



& Thinksoft
Trust the Experts

Analyst Day

Mumbai, 25th April 2014

EXPERTISE



**Collaborating with the global financial sector
to foster defect free, business ready systems**

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SQS and Thinksoft combined are a truly global player in independent software testing services



SQS Locations

- | | | | | |
|-------------|-----------|---------------|----------------|---------------|
| • Australia | • Finland | • Ireland | • Portugal | • Switzerland |
| • Austria | • France | • Malaysia | • Singapore | • UAE |
| • Belgium | • Germany | • Netherlands | • South Africa | • UK |
| • Egypt | • India | • Norway | • Sweden | • USA |

Partnership

- Spain

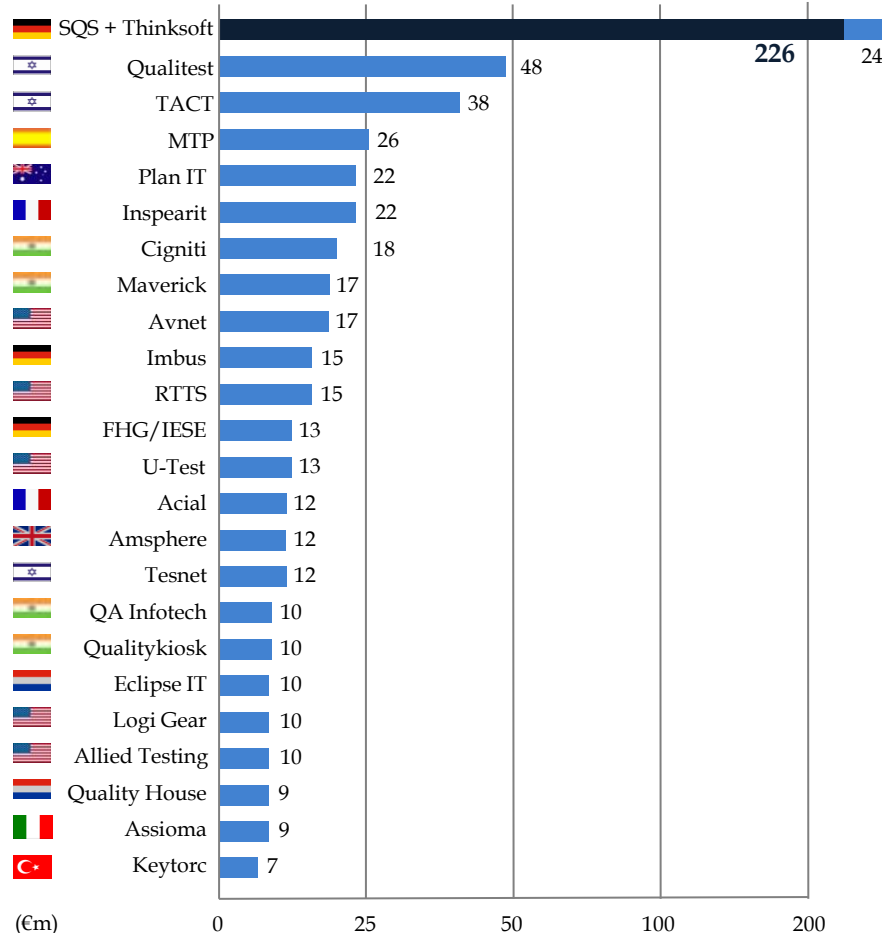
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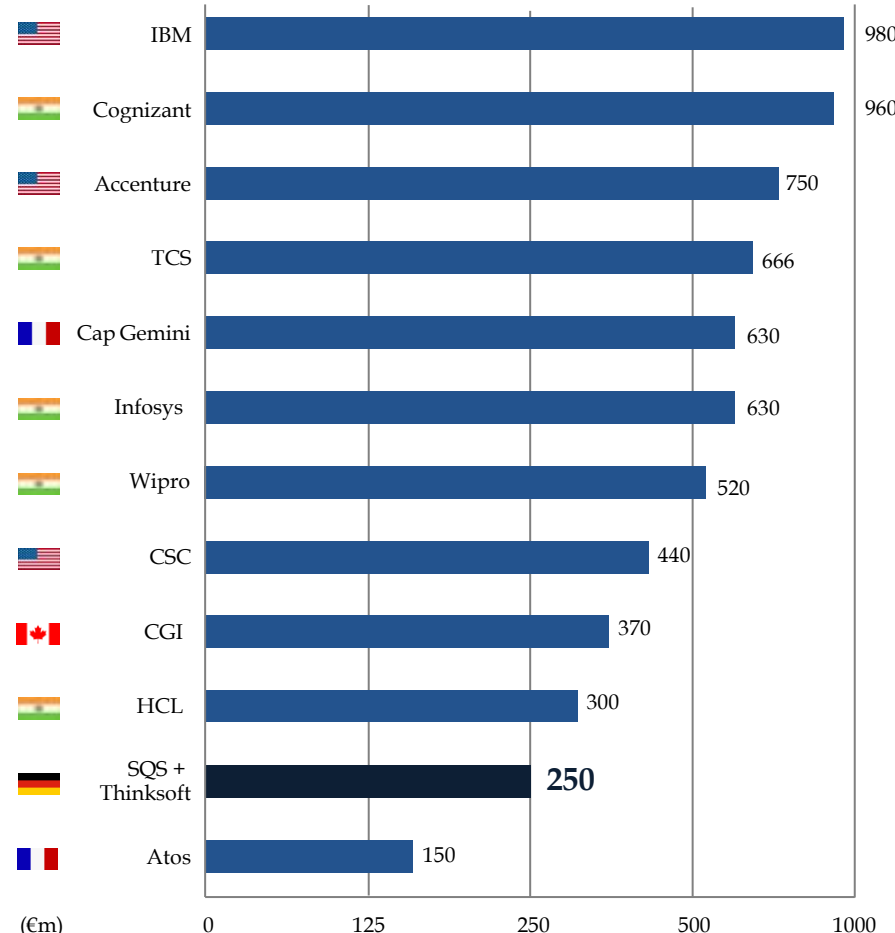
SQS is the world's largest testing services specialist by revenue and no. 11 among system integrators



Pure Play Test Specialists



System Integrators (testing part only)



Source: Nelson Hall Report/Gartner Report, 2013; SQS, based on estimated or published 2013 revenue figures

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Strategic & business rationale for acquisition of Thinksoft

Strategy

- Exclusively software testing services like SQS
- Deep expertise in strategic BFSI sector
- Increase Indian offshore headcount is a key strategic area for SQS
- Supports SQS' Managed Services strategy

Finances

- Profitable, cash-generative company
- No net debt; strong balance sheet
- Acquisition expected to be immediately EPS enhancing

Operations

- Doubles SQS' Global Delivery capabilities and additional focus on BFSI
- Adds significant banking expertise

Customers & Sales

• Existing SQS Countries

- UK, India, Austria: acquire new customers to add to SQS' BFSI work
- USA: new customers in the BFSI sector, which is a new sector for SQS-USA

• New Geographies

- Singapore: key expansion area for SQS with opportunities to leverage existing SQS banking relationships in Europe
- Belgium: active expansion area for SQS-Benelux
- Gulf Region: close to SQS' existing Egyptian operation; SQS can provide Arabic-speaking resources on Islamic banking projects
- Australia

SQS Executive Management Board



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Dik Vos
CEO

- Strategy
- Technology



Ralph Gillessen
CMO

- Sales
- Marketing



René Gawron
CFO

- Finance
- M & A
- IR



Riccardo Brizzi
COO

- Operations
- Infrastructure

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SQS shareholding in Thinksoft as on date

Transaction has been completed in April:

Holder	Source	#Shares	%Current Total
SQS	Shares from 1st closing - Dec 2013	2,644,612	25.76%
	Shares from open offer - Mar 2014	29,085	0.28%
	Shares from Top-Up - Early Apr 2014	2,803,871	27.31%
	SQS Total	5,477,568	53.35%
Promoters (former)		-	0.00%
Individual Shareholders		4,790,113	46.65%
Current Total (may change lightly due to ESOPs exercised)		10,267,681	100.00%

- SQS can acquire up to 5% each year without triggering the requirement to make another open offer
- Employee share options are granted and will vest in Oct 2014 and Oct 2015; if they are fully exercised, SQS's shareholding will reduce to 50.78%

SQS Financial Highlights 2013:

Profitability, Cash Flow and Net Debt all improved



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in €m	2013	2012	Change	Main developments
Revenue	225.8	210.1	7.5%	All organic, focus on profitable clients, less on growth
Gross Margin (%)	32.0%	31.2%	0.8%	Mainly driven by gross margin improvements in MS and RTS
Adj. EBIT	13.2	10.6	24.7%	Improvement driven by higher gross margin
Adj. PBT	12.4	9.2	34.5%	Incl. €0.6m lower finance costs than 2012 helped by forex
Operating cash flow	+ 22.8	+ 14.1	+8.7m	Further improvement, 119% EBITDA to OpCash conversion
Investment cash flow	-23.4	- 4.4	-19.0m	Incl. Thinksoft € -17.8m; and India test centre investment phase II of €m -1.3
Net debt	-2.9	- 7.9	+5.0m	Without Thinksoft -€5m we would have ended at net cash of €2.1m

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Financial Highlights 2013/14

Profitability, Cash Flow and Net Cash all improved



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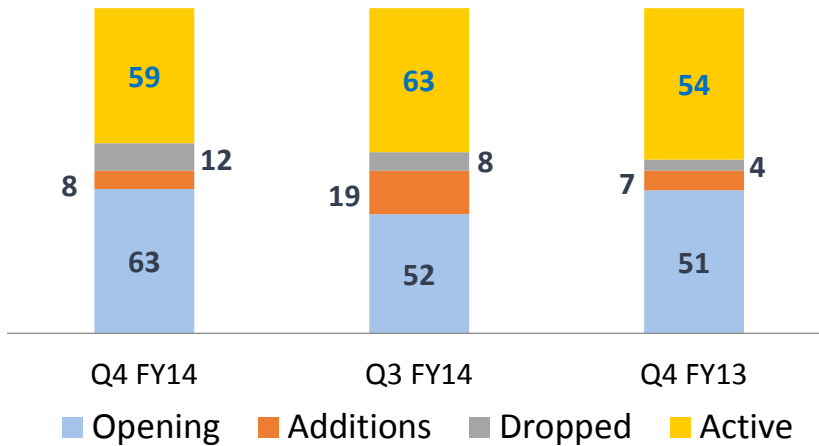
in INR m	2013/14	2012/13	Change	Main developments
Revenue	1944.4	1614.4	20.4%	Driven by Europe Region, and cards and Payments assignments
Gross Margin (%)	48.3%	47.7%	0.6%	Maintained due to better realization in Europe
Adj. EBIT	354.1	255.5	38.6%	Consolidation of facilities and movement to owned delivery centres
Adj. PBT	422.6	264.8	59.5%	Higher Margins and better exchange rate yield
Operating cash flow	+ 282.0	+ 184.1	+ 97.9m	Improvements in EBIDTA
Investment cash flow	- 27.5	- 206.7	+ 179.2m	2013-investment in owned premises 2014-Assets replacement & Tools development
Net Cash Position +	+ 429.2	+ 301.9	+127.3m	Realized income less Repayment of Term loans

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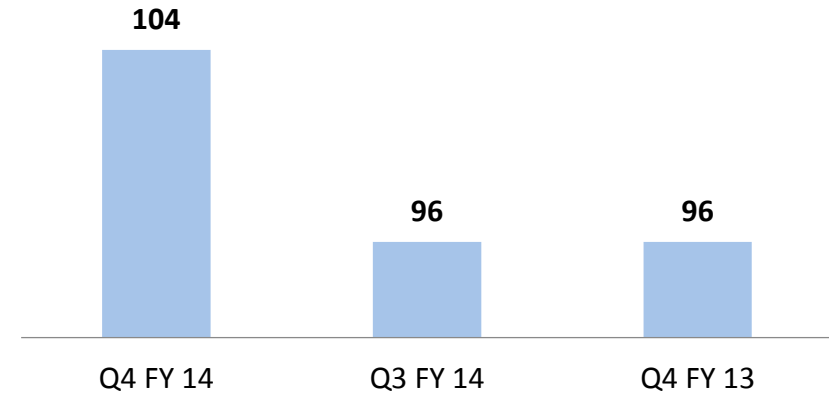
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Operating Metrics

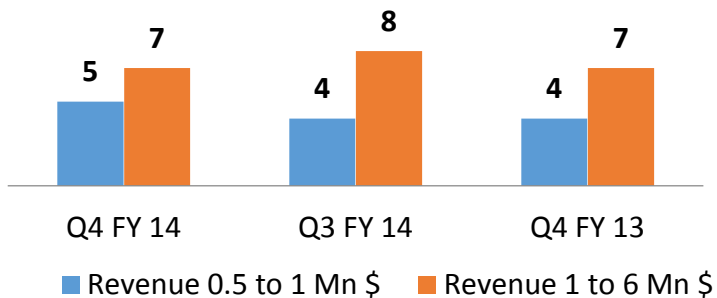
Clients Details



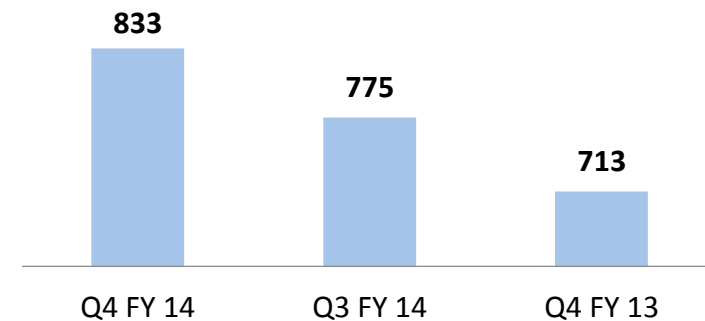
Debtors Days



Customer Profile (12m Rolling)

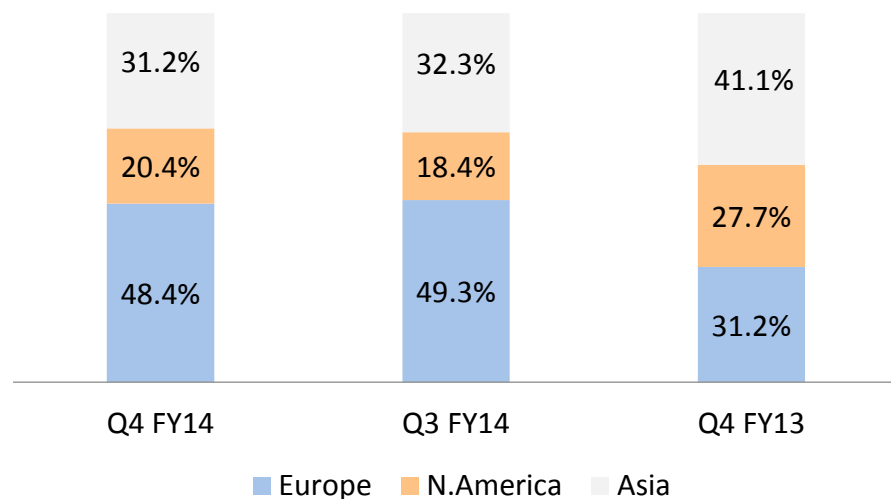


Employee Details

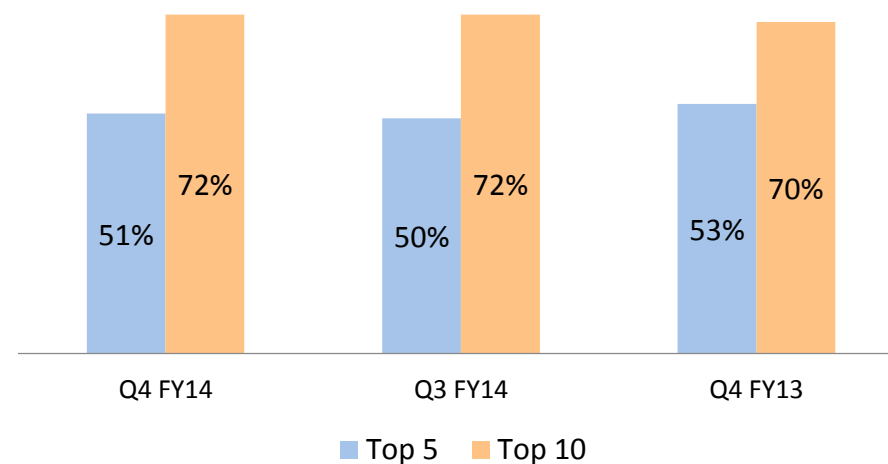


Operating Metrics... continued

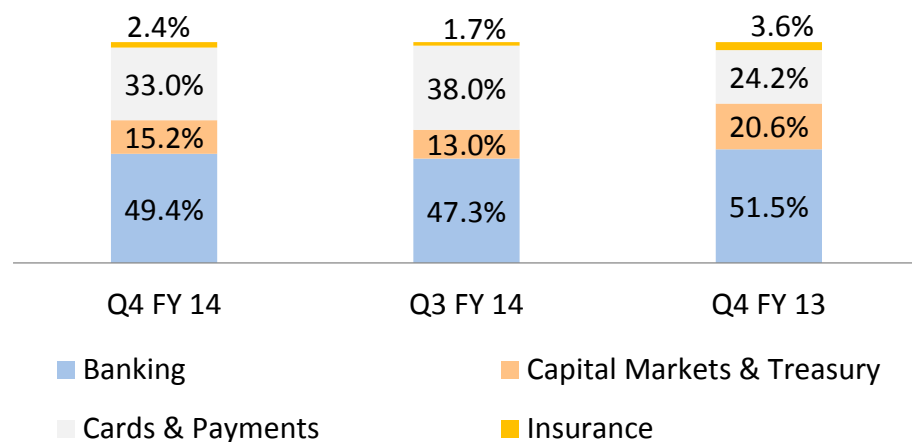
Revenue by Region



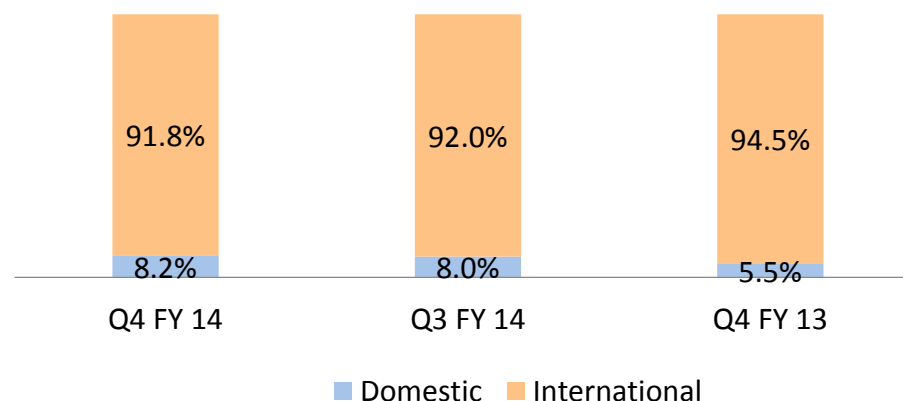
Client Concentration



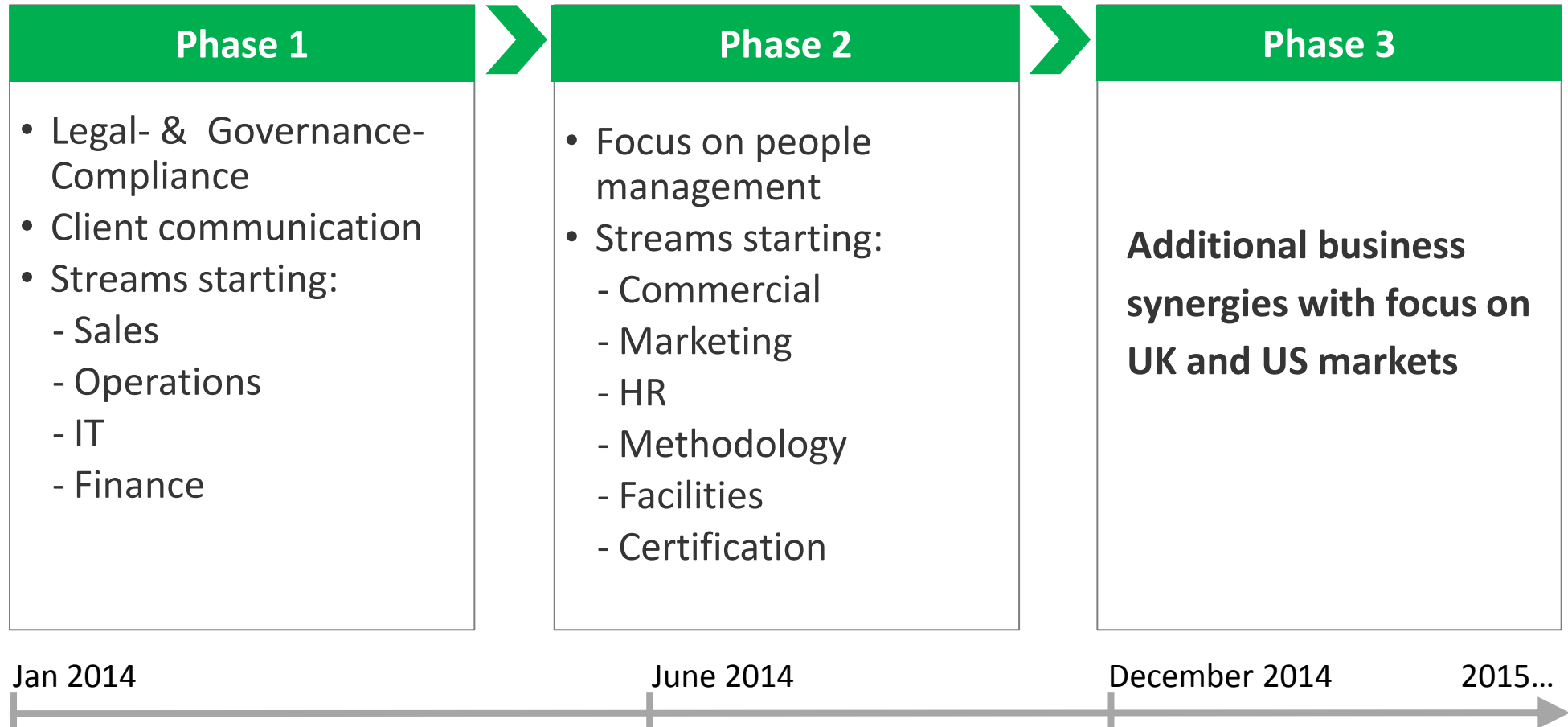
Revenue by Practice



Revenue Distribution



Integration is on track



PBT up 60%



(in INR Mn)	FY 2012-13		FY 2013-14		Change
		% of Rev		% of Rev	
Revenue \$ Mn	29.47		31.77		7.8%
Total Revenue	1,614.43		1,944.44		20.4%
Gross Profit	769.48	47.7%	939.81	48.3%	22.1%
General Admin & Corp Exp	298.92	18.5%	291.43	15.0%	-2.5%
Sales & Marketing Expenses	168.69	10.4%	187.68	9.7%	11.3%
Total Overheads	467.61	29.0%	479.11	24.6%	2.5%
EBITDA Before extraordinary items	301.88	18.7%	460.70	23.7%	52.6%
Extraordinary item - (serv pay G&A)	-	0.0%	50.00	2.6%	
EBITDA After extraordinary items	301.88	18.7%	410.70	21.1%	36.0%
Depreciation	46.42	2.9%	56.55	2.9%	21.8%
EBIT	255.46	15.8%	354.15	18.2%	38.6%
Net interest Income / (Exp)	(5.20)	-0.3%	(9.34)	-0.5%	79.6%
Exchange rate gain / (loss)	14.54	0.9%	77.53	4.0%	433.2%
PBT	264.80	16.4%	422.35	21.7%	59.5%
Taxes	70.40	4.4%	121.95	6.3%	73.2%
Profit After Tax (PAT)	194.40	12.0%	300.40	15.4%	54.5%

Strong current trading and confident in meeting full year market expectations



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Continue to focus on higher margin business and increased visibility

- Strategy is for acquiring Core banking Testing and large migration in Cards
- Focus on larger clients with higher revenue per client

Extend new businesses

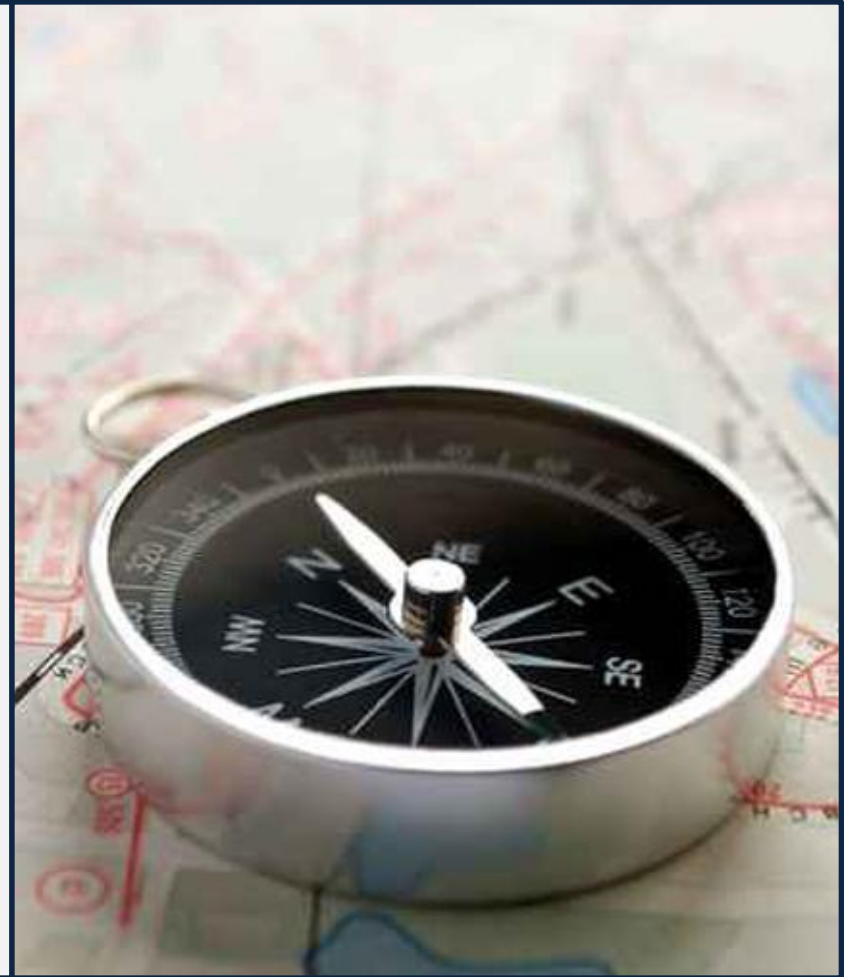
- Continue to extend our US presence
- Cards & Payments segment and also in Insurance.

Focus on

- Continue to focus on BFSI verticals in which we have greatest domain and technology expertise
- More concentration in UK and US Markets

We expect general positive market environment as supported by market studies.

Most recent GDP projections indicate positive momentum towards meeting strategic goals.





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THANK YOU Q&A

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