

Investor Presentation

26th May 2021

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
Overview

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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



Areas of Expertise

Multiple Industry Presence



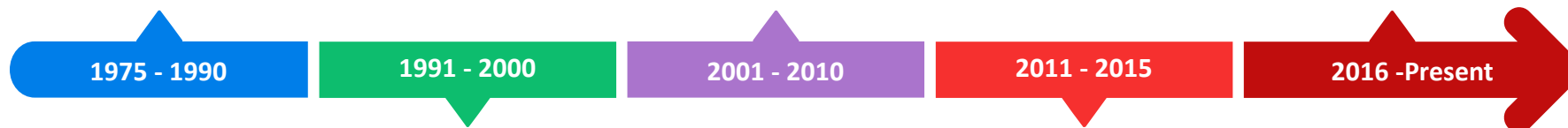
FY21 Highlights

- Revenue ₹ 11,490.5 Mn; down 4.5% YoY due to non-inclusion of Cignex revenue in Q4FY21 and impact of pandemic in the initial quarters
- Revenue without Cignex in FY21 was ₹ 10,223 Mn, up by 1.5%
- EBITDA ₹ 1,422.4 Mn; up by 15.1% YoY
- EBITDA margin at 12.4%; up 211bps YoY
- PAT (after minority interest) ₹ 797.5 Mn; up 25.1% YoY
- Total cash & cash equiv. plus liquid investments (net of debts) ₹ 2,545.2 Mn as compared to ₹ 1,238.5 Mn in FY20
- Debt free company as on FY21
- DSO was at 65 days in FY21 as compared to 83 days in FY20
- 125 + Channel partners

Key Milestones

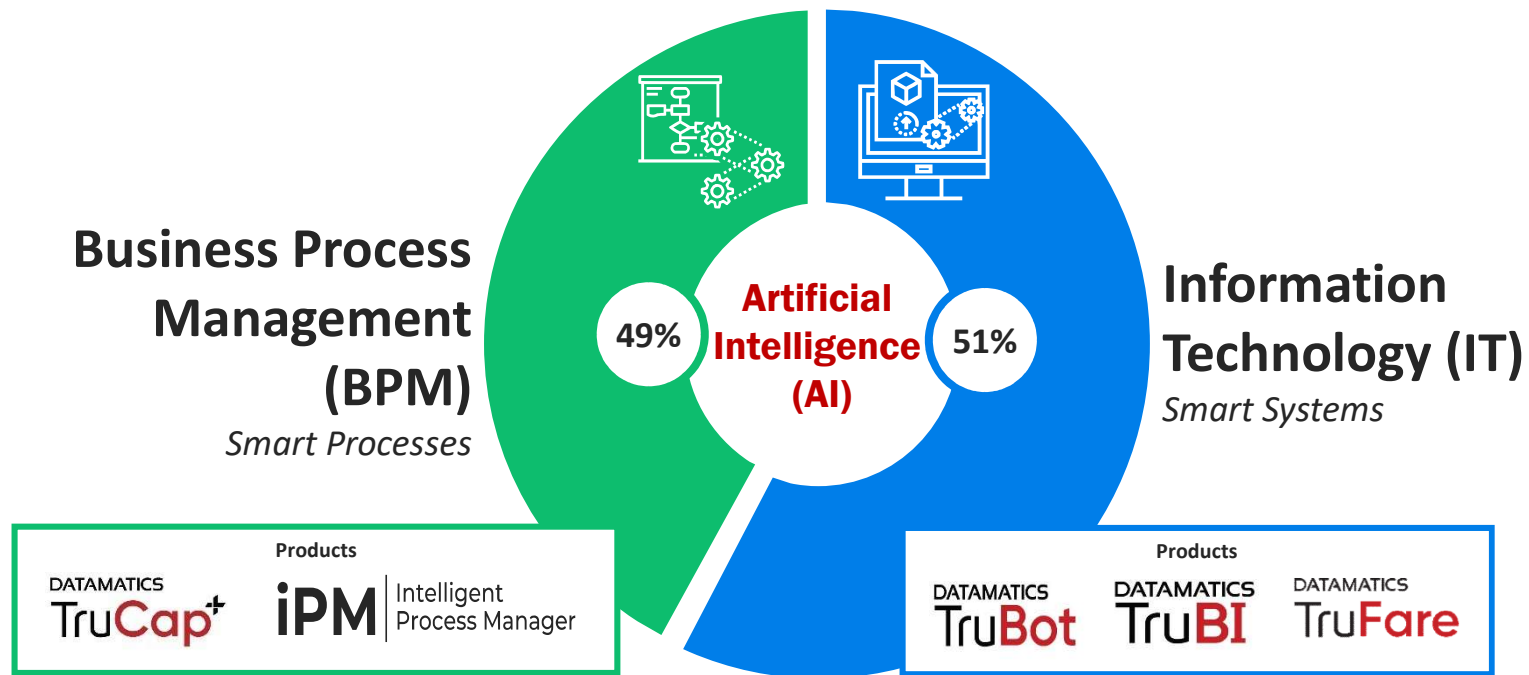


1975	Datamatics incorporated	2003	Acquired Saztec USA	2016	Opened new delivery centre in USA
1983	India's 1 st offshore development centre for Wang Labs, USA	2003	Acquired Corpay for Accounts Payable solutions USA	2017	Acquired TechJini, boutique mobile & web technology provider India
1989	1 st to develop & 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	2019	Gartner Peer Insights Customer choice for TruBot
		2006	JV with Cybercom	2020	Launched TruBot 4.0
		2007	Launch of iPM & iQ	2021	Launched AI-enabled TruCap+ IDP
				2021	Datamatics divested stake in Cignex



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



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 forecasted to total US\$ 4.1 trillion in 2021, a growth of 8.4% from 2020 and is anticipated to touch US\$ 4.3 trillion, moderating a growth to 5.5% in 2022 (Source: Gartner April 2021, Spending Forecast Release)
- The highest growth is expected to come from Devices (14.0%), Enterprise Software (10.8%) and IT Services (9.0%) in 2021 as organizations are shifting their focus to provide more comfortable, innovative and productive environment for their workforce (as per Gartner)
- Global Cloud computing industry is expected to grow from US\$ 371.4 billion in 2020 to US\$ 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)
- The pandemic has accelerated digital transformation plans across industries in a new normal world

Metrics



51%
Revenue Contribution



6.9%
EBITDA Margin

Business Process Management (BPM)



Offerings

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

Products

DATAMATICS
TruCap+

iPM | Intelligent
Process Manager

Opportunity

- The global BPM market is expected to total US\$ 254 billion in 2021, a growth of 4.5% from 2020 and is anticipated to grow at 7.6% in 2022 to US\$ 273 billion (Source: Everest Group & Nasscom)
- Segments expected to witness the highest volume of new work in the next five years include industry-vertical-oriented BPM, enterprise back-office BPM and contact center
- Technology will assume center stage in BPM, especially through platform-based services
- Industry experts opine that BPM industry is witnessing multi-year technology upgrade cycle in 3 key stages - a large-scale shift to cloud; building of applications in cloud native world; and 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



49%

Revenue Contribution



18.1%

EBITDA Margin

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

- The market for process-agnostic software enabling hyperautomation is projected to reach \$25bn in 2021 and is forecasted to grow at a CAGR of 18.8% over the period 2020-2025, thereby amounting to over \$46 Billion by end of 2025.
- RPA software market is growing at healthy double digit rates as per various analyst estimates. Gartner predicts that by 2022, 65% of organizations that deployed automation capabilities will introduce artificial intelligence (AI) that include machine learning (ML), natural language processing (NLP) algorithms and intelligent document processing (IDP).
- Driven by strong demand for automation, IDP market is projected to grow at 55%-65% CAGR thereby amounting to 1.85-1.95 Billion by 2022.
- A shift in business operations due to the pandemic-induced work-from-home situation is expected to favor market growth over the forecast period. The pandemic has forced the CIOs to rethink their planned strategies and increase investments in emerging technologies such as Intelligent Automation, AI/ML, RPA, Analytics, NLP and many others

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



Strengthen US footprint



Account Penetration & Focus on larger deals



Strengthen Partners & Reseller Channel



Invest in Automation to improve productivity



Digital Solutions - Focus on Products – Robotics, Intelligent Document Processing



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 Intelligent Document Processing (IDP), TruBot in Robotic Process Automation (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



Debt free Company with healthy margins & financials

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**03. Financial
Overview**

Q4FY21 – Key Financial Highlights



- Revenue at ₹ 2,832.9 million; down 6.5% QoQ and down 8.7% YoY. The revenue reduction during the quarter is because of non-inclusion of Cignex revenue due to its divestment
- Revenue growth without Cignex, 8.1% QoQ and 8.5% YoY
- EBITDA at ₹ 418.5 million; up 7.6% QoQ and up 48.3% YoY
- EBITDA margin was at 14.8%; up 194 bps QoQ and up 568 bps YoY. Sustained double digit EBITDA margin led by cost optimization efforts
- PAT (after non-controlling interest) at ₹ 286.6 million; up 29.3% QoQ and up 148.1% YoY
- EPS (Diluted) at ₹ 4.86 for Q4FY21; up 29.3% QoQ and up 148.1% YoY

FY21 – Key Financial Highlights



- Revenue at ₹ 11,490.1 million; down 4.5% YoY because of non-inclusion of Cignex revenue in Q4FY21 and impact of pandemic in the initial quarters. Revenue without Cignex in FY21 was ₹ 10,223 million as compared to ₹ 10,076 million in FY20, an increase of 1.5%
- EBITDA at ₹ 1,422.4 million; up 15.1% YoY
- EBITDA margin was at 12.4%; up 211 bps YoY
- PAT (after non-controlling interest) at ₹ 797.5 million; up 25.1% YoY
- EPS (Diluted) at ₹ 13.53 as against ₹ 10.81 in FY20
- Total cash & cash equiv. plus liquid investments (net of debts) of ₹ 2,545.2 million as compared to ₹ 1,238.5 million in FY20

Q4 & FY21 – Consolidated Profit and Loss



Particulars (₹ in Mn)	Q4 FY21	Q4 FY20	YoY %	Q3 FY21	QoQ %	FY21	FY20	YoY %
Revenue from Operations	2,832.9	3,103.8	(8.7%)	3,030.6	(6.5%)	11,490.5	12,033.2	(4.5%)
Purchase of Products and Licenses	11.3	78.5		9.7		105.1	169.8	
Employee Benefits Expenses	1,788.8	2,036.8		2,029.9		7,707.9	7,750.7	
Other Expenses	614.4	706.4		602.0		2255.2	2877.0	
EBITDA	418.5	282.1	48.3%	389.0	7.6%	1,422.4	1,235.7	15.1%
EBITDA Margin %	14.8%	9.1%	568bps	12.8%	194bps	12.4%	10.3%	211bps
Depreciation/Amortization	93.6	92.1		110.9		394.8	370.0	
Finance Costs	7.5	10.0		-11.6		32.4	46.3	
Other Income	44.6	73.7		28.3		107.5	205.1	
Share of Net Profits of Associates and JVs	(2.9)	4.4		2.9		4.4	12.0	
Profit before exceptional item and tax	359.1	258.0	39.2%	320.9	11.9%	1,107.1	1,036.6	6.8%
Profit before exceptional item and tax Margin %	12.7%	8.3%	436bps	10.6%	209bps	9.6%	8.6%	102bps
Exceptional Item	13.4	157.7		0.0		13.4	157.7	
PBT	345.7	100.3	244.7%	320.9	7.7%	1,093.7	878.9	24.4%
PBT Margin %	12.2%	3.2%	897bps	10.6%	161bps	10%	7.3%	221bps
Tax Expense	58.8	62.0		78.3		253.5	261.8	
% Tax Rate	17.0%	61.8%		24.4%		23.2%	29.8%	
PAT	286.9	38.3	648.4%	242.6	18.3%	840.1	617.1	36.1%
PAT Margin %	10.1%	1.2%	889bps	8.0%	212bps	7.3%	5.1%	218bps
Non-Controlling Interest	0.3	(77.2)		21.0		42.7	(20.4)	
PAT (Non Controlling Interest)	286.6	115.5	148.1%	221.6	29.3%	797.5	637.4	25.1%
EPS (Diluted) (Rs)	4.86	1.96	148.0%	3.76	29.3%	13.53	10.81	25.2%

FY21 – Consolidated Balance Sheet



Particulars (Rs in Mn)	FY21	FY20
Equity & Liabilities		
Shareholder's Funds		
Share Capital	294.8	294.8
Other Equity	6,864.6	6,648.3
Total Shareholder's Funds	7,159.4	6,943.0
Non-Controlling Interests	(6.9)	220.2
Total Equity	7,152.5	7,163.2
Liabilities		
Non -Current Liabilities		
Lease liabilities	105.0	109.4
Other Financial Liabilities	5.7	52.3
Long -term Provisions	272.2	278.5
Total Non -Current Liabilities	382.9	440.2
Current Liabilities		
Financial Liabilities		
Short -term Borrowings	-	964.6
Trade Payables	895.4	897.3
Other Financial Liabilities	41.2	95.2
Lease liabilities	95.7	109.1
Short -term Provisions	90.9	68.5
Current tax liabilities	27.6	15.2
Other Current Liabilities	394.5	431.1
Total Current Liabilities	1,545.3	2,599.7
Total Equity & Liabilities	9,080.7	10,100.3

Particulars (Rs in Mn)	FY21	FY20
Assets		
Non-Current Assets		
Fixed Assets	1,155.0	1,180.1
Capital work in Progress	-	7.3
Goodwill	724.5	1,947.9
Other Tangible Assets	81.6	165.2
Right to use assets	173.3	172.9
Intangible assets under development	-	3.7
Financial Assets		
Investments	106.0	108.1
Loans	0.3	1.3
Other Financial Assets	131.4	138.6
Deferred tax assets	153.9	50.3
Non Current Assets	133.5	159.3
Other non current assets	6.8	4.6
Total Non -Current Assets	2,666.3	3,939.3
Current Assets		
Financial assets		
Investments	1,459.3	255.0
Trade Receivables	1,835.0	2,724.5
Cash and cash equivalents	991.0	1,948.2
Bank balances	134.3	39.1
Loans & Advances	4.7	11.0
Other financial assets	1,593.9	770.1
Current tax assets	75.3	49.5
Other current assets	321.0	351.3
Assets classified as held for sale	-	12.5
Total Current Assets	6,414.4	6,161.1
Total Assets	9,080.7	10,100.3

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Q4 FY21 – Business Updates

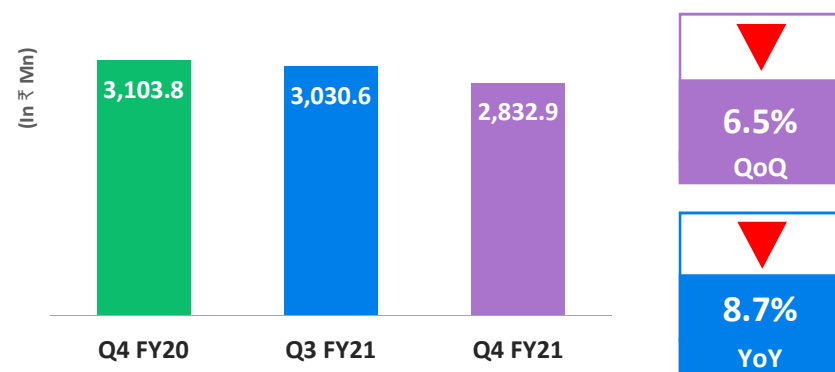


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- Datamatics successfully concluded divestment of its subsidiary Cignex
 - Datamatics added 4 new customers in Q4
 - Datamatics successfully concluded its virtual Intelligent Automation Summit which was attended by over 1700 senior professionals from different industries across Americas, Europe, Middle East and India
 - Datamatics TruCap+ IDP recognized as a 'Star Performer' & 'Major Contender' in the Intelligent Document Processing (IDP) Products PEAK Matrix® Assessment 2021 by Everest Group
 - Datamatics TruBot recognized as a Strong Performer in Forrester Wave for RPA, Q1 2021
 - Datamatics recognized as a Major Player in IDC MarketScape: Worldwide Digital Finance and Accounting Business Process Services 2020-2021
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 - Datamatics named as 'Leader' in the IAOP 2021 Global Outsourcing 100 List of the world's best outsourcing providers
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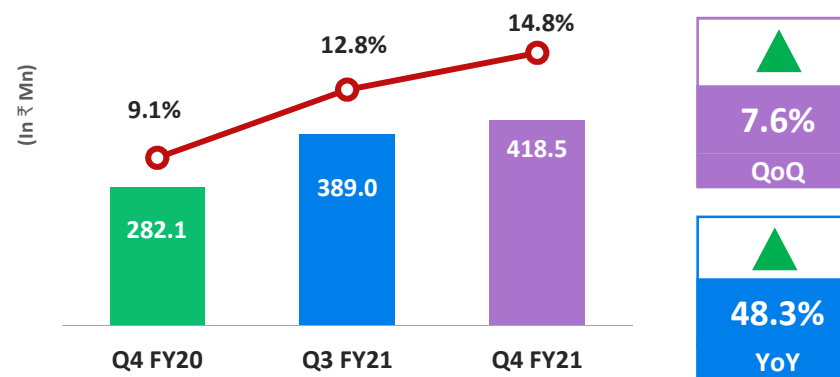
Q4 FY21 – Key Result Highlights



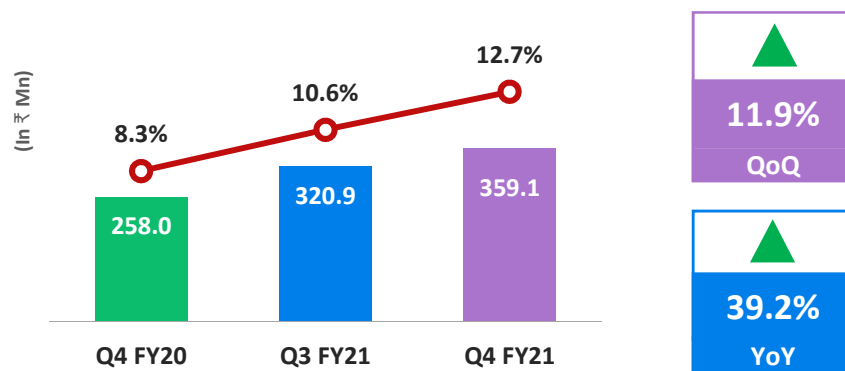
Operating Revenues



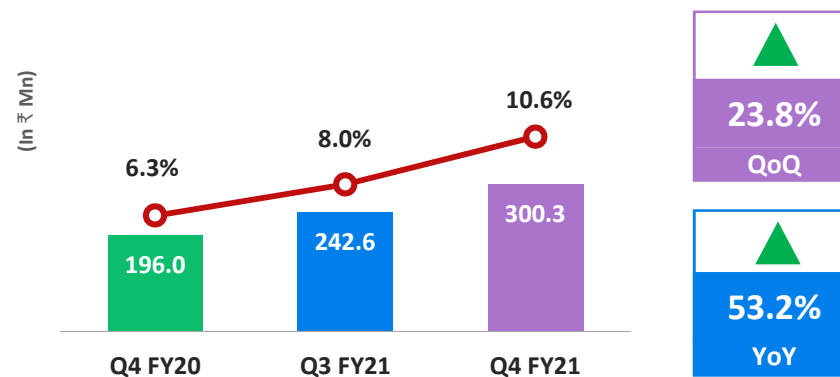
EBITDA & EBITDA Margin %



Adjusted PBT & PBT Margin* %



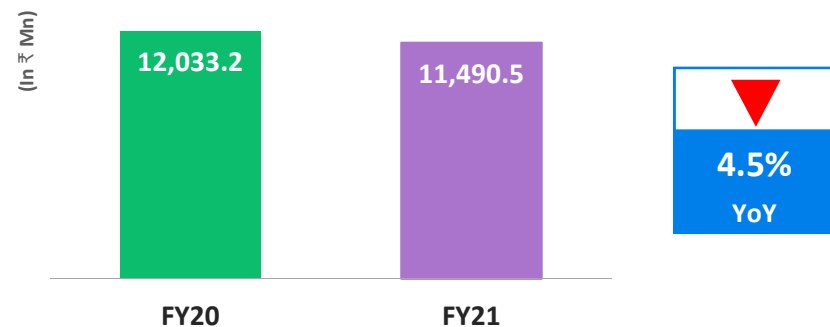
PAT before NCI & PAT before NCI Margin %



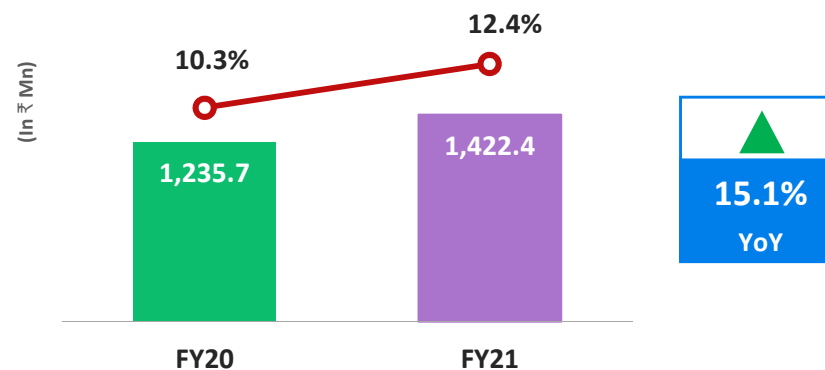
FY21 – Key Result Highlights



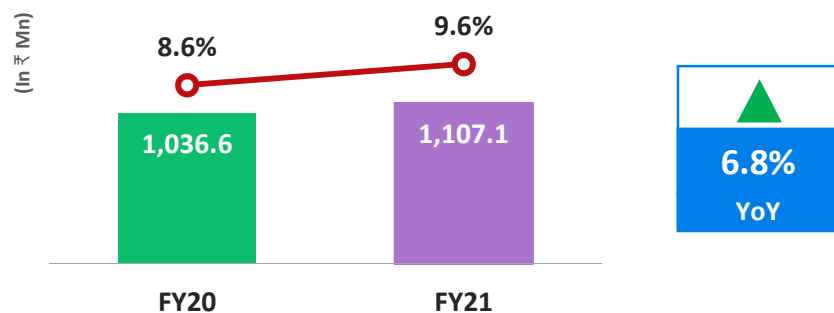
Operating Revenues



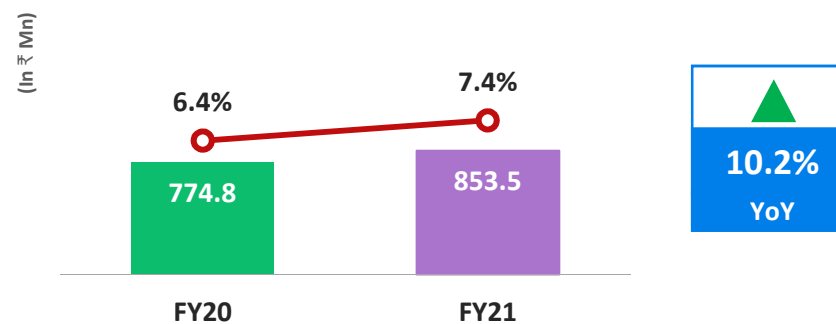
EBITDA & EBITDA Margin %



Adjusted PBT & PBT Margin* %



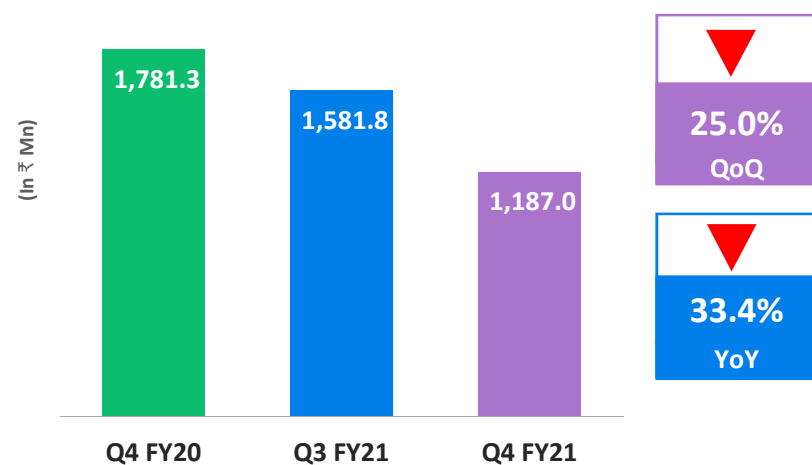
PAT before NCI & PAT before NCI Margin %



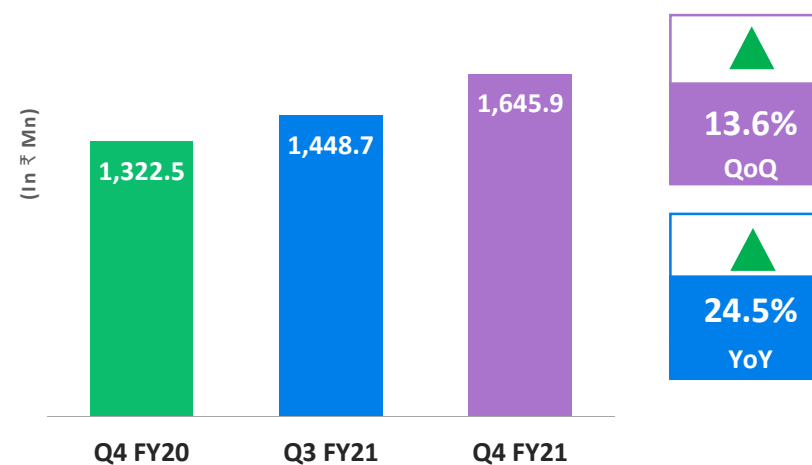
Q4 FY21 – Revenue Segment Analysis



IT Services Revenues – Q4 FY21



BPM Revenues – Q4 FY21

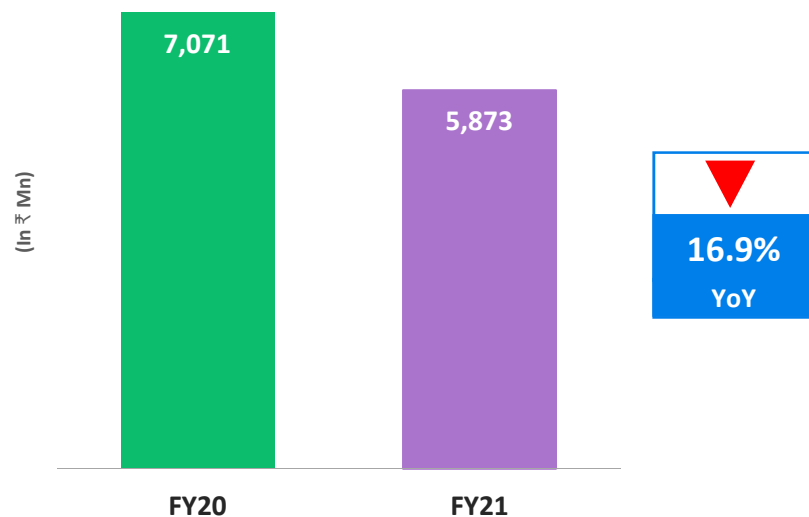


Note - The revenue reduction in IT Services during the quarter is because of non-inclusion of Cignex revenue due to its divestment.

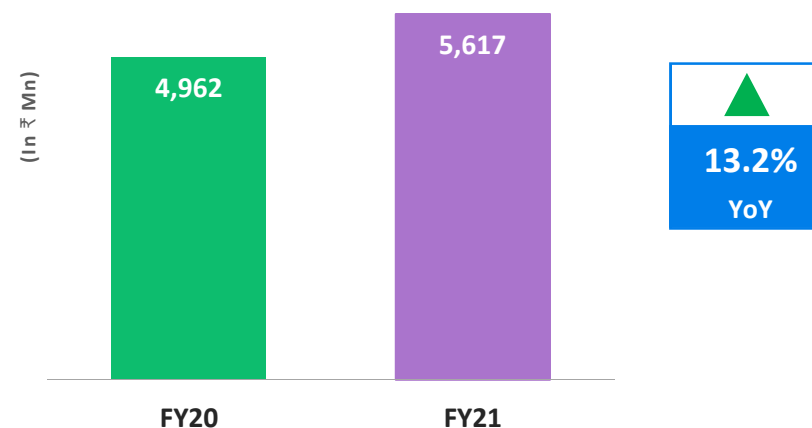
FY21 – Revenue Segment Analysis



IT Services Revenues – FY21



BPM Revenues – FY21

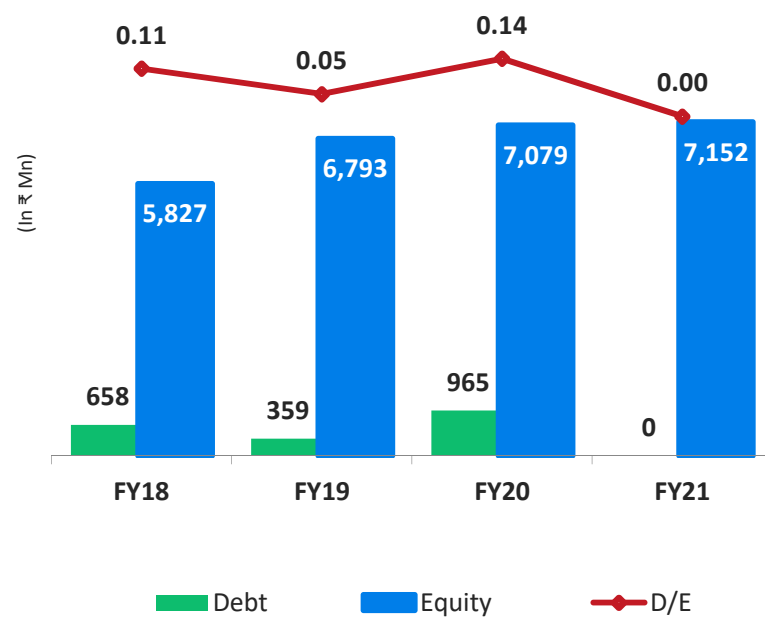


Note: IT Services revenue without Cignex in FY20 was ₹ 5,105 million and ₹ 4,620 million in FY21.

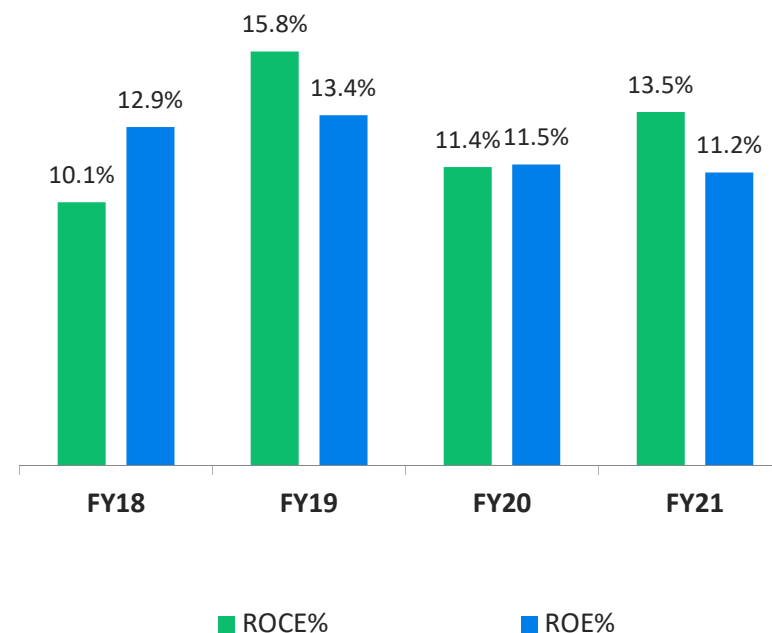
Healthy Balance Sheet Position



Leverage Analysis



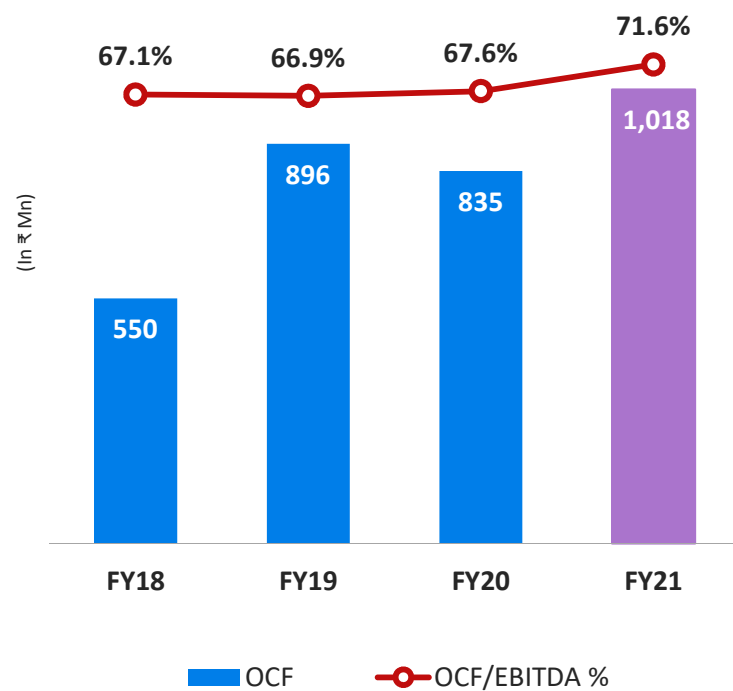
Return Ratio Analysis



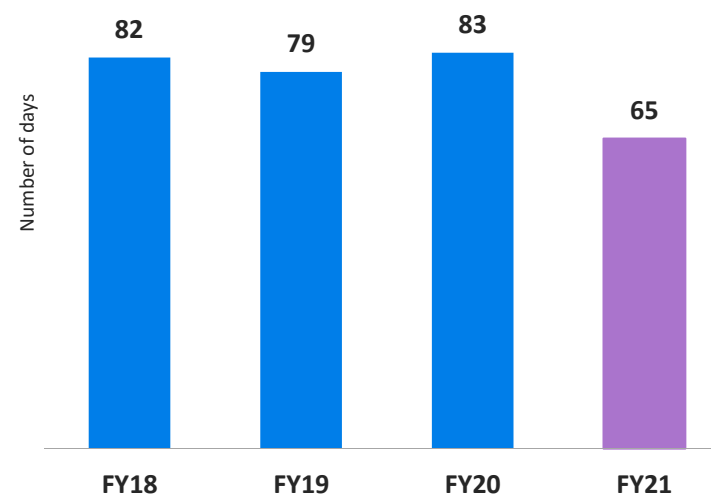
Cash Flow



Operating Cash Flow



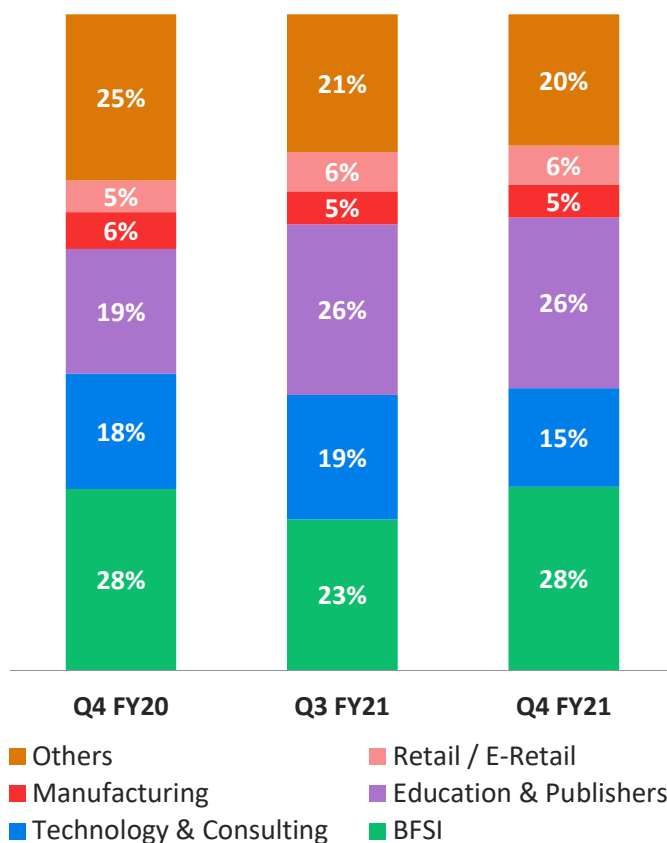
Days Sales Outstanding (DSO)



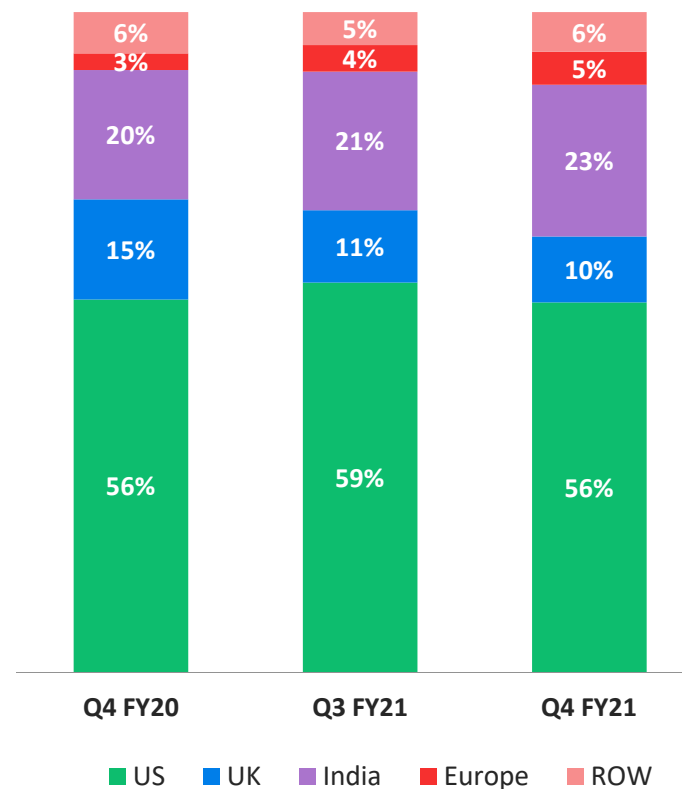
Q4 FY21 – Revenue Segment Analysis



Revenue by Industry



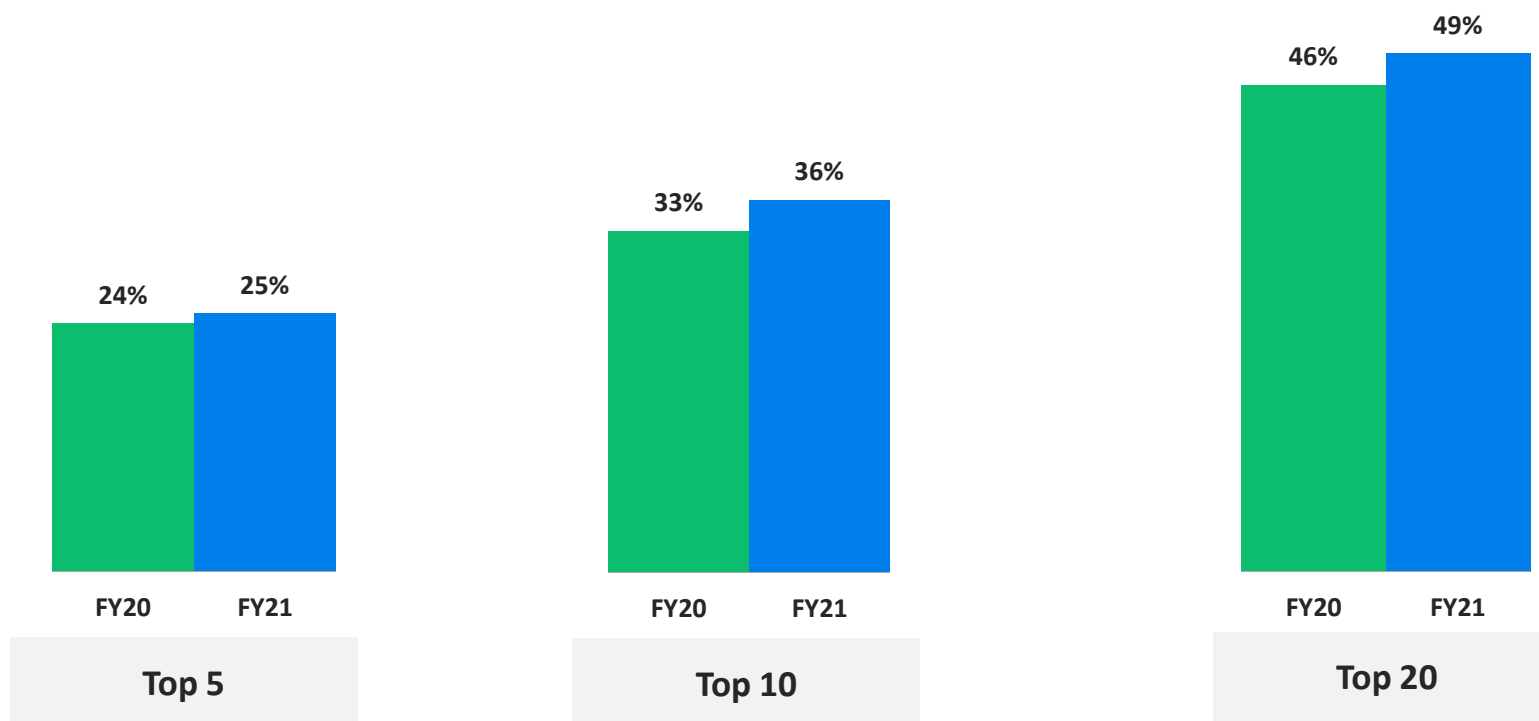
Revenue by Geography



FY21 – Client Concentration



Client concentration maintained at a comfortable level



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Key Analyst Coverage



Datamatics TruBot recognized as a Strong Performer in Forrester Wave for RPA, Q1 2021



Datamatics recognized in the Gartner Market Guide for Finance and Accounting Business Process Outsourcing Service Providers 2021



Datamatics recognized as a Major Player in the IDC MarketScape. Asia/Pacific Intelligent Automation Services 2021 Vendor Assessment



Datamatics recognized as a Major Contender and Star Performer in the Intelligent Document Processing (IDP) –Everest PEAK Matrix® Assessment 2021



Datamatics recognized as Innovators in the NelsonHall NEAT Intelligent Automation Services in Banking 2021



Datamatics recognized as a Major Player in IDC MarketScape: Worldwide Digital Finance and Accounting Business Process Services 2021



Datamatics a Major Contender in the Intelligent Process Automation (IPA) Solutions –Everest PEAK Matrix® Assessment 2021



Datamatics recognized in the Gartner Peer Insights 'Voice of the Customer': Robotic Process Automation 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 leaps out of the Aspirants category to become a Major Contender in the Everest Group- Robotic Process Automation (RPA) Peak Matrix 2020



Datamatics TruBot profiled in the Executive View: Datamatics Robotic Process Automation TruBot



Brought to you by Informa Tech
Datamatics recognized in the Omdia Universe – Selecting a Robotic Process Automation (RPA) Provider 2020-21

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 named as ‘Leader’ in the IAOP 2021 Global Outsourcing 100 List of the world’s best outsourcing providers

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

TruBot won Bronze Stevie Award at the American Business Awards 2021

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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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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