



Q1 FY19 Earnings Update

July 2018

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Key Performance Highlights

Headcount

Addition of over 10k employees during the quarter
Current Headcount : ~272,000⁽¹⁾ employees.
YoY growth of 39%

Revenue

₹ 1,968 cr in Q1 FY19 compared to ₹ 1,297 cr in Q1 FY18; YoY growth of 52%

EBITDA

₹ 102 cr in Q1 FY19 compared to ₹ 75 cr in Q1 FY18
YoY growth of 36% at a margin of 5.21%

PAT

₹ 54 cr compared to ₹ 46⁽²⁾ cr in Q1 FY18
YoY growth of 19%.
Normalised PAT⁽³⁾ ₹ 70 cr (margin⁽³⁾ at 3.55%)

EPS

Diluted EPS for Q1 FY19 increased to ₹3.7 per share from ₹ 3.4 in Q1 FY18. YoY growth of 11%.
Normalized EPS⁽³⁾ of ₹ 4.8 in Q1 FY19

1. Headcount data includes Terrier.
2. Financials for FY17 & FY18 have been restated throughout the presentation to reflect retrospective consolidation of MIS financials
3. Includes Non-operating accounting entry (total: Rs. 16 Cr) towards intangible amortization cost of ₹ 9 cr & Non Controlling Interest Put option of ₹ 7 cr related to recent acquisitions

Strategic updates



IKYA

Strong Growth continues

Our General Staffing business has added a total headcount of **7,400** across General Staffing and the Apprenticeship program during the quarter. The Staffing headcount reached **~164,400** as on June 30, 2018.



Terrier

Largest Contract Win in the history of Terrier

Registered an all-time record contract win of over **4,000 guards** in the last quarter. This is the highest ever addition of guards in a single quarter.



DigiCare

New Store Openings

In the last quarter alone DigiCare increased its store count by **33% by adding 60 new stores**, bringing the total network to **over 240 stores**.



Conneqt

Foray into New Geographies

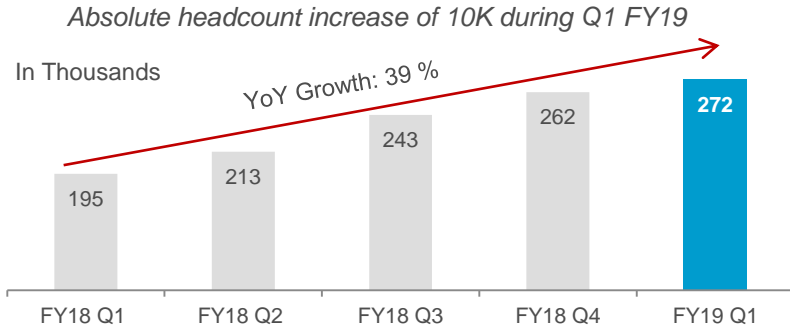
Conneqt entered two new international geographies last quarter – **Middle East and Vietnam**.



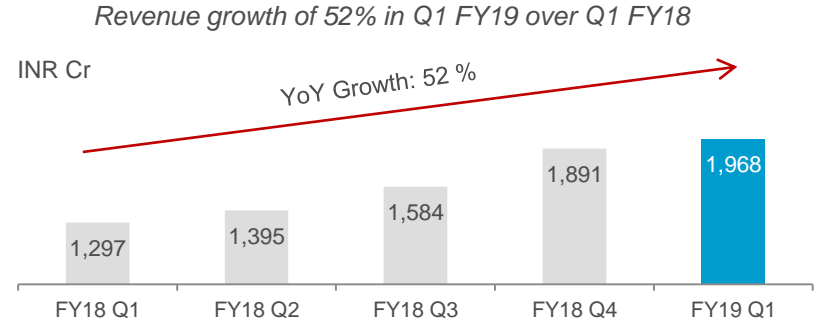
Q1 FY19 : Performance Update

Financial Update – QE June 30, 2018

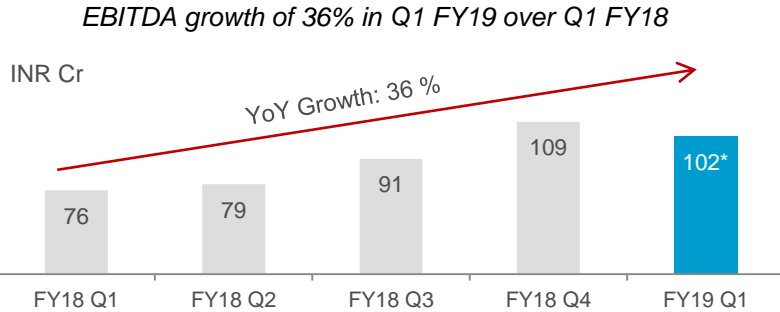
Headcount



Gross Revenue



EBITDA



EBITDA Margin

5.8%

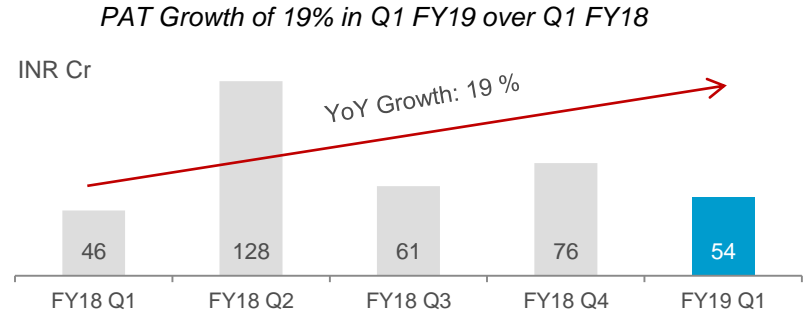
5.6%

5.7%

5.8%

5.2%*

PAT



PAT Margin

3.5%

9.2%

3.9%

4.0%

2.8%

*The reduction in margin is primarily due to the Impact of seasonality in the business operations of recently acquired entities such as Conneqt Business Solutions and Manipal Integrated Services and the Impact of ongoing strategic investments in Technology, Sales and Operations at Monster and DigiCare. Benefits from these investments are expected to be seen from Q3' FY19.

Financial Highlights: Income Statement

Figures in INR cr, unless mentioned otherwise

Particulars				Var (%)	
	Q1 FY19	Q1 FY18	Q4 FY18	Q1vQ1	Q1vQ4
Revenue from Operations	1,968	1,297	1,891	52%	4%
Less:					
Employee benefit expense	(1,549)	(1,088)	(1,514)	42%	2%
Cost of material	(65)	(28)	(41)	128%	57%
Other expenses	(252)	(106)	(226)	138%	12%
Total Expenses	(1,866)	(1,222)	(1,781)	53%	5%
EBITDA	102	75	109	36%	-6%
Other income	16	4	24	342%	-35%
Interest	(20)	(17)	(19)	16%	5%
Depreciation and amortisation	(21)	(14)	(18)	53%	14%
Operating EBT	78	48	96	61%	-19%
Intangible Amortisation & Put Options	(16)	-	(17)	-	-7%
Associate Income (Net of Income Tax)	2	1	(1)	189%	-290%
Earnings before tax	64	49	79	31%	-19%
Tax	(9)	(3)	(3)	199%	198%
Profit After Tax*	54	46	76	19%	-28%
Other Comprehensive Income	0	(0)	(4)	-107%	-101%
Total Comprehensive Income	54	45	72	21%	-24%
EBITDA Margin	5.2%	5.8%	5.8%	-59bps	-58bps
PAT Margin	2.8%	3.5%	4.0%	-76bps	124bps
Diluted EPS	3.7	3.4	5.2	11%	-28%

Key Highlights:

Q1FY19 vs Q1FY18:

- Growth in headcount from 195K to 272K (up 39% YoY) and new client additions.
- Gross Revenue grew by 52%:
 - **Organic impact:** has contributed to a top-line growth of ~28%
 - **Inorganic impact:** Consolidation of Vedang, ConneQt, Monster, Greenpiece & DigiCare
- EBITDA Margin stood at 5.2% as against 5.8% in Q1' FY18 YoY. The reduction in margin is primarily due to the following reasons:
 - Impact of seasonality in the business operations of recently acquired entities such as Conneqt Business Solutions and Manipal Integrated Services; and
 - Impact of ongoing strategic investments in Technology, Sales and Operations at Monster and DigiCare. Benefits from these investments are expected to be seen from Q3' FY19.
- Diluted EPS was higher by 11% YoY at ₹3.7.

*Following the acquisitions done in the previous year, there has been a non-operating accounting charge of ₹16 cr in the current quarter (Q1'FY19) due to the Amortization of Intangible Assets of ₹9 cr and Non Controlling Interest Put Option of ₹7 cr. Post adjustment of these non-operating items, the normalized operating PAT for Q1'FY19 would increase to ₹ 70 cr resulting in an improved PAT margin at 3.55% and normalized diluted EPS at ₹ 4.8

Segment wise Performance

Business Segment Highlights

	People Services		Facility Management		Industrials	
Particulars	Q1 FY19	Q1 FY18	Q1 FY19	Q1 FY18	Q1 FY19	Q1 FY18
Revenue	869	619	279	228	120	60
% YoY Change	40%		22%		98%	
EBIT	39	31	17	15	5	3
% YoY Change	28%		11%		74%	
EBIT Margin	4.51%	4.95%	5.93%	6.57%	3.97%	4.52%

	Technology Solutions		Internet Business	
Particulars	Q1 FY19	Q1 FY18	Q1 FY19	Q1 FY18
Revenue	664	390	37	-
% YoY Change	70%		-	
EBIT	35	23	-6	-
% YoY Change	47%			
EBIT Margin	5.22%	6.02%	-16.00%	-



M&A Update

M&A Update

DigiCare

On April 11, 2018, Qess completed the acquisition of 100% stake in HCL Computing Products Limited (Branded as DigiCare Services). Accordingly, the financials of the acquired entity has been fully consolidated into Qess w.e.f. Q1 FY 2019. The acquisition gave Qess a strategic entry into the mobile and consumer durable break-fix and repairs market across India and has complemented the company's offering in the Customer Lifecycle Management (CLM) space.

Greenpiece

Qess completed the acquisition of 90% stake in Greenpiece Landscapes India Private Limited with effect from May 08, 2018. Accordingly, the financials of the acquired entity has been fully consolidated into Qess w.e.f. Q1 FY 2019. Landscaping is an adjacency to Qess' Facility Management business and the acquisition further differentiated our offerings and brought in much-needed institutional approach to this segment.

Thank You!

Quess Corp Limited

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