



F2020-Q3 RESULTS

February 13, 2020

Alithya 

FORWARD LOOKING STATEMENT

This presentation contains statements that may constitute “forward-looking information” within the meaning of applicable Canadian securities laws and “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and other applicable U.S. safe harbours (collectively “forward-looking statements”). Statements that do not exclusively relate to historical facts, as well as statements relating to management’s expectations regarding the future growth, results of operations, performance and business prospects of Alithya, and other information related to Alithya’s business strategy and future plans or which refer to the characterizations of future events or circumstances represent forward-looking statements. Such statements often contain the words “anticipates,” “expects,” “intends,” “plans,” “predicts,” “believes,” “seeks,” “estimates,” “could,” “would,” “will,” “may,” “can,” “continue,” “potential,” “should,” “project,” “target,” and similar expressions and variations thereof, although not all forward-looking statements contain these identifying words.

Forward-looking statements in this presentation include, among other things, information or statements about: (i) our ability to generate sufficient earnings to support our operations; (ii) our ability to take advantage of business opportunities and meet our goals set in our 3-5 year strategic plan; (iii) our ability to expand our capacities and broaden the scope of our service offering; (iv) our strategy, future operations, and prospects; (v) our need for additional financing and our estimates regarding our future financing and capital requirements; (vi) our expectations regarding our financial performance, including our revenues, profitability, research and development, costs and expenses, gross margins, liquidity, capital resources, and capital expenditures; and (vii) our ability to realize the expected synergies or cost savings relating to the integration of our business acquisitions.

Forward-looking statements are presented for the sole purpose of assisting investors and others in understanding Alithya’s objectives, strategies and business outlook as well as its anticipated operating environment and may not be appropriate for other purposes. Although management believes the expectations reflected in Alithya’s forward-looking statements were reasonable as at the date they were made, forward-looking statements are based on the opinions, assumptions and estimates of management and, as such, are subject to a variety of risks and uncertainties and other factors, many of which are beyond Alithya’s control, and which could cause actual events or results to differ materially from those expressed or implied in such statements. Such risks and uncertainties include but are not limited to those discussed in Alithya’s annual and interim Management’s Discussion and Analysis and other materials made public, including documents filed with Canadian and U.S. securities regulatory authorities from time to time and which are available on SEDAR at www.sedar.com and EDGAR at www.sec.gov. Additional risks and uncertainties not currently known to Alithya or that Alithya currently deems to be immaterial could also have a material adverse effect on its financial position, financial performance, cash flows, business or reputation.

Forward-looking statements contained in this presentation are qualified by these cautionary statements and are made only as of the date of this presentation. Alithya expressly disclaims any obligation to update or alter forward-looking statements, or the factors or assumptions underlying them, whether as a result of new information, future events or otherwise, except as required by applicable law. Investors are cautioned not to place undue reliance on forward-looking statements since actual results may vary materially from them.

This presentation also includes certain measures which have not been prepared in accordance with IFRS. These measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. These measures should be considered as supplemental in nature and not as a substitute for the related financial information prepared in accordance with IFRS. Please refer to Alithya’s Management’s Discussion and Analysis for the third quarter ended December 31, 2019 (“MD&A”) for further details.

PRESENTERS



Paul Raymond

President and
Chief Executive Officer



Claude Thibault

Senior Vice President and
Chief Financial Officer

F2020-Q3 KEY TAKEAWAYS

- > Upward trend in gross margin continued and remains a key focus
- > EBITDA⁽¹⁾ and Adjusted EBITDA⁽¹⁾ improved and reached their highest level since going public, in both dollars and percentage
- > Continued to derive integration and operational synergies and savings, with declining SG&A

(1) This is a non-IFRS financial measure. Please refer to the "Non-IFRS Measures" section in the press release and in the MD&A.

F2020-Q3 HIGHLIGHTS

- > Revenues up 13.9% to \$66.2M driven primarily by an additional month of revenues from Edgewater, as well as the Travercent and Matricis acquisitions in the quarter, offset by lower organic growth and the divestiture of our UK operations
- > Addition of 55 new clients in the quarter
- > Gross margin increased to 30.4% from 28.3% in Q3-19. The increase was driven primarily by positive impact of acquisitions, an increase in higher value-added service revenues and increasing use of permanent employees vs. contractors
- > On a sequential basis, when compared to Q2-20, SG&A decreased 4.5%
- > Operating loss of \$2.6M versus \$5.9M in Q3-19
- > Adjusted EBITDA⁽¹⁾ up 166% to \$3.5M with a margin of 5.3%
- > Net loss improved to \$1.8M from \$5.4M for the same quarter last year
- > Completion of 2 complementary acquisitions

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F2020-Q3 FINANCIAL HIGHLIGHTS

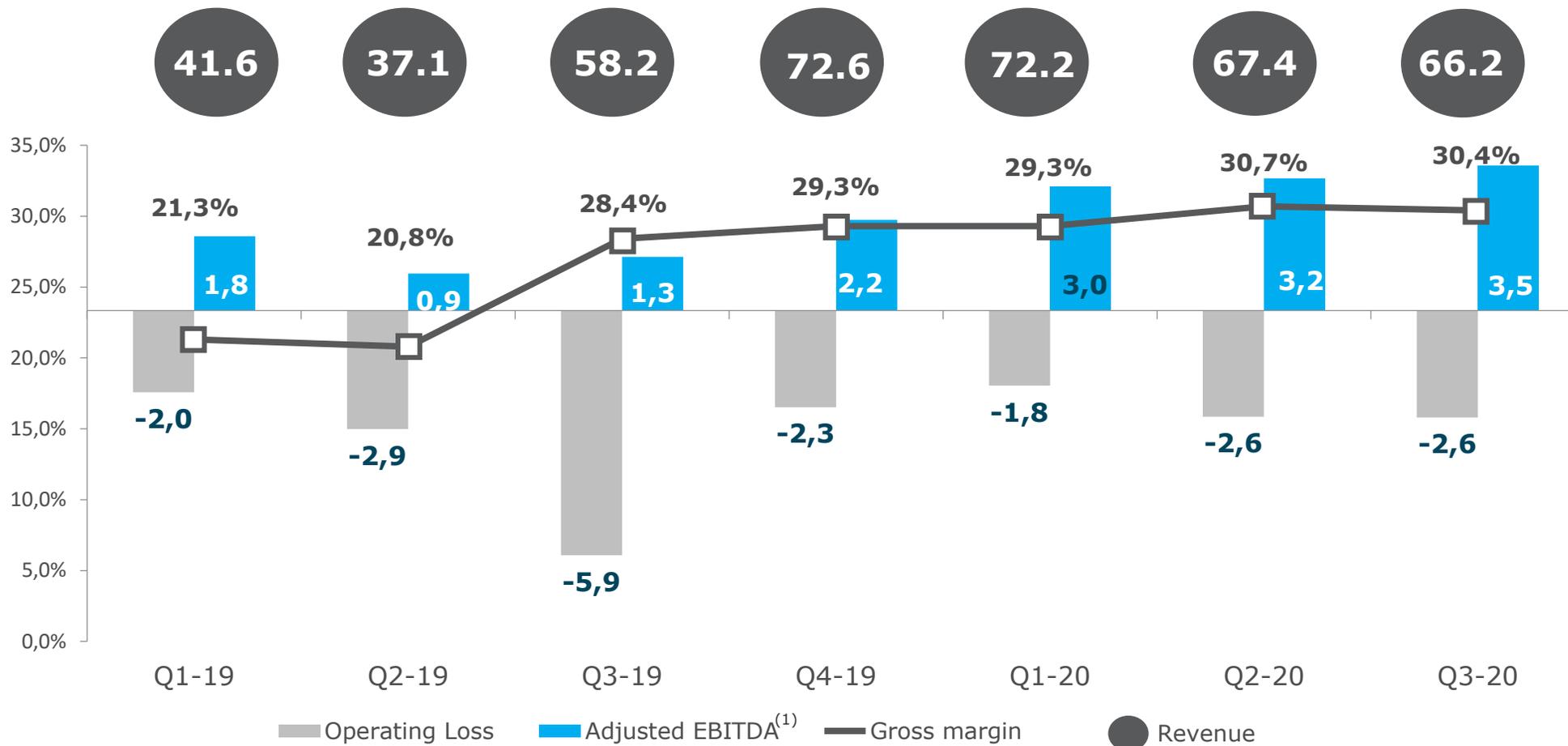
Strong revenue growth and continued margin expansion

	F2020-Q3	F2019-Q3		
REVENUES	\$66.2M	\$58.2M	+13.9% ▲	▲ Acquisitions ▼ Lower organic growth
GROSS PROFIT	\$20.2M	\$16.4M	+22.6% ▲	▲ Acquisitions ▲ Higher value-added services
GROSS MARGIN	30.4%	28.3%	+210bps ▲	▲ Acquisitions ▲ Higher value-added services
OPERATING LOSS	(\$2.6M)	(\$5.9M)	nm ▲	▲ Acquisitions ▲ Higher value-added services
ADJUSTED EBITDA⁽¹⁾	\$3.5M	\$1.3M	+166% ▲	▲ Acquisitions ▲ Impact of the adoption of IFRS 16 – Leases ▼ Recurring and non-recurring expenses related to becoming a public company and expanding the business

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ACCELERATING GROWTH WITH ACQUISITIONS

(In millions of \$, except margins in %)

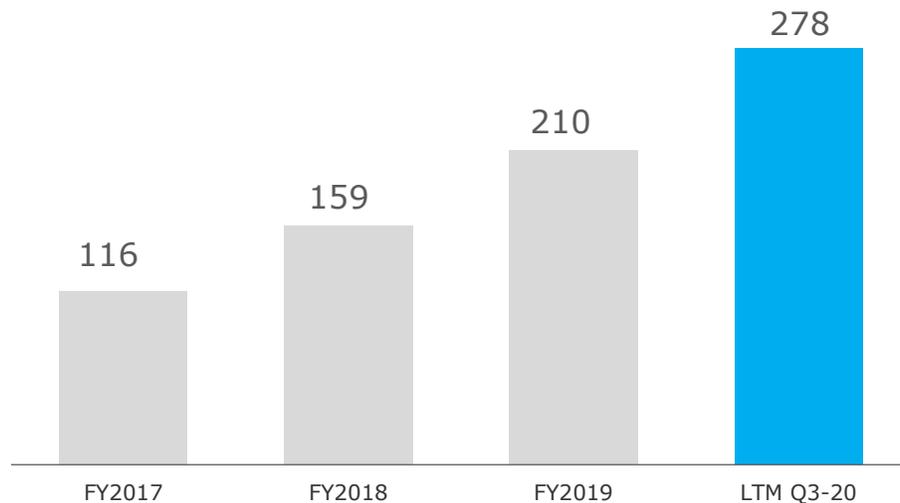


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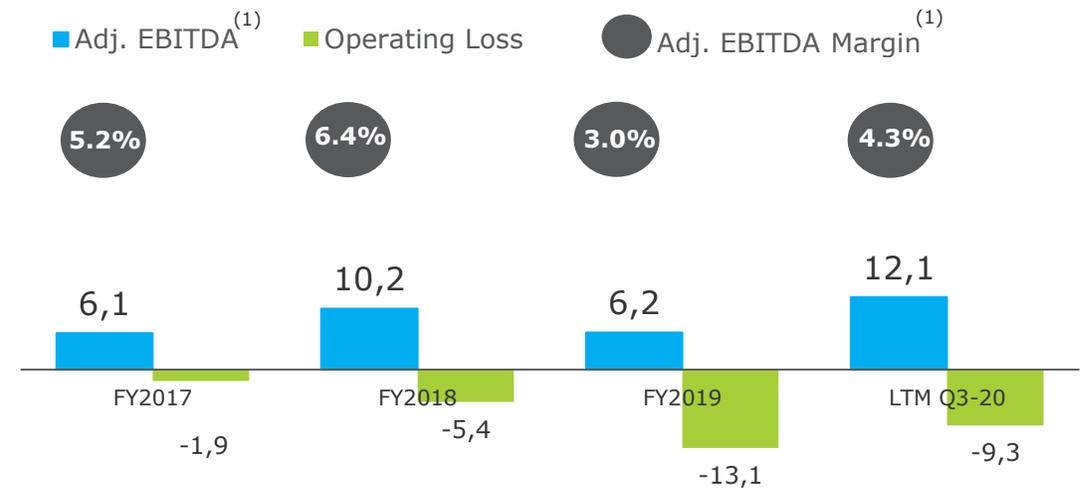
HISTORICAL RESULTS

Increased scale provides support to the global platform as it pivots to higher margin business opportunities both, organically and through acquisitions

Revenues
(in millions)



Operating Loss, Adj. EBITDA⁽¹⁾ & Adj. EBITDA margin⁽¹⁾
(in millions and in %)



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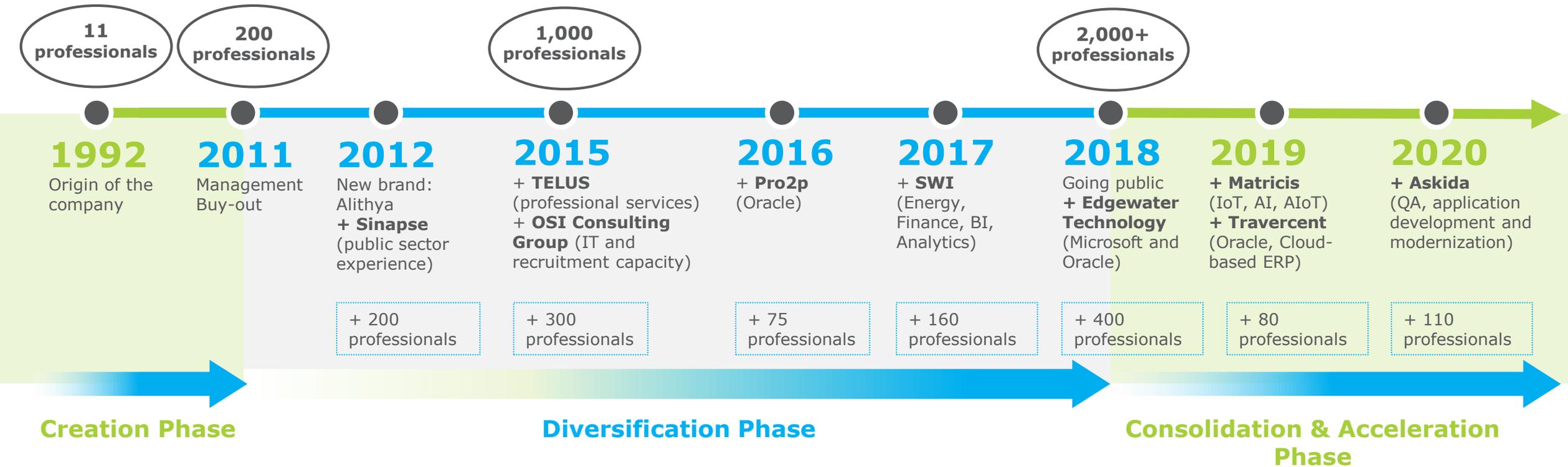
F2020-Q3 LIQUIDITY AND FINANCIAL POSITION

- > Net cash generated from operating activities was \$8.1M in the third quarter of fiscal 2020, compared to \$9.7M of cash used for the same quarter last year, an increase of \$17.8M.
- > Net bank borrowing⁽¹⁾ reached \$10.2M as at December 31, 2019, from \$8.7M as at March 31, 2019, an increase of \$1.5M
 - > With \$23.3M in cash, short term deposits and restricted cash
 - > Total debt of \$45.0M, including long term debt and the current portion of long-term debt

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A PROVEN GROWTH STRATEGY

A **proven consolidator** with a history of successful integrations and **strong organic growth**



TRAVERCENT: A STRATEGIC PARTNER IN HEALTHCARE

>Implement, Manage and Supply



Oracle Cloud ERP

Value proposition

- > Oracle's top cloud partner in the Healthcare business unit
- > Internally developed IP (Capsure™)
- > Process Management Software Implementation
- > Human Capital Management

- > Material Management Processes
- > Mobile Supply Chain automation
- > Inventory Management
- > Medical Equipment Tracking



Oracle HCM Cloud



Oracle Performance Management Cloud

Business sectors

- > Healthcare
- > Medical services
- > Life sciences
- > Professional services
- > Hospitality

Platforms and solutions

ORACLE®

CAPSURE
by Travercent



Oracle Analytics Cloud

ASKIDA: A BROADER OFFERING IN SOFTWARE SOLUTIONS

> Innovate, Test and Ensure Quality



**Custom
Software
Design**



**Quality
Assurance
Testing**



**Software
Integration**



Modernization

Value proposition

- > Custom Software Development
- > Quality Assurance Expertise
- > Internally developed IP (Askida CT)
- > Software Integration & Modernization
- > Test Orchestration & Automation
- > Modernization of legacy systems

> Askida CT: A complete test automation platform that enables a QA team to quickly create tests without needing deep technical skills while guaranteeing software quality

Business sectors

- > Financial services
- > Telecommunications
- > Energy

Platforms and solutions



KEY TAKEAWAYS

- > Upward trend in gross margin supported by acquisitions, higher value-added services and scale
- > 55 new customers added in Q3-2020
- > Exposure to large customer IT investment cycles being offset by new clients, new higher value-added services and growing scale from acquisitions
- > Matricis, Travercent and Askida acquisitions added approximately \$35M in annualized revenues
- > Well thought-out planning before completion of recent acquisitions allowed for smooth integration from day 1 and immediate focus on cross selling opportunities
- > Solid financial position to support acquisition strategy
- > Well positioned to deliver our long-term vision of becoming a North American leader in strategy and digital transformation

OUR 3-5-YEAR STRATEGIC PLAN

OUR GOAL

To better serve our customers and to be their trusted advisor, we aim to become a digital transformation leader. To get there and to stay ahead, we need to grow intelligently, always improve, and execute our 3-5 year strategic plan.

OUR PLAN

- 1** Increasing scale through organic growth and complementary acquisitions
 - > Sustaining organic growth through innovation, higher-value offerings and client-relationships based on trust
 - > Strategic acquisitions by way of a North America geographic expansion to complement current market presence, while progressively adding major integrated enterprise solutions offerings and selected specialized expertise
- 2** Achieving best-in-class employee engagement
 - > Fostering a culture of collaboration and ownership
 - > Cultivating employee well-being and personal growth
 - > Investing in the development of our leaders and employees
- 3** Providing our investors, partners and stakeholders with long-term growing return on investment
 - > Strengthening our existing relationships with clients, as a key trusted advisor, by generating long-term value
 - > Investing in innovation and higher value service offerings
 - > Acting responsibly, with a sustainable and respectful vision for our stakeholders



QUESTIONS AND ANSWERS



INFORMATION

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Alithya 



THANK YOU

Alithya 