



Press Release | Q3'FY20

Q3FY20 Total Income at Rs 253.2 crore

- Added 9 new clients during the quarter
- Op. EBITDA at 13.8% in Q3FY20 vs 12.6% in Q2FY20

Mumbai, India – 28th January, 2020: 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 **third quarter and nine months of FY20**.

Review of financial performance for the quarter ended 31st December, 2019

On a quarter-on-quarter basis:

- Total income was Rs 253.2 crore during the quarter under review as compared to Rs 252.7 crore during the previous quarter, flat on Q-o-Q basis.
- The operating income was Rs 243.7 crore during the quarter under review as compared to Rs 243.6 crore during the previous quarter, flat Q-o-Q in rupee terms and a decrease of (4.1%) in constant currency terms. (Exchange rate Rs/£: 91.7 in Q3FY20 vs 86.8 in Q2FY20).
- The Company reported an operating EBITDA of Rs 33.6 crore (13.8% of op. income) in Q3FY20 as compared Rs 30.6 crore (12.6% of op. income) in Q2FY20, a growth of 9.8% on Q-o-Q basis.
- The Company reported total EBITDA of Rs 43.2 crore (17.1% of total income) in Q3FY20 as compared to Rs 39.8 crore (15.7% of total income) in Q2FY20, a growth of 8.6% on Q-o-Q basis.
- Net profit stood at Rs 26.0 crore in Q3FY20 as compared to Rs 24.6 crore in Q2FY20, a growth of 5.6% on Q-o-Q basis.

On year-on-year basis:

- Total income was Rs 253.2 crore during the quarter under review as compared to Rs 271.0 crore during the corresponding quarter of previous year, a decrease of (6.6%) in rupee terms.
- The operating income was Rs 243.7 crore during the quarter under review as compared to Rs 265.0 crore during the corresponding quarter of previous year, a decrease of (8.0%) in rupee terms and (7.4%) in constant currency terms.
- The company reported an operating EBITDA of Rs 33.6 crore (13.8% of op. income) in Q3FY20 as compared to Rs 34.0 crore (12.8% of op. income) in Q3FY19, a decrease of (1.1%) on Y-o-Y basis.

- The company reported total EBITDA of Rs 43.2 crore (17.1% of total income) in Q3FY20 as compared to Rs 40.0 crore (14.8% of total income) in Q3FY19, a growth of 7.9% on Y-o-Y basis.
- Net profit stood at Rs 26.0 crore in Q3FY20 as compared to Rs 26.5 crore during the corresponding quarter of previous year, a decrease of (1.9%) on Y-o-Y basis.

Review of financial performance for the nine months ended 31st December, 2019

- Total income was Rs 758.6 crore during the nine month period under review as compared to Rs 784.0 crore during the corresponding period of previous year, a decrease of (3.2%) on Y-o-Y basis.
- The operating income was Rs 734.8 crore during the nine month period under review as compared to Rs 766.1 crore during the corresponding period of previous year, reflecting a decrease of (4.1%) in rupee terms and (2.7%) in constant currency terms.
- The company reported an operating EBITDA of Rs 97.2 crore (13.2% of op. income) during the nine month period under review as compared to Rs 96.3 crore (12.6% of op. income) during the corresponding period of previous year, a growth of 0.9% on Y-o-Y basis.
- The company reported total EBITDA of Rs 121.0 crore (15.9% of total income) during the nine month period under review as compared to Rs 114.1 crore (14.6% of total income) during the corresponding period of previous year, a growth of 6.0% on Y-o-Y basis.
- Net profit stood at Rs 74.9 crore during the nine month period under review as compared to Rs 74.1 crore during the corresponding period of previous year, a growth of 1.1% on Y-o-Y basis.

Operating highlights

- **New accounts billed during the quarter:** The Company added 9 new clients in Q3FY20 and 29 clients in 9MFY20. Total client count as of 31st December, 2019 was 143 (LTM) as compared to 144 (LTM) in Q2FY20.
- **12 month Order Backlog:** Mastek's 12 month order backlog was Rs 471.0 crore (£ 50.0 m) as on 31st December, 2019 as compared to Rs 626.5 crore (£ 71.8 m) in Q2FY20, a decrease of (24.8%) Q-o-Q in rupee terms and (28.9%) in constant currency terms.
- **Employees:** As on 31st December, 2019, the company had a total of 1,880 employees, of which 1,155 employees were based offshore in India while the rest were at various onsite locations. Employee count at the end of 30th September, 2019 was 1,937.

- **Cash Balance:** The total cash, cash equivalents and fair value of Mutual Funds stood at Rs 435.6 crore as on 31st December, 2019 as compared to Rs 265.5 crore as at the end of 30th September, 2019.

Commenting on the results, Mr. John Owen, Group CEO, Mastek, said: “I am pleased that we have delivered a flat quarter on quarter performance in INR terms despite the continued macro challenges in our core market of the UK and overall our ability to maintain our quality of earnings gives me confidence that as we return to grow in Q4 we will be able to continue to expand our margins. Demand from UK government continues to remain strong and our UK market reported a modest growth of 1.4%, however we our US business continues to struggle to break-out from its core customer and capability which we expect to deliver improved performance in Q4 The key fundamentals for Mastek remain positive as we enter the final stage of our existing Vision 2020 strategy. Vision 2020 provided the much needed focus and discipline to grow our business and provide better financial performance and transparency to our investors. We are seeing significant traction in agile and digital transformation solutions and are confident that Mastek is well positioned strategically in its core markets to capitalize on these future growth opportunities and return our previous growth trajectory. 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.”

Mr. Abhishek Singh, Group CFO, Mastek, said: “Revenue was flat sequentially due to seasonal weakness and furloughs in UK/US business. Our profitability at the EBITDA and PAT levels have continued to grow aided by disciplined and balanced approach of managing our cost structure. UK elections resulted in deferment of bid adjudications thereby reduction in order backlog. We have now successfully monetised 60% of our legacy shareholding in Majesco through 2 tranches of sales. This programme has generated approx. \$24m of net cash to Mastek. Our strong client relationships and strong demand in UK government business gives us confidence of returning back to our growth trajectory going forward.”

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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