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Allsec delivers robust growth post acquisition by Quess; PAT up by ~7X

Chennai, India – 23rd October 2019: Allsec Technologies announced today its financial results for the **second quarter (Q2'20) and Half year (H1'20) ended 30 September 2019**. The key consolidated financials are:

In ₹ Lakhs

Particulars	Q2 FY 20	Q2 FY 19	YoY (%)	Q1 FY20	QoQ (%)	H1 FY20	H1 FY19	YoY (%)
Revenue	7,905	6,875	15%	7,192	10%	15,097	13,173	15%
EBITDA	2,118	395	436%	1,910	11%	4,028	1,379	192%
EBITDA Margin	26.79%	5.75%	2104 bps	26.56%	23 bps	26.68%	10.47%	1621 bps
PBT	1,711	465	268%	1,478	16%	3,189	1,544	107%
PAT	1,344	196	584%	1,208	11%	2,552	1,008	153%
PAT Margin	17.0%	2.9%	1414 bps	16.8%	20 bps	16.9%	7.6%	925 bps
Diluted EPS (in ₹)	8.82	1.29	584%	7.93	11%	16.74	6.61	153%

On Sep 10, 2019, the Company acquired the HR Compliance business of M/s Coachieve Solutions Private Limited (a wholly owned subsidiary of Quess Corp Limited) via a slump sale. The transaction has been EBITDA accretive by INR 92 Lakhs for YTD FY20. As per IndAs 103, the results of Coachieve need to be included in the Allsec financial performance.

Q2 FY20 Financial Highlights adjusted for the impact of IndAs116 and Coachieve

in ₹ Lakhs

Particulars	Q2 FY20				Q2 FY19	
	Results with Ind As 116 & Coachieve (A)	Ind As116 (B)	Coachieve (C)	Operating Results (A-B-C)	Q2 FY19	YoY (%)
Revenue	7,905	-	1,043	6,862	6,875	(0%)
EBITDA	2,118	356	65	1,697	395	329%
Depreciation & Amortisation	478	337	3	138	125	11%
Finance Costs	61	49	12	0	9	(96%)
Other Income	133			133	204	(35%)
PBT	1,711	(30)	50	1,691	465	263%
Tax	367	(9)	0	376	269	40%
PAT	1,344	(21)	49	1,316	196	570%
Diluted EPS (in ₹)	8.82	(0.14)	0.32	8.63	1.29	570%

- Our **Quarterly Revenue excluding Anti Money Laundering (AML)** grew **17% YoY**. This was achieved on account of the following:
 - Our **Customer Lifecycle Management (CLM)** segment revenue increased by **20% YoY** to **₹51.3 cr** in Q2 FY20 as against ₹42.9 cr in Q2 FY19.
 - The **Human Resource Operations (HRO)** segment revenue increased by **22% YoY** to **₹17.3 cr** in Q2 FY20 as against ₹14.2 cr in Q2 FY19. QoQ HRO revenue increased by **10%**.
 - There were no revenues in the AML since Q3 FY19. Revenue in Q2 FY 19 was ₹11.6 cr
- Our **Quarterly EBITDA** grew by **329% YoY** to **₹16.9 cr**. Q2 FY19 had a one time legal cost of ₹8.3 cr, excluding which, the EBITDA grew by **39%**.
- **Quarterly EBITDA Margin** stood at **24.7%** as against **17.7%** (adjusted for one time cost of ₹ 8.3 cr) in Q2 FY19.
- Our **Quarterly Profit after Tax (PAT)** stood at **₹13.1 cr** as compared to ₹10.2 cr (adjusted for one time cost of ₹8.3 cr) in Q2 FY19 which represents a growth of **28% YoY**.
- **Diluted Earnings Per Share (EPS)** stood at **₹8.63** for Q2 FY20 as against ₹6.71 (adjusted for one time cost of ₹8.3 cr) in Q2 FY19

H1 FY20 Financial Highlights adjusted for the impact of IndAs116 and Coachieve

Particulars (in ₹ Lakhs)	H1 FY20				H1 FY19	
	Results with Ind As 116 & Coachieve (A)	Ind As116 (B)	Coachieve (C)	Operating Results (A-B-C)	H1 FY19	YoY (%)
Revenue	15,097	-	1,497	13,600	13,173	3%
EBITDA	4,027	744	92	3,191	1,379	131%
Depreciation & Amortisation	982	704	3	275	251	10%
Finance Costs	135	105	12	18	16	13%
Other Income	279			279	432	(35%)
PBT	3,189	(65)	77	3,177	1,544	106%
Tax	637	(19)	0	656	536	22%
PAT	2,552	(46)	77	2,521	1,008	150%
Diluted EPS (in ₹)	16.75	(0.30)	0.50	16.55	6.61	150%

- Our **H1 revenue** grew **3%**. This was achieved on account of the following:
 - Our **Customer Lifecycle Management (CLM)** segment revenue increased by **27%** YoY to **₹102.9 cr** in H1 FY20 as against ₹80.9 cr in H1 FY19.
 - The **Human Resource Operations (HRO)** segment revenue increased by **22%** YoY to **₹33.1 cr** in H1 FY20 as against ₹27.2 cr in H1FY19.
 - The **Anti Money Laundering (AML)** segment had a revenue of ₹23.7 cr in H1 FY19 while we had no revenues in this segment in H1 FY20.
- Our **H1 EBITDA** grew by **131%** YoY to **₹31.9 cr**. H1 FY19 had a one-time cost of ₹9.2 cr relating to a legal case in US, excluding that EBITDA grew **39%**
- **H1 EBITDA Margin** stood at **23.4%** as against **17.4%** (adjusted for one time cost of ₹9.2 cr) in H1 FY19.
- Our **H1 Profit after Tax (PAT)** stood at **₹25.2 cr** as compared to ₹19.3 cr (adjusted for a one-time cost of ₹9.2 cr) in H1 FY19, which is a growth of **31% YoY**.
- **Diluted Earnings Per Share (EPS)** stood at **₹16.55** for H1 FY20 as against ₹12.67 (adjusted for one time cost of ₹9.2 cr) in H1 FY19.

Key Update

Mr. Ashish Johri joined as Chief Executive Officer of the Company from October 1, 2019. Ashish is an MBA from Purdue University, USA. He is an entrepreneurial leader with 24 years of diverse experience in Business Process Outsourcing, Global Operations, Banking and Analytics.

Segment Wise Performance

In ₹ Lakhs

Particulars	Q2 FY 20	Q2 FY 19	YoY (%)	Q1 FY20	QoQ (%)
CLM					
Revenue	5,132	4,294	20%	5,159	(1%)
EBIT	950	810	17%	980	(3%)
EBIT Margin	18.51%	18.86%	-36 bps	19.00%	-49 bps
HRO (excluding Coachieve)					
Revenue	1,729	1,416	22%	1,579	10%
EBIT	675	563	20%	610	11%
EBIT Margin	39.03%	39.75%	-72 bps	38.63%	39 bps
AML					
Revenue		1,165		-	
EBIT	(62)	(299)		(1)	

➤ Customer Lifecycle Management (CLM):

- The CLM India domestic business sustained its performance in the current year with a Revenue of **₹18.9 cr**, growing **18%** YoY and flat QoQ . The increase primarily came from deepening relationship with existing customers.
- CLM International business Revenue was **₹32.2 cr**, a YoY growth of 15% and a flat QoQ.
- CLM Headcount stood at 2,923 employees- an increase of 121 from Q1 FY20.

➤ Human Resources Operations (HRO):

- Our **HRO** India domestic business grew 16% YoY to **₹12.8 cr** in Q2 FY20 as against ₹10.7 cr in Q2 FY19. On a sequential basis the revenue grew 7%.
- HRO international business grew 23% YoY to **₹4.5 cr** as against ₹3.5 cr in Q1 FY19.
- During the quarter we added 10 new customers in the domestic space and 3 customers in the international space.
- HRO headcount was 398 employees, an increase of 8 from Q1 FY20,

Commenting on the financial results, Chairman Mr. Ajit Isaac said that, “Allsec delivered a robust financial performance during the quarter, with strong Revenue growth and 5 times increase in EBITDA, on a year-on-year basis. With integration to Quess group almost complete and having established a strong sales infrastructure, we believe that the Company is well positioned for further growth. Under the leadership of the new CEO Ashish, we are confident that the Company will scale new heights”.

About Allsec Technologies Limited:

Allsec Technologies Limited (BSE: 532633, NSE: [ALLSEC](#)), headquartered in Chennai has been a pioneer in the HRO space and is today the second largest Payroll Service Provider in India. Founded in 1998, Allsec has emerged as a global brand, offering high-end business process solutions across key industry verticals in 40 countries. With ~ 4,000 employees across India, UK, Philippines and the US, Allsec processes about 6 lakh pay slips each month for over 200 legal entities around the world. Over the years, the company has built lasting relations with customers in the areas of Human Resource Management System (HRMS), Business Expenses Management, and HR Compliance. Allsec's unique *SmartHR* and *SmartPay* platforms are designed to address the complex challenges in today's HR environment, and the company has integrated the latest in tech – Robotic Process Automation (RPA), Smart Analytics, Chatbots and Mobility for enhanced employee engagement.

For further details on Allsec Technologies Limited., please visit: <http://www.allsectech.com>.

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