

BANKING ON INTELLECT

Earnings Announcement | Q3 FY18 ending 31 Dec 2017



Safe Harbor Statement

Certain statements in this release concerning our future prospects are forward-looking statements. Forward-looking statements by their nature involve a number of risks and uncertainties that could cause actual results to differ materially from market expectations. These risks and uncertainties include, but are not limited to our ability to manage growth, intense competition among Indian and overseas IT Products companies, various factors which may affect our cost advantage, such as wage increases or an appreciating Rupee, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Intellect Design Arena has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry.

Intellect Design Arena may, from time to time, make additional written and oral forward-looking statements, including our reports to shareholders. These forward-looking statements represent only the Company's current intentions, beliefs or expectations, and any forward-looking statement speaks only as of the date on which it was made. The Company assumes no obligation to revise or update any forward-looking statements.



Intellect is World **#2** in Digital Banking



DIGITAL CHOSEN WELL AHEAD OF TIME

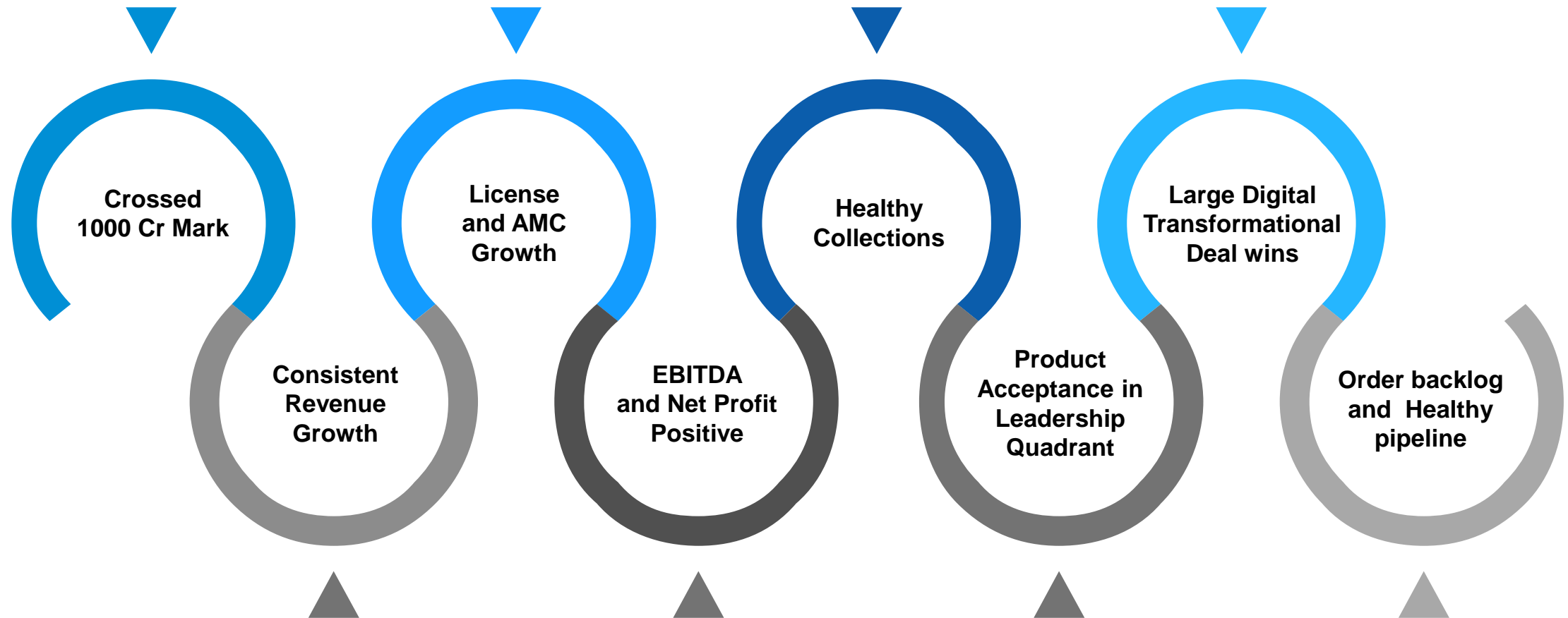


Global FinTech Leader for BFSI



LED BY INDEPENDENT LEADERSHIP TEAMS

Highlights for Q3 FY 2018



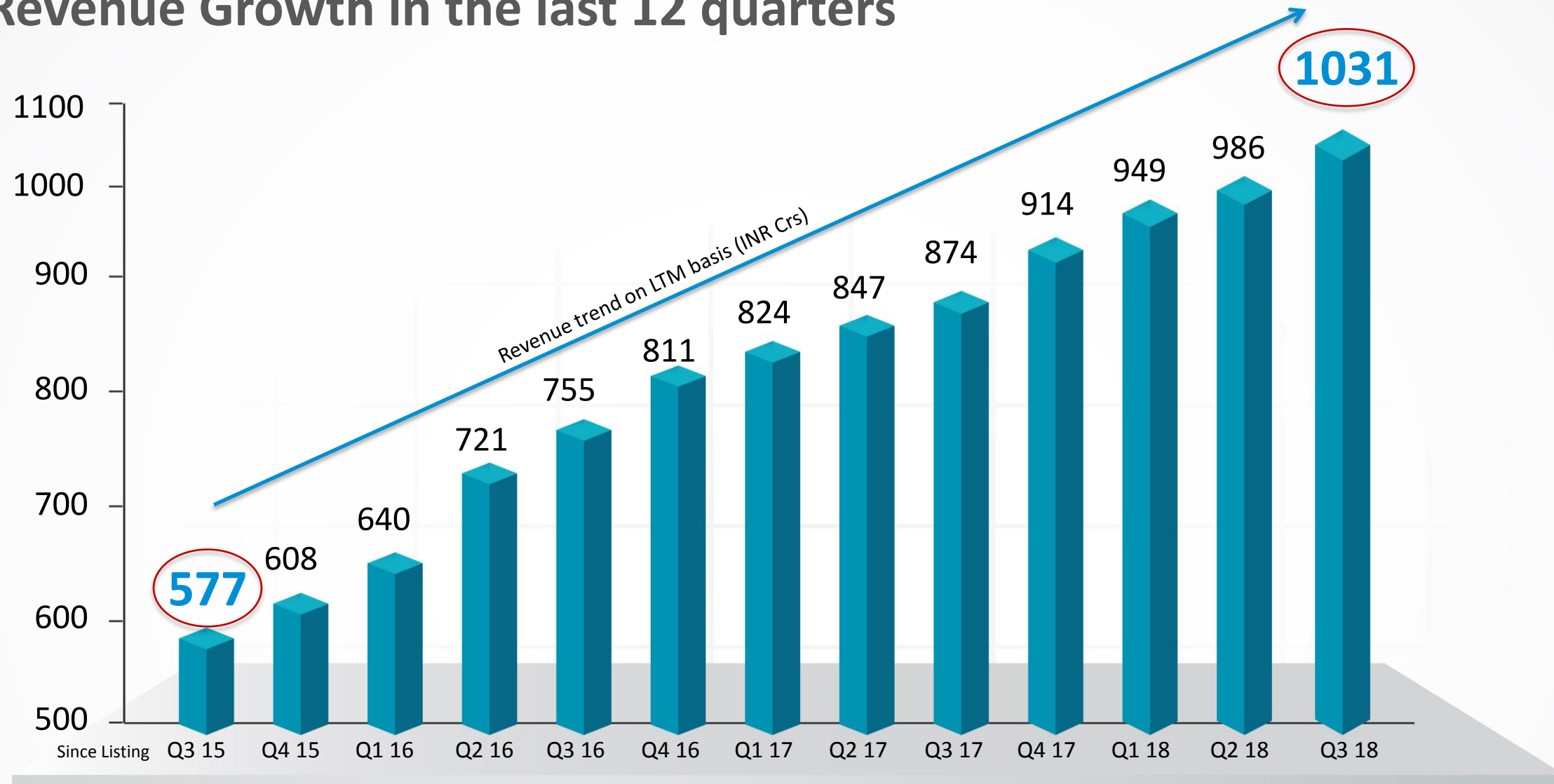


INTELLECT REVENUE CROSSES INR 1000 CR MARK IN CY 2017



* Revenue from Jan – Dec 2017

Revenue Growth in the last 12 quarters



LTM = Revenue of current quarter + last three quarters



**Revenue grew
25%YoY**

In dollar terms

50%

Consistent margins



Q3 FY 18 Revenue Performance



Q3 FY 18 Financial Highlights

41.82 Mn \$

Revenues for Q3 FY 18 \$ terms
Revenues for Q3 FY 17 \$ terms - 33.57 Mn \$

24.57%



YoY revenue growth USD

₹ 270.67 Cr

Revenues for Q3 FY18 INR terms
Revenues for Q3 FY 17 INR terms - INR 226.46 Cr

19.53%



YoY Revenue growth INR

₹ 133.53 Cr

Gross margin

49.33%

Gross margin %

₹ 191.00 Cr

Cash and Cash equivalent

₹ 171.56 Cr

Total Debt



License + AMC contributes 37% of Q3 FY 18 LTM Revenue

License + AMC revenue contributes 34% in Q3 FY 17 LTM revenue

Q3FY18 License and AMC revenue sustained at over Rs. 100 Cr and stood at Rs.102.19 Cr as compared to Rs.77.32 Cr in Q3FY17 registering 32% YoY growth



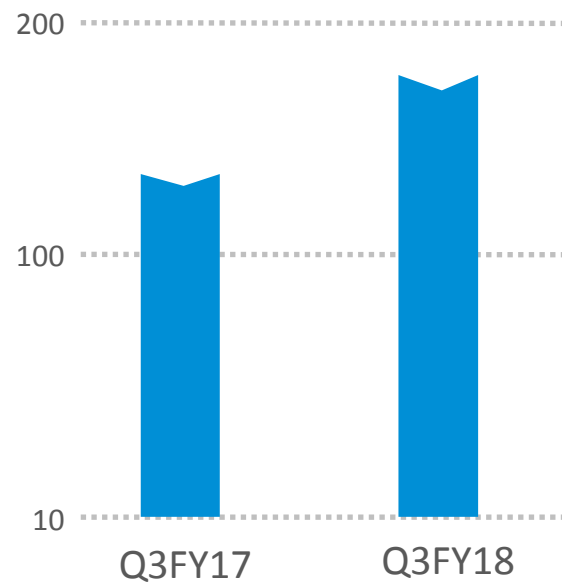
* Q3 FY 18 Revenue

Sustained growth for 4 quarters YoY

License and AMC Revenue – Last Twelve Months (LTM)

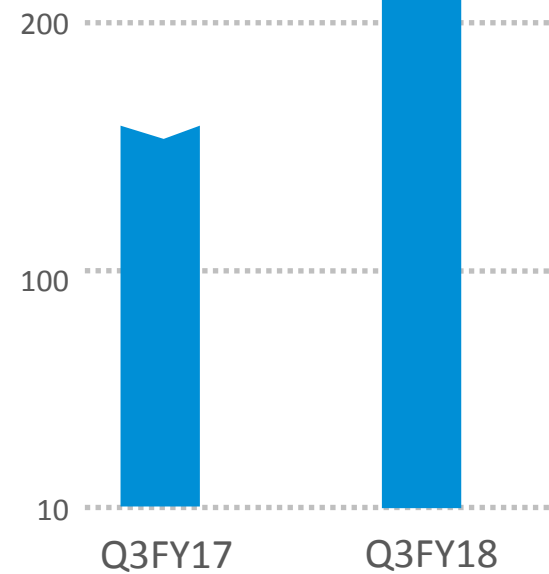


Rs 138.72 Cr Rs 178.97 Cr



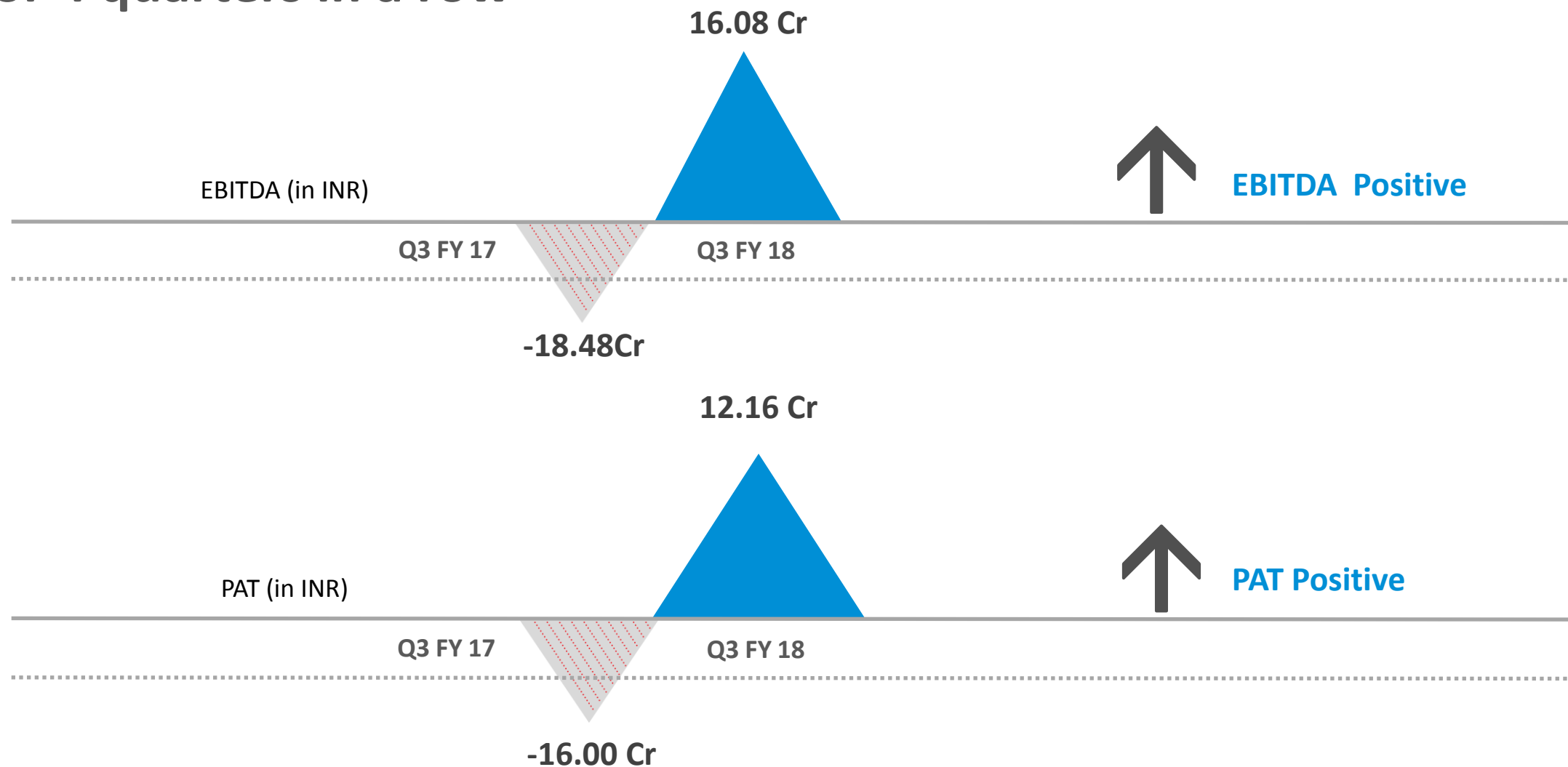
Software License

Rs 161.93 Cr Rs 205.80 Cr



AMC

EBITDA and Net Profit Positive for 4 quarters in a row





Collections Higher than Q3FY18 Revenue

Collections for Q3FY18 stood at INR 293.66 Cr

In dollar terms, Collections for Q3FY18 stood at \$ 44.5 Mn

Net DSO Days reduced to 120 days from 151 days in Q3FY17



•Q3 FY 18 Revenue Stood at Rs.270.67 Cr

•In dollar terms, Q3 FY18 revenue stood at \$41.82 Mn

•Excluding advances, DSO reduced to 148 days from 188 days in Q3FY17

Intellect recorded healthy collections for 4 quarters in a row

Financial Results for the Third Quarter FY18 Ended December 31, 2017

Rs. In Lakhs

Particulars	QUARTER ENDED		YEAR ENDED
	December 31, 2017 (Q3 FY18)	December 31, 2016 (Q3 FY17)	March 31, 2017 (FY17)
INCOME			
Revenue from Operations	27,067.49	22,645.69	91,357.50
EXPENDITURE			
Software development expenses	13,714.39	12,198.70	46,326.00
Gross Margin	13,353.11	10,446.99	45,031.50
Gross Margin %	49.33%	46.13%	49.29%
Selling & marketing and General & Administrative expenses	9,593.11	10,109.55	39,102.94
Research & Engineering expenses	1,957.21	1,975.99	7,192.08
Provision for Debts and Write offs	195.00	209.02	1,233.16
Total Expenditure	25,459.70	24,493.26	93,854.18
EBITDA	1,607.79	(1,847.57)	(2,496.68)
Depreciation/Amortisation	652.10	612.04	2,413.99
Finance Charges	308.58	325.97	1,130.24
Profits / (Loss) before other income / minority interest	647.11	(2,785.58)	(6,040.91)
Other Income including exceptional items	477.70	1,412.84	3,429.72
Minority Interest/ Share of profit/(loss) of Associate Companies	201.82	141.77	656.24
Profit / (Loss) before tax	1,326.64	(1,230.98)	(1,954.95)
Provision for taxation	110.28	369.50	283.63
Profit / (Loss) after tax	1,216.36	(1,600.48)	(2,238.58)



Aite

Rates iGTB

#1

on Wholesale Banking APIs

iGTB pitted head-to-head against 10 other providers surveyed worldwide, as attaining the highest category, "Ready for wholesale banking API open competition" on all six of its measures

Gartner

Gives **Full Score**

On Interactive

Open Banking (Open API)

Channel Capabilities to iGTB

iGTB pitted head-to-head against 10 other providers surveyed worldwide, as attaining the highest category, "Ready for wholesale banking API open competition" on all six of its measures



Product Acceptance in Leadership Quadrant



2 Large Digital Transformation Deal Wins

One of the world's top bank by MarketCap, headquartered in Spain, has chosen iGTB for its Digital payments transformation

One of the largest Central bank in Southeast Asia has chosen Intellect Quantum Central Banking Solution for their Digital Transformation initiatives.

16

Total Wins in Q3FY18 including 2 large Digital transformational deals



DIGITAL TRANSFORMATION DEALS

Strong Order backlog

Total Order backlog stands at INR 951.43 Cr

(Excluding order backlog of GeM project)



Order Backlog

Active Pursuits

28

The current funnel (Active Pursuits) of Intellect is around INR 2861 Cr, out of which INR 2686.30 Cr is accounted by 215 opportunities.

We have 28 high value active pursuits:

- 6 pursuits are of value more than Rs. 50 Cr. each
- 8 pursuits are of value between Rs. 30 Cr - Rs. 50 Cr. each
- 14 pursuits are of value between Rs. 20 Cr - Rs. 30 Cr. each



HEALTHY PIPELINE



Arun Jain
Chairman & Managing Director

“The achievement of INR 1,000 cr mark in Calendar Year(CY) 2017 establishes our business stability and is a palpable evidence of sustainable growth. In a span of just 12 quarters, Intellect’s revenue has jumped from 577 Cr in CY 2014 to 1,031 Cr in CY 2017. This steady growth confirms our position as a leading global FinTech player, validating our strategy, direction and endorsing our execution capabilities. With critical size and investments built into current cost structure, the new revenues will drive higher margins.”



S Swaminathan
Chief Financial Officer

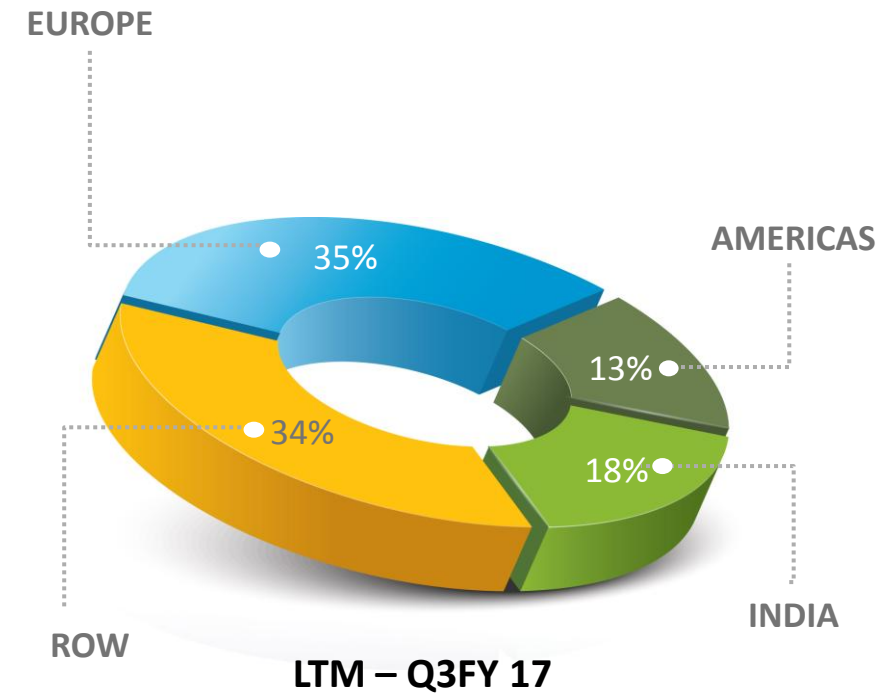
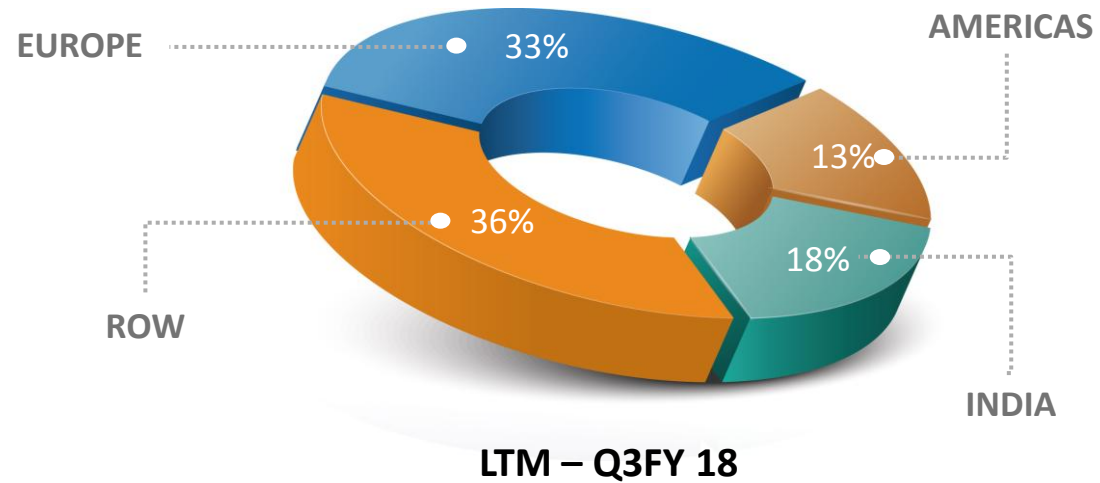
“We are in line with our cost management and cash generation initiatives which we rolled-out in the beginning of this financial year. This has contributed in delivering positive EBITDA and accelerated collections over the last 3 quarters. During this quarter, we have invested an additional INR 5 Cr on one time Sales & Marketing cost impacting EBITDA.”





APPENDIX

Revenue Distribution: By Markets



LTM = Revenue of current quarter + last three quarters



DIVISIONAL COMMENTARY

(ORDER WINS AND IMPLEMENTATIONS FOR Q3FY18)



Large Digital Transformational deal wins

- One of the world's top bank by MarketCap, headquartered in Spain, has chosen iGTB for its Digital payments transformation. Enabling it to benefit from the LatAm growth and the huge LatAm-Europe links, the bank will be able to offer faster, clearer, more flexible and efficient payments cross-border at lower cost. Apart from this, large global corporations, with all their complexity, will have more flexibility for their international supply chain (eg. manufacturing in China) and distribution arms selling into many markets, all highly integrated and with the capacity for the anticipated volume and value growth.
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- One of the largest Central bank in Southeast Asia has chosen Intellect Quantum Central Banking Solution for their Digital Transformation initiatives. The central bank's vision is to become the credible central bank institution and the best in the region by strengthening the strategic values that are owned and the achievement of low inflation and a stable exchange rate. In line with the said vision, the central bank has partnered with Intellect to support their transformation journey using the proven Quantum central banking solution. Intellect's Digital Quantum Central Banking Solution (QCBS) will enable the bank to provide new, enhanced central banking services to the commercial banks, government ministries and foreign investors by enabling operational efficiency, quicker policy implementation and enhanced customer experience.

Other Significant deal wins



Digital led order wins

- A leading banking and financial services organization in the Middle East and Turkey has signed a significant deal with Intellect to implement CBX (Contextual Banking Experience) from iGTB. This GCC bank, the biggest in the country will pursue a rapid roll-out of CBX in 14 countries, supporting an array of payment types and regulatory requirements and enabling the bank to offer its international corporate clients a single, consolidated view of cash positions through an intuitive user interface. In particular, it will allow the bank to open up new lines of business, offering multi-country regulatory and local requirement support as well as faster client onboarding – this solution will be a critical enabler for its ambitious growth plans.
- A major British financial institution has chosen Funds Control Hub from iGTB to onboard more customers. It provides better leverage to midcaps right up to large corporations and other financial institutions, by offering the gold copy of their enterprise limits, especially valuable because of the ability to share facilities across different legal entities. It covers not just accounts but also collateral and trade finance limits.
- A global top-20 Japanese financial services company has chosen Intellect Liquidity Management from iGTB to provide cutting-edge liquidity management capabilities to its business clients, including notional pooling with multi-tier interest and interest optimisation, so that large corporations can create better wealth through management of their money. In this way, the bank aims to reinforce its client relationships by rewarding stable corporate deposits. iGTB already processes approximately 25% of the global large corporate sweeping and pooling processing and this partnership, the first substantial one for iGTB in a Japanese financial institution, will add to that and especially add to iGTB's presence in APAC.

Other Significant deal wins



Digital led order wins

- A community-focused life insurance company for over 120 years in the USA has chosen Intellect Distribution & Service Suite, the industry's only comprehensive digital suite for new business and post-issue servicing that seamlessly integrates with the existing systems. Intellect SEEC's solution will aid the fraternal organization in increasing the productivity of their independent agents providing them a real time omni-channel and omni-product out of the box experience. Pre and post issue capabilities are rendered through 7 AI driven business apps - Lead Closer, Needs Analysis, Quote/Illustration, e-App, Profile Management, Customer Service and Product Launcher. True cloud native platform (Amazon), pre built APIs, and high configurability provides a 50-60% acceleration in deployment and enables scalability at a low cost.
- A leading specialist insurance for three decades and market leaders in many of chosen lines in US has been underwriting commercial risks in the USA since 2004, and has been looking for an insurtech company to understand how risk data can be consumed better while incorporating newer data models (unstructured data). The unique nature of the company's environmental and management liability products requires specific data sources pulled together for triangulation. Intellect Risk Analyst, an award winning product creates meaningful insights by analyzing data from 1800+ data sources using big data, artificial intelligence, underwriting rules and risk predictors. The powerful algorithms, pull from traditional sources like OSHA, Google Maps, Risk Meter, etc with new data sources like Hazard Hub, EDR, ECHO, and legal data.

Other Significant deal wins



Digital led order wins

- BOB Financial Solutions Limited, a wholly owned subsidiary of Bank of Baroda has selected Intellect Digital Credit Card Management System, Intellect Digital Origination and Intellect Digital Debt Management for Credit Card operations. The integrated solution of Intellect Cards along with the modules of Intellect Origination and Intellect Collect shall ensure that the digital journey embarked upon by BOBFSL shall bring the desired results in the days to come.
- One of Swaziland's major providers of long term mortgage lending has chosen Intellect Digital Core & Intellect Treasury
- A leading private sector bank serving about 1.5 million customers in Egypt has chosen Intellect Collect to digitize their collection processes
- A Scheduled State Cooperative Bank in Andhra Pradesh has chosen Digital Interface Hub for its Delivery Channels from the Core Banking Suite

Other Significant deal wins



Digital led order wins

- A listed bank and strongly supported by the Emirates Government as a key stakeholder and agile Islamic commercial bank in UAE has chosen Intellect OneTREASURY - a real-time treasury management solution that connects the four levers of Liquidity, Risk Trading, Capital Management and Client Servicing on a single platform for a powerful treasury transformation. Intellect OneTREASURY would help deploy the liquidity generated by the bank's deposit gathering activities, and capital funds, in such a way as to be compliant with the Shariah and maximize shareholder's profitability.
- An upcoming co-operative and local area bank in India has chosen Intellect OneTREASURY as a partner in its vision for growth and high market share. The key enabler for optimizing profits while complying with increasing regulations around Liquidity and Capital buffers, would be an intelligence driven real time view of liquidity and risk-aiding rapid decisions. This is exponentially delivered with the help of Intellect OneTREASURY's service oriented technology.
- In addition to this, Intellect OneTREASURY was chosen as their partner of choice by one of the strongest scheduled commercial banks from South India, an upcoming co-operative bank which caters to the local community's financial needs in India and –a reputed organization, wholly owned by the Govt. of India, provides export credit insurance support to Indian exporters and related services for exports.



Reliable Implementations

Intellect went live in 11 financial institutions across the world during this quarter. The significant implementations in Q3 FY 18 include:

Intellect successfully implemented a comprehensive supply chain finance platform for Bank of Baroda, India's International Bank. The solution provides a full range of supply chain finance products - covering pre- and post-shipment, vendor finance, dealer finance and payable finance and is highly flexible and scalable, with an omni-channel user interface that supports rich analytics.

The significant implementations in Q3 FY 18 include:

- A British multinational bank and financial services company headquartered in London has gone live with Funds Control solution in two additional European countries, Germany and Ireland.
- A large state-owned bank in Vietnam and the country's number one bank in net income and the second biggest bank by assets have gone live with an overall acceptance of Intellect Digital Core Banking.
- One of the popular licensed commercial banks in Uganda and a premier state owned development bank in Sri Lanka have gone live with Anti Money Laundering (AML Solution) and CEFTS (OTC) respectively from the Intellect Digital Core Banking Suite.



Reliable Implementations

- One of the largest commercial banks in Bhutan has gone live with Intellect Loan Origination.
- A popular and fast growing bank with pan India presence, one of the largest payments bank in the country, One of the leading Urban Co-operative banks with presence in Maharashtra, Gujarat and Karnataka and a publicly owned Commercial Bank in Sri Lanka have gone live with Intellect ONETreasury. This makes Intellect OneTreasury running in over 50 banks including Reserve Bank of India, NABARD, Saigon Hanoi Bank, National Bank of Ethiopia, UCO Bank and Housing Finance Bank.
- One of the largest UK-based wealth management business company has gone live with Intellect Distribution Suite



BRAND BEACONS

Visibility to Intellect as a Brand and its cutting edge products have been amplified manifold through Strategic Participation in Global Events

Brand Beacons



IDC 17.1 launch with an exclusive partnership with CNBC-TV18



iGTB Stall at Sibos 2017

