

August 10, 2020

To
BSE Limited
The National Stock Exchange of India Limited

Dear Sir/Madam,

Sub: Subex Limited “The Company”- Investor Presentation on August 11, 2020

As per Regulation 30 of the SEBI (LODR) Regulations, 2015, please find enclosed the Investor presentation for Q1 of FY 21, which will be presented by the Company at the Earnings Call scheduled to be held at 3.30 PM (IST) on Tuesday, August 11, 2020.

Kindly broadcast the same on your website.

Thanking you.

**Yours truly,
For Subex Limited**



**G V Krishnakanth
Company Secretary & Compliance Officer**

Subex Limited

CIN - L85110KA1994PLC016663

Registered Address: RMZ Ecoworld, Outer Ring Road, Devarabisanahalli, Bangalore - 560103, India



Q1 -FY21 Business Update

Aug 10, 2020



Forward looking statement

Certain statements in this presentation concerning our future growth prospects are forward looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward looking statements. The risks and uncertainties relating to these statements include, but are not limited to, fluctuations in earnings, our ability to successfully integrate acquisitions, competition in our areas of business, client concentration, liability for damages in our contracts, withdrawal of tax incentives, political instability, unauthorized use of our intellectual property and general economic conditions affecting our industry



Agenda

- Highlight
- Q1 FY21 Financial Performance
- Q2 FY21 Forecast
- Headcount & Attrition Analysis
- Update on Restructuring
- General Updates

FY21 Qtr1 Operational Highlights

- Q1 revenue at **\$11.7M** in line with the budget
- Q1 Order Intake at \$8M (\$4.5M completed bookings) lower than budget - general delayed due to COVID impact
- Q1 collections at **\$12.5M** better than budgeted
- Quarterly expenses lower than the normal run rate due to reduction in travel cost and reversal of commissions
- Significant New Win
 - IoT security deal with **Blue World Technologies** - Fuel Cell Manufacturer
 - TurkTelecom – Replacement of HP, Fraud management
 - **STC, Saudi** – Replacement of WeDo/Mobileum
- Subex listed in Gartner report on Augmented Analytics
- Obtained required shareholder approval for capital reduction and NCLT filing completed

Market & Operational Update

- Telecom Operators have started reporting revenue **reduction of around 6 to 10%** for the April-June (2020) Quarter
- EBITDA reductions for the same period is in the **range of 30 to 50%**
- Covid related business Impact in various geographies
 - Americas & Africa – Major impact; Several projects put on hold
 - Europe, ME & APAC – Engagements have started; progress slow
- MS & Support operations progressing well amidst teams working remotely
- While delivery has been initiated for most projects, we are also seeing stoppages on account of delays in hardware delivery and site readiness.

Business Development Update

- Significant increase in contract closure cycle time
- Price pressure both on new projects and annuity
- Existing projects and RFPs
 - Progressing in Europe, APAC & ME
 - Put on hold in Americas and Africa
- Overall delay in new projects; delaying replacement projects
- We have significantly increased executive reach out
- Strengthened strategic partner engagement – Wipro, KPMG, PWC, L&T
- Increased sales effort on CapMan & Partner Management

FY21 Q1 Performance

FY 21 Target					AOP Parameter	21 Actual
Q1	Q2	Q3	Q4	FY21		Q1
12.50	15.00	16.00	16.50	60.00	Order Intake	8.00
11.50	13.00	15.00	16.50	56.00	Revenue	11.75
11.00	11.60	11.70	11.70	46.00	Cost	8.55
0.50	1.40	3.30	4.80	10.00	EBIDTA	3.20
1.00	1.90	3.80	5.30	12.00	Ind AS EBIDTA	3.67
11.50	13.00	15.00	16.50	56.00	Billing	11.64
11.50	13.00	15.00	16.50	56.00	Collection	12.52

All Values in Million USD

- EBITDA and Collection higher than budget
- Revenue and Billing in line with budget
- Order Intake \$8M (\$4.5M booked) lower than budget. Plan to bridge the gap in H2

FY21 Q2 Financial Forecast

FY 21 Target					AOP Parameter	21 Actual	FY 21 Forecast	
Q1	Q2	Q3	Q4	FY21		Q1	Q2	FY21
12.50	15.00	16.00	16.50	60.00	Order Intake	8.00	14.00	22.00
11.50	13.00	15.00	16.50	56.00	Revenue	11.75	12.00	23.75
11.00	11.60	11.70	11.70	46.00	Cost	8.55	9.30	17.85
0.50	1.40	3.30	4.80	10.00	EBIDTA	3.20	2.70	5.90
1.00	1.90	3.80	5.30	12.00	Ind AS EBIDTA	3.67	3.17	6.84
11.50	13.00	15.00	16.50	56.00	Billing	11.64	12.00	23.64
11.50	13.00	15.00	16.50	56.00	Collection	12.52	12.00	24.52

All Values in Million USD

- H1 Revenue forecast lower than budget by \$1M
- EBITDA will be higher than H1 budget
- Order Intake will be lower than H1 budget. Plan to bridge gap in H2

FY21 Revenue Planning

Fiscal Period	FY21 Backlog	Revenue Forecast	Net FY 21 Backlog
Opening	38.00	-	38.00
Q1	6.00	11.75	32.25
Q2	7.00	12.00	27.25
Q3	4.00	15.50	15.75
Q4	1.00	16.75	-
FY21 Total	56.00	56.00	-
All Values in Million USD			

- Key will be to add \$13M back log in H1
- Increase delivery capacity by \$1M per month

Headcount by Grade Analysis

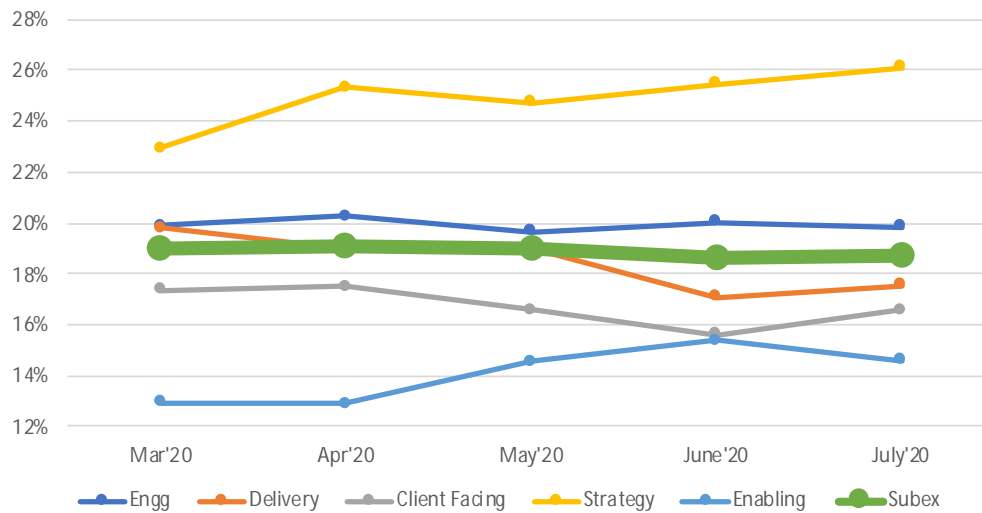
Grade	Mar-20			Jun-20			Attri tion	Addi tion	Prom tion	Jul-20			YTD Net
	Onsite	BLR	Total	Onsite	BLR	Total				Onsite	BLR	Total	
M4+	4	9	13	3	9	12				3	9	12	-1
M3	5	4	9	5	4	9	1			4	4	8	-1
M2	10	29	39	10	27	37		1		10	28	38	-1
M1	24	87	111	26	82	108	2	1		26	81	107	-4
E3	23	137	160	21	142	163	1	7		21	148	169	9
E2	19	259	278	17	270	287	6	24		15	290	305	27
E1	9	148	157	8	162	170	2	14	12	9	185	194	37
T1		93	93		80	80		2	-12		70	70	-23
A0		5	5		5	5					5	5	0
DC	26	6	32	24	10	34	1	12		24	21	45	13
FTE Total	120	777	897	114	791	905	13	61	0	112	841	953	56
IN/TPC		66	66		69	69	16				53	53	-13
Grand Total	120	843	963	114	860	974	29	61	0	112	894	1006	43

- Net headcount increase by 56
- Plan to add another 50 in the short term

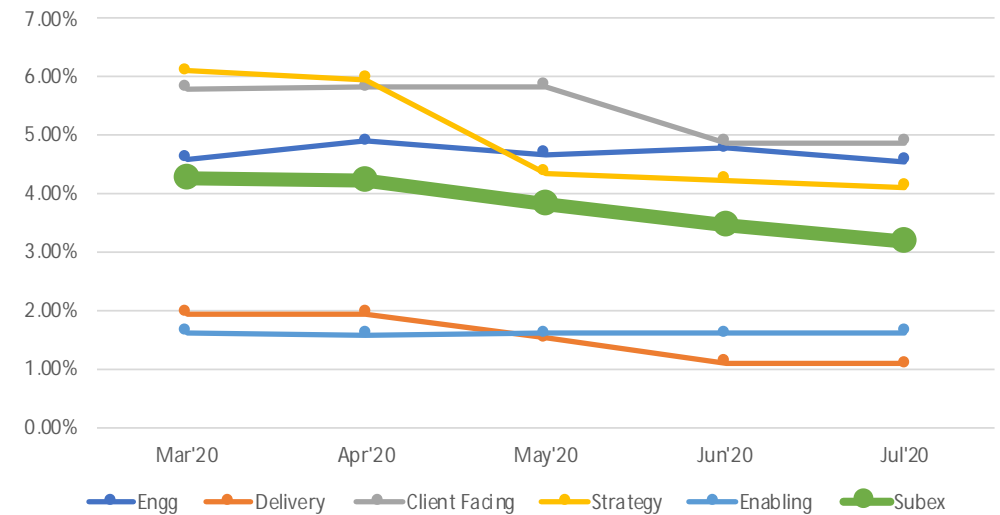
Grade	Mar-20			Jul-20			Net +/-
	Onsite	BLR	Total	Onsite	BLR	Total	
FTE Total	120	777	897	112	841	953	56
Per FTE cost in US\$	99,624	17,625	28,656	101,572	18,168	28,022	(635)
Total FTE cost in US\$	11,954,914	13,606,493	25,561,407	11,376,091	15,188,497	26,564,588	1,003,181

Attrition Analysis

12 Months Trailing Attrition - Total



12 Months Trailine Attrition -A & B Raters



- Overall attrition at around 19%
- A&B raters' attrition trending down
- 50% of Strategy team attrition engineered to improve performance

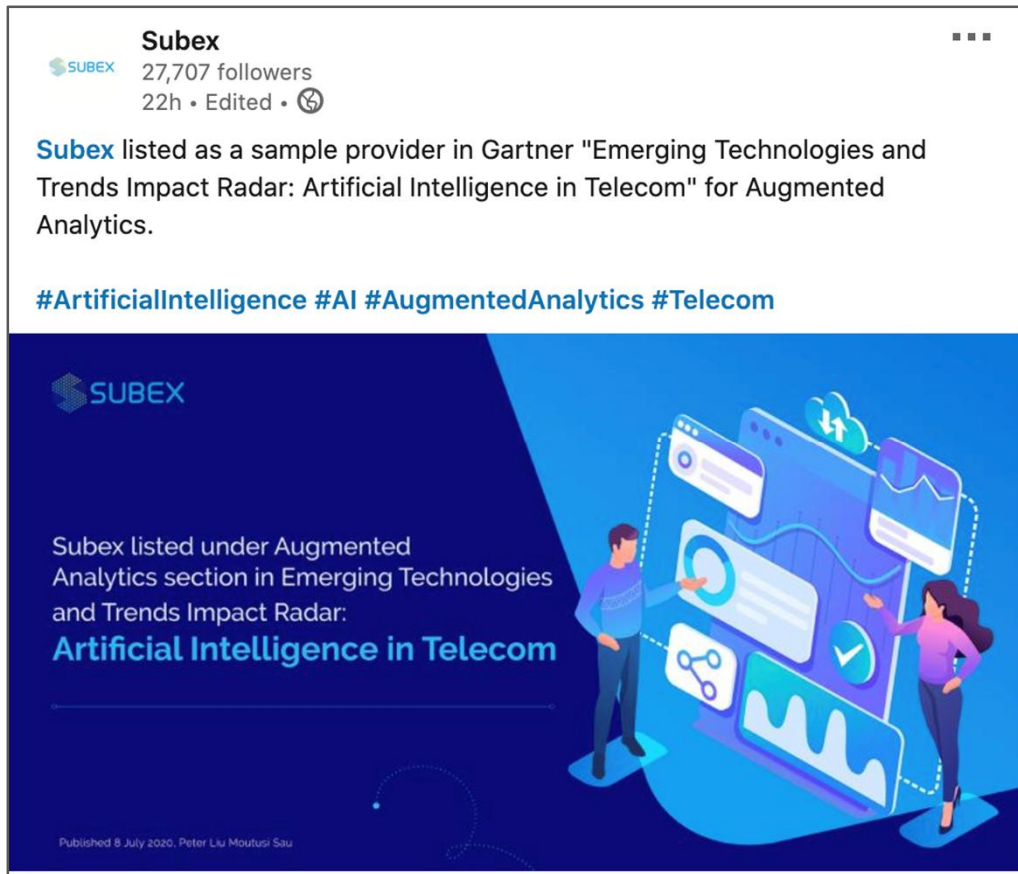
Reduction of Share Capital - Update

- Post approval of shareholders, application was made to NCLT, Bengaluru Bench on June 27, 2020.
- NCLT heard on 1st July and vide its order dated July 6, 2020;
 - Directed Registrar of Companies, Karnataka & Regional Director, Southern Region to submit its report within two weeks.
 - Dispensed serving notices to creditors and issuing public notice
- Subsequently Subex served RSC-2 notices as required to Stock Exchanges and SEBI. **Have not received any objection so far.**
- Response to queries of ROC and Regional Director submitted. **Awaiting formal clearance.**
- Matter listed at NCLT for further hearing on **17th Aug 2020**. Expecting all clearances in advance of this hearing.

Other Updates

- Plan to move office to scale down capacity & cost
- Appointing 4 to 5 Advisers for accessing new markets/customers
- Significant push to create 10X culture
 - OKR (Objective & Key Results)
 - Resetting Performance Expectation
 - Coaching

Update - Innovation Journey



- Subex listed in Gartner report on Augmented Analytics
- 2 Patents Filed
- Significant scaling of our AI/ML capabilities
- Bar raising talent additions – a key objective
- The Bid Leap - 57 Improvement Ideas from Subexians

Onboarded Advisors



- Amrita Gangotra
Ex CIO Airtel, Vodafone Group
- Tony Wenlock
Ex Sr Executive Amdocs, HP
- Graham Baxter
Ex COO Hutchison UK



In Summary

- H1 forecasted to be very close to our budget despite Covid impact
- Focus will be to add required backlog and execution capacity to hit FY21 goals by end of H1
- Steps being taken to improve performance culture
- Capital restructuring progressing as per our plan



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Thank you