

NIIT Limited

Financial Results Q3 FY'14

January 17, 2014

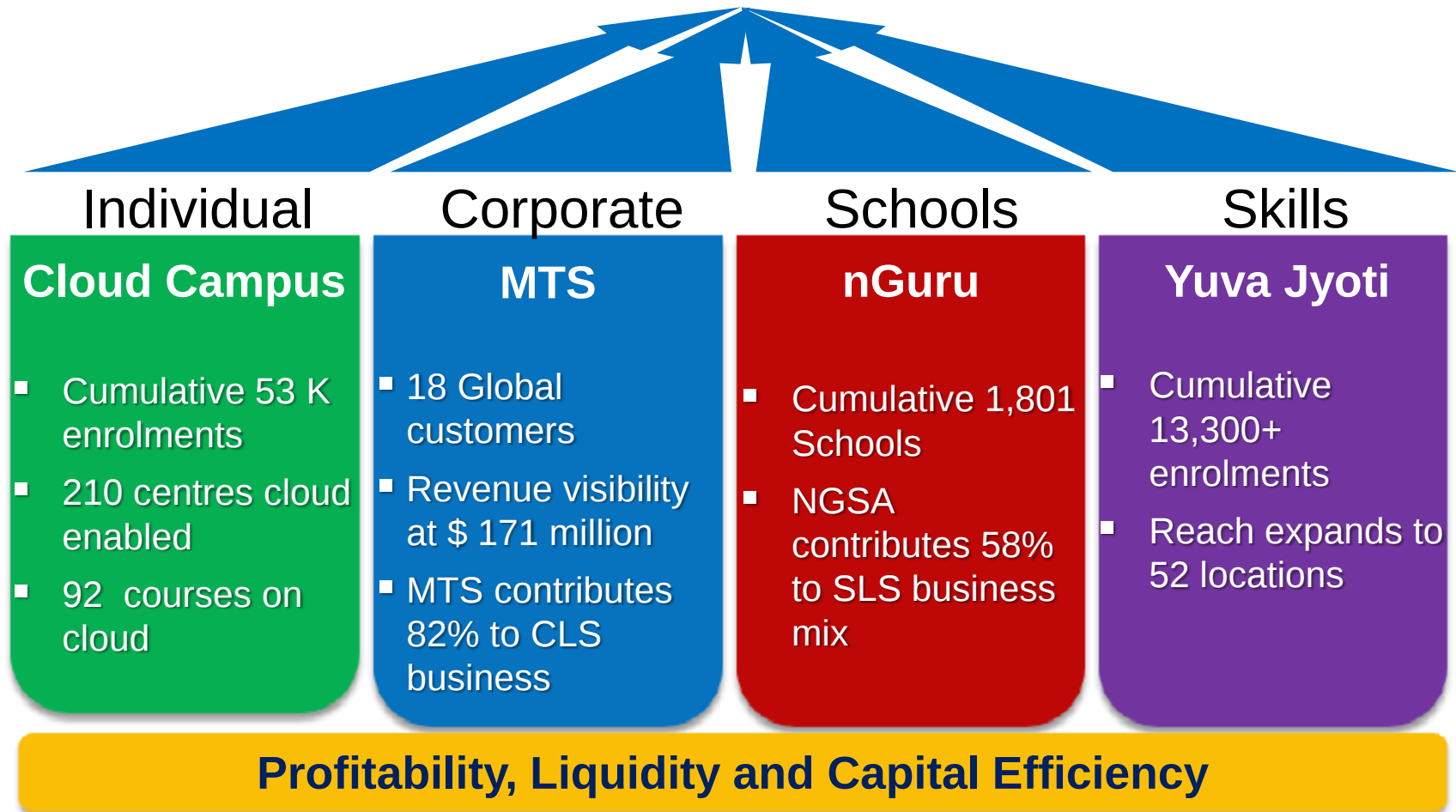


A New Way of Learning

Environment

- India's economic growth remains tepid with 4.8% growth in Q2. Economy constrained by high interest rates and sticky inflation. Uncertainty persists on US taper of QE and impending elections in India
- Demand in export driven sectors picking up, aided by weak currency; Volume growth in IT sector is expected to improve on recovery in developed markets and lead to increased hiring
- Sentiment towards IT Training remained weak as on-ground hiring activity remains muted
- Hiring by banks maintained momentum, with healthy demand from both Public and Private sector banks
- Increasing trend of Indian Companies hiring skilled workers, just in time, positive for the Training sector
- Spending on Corporate Training in USA & Europe remains robust although sales cycles and transition periods remain stretched

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Q3 FY'14 – Highlights

- **Corporate Learning Solutions**
 - Overall revenues up 34% YoY; EBITDA margin at 13% (+60 bps YoY)
 - MTS revenue up 57% YoY; contributes 82% to CLS revenues
 - 3 new MTS contracts contribute to Order Intake of \$ 24.2 Mn
- **School Learning Solutions**
 - NGSA contributes 58% to SLS revenues in Q3 FY'14 compared to 39% in Q3 FY'13
- **Individual Learning Solutions**
 - Revenues from Non IT products up 36% YoY, contribute 28% to revenue mix
 - Cloud campus and aggressive cost management counter the adverse impact of operating leverage and cost inflation, resulting in 496 bps margin improvement YoY
- **Overall**
 - EBITDA margin improves by 279 bps YoY to 6%
 - Strong focus on collections leads to BR reduction by Rs 364 Mn in the Qtr



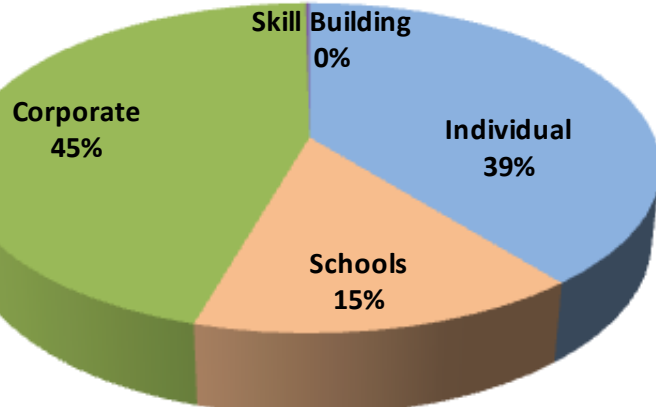
Note: Q3 is a seasonally low quarter for NIIT. All comparisons are appropriate on a YoY basis

Key Financials*

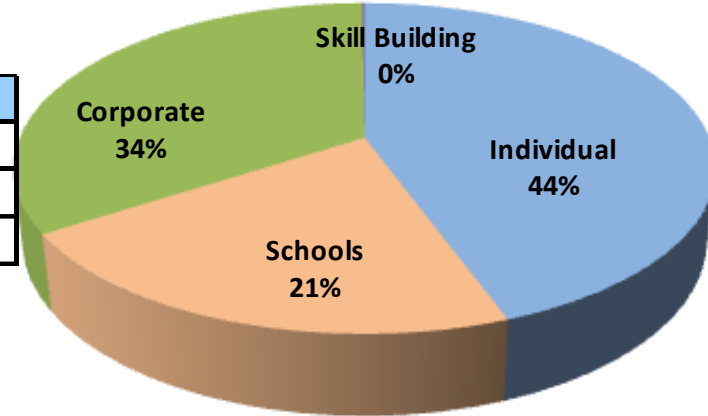
(Rs. mn)	Q3 FY14	Q3 FY13	YoY (%)
System wide Revenues	3,357	3,985	-16%
Net Revenues	2,336	2,327	0%
Operating expenses	2,193	2,250	-3%
EBITDA	143	77	84%
EBITDA%	6%	3%	279 bps
Depreciation	184	215	-15%
Net Other Income	-46	-41	-4 mn
Tax	14	-53	-67 mn
Share of Profits from Associates	113	131	-14%
PAT	12	5	153%
Basic EPS (Rs.)	0.1	0.0	153%

Net Revenue

	Growth
Individual	-11%
Schools	-29%
Corporate	+34%



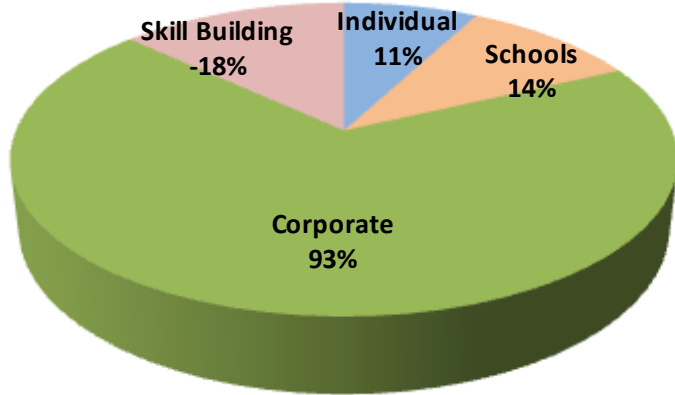
Q3 FY14



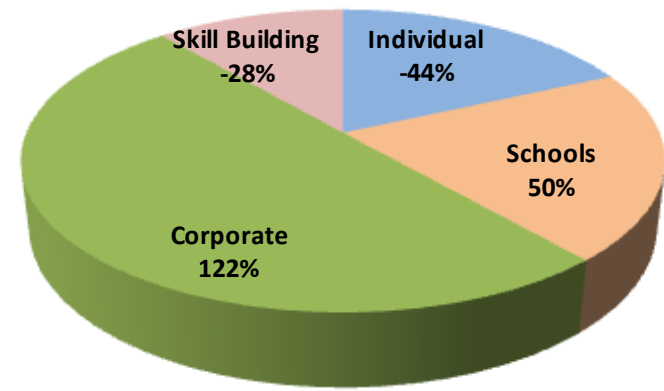
Q3 FY13

EBITDA

	Change
Individual	+49 mn
Schools	-19 mn
Corporate	+38 mn
Skill Building	-4 mn



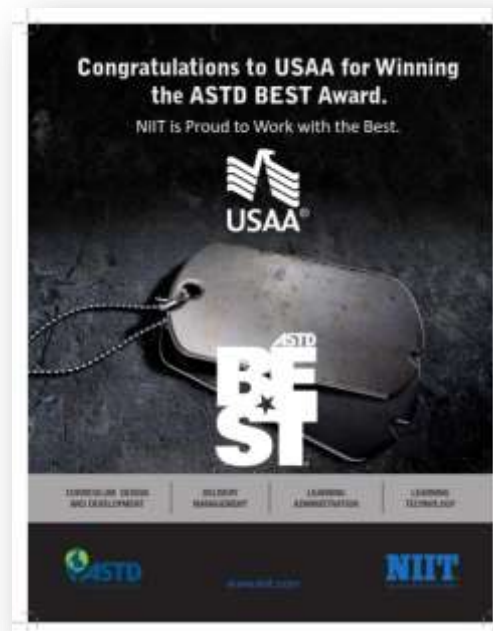
Q3 FY14



Q3 FY13

Rs. Mn	Q3 FY'14	Q3 FY'13	YoY	Q2 FY'14	QoQ
Net Revenues	1,059	792	34%	993	7%
EBITDA	133	95	40%	124	7%
EBITDA %	13%	12%	60 bps	13%	3 bps

- Strong growth in MTS (up 57% YoY); contributes 82% to CLS revenues
- Order Intake of \$24.2 Mn up 13% YoY
- Pending Order Book: \$ 60.2 Mn; 69% executable over next 12 months
- Revenue Visibility @ \$ 171 Mn



Rs. Mn	Q3 FY'14	Q3 FY'13	YoY	Q2 FY'14	QoQ
Net Revenues	355	498	-29%	358	-1%
EBITDA	20	38	-48%	23	-15%
EBITDA %	6%	8%	-212 bps	7%	-95 bps

- NGSA contribution to SLS revenue improves to 58%
- GSA drops 51% YoY due to completed government contracts
- Pending Order Book: Rs 4,281, 27% executable over next 12 months

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Individual Learning Solutions

Rs. Mn	Q3 FY'14	Q3 FY'13	YoY	Q2 FY'14	QoQ
System wide Revenues	1,939	2,201	-12%	2,887	-33%
Net Revenues	917	1,034	-11%	1,269	-28%
EBITDA	15	-34	-144%	121	-88%
EBITDA %	2%	-3%	496 bps	10%	-787 bps

- Non IT revenues up 36%, driven by sharp growth in Banking products; Non-IT products contribute 28% to net revenues vs 18% LY
- Good response to new course launched on Business Analytics
- Aggressive cost management and Cloud campus volumes help ILS counter adverse impact of operating leverage and cost inflation
- Overall enrolments 64K; Banking enrolments up 33%
- Overall placements at 8,117
- Pending order book at Rs 2,054 mn; 66% executable over next 12 months

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- Industry professionals as faculty + Curriculum design based on industry best practices, industry or firm
- Case-study approach + Extensive hands-on practice
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ELIGIBILITY

- BBA, B.Com, Graduates and PGs with background in Mathematics/Statistics/Economics
- Students fast tracked for application on the basis of their GMAT/GRE/GMAT/TOEFL Scores

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Skill Building Solutions

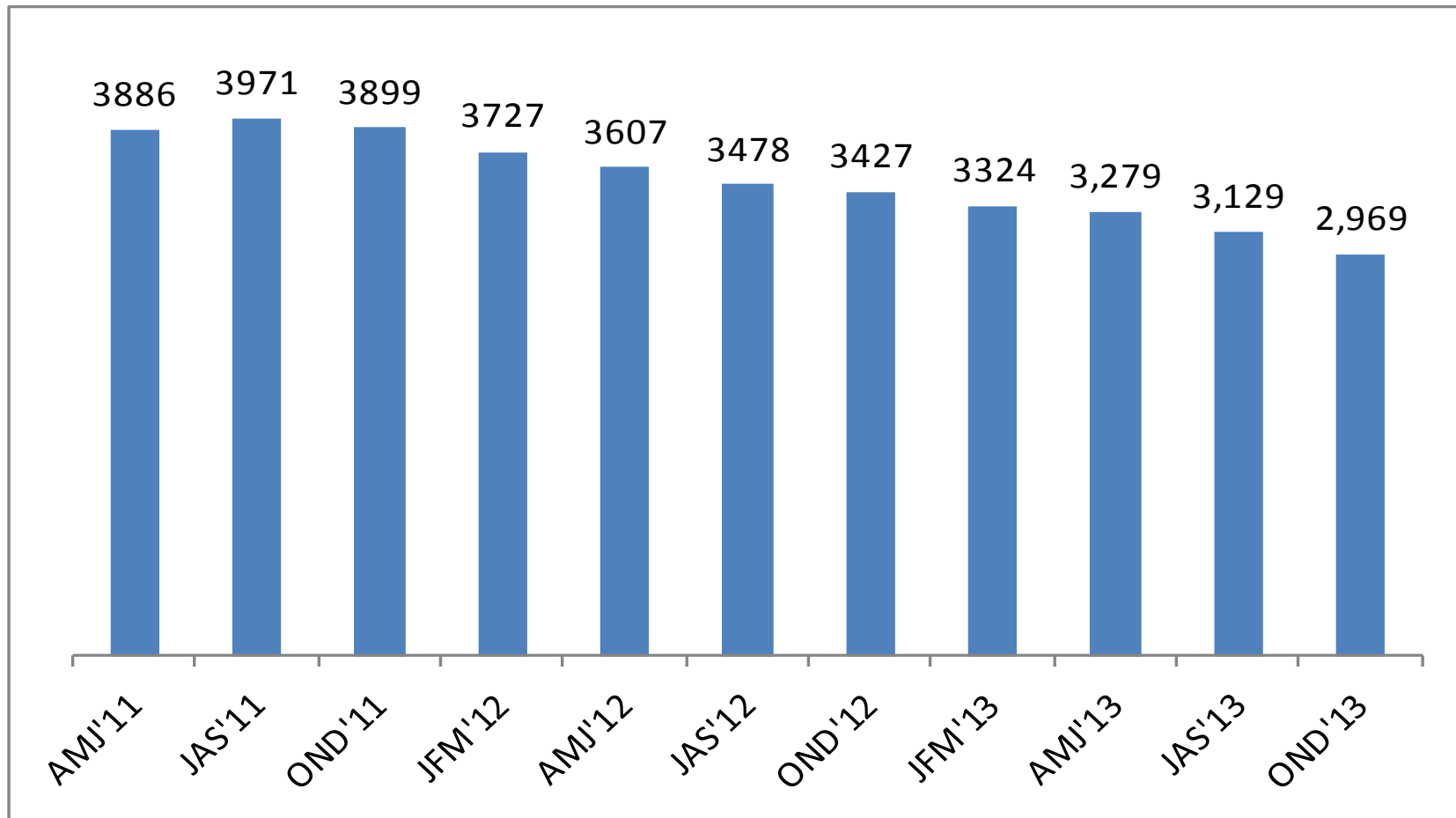
Rs. Mn	Q3 FY'14	Q3 FY'13	YoY	Q2 FY'14	QoQ
System wide Revenues	5	3	68%	4	13%
Net Revenues	5	3	68%	4	13%
EBITDA	-25	-21	-	-25	0 mn

- CYD 6,955 enrolments; up 107% YoY
- Order Intake of Rs 32 million
- NYJ courses conducted at 52 locations



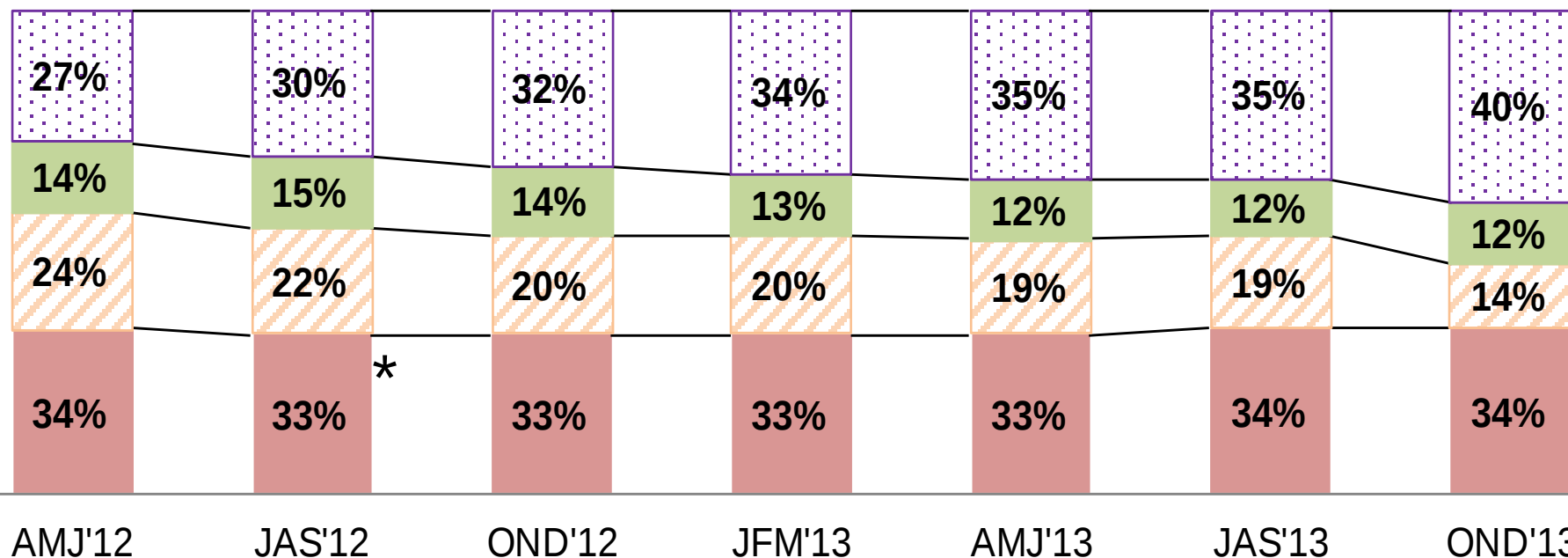
People

On a continuing business basis



Headcount down 160 QoQ and 355 CYD

Share Holding Pattern



■ Promoters
 ▨ FIIs
 ■ FIs and Mutual Funds
 ▨ Individual and Corporates

* Due to technical reclassification

In Summary

- **Individual:** Student sentiment towards IT training still weak. Growth in Non-IT portfolio and New Age IT programs to help recover growth. Cloud campus to expand reach and drive efficiency in the business. Cost optimization, Cloud Campus and Product Mix to offset impact of operating leverage and cost inflation
- **Corporate:** Growth expected to continue on strength of significant order book and strong growth in Managed Training Services businesses. Forex volatility expected to continue. Volume growth and IP leverage to drive margin improvement.
- **Schools:** Continued selectivity in GSA contracts to result in reduction of capital intensity of the business and in significant improvement of business mix in favor of non-GSA. nGuru to drive growth and margin improvement.
- **Skill Building:** Focus on capacity utilization and on introduction of new products.
- **Overall :** Consistent pursuit of the four Platforms of growth in the context of market realities should consolidate our strength in the Industry. Products and Services on Cloud to drive growth and profitability. Steps taken to reallocate capital and to exit capital intensive businesses, to help revive growth and improve returns

Thank You!

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CURRICULUM DESIGN AND DEVELOPMENT	DELIVERY MANAGEMENT	LEARNING ADMINISTRATION	LEARNING TECHNOLOGY
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