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Results Update- Q2FY23

October 28, 2022

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Environment



Global economy is in a broad-based and sharper-than-expected slowdown, with inflation at multi-decade high. Growth expected to slow from 6% in 2021 to 3.2% in 2022 and 2.7% in 2023 - weakest since 2001, except for the global financial crisis and the acute phase of the COVID-19 pandemic (IMF)

Global headwinds impacting growth outlook for India as well. IMF now expects growth for FY23 at 6.8%. While still robust, it is meaningfully lower than 9.2% expected at the time of budget and 8.7% growth achieved in FY22

Macro uncertainty leading to slowdown in decision making in the near term. Need for lowering of costs and need to drive productivity and effectiveness expected to drive demand for L&D outsourcing

Real Estate Market in North America has seen steeper than expected drop in activity levels, in addition to continuing strength in overall labor market, is lowering demand for RE licensures as supplementary career option

Hiring by IT companies is off recent highs. However, high attrition and wage inflation lead to continuing demand for trained talent. Corporates remain optimistic despite the economic uncertainty. Some cooling off in hiring by startups on slowdown in funding

Transformation push at global Professional Services firms creates opportunities for both Digital Skills and Corporate Learning. Large opportunity in global Corporate Training and Digital Learning continues to attract interest from PE and strategic investors

Q2FY23: In Perspective



Overall NIIT

- Revenue at INR 3,922 Mn; up 24% YoY
- EBITDA at INR 560 Mn; EBITDA Margin at 14%
- PAT at INR 396 Mn; EPS of INR 2.9
- Operational ROCE at 69.3%; ROCE at 16.8% (Including Cash)

Corporate Learning Group (CLG)

- Revenue at INR 3,004 Mn; up 10% YoY (In CC, revenue up 5% YoY and down 5% QoQ)
- EBITDA at INR 535 Mn; EBITDA margin at 18%
- Sustained velocity of new customer acquisition. Added 3 customers and renewed 3 contracts during Q2
- MTS customer tally at 70; Revenue visibility at USD 305 million ; Strong Pipeline

Skills & Career Group (SNC)

- Revenue at INR 918 Mn; up 119% YoY; Excluding contribution from RPS Consulting, revenue up 29% YoY
- EBITDA at INR 25 Mn compared to INR (47) Mn Q2 FY22
- Stackroute & TPaaS Biz up 35% YoY; Contribute 40% to SNC revenue for Q2

Macro Economic headwinds likely to create bottlenecks but sustained deal velocity and opportunity acceleration in India likely to create growth

Key Financials



INR Mn	Q2 FY23	Q1 FY23	QoQ	Q2 FY22	YoY
Net Revenue	3,922	4,048	-3%	3,156	24%
Operating expenses	3,362	3,308	2%	2,418	39%
EBITDA	560	740	-24%	738	-24%
EBITDA%	14%	18%	-400 bps	23%	-911 bps
Depreciation	150	139	8%	140	7%
EBIT	410	601	-32%	598	-31%
Net Other Income/ (Expense)	103	3	3246%	131	-21%
Operational PBT	513	604	-15%	729	-30%
Tax	96	127		205	
Profit/ (loss) from discontinued Operations	(2)	(15)	14 mn	(1)	0 mn
Non Controlling Interests	(20)	(19)	0 mn	2	-21 mn
PAT	396	443	-11%	524	-25%
EPS (INR)	2.9	3.3	-11%	3.9	-25%

- Revenue for Q2FY23 at INR 3,922 Mn, up 24% YoY
- Improvement in Net Other Income on account of higher treasury income of INR 137 Mn. Includes exceptional items of INR 41 million in expenses for strategic initiatives

Corporate Learning Group



INR Mn	Q2 FY23	Q1 FY23	QoQ	Q2 FY22	YoY
Net Revenues	3,004	3,125	-4%	2,736	10%
EBITDA	535	739	-28%	785	-32%
EBITDA %	18%	24%	-584 bps	29%	-1088 bps

- Revenue at INR 3,004 Mn up 10% YoY and down 4% QoQ
- In constant currency terms - revenue up 5% YoY and down 5% QoQ
- EBITDA at INR 535 Mn; EBITDA margin at 18%
- Sustained velocity of new customer acquisition. Added 3 MTS customers during the quarter; and renewed 3 customer contracts; MTS customer tally at 70
- Revenue Visibility at \$ 305 Mn; Strong pipeline



Skills & Careers Group



INR Mn	Q2 FY23	Q1 FY23	QoQ	Q2 FY22	YoY
Net Revenues	918	923	-1%	420	119%
EBITDA	25	1	24 Mn	-47	72 Mn
EBITDA %	3%	0%	264 bps	-11%	1384 bps

- Revenue at INR 918 Mn up 119% YoY
- Excluding RPS Consulting, revenue up 29% YoY
- EBITDA at INR 25 Mn vs INR 1 Mn in Q1FY23 and INR (47) Mn in Q2 FY22
- Flagship offerings, Stackroute & TPaaS continue to drive growth
 - ✓ Revenue up 35% YoY
 - ✓ Contribute 40% to SNC revenue

NIIT

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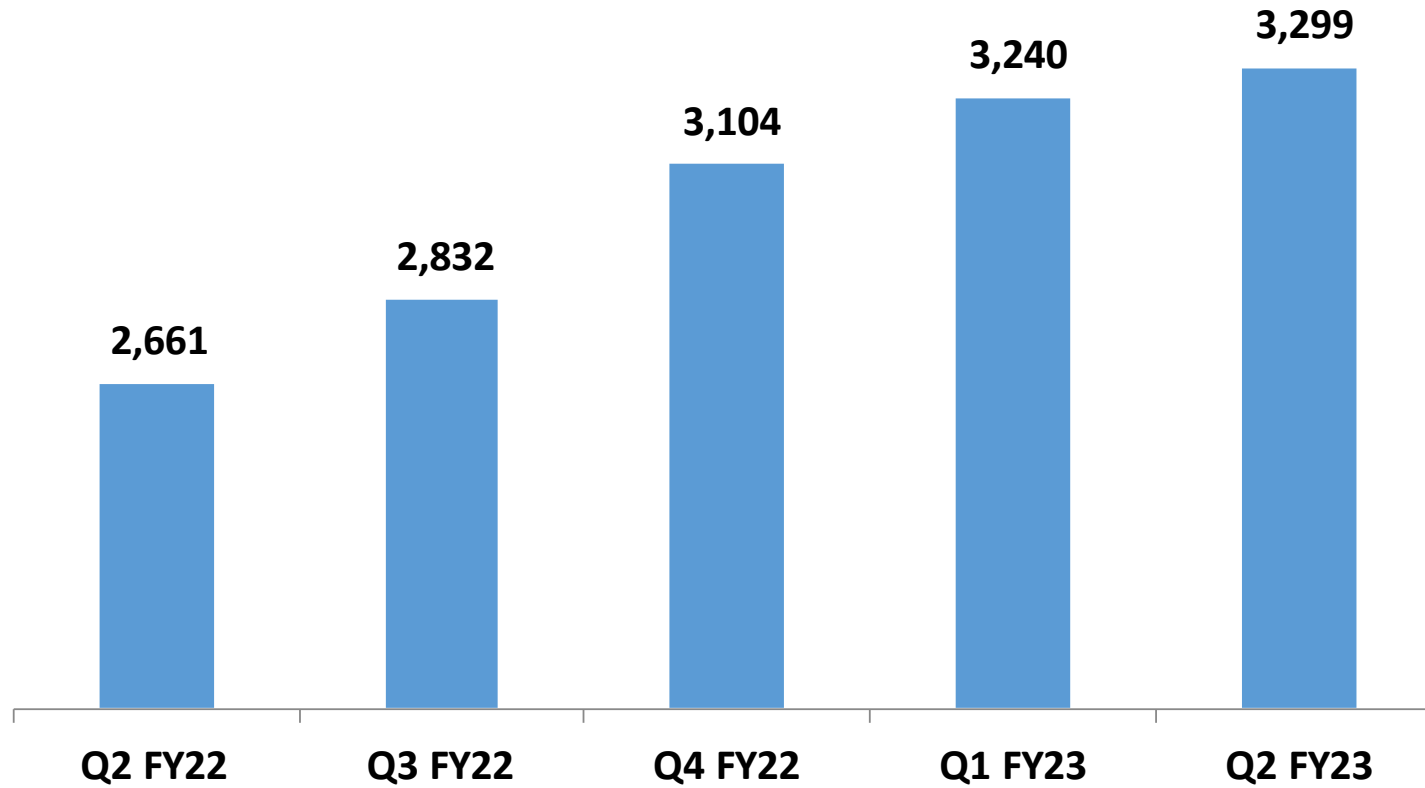
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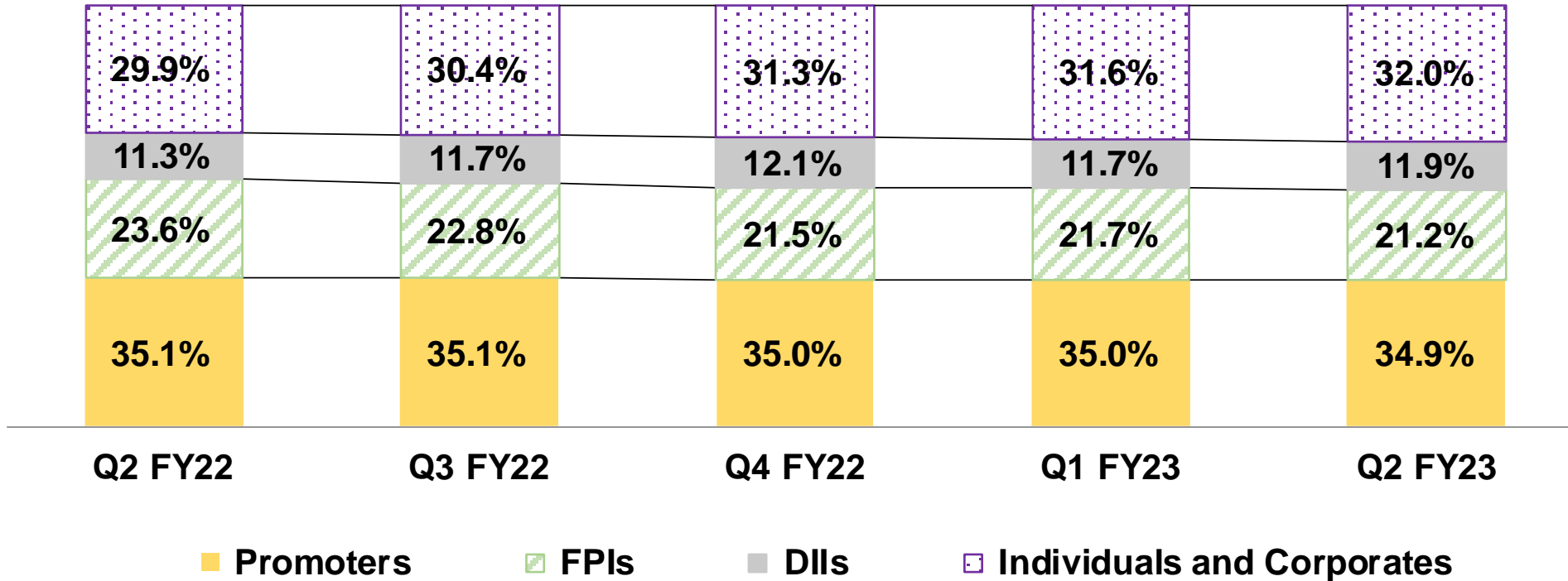
People



Headcount up 59 QoQ and up 638 YoY

* excludes project retainers

Share Holding Pattern



* Includes impact of conversion of ESOPs

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Thank You

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