

Intellect SaaS revenue registers 50% YoY growth

Q3 FY20 Revenue is at INR 320.33 Cr; Collections up by INR 22.5 Cr as against Q2 FY20

Chennai (India), Feb 14, 2020: Intellect Design Arena Ltd, a specialist in applying true Digital Technologies and a global leader in Financial Technology across Banking and Insurance, announced its third quarter results for FY 2019-20 today.

I. Calibrated Growth Yielding Predictability

Q3 FY20 - Financial Highlights

Revenue

- Total Revenue for Q3 FY20 at INR 320 Cr
- In \$ terms, Q3 FY20 Revenue at \$ 45 Mn
- YTD FY20 (9 months) revenue at INR 991 Cr

License, AMC and SaaS Revenue

- Q3 FY20 License Revenue is INR 49 Cr
- YTD FY20 License revenues is INR 147 Cr
- Q3 FY20 AMC Revenue is INR 63 Cr
- Cloud revenue of Q3 FY20 is INR 33 Cr, registering 50% YoY growth
- YTD Cloud revenue is INR 83 Cr, registering 27% YoY growth

Gross Margin, EBITDA and PAT

- Gross Margin is INR 149 Cr in Q3 FY20, 47% of revenues
- EBITDA for Q3 FY20 is INR 3.6 Cr and YTD FY20 is INR 11 Cr
- Net Loss for Q3 FY20 is INR 11.38 Cr

Note: Deals worth \$ 5 Mn in License value have been received but could not be accrued in Q3 FY20 pending final documentation. While the deals were won, conclusion of contracts and other documentation that would enable to recognize these revenues is taking a while. Had they been accrued, revenues would have been INR 355.95 Cr (\$49.97 Mn), EBITDA of INR 37.18 Cr and Net Profit of INR 22.22 Cr.

Cash and Debt position

- Cash and Cash Equivalent is INR 121Cr
- Net debt came down by INR 9 Cr showing marginal internal cash generation

Digital led wins and implementations

- Q3 FY20 recorded 6 Digital led wins including 1 large Digital Transformation deal win
- Intellect went live in 17 financial institutions across the world during this quarter

iGTB registered INR 121 Cr Revenue

- iGTB registered INR 121 Cr revenue in Q3 FY20
- 65% of its Q3 FY20 revenue is from Advanced Markets

Collections and Investment in Product Development (Capitalised)

- Collections for Q3 FY20 is INR 334.45 Cr; up by INR 22.5 Cr as against Q2 FY20
- The Net Days of Sales Outstanding (DSO) is 132 days in Q3 FY20
- Investment in Product Development (Capitalised) is INR 28.72 Cr

II. Management Statement

Arun Jain, Chairman and Managing Director, Intellect Design Arena Limited said, *“While current Quarter revenues have been impacted by documentation challenges, we have moved up assured revenue streams of AMC and SaaS. SaaS revenues, growing by 50%, now contribute to 10% of revenues against 5% year ago. Our platform investments are in line with the Industry shift and our Products are ready for the new pipeline of opportunities. We will stay focused, working to being the principal Technology partner for our Customers, forge Partnerships towards increasing monetization and continue to drive efficiencies”*

Venkateswarlu Saranu, Chief Financial Officer, Intellect Design Arena Limited said, *“The costs in Q3 FY20 have come down by INR 77 cr on an annualised basis as compared to same period last year in spite of the investments incurred in the Cloud business this quarter. However, the LCV of the Cloud deals have the opportunity to become 3x times, over a 7 year period. Collections have gone up by INR 22.5 Cr from previous quarter and net debt has come down by INR 9 Cr.”*

III. Digital Deal Wins

With our path-breaking Digital 360 approach, Intellect has been able to address all aspects of our customers' digital requirements. Q3 FY20 recorded 6 Digital led wins including 1 large digital transformation deal win.

Large Digital Transformation deal win

The largest commercial bank in the State of Qatar has chosen Intellect's CBX Retail to modernise its technology architecture and power its digital transformation: One of the largest commercial banks in the State of Qatar which provides domestic and international banking services for individuals, commercial, corporate and institutional clients has chosen Intellect's CBX Retail. Intellect will help the bank to cater to modernise its technology architecture and power its digital transformation requirements, customer experience platform and its digital ecosystems.

Significant deal wins

- The third largest bank by market capitalisation in Australia & New Zealand, which also operates in 34 other nations, selected Intellect Liquidity Management. iGTB will help the bank with sets of enhancements to get more business and meet customers' requirements. It also includes technical enhancement to upscale the technical stack.

- A leading private sector bank in India, selected Intellect Digital Lending platform to centralise operations and drive high degree of efficiency across the complete loan management life cycle.
- One of the leading banks specialising in foreign banking and which provides trade finance and foreign exchange-related banking in Myanmar, chose Intellect Digital Core. The solution provides the bank with the best- in-class core banking with flexibility required to grow rapidly in the market.
- The first local bank and the first shareholding company in Kuwait and the Persian Gulf region chose Intellect Digital Lending for Lending Collect Upgrade. Intellect provides a comprehensive and configurable credit management solution designed to meet the ever-changing needs of credit seekers, as well as financial institutions.

IV. Reliable Implementations

Intellect went live in 17 financial institutions across the world during this quarter. Some of the significant implementations in Q3 FY20 are:

- First time in the history, one of the largest banks in the Middle East and the first bank in the region to launch a functional transaction banking channel with Islamic Banking has gone live with Digital Transformation of corporate banking project in just 11 months.
- One of the largest Spanish multinational commercial banks has gone live with Intellect Global Transaction Banking for the transformation of its payment management system and virtual account management in 10 countries across Europe, LATAM & North America.
- A Canadian multinational investment bank and financial services company, went live with Intellect Payments Hub. Intellect will help the bank's global customers to make payments from their accounts and send massive payment messages.
- Qatar's Best Retail Bank goes live with CBX Trade to develop its trade finance line of business. With Intellect's product implementation, the bank will be penetrating a new market space in online Trade Finance.
- A Qatari commercial bank headquartered in Doha, goes live with CBX. With this implementation the bank expects to become more competitive and offer state-of-the-art services to its customers.
- One of the leading commercial banks in Uganda has gone live with Intellect Customer on-boarding, CBX - Fund Transfers, Salary & Bulk payment and Mobility - Account Services.
- One of the leading providers of long-term mortgage finance in South Africa went live with Intellect Digital Core (IDC). The implementation will enable the company to achieve their strategy by leveraging the technical capabilities and superior user experience. The solution, post-implementation would provide the company with the best-in-class core banking with flexibility required to grow rapidly in the market.
- One of the largest banks in Kuwait, went live with the Intellect Digital Lending suite as part of their initiative to upgrade their existing solutions to centralise operations and drive high degree of efficiency across the bank's life cycle.
- A licensed merchant bank based in Nigeria has gone live with phase 2 of Intellect CBX Retail and with Intellect Digital Core (IDC). This implementation enabled the bank to offer integrated front-mid-back office system by STP, increasing operational efficiency through complete automation and seamless integration of treasury functions and external trading portals.

- A leading commercial bank in Kenya, the largest economy in the East African Community went live with Intellect CBX Retail. This solution will help the bank with their Digital Transformation initiatives. The transformation program will place the bank on an accelerated path to achieve its vision of becoming the leading bank in providing great customer experience in the country.
- A UK-based wealth management business, which focuses on achieving and maintaining a thorough understanding of the clients' financial needs and aspirations, went live with Intellect SEEC's 'Platform Series 4 Migration' - UK's biggest migration, which was carried out successfully.

V. Product Acceptance in Leadership Quadrant

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

Intellect Global Transaction Banking powered Abu Dhabi Islamic Bank (ADIB) Wins Aite Group's 2019 Innovation in Cash Management and Payments Award:

iGTB powered Abu Dhabi Islamic Bank (ADIB) wins Aite Group's 2019 Innovation in Cash Management and Payments Award for Customer Experience by a Global Bank in a report titled 'Abu Dhabi Islamic Bank: Digital Banking and Bank Office'. Aite Group recognizes innovation achieved by financial institutions, leveraging technology to set a higher standard.

Intellect Digital Core IDC was adjudged WINNER in "Breadth of Functionality" category by Celent in its ABCD Vendor View report:

Intellect was recognised by Celent's ABCD Vendor View for "Breadth of Functionality" in its Asia Pacific & Latin America Edition report. The report stated that in a relatively short timeframe, Intellect has built a large global customer base of institutions of all sizes. It has built its platform to be highly componentised and driven by flexibility in the way it implements.

Financial Results for the Third Quarter Ended – December 31, 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 TO DATE		YEAR ENDED
	December 31, 2019 (Q3 FY20)	September 30, 2019 (Q2 FY20)	December 31, 2018 (Q3 FY19)	December 31, 2019 (YTD FY20)	December 31, 2018 (YTD FY 19)	March 31, 2019 (FY19)
INCOME						
Income from software product license and related services	32,033.03	32,751.30	37,793.74	99,122.46	1,06,115.05	1,45,873.25
EXPENDITURE						
Software development expenses	17,110.89	17,906.95	19,469.88	53,176.63	54,683.75	73,717.60
Gross Margin	14,922.14	14,844.35	18,323.86	45,945.83	51,431.30	72,155.65
Gross Margin %	46.58%	45.32%	48.48%	46.35%	48.47%	49.46%
Selling and marketing expenses	8,625.35	9,045.99	8,847.75	26,440.38	25,587.01	34,737.05
General and administrative expenses	2,598.12	2,617.17	2,762.47	7,849.97	7,840.13	10,789.40
Research & Engineering expenses	3,145.97	3,329.55	2,327.38	9,830.65	6,847.37	10,039.81
Provision for Debts and Write offs	195.00	345.00	195.00	735.00	1,519.68	1,739.17
Total Expenditure	31,675.33	33,244.65	33,602.49	98,032.63	96,477.95	1,31,023.02
EBITDA	357.70	(493.35)	4,191.25	1,089.83	9,637.10	14,850.22
Depreciation/Amortisation	(1,707.93)	(1,621.12)	(1,092.70)	(4,983.51)	(3,008.46)	(4,155.71)
Hedge Impact	(83.97)	(93.73)	(321.34)	(236.52)	(720.31)	(916.31)
Finance Charges	(482.52)	(477.89)	(224.66)	(1,354.27)	(873.53)	(1,144.24)
Reinstatement of Receivables / Liabilities	504.37	349.94	(1,475.26)	877.63	(875.25)	(1,180.31)
Other Income (including Treasury)	338.18	800.23	489.18	2,646.08	5,704.13	6,270.57
Minority Interest/ Share of profit/(loss) of Associate Companies	219.87	(96.70)	(33.18)	(159.81)	(306.10)	305.03
Profit / (Loss) before tax	(854.30)	(1,632.62)	1,533.31	(2,120.57)	9,557.57	14,029.25
Provision for taxation	(283.85)	(68.95)	(195.66)	(380.02)	(720.88)	(894.71)
Profit / (Loss) after tax	(1,138.15)	(1,701.57)	1,337.64	(2,500.59)	8,836.70	13,134.54

Investor Conference Call

The Board of Directors of Intellect Design Arena Limited met on **14th February, 2020**, to take on record the financial results of the company for the Q3 FY20 ended on December 31, 2019.

Intellect Design Arena Ltd. will host an Investors Conference Call on **14th February, 2020**, where the Senior Management of Intellect will comment on the company's performance during the Q3 FY20 and respond to questions from participants. **The conference call will take place at 17:00 Hrs IST on Friday, 14th February, 2020.** The dial-in numbers to join the conference call:

Conference Name	:	Q3 FY20 - Investor earnings call
Date	:	14th February, 2020
Time	:	05:00 PM to 06:00 PM IST
Conference ID	:	46673611#

ACCESS NUMBERS

MUMBAI	:	Primary Access Toll Number	:	02239402340
BANGALORE	:	Primary Access Toll Number	:	08039402340
DELHI	:	Primary Access Toll Number	:	01139402340/011 66756430
CHENNAI	:	Primary Access Toll Number	:	04439402340
INDIA	:	Primary Access Toll free Number	:	18001203356/ 18001029810
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, 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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