

Date: January 30, 2019

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

NSE Symbol: SIS

BSE Code: 540673

Dear Sir/Madam,

Sub.: Investor presentation on Financial Results for Q3 & 9M FY19

Pursuant to the provisions of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the presentation on financial results for the quarter and nine months ended December 31, 2018.

This is for your information and records.

Thanking you.

Yours Faithfully,
For **Security and Intelligence Services (India) Limited**


Devesh Desai
Chief Financial Officer





A Market Leader in
Security, Cash Logistics
& Facility Management



Q3 FY19 RESULTS

January 30, 2019

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HIGHLIGHTS – Q3 FY19

1837 cr
Revenues

YoY 19.5%
QoQ 8.7%



98 cr
EBITDA

YoY 16.0%
QoQ 25.1%



59 cr
PAT

YoY 26.9%
QoQ 34.9%



Rs7.94
EPS

YoY 25.2%
QoQ 19.4%

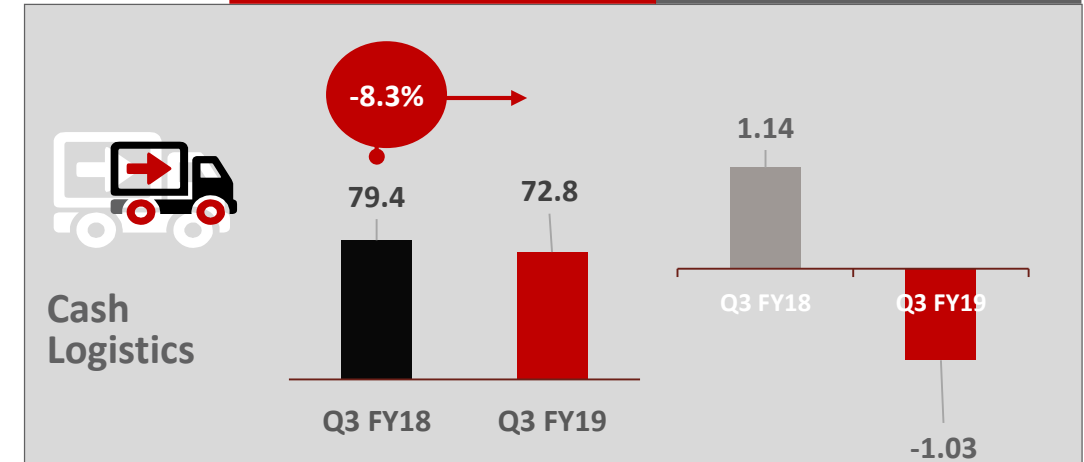
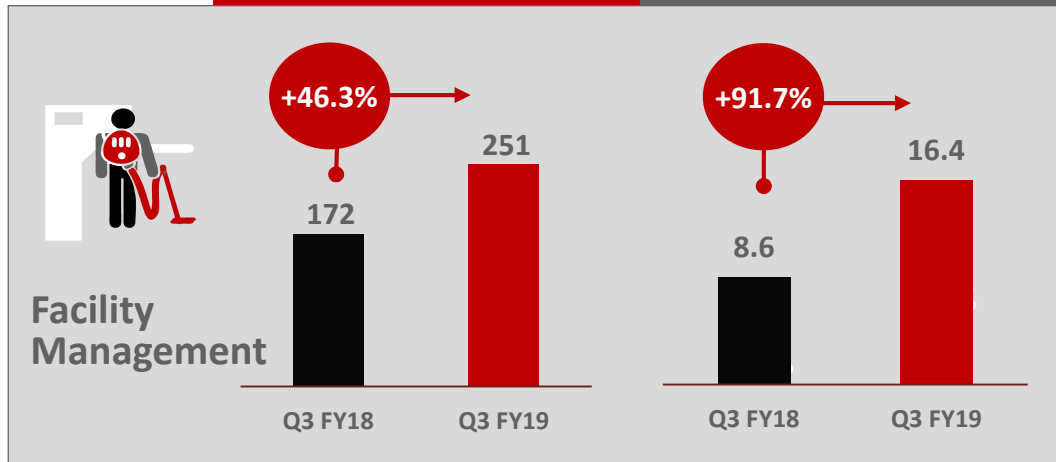
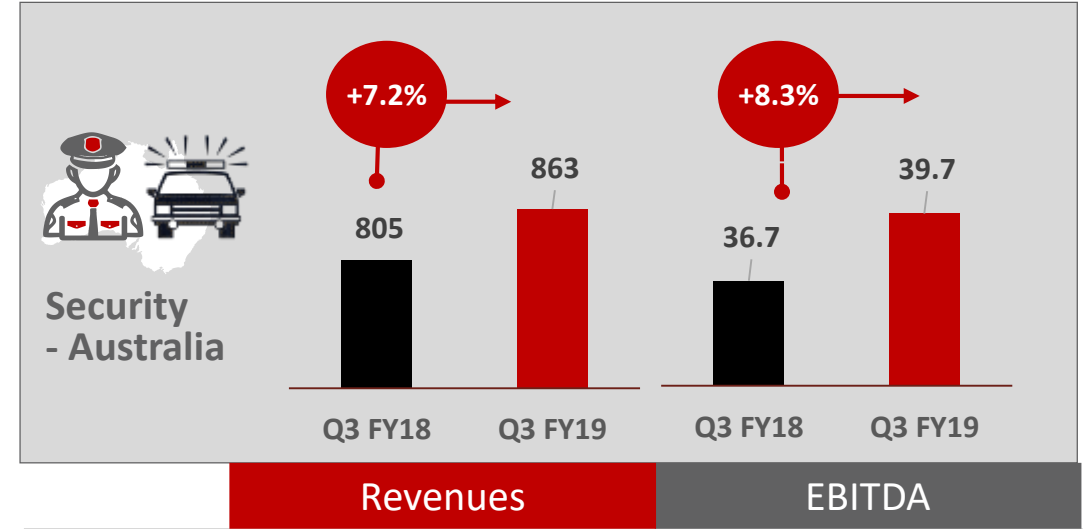
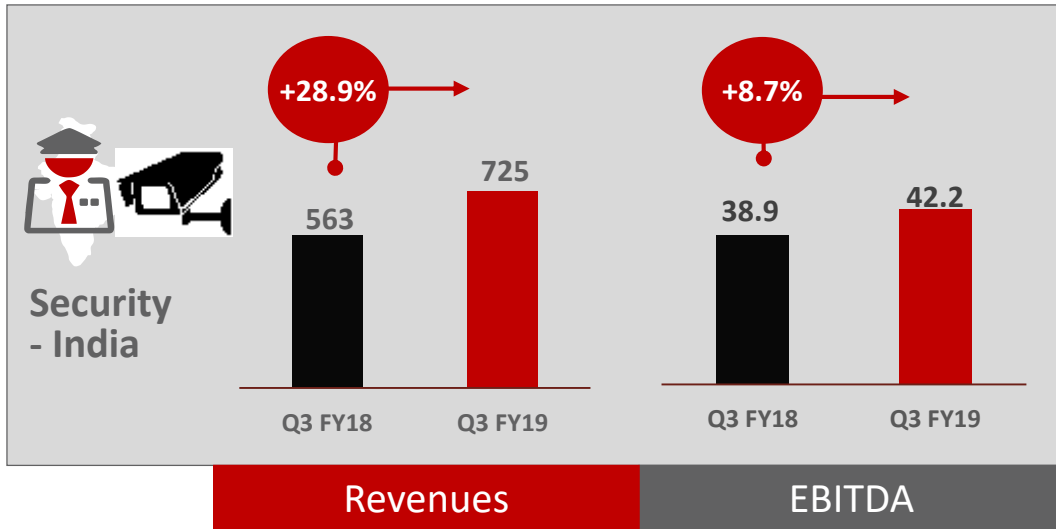


*Strong revenue growth with
Dec. run rate at Rs610 cr*

*Consolidated EBITDA margin
increased from 4.6% in Q2FY19
to 5.3% in Q3FY19*

*RONW of 16.0% and ROCE of
18.6%*

RESULTS BY BUSINESS LINE – Q3 FY19



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

9M SUMMARY



Revenues

↑ 21%

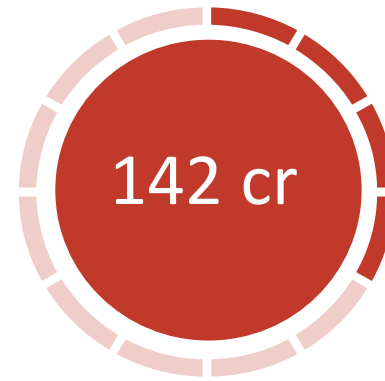
*Strong revenue growth
across all service verticals*



EBITDA

↑ 11.1%

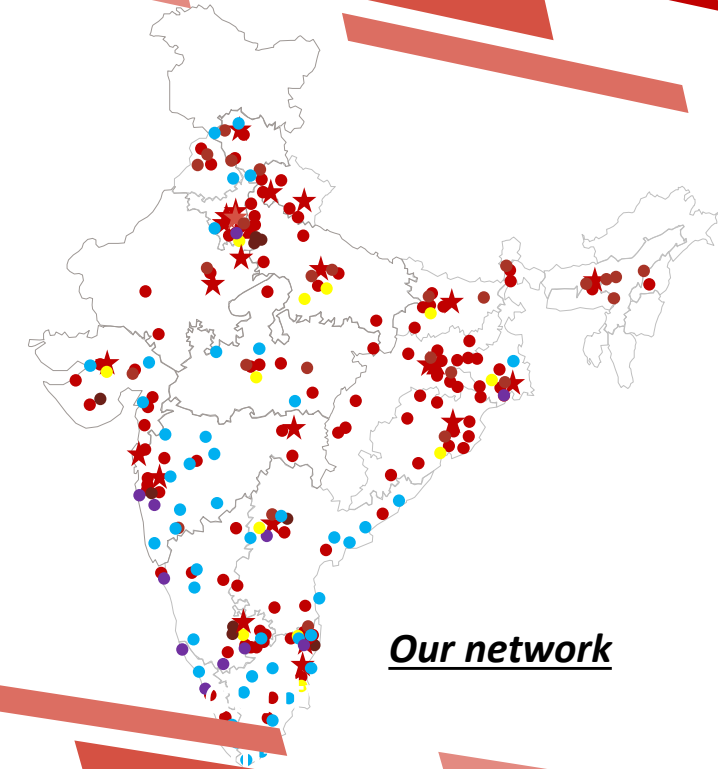
*EBITDA growth back on track
after doubtful debt related
provisioning and one-off
expenses in H1*



PAT

↑ 12.1%

*On track for a strong year of
profit growth despite
additional provisioning in the
first half of the year*

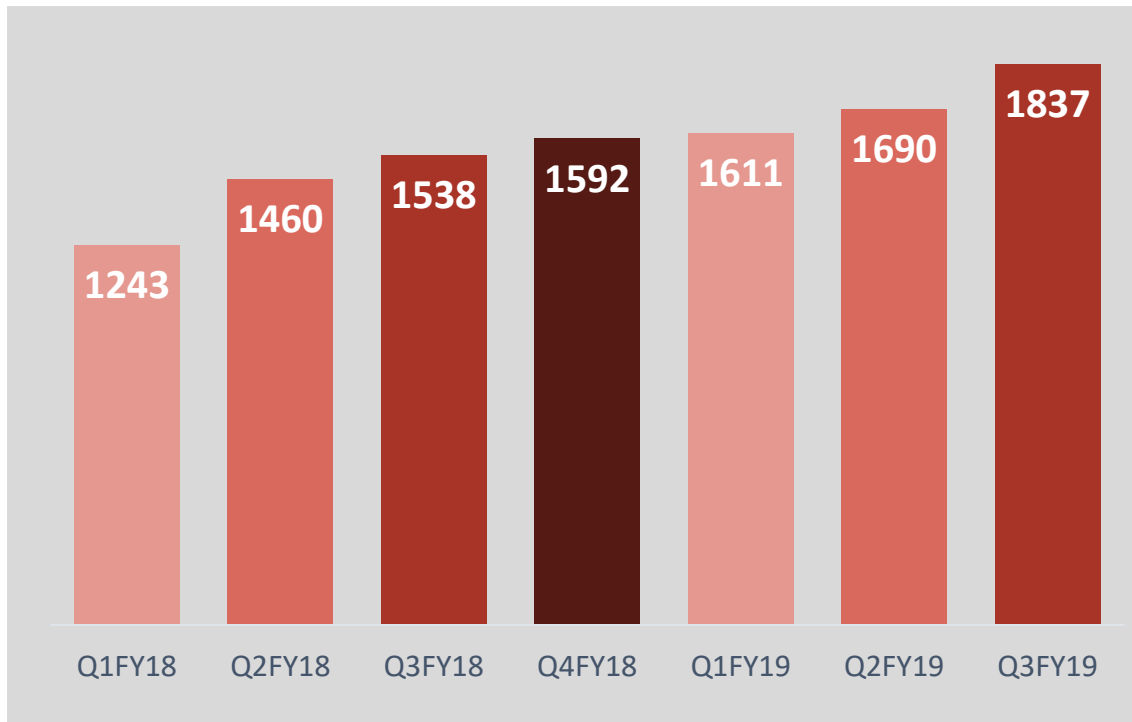


Our network

COMPOUNDING STORY PLAYING OUT WITH PREDICTABLE GROWTH

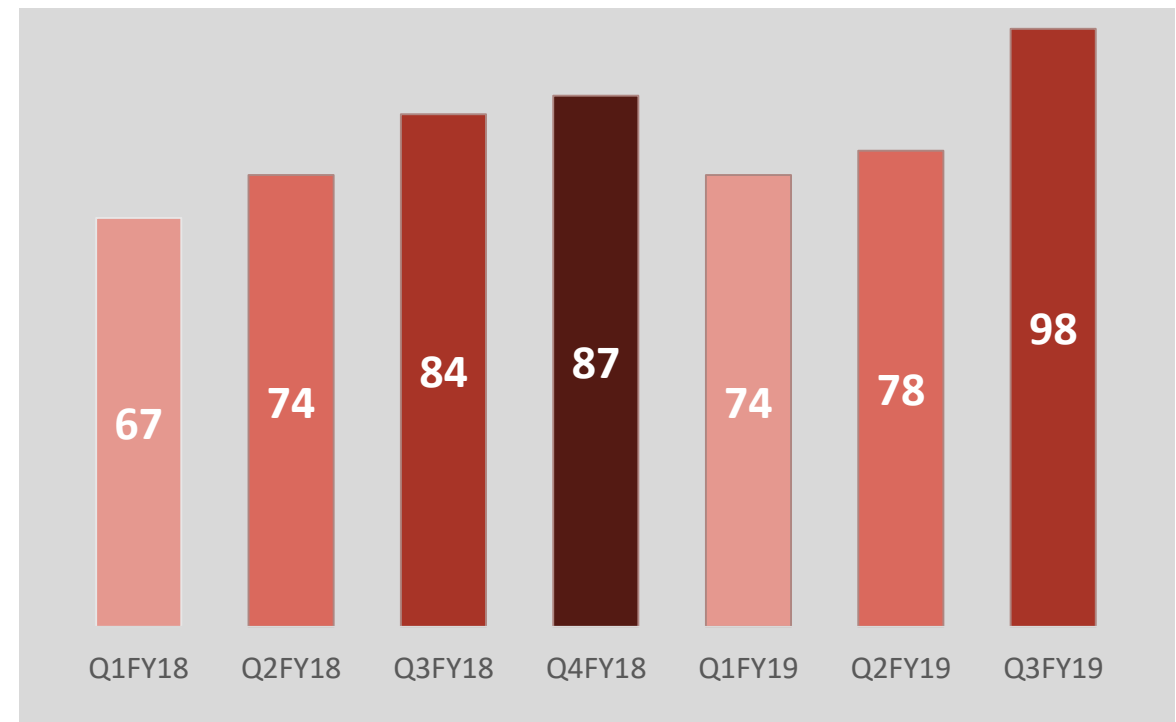
Group Revenues

Rs. In crs



Group EBITDA

Rs. In crs



Quarterly CAGR over last 7 quarters of 6.7%

Quarterly CAGR over last 7 quarters of 6.5%



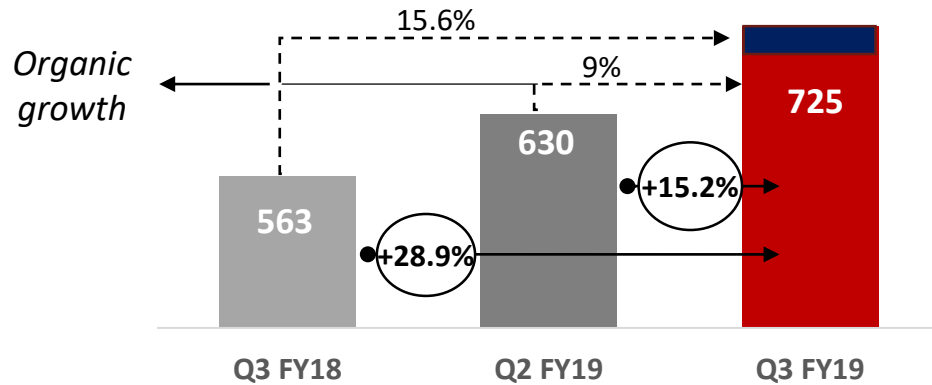
Q3 FY19

SEGMENTAL RESULTS

Revenues

Rs. In crs

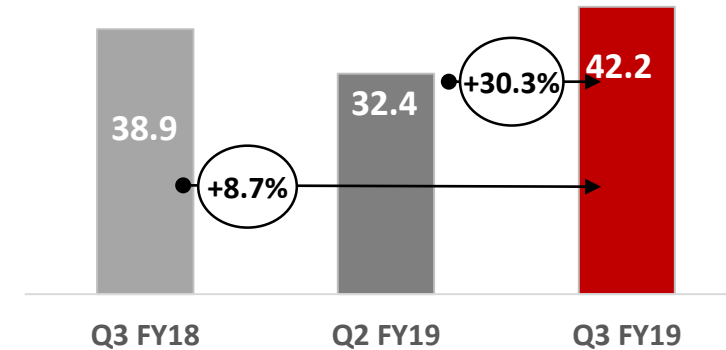
Strong QoQ and YoY growth in revenues. QoQ organic growth of 9%.



EBITDA

Rs. In crs

EBITDA grew 30.3% QoQ with margins increasing from 5.1% in Q2FY19 to 5.8% in Q3FY19



- Security services - Crossed monthly run rate of Rs236 cr in December (Rs225 cr in Sept.) on the back of solid new orders
- Mantech – HPCL tanker order of 15 cr on ESAAS model, double digit margins – example of solution selling
- Investments continue to be made in technology, especially M-Trainer, our mobile training initiative and home security solutions through vProtect



131,871

Trained security personnel



4,840

Customers



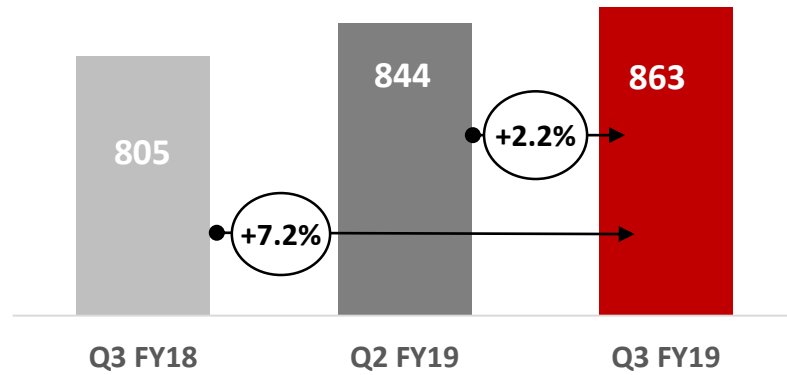
13,855

Operating sites

Revenues

Rs. In crs

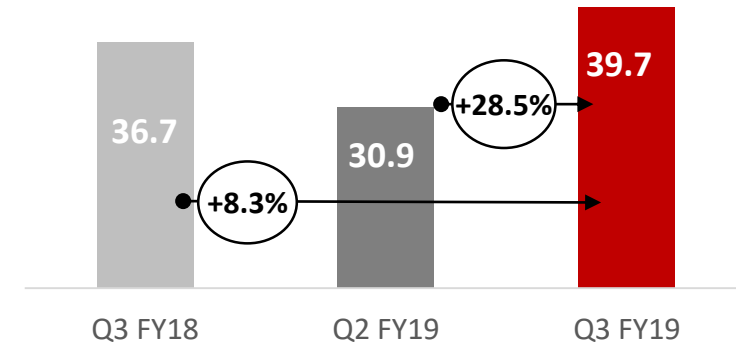
Strong QoQ and YoY growth in revenues. All growth is organic in nature. H2 is seasonally strong quarter.



EBITDA

Rs. In crs

EBITDA grew 28.5% QoQ with margins increasing from 3.7% in Q2FY19 to 4.6% in Q3FY19



- **MSS**
 - Significant new wins and contract retentions including Qantas, Brisbane and Perth airports
 - Price increases recovering time difference to wage increase
 - Margin improvement plans delivering cost savings



7,165

Trained security personnel



- **SXP**
 - Strong seasonal casual revenue in Patrols and Retail
 - New contracts through small bolt-on acquisition



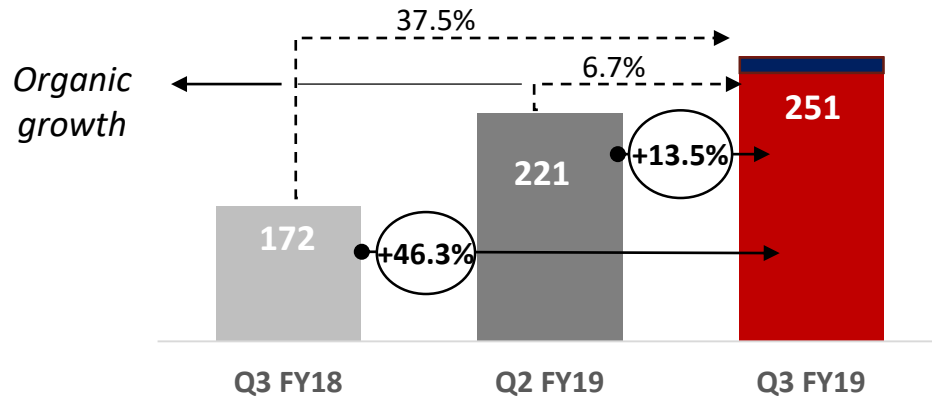
9,878

SXP Customer Sites

Revenues

Rs. In crs

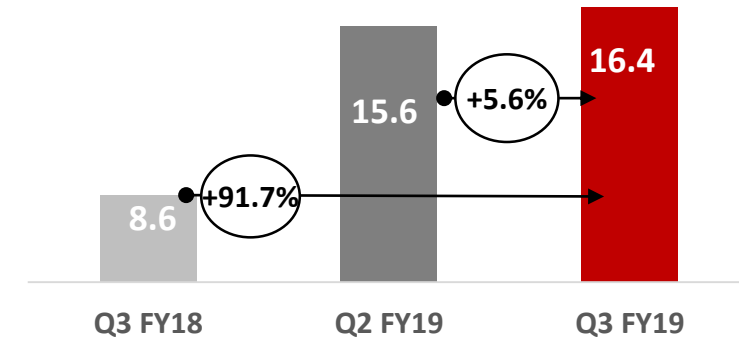
Strong QoQ and YoY growth in revenues. QoQ organic growth of 6.7%



EBITDA

Rs. In crs

EBITDA grew 5.6% QoQ - Rare acquisition expenses in Q3; margins stabilizing after a period of rapid growth



- Crossed monthly run rate of Rs91 cr in December on the back of solid new orders across business lines
- DTSS seeing over 30% YoY growth on back of good clients wins, strong MW hike in Karnataka and became zero debt
- SMC showing strong growth with sound contract flow and railway business – over 50% growth YoY
- Integration of Rare underway with focus on healthcare FM opportunity



53,699

Skilled
housekeeping
personnel



3,183

Operating
Sites



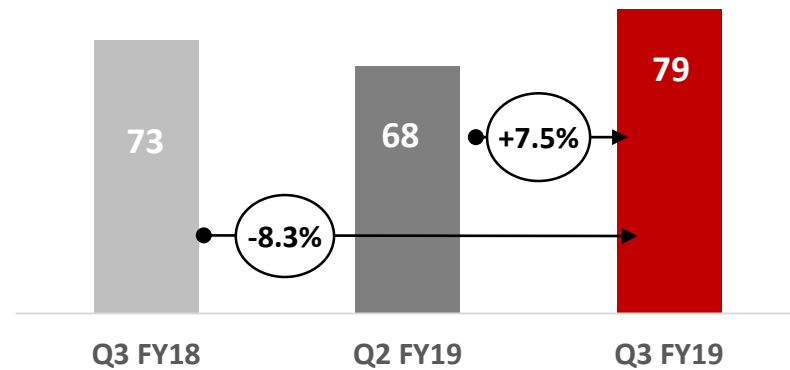
1,002

Customers

Revenues

Rs. In crs

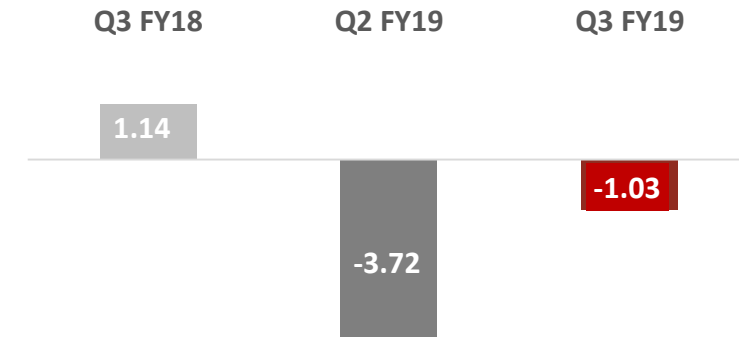
Strong QoQ growth despite giving up many unviable routes/ contracts in Q1



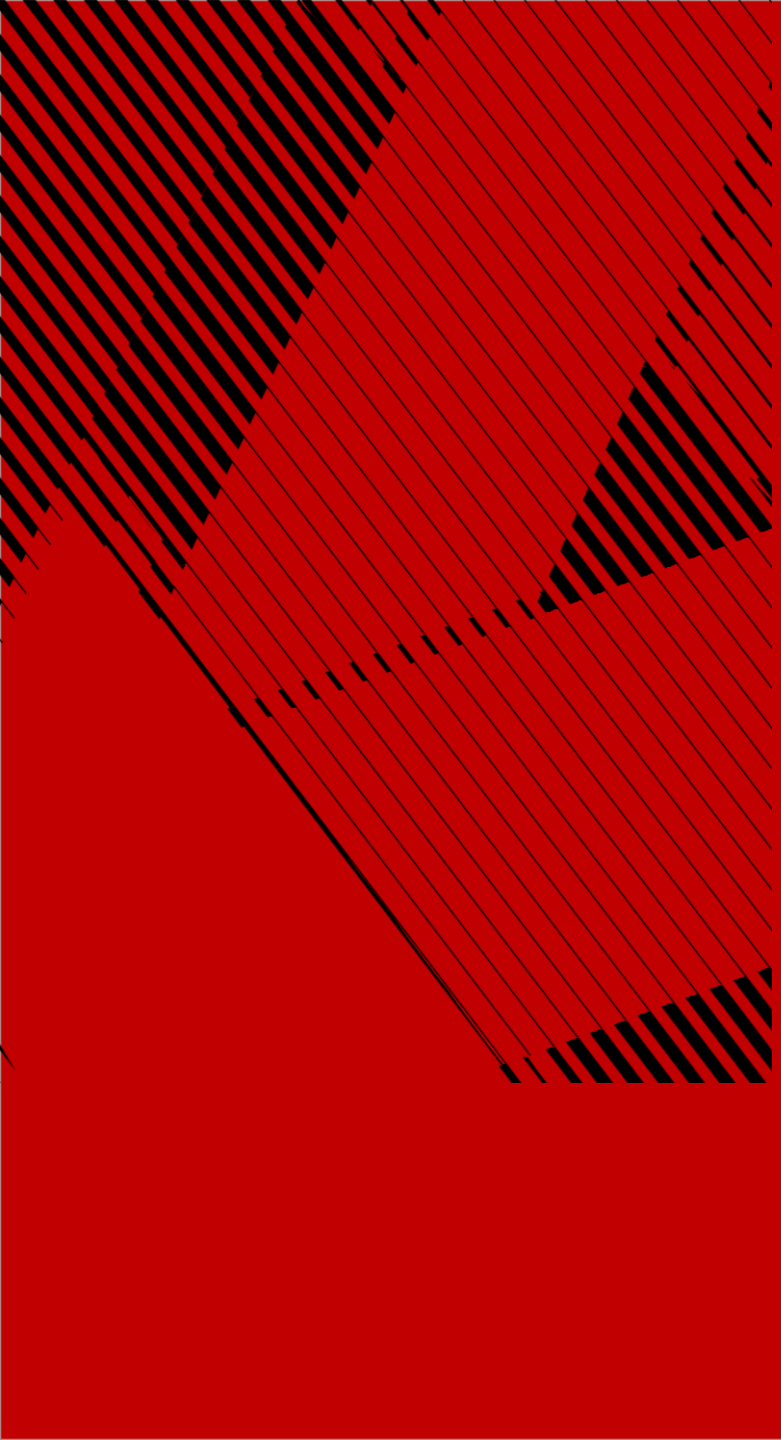
EBITDA

Rs. In crs

EBITDA losses decreased significantly – direct costs decreased due to decline in fuel prices



- Price revisions starting to take effect especially in the CIT and DSB business
- Deadline to implement RBI directives is March 31st – likely to spur consolidation and also reduce pilferage, deductions and operating standards
- MHA directives to be implemented by February 8th – improved operating standards and efficiencies on the anvil
- Negotiations on with Banks and CATMI (association representing MSPs) for price changes



Q3 FY19

ACQUISITIONS AND
MAJOR DEVELOPMENTS

UNIQ SECURITY ACQUISITION

M&A Strategy

- Look at tired leaders in attractive geographic clusters
- Hurdle rate of at least 22%
- Continued engagement with the promoters through a staggered buyout and growth incentives

Market landscape

- Bangalore is the fastest growing security market in India
- Bangalore region has attractive pricing and has the second highest minimum wages in the country

Strategic Rationale

- Uniq is one of the top 4 security companies in Bangalore with over 90% revenues coming from Bangalore
- Strong Geographical fit, increases SIS' market share by ~ 75%
- Well-diversified, long standing client base

Deal Structure

- Acquired 51% equity for Rs51 crores with the ability to adjust based on financial performance in FY19
- Balance stake to be acquired in 2020 at multiples based on EBITDA growth linked earnout mechanism; promoter becomes a partner to SIS with an incentive to grow together

Key Operating Metrics



6,800

Trained security
personnel



740

Sites



430

Customers

Financials

	2016	2017	2018
Revenues (in crores)	112	153	157

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

HENDERSON SECURITY ACQUISITION

M&A Strategy

- Look at tired leaders in global regulated and mature markets
- Continued engagement with promoters through a staggered buyout and growth incentives

Market landscape

- Singapore security market populated by a few large companies
- Market size of ~ 800 Mn USD of which 30% is from alarm monitoring and balance from physical guarding
- Singapore is increasing its governance on the security industry through introduction of Progressive Wage Model which may lead to consolidation in the market.

Strategic Rationale

- No. 3 in the market and fastest growing at 14% CAGR over the past three years
- Garners 10% revenues from electronic security – overall EBITDA margins at upwards of 11%

Deal Structure

- Purchase consideration of SGD 43 million for the 60% shareholding being acquired initially – consideration in cash
- Balance stake to be acquired in 2021 or 2023 at multiples based on EBITDA margin and EBITDA growth linked earnout mechanism
- Debt free entity - EPS and RoE accretive

Key Operating Metrics



1,500

Trained security
personnel



200

Sites



>90%

Customers
renewal

Financials

	2016	2017	2018
Revenues (in SGD Mn)	42.1	52.2	58



Q3 FY19

FINANCIAL RESULTS



CONSOLIDATED FINANCIAL STATEMENTS

Rs. In crs	Q3 FY19	Q3 FY18	Y-o-Y	Q2 FY19	Q-o-Q	9M FY19	9M FY18	Growth
Revenue from operations	1836.8	1537.7	19.5%	1690.2	8.7%	5183.4	4241.2	21.2%
EBITDA	97.8	84.3	16.0%	78.2	25.1%	250.4	224.6	11.5%
EBITDA %	5.3%	5.5%		4.6%		4.9%	5.3%	
Profit after taxes	59.1	46.5	26.9%	43.8	34.9%	142.3	127.0	12.1%
Profit after taxes %	3.2%	3.0%		2.6%		2.8%	3.0%	
EPS (Rs)	8.07	5.58	44.6%	5.98	34.9%	19.55	18.11	8.0%
Diluted EPS (Rs)	7.94	5.48	44.9%	5.89	34.8%	19.24	17.79	8.2%

Revenue and margin growth across all verticals and regions led to a QoQ EBITDA growth of 25.1%%

Organic QoQ revenue growth of 5.2% and organic QoQ EBITDA growth of 22.2%

9M FY18 included IND-AS related true-up of the FV of the SXP shareholding of 10% and prior period accounting of tax benefits in DTSS

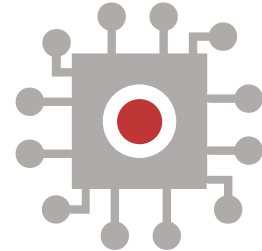
PAT growth on a normalised basis post these adjustments is over 42% in 9M FY19



Growth

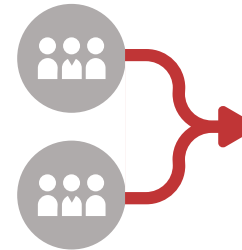
Strong order book across BUs with run rate in line with expectations

FY20 to see full impact of acquisitions – annualised impact of Rs800 cr from the 4 acquisitions



Technology

Technology investments continue in both solutions and internal productivity improvements



M&A

Strong pipeline built over the last 12 months has resulted in the acquisition of SLV, Uniq, Rare and Henderson over the past 6 months.

Focus in FY20 to shift to integration of acquired entities, explore synergies and lead generation



Market Leadership

On track to becoming No.1 in India security replacing incumbent of 25 years in FY20

FM run rate takes us close to leadership position



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