



Persistent Systems Limited

Quarter ended December 31, 2018

Analyst Presentation and Fact Sheet

January 28, 2019

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

Quarterly Highlights:

- USD Revenue at US\$ 120.84 Million, growth of 2.2% QoQ and decline of 1.4% YoY
- INR Revenue at ₹ 8,642.49 Million, growth of 3.4% QoQ and 9.1% YoY
- EBITDA ₹ 1,703.17 Million @ 19.7% of revenue, growth of 18.6% QoQ and 23.9% YoY
- PAT ₹ 917.17 Million @ 10.6% of revenue, increase of 4.1% QoQ and 0.1% YoY

YTD December 2018 Highlights:

- USD Revenue at US\$ 362.67 Million, YoY growth of 2.6%
- INR Revenue at ₹ 25,340.87 Million, YoY growth of 11.1%
- EBITDA ₹ 4,539.86 Million @ 17.9% of revenue, YoY growth of 26.9%
- PAT ₹ 2,672.06 Million @ 10.5% of revenue, YoY growth of 7.1%

Business Updates/ Recognitions

- The Board of Directors declared Interim Dividend of ₹ 8 per share
- The Board of Directors, approved buy-back of equity shares under open market route for an aggregate amount not exceeding ₹2,250 million (10% of net worth) at a maximum buy-back price not exceeding ₹750 per share.
- Persistent Systems' IoT Leadership recognized in 'Zinnov Zones 2018 – IoT Technology & Services Report' for third consecutive year
- Persistent Systems featured in IDC Vendor Profile "Persistent Systems: Product Engineering and Operational Technology Services Profile — A Singular Focus on Software"
- Persistent Systems recognized as Global Partner by OutSystems – Companies strengthen strategic alliance to accelerate digital transformation with low-code
- Persistent Systems' Machine Learning models available on Amazon Web Services Marketplace for Machine Learning

Sequential Q3 FY19 vs Q2 FY19

Particulars	Q3FY19	Q2FY19	Change QoQ	Exps / Sales % Q3FY19	Q2FY19
Revenue (\$ M)					
Services	90.64	87.95	3.1%		
IP Led	30.20	30.28	-0.3%		
Revenue (\$ M)	120.84	118.23	2.2%		
Avg. Exchange Rate ₹/US\$	71.52	70.67	1.2%		
Revenue (₹ M)	8,642.49	8,355.57	3.4%		
Cost of Revenue	₹ M	₹ M			
Employee Related Expenses	5,075.48	5,040.40	0.7%	58.7%	60.3%
Purchase / Royalty	129.16	215.95	-40.2%	1.5%	2.6%
Project related Travel Expenses	136.51	153.27	-10.9%	1.6%	1.8%
Total Direct costs	5,341.15	5,409.62	-1.3%	61.8%	64.7%
Gross Profit	3,301.34	2,945.95	12.1%	38.2%	35.3%
Sales & Marketing Exps	774.80	741.07	4.6%	9.0%	8.9%
Admin. & Other Exps	785.51	743.32	5.7%	9.1%	8.9%
Doubtful Debt Provision	16.88	6.62	155.0%	0.2%	0.1%
CSR Activities	20.98	18.71	12.1%	0.2%	0.2%
Total SGA	1,598.17	1,509.72	5.9%	18.5%	18.1%
EBITDA	1,703.17	1,436.23	18.6%	19.7%	17.2%
Depreciation	115.83	119.72	-3.2%	1.3%	1.4%
Amortization	280.49	278.86	0.6%	3.2%	3.3%
EBIT	1,306.85	1,037.65	25.9%	15.1%	12.4%
Other Income / (Loss)	229.25	195.47	17.3%	2.7%	2.3%
Exchange Gain/(Loss)	(240.89)	35.67	-775.3%	-2.8%	0.4%
PBT	1,295.21	1,268.79	2.1%	15.0%	15.2%
Tax	378.04	387.38	-2.4%	4.4%	4.6%
PAT	917.17	881.41	4.1%	10.6%	10.5%

YoY Comparison Q3 FY19 vs Q3 FY18

Particulars	Q3FY19	Q3 FY18	Change QoQ	Exps / Sales % Q3FY19	Q3 FY18
Revenue (\$ M)					
Services	90.64	89.68	1.1%		
IP Led	30.20	32.85	-8.1%		
Revenue (\$ M)	120.84	122.53	-1.4%		
Avg. Exchange Rate ₹ /US\$	71.52	64.63	10.7%		
Revenue (₹ M)	8,642.49	7,918.90	9.1%		
Cost of Revenue	₹ M	₹ M			
Employee Related Expenses	5,075.48	4,852.68	4.6%	58.7%	61.3%
Purchase / Royalty	129.16	47.66	171.0%	1.5%	0.6%
Project related Travel Expenses	136.51	108.56	25.7%	1.6%	1.4%
Total Direct costs	5,341.15	5,008.90	6.6%	61.8%	63.3%
Gross Profit	3,301.34	2,910.00	13.4%	38.2%	36.7%
Sales & Marketing Exps	774.80	687.62	12.7%	9.0%	8.7%
Admin. & Other Exps	785.51	823.78	-4.6%	9.1%	10.4%
Doubtful Debt Provision	16.88	5.22	223.4%	0.2%	0.1%
CSR Activities	20.98	18.21	15.2%	0.2%	0.2%
Total SGA	1,598.17	1,534.83	4.1%	18.5%	19.4%
EBITDA	1,703.17	1,375.17	23.9%	19.7%	17.4%
Depreciation	115.83	124.37	-6.9%	1.3%	1.6%
Amortization	280.49	268.26	4.6%	3.2%	3.4%
EBIT	1,306.85	982.54	33.0%	15.1%	12.4%
Other Income / (Loss)	229.25	142.99	60.3%	2.7%	1.8%
Exchange Gain/(Loss)	(240.89)	49.63	-585.4%	-2.8%	0.6%
PBT	1,295.21	1,175.16	10.2%	15.0%	14.8%
Tax	378.04	258.46	46.3%	4.4%	3.3%
PAT	917.17	916.70	0.1%	10.6%	11.6%

YTD Comparison Q3 FY19 vs Q3 FY18

Particulars	YTD Dec 18	YTD Dec 17	Change	Exps / Sales %	
				YTD Dec 18	YTD Dec 17
Revenue (\$ M)					
Services	268.38	259.23	3.5%		
IP Led	94.29	94.37	-0.1%		
Revenue (\$ M)	362.67	353.60	2.6%		
Avg. Exchange Rate ₹ /US\$	69.87	64.51	8.3%		
Revenue (₹ M)	25,340.87	22,811.57	11.1%		
Cost of Revenue	₹ M	₹ M			
Employee Related Expenses	14,876.67	14,093.62	5.6%	58.7%	61.8%
Purchase / Royalty	757.74	269.84	180.8%	3.0%	1.2%
Project related Travel Expenses	489.18	422.67	15.7%	1.9%	1.9%
Total Direct costs	16,123.59	14,786.13	9.0%	63.6%	64.8%
Gross Profit	9,217.28	8,025.44	14.9%	36.4%	35.2%
Sales & Marketing Exps	2,288.73	2,057.55	11.2%	9.0%	9.0%
Admin. & Other Exps	2,270.20	2,312.39	-1.8%	9.0%	10.1%
Doubtful Debt Provision	60.82	22.53	170.0%	0.2%	0.1%
CSR Activities	57.67	56.40	2.3%	0.2%	0.2%
Total SGA	4,677.42	4,448.87	5.1%	18.5%	19.5%
EBITDA	4,539.86	3,576.57	26.9%	17.9%	15.7%
Depreciation	358.41	387.16	-7.4%	1.4%	1.7%
Amortization	837.30	776.82	7.8%	3.3%	3.4%
EBIT	3,344.15	2,412.59	38.6%	13.2%	10.6%
Other Income / (Loss)	590.69	459.76	28.5%	2.3%	2.0%
Exchange Gain/(Loss)	(184.59)	436.77	-142.3%	-0.7%	1.9%
PBT	3,750.25	3,309.12	13.3%	14.8%	14.5%
Tax	1,078.19	815.30	32.2%	4.3%	3.6%
PAT	2,672.06	2,493.82	7.1%	10.5%	10.9%

Consolidated Balance Sheet

Particulars	As on December 31, 2018	As on December 31, 2017	As on March 31, 2018
Assets			
PPE and Intangible assets	4,637.84	5,442.11	5,173.88
Non-Current Assets	637.33	525.43	605.90
Cash and Investments	15,337.89	11,377.78	12,264.75
Other Current Assets	8,571.82	8,586.23	8,393.19
Total	29,184.88	25,931.55	26,437.72
Equity and Liabilities			
Equity	23,875.37	21,111.23	21,271.99
Non-Current Liabilities	181.80	176.83	176.30
Current Liabilities	5,127.71	4,643.49	4,989.43
Total	29,184.88	25,931.55	26,437.72



Fact Sheet

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Revenue	Description / Nos. / %	Q3FY19	Q2FY19	Q1FY19	Q4FY18	Q3FY18	FY18	FY17
	Revenue from Operations, USD M	120.84	118.23	123.60	116.95	122.53	470.55	429.01
	% QoQ / YoY growth	2.2%	-4.3%	5.7%	-4.6%	3.8%	9.7%	22.0%
	Revenue from Operations, INR M	8,642.49	8,355.57	8,342.81	7,525.46	7,918.90	30,337.03	28,784.39
	% QoQ / YoY growth	3.4%	0.2%	10.9%	-5.0%	4.0%	5.4%	24.5%

Business Offerings Revenue Mix	Description / %	Q3FY19	Q2FY19	Q1FY19	Q4FY18	Q3FY18	FY18	FY17
	Services	75.0%	74.4%	72.6%	77.7%	73.2%	74.4%	72.0%
	IP Led	25.0%	25.6%	27.4%	22.3%	26.8%	25.6%	28.0%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Segment Revenue Mix	Description / %	Q3FY19	Q2FY19	Q1FY19	Q4FY18	Q3FY18	FY18	FY17
	Services	41.9%	43.0%	41.5%	45.5%	41.9%	43.8%	45.5%
	Digital	22.9%	22.0%	21.4%	24.0%	22.0%	21.3%	16.3%
	Alliance	29.4%	29.5%	32.1%	24.3%	29.6%	27.6%	29.4%
	Accelerite	5.8%	5.5%	5.0%	6.2%	6.5%	7.3%	8.8%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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Geography Revenue Mix	Description / %	Q3FY19	Q2FY19	Q1FY19	Q4FY18	Q3FY18	FY18	FY17
	North America	83.7%	82.6%	79.7%	80.9%	84.4%	83.5%	86.4%
	Europe	7.6%	7.5%	12.0%	8.2%	7.3%	7.5%	5.5%
	India	6.8%	7.3%	6.1%	7.9%	5.8%	6.3%	5.5%
	ROW	1.9%	2.6%	2.2%	3.0%	2.5%	2.7%	2.6%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Industry Classification	Description / %	Q3FY19	Q2FY19	Q1FY19	Q4FY18	Q3FY18	FY18	FY17
	ISV	39.8%	39.5%	38.8%	40.6%	38.5%	39.9%	43.5%
	Enterprise	35.2%	34.9%	33.8%	37.1%	34.7%	34.5%	28.5%
	IP Led	25.0%	25.6%	27.4%	22.3%	26.8%	25.6%	28.0%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Revenue by Delivery Centers	Description / %	Q3FY19	Q2FY19	Q1FY19	Q4FY18	Q3FY18	FY18	FY17
	Global Development Centers	29.9%	29.7%	31.1%	34.1%	32.1%	32.0%	26.8%
	India	45.1%	44.7%	41.5%	43.6%	41.1%	42.4%	45.2%
	IP Led	25.0%	25.6%	27.4%	22.3%	26.8%	25.6%	28.0%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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Client Billed	Nos.	Q3FY19	Q2FY19	Q1FY19	Q4FY18	Q3FY18	FY18	FY17
	Services	437	433	438	426	431	569	462
	IP Led	192	178	181	177	268	387	465

Includes one time clients with overlap across business offerings

Revenue Concentration	Description / %	Q3FY19	Q2FY19	Q1FY19	Q4FY18	Q3FY18	FY18	FY17
	Top 1	26.3%	25.7%	23.8%	21.7%	28.0%	25.9%	28.3%
	Top 5	45.0%	43.3%	43.8%	40.9%	46.3%	43.9%	44.6%
	Top 10	54.6%	52.4%	53.7%	49.9%	55.3%	53.5%	53.1%

Client Engagement Size	Nos.	Q3FY19	Q2FY19	Q1FY19	Q4FY18	Q3FY18	FY18	FY17
	Large > USD 3M	20	18	18	18	19	18	15
	Medium > USD 1M, < USD 3M	56	56	58	53	51	53	55

DSO	Nos.	Q3FY19	Q2FY19	Q1FY19	Q4FY18	Q3FY18	FY18	FY17
	Days		61	63	68	66	66	66

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Yield	USD / Per Person Month	Q3FY19	Q2FY19	Q1FY19	Q4FY18	Q3FY18	FY18	FY17
		5,386	5,329	5,497	5,225	5,355	5,160	4,834

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

Linear Revenue Per Billed PM*	USD / Per Person Month	Q3FY19	Q2FY19	Q1FY19	Q4FY18	Q3FY18	FY18	FY17
Global Delivery Centre		16,204	15,787	16,360	16,662	16,314	16,267	15,788
India		4,392	4,372	4,333	4,349	4,220	4,232	4,278

*Person Month

Attrition Rate	%	Q3FY19	Q2FY19	Q1FY19	Q4FY18	Q3FY18	FY18	FY17
TTM Basis		16.4%	15.4%	14.8%	14.7%	14.7%	14.7%	15.7%

People Numbers	Nos.	Q3FY19	Q2FY19	Q1FY19	Q4FY18	Q3FY18	FY18	FY17
Technical		8,761	8,566	8,196	8,329	8,460	8,329	8,808
Sales and Business Development		266	247	237	211	206	211	193
Others		503	489	469	436	443	436	459
Total		9,530	9,302	8,902	8,976	9,109	8,976	9,460

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Efforts and Utilization Mix - Linear	Description / Nos. / %	Q3FY19	Q2FY19	Q1FY19	Q4FY18	Q3FY18	FY18	FY17
	Billable Person Months	17,822	17,483	17,593	17,382	17,943	71,207	68,761
	- Global Delivery Centers	2,659	2,656	2,757	2,713	2,777	10,609	8,515
	- India	15,163	14,827	14,836	14,669	15,166	60,597	60,245
	Billed Person Months	14,635	14,318	14,205	14,119	14,335	56,405	52,626
	- Global Delivery Centers	2,232	2,221	2,348	2,391	2,413	9,255	7,280
	- India	12,403	12,097	11,857	11,728	11,922	47,151	45,346
	Utilization							
	- Blended	82.1%	81.9%	80.7%	81.2%	79.9%	79.2%	76.5%
	- Global Delivery Centers	83.9%	83.6%	85.2%	88.2%	86.9%	87.2%	85.5%
- India	81.8%	81.6%	79.9%	79.9%	78.6%	77.8%	75.3%	

IP Led	Nos.	Q3FY19	Q2FY19	Q1FY19	Q4FY18	Q3FY18	FY18	FY17
	IP Led Person Months	4,613	4,704	4,891	5,003	4,936	19,982	19,978



Thank You