



Q3 2023 Investor Presentation

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Engineering Services Market

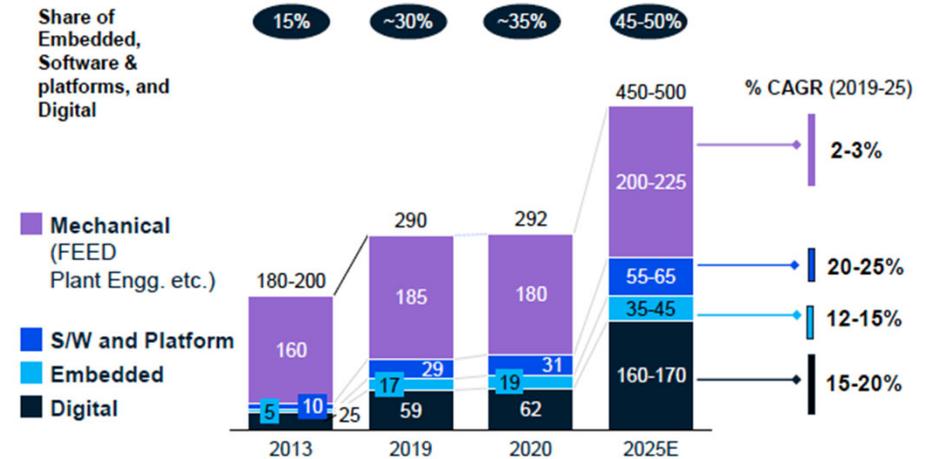
We play in 3 out of 4 key segments

ER&D services market consists of 4 major segments

ER&D services include preparation, design and consulting work to support engineering projects undertaken by enterprises

Mechanical Engineering	Embedded Engineering	Software Product Engineering	Digital Engineering
Design and development of physical products such as cars, aircraft, medical devices and consumer electronics	Design and development of embedded systems that reside inside devices such as mobile phones & wearables	Design, development, product management of software PDLC for ISVs and internet companies	Design & development of digital infrastructure (IoT, AR/VR, AI, etc.) for use-cases such as industry 4.0

Global Outsourced engineering services spend (USD billion)



- The Global outsourced engineering services spend is slated to become \$450-500 B
- The SW, Platform, Embedded and Digital Engineering is slated to grow at a faster pace than Mechanical Engineering

We are well poised to take advantage of current trends



Demand and supply-side trends shaping the engineering services market

Deep dives ahead

Demand-side

We have a mature Embedded and Digital engineering practice and are continuing to deepen our footprint and are helping us address that market along with our CX practice
Ex. Mixing live feeds from video, audio sources for a Media broadcasting software provider

IOT and Servitization have seen a lot of traction and our years of experience is helping us address that market along with our CX practice
Ex. Large affordable hotel chain in NA

With our existing footprint in CE and APAC we are well poised to take advantage of this trend
Ex. Utility provider in CE

1. **Embedded, software & platforms, and digital engineering to be key growth drivers of the outsourced engineering services market (50% share by 2025)**

2. **Industry 4.0, 5G and rise of ecosystems, CX, sustainability and servitization ("as-a-service" model) to be the key themes driving spend**

3. Demand in APAC likely to outstrip demand in Europe by 2025 given the product engineering focus (SW, embedded and digital engineering) of firms in the region

Supply-side

4. **Pure play digital product engineering players have witnessed highest growth in the market – Leaders winning on the back of deep expertise, experience and delivery capability within a few areas**

5. **As engineering services largely consists of short one-time project, companies are evolving commercial models to address the "lumpiness" of the revenue model**

6. **Top players (both pure-play and SIs) have followed a programmatic M&A strategy to consolidate their share from 0.9% in 2016 to 1.2% in 2018 to 1.5%+ in 2022 (of global ER&D spend) through large acquisitions**

Key Highlights Q3 2023



Revenue*

₹ 4,573M
(US\$ 55.3M)



YoY Revenue*
Growth

14.84%
(10% net of one-time
fee)

YoY EBITDA*
Growth

48.36%
(15% net of one-time
fee)



Net Profit

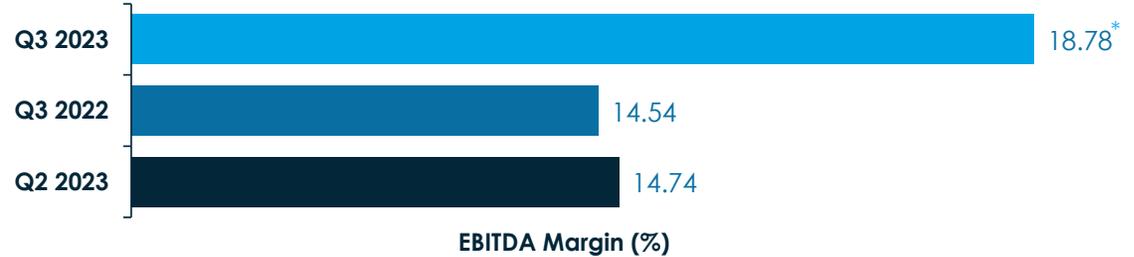
₹ 440M
(US\$ 5.3M)



Earnings
Per Share

₹ 3.72

EBITDA : ₹859M (US\$ 10.4M)



* Excluding one time BOT Fee for a Knowledge Service Customer, Revenue will be ₹ 4,380 mn (US\$ 53.0 mn) with 15.2% EBITDA

Key Balance Sheet

As of Sep 30, 2023	In ₹	In US\$
Equity attributable to shareholders	₹ 6,394M	US\$ 77.0M
Cash Balance #	₹ 1,622M	US\$ 19.5M

Net of short-term borrowings

Key Highlights Jan-Sep 2023



Revenue*

₹ 12,682M
(US\$ 154.0M)



YoY Revenue*
Growth

13.60%
(11.9% net of one-time
fee)



Net Profit

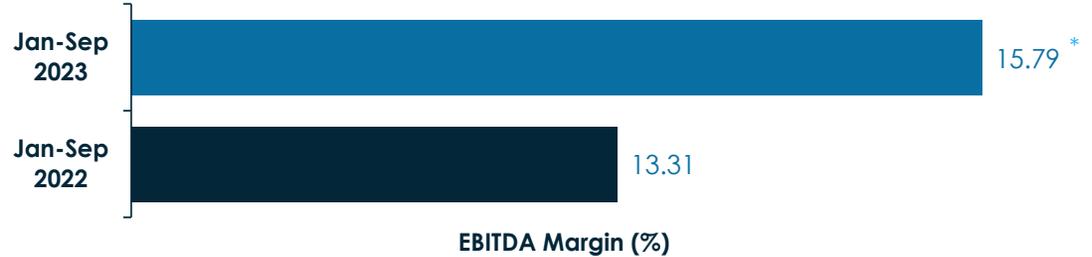
₹ 942M
(US\$ 11.4M)



Earnings
Per Share

₹ 7.97

EBITDA : ₹2,002M (US\$ 24.3M)



* Excluding one time BOT Fee for a Knowledge Service Customer, Revenue will be ₹ 12,489 mn (US\$ 151.7 mn) with 14.5% EBITDA

Key Highlights (Continued...)

- Market continues to be challenging with continued headwinds from customers.

- Deepening our engagement with customers and helping them with their immediate priorities of reducing cost of product development and leveraging Cloud, Data and AI to differentiate themselves.

- Served 51 customers with US\$1Million+ revenue on a run rate basis.

- Velotio has been both growth and margin accretive. Moving in right direction to integrate Velotio with larger R Systems to accelerate growth through cross-sell and up-sell.

- Strategic realignment of our Go to Market with focus on key verticals to become more relevant to customers leveraging specialized offerings on Cloud, Data, Experience, Embedded Systems, Automation and AI.

- Committed to preserve the margins through efficient operations.

Financial Performance –Contribution Analysis – Q3 2023

● ————— **Q3 2023** ————— ●
 ● ————— **Q3 2022** ————— ●
 ● ————— **Q2 2023** ————— ●

Particulars	₹ in M	US\$ in M	₹ in M	US\$ in M	₹ in M	US\$ in M
Revenues	4,573.47	55.34	3,982.39	50.08	4,067.80	49.51
Cost of revenues	2,822.41	34.14	2,533.76	31.83	2,650.73	32.26
Gross margin	1,751.06	21.20	1,448.63	18.25	1,417.07	17.25
<i>% of Revenue</i>	38.29%		36.38%		34.84%	
SG&A Expenses	891.99	10.80	869.59	10.94	817.28	9.95
<i>% of Revenue</i>	19.50%		21.84%		20.09%	
EBITDA	859.07	10.40	579.04	7.31	599.79	7.30
<i>% of Revenue</i>	18.78%		14.54%		14.74%	
Depreciation and amortization	172.44	2.09	87.21	1.10	101.16	1.23
EBIT before non-recurring cost	686.63	8.31	491.83	6.21	498.63	6.07
Non-recurring Cost #	36.46	0.44	-	-	70.34	0.86
EBIT	650.17	7.87	491.83	6.21	428.29	5.21
Interest expense	(27.65)	(0.33)	(11.48)	(0.14)	(16.96)	(0.20)
Other income (net)	1.66	0.02	(25.73)	(0.34)	43.80	0.53
Income before income tax and share of profit / (loss) in associates	624.18	7.56	454.62	5.73	455.13	5.54
Share of net profit/ (loss) of associates accounted for using the equity method	(2.01)	(0.03)	-	-	-	-
Income before income tax	622.17	7.53	454.62	5.73	455.13	5.54
Tax expense ^	182.42	2.21	86.72	1.09	310.88	3.78
Net earnings	439.75	5.32	367.90	4.64	144.25	1.76

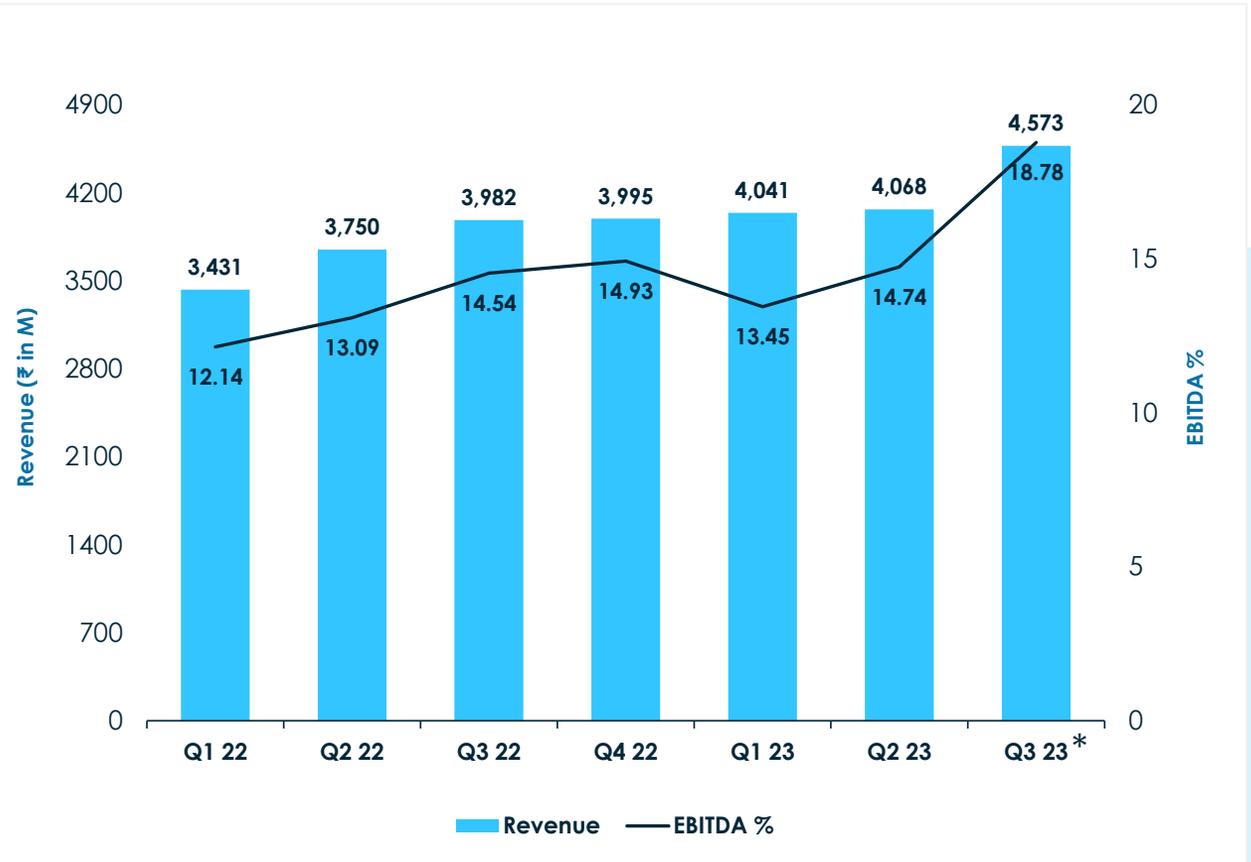
Non Recurring cost represents :

For Q3 2023, professional fee paid w.r.t. acquisition of Velotio and charges paid to Noida Authority due to change in shareholding of the Company.

For Q2 2023, recruitment fee paid for hiring of new CEO and one time joining fee paid to CEO.

^ includes Rs. 200.54 M during Q2 23 provision for tax on dividend received from wholly owned subsidiary.

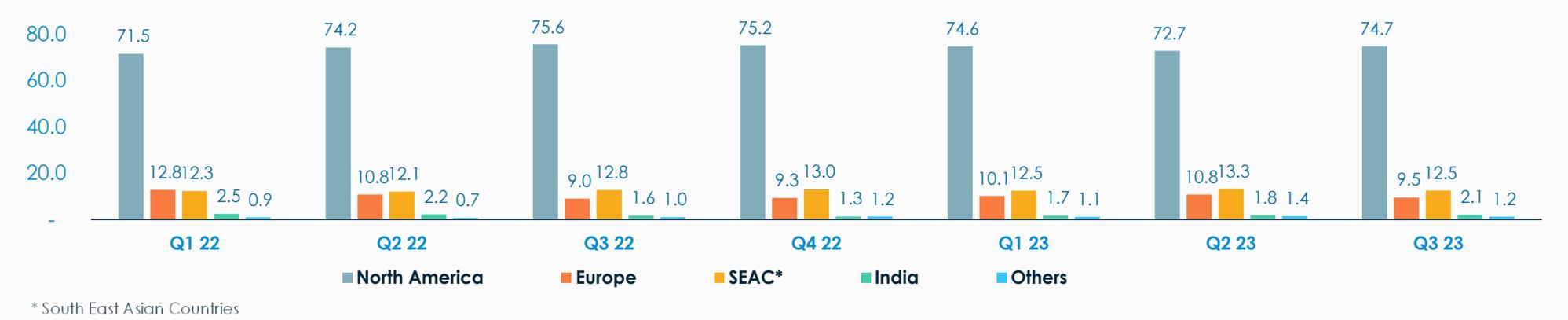
Big Picture – Revenue & EBITDA %age – Quarter wise



* Excluding one time BOT Fee for a Knowledge Service Customer, Revenue will be ₹ 4,380 mn with 15.2% EBITDA

Quarterly Revenue Breakdown

By Geography (%) – based on location of customer



Client Concentration (Revenue %)



Summing Up and Looking Ahead



Q3 2023 has been an exciting quarter, with large deal wins and successful initiation of GTM alignment based on industry verticals.



As customers face headwinds, we deepen our relationships through better relationship management (farming) and sharper offerings addressing their immediate needs with adopting Cloud, Data, Automation and AI.



Developing new success stories – Jul -Sep 2023

- Strategic partnership with a Global leader in Access Control systems.
- A leading provider of Digital Marketing services has engaged us to build the frontend, backend and integrate Generative AI capabilities in the platform.
- A US based precision engineering company is leveraging our expertise to gain insights through data using Power BI and Snowflake.
- A leader in power generation and distribution in Europe has partnered with us to significantly reduce the complexity of new customer identification, validation and onboarding leveraging a suite of digital technologies.



Thank You

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