

Press Release- Q4 FY17

Bengaluru, India, May 18, 2017- TeamLease Services Limited (**NSE: TEAMLEASE, BSE: 539658**), one of India's largest staffing companies, today announced its results for the fourth quarter (**Q4FY17**) and for the financial year ended March 31, 2017 (FY17).

Summary of Consolidated financial results:

(all numbers in Rupees' Crore except Margins)

| Consolidated | Quarterly | | | | | Annual | | |
|--------------------------|-------------|-------------|------------|-------------|------------|-------------|-------------|------------|
| | Q4-FY17 | Q4-FY16 | YoY growth | Q3-FY17 | QoQ growth | FY17 | FY16 | YoY growth |
| Total revenue | 822.5 | 670.9 | 23% | 818.3 | 1% | 3,064.1 | 2,520.4 | 22% |
| Operating revenue | 816.8 | 664.2 | 23% | 814.7 | 0% | 3,041.9 | 2,504.9 | 21% |
| EBITDA | 14.7 | 8.3 | 77% | 14.8 | 0% | 44.3 | 25.8 | 72% |
| EBIDTA margin (%) | 1.8% | 1.3% | | 1.8% | | 1.5% | 1.0% | |
| PBT | 18.9 | 13.9 | 36% | 17.1 | 10% | 61.3 | 37.8 | 62% |
| PBT margin (%) | 2.3% | 2.1% | | 2.1% | | 2.0% | 1.5% | |
| Net Profit (PAT) | 38.4 | 9.2 | 320% | 11.5 | 234% | 66.3 | 24.8 | 168% |
| PAT margin (%) | 4.7% | 1.4% | | 1.4% | | 2.2% | 1.0% | |
| EPS (Basic & Diluted) | 22.5 | 5.7 | 295% | 6.7 | 234% | 38.8 | 15.9 | 144% |

Highlights of financial performance:

1. Revenue grew by 23% YoY to ₹ 822.5 crore in Q4FY17 from ₹ 670.9 crore in Q4FY16. Annual revenue grew by 22% in FY17. This growth is mainly attributable to increase in our associate headcount by ~17,600 YoY in our general staffing business.
2. Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) was ₹ 14.7 crore for Q4FY17 and ₹ 44.3 crore for FY17 reflecting YoY growth of 77% on a quarterly basis and 72% on an annual basis. This was achieved by way of margin expansion in general staffing and contribution from IT staffing during FY17. Organic Staffing EBITDA margin improved to 1.7% in Q4FY17 from 1.0% in Q4FY16.
3. Profit Before Tax (PBT) was ₹ 18.9 crore for Q4FY17 and ₹ 61.3 crore for FY17 reflecting YoY growth of 36% on a quarterly basis and 62% on an annual basis. PBT margin improved to 2.0% in FY17 from 1.5% in FY16.
4. Profit After Tax (PAT) was positively impacted by the tax benefits availed under section 80JJAA of the Income Tax Act, 1961 and deferred tax benefits availed from the recently acquired subsidiaries. Excluding the tax benefit on 80JJAA, PAT margin for Q4FY17 was 2.3% and FY17 was 1.5%; YoY growth in PAT was 104% on a quarterly basis and 88% on an annual basis.
5. Earnings Per Share (EPS) was ₹ 22.5 for Q4FY17 and ₹ 38.8 for FY17 reflecting YoY growth of 295% on a quarterly basis 144% on an annual basis.
6. We generated ₹ 46.2 crore of cash flow from operations during FY17 with an EBITDA to operating cash conversion ratio of 106%.
7. Return on Capital Employed (ROCE) for our Staffing business is 54%; ROCE for overall Group, including recent acquisitions, is 30% for FY17.

Press Release- Q4 FY17

Business Update

1. During FY17, we successfully completed and integrated 3 acquisitions in the IT staffing space to accelerate our margin expansion strategy.
2. Our associate headcount in general staffing increased to 126,463 as on March 31, 2017 compared to 108,860 on March 31, 2016 and NETAP trainee headcount increased to 23,439 from 11,574 for the corresponding period. Overall organic increase in associate/ trainee headcount during Q4FY17 is ~4,100 and during FY17 is ~30,000.
3. We added overall 377 new clients during FY17 taking our total client base to 1,900+. We maintained a well-diversified client portfolio with the Top 10 clients and Top 5 clients contributing 17% and 11% of the revenue respectively.
4. Average mark-up per employee per month (PEPM) for staffing associates increased to ₹ 702 in FY17 from ₹ 688 in FY16; and to ₹ 533 in FY17 from ₹ 517 in FY16 for NETAP trainees.
5. Our ratio of associates to staffing core employees improved to 203 in FY17 from 166 in FY16.

Management Comment

Mr. Ashok Reddy, Managing Director, TeamLease Services Limited said, *“We delivered another strong quarter with consistent revenue growth, sustainable margin expansion and positive cash flows. Our diligent adherence to statutory compliances and internal control systems helped us reap benefits from regulatory initiatives driving the shift from informal to formal employment like the 80JAA amendment tabled by the Finance Bill, 2016. We remain confident of the opportunity given the industry dynamics, GST implementation and other regulatory changes”.*

About TeamLease Services Limited

We are one of India’s leading providers of human resource services with a vision of Putting India to Work. Our services span the entire people supply chain of human resources, covering Employment, Employability and Education. Our Employment services include staffing solutions, recruitment services and compliance services. Our Employability offerings include different types of learning and training solutions for retail, institutional and enterprise customers. We have more than 150,000 employees/trainees with over 1,900 clients across 6,500 locations in India. For more details, visit www.teamlease.com.

Investor contact

| | |
|--|---|
| Ravi Vishwanath Chief Financial Officer Tel: +91 80 3324 3330 Fax: +91 80 3324 3001 E-mail: ravi.vishwanath@teamlease.com | Renu Praveen Adfactors Tel: +91 9742279654 Fax: +91 80 3324 3001 E-mail: renu.praveen@adfactorspr.com |
|--|---|