systems

INVESTOR'S BRIEFING 9M 2024

Dated: 25th October 2024

www.systemsltd.com

Agenda

1 Systems Limited - At a glance

2 Key Facts & Market Overview

3 Strategic Plan & Way Forward

4 Financial Performance

5 ESG

6 Q&A

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

Strong QoQ Performance

PKR (Millions)								
Description		Q2-24	Q3-24	Q3-23	Variance			
		Actual	Actual	Actual	Vs. Q2 - 2024		Vs. SPLY	
					Amount	%age	Amount	%age
Revenue		15,829	17,286	14,145	1,457	9%	3,142	22%
Cost of sales		12,230	12,907	10,149	677	6%	2,758	27%
Gross Profit	**Amount**	**3,599**	**4,379**	**3,995**	**781**	**22%**	**384**	**10%**
	%age	***23%***	***25%***	***28%***				
Operating Profit	**Amount**	**1,874**	**2,360**	**2,108**	**485**	**26%**	**252**	**12%**
	%age	***12%***	***14%***	***15%***				
Other Income		171	186	179	15	9%	7	4%
Share of loss from associate		18	18	61	0	0%	-43	-70%
EBITDA	**Amount**	**2,323**	**2,728**	**2,616**	**404**	**17%**	**112**	**4%**
	%age	***13%***	***16%***	***18%***				
Profit before tax	**Amount**	**1,889**	**2,430**	**1,980**	**542**	**29%**	**450**	**23%**
	%age	***12%***	***14%***	***14%***				
Profit after tax	**Amount**	**1,672**	**2,189**	**1,853**	**516**	**31%**	**336**	**18%**
	%age	***11%***	***13%***	***13%***				
EPS		**5.73**	**7.49**	**6.36**	**1.76**	**31%**	**1.13**	**18%**

US$ (Millions)								
Description		Q2-24	Q3-24	Q3-23	Variance			
		Actual	Actual	Actual	Vs. Q2 - 2024		Vs. SPLY	
					Amount	%age	Amount	%age
Revenue		56.9	62.1	48.6	5.2	9%	13.5	28%
Cost of Revenue		44.0	46.4	34.9	2.4	5%	11.5	33%
Gross Profit		**12.9**	**15.7**	**13.7**	**2.8**	**22%**	**2.0**	**15%**
Operating Profit		**6.7**	**8.5**	**7.2**	**1.7**	**26%**	**1.2**	**17%**
EBITDA		**8.4**	**9.8**	**9.0**	**1.4**	**17%**	**0.8**	**9%**
Profit before tax		**6.8**	**8.7**	**6.8**	**1.9**	**29%**	**1.9**	**28%**
Profit after tax		**6.0**	**7.9**	**6.4**	**1.8**	**31%**	**1.5**	**23%**
$ Rate (Avg.)		**278.03**	**278.31**	**290.96**				

Quarter 3 Performance (at Constant Rate)

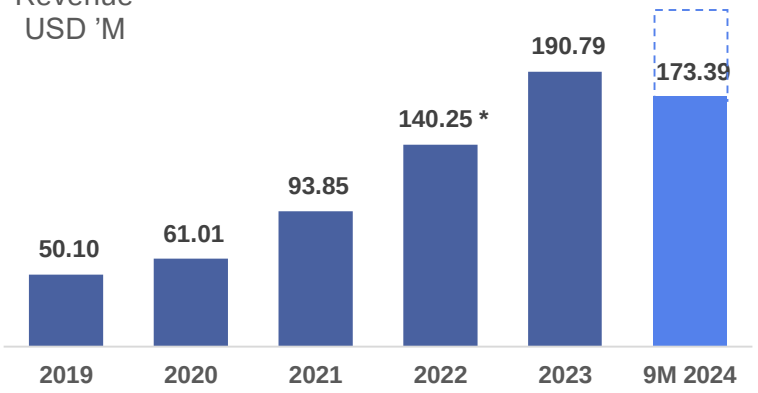
Description		PKR (Millions)		
		Q3-23	Q3-24	Q3-24
		Actual	At constant rate	Actual
Revenue		14,145	18,017	17,286
Cost of sales		10,149	13,142	12,907
Gross Profit	**Amount**	**3,995**	**4,875**	**4,379**
	%age	***28%***	***27%***	***25%***
Operating Profit	**Amount**	**2,108**	**2,819**	**2,360**
	%age	***15%***	***16%***	***14%***
Other Income		179	186	186
Share of loss from associate		61	18	18
EBITDA	**Amount**	**2,616**	**3,195**	**2,728**
	%age	***18%***	***18%***	***16%***
Profit before tax	**Amount**	**1,980**	**2,888**	**2,430**
	%age	***14%***	***16%***	***14%***
Profit after tax	**Amount**	**1,853**	**2,642**	**2,189**
	%age	***13%***	***15%***	***13%***
EPS		**6.36**	**9.02**	**7.49**
$ Rate (Avg.)		**290.96**	**290.96**	**278.31**

Growth & efficiency levers

- ~10 new enterprise customers signed this year
- Almost all of the existing enterprise customers have shown growth
- ~8 new channels and partnerships have been signed
- Overall efficiency improvement
- Indirect overheads reduction as a percentage of revenue

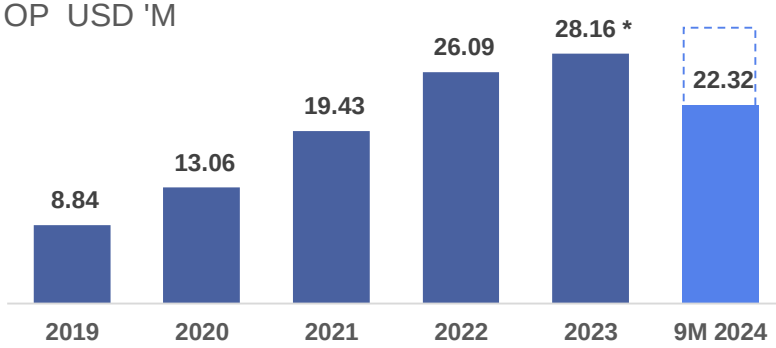
Fact Sheet

Revenue
USD 'M



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

OP USD 'M



*OP Adjusted for one-off impairment loss in 2023

EBITDA
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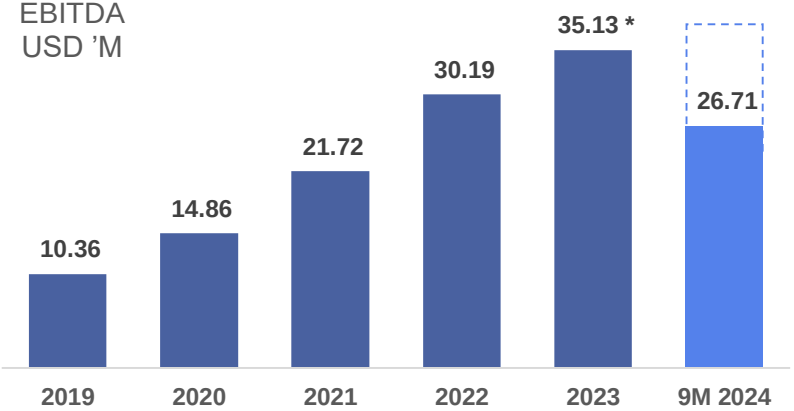

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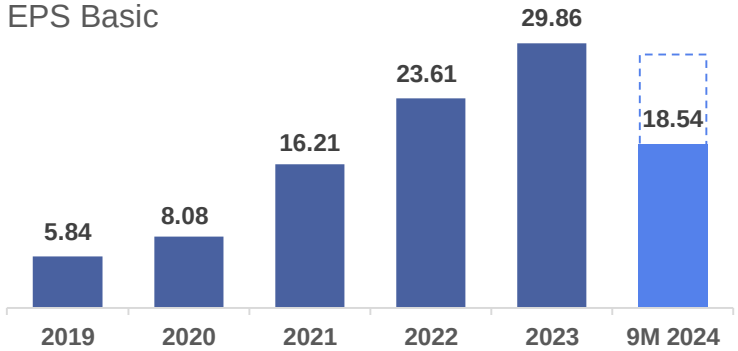
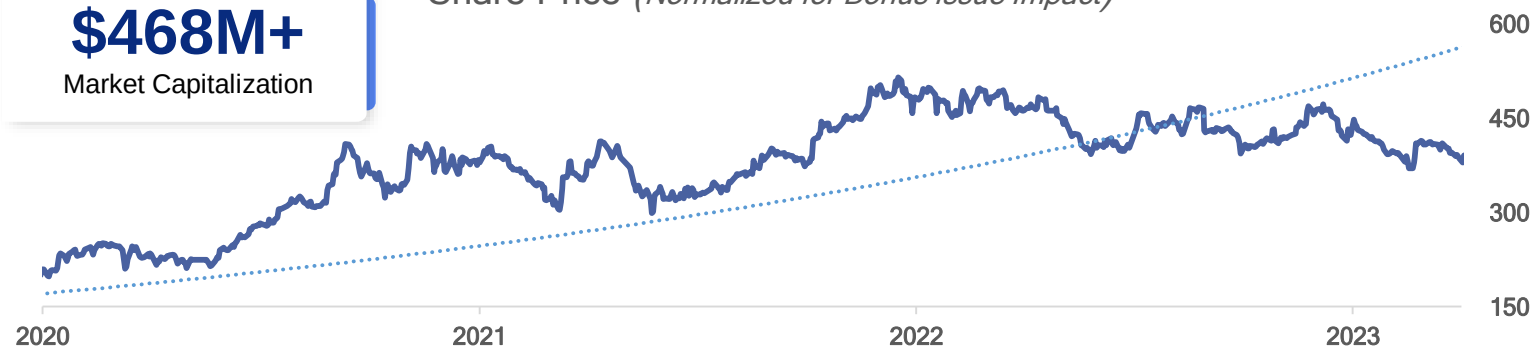
EPS Basic



9M EPS excl. FX gain / (Loss) impact would be 15.39 & 19.90 for 2023 & 2024 respectively

$468M+
Market Capitalization

Share Price *(Normalized for Bonus Issue Impact)*



Awards & Recognitions

Forbes Asia BEST UNDER A BILLION 2024

BANKING TECH AWARDS

Microsoft 2023 Partner of the Year Winner United Arab Emirates

24|25 INNER CIRCLE FOR MICROSOFT BUSINESS APPLICATIONS

ASIAMONEY

temenos
MEA Delivery partner of the year

PSX PAKISTAN STOCK EXCHANGE LIMITED

ASIAN TECHNOLOGY EXCELLENCE AWARDS 2023

Technology Partners

Microsoft

IBM

salesforce

temenos

aws

93%
FCY revenue

7000+
Employees Globally

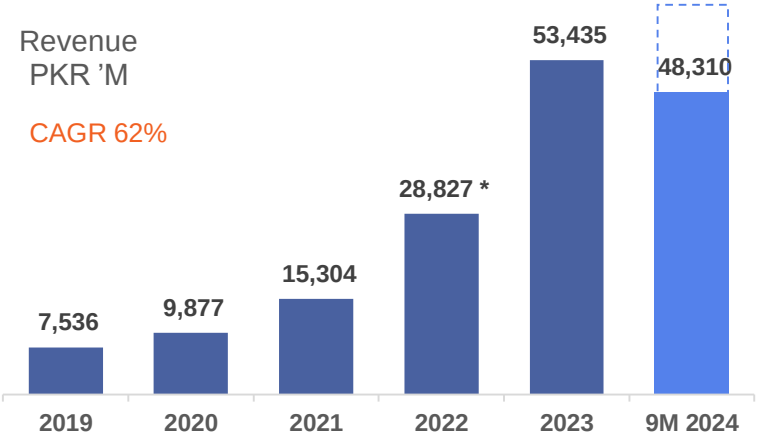
250+
Active Clients

~80%
Direct customers

Fact Sheet

Revenue
PKR 'M

CAGR 62%



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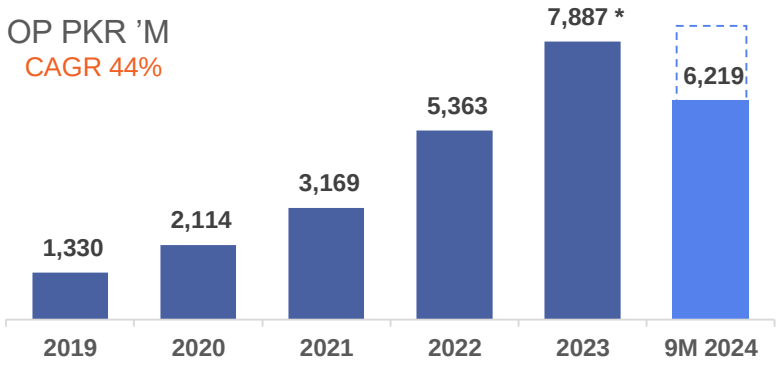
OP PKR 'M
CAGR 44%



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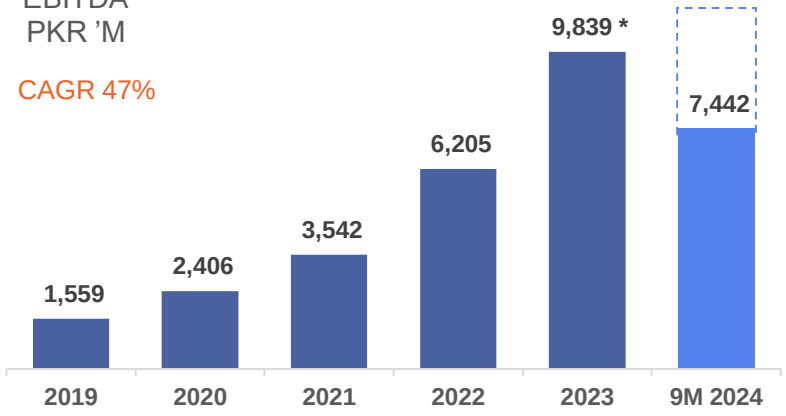
EBITDA
PKR 'M

CAGR 47%



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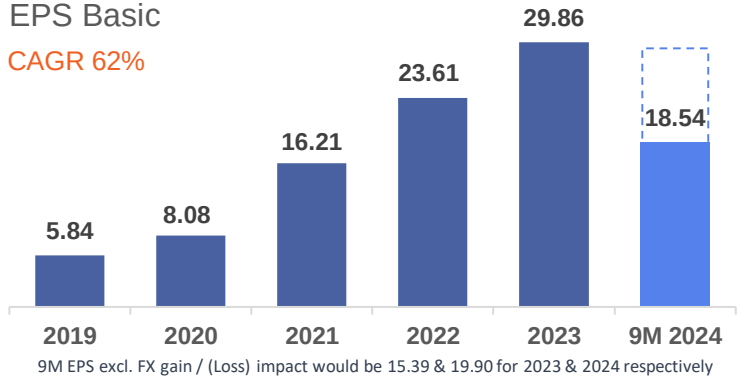
EPS Basic
CAGR 62%

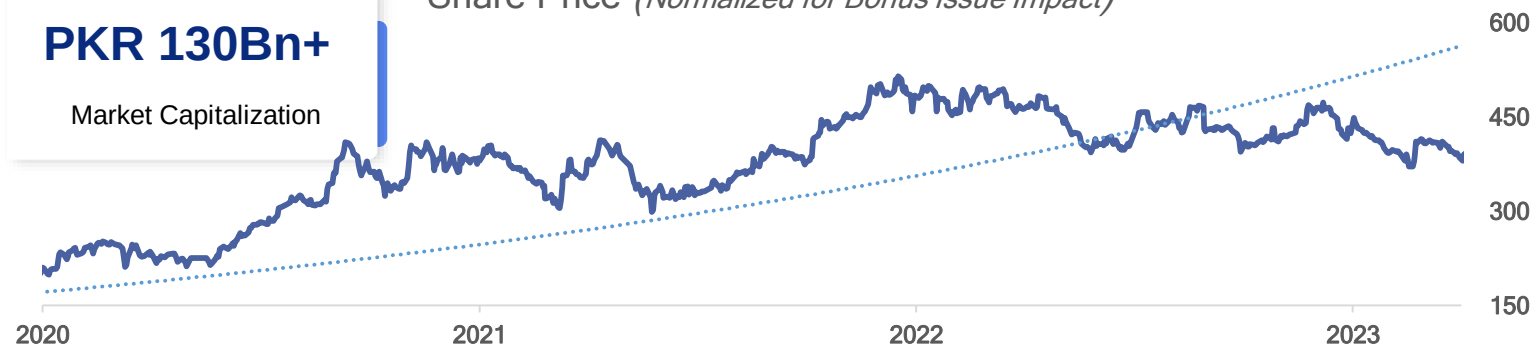


9M EPS excl. FX gain / (Loss) impact would be 15.39 & 19.90 for 2023 & 2024 respectively

PKR 130Bn+

Market Capitalization

Share Price *(Normalized for Bonus Issue Impact)*



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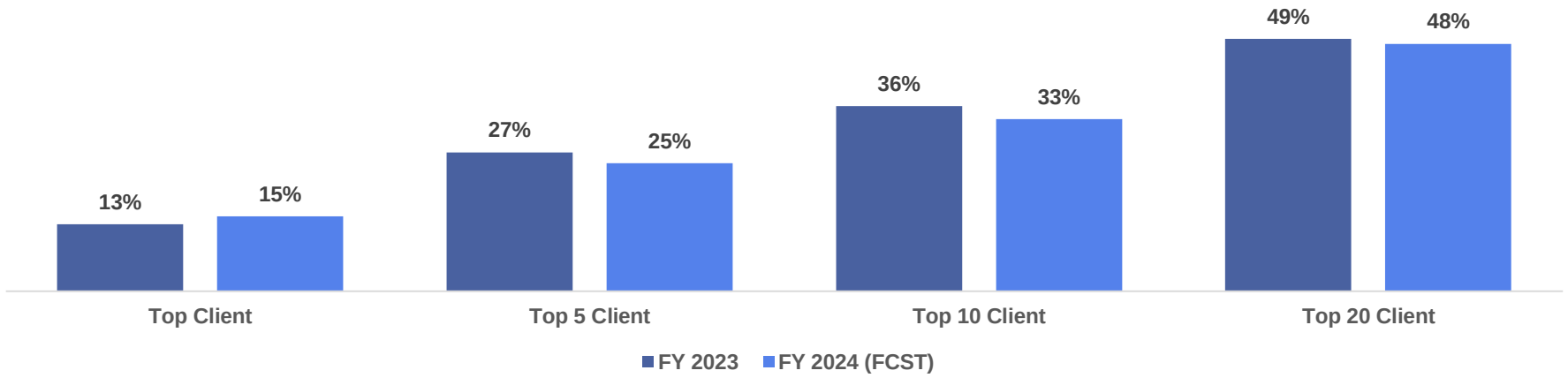
~80%
Direct customers

Client Composition 2024

Client Contribution to Revenue



Active Clients*

	FY 2023	FY 2024 (FCST)
Active Clients	236	251

*Revenue above $100k

Client Metrics

	FY 2023	FY 2024 (FCST)
$25m+ clients	-	1
$10-25m clients	1	1
$5-10m clients	3	3
$3-5m clients	4	15
$1-3m clients	30	28
$0.5-1m clients	43	48

*Revenue above $500k

Q&A

systems

Thankyou

systems

Get in touch

www.systemsltd.com

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.

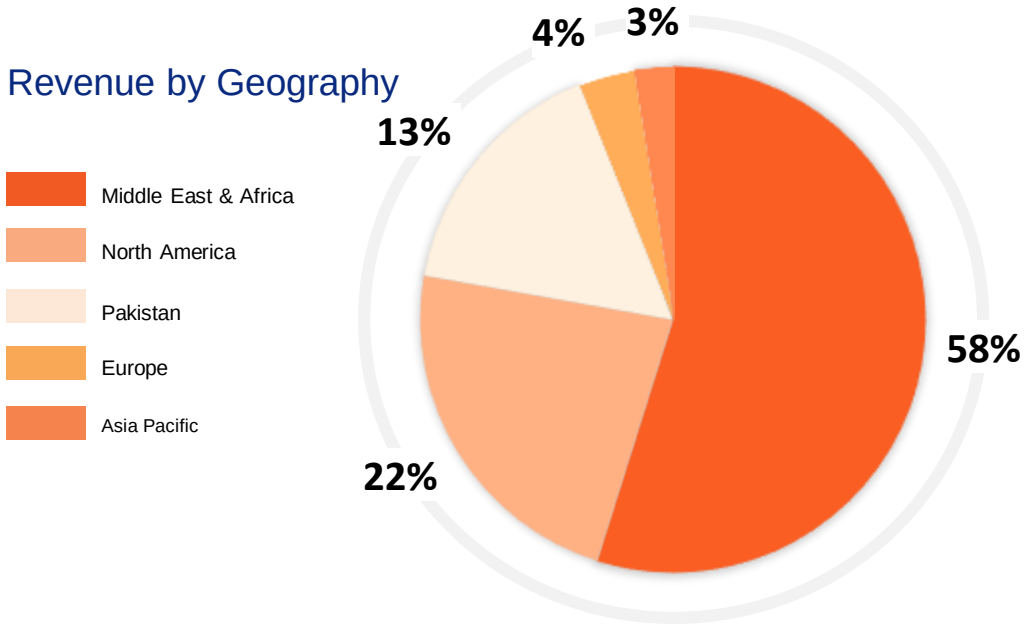
Global Delivery Model

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

Revenue by Geography



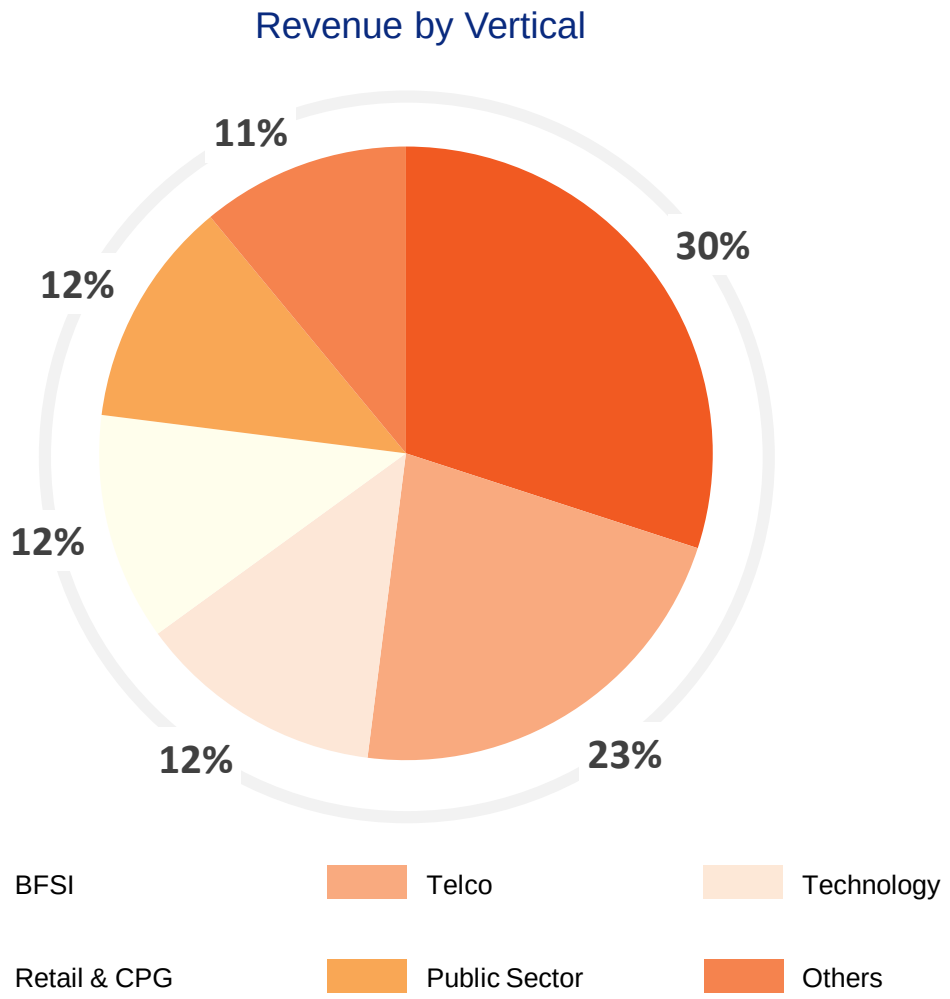
Total PS Headcount Dispersion (%)

	2019	2020	2021	2022	2023	9M 2024
Pakistan	95.00	93.02	93.12	90.36	86.28	83.03
Qatar	-	0.41	0.43	1.07	1.40	1.26
UAE	5.00	6.56	6.45	7.69	9.82	11.18
Egypt	-	-	-	0.55	2.13	3.09
Saudi Arabia	-	-	-	0.30	0.34	1.16
APAC		-	-	0.03	0.04	0.28

Target Market & Customers 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	68
Retail & CPG	43
Technology	48
Public Sector	30
Health Care/Pharma	9
Manufacturing	8
Telco	15
Others	30



* Count based on customers with revenue >$100K

**Count based on annualized revenue

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

GenAI in action: Systems Limited's use cases

Financial Institutions

AI Use Case and Regulation Mapper
Using Gen AI, AML regulations can be mapped with the available data thus proactively highlighting red flags and providing resolutions.

Customer Service Agent
Customer interaction agent for general queries about services and products but also able to Xsell and upsell the banking products. Gen AI agents also can route human interaction to the most suitable representative for the customer to resolve problems or close the deal.

Customer Persona and Intelligent PFM
Using GEN AI to create customer persona and deliver relevant suggestions and offers to personal finance manager.

Telecom

Generate a Business model canvas and a new strategy to diversify the revenue lines and data monetization
Using Gen AI with considerations like region, competition, and other factors Gen AI can generate a Business model canvas for the company including approaches, requirements, revenue lines, and pricing strategies. This can be achieved by accumulating best practices globally with mapping of the local environment.

Customer Service Agent
Customer interaction agent for general queries about services and products but also able to Xsell and upsell the Telco products. Gen AI agents also can route human interaction to the most suitable representative for the customer to resolve problems or close the deal.

Financial Inclusion
In the case of financial inclusion, Gen AI can map regulator requirements and identify potential gaps between actual practice and regulations.

FMCGs

Smart Product Positioning Maps
Gen AI converts online data to actionable insights that ensure the products stand out in comparison to its competitors

Personalized Recommendations for consumers
GenAI can help provide customized suggestions for consumers according to their unique needs.

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	- Increased focus on Digital Business Solution Services (BSS) - Market specific solutions and frameworks
Growth	All other services under 3rd 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**

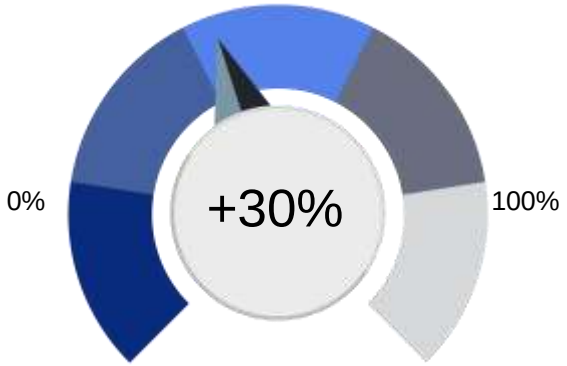
→ **Strengthening current geographies**

→ **New service offerings**

Strong QoQ Performance

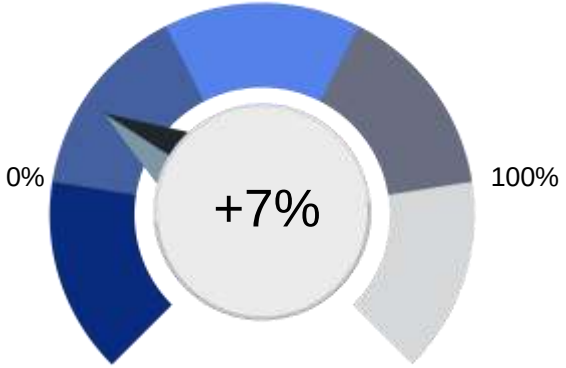
Revenue

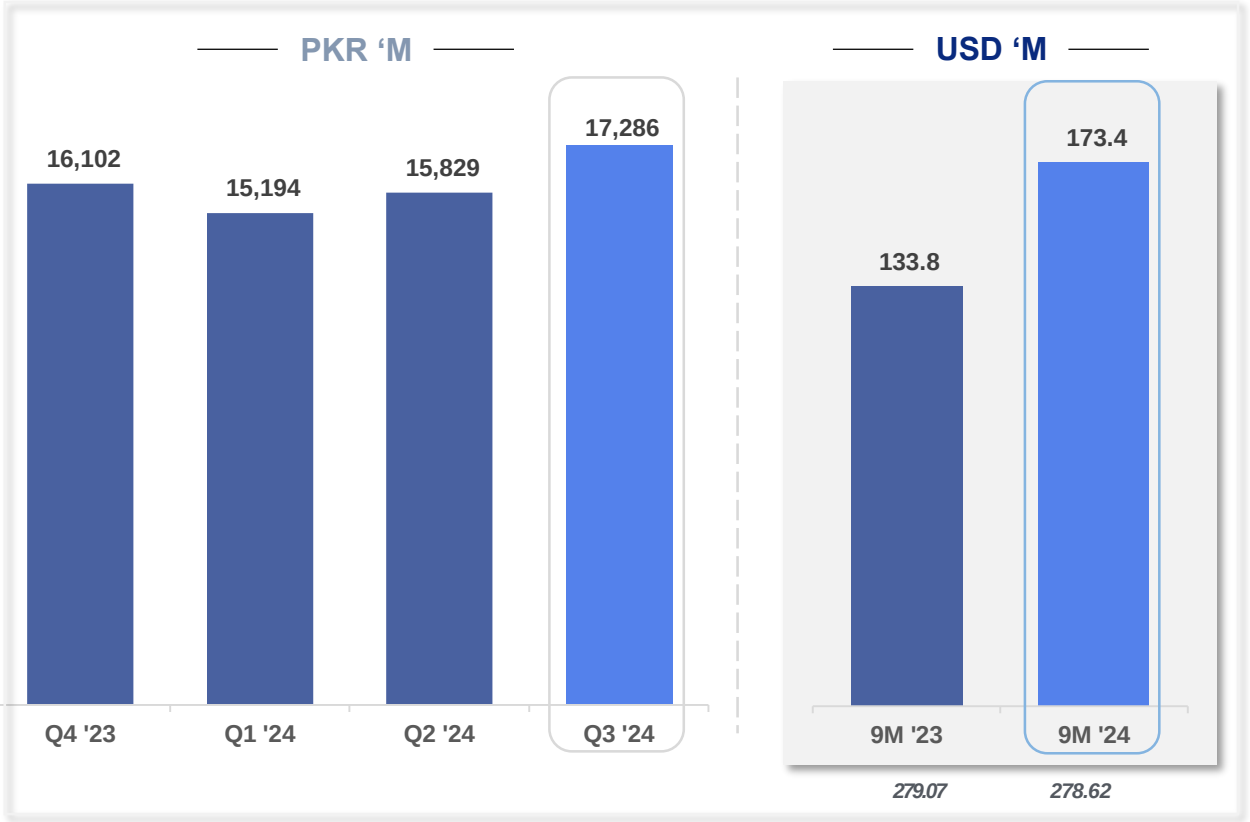
9M ‘24 vs 9M ‘23 Growth (USD)

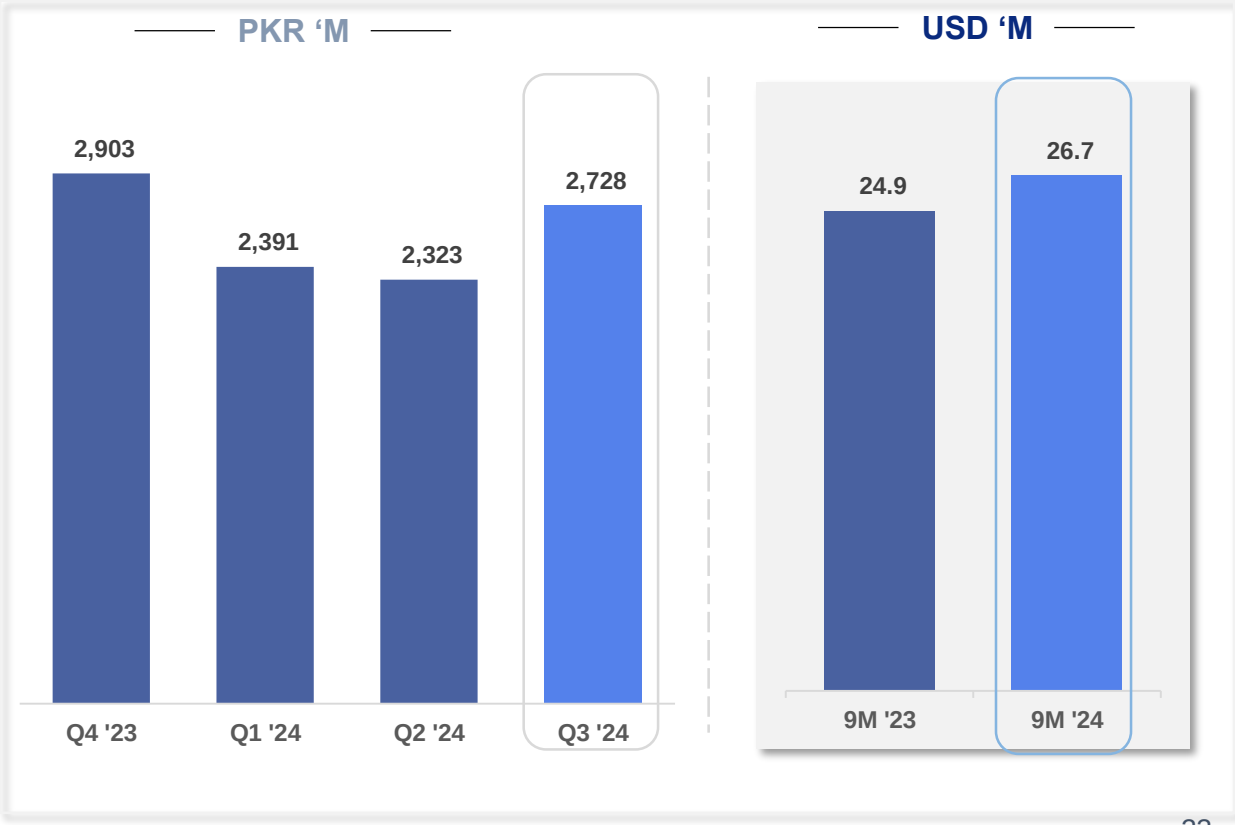


EBITDA

9M ‘24 vs 9M ‘23 Growth (USD)





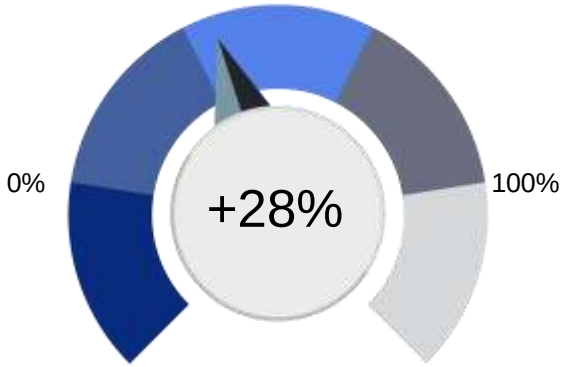


*One off Impairment loss against Jomo has been excluded in 9M‘ 23

Strong QoQ Performance

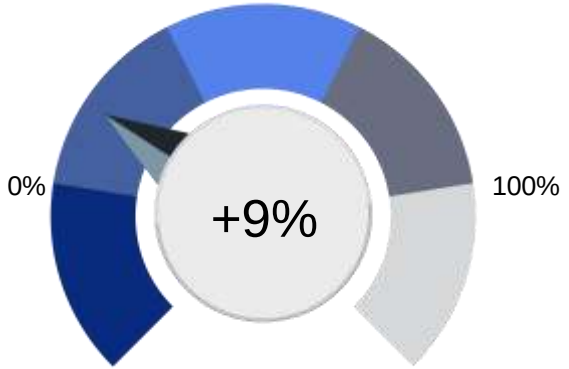
Revenue

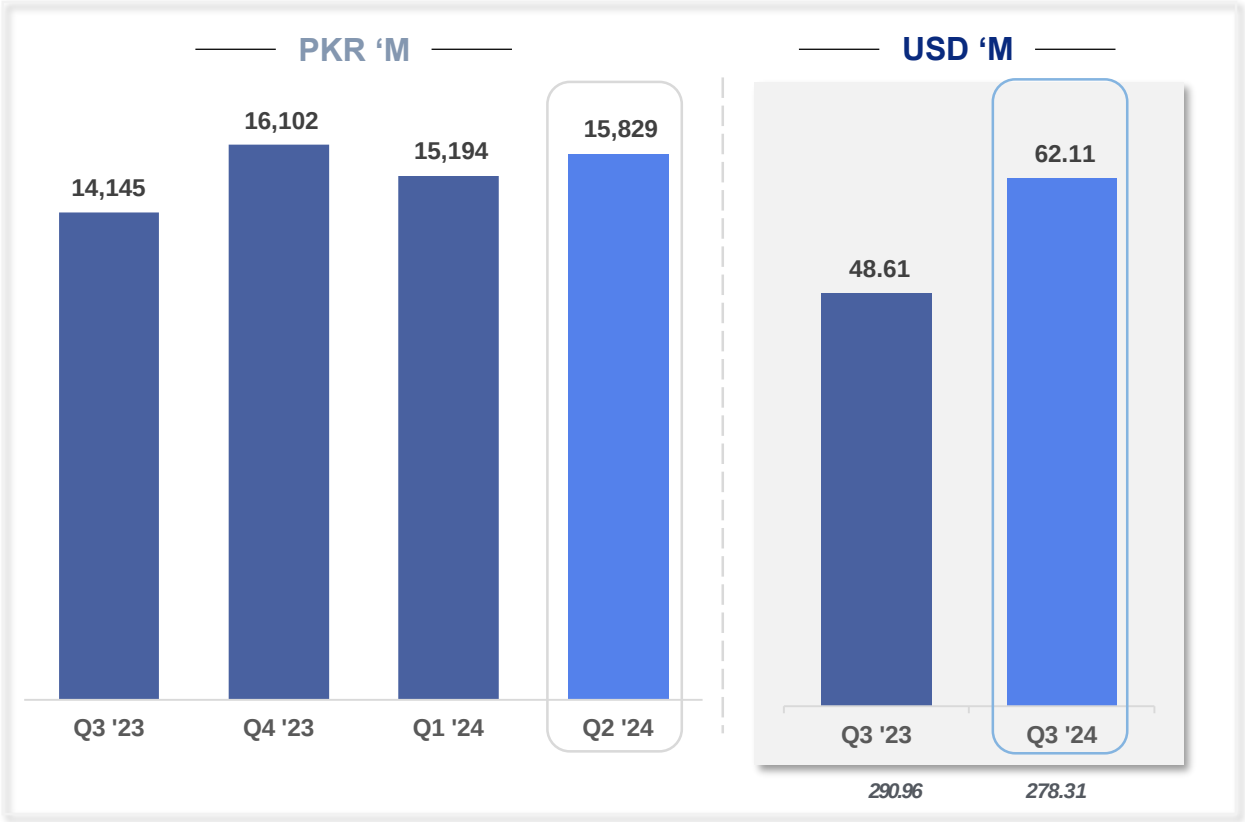
Q3 '24 vs Q3 '23 Growth (USD)

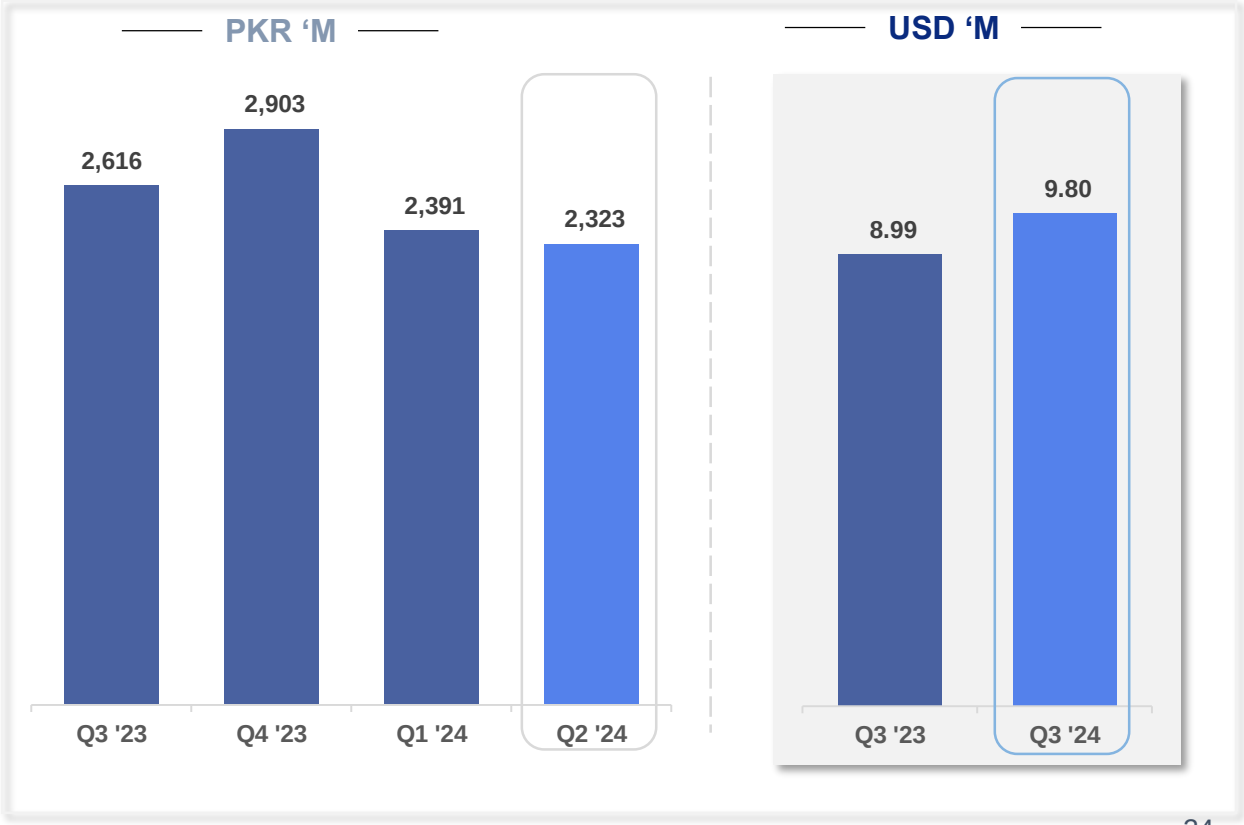


EBITDA

Q3 '24 vs Q3 '23 Growth (USD)

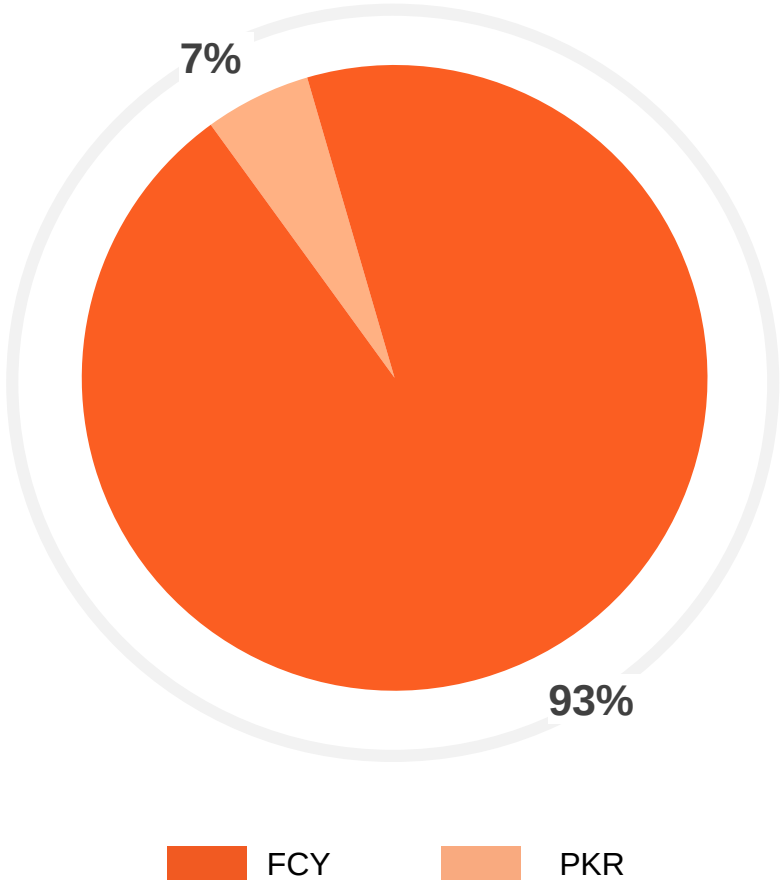




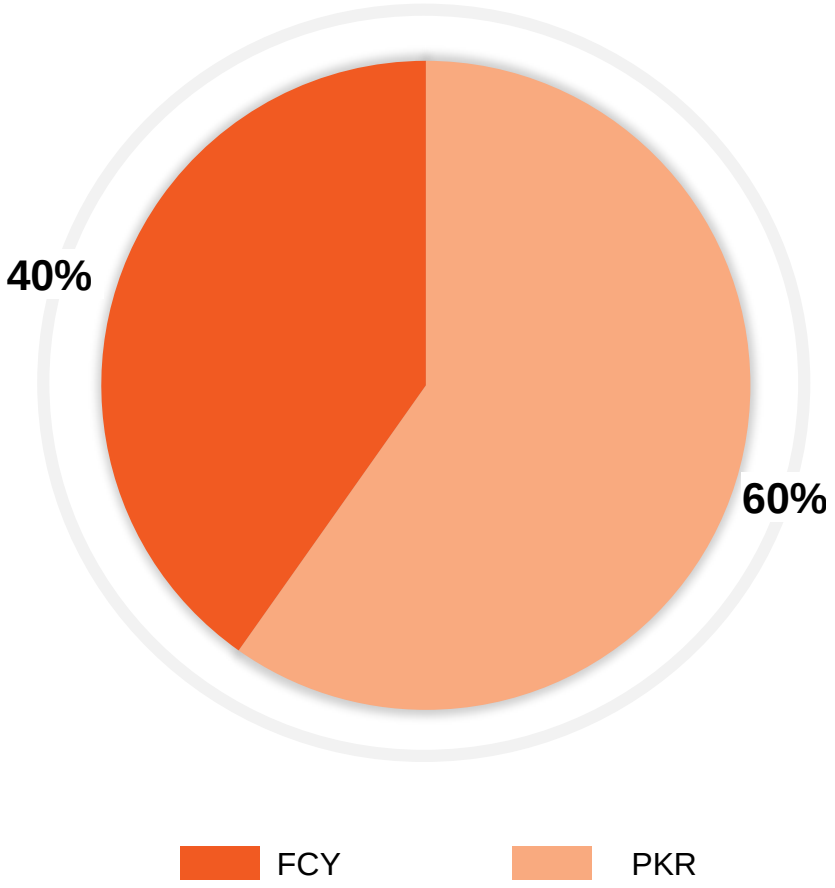


Currency Mix – 9M 2024

By Revenue



By Cost



Environment, Social & Governance (ESG)

systems

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:

- 29% increase in revenue
- 14% 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