E2E Networks Limited

Investor Presentation

2019

SAFE HARBOR

This presentation contains statements that contain "forward looking statements" including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to E2E Networks" future business developments and economic performance.

While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance.

E2E Networks undertakes no obligation to publicly revise any forward looking statements to reflect future / likely events or circumstances.

E2E is a Cloud Infrastructure Provider

Building Superior Public Cloud Product with great Value to Customers

About us

- E2E Networks founded in 2009; is a Cloud Infrastructure provider
- Amongst the largest Indian Public Cloud Companies in India
- E2E raised initial investment from Blume Ventures and has got listed on NSE Emerge in May 2018
- We have built our own Cloud Infra and developed our Technology Stack using Open Source, making our Infra among the most affordable in the market
- Customers across various segments

Our Product

- E2E was among the early players in India to offer contract-less computing
- We strive to build a superior Public Cloud with focus on customer experience
- We only focus on essential micro-services critical for customers on cloud
- Self-Service Public Cloud with necessary micro-services has significant entry barrier
- We will continue to remain cost-leaders to be able to address the hugely value conscious SME market in India

Cloud Infra Highlights

127 Number of **Racks***

5.0 GBPS of Internet **Bandwidth Consumed by the Cloud Platform**

135 MWh Units of **Average Energy Consumed per month***

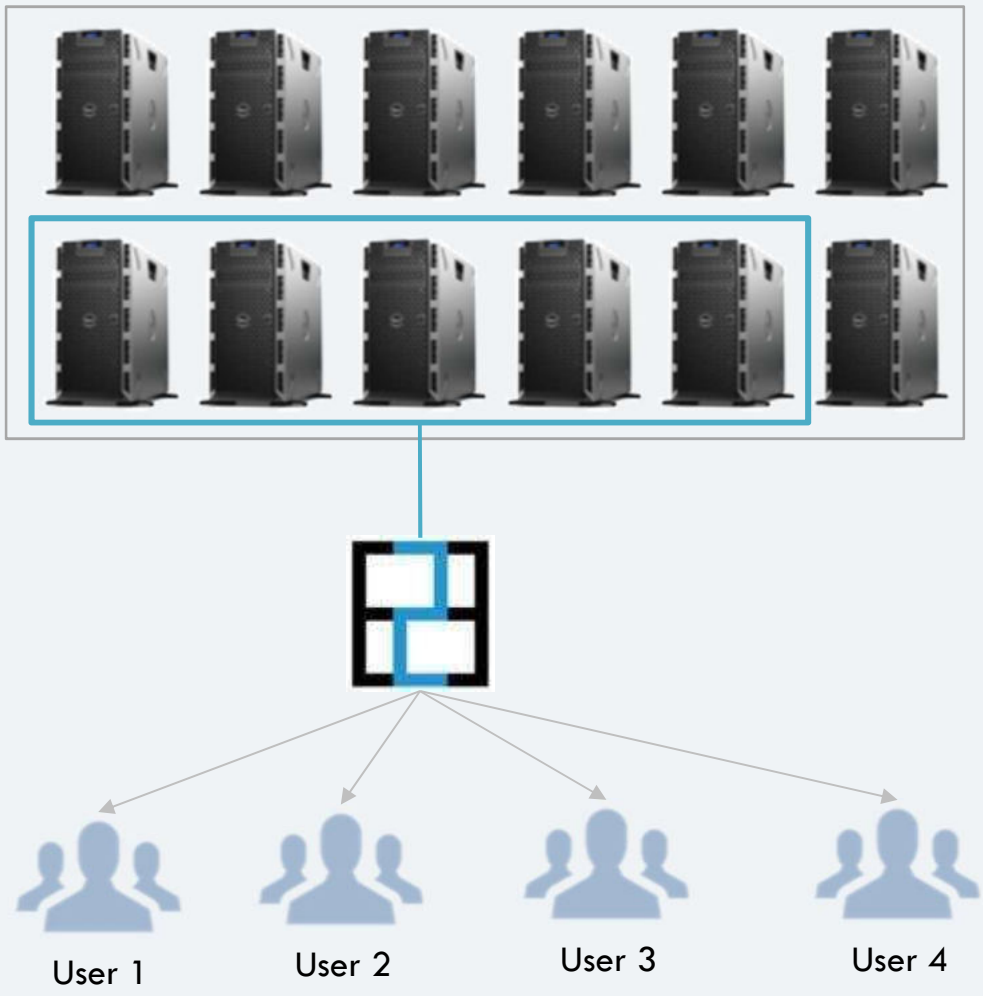
99.9 Percent of **System Availability**

1000+ Number of **Billed Customers***

~10 **Years** in service

*Note: * As on January 2019*

Our Business Model in Cloud Infra



- E2E has agreements with Datacenters for colocation services
- E2E deploys its own/leased servers and other compute infrastructure and configures them to be used as Dedicated or Virtual Servers for Clients
- Clients have the flexibility to increase or decrease their compute requirements and we charge on hourly and monthly basis
- Our own software stack built from ground up based on Open Source
- Constantly improving UI/UX on self service platform

Cloud Infra Offering

E2E has built its own Cloud Computing infrastructure from the ground up using Open Source Software and custom designed servers to optimize cost, performance and speed of delivery

E2E can quickly deliver on cost effective public cloud solutions on pay as you go model for customers

Based on **Functional Requirement** we provide

- Memory Intensive Compute
- High-Performance Compute
- Storage Intensive Compute
- Windows Compute

Based on the Need for Customization we provide both PUBLIC and PRIVATE Cloud

Virtual / Dedicated Compute Nodes

Load Balancers on Cloud

Backups

Appliances New

Augmenting our offering by adding various Appliances

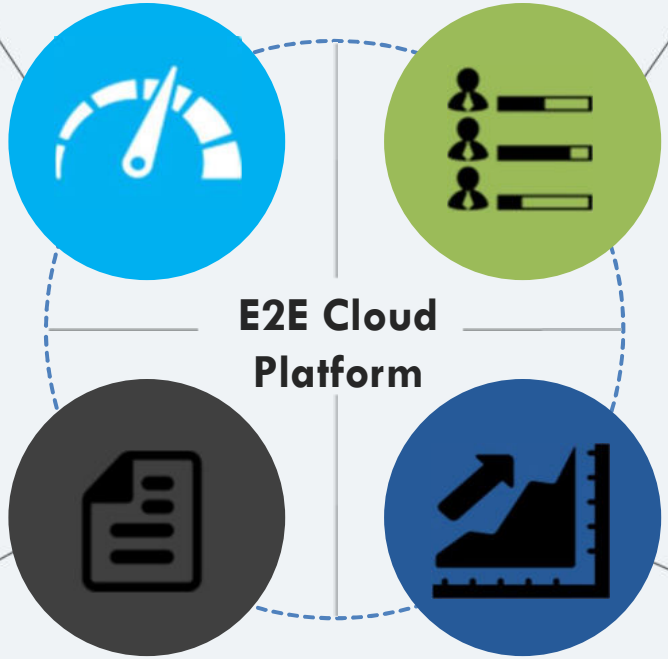
Benefits of Our Cloud Infra Platform

Performance

- For general purpose to advanced workload
- Low latency due to Indian Data Center
- High uptime and reliability

Self Service Experience

- Self Service cloud with easy monitoring, deployment and backups
- Increasing number of features being made available as self-service



Compute

- Latest generation compute infrastructure
- Established practice of hardware refresh cycle allows us to upgrade hardware with improved cost efficiencies

Cost Effective

- Best in industry and competitive against even smaller domestic player
- Easy to understand Billing

E2E Comparison of Cost vs Peers

	E2E	AWS	DO	GCP	Rackspace	Azure	Alibaba
Plan Type	C.30 GB	C4.2xlarge	Optimized Droplet	n1-highcpu-8	Compute1-15	F8s V2	Ecs.sn1ne.2xlarge
RAM	30 GB	15 GB	16GB	7.20GB	15GB	16GB	16GiB
vCPU	9	8	8	8	8	8	8
Storage	300 GB SSD	Extra Storage costs	100 GB SSD	Extra Storage costs	Extra Storage costs	64 GB Temp Storage	Extra Storage costs
₹ Price per Month	₹6,000	₹20,500	₹11,500	₹12,500	₹23,000	₹16,500	₹12,000
₹ Price per Hour	₹8.0	₹28.3	₹16.9	₹24.2	₹31.8	₹22.5	₹ 24.2
Source	*https://www.e2enetworks.com/products/virtual-compute-nodes/*	*https://aws.amazon.com/ec2/pricing/on-demand/*	*https://www.digitalocean.com/pricing/#droplet*	*https://cloud.google.com/compute/pricing*	*https://www.rackspace.com/en-in/cloud/servers/pricing*	*https://azure.microsoft.com/en-in/pricing/details/virtual-machines/linux/*	*https://www.alibabacloud.com/pricing*

Note:

- *₹ Price per Month and Per Hour has been rounded for ease of representation*
- *Price in India or APAC as published in respective website and conversion as on Jan'19*

Sustainable Cost Advantage

	E2E NETWORKS	GLOBAL PLAYERS WITH SERVERS IN INDIA	GLOBAL PLAYERS WITH SERVERS GLOBALLY
POWER	↓ Low Density Deployment	↔	↓↓ Very Cheap Power
BANDWIDTH	↔	↔	↔
HARDWARE	↓ Limited number of SKUs	↔	↓ International Sourcing
SOFTWARE	↓↓ Open Source & Own Stacks	↑↑ Massive Stack adds to cost	↑↑ Massive Stack adds to cost
OVERHEADS	↓↓ Lower Fixed Cost	↑↑ High Overheads	↑↑ High Overheads
PRODUCT FEATURES	Basic and Catching up on most used features	Advanced Features with constant addition	Advanced Features with constant addition
LEARNING CURVE	Flat Learning Curve	Steeper Learning Curve	Stepper Learning Curve

Rapid Evolution in our Public Cloud Product

Significant improvement in Flexibility of usage, Product Offering and Customer Experience in last 1 Year

Scaling up of Development and Service Delivery Team to enable changes further

Product Offering	Flexibility to use	Customer Experience	Future Evolution
Smart Dedicated Servers on Linux Windows cPanel	**Storage Oriented Solutions** Series D delivers low-latency and good IOPS for Data intensive applications	**My Account Portal** Improving UI/UX, improved functionally and self-service	- Improve micro-services offering - More storage and delivery option - Drive and Introduce adoption of Appliances
cPanel & Windows admin panel systems	On-demand highly scalable public cloud	Improvements in **Billing**	Add more options on how consumer can use our infra
Appliances Finance Appliance More to be added to drive infra adoption	Newer Compute Series with different configuration	Focus on **Relationship Management** with dedicated personnel	-Introducing newer **Billing Options** - Focus on enabling more self-service VMs

Introduced Innovative Product Like Smart Dedicated Servers

Benefit of Public Cloud and Dedicated Servers woven together

Offers (a) Reduced deployment time, (b) Reduces Cost, (c) Simple Administration, (d) Backup options and (e) Pay as you go billing

Available in various OS like Windows, Linux and Control Panels like cPanel, Plesk and Webuza

Dedicated Hardware

Isolated Environment

Contractless

Indian Data Center

Easy Migration Between Servers

Convenient Provisioning and De-provisioning

CLOUD INFRA GROWING IN INDIA AT 40% CAGR

Large Addressable and a very fast growing Industry driven by

Higher Consumption of Data and to accelerate further with adoption of newer technologies like Artificial Intelligence, Machine Learning, IOT

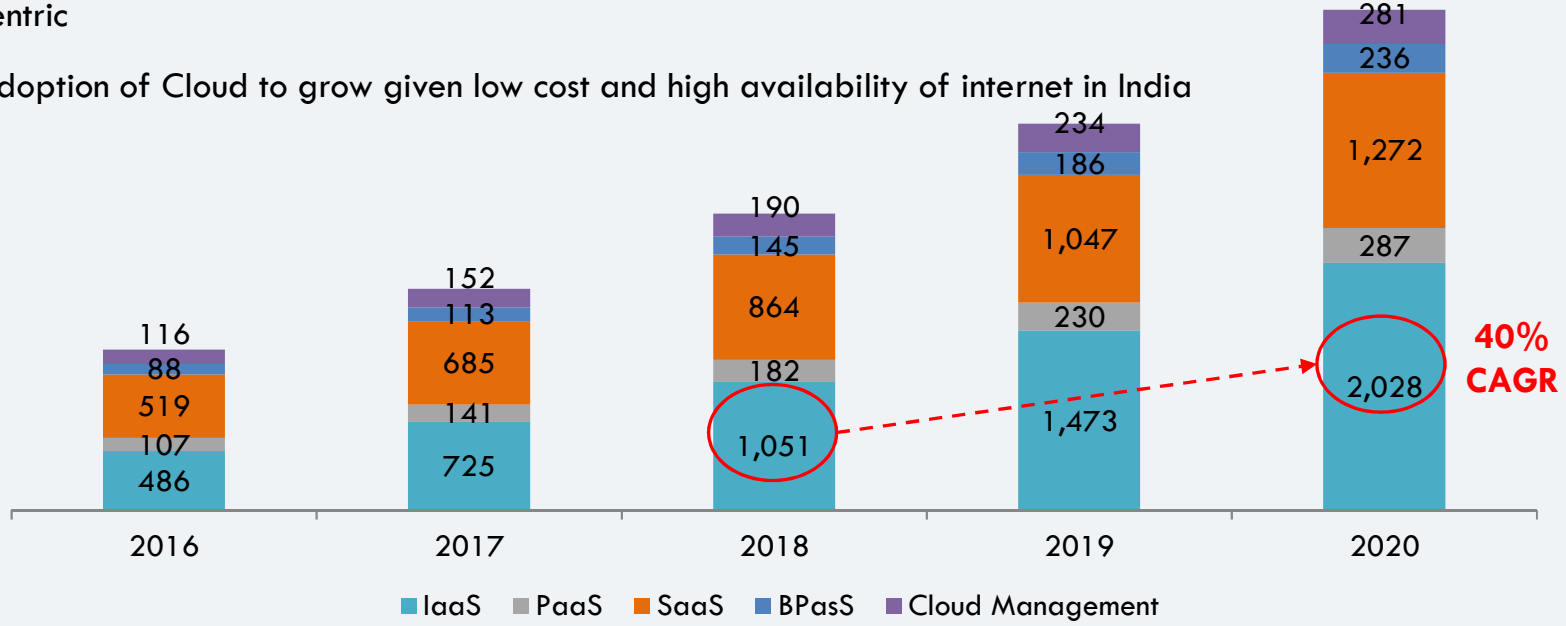
Improvement in Data Connectivity driving acceptability and more so among SMBs

Government Push to go Digital large budget for Bharat Net and push for Digital India Program

Our **focus on SME/MSME** – one of the fastest growing market with 50mn+ SMEs in India

E2E offer deep value to SME given its cost competitiveness, hand-holding, and more application workload centric

Adoption of Cloud to grow given low cost and high availability of internet in India



Source: Gartner Report on Indian Cloud Services,, May 2018. Note: Figure in $ mn

Recent Challenges and Our Approach to Growth

Decline / Loss of Revenue from few key customers has impacted our Revenue in the last 6 months. FY19 revenue likely to decline as against FY18.

Client concentration risk reduced significantly. Expect this to further reduce with our focus on SME/MSME

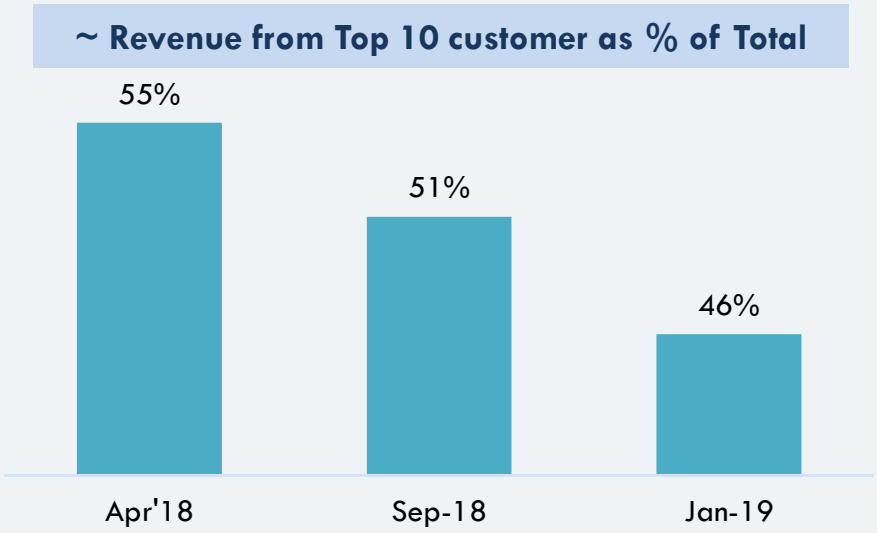
Disproportionate impact on profitability due to broadly fixed overheads and our continued impetus on hiring for building organization to tap future potential

E2E continued effort to build a superior Public Cloud Product is seeing traction with:

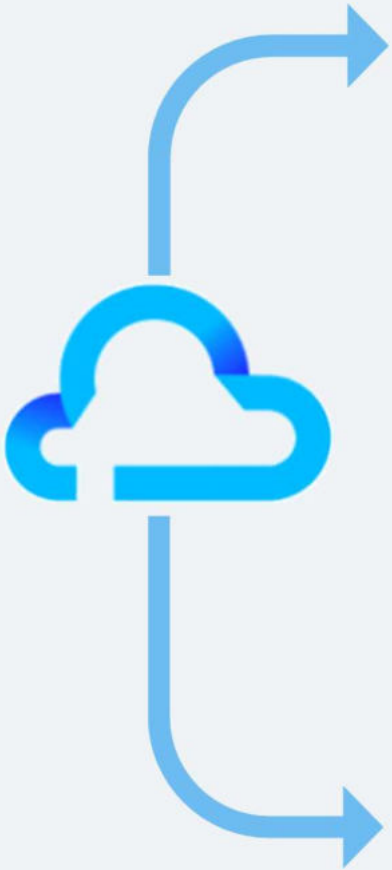
-Significant number of self-service customers added in last few months

-Sales effort seeing momentum with gross new addition of on an average Rs10 lac/month – to accelerate further

- Growth opportunities in Digital Transformation, AI, SME among others



Business Strategy and Focus



Making our product more robust with greater flexibility for usage

Provide more options on how to use infra including usage for short-term and other specific usage

Various kind of flexibilities like Payment, Commitment Period, Operating System

Improving Technical Capabilities

Build capabilities in terms of important micro-services

Development of Infra heavy Appliances relevant to the SME market to drive adoption

Driving growth

Focusing on SME and mid-size accounts by building process driven Sales

De-risking revenue by reducing client concentration

Scaling Sales and Technology organization to capitalize on huge market opportunity

Looking at Inorganic opportunities to add to portfolio of clients or product offering

Building Up the Organization to Deliver

Scaling up the Organization…

66	86	100+
A **Year Back** *Jan'18*	Around Apr'18	**Now** *Jan'19*

Across functions with focus on Technology & Sales

- Development / Engineering Team in Delhi
- Sales / Inside Sales Team significant Ramp-up
- Other Functions like Finance, HR also augmented

And added to Senior Management

-Addition of VP Engineering, VP Sales, VP Delivery

-In principle approval from NSE for Employee Stock Option Plan

KEY MANAGEMENT TEAM

Tarun Dua, CMD

B.Tech NIT Kurukshetra
Worked with Yahoo, Value First

Responsible for Strategy and Management

Srishti Baweja, Director

B Com (H) from SRCC, C.A.
Worked with PwC, HPCL

Responsible for Strategy, Finance and Control

Mohamed Imran, Co-Founder, CTO

MS from Anna University
Worked with E2E from beginning

Responsible for Tech & Product

Kesava Reddy, VP Sales

Worked with Minjar, active on Start-up side

Responsible for Sales & Marketing

Shantanu Singh, VP Engineering

MS Sikkim Manipal, IMT Ghaziabad
Worked with Value First

Responsible for Engineering, New Product Development

Himank Saini Sadh, VP Delivery

B. Tech, NIT Kurukshetra
Worked with HCL Tech

Responsible for Product Delivery

Focus on Augmenting Sales Effort

Geographically increased presence *in Bangalore, Hyderabad and Mumbai; to add presence in more cities in future*

Active ***Inside Sales*** *via. Social Media, Blogs, Articles and others*

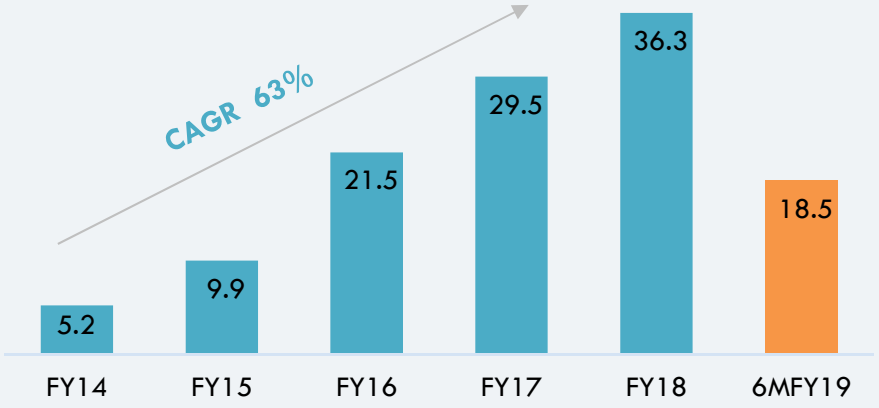
Community Development *through events like #ThursdayTechTalks, #PyDelhi, #StartupSatruday, #OpenSourceIndia*

Very ***Active participation*** *in Events, Conferences and other platforms*

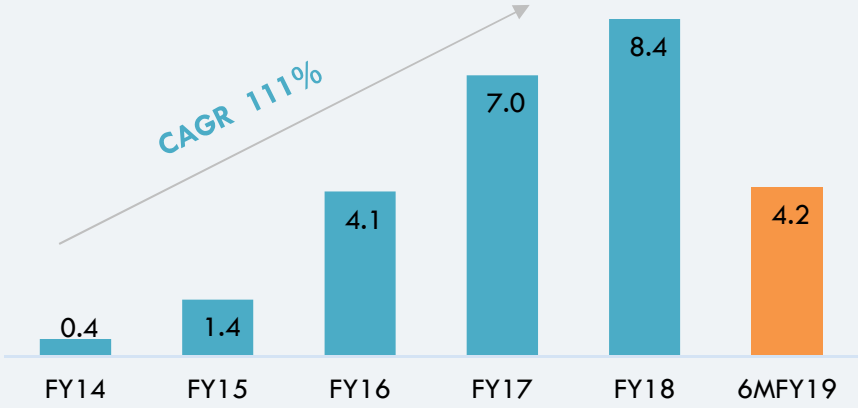
Setting ***Sales Organization*** *and performance metrics*

ROBUST FINANCIALS WITH HIGH CASH GENERATION AND RETURN

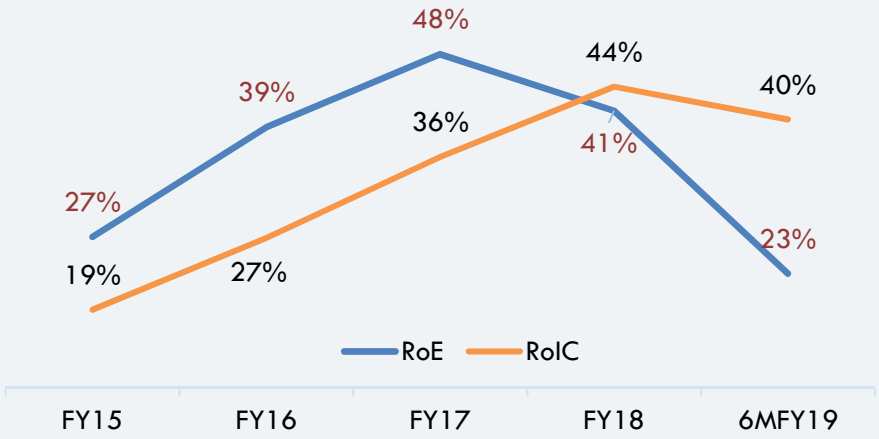
Revenue



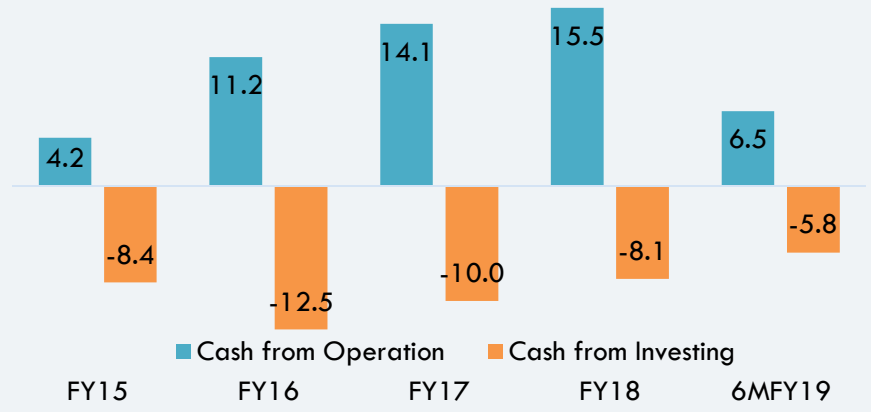
EBIT



RoIC and RoE [1]



High Cash Flow from Operation [2]



Note: [1]Decline in RoE in 6MFY19 due to dilution in IPO. 6M is annualized for representation. Figure in Rs cr. RoIC is calculated adjusted for the cash and equivalent
[2]Cash from Operations is PAT Plus Depreciation and Cash from investing is Movement in Gross Fixed Asset

Profit & Loss

In ₹ Crores	FY14	FY15	FY16	FY17	FY18	1H FY19
Revenue	5.2	9.9	21.4	29.3	36.0	18.4
Total Revenue	**5.2**	**9.9**	**21.5**	**29.5**	**36.3**	**18.5**
Purchase	2.2	3.1	5.6	8.0	10.2	5.5
Employee benefit	0.9	1.5	2.2	3.5	6.3	3.6
Other expenses	0.6	0.6	0.7	1.2	1.9	1.6
Total Expenses	3.7	5.2	8.4	12.7	18.2	10.7
EBITDA	**1.5**	**4.7**	**13.1**	**16.8**	**18.1**	**7.7**
Depreciation	1.1	3.3	9.0	9.9	9.7	3.5
EBIT	0.4	1.4	4.1	7.0	8.4	4.2
EBIT Margin %	*8.1%*	*14.1%*	*19.0%*	*23.6%*	*23.0%*	*22.7%*
Interest	0.0	0.1	0.8	0.7	0.3	0.1
PBT	0.4	1.3	3.3	6.3	8.1	4.2
Tax	0.1	0.4	1.1	2.1	2.3	1.2
PAT	**0.3**	**0.8**	**2.2**	**4.2**	**5.8**	**3.0**

Loss of Customers decelerated growth; to remain weak in 2H

Significant expansion in organization

Company is debt free

BALANCE SHEET

In ₹ Crores	FY14	FY15	FY16	FY17	FY18	1H FY19
Share Capital	0.3	0.4	0.4	0.4	11.5	14.2
Net worth	1.7	4.5	6.8	11.0	**17.0**	**34.6**
Borrowings	0.0	1.8	2.6	1.5	0.0	0.0
Payables	0.4	0.5	0.4	0.8	1.9	1.4
Other Liabilities	0.5	1.1	3.7	2.4	1.8	4.6
Total Liabilities	**2.5**	**8.0**	**13.5**	**15.7**	**20.7**	**40.6**
Gross Fixed Assets	3.9	12.2	24.7	34.7	42.7	48.5
Net Fixed Assets	1.9	7.0	10.6	11.2	9.7	12.0
Receivables	0.1	0.1	1.1	1.6	2.8	1.4
Cash & Equivalent	0.3	0.4	0.8	2.5	6.7	24.9
Other Assets	0.2	0.5	1.0	0.4	1.6	2.4
Total Assets	**2.5**	**8.0**	**13.5**	**15.7**	**20.7**	**40.6**

Increase in Capital post Bonus and IPO

Increase due to reclassification of Capital Creditors and Payments of Salary/other vendors Paid after Sep'18

Increase in Cash & Equivalent post IPO

Well Positioned to Capitalize on Future Opportunities

1

Large Addressable Market Opportunity in Indian Cloud

- *India's Public Cloud Infra Market to grow at ~40% CAGR over the next 2-3 years*
- *Wide adoption among SME due to high reliability and low cost of data connection*

2

Product Company with Tech Focused Team

- *E2E product offering stands-out given significant advantage in terms of Technical capabilities*
- *Stronger product enables us to acquire customer with longer LTV*

3

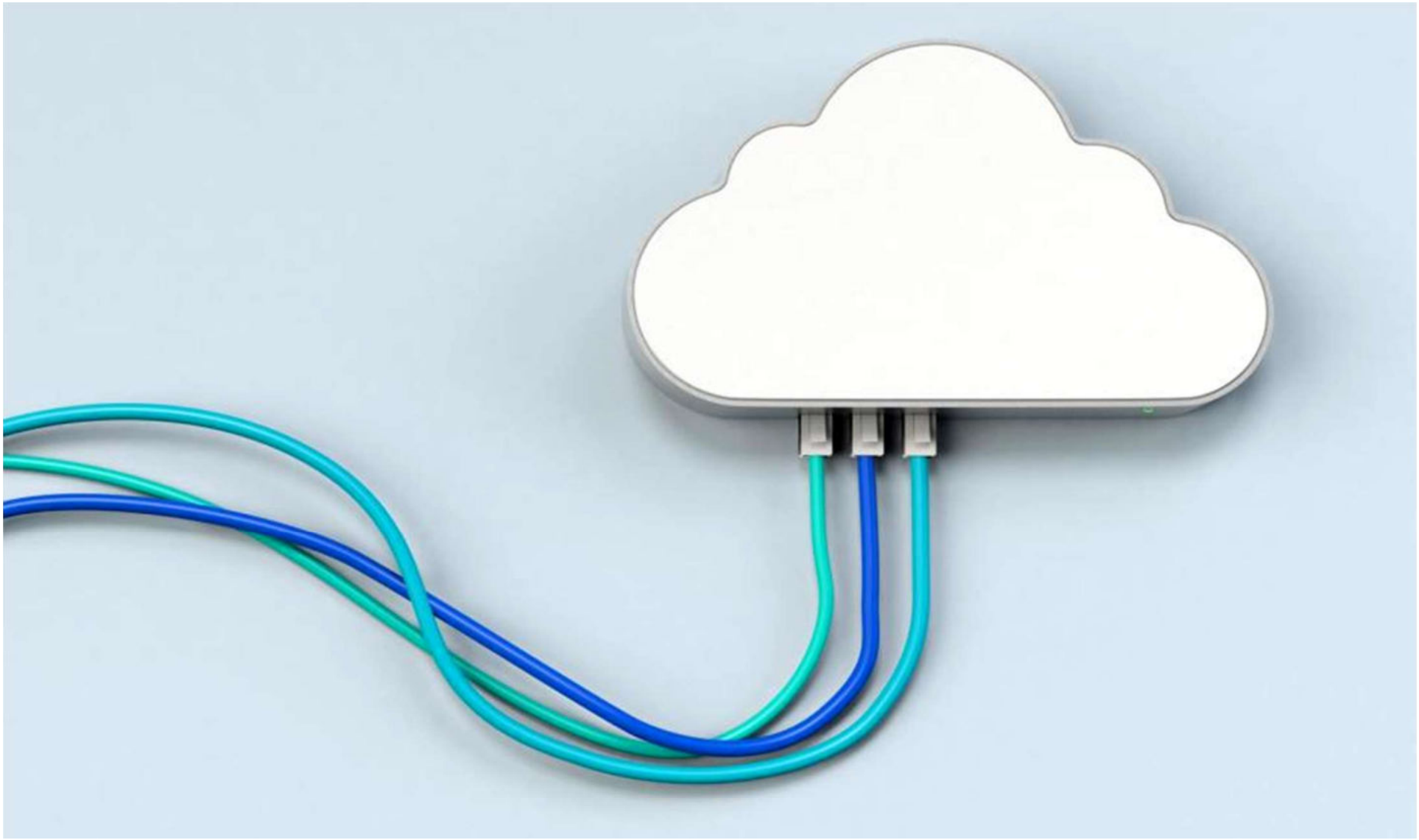
E2E Competes on significant and sustainable Cost Advantages

- *E2E is a Low Cost Cloud Infra provider and cater to cost conscious market segment with its cost advantages and speed of execution*
- *We are seeing consolidation with smaller competitors preferring to partner with us to use our Infra given the cost advantages instead of setting up their own co-located cloud infrastructure*

4

Strong Financials & Managing High Growth Rate

- *E2E Revenue has grown at CAGR of 63% FY14-FY18, with healthy EBIT & Net Margins*
- *ROE upwards of 35% for the last few years with healthy Free Cash being generated every year*
- *Growth is expected to pickup from FY20 onwards with lower customer concentration risk*



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