

# *NIIT Limited*

Financial Results FY'13

May 23, 2013

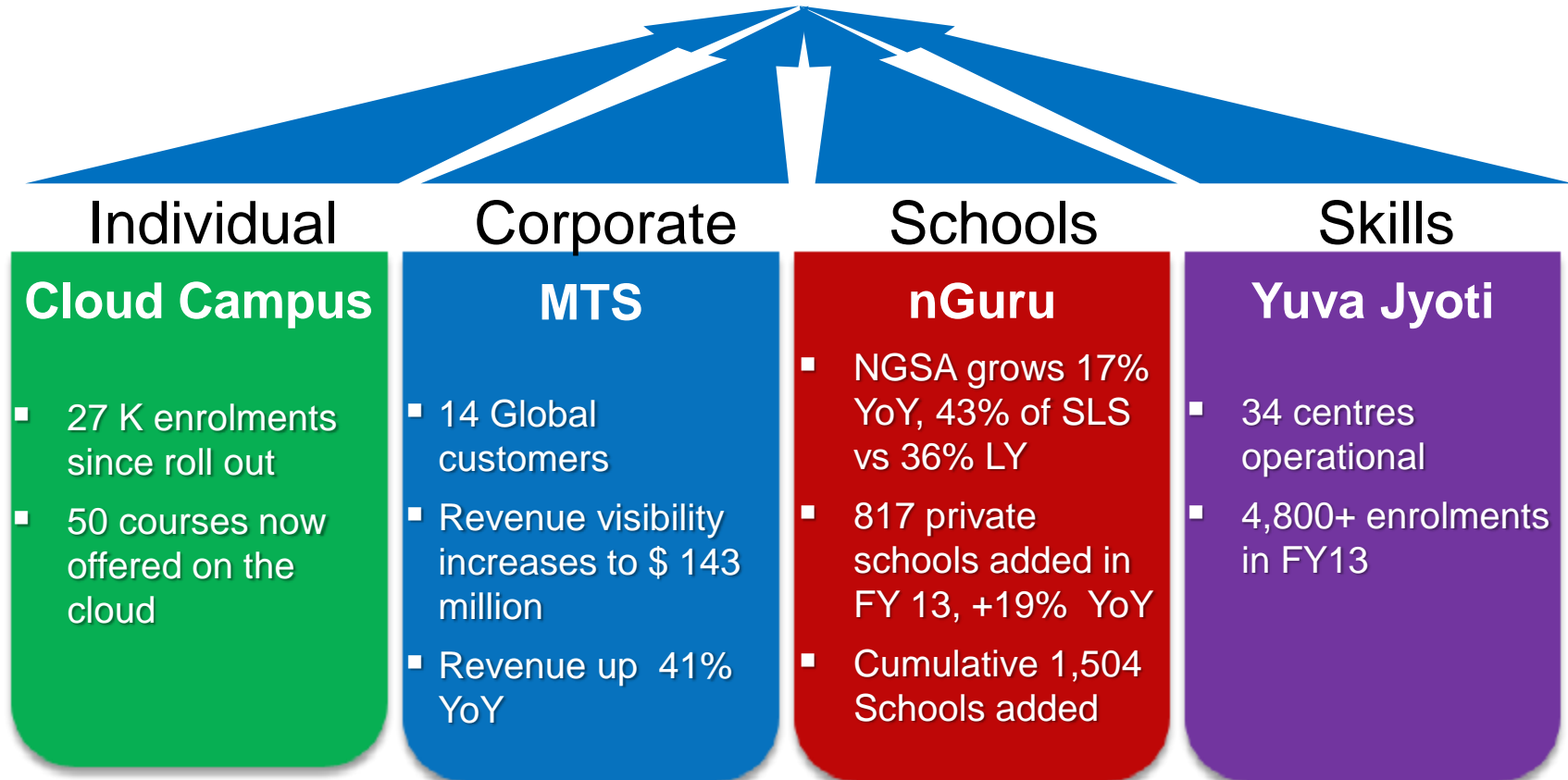


# Environment

- ❑ India's GDP growth slowed to lowest in a decade at ~5%; However economy expected to see a moderate pickup in FY14
- ❑ Hiring sentiment in India witnessed a sharp decline across sectors with Net Employment Outlook falling 19 percentage points YoY (Manpower Employment Outlook Survey); Sharpest decline in India amongst all countries surveyed
- ❑ Hiring in IT sector dropped over 20% in FY13; Proposed changes in Immigration Bill on temporary worker visas add further uncertainty to industry demand; NASSCOM projects hiring drop of ~ 20% in FY14
- ❑ Customer sentiment for IT training remains weak, on continuing delays in joining dates; Companies hiring skilled workers, just in time, positive for NIIT's placements and business in the long term
- ❑ Demand for training for bank jobs remains strong and expected to pick up on new bank licenses
- ❑ Pace of government collections remains slow; However private schools increasingly demanding differentiated offerings to remain competitive in the market; Technology solutions entering phase of mass adoption
- ❑ Increased outsourcing to specialized training firms as companies demand both efficiency and effectiveness from their training function; However economic uncertainty affects sales cycles and transition periods

**Macro headwinds continue; but certain segments poised for growth**

## NIIT



**Profitability, Liquidity and Capital Efficiency**



## ❑ **Corporate Learning Solutions**

- **Q4:** Revenues up 15% YoY; EBITDA margin at 11% ( up 110 bps YoY)
- **FY13:** Revenues up 19%, EBITDA Rs 339 mn, up 111% YoY, EBITDA margin at 11% (up 485 bps YoY)
- MTS grows 41% YoY; contributed 72% to CLS revenues

## ❑ **Schools Learning Solutions**

- **Q4:** Revenues up 23% YoY, NGSA up 23% YoY
- **FY13:** Revenues up 16% YoY, NGSA up 17% YoY
- NGSA contribution increases to 43% for FY13 vs 36% YoY

## ❑ **Individual Learning Solutions**

- **Q4:** Revenues at Rs. 981 mn; Non-IT enrolments up 45%,
- **FY13:** Revenues at Rs. 4,582 mn; Non-IT enrolments up 48%,
- Record participation in NITAT; up 22%

## ❑ **Skills Building Solutions**

- 34 Centers operational
- Over 1,500 enrolments registrations in Q4; over 4800 for the year

# Key Financials – Overall basis\*

(Rs. mn)	Q4 FY13	FY'13
<b>System wide Revenues</b>	<b>3,174</b>	<b>15,435</b>
<b>Net Revenues</b>	<b>2,216</b>	<b>9,608</b>
Operating expenses	2,145	9,085
<b>EBITDA</b>	<b>71</b>	<b>523</b>
EBITDA%	3%	5%
Depreciation	223	864
Net Other Income	-10	-339
<b>Profit before Tax</b>	<b>-162</b>	<b>-680</b>
Tax	-49	-433
<b>Operational Net Profit</b>	<b>-113</b>	<b>-247</b>
Share of Profits from Associates	140	509
<b>PAT</b>	<b>27</b>	<b>263</b>
<b>Basic EPS (Rs.)</b>	<b>0.2</b>	<b>1.6</b>

- ❑ Board recommends dividend of Rs 1.6 per share



\*Numbers are not comparable to prior period due to divestment of EK in FY12 and pass thru revenues in SLS

# Key Financials – Continuing business basis\*

(Rs. mn)	Q4 FY13	Q4 FY12	YoY (%)	FY'13	FY'12	YoY (%)
<b>System wide Revenues</b>	<b>3,174</b>	<b>4,597</b>	<b>-31%</b>	<b>15,260</b>	<b>17,293</b>	<b>-12%</b>
<b>Net Revenues</b>	<b>2,216</b>	<b>2,570</b>	<b>-14%</b>	<b>9,433</b>	<b>9,935</b>	<b>-5%</b>
Operating expenses	2,145	2,213	-3%	8,910	8,737	2%
<b>EBITDA</b>	<b>71</b>	<b>357</b>	<b>-80%</b>	<b>523</b>	<b>1,198</b>	<b>-56%</b>
EBITDA%	3%	14%	-1070 bps	6%	12%	-651 bps

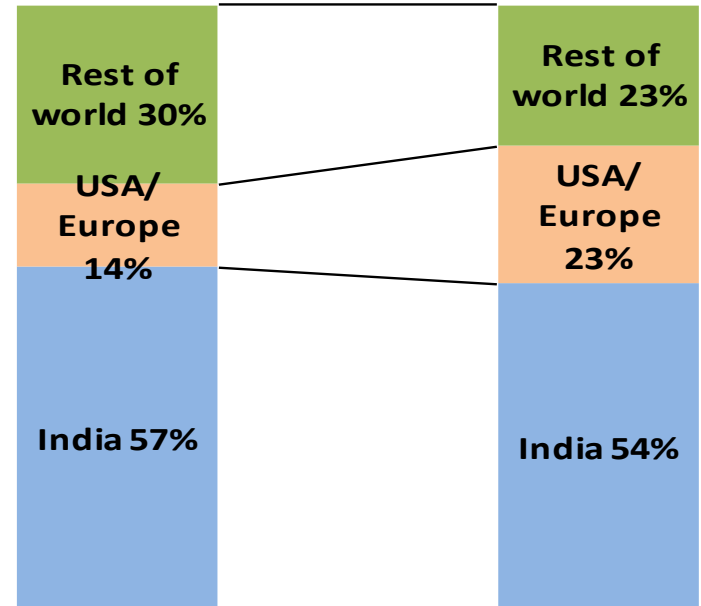
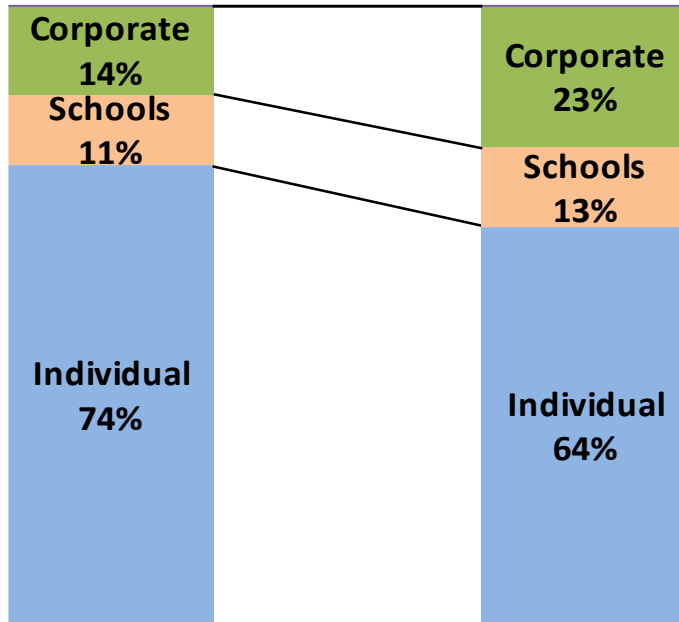
**\*On a continuing business basis (excluding EK and pass thru revenues)**

- ❑ Despite robust performance by Corporate & Schools businesses, overall business affected by weak performance of Individual Learning Solutions
- ❑ EBITDA impacted by operating leverage and change in business mix

## System-Wide Revenue on a continuing business basis

### Business Mix

### Geo Mix



FY 12

FY 13

FY 12

FY 13



\*On a continuing business basis (excluding EK and pass thru revenues)

## On a continuing business basis

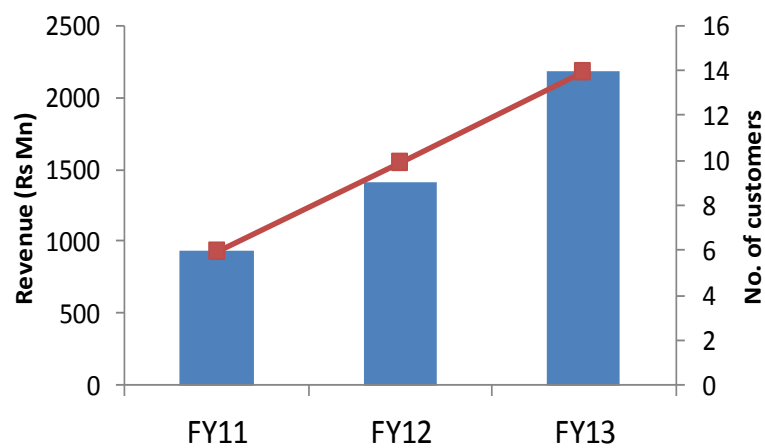
Rs. Mn	Q4'13	Q4'12	YoY	FY 13	FY 12	YoY
Net Revenues	761	664	15%	3,037	2,543	19%
EBITDA	82	64	28%	339	160	111%
EBITDA %	11%	10%	110 bps	11%	6%	485 bps

### Q4

- Added one new MTS customer
- MTS contributes 74% to CLS
- Order Intake of \$14.3 mn, up 12% YoY

### FY 13

- MTS grows 41% YoY; contributes 72% to CLS
- 5 MTS customers added in FY13; end year with 14 customers
- Order Intake of \$ 62.5 mn, up 16% YoY
- Pending order Book stood at USD 53.6 million, 66% executable in next 12 months
- Overall revenue visibility of USD 143 mn



■ No. of customer    ■ Revenue (Rs Mn)

**\*On a continuing business basis (excluding EK and pass thru revenues)**



# Schools Learning Solutions

Rs. Mn	Q4'13	Q4'12	YoY	FY 13	FY 12	YoY
Net Revenues	470	383	23%	1,805	1,560	16%
EBITDA	37	37	-1%	156	146	7%
EBITDA %	8%	10%	-186 bps	9%	9%	-72 bps

## Q4

- NGSAs revenue up 23% YoY; contributes 54% to SLS mix
- Overall Revenue up 23% on YoY basis excluding pass through revenue
- Added 208 schools in Q4
- Order Intake of Rs. 256 mn



## FY 13

- NGSAs revenue up 17% YoY; contributes 43% to SLS mix
- Overall Revenue up 16% on YoY basis excluding pass through revenue
- Added 817 schools; up 19% YoY
- Order Intake of Rs. 916 mn
- Pending Order book at Rs. 5,059 mn, 27% executable in next 12 months

120200-Digital Learning strip size: 60mm x 234mm



\*On a continuing business basis (excluding pass thru revenues)

# Individual Learning Solutions

Rs. Mn	Q4'13	Q4'12	YoY	FY 13	FY 12	YoY
Net Revenues	981	1,522	-36%	4,582	5,829	-21%
EBITDA	-24	274	-109%	119	936	-87%
EBITDA %	-2%	18%	-2,039 bps	3%	16%	-1,345 bps

## Q4

- Overall enrolments at 97,078
- India IT down 11%; Non IT up 45%
- Revenue drop caused by enrolment drop and lower order book
- EBITDA down due to operating leverage and cost inflation partially offset by cost savings
- Overall placements at 10,190

## FY 13

- Overall Enrolments at 448K
- India IT down 19%; Non IT up 48%
- Foundation for a significant launch of Cloud Campus was laid; 50 courses, 150 locations
- New programs: Diploma in Applied Finance, Infrastructure Management , Digital Marketing, Sales Officers for Banks
- Pending order book at Rs. 1,733 mn, 66% executable in next 12 months



# Skill Building Solutions

Rs. Mn	Q4'13	Q4'12	YoY	FY 13	FY 12	YoY
System wide Revenues	4	1	3 mn	10	2	8 mn
Net Revenues	4	1	3 mn	10	2	7 mn
EBITDA	-24	-17	-7 mn	-92	-50	-42 mn

## Q4 FY 13

- Over 1,500 enrolments

## FY 13

- Overall 34 centers in 5 states
- Over 4,800 enrolments in FY 13
- Tie ups with over 250 employers

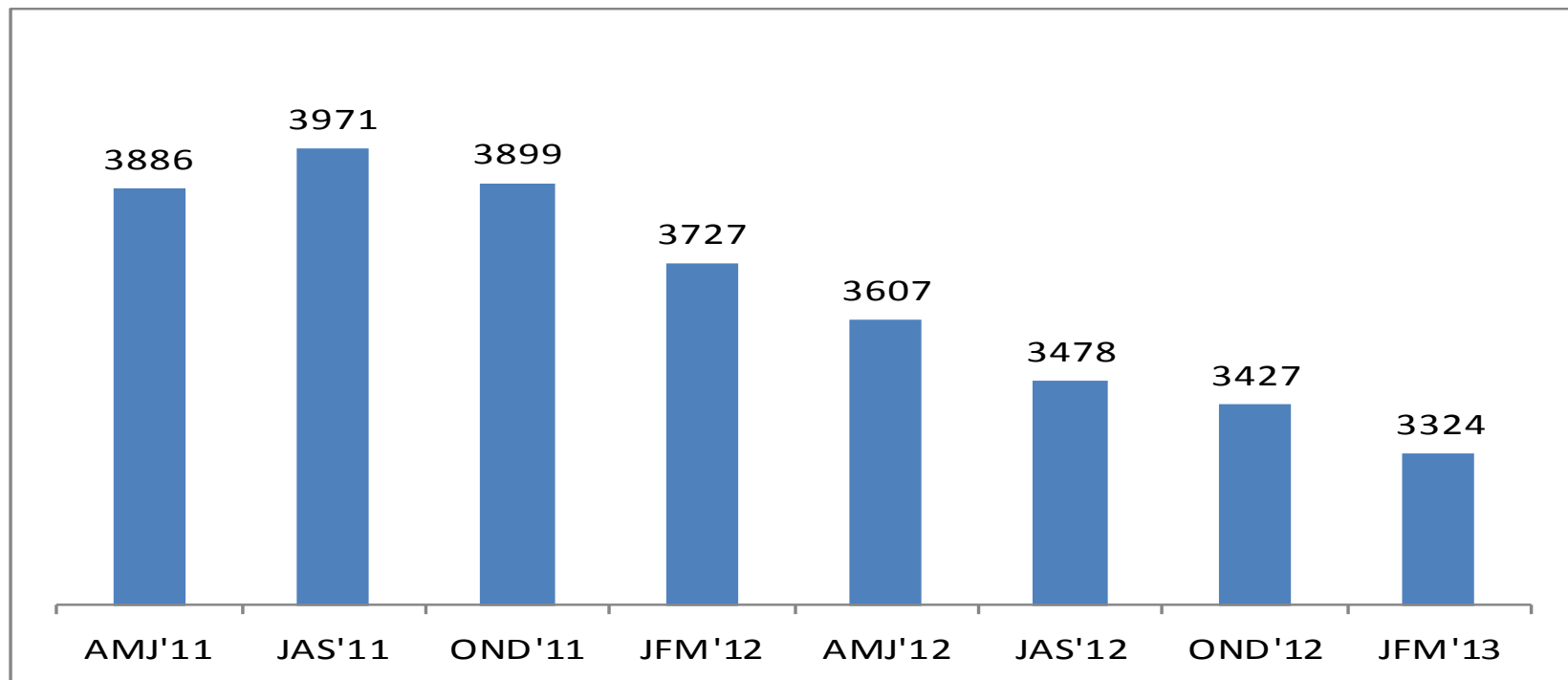
**N.S.D.-G**  
 National Skill Development Corporation  
**Yuva Jyoti**  
 नए जमाने के नए JOBS  
 NIIT Yuva Jyoti की ट्रेनिंग के साथ  
 • Retail • Banking & Finance • Hospitality • IT & ITES  
 • Media & Entertainment • Healthcare • Education & Training • Telecom  
 100+ भारतीय | Industry Training to assist | 100% शिप्टी & सपोर्ट  
 तुरन्त सम्पर्क करें 1800 103 2020 (दैनिकी)  
NIIT Yuva Jyoti Ltd. A Joint Venture of NIIT and NSDC (a PPP initiative of Government of India)

**N.S.D.-G**  
 National Skill Development Corporation  
**Yuva Jyoti**  
 नये जमाने के नये JOBS  
 NIIT Yuva Jyoti की ट्रेनिंग के साथ पाइए नौकरी के अवसर  
 Retail, Auto, Showroom, BPO, Accounting और Telecom में  
 SONAL | Arjun Mittal Design (Fashion Designer) | Salary: 15,000 per month  
 HARKEER | IIT IIS | Content Development Module Developer | Salary: 18,000 per month  
 PARAN | Karmaveer Institute (Showroom Retail) | Apparel Care Assistant | Salary: 15,000 per month  
 VINOD | Omega Soft Skills Institute (BPO) | Customer Support | Salary: 15,000 per month  
 तुरन्त सम्पर्क करें 1800 103 2020 (दैनिकी)  
NIIT Yuva Jyoti Ltd. is a JV of NIIT & NSDC (a PPP initiative of Government of India)



# People

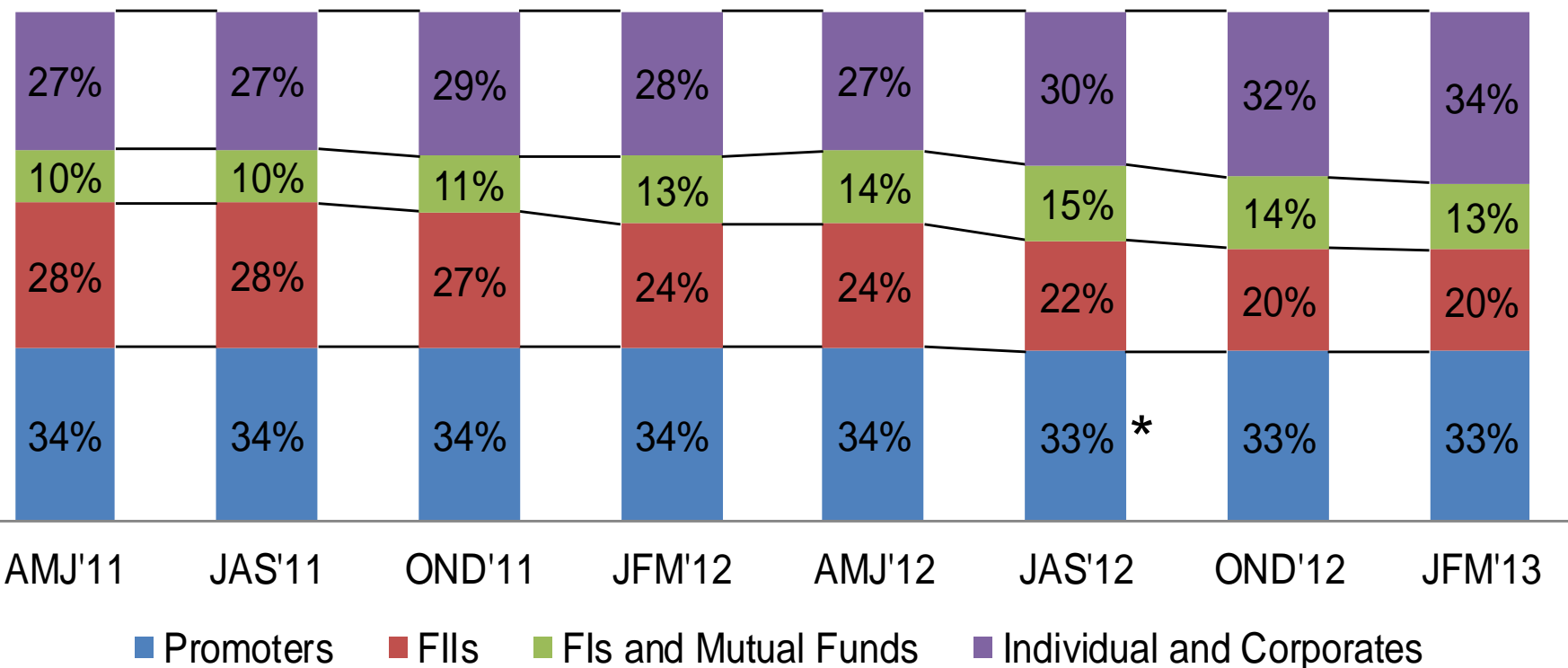
*On a continuing business basis*



Net reduction of 403 people



# Share Holding Pattern



\* Due to technical reclassification



# In Summary

- **Individual:** Business impacted by temporary squeeze in hiring by IT sector. Growth in Non-IT portfolio and New Age IT programs to help recover growth. Cloud campus to expand reach and drive efficiency in the business
- **Corporate :** Growth expected to continue on strength of significant order book and strong growth in Managed Training Services businesses. Forex volatility expected to continue. Volume growth and IP leverage to drive margin improvement.
- **Schools:** Continued selectivity in GSA contract to results in significant improvement in business mix in favor of NGSAs. nGuru to drive growth and margin improvement
- **Skill Building:** Focus on capacity utilization and on introduction of new products.
- **Overall :** Consistent pursuit of the four Platforms of growth in the context of market realities should consolidate our strength in the Industry. Products and Services on Cloud to drive growth and profitability.
- Steps taken to reallocate capital and to exit capital intensive businesses to help company generate superior returns for all stakeholders.



Thank you