



# Investor Presentation

Q4 2019



# Safe Harbor Statement

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These materials contain forward-looking statements. You should not place undue reliance on these statements because they are subject to numerous uncertainties and factors relating to the Company's operations and business environment, all of which are difficult to predict and many of which are beyond the Company's control. Forward-looking statements include information concerning the Company's possible or assumed future results of operations, including descriptions of its business strategy. These statements may include words such as "may," "will," "should," "believe," "expect," "anticipate," "intend," "plan," "estimate" or similar expressions. These statements are based on assumptions that we have made in light of management's experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. You should understand that these statements are not guarantees of performance or results. They involve known and unknown risks, uncertainties and assumptions. Although the Company believes that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect the Company's actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements. These factors are discussed in more detail in the Company's filings with the Securities and Exchange Commission. These risks could cause actual results to differ materially from those implied by forward-looking statements. You should keep in mind that any forward-looking statement made herein, or elsewhere, speaks only as of the date on which it is made. New risks and uncertainties come up from time to time, and it is impossible to predict these events or how they may affect the Company. The Company has no obligation to update any forward-looking statements after the date hereof, except as required by federal securities laws.

# EPAM Overview



Fast-growing opportunity in a sizeable global market



Deep talent pool of highly-skilled professionals delivering solutions through best-in-class engineering combined with strategy, consulting and innovation services



Ability to deliver a broad range of software engineering, digital engagement, consulting and IT services with a strong focus on innovative and scalable software solutions



Industry solutions for Financial Services, Travel and Consumer, Life Sciences and Healthcare, Business Information and Media, and Software and Hi-Tech



Serving clients from 30+ countries across North America, Europe, Asia and Australia



Proven ability to grow and sustain a strong profitability model

## ABOUT EPAM

We are consultants, designers, architects and engineers who enable our customers to be competitive and disruptive in the marketplace through innovative technology solutions while helping them to navigate successfully through multiple waves of technology change.



We help our customers be more competitive by delivering solutions through best-in-class engineering combined with strategy, design, consulting and innovation services.

We adopt a global growth strategy, thinking and acting like start-ups, working in multidisciplinary teams and delivering results. Relentlessly.

# EPAM Fast Facts

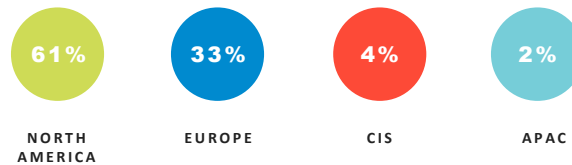
FOUNDED IN  
**1993**  
U.S. HEADQUARTERED  
PUBLIC COMPANY  
(NYSE:EPAM)  
FY 2019 REVENUE  
**\$2.29B**

REVENUE  
Q4 2019  
**\$633M**

FY 2020  
REVENUE  
GUIDANCE\*  
TO EXCEED 22%  
GROWTH IN BOTH  
GAAP &  
CONSTANT CURRENCY

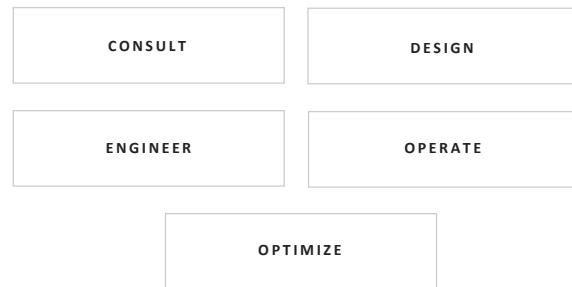
**36**  
CONSECUTIVE  
QUARTERS OF  
**20+%**  
YOY ORGANIC REVENUE  
GROWTH

## FY 2019 REVENUE BY GEOGRAPHY



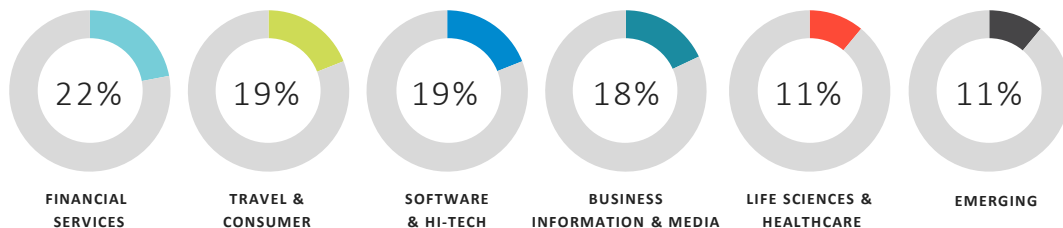
**30+ COUNTRIES**

## WHAT WE DO



32,600 Engineers, Designers and Consultants  
36,700 EPAMers

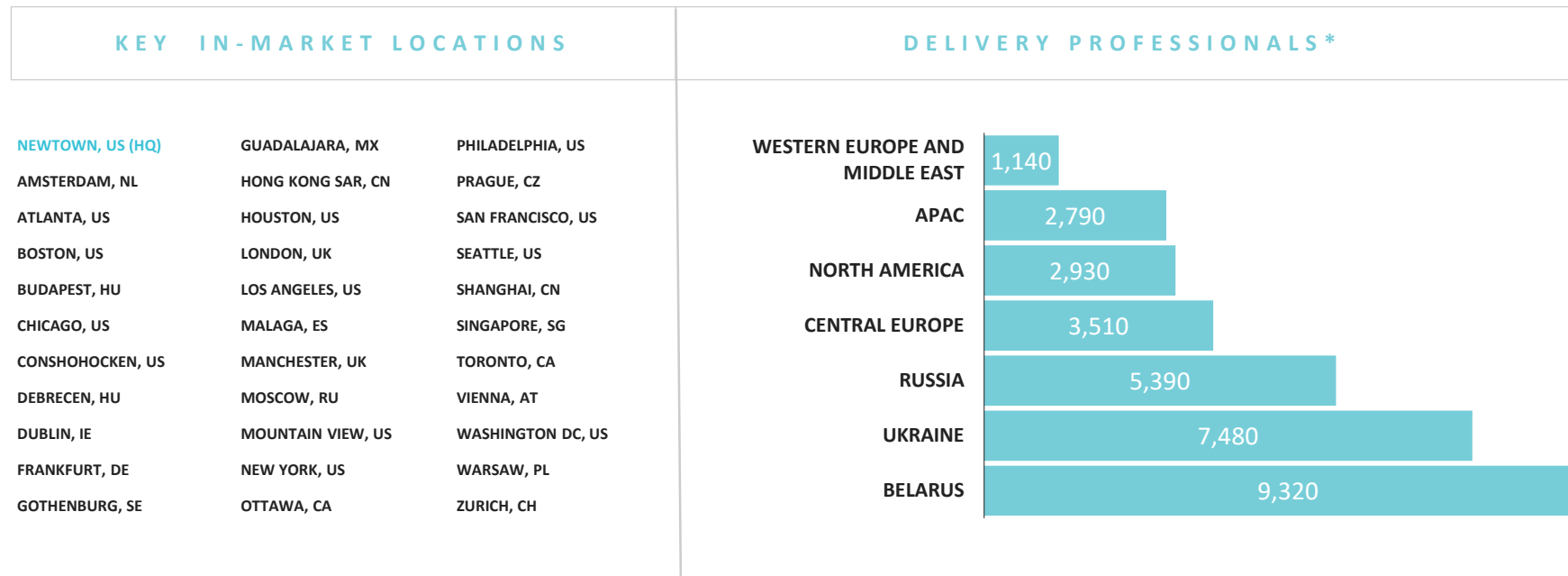
## FY 2019 REVENUE BY INDUSTRY VERTICAL



\*As of Q4 and FY 2019 Earnings Release

# BUSINESS OVERVIEW

# Growing, Global Scale in More Than 30 Countries

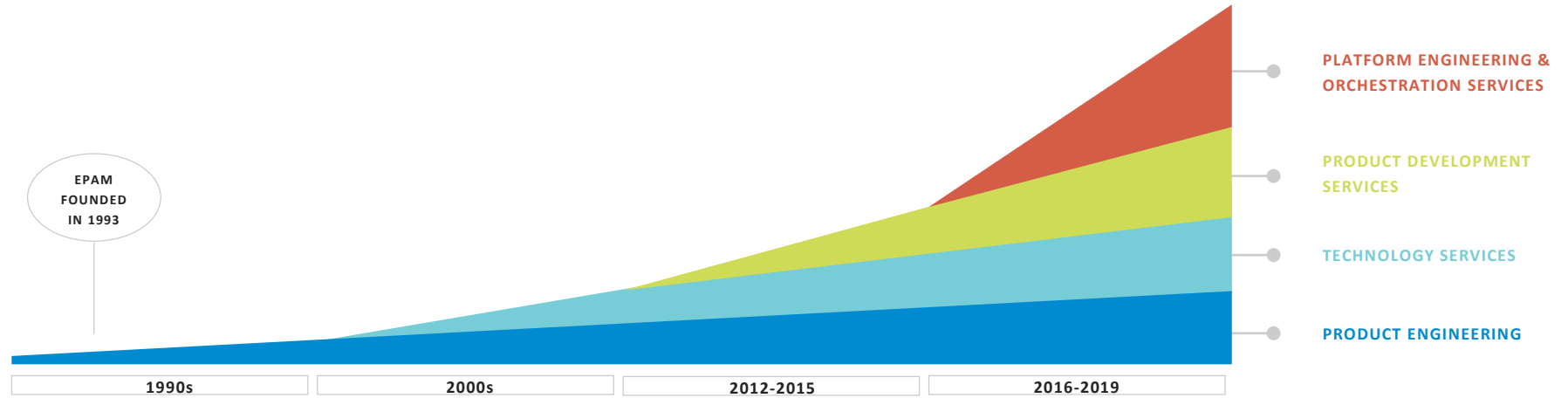


\* Western Europe and Middle East includes Germany, UK, Switzerland, Sweden, Netherlands, Ireland, Belgium, Italy, Spain, France, UAE and Israel

APAC includes China, India, Kazakhstan, Armenia, Singapore, Hong Kong SAR, CN, Australia, Japan, Malaysia, Uzbekistan and Vietnam

Central Europe includes Hungary, Poland, Czech Republic, Bulgaria and Slovakia

# Product Engineering Underpins Evolution & Growth

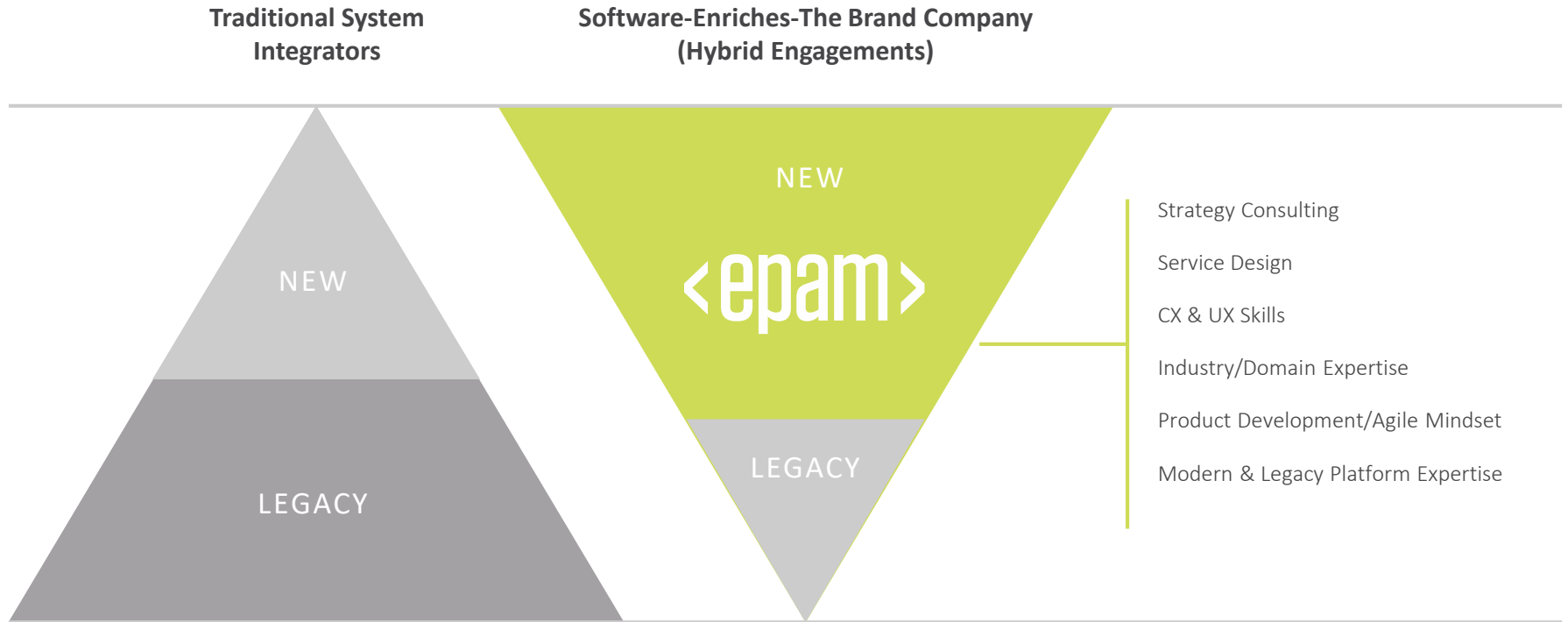


| ORGANIC COMPETENCIES     |
|--------------------------|
| Core Product Engineering |
| User Experience          |
| Digital Strategy         |
| Analytics & Big Data     |
| Commerce                 |
| Mobile                   |
| Social                   |

| DOMAIN-LED ENTERPRISE SOLUTIONS |      |      |      |
|---------------------------------|------|------|------|
|                                 | 2006 | 2018 | 2019 |
| Financial Services              | 0%   | 23%  | 22%  |
| Travel & Consumer               | 4%   | 21%  | 19%  |
| Software & Hi-Tech              | 75%  | 19%  | 19%  |
| Business Information & Media    | 8%   | 18%  | 18%  |
| Life Sciences & Healthcare      | 0%   | 9%   | 11%  |
| Emerging                        | 13%  | 10%  | 11%  |



# EPAM is Positioned as a 'New' Player



# FINANCIAL OVERVIEW

# Investment Highlights

1

## **STRONG REVENUE GROWTH**

Long and consistent track record of organic growth

5-year revenue CAGR of 26%\*

Diversified client portfolio across industries and geographies

2

## **HIGH REVENUE VISIBILITY**

Loyal client base, with average of 10 years with our top 10 clients

90+% recurring revenue from clients with us over one year

80–90% revenue visibility throughout the fiscal year

Approximately 80–90% of revenue is time-and-material

3

## **STRONG PROFITABILITY**

Strong operating margins

5-year Non-GAAP Income from Operations CAGR of 26%\*

21.8% Non-GAAP effective tax rate in FY 2019

Superior earnings growth

5-year Non-GAAP EPS CAGR of 22%\*

4

## **STRONG CASH FLOW & BALANCE SHEET**

\$937 million cash balance as of December 31, 2019

Days Sales Outstanding of 72 as of December 31, 2019

\$287 million of cash flow from operations for last 12 months

\$275 million of credit line available in U.S.

\* 5-year CAGR calculations are based on FY 2014 to FY 2019

# Client Portfolio Overview

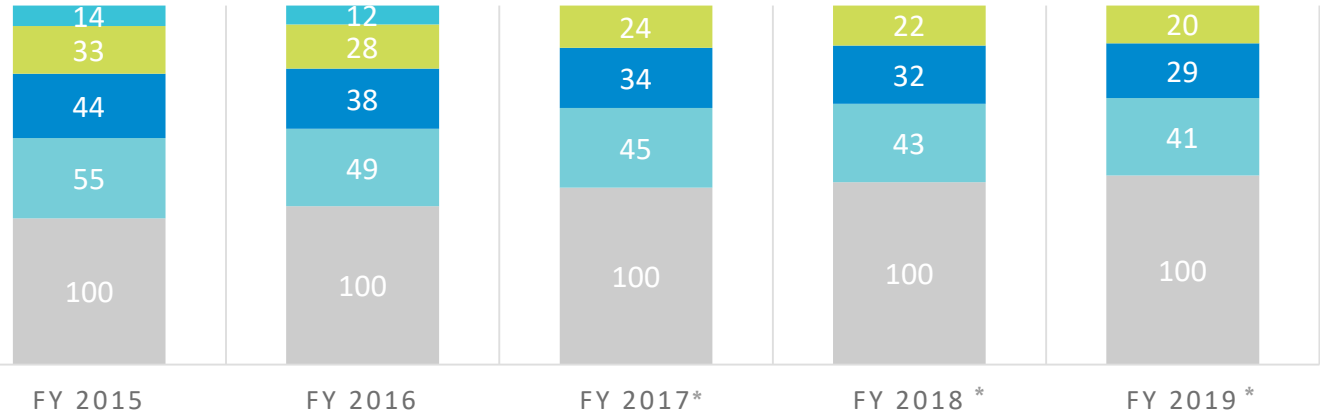
TOP 5 CLIENTS  
AVERAGE LIFE  
**12 YEARS**

TOP 10 CLIENTS  
AVERAGE LIFE  
**10 YEARS**

TOP 20 CLIENTS  
AVERAGE LIFE  
**10 YEARS**

## BALANCED REVENUE CONCENTRATION (%)

■ ALL ■ TOP 20 ■ TOP 10 ■ TOP 5 ■ TOP



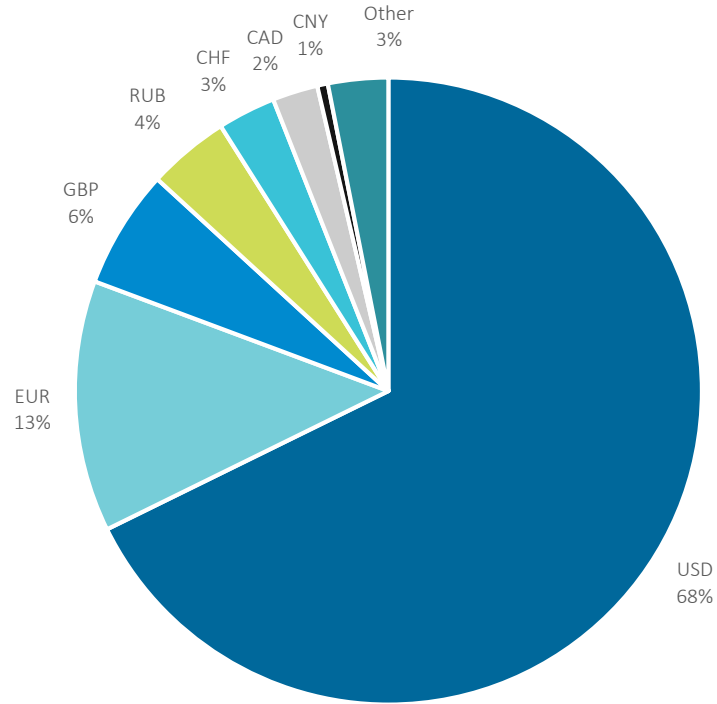
## GROWING LARGE AND STRATEGIC ACCOUNTS

| REVENUE           | FY 2015A | FY 2016A | FY 2017A | FY 2018A | FY2019A |
|-------------------|----------|----------|----------|----------|---------|
| \$20 MM+          | 7        | 7        | 10       | 14       | 22      |
| \$10 MM - \$20 MM | 7        | 12       | 16       | 22       | 27      |
| \$5 MM - \$10MM   | 19       | 26       | 37       | 45       | 42      |
| \$1 MM - \$5 MM   | 103      | 137      | 169      | 175      | 206     |
| \$0.5MM - \$1MM   | 75       | 84       | 84       | 119      | 105     |

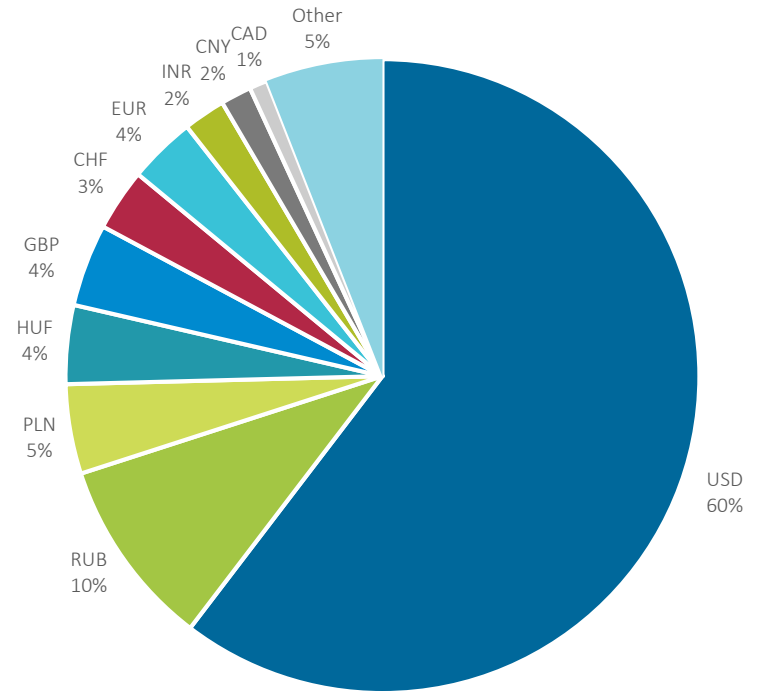
\* No single client comprises more than 10% of the Company's revenue for the relevant period.

# Major Currencies

## REVENUE



## EXPENSE



As of Q4 2019

# Non-GAAP Financial Measures

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During EPAM Systems, Inc.'s earnings calls, in our earnings releases and investor decks, management supplements results reported in accordance with United States generally accepted accounting principles, referred to as GAAP, with non-GAAP measures. Management believes these measures help illustrate underlying trends in EPAM's business and uses the measures to establish budgets and operational goals, communicate internally and externally, for managing EPAM's business and evaluating its performance. Management also believes these measures help investors compare EPAM's operating performance with its results in prior periods. EPAM anticipates that it will continue to report both GAAP and certain non-GAAP financial measures in its financial results, including non-GAAP results that exclude stock-based compensation expense, acquisition-related costs, amortization of purchased intangible assets, goodwill impairment, certain other one-time charges and benefits, changes in fair value of contingent consideration, foreign exchange gains and losses, the impact of U.S. tax reform, excess tax benefits related to stock-based compensation, and the related effect on income taxes of the pre-tax adjustments. Management also compares operating results on a basis of "constant currency," which is also a non-GAAP financial measure. This measure excludes the effect of foreign currency exchange rate fluctuations by translating the current period revenues and expenses into U.S. dollars at the weighted average exchange rates of the prior period of comparison. Because EPAM's reported non-GAAP financial measures are not calculated in accordance with GAAP, these measures are not comparable to GAAP and may not be comparable to similarly described non-GAAP measures reported by other companies within EPAM's industry. Consequently, EPAM's non-GAAP financial measures should not be evaluated in isolation or supplant comparable GAAP measures, but rather, should be considered together with the information in EPAM's consolidated financial statements, which are prepared in accordance with GAAP. EPAM's earnings releases available on our [website](#) and furnished to the SEC include reconciliations of results between GAAP measures and Non-GAAP measures.