



PERSISTENT SYSTEMS LIMITED

Quarter ended December 31, 2017

27 January 2018



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



Q3 FY18:

- USD Revenue grew by 3.8% QoQ and by 11.4% YoY to US\$ 122.53 Million
- INR Revenue grew by 4.0% QoQ and by 6.2% YoY to ₹ 7,918.90 Million
- EBITDA @ 17.4% and grew by 18.8% QoQ and 15.9% YoY to ₹ 1,375.17 Million
- Profit after Tax (PAT) @ 11.6% and grew by 10.9% QoQ and 11.9% YoY to ₹ 916.70 Million

YTD December 2017:

- USD Revenue grew by 10.5% to US\$ 353.60 Million
- INR Revenue grew by 6.0% to ₹ 22,811.57 Million
- EBITDA grew by 6.7% to ₹ 3,576.57 Million
- Profit after Tax (PAT) grew by 9.1% ₹ 2,493.82 Million

Business Updates and Awards



- Sunil Sapre is inducted on the Board of Directors and designated as Additional Director (Executive Director and Chief Financial Officer) with immediate effect
- Mike Kuklenko joins as SVP Sales and will be driving our business growth in Europe
- Featured among the leading players in the 'Zinnov Zones 2017 – product engineering services' report for enterprise and consumer software
- Ranked amongst the top 50 Fastest Growing Firms by Consulting Magazine
- Named Best Enterprise Services Vendor by Constellation Research

Sequential Q3 FY18 Vs. Q2 FY18

Particulars	Q3FY18	Q2FY18	Change QoQ	Exps / Sales %	
				Q3FY18	Q2FY18
Revenue (\$ M)					
Services	89.68	87.34	2.7%		
IP Led	32.85	30.76	6.8%		
Revenue (\$ M)	122.53	118.10	3.8%		
Avg. Exchange Rate ₹/US\$	64.63	64.46	0.3%		
Revenue (₹ M)	7,918.90	7,612.52	4.0%		
Cost of Revenue	₹ M	₹ M			
Employee Related Expenses	4,852.68	4,763.96	1.9%	61.3%	62.6%
Purchase / Royalty	47.66	112.39	-57.6%	0.6%	1.5%
Project related Travel Expenses	108.56	117.71	-7.8%	1.4%	1.5%
Total Direct costs	5,008.90	4,994.06	0.3%	63.3%	65.6%
Gross Profit	2,910.00	2,618.46	11.1%	36.7%	34.4%
Sales & Marketing Exps	687.62	714.16	-3.7%	8.7%	9.4%
Admin. & Other Exps	823.78	723.13	13.9%	10.4%	9.5%
Doubtful Debt Provision	5.22	6.17	-15.4%	0.1%	0.1%
CSR Activities	18.21	17.18	6.0%	0.2%	0.2%
Total SGA	1,534.83	1,460.64	5.1%	19.4%	19.2%
EBIDTA	1,375.17	1,157.82	18.8%	17.4%	15.2%
Depreciation	124.37	130.01	-4.3%	1.6%	1.7%
Amortization	268.26	249.43	7.5%	3.4%	3.3%
EBIT	982.54	778.38	26.2%	12.4%	10.2%
Other Income / (Loss)	142.99	133.49	7.1%	1.8%	1.8%
Exchange Gain/(Loss)	49.63	202.69	-75.5%	0.6%	2.7%
PBT	1,175.16	1,114.56	5.4%	14.8%	14.6%
Tax	258.46	288.33	-10.4%	3.3%	3.8%
PAT	916.70	826.23	10.9%	11.6%	10.9%

YoY Comparison Q3 FY18 vs Q3 FY17

Particulars	Q3FY18	Q3FY17	Change QoQ	Exps / Sales %	
				Q3FY18	Q3FY17
Revenue (\$ M)					
Services	89.68	78.75	13.9%		
IP Led	32.85	31.28	5.0%		
Revenue (\$ M)	122.53	110.03	11.4%		
Avg. Exchange Rate ₹/US\$	64.63	67.76	-4.6%		
Revenue (₹ M)	7,918.90	7,455.35	6.2%		
Cost of Revenue	₹ M	₹ M			
Employee Related Expenses	4,852.68	4,473.78	8.5%	61.3%	60.0%
Purchase / Royalty	47.66	108.07	-55.9%	0.6%	1.4%
Project related Travel Expenses	108.56	169.17	-35.8%	1.4%	2.3%
Total Direct costs	5,008.90	4,751.02	5.4%	63.3%	63.7%
Gross Profit	2,910.00	2,704.33	7.6%	36.7%	36.3%
Sales & Marketing Exps	687.62	685.25	0.3%	8.7%	9.2%
Admin. & Other Exps	823.78	714.58	15.3%	10.4%	9.6%
Doubtful Debt Provision	5.22	80.01	-93.5%	0.1%	1.1%
CSR Activities	18.21	37.94	-52.0%	0.2%	0.5%
Total SGA	1,534.83	1,517.78	1.1%	19.4%	20.4%
EBIDTA	1,375.17	1,186.55	15.9%	17.4%	15.9%
Depreciation	124.37	143.19	-13.1%	1.6%	1.9%
Amortization	268.26	243.34	10.2%	3.4%	3.3%
EBIT	982.54	800.02	22.8%	12.4%	10.7%
Other Income / (Loss)	142.99	143.33	-0.2%	1.8%	1.9%
Exchange Gain/(Loss)	49.63	174.44	-71.5%	0.6%	2.3%
PBT	1,175.16	1,117.79	5.1%	14.8%	15.0%
Tax	258.46	298.88	-13.5%	3.3%	4.0%
PAT	916.70	818.91	11.9%	11.6%	11.0%

Comparison YTD Dec 17 vs YTD Dec 16

Particulars	YTD Dec 2017	YTD Dec 2016	% Change	Exps / Sales %	
				YTD Dec 2017	YTD Dec 2016
Revenue (\$ M)					
Services	259.23	229.94	12.7%		
IP Led	94.37	90.03	4.8%		
Revenue (\$ M)	353.60	319.97	10.5%		
Avg. Exchange Rate ₹ /US\$	64.51	67.24	-4.1%		
Revenue (₹ M)	22,811.57	21,513.31	6.0%		
Cost of Revenue	₹ M	₹ M			
Employee Related Expenses	14,093.62	12,987.52	8.5%	61.8%	60.4%
Purchase / Royalty	269.84	314.67	-14.2%	1.2%	1.5%
Project related Travel Expenses	422.67	571.86	-26.1%	1.9%	2.7%
Total Direct costs	14,786.13	13,874.05	6.6%	64.8%	64.5%
Gross Profit	8,025.44	7,639.26	5.1%	35.2%	35.5%
Sales & Marketing Exps	2,057.55	1,984.39	3.7%	9.0%	9.2%
Admin. & Other Exps	2,312.39	2,089.26	10.7%	10.1%	9.7%
Doubtful Debt Provision	22.53	154.93	-85.5%	0.1%	0.7%
CSR Activities	56.40	58.83	-4.1%	0.2%	0.3%
Total SGA	4,448.87	4,287.41	3.8%	19.5%	19.9%
EBIDTA	3,576.57	3,351.85	6.7%	15.7%	15.6%
Depreciation	387.16	429.82	-9.9%	1.7%	2.0%
Amortization	776.82	666.23	16.6%	3.4%	3.1%
EBIT	2,412.59	2,255.80	7.0%	10.6%	10.5%
Other Income / (Loss)	459.76	518.31	-11.3%	2.0%	2.4%
Exchange Gain/(Loss)	436.77	296.12	47.5%	1.9%	1.4%
PBT	3,309.12	3,070.23	7.8%	14.5%	14.3%
Tax	815.30	783.53	4.1%	3.6%	3.6%
PAT	2,493.82	2,286.70	9.1%	10.9%	10.6%

Consolidated Balance Sheet

Particulars	As on December 31, 2017 (₹ M)	As on March 31, 2017 (₹ M)	As on December 31, 2016 (₹ M)
Assets			
PPE and Intangible assets	5,442.11	5,649.24	5,824.19
Non-Current Assets	525.43	398.98	460.28
Cash and Investments	11,377.78	9,411.53	9,070.65
Other Current Assets	8,586.23	7,893.23	7,931.18
Total	25,931.55	23,352.98	23,286.30
Equity and Liabilities			
Equity	21,111.23	18,992.63	18,816.93
Non-Current Liabilities	176.83	187.59	181.17
Current Liabilities	4,643.49	4,172.76	4,288.20
Total	25,931.55	23,352.98	23,286.30



Fact Sheet

Fact Sheet

Revenue	Nos./%	Q3FY18	Q2FY18	Q1FY18	Q4FY17	Q3FY17	FY17	FY16
	Revenue from Operations, \$ M		122.53	118.10	112.97	109.03	110.03	429.01
% , q-o-q/ y-o-y growth		3.8%	4.5%	3.6%	-0.9%	4.6%	22.0%	14.0%
Revenue from Operations, ₹ M		7,918.90	7,612.52	7,280.15	7,271.08	7,455.35	28,784.39	23,123.31
% , q-o-q / y-o-y		4.0%	4.6%	0.1%	-2.5%	5.9%	24.5%	22.3%

Business Offerings: Revenue Mix	%	Q3FY18	Q2FY18	Q1FY18	Q4FY17	Q3FY17	FY17	FY16
	Services		73.2%	74.0%	72.8%	72.4%	71.6%	72.0%
IP Led		26.8%	26.0%	27.2%	27.6%	28.4%	28.0%	21.1%
Total		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Segments: Revenue Mix	%	Q3FY18	Q2FY18	Q1FY18	Q4FY17	Q3FY17	FY17	FY16
	Services		41.9%	43.7%	44.5%	43.9%	43.9%	45.5%
Digital		22.0%	20.9%	18.0%	18.9%	16.9%	16.3%	
Alliance		29.6%	27.3%	29.2%	27.6%	30.6%	29.4%	
accelerite		6.5%	8.1%	8.3%	9.6%	8.6%	8.8%	
Total		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

Fact Sheet



Geography: Revenue Mix	%	Q3FY18	Q2FY18	Q1FY18	Q4FY17	Q3FY17	FY17	FY16
	North America	84.4%	83.4%	85.5%	86.5%	86.6%	86.4%	85.5%
	Europe	7.3%	8.5%	5.9%	5.3%	5.3%	5.5%	6.5%
	India	5.8%	5.6%	5.9%	5.6%	5.5%	5.5%	6.7%
	ROW	2.5%	2.5%	2.7%	2.6%	2.6%	2.6%	1.3%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Industry Classification	%	Q3FY18	Q2FY18	Q1FY18	Q4FY17	Q3FY17	FY17	FY16
	ISV	38.5%	39.9%	40.8%	41.9%	42.5%	43.5%	52.4%
	Enterprise	34.7%	34.1%	32.0%	30.5%	29.1%	28.5%	26.5%
	IP Led	26.8%	26.0%	27.2%	27.6%	28.4%	28.0%	21.1%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Revenue by delivery Centers	%	Q3FY18	Q2FY18	Q1FY18	Q4FY17	Q3FY17	FY17	FY16
	Global Development Centers	32.1%	31.9%	29.9%	27.8%	26.7%	26.8%	28.0%
	India	41.1%	42.1%	42.9%	44.6%	44.9%	45.2%	50.9%
	IP Led	26.8%	26.0%	27.2%	27.6%	28.4%	28.0%	21.1%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Fact Sheet



Clients billed	Nos.	Q3FY18	Q2FY18	Q1FY18	Q4FY17	Q3FY17	FY17	FY16
	Services	431	419	303	313	315	462	451
	IP Led	268	277	306	308	339	465	539

Includes one time clients with overlap across business offerings

Revenue Concentration	%	Q3FY18	Q2FY18	Q1FY18	Q4FY17	Q3FY17	FY17	FY16
	Top 1	28.0%	25.9%	27.9%	26.5%	29.5%	28.3%	19.9%
	Top 5	46.3%	43.8%	45.7%	43.3%	46.0%	44.6%	36.6%
	Top 10	55.3%	53.5%	55.2%	52.4%	54.6%	53.1%	45.5%

Client Engagement Size	Nos.	Q3FY18	Q2FY18	Q1FY18	Q4FY17	Q3FY17	FY17	FY16
	Large > \$ 3M	19	19	18	15	15	15	18
	Medium > \$ 1M, < \$ 3M	51	49	52	55	50	55	42

DSO	Nos.	Q3FY18	Q2FY18	Q1FY18	Q4FY17	Q3FY17	FY17	FY16
	Days		66	66	64	65	70	65

Fact Sheet



Yield	USD / PPM	Q3FY18	Q2FY18	Q1FY18	Q4FY17	Q3FY17	FY17	FY16
		5,355	5,096	4,966	4,942	5,020	4,834	4,448

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

Linear Revenue Per Billed Person Month	USD / PPM	Q3FY18	Q2FY18	Q1FY18	Q4FY17	Q3FY17	FY17	FY16
Global Delivery centers – Linear		16,314	16,023	16,037	15,917	15,704	15,788	14,891
India - Linear		4,220	4,148	4,212	4,244	4,257	4,278	4,223

Attrition Rate	%	Q3FY18	Q2FY18	Q1FY18	Q4FY17	Q3FY17	FY17	FY16
(TTM basis)		14.7%	15.5%	15.5%	15.7%	15.8%	15.7%	16.4%

People Numbers	Nos.	Q3FY18	Q2FY18	Q1FY18	Q4FY17	Q3FY17	FY17	FY16
Technical		8,460	8,599	8,744	8,808	8,562	8,808	8,618
Sales & Business Development		206	208	210	193	200	193	201
Others		443	439	447	459	467	459	445
Total		9,109	9,246	9,401	9,460	9,229	9,460	9,264

Fact Sheet



Efforts and Utilization Mix - Linear	Nos. / %	Q3FY18	Q2FY18	Q1FY18	Q4FY17	Q3FY17	FY17	FY16
	Billable Person Months	17,943	18,245	17,636	17,178	17,077	68,761	65,553
	- Global Delivery Centers	2,777	2,689	2,431	2,236	2,109	8,515	7,682
	- India	15,166	15,556	15,205	14,942	14,968	60,245	57,871
	Billed Person Months	14,335	14,340	13,611	13,366	13,478	52,626	48,950
	- Global Delivery Centers	2,413	2,346	2,104	1,907	1,867	7,280	6,623
	- India	11,922	11,994	11,507	11,459	11,610	45,346	42,327
	Utilization							
	- Linear (Blended)	79.9%	78.6%	77.2%	77.8%	78.9%	76.5%	74.7%
	- Global Delivery Centers	86.9%	87.2%	86.6%	85.3%	88.5%	85.5%	86.2%
- India	78.6%	77.1%	75.7%	76.7%	77.6%	75.3%	73.1%	

IP Led	Nos.	Q3FY18	Q2FY18	Q1FY18	Q4FY17	Q3FY17	FY17	FY16
	IP Led Person Months	4,936	4,931	5,113	4,884	4,843	19,978	13,509



Thank You!

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