



sis
Group Enterprises

A Market Leader in
Security, Cash Logistics
& Facility Management

Q2 FY19 RESULTS
October 24, 2018

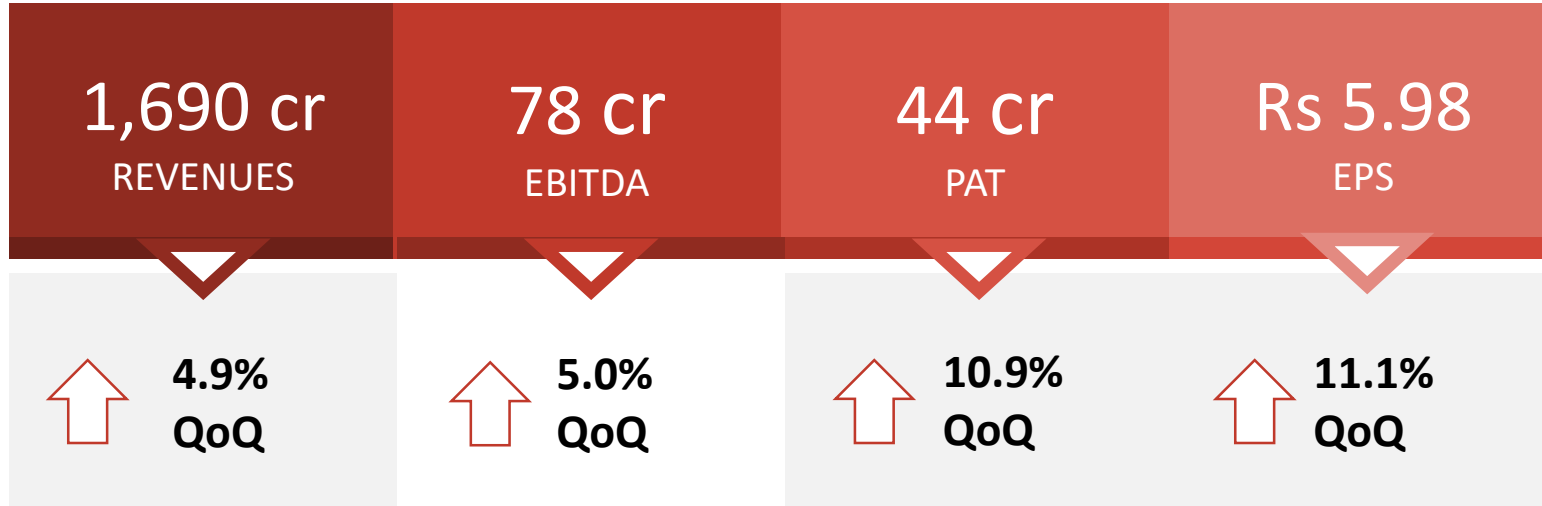
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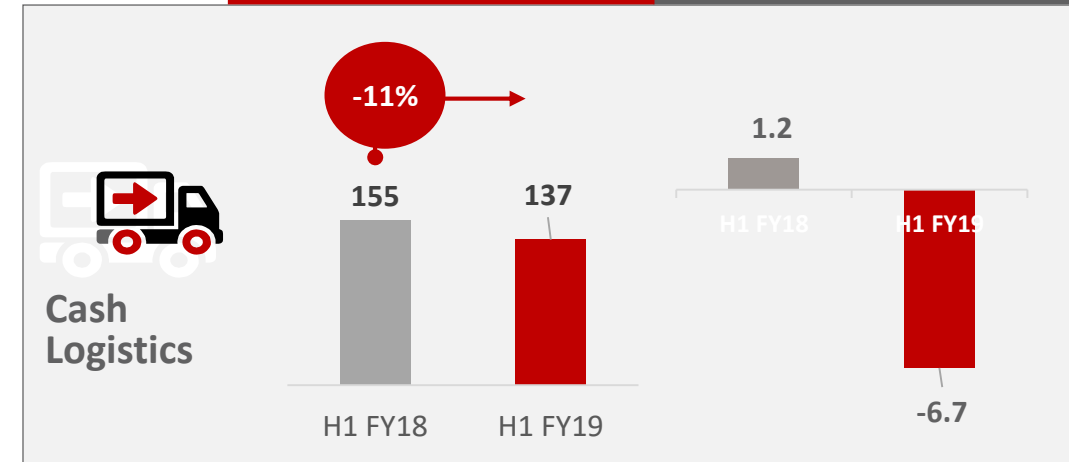
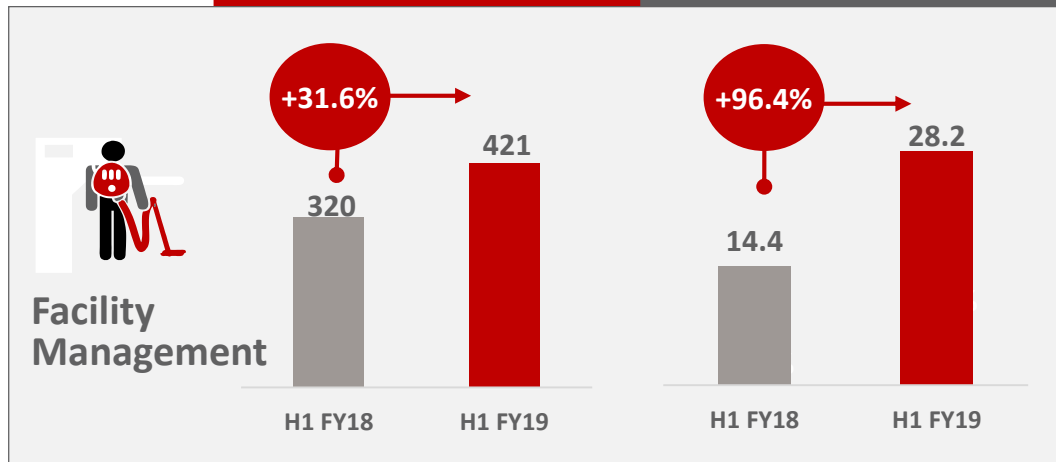
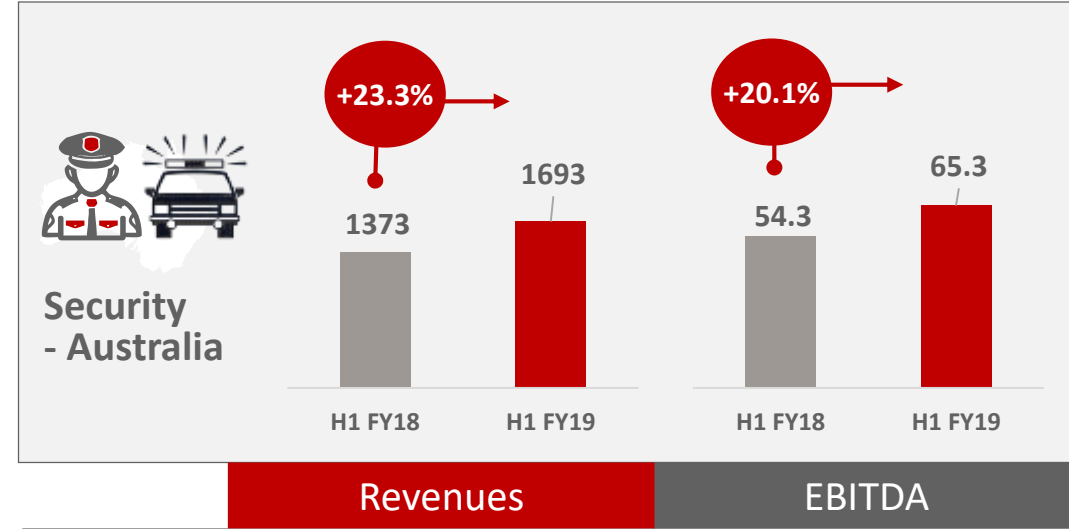
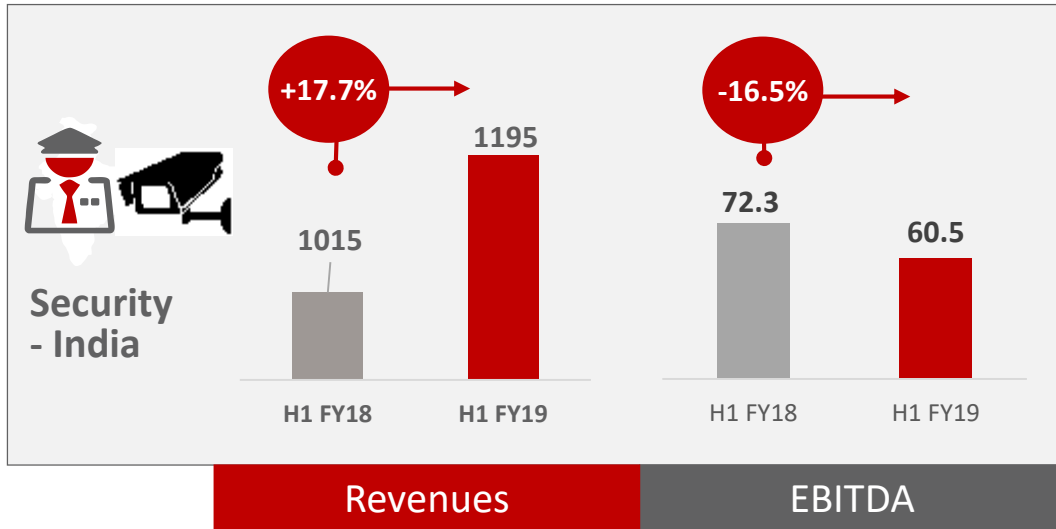
HIGHLIGHTS – Q2 FY19



Market leader across three attractive business services segments - Security, Cash Logistics and Facility Management

*QoQ growth

RESULTS BY BUSINESS LINE – H1 FY19



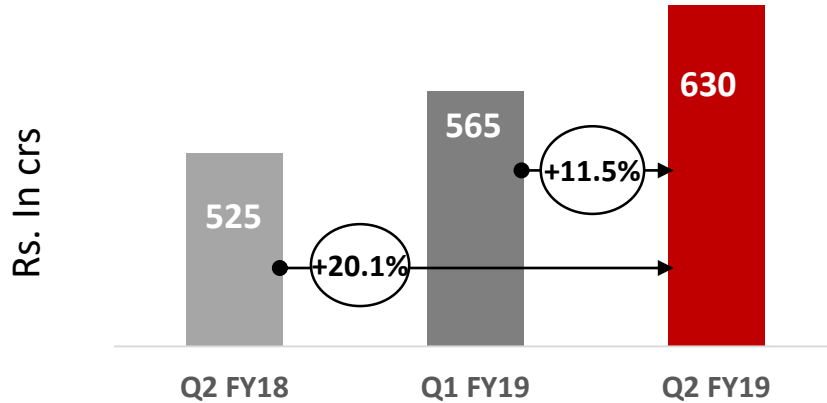
Rs in cr

*Cash – not included in consolidated financials, follows equity accounting

Consolidated H1 revenues up 22%, EBITDA up 8% and Normalised PAT up 110%

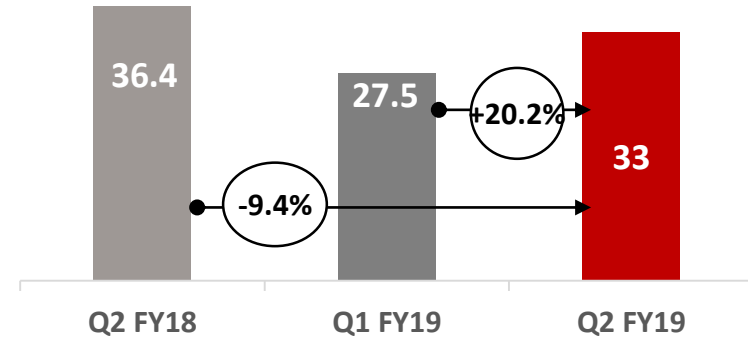
SECURITY - INDIA

Revenues



Strong revenue growth with QoQ growth of 11% and YoY growth of 20%

EBITDA



Significant upfront costs on training and onboarding for Cognizant contract; Quarter also had annual wage revisions



- SIS crossed monthly billing run rate of **Rs203 cr** in September 2018 and **Rs225 cr** with SLV
- Added recurring monthly orders worth **Rs22 cr** in Q2.
- **14 cr** Mantech contract from HPCL for oil tanker security – largest Mantech order

126,900 Trained security personnel

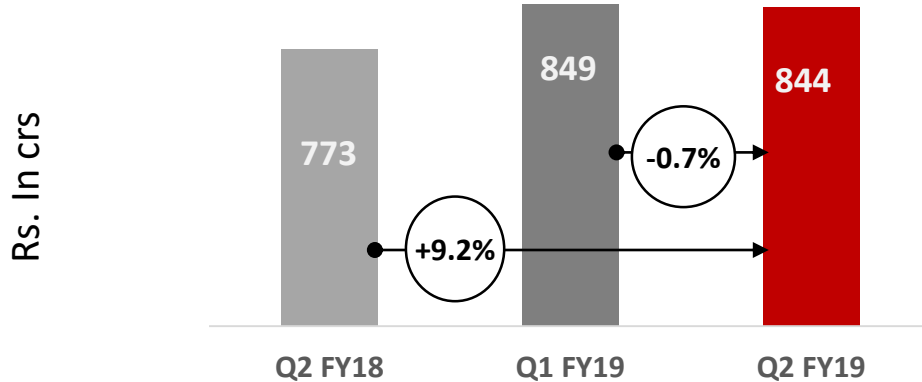
169 Branch Office Network

13,582 Customer sites

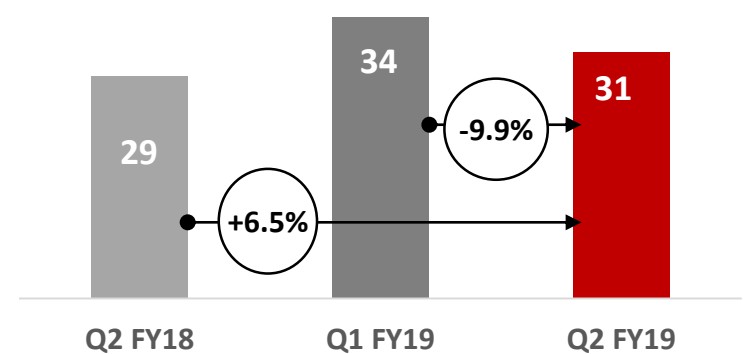


SECURITY - AUSTRALIA

Revenues



EBITDA



Strong YoY revenue growth of 9.2%, 3X GDP for Australia

Margins flat YoY at 3.7%



- Revenues flat over Q1, which included Commonwealth games revenue of AUD 5 mn, which had an impact on margins too
- Wages revisions start in July 1 and corresponding price revisions take place over the year contributing to margin lag



21%

Market share

7,083

Employees

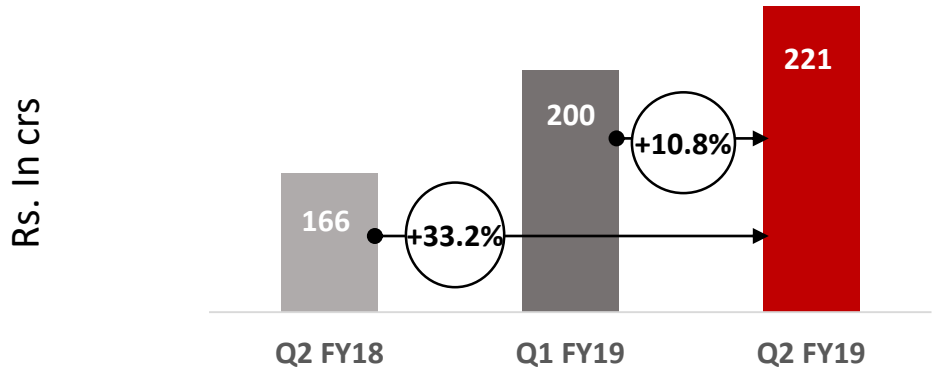
8,650

Sites serviced by SXP

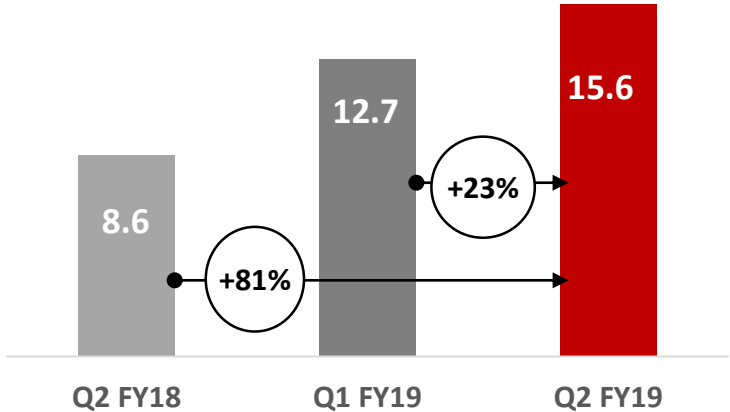


FACILITY MANAGEMENT

Revenues



EBITDA



Fastest growing segment in the Group - 33% Y-o-Y and 11% Q-o-Q revenue growth

EBITDA margins grew significantly from 5.2% in Q2FY18 to 7.0% in Q2FY19



- Revenue growth across both DTSS and SMC with across the board margin increase
- Continued operating leverage impact being seen on margin increase
- Won new railway cleaning contracts at 8 new stations

47,148

Skilled workforce

73

Branch Network

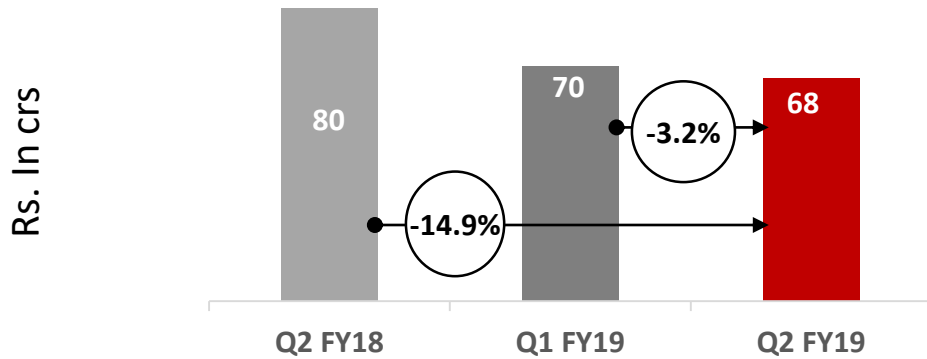
2,994

Customer sites

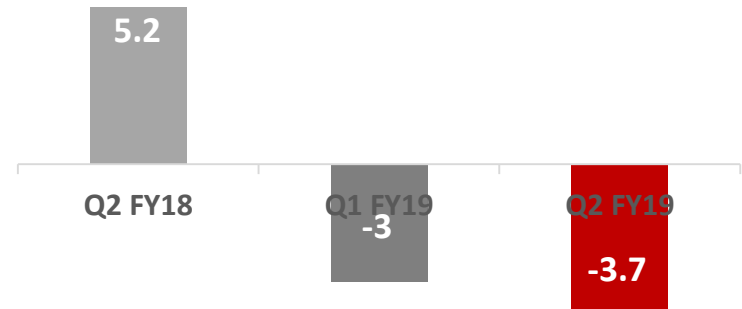


CASH LOGISTICS

Revenues



EBITDA



Revenue decline due to contract rationalization during FY18. Price increase impact expected in H2

Steep increase in fuel costs and minimum wages led to margin pressures



- *RBI and MHA regulation compliance to result in increased capex and opex in FY19;*
- *Price increase to compensate increased compliance costs underway. Positive initial signs*



2,150 No. of Vans

14,600 ATMs served



Q2 FY19

Acquisitions & Major Developments

SLV Security - Acquisition

Strategic Rationale

- One of the largest security companies in NCR with 70% revenues coming from NCR
- Strong Geographical fit
- NCR is one of the seven largest markets for security services and growing at over 25%
- Well-diversified, long standing client base

Deal Parameters

- Acquired 51% equity for Rs50 crores with the ability to adjust based on financial performance in FY19 – SIS can claw significant additional stake in case of underperformance
- Balance stake to be acquired in 2020 at multiples based on EBITDA CAGR linked earnout mechanism

Key Operating Metrics

	11,500 Trained security personnel
	16 Branches
	1,575 Sites

Financials

	2016	2017	2018
Revenues (in crores)	222	234	240

Note – for FY19, consolidation will be effective September 1st, 2018

Consolidating our market position in key geographies
SIS – SLV is now a market leader in NCR in terms of monthly billing

Rare Hospitality - Acquisition

Strategic Rationale

- Well-regarded facility management company based in Mumbai
- Strong focus on hospitals – >60% of revenues
- Long standing client base - retention rates > 95%
- Client base includes reputed names like ICICI, Reliance, Max Hospital, Asian Heart etc amongst others

Deal Parameters

- Acquired 80% equity at Rs63 crores enterprise value
- Balance stake to be acquired in 2020 at multiples based on EBITDA CAGR linked earnout mechanism

Key Operating Metrics



4,000
Housekeeping personnel



80
Customers



200 +
Sites

Financials

	2016	2017	2018
Revenues (in crores)	75	83	82

Note – transaction likely to close in the first half of November 2018

Consolidates our market share in the key customer segment of healthcare

SIS' Security and FM to benefit from Ayushman Bharat

Healthcare is a key vertical for SIS across both Security and FM

SIS provides services across 300 hospitals and 60,000 beds

Govt.'s ambitious Ayushman Bharat scheme is poised to reshape the Indian healthcare industry

Targeted to cover 50 cr population, with 33% new coverage

Significant new capacity in terms of hospitals, beds needed

1.5 Mn more beds needed to reach even half of WHO standards

Healthcare is going to be a vital vertical for facility management and security services offering both growth and higher margin potential



Q2 FY19

Financial Results

CONSOLIDATED FINANCIAL STATEMENTS

Rs. in crs	Q2 FY19	Q2 FY18	Y-o-Y	Q1 FY19	Q-o-Q	H1FY19	H1FY18	Growth
Revenue from operations	1,690.2	1,460.0	15.8%	1,611.4	4.9%	3,301.6	2,703.5	22.1%
EBITDA	78.17	74.07	5.53%	74.45	5.0%	152.6	141.1	8.2%
EBITDA %	4.6%	5.1%		4.6%		4.6%	5.2%	
Normalised EBITDA	82.09	74.07	10.8%	81.51	0.7%	163.6	134.5	
Normalised EBITDA %	4.9%	5.1%		5.1%		5.0%	5.0%	
Profit after taxes	43.78	58.91	-25.67%	39.48	10.9%	83.3	80.4	3.6%
Profit after tax %	2.6%	4.0%		2.5%		2.5%	3.0%	
Normalised Profit after taxes	46.96	27.84	68.7%	44.09	6.5%	91.05	43.2	110.6%
Profit after tax %	2.8%	1.9%		2.7%		2.8%	1.6%	
EPS	5.98	8.36		5.39		11.38	11.64	
Diluted EPS	5.89	8.21		5.30		11.19	11.45	

Note – Normalised PAT above is only presented to compared quarters on a similar basis and the primary adjustments are indicated below

Q2FY18 included one-off tax benefit in DTSS 6.7 cr due to first time accounting of 80JJAA benefits

Q2FY18 PAT included IND-AS related true-up of the FV of the SXP shareholding of 10% - 21 cr, that has been excluded above

PAT growth on a normalised basis post these adjustments is over 110% for H1 and 69% for Q1

LOOKING AHEAD

Growth

Strong order book in India security with run rate in line with expectations

FM business on a strong wicket on both revenues and margins

Technology

Technology investments continue in both solutions and internal productivity improvements

M&A

Strong pipeline built over the last 12 months coming to fruition.

Continued focus on transactions that meet strategic fit and IRR expectations

Market Share

With the acquisition of SLV and Rare, SIS is close to achieving its Vision 2020 plan of becoming No.1 in Security and Facility Management



VISION 2020
— BIGGER & BETTER —



Security Services

Cash Logistics

Facility Management



A Market Leader in
Security, Cash Logistics
& Facility Management

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