



Winning Together

Investor Presentation

Q3FY20

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Company Overview

Q3FY20 Key Highlights

Financial Performance (*Q3 and 9M'FY20*)

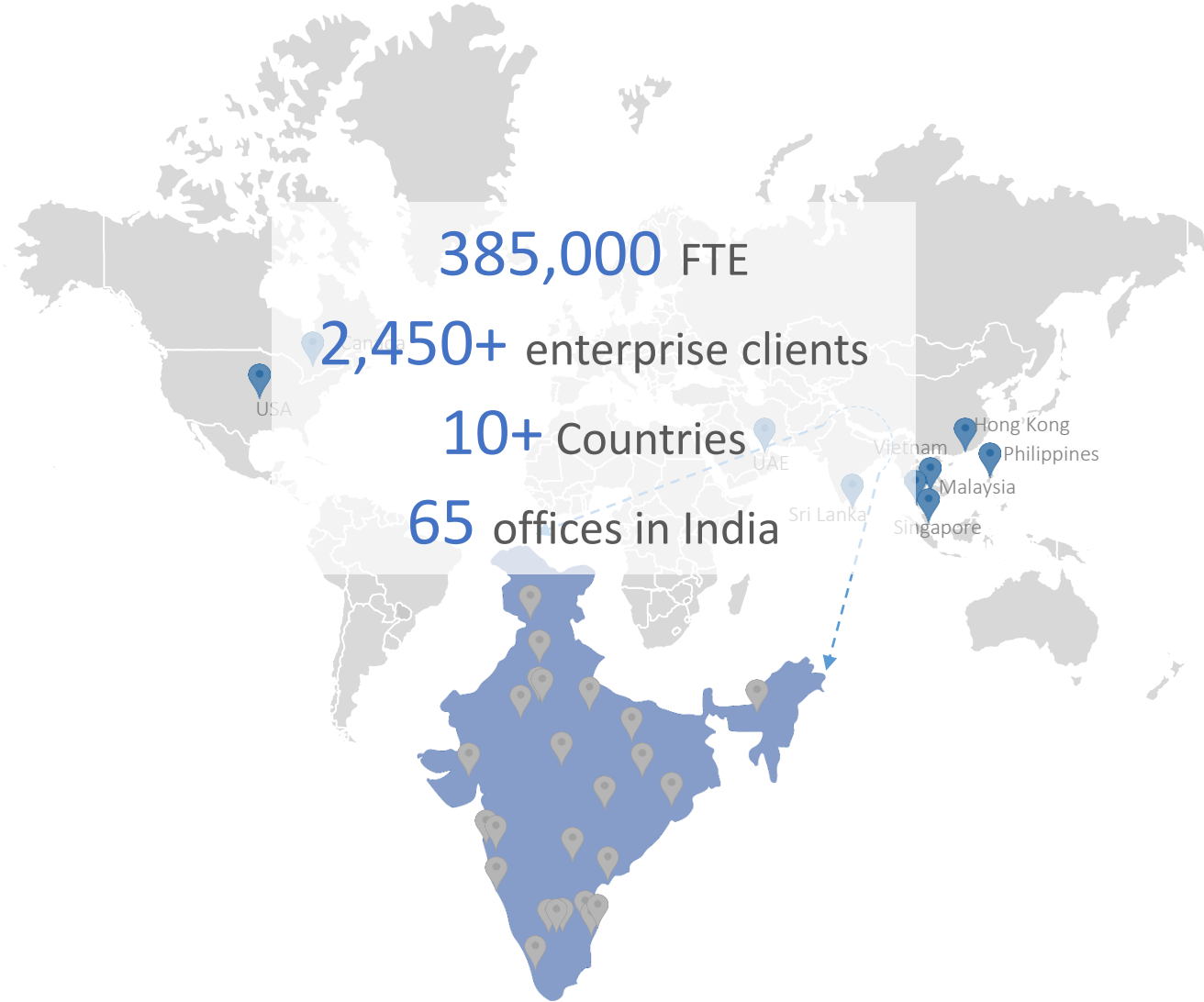
Platform-wise Highlights

Emerging Businesses

Key focus areas

Company Overview

India's Largest Business Services Platform



Winning Together

Customers | People | Investors

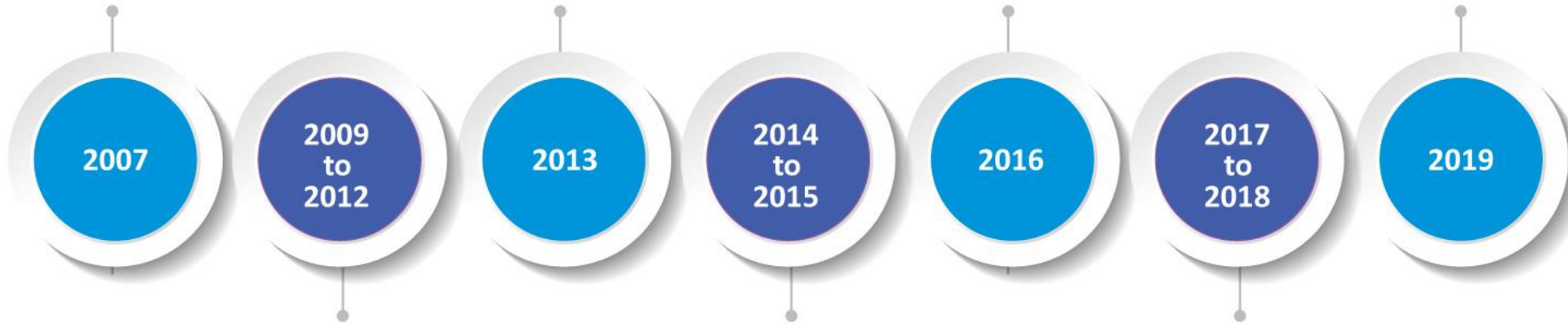
- World's **#4** Staffing Company
- India's **#1** Gen. Staffing player
- India's **#1** IT Staffing player
- Singapore's **#1** IT staffing player
- **Top 3** Facilities Management player in India

- **Top 3** Domestic BPO Player in India
- India's **#1** HR Payroll provider
- Leading vocational training player: **125,000** students trained and employed
- **Pioneer** in O&M services: Empowering 470 MW of Energy & 51 MTPA of metal facilities
- Certified **“Great Place to Work”**

Quess' Journey: Key Milestones

Commenced as a Recruitment & Staffing services provider

Investment by Fairfax



- ▶ **Acquired:**
 - **Avon** : Entry into Facilities Management
 - **Coachieve** : HRO company
 - **Magna** : Entry into IT staffing services
- ▶ Organic expansion in **Training and Skill development**

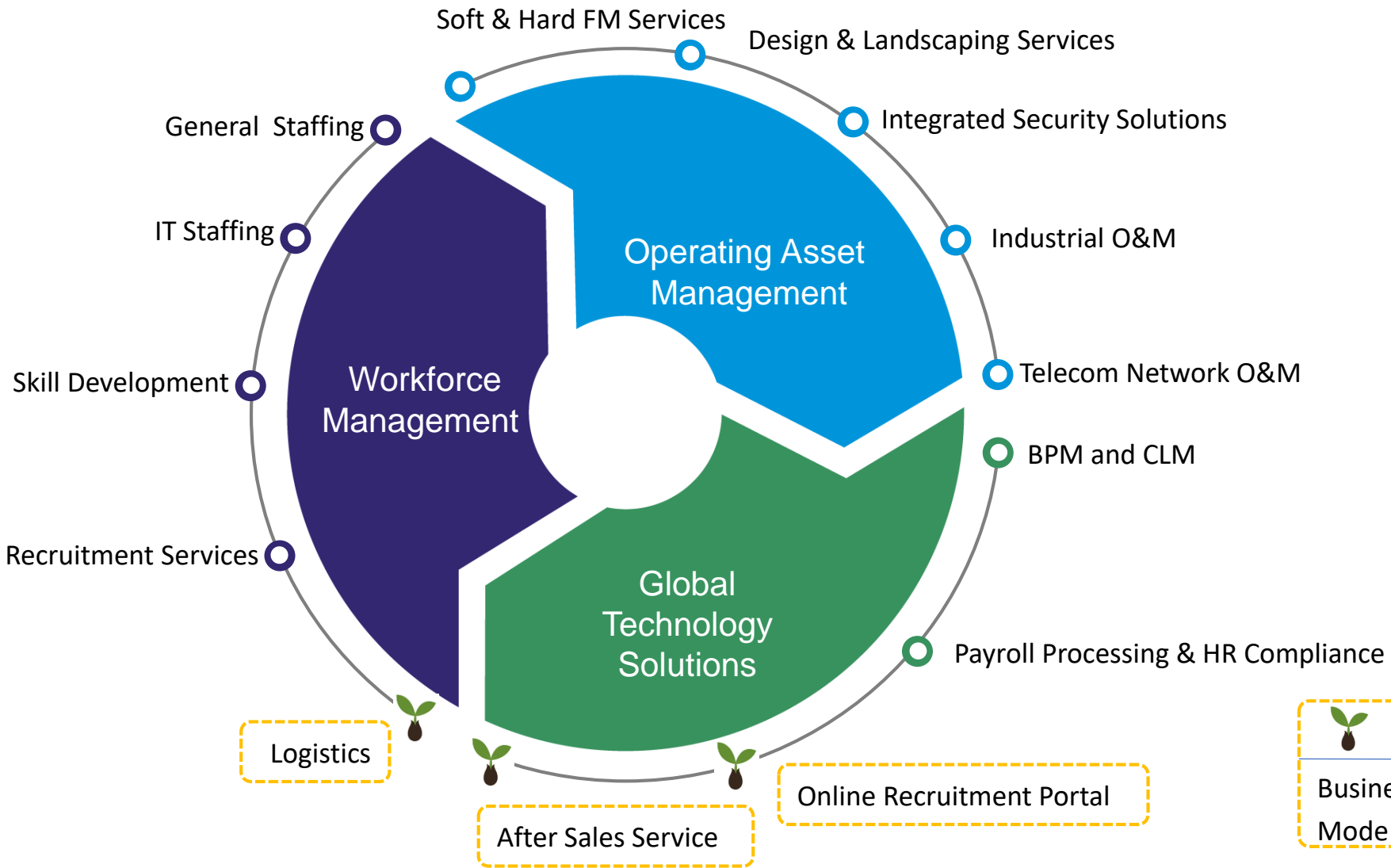
- ▶ **Acquired:**
 - **Hofincons** : Entry into Industrial O&M
 - **Brainhunter** : Entry into N.America
 - **MFX** : Expansion in N.America
 - **Aravon** : Bolt on for Facilities Management

- ▶ **Institutional Placement Program** Raised ₹ 873cr
- ▶ **Acquired:**
 - **Conneqt** : Entry into Customer Life Cycle Management
 - **Comtel** : Entry into Singapore Staffing Market
 - **Vedang** : Entry into Telecom Network O&M
 - **Monster** : Entry into online recruitment
 - **DigiCare** : Entry into consumer electronics after sales service
 - **Greenpiece** : Entry into Integrated FM

- ▶ **Record-breaking IPO** : Oversubscribed by 144x
- ▶ **Acquired:**
 - **Manipal Integrated Services** : Specialty FM
 - **Terrier** : Entry in Security solutions (49%)

- ▶ Headcount of **385,000**
- ▶ **Acquired:**
 - **Allsec** : Strengthening BPM segment
- ▶ **Investment by Amazon** : ₹ 51cr
- ▶ **TCIL de-merger** resulting in **direct Fairfax holding**
- ▶ **4 entities**, Aravon, CenterQ, CoAchieve and Master Staffing Solutions were **merged with Quess** effective April 1, 2019

Quest Service Platforms



Emerging Businesses
Businesses in Investment Mode

Q3FY20 Key Highlights

Q3FY20 Highlights



Financial

- Strong Headcount growth, up **26% YoY** to cross **385k**
- Strong Revenue Growth up **36% YoY** from ₹ 2,172cr to ₹ **2,950cr**
- EBIDTA has increased **52% YoY** from ₹ 118cr to ₹ **179cr**
- PAT up **15%** from ₹ 65cr to ₹ **75cr**
- Operating cash flow conversion has increased **~600bps YoY to 51%**
- Strong collection focus with Total DSO **improving to 59** days from 61 days QoQ
- Reduction of debt by ₹ **431cr** in the last 6 months
- Reduction in intercompany loans by ₹ **270cr** QoQ
- 15% QoQ reduction of interest to ₹ **35cr**



Corporate

- Corporate initiatives are on track with significant improvement in business operations & corporate structure
- Appointed **Mr. Suraj Moraje** as Group CEO (Designate) & Executive Director
- Completed merger of **4 wholly owned Indian subsidiaries** and wound up MFX Chile during the quarter
- In the Ahmedabad Smart City Project, out of the total project cost of ₹ 230cr, ₹ 92cr was collected till Q3' 20 & an **additional ₹ 40cr is expected** by Q4 FY20
- De-merger of TCIL **completed** with effective date of **April 1, 2019** and Qess is directly held by **Fairfax Holdings** (~33%)
- Certified as a **“Great Place to Work”** and has been included in annual Best Workplace List for the year 2020
- Additional stake purchase completed:
 - 30% in **Goldenstar** for a consideration of ₹ **~40cr**
 - 18.71% stake **Vedang** for a consideration of ₹ **~8.4cr**
 - 49% stake in **Trimax Smart Infra** for ₹ **~13cr**
- Introduced new branding campaign **‘Winning Together’** with a focus on our customers, people and investors



Platform

- **Workforce Management:**
 - Associate headcount up **34% YoY** to **260k**
 - Strong hiring process demonstrated by deploying **~20k associates** to meet peak festive demand in a **single month**
 - Our exclusive IPR has covered 61 skilling courses out of 91
 - Through TCIL de-merger, we forayed into B2C segment in Travel, Hospitality & Education space
- **Operating Asset Management:**
 - IFM margins have improved owing to shift in contracts to SLA based from headcount based
 - Industrials losses have reduced and bottomed out
- **Technology services:**
 - Average monthly job postings in Monster **up 44% QoQ** from 57k to **82k**
 - Average monthly job views in Monster **up 15% QoQ** from 2.6M to **2.9M**
 - Our Xiaomi Delhi service center for Digicare was awarded **“All India best Service Partner”** selected from over 2,000 centers

Financial Performance (Q3 and 9M'FY20)

Q3FY20 Financial Performance

Revenue:

- Up 36% YoY (31% organic) & 11% QoQ (all organic)
- YoY Organic growth was driven by steady increase in Gen.Staffing (up 73%) and CLM (Conneqt - up 13%)

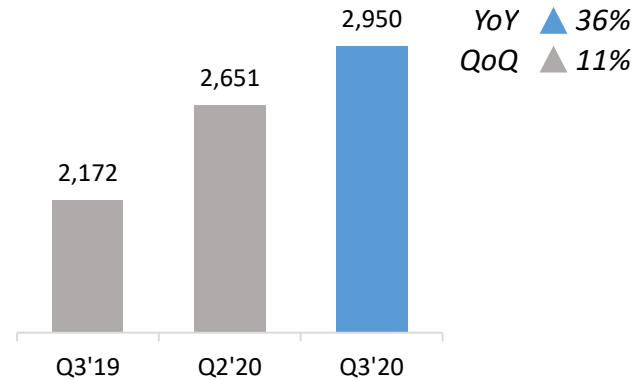
Profitability:

- EBITDA increased 52% YoY & 10% QoQ
- EBITDA margin expanded ~63 bps YoY to 6.1% on the back of Allsec acquisition and efficiencies in IFM (margins up to 9.0% from 7.5%), N.America operations (up to 7.9% from 4.3%) and Digicare (up to 2.5% from 1.9%)
- Operating PAT grew 22% YoY and 10% QoQ
 - YoY, increase in EBITDA (₹ ~27cr) was offset by increase in Depreciation (₹ ~6cr) and Interest (₹ ~7cr)
 - QoQ, increase in EBITDA (₹ ~15cr) offset by decrease in other income (₹ ~6cr)

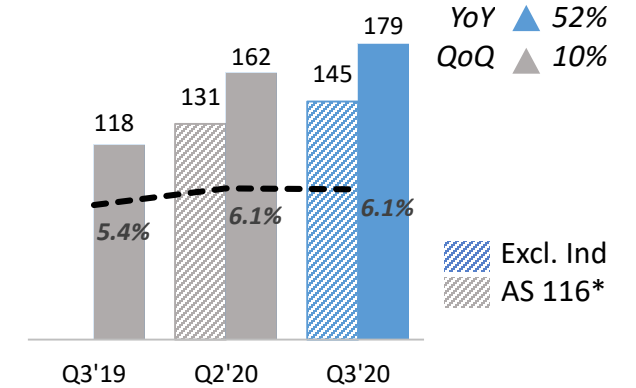
Cash Generation:

- Up 39% YoY & 15% QoQ, conversion up ~600 bps YoY to 51%
- Improvement was driven by continued focus on collections (Total DSO improved to 59 days from 61 days QoQ)

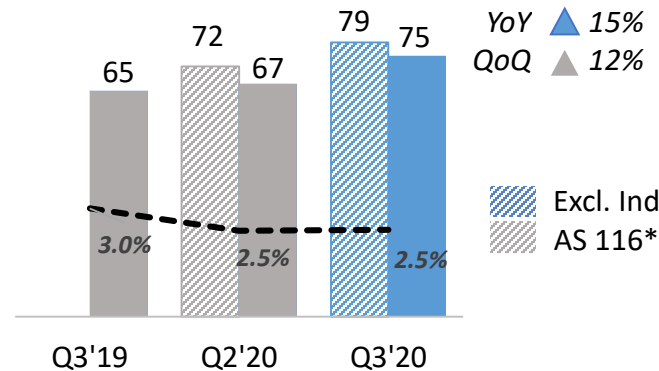
Revenue (in ₹ cr)



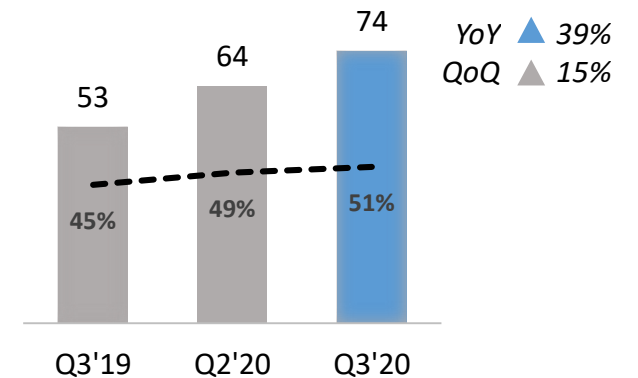
EBITDA (in ₹ cr) & margin (%age)



PAT (in ₹ cr) & margin (%age)



OCF (in ₹ cr) & %age**



Notes

- IndAS 116 was adopted w.e.f. April 2019. It impacted Q3'20 EBITDA positively by ₹ 34cr and Q3'20 PAT negatively by ₹ 4cr
- ** OCF and OCF Conversion % are computed excluding the impact of IndAS 116

9MFY20 Financial Performance

Headcount & Revenue :

- Headcount up 26% YoY (25% organic)
- Added 66k employees in 9M'20 vis-a-vis a full year addition of 56k in FY19
- Revenue Up 28% YoY (25% was organic)

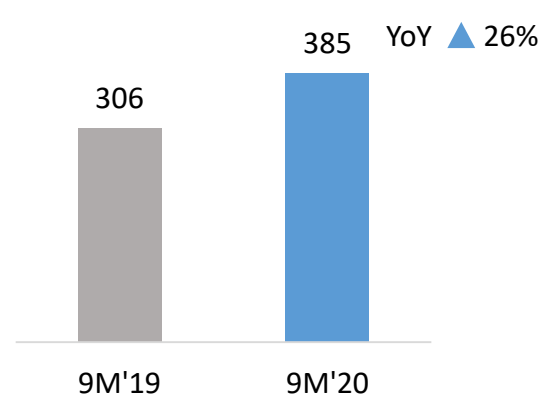
Profitability :

- EBITDA Up 47% YoY, with margins expanding ~80 bps YoY to 6.1%
- PAT is up 10% YoY to ₹ 198cr

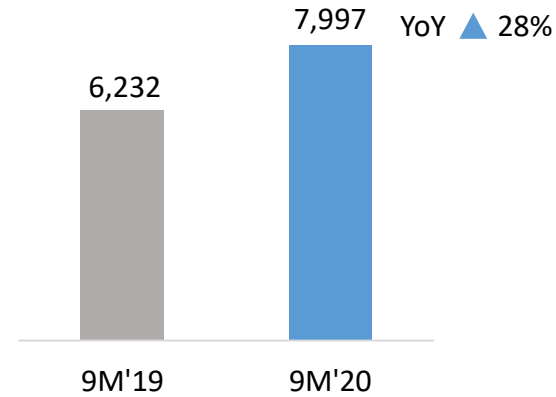
Cash Generation & Debt Reduction :

- OCF grew 54% YoY with conversion ratio improving ~1,200 bps YoY to 48%
- Gross Debt reduced by ₹ ~90cr to ₹ 830cr during the quarter
- This, together with higher EBITDA, led to improvement in Gross Debt / EBITDA levels to 1.3x from 2.0x

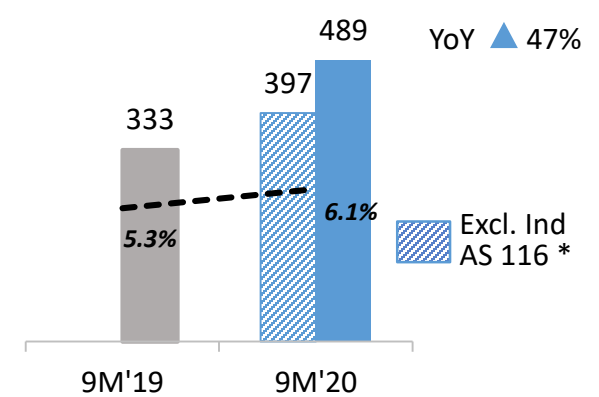
Headcount ('000s)#



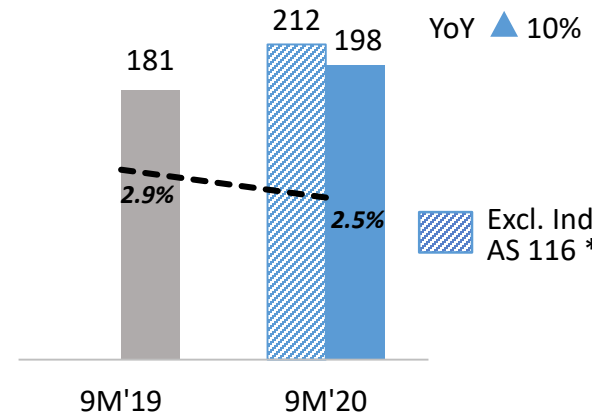
Revenue (in ₹ cr)



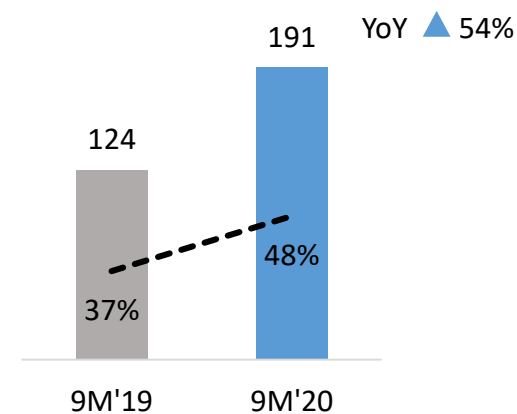
EBITDA (in ₹ cr) & margin (%age)



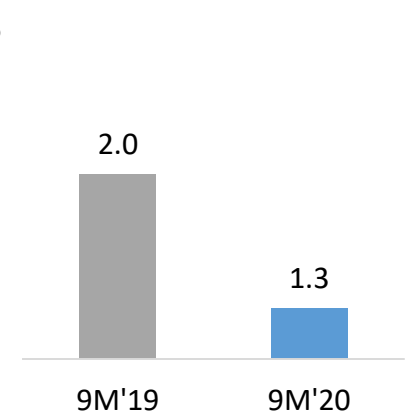
PAT (in ₹ cr) & margin (%age)



OCF (in ₹ cr) & %age **



Gross Debt/EBITDA (x)



Notes

Headcount data includes Terrier

* IndAS 116 was adopted w.e.f. April 2019. It impacted 9M'20 EBITDA positively by ₹ 92cr and 9M'20 PAT negatively by ₹ 14cr

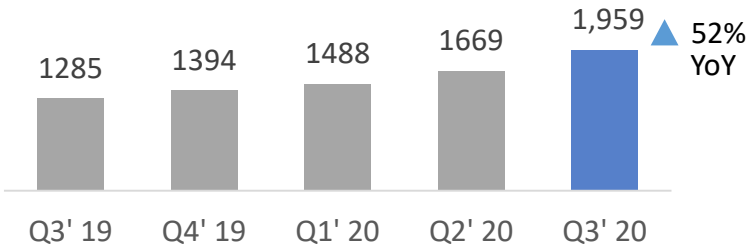
** OCF and OCF Conversion % are computed excluding the impact of IndAS 116

Platform-wise Updates

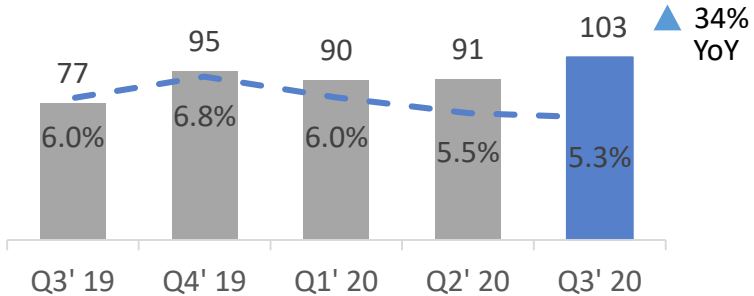
Workforce Management – Performance Snapshot

Financial Metrics

Revenue (in ₹ cr)

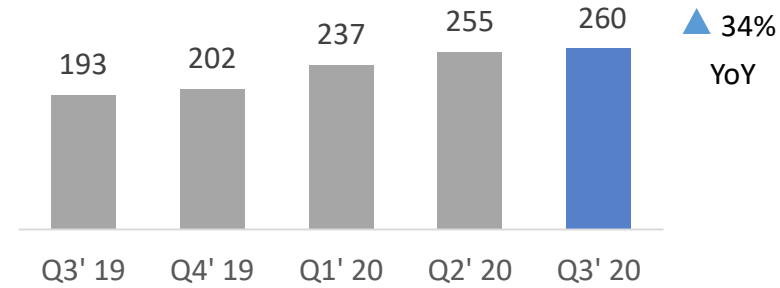


EBITDA (in ₹ cr) & margin (%age)

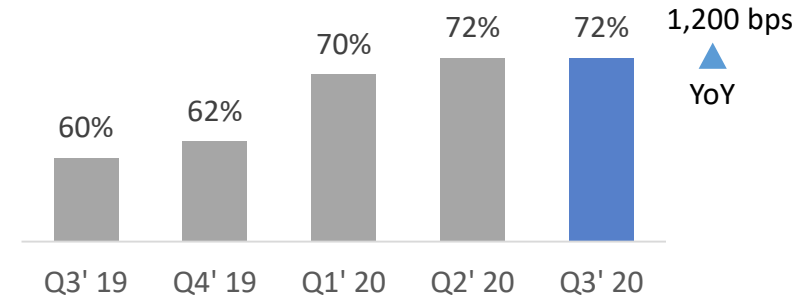


Operating Metrics

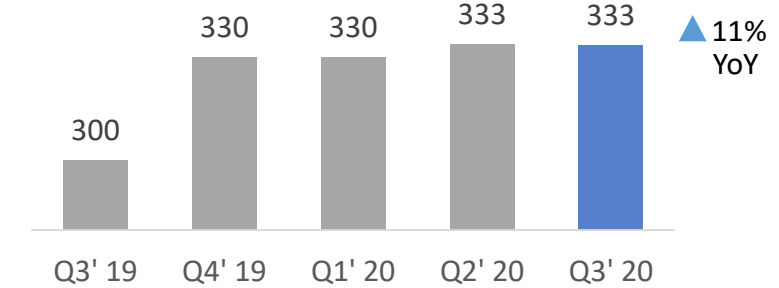
Associate Headcount ('000)



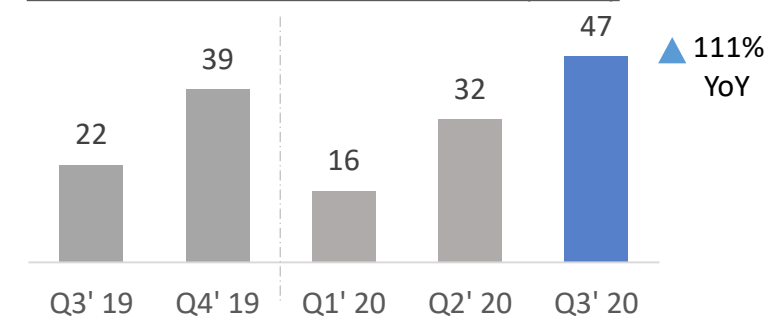
Collect & Pay (%)



Core:Associate (Gen Staffing: 1:X)



Cumulative students trained - annual ('000's)



Revenue increased by 52% YoY driven by strong headcount growth (~added 67k associates over the last 4 quarters)

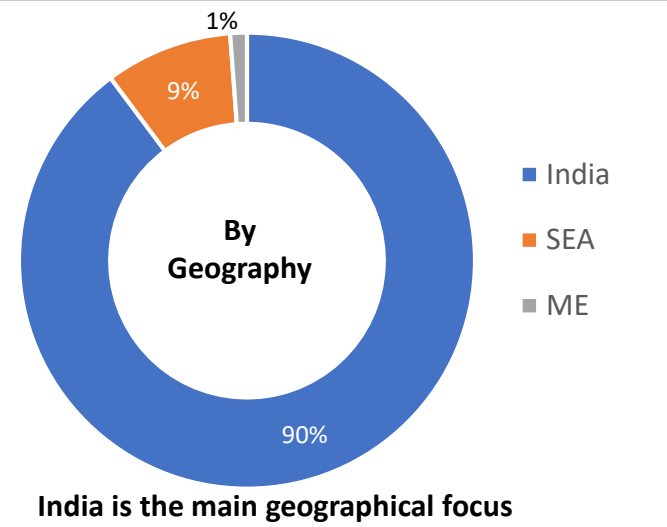
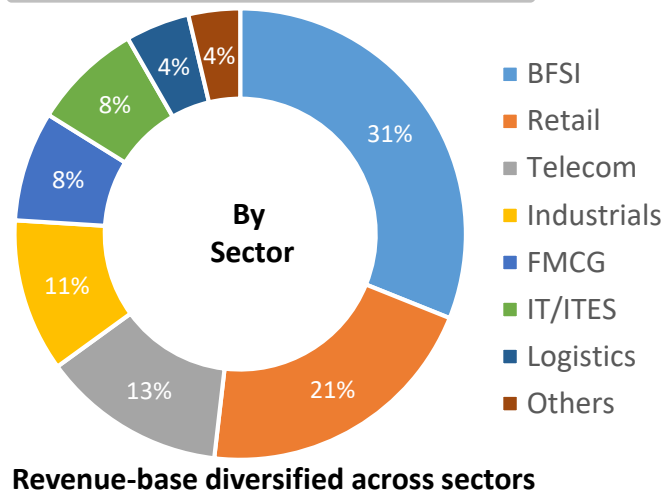
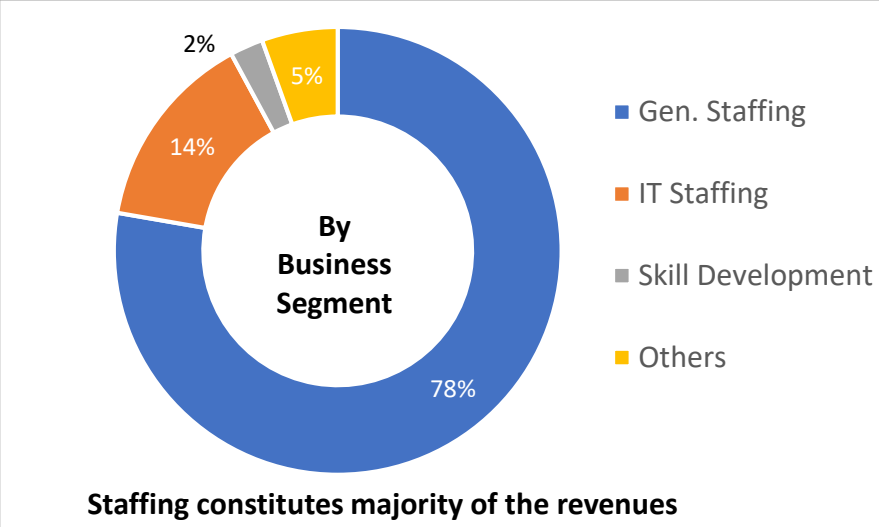
During the quarter:

- General Staffing headcount has crossed 244k associates
- Added 82 logos with a combined ACV of ₹ 94cr

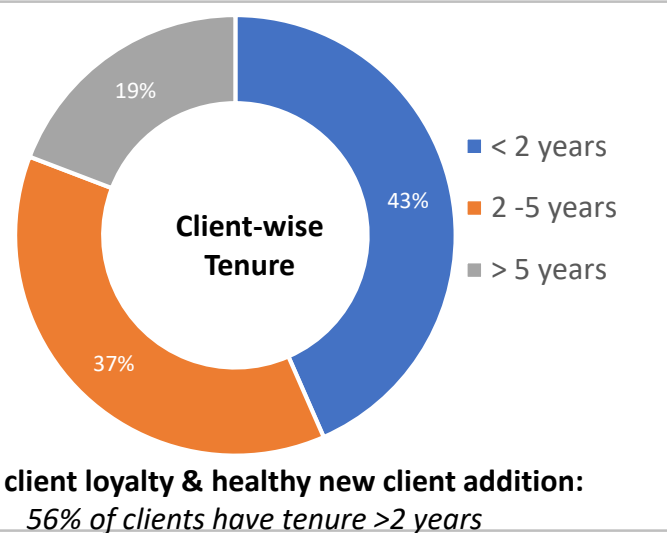
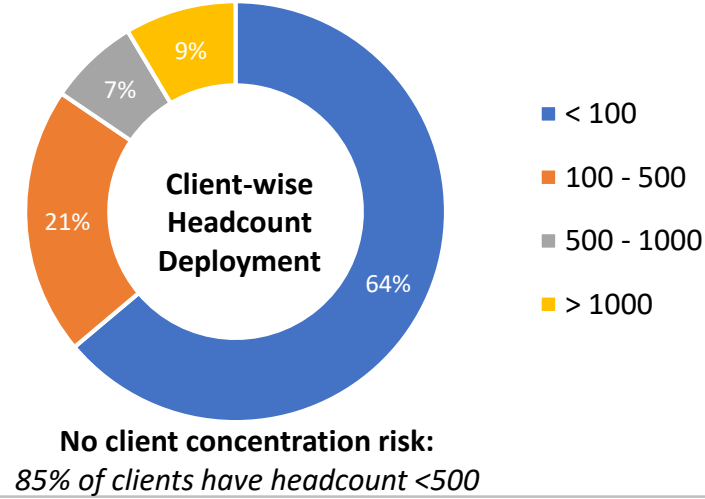
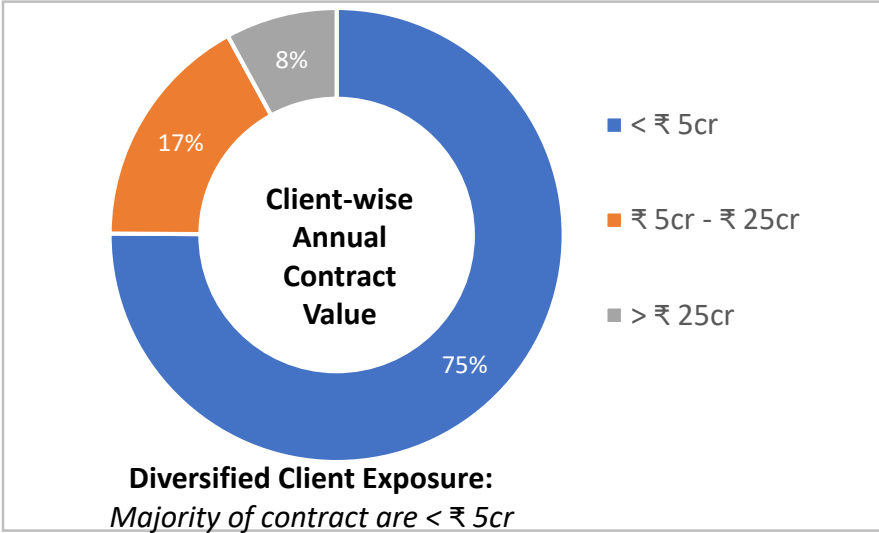
EBITDA stood at ₹ 103cr, up 34% YoY, Gen. Staffing (up 29%). However, margins were at 5.3% due to contraction in Indian IT staffing margins (down 280 bps to 3.4%)

Workforce Management – Revenue Distribution and Client Insights

Revenue Distribution



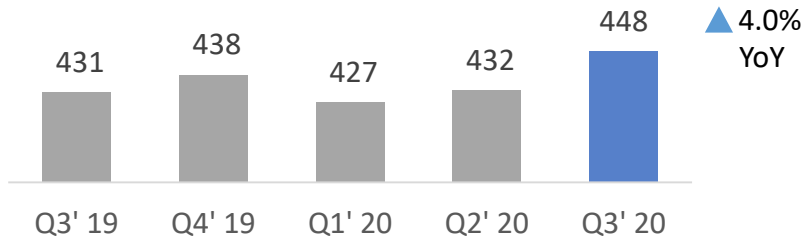
Client Insights (Gen. Staffing)



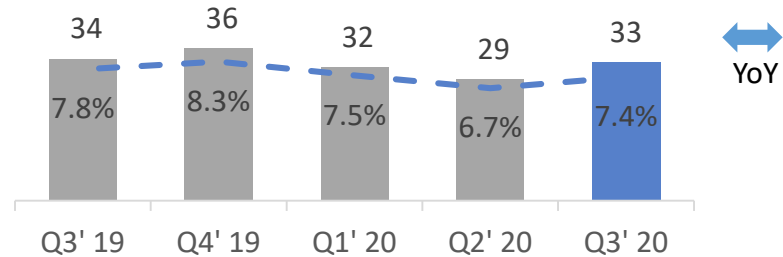
Operating Asset Management – Performance Snapshot

Financial Metrics

Revenue (in ₹ cr)

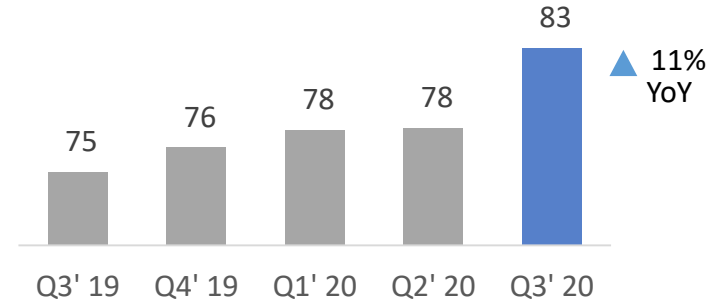


EBITDA (in ₹ cr) & margin (%)

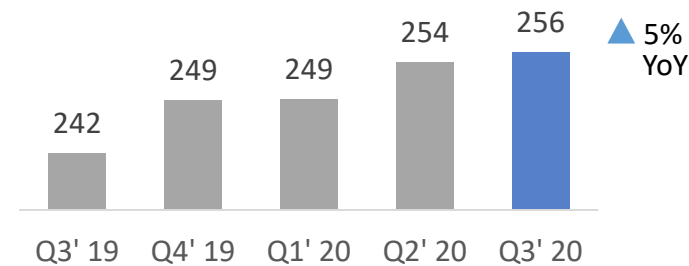


Operating Metrics

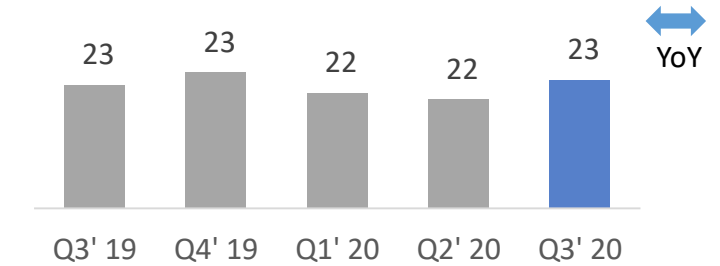
Associate Headcount ('000s)



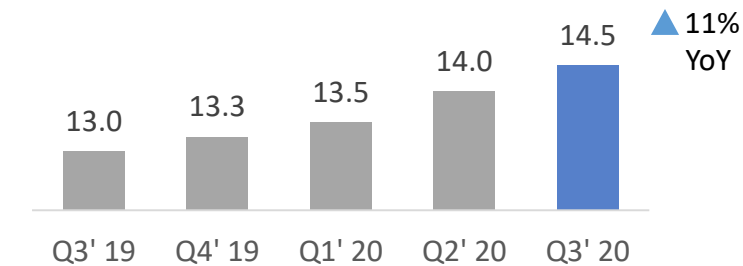
Sq.ft under Management



Rev. Realization/Headcount/Month - IFM ('000)



Beds served ('000s)



Overall business metrics (including topline & profitability) are improving

Revenues increased ~4% YoY to ₹ 448cr. Growth was driven by IFM business - revenue increased to ₹ 347cr (up 11% YoY)

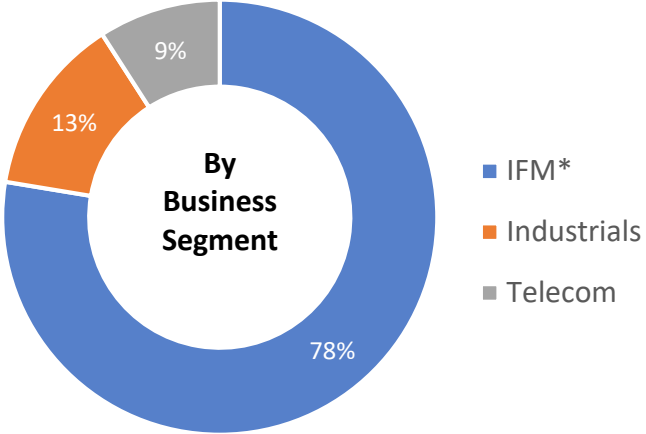
During the quarter:

- IFM continues to maintain SLA vs headcount business ratio at 26:74. Further, we have improved YoY from 22:78
- Industrial business continues to reduce operational losses

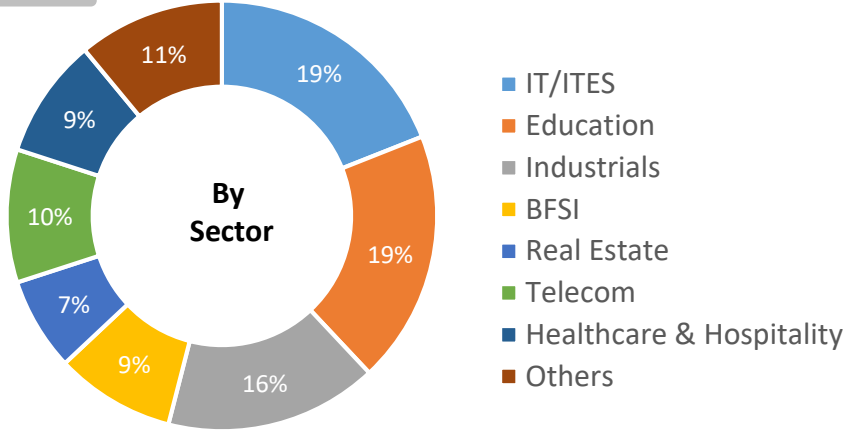
EBITDA IFM business EBITDA grew by ~37% YoY to ₹ 37cr. OAM was flat at ₹ 33cr compared to the corresponding period last year.

Operating Asset Management – Revenue Distribution and Client Insights

Revenue Distribution

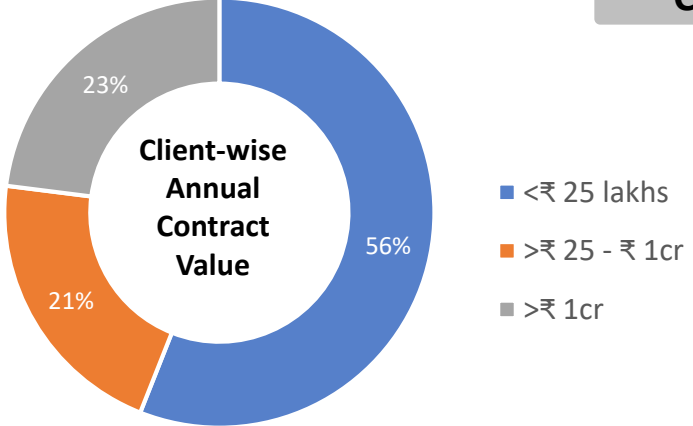


IFM* is the largest business segment

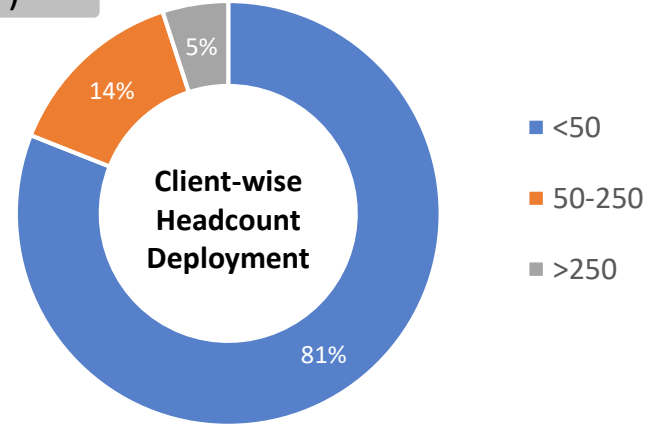


Revenue-base diversified across sectors

Client Insights (IFM*)



Diversified Client Exposure:
Healthy distribution of contracts across clients.



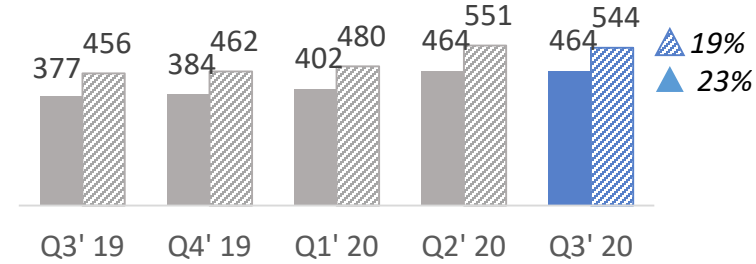
No client concentration risk:
Majority of clients have headcount <50

*IFM – Integrated Facilities Management

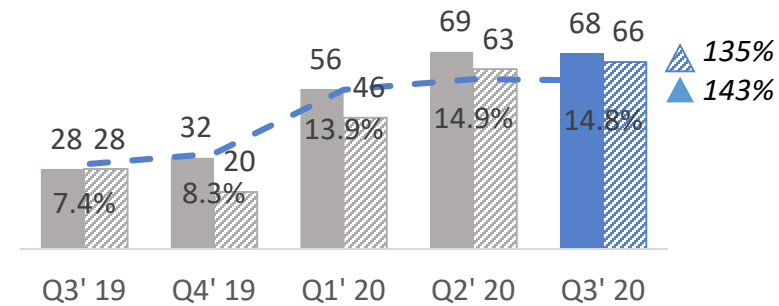
Tech Services – Performance Snapshot

Financial Metrics

Revenue (in ₹ cr)



EBITDA (in ₹ cr) & EBITDA Margin (%)

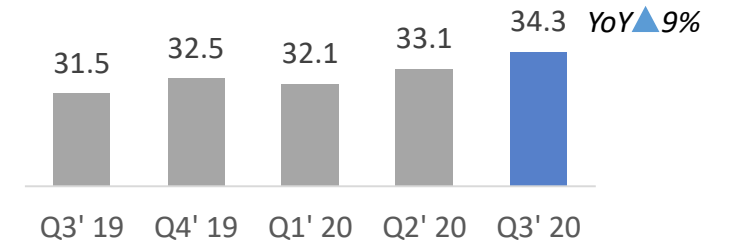


Without Emerging Business With Emerging Business

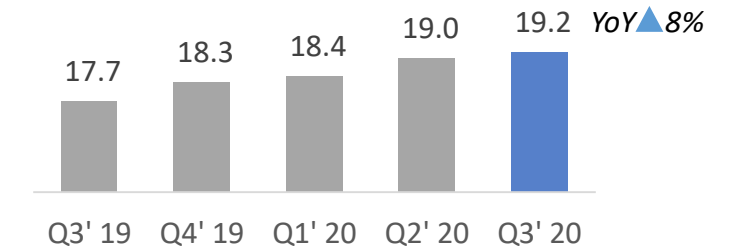
Monster & DigiCare are the two **Emerging businesses** in the Tech Services Platform that are currently in Investment mode with growth potential.

Operating Metrics

Revenue/FTE (Connqt '000s)



HRO Records Processed (Allsec; in lacs)*



Revenue increased 19% YoY on account of 13% increase in Connqt and Allsec acquisition

- Excluding emerging businesses, revenue grew by 23% YoY
- 44 new logos added across businesses with ACV of ₹ 43cr

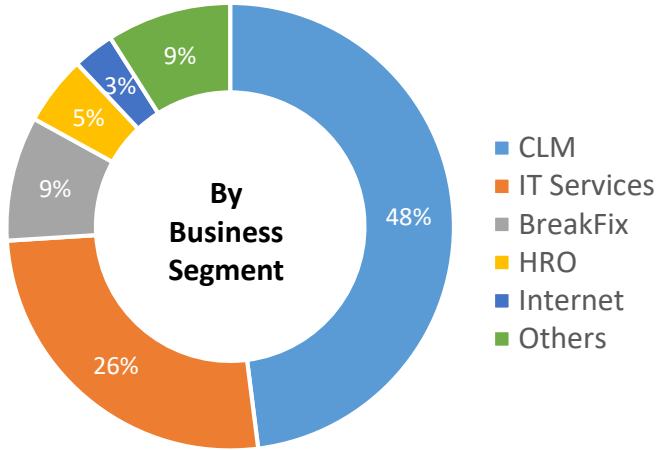
EBITDA increased 143% YoY to ₹ 68cr, with EBITDA margins increasing from 7.4% to 14.8% on the back of Allsec acquisition and impact of IND AS 116

Note

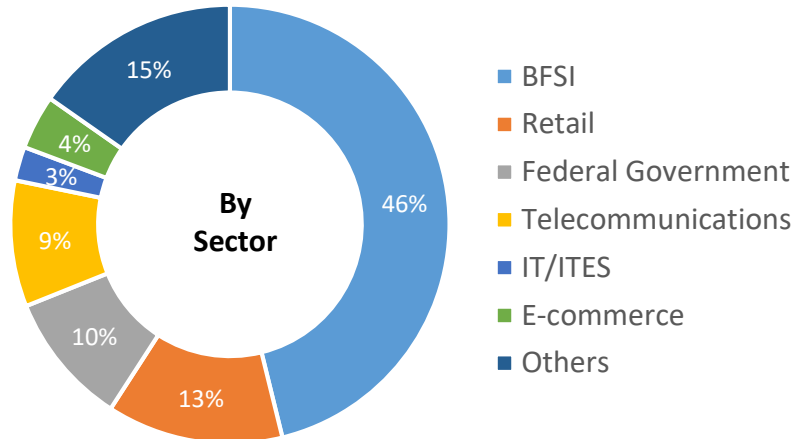
* Allsec was acquired in Q1 FY20. However for comparison purposes it has been added retrospectively in the operating metrics.

Tech Services – Revenue Distribution and Client Insights

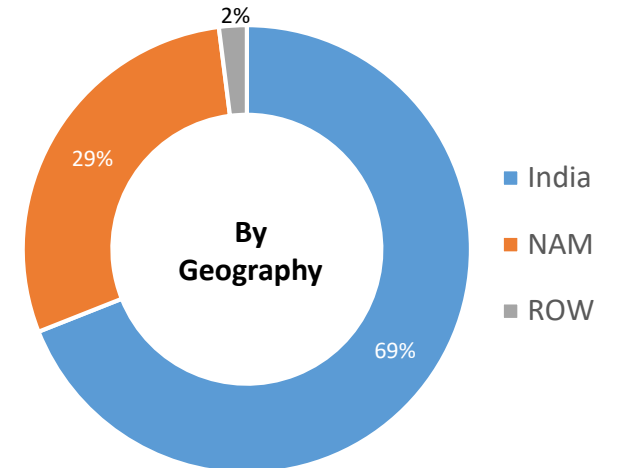
Diversified Revenue Base



CLM & IT Services constitute majority business.

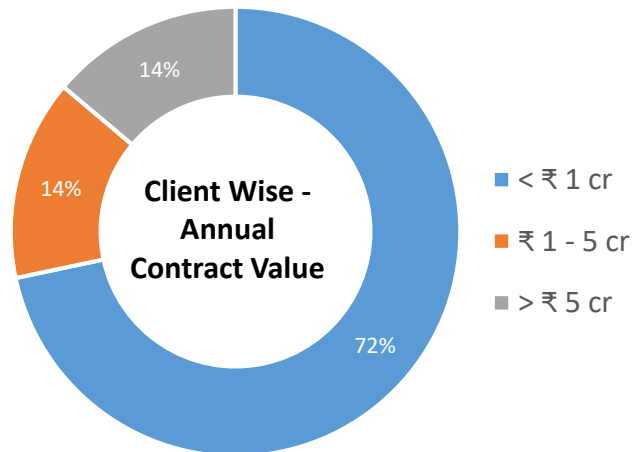


Revenue-base diversified across sectors

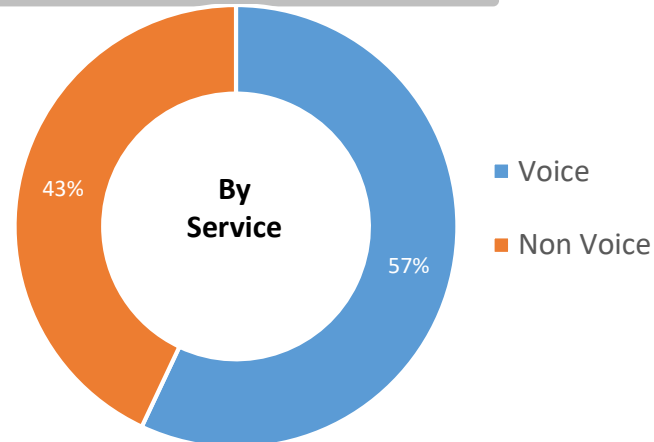


India is the main geographical focus

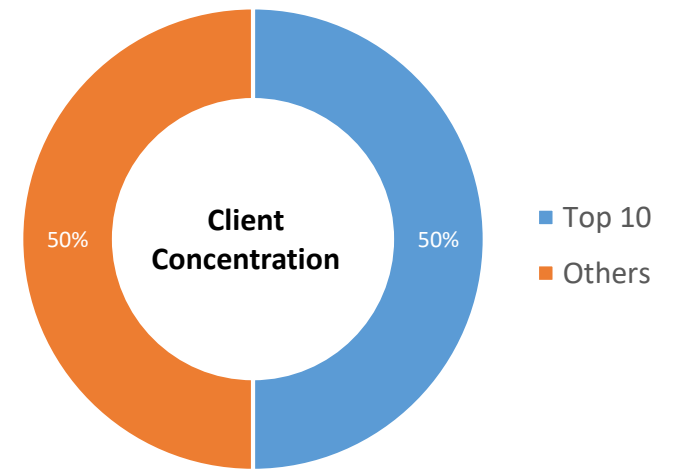
Client Insights (BPM)



Diversified Client Exposure:
Majority of contract sizes < 1 cr



Healthy mix of Voice and Non-voice operations



Equal contribution by Major & Minor clients

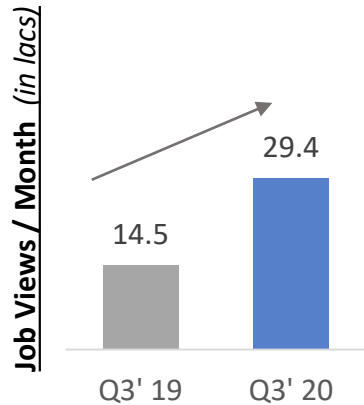
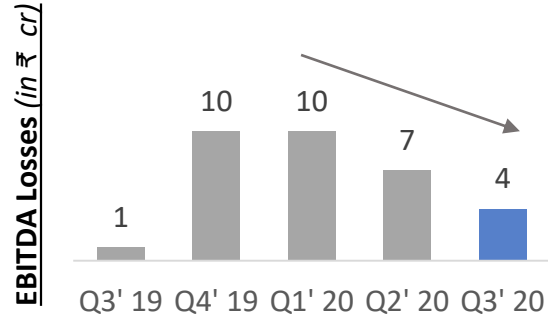
Emerging Businesses

Emerging Businesses

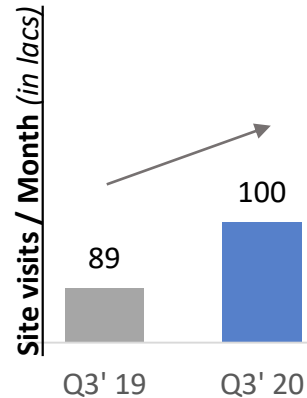


Consistent Reduction in Operating losses & Improvement in Key Operating Metrics

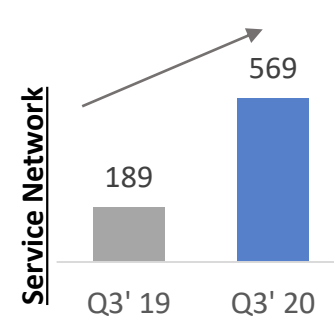
- Consistent sequential reduction in EBITDA losses
- **Further Reduction expected in Q4 2019**
- Search module in beta test, with **positive early reviews**
- Roadmap of remaining modules in place, is expected to be completed by early part of the next financial year



102% YoY increase in Job views & Organic increase in site traffic up by **83% YoY**
14% YoY increase in Site visits.
Releasing new user experience on Recruiter search in Q4 FY19

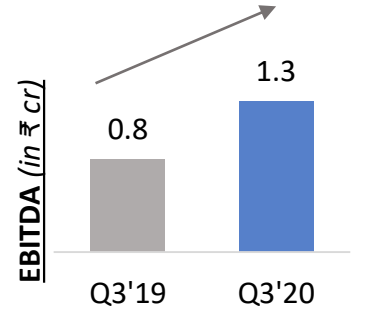


Expanding Store Network

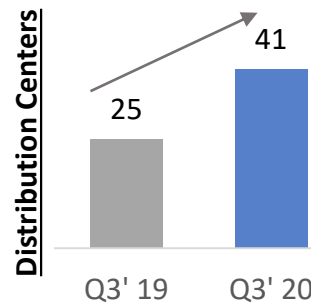


Our current **service network** covers over **12,500 Pin codes**

Quarterly EBITDA increased 52% YoY to ₹ 1.3cr

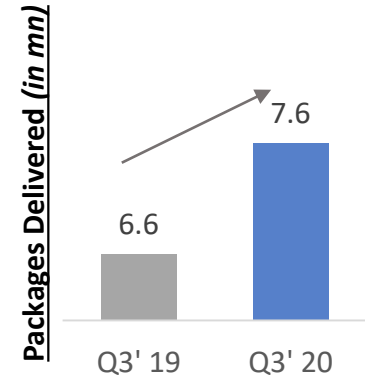


Growth in Delivery Volumes & Distribution Centers Managed



Increased geographic footprint from 51+ cities in FY19 to **70+ cities** in Q3 FY20.

Surpassed its previous **peak delivery capacity** of 100k packages / day in FY19 to **150k+ in Q3 FY20**



Focus areas

- Continue to focus on our financial metrics to improve our RoE
- Magna: Focus on improving revenue per person and Gross Margins
- IFM: Accelerate revenue growth through expansion of sales force and more aggressive addition of new logos
- North America: Accelerate growth by expanding sales presence and further developing service lines
- Monster: Complete product turnaround and accelerate sales
- Unified brand for all businesses for better brand recall and customer experience

Annexures

Income Statement (Q3 & 9M FY20)

(in ₹ cr)

Particulars	Quarterly					Nine months		
	Q3FY20	Q3FY19	Q2FY20	YoY	QoQ	9MFY20	9MFY19	YoY
Revenue from operations	2950	2172	2651	36%	11%	7997	6232	28%
Less:								
Employee benefit expense	(2449)	(1703)	(2170)	44%	13%	(6553)	(4893)	34%
Cost of material	(72)	(71)	(70)	1%	3%	(207)	(219)	(5%)
Other expenses	(250)	(280)	(249)	(11%)	0%	(748)	(787)	(5%)
Total expenses	(2771)	(2054)	(2489)	35%	11%	(7508)	(5899)	27%
EBITDA	179	118	162	52%	10%	489	333	47%
Other income	10	12	16	(17%)	(38%)	42	42	0%
Interest	(35)	(22)	(41)	59%	(15%)	(110)	(63)	75%
Depreciation and amortisation	(55)	(21)	(54)	162%	2%	(151)	(62)	144%
Operating EBT	99	87	83	14%	19%	270	250	8%
Intangible amortisation	(11)	(11)	(11)	0%	0%	(38)	(29)	
NCI Put Option Liability	(7)	(5)	(5)	40%	40%	(17)	(19)	
Share of Profit from Associates (net of income tax)	(1)	(5)	(4)			(5)	-	
Earnings before tax	80	66	63	21%	27%	210	202	4%
Tax	(5)	(1)	4			(12)	(21)	(43%)
Profit after tax	75	65	67	15%	12%	198	181	9%
EBITDA margin	6.07%	5.43%	6.11%	64bps	(4bps)	6.11%	5.34%	77bps
PAT margin	2.54%	2.99%	2.53%	(45bps)	1bps	2.48%	2.90%	(42bps)
Basic EPS	4.84	4.38	4.26	10%	14%	12.80	12.40	3%
Diluted EPS	4.83	4.36	4.23	11%	14%	12.78	12.33	4%

Balance Sheet

(in ₹ cr)

Particulars	31-Dec-19	31-Mar-19	Var %
Non-current assets			
Fixed assets	521	236	121%
Intangibles	1,619	1,435	13%
Investments	84	90	(7%)
Other non-current assets	869	846	3%
Current assets			
Trade receivables	1,031	913	13%
Unbilled revenue	895	703	27%
Cash & cash equivalents	517	624	(17%)
Loans & other current assets	211	165	28%
Total assets	5,747	5,012	15%
Equity			
Share capital	148	146	1%
Other equity	2,792	2,580	8%
Non controlling interest	74	3	2367%
Debt			
Long term debt	315	209	51%
Short term debt	515	575	(10%)
Other liabilities			
Trade & other payables	151	173	(13%)
Other Financial Liabilities	1,228	923	33%
Other provisions & tax liabilities	524	403	30%
Total equities and liabilities	5,747	5,012	15%

Segment Reporting

(in ₹ cr)

Particulars	Quarter ended					Year ended
	Dec 2019	Sept 2019	June 2019	Mar 2019	Dec 2018	Mar 2019
Workforce Management Platform						
Revenue	1,959	1,669	1,488	1,394	1,285	5,035
EBITDA	103	91	90	95	77	309
<i>EBITDA %</i>	5.3%	5.5%	6.0%	6.8%	6.0%	6.1%

Operating Asset Management Platform						
Revenue	448	432	427	438	431	1,702
EBITDA	33	29	32	36	34	134
<i>EBITDA %</i>	7.4%	6.7%	7.5%	8.2%	7.8%	7.9%

Tech Services Platform						
Revenue	544	551	480	462	456	1,790
EBITDA	66	63	46	20	28	98
<i>EBITDA %</i>	12.1%	11.5%	9.6%	4.3%	6.2%	5.5%

Segment Reporting : Based on old Segments

(in ₹ cr)

Particulars	Quarter ended					Year ended
	Dec 2019	Sept 2019	June 2019	Mar 2019	Dec 2018	Mar 2019
People Services						
Revenue	1,618	1,361	1,196	1,107	991	3,880
EBITDA	84	76	75	61	52	204
EBITDA %	5.2%	5.6%	6.3%	5.5%	5.2%	5.3%
Technology Services						
Revenue	853	826	739	711	714	2,796
EBITDA	88	84	70	66	56	222
EBITDA %	10.3%	10.2%	9.5%	9.3%	7.8%	7.9%
Facilities Management						
Revenue	347	335	322	328	312	1,230
EBITDA	37	34	33	31	27	106
EBITDA %	10.6%	10.1%	10.2%	9.5%	8.7%	8.6%
Industrials						
Revenue	101	97	105	110	119	472
EBITDA	(4)	(5)	(1)	5	7	28
EBITDA %	(3.5%)	(5.2%)	(1.0%)	4.5%	5.9%	5.9%
Internet Business						
Revenue	31	33	36	39	36	149
EBITDA	(3)	(6)	(9)	(12)	(2)	(19)
EBITDA %	(10.3%)	(18.2%)	(25.0%)	(30.8%)	(5.6%)	(12.8%)

THANK YOU