

# Mastek Q3FY17 Total Income at Rs 128.0 crore

- **PAT up 46.8% Q-o-Q to Rs 11.2 crore**
- **EBITDA margin improves by 136bps to 12.1%**
- **12 month Order Backlog stood at Rs 227.1 crore**

Mumbai, India – 17<sup>th</sup> January 2017: Mastek, a global IT player and a trusted partner in complex digital & agile transformation programs in the Government, Retail and Financial Services worldwide, announced today its financial results for the third quarter of FY17.

## Review of financial performance for the quarter ended 31<sup>st</sup> December, 2016

On a quarter-on-quarter basis:

- The operating income was Rs 126.1 crore during the quarter under review as compared to Rs 125.9 crore during the previous quarter reflecting a marginal growth of 0.2% in rupee terms and an increase of 6.9% in constant currency terms.
- Total income was Rs 128.0 crore during the quarter under review as compared to Rs 128.4 crore during the previous quarter, marginal drop of 0.3% on Q-o-Q basis.
- The Company reported EBITDA of Rs 15.5 crore (12.1% of total income) in Q3FY17 as compared to Rs 13.8 crore (10.7% of total income) in Q2FY17.
- Net profit stood at Rs 11.2 crore in Q3FY17 as against Rs 7.7 crore in Q2FY17, up by 46.8% on Q-o-Q basis. The growth was driven by improvement in operational efficiencies and tax expenses.

For the nine month ended 31<sup>st</sup> December, 2016:

- The operating revenue was Rs 382.1 crore during the nine month period under review as compared to Rs. 402.7 crore during the corresponding period of previous year reflecting a drop of 5.1% in rupee terms and a growth of 2.9% in constant currency.
- Total income was Rs 390.0 crore during the nine month period under review as compared to Rs 416.8 crore during the corresponding period of previous year, a decrease of 6.4% in rupee terms.
- The company reported an EBITDA of Rs 40.0 crore (10.3% of total income) for the nine month period under review as compared to an EBITDA of Rs 29.1 crore (7.0% of total income) during the corresponding period of previous year.
- Net profit stood at Rs 22.5 crore for the nine month period under review as against a profit of Rs 7.9 crore in corresponding period of previous year reflecting a growth of 185% in rupee terms.

Operating highlights

- **New accounts billed during the quarter:** The Company added 8 new clients in Q3FY17 and 27 new clients in 9MFY17. Total client count as of 31<sup>st</sup> December, 2016 was 87 (LTM).
- **12m Order Backlog:** Mastek's 12-month order backlog was Rs 227.1 crore (£ 27.2 mn) as on 31<sup>st</sup> December, 2016 as compared to Rs 220.1 crore (£ 25.3 mn) at the end of

Q2FY17, reflecting an increase of 3.2% QoQ in rupee terms (an increase of 7.4 % Q-o-Q in constant currency).

- **Employees:** As on 31<sup>st</sup> December, 2016, the company had a total of 1,300 employees, of which 920 employees were based offshore in India while the rest were at various onsite locations outside India. Employee count at the end of 30<sup>th</sup> September, 2016 was 1,317.
- **Billable Utilization:** The Company's billable utilization stood at 82.4% in Q3FY17 as compared to 81.5% in Q2FY17.
- **Acquisition Update:**
  - During the quarter, Company has acquired 100% stake in Trans American Information System Private Limited, India a company engaged in IT Consulting and Software Services, for a fixed consideration of Rs 11.87 crore.
  - During the current quarter, Group has acquired 100% stake in Trans American Information Systems Inc., USA (TA USA) and Taistech LLC, USA (TA LLC) companies engaged in IT Consulting and Software Services. The consideration for the acquisition comprises a fixed consideration of US\$12.25 million (Rs 83.21 crore) plus a contingent consideration based on achievement of revenue and EBITDA targets over a period of 3 years, from the date of acquisition.
- **Management Update:** During the quarter, Mr. John Owen was appointed as a Group Chief Executive Officer (CEO) of Mastek. Consequently, Mr. Sudhakar Ram has been re-designated as Vice – Chairman and Managing Director of the Company. Mr. John Owen has played senior sales and marketing roles in organizations like Serco, HP and Nortel over the last 25 years. In his last job at Serco, John was the Sales and Marketing Director for UK and Europe with revenue responsibility for £2.6bn and the relationship management of the UK Government — Serco's largest customer. With his deep expertise in business development and his track record with the UK markets – especially the UK government market – John will be ideal to lead Mastek to the next level of growth. John's appointment embodies Mastek's commitment to the U.K.
- **Cash & Cash Equivalents (including liquid investments):** The total cash & cash equivalent (including liquid investment) stands at Rs 146.5 crore as on 31<sup>st</sup> December, 2016 as compared to Rs 138.1 crore at the end of 30<sup>th</sup> September, 2016.

*Commenting on the results, Mr. Sudhakar Ram, Vice-Chairman & Managing Director, Mastek, said: "This was a strong quarter for us with good operating performance and announcement of two acquisitions with an aim to re-enter the US market. We are confident that this acquisition will leverage Mastek's global foot print and will help us to accelerate our growth strategy going forward. We are seeing significant traction in agile and digital transformation solutions and expect the growth momentum to continue in future quarters."*

*Mr. John Owen, Group CEO, Mastek, said: "I am pleased our performance has been solid and aligned to expectations. The market fundamentals for Mastek remain positive as we execute our strategy to become a leader in Digital Transformation. The acquisition of TAISTECH strengthens our position in the US Market and will be a strong contributor to our future growth."*

*Mr. Abhishek Singh, Group CFO, Mastek, said: "The quarter ended 31<sup>st</sup> December'16, was in line with our expectations. Topline grew by 6.9% in constant currency terms. INR revenues remained flat due to currency headwinds. Our profitability at the EBITDA and PAT levels have continued to grow assisted by operational efficiencies. We expect the momentum to continue."*

## **About Mastek**

Mastek is a publicly held (NSE: MASTEK; BSE: 523704) leading IT player with global operations providing enterprise solutions to government, retail and financial services organizations worldwide. With its principal offshore delivery facility based at Mumbai, India, Mastek operates in the UK and Asia Pacific regions. Incorporated in 1982, Mastek has been at the forefront of technology and has made significant investments in creating intellectual property, which along with proven methodologies and processes, increase IT value generation to its customers through onsite and offshore deliveries. For more information and past results & conference call transcripts, please visit our web site [www.mastek.com](http://www.mastek.com) (and/or the Investors section at <http://www.mastek.com/investors.html>). Updated disclosures regarding corporate governance may also be accessed in the web site's Investors section at: <http://www.mastek.com/investors/corporate-governance.html>.

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Shareholders may also contact Mastek via email at [Investor\\_grievances@mastek.com](mailto:Investor_grievances@mastek.com), which has been specifically created for the redressal of investor grievances. You may also contact the Investor Relations team by email at [investor.relations@mastek.com](mailto:investor.relations@mastek.com).

*Note: Except for the historical information and discussion contained herein, statements included in this release may constitute forward looking statements. These statements involve a number of risks and uncertainties that could cause actual results to differ materially from those that be projected by these forward looking statements. These risks and uncertainties include, but not limited to such factors as competition, growth, pricing environment, recruitment and retention, technology, wage inflation, law and regulatory policies etc. Such risks and uncertainties are detailed in the Annual Report of the company which is available on the website [www.mastek.com](http://www.mastek.com). Mastek Ltd. undertakes no obligation to update forward looking statements to reflect events or circumstances after the date thereof.*