

Quesse Continues to Deliver Strong Organic Growth in Q2'FY19

EBITDA up by 42% YoY & 9% QoQ

Bengaluru, India – 25th October 2018: Quesse Corp, India's leading integrated business services provider announced today its financial results for the **Second quarter (Q2'19) and Half year (H1'19)** ended 30th September 2018. The key consolidated financials for the quarter are:

Particulars (in ₹ cr)	Q2'19	Q2'18	YoY(%)	Q1'19	QoQ(%)	H1'19	H1'18	YoY(%)
Revenue	2,092	1,395	50%	1,968	6%	4,060	2,693	51%
EBITDA	112	79	42%	102	9%	214	154	39%
EBITDA Margin	5.36%	5.65%	-30 bps	5.21%	15 bps	5.28%	5.72%	-44 bps
PAT	62	127	-52%	54	13%	116	173	-33%
PAT Margin	2.95%	9.13%	-618 bps	2.76%	18 bps	2.86%	6.43%	-357 bps
Diluted EPS (in ₹)	4.22	9.06	-53%	3.73	13%	7.97	12.54	-36%
Adjusted PAT	74	65	13%	68	9%	142	117	22%
Adjusted Diluted EPS (in ₹)	5.08	4.65	9%	4.65	9%	9.76	8.45	15%

** The profit after tax for Q2 FY19 is not comparable with Q2 FY18 due to tax benefit relating to an earlier period to the tune of ₹67 cr in Q2 FY18 and also due to disproportionate impact of certain non-operating accounting charge such as Amortization of Intangible Assets and Non Controlling Interest Put Option during the same period. Accordingly, adjusted PAT and EPS figures are shown above for comparison purpose.*

Q2'FY19 – Highlights

- **Revenue** grew **50%** YoY to **₹2,092 cr** with an **Organic growth contribution of 26%**.
- **EBITDA Margin** stood at **5.36%** as against 5.65% in Q2' FY18 YoY. However, EBITDA margin **improved by 15 bps** in Q2' FY19 QoQ.
- **Profit after Tax** stood at **₹62 cr** compared to ₹127 cr in Q2' FY18 period. The profit after tax for the period of Q2' FY19 is not comparable on a YoY basis due to the one-time tax benefit of ₹67 cr in Q2FY18.
- **Diluted EPS** stood at **₹4.22** compared to ₹9.06 in Q2' FY18 period. The EPS for the period of Q2' FY19 is not comparable on a YoY basis.
- **Employee headcount** as on Sept 30, 2018 was over **280,400** compared to 212,500 employees in the corresponding quarter of last year, registering a growth of **32%**.

H1'FY19 – Highlights

- **Revenue** grew **51%** YoY to **₹4,060 cr** from ₹2,693 in H1'FY18
- **EBITDA** grew **39%** YoY to **₹214 cr** from ₹154 cr in H1'FY18
- **PAT stood at ₹116 cr** from ₹173 cr in H1'FY18. The profit after tax for the period of H2'FY19 is not comparable on a YoY basis due to the one-time tax benefit of ₹67 cr in H1'FY18.
- **PAT Margin** stood at **2.86%** in H1'FY19.
- **Diluted EPS** stood at **₹7.97** in H1'FY19.
- **Cash flow from Operations (OCF)** stood at **₹72 cr** resulting in a **34% OCF/EBITDA** conversion for the H1'FY19 period.

Strategic Update:

➤ Operations:

- Quess added a total headcount of over **11,000** across its **General Staffing** business during Q2'FY19. The General Staffing headcount has crossed **175,000** as on September 30, 2018.
- **Training & Skill Development:** Quess signed MoU for DDU-GKY projects worth ₹ 16 cr contract value. The company also opened 2 new DDU-GKY centres along with 10 PMKK centres with a cumulative training capacity of 1,500 students.
- **Monster:** The Company witnessed highest ever traffic of 10.9 mn with highest job seeker registration of 0.9 mn in a month. Cumulative active searchable resumes is up by 22% compared to last year. Search Engine Optimization (SEO) traffic is up by 16% compared to the previous year.
- **DigiCare:** Added 60 new service centres in the last six months, increased coverage from 55 towns as on the date of acquisition to 120 towns as on September 30, 2018. Added 4 new premium logos during the quarter.
- **Conneqt:** Post acquisition, EBITDA has improved significantly in H1 FY19 on YoY basis and is ahead of our investment plan.

➤ Acquisitions:

- **Comtel:** Quess completed the acquisition of residual equity of 36% in Comtel Solutions Pte Limited, Singapore and 49% in ComtelPro Pte Limited, Singapore on October 24, 2018.
- **Heptagon:** Quess completed acquisition of additional 3% equity stake in Heptagon Technologies on September 05, 2018. With this transaction, Quess' stake in Heptagon technologies has now increased from 46% to 49%.

Segment Wise Performance

Particulars (in ₹ cr)	Q2'19	Q2'18	YoY (%)	Q1'19	QoQ (%)
People Services					
Revenue	913	683	34%	869	5%
EBIT	42	33	27%	39	6%
<i>EBIT Margin</i>	<i>4.56%</i>	<i>4.78%</i>		<i>4.51%</i>	
Technology Solutions					
Revenue	707	390	81%	664	7%
EBIT	40	25	58%	35	14%
<i>EBIT Margin</i>	<i>5.60%</i>	<i>6.43%</i>		<i>5.22%</i>	
Facility Management					
Revenue	311	247	26%	279	12%
EBIT	21	16	33%	17	28%
<i>EBIT Margin</i>	<i>6.79%</i>	<i>6.41%</i>		<i>5.93%</i>	
Industrials					
Revenue	123	75	64%	120	3%
EBIT	5	4	49%	5	11%
<i>EBIT Margin</i>	<i>4.30%</i>	<i>4.72%</i>		<i>3.97%</i>	
Internet Business					
Revenue	37	-		37	2%
EBIT	(6)	-		(6)	6%
<i>EBIT Margin</i>	<i>-14.84%</i>			<i>-16.00%</i>	

Commenting on the financial results, Chairman & MD Mr. Ajit Isaac said that, “We are pleased with our continued organic growth this year with overall Revenue growth of 50% and EBITDA of 42% YoY. Our quarter on quarter improvement in results is as per plan and sequentially, Revenue grew by 6% and EBITDA by 9%. Our staffing and facility management businesses continue to deliver industry leading performance in their respective segments. Our focus on balance sheet management and execution in each of our businesses yielded tangible results in H1FY19 with superior working capital management leading to an achievement of 34% OCF/EBITDA conversion. As we navigate through the year, our focus will continue to remain execution led balance sheet management leading to strong earnings growth towards long term value creation for our shareholders.”

About Quesse Corp

Quesse Corp Limited (BSE: 539978, NSE: QUESS), is India's leading business services provider. At Quesse, we excel in helping large and emerging companies manage their non-core activities by leveraging our integrated service offerings across industries and geographies which provides significant operational efficiencies to our clients. Quesse has a team of over 280,400 employees across India, North America, South America, South East Asia and the Middle East across segments such as Industrials, Facility Management, People Services, Technology Solutions and Internet Business. Quesse serves over 1,900+ clients worldwide. Established in 2007, Quesse is headquartered in Bengaluru, India and has a market cap of over ₹ 12,900 cr as on Sept 30, 2018.

For further details on Quesse Corp Ltd., please visit: <http://www.quessecorp.com>.

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