



# Persistent Systems Limited

Quarter ended March 31, 2019

Analyst Presentation and Fact Sheet

April 27, 2019

# Forward-looking and Cautionary Statements

Certain statements in this Presentation concerning our future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, our revenues highly dependent on customers located in the United States, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, concentration of major operations of the Company in one city, withdrawal of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. The Company may, from time to time, make additional written and oral forward-looking statements, including statements contained in the Company's filings with the Stock Exchanges and our reports to shareholders. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company.



# Key Highlights

# Financial Highlights

## Q4 FY19 Highlights:

- USD Revenue at US\$ 118.30 Million, de-growth of 2.1% QoQ and growth of 1.2% YoY
- INR Revenue at ₹ 8,318.54 Million, de-growth of 3.7% QoQ and a growth of 10.5% YoY
- EBITDA ₹ 1,265.50 Million @ 15.2% of revenue, decline of 25.7% QoQ and growth of 13.9% YoY
- PAT ₹ 844.73 Million @ 10.2% of revenue, decline of 7.9% QoQ and increase of 14.6% YoY

## FY19 Highlights:

- USD Revenue at US\$ 480.97 Million, YoY growth of 2.2%
- INR Revenue at ₹ 33,659.41 Million, YoY growth of 11.0%
- EBITDA ₹ 5,805.36 Million @ 17.2% of revenue, YoY growth of 23.9%
- PAT ₹ 3,516.79 Million @ 10.4% of revenue, YoY growth of 8.8%

# Business Updates/ Recognitions

- The Board of Directors recommended Final Dividend of ₹ 3 per share
- Appoints Christopher O'Connor as the Chief Executive Officer and an Additional Director (Executive Director) with immediate effect.
- Appoints Sandeep Kalra as President – Technology Services with effect from 1st May 2019
- Persistent Systems recognized as 'Rising Star' for Salesforce Sales & Service Cloud in ISG Provider Lens™ 2019 – Quadrant Report
- Persistent Systems featured amongst “Innovators” in Avasant’s Internet of Things Services RadarView 2019 research report
- Zinnov positions Persistent Systems amongst the leading players in ‘Zinnov Zones for Digital Services – 2019’ Report

# Sequential Q4 FY19 vs Q3 FY19

| Particulars                     |          |          | Change<br>QoQ | Exps / Sales % |        |
|---------------------------------|----------|----------|---------------|----------------|--------|
|                                 | Q4FY19   | Q3FY19   |               | Q4FY19         | Q3FY19 |
| Revenue (\$ M)                  |          |          |               |                |        |
| Services                        | 92.74    | 90.64    | 2.3%          |                |        |
| IP Led                          | 25.56    | 30.20    | -15.4%        |                |        |
| Revenue (\$ M)                  | 118.30   | 120.84   | -2.1%         |                |        |
| Avg. Exchange Rate ₹/US\$       | 70.32    | 71.52    | -1.7%         |                |        |
| Revenue (₹ M)                   | 8,318.54 | 8,642.49 | -3.7%         |                |        |
| Cost of Revenue                 | ₹ M      | ₹ M      |               |                |        |
| Employee Related Expenses       | 4,997.26 | 5,075.48 | -1.5%         | 60.1%          | 58.7%  |
| Purchase / Royalty              | 119.41   | 129.16   | -7.5%         | 1.4%           | 1.5%   |
| Project related Travel Expenses | 137.89   | 136.51   | 1.0%          | 1.7%           | 1.6%   |
| Total Direct costs              | 5,254.56 | 5,341.15 | -1.6%         | 63.2%          | 61.8%  |
| Gross Profit                    | 3,063.98 | 3,301.34 | -7.2%         | 36.8%          | 38.2%  |
| Sales & Marketing Exps          | 771.77   | 774.80   | -0.4%         | 9.3%           | 9.0%   |
| Admin. & Other Exps             | 998.27   | 785.51   | 27.1%         | 12.0%          | 9.1%   |
| Doubtful Debt Provision         | 5.47     | 16.88    | -67.6%        | 0.1%           | 0.2%   |
| CSR Activities                  | 22.97    | 20.98    | 9.5%          | 0.3%           | 0.2%   |
| Total SGA                       | 1,798.48 | 1,598.17 | 12.5%         | 21.6%          | 18.5%  |
| EBITDA                          | 1,265.50 | 1,703.17 | -25.7%        | 15.2%          | 19.7%  |
| Depreciation                    | 115.98   | 115.83   | 0.1%          | 1.4%           | 1.3%   |
| Amortization                    | 260.82   | 280.49   | -7.0%         | 3.1%           | 3.2%   |
| EBIT                            | 888.70   | 1,306.85 | -32.0%        | 10.7%          | 15.1%  |
| Other Income / (Loss)           | 282.94   | 229.25   | 23.4%         | 3.4%           | 2.7%   |
| Exchange Gain/(Loss)            | (58.50)  | (240.89) | -75.7%        | -0.7%          | -2.8%  |
| PBT                             | 1,113.14 | 1,295.21 | -14.1%        | 13.4%          | 15.0%  |
| Tax                             | 268.41   | 378.04   | -29.0%        | 3.2%           | 4.4%   |
| PAT                             | 844.73   | 917.17   | -7.9%         | 10.2%          | 10.6%  |

# YoY Comparison Q4 FY19 vs Q4 FY18

| Particulars                     |          |          | Change<br>QoQ | Exps / Sales % |         |
|---------------------------------|----------|----------|---------------|----------------|---------|
|                                 | Q4FY19   | Q4FY18   |               | Q4FY19         | Q4 FY18 |
| Revenue (\$ M)                  |          |          |               |                |         |
| Services                        | 92.74    | 90.86    | 2.1%          |                |         |
| IP Led                          | 25.56    | 26.09    | -2.1%         |                |         |
| Revenue (\$ M)                  | 118.30   | 116.95   | 1.2%          |                |         |
| Avg. Exchange Rate ₹/US\$       | 70.32    | 64.35    | 9.3%          |                |         |
| Revenue (₹ M)                   | 8,318.54 | 7,525.46 | 10.5%         |                |         |
| Cost of Revenue                 | ₹ M      | ₹ M      |               |                |         |
| Employee Related Expenses       | 4,997.26 | 4,654.87 | 7.4%          | 60.1%          | 61.9%   |
| Purchase / Royalty              | 119.41   | 86.47    | 38.1%         | 1.4%           | 1.1%    |
| Project related Travel Expenses | 137.89   | 176.65   | -21.9%        | 1.7%           | 2.3%    |
| Total Direct costs              | 5,254.56 | 4,917.99 | 6.8%          | 63.2%          | 65.4%   |
| Gross Profit                    | 3,063.98 | 2,607.47 | 17.5%         | 36.8%          | 34.6%   |
| Sales & Marketing Exps          | 771.77   | 695.23   | 11.0%         | 9.3%           | 9.2%    |
| Admin. & Other Exps             | 998.27   | 769.85   | 29.7%         | 12.0%          | 10.2%   |
| Doubtful Debt Provision         | 5.47     | 10.06    | -45.6%        | 0.1%           | 0.1%    |
| CSR Activities                  | 22.97    | 21.70    | 5.9%          | 0.3%           | 0.3%    |
| Total SGA                       | 1,798.48 | 1,496.84 | 20.2%         | 21.6%          | 19.9%   |
| EBITDA                          | 1,265.50 | 1,110.63 | 13.9%         | 15.2%          | 14.8%   |
| Depreciation                    | 115.98   | 133.77   | -13.3%        | 1.4%           | 1.8%    |
| Amortization                    | 260.82   | 287.12   | -9.2%         | 3.1%           | 3.8%    |
| EBIT                            | 888.70   | 689.74   | 28.8%         | 10.7%          | 9.2%    |
| Other Income / (Loss)           | 282.94   | 144.21   | 96.2%         | 3.4%           | 1.9%    |
| Exchange Gain/(Loss)            | (58.50)  | 149.54   | -139.1%       | -0.7%          | 2.0%    |
| PBT                             | 1,113.14 | 983.49   | 13.2%         | 13.4%          | 13.1%   |
| Tax                             | 268.41   | 246.43   | 8.9%          | 3.2%           | 3.3%    |
| PAT                             | 844.73   | 737.06   | 14.6%         | 10.2%          | 9.8%    |

# Comparison FY19 vs FY18

| Particulars                     | FY19             | FY18             | Change       | Exps / Sales % |              |
|---------------------------------|------------------|------------------|--------------|----------------|--------------|
|                                 |                  |                  |              | FY19           | FY18         |
| <u>Revenue (\$ M)</u>           |                  |                  |              |                |              |
| Services                        | 361.12           | 350.09           | 3.2%         |                |              |
| IP Led                          | 119.85           | 120.46           | -0.5%        |                |              |
| <b>Revenue (\$ M)</b>           | <b>480.97</b>    | <b>470.55</b>    | <b>2.2%</b>  |                |              |
| Avg. Exchange Rate ₹/US\$       | 69.98            | 64.47            | 8.5%         |                |              |
| <b>Revenue (₹ M)</b>            | <b>33,659.41</b> | <b>30,337.03</b> | <b>11.0%</b> |                |              |
| Cost of Revenue                 | ₹ M              | ₹ M              |              |                |              |
| Employee Related Expenses       | 19,873.93        | 18,748.49        | 6.0%         | 59.0%          | 61.8%        |
| Purchase / Royalty              | 877.15           | 356.31           | 146.2%       | 2.6%           | 1.2%         |
| Project related Travel Expenses | 627.07           | 599.32           | 4.6%         | 1.9%           | 2.0%         |
| Total Direct costs              | 21,378.15        | 19,704.12        | 8.5%         | 63.5%          | 65.0%        |
| <b>Gross Profit</b>             | <b>12,281.26</b> | <b>10,632.91</b> | <b>15.5%</b> | <b>36.5%</b>   | <b>35.0%</b> |
| Sales & Marketing Exps          | 3,060.50         | 2,752.78         | 11.2%        | 9.1%           | 9.1%         |
| Admin. & Other Exps             | 3,268.47         | 3,082.24         | 6.0%         | 9.7%           | 10.2%        |
| Doubtful Debt Provision         | 66.29            | 32.59            | 103.4%       | 0.2%           | 0.1%         |
| CSR Activities                  | 80.64            | 78.10            | 3.3%         | 0.2%           | 0.3%         |
| Total SGA                       | 6,475.90         | 5,945.71         | 8.9%         | 19.2%          | 19.6%        |
| <b>EBITDA</b>                   | <b>5,805.36</b>  | <b>4,687.20</b>  | <b>23.9%</b> | <b>17.2%</b>   | <b>15.5%</b> |
| Depreciation                    | 474.39           | 520.93           | -8.9%        | 1.4%           | 1.7%         |
| Amortization                    | 1,098.12         | 1,063.94         | 3.2%         | 3.3%           | 3.5%         |
| <b>EBIT</b>                     | <b>4,232.85</b>  | <b>3,102.33</b>  | <b>36.4%</b> | <b>12.6%</b>   | <b>10.2%</b> |
| Other Income / (Loss)           | 873.63           | 603.97           | 44.6%        | 2.6%           | 2.0%         |
| Exchange Gain/(Loss)            | (243.09)         | 586.31           | -141.5%      | -0.7%          | 1.9%         |
| <b>PBT</b>                      | <b>4,863.39</b>  | <b>4,292.61</b>  | <b>13.3%</b> | <b>14.4%</b>   | <b>14.1%</b> |
| Tax                             | 1,346.60         | 1,061.73         | 26.8%        | 4.0%           | 3.5%         |
| <b>PAT</b>                      | <b>3,516.79</b>  | <b>3,230.88</b>  | <b>8.8%</b>  | <b>10.4%</b>   | <b>10.6%</b> |



# Consolidated Balance Sheet

₹ M

| Particulars               | As on<br>March 31, 2019 | As on<br>March 31, 2018 |
|---------------------------|-------------------------|-------------------------|
| Assets                    |                         |                         |
| PPE and Intangible assets | 4,323.53                | 5,173.88                |
| Non-Current Assets        | 637.36                  | 605.90                  |
| Cash and Investments      | 14,975.34               | 12,264.75               |
| Other Current Assets      | 8,619.76                | 8,393.19                |
| <b>Total</b>              | <b>28,555.99</b>        | <b>26,437.72</b>        |
| Equity and Liabilities    |                         |                         |
| Equity                    | 23,446.80               | 21,271.99               |
| Non-Current Liabilities   | 264.77                  | 176.30                  |
| Current Liabilities       | 4,844.42                | 4,989.43                |
| <b>Total</b>              | <b>28,555.99</b>        | <b>26,437.72</b>        |



# Fact Sheet

# Fact Sheet



PERSISTENT

| Revenue | Description / Nos. / %         | Q4FY19   | Q3FY19   | Q2FY19   | Q1FY19   | Q4FY18   | FY19      | FY18      |
|---------|--------------------------------|----------|----------|----------|----------|----------|-----------|-----------|
|         | Revenue from Operations, USD M | 118.30   | 120.84   | 118.23   | 123.60   | 116.95   | 480.97    | 470.55    |
|         | % QoQ / YoY growth             | -2.1%    | 2.2%     | -4.3%    | 5.7%     | -4.6%    | 2.2%      | 9.7%      |
|         | Revenue from Operations, INR M | 8,318.54 | 8,642.49 | 8,355.57 | 8,342.81 | 7,525.46 | 33,659.41 | 30,337.03 |
|         | % QoQ / YoY growth             | -3.7%    | 3.4%     | 0.2%     | 10.9%    | -5.0%    | 11.0%     | 5.4%      |

  

| Business Offerings Revenue Mix | Description / % | Q4FY19 | Q3FY19 | Q2FY19 | Q1FY19 | Q4FY18 | FY19   | FY18   |
|--------------------------------|-----------------|--------|--------|--------|--------|--------|--------|--------|
|                                | Services        | 78.4%  | 75.0%  | 74.4%  | 72.6%  | 77.7%  | 75.1%  | 74.4%  |
|                                | IP Led          | 21.6%  | 25.0%  | 25.6%  | 27.4%  | 22.3%  | 24.9%  | 25.6%  |
|                                | Total           | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

  

| Segment Revenue Mix | Description / % | Q4FY19 | Q3FY19 | Q2FY19 | Q1FY19 | Q4FY18 | FY19   | FY18   |
|---------------------|-----------------|--------|--------|--------|--------|--------|--------|--------|
|                     | Services        | 44.6%  | 41.9%  | 43.0%  | 41.5%  | 45.5%  | 42.7%  | 43.8%  |
|                     | Digital         | 24.4%  | 22.9%  | 22.0%  | 21.4%  | 24.0%  | 22.7%  | 21.3%  |
|                     | Alliance        | 24.8%  | 29.4%  | 29.5%  | 32.1%  | 24.3%  | 29.0%  | 27.6%  |
|                     | Accelerite      | 6.2%   | 5.8%   | 5.5%   | 5.0%   | 6.2%   | 5.6%   | 7.3%   |
|                     | Total           | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

# Fact Sheet



PERSISTENT

| Geography<br>Revenue Mix | Description / % | Q4FY19 | Q3FY19 | Q2FY19 | Q1FY19 | Q4FY18 | FY19   | FY18   |
|--------------------------|-----------------|--------|--------|--------|--------|--------|--------|--------|
|                          | North America   | 80.9%  | 83.7%  | 82.6%  | 79.7%  | 80.9%  | 81.7%  | 83.5%  |
|                          | Europe          | 7.9%   | 7.6%   | 7.5%   | 12.0%  | 8.2%   | 8.8%   | 7.5%   |
|                          | India           | 7.7%   | 6.8%   | 7.3%   | 6.1%   | 7.9%   | 7.0%   | 6.3%   |
|                          | ROW             | 3.5%   | 1.9%   | 2.6%   | 2.2%   | 3.0%   | 2.5%   | 2.7%   |
|                          | Total           | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

  

| Industry<br>Classification | Description / % | Q4FY19 | Q3FY19 | Q2FY19 | Q1FY19 | Q4FY18 | FY19   | FY18   |
|----------------------------|-----------------|--------|--------|--------|--------|--------|--------|--------|
|                            | ISV             | 41.2%  | 39.8%  | 39.5%  | 38.8%  | 40.6%  | 39.8%  | 39.9%  |
|                            | Enterprise      | 37.2%  | 35.2%  | 34.9%  | 33.8%  | 37.1%  | 35.3%  | 34.5%  |
|                            | IP Led          | 21.6%  | 25.0%  | 25.6%  | 27.4%  | 22.3%  | 24.9%  | 25.6%  |
|                            | Total           | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

  

| Revenue by<br>Delivery Centers | Description / %            | Q4FY19 | Q3FY19 | Q2FY19 | Q1FY19 | Q4FY18 | FY19   | FY18   |
|--------------------------------|----------------------------|--------|--------|--------|--------|--------|--------|--------|
|                                | Global Development Centers | 31.4%  | 29.9%  | 29.7%  | 31.1%  | 34.1%  | 30.5%  | 32.0%  |
|                                | India                      | 47.0%  | 45.1%  | 44.7%  | 41.5%  | 43.6%  | 44.6%  | 42.4%  |
|                                | IP Led                     | 21.6%  | 25.0%  | 25.6%  | 27.4%  | 22.3%  | 24.9%  | 25.6%  |
|                                | Total                      | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

# Fact Sheet



PERSISTENT

| Client Billed | Nos.     | Q4FY19 | Q3FY19 | Q2FY19 | Q1FY19 | Q4FY18 | FY19 | FY18 |
|---------------|----------|--------|--------|--------|--------|--------|------|------|
|               | Services | 420    | 437    | 433    | 438    | 426    | 586  | 569  |
|               | IP Led   | 185    | 192    | 178    | 181    | 177    | 287  | 387  |

Includes one time clients with overlap across business offerings

| Revenue Concentration | Description / % | Q4FY19 | Q3FY19 | Q2FY19 | Q1FY19 | Q4FY18 | FY19  | FY18  |
|-----------------------|-----------------|--------|--------|--------|--------|--------|-------|-------|
|                       | Top 1           | 20.2%  | 26.3%  | 25.7%  | 23.8%  | 21.7%  | 24.0% | 25.9% |
|                       | Top 5           | 40.0%  | 45.0%  | 43.3%  | 43.8%  | 40.9%  | 42.4% | 43.9% |
|                       | Top 10          | 50.2%  | 54.6%  | 52.4%  | 53.7%  | 49.9%  | 51.8% | 53.5% |

| Client Engagement Size | Nos.                      | Q4FY19 | Q3FY19 | Q2FY19 | Q1FY19 | Q4FY18 | FY19 | FY18 |
|------------------------|---------------------------|--------|--------|--------|--------|--------|------|------|
|                        | Large > USD 3M            | 20     | 20     | 18     | 18     | 18     | 20   | 18   |
|                        | Medium > USD 1M, < USD 3M | 57     | 56     | 56     | 58     | 53     | 57   | 53   |

| DSO | Nos. | Q4FY19 | Q3FY19 | Q2FY19 | Q1FY19 | Q4FY18 | FY19 | FY18 |
|-----|------|--------|--------|--------|--------|--------|------|------|
|     | Days |        | 63     | 61     | 63     | 68     | 66   | 63   |

# Fact Sheet



PERSISTENT

| Yield | USD / Per Person Month | Q4FY19 | Q3FY19 | Q2FY19 | Q1FY19 | Q4FY18 | FY19  | FY18  |
|-------|------------------------|--------|--------|--------|--------|--------|-------|-------|
|       |                        | 5,082  | 5,386  | 5,329  | 5,497  | 5,225  | 5,321 | 5,160 |

Yield is computed as a ratio of total revenue to billable person months excluding employees under training.

| Linear Revenue Per Billed PM* | USD / Per Person Month | Q4FY19 | Q3FY19 | Q2FY19 | Q1FY19 | Q4FY18 | FY19   | FY18   |
|-------------------------------|------------------------|--------|--------|--------|--------|--------|--------|--------|
| Global Delivery Centres       |                        | 16,846 | 16,204 | 15,787 | 16,360 | 16,662 | 16,299 | 16,267 |
| India                         |                        | 4,385  | 4,392  | 4,372  | 4,333  | 4,349  | 4,371  | 4,232  |

\*Person Month

| Attrition Rate | % | Q4FY19 | Q3FY19 | Q2FY19 | Q1FY19 | Q4FY18 | FY19  | FY18  |
|----------------|---|--------|--------|--------|--------|--------|-------|-------|
| TTM Basis      |   | 16.7%  | 16.4%  | 15.4%  | 14.8%  | 14.7%  | 16.7% | 14.7% |

| People Numbers                 | Nos. | Q4FY19 | Q3FY19 | Q2FY19 | Q1FY19 | Q4FY18 | FY19  | FY18  |
|--------------------------------|------|--------|--------|--------|--------|--------|-------|-------|
| Technical                      |      | 9,185  | 8,761  | 8,566  | 8,196  | 8,329  | 9,185 | 8,329 |
| Sales and Business Development |      | 273    | 266    | 247    | 237    | 211    | 273   | 211   |
| Others                         |      | 504    | 503    | 489    | 469    | 436    | 504   | 436   |
| Total                          |      | 9,962  | 9,530  | 9,302  | 8,902  | 8,976  | 9,962 | 8,976 |

# Fact Sheet



| Efforts and Utilization Mix - Linear | Description / Nos. / %    | Q4FY19 | Q3FY19 | Q2FY19 | Q1FY19 | Q4FY18 | FY19   | FY18   |
|--------------------------------------|---------------------------|--------|--------|--------|--------|--------|--------|--------|
|                                      | Billable Person Months    | 18,663 | 17,822 | 17,483 | 17,593 | 17,382 | 71,563 | 71,207 |
|                                      | - Global Delivery Centers | 2,630  | 2,659  | 2,656  | 2,757  | 2,713  | 10,703 | 10,609 |
|                                      | - India                   | 16,034 | 15,163 | 14,827 | 14,836 | 14,669 | 60,860 | 60,597 |
|                                      | Billed Person Months      | 14,879 | 14,635 | 14,318 | 14,205 | 14,119 | 58,037 | 56,405 |
|                                      | - Global Delivery Centers | 2,206  | 2,232  | 2,221  | 2,348  | 2,391  | 9,007  | 9,255  |
|                                      | - India                   | 12,674 | 12,403 | 12,097 | 11,857 | 11,728 | 49,030 | 47,151 |
|                                      | Utilization               |        |        |        |        |        |        |        |
|                                      | - Blended                 | 79.7%  | 82.1%  | 81.9%  | 80.7%  | 81.2%  | 81.1%  | 79.2%  |
| - Global Delivery Centers            | 83.9%                     | 83.9%  | 83.6%  | 85.2%  | 88.2%  | 84.2%  | 87.2%  |        |
| - India                              | 79.0%                     | 81.8%  | 81.6%  | 79.9%  | 79.9%  | 80.6%  | 77.8%  |        |

| IP Led | Nos.                 | Q4FY19 | Q3FY19 | Q2FY19 | Q1FY19 | Q4FY18 | FY19  | FY18   |
|--------|----------------------|--------|--------|--------|--------|--------|-------|--------|
|        | IP Led Person Months |        | 4,618  | 4,613  | 4,704  | 4,891  | 5,003 | 18,826 |



Thank You