



# Investor Presentation

## Q3'FY16

# Agenda

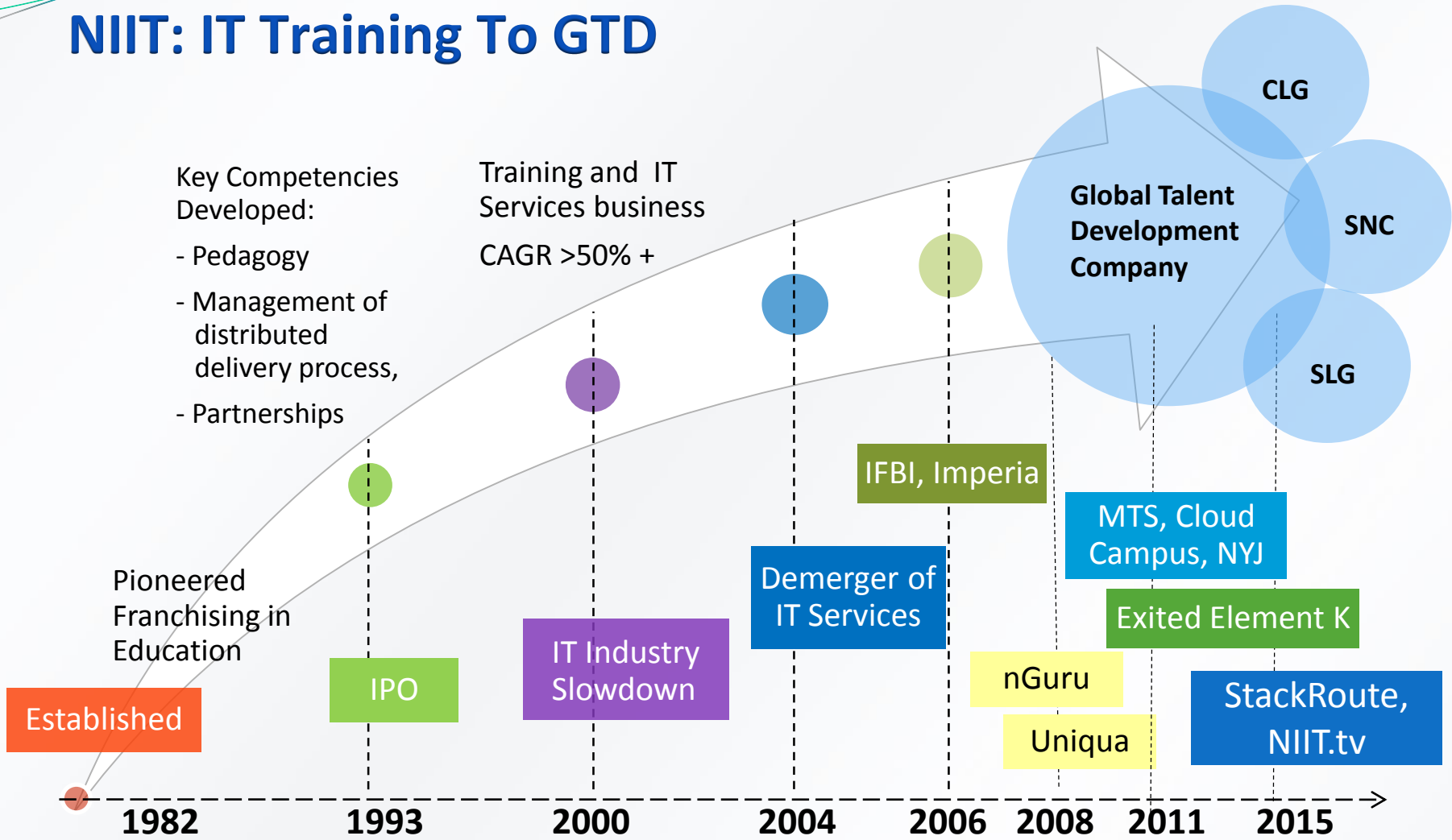
- NIIT: Company Overview
  - Corporate Learning Group
  - Skills & Careers Group
  - Schools Learning Group
- Business Transformation
- Q3'FY16 Results Update
- The Next Frontier: Future Direction

# NIIT: IT Training To GTD

Key Competencies Developed:

- Pedagogy
- Management of distributed delivery process,
- Partnerships

Training and IT Services business  
CAGR >50% +



NIIT has grown from being an IT training company to a global talent development corporation

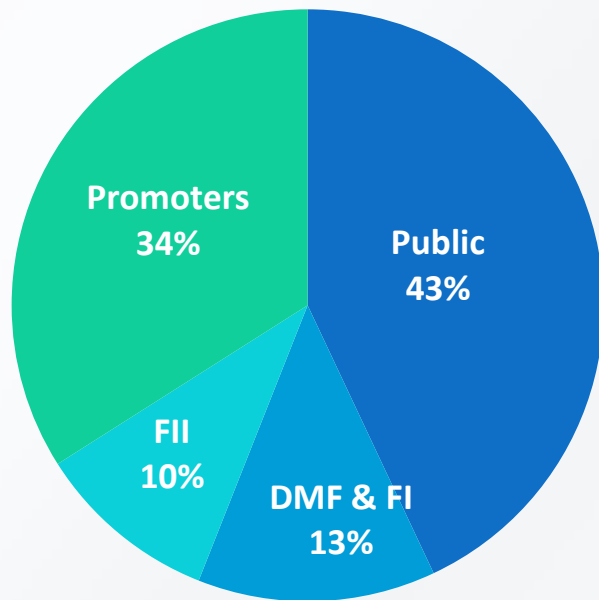
# NIIT: Business Structure

Corporate Learning	Skills & Careers	Schools Learning
Rs 4,878 Mn, 51%	Rs 3,283 Mn, 34%	Rs 1,413 Mn, 15%
Productivity	Employability	Academics
US, Europe	India, China	India
<ul style="list-style-type: none"> <li>Managed Training Services</li> <li>Custom Projects</li> </ul>	<ul style="list-style-type: none"> <li>Service Sector skills</li> <li>Professional Life skills</li> </ul>	<ul style="list-style-type: none"> <li>Teaching &amp; Learning Solutions</li> <li>School Services</li> </ul>

Percentages reflect share of Net Revenue for the business for FY15, and are rounded to nearest integer

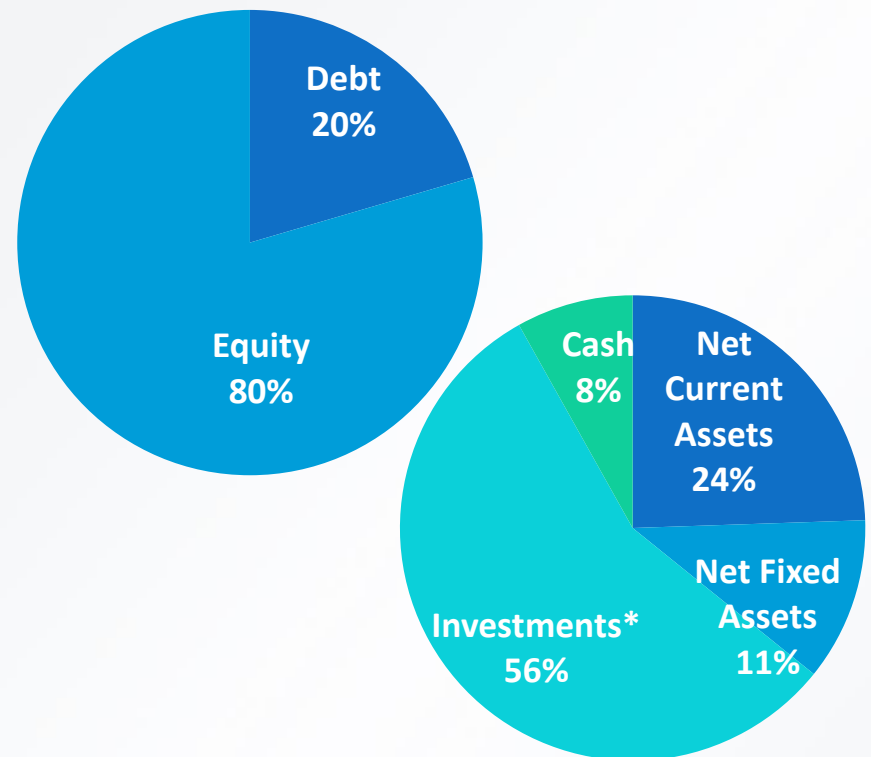
# Capital Structure

Shareholding



No of Shares: 165.4 million

Total Capital Employed – Rs. 9,981 million



\*\*Net Capital Employed – Rs. 3,573 million

As of December 31, 2015, \*NIIT Limited owns 23.72% of NIIT Technologies, \*\* Net of cash and investment

# NIIT has made significant contribution to training and education, globally



Skilled over 4 M students over the last 10 years

Career courses in IT, ITES, BFSI, Mgmt, Retail, Telecom etc

379 B2C education centers

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

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

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



Technology enabled over 10 M school children

Trained over 400 K school teachers to leverage technology

74% students prefer learning mathematics with NIIT Math Lab

# ...and has received numerous recognitions and awards

Highest Rated Education Brand



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



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



31 Brandon Hall awards for Corporate Training



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

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



## **Business Overview**



# Corporate Learning: End to End Servicing Capability

Helping Companies  
Run Training like a Business



Over 70 Industry Awards



CURRICULUM &  
CONTENT

LEARNING  
DELIVERY

LEARNING  
ADMINISTRATION

STRATEGIC  
SOURCING

LEARNING  
TECHNOLOGY

# Corporate Learning: Marquee Customers

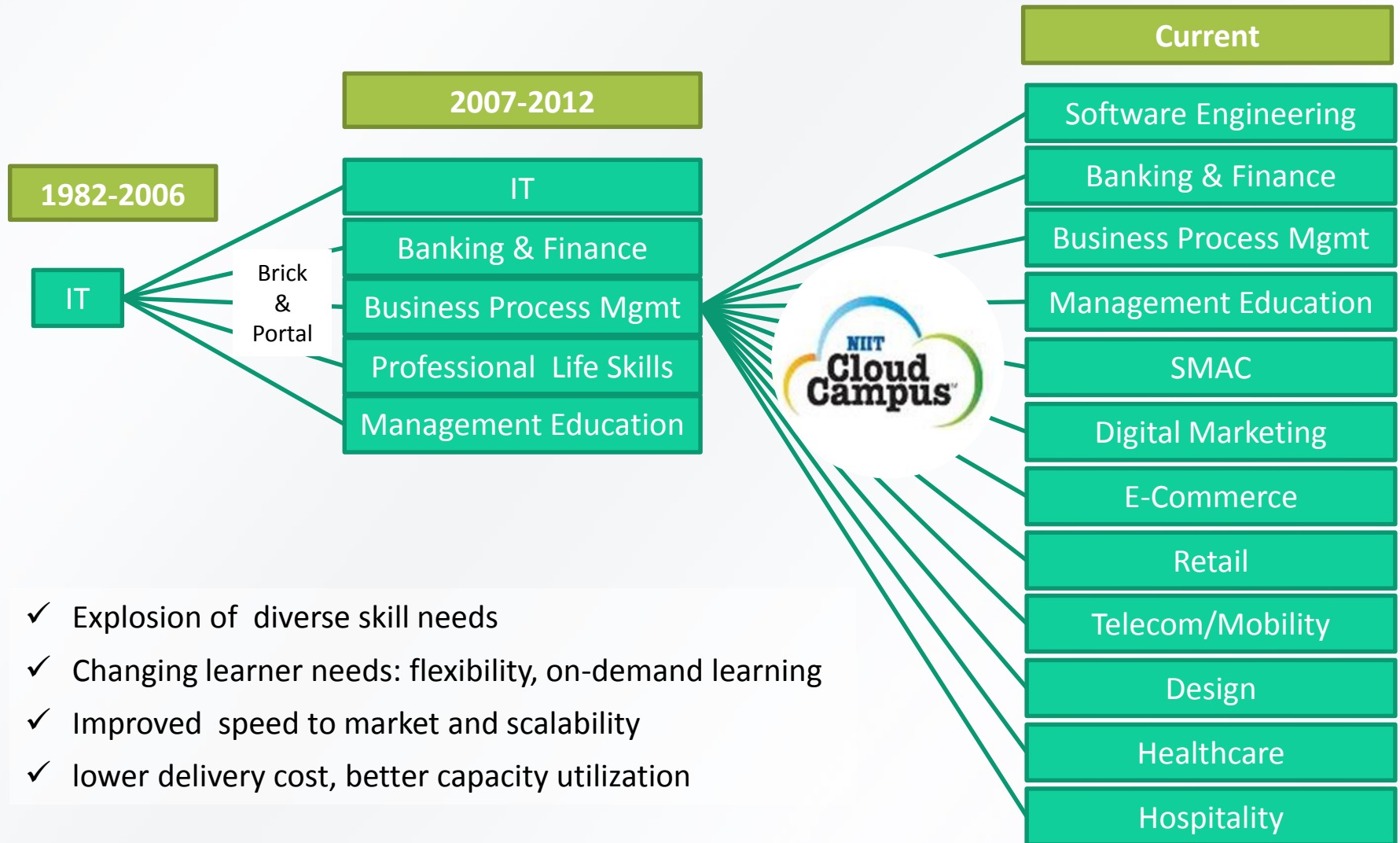


Representative list, Logos represented above are trademarks of respective companies

# Skills & Careers: A New Way Of Learning



# 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

# Schools Learning: nGuru Solutions Portfolio for Schools



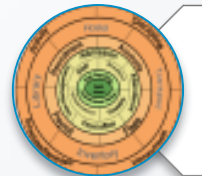
**Teacher Training**



**Math Lab**



**School Consultancy**



**Quick School @ Cloud**



**IT, Web & Multimedia**



# Schools Learning: Credentials

10 Mn +

Students

400 k +

Teachers

100 k +

Nodes

24 k +

Hrs of Content

45 k +

Instructors

16 k +

Schools



Cumulative



## Business Transformation

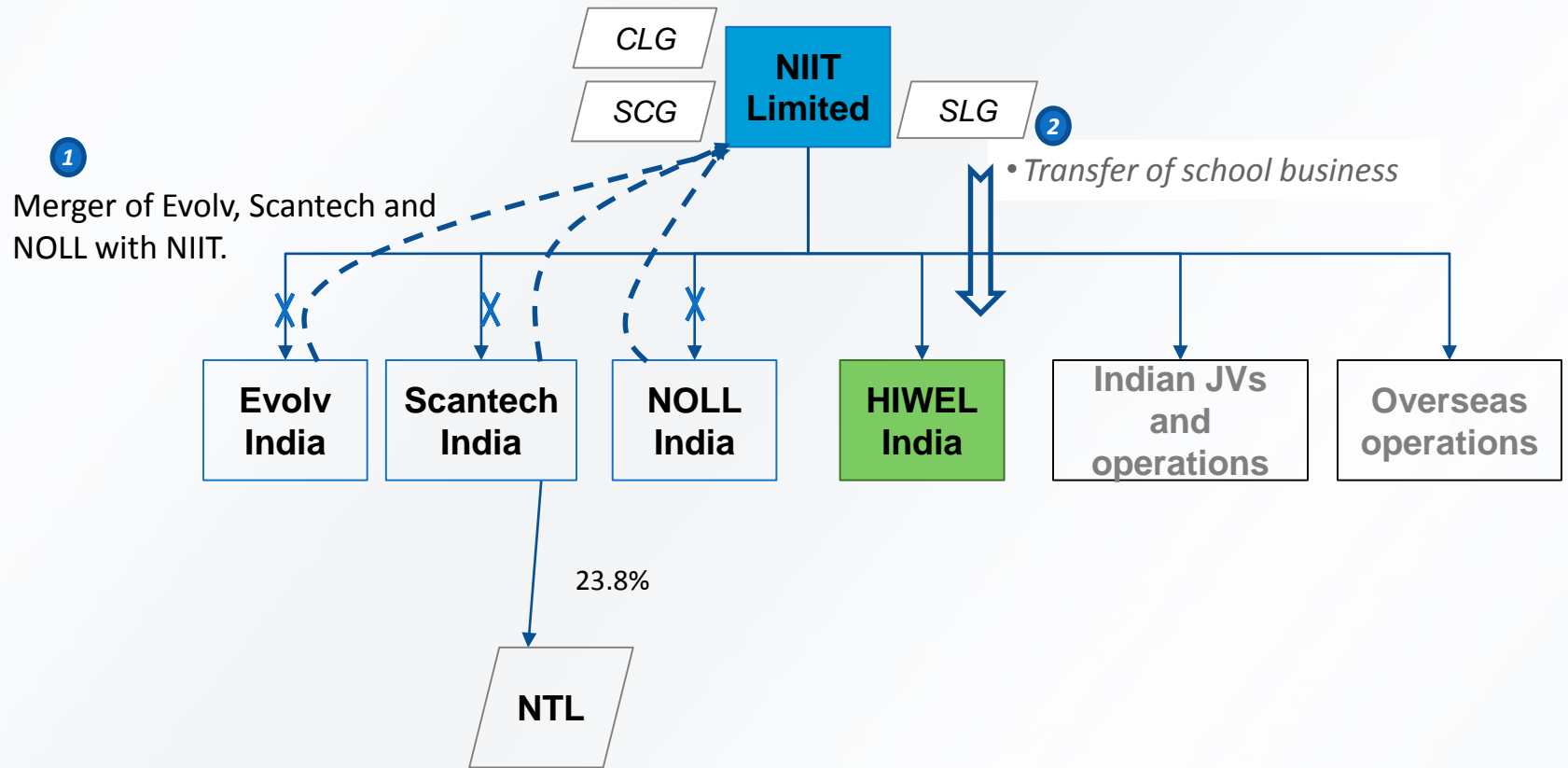
# Business Transformation Journey

- 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**



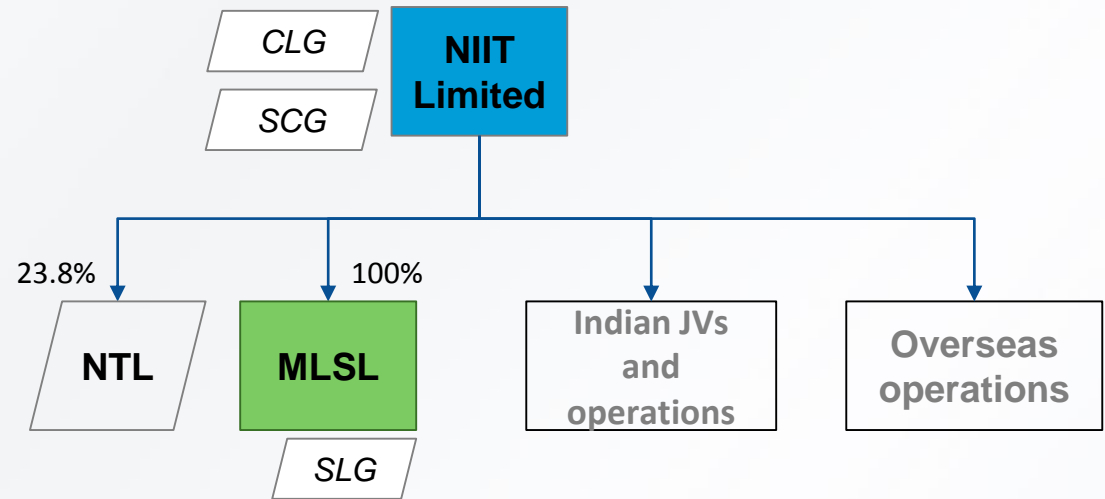
# Business Transformation: Scheme of Arrangement



**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**



## Q3'FY16 Results Update

## Environment

- Increased global economic uncertainty driven by slowdown in emerging markets. IMF cut global growth forecast for CY2015 to 3.1% (vs 3.3% earlier)
- Lower commodity prices and volatility in 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 continues to impact investment sentiment
- Government continues to focus on driving skills development to drive sustainable and inclusive growth
- Start-ups disrupting traditional industries and driving demand for new-age skills. India ranks third among global start-up ecosystems with more than 4,200 new-age companies. Create 80,000 jobs in 2015 (NASSCOM)

# NIIT Growth Platforms

**NIIT**

## Corporate

### MTS

- 27 global MTS customers vs 24 in Q3 FY15
- Revenue visibility at \$195 mn vs 177 mn in Q3 FY15

## Skills & Careers

### Beyond IT & Cloud Campus

- Beyond IT contributes 38% vs 36% in Q3 FY15
- 71% centres cloud enabled
- 78% portfolio cloud enabled
- 80 courses QP aligned
- Capacity utilization @ 34% vs 31% end Q4 FY15

## Schools

### nGuru

- Signed 38 Schools in Q3. Total 2,841 schools addressed
- Focussed IP led private school business contributes 20%

**Liquidity, Profitability and Capital Efficiency**

# Q3'FY16: In Perspective

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

- Revenue at INR 1,586 Mn up 17% YoY; Constant currency growth @ 15% YoY; EBITDA margin at 12% (rock steady consistency)
- Added 1 new MTS customer; MTS now contributes 91% to CLG revenue
- Revenue Visibility at \$ 195 Mn; Order Intake at \$27 Mn up 12% YoY

## Skills & Careers Group (SNC): Continued re-energization

- Revenue at INR 828 Mn (up 3% YoY vs -18% in FY15; uptrend Q1:Q2:Q3 => -3%:1%:3%)
- Revenue from Focus-Business up 2% YoY compared to drop of 15% in Q2FY15
- Q3FY16 EBITDA INR 5 Mn (1% of revenue), due to overall impact of Business transformation
- Beyond-IT contributes 38% to SNC revenue compared to 36% in Q3FY15

## School Learning Group (SLG): Subsidiary implementation

- Revenue at INR 209 Mn down 33%
- Order Intake of INR 61 Mn; added 38 schools during the quarter
- Focussed IP led private school business contributes 20%

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

- Revenue at INR 2,623 Mn; YoY Q1:Q2:Q3=>4%:5%:6%; Focus-Business up 9% YoY
- EBITDA at INR 164 Mn at 6% of revenue; up 393 bps YoY
- PAT at INR 137 Mn vs INR 18 Mn in Q3FY15

## Key Financials

INR Mn	Q3 FY'16	Q3 FY'15	YoY	Q2 FY'16	QoQ
<b>Net Revenue</b>	2,623	2,482	6%	2,725	-4%
Operating expenses	2,459	2,424	1%	2,473	-1%
<b>EBITDA</b>	164	57	185%	252	-35%
EBITDA%	6%	2%	393 bps	9%	-302 bps
Depreciation	117	152	-23%	129	-9%
Net Other Income	-67	4	-71 mn	-51	-16 mn
<b>Profit before Tax</b>	<b>-21</b>	<b>-91</b>	<b>71 mn</b>	<b>72</b>	<b>-93 mn</b>
Tax	5	4	-1 mn	11	6 mn
<b>Operational Net Profit</b>	<b>-26</b>	<b>-95</b>	<b>69 mn</b>	<b>61</b>	<b>-86 mn</b>
Share of Profits from Associates	163	114	50 mn	147	16 mn
<b>PAT</b>	<b>137</b>	<b>18</b>	<b>654%</b>	<b>208</b>	<b>-34%</b>
<b>Basic EPS (Rs.)</b>	<b>0.8</b>	<b>0.1</b>	0.7	<b>1.3</b>	-0.4

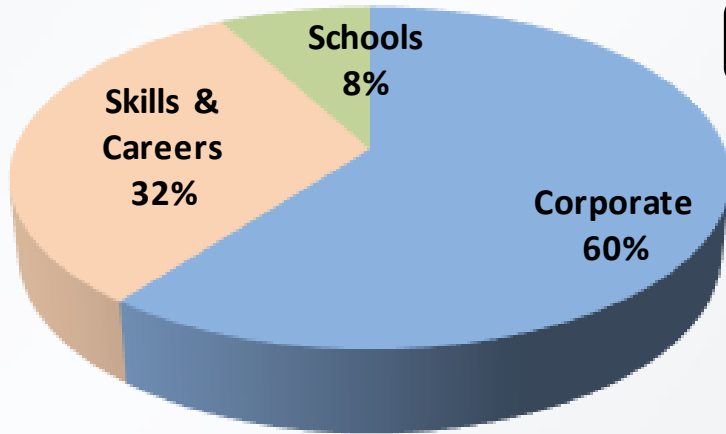
Sequential (QoQ) numbers may not be comparable due to business seasonality

- 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 393 bps YoY on account of Business transformation and business mix
- Depreciation down 23% YoY, reflecting planned reduction in capital intensity

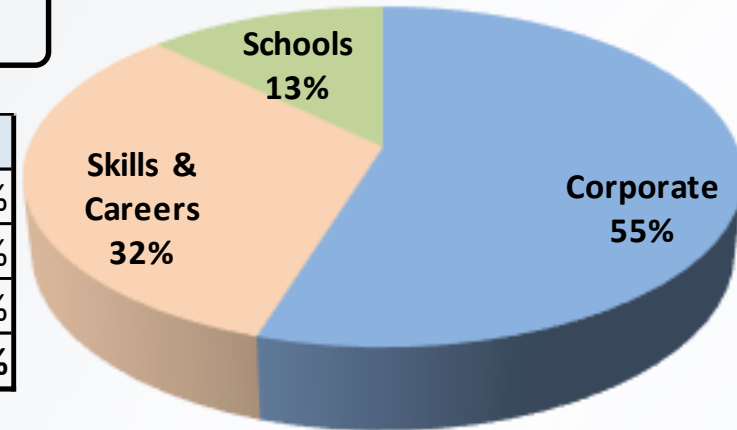


# Business Mix

## Q3 FY16



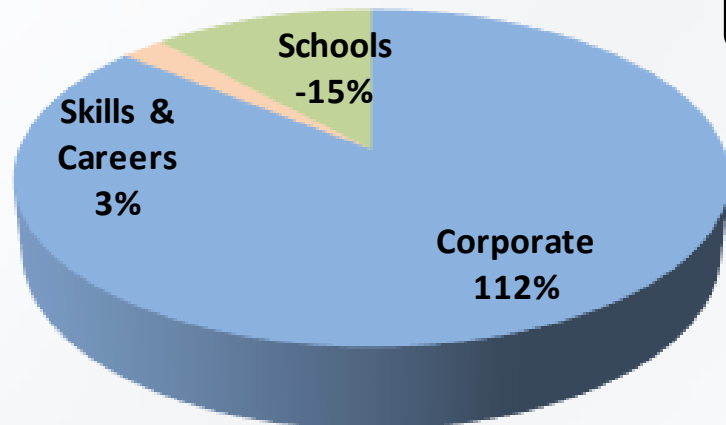
## Q3 FY15



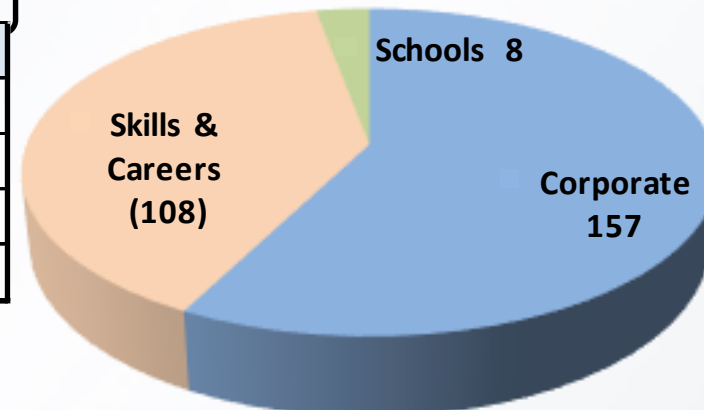
### Net Revenue

	Growth
Corporate	17%
Skills & Careers	3%
Schools	-33%
NIIT	6%

## Q3 FY16



## Q3 FY15



### EBITDA

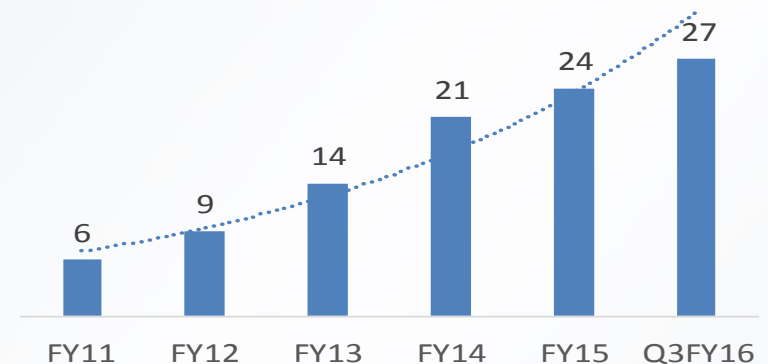
	Growth
Corporate	+26 M n
Skills & Careers	+113 M n
Schools	-33 M n
NIIT	+106 M n

# Corporate Learning Group

INR Mn	Q3 FY16	Q3 FY15	YoY	Q2 FY16	QoQ
Net Revenues	1,586	1,360	17%	1,448	9%
EBITDA	184	157	17%	170	8%
EBITDA %	12%	12%	2 bps	12%	-14 bps

- Revenue at INR 1,586 Mn up 17% YoY; Constant currency Revenue growth at 15% YoY
- Strong business momentum continuing in FY16, driven by growth in MTS
- One new MTS customer signed in Q3FY16; MTS contributes 91% to CLG revenues
- Revenue Visibility at \$ 195 Mn
- Order Intake at \$27 Mn

Number of MTS Customers



# Skills & Careers Group

INR Mn	Q3 FY16	Q3 FY15	YoY	Q2 FY16	QoQ
Net Revenues	828	808	3%	1,045	-21%
EBITDA	5	-108	-105%	69	-93%
EBITDA %	1%	-13%	1,396 bps	7%	-597 bps

- Revenue at INR 828 Mn up 3% YoY (vs -3% in Q1 & +1% in Q2, and -12% in Q3 FY15); Revenue from Focus-Business up 2% compared to drop of 12% in Q3 FY15
- Beyond-IT contributes 38% to SNC revenue vs 36% in Q3 FY15
- Successful turnaround on Revenue, EBITDA & Cash by go-forward Emerging Markets Overseas business (China + ROW)



**BEGIN YOUR BIG DATA JOURNEY**

**LEARN HADOOP**

With Hadoop, you will learn all the right skills to make a better future in the Big Data industry.

**hadoop**

NIIT introduces a course on Hadoop in association with "Hadoop - Thought Leaders of Big Data". The course not only covers the concepts of Big Data but also provides hands-on experience on Hadoop complemented with cases to understand the real world applications of Big Data.

- Course content in collaboration with Big Data thought leaders, Metacade, USA
- Sponsorship and Expert Faculty
- Hands-on exercises
- Real-life case studies

Get NIIT **MetaScale** certificate on completion of the course

Course Duration: 2 months

Eligibility:
 

- Engineering Graduates preferably in Computer Science/IT Streams
- Working professionals with specialization in Computer Science or IT
- Basic knowledge in Java Programming is a must

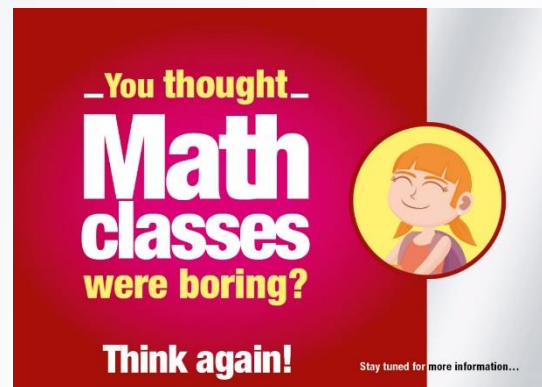
**NIIT / go places**

www.niitcloudcampus.com | 1800 102 6448

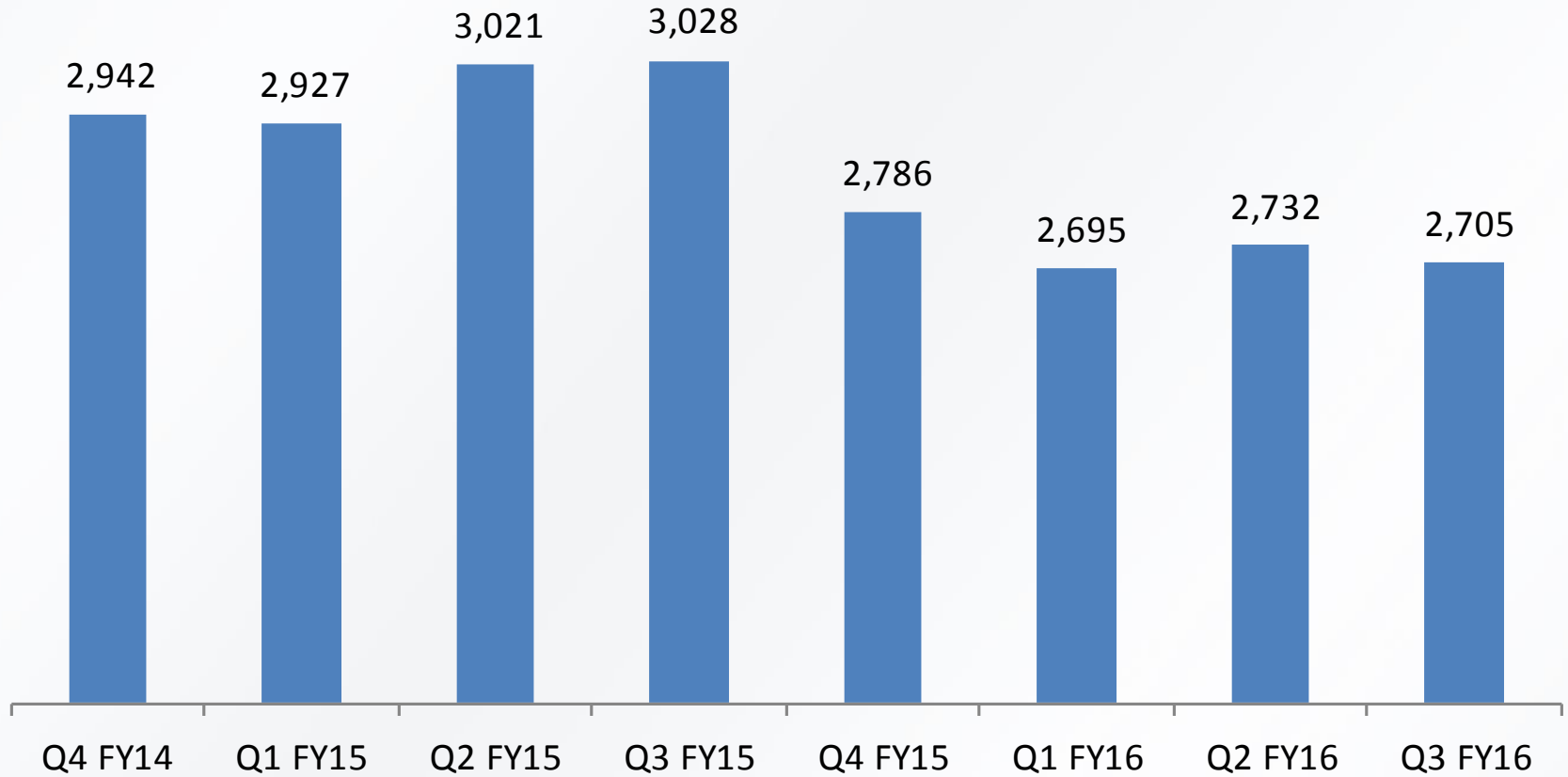
# Schools Learning Group

INR Mn	Q3 FY16	Q3 FY15	YoY	Q2 FY16	QoQ
Net Revenues	209	314	-33%	232	-10%
EBITDA	-25	8	-416%	14	-285%
EBITDA %	-12%	3%	-1453 bps	6%	-1786 bps

- Overall revenue impacted due to planned ramp down of government school projects
- Revenue from Focussed IP led private school business contributes 20% to SLG revenue
- Added 38 schools, Order intake of INR 61 Mn



# People



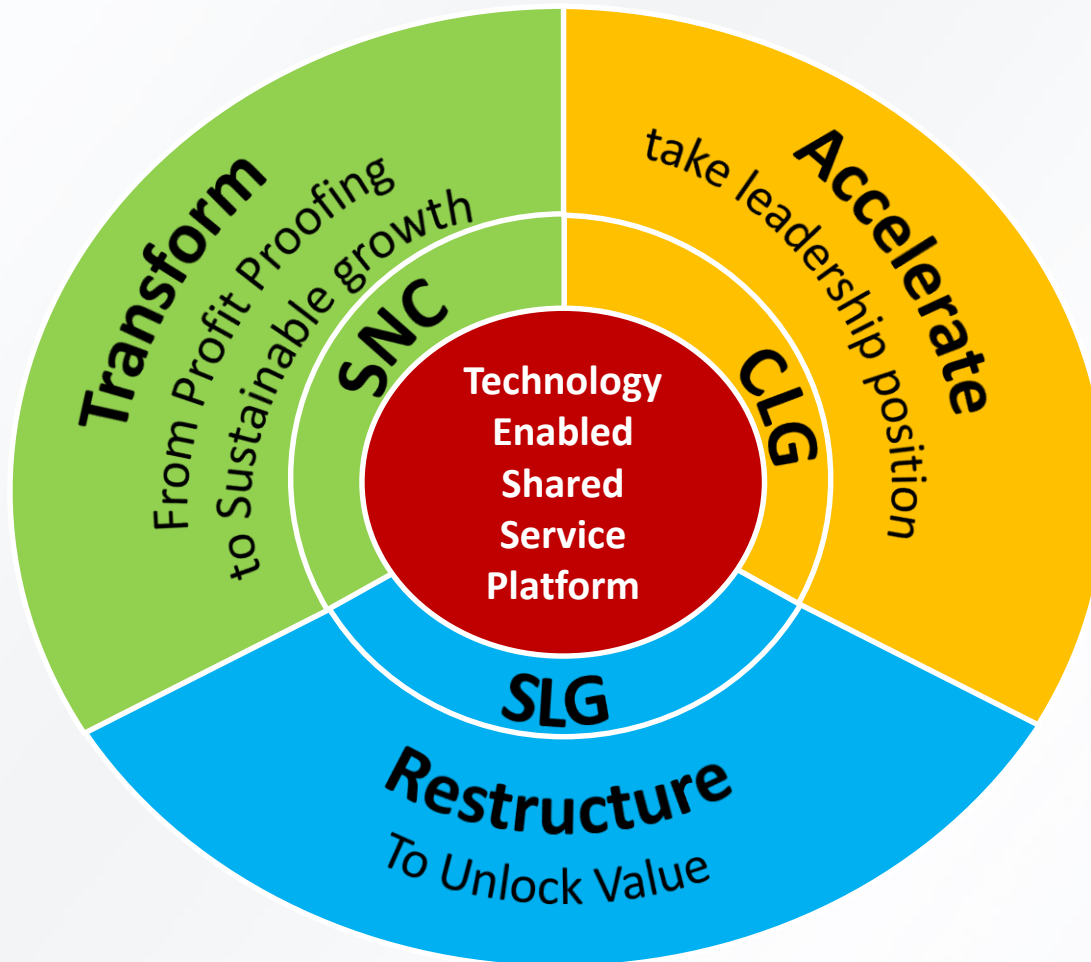
Headcount down 27 QoQ and down 323 YoY

*\* excludes project retainers*



**Future Direction**

# The Next Frontier: Strategic Agenda



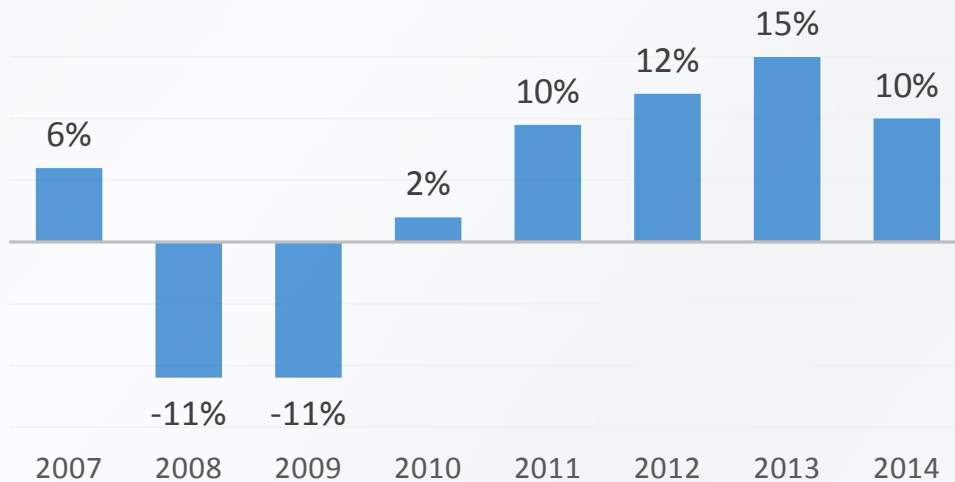


## Corporate Learning Group

Future Direction



# CLG: Corporate Training Spending



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

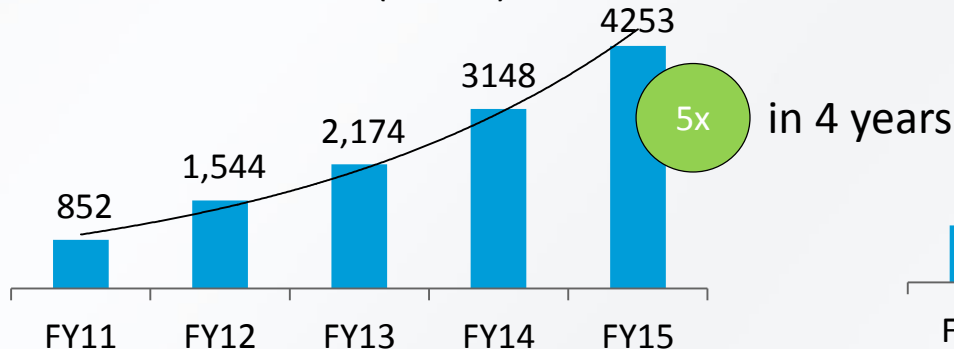
*Source: Bersin By Deloitte*

- Continued surge in corporate training spending, as US corporations focus on reskilling their workforce; underscores corporate commitment to training
- In house L&D footprint continues to shrink
- Training is a specialized function and organizations are increasingly relying on specialists to outsource training

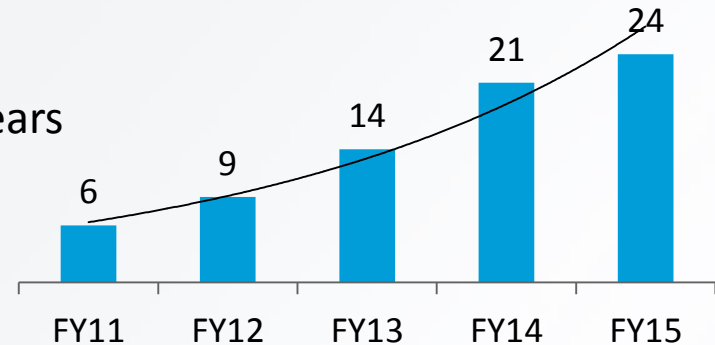
**Corporate Training market represents a huge opportunity**

# CLG: Managed Training Services

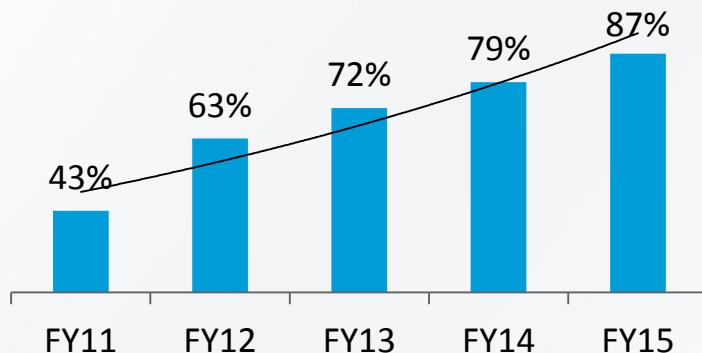
MTS Revenue (Rs Mn)



Number of MTS Customers



MTS contribution to CLG



- Large market with attractive growth opportunity; Increasing contribution from MTS
- NIIT has a differentiated competitive positioning
- 27 MTS customers; Revenue Visibility at \$195 Mn from existing contracts

**MTS continues drive steady growth for CLG business**



# CLG: Managed Training Services



Running Training Like a Business  
It's Time to Transform.



Delivering Efficiency and Effectiveness In Training

# CLG: Taking MTS to Next Level Of Growth



**Driving Scale and Profitability For CLG**

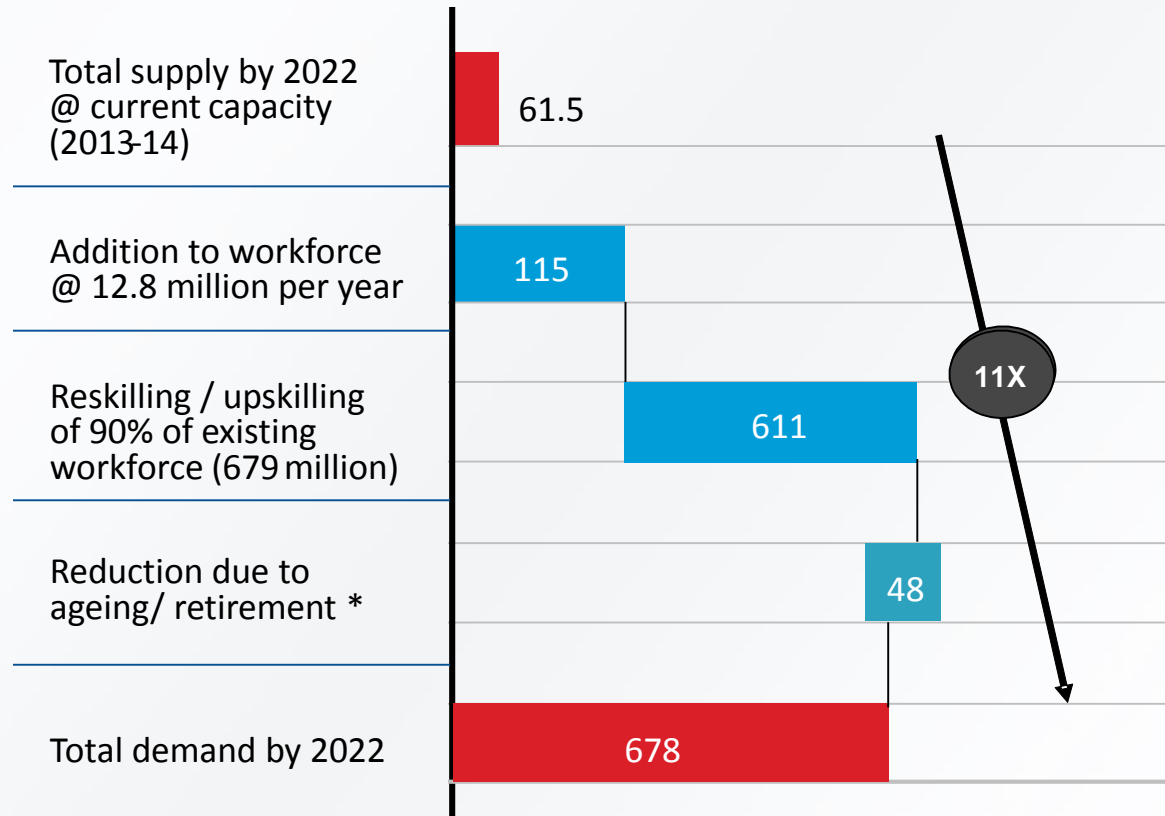




## Skills & Careers Group

Future Direction

# 2022 Projections: Huge Capacity Creation Required



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

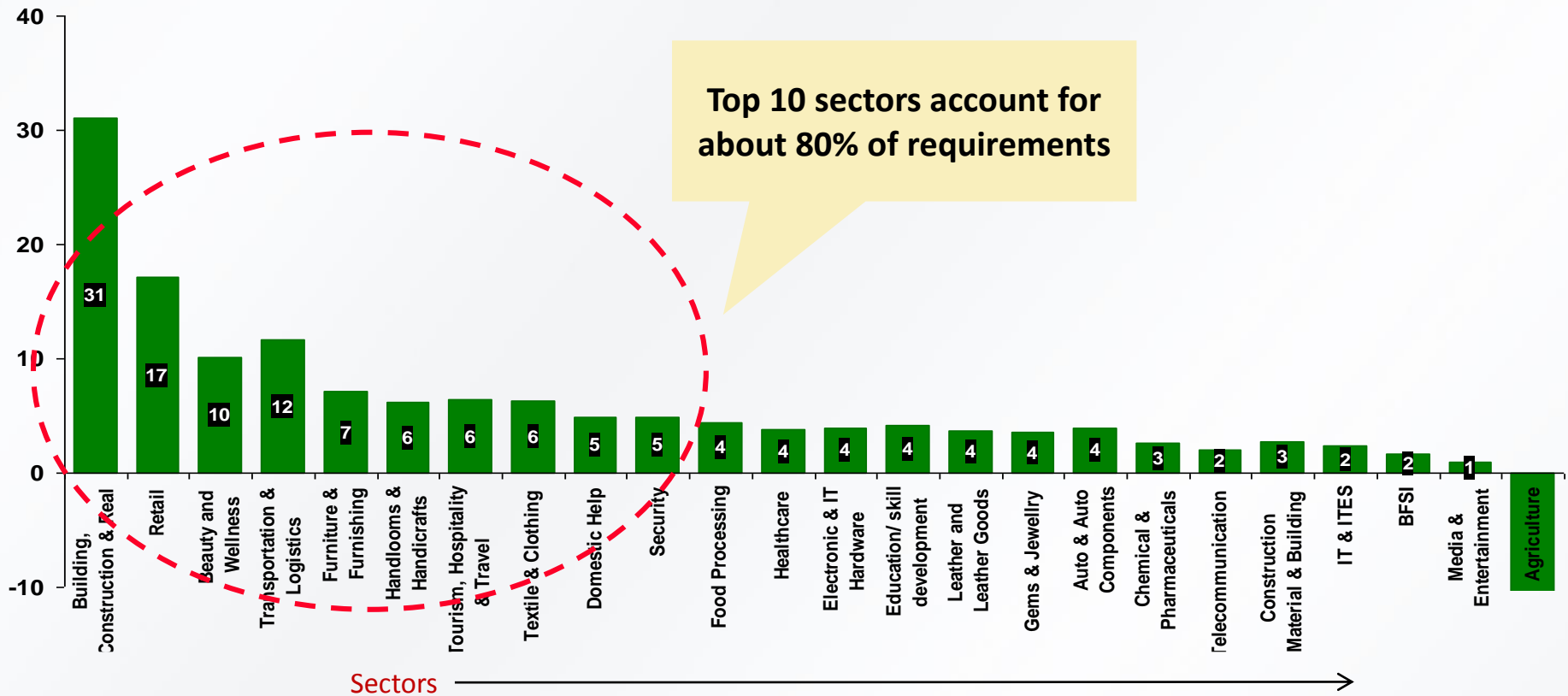
\*Assuming that the existing workforce in the age group of 51-59 will not be re-skilled

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



# Skill Gaps: Sectorial Employment & Growth Opportunities

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



Source: Sector wise Human Resource and Skill Requirements Reports, 2013 – 2022; NSDC

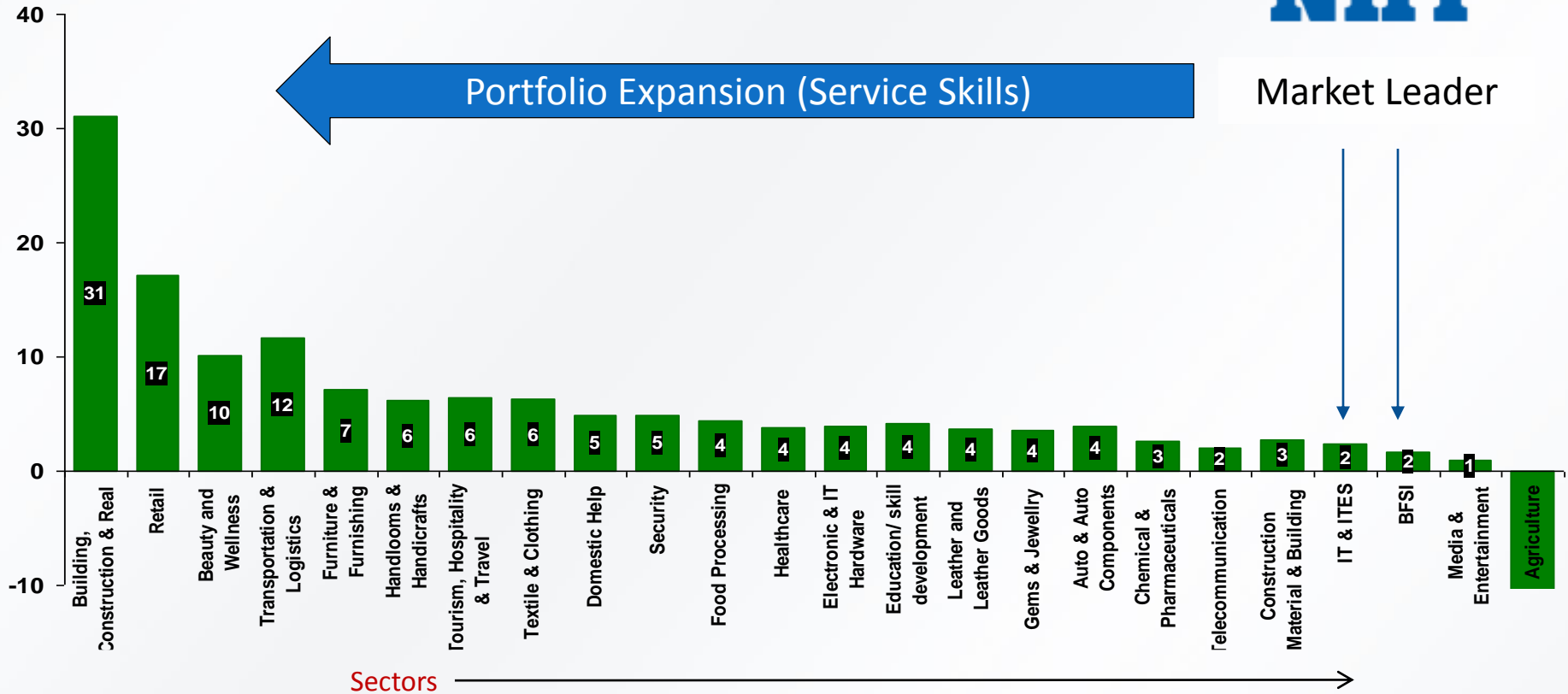
# Skill Gaps: Sectorial Employment & Growth Opportunities

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



Market Leader

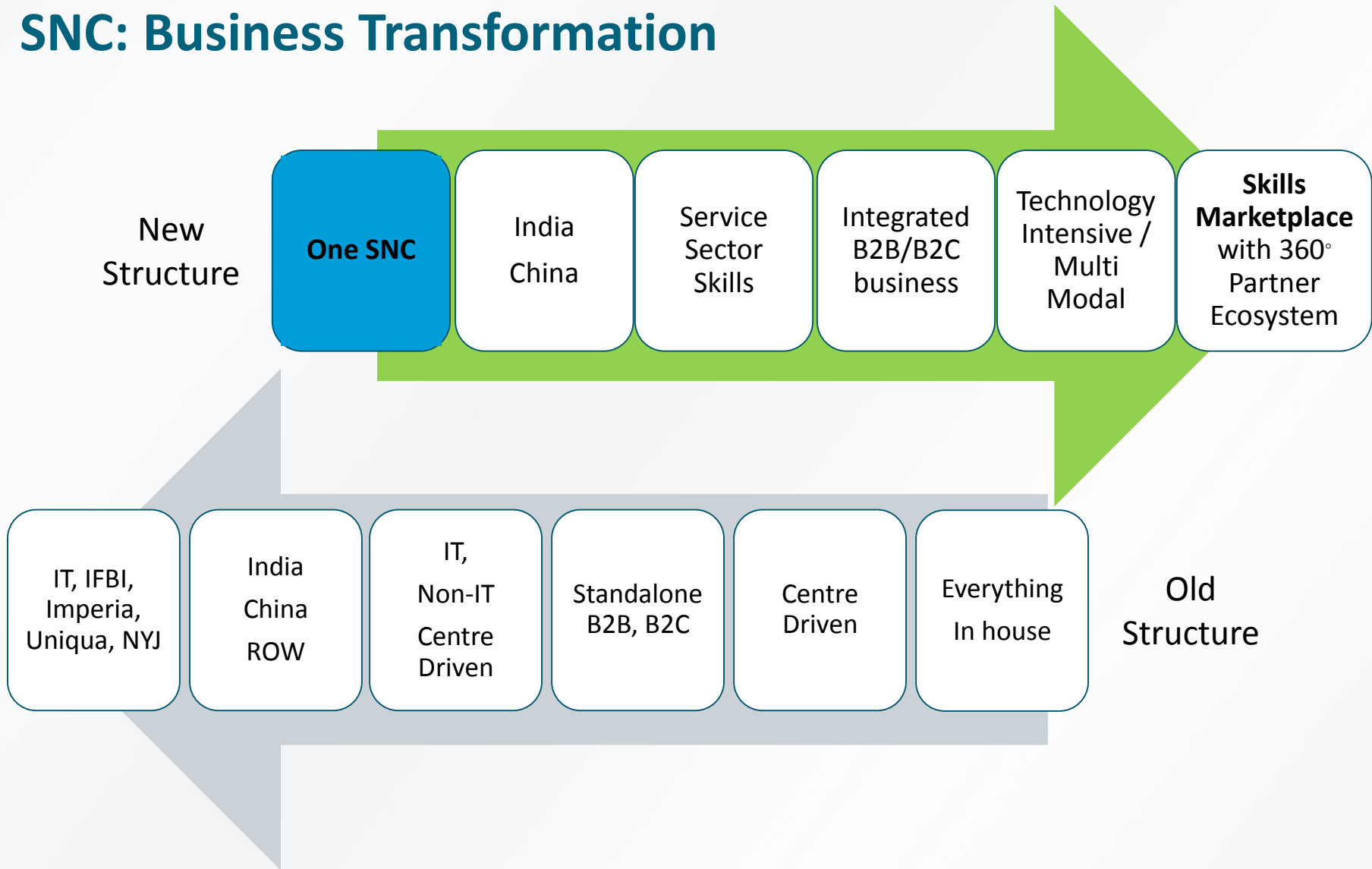
Portfolio Expansion (Service Skills)



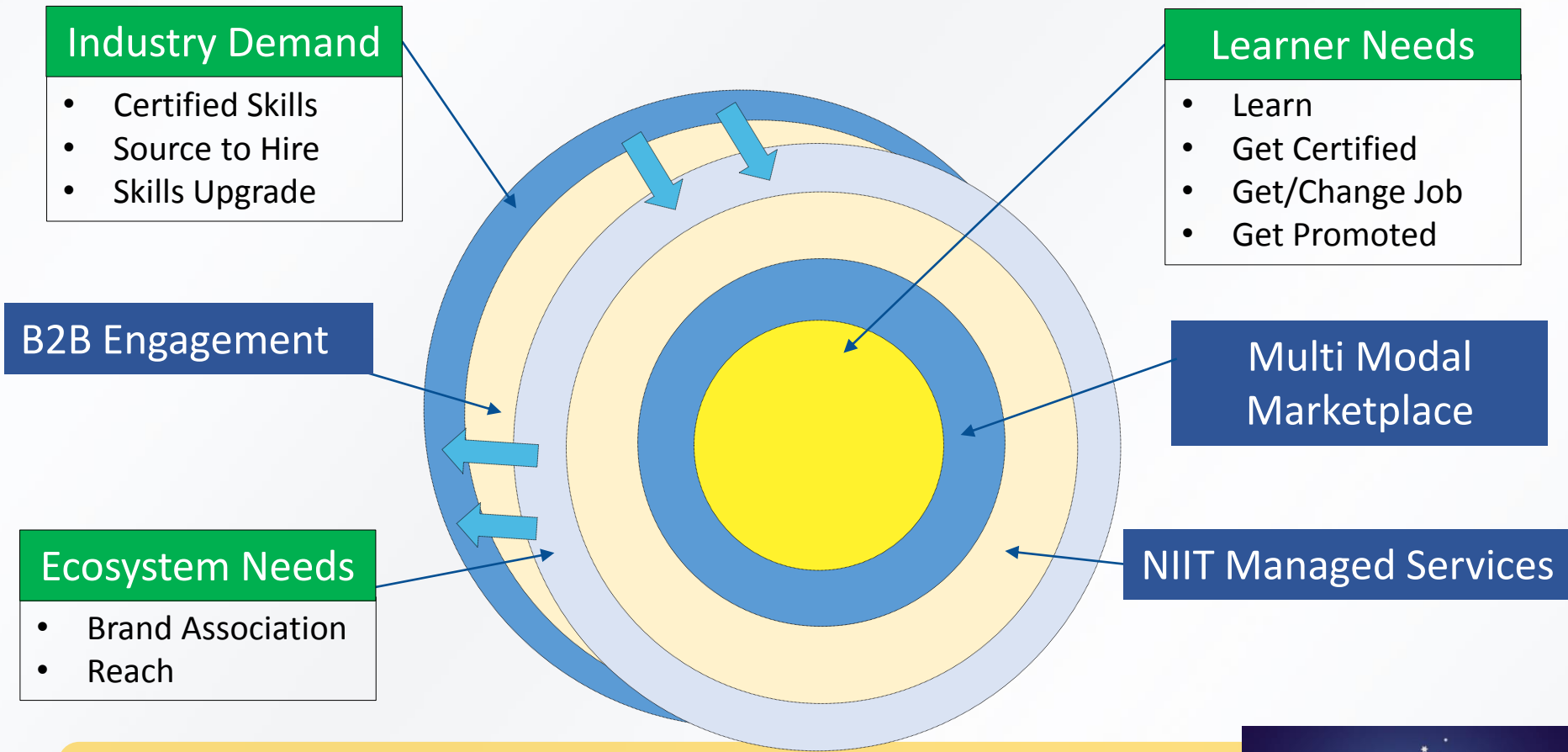
Source: Sector wise Human Resource and Skill Requirements Reports, 2013 – 2022; NSDC



# SNC: Business Transformation



# SNC: 360 Degree Partner Ecosystem



**Building a Comprehensive Skills & Careers Ecosystem**

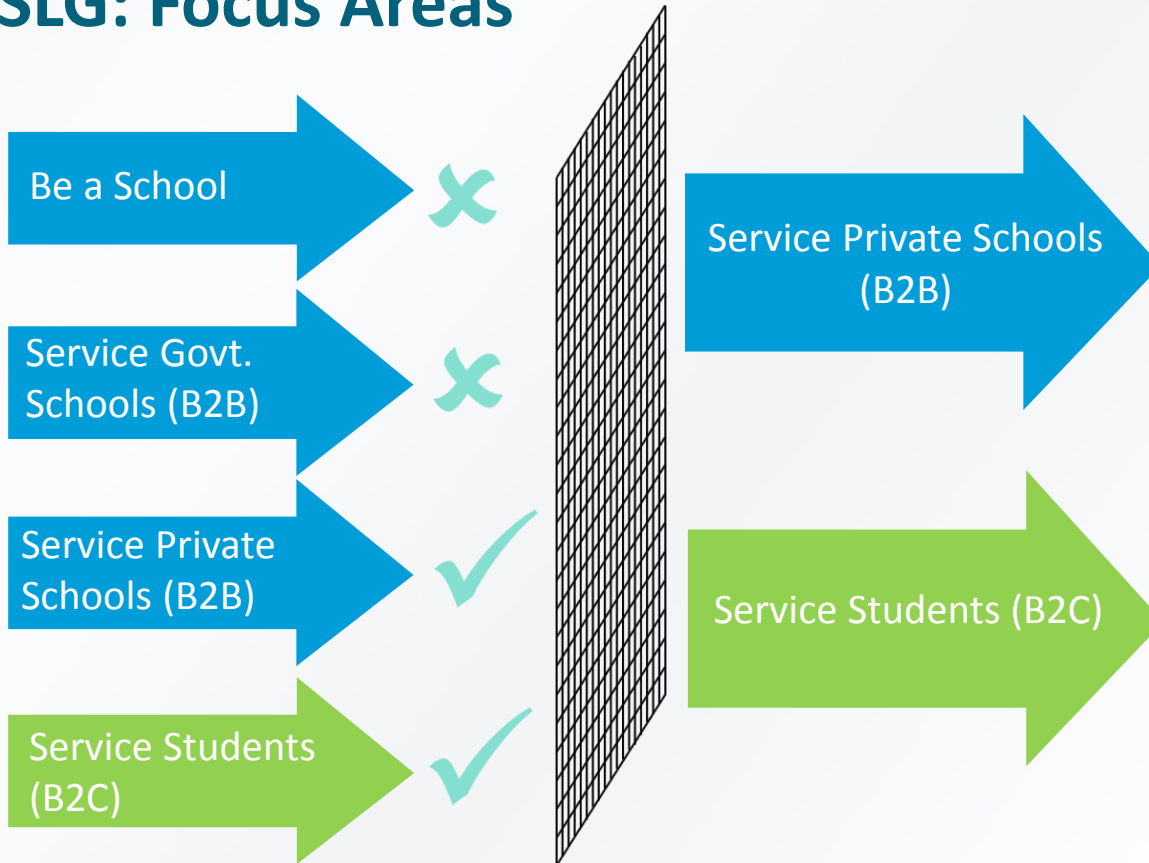




## Schools Learning Group

Future Direction

## SLG: Focus Areas

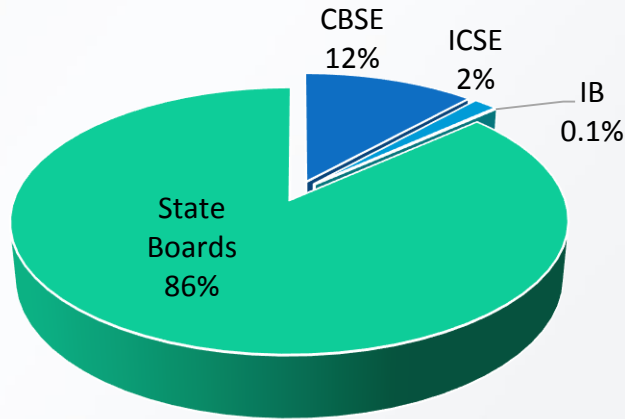


- Defocused from government schools business
- Exited capex driven business models in private schools
- No Nationally Dominant Player in private schools space with comprehensive product portfolio; Opportunity to transform and scale
- Large untapped opportunity in B2C space
- Needs separate focus and attention

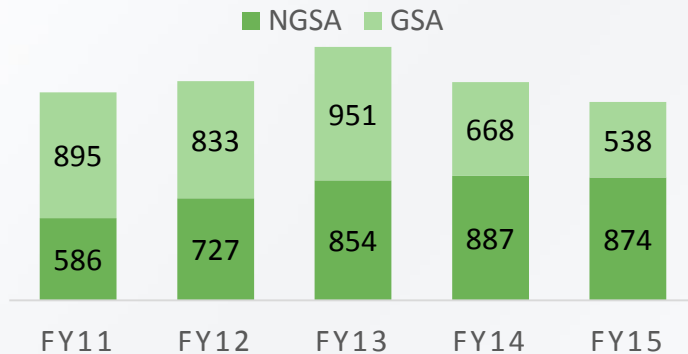
**Restructured to unlock value**

# SLG: Current B2B Opportunity Set

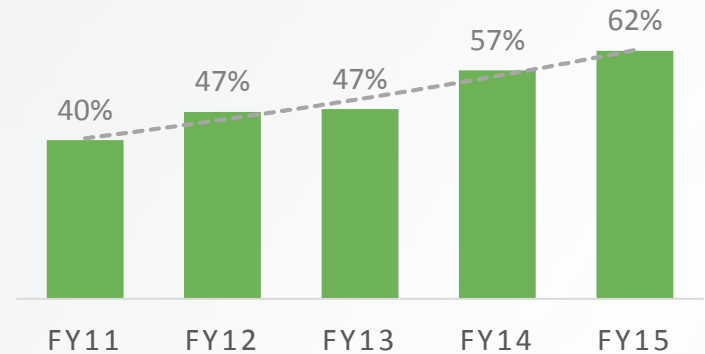
~120K Private Schools



Revenue (Rs Mn)



NGSA: Share of Rev

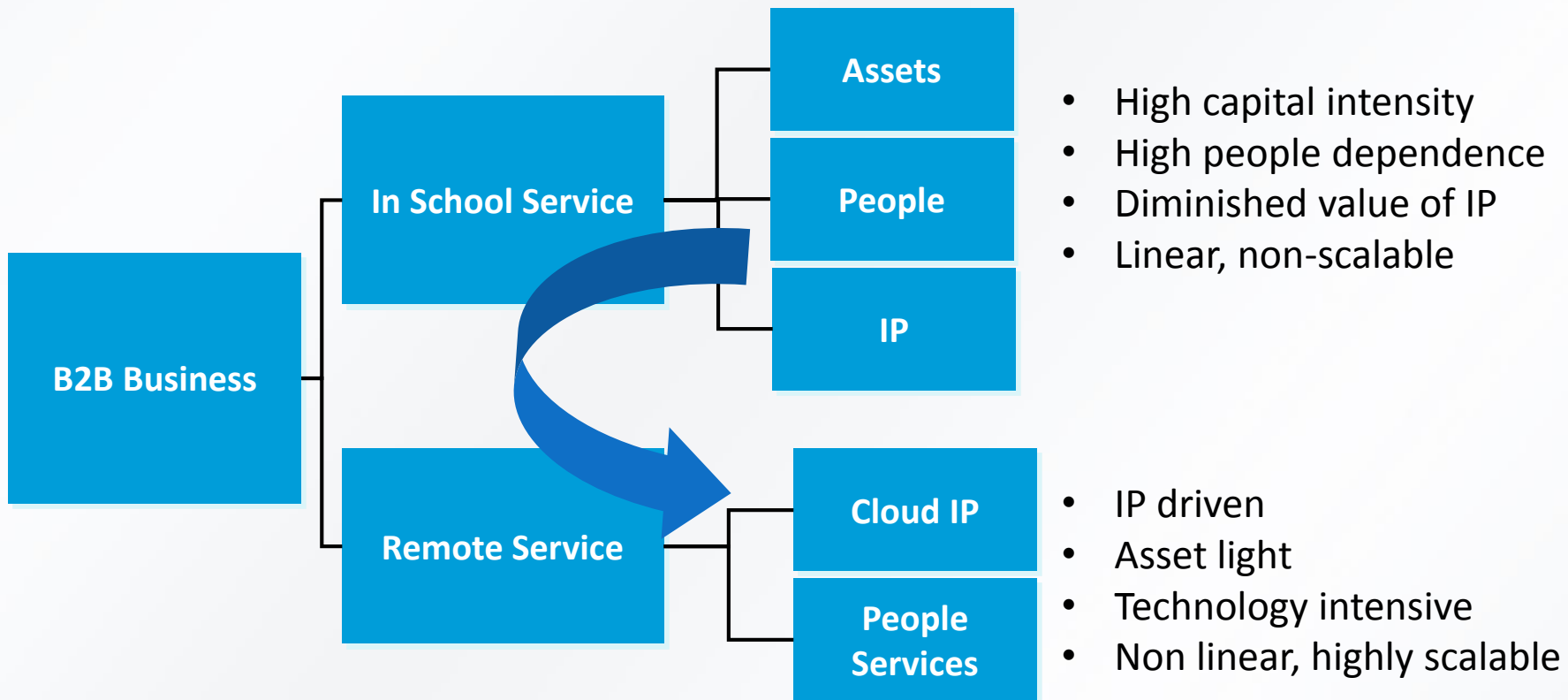


- ✓ Comprehensive product portfolio
- ✓ Leadership position in white spaces (IT, Math Lab, QS etc)
- ✓ Exit from capex driven model impacting revenue growth in short term, but quality of revenues improving

**Increasing share of business from private schools**



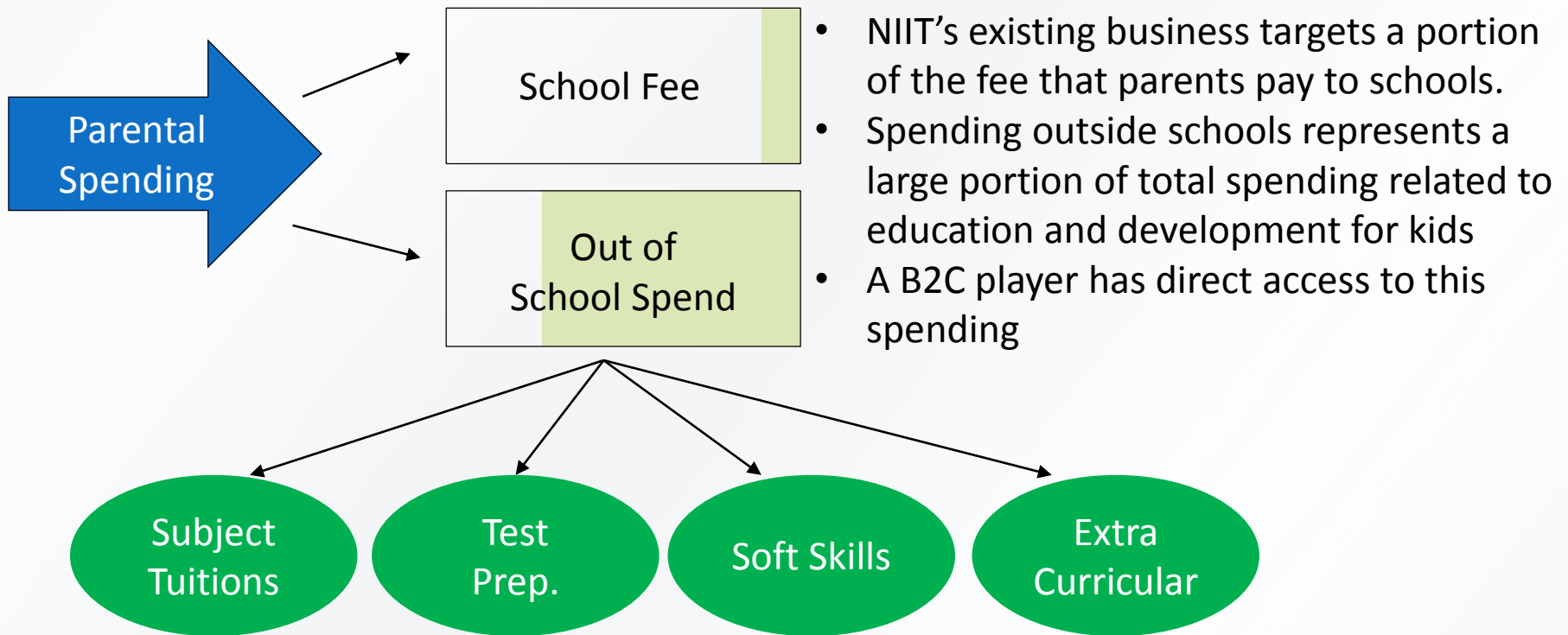
# SLG: Next Frontier For B2B Business



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



# SLG: K-12 Opportunity Landscape



\*Representative

**Large Untapped Opportunity in B2C Segment**



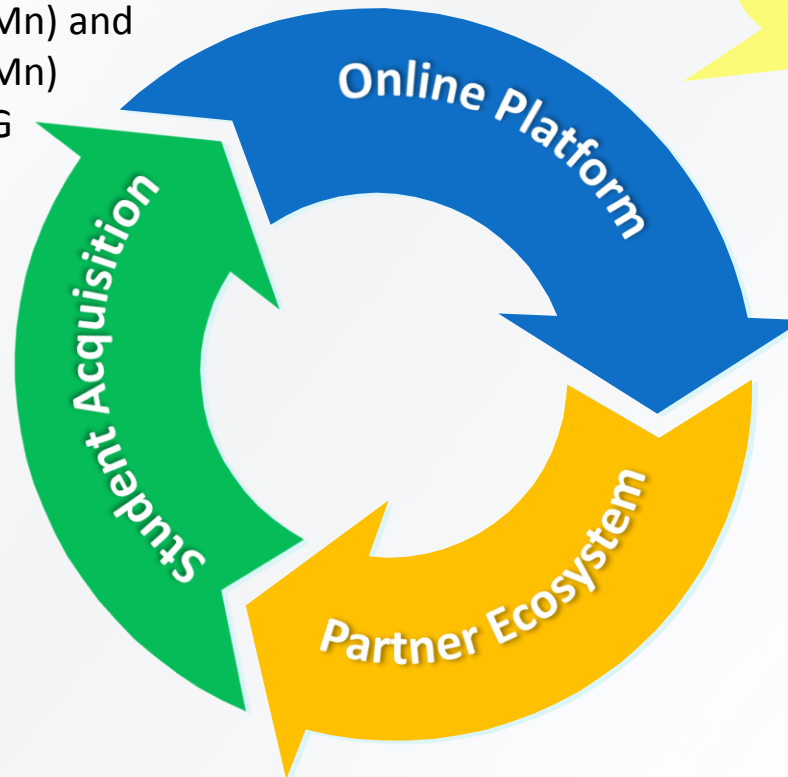
# SLG: Grabbing the B2C Opportunity

## 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



Big Data based Adaptive Learning Platform

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

**Opportunity to leverage existing assets to gain scale**







THE  
**NEXT**  
FRONTIER

— NIIT —

**Overall**

Future Direction

