

# **Zensar Technologies**

Analyst Presentation, Q2FY19

Qtr. Ending Sept. 30, 2018

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Zensar Technologies is a  
\$522+ Mn organisation (*LTM*)

- 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 53+ years
- One of the fastest growing digital revenues in the sector

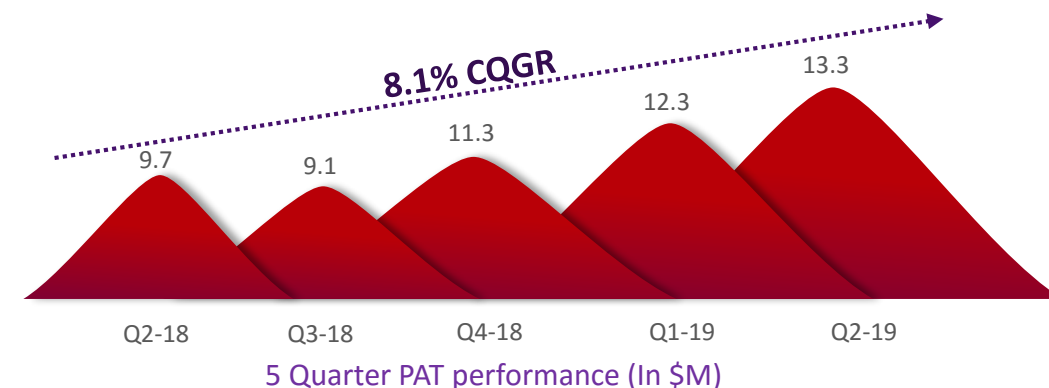
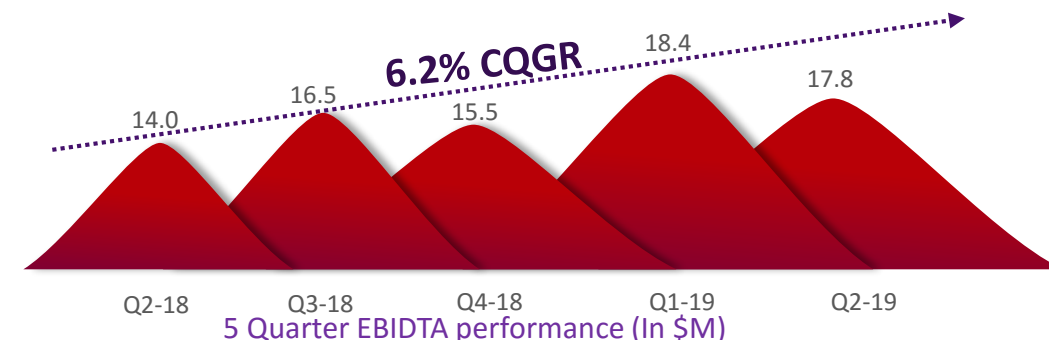
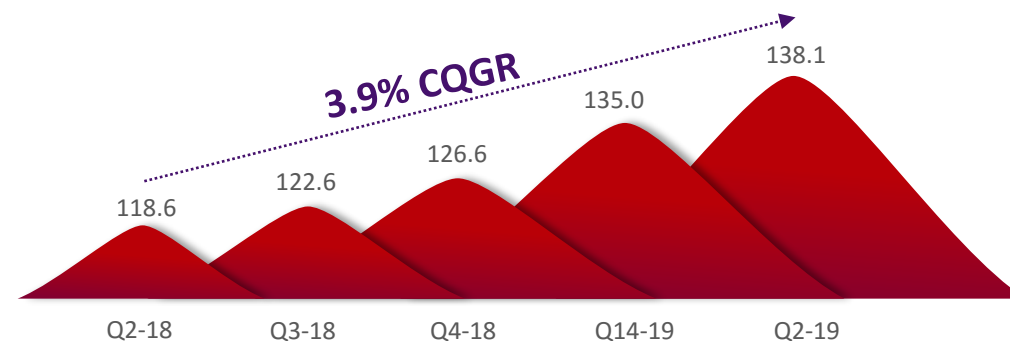


# Zensar Business Update

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# Q2 FY19 : Executive Summary

- ☐ **Revenue Growth**
  - 2.3% QoQ & 16.5% YoY in USD terms
  - 4.1% QoQ & 17.5% YoY in CC terms
  
- ☐ **EBITDA**
  - Stands at 12.9% of Revenue
  - 3.1% decline QoQ
  - 27.1% growth YoY
  
- ☐ **PAT**
  - Stands at 9.6% of Revenue
  - 8.6% growth QoQ
  - 36.7% growth YoY
  
- ☐ Digital now at 44.2% of total revenue, with 5 quarter CQGR of 8.1%
  
- ☐ Total bookings of \$290m+ in H1FY19 including more than \$120m in Q2FY19



# Q2 FY19 Financials

Particulars	Q2 FY19		Growth					
	USD Mn	INR Cr	Q-o-Q			Y-o-Y		
			USD	INR	CC	USD	INR	CC
Revenue	\$ 138.1	₹ 968.7	2.3%	7.1%	4.1%	16.5%	27.0%	17.5%
EBITDA	\$ 17.8	₹ 125.0	(3.1%)	1.4%		27.1%	38.7%	
EBIT	\$ 14.6	₹ 102.6	(6.7%)	(2.4%)		28.8%	40.5%	
PAT	\$ 13.3	₹ 93.4	8.6%	13.7%		36.7%	49.1%	
	INR/Share		Q-o-Q			Y-o-Y		
EPS (Diluted)	4.1		13%			47.3%		

# Q2 FY19 : Key Achievements

## Continued New Win Momentum



**Net new** multi-year multi-million dollar Infra win with **medical devices firm**



Multiple Deal Wins at our largest client



Net New deal win by Keystone Logic at a top retailer

## Digital Updates



Continued Mega-growth in digital revenues – 44.2%



**Innovation @Zensar – 12 patents** filing for the quarter ended September, marking Zensar's focus on innovation

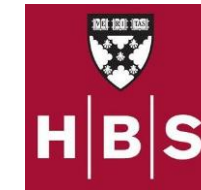
## Strengthening of brand 'Zensar'



One of the leading Business Process Service Providers offering RPA C&SI services



**Foolproof** recognized as Econsultancy's **Top 10 Design and Build Agencies**



**Case Study by Harvard Business School**

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



**\$138M+**, highest ever revenue, Q2 FY19



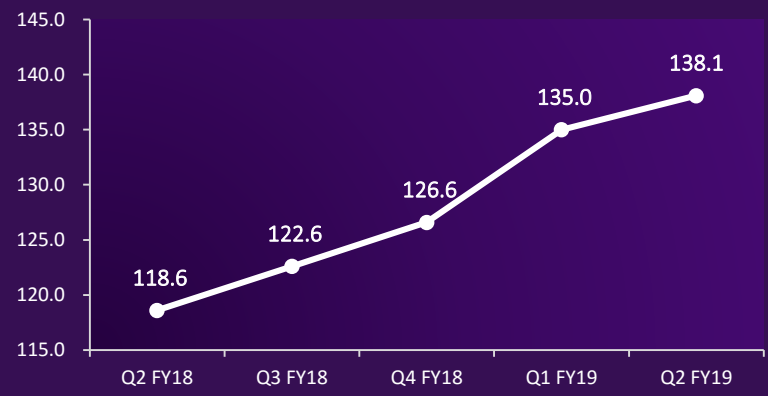
**Headcount- 9482** (net addition of 360 employees QoQ, 1000+ increase YoY)



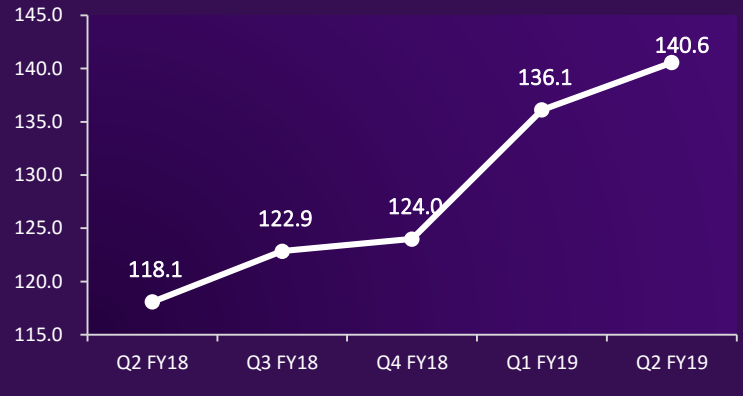
**20 accounts of \$5m+** Annual revenues (QoQ increase of 1 and YoY increase of 6)

# Key Financial Updates – Q2 FY19 ( in USD terms )

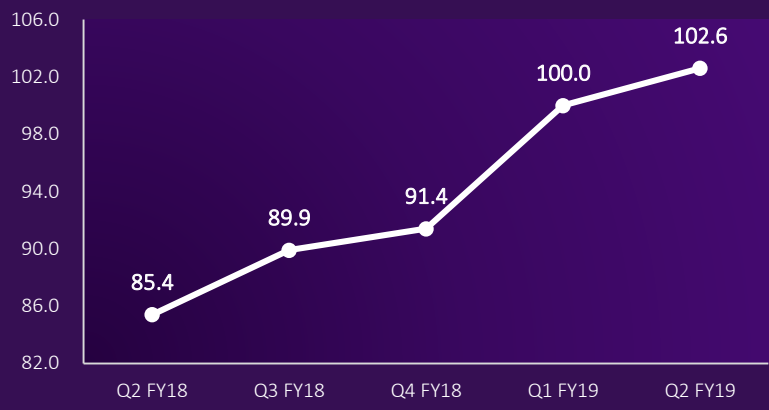
5<sup>th</sup> Qtr. Of QoQ Revenue Growth



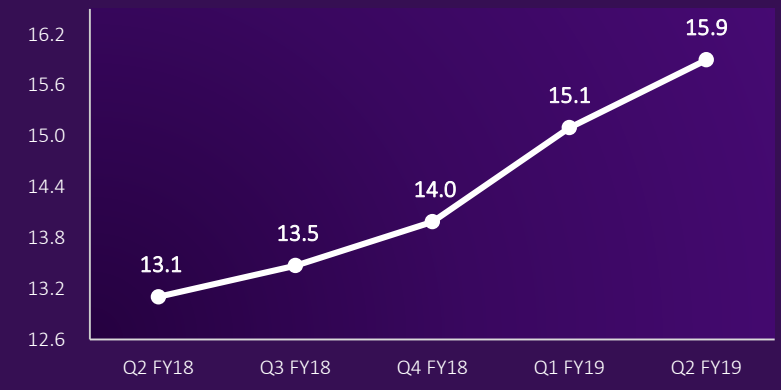
5<sup>th</sup> Qtr of CC Revenue Growth



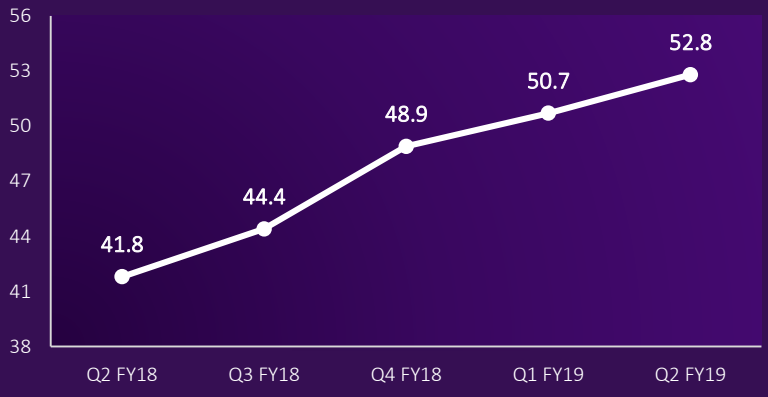
5<sup>th</sup> Qtr. Of US Revenue Growth



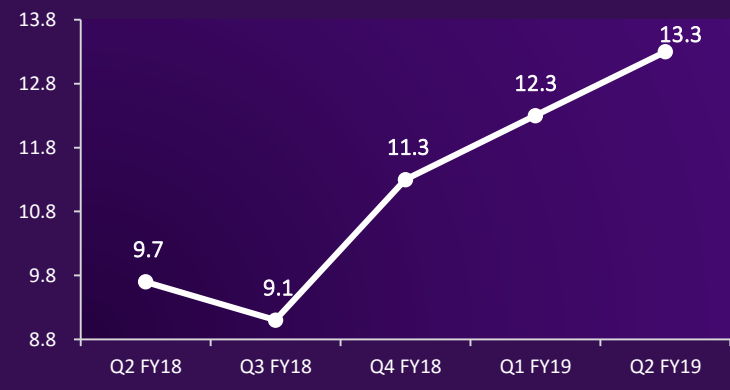
5<sup>th</sup> Qtr. of Organic Europe Revenue growth



5<sup>th</sup> Qtr. Of Top-5 Clients Revenue growth



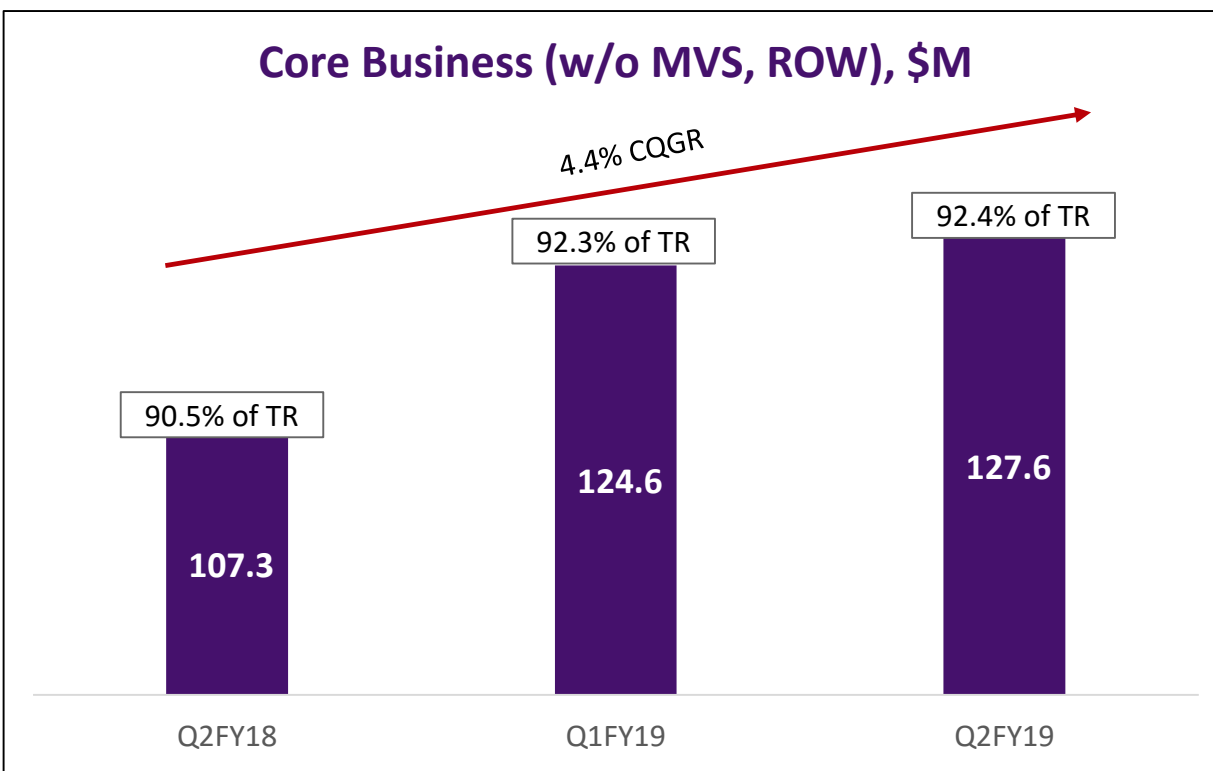
PAT over the last year





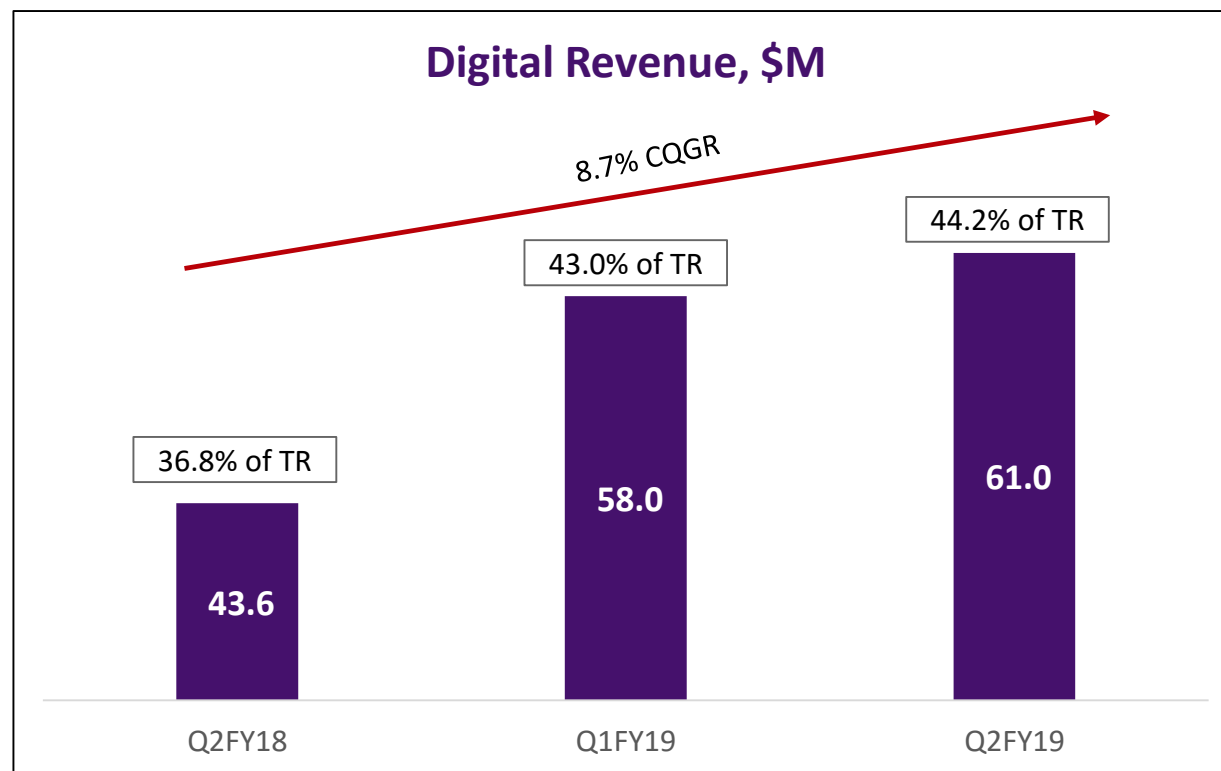
# Core & Digital Business Update

## Core Business (w/o MVS, ROW), \$M



- Core business grew at 2.4% Q-o-Q and 19.0% Y-o-Y, EBITDA at 15% of the Revenue
- Growth led by Europe and CIS business; Europe grew 10.9% in cc terms and Africa grew by 5.6% in cc terms in Q1FY19
- Growth led by Manufacturing vertical which grew by 8.4% in cc terms in Q2FY19; Financial Services grew at 5.0% in cc terms sequentially

## Digital Revenue, \$M



- Digital services grew by 7.0% Q-o-Q in CC terms for Q2FY19 with growth led by CX, UX and Front-end development work
- Core Application Services business grew by 1.7% Q-o-Q in CC terms, whereas Core Infra Services also grew by 3.2% Q-o-Q in CC terms

# Continued CIS growth from solid base built in last 2 quarters

Fastest growing  
services business in  
Zensar over the  
past 1 year

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CIS Revenue up from \$17.9M at the end of Q4FY18 to \$21M at the end of Q2FY19



Steady increase in Sales Pipeline, and an impressive conversion rate with CIS business seeing a spike in number of RFPs responded to, \$45M+ in booking this quarter



Changed strategy focus and services portfolio;  
Renewed focus on new competencies

# Q2 FY19 : Key Business Highlights

## ❑ Pipeline quality and Large Deals

- Pipeline quality is healthy with over 25% of deals in later stages of engagement
- Demand side environment looks good with more deals being actively fought in the CIS space
- Focus on Large Deals reflected in 40% deals being fought with a TCV over \$10m across Zensar

## ❑ Core Business

- Retail – Ramp down in some accounts led to a softer quarter for this business
- UK, SA and other core businesses continue to deliver, and CIS business is on a high growth trajectory with a healthy pipeline and bookings
- Company focus on top 20 accounts paying dividends which is reflected in a higher % of business, with a 3.2% sequential growth

## ❑ Acquired Entities

- **Foolproof** – Added top logos in Insurance and Hitech space, top accounts continue to grow QoQ
- **Keystone Logic** – Growth led by top account with a new logo being added each quarter
- **Cynosure** – Business Integration with Zensar complete, soft quarter due to delay in a project at a key customer
- **Indigo Slate** – Business still being integrated with an impressive set of accounts to work with

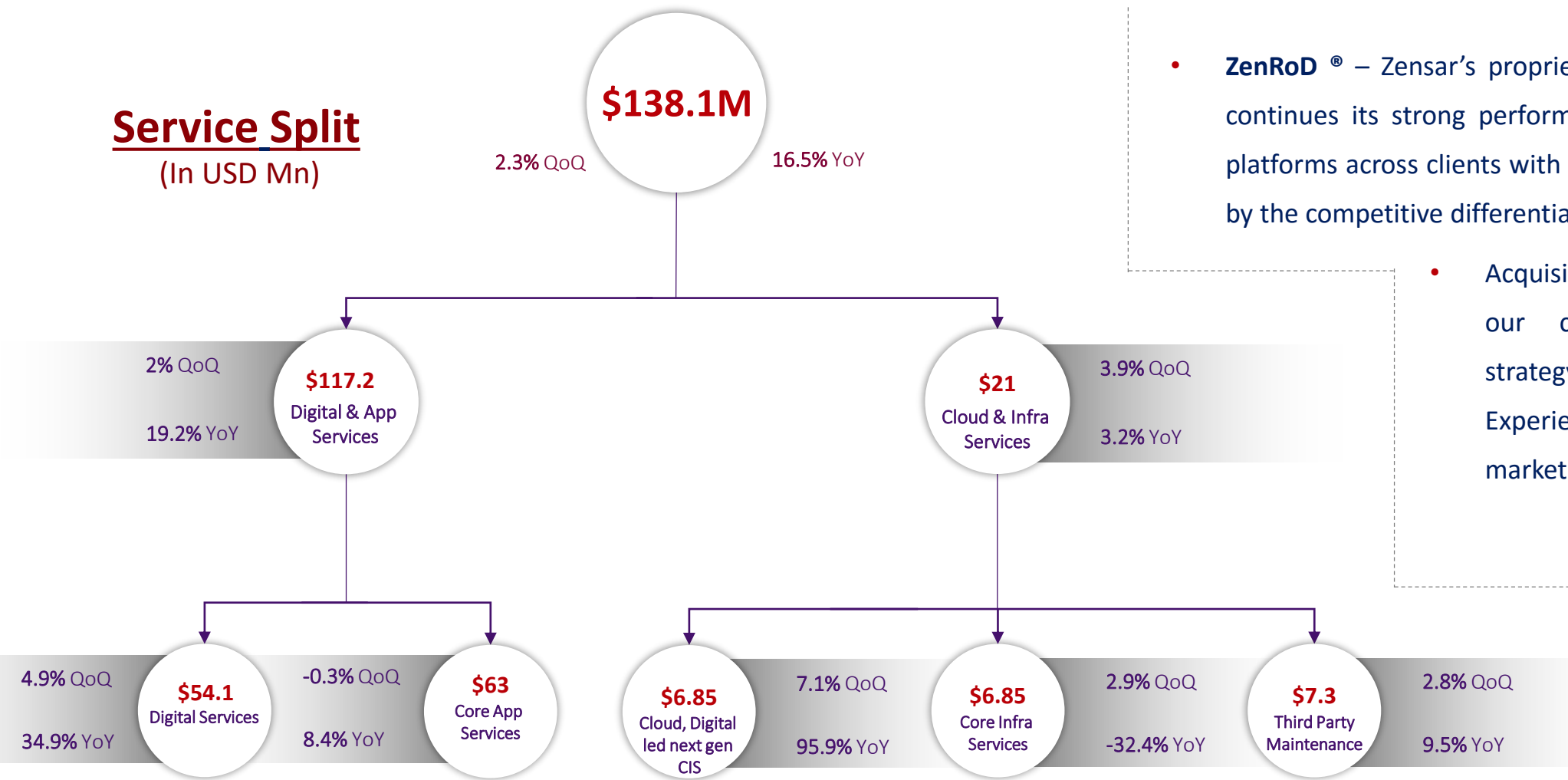
## ❑ Renewed Leadership

- New CMO, Global head for Central Practices Organisation and Delivery Head for Retail business



# Q2 FY19 Financials – Digital Growth

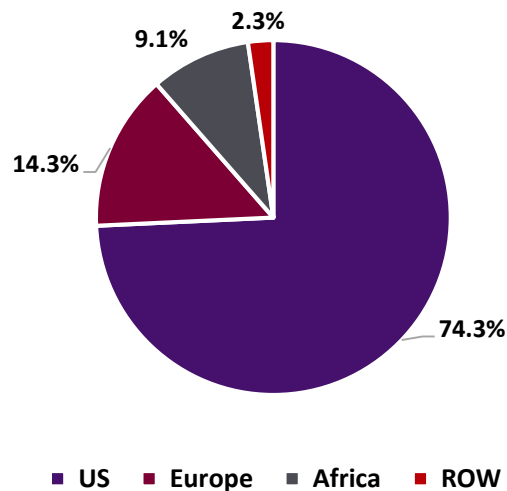
## Service Split (In USD Mn)



- **ZenRoD**® – Zensar’s proprietary native digital platform – continues its strong performance. We have sold multiple platforms across clients with various deals being influenced by the competitive differentiation of this platform.
- Acquisition of **Indigo Slate** is helping our customers articulate their strategy into better Customer Experience (CX) and more targeted marketing (Digital Marketing)
- Both **Foolproof** and **Keystone** continue to deliver strong results as the cross-sell has increased, **Cynosure** being a pivot in the Insurance space

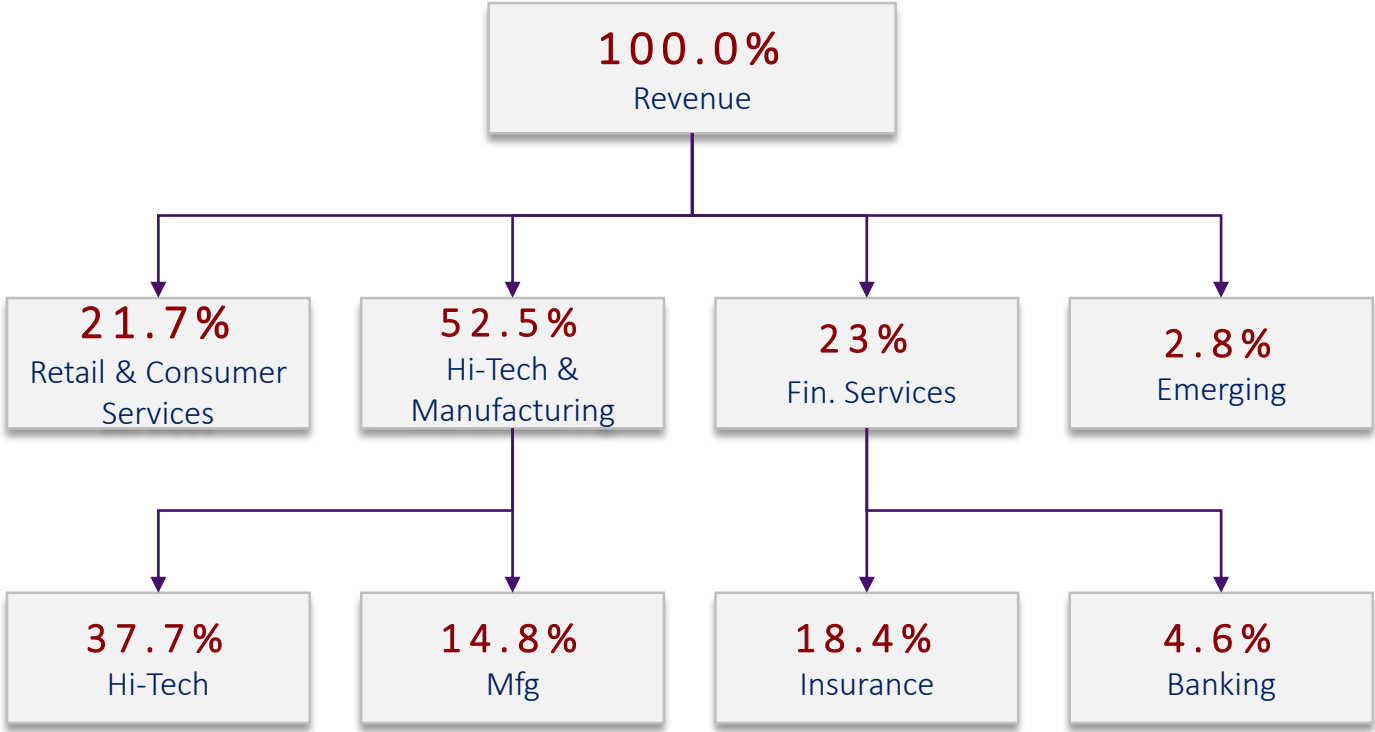
# Q2FY19 Financials – Geographical & Vertical Split

## Geographical Split



Geography	QoQ (CC)	YoY
US	2.8%	20.1%
Europe	10.9%	17.4%
Africa	5.6%	7.4%
ROW	0.4%	-31.5%

## Vertical Split



All growth numbers in USD Terms unless CC mentioned

# Q2 FY19 Revenue Mix

Million Dollar Clients			
	Q2FY18	Q1FY19	Q2FY19
20 Mn Dollar+	2	2	2
10 Mn Dollar+	4	3	5
5 Mn Dollar+	8	14	13
1 Mn Dollar+	70	72	78

Revenue Concentration			
	Q2FY18	Q1FY19	Q2FY19
Top 5 Clients	35.3%	37.6%	38.2%
Top 10 Clients	43.6%	45.7%	46.7%
Top 20 Clients	56.1%	57.1%	57.6%



# Q2 FY19 Employee Details

## Utilization

Excluding Trainees	82.6%
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## Attrition

Attrition (YTD)	17.0%
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## Headcount

Q1FY19 Headcount	9,122
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Net Additions	360
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<b>Q2FY19 Headcount</b>	<b>9,482</b>
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Technical – Onsite	2,274
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Technical – Offshore	6,044
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Technical – BPO/Others	284
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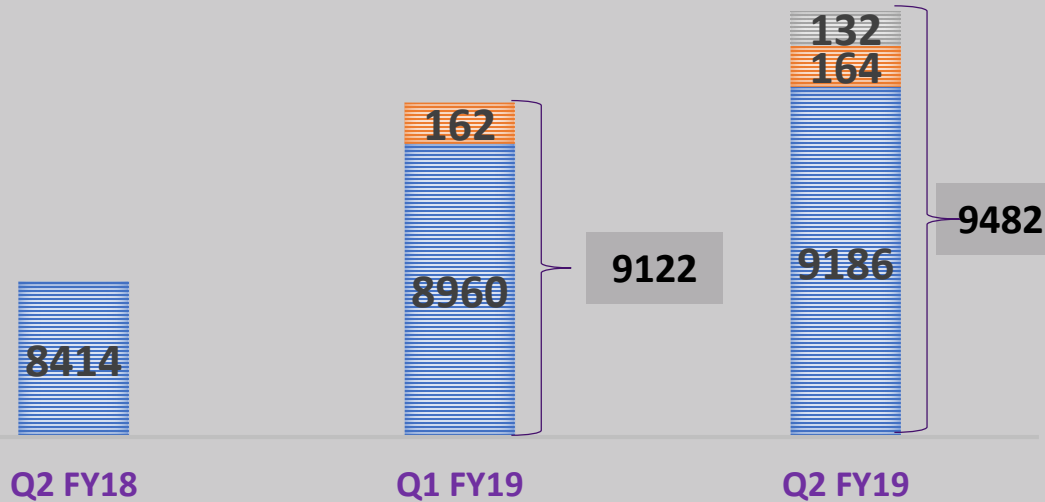
Marketing	80
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Support (including Trainees)	800
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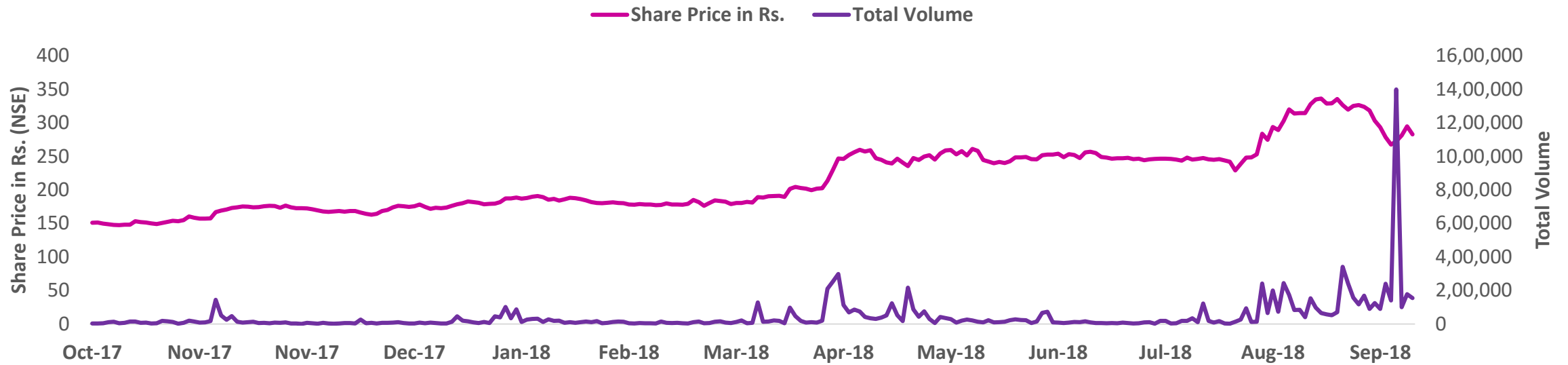
% of women employees	27.05%
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## Zensar Headcount Trend

■ Zensar Organic 
 ■ Cynosure 
 ■ Indigo Slate



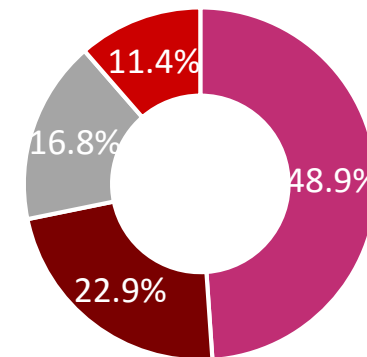
# Stock Price and Shareholding Pattern



## Equity Share Information:

- Share Price (17<sup>th</sup> October 2018): INR 278.2/ share
- Market Cap (17<sup>th</sup> October 2018): INR 6,259.5 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 30th September 2018):



■ Promoter ■ Apax Partners ■ FPIs ■ DII/ Others

# Analyst Recognition in the Quarter



## Report Mentions:

- Zensar names in the Everest Enterprise QA Services PEAK
- Zensar named as Major Contender in Everest Group Digital Workplace Services Market Trends and PEAK Matrix™ Assessment for second consecutive year



- Zensar recognized as a leader in Zinnov Zones - Retail Digital Services Ratings



## Report Mentions:

- The Gartner Digital Commerce Vendor Guide, 2018
- Gartner Competitive Landscape: Consulting and System Integration Service Providers for Robotic Process Automation 2018
- Hype Cycle for Enterprise Architecture, 2018
- Market Guide for Salesforce Implementation Services, 2018



## Report Mentions:

- Zensar recognized in ISG Cloud Services Archetype Report as Next-Gen Leader
- Zensar recognized in ISG Infrastructure & Data Center/Private Cloud Archetype Report and noted for our digital transformation and automation initiatives



- Zensar mentioned in Nelson Hall report for IT Services: Cognitive IT Infrastructure Management



# Delivering business impact for clients



**\$ 20 Bn Retailer delivers customer delight resulting in increasing Gross Merchandise Value**

*Customer centricity enabled digital to reach 22% of overall revenue*



**AI driven Real-time driving patterns enabled the company to devise behaviour centric policies to reduce vehicle maintenance cost by 38%**

*Predictive analytics helps leading transportation company achieve 80% utilization*



**Global Insurance Leader – AI Solutions are helping drive Customer Acquisition; 40% improvement**

*Driving HNI customer acquisition with Visual AI and ML capabilities*



**\$ 50 Bn Hi-Tech Manufacturer utilizes Advanced Analytics, Blockchain and SaaS platforms to transform Marketing, Supply Chain, Sales and Services**

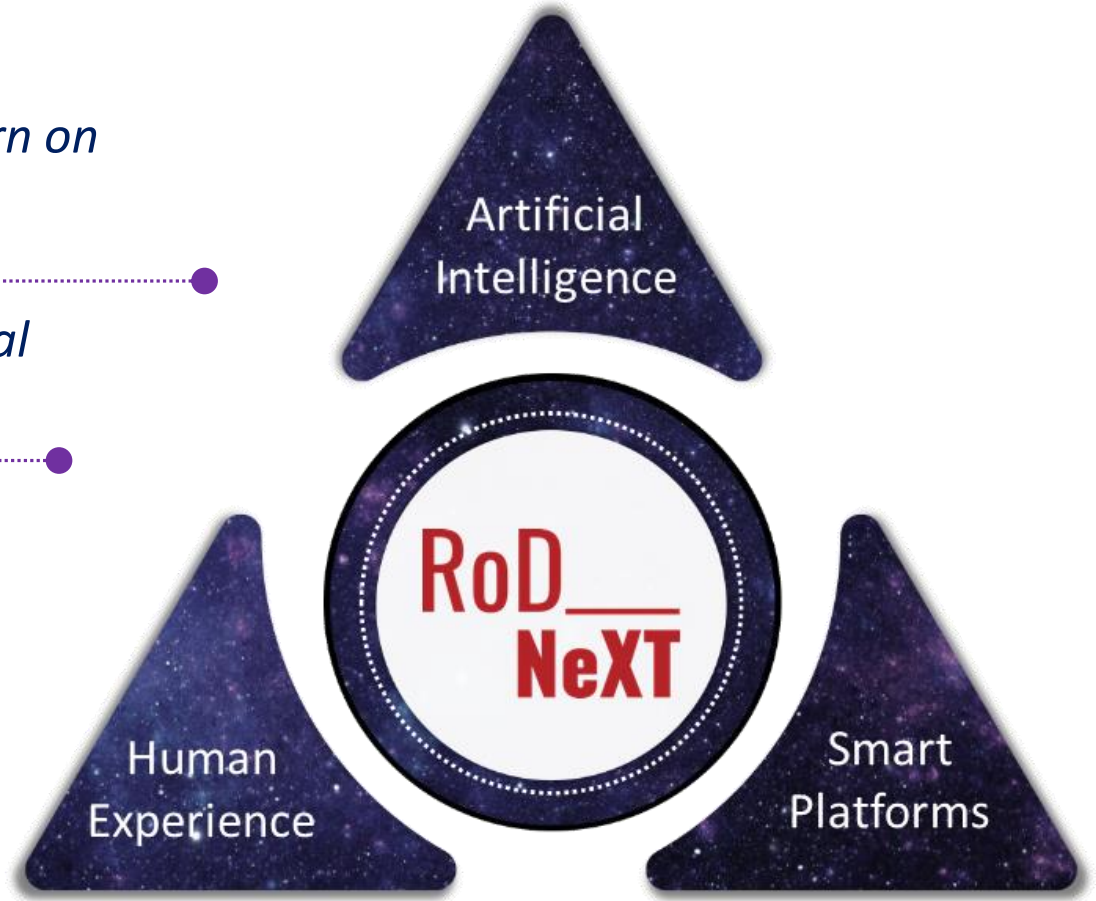
*New Product Digitization reduces time to market to 24 hours from six weeks*

# Launched RoD NeXT

*Expanding Zensar's proprietary digital platform, RoD - Return on Digital*

*Launched RoD NeXT - RoD with New & Exponential technologies*

*Human Experience, Smart Platforms & Artificial Intelligence built on RoD core*





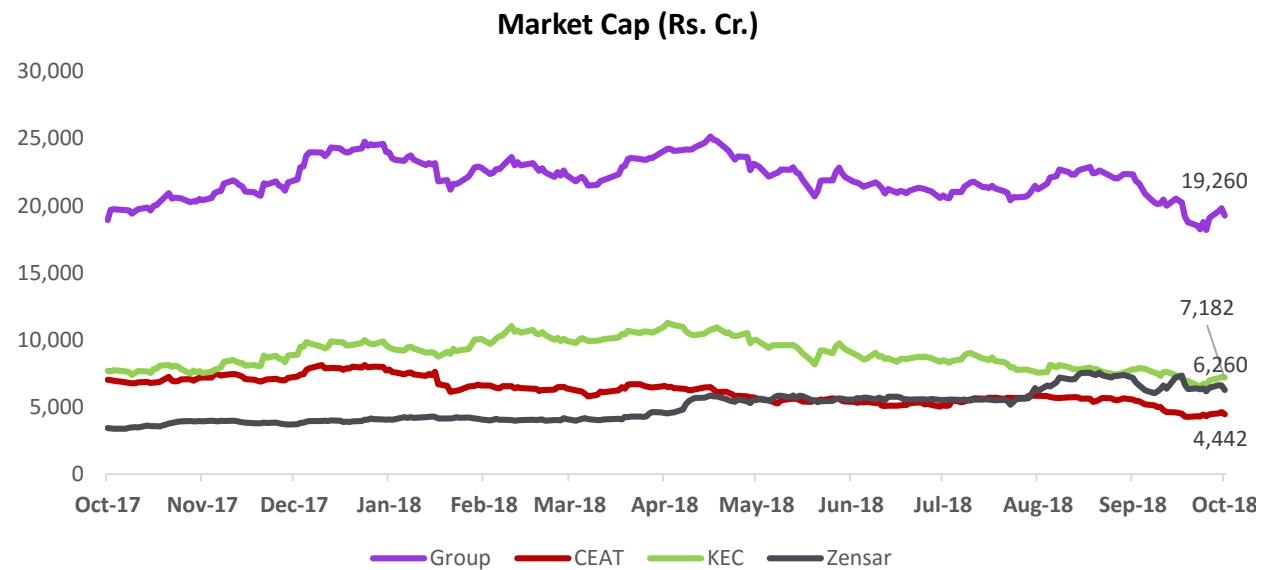
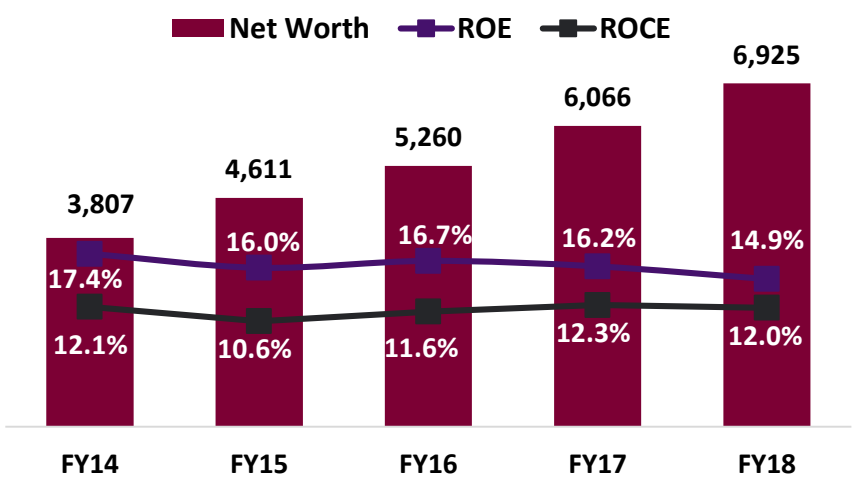
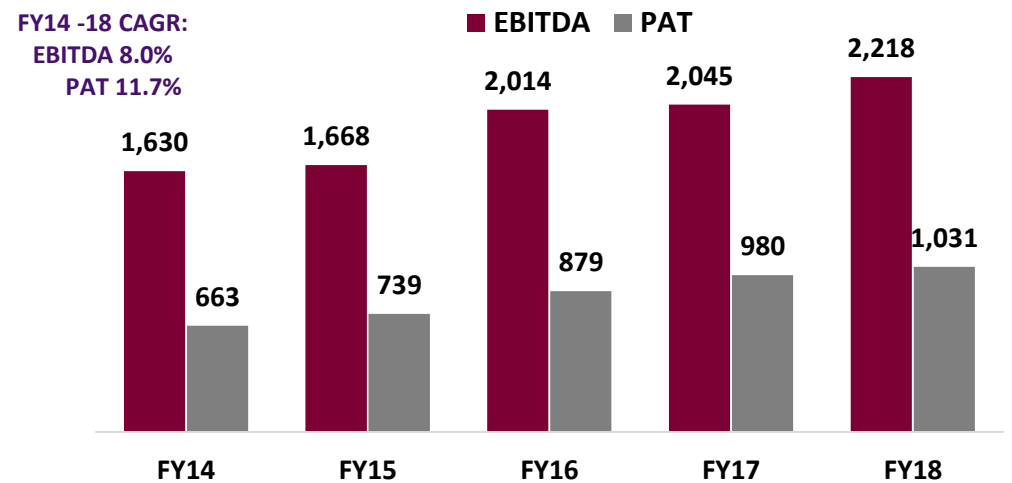
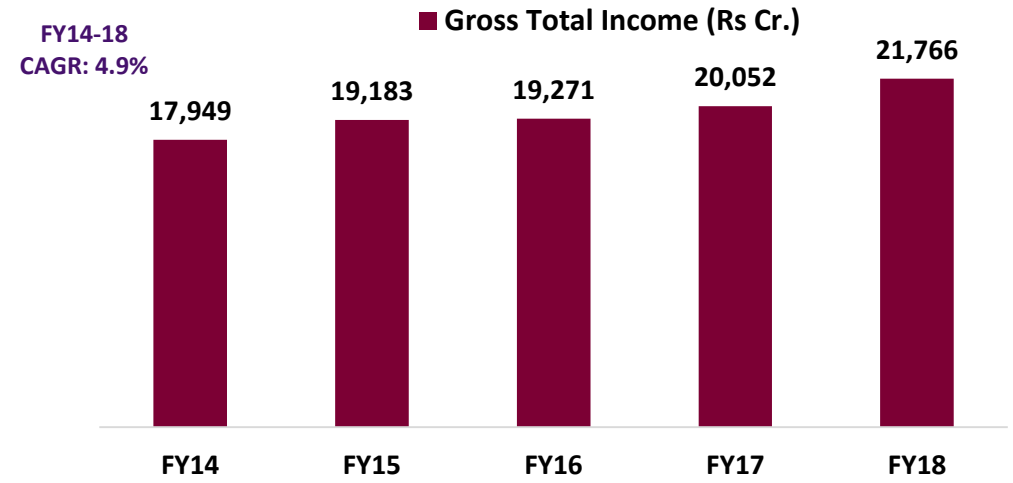
Analyst Presentation for the quarter ending  
September 30, 2018

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## RPG Group Overview



# RPG Group: Key Financials



**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 17<sup>th</sup> October, 2018



Thank you