



Press Release | Q1FY21

## Q1FY21 Total Income at Rs 402.8 crore; up by 59.4% Y-o-Y basis

- Crossed \$50m revenue mark for Q1FY21
- Constant Currency Revenue grew 46.1% Y-o-Y
- Operating EBITDA Margin of 17.6%; up 436 bps Y-o-Y
- Added 48 new clients in quarter

**Mumbai, India – 29 July, 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 **first quarter of FY21**.

*Commenting on the Q1FY21 results, John Owen, Group CEO, Mastek, said: “No company is immune from the inevitable global headwinds of Covid-19 therefore, I am especially pleased Mastek exits Q1 with a healthy order backlog, revenue growth and solid cash flows primarily driven by a restricted exposure to those sectors that have been hardest hit by Covid. Our relentless focus on operational efficiencies has aided us to report strong top line growth of 14.7% and maintained a healthy Operating EBITDA margin of 17.6%. Our quarter’s performance is a clear demonstration of our resilient business model, deep relationship with our customers and improving diversified geographical reach. It also reveals the outstanding commitment of our employees and leadership during this unprecedented times. We are confident and have clear tactical strategy of Cut & Grow to navigate the short term challenges and make the most of future growth opportunities. Our integration of Evosys biz continues to be in line with our expectations. I take this opportunity to thank the loyal support and trust of our customers and the committed Mastek team who serve them with exceptional pride, honour and dedication.”*

*Abhishek Singh, Group CFO, Mastek, said: “I am pleased to report that the resilience of our business and balanced approach of cost management helped us deliver a robust financial performance and strong cashflows. We reported revenue growth of 14.7% sequentially in rupee terms and 12.1% in constant currency terms driven by Government, Health and Oracle businesses. New client addition and rising demand for digital transformation and cloud migration services gave us strong volume growth in these turbulent times. Quarter saw record free cash flow (FCF) of Rs 98.8 crore, being 212.1% of Net Income which enabled us to prepay circa \$6m in debt. We remain strongly focused on growth and cash generation to maximize the value for our shareholders.”*

## Review of the Consolidated Financial Performance for Quarter ended 30<sup>th</sup> June 2020:

Figures in \$m	Q1FY21	Q4FY20	Q-o-Q Growth	Q1FY20	Y-o-Y Growth
Revenue from Operations	\$50.8	\$46.3	12.1% (CC)	\$35.5	46.1% (CC)

Figures in Rs Crore	Q1FY21	Q4FY20	Q-o-Q Growth	Q1FY20	Y-o-Y Growth
Total Income	402.8	354.2	13.7%	252.7	59.4%
Revenue from Operations	386.1	336.7	14.7%	247.5	56.0%
– Mastek	252.3	249.7	1.0%		
– Evosys*	133.8	87.0	53.8%		
Operating EBITDA	68.1	58.2	17.0%	32.9	107.2%
% of Op. Income	17.6%	17.3%	35 bps	13.3%	436 bps
Total EBITDA	84.8	75.7	12.0%	38.0	123.1%
% of Total Income	21.1%	21.4%	(32 bps)	15.0%	602 bps
Net Profit	46.6	38.9	19.6%	24.2	92.3%
Net Profit %	11.6%	11.0%	57 bps	9.6%	198 bps
EPS (Rs) – Diluted	16.0	13.3		9.6	

\* For Q4FY20, ESPL and its identified overseas subsidiaries have been consolidated effective from February 2020 and Evosys Middle East business and its subsidiaries have been consolidated effective from March 2020.

### Operating highlights:

- **New accounts billed during the quarter:** The Company added 48 new clients in Q1FY21. Total client count as of 30<sup>th</sup> June, 2020 was 504 (LTM) as compared to 436 (LTM) in Q4FY20.
- **12 month Order Backlog:** 12 month order backlog was Rs 764.5 crore (\$101.3 m) as on 30<sup>th</sup> June, 2020 as compared to Rs 785.1 crore (\$103.8 m) in Q4FY20, reflecting a decline of 2.6% in rupee terms and 2.2% in constant currency terms on Q-o-Q basis and Rs 602.7 crore (\$87.3 m) in Q1FY20 reflecting an growth of 26.8% in rupee terms and 17.4% in constant currency terms on Y-o-Y basis. Mastek also signed a framework deal with a one of the leading healthcare client of \$5.5 m which is not accounted in the order backlog.
- **Employees:** As on 30<sup>th</sup> June, 2020, the company had a total of 3,321 employees, of which 2,227 employees were based offshore in India while the rest were at various onsite locations. Employee count at the end of 31st March, 2020 was 3,404.

- **Cash Balance:** The total cash, cash equivalents and fair value of Mutual Funds stood at Rs 458.2 crore as on 30<sup>th</sup> June, 2020 as compared to Rs 414.7 crore at the end of 31<sup>st</sup> March, 2020. Net Cash balance (after adjusting for debts) stood at Rs 173.0 crore as on 30<sup>th</sup> June, 2020 as compared to Rs 81 crore at the end of 31<sup>st</sup> March 2020. Mastek repaid loan of \$6.0m during Q1FY21, and total borrowing stands at \$37.6m as of 30 June 2020.
- **Awards & Accolades:** During the quarter, Mastek and its Subsidiaries received awards and felicitations conferred by reputable organizations. Some of them are:
  - Mastek ranked 3<sup>rd</sup> in the Tech MarketView's "Monthly Digital Marketplace Dashboards" for its work with NHS Digital. This evidences strong presence and recognition of Mastek in UK Public and Health Sector.
  - Mastek awarded the distinction of UiPath "elite" partner. Only 3 partners ranked such in UK Market.
- **Monetization of Majesco USA stake:** Majesco USA has decided to sell its company to a private equity, Thomas Bravo, LP at \$13.1 per share. Mastek (UK) currently owns 2,018,192 Equity Shares of Majesco USA. Mastek will receive approx. \$26.4m or Rs 200 crore as consideration from the deal.
- **Covid-19 Impact:** Covid 19 continues to impact the customer, employees and general confidence of macro environment. It has had varied impact on various sides of the business. While sector like retail has been negatively impacted, the cloud migration and digital services have experienced a heightened demand and acceleration! Sectors are recalibrating their technology budget to service their clientele better. We see one such example in the investments made by Retail sector in BOPIS (Buy Online, Pick-up In Store) technologies to enable its customers to shop seamlessly. Similarly, in financial services sector, greater emphasis is being laid on app-based disbursement and hence strengthening the technology around it. Government and Healthcare sector continue their demand curve to drive efficiency and do-more-with-same-\$\$ approach. Price cuts, investment in Automation and RPA, cloud migration and addressing legacy systems are some of the themes coming out prominently. We continue to monitor the situation carefully whilst working with key stakeholders in our employees and customers. General consensus is that overall confidence may improve in H2 of FY21 provided there is no relapse of this phenomena.

– **UK Market**

- Government and Healthcare experiencing robust opportunity multiple frameworks to bid for. Opportunities with new-logos within Government Space being chased; good pipeline.
- Private Sector continues to be soft in demand generation. Budgets being reoriented to drive efficiency and customer reach. High sensitivity to price!
- Price pressure from Government and Private sector.

– **US Market**

- With Retail focused clientele, the geography is struggling for opportunity and conversion.
- New avenue of BOPIS (Buy Online, Pick-up In Store).
- New sales team fully operational; driving Oracle commerce and cross-sell opportunities in tandem.
- Platform-agnostic implementation capability developed. Alliance and partnerships opening up opportunities.
- Canada and Middle East presents additional opportunities.

– **Oracle Suite and Cloud Migration:**

- Good demand all round. Customer pull experienced in newer geographies including Canada and European countries.
- Implementation of Covid-stalled projects Evosys started.
- Local hiring due to travel restrictions.
- Alliance and partnerships being explored to land enterprise customers with transformational agenda.
- Planning to hire trainees (in triple digit) to scale up offshore operations in Q2'FY21.

While 100% of work force continue to work remotely, IT infrastructure and Cyber Security parameters are continuously monitored and enhanced to ensure the integrity

of deliverables while working from home. Employees are well-engaged with focus on their health and wellbeing.

### **About Mastek**

Mastek (NSE: MASTEK; BSE: 523704), is an enterprise digital transformation specialist that engineers excellence for customers in the UK, US, and India. It enables large-scale business change programmes through its service offerings, which include application development, support, and testing, BI and analytics, agile consulting, and digital commerce. Whether it's creating new applications, modernising existing ones or recovering failing projects, Mastek helps enterprises to navigate the digital landscape and stay competitive. With digital solutions constituting more than 80% to the business, Mastek is emerging as one of the leaders in Enterprise Digital Transformation journey. Mastek is well poised to be among the top providers of agile digital transformation solutions and a significant player within the digital transformation space in retail and financial services.

### **About Evosys:**

Evosys is a leading, Oracle Cloud implementation and consultancy company serving 1,000+ Oracle Cloud customers across 30+ countries. An Oracle Platinum partner, Evosys provides solution offerings like Oracle HCM Cloud, Oracle ERP Cloud, Oracle SCM Cloud, Oracle CX, Oracle EPM Cloud, PaaS solutions (including custom-built solutions), AI, IoT and machine learning. Evosys diverse customer portfolio consisting Government, Healthcare, Finance, Logistics, Manufacturing & Distribution organisations, is a testimony to the expertise and leadership in Oracle Cloud implementation. Evosys was recognised for winning three 'Oracle Partner of the Year' Awards at Oracle OpenWorld 2019 and the 'Dream Employer of the Year' award from World HRD in 2019.

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.*

**Thank You**

**Mastek** 

