

**SIS reports 41.9% growth in Q2 PAT – Net Debt down by Rs213 cr versus Q1 FY21**

- Consolidated Revenue for H1FY21 at Rs. 4,325 Crs; 5.6% YoY growth; Consolidated Revenues for Q2FY21 at Rs. 2158 Crs; 3.3% growth
- Consolidated EBITDA for H1FY21 at Rs. 250.6 Crs, 0.9% YoY growth; Consolidated EBITDA for Q2FY21 at Rs. 129.7 Crs; 4.9% growth
- OCF/ EBITDA for Q2 FY21 at 188% with Net Debt Reduction of Rs. 213 Crs
- Sound Return Ratios - RONW at 23.1%

New Delhi, October 29, 2020, Security and Intelligence Services (India) Ltd. (SIS) (NSE: SIS, BSE: 540673), announced its Unaudited Financial Results for the quarter ended September 30<sup>th</sup>, 2020.

**Key Consolidated Financials at a Glance:**

<i>Rs. In crs</i>	<b>Q2 FY21</b>	<b>Q2 FY20</b>	<b>%age</b>	<b>H1 FY21</b>	<b>H1 FY20</b>	<b>%age</b>
<i>Revenue from operations</i>	<b>2,157.9</b>	<b>2,088.8</b>	<b>3.3%</b>	<b>4,324.6</b>	<b>4,097.1</b>	<b>5.6%</b>
<i>EBITDA</i>	<b>129.7</b>	<b>123.6</b>	<b>4.9%</b>	<b>250.6</b>	<b>248.3</b>	<b>0.9%</b>
<i>EBITDA %</i>	<b>6.0%</b>	<b>5.9%</b>		<b>5.8%</b>	<b>6.1%</b>	
<i>Profit after taxes</i>	<b>108.1</b>	<b>76.2</b>	<b>41.9%</b>	<b>166.0</b>	<b>151.1</b>	<b>9.8%</b>
<i>Profit after taxes %</i>	<b>5.0%</b>	<b>3.6%</b>		<b>3.8%</b>	<b>3.7%</b>	

- **Segmental Revenues are as follows:**

- **Security Solutions India:** Rs 1697 Crs in H1FY21 vs Rs 1691 Crs in H1FY20; Rs 839 Crs in Q2FY21 vs Rs 879 Crs in Q2 FY20;

- **Security Solutions International:** Rs 2088 Crs in H1FY21 vs Rs 1817 Crs in H1FY20; Rs 1068 Crs in Q2FY21 vs Rs 903 Crs in Q2 FY20
- **Facilities Management:** Rs 548 Crs in H1FY21 vs Rs 604 Crs in H1FY20; Rs 256 Crs in Q2FY21 vs Rs 314 Crs in Q2 FY20
- **Return Ratios:** RONW (based on proforma trailing 12 months PAT) is 23.1%
- **Cash Conversion** - The company demonstrated very strong cash conversion with OCF/ EBITDA at 188% in Q2FY21. This is the highest ever in the history of the company – this has been on the back of strong collections, lower working capital needs and stable business.
- **Net Debt/ EBITDA** – Strong cash flows have resulted in net debt/ EBITDA has decreased from 1.3 in Q1FY21 to 0.9 in Q2FY21 with the Net Debt reducing by Rs213 Crs over the previous quarter.

#### **Business Updates:**

- **India Security Solutions Business:** The India security business started showing steady growth during the quarter ending the quarter with revenues at 94% of the March 2020 revenues. For H1FY21 the revenues at Rs1697 cr were flat over H1FY20, thus re-enforcing the resilience of our services even during the massive Covid crisis. The sheer diversity of customer segments – especially the strong presence in the manufacturing, banking, healthcare verticals ensured that revenues were stable. Despite continued expenditure on PPE kits, Covid related training and welfare spends, our EBITDA margin increased from 5.4% in Q1 to 5.8% in the current quarter. While a quick rebound will depend on the economy recovering quickly, we continue to be cautiously optimistic for the rest of the year - market share gains will be the focus for the year on the back of cross sales initiatives and launch of new solutions.
- **International Security Solutions Business:** The International business continues to be the standout vertical this quarter with revenues of Rs 1067 Cr which is a YoY increase of 18.2%. For H1 as a whole, SIS International had a revenue growth of 14.9% over H1FY20

and an EBITDA growth of 30.5%. The growth in the international markets was aided by strong, proactive economic and medical response to Covid resulting in minimal disruption to the business climate. The government business and other ad-hoc contracts continue to be strong during the quarter. The EBITDA margin for H1FY21 for the international business was 6.5% with stable gross margins and operating leverage impact.

- **Facility Management:** The Facility Management segment was impacted to some extent due to impact of segments like railways, retail and entertainment, airports etc. Railways contributed to nearly 50% of the decline in revenues, which are down 9.3% from H1FY20 to H1FY21. With some of these segments steadily unlocking amidst the festive season and steady increase in orders for the past 2 months, we are hopeful of regaining March 20 level by Q4FY21. We have launched new solutions in the areas of disinfection, deep cleaning, sanitisation and production support which will help us greatly in increasing wallet share with customers.
- **Cash Logistics:** The Cash Logistics segment continues to track very positively with revenues at 98% of March 2020 levels. After the change in business profile towards non-ATM business over the past two years, the segment has been transformed and has been generating strong margins. Despite the ATM pricing reset getting delayed due to the pressures on the banking sector, our other segments of retail cash management and cash in transit continued to show strong operating metrics. The segment delivered a 4.4% EBITDA growth in H1 despite a 11.7% YoY decline in revenues (on account of closure of unprofitable routes and contracts). We will continue to prioritise viable routes and contracts to ensure margin sustenance.

Commenting on the performance, Mr. Rituraj Kishore Sinha, Group Managing Director said, *“Our H1 results are a testimony that Essential services like ours have been least impacted during the Covid crisis and are amongst the first to recover. Our H1 revenues of Rs,4,325 cr is a 5.6% increase YoY. With September revenues at Rs739 cr compared to March 2020 revenues of Rs720 cr, we are already well into recovery phase. Historically high Operating Cash Flows have led to a Net debt reduction of over Rs210 cr and Net Debt/ EBITDA declined to less than 1, which has been re-*

*affirmed by our credit rating upgrade from A+ to AA-. Basis macro-economic factors proving favourable, we continue our cautiously optimistic outlook for the rest of the year”*

**About Security and Intelligence Services (India) Ltd. (SIS):**

*SIS is a USD 1.2 Bn Indian multinational and market leader in Security, Facility management & Cash Logistics solutions. SIS is the largest Security Solutions company in India, the largest Security Solutions company in Australia and among the top three companies in Singapore and New Zealand. It is also the 2<sup>nd</sup> largest Facility Management company in India. SIS is the 2<sup>nd</sup> largest Cash Logistics provider in India. We are among the top 5 private sector employers in India. SIS services over 7000 clients across 18500+ sites spread across 630 districts in India.*

**Safe harbor statement:**

Statements in this document relating to future status, events, or circumstances, including but not limited to statements about plans and objectives, the progress and results of research and development, potential project characteristics, project potential and target dates for project related issues are forward-looking statements based on estimates and the anticipated effects of future events on current and developing circumstances. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements. The company assumes no obligation to update forward-looking statements to reflect actual results changed assumptions or other factors.

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