



Press Release | Q4 & FY'20

## Q4FY20 Total Income at Rs 354.2 crore; up by 39.9% Q-o-Q basis

- Q4FY20 Constant Currency Revenue grew 36.1% Q-o-Q
- Q4FY20 Operating EBITDA Margin of 17.3%; up 350 bps Q-o-Q
- Added 24 new clients during the quarter
- 12M Order Backlog up by 66.7% Q-o-Q

**Mumbai, India – 14 June, 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 **fourth quarter and full year of FY20.**

*Commenting on the Q4FY20 results, John Owen, Group CEO, Mastek, said: “I am immensely proud of the Mastekeer’s who have worked unstintingly to support our customers and deliver services in these unprecedented times. In a very short period, the pandemic has disrupted lives, economies and businesses across the globe. Over last couple of months, we have seen acceptance of remote delivery and new project wins. We have enabled 100% of our work force to work remotely in a record time. Our continuous focus on agile and digital transformation services has empowered us to deliver solutions to the market that are pertinent in current covid age. We have resilient business model supported by strong long term relationship with our customers, adaptability of our operating model, strong financials, our well diversified geographical reach, and restricted exposure to some of the sectors that are hardest hit by Covid. We are well poised and have clear tactical strategy of Cut & Grow to navigate the covid challenges and capitalize future growth opportunities. Evosys integration with Mastek is going well. The acquisition has given us more capability, more capacity and more geographical reach across the globe. Evosys has brought more balance to Mastek and will continue to grow. I take this opportunity to thank the loyal support and trust of our customers and the committed Mastekeer’s team who serve them with exceptional pride and honour.”*

*Abhishek Singh, Group CFO, Mastek, said: “I am happy with the robust all round performance during the quarter and FY20 despite the macro economic challenges in our major market. Quarter experienced sequential growth in revenue & margin expansion despite the challenges posed by Covid crisis. We successfully completed the acquisition of Evosys which catapulted our financial performance further. The acquisition has expanded our addressable market and given access to a large customer base which is looking for a new-gen service provider with combined capabilities of Mastek & Evosys. Cash conservation and cost management continues to be in focus with a healthy cash balance of Rs. 414.7 Crore. In Q4FY20, the Board declared and paid second interim dividend of Rs 5/- per share taking the total dividend for the year to 160%. In the current situation, as the digital transformation is becoming imperative, I am*

*confident that we will continue to grow, create value for our customers in their digital journey and maximize value for our shareholders.”*

## Review of the Consolidated Financial Performance for Full Year and Quarter ended 31<sup>st</sup> March 2020:

(in Constant Currency)	FY2020	Q4FY20	
	Y-o-Y Growth	Q-o-Q Growth	Y-o-Y Growth
Operating Income - (CC)	<b>4.0%</b>	<b>36.1%</b>	<b>23.4%</b>

All Figures in Rs Crore	FY2020	FY2019	Y-o-Y Growth
Total Income	1,112.8	1,058.0	5.2%
Operating Income	1,071.5	1,033.2	3.7%
– Mastek	984.5		
– Evosys	87.0		
Operating EBITDA	155.4	131.5	18.1%
% of Op. Income	14.5%	12.7%	180 bps
Total EBITDA	196.7	156.3	25.8%
% of Total Income	17.7%	14.8%	290 bps
Net Profit	113.8	101.5	12.2%
Net Profit %	10.2%	9.6%	64 bps
EPS (Rs) – Diluted	42.9	40.3	

All Figures in Rs Crore	Q4FY20	Q3FY20	Q-o-Q Growth	Q4FY19	Y-o-Y Growth
Total Income	354.2	253.2	39.9%	274.0	29.2%
Operating Income	336.7	243.7	38.2%	267.1	26.0%
– Mastek	249.7				
– Evosys	87.0				
Operating EBITDA	58.2	33.6	73.1%	35.3	65.0%
% of Op. Income	17.3%	13.8%	350 bps	13.2%	410 bps
Total EBITDA	75.7	43.2	75.3%	42.2	79.4%
% of Total Income	21.4%	17.1%	430 bps	15.4%	600 bps
Net Profit	38.9	26.0	49.7%	27.4	42.2%
Net Profit %	11.0%	10.3%	70 bps	10.0%	100 bps
EPS (Rs) – Diluted	13.3	10.2		10.9	

### Operating highlights:

- **New accounts billed during the quarter:** The Company added 24 new clients in Q4FY20 and 53 clients in FY20. Total client count as of 31<sup>st</sup> March, 2020 was 436 (LTM) as compared to 143 (LTM) in Q3FY20.
- **12 month Order Backlog:** 12 month order backlog was Rs 785.1 crore (\$ 103.8 m) as on 31<sup>st</sup> March, 2020 as compared to Rs 471.0 crore (\$ 66.0 m) in Q3FY20, reflecting a growth of 66.7% in rupee terms and constant currency growth of 61.5% on Q-o-Q basis and Rs 544.9 crore (\$ 78.8 m) in Q4FY19 reflecting an growth of 44.1% in rupee terms and constant currency growth of 34.9% on Y-o-Y basis.
- **Employees:** As on 31st March, 2020, the company had a total of 3,404 employees, of which 2,229 employees were based offshore in India while the rest were at various onsite locations. Employee count at the end of 31st December, 2019 was 1,880.
- **Cash Balance:** The total cash, cash equivalents and fair value of Mutual Funds stood at Rs 414.7 crore as on 31<sup>st</sup> March, 2020 as compared to Rs 435.6 crore as at the end of 31<sup>st</sup> December, 2019. This balance is after payment of Rs 482.0 crore of purchase consideration for Evosys middle East business acquisition and Rs 12.1 crore in second interim dividend. Net Cash balance (after adjusting debt) stood at Rs 81.0 crore as on 31<sup>st</sup> March 2020.
- **Dividend:** The Board of Directors had declared and paid second interim dividend of Rs 5/- per share during the quarter ended March 2020. This interim dividend together with first interim dividend of Rs 3/- per share results in total Dividend for the year to 160% (Rs 8/- per share).
- **Awards & Accolades:** During the year under review, Mastek and its Subsidiaries and executives received multiple awards and felicitations conferred by reputable organizations. Some of them are:

#### **Mastek**

- Mastek has been commended in the “Digital Service Company of the Year category” at Digital Technology Leaders Awards 2019 in London
- Mastek was chosen as a Maharashtra Best Employer 2019 at the awards organised by the WHRD Congress

- Mastek was a finalist at this year's UK IT Industry Awards. Mastek had been shortlisted for UK IT Vendor of the Year and Automation Project of the Year for the work done with IPF using AI to reduce fraud and improve customer experience
- Mastek along with its customer, NHS Digital, is European Software Testing awards finalist in the category 'Best Use of Technology in a Project'
- Mastek was named IT Vendor of the Year at UK IT Industry Awards. The award acknowledges an exciting year of development for Mastek and our continued investment in innovation, diversity and growth across the IT industry
- Mastek has been independently Accredited by Course Conductor as a Market Leader for our Agile Project Management Training

### **Evosys**

- Oracle Open World 2019: Global Partner of the Year: HCM Cloud
- Outstanding Innovation SaaS Contribution 2019: Oracle PaaS Partner Community Award
- Oracle Excellence Awards FY19: Specialized Partner of the Year: ERPM Cloud - EMEA
- Oracle Open World 2019: APAC Partner of the Year: ERP Cloud
- Oracle Open World 2019: EMEA Partner of the Year: HCM Cloud
- Global HCM Development Partner of the Year Award: Oracle MBX 2019 – USA
- ASEAN Partner of the Year ERP 2019
- Best SI Managed Service Provider - GESIA
- Oracle HCM Cloud Specialized Partner of the year 2019 – Kenya & East Africa
- Oracle HCM Cloud Partner of the Year 2019 – Denmark

- **Covid-19 Impact:** Unprecedented health crisis triggered by Covid-19 has culminated into a global economic crisis. It has impacted all the sectors in varying degrees. While Healthcare sector has had a positive impact due to obvious reasons, the Travel, Hospitality & Retail sectors were impacted the most. Mastek businesses have also had an impact, albeit in varying degrees, across the geographies and verticals.

**UK Public Sector:** Political certainty post elections and clarity on the direction of Brexit has helped the sector immensely. Decision making is back which has resulted in the business momentum. Sales pipeline is robust and we have multiple opportunities to pursue in existing and new customers. Payment cycles have been steady. However, cost pressures are expected in coming quarters as Government looks to optimize its spend. This will present wallet share opportunities.

**UK Private sector:** Retail and Financial Services customers reacted immediately with reduction in their discretionary spend. This led to partial ramp down across multiple customers and deferment of the sales opportunities to later part of the year. Customers are revisiting their operating model and looking to reduce their operating spend leading to enquiries for automation and offshoring of work.

**US:** Mastek in US is entirely focused on the Retail sector through its digital commerce capability. The impact was sharp and immediate with customers standing down the team, delayed projects, followed by request for rate reduction and longer credit period. However, we have seen vendor consolidation opportunities and spend towards in-store sales support to facilitate returning customers and Covid norms. New Sales team is corralling the market and customer base for new opportunities.

**Oracle Services (Evosys):** This business has shown greater resilience both in sales and delivery. Pipeline is robust with healthy conversion rate in all the major markets. Initially, project go-live was delayed as clients were facilitating their workforce with remote working. Over last 45 days, we have seen acceptance of remote delivery and kick start of new project wins. We are seeing higher onshore hiring in the intermediate term till air travel normalizes.

We have enabled 100% of our work force to work remotely in record time. IT infrastructure and Cyber Security parameters have been enhanced to ensure the integrity of deliverables while working from home. For first thirty days we had 24,000+ meeting hosted over MS Teams and Webex. Employees have been well-engaged with intra-team and pan organization interactions. We are focused on employee health and safety whilst supporting our customers globally.

### 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** 