

19<sup>th</sup> February 2019

The National Stock Exchange of India Ltd  
Exchange Plaza  
Bandra-Kurla Complex  
Bandra (E), Mumbai – 400051

**Sub: Presentation to Investor/ Analyst**

Dear Sir/Madam,

This has reference to our letter dated 12<sup>th</sup> February 2019 enclosing a copy of Investor Presentation shared with the analyst/investors, pursuant to Regulation 30(2) and 46(2)(o) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

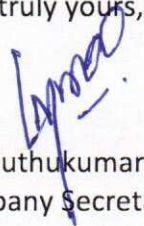
We enclose herewith the updated copy of the Earnings and Corporate Presentation for the quarter and 9 (nine) months ended 31<sup>st</sup> December 2018, that will be shared with the analyst/investors.

The same shall be uploaded on our website [www.redingtongroup.com](http://www.redingtongroup.com)

We request you to kindly take the above information on record.

Thanking you,

Very truly yours,



M. Muthukumarasamy  
Company Secretary

Cc : BSE Limited  
Floor 25, Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 400 001

RS



# **REDINGTON (INDIA) LIMITED**

**Q3FY19 Earnings Presentation**

**December 2018**

# Disclaimer

*This presentation contains “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Redington India Limited’s future business developments and economic performance.*

*While these forward looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations.*

*These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance.*

*Redington India Limited undertakes no obligation to periodically revise any forward looking statements to reflect future / likely events or circumstances.*

# Financial Highlights

- **Q3FY19** – On a consolidated basis, Revenue grew by 12%, EBITDA grew by 31% and PAT grew by 14%
  - India – Revenue grew by 12%, EBITDA grew by 5% and PAT degrew by 6%
  - Overseas – Revenue grew by 12%, EBITDA grew by 58% and PAT grew by 29%
  - **Overseas w/o Arena, Turkey – Revenue grew by 15%, EBITDA grew by 62% and PAT grew by 11%**
- **9MFY19** – On a consolidated basis, Revenue grew by 11%, EBITDA grew by 11% and PAT grew by 0.1%
  - India – Revenue grew by 10%, EBITDA degrew by 11% and PAT degrew by 20%
  - Overseas – Revenue grew by 11%, EBITDA grew by 36% and PAT grew by 16%
  - **Overseas w/o Arena, Turkey – Revenue grew by 14%, EBITDA grew by 43% and PAT grew by 18%**
- During the quarter, Gross margin has improved in both India & Overseas
- On a consolidated basis, WC days for Q3FY19 is 41 days and 9MFY19 is 46 days, signifying 8-9 WC turns
- On a consolidated basis, Net Debt Equity ratio is at 0.4
- On a consolidated basis, Provision for bad debts at 0.12% for Q3FY19

# Financial Highlights

## India business

### Q3FY19

- During the quarter, India business registered double digit growth in Revenue, with IT segment continuing its growth momentum at 17% YoY
- EBITDA growth of 5% YoY, on the back of Gross Margin growth
- WC days have gone up by 7 days in India to 60 days, primarily driven by increase in inventory in Mobility segment and increase in receivables in the Enterprise segment, thereby leading to increase in interest cost as well
- ProConnect continues its strong growth momentum with revenue growth of 20% YoY and PAT growth of 17% YoY

# Financial Highlights

## Overseas business

- During the quarter, Overseas business continued its strong momentum, registering strong double digit growth across Revenue, EBITDA and PAT
- Strong EBITDA growth was driven by both IT and Mobility segment
- Redington MEA had undertaken impairment of investment made in Arena, Turkey to the tune of \$10.2mn
- Strong PAT growth of 29% YoY in Q3FY19, inspite of the impairment
- Generated positive free cash flow in both Q3FY19 and 9MFY19

## Turkey Update

- During the quarter, Arena biz had registered EBITDA growth of 27% YoY, despite revenue degrowth of 9%, driven by Opex control



# Q3FY19 Highlights

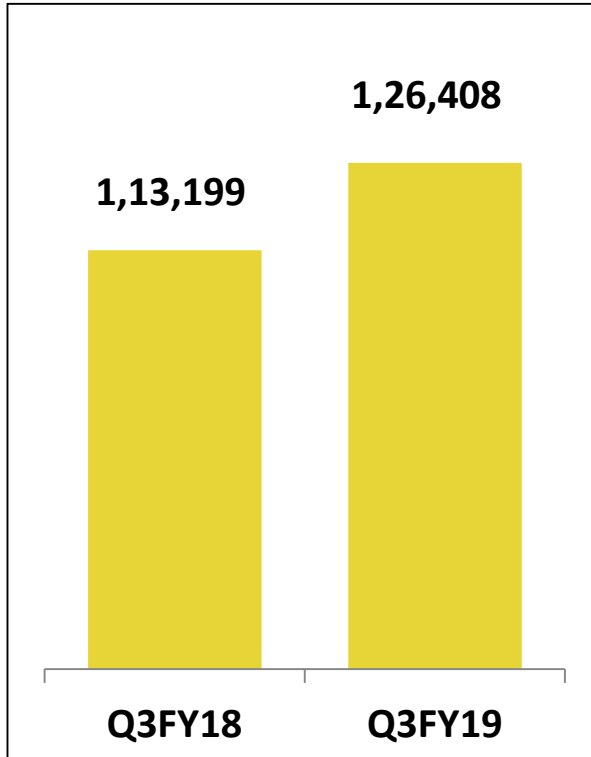


# Q3FY19- Consolidated Financials

₹ in million

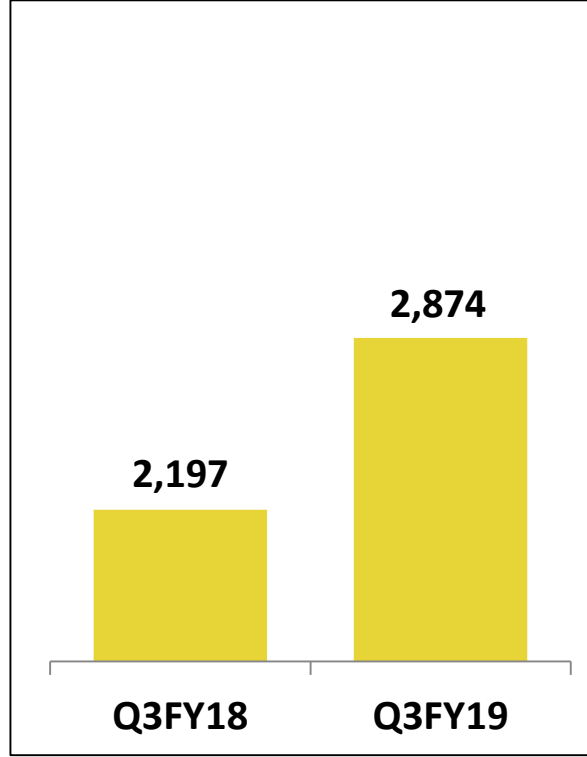
## REVENUE

12% ▲



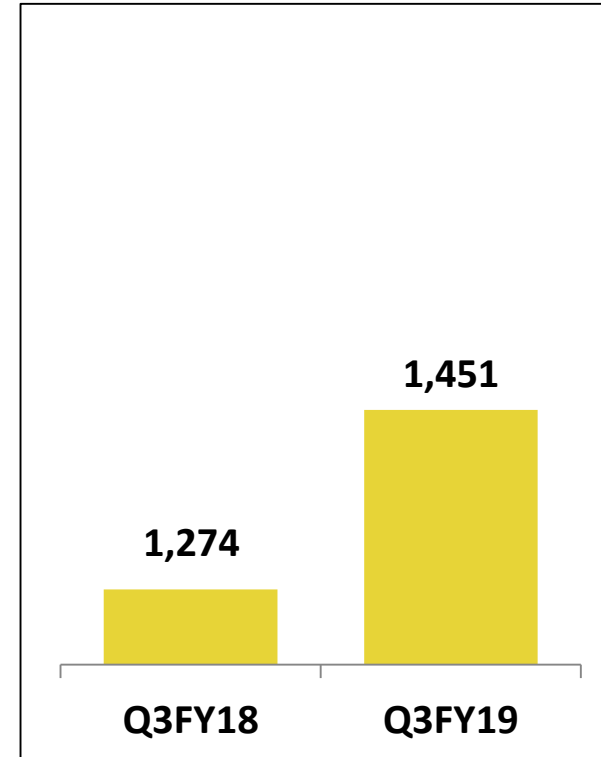
## EBIDTA

31% ▲



## PAT

14% ▲



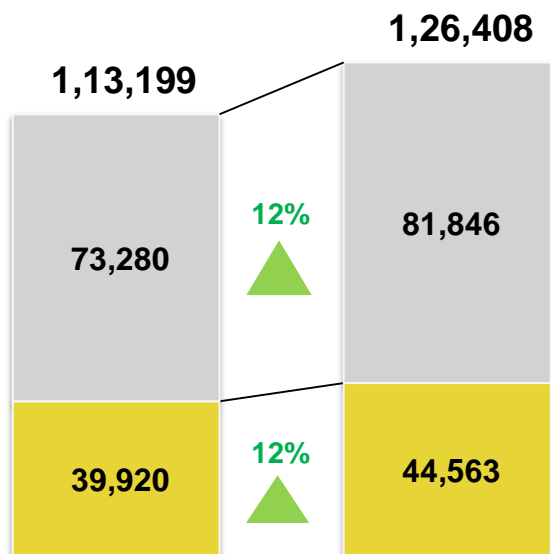


# Q3FY19 Performance by Market

₹ in million

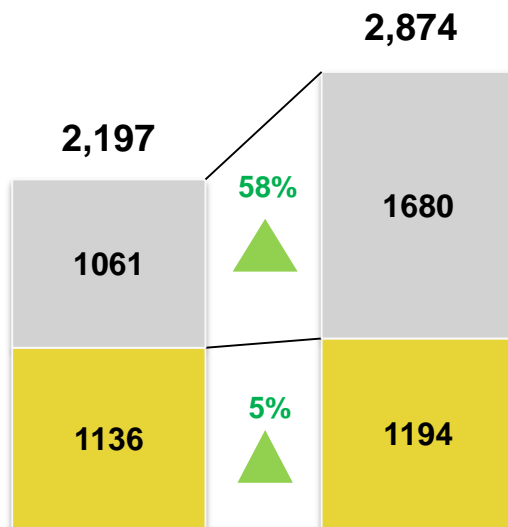
## REVENUE

12% ▲



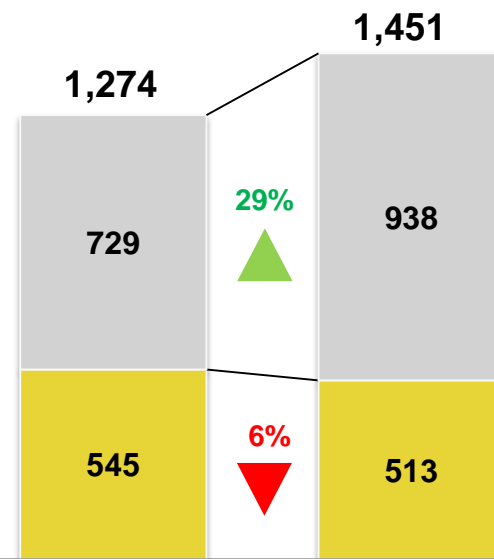
## EBIDTA

31% ▲



## PAT

14% ▲



Q3FY18

Q3FY19

■ INDIA

■ OVERSEAS

Q3FY18

Q3FY19

■ INDIA

■ OVERSEAS

Q3FY18

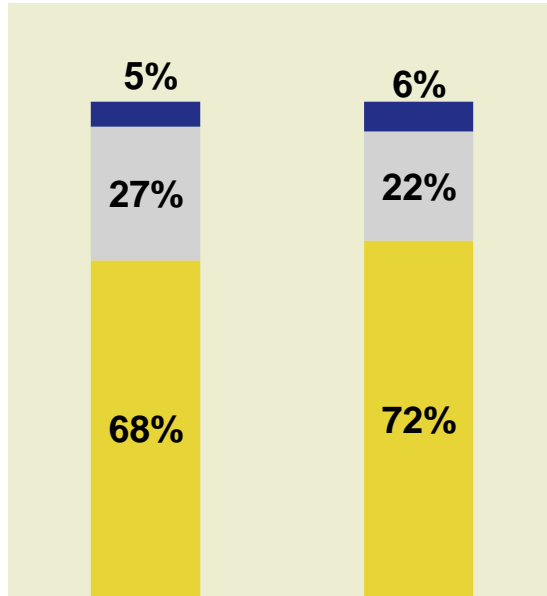
Q3FY19

■ INDIA

■ OVERSEAS

# Q3FY19 Performance by Vertical

## INDIA

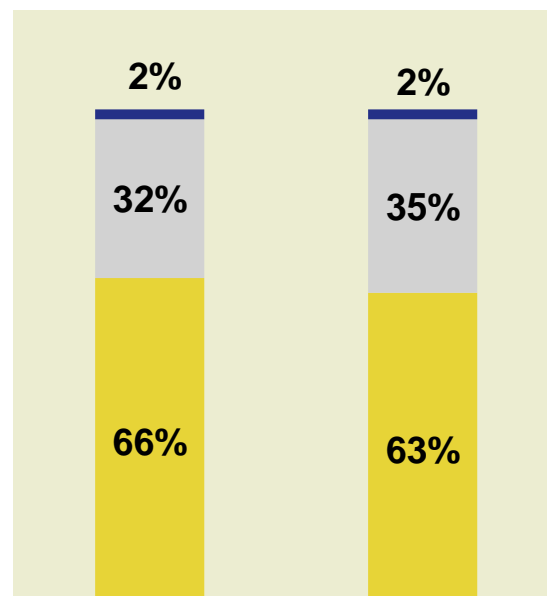


Q3FY18

Q3FY19

■ IT ■ Mobility ■ Services

## OVERSEAS

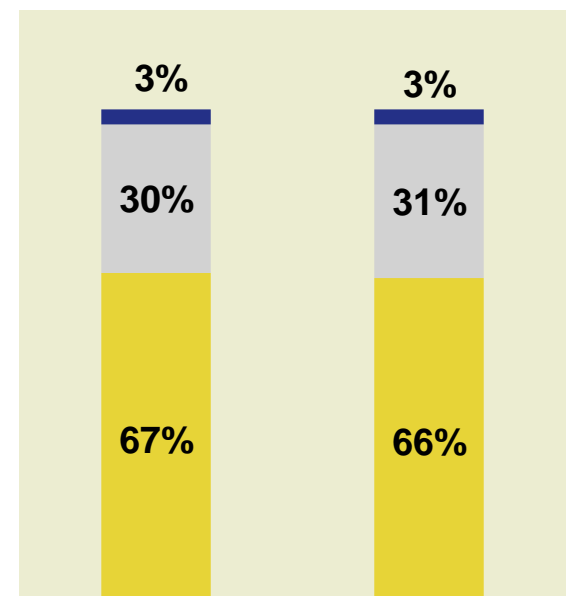


Q3FY18

Q3FY19

■ IT ■ Mobility ■ Services

## CONSOLIDATED



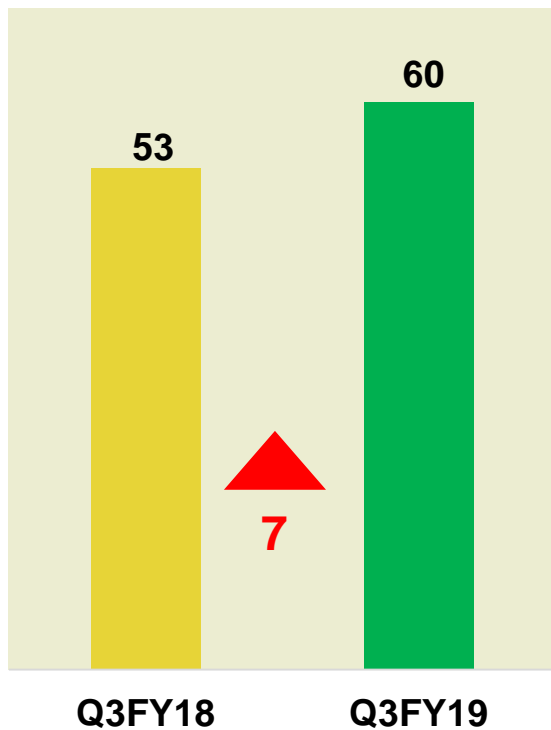
Q3FY18

Q3FY19

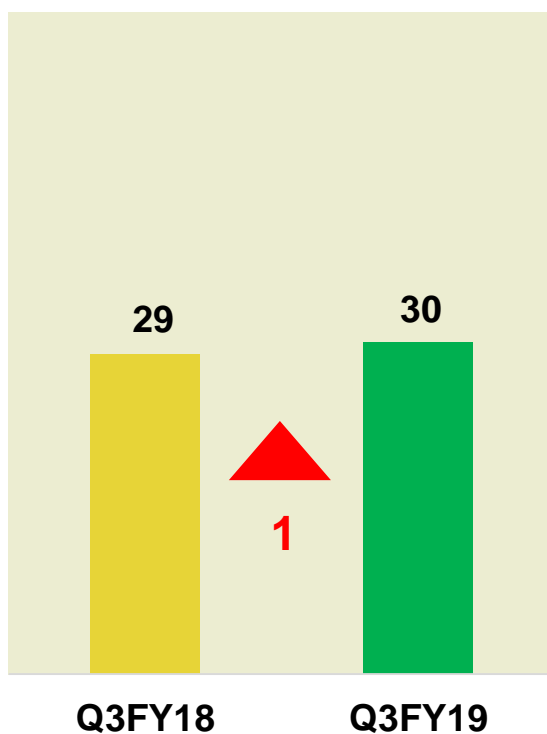
■ IT ■ Mobility ■ Services

# Q3FY19 – Working Capital Days

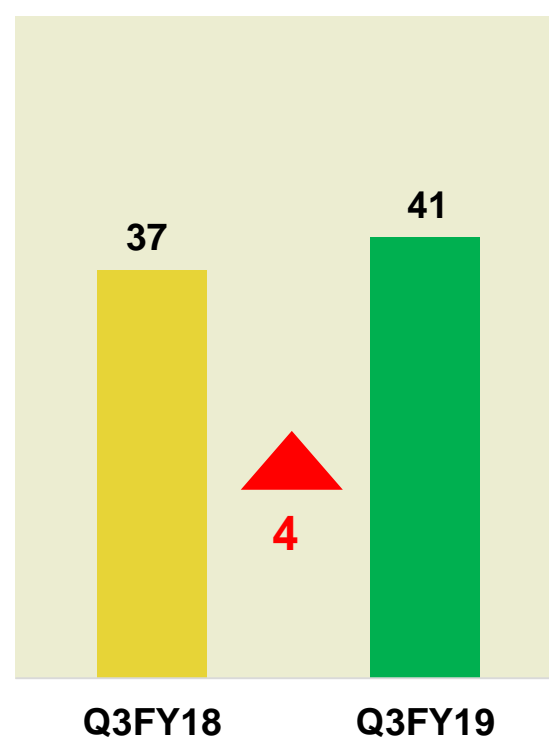
INDIA



OVERSEAS



CONSOLIDATED



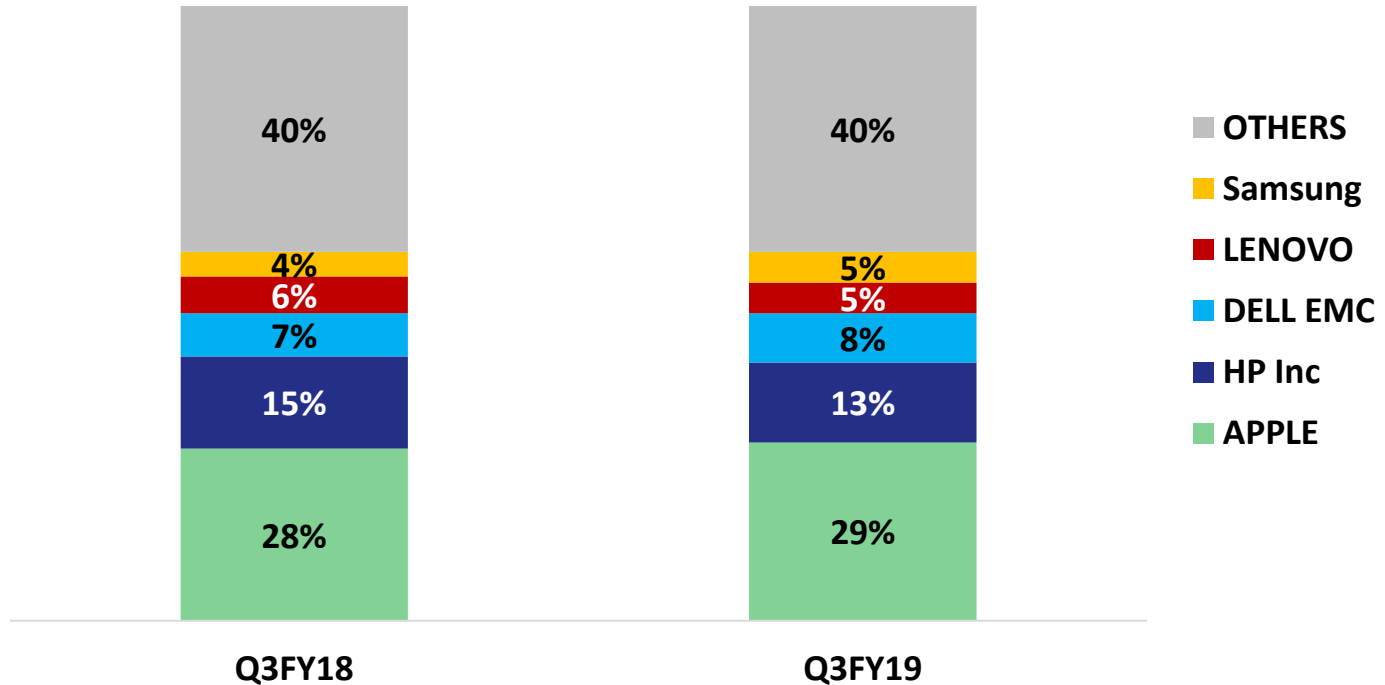
# Free Cash Flow Statement

₹ in million

Particulars	Q3 FY19	Q3 FY18
<b>Profit Before Taxation</b>	1,443	1,661
Non-cash items	1,432	234
Outflow of Finance Cost	479	361
Changes in Working Capital	(7,839)	(147)
Direct Taxes Paid	(961)	(420)
<b>Net Cash Flow from Operations</b>	<b>(5,446)</b>	<b>1,689</b>
Capex	(121)	143
Dividend paid including DDT	(38)	(12)
Outflow of Finance Cost	(490)	(357)
<b>Free Cashflow</b>	<b>(6,095)</b>	<b>1,463</b>

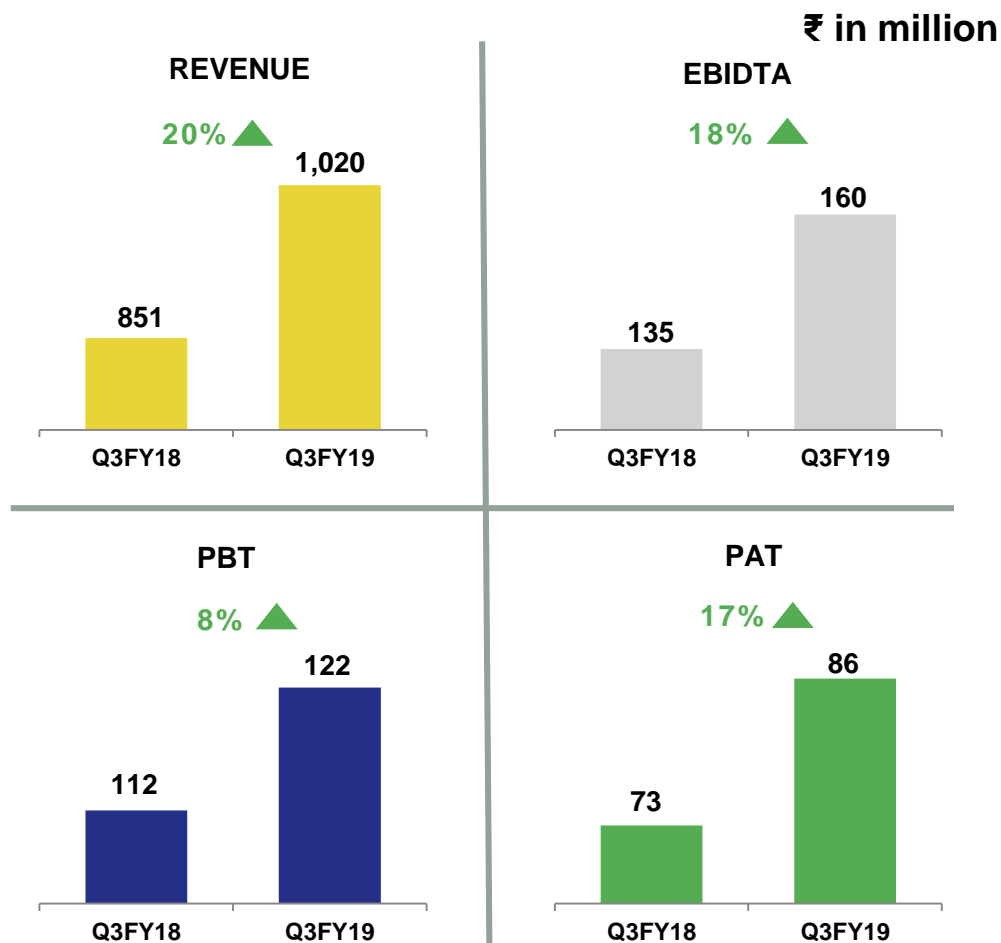
# Q3FY19 – Top 5 Vendors Consolidated

## REVENUE



# Q3FY19 Performance – ProConnect

- Revenue growth over Q3FY18 is 20%
- EBITDA growth over Q3FY18 is 18%





# 9MFY19 Highlights

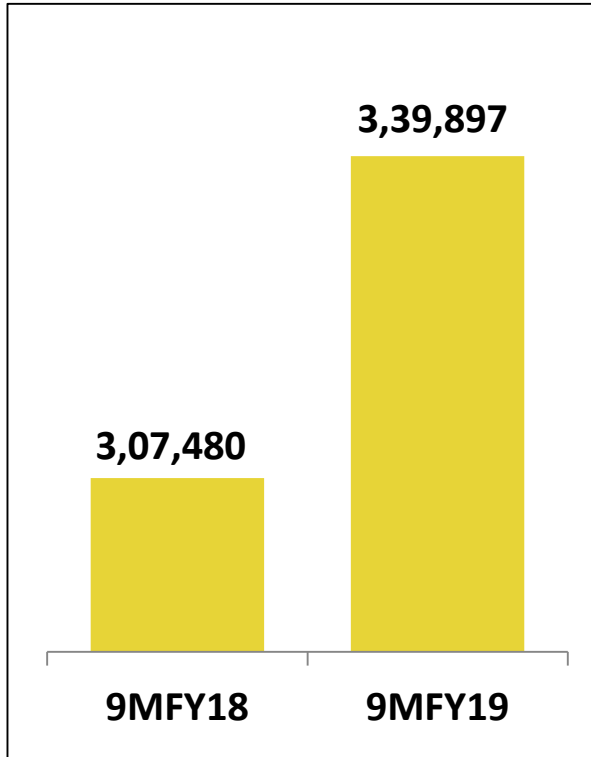


# 9MFY19- Consolidated Financials

₹ in million

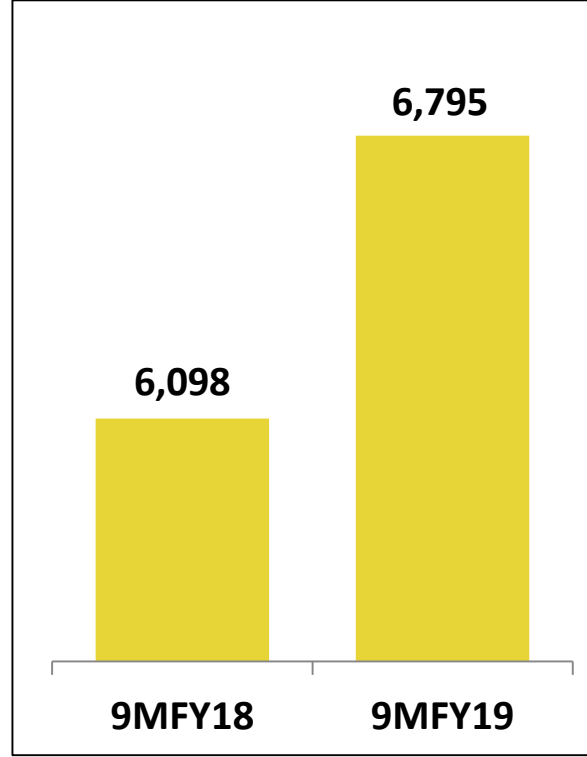
## REVENUE

11% ▲



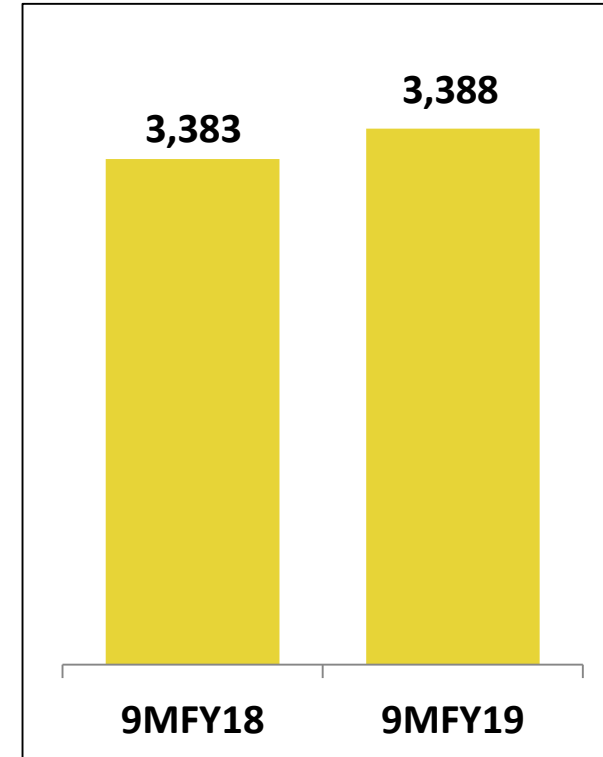
## EBIDTA

11% ▲



## PAT

0.1% ▲

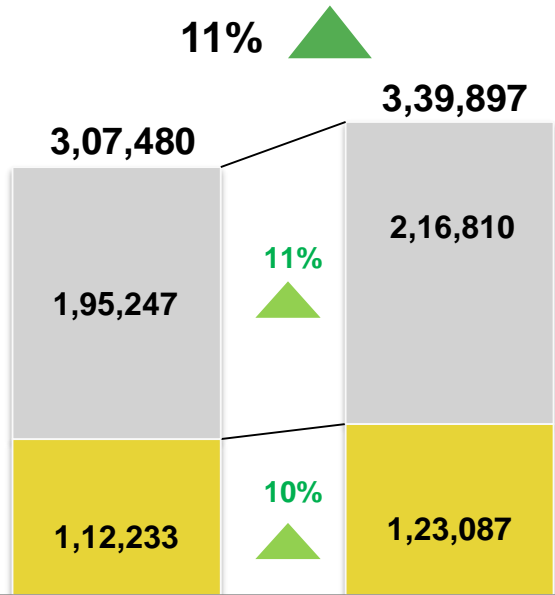




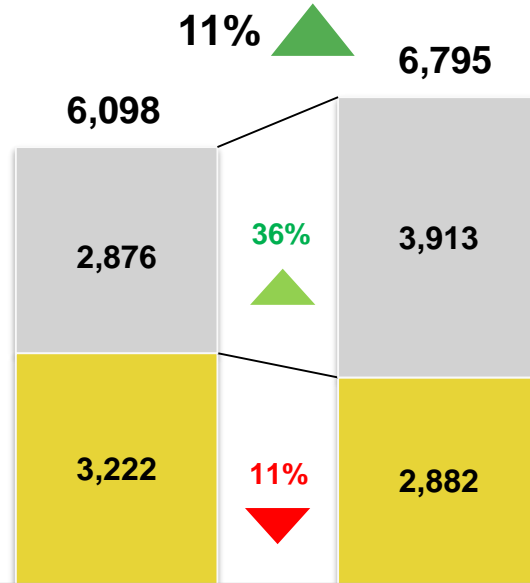
# 9MFY19 Performance by Market

₹ in million

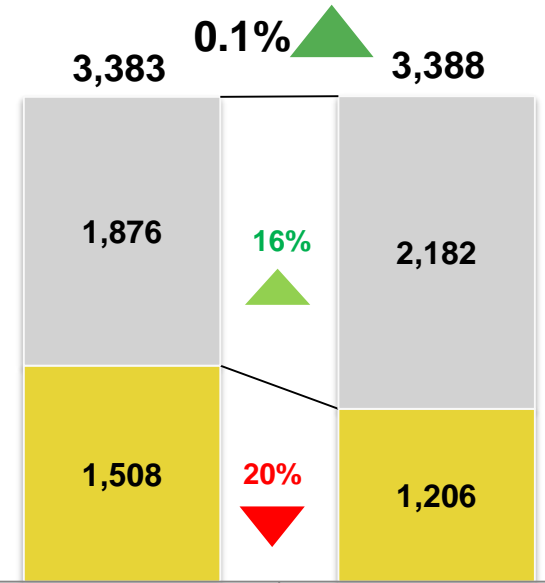
## REVENUE



## EBIDTA



## PAT



9MFY18

9MFY19

9MFY18

9MFY19

9MFY18

9MFY19

■ India

■ Overseas

■ India

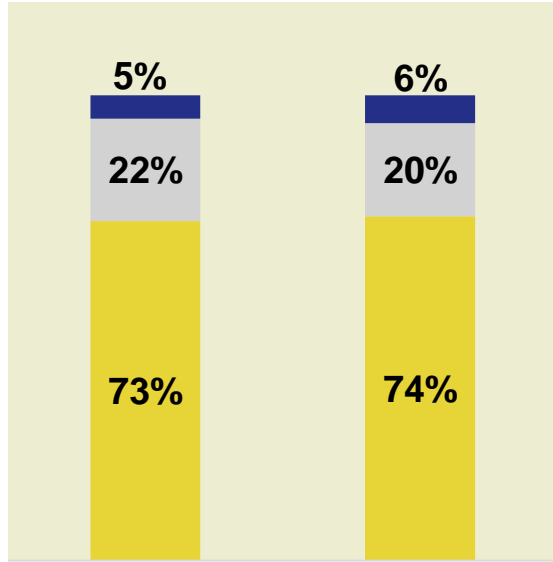
■ Overseas

■ India

■ Overseas

# 9MFY19 Performance by Vertical

## INDIA

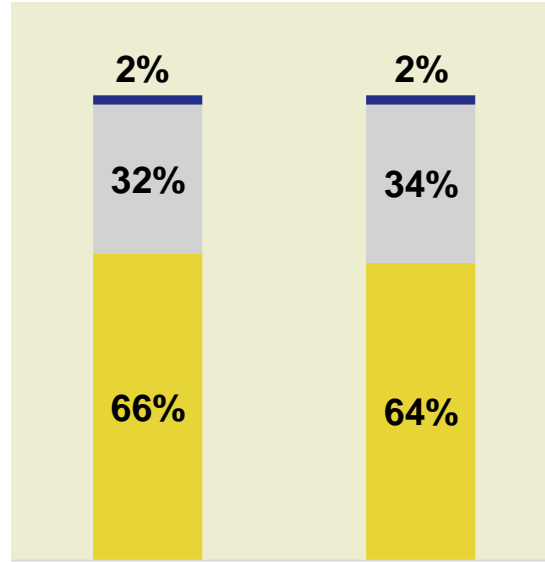


9MFY18

9MFY19

■ IT ■ Mobility ■ Services

## OVERSEAS

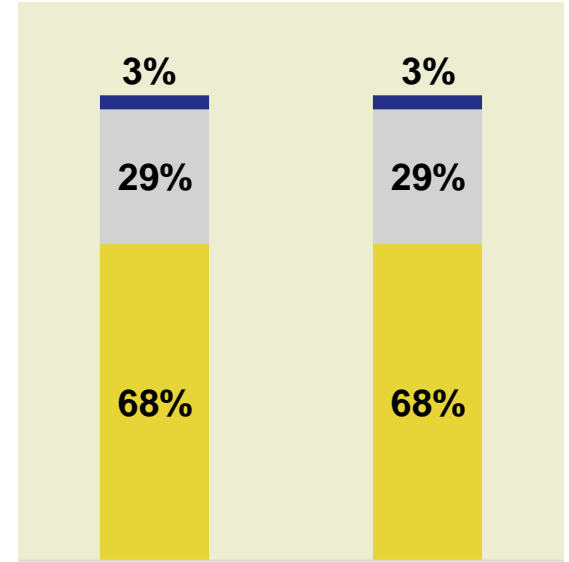


9MFY18

9MFY19

■ IT ■ Mobility ■ Services

## CONSOLIDATED



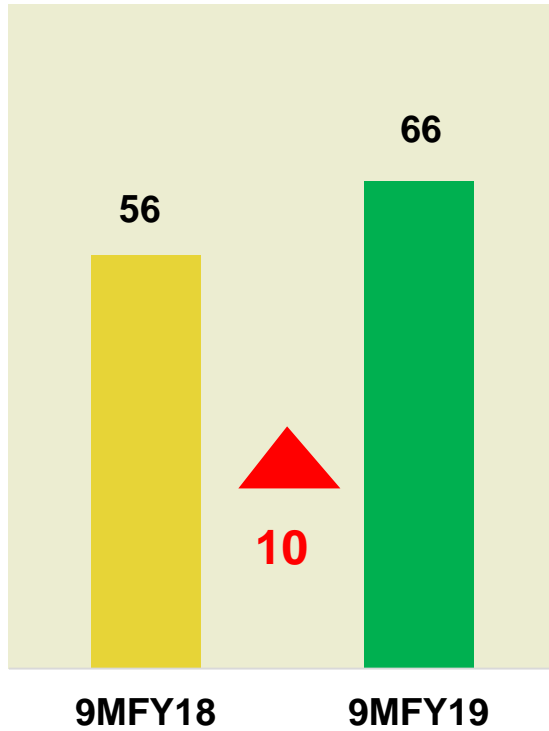
9MFY18

9MFY19

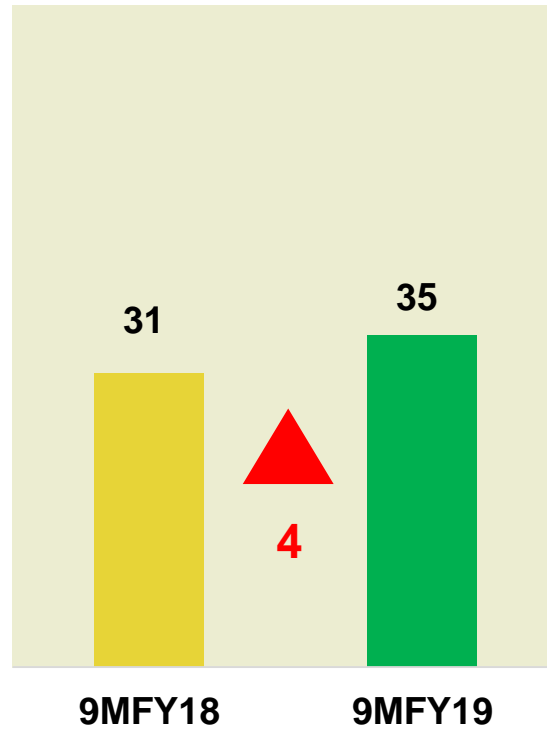
■ IT ■ Mobility ■ Services

# 9MFY19 – Working Capital Days

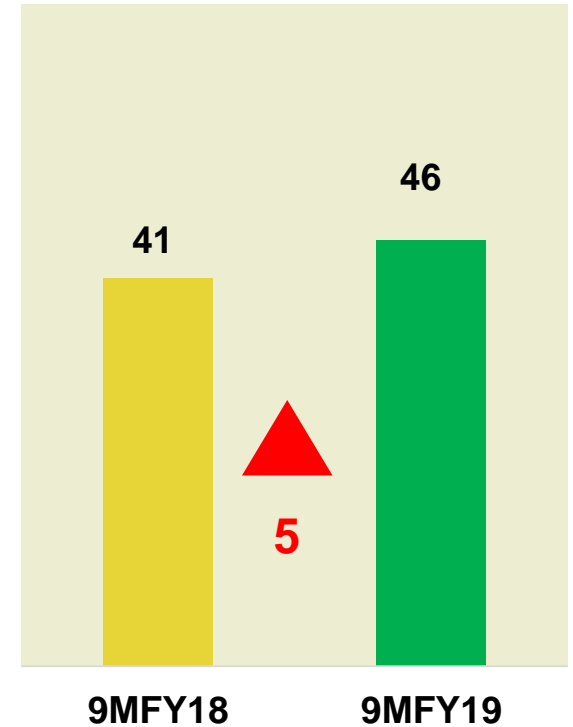
INDIA



OVERSEAS



CONSOLIDATED



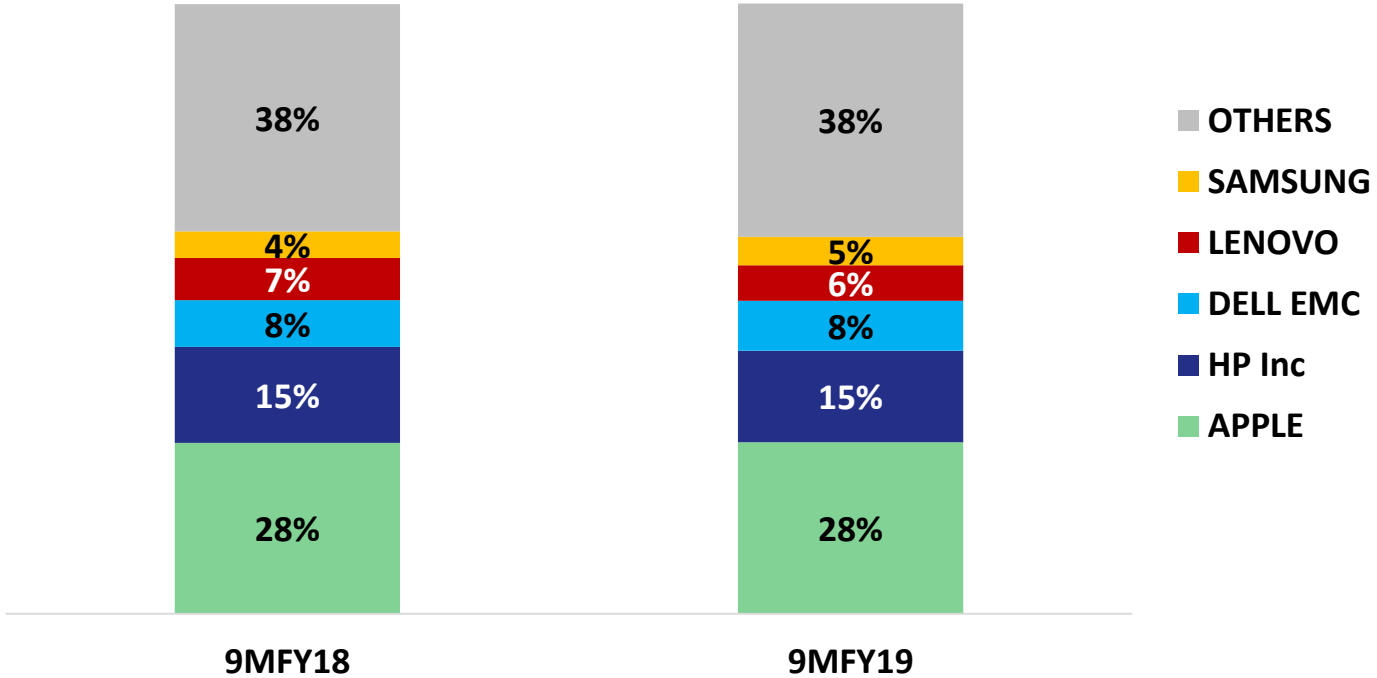
# Free Cash Flow Statement

₹ in million

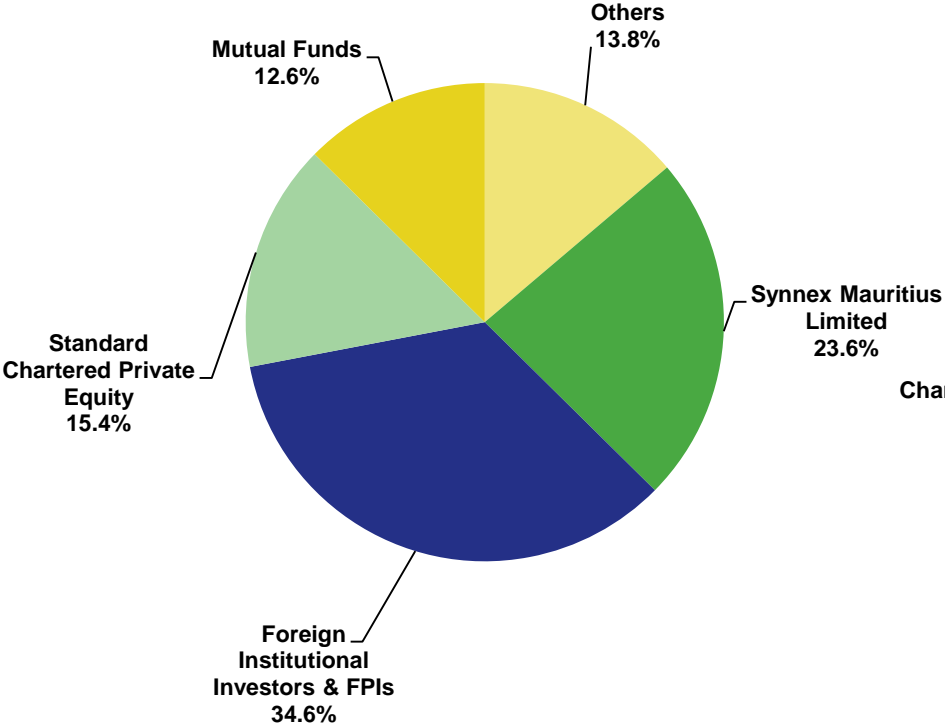
Particulars	9MFY19	9MFY18
<b>Profit Before Taxation</b>	<b>4,134</b>	<b>4,474</b>
Non-cash items	2,381	818
Outflow of Finance Cost	1,310	1,025
Changes in Working Capital	(6,856)	(510)
Direct taxes paid	(2,031)	(1,004)
<b>Net Cash Flow from Operations</b>	<b>(1,061)</b>	<b>4,803</b>
Capex	(458)	(101)
Dividend paid including DDT	(1,176)	(1,105)
Outflow of Finance Cost	(1,412)	(1,062)
<b>Free Cashflow</b>	<b>(4,107)</b>	<b>2,535</b>

# 9MFY19 – Top 5 Vendors Consolidated

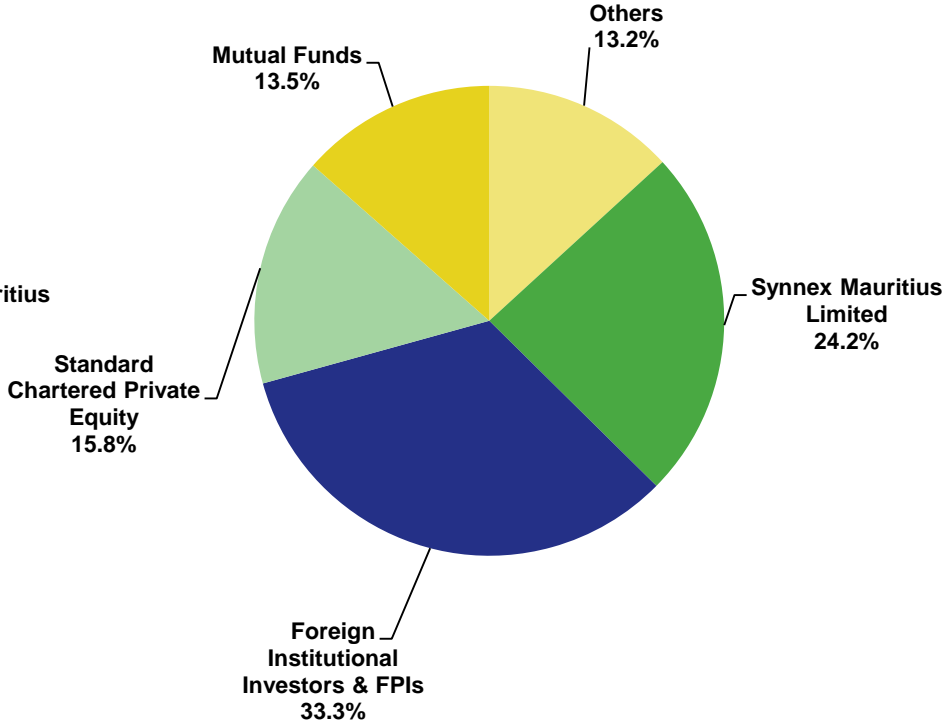
## REVENUE



# Shareholding Pattern



30-Sep-2018



31-Dec-2018



## Investor Contacts

M. Muthukumarasamy

Compliance Officer

Redington (India) Limited

SPL Guindy House, 95 Mount Road,

Guindy, Chennai 600 032

<https://www.redingtongroup.com>

Sowmiya M

Manager – Investor Relations

[sowmiya.manickam@redington.co.in](mailto:sowmiya.manickam@redington.co.in)

CIN - L52599TN1961PLC028758



# **Corporate Presentation**

December 2018



# WHO ARE WE?

*A prominent & leading  
“Technology Distributor”  
evolving into a  
“Services & Solutions company”*



# WHAT WE DO?

*We are ‘Business Enablers’,  
Seamlessly partnering with  
Brands and Channel partners  
in delivering value*



**No.1 Technology distributor in MEA and No.2 in India**

**Multi faceted approach of Distribution & Services**

**Expanding the reach & coverage for over 220+ brands through 40,900+ partners**

**An Emerging Markets player with in-country presence**

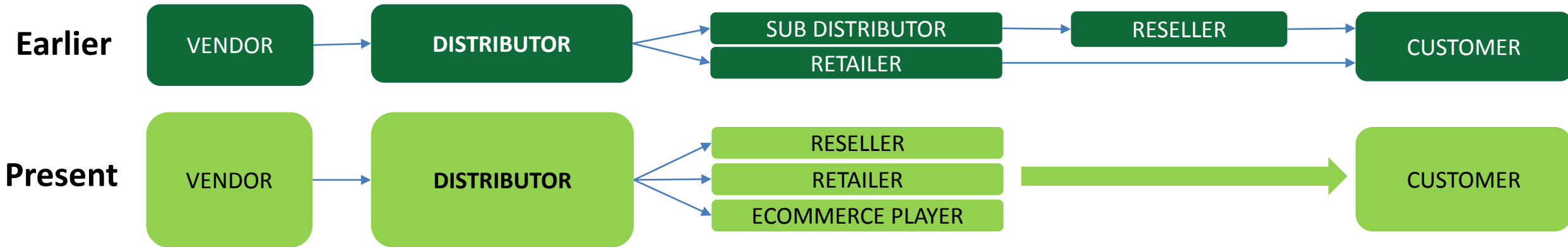
**\$6.6bn+ company with strong double digit 11 year CAGR (Revenue, EBITDA & PAT)**

# Industry Overview

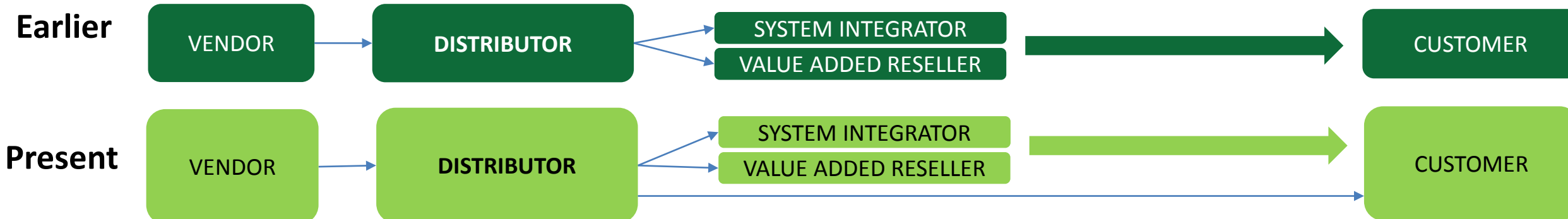


# Distribution Food Chain

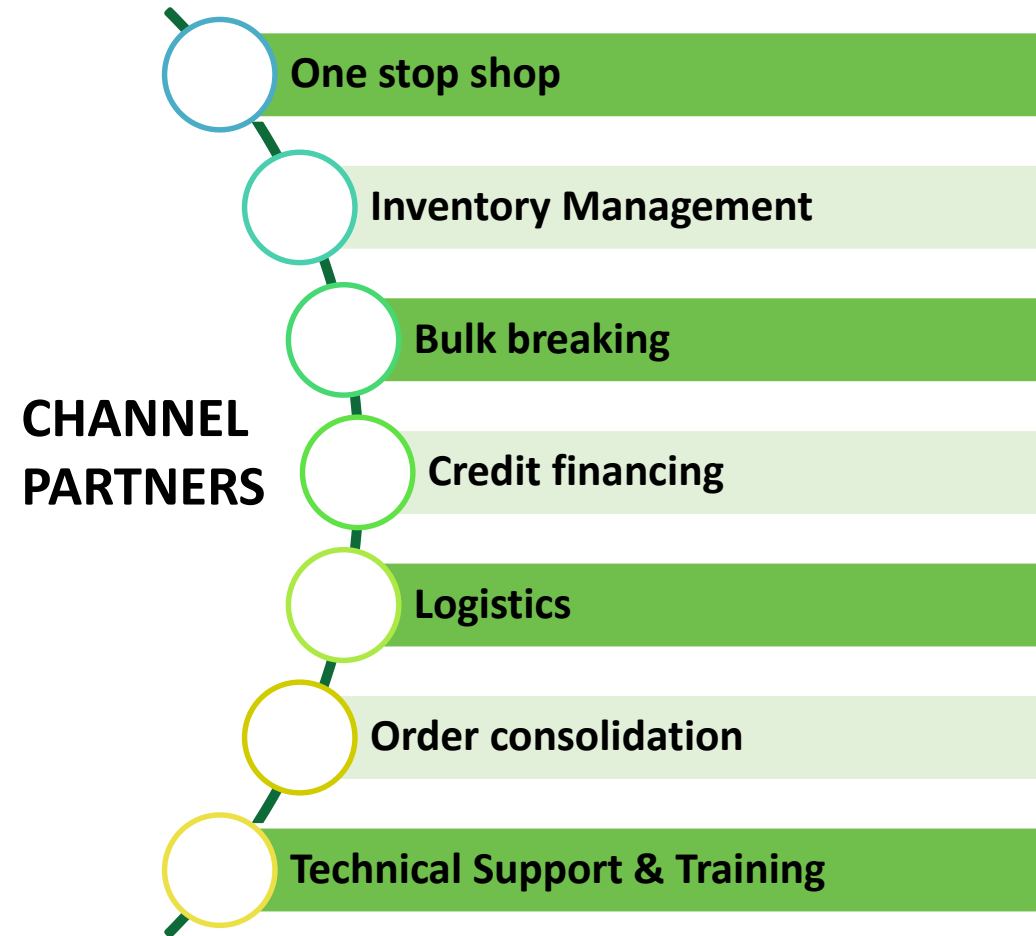
## IT CONSUMER & MOBILITY



## IT ENTERPRISE



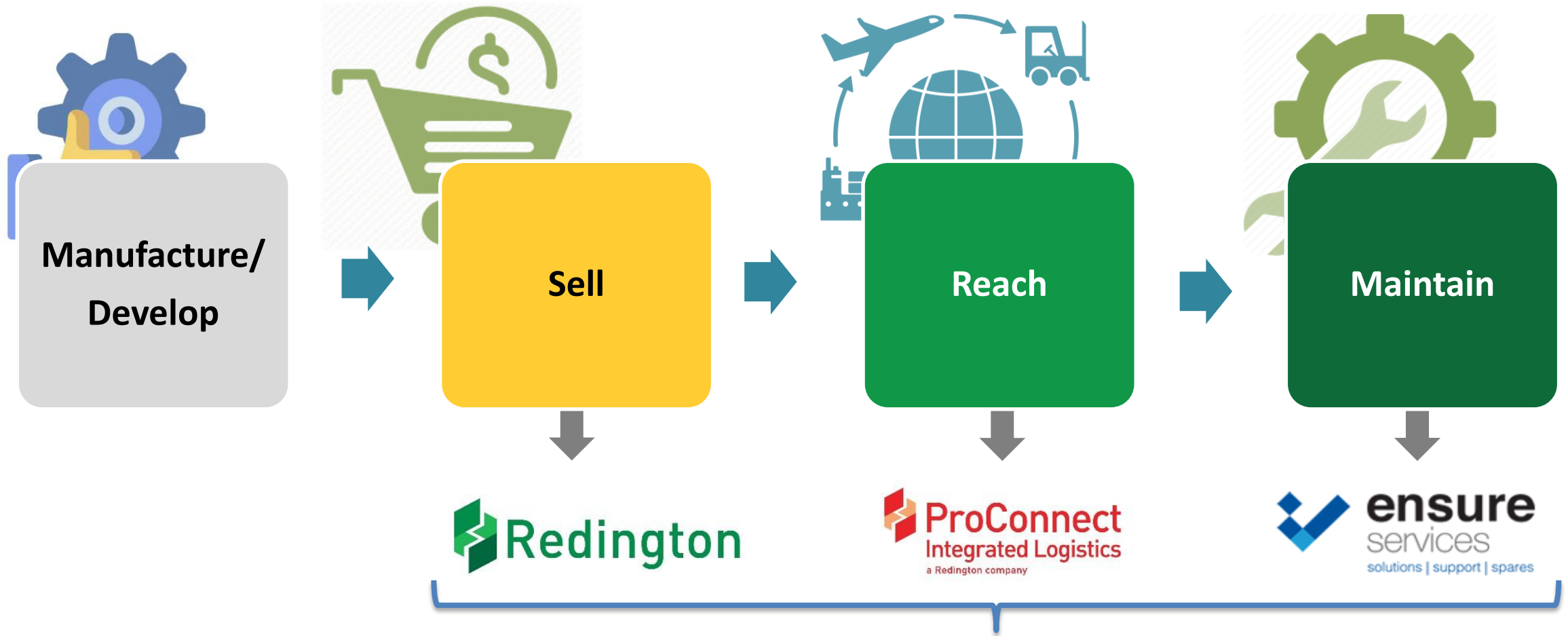
# Distributors: Value Creators



*Increase in the revenue base & increased value offered in a product*

*Facilitating selling as well as enhancing the selling potential for partners*

# Product Lifecycle



*Our presence across the product lifecycle*

# Company Overview



*“Our mission is to offer a robust technology-powered platform to enable a seamless flow of products and services”*

# Our Values



**ADAPTABILITY**



**COLLABORATION**



**KNOW-HOW**



**OBJECTIVITY**



**SIMPLICITY**



**TRUST**



**TRANSPARENCY**



# Our Emergence

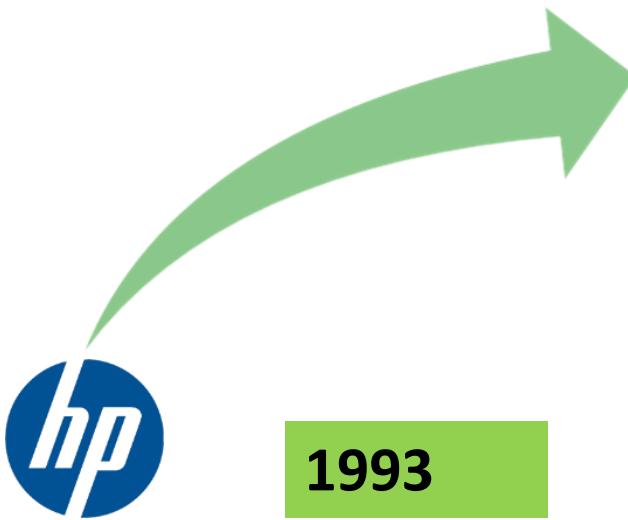
Present



1993

*Presence across 30 markets, a leading Emerging Markets player*

# Our Associations

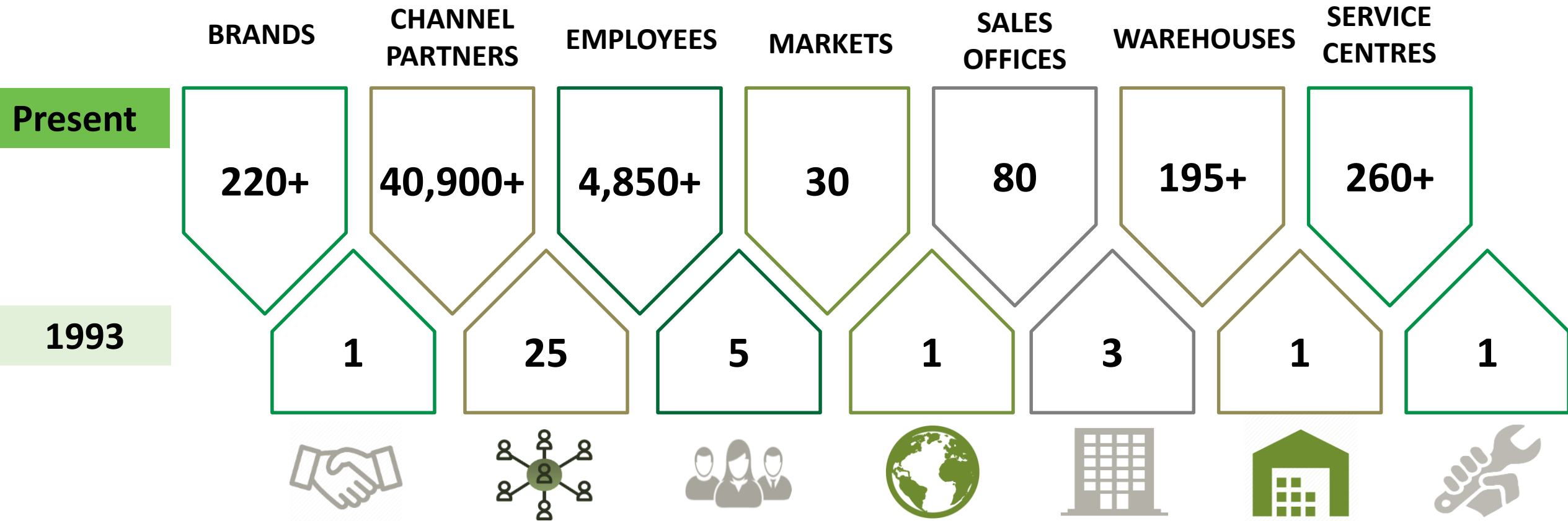


1993



*Enviably Partnerships with over 220+ brands*

# Our Expansion



*From a 'Home Grown Company' to a 'Leading Distributor'*

# Our Board Of Directors

## Independent Directors

### CHAIRMAN



**Prof. Ramachandran**  
Professor, Corporate  
Policy & Strategy  
IIM, Bengaluru



**V. S. Hariharan**  
Ex. Vice President,  
Hewlett-Packard,  
Singapore



**Keith WF Bradley**  
Ex. President,  
Ingram Micro, North  
America



**B Ramaratnam**  
Professional  
Director



**Raj Shankar**  
Managing Director



**E H Kasturi Rangan**  
Whole time Director

## Non-Executive Directors



**Tu, Shu-Chyuan**  
General Manager  
Business Development  
Synnex Tech, Taiwan



**Chen, Yi-Ju**  
Senior Manager – Finance  
Planning & Management  
Synnex Tech, Taiwan



**Udai Dhawan**  
Managing Director,  
Standard Chartered  
Private Equity, India

# Our Experienced Executive Team



**Raj Shankar**  
Managing Director



**P S Neogi**  
Joint COO, India



**E H Kasturi Rangan**  
Joint COO, India



**Ramesh Natarajan**  
Chief Sales Officer,  
India



**Dr. R. Arunachalam**  
CEO, ProConnect  
Logistics, India



**S V Krishnan**  
Chief Financial  
Officer



**S V Rao**  
CEO, Ensure  
Services, India



**Aloysius Fernandes**  
President,  
IT Volume,  
Africa



**Jeetendra Berry,**  
Vice President,  
IT Volume,  
Middle East



**Rawad Ayash,**  
Vice President,  
Telecom,  
Middle East



**B Ramkumar**  
President,  
IT Value Added  
Distribution, MEA



**Jim Mathew**  
Sr. Vice President,  
Telecom,  
Africa



**S Chidambaram**  
Sr. Vice President,  
Supply Chain  
Management, MEA



**Sriram Ganeshan**  
Director & Chief  
Financial Officer,  
MEA



**S Sethuraman**  
Sr. Vice President,  
Support Services /  
Ensure Services, MEA



**Serkan Celik,**  
CEO, Arena,  
Turkey

# **Business Overview**



# Distribution Business

BUSINESS

INDIA

MIDDLE EAST

AFRICA

TURKEY

SINGAPORE

SOUTH ASIA

DISTRIBUTION



## IT CONSUMER

PCs



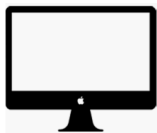
Laptops



Print Supplies



Printers



Consumer Lifestyle products

## IT ENTERPRISE

Networking



Software



Servers & Storage



Security



## MOBILITY

Smartphones

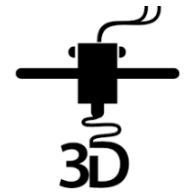


## EMERGING



Health & Medical Equipment

3D Printers & Scanners



Solar products

# Services Business



BUSINESS	INDIA	MIDDLE EAST	AFRICA	TURKEY	SINGAPORE	SOUTH ASIA
SERVICES	  					



 a Redington company				 imagine the real
Logistics services	Support services	Cloud services	Digital print services	3D Print Services



# ProConnect India



**Wholly Owned Subsidiary of Redington**



**Integrated Third Party Logistics partner**



**PAN India presence**



**155+ Warehouses**



**6.6 mn Sq.ft. in operation**



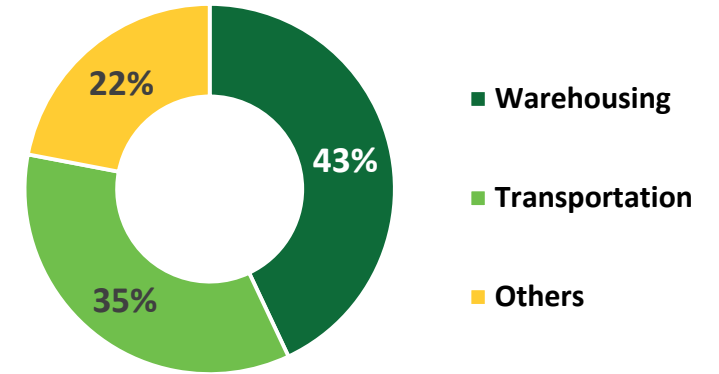
**161+ Customers across 12+ Industries**



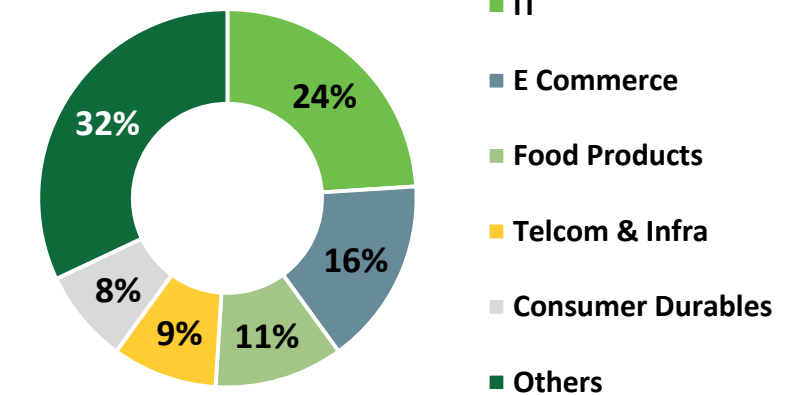
**19,600+ Pincodes**



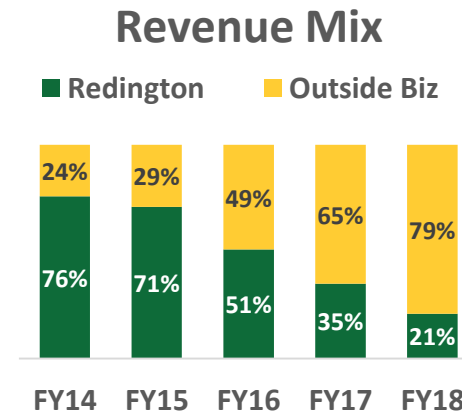
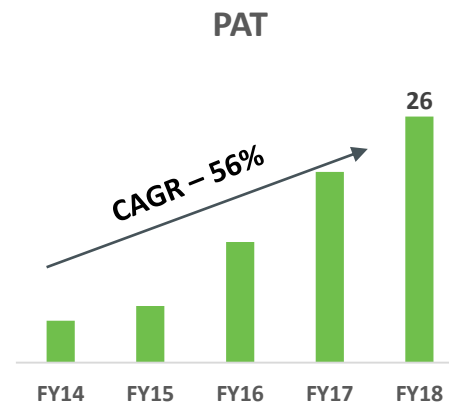
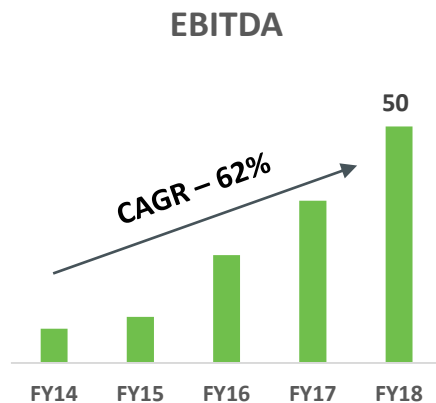
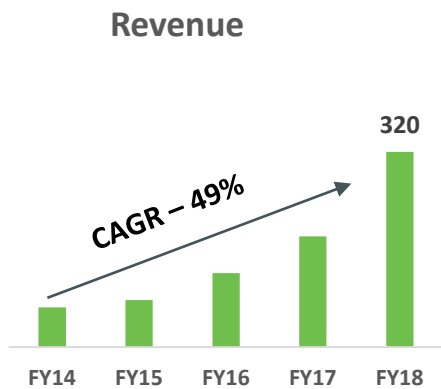
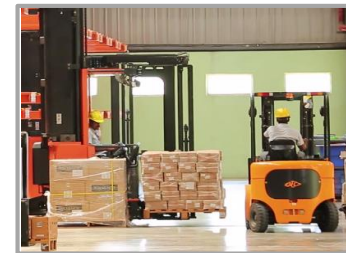
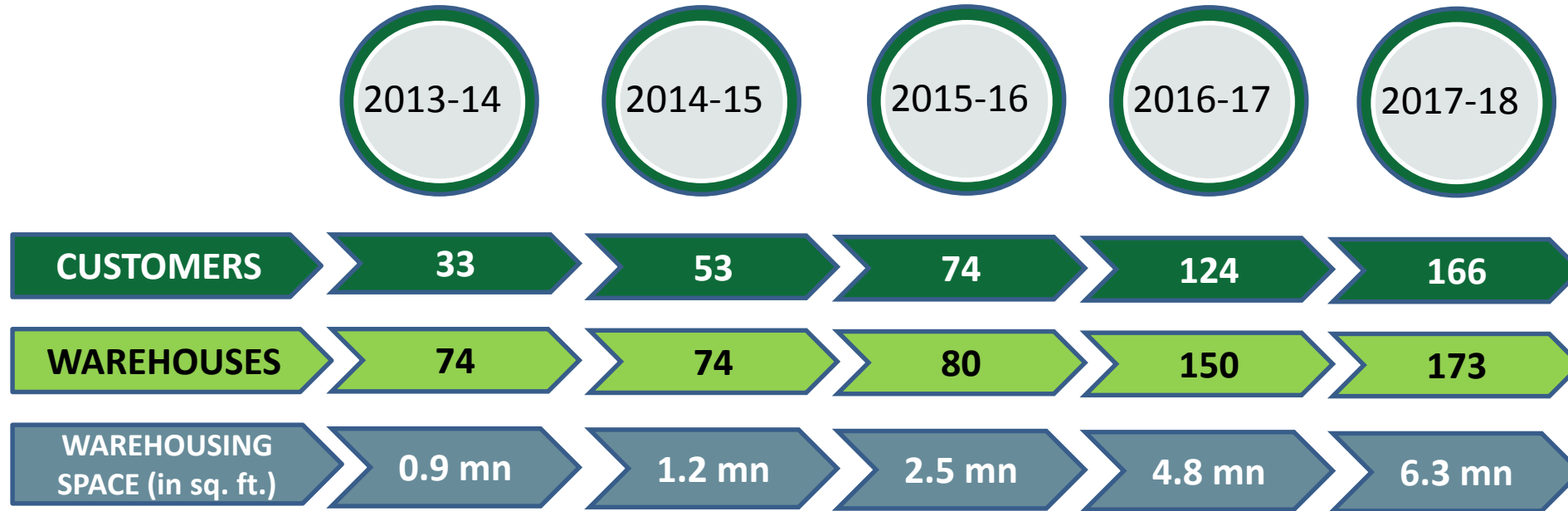
## Revenue Contribution from Services



## Revenue Contribution from Industries



# ProConnect India : Growth Story



# Ensure India



*Wholly Owned Subsidiary of Redington*



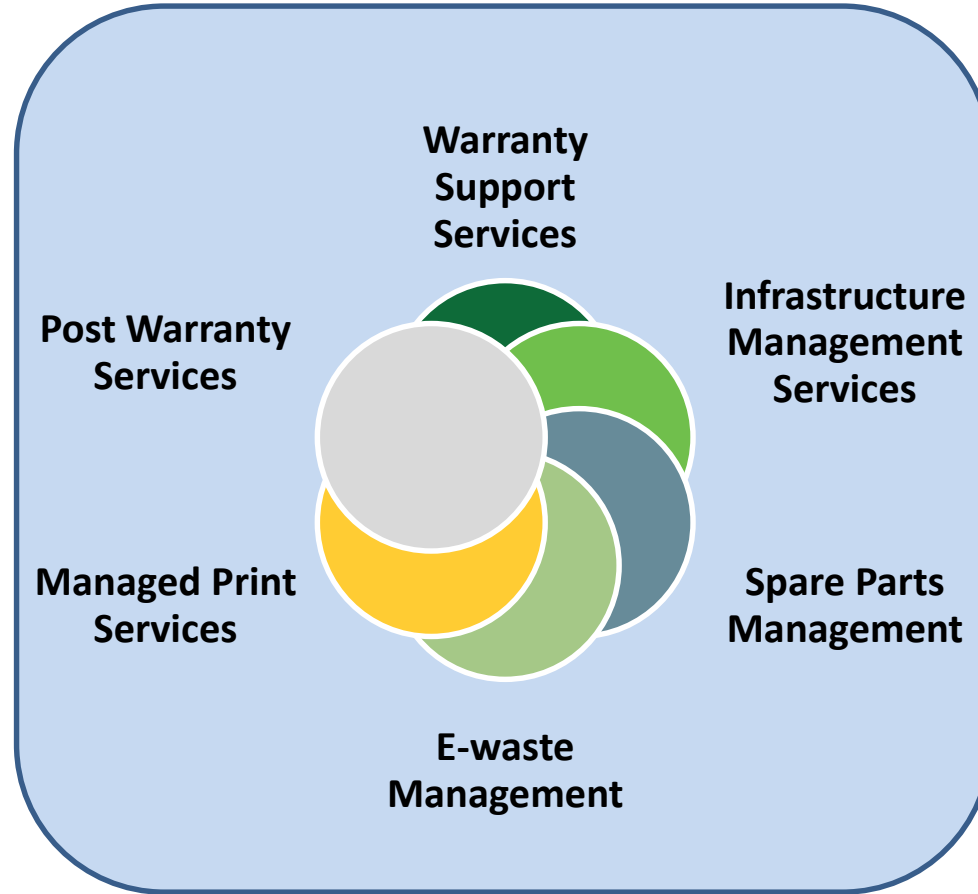
*PAN India presence with 35+ Owned services across India*



*Preferred Service partner with 175+ service partners across India*



*FY18 Revenues : Rs 123 crs*  
*FY18 PAT : Rs 6 crs*



## Clients

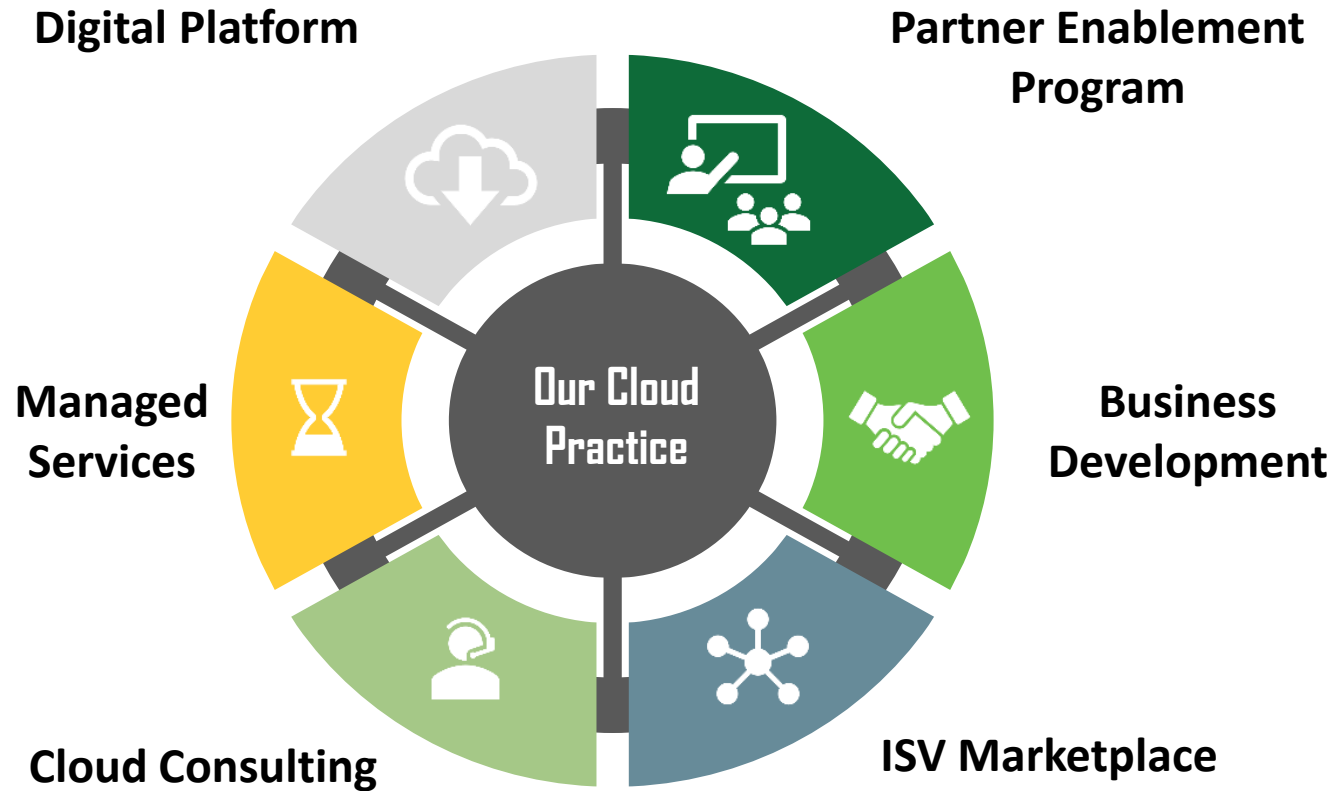


\*Illustrative

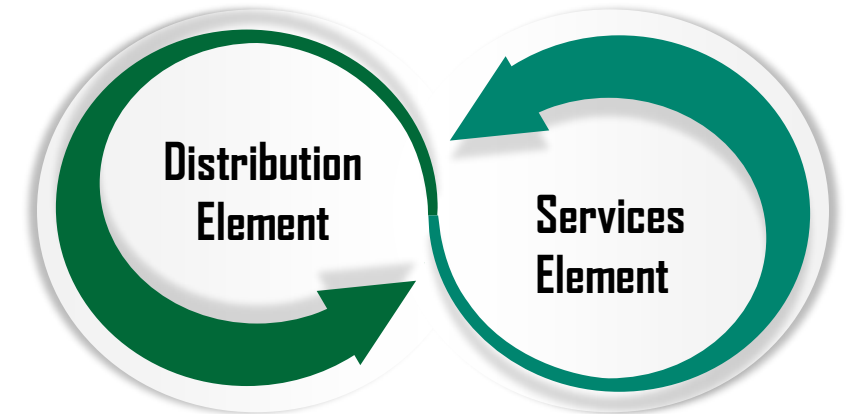
# Redington Cloud Solutions



## Our Cloud Practice



## Our business



Down-selling of  
Cloud products



ORACLE

Redington team  
provides  
Managed  
Services,  
focussing on  
SME/Mid Market  
clientele

## DIGITAL PRINT SERVICES



Exclusive Distributor of  
HP Indigo's "Digital  
Printing Press" in India

### REVENUE MODEL

Distribution of Printing Press

Annuity revenues from clicks (impressions)

Parts & Labour

Ranked  
Grade "AAA"  
by HP Indigo  
(Highest in  
the world)



## 3D PRINT SERVICES



Set up 3D Printing  
Facility in Chennai



On-Demand Manufacturing

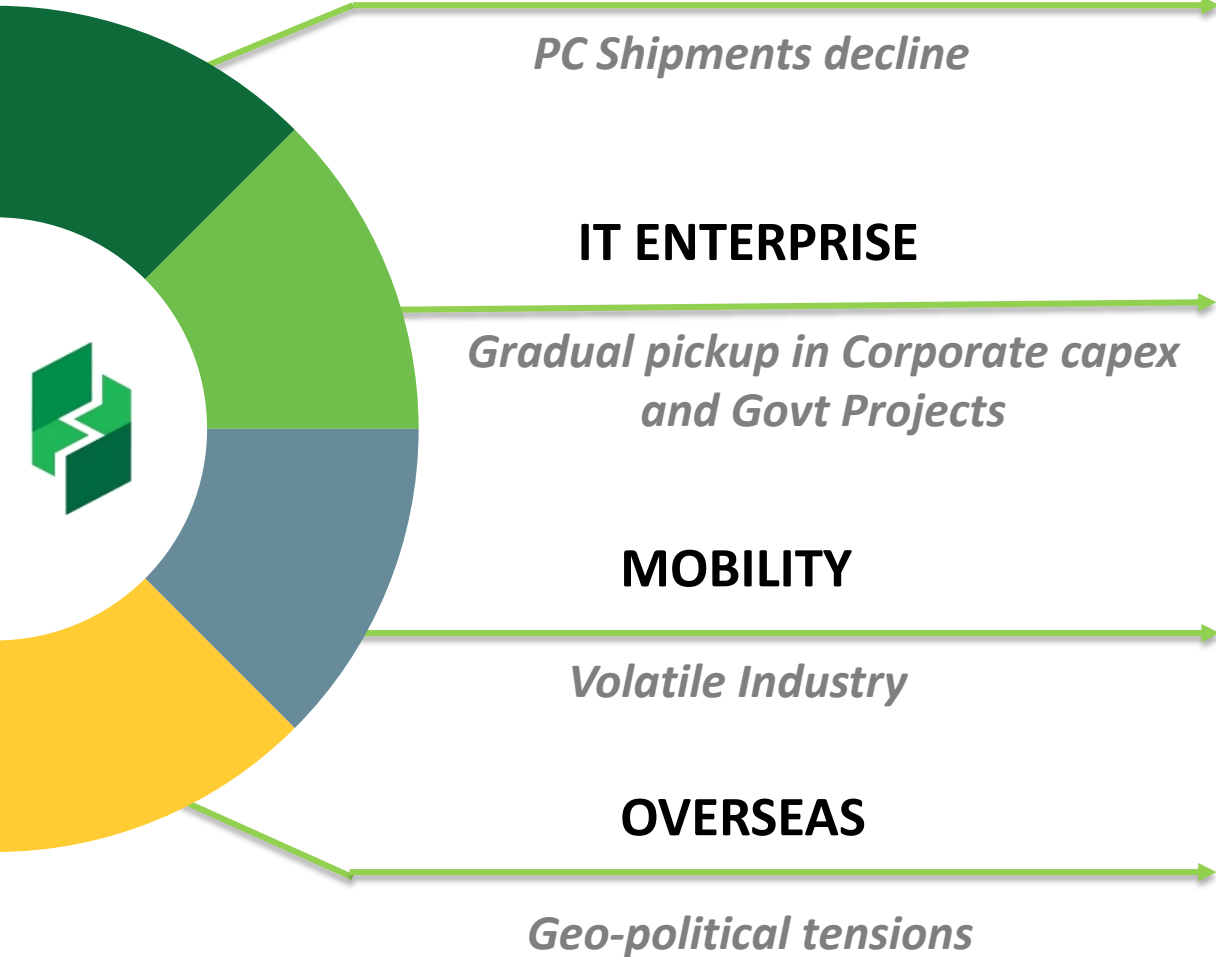


Prototyping



Scanning

# Fueling Growth In a Challenging Business



- Enabling better product mix with higher ASP
- Market share gains

- Establishing presence in Cloud
- Increased value added services
- Systematic approach devised to participate in Government Projects

- Association with MNC brands with clear long term strategy

### Three Commandments

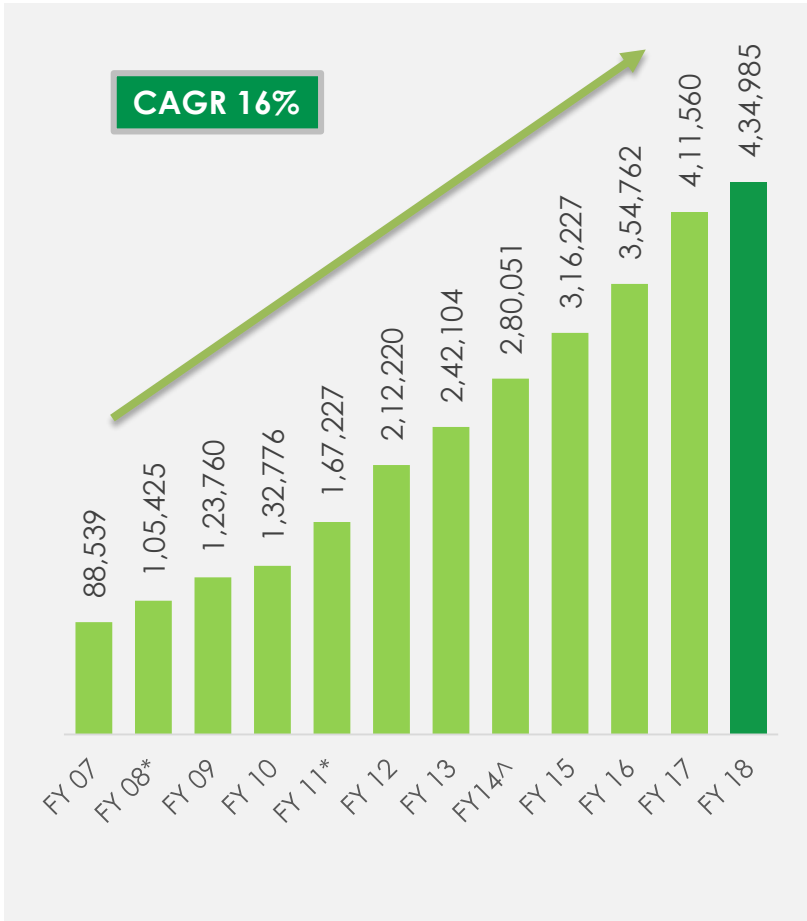
- Protect capital fiercely
- Be absolutely paranoid about risk
- Reduce costs as much as possible

# Financial Performance

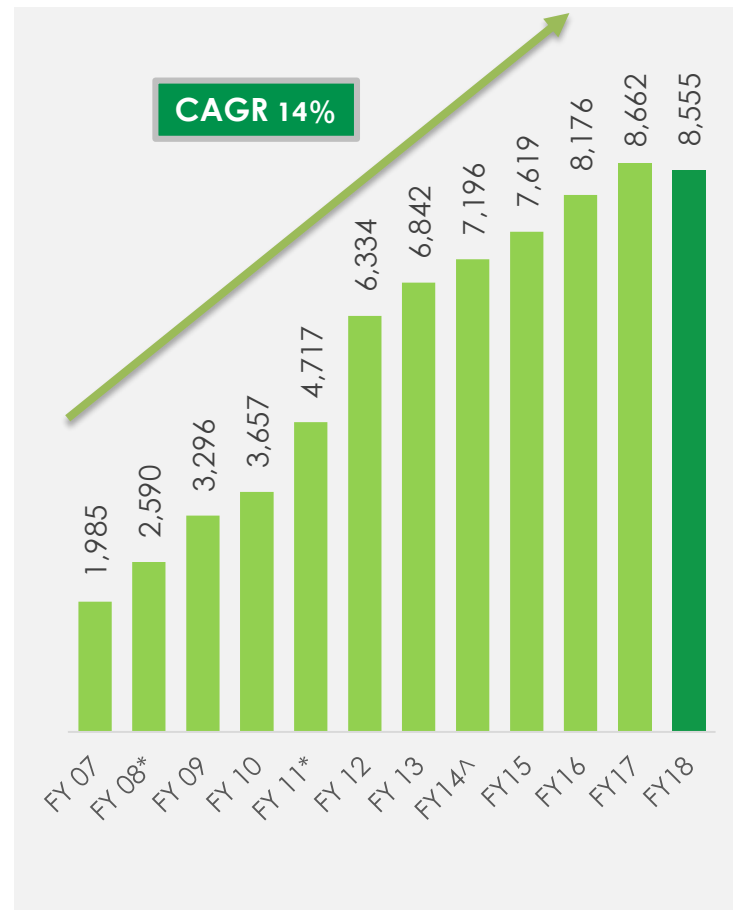


# Performance Since Listing

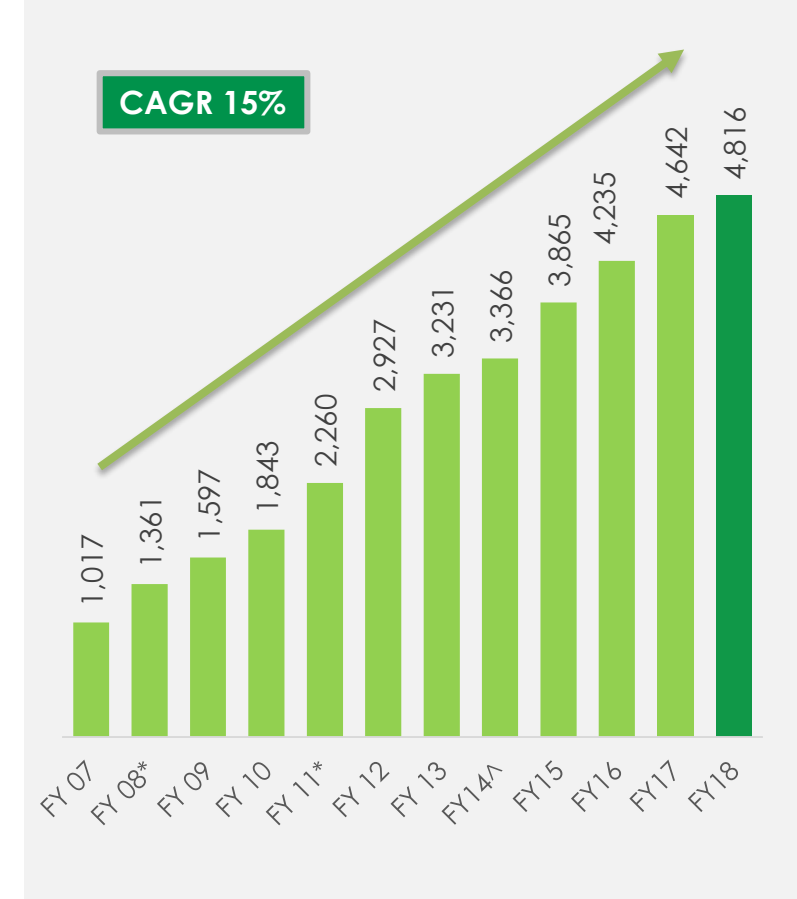
## REVENUE



## EBITDA



## PAT



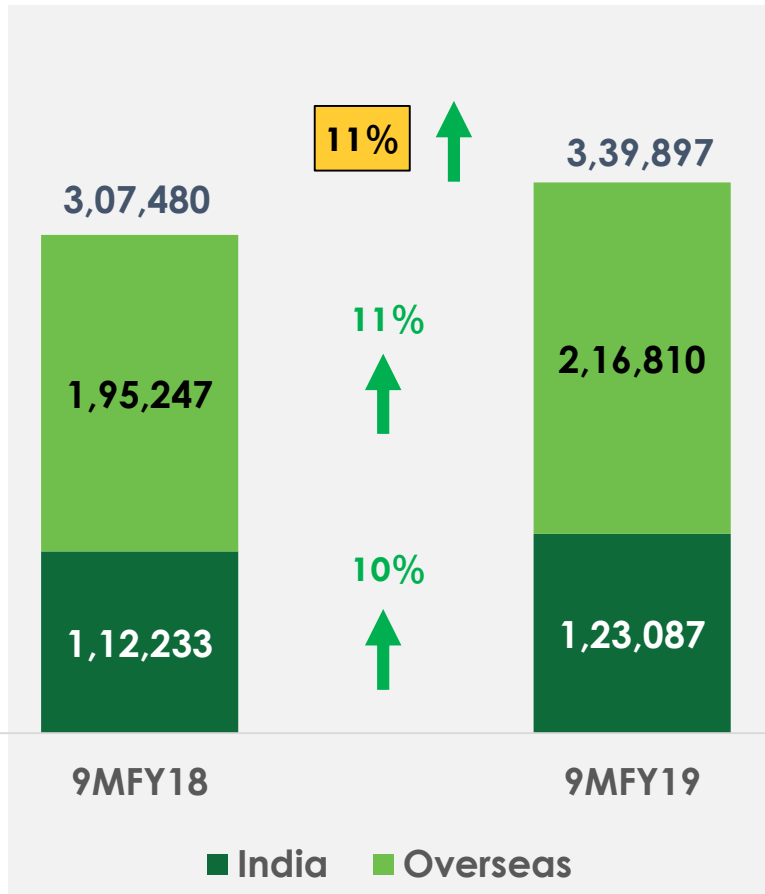
\*Post acquisition of Easyaccess Financial Services in FY 08 and Arena in FY 11. ^ Post sale of Easyaccess Financial Services



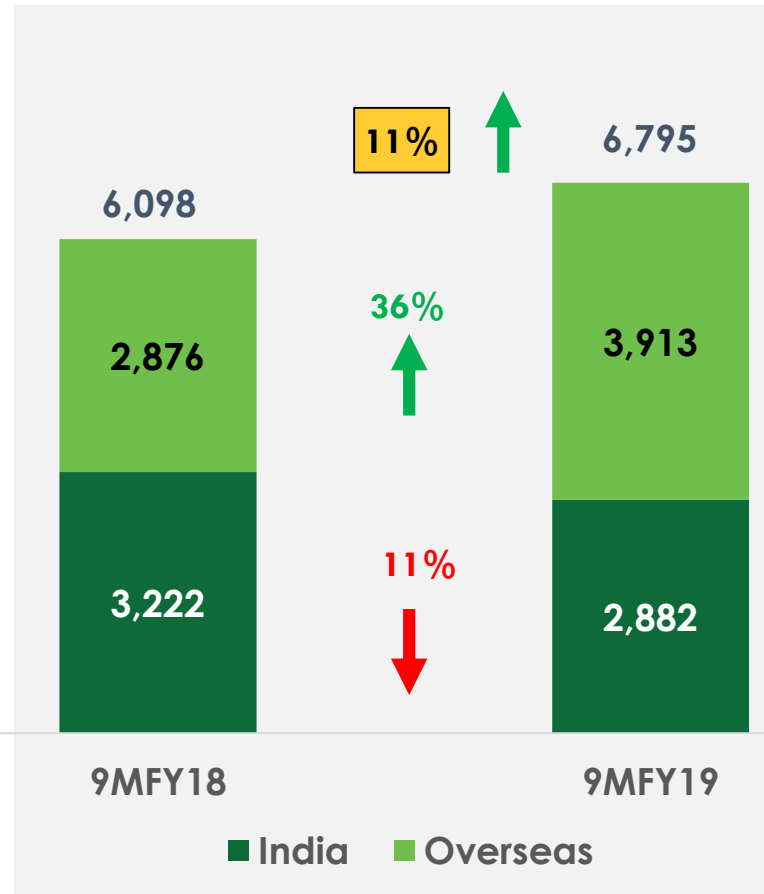
# Performance By Market

₹ in million

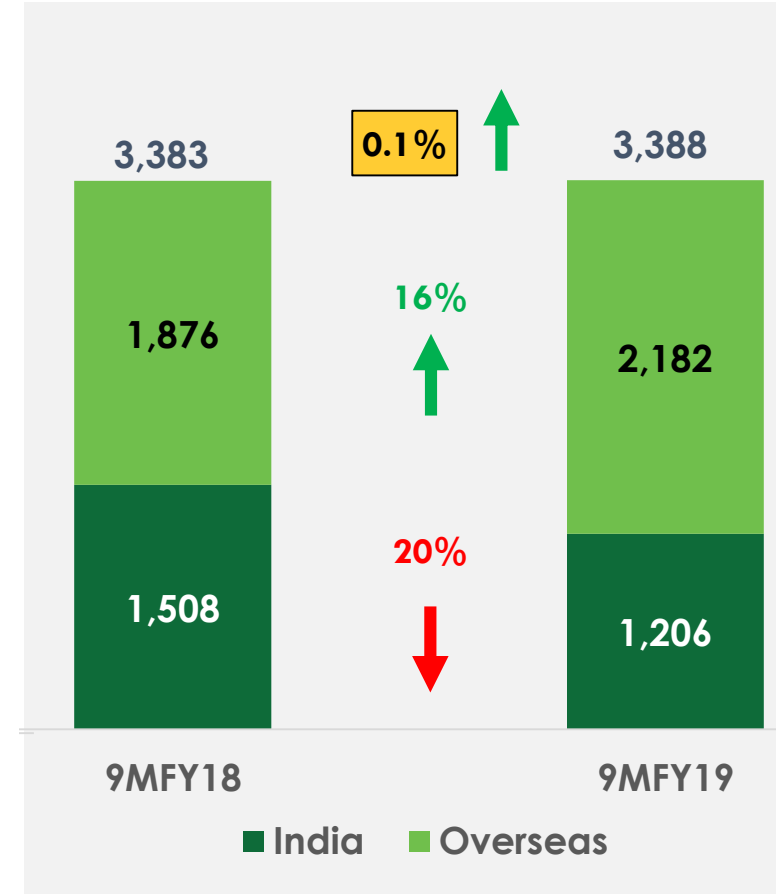
## REVENUE



## EBIDTA

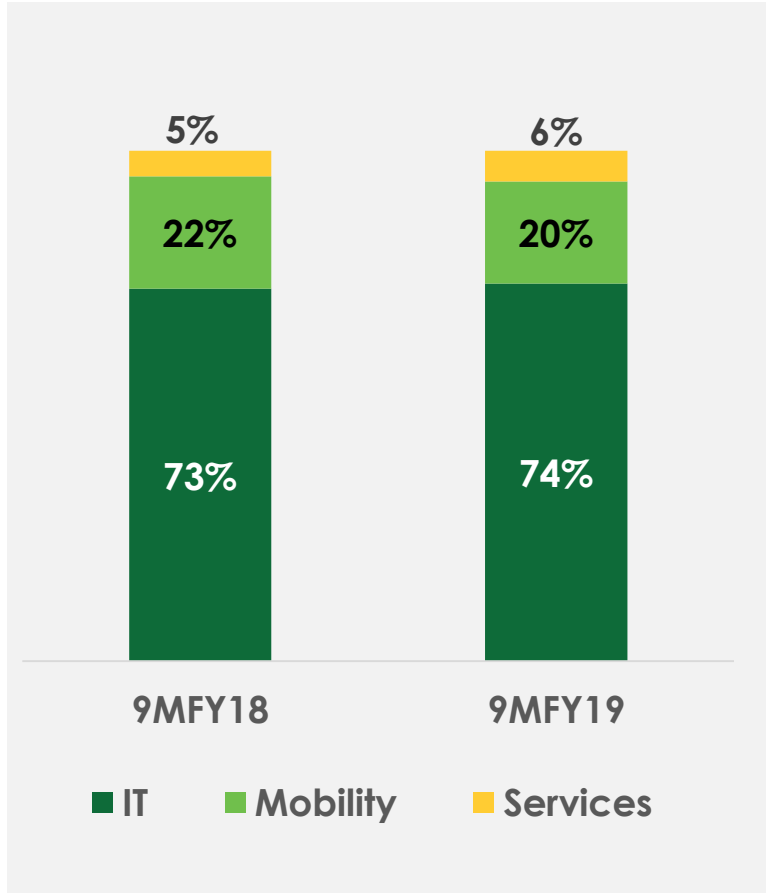


## PAT

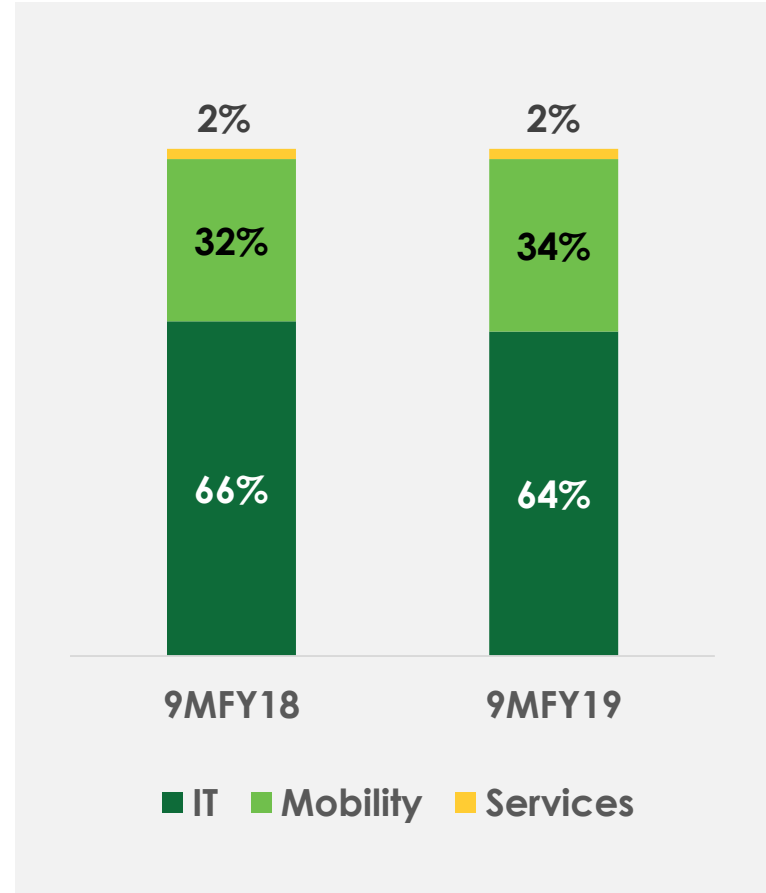


# Performance By Vertical

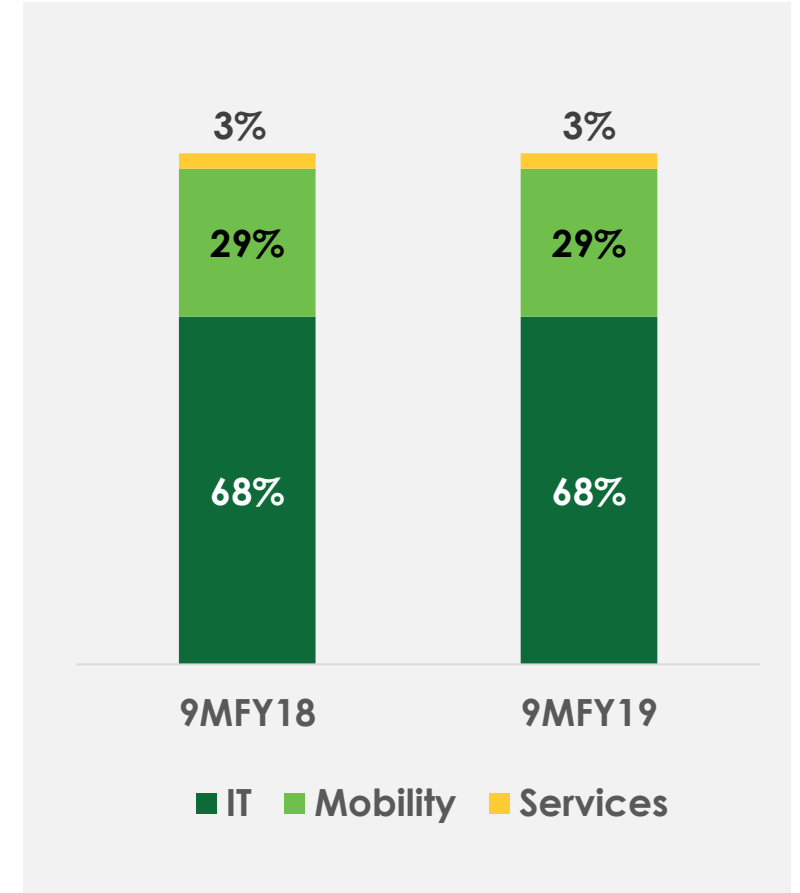
## INDIA



## OVERSEAS

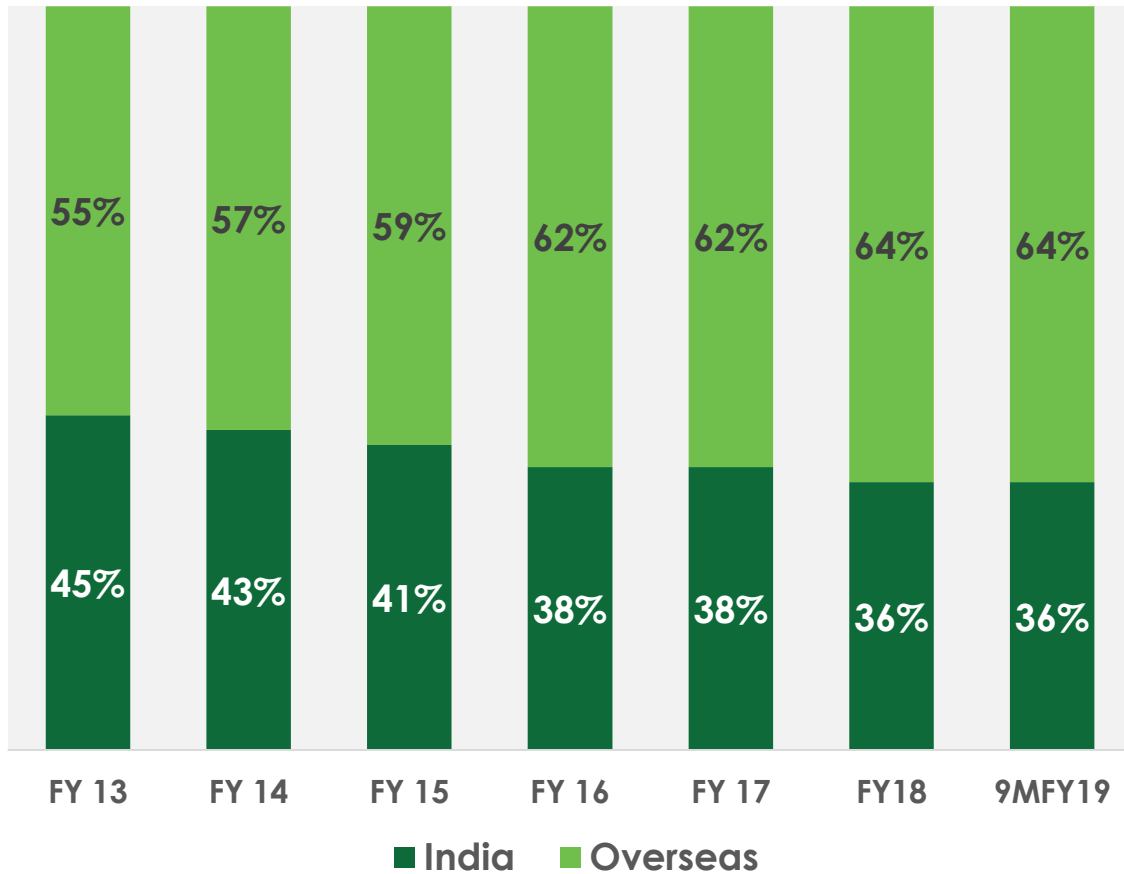


## CONSOLIDATED

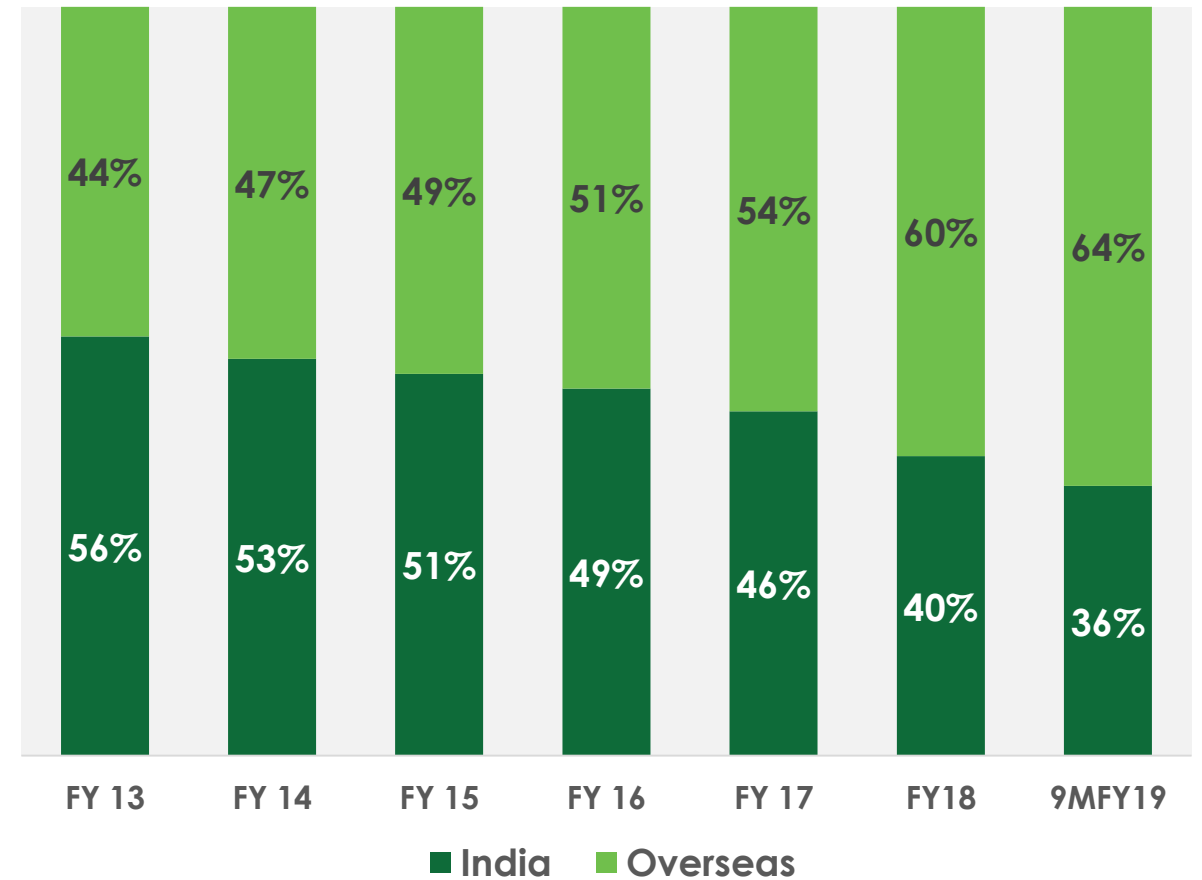


# Geographical Contribution

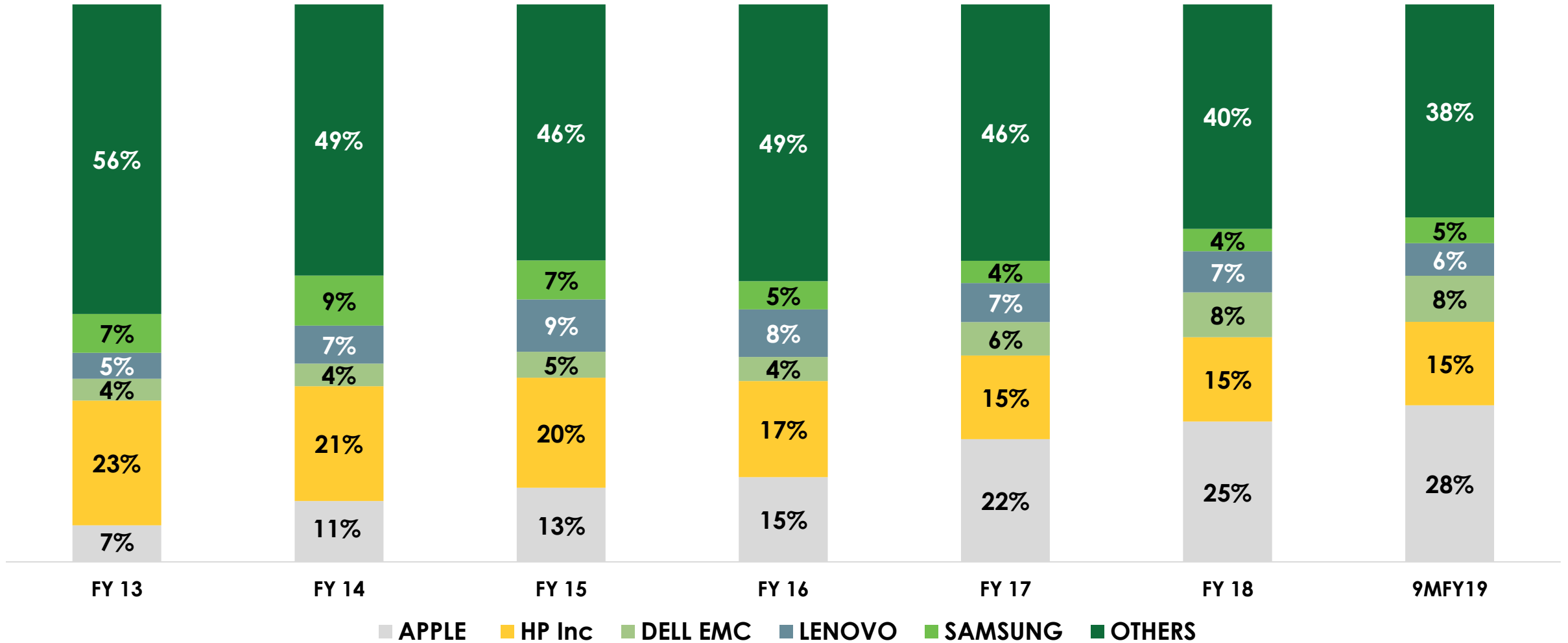
## REVENUE



## PAT

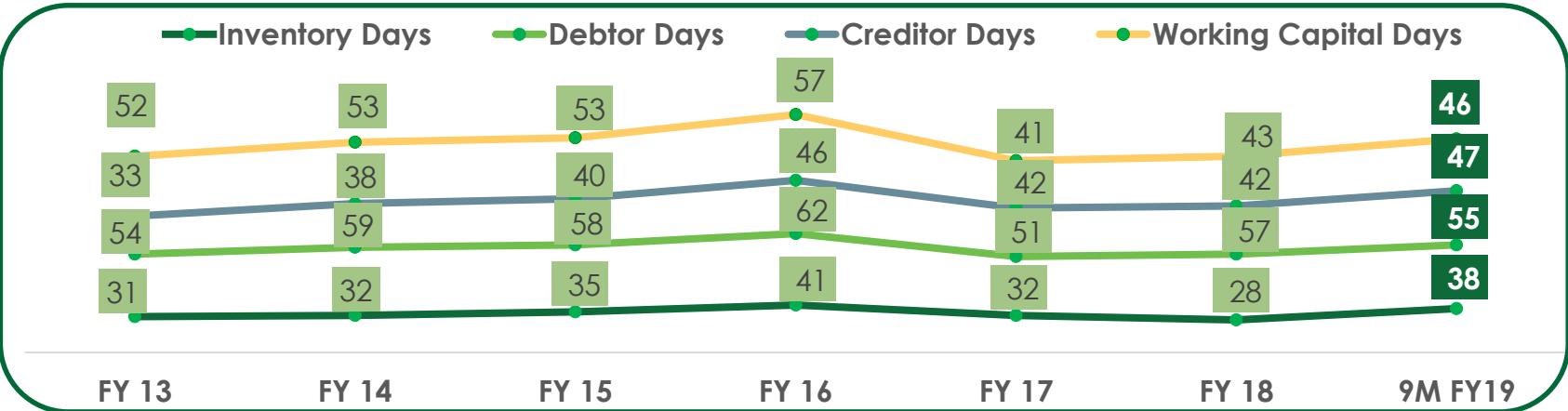


# Top 5 Vendors



Note: Effect of Dell EMC merger is shown partly in FY17 figures and fully in FY18 figures

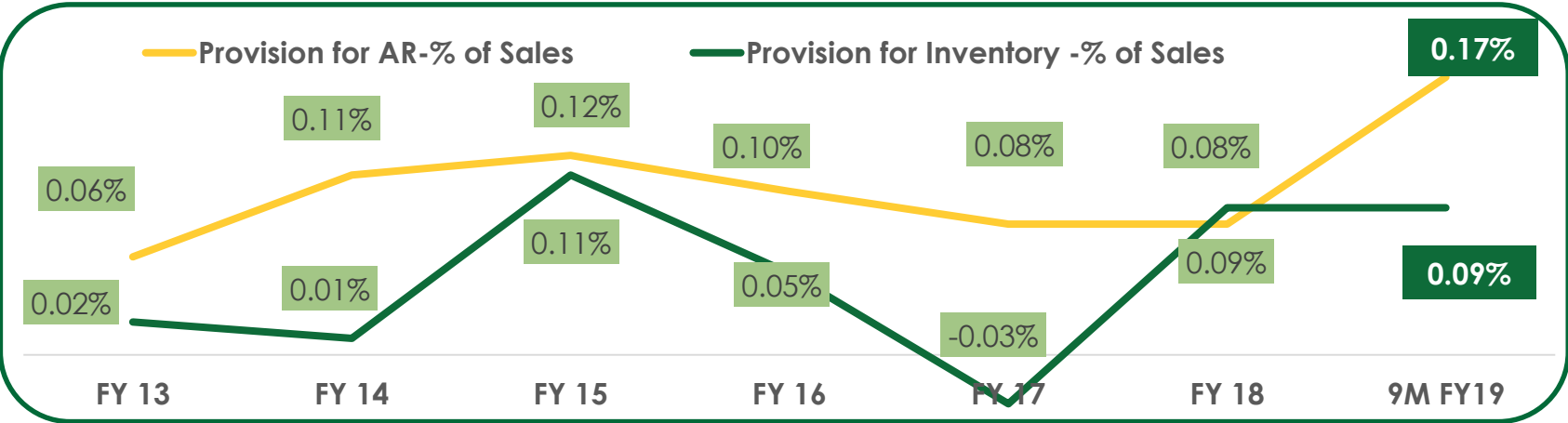
# Key Operating Metrics



**Working Capital Days at sustainable levels**

Rs in mn	FY13	FY14	FY15	FY16	FY17	FY18	9MFY19
<b>CFO</b>	2,877	2,413	1,951	(1,922)	12,986	1,841	(1,061)
<b>FCF</b>	(478)	(389)	947	(5,054)	9,113	(935)	(4,107)

**Cumulative generation of cash flows**



**Ensuring Risk adjusted Returns**

# Consolidated Financials

Particulars	9MFY19	FY18	FY17	FY16	FY15	FY14	FY 13
<b>Total Revenue</b>	3,39,897	4,34,985	4,11,560	3,54,762	3,16,227	2,80,051	2,42,104
<b>EBITDA</b>	6,795	8,555	8,662	8,176	7,619	7,196	6,842
<b>PAT</b>	3,388	4,816	4,642	4,235	3,865	3,367	3,231
<b>Networth</b>	37,617	35,306	31,479	29,494	23,742	20,213	16,407
<b>Capital Employed</b>	64,570	53,472	50,252	56,659	44,468	39,938	39,471
<b>EBITDA Margins</b>	2.0%	2.0%	2.1%	2.3%	2.4%	2.6%	2.8%
<b>PAT Margins</b>	1.0%	1.1%	1.1%	1.2%	1.2%	1.2%	1.3%
<b>ROCE</b>	14.2%	15.5%	15.2%	14.9%	17.2%	17.2%	17.7%
<b>ROE</b>	12.4%	14.5%	15.3%	15.6%	18.2%	19.1%	22.8%
<b>EPS (₹)</b>	8.5	12.0	11.6	10.6	9.7	8.4	8.1
<b>Book Value per share (₹)</b>	96.6	87.7	78.2	73.2	57.6	48.8	39.5

# Dividend Distribution

Dividend Payout : 20% on profits earned

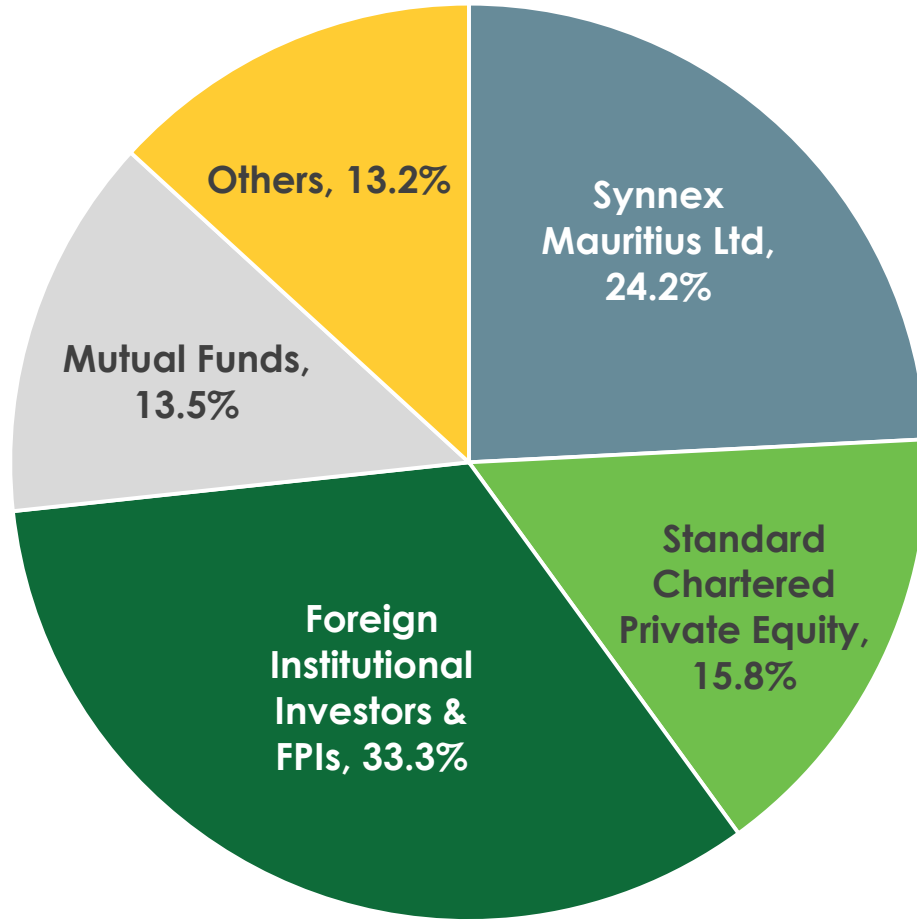


**Buyback of shares**  
**Issue size Rs.139 crs**  
**% Equity 2.78%**

— Dividend % on Face Value of shares

▲ Final dividend plus Special Interim Dividend declared

# Shareholding Pattern (As of Dec 31<sup>st</sup> 2018)



HDFC Mutual Fund



Fidelity Management & Research (FMR)



Franklin Templeton Investments



ICICI Pru Life Insurance



Fidelity International



Norges Bank



Dimensional Fund Advisors



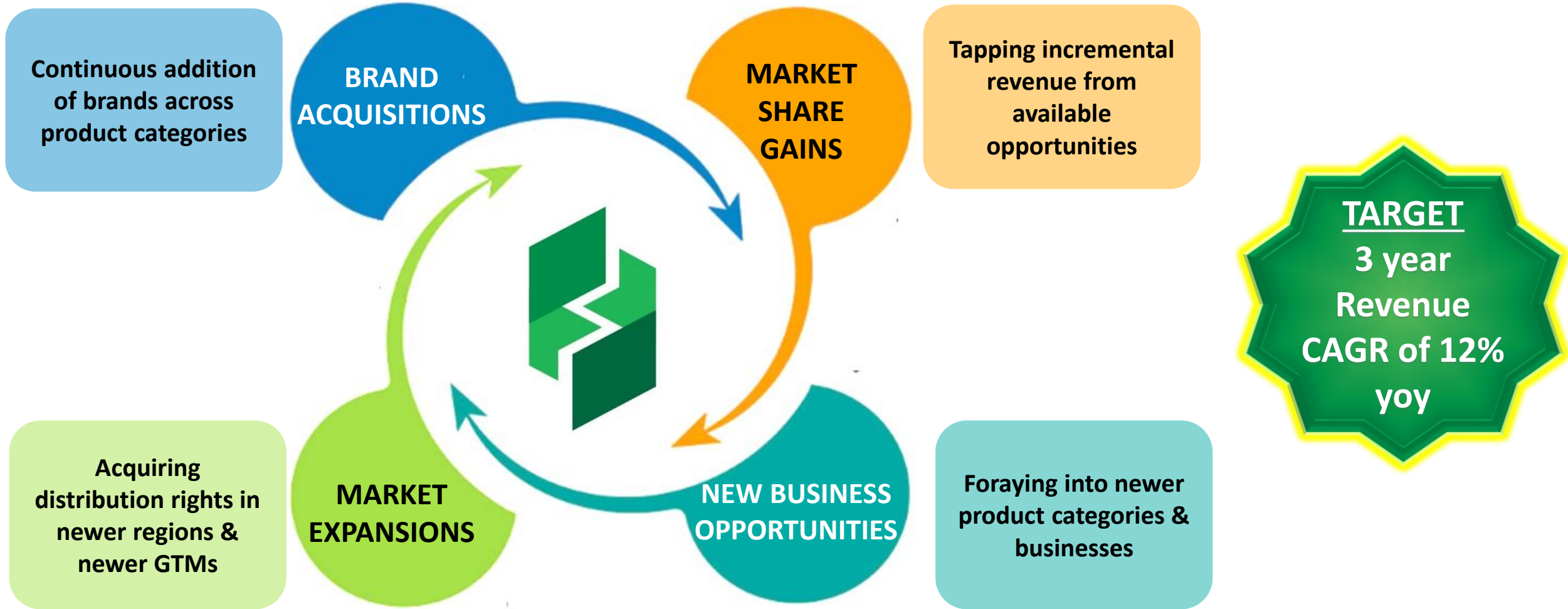
Royal Bank of Canada



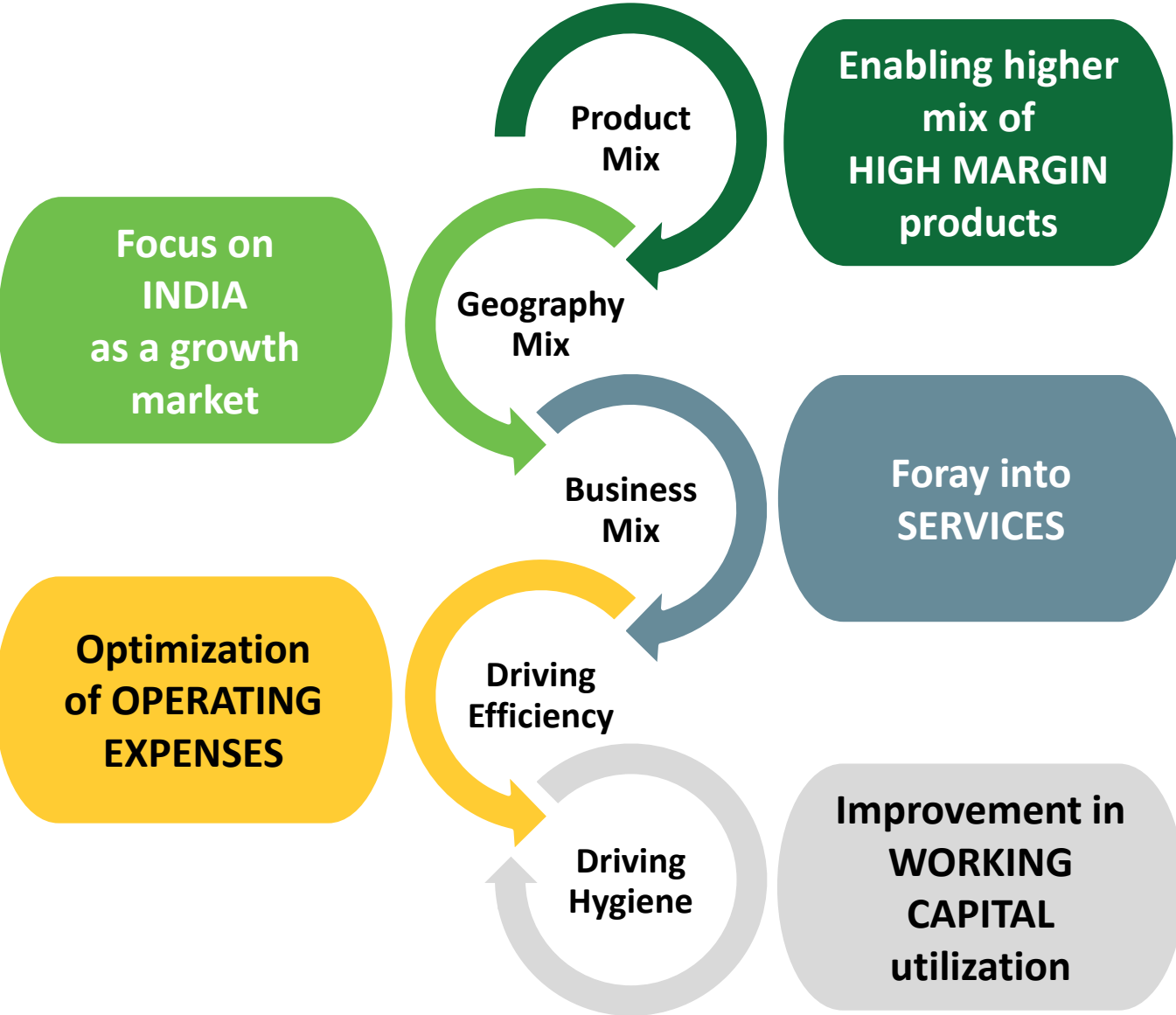
# **Our Growth Drivers**



# Revenue Growth Vectors



# Margin Growth Vectors



Improved Margin Trajectory



Improved WC turns



Improved ROCE

**TARGET**  
ROCE of  
16-18% by  
FY21

# Capital Allocation Priorities



NO FPO  
MADE



Debt  
Equity  
Ratio at  
0.4



AA/A1+  
Credit  
rating

*Foundation for CSR @ Redington (Redington Foundation), a trust formed by Redington (India) Limited to implement various CSR activities towards the betterment of the society*



## Employability Skills Training

- ➔ Communication Skills
- ➔ Computer Skills
- ➔ Personality Development
- ➔ Office Etiquette
- ➔ Domain Knowledge Skills



## Vocational Skills Training

- ➔ Disability inclusive support  
Improving quality of  
education through  
Technology
- ➔ Sign Language for hearing  
impaired
- ➔ Holistic self development
- ➔ Employment Generation



## Equipping Activities

- ➔ Setting up smart class  
rooms
- ➔ Monetary support to  
students
- ➔ Recognition to teachers
- ➔ Revamping of School infra



## Smart Schools

- ➔ Setting up Smart class  
rooms
- ➔ Strategic association with  
Schools for academic  
upliftment
- ➔ Promoting schools in rural  
areas

# CONTACT US

## Compliance Officer

*M. Muthukumarasamy*

*Redington (India) Limited*

*SPL Guindy House, 95 Mount Road,  
Guindy, Chennai 600 032*

<https://www.redingtongroup.com>

*CIN - L52599TN1961PLC028758*

## Investor Contact

*Sowmiya M*

*Manager – Investor Relations*

[sowmiya.manickam@redington.co.in](mailto:sowmiya.manickam@redington.co.in)

IR Materials - <https://redingtongroup.com/india/financials-and-reports/>



**THANK YOU**

