



Persistent Systems Limited

Quarter ended September 30, 2018

Analyst Presentation and Fact Sheet

October 21, 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

Quarterly Highlights:

- USD Revenue at US\$ 118.23 Million, decline of 4.3% QoQ and increase of 0.1% YoY
- INR Revenue at ₹ 8,355.57 Million, growth of 0.2% QoQ and 9.8% YoY
- EBITDA ₹ 1,436.23 Million @ 17.2% of revenue, growth of 2.6% QoQ and 24.0% YoY
- PAT ₹ 881.41 Million @ 10.5% of revenue, increase of 0.9% QoQ and 6.7% YoY

Half Yearly Highlights:

- USD Revenue at US\$ 241.83 Million, YoY growth of 4.7%
- INR Revenue at ₹ 16,698.38 Million, YoY growth of 12.1%
- EBITDA ₹ 2,836.69 Million @ 17.0% of revenue, YoY growth of 28.9%
- PAT ₹ 1,754.89 Million @ 10.5% of revenue, YoY growth of 11.3%

Business Updates



- Persistent Systems acquired Herald Health™, a Boston based start-up that transforms healthcare data overload into clear and actionable insights for care providers and patients
- Partners HealthCare launches New Center of Excellence in collaboration with Persistent Systems, Partners HealthCare Pivot Labs, with an aim to disrupt the delivery of healthcare to enhance the patient experience, improve clinical outcomes and control costs
- Persistent Systems recognized in the Winner's Circle by HFS Blueprint Report for Software Product Engineering Services
- Persistent's Trade Finance Solution wins Alconics award for Best Application of AI in Financial Services

Sequential Q2 FY19 vs Q1 FY19

Particulars	Q2FY19	Q1FY19	Change	Exps / Sales %	
			QoQ	Q2FY19	Q1FY19
Revenue (\$ M)					
Services	87.95	89.79	-2.0%		
IP Led	30.28	33.81	-10.4%		
Revenue (\$ M)	118.23	123.60	-4.3%		
Avg. Exchange Rate ₹/US\$	70.67	67.50	4.7%		
Revenue (₹ M)	8,355.57	8,342.81	0.2%		
Cost of Revenue	₹ M	₹ M			
Employee Related Expenses	5,040.40	4,760.79	5.9%	60.3%	57.1%
Purchase / Royalty	215.95	412.63	-47.7%	2.6%	4.9%
Project related Travel Expenses	153.27	199.40	-23.1%	1.8%	2.4%
Total Direct costs	5,409.62	5,372.82	0.7%	64.7%	64.4%
Gross Profit	2,945.95	2,969.99	-0.8%	35.3%	35.6%
Sales & Marketing Exps	741.07	772.86	-4.1%	8.9%	9.3%
Admin. & Other Exps	743.32	741.37	0.3%	8.9%	8.9%
Doubtful Debt Provision	6.62	37.32	-82.3%	0.1%	0.4%
CSR Activities	18.71	17.98	4.1%	0.2%	0.2%
Total SGA	1,509.72	1,569.53	-3.8%	18.1%	18.8%
EBITDA	1,436.23	1,400.46	2.6%	17.2%	16.8%
Depreciation	119.72	122.86	-2.6%	1.4%	1.5%
Amortization	278.86	277.95	0.3%	3.3%	3.3%
EBIT	1,037.65	999.65	3.8%	12.4%	12.0%
Other Income / (Loss)	195.47	165.97	17.8%	2.3%	2.0%
Exchange Gain/(Loss)	35.67	20.63	72.9%	0.4%	0.2%
PBT	1,268.79	1,186.25	7.0%	15.2%	14.2%
Tax	387.38	312.77	23.9%	4.6%	3.7%
PAT	881.41	873.48	0.9%	10.5%	10.5%

YoY Comparison Q2 FY19 vs Q2 FY18

Particulars	Q2FY19	Q2 FY18	Change	Exps / Sales %	
			QoQ	Q2FY19	Q2 FY18
Revenue (\$ M)					
Services	87.95	87.34	0.7%		
IP Led	30.28	30.76	-1.6%		
Revenue (\$ M)	118.23	118.10	0.1%		
Avg. Exchange Rate ₹/US\$	70.67	64.46	9.6%		
Revenue (₹ M)	8,355.57	7,612.52	9.8%		
Cost of Revenue		₹ M			
Employee Related Expenses	5,040.40	4,763.96	5.8%	60.3%	62.6%
Purchase / Royalty	215.95	112.39	92.1%	2.6%	1.5%
Project related Travel Expenses	153.27	117.71	30.2%	1.8%	1.5%
Total Direct costs	5,409.62	4,994.06	8.3%	64.7%	65.6%
Gross Profit	2,945.95	2,618.46	12.5%	35.3%	34.4%
Sales & Marketing Exps	741.07	714.16	3.8%	8.9%	9.4%
Admin. & Other Exps	743.32	723.13	2.8%	8.9%	9.5%
Doubtful Debt Provision	6.62	6.17	7.3%	0.1%	0.1%
CSR Activities	18.71	17.18	8.9%	0.2%	0.2%
Total SGA	1,509.72	1,460.64	3.4%	18.1%	19.2%
EBITDA	1,436.23	1,157.82	24.0%	17.2%	15.2%
Depreciation	119.72	130.03	-7.9%	1.4%	1.7%
Amortization	278.86	249.41	11.8%	3.3%	3.3%
EBIT	1,037.65	778.38	33.3%	12.4%	10.2%
Other Income / (Loss)	195.47	133.49	46.4%	2.3%	1.8%
Exchange Gain/(Loss)	35.67	202.69	-82.4%	0.4%	2.7%
PBT	1,268.79	1,114.56	13.8%	15.2%	14.6%
Tax	387.38	288.33	34.4%	4.6%	3.8%
PAT	881.41	826.23	6.7%	10.5%	10.9%

YoY Comparison H1 FY19 vs H1 FY18

Particulars	H1 FY 19	H1 FY 18	Change	Exps / Sales % H1 FY 19	H1 FY 18
Revenue (\$ M)					
Services	177.74	169.55	4.8%		
IP Led	64.09	61.52	4.2%		
Revenue (\$ M)	241.83	231.07	4.7%		
Avg. Exchange Rate ₹ /US\$	69.05	64.45	7.1%		
Revenue (₹ M)	16,698.38	14,892.67	12.1%		
Cost of Revenue	₹ M	₹ M			
Employee Related Expenses	9,801.19	9,240.94	6.1%	58.7%	62.1%
Purchase / Royalty	628.58	222.18	182.9%	3.8%	1.5%
Project related Travel Expenses	352.67	314.11	12.3%	2.1%	2.1%
Total Direct costs	10,782.44	9,777.23	10.3%	64.6%	65.7%
Gross Profit	5,915.94	5,115.44	15.6%	35.4%	34.3%
Sales & Marketing Exps	1,513.93	1,369.93	10.5%	9.1%	9.2%
Admin. & Other Exps	1,484.69	1,488.61	-0.3%	8.9%	10.0%
Doubtful Debt Provision	43.94	17.31	153.8%	0.3%	0.1%
CSR Activities	36.69	38.19	-3.9%	0.2%	0.3%
Total SGA	3,079.25	2,914.04	5.7%	18.4%	19.6%
EBITDA	2,836.69	2,201.40	28.9%	17.0%	14.8%
Depreciation	242.58	262.79	-7.7%	1.5%	1.8%
Amortization	556.81	508.56	9.5%	3.3%	3.4%
EBIT	2,037.30	1,430.05	42.5%	12.2%	9.6%
Other Income / (Loss)	361.44	316.77	14.1%	2.2%	2.1%
Exchange Gain/(Loss)	56.30	387.14	-85.5%	0.3%	2.6%
PBT	2,455.04	2,133.96	15.0%	14.7%	14.3%
Tax	700.15	556.84	25.7%	4.2%	3.7%
PAT	1,754.89	1,577.12	11.3%	10.5%	10.6%

Consolidated Balance Sheet



₹ M

Particulars	As on September 30, 2018	As on September 30, 2017	As on March 31, 2018
Assets			
PPE and Intangible assets	5,011.28	5,766.80	5,173.88
Non-Current Assets	884.00	531.77	605.90
Cash and Investments	13,640.92	10,256.59	12,264.75
Other Current Assets	9,151.78	8,140.00	8,273.68
Total	28,687.98	24,695.16	26,318.21
Equity and Liabilities			
Equity	22,829.11	20,257.62	21,271.99
Non-Current Liabilities	196.99	188.16	176.30
Current Liabilities	5,661.88	4,249.38	4,869.92
Total	28,687.98	24,695.16	26,318.21



Fact Sheet

Fact Sheet

Revenue	Nos./%	Q2FY19	Q1FY19	Q4FY18	Q3FY18	Q2FY18	FY18	FY17
	Revenue from Operations, USD M	118.23	123.60	116.95	122.53	118.10	470.55	429.01
	% , q-o-q/ y-o-y growth	-4.3%	5.7%	-4.6%	3.8%	4.5%	9.7%	22.0%
	Revenue from Operations, INR M	8,355.57	8,342.81	7,525.46	7,918.90	7,612.52	30,337.03	28,784.39
	% , q-o-q / y-o-y	0.2%	10.9%	-5.0%	4.0%	4.6%	5.4%	24.5%

Business Offerings: Revenue Mix	%	Q2FY19	Q1FY19	Q4FY18	Q3FY18	Q2FY18	FY18	FY17
	Services	74.4%	72.6%	77.7%	73.2%	74.0%	74.4%	72.0%
	IP Led	25.6%	27.4%	22.3%	26.8%	26.0%	25.6%	28.0%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Segments Revenue Mix	%	Q2FY19	Q1FY19	Q4FY18	Q3FY18	Q2FY18	FY18	FY17
	Services	43.0%	41.5%	45.5%	41.9%	43.7%	43.8%	45.5%
	Digital	22.0%	21.4%	24.0%	22.0%	20.9%	21.3%	16.3%
	Alliance	29.5%	32.1%	24.3%	29.6%	27.3%	27.6%	29.4%
	Accelerite	5.5%	5.0%	6.2%	6.5%	8.1%	7.3%	8.8%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Fact Sheet

Geography: Revenue Mix	%	Q2FY19	Q1FY19	Q4FY18	Q3FY18	Q2FY18	FY18	FY17
	North America	82.6%	79.7%	80.9%	84.4%	83.4%	83.5%	86.4%
	Europe	7.5%	12.0%	8.2%	7.3%	8.5%	7.5%	5.5%
	India	7.3%	6.1%	7.9%	5.8%	5.6%	6.3%	5.5%
	ROW	2.6%	2.2%	3.0%	2.5%	2.5%	2.7%	2.6%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Industry Classification	Nos.	Q2FY19	Q1FY19	Q4FY18	Q3FY18	Q2FY18	FY18	FY17
	ISV	39.5%	38.8%	40.6%	38.5%	39.9%	39.9%	43.5%
	Enterprise	34.9%	33.8%	37.1%	34.7%	34.1%	34.5%	28.5%
	IP Led	25.6%	27.4%	22.3%	26.8%	26.0%	25.6%	28.0%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Revenue by Delivery Centers	%	Q2FY19	Q1FY19	Q4FY18	Q3FY18	Q2FY18	FY18	FY17
	Global Development Centers	29.7%	31.1%	34.1%	32.1%	31.9%	32.0%	26.8%
	India	44.7%	41.5%	43.6%	41.1%	42.1%	42.4%	45.2%
	IP Led	25.6%	27.4%	22.3%	26.8%	26.0%	25.6%	28.0%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Fact Sheet

Clients billed	Nos.	Q2FY19	Q1FY19	Q4FY18	Q3FY18	Q2FY18	FY18	FY17
	Services	433	438	426	431	419	569	462
	IP Led	178	181	177	268	277	387	465

Includes one time clients with overlap across business offerings

Revenue Concentration	%	Q2FY19	Q1FY19	Q4FY18	Q3FY18	Q2FY18	FY18	FY17
	Top 1	25.7%	23.8%	21.7%	28.0%	25.9%	25.9%	28.3%
	Top 5	43.3%	43.8%	40.9%	46.3%	43.8%	43.9%	44.6%
	Top 10	52.4%	53.7%	49.9%	55.3%	53.5%	53.5%	53.1%

Client Engagement Size	Nos.	Q2FY19	Q1FY19	Q4FY18	Q3FY18	Q2FY18	FY18	FY17
	Large > \$ 3Mn	18	18	18	19	19	18	15
	Medium > \$ 1Mn, < \$ 3Mn	56	58	53	51	49	53	55

DSO	Nos.	Q2FY19	Q1FY19	Q4FY18	Q3FY18	Q2FY18	FY18	FY17
	Days		63	68	66	66	66	66

Fact Sheet

Yield	USD / PPM	Q2FY19	Q1FY19	Q4FY18	Q3FY18	Q2FY18	FY18	FY17
			5,329	5,497	5,225	5,355	5,096	5,160

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	Q2FY19	Q1FY19	Q4FY18	Q3FY18	Q2FY18	FY18	FY17
	Global Delivery centers – Linear		15,787	16,360	16,662	16,314	16,023	16,267
India - Linear		4,372	4,333	4,349	4,220	4,148	4,232	4,278

Attrition Rate	%	Q2FY19	Q1FY19	Q4FY18	Q3FY18	Q2FY18	FY18	FY17
	(TTM basis)		15.4%	14.8%	14.7%	14.7%	15.5%	14.7%

People Numbers	Nos.	Q2FY19	Q1FY19	Q4FY18	Q3FY18	Q2FY18	FY18	FY17
	Technical		8,566	8,196	8,329	8,460	8,599	8,329
Sales & Business Development		247	237	211	206	208	211	193
Others		489	469	436	443	439	436	459
Total		9,302	8,902	8,976	9,109	9,246	8,976	9,460

Fact Sheet

Efforts and Utilization Mix - Linear	Nos. / %	Q2FY19	Q1FY19	Q4FY18	Q3FY18	Q2FY18	FY18	FY17
	Billable Person Months	17,483	17,593	17,382	17,943	18,245	71,207	68,761
	- Global Delivery Centers	2,656	2,757	2,713	2,777	2,689	10,609	8,515
	- India	14,827	14,836	14,669	15,166	15,556	60,597	60,245
	Billed Person Months	14,318	14,205	14,119	14,335	14,340	56,405	52,626
	- Global Delivery Centers	2,221	2,348	2,391	2,413	2,346	9,255	7,280
	- India	12,097	11,857	11,728	11,922	11,994	47,151	45,346
	Utilization							
	- Linear (Blended)	81.9%	80.7%	81.2%	79.9%	78.6%	79.2%	76.5%
	- Global Delivery Centers	83.6%	85.2%	88.2%	86.9%	87.2%	87.2%	85.5%
- India	81.6%	79.9%	79.9%	78.6%	77.1%	77.8%	75.3%	

IP Led	Nos.	Q2FY19	Q1FY19	Q4FY18	Q3FY18	Q2FY18	FY18	FY17
IP Led Person Months		4,704	4,891	5,003	4,936	4,931	19,982	19,978



Thank You