

MPS

MPS Limited

Q1FY'14 Earnings Presentation



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Business Overview

❑ **Journal Publishing Services**

- End-to-end, print and digital publishing services for STM and academic publishers.

❑ **Book Publishing Services**

- Prepress publishing services including editorial services, typesetting, project management, indexing , etc

❑ **Digital Services**

- Content conversion team for books, journals, directories, and a wide variety of other applications.

❑ **Fulfillment & BPO Services**

- Customer support and fulfillment services for print and online publishing products

❑ **MPS Technology (MPST)**

- Develops and maintains custom and plug-n-play technology platforms for all stages of the publishing

❑ **Learning & New Media Services (LNMS)**

- Focused on powering engaging and interactive learning products for educational publishers.

❑ **Database and Directory Services (Ad Studio)**

- Advertisement design and production services via print, online, and mobile platforms for database & directory publishers.

Journals and magazines:
10 million pages in the past decade

Award-winning products:

- ESU President's Award 2010 for Macmillan Education's Global eWorkbook
- 2008 Webbys - Best Website for Nature.com

Digital conversion:
8 million pages a year

Certified for:

- ISO 9001:2008
- ISO/IEC 27001:2005
- PCI-DSS (credit cards)

Books and major reference works:
1.2 million pages a year

~2,500 employees across Delhi, Bangalore, Chennai, Gurgaon, Noida and Dehradun in India, and Portland, Oregon in North America

Fulfillment:

- 400,000 subscriptions
- 250,000 customer service inquiries
- 120,000 site license and consortia orders

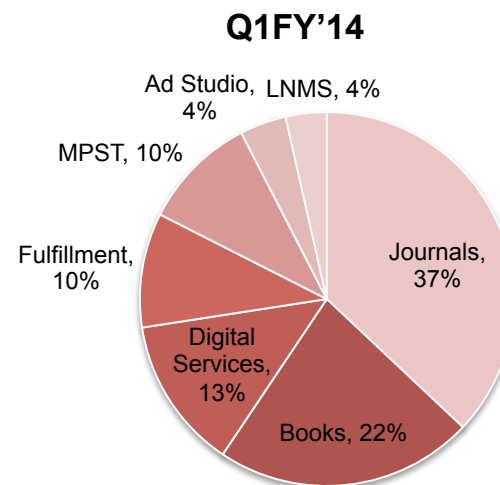
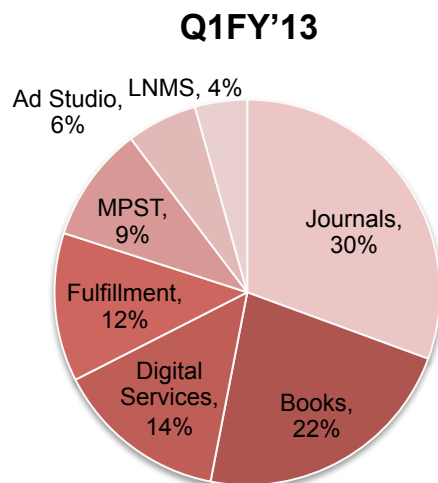
758 PhDs, MBAs/PGDMs, and science/engineering degrees

Q1FY'14 Performance

In Rs Mn	Q1FY13	Q1FY14	Growth YoY	Q4FY13	Growth YoY
Total Operating Income	386.5	397.9	2.9%	401.9	-1.0%
EBITDA	73.8	81.1	9.9%	119.3	-32.1%
EBITDA %	19.1%	20.4%	-	29.7%	-
PAT	46.7	54.0	15.6%	73.6	-26.6%
PAT %	12.1%	13.6%	-	-	-
Basic & Diluted EPS (Rs.)	2.78	3.21	15.6%	4.38	-26.6%

- **Total Income during the quarter up by 2.9% YoY**
 - The growth was driven by growth in Journals, Books and MPST divisions.
- **EBITDA grows by 9.9%; Margin up from 19.1% in 20.4%**
 - EBITDA has been down of QoQ basis due to increase in employee cost by 15.8% QoQ. This has been due to salary revision considered effective April'13 and also in align with increase in minimum wage ceiling increase as per Minimum Wages Act.
- **PAT growth of 15.6%%; PAT Margin up from 12.1% to 13.6%**
 - Other income during Q1FY14 of Rs 16.6mn as compared to Rs 10.0mn in Q1FY13. The increase was mainly due to Refund of UK VAT excess payment in earlier years

Revenue Break-up by Divisions

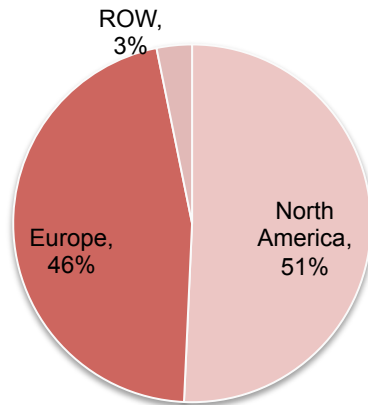


- Journals continue to be the largest business for MPS with 37% revenue share in Q1FY14, up from 30% in Q1FY13 due to increase in volume of business from existing clients and additions of new clients
- The second largest business unit, Books, contributed 22% to Q1 FY14 revenue
- Technology witnessed growth at 6%. The Technology SBU is focused on building more products to drive growth and also cross sell its existing products such as MPSInsight and ContentStore to current clients

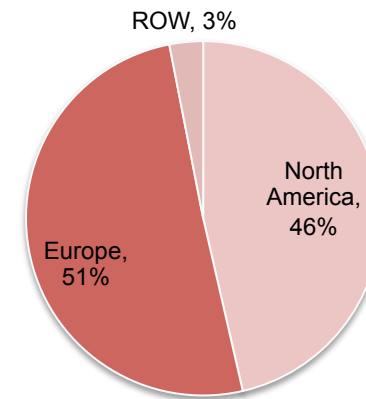
In Rs Mn	Q1FY14	YoY
Journals	147.3	25%
Books	89.0	3%
Digital Services	52.4	-6%
Fulfillment & BPO	39.4	-18%
MPST	39.7	6%
Ad Studio	16.0	-30%
LNMS	14.1	-17%

Revenue Break-up by Geography

Q1FY'13



Q1FY'14



- MPS derives the majority of revenues from Europe (with 51% revenue share in Q1FY14) and North America (46% share).
- The Europe market grew 13% YoY over Q1 FY13

In Rs Mn	Q1FY14	YoY
North America	184.7	-6%
Europe	201.0	13%
ROW	12.2	-1%

Client Details

Client concentration	Q1FY13	Q1FY14
Revenue % from Top 5 clients	52%	56%
Revenue % from Top 10 clients	69%	75%

- MPS has been a trusted vendor for publishing groups across the globe including Elsevier, Nature Publishing Group, Wolter Kluwer and Cengage Learning. During Q1FY14, revenue share of top 10 clients aggregated 75% and top 5 clients aggregated 56%.
- Total number of clients as on 30th June'13: 62

Manpower & Facilities

- Total Manpower: 2,495
- 6 production facilities: Bangalore (1), Chennai (1), Gurgaon (1), Delhi (1), Dehradun (1) and Portland (1)
- A part of current owned surplus property in Bangalore is leased out, and the company plans to lease the rest soon
- Corporate and sales & marketing office at Noida
- Sales force in US and UK

❑ Deal details

- During the quarter, MPS terminated the Membership Interest Purchase Agreement entered into with Element LLC, USA. The Company set up a wholly owned subsidiary, MPS North America LLC and invested \$1.8mn (Rs 104.7mn) as capital contribution in the subsidiary. Subsequent to the quarter end, pursuant to and in accordance with the Court order, MPS North America LLC acquired the assets from Element LLC, USA.

❑ Business of Element

- Element provides full-service editorial, design and production services to the educational publishing market, principally, pre-K and K-12 markets. It offers turnkey solutions for print and online products.

❑ Strategy behind the acquisition

- The acquisition will enhance MPS Ltd's presence in the US educational publishing market. The acquisition has been made in line with the company's strategy to tap the growing K-12 publishing market.

“We are also pleased to announce the acquisition of the business of Element and the opportunity it presents to MPS in the educational space. The clients of Element will benefit from the wide range of services that MPS offers, and we will work towards creating compelling solutions for K-12 publishers. Inorganic growth would continue to be a key element of MPS’s growth strategy going forward.

We are also aggressively marketing our products and services with renewed efforts in sales and marketing. We have been able to maintain our position as trusted vendor of large publishers globally. Our endeavor has been to upgrade our products and services in line with clients demands and tap opportunities across all segments”.

Nishith Arora

Chairman & Managing Director

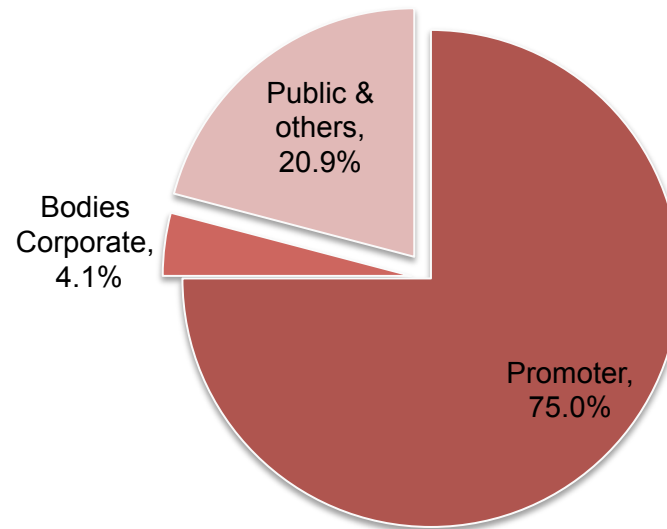
MPS Ltd

Annexure

Particulars (Rs mn)	Q1 FY'14	Q1 FY'13	Q4 FY'13	% Chg YoY	% Chg QoQ
Total Operating Income	397.9	386.5	401.9	2.9%	-1.0%
Total Expenditure	316.8	312.7	282.5	1.3%	12.1%
(Increase) / Decrease In Stock In Trade & WIP	(1.4)	(0.2)	(1.5)	-	-
Employees Cost	207.1	201.1	178.9	3.0%	15.8%
Other Expenditure	111.1	111.8	105.2	-0.6%	5.7%
EBITDA	81.1	73.8	119.3	9.9%	-32.1%
Depreciation and Amortization	14.4	16.5	20.8	-12.7%	-30.8%
EBIT	66.7	57.3	98.5	16.4%	-32.3%
Interest & Finance charges	1.4	2.0	1.0	-30.0%	40.0%
Other Income	16.6	10.0	3.5	66.0%	374.3%
PBT	81.9	65.3	101.0	25.4%	-18.9%
Tax Expense	27.9	18.6	27.4	50.0%	1.8%
PAT	54.0	46.7	73.6	15.6%	-26.6%
Basic & Diluted EPS (Rs.)	3.21	2.78	4.38	15.6%	-26.6%

Key Ratios	Q1 FY'14	Q1 FY'13	Q4 FY'13
EBITDA Margin	20.4%	19.1%	29.7%
Net Margin	13.6%	12.1%	18.3%
Total Expenditure/ Total Income	79.6%	80.9%	70.3%
Staff Cost/ Total Income	52.0%	52.0%	44.5%
Other Expenditure/ Total Income	27.9%	28.9%	26.2%

As on June 30, 2013
Outstanding shares – 16.82 mn



About MPS Ltd: Over the 42 years of its dominant presence, MPS has evolved to be a trusted partner for publishers at every stage of the publishing process. Our service portfolio includes print and digital publishing services, transformation of content for usability across multiple platforms, custom and plug-n-play technology platforms for different stages of the publishing process, engaging and interactive media products, and customer support services for educational, academic, trade, and directory publishers.

For more information about us, please visit www.adi-mps.com or contact:

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