Zensar Technologies

Analyst Presentation, Q4 FY19

Quarter and Year Ending Mar 31, 2019
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Company Overview

Zensar Technologies is a $567 Mn organisation (FY19) – 17.6% YoY Growth

- Part of $3 B RPG Group
- Portfolio Company of the $40 B APAX Group
- Among 5 global tech companies to be listed on a major global stock exchange (BSE) for 55+ years
- 44.7% Digital Revenue, One of the fastest growing digital revenues in the sector (37.7% YoY Growth)
Q4 FY19: Brief Snapshot

**Revenue**
- $150.1 Million
  - QoQ 4.5% | YoY 18.5%

**EBIDTA**
- $18.7 Million
  - QoQ 20.2% | YoY 20.7%

**PAT**
- $11.7 Million
  - QoQ 53.1% | YoY 4.0%

**Digital Revenue**
- QoQ 8.1%
- YoY 35.6%
- 46.4%

**$10M+ Clients**
- Added 5 clients in last year

**Continuous Sequential Growth in Europe & US**
- 4Q CQGR - 5.7%
- 4Q CQGR - 5.7%

**Headcount**
- Q4 FY19: 10073
- Q3 FY19: 9813
- Q4 FY18: 8905

**Vertical Growth LED by Hi-Tech and Manufacturing**
- 4Q CQGR - 5.3%
- 4Q CQGR - 2.9%

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FY19 : Year of Growth across all parameters

**Revenue**
- FY18: $482.2M
- FY19: $566.9M
  - Year-over-Year (YoY) Growth: 17.6%

**EBITDA**
- FY18: $57.8M
- FY19: $70.6M
  - Year-over-Year (YoY) Growth: 22.0%

**PAT**
- FY18: $37.5M
- FY19: $45.0M
  - Year-over-Year (YoY) Growth: 20.2%

**Digital**
- FY18: 38.1%
- FY19: 44.7%
  - Year-over-Year (YoY) Growth: 37.7%

**Core Growth**
- FY18: $437.2M
- FY19: $530.0M
  - Year-over-Year (YoY) Growth: 21.2%

**Top 10 Clients Revenue**
- FY18: $215.9M
- FY19: $263.7M
  - Year-over-Year (YoY) Growth: 22.1%

**$10M+ Clients**
- FY18: 04
- FY19: 09
  - Year-over-Year (YoY) Growth: +5

**Headcount**
- FY18: 8905
- FY19: 10073
  - Year-over-Year (YoY) Growth: +1168
Q4 FY19: Key Achievements

**Continued New Win Momentum**

- Large win at one of the oldest insurers in the African Market
- Large Insurance win at a Niche property and casualty auto insurance carrier for Cynosure, a Zensar company
- Multiple key wins in existing large Retail Client based out of the United States

**Digital Updates**

- Continued Mega-growth in digital revenues – 46.4% (crossed 45% for the first time in a quarter, second highest in the industry)
- Multiple more patents filed with 5 being granted for Digital & Blockchain – strong push towards innovation continues

**Strengthening of brand ‘Zensar’**

- Zensar Recognized for 3rd Consecutive Year in Gartner Magic Quadrant for Managed Workplace Services
- Zensar named as a Major Contender in the Everest Group Digital Services PEAK Matrix™ Assessment 2019
- Zensar mentioned as an Innovator in Avasant Applied AI and Advanced Analytics Services RadarView™

**Revenue crosses $150M+, Headcount crosses 10,000**

- **$150.1M**, highest ever revenue, Q4 FY19
- **Headcount: 10073** (net addition of 260 QoQ, 1168 YoY)
- **9 accounts** of $10m+ Annual revenues (YoY increase of 5)
All Numbers in $M unless stated

Trending in Key Financial Updates (US $)

**QoQ Revenue Increase**

- Q4 FY18: 126.6
- Q1 FY19: 135.0
- Q2 FY19: 138.1
- Q3 FY19: 143.7
- Q4 FY19: 150.1

**Constant Currency Revenue Growth**

- Q4 FY18: 124.0
- Q1 FY19: 136.1
- Q2 FY19: 140.6
- Q3 FY19: 144.3
- Q4 FY19: 149.5

**Consistent Growth in US**

- Q4 FY18: 91.4
- Q1 FY19: 100.0
- Q2 FY19: 102.6
- Q3 FY19: 109.2
- Q4 FY19: 114.3

**Consistent Europe Growth**

- Q4 FY18: 18.0
- Q1 FY19: 18.5
- Q2 FY19: 19.7
- Q3 FY19: 20.6
- Q4 FY19: 22.4

**Digital & Application Services Growth**

- Q4 FY18: 108.7
- Q1 FY19: 114.8
- Q2 FY19: 117.2
- Q3 FY19: 119.1
- Q4 FY19: 127.1

**Hi – Tech Growth**

- Q4 FY18: 46.6
- Q1 FY19: 48.7
- Q2 FY19: 52.1
- Q3 FY19: 54.1
- Q4 FY19: 57.2

**Hi – Tech Growth**

- Q4 FY18: 90
- Q1 FY19: 95
- Q2 FY19: 100
- Q3 FY19: 105
- Q4 FY19: 110

- Q4 FY18: 44
- Q1 FY19: 46
- Q2 FY19: 48
- Q3 FY19: 50
- Q4 FY19: 52

All Numbers in $M unless stated
Core & Digital Business Update

Total Revenue @ 4.3% CQGR, @18.5% YoY

Core Revenue @ 5.2% CQGR, @ 22.3% YoY ; Digital Revenue @ 35.6 % YoY

Q4 FY 18 | Q1 FY 19 | Q2 FY 19 | Q3 FY 19 | Q4 FY 19
---|---|---|---|---
Core @ 5.2% | 116.4M | 124.6M | 127.6M | 135.3M | 142.4M
Non-Core @ -6.9% | 10.2 | 10.4 | 10.5 | 8.3 | 7.7

Q4 FY 18 | Q1 FY 19 | Q2 FY 19 | Q3 FY 19 | Q4 FY 19
---|---|---|---|---
Digital @ 7.9% | $116.4M | $124.6M | $127.6M | $135.3M | $142.4M
Traditional @ 2.8% | 51.4 | 58.0 | 61.0 | 64.5 | 69.7

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Q4 & FY19 : Key Financials

- **Revenue Growth**
  - 4.5% QoQ & 18.5% YoY in USD terms
  - 4.1% QoQ & 21.5% YoY in CC terms
  - Core Revenue stood at $142.4M – a growth of 5.2% QoQ and 22.3% YoY.
  - FY19 Revenue grew 17.6% over FY18

- **EBITDA**
  - 12.5% of Quarterly Revenue, 20.2% QoQ growth, 20.7% YoY growth
  - FY19 EBIDTA grew 22.0% over FY18
  - Core Business EBITDA was at 14.1% for Q4 and 14.1% for FY19

- **PAT**
  - 7.8% of Quarterly Revenue, 53.1% QoQ & 4.0% YoY growth
  - FY19 PAT grew 20.2% over FY18

- **Digital**
  - 46.4% of total revenue in Q4, 44.7% for the entire fiscal.
# Q4 FY19 & FY 19 Financials

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Q4 FY19</th>
<th>Growth</th>
<th>FY 19</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD Mn</td>
<td>INR Cr</td>
<td>Q-o-Q</td>
</tr>
<tr>
<td></td>
<td>USD</td>
<td>INR</td>
<td>CC</td>
</tr>
<tr>
<td>Revenue</td>
<td>$ 150.1</td>
<td>₹ 1057.4</td>
<td>4.5%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>$ 18.7</td>
<td>₹ 132.1</td>
<td>20.2%</td>
</tr>
<tr>
<td>EBIT</td>
<td>$ 15.2</td>
<td>₹ 107.0</td>
<td>23.3%</td>
</tr>
<tr>
<td>PAT</td>
<td>$ 11.7</td>
<td>₹ 82.7</td>
<td>53.1%</td>
</tr>
<tr>
<td>EPS (Diluted)</td>
<td>3.6</td>
<td>49.7%</td>
<td>13.1%</td>
</tr>
</tbody>
</table>
Q4 FY19 & FY19: Key Business Highlights

Pipeline quality and Large Deals
- Strong Demand environment persists – Trend of slightly smaller size deals with increased deal volume in the recent past. Steady inflow of Large transformational deals
- Large Deals ratio - 60% deals being fought with a TCV over $10m across Zensar. Up from 55% last quarter
- Pipeline – Continues to be robust with a good mix of Application and Cloud deals
- Digital (including RoD and RoD NeXT) seeing tremendous traction across all markets while helping create niche for Zensar

Core Business
- $100M+ bookings in the Cloud & Infrastructure space on a trailing twelve months basis
- Top 20 accounts grew 19.3% & top 10 grew at 20.1% over previous year – Account management continues to be robust. 10M+ accounts grew to 9 – a sequential growth of 2 while a growth of 5 over the year
- Insurance had a slightly soft quarter however there was healthy increase in deal wins especially in the Guidewire space
- Europe continued its steep growth with both Farming & Hunting engines faring well
- BFSI continued its growth momentum, growing at a yearly rate of 30.1% while Hi-Tech grew by 22.8% in Q4.

Acquired Entities – All entities register sequential growth
- Foolproof – Quarterly revenue growth of 10.2%. Good cross sell helping UK region growth
- Keystone Logic – Quarterly revenue growth of 16.1%.
- Cynosure – Quarterly revenue growth of 18.3%. Multiple deal wins in the last quarter.
- Indigo Slate – Growth of 6.5% sequentially. Combined GTM in place.
$750 Mn+
TCV wins over the last 12 months

- $100 Mn Global 500 Diversified Brand
- $50 Mn Medical Device Mfg.
- $50 Mn Tier 2 Insurer carrier
- $50 Mn Fortune 500 Technology Leader
- $40 Mn Tier 1 Retailer
- $30 Mn Global Financial Services

@ Scale winning momentum
• Digital continues to be a pivot for Zensar’s strong growth. All of Zensar’s acquisitions (all digital in nature) had strong growth over the year with Cynosure leading in the last quarter.

• Digital & Application Services grew 18.9% over the last fiscal owing to the strong growth of 33.8% in Digital Services.

• Cloud & Infrastructure services grew at 10.9% in the fiscal. Cloud, Digital led next Gen CIS however grew at 77.3% thanks to Vinci, Zensar’s ROD NeXT based Cloud platform.
FY19 Financials – Geographical & Vertical Split

**Geographical Split**

- **US**: 21.5%
- **Europe**: 21.6%
- **Africa**: 10.4%
- **ROW**: 35.0%

**Vertical Split**

- **100.0% Revenue**
  - **22.2%** Retail & Consumer Services
  - **51.3%** Hi-Tech & Manufacturing
  - **23.2%** Fin. Services
  - **3.3%** Emerging

**Constant Currency Growth:**

<table>
<thead>
<tr>
<th>Geography</th>
<th>QoQ (cc)</th>
<th>FY 19 (cc)</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>4.6%</td>
<td>21.5%</td>
</tr>
<tr>
<td>Europe</td>
<td>7.5%</td>
<td>21.6%</td>
</tr>
<tr>
<td>Africa</td>
<td>-2.0%</td>
<td>10.4%</td>
</tr>
<tr>
<td>ROW</td>
<td>-27.0%</td>
<td>-35.0%</td>
</tr>
</tbody>
</table>
FY19 Top Client Revenue Mix

### Million Dollar Clients

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY19</th>
<th>Net Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 Mn Dollar+</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>10 Mn Dollar+</td>
<td>4</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td>5 Mn Dollar+</td>
<td>17</td>
<td>19</td>
<td>2</td>
</tr>
<tr>
<td>1 Mn Dollar+</td>
<td>80</td>
<td>92</td>
<td>12</td>
</tr>
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</table>

### Revenue Concentration

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY19</th>
<th>YoY %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 5 Clients</td>
<td>36.3%</td>
<td>37.6%</td>
<td>21.6%</td>
</tr>
<tr>
<td>Top 10 Clients</td>
<td>44.8%</td>
<td>46.5%</td>
<td>22.1%</td>
</tr>
<tr>
<td>Top 20 Clients</td>
<td>56.1%</td>
<td>57.1%</td>
<td>19.5%</td>
</tr>
</tbody>
</table>
FY19 Employee Details

**Utilization**

<table>
<thead>
<tr>
<th>Headcount</th>
<th>Utilization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excluding Trainees</td>
<td>83.4%</td>
</tr>
</tbody>
</table>

**Attrition**

| Attrition (YTD) | 15.6% |

**Headcount**

| FY18 Headcount | 8,905 |
| Net Additions | 1,168 |
| **FY19 Headcount** | **10,073** |
| Technical – Onsite | 2,420 |
| Technical – Offshore | 6,501 |
| Technical – BPO/Others | 275 |
| Marketing | 79 |
| Support (including Trainees) | 798 |
| % of women employees | 28.2% |
Stock Price and Shareholding Pattern

Equity Share Information:
- Share Price (23rd April 2019): INR 231.15/share
- Market Cap (23rd April 2019): INR 5,220 Crs
- Financial Year: April to March
- Face Value: INR 2/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 31st March, 2019)
- Promoter: 48.9%
- Apax Partners: 11.5%
- FPIs: 16.8%
- DII/ Others: 22.9%
Analyst Recognition in the Quarter

Report Mentions:
• Zensar named as a Major Contender in the Everest Group Digital Services PEAK Matrix™ Assessment 2019

Report Mentions:
• Zensar has been mentioned in the Gartner Report- “Revitalize Application Management Services with Kanban”
• Zensar Recognized for Third Consecutive Year in Gartner Magic Quadrant for Managed Workplace Services, North America

Report Mentions:
• Zensar mentioned in the Zinnov Zones global rankings of Digital Service Providers for 2019, titled, 'Zinnov Zones for Digital Services - 2019'

Report Mentions:
• Zensar mentioned as an Innovator in Avasant Applied AI and Advanced Analytics Services RadarView™

• Zensar featured in Novarica’s Market Navigator Report
RPG Group: Key Financials

**FY14-18 CAGR: 4.9%**

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Total Income (Rs Cr.)</th>
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<tbody>
<tr>
<td>FY14</td>
<td>17,949</td>
</tr>
<tr>
<td>FY15</td>
<td>19,183</td>
</tr>
<tr>
<td>FY16</td>
<td>19,271</td>
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<tr>
<td>FY17</td>
<td>20,052</td>
</tr>
<tr>
<td>FY18</td>
<td>21,766</td>
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**CAGR: 4.9%**

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Total Income (Rs Cr.)</th>
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<tbody>
<tr>
<td>FY14</td>
<td>1,630</td>
</tr>
<tr>
<td>FY15</td>
<td>1,668</td>
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<tr>
<td>FY16</td>
<td>2,014</td>
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<tr>
<td>FY17</td>
<td>2,045</td>
</tr>
<tr>
<td>FY18</td>
<td>2,218</td>
</tr>
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</table>

**Note:**

1) ROCE is calculated by taking EBIT*(1-ETR) divided by Capital Employed
2) ROE is calculated by taking PAT divided by Net worth
3) Market Cap updated till 23rd April 2019
Thank You