



# PERSISTENT SYSTEMS LIMITED

Quarter ended June 30, 2017

21 July 2017

# 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

# Q1 FY 18 Highlights

## Financial Performance:

- USD Revenue grew by 3.6% QoQ and by 7.8% YoY to US\$ 112.97 Million
- INR Revenue grew by 0.1% QoQ and by 3.7% YoY to ₹ 7,280.15 Million
- Profit before Tax (PBT) grew by 8.9% QoQ and 5.3% YoY to ₹ 1,019.40 Million
- Profit after Tax (PAT) grew by 3.2% QoQ and 2.5% YoY to ₹ 750.89 Million

## Business Update and Awards:

- Acquires PARX Werks AG ([www.parx.com](http://www.parx.com)) - Platinum Salesforce Consulting Partner in Europe headquartered in Zürich, Switzerland
- Recognized by the Association for Talent Development in the 2017 BEST Awards for demonstrating enterprise-wide success through talent development
- Awarded for the 'Most Innovative Solution in APAC on Watson' at the IBM Analytics sales academy meet in Bangkok

# Sequential Q1 FY18 Vs. Q4 FY17

Particulars	Q1FY18	Q4FY17	Change QoQ	Exps / Sales %	
				Q1FY18	Q4FY17
Revenue (\$ M)					
Services	82.21	78.98	4.1%		
IP Led	30.76	30.05	2.4%		
Revenue (\$ M)	112.97	109.03	3.6%		
Avg. Exchange Rate ₹/US\$	64.44	66.69	-3.4%		
Revenue (₹ M)	7,280.15	7,271.08	0.1%		
Cost of Revenue	₹ M	₹ M			
Employee Related Expenses	4,476.98	4,356.62	2.8%	61.5%	59.9%
Purchase / Royalty	109.79	107.87	1.8%	1.5%	1.5%
Project related Travel Expenses	196.40	179.48	9.4%	2.7%	2.5%
Total Direct costs	4,783.17	4,643.97	3.0%	65.7%	63.9%
Gross Profit	2,496.98	2,627.11	-5.0%	34.3%	36.1%
Sales & Marketing Exps	655.77	629.39	4.2%	9.0%	8.7%
Admin. & Other Exps	765.48	689.89	11.0%	10.5%	9.5%
Doubtful Debt Provision	11.14	(14.73)	175.6%	0.2%	-0.2%
CSR Activities	21.01	20.95	0.3%	0.3%	0.3%
Exceptional item	-	114.11		0.0%	1.6%
Total SGA	1,453.40	1,439.61	1.0%	20.0%	19.8%
EBIDTA	1,043.58	1,187.50	-12.1%	14.3%	16.3%
Depreciation	132.76	142.09	-6.6%	1.8%	2.0%
Amortization	259.15	252.03	2.8%	3.6%	3.5%
EBIT	651.67	793.38	-17.9%	9.0%	10.9%
Other Income / (Loss)	183.28	170.74	7.3%	2.5%	2.3%
Exchange Gain/(Loss)	184.45	(27.62)	767.7%	2.5%	-0.4%
PBT	1,019.40	936.50	8.9%	14.0%	12.9%
Tax	268.51	208.55	28.8%	3.7%	2.9%
PAT	750.89	727.95	3.2%	10.3%	10.0%

# YoY Comparison Q1 FY18 Vs. Q1 FY17

Particulars	Q1FY18	Q1FY17	Change QoQ	Exps / Sales %	
				Q1FY18	Q1FY17
<b>Revenue (\$ M)</b>					
Services	82.21	75.27	9.2%		
IP Led	30.76	29.49	4.3%		
<b>Revenue (\$ M)</b>	<b>112.97</b>	<b>104.76</b>	<b>7.8%</b>		
Avg. Exchange Rate ₹/US\$	64.44	66.99	-3.8%		
<b>Revenue (₹ M)</b>	<b>7,280.15</b>	<b>7,017.77</b>	<b>3.7%</b>		
Cost of Revenue	₹ M	₹ M			
Employee Related Expenses	4,476.98	4,255.33	5.2%	61.5%	60.6%
Purchase / Royalty	109.79	75.33	45.7%	1.5%	1.1%
Project related Travel Expenses	196.40	253.86	-22.6%	2.7%	3.6%
Total Direct costs	4,783.17	4,584.52	4.3%	65.7%	65.3%
<b>Gross Profit</b>	<b>2,496.98</b>	<b>2,433.25</b>	<b>2.6%</b>	<b>34.3%</b>	<b>34.7%</b>
Sales & Marketing Exps	655.77	604.48	8.5%	9.0%	8.6%
Admin. & Other Exps	765.48	746.68	2.5%	10.5%	10.6%
Doubtful Debt Provision	11.14	19.98	-44.2%	0.2%	0.3%
CSR Activities	21.01	4.59	357.7%	0.3%	0.1%
Total SGA	1,453.40	1,375.73	5.6%	20.0%	19.6%
<b>EBIDTA</b>	<b>1,043.58</b>	<b>1,057.52</b>	<b>-1.3%</b>	<b>14.3%</b>	<b>15.1%</b>
Depreciation	132.76	147.83	-10.2%	1.8%	2.1%
Amortization	259.15	194.98	32.9%	3.6%	2.8%
<b>EBIT</b>	<b>651.67</b>	<b>714.71</b>	<b>-8.8%</b>	<b>9.0%</b>	<b>10.2%</b>
Other Income / (Loss)	183.28	172.44	6.3%	2.5%	2.5%
Exchange Gain/(Loss)	184.45	80.86	128.1%	2.5%	1.2%
<b>PBT</b>	<b>1,019.40</b>	<b>968.01</b>	<b>5.3%</b>	<b>14.0%</b>	<b>13.8%</b>
Tax	268.51	235.15	14.2%	3.7%	3.4%
<b>PAT</b>	<b>750.89</b>	<b>732.86</b>	<b>2.5%</b>	<b>10.3%</b>	<b>10.4%</b>

# Consolidated Balance Sheet



₹ Million

Particulars	As on June 30, 2017	As on March 31, 2017	As on June 30, 2016
<b>Assets</b>			
PPE and Intangible assets	5,466.86	5,649.24	5,905.11
Non-Current Assets	421.84	398.98	424.54
Cash and Investments	9,002.21	9,411.53	7,764.98
Other Current Assets	8,584.57	7,893.23	7,130.48
<b>Total</b>	<b>23,475.48</b>	<b>23,352.98</b>	<b>21,225.11</b>
<b>Equity and Liabilities</b>			
Equity	19,742.93	18,992.63	17,344.78
Non-Current Liabilities	186.61	187.59	161.46
Current Liabilities	3,545.94	4,172.76	3,718.87
<b>Total</b>	<b>23,475.48</b>	<b>23,352.98</b>	<b>21,225.11</b>



# Fact Sheet

# Fact Sheet

Revenue	Nos./%	Q1FY 18	Q4FY 17	Q3FY 17	Q2FY 17	Q1FY 17	FY 17	FY 16
	Revenue from Operations, \$ M	112.97	109.03	110.03	105.18	104.76	429.01	351.65
	%, q-o-q/ y-o-y growth	3.6%	-0.9%	4.6%	0.4%	4.3%	22.0%	14.0%
	Revenue from Operations, ₹ M	7,280.15	7,271.08	7,455.35	7,040.19	7,017.77	28,784.39	23,123.31
	%, q-o-q / y-o-y	0.1%	-2.5%	5.9%	0.3%	3.6%	24.5%	22.3%

  

Revenue Mix by Business Offerings	%	Q1FY 18	Q4FY 17	Q3FY 17	Q2FY 17	Q1FY 17	FY 17	FY 16
	Services	72.8%	72.4%	71.6%	72.2%	71.8%	72.0%	78.9%
	IP Led	27.2%	27.6%	28.4%	27.8%	28.2%	28.0%	21.1%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

  

Revenue Mix by Segments	%	Q1FY 18	Q4FY 17	Q3FY 17	Q2FY 17	Q1FY 17	FY 17	FY 16
	Services	44.5%	43.9%	43.9%	46.6%	47.6%	45.5%	
	Digital	18.0%	18.9%	16.9%	15.2%	14.2%	16.3%	
	Alliance	29.2%	27.6%	30.6%	29.4%	30.0%	29.4%	
	accelerite	8.3%	9.6%	8.6%	8.8%	8.2%	8.8%	
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

# Fact Sheet



Revenue Mix by Geography	%	Q1FY 18	Q4FY 17	Q3FY 17	Q2FY 17	Q1FY 17	FY 17	FY 16
	North America	85.5%	86.5%	86.6%	85.4%	87.0%	86.4%	85.5%
	Europe	5.9%	5.3%	5.3%	6.1%	5.2%	5.5%	6.5%
	India	5.9%	5.6%	5.5%	5.6%	5.4%	5.5%	6.7%
	ROW	2.7%	2.6%	2.6%	2.9%	2.4%	2.6%	1.3%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Revenue Mix by Industry Classification	%	Q1FY 18	Q4FY 17	Q3FY 17	Q2FY 17	Q1FY 17	FY 17	FY 16
	ISV	40.8%	41.9%	42.5%	44.4%	45.4%	43.5%	52.4%
	Enterprise	32.0%	30.5%	29.1%	27.8%	26.4%	28.5%	26.5%
	IP Led	27.2%	27.6%	28.4%	27.8%	28.2%	28.0%	21.1%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Revenue mix by Delivery Centers	%	Q1FY 18	Q4FY 17	Q3FY 17	Q2FY 17	Q1FY 17	FY 17	FY 16
	Global Development Centers	29.9%	27.8%	26.7%	26.3%	26.3%	26.8%	28.0%
	India	42.9%	44.6%	44.9%	45.9%	45.5%	45.2%	50.9%
	IP Led	27.2%	27.6%	28.4%	27.8%	28.2%	28.0%	21.1%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

# Fact Sheet



Clients billed	Nos.	Q1FY 18	Q4FY 17	Q3FY 17	Q2FY 17	Q1FY 17	FY 17	FY 16
	Services	303	313	315	314	340	462	451
	IP Led	306	308	339	335	338	465	539

Includes one time clients with overlap across business offerings

Revenue Concentration	%	Q1FY 18	Q4FY 17	Q3FY 17	Q2FY 17	Q1FY 17	FY 17	FY 16
	Top 1	27.9%	26.5%	29.5%	28.4%	29.0%	28.3%	19.9%
	Top 5	45.7%	43.3%	46.0%	44.3%	44.7%	44.6%	36.6%
	Top 10	55.2%	52.4%	54.6%	52.8%	52.7%	53.1%	45.5%

Client Engagement Size	Nos.	Q1FY 18	Q4FY 17	Q3FY 17	Q2FY 17	Q1FY 17	FY 17	FY 16
	Large > \$ 3Mn	18	15	15	15	15	15	18
	Medium > \$ 1Mn, < \$ 3Mn	52	55	50	51	50	55	42

DSO	Nos.	Q1FY 18	Q4FY 17	Q3FY 17	Q2FY 17	Q1FY 17	FY 17	FY 16
	Days		64	65	70	66	63	65

# Fact Sheet



Yield	USD / PPM	Q1FY 18	Q4FY 17	Q3FY 17	Q2FY 17	Q1FY 17	FY 17	FY 16
		4,966	4,942	5,020	4,677	4,705	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	Q1FY 18	Q4FY 17	Q3FY 17	Q2FY 17	Q1FY 17	FY 17	FY 16
Global Delivery Centers – Linear		16,037	15,917	15,704	16,101	15,437	15,788	14,891
India - Linear		4,212	4,244	4,257	4,288	4,325	4,278	4,223

Attrition Rate	%	Q1FY 18	Q4FY 17	Q3FY 17	Q2FY 17	Q1FY 17	FY 17	FY 16
(TTM basis)		15.5%	15.7%	15.8%	15.9%	16.7%	15.7%	16.4%

People Numbers	Nos.	Q1FY 18	Q4FY 17	Q3FY 17	Q2FY 17	Q1FY 17	FY 17	FY 16
Technical		8,744	8,808	8,562	8,612	8,698	8,808	8,618
Sales & Business Development		210	193	200	207	204	193	201
Others		447	459	467	486	487	459	445
Total		9,401	9,460	9,229	9,305	9,389	9,460	9,264

# Fact Sheet



Efforts and Utilization Mix - Linear	Nos. / %	Q1FY 18	Q4FY 17	Q3FY 17	Q2FY 17	Q1FY 17	FY 17	FY 16
	Billable Person Months	17,636	17,178	17,077	17,474	17,030	68,761	65,553
	- Global Delivery Centers	2,431	2,236	2,109	2,048	2,121	8,515	7,682
	- India	15,205	14,942	14,968	15,426	14,909	60,245	57,871
	Billed Person Months	13,611	13,366	13,478	12,966	12,816	52,626	48,950
	- Global Delivery Centers	2,104	1,907	1,867	1,720	1,786	7,280	6,623
	- India	11,507	11,459	11,610	11,246	11,030	45,346	42,327
	Utilization							
	- Linear (Blended)	77.2%	77.8%	78.9%	74.2%	75.3%	76.5%	74.7%
	- Global Delivery Centers	86.6%	85.3%	88.5%	84.0%	84.2%	85.5%	86.2%
- India	75.7%	76.7%	77.6%	72.9%	74.0%	75.3%	73.1%	

  

IP Led	Nos.	Q1FY 18	Q4FY 17	Q3FY 17	Q2FY 17	Q1FY 17	FY 17	FY 16
	IP Led Person Months	5,113	4,884	4,843	5,015	5,235	19,978	13,509



# Thank You!

Persistent Systems Limited