

Cambridge Technology Enterprises announces its FY17 annual results

Announces its Vision 2020

Achieves INR 100 cr in consolidated revenues in FY17

Built the foundation to deliver the next phase of growth

Hyderabad, India, 24 May, 2017: [Cambridge Technology Enterprises](#) (NSE: CTE; BSE: 532801), an IT services leader focused on the convergence of Big Data and Cloud, today announced its audited financial results for the quarter and year ended March 31, 2017.

"We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten. Don't let yourself be lulled into inaction."

Bill Gates from his book 'The Road Ahead'

1. MARKET OPPORTUNITY

The World is Transforming

The convergence of Big Data and Cloud fueled by Artificial Intelligence (AI) and Machine Learning will be the next game changers and we believe it will be a multi-trillion dollar opportunity.

Big Data fueled by AI and Machine Learning is the next natural resource, like air and water. We are in the midst of the single largest technological revolution.

According to Gartner, by 2020, customers will be able to manage 85 percent of the interactions with an enterprise without human intervention. Evidently, Big Data powered by AI and Machine Learning is transforming the way businesses are defined, designed and delivered and enterprise value is captured.

In the years to come, enterprises will scale new heights by exploring this untapped data and extract incremental value. Big Data will affect almost all facets of our existence ultimately influencing the way enterprises chase growth, to positive effect.

The Paradigm Shift

The last generation of trillion dollars were created out of traditional Indian IT technology businesses that were focused on back end and costs. The next trillions of dollars will be created by front end innovation driven technology companies focused on value.

As real-time Big Data, AI and Machine Learning are breaking down the traditional best practices and structural barriers, creativity and innovation is what is needed to be ahead of the curve.

We believe convergence of Big Data and Cloud powered by AI and Machine Learning is going to transform businesses faster than ever and the first signs of this transformation will be seen in sectors like:

- **Lifesciences:** The use of transformative technologies to understand the complexities that arise from the combination of a variety of data from areas like clinical research, plants and animal genomics could reveal completely innovative approaches to treatment of diseases. In Lifesciences, we are working with a global leader in pet nutrition and nutrigenomics.

- **Energy:** Advances in disruptive technologies will see potential challenges in Energy sector getting resolved. For instance, U.S. Energy Information Administration says that buildings account for 48.7 percent of overall energy consumption, more than any other industry. Powerful computation models built on Big Data and Cloud can help reduce dependency on energy, availability, costs and consumption. Our clients in Energy include Schneider Electric, one of the world's largest energy management and automation specialists.
- **Data Infrastructure:** There is a huge opportunity for Information Management in the areas like Data storage, Fraud Detection and Prevention, Compliance Reporting, Risk Management to name a few. In Data Infrastructure, we are working with one of the world's largest companies in storage and information management solutions.

The Convergence of Big Data/Cloud and AI/Machine Learning is real now

AI and Machine Learning have been discussed for decades but the convergence of Big Data and Cloud with AI/Machine Learning is real now for the following reasons:

- Computing power:** Computing resources available today are exceptional. With access to technologies like AWS, Microsoft Azure, computing power is no longer a constraint.
- Bandwidth:** Better availability of high bandwidth has positively impacted accessibility.
- Big Data:** Access to large volumes of unstructured and structured data is changing the information landscape at our disposal.

Future

The convergence of Big Data and Cloud powered by AI and Machine Learning will define industries both new ones and old, transforming data into a valuable knowledge asset and a catalyst for disruption. Every human life and business in this world will be transformed with this disruption and millions of transformative businesses will be created.

The result is a brave new world and a transformation of an old world.

2. BUILDING THE FOUNDATION FOR CTE

In 2015, we proposed a two-year business plan for FY16 and FY17 to achieve minimum scale. CTE focused on three areas – building partnerships, acquiring referenceable clients in its chosen verticals and acquiring relevant expertise in technologies. In FY15, the base revenues were INR 32 cr and we believed that it will take us two years to get to a minimum scale. Today, in FY17 we have crossed the revenues of INR 100 cr while serving marquee clients.

The market opportunity is huge. We had set out to build a foundation to be in a position to be a leader in this space. In the last two years, we have put together our foundation that allows us to be better prepared to take advantage of this market opportunity.

Metrics	On Jan 1, 2015	Current
No. of service engines	0	4
Annual Revenues	USD 5 Mn	USD 15 Mn
Revenue Growth	-	3x
Annual EBITDA	USD 1 Mn	USD 3.2 Mn
EBITDA Growth	-	3x

Annual PAT	USD 0.5 Mn	USD 2.5
PAT Growth	-	5x
Employees	~150	350
Offices	5	9
No. of investments	0	12

Partnerships: In the last two years, CTE has strengthened its partner ecosystem with AWS, Microsoft Azure, CA Technologies, Forgerock, New Relic, Pentaho, Oracle, Rackspace, Apica and Tableau. Through its partner network, CTE gains access to the best technology framework and solutions, strengthening its delivery capabilities.

Focused on verticals: CTE has added a referenceable client in each of its verticals: Energy and Utilities, Life Sciences and Pharmaceuticals, Industrials, BFSI, Data Infrastructure.

Global Presence and Competency Centers: In line with providing its global clients access to 24/7 development cycle, CTE reinforced its U.S. presence with six offices and expanding its offshore delivery centers in India across Hyderabad, Bangalore and Chennai. Furthermore, the company realizes the significance of trained and skilled employees and has invested heavily into training employees via its competency centers in India and the U.S. As a result, we have more than 30 AWS Certified Professionals with 5 AWS Solutions Architect-Professional that demonstrates our Ninja-level Networking skills - capable of designing and deploying cloud architecture on complex AWS and Hybrid cloud integration projects.

Integrated Offering

Today, we stand unique because of our approach towards the entire lifecycle. To start with, through Cambridge Innovations, we work with the most innovative startups in the US, we serve the large enterprise clients with Cambridge Bigdata, we maintain data for them at Cambridge Bizserve, and provide decision support through Cambridge DataScience.

- Cambridge Bigdata:** Build and manage technologies for enterprise clients.
- Cambridge Bizserve:** Provides data support and managed services for the applications we build.
- Cambridge DataScience:** Assist CxOs make decisions by drawing substantial strengths in insights and data analytics.
- Cambridge Innovations:** Work with the most innovative U.S. startups, helps us identify cutting edge technologies and attract the best talent to work with CTE.



3. NEXT STEPS - CONSOLIDATION

As announced in Q3FY17, we are going through the process of stabilizing and consolidating our new base to achieve the next phase of growth. Consolidation means we are focused on figuring out the verticals and technologies that are more profitable and scalable. This can be seen from the results of the last two quarters where the EBITDA Margin increased by 502 basis points from 17 percent in Q2FY16 to 22 percent in Q2FY17 and 773 basis points from 14 percent in Q3FY16 to 22 percent in Q3FY17.

4. VISION 2020

We are pleased to announce our Vision 2020. Our model is simple, we are focused on the convergence of Big Data and Cloud powered by AI and Machine Learning. For our Vision 2020, our business will focus on the following:

- Organic Growth:** Over the next three years, on an average we expect an annual revenue of USD 10 Million approximately from each of our four growth drivers i.e. Cambridge Bigdata, Cambridge Bizserve, Cambridge DataScience and Cambridge Innovations.
- Upside from equity:** We believe it will take us 3-5 years to generate liquidity from our investments.
- Inorganic Growth:** We have the potential to explore inorganic growth opportunities in the areas of Big Data and Data Science. It was important that we built foundation on our own to get the right DNA.

We expect our above three revenue streams will yield results in the next three years to hopefully achieve USD 50 Million revenues with focus on profitability.

5. MANAGEMENT QUOTE

Aashish Kalra, Chairman of Cambridge Technology Enterprises said, “Big Data fueled by AI and Machine Learning is the next natural resource, like air and water. We are in the midst of the single largest technological revolution. We have spent the last few years in building an organization to take advantage of this market. With the base built in the last two years, we are inspired to achieve our Vision 2020 and be part of this transformation.”

Financial Highlights: CTE's performance is on track and consistent with the growth that it has delivered through the past eight quarters.

- i. Revenues have grown at an average of 84% in the last eight quarters
- ii. Quarter ended 31 March 2017 vs. Quarter ended 31 March 2016
 - Revenue: 28 percent increase
 - EBITDA: 27 percent increase
 - Net Profit: 107 percent increase

CAMBRIDGE TECHNOLOGY ENTERPRISES PERFORMANCE IN LAST TWO YEARS (INR Cr)						
INR Mn	Revenues	% change (YoY)	EBITDA	% change (YoY)	PAT	% change (YoY)
Q1FY16	14.0	109%	2.6	1523%	1.2	-
Q2FY16	15.4	110%	2.7	968%	2.8	1020%
Q3FY16	16.7	165%	2.3	1264%	2.9	675%
Q4FY16	19.7	69%	3.8	19%	2.1	114%
FY16	65.8	105%	11.4	200%	9.1	516%
Q1FY17	24.4	74%	6.0	129%	3.3	176%
Q2FY17	25.3	64%	5.7	112%	3.7	32%
Q3FY17	25.7	54%	5.6	140%	5.5	87%
Q4FY17	25.2	28%	4.9	27%	4.4	107%
FY17	100.6	53%	22.1	93%	16.9	86%

Consolidated Financial Highlights for quarter ending Mar 31, 2017:

CAMBRIDGE TECHNOLOGY ENTERPRISES FINANCIAL RESULTS: QUARTER ENDED 31 MAR 2017 vs. QUARTER ENDED 31 MAR 2016 - YoY (INR Cr)			
Particulars	31-Mar-17	31-Mar-16	Change in % (YoY)
Revenue	25.2	19.7	28%
EBITDA	4.9	3.8	27%
Net Profit	4.4	2.1	107%
EPS (INR)	2.2	1.1	107%

Note:

1. The Hon'ble High Court of Judicature at Hyderabad has approved the Scheme of Reduction of Capital and a certified copy of Order dated 5th October, 2016 has been received by the Company. The Company continued to provide amortization of Goodwill for the Financial Year 2015-16 and for the quarter ended 30th June, 2016 amounting to INR 2.4 cr pending High Court Order. During the year 2016-17, INR 2.4 cr is reversed consequent to the approval received and this amount is an exceptional item in the above Financial Results.

About Cambridge Technology Enterprises:

Cambridge Technology Enterprises (CTE) is an IT services leader focused on the convergence of big data and cloud. Recognized as a thought leader and innovator of enterprise solutions, CTE focuses on cloud application development and management, data warehousing, business intelligence and analytics on the cloud. Through designing and implementing enterprise IT strategies that leverage the cloud's capabilities, CTE's end-to-end services enable its customers to harness the data available to them. Its expertise across domains makes CTE a preferred choice for IT Strategy and Implementation to its customers. For more information, visit www.c7e.co or follow [@cam_technology](https://twitter.com/cam_technology) on twitter.

Forward-looking and Cautionary Statements:

Certain statements in this press release may contain statements concerning our future growth prospects that are individually and collectively forward-looking statements. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. These risks and uncertainties include, but are not limited to, the performance of the Indian economy and of the economies of various international markets, the performance of the industry in India and world-wide, competition, the company's ability to successfully implement its strategy, the Company's future levels of growth and expansion, technological implementation, changes and advancements, changes in revenue, income or cash flows, the Company's market preferences and its exposure to market risks, as well as other risks. The Company's actual results, levels of activity, performance or achievements could differ materially and adversely from results expressed in or implied by this press release. The Company assumes no obligation to update any forward-looking information contained in this press release. Any forward-looking statements and projections made by third parties included in this press release are not adopted by the Company and the Company is not responsible for such third party statements and projections.