

Quick Heal

Security Simplified

Quick Heal Technologies Limited

Q3 & 9M FY18 – Results Update

February 2018



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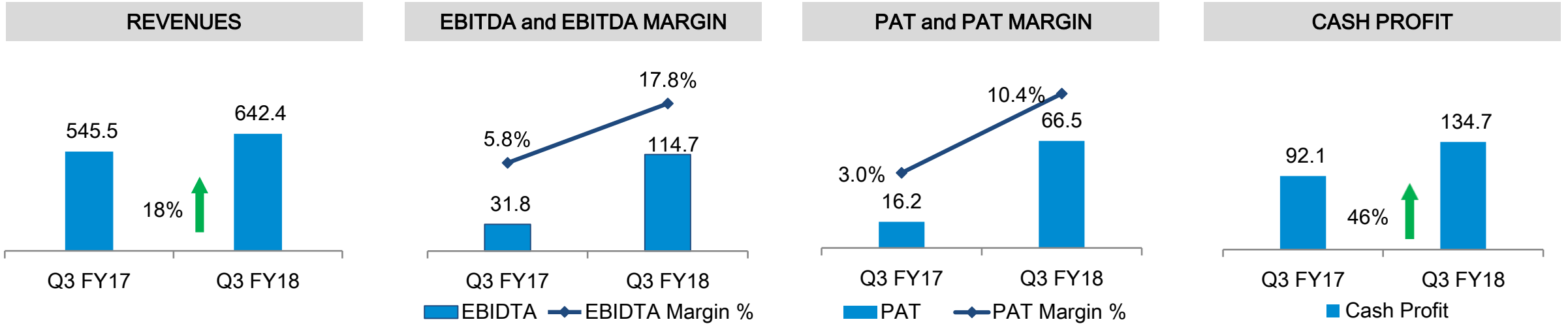
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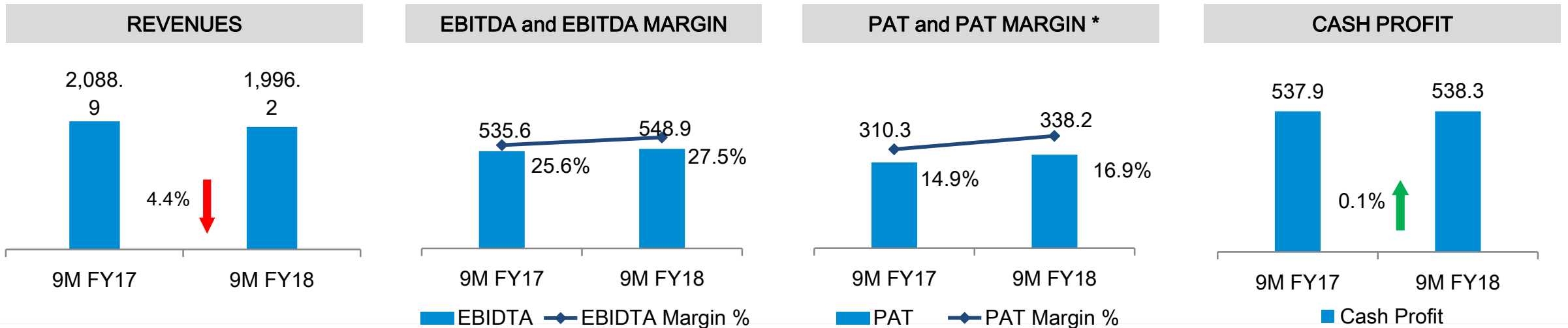
Q3 & 9M FY18 RESULTS HIGHLIGHTS

In Rs. Million

Q3 FY18 YoY ANALYSIS



9M FY18 YoY ANALYSIS

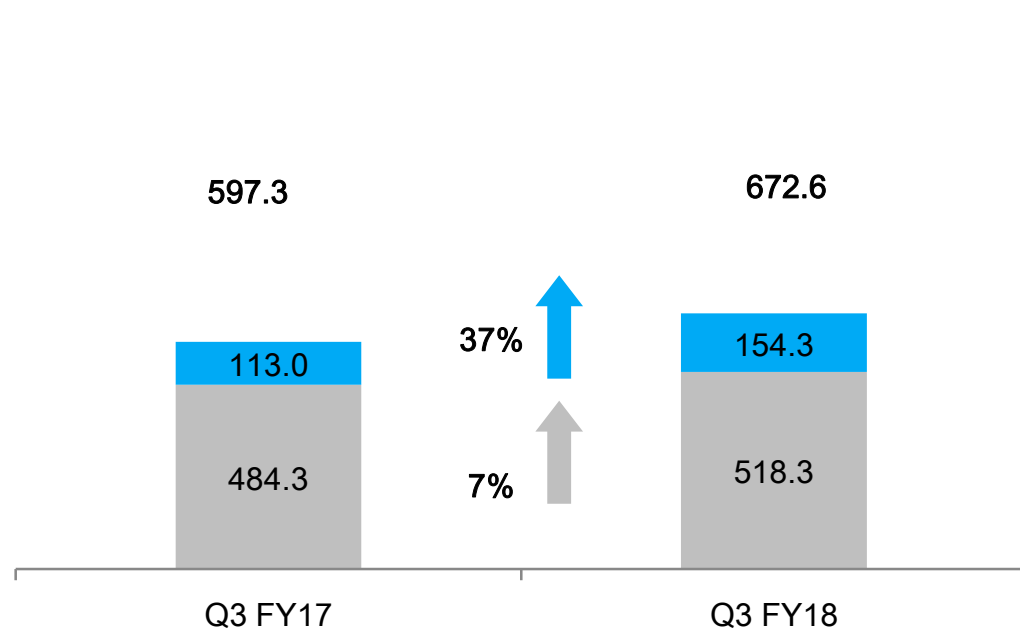


Q3 & 9M FY18 – REVENUE ANALYSIS

In Rs. Million

Q3 FY18 YoY ANALYSIS

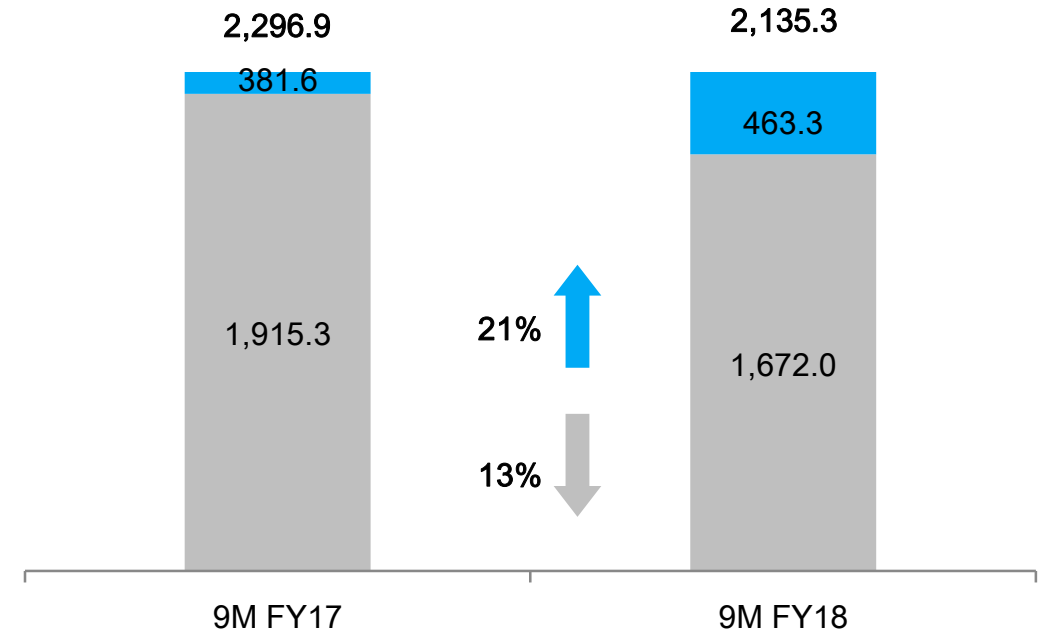
SEGMENT BREAKUP *



% Share	Q3 FY17	Q3 FY18
■ Retail	81.1%	77.1%
■ Enterprises & Government	18.9%	22.9%

9M FY18 YoY ANALYSIS

SEGMENT BREAKUP *



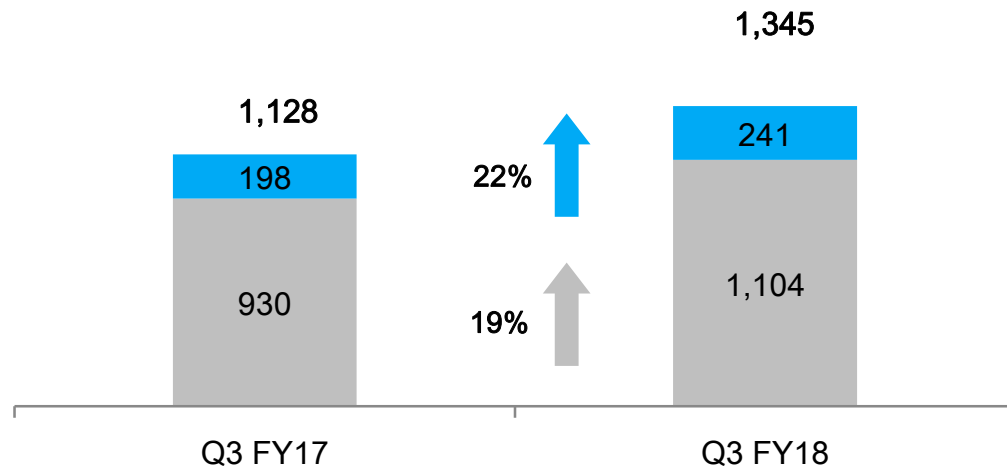
% Share	9M FY17	9M FY18
■ Retail	83.4%	78.3%
■ Enterprises & Government	16.6%	21.7%

* Based on net revenues before adjusting for sales incentives

Q3 & 3M FY18 – LICENSE SELLING PATTERN

Q3 FY18 YoY ANALYSIS

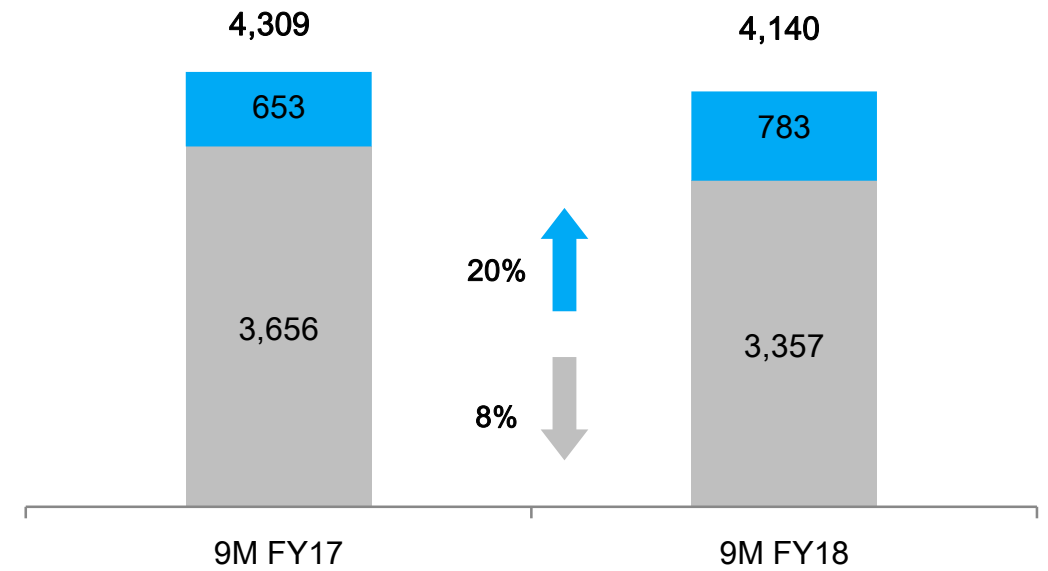
NUMBER OF LICENSES SOLD ('000)



% Share	Q3 FY17	Q3 FY18
Retail	82.4%	82.1%
Enterprises & Government	17.6%	17.9%

9M FY18 YoY ANALYSIS

NUMBER OF LICENSES SOLD ('000)



% Share	9M FY17	9M FY18
Retail	84.8%	81.1%
Enterprises & Government	15.2%	18.9%

- Based on net revenues before adjusting for sales incentives
- Increase in retail licenses sold in Q3 FY18.

Q3 & 9M FY18 – COST ANALYSIS

In Rs Million

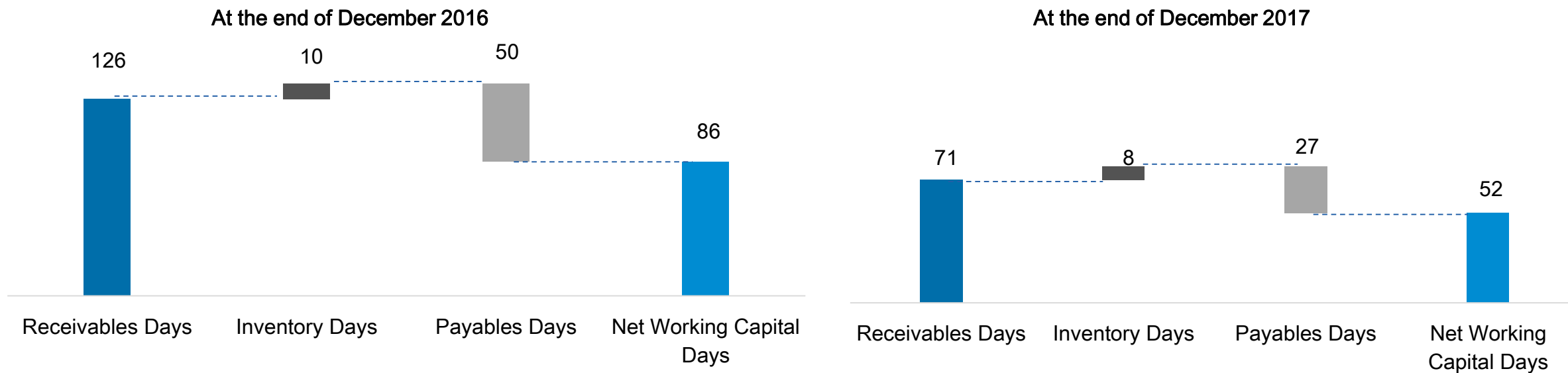
Head	Consolidated				
	Q3 FY18,a	Q2 FY18,a	Q1 FY18,a	Q4 FY17,a	Q3 FY17,a
Operating Cost					
Salaries	111.3	113.8	116.8	116.5	118.7
Fees for technical services	19.7	20.7	24.1	24.8	24.9
Technology subscription charges	4.9	4.3	3.5	14.3	13.6
R&D Expenses (A)	135.8	138.8	144.4	155.6	157.3
Salaries	74.1	86.7	91.4	100.6	99.7
Technical Support Cost	17.6	21.0	20.7	19.4	19.1
Advertising Expenses	94.9	23.3	32.6	71.4	44.2
Sales Promotion	36.8	8.2	22.7	3.4	12.6
Traveling and conveyance	7.2	6.8	6.7	11.6	13.5
Selling & Marketing Expenses (B)	230.5	145.9	174.1	206.4	189.0
Salaries	47.1	50.8	48.9	43.7	45.7
Other Expenses	78.8	69.5	78.2	90.5	73.3
G&D (C)	125.9	120.3	127.1	134.2	119.0
Total Expenditure (A+B+C)	492.3	404.9	445.6	496.2	465.3

NOTE: Certain figures have been re-grouped wherever necessary

Q3 & 9M FY18 – WORKING CAPITAL ANALYSIS

ADOPTION OF EFFICIENT SALES & CREDIT MECHANISM LEADING TO IMPROVEMENT IN WORKING CAPITAL CYCLE

- Increased handholding between sales team and dealer-retailer network to ensure faster sales.
- Realignment of dealer incentives to ensure timely sales as well as stock clearance throughout the supply chain.



Note: Net Working Capital Days = $[(\text{Net Working Capital} / \text{Third Quarter Sales}) * (91 \text{ days})]$

Calculation is based on net revenues before adjusting for sales incentives

Q3 & 9M FY18 CONSOLIDATED RESULTS – PROFIT & LOSS

In Rs Million

Head	Consolidated							
	Q3 FY18,a	Q3 FY17,a	Growth	% Change	9M FY18,a	9M FY17,a	Growth	% Change
Revenue	642.4	545.5	96.9	17.8%	1,996.2	2,088.9	-92.7	-4.4%
Direct Cost	35.5	48.5	13.0	26.8%	104.4	181.3	76.8	42.4%
Gross profit	607.0	497.1	109.9	22.1%	1,891.8	1,907.6	-15.9	-0.8%
Gross Margin, %	94.5%	91.1%			94.8%	91.3%		
Operating Costs								
R&D Cost	135.8	157.3	21.4	13.6%	419.0	479.9	60.9	12.7%
Sales and Marketing (S&M)	230.5	189.0	-41.5	-22.0%	550.6	521.7	-28.9	-5.5%
General Administration (G&A)	125.9	119.0	-7.0	-5.8%	373.3	370.5	-2.8	-0.8%
Total	492.3	465.3	-27.0	-5.8%	1,342.9	1,372.0	29.1	2.1%
EBIDTA	114.7	31.8	82.9	260.8%	548.9	535.6	13.3	2.5%
Depreciation / Amortization	68.2	75.9	7.7	10.1%	200.0	227.6	27.5	12.1%
EBIT	46.5	-44.1	90.6	-205.3%	348.9	308.1	40.8	13.3%
Other Income	52.2	76.8	-24.6	-32.0%	164.9	222.3	-57.4	-25.8%
Profit Before Tax & Exceptional Item	98.7	32.7	66.0	201.8%	513.8	530.3	-16.6	-3.1%
Exceptional Item	-	-	-	0.0%	-	37.8	37.8	100.0%
Tax	32.2	16.5	-15.7	-95.4%	175.5	182.3	6.7	3.7%
Profit After Tax	66.5	16.2	50.3	309.9%	338.2	310.3	27.9	9.0%
Reconciliation between IGAAP and IND-AS								
Revenue (Gross)	801.8	647.7	154.1	23.8%	2,506.7	2,485.8	21.0	0.8%
Taxes	129.2	50.4	-78.8	-156.4%	371.4	189.0	-182.4	-96.5%
Net revenue as per IGAAP	672.6	597.3	75.3	12.6%	2,135.3	2,296.8	-161.4	-7.0%
Less: Dealer Incentive	30.2	51.7	21.6	41.7%	139.1	207.8	68.7	33.1%
Net revenue after Dealer Incentive	642.4	545.5	96.9	17.8%	1,996.2	2,088.9	-92.7	-4.4%

Q3 & 9M FY18 CONSOLIDATED RESULTS – RATIO ANALYSIS

Ratio Analysis

Head	Consolidated			
	Q3 FY18,a	Q3 FY17,a	9M FY18,a	9M FY17,a
Expenses				
Direct Cost / Revenue	5.5%	8.9%	5.2%	8.7%
R&D / Revenue	21.1%	28.8%	21.0%	23.0%
S&M / Revenue	35.9%	34.7%	27.6%	25.0%
G&A / Revenue	19.6%	21.8%	18.7%	17.7%
Total Cost / Revenue	76.6%	85.3%	67.3%	65.7%
Margin				
Gross Margin	94.5%	91.1%	94.8%	91.3%
EBIDTA	17.8%	5.8%	27.5%	25.6%
EBIT	7.2%	-8.1%	17.5%	14.7%
PBT	15.4%	6.0%	25.7%	25.4%
PAT	10.4%	3.0%	16.9%	14.9%

DECEMBER 31, 2017 CONSOLIDATED BALANCE SHEET

Particulars (In Rs Mn)	Dec-17	Dec-16	Particulars (In Rs Mn)	Dec-17	Dec-16
Share Holder's Funds:			Non-Current Assets:		
Equity Share Capital	703.2	700.9	Property, plant and equipment	1,656.6	1,850.8
Share application money pending allotment	-	0.1	Capital work-in-progress	137.1	126.3
Reserves And Surplus	6,068.0	5,693.2	Other Intangible assets	43.6	74.6
Total Shareholder Funds	6,771.2	6,394.2	Non-current financial assets		
Non-Current Liabilities			Investments	66.7	36.5
Net employee defined benefit liabilities	25.4	24.2	Loan and Security Deposits	3.3	0.2
Current Liabilities:			Bank Balances	3.5	1.3
Trade and Other Payables	383.2	329.9	Deferred tax assets (net)	65.2	83.8
Other Financial Liabilities	9.8	8.1	Non-current tax assets (net)	300.8	206.3
Other Liabilities	96.0	129.2	Other non-current assets	83.1	3.0
Net employee defined benefit liabilities	13.7	12.9	Total Non-Current Assets	2,359.8	2,382.8
Current Tax Liabilities (Net)	214.2	62.0	Current assets:		
Total Current Liabilities	717.0	542.0	Inventories	55.1	66.3
Total Equity & Liabilities	7,513.6	6,960.5	Investment in Mutual Fund	2,807.7	1,306.1
			Trade and other receivables	524.4	815.8
			Bank Balances & Cash and Cash Equivalents	104.5	179.8
			Investment in Fixed Deposit	1,514.2	2,046.1
			Loans and Security Deposits	8.8	9.6
			Interest accrued	50.5	102.4
			Other Current assets	88.7	51.5
			Total Current Assets	5,153.8	4,577.5
			Total Assets	7,513.6	6,960.5

NOTE: Certain figures have been re-grouped wherever necessary

Q3 & 9M FY18 STANDALONE RESULTS – PROFIT & LOSS

In Rs Million

Head	Standalone							
	Q3 FY18,a	Q3 FY17,a	Growth	% Change	9M FY18,a	9M FY17,a	Growth	% Change
Revenue	635.9	542.8	93.1	17.2%	1,978.4	2,082.2	-103.8	-5.0%
Direct Cost	31.5	46.0	14.5	31.5%	100.6	171.0	70.4	41.2%
Gross profit	604.4	496.8	107.6	21.7%	1,877.9	1,911.2	-33.4	-1.7%
Gross Margin, %	95.0%	91.5%			94.9%	91.8%		
Operating Costs								
R&D Cost	135.8	157.3	21.4	13.6%	419.0	479.9	60.9	12.7%
Sales and Marketing (S&M)	220.6	175.0	-45.6	-26.1%	527.1	481.6	-45.5	-9.4%
General Administration (G&A)	116.8	115.7	-1.1	-0.9%	355.6	360.0	4.5	1.2%
Total	473.2	447.9	-25.3	-5.6%	1,301.6	1,321.5	19.9	1.5%
EBIDTA	131.2	48.8	82.3	168.6%	576.2	589.7	-13.5	-2.3%
Depreciation / Amortization	67.9	75.6	7.7	10.2%	199.7	227.1	27.4	12.1%
EBIT	63.3	-26.8	90.0	-336.2%	376.5	362.7	13.9	3.8%
Other Income	51.7	75.7	-24.0	-31.7%	163.3	218.9	-55.6	-25.4%
Profit Before Tax & Exceptional Item	115.0	48.9	66.1	135.1%	539.8	581.6	-41.7	-7.2%
Exceptional Item	3.3	6.3	-3.0	-48.2%	3.3	44.1	40.9	92.6%
Tax	32.0	16.4	-15.6	-94.7%	175.0	182.1	7.1	3.9%
Profit After Tax	79.7	26.1	53.5	204.8%	361.6	355.4	6.2	1.7%
Reconciliation between I GAAP and IND-AS								
Revenue (Gross)	794.2	644.9	149.4	23.2%	2,488.0	2,479.1	8.9	0.4%
Taxes	129.2	50.4	-78.8	-156.4%	371.4	189.0	-182.4	-96.5%
Net revenue as per IGAAP	665.1	594.5	70.6	11.9%	2,116.6	2,290.0	191.3	8.4%
Less: Dealer Incentive	29.2	51.7	22.6	43.6%	138.1	207.8	69.7	33.5%
Net revenue after Dealer Incentive	635.9	542.8	93.1	17.2%	1,978.4	2,082.2	-103.8	-5.0%

NOTE: Certain figures have been re-grouped wherever necessary

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Q3 & 9M FY18 STANDALONE RESULTS – RATIO ANALYSIS

Ratio Analysis

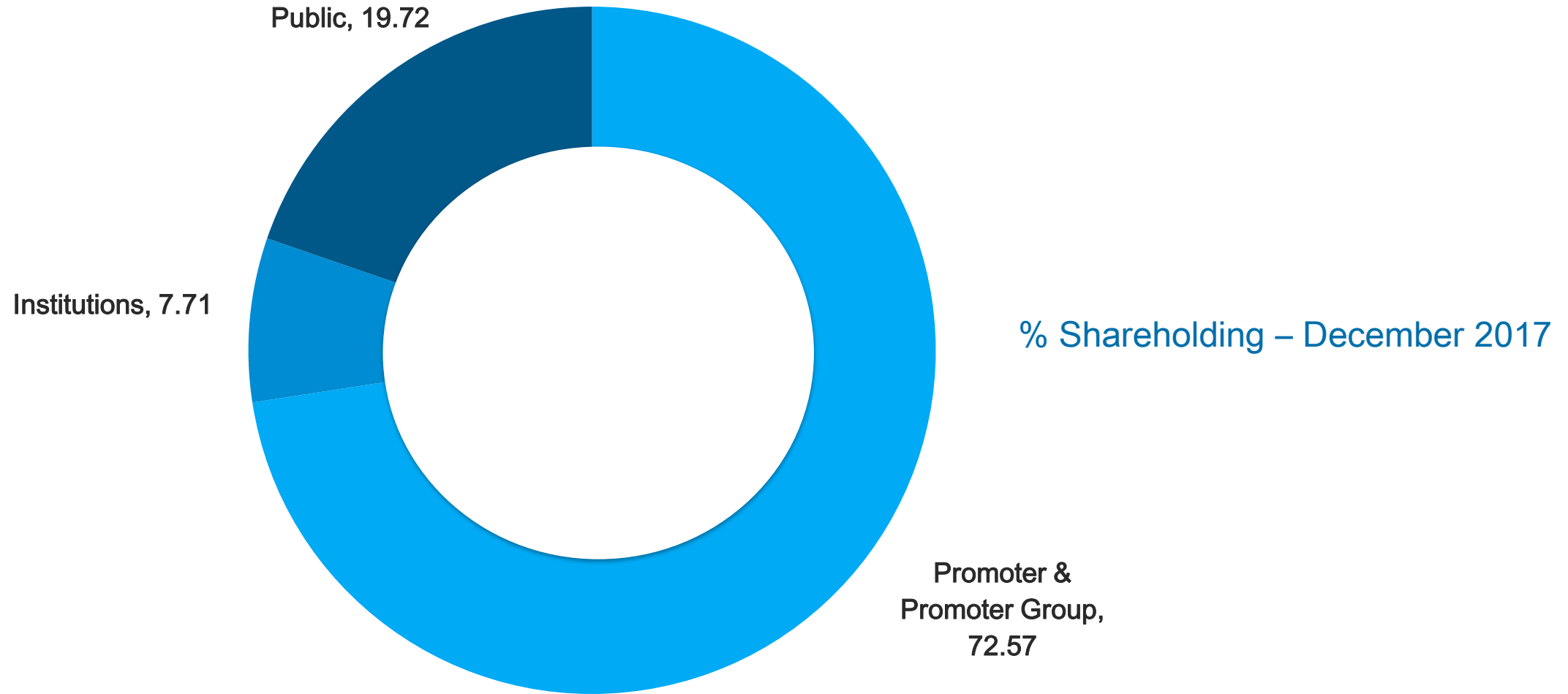
Head	Standalone			
	Q3 FY18,a	Q3 FY17,a	9M FY18,a	9M FY17,a
Expenses				
Direct Cost / Revenue	5.0%	8.5%	5.1%	8.2%
R&D / Revenue	21.4%	29.0%	21.2%	23.0%
S&M / Revenue	34.7%	32.2%	26.6%	23.1%
G&A / Revenue	18.4%	21.3%	18.0%	17.3%
Total Cost / Revenue	74.4%	82.5%	65.8%	63.5%
Margin				
Gross Margin	95.0%	91.5%	94.9%	91.8%
EBIDTA	20.6%	9.0%	29.1%	28.3%
EBIT	9.9%	-4.9%	19.0%	17.4%
PBT	18.1%	9.0%	27.3%	27.9%
PAT	12.5%	4.8%	18.3%	17.1%

DECEMBER 31, 2017 STANDALONE BALANCE SHEET

Particulars (In Rs Mn)	Dec-17	Dec-16	Particulars (In Rs Mn)	Dec-17	Dec-16
Share Holder's Funds:			Non-Current Assets:		
Equity Share Capital	703.2	700.9	Property, plant and equipment	1,655.5	1,848.7
Share application money pending allotment	-	0.1	Capital work-in-progress	137.1	126.2
Reserves And Surplus	6,266.8	5,847.8	Other Intangible assets	43.3	74.6
Total Shareholder Funds	6,970.0	6,548.8	Non-current financial assets		
Non-Current Liabilities			Investments	335.0	325.8
Net employee defined benefit liabilities	25.4	22.4	Loan and Security Deposits	3.2	-
Current Liabilities:			Bank Balances	3.6	1.2
Trade and Other Payables	378.0	350.3	Deferred tax assets (net)	65.1	83.8
Other Financial Liabilities	12.6	13.0	Non-current tax assets (net)	300.8	206.4
Other Liabilities	94.3	120.4	Other non-current assets	82.9	15.5
Net employee defined benefit liabilities	13.7	14.6	Total Non-Current Assets	2,626.6	2,682.3
Current Tax Liabilities (Net)	213.6	62.2	Current assets:		
Total Current Liabilities	712.2	560.5	Inventories	47.9	59.5
Total Equity & Liabilities	7,707.5	7,131.7	Investment in Mutual Fund	2,807.7	1,306.1
			Trade and other receivables	513.9	822.1
			Investment in Fixed Deposit	1,514.2	2,046.5
			Bank Balances & Cash and Cash Equivalents	51.1	68.0
			Loans and Security Deposits	8.4	8.6
			Interest accrued	50.5	85.3
			Other Current assets	87.4	53.4
			Total Current Assets	5,080.9	4,449.5
			Total Assets	7,707.5	7,131.7

NOTE: Certain figures have been re-grouped wherever necessary

SHAREHOLDING STRUCTURE



Source – BSE

FOR FURTHER QUERIES



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