



Innodata Investor Relations Presentation



May 29, 2014

www.innodata.com

Safe Harbor Statement

This presentation may contain certain “forward looking” statements, which involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those that may be projected by these forward looking statements. These risks and uncertainties have been detailed in the reports filed by Innodata with the Securities and Exchange Commission and these filings are available at www.sec.gov. This presentation also contains references to findings of various reports available in the public domain. Innodata makes no representation as to their accuracy or that the company subscribes to those findings.

Outline

- Innodata profile – who we are
- Executive leadership
- Our services and case studies
- How we've evolved
- Customer franchise
- Five-year performance overview
- Strategy
- Our strategic investments
- Financial model analysis
- Summary investment thesis

Innodata Profile

Who We Are

Business Model	Global services (technology, outsourcing and consulting) focused on digital information products, ebooks and business transformation
Global Presence	Operating in 6 countries / 8 global delivery centers
Employees	Approx. 5,000
Market Cap*	\$73M; 25M shares outstanding; (approx. \$2.91/share)
Balance Sheet**	\$29M cash / \$41M equity / No debt
December 31, 2013 Revenues	Content Services \$63.1 M; IADS \$1.1M
December 31, 2013 EBITDA	Content Services \$7.1M; IADS \$(5.6)M***
December 31, 2013 Operating Earnings	Content Services \$4.4M; IADS \$(6.3)M***

* Based on NASDAQ closing price on March 31, 2014

** As reported in Form 10Q

*** Excludes IADS one-time non-cash impairment charge

Executive Leadership

Jack S. Abuhoff

- President and Chief Executive Officer
- More than 20 years of experience in international markets and technology companies

Ashok Kumar Mishra

- Executive Vice President and Chief Operating Officer
- Held senior level positions with Innodata and its subsidiaries for more than 12 years

O'Neil Nalavadi

- Senior Vice President and Chief Financial Officer
- More than 20 years of experience in various strategic, financial and operational leadership roles

R. Douglas Kemp

- Senior Vice President, Product Innovation
- Held senior position with a leading information provider for 18 years before joining Innodata in 2010

Amy R. Agress

- Vice President and General Counsel
- More than 13 years of experience managing public company risk and compliance

Our Services

It's All About Digital Enablement

Creating and maintaining digital information products

- World's 3 leading information providers
- Spans financial, legal, healthcare, and science
- \$753bn industry, 7,000 companies¹



Building the world's largest e-book retail destinations

- 4 leading digital retailers
- 80 publishers
- Today's e-books and tomorrow's too
- 50% of U.S. trade market to be e-books by 2016²



Transforming business processes via digital technologies

- Defense
- High tech
- Financial services
- Insurance
- 11% CAGR to 2020 in Indian BPM sector³



¹ Outsell

² Pricewaterhouse Coopers' Global Entertainment and Media Outlook 2012

³ NASSCOM

Helping a Top 3 information company transform a print product into a digital tool

Challenges

- Lawyers and compliance officers want an all-in-one tool for rule-checking, decision-making and client advisement
- A securities law handbook available in print (loose leaf and bound books) - an industry-standard, but no longer seen as “modern”
- Regulatory puzzle in constant flux – monthly updates insufficient

What we did

- Developed a 15 use case electronic tool
- Designed information architecture and content model
- Built technology, user interface, and an automated content conversion supply system

Result

- Book transformed into daily-updated productivity tool, accessible on laptops, smart phones and tablets
- Concept-to-completion in 6 months
- Lawyers and compliance officers can confidently react faster to clients’ increased regulatory burdens with up-to-date SEC information



Case Study #2 Building and Maintaining Information Products

Helping a major US textbook distributor launch a **new digital bookshelf product** for its publisher partners.

Challenges

Publisher partners wanted:

- A white-branded digital bookshelf for distributing e-books directly to a wide variety of mobile devices and environments
- E-commerce enablement with enhanced features such as highlighting, notes, etc.
- A single access point to other user-generated content via third-party EverNote, Dropbox etc.
- Integration with learning portals, learning management systems (LMS) and other digital content

What we did

- Developed scalable, feature-rich digital bookshelf and e-reader technologies
- Supported iOS and Android devices and browsers with rich HTML5
- Reduced total cost of ownership by providing offshore product maintenance and support

Result

Publisher partners are now:

- Maintaining complete ownership of sale and distribution process
- Extending brand equity and conserving ability to upsell and resell strategically
- Supporting significant increases in user base and receiving glowing end-user product reviews



Case Study # 3 Building E-book Retail Destinations

Helping leading content e-retailers to build massive e-book inventory for sell through

Challenges

- Leading providers of digital content (film, music) seek dominance in burgeoning digital book market
- Large-scale needs, but uncompromising quality requirements
- Needs include foreign languages, latest file formats, and new interactive user experiences

What we did

- Built technology for multi-format, high-quality production
- Designed platforms to connect client's input portal and store to our production center
- Helped create technologies to support optimal retail experience (search, browse, find)

Result

- Produced close to 1 million e-books since fall 2011
- Met 5 critical launch dates
- Expanded to 12 languages (including Japanese and Chinese) and interactive, multi-touch books



Case Study #4 Transforming business processes

Helping a leading money center bank transform legal agreement document management system into a risk management system

Challenges

- Major money center bank is party to 5,000 derivatives contracts
- Impact of market, counterparty or collateral changes required research – which took precious time
- Regulators expected to demand greater levels of transparency

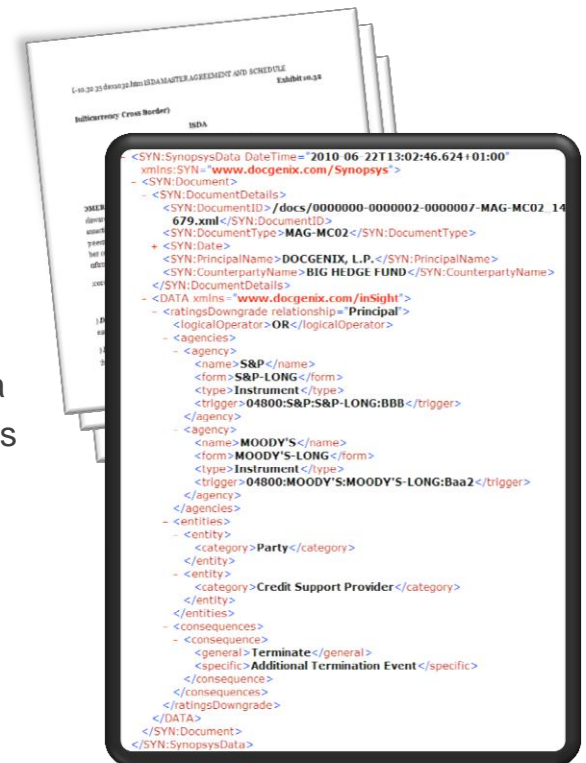
What we did

- Transformed complex documents into computer-addressable data
- Built computer system enabling complex multi-dimensional queries
- Provisioned data feed to downstream risk collateral systems

Result

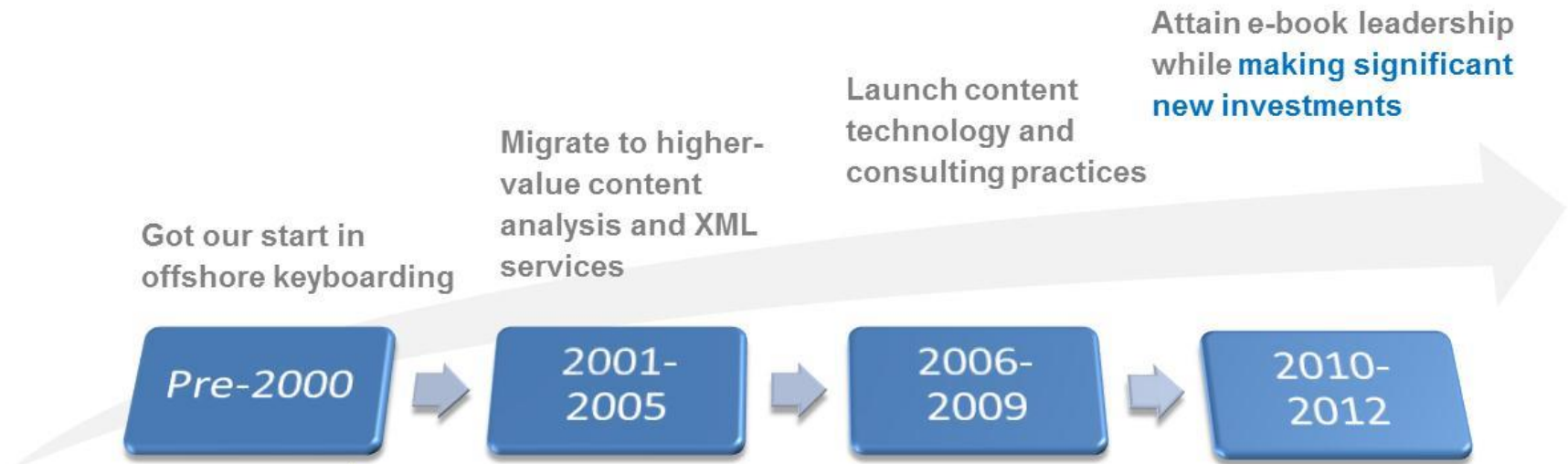
Bank can now:

- Respond to market changes quickly and proactively
- 'War game' its derivatives portfolio
- Comply with Dodd Frank without added cost



How We've Evolved

Meeting Customer Demands in Evolving Markets

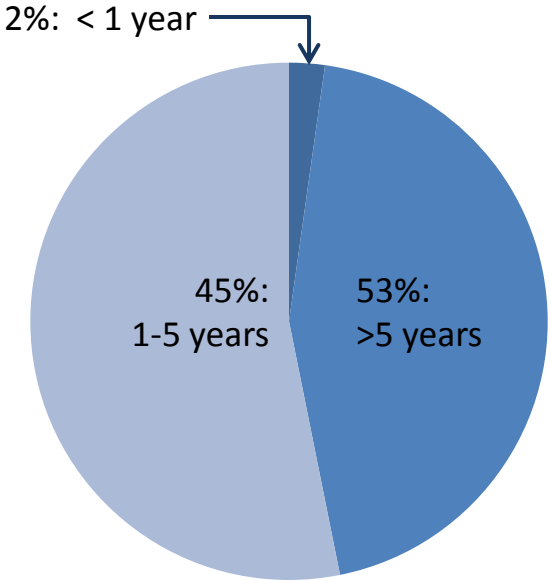


Then: Organized by Columbia College graduates who started with \$200,000 seed capital and three typists in Madison Avenue office.

Now: Valued by many of today's most important brands as a quality provider of technology-enabled services that help create, manage and use digital information.

Customer Franchise

We keep the customers we've earned



lifetime value exceeds \$500M

Agility to reinvent and add new value, plus:

- Global delivery excellence that results in customer longevity
- Consultative key account focus

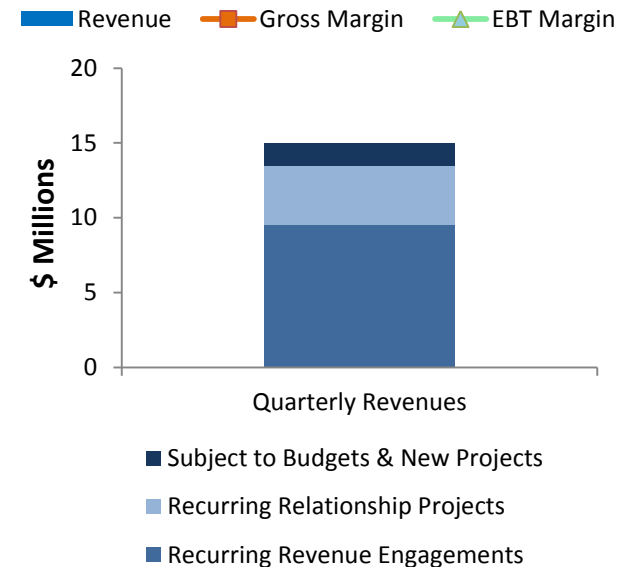
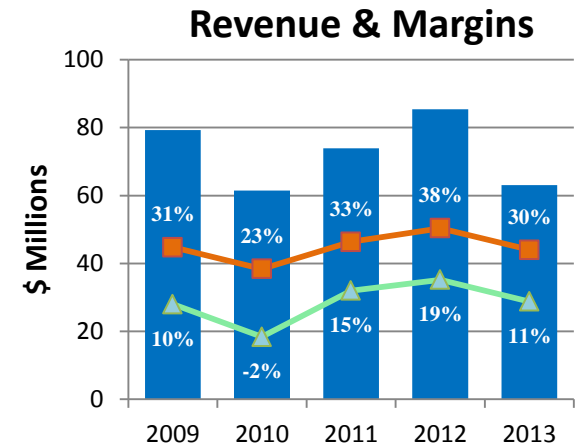
Long-term repeat clients which generated more than 10% of Innodata's revenue from 2011-2013*

Fiscal Year	Client	% of Total Revenue
2013	Reed Elsevier	15%
	Bloomberg	15%
	Wolters Kluwer	11%
	Apple	11%
2012	Apple	30%
	Reed Elsevier	11%
2011	Apple	18%
	Wolters Kluwer	14%
	Reed Elsevier	13%

*INOD SEC Form 10K filings for reporting years 2011, 2012 and 2013

Five Year Performance Overview - Content Services

- The information industry is dominated by a small number of large players
- Innodata's performance reflects industry characteristics
 - Customer concentration (2013: 40% top 3; 58% top 5)
 - Large-scale new projects have historically created choppy revenues: Bloomberg in 2008/09 and Apple in 2012
 - Recurring revenues approximately 70% in FY 2013 and Q1 2014
- Q2 2014 revenue guidance of \$13.5 – 15 M
- Q1 2014 Revenues: \$14 M; Gross Margin 34%; EBITDA 15%; Operating Margins 10%
- 2013 Revenues: \$63M; Gross Margin 30%; EBITDA 11%; Operating Margins 7%
- Growth opportunities
 - Large e-book retailers expanding internationally
 - Large information industry clients seeking to leverage new technologies and approaches
 - Small and medium publishers and information companies seeking cost advantages



Strategy

- **Goals:**
 - Reduce dependency on one-time projects and build recurring and predictable revenue streams
 - Achieve \$100 million in annual revenues with 35% gross margins and 15% EBT
- **Strategy:**
 - Continue to cultivate existing client base via compelling technology innovation and needs-based responsiveness
 - Grow under-penetrated sub-segments within information and publishing industry both organically and inorganically
 - Leverage Innodata's core competencies in creating digital information products to help new markets transform how they create, manage and consume high-value "private-side" information.

Strategic Investments - IADS

- Digital enablement for insurance, healthcare and financial services sectors; create and deliver digital enriched data to drive superior decisions and higher productivity
- Target market > \$1 billion
- Invested \$25.5M from 2011 through Q1 2014 (\$18.5M pre-operating cost; \$7M cap-ex) to:
 - Create proprietary workflows and applications
 - Established 500 FTE production facility in Noida, India, fully DPA and HIPAA compliant



Where we are now:

- Completed 48 pilots with 39 insurance companies
- Signed 2 significant contracts – one with a large insurance company (potential to result \$1.3 million in revenue per year) and one with a major reinsurance company (potential to result \$2.5 million in revenue per year)
- Reinsurance Group of America (RGA) announces strategic relationship with Synodex in February 2014

Goals:

- Complete development of workflow 3.0
- Convert our active prospects into signed clients

Period	Pre-operating costs	Capex
2011	\$ 2.2 M	\$ 2.0 M
2012	\$ 7.5 M	\$ 4.0 M
2013	\$ 7.3 M	\$ 1.0 M
2014	\$ 1.5 M	-
Cumulative	\$ 18.5 M	\$ 7.0 M

Note: Full cap-ex has been taken as a charge to income statement under impairment analysis



Where we are now:

- Closed a 3-year contract with a major financial service client that has potential to generate annual revenues of up to \$1.5M per year

Goals:

- Launch of our second generation docGenix product dG2

Financial Model Analysis

Revenue Sensitivity - IADS and Content Services *Amounts in \$M*

Target IADS Model	2013	Revenue and Earning Scenarios			
Revenue	1.1	4.0	8.0	12.0	16.0
Fixed Cost	3.0	2.9	2.9	2.9	4.2
Target Variable Cost	2.2	1.6	2.9	4.2	5.6
Target Gross Profit	-4.1	-0.5	2.2	4.9	6.2
%		-13%	28%	41%	39%
SG&A	2.0	2.0	2.2	2.5	2.7
Pre-tax net Income (loss)	-6.1	-2.5	0.0	2.4	3.5
%		-63%	-1%	20%	22%
					47%
Associated Net Income Increase					

Content Services	Incremental Revenue Decline				Q1 2014	Incremental Revenue Growth				
	-20%	-15%	-10%	-5%		5%	10%	15%	20%	25%
Quarterly Revenue	11.2	11.9	12.6	13.3	14.0	14.7	15.4	16.1	16.8	17.5
Fixed Cost	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
Variable Cost	3.9	4.2	4.5	4.8	5.0	5.3	5.6	5.9	6.2	6.5
Gross Profit	3.1	3.5	3.9	4.3	4.8	5.2	5.6	6.0	6.4	6.8
%	28%	29%	31%	32%	34%	35%	36%	37%	38%	39%
SG&A	3.4	3.4	3.4	3.4	3.4	3.5	3.5	3.6	3.8	3.9
Pre-tax net Income (loss)	-0.3	0.1	0.5	0.9	1.4	1.7	2.1	2.4	2.6	2.9
%	-3%	1%	4%	7%	10%	12%	14%	15%	16%	17%
	-123%	-94%	-65%	-36%	0%	22%	51%	72%	87%	109%
Associated Net Income Decline					Associated Net Income Increase					

Note: Model based on Q1 2014 cost structure and constant currency

Innodata – Summary Investment Thesis

Content Services Business

- Strong customer franchise – including some of the world’s largest information providers – Reed Elsevier, Wolters Kluwer, Bloomberg, etc.
- Largest producer of e-books - over 1 million e-books manufactured for various platforms including Apple; we work with 4 of the 5 leading digital retailers
- LTV of our top ten customers in excess of \$500M
- Growth opportunities – e-book market is still evolving; publishers quest for higher cost efficiencies via technology and process innovation
- Significantly improved our business model –
 - FY 2010: Revenues \$61M; Gross Margins \$14M (23%) and Operating Loss \$1.2M (-2%)
 - FY 2013: Revenues \$63M; Gross Margins \$19M (30%) and Operating Income \$4.4M (7%)
 - Q1 2014: Revenues: \$14M; Gross Margin \$14.8M (34%) and Operating Income \$1.4M (10%)

IADS

- Leveraging our core competencies to enhance business processes through digital transformations
- Recurring revenue opportunities
- Robust pipeline that includes pilots with 39 insurance companies; recently signed two significant contracts – one with a large insurance company (potential to result \$1.3 million in revenue per year) and one with a major reinsurance company (potential to result \$2.5 million in revenue per year)
- Total investment to date \$25.5M; current quarterly investment run-rate is \$1.5M
- Break-even opportunity \$2M per quarter

Strong Balance Sheet 12/31/2010 : Cash \$28M and no debt

3/31/2014 : Cash \$29M and no debt

Innodata Key Stats

INOD (NASDAQ)

- Market Cap: \$73M*
- Enterprise Value (EV): \$44M*
- Number of Shares: 25M
- 52 Week Price Range: High \$3.50 Low \$2.21
- Float (%): 89%
- Institutional Holdings (%): 24%
- Top 10 Institutional Holders (%): 20%
- Analysts Coverage: Noble Financial Capital Markets
Sidoti & Co LLC

* Closing price on March 31, 2014

Investor Contact Information

O'Neil Nalavadi

Senior Vice President and Chief Financial Officer

onalavadi@innodata.com

201.371.8019

Raj Jain

Vice President

rjain@innodata.com

201.371.8024