

Date: October 03, 2023

National Stock Exchange of India Limited
Exchange Plaza
C-1, Block G, Bandra Kurla Complex,
Bandra (E), Mumbai-400051

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai-400001

Company Symbol: SIS

Company Code: 540673

Dear Sir/Madam,

Sub.: Investor Presentation

Ref: Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

In continuation to our letter dated September 15, 2023, please find enclosed a copy of the presentation made to the institutional investors and analysts.

The above information will also be made available on the Company's website at <https://sisindia.com/investor-presentation/>

Kindly take note of the same.

Thanking you.

For **SIS Limited**

PUSHPA LATHA KATKURI
Digitally signed
by PUSHPA
LATHA KATKURI
Date: 2023.10.03
20:09:11 +05'30'

**Pushpalatha K
Company Secretary**

SIS Limited

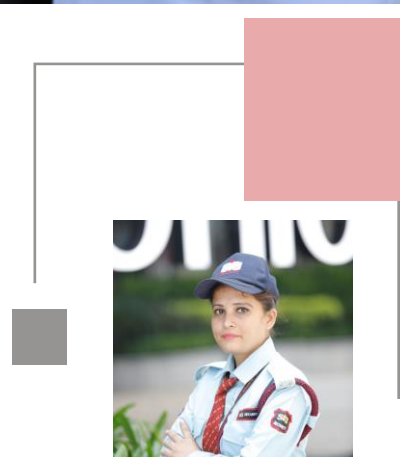
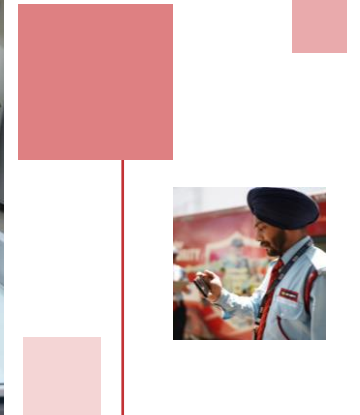
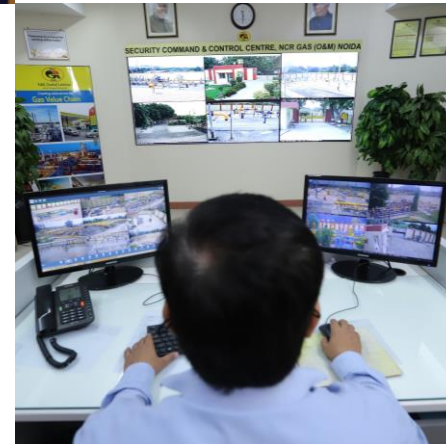
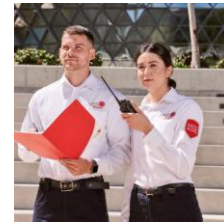
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A Market Leader in
Security, Cash Logistics
& Facility Management

Investor and Analyst Meet FY24

*3rd October 2023
Sofitel, Mumbai BKC*










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Disclaimer

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Management Participants



Mr. Rituraj Sinha
Group Managing Director



Mr. Dhiraj Singh
CEO SIS India



Mr. Devesh Desai
Group CFO



Mr. Bharat Bakhshi
President – M&A, IR and Ventures

Particulars

Time

**Event Registration and
Service Experience Zone**

3:30 PM – 4:15 PM

**Presentation by the
Management**

4:15 PM – 5:15 PM

Q&A session

5:15 PM – 6:00 PM

A business services platform

Fastest growing security and facility management solutions brand in India, with an extensive pan-India footprint, ranked as #1 player in both – Security and Facility Management and #2 in Cash Logistics. SIS also offers security solutions in Australia, New Zealand and Singapore and is the #1 security solutions provider in Australia.

Billion-Dollar Business Services Powerhouse



94% Customer retention;
amongst the top few
companies in India



Leadership position in Security
& Facility Management
Solutions (#1), and #2 in Cash
Management Solutions in India



#1 Security solutions provider
in Australia, among top 3 and
top 5 in New Zealand and
Singapore respectively



2.83+ Lakhs employees



21K + Customer base
and 70K+
customer sites



334 Branches in India
across 36 states/UTs

ROCE and OCF/EBITDA remained in double digits in both the high growth and even during the moderate growth phase

Avg. ROCE



~19%

FY18 → FY23

Avg. OCF/EBITDA

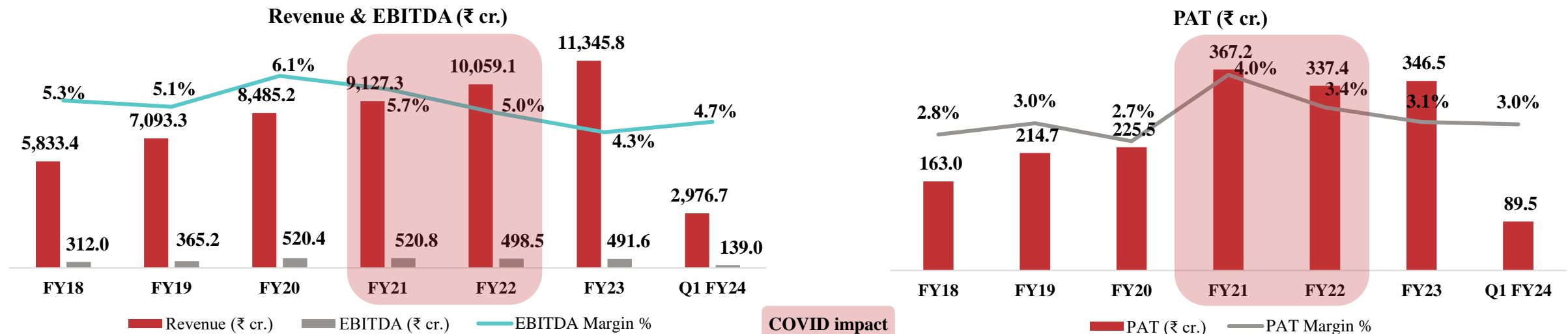


~60%

FY18 → FY23

Robust growth since IPO, including 2 years of Pandemic

Due to the company's recession resistant model, SIS had only a temporary hit on its margins, and is now on track to achieve pre-Covid level margins.

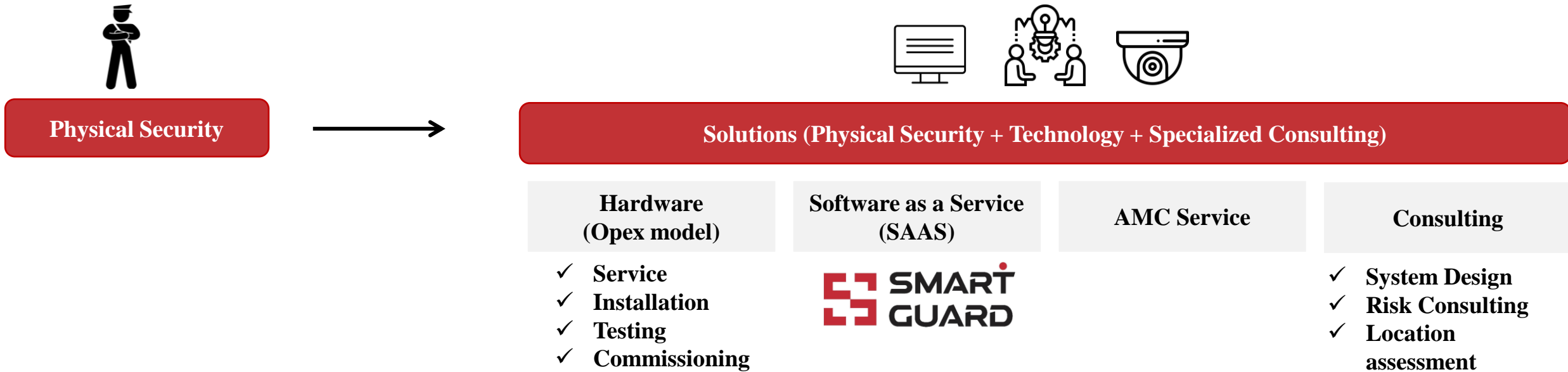


- Margin improvement initiatives in the Security Solutions – India segment led to consistent improvement in EBITDA margins % over the last 3 quarters.
- *This will serve as a template for other SBUs and is likely to further increase the group level margins.*

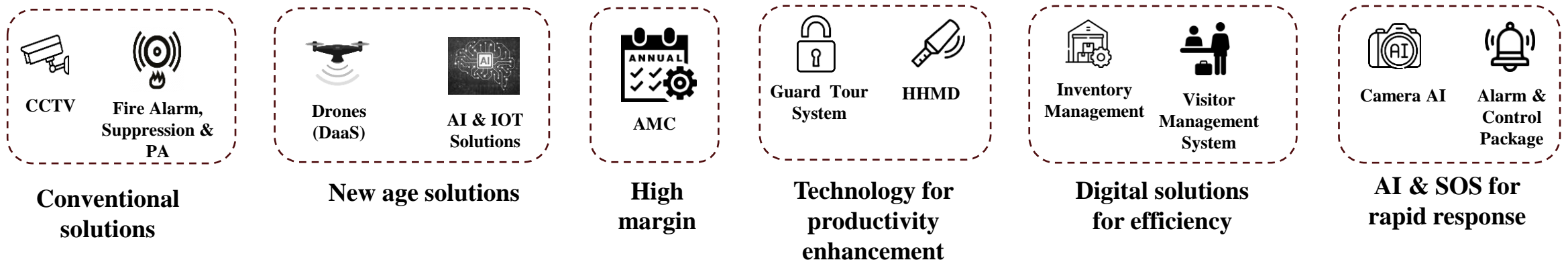
Due to the highly stable and predictable business model and resilience to economic variations, SIS experienced limited impact by the pandemic.

Enhancing scale with the support of technology solutions

SIS is transitioning to a solutions model



SIS is focusing on electronic security solutions for productivity enhancement, efficiency and rapid response



Productivity tools to enhance customer value propositions

Facial recognition-based attendance mobile app



Real time status ensures accurate attendance including shortage status



Validated attendance for billing



Timely wage generation & error-free payment leads to better service quality & retention



Accurate statutory payments and timely documentation for audits

Digital Training Platform



Deployment of trained personnel
→ Zero investment in training



Seamless knowledge transfer



Continuous upskilling ensures better service



Reduced risks of incidents/lapses

Automated Recruitment Kiosk



Deployment of personnel as per customer's requirements



Classification of guards based on customer criteria



Real time access to the credentials of deployed staff

Operations Productivity Platform



Day and night checks by personnel leads to better services



Proactive knowledge of threats prevents financial losses



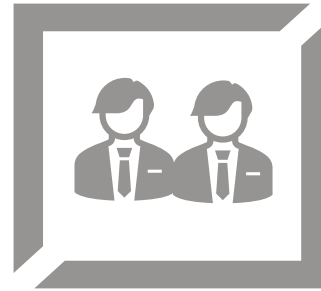
Easy access to documents of deployed personnel for audits

Development Focus



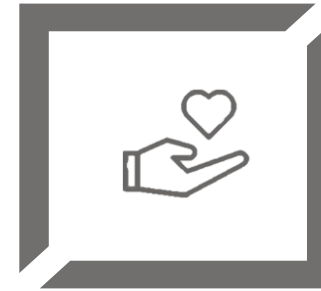
- SIS focuses on the development of its
 - **front-line workers** through residential and on-the-job training programs for supervisory roles
 - **corporate employees** through classroom and on-the-job training to prepare employees for mid to senior management roles.

Leadership Stability



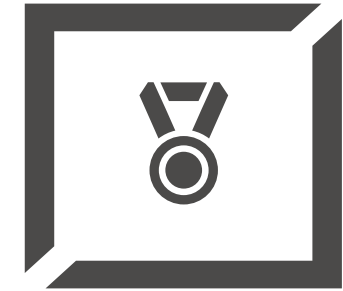
- Senior management experience: 30 years (Avg.).
- Mid to Senior management experience: ~15 years (Avg.).
- Senior management has worked across the US, Singapore, Australia and New Zealand besides India.

Safety & Well-being



- Significant focus on employee wellness: SIS conducts health check-ups and blood donation camps, organizing health & nutrition programs and building associated infrastructure.
- Humare Heroes COVID Welfare Fund (HHCWF), with a corpus of ~₹10 cr. was created to offer financial support to employees/families in the event of a COVID-19 infection and unfortunate death. The fund supported ~8,000 beneficiaries.

Great Place To Work (GPTW) recognition



- SIS was ranked #4 amongst the “Best Companies to Work For in India” by GPTW
- Honored to be recognized by GPTW as among India’s top 50 Large Workplaces “Building a Culture of Innovation by All” for ‘23-’24.
- Humbled to be recognized as amongst the best places to work for even with a primarily frontline workforce.

Business Services: Drivers for Growth

Growth in Minimum Wage

- Typically revised twice every year, growth in minimum wage leads to topline growth
- Minimum wage typically increases by 6-7% on an average.



Rapid Urbanization

- Rapid urbanization across Metros and tier I, II and III cities leads to adoption of compliant and integrated security and facility management solutions providers

Increased cross sell and high demand for OneSIS business

- As an indicative figure, for a recent month, OneSIS served a total of 357 clients of which ~96% are Multi-SIS contracts.
- OneSIS is present in 26 states across tier I and tier II cities.
- OneSIS Business Mix: Corporate (40.0%), Co-working (29.0%), Residential (26%) and Retail (5.0%)

Opportunities in new and upcoming sectors

- Increased opportunities in sectors like data centers, residential & commercial real estate, etc.
- Growth in infrastructure and manufacturing sectors to enhance demand for security and facility management solutions
- India's infrastructure sector is expected to grow at a CAGR of 9.6%+ to US\$ 294.1 Bn by 2028 from US\$ 186.2 Bn in 2023*

*Source: [Mordor Intelligence](#)

Towards Vision 2025

Transforming our market leadership into market share dominance

Growth Drivers



Public and private capital expenditure



Growth in residential and commercial real estate



Increase in demand for integrated services



Industry consolidation: Unorganised to organised market

Transitioning from a Services Company to a Solutions Company

Growth Drivers



Focus on ManTech → Industry trend: ATMs replacing physical security with alarm monitoring



Additional incentives for cross-selling and selling ManTech solutions

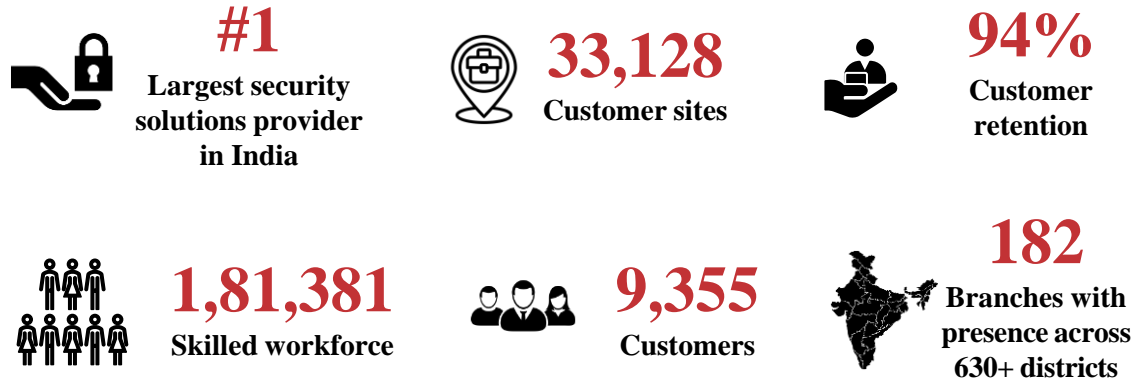


Integrating SaaS across verticals

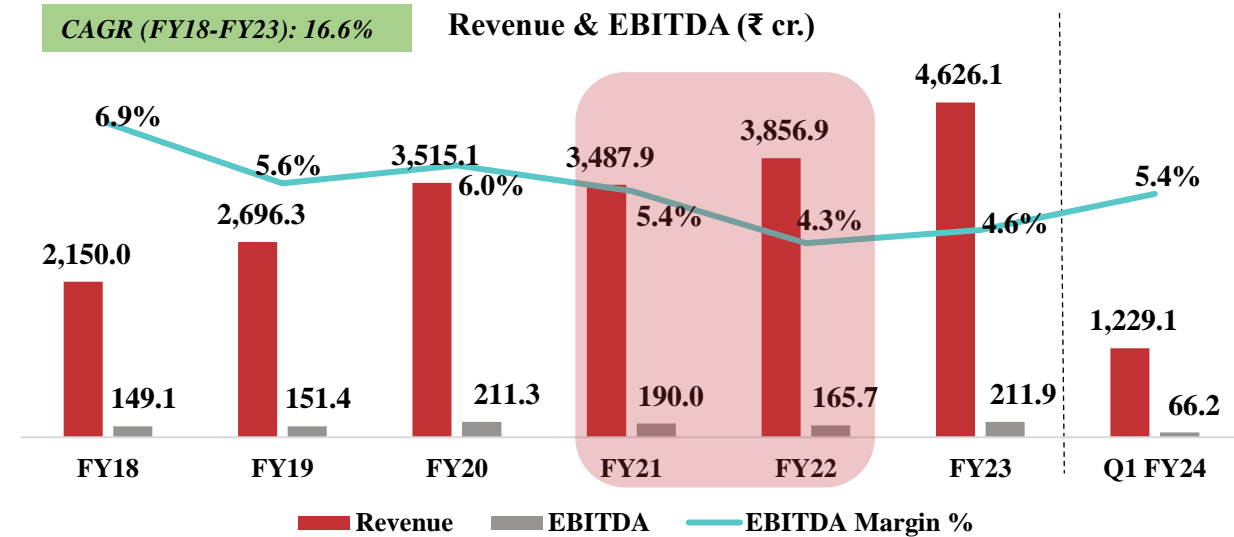
Security Solutions – India

#1 in the Industry: Continued Market Leadership

SIS leadership*



Robust revenue growth with EBITDA margins returning to pre-COVID levels



Margin Improvement Initiatives



Securing new contracts with stringent minimum margin requirements



Contract price revision



Tight control on SG&A costs



Weeding out contracts not meeting the minimum margin requirements

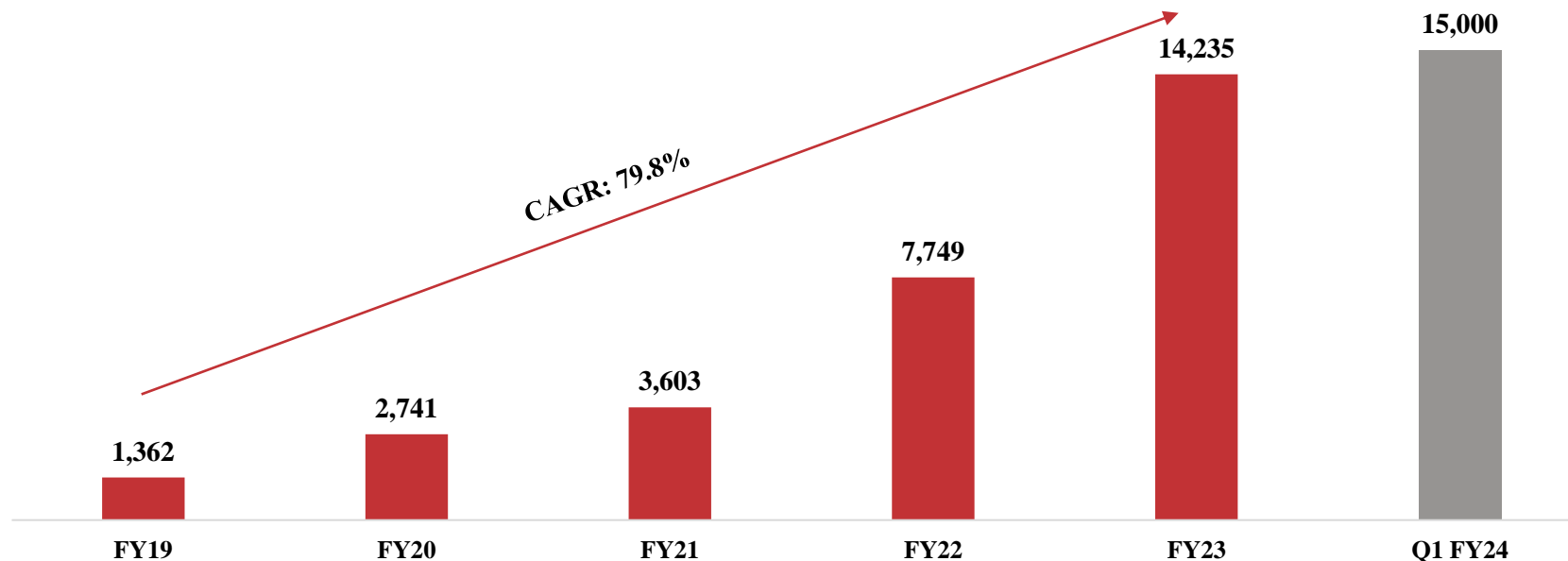
Fastest growing security solutions brand in India, with an extensive pan-India coverage, ranked as the No. 1 player in the industry

Enhanced focus on solutions and e-surveillance to drive growth

Increasing demand for technology solutions

- Rising labor costs, skilled resource shortages, complicate security requirements leading to a demand for advanced technology-based security solutions.
- On track to become the largest e-surveillance company in India within a short span of 5 years*

VProtect: Alarm Monitoring and Response Business Customer Connections



SIS is well positioned for the future of the security industry with a focus on integrated solutions

*Since FY20, when VProtect became a 100% subsidiary of SIS Group

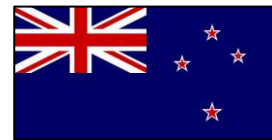
Security Solutions – International

#1



Australia

Among top 3



New Zealand

Among top 5



Singapore

**Leadership position in security and safety services
in the APAC region focusing on regulated markets
and generating consistent profitable growth.**

Security Solution – International: Competitive advantages



Hedge for the India business

During COVID, the Security Solutions – International business won high margin contracts which provided a cushion to the overall group in a volatile environment.



Stability

The Security Solutions – International business offers a stable growth of 5-8%, ahead of the average GDP growth rate in the developed markets we operate in.



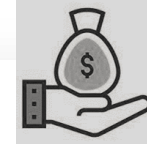
Inorganic opportunities

Successfully integrated past acquisitions with robust growth, expansion of service offerings and geographical footprint post acquisitions.



Working capital cycle

Robust working capital cycle with low DSO days of 58 (on avg.) over the last 5 years.



Access to low cost funding

SIS has raised low-cost international debt to fund our inorganic growth.

Fundamentally a solid, stable business

The international business has maintained its leadership while also leveraging acquisitions to drive growth

#1 Security services provider in Australia

Delivering through

3

main brands

A\$0.8B

Revenues

7,500+

Employees



Supporting

4,300+

Customers

Serving through

34

Branches

Retention of

94%

Clients

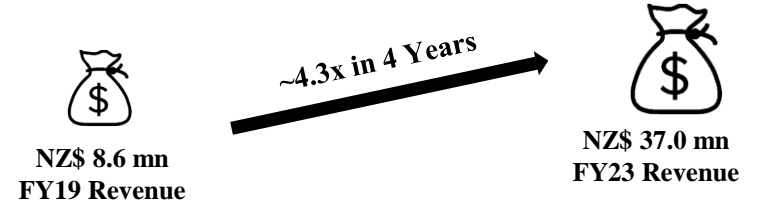
The Security Solutions business in Australia has grown ~4.0x in 5 years (FY18-FY23), ahead of the real GDP growth rate of Australia

Successful Acquisition in New Zealand



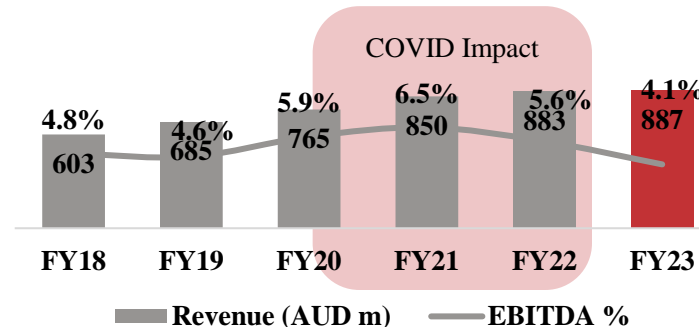
Evolution of P4G since acquisition

	FY19	FY23
 Market Share	Within top 10	Among top 3
 Services	Primarily Guarding	Guarding, Patrols and Alarm Monitoring
 Presence	Auckland	Auckland, Christchurch, Wellington



Back to pre-COVID margin levels

- Pre-COVID margins of ~4.5% impacted by labour shortages which continues to have an impact on the costs through FY23 and beyond
- However, high value contracts in COVID years (Starting late FY20 internationally) led to high margins.



Margin improvement initiatives:

- Improvement of current under-performing contracts
- Enhancing recruitment and retention outcomes by increasing employee benefits
- Bundling tech and solutions with current offerings
- Internal systems and technology upgrades

Henderson Journey: Path to profitability



Feb., '19

Acquired majority stake in Henderson



Mar., '20

Singapore closes its borders due to COVID



Jan., '21

Average Progressive Wage Model (PWM) hike of 11.6%



Feb., '21

Acquired the balance stake in Henderson as per contract



Apr., '22

Singapore opens its borders



Jan., '23

Average PWM hike of 13.3%

Drivers of slowdown in the business



COVID Impact

- Singapore had a tight COVID control regime
- Employees were entitled to 14 days of sick leave
- Participants in the labour market moved out due to high risk of contracting COVID in a front-line job
- Customers reduced requirements



Border Closures

- Singapore's security industry is heavily dependent on the migrant workforce from Malaysia, that travel every day to work
- The workforce, with the border closures, dried out for 2 years, between Mar. '20 and Apr. '22
- There was a lag in return of Malaysian workforce post opening of the borders



PWM Increases

- Mismatch between customer expectations on rate increases vis-à-vis mandated wage increases



Effects of Slowdown



- Severe labour shortage



- Customer contracts – Expensive to service



- Strategic downsizing until after-effects recede

Turnaround Plan



- Successful recruitment camps for workforce from Malaysia and Singapore



- Introduction of tech and shared services to reduce dependency on labour



- Outcome-based contracting



- New wins are priced as per PWM norms



- Organisational changes

Facility Management Solutions

Facility Management Solutions: A Bourgeoning Segment

Integrated Facility Management (IFM): Growth drivers



Increase in public and private capex across residential and commercial real estate



Professional IFM is now essential for residential, retail and commercial facilities, as it extends asset life while adhering to international standards of health and safety

Demand for FM across sectors including manufacturing, healthcare, hospitality to drive demand for IFM.

An in depth look at the hospital sector indicates the potential for our FM solutions segment



100 Smart Cities expected pan India

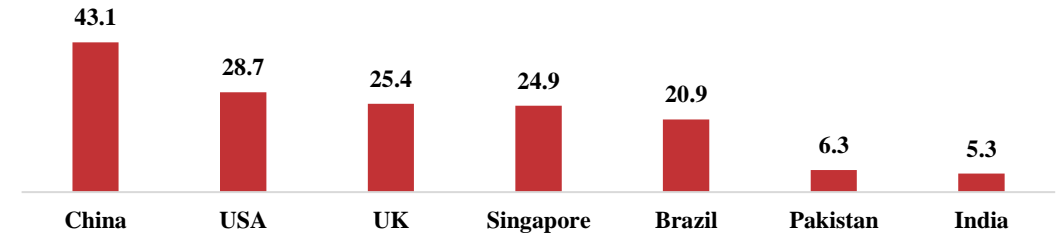


Cost saving and the ability to focus on core activities are enabling clients to outsource IFM services

Hospitals in India: Poised for growth

- Number of hospital beds in India is abysmally low and there is an urgent requirement to improve the healthcare infrastructure

of hospital beds per 10,000 people



- India's hospital market is expected to reach \$155 B by 2031
- Our FM business is poised to benefit from growth in the demand for specialized hospital specific FM solutions given an increased focus on hygiene post-COVID.
- Our FM solutions segment has established its credentials in the hospital space with 500+ hospitals as customers.



Demand for specialized IFM across sectors will drive future growth

Strong performance despite COVID period

Standalone Powerhouse



#1



Pure-play Facility Management Solutions company in India

FY23 MRR: ₹158.3 cr.

How did we become India's premier FM brand?



Low customer acquisition cost due to our multi-industry expertise

(Healthcare, Pharma, Education, FMCG, Auto and Auto ancillary, Manufacturing, IT/ITES, Commercial/Residential sectors)



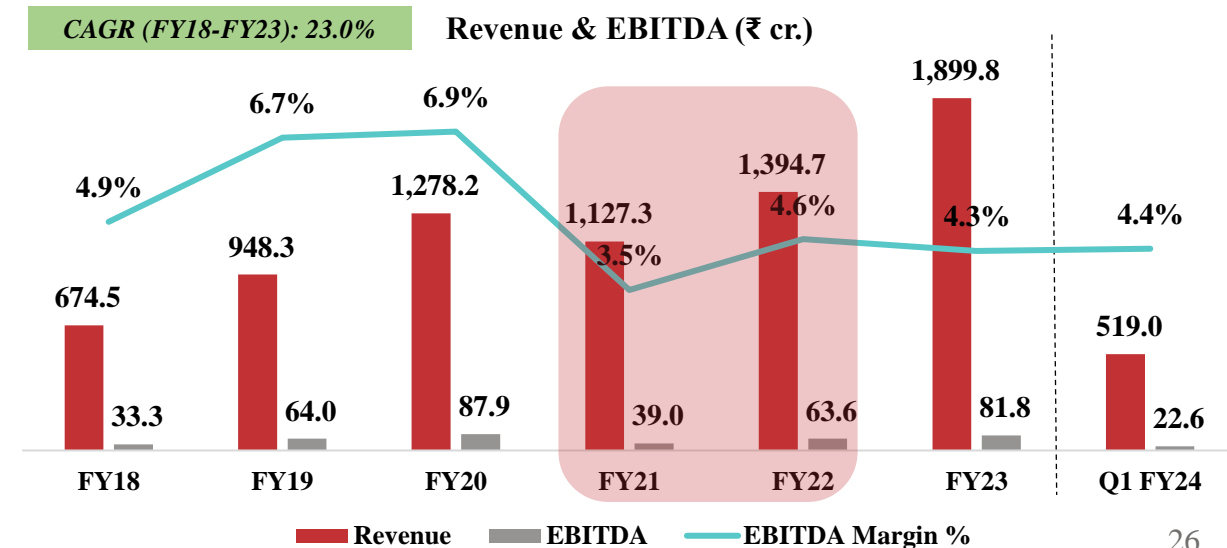
Pan India presence results in opportunities to service integrated multi-location, multi-service contracts



Diverse suite of services (i.e., Hard/Soft/Landscaping/Pest Control) helps in winning large contracts / RFPs

Focused execution of margin improvement initiatives contributed to the improvement in EBITDA Margins

- FM business achieved a CAGR of 23% (FY18-23), albeit with low margins during the COVID period.
- Corporates shifted to work from home during the pandemic and this led to a decline in margins which has now started to reverse.
- Initiatives to improve margins:**
 - Strong focus on reducing SG&A costs
 - Tail cutting of low & negative margin business and exiting any such loss making / low profit contracts
 - Signing of new contracts with higher thresholds of gross margins



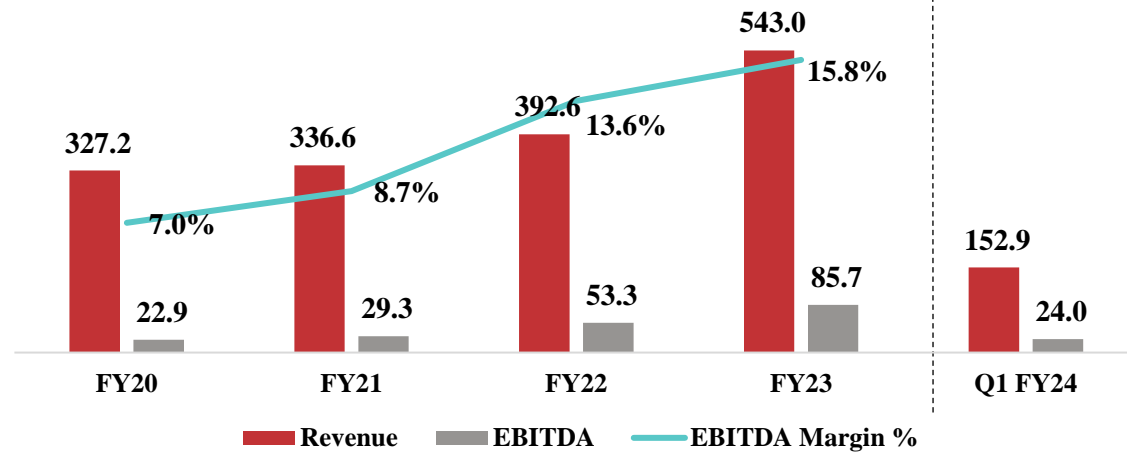
Cash Management Solutions

Superior performance even through COVID

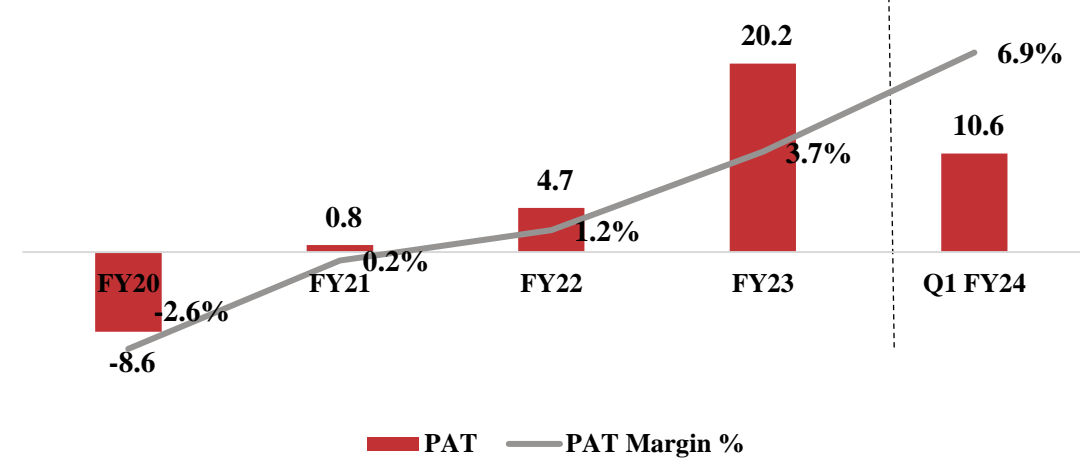
The Cash JV has had a phenomenal journey from a loss-making venture to a profitable one with robust margins since FY21.
The JV has demonstrated higher growth in profitability vs. revenue growth

CAGR (FY20-FY23): 18.4%

Revenue & EBITDA (₹ cr.)



PAT (₹ cr.) and PAT Margin %



FY20 → FY23

~1.7x

₹ Growth in Revenue

FY20 → FY23

~2.4x

₹ Growth in PAT

FY20 → FY23

630 bps

₹ Increase in PAT Margin

FY20 → FY23

1,080 bps

₹ Increase in ROE

Initiatives to further enhance profitability

SIS cash business has recovered from losses and is moving towards robust EBITDA margins by implementing the following initiatives along with adding new services i.e., **Bank Outsourcing and Support Solutions (BOSS)**

Route productivity



New contracts



Reduced insurance cost



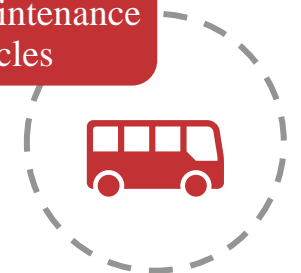
Tariff increase



Higher operating leverage



Lower expenses on repairs & maintenance of vehicles



BOSS, forming a small portion of the industry, is estimated to witness increased penetration in the market as customers increasingly outsource their cash management activities to third party service providers

New Innovative Solutions Contribution (Incl. BOSS)

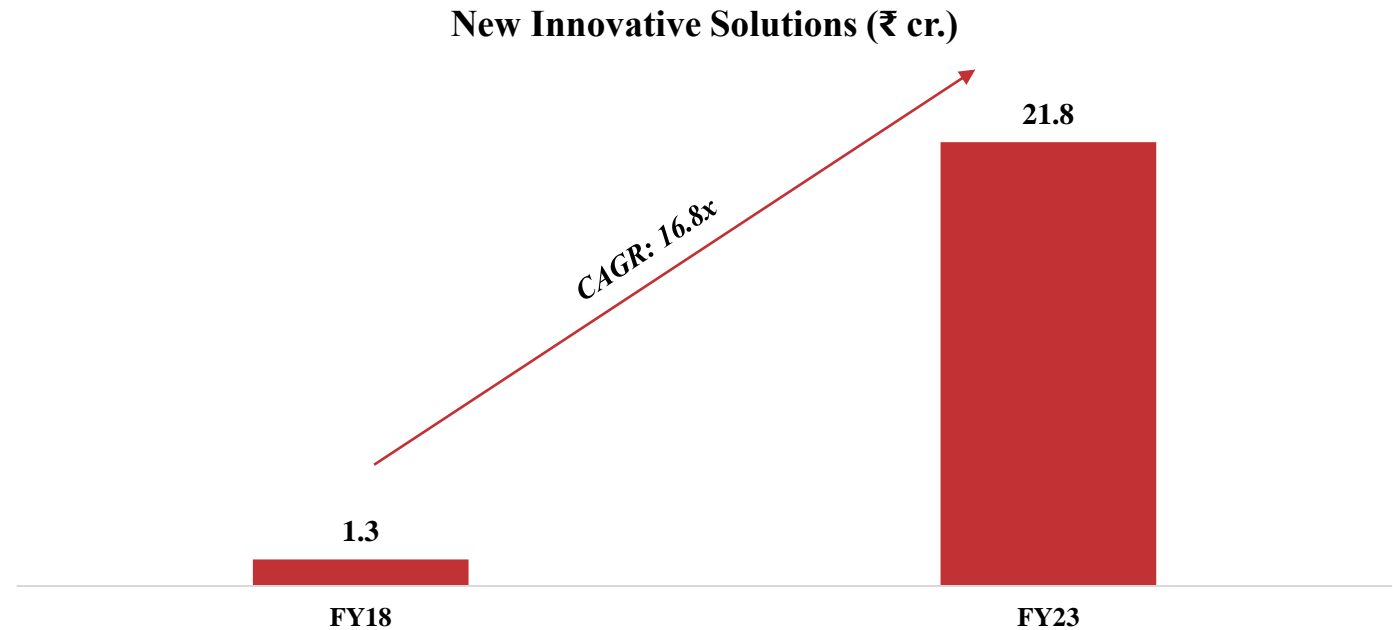
Most diversified in terms of business lines; Internationally acclaimed on risk mitigation

Traditional Services

- Cash in Transit
- Door-step Banking
- Cash Vaulting
- ATM maintenance

New Innovative Solutions

- Bullion Management
- Value Cargo
- Cash Processing
- Man Behind Counter
- Cash Today: Back-office cash solution for retail



ATM replenishment is now only ~20% of overall revenue from Cash Management Solutions.

Our M&A Engine

A unique acquisition model

Performance linked transaction model: Staggered buyout process



With the intent to acquire 100% of the target company, SIS compensates the target's shareholders based on a staggered earn-out on achieving certain financial (e.g., Revenue / EBITDA) milestones to ensure skin in the game while leaving additional upside potential.

Financial metric we consider during acquisition

IRR

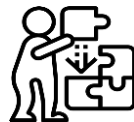
We always look for an acquisition with an IRR of at least 20%+

Valuation: SIS trades at a mid-teen EBITDA multiple and we typically pay high single digit EBITDA multiple for most acquisitions, thus ensuring a valuation buffer.

Thesis: We buy for



Enhancing
Market Share



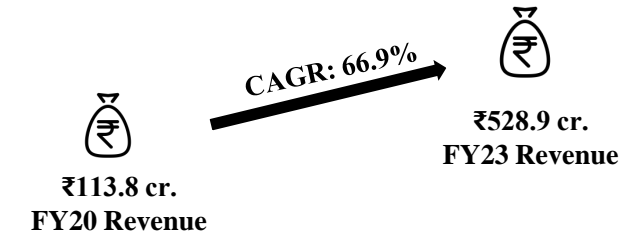
Acquiring additional
solutions and capabilities



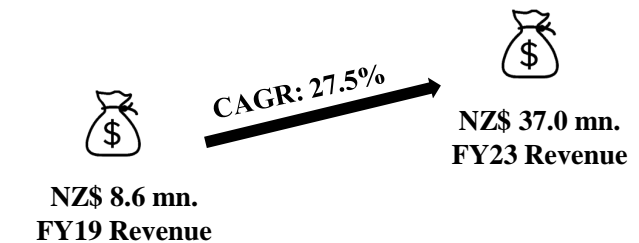
Geographical
footprint

Successful M&A Deals: Post deal business growth

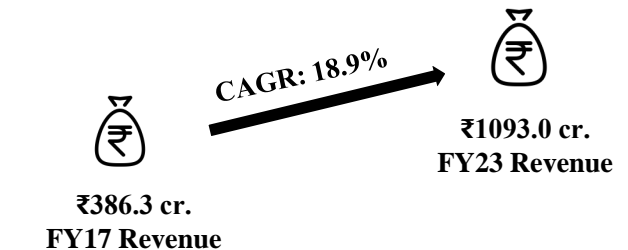
Security Solution India



Security Solution International

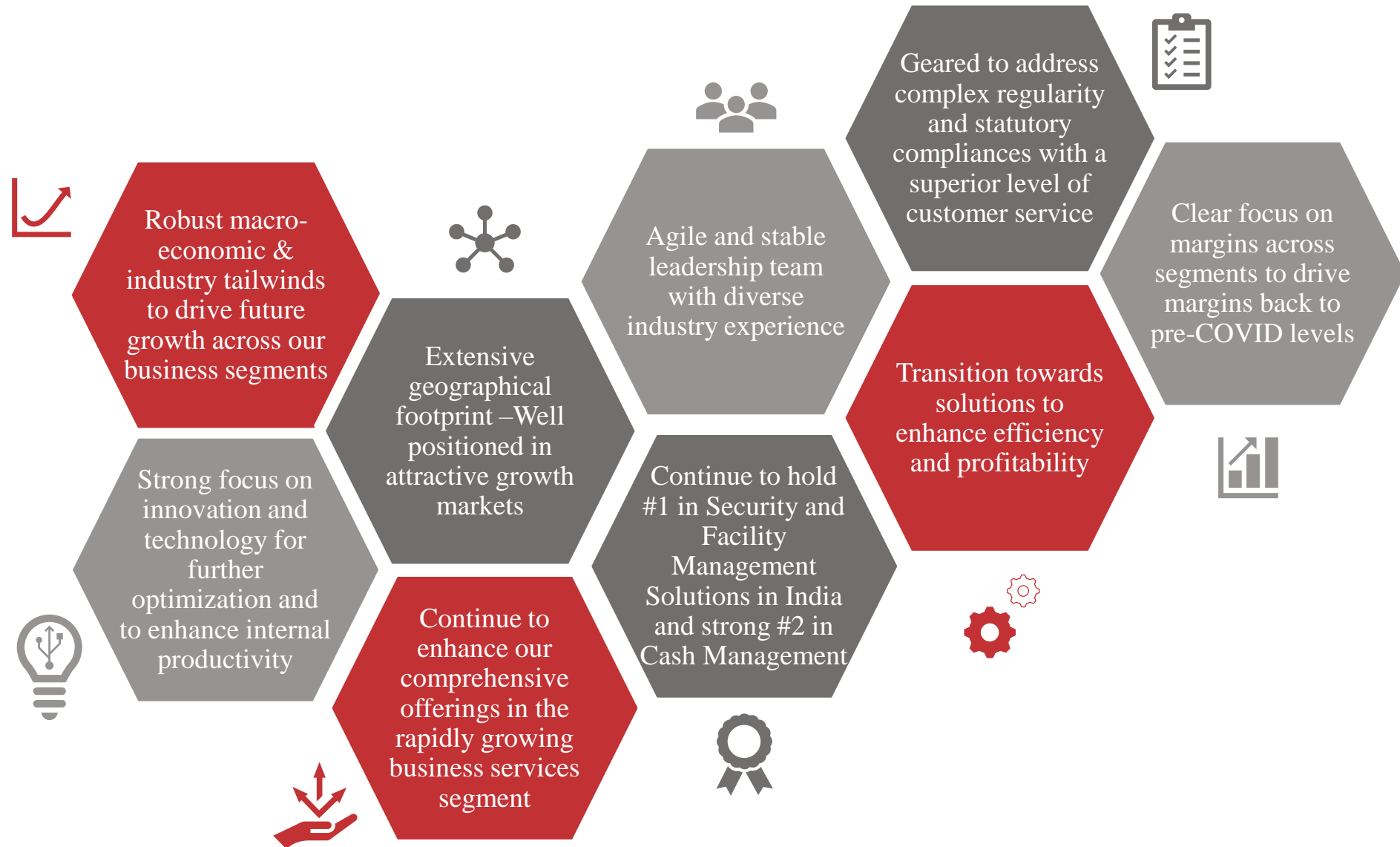


Facility Management



With COVID period behind us, SIS has restarted focusing on its inorganic journey

Long term value creation for stakeholders



Thank You
