

Cigniti Technologies Ltd.

Investor Update

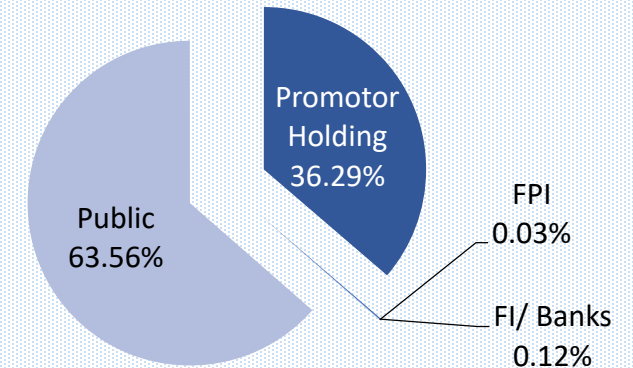
Q2 & H1 FY20

Cigniti is a globally recognized player in Specialized Quality Engineering Services and an emerging leader with Digital offerings

Business Overview

- Founded in 1998, Cigniti is a global player in Specialized Quality Engineering Services
- It offers **Services** including Traditional Quality Assurance & Testing, Quality Engineering, Digital Testing and many more services
- 2300+ Employees worldwide, 1900+ testers
- 200+ Active customers including 50+ Fortune 500 Customers
- Differentiator: IP led approach to digital through **BlueSwan** Platform
- **Key Verticals:** BFSI, Travel & Hospitality, HealthCare

Share Holding Pattern (Sept'19)



Awards & Recognitions

- **World's first** Independent Quality Engineering Services Company to be appraised at CMMI-SVC v1.3, Maturity Level 5, and we also are ISO 9001:2015 & ISO 27001:2013 certified
- Positioned as a **'Star Performer'** and **'Major Contender'** in the Everest Group PEAK Matrix. 3 years in a row.
- Positioned in **Gartner's Magic Quadrant** for Application Testing Services, Worldwide for 4 years in a row.
- Recognized as a Leader by **NelsonHall** in NEAT charts for Software Testing.

Customers

A strong client base of 200+ Active Customers



Partners

Deeply interconnected in rich ecosystems



Financial Overview

Business Metrics Q2FY20

Revenues: 214.60 Cr.

EBITDA: 36.87 Cr.

PAT: 35.72 Cr.

Business Metrics H1FY20

Revenues: 422.18 Cr.

EBITDA: 68.52 Cr.

PAT: 64.22 Cr.

Q2 & H1 FY20 Operational Highlights

- ❖ The Company's Revenue from operations for the quarter under consideration stood at Rs. 214.60 crore as against Rs. 204.96 crore in Q2FY19 on a consolidated basis.
- ❖ The company's Net Profit for Q2FY20 stood at Rs. 35.72 crore on a consolidated basis.
- ❖ EBIDTA for the September quarter was at Rs. 36.87 crore and EBIDTA margin stood at 17%.
- ❖ Revenue from top 5 clients contributed approximately 20.5% of the Revenue
- ❖ Travel, Transport, Health Care & BFSI sector contributed the most to the revenue for Q2FY20

Company Overview

Headquartered in Hyderabad, India, Cigniti is North America's largest Independent Quality Engineering Services company with operations in 13 countries. It offers wide variety of QA testing services including Testing Advisory & consulting leveraging IP (BlueSwan) for Digital transformation.

200+
Active
Customers

1900+
Career
Testers

50+
Fortune
500 Customers

71
Global
2000 Customers

Awards & Recognitions



Partners



Quality Engineering and Specialized Offerings



- Performance Engineering
- Service Virtualization
- Test Data Management
- Tools Streamlining
- End to End Automation
- DevOps Enablement
- Test Environment Management
- Resiliency and Reliability Testing

Quality Assurance and Traditional Offerings



- Security Testing
- Functional Testing
- Test Automation
- Globalization Testing
- Performance Testing
- Compatibility Testing
- Regression Testing

Digital and Next Generation Offerings



- IoT Assurance
- Cloud Assurance
- Omni and Multi-Channel Testing
- Robotics Automation
- Mobile Testing
- Customer Experience Testing

Board Members





C V Subramanyam, Chairman and Managing Director

- In 1998, Mr. Subramanyam founded Chakkilam Infotech Pvt. Ltd. as an IT services company providing IT solutions
- Successfully took the company public in 2004
- Holds a Bachelors in Commerce and Law and Post Graduate Diploma in Business Management



Srikanth Chakkilam, Chief Executive Officer, Cigniti Technologies Inc.

- Drives client acquisition strategies, provides oversight to Sales, sets business targets, and maintains the P&L and related activities
- Key decision maker in the vision and growth of Cigniti & plays a vital role in evaluating, analyzing & deciding Cigniti's pursuits related to inorganic growth
- Focused to build a highly successful, impactful and ethical business in all forms
- Has an MS from the University of Southern California



Krishnan Venkatachary, CFO

- Mr. Krishnan brings to Cigniti over 25 years of experience spanning global financial operations. Is a qualified ACA, ACS and FCMA
- Previous experience: Yashoda Hospitals, Flagstone Underwriting Support Services, VisualSoft Technologies, Baan Info Systems



Pradeep G, CTO & President (North America West)

- Mr. Pradeep as CTO is responsible for revenue targets and business growth for Cigniti's NA West operations. He is an industry thought leader in software testing with over 15 years of experience
- Previous experience: Cognizant Technology Solutions, HTC Global services



Kalyana Rao Konda, President (North America East)

- Mr. Kalyana drives the growth of Cigniti's NA East business to meet the co-located testing services requirements in the US. Is a certified Project Management Professional (PMP) and a Certified Software Quality Analyst (CSQA)
- Previous experience: AppLabs, Virtusa, and Baan



Raghu Krovvidy, EVP – Delivery, Process & ESG

- Mr. Raghu manages Global Delivery on a day to day basis across all GEOs and verticals for Cigniti
- Previous experience: 20+ years. Accenture, AppLabs, IRIS Digital & NIIT



Jagdish Kumar, SVP – ICT

- Jagdish heads ICT function at Cigniti. Over 25 years of experience in various global roles spanning IT Strategy & others
- Previous experience: JDA, OpenText, BaaN, HCL



Nanda Padmaraju, SVP – ROW

- Mr. Nanda heads sales for the UK and EU regions. Brings in more than 18 years of global IT expertise along with strong financial acumen
- Previous experience: AppLabs, Satyam Computer, IBM & Sharp Protech



Rajesh Sarangapani, VP – Delivery, Practices

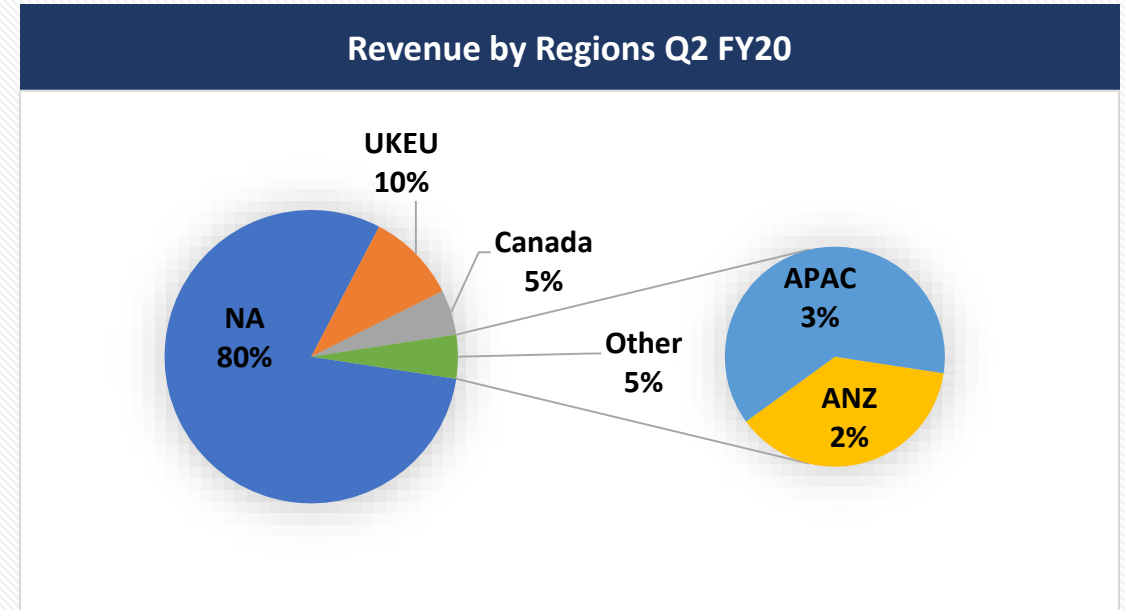
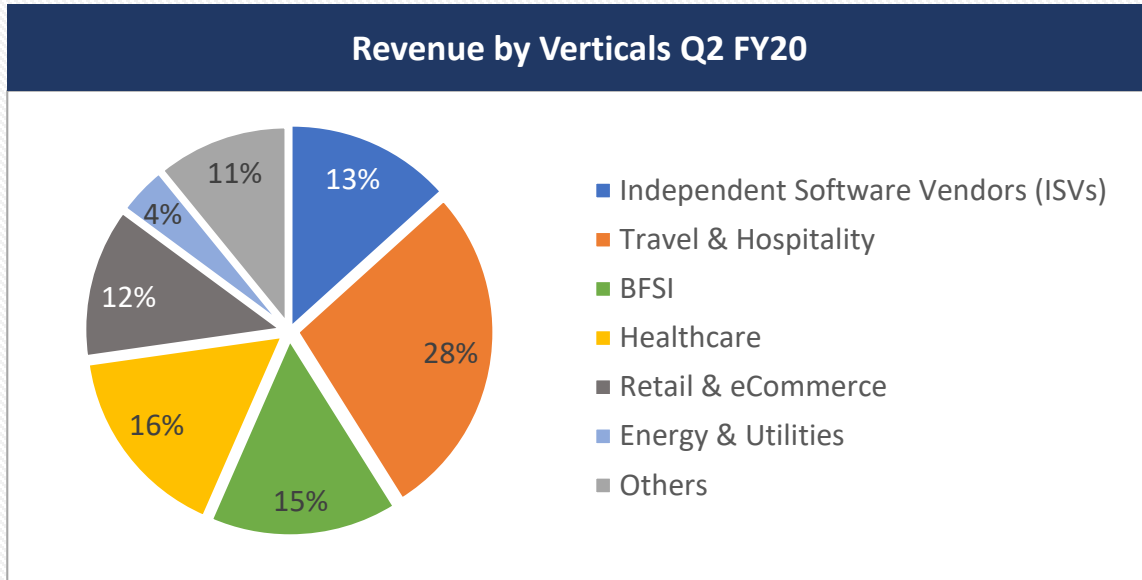
- Mr. Rajesh manages technology COE's and Innovation. Over 20 Years of experience in software testing
- Previous experience: Accenture, AppLabs, Amundi Pioneer, Virtusa & Baan



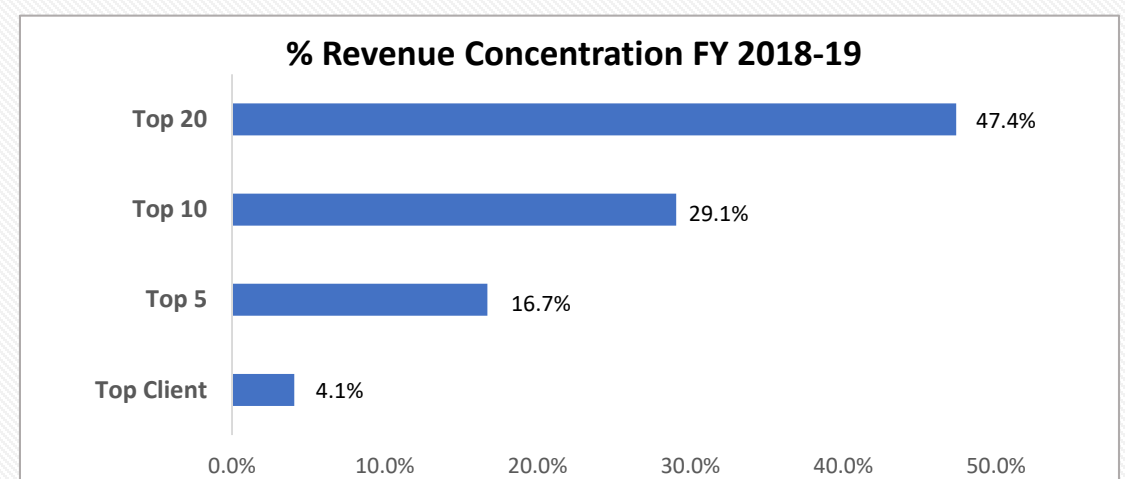
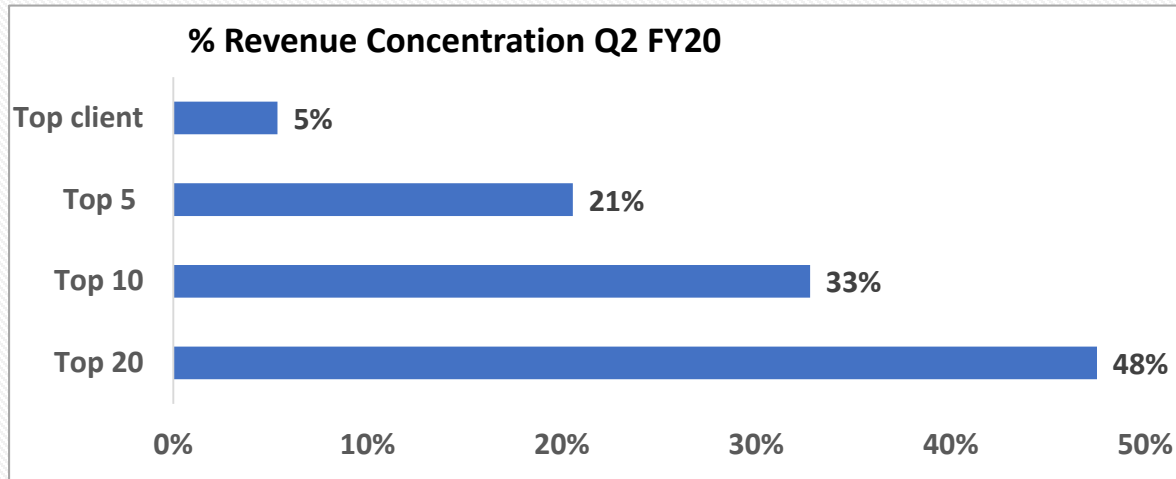
Subhendu Pattnaik, AVP – Marketing & IST

- Subhendu heads Global Marketing & Demand Generation. 15+ years of experience & proven track record in leading 360-degree Marketing
- Previous experience: Infosys, Tata BSS, FINO, Mindfire

Diversified Client base Leading to Better Stability



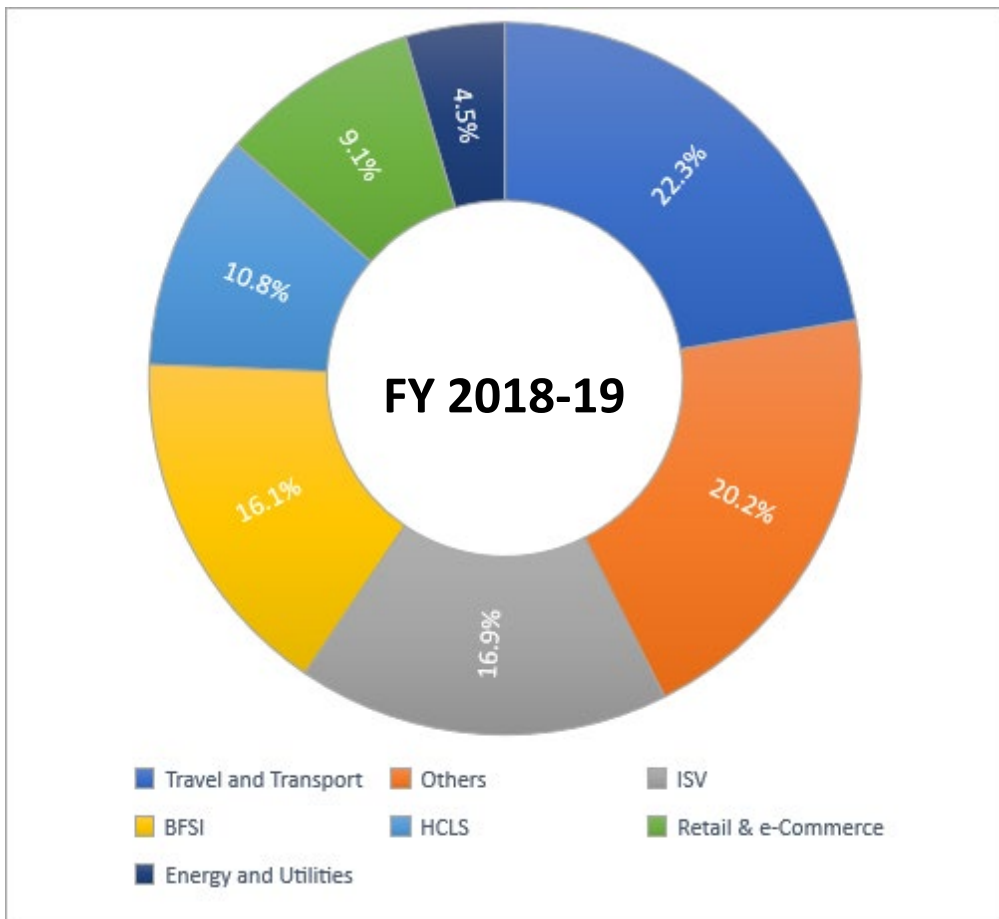
The revenue concentration in top accounts has decreased significantly from FY18 to FY19, implying higher revenue stability in future



Marquee Clients Across Industry Verticals

In high-spend Industry verticals, Cigniti has marquee clients.

Diversified revenue profile across industry verticals...



Verticals	Key Clients
BFSI	SYNOVUS, Bank of America, Heartland PAYMENT SYSTEMS, Exeter finance corp, DBS, Atom, D&B, ALFA INSURANCE, MAX LIFE INSURANCE
Energy & Utilities	LGE KU PPL companies, Pioneer, WALES&WEST UTILITIES, ONCOR, LENNOX, Tantalus
Healthcare & Life Sciences	AstraZeneca, optos, DELTA DENTAL, NAPIER Healthcare, Cipla, gsk GlaxoSmithKline, BlueCross BlueShield, NUANCE TRANSCRIPTION SERVICES
Travel & Hospitality	Best Western, SOUTHWEST AIRLINES, IndiGo, Hertz, RYANAIR, Purolator, Air-Asia
Media & Technology	BROADCOM, hp, NCR, FREEMAN, tellabs, OMNIGON
Retail & e-commerce	SUBWAY, payu, redBus, C&S Wholesale Grocers, snapdeal

Financial Highlights Q2 FY20

(in Millions)	Q2FY20	Q1FY20	Q2FY19	Q-o-Q	Y-o-Y
<u>Income</u>					
Revenue from operations	2,146	2,076	2,050	3%	5%
Revenue from operations (\$M)	30.54	29.84	29.53		
<u>Expenses</u>					
Employee benefit expense	1,279	1,266	1,164	1%	10%
Other expenses	498	493	514	1%	(3%)
EBITDA	369	317	371	17%	(1%)
% EBITDA	17.2%	15.2%	18.1%		
Depreciation & Amort	29	29	7	-	306%
EBIT	340	288	364	18%	(7%)
Other Income(Expense)	53	40	235	32%	(77%)
Finance costs	19	21	36	(6%)	(46%)
PBT	374	307	563	22%	(33%)
Tax	17	22	68	(23%)	(74%)
PAT	357	285	495	25%	(28%)
EPS (Basic)	12.91	10.3	18.0		

All values are in INR Million

Financial Highlights H1 FY20

(in Millions)	H1FY20	H1FY19	Y-o-Y
<u>Income</u>			
Revenue from operations	4,222	3,997	6%
Revenue from operations (\$M)	60.41	58.81	
<u>Expenses</u>			
Employee benefit expense	2,545	2,349	8%
Other expenses	991	995	(0.5%)
EBITDA	685	653	5%
% EBITDA	16.2%	16.3%	
Depreciation & Amort	57	14	308%
EBIT	628	639	(2%)
Other Income(Expense)	93	290	NM
Finance costs	40	74	(46%)
PBT	681	855	(20%)
Tax	39	(32)	-
PAT	642	887	(27%)
EPS (Basic)	23.21	32.36	

All values are in INR Million

Cigniti's Income statement

	FY16	FY17	FY18	FY19	H1 FY20
<u>Income</u>					
Revenue from operations	5,948	6,193	6,933	8,161	4,222
Revenue from operations (\$M)	90	94	108	117	
<u>Expenses</u>					
Employee benefit expense	3,937	4,513	4,701	4,754	2,545
Other expenses	1,032	1,900	1,715	2,080	991
EBITDA	979	-221	517	1,327	685
% EBITDA	16.5%	-3.6%	7.5%	16.2%	16.2%
Depreciation & Amort	113	170	27	31	57
EBIT	867	-390	490	1,296	628
Other Income	33	3	9	272	93
Finance costs	60	161	170	146	40
PBT (before exceptional items)	840	-548	320	1,422	681
Exceptional items	-	-3,321	-	-	-
PBT	840	-3,869	329	1,422	681
Tax	344	79	8	(52)	39
PAT	497	-3,948	322	1,474	642
EPS (Basic)	19.9	-151.1	12.1	53.6	23.21

All values are in INR Million

Cigniti's Balance Sheet

All values are in INR Million

	2016	2017	2018	2019	H1 FY20
Property Plant & equipment	285	88	69	136	141
Right-to-use asset	-	-	-	-	326
Goodwill	549	549	549	549	549
Capital WIP	643	-	-	-	-
Other intangible assets	581	-	-	-	-
Financial assets					
Loans	38	35	34	42	30
Other non-financial assets	-	2	2	-	-
Deferred tax assets net	10	50	-	-	-
Other non current assets	1,251	15	14	-	-
Sub total	3,357	739	667	727	1,046
Current assets					
Financial assets					
Investment	-	-	-	-	171
Loans	5	170	178	10	20
Trade receivables	1,115	1,035	1,147	1,237	1,276
Cash and cash equivalent	40	158	179	615	173
Other Bank balances	2	4	4	1	-
Other current financials assets	2	1	121	313	1,118
Current tax assets net	19	14	3	45	52
Other current assets	1,624	159	82	127	190
Sub total	2,806	1,540	1,714	2,348	3,000
Total	6,163	2,279	2,380	3,075	4,046

	2016	2017	2018	2019	H1 FY20
Equity & Liabilities					
Equity share capital	255	265	272	277	277
Other equity	3,126	-673	-204	1,231	1,819
Sub total	3,381	-408	69	1,507	2,096
Non-current liabilities					
Financial liabilities					
Lease Obligation	-	-	-	-	323
Borrowings	-	204	148	-	-
Long term provisions	28	52	65	75	75
Deferred tax liability	24	-	-	-	-
Sub total	52	256	213	75	398
Current liabilities					
Financial liabilities					
Short term borrowings	1,184	1,188	1,110	737	740
Trade payables	992	523	542	562	539
Lease Obligation	-	-	-	-	76
Other current financial liabilities	-	62	65	22	17
Short term provisions	12	15	18	29	29
Current tax liability, net	364	291	162	11	17
Other current liabilities	178	351	201	132	134
Subtotal	2,731	2,431	2,099	1,493	1,552
Total	6,163	2,279	2,380	3,075	4,046

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