



Winning Together

Investor Presentation

Q2FY21

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Company Overview

Key Highlights

Financial Performance (*Q2 and H1FY21*)

Platform-wise Highlights

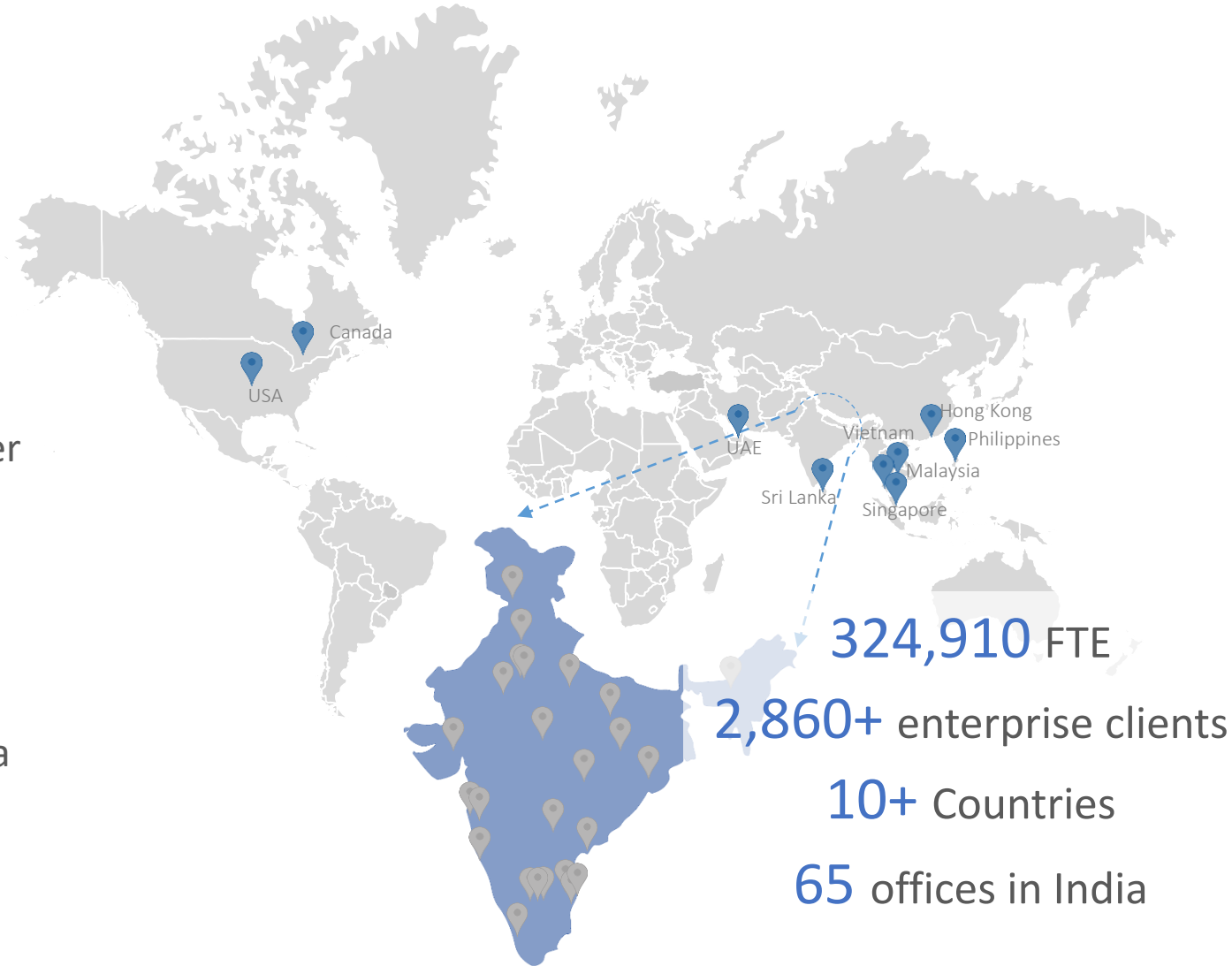
Emerging Businesses



Company Overview

India's Largest Business Services Platform

- India's largest private sector employer since **2020**
- India's **#1** Gen. Staffing player
- India's **#1** IT Staffing player
- Singapore's **#1** IT staffing player
- Among **Top 5** Facilities Management play in India
- India's **#1** HR Payroll provider

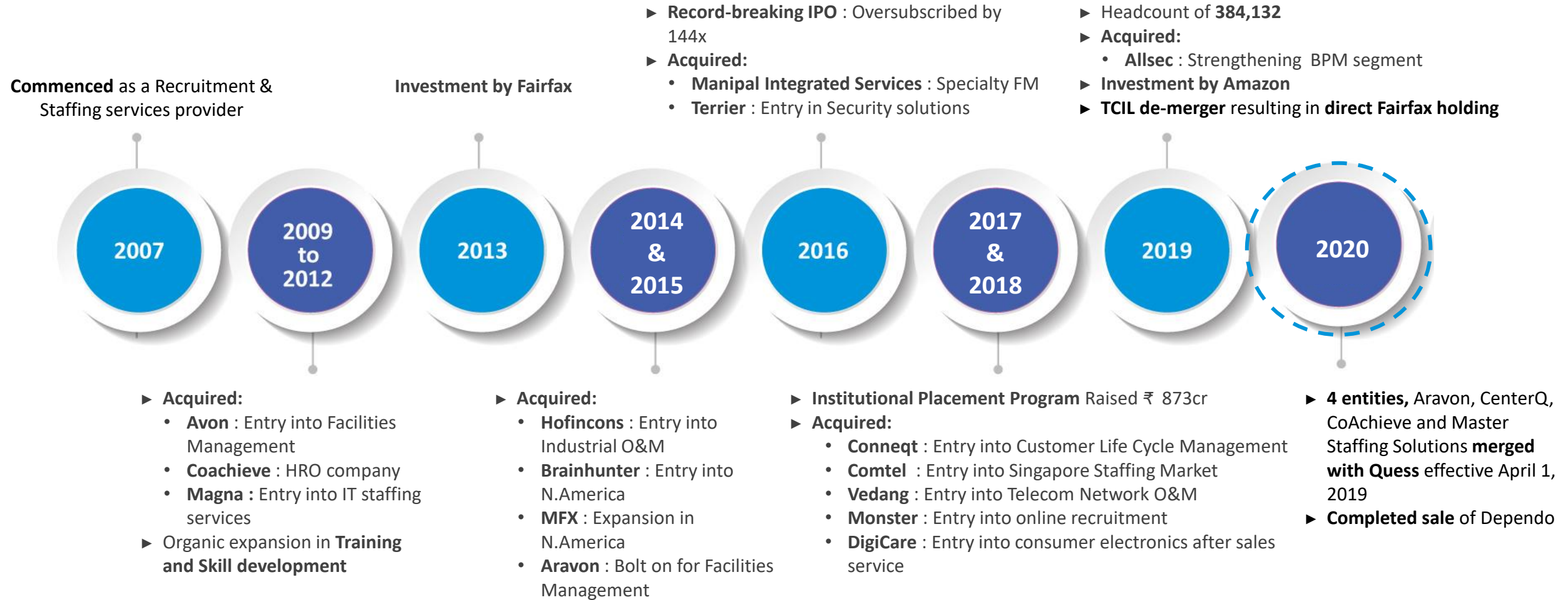


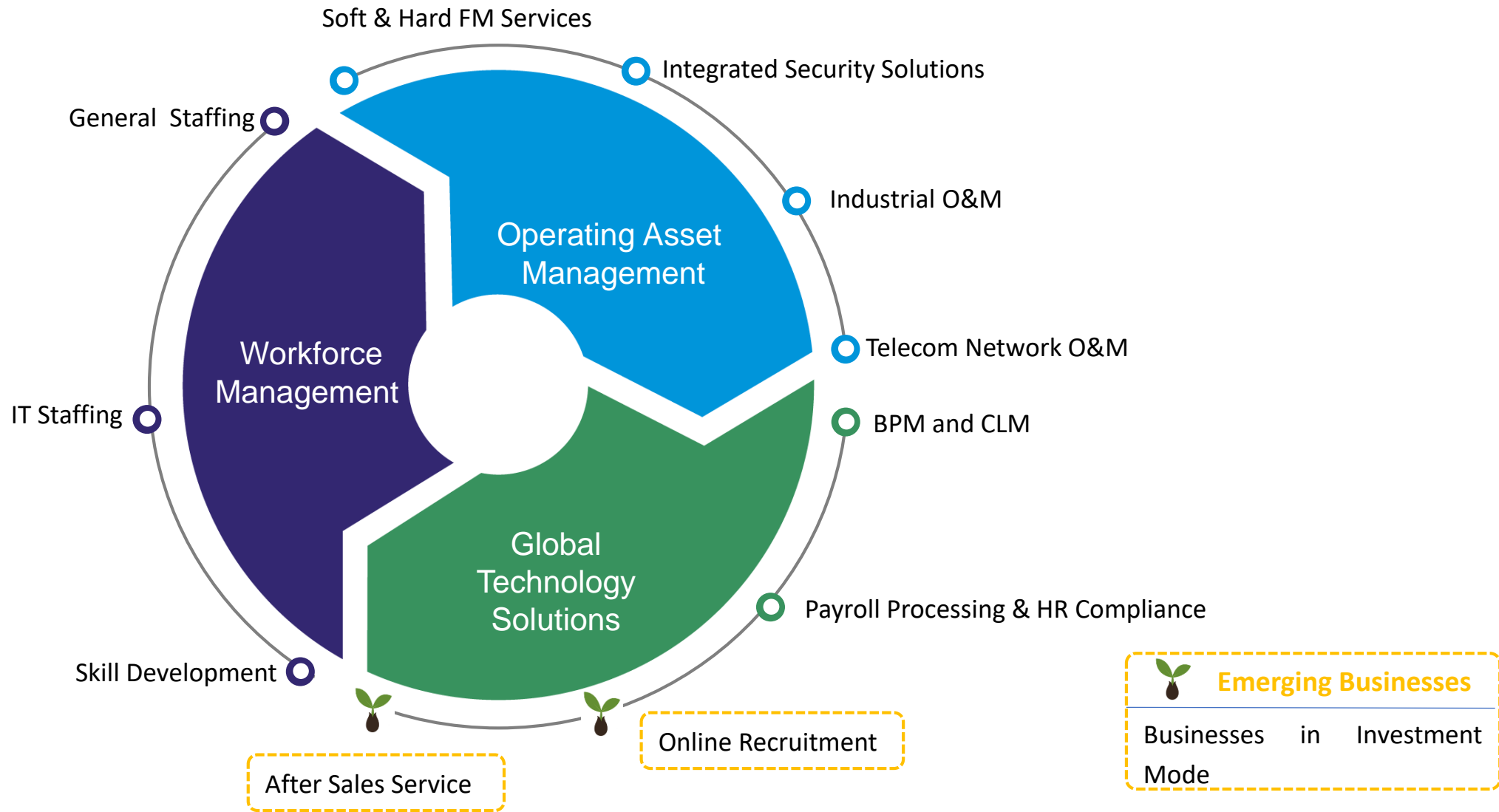
- **Top 3** Domestic BPO Player in India
- Leading vocational training player: **140,000** students trained and employed
- **Empowering** 470 MW of Energy & 51 MTPA of metal facilities
- Certified **“Great Place to Work”**

Winning Together

Customers | People | Investors

Quess' Journey: Key Milestones







Key Highlights

Highlights



Financial

- **Headcount:** Although HC down 3% across the quarter, September saw an increase vs. previous month
- **P&L statement:**
 - Revenue flat YoY at ₹ **2,615cr**
 - EBITDA decreased 14% YoY to ₹ 140cr, mainly from **lockdown-related reductions** in Excelus and IFM food businesses of ₹ 24cr
 - PBT conversion is up at **58%** vs 42% in Q1'21 and 39% in Q2'20
 - PAT increased 37% QoQ, although down 25% YoY, on account of higher ETR
- **Balance Sheet:**
 - **OCF / EBITDA at 212%**, up from 152% in Q1'21 and 49% in Q2'20
 - **Gross debt reduced** QoQ to ₹ **624cr** from ₹ 977cr (reduction of ₹ 353cr)
 - **Net debt reduced** QoQ to ₹ **45cr** from ₹ 254cr (reduction of ₹ 209 cr). Net debt to EBITDA improved to 0.10x
 - **DSO improved** by 3 days QoQ from 68 days to 65 days
 - ₹ **98cr CCD redeemed** during the quarter, taking CCD balance from ₹ 345cr to ₹ 247cr



Corporate

- Significant improvements in business operations:
 - **Indirect costs** in Q2 reduced by 24% from Q4'20
 - Sales efforts resulted in **~195 new customer wins** on existing and new service lines, 391 in all for H1'21
 - **Continued focus on cross sales and multi-tower deals** with significant closures
 - **Technology-led transformation** initiatives progressing well, with QJobs, WorQ, and MarQet
- **Scheme of Amalgamation** of 4 wholly-owned subsidiaries: Goldenstar, Greenpiece, MFX India and Trimax approved by the shareholders in AGM and in progress
- **15 entities** targeted for reduction, taking the total number of entities from 46 to 31
- **Completed sale of Dependo** for a consideration of ₹10cr, profit on sale ₹8cr
- **Collections** received from Trimax: ₹ **7.64cr** for Q2'21 and ₹ 9.36cr YTD



Platform

- **Workforce Management:**
 - **WFM associate headcount** reduced by 3% QoQ, however, September saw an increase vs. previous month. **80** new clients acquired in the quarter
 - IT Staffing EBITDA up YoY with margin expansion helped by successful execution of our strategy to focus on **high-margin digital skills**
- **Operating Asset Management:**
 - **IFM:** Housekeeping business flat YoY, despite ITS vertical dropping 20% QoQ due to continued WFH. Food business dropped 20% QoQ due to extended lockdown. 17 logos won in Q2, with strong sales pipeline going forward
 - **Terrier Security** revenue dropped 26% YoY due to **WFH in IT services vertical**. Mid-term outlook remains robust, with focus on integrated man-tech and security solutions
- **Global Technology Services & Emerging businesses:**
 - **Conneqt and Allsec** revenues up by 17% and 6% QoQ reflecting rapid recovery of business volumes
 - **Monster** traffic up 60% and recruiter search volumes increased by 30% QoQ

Financial Performance (Q2 & H1FY21)

Q2FY21 Financial Performance

Headcount & Revenue:

- HC was down 3% QoQ. However, September saw an increase vs. the previous month
- Revenue up 9% QoQ driven by General Staffing, Conneqt, Qdigi and inorganic revenue growth from Terrier

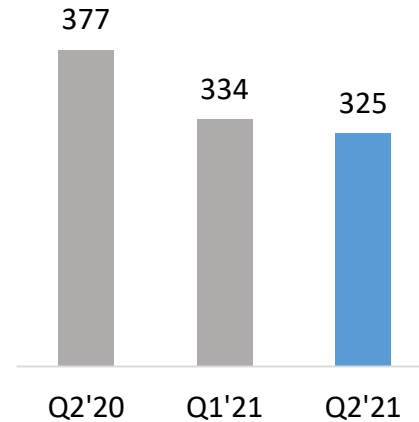
Profitability:

- EBITDA down 14% YoY & up 8% QoQ
- EBITDA down YoY due to lockdown impact (₹ 24cr) in IFM food and Excelus
- PBT conversion is up at 58%, vs 42% in Q1'21 and 39% in Q2'20

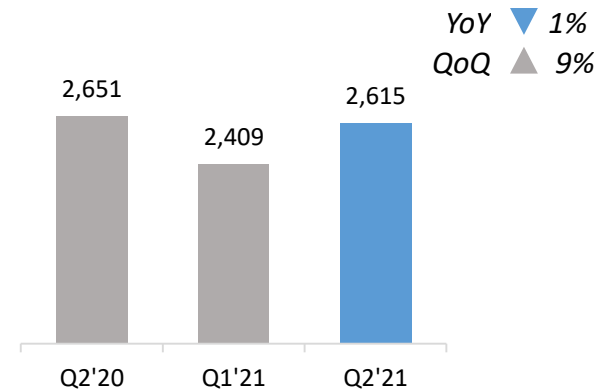
Cash Generation:

- **OCF conversion at 212%**, OCF was higher QoQ by 54% and YoY by 256%
- **DSO** improved by 3 days QoQ from 68 days to 65 days
- **Net debt** reduced QoQ to ₹ 45cr from ₹ 254cr (reduction of ₹ 209 cr). Net debt to EBITDA improved to 0.10x
- ₹ 98cr **CCD** redeemed during the quarter, taking CCD balance down to ₹ 247cr from ₹ 345cr

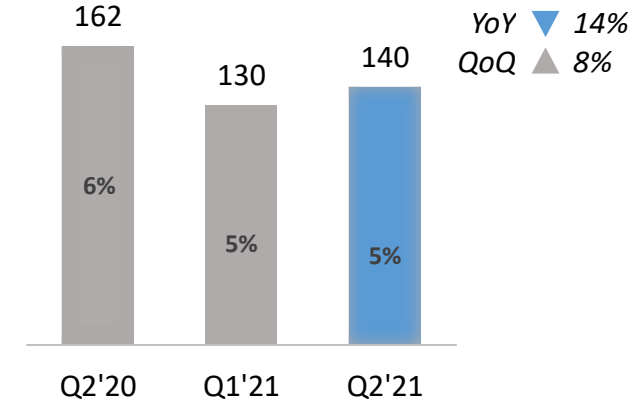
Headcount ('000s)#



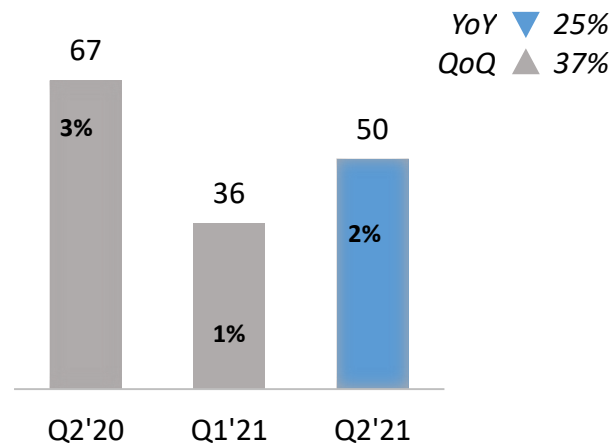
Revenue (in ₹ cr)



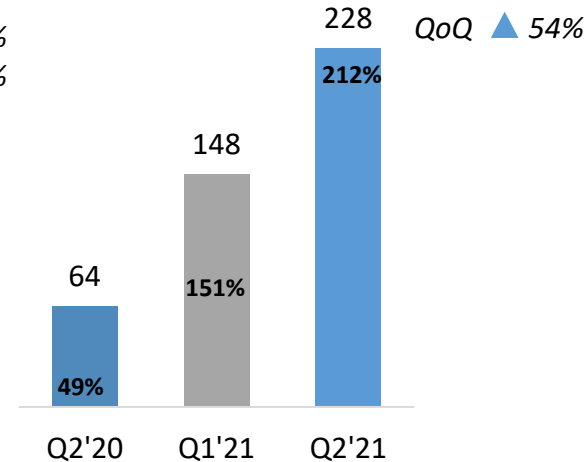
EBITDA (in ₹ cr) & margin (%age)



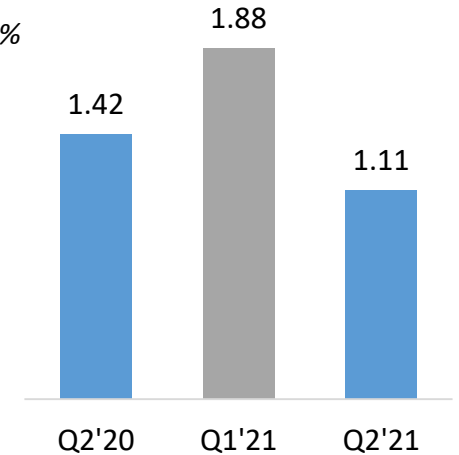
PAT (in ₹ cr) & margin (%age)



OCF (in ₹ cr) & %age*



Gross Debt/EBITDA (x)



* OCF and OCF Conversion % are computed excluding the impact of IndAS 116. Operational EBITDA for Q2'21 is ₹ 108cr and Q1'21 is ₹ 98cr.

H1FY21 Financial Performance

Headcount & Revenue:

- Headcount down 14% YoY, largely in WFM (42k) and IFM (10k). However, September saw a higher headcount than August
- Revenue flat YoY, with drop in revenue across Conneqt, Excelus and Qdigi offset by inorganic growth of revenue in Terrier

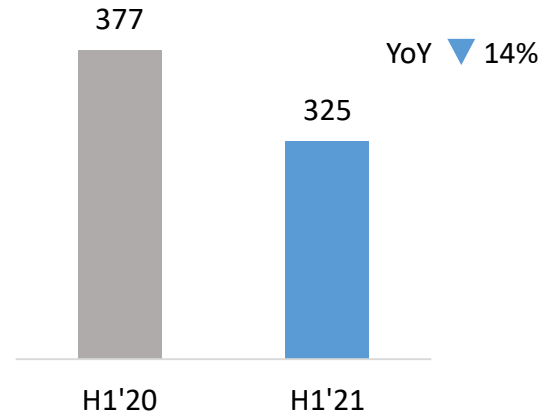
Profitability:

- EBITDA down 13%, lockdown impact on Excelus (₹39 cr) and IFM food business (₹11 cr)
- PBT conversion is up at 50% vs. 42% in H1'20
- PAT down 30% to ₹ 86cr, primarily due to accelerated deferred tax charge on account of 80JJAA

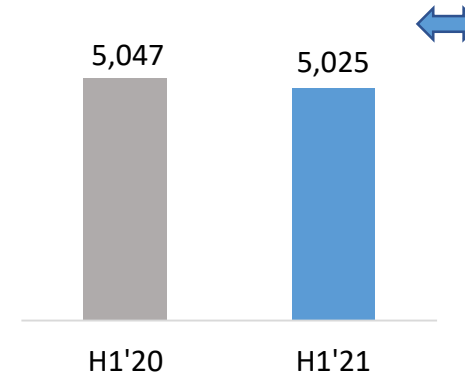
Cash Generation:

- OCF up 248% YoY
- **Gross debt** reduced to ₹ 624cr from ₹ 1,147cr (reduction of ₹ 523cr) in FY20
- **Gross Debt to Equity** has reduced from 0.31x in H1'20 to 0.26x

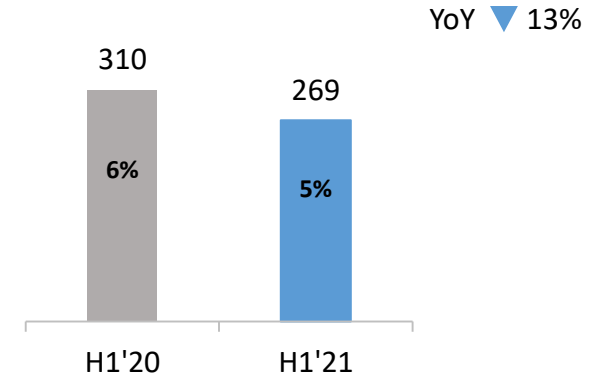
Headcount ('000s)#



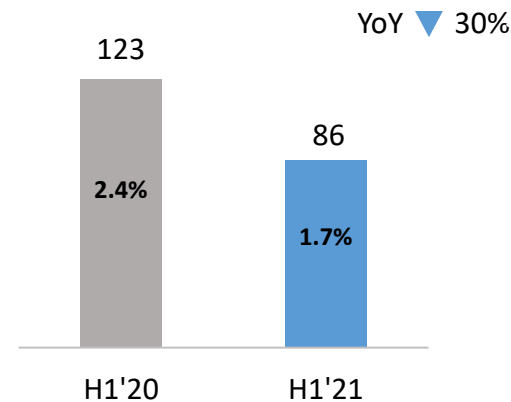
Revenue (in ₹ cr)



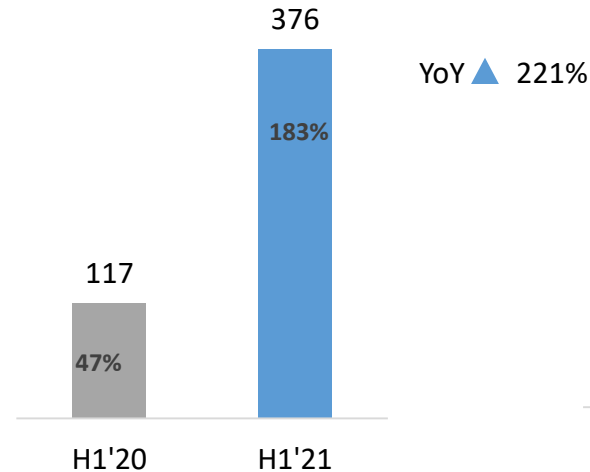
EBITDA (in ₹ cr) & margin (%age)



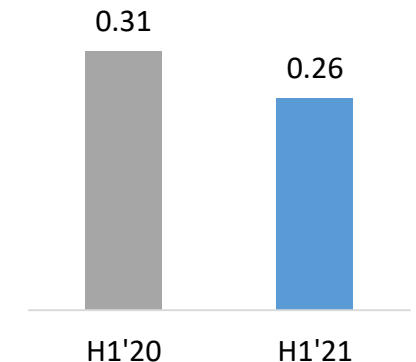
PAT (in ₹ cr) & margin (%age)



OCF (in ₹ cr) & %age*



Gross Debt/Equity (x)



Notes

Headcount data includes Terrier for H1'21

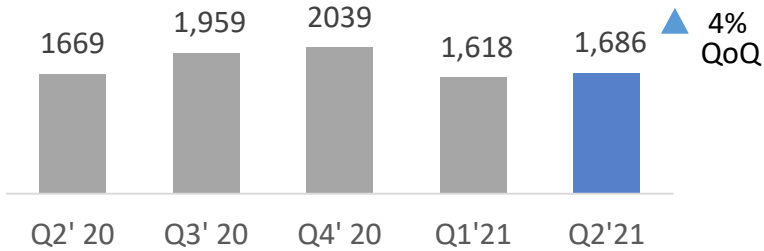
* OCF and OCF Conversion % are computed excluding the impact of IndAS 116. Operational EBITDA for H1'21 is ₹ 206cr and H1'20 is ₹ 252cr.

Platform-wise Updates

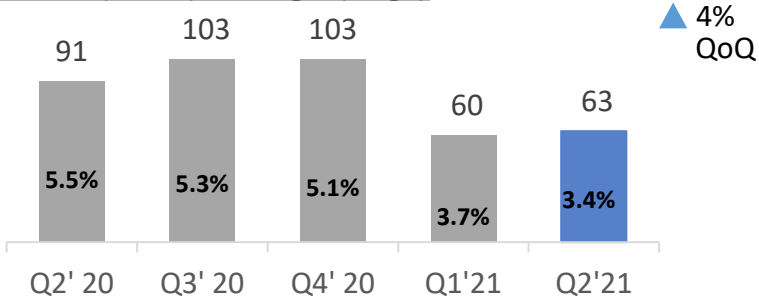
Workforce Management – Performance Snapshot

Financial Metrics

Revenue (in ₹ cr)

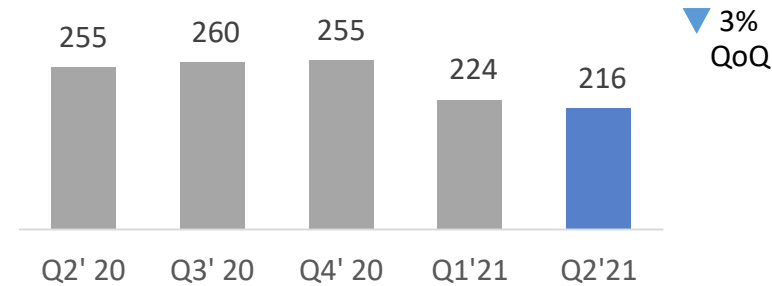


EBITDA (in ₹ cr) & margin (%age)

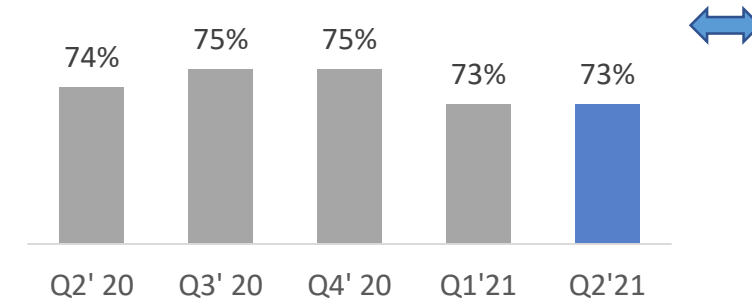


Operating Metrics

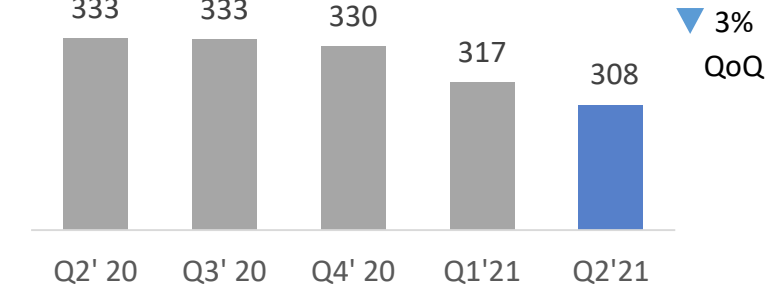
Associate Headcount ('000)



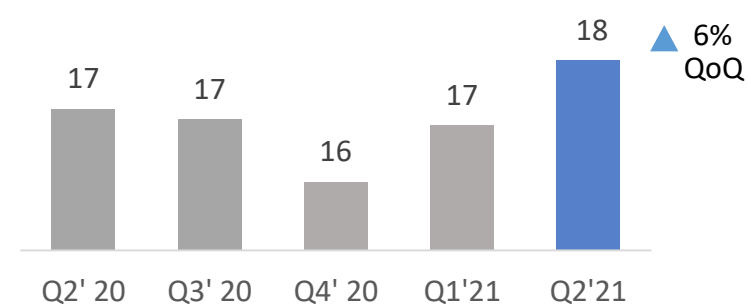
Collect & Pay (%)



Core:Associate (Gen Staffing; 1:X)



Core:Associate (IT Staffing; 1:X)

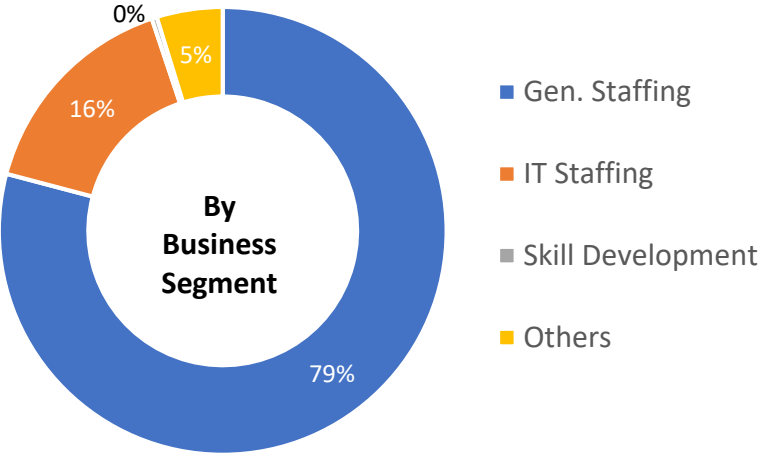


Key developments in quarter include:

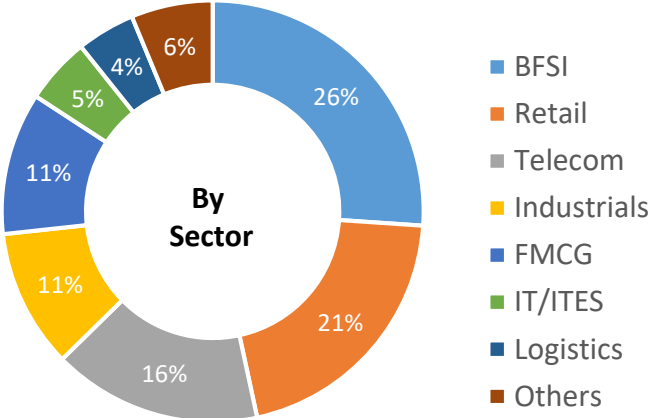
- **General Staffing** revenue up 5.3% QoQ with 23 new clients on boarded. HC grew in September vs August. Focus on accelerating presence in industrial and logistics sectors, while piloting task-based models and transforming recruiter efficiency
- **IT Staffing** - Domestic IT staffing business EBITDA up vs. Q4'20 despite 10% HC reduction, with significant margin expansion. Singapore and ME operations continue to perform strongly
- **Training & Skill Development** EBITDA down by ₹ 17cr YoY driven by lockdown of training facilities. Operations progressively started in October.

Workforce Management – Revenue Distribution and Client Insights

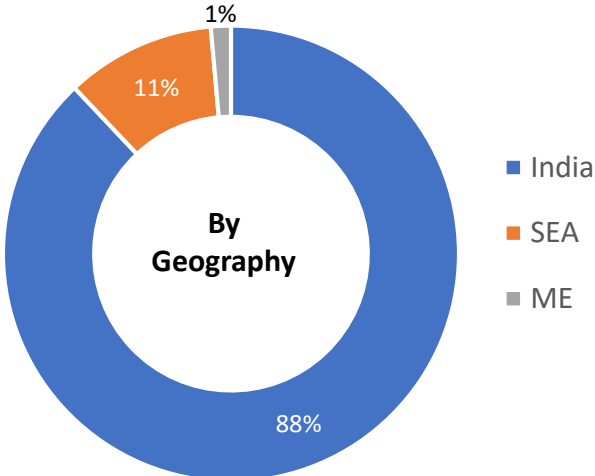
Revenue Distribution



Staffing constitutes majority of the revenues

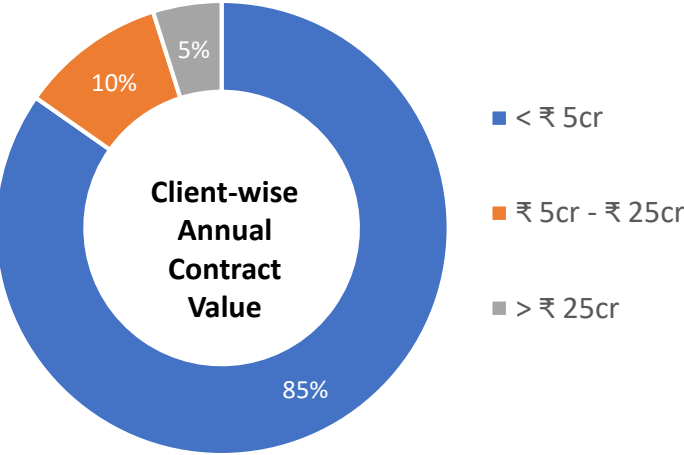


Revenue-base diversified across sectors

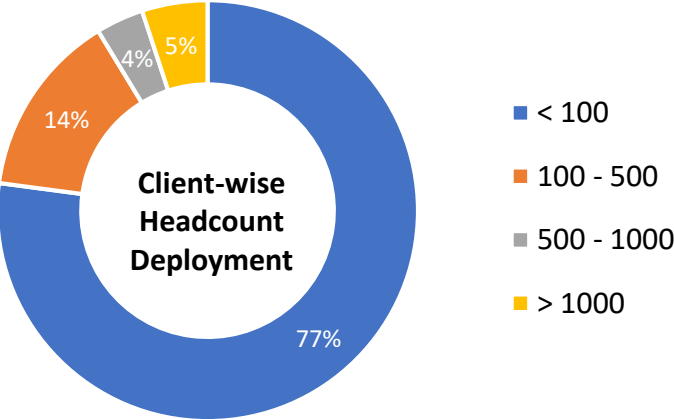


India is the main geographical focus

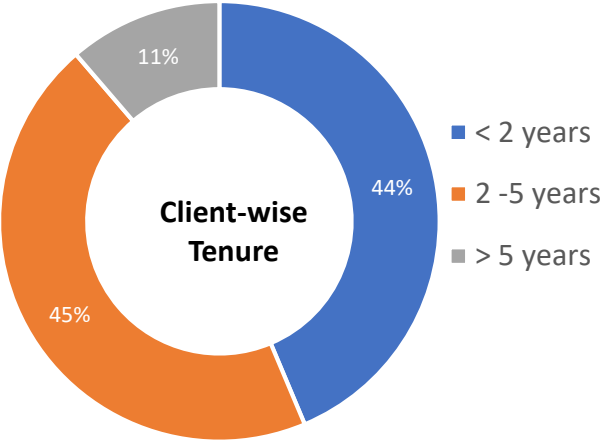
Client Insights (Gen. Staffing)



Diversified Client Exposure:
Majority of contracts are < ₹ 5cr



No client concentration risk:
91% of clients have headcount <500

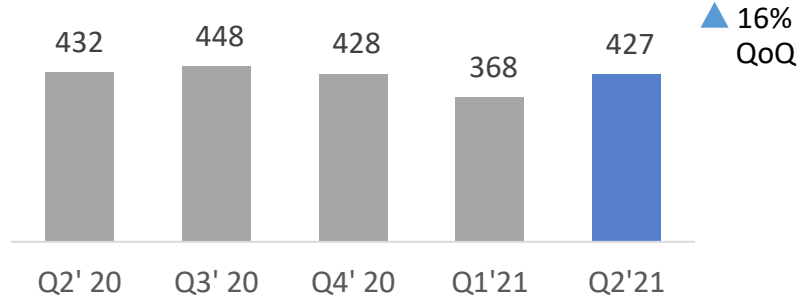


Good client loyalty & healthy new client addition:
56% of clients have tenure >2 years

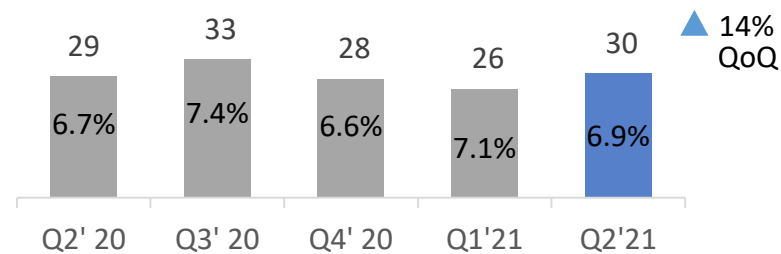
Operating Asset Management – Performance Snapshot

Financial Metrics

Revenue (in ₹ cr)

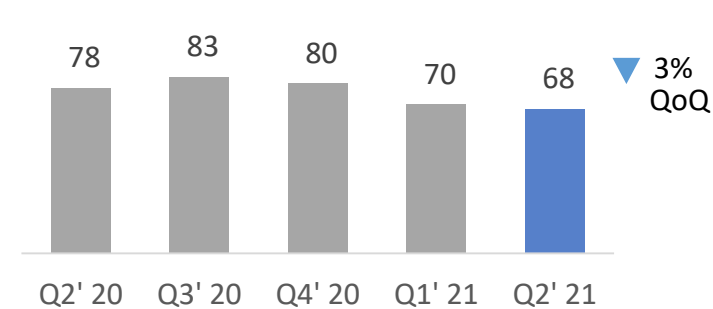


EBITDA (in ₹ cr) & margin (%age)

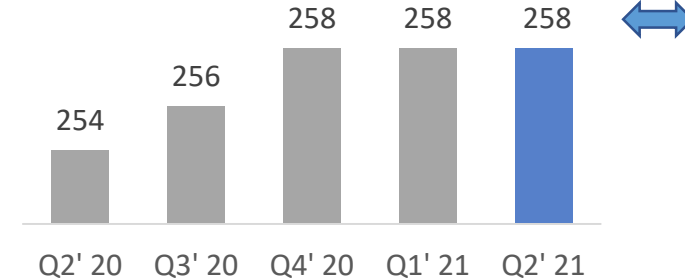


Operating Metrics

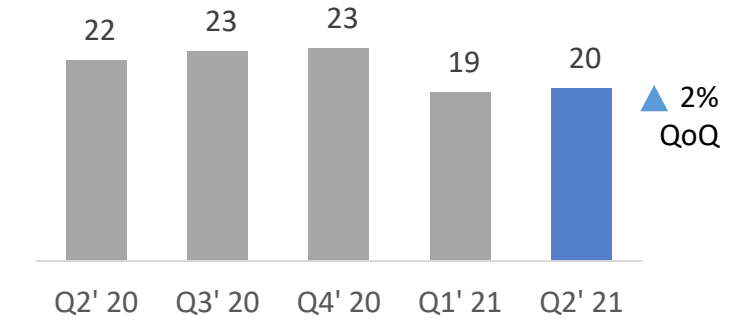
Associate Headcount ('000s)



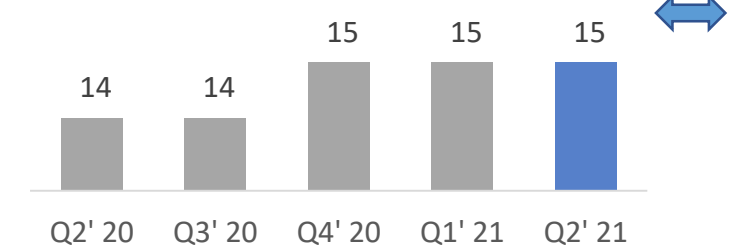
Sq.ft under Management



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



Beds served ('000s)

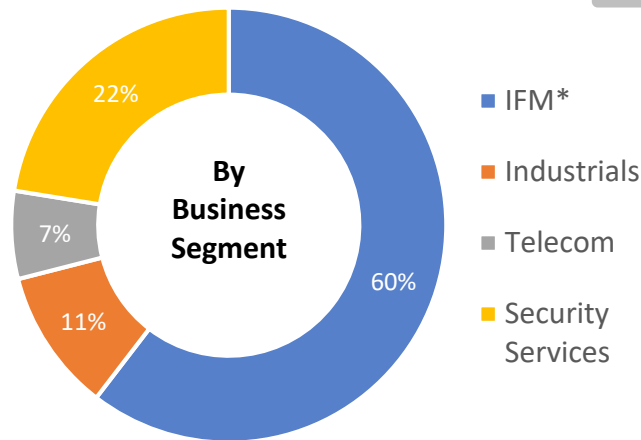


Key developments in quarter include:

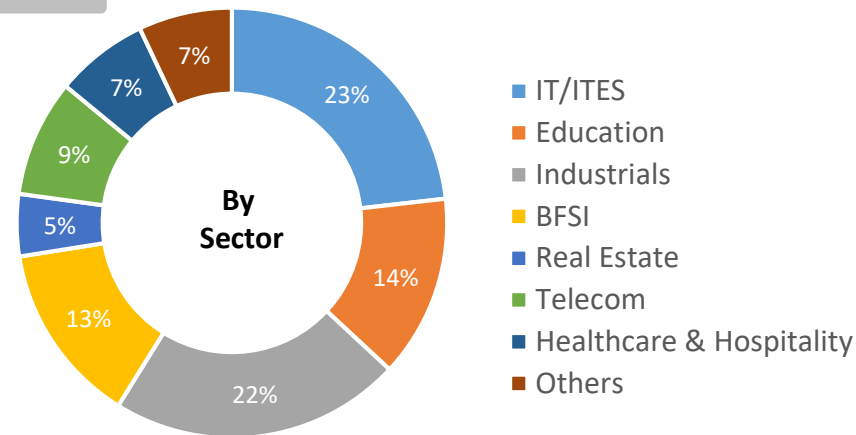
- **IFM:** Housekeeping business steady YoY despite COVID-related reductions in ITS (32% down vs Q4'20) and Education (18% down vs Q4'20) verticals. Food business EBITDA lower 84% in H1'21 vs. H1'20 given closure of educational institutions and ITS offices. 17 new logos acquired in Q2'21, of which 5 were integrated offerings with security
- **Terrier Security** Revenue down 26% YoY and 14% QoQ mainly in ITS. Focus continues on new customer introductions through integrated man-tech and security solutions across BFSI, Manufacturing, E-commerce and Logistics verticals where impact of lockdown is reversing
- **Industrial business** Revenues flat QoQ, although growth visible through quarter.

Operating Asset Management – Revenue Distribution and Client Insights

Revenue Distribution

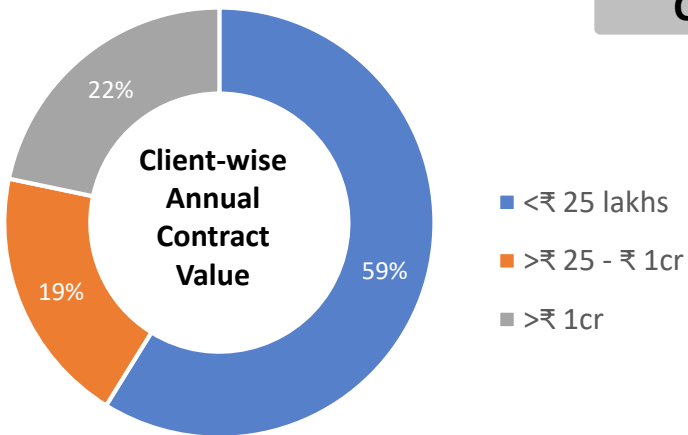


IFM* is the largest business segment

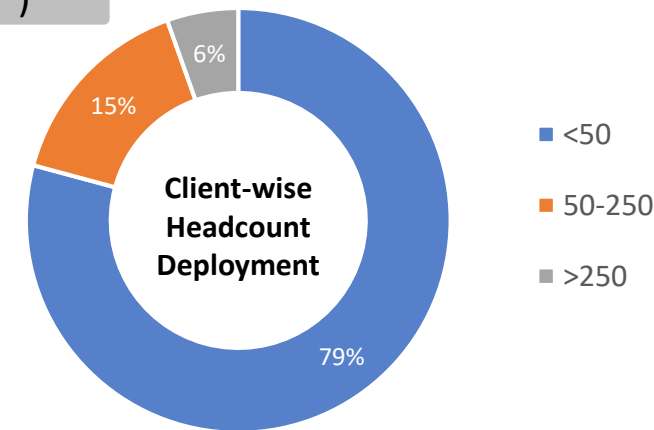


Revenue-base diversified across sectors

Client Insights (IFM*)



Diversified Client Exposure:
Healthy distribution of contracts across clients.



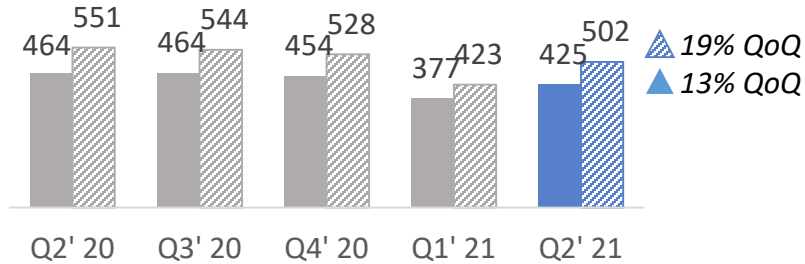
No client concentration risk:
Majority of clients have headcount <50

*IFM – Integrated Facilities Management

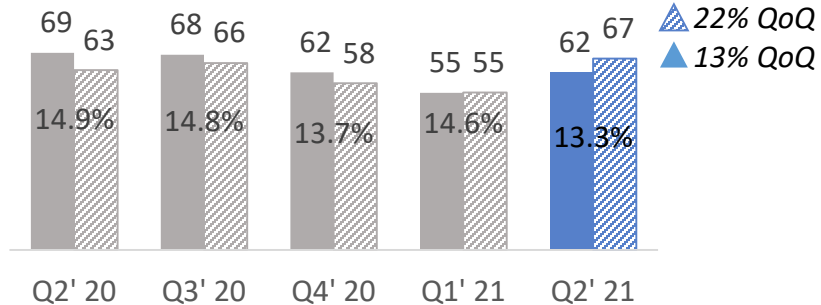
Tech Services – Performance Snapshot

Financial Metrics

Revenue (in ₹ cr)



EBITDA (in ₹ cr) & EBITDA Margin (%)

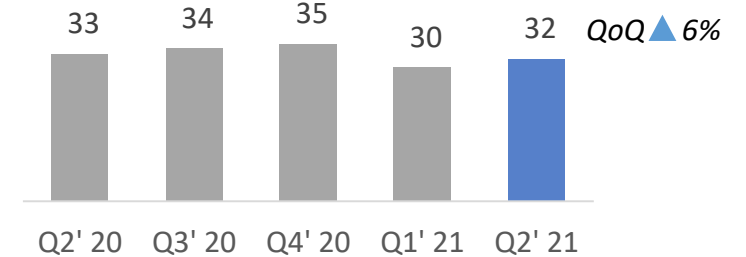


■ Without Emerging Business
 ▨ With Emerging Business

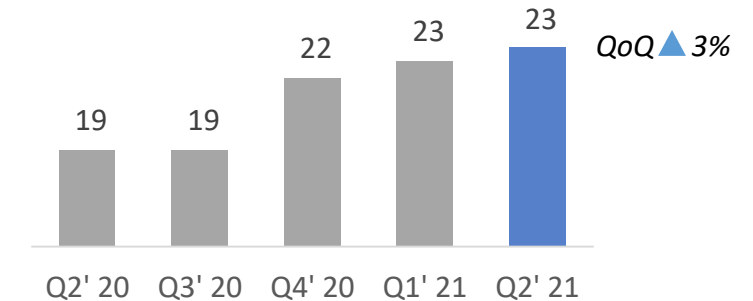
Monster & DigiCare are the two **Emerging businesses** in the Tech Services Platform that are currently in Investment mode with growth potential.

Operating Metrics

Revenue/FTE (Conneqt '000s)



HRO Records Processed (Allsec; in lacs)*



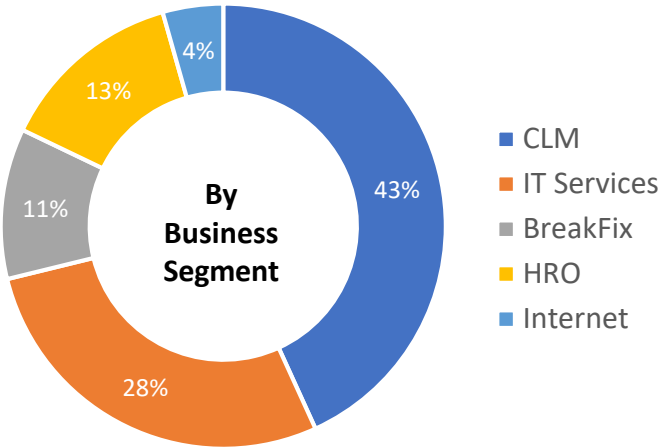
Key developments in quarter include:

- North American IT Services business** delivered 20% EBITDA growth QoQ. New service line focusing on WFM end user computing services crossed \$1M revenue in the quarter
- HRO business** continues to show healthy growth with total payslips processed increasing 10% YoY. 30 customer additions in Q2'21
- CLM/BPM business** saw healthy revenue growth vs. Q1'21 with activity rapidly recovering (Conneqt up 17% QoQ and Allsec up 6% QoQ). Collections business continues to be impacted by moratorium in banking industry

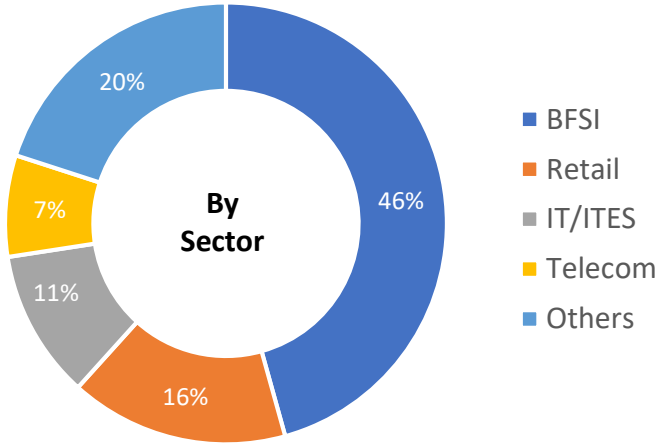
* Allsec was acquired in Q1 FY20. However for comparison purposes it has been added retrospectively in the operating metrics.

Tech Services – Revenue Distribution and Client Insights

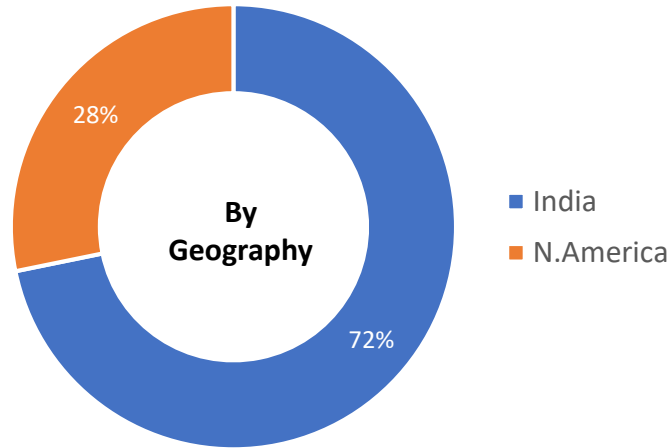
Diversified Revenue Base



CLM & IT Services constitute majority business.

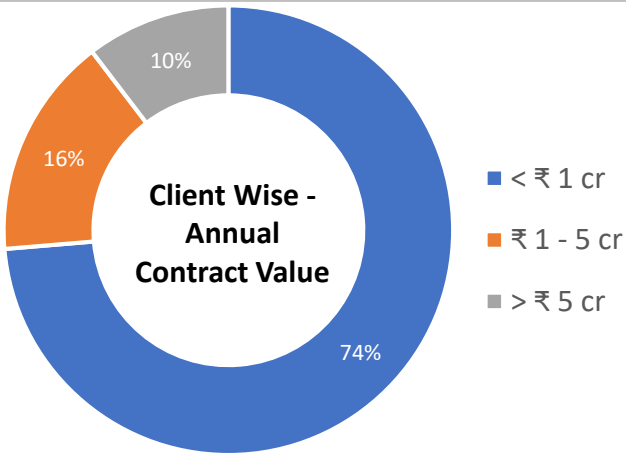


Revenue-base diversified across sectors

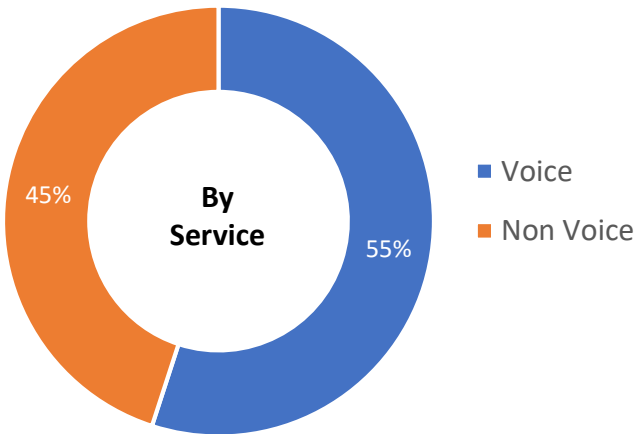


India is the main geographical focus

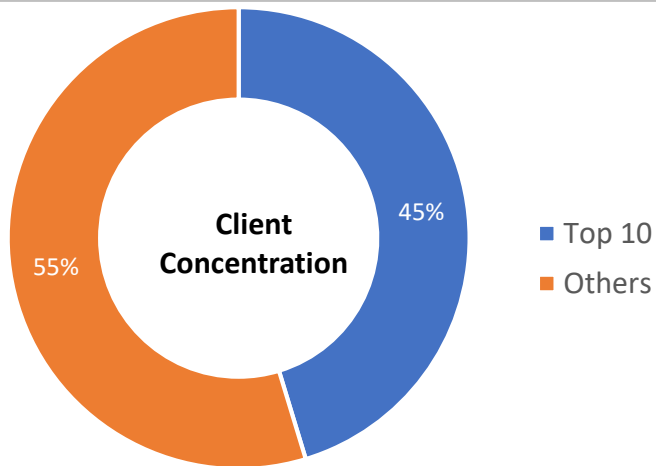
Client Insights (BPM)



Diversified Client Exposure:
Majority of contract sizes <1 cr



Healthy mix of Voice and Non-voice operations



Equal contribution by Major & Minor clients

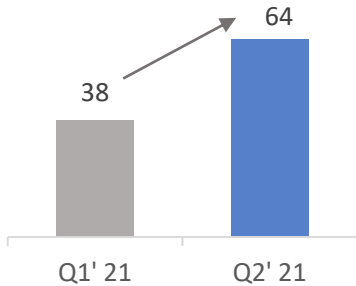
Emerging Businesses



Growth across operating metrics, signalling strong recovery from COVID headwinds

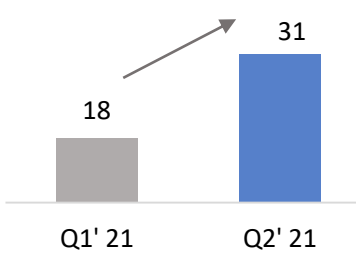
- Recorded positive EBDITA for 2nd consecutive quarter
- Modularisation of legacy platform continues ; strong growth in key metrics
- Upward trajectory expected to continue in H2 FY21

Job Postings / Month (in '000)

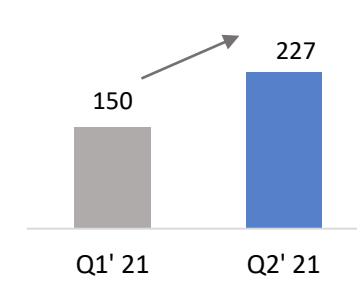


- 69% QoQ** rise in Job Postings
- 72% QoQ** increase in Job views
- 51% QoQ** increase in Page Views
- 56%** increase in Organic site traffic

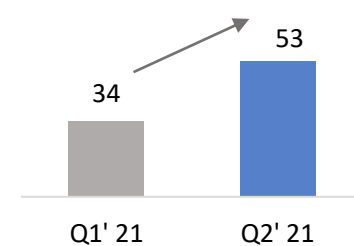
Job Views / Month (in lacs)



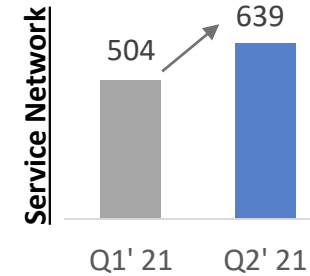
Page Views / Month (in lacs)



Organic Traffic / Month (in lacs)



Business on upswing and continued client additions



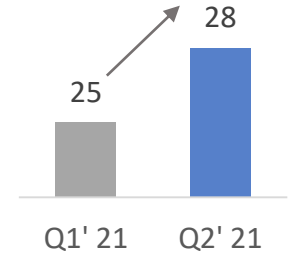
Service network covers over **14,300 Pin codes**, 75% of pin codes in India

Added **3 new logos** in **Q2FY21**, no attrition in existing clients

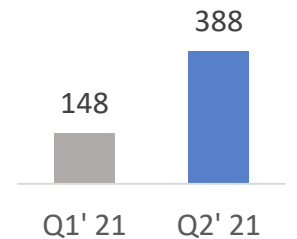
Business updates

- Business profitable and on upswing:** All centers are now operational and service order volume is showing an uptrend.
- Value added services:** Launched Quesscare Extended Warranty and Accidental Damage cover. Products a major hit with a high attach rate on Amazon.
- Service Centre Additions:** Opened 15 new Apple service centers PAN India from Aug 2020.
- New CRM Platform in roll out phase:** Phase wise testing and implementation of CRM underway; it will enable optimal call load distribution & live inventory management

Number of Clients



Service Orders ('000)



Annexures

Income Statement

(in ₹ cr)

	Quarter ended					Half year ended		
Particulars	Q2 FY21	Q2 FY20	Q1 FY21	YoY	QoQ	H1 FY21	H1 FY20	YoY
Revenue from operations	2,615	2,651	2,409	-1%	9%	5,025	5,047	0%
Less:								
Employee benefit expense	(2,250)	(2,170)	(2,084)	4%	8%	(4,333)	(4,105)	6%
Cost of material	(54)	(70)	(33)	-23%	63%	(87)	(135)	-35%
Other expenses	(172)	(249)	(163)	-31%	5%	(334)	(498)	-33%
Total expenses	(2,475)	(2,489)	(2,280)	-1%	9%	(4,755)	(4,737)	0%
EBITDA	140	162	130	-14%	8%	269	310	-13%
Other income	24	16	8	52%	220%	32	33	-3%
Interest	(27)	(41)	(33)	-34%	-17%	(60)	(76)	-20%
Depreciation and amortisation	(52)	(54)	(53)	-5%	-3%	(105)	(96)	9%
Operating EBT	85	83	51	3%	67%	136	171	-20%
Intangible amortisation	(6)	(11)	(6)	-45%	0%	(12)	(27)	-56%
NCI Put Option Liability	(5)	(5)	(5)	0%	0%	(10)	(10)	0%
Share of Profit from Associates (net of tax)	0	(4)	(11)	-101%	-100%	(11)	(4)	189%
Profit before tax and Exceptional items	74	63	29	18%	153%	103	130	-21%
Exceptional items	(8)	-	(25)	0%	-69%	(33)	-	-
Profit before tax	82	63	54	30%	51%	136	130	5%
Tax	(32)	4	(18)	-950%	78%	(50)	(7)	626%
Profit after tax	50	67	36	-25%	37%	86	123	-30%
EBITDA margin	5.34%	6.12%	5.38%	-77 bps	-4 bps	5.36%	6.14%	-78 bps
PAT margin	1.91%	2.51%	1.51%	-60 bps	40 bps	1.72%	2.44%	-72 bps
Basic EPS	3.09	4.26	2.29	-27%	35%	5.38	7.96	-32%
Diluted EPS	3.05	4.23	2.27	-28%	35%	5.32	7.92	-33%

Balance Sheet

(in ₹ cr)

Particulars	30-Sep-20	31-Mar-20	Var %
Non-current assets			
Fixed assets	436	514	-15%
Intangibles	1,118	978	14%
Investments	2	72	-97%
Other non-current assets	669	863	-22%
Current assets			
Trade receivables	898	998	-10%
Unbilled revenue	963	881	9%
Cash and cash equivalents	578	792	-27%
Loans & other current assets	198	220	-10%
Total assets	4,863	5,319	-9%
Equity			
Share capital	148	148	0%
Other equity	2,210	2,128	4%
Non controlling interest	85	77	11%
Debt			
Long term debt	79	115	-31%
Short term debt	544	1,032	-47%
Other liabilities			
Trade & other payables	125	163	-23%
Other Financial Liabilities	1,172	1,137	3%
Other provisions & tax liabilities	500	518	-3%
Total equities and liabilities	4,863	5,319	-9%

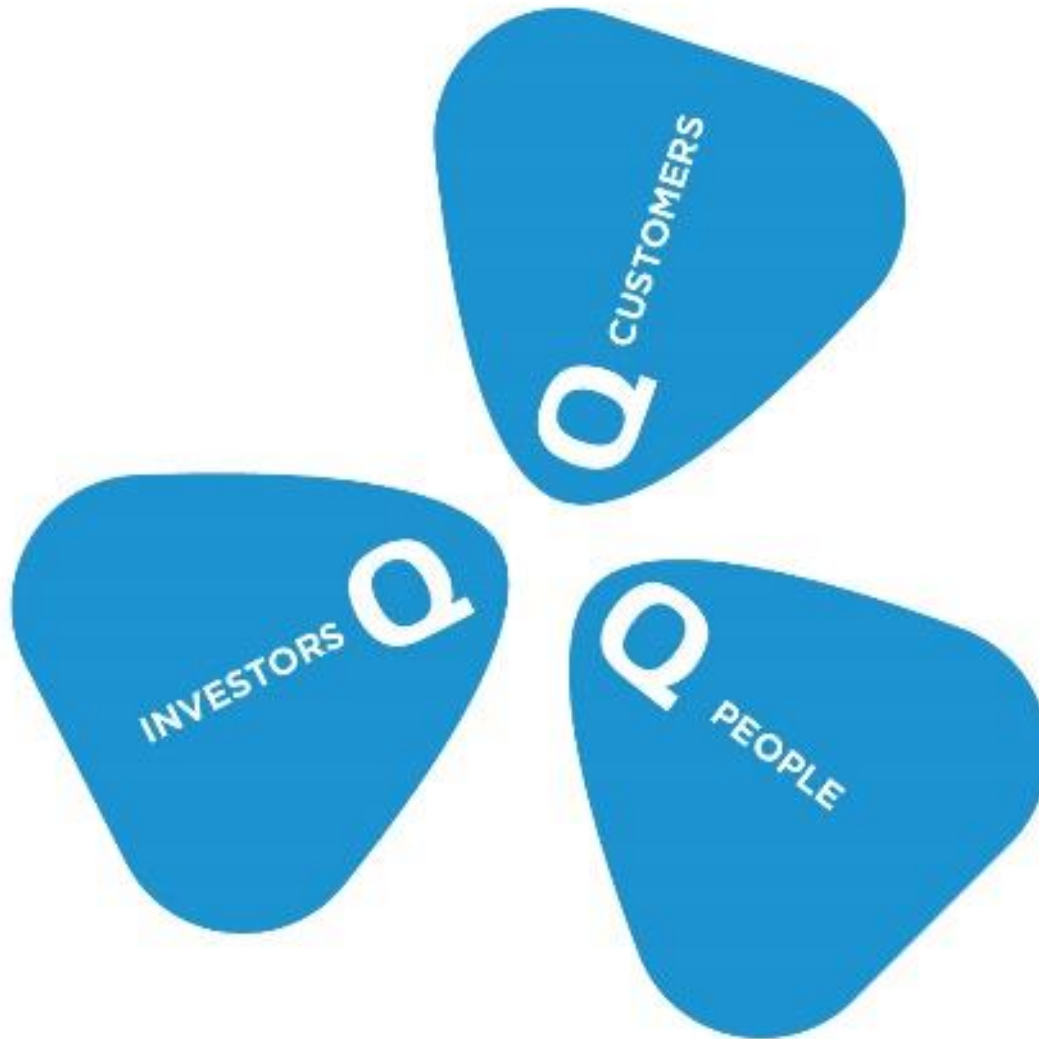
Segment Reporting

(in ₹ cr)

		Quarter ended				Half year ended	
Particulars	Sept 2020	Jun 2020	Mar 2020	Dec 2019	Sept 2019	Sept 2020	Sept 2019
Workforce Management Platform							
Revenue	1,686	1,618	2,039	1,959	1,669	3,304	3,157
EBITDA	63	60	103	103	91	123	181
EBITDA %	3.72%	3.70%	5.10%	5.30%	5.50%	3.71%	5.73%

Operating Asset Management Platform							
Revenue	427	368	428	448	432	795	859
EBITDA	30	26	28	33	29	56	61
EBITDA %	6.95%	7.10%	6.60%	7.40%	6.70%	7.00%	7.10%

Tech Services Platform							
Revenue	502	423	528	544	551	926	1,031
EBITDA	67	55	58	66	63	122	109
EBITDA %	13.36%	13.00%	10.90%	12.10%	11.50%	13.21%	10.57%



Winning Together

In your win lies our win