

Quesst Delivers Strong Organic Growth in Q1'FY19

Revenue up by 52%; EBITDA up by 36%; PAT up by 19% YoY

Quesst Corp, India's leading business services provider announced today its financial results for the first quarter (**Q1'FY19**) ended 30th June 2018. The key consolidated financials for the Q1'FY19 are:

Particulars (in ₹ cr)	Q1'19	Q1'18	YoY (%)	Q4'18	QoQ (%)
Revenue	1,968	1,297	52%	1,891	4%
EBITDA	102	75	36%	109	-6%
EBITDA Margin	5.21%	5.80%	-59 bps	5.78%	-58 bps
PAT*	54	46	19%	76	-28%
PAT Margin	2.76%	3.52%	-76 bps	4.01%	-124 bps
Diluted EPS (in ₹) (not annualized)	3.7	3.4	11%	5.2	-28%

* 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.

Q1'FY19 – Highlights

- **Employee headcount** as on June 30, 2018 was over **272,000** compared to 195,000 employees in the corresponding quarter of last year, registering a growth of **39%**.
- **Revenue** grew **52%** YoY to ₹1,968 cr with an **Organic growth contribution of 28%**.
- **EBITDA** grew **36%** YoY to ₹102 cr.
- **EBITDA Margin** stood at 5.21% as against 5.80% 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 Connect 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.
- **PAT** grew **19%** YoY at ₹54 cr from ₹46 cr. **PAT Margin** stands at **2.76%**.

- **Diluted EPS** was higher by **11%** YoY at **₹3.7**.

Strategic Update:

➤ Operations:

- Our **General Staffing** business has added a total headcount of **7,400** across General Staffing and the Apprenticeship program during Q1'FY19. The Staffing headcount has reached **~164,400** as on June 30, 2018.
- **Conneqt Business Solutions** expanded its business operations to two new international geographies – **Vietnam and the Middle East**.
- **Terrier Security Services** registered an all-time record win of over **4,000** new headcounts in Q1' FY19.
- **DigiCare Services** has expanded its store count by **33%** by adding 60 new stores during the quarter, bringing the total count to **240+ stores** across India.

➤ Acquisitions:

- On April 11, 2018, Ques 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 Ques w.e.f. Q1' FY 19. The acquisition gave Ques 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.
- Ques 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 Ques w.e.f. Q1' FY19. Landscaping is an adjacency to Ques' Facility Management business and the acquisition further differentiated our offerings and brought in much-needed institutional approach to this segment.

Segment Wise Performance

Particulars (in ₹ cr)	Q1'19	Q1'18	YoY (%)	Q4'18	QoQ (%)
People Services					
Revenue	869	619	40%	840	4%
EBIT	39	31	28%	38	4%
<i>EBIT Margin</i>	<i>4.51%</i>	<i>4.95%</i>		<i>4.49%</i>	
Technology Solutions					
Revenue	664	390	70%	608	9%
EBIT	35	23	47%	39	-10%
<i>EBIT Margin</i>	<i>5.22%</i>	<i>6.02%</i>		<i>6.33%</i>	
Facility Management					
Revenue	279	228	22%	289	-4%
EBIT	17	15	11%	19	-12%
<i>EBIT Margin</i>	<i>5.93%</i>	<i>6.57%</i>		<i>6.47%</i>	
Industrials					
Revenue	120	60	98%	130	-8%
EBIT	5	3	74%	5	-2%
<i>EBIT Margin</i>	<i>3.97%</i>	<i>4.52%</i>		<i>3.74%</i>	
Internet Business					
Revenue	37	-		23	58%
EBIT	(6)	-		(4)	63%
<i>EBIT Margin</i>	<i>-16.00%</i>			<i>-15.47%</i>	

Commenting on the financial results, Chairman & MD Mr. Ajit Isaac said that, “We had a promising start to the new financial year. Our Revenues grew by 52% and EBITDA by 36% YoY. Our margins has been impacted by the seasonality in the newly acquired businesses and due to our strategic investments in Monster and DigiCare. However, we are confident that the margins shall improve as we navigate through the year. Our normalized PAT and EPS after adjusting for non-operating accounting entries under Ind AS improves to ₹70 cr and ₹4.8 respectively. We have also started a business transformation program at Quesse encapsulating Zero Based Budgeting, Service Excellence and Digitization of key business processes to further enhance our margins”. He further added that “Quesse as a company is moving from being a business services provider to being a platform that connects with a large number of customers and consumers. Given our current scale of operation, the need to develop and execute a branding initiative is essential for making Quesse a preferred partner of choice for our clients and thereby leapfrogging to the next level of growth while delivering long term value for all our stakeholders.”

About Quesse Corp

Quesse Corp Limited (BSE: 539978, NSE: QUESS), is India's leading business services provider. At Quesse, we excel in helping large and emerging companies manage their non-core activities by leveraging our integrated service offerings across industries and geographies which provides significant operational efficiencies to our clients. Quesse has a team of over 272,000 employees across India, North America, South America, South East Asia and the Middle East across segments such as Industrials, Facility Management, People Services, Technology Solutions and Internet Business. Quesse serves over 1,700+ clients worldwide. Established in 2007, Quesse is headquartered in Bengaluru, India and has a market cap of over USD 2.4 Bn as on June 30, 2018.

For further details on Quesse Corp Ltd., please visit: <http://www.quessecorp.com>.

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