

Performance Review

Q1 FY 2020

July 22, 2019

Agenda

- **Key Highlights**
- Strategy
- Business Performance
- Financial Results



FOR YOU

ICICI Securities has built an enviable franchise...

4.5 mn	Growing customer base
Largest	Equity broker in terms of revenue
2 nd	Largest non-bank mutual fund distributor by revenue ¹
1 st	Rank in the IPO/ InvIT (Investment trusts) by value ²
2 nd	ECM league table by value ³



1. Source: AMFI (MF commission) period FY19 2. Source: Prime database for Q1FY20, 3. Prime database, ECM: IPO/FPO/InvIT/REIT, QIP/IPP, Rights issue, Offer for sale period FY19,

...and a sticky customer base over the years

High Customer Stickiness

Revenue contribution by customers who have been with us for more than 5 years

> 65%

This trend is consistent and is reflected continuously for the five prior years including the recently ended FY19



Note: Only retail broking revenue considered

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Our Winning Strategy

Ramping Scale and Value	Monetize Client Value	Active Client Engagement	Digital Agility	Cost Efficiency
<ul style="list-style-type: none">• ICICI Bank partnership shifting focus on<ul style="list-style-type: none">• Affluent & wealth segments• NRI• Open architecture digital acquisition• Scale up business partners with digital integration	<ul style="list-style-type: none">• Insta Digital loans distribution<ul style="list-style-type: none">• Home loan top up• Personal loans• Credit cards• Loan against shares• Auto loans• Two wheeler loans• Home loans• Online Health Insurance• Proprietary PMS	<ul style="list-style-type: none">• Basic advice based on profiling through digital RM• Augmenting tools in partnership with fintechs for traders to build and test trading strategies• Using advanced analytics for micro segmenting	<ul style="list-style-type: none">• Build digital agility using API architecture• Infuse specific skills in data and decision science; Big data and cloud experts & UI/UX experts• Build big data stack• Improve web user interface and revamp mobile platform	<ul style="list-style-type: none">• Closing of low productivity branches• Eliminating redundancies of overlapping roles• Inculcating cost culture



Making business model more broad based and diversified

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Business Performance

Retail franchise intact and growing

Strong traction in new initiatives

- Prime launched, well received, ~1 lac subscriptions as at end Q1-FY20
- New bank arrangement, initial results encouraging, activation rates up by 40%

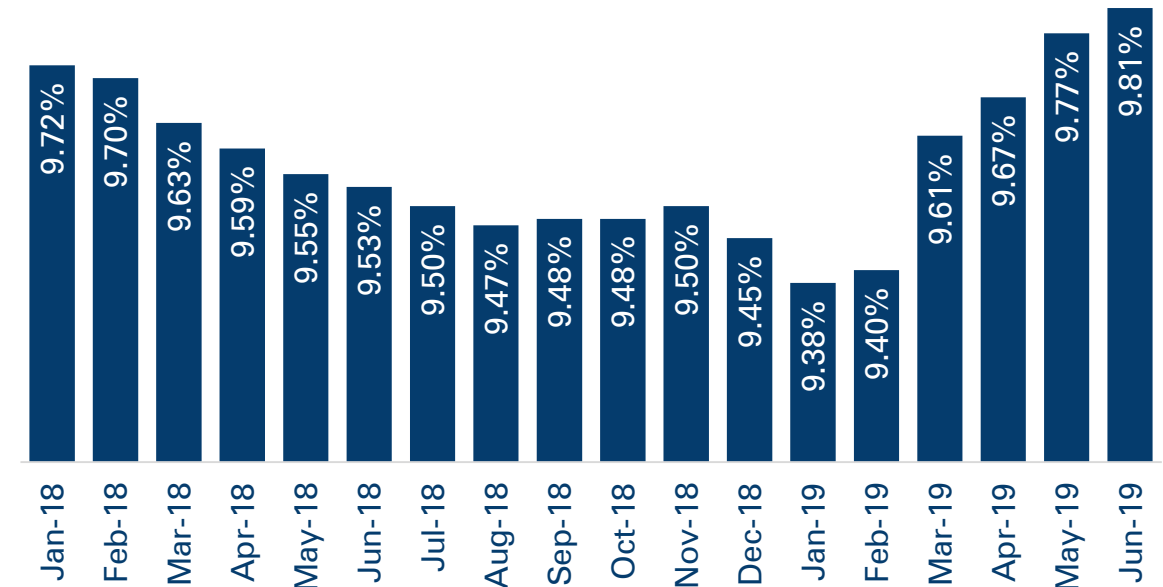
Growing client base and engagement

- 4.5 million strong base of operational accounts
- 9.4 lac overall active clients, increased by 62 thousand YoY
- 8.8 lac NSE active clients, market share at 18 month high



1.Source: NSE, trailing 12 months, Period: Q1-FY2020 vs Q1-FY2019

ICICI Securities market share¹ in active client base (NSE) at 18 month high



Business Performance

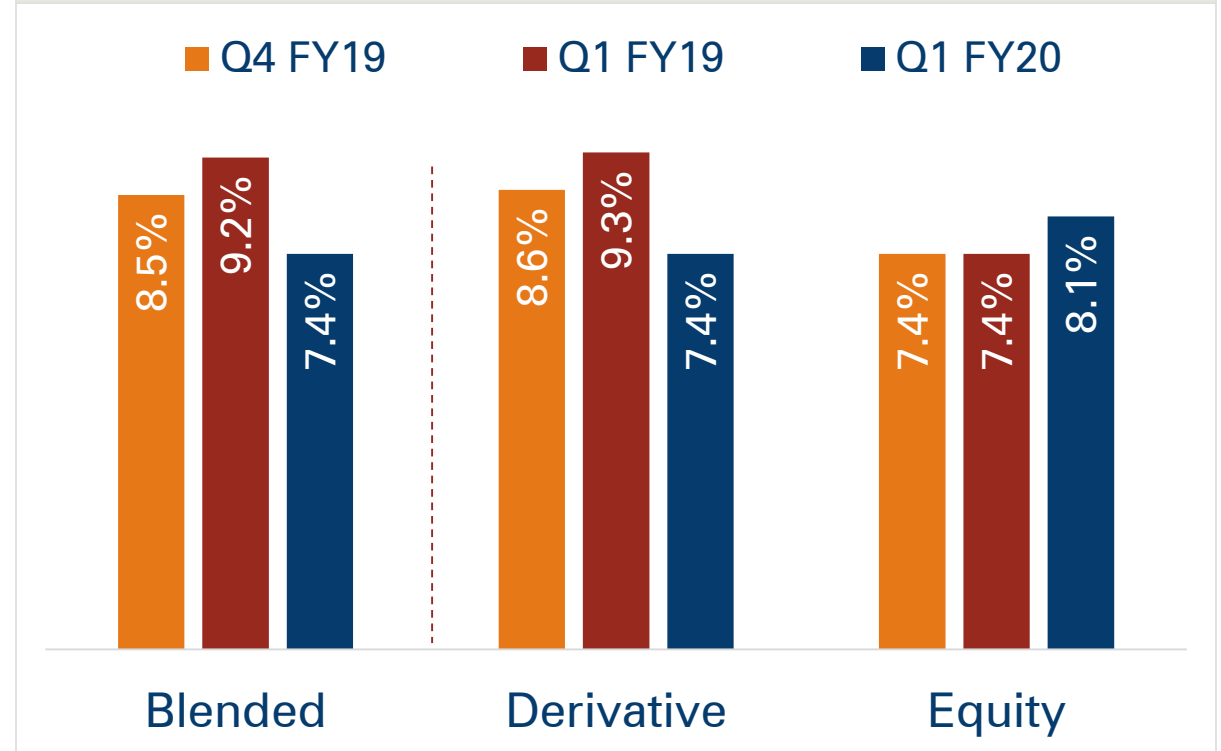
Equity market share growth encouraging

- Equity market share up at 8.1% from 7.4%
- Blended broking market share at 7.4%
 - Driven by decline in derivative market share
- Derivative share at 7.4%
 - Decline mainly due to
 - Planned increase in options margins to mitigate risk in anticipation of high volatility around elections results
 - Diverting focus of resources to Prime launch in April & May
 - Strong recovery in June derivatives market share



Source: SEBI, NSE, BSE. Period: Q1-FY2020 vs Q1-FY2019

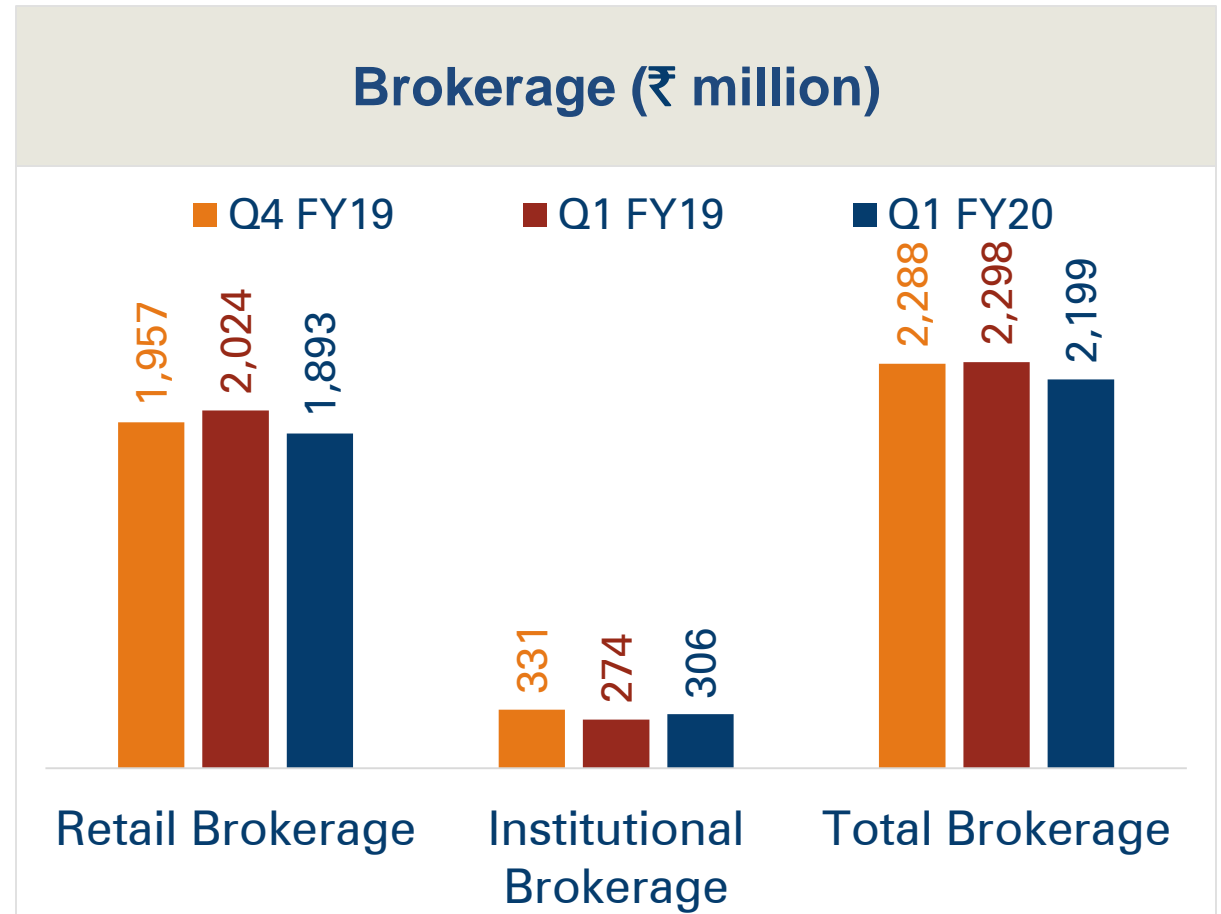
Broking Market Share



Business Performance

Broking revenue by segments

- Retail broking revenues adjusted for trading days is flat
 - However for the quarter retail broking revenues down by 6%
- Institutional broking revenue increased by 12%
- Overall broking revenue down by 4%

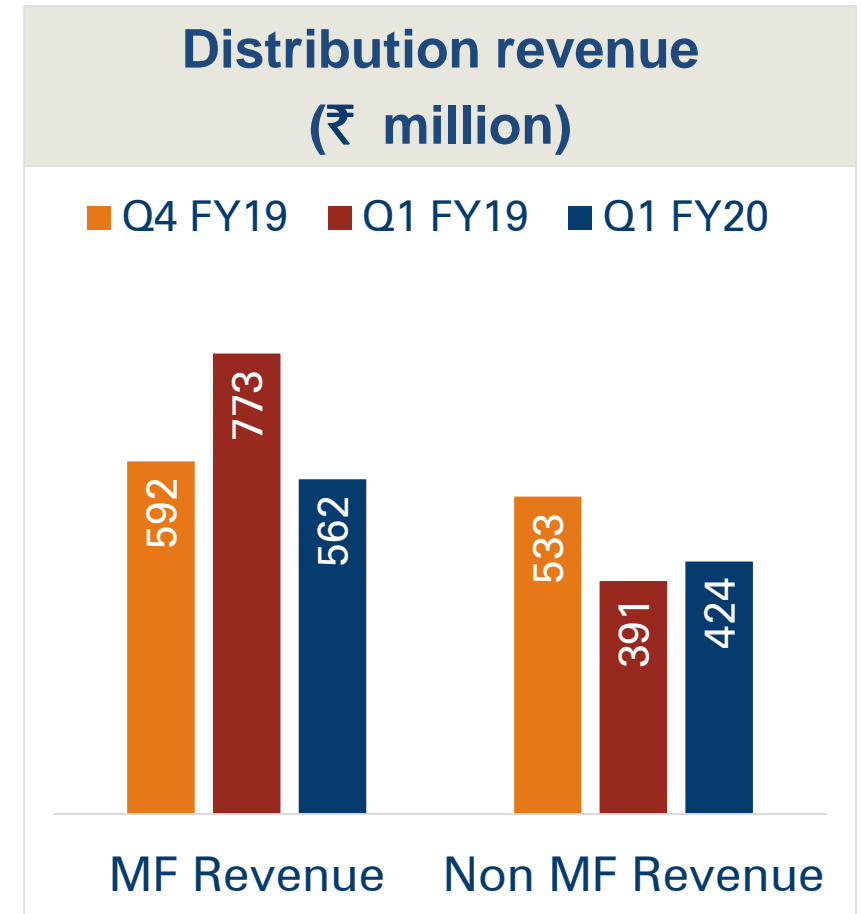


Period: Q1-FY2020 vs Q1-FY2019

Business Performance

Initial traction in focus areas to offset developments in MF business

- Focus on
 - Fixed income and deposits
 - Life Insurance distribution
 - Others¹
- Aggregate non MF distribution revenue up by ~9%
'Enhanced focus on non Mutual Fund distribution expected to provide revenue growth momentum in the coming quarters'
- Mutual Fund average AUM up by 7%
- SIP count² for Q1 FY2020 is 0.66 million
- MF revenue down 27% in line with anticipated TER impact
'Endeavour to protect and grow Mutual Fund revenues'
- Overall distribution revenue down by 15%



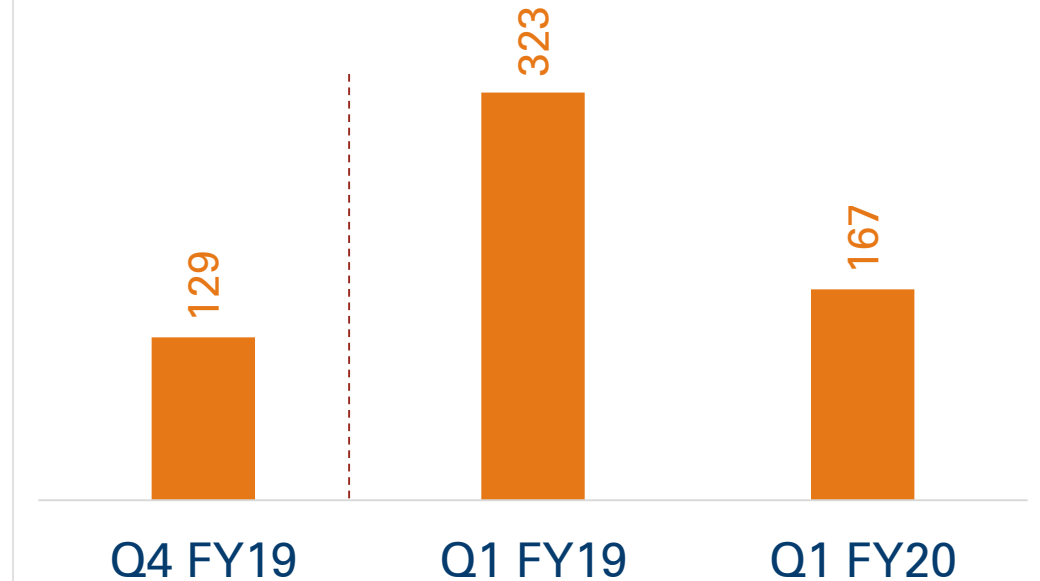
1: Includes PMS, NPS, General insurance, etc. 2: SIP Count: Triggered as on last month of period

Business Performance

Strong IPO pipeline, about 17 deals amounting over ₹ 180 bn

- 8 Investment Banking deals vs 6 deals in Q1 FY2019
- 3 advisory deals compared to 2 deals in Q1 FY2019
- Weak ECM activity on account of election uncertainties impacting revenues
 - 48% decline in revenue

Corporate Finance Revenue (₹ million)



Period: Q1 FY2020 vs Q1 FY2019; Source: Prime Database, Merger market , SEBI
ECM: IPO/FPO/InvIT/REIT, QIP/IPP, Rights issue, Offer for sale

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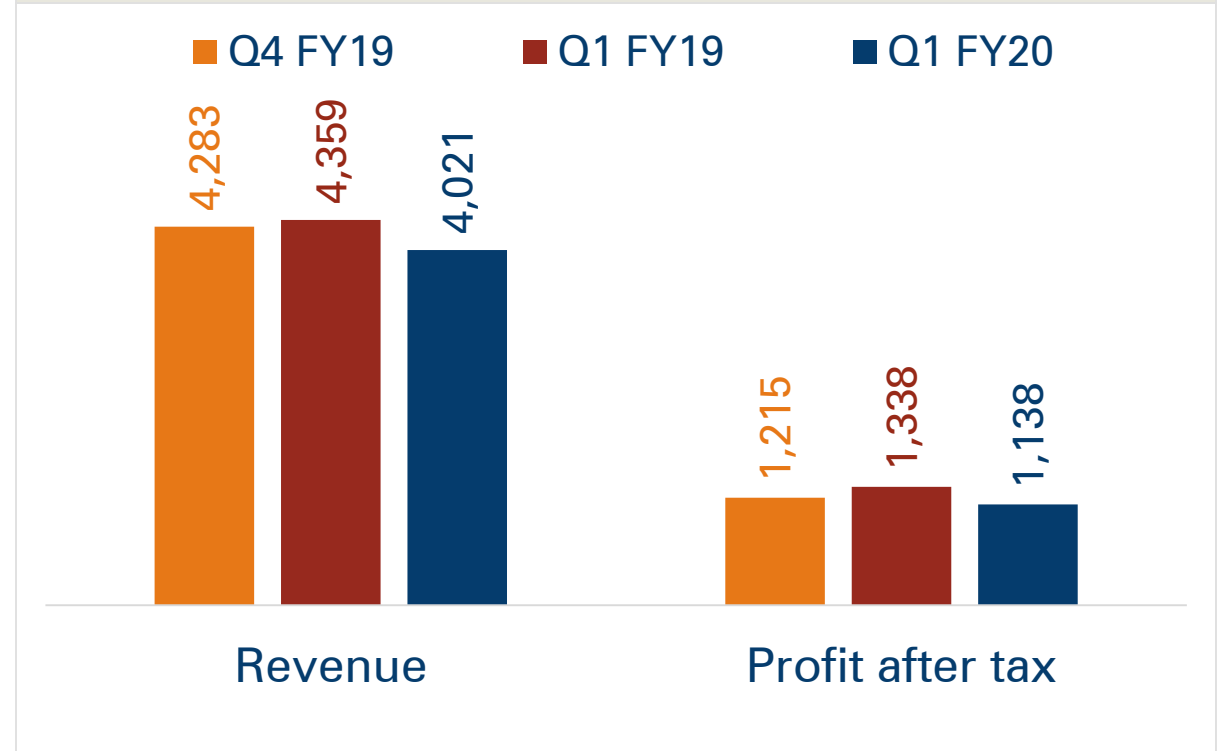
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Financial Results

Revenue and Profit after Tax

- 8% decline in consolidated revenue impacted by
 - Decline in Corporate Finance revenues
 - Anticipated reduction due to TER in Mutual Funds
- Overall cost down by 3%
 - Employee cost down by 7%
- 15% decline in consolidated PAT

Revenue and PAT (₹ million)



Period: Q1-FY2020 vs Q1-FY2019

Consolidated P&L

(₹ million)

Particulars	FY-2019	Q1-FY19	Q4-FY19	Q1-FY20	Y-o-Y%
Revenue	17,270	4,359	4,283	4,021	(8) %
Employee benefits expenses	5,545	1,366	1,328	1,274	(7) %
Operating expenses ¹	1253	252	306	245	(3) %
Finance costs	423	131	100	178	36%
Other expenses	2477	584	660	564	(5) %
Total Expenses	9,698	2,333	2,394	2,261	(3) %
Profit before tax	7,572	2,026	1,889	1,760	(13) %
Tax expense	2665	688	674	622	(10) %
Profit after tax	4,907	1,338	1,215	1,138	(15) %
Other comprehensive income (OCI)	-26	-16	-4	-35	-
Total comprehensive income (TCI)	4,881	1,322	1,211	1,103	(17) %



Revenue for Q4-FY19 and Q1-FY20 includes interest on income tax refunds amounting to ₹ 207mn and ₹ 148mn respectively. Ind AS116 applicable April 1,2019 led to an increase of ₹ 156 mn in finance cost and depreciation & reduction of ₹ 128 mn in other expenses. MTM loss of ₹ 108 mn on Dewan Housing Finance Corp. Ltd. Period: Y-o-Y: Q1-FY20 vs Q1-FY19

Segment performance

(₹ million)

Particulars	FY-2019	Q1-FY19	Q4-FY19	Q1-FY20	Y-o-Y%
Segment Revenue					
Broking & commission	15,807	3,967	3,835	3,637	(8)%
Advisory services	991	323	129	167	(48)%
Investment & trading	265	69	112	69	-
Income from operations	17,270	4,359	4,283	4,021	(8)%
Segment Profit before tax					
Broking & commission	6,976	1,801	1,757	1,647	-9%
Advisory services	253	170	-122	16	-91%
Investment & trading	137	55	47	-51	-192%
Total Result	7,572	2,026	1,889	1,760	-13%

Note –Advisory services includes Financial advisory services such as equity-debt issue management services, merger and acquisition advice and other related activities

1.Unallocated Amount of ₹ 207 mn and ₹ 148 mn is included in total revenues and results of Q4-19 and Q1-20 respectively. MTM loss of ₹ 108 mn on Dewan Housing Finance Corp. Ltd. Period: Y-o-Y: Q1-FY20 vs Q1-FY19



Balance Sheet : Assets

(₹ million)

ASSETS	At Mar 31, 2019	At Jun 30, 2019
Financial assets (A)	43,697	26,645
Cash/Bank and cash equivalents ¹	31,486	16,634
Securities for trade	2,563	2,679
Receivables	4,770	1,243
Loans	4,033	4,860
Investments	28	28
Other financial assets	817	1,201
Non-financial assets (B)	2,949	5,064
Deferred tax assets (net)	737	680
Right-of-use assets ²	-	1,945
Fixed assets, CWIP & Intangible assets	476	508
Current tax assets & other non financial assets	1,736	1,931
Assets (A+B)	46,646	31,709



1. As on 31st March 2019, settlement obligation pertaining to an offer for sale amounting to ₹ 17,362 mn were pending for payment 2. Lease assets capitalised as per Ind AS 116 are being reported as Right of use assets under non-financial assets

Balance Sheet : Equity and Liabilities

(₹ million)

EQUITY AND LIABILITIES	At March 31, 2019	At June 30, 2019
Financial liabilities (A)	30,182	14,856
Derivative financial instruments	17	2
Payables ¹	23,362	3,172
Debt securities	4,473	7,453
Lease liabilities ²	-	1,909
Deposits & Other financial liabilities	2,330	2,320
Non-financial liabilities (B)	5,991	5,250
Equity (C)	10,473	11,603
Equity share capital	1,611	1,611
Other equity	8,862	9,992
Equity and Liabilities (A+B+C)	46,646	31,709



1. As on 31st March 2019, settlement obligation pertaining to an offer for sale amounting to ₹ 17,362 mn is pending for payment. 2. Lease liabilities are being capitalised in financial liabilities as per Ind AS116 applicable from April 1, 2019

Safe harbor

Except for the historical information contained herein, statements in this release which contain words or phrases such as 'will', 'would', 'indicating', 'expected to', etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results, opportunities and growth potential to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to, the actual growth in demand for broking and other financial products and services in the countries that we operate or where a material number of our customers reside, our ability to successfully implement our strategy, including our use of the Internet and other technology, our growth and expansion in domestic and overseas markets, technological changes, our ability to market new products, the outcome of any legal, tax or regulatory proceedings in India and in other jurisdictions we are or become a party to, the future impact of new accounting standards, our ability to implement our dividend policy, the impact of changes in broking regulations and other regulatory changes in India and other jurisdictions as well as other risk detailed in the reports filed by ICICI Bank Limited, our holding company with United States Securities and Exchange Commission . ICICI Bank and ICICI Securities Limited undertake no obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

This release does not constitute an offer of securities.



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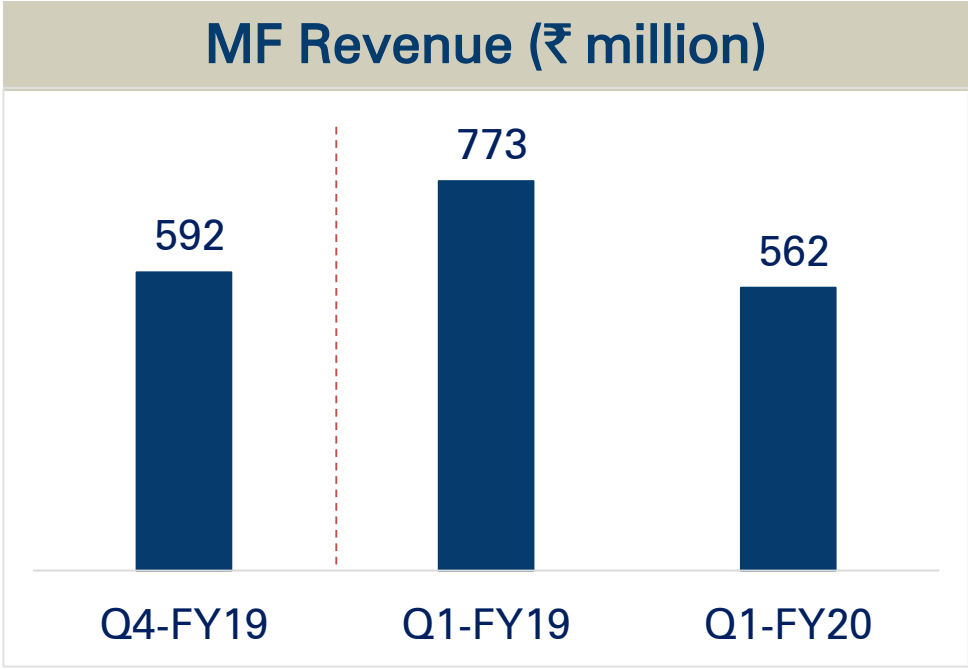
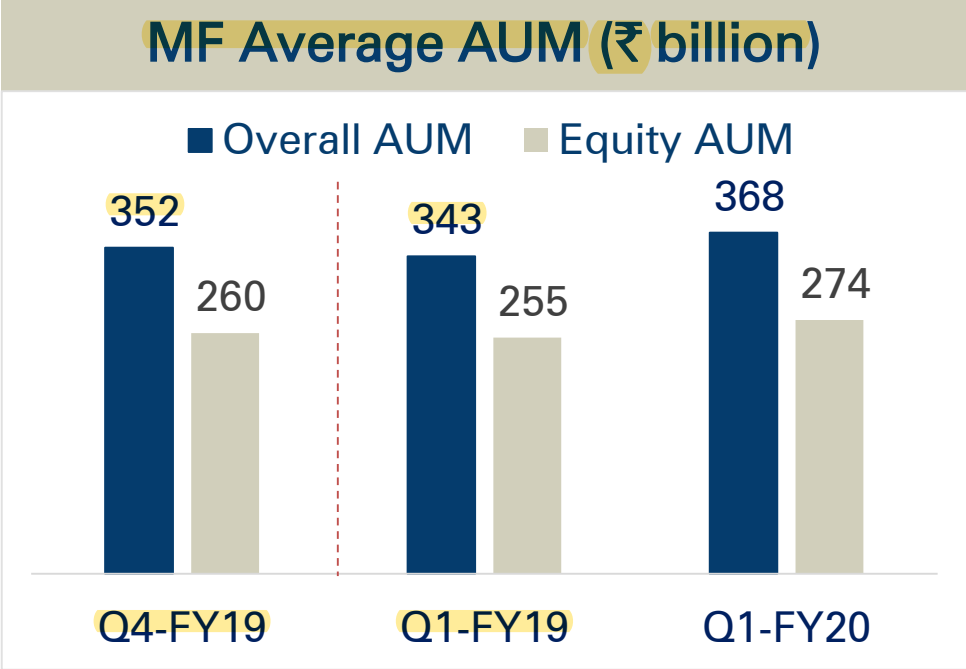
1 billion/million = 100 crore / 10 Lacs



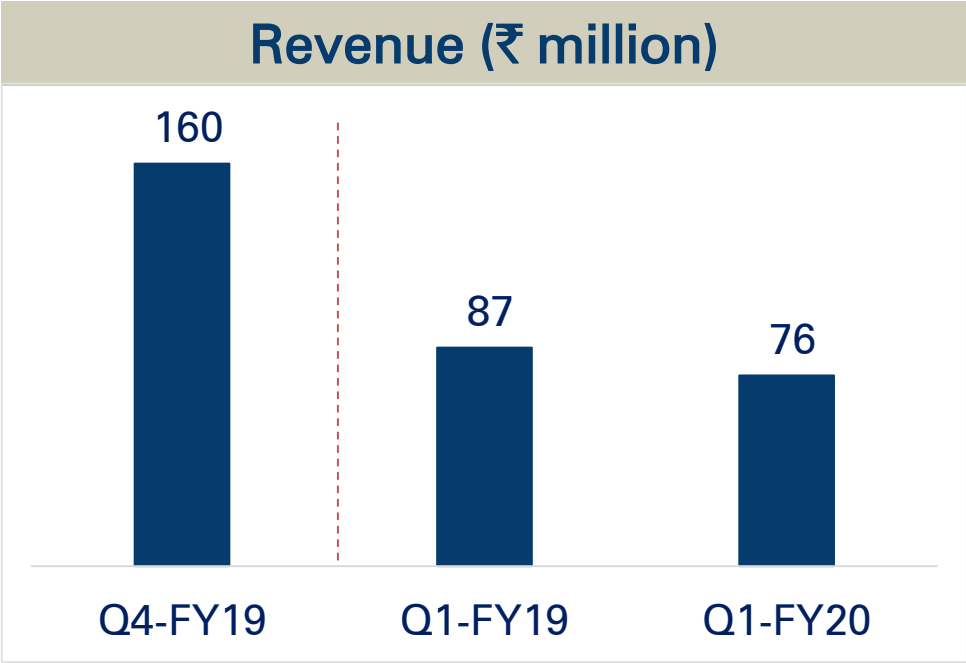
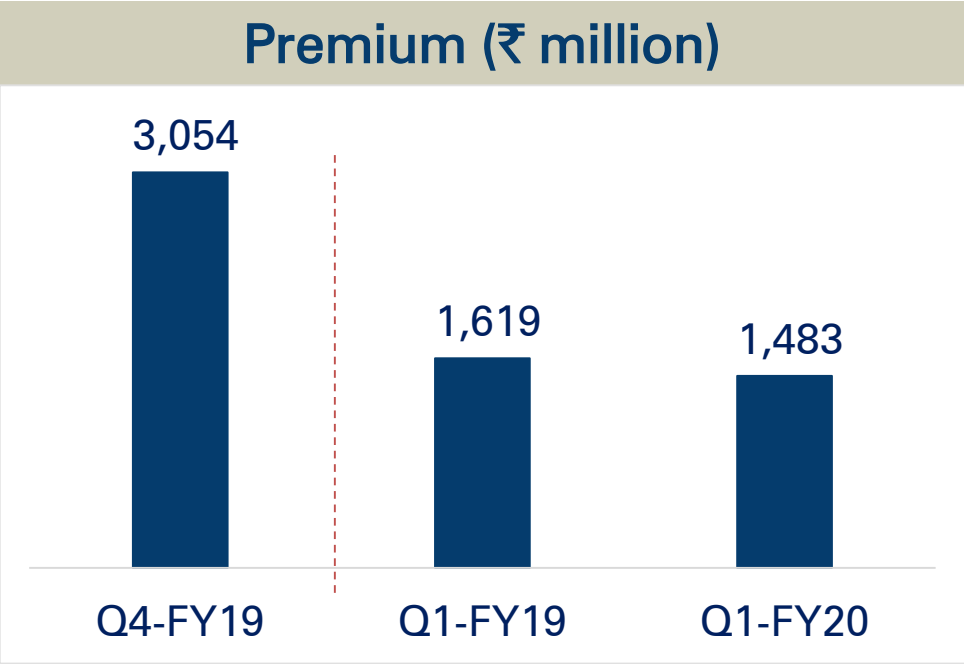
Thank you

Appendix

Mutual Fund AUM & Revenue



Life Insurance Premium & Revenue



New Lease Accounting Standard (Ind AS 116)

- **Background**

- Ind AS 116 comes into effect from April 1, 2019.
- Eliminates the classification of leases between operating and finance lease.
- Lessees are required to initially recognize a lease liability for the obligation to make lease payments and a right-of-use asset for the underlying asset for the lease term.
- Interest expense and depreciation to be charged to P&L instead of lease rental expense

- **Impact**

- The company has recognized a lease liability and an equal asset on the date of application (April 1, 2019). Rent expense will be replaced with interest on lease liability and depreciation as provided below:

Particulars	Q1 without Ind AS 116 adjustment	Changes due to Ind AS 116	Q1 as per Ind AS 116
Other Expenses	535.2	(127.6)	407.6
Finance Cost	138.6	39.6	178.2
Depreciation	39.8	116.5	156.3
Net impact	713.6	28.5	742.1

