



PERSISTENT SYSTEMS LIMITED

Quarter ended September 30, 2017

16 October 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

Financial Highlights

Q2 FY18:

- USD Revenue grew by 4.5% QoQ and by 12.3% YoY to US\$ 118.10 Million
- INR Revenue grew by 4.6% QoQ and by 8.1% YoY to ₹ 7,612.52 Million
- EBITDA grew by 10.9% QoQ and 4.5% YoY to ₹ 1,157.82 Million
- Profit after Tax (PAT) grew by 10.0% QoQ and 12.4% YoY to ₹ 826.23 Million

H1 FY18:

- USD Revenue grew by 10.1% to US\$ 231.07 Million
- INR Revenue grew by 5.9% to ₹ 14,892.67 Million
- EBITDA grew by 1.7% to ₹ 2,201.40 Million
- Profit after Tax (PAT) grew by 7.4% ₹ 1,577.12 Million

Business Highlights and Awards



- Received the 'IBM Transformation Award for IBM Watson and Watson IoT solutions at the IBM partner event in Kuala Lumpur
- Recognized for IoT Technology competency in 'Zinnov Zones 2017 – IoT Technology Services' Report
- Featured among the leading players for digital competency in the 'Zinnov Zones 2017 – Digital Services' Report
- Awarded 'Best Corporate University' at the TISS LeapVault CLO Awards 2017
- Recognized by the Association for Talent Development in the 2017 BEST Awards for demonstrating enterprise-wide success through talent development
- Honored with the 'Late Shri B.G. Deshmukh IAS, Corporate Social Responsibility Excellence Award' at the MCCIA Innovation and Entrepreneurship Awards 2017
- Launched 'Smart India Hackathon 2018' in collaboration with MHRD, AICTE, and i4C. It was inaugurated by Shri Prakash Javadekar, Honorable Minister of HRD, Government of India

Sequential Q2 FY18 Vs. Q1 FY18

Particulars	Q2FY18	Q1FY18	Change QoQ	Exps / Sales % Q2FY18	Q1FY18
Revenue (\$ M)					
Services	87.34	82.21	6.2%		
IP Led	30.76	30.76	0.0%		
Revenue (\$ M)	118.10	112.97	4.5%		
Avg. Exchange Rate ₹ /US\$	64.46	64.44	0.0%		
Revenue (₹ M)	7,612.52	7,280.15	4.6%		
Cost of Revenue	₹ M	₹ M			
Employee Related Expenses	4,476.96	4,476.98	6.4%	62.6%	61.5%
Purchase / Royalty	112.39	109.79	2.4%	1.5%	1.5%
Project related Travel Expenses	117.71	196.40	-40.1%	1.5%	2.7%
Total Direct costs	4,994.06	4,783.17	4.4%	65.6%	65.7%
Gross Profit	2,618.46	2,496.98	4.9%	34.4%	34.3%
Sales & Marketing Exps	714.16	655.77	8.9%	9.4%	9.0%
Admin. & Other Exps	723.13	765.48	-5.5%	9.5%	10.5%
Doubtful Debt Provision	6.17	11.14	-44.6%	0.1%	0.2%
CSR Activities	17.18	21.01	-18.2%	0.2%	0.3%
Total SGA	1,460.64	1,453.40	0.5%	19.2%	20.0%
EBIDTA	1,157.82	1,043.58	10.9%	15.2%	14.3%
Depreciation	130.01	132.76	-2.1%	1.7%	1.8%
Amortization	249.43	259.15	-3.8%	3.3%	3.6%
EBIT	778.38	651.67	19.4%	10.2%	9.0%
Other Income / (Loss)	133.49	183.28	-27.2%	1.8%	2.5%
Exchange Gain/(Loss)	202.69	184.45	9.9%	2.7%	2.5%
PBT	1,114.56	1,019.40	9.3%	14.6%	14.0%
Tax	288.33	268.51	7.4%	3.8%	3.7%
PAT	826.23	750.89	10.0%	10.9%	10.3%

YoY Comparison Q2 FY18 Vs. Q2 FY17

Particulars	Q2FY18	Q2 FY17	Change QoQ	Exps / Sales % Q2FY18	Q2 FY17
Revenue (\$ M)					
Services	87.34	75.92	15.0%		
IP Led	30.76	29.26	5.1%		
Revenue (\$ M)	118.10	105.18	12.3%		
Avg. Exchange Rate ₹/US\$	64.46	66.93	-2.1%		
Revenue (₹ M)	7,612.52	7,040.19	8.1%		
Cost of Revenue	₹ M	₹ M			
Employee Related Expenses	4,763.96	4,258.41	11.9%	62.6%	60.5%
Purchase / Royalty	112.39	131.27	-14.4%	1.5%	1.9%
Project related Travel Expenses	117.71	148.83	-20.9%	1.5%	2.1%
Total Direct costs	4,994.06	4,538.51	10.0%	65.6%	64.5%
Gross Profit	2,618.46	2,501.68	4.7%	34.4%	35.5%
Sales & Marketing Exps	714.16	694.66	2.8%	9.4%	9.9%
Admin. & Other Exps	723.13	627.99	15.1%	9.5%	8.9%
Doubtful Debt Provision	6.17	54.94	-88.8%	0.1%	0.8%
CSR Activities	17.18	16.30	5.4%	0.2%	0.2%
Total SGA	1,460.64	1,393.89	4.8%	19.2%	19.8%
EBIDTA	1,157.82	1,107.79	4.5%	15.2%	15.7%
Depreciation	130.01	139.26	-6.6%	1.7%	2.0%
Amortization	249.43	227.45	9.7%	3.3%	3.2%
EBIT	778.38	741.08	5.0%	10.2%	10.5%
Other Income / (Loss)	133.49	202.54	-34.1%	1.8%	2.9%
Exchange Gain/(Loss)	202.69	40.82	396.5%	2.7%	0.6%
PBT	1,114.56	984.44	13.2%	14.6%	14.0%
Tax	288.33	249.51	15.6%	3.8%	3.5%
PAT	826.23	734.93	12.4%	10.9%	10.4%

Comparison H1 FY18 Vs. H1 FY17

Particulars	H1 FY18	H1FY17	Change YoY	Exps / Sales % H1 FY18	H1FY17
Revenue (\$ M)					
Services	169.55	151.19	12.1%		
IP Led	61.52	58.75	4.7%		
Revenue (\$ M)	231.07	209.94	10.1%		
Avg. Exchange Rate ₹/US\$	64.45	66.96	-3.7%		
Revenue (₹ M)	14,892.67	14,057.96	5.9%		
Cost of Revenue	₹ M	₹ M			
Employee Related Expenses	9,240.94	8,513.74	8.5%	62.1%	60.6%
Purchase / Royalty	222.18	206.60	7.5%	1.5%	1.5%
Project related Travel Expenses	314.11	402.69	-22.0%	2.1%	2.9%
Total Direct costs	9,777.23	9,123.03	7.2%	65.7%	64.9%
Gross Profit	5,115.44	4,934.93	3.7%	34.3%	35.1%
Sales & Marketing Exps	1,369.93	1,299.14	5.4%	9.2%	9.2%
Admin. & Other Exps	1,488.61	1,374.67	8.3%	10.0%	9.8%
Doubtful Debt Provision	17.31	74.92	-76.9%	0.1%	0.5%
CSR Activities	38.19	20.89	82.8%	0.3%	0.1%
Total SGA	2,914.04	2,769.62	5.2%	19.6%	19.7%
EBIDTA	2,201.40	2,165.31	1.7%	14.8%	15.4%
Depreciation	262.77	287.09	-8.5%	1.8%	2.0%
Amortization	508.58	422.43	20.4%	3.4%	3.0%
EBIT	1,430.05	1,455.79	-1.8%	9.6%	10.4%
Other Income / (Loss)	316.77	374.98	-15.5%	2.1%	2.7%
Exchange Gain/(Loss)	387.14	121.67	218.2%	2.6%	0.9%
PBT	2,133.96	1,952.44	9.3%	14.3%	13.9%
Tax	556.84	484.65	14.9%	3.7%	3.4%
PAT	1,577.12	1,467.79	7.4%	10.6%	10.4%

Consolidated Balance Sheet



₹ Million

Particulars	As on September 30, 2017	As on March 31, 2017	As on September 30, 2016
Assets			
PPE and Intangible assets	5,766.80	5,649.24	5,844.74
Non-Current Assets	531.77	398.98	355.62
Cash and Investments	10,256.59	9,411.53	8,454.13
Other Current Assets	8,144.47	7,893.23	7,339.17
Total	24,699.63	23,352.98	21,993.66
Equity and Liabilities			
Equity	20,257.62	18,992.63	18,015.62
Non-Current Liabilities	188.16	187.59	187.12
Current Liabilities	4,253.85	4,172.76	3,790.92
Total	24,699.63	23,352.98	21,993.66



Fact Sheet

Fact sheet



Revenue	Nos./%	Q2FY18	Q1FY18	Q4FY17	Q3FY17	Q2FY17	FY17	FY16
	Revenue from Operations, USD M		118.10	112.97	109.03	110.03	105.18	429.01
% , q-o-q/ y-o-y growth		4.5%	3.6%	-0.9%	4.6%	0.4%	22.0%	14.0%
Revenue from Operations, INR M		7,612.52	7,280.15	7,271.08	7,455.35	7,040.19	28,784.39	23,123.31
% , q-o-q / y-o-y		4.6%	0.1%	-2.5%	5.9%	0.3%	24.5%	22.3%

Business Offerings: Revenue Mix	%	Q2FY18	Q1FY18	Q4FY17	Q3FY17	Q2FY17	FY17	FY16
	Services		74.0%	72.8%	72.4%	71.6%	72.2%	72.0%
IP Led		26.0%	27.2%	27.6%	28.4%	27.8%	28.0%	21.1%
Total		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Segments: Revenue Mix	%	Q2FY18	Q1FY18	Q4FY17	Q3FY17	Q2FY17	FY17	FY16
	Services		43.7%	44.5%	43.9%	43.9%	46.6%	45.5%
Digital		20.9%	18.0%	18.9%	16.9%	15.2%	16.3%	
Alliance		27.3%	29.2%	27.6%	30.6%	29.4%	29.4%	
accelerite		8.1%	8.3%	9.6%	8.6%	8.8%	8.8%	
Total		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

Fact Sheet



Geography: Revenue Mix	%	Q2FY18	Q1FY18	Q4FY17	Q3FY17	Q2FY17	FY17	FY16
	North America	83.4%	85.5%	86.5%	86.6%	85.4%	86.4%	85.5%
	Europe	8.5%	5.9%	5.3%	5.3%	6.1%	5.5%	6.5%
	India	5.6%	5.9%	5.6%	5.5%	5.6%	5.5%	6.7%
	ROW	2.5%	2.7%	2.6%	2.6%	2.9%	2.6%	1.3%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Industry Classification	Nos.	Q2FY18	Q1FY18	Q4FY17	Q3FY17	Q2FY17	FY17	FY16
	ISV	39.9%	40.8%	41.9%	42.5%	44.4%	43.5%	52.4%
	Enterprise	34.1%	32.0%	30.5%	29.1%	27.8%	28.5%	26.5%
	IP Led	26.0%	27.2%	27.6%	28.4%	27.8%	28.0%	21.1%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Revenue by delivery Centers	%	Q2FY18	Q1FY18	Q4FY17	Q3FY17	Q2FY17	FY17	FY16
	Global Development Centers	31.9%	29.9%	27.8%	26.7%	26.3%	26.8%	28.0%
	India	42.1%	42.9%	44.6%	44.9%	45.9%	45.2%	50.9%
	IP Led	26.0%	27.2%	27.6%	28.4%	27.8%	28.0%	21.1%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Fact Sheet



Clients billed	Nos.	Q2FY18	Q1FY18	Q4FY17	Q3FY17	Q2FY17	FY17	FY16
	Services	419	303	313	315	314	462	451
	IP Led	277	306	308	339	335	465	539

Includes one time clients with overlap across business offerings

Revenue Concentration	%	Q2FY18	Q1FY18	Q4FY17	Q3FY17	Q2FY17	FY17	FY16
	Top 1	25.9%	27.9%	26.5%	29.5%	28.4%	28.3%	19.9%
	Top 5	43.8%	45.7%	43.3%	46.0%	44.3%	44.6%	36.6%
	Top 10	53.5%	55.2%	52.4%	54.6%	52.8%	53.1%	45.5%

Client Engagement Size	Nos.	Q2FY18	Q1FY18	Q4FY17	Q3FY17	Q2FY17	FY17	FY16
	Large > \$ 3Mn	19	18	15	15	15	15	18
	Medium > \$ 1Mn, < \$ 3Mn	49	52	55	50	51	55	42

DSO	Nos.	Q2FY18	Q1FY18	Q4FY17	Q3FY17	Q2FY17	FY17	FY16
	Days		66	64	65	70	66	65

Fact Sheet



Yield	USD / PPM	Q2FY18	Q1FY18	Q4FY17	Q3FY17	Q2FY17	FY17	FY16
		5,096	4,966	4,942	5,020	4,677	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	Q2FY18	Q1FY18	Q4FY17	Q3FY17	Q2FY17	FY17	FY16
Global Delivery centers – Linear		16,023	16,037	15,917	15,704	16,101	15,788	14,891
India - Linear		4,148	4,212	4,244	4,257	4,288	4,278	4,223

Attrition Rate	%	Q2FY18	Q1FY18	Q4FY17	Q3FY17	Q2FY17	FY17	FY16
(TTM basis)		15.5%	15.5%	15.7%	15.8%	15.9%	15.7%	16.4%

People Numbers	Nos.	Q2FY18	Q1FY18	Q4FY17	Q3FY17	Q2FY17	FY17	FY16
Technical		8,599	8,744	8,808	8,562	8,612	8,808	8,618
Sales & Business Development		208	210	193	200	207	193	201
Others		439	447	459	467	486	459	445
Total		9,246	9,401	9,460	9,229	9,305	9,460	9,264

Fact Sheet



Efforts and Utilization Mix - Linear	Nos. / %	Q2FY18	Q1FY18	Q4FY17	Q3FY17	Q2FY17	FY17	FY16
	Billable Person Months	18,245	17,636	17,178	17,077	17,474	68,761	65,553
	- Global Delivery Centers	2,689	2,431	2,236	2,109	2,048	8,515	7,682
	- India	15,556	15,205	14,942	14,968	15,426	60,245	57,871
	Billed Person Months	14,340	13,611	13,366	13,478	12,966	52,626	48,950
	- Global Delivery Centers	2,346	2,104	1,907	1,867	1,720	7,280	6,623
	- India	11,994	11,507	11,459	11,610	11,246	45,346	42,327
	Utilization							
	- Linear (Blended)	78.6%	77.2%	77.8%	78.9%	74.2%	76.5%	74.7%
	- Global Delivery Centers	87.2%	86.6%	85.3%	88.5%	84.0%	85.5%	86.2%
- India	77.1%	75.7%	76.7%	77.6%	72.9%	75.3%	73.1%	

IP Led	Nos.	Q2FY18	Q1FY18	Q4FY17	Q3FY17	Q2FY17	FY17	FY16
	IP Led Person Months	4,931	5,113	4,884	4,843	5,015	19,978	13,509



Thank You!

Persistent Systems Limited