



systems

INVESTOR'S BRIEFING HY 2024

Dated: 02nd September 2024

www.systemsltd.com

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At a glance

Systems Limited is a leading global digital transformation IT consulting and services provider, boasting **a global team of over 7000 innovative minds**. We pioneer the creation of cutting-edge enterprise solutions, shaping our clients' digital footprint for enduring growth and profitability. Our ardor lies in tailoring scalable, efficient products and services to surmount customer challenges. Our people stand as both our pledge and strategy for steering worldwide digital engagement. As tech service experts, we foster open idea exchange, fueling our advancement and proficiency through strategic investments in our team.



Specialization



Digital Data & AI Cloud

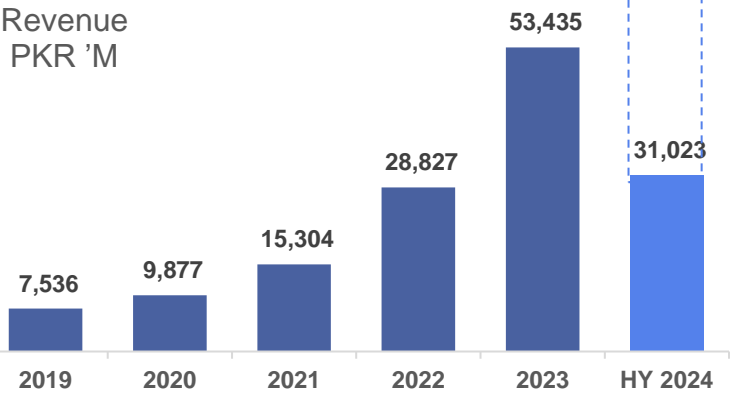
Industry Focus



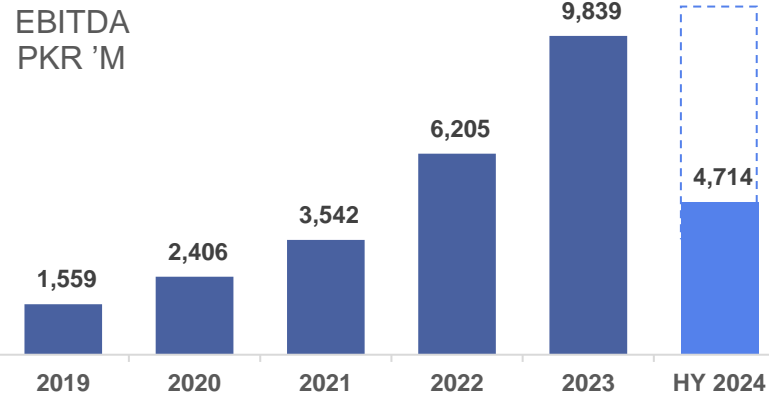
Telco BFSI Retail & CPG Pharma Government

Key Stats & Market Overview

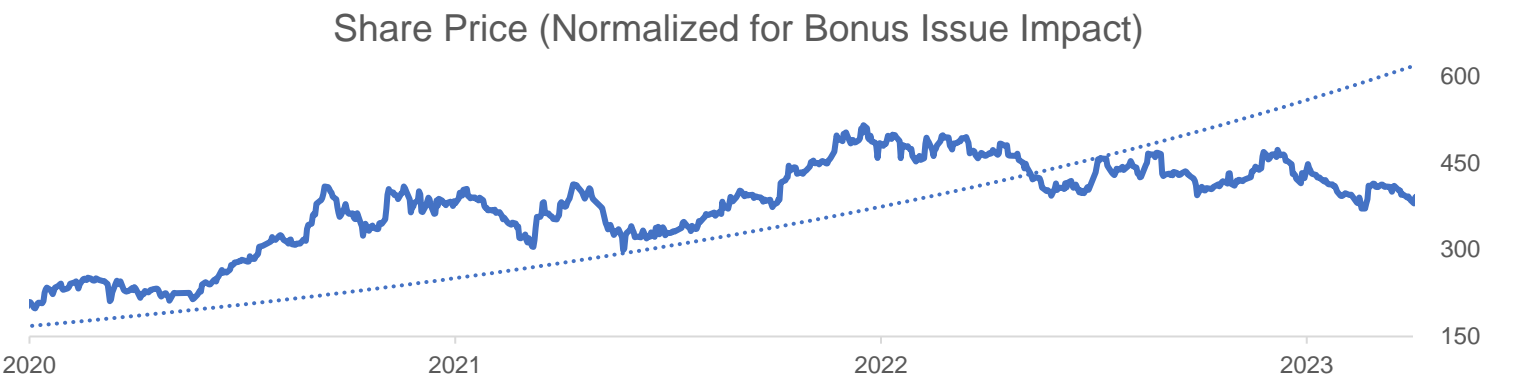
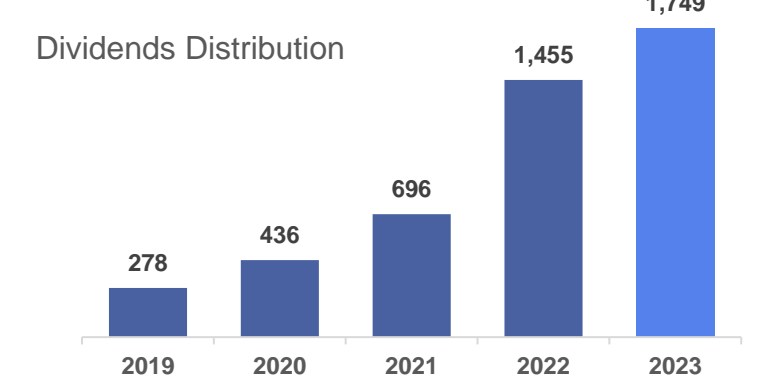
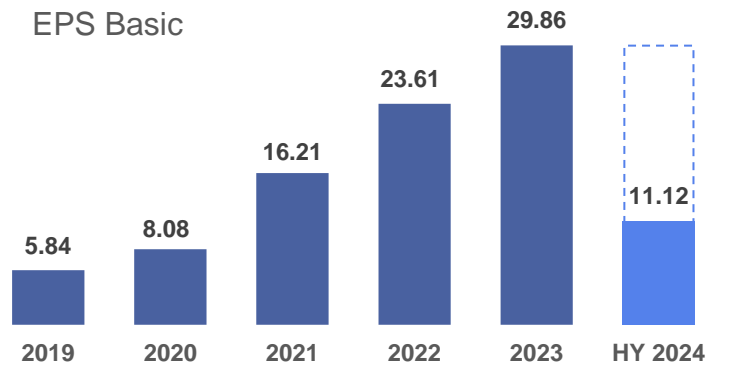
Fact Sheet



*One off trading transaction (CLOS) has been excluded in 2022



*EBITDA Adjusted for one-off impairment loss in 2023



Awards & Recognitions

Technology Partners

PKR 121 Bn+
Market Capitalization

7000+
Employees Globally

47+
Years in Business

235+
Global Active Clients

Investment Highlights / Value Propositions

Digital, data & AI, & cloud



We elevate possibilities and unlock new growth horizons through innovation, digital, data, AI, and cloud capabilities.

Emerging technologies



We amplify human possibilities through generative AI and deliver business and technical solutions leveraging Metaverse, AI/ML, AR/VR, etc.

Growth



Our innovative solutions and strategic prowess propel you towards unparalleled success, ensuring both rapid financial ascent and commanding market leadership.

Global presence



Leveraging our core engineering strength to accelerate digital transformation and empower enterprises, we operate in 16+ countries.

Domain expertise



We possess a formidable array of accelerators and business solutions meticulously designed to harness the full potential of our core engineering.

Recurring revenue



Through our unwavering commitment to delivering value, we have cultivated enduring relationships with our customers.

Employee ownership



At the heart of our success is a solid foundation of employee ownership as our employees are vested stakeholders, driving our collective vision with unparalleled dedication.

Insight-driven



We are insights-driven, user-centric, systematically tested, and have a financially impactful delivery model that delivers projects with immediate, substantial, and sustainable impact on customers' bottom line.

Consulting

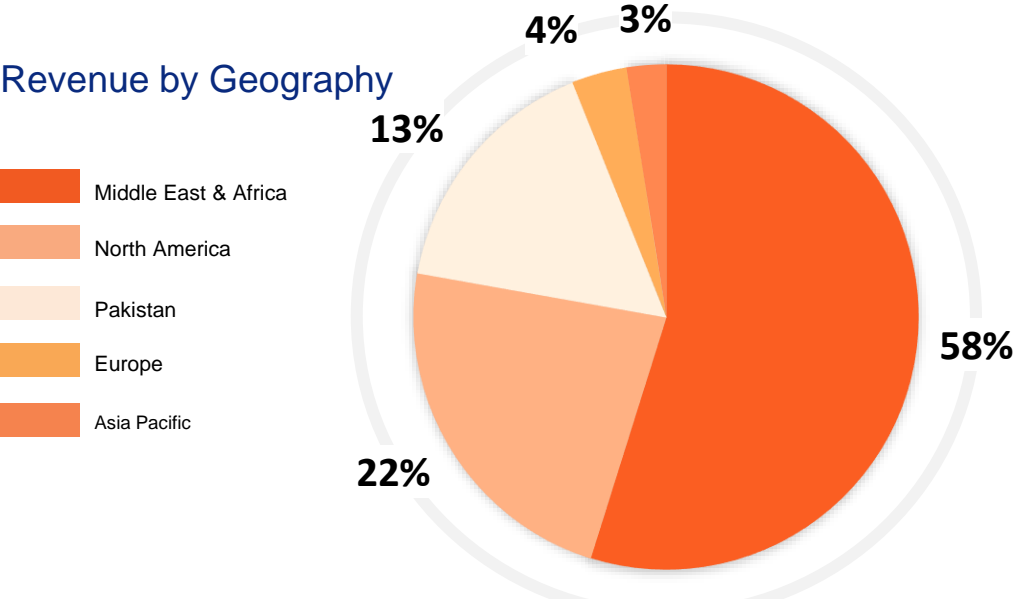


With a keen eye on market dynamics and a wealth of strategic insights, our consultants guide you towards greater levels of achievement, ensuring your business thrives in today's dynamic landscape.

Global Delivery Model

Our talent pool is characterized by its **global diversity** and **inclusivity**.

We take great pride in our workforce, recognizing them as our greatest asset. This fuels our commitment to nurturing a collective of highly educated IT professionals that is not only diverse and inclusive but also continually expanding.



MEA	KSA	APAC	PK
UAE	Saudi Arabia	Australia	Lahore
Egypt	Bahrain	Singapore	Karachi
Qatar		Malaysia	Islamabad
South Africa			Faisalabad
Kenya			Multan

Total PS Headcount Dispersion (%)

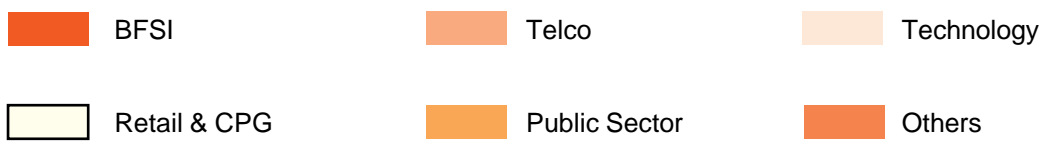
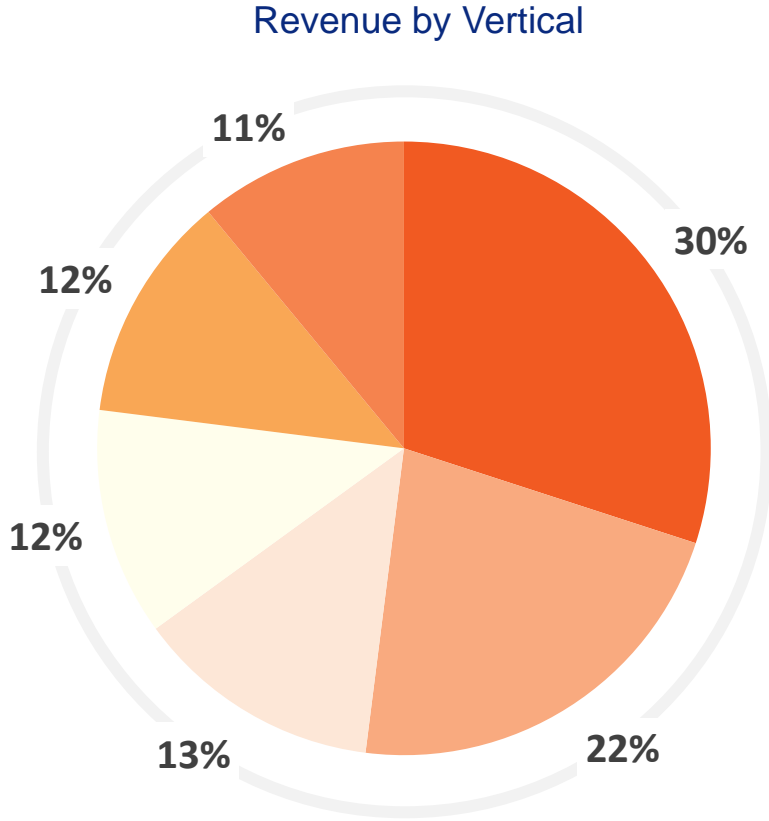
	2019	2020	2021	2022	2023	HY 2024
Pakistan	95.00	93.02	93.12	90.36	86.28	84.58
Qatar	-	0.41	0.43	1.07	1.40	1.36
UAE	5.00	6.56	6.45	7.69	9.82	10.46
Egypt	-	-	-	0.55	2.13	2.54
Saudi Arabia	-	-	-	0.30	0.34	0.98
APAC	-	-	-	0.03	0.04	0.09

Target Market & Customers HY 2024

We have a strong customer base in most of the industry verticals which not only minimizes our concentration risk but also gives us the competitive advantage by developing resources with cross industry knowledge.

Vertical	Customer Split *
BFSI	55
Retail & CPG	24
Technology	32
Public Sector	24
Health Care/Pharma	5
Manufacturing	4
Telco	13
Others	14

* Count based on customers with revenue >\$100K



Market Opportunity

The Cyber-Human Fusion

46% of organizations are planning to invest in human-computer interfaces (HCIs) in the next two years to facilitate seamless human-machine interaction, another crucial element of cyber-human fusion.

Source: International Data Corporation

Generative AI will take over

By 2025, the global market for generative AI is expected to reach \$26.8 billion, driven by its capabilities in content creation, personalized experiences, and automation

Source: McKinsey & Company

A new age of programming

By 2026, the no-code/low-code development market is forecast to reach \$45 billion, empowering developers and non-technical professionals to build AI-powered applications without extensive coding.

Source: Gartner


Sustainable tech is here to stay


They estimate that the global market for green data centers will reach \$64.1 billion by 2028, growing at a CAGR of 13.4%.


Source: Deloitte


The rise of AI

Impact

- 

Transition from growth to scalability
- 

Unit-level productivity enhancing overall organizational performance
- 

Reduced contextual dependence fuels innovation
- 

Increased efficiency and reduced cost

Emerging tech bring novel challenges

- 

Algorithm-driven enterprises require greater transparency and ethics
- 

Customers, inspired by GDPR, now want insight into how systems make decisions, driving the growth of Explainable AI (XAI) for transparency and bias mitigation

Systems Plan of Action

Industry assessment, AI driven solutions and accelerators, use cases for customers



How do we differentiate ourselves



Employer of choice

We attract and have access to the best and most diversified top talent.



Optimally scaled and skilled

We provide a personalized and laser-focus approach to our customers, regardless of their scale.



Employee ownership

Our values are shaped by our employees, and they help create a unique culture and a successful business approach, resulting in continued digital excellence.



Customer longevity

Most of our clients have been with us for decades, and this highly reflects our quality and timely delivery, and exceptional customer engagement.

recurring revenue from existing customers **93%**

Top 5 of our customers have been with us for over 5 years

Pillars of our strategic plan

Skills and service offerings

Strong focus on building AI competency by building and developing a resource pool. The Company is also developing AI offerings for the BFS, Telco and Retail/CPG verticals.

Verticalization and Business Development

The Company has divided business development and delivery in 3 key verticals

BFS	Merging all core and non-core banking services under one-roof. Focusing to capitalize on the existing customer base by cross selling and upselling
Telco	<ul style="list-style-type: none"> - Increased focus on Digital Business Solution Services (BSS) - Market specific solutions and frameworks
Growth	All other services under 3 rd vertical serving public sector, pharma, retail , healthcare etc

Geographies & Inorganic Growth

Over the past couple of years, the Company has made significant investment in expanding into new markets and geographies. The Company is now working on maximizing the return on those investments.

Creating management structures that enable us to grow and perpetuate through Mergers & Acquisitions

Investment Priorities

Continued Profit Improvement, Healthy Cash Flow

- Strong cash flow generation allows attractive dividend payout, and flexibility for investment opportunities.
- Systems Limited has a history of investing its cash flow for the future growth. The current healthy cash flow position provides the company with an opportunity to re-imagine and re-think everything to touch new heights.
- The Company is also focusing on inorganic growth through acquisition with the focus of increasing export revenue. Evaluating businesses aligned with strategy, structure and culture of the company

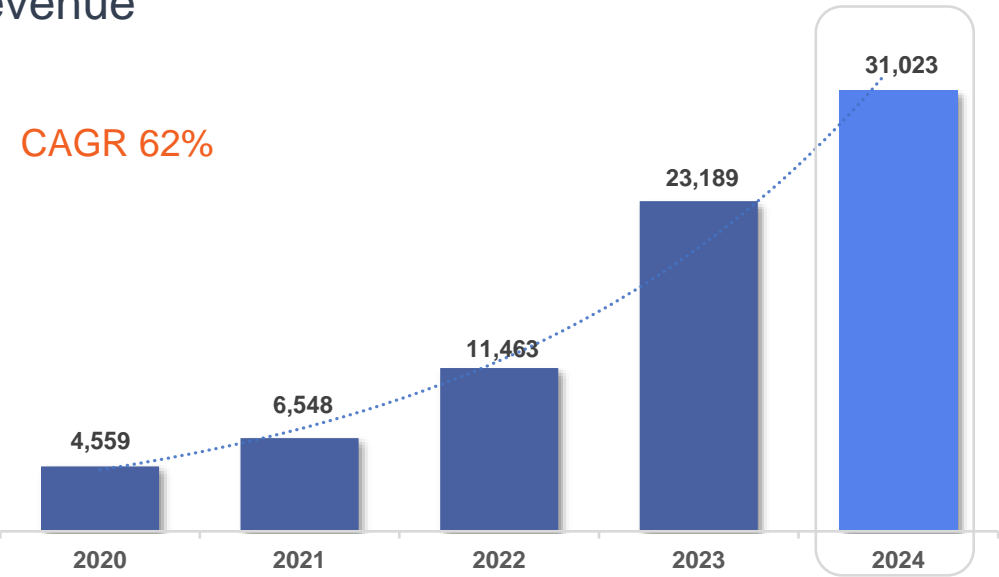


- **Investment in talent**
- **Diversification of talent pool among different locations**
- **Mergers & Acquisitions**
- **Strengthening current geographies**
- **New service offerings**

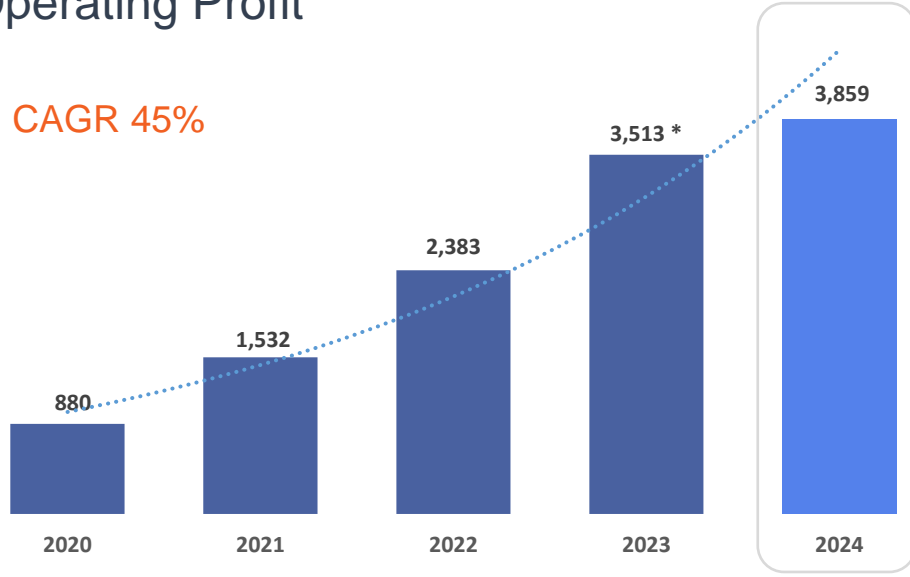
Financial Performance Overview

Strong Performance – HY 2024 (PKR 'M)

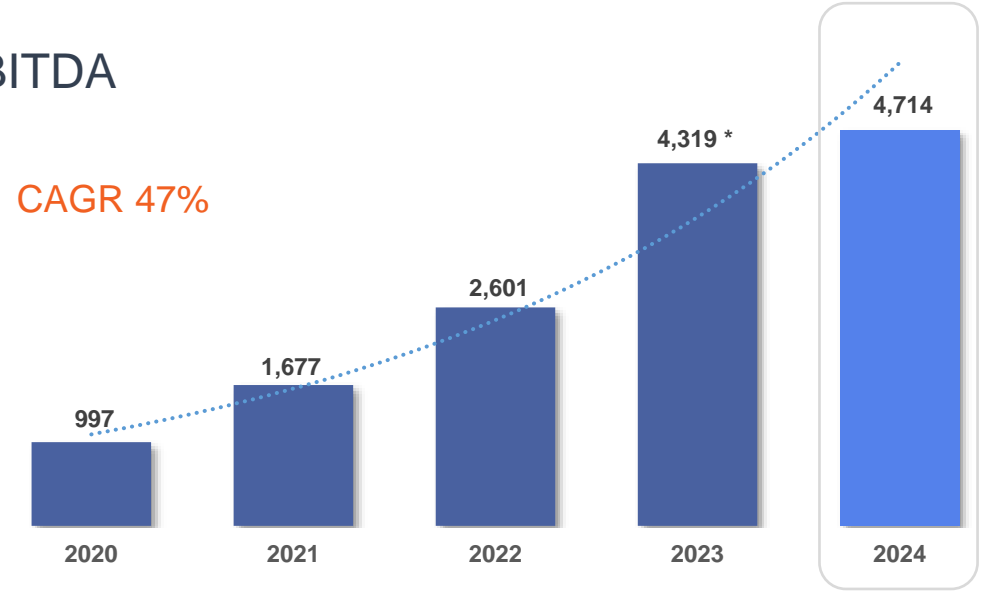
Revenue



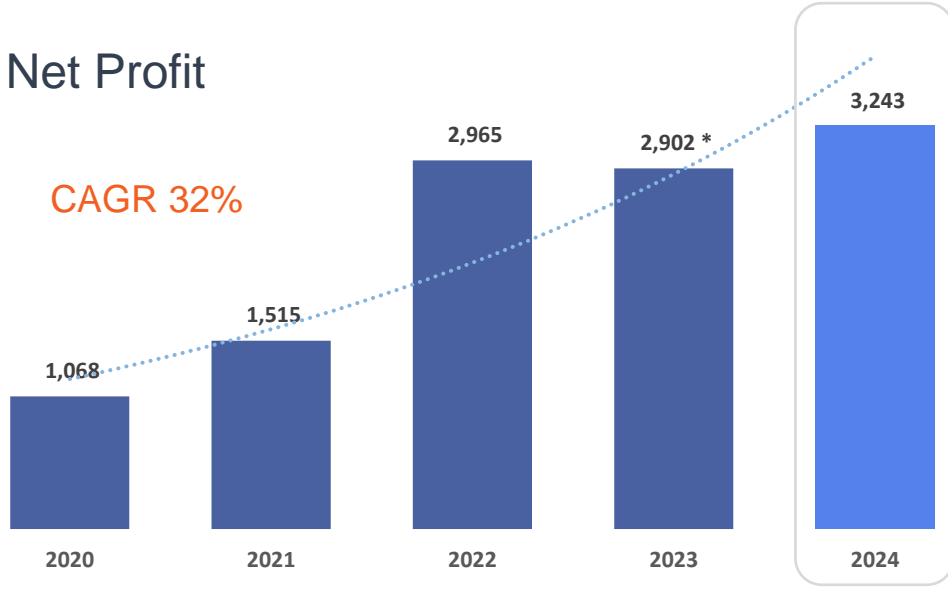
Operating Profit



EBITDA



Net Profit



*One off Impairment loss against Jomo has been excluded from OP, NP & EBITDA in HY '23

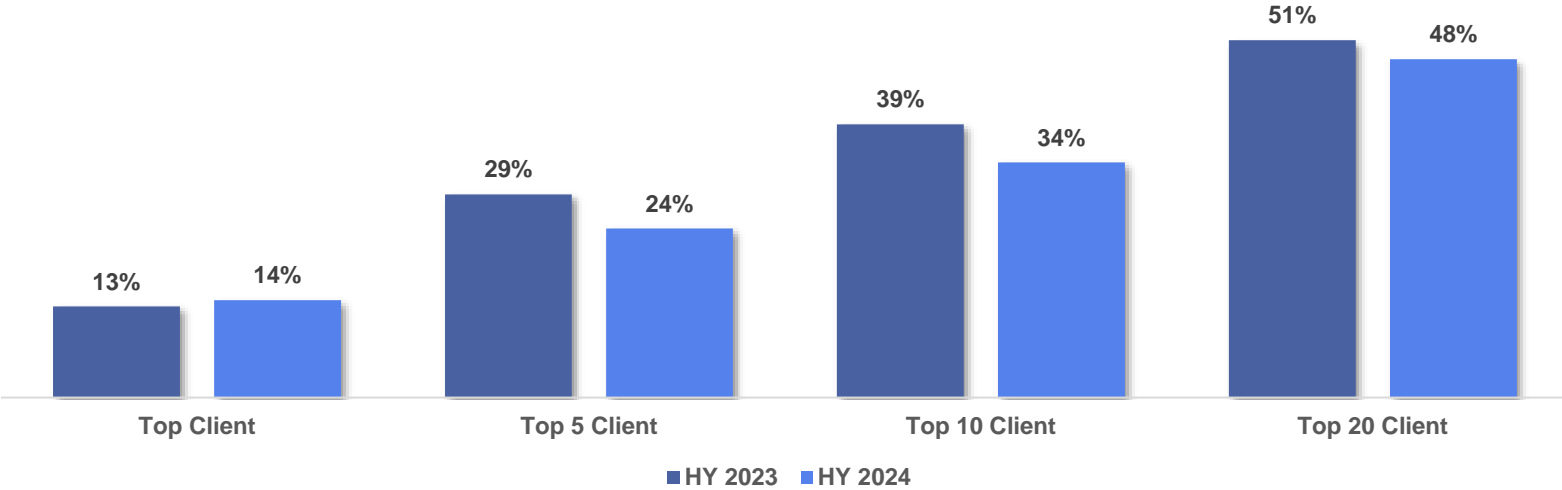
*One off Exchange gain of PKR 2.5 Bn has been excluded from NP in 'HY 2023

Benchmark Analysis – Six Months Interim

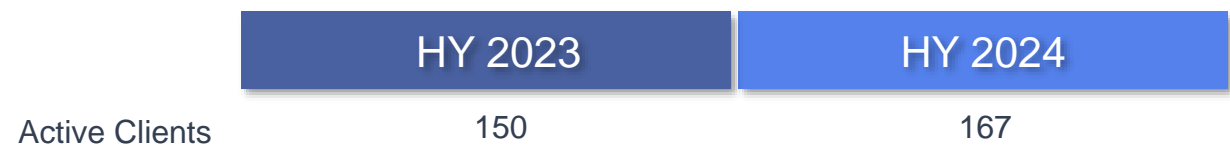
	Globant	FPT	EPAM	Infosys	TCS	Systems Ltd
REV (USD 'M)	\$ 1,158.5	\$ 1,172.7	\$ 2,312.1	\$ 9,268.6	\$ 14,862.0	\$ 111.3
<i>SPLY growth %</i>	19.40%	21.40%	-2.90%	2.47%	4.48%	31.08%
GP Margin	35.5%	38.05%	30.59%	30.18%	40.49%	22.51%
OP Margin	8.78%	17.57%	15.06%	20.60%	25.32%	12.44%
SG&A %	26.47%	22.13%	14.18%	9.59%	15.17%	9.80%
NP Margin	7.23%	15.16%	12.43%	18.58%	19.76%	10.45%
EBITDA Margin	14.52%	21.83%	16.92%	23.59%	27.36%	15.20%
No. of Employees	29,112	50,568	52,650	315,332	606,998	7000+
PE Ratio	46.42	30.67	26.99	24.50	34.96	37.60
Trading Multiple based on Revenue	6.64	3.32	1.94	4.06	5.72	~ 2.00 - 2.25

Client Composition HY 2024

Client Contribution to Revenue



Active Clients*



*Revenue above \$100k

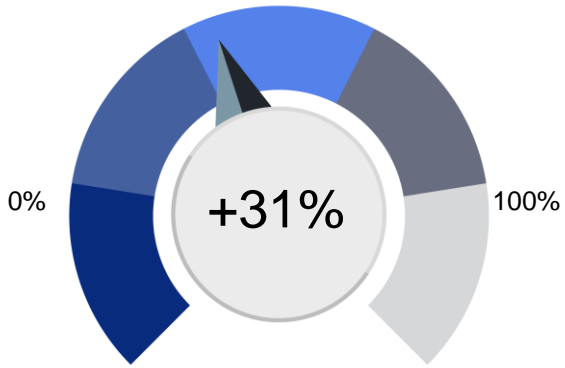
Client Metrics

	HY 2023	HY 2024
\$10m+ clients	1	1
\$5-10m clients	-	-
\$1-5m clients	15	23
\$0.5-1m clients	16	22

Strong QoQ Performance – HY '24 vs HY '23

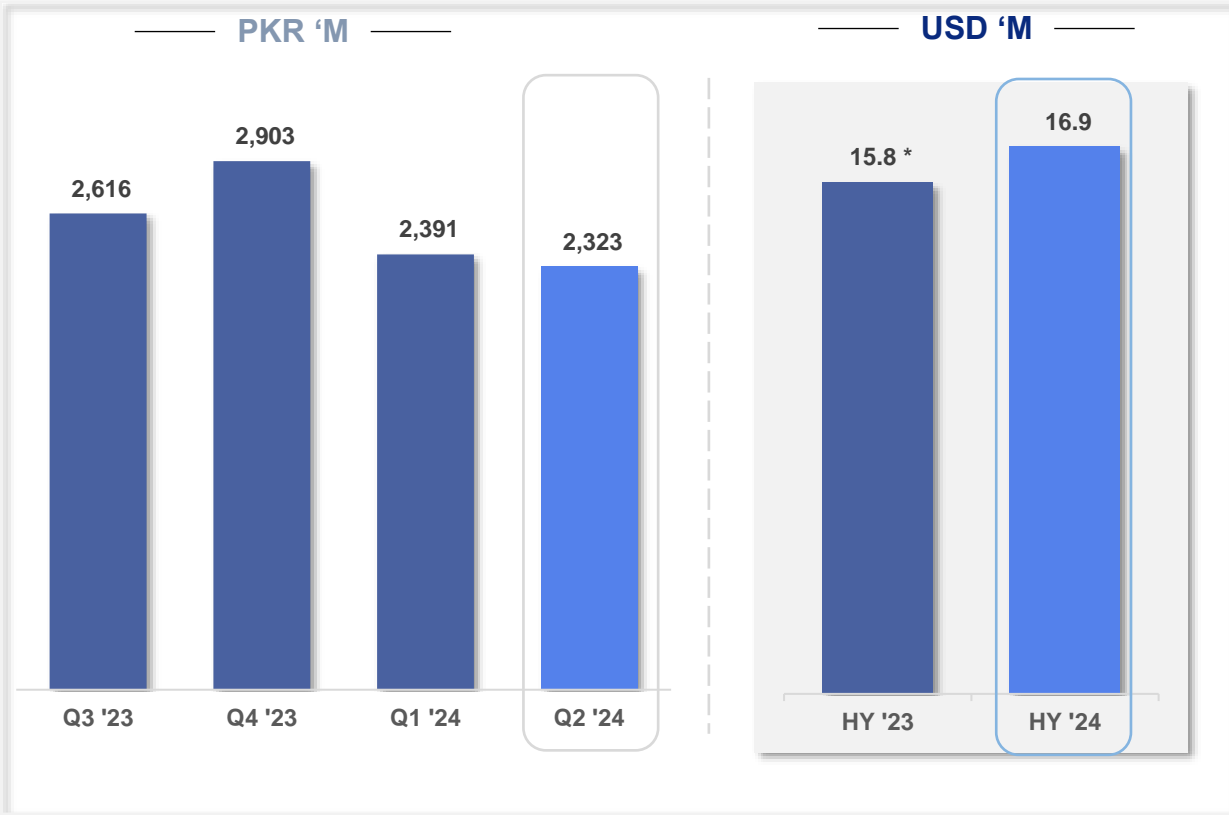
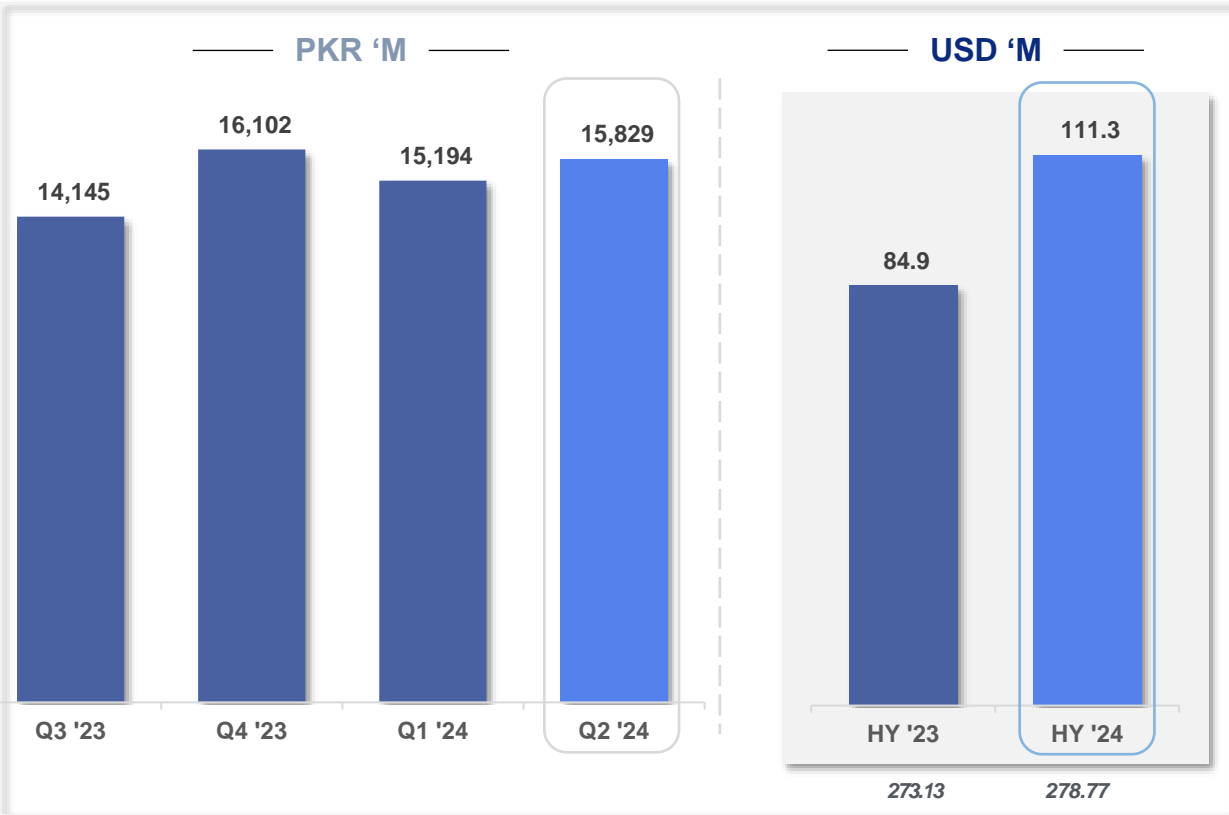
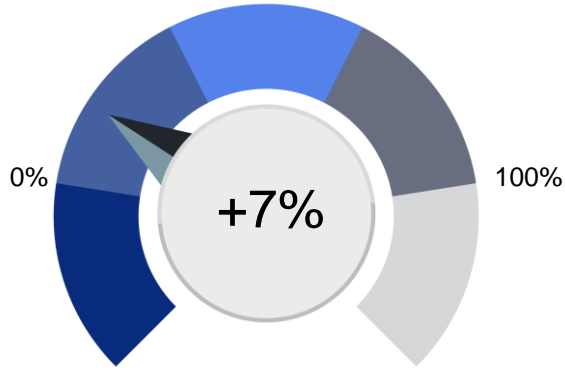
Revenue

HY '24 vs HY '23 Growth (USD)



EBITDA

HY '24 vs HY '23 Growth (USD)

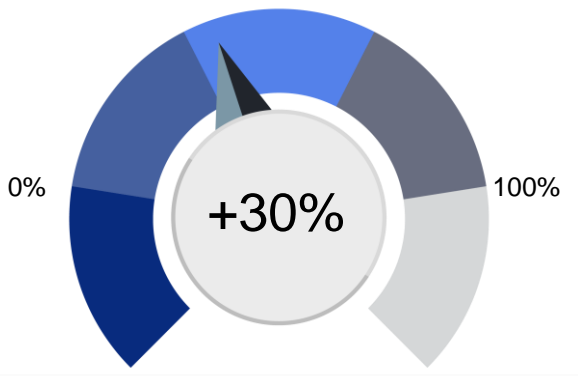


*One off Impairment loss against Jomo has been excluded in HY '23

Strong QoQ Performance – Q2 '24 vs Q2 '23

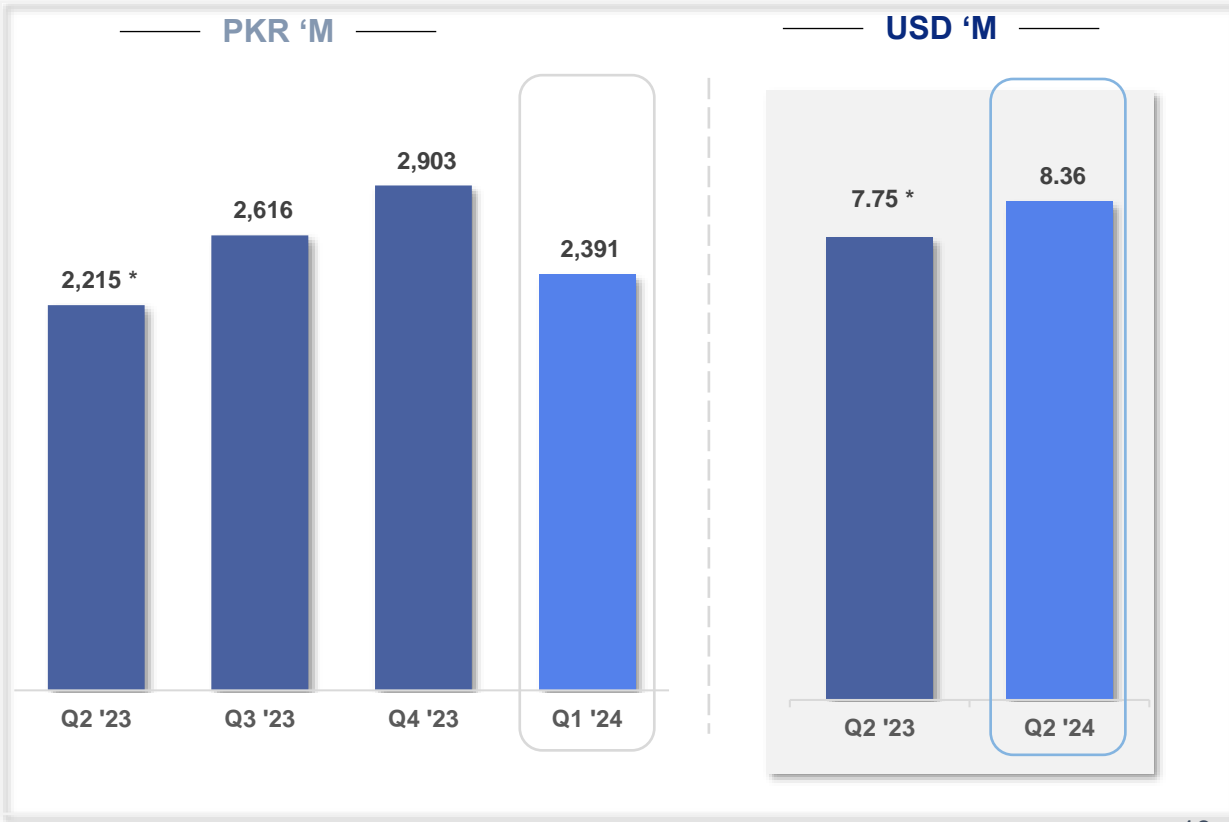
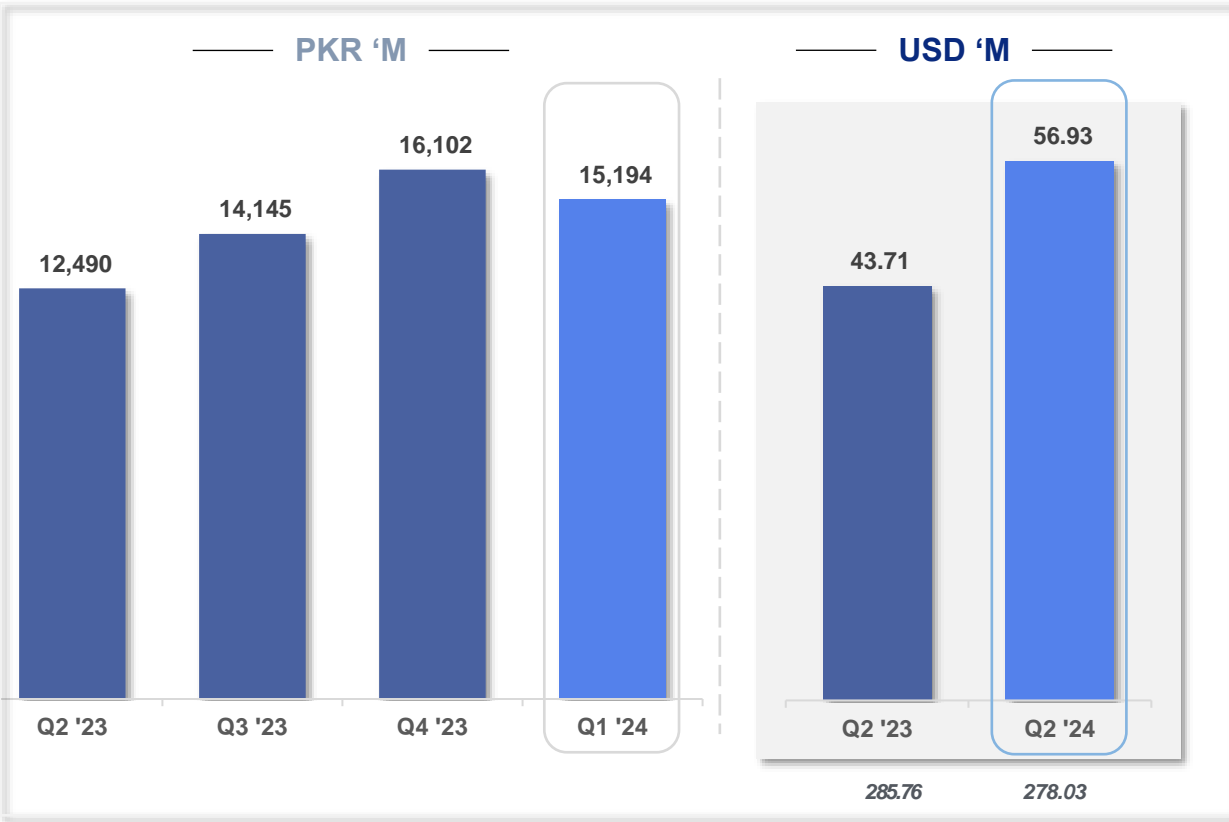
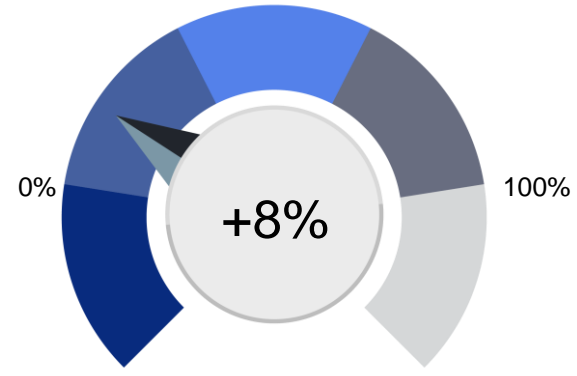
Revenue

Q2 '24 vs Q2 '23 Growth (USD)



EBITDA

Q2 '24 vs Q2 '23 Growth (USD)



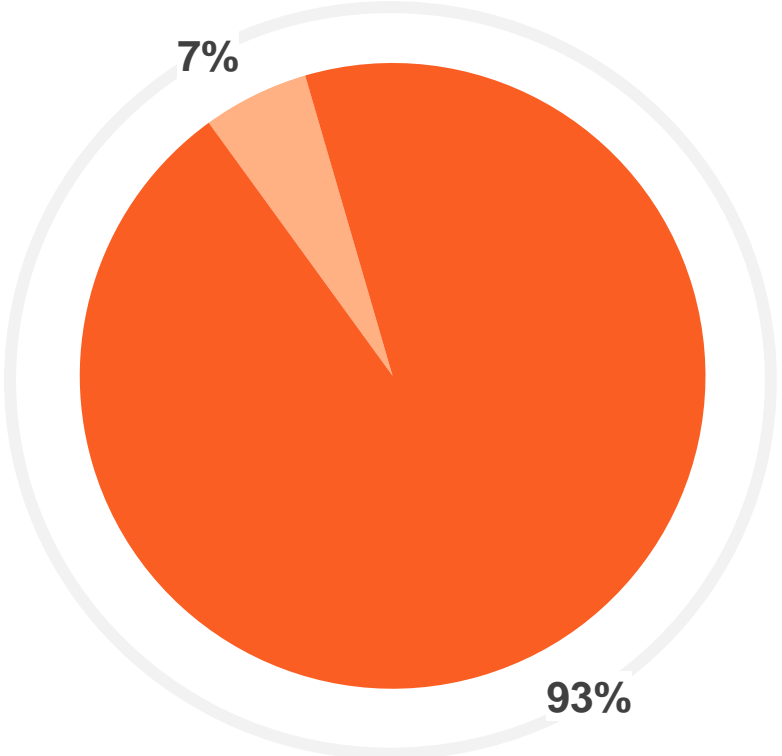
*One off Impairment loss against Jomo has been excluded in Q2 '23

Geographical Segment Performance – HY 2024 (PKR 'M)

	North America		Europe		Middle East Africa		APAC		Pakistan		Total	
	Q2 2024	Q2 2023	Q2 2024	Q2 2023	Q2 2024	Q2 2023	Q2 2024	Q2 2023	Q2 2024	Q2 2023	Q2 2024	Q2 2023
	-----Rupees-----											
Revenue	6,719	5,667	1,465	724	17,855	12,152	1,088	553	3,896	4,093	31,023	23,189
Cost of revenue	(4,562)	(3,753)	(968)	(524)	(13,807)	(8,305)	(719)	(392)	(3,983)	(3,957)	(24,040)	(16,931)
Gross profit	2,157	1,914	497	200	4,048	3,847	368	162	(87)	136	6,983	6,259
Distribution expenses	(26)	(15)	(5)	(2)	(623)	(598)	(103)	(49)	(117)	(173)	(874)	(835)
Administrative expenses	(566)	(654)	(118)	(99)	(1,200)	(807)	(95)	(40)	(186)	(244)	(2,165)	(1,844)
Profit / (loss) before taxation and unallocated income and expenses	(591)	(669)	(124)	(101)	(1,823)	(1,404)	(198)	(88)	(303)	(417)	(3,039)	(2,679)
	1,566	1,246	373	99	2,224	2,443	170	73	(390)	(281)	3,944	3,580
<i>GP Margin</i>	32%	34%	34%	28%	23%	32%	34%	29%	-2%	3%	23%	27%
<i>OP Margin</i>	23%	22%	25%	14%	12%	20%	16%	13%	-10%	-7%	13%	15%

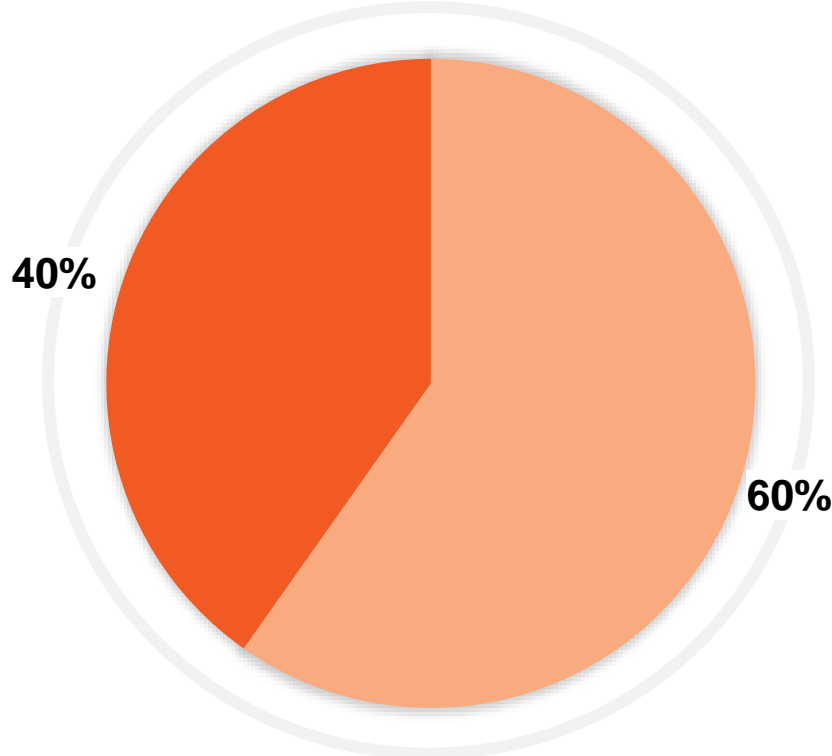
Currency Mix – HY 2024

By Revenue



FCY PKR

By Cost



FCY PKR

Environment, Social & Governance (ESG)



ESG Overview

Be Kind with the Environment

Key Indicators:

- Reduced electricity costs by moving data centres to cloud
- Controlled e-waste by donating laptops and computers
- Policy to reduce printing and use digital media as much as possible
- Raising employee awareness to control water wastage and electricity

Governance

Key Indicators:

- Independent Board & its committees promoting GRC
- Responsible tax practices
- Code of Conduct/ Business Ethics
- Related party transactions
- Cybersecurity and Data privacy

Be Kind to Employees

Key Indicators:

- Creating decent work space and sustainable income for 7,000+ employees
- Work from home policy to provide flexibility
- Spending huge amount on trainings & certifications
- Wellness programs and HSE awareness

Ensure Sustainable Financial Growth

Key Indicators:

- 34% increase in revenue
- 15% increase in operating profit
- Consistent dividend pay-out ratio
- Continuous development in products and services

Giving Back to the Society

Key Indicators:

- Initiated IT Mustakbil Program
- Setup schools for underprivileged children
- Donations to Hospitals
- Donation of laptops and computers to schools and universities
- Created Dost fund to provide financial support in case of any emergency

Q&A



The background features a low-angle shot of several modern glass skyscrapers reaching towards a blue sky with light clouds. A large, solid orange diagonal stripe runs from the top left towards the center. A white geometric shape, resembling a large triangle or a stylized 'A', is overlaid on the right side of the image, with its vertices pointing towards the top and bottom right corners.

Thankyou

systems

Get in touch

www.systemsltd.com