

## **Education & Training Business: Environment**



- Consumer sentiment continues to be weak across sectors
- Unemployment in the US still rising; expected to peak in Q4'10 and then start a slow recovery
- Global markets continue to remain sluggish; there is however increased interest in offshoring. Nasscom pares down growth rates
- Education and skills development are a significant part of stimulus packages being provided by governments across the world
- Stable new government and progressive education & skills policy likely to accelerate change in education sector
- India announces new budget with a 20% higher allocation to education; @ 44.5K crores. Support across the board with special emphasis on SSA and employability oriented schemes
- Better IT services sector results expected to lead to increased hiring going forward; job market for specialist skills remains robust



Volatile environment, Weak sentiment, Delayed decisions

# Q1'10 - Business Highlights



- Individual Learning Solutions (ILS): Strong growth in IMS enrollments – 92% and China – 63%. Placements continue to be strong at 87%. Initiated ERP training
- Schools Learning Solutions (SLS): Gujarat order for 1,870 schools. Improved traction from Math lab. 114 new private schools added. Improved funnel in private schools
- Corporate Learning Solutions (CLS): Growth in online learning products. Cost management yields strong improvement in EBITDA margin
- NIIT awarded
  - ICT gold medal (Vietnam) for 4<sup>th</sup> year in a row
  - Best Learning partner awards from CISCO and Microsoft
  - Best Green IT project award by PC Quest for vLabs
  - Best Training School by The Week Nielson survey for IFBI
  - Recognized amongst Bersin & Associates Learning Leaders



Gained market-share in identified segments

# Q1'10 - Financial Highlights



- EBITDA Rs. 286 million up 53% YOY
- EBITDA margin improved by 373 bps YOY to 11%
- Consolidated System wide revenues Rs. 3,688 million, up 1% YOY
- Net Revenues Rs. 2,610 million, up 1% YOY
- Net Profit Rs. 99 million, down 42%, impacted by forex volatility
  - In operations Rs. 41M
  - In Associate profits Rs 67M

Improved profitability (EBITDA) in challenging times



# Q1'10 - Business Highlights



- ILS revenues at Rs. 856 million; EBITDA margin improvement of 115 bps YoY
- CLS revenues at Rs 1,345 million; EBITDA margin improvement of 739 bps YOY; Order Intake of \$31M
- SLS revenues up 43% YoY to reach Rs. 359 million with EBITDA margin of 18% (+ 447 bps); Order intake of Rs. 1,075 million



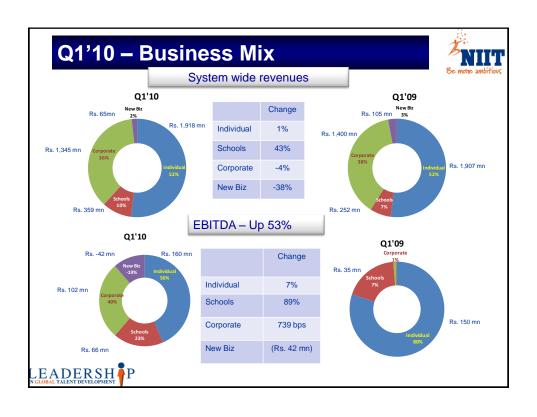
# **Q1'10 Consolidated Financials**

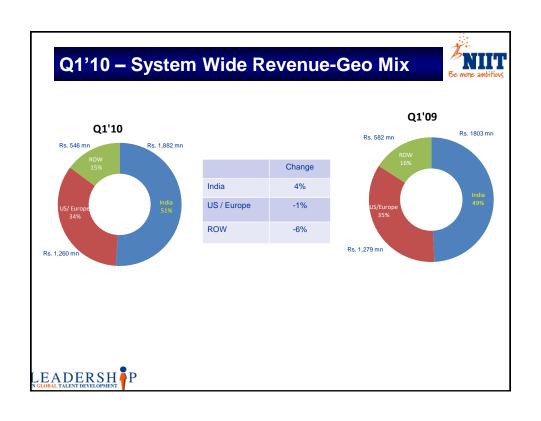


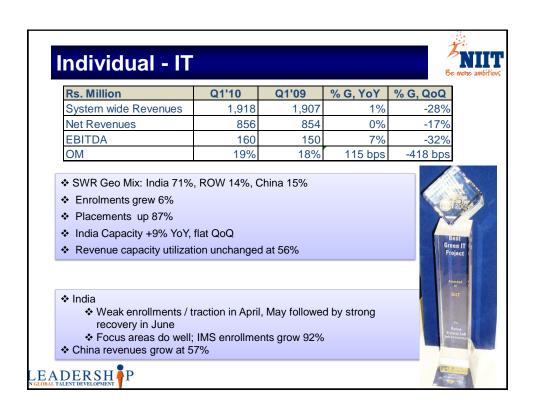
(Rs. in mn)	Q1'10	Q1'09	YoY (%)
System wide Revenues	3,688	3,664	1%
Net Revenues	2,610	2,595	1%
Operating expenses	2,325	2,408	-3%
EBITDA	286	187	53%
EBITDA%	11%	7%	373 bps
Depreciation	168	126	33%
Other Income	-101	5	-106 mn
Profit before tax	17	66	-75%
Tax	-26	-15	70%
Operational Net Profit	43	82	-48%
Share of Profits from Associates	56	88	-36%
PAT	99	170	-42%
Basic EPS (Rs.)	0.6	1.0	-42%



(Rs. in mn)	Individual	Schools	Corporate	New Biz	NIIT
System wide Revenues	1,918	359	1,345	65	3,688
YoY,%	1%	43%	-4%	-38%	1%
Net Revenues	856	359	1,345	50	2,610
YoY,%	0%	43%	-4%	-44%	1%
Operating expenses	696	293	1,243	92	2,324
EBITDA	160	66	102	-42	286
EBITDA%	19%	18%	8%	-84%	11%
Depreciation					168
Other Income					-101
Profit before tax					17
Tax					-26
Operational Net Profit					43
Share of Profits from Associates					56
PAT					99
Basic EPS (Rs.)					0.6







# **School Learning Solutions**



Rs. Mn	Q1'10	Q1'09	% G, YoY	% G, QoQ
Net Revenues	359	252	43%	-19%
EBITDA	66	35	89%	-17%
OM	18%	14%	447 bps	30 bps

- ❖ GSA contributes 70% of revenue- up 49%; non GSA up 30% YOY
- ❖ Order Intake: Rs.1,075 Mn
- Schools added: 1,984 (including 114 private schools)
- E-guru solutions gained further traction
- Pending order book at Rs 3,971 Mn; up 28% YoY; 32% executable in next 12 months





# **Corporate Learning Solutions**



Rs. Mn	Q1'10	Q1'09	% G, YoY	% G, QoQ
Net Revenues	1,345	1,400	-4%	-9%
EBITDA	102	2	4412%	7%
OM	8%	0%	739 bps	112 bps

- Online Learning Products: 23% growth
- Cost Management results in EBITDA improvement
- ❖ Order Intake \$ 31.0 mn
- Pending order book at \$ 81 Mn; 63% executable in next 12 months
- ❖ Addition of 17 new customers show a shift in buying behaviour
- Back-end and sales integration results in greater operational flexibility
- Increased variabalization of expense structure to help long term profitability





## **New Businesses**



Rs. Mn	Q1'10	Q1'09	% G, YoY	% G, QoQ
System wide Revenues	65	105	-38%	-3%
Net Revenues	50	90	-44%	-1%
EBITDA	-42	0		

- · Order intake of Rs. 53 million, Pending order book Rs. 51 Mn
- Enrolments over 3,000.

#### IFRI ·

- New alliances with Dhanalakshmi Bank, New India Co-op Bank and ING Life
- Entry into training in Rural and Agri Finance, launch of Diploma in Financial Accounting
- 18% growth in enrolments QoQ

#### Imperia

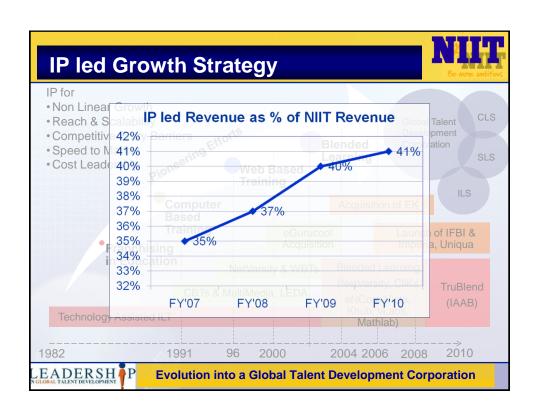
• New functional programs in HR (IIML), Supply Chain (IMC)

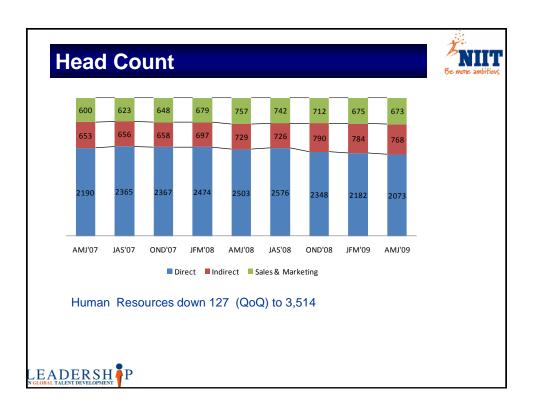
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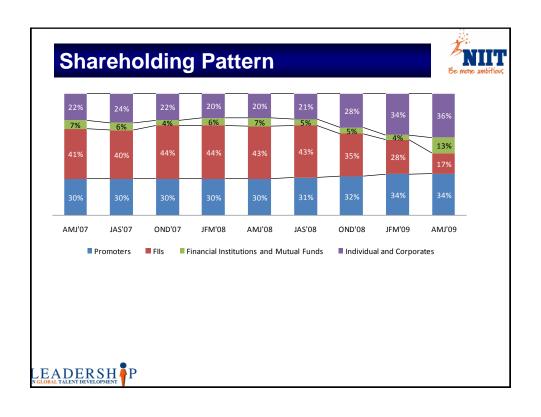
- First 100 students placed in Top BPO companies
- · Government employability training in AP under Rajiv Udyogshree











## **Individual- Future Direction**



### **Key Business Challenges**

 Weak Customer sentiments due to uncertainty in IT hiring delaying Enrolments for software courses

#### **NIIT's Initiatives and Responses**

- Strong focus on IMS domain and entry into ERP training space
- Focused communication to address career concerns of students and their parents
- Channel capability building & Capacity consolidation across segments to optimize costs

#### **Positive Business Trends**

- Increasing enrollments in specific segments: shortduration and IMS courses (+92%)
- · ILS-IT placements up 87%
- · Strong growth in China (+57%)

### **Business Outlook**

- Continued growth in IMS enrolments, entry into ERP space and recovery of Long-term Software programs to aid growth
- Margin expansion due to growth in revenue and cost control

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## **Schools- Future Direction**



#### **Key Business Challenges**

- Leverage initial success of eGuru for rapid scale up of private schools business
- · Capital requirement in government schools

#### **NIIT's Initiatives and Responses**

- Selectivity in government schools business; developing models to increase scope beyond ICT
- · Increasing reach and sales force for eGuru
- Launch of new products for improved competitiveness

#### **Positive Business Trends**

- Government focus on education translating in to increased number of projects
- New products reflect in higher order intake per school (+73%)

#### **Business Outlook**

- Growth in GSA segment to remain strong
- Strong growth in Private schools on improved offering set
- Assured annuity revenue from existing order book



## **Corporate- Future Direction**



### Key Business Challenges / Opportunities

- · Rapid scale up of e-Learning Products business
- Continuing softness in Custom Content development and in Print & Publishing
- IT companies looking at outsourcing customer education in Europe and APAC

#### **NIIT's Initiatives and Responses**

- Increased sales force and support for e-Learning Products Library
- Restructuring & cost rationalization to protect profitability
- Focused sales effort towards Governments and IT companies

#### **Positive Business Trends**

- · Steady growth in e-Learning Products business (23%)
- Growing pipeline of deals for Training Outsourcing
- Increasing government spending on training and skill building in India

### **Business Outlook**

- Positive growth will be driven by e-Learning Products & large Training Outsourcing deals
- Overall will remain volatile during the year
- Margins will improve YOY

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# **New Business- Future Direction**



#### **Key Business Challenges**

- Uncertainty in environment impacts employment (Banks and BPO)
- · Wait-and-watch approach by consumers

#### **NIIT's Initiatives and Responses**

- More tie-ups with Banks, Insurance Companies and Management Institutes
- New courses and programs to match demand
- Consolidation and leveraging existing infrastructure
- Exploring new business opportunities with government and corporates

### **Positive Business Trends**

- QoQ improvement in enrolments in Banking, BPO and Management Training programs
- · Growth in placement of trained individuals
- · Increase in corporate tie-ups

### **Business Outlook**

- Growth across all segments expected to recover from Q3 FY10 on hiring by PSU and expanding Private Banks
- Margin expansion due to growth cost control and steady revenue improvements

