

# NIIT Investor Presentation

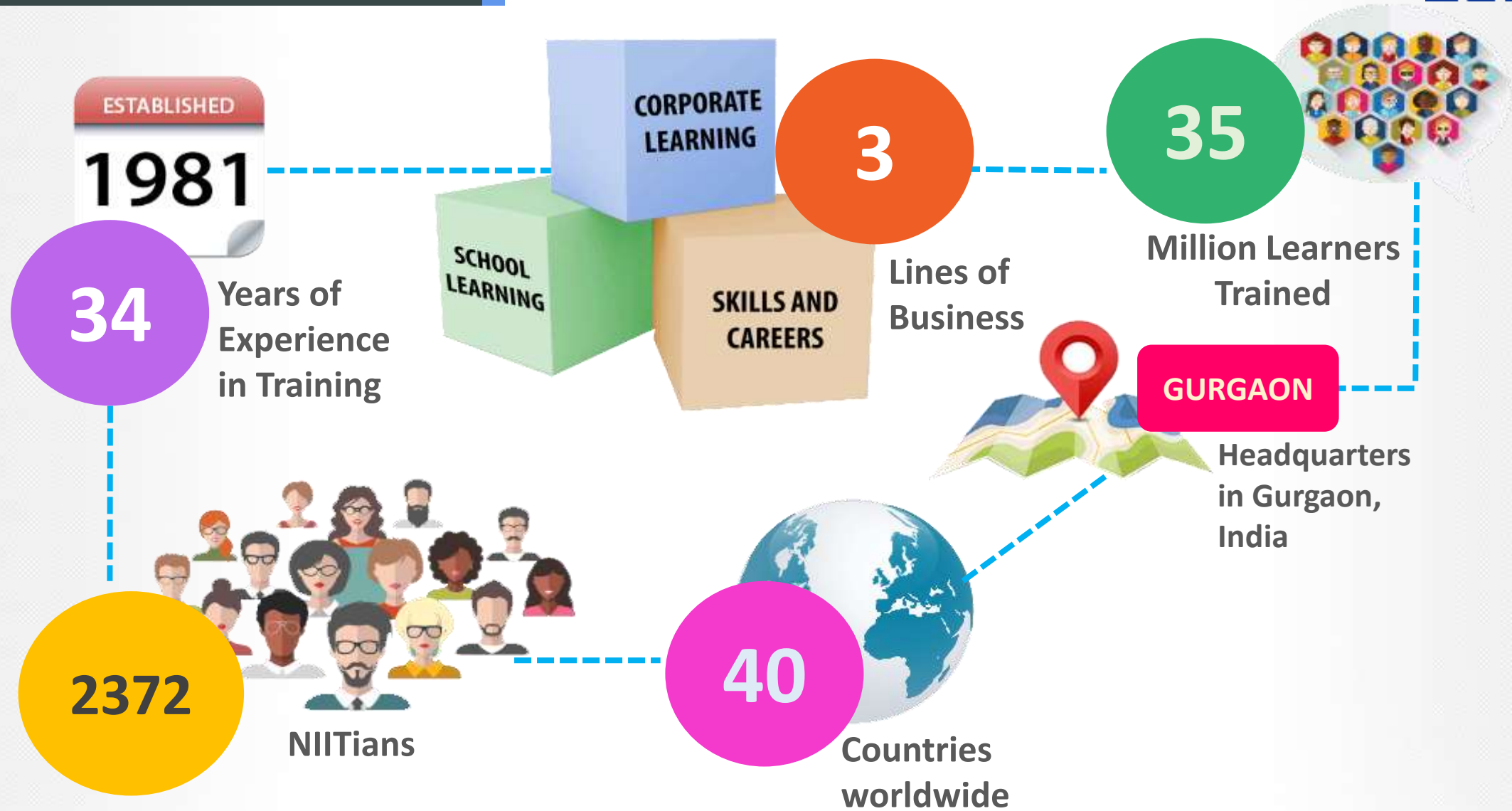
August 2016

### NIIT: Company Overview

- Corporate Learning Group
- Skills & Careers Group
- School Learning Group

### Q1 FY17 Results Update

### The Next Frontier: Future Direction



## CORPORATE LEARNING GROUP (CLG)

**Rs. 5,679 Million, 56%**

**Productivity**

**US, Europe**

- **Managed Training Services**
- **Custom Projects**

## SKILLS AND CAREERS GROUP (SNC)

**Rs. 3,326 Million, 33%**

**Employability**

**India, China**

- **Service Sector skills**
- **Professional Life skills**

## SCHOOL LEARNING GROUP (SLG)

**Rs. 1,063 Million, 11%**

**Academics**

**India**

- **Teaching & Learning Solutions**
- **School Services**

**Percentages reflect share of Net Revenue for the business for FY16, and are rounded to nearest integer**



## NIIT: Our Credentials



20%



20% higher premiums for agents on-boarded for a leading Insurance company

25%



Reduction of learning expenditures by 25% for a diversified Health and Well-being company

30%



Reduced time to proficiency by 30% in 22 locations worldwide for a global Energy major

### Corporate Learning

1/3



We've trained 1/3rd of the IT workforce in India

4 MN



Skilled over 4 M students over the last 10 years across IT, ITES, BFSI, Mgmt, Retail, Telecom sectors

370



B2C education centers

### Skills & Careers

10M



Technology enabled over 10 M school children

400K



Trained over 400 K school teachers to leverage technology

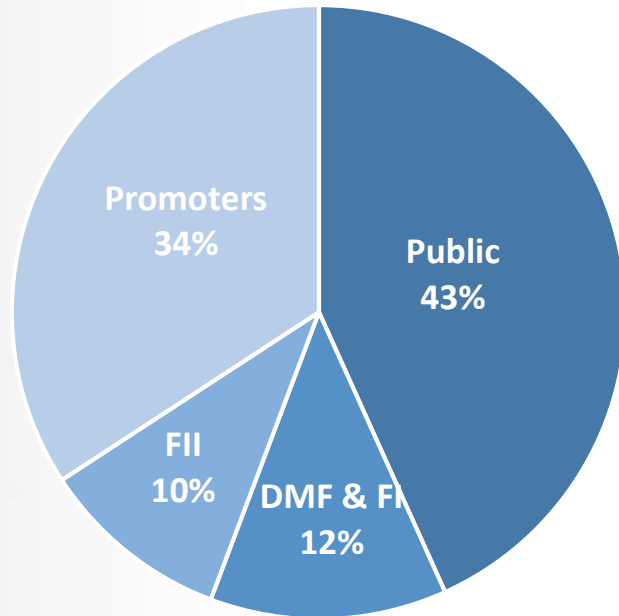
74%



74% students prefer learning mathematics with NIIT Math Lab

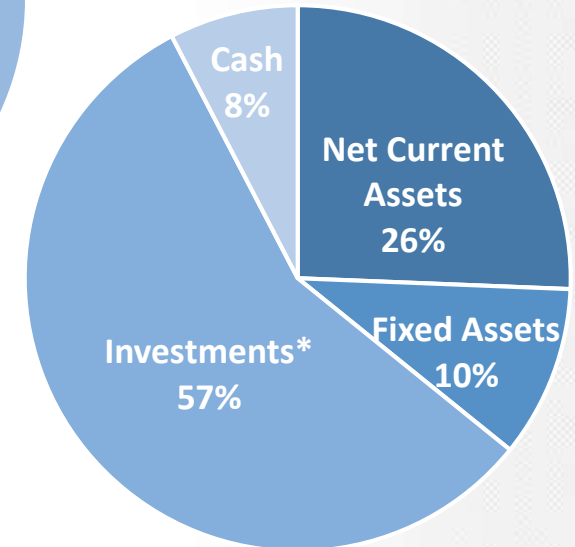
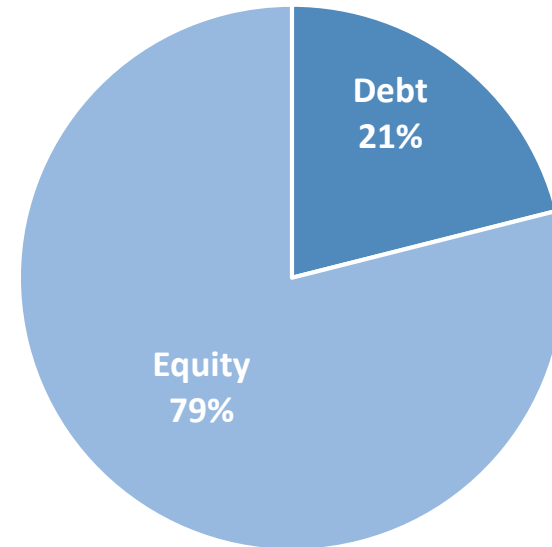
### School Learning

Shareholding



No of Shares: 165.5 million

Total Capital Employed – Rs. 10,423 million



Net Capital Employed – Rs. 3,733 million\*\*

As of June 30, 2016, \*NIIT Limited owns 23.7% of NIIT Technologies, \*\* Net of cash and investment

## Awards & Recognition



NIIT received Dataquest 'Top IT Training Company' Award for the 20<sup>th</sup> consecutive year

Highest Rated Training Brand



Ranked 4<sup>th</sup> Best Company to work for in India. No 1 in Education and Training



NIIT Nguru awarded as "Best Interactive Solution Provider" by ASSOCHAM



31 Brandon Hall awards for Corporate Training. Earned 8 awards jointly with Shell, GE, MetLife, Zurich NA and Westfield Insurance in 2015



NIIT USA ranked among the Top 20 Companies in Training Outsourcing. for the ninth consecutive year



Gold Chief Learning Officer Learning Elite Award



# Business Overview



## Managed Training Services



**CUSTOM CONTENT  
AND CURRICULUM  
DESIGN**



**LEARNING  
DELIVERY**



**LEARNING  
ADMINISTRATION**



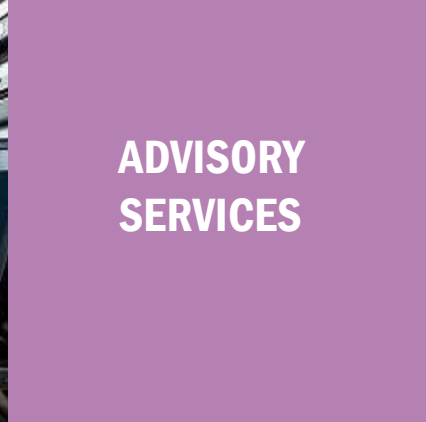
**STRATEGIC  
SOURCING**



**LEARNING  
TECHNOLOGY**

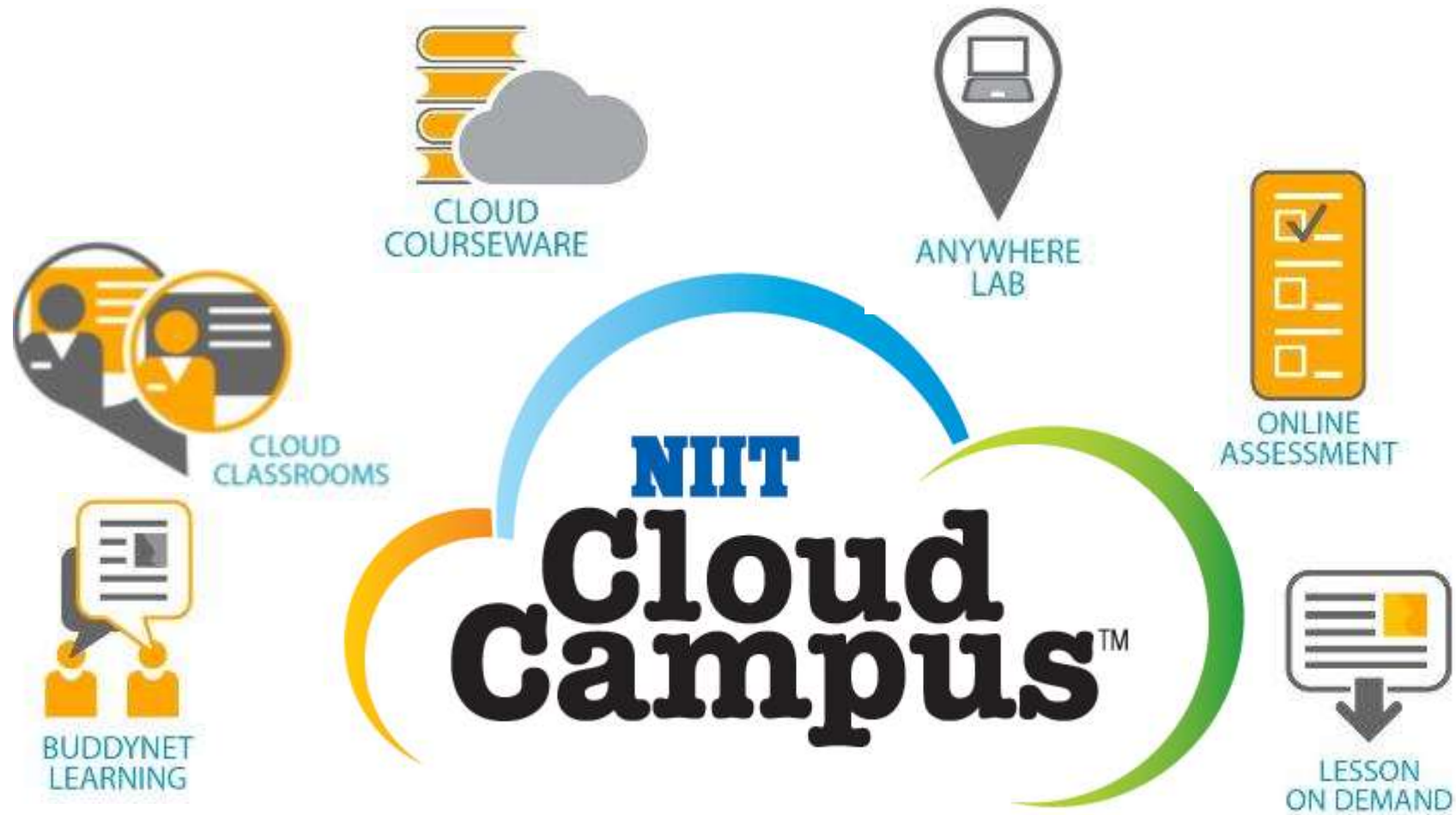


**ADVISORY  
SERVICES**

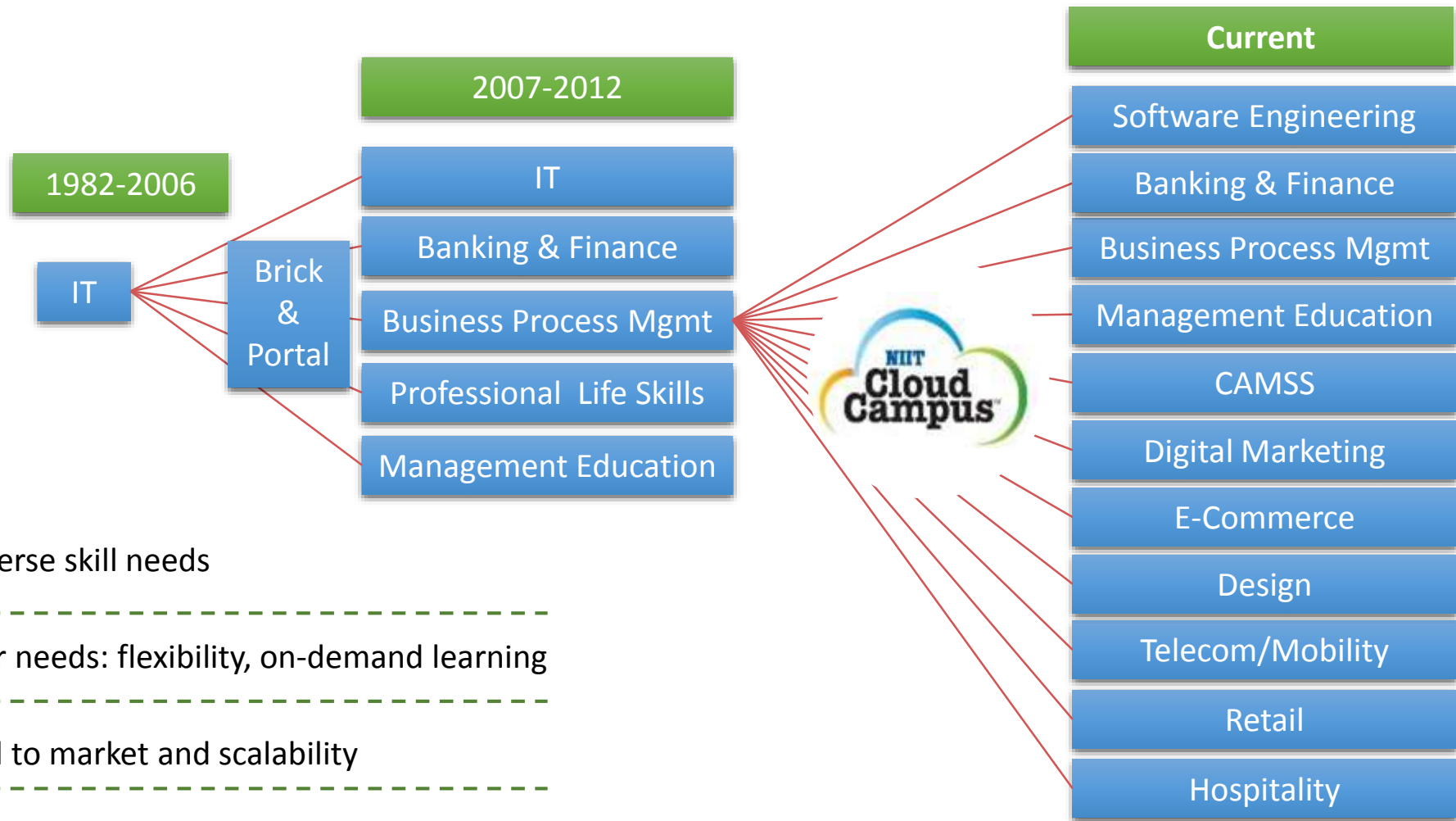


## Corporate Learning Marquee Customers





## Skills & Careers: Expanding Product Portfolio



- Explosion of diverse skill needs
- Changing learner needs: flexibility, on-demand learning
- Improved speed to market and scalability
- Lower delivery cost, better capacity utilization



# School Learning: Portfolio And Credentials



Teacher Training



Math Lab



School Consultancy



Quick School @ Cloud



IT, Web & Multimedia

10 Mn +

Students

400 k +

Teachers

100 k +

Nodes

24 k +

Hrs of Content

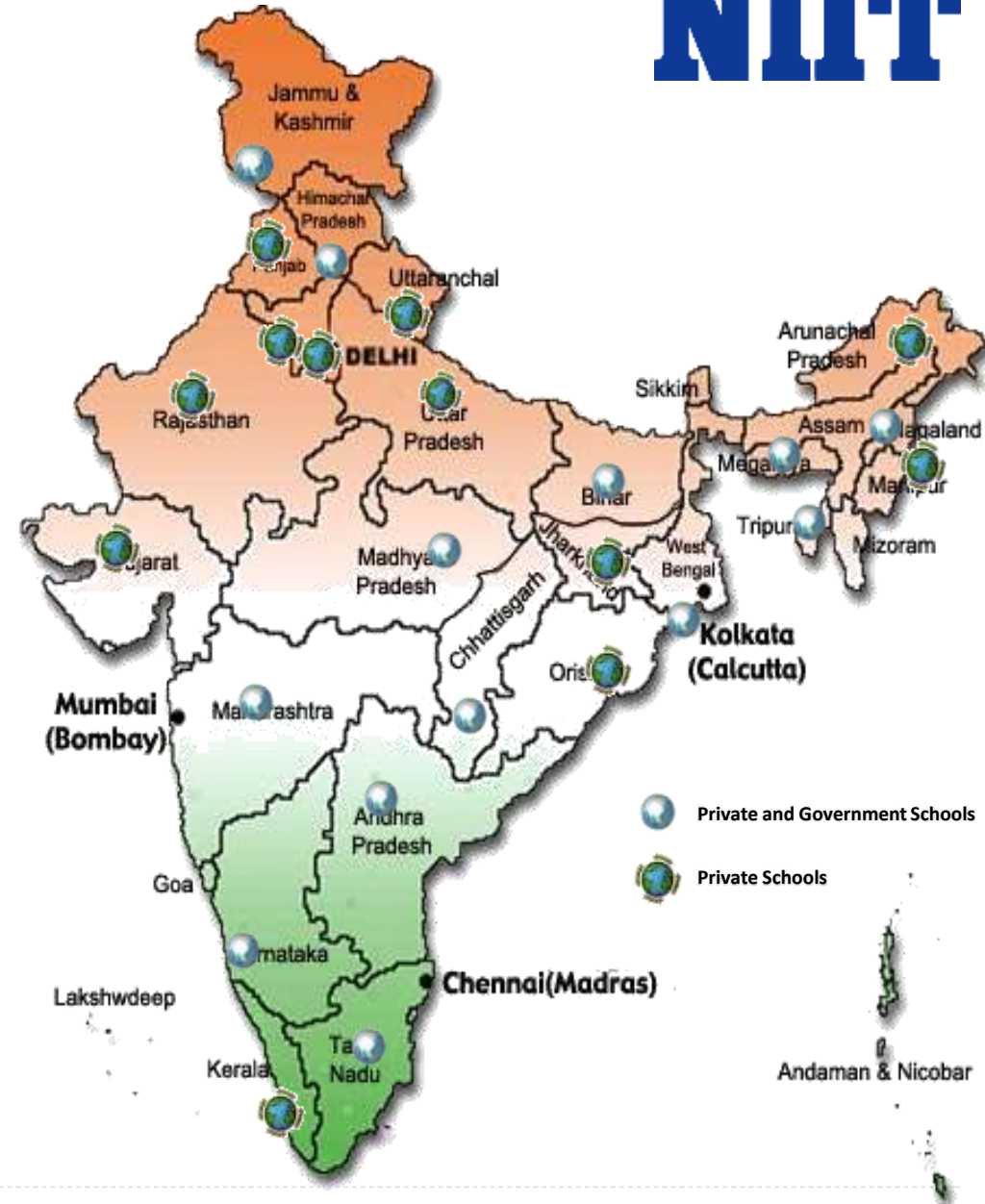
45 k +

Instructors

16 k +

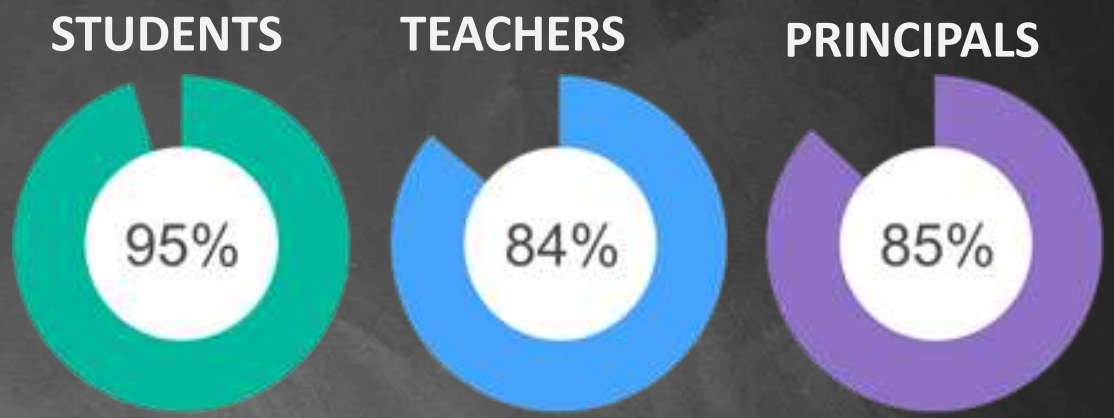
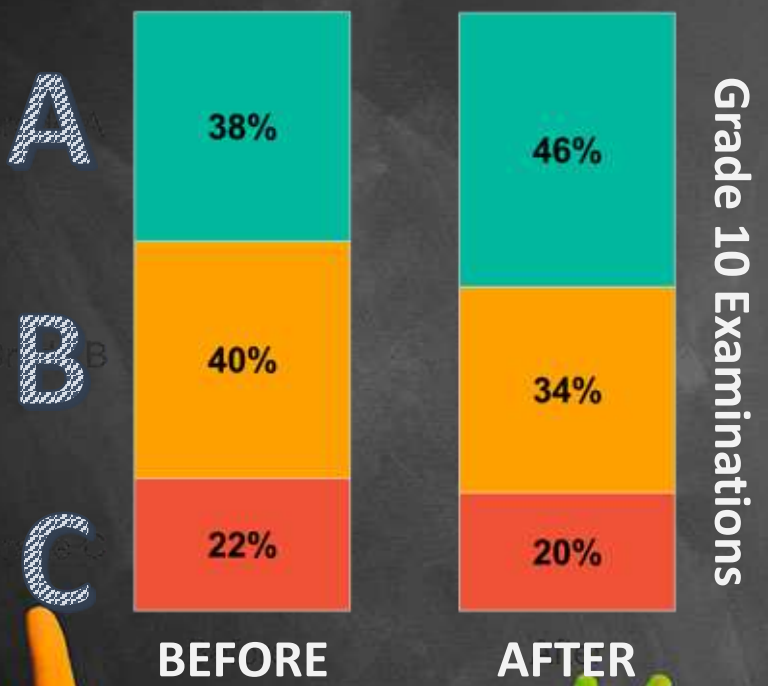
Schools

Cumulative



# School Learning: Creating Measurable Impact

Share of A grade increased from 38% to 46% after nGuru MathLab implementation



% Respondents with positive rating on overall experience with MathLab

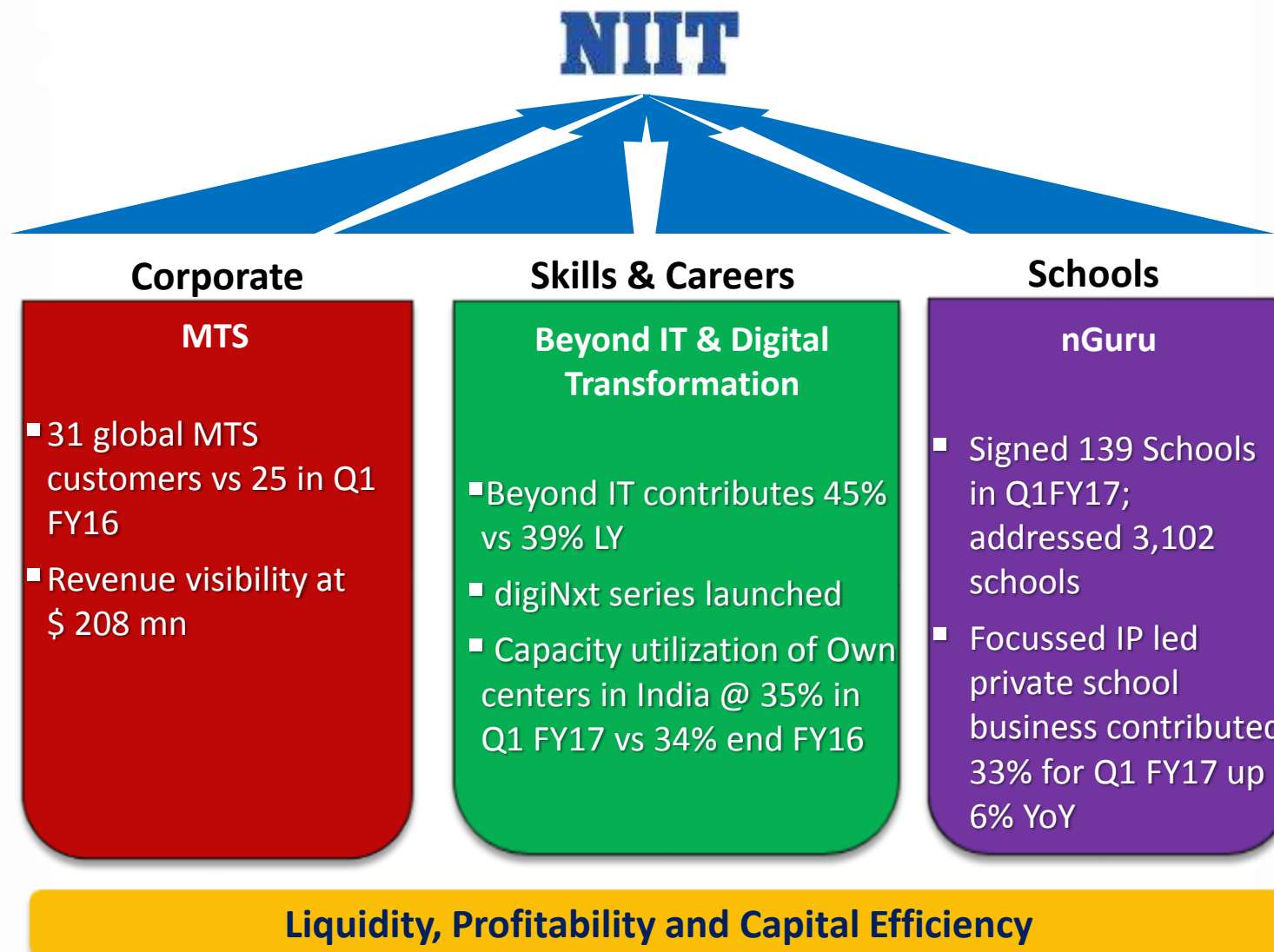




# Q1 FY17 Results Update

- Global geo-political and economic uncertainty continues. Britain's surprise vote to leave the European Union weighs on consumer confidence and investor sentiment (IMF).
- Volatility in forex rates and commodity prices impact corporate decision making.
- US & European multinationals increasingly open to outsourcing L&D; significant opportunities in BFSI and in Commodities sectors
- In India, while GDP growth has remained strong, uncertainty on timing of reforms continues to impact investment sentiment. Overall, new job creation remains weak
- While Industry remains optimistic on net hiring, Net Employment Outlook at +35% is weakest since Q4 2013 (Manpower Employment Outlook Survey)
- India's IT services industry projected to lose 6.4 lakh "low-skilled" jobs to automation in the next five years (HfS Research). However, increasing pace of shift in demand for the IT services sector to digital services expected to drive demand for Digital Skills
- Hiring by banking sector expected to remain robust driven by network expansion by private banks, set up of new banks and replacement of retiring staff by PSU banks.
- Government continues to focus on skills development to drive sustainable and inclusive growth. Union cabinet has approved an outlay of Rs 12,000 Cr over the next 4 years under PMKVY
- MHRD has released the draft of new education policy 2016 based on the recommendations of TSR Subramanian committee report. Shift in focus from quantity to quality and transparency





## Q1 FY17: In Perspective

### Corporate Learning Group (CLG): Continued Strong performance

- Revenue at INR 1,523 Mn up 19% YoY; Constant currency growth @ 13% YoY; EBITDA margin at 12% (rock steady consistency)
- 31 MTS customers now contribute 91% to CLG revenue
- Revenue Visibility at \$ 208 Mn

### Skills & Careers Group (SNC): Renewal phase

- Revenue at INR 773 Mn (up 7% YoY vs -3% in Q1 FY16)
- Revenue from Focus-Business up 11% YoY
- Q1 FY17 EBITDA INR 34 Mn (4% vs 0% in Q1FY16), aided by stronger product mix
- Beyond-IT contributes 45% to SNC revenue compared to 39% in Q1 FY16

### School Learning Group (SLG): Move towards IP led asset light business model

- Revenue at INR 307 Mn down 5% YoY. Achieved 7% EBITDA vs 6% in Q1 FY16 despite planned ramp down of government school projects
- Order Intake of INR 106 Mn; added 139 schools during the quarter
- Focussed IP led private school business contributes 33%; up 6% YoY

### NIIT: Growth & Profitability continues its march upwards – Firmly & Steadily

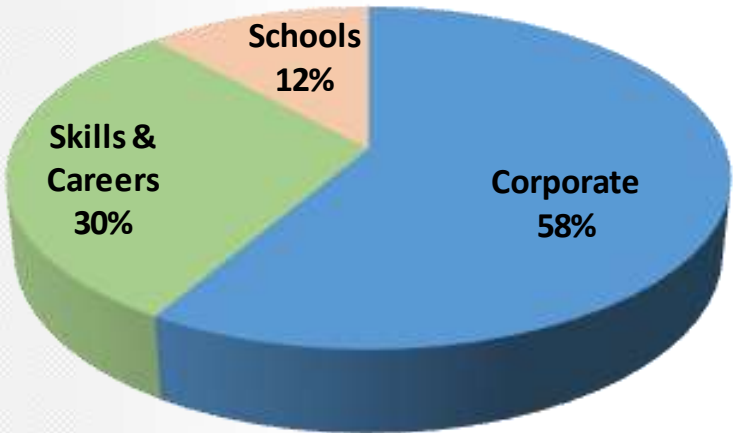
- Revenue at INR 2,604 Mn; up 12% YoY; Revenue from Focus-Business up 15% YoY
- EBITDA at INR 222 Mn at 9% of revenue; up 151 bps YoY
- PAT at INR 74 Mn vs INR 150 Mn in Q1 FY16 due to impact of forex loss and exceptional items contributing to lower associate profit
- Operating ROCE at 8%

INR Mn	Q1 FY17	Q1 FY16	YoY	Q4 FY16	QoQ
<b>Net Revenue</b>	2,604	2,332	12%	2,389	9%
Operating expenses	2,382	2,168	10%	2,256	6%
<b>EBITDA</b>	222	164	36%	132	68%
EBITDA%	9%	7%	151 bps	6%	298 bps
Depreciation	118	130	-9%	116	2%
Net Other Income	-93	-14	Rs -79 mn	-14	Rs -79 mn
<b>Profit before Tax</b>	<b>11</b>	<b>20</b>	<b>Rs -10 mn</b>	<b>3</b>	<b>Rs 8 mn</b>
Tax	8	6	Rs 2 mn	14	Rs -6 mn
<b>Operational Net Profit</b>	<b>3</b>	<b>14</b>	<b>Rs -12 mn</b>	<b>-11</b>	<b>Rs 14 mn</b>
Share of Profits from Associates	71	136	Rs -64 mn	189	Rs -118 mn
<b>PAT</b>	<b>74</b>	<b>150</b>	<b>Rs -76 mn</b>	<b>178</b>	<b>Rs -104 mn</b>
<b>Basic EPS (Rs.)</b>	<b>0.4</b>	<b>0.9</b>	<b>-0.5</b>	<b>1.1</b>	<b>-0.6</b>

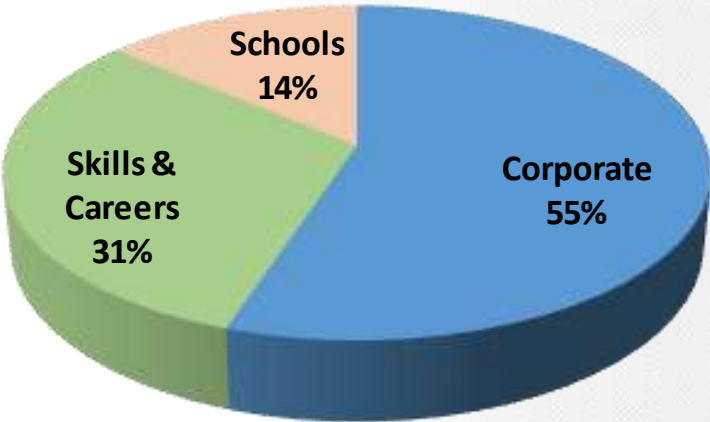
Sequential (QoQ) numbers may not be comparable due to business seasonality

- Strong growth in Corporate Learning and back to growth of Skills & Careers Group helps offset planned ramp down of government schools business
- EBITDA improved by 151 bps YoY for FY16 on account of Business transformation and business mix
- Depreciation down 9% YoY, reflecting planned reduction in capital intensity
- OPAT & PAT impacted by adverse forex fluctuation (impact INR 33 mn for Q1FY17 against a gain of INR 19 mn in Q1FY16, overall movement of INR 52 mn) and exceptional items contributing to lower associate profit

Q1 FY17



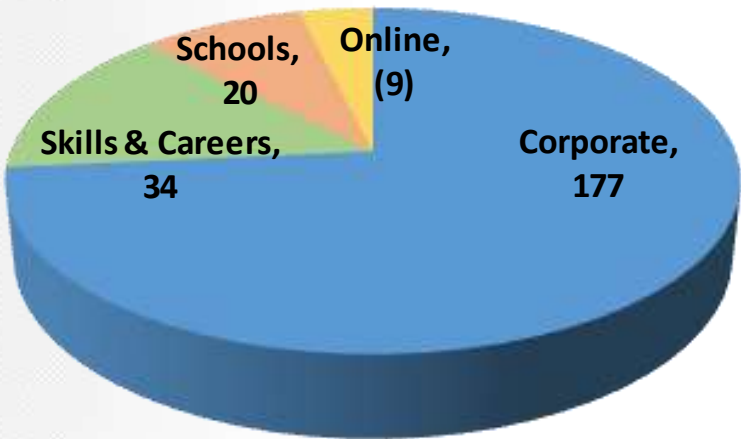
Q1 FY16



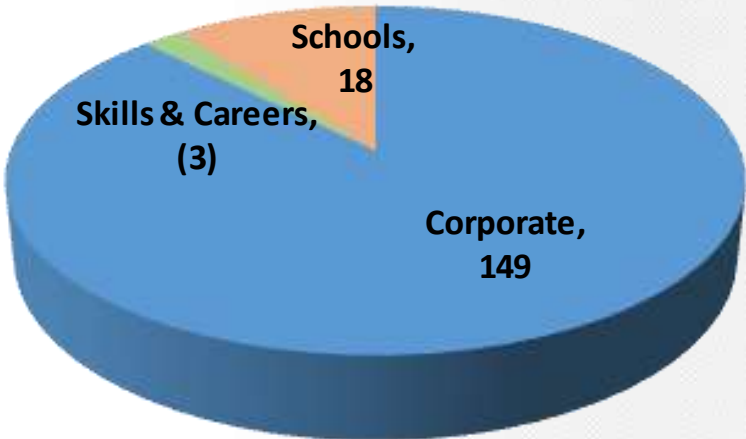
Net Revenue

	Growth
Corporate	19%
Skills & Careers	7%
Schools	-5%
NIIT	12%

Q1 FY17



Q1 FY16



EBITDA

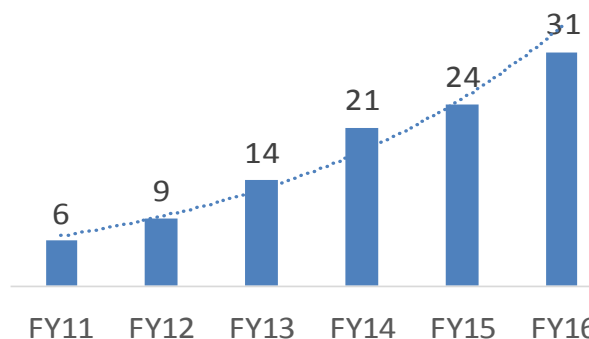
	Growth
Corporate	+28 Mn
Skills & Careers	+37 Mn
Schools	+3 Mn
Online	-9 Mn
NIIT	+58 Mn



INR Mn	Q1 FY17	Q1 FY16	YoY	Q4 FY16	QoQ
Net Revenues	1,523	1,285	19%	1,360	12%
EBITDA	177	149	18%	158	12%
EBITDA %	12%	12%	0 bps	12%	-1 bps

- Revenue at INR 1,523 Mn up 19% YoY; Constant currency Revenue growth at 13% YoY
- Strong momentum on back of 31 MTS customers which now contribute 91% to CLG revenue
- Two new contract wins and one major contract extension from our existing MTS customers were done during the quarter
- EBITDA consistent at 12%
- Revenue Visibility at \$ 208 Mn up 3% YoY

Number of MTS Customers



### CRITICAL MISTAKE ANALYSIS

Our proprietary methodology helps create effective hands-on learning experiences.



**LEARNING ELITE**  
The best companies in learning + development

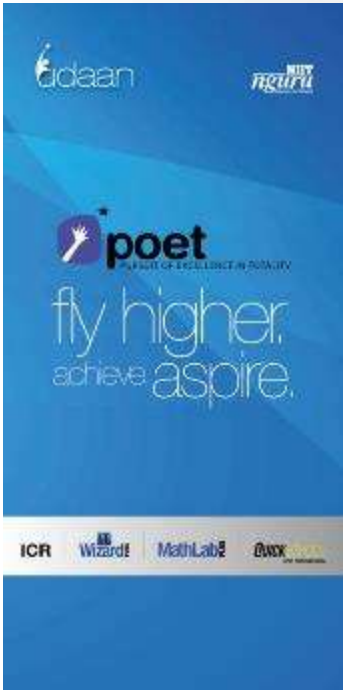
INR Mn	Q1 FY17	Q1 FY16	YoY	Q4 FY16	QoQ
Net Revenues	773	725	7%	728	6%
EBITDA	34	-3	37 mn	-19	53 mn
EBITDA %	4%	0%	487 bps	-3%	696 bps

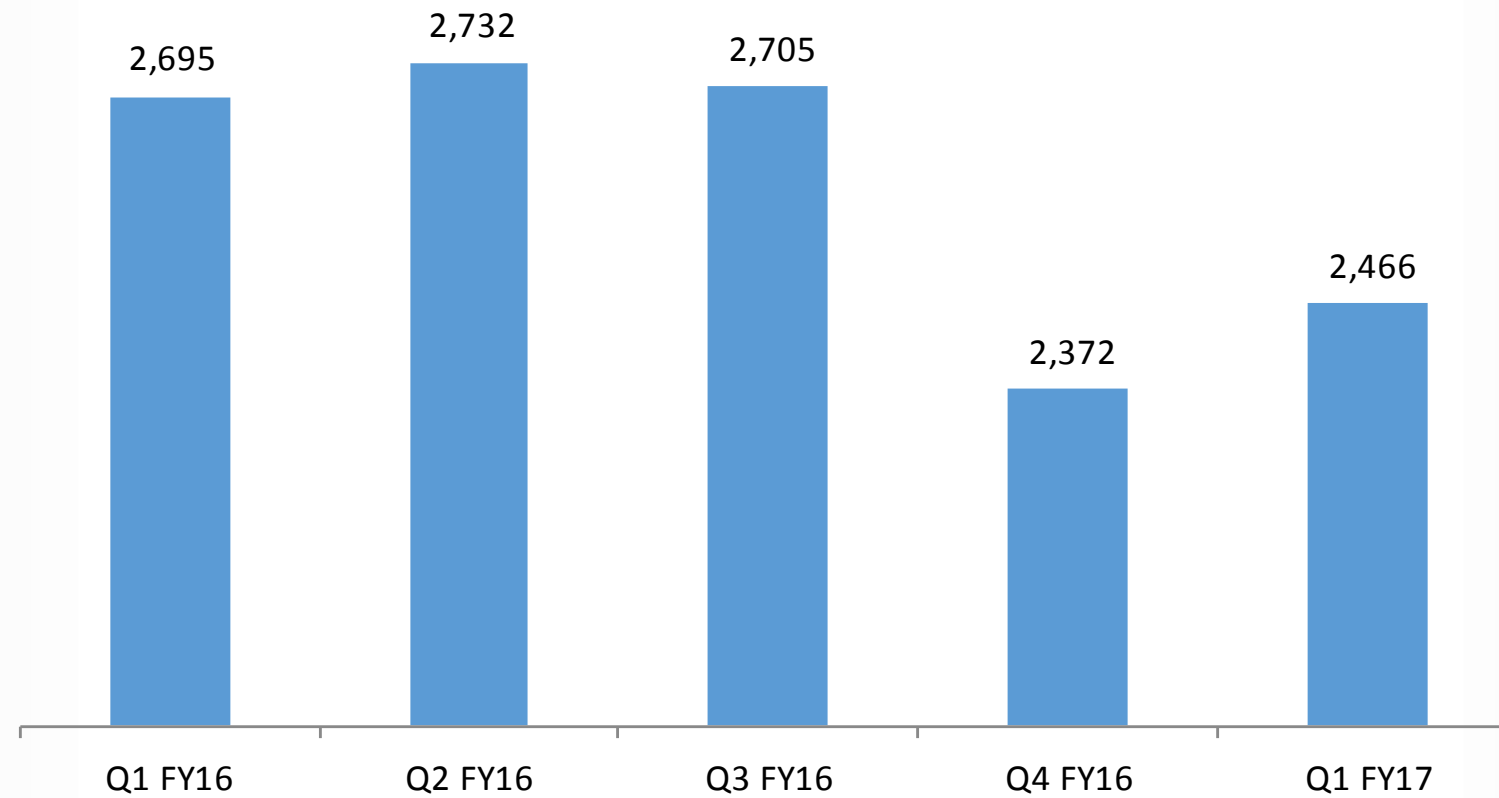
- Revenue at INR 773 Mn up 7% YoY
- Revenue from Focus-Business up 11% YoY
- Beyond-IT contributes 45% to SNC revenue vs 39% in Q1 FY16
- Successful turnaround on Revenue, EBITDA & Cash
- Launched digiNxt Series



INR Mn	Q1 FY17	Q1 FY16	YoY	Q4 FY16	QoQ
Net Revenues	307	322	-5%	301	2%
EBITDA	20	18	15%	16	31%
EBITDA %	7%	6%	111 bps	5%	147 bps

- Revenue at INR 307 Mn down 5% YoY;
- Overall revenue impacted due to planned ramp down of government school projects
- EBITDA consistent at 7%
- Revenue from Focussed IP led private school business contributes 33% to SLG revenue; up 6% YoY
- Added 139 schools, Order intake of INR 106 Mn



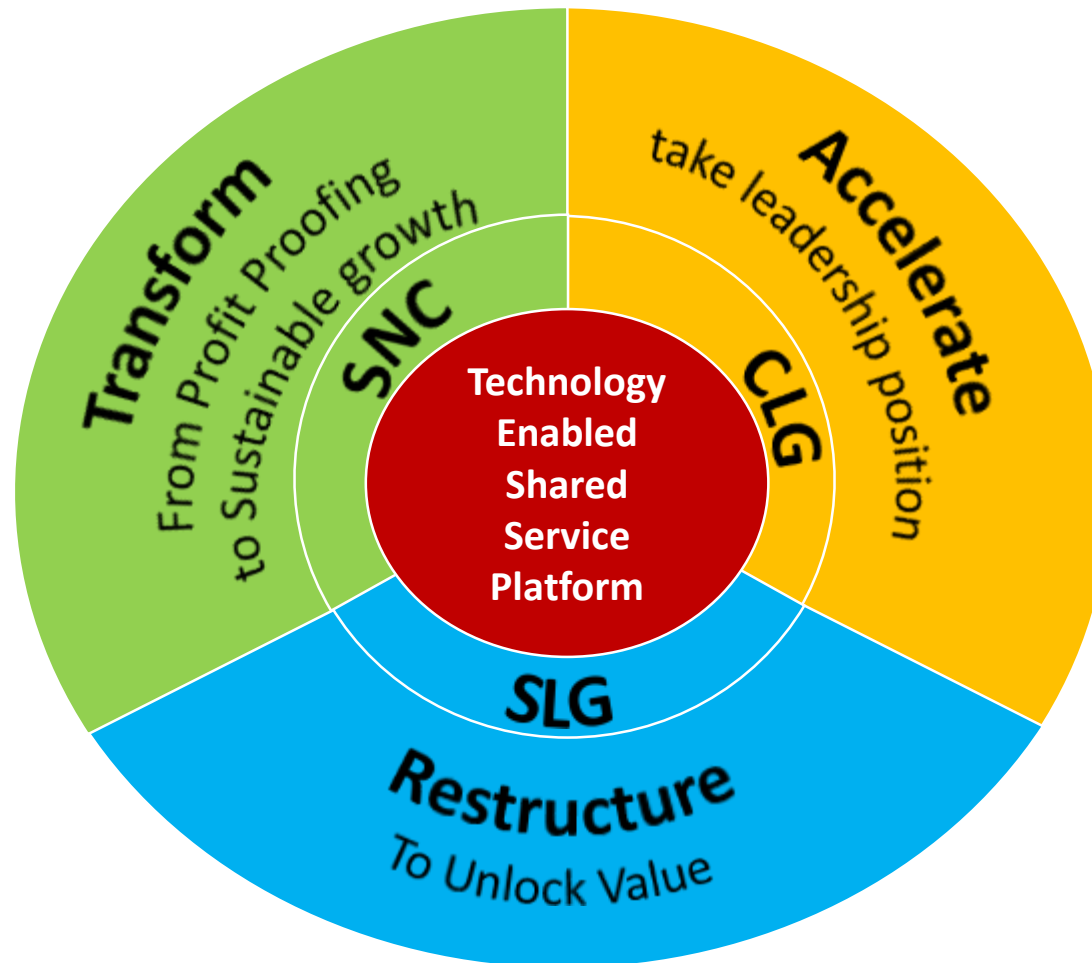


Headcount up 94 QoQ and down 229 YoY

*\* excludes project retainers*



# Future Direction



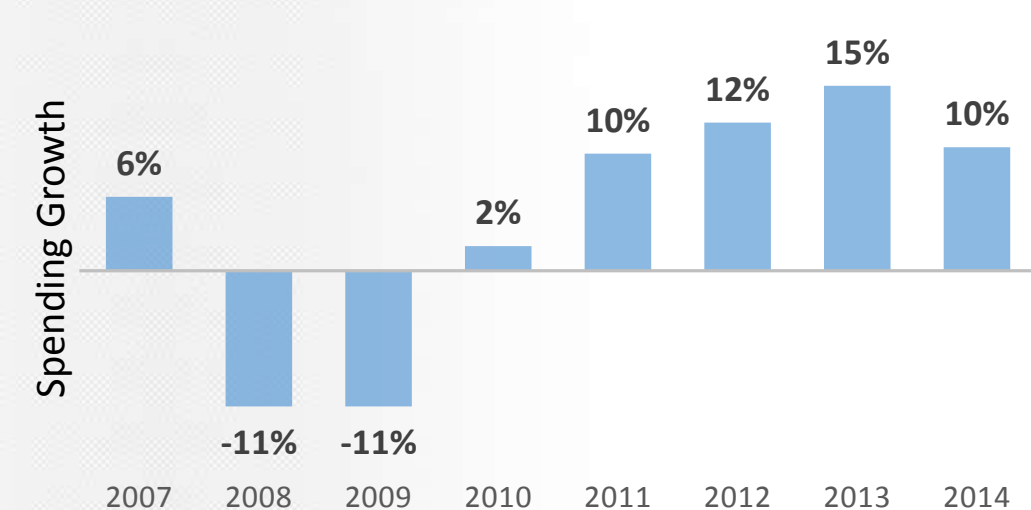


# Corporate Learning Group

Future Direction



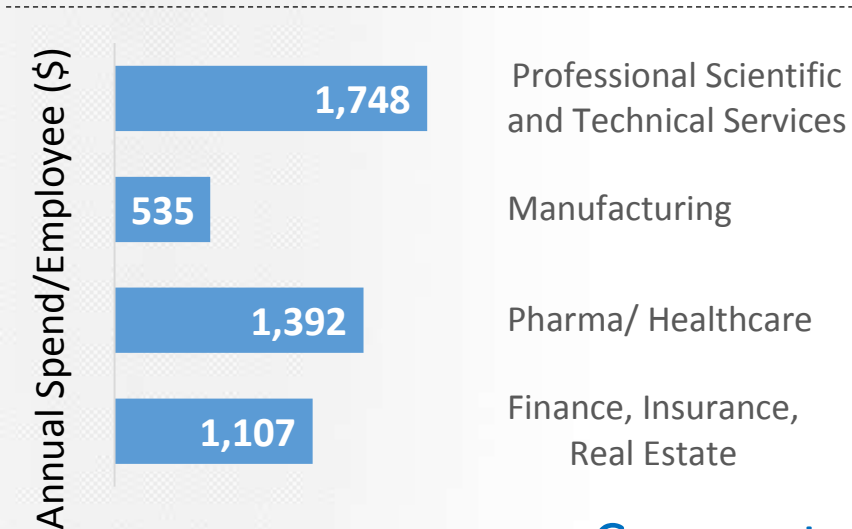
# CLG: Corporate Training Spending



**Corporate Training Spend in USA: \$90+ Billion**  
**Global Training Spend: \$135Bn+**

Spending on Training Continues to Grow

Increasing trend towards outsourcing



Focus on Technology/Telecom Energy, Lifesciences and BFSI Industries

**Corporate Training market represents a huge opportunity**

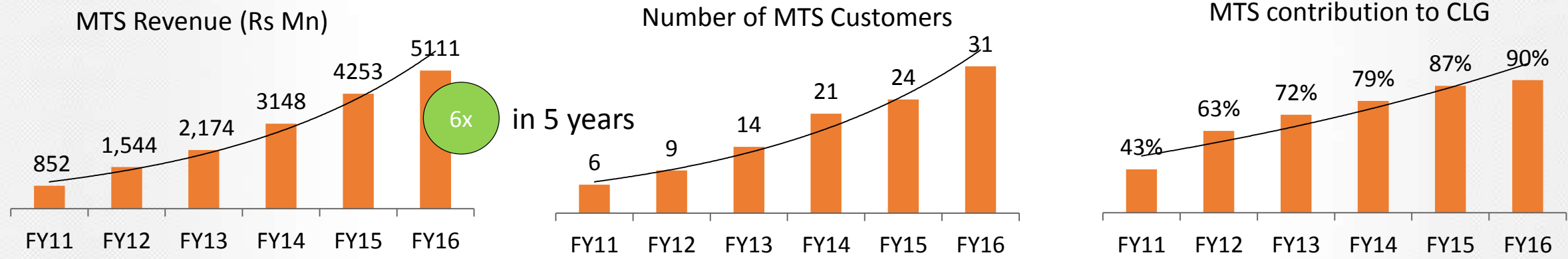
	Technology	Pedagogy	Business
Today	Games Ubiquitous Learning Video	Flipped Classrooms Curated Content (NIIT.TV) Mastery Learning Accelerated curricula Competency Based Design	Running Training Like a Business Instructor Quality Reinvention Learning Economics
Coming Soon...	Virtual Reality Augmented Reality & Learner Aware Systems	Neuroscience	“Learning Insurance” Influx of startups







Delivering Efficiency and Effectiveness In Training

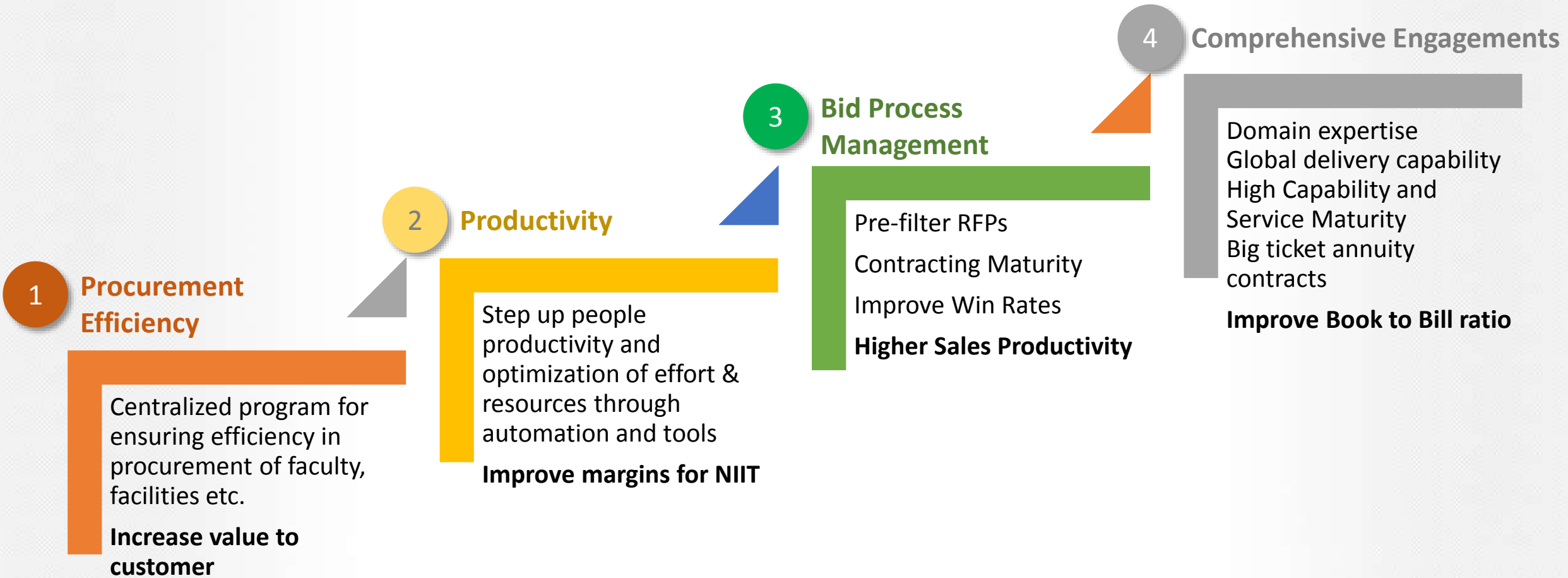


Increasing contribution from MTS

Differentiated competitive positioning

Revenue Visibility at \$200 Mn from existing contracts

MTS continues drive steady growth for CLG business



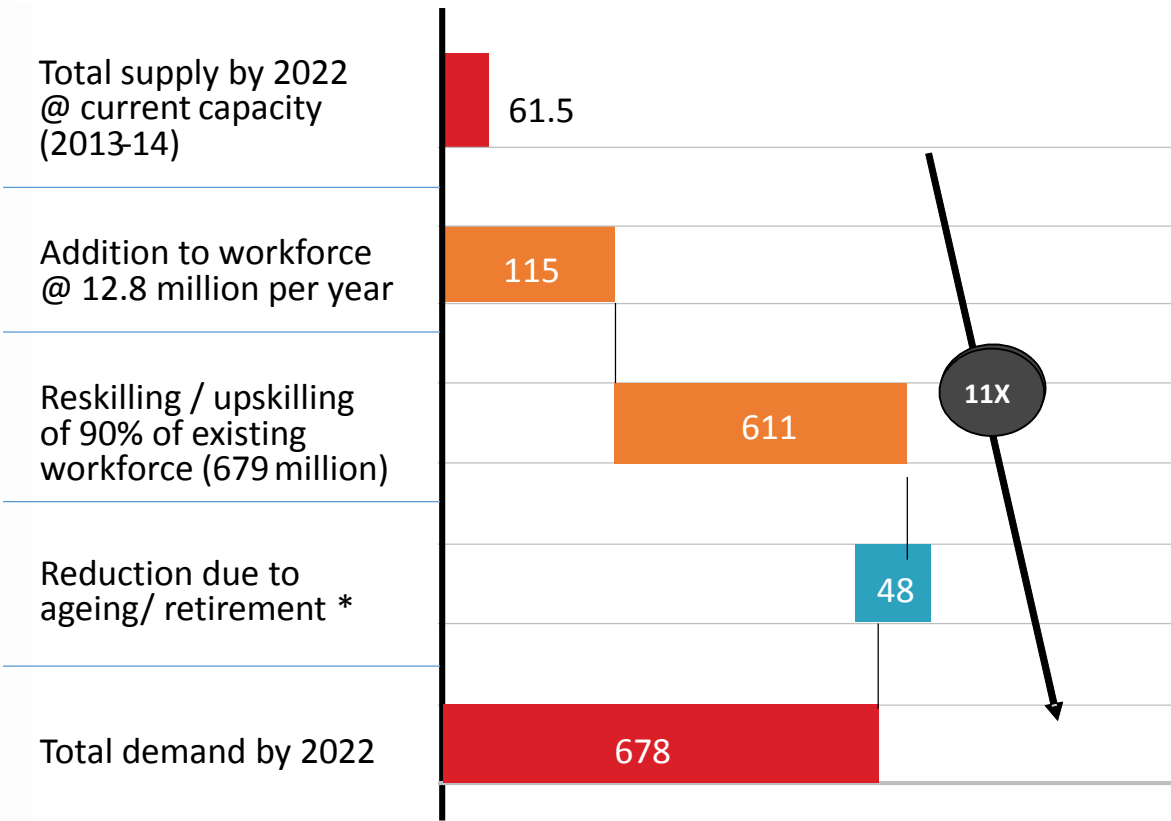
Driving Scale and Profitability For CLG



# Skills and Careers Group

Future Direction

# 2022 Projections: Huge Capacity Creation Required

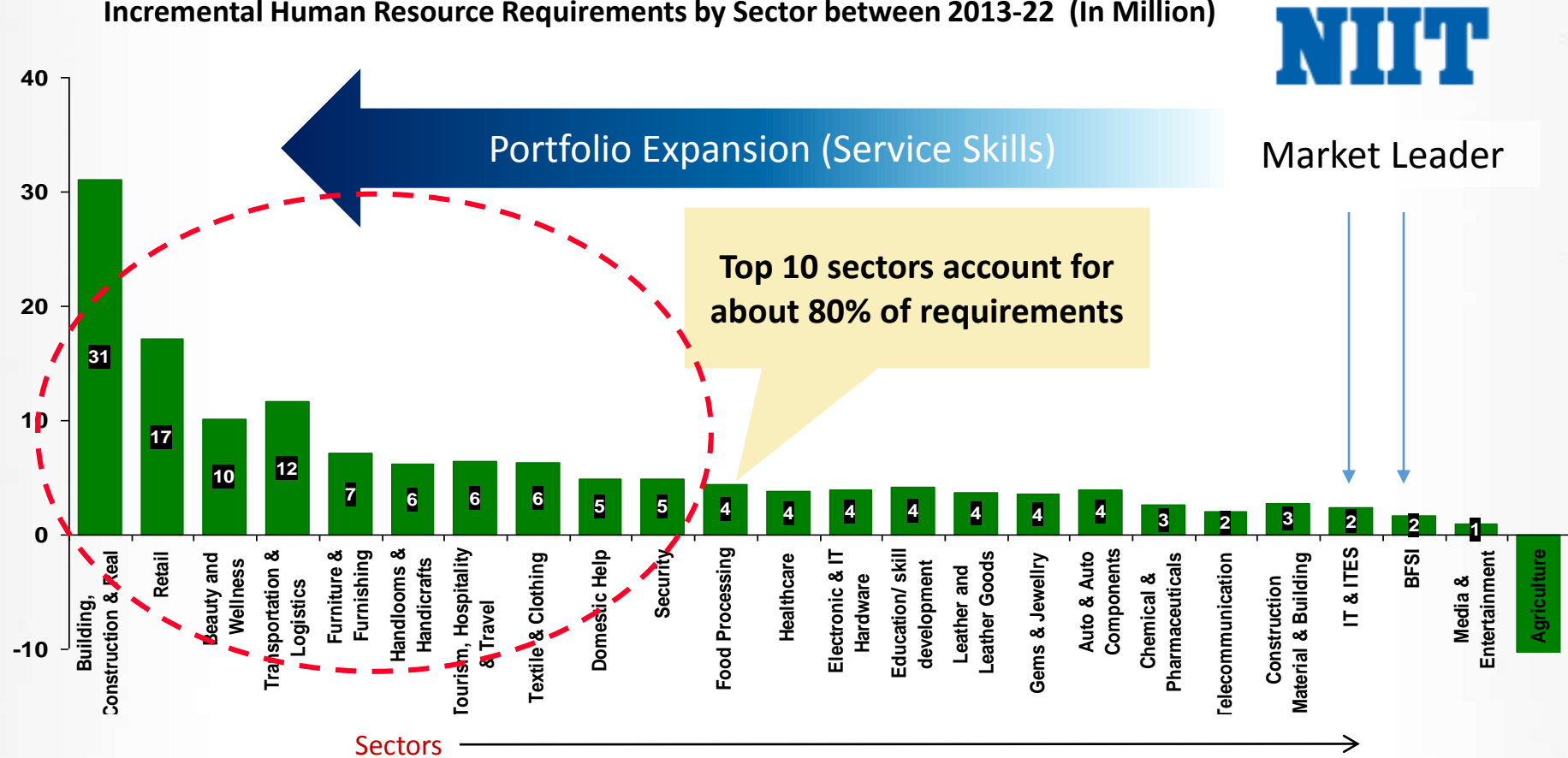


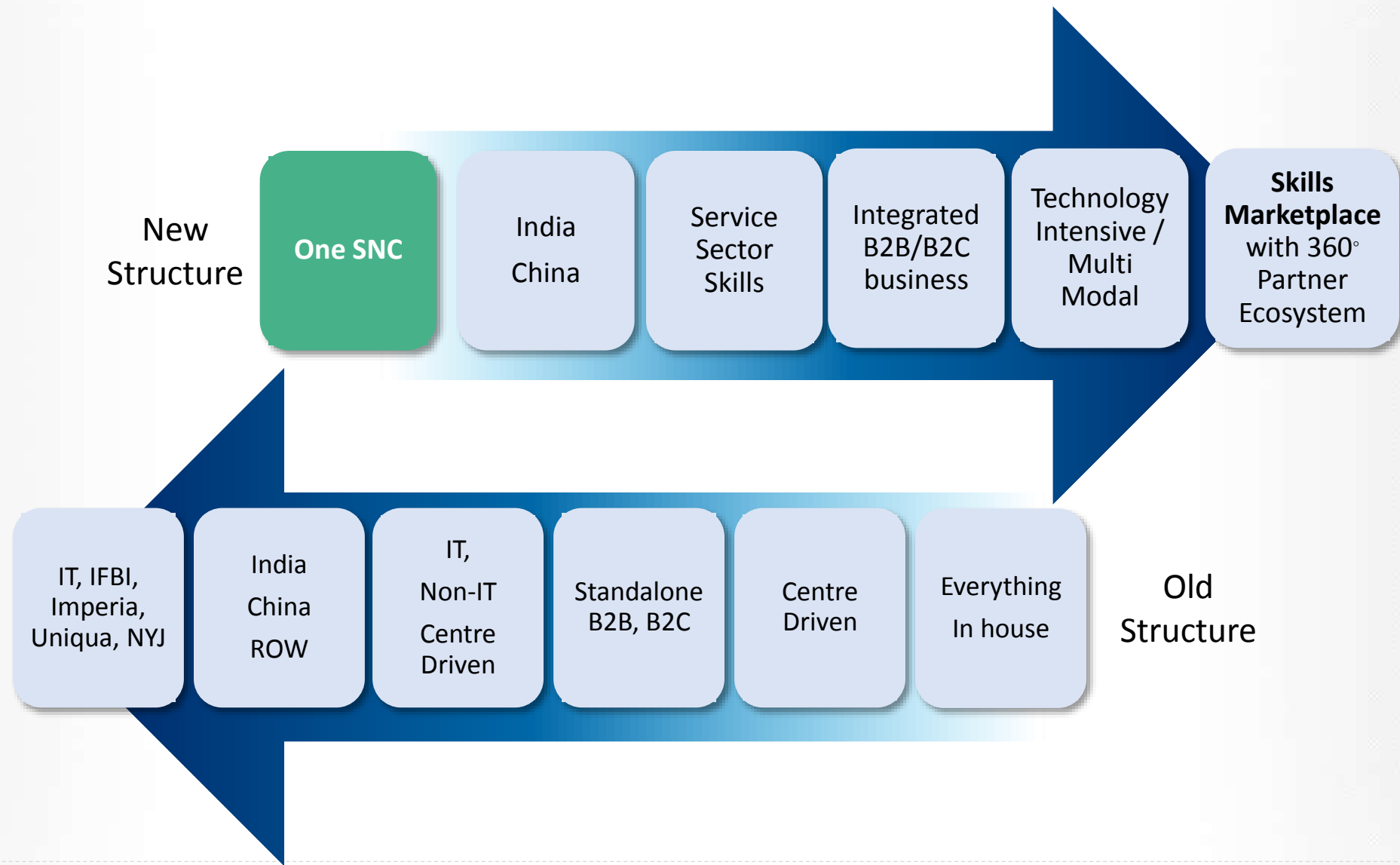
Source: McKinsey analysis; Census 2011; ILO World Development Indicators 2012, NSDA data

\*Assuming that the existing workforce in the age group of 51-59 will not be re-skilled

## Eleven-fold increase in capacity is required to meet aspirations

Incremental Human Resource Requirements by Sector between 2013-22 (In Million)

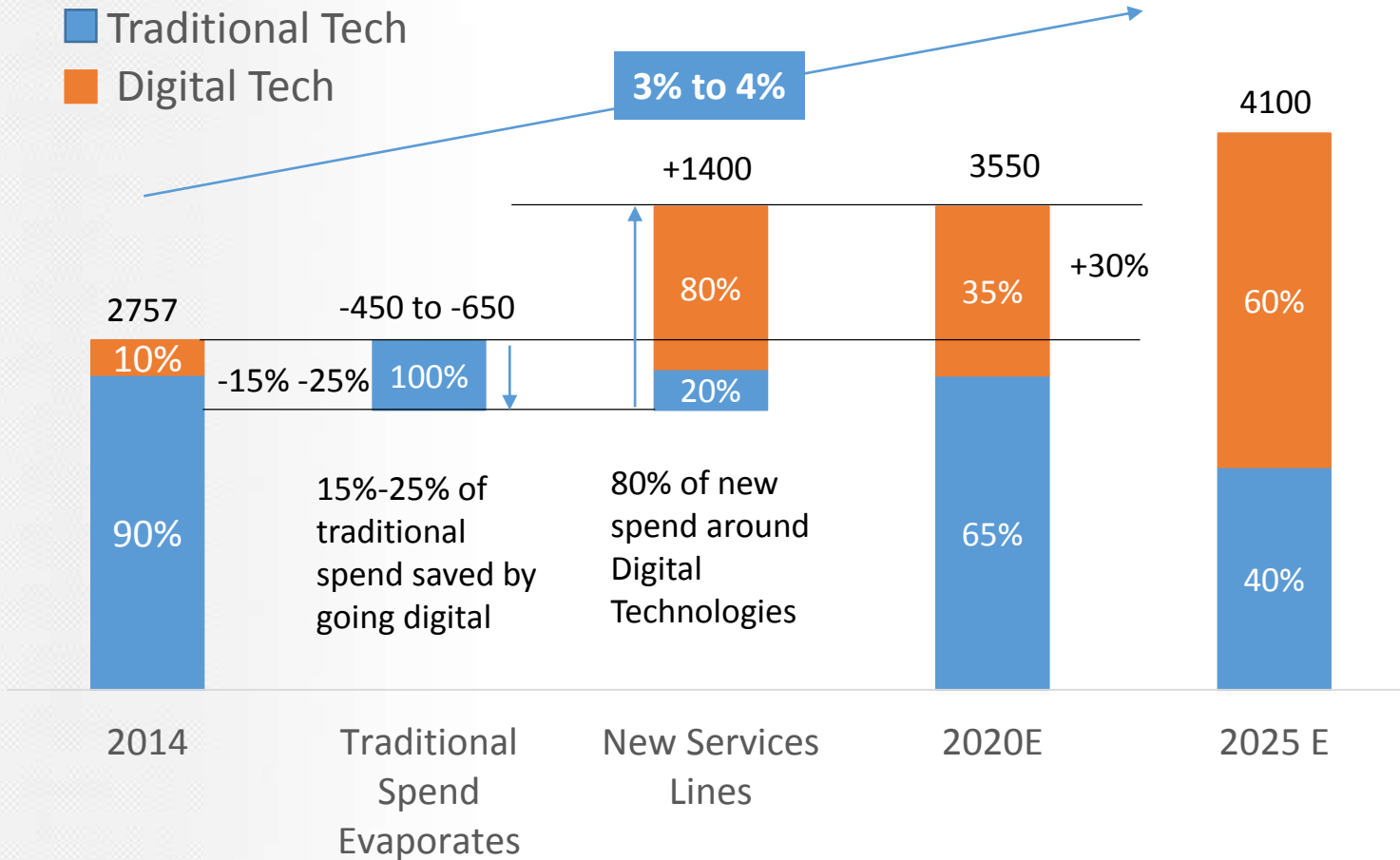






# Digital Transformation –IT Sector

Global Technology and Business Services Spend

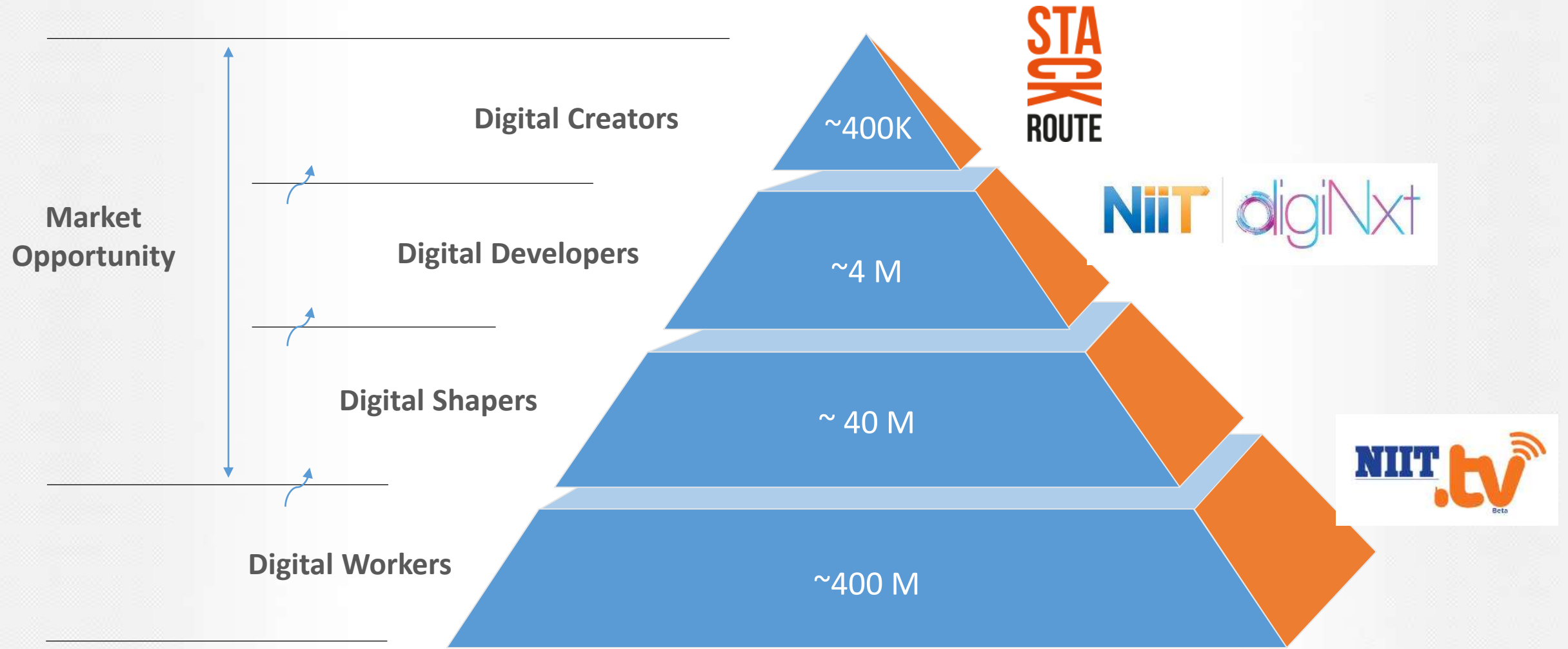


**Global Technology and Business Services to Touch USD 4 Trillion by 2025**

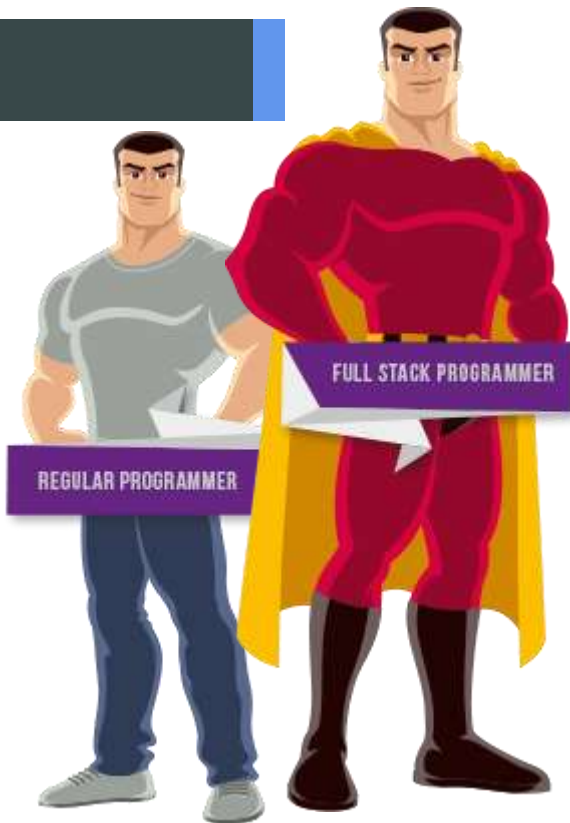
**Share of Digital Technologies to increase to 60%**

**50% - 60% of today's workforce needs to be reskilled to be relevant by 2020**

Source: IDC, NASSCOM



STAR  
ROUTE



THE MEAN STACK

M MONGODB

E EXPRESS

A ANGULARJS

N NODE.JS



JAVA ENTERPRISE WITH DEVOPS

BIG DATA AND DATA SCIENCES

MEAN STACK

CLOUD STACK

INTERNET OF THINGS (IOT)

ROBOTICS

VIRTUAL REALITY

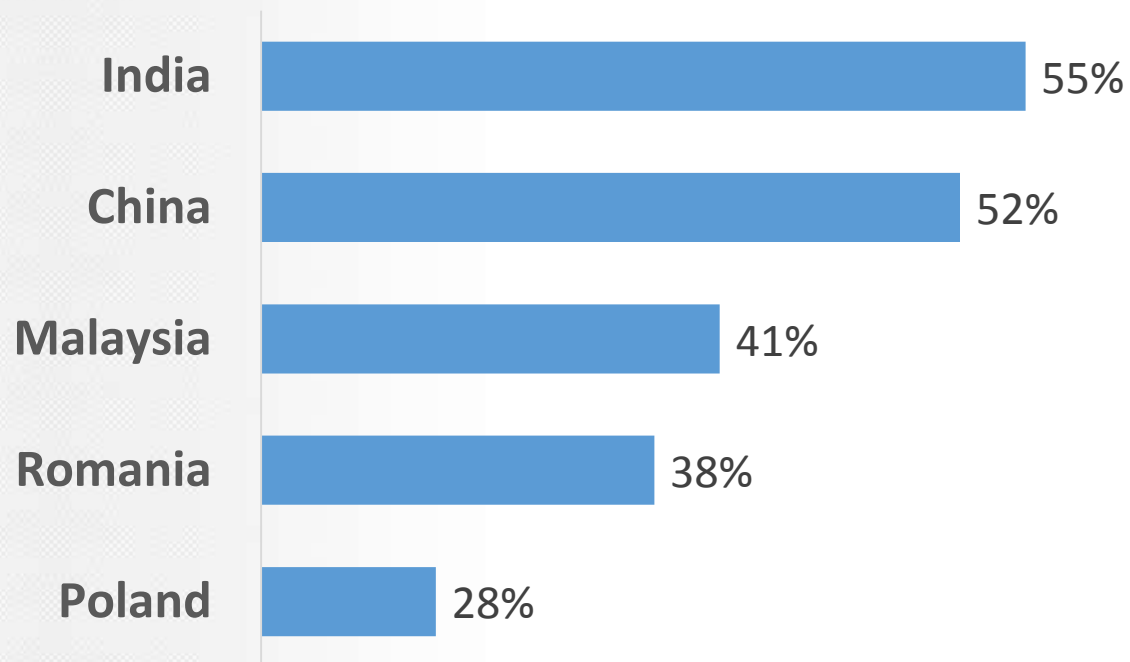


# Online Learning

Future Direction



## Growth in Online Learning: 2015



## India

India part of a Flat World  
– Global business model

Fastest growing market  
for Online Learning

Next battleground for  
Online Learning

Source: eLearningindustry.com



5500+ Courses

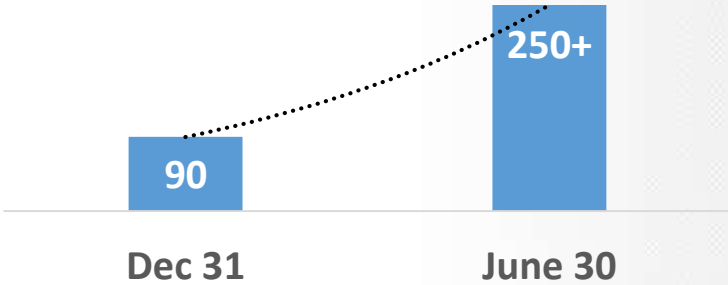
Avg. Session Duration: 13 Min

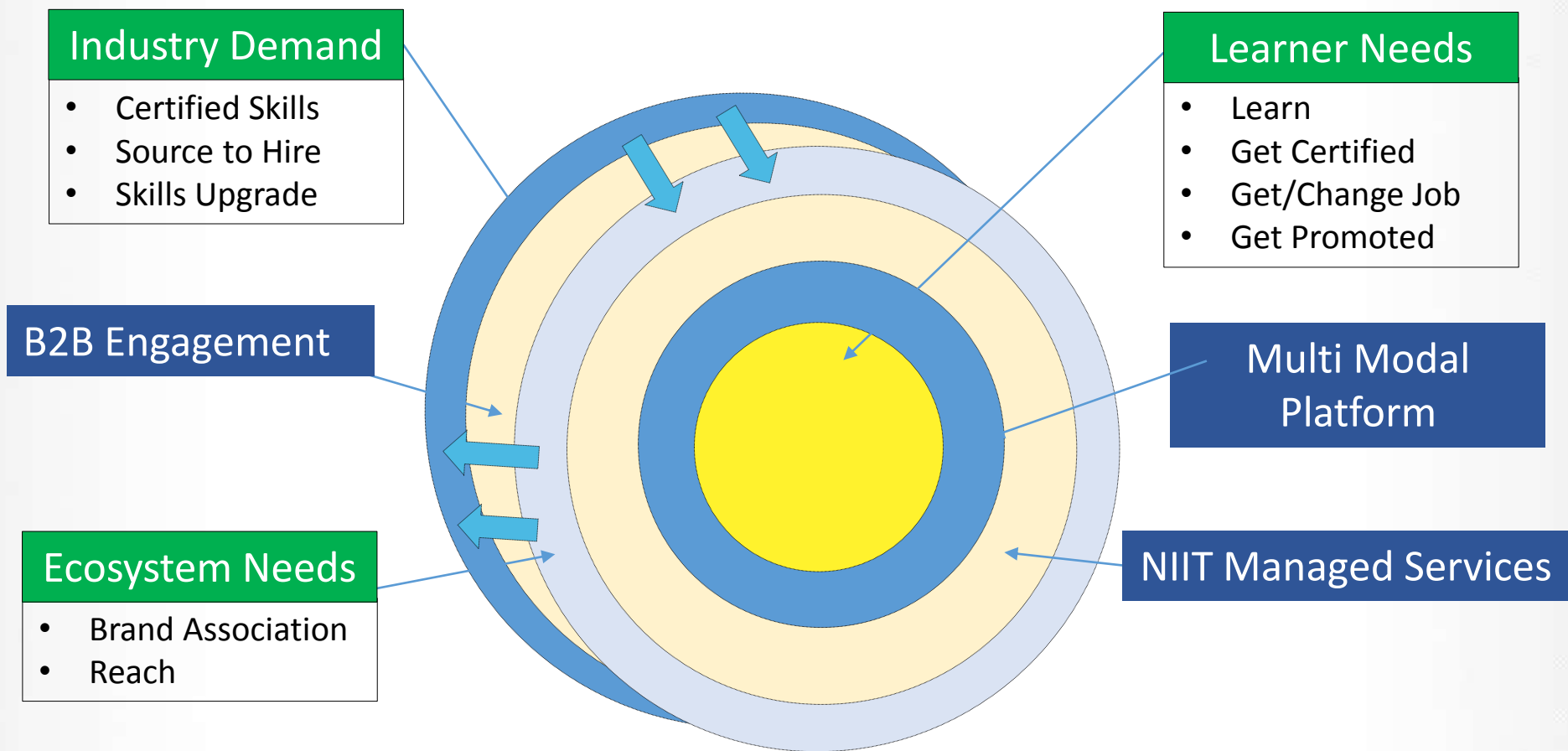
161 Cities, 1965 Cities

Age  
18-24: 65%,  
24-34: 23%

Gender  
Male: 61%,  
Female: 39%

Registered Users ('000)



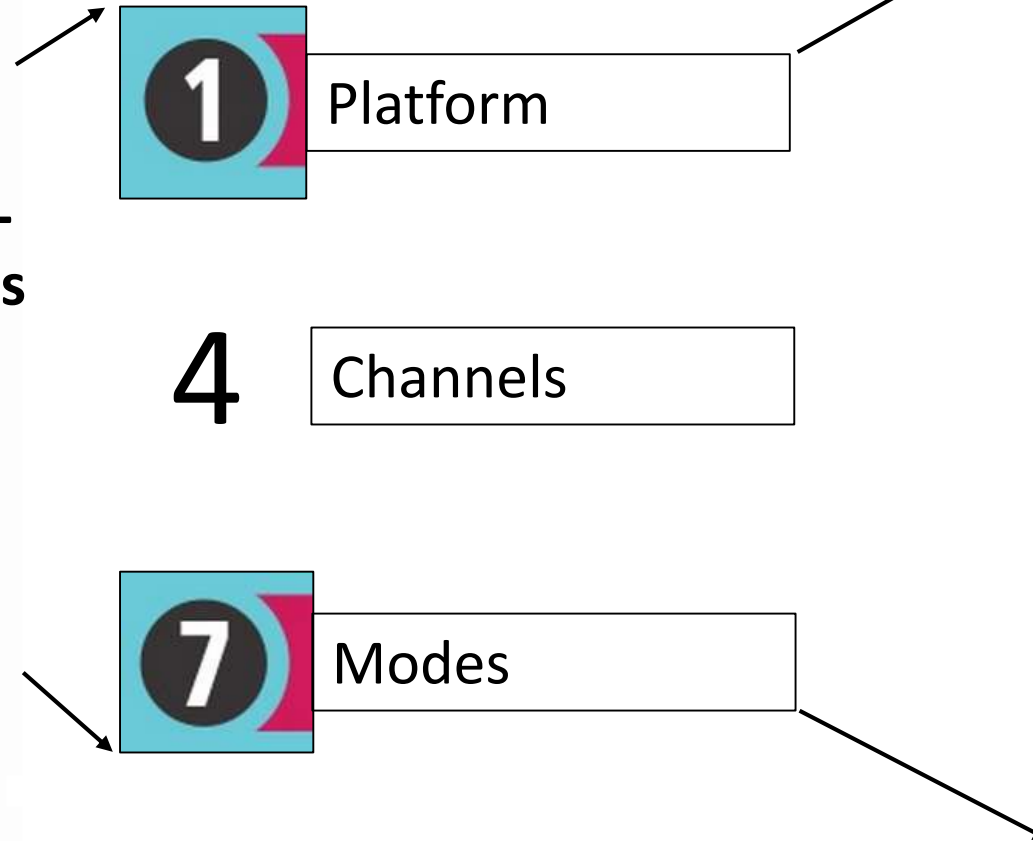


## Building a Comprehensive Skills & Careers Ecosystem

**From Primarily a  
Single Mode Brick-  
and-Portal Business**

*to*

**Multi-Modal  
Platform Based  
Business**



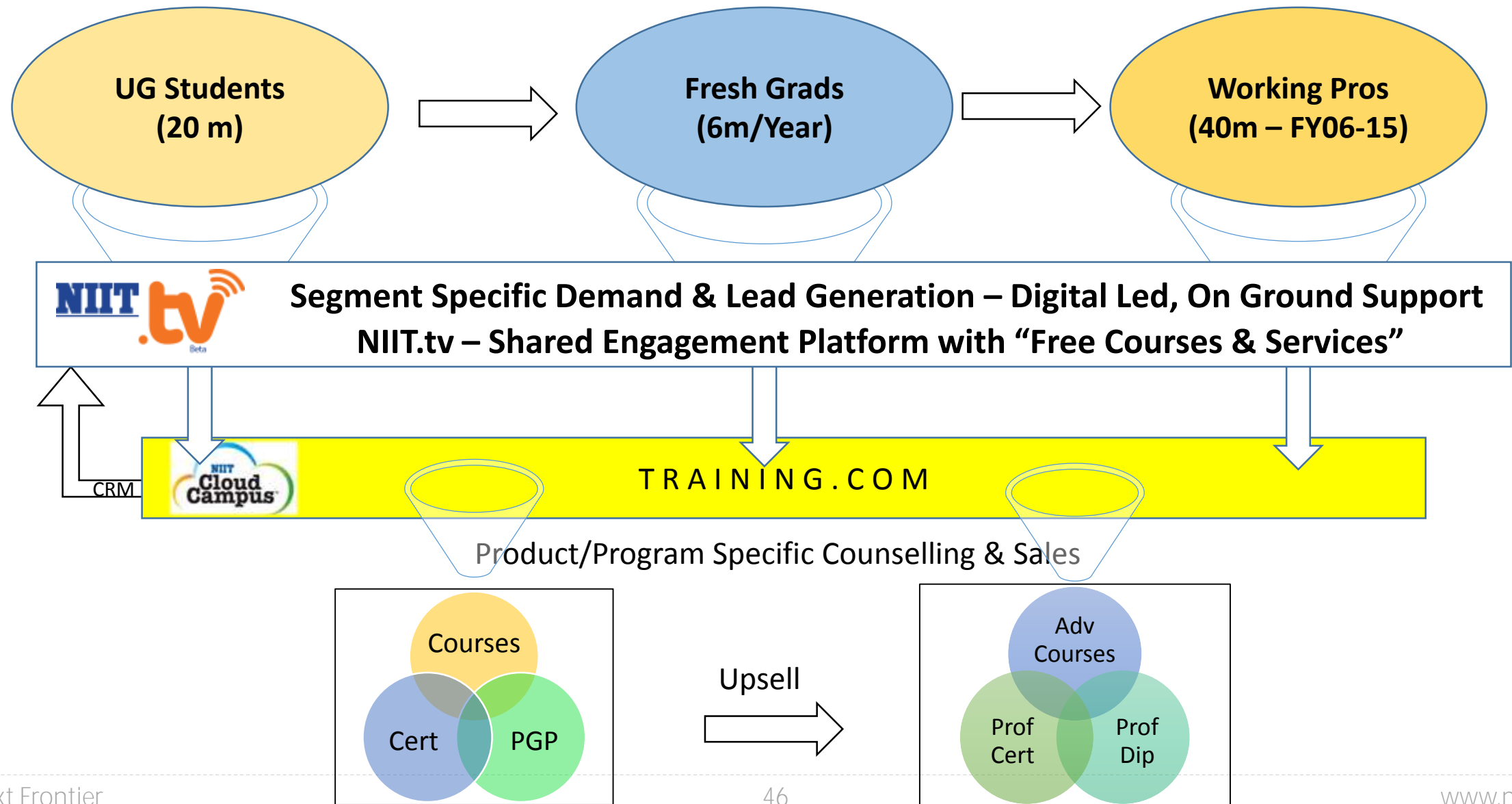
**Channels**

Own Brick, Partner Brick, Inside Campus, Online Channel

**Modes**

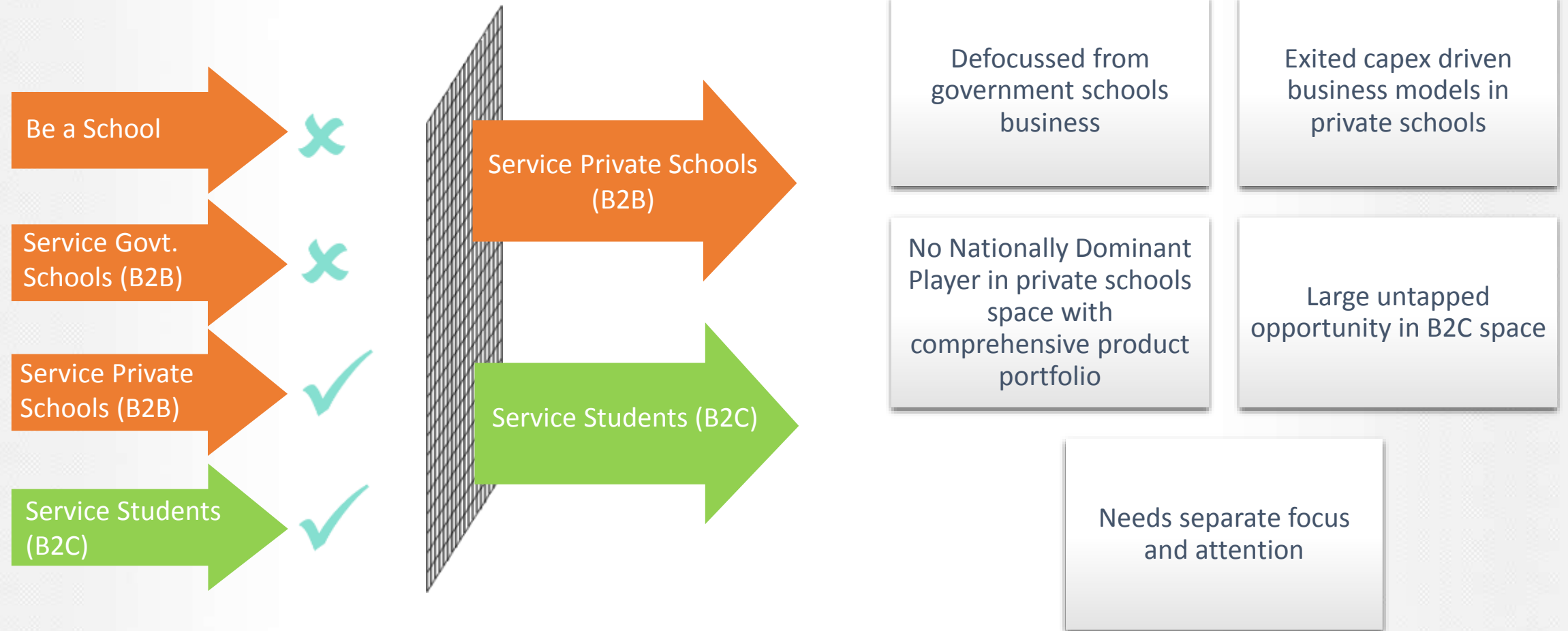
1. On Demand E-Learning (Pure Online)
2. On Demand MOOCs & Recorded Lectures
3. Live Synchronous – Direct to Device
4. Synchronous CR Mode (Cloud Classroom)
5. Local ILT
6. Flipped Classroom (Blended)
7. Immersive Project Based Learning (StackRoute)





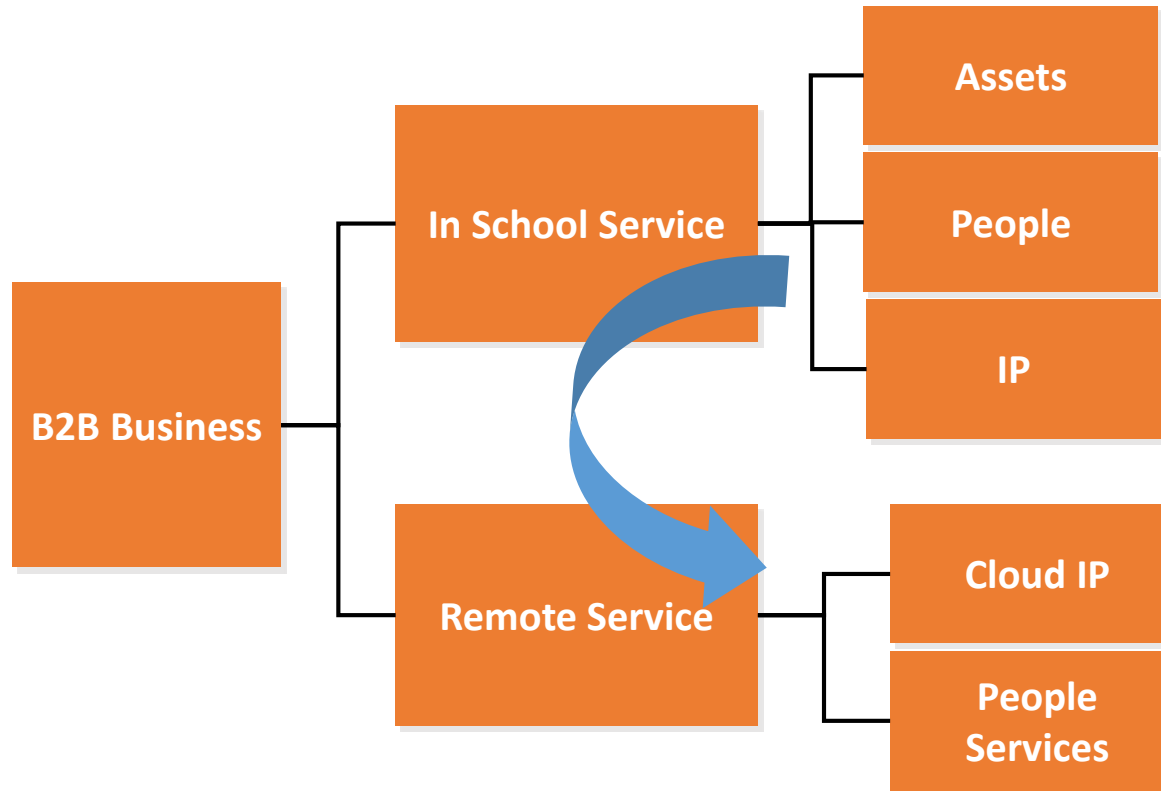
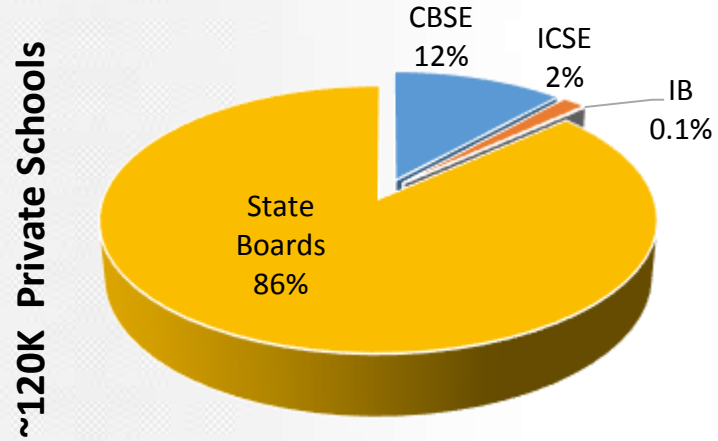
# School Learning Group

Future Direction



Restructured to unlock value

# SLG: Next Frontier For B2B Business

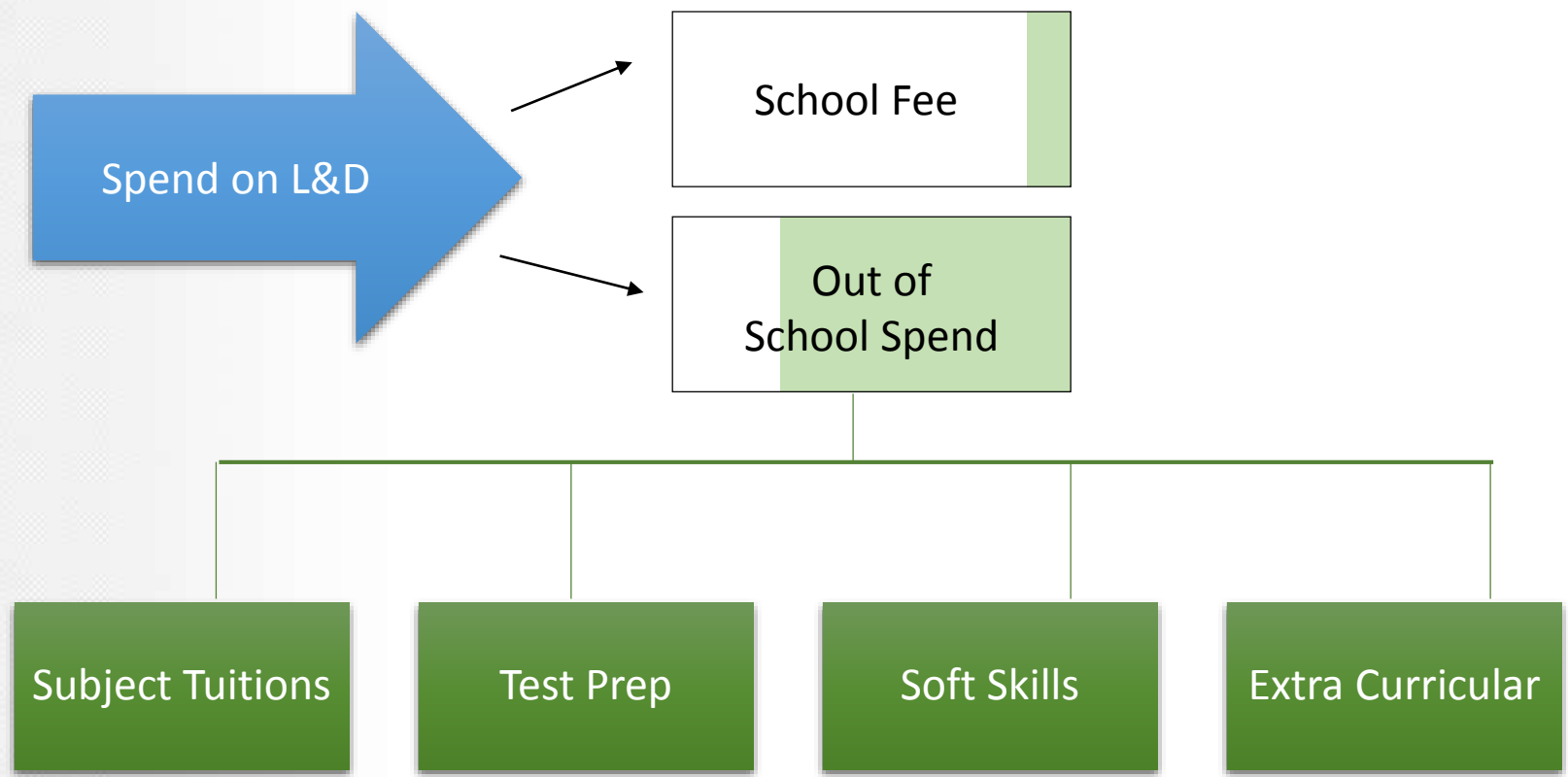


- High capital intensity
- High people dependence
- Diminished value of IP
- Linear, non-scalable

- IP driven
- Asset light
- Technology intensive
- Non linear, highly scalable

Move to asset light, technology intensive, IP driven business model





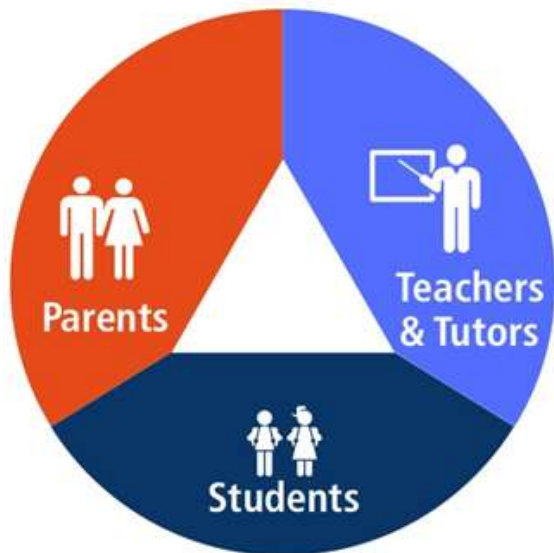
NIIT’s existing business targets a portion of the fee that parents pay to schools.

Spending outside schools represents a large portion of total spending related to education and development for kids

A B2C player has direct access to this spending

\*Representative

Large Untapped Opportunity in B2C Segment



### Problem

- Academic Results

+

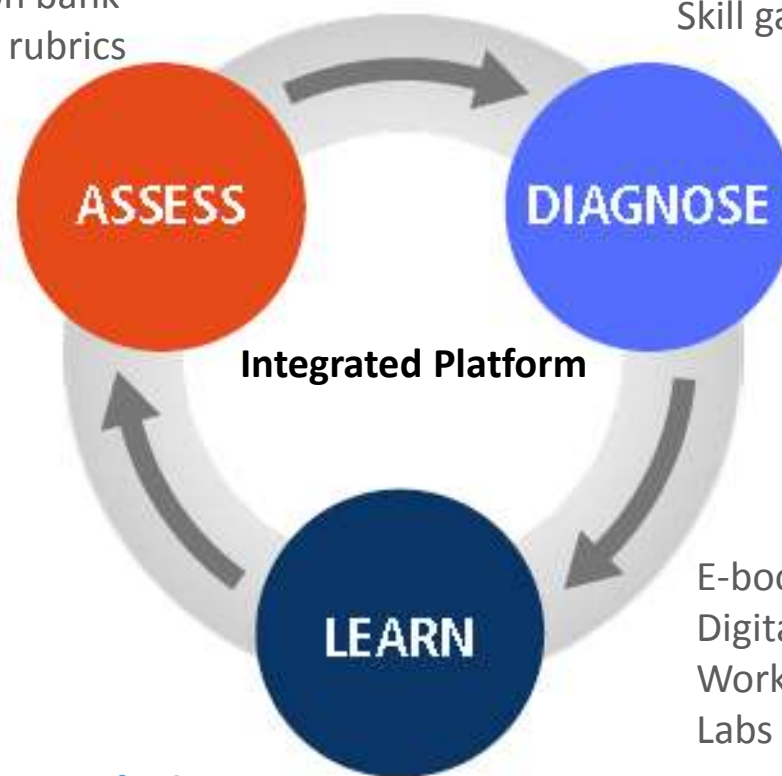


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### Gaps

- Skill Identification
- Usage Flexibility
- Fixated on Content
- No Integration

Practice tests  
Testing platform  
Question bank  
Answer rubrics



Skill gaps identification  
Learning path  
Scoring  
Data Analytics

E-books  
Digital Content  
Workbooks  
Labs

### Solution

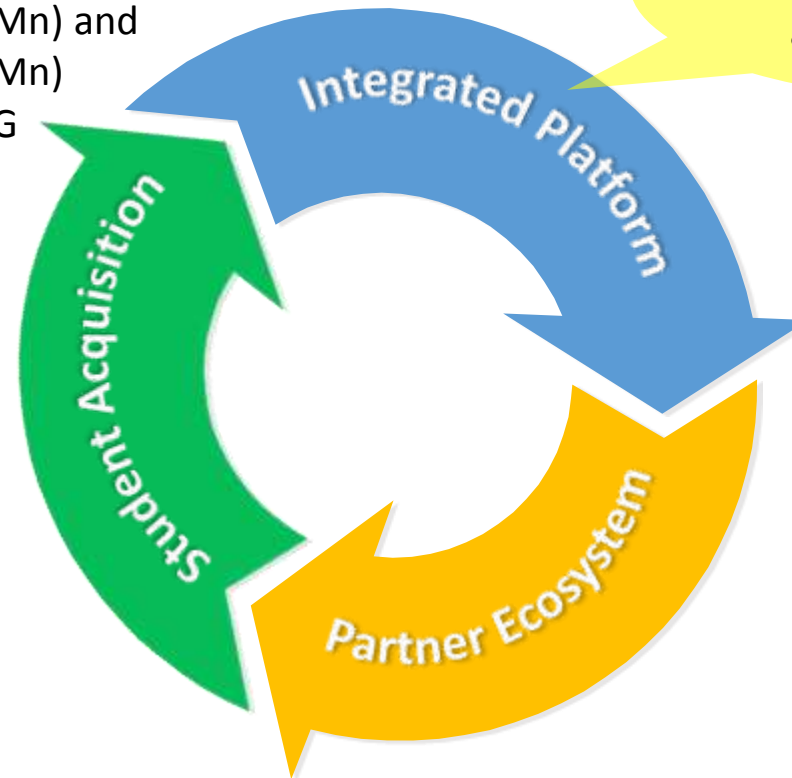
- An integrated platform with diagnostics that allows the learner to individualize their learning path

### Leverage Existing Assets

- Students in Private (1.5Mn) and Government schools (2Mn) students serviced by SLG
- NIIT Students/Alumni
- Schools IP
- NIIT Brand
- Offline Reach

### Monetization Models

- Freemium
- Subscription
- Pay as you go
- Product specific fees



### Data Driven Platform

- Learning Analytics
- Adaptive Learning

EDUTAINMENT
USEFUL INFORMATION
SELF-PRACTICE
SELF-ASSESSMENT
COLLABORATION
SELF-LEARNING
TUTOR ACCESS
E-MARKETPLACE

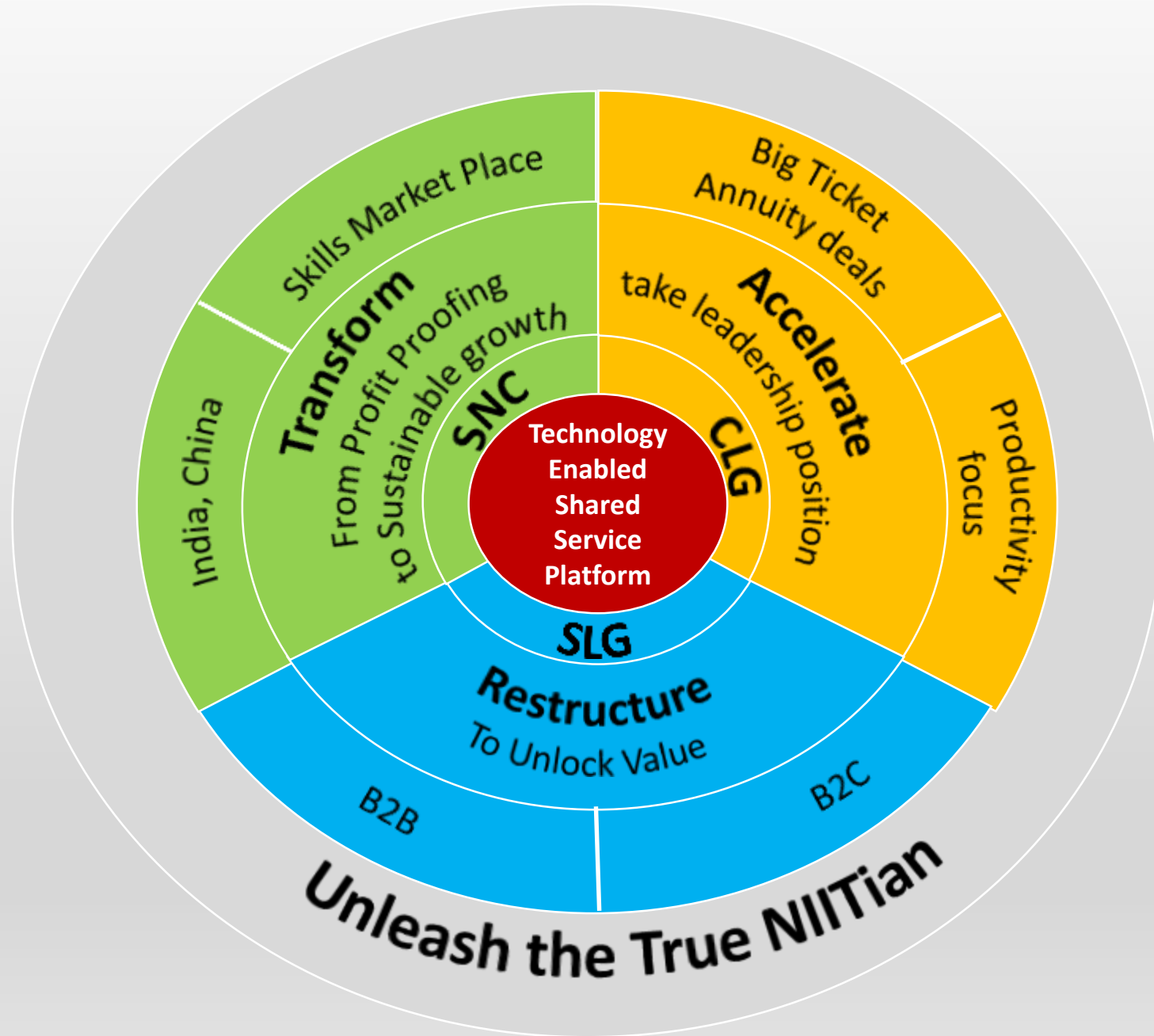
Opportunity to leverage existing assets to gain scale



# Overall

Future Direction







You can't spell  
TRAINING without

**NIIT**®