



Earnings Update FY19

22nd May 2019

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38%
YoY Revenue
Growth
24% Organic
Growth

21.4
Adjusted EPS* up
from
19.7

318K
Headcount
up from
262K in FY18

31%
YoY EBITDA growth
₹ **465 Cr** from
₹ **354 Cr**

43%
OCF/EBIDTA Up
from **31%** in FY18

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Key Statistics

Quarterly Comparison	Q4'FY19	Q4'FY18
Headcount +22%	318K	262K
Revenue +21%	2,295	1,891
EBITDA +21%	132	109
EBITDA Margin (4) bps	5.74%	5.78%
PBT +11%	88	79
PAT	76	76
Adj. PAT* (4)%	94	99
Adj. EPS* (5)%	6.5	6.8
OCF Conversion	59%	

Annual Comparison	FY19	FY18
Headcount +22%	318K	262K
Revenue +38%	8,527	6,167
EBITDA +31%	465	354
EBITDA Margin (30) bps	5.45%	5.75%
PBT +11%	289	261
PAT (17)%	257	310
Adj. PAT* +13%	314	279
Adj. EPS* +9%	21.4	19.7
OCF Conversion	43%	31%

*PAT/EPS adjusted for non cash and non operating items such as customer amortization, NCI Put option and income tax relating to prior period

Key Highlights

Particulars	Q4 FY19	Q4 FY18	Var %	FY19	FY18	Var %
Revenue from operations	2,295	1,891	21%	8,527	6,167	38%
Less:						
Employee benefit expense	(1,821)	(1,514)	20%	(6,713)	(5,079)	32%
Cost of material	(43)	(41)	4%	(262)	(142)	85%
Other expenses	(299)	(226)	32%	(1,087)	(591)	84%
Total expenses	(2,163)	(1,781)	21%	(8,062)	(5,813)	39%
EBITDA	132	109	21%	465	354	31%
Other income	29	24	21%	71	57	25%
Interest	(32)	(25)	28%	(114)	(75)	52%
Depreciation and amortisation	(33)	(28)	14%	(123)	(75)	65%
EBT (before investee share of profits)	96	80	21%	298	261	14%
Associate Income (net of income tax)	(9)	(1)	925%	(9)	0	-2514%
Earnings before tax	88	79	11%	289	261	11%
Tax	(12)	(3)	289%	(33)	48	-168%
Profit after tax	76	76	0%	257	310	-17%
EBITDA margin	5.7%	5.8%	-4 bps	5.4%	5.7%	-30 bps
PAT margin	3.3%	4.0%	-72 bps	3.0%	5.0%	-201 bps
Basic EPS	5.2	5.3	-1%	17.6	22.1	-20%
Diluted EPS	5.2	5.2	-1%	17.5	21.8	-20%

Q4FY19 vs Q4FY18

- Gross Revenue grew by **21%** y-o-y to **₹2,295 cr**
- EBITDA grew by **21%** YoY to **₹132 cr**
- Diluted EPS stood at **₹ 5.2** for the quarter

FY19 vs FY18

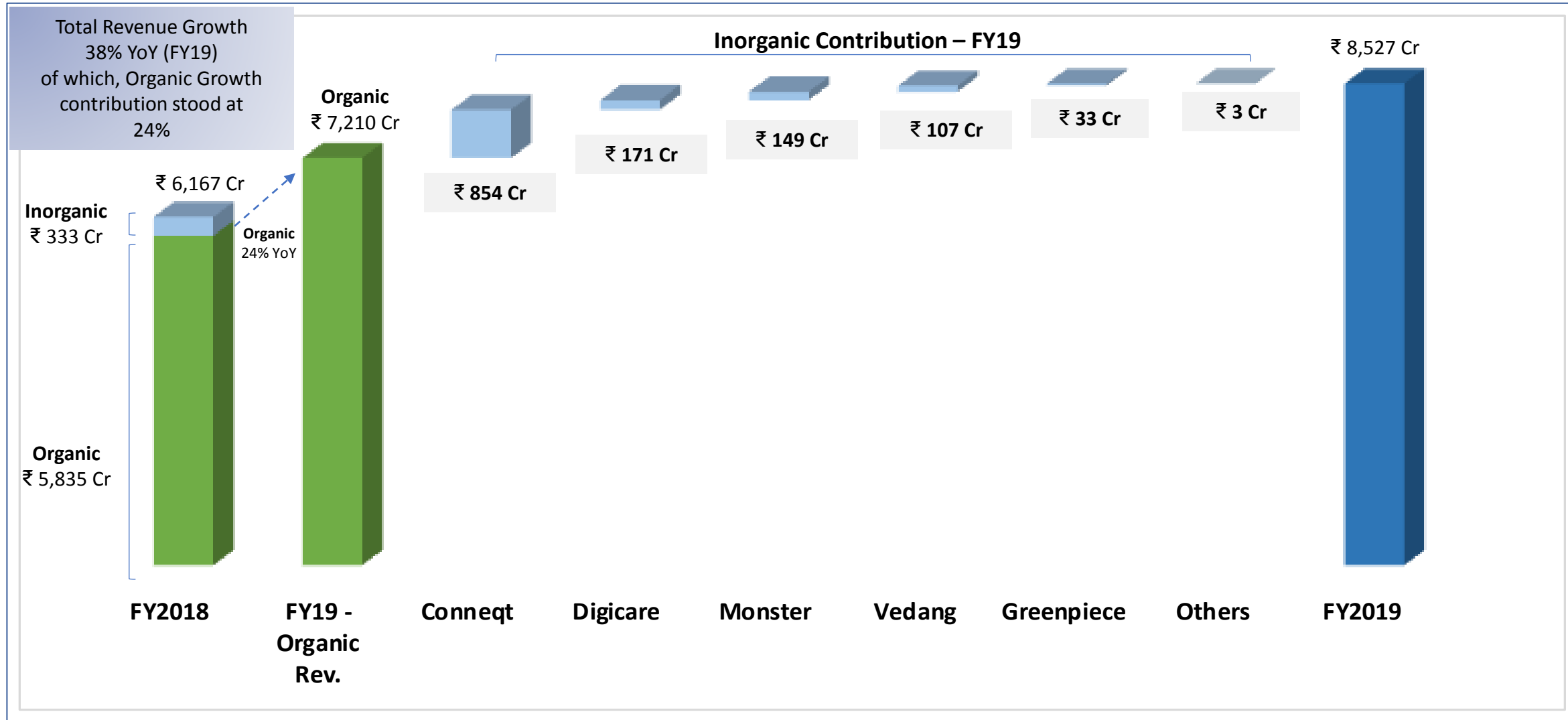
- Gross Revenue grew by **38%** y-o-y to **₹8,527 cr**
 - **Organically**, business has grown by **24%**
 - **Inorganic impact**: Incremental revenue from full year consolidation of Vedang, Conneqt, Monster, Greenpiece and DigiCare.
- EBITDA Margin stood at **5.45%** in FY19 as against **5.75%** in FY18. The drop in full year margin is primarily on account of operating losses at Monster.
- PAT for the full year period in FY19 is **not comparable** on YoY basis due to the one-time tax benefit of **₹57 cr** during FY18 period.
- Similarly, EPS is not comparable on a YoY basis. Diluted EPS stood at ₹ 17.5 for the year.

Particulars	31-Mar-19	31-Mar-18	Var%
Non-current assets			
Fixed assets	236	233	1%
Intangibles	1,435	1,401	2%
Investments	90	89	1%
Other non-current assets	846	487	74%
Current assets			
Trade receivables	913	921	-1%
Cash and cash equivalents	624	1,034	-40%
Unbilled revenue	703	473	49%
Loans & other current assets	165	262	-37%
Total assets	5,012	4,899	2%
Equity			
Share capital	146	145	0%
Other equity	2,580	2,315	11%
Non controlling interest	3	2	96%
Debt			
Long term debt	209	269	-22%
Short term debt	575	725	-21%
Other liabilities			
Trade & other payables	173	148	17%
Other provisions & tax liabilities	1,326	1,295	2%
Total equities and liabilities	5,012	4,899	2%

Key Highlights

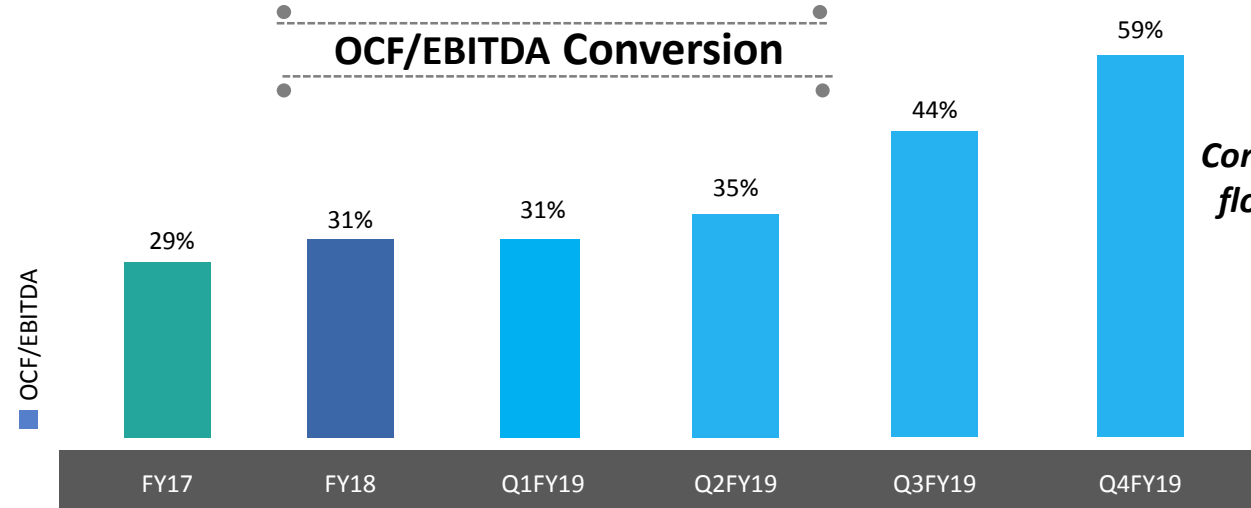
- Overall Debt **reduced by ₹ 209 cr** to **₹ 784 cr** in FY19 from ₹ 994 cr in FY18 due to **better working capital management** leading to **higher operating cash conversion**.
- This has resulted a **reduction in leverage ratio** (Gross Debt/EBITDA) **to 1.7 from 2.8**.
- The **Gross Debt to Equity** ratio **reduced to 0.3 in FY 19 from 0.4** in FY18.
- The focus on reducing the working capital cycle has **reduced the Billed DSO to 39 days from 54 days**.
- The reduction in DSO has a direct impact on operating cash conversion. The **OCF/EBITDA** cash conversion has **increased to 43% in FY19 from 31% in FY18**.
- OCF conversion has increased sequentially to **59% in Q4 FY19 from 44% in Q3 FY19**.

Delivering Consistent Organic Growth



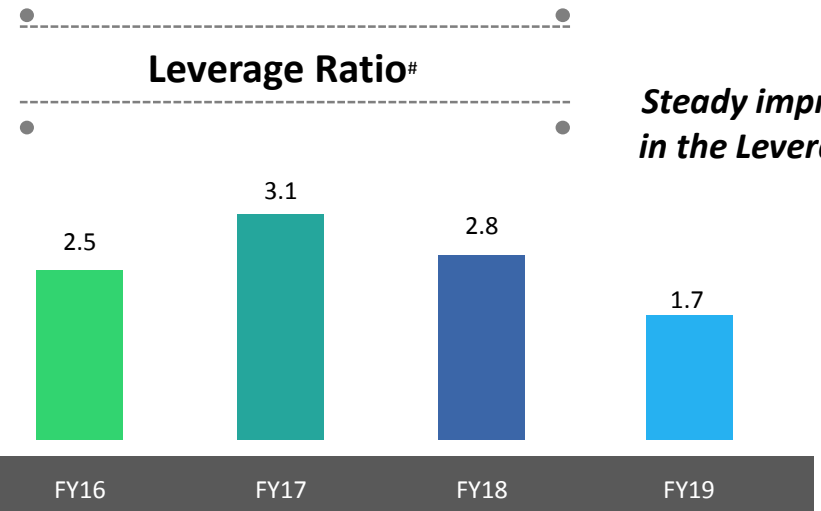
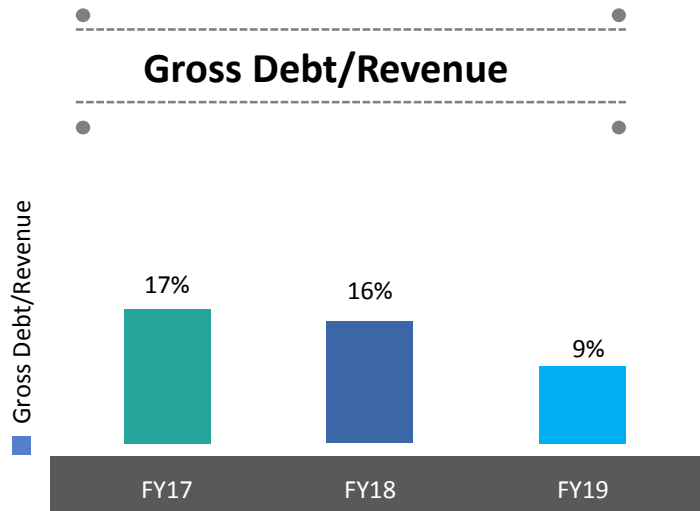
*Others – include revenue contribution from Inticore and Simpliance

Improvement in Operating Cash Flows



Consistent improvement in Operating cash flow conversion through better working capital management.

Gross Debt to Revenue has reduced despite robust growth in Topline

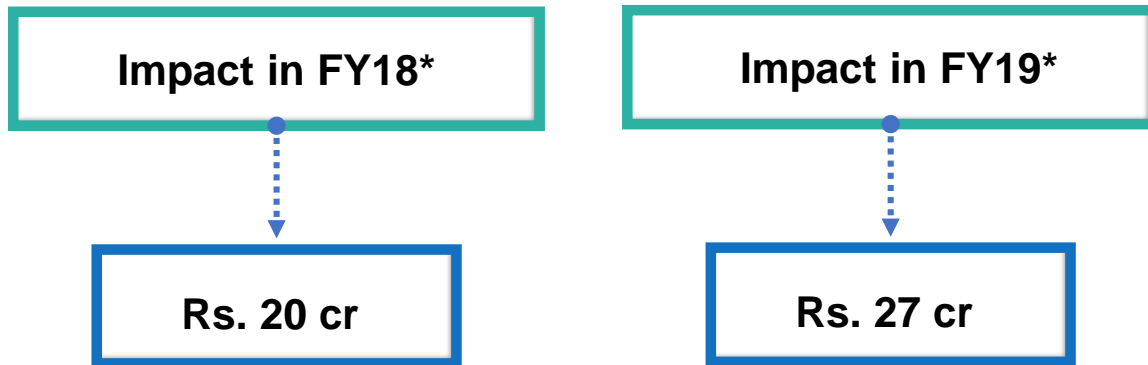


Steady improvement in the Leverage Ratio

#Gross Debt/EBITDA

Amortization of Customer Related Intangible Assets

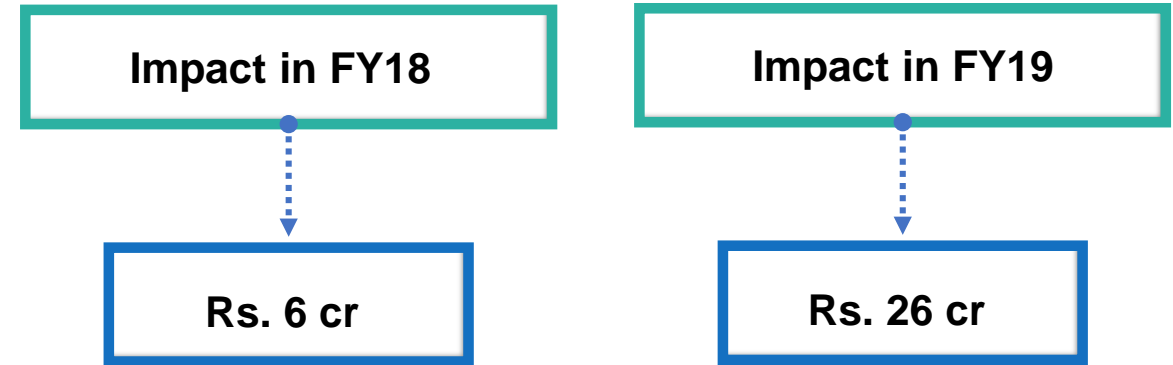
- All our acquired businesses are :
 - Asset light with low NAV.
 - But have higher fair market value due to strong market positioning.
- Goodwill = Purchase Consideration – Net worth – Intangibles.
- Intangibles recognized on Purchase Price Allocation (PPA) majorly includes.
 - Customer Relationships.
 - Brand etc.
- Intangibles recognized under PPA should be amortized over the life of assets.



Impact of Non controlling Interest option

- Quess has an obligation to acquire balance equity shares in subsidiaries such as Conneqt, Vedang and Goldenstar for an exercise price specified in the option agreement.
- As per Ind AS, NCI obligation is to be recognized as a financial liability.
- The fair value is recomputed every year and the differential amount is charged to the P&L till the actual year of the payout.

Entity	Timeline for acquisition of balance stake		
Goldenstar	2019		
Vedang		2020	2021
Conneqt		2020	2023



Key Strategic Initiatives

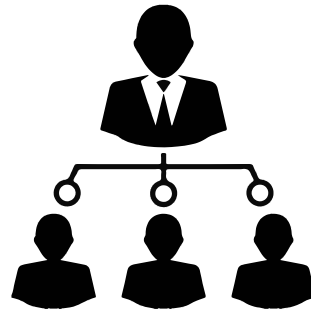
Simplified Operating Structure



- Transition from Segments to Platform Structure
- **Focus on Three Platforms –** Workforce Management, Asset Management and BPM & Tech
- Simplification of Operating Structure enhances smooth operations and encourages cross sell

(Status: Completed)

Streamlined Leadership



- **Leadership structure aligned to Platform strategy**
- Each **Platform is decentralized** and headed by Presidents and supported by respected CEOs
- Streamlined structure helps in aligning leaders with their expertise to enhance value creation

(Status: Completed)

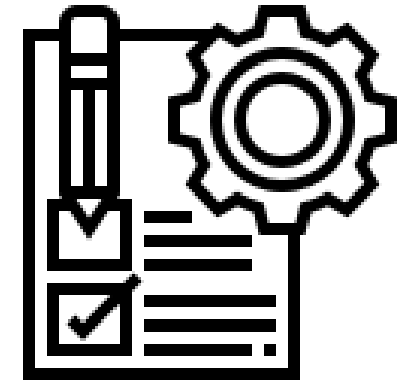
Unified Branding



- Consolidate brands under Ques umbrella from existing **28 to 10 brands**
- Replacing individual brands with Ques Branding e.g. Ques Staffing, Ques FMS etc.
- Unified branding will make Ques' breadth of services visible with high brand recall.

(Status: Target by Q2'FY20)

Reporting and Review Mechanism



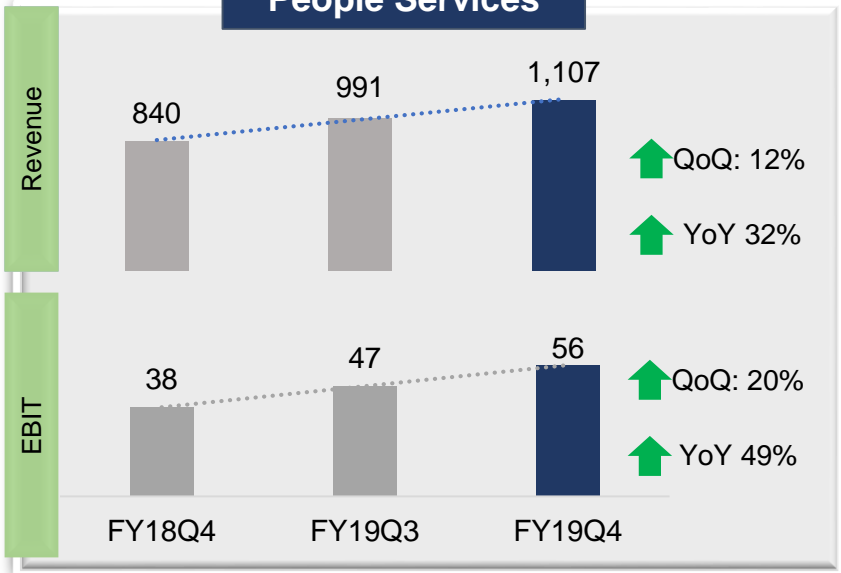
- Creation of a **Management Services Group (MSG) under CBO**
- Focus on Business Metrics, Digitization and Cost Optimization
- Data driven Incentive and Review Mechanism

(Status: Commenced)

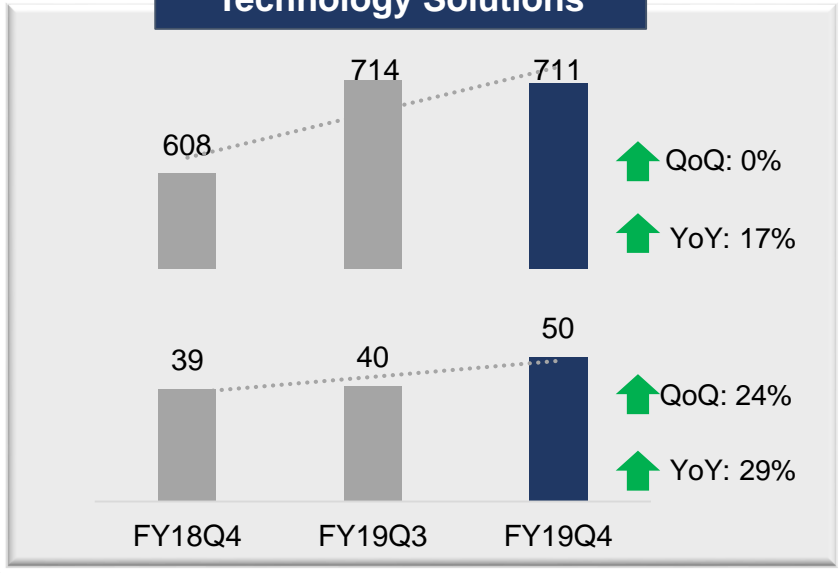
Segment Update

Quarterly Segment Results

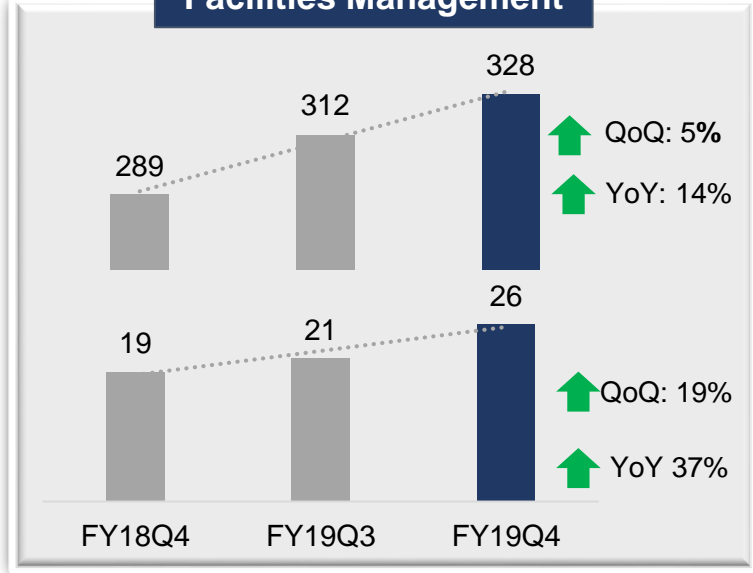
People Services



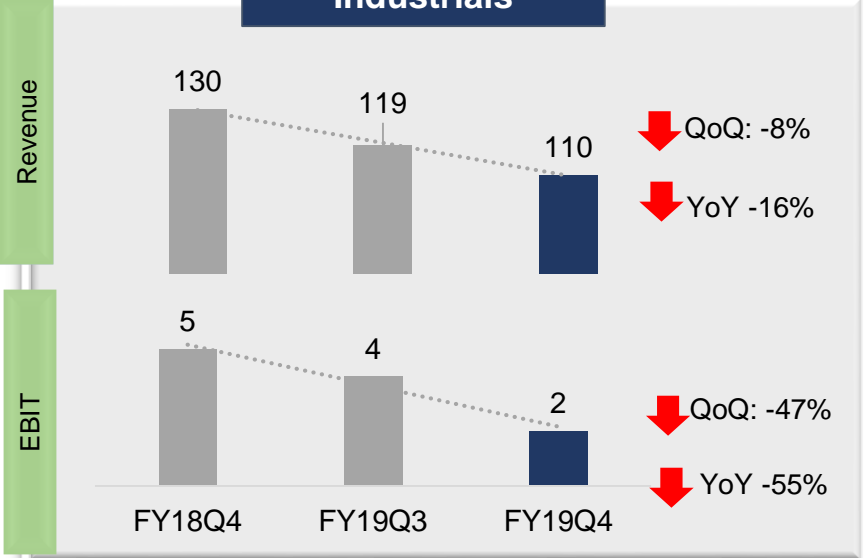
Technology Solutions



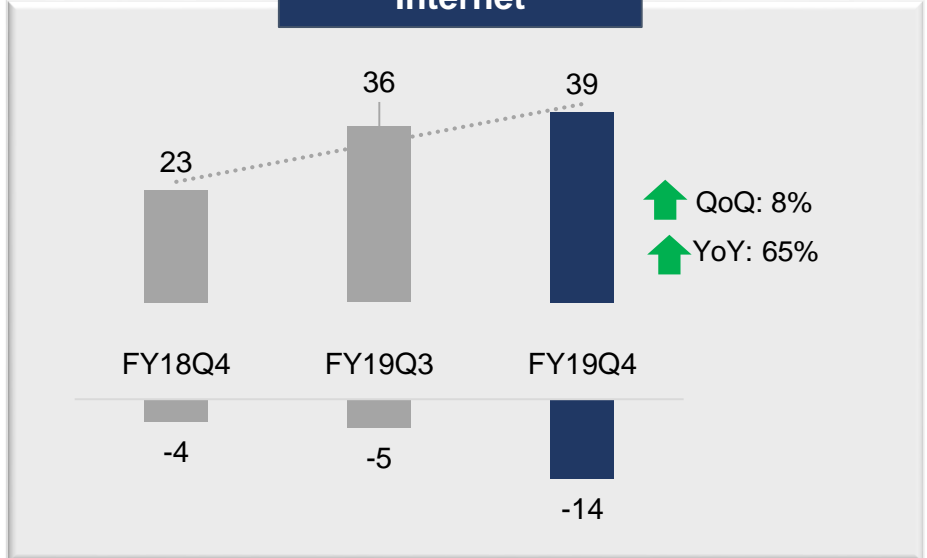
Facilities Management



Industrials

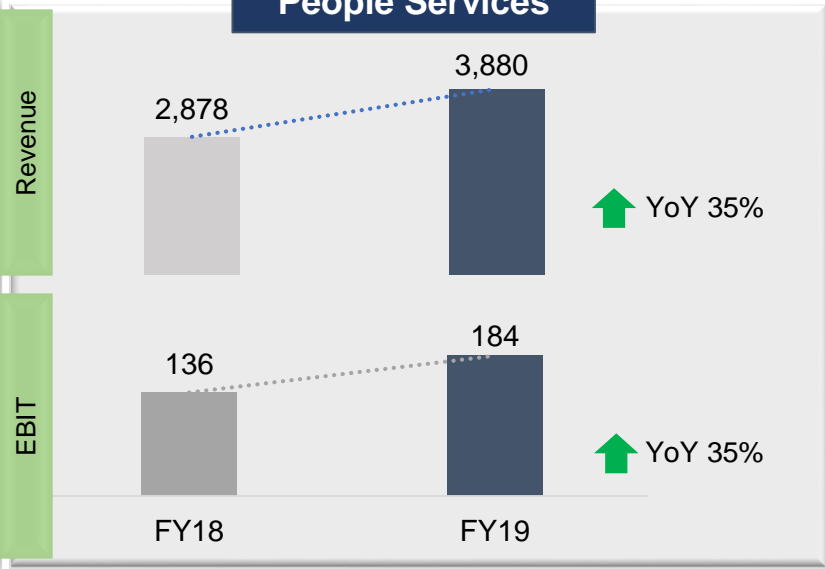


Internet

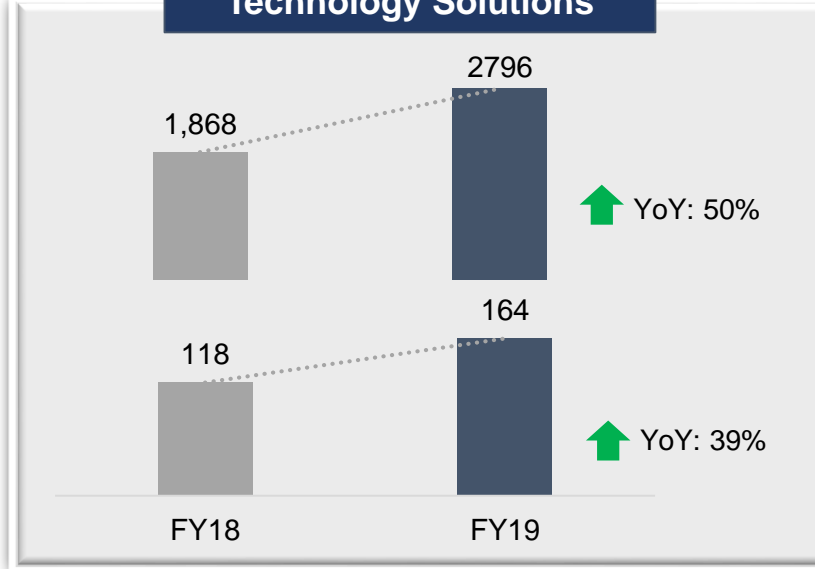


Annual Segment Results

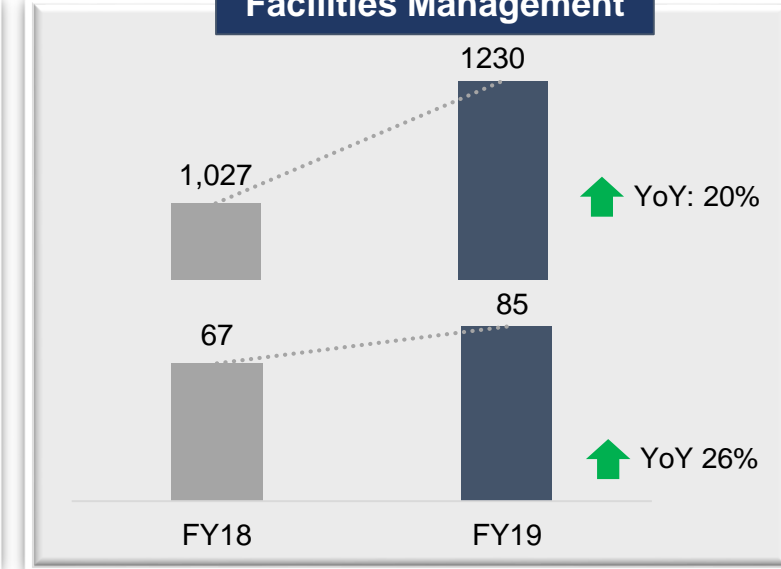
People Services



Technology Solutions



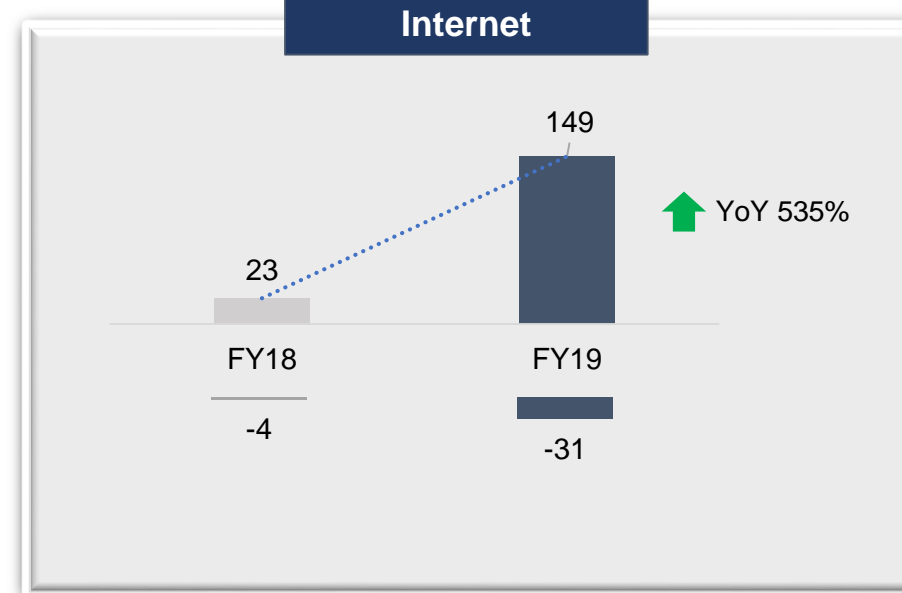
Facilities Management



Industrials



Internet



Q4	Revenue	EBIT
Q4' 19	1107	56
Q4' 18	840	38
YoY Change (%)	32%	49%

Annual	Revenue	EBIT
FY'19	3,880	184
FY'18	2,878	136
YoY Change (%)	35%	35%



Headcount: Quess' General Staffing headcount crossed **192,000** as on March 31, 2019. This was led by a strong addition of **24 new logos** during Q4'FY19 and over **200 new logos** during full year



Our General Staffing business achieved a **Core to Associate ratio** of **1:330** in Q4 FY19 compared to **1:260** in Q4 FY18.
Our General Staffing **Collect & Pay** contract share improved to **65%** in FY19 from **58%** in FY18.



Our Training & Skill development arm, Excelus trained over **38,000** candidates in FY19 and retained its Champion Employer status securing additional contracts under DDUGKY, PMKK & RMSA schemes.



Excelus has won **Centrally Sponsored and State Managed Projects** in the state of **Maharashtra and Bihar**. Additionally, it has also won projects under **CMKK** program in **Karnataka**

Q4 (Rs. in Cr)	Revenue	EBIT
Q4'19	711	50
Q4'18	608	39
YoY Change (%)	17%	29%

Annual (Rs. in Cr)	Revenue	EBIT
FY'19	2,796	164
FY'18	1,868	118
YoY Change (%)	50%	39%



Conneqt: Witnessed sustainable growth by addition of **04 new clients** and **09 new lines of businesses** from existing clients across sectors in Q4 FY19



Conneqt's digitally enabled CLM services has made good progress in the market leading to large wins in **BFSI, E-commerce and Healthcare** sector. The company generated **revenues of ₹854 cr** and **EBITDA of ₹74 cr** in FY19 translating to a **margin of 8.6%**.



DigiCare: The Company currently operates over **250 service centers** and has increased its geographic footprint from **55 to 150 towns** post our acquisition while expanding its service portfolio from “**in - store heavy services**” to “**in - home services**” like troubleshooting, repairs and installations.

Q4 (Rs. In Cr)	Revenue	EBIT
Q4'19	328	26
Q4'18	289	19
YoY Change (%)	14%	37%

Annual (Rs. In Cr)	Revenue	EBIT
FY'19	1,230	85
FY'18	1,027	67
YoY Change (%)	20%	26%



Facility Management (FM) business continued its strong organic growth momentum during the year led by healthy addition of **120 new logos** for the year across sectors.



Our FM business scaled up its **healthcare and educational institution** vertical by adding **12 and 4 new clients** in each of these sectors respectively.



Terrier: The Security services business added over **2,400** new headcount during Q4'FY19 taking the total closing headcount to over **19,100 guards** across **180 cities** in India.



Terrier offerings of **integrated security services** which includes digital coupled with manned guarding, has achieved a **higher traction in the market winning contracts in E-commerce, BFSI and Manufacturing** sectors. Terrier achieved a strong **Revenue growth of 30% YoY** in FY19.

Q4 (Rs. In Cr)	Revenue	EBIT
Q4'19	39	-14
Q4'18	23	-4
YoY Change (%)	65%	

Annual (Rs. In Cr)	Revenue	EBIT
FY'19	149	-31
FY'18	23	-4
YoY Change (%)	535%	



Monster: The company **launched a revamped Monster.com** portal across India, SEA and Gulf in Q4'FY19.



Monster: The Core Services of the platform are now enhanced and made simpler, powered by **Semantic Search 2.0**, with **refreshed Job Posting interface** along with some **new Employer Branding Solutions**.



New Monster Brand Campaign received phenomenal response with **600 Mn impressions, 7 Mn clicks and 4 Mn visits**.



Monster turnaround as envisaged by the Management is **on course** and expected to **deliver targeted results in the coming quarters**.

THANK YOU