

# Zensar Technologies

Analyst Presentation, Q3FY19

Qtr. Ending Dec. 31, 2018

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Zensar Technologies is a  
\$543+ Mn organisation (*LTM*)  
– *17.1% 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
- One of the fastest growing digital revenues in the sector – (35.9% YoY Growth)



# Zensar Business Update

# Q3 FY19 : Key Achievements

## Continued New Win Momentum



Selected by **EBRD (European Bank for Reconstruction and Development)** as their partner for Infrastructure and Network services



Multiple Deal Wins at our largest client cumulative of \$50+M



Large NN deal win at a key Retail player (amongst other retail wins)

## Digital Updates



Continued Mega-growth in digital revenues – 44.9% **(Second highest in the industry)**



Successfully **filed 26 patents in the quarter** taking the **cumulative tally of patents filed to 51** with 59 unique innovators spread across Zensar's operative regions

## Strengthening of brand 'Zensar'



Zensar wins People Matters L & D Award for 'Best in Future Tech Skill Building'



Zensar 'Innovator' in Avasant Radarview Hybrid Enterprise Cloud report



CIO review mentions Zensar among the 20 most promising Oracle Solution Providers

## Continued highest Quarterly Revenue, Headcount and 5+M pa clients



**\$143.7M**, highest ever revenue, Q3 FY19



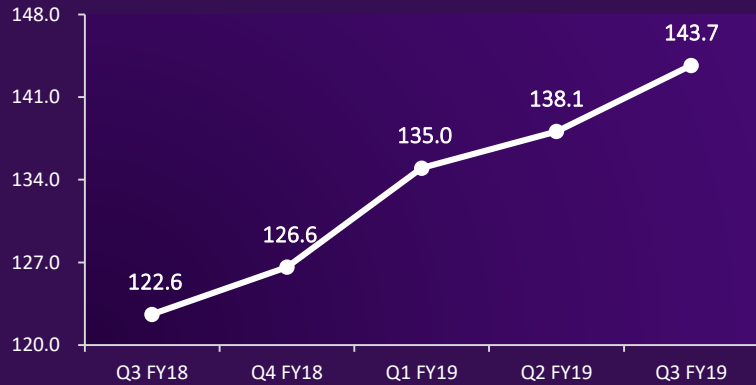
**Headcount- 9813** (net addition of 331 QoQ, 1216 YoY)



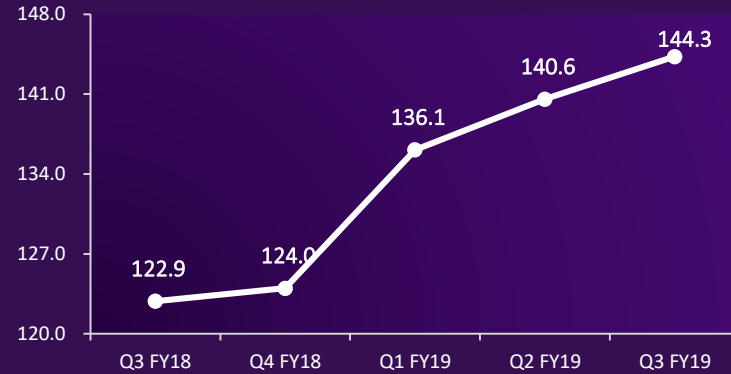
**20 accounts** of \$5m+ Annual revenues (YoY increase of 5)

# Key Financial Updates – Q3 FY19 ( in USD terms )

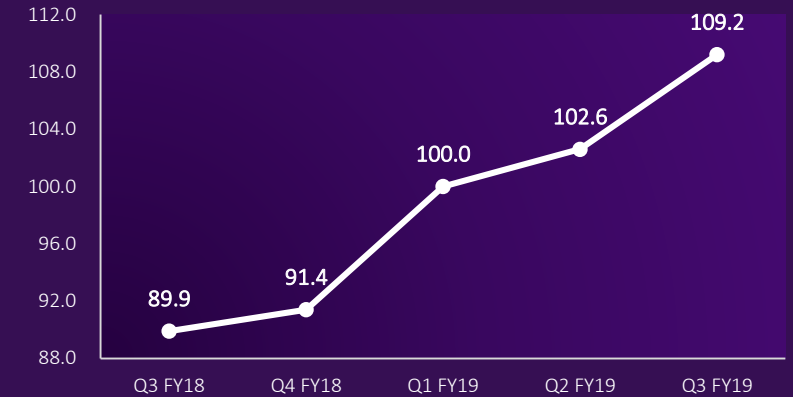
## 5<sup>th</sup> Qtr. Of QoQ Revenue Growth



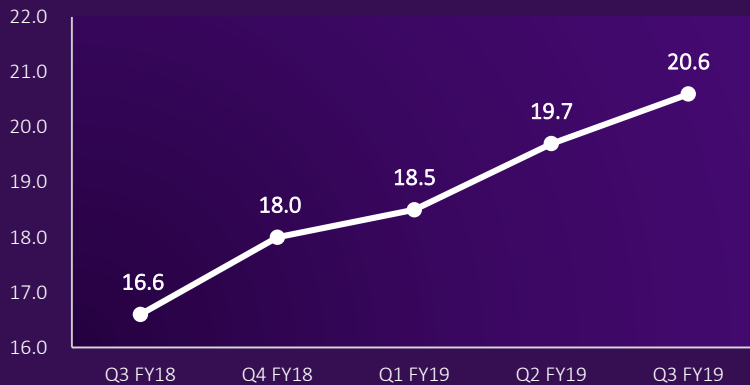
## 5<sup>th</sup> Qtr. of CC Revenue Growth



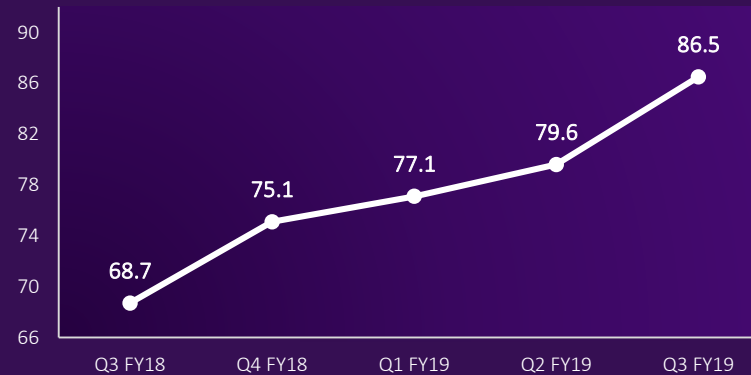
## 5<sup>th</sup> Qtr. Of US Revenue Growth



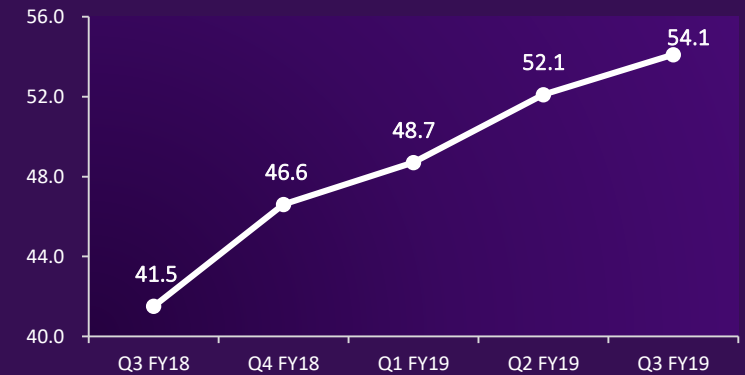
## 5<sup>th</sup> Qtr. of Europe Revenue Growth



## 5<sup>th</sup> Qtr. Of Top-20 Clients Revenue Growth



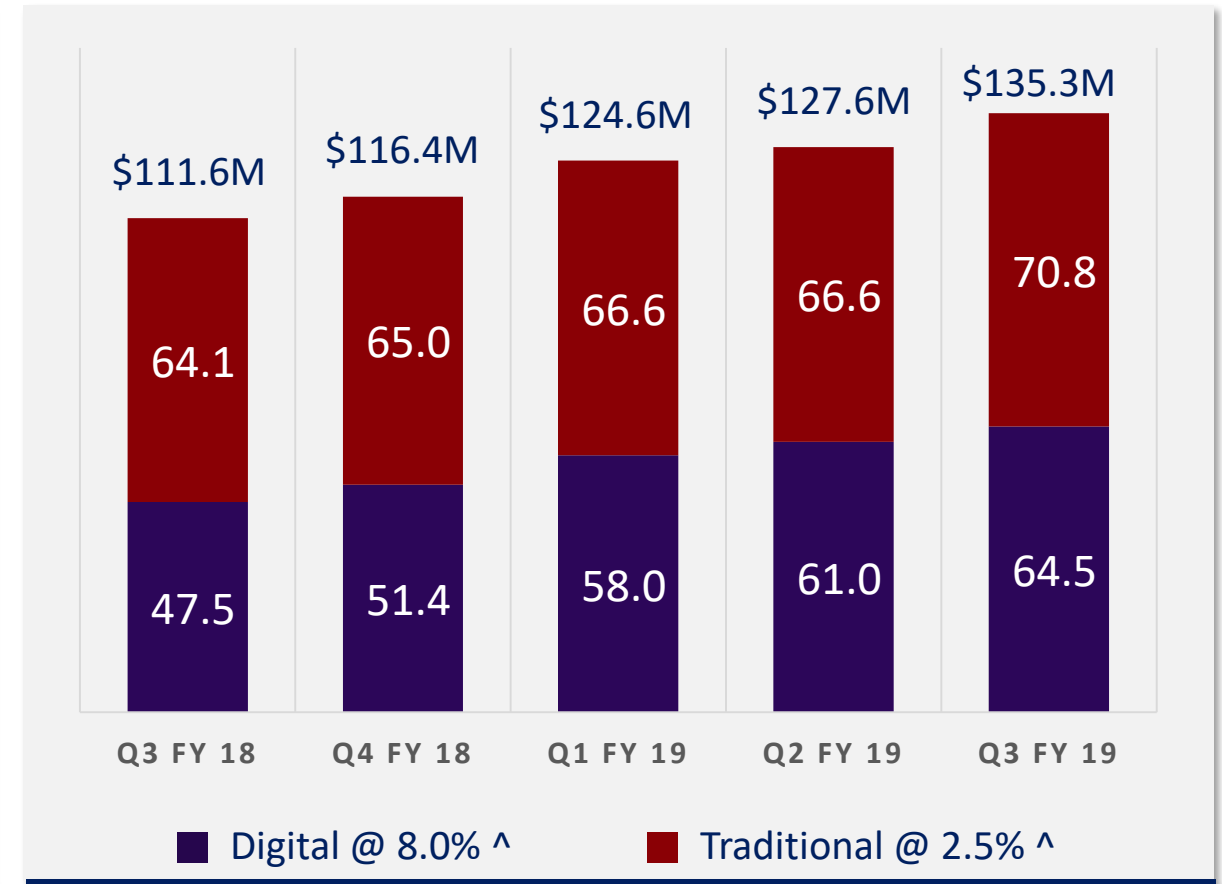
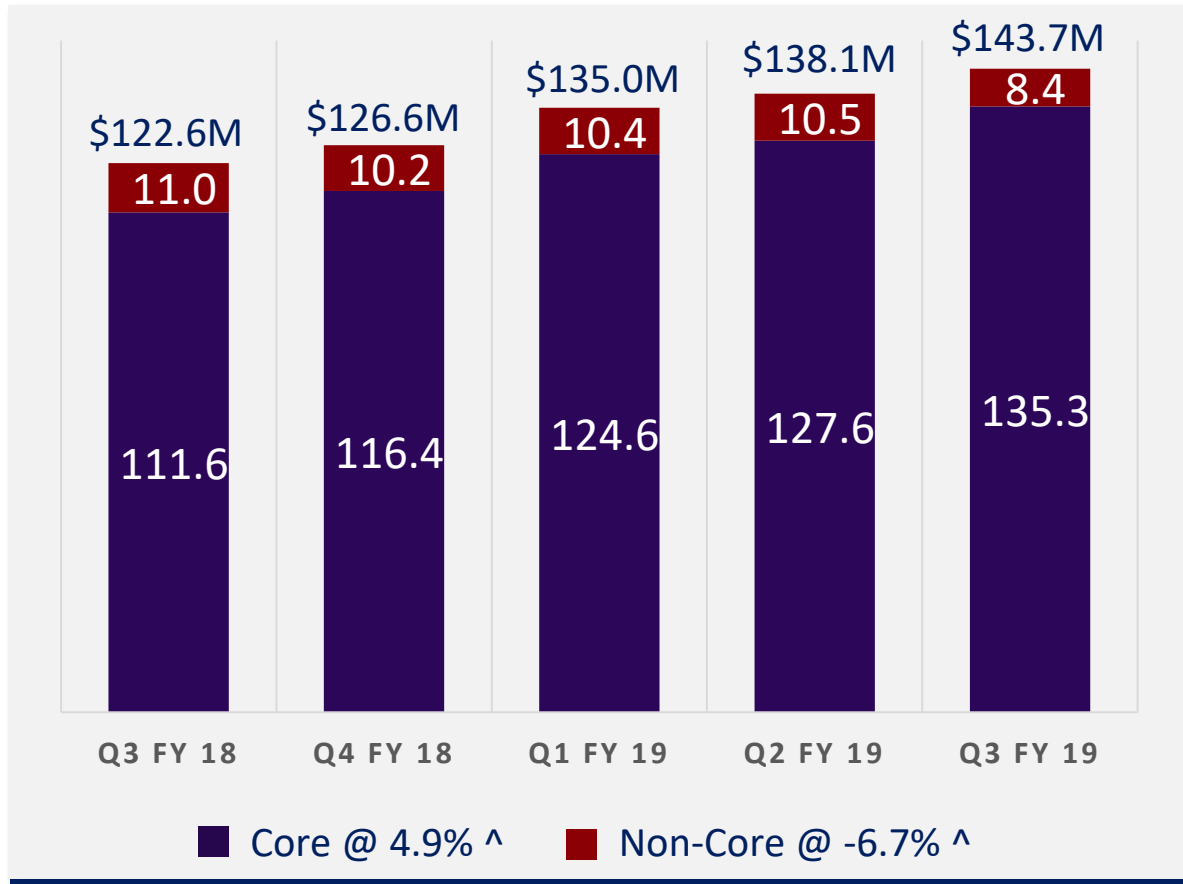
## 5<sup>th</sup> Qtr. Of Hi-Tech Revenue Growth



# Core & Digital Business Update

**Total Revenue @ 4% CQGR,  
@17.1% YoY**

**Core Revenue @ 4.9% CQGR, @ 21.2%  
YoY ; Digital Revenue @ 35.9 % YoY**



# Q3 FY19 : Executive Summary

## Revenue Growth

- 4.0% QoQ & 17.1% YoY in USD terms while the growth is 4.5% QoQ & 17.6% YoY in CC terms
- Core Revenue stood at \$135.3M – a growth of 6.0% QoQ and 21.2% YoY.
- Non core revenue declined by 20.4% QoQ and 24.2% YoY

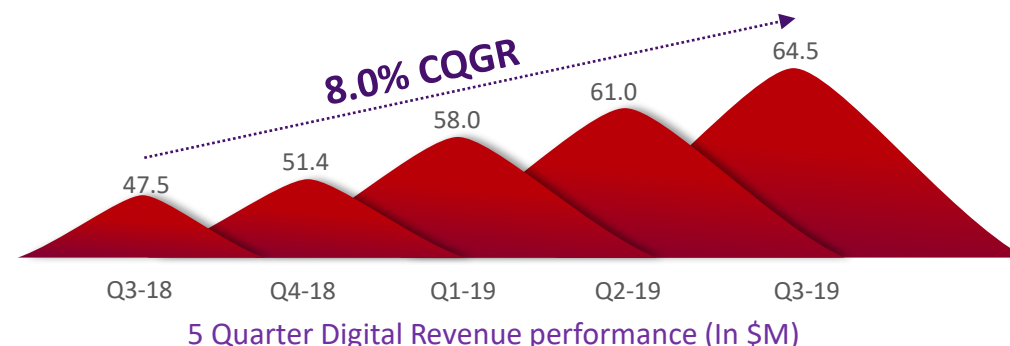
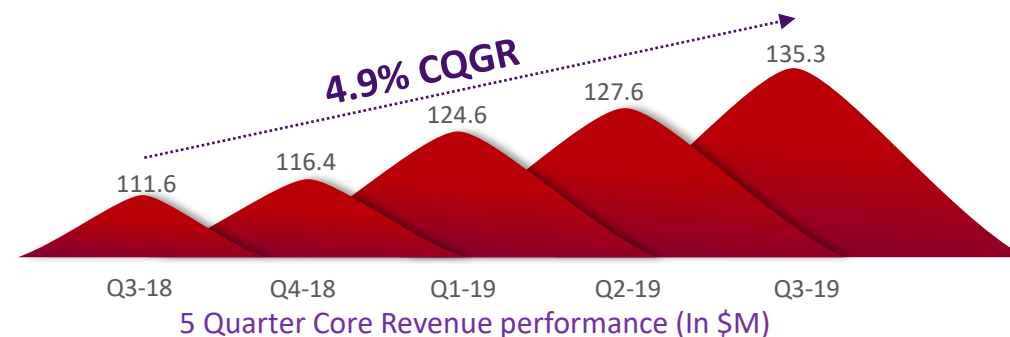
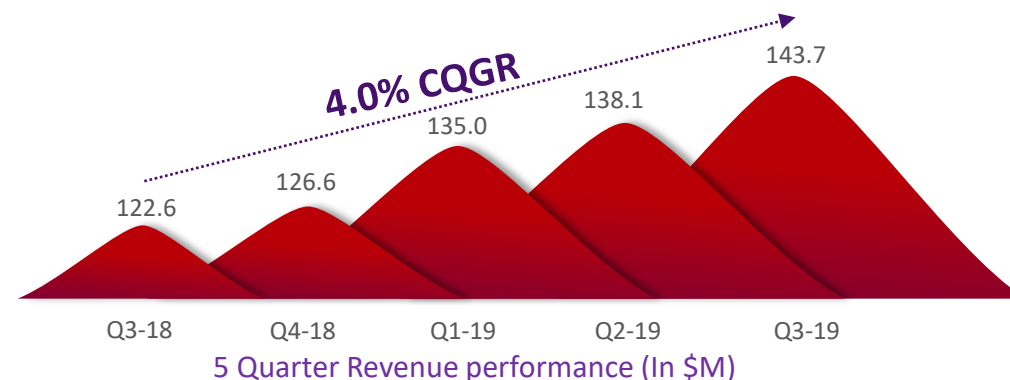
## EBITDA

- 10.9% of Revenue, 5.6% decline YoY
- GM and EBITDA were adversely affected by Furloughs, decline in non-core Business, utilization & transition impact.
- Core business EBITDA is \$17.2M (12.7% of core revenue)

## PAT

- Stands at 5.3% of Revenue
- PAT was negatively impacted on two main counts, forex losses and lower operating margins as several of the deals won are currently in transition.

- **Digital** now at 44.9% of total revenue, with 5 quarter CQGR of 8.0%





# Q3 FY19 Financials

Particulars	Q3 FY19		Growth					
	USD Mn	INR Cr	Q-o-Q			Y-o-Y		
			USD	INR	CC	USD	INR	CC
Revenue	\$ 143.7	₹ 1035.5	4.0%	6.9%	4.5%	17.1%	30.5%	17.6%
EBITDA	\$ 15.6	₹ 112.5	(12.5%)	(10.1%)		(5.6%)	5.2%	
EBIT	\$ 12.3	₹ 88.7	(15.8%)	(13.5%)		(12.4%)	(2.4%)	
PAT	\$ 7.7	₹ 55.3	(-42.4%)	(40.8%)		(15.9%)	(6.4%)	
	INR/Share		Q-o-Q			Y-o-Y		
EPS (Diluted)	2.4		(40.8%)			(7.2%)		

# Q3 FY19 : Key Business Highlights

## ❑ Pipeline quality and Large Deals

- Pipeline continues to remain healthy and improve QoQ, as we crossed the \$1Bil mark.
- Demand side environment looks good with more deals being actively fought in both the Infrastructure & Managed Services space
- Focus on Large Deals improving quality of pipeline - 55% deals being fought with a TCV over \$10m across Zensar
- Digital continues to gain traction across all markets

## ❑ Core Business

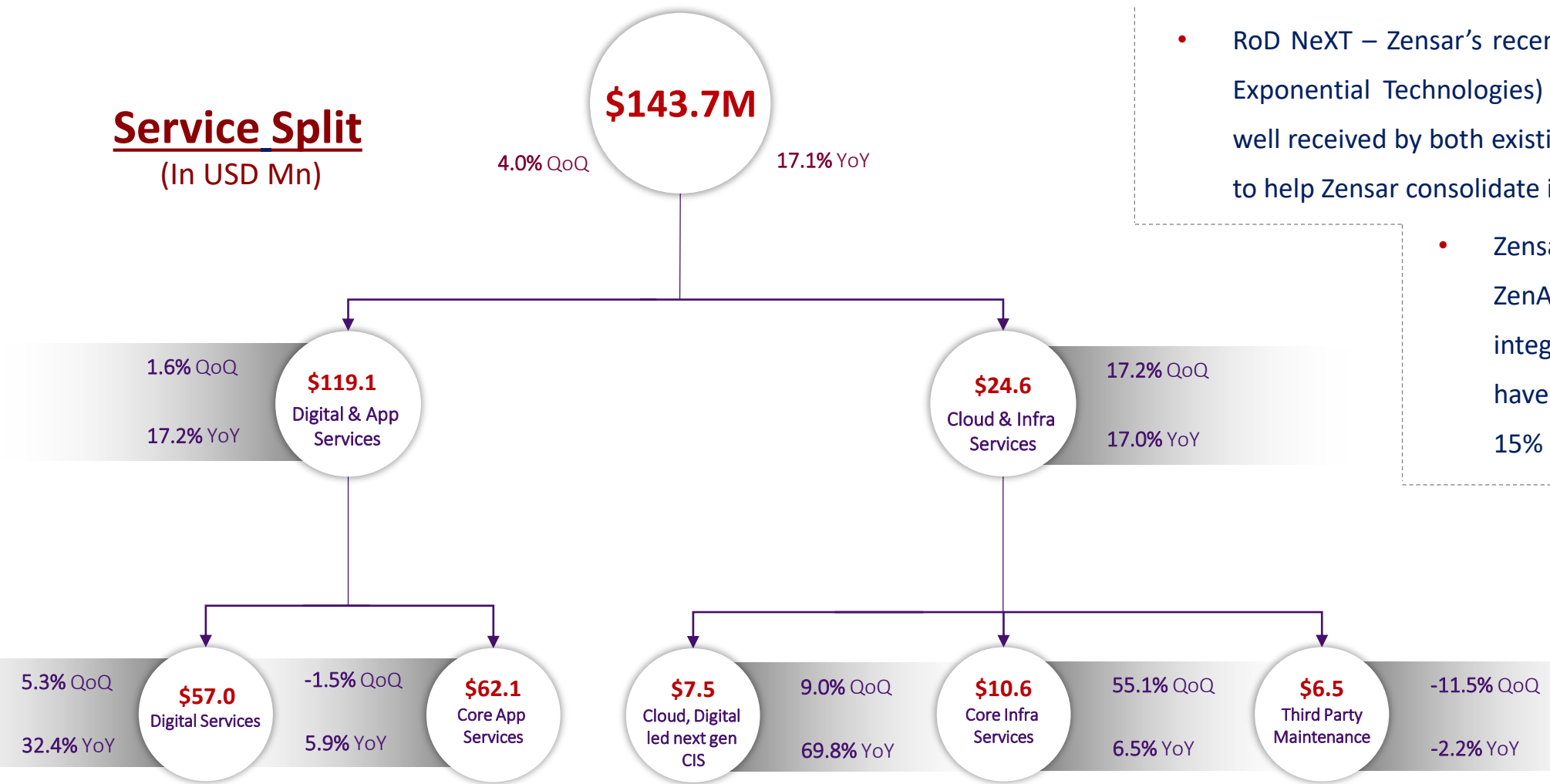
- CIS continues to improve both in revenue & orders booked, driven by Vinci – more than 7 deals of \$10M+ closed in 9 months
- Focus on top 20 accounts paying dividends which is reflected in a higher % of business, with a 8.8% sequential growth
- Retail decline arrested. Growth led by both Omni-Channel and growth in Retail ISV business.
- Hi-Tech Manufacturing continues to grow and do well – Key logos added in Q3
- UK booked its highest ever business in a quarter. Growth broad based across Apps, Infra & Digital
- Profits impacted by multiple deals simultaneously in transition as well as furloughs and lower utilization due to employee ramp -up

## ❑ Acquired Entities

- **Foolproof** – Continues to be pivotal to our Digital Story. Instrumental in many of our new logo wins and large deals
- **Keystone Logic** – Continues to grow QoQ both in terms of existing accounts as well as in new customer additions
- **Cynosure** – Multiple new wins to drive growth in Q4
- **Indigo Slate** – Integration completed. Focus now on cross selling in Indigo Slate & Zensar accounts

# Q3 FY19 Financials – Digital Growth

## Service Split (In USD Mn)

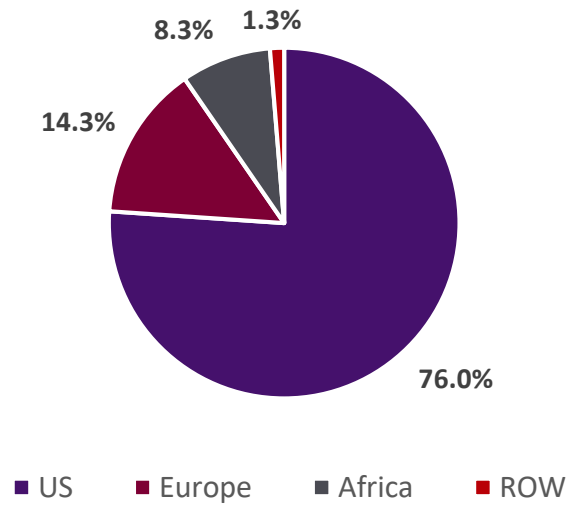


- RoD NeXT – Zensar’s recently launched RoD NeXT (New & Exponential Technologies) Set of Solutions has been very well received by both existing and new clients and promises to help Zensar consolidate its leadership in the Digital space
- Zensar’s Digital platforms like Vinci & ZenAnalytica continue to be an integral part of all Large deals and have seen penetration in more than 15% of our clients
- All of Zensar’s acquisitions have been Digital led and have not only grown in their core business but have also played a pivotal role in many of Zensar’s new wins.



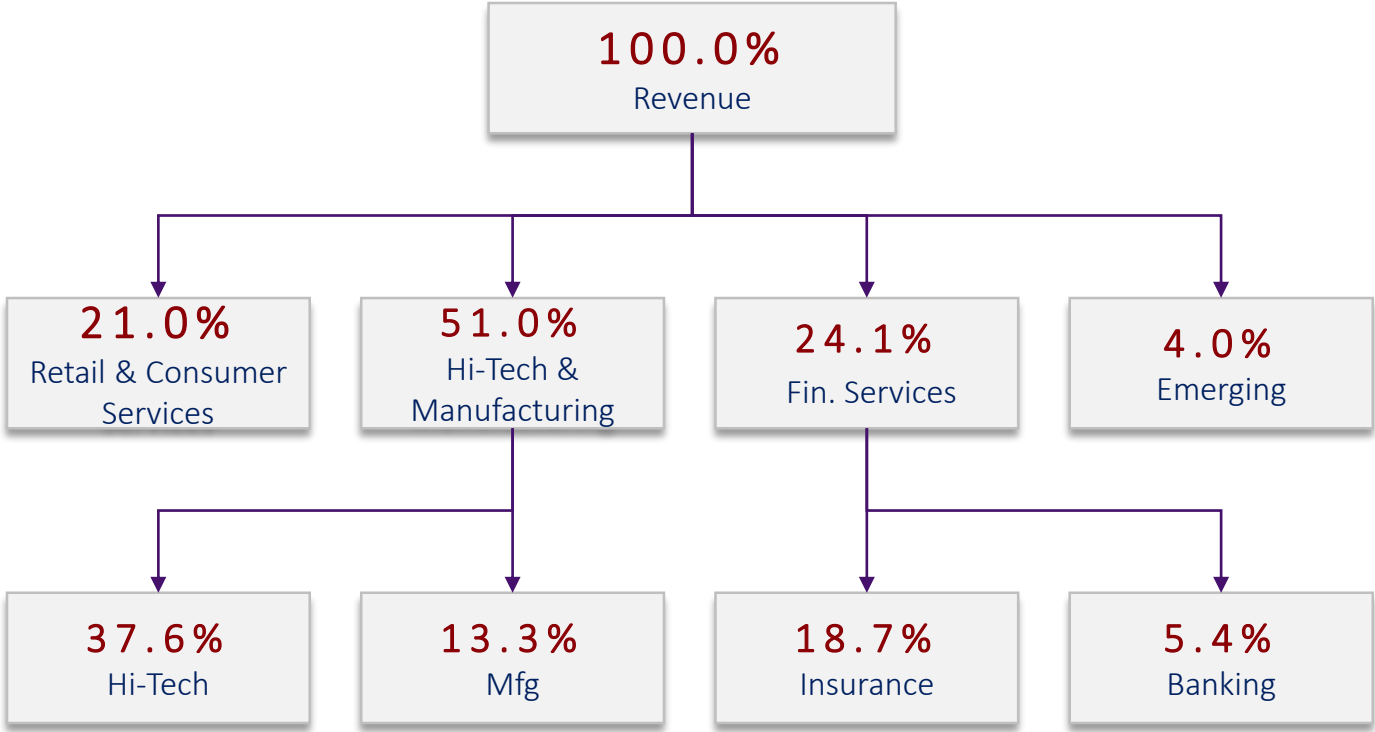
# Q3 FY19 Financials – Geographical & Vertical Split

## Geographical Split



Geography	QoQ (cc)	YoY
US	6.6%	21.5%
Europe	5.7%	23.8%
Africa	-3.6%	1.8%
ROW	-39.6%	-57.3%

## Vertical Split



All growth numbers in USD Terms unless CC mentioned

# Q3 FY19 Revenue Mix

Million Dollar Clients			
	Q3FY18	Q2FY19	Q3FY19
20 Mn Dollar+	2	2	2
10 Mn Dollar+	6	7	7
5 Mn Dollar+	15	20	20
1 Mn Dollar+	81	98	100

Revenue Concentration			
	Q3FY18	Q2FY19	Q3FY19
Top 5 Clients	36.2%	38.2%	39.1%
Top 10 Clients	44.8%	46.7%	49.5%
Top 20 Clients	56.0%	57.6%	60.2%

# Q3 FY19 Employee Details

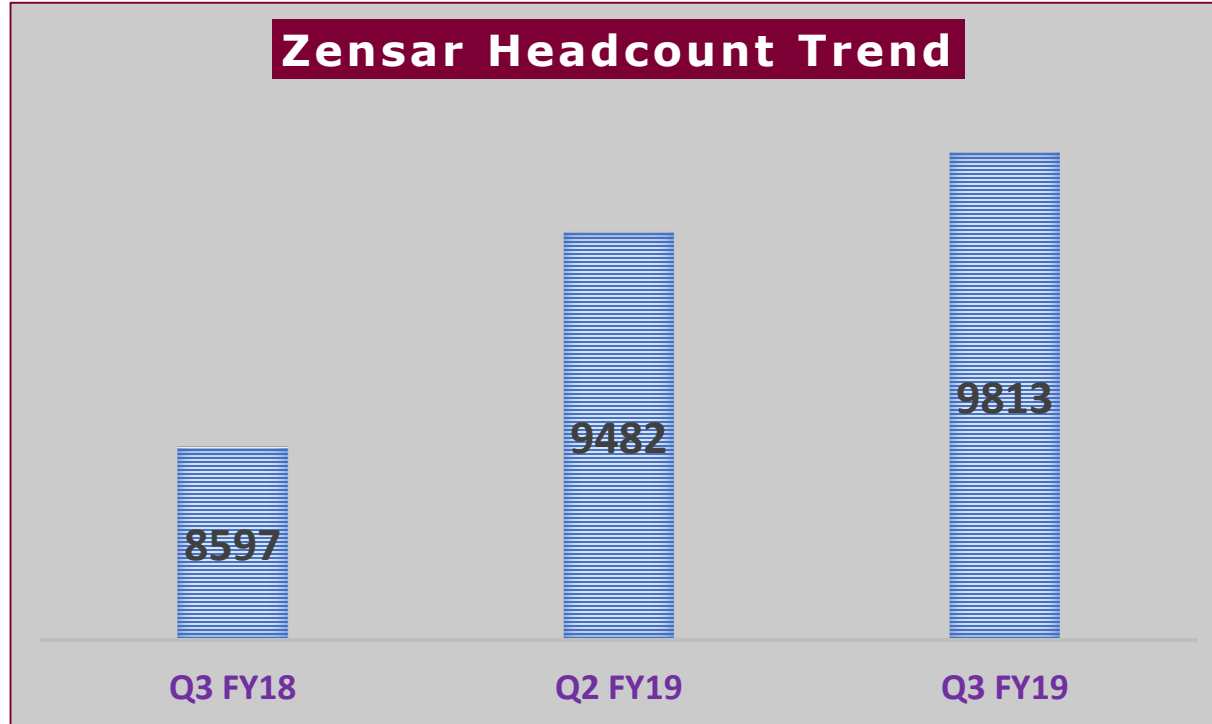
## Utilization

Excluding Trainees	81.7%
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## Attrition

Attrition (YTD)	16.6%
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## Zensar Headcount Trend

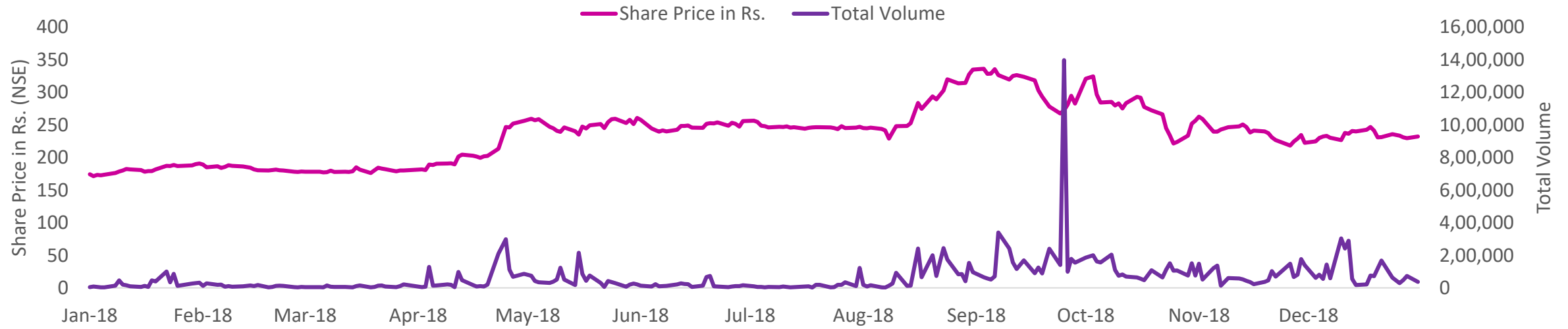


## Headcount

Q2FY19 Headcount	9,482
Net Additions	331
<b>Q3FY19 Headcount</b>	<b>9,813</b>
Technical – Onsite	2,360
Technical – Offshore	6,259
Technical – BPO/Others	283
Marketing	76
Support (including Trainees)	835
% of women employees	27.5%



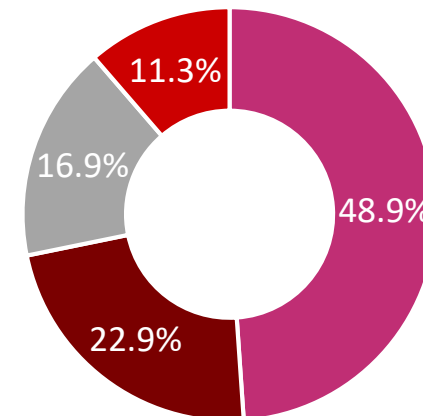
# Stock Price and Shareholding Pattern



## Equity Share Information:

- Share Price (14<sup>th</sup> January 2019): INR 228.7/ share
- Market Cap (14<sup>th</sup> January 2019): INR 5,175.5 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 31<sup>st</sup> December, 2018):



■ Promoter ■ Apax Partners ■ FPIs ■ DII/ Others

# Analyst Recognition & Notable Mentions in the Quarter



## Report Mentions:

- Zensar mentioned in Gartner for Tech CEO's research - 'Revitalize Application Management Services With Kanban'



## Report Mentions:

- Zensar named as an Aspirant in the Everest Blockchain Services PEAK Matrix™ Assessment
- Zensar has been featured as a major contender in the Digital Services – PEAK Matrix Assessment and Market Trends 2019: Design and Innovation to Power the Next Wave of Digital

## Notable Mentions

- Zensar featured in the 100 Best Company for Women in 2018 BCWI Study
- Zensar wins People Matters L & D Award for 'Best in Future Tech Skill Building'



- CIO review mentions Zensar among the 20 most promising Oracle Solution Providers



- Zensar named as 'Innovator' in Avasant Radarview Hybrid Enterprise Cloud report



Analyst Presentation for the quarter ending  
December 31, 2018

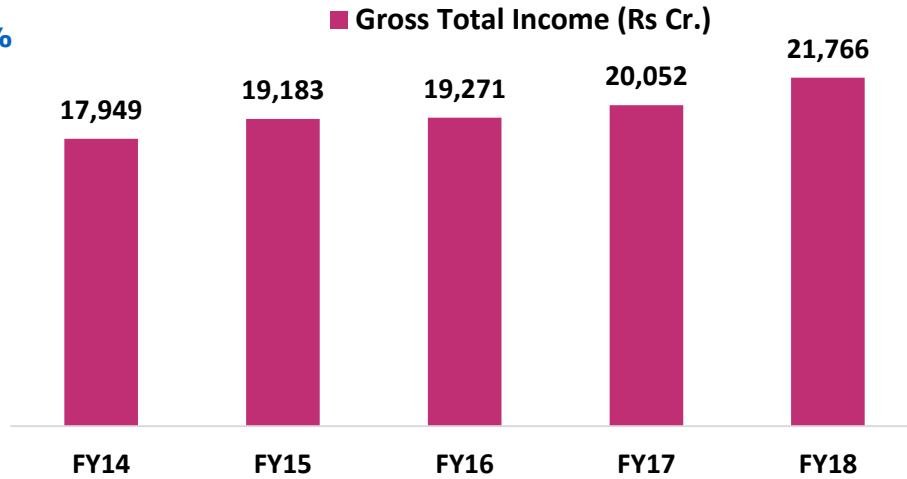
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## RPG Group Overview

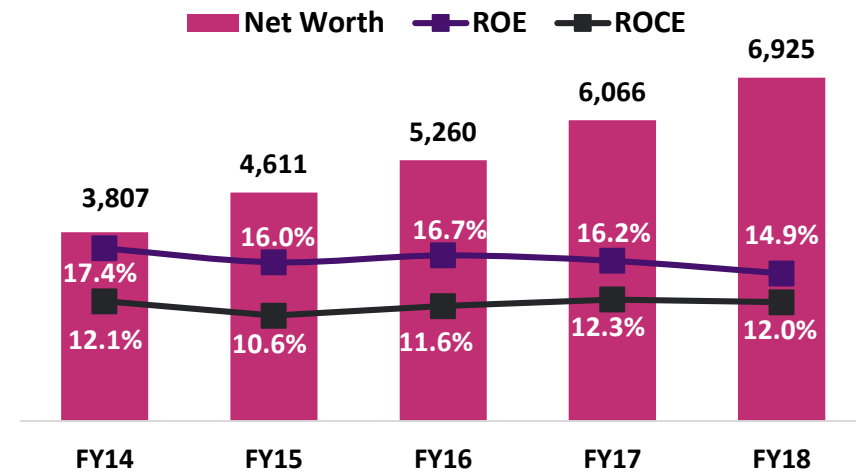
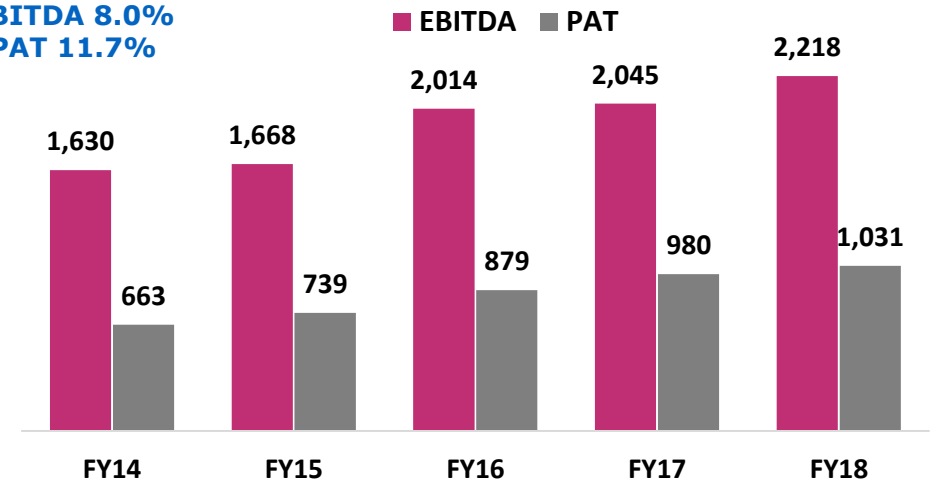


# RPG Group: Key Financials

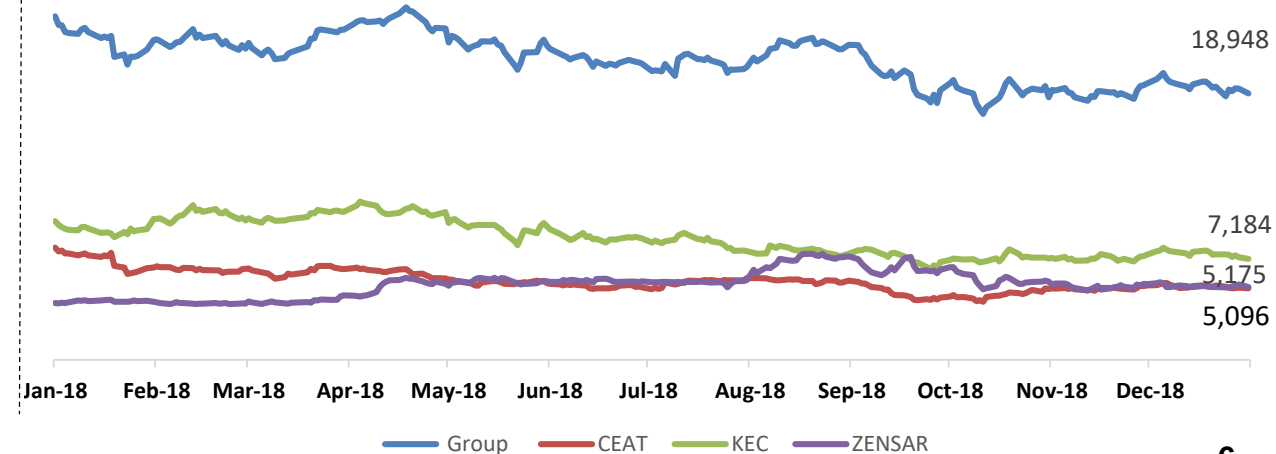
**FY14-18  
CAGR: 4.9%**



**FY14-18 CAGR:  
EBITDA 8.0%  
PAT 11.7%**



Market Cap



**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 14th January 2019



Thank you