



PERSISTENT SYSTEMS LIMITED

Quarter ended March 31, 2018

24 April 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



Q4 FY18:

- USD Revenue at US\$ 116.95 Million, dip of 4.6% QoQ and YoY growth of 7.3%
- INR Revenue at ₹ 7,525.46 Million, dip of 5.0% QoQ and YoY growth of 3.5%
- EBITDA ₹ 1,110.62 Million @ 14.8% of revenue, dip of 19.2% QoQ and 6.5% YoY
- Profit after Tax (PAT) ₹ 737.06 Million @ 9.8% of revenue, dip of 19.6% QoQ and YoY growth of 1.3%

FY 18:

- USD Revenue at US\$ 470.55 Million, growth of 9.7%
- INR Revenue at ₹ 30,337.03 Million, growth of 5.4%
- EBITDA at ₹ 4,687.19 Million @ 15.5% of revenue, growth of 3.3%
- Profit after Tax (PAT) at ₹ 3,230.88 Million @ 10.6% of revenue, growth of 7.2%

Business updates and awards



- Appointed Prof. Deepak B Phatak, recipient of Padma Shri award who recently retired as Professor of Computer Science at IIT Bombay and Mr. Guy Eiferman who is an expert in Life Sciences and Healthcare having held several important positions at Merck & Co., as additional directors (independent Members) on the Board with immediate effect.
- Co-organized the software edition of the Smart India Hackathon 2018
- Persistent Foundation featured in The Economic Times CSR Compendium – The Enablers, 2017

Sequential Q4 FY18 Vs. Q3 FY18

Particulars	Q4FY18	Q3FY18	Change QoQ	Exps / Sales %	
				Q4FY18	Q3FY18
Revenue (\$ M)					
Services	90.86	89.68	1.3%		
IP Led	26.09	32.85	-20.6%		
Revenue (\$ M)	116.95	122.53	-4.6%		
Avg. Exchange Rate ₹/US\$	64.35	64.63	-0.4%		
Revenue (₹M)					
	7,525.46	7,918.90	-5.0%		
Cost of Revenue	₹ M	₹ M			
Employee Related Expenses	4,654.87	4,852.68	-4.1%	61.9%	61.3%
Purchase / Royalty	86.47	47.66	81.4%	1.1%	0.6%
Project related Travel Expenses	176.65	108.56	62.7%	2.3%	1.4%
Total Direct costs	4,917.99	5,008.90	-1.8%	65.4%	63.3%
Gross Profit	2,607.47	2,910.00	-10.4%	34.6%	36.7%
Sales & Marketing Exps	695.23	687.62	1.1%	9.2%	8.7%
Admin. & Other Exps	769.85	823.78	-6.5%	10.2%	10.4%
Doubtful Debt Provision	10.06	5.22	92.7%	0.1%	0.1%
CSR Activities	21.70	18.21	19.2%	0.3%	0.2%
Total SGA	1,496.84	1,534.83	-2.5%	19.9%	19.4%
EBIDTA	1,110.63	1,375.17	-19.2%	14.8%	17.4%
Depreciation	133.77	124.37	7.6%	1.8%	1.6%
Amortization	287.12	268.26	7.0%	3.8%	3.4%
EBIT	689.74	982.54	-29.8%	9.2%	12.4%
Other Income / (Loss)	144.21	142.99	0.9%	1.9%	1.8%
Exchange Gain/(Loss)	149.54	49.63	201.3%	2.0%	0.6%
PBT	983.49	1,175.16	-16.3%	13.1%	14.8%
Tax	246.43	258.46	-4.7%	3.3%	3.3%
PAT	737.06	916.70	-19.6%	9.8%	11.6%

YoY Comparison Q4 FY18 vs Q4 FY17

Particulars	Q4FY18	Q4 FY17	Change QoQ	Exps / Sales %	
				Q4FY18	Q4 FY17
Revenue (\$ M)					
Services	90.86	78.98	15.0%		
IP Led	26.09	30.05	-13.2%		
Revenue (\$ M)	116.95	109.03	7.3%		
Avg. Exchange Rate ₹ /US\$	64.35	66.69	-3.5%		
Revenue (₹ M)	7,525.46	7,271.08	3.5%		
Cost of Revenue	₹ M	₹ M			
Employee Related Expenses	4,654.87	4,356.62	6.8%	61.9%	59.9%
Purchase / Royalty	86.47	107.87	-19.8%	1.1%	1.5%
Project related Travel Expenses	176.65	179.48	-1.6%	2.3%	2.5%
Total Direct costs	4,917.99	4,643.97	5.9%	65.4%	63.9%
Gross Profit	2,607.47	2,627.11	-0.7%	34.6%	36.1%
Sales & Marketing Exps	695.23	629.39	10.5%	9.2%	8.7%
Admin. & Other Exps	769.85	689.89	11.6%	10.2%	9.5%
Doubtful Debt Provision	10.06	(14.73)	-168.3%	0.1%	-0.2%
CSR Activities	21.70	20.95	3.6%	0.3%	0.3%
Exceptional Item		114.11			1.6%
Total SGA	1,496.84	1,439.61	4.0%	19.9%	19.8%
EBIDTA	1,110.63	1,187.50	-6.5%	14.8%	16.3%
Depreciation	133.77	142.09	-5.9%	1.8%	2.0%
Amortization	287.12	252.03	13.9%	3.8%	3.5%
EBIT	689.74	793.38	-13.1%	9.2%	10.9%
Other Income / (Loss)	144.21	170.74	-15.5%	1.9%	2.3%
Exchange Gain/(Loss)	149.54	(27.62)	641.4%	2.0%	-0.4%
PBT	983.49	936.50	5.0%	13.1%	12.9%
Tax	246.43	208.55	18.2%	3.3%	2.9%
PAT	737.06	727.95	1.3%	9.8%	10.0%

YoY Comparison FY18 vs FY17

Particulars	FY18	FY17	% Change	Exps / Sales %	
				FY18	FY17
Revenue (\$ M)					
Services	350.09	308.93	13.3%		
IP Led	120.46	120.08	0.3%		
Revenue (\$ M)	470.55	429.01	9.7%		
Avg. Exchange Rate ₹/US\$	64.47	67.09	-3.9%		
Revenue (₹ M)	30,337.03	28,784.39	5.4%		
Cost of Revenue	₹ M	₹ M			
Employee Related Expenses	18,748.49	17,344.14	8.1%	61.8%	60.3%
Purchase / Royalty	356.31	422.54	-15.7%	1.2%	1.5%
Project related Travel Expenses	599.32	751.34	-20.2%	2.0%	2.6%
Total Direct costs	19,704.12	18,518.02	6.4%	65.0%	64.3%
Gross Profit	10,632.91	10,266.37	3.6%	35.0%	35.7%
Sales & Marketing Exps	2,752.78	2,613.78	5.3%	9.1%	9.1%
Admin. & Other Exps	3,082.24	2,779.15	10.9%	10.2%	9.7%
Doubtful Debt Provision	32.59	140.20	-76.8%	0.1%	0.5%
CSR Activities	78.10	79.78	-2.1%	0.3%	0.3%
Exceptional Item	-	114.11	-	-	0.4%
Total SGA	5,945.71	5,727.02	3.8%	19.6%	19.9%
EBIDTA	4,687.20	4,539.35	3.3%	15.5%	15.8%
Depreciation	520.93	572.37	-9.0%	1.7%	2.0%
Amortization	1063.94	917.80	15.9%	3.5%	3.2%
EBIT	3,102.33	3,049.18	1.7%	10.2%	10.6%
Other Income / (Loss)	603.97	689.05	-12.3%	2.0%	2.4%
Exchange Gain/(Loss)	586.31	268.50	118.4%	1.9%	0.9%
PBT	4,292.61	4,006.73	7.1%	14.1%	13.9%
Tax	1,061.73	992.08	7.0%	3.5%	3.4%
PAT	3,230.88	3,014.65	7.2%	10.6%	10.5%

Consolidated Balance Sheet



(₹ M)

Particulars	As on March 31, 2018	As on March 31, 2017
Assets		
PPE and Intangible assets	5,173.88	5,649.24
Non-Current Assets	605.90	398.98
Cash and Investments	12,264.77	9,411.53
Other Current Assets	8,273.68	7,893.23
Total	26,318.23	23,352.98
Equity and Liabilities		
Equity	21,271.99	18,992.63
Non-Current Liabilities	176.30	187.59
Current Liabilities	4,869.94	4,172.76
Total	26,318.23	23,352.98



Fact Sheet

Fact sheet



Revenue	Nos./%	Q4FY18	Q3FY18	Q2FY18	Q1FY18	Q4FY17	FY18	FY17
	Revenue from Operations, USD M	116.95	122.53	118.10	112.97	109.03	470.55	429.01
	% , q-o-q/ y-o-y growth	-4.6%	3.8%	4.5%	3.6%	-0.9%	9.7%	22.0%
	Revenue from Operations, INR M	7,525.46	7,918.90	7,612.52	7,280.15	7,271.08	30,337.03	28,784.39
	% , q-o-q / y-o-y	-5.0%	4.0%	4.6%	0.1%	-2.5%	5.4%	24.5%

Business Offerings: Revenue Mix	%	Q4FY18	Q3FY18	Q2FY18	Q1FY18	Q4FY17	FY18	FY17
	Services	77.7%	73.2%	74.0%	72.8%	72.4%	74.4%	72.0%
	IP Led	22.3%	26.8%	26.0%	27.2%	27.6%	25.6%	28.0%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Segments: Revenue Mix	%	Q4Y18	Q3FY18	Q2FY18	Q1FY18	Q4FY17	FY18	FY17
	Services	45.5%	41.9%	43.7%	44.5%	43.9%	43.8%	45.5%
	Digital	24.0%	22.0%	20.9%	18.0%	18.9%	21.3%	16.3%
	Alliance	24.3%	29.6%	27.3%	29.2%	27.6%	27.6%	29.4%
	accelerite	6.2%	6.5%	8.1%	8.3%	9.6%	7.3%	8.8%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Fact Sheet



Geography: Revenue Mix	%	Q4FY18	Q3FY18	Q2FY18	Q1FY18	Q4FY17	FY18	FY17
	North America	80.9%	84.4%	83.4%	85.5%	86.5%	83.5%	86.4%
	Europe	8.2%	7.3%	8.5%	5.9%	5.3%	7.5%	5.5%
	India	7.9%	5.8%	5.6%	5.9%	5.6%	6.3%	5.5%
	ROW	3.0%	2.5%	2.5%	2.7%	2.6%	2.7%	2.6%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Industry Classification	Nos.	Q4FY18	Q3FY18	Q2FY18	Q1FY18	Q4FY17	FY18	FY17
	ISV	40.6%	38.5%	39.9%	40.8%	41.9%	39.9%	43.5%
	Enterprise	37.1%	34.7%	34.1%	32.0%	30.5%	34.5%	28.5%
	IP Led	22.3%	26.8%	26.0%	27.2%	27.6%	25.6%	28.0%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Revenue by delivery Centers	%	Q4FY18	Q3FY18	Q2FY18	Q1FY18	Q4FY17	FY18	FY17
	Global Development Centers	34.1%	32.1%	31.9%	29.9%	27.8%	32.0%	26.8%
	India	43.6%	41.1%	42.1%	42.9%	44.6%	42.4%	45.2%
	IP Led	22.3%	26.8%	26.0%	27.2%	27.6%	25.6%	28.0%
	Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Fact Sheet



Clients billed	Nos.	Q4FY18	Q3FY18	Q2FY18	Q1FY18	Q4FY17	FY18	FY17
	Services	426	431	419	303	313	569	462
	IP Led	177	268	277	306	308	387	465

Includes one time clients with overlap across business offerings

Revenue Concentration	%	Q4FY18	Q3FY18	Q2FY18	Q1FY18	Q4FY17	FY18	FY17
	Top 1	21.7%	28.0%	25.9%	27.9%	26.5%	25.9%	28.3%
	Top 5	40.9%	46.3%	43.8%	45.7%	43.3%	43.9%	44.6%
	Top 10	49.9%	55.3%	53.5%	55.2%	52.4%	53.5%	53.1%

Client Engagement Size	Nos.	Q4FY18	Q3FY18	Q2FY18	Q1FY18	Q4FY17	FY18	FY17
	Large > \$ 3Mn	18	19	19	18	15	18	15
	Medium > \$ 1Mn, < \$ 3Mn	53	51	49	52	55	53	55

DSO	Nos.	Q4FY18	Q3FY18	Q2FY18	Q1FY18	Q4FY17	FY18	FY17
	Days	66	66	66	64	65	66	65

Fact Sheet



Yield	USD / PPM	Q4FY18	Q3FY18	Q2FY18	Q1FY18	Q4FY17	FY18	FY17
		5,225	5,355	5,096	4,966	4,942	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 Person Month	USD / PPM	Q4FY18	Q3FY18	Q2FY18	Q1FY18	Q4FY17	FY18	FY17
Global Delivery centers – Linear		16,662	16,314	16,023	16,037	15,917	16,267	15,788
India - Linear		4,349	4,220	4,148	4,212	4,244	4,232	4,278

Attrition Rate	%	Q4FY18	Q3FY18	Q2FY18	Q1FY18	Q4FY17	FY18	FY17
(TTM basis)		14.7%	14.7%	15.5%	15.5%	15.7%	14.7%	15.7%

People Numbers	Nos.	Q4FY18	Q3FY18	Q2FY18	Q1FY18	Q4FY17	FY18	FY17
Technical		8,329	8,460	8,599	8,744	8,808	8,329	8,808
Sales & Business Development		211	206	208	210	193	211	193
Others		436	443	439	447	459	436	459
Total		8,976	9,109	9,246	9,401	9,460	8,976	9,460

Fact Sheet



Efforts and Utilization Mix - Linear	Nos. / %	Q4FY18	Q3FY18	Q2FY18	Q1FY18	Q4FY17	FY18	FY17
	Billable Person Months	17,382	17,943	18,245	17,636	17,178	71,207	68,761
	- Global Delivery Centers	2,713	2,777	2,689	2,431	2,236	10,609	8,515
	- India	14,669	15,166	15,556	15,205	14,942	60,597	60,245
	Billed Person Months	14,119	14,335	14,340	13,611	13,366	56,405	52,626
	- Global Delivery Centers	2,391	2,413	2,346	2,104	1,907	9,255	7,280
	- India	11,728	11,922	11,994	11,507	11,459	47,151	45,346
	Utilization							
	- Linear (Blended)	81.2%	79.9%	78.6%	77.2%	77.8%	79.2%	76.5%
	- Global Delivery Centers	88.2%	86.9%	87.2%	86.6%	85.3%	87.2%	85.5%
- India	79.9%	78.6%	77.1%	75.7%	76.7%	77.8%	75.3%	

IP Led	Nos.	Q4FY18	Q3FY18	Q2FY18	Q1FY18	Q4FY17	FY18	FY17
	IP Led Person Months	5,003	4,936	4,931	5,113	4,884	19,982	19,978



Thank You!

Persistent Systems Limited