

SQS – the world's leading specialist in software quality



Sqs-bfsi.com



SQS India BFSI Investors Presentation

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At a glance: SQS is the world's leading specialist in software quality



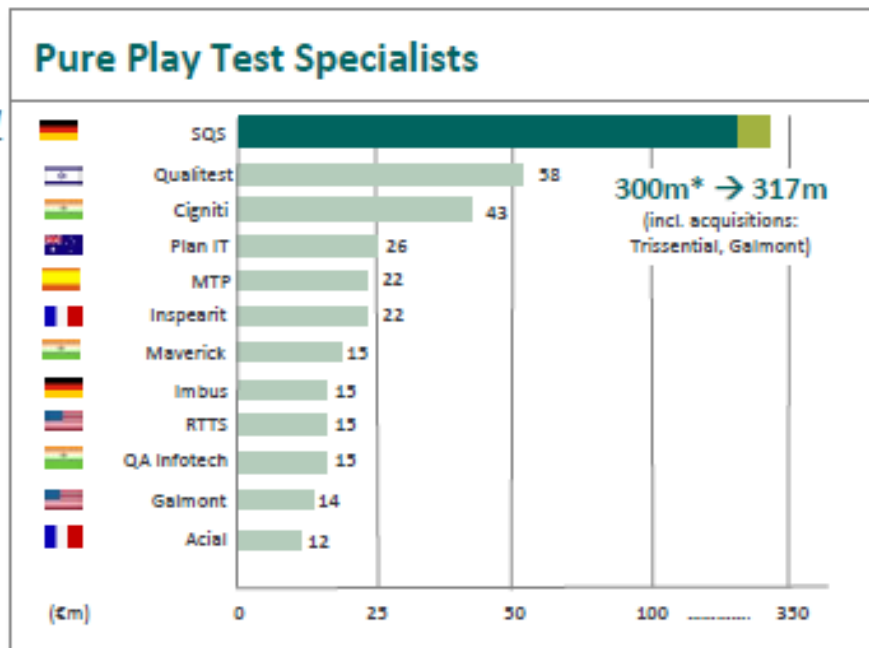
- More than 30 years of operations
- Over 8,000 completed projects
- The customer base includes 20 FTSE-100 companies, half of the DAX 30 companies and nearly a third of the STOXX-50 companies
- The SQS philosophy is to help our customers improve the quality of their business solutions
- SQS consultants provide solutions for all aspects of quality throughout the whole software product lifecycle.
- Successful acquisition of Trissential and Galmont in USA during this year.
- Completed European footprint with Bit Media acquisition



SQS is listed on the AIM London

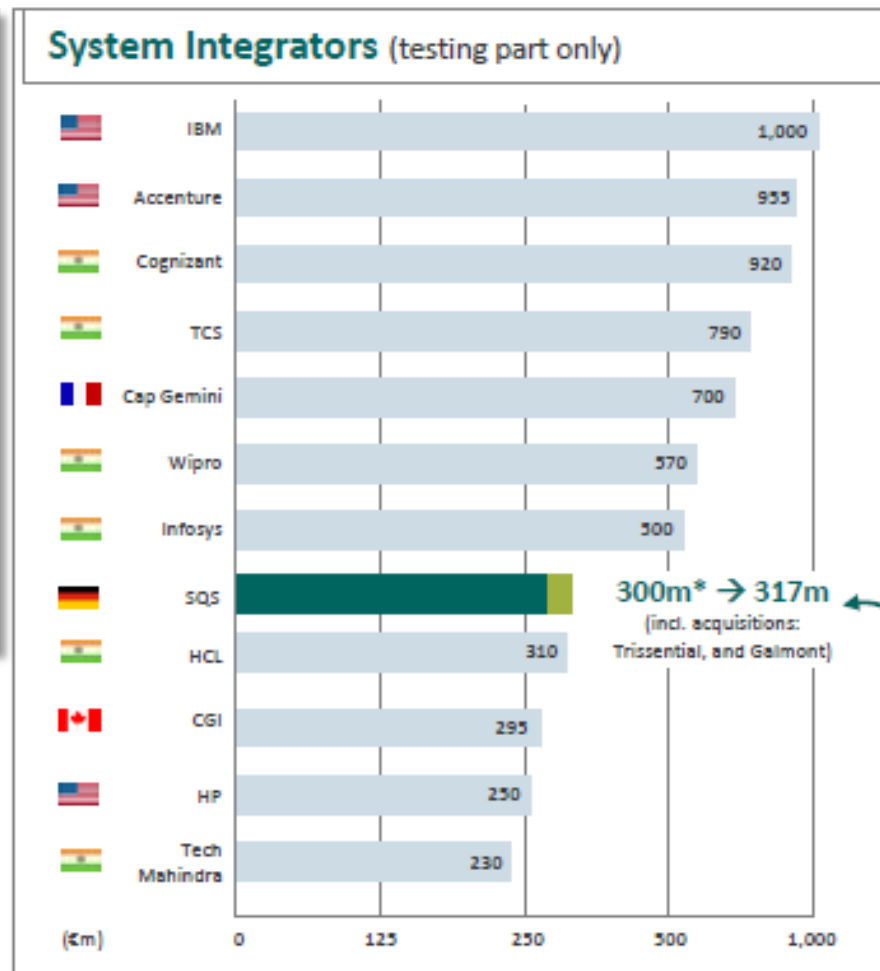


SQS Group is the world's largest testing service specialist by revenue and now at #8 among system integrators



World market for software testing:

- \$15.7bn
- 47% in US, 40% in Europe, 13% RoW
- Expected CAGR of ~ 7 – 12%

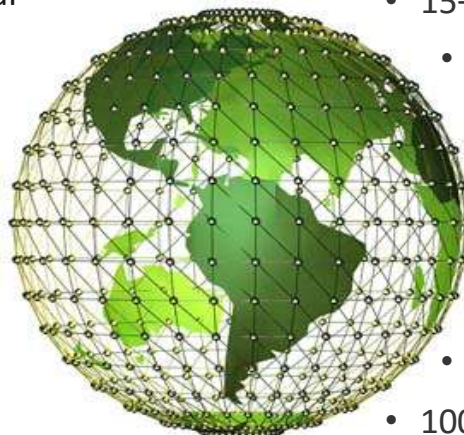


The Global Specialist in Financial Services Testing



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
- 4500+ 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
 - 1000+ 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 55% to 61%). Potential to be migrated offshore, in line with the company's offshore centric model
- **Bigger client size**
 - ✓ Client spread enlarged -over \$ 0.5 million Clients grew from 15 to 19.
- **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 13% to 9.9m\$. The insurance segment also grew by 86% to \$1.16 m, with high future potential
- **Employee related parameters improved** – Focus on:
 - ✓ Utilisation improved to 71%
 - ✓ Attrition at 20.9%.
 - ✓ German Training : 40+ Employees completed training in German language ; enabler for customer acquisition in Europe



Revenue growth 16%



Compared with H1 FY 2015



Growth

+ 16% in ₹ terms to **₹ 1249 Mn** (**+ 8%** in \$ terms to \$ 19.32 Mn), revenues up in Cards & in Europe



PBT Before Exchange Gain/Loss

PBT Before Exchange Gain/Loss increased
by **16%** to **₹ 227 Mn**.



Net Cash

Cash balance at **₹ 525 Mn** (Q1 -16 ₹ 571 Mn)
Post Dividend payment in Q2 of ₹ 254 Mn



Customer Loyalty

Repeat business from existing clients **85 %**
of revenues

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



Achievements 2015-16- 6 Months

- Overall Revenue increase by 16% compared to first 6 months of FY 2014-15.
- Group Business reached 10% of the Total Revenue
- Utilization improved to 71%.



Effect on Business

- Clients > \$ 0.5m
- revenue grew from 15 to 19
- 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 & Acquisition of New Clients
- Further strengthen our position in US market
- Realize the advantages of Group strengths



Promising 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



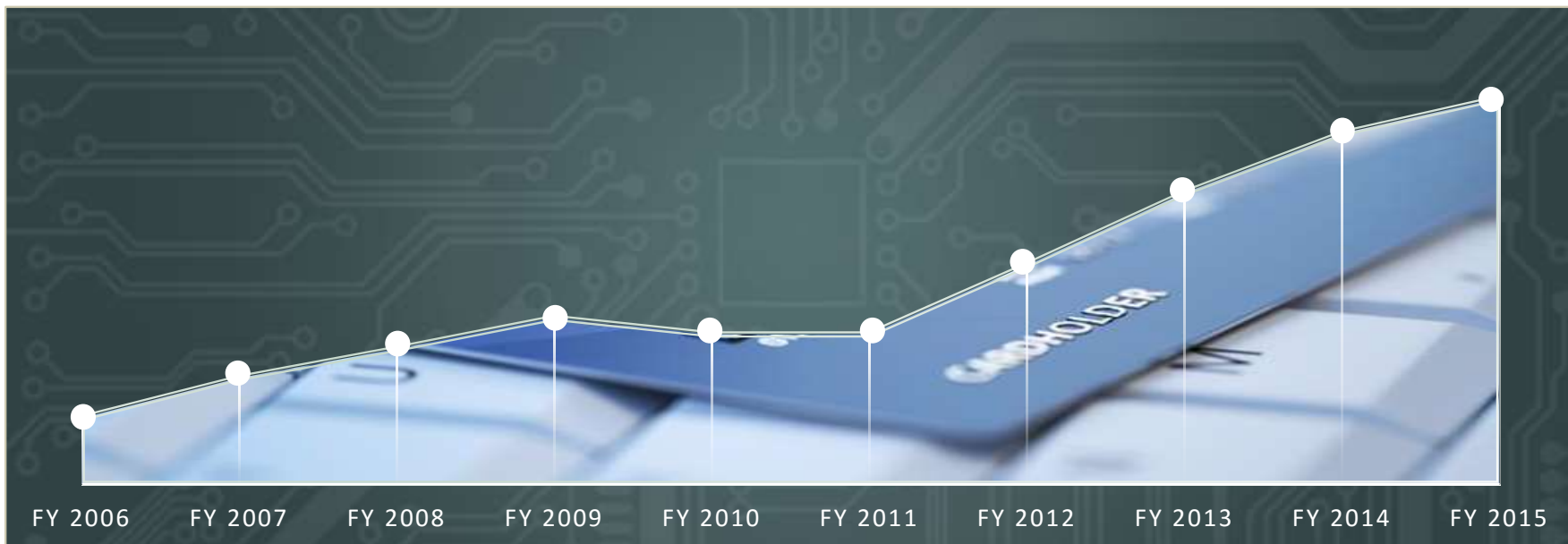
How do we get there

- Creating Brand Awareness to replace existing service providers to clients by aggressive sale
- Common go to market strategy finalized with the different practices > Digital Services, Mobile & Regulatory
- Explore possibilities of cross selling BFSI to existing clients of SQS



How to sustain

- Extensive Plan - Networking for B2B Services
- Experienced and motivated management team
- Cost benefits to the clients through increased offshoring and managed services



Financials

Revenue increased by 14 % compared to previous quarter



in ₹ Mn	Q2 -2016	Q1-2016	Change	Main developments
Revenue in INR Mn	665.6	582.6	14.3%	from Europe & Cards Practice
Revenue in \$ Mn	10.2	9.1	11.3%	
EBITDA	143.8	100.5	43.1%	
PBT Before FX Gain / Loss	134.8	92.3	45.9%	GBP, Euro strengthened.
PBT	157.7	130.7	20.7%	
Net Cash Position +	524.8	571.4	-46.6	Post Dividend payment in Q2 of ₹ 254 Mn

Revenue increased by 16 % compared to H1 FY 2015



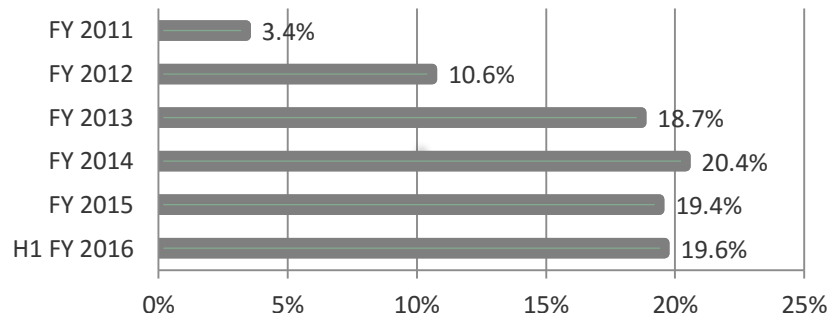
in ₹ Mn	H1 -2016	H1-2015	Change	Main developments
Revenue in INR Mn	1,248.1	1,077.6	15.8%	
Revenue in \$ Mn	19.3	17.9	8.1%	
EBITDA	244.1	222.7	9.6%	
PBT Before FX Gain / Loss	227.1	196.4	15.6%	Exchange gain in H1 2016: Rs. 61.1 Mn (H1 2015 : Rs. 1 Mn)
PBT	288.3	197.5	46.0%	
Net Cash Position +	524.8	603.2	-78.4	Post Dividend payment in Q2 of ₹ 254 Mn

The deployment of our strategy is evidenced by our key metrics



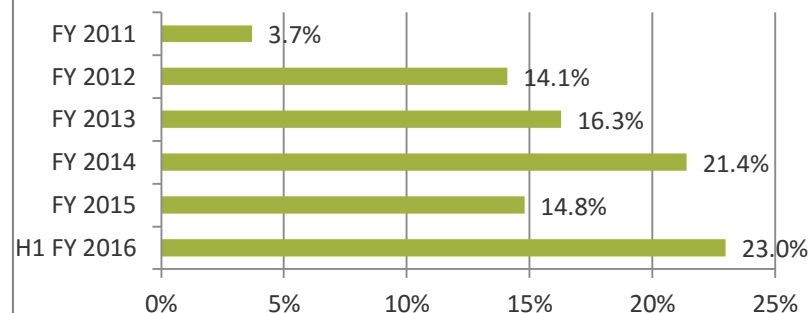
EBITDA

(in % of revenue)

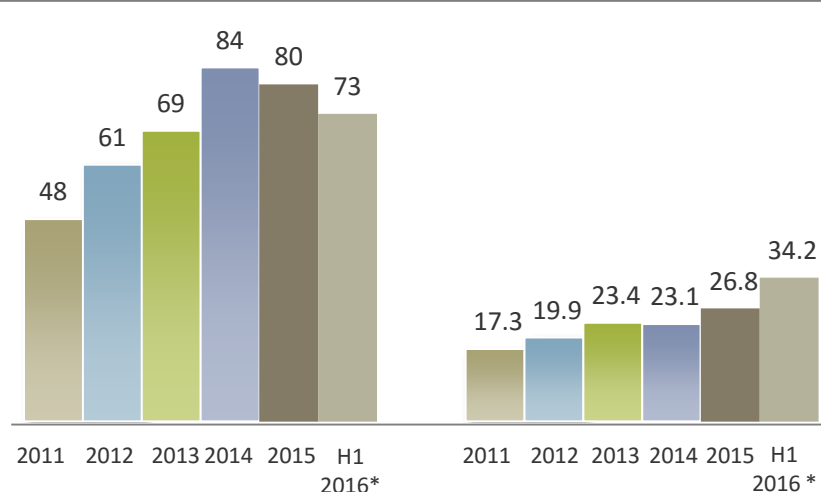


PBT

(in % of revenue)

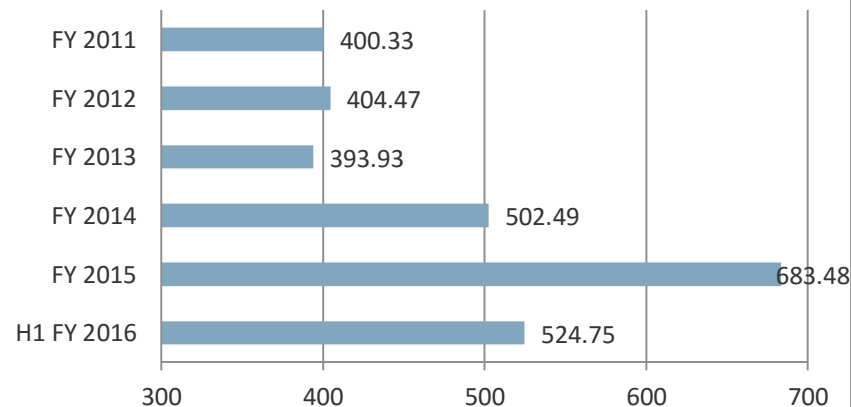


Number of clients / Average revenue



Cash balance

(in INR mn)



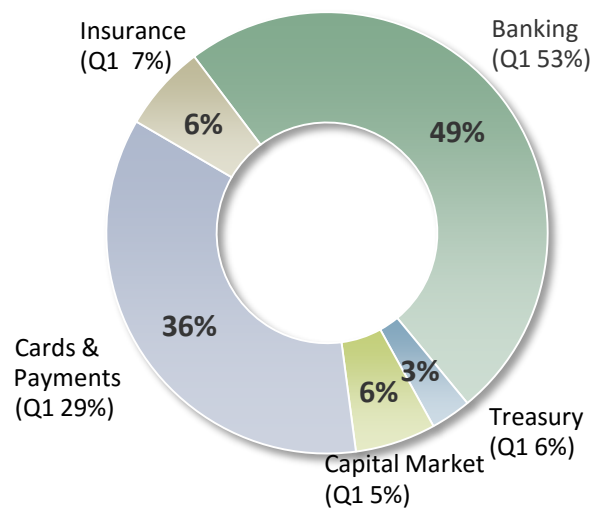
* - H1 2016 Revenue Annualized.

Cards practice contributed 7% revenue increase

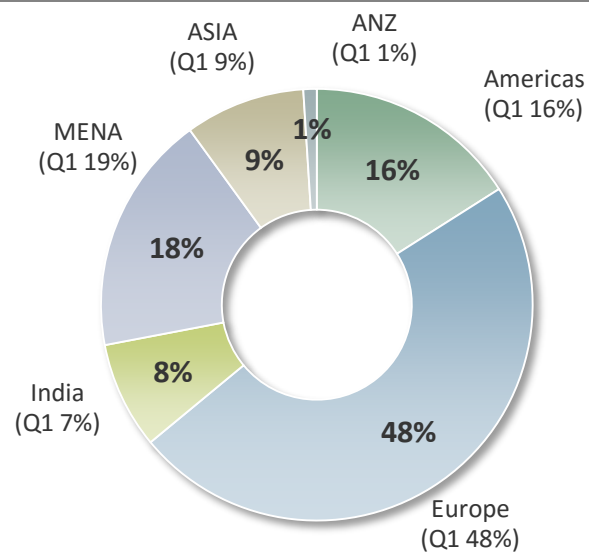


Q2 FY-2016 Revenue

Revenue by practice



Revenue by geographies





Markets and Outlook

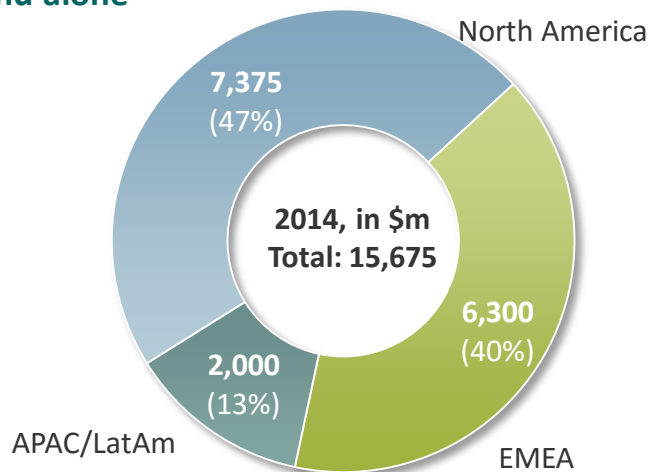


Testing Services market growth rates are well above the c. 2% for IT services



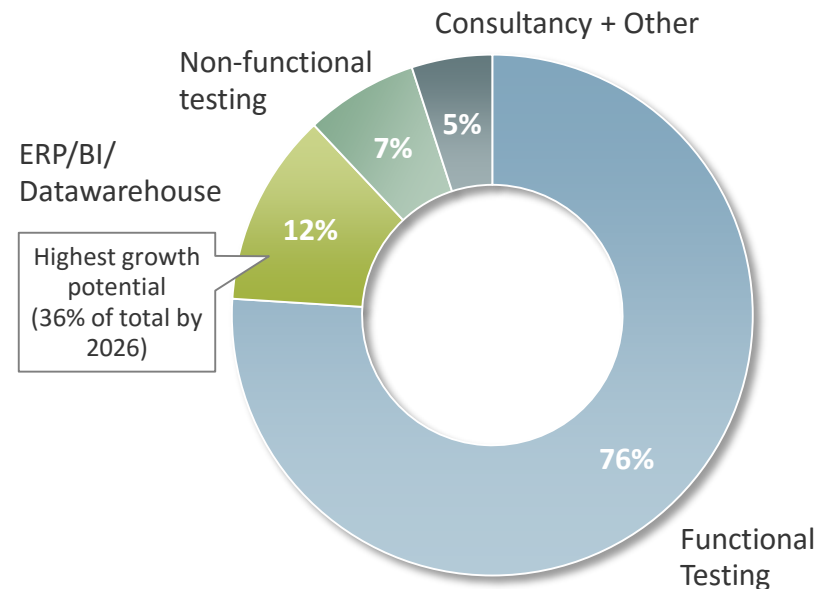
World market testing services

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



Thank you for your attention