

Press Release- Q2 FY18

Bengaluru, India, Nov 7, 2017- TeamLease Services Limited (**NSE: TEAMLEASE, BSE: 539658**), one of India's largest staffing companies, today announced its results for the second quarter (**Q2FY18**) and for the first half year (**H1FY18**) ended September 30, 2017.

Summary of Consolidated financial results:

(all numbers in Rupees' Crores except Margins)

| Particulars | Q2FY18 | Q1FY18 | QoQ Growth % | Q2FY17 | YoY Growth % | H1FY18 | H1FY17 | H1 Growth % |
|-------------------|--------|--------|--------------|--------|--------------|---------|---------|-------------|
| Total Revenue | 880.0 | 858.8 | 2.5% | 729.4 | 20.6% | 1,738.8 | 1,423.1 | 22.2% |
| Operating Revenue | 875.6 | 853.0 | 2.7% | 722.3 | 21.2% | 1,728.6 | 1,409.8 | 22.6% |
| EBITDA | 15.2 | 13.0 | 16.4% | 7.3 | 108.6% | 28.2 | 12.4 | 128.3% |
| EBITDA margin (%) | 1.7% | 1.5% | | 1.0% | | 1.6% | 0.9% | |
| PBT | 17.3 | 16.6 | 4.0% | 12.9 | 34.4% | 33.9 | 22.9 | 48.2% |
| PBT margin (%) | 2.0% | 1.9% | | 1.8% | | 2.0% | 1.6% | |
| Net Profit (PAT) | 17.4 | 16.4 | 6.2% | 8.8 | 98.0% | 33.8 | 15.2 | 123.6% |
| PAT margin (%) | 2.0% | 1.9% | | 1.2% | | 2.0% | 1.1% | |

Highlights of financial performance:

1. Quarterly revenue grew by 21% YoY and half-yearly revenue grew by 22% YoY.
2. Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) was ₹ 15.2 crores for Q2FY18 and ₹ 28.2 crores for H1FY18 reflecting YoY growth of 109% on a quarterly basis and 128% on half-yearly basis. This was achieved by way of margin expansion in general staffing and contribution from IT staffing during H1FY18. Organic Staffing EBITDA margin improved to 1.7% in Q2FY18 from 1.3% in Q2FY17.
3. Profit Before Tax (PBT) was ₹ 17.3 crores for Q2FY18 and ₹ 33.9 crores for H1FY18 reflecting YoY growth of 34% on a quarterly basis and 48% on half-yearly basis. PBT margin improved to 2% in H1FY18 from 1.6% in H1FY17.
4. Profit After Tax (PAT) was ₹ 17.4 crores for Q2FY18 and ₹33.8 crores for H1FY18 reflecting YoY growth of 98% on a quarterly basis and 123% on half-yearly basis. PAT margin improved to 2% in H1FY18 from 1.1% in H1FY17. The Company continued to avail the tax benefits under section 80JJAA of the Income Tax Act, 1961 and deferred tax benefits.
5. Earnings Per Share (EPS) was ₹ 10.2 for Q2FY18 and ₹ 19.8 for H1FY18 reflecting YoY growth of 98% on a quarterly basis 123% on half-yearly basis.
6. We generated ₹ 42 crores of cash flow from operations during H1FY18 with an EBITDA to operating cash conversion ratio of 152%.

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Business Update

1. We completed acquisition of 100% stake in Evolve Technologies and it becomes our wholly owned subsidiary with effect from November 1, 2017.
2. Associate/ trainee headcount increased by ~28,000 on YoY basis and by ~3,000 on QoQ basis. Our current associate headcount (including Evolve) is ~132,000 and NETAP trainee headcount is ~32,000.
3. Average mark-up per employee per month (PEPM) for staffing associates increased to ₹ 735 in Q2FY18 from ₹ 700 in Q2FY17 reflecting an annual growth of 5%.
4. Our ratio of associates/trainees to staffing core employees improved to 210 in Q2FY18 from 186 in Q2FY17. Improvement in productivity achieved by virtue of standardization of processes and investments made into technology.
5. We maintained our funding exposure in general staffing business to 23% with minimal impact on working capital requirement post GST transition.

Management Comment

Mr. Ashok Reddy, Managing Director, TeamLease Services Limited said, *“We stayed true to our core objectives of sales growth, margin expansion, cashflows and capital frugality during the quarter. We made our foray into Telecom staffing through the acquisition of Evolve Technologies. We will continue to explore M&A opportunities in the market for building vertical capability or complementary service offerings”.*

About TeamLease Services Limited

We are one of India’s leading providers of human resource services with a vision of Putting India to Work. Our services span the entire people supply chain of human resources, covering Employment, Employability and Education. Our Employment services include staffing solutions, recruitment services and compliance services. Our Employability offerings include different types of learning and training solutions for retail, institutional and enterprise customers. We have more than 165,000 employees/trainees with over 1,950 clients across 6,500 locations in India. For more details, visit www.teamlease.com.

Investor contact

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| <p>Ravi Vishwanath Chief Financial Officer</p> <p>Tel: +91 80 3324 3330 Fax: +91 80 3324 3001 E-mail: ravi.vishwanath@teamlease.com</p> | <p>Renu Praveen Adfactors</p> <p>Tel: +91 9742279654 Fax: +91 80 3324 3001 E-mail: renu.praveen@adfactorspr.com</p> |
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