



MASTECH DIGITAL: A COMPELLING VALUE PROPOSITION

Roth Conference | March 17, 2020





VIVEK GUPTA
PRESIDENT, CEO, AND MEMBER OF THE BOARD

- Joined as the President and Chief Executive Officer in March 2016
- Has over three decades of experience in the technology industry
- Chief Executive of Global Infrastructure Management Services at Zensar Technologies
- Played a major role in global growth of Zensar
- Advanced Management Program from Wharton Business School, University of Pennsylvania
- Bachelors in Technology from the Indian Institute of Technology, Delhi, India



JACK CRONIN
CHIEF FINANCIAL OFFICER

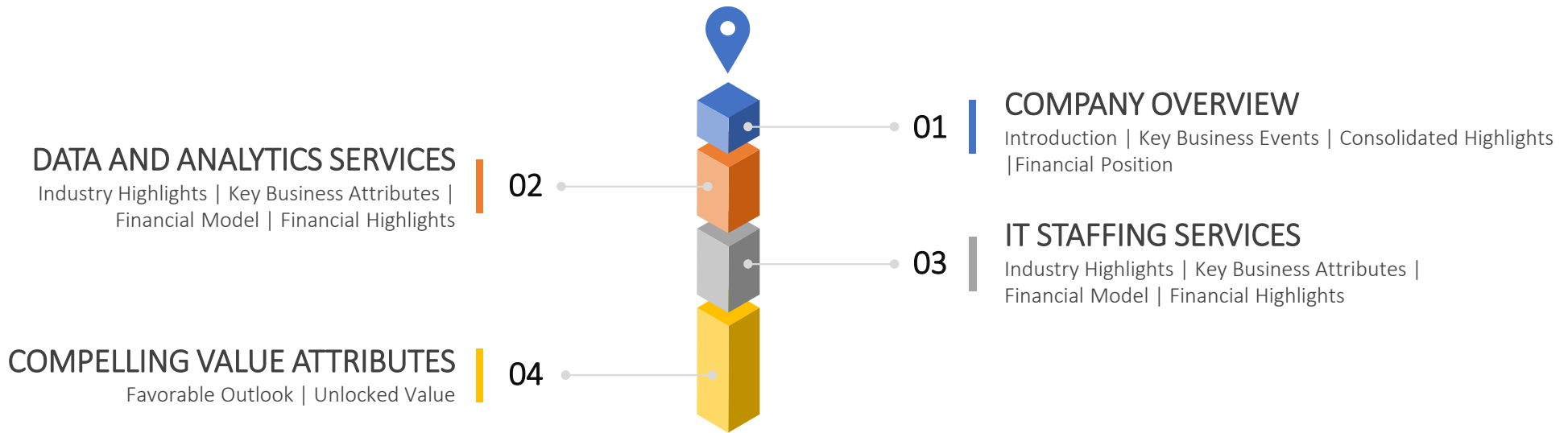
- As the CFO, Jack oversees all finance functions as well as M&A-related activities
- Played a leadership role in Mastech Digital's acquisition of InfoTrellis and Hudson's IT staffing business, as well as the sale of past Mastech Digital subsidiaries
- 21 years at Mastech Digital
- Chief Financial Officer at Industrial Ceramics
- Assistant Corporate Controller at Dravo Corporation
- MBA from Katz Business School, University of Pittsburgh
- Certified CPA and CMA

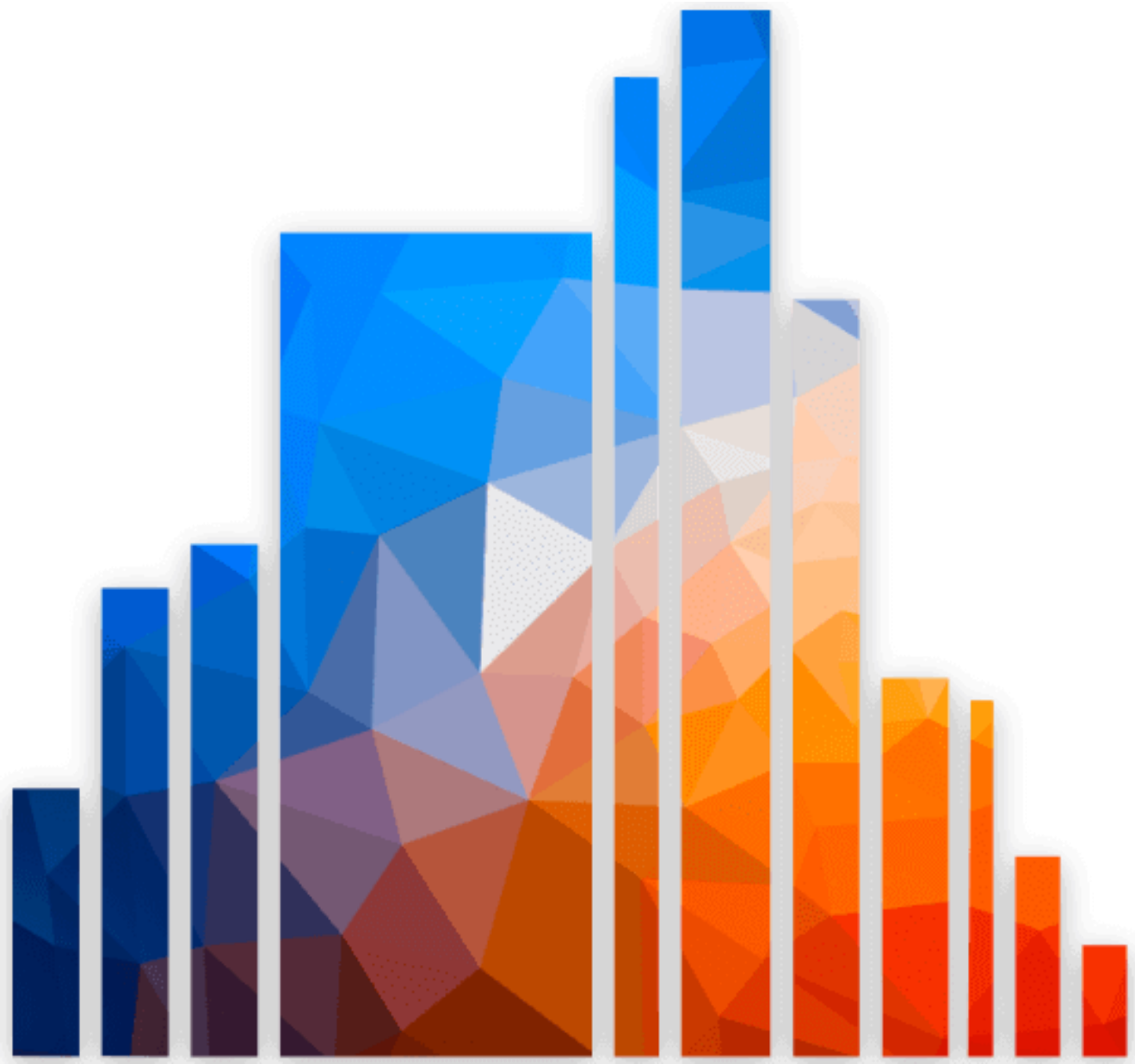


SAFE HARBOR DISCLOSURE

Certain statements contained in this presentation are forward-looking statements based on management's expectations, estimates, projections and assumptions. Words such as "expects," "anticipates," "plans," "believes," "scheduled," "estimates" and variations of these words and similar expressions are intended to identify forward-looking statements, which include but are not limited to projections of revenues, earnings, and cash flow. These statements are based on information currently available to the Company and it assumes no obligation to update the forward-looking statements as circumstances change. These statements are not guarantee of future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results and trends may differ materially from what is forecast in forward-looking statements due to a variety of factors, including, without limitation, the level of market demand for its services, the highly competitive market for the types of services offered by the company, the impact of competitive factors on profit margins, market conditions that could cause the Company's customers to reduce their spending for its services, and the company's ability to create, acquire and build new lines of business, to attract and retain qualified personnel, reduce costs and conserve cash, and other risks that are described in more detail in the company's filings with the Securities and Exchange Commission including its Form 10-K for the year ended December 31, 2018.





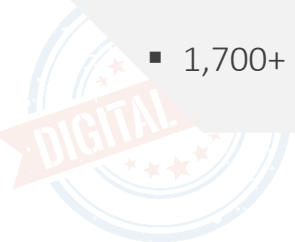


COMPANY OVERVIEW

WHO WE ARE

- A Digital Transformation IT services company with deep capabilities in Data and Analytics Services and IT Staffing Services
- Former operating subsidiary of IGATE Corporation
- NYSE-listed (MHH); Pittsburgh, PA-headquartered
- Presence across North America, India, Europe, ASEAN, and the Middle East
- Run-rate revenue of \$200 million
- 1,700+ associates and growing

INDUSTRY RECOGNITION



OUR BOARD OF DIRECTORS



ASHOK TRIVEDI

Co-founder and Co-chairman



SUNIL WADHWANI

Co-founder and Co-chairman



BRENDA GALILEE

Ex-Chairman and CEO, InTouch Corporation



JOHN AUSURA

Founder, Capital Resolution, LLC



GERHARD WATZINGER

Chairman, CrowdStrike



VIVEK GUPTA

President and CEO, Mastech Digital



KEY BUSINESS EVENTS

Mastech Spun-off from **IGATE Corporation** as a Public Company (MHH)

OCTOBER 1, 2008

Appointed **Vivek Gupta** as President and CEO to lead Company's transformation beyond Staffing

MARCH 1, 2016

Acquired **InfoTrellis, Inc.**, a Data and Analytics Services Company

JULY 13, 2017

Formulated **strategic blueprint** for the D&A segment

NOVEMBER 1, 2018

Delivered record revenues in Q4

DECEMBER 31, 2019

Acquired **Hudson Global Resources Management**, an IT Staffing Company

JULY 15, 2015

Rebranded as **Mastech Digital** to support our digital transformation journey

SEPTEMBER 1, 2016

Board of Directors declares a **two-for-one stock split**

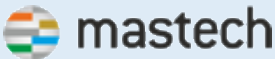



JULY 24, 2018

Empowered new **Leadership team** to execute the strategic plan for the D&A business

JANUARY 1, 2019



PROGRESS MADE IN THE LAST FOUR YEARS

| PARAMETER | MARCH 01, 2016 | JANUARY 01, 2018 | JANUARY 01, 2019 | JANUARY 01, 2020 | IN FOUR YEARS |
|---------------------------|--|---|--|--|---------------|
| BRANDING | Mastech 1.0  | Mastech 2.0  | Mastech 2.0  | Mastech 2.0  | |
| POSITIONING | IT Staffing Company | Digital Transformation IT Services Company | Digital Transformation IT Services Company | Digital Transformation IT Services Company | |
| REVENUE | \$123.5 Mn | \$147.9 Mn | \$177.2 Mn | \$193.6 Mn | +57% |
| HEADCOUNT | 1,117 | 1,517 | 1,651 | 1,745 | +56% |
| % DIGITAL REVENUE | 18% | 38% | 40% | 46% | +255% |
| SHARE PRICE | \$3.61 | \$5.03 | \$6.44 | \$11.07 | +307% |
| MARKET CAP | \$31.6 Mn | \$54.9 Mn | \$70.8 Mn | \$121.7 Mn | +385% |
| GEOGRAPHIES (CUSTOMERS) | USA | USA, Canada | USA, Canada | USA, Canada, EMEA, ASEAN | |
| OFFSHORE DELIVERY CENTERS | NOIDA, Bangalore | NOIDA, Chennai | Larger NOIDA, Larger Chennai | Larger NOIDA, Larger Chennai | |

CONSOLIDATED 2019 FINANCIAL HIGHLIGHTS



Q-4 2019

- YOY revenue growth of 13%
- YOY gross margin expansion of 140-basis points to 25.3%
- Non-GAAP Diluted EPS of \$0.26 – up from \$0.16 last year
- Substantial investments have muted earnings in the short-term

FULL YEAR 2019

- YOY revenue growth of 9%
- YOY gross margin expansion of 80-basis points to 24.8%
- Non-GAAP Diluted EPS of \$0.82 – up from \$0.74 last year
- Substantial investments have muted earnings in the short-term

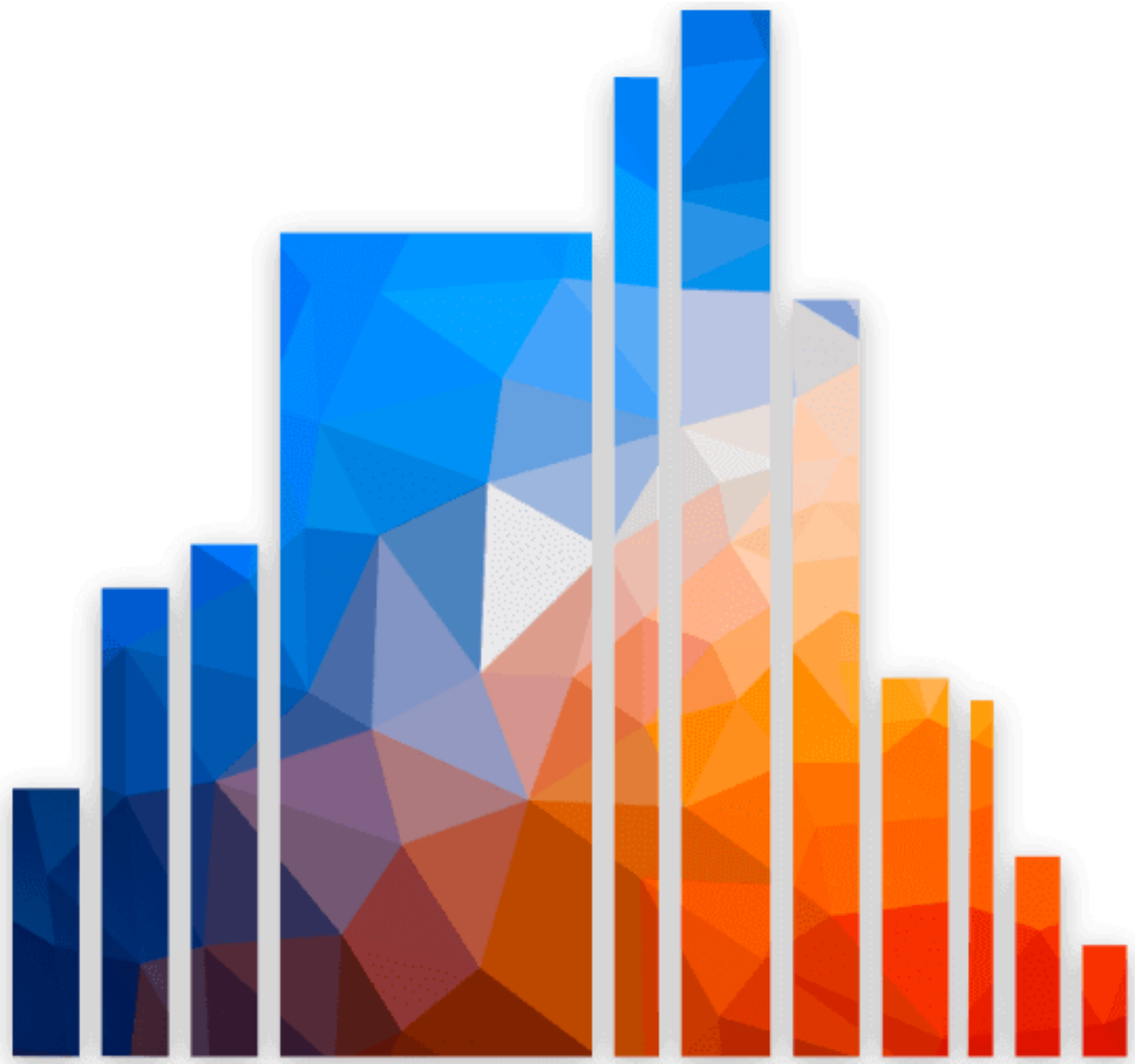
FINANCIAL POSITION, AT DECEMBER 31, 2019

MANAGEABLE DEBT LOAD / ADEQUATE LIQUIDITY

- Balance Sheet Bank Debt, net of cash balances:
Total: \$22.5 million
- Short Term: \$4.6 million
- Effective Annual Interest Rate on Debt: 3.5%
- Existing Borrowing Capacity
under Revolver: \$13 million

- Return on Equity: 27%
- Capitalization Ratio: 37%
- Debt to EBITDA: 1.75x





DATA AND ANALYTICS SERVICES

INDUSTRY HIGHLIGHTS

- By 2023, Data and Analytics revenue forecasted to be **\$275 billion**, with a CAGR of **12%**
- By 2027, Big Data revenue forecasted to be **\$103 billion**, with a CAGR of **11%**
- By 2022, more than half of major new business systems will incorporate continuous intelligence that uses real-time context data to improve decisions.
- Over **60%** of Business Executives believe that a well-planned AI Strategy can create more data-driven business opportunities. 72% of business leaders consider AI as a major business advantage
- India holds **world's largest STEM talent pool**, The **Advanced Analytics talent pool in India** will expand from **65,000 in 2018** to **more than 200,000 by 2020**.



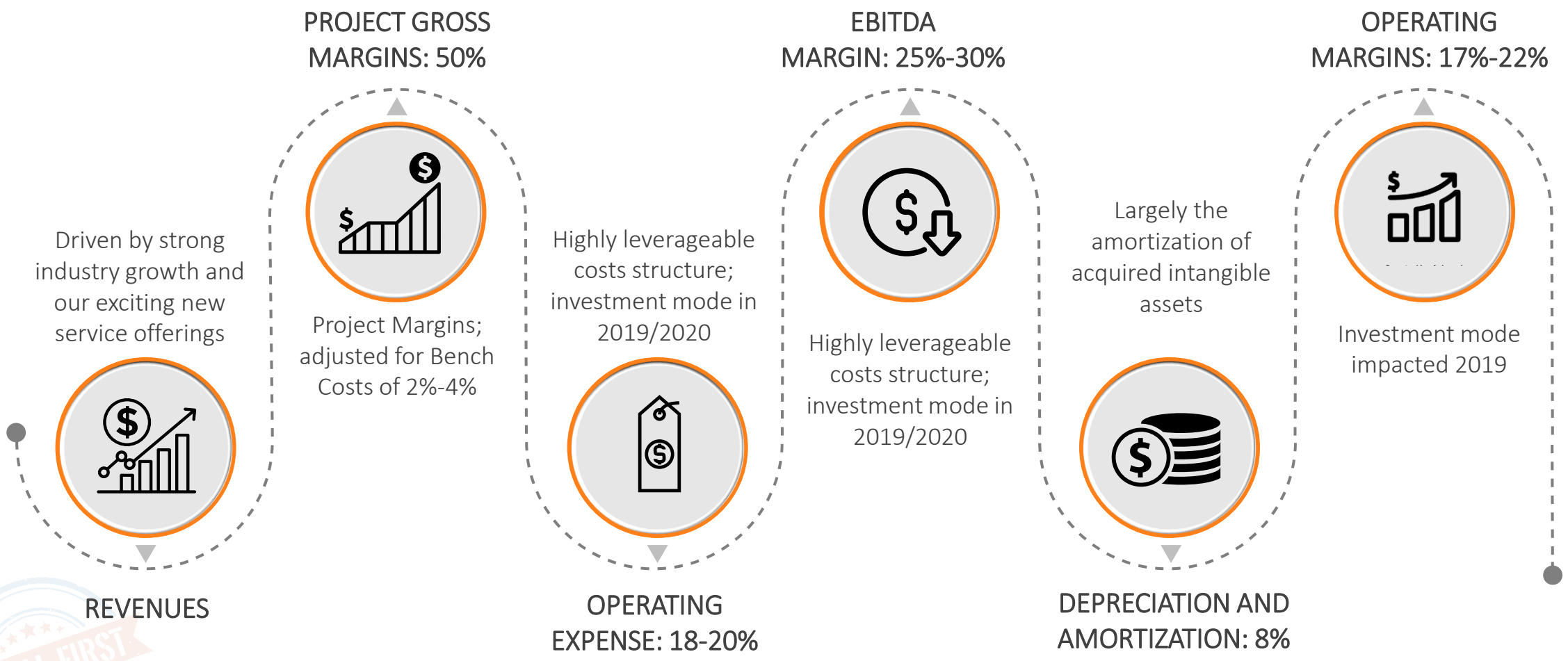
Source: MarketWatch, NASSCOM, Forrester, Zinnov, Gartner

KEY BUSINESS ATTRIBUTES

- Enhanced services portfolio covering the full stack of Data and Analytics including Data Management, Data Engineering and Data Science
- Continue to be a recognized leader in Master Data Management
- Renewed sales focus including relationships with the C-suite, consultative selling, strategic engagements, and focus on annuity-based revenues
- Locations expanded to include North America, India, Europe, ASEAN, and the Middle East

The logo for Highmark, featuring the word "HIGHMARK." in a blue, sans-serif font with a blue swoosh above the letters.The logo for Zimmer Biomet, consisting of a blue circle with a white "Z" inside, followed by the text "ZIMMER BIOMET" and the tagline "Your progress. Our promise." below it.The logo for Scotiabank, featuring a red stylized globe icon followed by the word "Scotiabank" in red.The logo for Independent Health, featuring a red apple icon followed by the text "Independent Health." in black.The logo for Zions Bank, featuring the text "ZIONS BANK" in a bold, black, sans-serif font.The logo for Ahold Delhaize, featuring a green crown icon followed by the text "Ahold Delhaize" in green.The logo for Dell, featuring the word "DELL" in blue inside a blue circle.

DATA & ANALYTICS FINANCIAL MODEL



FOURTH QUARTER 2019 FINANCIAL HIGHLIGHTS

- YOY revenue growth of 34%
- YOY gross margin expansion of 400-basis points to 49.1%
- Third consecutive quarter of strengthening activity levels and pipeline expansion
- Non-GAAP EBITDA increased by 38% over the last year to \$1.7 million
- Record bookings of over \$23 million secured in Q4
- Substantial investments have muted earnings in the short-term





 **MASTECH**
DIGITAL

IT STAFFING SERVICES

INDUSTRY HIGHLIGHTS

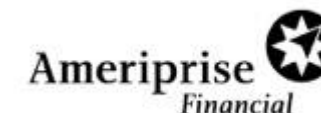
- 2020 US IT Staffing Industry projections: **\$33 billion market size; and growth @ 3%**
- Jobs in Information and Computer Technology is projected to reach a scale of 5 million between 2018 and 2028, up 12.2% over the previous ten-year period
- **9%** IT decision makers in the US plan more hiring in the first half of 2020
- Contingent worker usage to increase by **179%** over the next ten years
- Integration of **AI-based automation** into the enterprise will unlock a world of opportunities, **enabling better hiring decisions**



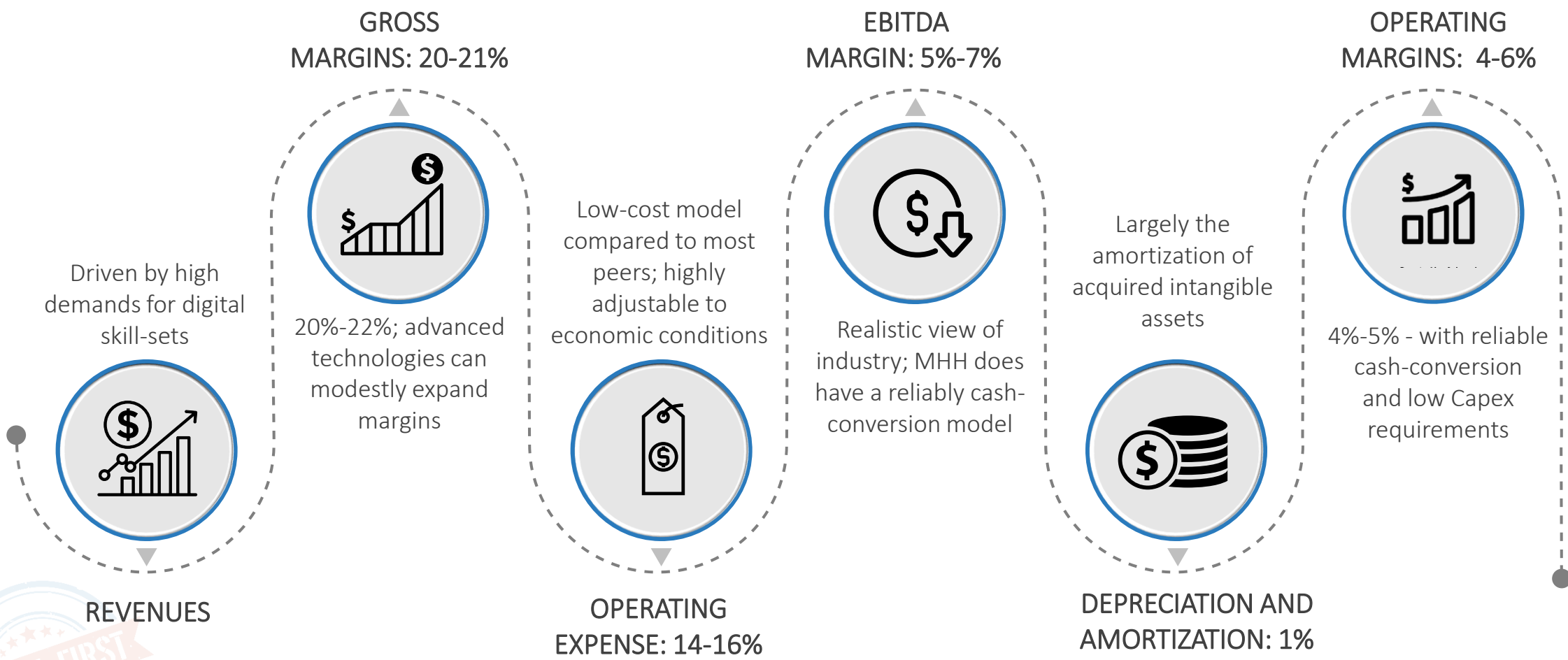
Source: SIA Reports

KEY BUSINESS ATTRIBUTES

- Recognized as a quality provider of IT staffing services with over 30 years in the industry
- Service offerings span across both Digital and Mainstream technologies
- Special focus on Digital Staffing over the last three years has helped drive superior revenue growth
- Advantaged recruitment model with over 200 recruiters in India; Recruiter to Sales ratio of 5:1
- Low-cost operating structure compared to many of the industry peers
- Recognized as a certified minority-owned business



IT STAFFING FINANCIAL MODEL



FOURTH QUARTER 2019 FINANCIAL HIGHLIGHTS

- YOY revenue growth of 10% (the industry growth rate is 3%)
- Average bill rate improved by 3%, reflective of digital technologies focus
- YOY gross margin expansion of 40-basis points to 21.4%
- NON-GAAP EBITDA increased by 41% over the last year to \$2.7 million





COMPELLING VALUE ATTRIBUTES

INVESTOR VALUE PROPOSITION

- Low valuation of MHH at present given the potential of the Data & Analytics segment
- Data & Analytics business delivered record revenues in Q4-2019; \$23 million of new bookings in Q-4 2019
- Our IT Staffing business consistently outperformed industry growth rate (of 3%)

2019 = 9%; 2018 = 11%; 2017 = 5%; 2016 = 7%; 2015 = 9%

- High gross margin Data & Analytics business continues to expand, uplifting MHH's overall gross margin profile
- Data & Analytics is a high-growth industry in which customer spend is non-discretionary
- IT staffing industry is growing steadily with increasing demand for Digital technologies (MHH's focus area)
- MHH today is wired for scale. We have already made significant investments to support expected growth.

THE BEST IS YET TO COME!



THANK YOU

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