



# Winning Together

Investor Presentation

Q1FY21

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**Company Overview**

**Q1FY21 Key Highlights**

**Financial Performance (*Q1FY21*)**

**Platform-wise Highlights**

**Emerging Businesses**



# Q1FY21 Key Highlights

# Q1FY21 Highlights



## Financial

- **Headcount** – COVID impacted HC by (13%) to **334k**, better than guidance
- **P&L statement:**
  - Revenue flat YoY at ₹ **2,409cr**
  - EBITDA decreased 12% YoY to ₹ **130cr**, including:
    - One-time **COVID related costs** of ₹ 6cr
    - **Lockdown-related losses** in Excelus and Digicare businesses of ₹ 21cr
  - PAT decreased 36% YoY, at ₹ **36cr**
- **Balance Sheet:**
  - **OCF / EBITDA at 152%**
  - **Strong collections** reducing total receivables from ₹ 998cr to ₹ 921cr. No material client defaults to date
  - Due to reduction in revenue base, DSO increased from 57 to 68 days
  - **Net debt reduced by ₹ 100cr** to ₹ 254cr from ₹ 355cr in Q4'20. Gross debt reduced to ₹ 977cr from ₹ 1,147cr by ₹ 170cr



## Corporate

- Corporate initiatives on track with significant improvements in business operations
  - **Indirect costs** reduced by 20% over Q4'20 run rate
  - **Continued focus on cross sales and multi-tower deals**, customers with 2 or more service lines accounted for 68% of revenues in Q1'21 vs 64% in Q1'20.
  - Sales efforts resulted in **~200 new customer introductions**, on existing and new service lines
- Completed the **increase of stake in Terrier Security Services** from 49% to 74%
- Scheme of Amalgamation of Qess with **4 wholly-owned subsidiaries** – Goldenstar, Greenpiece, MFX India and Trimax Smart Infra filed with the Stock Exchanges on June 29, 2020. No of entities reduced/in process - 13
- Termination of JV between QEBC and East Bengal Football club signed off on July 16<sup>th</sup>, 2020



## Platform

- **Workforce Management:**
  - **WFM associate headcount** down 6% YoY from **237k** to **224k**, primarily in BFSI and Retail verticals. Strong client acquisition with 59 new clients acquired in the quarter
  - IT Staffing on business plan, with focus on growth in **high-margin digital skills**
- **Operating Asset Management:**
  - **IFM revenue** dropped 13% YoY. 13% reduction in HC in Q1 vs Q4 due to lockdown of client premises. 75 new logos introduced with new sterifumigation service line in Q1
  - **Terrier Security** revenue dropped 4% YoY due to **HC pressure in IT services vertical**. Mid-term outlook remains robust, with focus on integrated man-tech solutions
- **Technology services & Emerging businesses:**
  - **HRO** business revenues up by **14% YoY**
  - CLM and BPM revenues down 22% QoQ and 4% YoY. Domestic impacted more than international. International business recovering, with domestic catching up



# Financial Performance (Q1FY21)

# Q1FY21 Financial Performance

## Revenue:

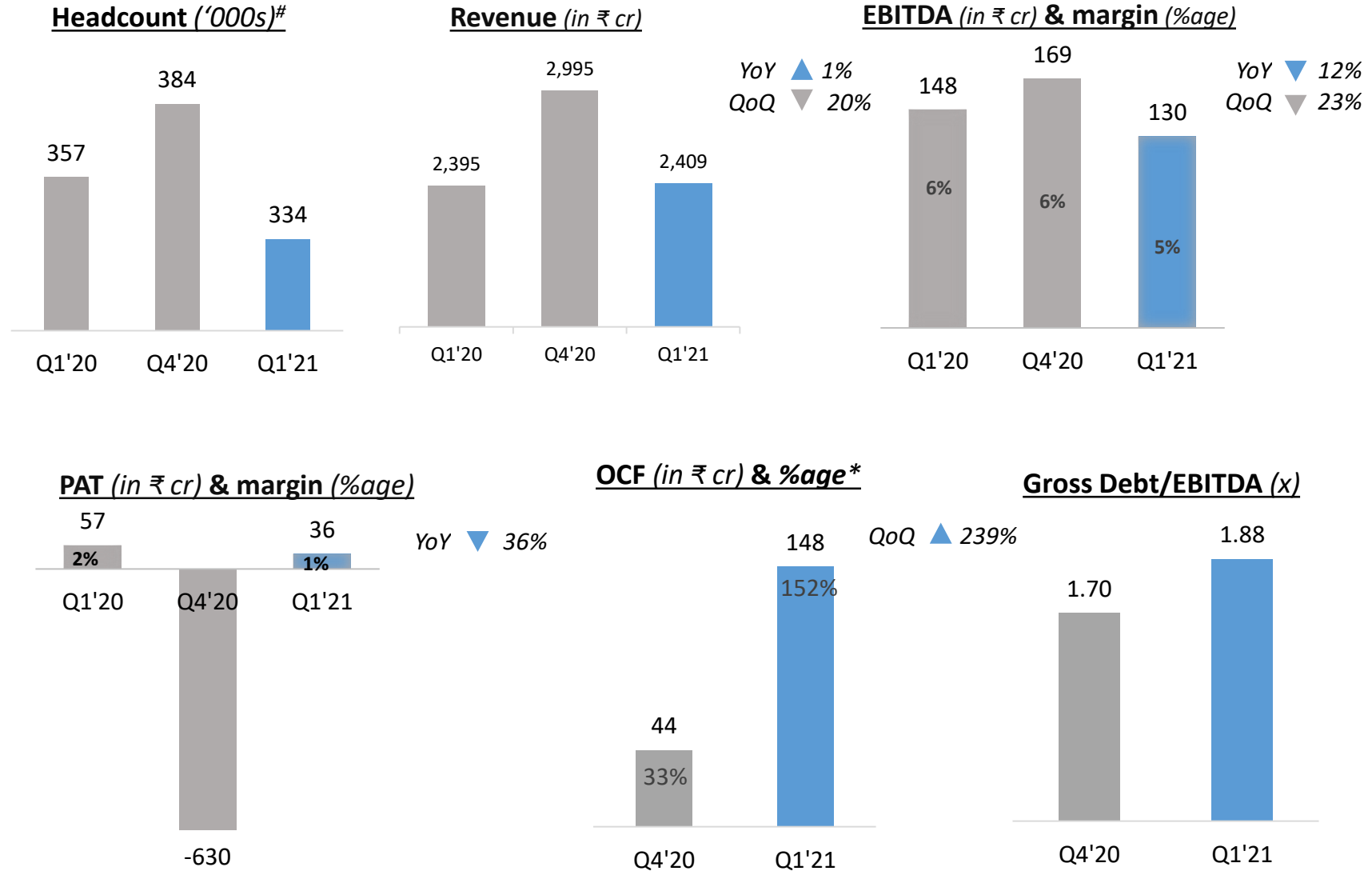
- Flat YoY & down 20% QoQ
- QoQ revenue drop mainly in General Staffing (down 22%), Conneqt (down 25%) and IFM (down 21%)

## Profitability:

- EBITDA down 12% YoY & 23% QoQ
- EBITDA impact in Excelus and Digicare of ₹ 21cr and COVID-related costs of ₹ 6cr
- Q1 PAT includes ₹ 25cr of exceptional item pertaining to fair value gain on Terrier consolidation.
- In addition, Q1 PAT includes equity pick up loss of Terrier and QEBFC of ₹11cr

## Cash Generation:

- OCF conversion at 152%, higher QoQ by 239%
- Total receivables reduced from ₹ 998cr to ₹ 921cr. Due to reduction in revenue, DSO increased from 57 to 68 days
- Net debt reduced to ₹ 254cr from ₹ 355cr in Q4'20. Net debt to EBITDA flat QoQ at 2.1x



\* OCF and OCF Conversion % are computed excluding the impact of IndAS 116. Operational EBITDA for Q1'20 is ₹ 98cr and ₹ 135cr for Q4'20



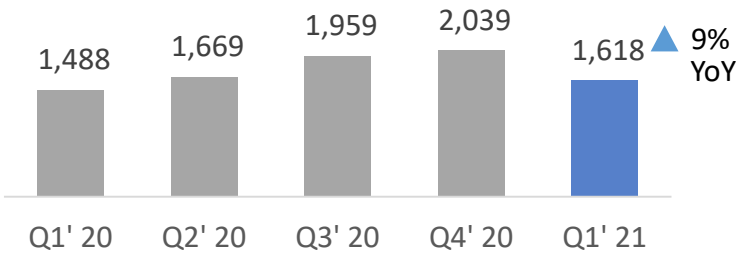
# Platform-wise Updates



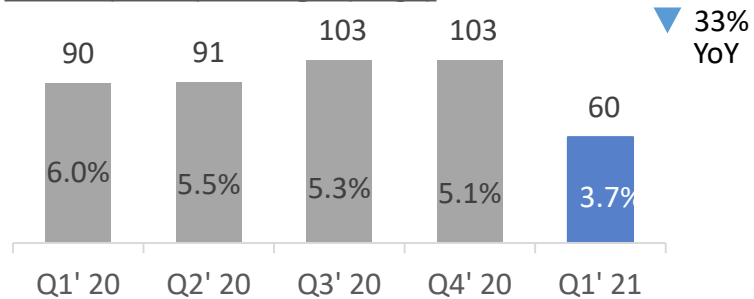
# Workforce Management – Performance Snapshot

## Financial Metrics

Revenue (in ₹ cr)

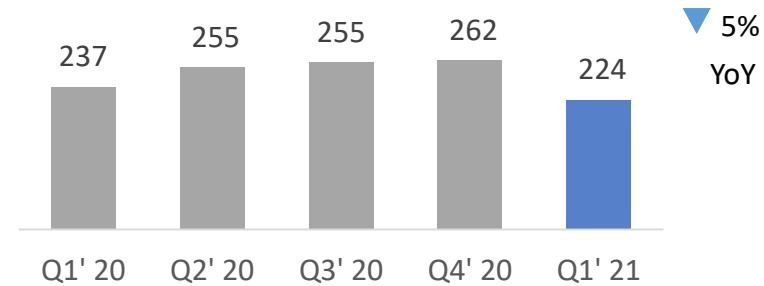


EBITDA (in ₹ cr) & margin (%age)

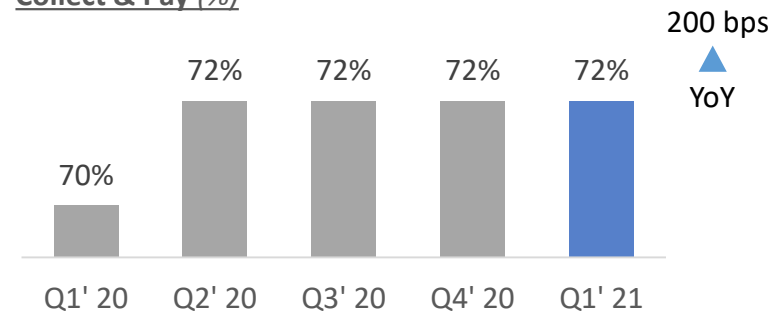


## Operating Metrics

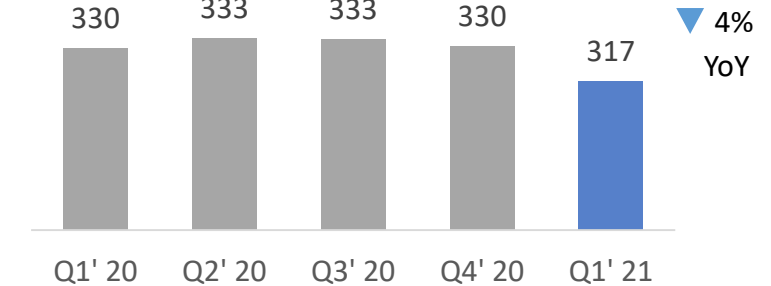
Associate Headcount ('000)



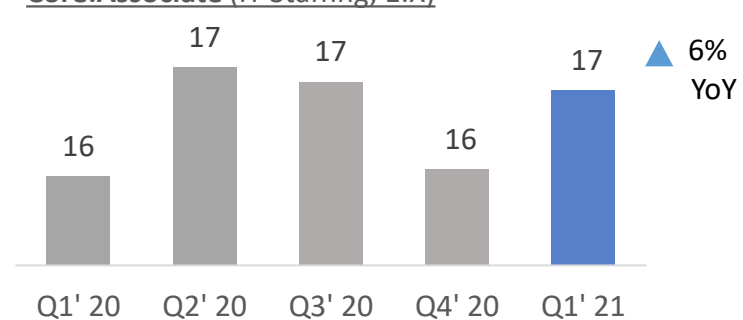
Collect & Pay (%)



Core:Associate (Gen Staffing; 1:X)



Core:Associate (IT Staffing; 1:X)

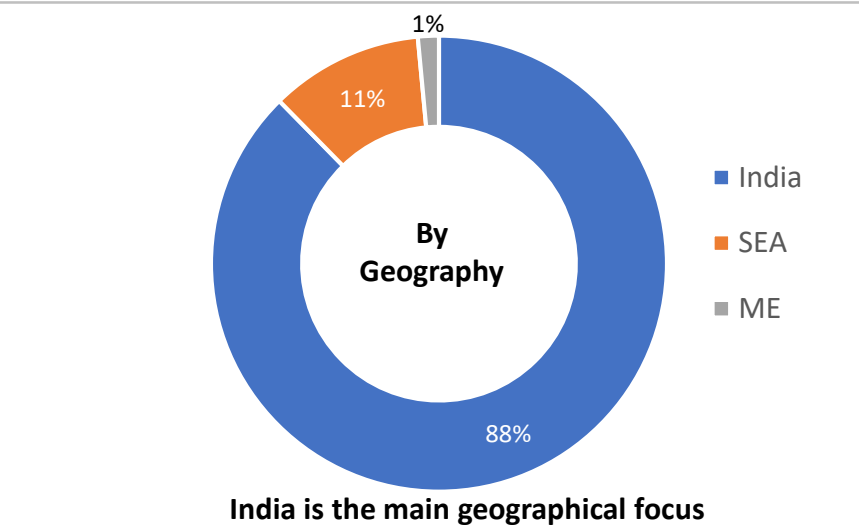
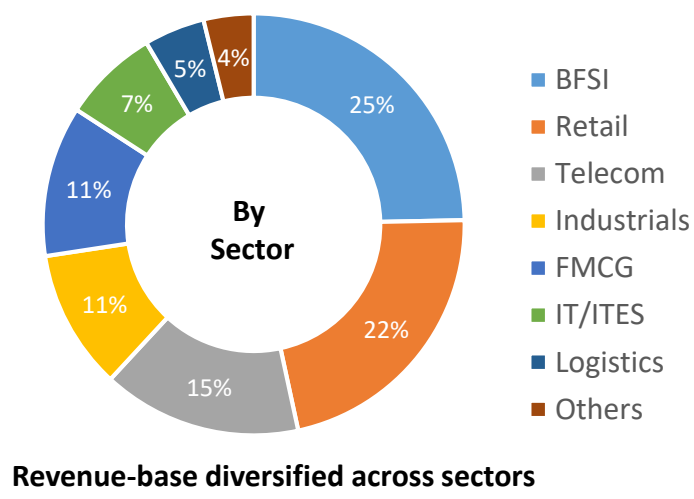
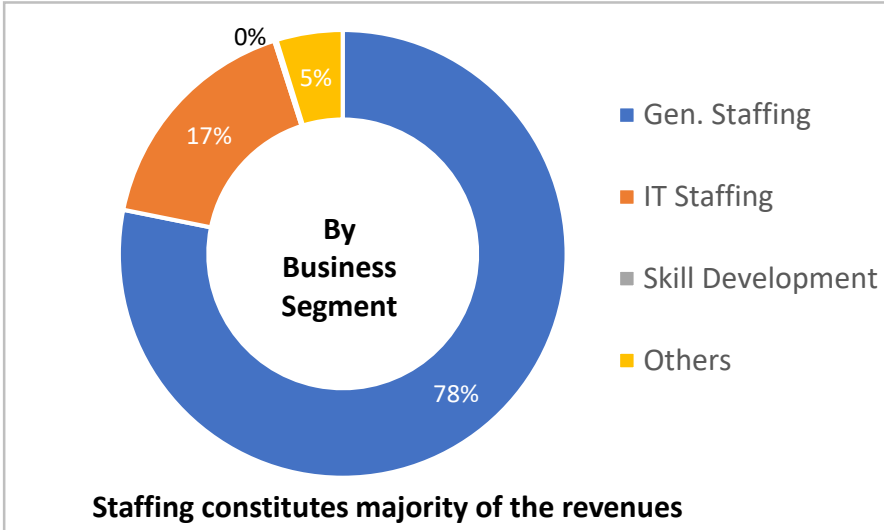


### Key developments in quarter include:

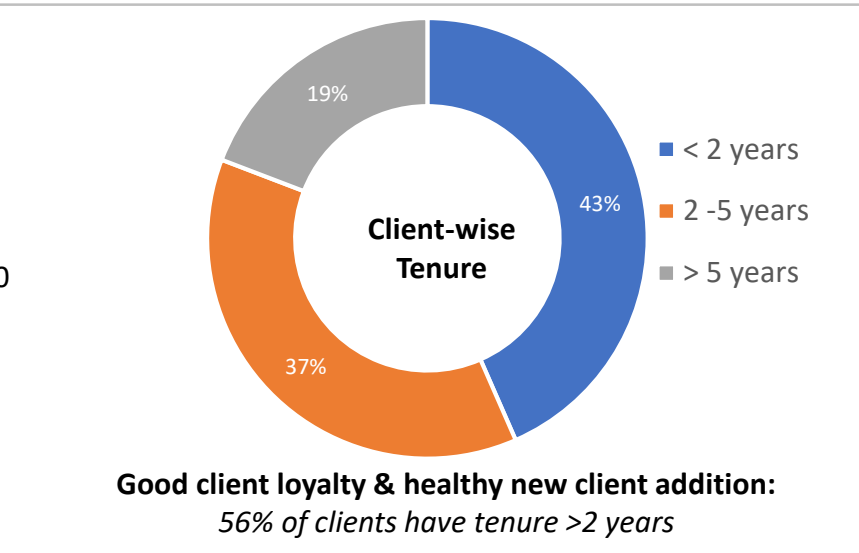
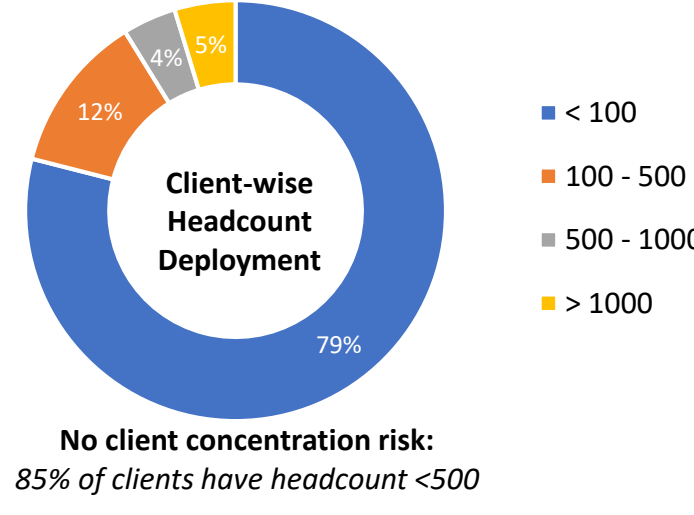
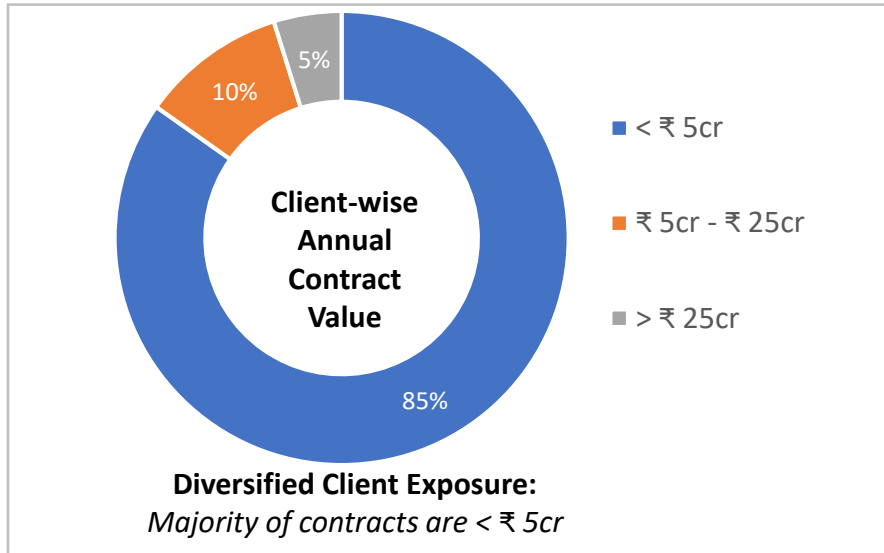
- **Training & Skill Development** EBITDA down by ₹ 21cr QoQ driven by lockdown of training facilities. Operations to potentially start progressively from August subject to government permissions. Expanded B2B and B2C capability with promising pipeline
- **General Staffing** revenue down 22% QoQ, 24 new clients on boarded, no major customers lost during this period. Continued focus on VAS and digitization
- **IT Staffing** focus on supporting high margin digital skills. Singapore and ME operations continue to show strong performance. Business performance as per annual plan

# Workforce Management – Revenue Distribution and Client Insights

## Revenue Distribution



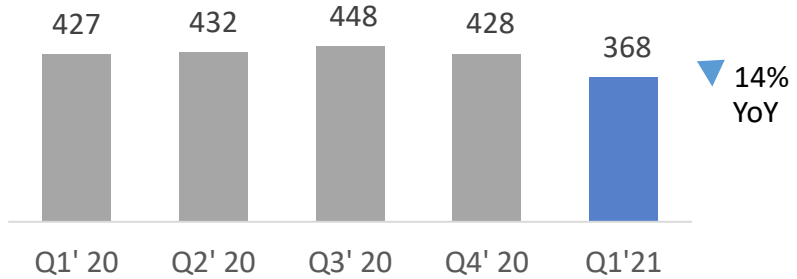
## Client Insights (Gen. Staffing)



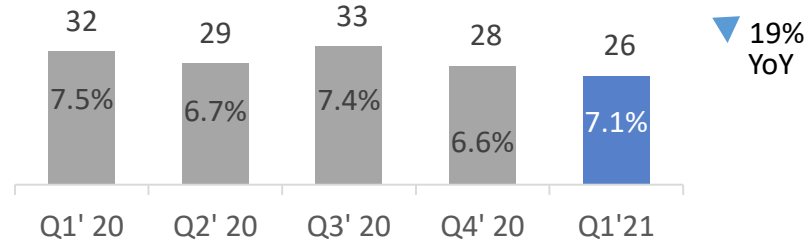
# Operating Asset Management – Performance Snapshot

## Financial Metrics

### Revenue (in ₹ cr)

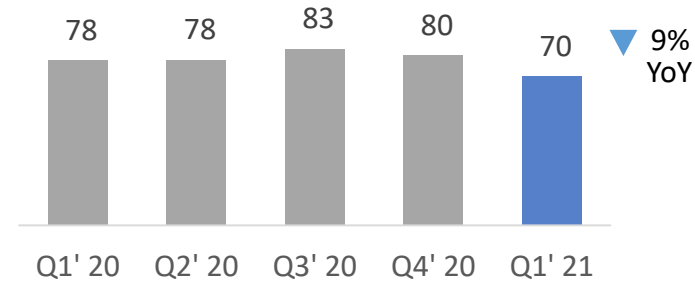


### EBITDA (in ₹ cr) & margin (%age)

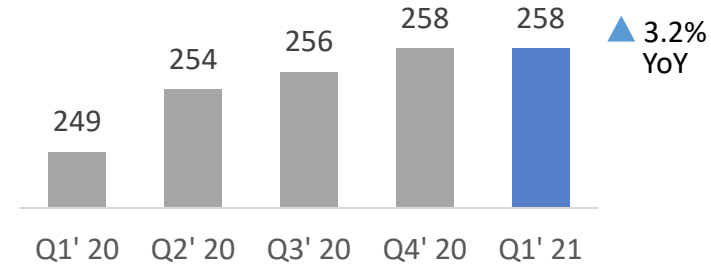


## Operating Metrics

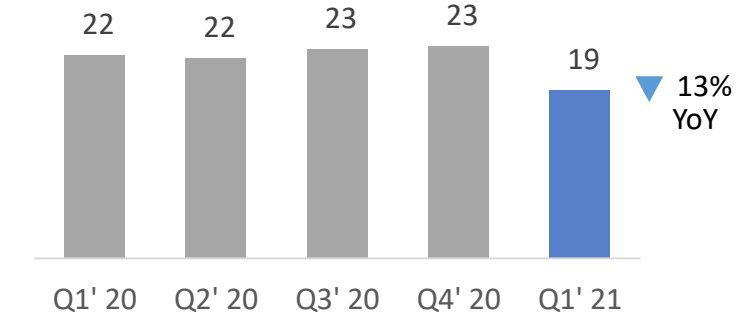
### Associate Headcount ('000s)



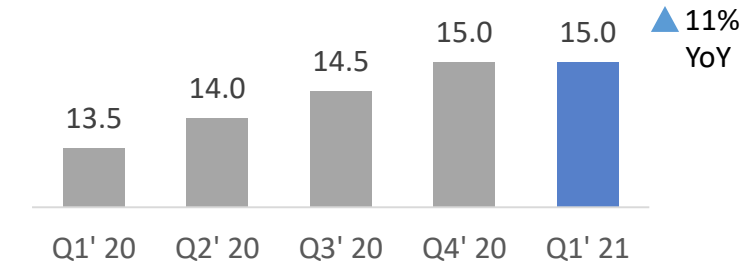
### Sq.ft under Management



### Rev. Realization/Headcount/Month - IFM ('000)



### Beds served ('000s)

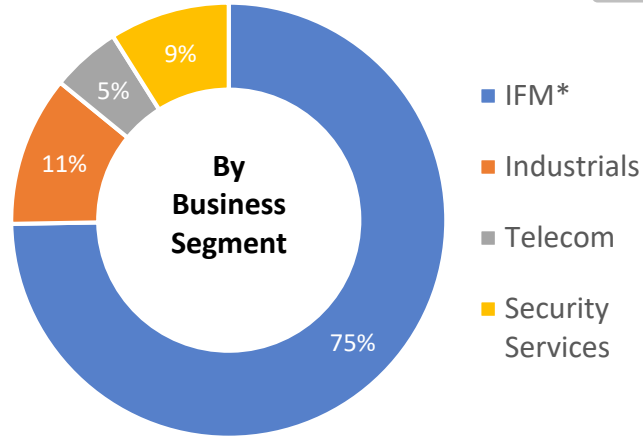


## Key developments in quarter include:

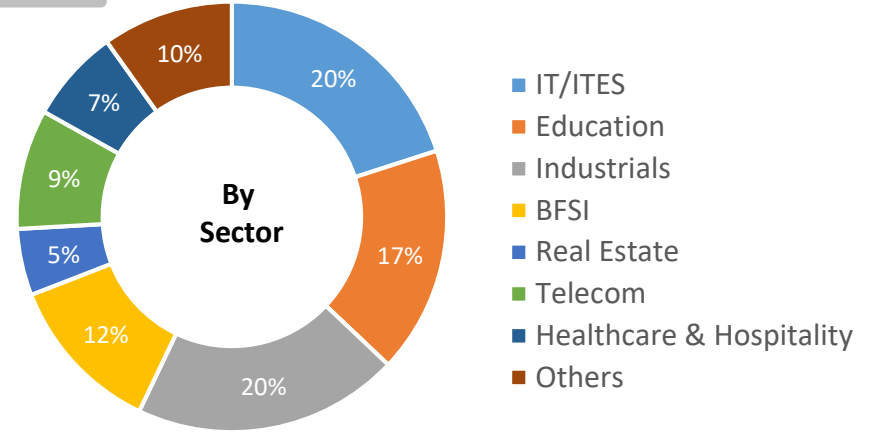
- **IFM** Headcount down 9% YoY and 13% QoQ, largely in Education and IT Services verticals. However, the business has made good progress in introducing new clients, both through steri-fumigation (75 new logos) and traditional business (18 new logos)
- **Terrier Security** Revenue down 4% YoY and 16% QoQ largely driven by demobilization in IT services (including through aggregator). Focus continues on new customer introductions through integrated man-tech propositions. Good progress in new service lines under TESS – Terrier Electronic Security Services such as thermal imaging and SeQure touch-free front office platform
- **Industrial business** Revenues down due to continued demobilization in metals, captive power and cement industry. Cross-sell of non-O&M services to industrial clients showing early signs of progress

# Operating Asset Management – Revenue Distribution and Client Insights

## Revenue Distribution

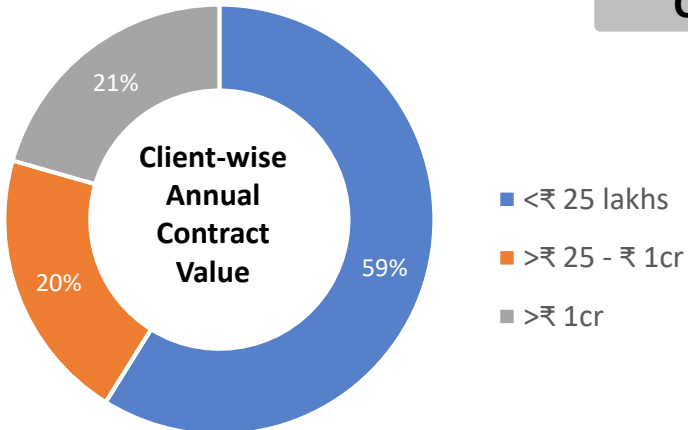


IFM\* is the largest business segment

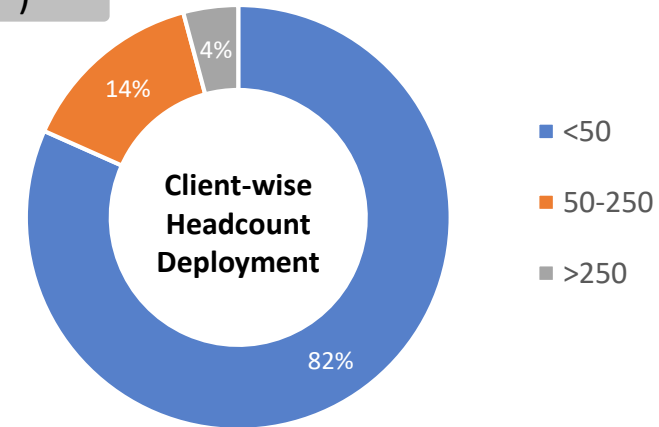


Revenue-base diversified across sectors

## Client Insights (IFM\*)



Diversified Client Exposure:  
Healthy distribution of contracts across clients.



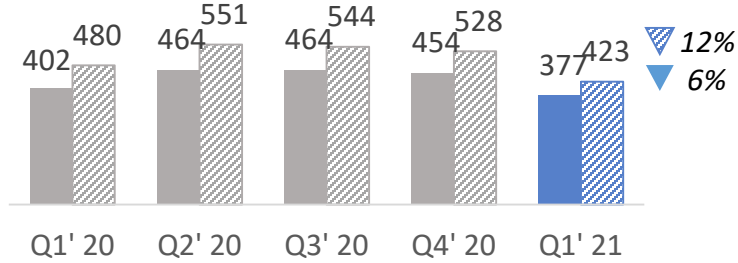
No client concentration risk:  
Majority of clients have headcount <50

\*IFM – Integrated Facilities Management

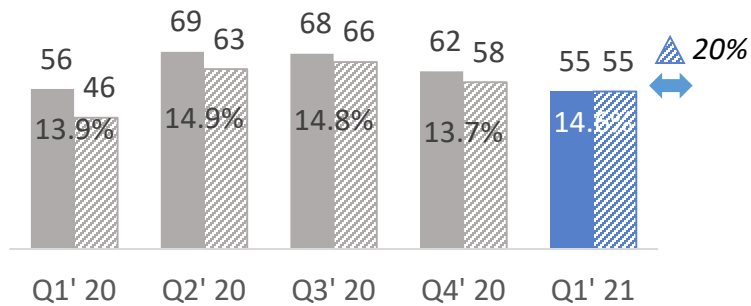
# Tech Services – Performance Snapshot

## Financial Metrics

Revenue (in ₹ cr)



EBITDA (in ₹ cr) & EBITDA Margin (%)

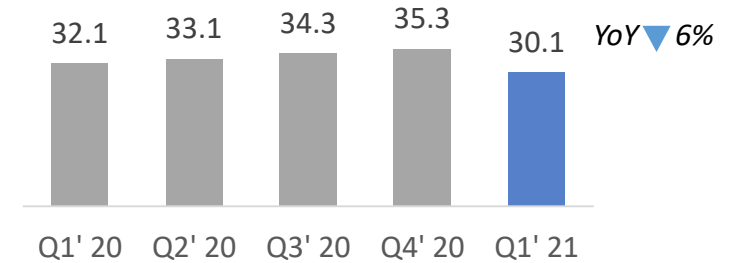


Without Emerging Business      With Emerging Business

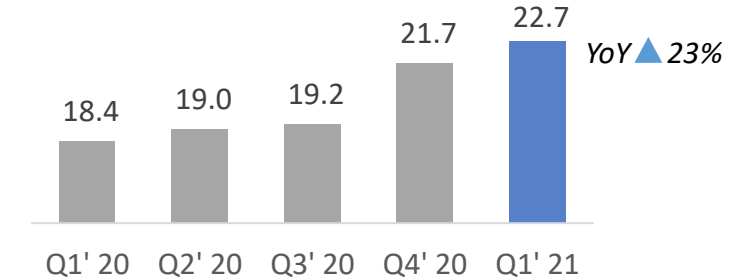
**Monster & DigiCare** are the two **Emerging businesses** in the Tech Services Platform that are currently in Investment mode with growth potential.

## Operating Metrics

Revenue/FTE (Connq<sup>t</sup> '000s)



HRO Records Processed (Allsec; in lacs)\*



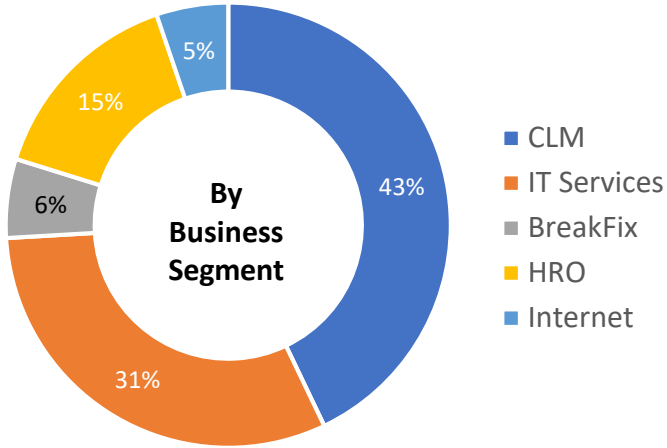
## Key developments in quarter include:

- **IT Services business** delivered a strong operating quarter, introducing unified branding in NA with more focus on managed services and introducing several new clients
- **HRO business** grew revenue topline by 14% YoY in India and internationally, 42 new clients added in Q1'21.
- **CLM/BPM business** saw de-growth in March/April with domestic impacted more than international. International business recovering, with domestic catching up. Collections business impacted by moratorium in banking industry

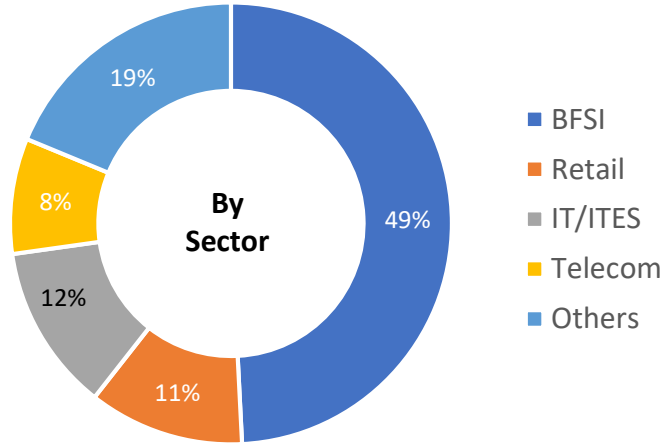
\* Allsec was acquired in Q1 FY20. However for comparison purposes it has been added retrospectively in the operating metrics.

# Tech Services – Revenue Distribution and Client Insights

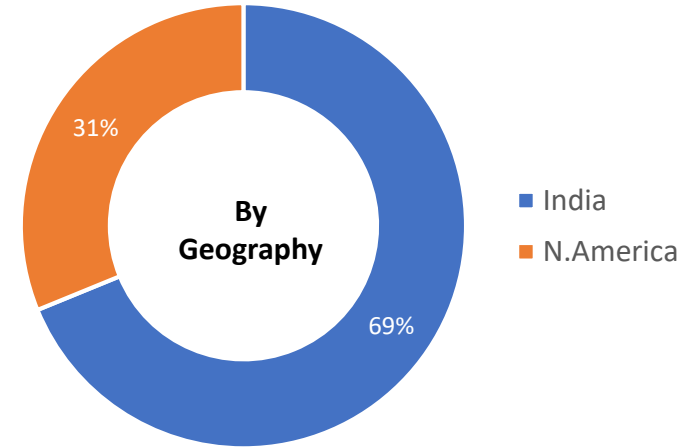
## Diversified Revenue Base



CLM & IT Services constitute majority business.

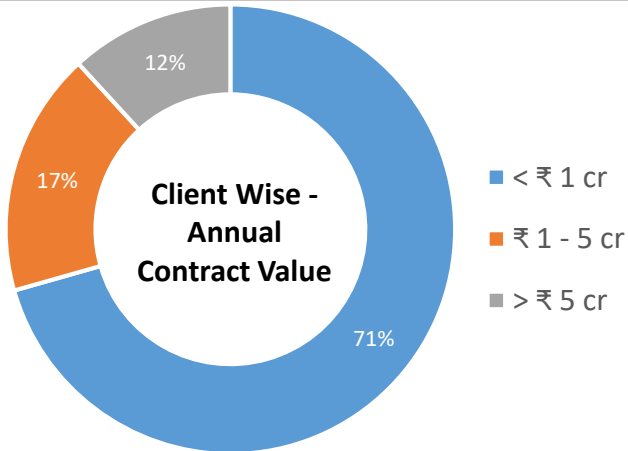


Revenue-base diversified across sectors

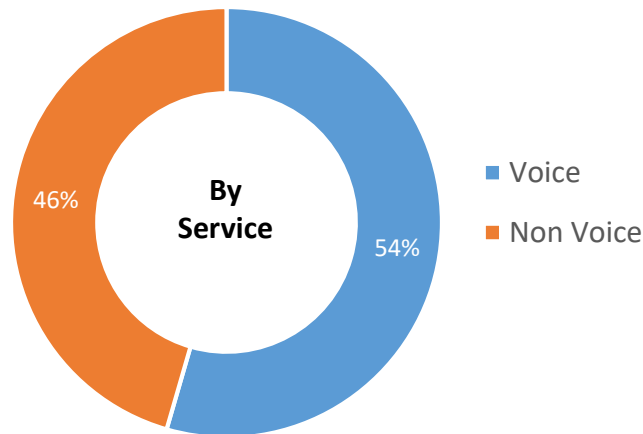


India is the main geographical focus

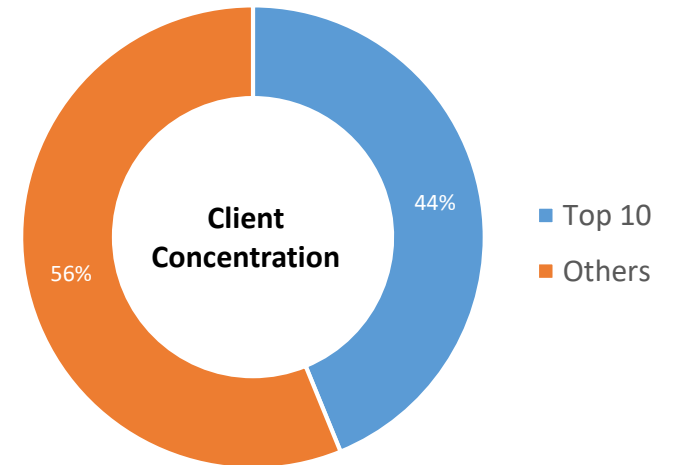
## Client Insights (BPM)



Diversified Client Exposure:  
Majority of contract sizes <1 cr



Healthy mix of Voice and Non-voice operations



Equal contribution by Major & Minor clients

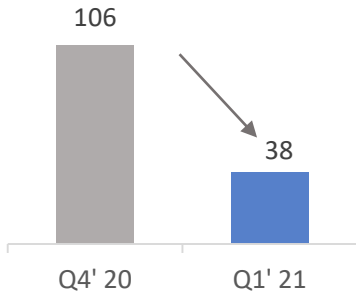
# Emerging Businesses



## Business improvements continue through COVID headwinds

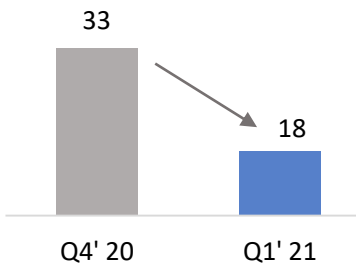
- Modularisation of legacy platform on track; significant improvement in performance evident already
- Launch of assisted search in FY21 to boost revenues
- Consumption metrics showing strong upward trajectory

Job Postings / Month (in '000)

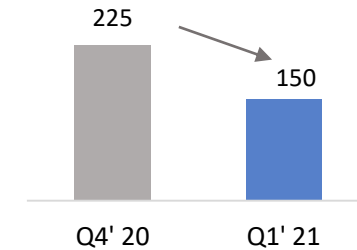


- **47% QoQ** decrease in Job views
- **10%** drop in Organic site traffic
- **33% QoQ** decrease in Page Views
- **64% QoQ** drop in Job Postings

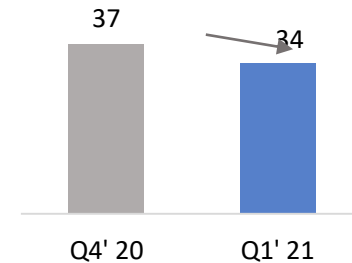
Job Views / Month (in lacs)



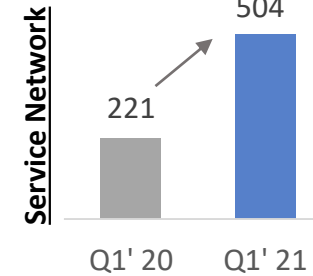
Page Views / Month (in lacs)



Organic Traffic / Month (in lacs)



## Business back to normal and continued client additions

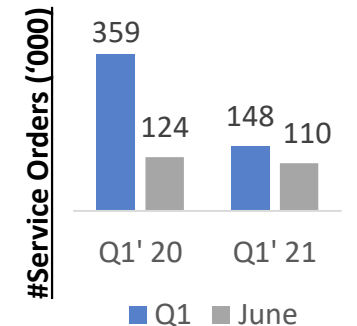
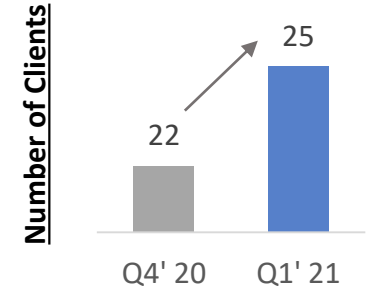


**Service network** covers over **14,300 Pin codes**, 75% of pin codes in India

Added **3 new logos** in **Q1FY21**, no attrition in existing clients

### Business updates

- **Business back to normal:** Business lost revenues in April and May (partial) month as all centers were closed due to lockdown. However, **June month saw 98%** service centers operational.
- **New CRM Platform in testing stage:** Implementation in Q2FY21 enabling better integration with OEM systems, optimal call load distribution & live inventory management
- **Value added services:** Extended Warranty, Accidental Damage cover, B2C services to be launched in Q2FY21



# Annexures



# Income Statement

Particulars ( in ₹ cr )	Q1 FY21	Q1 FY20	Q4 FY20	Var %	
				YoY	QoQ
<b>Revenue from operations</b>	<b>2,409</b>	<b>2,395</b>	<b>2,995</b>	<b>1%</b>	<b>-20%</b>
Less:					
Employee benefit expense	(2,084)	(1,934)	(2,510)	8%	-17%
Cost of material	(33)	(65)	(60)	-49%	-45%
Other expenses	(163)	(249)	(256)	-35%	-36%
<b>Total expenses</b>	<b>(2,280)</b>	<b>(2,248)</b>	<b>(2,826)</b>	<b>1%</b>	<b>-19%</b>
<b>EBITDA</b>	<b>130</b>	<b>148</b>	<b>169</b>	<b>-12%</b>	<b>-23%</b>
Other income	8	17	9	-55%	-12%
Interest	(33)	(35)	(35)	-5%	-5%
Depreciation and amortisation	(53)	(42)	(54)	27%	0%
<b>Operating EBT</b>	<b>51</b>	<b>88</b>	<b>89</b>	<b>-42%</b>	<b>-43%</b>
Intangible amortisation	(6)	(16)	(6)	-63%	0%
NCI Put Option Liability	(5)	(5)	(4)	0%	25%
Share of Profit/(Loss) from Associates (net of tax)	(11)	0	(9)	-4500%	17%
<b>Profit before tax and Exceptional items</b>	<b>29</b>	<b>67</b>	<b>70</b>	<b>-56%</b>	<b>-58%</b>
Exceptional items	(25)	-	664	100%	100%
<b>Profit before tax</b>	<b>54</b>	<b>67</b>	<b>-594</b>	<b>-19%</b>	<b>-109%</b>
Tax	(18)	(11)	(36)	69%	-50%
<b>Profit after tax</b>	<b>36</b>	<b>57</b>	<b>-630</b>	<b>-36%</b>	<b>-106%</b>
EBITDA margin	5.38%	6.16%	5.63%	-78 bps	-25 bps
PAT margin	1.51%	2.36%	-21.04%	-85 bps	2255 bps
Basic EPS	2.29	3.71	-42.88	-38%	-105%
Diluted EPS	2.27	3.69	-42.79	-38%	-105%
Normalised PAT	22	57	69	-62%	-69%
Normalised PAT margin	0.90%	2.36%	2.30%	-146 bps	-140 bps
Normalised Basic EPS	1.32	3.71	4.49	-64%	-71%
Normalised Diluted EPS	1.31	3.69	4.48	-65%	-71%

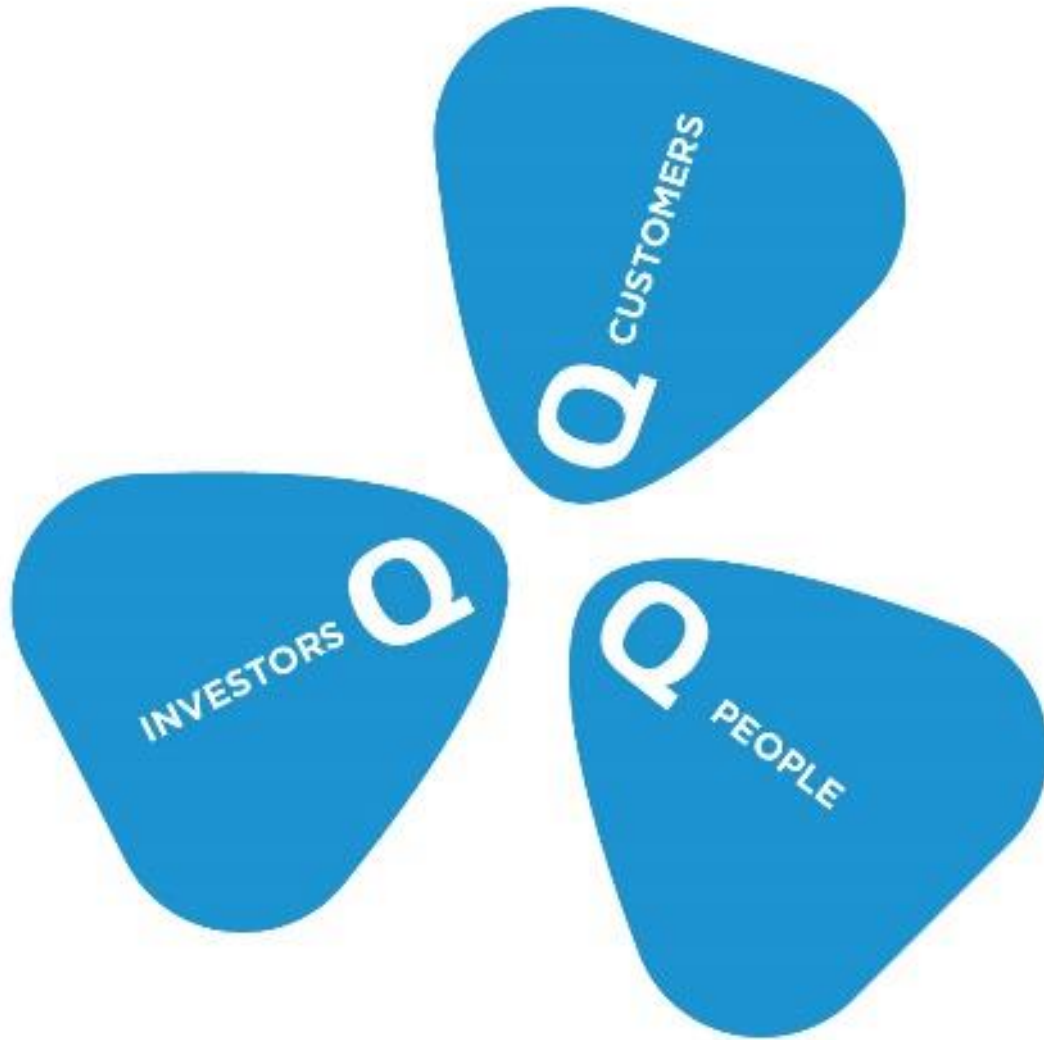
# Balance Sheet

Particulars ( in ₹ cr )	30-Jun-20	31-Mar-20	Var %
<b>Non-current assets</b>			
Fixed assets	479	514	-7%
Intangibles	1,127	978	15%
Investments	2	72	-97%
Other non-current assets	843	863	-2%
<b>Current assets</b>			
Trade receivables	921	998	-8%
Unbilled revenue	872	881	-1%
Cash and cash equivalents	722	792	-9%
Loans & other current assets	197	220	-10%
<b>Total assets</b>	<b>5,163</b>	<b>5,319</b>	<b>-3%</b>
<b>Equity</b>			
Share capital	148	148	0%
Other equity	2,166	2,128	2%
Non controlling interest	81	77	5%
<b>Debt</b>			
Long term debt	109	115	-5%
Short term debt	868	1,032	-16%
<b>Other liabilities</b>			
Trade & other payables	133	163	-18%
Other Financial Liabilities	1,191	1,137	5%
Other provisions & tax liabilities	467	518	-10%
<b>Total equities and liabilities</b>	<b>5,163</b>	<b>5,319</b>	<b>-3%</b>

# Segment Reporting

(in ₹ cr)

Particulars	Quarter ended					Year ended	
	June 2020	Mar 2020	Dec 2019	Sept 2019	June 2019	Mar 2020	Mar 2019
<b>Workforce Management Platform</b>							
Revenue	1,618	2,039	1,959	1,669	1,488	7,154	5,035
EBITDA	60	103	103	91	90	388	309
EBITDA %	3.7%	5.1%	5.3%	5.5%	6.0%	5.4%	6.1%
<b>Operating Asset Management Platform</b>							
Revenue	368	428	448	432	427	1,734	1,702
EBITDA	26	28	33	29	32	122	134
EBITDA %	7.1%	6.6%	7.4%	6.7%	7.5%	7.1%	7.9%
<b>Tech Services Platform</b>							
Revenue	423	528	544	551	480	2,103	1,790
EBITDA	55	58	66	63	46	232	98
EBITDA %	13.0%	10.9%	12.1%	11.5%	9.6%	11.1%	5.5%



## Winning Together

*In your win lies our win*