

NIIT Limited

Financial Results Q2 FY'14

October 18, 2013



A New Way of Learning

Environment

- Global and local factors continue to drag economic recovery in India
- Domestic economy faces the trinity of low GDP growth, high inflation and a volatile exchange rate
- Sentiment towards IT Training remained weak during the quarter on tepid hiring by the IT Services industry. NASSCOM expects IT hiring to be down 17% this year
- Absorption of fresh graduates is expected to see a modest pickup in H2, on steady volume growth in the sector; Sustained improvement in hiring required for recovery in demand
- Hiring by banks picked up momentum, with demand from both Public and Private banks, and is expected to remain strong
- 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; However economic uncertainty continues to impact sales cycles and transition periods

Environment has been weak YTD, but is showing early signs of turnaround

Individual

Cloud Campus

- Cumulative 47 K enrolments
- 209 centres cloud enabled
- 78 courses on cloud

Corporate

MTS

- 17 Global customers
- Revenue visibility at \$ 144 million
- MTS contributes 75% to CLS business

Schools

nGuru

- Cumulative 1,735 Schools
- NGSA contributes 59% to SLS business mix

Skills

Yuva Jyoti

- Cumulative 10,600+ enrolments
- Reach expands to 43 locations

Profitability, Liquidity and Capital Efficiency



A New Way of Learning

Q2 FY'14 – In Perspective

• Corporate Learning Solutions

- Overall revenues up 32% YoY; EBITDA margin at 13% (+43 bps YoY, +190 bps QoQ),
- MTS revenue up 39% YoY; contributes 75% to CLS revenues
- NIIT's Content and Delivery services continue to get industry recognition; Win Gold and Silver in respective categories at the prestigious Brandon Hall Awards, 2013

• Schools Learning Solutions

- Successfully completed a large government schools contract
- NGSA contribution increases to 59% in Q2 FY'14 from 51% in Q2 FY'13

• Individual Learning Solutions

- Revenues from Non IT products grows 43% YoY, contribute 24% to revenue mix
- Aggressive cost management and Cloud campus volumes help ILS counter adverse impact of operating leverage and cost inflation

• Skills Building Solutions

- Over 2,300 enrolments in Q2 FY'14
- Order Intake at Rs 24 million

• Overall

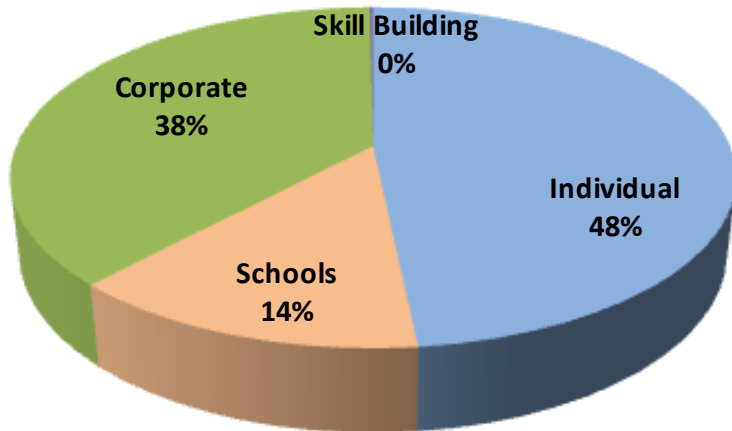
- Strong focus on collections leads to reduction in DSO (125 vs 141 in Mar'13)
- Depreciation down 20% YoY on reducing capital intensity in the business;

* All comparisons on a like to like basis excluding pass thru revenues

Key Financials*

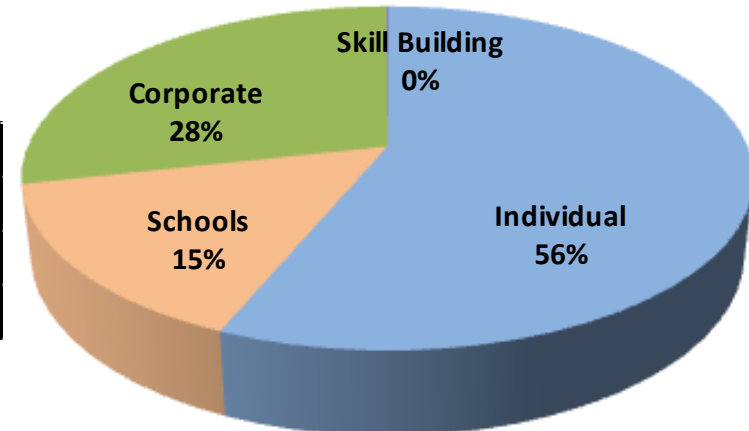
(Rs. mn)	Q2 FY14	Q2 FY13	YoY (%)
System wide Revenues	4,242	4,560	-7%
Net Revenues	2,624	2,653	-1%
Operating expenses	2,381	2,392	0%
EBITDA	243	261	-7%
EBITDA%	9%	10%	-58 bps
Depreciation	177	222	-20%
EBIT	66	39	71%
Net Other Income	-77	-13	-64 mn
Tax	17	10	-7 mn
Share of Profits from Associates	147	100	47%
PAT	120	116	3%
Basic EPS (Rs.)	0.7	0.7	3%

Net Revenue



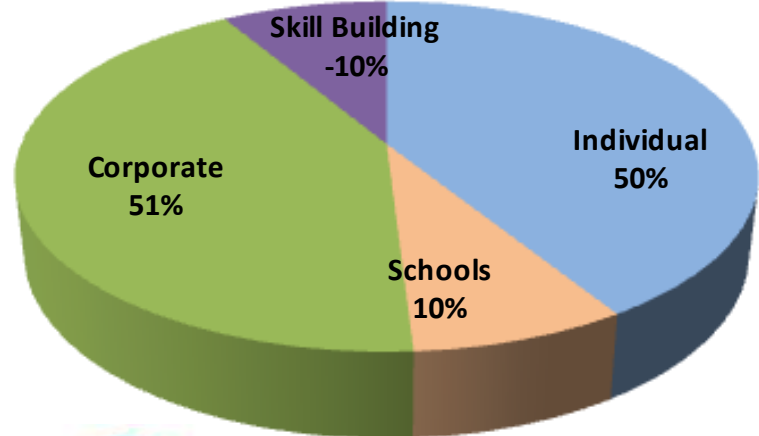
Q2 FY14

	Growth
Individual	-15%
Schools	-11%
Corporate	32%



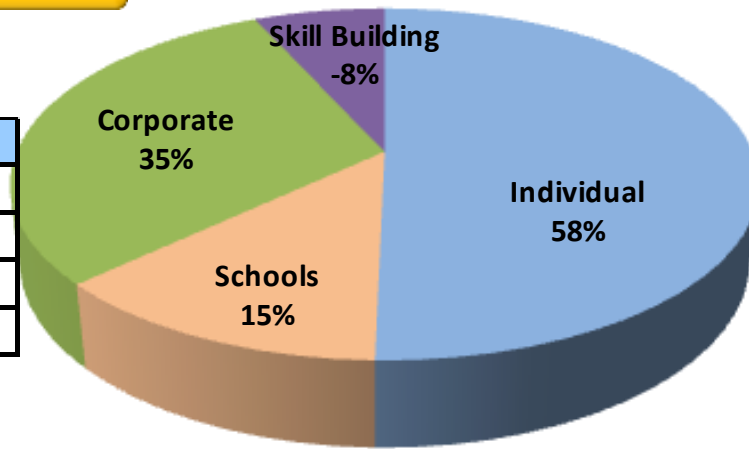
Q2 FY13

EBITDA



Q2 FY14

	Change
Individual	-31 mn
Schools	-15 mn
Corporate	+33 mn
Skill Building	-5 mn

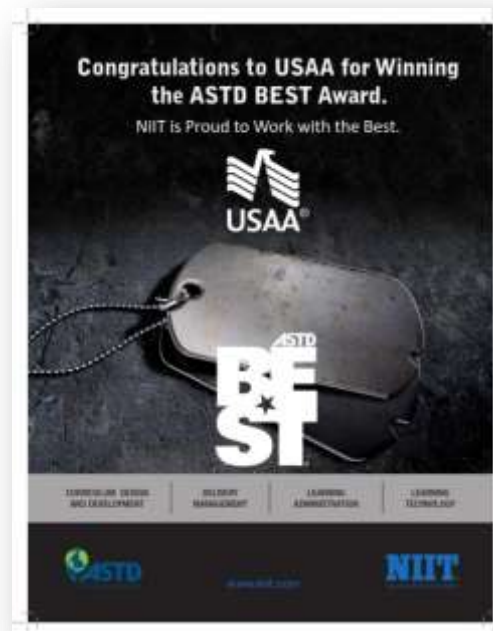


Q2 FY13

* All comparisons on a like to like basis excluding pass thru revenues

Rs. Mn	Q2 FY'14	Q2 FY'13	YoY	Q1 FY'14	QoQ
Net Revenues	993	754	32%	844	18%
EBITDA	124	91	36%	90	39%
EBITDA %	13%	12%	43 bps	11%	190 bps

- Strong growth in MTS (up 39% YoY); contributes 75% to CLS revenues
- Order Intake of \$13.9 Mn
- Pending Order Book: \$ 53.1 Mn; 69% executable over next 12 months
- Revenue Visibility @ \$ 144 Mn



Rs. Mn	Q2 FY'14	Q2 FY'13	YoY	Q1 FY'14	QoQ
Net Revenues	358	403	-11%	424	-16%
EBITDA	23	38	-39%	32	-28%
EBITDA %	7%	9%	-297 bps	8%	-112 bps

- Successfully completed a large government schools contract
- NGSA contribution to SLS revenue improves to 59%
- Order Intake of Rs. 102 mn
- Pending Order Book: Rs 4,543, 26% executable over next 12 months



Individual Learning Solutions

Rs. Mn	Q2 FY'14	Q2 FY'13	YoY	Q1 FY'14	QoQ
System wide Revenues	2,887	3,401	-15%	2,124	36%
Net Revenues	1,269	1,494	-15%	948	34%
EBITDA	121	152	-21%	5	2521%
EBITDA %	10%	10%	-67 bps	0%	902 bps

- Non IT revenues up 43%, driven by sharp growth in Banking products; Non-IT products contribute 24% to net revenues vs 14% LY
- Aggressive cost management and Cloud campus volumes help ILS counter adverse impact of operating leverage and cost inflation
- Overall enrolments at 119K; Banking enrolments up 15%; Management training enrolments grew 18%
- Overall placements at 9,379, down 2%
- Pending order book at Rs 2,095 mn; 66% executable over next 12 months



Skill Building Solutions

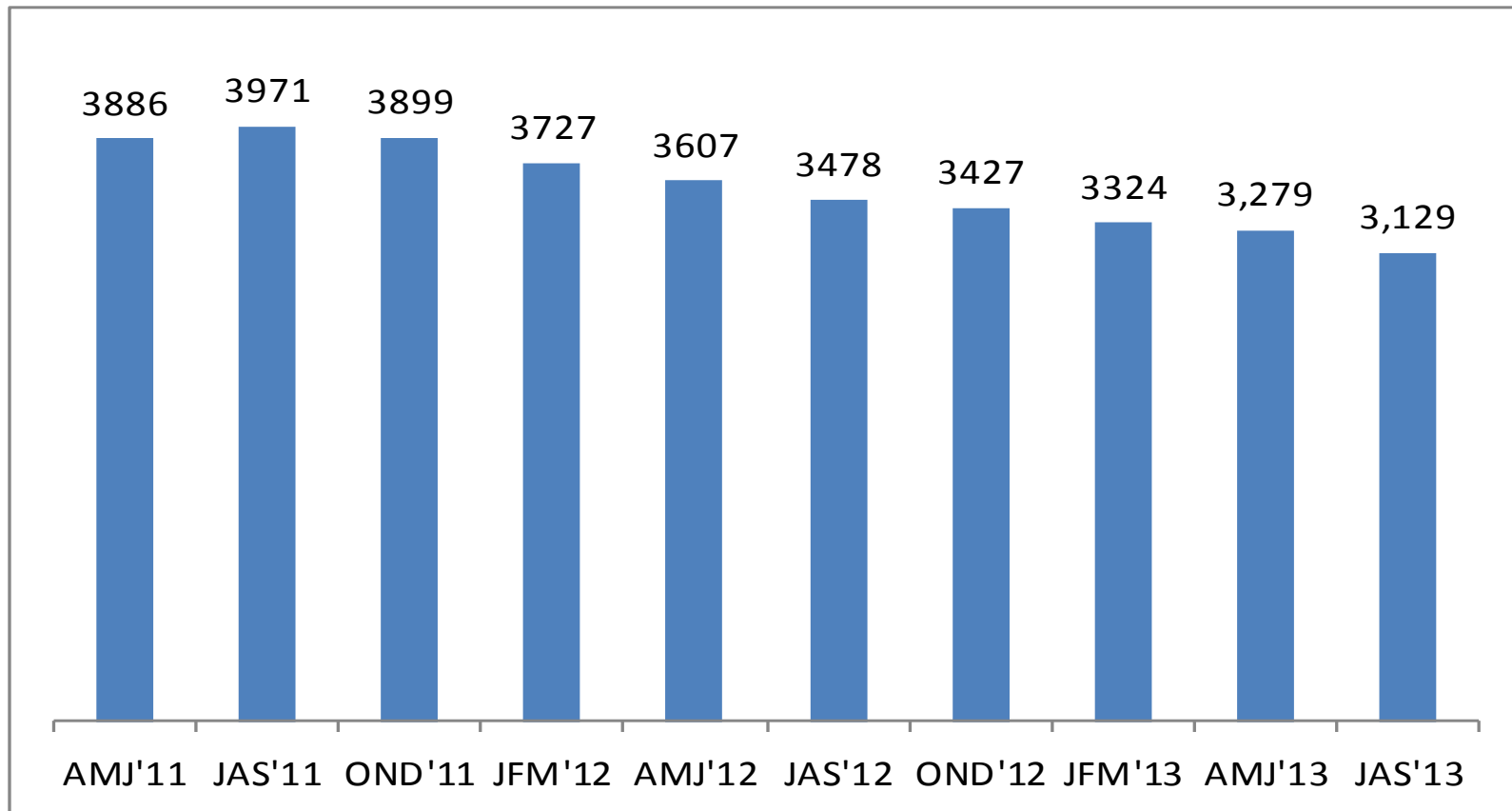
Rs. Mn	Q2 FY'14	Q2 FY'13	YoY	Q1 FY'14	QoQ
System wide Revenues	4	2	3 mn	6	-28%
Net Revenues	4	2	3 mn	6	-28%
EBITDA	-25	-20	-5 mn	-23	-2 mn

- Over 2300 enrolments in Q2 FY'14
- GOI launches National Skill Certification and Monetary Reward Scheme – STAR (Standard Training and Reward) Scheme
- Order Intake of Rs 24 million
- NYJ courses available at 43 locations



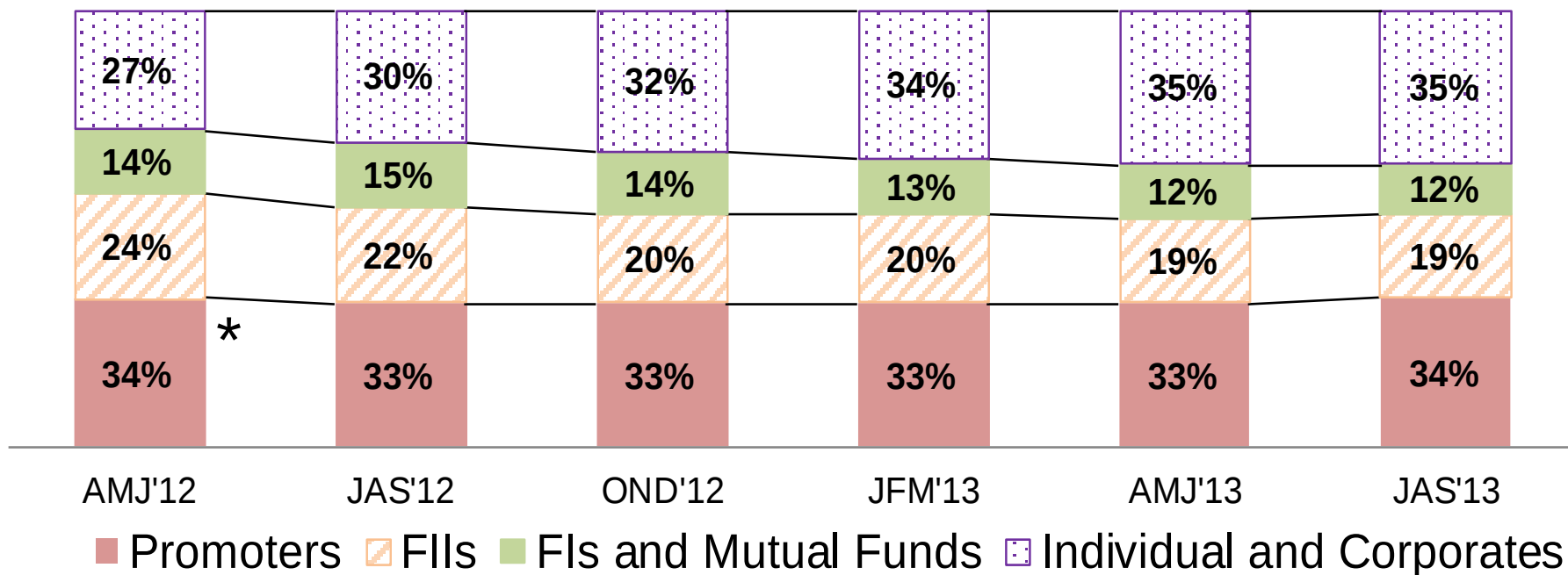
People

On a continuing business basis



Headcount down 150 QoQ and 349 YoY

Share Holding Pattern



* 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!

NIIT



Running Training like a Business.

Moving Training from the Backroom to the Boardroom.

Creating real business value from training is the name of the game. NIIT's suite of Managed Training Services (MTS) is built around the sound principles of running training like a business. We're helping the world's leading companies dramatically improve the effectiveness and efficiency of their training. Delivering enhanced impact, sharpened focus and reduced costs - time and again.

Helping clients - Run Training like a Business. Learn more at www.niit.com/mts.

CURRICULUM DESIGN AND DEVELOPMENT	DELIVERY MANAGEMENT	LEARNING ADMINISTRATION	LEARNING TECHNOLOGY
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NIIT
BUSINESS IMPACT ACCELERATED

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Running Training Like Business

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

8.06% Increase in weekly average premium for agents trained by NIIT for one of America's largest insurers.	30% Reduction in time to proficiency for application training developed by NIIT for planners in a leading Oil & Gas company in 22 locations worldwide.
\$15M Savings in Learning Time projected for an onboarding curriculum developed by NIIT for a leading insurance organization.	20% Growth in revenue per client post NIIT training for a leading financial products and services company.

CognitiveArts, a division of NIIT, is renowned for its world-class, research-based learning methodology. We repeatedly design curricula that improve performance while reducing the time learners actually spend in training by 25-50%.

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