

Allsec Q2 : FY 2020 Earnings Update

Oct 23, 2019

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This presentation may include statements that are not historical in nature and that may be characterized as “forward-looking statements”, including those related to future financial and operating results, future opportunities and the growth of selected verticals in which the organisation is currently engaged or proposes to enter in future. You should be aware that future results could differ materially from past performance and also those contained the forward-looking statements, which are based on current expectations of the organisation’s management and are subject to a number of risk and uncertainties. These risks and other factors are described in Allsec’s annual reports published for the last ended fiscal year. The Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company. The information presented herein should not be construed as earnings guidance under the terms of the stock exchange listing agreements.



1. Key Updates

2. Performance Review

3. Segment Performance

PURCHASE OF “HR COMPLIANCE BUSINESS” OF COACHIEVE SOLUTIONS PRIVATE LIMITED (Coachieve)

- On Sep 10, 2019, the Company acquired the HR Compliance business of M/s Coachieve Solutions Private Limited via slump sale. Coachieve is a wholly owned subsidiary of Qess Corp Limited which is the ultimate holding Company of Allsec. The transaction was completed on Sep 30, 2019 with the business transferring to Allsec from that date.
- The Company believes that this acquisition will help ramp up its existing HR compliance business and better complement the HR Payroll and Time attendance business of Allsec enabling the Company to provide a wider range of service thereby positioning us as an end to end service provider in the HRO space.
- Since Allsec and Coachieve have a common parent, IndAs 103 requires common control accounting. Hence the transaction is deemed to be taken place on the first day of the financial year or the date on which both parties came under common control, whichever is later. Since Allsec was acquired by Qess on June 3, 2019 the effective date of this transaction from an accounting perspective is June 3. The previous quarter financials have thus been restated to provide this impact. The transaction has been EBITDA accretive of INR92 Lakhs for YTD FY20

1. Key Updates



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Q2 FY 2020 – Standalone Performance

| Particulars | Q2 FY 20 | Q2 FY 19 | Q1 FY20 | Var % | |
|--------------------------------|---------------|---------------|---------------|------------|------------|
| | | | | YoY | QoQ |
| Revenue from Operations | 5,589 | 3,777 | 4,766 | 48% | 17% |
| Less: | | | | | |
| Employee benefit expenses | -3,588 | -2,207 | -3,032 | 63% | 18% |
| Other expenses | -683 | -830 | -732 | -18% | -7% |
| Total expenses | -4,270 | -3,037 | -3,764 | 41% | 13% |
| EBITDA | 1,319 | 740 | 1,002 | 78% | 32% |
| Other income | 161 | 174 | 154 | -7% | 5% |
| Finance cost | -47 | -6 | -56 | 638% | -15% |
| Depreciation & amortisation | -361 | -98 | -355 | 269% | 2% |
| Earnings before tax | 1,071 | 810 | 745 | 32% | 44% |
| Tax | -302 | -223 | -204 | 35% | 48% |
| Profit after tax | 769 | 587 | 541 | 31% | 42% |
| EBITDA Margin | 24% | 20% | 21% | 400 bps | 258 bps |
| PAT margin | 14% | 16% | 11% | 177 bps | 242 bps |
| Basic & Diluted EPS (in Rs.) | 5.05 | 3.85 | 3.55 | 31% | 42% |

Key Highlights

- **Gross Revenue:**
 - Up 48% YoY, excluding Coachieve 20%
 - Up 17% sequentially, excluding Coachieve 5%
- **Employee benefit expenses:**
 - Up 62% YoY, excluding Coachieve 20%
 - Up 18% QoQ, excluding Coachieve flat
- **EBITDA:**
 - Up 78% YoY, excluding IndAs116 impact and Coachieve grew 34%
 - Sequentially up 32%
- **D&A and Finance cost higher due to IndAs**
 - INR247 lakhs and 36 Lakhs respectively
- **PAT:**
 - Increased by 31% YoY and 42% QoQ in line with higher income

All amounts in INR Lakhs

H1 FY 2020 – Standalone Performance

| Particulars | H1 FY20 | H1 FY19 | YoY % |
|--------------------------------|---------------|---------------|------------|
| Revenue from Operations | 10,355 | 7,205 | 44% |
| Less: | | | |
| Employee benefit expenses | -6,620 | -4,219 | 57% |
| Other expenses | -1,415 | -1,585 | -11% |
| Total expenses | -8,034 | -5,804 | 38% |
| EBITDA | 2,321 | 1,401 | 66% |
| Other income | 315 | 372 | -15% |
| Finance cost | -103 | -11 | 838% |
| Depreciation and amortisation | -716 | -192 | 273% |
| Earnings before tax | 1,816 | 1,570 | 16% |
| Tax | -506 | -449 | 13% |
| Profit after tax | 1,310 | 1,121 | 17% |
| EBITDA Margin | 22% | 19% | 297 bps |
| PAT margin | 13% | 16% | 291 bps |
| Basic & Diluted EPS (in Rs) | 8.60 | 7.36 | 17% |

Key Highlights

- **Gross Revenue:**
 - Up 44% YoY, excluding Coachieve 23%
- **Employee benefit expenses:**
 - Up 57% YoY, excluding Coachieve 25%
- **EBITDA:**
 - Up 66% YoY excluding IndAs116 impact and Coachieve grew 21%
- **D&A and Finance cost higher due to IndAs**
 - INR492 lakhs and 77 Lakhs respectively
- **PAT:**
 - Increased by 17% YoY and Not comparable with H2FY19 due to one off costs in H2

Q2 FY 2020 – Consolidated Performance

| Particulars | Q2 FY 20 | Q2 FY 19 | Q1 FY20 | Var % | |
|--------------------------------|---------------|---------------|---------------|-------------|------------|
| | | | | YoY | QoQ |
| Revenue from Operations | 7,905 | 6,875 | 7,192 | 15% | 10% |
| Less: | | | | | |
| Employee benefit expenses | -4,630 | -3,440 | -4,154 | 35% | 11% |
| Other expenses | -1,158 | -3,040 | -1,128 | -62% | 3% |
| Total expenses | -5,787 | -6,480 | -5,282 | -11% | 10% |
| EBITDA | 2,118 | 395 | 1,910 | 436% | 11% |
| Other income | 133 | 204 | 146 | -35% | -9% |
| Finance cost | -61 | -9 | -74 | 582% | -17% |
| Depreciation & amortisation | -478 | -125 | -504 | 283% | -5% |
| Earnings before tax | 1,711 | 465 | 1,478 | 268% | 16% |
| Tax | -367 | -269 | -270 | 36% | 36% |
| Profit after tax | 1,344 | 196 | 1,208 | 584% | 11% |
| EBITDA Margin | 27% | 6% | 27% | 1784 bps | 296 bps |
| PAT margin | 17% | 3% | 17% | 1091 bps | 303 bps |
| Basic & Diluted EPS (in ₹) | 8.82 | 1.29 | 7.93 | 584% | 11% |

Key Highlights

- **Gross Revenue:**
 - Up 15% YoY, excluding Coachieve flat
 - Up 10% sequentially
- **Employee benefit expenses:**
 - Up 35% YoY, excl. Coacheive 7%
 - Up 11% QoQ, excl. Coachieve down 2%
- **EBITDA:**
 - Up 436% YoY, excluding IndAs116 impact and Coachieve grew 299%
 - Sequentially up 11%
- **D&A and Finance cost higher due to IndAs**
 - INR338 lakhs and 49 Lakhs respectively
- **PAT:**
 - Increased by 583% YoY on account one off expense last year and 11% QoQ in line with higher income

H1 FY 2020 – Consolidated Performance

| Particulars | H1 FY20 | H1 FY19 | YoY % |
|--------------------------------|----------------|----------------|-------------|
| Revenue from Operations | 15,097 | 13,173 | 15% |
| Less: | | | |
| Employee benefit expenses | -8,784 | -6,523 | 35% |
| Other expenses | -2,286 | -5,271 | -57% |
| Total expenses | -11,069 | -11,794 | -6% |
| EBITDA | 4,028 | 1,379 | 192% |
| Other income | 279 | 432 | -36% |
| Finance cost | -135 | -16 | 746% |
| Depreciation and amortisation | -982 | -251 | 291% |
| Earnings before tax | 3,189 | 1,544 | 107% |
| Tax | -637 | -536 | 19% |
| Profit after tax | 2,552 | 1,008 | 153% |
| EBITDA Margin | 27% | 10% | 1195 bps |
| PAT margin | 17% | 8% | 500 bps |
| Basic & Diluted EPS (in Rs) | 16.74 | 6.61 | 153% |

Key Highlights

- **Gross Revenue:**
 - Up 15% YoY, excluding Coachieve 3%
- **Employee benefit expenses:**
 - Up 35% YoY, excluding Coacheive down 14%
- **EBITDA:**
 - Up 192% YoY at 56%, excluding IndAs116 impact and Coachieve grew 123%
- **D&A and Finance cost higher due to IndAs**
 - INR705 lakhs and 105 Lakhs respectively
- **PAT:**
 - Increased on account of one time costs in H1 FY19

Balance Sheet as on September 30, 2019

| Particulars (in ₹ Lakhs) | 30-Sep-19 | 31-Mar-19 |
|-------------------------------------|---------------|---------------|
| Non- Current Assets | | |
| Property, Plant & Equipment | 879 | 1,023 |
| Other intangible assets | 317 | 298 |
| Right-of-use asset | 2,211 | - |
| Other Non Current Assets | 2,923 | 2,882 |
| | 6,330 | 4,203 |
| Current Assets | | |
| Current Investments | 3,218 | 8,239 |
| Cash and cash equivalents | 10,140 | 7,164 |
| Trade Receivables | 5,279 | 3,547 |
| Unbilled revenue | 1,072 | 1,033 |
| Other Current Assets | 548 | 334 |
| | 20,257 | 20,317 |
| | | |
| Total Assets | 26,587 | 24,520 |
| Equity & Reserves | 20,287 | 21,779 |
| Non- Current Liabilities | | |
| Lease Liability | 1,163 | |
| Other Non-current Liability | 452 | 386 |
| | 1,615 | 386 |
| Current Liabilities | | |
| Lease Liability | 1,112 | |
| Other Current Liability | 3,573 | 2,355 |
| | 4,685 | 2,355 |
| | | |
| Total Equity and Liabilities | 26,587 | 24,520 |

Key Highlights

- Property plant & equipment at similar levels considering normal depreciation
- Right of Use asset, Lease liability in Non-current and current liabilities relate to Ind As116
- Current investment and cash balance lower by INR 21 cr which is after dividend payout of INR18 cr and Coachieve purchase consideration of INR16.8 cr offset by cash from operations

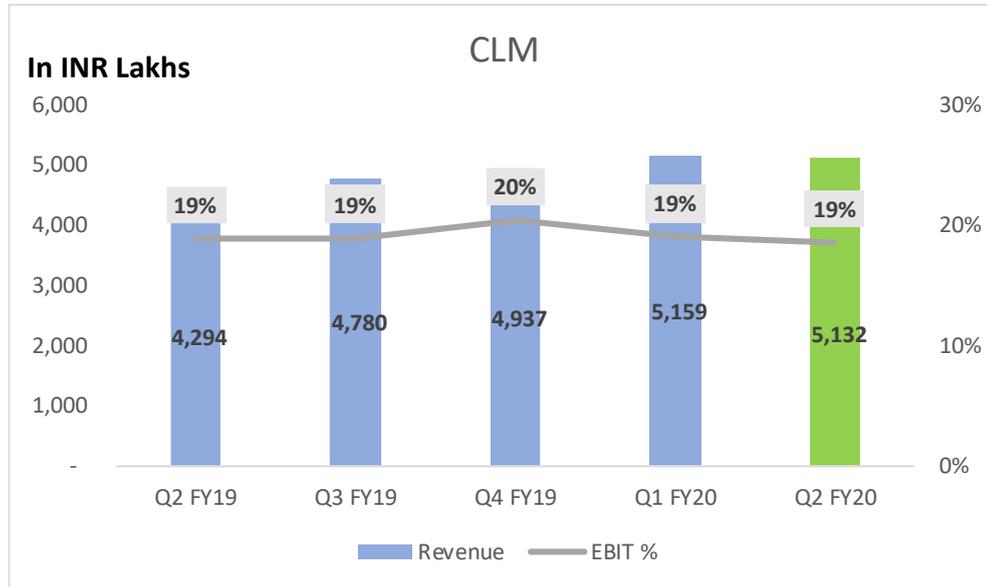
All amounts in INR Lakhs

1. Business Updates ✓

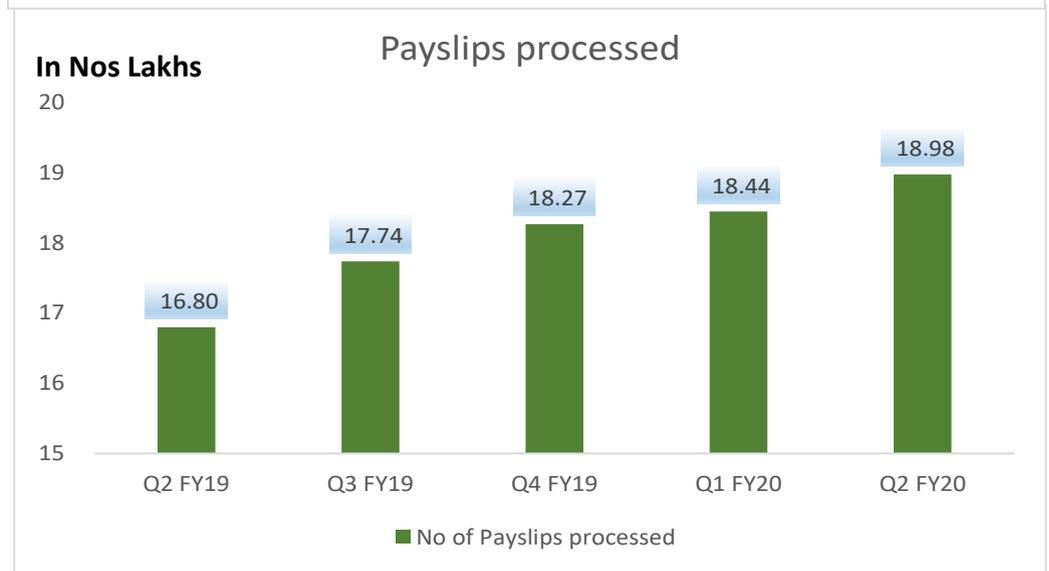
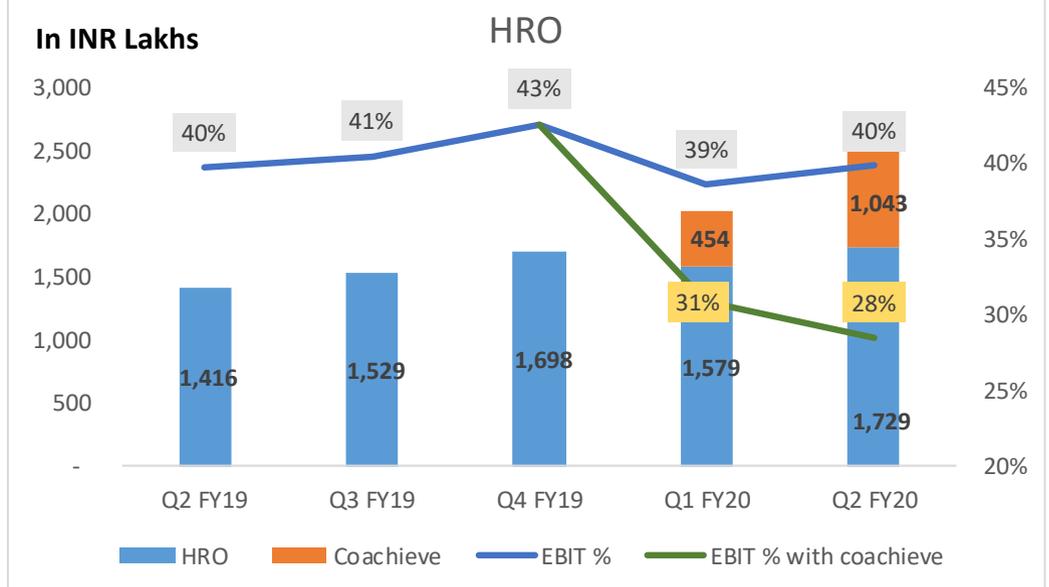
2. Performance Review ✓

3. Segment Performance

Q2 FY 2020 Segment Performance



- CLM revenue grew by 20% YoY, EBIT% remained steady
- HRO revenue increased by 22% YoY
- Including Coachieve, HRO EBIT lower as Coachieve has a lower EBIT %





 ALLSEC TECHNOLOGIES
BUILDING LASTING RELATIONSHIPS


A **QUESS** Enterprise

