



# NIIT Limited Results Update Q3 FY19

January 24, 2019

# Environment

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- “Storm Clouds Are Brewing for the Global Economy. Global economic growth is projected to soften from a downwardly revised 3 percent in 2018 to 2.9 percent in 2019. Downside risks have become more acute. Financial market pressures and trade tensions could escalate” – World Bank
- Spending on corporate L&D in advanced economies continues to be robust driven by higher employment, increased pace of technological change and increasing regulatory intensity.
- India GDP is expected to achieve 3 year high growth of 7.2% in FY19 (CSO). However this represents a slowdown in growth in second half of the financial year to 6.76% versus 7.75% achieved in the first half. Volatile crude prices & forex rates currency and tightening global and local liquidity create near term uncertainty
- Hiring by IT sector has seen a pick up led by digital technologies. Graduates with digital skills are able to command a material premium versus traditional IT skills.
- Banks and NBFCs remain cautious on hiring. Increased demand for Advisory, Sales and Customer relationship roles across BFSI sectors
- Procurement by schools skew towards Q4 due to regulatory uncertainty

# NIIT Q3 - Highlights

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CLG (71%)

SNC (28%)

SLG (1%)



## Corporate:

- 42 global MTS customers
- Revenue visibility at \$ 255 million

## Skills & Careers:

- 2000+ enrolments for New Career programs
- StackRoute delivery for 11 IT services majors

## Schools:

- 64 School contracts
- Practice Plus platform : 6.4 lac users
- Launched Marshall Cavendish Math program

LIQUIDITY

Net Debt: INR 573 Mn

Improved INR 26 Mn  
QoQ

PROFITABILITY

EBITDA: INR 200 Mn

Up 8% YoY

CAPITAL EFFICIENCY

ROCE: 14.8%

Up YoY:  
375 bps

# Q3 FY19: In Perspective

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## Overall NIIT

- Revenue at INR 2,278 Mn; up 9% YoY; Revenue from Go forward Business up 10% YoY
- EBITDA at INR 200 Mn (OM of 9%)
- PAT at INR 194 Mn
- Net debt at INR 573 Mn Vs INR 599 Mn in Q2 FY19; DSO of 77 days Vs 83 days in Q3 FY18
- Operational ROCE at 14.8% up 375 bps YoY

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

- Revenue at INR 1,614 Mn up 25% YoY; Constant currency Revenue grows at 14% YoY
- EBITDA margin at 15%
- Revenue Visibility at \$ 255 Mn (up 28% YoY)
- Added 2 new customers and 1 contract expansions and 1 contract renewal; 42 MTS customers at end Q3

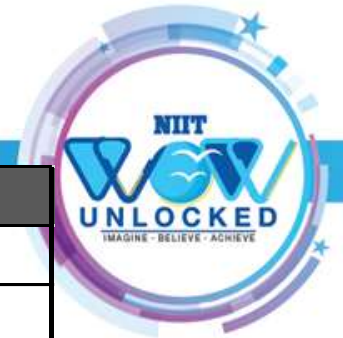
## Skills & Careers Group (SNC): Rebuild phase

- Revenue at INR 634 Mn
- EBITDA at INR 16 Mn compared to INR 7 Mn in Q3 FY18

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

- We have now completed all government projects and are left with transition activities (handover and collection)
- Revenue at INR 30 Mn

# Key Financials



INR Mn	Q3 FY19	Q3 FY18	YoY	Q2 FY19	QoQ
<b>System wide Revenue</b>	2,923	3,405	-14%	2,848	3%
<b>Net Revenue</b>	<b>2,278</b>	<b>2,094</b>	<b>9%</b>	<b>2,285</b>	<b>0%</b>
Operating expenses	2,078	1,910	9%	2,066	1%
<b>EBITDA</b>	<b>200</b>	<b>184</b>	<b>8%</b>	<b>219</b>	<b>-9%</b>
EBITDA%	9%	9%	-2 bps	10%	-81 bps
Depreciation	95	102	-7%	84	13%
Net Other Income	-82	-6	Rs -76 mn	-53	Rs -29 mn
<b>Operational PBT</b>	<b>23</b>	<b>76</b>	<b>Rs -53 mn</b>	<b>82</b>	<b>Rs -59 mn</b>
Operational Tax	<b>10</b>	<b>16</b>	-36%	<b>29</b>	-65%
<b>Operational PAT</b>	<b>13</b>	<b>60</b>	<b>-79%</b>	<b>53</b>	<b>-76%</b>
Associate Profit & Non Controlling Interests	230	174	32%	261	-12%
Tax on Associate Profit	48	36	33%	54	-11%
<b>PAT</b>	<b>194</b>	<b>197</b>	<b>-1%</b>	<b>259</b>	<b>-25%</b>
<b>EPS (INR)</b>	<b>1.2</b>	<b>1.2</b>	<b>-2%</b>	<b>1.6</b>	<b>-25%</b>

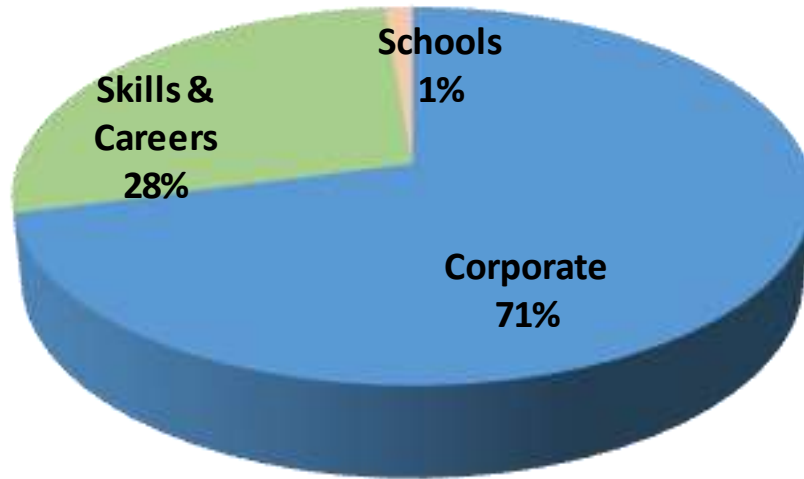
- Growth in Corporate Learning helps to offset planned ramp down of government schools business and transition in SNC business
- Adverse forex impact of INR 52 mn primarily on account of re-statement of receivables
- EBITDA margin @ 9% for Q3 FY19

# Revenue Mix

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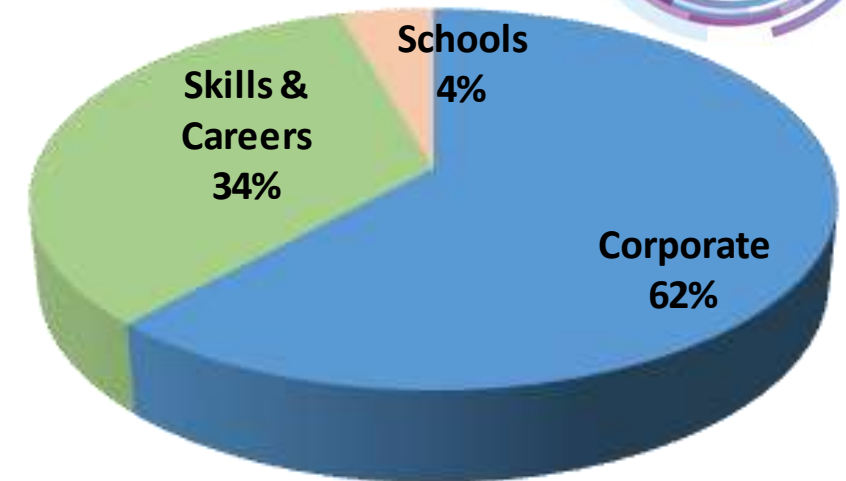


**Q3 FY19**

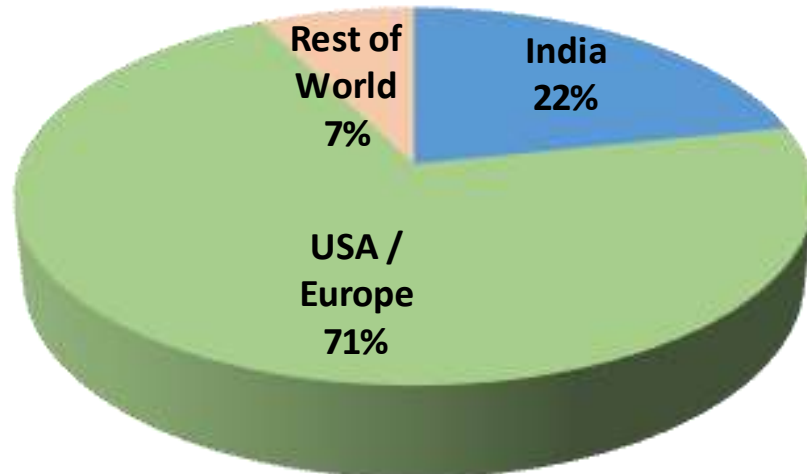


Business	Growth
Corporate	25%
Skills & Careers	-10%
Schools	-67%
<b>NIIT</b>	<b>9%</b>

**Q3 FY18**

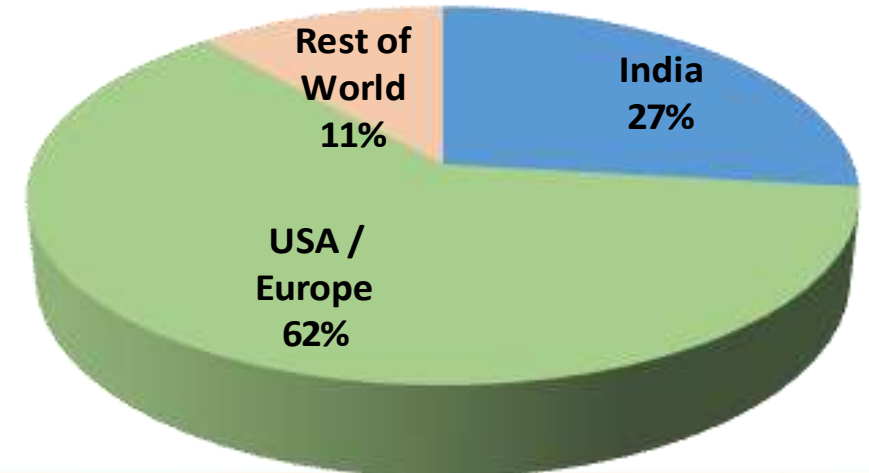


**Q3 FY19**



Geo	Growth
India	-12%
USA / Europe	25%
Rest of World	-29%
<b>NIIT</b>	<b>9%</b>

**Q3 FY18**



# Corporate Learning Group

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INR Mn	Q3 FY19	Q3 FY18	YoY	Q2 FY19	QoQ
Net Revenues	1,614	1,294	25%	1,616	0%
EBITDA	234	198	18%	238	-1%
EBITDA %	15%	15%	-77 bps	15%	-19 bps

- Revenue at INR 1,614 Mn up 25% YoY. Up 14% in Constant Currency
- Focus on Life Sciences industry resulted in signing two multi-year MTS customers in the sector
- 4 new contracts including 2 new MTS customers, 1 contract expansions & 1 contract renewal.
- 42 MTS customers at end of Q3
- Revenue visibility of \$ 255 Mn, up 28% YoY



**NIIT**

**Running Training like a Business.**  
Proven Approach. Transformative Results.

As business leaders deal with rising customer expectations, lower productivity, and severe cost pressures, there is increased pressure on training functions to reduce costs, increase value, become more relevant, and focus on the strategic elements of the business. NIIT's managed training services are built on the principles of running training like a business and help leading global companies demonstrably transform the effectiveness and efficiency of their training. Learn how running training like a business can work for you - [www.niit.com/rllab](http://www.niit.com/rllab).

2017 TOP 20 COMPANY (CONTENT DEVELOPMENT)  
2017 TOP 20 COMPANY (TRAINING OUTSOURCING)  
2016 TOP 20 COMPANY (GAMIFICATION)  
2016 TOP 20 COMPANY (IT TRAINING)

CURRICULUM AND CONTENT | LEARNING DELIVERY | LEARNING ADMINISTRATION | STRATEGIC SOURCING | LEARNING TECHNOLOGY

[www.niit.com](http://www.niit.com)

# Skills & Careers Group

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**STACK  
ROUTE**

INR Mn	Q3 FY19	Q3 FY18	YoY	Q2 FY19	QoQ
Net Revenues	634	708	-10%	617	3%
EBITDA	16	7	124%	10	66%
EBITDA %	3%	1%	152 bps	2%	96 bps

- Product mix change and cost rationalization offset impact of operating leverage and cost inflation
- StackRoute continues on strong growth momentum; 2 new customers signed up for StackRoute in Q3 including a large global Systems Integrator. Now training Full Stack Developers for 11 IT majors
- 2 new TPaaS mandates during Q3
- Awarded a large contract by a leading public sector bank for on-boarding over 2500 of their employees
- Annual Customer Conference “Confluence” held successfully in Goa
- Own centers achieve marginal growth in both collection & revenue





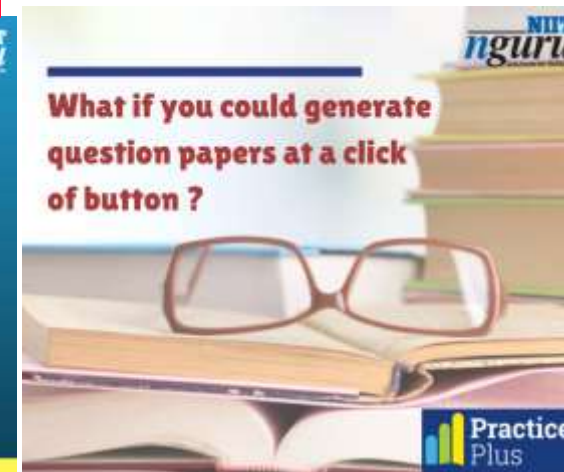
# School Learning Group

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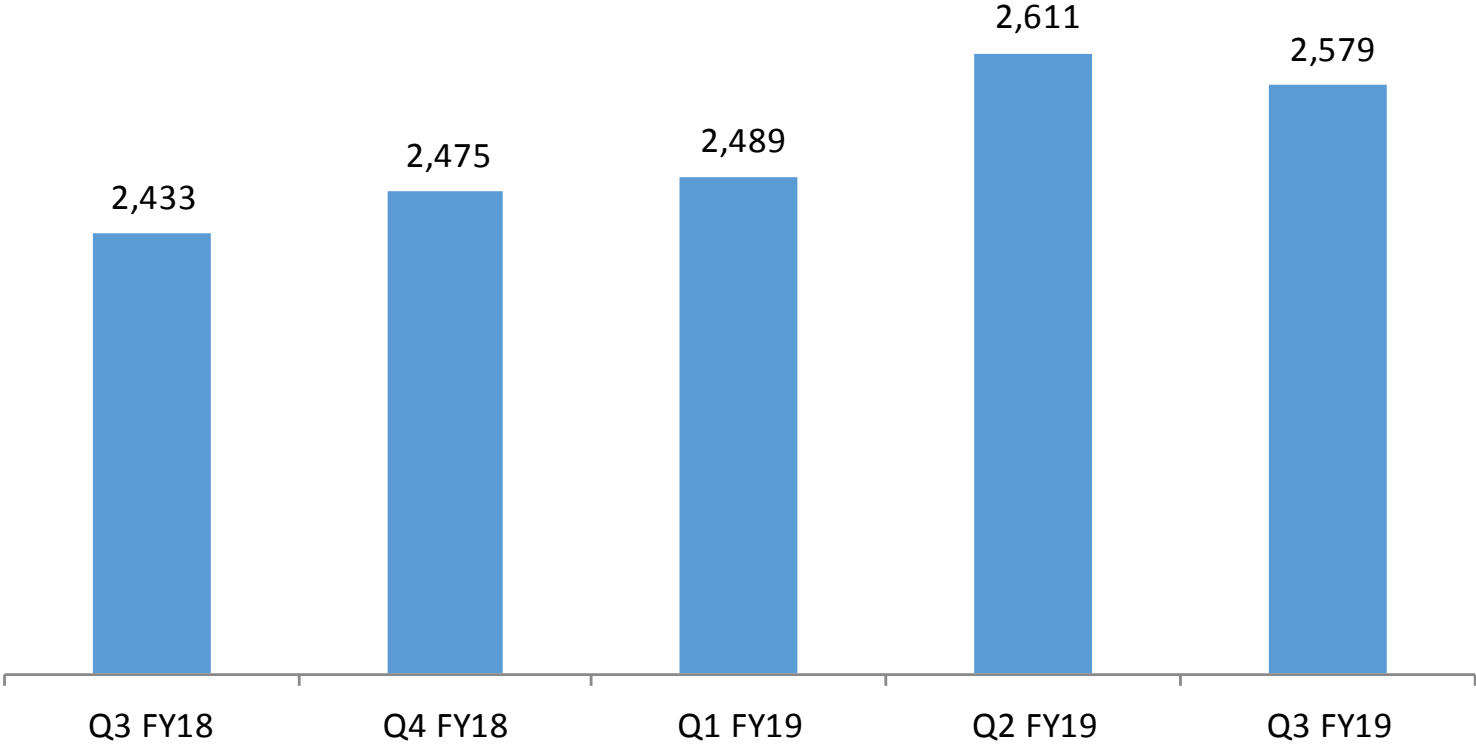
INR Mn	Q3 FY19	Q3 FY18	YoY	Q2 FY19	QoQ
Net Revenues	30	92	-67%	51	-41%
EBITDA	-50	-21	-30 mn	-28	-22 mn

- Completed execution on all government schools contracts during the quarter. Projects under transition (Handover and collections)
- Overall revenue impacted due to planned ramp down of government school projects and private schools purchase decisions stacking up in Q4
- Launched Marshall Cavendish Math program
- 6.4 lacs users on Practice plus platform (including students and parents)



# People

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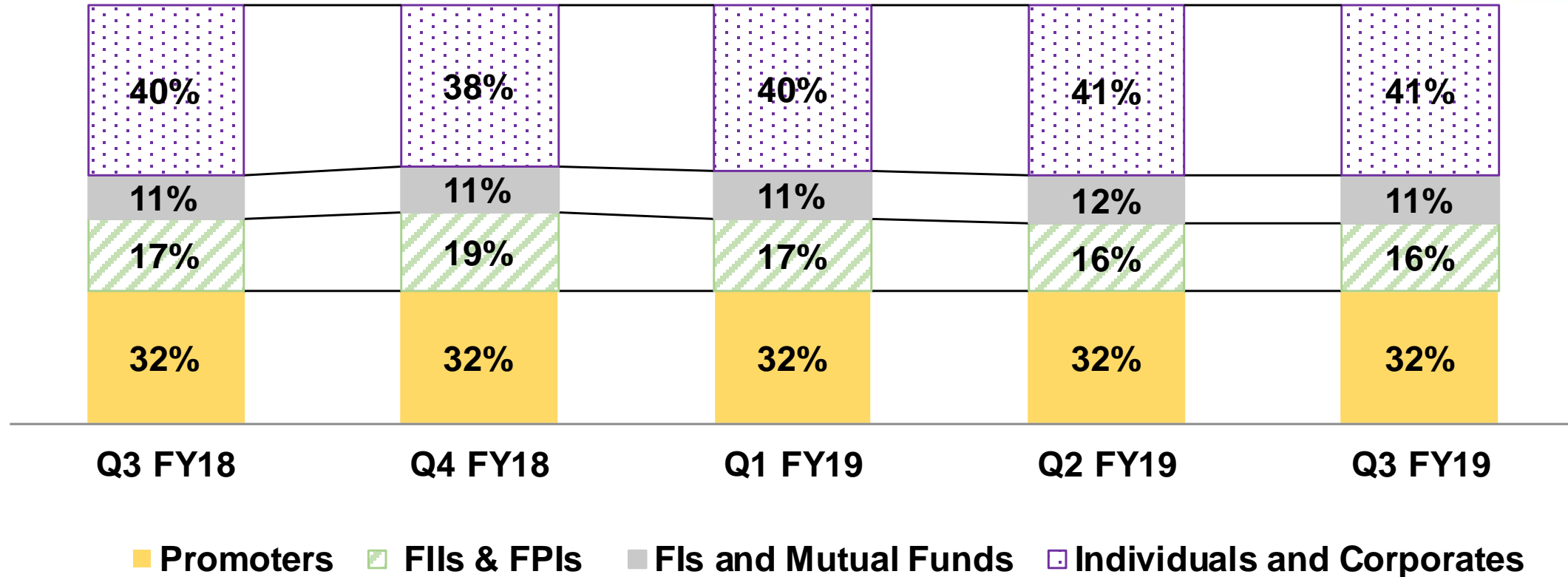


Headcount down 32 QoQ and up 146 YoY

\* excludes project retainers

# Share Holding Pattern

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Percentages may not add to 100% due to rounding



Thank you

