Zensar Technologies

Analyst Presentation for the quarter ending 30th June, 2017
Agenda

✓ Zensar Business Update
✓ Return on Digital® Update
✓ RPG Group Overview

All Zensar financials in this presentation are as per the IND-AS reporting standard
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Key Updates of the quarter

- Revenue up by 3.1% sequentially
- Core markets of US, Europe and South Africa performed well
- Keystone had a good quarter. Keystone and Foolproof services being taken to all Zensar clients
- Digital now at 36.3% of total revenue; growth of 8.8% sequentially and 33.3% Y-o-Y
- More than 50% of the new deals won in the Digital stack
- Zensar’s ‘Living Digital’ platform based on our registered RoD framework gaining traction in the market
- Focus on operational efficiency continues. Utilization up from 79.6% to 83.2%
Financial Update

1. Revenue: $114.3 M
   - $ Growth: 3.1% QoQ, 1.2% YoY
   - CC growth: 2.5% QoQ, 1.7% YoY
2. Gross Margin: $31.5 M (27.6%)
   - $ Growth: 2.5% QoQ, -4.0% YoY
3. EBITDA: $11.8 M (10.3%)
   - $ Growth: 33.7% QoQ, -25.1% YoY
4. PAT: $7.3 M (6.4%)
   - $ Growth: 374.8% QoQ, -33.9% YoY

Overall Performance

1. Territory wise performance
   - Africa and US grew 7.3% and 4.1% respectively
   - Europe declined marginally by 0.9%
2. Vertical wise performance
   - Financial services & Retail grew 9.3% & 8.9% respectively
   - Manufacturing declined by 4.6%; Emerging grew by 27.5%

*all growth in CC terms

Digital Revenue

1. Digital Revenue @ 36.3%
   - With addition of Keystone Logic, Digital accounted for 36% of Zensar revenue
   - Digital Revenue grew 8.8% QoQ and 33.3% YoY

Digital Solution Launch

1. Zensar launch its unique platform based Configurable, Customizable and Custom-built digital solutions
   - We have combined all our internal apps in a unique platform based Digital solution that we are now taking to our Customers globally

Zensar’s Digital Stack Solutions
Analyst Recognition and Thought Leadership in the Quarter

Report Mentions

- Magic Quadrant for Data Center Outsourcing and Infrastructure Utility Services, North America
- Competitive Landscape: Partnering With Third-Party Maintenance Providers for Data Center and Network Maintenance Cost Optimization
- Market Share: IT Services, 2016

Joint Papers

- Gartner: Managing M&A better: An integration framework
- Gartner: Cloud Migration PaaS
- Gartner: Oracle Platform as a Service
- Gartner: Leveraging Autonomics and Orchestration with The Vinci™
- Gartner: Transform to a Business-Led Digital Workforce with DWS

Report Mentions

- Everest Group IT Infrastructure Automation – Market Update and PEAK Matrix™ Assessment for Solutions (Focus on IT Service Providers)

Joint Papers

- Frost and Sullivan: Enterprise Big Data Analytics with ZenAnalytica
Wins in the Quarter

Over 50% of wins in this quarter were in the Digital space, contributing to the Digital services business at Zensar

**Digital Wins**

- Experience Design services deals for multiple organisations - for a payment and money transfer solutions company, for an American multinational biopharmaceutical company, for a US-based provider of online trading services, for a British wealth management company, for a community centre headquartered in Austria, and for an online odds comparison service.

- Digital application services for an American manufacturing test and measurement devices company, and Artificial Intelligence modernization for a global lifestyle retailer founded in America

- CRM development for financial investment management company

- Digital Commerce Services for the Mexico arm of leading American multinational retailing corporation.

**Traditional Services Wins**

- Application management services for South African group of television channels

- IMS Services for a non-governmental organisation focused on global development and poverty eradication, and for an American worldwide consumer products company, an American multinational biotechnology company

- Multivendor support services for an American company operating a worldwide online payments system, a managed hosting services provider in Europe, an American networks solutions provider
## Q1 FY18 Financials

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Q1 FY18</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD Mn</td>
<td>INR Cr</td>
</tr>
<tr>
<td></td>
<td>USD</td>
<td>INR</td>
</tr>
<tr>
<td>Revenue</td>
<td>$ 114.3</td>
<td>₹ 736.7</td>
</tr>
<tr>
<td>EBITDA</td>
<td>$ 11.8</td>
<td>₹ 75.8</td>
</tr>
<tr>
<td>EBIT</td>
<td>$ 9.0</td>
<td>₹ 57.8</td>
</tr>
<tr>
<td>PAT</td>
<td>$ 7.3</td>
<td>₹ 47.2</td>
</tr>
</tbody>
</table>
Q1 FY18 Revenue Mix

Services
- Application Management 82%
- Infrastructure Management 18%
- IMS 12%
- MVS 6%

Industries
- Manufacturing 49%
- Retail, CPG 28%
- Financial Services 19%
- Emerging 4%

Geographies
- US 74%
- Europe 14%
- Africa 10%
- ROW 2%

Project
- Time & Material 52%
- Fixed Price 48%
## Q1 FY18 Revenue Mix

### Million Dollar Clients

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY17</th>
<th>Q4 FY17</th>
<th>Q1 FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 Mn Dollar+</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>10 Mn Dollar+</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>5 Mn Dollar+</td>
<td>6</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>1 Mn Dollar+</td>
<td>65</td>
<td>72</td>
<td>74</td>
</tr>
</tbody>
</table>

### Revenue Concentration

<table>
<thead>
<tr>
<th></th>
<th>Q1 FY17</th>
<th>Q4 FY17</th>
<th>Q1 FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 5 Clients</td>
<td>36.6%</td>
<td>38.4%</td>
<td>34.9%</td>
</tr>
<tr>
<td>Top 10 Clients</td>
<td>45.7%</td>
<td>46.1%</td>
<td>43.1%</td>
</tr>
<tr>
<td>Top 20 Clients</td>
<td>55.7%</td>
<td>56.2%</td>
<td>54.5%</td>
</tr>
</tbody>
</table>
## Q1 FY18 Employee Details

### Headcount

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 FY17 Headcount</td>
<td>8,524</td>
</tr>
<tr>
<td>Net Additions</td>
<td>43</td>
</tr>
<tr>
<td><strong>Q1 FY18 Headcount</strong></td>
<td>8,567</td>
</tr>
<tr>
<td>Technical – Onsite</td>
<td>1,810</td>
</tr>
<tr>
<td>Technical – Offshore</td>
<td>5,779</td>
</tr>
<tr>
<td>Technical – BPO/Others</td>
<td>259</td>
</tr>
<tr>
<td>Marketing</td>
<td>91</td>
</tr>
<tr>
<td>Support (including Trainees)</td>
<td>628</td>
</tr>
<tr>
<td><strong>% of women employees</strong></td>
<td>26.2%</td>
</tr>
</tbody>
</table>

*Includes Keystone Logic Headcount*

### Utilization

<table>
<thead>
<tr>
<th>Category</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excluding Trainees</td>
<td>83.2%</td>
</tr>
</tbody>
</table>

### Attrition

<table>
<thead>
<tr>
<th>Category</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attrition (TTM)</td>
<td>15.4%</td>
</tr>
</tbody>
</table>

### Revenue Mix

<table>
<thead>
<tr>
<th>Category</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Onsite</td>
<td>62.5%</td>
</tr>
<tr>
<td>Offshore</td>
<td>37.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Up from 34.8% in Q4 FY17

Up from 79.6% in Q4 FY17
Stock Price and Shareholding Pattern

Equity Share Information:

- Share Price (17 July, 17): INR 798 / share
- Financial Year: April to March
- Face Value: INR 10 / share
- Listed on Indian Stock Exchanges:
  a) Bombay Stock Exchange (code: 504067)
  b) National Stock Exchange (code: ZENSARTECH)
- Bloomberg Code: ZENT.IN
- Reuters Code: ZENT.BOx

Shareholding Pattern (as on 30th June 2017):

- Promoter: 48.7%
- Apax Partners: 15.3%
- FII/ FPI: 13.1%
- DII/ Others: 23.0%
Return on Digital® Update
The Digital Stack

Zensar Stack

- Experience Design
- Omni-channel Commerce
- Vinci and DWS
- Digital Sol, Analytica
- Robotic Process Automation

- CX/UX, CMO
- IMS Cloud, IoT

- AI, ML, Intelligent Apps
- FinTech, IoT applications
## Creating Business Impact for Clients

- **New website designed by Foolproof for an automobile major that went live recently**
  - 50% ↑ Online Test Drive Bookings
  - 63% ↑ Information Requests
  - 74% ↑ Motorcycle enquiries to dealers
  - The website is driving ~£200k worth of additional revenue for the client per month.

- **Implemented its first BOT at a large financial software company enabling processing of investments worth ZAR 600 M**
  - 99% ↑ Accuracy Improvement (up frm 92%)
  - 67% ↓ Processing time reduced
  - 20% ↓ Reduction in team size
  - Implemented BOTs at a large food manufacturer in UK for processing 700M GBP worth vendor payments each quarter with 100% accuracy

- **Zensar handled 100% Insurance Policies Contracts and claims for a NA based specialised insurance products provider**
  - 30% ↑ Increase in segment customer base
  - 25% ↓ Operating cost reduction
  - $225M ↑ Revenue generated through online sales
  - Zensar also helped increase net subscriber enrollment by $13 Million
Creating Business Impact for Clients

- Developed a big data and analytics driven ‘Allocation Replay’ solution for a large US based department store chain which has become a critical asset for the client. The solution enabled the client’s business analysts to replay order allocations on-demand, modify allocation strategies and see how it impacts the global inventory, shipping time/costs.
- Keystone’s Sierra testing platform enabled smooth go-live of a large chain of domestic merchandise retail stores and helped them scale to allocate 250,000 orders per day in 3 days post go-live.

$45+ Billion Fortune 500 company
Zensar manages Quote to Cash cycle for their Every order
- Traditional or eCommerce
- Direct or Channel
- One-time or Subscription
- Local or Global

$15+ Billion leading fashion retailer
Zensar handled 3 million online transactions during the seasonal retail rush with Zero Glitches through our Digital Commerce implementation and Support services

$15+ Billion leading manufacturing conglomerate
Merger and de-merger integration across 18 joint ventures, managed by Zensar
RPG Group Overview
RPG Group: Key Financials

**FY13-17 CAGR: 5.5%**

<table>
<thead>
<tr>
<th></th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Revenue (Rs Cr)</td>
<td>15,567</td>
<td>17,364</td>
<td>18,313</td>
<td>18,494</td>
<td>19,297</td>
</tr>
</tbody>
</table>

**Net Worth (Rs Cr)**

<table>
<thead>
<tr>
<th></th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
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<tbody>
<tr>
<td>3,250</td>
<td>3,818</td>
<td>4,806</td>
<td>5,225</td>
<td>6,026</td>
<td></td>
</tr>
</tbody>
</table>

**ROCE**

- FY13: 11%
- FY14: 14%
- FY15: 17%
- FY16: 17%
- FY17: 17%

**ROE**

- FY13: 12%
- FY14: 14%
- FY15: 17%
- FY16: 17%
- FY17: 17%

**EBITDA (Rs Cr)**

<table>
<thead>
<tr>
<th></th>
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<td></td>
</tr>
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</table>

**Market Cap (Rs Cr)**

- FY13: 11,084
- FY14: 20,582
- FY15: 20,582
- FY16: 20,582
- FY17: 20,582

**Note:**

1. ROCE is calculated by taking EBIT divided by Average Capital Employed
2. ROE is calculated by taking PAT divided by Average Net-worth
3. Market Cap updated till 17th July 2017
Return on Digital®
with Zensar