



# FINANCIAL RESULTS

MAY 27, 2015

# Agenda

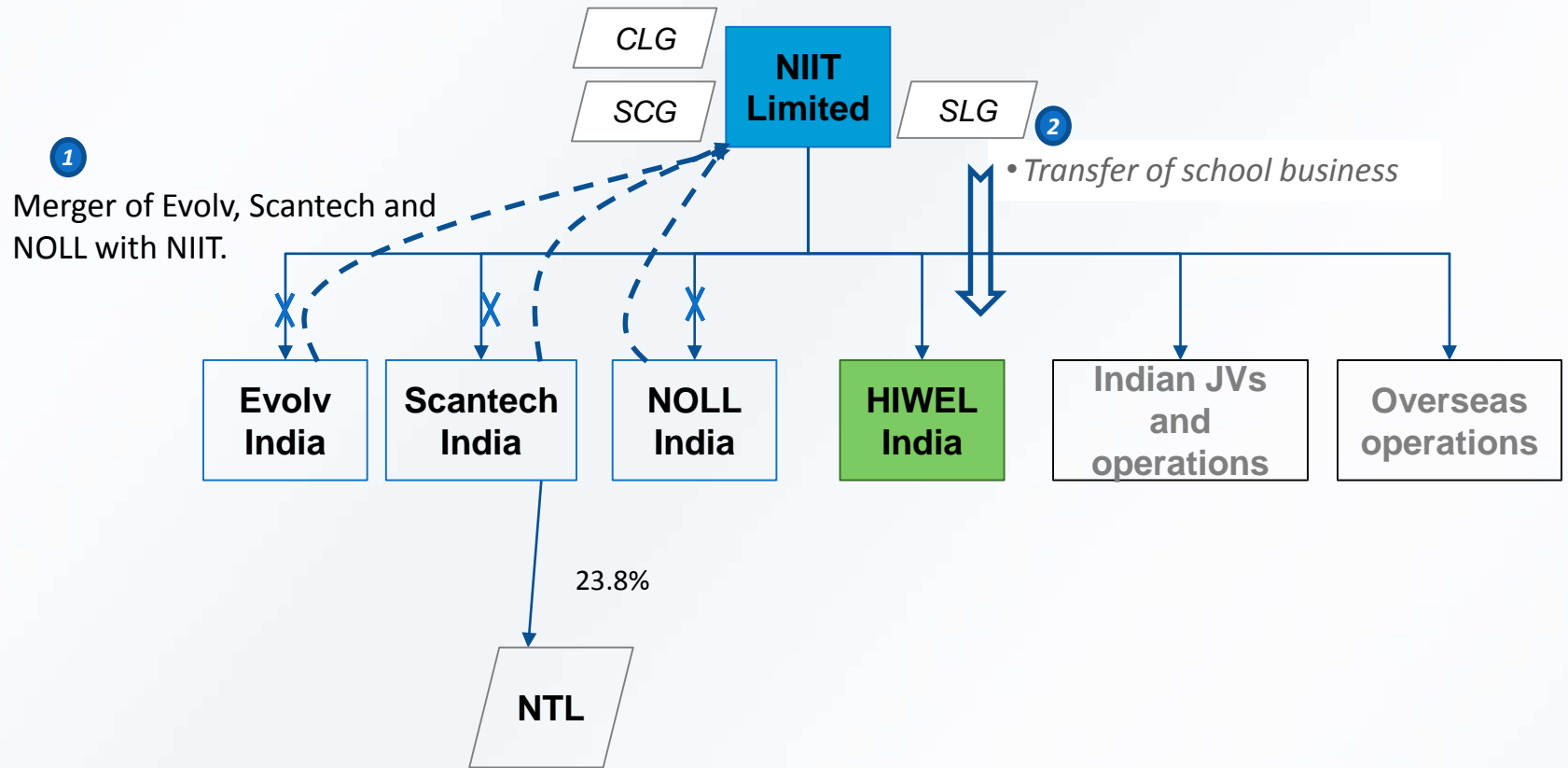
- Business Transformation
- FY15 / Q4 Results Update

# Business Transformation Journey

- Top management succession and strengthening the leadership team
- Rationalization of Subsidiaries: Scheme of Arrangement
- Reassessment of existing Business/ Geographies/ Products

**Focus on Asset light, Growth oriented Businesses**

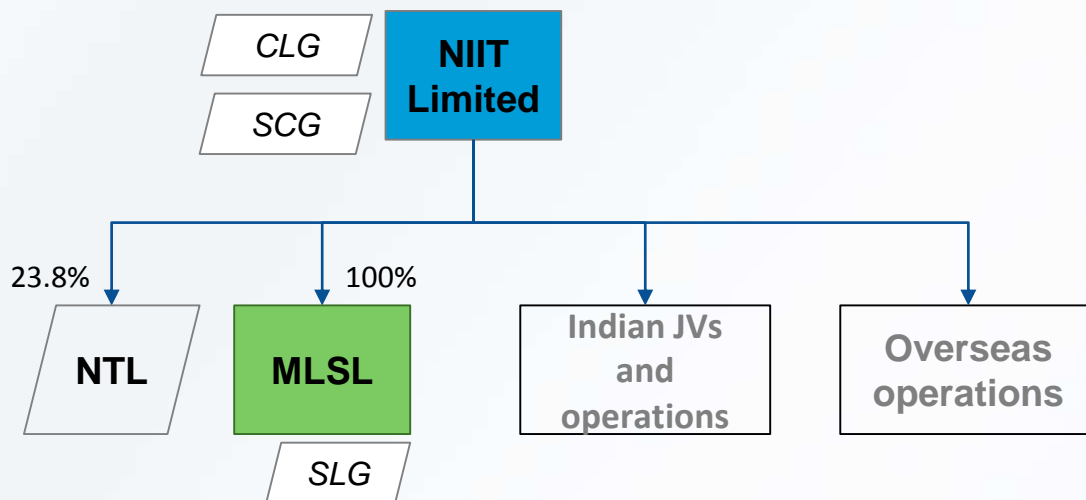
# Business Transformation: Scheme of Arrangement



**Appointed Date: 01 April 2014**

# Business Transformation: Resulting Structure

- Simplified entity structure to reflect realigned business operations
- Enabling structure for more funding opportunities for Schools business



***Appointed Date: 01 April 2014***

# Business Transformation

## Reassessment of existing Business/ Geographies/ Products

1. Exit capital intensive government businesses and capex driven models in schools
2. Sharpen focus on Skills & Careers business on the larger markets and exit other international geographies
3. Capacity & Structure consolidation of Skills & Careers business
4. Product portfolio rationalization – exit low margin products

- **Sharpen focus on Growth oriented products, businesses & geographies**
- **Annualized run rate saving of Rs 252 mn in people and premise costs**



**FY15 / Q4 Results Update**

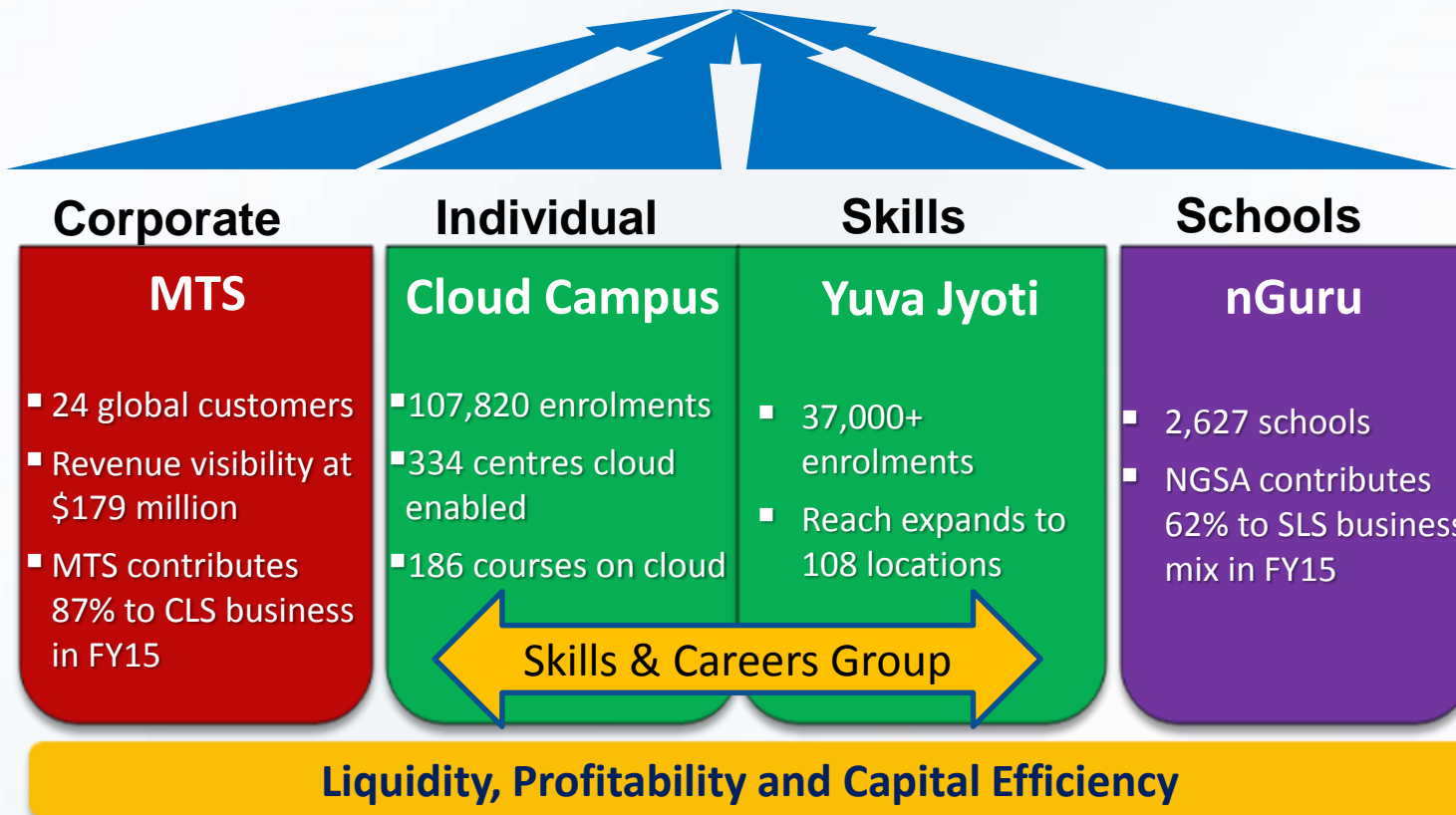
# Environment

- Continuing global economic uncertainty due to financial and geo-political risks; Sharp volatility in commodity prices and exchange rates creates risks and opportunities
- Corporate spending on training in US and Europe remains robust; Companies are looking for ways to drive efficiency and effectiveness in training to improve business performance
- GOI planning structural reforms to improve business environment. However uncertainty on timing impacts investment sentiment
- Skills Ministry formulating a new skill development policy. Star Scheme-II (PMKVY) approved in March to provide impetus to skills development
- NASSCOM projects 13% decline in hiring in FY16; Hiring by banks expected to grow by 25%
- Increasing pace of technology transformation and disruption of traditional industries by start-ups, driving demand for niche skills across sectors



# NIIT Growth Platforms

**NIIT**



# FY15: In Perspective

## Corporate Learning Group (CLG)

- Revenue at Rs 4,878 Mn (up 23% YoY); EBITDA margin at 12%
- MTS revenue up 35% YoY, contributes 87% to CLS compared to 79% in FY14
- Added 4 new MTS customers and Scope expansion for 3 existing customers
- Revenue Visibility at \$ 179 mn

## Skills & Careers Group (SCG)

- Revenue at Rs 3,283 Mn (down 18% YoY)
- Beyond-IT contributes 33% to SCG revenue compared to 26% in FY14
- 13% growth in GNIIT at own centers

## School Learning Group (SLG)

- Order Intake of Rs 622 Mn; added 455 schools during the year
- NGSAR Revenue at Rs 874 Mn; contributes 62% to revenue mix

## NIIT

- Revenue at Rs 9,574 mn (up 1% YoY) impacted by business transformation and planned ramp down of government school contracts
- Adj. EBITDA (net of business transformation expenses) at Rs 442 Mn

# Q4'FY15: In Perspective

## Corporate Learning Group (CLG)

- Revenue at Rs 1,157 Mn up 8% YoY; Constant currency growth @ 14% YoY; EBITDA margin at 12%
- MTS revenue up 12% YoY; Constant currency growth @ 17%, contributes 88% to CLS
- Added 1 new MTS customer; Scope expansion for 2 existing customers
- Revenue Visibility at \$ 179 mn

## Skills & Careers Group (SCG)

- Revenue at Rs 692 Mn (down 17% YoY) impacted by business transformation
- 12% growth in GNIIT at own centers
- Beyond-IT contributes 34% to SCG revenue compared to 29% in Q4FY14

## School Learning Group (SLG)

- Order Intake of Rs 243 Mn; added 162 schools during the quarter
- NGSA Revenue at Rs 251 Mn; contributes 65% to revenue mix

## NIIT

- Revenue at Rs 2,235 Mn (down 4% YoY) impacted by exchange rates (Rs 76 Mn) and planned ramp down of GSA contracts (Rs 27 Mn)
- Adj. EBITDA (net of business transformation expenses) at Rs 76 million

**Leveraging seasonally weak quarters to drive business transformation**

# Key Financials

(Excluding One Time/Business Transformation impact for comparison purposes\*)

INR Mn	Q4 FY15	Q4 FY14	YoY	Q3 FY15	QoQ	FY'15	FY'14	YoY
<b>Net Revenue</b>	2,235	2,329	-4%	2,482	-10%	9,574	9,510	1%
<b>Adj. EBITDA</b>	76	131	-42%	57	32%	442	620	-29%
Adj. EBITDA %	3%	6%	-223 bps	2%	109 bps	5%	7%	-191 bps
Dep. & Amortization	151	207	-27%	152	-1%	621	779	-20%
<b>Adj. EBIT</b>	<b>-75</b>	<b>-76</b>	2%	<b>-95</b>	22%	<b>-179</b>	<b>-158</b>	-13%

*\*Reconciliation with GAAP accounts provided in next slide*

- Strong growth in Corporate Learning helps overcome weakness in Skills & Careers and planned ramp down of government business
- EBITDA impacted by business mix and operating leverage
- Depreciation for Q4 down 27% YoY and down 20% for FY15, driven by planned reduction in capital intensity

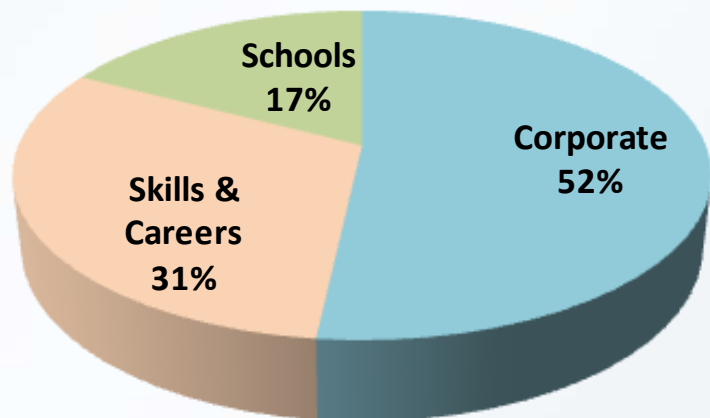
## Key Financials – Reconciliation with GAAP accounts

INR Mn	Q4 FY15	FY15
<b>Adj. EBITDA</b>	<b>76</b>	<b>442</b>
Less: Operational Business Transformation exp	134	134
<b>EBITDA</b>	<b>(58)</b>	<b>308</b>
<b>Adj. EBIT</b>	<b>(75)</b>	<b>(179)</b>
Less: Additional provision for Dep. & Amort.	452	452
<b>EBIT</b>	<b>(661)</b>	<b>(765)</b>
<b>Adj. PAT</b>	<b>(149)</b>	<b>(22)</b>
Less: Exceptional Business Transformation exp	777	777
<b>PAT</b>	<b>(1512)</b>	<b>(1385)</b>
<b>Total impact of Biz Transformation</b>	<b>1,363</b>	<b>1,363</b>

*Discussion in subsequent slides excludes One time/ Business Transformation expenses for like to like comparison of Operating performance*

# Business Mix

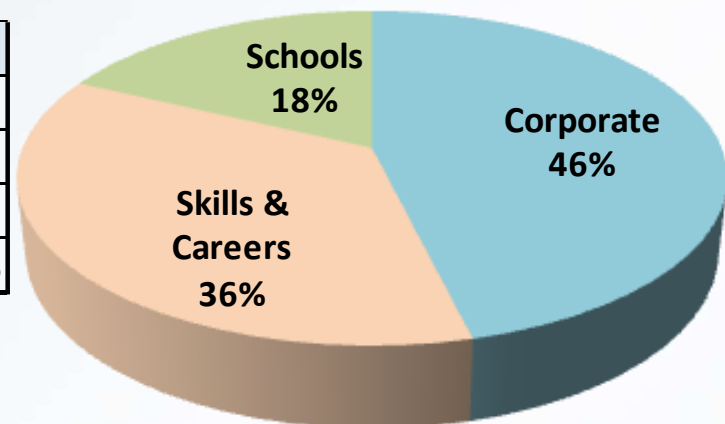
**Q4 FY15**



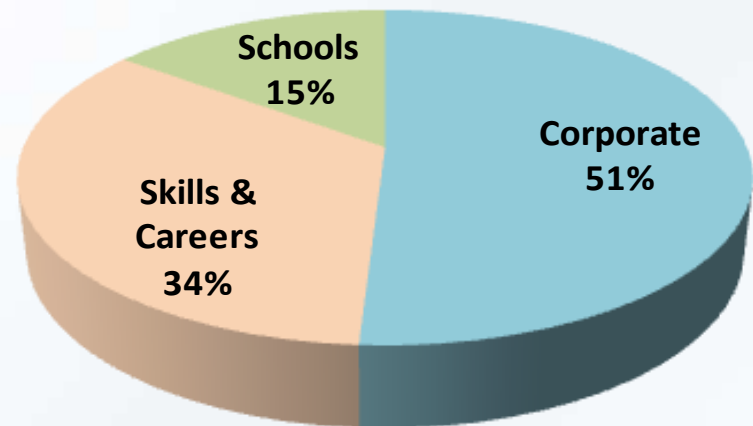
**Net Revenue**

	<b>Growth</b>
Corporate	8%
Skills & Career	-17%
Schools	-7%
<b>NIIT</b>	<b>-4%</b>

**Q4 FY14**

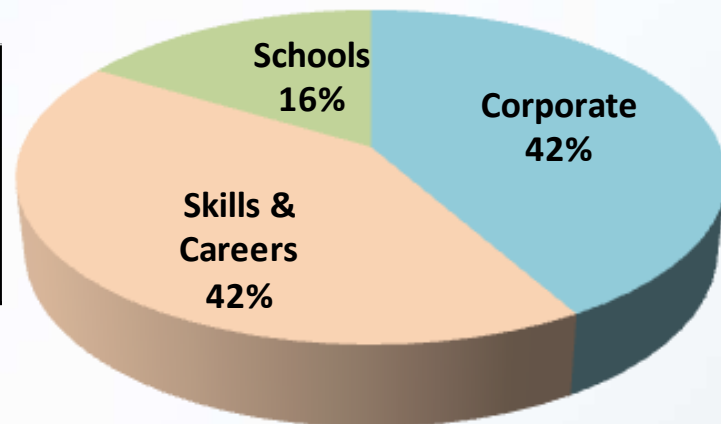


**FY15**



	<b>Growth</b>
Corporate	23%
Skills & Career	-18%
Schools	-9%
<b>NIIT</b>	<b>1%</b>

**FY14**



# Corporate Learning Group

Rs. Mn	Q4 FY15	Q4 FY14	YoY	Q3 FY15	QoQ	FY15	FY14	YoY
Net Revenues	1,157	1,076	8%	1,360	-15%	4,878	3,971	23%
EBITDA	135	125	8%	157	-14%	565	472	20%
EBITDA %	12%	12%	6 bps	12%	12 bps	12%	12%	-31 bps

## Q4 FY15

- Constant currency Revenue growth at 14% YoY
- 1 new MTS customer signed; MTS constant currency growth @ 17% YoY
- Revenue Visibility at \$ 179 Mn

## FY15

- Strong business momentum, driven by 35% growth in MTS; MTS contributes 87% to CLG revenues vs 79% LY
- Added 4 new MTS customers and Scope expansion for 3 existing customers
- Order Intake of \$ 81.3 Mn , up 7% YoY



Training Top 125, 2015 – #110



CLO Learning Elite 2015 – Gold

# Skills & Careers Group

Rs. Mn	Q4 FY15	Q4 FY14	YoY	Q3 FY15	QoQ	FY15	FY14	YoY
Net Revenues	692	836	-17%	808	-14%	3,283	3,985	-18%
EBITDA	-79	-17	-361%	-108	27%	-178	50	-459%
EBITDA %	-11%	-2%	-934 bps	-13%	198 bps	-5%	1%	-668 bps

## Q4 FY15

- Overall Enrolments at 53,537; Order Intake of Rs 766 Mn;
- Overall placements at 5,589
- Beyond-IT contributes 34% to SCG revenue vs 29% in Q4FY14

## FY15

- Initiated Industry sector demand led Product portfolio expansion
- Revitalized organization structure for next phase of growth
- On- ground consolidation including capacity recalibration and cost reduction
- Beyond-IT contributes 33% to SCG revenue vs 26% in FY14
- Overall Enrolments at 279,191; Order Intake of Rs 3,438 Mn;
- Overall placements at 25,061





# School Learning Group

Rs. Mn	Q4 FY15	Q4 FY14	YoY	Q3 FY15	QoQ	FY15	FY14	YoY
Net Revenues	386	417	-7%	314	23%	1,413	1,554	-9%
EBITDA	19	23	-15%	8	145%	56	99	-44%
EBITDA %	5%	6%	-48 bps	3%	252 bps	4%	6%	-240 bps

## Q4FY15

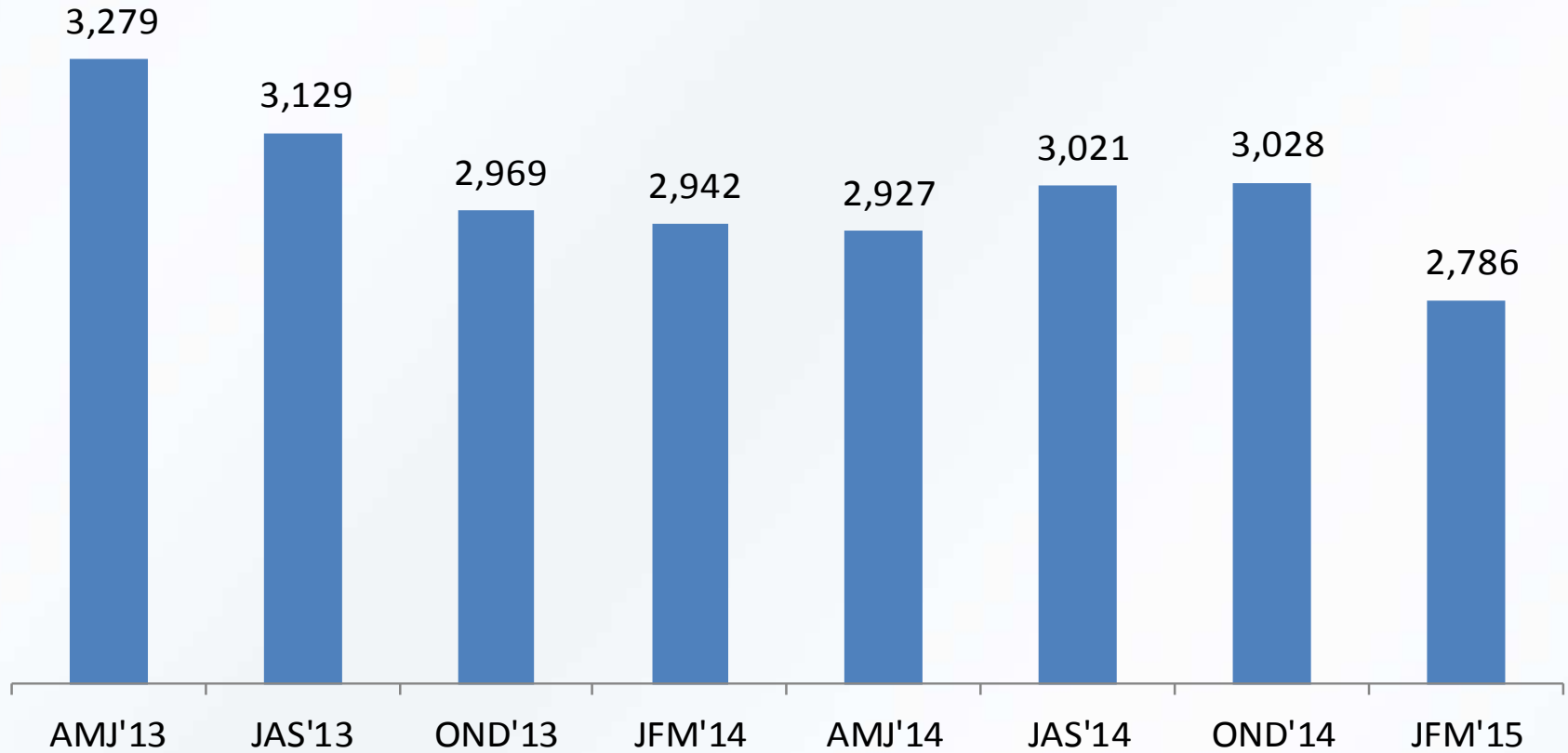
- NGSA revenue at Rs 251 Mn; contributes 65% to revenue mix
- Added 162 schools, order intake of Rs 243 Mn
- Revenue partially impacted due to completion of 2 GSA contracts covering 531 schools

## FY15

- NGSA revenue at Rs 874 Mn; contributes 62% to revenue mix
- Revenue & EBITDA impacted due to planned ramp down of government business. 4 GSA contracts covering 2,541 schools completed during the year
- Order intake of Rs 622 Mn fuelled by 455 new private schools



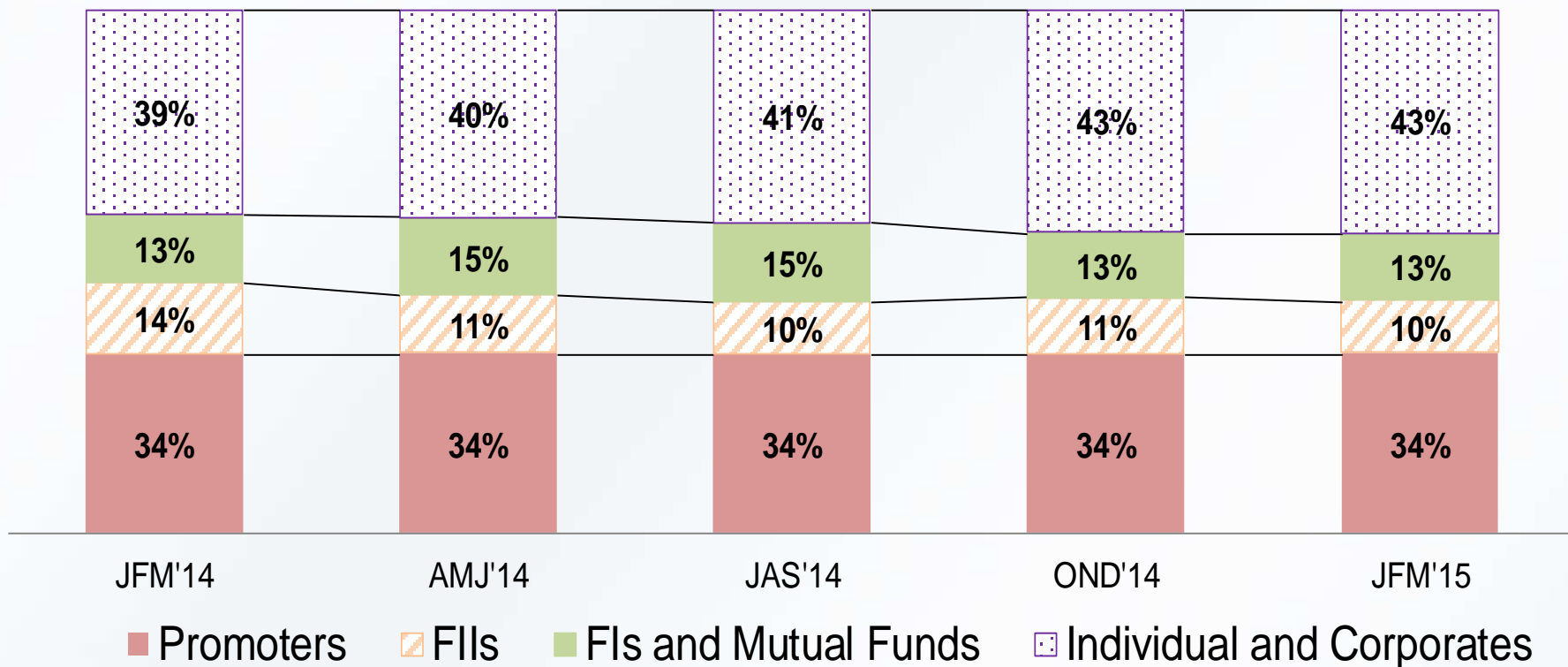
# People



Headcount down 242 QoQ and down 156 YoY

*\* excludes project retainers*

# Share Holding Pattern



Percentages may not add to 100% due to rounding



**Thank you**