



# **REDINGTON (INDIA) LIMITED**

**Q4FY20 Earnings Presentation**

**March 2020**

# 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.*

# Covid 19 Update

## • Impact of Covid 19 on Q4FY20 revenues

- India Distribution : ~ **Rs 800 crs**
- META : ~ **US\$ 110 Mil**
- SSA : ~ **US\$ 27 Mil**

## • Operational & Other Updates

- Vendor Narrative: Vendors continue to hold the view that **from Q2FY21 onwards**, it should be **business as usual**
- ProConnect Update: With green and orange zones opening up, we were able to operate ~70% of Warehouses, which increased through the month of May'20. With further easing, we are able to **operate all warehouses** currently
- Office resumption/Work from Home: Resumption in a phased manner **from May 2<sup>nd</sup> week onwards**; Work from Home is successful and ably supported by our IT backbone
- CSR Initiatives: **Over 63,000 beneficiaries** in the sections like Migrant & Casual workers, Elderly care, Hospital Support, Special child, SCM/IT Sector
- 3D Printing For Covid: Partnered with HP for 3D printing 12 different parts for over **10,000 ventilators** through our 3D printing facility **"Visuali"**

## REDINGTON'S PLAYBOOK – THE 7 C'S

<b>Cash Flow</b>	Sufficient cash to take care of all operational expenses for atleast 1-2 quarters
<b>Collections</b>	Reasonable collections in both India and overseas
<b>Costs</b>	Aim to cut costs to the tune of 70% of the growth rate decline expected in revenues
<b>Customers</b>	Structured financial support for partners with Good customer base, Strong business practices and Healthy payment track-record
<b>Contracts</b>	<ul style="list-style-type: none"> <li>• Observed voluntary credit extension &amp; other support from vendors</li> <li>• Extension / staggered payment obtained from most vendors</li> </ul>
<b>Controls</b>	<ul style="list-style-type: none"> <li>• No automatic clearance of expenses,</li> <li>• Emphasis on quick cash cycle,</li> <li>• Set hard limits for capital for all biz,</li> <li>• Strict action on defaults,</li> <li>• Deferment of capex to H2FY21</li> <li>• Implementation &amp; Monitoring team for WFH</li> </ul>
<b>Communication</b>	Periodical communication by leadership at every level with employees, vendors, channel partners, bankers, etc

# Financial Highlights

- **Q4FY20** – On a Global basis, Revenue grew by **0.5%** while EBITDA degrew by **11%** and PAT degrew by **29%**
  - **Global Distribution** – Revenue grew by **1%**, EBITDA grew by **4%** and PAT degrew by **3%**
  - India – Revenue degrew by 7%, EBITDA degrew by 38% and PAT degrew by 74%
  - Overseas – Revenue grew by 5%, EBITDA grew by 8% and PAT degrew by 14%
- **FY20** – On a Global basis, Revenue grew by **11%**, EBITDA grew by **10%** and PAT grew by **1%**
  - **Global Distribution** – Revenue grew by **11%**, EBITDA grew by **17%** and PAT grew by **20%**
  - India – Revenue grew by 10%, EBITDA grew by 2% and PAT degrew by 16%
  - Overseas – Revenue grew by 11%, EBITDA grew by 17% and PAT grew by 10%
  - Revenue Landmark : Crossed **Rs.50,000 crs** in revenues in FY20
- Strong **positive FCF** generation of **Rs. 1,267 crs** for Q4FY20 and **Rs.967 crs** for FY20
- On a Global basis, **WC days** for Q4FY20 is **30 days** and FY20 is **31 days**
- On a Global basis, **ROCE** is **16.3%** in Q4FY20 and **18.1%** in FY20
- **Gross Debt to Equity** is at **0.54x** and **Net Debt to Equity** is at **0.03x**

# Financial Highlights

## India Distribution business

- During the quarter, India Distribution business degrew Revenues by 7%, EBITDA degrew by 4% but grew PAT sharply by 33% led by Mobility biz
- Reduction in Opex and savings in interest cost has led to improved PAT performance
- Working capital has been reduced to 33 days in Q4FY20 vs 43 days in Q4FY19
- Strong positive FCF generated by India operations

## ProConnect business

- During the quarter, ProConnect revenues declined by 12% YoY and registered loss at EBITDA and PAT level
- Impact on the profitability is on account of :
  - Continued slowdown in Logistics industry
  - Impact of Covid 19 in the second half of Mar'2020
  - Provision of Rs.20.7 crs on outstanding trade advances on behalf of subsidiary company
  - Impairment to the tune of Rs.3.6 crs taken on investment into subsidiary company

# Financial Highlights

## Overseas business

- During the quarter,
  - In spite of Covid 19 situation, Overseas business registered growth in revenues and EBITDA, driven by Mobility segment
  - Overseas business continues to maintain working capital at 29 days
  - Overseas business generated positive FCF
  - Arena (Turkey) continues its strong performance by registering double digit growth in both revenues and PBT level



# Q4FY20 Highlights

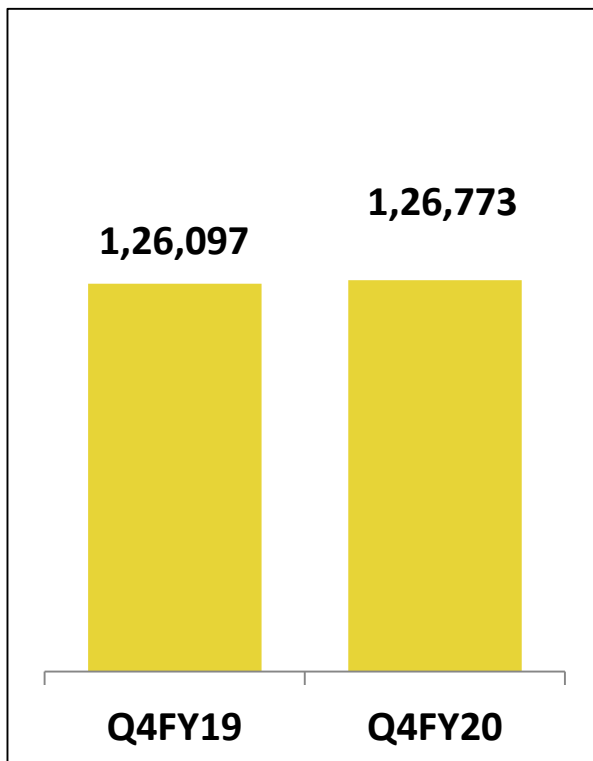


# Q4FY20 – Redington Global

₹ in million

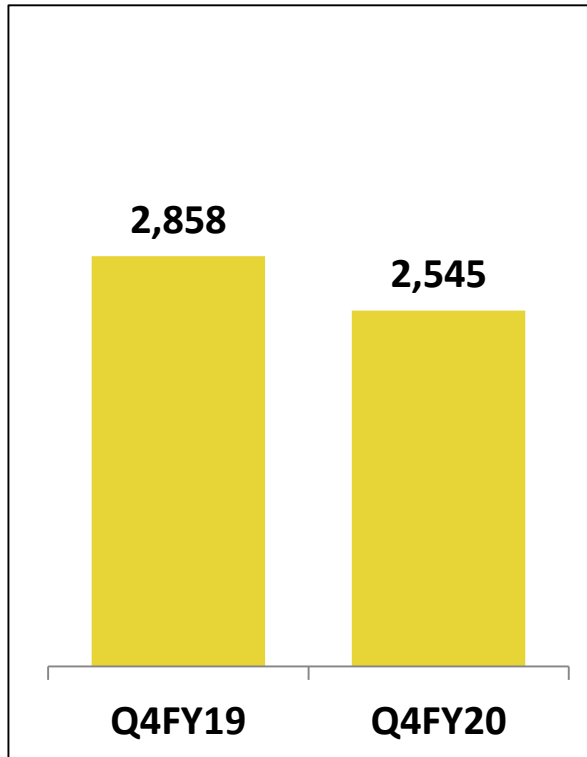
## REVENUE

0.5% ▲ 0.6\*% ▲



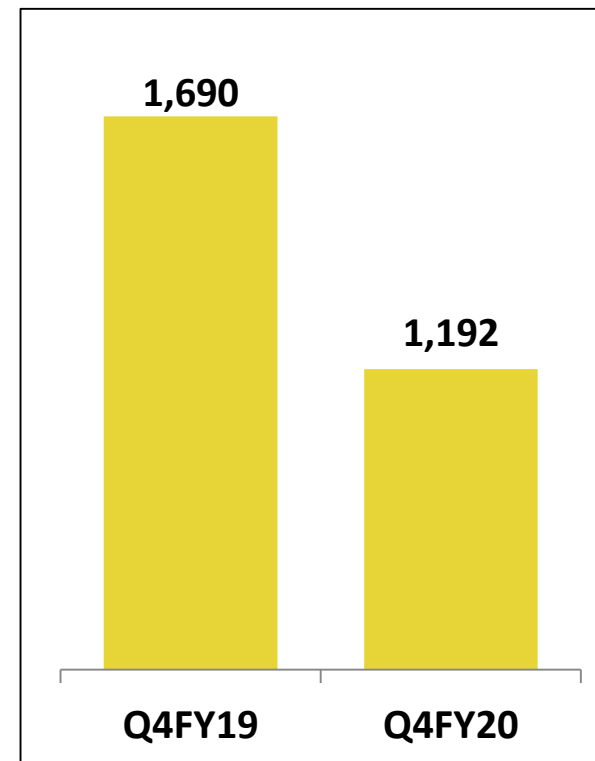
## EBITDA

11% ▼ 4\*% ▲



## PAT

29% ▼ 3\*% ▼

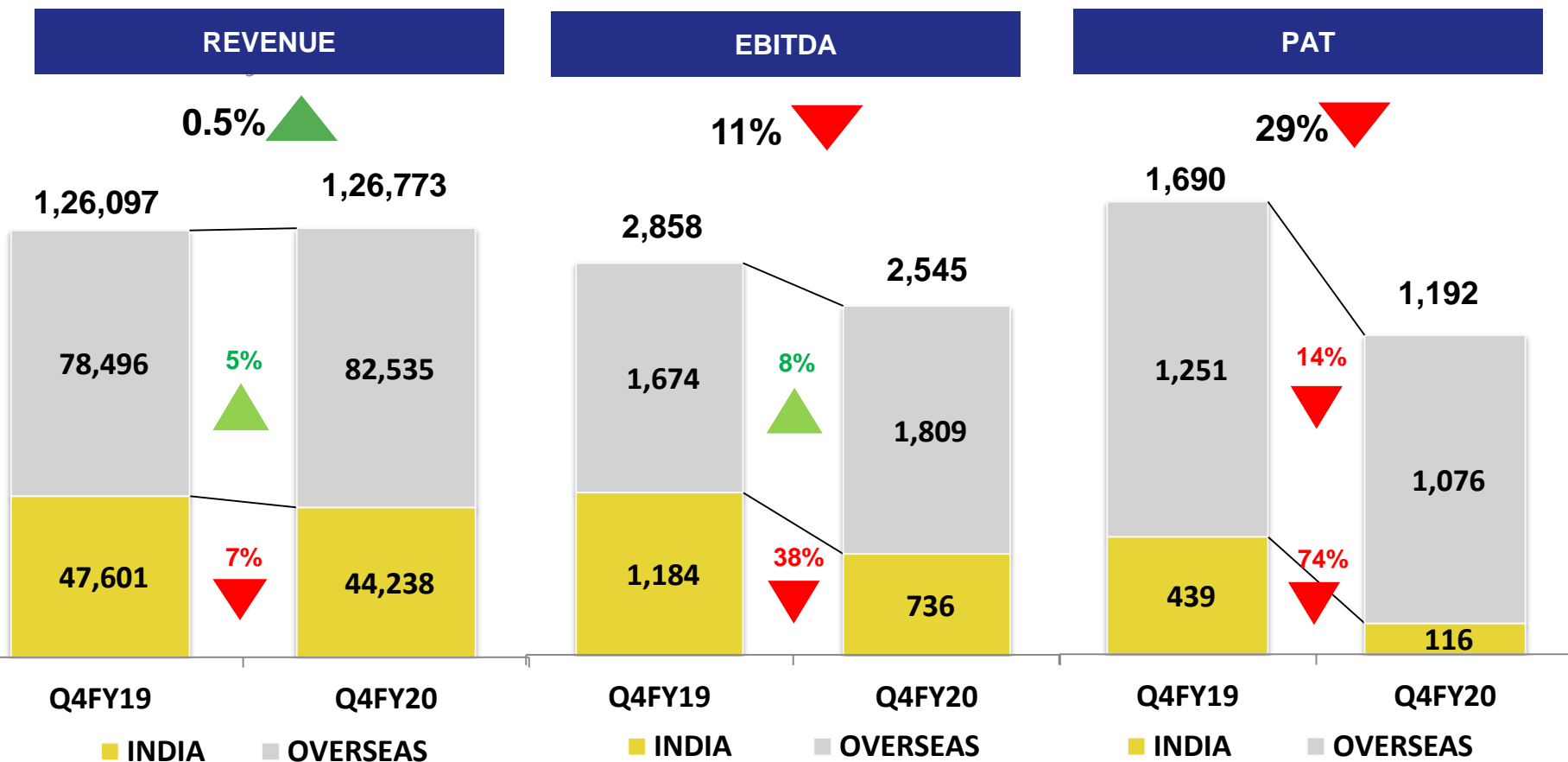


\*Growth excluding ProConnect India biz



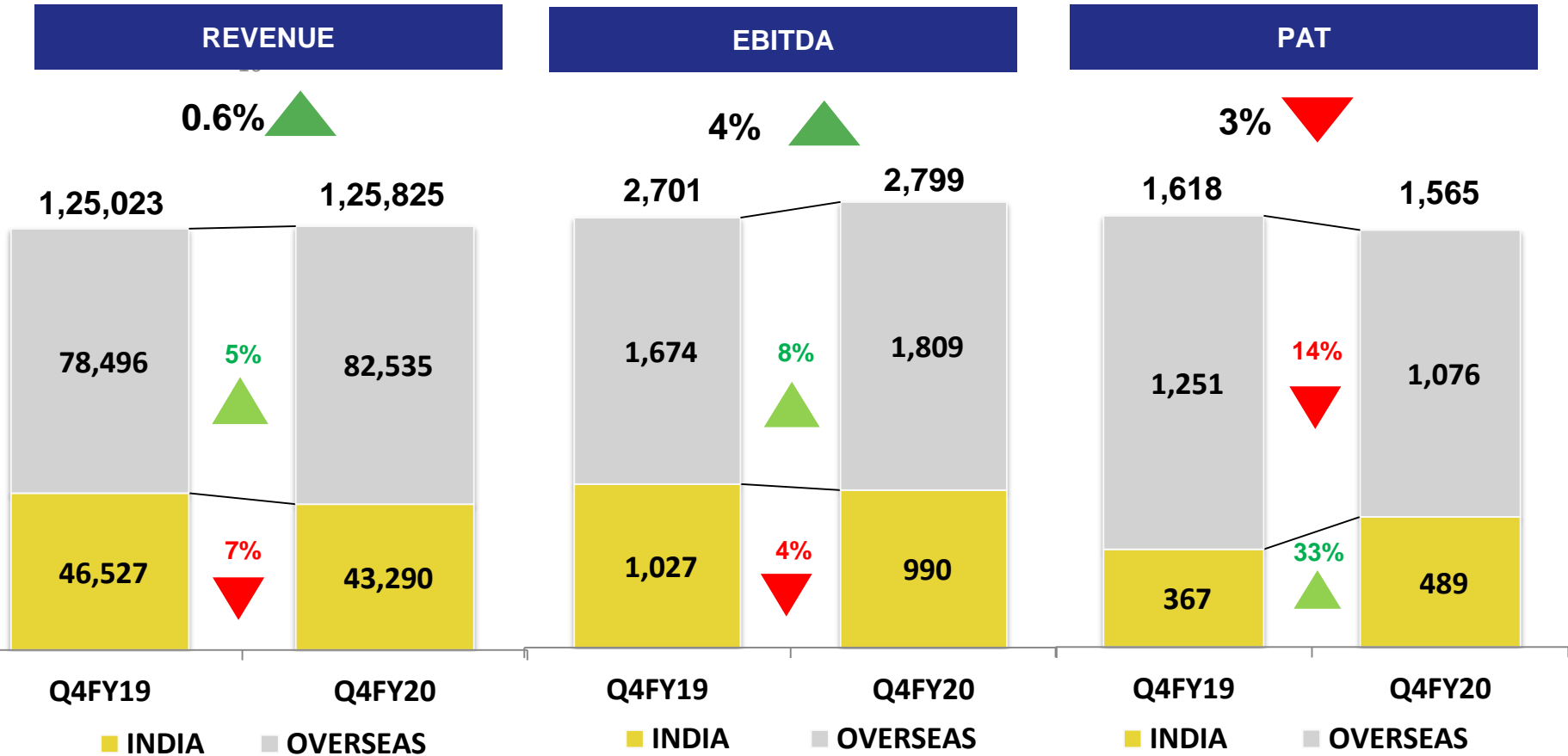
# Q4FY20 – Performance by Market

₹ in million



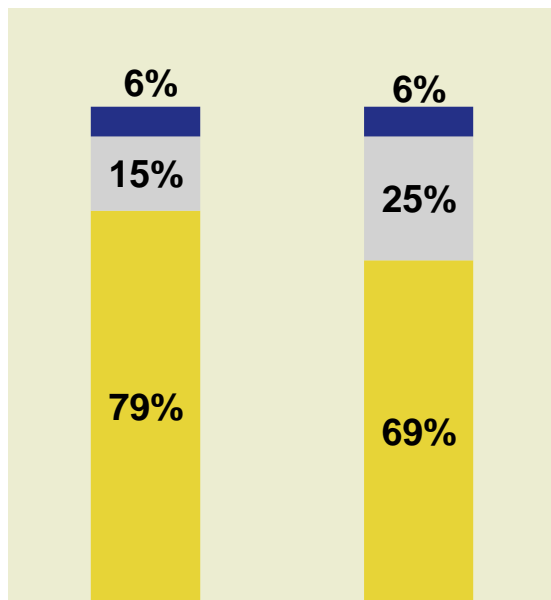
# Q4FY20 – Excluding ProConnect India

₹ in million



# Q4FY20 – Performance by Vertical

## INDIA

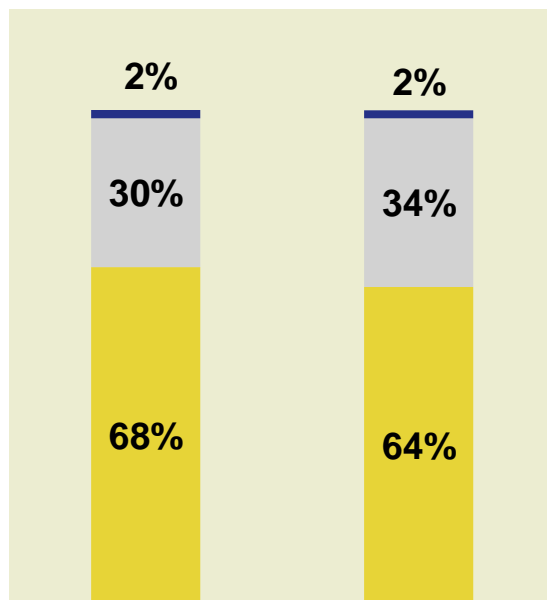


Q4FY19

Q4FY20

■ IT ■ Mobility ■ Services

## OVERSEAS

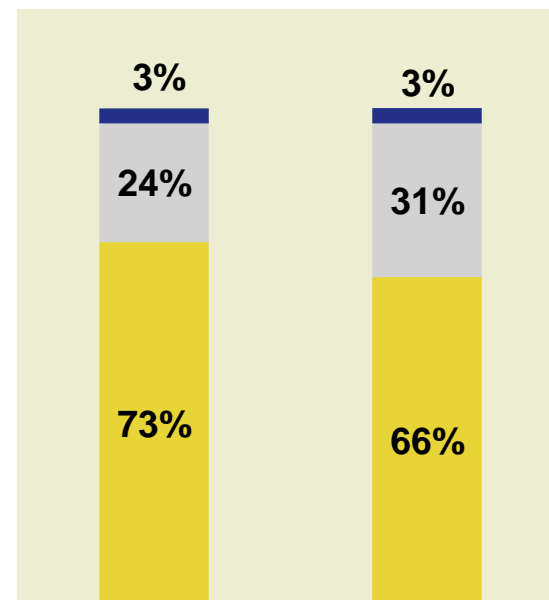


Q4FY19

Q4FY20

■ IT ■ Mobility ■ Services

## GLOBAL



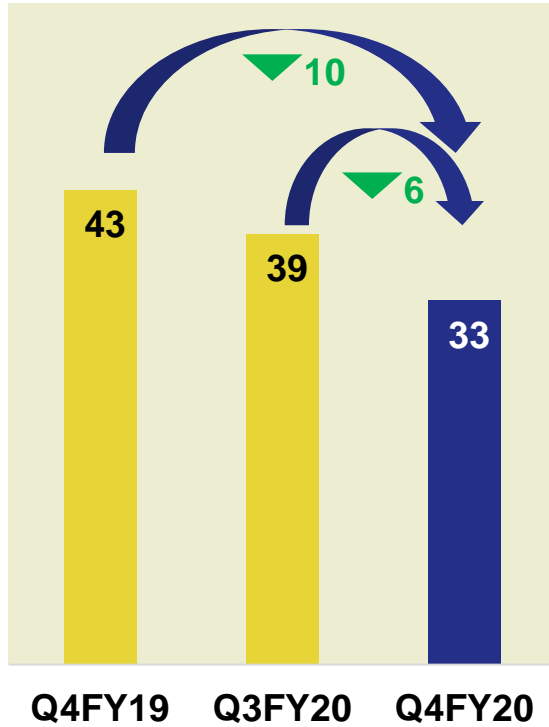
Q4FY19

Q4FY20

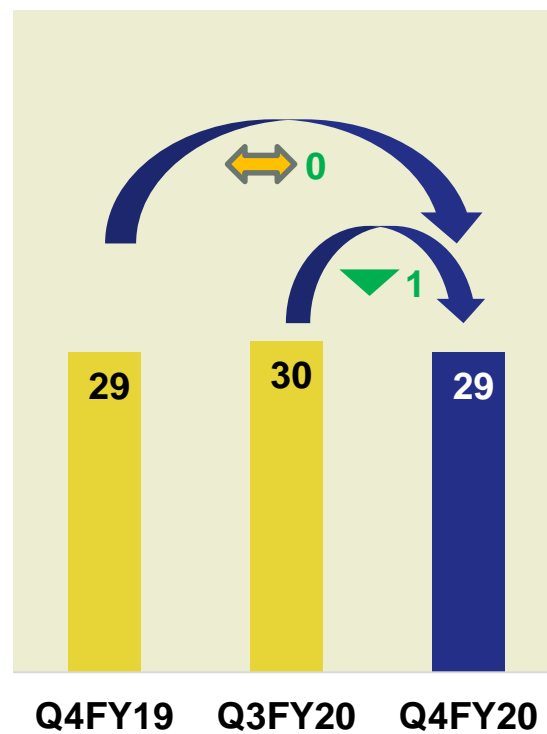
■ IT ■ Mobility ■ Services

# Q4FY20 – Working Capital Days

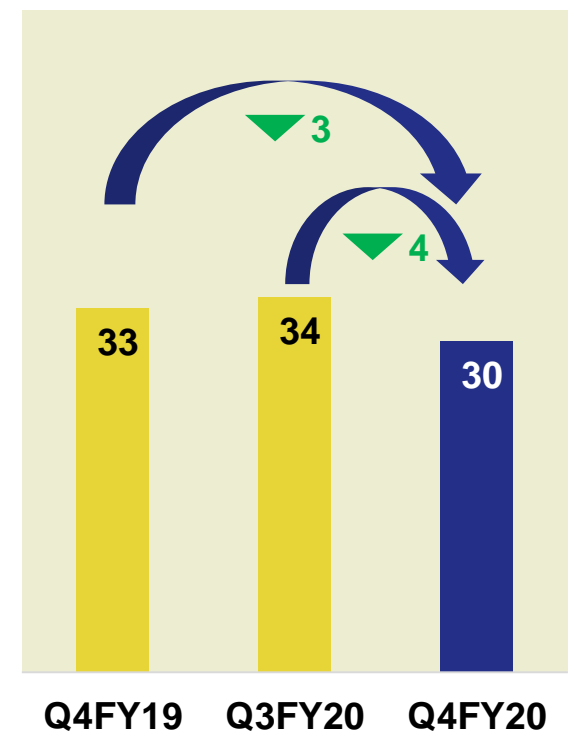
INDIA



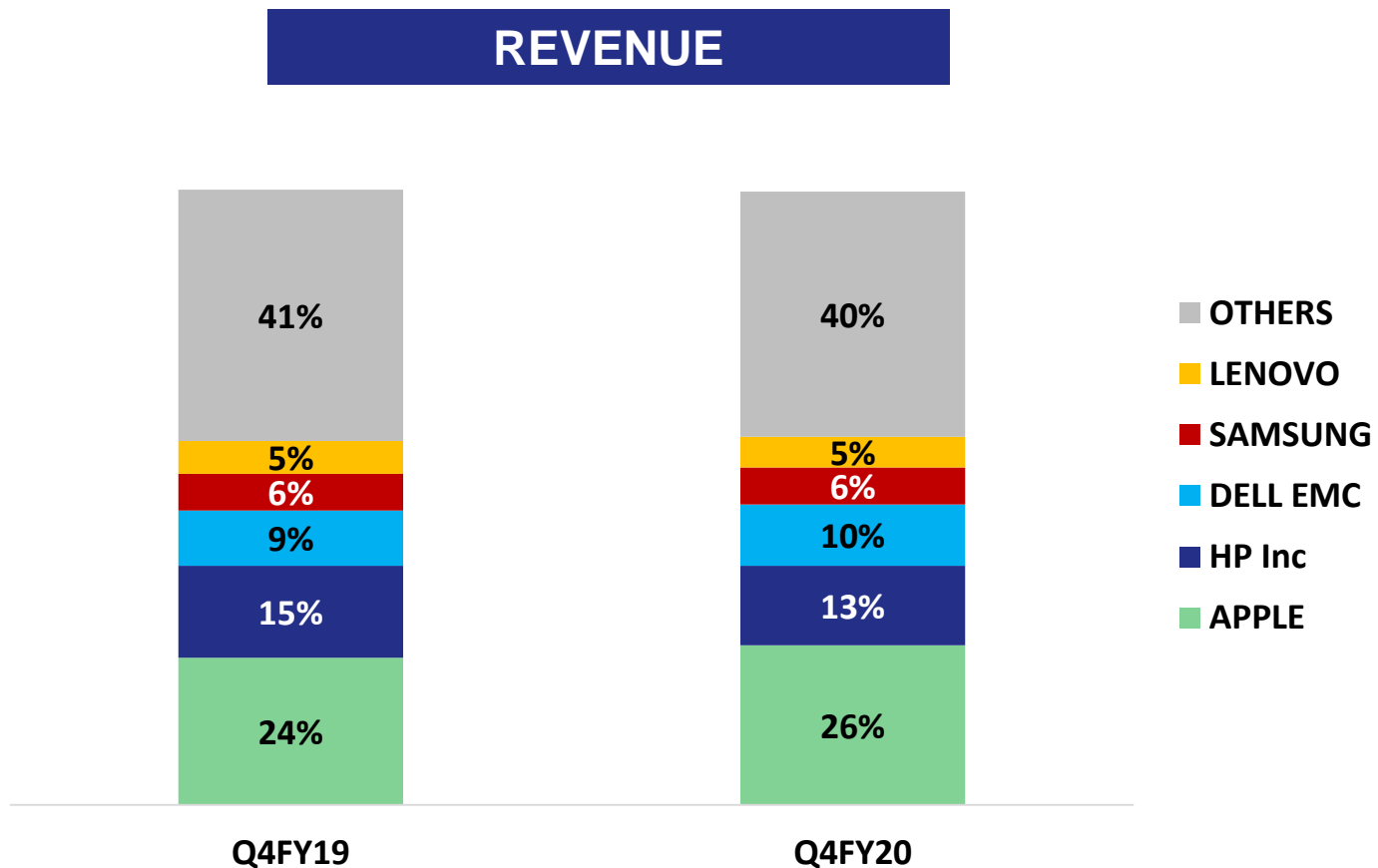
OVERSEAS



GLOBAL

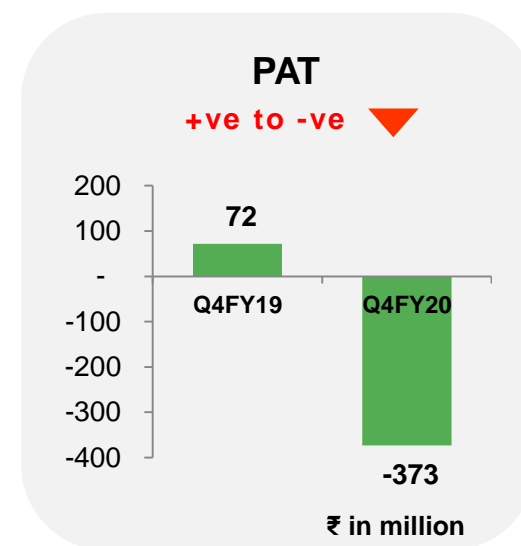
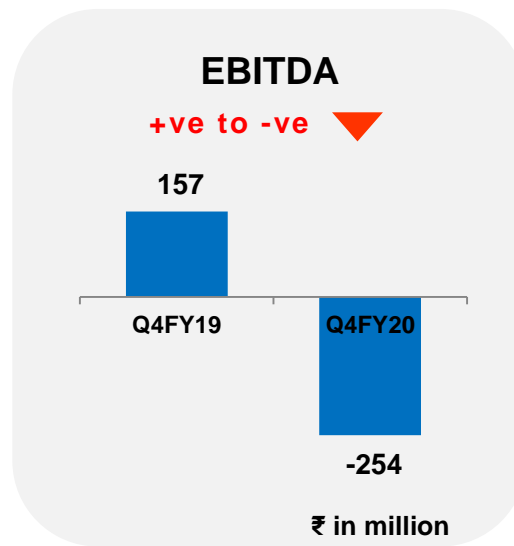
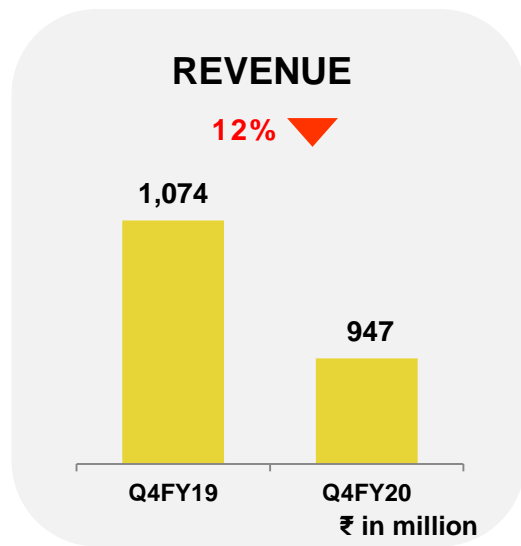


# Q4FY20 – Redington Global's Top 5 Vendors



# Q4FY20 – ProConnect India

- PCS degrew revenues by 12% YoY
- Impact on account of continued slowdown in Logistics industry accentuated further by Covid lockdown, Provision of Rs.207 mn on Advances on behalf of subsidiary company and impairment of Rs.36 mn on investment in a subsidiary company





# FY20 Performance

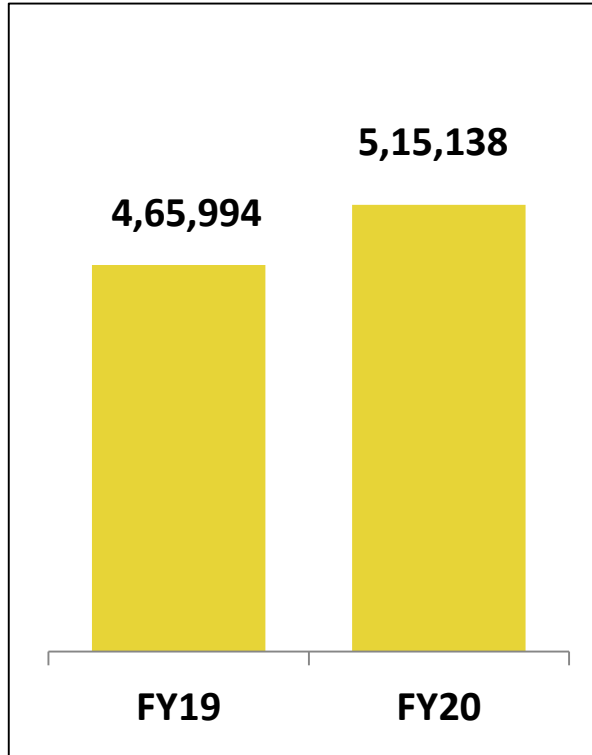


# FY20 – Redington Global performance

₹ in million

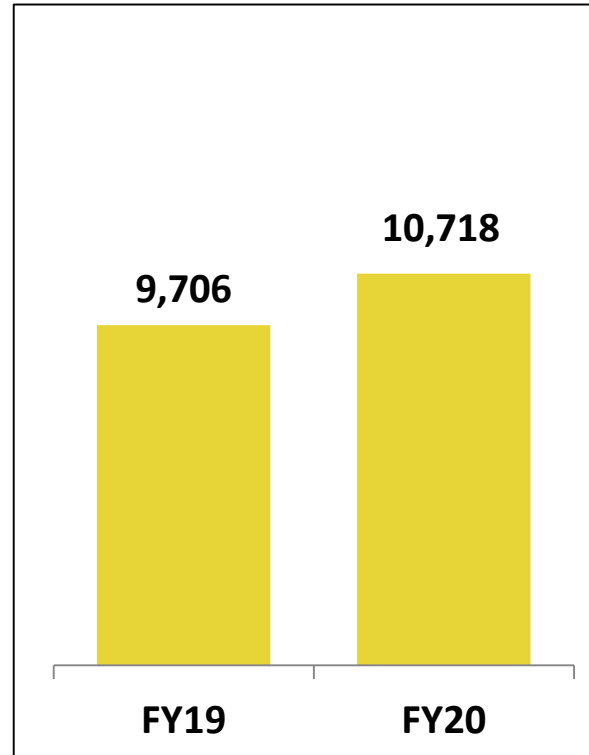
## REVENUE

11% ▲ 11%\* ▲



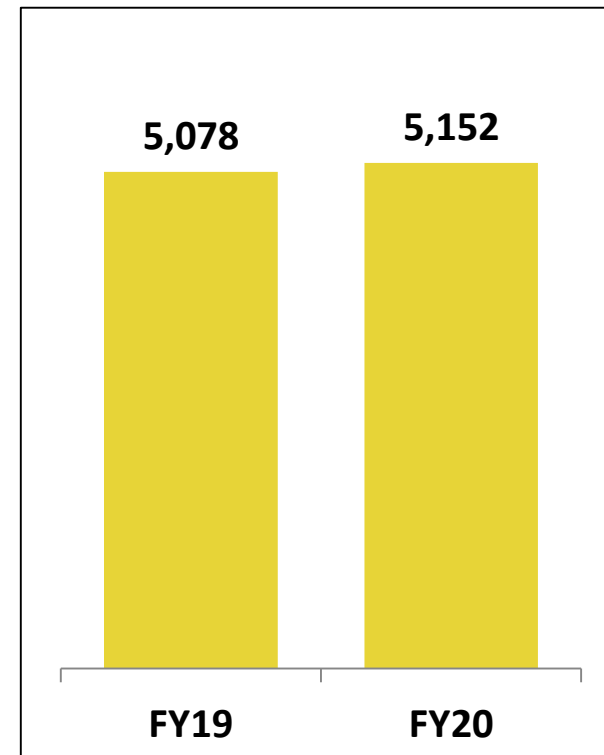
## EBITDA

10% ▲ 17%\* ▲



## PAT

1% ▲ 20%\* ▲



\*Growth excluding ProConnect India biz

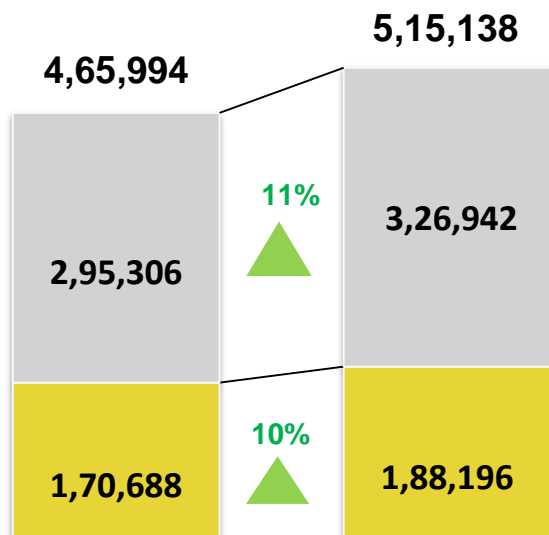


# FY20 – Performance by Market

₹ in million

## REVENUE

11% ▲



FY19

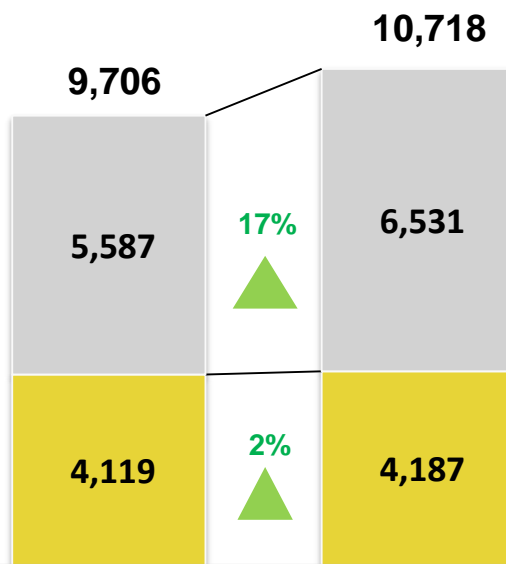
FY20

■ INDIA

■ OVERSEAS

## EBITDA

10% ▲



FY19

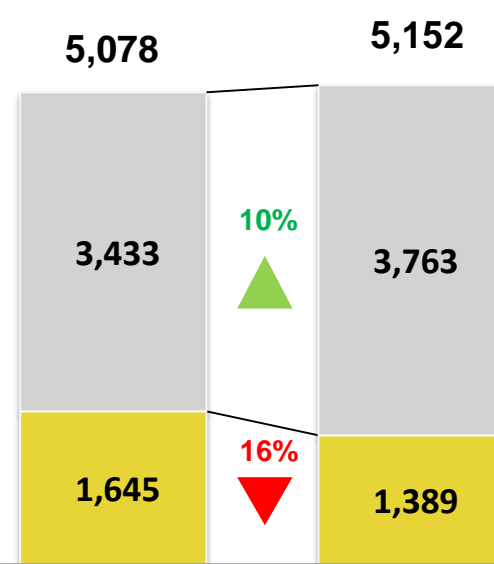
FY20

■ INDIA

■ OVERSEAS

## PAT

1% ▲



FY19

FY20

■ INDIA

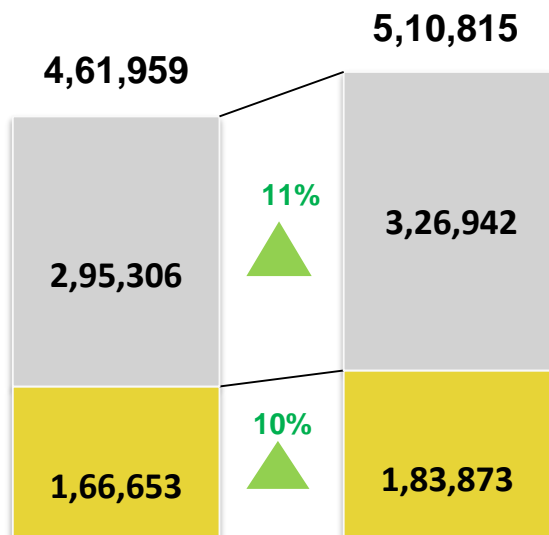
■ OVERSEAS

# FY20 – Excluding ProConnect India

₹ in million

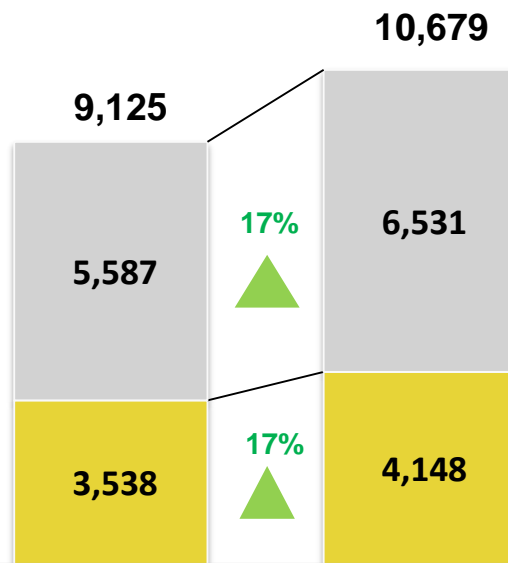
## REVENUE

11% ▲



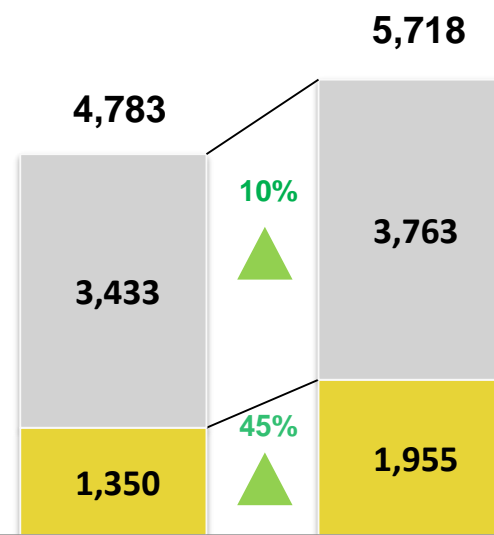
## EBITDA

17% ▲



## PAT

20% ▲



FY19

FY20

FY19

FY20

FY19

FY20

■ INDIA

■ OVERSEAS

■ INDIA

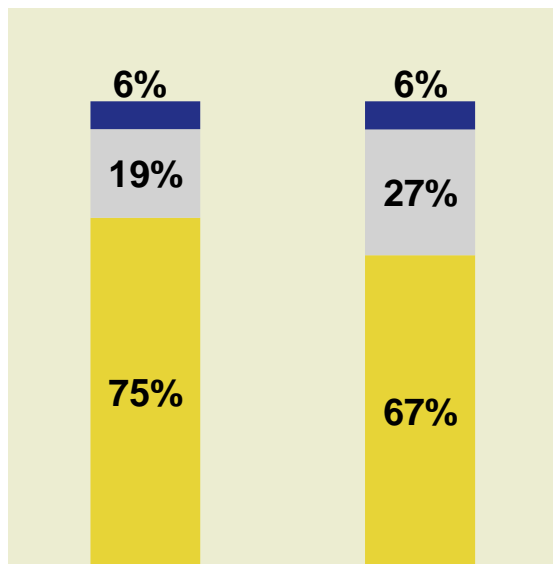
■ OVERSEAS

■ INDIA

■ OVERSEAS

# FY20 – Performance by Vertical

## INDIA

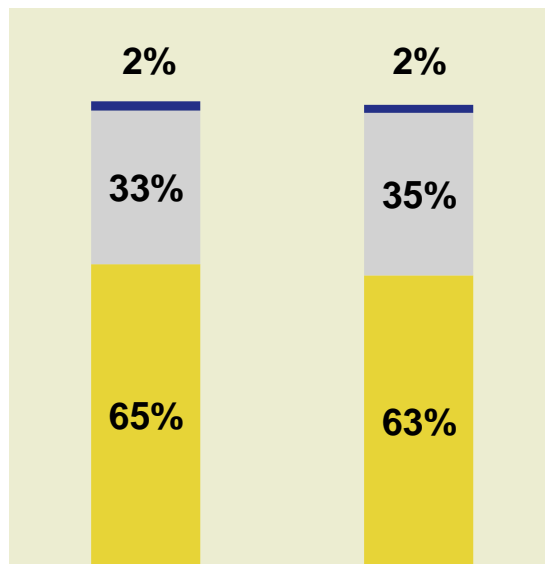


FY19

FY20

■ IT ■ Mobility ■ Services

## OVERSEAS

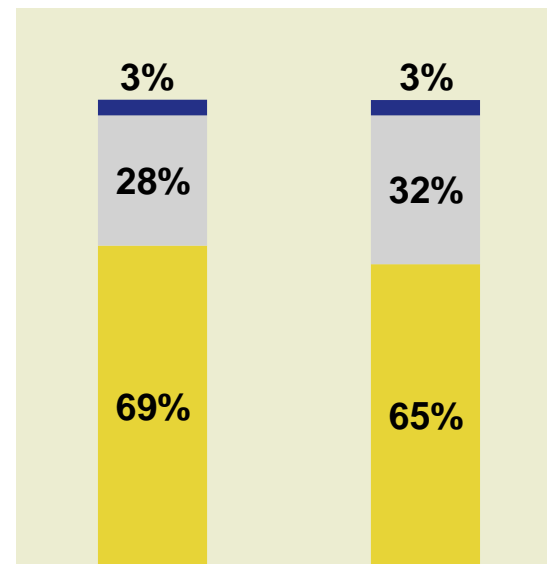


FY19

FY20

■ IT ■ Mobility ■ Services

## GLOBAL



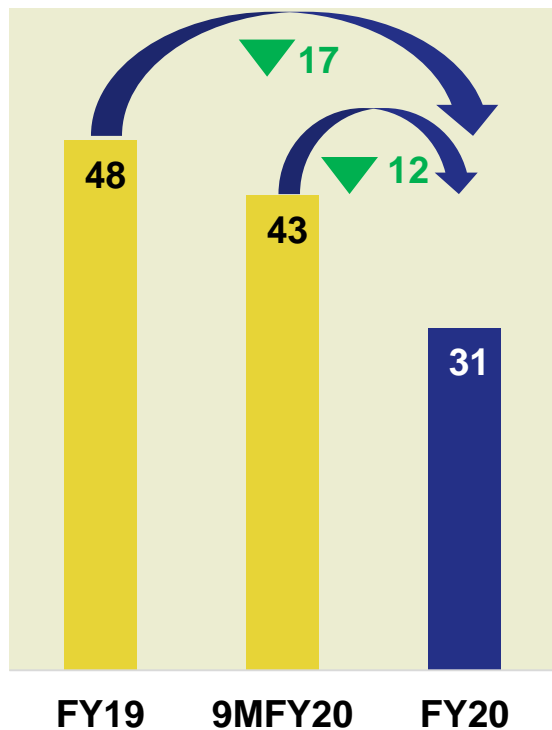
FY19

FY20

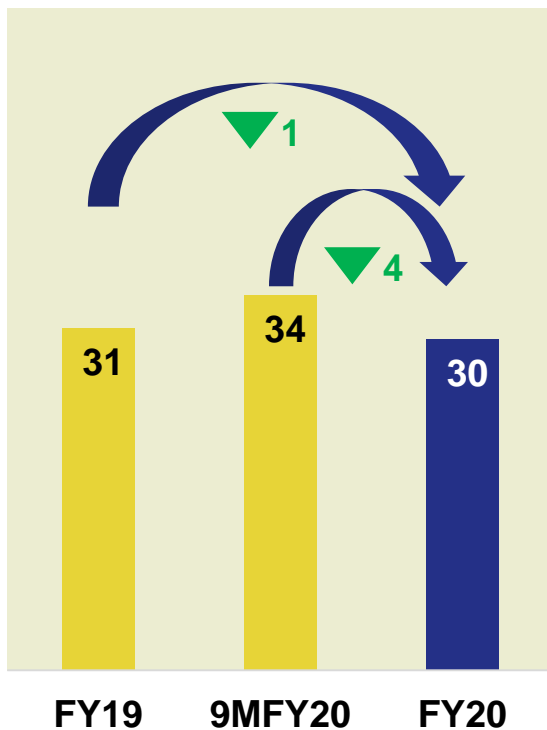
■ IT ■ Mobility ■ Services

# FY20 – Working Capital Days

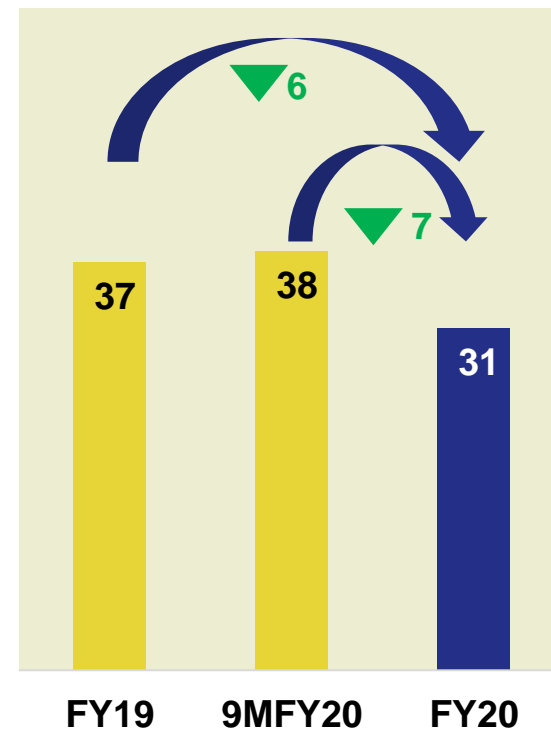
INDIA



OVERSEAS



GLOBAL



# Redington Global : Cash Flow Statement

₹ in million

Particulars	FY20	9MFY20	FY19
<b>Profit Before Taxation</b>	<b>6,923</b>	<b>5,262</b>	<b>6,233</b>
Non-cash items	2,612	1,892	1,956
Outflow of Finance Cost	1,954	1,486	1,805
Changes in Working Capital	5,756	(6,630)	2,907
Direct Tax Paid	(1,845)	(1,344)	(2,010)
<b>Net Cash Flow from Operations</b>	<b>15,400</b>	<b>666</b>	<b>10,891</b>
Capex	(838)	(390)	(828)
Dividend	(2,964)	(1,871)	(1,179)
Outflow of Finance Cost	(1,927)	(1,409)	(1,822)
<b>Free Cashflow</b>	<b>9,671</b>	<b>(3,004)</b>	<b>7,062</b>

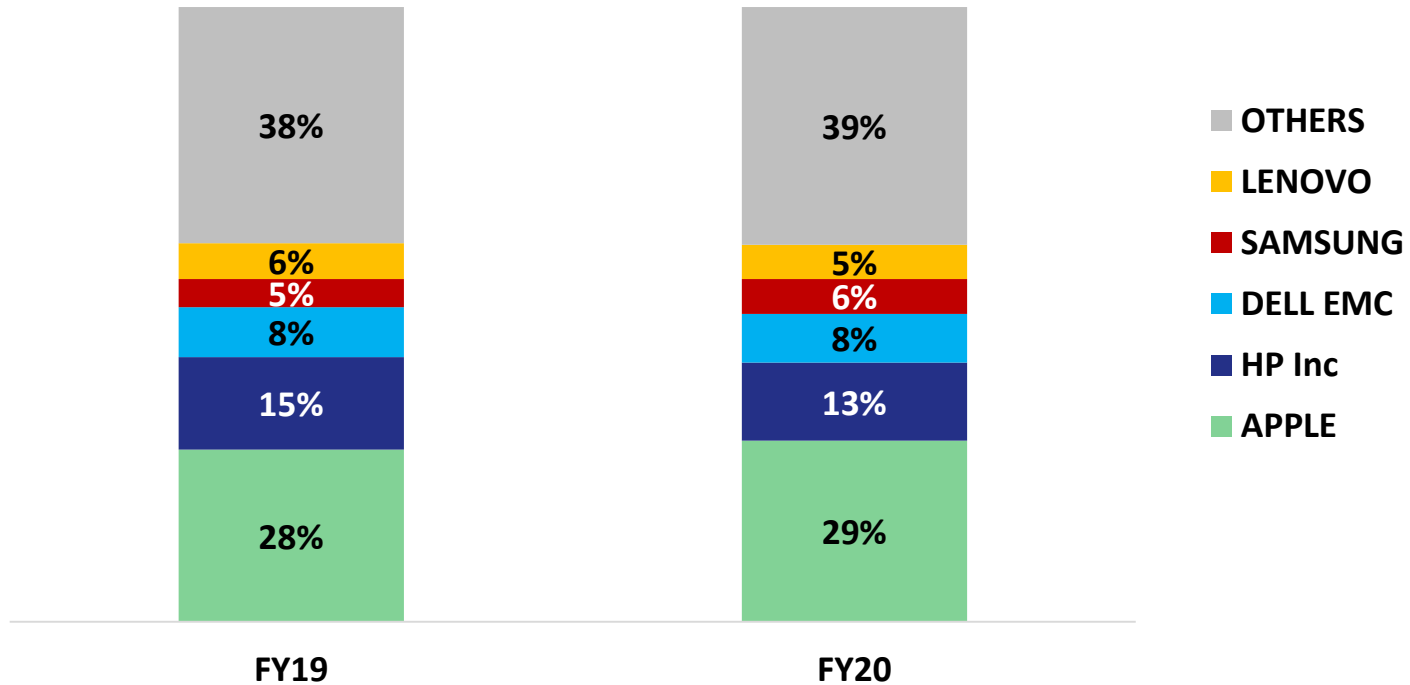
# Redington Global : Balance Sheet

₹ in million

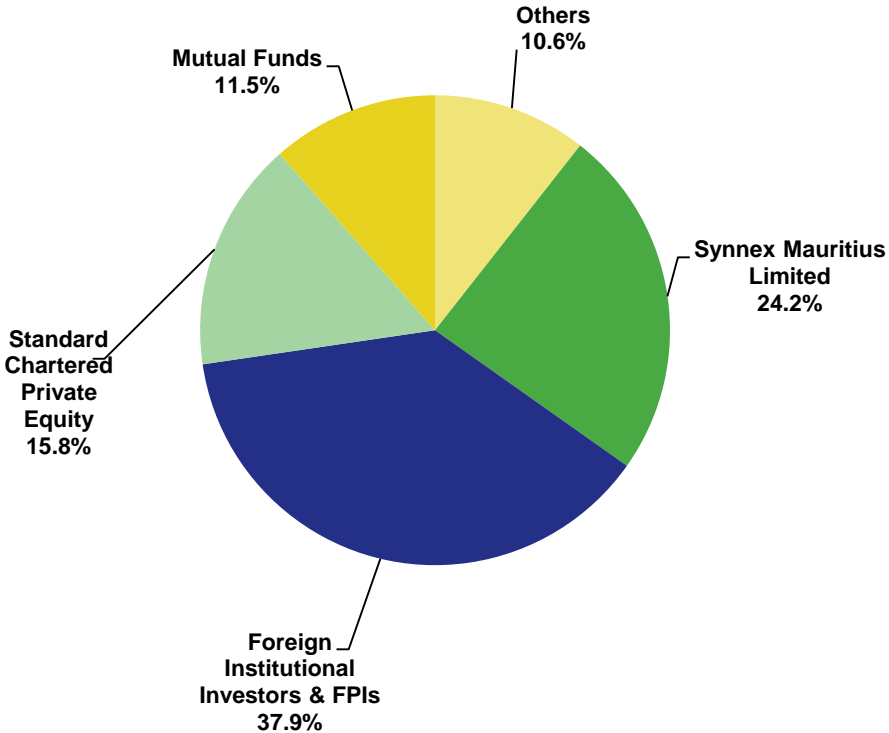
Particulars	31-MAR-20	31-MAR-19
<b>Source:</b>		
Networth	43,089	39,060
Net Debt	1,603	10,612
Minority Interest	3,813	3,446
<b>Total</b>	<b>48,505</b>	<b>53,118</b>
<b>Application:</b>		
Fixed Assets	4,773	4,701
Goodwill	184	220
Right to Use Assets	2,303	-
Net Assets	41,245	48,197
<b>Total</b>	<b>48,505</b>	<b>53,118</b>

# FY20 – Redington Global's Top 5 Vendors

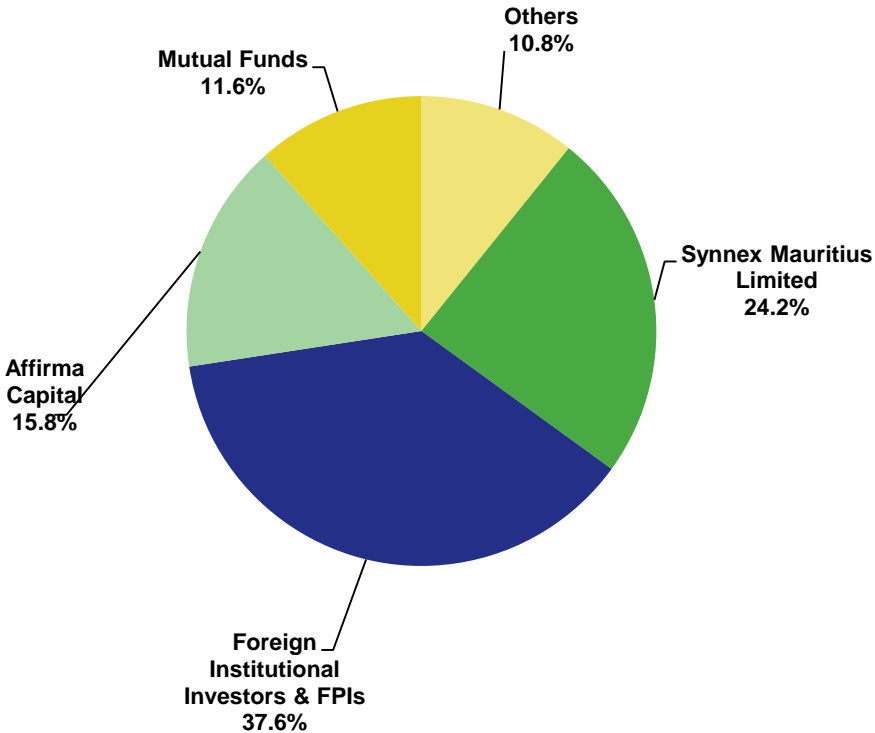
## REVENUE



# Shareholding Pattern



**Dec-2019**



**Mar-2020**





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