

SQS – the world's leading specialist in software quality



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# SQS India BFSI Investors Presentation

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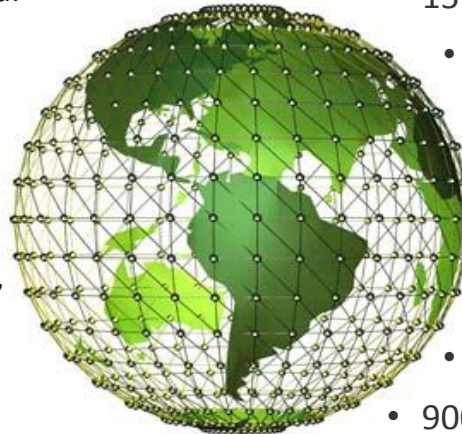
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# The Global Specialist in Financial Services Testing



## SQS

- The world's leading specialist in software quality
- 30+ Years experience in various vertical markets
- Customer base includes 20 FTSE-100 companies, half of the DAX 30 companies and nearly a third of the STOXX-50 companies
- Offices in : Austria, Benelux, Germany, Egypt, Finland, France, India, Ireland, Norway, Portugal, South Africa, UK, Sweden, Switzerland, USA
- Strong multi-country experience
- 7,000+ completed projects
- 4000+ People



## SQS BFSI

- 100% Financial Services focus
  - 15+ Years in Business
  - 200+ client base across 23 countries
  - 80+ Active Clients
  - Offices in key Financial Centers: New York, London, Frankfurt, Singapore, Brussels, Dubai, Hong Kong, Mumbai and Sydney
  - Strong multi-country experience
  - 900+ People, 25% from Financial Industry
- Over 15M person hours of track record in Financial Services testing

## Benefits

**Local Presence, Pedigree in Quality Testing, Strong Experience in Banking, with Global Delivery and Multi-Country Project Experience**

## Clear focus on Key Markets and Operational Excellence



- **Successfully Completed Integration with SQS Group. Now in a continuous development mode**
- **New Customers bringing in higher onsite revenue** (from 53% to 55%). Potential to be migrated offshore, in line with the company's offshore centric model
- **Bigger client size**
  - ✓ Over \$1 million Clients grew from 7 to 11
  - ✓ Repeat business from existing clients grew by more than 24%
  - ✓ Higher value assignments increased average revenue per client by 16% to \$438,000
- **Focus continues to be on the US and Europe.** Also new business opportunities in the Middle East and Asia
- **Banking continues to be the strongest practice** showing consistent growth, up 27% to 31.85m\$. The insurance segment also grew by 75% to \$1.54 m, with high future potential
- **Employee related parameters improved** – Focus on:
  - ✓ Utilisation improved to 70%
  - ✓ Competencies and skills development – achieved > 50 hrs training / person
  - ✓ Attrition stable at below 17%, better than industry average



## Positive growth on key parameters



Compared with FY 2014



### Growth

**+ 10%** in \$ & INR terms, to \$ 35 mn & INR 2142 mn;  
revenues up in Banking



### PBT Before Exchange Gain/Loss

PBT Before Exchange Gain/Loss increased by **6%**,  
(from INR 345 mn to INR 365 mn); better utilization



### Net Cash

Cash Position improved by **INR 165 mn**  
(from INR 523 mn to INR 688 mn)



### Customer Loyalty

Repeat business from existing clients grew to **91%**  
of revenues



# Satisfactory results in 2014-15 paving base and way for future growth



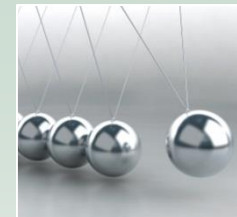
## Achievements 2014-15

- SQS India BFSI successfully integrated
- Profitable Growth of 10% during Integration Phase
- Starting new onsite assignments potentially leading to higher offshore projects
- Services industrialization, aligning with the Group rolled out



## Effect on Business

- Clients > \$ 1mn revenue grew from 7 to 11
- Better visibility in the market
- Innovative, technology and re-usable asset based delivery
- Improved gross margins



## Targets 2015-16

- Expand share of test automation and output based pricing
- Organic growth in own established client environment
- Further strengthen our position in US market
- Realise the advantages of Group strengths



## Developing the US Market and how to grow



### USA

- USA is 50% of the global market in IT services, but SQS' presence has been only 22%
- Re-structuring of US Sales and Pre-Sales complete
- Move towards SQS BFSI of USA revenues to reach Europe volume levels



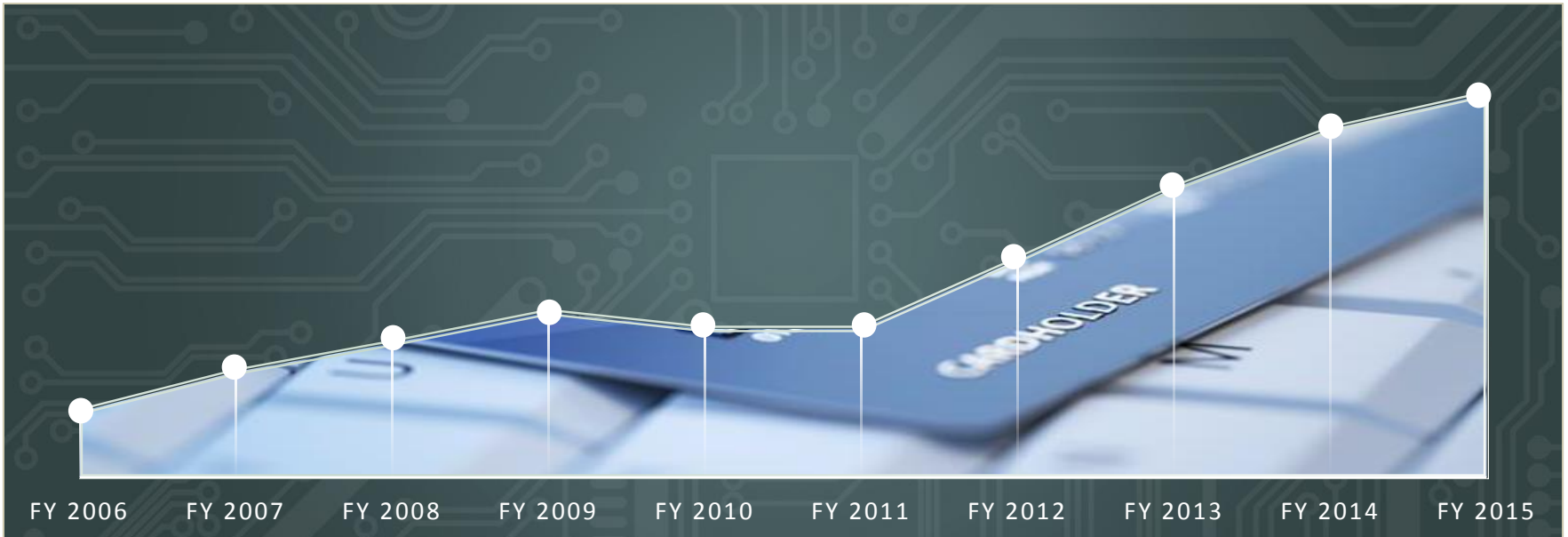
### How do we get there

- Replace existing service providers to clients by aggressive sale and demonstrating thru PoCs
- Through appropriate Business intelligence get aware of new clients programs and provide offerings
- Explore possibilities of cross selling BFSI to existing clients of SQS



### How to sustain

- Long-term stable relationships with large corporations
- Experienced and motivated management team
- Cost benefits to the clients through increased offshoring and managed services



## Financials



## Revenue increase 10% YoY



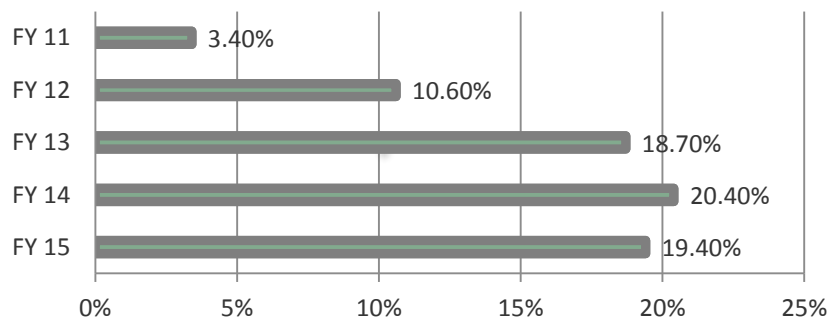
in INR m	2014-15	2013-14	Change	Main developments
Revenue in INR Mn	2141.5	1944.4	10.1%	Driven by America & MENA Region
Revenue in \$ Mn	35.0	31.8	10.1%	
EBITDA	415.5	397.1	4.6%	Strengthening of Sales organization in the focus region – US & Europe. Results yet to reflect in topline. Key issue to improve sales efficiency in US & Europe being addressed.
PBT Before FX Gain / Loss	364.8	345.2	5.7%	
PBT	320.3	422.3	-24.2%	Adverse movement in Forex rates (FY 2015 Loss INR 44 m ; FY 2014 gain INR 77 m)
Net Cash Position +	687.6	522.5	+165.1 m	Realized income less Term loans repayment (Rs 23 m) & 2 dividend payments (Rs 99 m)

# The deployment of our strategy is evidenced by our key metrics



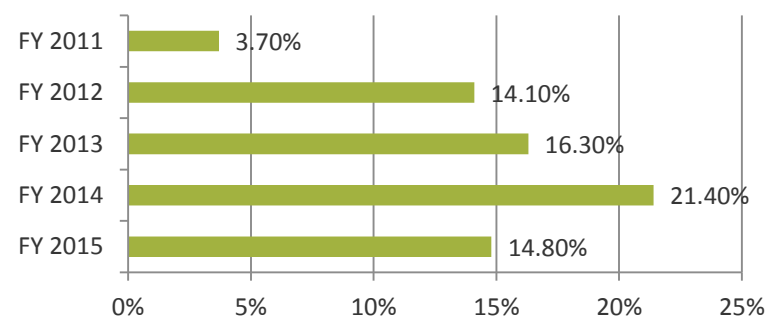
## EBITDA

(in % of revenue)

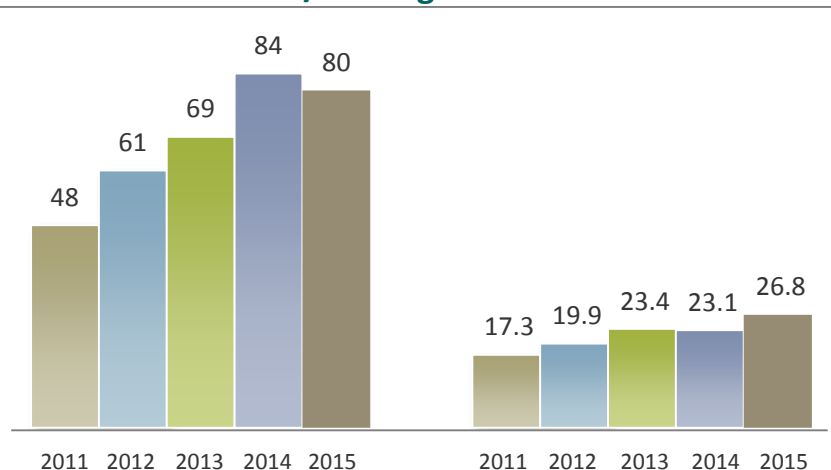


## PBT

(in % of revenue)

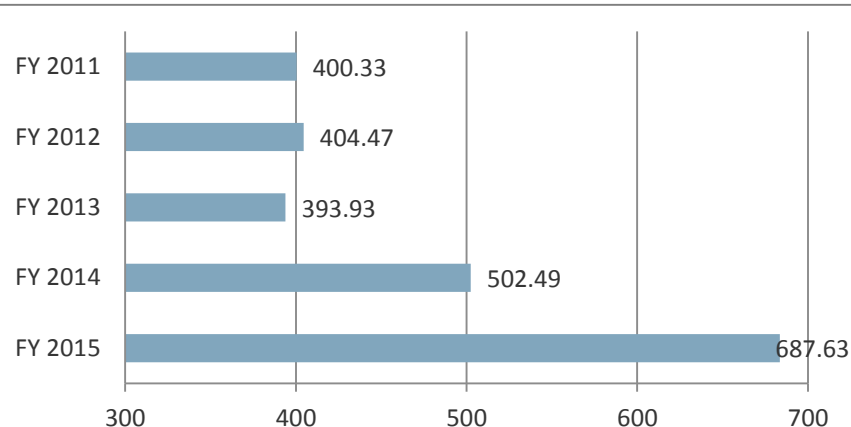


## Number of clients / Average revenue



## Cash balance

(in INR mn)

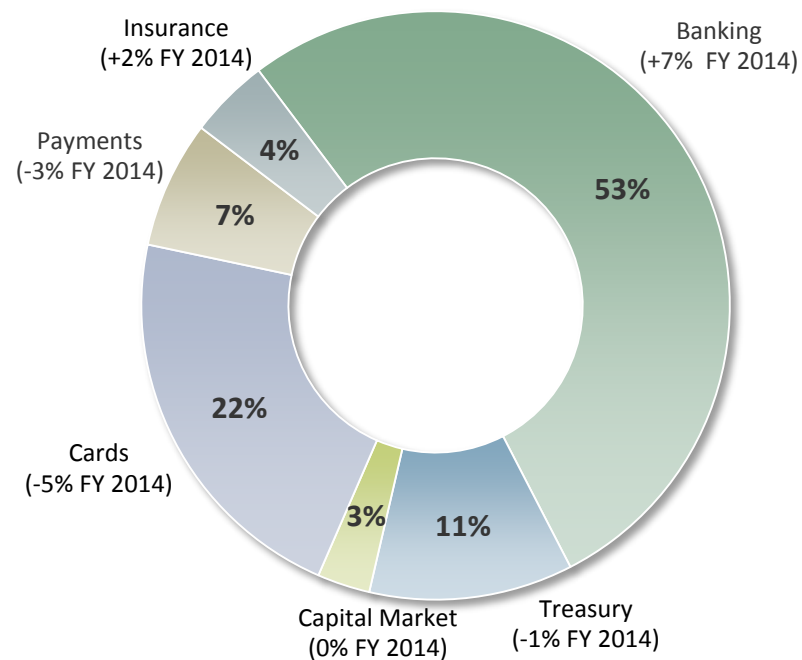


# Banking Revenue contribution increased by 7 %

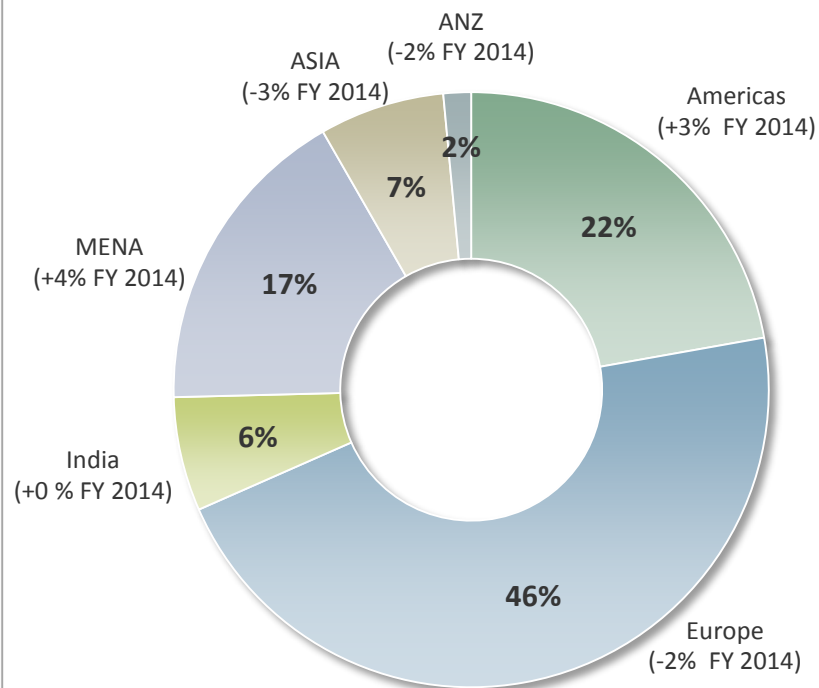


## FY 2015 Revenue

### Revenue by practice



### Revenue by geographies





## Markets and Outlook

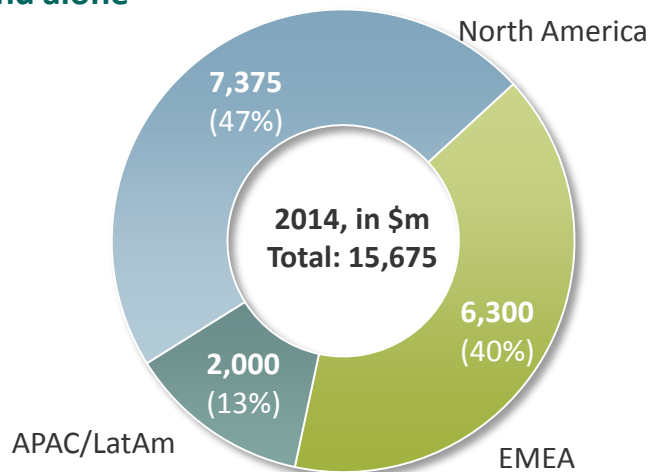


# Testing Services market growth rates are well above the c. 2% for IT services



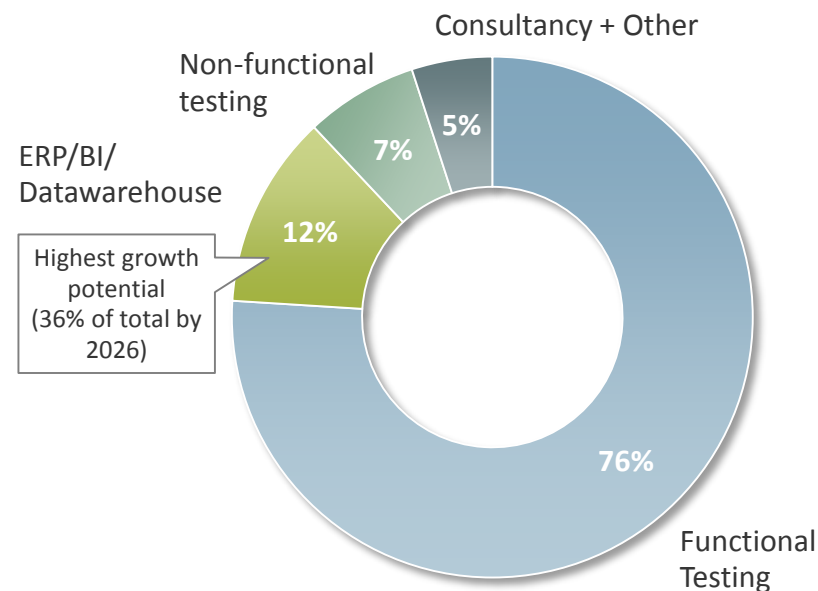
## World market testing services

### Specialist testing contracted stand alone



Change per year	2015	2016	2017
North America	+ 14%	+ 14%	+ 14%
EMEA	+ 12%	+ 12%	+ 12%
APAC/LatAm	+ 11%	+ 11%	+ 13%

## Market split by services

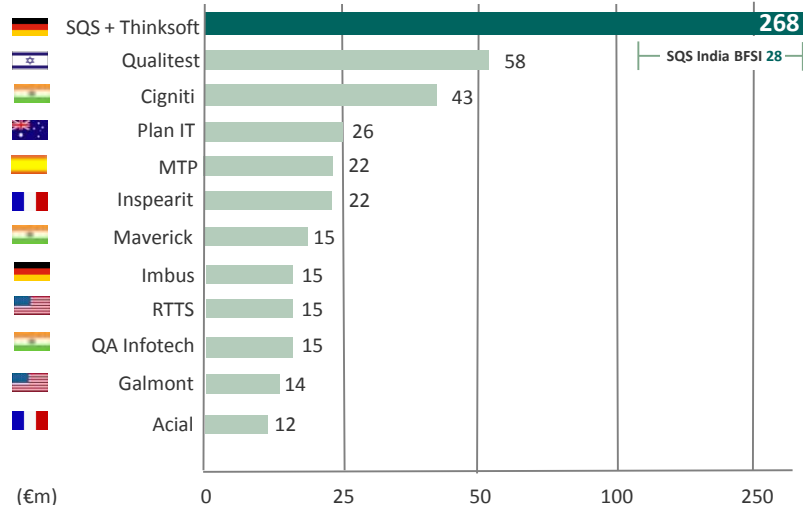


Highest growth rates expected in Financial Services, Energy & Utilities, Retail & Logistics

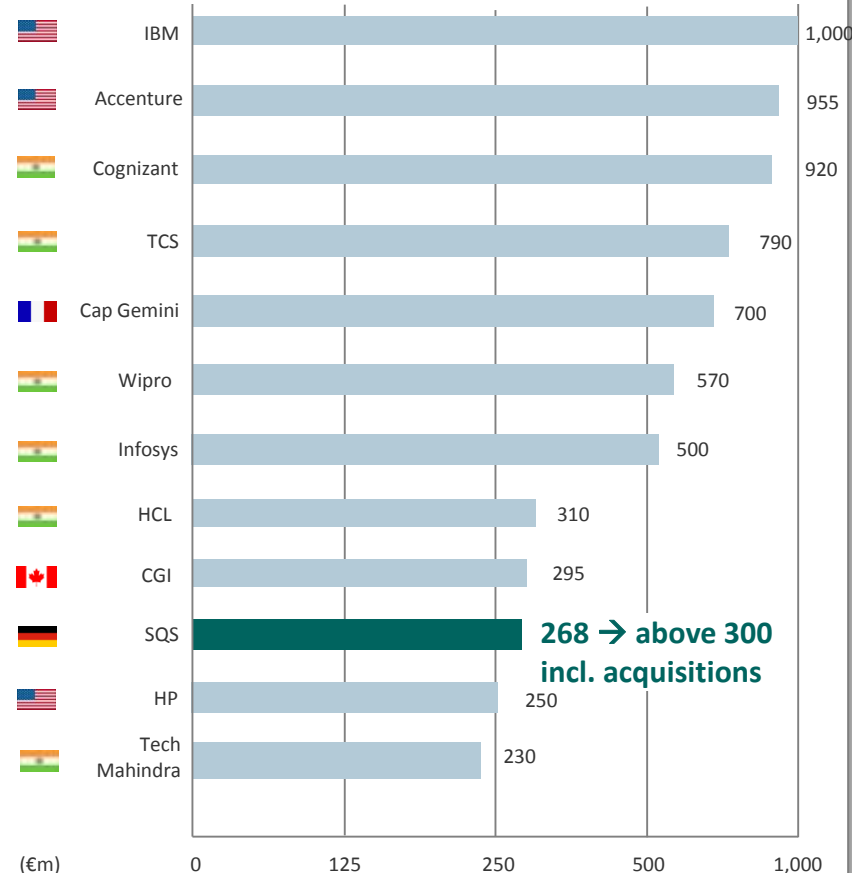
# SQS is the world's largest testing services specialist by revenue and no. 10 (8) among system integrators



## Pure Play Test Specialists



## System Integrators (testing part only)



Source: Nelson Hall Report, 2014; SQS, based on estimated or published 2013/14 revenue figures



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