

Intellect Q1 FY20 License revenue registers 41% YoY growth

Q1 FY20 Revenue at INR 343 Cr; Registers 14% YoY growth

Chennai (India), July 24, 2019: Intellect Design Arena Ltd, a specialist in applying true Digital Technologies and a global leader in Financial Technology across Banking and Insurance, announced its first quarter results for FY 2019-20 today.

I. Calibrated Growth Yielding Predictability

Q1 FY20 Financial Highlights:

Revenue: Registering 14% growth YoY

- Total Revenue for Q1 FY20 grew by 14.41% YoY at INR 343.38 Cr as against INR 300.13 Cr in the same quarter last year
- In \$ terms, Q1 FY20 Revenue grew by 10.3% YoY at US \$ 49.36 Mn as against US \$ 44.76 Mn in the same quarter last year

License Revenue: Registering 41% growth YoY

- Q1 FY20 License Revenue registered 41% growth YoY at INR 65.77 Cr as against INR 46.72 Cr in the same quarter last year
- Q1 FY20 AMC Revenue registered 8% growth YoY at INR 59.67 Cr as against INR 55.26 Cr in the same quarter last year

Deal Deferment

- Three deals with license revenue of \$2.2 Mn (Rs. 15.4 Cr) deferred in the last Quarter, in respect of which documentation could not be completed and will be accounted in Q2 FY 20
- If these had been considered, our revenue growth would have been 19.5% YoY with gross margin of 49%

Digital led wins

- Q1 FY20 recorded 5 Digital led wins including 2 large Digital Transformation deal wins
 - **iGTB strikes a large deal win in Vietnam reiterating our market leadership in the country:** Largest Banking Group in Vietnam chose iGTB for the Digital Transformation of its end-to-end transaction banking business. iGTB will help the bank to achieve its objective of becoming the largest multi-functional financial group in non-Japan Asia with true Digitalisation. This is the fifth deal win in Vietnam outbeating our competition, which reiterates our leadership in the country.
 - **Bank of Mongolia drives digital transformation vision with Intellect:** Intellect will implement its award-winning Quantum Central Banking Solution. The solution is well poised to accelerate the Bank of Mongolia's digital transformation initiatives under the Payment System Modernization project funded by Asian Development Bank (ADB).

Implementations

- Intellect went live in 9 financial institutions across the world during this quarter

Gross Margin

- Gross Margin is at INR 161.79 Cr in Q1 FY20 registering 15 % as against INR 140.71 Cr in the same quarter last year
- Gross Margin % is at 47.12%

EBITDA and Net Profit

- Q1 FY20 EBITDA is at INR 12.25 Cr
- Net Profit is at INR 3.39 Cr

Collections and Net DSO

- Collections for Q1 FY20 is at INR 338.19 Cr
- The Net Days of Sales Outstanding (DSO) after taking customer advances into account is 119 days in Q1 FY20

Cash and Debt position

- Cash and Cash Equivalent is at INR 114.52 Cr as against INR 108.46 Cr in Q4 FY19
- Net Cash is at INR 10.46 Cr as against INR 72.14 Cr in Q4FY19
- Term loan is at INR 88.22 Cr as against INR 96.09 in Q4FY19

iGTB registered INR 131.52 Cr Revenue

- iGTB registered INR 131.52 Cr revenue in Q1 FY20 as against INR 122.24 Cr in the same quarter last year
- iGTB recorded 58.67% of its Q1 FY20 revenue from Advanced Markets

IDC 19.1 gaining momentum

- Registered 2 deal wins in this quarter
- 2 out of 3 deferred deals are for IDC 19.1 which will be accounted in Q2 FY20

II. Management Statement

Arun Jain, Chairman and Managing Director, Intellect Design Arena Limited said, *“Our focus on high quality opportunities is yielding results. We have a funnel of around USD 500 million, which we feel is the right size to provide focus for closure. In this quarter iGCB is also gaining traction on revenues in line with iGTB. We are also seeing very high acceptance of Xponent in the US market but these being cloud deals, the revenues are tail ended. Based on current pipeline and visibility, we are on track to achieving around 20% YoY growth.”*

Venkateswarlu Saranu, Chief Financial Officer, Intellect Design Arena Limited said, *“We are in line with our cost management and operating cash flow plans. With the maturity of products, we have started the process of de-layering and off-shoring design talent from US and Canada to India. With this initiative we have been able to contain costs better in the quarter.”*

III. Reliable Implementations

Intellect went live in 9 financial institutions across the world during this quarter. Some of the significant implementations in Q1 FY20 include:

- One of the leading banking group in Austria implemented iGTB's SWIFT certified, Digital Trade Finance platform. iGTB has helped to centralise Trade Finance IT operations with a single instance implementation of the solution based on a single source code. With this implementation, the banking group can now offer higher STP rates for incoming Trade Finance SWIFT messages, automate correspondence, provide letters of credit, document collections and guarantee commitments online and provide periodic charging and settlement options for customer accounts.
- An insurance organization charged with creating exceptional value and one of the top 100 Property & Casualty companies in the United States has gone 'live' with the Underwriting Workstation Platform of Intellect SEEC with an objective to achieve UW efficiency and improvements in the loss ratio for commercial lines. Integration with the organisation's internal systems such as Image Right document, Workflow, Policy System, Warehouse and other internal systems have been completed during this implementation.
- One of the leading financial services organisations in Malaysia with a heritage of more than 100 years went 'live' with iGTB's Digital Transaction Banking (DTB). iGTB has helped the bank to build the solution that delivers seamless digital experiences across the corporate financial supply chain.
- A Saudi Arabian bank providing Islamic personal, auto and home financial banking services and corporate banking investment solutions in Saudi Arabia went 'live' with Phase 1 of the CBX Retail and Digital Transaction Banking. CBX Retail implementation enables the bank to simplify channel banking and fuel their Principal Bank aspirations driving higher customer engagement with seamless integration across channels. DTB will enable the bank to adhere to the new regulatory payment introduced by the Central Bank and allows corporates to make payments to registered proxies.
- The first bank in Egypt and North Africa to become compliant with PCI data security standards, upon obtaining the latest version of the global Payment Card Industry Data Security Standard went 'live' with Intellect Digital Lending platform. Intellect's Digital Lending solution will empower the company towards re-positioning itself for the future by increasing operational efficiency with seamless flow of information across all systems.

IV. Product Acceptance in Leadership Quadrant

Intellect's cutting-edge digital technologies and products have been recognized by renowned global analysts and research firms.

IBS ranks Intellect no. 1 amongst top vendors worldwide in IBS Sales League Table for 2019

Intellect ranked amongst top vendors worldwide in IBS Sales League Table for 2019. Ranked No. 1 for Retail Banking Systems Worldwide, Ranked No. 2 for Payments & Cards Management, (Domestic Leaders – Suppliers); Ranked No. 3 for Digital Banking & Channels Worldwide and Ranked No. 4 for Digital Banking Experience Platform (Domestic Leaders - Suppliers).

Aite Group has profiled Intellect SEEC as a "Full AI suite provider" in its report titled, "P&C underwriting: Changing the global dynamics with AI"

Aite Group, a global research and advisory firm profiled Intellect SEEC as a "Full AI suite provider". The report will help executives from P&C insurance carriers evaluate the major AI trends affecting the underwriting process. It mentions that the clients using Intellect's services see a reduction in time needed for underwriting decision-making, reduction in cost from premium data sources, reduction in time for new business case processing, and improvement in decision accuracy & consistency by using their AI and ML solutions.

Intellect has been recognized as a 'Global Pursuer' and a 'Global Player' for Combined Deals & New Named Deals in the Global Banking Platform Deals Survey 2019

Forrester, a leading American market research company acknowledged Intellect Design Arena as a 'Global Pursuer' for new named deals and a 'Global Player' for combined deals in the Global Banking Platform Deals Survey 2019 by Forrester Research, Inc.

Novarica recognized Intellect SEEC for the Novarica Impact award at its report titled "Research Council Study- Insurance Technology Case study compendium 2019"

The Novarica Research Council Impact Awards has recognized Intellect SEEC for the Novarica Impact award in IT Digital Innovation practices (IT Practice or Infrastructure). The report features Intellect's Underwriting workbench platform hosted on AWS that leverages multiple AWS capabilities for companies like Amerisure and StarStone.

iGTB rated as LEADER in the space of "AI in the UI" in the Celent report titled 'AI in the UI: Leaders Differentiate Themselves - Vendor spectrum - Corporate Banking Edition'

AI based UI Development (AI-UI) Artificial Intelligence (AI) is currently one of the most popular topics in the industry with seemingly endless applications in everything. iGTB has been rated as LEADER in the space of "AI in the UI" at the Celent report titled 'AI in the UI: Leaders Differentiate Themselves - Vendor spectrum - Corporate Banking Edition'.

Financial Results for the First Quarter Ended – June 30, 2019

Additional Information on function wise classification of statement of Profit and Loss of the Group (Consolidated Unaudited / Not Reviewed)

INR in Lakhs

Particulars	QUARTER ENDED			YEAR ENDED
	June 30, 2019 (Q1 FY 20)	June 30, 2018 (Q1 FY 19)	March 31, 2019 (Q4 FY 19)	March 31, 2019 (FY19)
INCOME				
Income from software product license and related services	34,338.13	30,013.41	39,758.20	1,45,873.25
EXPENDITURE				
Software development expenses	18,158.79	15,942.01	19,033.85	73,717.60
Gross Margin	16,179.34	14,071.40	20,724.35	72,155.65
Gross Margin %	47.12%	46.88%	52.13%	49.46%
Selling and marketing & General and administrative expenses	11,403.73	10,382.39	12,099.31	45,526.46
Research & Engineering expenses	3,355.13	2,145.43	3,192.44	10,039.81
Provision for Debts and Write offs	195.00	195.00	219.48	1,739.16
Total Expenditure	33,112.65	28,664.83	34,545.08	1,31,023.03
EBITDA	1,225.48	1,348.58	5,213.12	14,850.22
Depreciation/Amortisation	(1,654.46)	(842.87)	(1,147.25)	4,155.71
Hedge Impact	(58.82)	(128.18)	(196.00)	(916.32)
Finance Charges	(393.87)	(307.86)	(270.71)	1,144.25
Other Income (including Treasury)	1,507.66	4,166.09	566.44	6,270.56
Reinstatement of Receivables / Liabilities	23.32	93.14	(305.06)	(1,180.31)
Minority Interest/ Share of profit/(loss) of Associate Companies	(282.97)	(27.93)	611.13	305.03
Profit / (Loss) before tax	366.34	4,300.98	4,471.66	14,029.21
Provision for taxation	27.22	(51.47)	173.83	894.70
Profit / (Loss) after tax	339.12	4,352.45	4,297.83	13,134.51

Investor Conference Call

The Board of Directors of Intellect Design Arena Limited met on **24th July 2019**, to take on record the financial results of the company for the Q1 FY20 ended on June 30, 2019.

Intellect Design Arena Ltd. will host an Investors Conference Call on **24th July, 2019**, where the Senior Management of Intellect will comment on the company's performance during the Q1 FY20 and respond to questions from participants. **The conference call will take place at 17:00 Hrs IST on Wednesday, 24th July, 2019.** The dial-in numbers to join the conference call:

Conference Name	:	Q1 FY20 Investor earnings call
Date	:	24th July, 2019
Time	:	05:00 PM to 06:00 PM IST
Conference ID	:	89387536

ACCESS NUMBERS

MUMBAI	:	Primary Access Toll Number	:	02239402340
BANGALORE	:	Primary Access Toll Number	:	08039402340
DELHI	:	Primary Access Toll Number	:	01139402340
CHENNAI	:	Primary Access Toll Number	:	04439402340
INDIA	:	Primary Access Toll free Number	:	18001203356
HONG KONG	:	Primary Access Toll free Number	:	800933332/ +85230600221
SINGAPORE	:	Primary Access Toll free Number	:	8001206940/ +6564298385
US	:	Primary Access Toll free Number	:	18558616822/ +16465618898
Canada	:	Primary Access Toll free Number	:	18556917951/ +14162165636
UK	:	Primary Access Toll free Number	:	08007563976/ +442033645144
UAE	:	Primary Access Toll free Number	:	800035770170

About Intellect Design Arena Limited

Intellect Design Arena Ltd, a specialist in applying true digital technologies, is the world's first full spectrum Banking and Insurance technology products company, across Global Consumer Banking, Central Banking, Global Transaction Banking (iGTB), Risk, Treasury and Markets, and Insurance. With over 25 years of deep domain expertise, Intellect is the brand that progressive financial institutions rely on for digital transformation initiatives.

Intellect pioneered Design Thinking for cutting-edge products and solutions for Banking and Insurance, with design being the company's key differentiator in enabling digital transformation. FinTech 8012, the world's first design center for Financial Technology, reflects Intellect's commitment to continuous and impactful innovation to address the growing need for digital transformation. Intellect generates annual revenues of USD 208 million, serving over 240 customers through offices in 91 countries and with a diverse workforce of solution architects, domain and technology experts in major global financial hubs around the world. For further information on the organization and its solutions, please visit www.intellectdesign.com

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