



Q2FY18 Investor Presentation

November 22, 2017

Safe harbor



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Contents



Industry & Company Overview

Strategic Roadmap

Q2FY18 Financial Performance

Indian Education Landscape

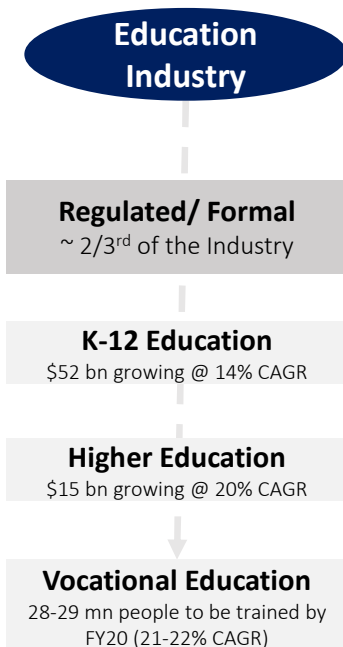


Operating in sizable @\$100 bn+, fast-growing industry

A \$100 bn+ market growing @16% CAGR

7.2% GDP Growth expected in the \$2.2 trillion Indian economy in FY18 (IMF)

Budget'18 allocation to education is Rs 7,969 bn, Up 10% YoY



CL's focus areas

Unregulated/
Informal/
Entrepreneurial

Test-prep/
Coaching

Publishing

Assessments

Research Services

Skill Training

EdTech

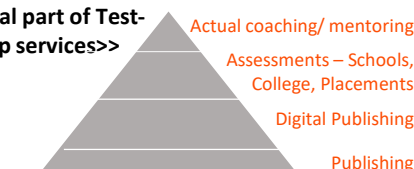
Figures in Rs Cr

JEE 14,600	GATE 1,680	Medical 6,400	MBA 390	Law 83	CA 2,520	UPSC, SSC, Bank PO 11,500
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CL's market-leading offerings

Rs 37,800 Cr in FY16 growing @ 14% CAGR**

Integral part of Test-prep services>>



\$28 mn with a growth rate of 20%

~\$ 5.4 bn academic book publishing by FY21 @ 12% CAGR

Sunrise segment - Boosted by recently introduced universities ranking (NIRF) by MHRD, increased corporate demand for innovation & research solutions

Huge Employability Skills demand – ~1mn youth enter the job market every month, Government encouraging Public Private Partnerships for Skill Training

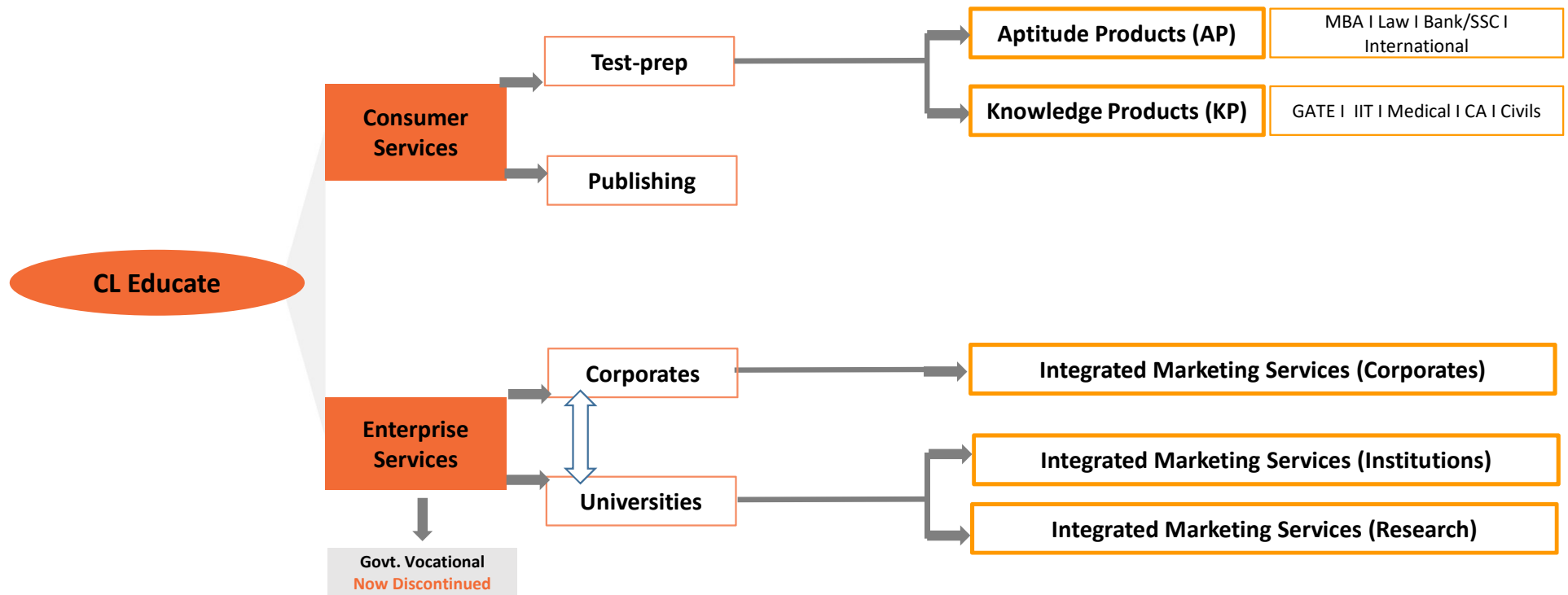
India's digital learning market is ~\$2bn in 2016, and is expected to reach \$ 5.7bn by 2020, , online market to 8-fold by 2021 to reach \$2bn

Source: Technopak, CAGR – 2016 to 2020

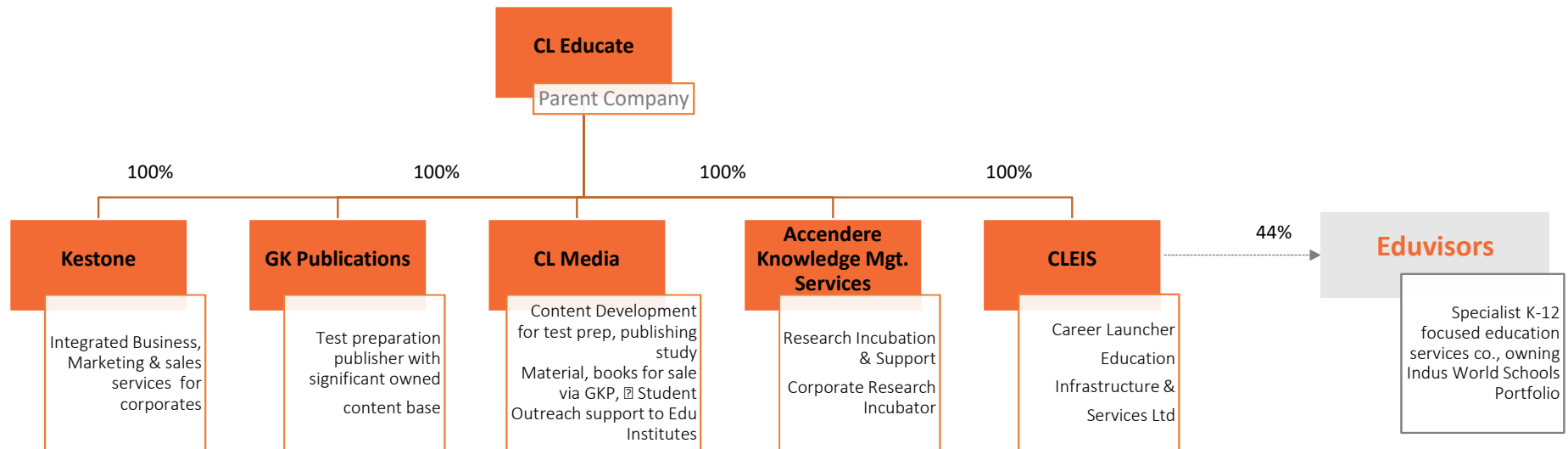
** Source: CRISIL, Google & KPMG

Q2FY18 Investor Presentation

Comprehensive product portfolio in Knowledge & Career Services



Corporate Structure

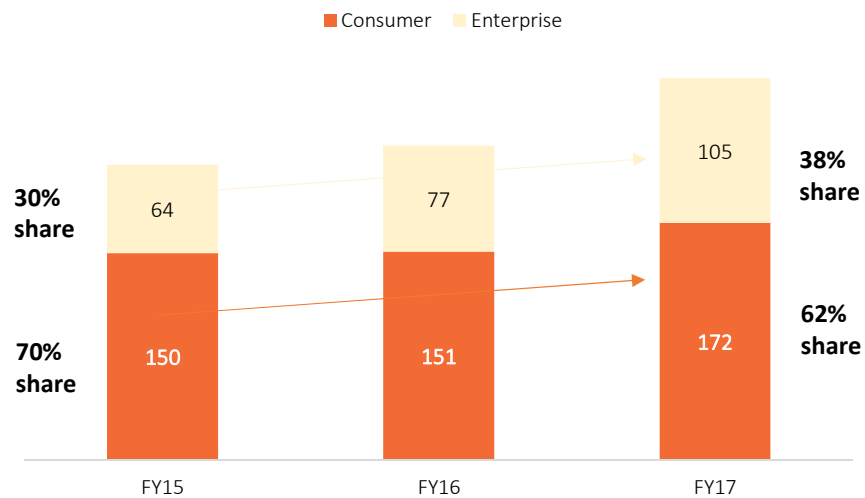


Detailed Business Overview



Both Consumer & Enterprise delivering growth

Segmental Revenues Break-up

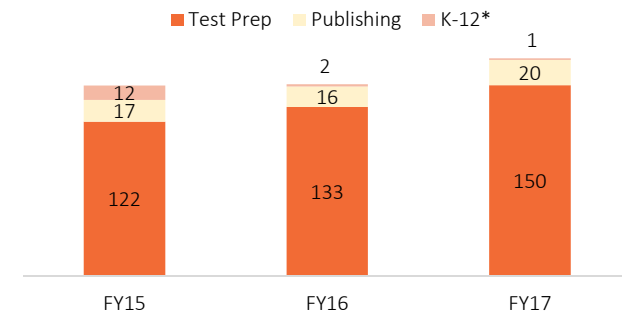


Consolidated financials, figures in Rs Cr

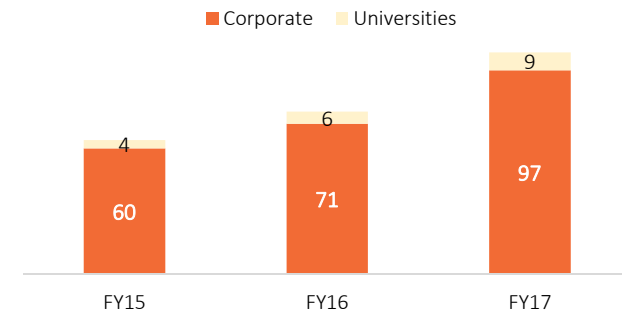
Consumer revenues include Test-Prep, Publishing & K12 (Discontinued)

Enterprise Revenues excludes Government & Nokia Business

Consumer Revenue



Enterprise Revenue



Consumer Vertical

Leader in Test-Prep Segment

Consumer
62% Revenue Share



Bouquet of Products (MBA, Law, Civils, GATE, Engg, etc.)

National **Test-Prep** leader

Well known **Publications** for test-prep

Delivering **Successful Outcomes**

75

CL Students in top 100 in the CLAT (Law) exam in May 2017

11

out of 20 who scored 100% in CAT 2016 from Career Launcher "CL"

2,939

Students received calls from at least one IIM in CAT 2016 out of 19,020 calls

233

CL Students cleared Civil services (Preliminary) Examination 2016

18

selected in final merit list of the Civil Services Examination 2016 from CL

125

CL students cleared JEE Mains 2017, eligible for JEE Advanced 2017



Growing Brand Equity from Sustainable Strengths

1

Most comprehensive product-reach portfolio: 12 product groups + Network of 192* centers pan India & ~27K online users in FY17



2

Household Test-Prep Brand - Market leader in Aptitude Products (AP) MBA & Law offerings



3

Scalable & asset-light business - 192* test prep centres with 90* owned & 102 under partnership in FY17



4

Strong Content – Comprehensive, fully owned content, complemented by experienced faculty & trainers. *2,066 active titles (FY17) in Publishing*



5

Technology driven – Multiple modes to reach students via digital strategies. 31% digital enrolments in FY17



6

New brand acquisitions - Addition of Knowledge Products (KP) via ETEN CA & IAS business acquisition; planned majority in ICE GATE Academy



Knowledge based services for Corporates, Educational Institutions

Enterprise

38% Revenue Share



Corporates
35% Share



Universities
3% Share

Unique Learning cum productivity
DNA in **Corporate services**

Pioneer & Leader in **Research &
Ranking** improvement services

Key Customers



Differentiated offerings + One of the best execution capabilities

1

Kestone

For Corporates – Knowledge Services,
Integrated Marketing Services & Solutions,
Manpower management and Training Services

2,500+

100+

Creative, approachable,
multidiscipline Kestonians

Strong reach and infrastructure to Indian
cities & 10 + global destinations

2

CL Media

For Corporate & Universities –facilitates wrt
reaching out to the right student set and
improving their quality of intake. Provides
marketing services to corporates

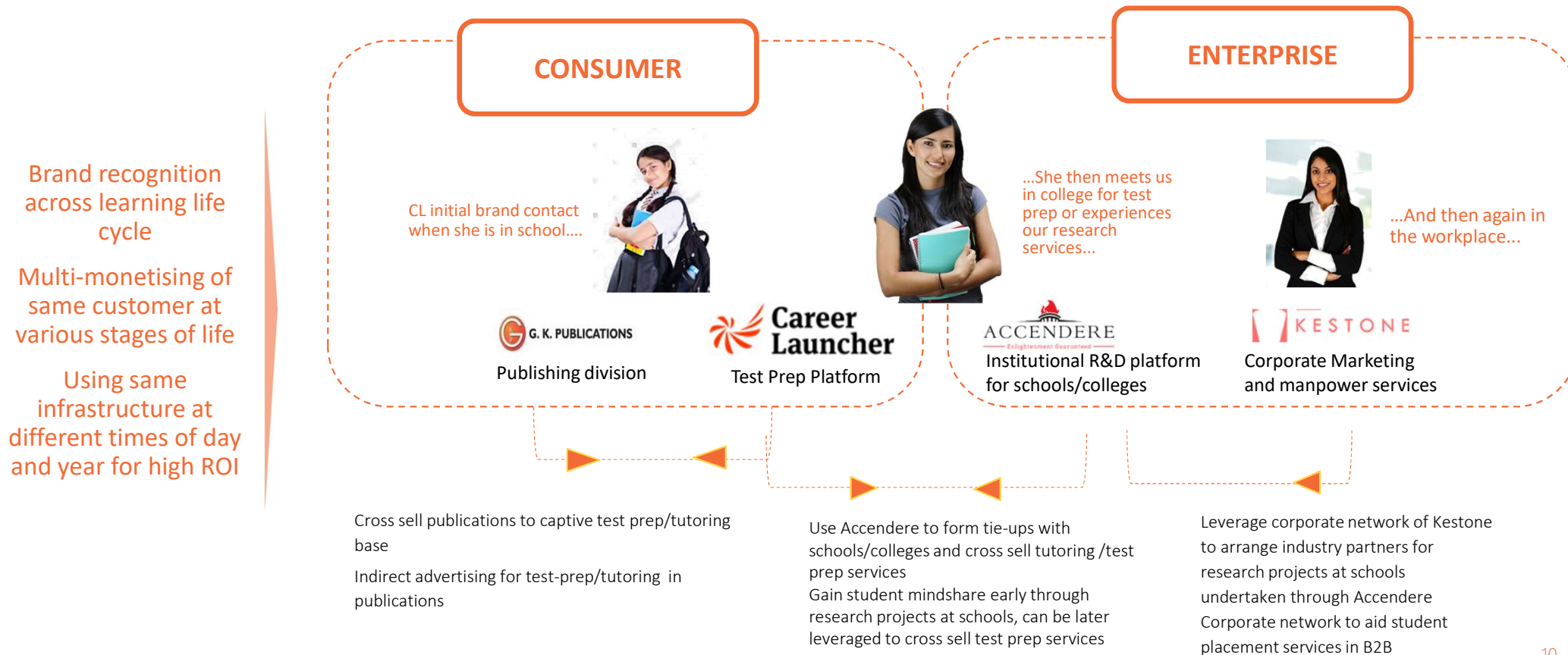
3

Accendere

For Universities – facilitates universities wrt
improving their rankings through research and
start-up incubation

2 clients in FY 16 to 7 in FY17

Cross-leveraging between consumer & enterprise platforms



Strong ethos

Strong team, complete focus on governance & processes

Professionally qualified, experienced and active board



Satya Narayanan R.,
Chairman & Executive Director

- 19+ years of experience in the education sector
- Bachelor's degree in Computer Sciences from St Stephen's
- Post Graduate Diploma from IIM Bangalore

Gautam Puri,
Vice Chairman & Managing Director

- 19+ years of experience in the education sector
- Bachelor's degree in Chemical Engineering from Punjab Engineering College
- Post Graduate diploma from IIM Bangalore

Nikhil Mahajan,
Executive Director & CEO Enterprise business

- 18+ years of experience in finance and education
- Bachelor's degree in Electrical Engineering from Benaras Hindu University
- Post Graduate diploma from IIM Bangalore

Sridar A. Iyengar,
Independent Director, Chairman Audit Committee

- Over 35 years of experience in financial services sector
- Ex-Chairman & CEO of KPMG-India, serves on the Board of American India Foundation

Safir Anand,
Independent Director, Chairman CSR Committee

- Senior Partner and head of trademarks and contractual law (Anand & Anand)
- Recognized as a leading intellectual property lawyer by Chambers Asia-Pacific and by ICFM 250 in 2014

Viraj Tyagi,
Independent Director

- Over 21 years of experience in the financial services sector
- Post Graduate diploma from IIM Bangalore

Madhumita Ganguli,
Additional Director

- Over 25 years of experience and heads a large part of HDFC

Paresh Thakker,
Additional Director

- Co-founder of Value quest Capital with 21 years of investing experience

Gopal Jain,
Nominee Director

- 25+ years of experience in the private equity & financial services sector
- Bachelor's degree in Electrical Engineering from the IIT, Delhi; Co-founder of Gaja Capital

Sudhir Bhargava,
Chief Financial Officer (CFO)

- Has worked with Info Edge (India) Ltd, HSBC Asset management and ICICI bank.
- Post Graduate diploma from FMS Delhi

R Shiva Kumar,
Chief Academic Officer

- 18+ years of experience in the private education sector,
- Bachelor's degree in Technology from IIT Madras,
- Post Graduate diploma from IIM Kolkata

Sreenivasan .R,
Chief Customer Officer

- Over 15 years of experience in the education sector,
- Master's degree in Technology from Jawahar Lal Nehru University;
- Master's degree in Business Administration from IIM Bangalore

Sujit Bhattacharyya,
Chief Digital Officer

- Over 15 years of experience in the education sector,
- Bachelor of Technology degree in Electrical Engineering from IIT Kharagpur;
- Post Graduate diploma from IIM Bangalore

High Corporate Governance

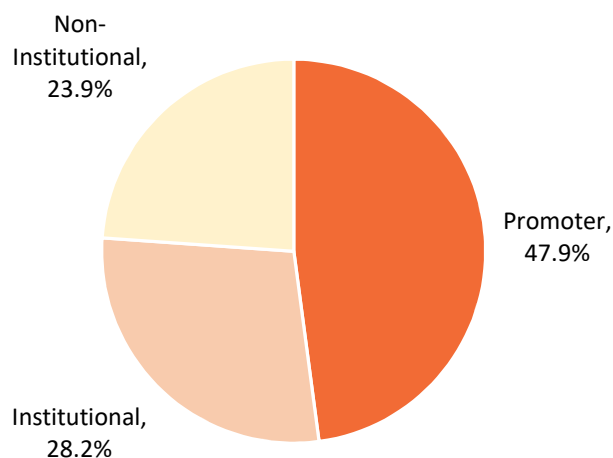
- ✓ Independent/ Nominee Directors are a majority on Board
- ✓ Internal Audit by a reputed external firm
- ✓ Audit Committee, Nomination & Remuneration Committees have only independent/ nominee directors
- ✓ Whistle-blower mechanism
- ✓ Statutory Auditors – Haribhakti & Co LLP
- ✓ Auditors Deloitte

Key Senior Management



Shareholding Pattern

Outstanding Shares (Sept 30, 2017)
14,163,278



Key investors > 1%

Investor	Share holding(%)
GPE (INDIA) LTD / GAJA TRUSTEE COMPANY PRIVATE LIMITED	8.46
SUNDARAM MUTUAL FUND A/C	5.78
HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED	4.20
ASHOKA PTE LTD	4.07
DSP BLACKROCK MICRO CAP FUND	3.68
OCEAN DIAL GATEWAY TO INDIA MAURITIUS LIMITED	2.94
HDFC TRUSTEE COMPANY LIMITED - HDFC PRUDENCE FUND	1.92
CANARA HSBC ORIENTAL BANK OF COMMERCE LIFE INSURANCE COMPANY LTD	1.79
ICICI LOMBARD GENERAL INSURANCE COMPANY LTD	1.72
MACQUARIE EMERGING MARKETS ASIAN TRADING PTE. LTD.	1.67
HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	1.47
PRINCIPAL MUTUAL FUND	1.09

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Q2FY18 Financial Performance

Year till date

THEMES

CONSOLIDATION



REALIGNMENT



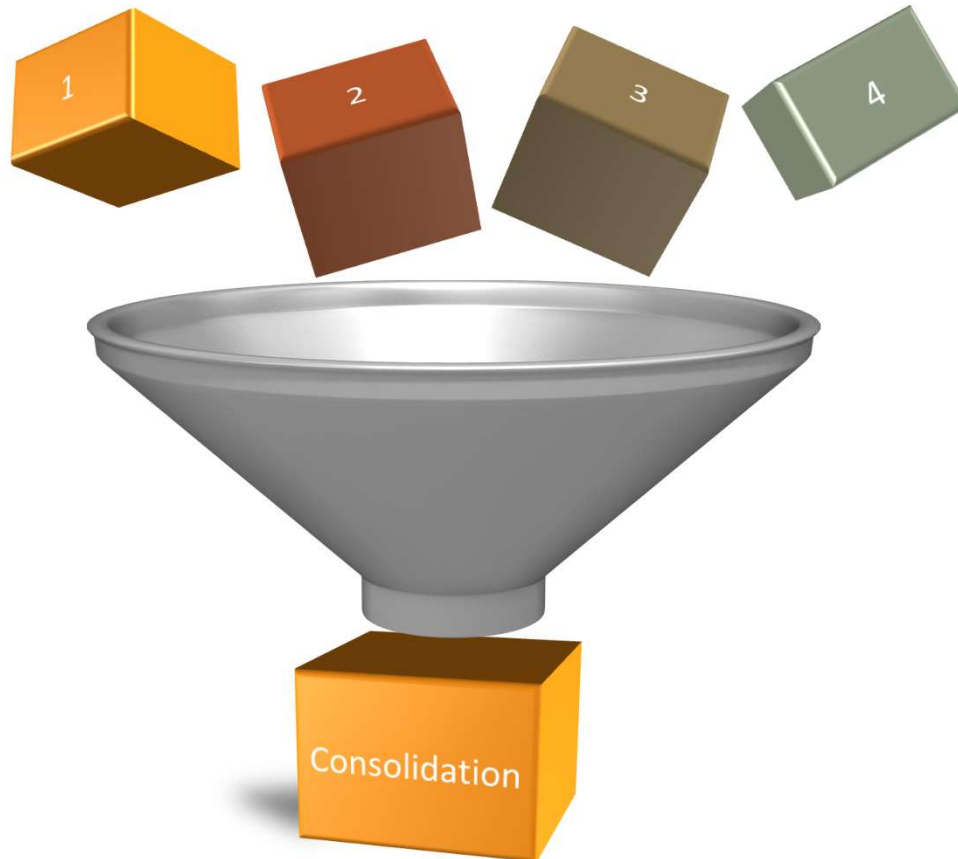
EXECUTION



THEMES



Consolidation (over next 24 months)



Exited Govt Vocational business and focusing on collection.

Release cash from - K12 real estate infrastructure & asset lying in Greater Noida (UP)

Unfinished Task (12-24 Months)

Key Outcome : *Capital reallocation*

Realignment (Effort and Capital)



Continue to focus on our Core strengths - outcome driven services.

Asset-Light, Tech-Innovation-driven, Business Partner Model.

Improved ROCE, Net profits : Goals - in a 4 - 8 quarter period.

Going through the transition.



Execution

Strengthen core consumer businesses



- Widen and deepen product /channel matrix
- Leverage ETEN to optimise delivery cost and increase margin
- Delivery through multiple platforms (Offline, Online, VSAT and Mobile)
- Invest/acquire complementary offerings

Scaling the Enterprise business



- Widen and deepen Client participation – productise offerings – higher margins
- Leveraging WAINConnect to bring corporates and institutes together on research platform (*MeltingPot 2020, 2017 Edition*)
- Explore international avenues for both corporate and institutions

Rationalizing the balance sheet



- Moving towards asset light business model
 - Divestment of K12 business in progress – School operations transition complete, asset sale WIP
 - Conscious descaling of government business to unlock cash stuck in form of receivables
- Lower reliance on external debt, improving profitability through lower interest expense

Key Initiatives



Theme

- Leadership
- Asset Utilization
- RoI



Product

- GATE (~8 lacs @ 25k)
- CA (~3 lacs @ 30k)
- Civils (~10 lacs @ 50k)
- Tuitions & Engg (~20 lacs @ 50k)
- MBA (~2 lacs @ 25k)



Reach

- Added 50+ TP centers in last 6 months
- ~50 centers more by March 2018
- Evaluate unit economics to expand



Channels

- Classrooms
- Online
- Beamed/ Digital/ Studio 8 Live (ETEN Backbone)

Consumer Operating Metrics

Operating KPIs	FY 2017	H1 FY 2017	H1 FY 2018
No. of Test-prep Centers	162	155	200
Owned Centers	60	49	46
Partnership model centers	102	106	109
ETEN Civils/ CA centers	-	-	45
No. of enrolled TP students	86,636	53,892	50,767
%age of online TP students	31.0%	28.7%	27.2%
No. of active GK Publications titles	2,066	1,851	2,392
No. of books sold (in mn)	1.10	0.58	0.52
%age of books sold digitally	22.0%	23.9%	34.1%

Key Initiatives



Theme

- Stickiness
- Greater Wallet Share
- ROI



Products

- CSR
- Research
- Test Prep
- Skills



Reach/ Scope

- New additions @ Keystone
- Segment – Youth : FMCG
- Geography – Dubai



Exploit Synergy/ Harvest

- Strategic addition post 361DM:
 - L & D solution for corporates
 - Online learning for universities / corporates

Enterprise Operating Metrics

Operating KPIs	FY 2017	H1 FY 2017	H1 FY 2018
Clients billed	146	98	123
# of Corporates billed	64	54	56
# of Universities billed	82	44	67

MeltingPot – November 14 & 15, 2017 @ Hyderabad



MELTINGPOT2020 2017 Edition



Contents



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Strategic Roadmap

Q2FY18 Financial Performance

Financial Summary

Particulars		30-Sep-17 Q2 FY18	30-Sep-16 Q2 FY17	YoY Growth	30-Sep-17 H1 FY18	30-Sep-16 H1 FY17	YoY Growth
Revenue (INR Cr)	Total Income	77.2	78.1	-1.0%	152.6	151.8	0.6%
	Net Revenue	71.5	75.5	-5.3%	144.5	146.6	-1.4%
Profit (INR Cr)	EBITDA	9.5	14.04	-32.3%	16.96	22.7	-25.1%
	PBT	6.3	10.7	-41.1%	10.1	16.2	-37.8%
	PAT	4.6	7.3	-37.4%	7.8	11.2	-30.8%
Margin (%)	EBITDA	12.3%	17.8%		11.1%	14.9%	
	PBT	8.2%	13.8%		6.6%	10.6%	
	PAT	5.9%	9.4%		5.1%	7.4%	
EPS (INR)	Basic	4.9	9.1		4.9	9.1	
	Diluted	4.9	9.0		4.9	9.0	

Operating Metrics

Particulars		Q2FY18	Q2FY17	YoY (%)	H1FY18	H1FY17	YoY (%)
Revenue (INR Crore)	Total Revenue	71.5	75.5	-5.3%	144.5	146.6	-1.4%
	Consumer	54.4	59.6	-8.6%	103.9	103.4	0.5%
	- Test Prep	40.4	39.7	1.6%	84.3	78.7	7.0%
	- Publishing	14.1	19.9	-29.2%	19.7	24.7	-20.4%
	Enterprise	28.6	28.8	-6.2%	54.2	56.1	-5.2%
	- Corporate	23.3	25.8	-9.4%	47.5	51.2	-7.3%
	- Institution	5.3	3.0	74.3%	6.8	4.9	38.6%

Consumer Business

- ❑ Consumer Revenue grew by 10.0% aided by revenue from Publishing segment which increased by 151.2% during the quarter.

Enterprise Business

- ❑ Enterprise Revenue increased by 11.8% driven by increase in Institutional revenue by 263% during the quarter.

CONTACT US

For any Investor Relations queries, please contact:



Ruchika Govila, AVP – Finance & Strategy
CL Educate Ltd.
Phone: +91-11-41280800
Email: investors@careerlauncher.com;
ruchika.govila@careerlauncher.com

Sudhir Bhargava, Chief Financial Officer
CL Educate Ltd.
Phone: +91-11-41280800
Email: investors@careerlauncher.com
sudhir.bhargava@careerlauncher.com