

July 28, 2020

The General Manager

Department of Corporate Services,
BSE Limited,
1st Floor, New Trading Ring,
Rotunda Building, Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

Security Code – 539978

The Manager

Department of Corporate Services,
National Stock Exchange of India Limited
Exchange Plaza, Bandra- Kundra Complex,
Bandra (East),
Mumbai – 400 001

NSE Symbol – QUESS

Dear Sir/ Madam,

Sub: Investors Presentation

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith Investor's presentation on the financial performance of Quess Corp Limited ("**Company**") for the quarter ended June 30, 2020.

The above said presentation is also made available on the Company's website www.uesscorp.com.

Kindly take the same on record.

Thanking you,

Yours sincerely,

For Quess Corp Limited



Kundan K Lal
Company Secretary and Compliance Officer





Winning Together

Investor Presentation

Q1FY21

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Company Overview

Q1FY21 Key Highlights

Financial Performance *(Q1FY21)*

Platform-wise Highlights

Emerging Businesses



Q1FY21 Key Highlights

Q1FY21 Highlights



Financial

- **Headcount** – COVID impacted HC by (13%) to **334k**, better than guidance
- **P&L statement:**
 - Revenue flat YoY at ₹ **2,409cr**
 - EBITDA decreased 12% YoY to ₹ **130cr**, including:
 - One-time **COVID related costs** of ₹ 6cr
 - **Lockdown-related losses** in Excelus and Digicare businesses of ₹ 21cr
 - PAT decreased 36% YoY, at ₹ **36cr**
- **Balance Sheet:**
 - **OCF / EBITDA at 152%**
 - **Strong collections** reducing total receivables from ₹ 998cr to ₹ 921cr. No material client defaults to date
 - Due to reduction in revenue base, DSO increased from 57 to 68 days
 - **Net debt reduced by ₹ 100cr** to ₹ 254cr from ₹ 355cr in Q4'20. Gross debt reduced to ₹ 977cr from ₹ 1,147cr by ₹ 170cr



Corporate

- Corporate initiatives on track with significant improvements in business operations
 - **Indirect costs** reduced by 20% over Q4'20 run rate
 - **Continued focus on cross sales and multi-tower deals**, customers with 2 or more service lines accounted for 68% of revenues in Q1'21 vs 64% in Q1'20.
 - Sales efforts resulted in **~200 new customer introductions**, on existing and new service lines
- Completed the **increase of stake in Terrier Security Services** from 49% to 74%
- Scheme of Amalgamation of Qess with **4 wholly-owned subsidiaries** – Goldenstar, Greenpiece, MFX India and Trimax Smart Infra filed with the Stock Exchanges on June 29, 2020. No of entities reduced/in process - 13
- Termination of JV between QEBC and East Bengal Football club signed off on July 16th, 2020



Platform

- **Workforce Management:**
 - **WFM associate headcount** down 6% YoY from **237k** to **224k**, primarily in BFSI and Retail verticals. Strong client acquisition with 59 new clients acquired in the quarter
 - IT Staffing on business plan, with focus on growth in **high-margin digital skills**
- **Operating Asset Management:**
 - **IFM revenue** dropped 13% YoY. 13% reduction in HC in Q1 vs Q4 due to lockdown of client premises. 75 new logos introduced with new sterifumigation service line in Q1
 - **Terrier Security** revenue dropped 4% YoY due to **HC pressure in IT services vertical**. Mid-term outlook remains robust, with focus on integrated man-tech solutions
- **Technology services & Emerging businesses:**
 - **HRO** business revenues up by **14% YoY**
 - CLM and BPM revenues down 22% QoQ and 4% YoY. Domestic impacted more than international. International business recovering, with domestic catching up



Financial Performance (Q1FY21)

Q1FY21 Financial Performance

Revenue:

- Flat YoY & down 20% QoQ
- QoQ revenue drop mainly in General Staffing (down 22%), Conneqt (down 25%) and IFM (down 21%)

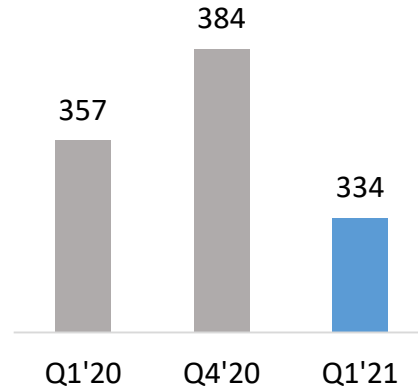
Profitability:

- EBITDA down 12% YoY & 23% QoQ
- EBITDA impact in Excelus and Digicare of ₹ 21cr and COVID-related costs of ₹ 6cr
- Q1 PAT includes ₹ 25cr of exceptional item pertaining to fair value gain on Terrier consolidation.
- In addition, Q1 PAT includes equity pick up loss of Terrier and QEBFC of ₹11cr

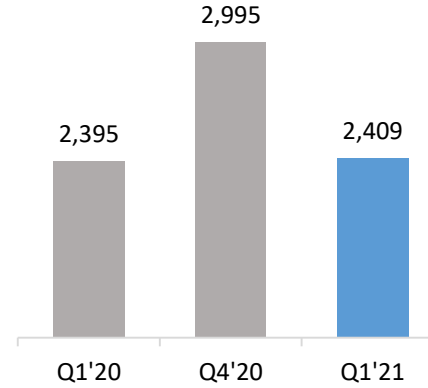
Cash Generation:

- OCF conversion at 152%, higher QoQ by 239%
- Total receivables reduced from ₹ 998cr to ₹ 921cr. Due to reduction in revenue, DSO increased from 57 to 68 days
- Net debt reduced to ₹ 254cr from ₹ 355cr in Q4'20. Net debt to EBITDA flat QoQ at 2.1x

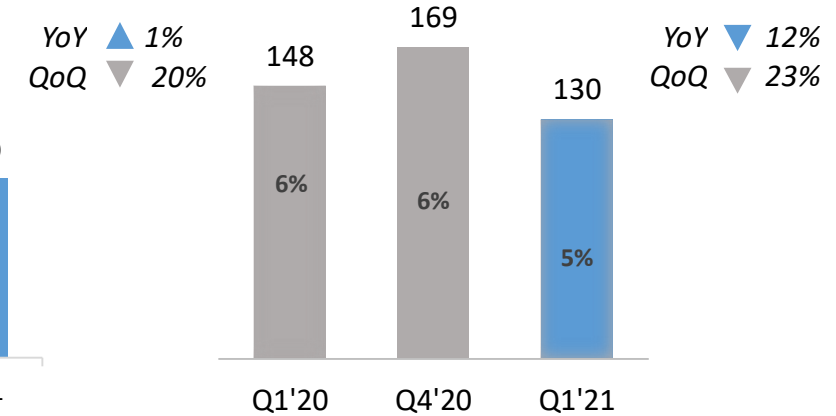
Headcount ('000s)#



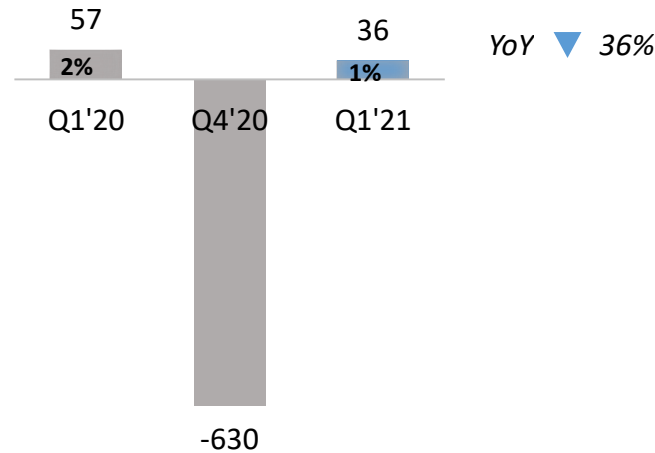
Revenue (in ₹ cr)



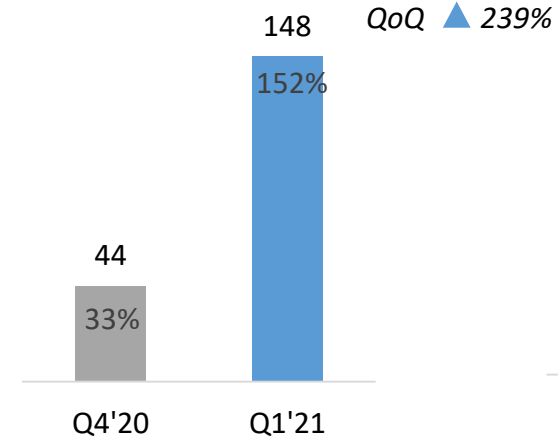
EBITDA (in ₹ cr) & margin (%age)



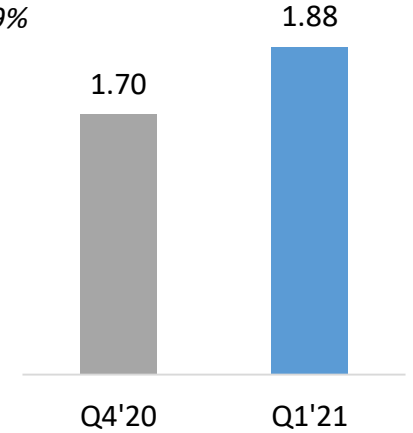
PAT (in ₹ cr) & margin (%age)



OCF (in ₹ cr) & %age*



Gross Debt/EBITDA (x)



* OCF and OCF Conversion % are computed excluding the impact of IndAS 116. Operational EBITDA for Q1'20 is ₹ 98cr and ₹ 135cr for Q4'20

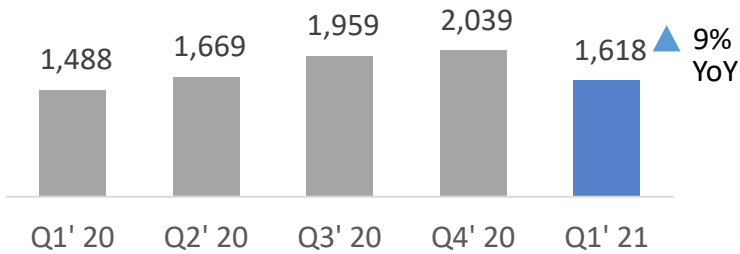


Platform-wise Updates

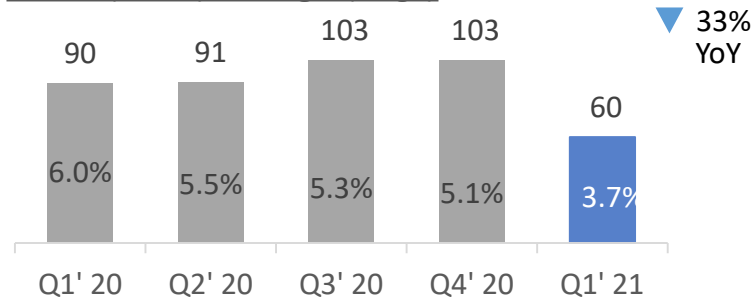
Workforce Management – Performance Snapshot

Financial Metrics

Revenue (in ₹ cr)

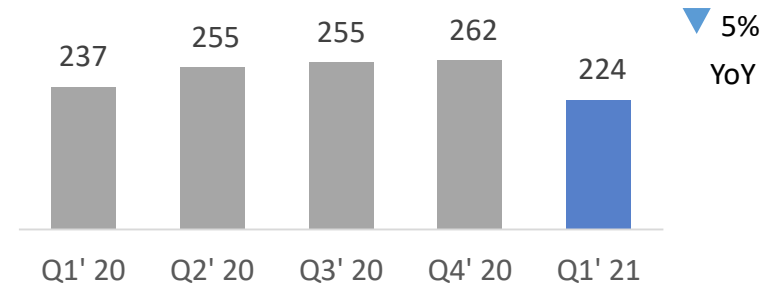


EBITDA (in ₹ cr) & margin (%age)

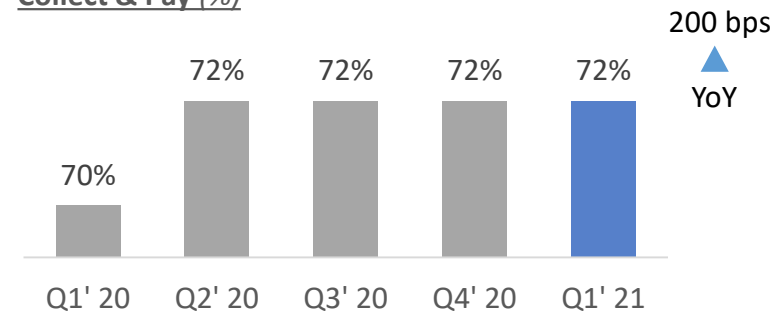


Operating Metrics

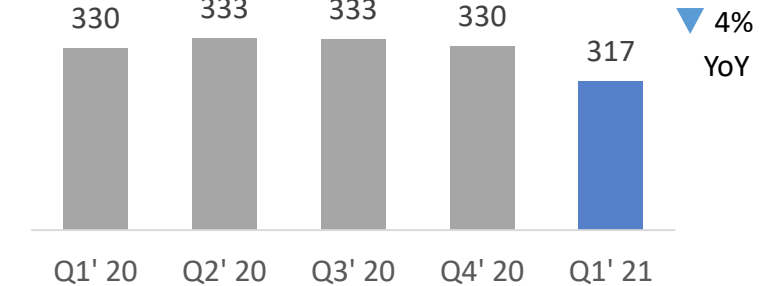
Associate Headcount ('000)



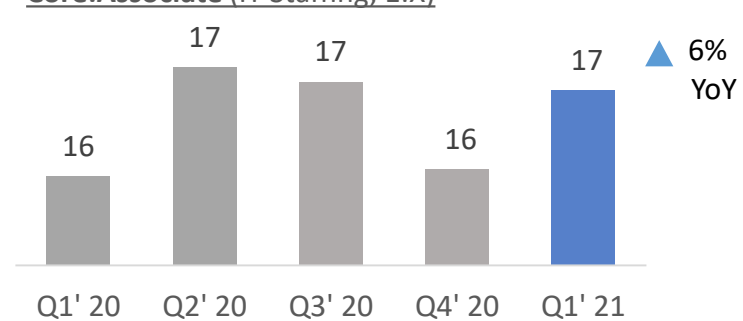
Collect & Pay (%)



Core:Associate (Gen Staffing; 1:X)



Core:Associate (IT Staffing; 1:X)

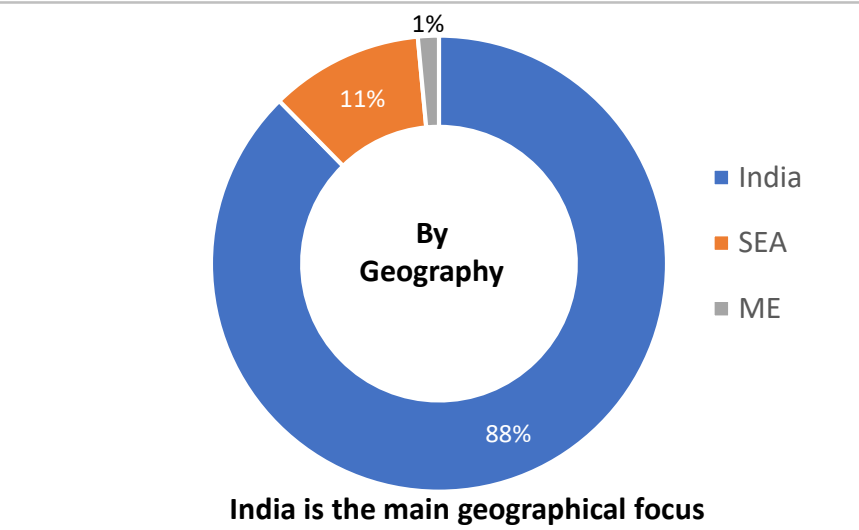
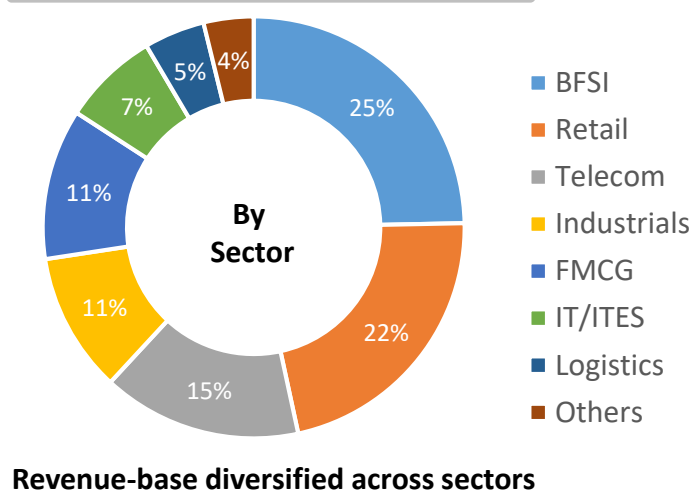
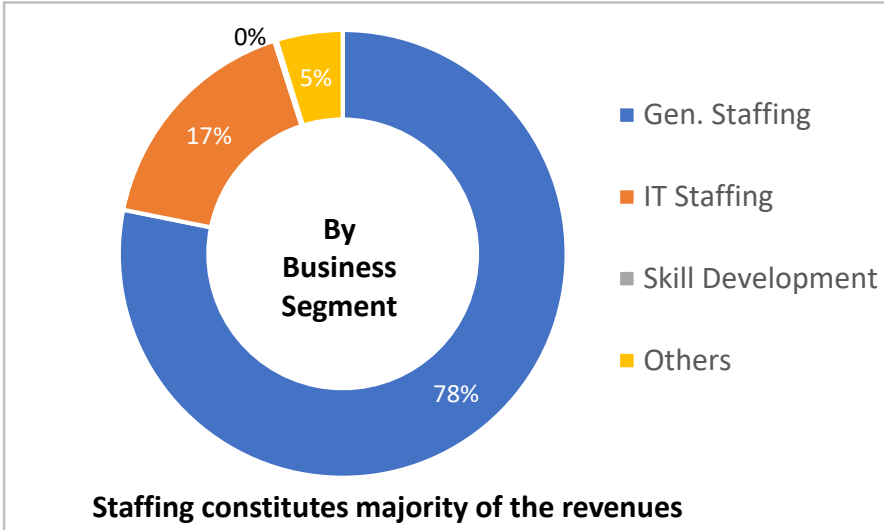


Key developments in quarter include:

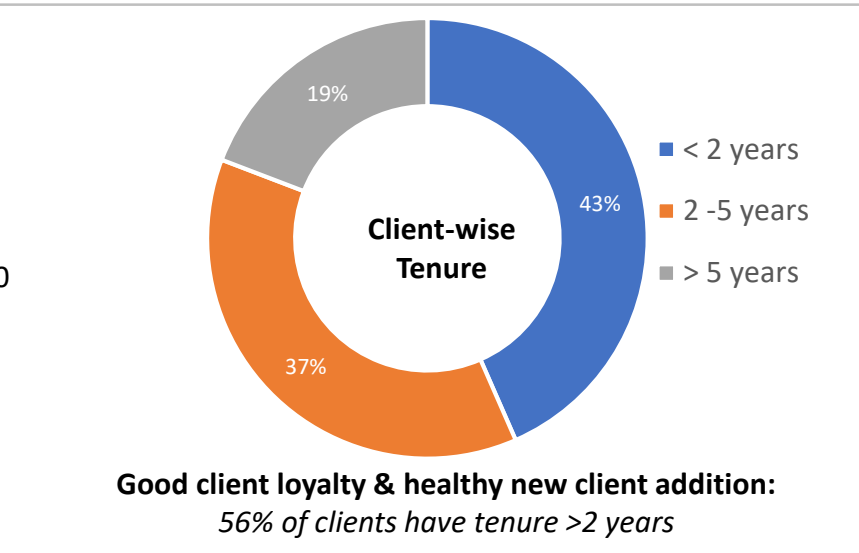
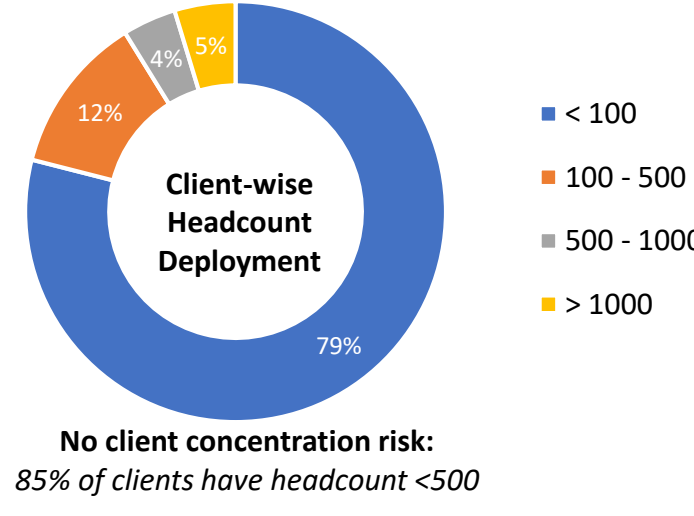
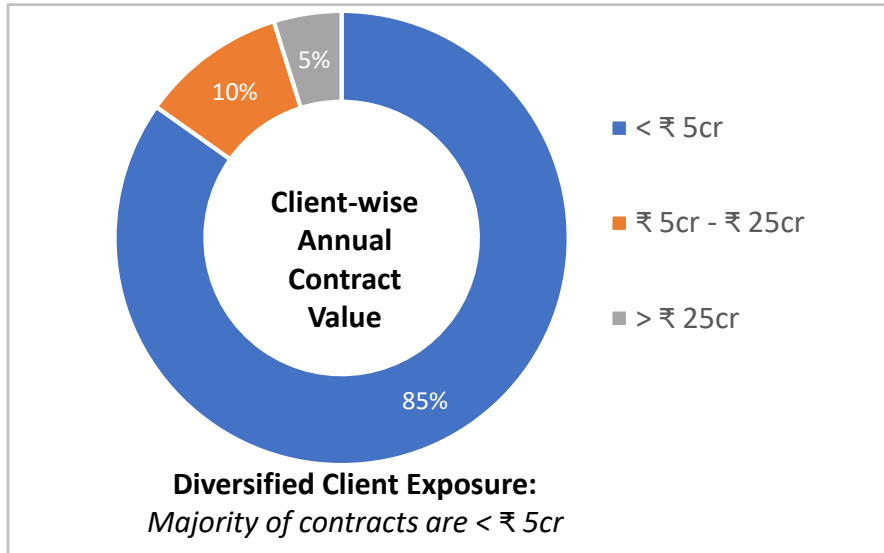
- **Training & Skill Development** EBITDA down by ₹ 21cr QoQ driven by lockdown of training facilities. Operations to potentially start progressively from August subject to government permissions. Expanded B2B and B2C capability with promising pipeline
- **General Staffing** revenue down 22% QoQ, 24 new clients on boarded, no major customers lost during this period. Continued focus on VAS and digitization
- **IT Staffing** focus on supporting high margin digital skills. Singapore and ME operations continue to show strong performance. Business performance as per annual plan

Workforce Management – Revenue Distribution and Client Insights

Revenue Distribution



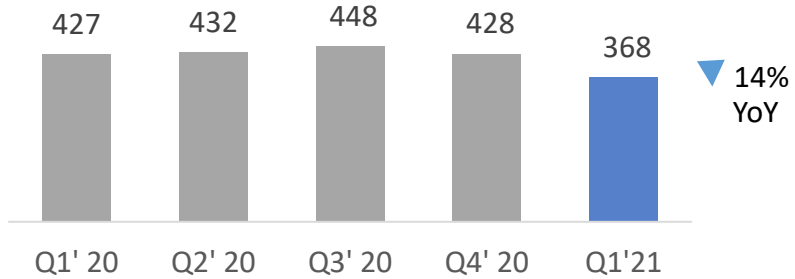
Client Insights (Gen. Staffing)



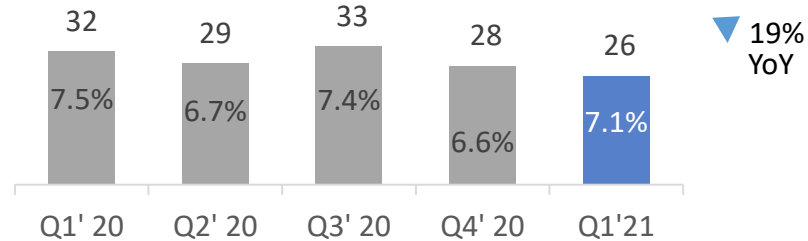
Operating Asset Management – Performance Snapshot

Financial Metrics

Revenue (in ₹ cr)

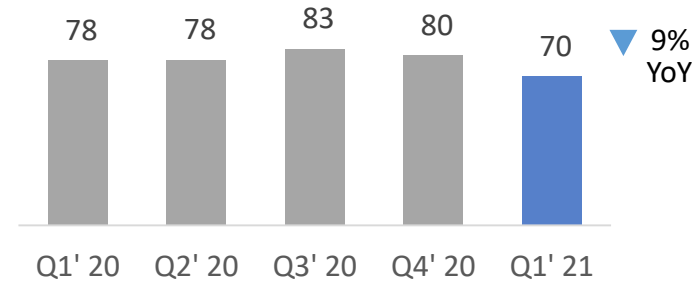


EBITDA (in ₹ cr) & margin (%age)

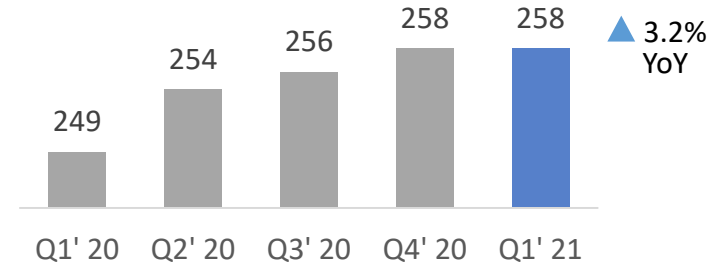


Operating Metrics

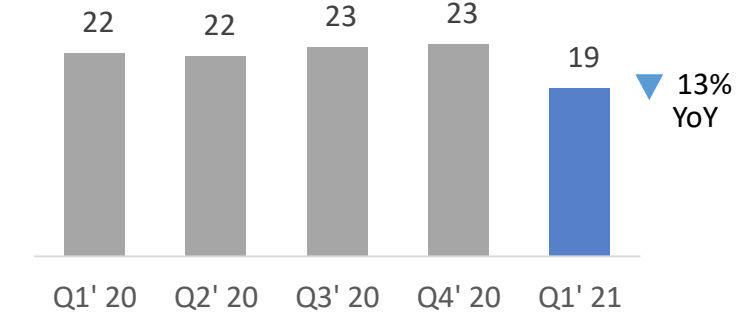
Associate Headcount ('000s)



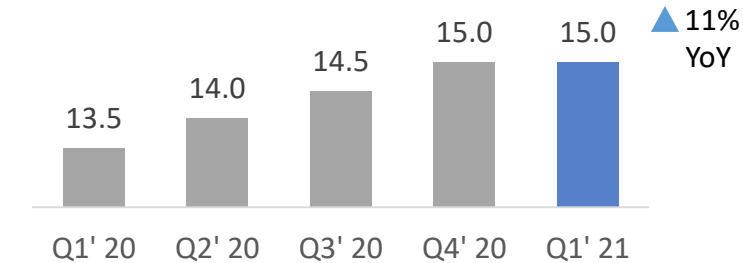
Sq.ft under Management



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



Beds served ('000s)

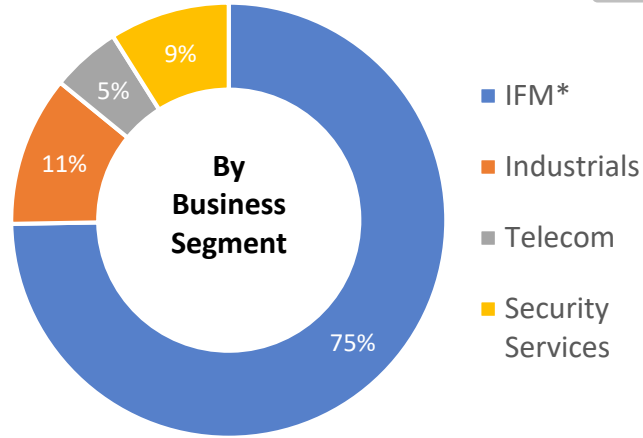


Key developments in quarter include:

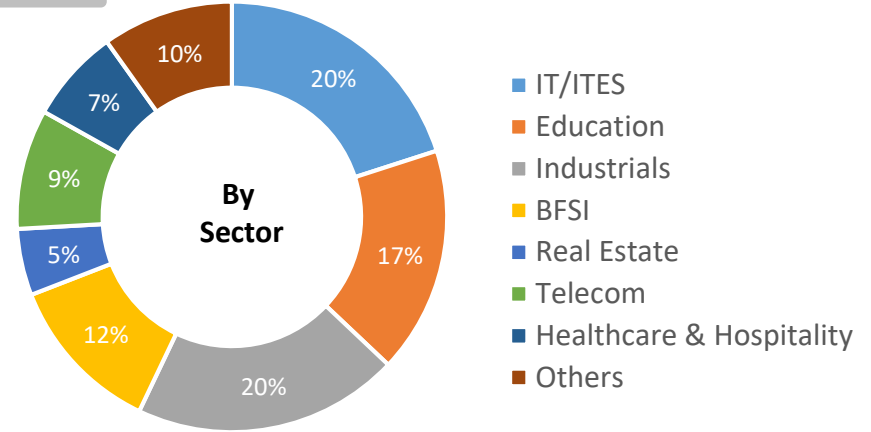
- **IFM** Headcount down 9% YoY and 13% QoQ, largely in Education and IT Services verticals. However, the business has made good progress in introducing new clients, both through steri-fumigation (75 new logos) and traditional business (18 new logos)
- **Terrier Security** Revenue down 4% YoY and 16% QoQ largely driven by demobilization in IT services (including through aggregator). Focus continues on new customer introductions through integrated man-tech propositions. Good progress in new service lines under TESS – Terrier Electronic Security Services such as thermal imaging and SeQure touch-free front office platform
- **Industrial business** Revenues down due to continued demobilization in metals, captive power and cement industry. Cross-sell of non-O&M services to industrial clients showing early signs of progress

Operating Asset Management – Revenue Distribution and Client Insights

Revenue Distribution

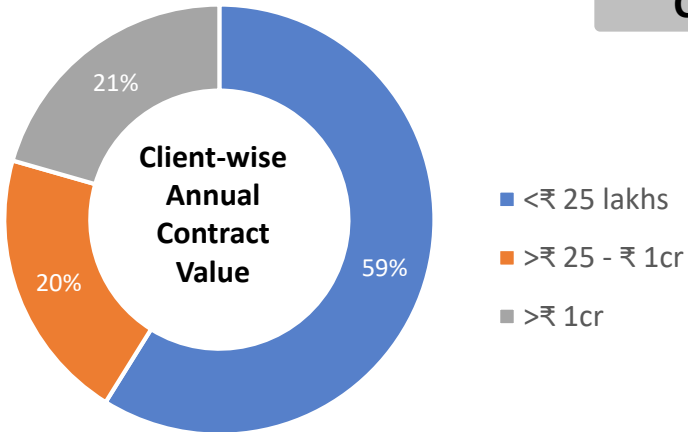


IFM* is the largest business segment

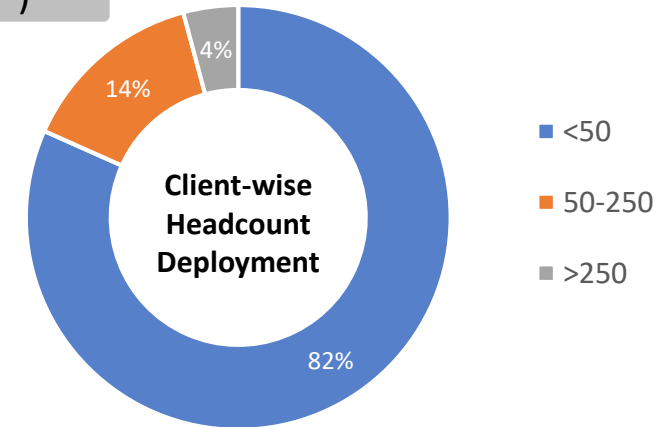


Revenue-base diversified across sectors

Client Insights (IFM*)



Diversified Client Exposure:
Healthy distribution of contracts across clients.



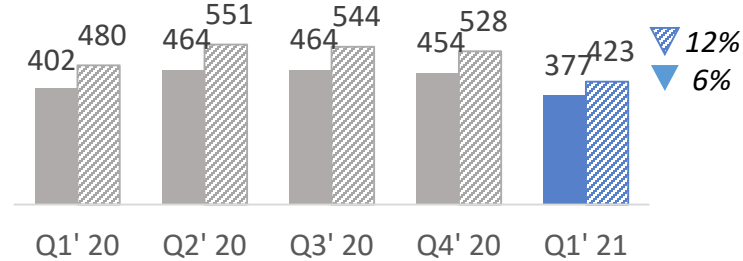
No client concentration risk:
Majority of clients have headcount <50

*IFM – Integrated Facilities Management

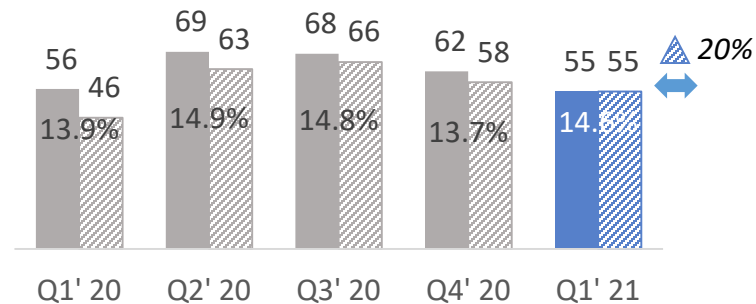
Tech Services – Performance Snapshot

Financial Metrics

Revenue (in ₹ cr)



EBITDA (in ₹ cr) & EBITDA Margin (%)

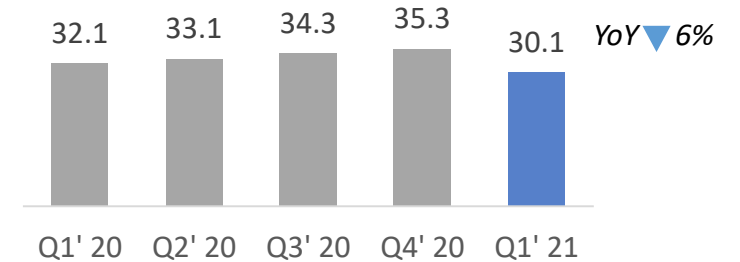


Without Emerging Business With Emerging Business

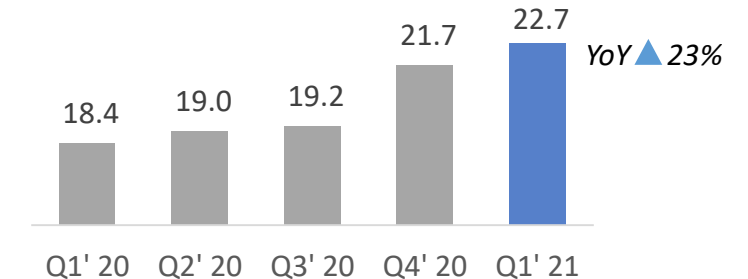
Monster & DigiCare are the two **Emerging businesses** in the Tech Services Platform that are currently in Investment mode with growth potential.

Operating Metrics

Revenue/FTE (Connq '000s)



HRO Records Processed (Allsec; in lacs)*



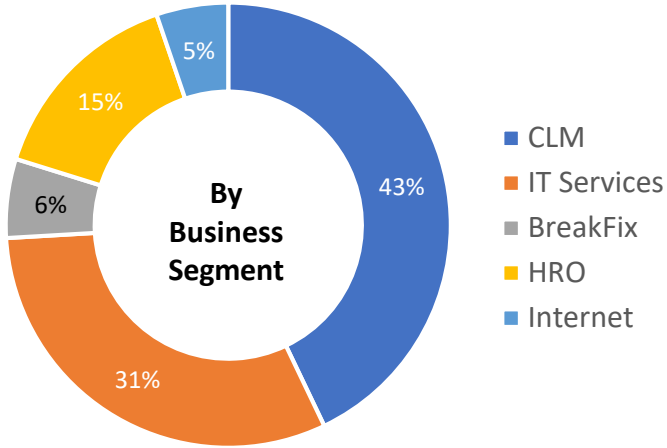
Key developments in quarter include:

- **IT Services business** delivered a strong operating quarter, introducing unified branding in NA with more focus on managed services and introducing several new clients
- **HRO business** grew revenue topline by 14% YoY in India and internationally, 42 new clients added in Q1'21.
- **CLM/BPM business** saw de-growth in March/April with domestic impacted more than international. International business recovering, with domestic catching up. Collections business impacted by moratorium in banking industry

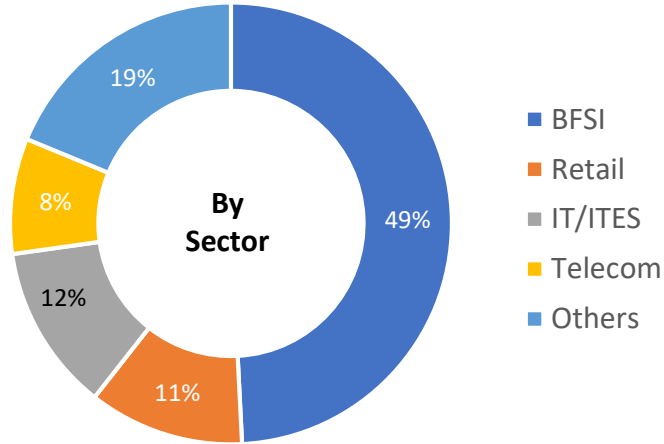
* Allsec was acquired in Q1 FY20. However for comparison purposes it has been added retrospectively in the operating metrics.

Tech Services – Revenue Distribution and Client Insights

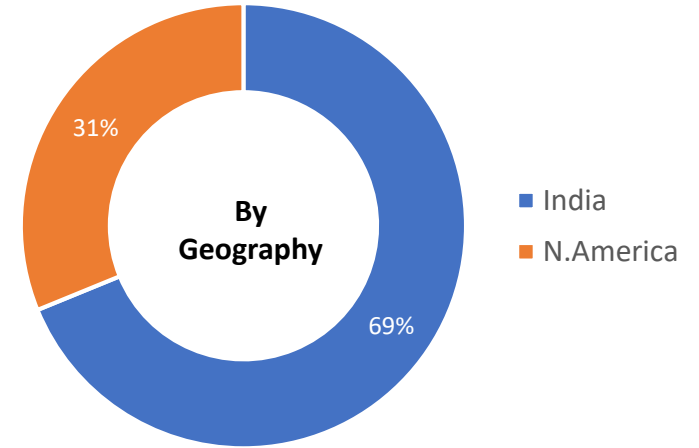
Diversified Revenue Base



CLM & IT Services constitute majority business.

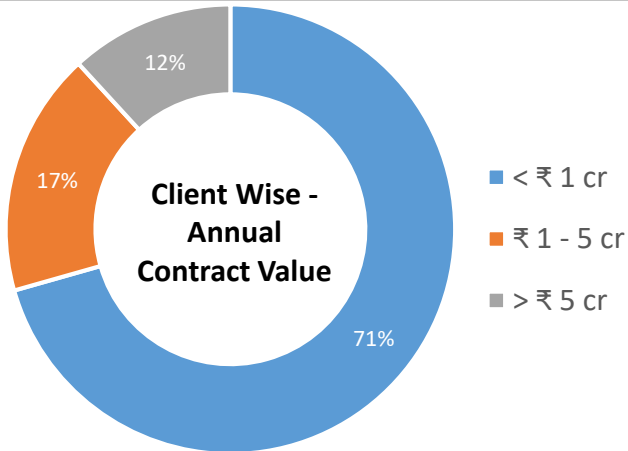


Revenue-base diversified across sectors

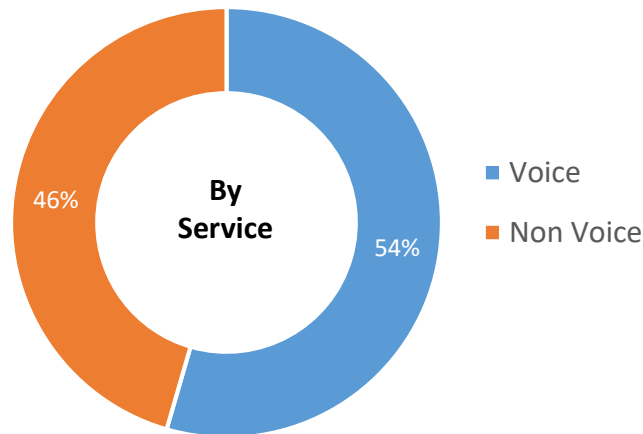


India is the main geographical focus

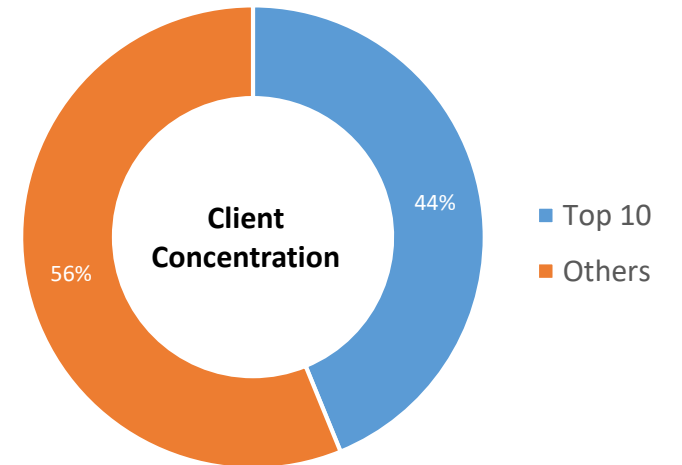
Client Insights (BPM)



Diversified Client Exposure:
Majority of contract sizes <1 cr



Healthy mix of Voice and Non-voice operations



Equal contribution by Major & Minor clients

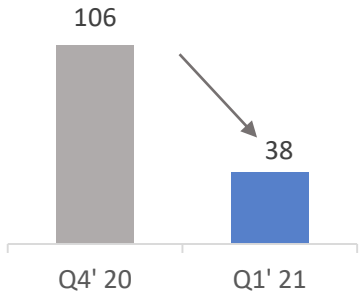
Emerging Businesses



Business improvements continue through COVID headwinds

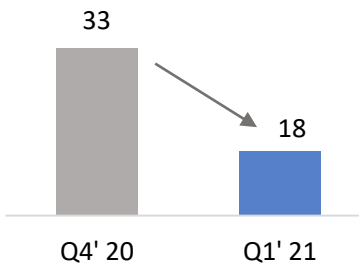
- Modularisation of legacy platform on track; significant improvement in performance evident already
- Launch of assisted search in FY21 to boost revenues
- Consumption metrics showing strong upward trajectory

Job Postings / Month (in '000)

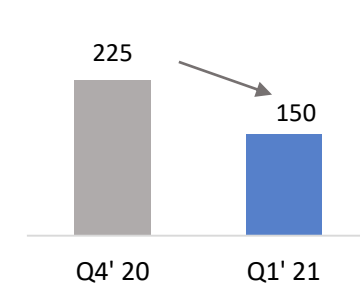


- **47% QoQ** decrease in Job views
- **10%** drop in Organic site traffic
- **33% QoQ** decrease in Page Views
- **64% QoQ** drop in Job Postings

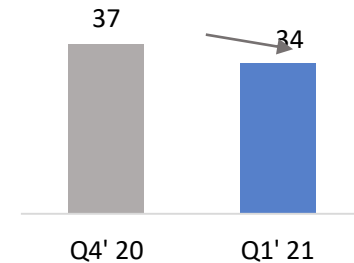
Job Views / Month (in lacs)



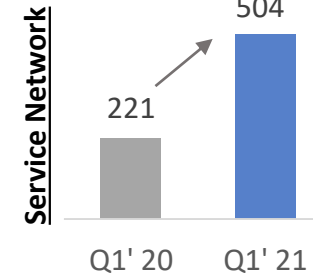
Page Views / Month (in lacs)



Organic Traffic / Month (in lacs)



Business back to normal and continued client additions

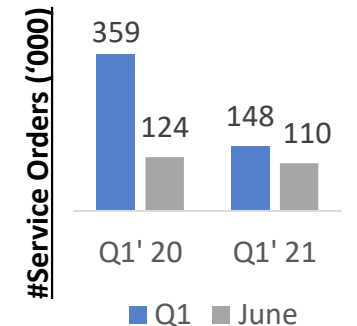
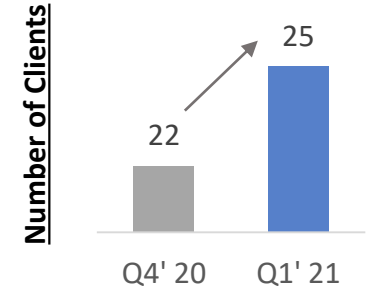


Service network covers over **14,300 Pin codes**, 75% of pin codes in India

Added **3 new logos** in **Q1FY21**, no attrition in existing clients

Business updates

- **Business back to normal:** Business lost revenues in April and May (partial) month as all centers were closed due to lockdown. However, **June month saw 98%** service centers operational.
- **New CRM Platform in testing stage:** Implementation in Q2FY21 enabling better integration with OEM systems, optimal call load distribution & live inventory management
- **Value added services:** Extended Warranty, Accidental Damage cover, B2C services to be launched in Q2FY21



Annexures

Income Statement

Particulars (in ₹ cr)	Q1 FY21	Q1 FY20	Q4 FY20	Var %	
				YoY	QoQ
Revenue from operations	2,409	2,395	2,995	1%	-20%
Less:					
Employee benefit expense	(2,084)	(1,934)	(2,510)	8%	-17%
Cost of material	(33)	(65)	(60)	-49%	-45%
Other expenses	(163)	(249)	(256)	-35%	-36%
Total expenses	(2,280)	(2,248)	(2,826)	1%	-19%
EBITDA	130	148	169	-12%	-23%
Other income	8	17	9	-55%	-12%
Interest	(33)	(35)	(35)	-5%	-5%
Depreciation and amortisation	(53)	(42)	(54)	27%	0%
Operating EBT	51	88	89	-42%	-43%
Intangible amortisation	(6)	(16)	(6)	-63%	0%
NCI Put Option Liability	(5)	(5)	(4)	0%	25%
Share of Profit/(Loss) from Associates (net of tax)	(11)	0	(9)	-4500%	17%
Profit before tax and Exceptional items	29	67	70	-56%	-58%
Exceptional items	(25)	-	664	100%	100%
Profit before tax	54	67	-594	-19%	-109%
Tax	(18)	(11)	(36)	69%	-50%
Profit after tax	36	57	-630	-36%	-106%
EBITDA margin	5.38%	6.16%	5.63%	-78 bps	-25 bps
PAT margin	1.51%	2.36%	-21.04%	-85 bps	2255 bps
Basic EPS	2.29	3.71	-42.88	-38%	-105%
Diluted EPS	2.27	3.69	-42.79	-38%	-105%
Normalised PAT	22	57	69	-62%	-69%
Normalised PAT margin	0.90%	2.36%	2.30%	-146 bps	-140 bps
Normalised Basic EPS	1.32	3.71	4.49	-64%	-71%
Normalised Diluted EPS	1.31	3.69	4.48	-65%	-71%

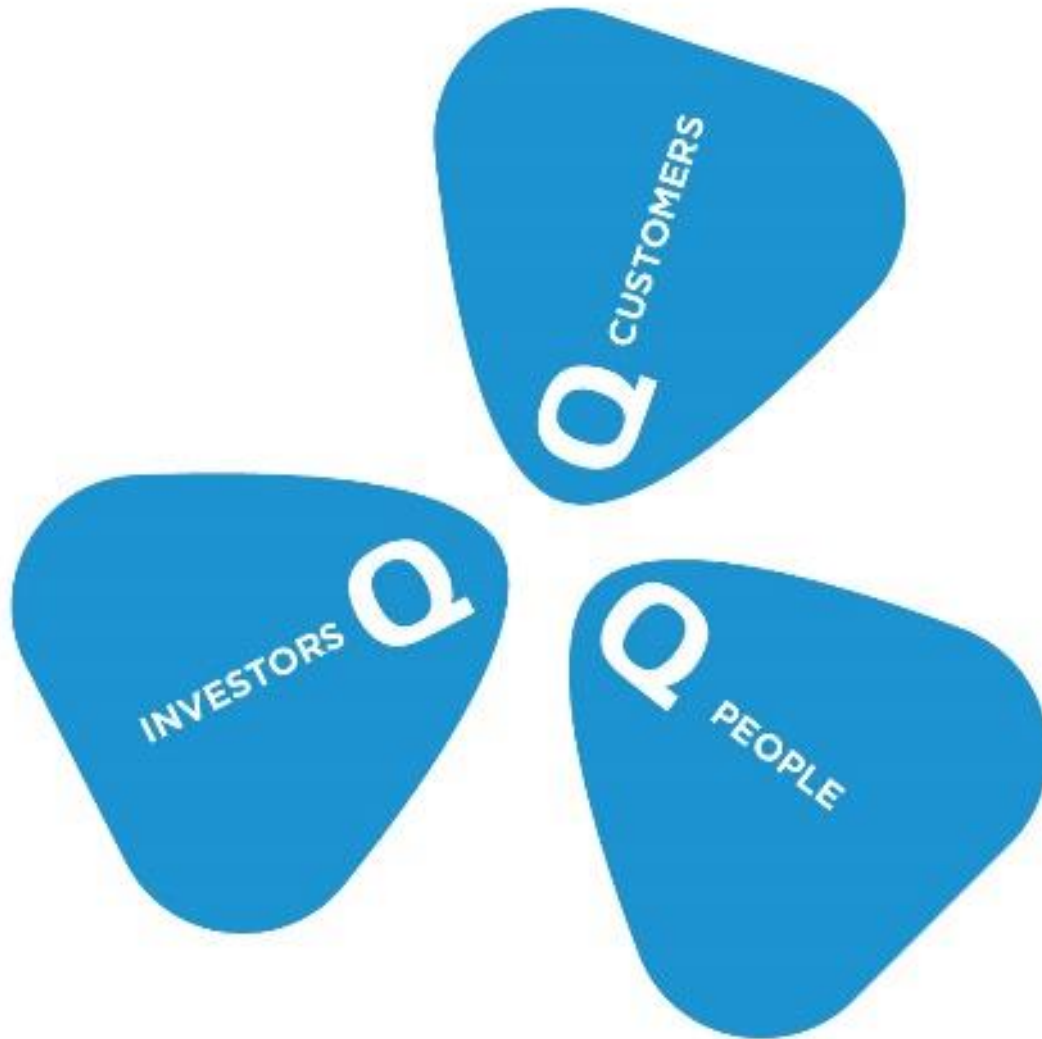
Balance Sheet

Particulars (in ₹ cr)	30-Jun-20	31-Mar-20	Var %
Non-current assets			
Fixed assets	479	514	-7%
Intangibles	1,127	978	15%
Investments	2	72	-97%
Other non-current assets	843	863	-2%
Current assets			
Trade receivables	921	998	-8%
Unbilled revenue	872	881	-1%
Cash and cash equivalents	722	792	-9%
Loans & other current assets	197	220	-10%
Total assets	5,163	5,319	-3%
Equity			
Share capital	148	148	0%
Other equity	2,166	2,128	2%
Non controlling interest	81	77	5%
Debt			
Long term debt	109	115	-5%
Short term debt	868	1,032	-16%
Other liabilities			
Trade & other payables	133	163	-18%
Other Financial Liabilities	1,191	1,137	5%
Other provisions & tax liabilities	467	518	-10%
Total equities and liabilities	5,163	5,319	-3%

Segment Reporting

(in ₹ cr)

Particulars	Quarter ended					Year ended	
	June 2020	Mar 2020	Dec 2019	Sept 2019	June 2019	Mar 2020	Mar 2019
Workforce Management Platform							
Revenue	1,618	2,039	1,959	1,669	1,488	7,154	5,035
EBITDA	60	103	103	91	90	388	309
EBITDA %	3.7%	5.1%	5.3%	5.5%	6.0%	5.4%	6.1%
Operating Asset Management Platform							
Revenue	368	428	448	432	427	1,734	1,702
EBITDA	26	28	33	29	32	122	134
EBITDA %	7.1%	6.6%	7.4%	6.7%	7.5%	7.1%	7.9%
Tech Services Platform							
Revenue	423	528	544	551	480	2,103	1,790
EBITDA	55	58	66	63	46	232	98
EBITDA %	13.0%	10.9%	12.1%	11.5%	9.6%	11.1%	5.5%



Winning Together

In your win lies our win