



# Corporate Presentation

March 2020

# 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 200+ brands through 38,350+ partners**



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



**\$7.3bn+ company with strong double digit 13 year CAGR (Revenue, EBITDA & PAT)**

# Our Mission and Values

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



**ADAPTABILITY**



**COLLABORATION**



**KNOW-HOW**



**OBJECTIVITY**



**SIMPLICITY**



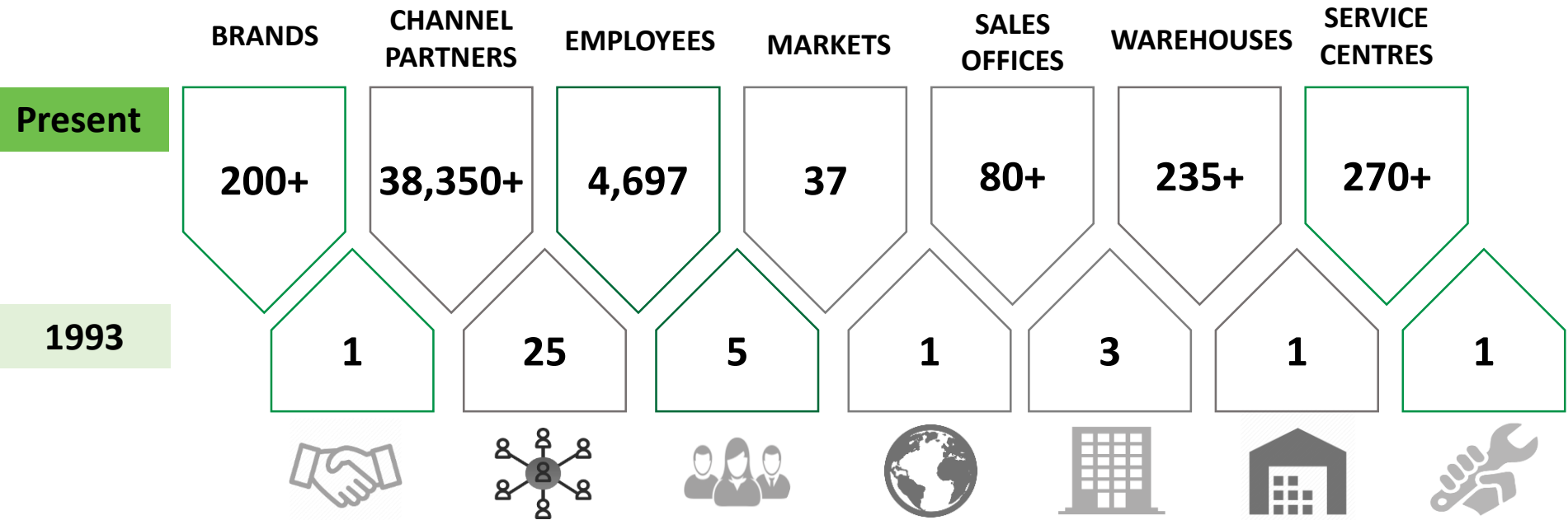
**TRUST**



**TRANSPARENCY**



# Our Expansion



*From a 'Home Grown Company' to an 'Emerging Markets Multinational'*

## 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



**Anita P Belani**  
Sr Business & Human  
Capital Leader, Operating  
Partner (Gaja Capital)

## Executive Directors



**Raj Shankar**  
Managing Director



**S V Krishnan**  
Whole time  
Director



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



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



**Udai Dhawan**  
Founding Partner &  
Head of India,  
Affirma Capital

## Non-Executive Directors

# Our Experienced Executive Team



**Raj Shankar**  
Managing Director



**P S Neogi**  
Chief of Staff



**S V Krishnan**  
CFO & Whole  
Time Director



**Ramesh Natarajan**  
CEO, India  
Distribution



**J K Senapati,**  
COO, India  
Distribution



**E H Kasturi Rangan**  
MD, ProConnect  
Logistics, India



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



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



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



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



**Rawad Ayash,**  
President,  
Mobility,  
Middle East



**Sayantan Dev**  
President,  
IT Value  
Distribution



**Jim Mathew**  
President,  
Mobility,  
Africa



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



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

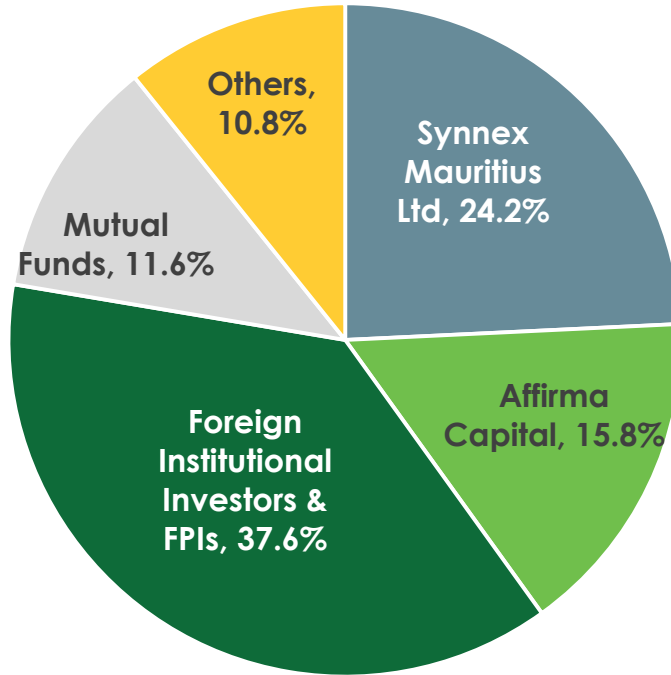


**S Sethuraman**  
Sr. Vice President,  
Ensure Services, MEA



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

# Our Shareholders



HDFC Mutual Fund



Fidelity Management & Research (FMR)



Franklin Templeton Investments



Fidelity International



ICICI Pru Life Insurance



Acacia Partners (Ruane Cunniff & Goldfarb)



Dimensional Fund Advisors



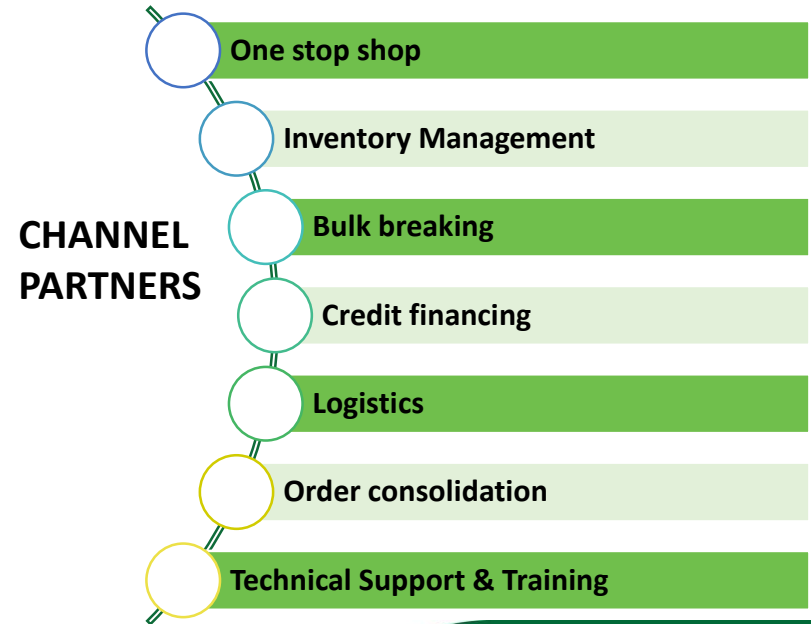
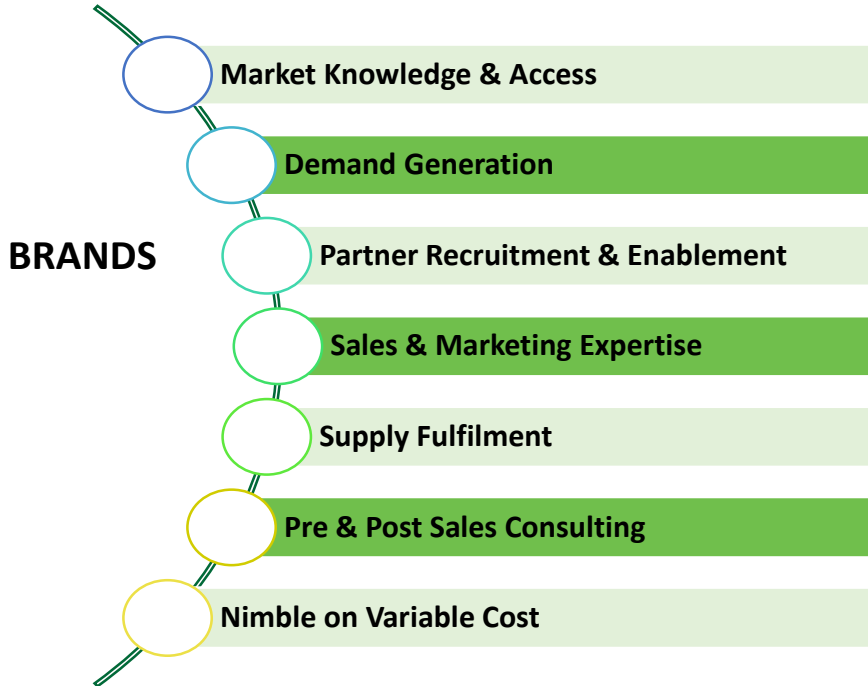
The Vanguard Group

# **Business Overview**





# Distribution Business Model



# 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

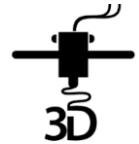


## EMERGING



Health & Medical Equipment

3D Printers & Scanners



Solar products

# Our Brands/Vendors



*Enviably Partnerships with over 200+ brands*

# 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*



*170+ Warehouses*



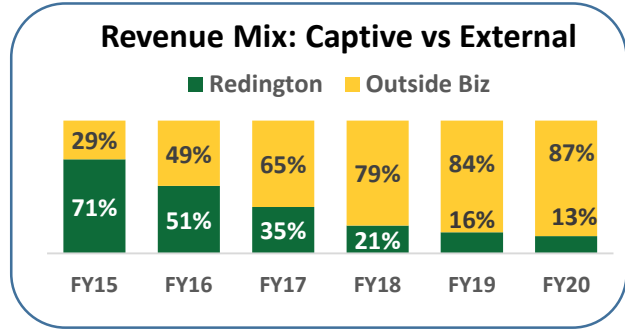
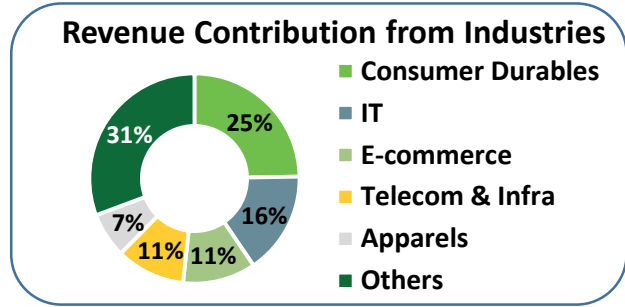
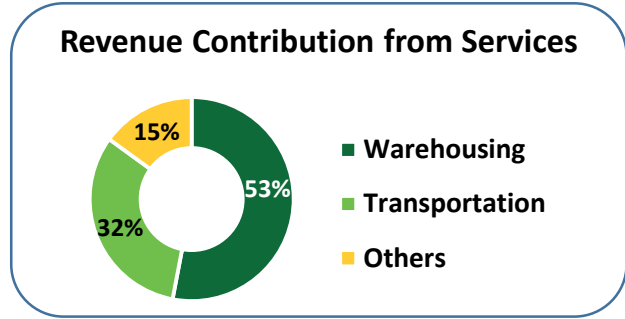
*6.2 mn Sq.ft. in operation*



*225+ Customers across 12+ Industries*



*20,200+ Pincodes*





*Wholly Owned Subsidiary of Redington*



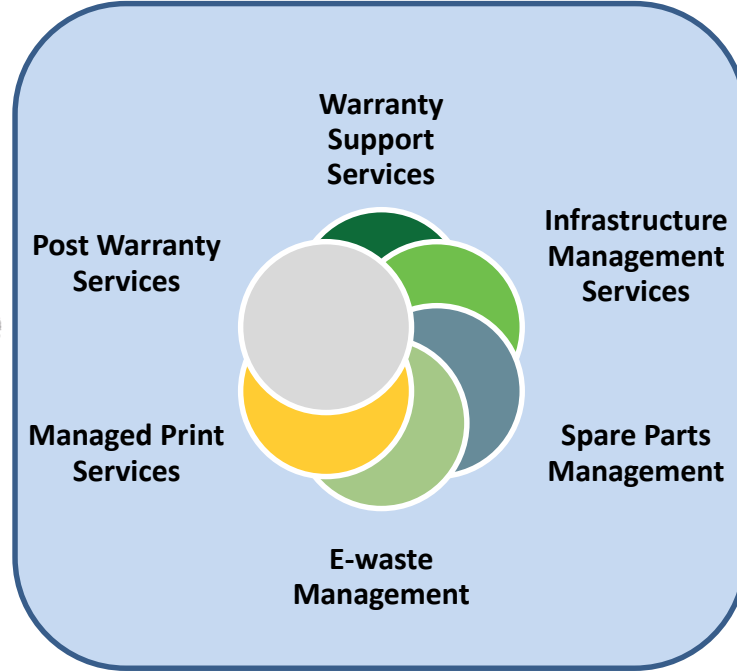
*PAN India presence with 50+ Owned service centres across India*



*Preferred Service partner with 180+ service partners across India*



*FY20 Revenues : Rs 1055 mn  
FY20 PAT : Rs 38 mn*

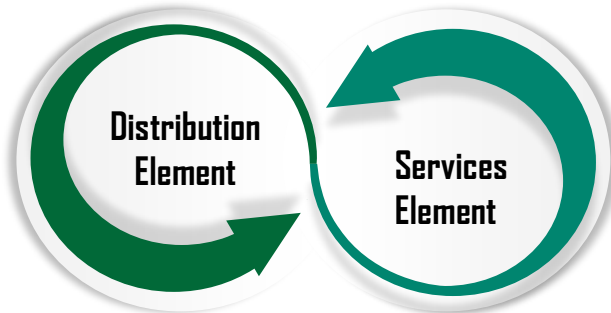


## Clients



\*Illustrative

## Our business



Down-selling of  
Cloud products



ORACLE

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

## Our Major Competencies

**Unified Digital  
Cloud Platform**

Enabling channel partners to auto provision, consume, view consumption reports, subscription management and monthly billing of Cloud services

**Investments in  
Manpower**

**Team Strength : 84**

Cloud Solution Architects, Cloud Consultants, Cloud Engineers, Advanced Pre-sales, Field Sales, Digital Marketing

**Redington  
Managed  
Cloud  
Solutions**

End to end solutions including 24\*7 support services, cloud monitoring, cloud management, reactive & proactive services

**Redington  
Cloud  
Academy**

Offering partner training and enablement services to help partners improve their value chain

**6000+**

Registered  
Partners

**2500+**

Customers

**350+**

Cloud  
Migrations

**100+**

Enterprise  
workloads



## FEATURES OF REDINGTON CLOUD MANAGED SOLUTIONS



### Assessment workshop

Redington and Partner works with Customer IT team to do assessment workshop and validate customer readiness for cloud



### Architect

Findings from application/Infra details via assessment, cloud solution is proposed to customers considering security and optimized cost



### Migrate

Step-by-Step processes of Migration in order of criticality and testing outcomes on Cloud



### Manage

Continuous processes with proactive monitoring to ensure the infra is ALWAYS managed & optimized with respect to utilization and new needs



## DIGITAL PRINT SERVICES



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

### REVENUE MODEL



Distribution of Printing Press



Annuity revenues from clicks



Parts & Labour



Ranked Grade  
"A" by HP  
Indigo  
(Third in the  
world)

## 3D PRINT SERVICES



Set up 3D Printing  
Facility in Chennai



ON DEMAND MFG



PROTOTYPING



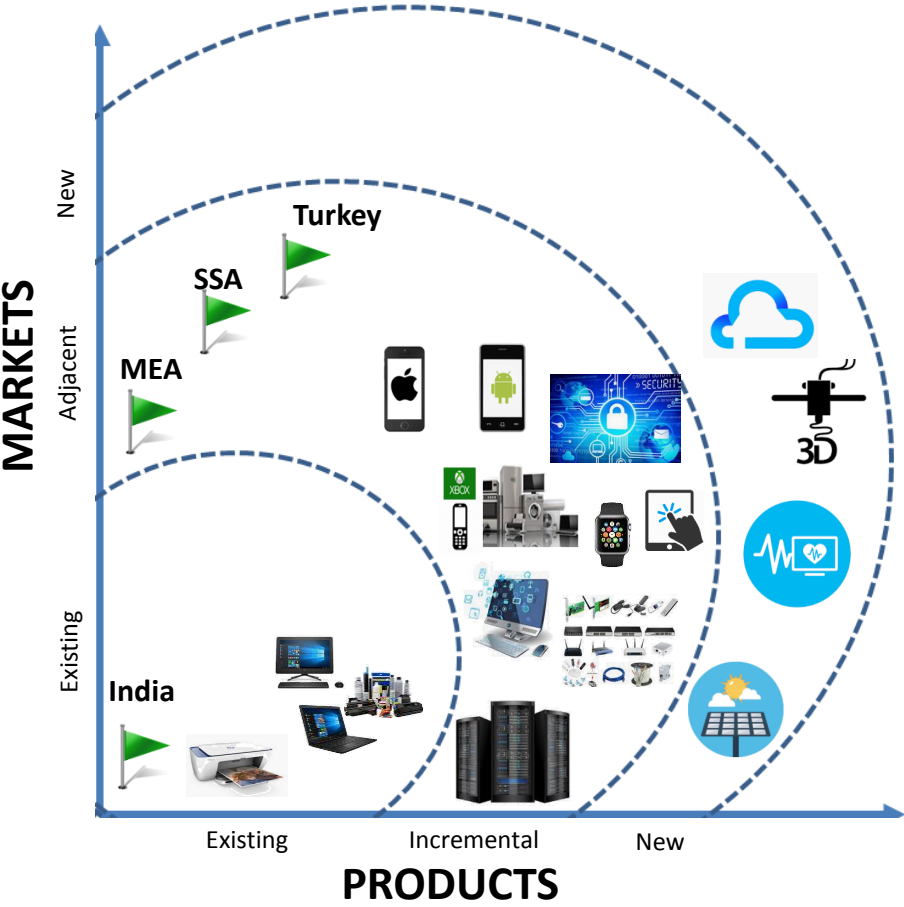
SCANNING



Partnered with  
HP in 3D printing  
12 categories of  
parts for 10,000  
ventilators

# Risk Management

# De-risking Strategy By Diversification



Our rich product portfolio consists of *diversified Brands* and *diversified product categories under the same brand*

*Presence in multiple markets* ensures diversification of risk as well as ensuring Kaizen's continuous improvement

Our strong and seamless partnerships and dynamic business model ensure that we *stay relevant in the everchanging technological environment*

*Foraying into new lines of businesses*, leading to incremental growth as well as diversification of risk

# Inherent Risks & Mitigation Measures



Risk	Measures	Effect of Mitigated Risk
<b>Inventory Risk</b>	<ul style="list-style-type: none"> <li>• Stock Rotation</li> <li>• Price protection</li> <li>• Marketing Support</li> <li>• Prudent Provisioning</li> </ul>	Inventory provisioning at <b>0.04% of Revenue</b> since 10 years
<b>Receivables Risk</b>	<ul style="list-style-type: none"> <li>• Collection of post dated Cheques</li> <li>• Performance linked pay-out only on collection</li> <li>• Strict internal parameters for overdues and bad debts</li> </ul>	AR Provisioning at <b>0.10% of Revenue</b> Since 10 years
<b>Currency Risk</b>	<ul style="list-style-type: none"> <li>• Hedging all exposures</li> <li>• India – ~84% of purchases in rupee dominated invoices, forward cover for the rest with premium becoming a part of COGS</li> <li>• MEA – Currencies pegged in USD and USD denominated transactions. Effective forward controls and local currency borrowings</li> </ul>	Consistent business performance despite <b>fluctuating currencies</b>

**Ensuring risk adjusted returns**

# Financial Performance

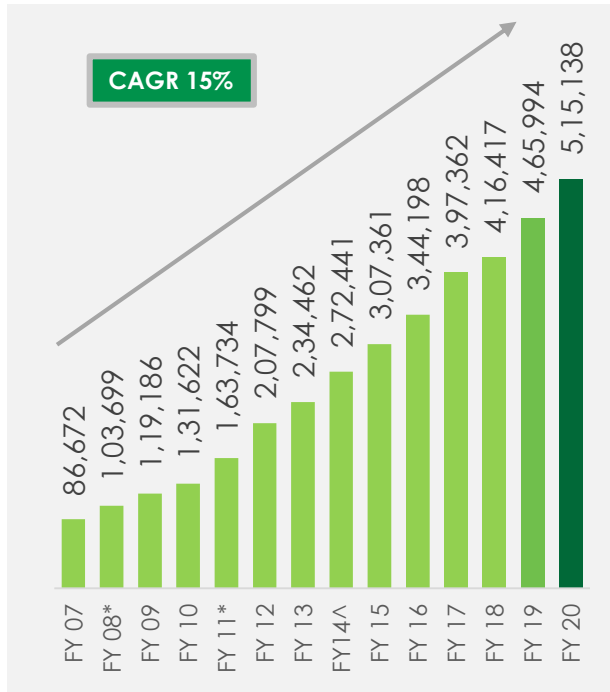


Performance track record

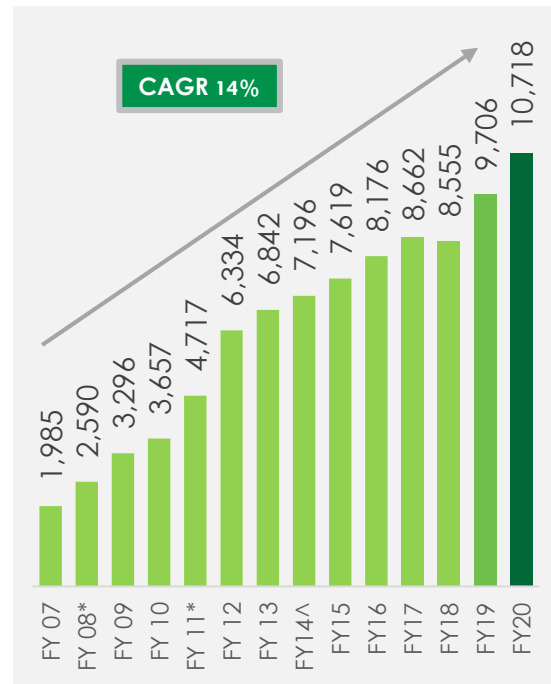
# Performance Since Listing

**Achieved Rs.5,00,000 mn milestone mark in Revenues**

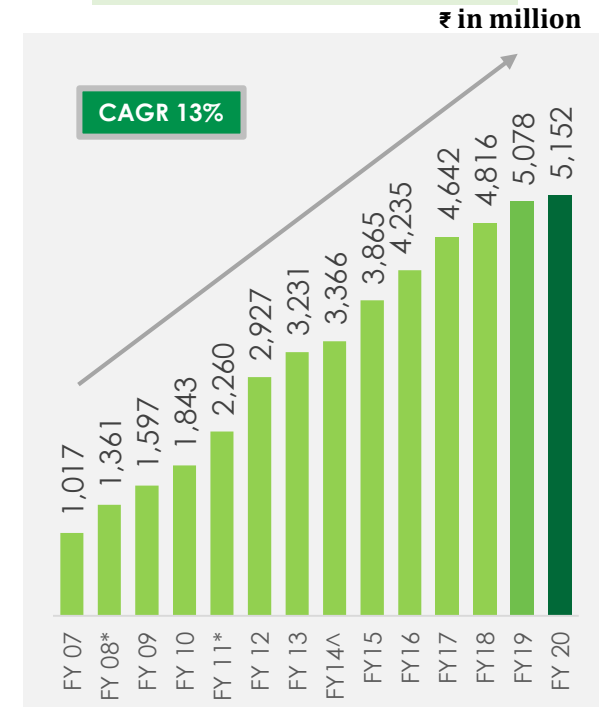
## REVENUE



## EBITDA



## PAT



# Annual performance track record

Particulars	FY20	FY19	FY18	FY17	FY16	FY15
Total Revenue	5,15,138	4,65,994	4,16,417	3,97,362	3,44,198	3,07,361
Growth YoY	10.5%	11.9%	5.8%	15.4%	12.0%	12.8%
EBITDA	1,072	9,706	8,555	8,662	8,176	7,619
Growth YoY	10.4%	13.5%	-1.2%	5.9%	7.3%	5.9%
PAT	5,152	5,078	4,816	4,642	4,235	3,865
Growth YoY	1.5%	5.4%	3.7%	9.6%	9.6%	14.8%
Networth	43,089	39,060	35,306	31,479	29,494	23,742
Capital Employed*	48,505	53,118	54,759	49,741	57,353	44,468
EBITDA Margins	2.1%	2.1%	2.1%	2.2%	2.4%	2.5%
PAT Margins	1.0%	1.1%	1.2%	1.2%	1.2%	1.3%
ROCE#	18.1%	16.9%	16.1%	15.4%	15.4%	16.9%
ROE	12.6%	13.7%	14.5%	15.3%	15.6%	18.2%
EPS (₹)	13.2	12.8	12.0	11.6	10.6	9.7
Book Value per share (₹)	110.3	99.8	87.7	78.2	73.2	57.6

\*Closing Capital Employed

#ROCE is calculated net of cash and on average capital employed



# ROCE vs Cost of Debt Capital

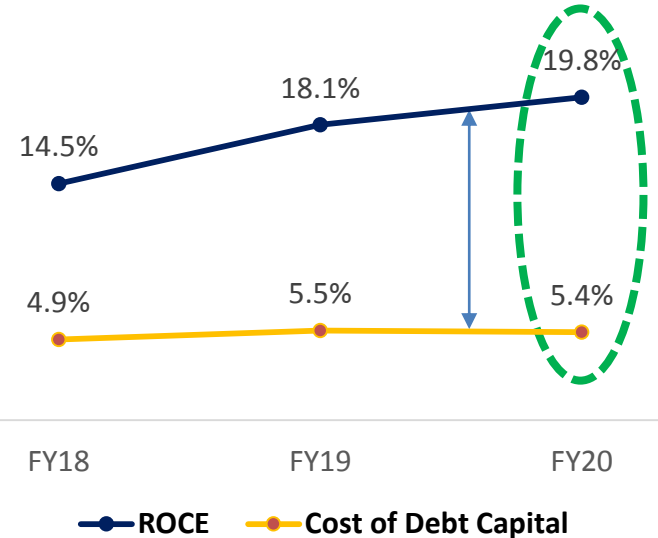
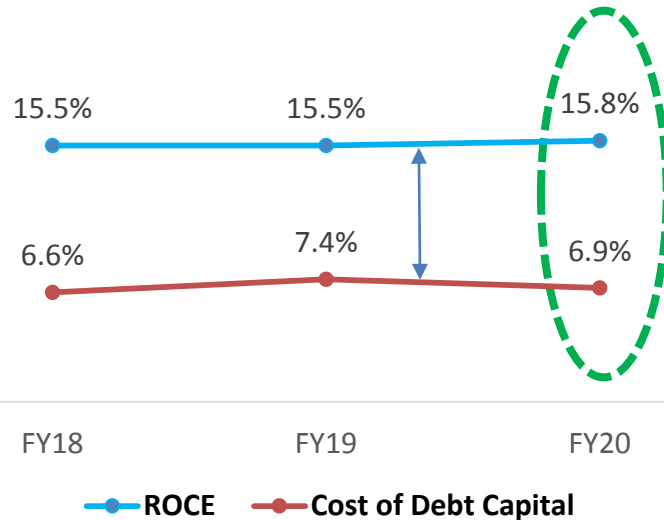
Consistent Focus on Capital efficiency

**INDIA**  
Return on Rupee capital

**OVERSEAS**  
Return on Dollar Capital

Value Creation 8.9%

Value Creation 14.4%



\*ROCE is calculated net of cash and on average capital employed

# Quarterly performance track record

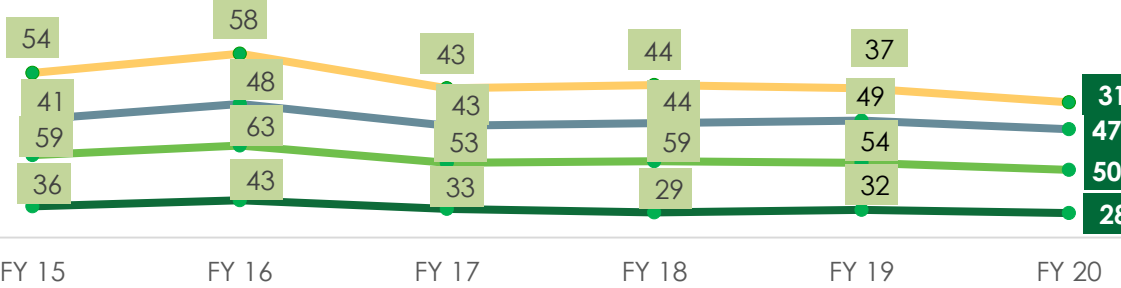
Particulars	Q4FY20	Q3FY20	Q2FY20	Q1FY20	Q4FY19
Total Revenue	1,26,773	1,47,956	1,23,543	1,16,866	1,26,097
Growth QoQ	<b>-14.3%</b>	<b>19.8%</b>	<b>5.7%</b>	<b>-7.3%</b>	<b>-0.2%</b>
EBITDA	2,545	3,094	2,627	2,450	2,824
Growth QoQ	<b>-17.7%</b>	<b>17.8%</b>	<b>7.2%</b>	<b>-13.2%</b>	<b>-1.8%</b>
PAT	1,192	1,559	1,301	1,100	1,690
Growth QoQ	<b>-23.5%</b>	<b>19.9%</b>	<b>18.2%</b>	<b>-34.9%</b>	<b>16.5%</b>
Networth	43,089	41,514	40,542	40,028	39,060
Capital Employed*	48,505	59,140	48,145	62,665	53,118
EBITDA Margins	2.0%	2.1%	2.1%	2.1%	2.2%
PAT Margins	0.9%	1.1%	1.1%	0.9%	1.3%
ROCE#	16.3%	20.3%	15.5%	15.7%	18.9%
ROE	11.4%	15.2%	12.9%	11.2%	17.9%
EPS (₹)	3.1	4.0	3.3	2.8	4.3
Book Value per share (₹)	110.3	106.1	103.6	102.3	99.8

\*Closing Capital Employed

#ROCE is calculated net of cash and on average capital employed

# Key Operating Metrics

Inventory Days    Debtor Days    Creditor Days    Working Capital Days

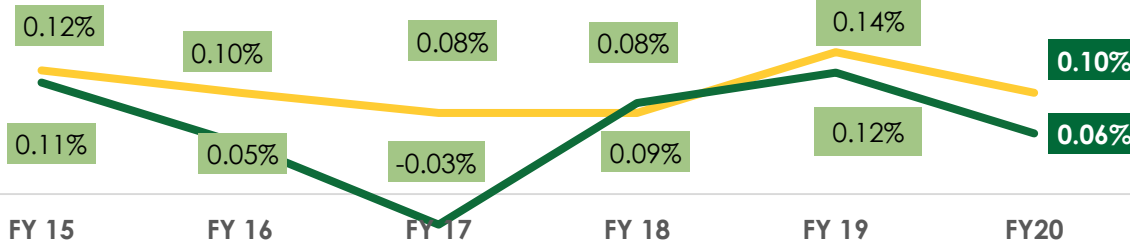


**Working Capital Days at sustainable levels**

R\$ in mn	FY15	FY16	FY17	FY18	FY19	FY20
<b>CFO</b>	1,951	(1,922)	12,986	2,198	10,892	15,400
<b>FCF</b>	947	(5,054)	9,113	(565)	7,062	9,671

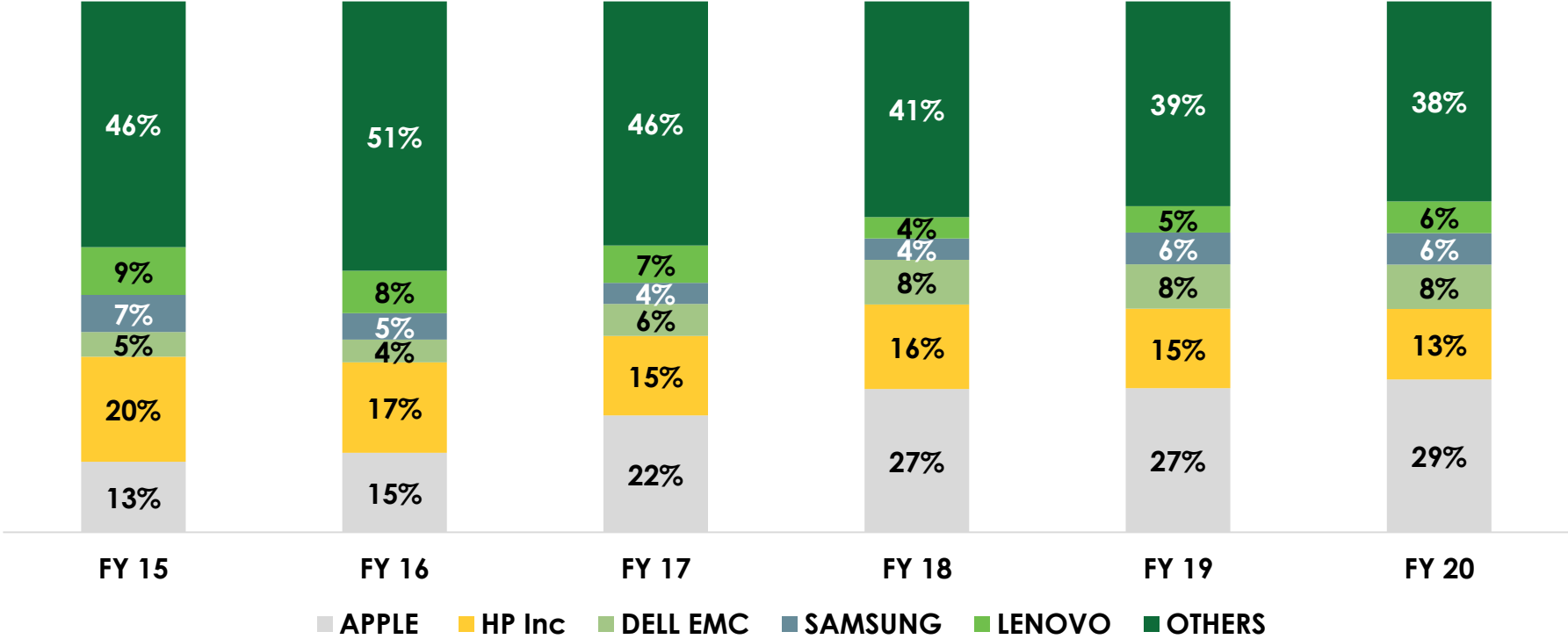
**Cumulative generation of cash flows**

Provision for AR-% of Sales    Inventory Charge as a % of Sales



**Ensuring Risk adjusted Returns**

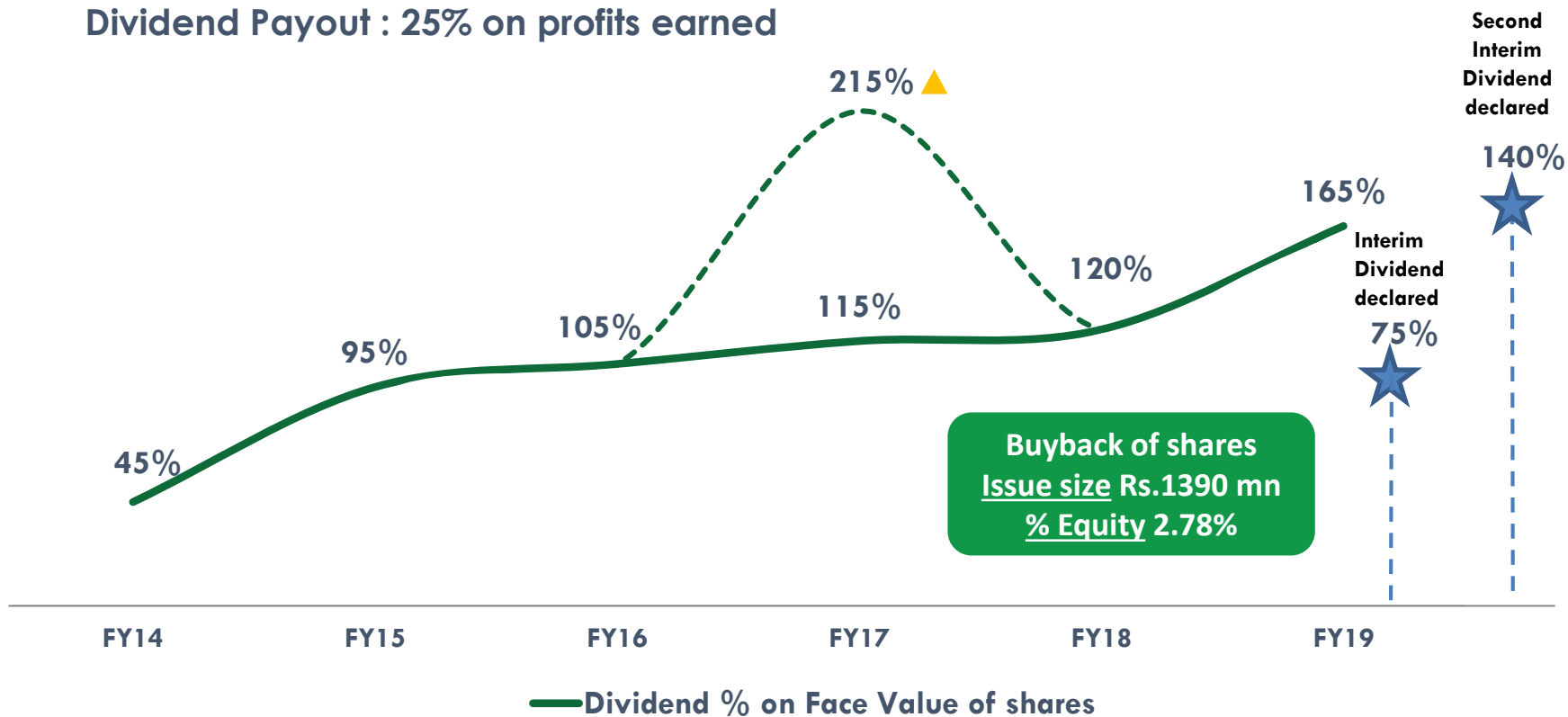
# Top 5 Vendors



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

# Dividend Distribution

Dividend Payout : 25% on profits earned



▲ Final dividend plus Special Interim Dividend declared

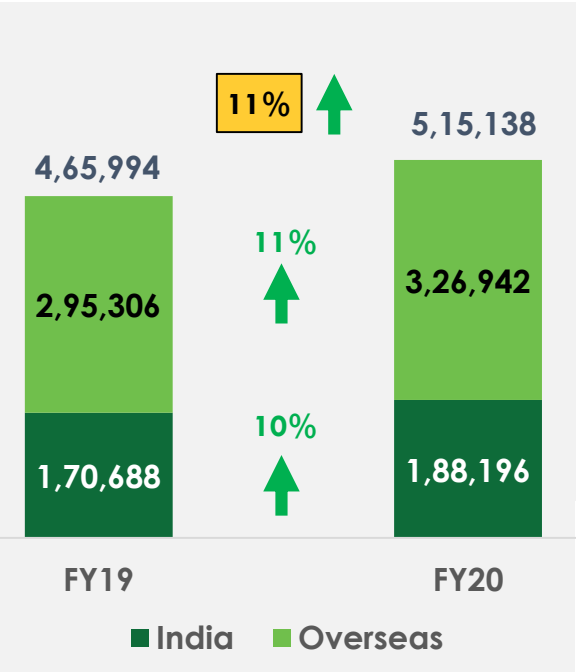
Current year performance

# Performance By Market

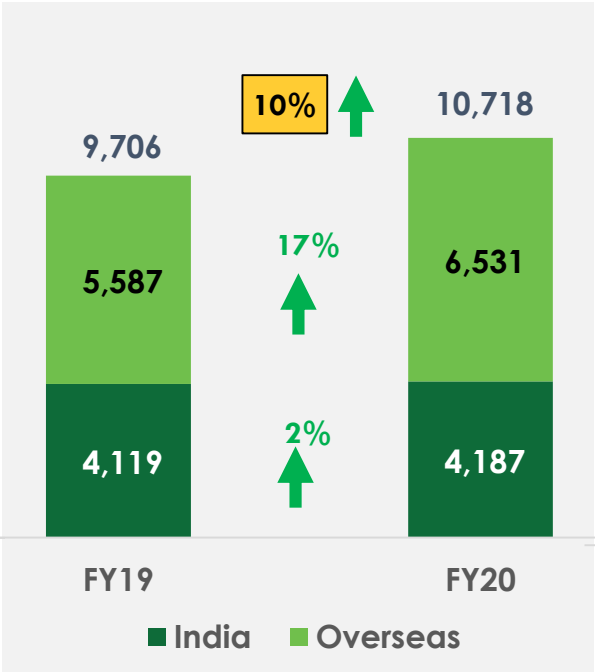


₹ in million

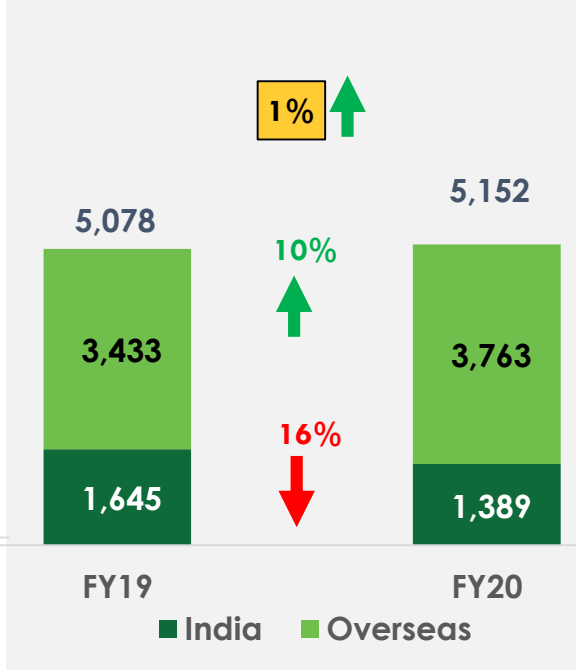
## REVENUE



## EBITDA



## PAT

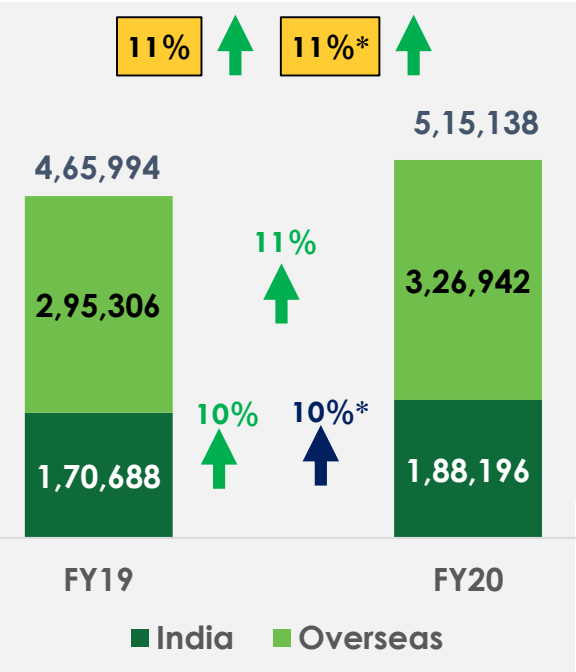


# Performance By Market

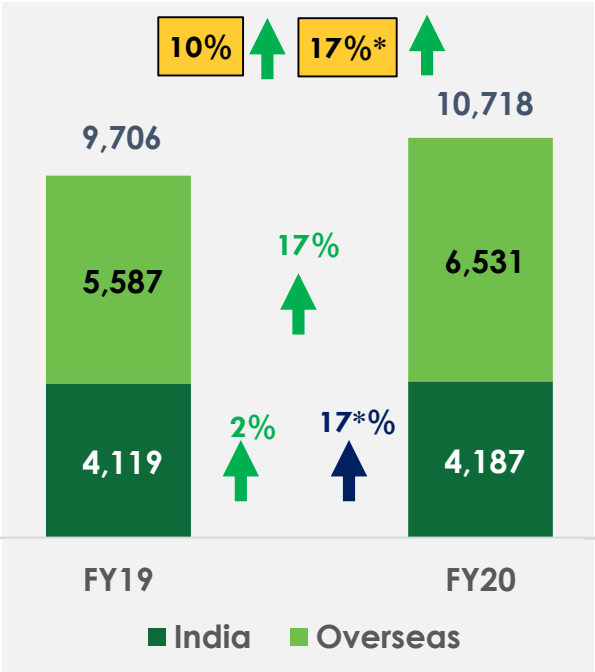


₹ in million

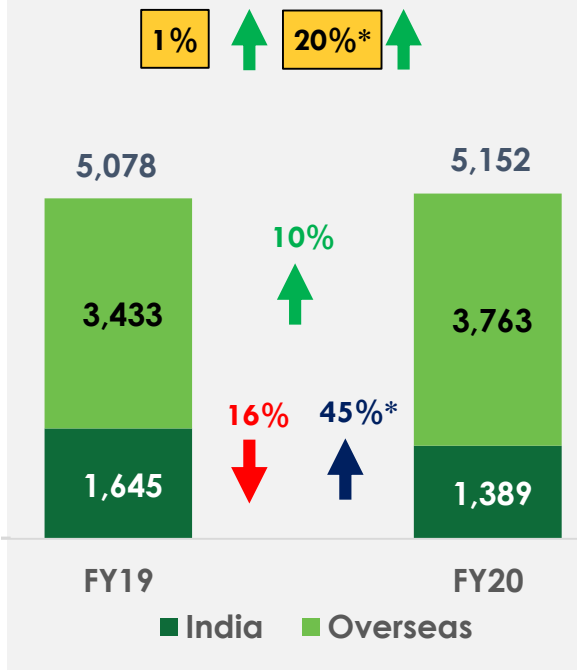
## REVENUE



## EBITDA



## PAT



\*Growth excluding ProConnect India

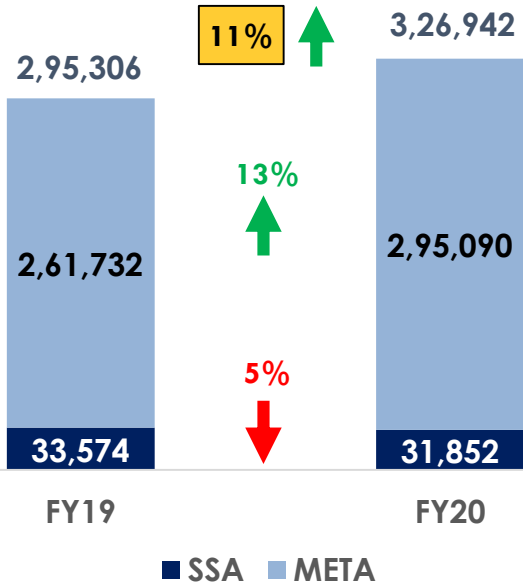


# Overseas Performance (in INR terms)

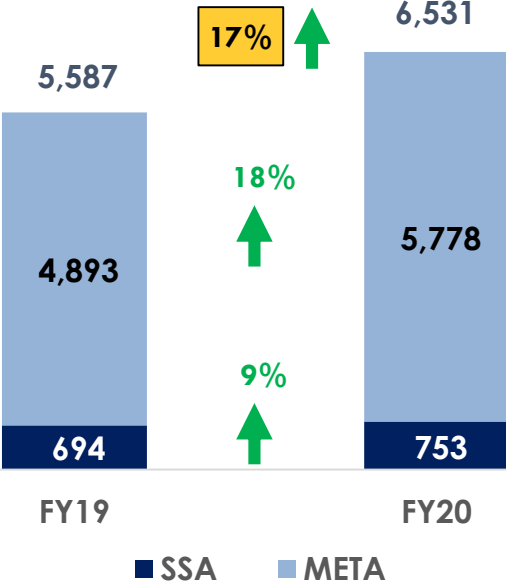


₹ in million

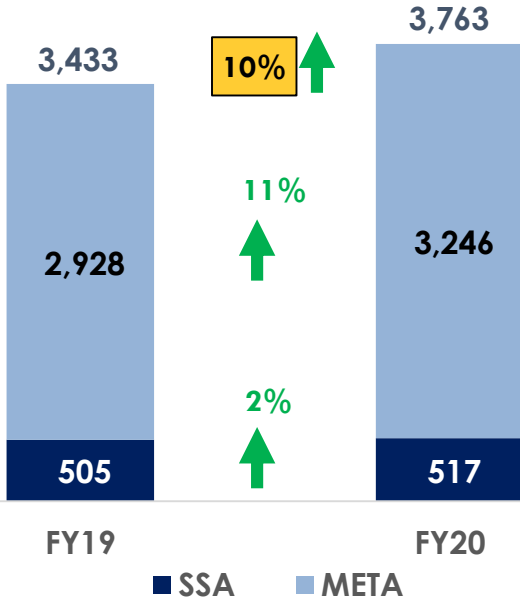
## REVENUE



## EBITDA



## PAT

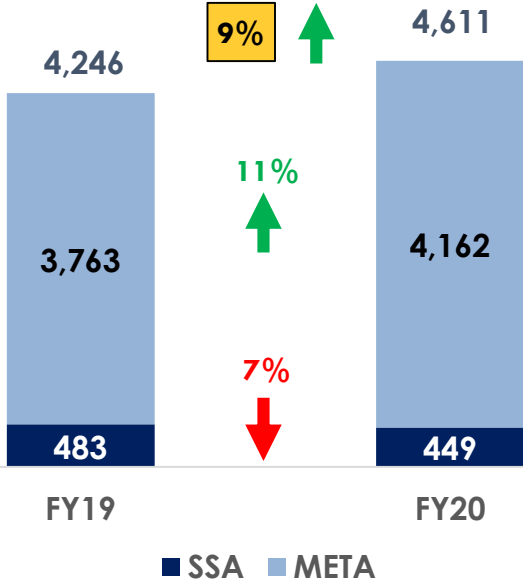


# Overseas Performance (in USD terms)

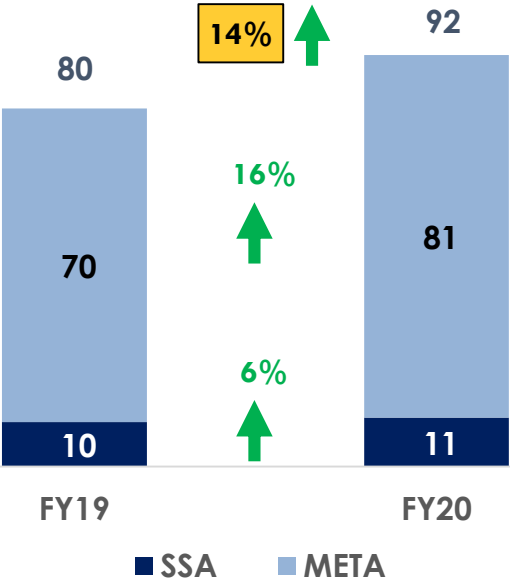


USD in million

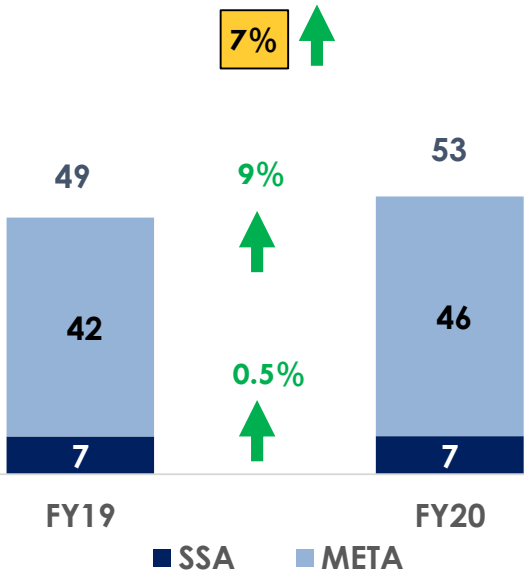
## REVENUE



## EBITDA

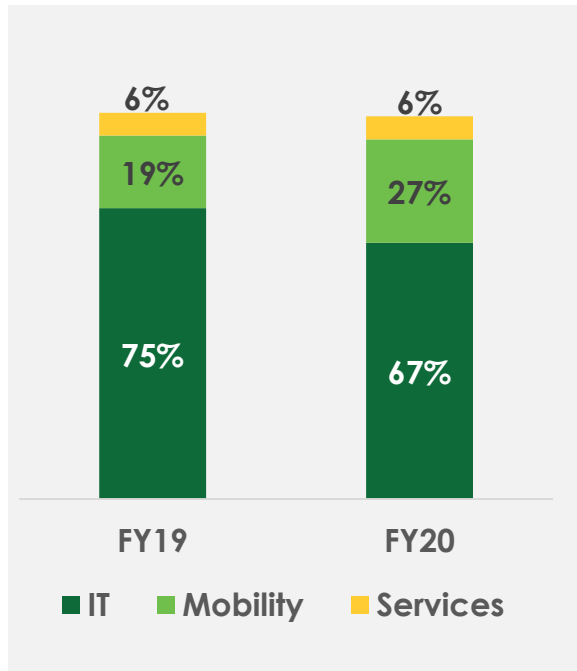


## PAT

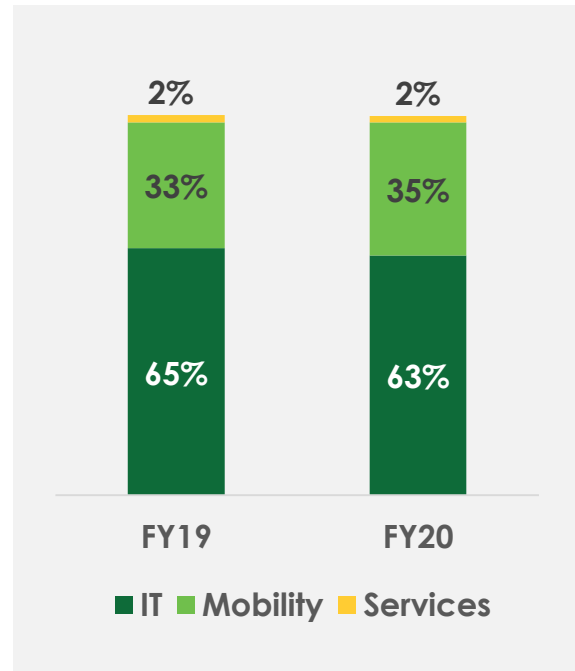


# Performance By Vertical

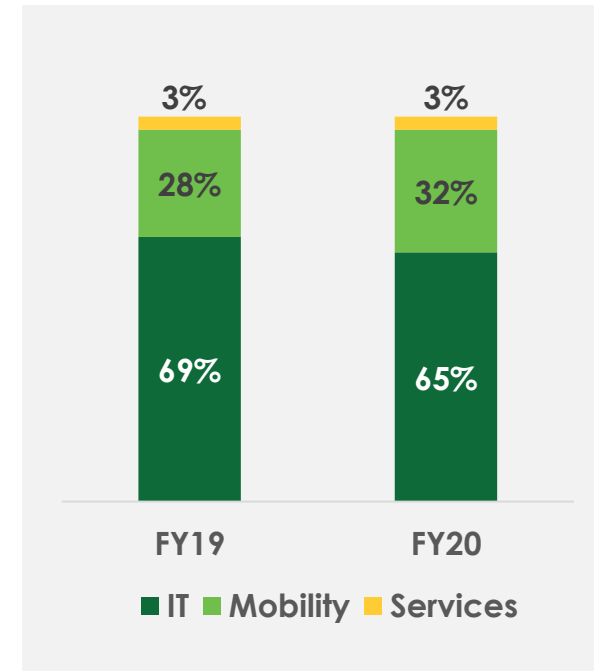
## INDIA



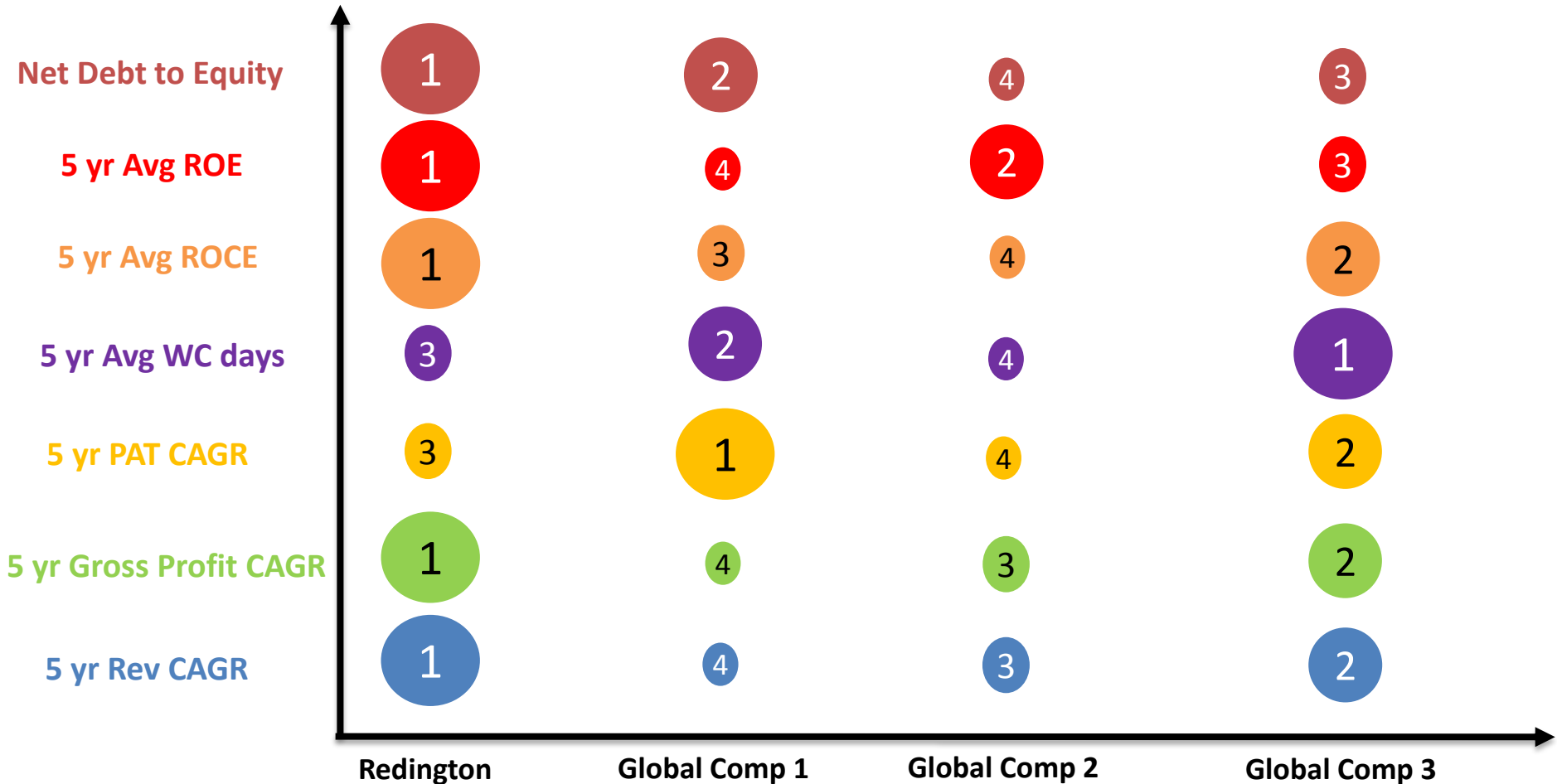
## OVERSEAS



## GLOBAL



# Redington Vis-à-vis Global Peers



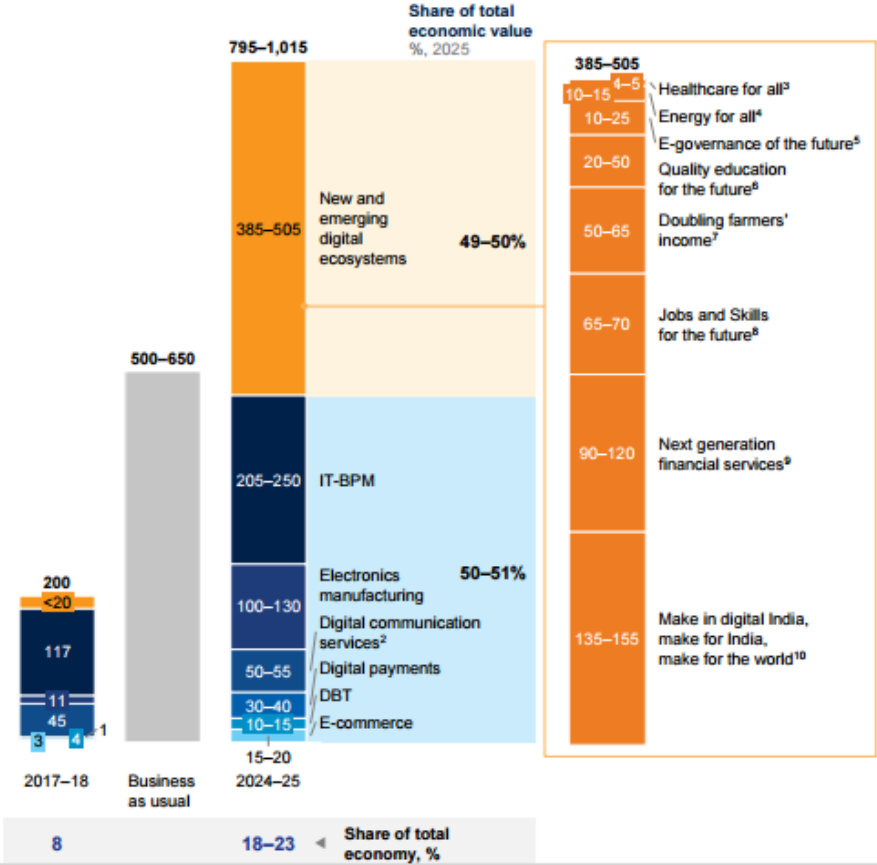
# **Our Opportunities**



# India: Govt spending opportunities



Size of India's digital economy, \$ billion, nominal



India to attain a trillion dollar of economic value of digital economy by 2025

India's digital economy could contribute 18-23% of overall economic activity by 2025, with more than half the potential coming from scaling up new and emerging digital ecosystems

Source: MEITY-McKinsey report

- Covid 19 impact - CIOs to invest more in **Security, Collaboration, Mobility & Cloud**
- **Smartphone market in India** is expected to expand at a CAGR of **~14.6% between FY 2018-23**
- **Enterprise Networking** to become a **\$3.6 billion** market **by 2024**
- **India's public cloud market** could reach **\$8.0 billion by 2023**
- India's **overall software market** is estimated to grow at a **CAGR of 14.1%** between 2018-2023
- **IT Services market** will grow at a **CAGR of 8.6%** between 2019-2023 to reach **\$14.0 billion** by the end of **2023**
- The **Cyber security market** is expected at a **CAGR of 15.6%** to **\$3.1 billion by 2022**
- **SMB spending** on **IT hardware, software, and services**, including business services, is expected to reach **\$684.0 billion in 2021**.
- India will be one of the fastest growing markets for **IT spending in SMBs**, growing at **7.0% CAGR from 2016-2021**
- The **India digital transformation market**, in 2018, generated a revenue of \$24.5 billion, and it is projected to advance at a **CAGR of 74.7%** during the forecast period (2019–2024)

# META Opportunities



**USD 56.3 billion**

Technology opportunity by 2022

- **Government ICT spending** in MEA to reach **\$15 billion by 2023**
- **Consumer IT spending** in META will total **\$43 billion** in **2021**, with mobile phones contributing 80% of the value
- **Enterprise spending on AI** in Middle East and Africa is expected to grow at a **CAGR of 22.0%** to reach **\$530 million in 2022**
- **IoT spending** in the MEA region will grow **15.9% year on year** in 2019 and reach **\$18 billion by 2023**
- The Middle East and Africa **cybersecurity market** is predicted to expand at a **CAGR of 11.9%**, and is expected to be valued at **\$23 billion by 2023**
- **Digital transformation spending** in META set to top **\$38 billion by 2021**
- The **Cloud market** in Middle East and Africa regions are projected to **grow 24.0% a year** on average, reaching **\$5 billion in 2022**



*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

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



**THANK YOU**

