



# **F2020-Q1 Results**

**August 14, 2019**

# 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 Edgewater and our operations.

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](http://www.sedar.com) and EDGAR at [www.sec.gov](http://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 first quarter ended June 30, 2019 for further details.

# PRESENTERS



**Paul Raymond**

*President and  
Chief Executive Officer*



**Claude Thibault**

*Senior Vice President and  
Chief Financial Officer*

# F2020-Q1 HIGHLIGHTS

- > Revenues up 73.7% to \$72.2M primarily due to the contribution of the US acquisition
- > Gross margin increased on a sequential basis over the past three quarters, mainly driven by the US acquisition – from Q1-2019 to Q1-2020, margin increased from 21.3% to 29.3%
- > Adjusted EBITDA<sup>(1)</sup> up 71.1% to \$3.0M with a margin of 4.2%
- > On a sequential basis, when compared to Q4-2019, SG&A decreased 6.1%
- > Integration of the US acquisition is progressing ahead of schedule
- > Achieved the 2019/2020 Inner Circle for Microsoft Business Applications

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

# F2020-Q1 FINANCIAL HIGHLIGHTS

Strong revenue growth and continued margin improvement

	F2020-Q1	F2019-Q1		
<b>REVENUES</b>	<b>\$72.2M</b>	<b>\$41.6M</b>	<b>+73.7%</b>	<ul style="list-style-type: none"> <li> US Acquisition</li> <li> Additional business from new and existing clients</li> <li> Resumed growth with certain larger clients</li> <li> Lower number of billing days</li> </ul>
<b>GROSS MARGIN</b>	<b>\$21.2M</b>	<b>\$8.9M</b>	<b>+139.1%</b>	<ul style="list-style-type: none"> <li> US Acquisition</li> <li> Timing in the start of certain projects</li> </ul>
<b>GROSS MARGIN (%)</b>	<b>29.3%</b>	<b>21.3%</b>	<b>+800bps</b>	<ul style="list-style-type: none"> <li> US Acquisition</li> <li> Timing in the start of certain projects</li> </ul>
<b>ADJUSTED EBITDA<sup>(1)</sup></b>	<b>\$3.0M</b>	<b>\$1.8M</b>	<b>+71.1%</b>	<ul style="list-style-type: none"> <li> US acquisition</li> <li> Recurring and non-recurring expenses related to becoming a public company and expanding the business</li> </ul>

(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.

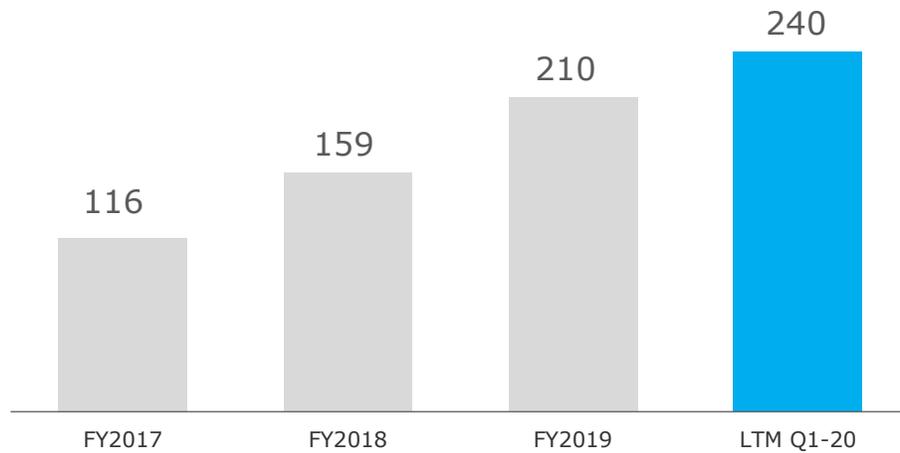
# F2020-Q1 LIQUIDITY AND FINANCIAL POSITION

- > Net cash generated from operating activities increased to \$4.2M, compared to (\$1.2M) for the same quarter last year
  - > Better management of working capital items
- > Net bank borrowing reached \$7.0M as at the end of the first quarter, from \$8.7M at the end of the fourth quarter of 2019, a decrease of \$1.7M
  - > With \$14.7M in cash, short term deposits and restricted cash and a total debt of \$23.9M, including long term debt and the current portion of long-term debt

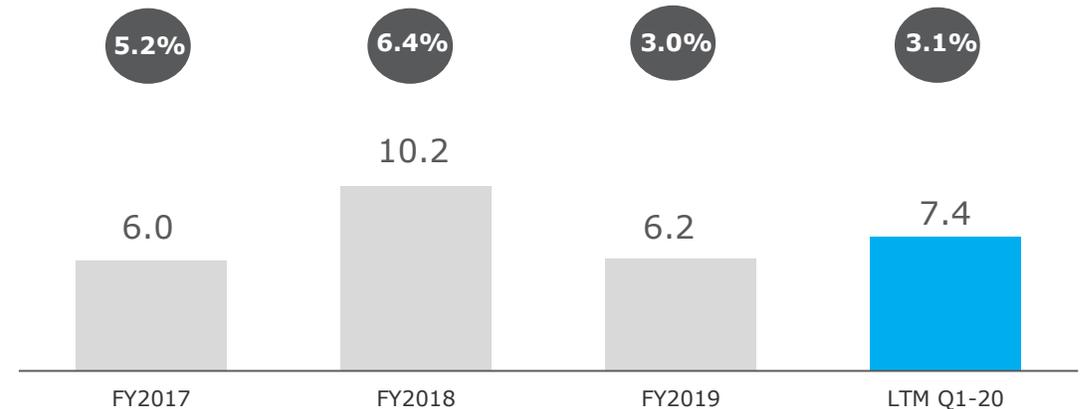
# HISTORICAL RESULTS

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

**Net Revenues**  
(in millions of C\$)



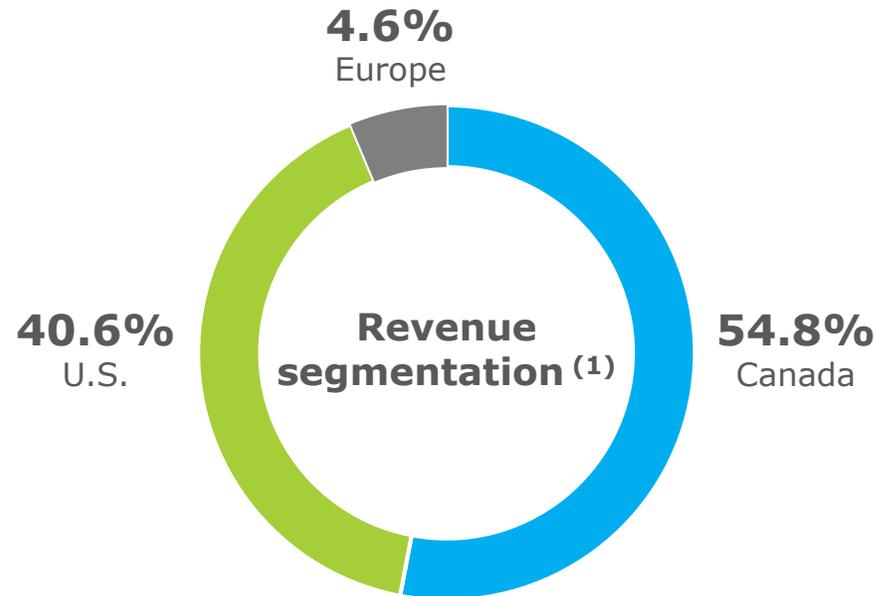
**Adj. EBITDA<sup>(1)</sup> & Adj. EBITDA MARGIN<sup>(1)</sup>**  
(in millions of C\$ and in %)



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

# A STRATEGY & DIGITAL TRANSFORMATION LEADER

Specialized in designing innovative and efficient solutions for complex digital integration and business challenges



(1) Revenue segmentation based on Q1-20.

**2,000**

Professionals

**1992**

Foundation



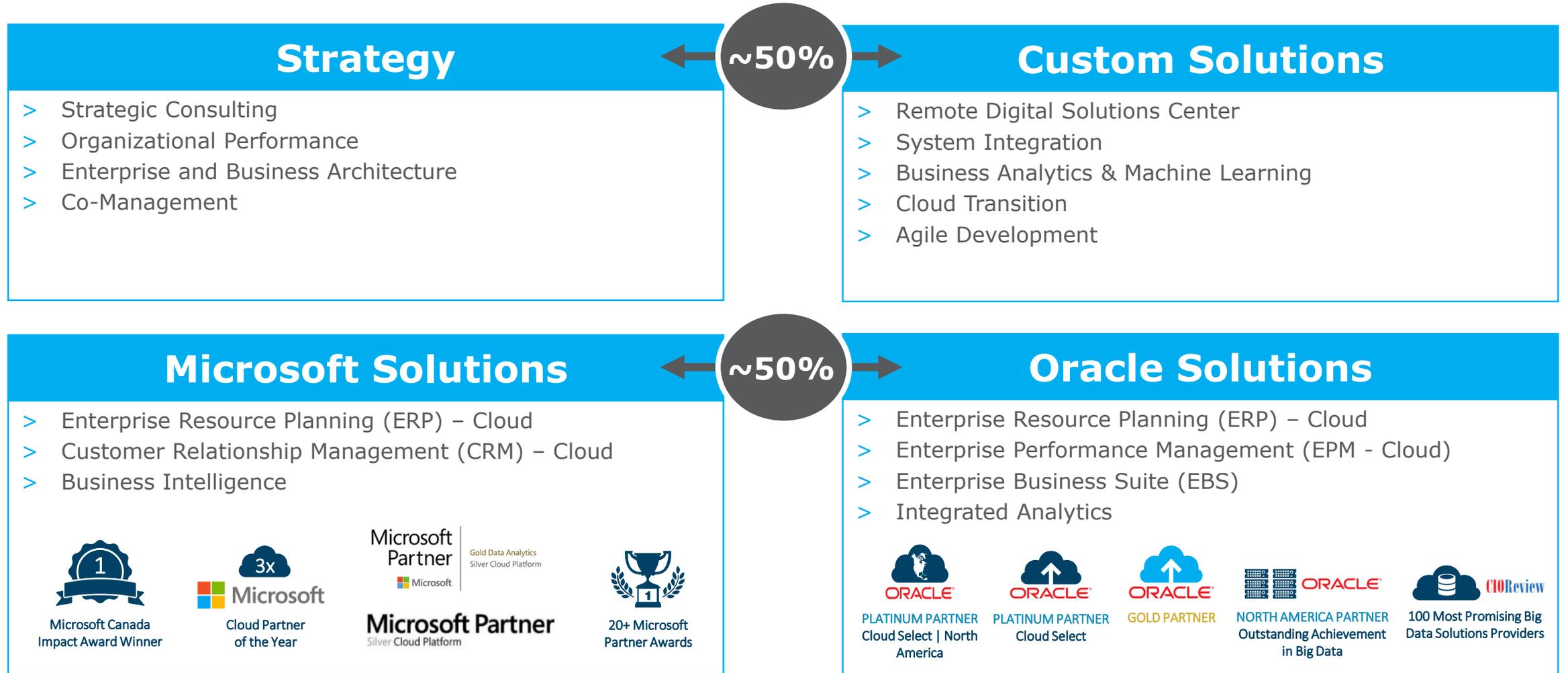
Strategic Partner

**ORACLE®**

Strategic Partner

- > Second largest system integrator in Canada
- > Proven industry consolidator in highly fragmented market
- > Operating within faster growing segments of the overall IT sector
- > Solid financial position

# INTEGRATED OFFERING



Note: As a percentage of pro-forma revenues.

# 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

- |   |  |
|---|--|
| <b>1</b> Increasing scale through organic growth and complementary acquisitions                         | <ul style="list-style-type: none"><li>&gt; Sustained organic growth through innovation, higher-value offerings and client-relationships based on trust</li><li>&gt; 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</li></ul> |
| <b>2</b> Achieving best-in-class employee engagement  | <ul style="list-style-type: none"><li>&gt; Fostering a culture of collaboration and ownership</li><li>&gt; Cultivating employee well-being and personal growth</li><li>&gt; Investing in the development of our leaders and employees</li></ul>  |
| <b>3</b> Providing our investors, partners and stakeholders with long-term growing return on investment | <ul style="list-style-type: none"><li>&gt; Strengthening our existing relationships with clients, as a key trusted advisor, by generating long-term value</li><li>&gt; Investing in innovation and higher value service offerings</li><li>&gt; Act responsibly, with a sustainable and respectful vision for our stakeholders</li></ul>  |

# KEY TAKEAWAYS

- > Continue to materialize synergies in upcoming quarters
- > Diversify our business to higher value business offerings
- > Leverage cross-border capabilities to offer additional expertise to our clients
- > Complete the integration of our US acquisition
- > Pursue our acquisition strategy
- > Well positioned to deliver our long-term vision of becoming a North American leader in strategy and digital transformation



# Questions and Answers

A graphic on the left side of the slide shows two hands shaking in a firm grip. The image is partially obscured by overlapping geometric shapes in shades of blue and grey. The background of the slide is white with large, light grey geometric shapes that create a sense of depth and movement.

# Contact information

**Gladys Caron, Vice President,  
Communications and Investor Relations**

514-285-5552 #2891

[gladys.caron@alithya.com](mailto:gladys.caron@alithya.com)

**Alithya** 



**THANK YOU!**