

Intellect Design Arena Limited

Digital Product Powerhouse

**Earnings Announcement – Q4 FY 15-16 &
Year ending 31st March 2016**

May 3, 2016

Agenda



1

**Business
Performance
Summary**

2

**Financial
Performance
Analysis**

3

**Management
Commentary**

4

Q & A



Section 1 – Business Performance

1.1 : Business Performance. **Financial**



Revenue

Quarter: The revenue for Q4 FY 16 was Rs 216.66 crores against Rs 193.75 Cr in Q3 FY 16.

Annual: Revenues for the year (2015-16) stood at Rs.811Cr against Rs. 609 Cr in FY 15. This shows a growth of 33% for the year.

We met our original guidance but not our revised one. We are learning the large deal behavior

Margins

Quarter: Margins for the quarter were Rs 111 Cr as against Rs. 99 Crs in Q3 FY 16 . Margin sustains above 50%

Annual: Margins for the year (2015-16) were at Rs. 419 Cr as against Rs. 303 Cr last year. Margin consistently above 50%

Capitalization of Product Development

In tune with our evolution as a Product company , Board has taken decision to capitalize the new Product Developments from this quarter onwards as a policy.

Profitability

Quarterly PAT at 14.14 Cr

DSO

DSO steady around 150 days.

1.2 : Business Performance. Marketplace



Digital led wins

Quarter: Intellect won 11 Digital led deals during the this quarter.

Annual: Intellect won 50 Digital led deals in FY 2015-16

Deal Commentary

1. Intellect won 2 multi year deals from new license holders for Small Finance Banks for Intellect Digital Core Banking. Intellect won these deals because of superior Digital 360 technology against all established players in the market.
2. One of the largest bank of Bahrain has chosen Digital Transaction banking platform suite to lead in Corporate banking. This win makes 11th win in a row for DTB platform during the year.
3. Intellect One Treasury won 2 deals during the quarter from Indian banks. This makes One Treasury live in over 35 institutions globally.
4. Intellect Lending platform has won 2 deals during the quarter from Middle east and Asia pacific because of Digital 360 technology. These win will make 61 banks using Intellect Digital Landing.
5. Digital Face launched during December 2015, has acquired 4 new customers during the quarter.



1.3: Business Performance.

New Products & Distribution Capability

New products

4 new products launched this year.

1. Intellect proudly unveiled iGTB Release 16- including Apple Watch Support & Artificial Intelligence powered KYC solution,
2. Digital Distribution Suite for the UK Life and Pension markets,
3. Intellect Risk Analyst- the first-ever virtual assistant for underwriters *and*
4. One LRM-a comprehensive Basel III Liquidity Risk Management Platform powered by Zf Omni-Channel Risk Visualize.

Investment in SG & A

Investment in Selling & Marketing and General & Administrative expenses(SG & A) for FY2015-16 stood at Rs. 340 Cr (42% of Revenue) as against Rs. 261 Cr (43% of Revenue) last year. Funnel pipeline currently stands at \$ 450mn with 463 opportunities.

Board Announcement



- **Arun Shekhar Aran inducted as Additional Director on the Board and will be an Independent Director of Intellect**
- Arun Shekhar Aran is the CEO of NUCSOFT Solutions Ltd., an end-to-end solutions provider to the BFSI sector. With over two decades of being associated with the financial technology space, Arun Shekhar brings significant experience, business insight, management acumen and global perspective to Intellect Design Arena Limited. He holds a B. Tech. degree from Indian Institute of Technology, Delhi and an MBA degree from Indian Institute of Management, Ahmedabad.



Section 2 – Financial Trends

Q4 FY 16 & FY 16 Consolidated Business Financials

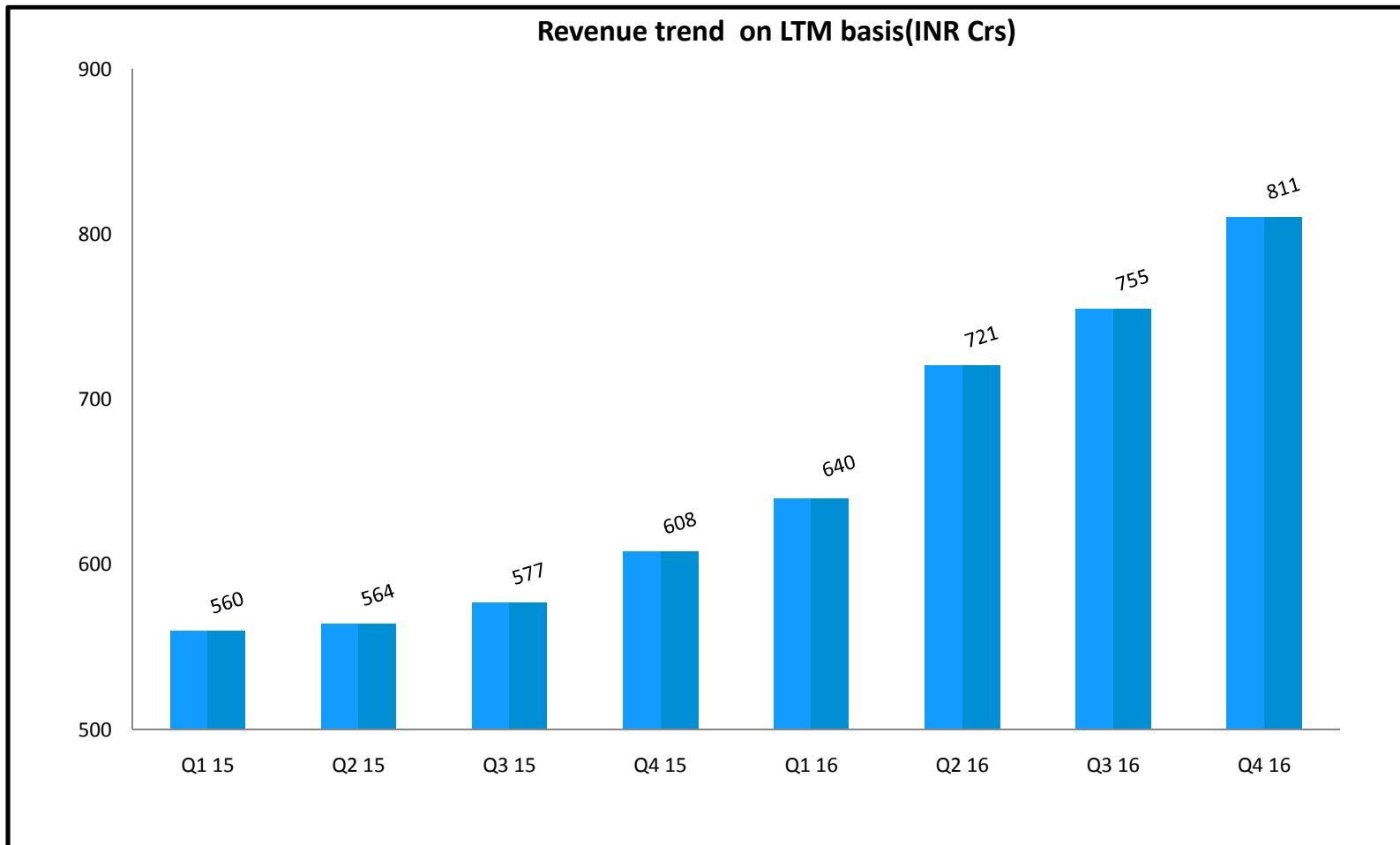


Rs. Lakhs

	QUARTER ENDED			YEAR ENDED	
	March 31, 2016	December 31, 2015	March 31, 2015	March 31, 2015	March 31, 2016
Revenue (INR Lakhs)	216,65.19	193,74.82	161,25.58	608,74.95	810,65.56
Revenue (Mn \$)	32.09	29.39	25.67	99.48	123.81
Software development expenses (SDE)	105,80.13	94,36.46	85,14.27	305,97.47	391,27.35
Gross Margin	110,85.06	99,38.36	76,11.31	302,77.48	419,38.21
Gross Margin %	51%	51%	47.2%	50%	52%
Selling & marketing and General & Administrative expenses (SG & A)	98,32.02	80,31.56	70,70.62	261,04.60	340,29.86
Research & Engineering expenses (R&E)	9,27.54	33,59.37	33,47.61	122,03.58	106,29.77
EBITDA	3,25.49	(14,52.57)	(28,06.92)	(80,30.70)	(27,21.42)
Depreciation/ Amortisation	5,64.88	5,20.37	4,59.95	19,01.27	20,77.11
Finance Charges	40.77	26.73	23.08	80.78	1,19.22
Profit / (Loss) after interest, depreciation & amortization	(2,80.15)	(19,99.67)	(32,89.96)	(100,12.75)	(49,17.75)
Other Income / Expense	6,63.33	8,68.43	2,62.17	18,89.26	23,27.87
Profit/ (Loss) before tax	3,83.18	(11,31.24)	29,14.72	(81,23.49)	(25,89.88)
Provision for taxation	(10,30.60)	60.00	51.18	1,75.84	(9,06.32)
Profit/ (Loss) after tax	14,13.78	(11,91.24)	(29,65.90)	(82,99.33)	(16,83.56)

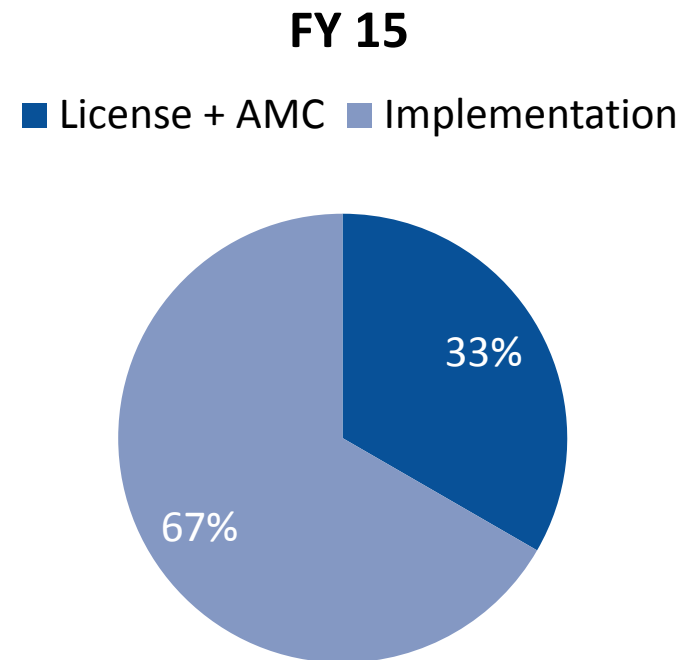
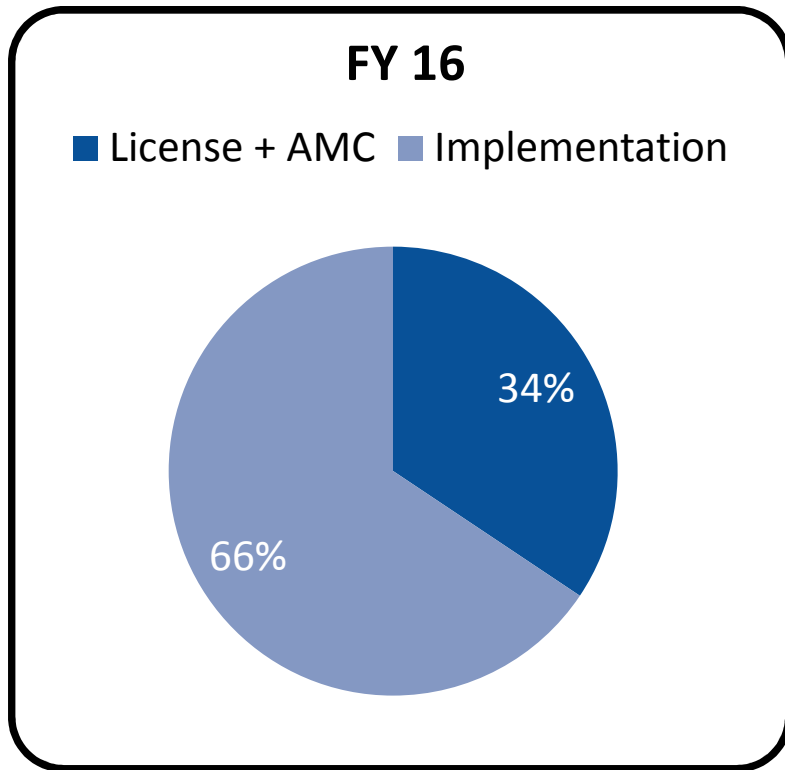
Financial Growth.

Positive Trending Performance over 8 quarters



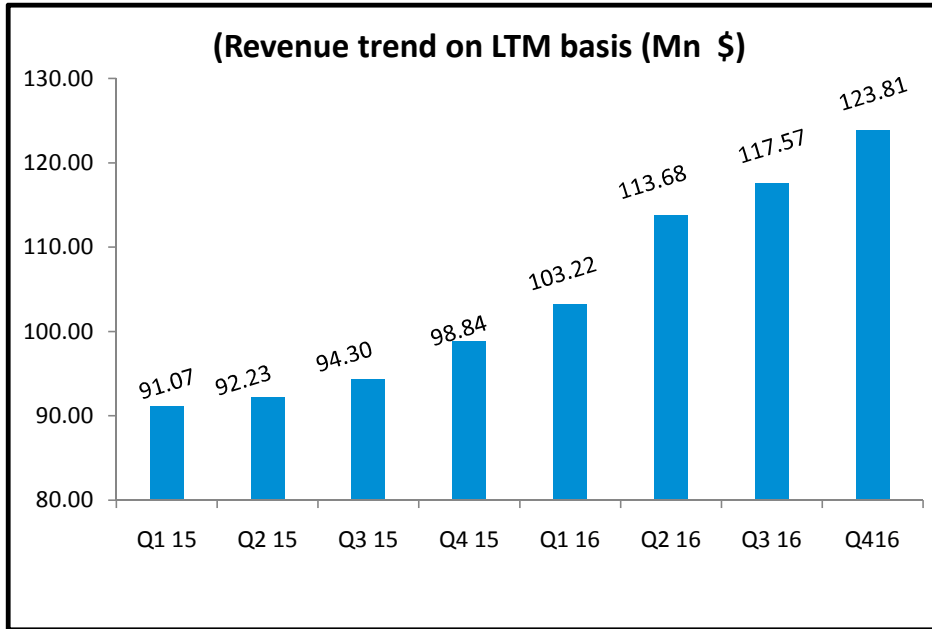
LTM = Revenue of current quarter + last three quarters

Revenue Distribution: 34% from License & AMC Plenty of Headroom for Profitability

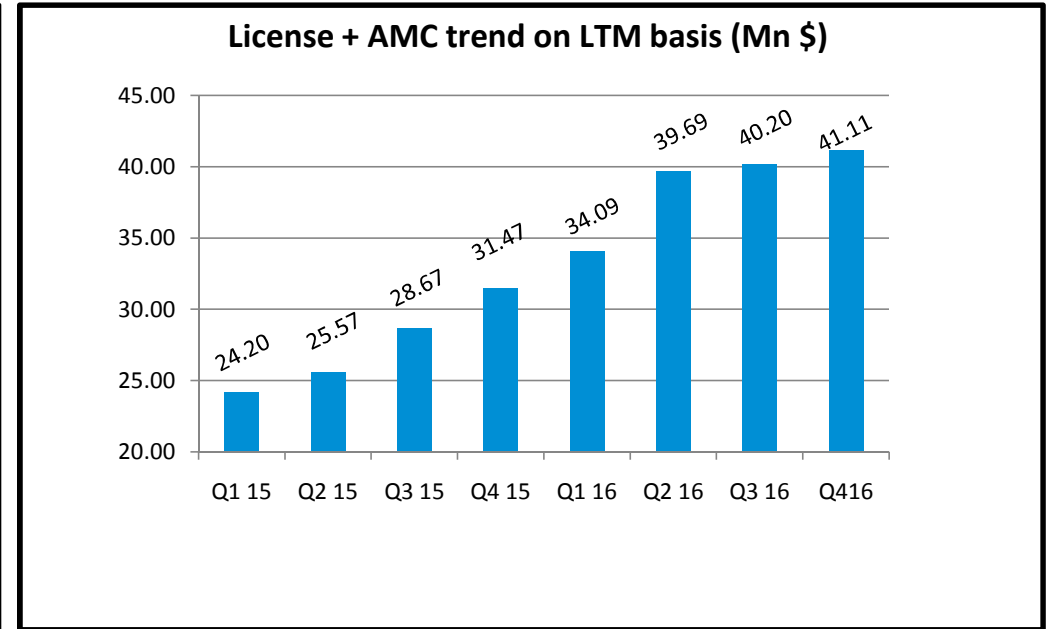


Financial Growth

Consolidation. Next step-up targeted in H1



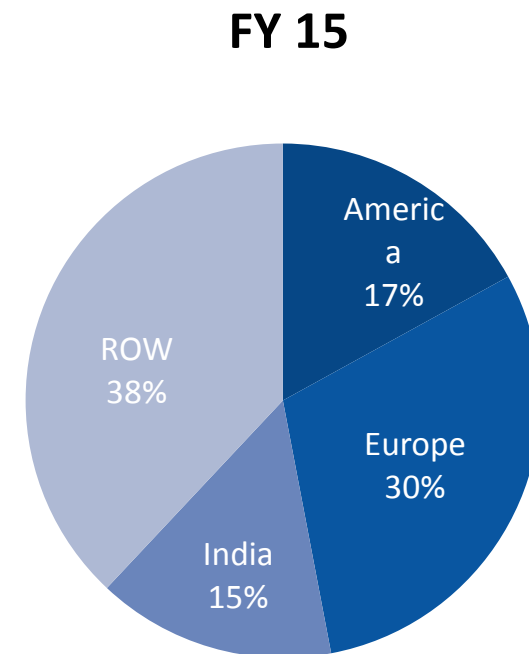
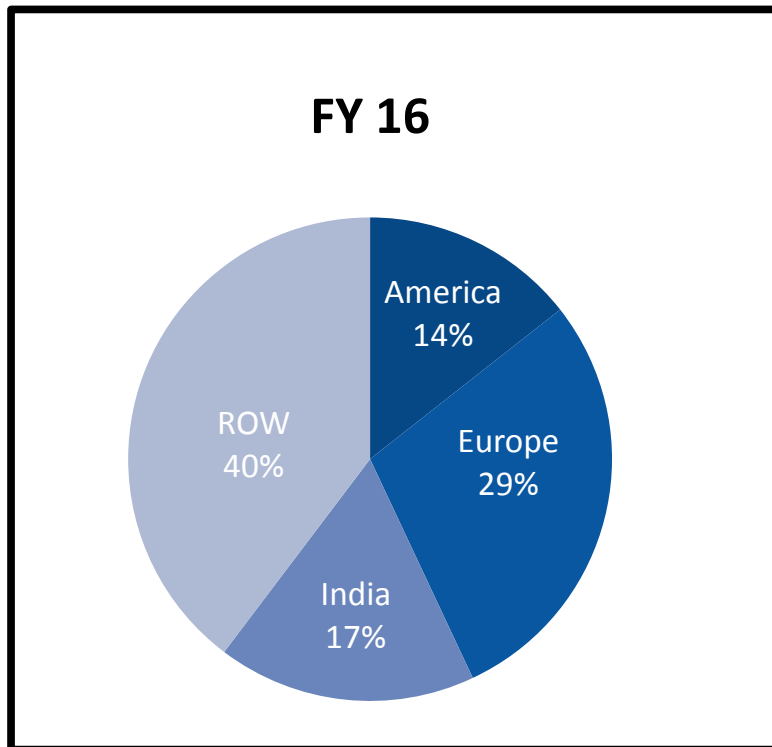
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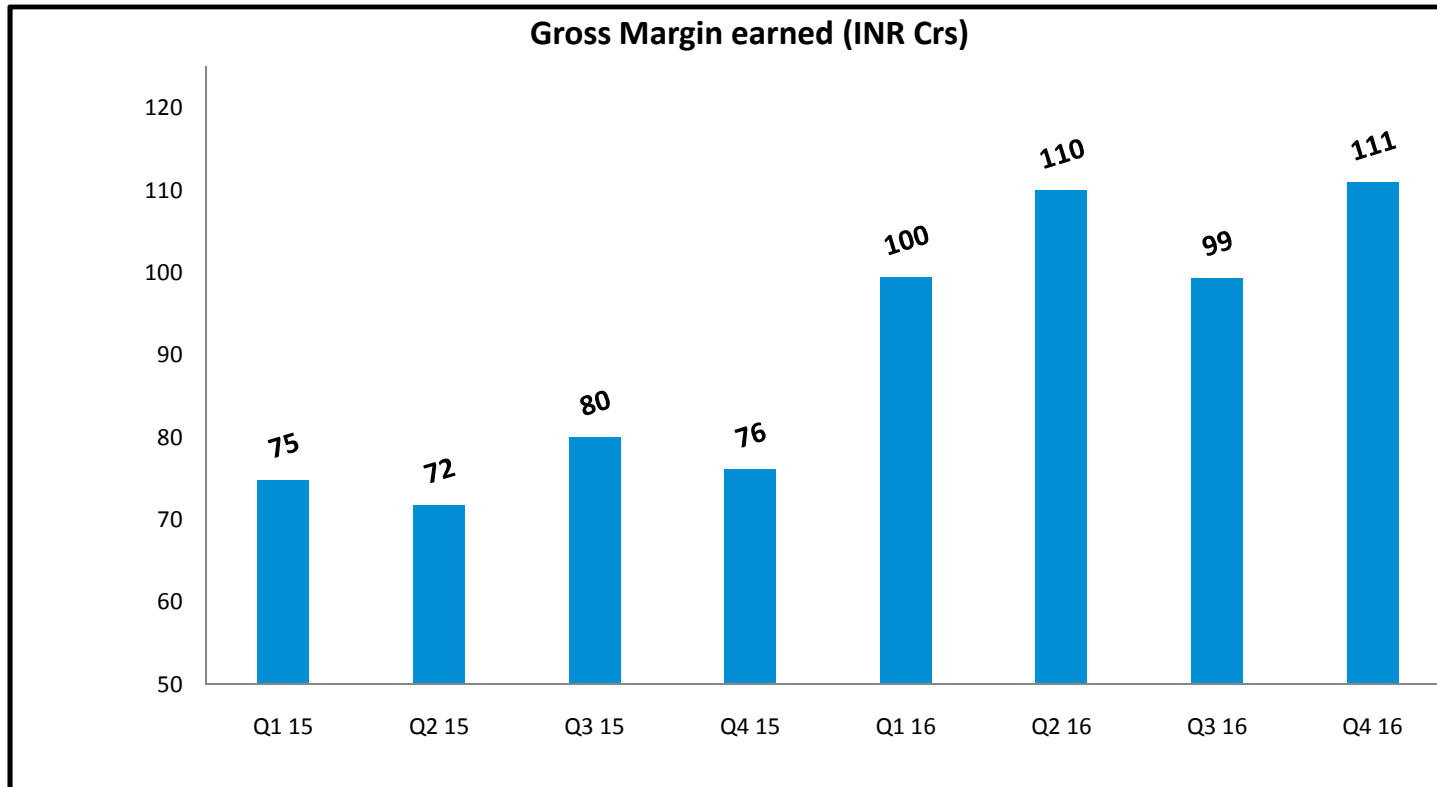
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Revenue Distribution: By Markets

Americas Lagged. All other markets delivered >20% growth

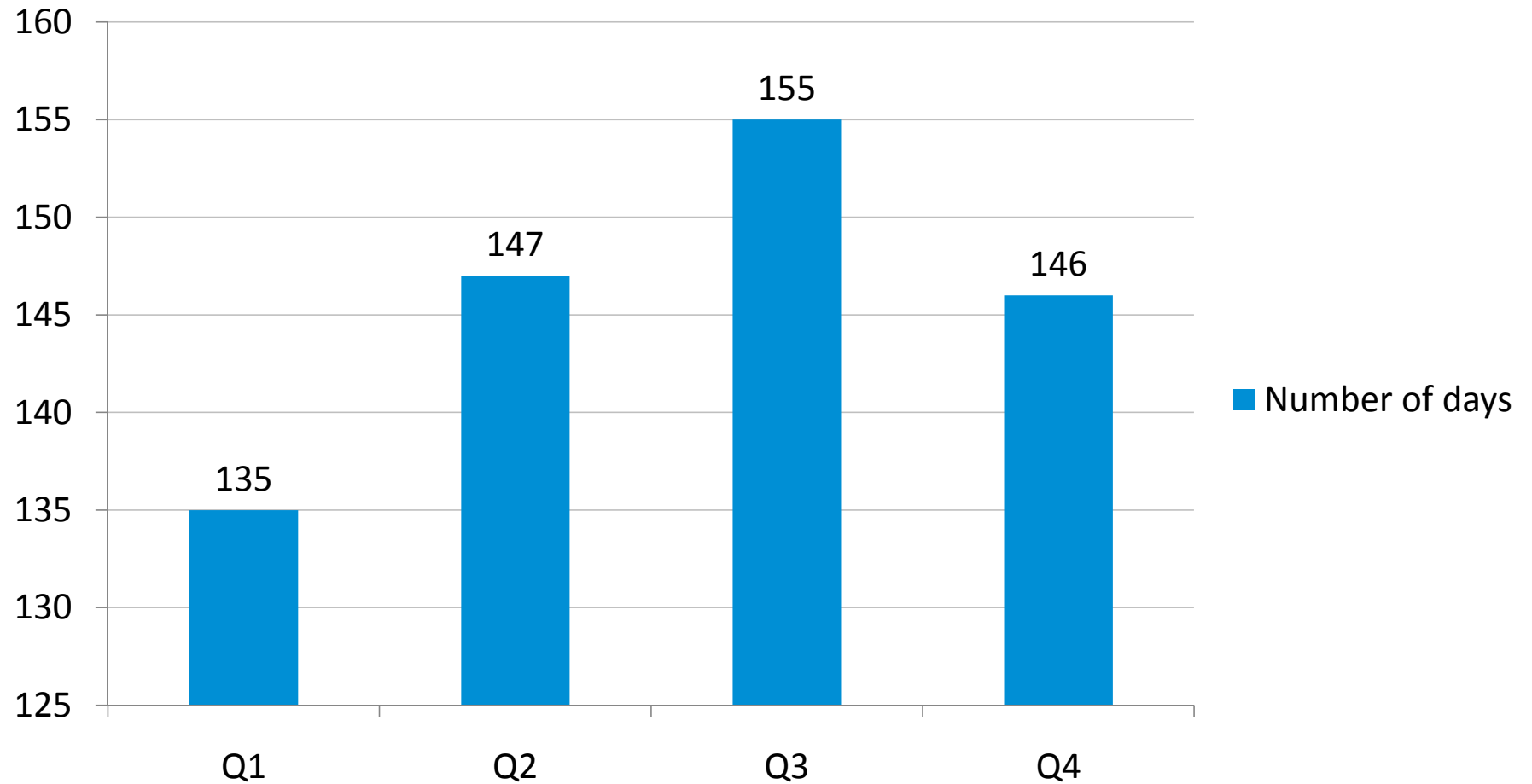


Quarterly Margin. Delivery Capability Stabilizes

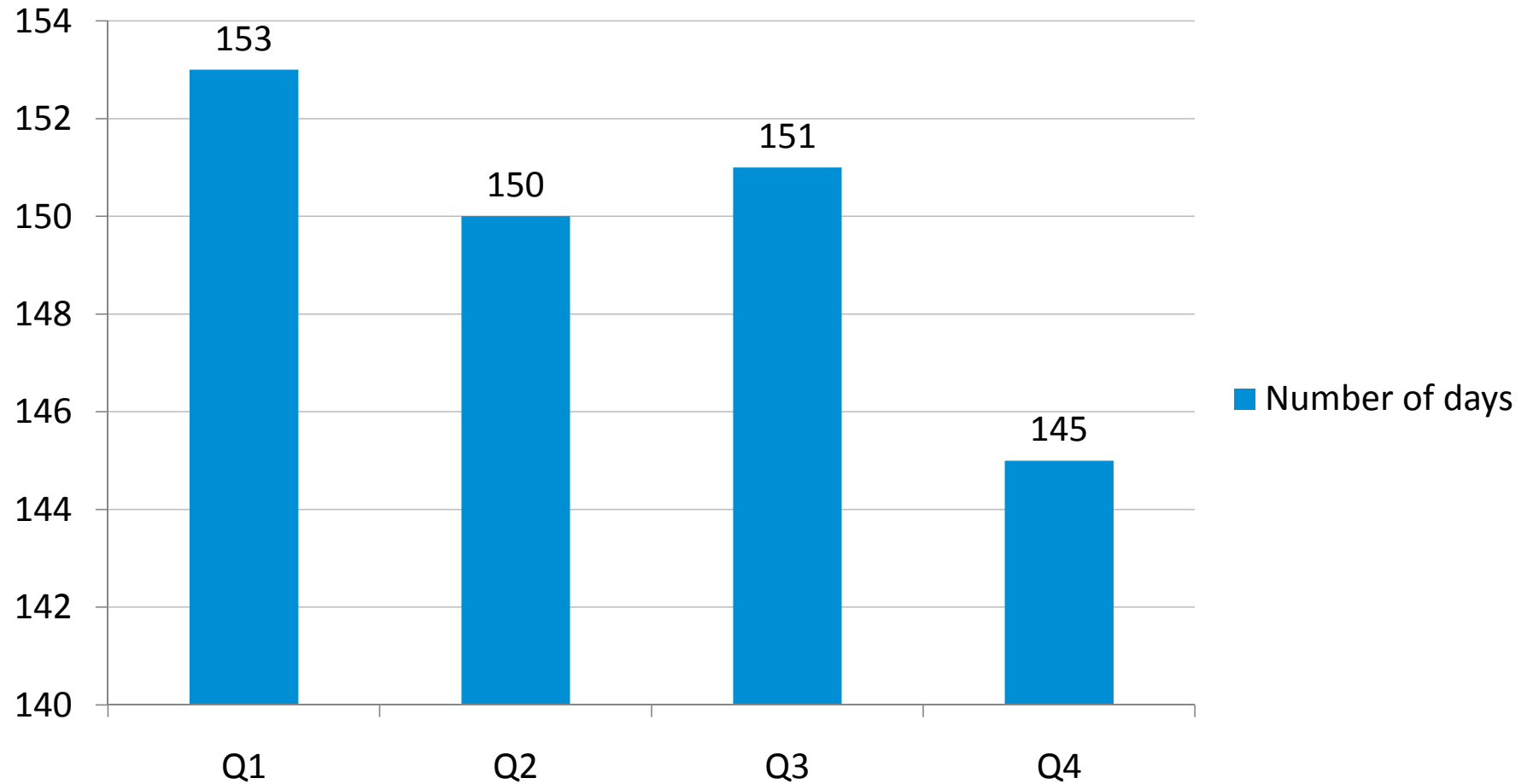


Gross Margin sustained at over 50%

DSO – Billed & Unbilled FY-16. **Steady delivery**



DSO – Billed & Unbilled FY- 15. **Steady delivery**





Section 3 – Management Commentary

State of the business

State of the business



Market Leadership

- **GTB, always a global leader**
- **QBS – the solution for Central banks has broken out and has established itself a clear platform for choice for central banks.**
 - 5 deals under pursuit
 - Other products are competing in leadership space and intent is that at least 2 should break out as undisputed platform of choice in the current year.

Geography Performance

- 3 of the 4 markets have performed. Only America needs Patience
- Asia Pacific Sales engine has boot-strapped

Deal Size movement

- **Increasingly playing in large deal size**
 - Closed a >15mn \$ deal
 - Chasing 9 deals between 3 – 7 million \$

Implementation certainty

- **Steady increase in number of go lives**
- **Will start sharing metrics from next quarter**
- **Sustained margins point in this direction too**



State of the business. Leadership additions

Leadership Additions



Michel Jacobs, EVP - Head New Market Strategy – i-GTB:

Michel Jacobs is from Netherlands and graduated with a degree in Computer Science. After serving the Dutch Air Force, he moved to the US where he has handled various senior leadership roles with eFunds and S2 Systems across banking and payments. Prior to Intellect, Michel served as EVP – Central Product Strategy with FIS. Within Intellect, Michel is responsible for driving iGTB’s product and marketing strategy for new cloud based market segments and will also lead the Partner Alliances & Acquisition strategy.



Ravi Srinivasan, EVP- Service Delivery, Digital Core, iGCB:

Ravi Srinivasan brings with him global expertise of over 25 years spanning BFSI and specializing in enterprise-wide turnkey solutions for some of the world's largest financial institutions. Formerly with Wipro as a global client partner, he has demonstrated success in implementing complex projects across APAC, Australia, EMEA, UK and US including upgrade projects for the Ministry of Finance, Government of Singapore. With his vast experience across geographies Ravi supports implementation of Digital Core.

Leadership Additions



Akash Gupta, Executive Vice President & Service Delivery Head – i Pay :

With nearly three decades of experience in the financial services industry, Akash has handled senior leadership roles while working with Royal Bank of Scotland, ABN AMRO Bank, Bank of America and ITC Classic Finance. He was part of the leadership team that pioneered 365 days banking, doorstep delivery, and extended banking hours at Bank of America. During his tenure with Arete Financial Partners, Singapore, he has also influenced geographies such as Malaysia, Thailand, Indonesia, Vietnam, and the UK.



Mikael Estvall, Senior Business Development Manager Nordics & Baltics Region, Sweden:

Mikael Estvall has over 25 years of experience in financial services. He has worked in multiple roles spanning from sales, training, product management, marketing and divisional management. He has been closely associated with the digitization of FX markets, electronic trading, straight through processing and clearing. He has worked with Misys, NASDAQ, OMX, Reuters and other firms in the financial technology space. He is based in Stockholm, Sweden.



State of the business. New Go lives

Reliable Implementations



Intellect continues to deliver over 85% implementations ahead of schedule and in full in FY16. Some of the significant implementations during the year:

- Tacirler Investment, a leading investment company in Turkey has gone live with Intellect Order Management System. This go-live enables much needed flexibility to adapt to changing regulatory needs and gives faster time to market advantage. One of the leading the private sector banks in the country has gone live with Intellect's SME Digital initiative demonstrating the power of apps and canvas technology.
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- A leading government-owned commercial bank in India has gone live with Intellect's Anti Money Laundering product.
- A leading Indian multinational banking and financial services company has gone live with Intellect Wealth to provide its clients enhanced customer experience.
- One of the most sought after micro finance institutions in the country has gone live with the Intellect Lending suite. This solution will power the client's wholesale portfolio covering SME, Business Enterprise (Corporate) and Channel Finance verticals.
- A leading wealth management company in London has gone live with Fund Switch from Intellect SEEC. This solution allows Partners to perform fund switches on behalf of clients, making use of straight through processing to achieve cost savings per switch.



State of the business. New Launches

Product Launches



Intellect proudly unveiled 4 products during the year :

- 1. iGTB Release 16, including Apple Watch support and A.I. KYC:** iGTB Release 16, including Sanctions Screening – a new, faster and more comprehensive KYC solution – and the extension of CBX (Corporate Banking Exchange), the **true omni-channel digital enterprise platform**, to Apple Watch and other smartwatch devices. Sanctions Screening, designed by iGTB, is an Artificial Intelligence (AI) powered solution that goes beyond current KYC methods by incorporating **a natural language contextual search** of social media to construct a broader and more accurate view. iGTB's new solution, now live, leverages machine learning, Artificial Intelligence and other state-of-the-art technologies to help protect banks from commercial risk.
- 2. Intellect OneLRM:** Intellect OneLRM, a comprehensive Basel III Liquidity Risk Management Platform powered by Zf Omni-Channel Risk Visualizer empowering Treasurers and Operations teams. The solution acts as single point for managing liquidity risk across organisation. The **Omni-channel Digital visualisation** capability provides 360^o view of the risk landscape across major currencies, helping in early detection and resolution of intraday shortfalls to make appropriate funding decisions to meet potential shortfall situations. Equipped with a **Funding Brain module** the product provides funding managers with the most cost-effective funding options by interacting with limit management and collateral management systems. Reconciliation of cash and securities transactions is enabled through a **Reconciliation Module** which provides support for SWIFT and other message types.

Product Launches



- 3. Digital Distribution Suite for the UK Life and Pension markets:** Digital Distribution Suite for the UK Life and Pension markets is designed to strengthen the customer relationship throughout all touch points of the sales and service process, delivering consistent, high quality customer experiences irrespective of channel or device. The first end-to-end transformation suite of its kind designed for the UK market comprises of seven business apps that enable insurers to provide innovative customer centric capabilities leading to profitable growth far more quickly and cost effectively than previously possible.
- 4. Intellect Risk Analyst:** Intellect Risk Analyst, a revolutionary cloud software for commercial insurers. Available until recently only as enterprise software, this tool is now available via a subscription model directly to underwriters, agents and carriers. With its simple user interface and the wealth of information available for underwriting risk, Intellect Risk Analyst is positioned to be the first-ever virtual assistant for underwriters. Intellect Risk Analyst is aimed to change the manual approach to underwriting with the latest advancements in technology and improve loss



Section 4 – Management Commentary Outlook for FY17

Management View



Arun Jain, Chairman and Managing Director, said :

“Achieving over 33% growth during the year and building a healthy qualified funnel for the coming year gives us confidence that Intellect will continue to lead the BFSI segment of products. Intellect has grown its footprint in Asia, India, Middle East, Africa and Europe substantially. America growth was subdued last year. Two of our products, Digital Transaction Banking (DTB) for corporate banks and Quantum Core Banking solution (QCBS) for Central Banks, have acquired global leadership gives us additional confidence for other products to get into leadership quadrant.”

S Swaminathan, Chief Financial Officer, said :

“With the success of last year growth, we have increased our investments in Marketing, Pre sales and additional leadership during the quarter for capacitating growth target of 22% to 26% in coming year. The Board took decision during the quarter to follow global Product companies’ practice of capitalizing new product developments effective Jan 1st, 2016. After considering the capitalization of new product development during the quarter and tax adjustments, we could realize 14.14 Cr PAT during the quarter.”



intellect™

DESIGN FOR DIGITAL DOMINANCE

EXPERIENCE DIGITAL 360

OPERATIONAL
EXCELLENCE

CUSTOMER
EXPERIENCE

