



REDINGTON (INDIA) LIMITED

Q2FY19 Earnings Presentation

September 2018


Disclaimer

This presentation contains “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Redington India Limited’s future business developments and economic performance.

While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations.

These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance.

Redington India Limited undertakes no obligation to periodically revise any forward looking statements to reflect future / likely events or circumstances.




Financial Highlights

- **Q2FY19** – On a consolidated basis, Revenue grew by 11%, EBITDA grew by 2% and PAT degrew by 7%
 - India – Revenue grew by 12%, EBITDA degrew by 18% and PAT degrew by 29%
 - Overseas – Revenue grew by 10%, EBITDA grew by 26% and PAT grew by 13%
 - **Overseas w/o Arena, Turkey – Revenue grew by 14%, EBITDA grew by 42% and PAT grew by 33%**
- **H1FY19** – On a consolidated basis, Revenue grew by 10%, EBITDA grew by 1% and PAT degrew by 8%
 - India – Revenue grew by 9%, EBITDA degrew by 19% and PAT degrew by 28%
 - Overseas – Revenue grew by 11%, EBITDA grew by 23% and PAT grew by 8%
 - **Overseas w/o Turkey – Revenue grew by 13%, EBITDA grew by 31% and PAT grew by 22%**
- On a consolidated basis, WC days for Q2FY19 is 42 days and H1FY19 is 41 days, with India reducing WC days by 9 days in Q2FY19 and by 7 days in H1FY19
- Net Debt Equity ratio is at 0.24
- Generated free cash flow of Rs. 221 crs for H1FY'19, majorly contributed by Overseas business
- Provision for bad debts at 0.14% for Q2FY'19

Financial Highlights

India business

- During the quarter, India business registered double digit growth in Revenue, with IT segment continuing its growth momentum at 19% YoY
 - Degrowth at Gross Margin level can be attributed to:
 - Selling inventory at deep discounts, pertaining to Enterprise Business
 - Substantial improvement in WC days to the tune of 9 days during Q2FY19 and 7 days during H1FY19
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Financial Highlights

Overseas business

- During the quarter, Overseas business continued its strong momentum, registering strong double digit growth across Revenue, EBITDA and PAT
- Generated positive free cash flow in H1'FY19

Turkey Update

- Turkish Lira has depreciated 32% against USD during the quarter, leading to effective income tax rate of 660% during the quarter. However, Arena business registered earnings growth in Lira terms
- During the quarter, we hosted on call on Aug 14th, 2018 regarding sharp depreciation of Turkish Lira against dollar

Call communication	Status Check
Target to reduce 10-12% of cost in Q2FY19, letting go of 25-30 people	Reduced employee cost by 16% yoy (No of FTE reduced – 26)
Reduce the working capital by ~\$35-40mn	Reduce the working capital by \$29mn
In Q2FY19, Turkey could negatively contribute to ~8% of consolidated profits	In Q2FY19, Turkey has negatively contributed to ~8.7% of consolidated profits



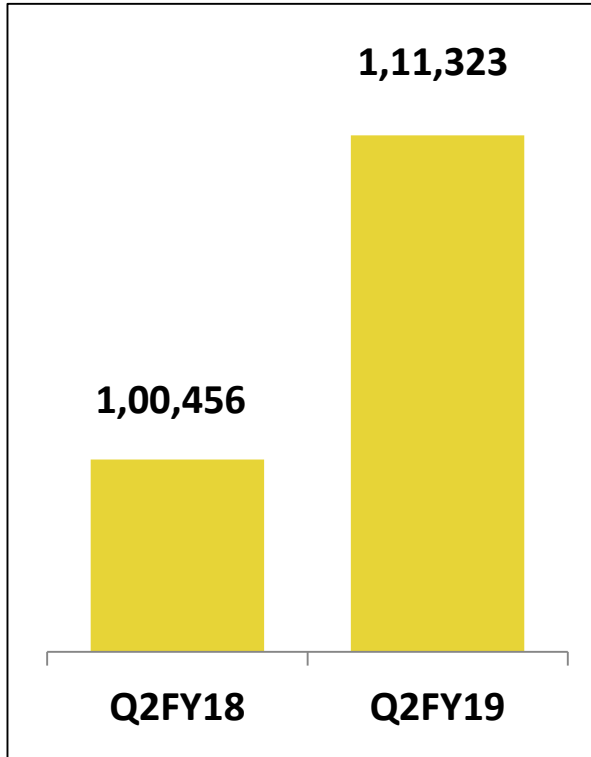
Q2FY19 Performance

Q2FY19- Consolidated Financials

₹ in million

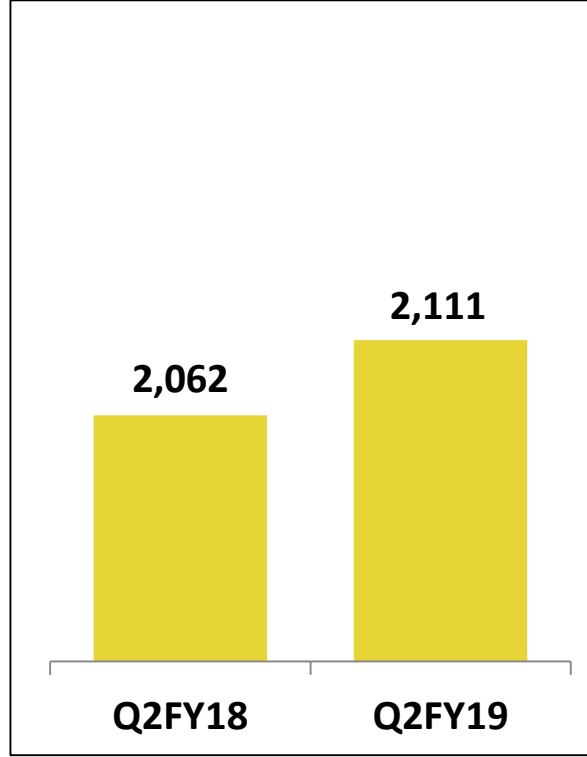
REVENUE

11% ▲



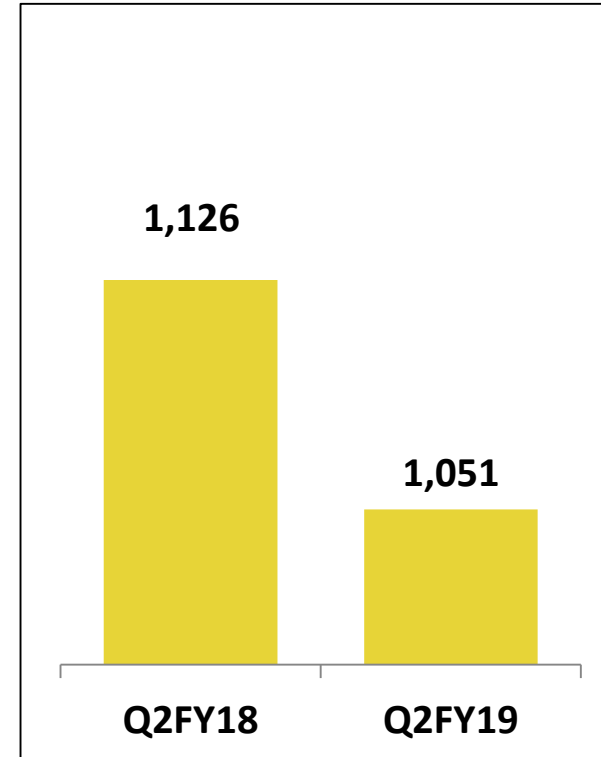
EBIDTA

2% ▲



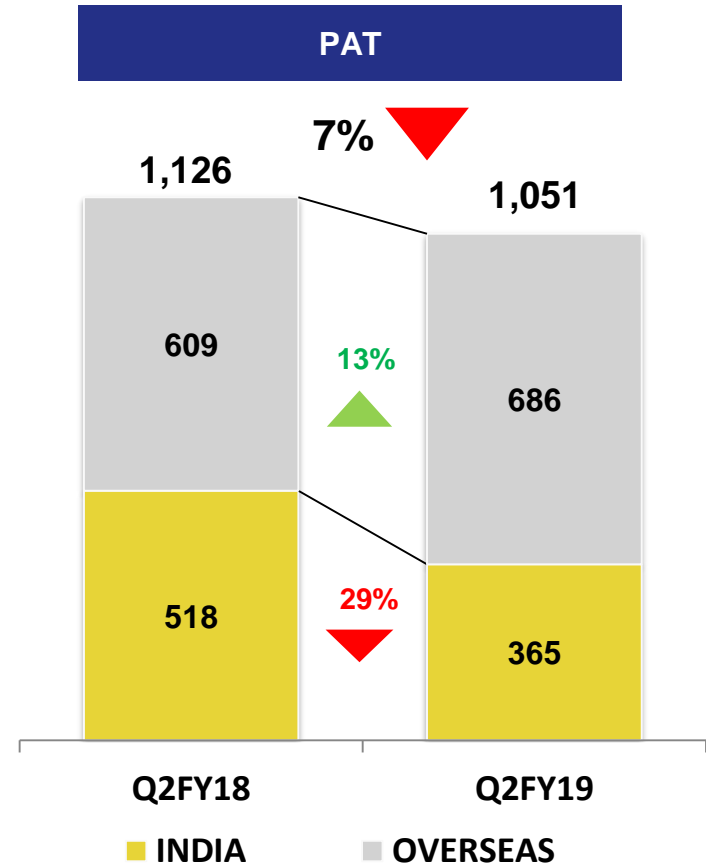
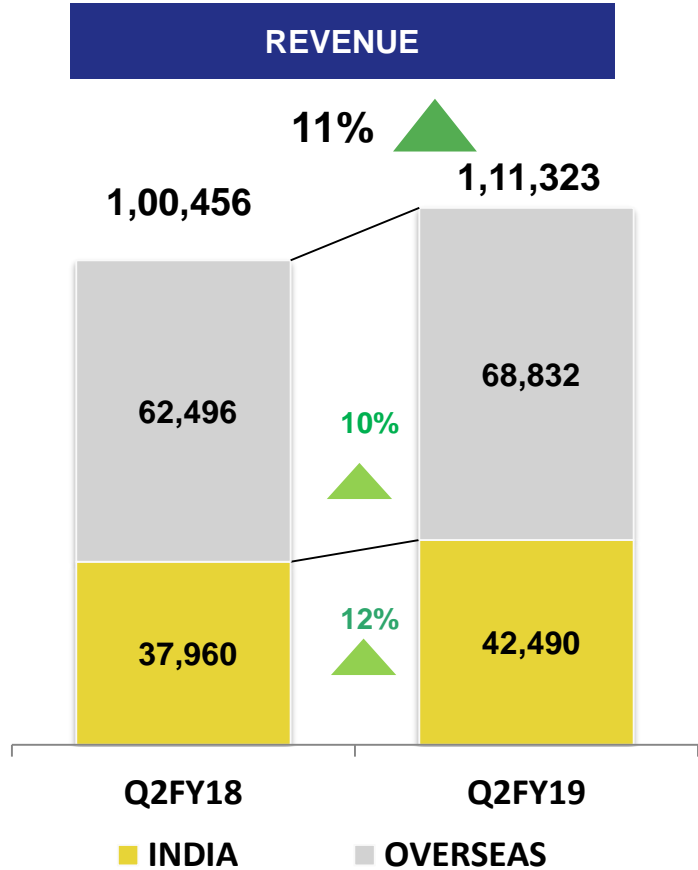
PAT

7% ▼



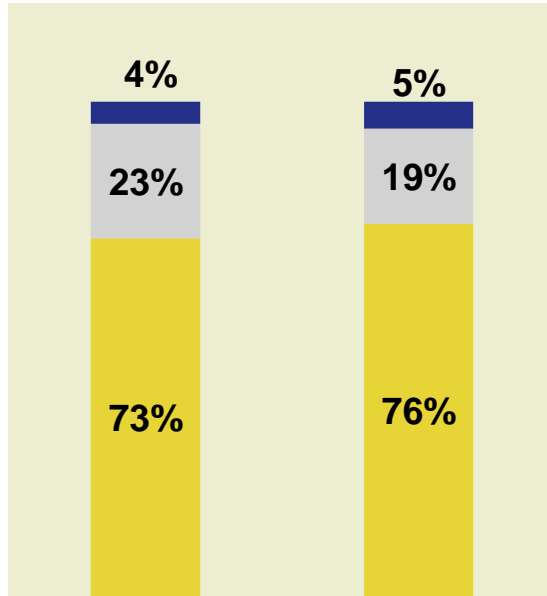
Q2FY19 Performance by Market

₹ in million



Q2FY19 Performance by Vertical

INDIA

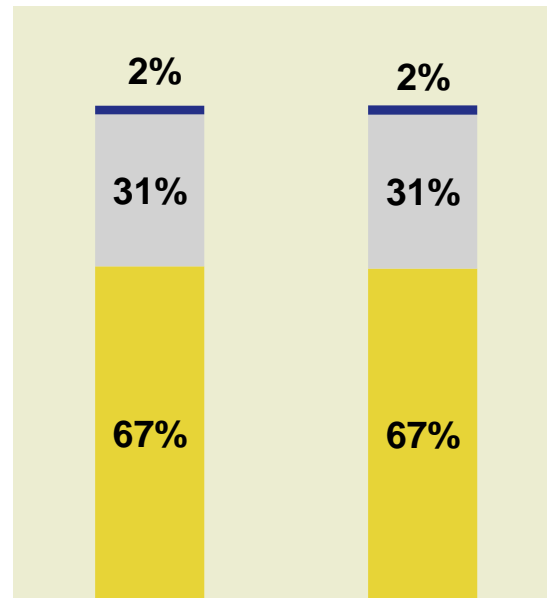


Q2FY18

Q2FY19

■ IT ■ Mobility ■ Services

OVERSEAS

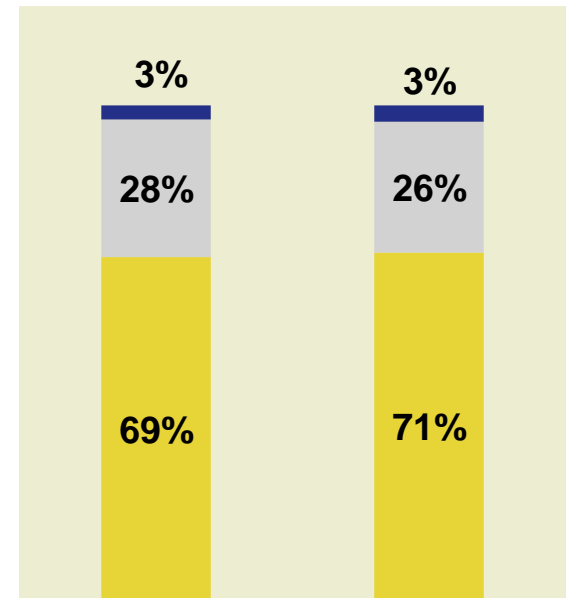


Q2FY18

Q2FY19

■ IT ■ Mobility ■ Services

CONSOLIDATED



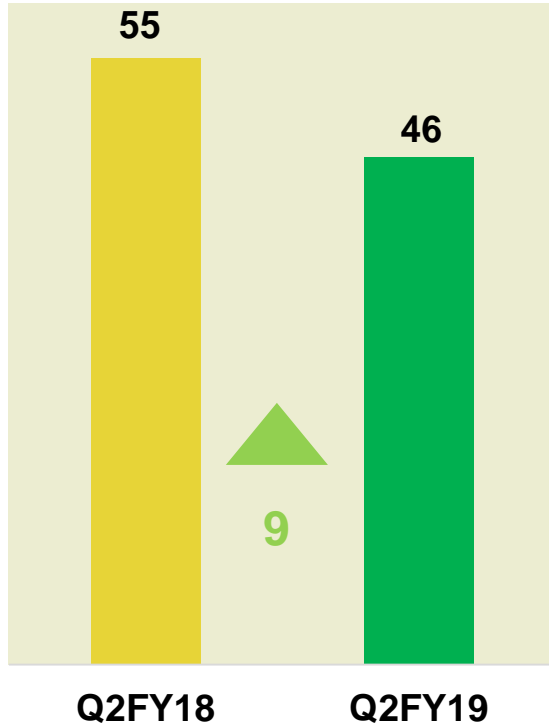
Q2FY18

Q2FY19

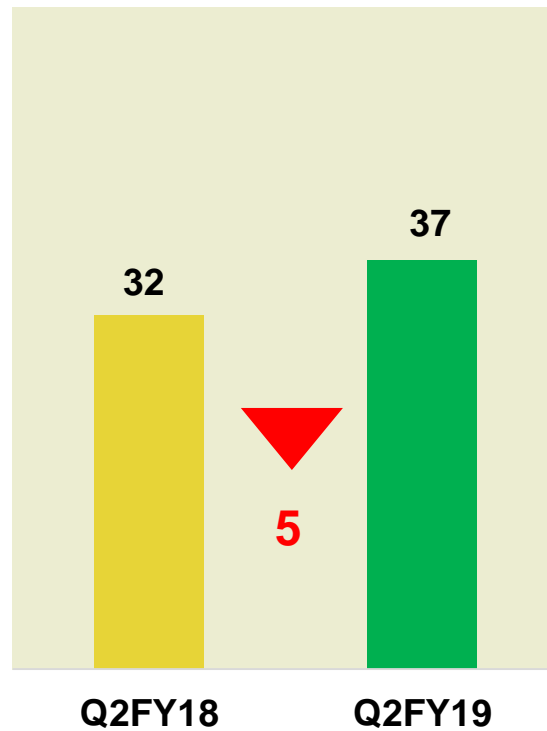
■ IT ■ Mobility ■ Services

Q2FY19 – Working Capital Days

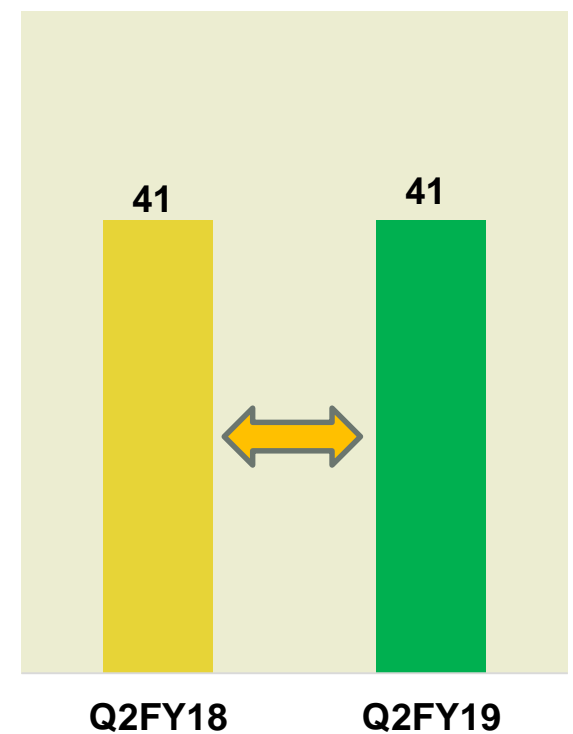
INDIA



OVERSEAS



CONSOLIDATED



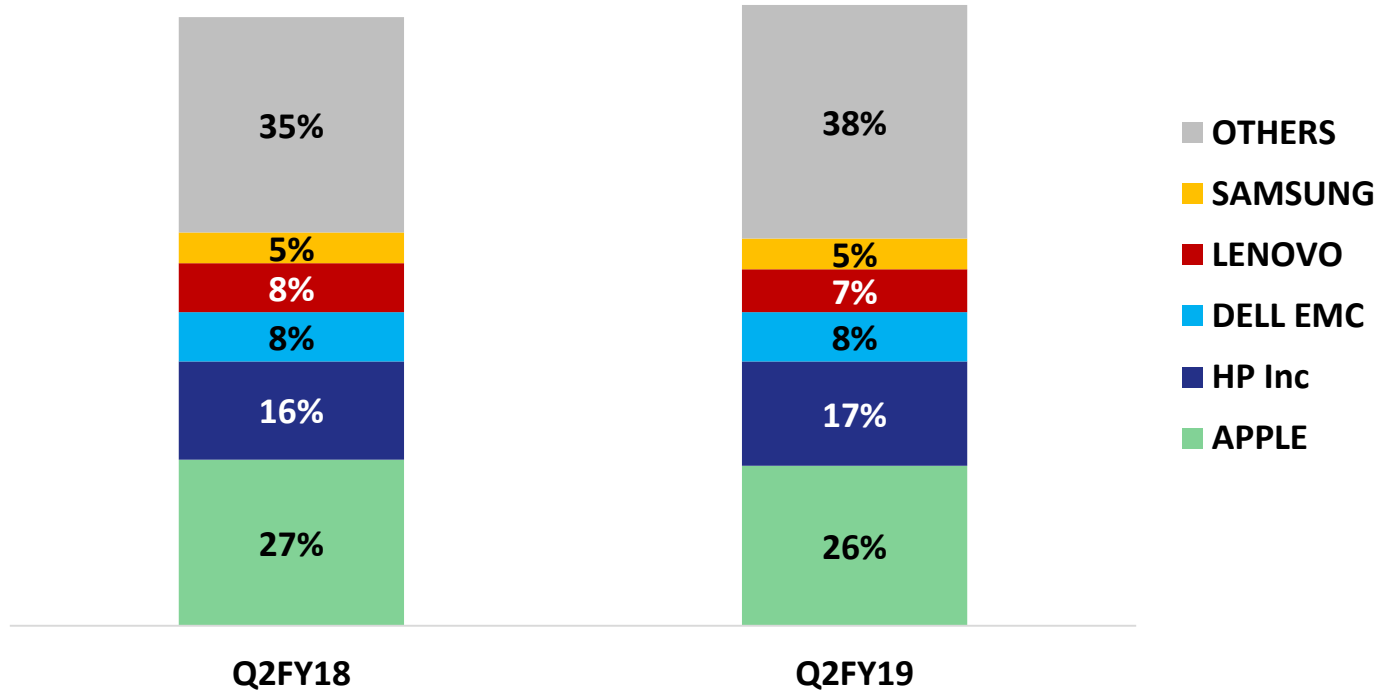
Free Cash Flow Statement

₹ in million

Particulars	Q2 FY19	Q2FY18
Profit Before Taxation	1,474	1,527
Non-cash items	294	149
Change in Working Capital	1,187	1,290
Direct Tax Paid	(489)	(449)
Outflow of Finance Cost	429	321
Net Cash Flow from Operations	2,895	2,838
Capex	(144)	(138)
Dividend	(1,137)	(1,062)
Outflow of Finance Cost	(482)	(363)
Free Cashflow	1,132	1,275

Q2FY19 – Top 5 Vendors Consolidated

REVENUE



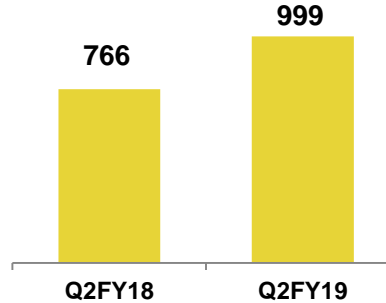
Q2FY19 Performance – ProConnect

- Revenue growth over Q2FY18 is 30%
- EBITDA growth over Q2FY18 is 24%

₹ in million

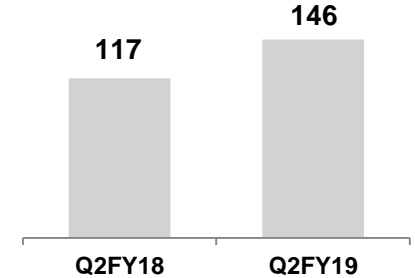
REVENUE

30% ▲



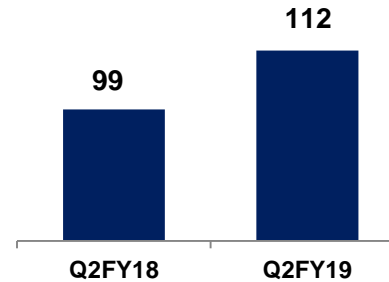
EBITDA

24% ▲



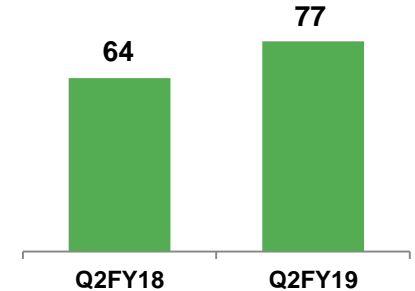
PBT

13% ▲



PAT

21% ▲





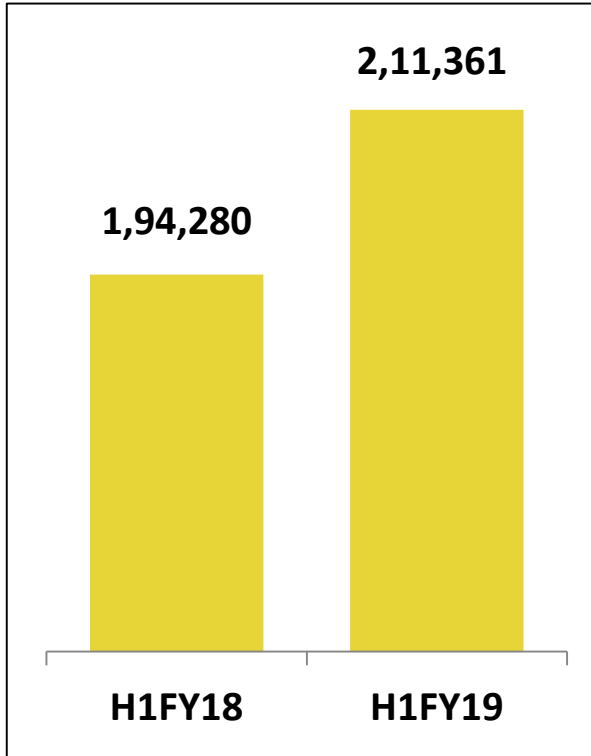
H1FY19 Performance

H1FY19- Consolidated Financials

₹ in million

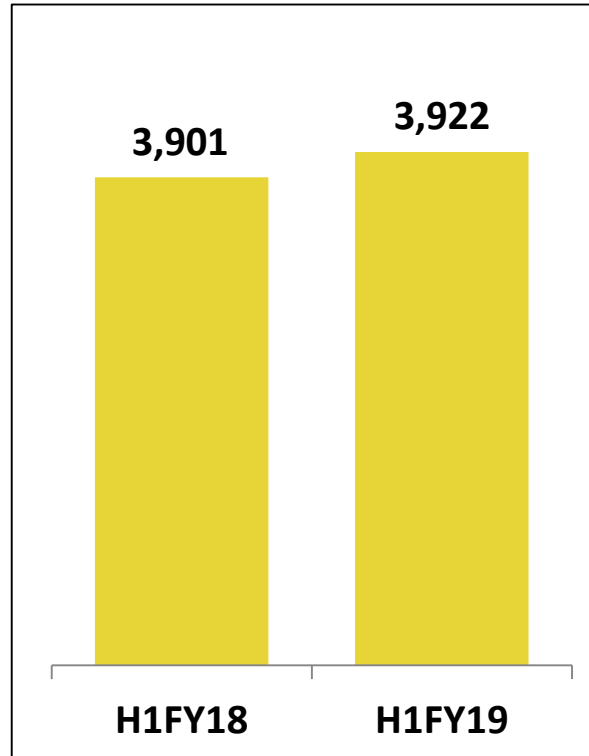
REVENUE

10%



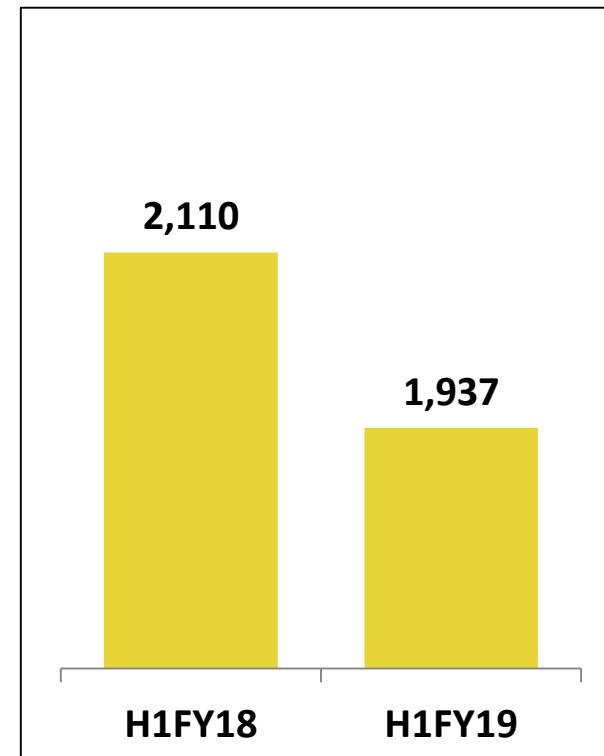
EBIDTA

1%



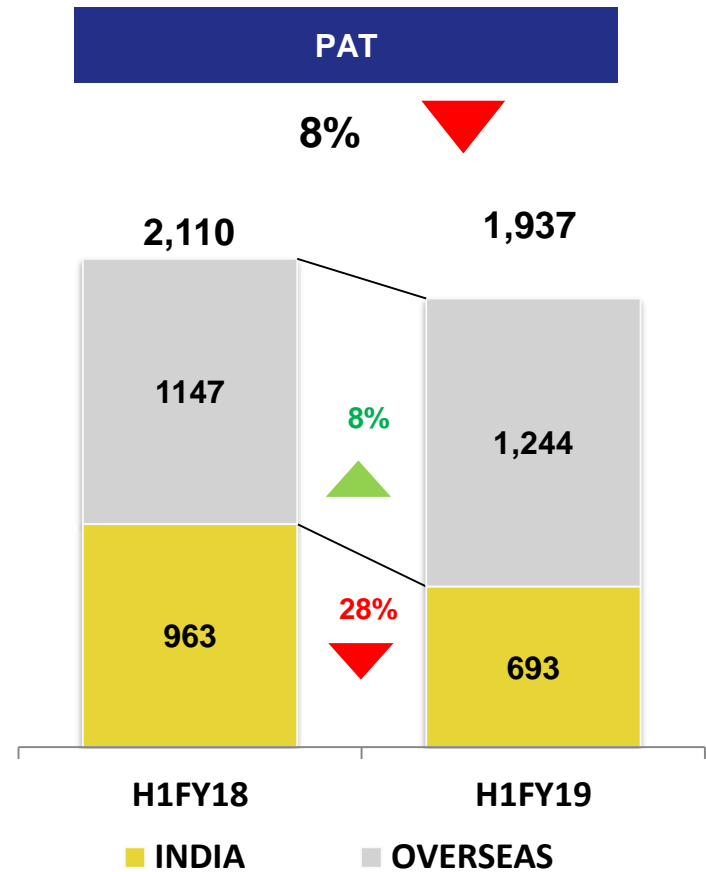
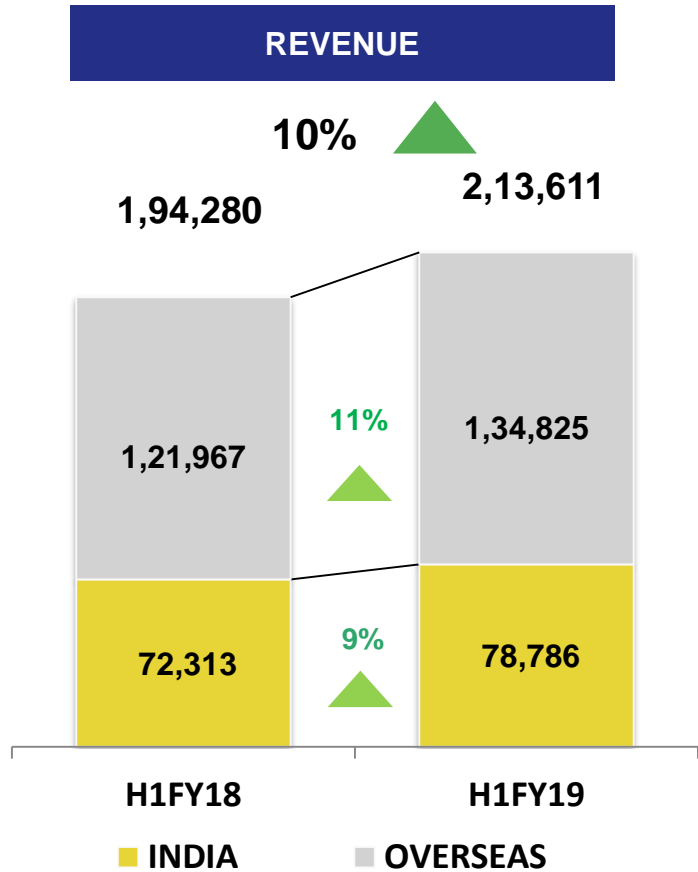
PAT

8%



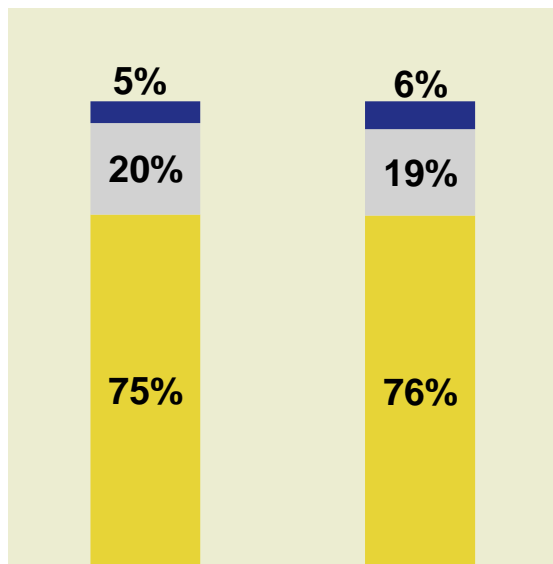
H1FY19 Performance by Market

₹ in million



H1FY19 Performance by Vertical

INDIA

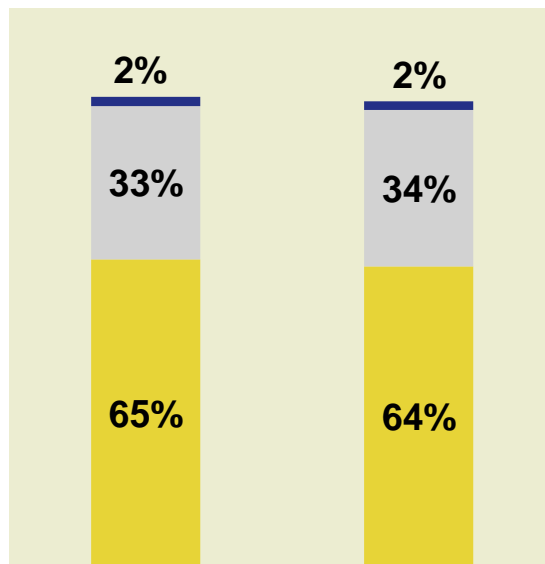


H1FY18

H1FY19

■ IT ■ Mobility ■ Services

OVERSEAS

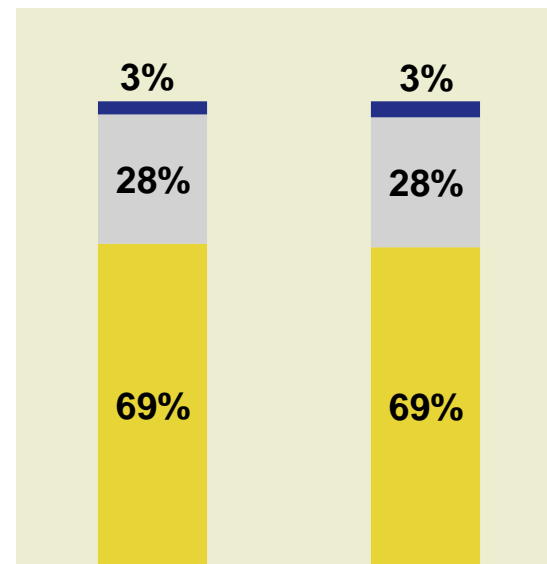


H1FY18

H1FY19

■ IT ■ Mobility ■ Services

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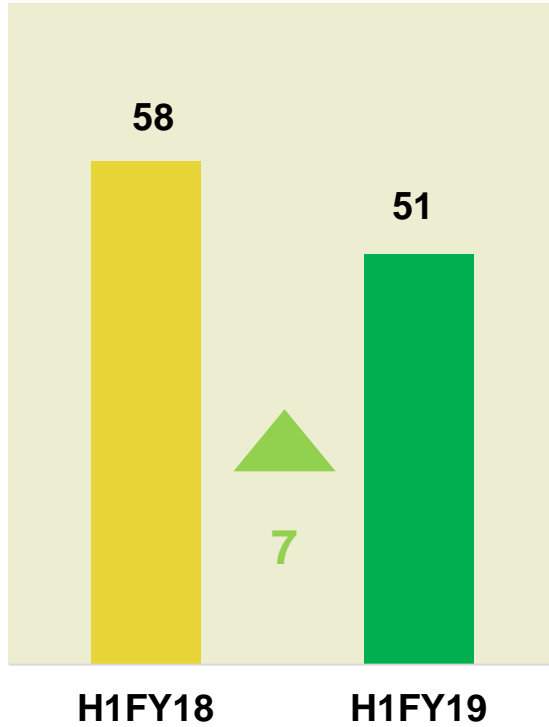
H1FY18

H1FY19

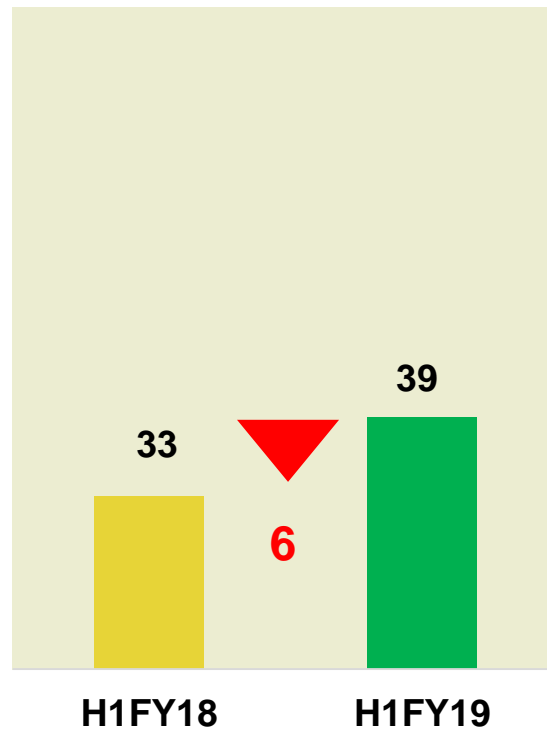
■ IT ■ Mobility ■ Services

H1FY19 – Working Capital Days

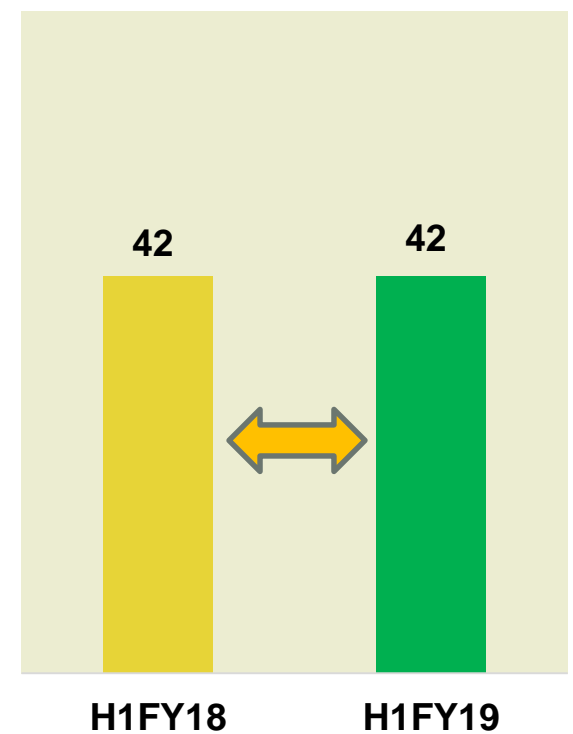
INDIA



OVERSEAS



CONSOLIDATED



Free Cash Flow Statement

₹ in million

Particulars	H1FY19	H1FY18
Profit Before Taxation	2,692	2,813
Non-cash items	950	584
Change in Working Capital	1,223	(319)
Direct Tax Paid	(1,098)	(579)
Outflow of Finance Cost	817	664
Net Cash Flow from Operations	4,584	3,163
Capex	(328)	(243)
Dividend	(1,138)	(1,093)
Outflow of Finance Cost	(913)	(705)
Free Cashflow	2,205	1,122

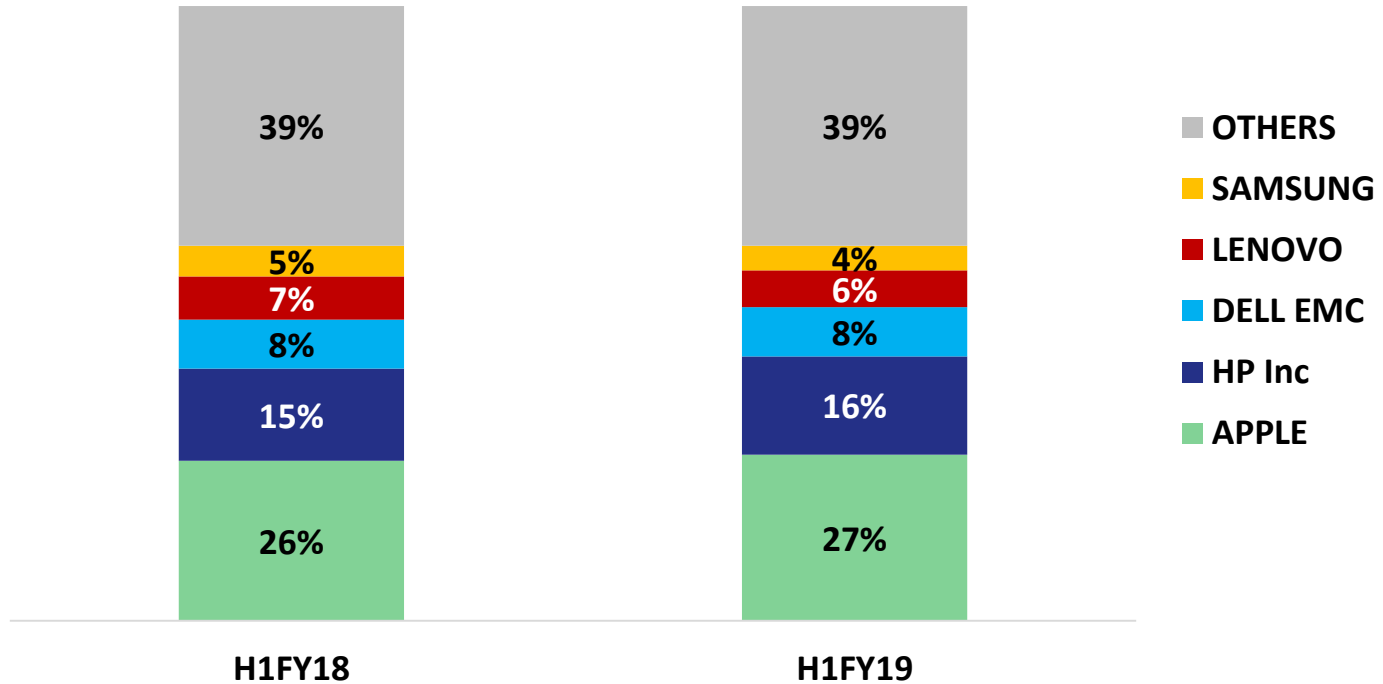
Consolidated Balance Sheet

₹ in million

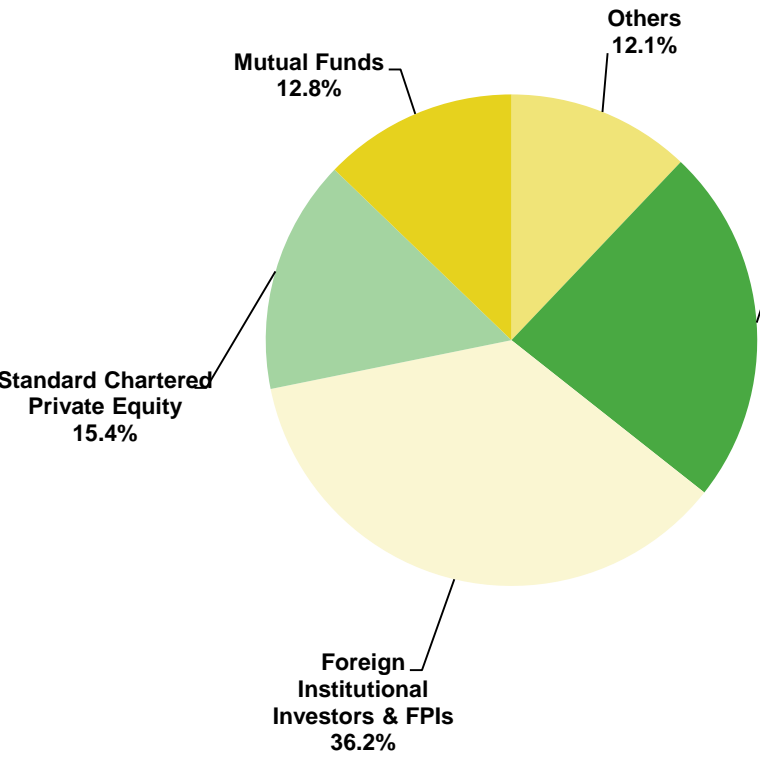
Particulars	30-SEP-19	30-SEP-18
Source:		
Networth	38,567	32,662
Net Debt	10,087	10,159
Minority Interest	3,753	3,615
Total	52,407	46,436
Application:		
Fixed Assets	5,088	4,554
Goodwill	238	213
Net Assets	47,081	41,669
Total	52,407	46,436

H1FY19 – Top 5 Vendors Consolidated

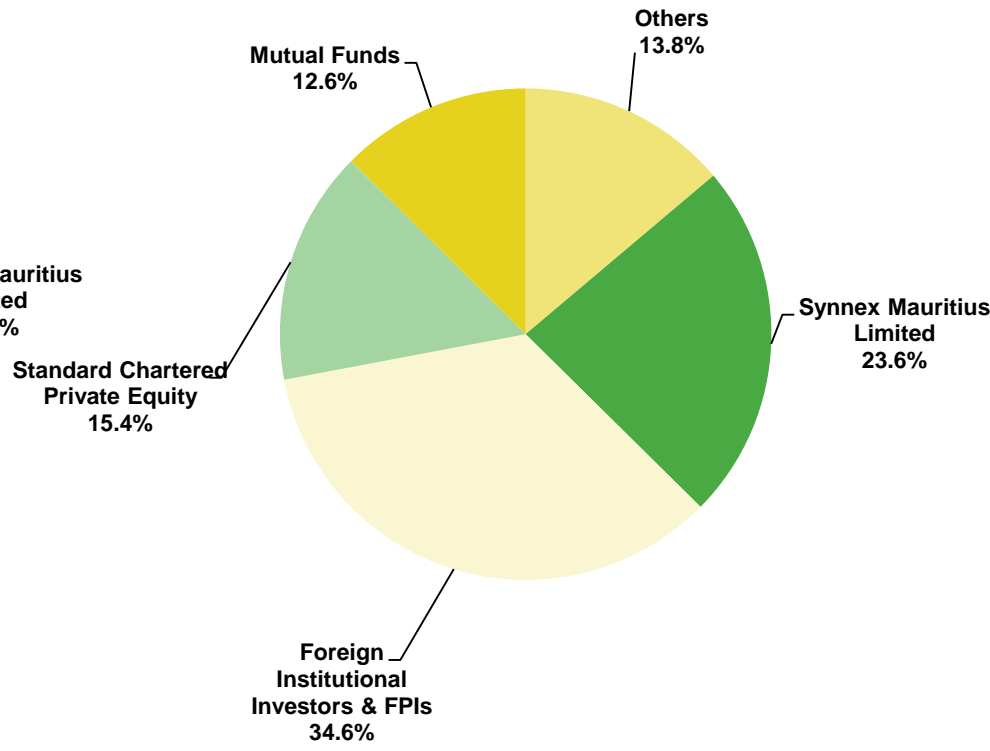
REVENUE



Shareholding Pattern



30-Jun-2018



30-Sep-2018





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Corporate Presentation

<https://redingtonindia.com/images/RedingtoncorporatepresentationSep2018.pdf>

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