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# ibex Q2 FY2024 Earnings Call

Bob Dechant, CEO

February 08, 2024



# Disclaimer

This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this presentation, other than statements of historical facts, are forward-looking statements. The words “believe,” “estimate,” “expect,” “may,” “will” and similar expressions are intended to identify forward-looking statements. Such forward-looking statements include, but are not limited to, the statements regarding the our future financial and operating performance, including our outlook and guidance, and our strategies, priorities and business plans. Our expectations and beliefs regarding these matters may not materialize. Forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from the results anticipated by these forward-looking statements, including, but not limited to, general economic uncertainty in global markets and unfavorable economic conditions, including inflation, rising interest rates, recession, foreign exchange fluctuations and supply-chain issues; geopolitical conditions, including developing or ongoing conflicts; our ability to attract new business and retain key clients; our profitability based on our utilization, pricing and managing costs; the potential for our clients or potential clients to consolidate; our clients deciding to enter into or further expand their insourcing activities and current trends toward outsourcing services may reverse; our ability to manage our international operations, particularly in the Philippines, Jamaica, Pakistan and Nicaragua; our ability to anticipate, develop and implement information technology solutions that keep pace with evolving industry standards and changing client demands including the effective adoption of Artificial Intelligence into our offerings; our ability to recruit, engage, motivate, manage and retain our global workforce; our ability to comply with applicable laws and regulations, including those regarding privacy, data protection and information security, employment and anti-corruption; the effect of cyberattacks or cybersecurity vulnerabilities on our information technology systems; our ability to realize the anticipated strategic and financial benefits of our relationship with Amazon, as well as other risks and uncertainties discussed in the “Risk Factors” section of our Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission (the “SEC”) on September 13, 2023 and any other risk factors we include in subsequent filings with the SEC.

Except as required by law, we assume no duty to update any of these forward-looking statements after the date of this presentation to conform these statements to actual results or revised expectations. You should, therefore, not rely on these forward-looking statements as representing our views as of any date subsequent to the date of this presentation. Moreover, except as required by law, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements contained in this presentation.

This presentation also contains estimates and other statistical data made by independent parties and by us relating to market size and growth and other data about our industry. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Neither we nor any other person makes any representation as to the accuracy or completeness of such data or undertakes any obligation to update such data after the date of this presentation. In addition, projections, assumptions and estimates of our future performance and the future performance of the markets in which we operate are necessarily subject to a high degree of uncertainty and risk

By attending or receiving this presentation you acknowledge that you will be solely responsible for your own assessment of the market and our market position and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of our business.

This presentation includes non-GAAP financial measures which have certain limitations and should not be considered in isolation, or as alternatives to or substitutes for, financial measures determined in accordance with GAAP as issued by the FASB. The non-GAAP measures as defined by us may not be comparable to similarly titled non-GAAP measures presented by other companies and have limitations as analytical tools. Our presentation of such measures, which may include adjustments to exclude unusual, non-cash, or non-recurring items, should not be construed as an inference that our future results will be unaffected by these items. Non-GAAP financial measures and ratios are not measurements of our performance, financial condition or liquidity under GAAP as issued by the FASB and should not be considered as alternatives to operating profit or net income or as alternatives to cash flow from operating, investing or financing activities for the period, or any other performance measures, derived in accordance with GAAP as issued by the FASB or any other generally accepted accounting principles.

We are not providing a quantitative reconciliation of forward-looking non-GAAP adjusted EBITDA to the most directly comparable GAAP measure because we are unable to predict with reasonable certainty the ultimate outcome of certain significant items without unreasonable effort. These items include, but are not limited to, non-recurring expenses, fair value adjustments, share-based compensation expense, and impairment of assets. These items are uncertain, depend on various factors, and could have a material impact on GAAP reported results for the guidance period.

For additional information about ibex's business, refer to our Annual Report on Form 10-K filed with the SEC on September 13, 2023, and other documents filed with the SEC from time to time, and relevant earnings press releases (including GAAP, Non-GAAP and other financial tables included therein). The documents that we filed with the SEC can be obtained for free by visiting EDGAR on the SEC website at [www.sec.gov](http://www.sec.gov).

	<p><b>Strong Financial Profile</b> Growth of Key Segments, Strong EBITDA, Net income, FCF, EPS</p>	<p><b>12%</b> TTM Adj EBITDA</p>	<p><b>\$1.78</b> TTM Adj. EPS</p>
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	<p><b>Transformation to a leading Digital First &amp; Analytics driven business</b> Profitable Digital First BPO 2.0 Clients – leading Blue Chips and New Economy</p>	<p><b>4%</b> TTM Growth</p>	<p><b>80%</b> Q2 Revenue</p>
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	<p><b>Geographic Expansion to High Margin Geographies</b> Digital First Clients look to low-cost markets with high quality</p>	<p><b>7%</b> TTM Growth</p>	<p><i>Offshore/Nearshore</i> <b>77%</b> Q2 Revenue</p>
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	<p><b>Ideal Client Diversification</b> Highly Diversified with Top Clients and Strategic Verticals Proven Track record of Land &amp; Expand</p>	<p><i>% of Q2 Revenue</i> <b>41%</b> Top 5 Clients</p>	<p><b>82%</b> Top 25 Clients</p>
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	<p><b>Advancement of ESG initiatives</b> Prioritizing Workforce Diversity and Inclusion</p>	<p><b>41%</b> Female employees in management globally</p>
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## Pipeline and New Logo Wins Accelerating

- 8 wins for Q2 FY24
- 12 Year to Date (versus 7 in prior year)

## Financials

- Revenues: \$132.6m down from \$139.3m Q2FY23
- Adjusted EBITDA: \$14.3m down from \$19.4m Q2 FY23
- \$2.3m adverse impact to Revenue and EBITDA for Deferred Training
- Investments into Sales, AI and HCM/ ERP

## Continued Progress on Expansion of our High Margin Regions & Services

- Offshore/ Nearshore up to 77% from 73% Q2 FY23
- Digital First/ Integrated Omni Channel up to 79% from 73% Q2 FY23
- Global Seat Utilization at 91% exiting Q2 FY24, up from 77% in June '23
- Positions for Margins to Rebound in 2H & beyond

## Acceleration in our AI Strategy

- Eric Guarro named Senior VP of Digital Transformation
- Robust Pipeline of AI solutions with key clients
- Multiple wins and deployments including leading Healthcare company

## Enviably Net Cash Position - \$48m

- Share Buy Back of \$8.4m in the quarter
- Opportunities for Further Geographic Expansion in High Margin Markets (organic or M&A)

**Well Positioned for "Next Phase" of Growth & Margin expansion**

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# Financial Results

Taylor Greenwald  
CFO



## Revenue

\$132.6m Q2 FY24 vs.  
\$139.3m Q2 FY23

- Digital and Omni -Channel delivery represent 79% of total revenue (73% in Q2 FY23)
- Shift in Geo Mix - high margin regions represent 77% of total revenue (73% in Q2 FY23)
- Decline in FinTech and Telecommunication verticals partially offset by increase in HealthTech and Retail & E-commerce verticals
- Adverse impact of the recognition of training revenue associated with new client ramps, creating a \$2.3 million YoY delta

## Net Income

\$6.1m Q2 FY24 vs.  
\$9.3m Q2 FY23

Impact primarily driven by:

- Above mentioned deferred training
- Strategic investments in our technology, including HCM and ERP infrastructure, and our sales organizations

## Fully Diluted EPS

\$0.33 Q2 FY24 vs.  
\$0.49 Q2 FY23

## Adjusted EBITDA

\$14.3m Q2 FY24 vs.  
\$19.4m Q2 FY23

## Adjusted Net Income

\$8.0m Q2 FY24 vs.  
\$12.2m Q2 FY23

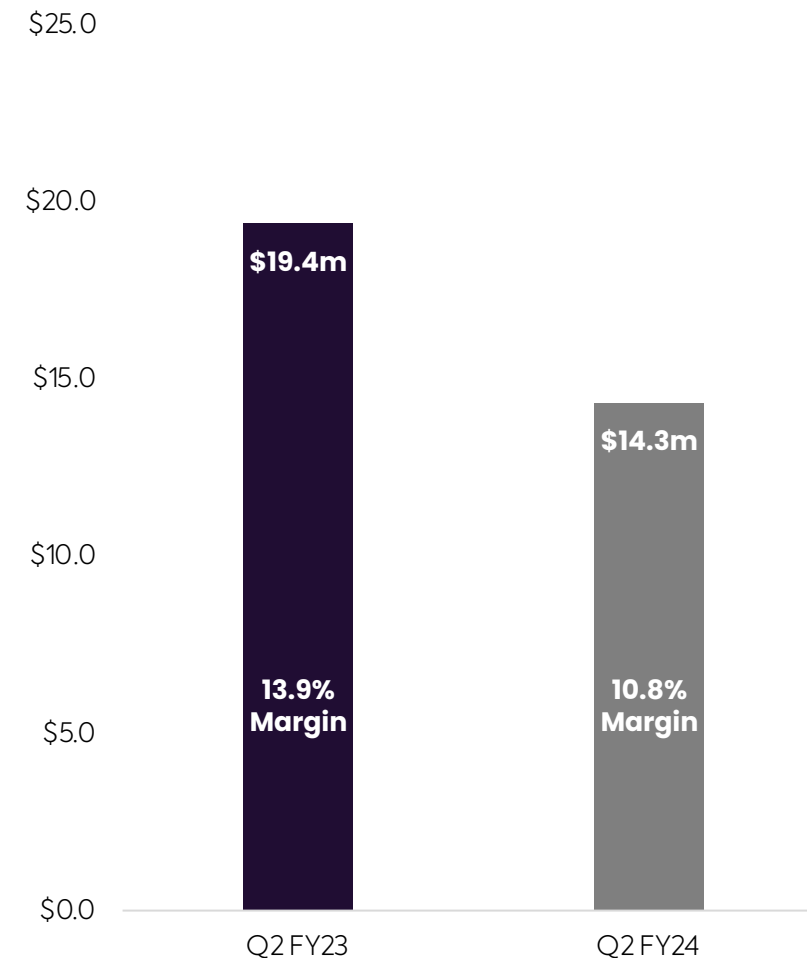
## Adjusted EPS

\$0.44 per share Q2 FY24 vs.  
\$0.65 per share Q2 FY23

Impact primarily driven by:

- The accounting for deferred training revenue of \$2.3m
- Investments in our technology, including HCM and ERP infrastructure, and our sales organizations

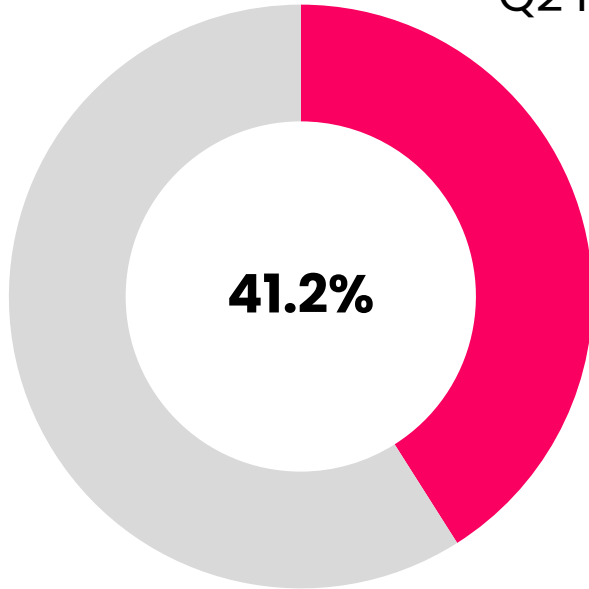
## Q2 Adjusted EBITDA



# Revenue: Model Client Diversification

Q2 FY24 Client Statistics  
(% of Revenue)

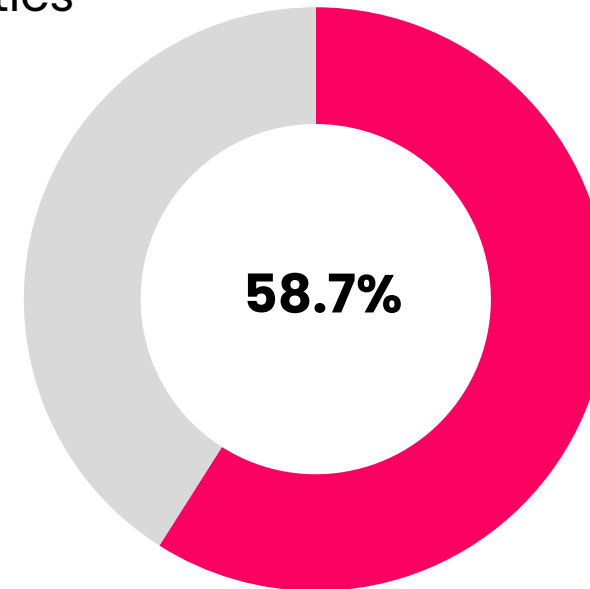
**Top 5 Clients**



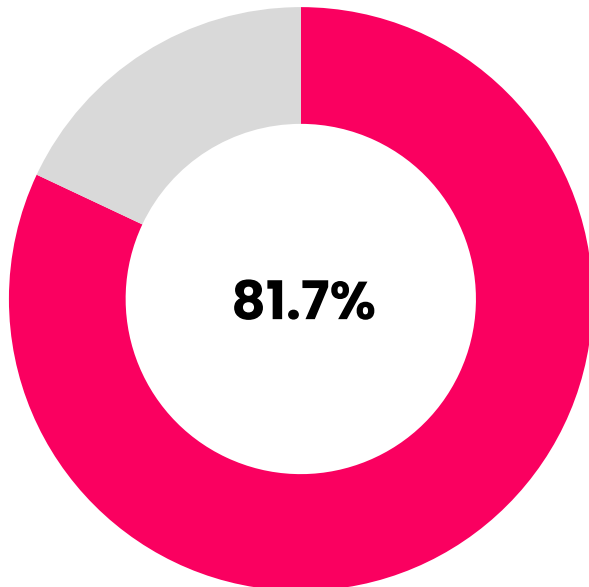
**41.2%**

**58.7%**

**Top 10 Clients**



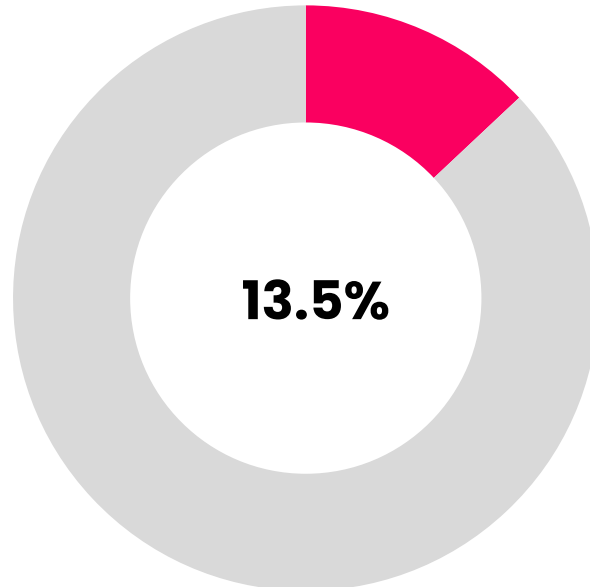
**Top 25 Clients**



**81.7%**

**13.5%**

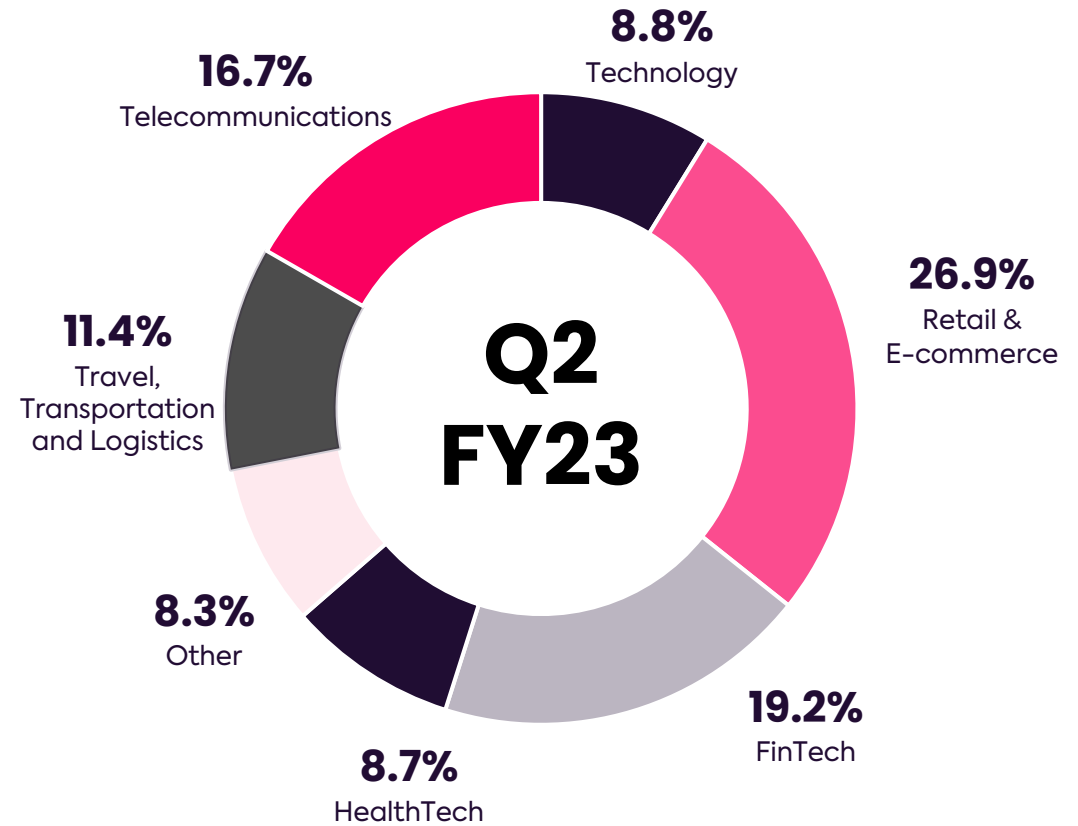
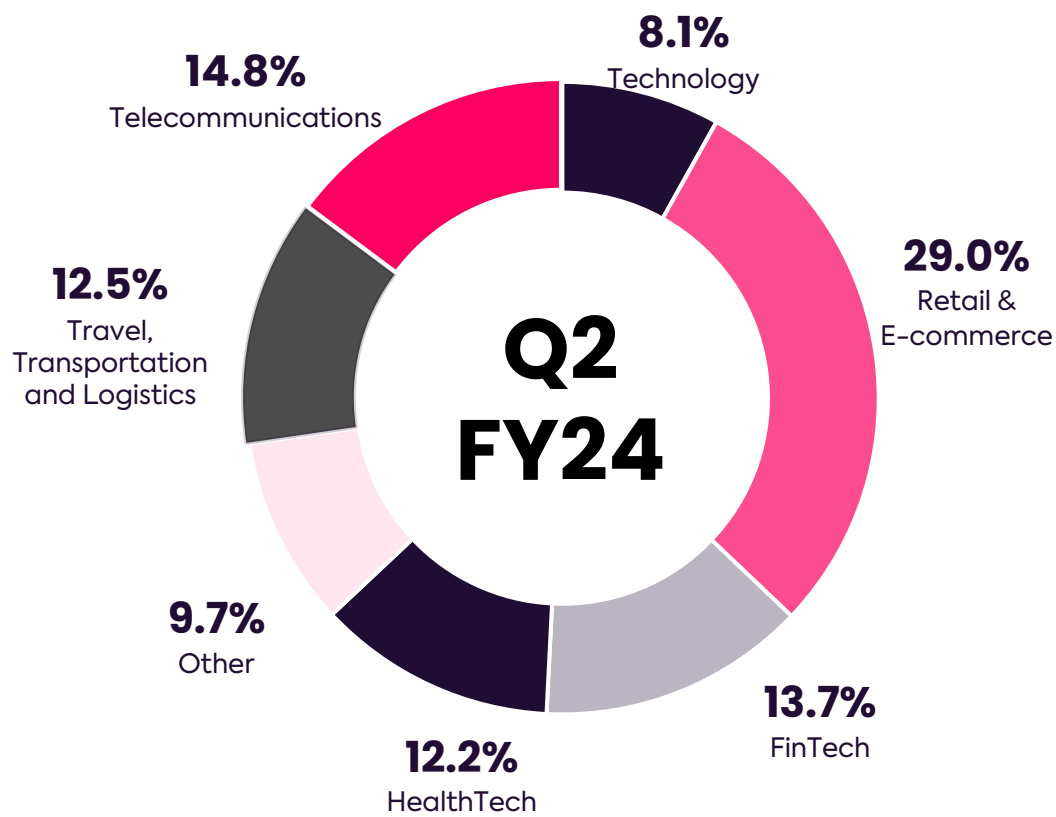
**Largest Client**





# Winning in Strategic Verticals

## Continued Growth in HealthTech and Retail & E-commerce



# Q2 FY 2024: Cash Flow and CapEx

## Net Cash Generated from Operations

-\$1.6m Q2 FY24  
\$5.3m Q2 FY23

## Capital Expenditures

\$2.9m, 2.2% of Revenue Q2 FY24  
\$7.9m, 5.7% of Revenue Q2 FY23

## DSO

73 days Q2 FY24  
67 days Q1 FY24

## Non-GAAP Free Cash Flow

-\$4.5m Q2 FY24 (+\$2.1m H1 FY24)  
-\$2.7m Q2 FY23 (-\$0.7m H1 FY23)

**Cash and Cash Equivalents**

\$49.0m

June 30, 2023, \$57.4m

- Driven by share repurchases of \$8.4m during the quarter

**Total Debt**

~ \$1.0m

June 30, 2023, \$1.0m

- Net Cash position of \$48.0 million from \$56.4 million as of June 30, 2023

## FY24

**Revenue**

**\$505–510m**

**Adj. EBITDA  
Margin**

**~12–13%**

**CapEx**

**\$15–20m**

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# Q & A



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# Appendix



# Reconciliation of Net Income to Adjusted Net Income







































	Three months ended		Twelve months ended		
	31-December		30-Jun		
	2023	2022	2023	2022	
<i>US\$ in thousands, except per share amounts, unaudited</i>					
<b>Net income</b>	\$ 6,075	\$ 9,270	\$ 31,582	\$ 21,456	<b>A</b> Represents US GAAP transition expense, severance expense, legal and settlement expenses, and/or costs related to COVID-19
A Non-recurring expenses	0	792	2,224	3,256	
B Warrant contra revenue	307	310	1,090	970	<b>B</b> Represents contra revenue recognized in conjunction with the Amazon warrant
Foreign currency losses (gains)	697	752	-801	-57	
C Share-based compensation expenses	1,427	1,533	4,606	1,851	<b>C</b> Represents share-based payments expenses including RSA, LTIP, and phantom plans
D Loss on lease terminations	0	0	251	0	
Gain on disposal of subsidiaries	0	0	-246	0	
<b>Total adjustments</b>	\$ 2,431	\$ 3,387	\$ 7,124	\$ 6,020	
Tax impact of adjustments	-482	-425	-1,760	-1,427	
<b>Adjusted net income</b>	\$ 8,024	\$ 12,232	\$ 36,946	\$ 26,049	<b>D</b> Represents the loss on termination of facility leases
<b>Adjusted Net Income Margin</b>	<b>6.0%</b>	<b>8.8%</b>	<b>7.1%</b>	<b>5.3%</b>	
Adj. earnings per share – diluted	0.44	0.65	1.96	1.39	
Weighted average shares outstanding – diluted	18,440	18,860	18,893	18,724	

# Reconciliation of Net Income to Adjusted EBITDA

	Three months ended		Twelve months ended		
	31-December		30-Jun		
	2023	2022	2023	2022	
<i>US\$ in thousands</i>					
<b>Net income</b>	\$ 6,075	\$ 9,270	\$ 31,582	\$ 21,456	<b>A</b> Represents US GAAP transition expense, severance expense, legal and settlement expenses, and/or costs related to COVID-19
Interest expense	111	300	792	1,289	
Income tax expense /(benefit)	1,273	2,019	8,744	-2,077	
Depreciation and amortization	4,946	4,582	18,985	18,100	
<b>EBITDA</b>	\$ 12,405	\$ 16,171	\$ 60,103	\$ 38,768	<b>B</b> Represents contra revenue recognized in conjunction with the Amazon warrant
Interest Income	-512	-138	-640	-43	
A Non-recurring expenses	0	792	2,224	3,256	<b>C</b> Represents share-based payments expenses including RSA, LTIP, and phantom plans
B Warrant contra revenue	307	310	1,090	970	
Foreign currency losses (gains)	697	752	-801	-57	
C Share-based compensation expenses	1,427	1,533	4,606	1,851	<b>D</b> Represents the loss on termination of facility leases
D Loss on lease terminations	0	0	251	0	
Gain on disposal of subsidiaries	0	0	-246	0	
<b>Adjusted EBITDA</b>	\$ 14,324	\$ 19,420	\$ 66,587	\$ 44,745	
<b>Adjusted EBITDA Margin</b>	<b>10.8%</b>	<b>13.9%</b>	<b>12.7%</b>	<b>9.1%</b>	



# Most Awarded BPO 2.0 Provider

 <p>2023 Award for Women Helping Women – Julie Casteel</p> 	 <p>2023 America's Greatest Workplaces for Remote Work</p> 	 <p>2022 &amp; 2023 Customer Experience Innovation Award for wave X</p> 	 <p>2023 &amp; 2024 Philippines Best Employers</p> 	 <p>2023 Most Innovative Company</p> 
 <p>2023 Female Executive of the Year – Julie Casteel</p> 	 <p>2023 America's Greatest Workplaces for Parents &amp; Families</p> 	 <p>2022 Top Exporter Award National IT Conference in Islamabad, Pakistan</p>	 <p>2022 &amp; 2023 Contact Center Technology Award</p> 	 <p>2023 Best Employer Brand Award</p> 
 <p>2023 CRM Excellence Award</p> 	 <p>2022 &amp; 2023 Product of the Year Awards</p> 	 <p>2022 &amp; 2023 Contact Center/ Customer Service Outsourcing Provider</p> 	 <p>2023 Customer Experience Outsourcing Services Leader in Latin America</p> 	 <p>2023 America's Greatest Workplaces for Diversity</p> 
 <p>2020, 2021 &amp; 2022 Great Place to Work in Nicaragua</p> 	 <p>2021 &amp; 2022 Great Place to Work for Women in Central America and Caribbean</p> 	 <p>2022 Gold Award Best BPO and Gender Diversity and Inclusivity in Pakistan</p> 	 <p>2022 Silver Award Top Exporter</p> 	 <p>2022 Female Executive of the Year, Business Products or Services for Julie Casteel</p> 