

NIIT Investor Presentation

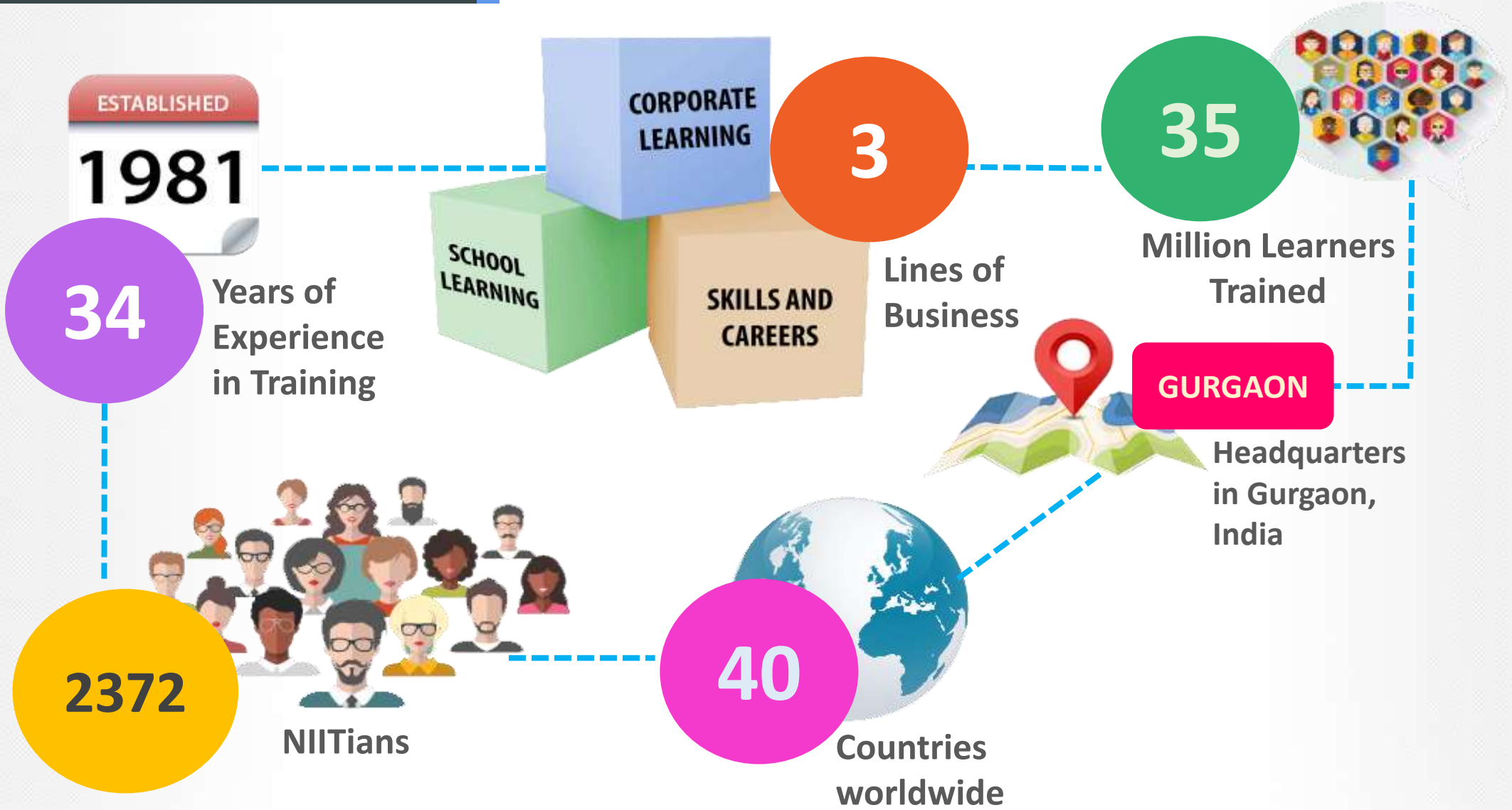
May 2016

NIIT: Company Overview

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

FY16 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

361



B2C education centers

Skills & Careers

10M




Technology enabled over 10 M school children

400K



Trained over 400 K school teachers to leverage technology

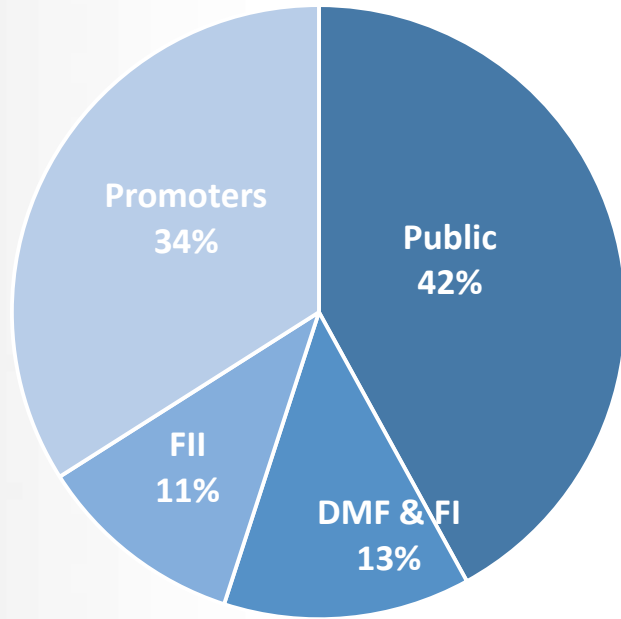
74%



74% students prefer learning mathematics with NIIT Math Lab

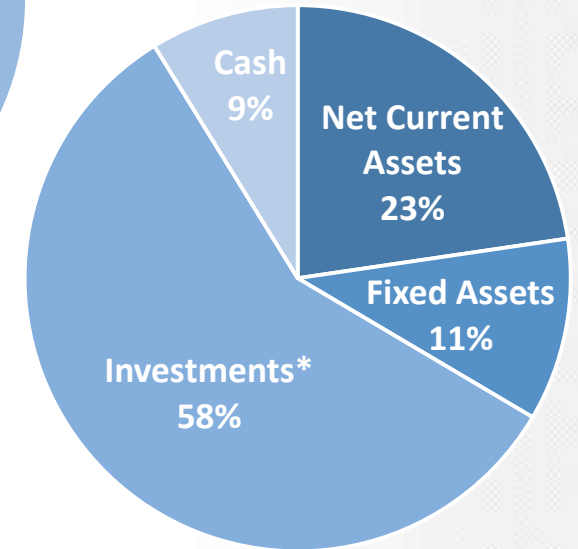
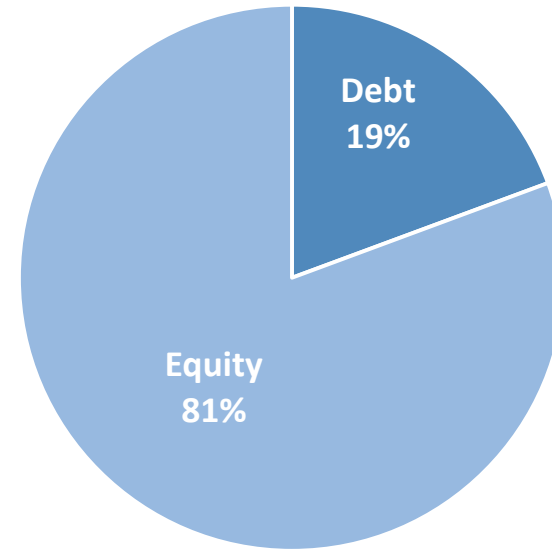
School Learning

Shareholding



No of Shares: 165.5 million

Total Capital Employed – Rs. 10,086 million



Net Capital Employed – Rs. 3,379 million**

Awards & Recognition



NIIT received Dataquest 'Top IT Training Company' Award for the 20th consecutive year

Highest Rated Education Brand



Ranked 4th 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

A professional office scene with a man in a suit and glasses working at a desk with multiple monitors and a laptop. A woman is visible in the background. A blue semi-transparent banner is overlaid across the middle of the image.

Business Overview

Managed Training Services



**CUSTOM CONTENT
AND CURRICULUM
DESIGN**



**LEARNING
DELIVERY**



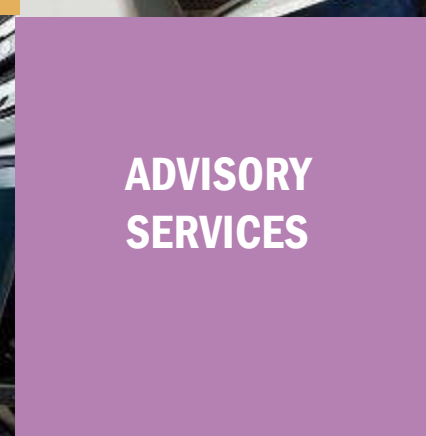
**LEARNING
ADMINISTRATION**



**STRATEGIC
SOURCING**



**LEARNING
TECHNOLOGY**

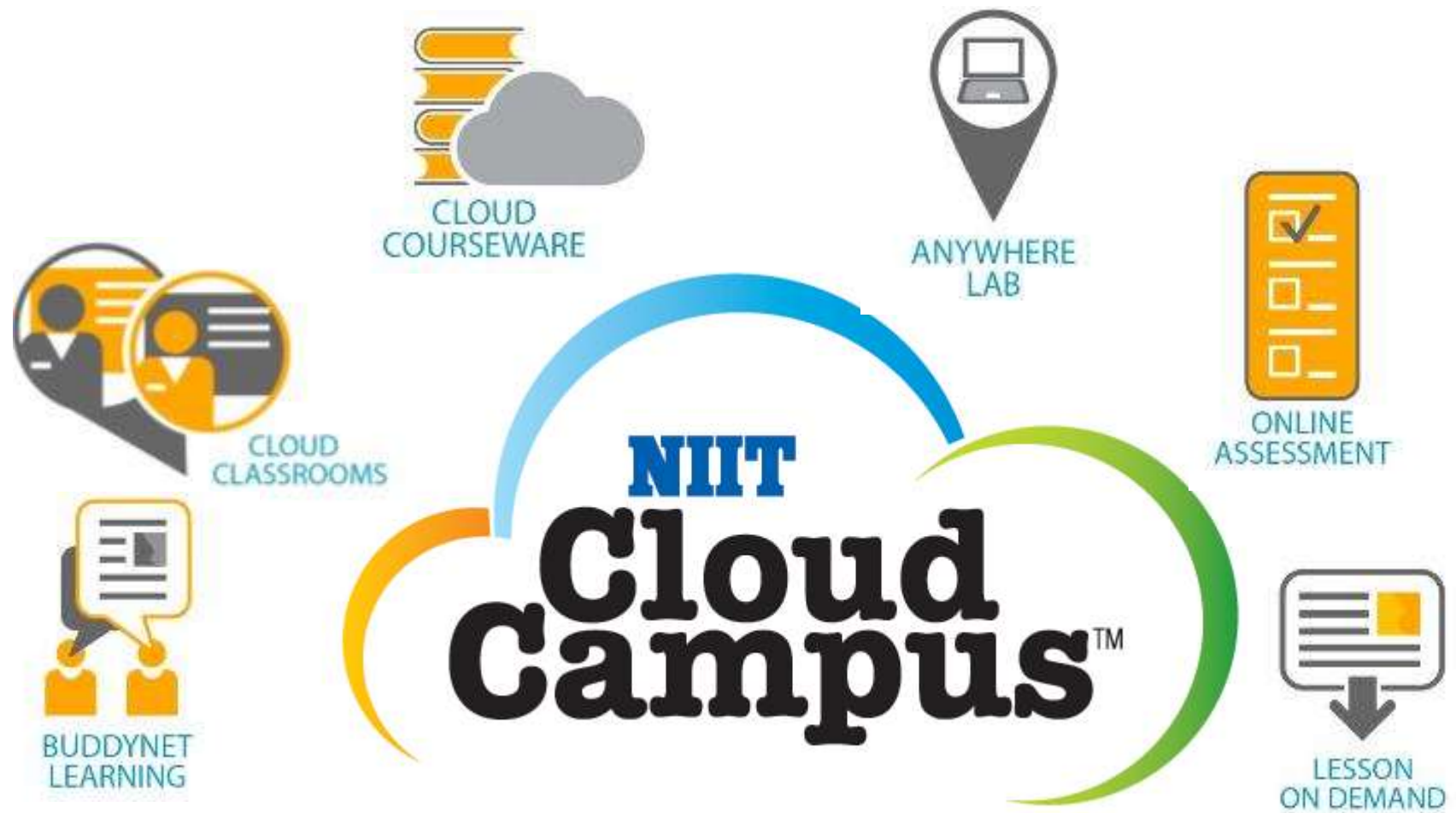


**ADVISORY
SERVICES**

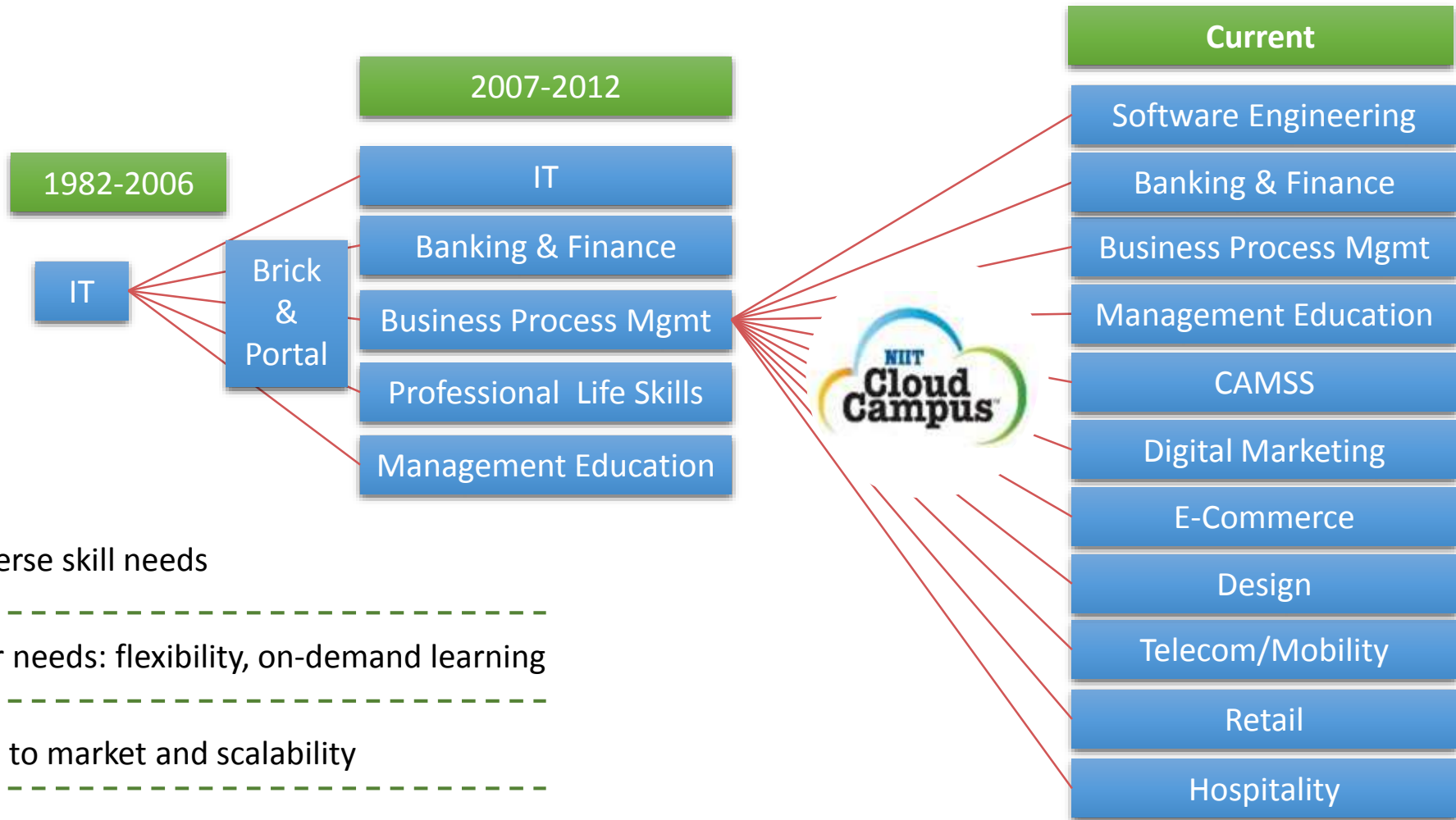


Corporate Learning Marquee Customers





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

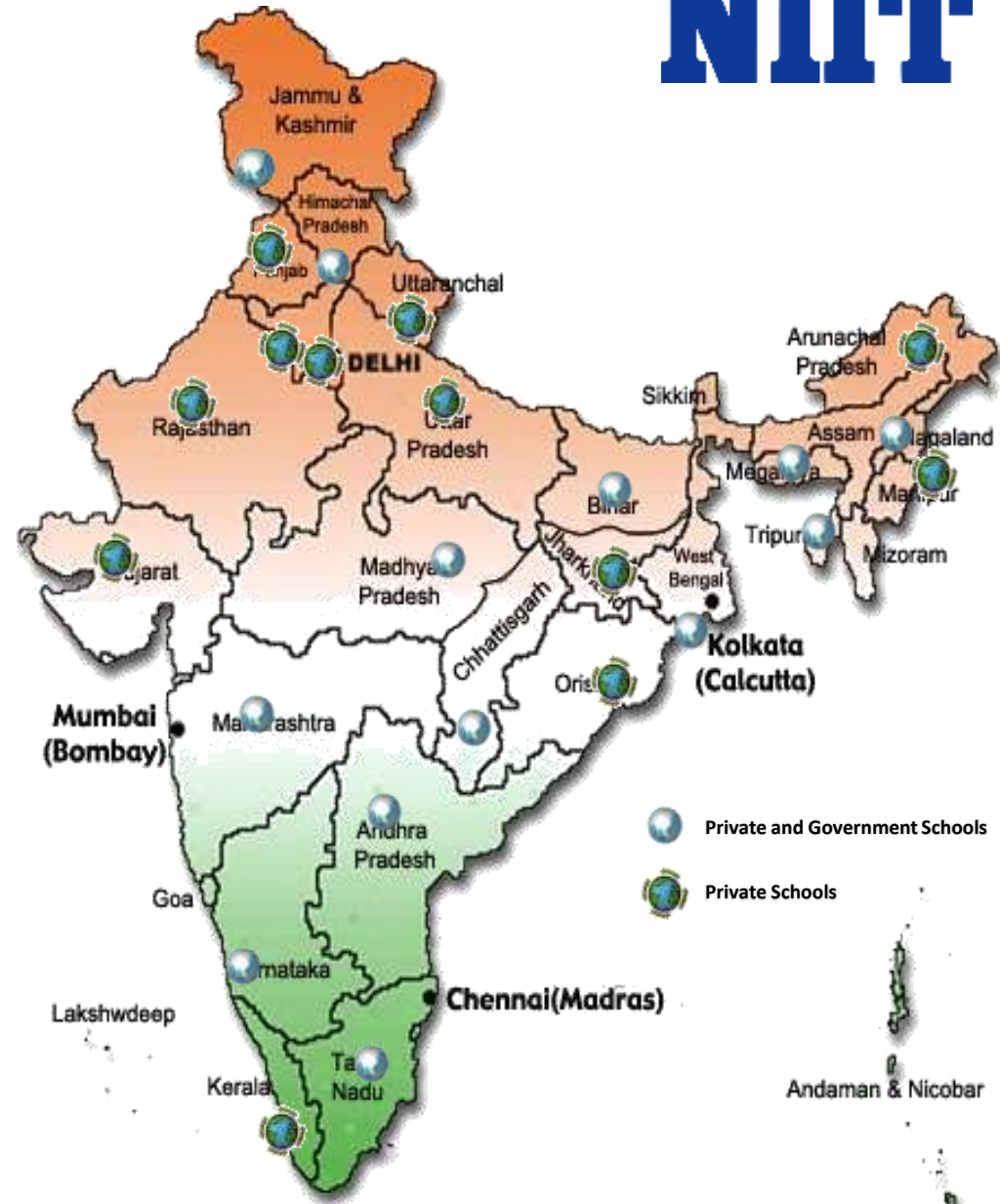
100 k +
Nodes

24 k +
Hrs of Content

45 k +
Instructors

16 k +
Schools

Cumulative

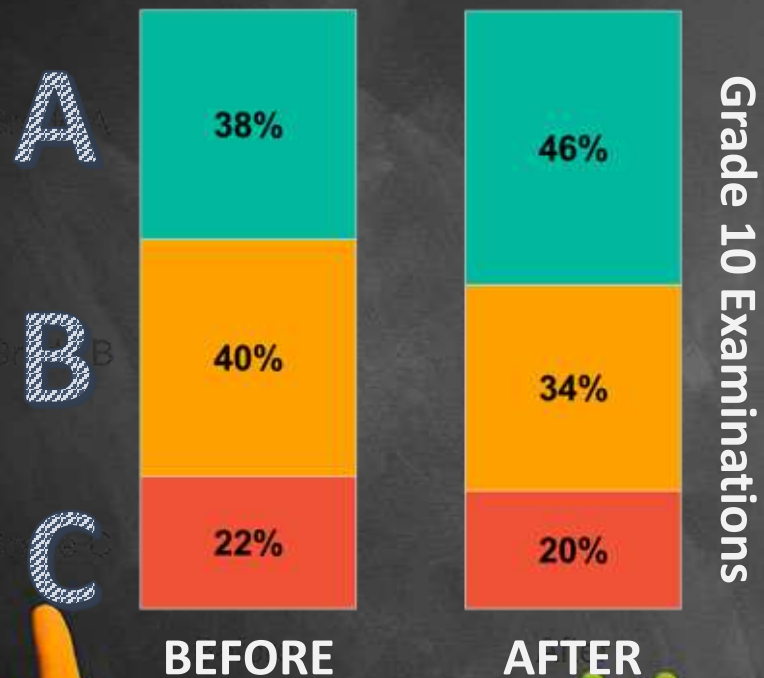


School Learning: Creating Measurable Impact

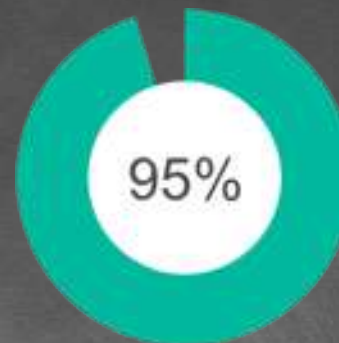
MathLab^{PLUS}

Impact Study Conducted by Deloitte.

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



STUDENTS



TEACHERS



PRINCIPALS



% Respondents with positive rating on overall experience with MathLab



A blurred office scene with people working at computers. A man in a suit and glasses is in the foreground, typing on a laptop. A woman in a green top is in the background, talking on a phone. There are several computer monitors and desks visible.

FY16 Results Update

- Global economic uncertainty continues. Sluggish pace of growth leaves the world economy exposed to risks (IMF). Sharp volatility in commodity prices and forex rates creates risks and opportunities
- Spending on training in US and Europe remains robust. However, pace of corporate decision making impacted due to macroeconomic uncertainty
- In India, while GDP growth has remained strong, uncertainty on timing of reforms continues to impact investment sentiment. New job creation remains weak
- Government continues to focus on skills development to drive sustainable and inclusive growth
- CBSE has issued circular to schools to make sure that the students are not forced to use books other than those prescribed by the NCERT
- NASSCOM expects net hiring in IT sector to decline next year as companies increase focus on automation. Aggressive push for Digitization across sectors 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. RBI has released draft guidelines for issuing on-tap universal bank licences

NIIT

Corporate

MTS

- 31 global MTS customers vs 24 in FY15
- Revenue visibility at \$ 200 mn vs \$ 179 mn in FY15

Skills & Careers

Beyond IT & Cloud Campus

- Beyond IT contributes 45% vs 34% in Q4 FY15. 40% for FY16 Vs 33% in FY15
- 70% centres cloud enabled
- 78% portfolio cloud enabled; 80 QP aligned
- Capacity utilization of Own centers in India @ 34% vs 31% end FY15

Schools

nGuru

- Signed 122 Schools in Q4; 336 for FY16. Total 2,963 schools addressed
- Focused IP led private school business contributed 37% for Q4 FY16 and 29% for FY16

Liquidity, Profitability and Capital Efficiency

Corporate Learning Group (CLG): Continued Strong performance

- Revenue at INR 5,679 Mn up 16% YoY; Constant currency growth @ 14% YoY; EBITDA margin at 12%
- Added 7 new MTS customers; MTS now contributes 90% to CLG revenue vs 87% in FY15
- Revenue Visibility at \$ 200 Mn; Order Intake at \$104 Mn up 28% YoY

Skills & Careers Group (SNC): Commenced Renewal phase

- Revenue at INR 3,326 Mn (up 1% YoY vs -18% in FY15; Q1:Q2:Q3:Q4 => -3%:1%:3%:5%)
- Revenue from Focus-Business up 5% YoY compared to drop of 17% in FY15
- FY16 EBITDA INR 51 Mn (2% of revenue), back to profit vs -5% in FY15
- Beyond-IT contributes 40% to SNC revenue compared to 33% in FY15

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

- Revenue at INR 1,063 Mn down 25%; EBITDA @ 2% for FY16 against 4% in FY15
- Order Intake of INR 439 Mn; added 336 schools
- Focussed IP led private school business contributes 29%

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

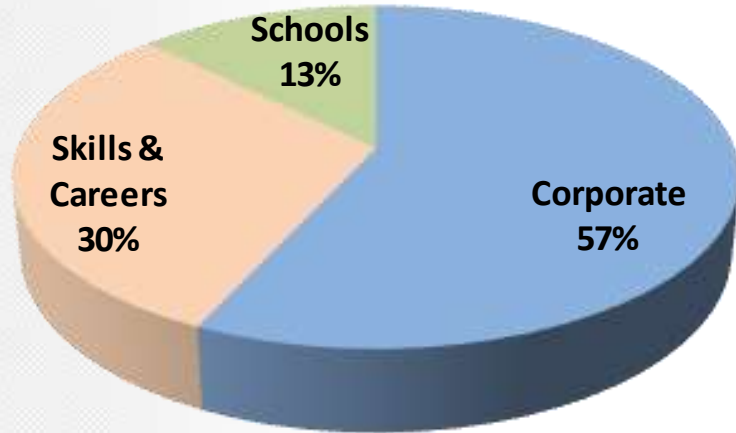
- Revenue at INR 10,069 Mn; YoY Q1:Q2:Q3:Q4 => 4%:5%:6%:7%; Focus-Business up 11% YoY
- EBITDA at INR 712 Mn at 7% of revenue; up 245 bps YoY
- Accelerated investments in new Online business (INR 22 Mn)
- PAT at INR 672 Mn vs INR (22) Mn in FY15

INR Mn	Q4 FY'16	Q4 FY'15	YoY	Q3 FY'16	QoQ	FY'16	FY'15	YoY
Net Revenue	2,389	2,235	7%	2,623	-9%	10,069	9,574	5%
Operating expenses	2,256	2,159	4%	2,459	-8%	9,357	9,132	2%
EBITDA	132	76	74%	164	-19%	712	442	61%
EBITDA%	6%	3%	215 bps	6%	-69 bps	7%	5%	245 bps
Depreciation	116	151	-23%	117	-2%	492	621	-21%
Net Other Income	-14	-47	71%	-67	79%	-146	-117	-24%
Profit before Tax	3	-122	125 mn	-21	24 mn	74	-296	370 mn
Tax	14	-12	26 mn	5	9 mn	37	12	25 mn
Operational Net Profit	-11	-110	99 mn	-26	14 mn	37	-308	345 mn
Share of Profits from Associates	189	-39	591%	163	16%	635	286	122%
PAT	178	-149	219%	137	29%	672	-22	3156%
Basic EPS (Rs.)	1.1	-0.9	219%	0.8	29%	4.1	-0.1	3150%

Sequential (QoQ) numbers may not be comparable due to business seasonality; FY15 excludes One Time / Biz Transformation expenses for comparison of operational performance

- 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 245 bps YoY for FY16 on account of Business transformation and business mix
- Depreciation down 21% YoY for FY16, reflecting planned reduction in capital intensity

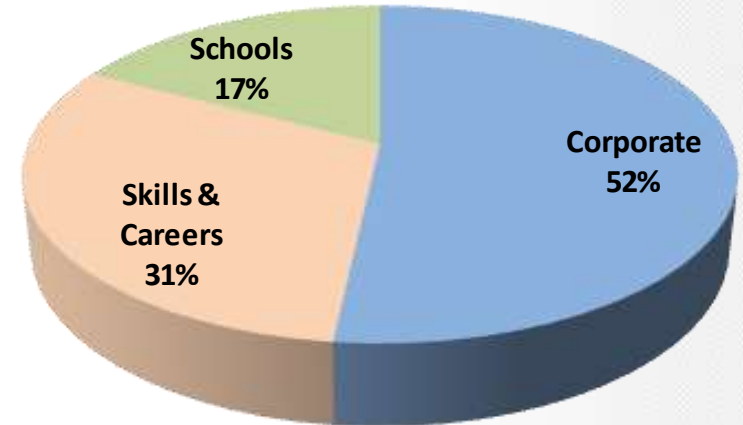
Q4 FY16



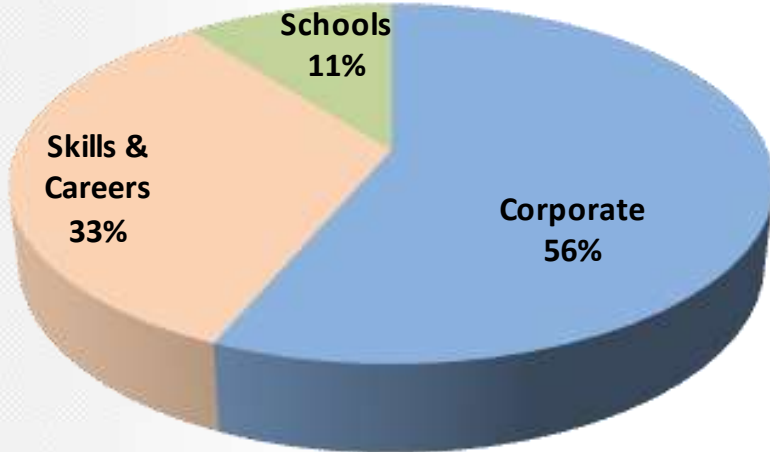
Net Revenue

	Growth
Corporate	18%
Skills & Careers	5%
Schools	-22%
NIIT	7%

Q4 FY15

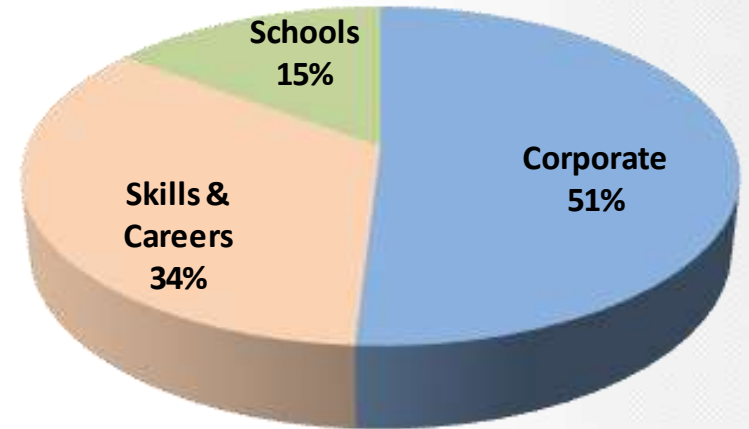


FY16



	Growth
Corporate	16%
Skills & Careers	1%
Schools	-25%
NIIT	5%

FY15



Rs. Mn	Q4 FY16	Q4 FY15	YoY	Q3 FY16	QoQ	FY'16	FY'15	YoY
Net Revenues	1,360	1,157	18%	1,586	-14%	5,679	4,878	16%
EBITDA	158	135	17%	184	-14%	660	565	17%
EBITDA %	12%	12%	-9 bps	12%	2 bps	12%	12%	5 bps

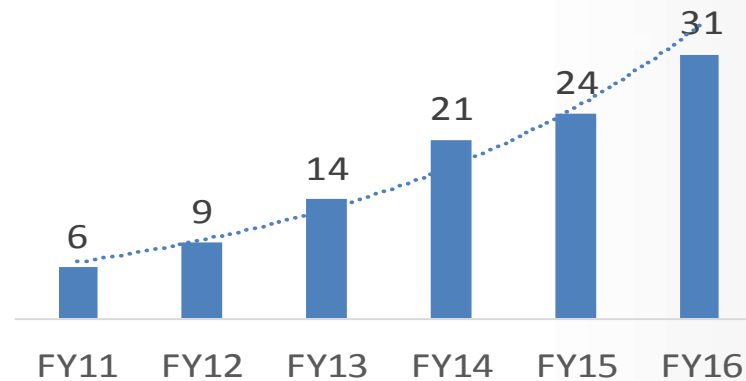
Q4FY16

- Revenue at INR 1,360 Mn up 18% YoY; Constant currency Revenue growth at 12% Yo; EBITDA consistent at 12% YoY
- Added 4 New MTS customers in Q4
- Order Intake at \$26 mn up 28% YoY

FY16

- Revenue at INR 5,679 Mn up 16% YoY; Constant currency Revenue growth at 14%
- Strong business momentum in MTS; 7 new MTS customers in FY16; MTS contributes 90% to CLG revenues
- Revenue Visibility at \$ 200 Mn; Order Intake at \$104 Mn up 28% YoY

Number of MTS Customers



Rs. Mn	Q4 FY16	Q4 FY15	YoY	Q3 FY16	QoQ	FY'16	FY'15	YoY
Net Revenues	728	692	5%	828	-12%	3,326	3,283	1%
EBITDA	-19	-79	76%	5	-479%	51	-178	129%
EBITDA %	-3%	-11%	882 bps	1%	-317 bps	2%	-5%	698 bps

Q4FY16

- Revenue at INR 728 Mn up 5% YoY
- Beyond-IT contributes 45% to SNC revenue vs 34% in Q4 FY15

FY16

- Revenue at INR 3,326 Mn up 1% YoY
- Beyond-IT contributes 40% to SNC revenue vs 33% in FY15
- Launched StackRoute, NIIT.tv and DigiNxt



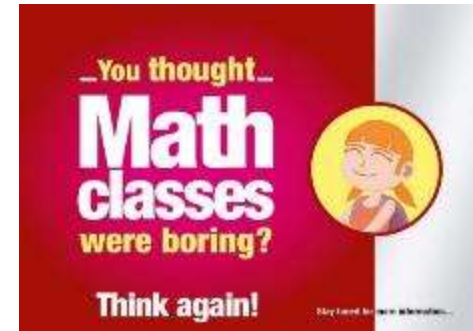
Rs. Mn	Q4 FY16	Q4 FY15	YoY	Q3 FY16	QoQ	FY'16	FY'15	YoY
Net Revenues	301	386	-22%	209	44%	1,063	1,413	-25%
EBITDA	16	19	-20%	-25	162%	22	56	-61%
EBITDA %	5%	5%	14 bps	-12%	1718 bps	2%	4%	-189 bps

Q4 FY16

- Revenue from Focussed IP led private school business contributes 36% to SLG revenue
- Added 122 schools, Order intake of INR 171 Mn

FY16

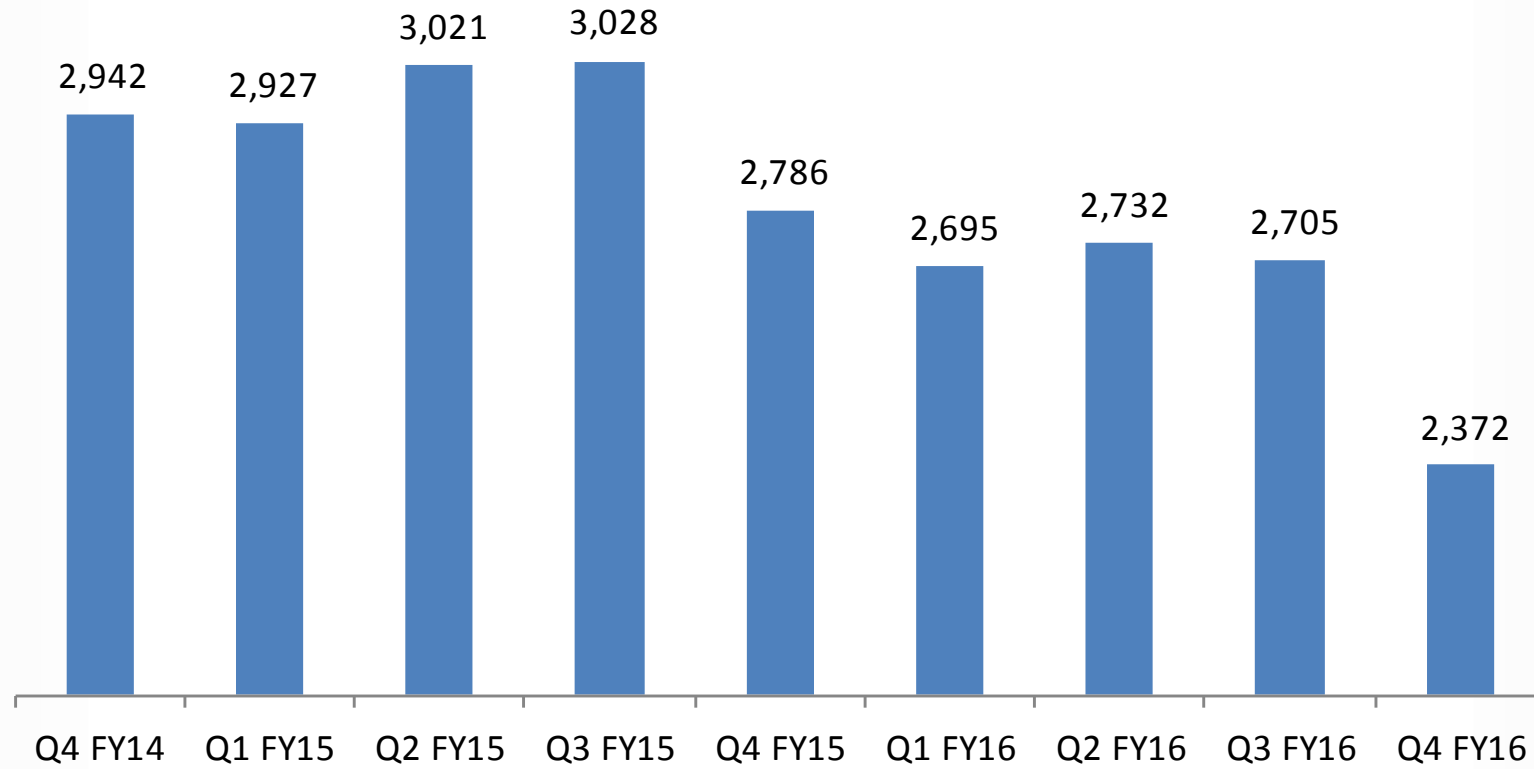
- Overall revenue impacted due to planned ramp down of government school projects
- Revenue from Focussed IP led private school business contributes 28% to SLG revenue
- Added 336 schools, Order intake of INR 439 Mn



ENGLISH⁺
PLUS



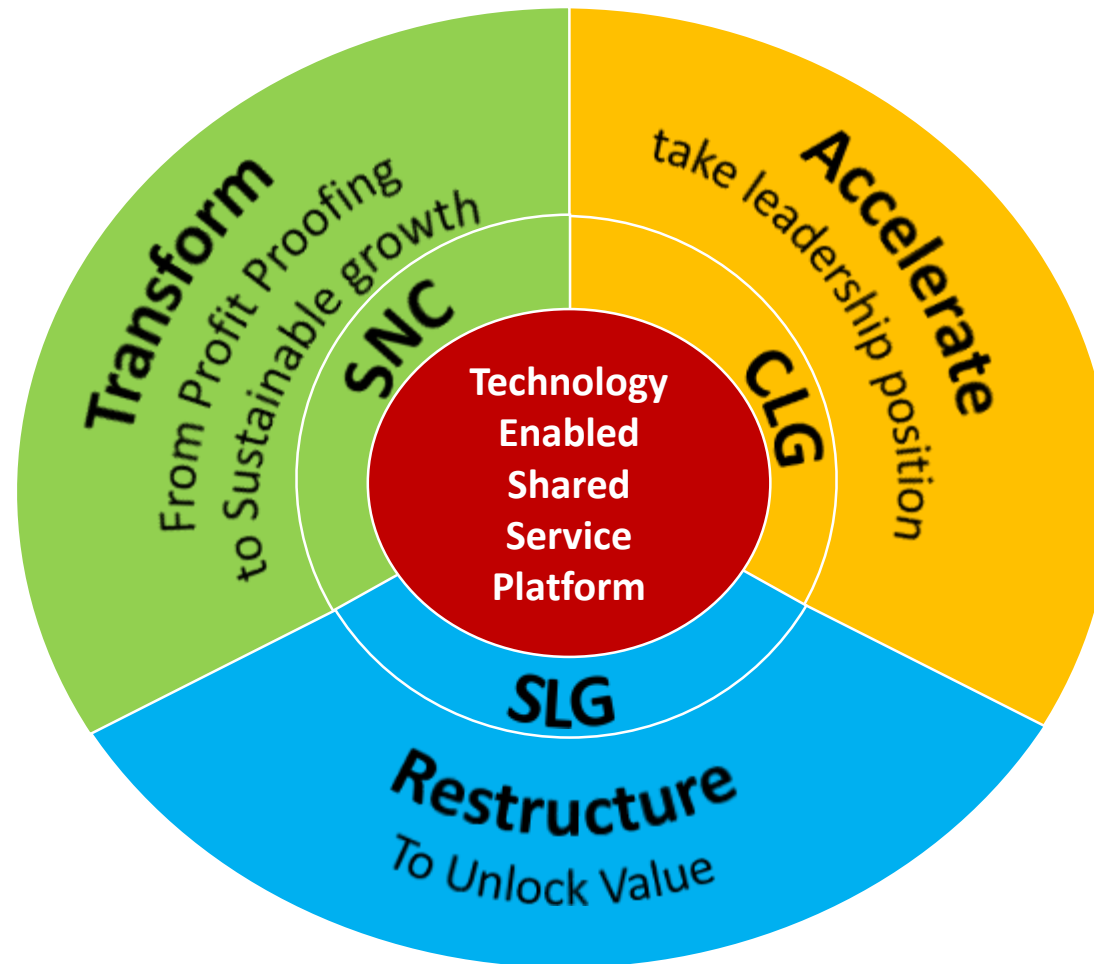
People



Headcount down 333 QoQ and down 414 YoY

A blue semi-transparent rectangular overlay is positioned horizontally across the middle of the image. Inside this overlay, the text "Future Direction" is written in a white, bold, sans-serif font.

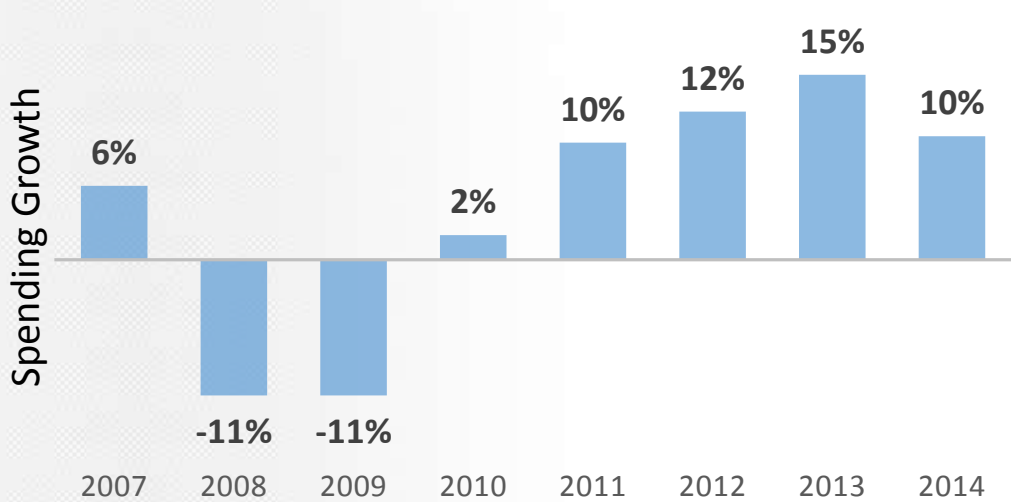
Future Direction



Corporate Learning Group

Future Direction

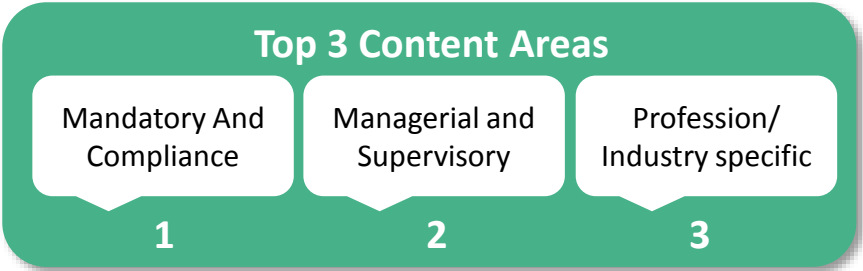
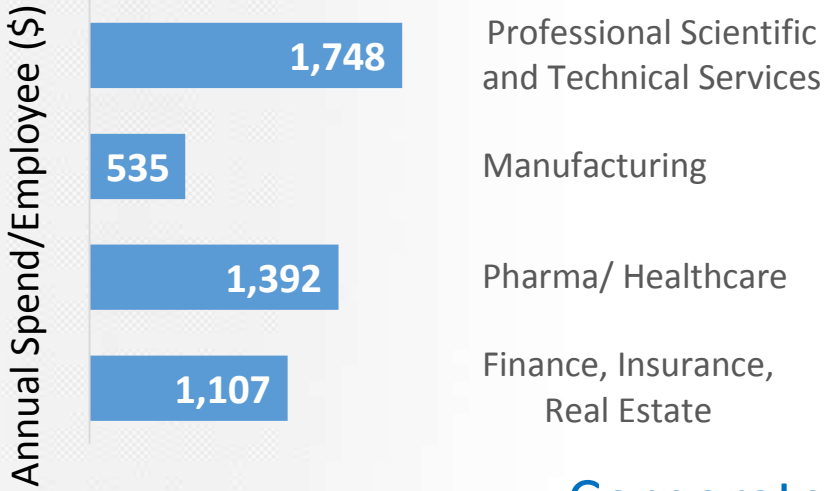
CLG: Corporate Training Spending



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

“I need a one-stop shop to get all my data so that I can make business decisions. My LMS won't give me this.”



Customer Demand



Talent Management Systems



Learning Management Systems

Multiple HRIS

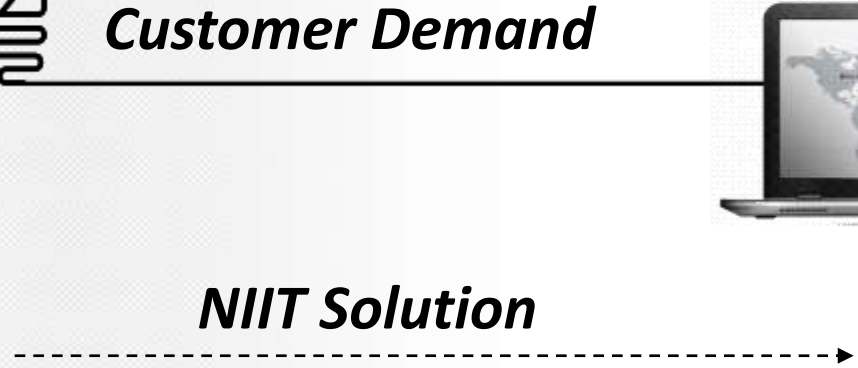


Salesforce.com



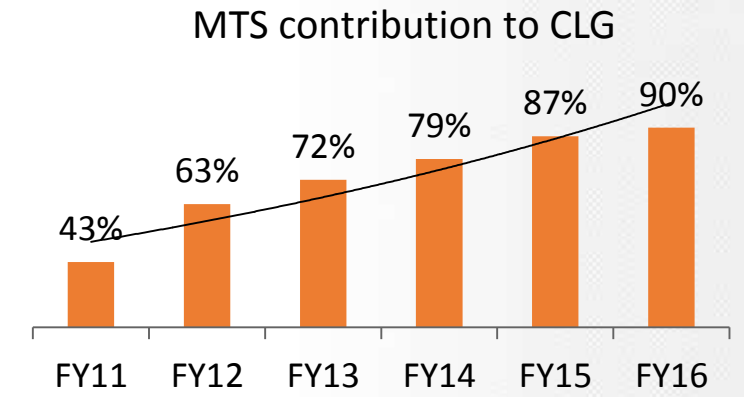
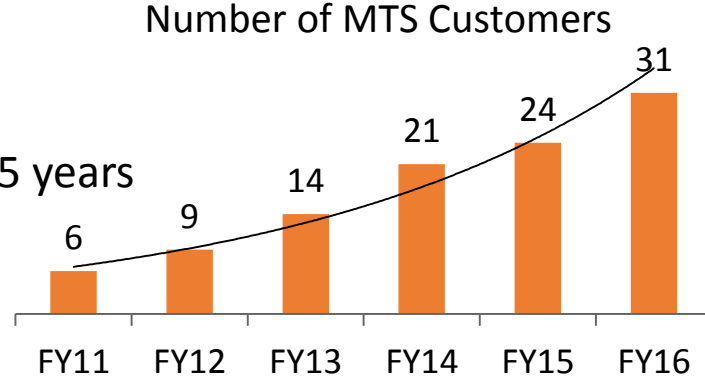
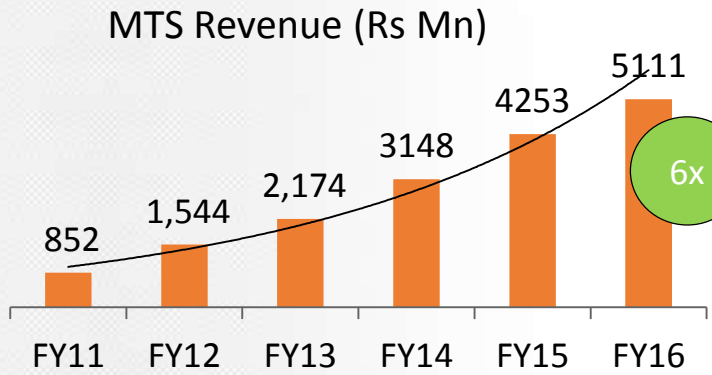
Managed Services Platform

e a s e
evaluate. analyze. simplify. engage.





Delivering Efficiency and Effectiveness In Training

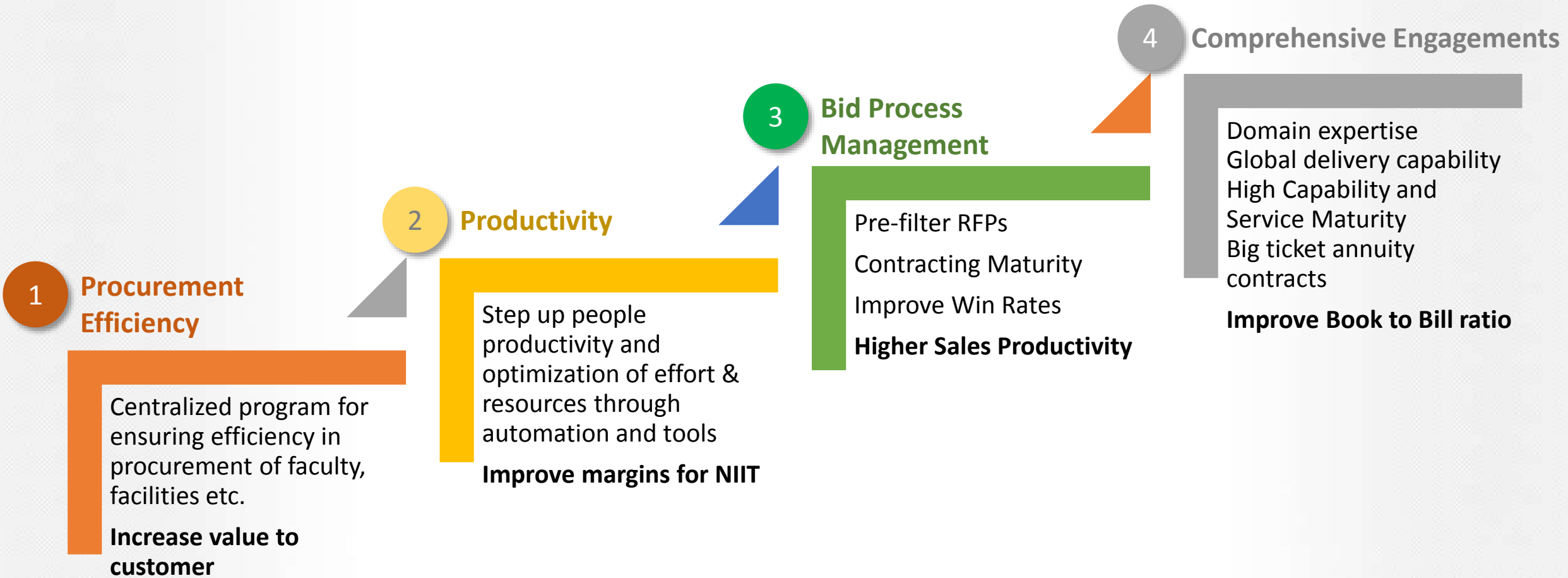


Increasing contribution from MTS

Differentiated competitive positioning

Revenue Visibility at \$200 Mn from existing contracts

MTS continues drive steady growth for CLG business

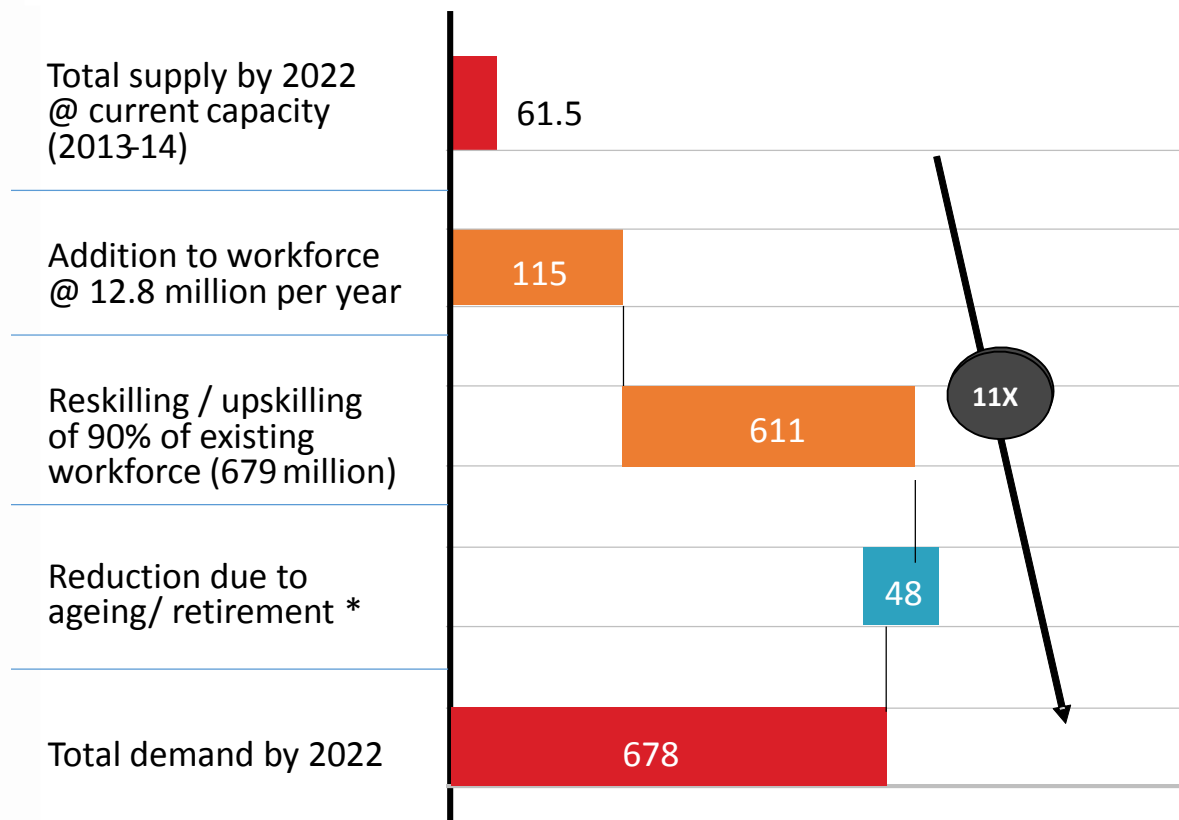


Driving Scale and Profitability For CLG

Skills and Careers Group

Future Direction

2022 Projections: Huge Capacity Creation Required



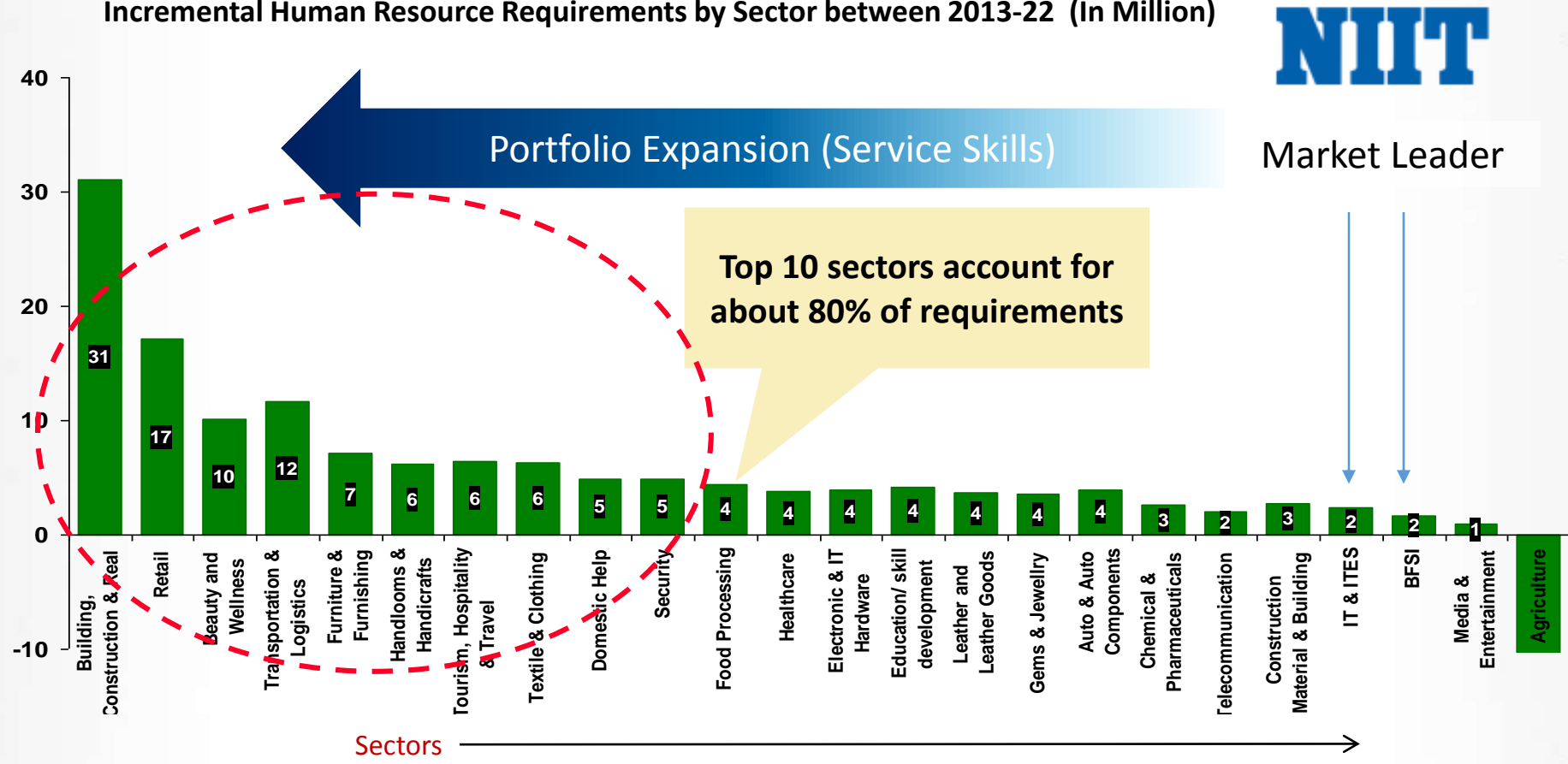
Source: McKinsey analysis; Census 2011; ILO World Development Indicators 2012, NSDA data

*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

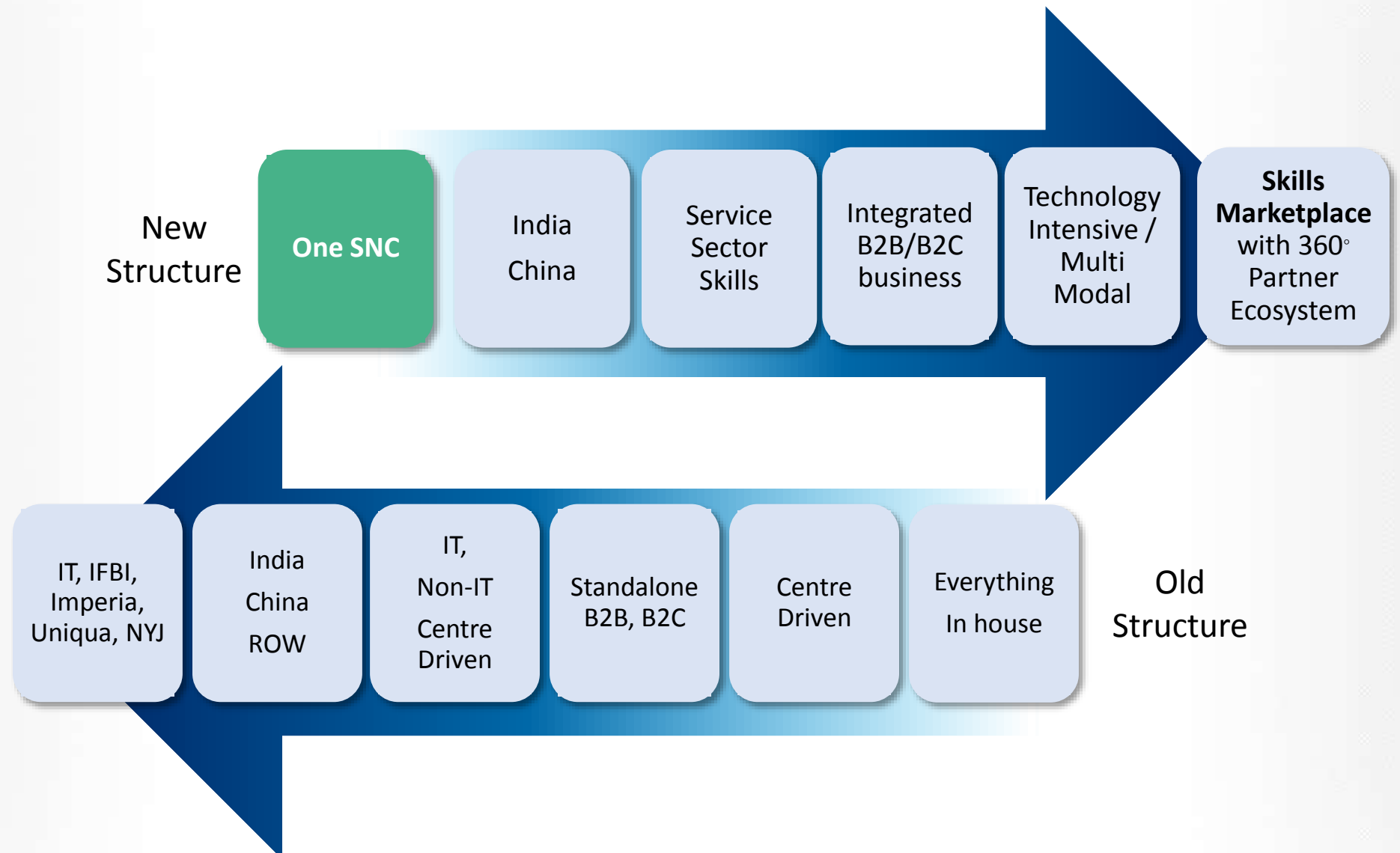
Skill Gaps: Sectorial Employment & Growth Opportunities

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



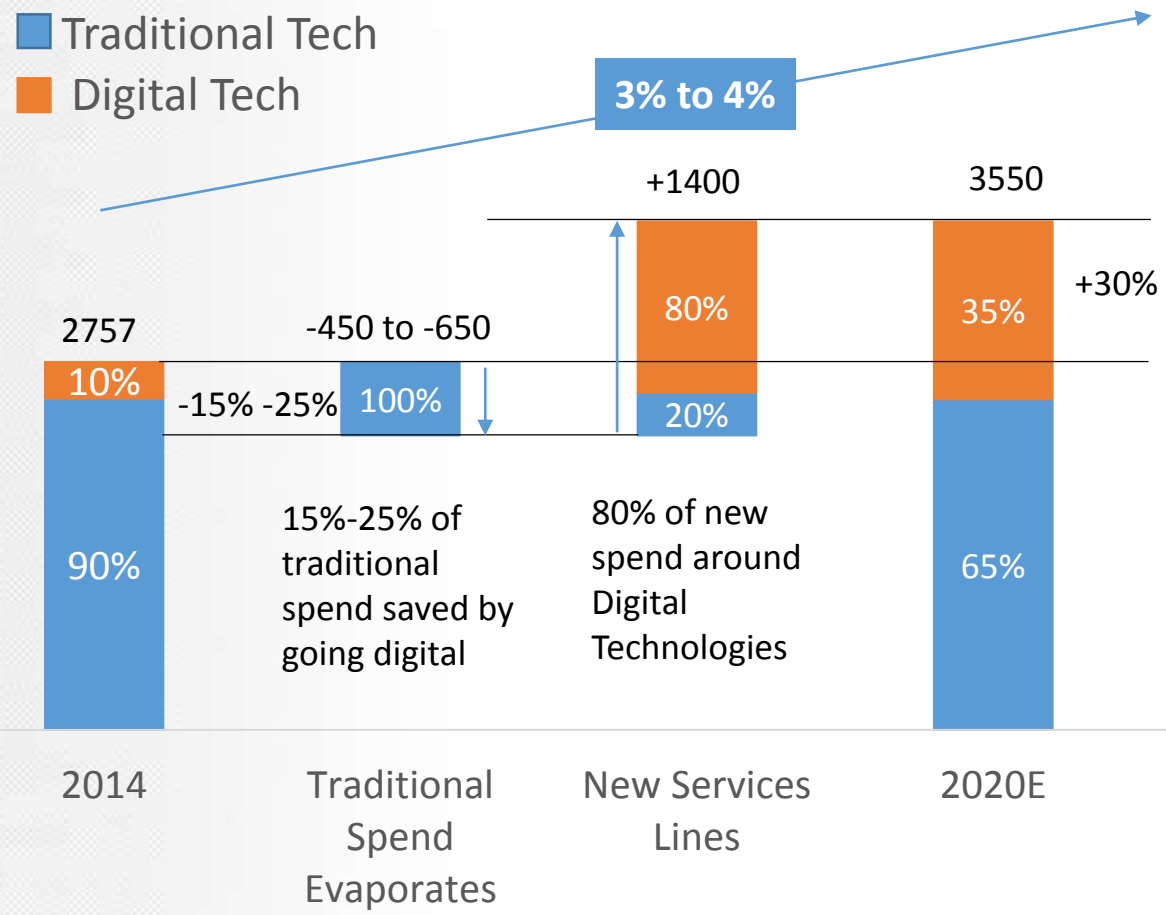
Market Leader

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



Digital Transformation – IT Sector

Global Technology and Business Services Spend



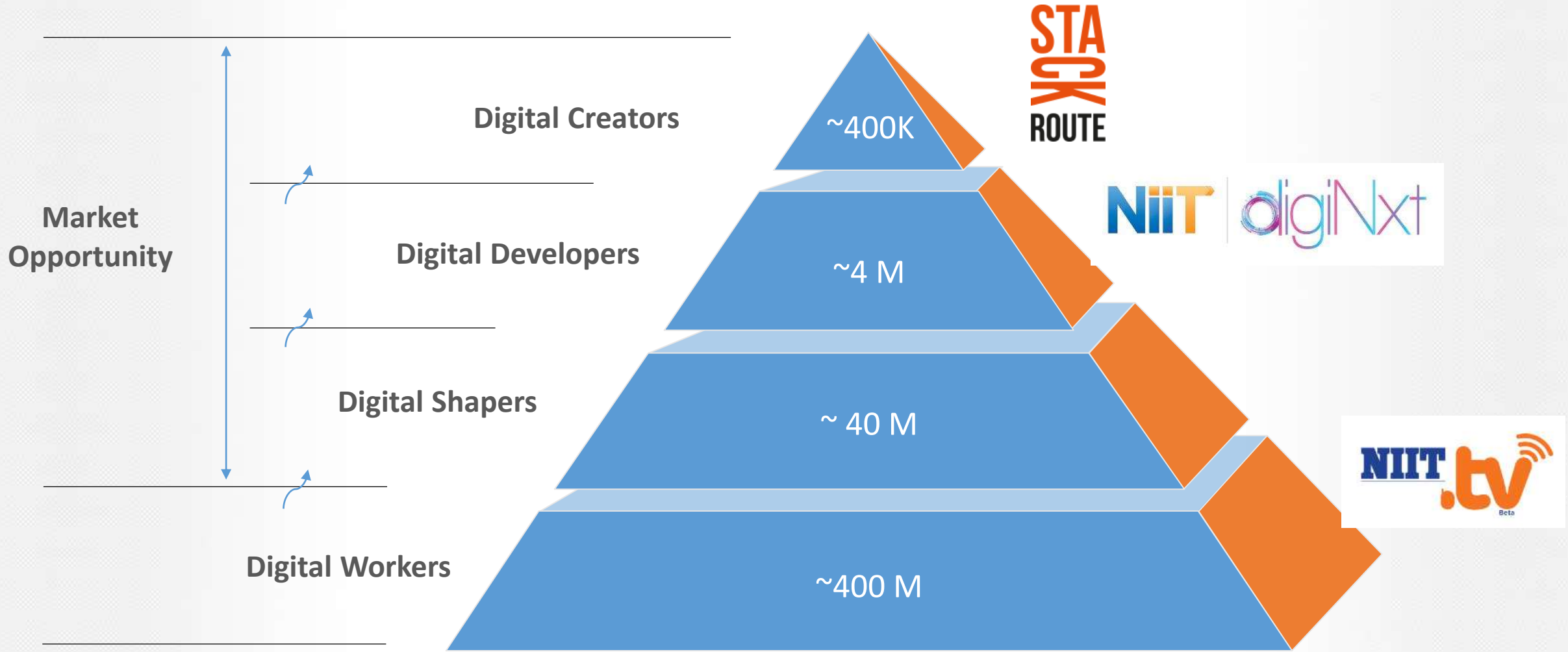
Global Technology and Business Services to Touch USD 4 Trillion by 2025

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

SNC: Digital Opportunity Landscape



STACK ROUTE



- M** MONGODB
- E** EXPRESS
- A** ANGULARJS
- N** NODE.JS



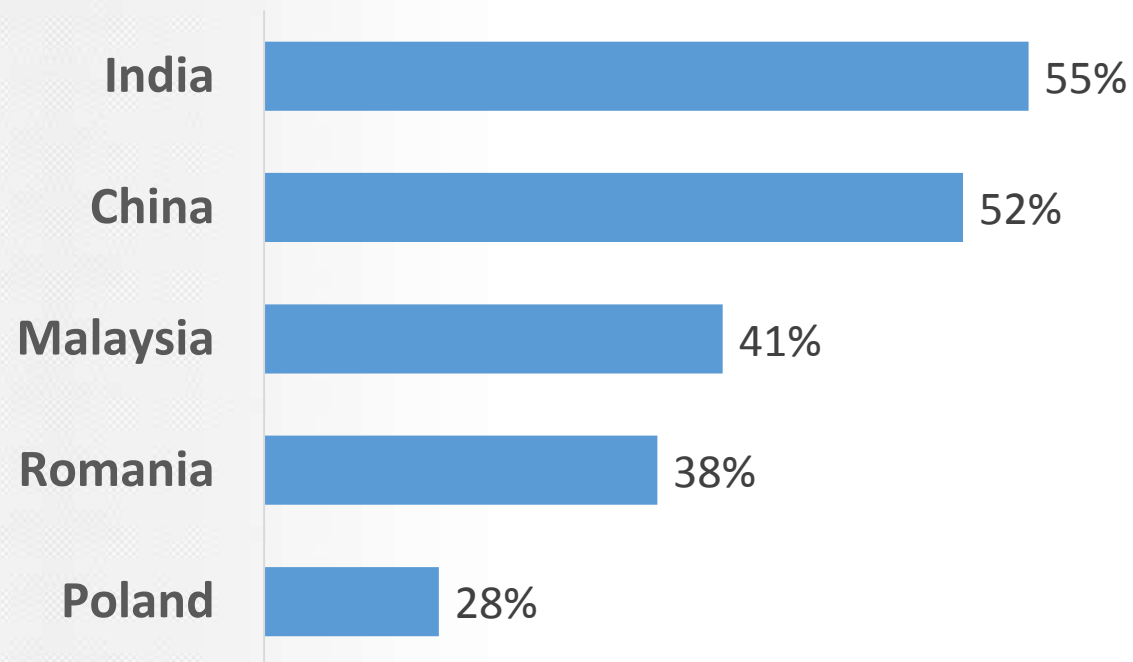
THE MEAN STACK

- 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



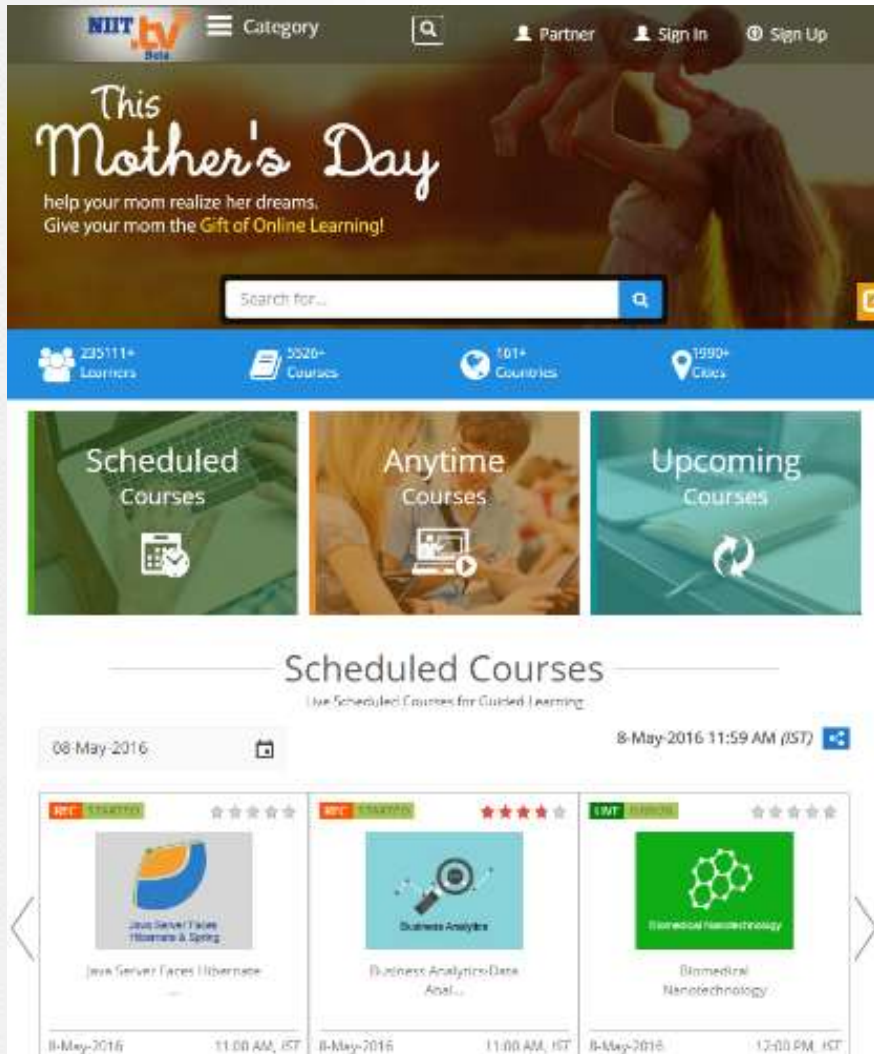
India

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

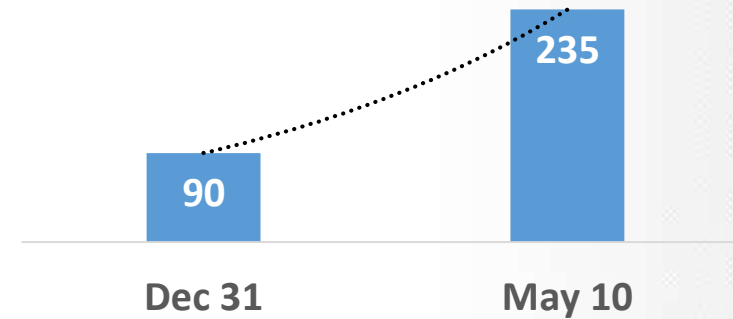
Avg. Session Duration: 13 Min

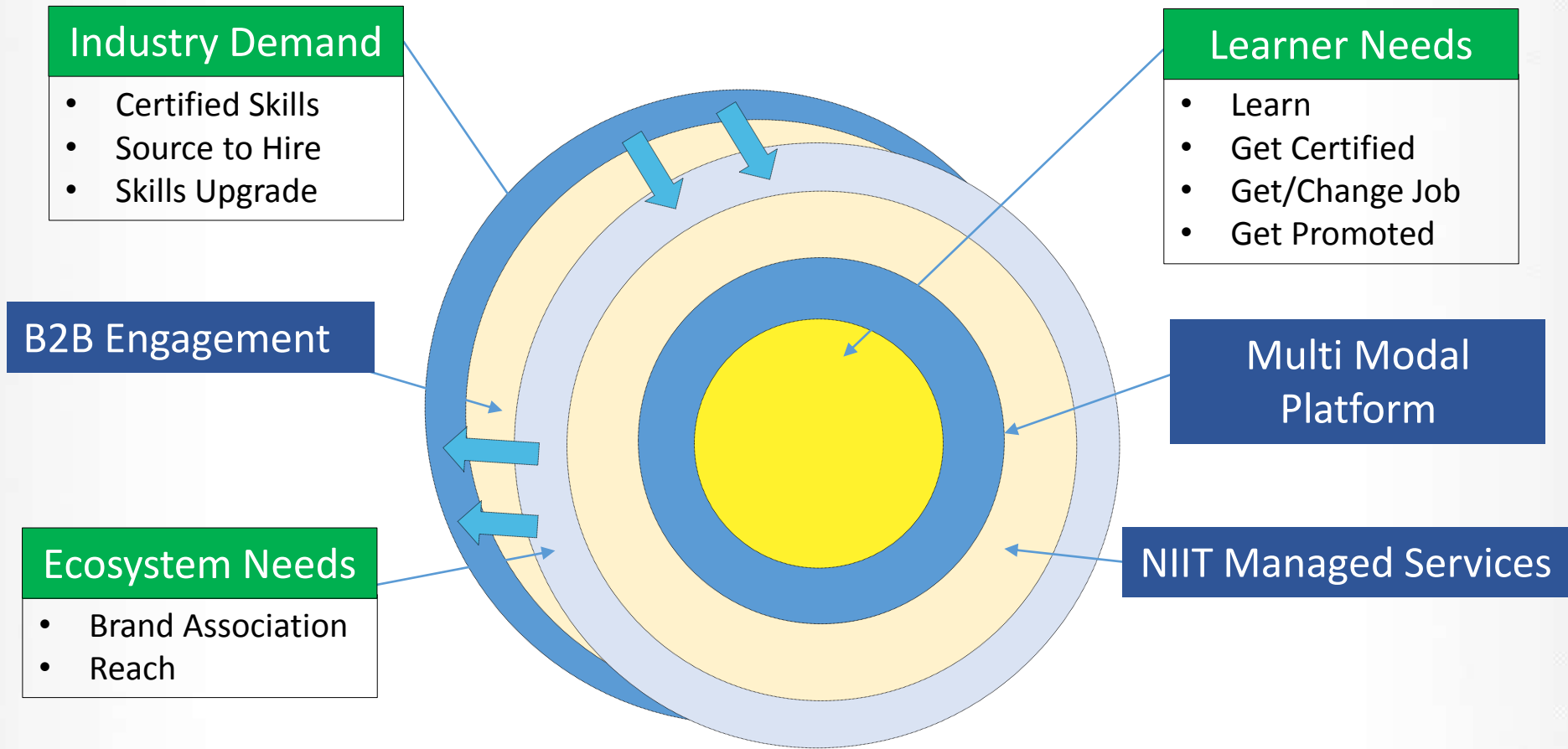
161 Cities, 1965 Cities

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

Gender
Male: 61%,
Female: 39%

Registered Users ('000)



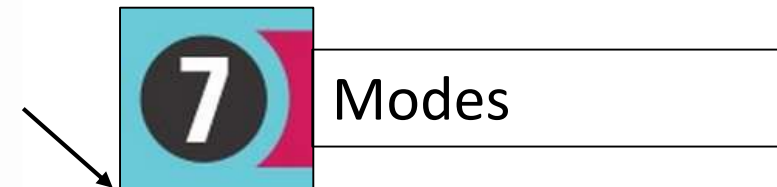
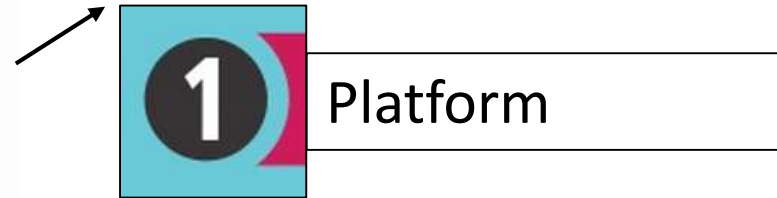


Building a Comprehensive Skills & Careers Ecosystem

From Primarily a Single Mode Brick-and-Portal Business

to

Multi-Modal Platform Based Business



Channels

Own Brick, Partner Brick, Inside Campus, Online Channel

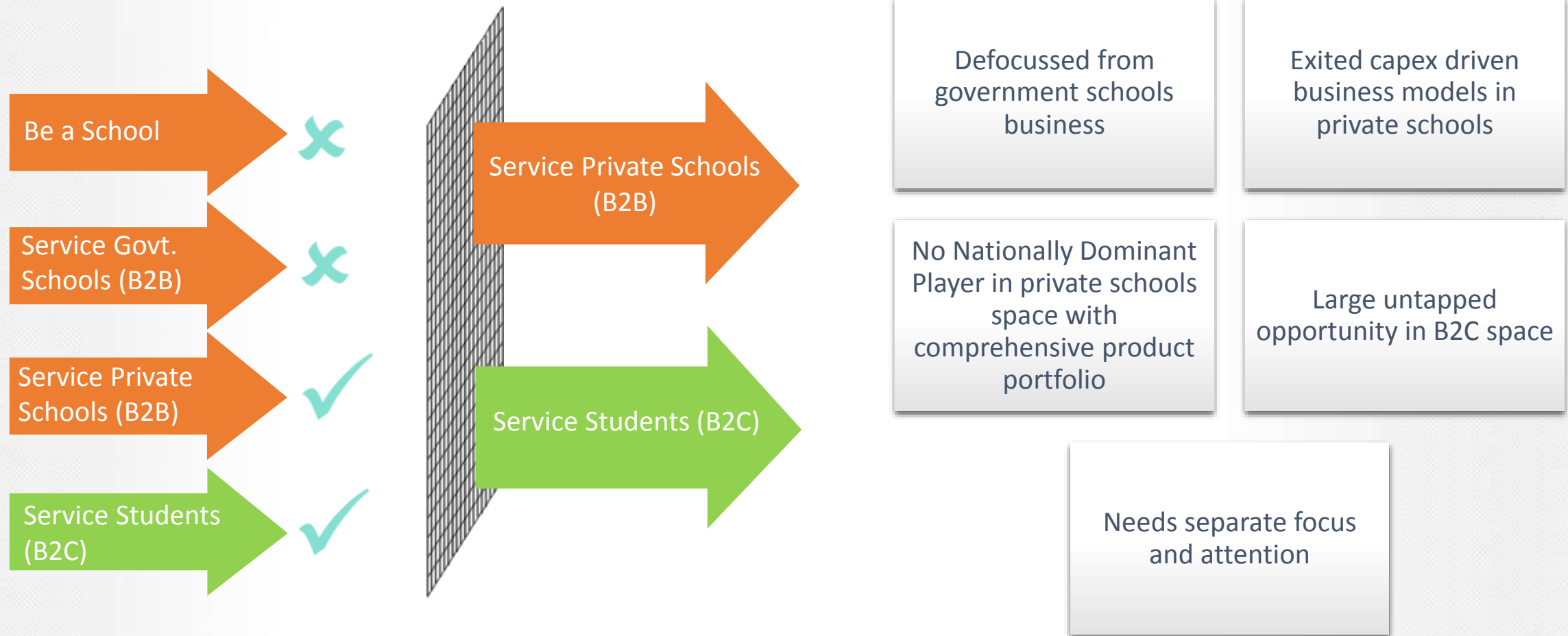
Modes

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

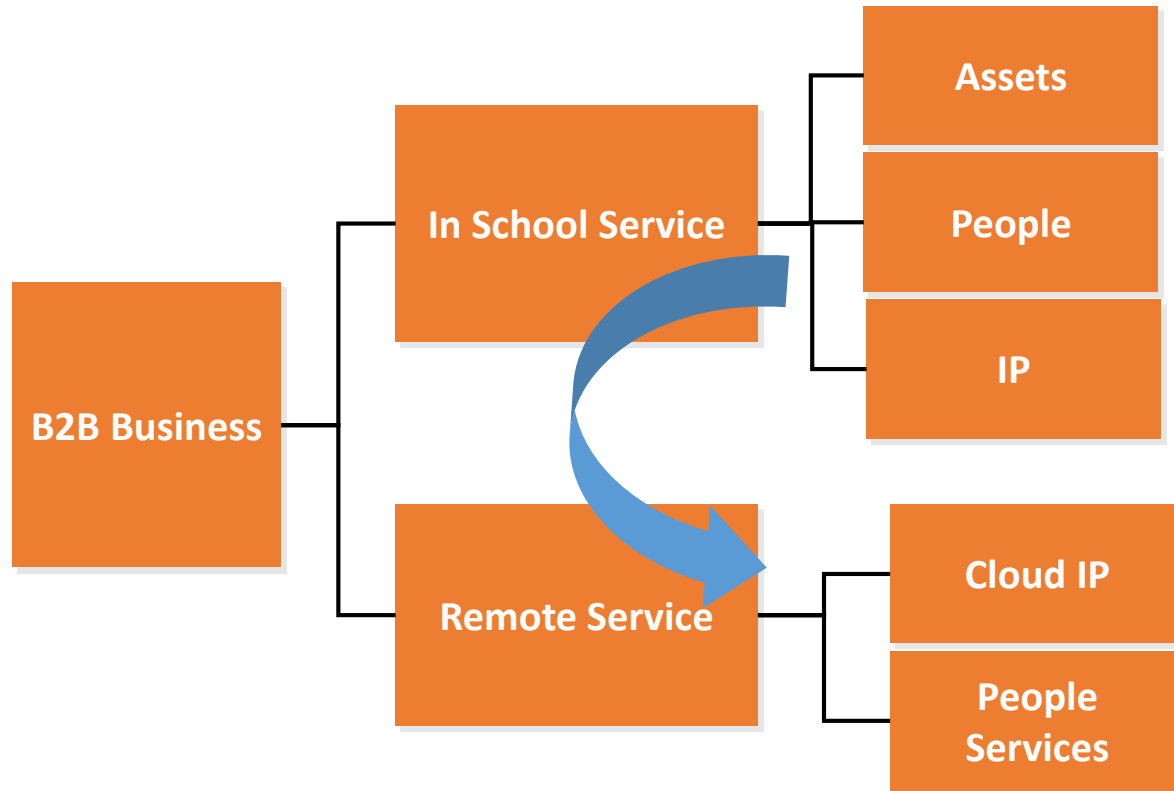
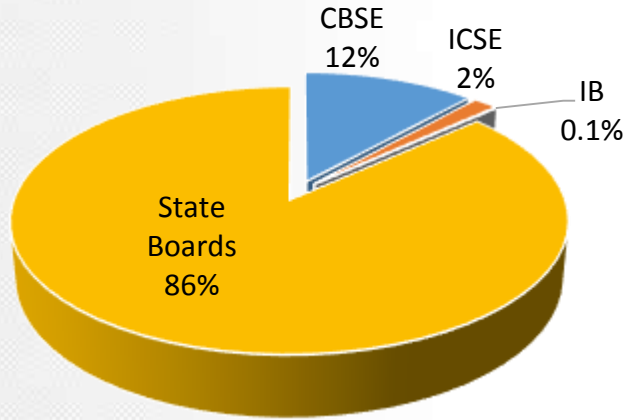
SLG: Focus Areas



Restructured to unlock value

SLG: Next Frontier For B2B Business

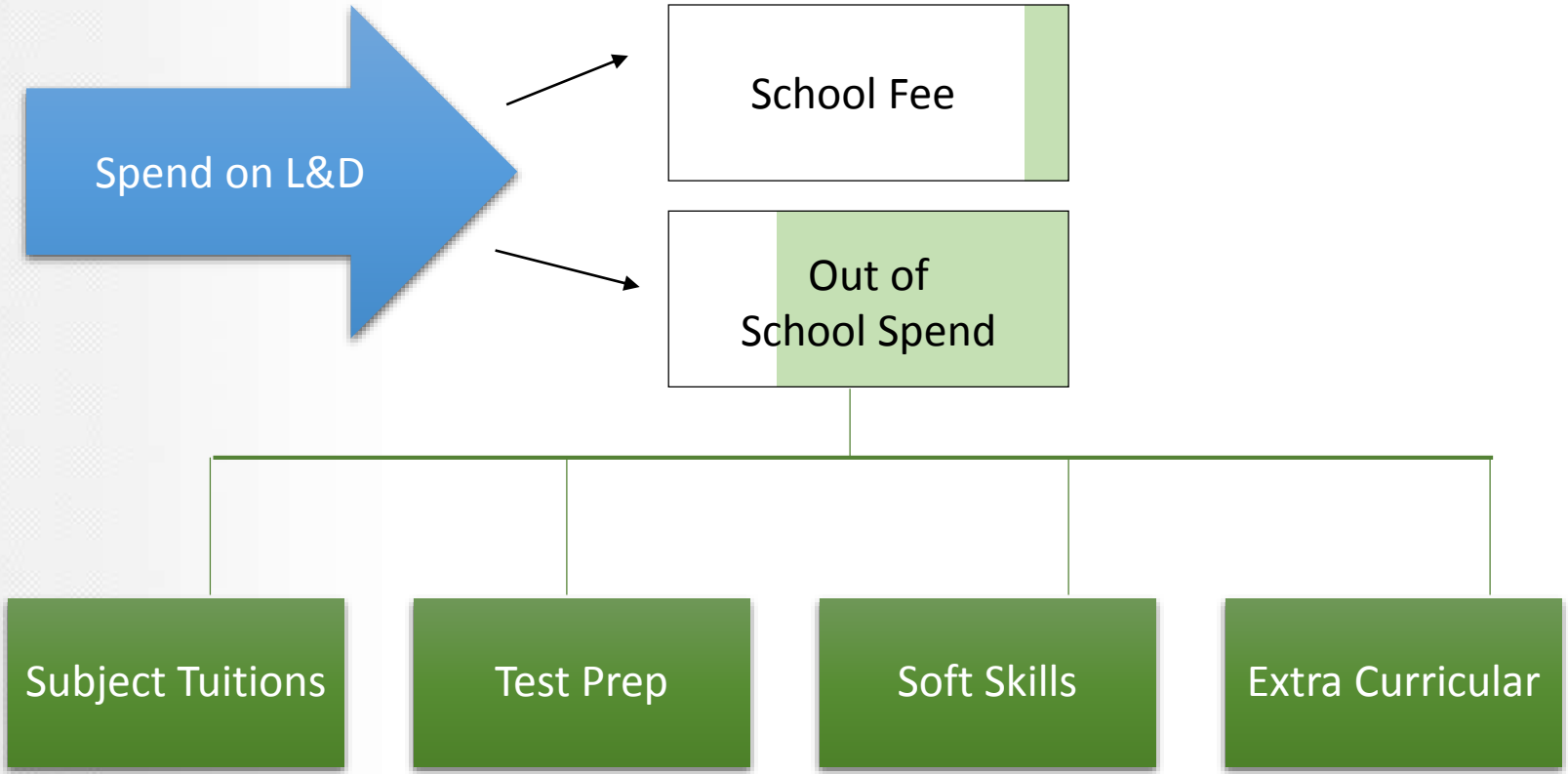
~120K Private Schools



- 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



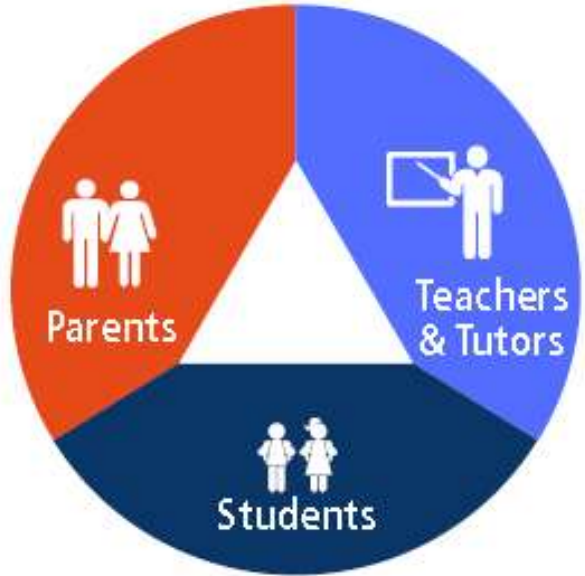
NIIT's existing business targets a portion of the fee that parents pay to schools.

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

+

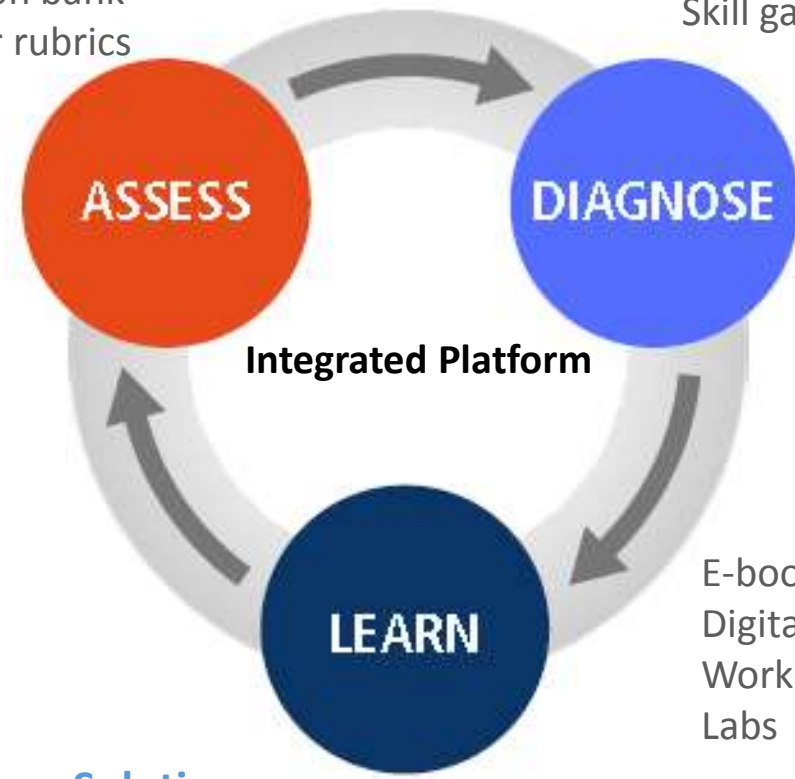


Gaps

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

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Practice tests
Testing platform
Question bank
Answer rubrics



Skill gaps identification
Learning path
Scoring
Data Analytics

E-books
Digital Content
Workbooks
Labs

Solution

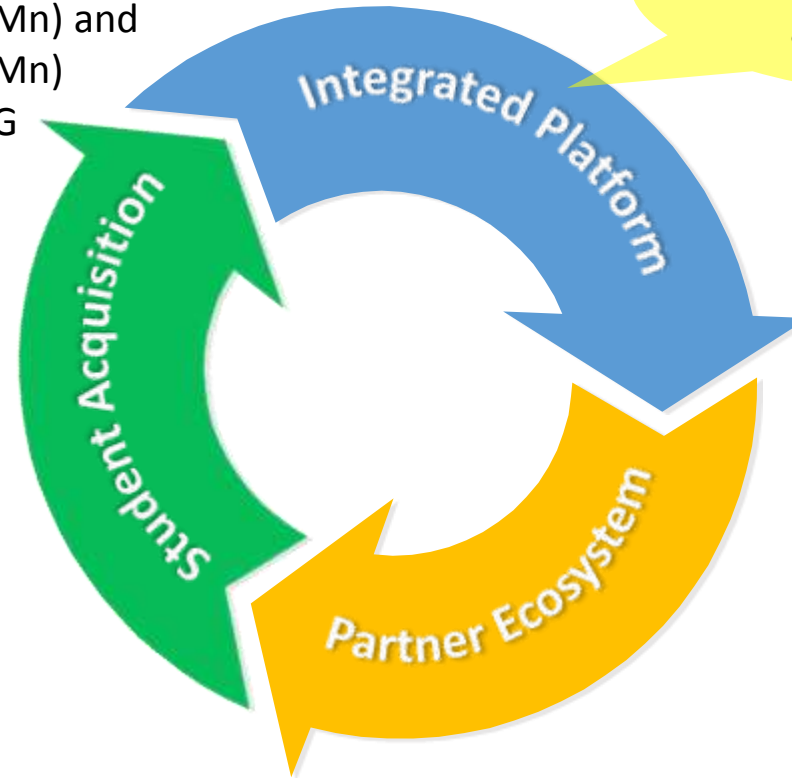
- An integrated platform with diagnostics that allows the learner to individualize their learning path

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

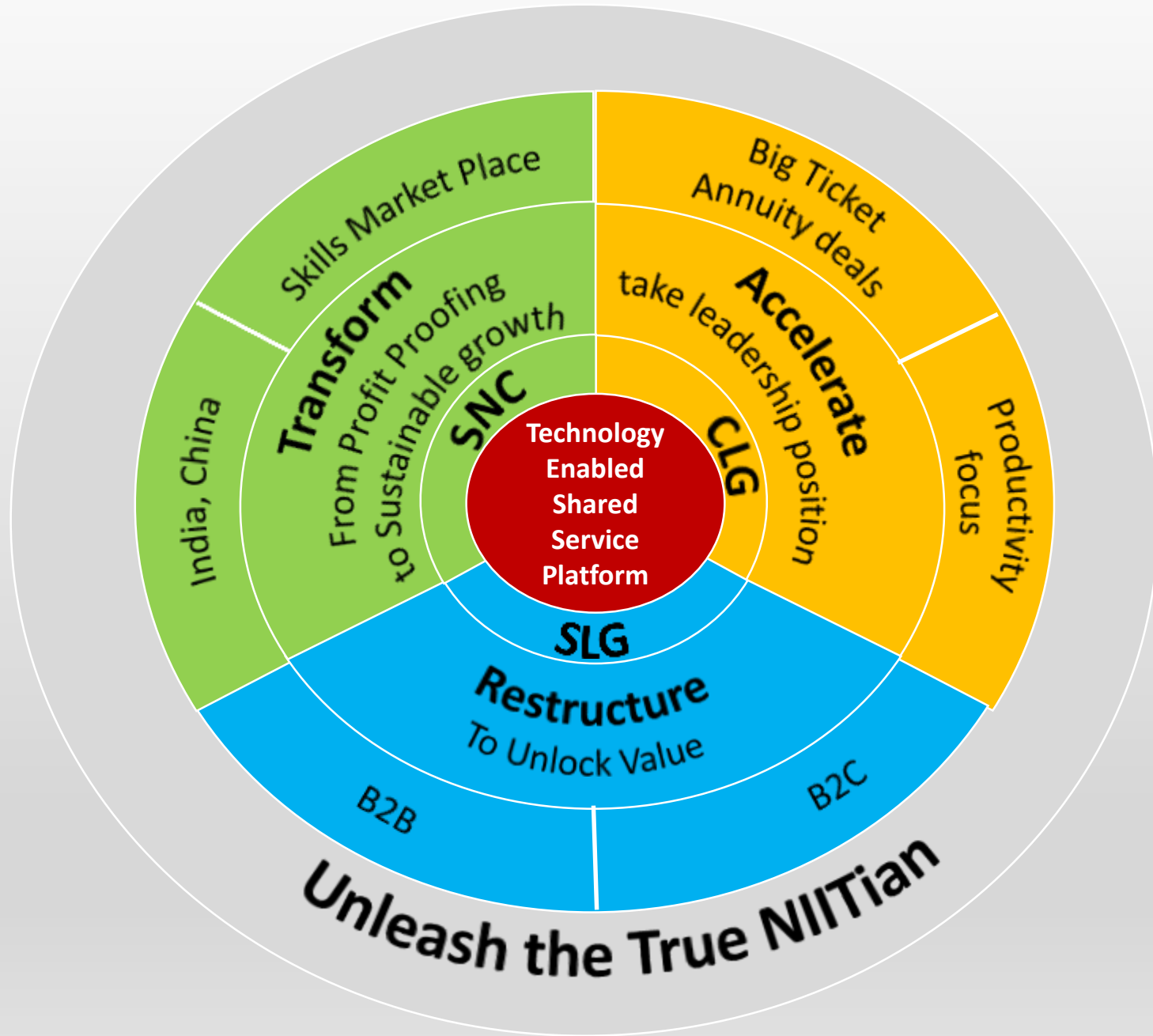
- Learning Analytics
- Adaptive Learning

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®