



INVESTOR'S BRIEFING
HY1 ENDED 30 JUN 2023

THURSDAY, 31 AUG 2023



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The Tech-Driven Future Landscape

Generative AI's breakout

The global economy could experience an annual productivity boost of **0.2 to 3.3** percent from **2023 to 2040**.

Source: [Mckinsey](#)

70% of organizations currently in exploration mode with Generative AI

Source: [Gartner](#)

Rewiring for digital

The global digital transformation market is expected to grow to **USD 1,009.8 billion by 2025**.

Source: [Globe Newswire](#)

Data & Analytics initiatives

By **2025**, **95%** of decisions that currently use data will be at least partially automated.

Source: [Gartner](#)

Riding the cloud wave

70% of companies will employ hybrid or multicloud management technologies, tools, and processes.

Source: [Mckinsey](#)

AI in telco

The global AI In Telecommunication market size is projected to reach **USD 13450 Million by 2026**.

Source: [PR Newswire](#)

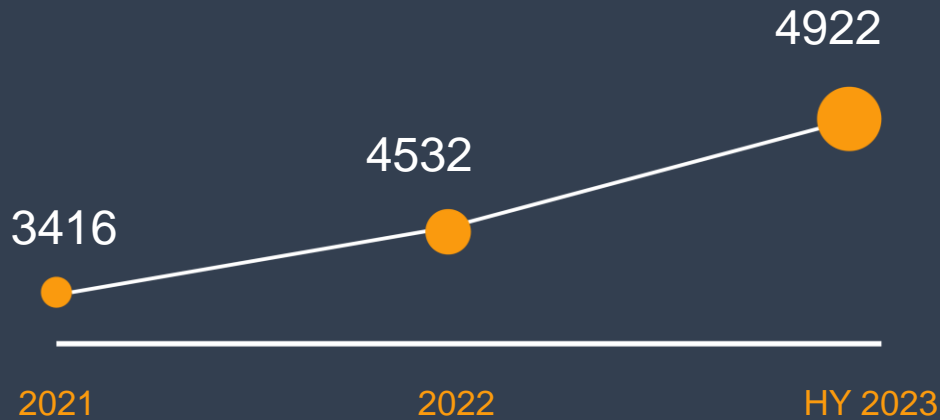
Banking and AI

The prediction is that **95%** of customer interactions will be supported by AI by **2025**

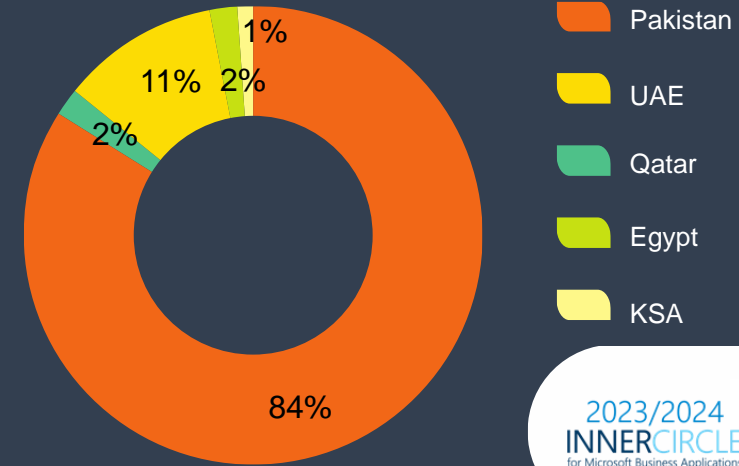
Source

Systems At A Glance

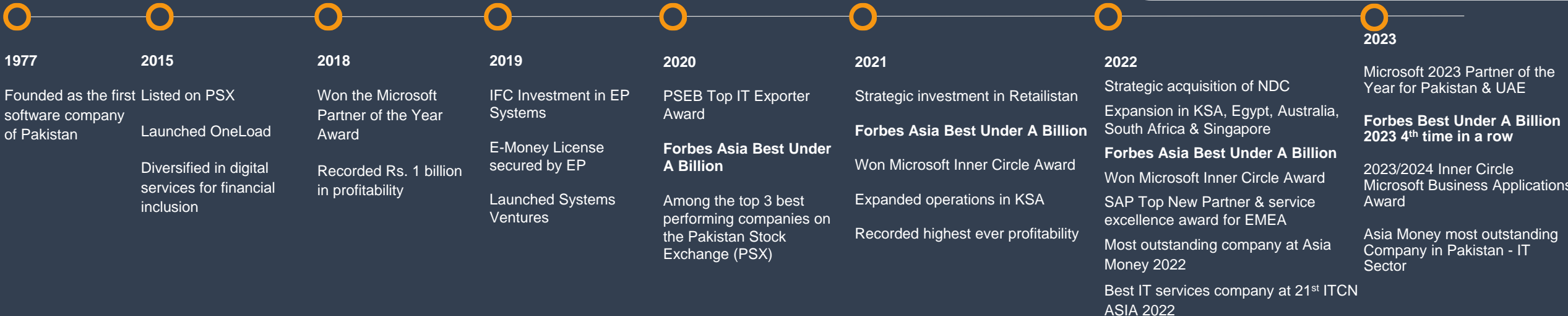
Employee Metrics (IT only)



Total Headcount Geographic Dispersion %

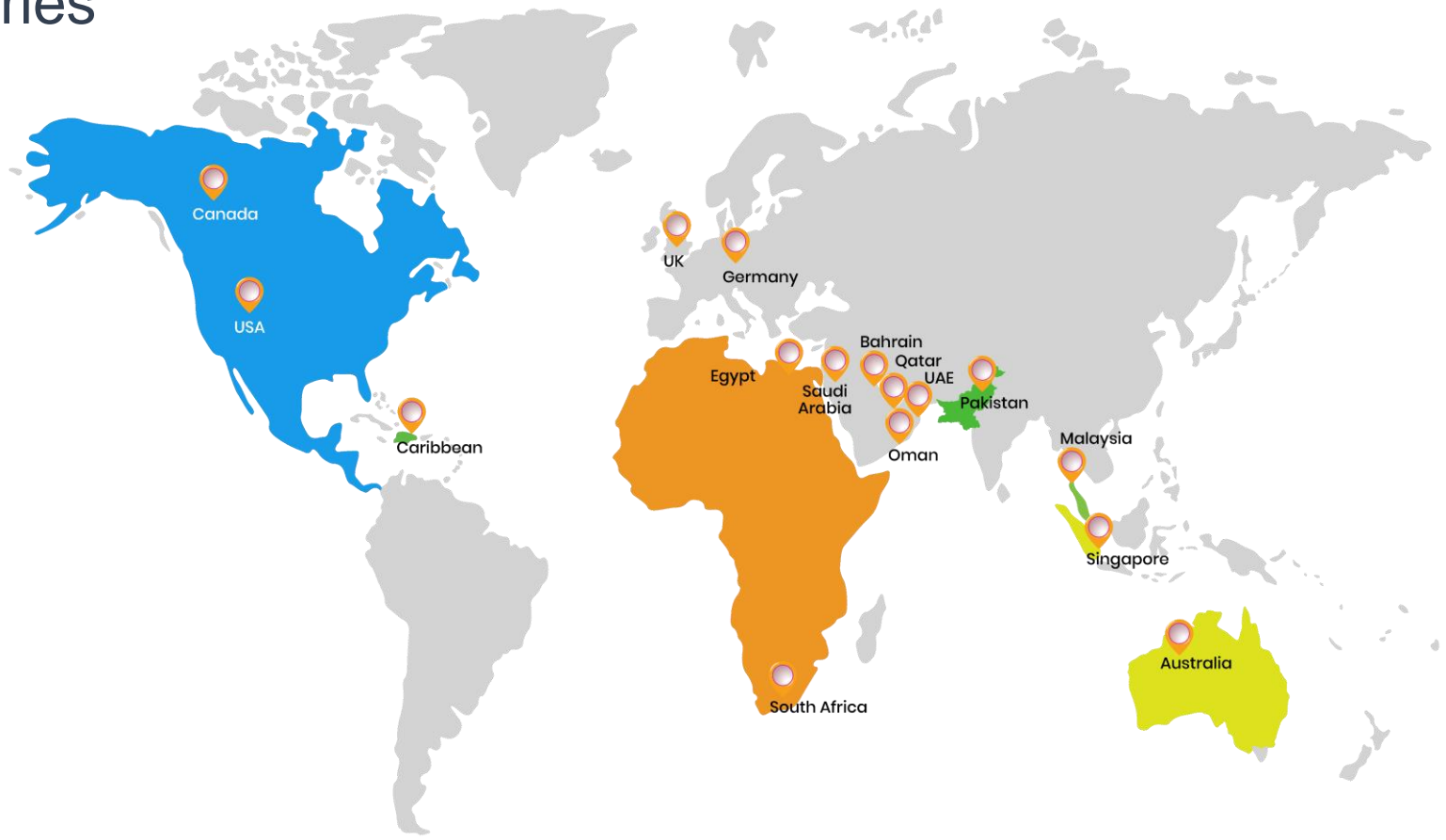
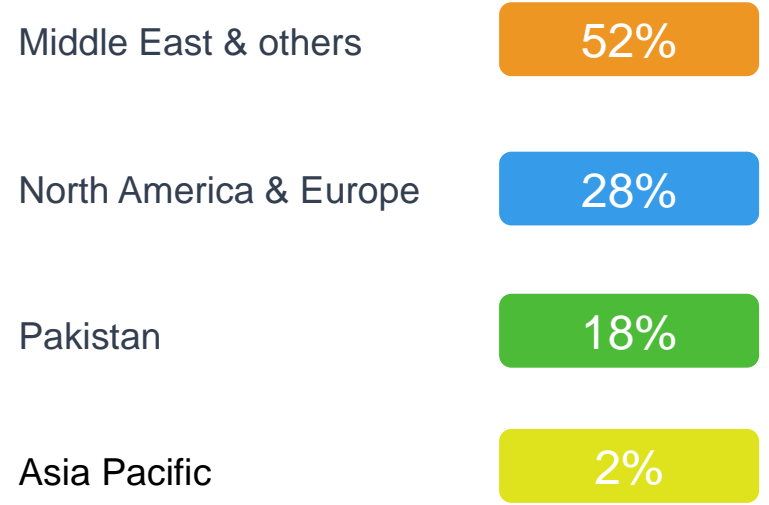


2023/2024
 Forbes Asia BEST UNDER A BILLION 2023



Systems we are a global company

Serving customers in 16 countries



Our Value Proposition



Cost effectiveness

Being most cost-effective IT outsourcing destination



Emerging technologies

Organized by competencies and delivering business and technical solutions in emerging technologies.



Growth

Rapid revenue growth and industry leading margins



Global presence

Systems is emerging as a recognized regional brand for partners, customers and principals.



Domain expertise

Strong set of accelerators / business solutions that leverages our core engineering and business / domain expertise



Recurring revenue

Recurring and **blue-chip customer base**



Employee Ownership

Employee-ownership and experienced Leadership team



Insights-Driven

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



Consulting

Best-in-class business strategy consultants to propel your enterprise performance to greater levels.

Our Innovative Solutions

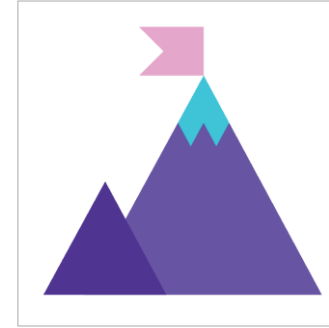
Corporate Loan Origination System

Automating & Streamlining the process of originating, evaluating, and approving corporate loans



Digital Sales Accelerator

Transforming customer experience through digitalization



Banking Analytics Data Platform

An intelligent tool that leverages the capabilities of automation and artificial intelligence for digital transformation



Digital Wallet

Digital financial services to bring a cashless digital ecosystem to the landscape



Felix - Intelligent Order Tracking

Real-time, End-to-End business order tracking solution



Life Insurance Channel Discovery

Built On The Evvox Data Platform offers insurance organizations digital agility through an integrated ecosystem`



Intuitive CRM for Banking Financial Services

Lead Management, Personalized Product Offering, Smart workflows, Localized regulatory compliant and real-time centralized planning solution



CAREER

Int'l Career Wholesale (IWS)

Offers Wholesale services portfolio to mobile operators, carriers and ISPs for Global reach



is our experience lab where we build products, services and experiences that connect with people.

At Studio 77, we practice design-driven transformation for sustainable growth through

Product Innovation & Strategy

Innovate solutions to complex problems by building products that engage users and create brand loyalty

Experience Design

Uncover user insights, evolve and create immersive experiences that tell a story and evoke emotion

Design at Scale

Work as an extension of the business team to drive growth at scale through design

Our Design Driven Approach

- Focus on users
- Solve for the *right* problems
- Innovate with design at the heart
- Collaborate, don't work in isolation
- Test and iterate

Our Transformative Capabilities

Experience Strategy

- Design Thinking Workshops
- Experience Strategy
- Digital Experience Assessment
- Design Research (Qual/Quant)
- Service Design
- UX Audits - Usability & User Testing
- Envisioning Workshops

Product Innovation

- Digital Product Design
- Wireframing & Experience
- Design Systems & Style guides
- Hi-fidelity Designs
- User testing & optimization
- Prototyping

Technology Expertise

- Hybrid Mobile Apps
- iOS + Android Native Apps
- JS Framework Development (Angular, React, Vue)
- Full-Stack Development

- CMS Frontend Development and Integration
- Custom Frontend Development and Integration
- Maintenance & Support

Working with Industries & Verticals

- Banking & Financial Services
- Insurance
- E-Commerce Retail
- Telco
- Healthcare
- Hospitality & Leisure
- Media & Entertainment
- Fashion Retail
- Fintech
- Govt & Public Utilities

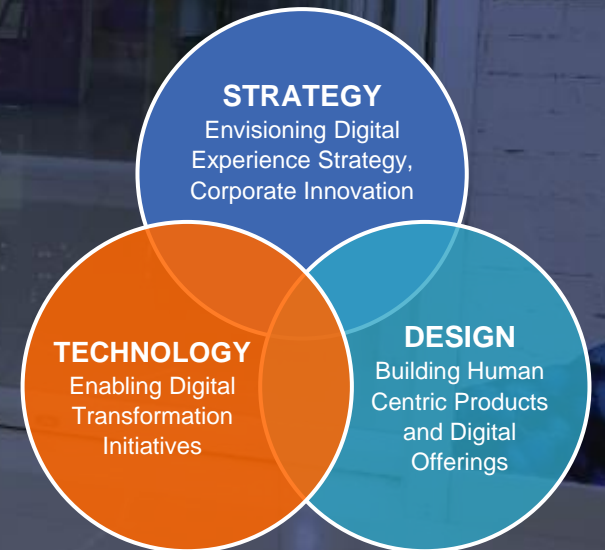
Building Experiences on

Magento
Salesforce
Oracle
SAP
Microsoft

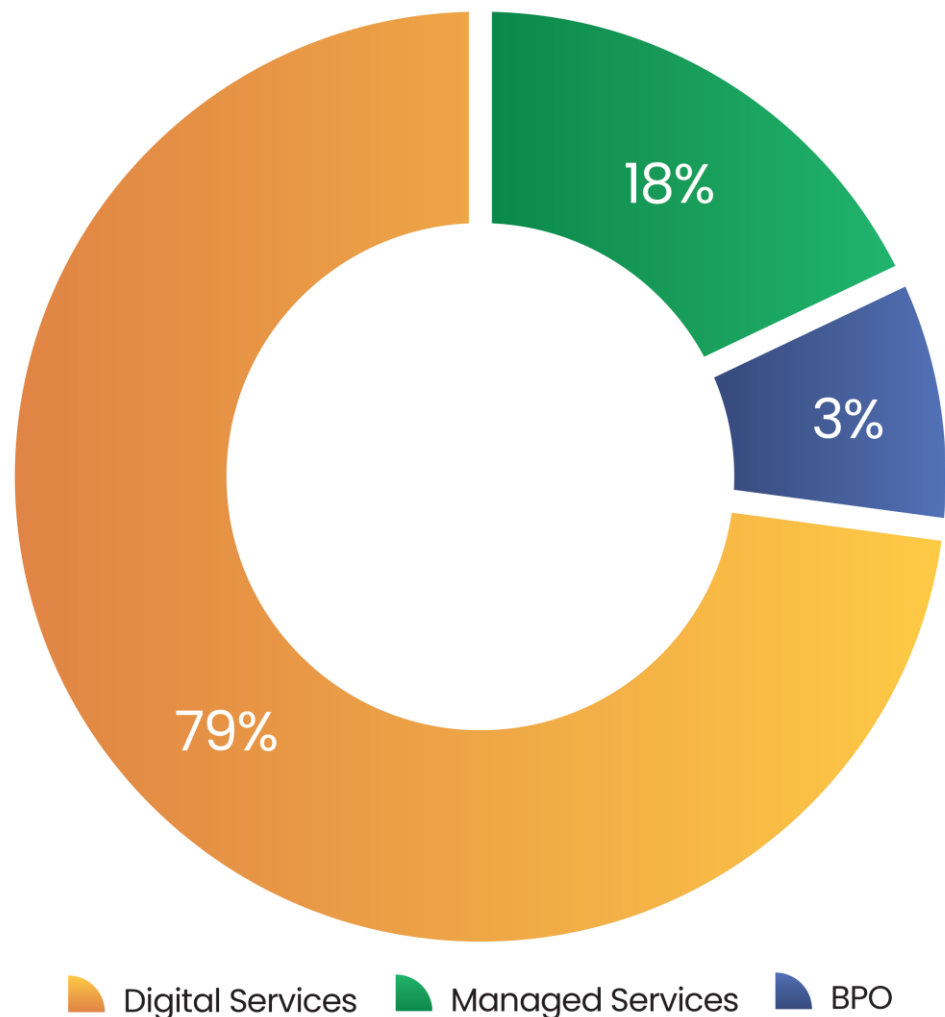
Our Team

- 3 UX Researchers
- 7 Design Strategists
- 100+ Front-end Engineers
- 8 Technical Leads
- 28 UI / UX Designers
- 3 Creative Leads

Strategic Partnership we strive for!















Digital is the central driver of our business

































Systems Limited, a globally recognized SI company, owes a significant part of its success to the development of digital services using a diverse range of high-end technologies. In today's fast-evolving business world, adopting digital solutions is crucial to creating customer-centric and convenient services that meet the changing needs of consumers.

Leveraging our extensive industry expertise and business acumen, we integrate Managed Services, Business Process Outsourcing, and digitally-enabled solutions to deliver a seamless, powerful, and connected experience to our customers. Our approach enables them to keep pace with the rapidly evolving digital landscape and stay competitive.

Awards & Recognitions

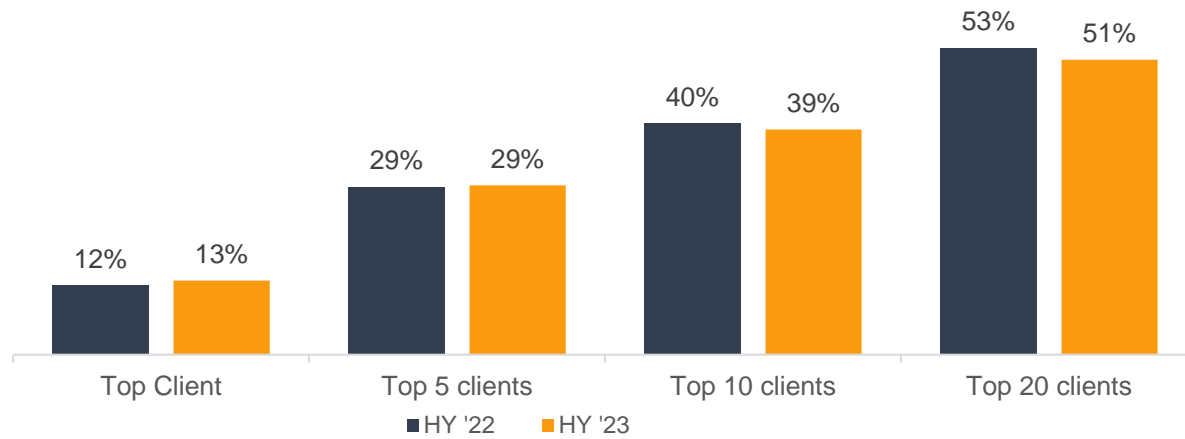
		<p>2023/2024 INNERCIRCLE for Microsoft Business Applications</p> <p>Among top global technology partners three times in a row</p>	<p>Forbes Asia BEST UNDER A BILLION 2023</p> <p>Only Pakistani IT company to win three times in a row</p>
<p>Microsoft Partner 2018 Partner of the Year Winner</p>  <p>Partner of the year 2018</p>	 <p>Top New Partner and Service Excellence Awards</p>	<p>ASIAMONEY</p> <p>Overall Most Outstanding Company in IT sector in Pakistan</p>	 <p>Top Exporter Award</p>
 <p>Top 3 on PSX 25 companies list 2021 two times in a row</p>	 <p>Cloud Partner of the Year</p>	 <p>Appreciation Award</p>	 <p>THE LAHORE CHAMBER OF COMMERCE & INDUSTRY</p> <p>First IT company to win the LCCI President IT award</p>
 <p>Highly Commended - Top Tech Team 2022</p>	<p>temenos</p> <p>Best Sales Partner – MEA Sales and Partner Summit 2022</p>	 <p>Best Digital Channel/Platform Implementation Award 2022</p>	 <p>Temenos IT Services PEAK Matrix Assessment 2022</p>

Partnerships and strategic alliances

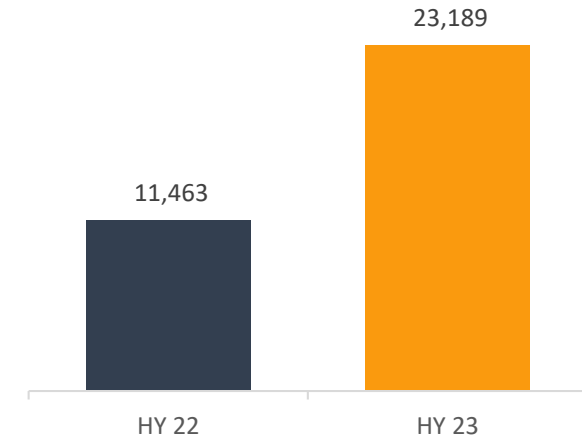
						
						
						
						
						

Client Composition

Client Contribution to Revenue



HY 23 Revenue



Active Clients



*Revenue above \$100k

Client Metrics

	HY 2022	HY 2023
\$10m+ clients	-	1
\$5-10m clients	1	1
\$1-5m clients	12	14
\$0.5-1m clients	9	16

Leaders of the Digital Revolution

Back up

systems

13

Board of Directors



Mr. Aezaz Hussain
Chairman/Non-Executive
Director



Mr. Asif Peer
CEO & Managing Director



Mr. Arshad Masood
Non-Executive Director



Mr. Shabbar Zaidi
Independent Director



Mr. Asif Jooma
Independent Director



Ms. Romana Abdullah
Independent Director



Mr. Omar Saeed
Independent Director

Our Leadership



Mr. Asif Peer
CEO & Managing Director



Asif Akram
Chief Operating Officer



Roohi Khan
Chief Financial Officer



Toima Asghar
Chief Human Resources
Officer



Khurram Majeed
GM Systems, MEA



Ammara Masood
Head of BFS Vertical
& CEO NDC



Rao Hamid Khan
GM Systems Arabia



Zahid Janjua
Global Head of Growth
Vertical (GV)



Imran Soofi
Global Head of Telco
Vertical



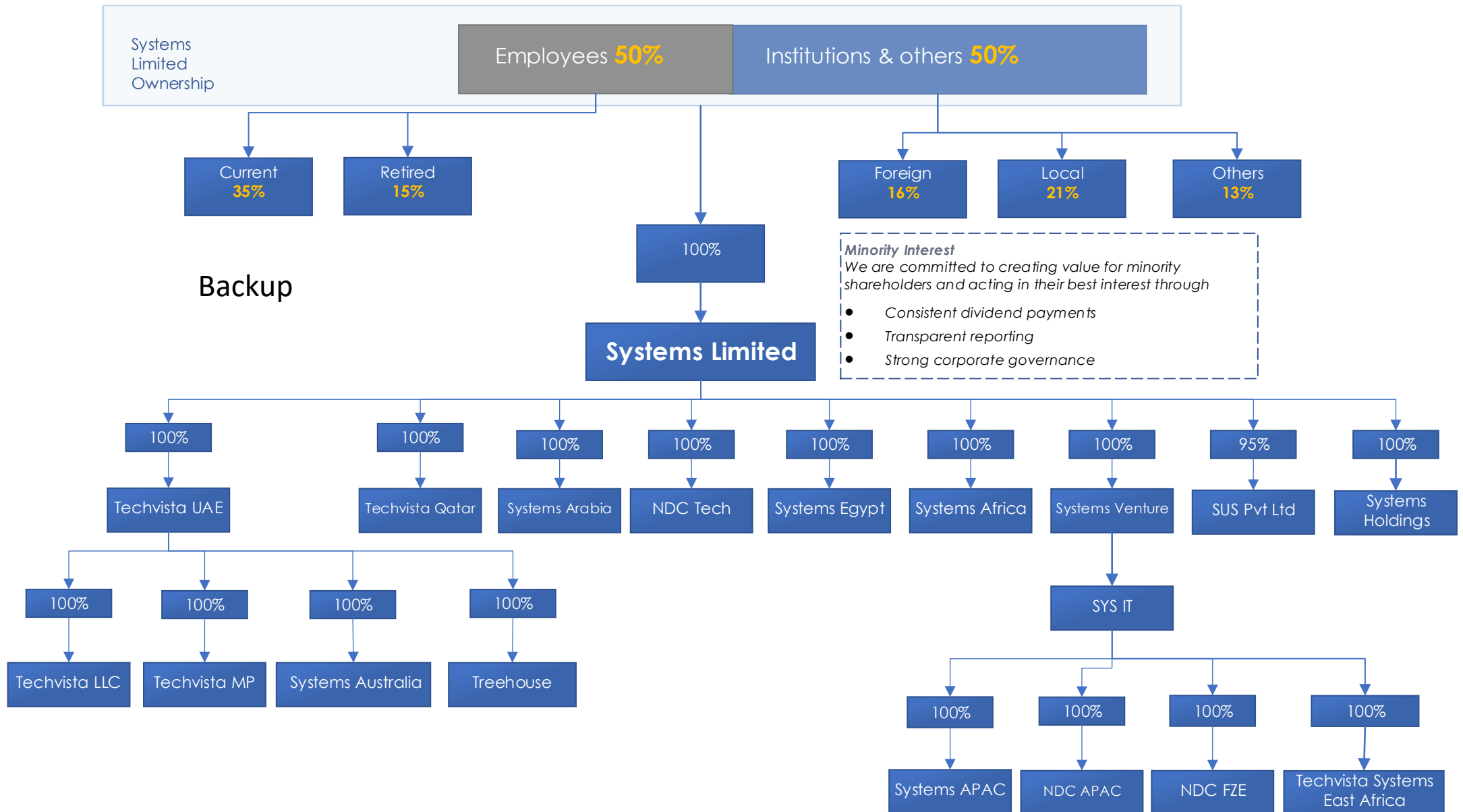
Muhammad Mairaj
GM Domestic Sales



Faisal Tajammal
GM, Systems APAC

Tariq Rasheed
Telco

Corporate / Shareholding Structure as of 30-Jun-2023



FINANCIALS REVIEW

H1 ENDED 30 JUNE 2023

*all financials are from consolidated results

HY1 2023 Financial Performance At a Glance

PKR 23.19bn

HY'23
REVENUE

~39%

USD BASED
REVENUE
GROWTH

102%

REVENUE
GROWTH vs SPLY

61%

EBITDA GROWTH
vs SPLY

27%

HY'23
GROSS PROFIT MARGIN

14%

HY'23 OPERATING
MARGIN

18%

HY'23 EBITDA MARGIN

6,416

TOTAL EMPLOYEES
AS OF JUNE 30, 2023

150

HY'23 TOTAL
ACTIVE CUSTOMERS
SERVED (USD >100k)

16

CUSTOMERS WITH
OVER \$1MN
REVENUE

81%

HY'23 REVENUE FROM
EXISTING CUSTOMERS

76

DAYS SALES
OUTSTANDING

18.05

HY'23 Diluted EPS

19%

ROE

PKR 8.0bn

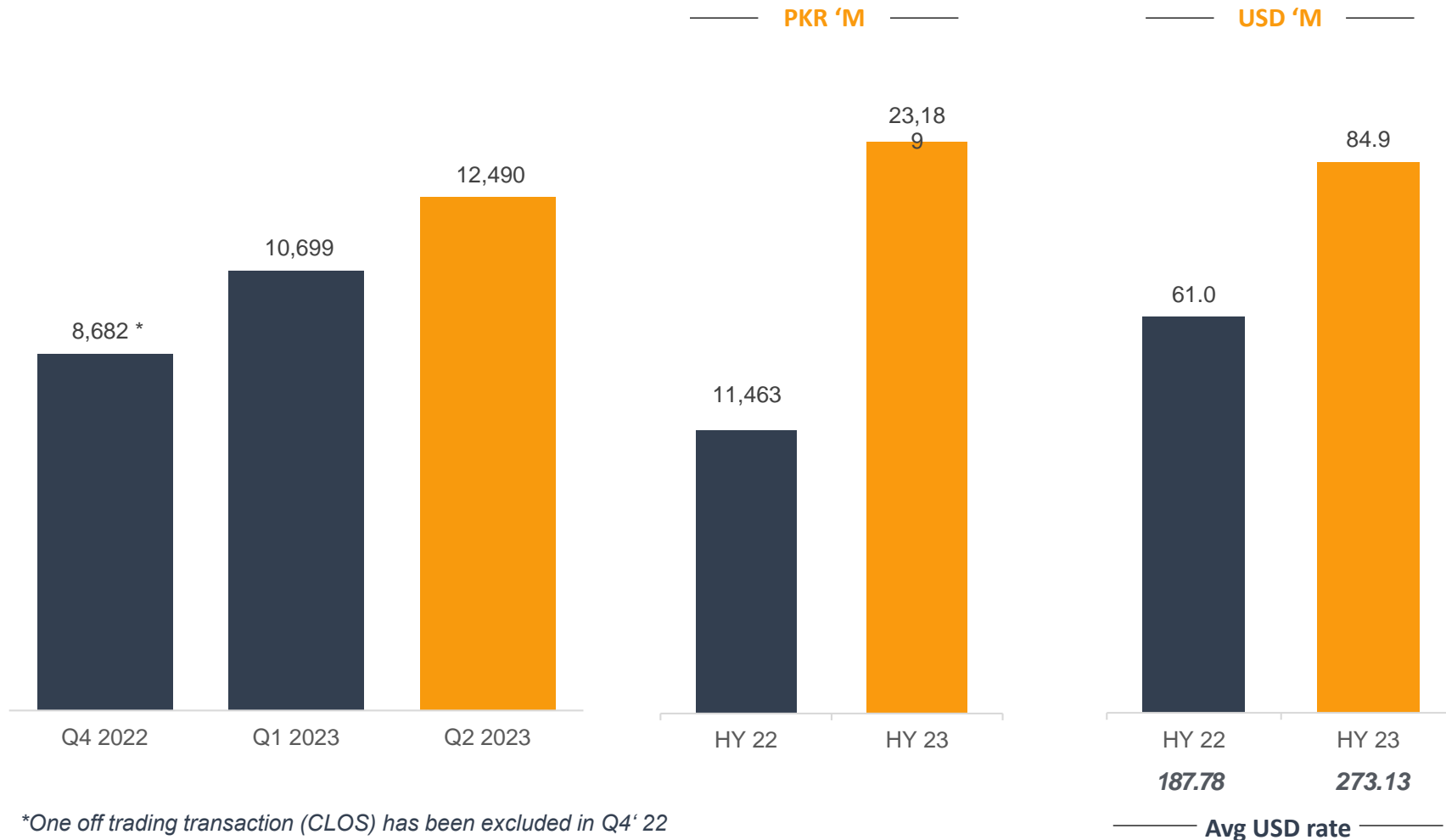
CASH &
EQUIVALENTS

16:84

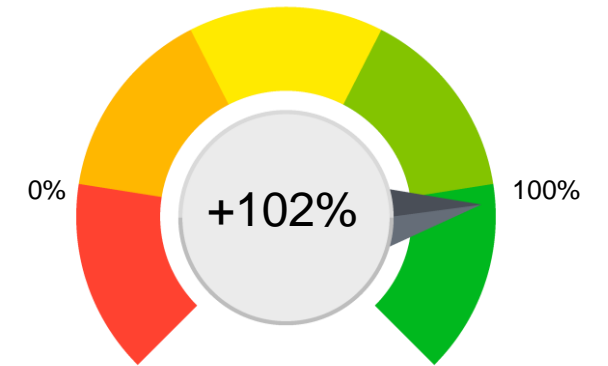
Debt : Equity Ratio

Strong HY1 2023 Performance

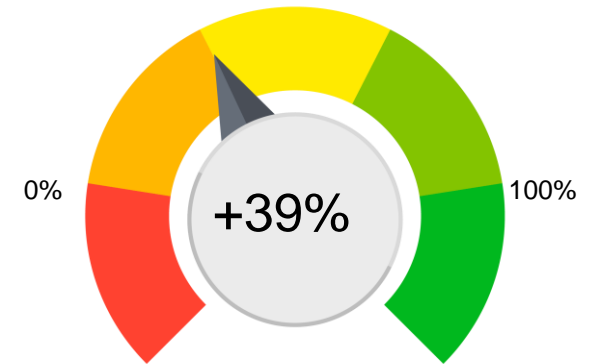
Revenue
(PKR in Million)



HY 23 vs HY 22 Growth (PKR)



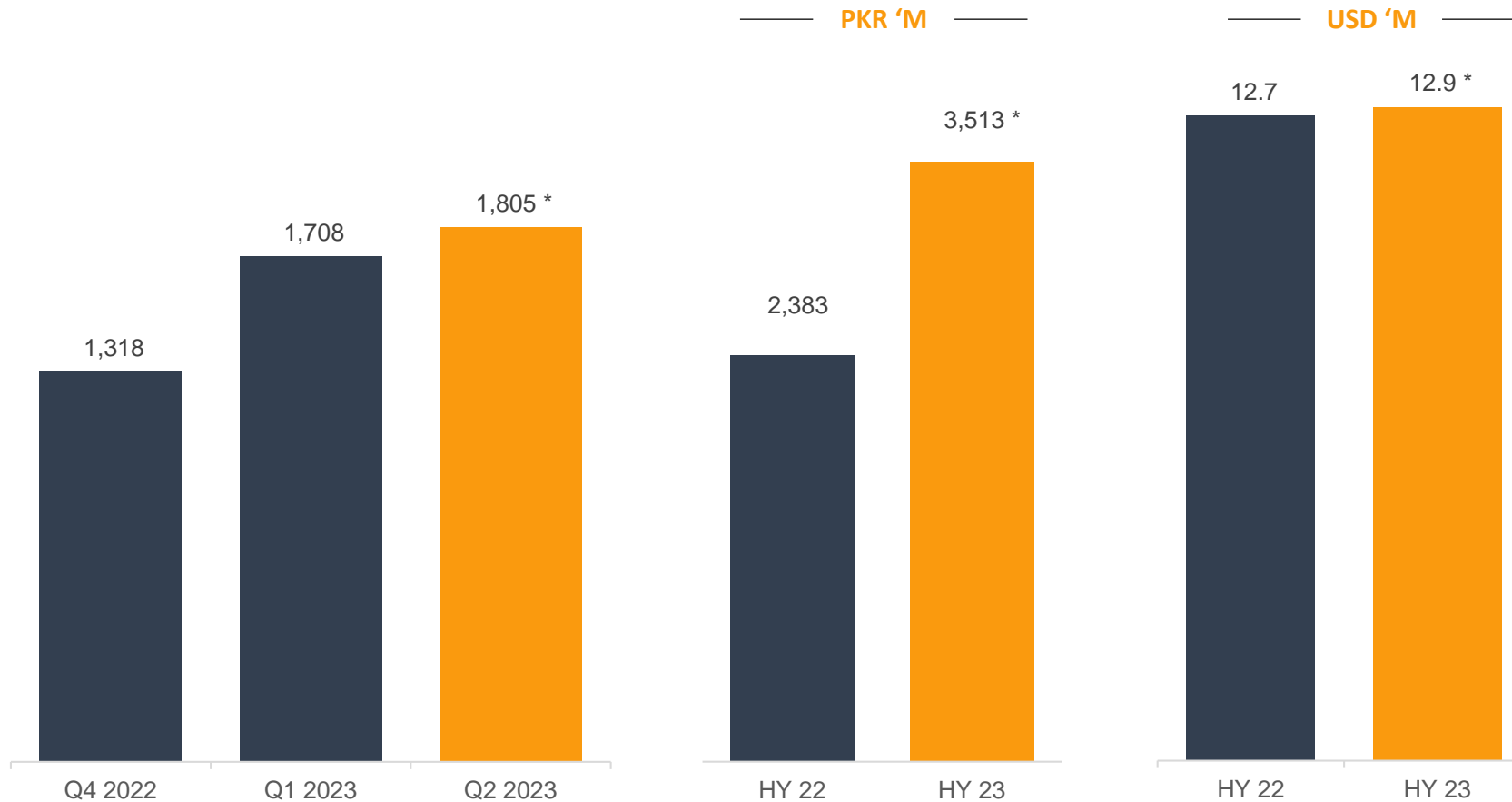
HY 23 vs HY 22 Growth (USD)



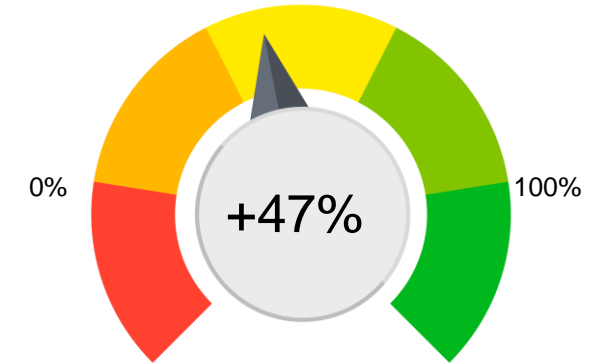
*One off trading transaction (CLOS) has been excluded in Q4' 22

Operating Profit HY1 2023 Performance

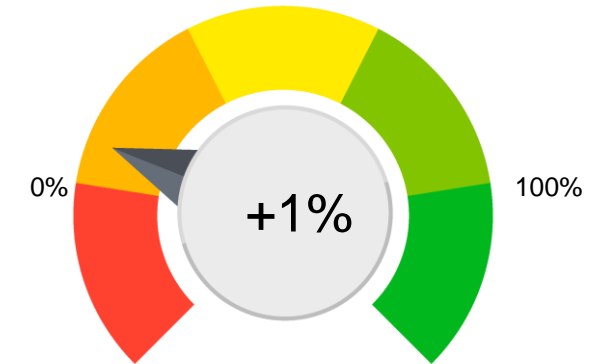
Operating Profit
(PKR in Million)



HY 23 vs HY 22 Growth (PKR)



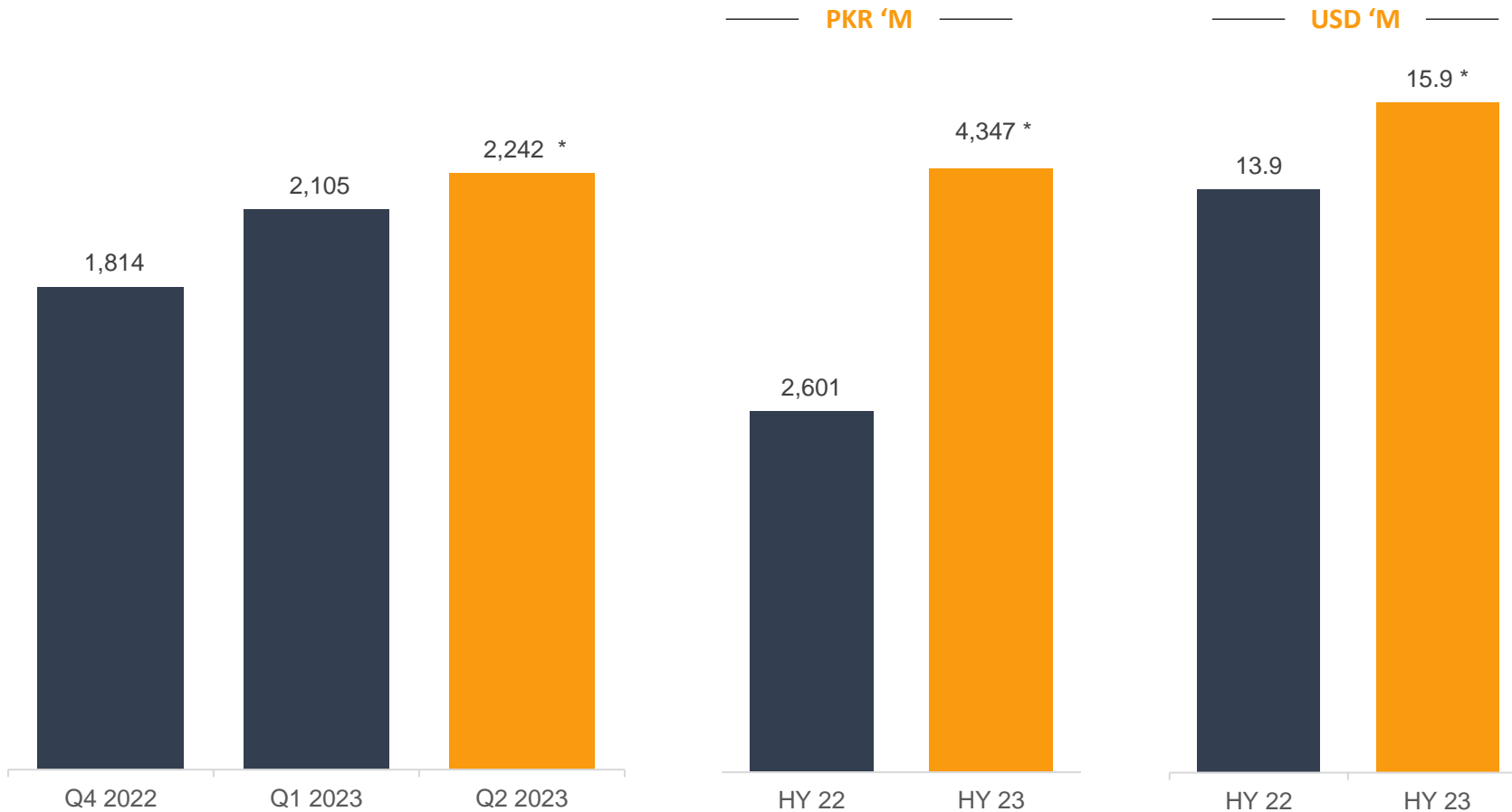
HY 23 vs HY 22 Growth (USD)



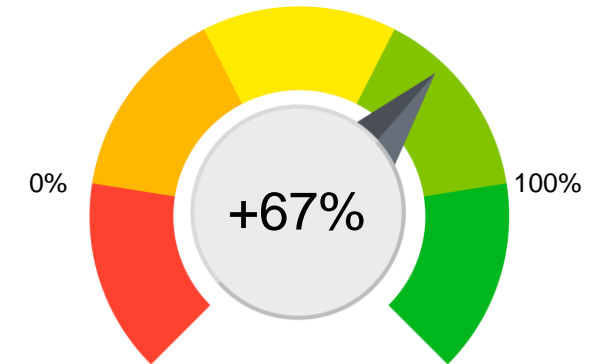
*One off Impairment loss against Jomo has been excluded in Q2' 23

EBITDA HY1 2023 Performance

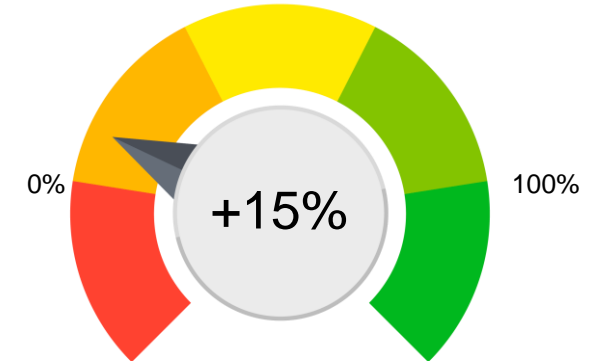
EBITDA
(PKR in Million)



HY 23 vs HY 22 Growth (PKR)



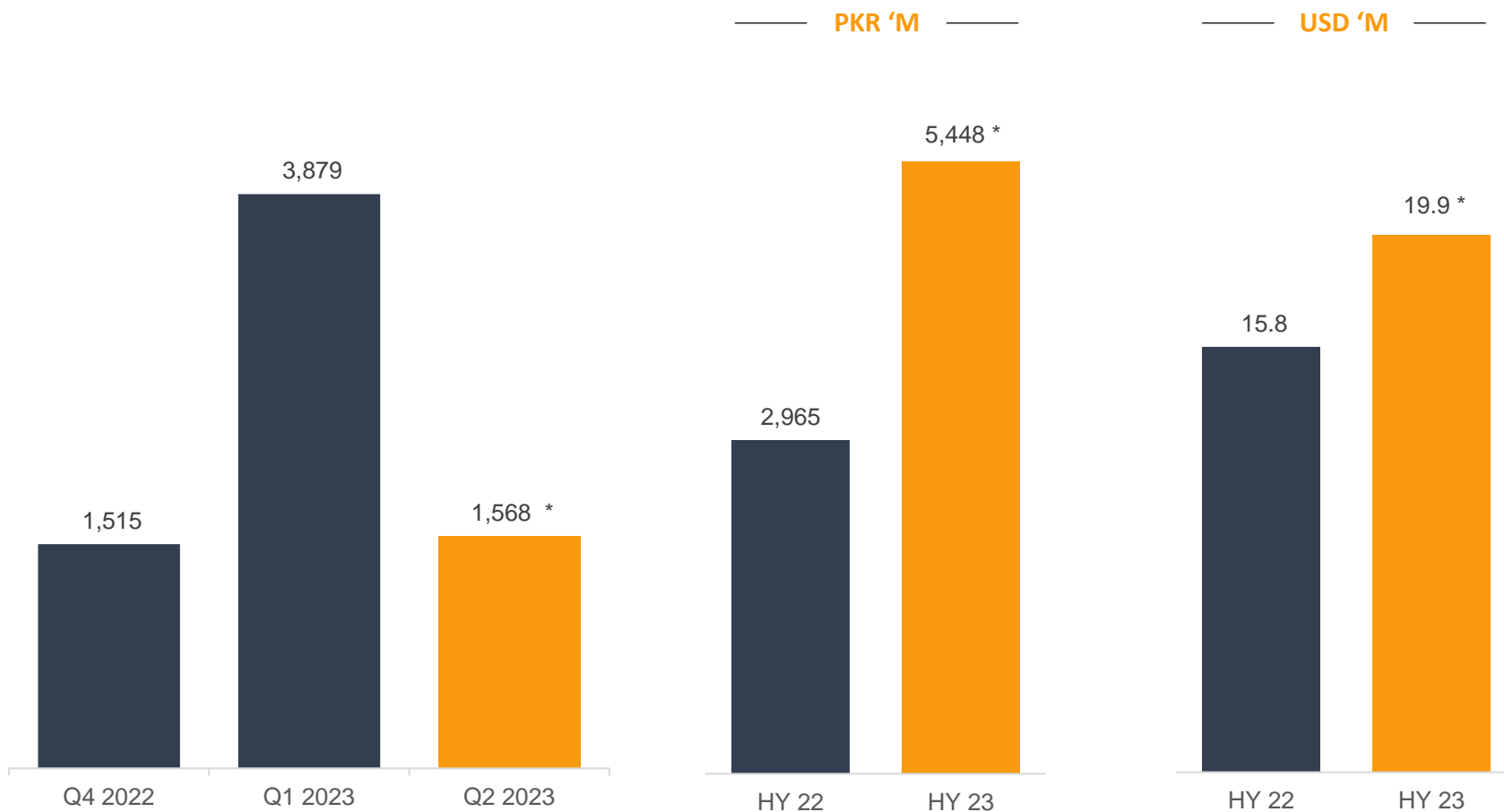
HY 23 vs HY 22 Growth (USD)



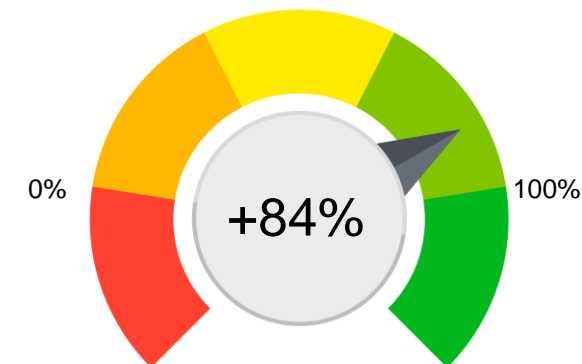
*One off Impairment loss against Jomo has been excluded in Q2' 23

Net Income HY1 2023 Performance

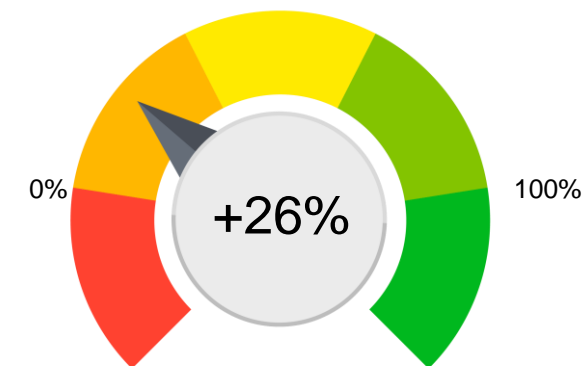
Net Income
(PKR in Million)



HY 23 vs HY 22 Growth (PKR)



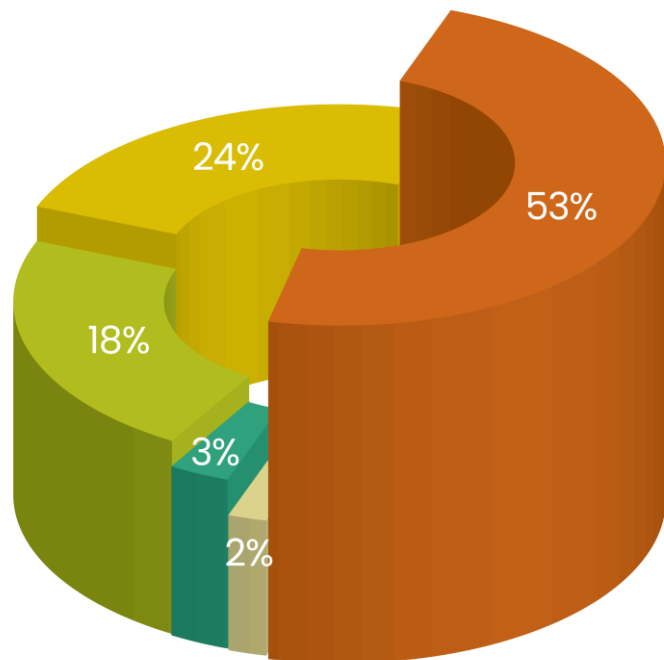
HY 23 vs HY 22 Growth (USD)



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

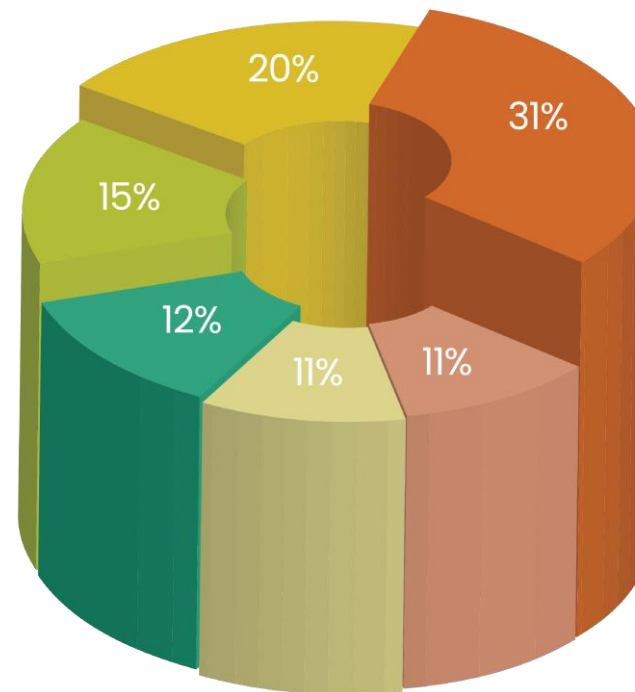
Revenue Breakdown – HY1 2023

By Geography



- Middle East & Africa
- North America
- Pakistan
- Europe
- Asia Pacific

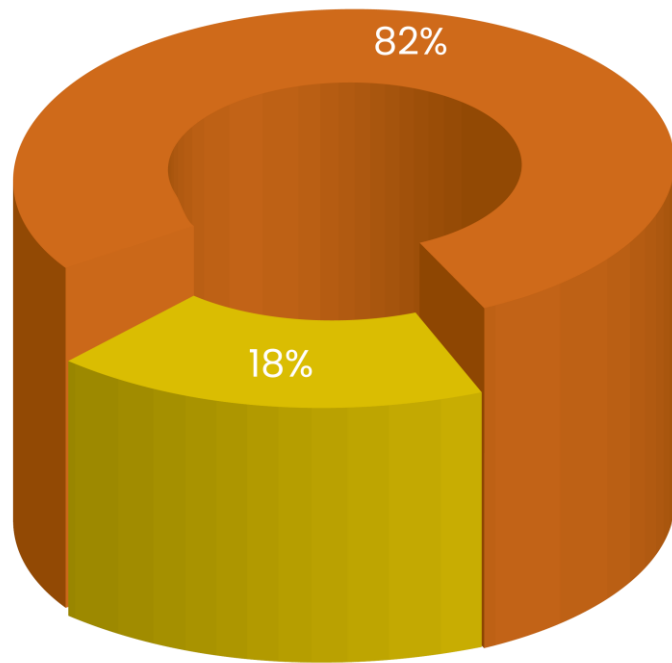
By Vertical



- BFSI
- Telco
- Technology
- Public Sector
- Retail & CPG
- Others

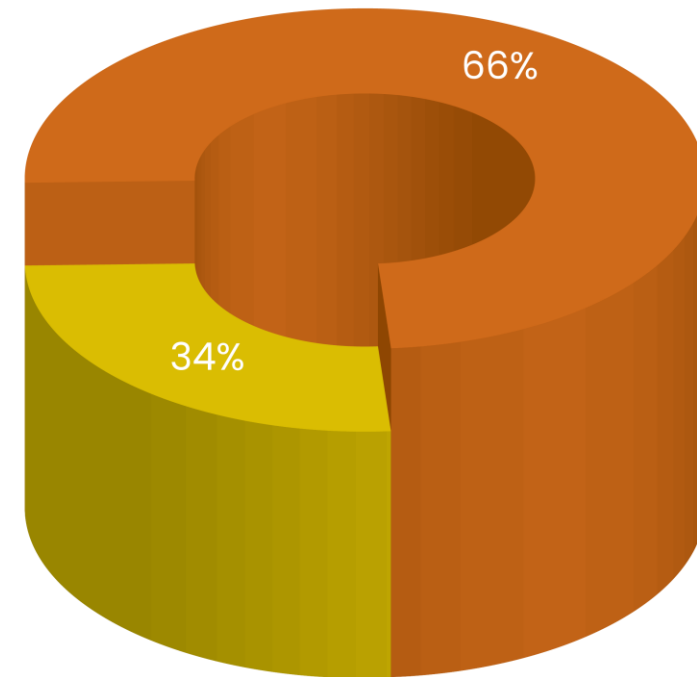
Currency Mix – HY1 2023

By Revenue



FCY PKR

By Cost



PKR FCY

Commentary on Key Variances - Profit & Loss Statement HY1 2023 (PKR 'M)

	HY '23	HY '22	Variance	Var. %
Revenue	23,189	11,463	11,726	102%
Cost of Sales	(16,931)	(7,809)	(9,122)	117%
Gross Profit	6,259	3,654	2,604	71%
GP Margin	27%	32%	-5%	-5%
Admin	(1,844)	(265)	(1,579)	596%
Dist_Mkt	(835)	(986)	150	-15%
Other Operating Exp	(221)	(20)	(200)	979%
Total Exp	(2,900)	(1,271)	(1,628)	128%
Operating Profit	3,359	2,383	976	41%
OP Margin	14%	21%	-6%	-6%
Adjusted EBITDA	4,347	2,601	1,746	67%
EBITDA Margin	19%	23%	-4%	-4%
Other Income	2,838	982	1,857	189%
Share of loss from associate	(223)	(149)	(74)	50%
Finance cost	(408)	(84)	(324)	384%
Profit before taxation	5,566	3,131	2,434	78%
Taxation	(272)	(166)	(106)	64%
Profit after taxation	5,294	2,965	2,328	79%
NP Margin	23%	26%	-3%	-3%

Commentary on Variance

Lower GP margin:

- Higher costs due to
 - ❑ inflationary adjustments in compensations.
 - ❑ Increased energy prices adversely impacted local & foreign traveling and company overheads costs.
 - ❑ Currency devaluation impacting onsite resource costs and licenses & subscriptions which are paid in USD.
 - ❑ High amortization cost (\$0.25m p.m) of intellectual property (CMB) purchased by NDC during second Half of 2022
 - ❑ Net addition in IT HC = ~ 1200 resources since Jun 2022

OP margins:

- Additional cost of newly incorporated subsidiaries and NDC – Higher admin and marketing cost due to upfront investment in infrastructure and business development, will be rationalized with economies of scale
- WHT on payments from subsidiaries classified as admin
- One-off adjustment of investment in JOMO
- Higher IFRS9 adjustment on receivables with current macro-economic conditions and future inflation projections from IMF

- Out of total other income, Rs 1.7bn (63%) is realized exchange gain.
- Share of loss coming from Jugnu has already offset investment. EP Systems will continue.
- Significant increase in KIBOR/SBP policy rate resulted in higher finance cost.
- 10% Super tax, higher WHT, tax on export revenue



**Environment,
Social & Governance
(ESG)**

Our ambitions in sustainable operations

PEOPLE



**Gender
Balanced**
workforce by
2030



Human rights
Risk and impact
Assessment in the
value chain



Fair and green
Supply chain



Zero
Breaches of
Privacy



Carbon Neutral
In own operations by 2030

PLANET



>80% Circularity
Reuse and recycling of
hardware - own and
customer



>50%
Use of green electricity in
datacenters and offices



>65%
Reduction of CO2
emissions in scope 1
and 2 in 2020-2023



Avoid emissions
Customers to avoid CO2
emissions by 10-15%
annually



Way Forward

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**

Capital allocation policy - Growth and shareholder returns



Priority 1

Reinvest in growth

- Reinvest in businesses to support profitable organic growth
- Investment in talent acquisition, development and retention
- Strengthening current geographies
- New service offerings



Use of Free Cashflows



Priority 2

Merger & Acquisitions

M&A supporting profitable growth
Pursue strategic, tuck-in acquisitions

Priority 3

Consistent distribution
to shareholders

Consistent cash & stock
dividends

Q&A



Thank You