions

Areas of Expertise

Multiple Industry Presence



**Banking ,
Financial Services
and Insurance**



Manufacturing



Transport



Media & Publishing



Retail & eCommerce



International Organization (IO)

FY20 Highlights

- Operating Revenue ₹ 12,033.2 Mn; up 6.2% in rupee terms and 5.5% in constant currency YoY
- Reported EBITDA was at ₹ 1,235.7 Mn
- Reported EBITDA margin at 10.3%
- PAT (after minority interest) was at ₹ 638.6 Mn
- Total cash & cash equiv. plus liquid investments of ₹ 2,203 Mn
- Debt of ₹ 964.6 Mn
- Net Cash at ₹ 1,238.4 Mn
- Added 24 new customers in FY20
- 100+ Channel Partners
- Extended free usage of 3 TruBots under 'COVID-19 Enterprise Support Program' until 30th September 2020

Key Milestones

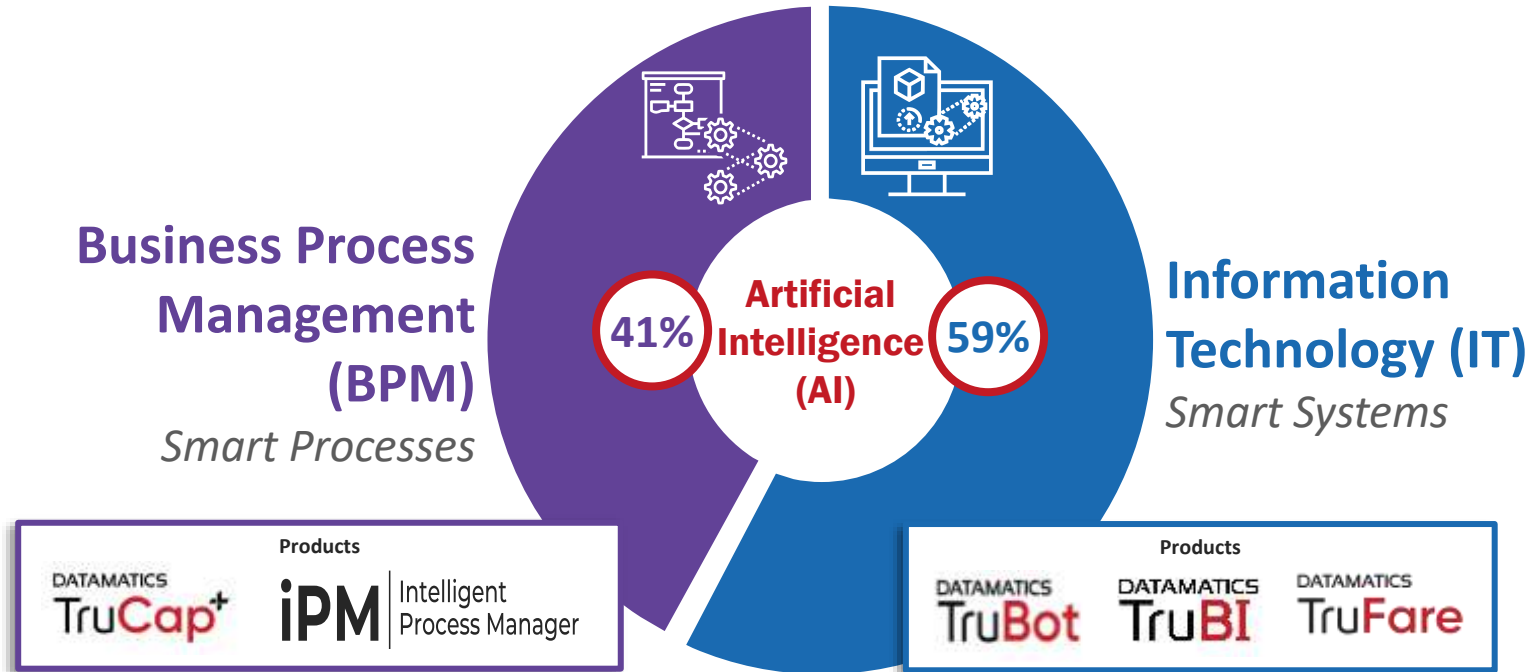
1975	Datamatics incorporated	2003	Acquired Saztec USA	2016	Opened new delivery centre in USA
1983	India's 1 st offshore development centre for Wang Labs, USA	2003	Acquired Corpay for Accounts Payable solutions USA	2017	Acquired TechJini, boutique mobile & web technology provider India
1989	1 st to develop & 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	2019	Gartner Peer Insights Customer choice for TruBot
		2007	Launch of iPM & iQ	2020	Launched TruBot 4.0



1992	India's 1 st e-publishing co
1998	1 st in India & 2 nd 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



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



59%

Revenue Contribution



11.1%

EBITDA Margin



91%

Repeat Business

Business Process Management (BPM)

Offerings

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

Products

DATAMATICS
TruCap+

iPM | Intelligent
Process Manager

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



41%

Revenue Contribution



9.1%

EBITDA Margin



94%

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+



100+

Partners & Growing

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Strategy & Outlook for the Future



Consistent financial performance



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



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 on revenue growth and margin improvement

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Q4 FY20 – Key Financial Highlights

- Revenue at ₹ 3,103.8 million; up 1.1% y-o-y and up 1.4% q-o-q
- Reported EBITDA at ₹ 282.1 million; down 28.0% y-o-y and up 7.4% q-o-q
- Reported EBITDA margin was at 9.1%; down 367 bps y-o-y and up 51 bps q-o-q. The margin was mainly impacted due to our continuous investment in building RPA products and Covid-19 pandemic crisis
- The quarter witnessed onetime exceptional cost of goodwill impairment of ₹ 157.7 million which resulted in to a lower PBT of ₹ 100.3 million, adjusted PBT without the goodwill impairment cost was ₹ 258.0 million for Q4FY20 as against ₹ 210.3 million in Q3FY20 and ₹ 355.3 million in Q4FY19
- PAT (after minority interest) at ₹ 115.5 million, adjusted PAT (after minority interest) without the goodwill impairment cost was ₹ 273.2 million for Q4FY20 as against ₹ 252.5 million in Q4FY19 and ₹ 131.3 million in Q3FY20
- EPS (Diluted) at ₹ 1.96 for Q4FY20 as against ₹ 4.27 in Q4FY19 and ₹ 2.23 in Q3FY20

FY20 – Key Financial Highlights

- Revenue at ₹ 12,033.2 million; up 6.2% in rupee terms and 5.5% in constant currency y-o-y
- Reported EBITDA at ₹ 1,235.7 million; down 7.7% y-o-y
- Reported EBITDA margin was at 10.3%; down 154 bps y-o-y. The margin was mainly impacted due to Covid-19 pandemic crisis and our continuous investment in building RPA products
- FY20 witnessed onetime exceptional cost of goodwill impairment of ₹ 157.7 million which resulted in to a lower PBT of ₹ 878.9 million, adjusted PBT without the goodwill impairment cost was ₹ 1,036.6 million for the year under review as against PBT of ₹ 1,147.5 million in FY19
- PAT (after minority interest) at ₹ 638.6 million, adjusted PAT (after minority interest) without the goodwill impairment cost was ₹ 796.4 million for FY20 as against ₹ 745.1 million in FY19
- EPS (Diluted) at ₹ 10.83 for FY20 as against ₹ 12.53 in FY19

Q4 & FY20 – Consolidated Profit and Loss

Particulars (₹ in Mn)	Q4 FY20	Q4 FY19	YoY %	Q3 FY20	QoQ %	FY20	FY19	YoY %
Revenue from Operations	3,103.8	3,068.6	1.1%	3,060.5	1.4%	12,033.2	11,334.9	6.2%
Purchase of Products and Licenses	78.5	35.4		32.2		169.8	111.5	
Employee Benefits Expenses	2,036.8	1,760.3		1,987.2		7,750.7	6,891.3	
Other Expenses	706.4	881.3		778.5		2877.0	2993.6	
Reported EBITDA	282.1	391.6	-28.0%	262.6	7.4%	1,235.7	1,338.5	-7.7%
Reported EBITDA Margin %	9.1%	12.8%	-367 bps	8.6%	51 bps	10.3%	11.8%	-154 bps
Depreciation/Amortization	92.1	64.5		94.4		370.0	260.4	
Finance Costs	10.0	12.4		12.4		46.3	47.7	
Other Income	73.7	47.3		52.7		205.1	108.1	
Share of Net Profits of Associates and JVs	4.4	-6.8		1.8		12.0	9.0	
Adj. PBT (Without Goodwill Impairment Cost)	258.0	355.3	-27.4%	210.3	22.7%	1,036.6	1,147.5	-9.7%
PBT Margin %	8.3%	11.6%	-326 bps	6.9%	144 bps	8.6%	10.1%	-151 bps
Impairment of Goodwill and Other Assets	157.7	0.0		0.0		157.7	0.0	
PBT	100.3	355.3	-71.8%	210.3	-52.3%	878.9	1,147.5	-23.4%
PBT Margin %	3.2%	11.6%	-834.6	6.9%	-363.9	7.3%	10.1%	-282.0
Tax Expense	62.0	90.7		50.9		260.6	302.8	
% Tax Rate	61.8%	25.5%		24.2%		29.7%	26.4%	
PAT	38.3	264.6	-85.5%	159.4	-76.0%	618.3	844.8	-26.8%
PAT Margin %	1.2%	8.6%	-738.8	5.2%	-397.4	5.1%	7.5%	-231.5
Non-Controlling Interest	-77.21	12.1		28.1		-20.4	99.7	
PAT (after Minority Interest)	115.5	252.5	-54.3%	131.3	-12.0%	638.6	745.1	-14.3%
EPS (Diluted) (Rs)	1.96	4.27	-54.1%	2.23	-12.0%	10.83	12.53	-13.6%

FY20 – Consolidated Balance Sheet

Particulars (Rs in Mn)	FY20	FY19
Equity & Liabilities		
Shareholder's Funds		
Share Capital	294.8	294.8
Other Equity	6648.3	6,104.8
Total Shareholder's Funds	6,943.0	6,399.6
Minority Interest	220.2	393.7
Total Equity	7,163.2	6,793.2
Liabilities		
Non -Current Liabilities		
Lease liabilities	109.4	-
Other Financial Liabilities	52.3	9.5
Long -term Provisions	278.5	228.4
Total Non -Current Liabilities	440.2	237.9
Current Liabilities		
Financial Liabilities		
Short -term Borrowings	964.6	358.8
Trade Payables	897.3	742.3
Other Financial Liabilities	95.2	126.8
Lease liabilities	109.1	-
Current tax liabilities	33.9	54.9
Other Current Liabilities	431.1	321.5
Short -term Provisions	68.5	36.9
Total of Current Liabilities	2,599.7	1,641.1
Total Equity & Liabilities	10,203.1	8,672.2

Particulars (Rs in Mn)	FY20	FY19
Assets		
Non-Current Assets		
Fixed Assets	1,180.1	1,177.4
Capital work in Progress	7.3	9.8
Goodwill	2,030.8	2,124.3
Other Tangible Assets	165.2	218.7
Right to use assets	172.9	-
Intangible assets under development	3.7	3.2
Financial Assets		
Investments	108.1	113.9
Loans	1.3	0.3
Other Financial Assets	138.6	165.9
Deferred tax assets	70.2	24.9
Non Current Assets	159.3	163.1
Other non current assets	4.6	7.2
Total Non -Current Assets	4,042.0	4,008.4
Current Assets		
Financial assets		
Investments	255.0	454.5
Trade Receivables	2,724.5	2,461.4
Cash and cash equivalents	1,948.2	696.2
Bank balances	39.1	38.0
Loans & Advances	11.0	3.7
Other financial assets	770.1	698.8
Current tax assets	49.5	18.9
Other current assets	351.3	292.4
Assets classified as held for sale	12.5	-
Total Current Assets	6,161.1	4,663.8
Total Assets	10,203.1	8,672.2

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Response to COVID-19

- In the wake of COVID-19, Datamatics had its business continuity plan ready and in a matter of days enabled majority of employees to work from home across the globe
- Datamatics has clearly defined its priorities during the crisis. These include,
 - ✓ Focusing on employee well-being
 - ✓ Servicing and retaining customers
 - ✓ Tightly managing cash-flows
- Considering lot of enterprises are under pressure due to COVID-19 situation, Datamatics has extended free usage of three TruBots under 'COVID-19 Enterprise Support Program' until 30th September 2020



Business Updates

- Added 8 new customers in Q4 FY20 and 24 significant new customers in FY20
- Over 100 partners across the globe. Notable inclusions in the channel ecosystem are TCS as global strategic partner and Ingram Micro, a global broad-based IT distributor, as preferred reseller in India

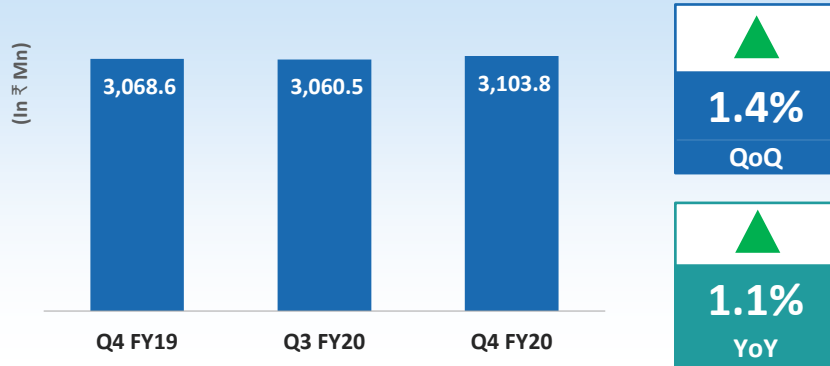


Recognition

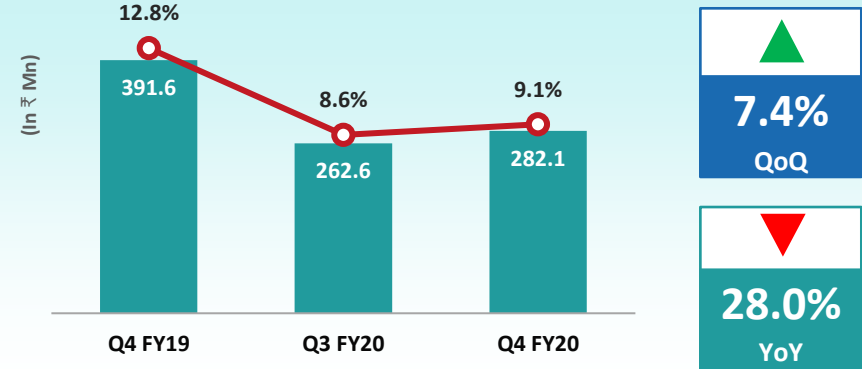
- TruCap+ featured as a 'Major Contender' in Everest's Intelligent Document Processing (IDP) – Technology Vendor Landscape with Products PEAK Matrix™ Assessment 2020
- TruBot RPA recognized at Gold Stevie Award 2020 for 'Sales & Customer Service'
- Datamatics featured in the IAOP 2020 Global Outsourcing 100 List of the World's Best Outsourcing Providers

Q4 FY20 – Key Result Highlights

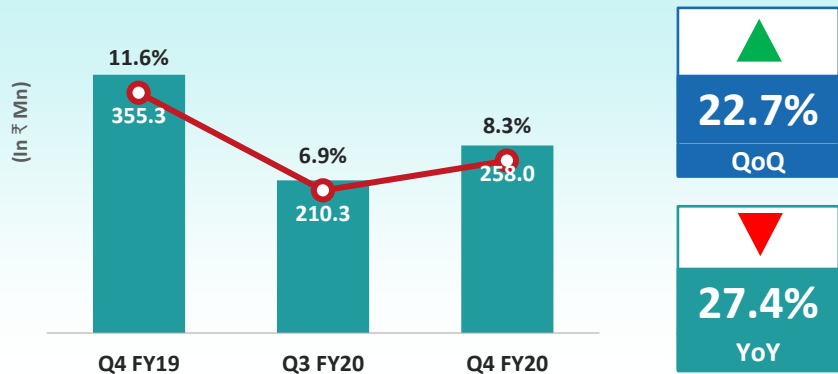
Operating Revenues



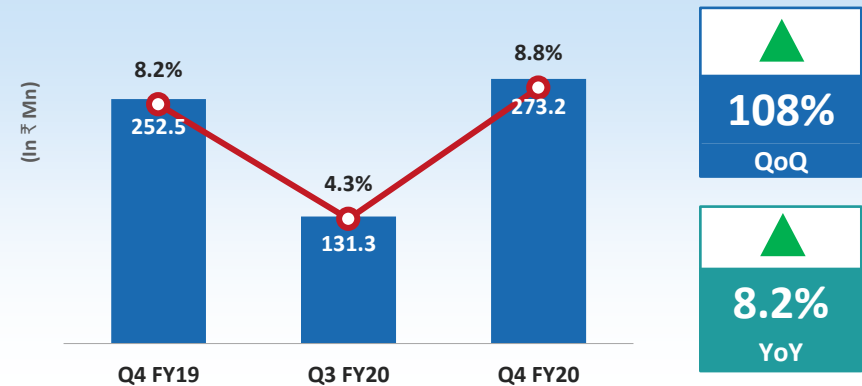
Reported EBITDA & EBITDA Margin %



Adjusted PBT & PBT Margin* %

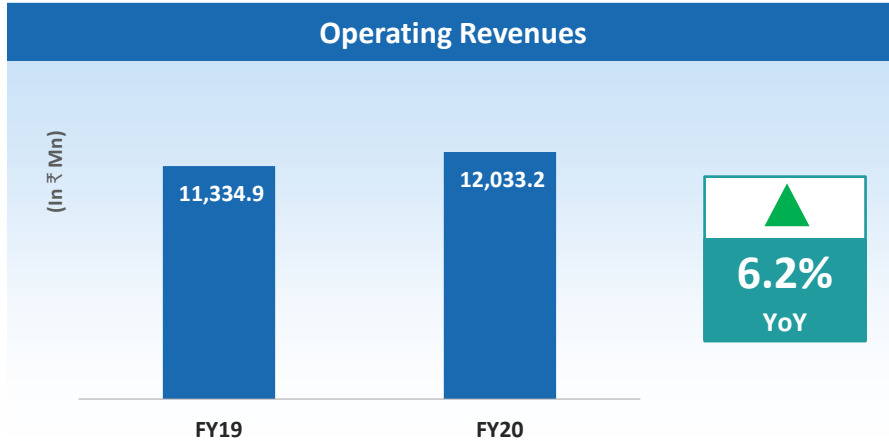


Adjusted PAT after NCI & PAT after NCI Margin %

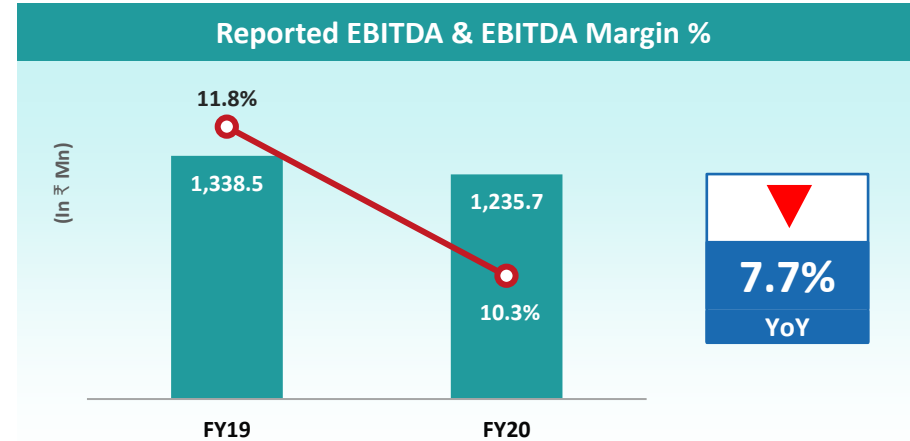


FY20 – Key Result Highlights

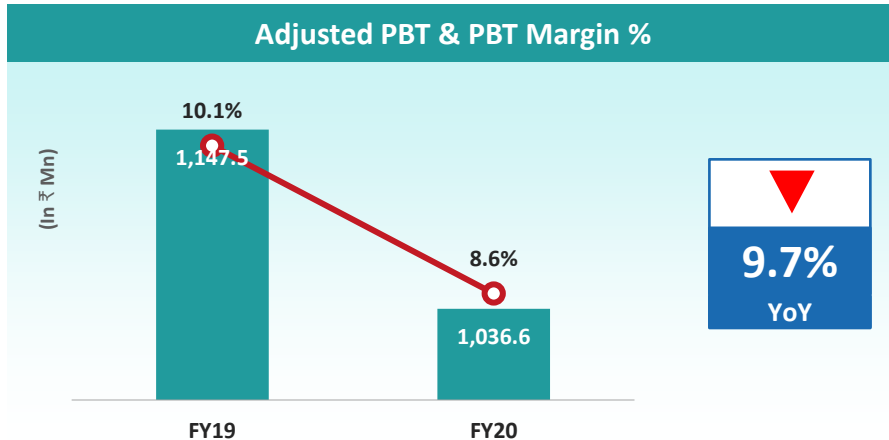
Operating Revenues



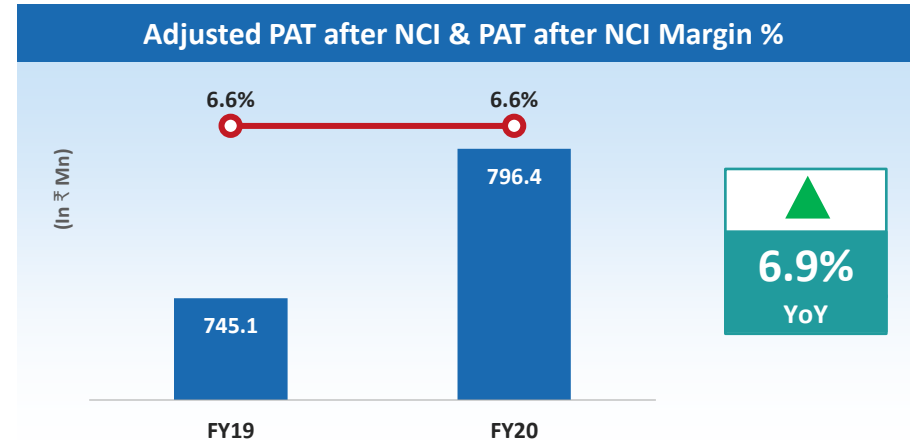
Reported EBITDA & EBITDA Margin %



Adjusted PBT & PBT Margin %

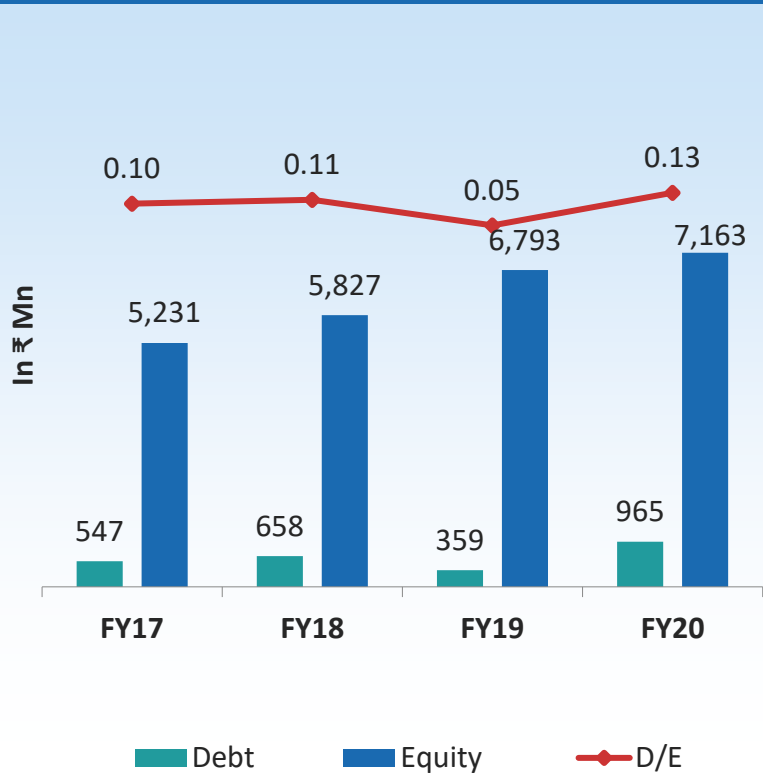


Adjusted PAT after NCI & PAT after NCI Margin %

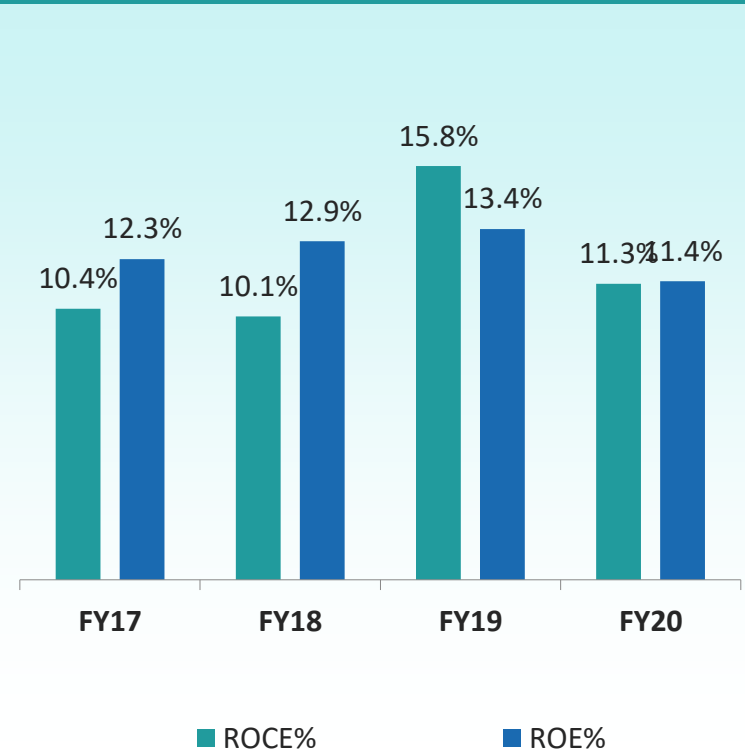


Healthy Balance Sheet Position

Leverage Analysis



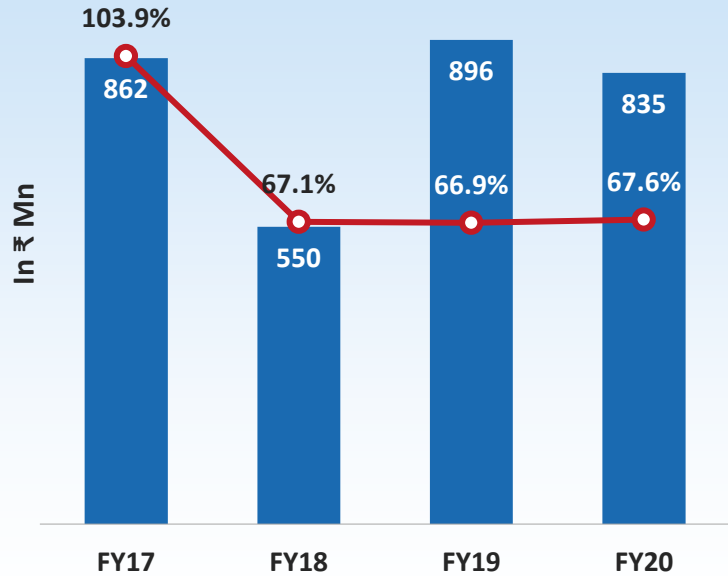
Return Ratio Analysis



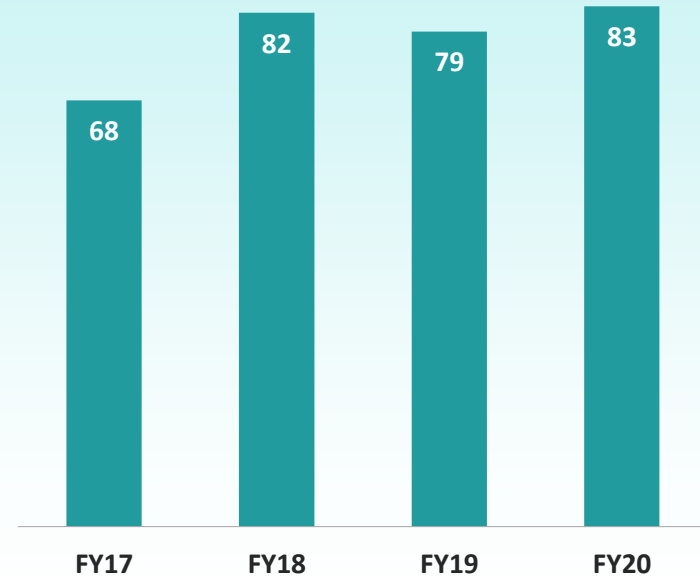
* FY20 ROCE and ROE Ratios adjusted for Goodwill Impairment cost

Cash Flow

Operating Cash Flow

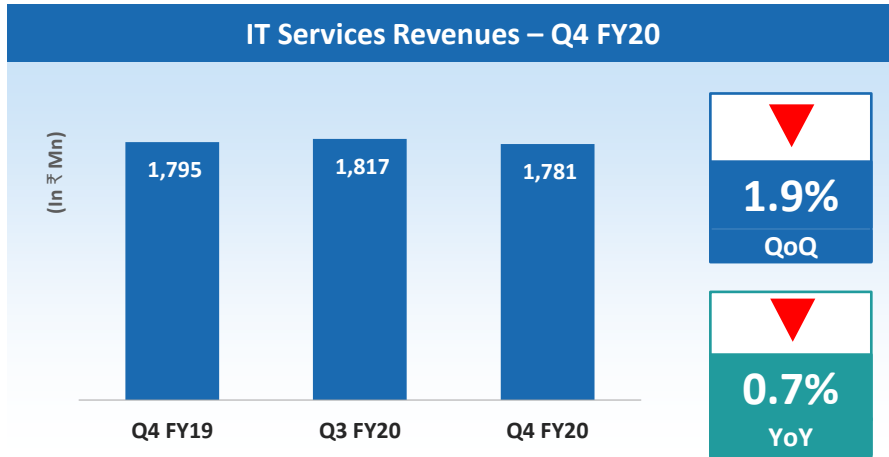


Days Sales Outstanding (DSO)

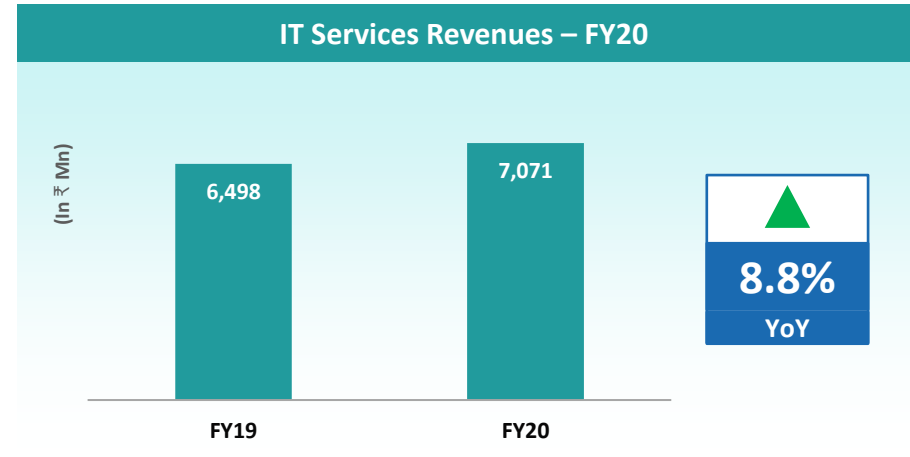


Q4 & FY20– Revenue Segment Analysis

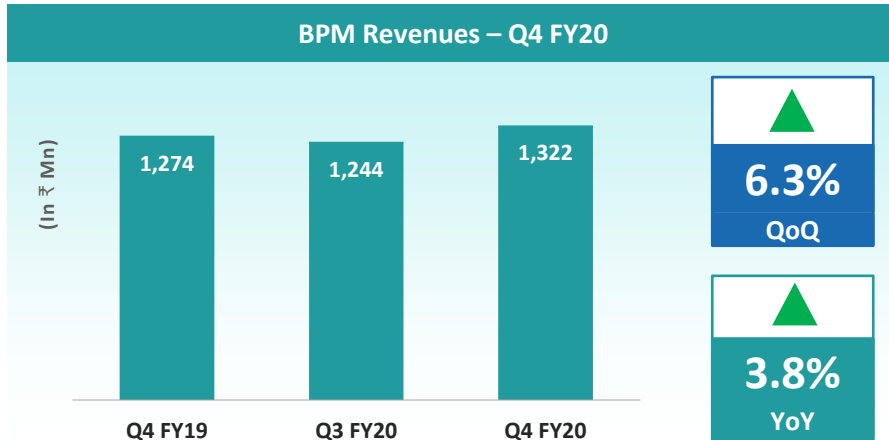
IT Services Revenues – Q4 FY20



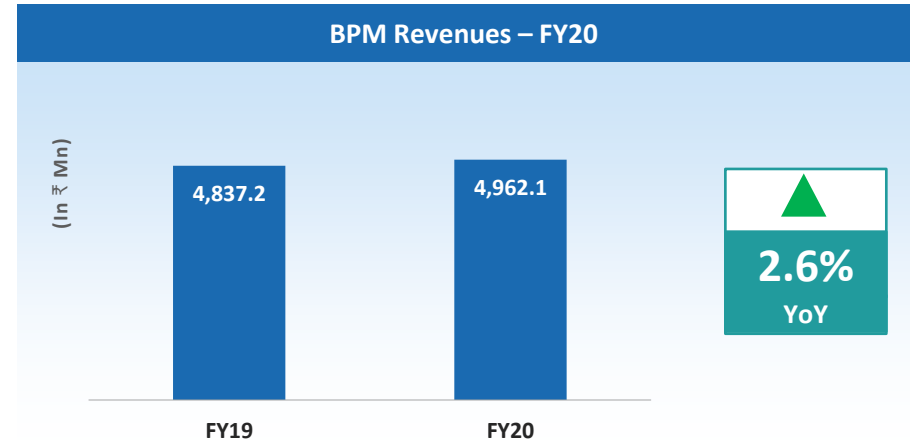
IT Services Revenues – FY20



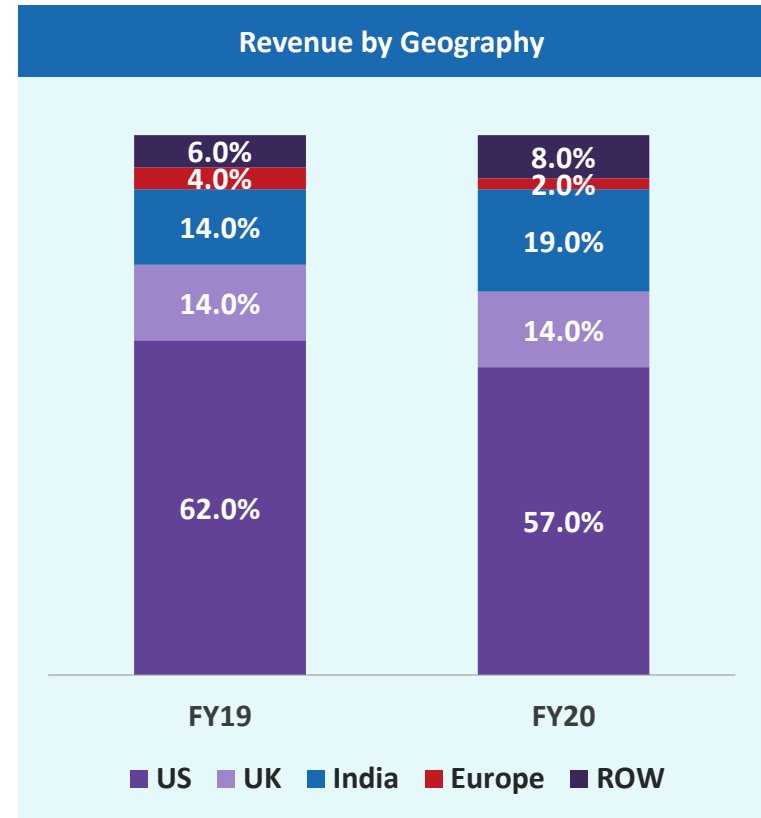
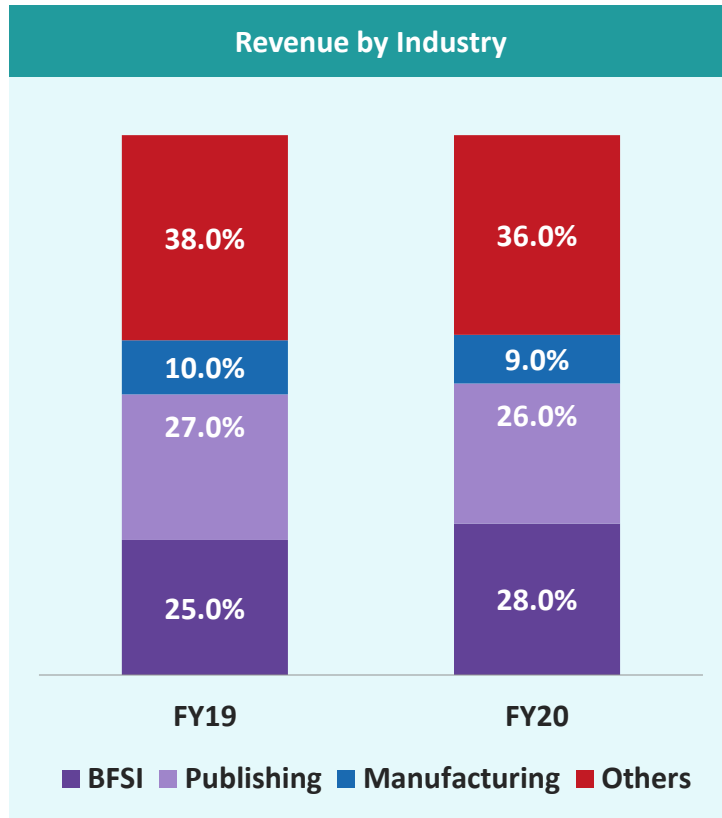
BPM Revenues – Q4 FY20



BPM Revenues – FY20

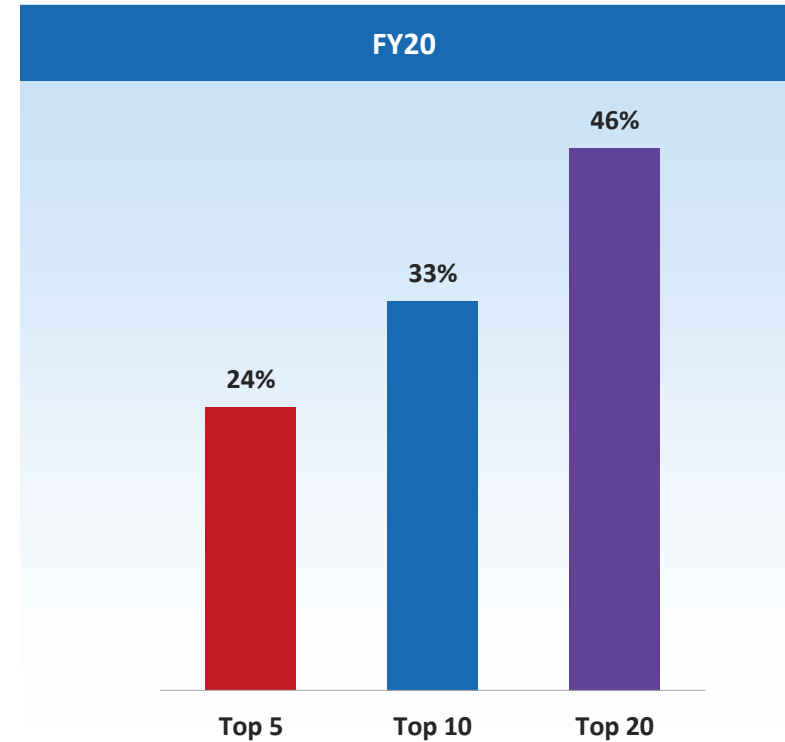
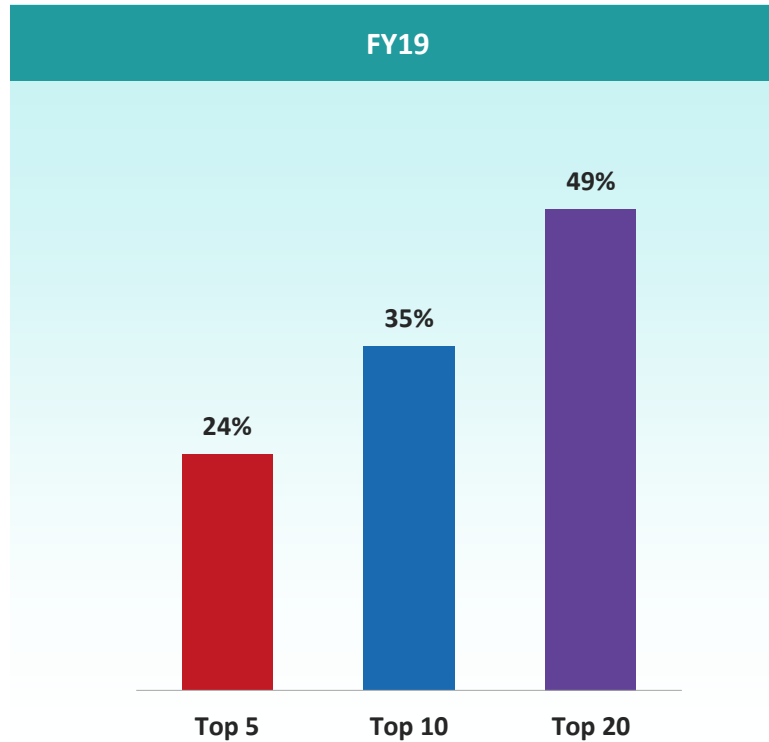


FY20 – Revenue Segment Analysis



FY20 – Client Concentration

Client concentration maintained at a comfortable level



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Key Analyst Coverage



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



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



Gartner recognizes TruBot in Critical Capabilities for Robotic Process Automation 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



Gartner recognizes TruBot in Magic Quadrant for Robotic Process Automation Software as NICHE PLAYER 2019



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



TruBot features in Everest PEAK Matrix Assessment, 2019: RPA – Technology Vendor Landscape as STAR PERFORMER



Everest recognizes Datamatics as a Major Contender in Banking BPS – Service Provider Landscape with Services PEAK Matrix™ Assessment 2019



Gartner recognizes Datamatics in Competitive Landscape: Customer Management BPO, Worldwide 2019

Recognition: Awards

TruBot recognized at Gold Stevie Award 2020 for 'Sales & Customer Service'

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

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 18 SOC-1 &
SOC-2 with HiTrust
Mapping**



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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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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