



## Q2 FY18 Earnings Update

October 2017

# Disclaimer

---

- ▶ *This presentation has been prepared by Qess Corp Limited ("Company") solely for information purposes without any regard to any specific objectives, financial situations or informational needs of any particular person. This presentation may not be copied, distributed or disseminated, directly or indirectly, in any manner. Failure to comply with this directive may result in a violation of the applicable law in certain jurisdictions. By reviewing this presentation, you agree to be bound by the restrictions contained herein, and to maintain absolute confidentiality, regarding the information disclosed in these materials.*
- ▶ *This presentation does not constitute or form part of and should not be construed as, directly or indirectly, any offer or invitation or inducement to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities of the Company by any person in any jurisdiction, including in India, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any investment decision or any contract or commitment therefor.*
- ▶ *This presentation contains statements that constitute forward looking statements. These statements include descriptions regarding the intent, belief or current expectations of the Company or its directors and officers with respect to the results of operations and financial condition of the Company. These statements can be recognized by the use of words such as "expects", "plans", "will", "estimates", "projects", or other words of similar meaning. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in such forward-looking statements as a result of various factors and assumptions which the Company believes to be reasonable in light of its operating experience in recent years. The risks and uncertainties relating to these statements include, but not limited to, risks and uncertainties, regarding fluctuations in earnings, our ability to manage growth, competition, our ability to manage our international operations, government policies, regulations, etc. The Company does not undertake any obligation to revise or update any forward looking statement that may be made from time to time by or on behalf of the Company including to reflect actual results, changes in assumptions or changes in factors affecting these statements. Given these risks, uncertainties and other factors, viewers of this presentation are cautioned not to place undue reliance on these forward looking statements. This presentation may contain certain currency exchange rates and the same have been provided only for the convenience of readers.*
- ▶ *This presentation is not a complete description of the Company and may not be all inclusive and may not contain all of the information that you may consider material. The information contained in this presentation has not been independently verified. No representation, warranty, guarantee or undertaking, express or implied, is or will be made as to, and no reliance should be placed on, the accuracy, completeness, correctness or fairness of the information, estimates, projections and opinions contained in this presentation. Viewers of this presentation must make their own assessment of the relevance, accuracy and adequacy of the information contained in this presentation and must make such independent investigation as they may consider necessary or appropriate for such purpose. Such information and opinions are in all events not current after the date of this presentation. Further, past performance is not necessarily indicative of future results. Any opinions expressed in this presentation or the contents of this presentation are subject to change without notice. This presentation should not be construed as legal, tax, accounting, investment or other advice.*
- ▶ *Any person placing reliance on the information contained in this presentation or any other communication by the Company does so at his or her own risk and none of the Company nor any of its affiliates, advisers or representatives, any placement agent, promoters or any other persons that may participate in any offering of any securities of the Company shall have any responsibility or liability whatsoever, whether arising in tort, contract or otherwise, for any errors, omissions, insufficiencies or inaccuracies in such information or opinions or for any loss, cost or damage suffered or incurred howsoever arising, directly or indirectly, from any use of this presentation or its contents or otherwise in connection with this presentation.*
- ▶ *This presentation has not been and will not be registered as a prospectus with any Registrar of Companies in India. This presentation is not a prospectus, a statement in lieu of a prospectus, an offering circular, an advertisement, a private placement offer letter or an offer document under the Companies Act, 2013 and the rules made thereunder, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, or any other applicable law.*

# Contents

---

- ▶ 01. PERFORMANCE HIGHLIGHTS
- ▶ 02. FINANCIAL PERFORMANCE
- ▶ 03. M&A

---

# Performance Highlights

---

# Performance Highlights - Q2 FY18

---

## ***Operating Revenue***

- Q2 FY18 Revenue at ₹ 1,274 cr compared to ₹ 1,018 cr in Q2 FY17 and ₹ 1,188 cr in Q1 FY18
- YoY growth of 25.2%
- QoQ growth of 7.2%

## ***EBITDA***

- Q2 FY18 EBITDA at ₹ 66 cr compared to ₹ 55 cr in Q2 FY17 and ₹ 63 cr in Q1 FY18
- YoY growth of 20.5%
- QoQ growth of 4.7%

## ***PAT***

- Q2 FY18 PAT at ₹ 141 cr compared to ₹ 30 cr in Q2 FY17 and ₹ 33 cr in Q1 FY18
- YoY growth of 366.7%
- QoQ growth of 324.3%

# Performance Highlights - H1 FY18

## **Operating Revenue**

- H1 FY18 Revenue at ₹ 2,462 cr compared to ₹ 2,009 cr in H1 FY17
- YoY growth of 22.6%

## **EBITDA**

- H1 FY18 EBITDA at ₹ 130 cr compared to ₹ 108 cr in H1 FY17
- YoY growth of 20.4%

## **PAT**

- H1 FY18 PAT at ₹ 174 cr compared to ₹ 55 cr in H1 FY17
- YoY growth of 216.9%

## **Headcount\***

- ~212,500 employees at the end of H1 FY18 compared to ~139,000 at the end of H1 FY17 and ~195,000 employees at the end of Q1 FY18

\*Headcount data is as on September 30, 2017 and includes Terrier and Manipal Integrated Services

---

# Financial Performance

---

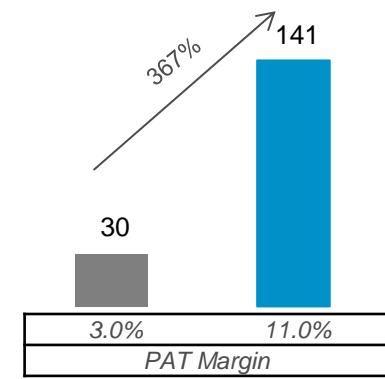
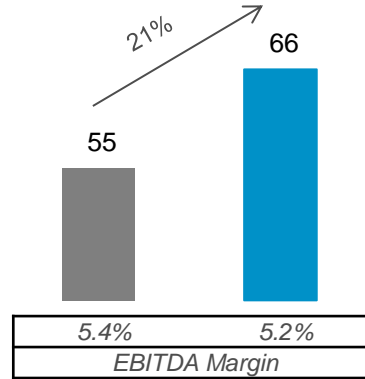
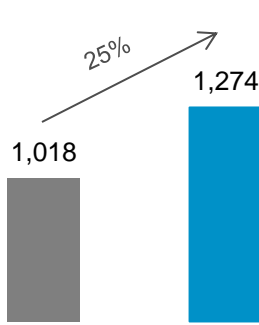
# Business Snapshot

Gross Revenue

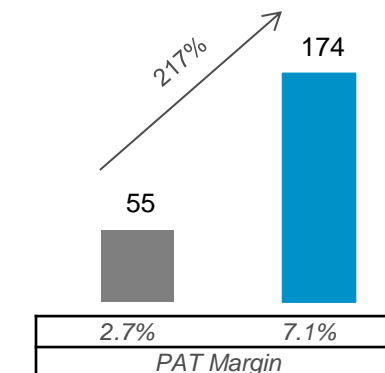
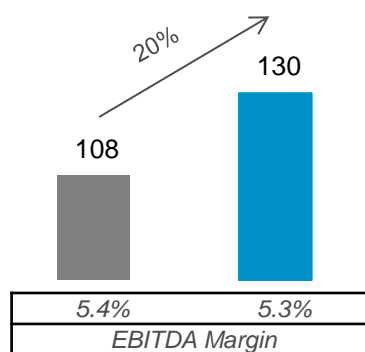
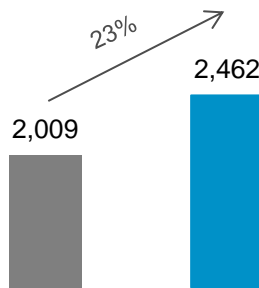
EBITDA

PAT

**Quarterly Performance**  
Q2 FY17 vs. Q2 FY18



**Halfyearly Performance**  
H1 FY17 vs. H2 FY18





# Business Segment Highlights

| Particulars  |
|--------------|
| Revenue      |
| % YoY Change |
| EBIT         |
| EBIT Margin  |

## People & Services

|              | Q2 FY18 | Q2 FY17 |
|--------------|---------|---------|
| Revenue      | 683     | 583     |
| % YoY Change | 17%     |         |
| EBIT         | 33      | 26      |
| EBIT Margin  | 4.8%    | 4.5%    |

## Global Technology Solutions

|              | Q2 FY18 | Q2 FY17 |
|--------------|---------|---------|
| Revenue      | 390     | 278     |
| % YoY Change | 40%     |         |
| EBIT         | 28      | 20      |
| EBIT Margin  | 7.2%    | 7.1%    |

| Particulars  |
|--------------|
| Revenue      |
| % YoY Change |
| EBIT         |
| EBIT Margin  |

## Integrated Facility Management

|              | Q2 FY18 | Q2 FY17 |
|--------------|---------|---------|
| Revenue      | 126     | 99      |
| % YoY Change | 26%     |         |
| EBIT         | 8       | 5       |
| EBIT Margin  | 6.0%    | 5.0%    |

## Industrials

|              | Q2 FY18 | Q2 FY17 |
|--------------|---------|---------|
| Revenue      | 75      | 57      |
| % YoY Change | 31%     |         |
| EBIT         | 4       | 6       |
| EBIT Margin  | 4.7%    | 9.8%    |

# Financial Statements

## Income Statement

| Particulars          | Amount in Rs. Crs |         |            |         |         |            |
|----------------------|-------------------|---------|------------|---------|---------|------------|
|                      | Q2 FY18           | Q2 FY17 | YoY Change | H1 FY18 | H1 FY17 | YoY Change |
| Operating Income     | 1,274             | 1,018   | 25%        | 2,462   | 2,009   | 23%        |
| <b>EBITDA</b>        | 66                | 55      | 21%        | 130     | 108     | 20%        |
| <i>EBITDA Margin</i> | 5.2%              | 5.4%    | (20) bps   | 5.3%    | 5.4%    | (9) bps    |
| Depreciation         | (7)               | (7)     | 7%         | (14)    | (13)    | 9%         |
| Finance Expenses     | (15)              | (10)    | 54%        | (31)    | (19)    | 64%        |
| Other Income         | 17                | 6       | 195%       | 20      | 6       | 216%       |
| <b>PBT</b>           | 60                | 44      | 37%        | 105     | 82      | 28%        |
| Income Tax           | 80                | (14)    |            | 69      | (27)    |            |
| <b>PAT</b>           | 141               | 30      | 367%       | 174     | 55      | 217%       |
| <i>PAT Margin</i>    | 11.0%             | 3.0%    | 808 bps    | 7.1%    | 2.7%    | 433 bps    |
| <b>Basic EPS</b>     | 10.66             | 2.42    | 340%       | 13.44   | 4.61    | 191%       |
| <b>Diluted EPS</b>   | 10.54             | 2.37    | 345%       | 13.28   | 4.51    | 195%       |

Note: Figures in Rs. crs, unless mentioned otherwise

## Balance Sheet

| Particulars                         | Amount in Rs. Crs |              |
|-------------------------------------|-------------------|--------------|
|                                     | Sept-17           | Mar-17       |
| <b>Non Current Assets</b>           |                   |              |
| Fixed Assets                        | 460               | 445          |
| Financial Assets                    | 85                | 74           |
| Other Non-Current Assets            | 531               | 411          |
| <b>Current Assets</b>               |                   |              |
| Trade Receivables                   | 994               | 834          |
| Cash and Equivalents                | 1,044             | 459          |
| Loans & Other Current Assets        | 71                | 57           |
| <b>Total Assets</b>                 | <b>3,185</b>      | <b>2,280</b> |
| Shareholders Fund                   | 1,860             | 837          |
| Long Term Debt                      | 258               | 274          |
| Short Term Debt                     | 341               | 456          |
| Trade Payables                      | 74                | 63           |
| Other current liabilities           | 652               | 650          |
| <b>Total Equity and Liabilities</b> | <b>3,185</b>      | <b>2,280</b> |


---

# M&A

---

# Acquisition of 70% stake in Vedang Cellular Services

## Company Overview

|                         |  |
|-------------------------|--|
| <b>Company</b>          |  Vedang Cellular Services Private Limited   |
| <b>Established</b>      | 2010   |
| <b>Headquarter</b>      | Mumbai   |
| <b>Services Offered</b> | <ul style="list-style-type: none"> <li>▪ Telecom Network Optimisation (76% of FY17 Sales)</li> <li>▪ Telecom Installation-Active Components (13%)</li> <li>▪ Managed Services (11%)</li> </ul> |
| <b>Clients</b>          | <ul style="list-style-type: none"> <li>▪ Serves major Telecom OEMs &amp; Telecom operators.</li> </ul>   |
| <b>Present in</b>       | <ul style="list-style-type: none"> <li>▪ Majority of business comes from Maharashtra, MP &amp; Gujarat</li> </ul>  |
| <b>Headcount</b>        | <ul style="list-style-type: none"> <li>▪ About 1,500 Engineers &amp; Technicians</li> </ul>  |

## Business Highlights

- Amongst the Top 5 players in the Telecom Network Optimisation space with strong industry relations, superior service offerings and deep technical capability.
- Higher margin service mix with EBITDA margins trending at 11%-12%.
- Strong customer relationship – one of the largest vendors in its space to key OEM & Telco customers.
- Complements Ques's current capabilities in the Telecom Network O&M Space in terms of service capabilities, geographies served and client relationships.
- Vedang being among the larger players in its service line, is among the key beneficiaries of ongoing vendor consolidation in industry.

## Financial Highlights

| (in Rs. crs)        | FY15 | FY16 | FY17 |
|---------------------|------|------|------|
| Revenue             | 43.3 | 74.4 | 78.2 |
| PAT                 | 2.8  | 3.9  | 5.5  |
| <i>PAT Margin %</i> | 6.5% | 5.2% | 7.0% |

# Thank You!

**Quess Corp Limited**

Quess House, 3/3/2 Bellandur Gate, Sarjapur Road  
Bangalore 560103, Karnataka, India