



Press Release | Q2'FY20

Q2FY20 Total Income at Rs 252.7 crore

- **Added 11 new clients during the quarter**
- **12M Order Backlog grew by 3.9% Q-o-Q**
- **Recommends Interim Dividend of 60%**

Mumbai, India – 17th October, 2019: Mastek, a global IT player and a trusted partner in complex digital & agile transformation programs in the Government and Global Enterprises worldwide, announced today its financial results for the **second quarter and half year of FY20**.

Review of financial performance for the quarter ended 30th September, 2019

On a quarter-on-quarter basis:

- Total income was Rs 252.7 crore during the quarter under review, flat on Q-o-Q basis.
- The operating income was Rs 243.6 crore during the quarter under review as compared to Rs 247.5 crore during the previous quarter, reflecting a drop of (1.6%) in rupee terms and flat in constant currency terms. (Exchange rate Rs/£: 86.8 in Q2FY20 vs 89.4 in Q1FY20).
- The Company reported an operating EBITDA of Rs 28.7 crore (11.8% of op. income) in Q2FY20 as compared to Rs 32.9 crore (13.3% of op. income) in Q1FY20. Wage hike and exceptional activities in the quarter impacted operating EBITDA by (1.8%).
- The Company reported total EBITDA of Rs 37.8 crore (14.9% of total income) in Q2FY20 as compared to Rs 38.0 crore (15.0% of total income) in Q1FY20.
- Net profit stood at Rs 24.6 crore in Q2FY20 as compared to Rs 24.2 crore in Q1FY20, a growth of 1.7% on Q-o-Q basis.

On year-on-year basis:

- Total income was Rs 252.7 crore during the quarter under review as compared to Rs 265.8 crore during the corresponding quarter of previous year, de-growth of (4.9%) in rupee terms.
- The operating income was Rs 243.6 crore during the quarter under review as compared to Rs 257.1 crore during the corresponding quarter of previous year, reflecting a de-growth of (5.2%) in rupee terms and (2.3%) in constant currency terms.
- The company reported an operating EBITDA of Rs 28.7 crore (11.8% of op. income) in Q2FY20 as compared to Rs 31.3 crore (12.2% of op. income) in Q2FY19.

- The company reported total EBITDA of Rs 37.8 crore (14.9% of total income) in Q2FY20 as compared to Rs 40.0 crore (15.1% of total income) in Q2FY19.
- Net profit stood at Rs 24.6 crore in Q2FY20 as compared to Rs 25.1 crore during the corresponding quarter of previous year, down (1.9%) on Y-o-Y basis.

Review of financial performance for the half year ended 30th September, 2019

- Total income was Rs 505.4 crore during the half year period under review as compared to Rs 512.9 crore during the corresponding period of previous year, drop of (1.5%) on Y-o-Y basis.
- The operating income was Rs 491.1 crore during the half year period under review as compared to Rs 501.1 crore during the corresponding period of previous year, reflecting a de-growth of (2.0%) in rupee terms and (0.3%) in constant currency terms.
- The company reported an operating EBITDA of Rs 61.5 crore (12.5% of op. income) during the half year period under review as compared to Rs 62.3 crore (12.4% of op. income) during the corresponding period of previous year, a drop of (1.2%) on Y-o-Y basis.
- The company reported total EBITDA of Rs 75.8 crore (15.0% of total income) during the half year period under review as compared to Rs 74.1 crore (14.4% of total income) during the corresponding period of previous year, a growth of 2.3% on Y-o-Y basis.
- Net profit stood at Rs 48.9 crore during the half year period under review as compared to Rs. 47.6 crore during the corresponding period of previous year, a growth of 2.7% on Y-o-Y basis.

Operating highlights

- **New accounts billed during the quarter:** The Company added 11 new clients in Q2FY20. Total client count as of 30th September, 2019 was 144 (LTM) as compared to 154 (LTM) in Q1FY20.
- **12 month Order Backlog:** Mastek's 12 month order backlog was Rs 626.5 crore (£ 71.8 m) as on 30th September, 2019 as compared to Rs 602.7 crore (£ 68.8 m) in Q1FY20, reflecting a growth of 3.9% Q-o-Q in rupee terms and constant currency growth of 3.5%.
- **Employees:** As on 30th September, 2019, the company had a total of 1,937 employees, of which 1,171 employees were based offshore in India while the rest were at various onsite locations. Employee count at the end of 30th June, 2019 was 2,035.
- **Dividend:** The Board of Directors have recommended an interim dividend of 60% (Rs 3.0 per share) at the meeting held on 17th Oct, 2019.

- **Cash Balance:** The total cash, cash equivalents and fair value of Mutual Funds stood at Rs 265.5 crore as on 30th September, 2019 as compared to Rs 247.0 crore at the end of 30th June, 2019.

Commenting on the results, Mr. John Owen, Group CEO, Mastek, said: “The quarter gone by witnessed flat revenue growth however we have been able to retain double digit EBITDA margin of 14.9% despite wage hikes, driven by disciplined and balanced approach of managing our cost structure. Our flat revenue is directly attributable to challenges seen in UK market, although revenue in US grew by 1.4% QoQ on constant currency basis. Our efforts on client mining have resulted in an addition of 11 new clients which is also evidenced in our order backlog growth of 3.9% sequentially. The fundamentals for Mastek remain solid and we continue to remain focused on executing our Vision 2020 strategy which will give us an accelerated growth platform beyond FY20. We remain confident that Mastek is well positioned strategically in its core markets to capitalize on these future growth opportunities. I take this opportunity to thank the loyal support and trust of our customers and the dedicated and committed team at Mastek who serve them with exceptional pride and honour. Despite some challenging market headwinds which have impacted our short term momentum, the fundamentals for Mastek to grow remain solid.”

Mr. Abhishek Singh, Group CFO, Mastek, said: “Continued political uncertainty in our largest market (UK) had a bearing on the speed of ramp ups. Nonetheless, we maintained our focus on the initiatives to drive long term productivity gains and agile cost structure. These initiatives have helped us deliver pay hike to our digital talent pool during the quarter and sustain the investments in the business and leadership team to drive the business growth. Our strong client relationships and robust order backlog gives us confidence of returning back to our growth trajectory in coming quarters. We propose an interim dividend of Rs 3.0/- per share during the quarter.”

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 (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, 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.

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