

**NIIT**

# Investor Presentation

May 2018



# ■ Agenda

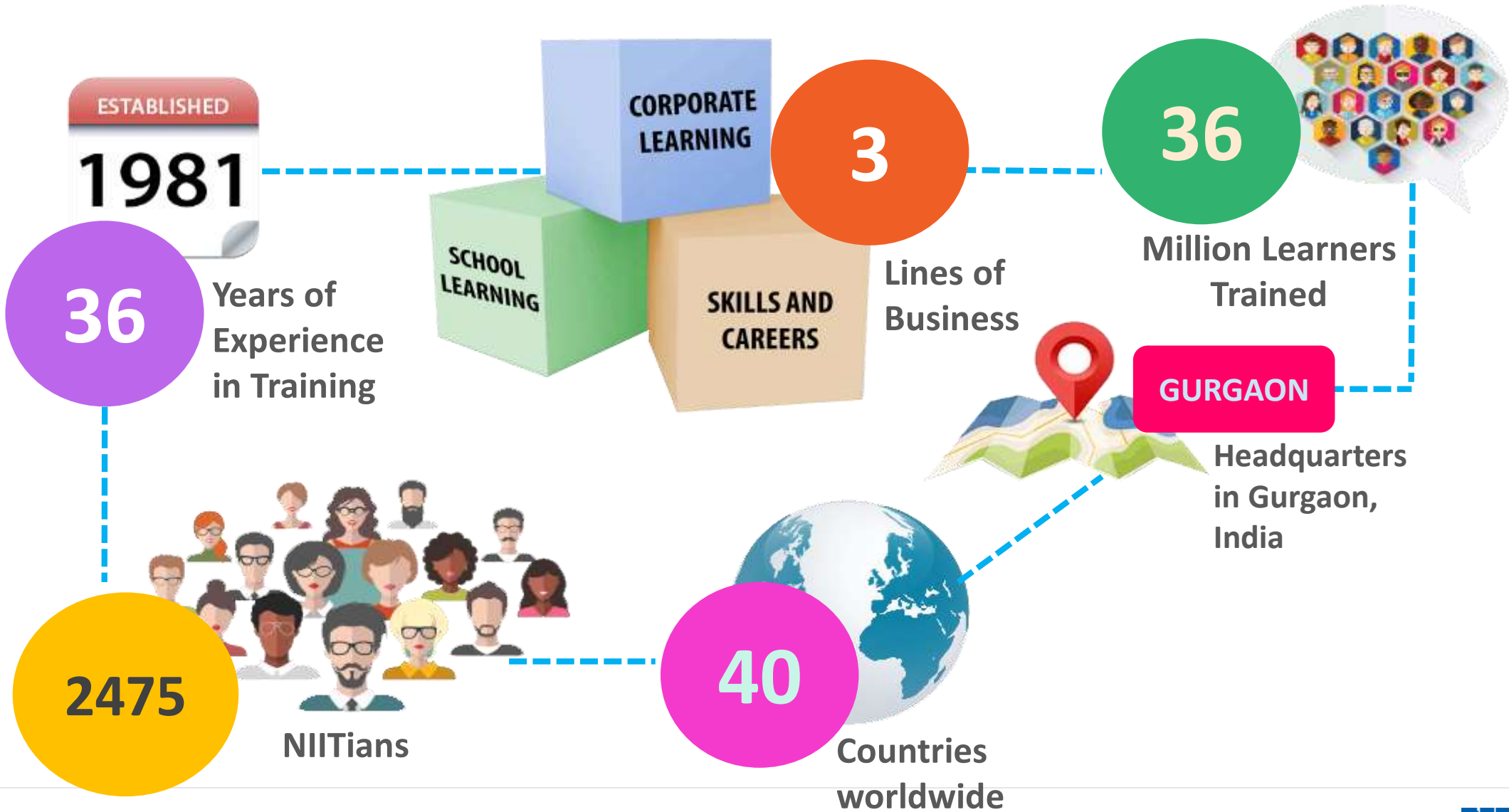
## NIIT: Company Overview

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

## FY18 Results Update

## Future Direction

# NIIT: AT A GLANCE



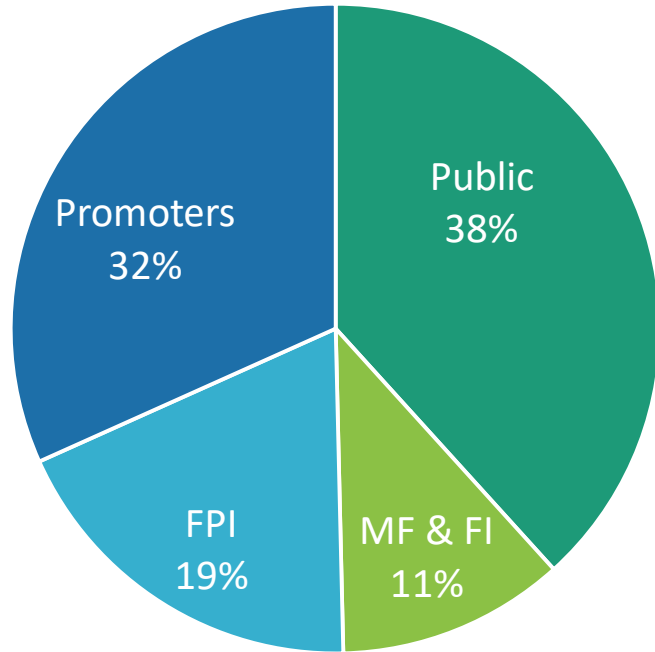
# ■ NIIT: BUSINESS STRUCTURE



\*SNC, including online

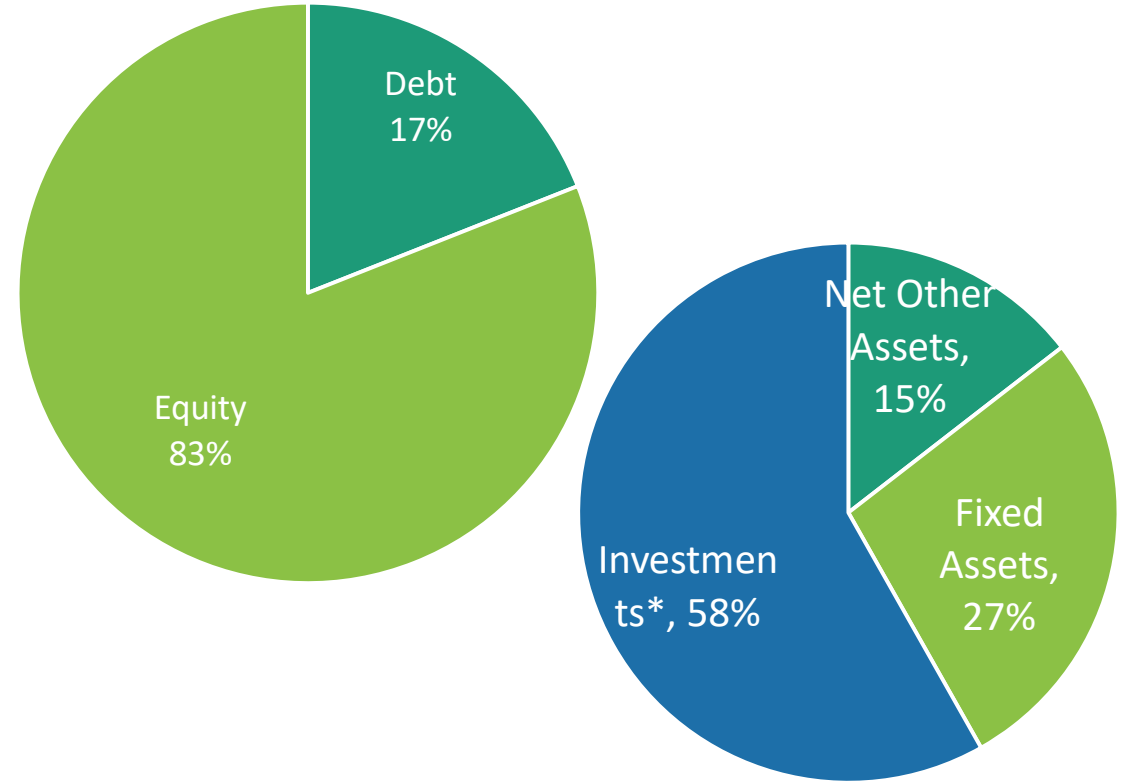
# ■ NIIT: CAPITAL STRUCTURE

## SHAREHOLDING



No of Shares: 166.6 million

## TOTAL CAPITAL EMPLOYED – RS. 9,044 MILLION



Capital Employed In Operations– Rs. 2,491 million\*\*

# ■ NIIT: OUR CREDENTIALIALS



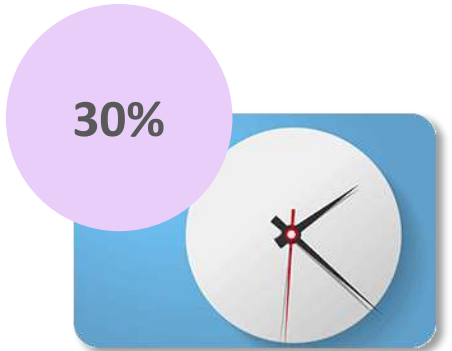
20%

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



342

B2C education centers

**Skills & Careers**



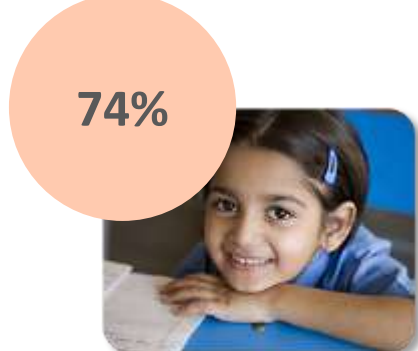
10M

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**

# AWARDS AND RECOGNITION



58 BRANDON HALL AWARDS  
20 GOLD  
20 SILVER  
19 BRONZE



2008 - 2018  
TOP 20 COMPANIES  
IN TRAINING  
OUTSOURCING



TOP 20 COMPANIES  
IN GAMIFICATION,  
CONTENT  
DEVELOPMENT AND  
IT 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



RANKED 4<sup>TH</sup>  
BEST COMPANY  
TO WORK FOR  
IN INDIA. NO 1  
IN EDUCATION  
AND TRAINING



HIGHEST  
RATED  
TRAINING  
BRAND



6 CHIEF LEARNING  
OFFICER LEARNING IN  
PRACTICE AWARDS

# Business Overview



# ■ CLG: MANAGED TRAINING SERVICES



**CUSTOM CONTENT AND CURRICULUM DESIGN**



**LEARNING DELIVERY**



**LEARNING ADMINISTRATION**

**STRATEGIC SOURCING**



**LEARNING TECHNOLOGY**



**ADVISORY SERVICES**



**8.75K**

Hours of custom programs developed annually

**500**

Full time instructional designers

**25**

Localization Services in 25 Languages

**21K**

Hours of custom content delivered annually

**150K**

Training Days delivered annually

**40**

Global training delivery in 40+ countries in 15 languages

**2500**

Global Network of 2500 instructors

**130+**

Industry Honors and Awards

# CLG: MARQUEE CORPORATE LEARNING CUSTOMERS



## Running Training Like a Business

It's not about training.  
It's about results.

30%



NIIT's application rollout training for Shell Primavera has helped reduce time to proficiency in application training for planners by 30% in 22 locations worldwide.

25%



Philips improved global delivery efficiency by 25% with NIIT's unified Learning Administration processes in the very first year of operation.

40%



NIIT's onboarding program for AON Hewitt has resulted in these graduates being job-ready from day one. This has not only reduced costs by 20% and training cycle time by 40%, but has also helped the current in-house training team of our customer save 95% of their time to focus on training needs other than onboarding.

20%



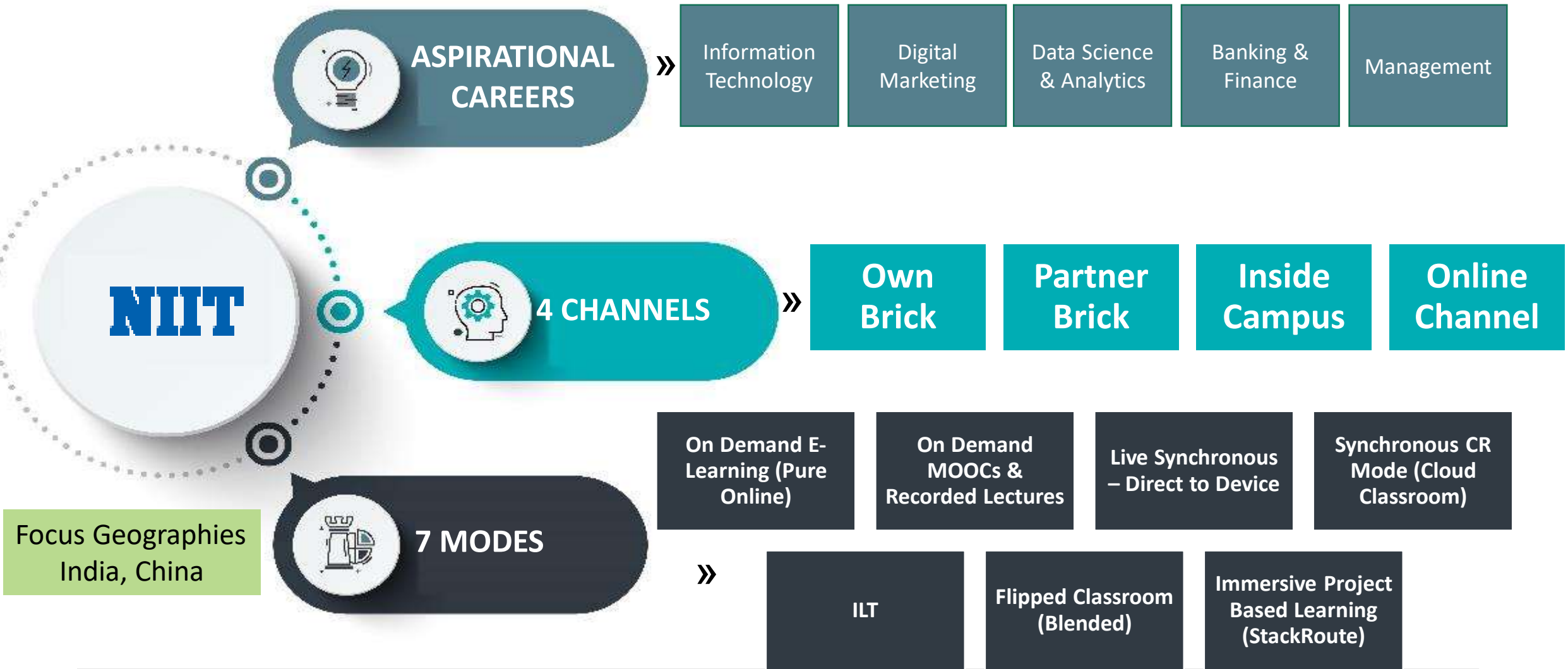
20% increase in average productivity and ticket size of business sold across 30 countries with 10% higher retention over 1 year for Sales Associates supported by the NIIT enabled Global Partner Learning Solutions program

40%



Agents trained by the NIIT Transformative Agency Model reported strong results within a quarter of training with a 0.95% increase in weekly average premiums and a 9.88% increase in weekly average quotes.

# SNC: IMPROVING EMPLOYABILITY IN ASPIRATIONAL CAREERS

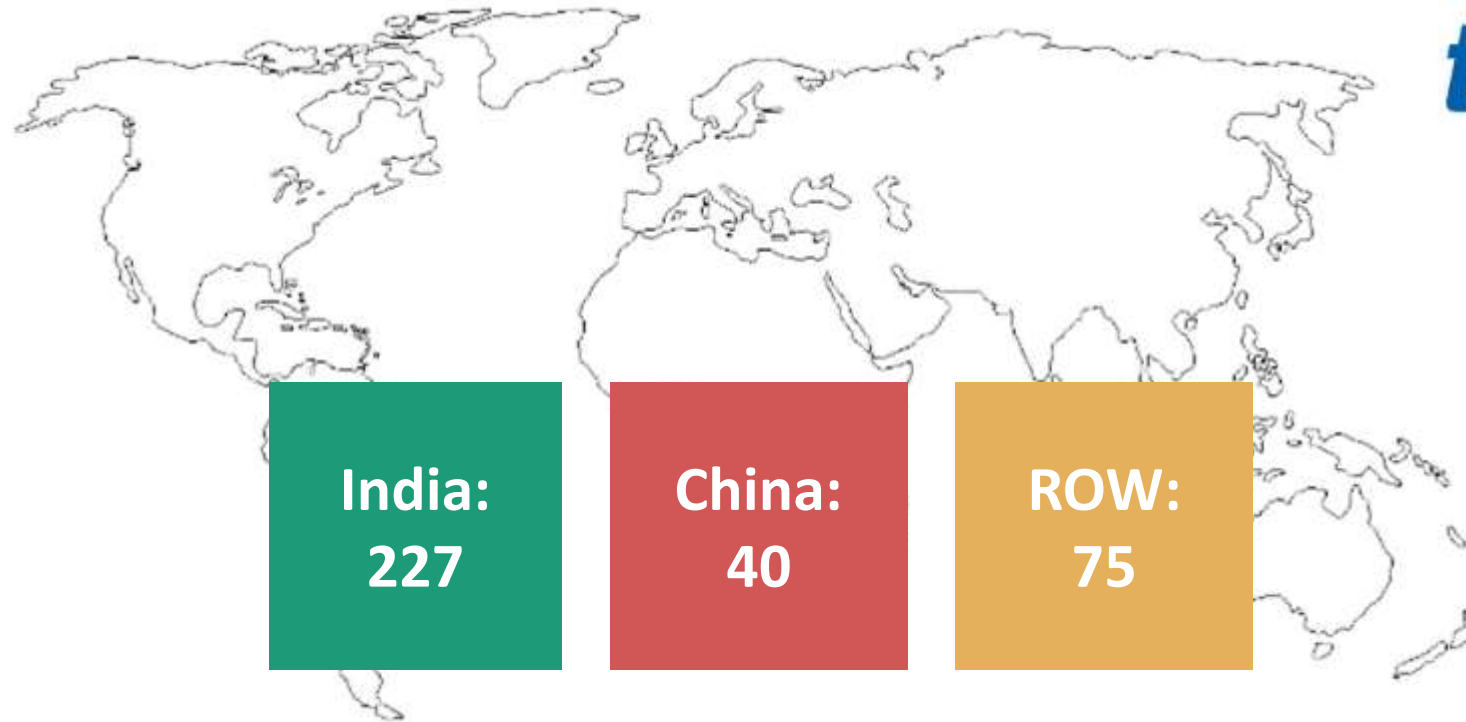


Focus Geographies  
India, China

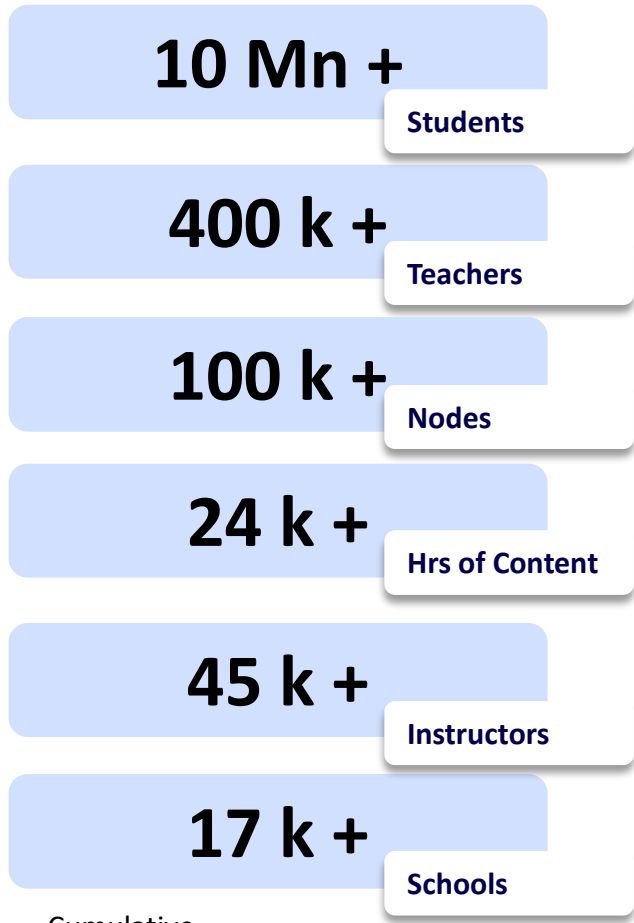
## ■ SKILLS AND CAREERS: OUR REACH



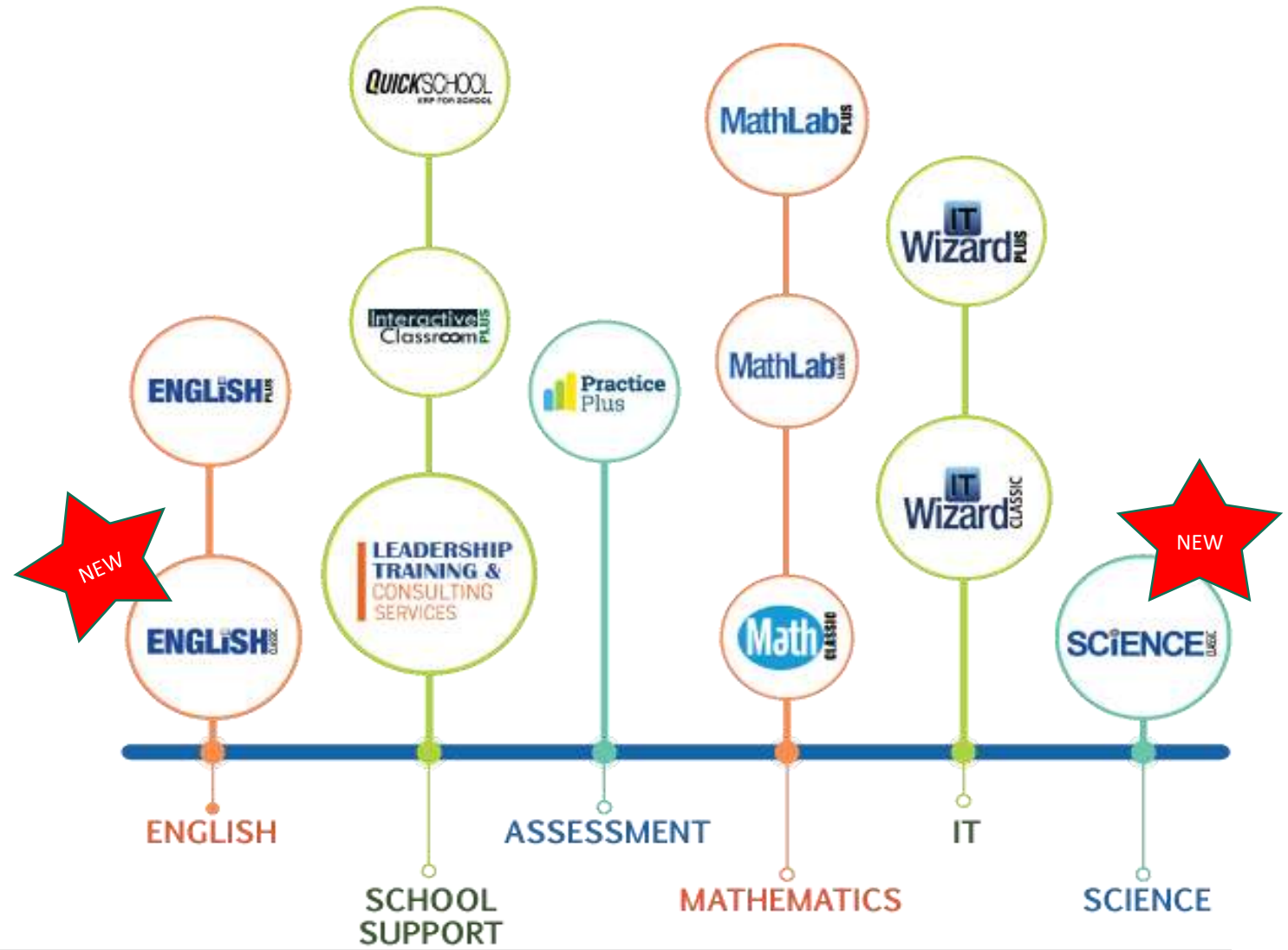
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ROUTE**



# SCHOOL LEARNING: PORTFOLIO AND CREDENTIALS

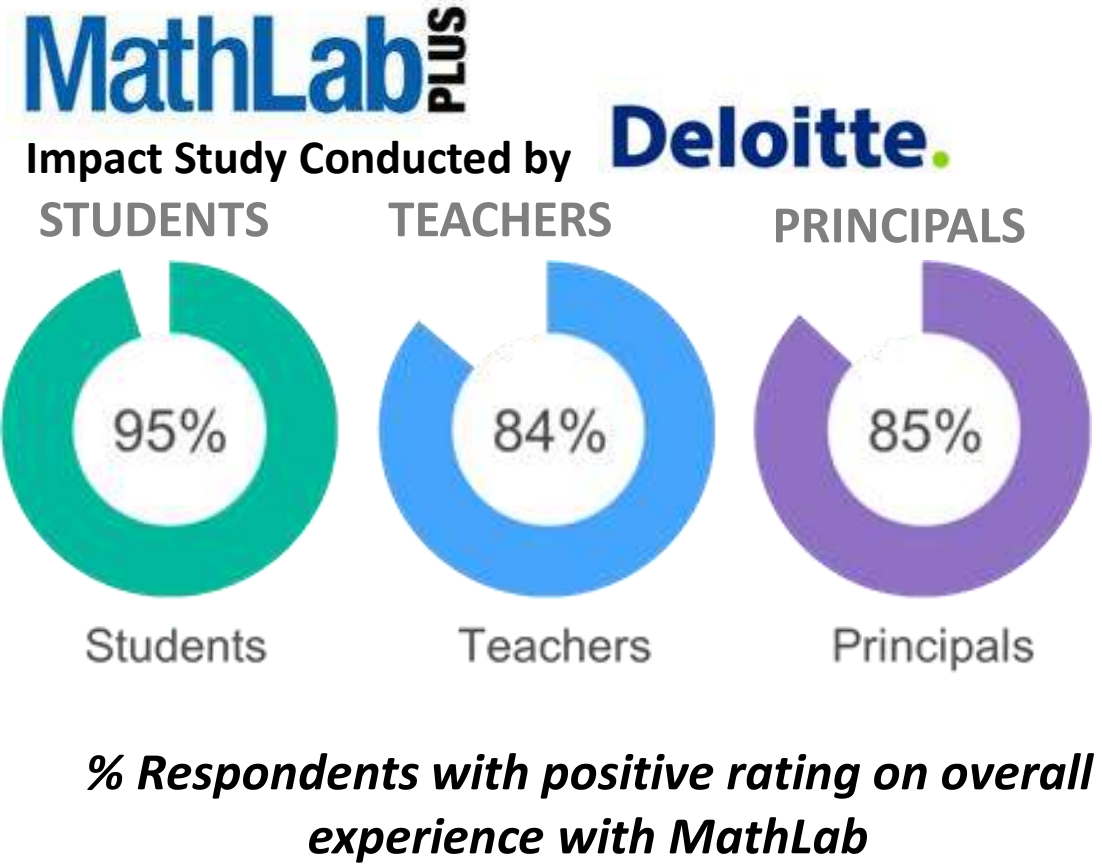
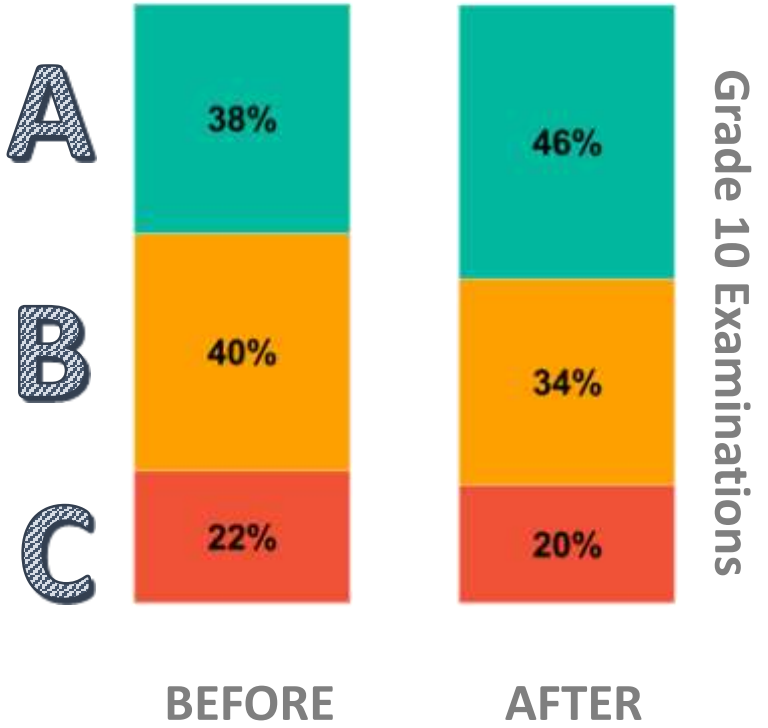


Cumulative



# SCHOOL LEARNING: CREATING MEASURABLE IMPACT

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



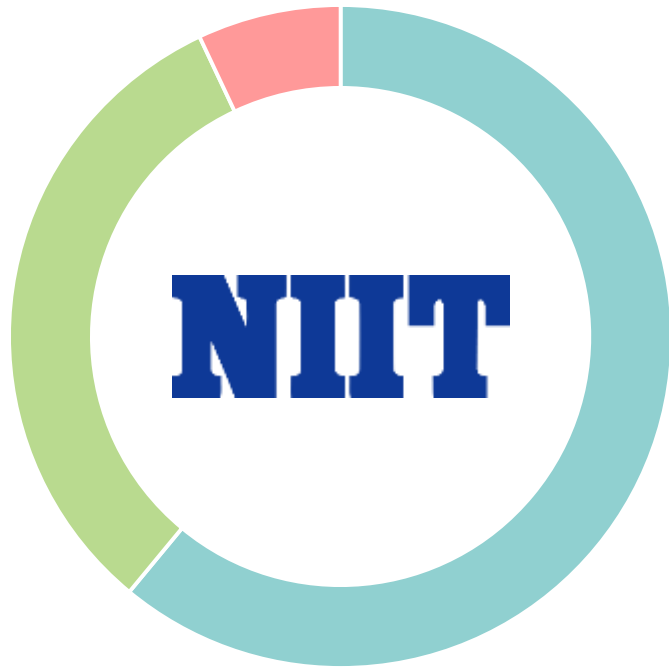
# FY18 RESULTS UPDATE



## ■ ENVIRONMENT

- The global economic upswing has become broader and stronger. With financial conditions still supportive, global growth is expected to improve to 3.9 percent rate in both 2018 and 2019. Advanced economies will grow faster than potential over the next two years. However risks are also increasing (IMF)
- Downside risks include the possibility of financial stress, increased protectionism, and rising geopolitical tensions. Focus on reforms including improvements in education and health systems, high-quality investment, and labour market could yield sustained long term dividends (World Bank)
- US unemployment rate near record lows at 3.9% even as AI, Robotics and Cognitive computing are changing business at an ever increasing pace, leading to a huge war for talent. Global corporate L&D spending continues to increase as technology disruption and regulation continues to drive demand for training. Share of spending outsourced to specialist training providers continues to go up
- India GDP growth is expected to recover to 7.4% in 2018 and 7.8% in 2019 (IMF), after a successive decline over the last two years as economy recovers from short term disruptions due multiple transitions in the regulatory framework
- Global IT Spending expected to grow 4.5% in 2018 to reach \$3.7 Trillion, driven by projects in Digital business, Blockchain, IOT, ML and AI (Gartner)
- Hiring by IT companies remains subdued. Net additions by major IT companies (Top 3) down more than 80% YoY in FY18
- Banks remain cautious on hiring. Increased demand for Sales and Customer relationship roles across BFSI sectors
- Spending by schools temporarily impacted in traditionally strongest quarter on lack of clarity on regulation

# ■ NIIT: GROWTH PLATFORMS



61%

## CORPORATE LEARNING

### MANAGED TRAINING SERVICES

- 39 global MTS customers
- Revenue visibility at \$218 million vs \$199 million in Q3 FY18

32%

## SKILLS & CAREERS

### DIGITAL TRANSFORMATION

- DigiNxt courses added 1,800+ enrolments
- Beyond IT contributes 40% vs 37% in Q4 FY17
- 3500+ learners on Training.com

7%

## SCHOOLS

### nGURU

- 317 School contracts vs 392 in Q4 FY17
- Go forward Focussed IP led private school business contributed 86%
- Practice Plus platform launched. 1.9 lac users

LIQUIDITY

Net Debt: INR 401 Mn

Down YoY vs INR 419 Mn

PROFITABILITY

EBIDTA: INR 221 Mn

Up YoY vs INR 181 Mn

CAPITAL EFFICIENCY

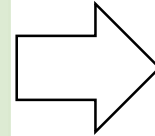
ROCE: 13.9%

Up YoY vs 9.4%

# ■ TRANSITION TO IND-AS

## CONCEPTS

- Retrospective application of all the standards unless exempted
- Concept of Substance over Legal form of the arrangement
- Certain optional exemptions are available for the ease of transition to Ind-AS. Under this Fair Valuation of Land and Investments in Subsidiaries / Associates is under consideration.
- Multiple deliverables in a contract are to be identified based on customer's perspective and is measured at its fair value.
- Concept of Control over the entity as against majority shareholding to consolidate as subsidiary or associate.



## IMPACT AREAS

- Recognition of Revenue basis fair value for multiple deliverables
- Strategic Sourcing Revenue is recognized on Net basis
- Recognition of Deferred Tax Liability on undistributed profits of subsidiaries/ Associates
- Provision for doubtful debts – on “Expected Credit Loss” model as against “Incurred Loss” model.
- ESOP expenses are recognized in P&L based on Fair Value as per Black Scholes method.
- Impact due to actuarial assumptions gets classified in “Other Comprehensive Income” (OCI)
- Discounting of Long Term Assets & Liabilities to present value

## ■ Q4 FY18: IN PERSPECTIVE

### Overall NIIT

- Revenue at INR 2,228 Mn; up 6% YoY; Constant currency Revenue from Go forward Business up 10% YoY
- EBITDA at INR 221 Mn (OM of 10%) up 22% YoY; EBITDA margin up 130 bps YoY
- PAT at INR 197 Mn in Q4 FY18 vs INR 250 Mn in Q4 FY17
- Continued control on Capex & Collections leading to DSO of 71 days Vs 83 days in Q3 & Net Debt at INR 401 mn Vs INR 419 Mn

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

- Revenue at INR 1,451 Mn up 28% YoY; Constant currency Revenue grows at 27%
- EBITDA margin at 14%; up 5 bps YoY
- Revenue Visibility at \$ 218 Mn (up 18% YoY)
- Overall 39 MTS customers; Signed 5 new contracts including 3 with new MTS customers; 1 contract extension and 1 scope extension for existing customer. Received 3 new LOIs during the Qtr

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

- Revenue at INR 584 Mn; down 16% YoY;
- EBITDA at INR -3 Mn

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

- Revenue at INR 176 Mn down 33% YoY due to planned ramp down of government school projects
- EBITDA at INR 40 Mn
- Signed 317 school contracts during the quarter; Focussed IP led private school business contributes 86%;

# ■ FY18: IN PERSPECTIVE

## Overall NIIT

- Revenue at INR 8,505 Mn; up 1% YoY; Constant currency Revenue from Go forward Business up 6% YoY
- EBITDA at INR 746 Mn (OM of 9%) up 11% YoY; EBITDA margin up 80 bps YoY
- PAT at INR 625 Mn in FY18 vs INR 409 Mn in FY17; up 53% YoY
- Operational ROCE @ 13.9% up 448 bps

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

- Revenue at INR 5,183 Mn up 14% YoY; Constant currency Revenue grows at 17%
- EBITDA margin at 15%; up 47 bps YoY
- Revenue Visibility at \$ 218 Mn (up 18% YoY)
- Overall 39 MTS customers; Signed 15 MTS contracts including 8 new MTS customers

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

- Revenue at INR 2,669 Mn; down 12% YoY;
- EBITDA margin at INR 36 Mn; OM of 1%;

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

- Revenue at INR 593 Mn down 32% YoY due to ramp down of government school projects
- Order Intake of INR 321 Mn; signed 668 school contracts during the year
- Focussed IP led private school business contributes 66%; up 2% YoY

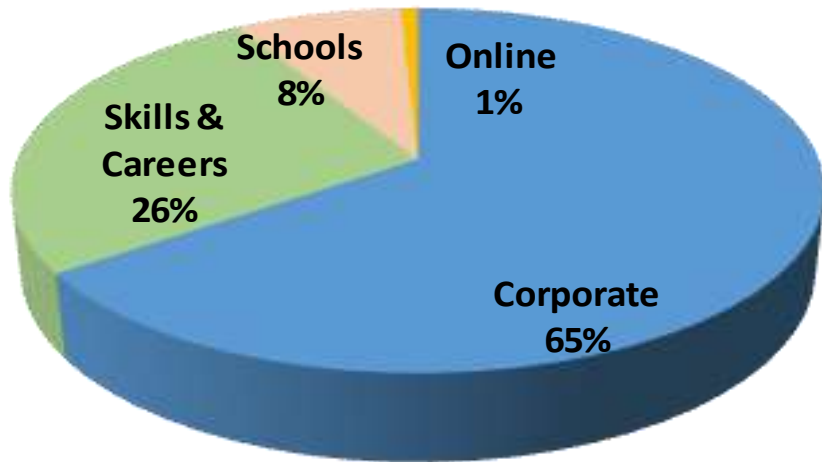
## ■ KEY FINANCIALS

INR Mn	Q4 FY18	Q4 FY17	YoY	Q3 FY18	QoQ	FY'18	FY'17	YoY
<b>System wide Revenue</b>	3,151	4,011	-21%	3,405	-7%	13,511	14,213	-5%
<b>Net Revenue</b>	<b>2,228</b>	<b>2,094</b>	<b>6%</b>	<b>2,094</b>	<b>6%</b>	<b>8,505</b>	<b>8,452</b>	<b>1%</b>
Operating expenses	2,007	1,913	5%	1,910	5%	7,759	7,777	0%
EBITDA	221	181	22%	184	20%	746	674	11%
<b>EBITDA%</b>	<b>10%</b>	<b>9%</b>	<b>130 bps</b>	<b>9%</b>	<b>114 bps</b>	<b>9%</b>	<b>8%</b>	<b>80 bps</b>
Depreciation	92	109	-16%	102	-10%	401	457	-12%
<b>EBIT</b>	<b>129</b>	<b>72</b>	<b>81%</b>	<b>82</b>	<b>58%</b>	<b>345</b>	<b>218</b>	<b>59%</b>
Net Other Income/ (Expense)	-63	-19	-44 mn	-6	-57 mn	-169	-203	35 mn
<b>Operational PBT</b>	<b>66</b>	<b>52</b>	<b>14 mn</b>	<b>76</b>	<b>-10 mn</b>	<b>177</b>	<b>14</b>	<b>162 mn</b>
Operational Tax	28	14	105%	16	79%	66	64	3%
<b>Operational PAT</b>	<b>38</b>	<b>38</b>	<b>-2%</b>	<b>60</b>	<b>-37%</b>	<b>110</b>	<b>-50</b>	<b>322%</b>
Associate Profit & Minority Share	200	242	-17%	174	15%	649	579	12%
Tax on Associate Profit & Minority	41	30	35%	36	12%	135	120	12%
<b>PAT</b>	<b>197</b>	<b>250</b>	<b>-21%</b>	<b>197</b>	<b>0%</b>	<b>625</b>	<b>409</b>	<b>53%</b>
<b>Basic EPS (INR)</b>	<b>1.2</b>	<b>1.5</b>	<b>-22%</b>	<b>1.2</b>	<b>0%</b>	<b>3.8</b>	<b>2.5</b>	<b>52%</b>

- Growth in Corporate Learning helps offset planned ramp down of government schools business and de-growth in SNC
- EBITDA @ 9% for FY18; up 80bps YoY
- Depreciation down 12% YoY reflecting continued reduction in capital intensity
- Negative impact of forex of INR 156 mn on Revenue and INR 44 mn on EBITDA

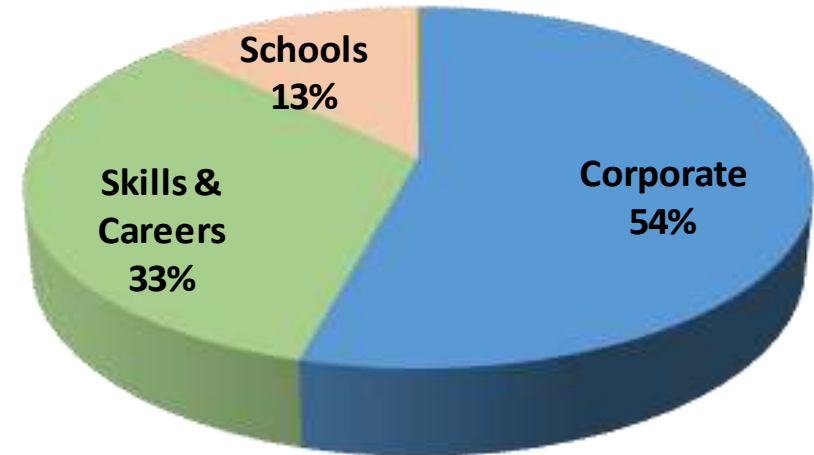
# BUSINESS MIX

**Q4 FY18**

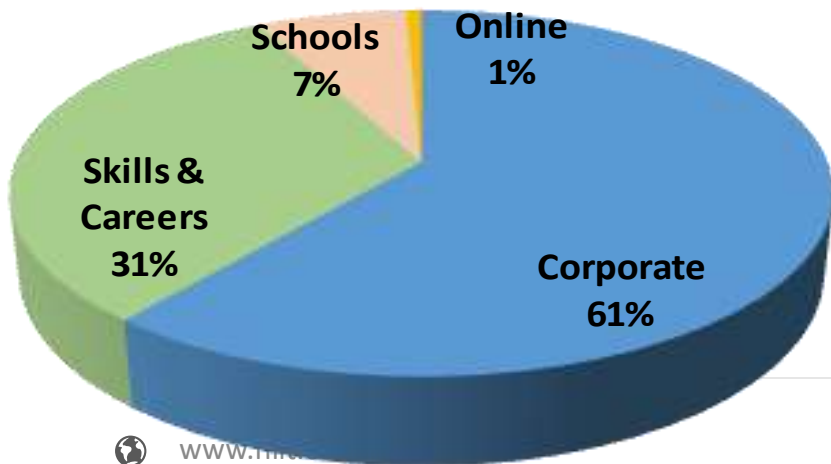


Business	Growth
Corporate	28%
Skills & Careers	-16%
Schools	-33%
Online	378%
<b>NIIT</b>	<b>6%</b>

**Q4 FY17**

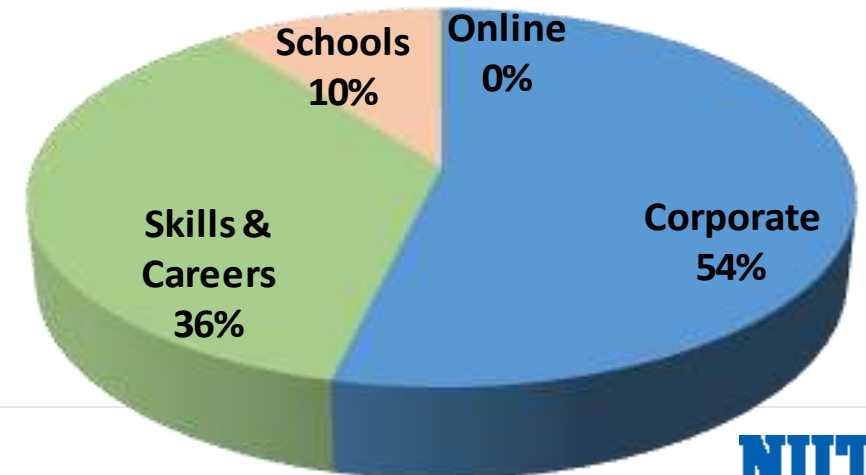


**FY18**



Business	Growth
Corporate	14%
Skills & Careers	-12%
Schools	-32%
Online	950%
<b>NIIT</b>	<b>1%</b>

**FY17**



# CORPORATE LEARNING GROUP

INR Mn	Q4 FY18	Q4 FY17	YoY	Q3 FY18	QoQ	FY'18	FY'17	YoY
Net Revenues	1,451	1,134	28%	1,294	12%	5,183	4,534	14%
EBITDA	196	153	28%	198	-1%	761	644	18%
EBITDA %	14%	13%	5 bps	15%	-176 bps	15%	14%	47 bps

## Q4FY18

- Revenue at INR 1,451 Mn up 28% YoY (up 27% in Constant Currency)
- Eagle contributes INR 176 Mn to CLG revenue in Q4 FY18
- Signed 5 new contracts including 3 with new MTS customers; 1 contract extension and 1 scope extension for existing customer. Received 3 new LOIs during the Qtr

## FY18

- Revenue at INR 5,183 Mn up 14% YoY (up 17% in Constant Currency)
- EBITDA at 15%, up 47 bps YoY
- Revenue Visibility increases to \$ 218 Mn up 18% YoY
- Overall 39 MTS customers; Signed 15 MTS contracts including 8 new MTS customers
- Strong pipeline of new orders





## ■ SKILLS AND CAREERS GROUP

Rs. Mn	Q4 FY18	Q4 FY17	YoY	Q3 FY18	QoQ	FY'18	FY'17	YoY
Net Revenues	584	694	-16%	691	-16%	2,669	3,045	-12%
EBITDA	-3	24	-28 mn	18	-21 mn	36	46	-22%
EBITDA %	-1%	4%	-411 bps	3%	-316 bps	1%	2%	-16 bps

### Q4 FY18

- Q4 a relatively weak quarter for SNC; Revenue at INR 584 Mn;
- India business impacted because uncertainty in hiring & training slowdown in IT & BFSI; Recovered profitability despite slightly lower revenue due to cost optimization

### FY18

- Revenue at INR 2,669 Mn down 12% YoY
- 5 new Career Programs in Accounting and Business Analytics; Banking and Finance; Data Analytics and Predictive Modelling; Digital Marketing and Branding; and Full Stack Software Engineering
- Introducing **TPaaS – Talent Pipeline as a Service**, which encompasses all aspects involved in on-boarding new talent, including talent acquisition, talent orientation, on-boarding & integration

NIIT | digiNxt  
OF REAL-WORLD SKILLS

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NIIT digiNxt  
program in  
Java Enterprise  
and Big Data.

Know More

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An IT professional  
or a Digital Transformation expert?

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## SCHOOL LEARNING GROUP

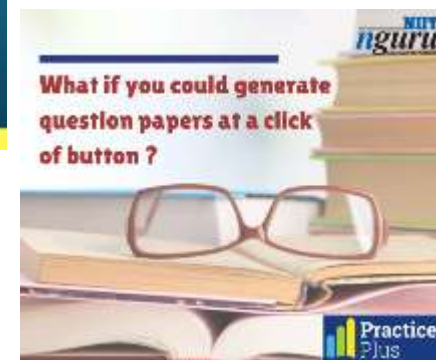
INR Mn	Q4 FY18	Q4 FY17	YoY	Q3 FY18	QoQ	FY'18	FY'17	YoY
Net Revenues	176	262	-33%	92	90%	593	867	-32%
EBITDA	40	32	22%	-21	60 mn	15	54	-72%
EBITDA %	23%	12%	1015 bps	-22%	4482 bps	3%	6%	-372 bps

### Q4 FY18

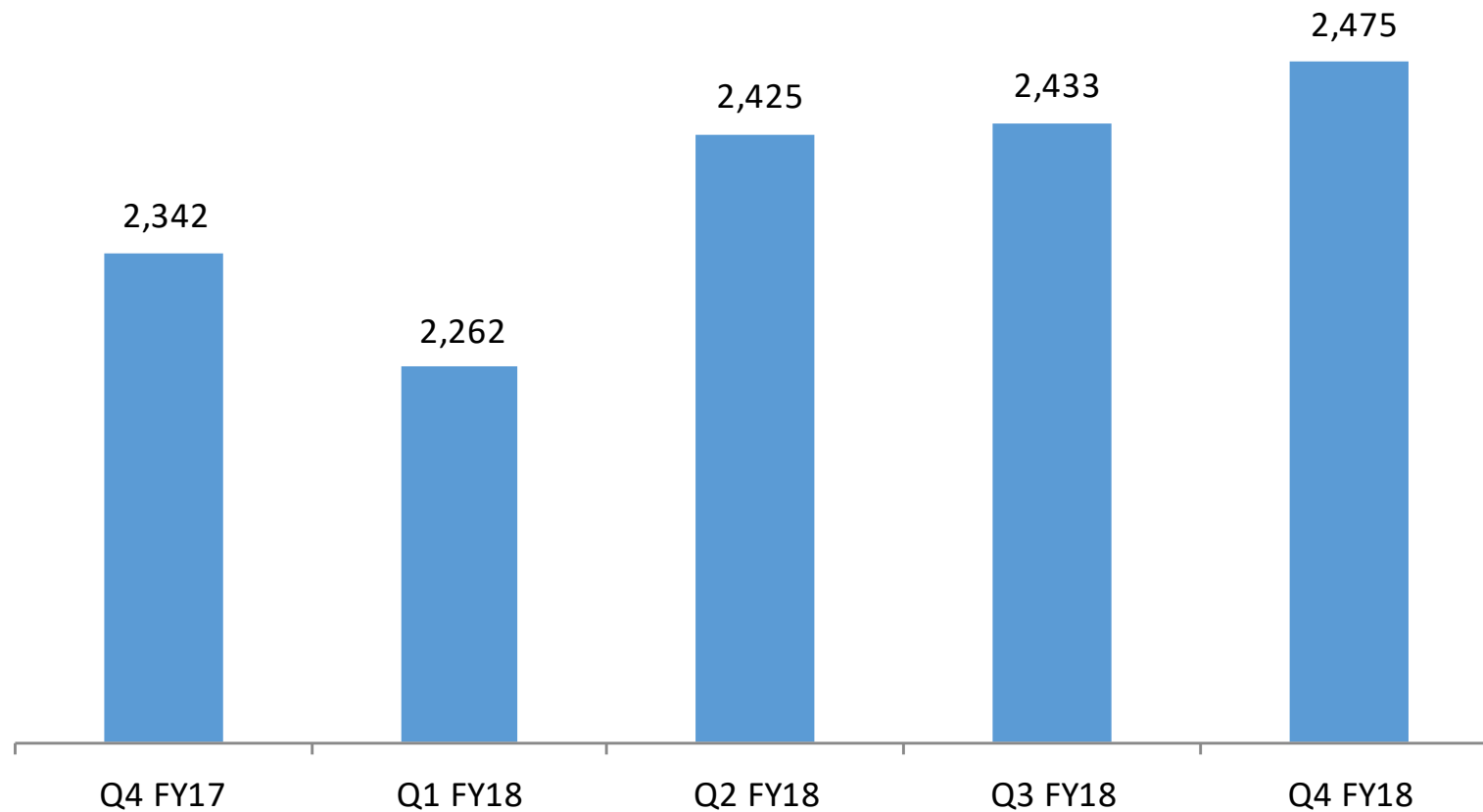
- Overall revenue impacted due to planned ramp down of government school projects. Last government project expected to complete by Q2 FY19
- EBITDA at INR 40 Mn vs INR 32 Mn YoY

### FY18

- Revenue from Go Forward, IP led private school business contributes 86% to SLG revenue; up 2% YoY for FY18
- Practice Plus platform launched; 1.9 lacs users
- Released new curriculum products in Math, Science and English



## PEOPLE



- Headcount up 8 QoQ and down 10 YoY
- Includes Eagle headcount from Q4'FY18
- Excludes project retainers

A semi-transparent blue horizontal bar spanning across the middle of the image, containing the text 'Future Direction' in white, bold, sans-serif font.

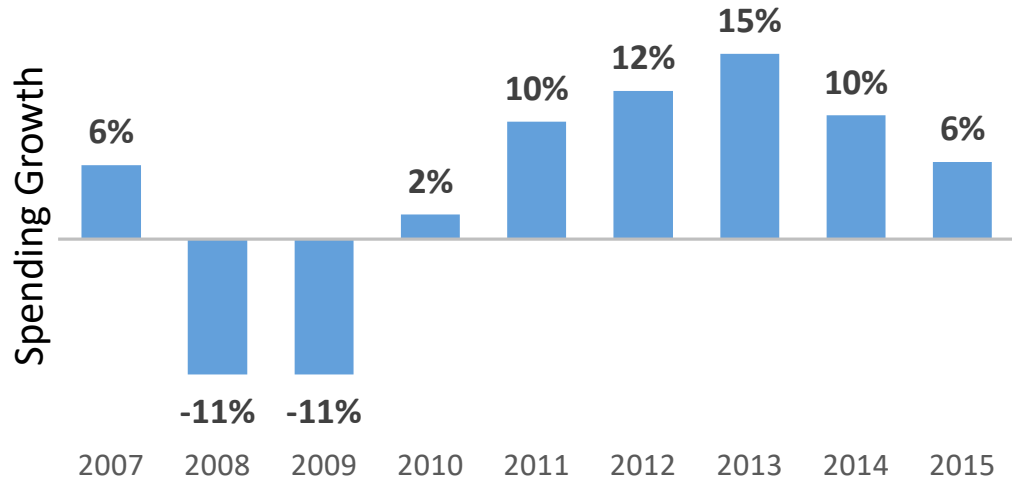
# Future Direction

# Corporate Learning Group

Future Direction

# ■ CLG: CORPORATE TRAINING SPENDING

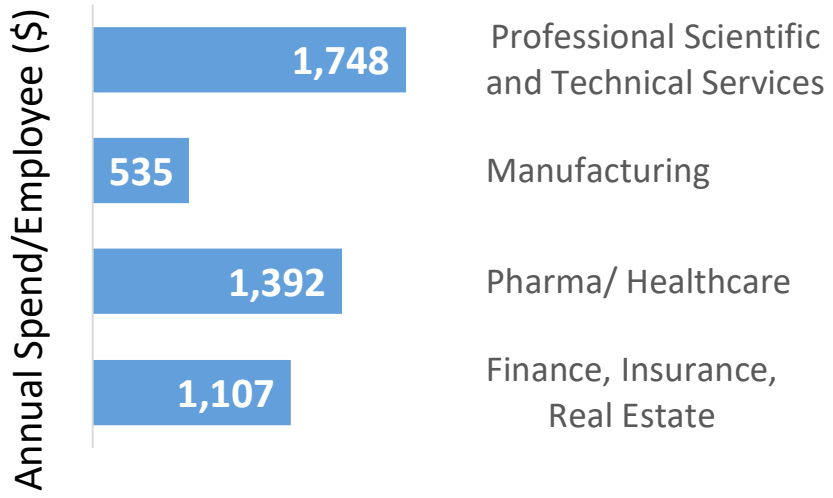
Source: Bersin By Deloitte, ATD



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

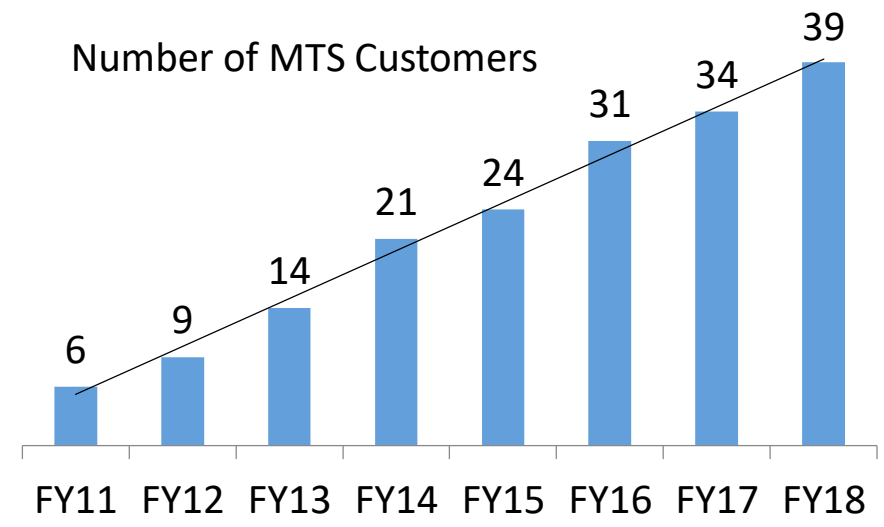
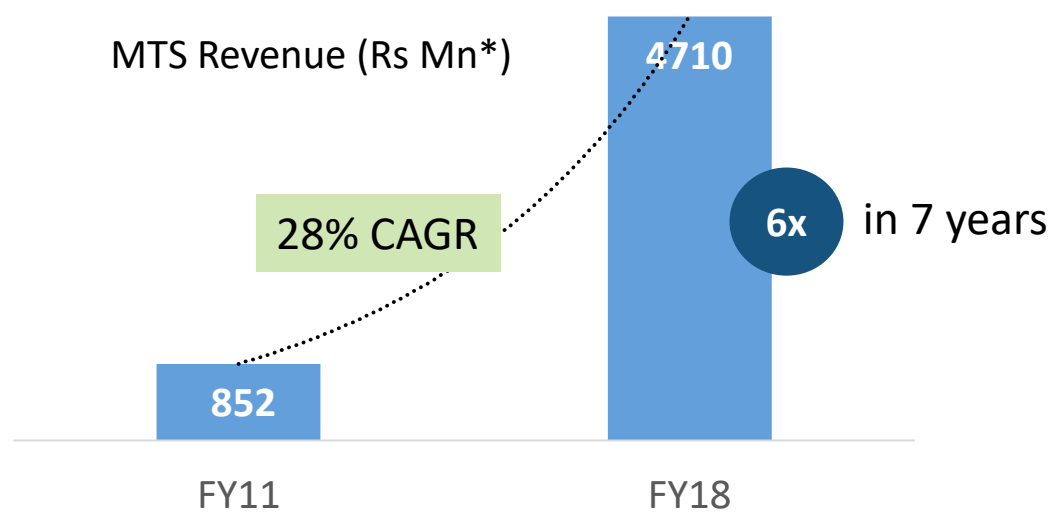
Spending on Training Continues to Grow

Increasing trend towards outsourcing



Focus on Technology/Telecom Energy, Lifesciences and BFSI Industries

# ■ CLG: MANAGED TRAINING SERVICES



Increasing contribution from MTS

Differentiated competitive positioning

Revenue Visibility at \$218 Mn from existing contracts

\*Normalized MTS revenue as per IND-AS

# ■ CLG: TAKING MTS TO NEXT LEVEL OF GROWTH





# CLG: LEVERAGING ANALYTICS FOR CREATING CUSTOMER VALUE

“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*

*NIIT Solution*



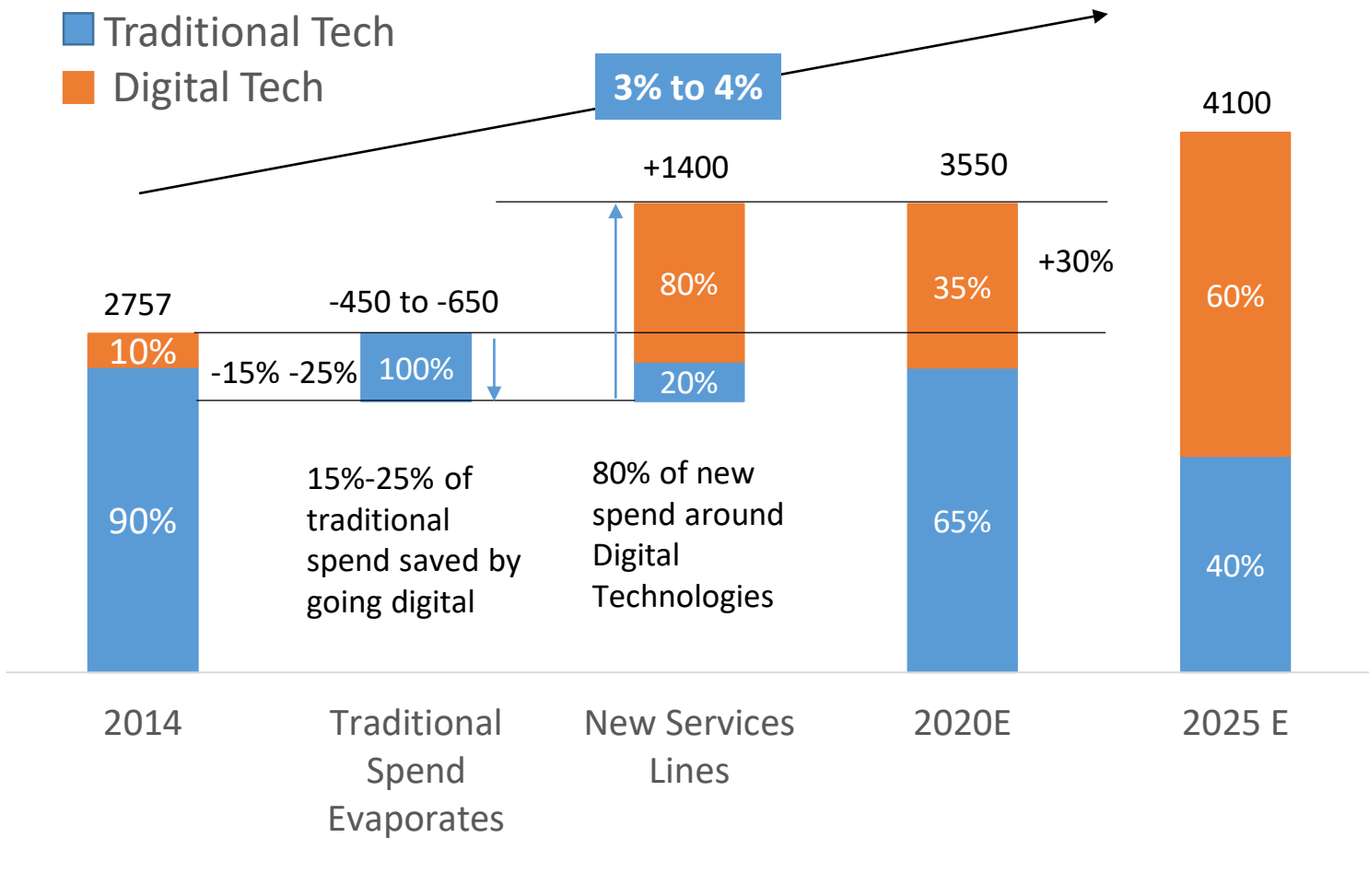
# Skills and Careers Group

Future Direction

# DIGITAL TRANSFORMATION: IT SECTOR

Global Technology and Business Services Spend

Traditional Tech  
Digital Tech



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

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

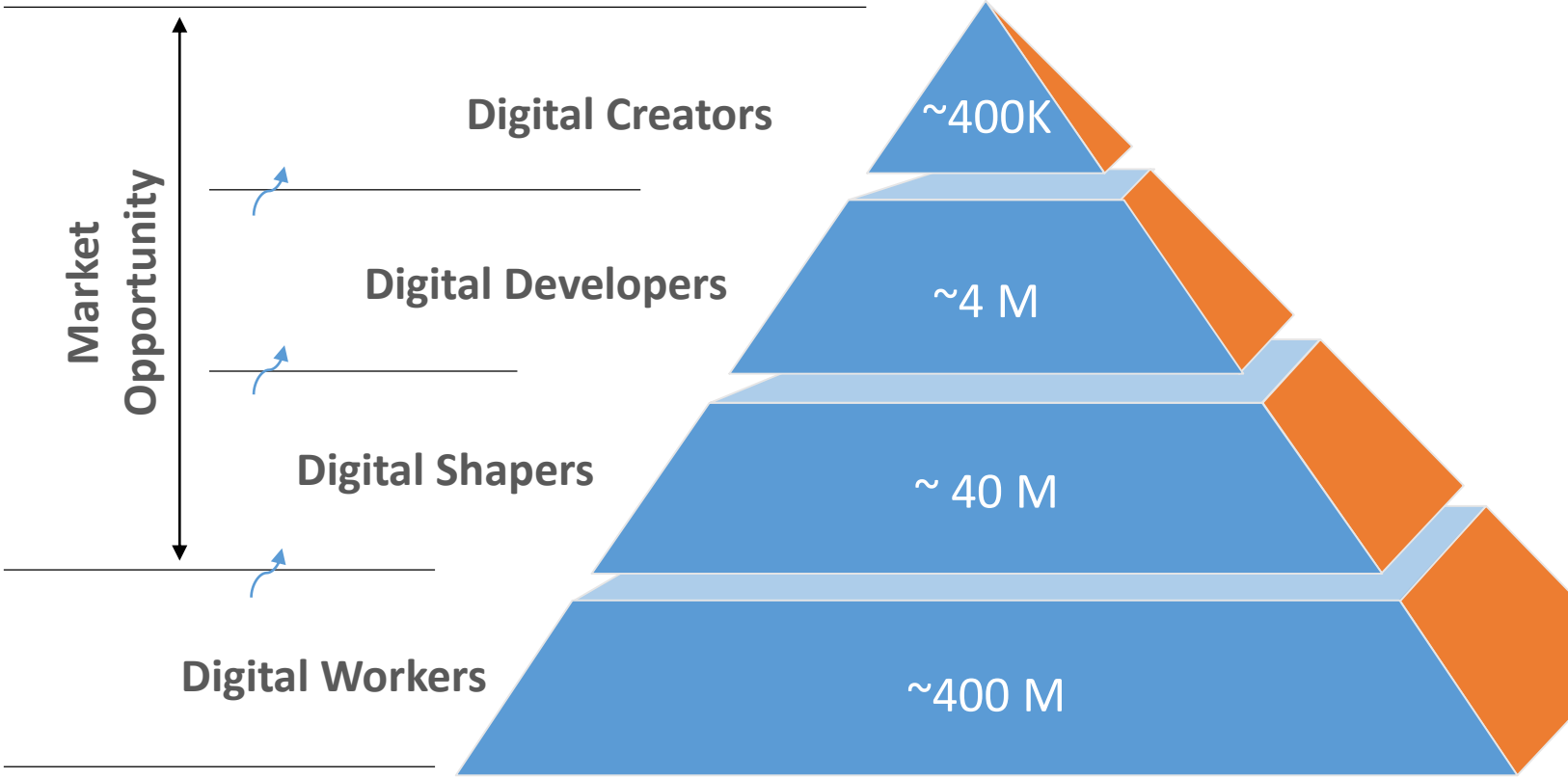
**50% - 60% of today's workforce needs to be reskilled to be relevant by 2020**

Source: IDC, NASSCOM

**Digital growing at 30% (1.5x faster than global digital growth rates) and now ~20% of Industry Exports**

# SNC: DIGITAL OPPORTUNITY LANDSCAPE

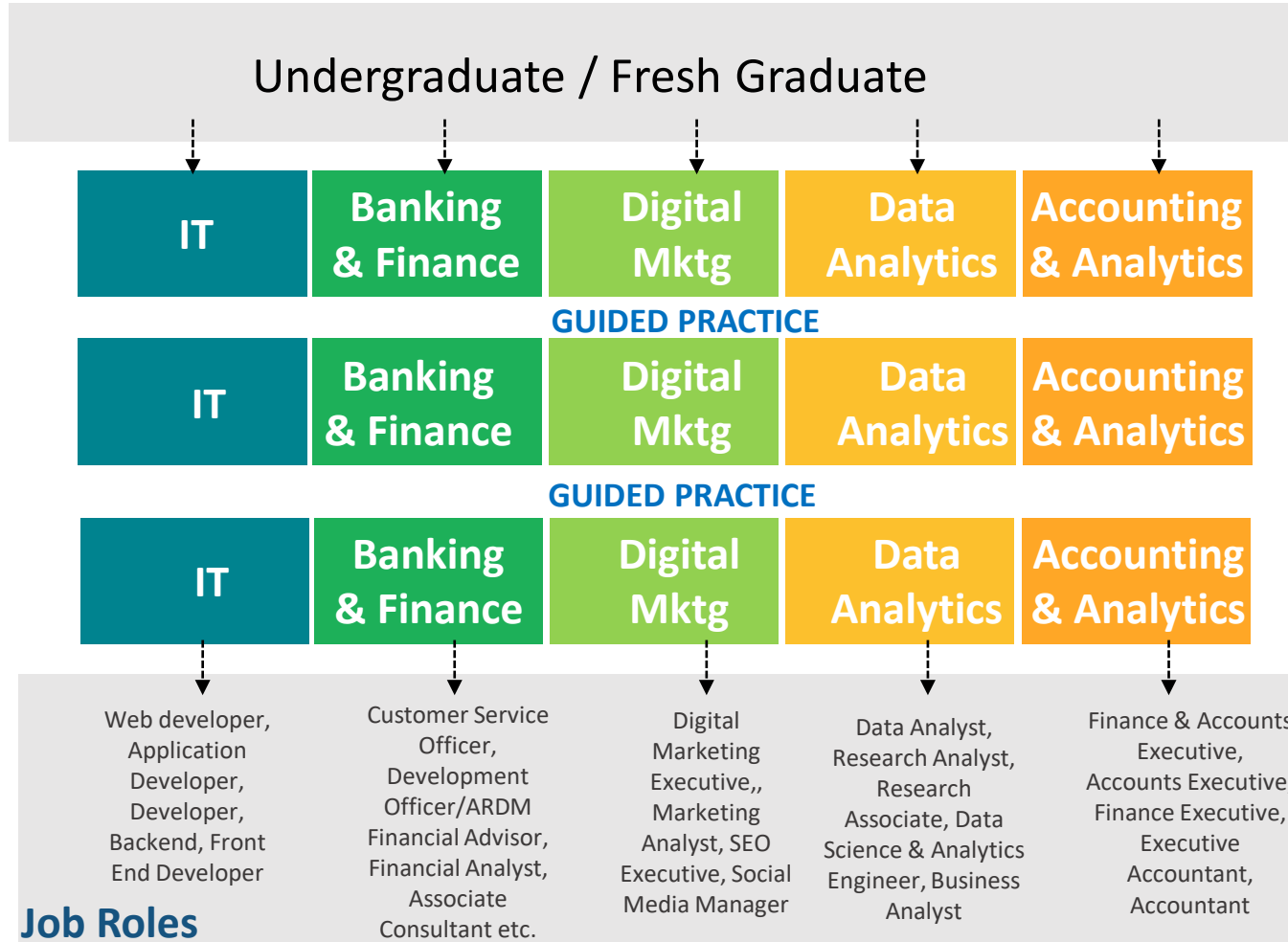
- Future is “Digital@Scale”
- Digital becoming all pervasive, blurring IT industry sector boundaries
- Digital projects more skill intensive than people intensive
- People need continuous reskilling with consulting and design capabilities
- Accelerating influx of new GICs; 1140+ nos.
- India emerging as key hub for Digital@scale



Source: NASSCOM

# SNC: NEW PROGRAM PORTFOLIO

## Expanded Portfolio of Career Programs



## + JIT Skills for Aspirational Careers

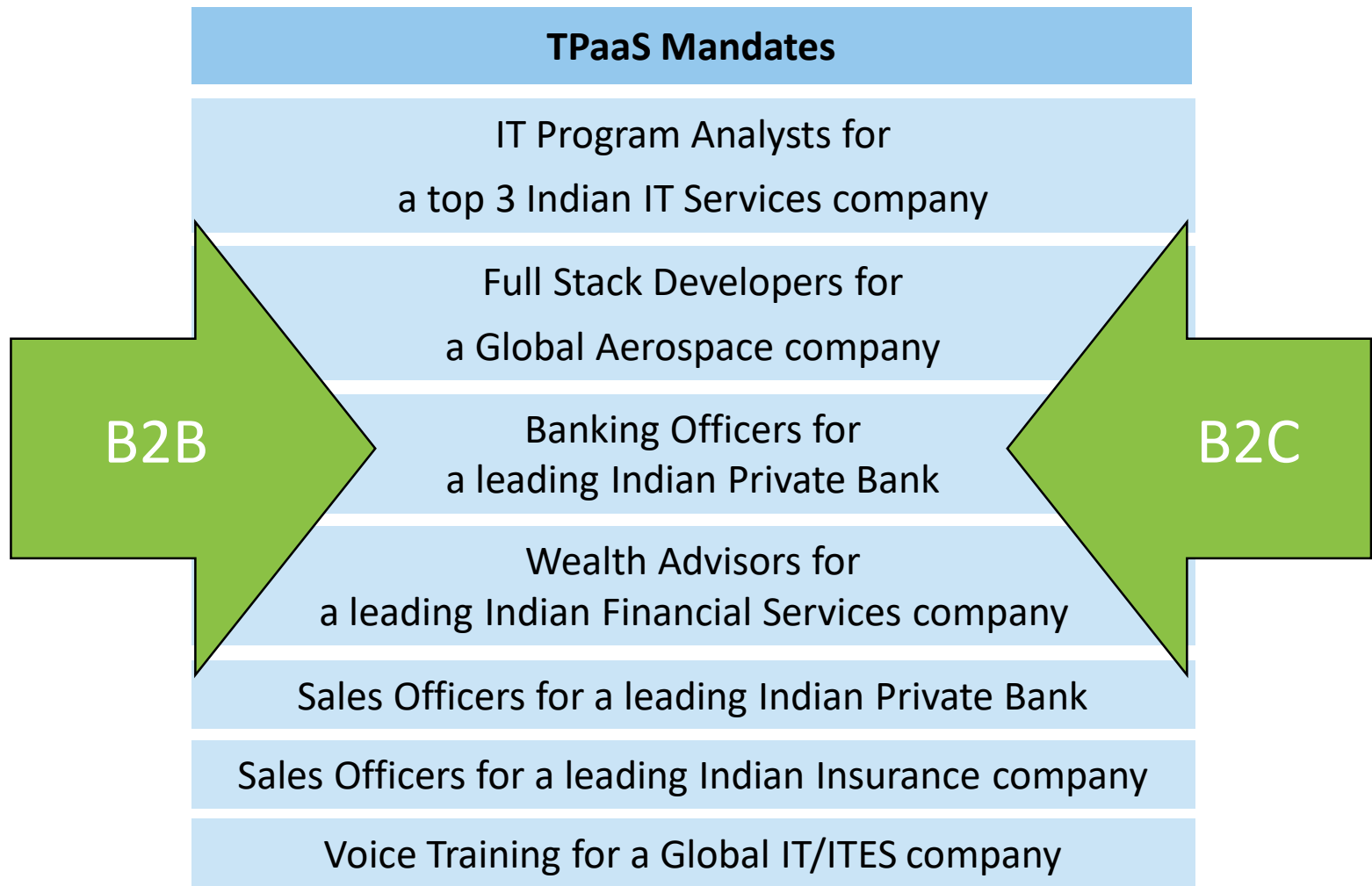


# ■ SNC: PROGRAM DESIGN



# ■ SNC: TALENT PIPELINE AS A SERVICE

- Customer Acquisition
- Relationship Management



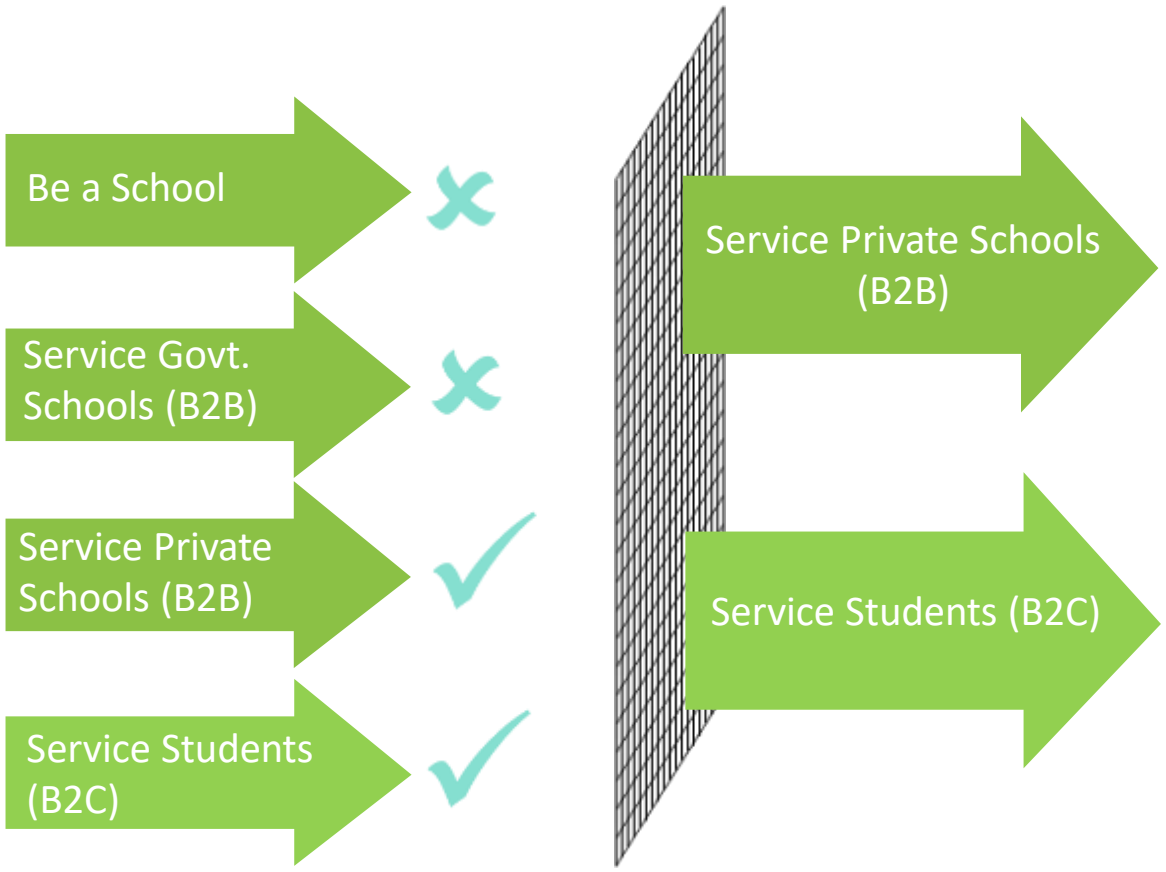
- Sourcing
- Training
- Placement

# School Learning Group

Future Direction



# ■ SLG: FOCUS AREAS



Defocussed from government schools business

Exited capex driven business models in private schools

No Nationally Dominant Player in private schools space with comprehensive product portfolio

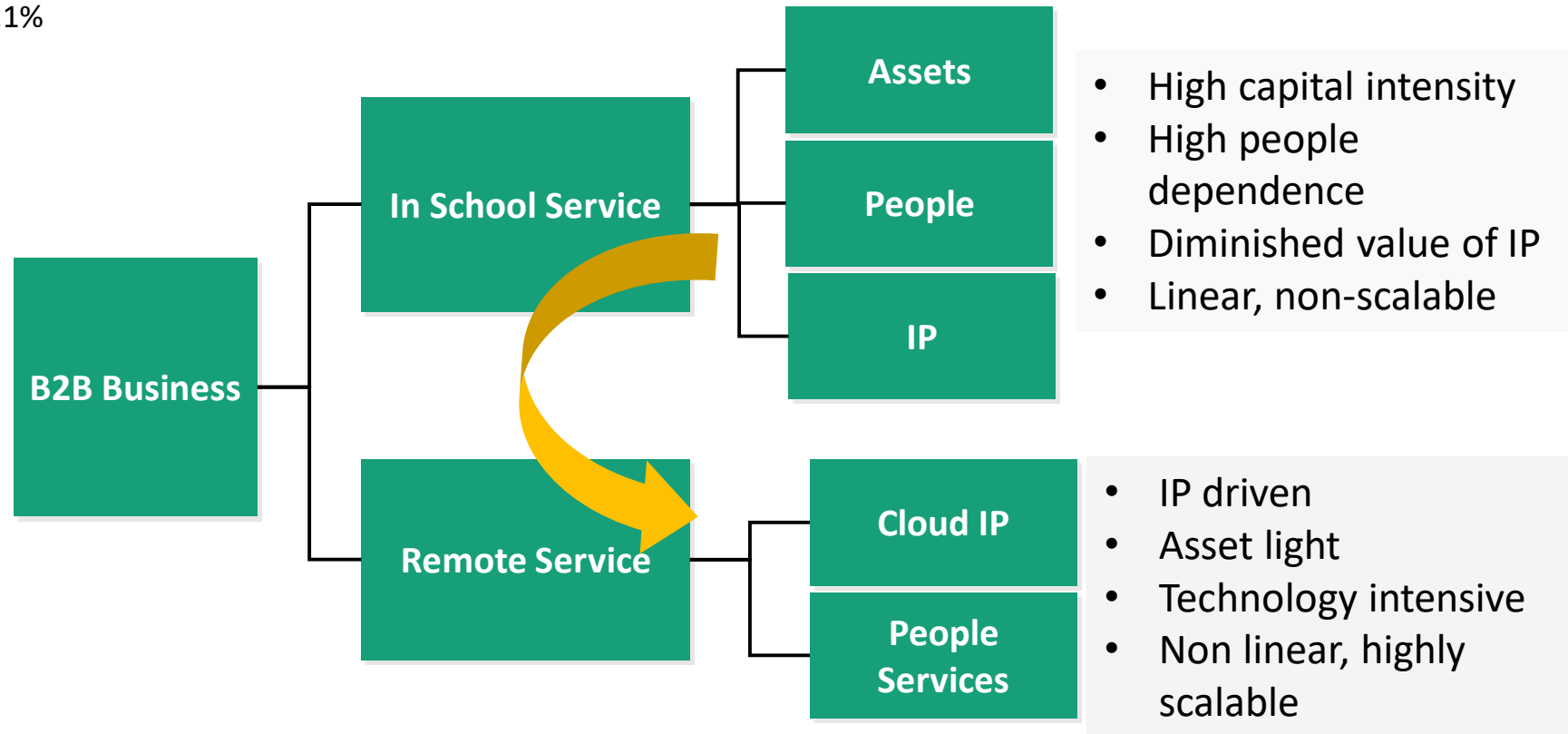
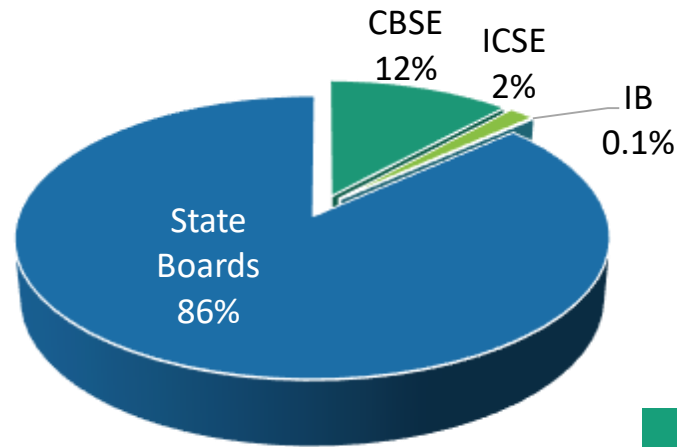
Large untapped opportunity in B2C space

Needs separate focus and attention

**Restructured to unlock value**

## ■ SLG: TRANSFORMATION

~120K Private Schools



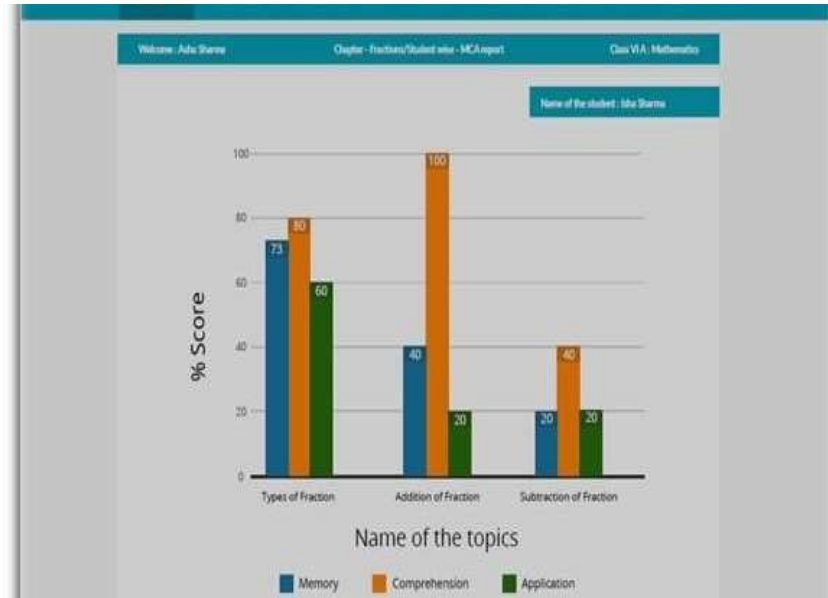
**Move to asset light, technology intensive, IP driven business model**

# ■ SLG: PRACTICE PLUS

Practice Plus helps educators understand where students are currently in their learning path and what they need to learn next .



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