



# MASTECH DIGITAL: A COMPELLING VALUE PROPOSITION

Investor Presentation | November 23, 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**

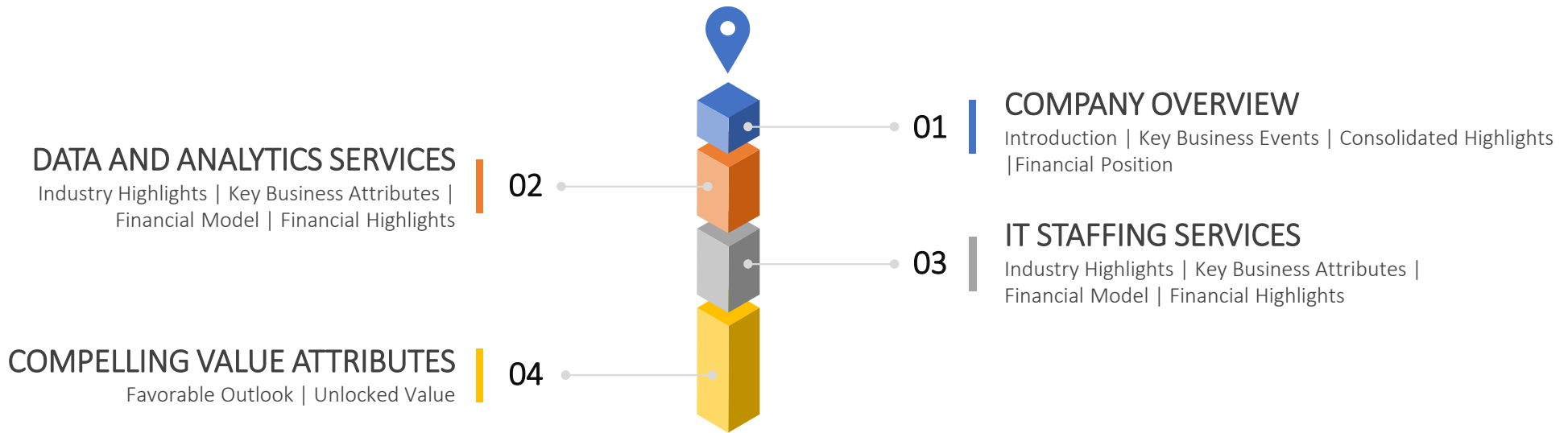
- As the CFO, Jack oversees all finance functions as well as M&A-related activities
- Played a leadership role in Mastech Digital's acquisition of InfoTrellis and Hudson's IT staffing business, as well as the sale of past Mastech Digital subsidiaries
- 21 years at Mastech Digital
- Chief Financial Officer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

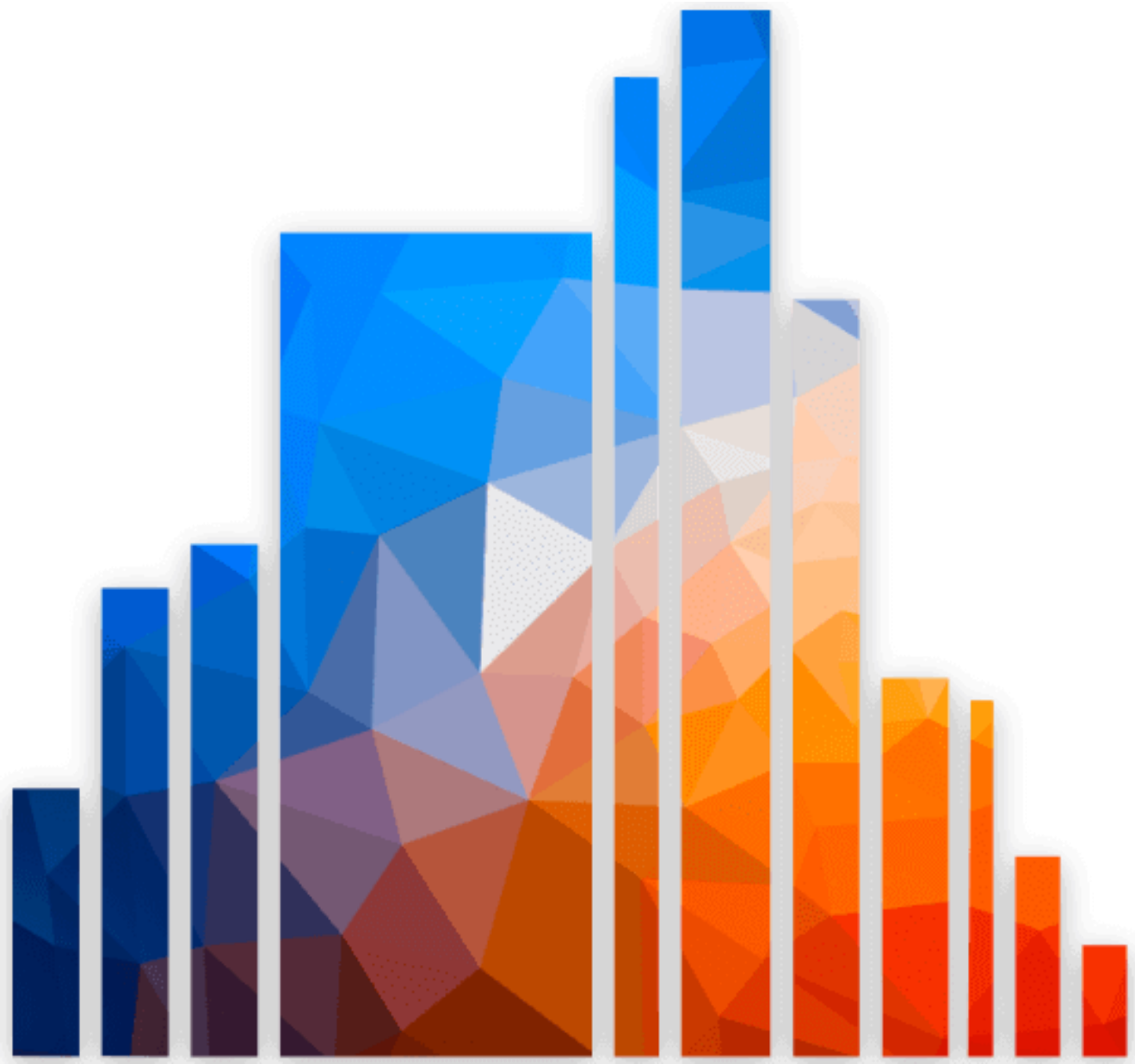


# SAFE HARBOR DISCLOSURE

*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, 2019.*







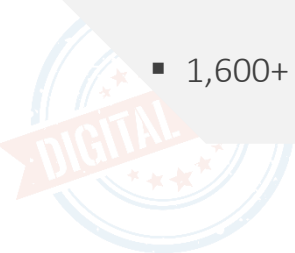
# COMPANY OVERVIEW

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# 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 \$190 million / Expanding gross margins
- 1,600+ associates

## 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



Empowered **new Leadership team** to execute a strategic plan for the Data & Analytics services business

JANUARY 1, 2019



Acquired **Amberleaf Partners**, a Data & Analytics services company

OCTOBER 01, 2020



JULY 15, 2015



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

SEPTEMBER 1, 2016



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

JULY 24, 2018



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

JUNE 30, 2020

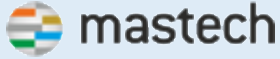






Launched **MAS-REMOTE**, Mastech Digital's Remote Staffing solution





# PROGRESS MADE IN THE LAST FOUR YEARS (PRE-COVID)

PARAMETER	MARCH 01, 2016	JANUARY 01, 2018	JANUARY 01, 2019	JANUARY 01, 2020	SEPTEMBER 30, 2020	IN FOUR AND A HALF YEARS
BRANDING	Mastech 1.0 	Mastech 2.0 	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	Digital Transformation IT Services Company	
REVENUE	\$123.5 Mn	\$147.9 Mn	\$177.2 Mn	\$193.6 Mn	\$145.4 million (9 months)	+56%
HEADCOUNT	1,117	1,517	1,651	1,745	1,622	+45%
% DIGITAL REVENUE	18%	38%	40%	46%	50%	+278%
SHARE PRICE	\$3.61	\$5.03	\$6.44	\$11.07	\$18.01	+500%
MARKET CAP	\$31.6 Mn	\$54.9 Mn	\$70.8 Mn	\$121.7 Mn	\$205 Mn	+648%
GEOGRAPHIES (CUSTOMERS)	USA	USA, Canada	USA, Canada	USA, Canada, EMEA, ASEAN	USA, Canada, EMEA, ASEAN	
OFFSHORE DELIVERY CENTERS	NOIDA, Bangalore	NOIDA, Chennai	Larger NOIDA, Larger Chennai	Larger NOIDA, Larger Chennai	Larger NOIDA, Larger Chennai	

# CONSOLIDATED 2019 FINANCIAL HIGHLIGHTS (PRE-COVID)



## 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



# THIRD QUARTER 2020 FINANCIAL HIGHLIGHTS (COVID IMPACTED)

- Revenues were \$47.4 million; Down YoY by 5%; QoQ revenue decreased by 1%
- Gross margins grew to a record 27.6%; 100 basis points higher than the previous record in Q2, 2020
- Data and Analytics Services segment reported \$7.2 million of revenues; 6% sequential improvement over the Q2, 2020 and a 1% improvement YoY
- Modest gain in Consultants-on-Billing headcount reversing the downward trend of declines in the first half of 2020 (IT Staffing Segment)
- Average bill rate improved by 2%, reflective of digital technologies focus
- NON-GAAP EBITDA increased by 37% YoY to \$5.3 million



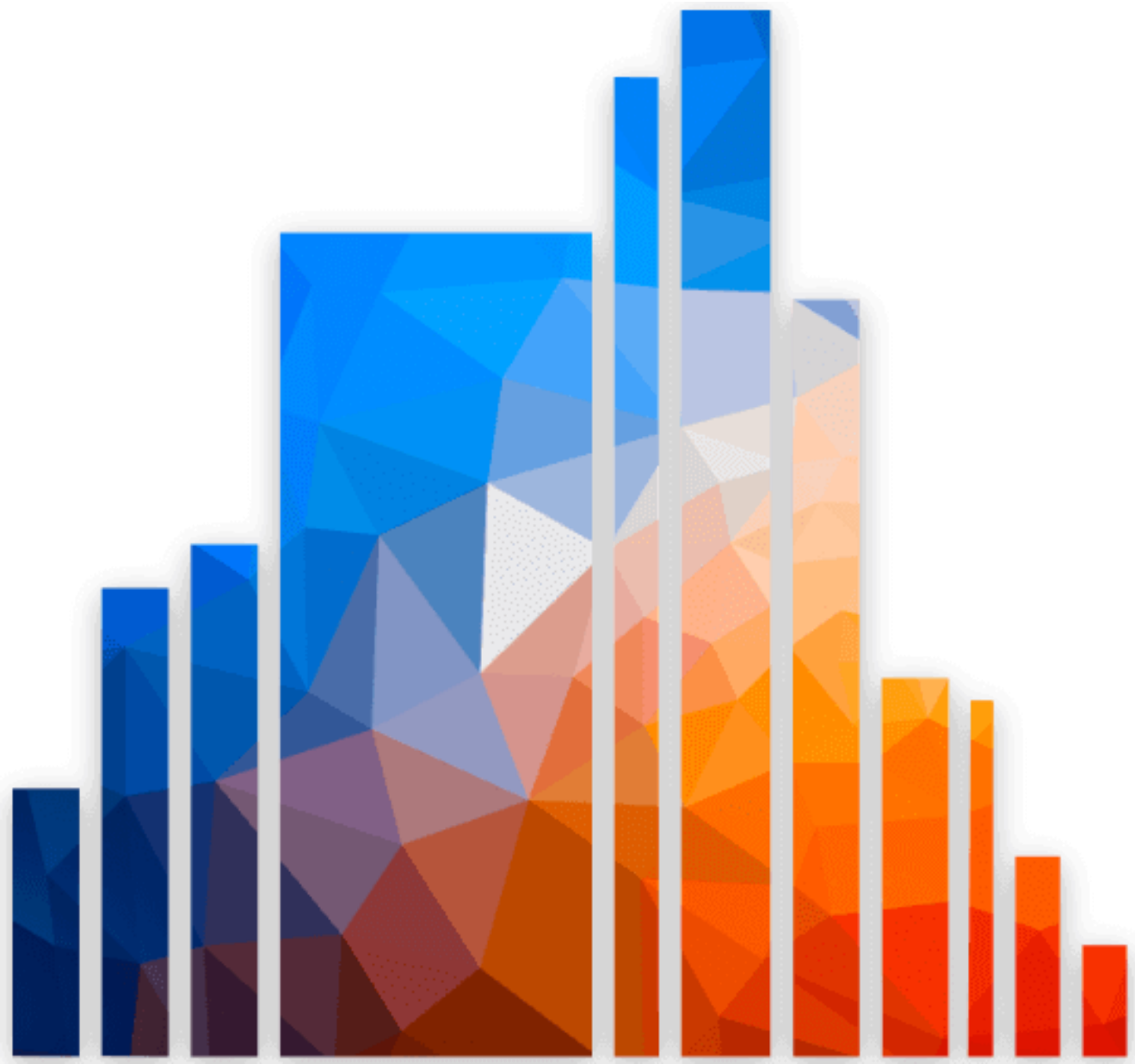
# FINANCIAL POSITION, SEPTEMBER 30, 2020

## MANAGEABLE DEBT LOAD / ADEQUATE LIQUIDITY

- Balance Sheet Bank Debt, net of cash balances:  
Total: \$4.6 million
- Short Term: \$4.6 million
- Effective Annual Interest Rate on Debt: ~4%
- Existing Borrowing Capacity  
under Revolver: \$22.5 million

- Return on Equity: 27%
- Capitalization Ratio: 13%
- Debt to EBITDA: 0.46x





# DATA AND ANALYTICS SERVICES

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# INDUSTRY HIGHLIGHTS

- By 2023, Data and Analytics revenue forecasted to be **\$275 billion**, with a CAGR of **12%**
- By 2022, **90%** of corporate strategies will explicitly mention information as a critical enterprise asset and analytics as an essential competency
- By **2023**, data literacy will become an explicit and necessary driver of business value, demonstrated by its formal inclusion in over **80%** of data and analytics strategies and change management programs
- By 2022, more than half of major new business systems will incorporate continuous intelligence that uses real-time context data to improve decisions.
- India holds **world's largest STEM talent pool**; The **Advanced Analytics talent pool** in India will be able to handle **demand of 750,000+ analytics jobs** by 2021.



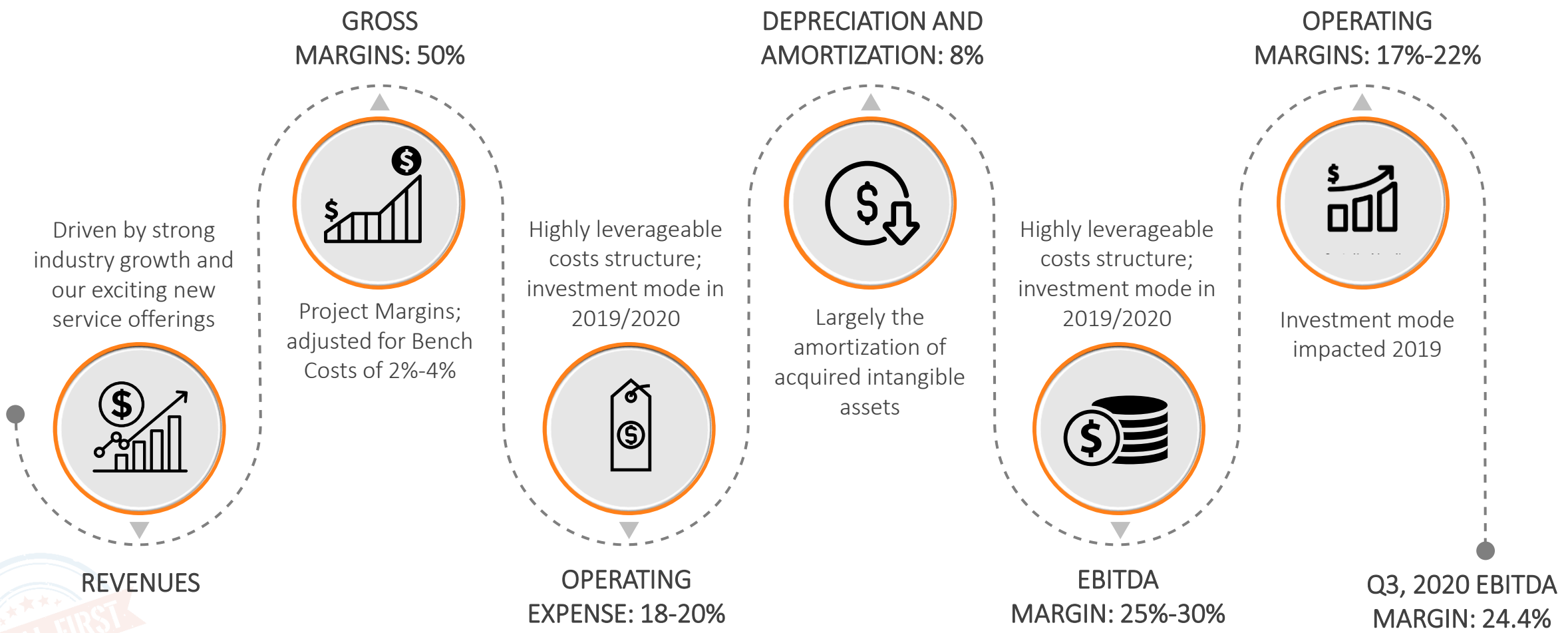
*Source: MarketWatch, NASSCOM, Forrester, Zinnov, Gartner*

# KEY BUSINESS ATTRIBUTES

- Enhanced services portfolio covering the full stack of Data and Analytics including Data Management, Data Engineering, Data Science and Customer Experience Consulting
- 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 a blue swoosh above the word "HIGHMARK" in a serif font.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 globe icon with a white "S" inside, followed by the word "Scotiabank" in a bold, sans-serif font.The logo for Independent Health, featuring a red apple icon with a white stem and leaf, followed by the text "Independent Health" in a sans-serif font.The logo for Zions Bank, featuring the words "ZIONS BANK" in a bold, serif font.The logo for Ahold Delhaize, featuring a green crown icon above the text "Ahold Delhaize" in a green, sans-serif font.The logo for Dell, featuring the word "DELL" in a bold, sans-serif font inside a blue circle.

# DATA & ANALYTICS FINANCIAL MODEL







 **MASTECH**  
DIGITAL

IT STAFFING SERVICES

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# INDUSTRY HIGHLIGHTS

- 2021 US Information Technology Staffing Industry projections: **\$31 billion market size**; with pre-COVID **CAGR of 3%**
- Jobs in IT are projected to reach a scale of 5 million between 2018 and 2028, up **12.2%** over the previous ten-year period
- Contingent worker usage to increase by **179%** over the next ten years
- Deployment of **AI-based automation** is unlocking a world of **opportunities**, enabling more **efficient resourcing by staffing firms and better hiring decisions by enterprises**
- 2020 has presented interesting **opportunities** to the IT Staffing industry



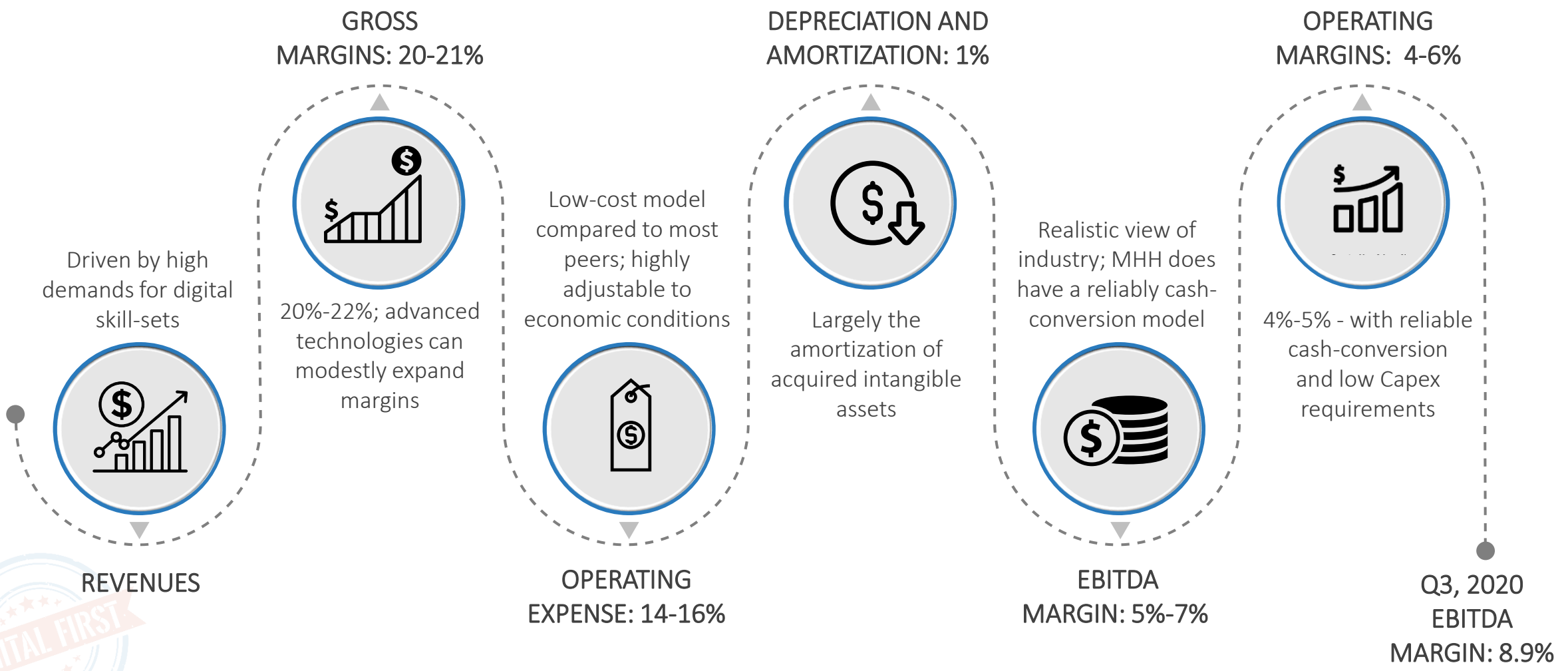
Source: SIA Reports

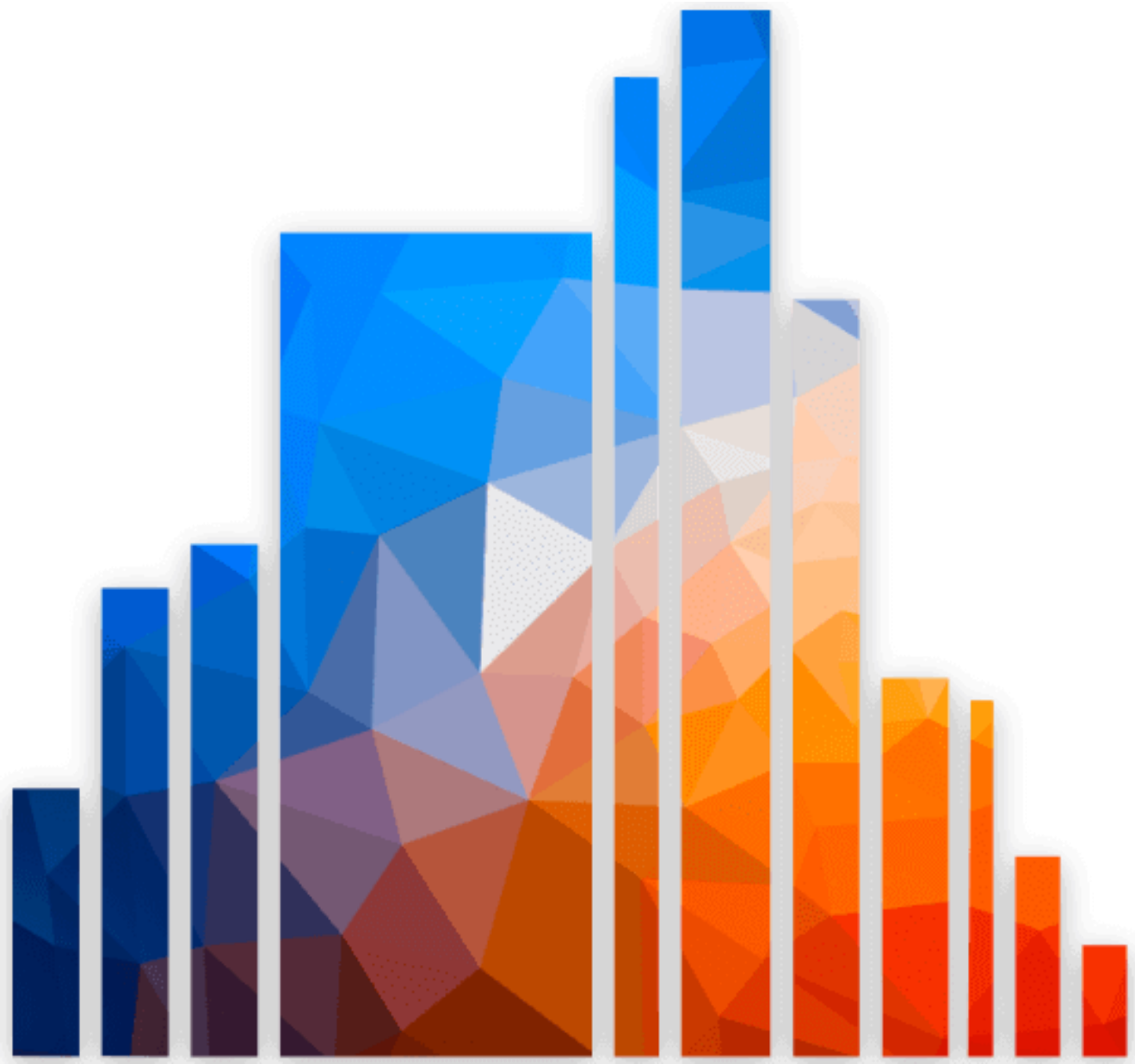
# KEY BUSINESS ATTRIBUTES

- Recognized as a quality provider of IT staffing services with over 30 years in the industry
- Special focus on Digital Staffing over the last three years has helped drive superior revenue growth
- Advantaged recruitment model with nearly 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





# COMPELLING VALUE ATTRIBUTES

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# INVESTOR VALUE PROPOSITION

- Low valuation of MHH at present given the potential of the Data & Analytics segment
- Data & Analytics business delivered record revenues in Q1-2020 of \$7.4 million; Nine months 2020 revenues were up 9% from the previous year
- Our IT Staffing business consistently outperformed industry growth rate of 3% (Pre-COVID)
  - 2019 = 9%; 2018 = 11%; 2017 = 5%; 2016 = 7%; 2015 = 9%
- High gross margin Data & Analytics business continues to expand (record GM% in Q3, 2020), uplifting MHH's overall gross margin profile
- Data & Analytics is a high-growth industry in which customer spend is non-discretionary – can be clearly seen in 2020
- IT staffing industry is growing steadily with increasing demand for Digital technologies (MHH's focus area); the COVID impact shows our business model's ability to quickly adjust its cost structure (Nine months operating profits up 5% from 2019)
- MHH today is wired for scale. We have already made significant investments to support expected growth; COVID is only a pause in our growth trajectory

**THE BEST IS YET TO COME!**



# THANK YOU

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