



THE JOURNEY OF OUR TRANSFORMATION

Sidoti & Company Spring 2018 Conference

March 29, 2018



Vivek Gupta
President & CEO

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 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

18 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

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 guarantees 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, 2017.

- ✦ Digital Transformation IT services company
- ✦ Deep capabilities in Data and Analytics, Salesforce, Digital Learning, and IT Staffing Services
- ✦ Pittsburgh, PA-headquartered | NYSE-listed (MHH) | Minority-owned
- ✦ \$147.9 Mn in revenues, in 2017
- ✦ 1,500+ 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

TRANSFORMATION HIGHLIGHTS

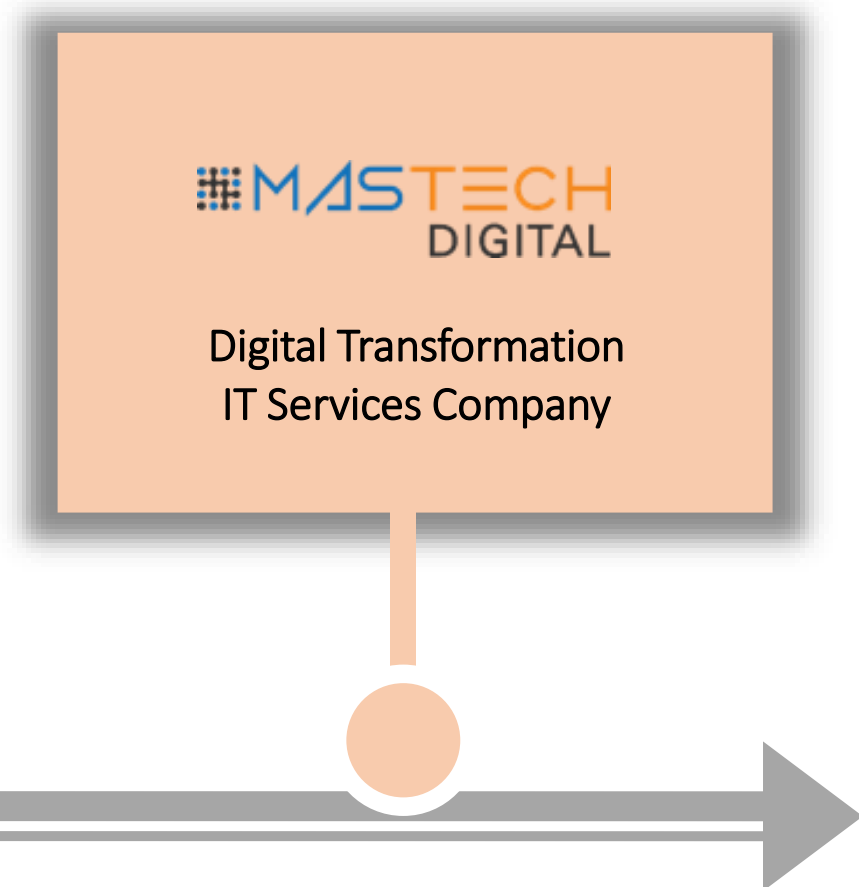
PROGRESS IN THE FIRST TWO YEARS

HIGHLIGHTS: BRAND TRANSFORMATION

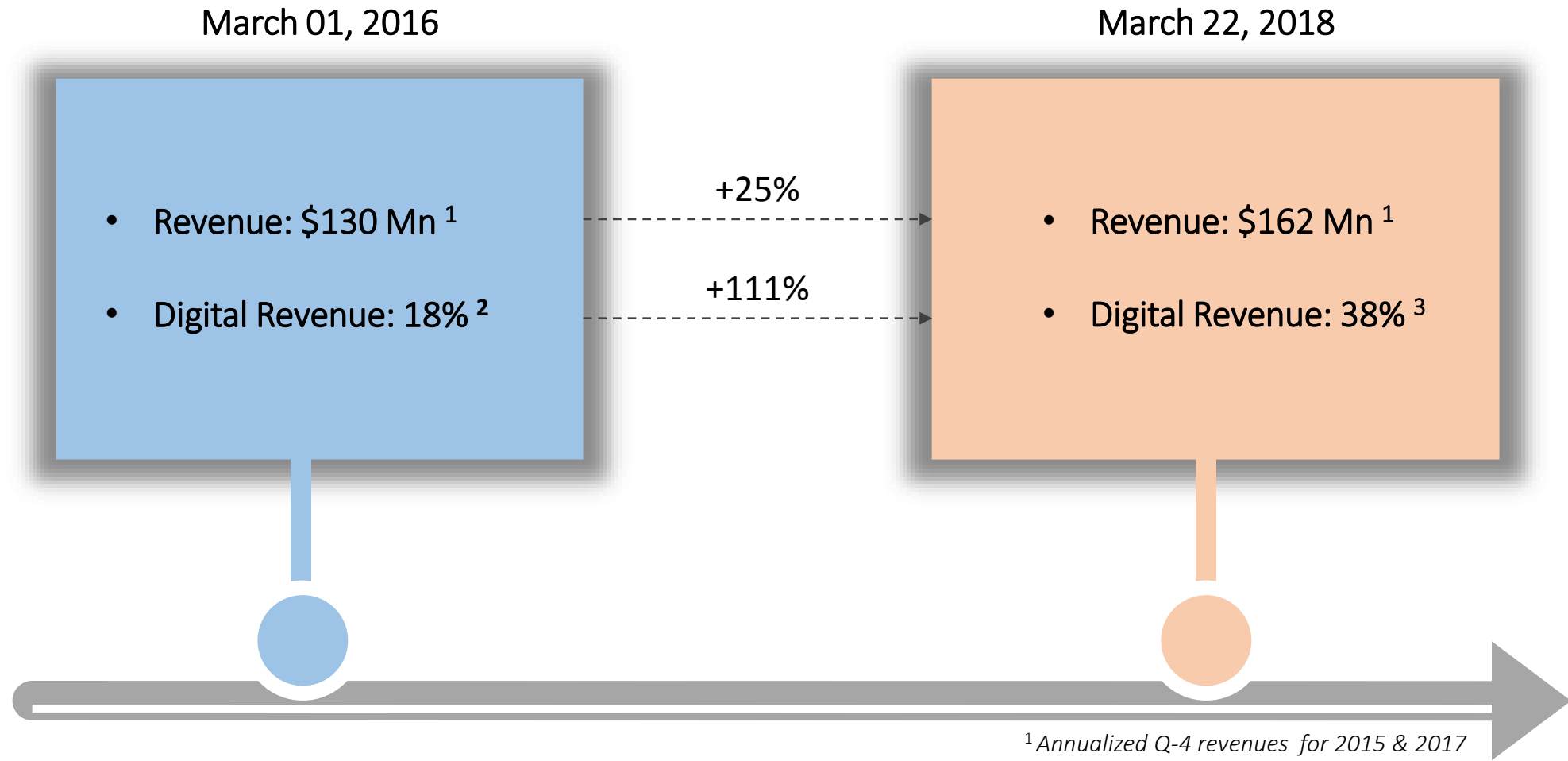
March 01, 2016



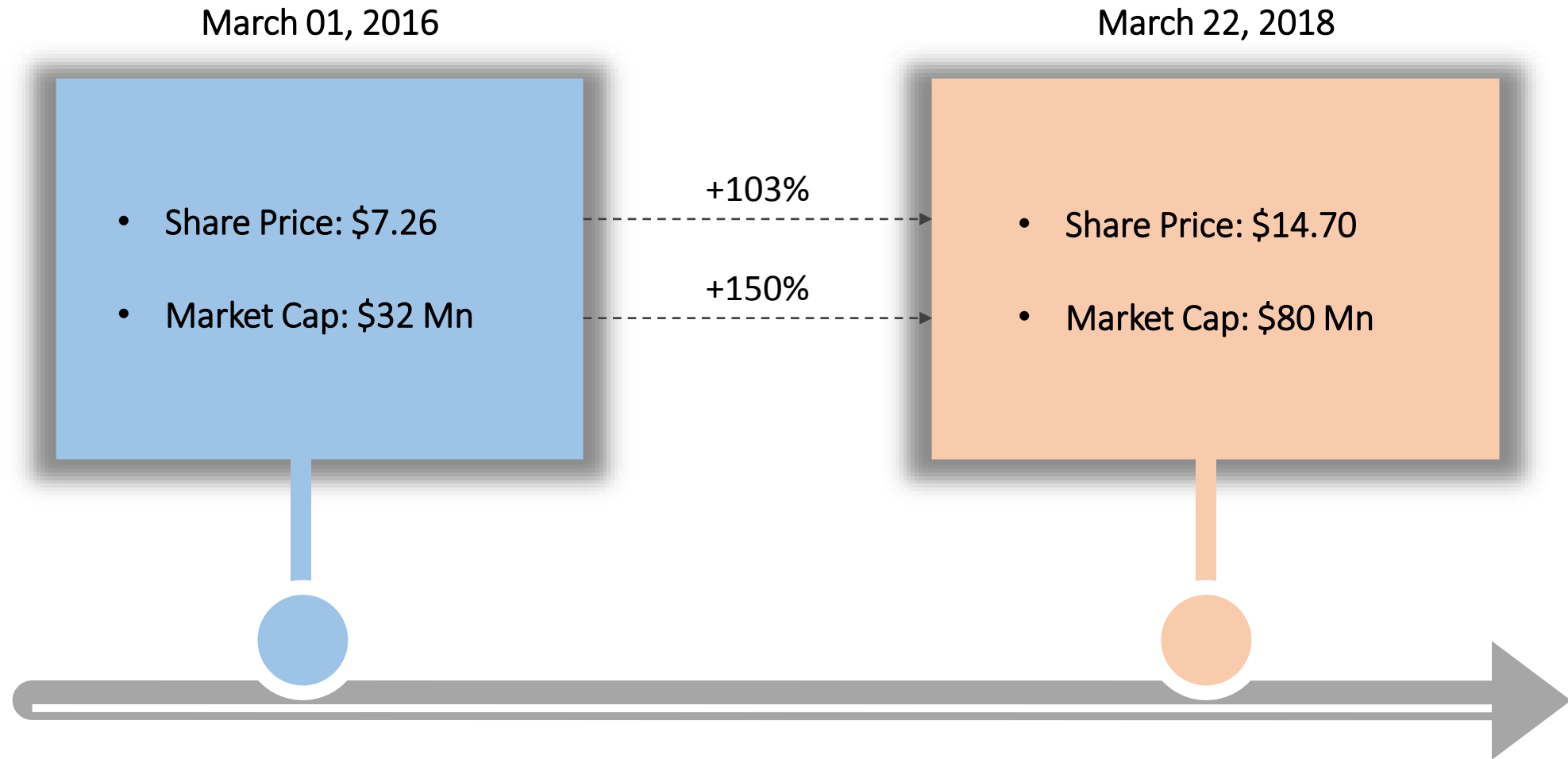
March 22, 2018



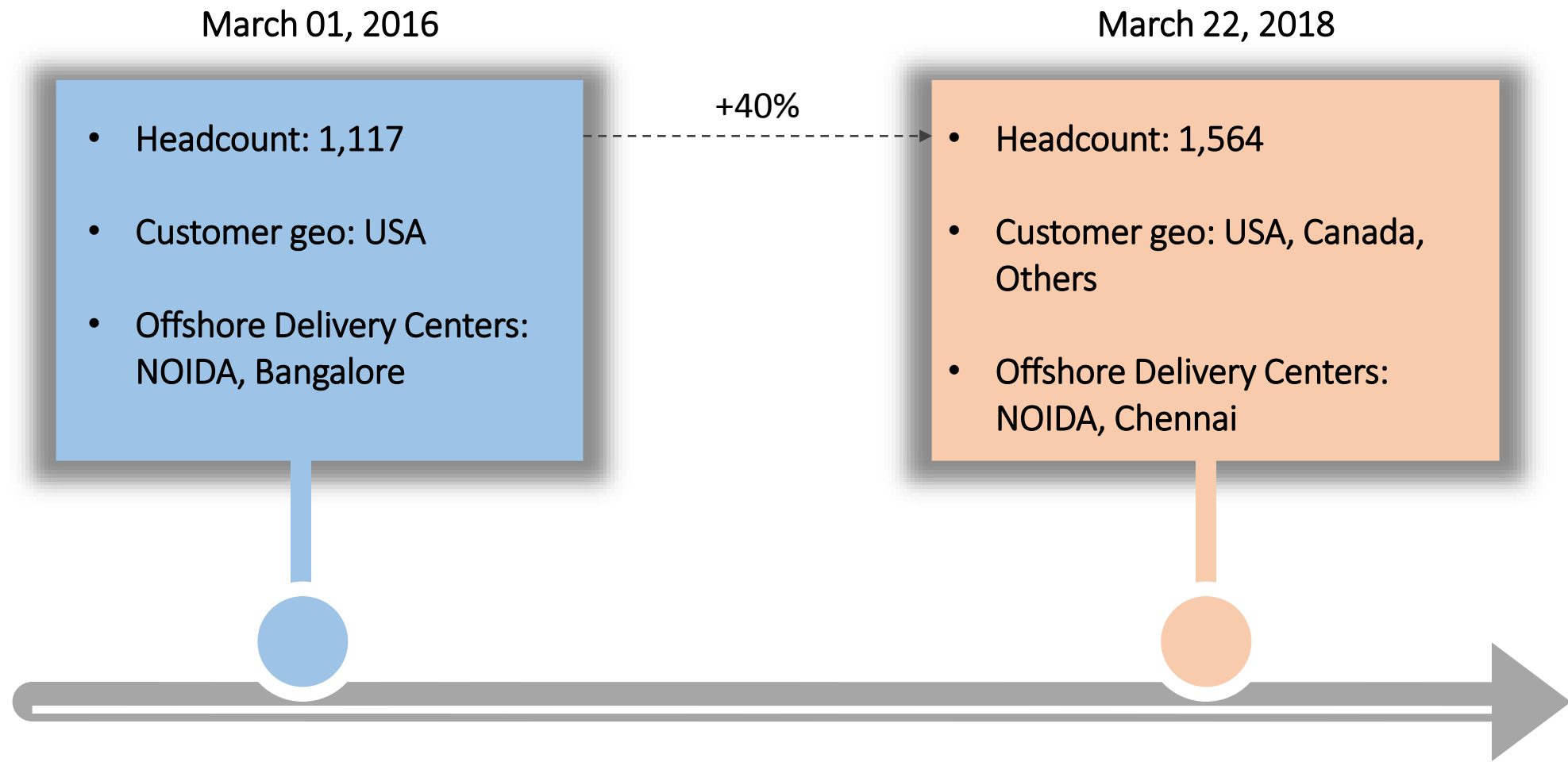
HIGHLIGHTS: PERFORMANCE TRANSFORMATION



HIGHLIGHTS: VALUATION TRANSFORMATION



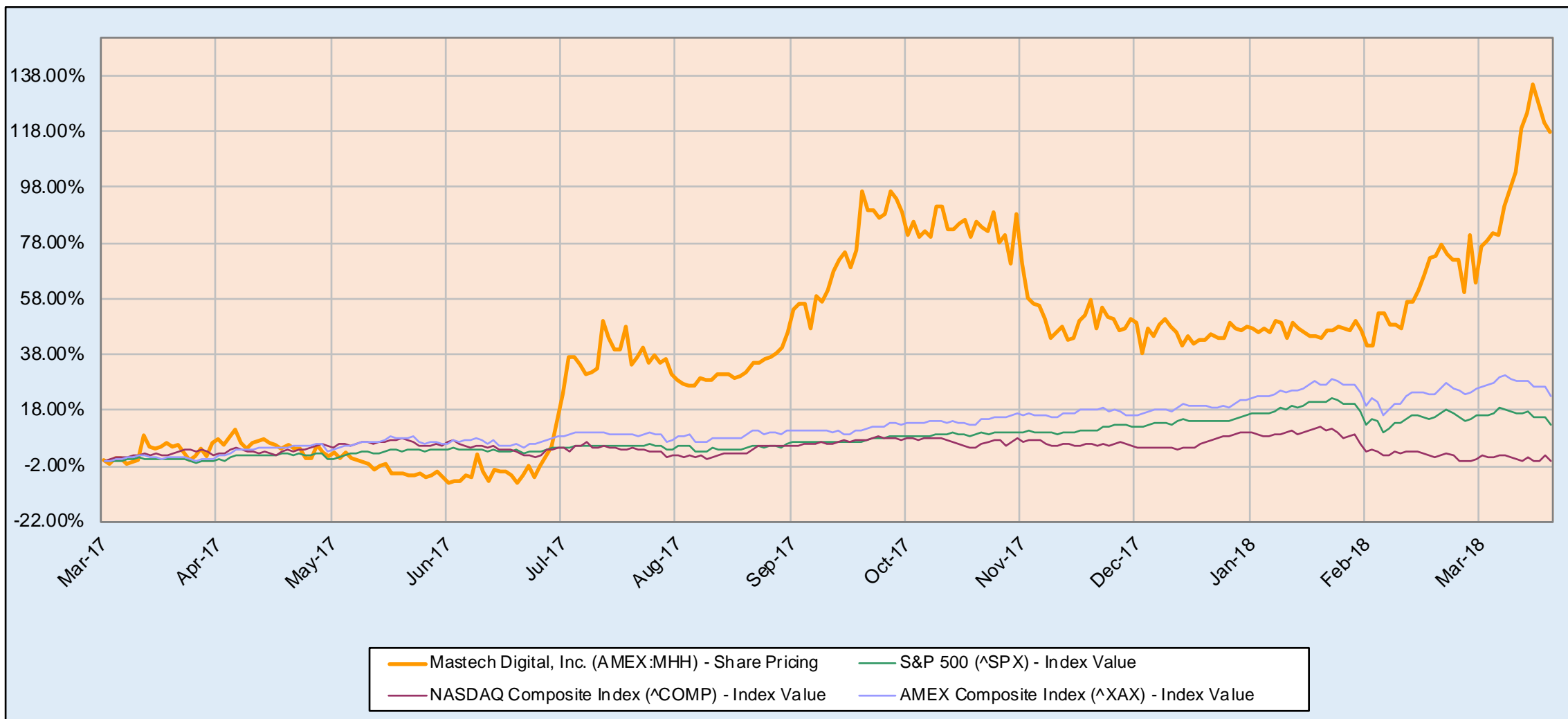
HIGHLIGHTS: CAPABILITY TRANSFORMATION



- InfoTrellis – Canada-based Data and Analytics company acquired in July 2017
- Now branded as Mastech InfoTrellis; represents our Data and Analytics Services segment
- Recognized leader in Master Data Management (MDM), and Big Data
- Two executives are the original architects of IBM’s MDM solution
- Robust offshore delivery capabilities
- Integration successfully completed in the first three months of closing



MHH STOCK PERFORMANCE VS. MAJOR INDICES: MARCH 2017-18



MHH has outperformed S&P, NASDAQ, and AMEX indices

STOCK PERFORMANCE OVER THE LAST TWO YEARS

Comparison	March 2016-2018	March 2017-2018
Out of 233 companies listed on the AMEX Exchange	Rank #16 ¹	Rank #3 ¹
Out of a cluster of 12 middle-group technology services companies listed on the US Exchanges	Rank #1	Rank #1
Out of a group of 10 IT Staffing companies listed on the US Exchanges	Rank #2	Rank #1

¹ excluding stocks that traded below \$1.00

OUR FINANCIAL MODELS

HOW WE STACK UP

Revenue: \$147.9 Mn

12% y-o-y growth

Adjusted EBITDA: \$8.4 Mn

25% y-o-y growth

Gross Margin: 21.4%

150-Basis Point Expansion

Liquidity as of Dec 31, 2017: \$15.5 Mn

Increased by **\$2.6 million** y-o-y

FINANCIAL HIGHLIGHTS FOR Q4, 2017

Revenue: \$40.5 Mn
25% y-o-y growth

Adjusted EBITDA: \$3.3 Mn
126% y-o-y growth

Gross Margin: 23.5%
380-Basis Point Expansion

Liquidity as of Dec 31, 2017: \$15.5 Mn
Increased by **\$2.6 million** y-o-y

REVENUES: 100%
Growth Driver: Positive economic conditions



GROSS MARGINS: 20-21%
Advanced technologies can expand margins



OPERATING COSTS: 15-16%
Low-cost model compared to peers
Low fixed cost structure; quickly adaptable



IT STAFFING MODEL

EBITDA MARGIN: 4-6%
Realistic view of the industry





DEPRECIATION AND AMORTIZATION: 1%
Largely the amortization of acquired intangibles




OPERATING MARGINS: 3-5%
Near term expectations





REVENUES: 100%
Growth Driver: Leading technology
for digital transformation 


GROSS MARGINS: 44-47%
Influenced by utilization/bench cost 

OPERATING COSTS: 17-20%
Highly leveragable cost structure
Investment for expansion possible 

**DATA AND
ANALYTICS MODEL**

EBITDA MARGIN: 25-30%
High margin technology space 

**DEPRECIATION AND
AMORTIZATION: 10%**
Largely the amortization of acquired
intangibles 

OPERATING MARGINS: 15-20%
Near term expectations 

FUTURE

THE WAY WE SEE IT



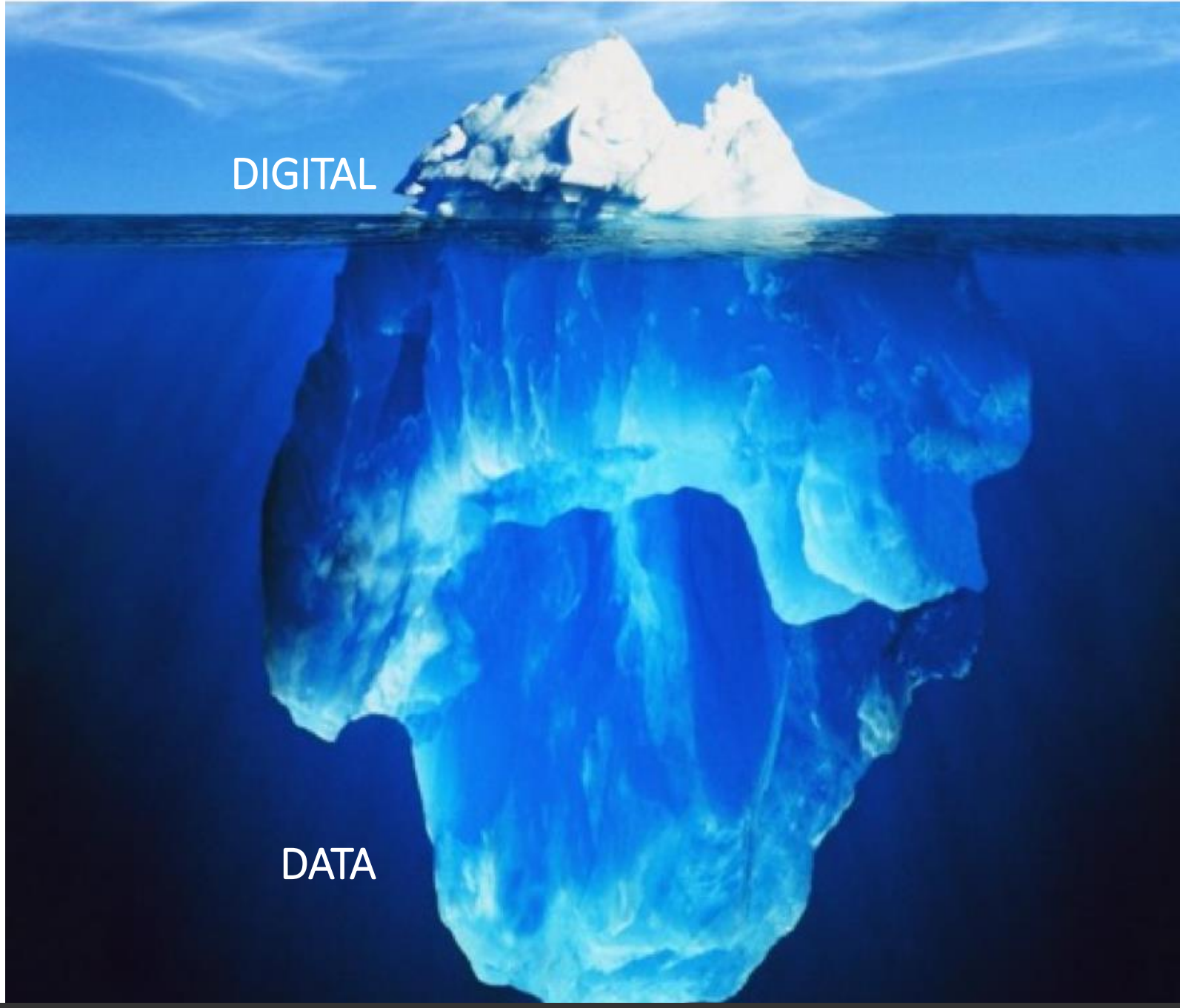
POSITIVE INDICATORS

- Big data and Data Analytics will grow from **\$130.1 billion** in 2016 to more than **\$203 billion** in 2020, at a CAGR of **11.7%**
- Staffing industry projected to reach **\$145 billion** in 2018; IT Staffing industry growth in 2018 **projected at 4%**
- Business and technology paradigms are shifting in tandem; happens once in **25 years**
- Intersection and convergence of Analytics, Artificial Intelligence, Internet-of-Things, Blockchain, and Quantum Computing – **Data is the underlying base for all digital disruption**

*Staffing industry information source: SIA Report
Data-related information source: IBM Think 2018 Conference*

WITH OUR INVESTMENTS
IN DATA AND ANALYTICS,
WE ARE WELL
POSITIONED TO SOLVE
DIGITAL
TRANSFORMATION
CHALLENGES OF OUR
CUSTOMERS.

Image source: IBM Think 2018 Conference



OUR LEADERSHIP TEAM – READY FOR THE FUTURE

- President and CEO

VIVEK GUPTA



- Chief Financial Officer

JACK CRONIN



- Head – Human Resources

VISHWANATH SHETTY



- Head - Legal and Systems

JENNIFER FORD LACEY



- Head - Mastech InfoTrellis

MAHMOOD ABBAS



- Head – Operations, Mastech InfoTrellis

SACHIN WADHWA



- Head – India Delivery, Mastech InfoTrellis

PONNALAGAR KRISHNAN



- Head – Direct Sales, IT Staffing

MICHAEL BRYAN



- Head – Alliances, IT Staffing

SAMEER SRIVASTAVA



- Head – Recruitment, IT Staffing

SHIPRA SHARMA



RESEARCH/VALUATION ANALYSIS

- *Mastech is an off-the-radar IT services Company that is in the process of transforming itself into a high growth / high margin business.*
- *Company recently completed a highly accretive acquisition*
- *In the coming quarters, investors will get a clearer picture of MHH's earnings power*
- *Mastech InfoTrellis is very well positioned to capture more than its fair share of business in the rapidly growing Master Data Management space*
- *Three positive data points for the Company include the completion of an accretive acquisition; demonstrated growth in its legacy business; and a favorable US income tax rate*

MASTECH: "A ROSY UPDATE"

BY SEEKING ALPHA

Feb 22, 2018

Source URL: https://seekingalpha.com/article/4149321-mastech-rosy-update?auth_param=1dm4o4:1d8th3m:c4154a9d210efa4f623a8220c60341b1&u_prof=75&dr=1

We have only got started.

THANK YOU



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LETS GET IN TOUCH

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