

Strong Cash Generation in an Unprecedented Quarter

Bengaluru, India – 28th July 2020: Quess Corp, India's leading business services provider announced its financial results for the **first quarter** ended 30th June 2020 today.

The key consolidated financial parameters are:

(in ₹ cr)

Particulars	Q1' 21	Q1' 20	YoY(%)	Q4' 20	QoQ(%)
Revenue	2,409	2,395	1%	2,995	(20%)
EBITDA	130	148	(12%)	169	(23%)
EBITDA Margin	5.38%	6.16%	(78bps)	5.63%	(25bps)
PAT	36	57	(36%)	(630)	(106%)
PAT Margin	1.51%	2.36%	(85bps)	(21.04%)	2255bps
Diluted EPS (in ₹)	2.27	3.69	(38%)	(42.79)	(105%)

Financial Highlights (Q1FY21):

- Revenue flat YoY at ₹ **2,409cr**, primarily on account of COVID-19 impact on General Staffing, Conneqt and IFM
- EBITDA decreased 12% YoY to ₹ **130cr**. EBITDA includes impact of one-time COVID related costs (₹ **6cr**) and lockdown-related losses in Excelus and Digicare (₹ **21cr**)
- PAT decreased 36% YoY to ₹ **36cr**. Q1'21 PAT includes ₹ 14cr of one-off items: Fair value gain on Terrier consolidation of ₹25cr offset by equity pick up of Terrier and QEBFC of ₹11cr
- OCF conversion** at **152%** vs 44% in Q1'20, buoyed by strong collections performance and reduction in working capital requirements
- Net debt reduced by ₹ 100cr** to ₹ 254cr from ₹ 355cr in Q4'20. **Gross debt reduced by ₹ 170cr** to ₹ 977cr from ₹ 1,147cr in Q4'20

Q1 Corporate Actions:

- Around **200 new customers** added through the quarter, in existing and new service lines
- Continued focus on cross sales and** multi-tower deals. Customers with 2 or more service lines accounted for 68% of revenues in Q1'21
- Indirect costs** reduced by **20%** over previous quarter run rate
- Completed increase of stake in Terrier Security Services** from 49% to 74%
- Scheme of Amalgamation** of Quess with 4 wholly-owned subsidiaries– Goldenstar, Greenpiece, MFX India and Trimax Smart Infra filed with the Stock Exchanges on June 29, 2020
- Termination of JV** between QEBFC and East Bengal Football club **signed off on July 16th, 2020**

Q1 Business Updates:

Workforce Management Platform:

- **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
- **WFM associate headcount** down 6% YoY from **237k** to **224k**, primarily in BFSI and Retail verticals. However, strong sales traction with 59 new clients acquired in the quarter
- **General Staffing** onboarded 24 new clients and lost no major customers during the quarter. 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 currently as per annual plan

Operating Asset Management Platform:

- **IFM revenue** declined 13% YoY, including seven percentage points from food business (due to shut down of educational institutions and offices). Headcount down 9% YoY, largely in Education and IT Services verticals. However, the business has made good progress in introducing new clients, both through steri-fumigation and traditional business
- **Terrier Security** revenue declined 4% YoY largely driven by demobilization of guards in IT services vertical. Focus continues on new customer introductions through integrated man-tech propositions. Good progress in new service lines such as thermal imaging and SeQure touch-free front office platform

Tech Services:

- **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 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

Commenting on the results, CEO & ED Mr. Suraj Moraje said, *“While this quarter was heavily impacted by COVID-19, our continued focus on customers, cost, and cash are showing early results in our operating metrics. We believe that Quess will disproportionately benefit from our integrated business platform, industry-leading sales capability, digital execution, and superior balance sheet. We continue to execute towards our OCF growth and ROE goals, and are optimistic about the future.”*

About Quess Corp

Quess Corp Limited (BSE: 539978, NSE: QUESS), is India's leading business services provider. At Quess, 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. Quess has a team of over 334,139 employees across India, North America, South America, South East Asia and the Middle East across platforms such as Workforce Management, Operating Asset Management and Technology Services. Quess serves over 2,700 clients worldwide. Established in 2007, Quess is headquartered in Bengaluru, India and has a market cap of approx. ₹ 5,410cr as of June 30th, 2020.

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

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