

Quick Heal

Security Simplified

Quick Heal Technologies Limited

Q1 FY18 – Results Update

August 2017



DISCLAIMER

This presentation and the following discussion may contain “forward looking statements” by Quick Heal Technologies Limited (“Quick Heal” or the “Company”) that are not historical in nature. These forward looking statements, which may include statements relating to future results of operations, financial condition, business prospects, plans and objectives are based on the current beliefs, assumptions, expectations, estimates and projections of the management of Quick Heal about the business, industry and markets in which Quick Heal operates.

These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond Quick Heal’s control and difficult to predict, that could cause actual results, performance or achievements to differ materially from those in the forward looking statements.

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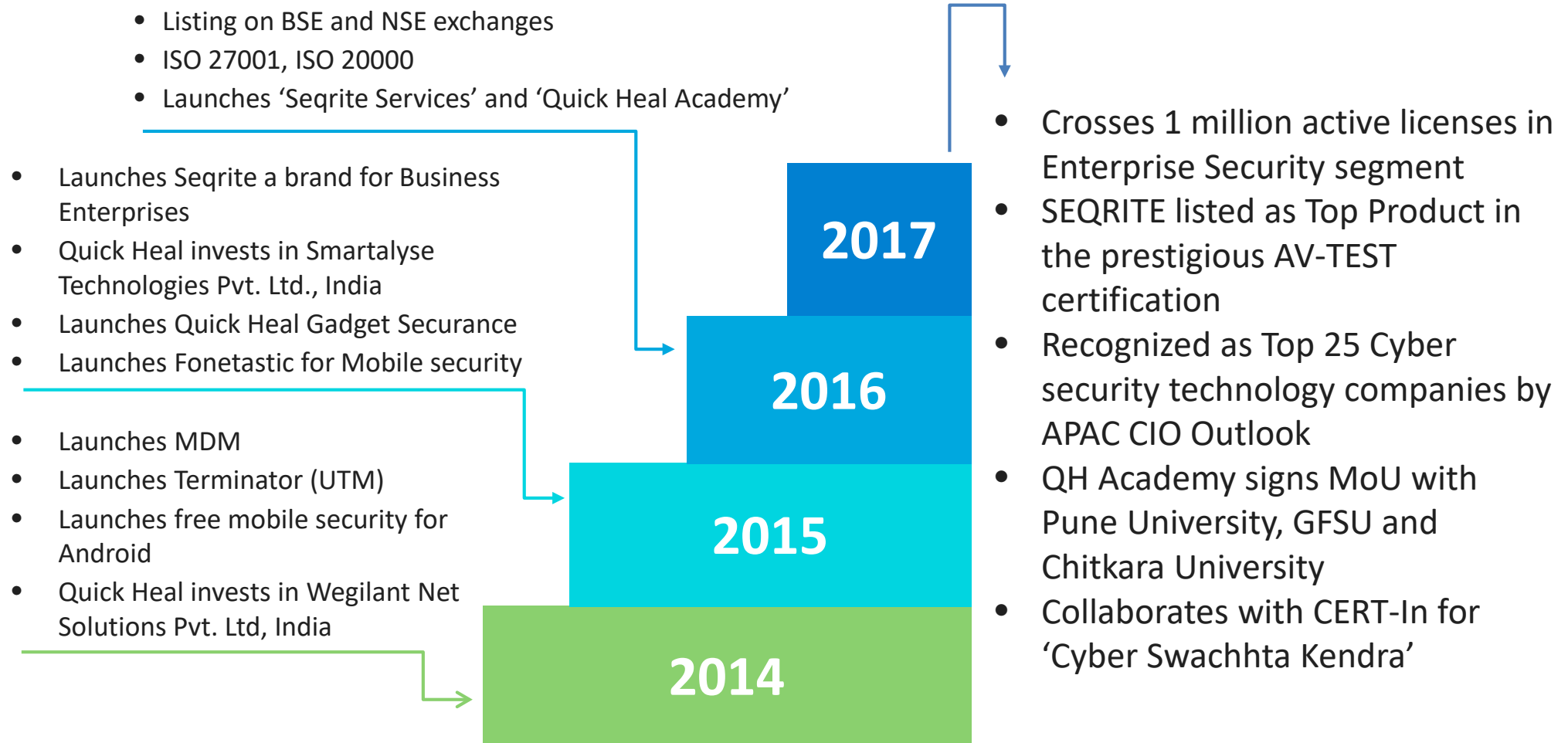
DISCUSSION SUMMARY

- COMPANY OVERVIEW
- STRATEGY & OUTLOOK
- Q1 FY18 RESULT ANALYSIS
- Q1 FY18 FINANCIALS
- SHAREHOLDING STRUCTURE



COMPANY OVERVIEW

QUICK HEAL JOURNEY



COMPANY OVERVIEW

STRONG BRAND RECOGNITION AND RECALL



8.02 m
Active Licenses across more than 80 countries



1.8X Growth
Active Licenses over last 5 years



30% +
Retail Market Share in India



Preferred Choice of IT technicians for PC Virus Cleaning



16,712 Retail, 349 Enterprise and 98 Government Partners

COMPANY OVERVIEW

TECHNOLOGY & MARKET LEADERSHIP

Awards in India

- 2017: Quick Heal Total Security receives BEST +++ certification from AV Lab.
- 2017: SEQRITE listed as Top Products in the prestigious AV-TEST certification and BEST +++ from AV Lab
- 2017: Quick Heal Total Security for Android (v2.01) gives 100% malware detection – Latest AV-Test results.
- 2016: Seqrite Endpoint Security (EPS) and Quick Heal Total Security recognized as a **'Top Product' by AV-Test Institute** in their September-October 2016 test results
- 2016: Seqrite EPS Enterprise Suite Edition awarded the **AVLab BEST+++ Award** in their October 2016 results
- 2016: **'Top Trademark Driven Industry'** award by CII in its Industrial Intellectual Property Awards
- 2016: **Best Antivirus, 9th NCN Most Innovative Product of the Year Award**
- 2016: **Best Make in India Brand, 14th VARINDIA IT Forum**
- 2016: **12th Annual Info Security PG's 2016 Global Excellence Awards, USA**
 - * Gold Winner for Product Development/Management Executive of the year
 - * Silver Winner in the category of Security Products and Solutions for Small Businesses and SOHO
- 2016: **ICSA Labs Excellence in "Information Security Testing" Award for the 5th consecutive year**
- 2015: IMC Information Technology Award for Excellence in Information Technology Products for small and medium enterprise category, awarded by Indian Merchants Chamber
- 2015: Mumbai Hot 50 Brands in the B2C category, awarded by OneIndia
- 2014 – 2015: **DQ Channels India's Most Popular Vendor**
- 2014 and 2015: **CRN Channel Champions, Client Security** awarded by United Business Media
- 2012, 2013 and 2014: Quality Brands, awarded by Quality Brand Times
- 2012: Maharashtra Corporate Excellence Awards, by Maxell Foundation
- 2008, 2009 and 2010: **CRN Channel Champions, Antivirus Segments** awarded by United Business Media
- 2010: Tech Life – The Lifestyle and Gadgets Awards, awarded by NDTV
- 2010: SME Awards for **Best SME Innovation** awarded by Business Today
- 2010: **Deloitte Technology Fast500 Asia Pacific** awarded by Deloitte
- 2010: **Deloitte Technology Fast50 India** awarded by Deloitte

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Quick Heal

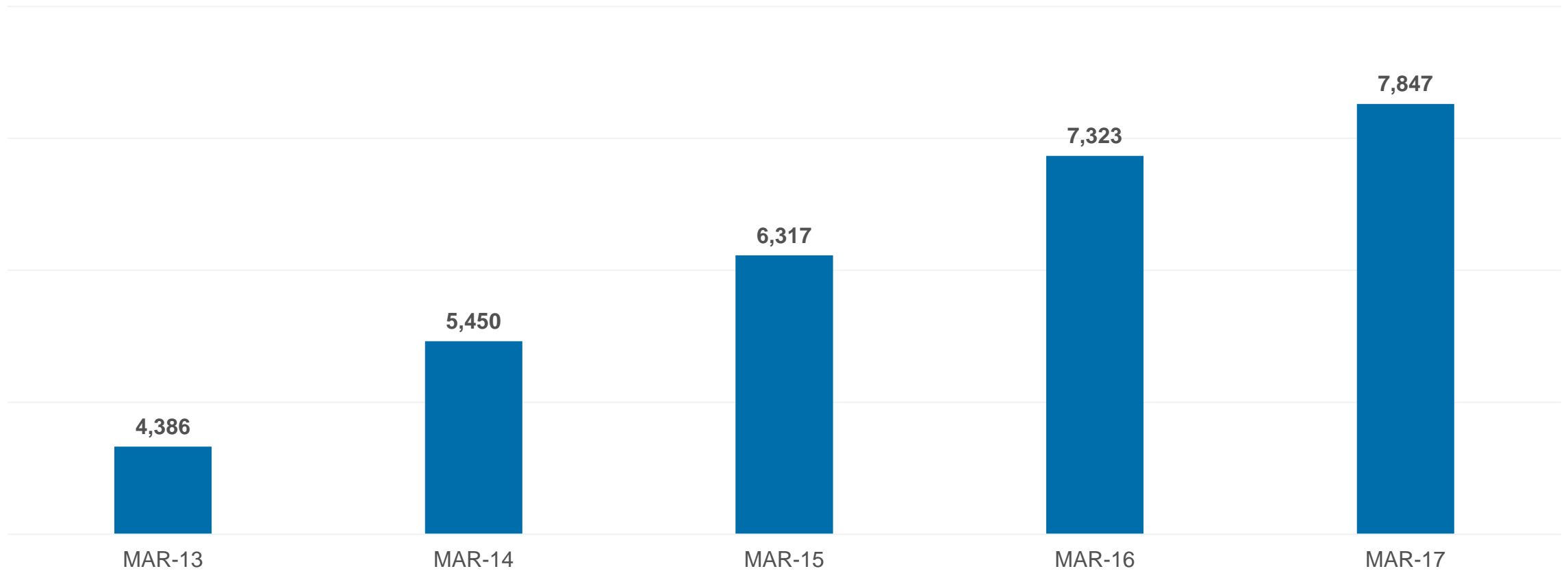
International Certificates



COMPANY OVERVIEW

LARGE AND GROWING USER BASE

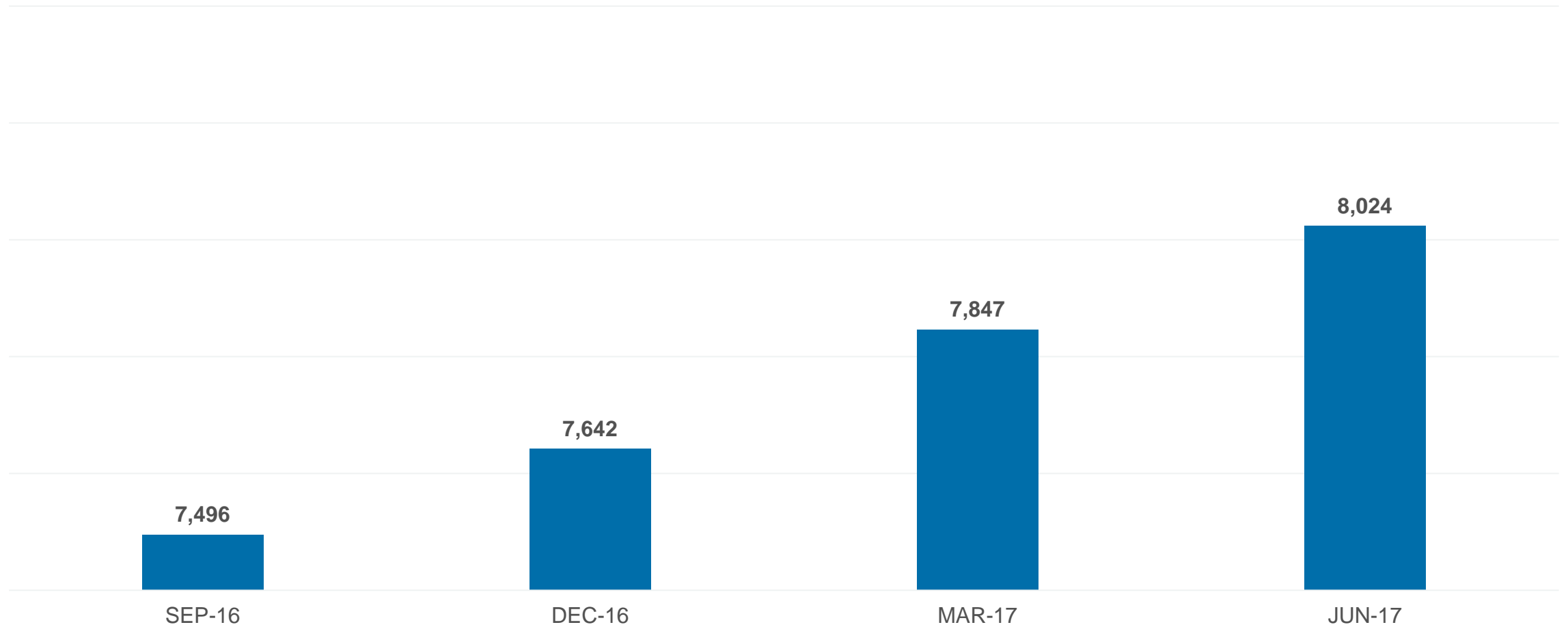
ACTIVE LICENSES ('000) – ANNUAL GROWTH TREND



COMPANY OVERVIEW

LARGE AND GROWING USER BASE

ACTIVE LICENSES ('000) – QUARTERLY GROWTH TREND



COMPANY OVERVIEW

EXTENSIVE REACH & PRESENCE



INDIA (HO)
Quick Heal Technologies Ltd.

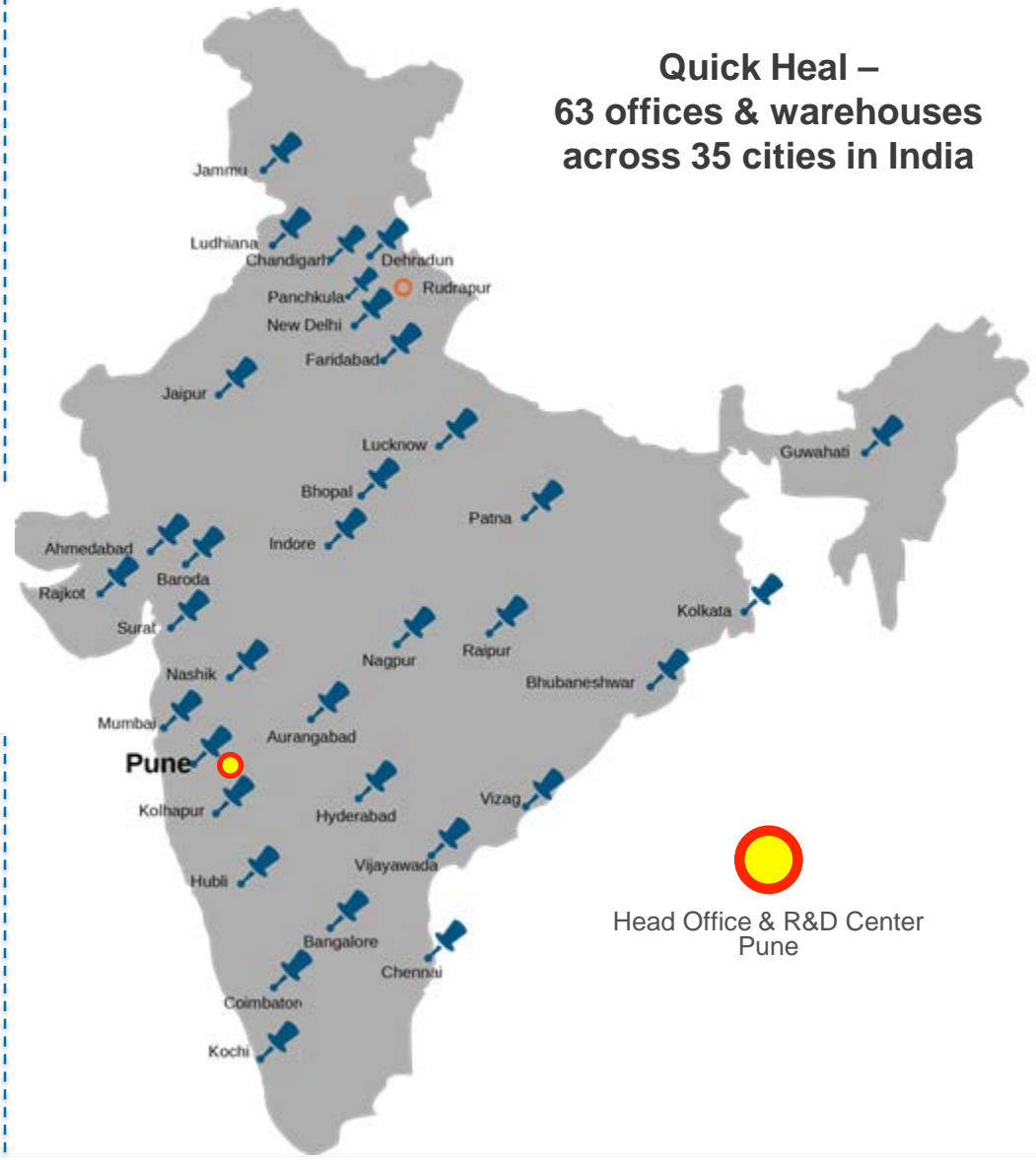
UAE
Quick Heal Technologies (MENA) FZE

DUBAI
Seqrite Technologies DMCC

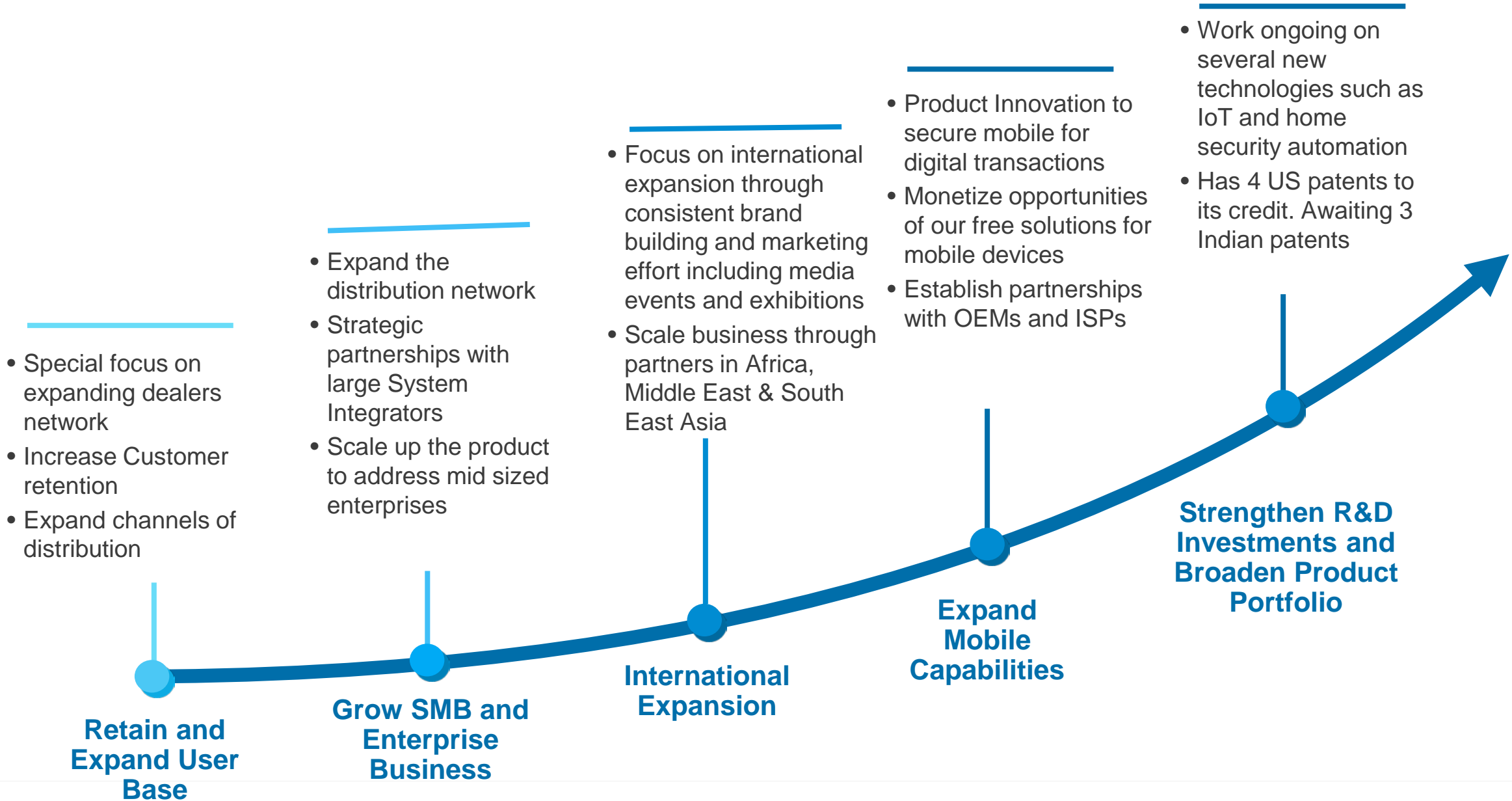
USA
Quick Heal Technologies America Inc

JAPAN
Quick Heal Japan KK.

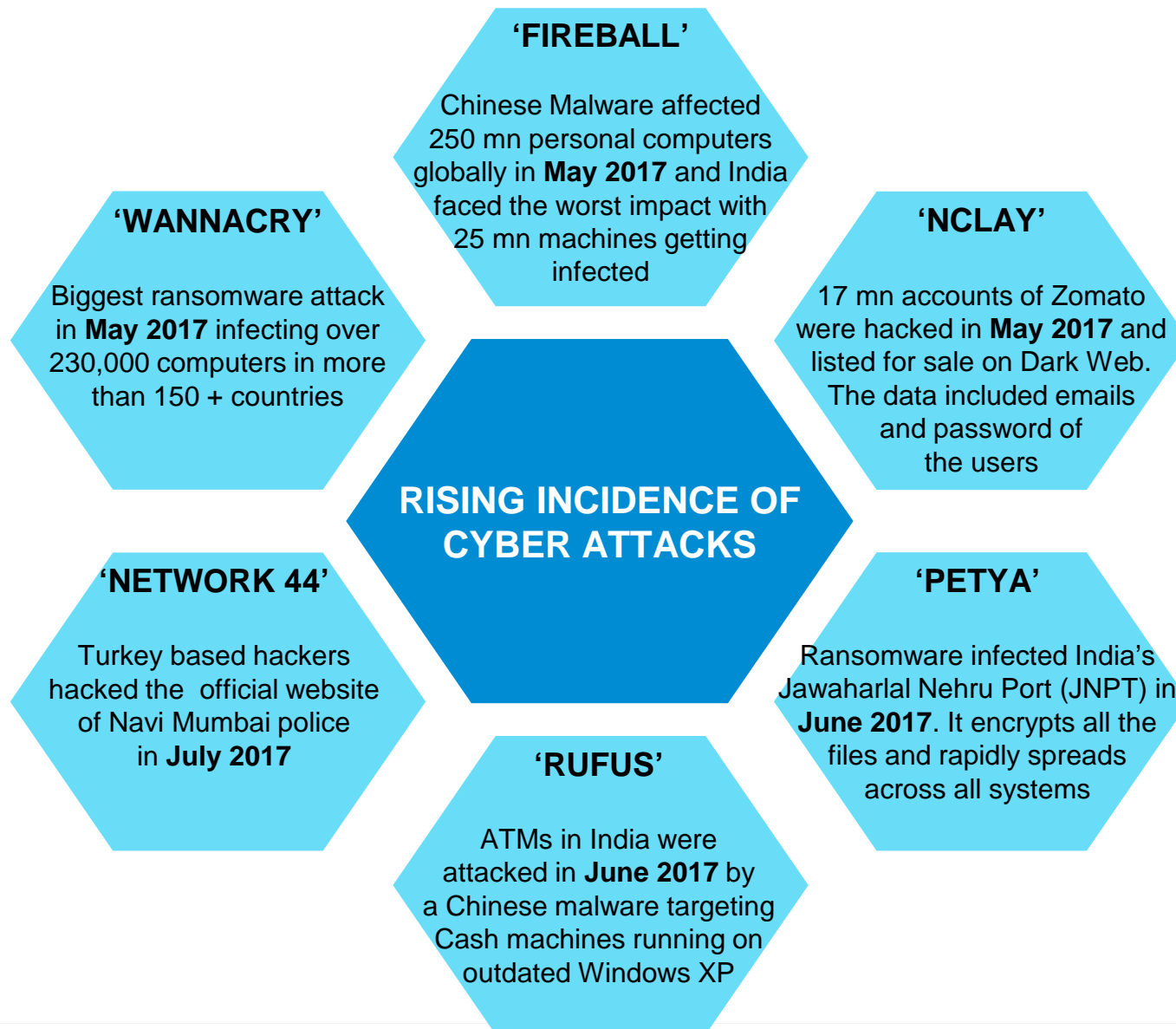
KENYA
Quick Heal Technologies Africa Ltd.



STRATEGY AND OUTLOOK



KEY HIGHLIGHTS – RECENT CYBER ATTACKS



BANKS IN INDIA LOST RS 2,520 MN DUE TO CYBER ATTACKS OVER LAST 3 YEARS

- According to RBI study, Banks lost Rs 88,553 per hour on an average between April 1, 2014 to June 30, 2017 due to cyber attacks
- Total 46,612 cyber attack cases were reported including frauds related to credit, debit and ATM cards and internet banking
- In Q1 FY18, banks reported 56 cases a day, higher than average of 40 cases per day reported over past three years

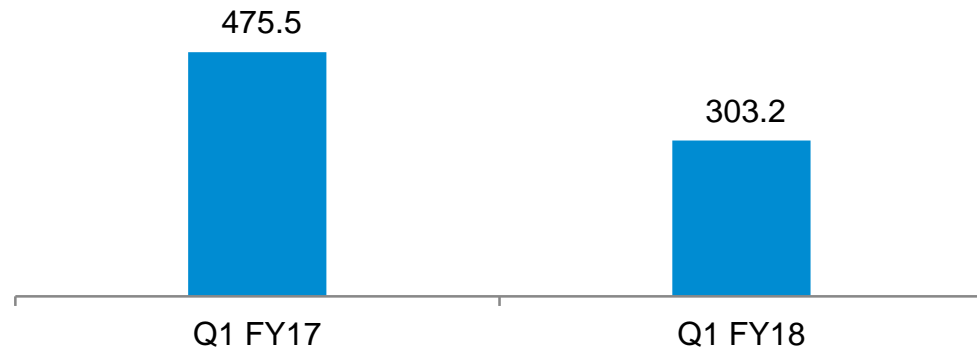
INDIA'S DIGITAL PUSH REQUIRES MORE ROBUST CYBER SECURITY INFRASTRUCTURE

- According to IIT-K study, India needs to urgently upgrade its defences by setting up a cyber security commission
- The study said attacks from the 'Equation group' infected India's telecom and military sectors and research institutes.
- The experts said an advanced layer of protection was missing in most financial institutions

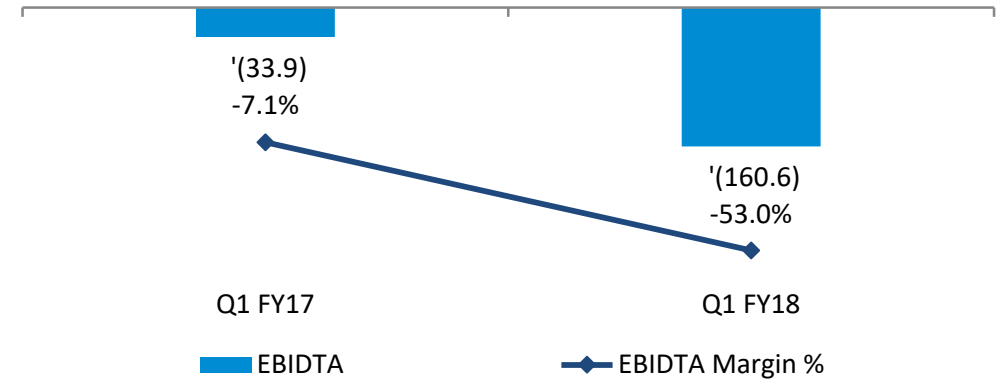
Q1 FY18 RESULTS HIGHLIGHTS

In Rs. Million

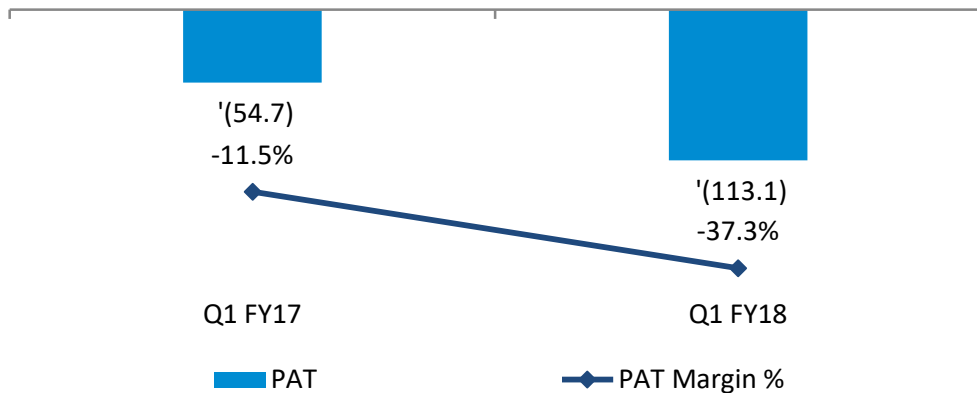
REVENUES



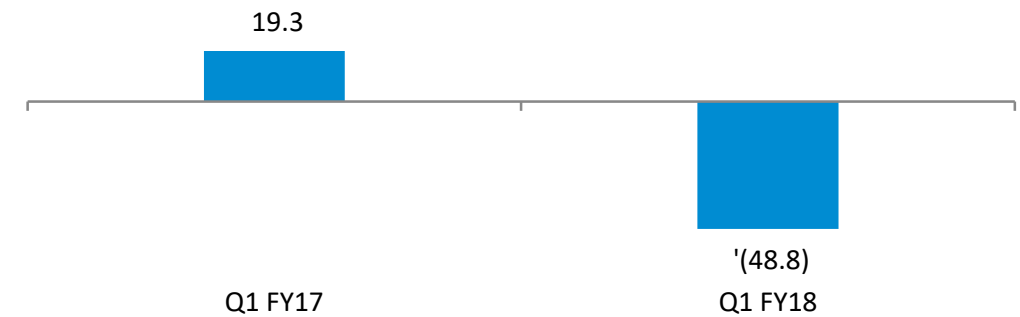
EBITDA and EBITDA MARGIN



PAT and PAT MARGIN



CASH PROFIT



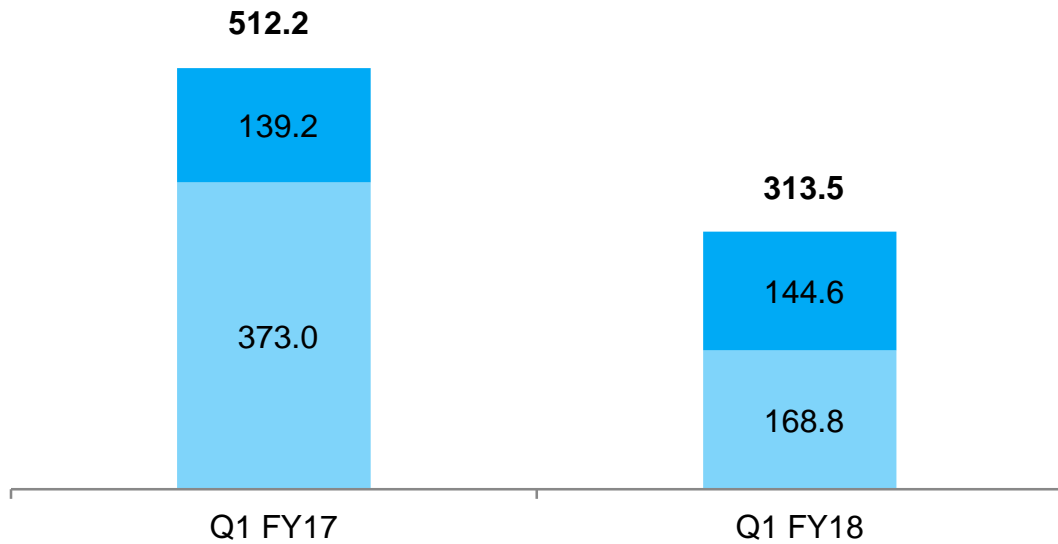
* Based on IND-AS Accounting Standards

Cash Profit = PAT + Depreciation & Amortization

Q1 FY18 – REVENUE ANALYSIS

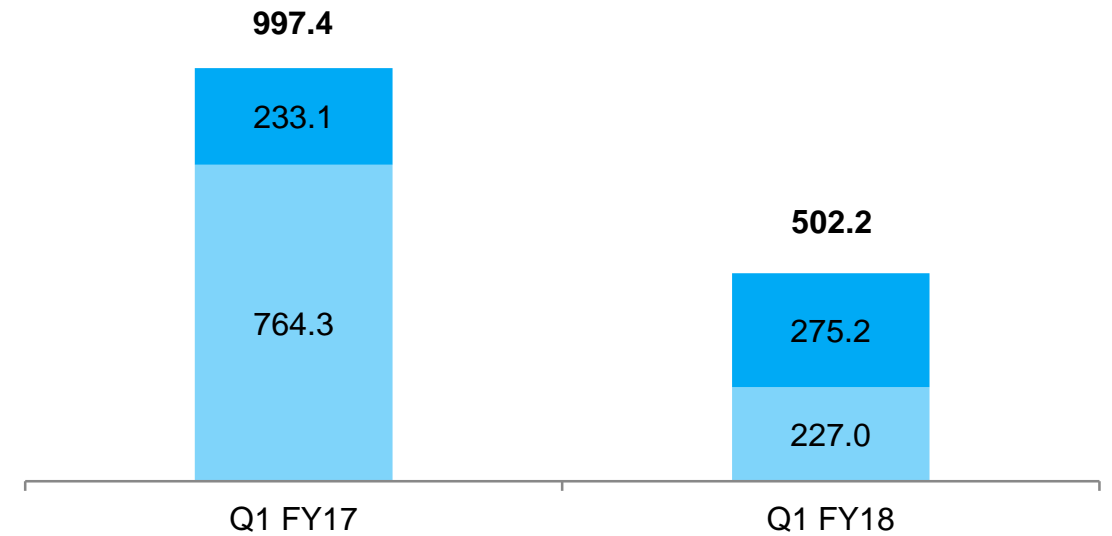
In Rs. Million

SEGMENT BREAKUP *



% Share	Q1 FY17	Q1 FY18
■ Retail	72.8%	53.9%
■ Enterprises & Government	27.2%	46.1%

NUMBER OF LICENSES SOLD ('000)



% Share	Q1 FY17	Q1 FY18
■ Retail	76.6%	45.2%
■ Enterprises & Government	23.4%	54.8%

* Based on net revenues before adjusting for sales incentives

Q1 FY18 – COST ANALYSIS

Rs Million

Head	Consolidated				
	Q1 FY18,a	Q4 FY17,a	Q3 FY17,a	Q2 FY17,a	Q1 FY17, a
Operating Cost					
Salaries	116.8	116.5	118.7	122.4	120.8
Fees for technical services	24.1	24.9	24.9	25.2	25.1
Technology subscription charges	3.5	14.2	13.6	16.2	12.8
R&D Expenses (A)	144.4	155.6	157.3	163.8	158.8
Salaries	74.8	77.7	75.9	78.3	72.4
S&M - Mobile Outsourcing Cost	15.9	22.9	23.8	21.5	18.0
Advertising Expenses	32.6	71.4	44.2	21.5	34.3
Sales Promotion	22.7	3.4	12.6	7.7	14.1
Traveling and conveyance	6.7	11.6	13.5	12.5	10.9
Technical Support Cost	21.4	19.4	19.1	23.2	18.2
Selling & Marketing Expenses (B)	174.1	206.4	189.1	164.7	167.9
Salaries	48.9	43.7	45.7	40.2	36.3
Other Expenses	77.3	90.5	73.3	74.1	100.9
G&A (C)	126.2	134.2	119.0	114.3	137.2
Total Expenditure (A+B+C)	444.7	496.1	465.4	442.8	463.9

Q1 FY18 CONSOLIDATED RESULTS – PROFIT & LOSS

Rs Million

Head	Consolidated			
	Q1 FY18,a	Q1 FY17,a	Growth	% Change
Revenue	303.2	475.5	-172.3	-36.2%
Direct Cost	19.0	45.5	26.5	58.3%
Gross profit	284.2	430.0	-145.8	-33.9%
Gross Margin, %	93.7%	90.4%		
Operating Costs				
R&D Cost	144.4	158.8	14.4	9.1%
Sales and Marketing (S&M)	174.1	167.9	-6.2	-3.7%
General Administration (G&A)	126.2	137.2	11.0	8.0%
Total	444.7	463.9	19.2	4.1%
EBIDTA	-160.6	-33.9	-126.7	-373.6%
Depreciation / Amortization	64.2	74.0	9.8	13.2%
EBIT	-224.8	-107.9	-116.9	-108.3%
Other Income	55.4	72.3	-17.0	-23.4%
Profit Before Tax & Exceptional Item	-169.4	-35.6	-133.8	-375.9%
Exceptional Item	-	37.8	37.8	100.0%
Tax	-56.4	-18.7	37.7	201.3%
Profit After Tax	-113.1	-54.7	-58.4	-106.7%
Reconciliation between I GAAP and IND-AS				
Revenue (Gross)	354.8	561.5	-206.7	-36.8%
Taxes	41.3	49.3	8.0	16.2%
Net revenue	313.5	512.2	-198.8	-38.8%
Less Dealer Incentive	10.3	36.7	26.4	72.0%
Net revenue after Dealer Incentive	303.2	475.5	-172.3	-36.2%

Q1 FY18 CONSOLIDATED RESULTS – RATIO ANALYSIS

Ratio Analysis

Head	Consolidated	
	Q1 FY18,a	Q1 FY17,a
Expenses		
Direct Cost / Revenue	6.3%	9.6%
R&D / Revenue	47.6%	33.4%
S&M / Revenue	57.4%	35.3%
G&A / Revenue	41.6%	28.9%
Total Cost / Revenue	146.7%	97.6%
Margin		
Gross Margin	93.7%	90.4%
EBIDTA	-53.0%	-7.2%
EBIT	-74.1%	-22.7%
PBT	-55.9%	-7.5%
PAT	-37.3%	-11.5%

Q1 FY18 CONSOLIDATED RESULTS – BALANCE SHEET

Particulars	Rs Million		Particulars	Rs Million	
	Jun-17	Jun-16		Jun-17	Jun-16
Share Holders' Funds:			Non-Current Assets:		
Equity share capital	701.9	700.3	Property, plant and equipment	1,763.3	1,750.0
Share application money pending allotment	-	-	Capital work-in-progress	133.0	94.7
Reserve and Surplus	5,808.6	5,557.9	Other intangible assets	59.3	66.5
Total Of Shareholder Funds	6,510.5	6,258.2	Investments	66.7	36.5
Non-Current Liabilities:			Loans and Security Deposits	3.3	1.0
Net employee defined benefit liabilities	23.4	11.9	Bank balances	1.6	1.8
Current Liabilities:			Deferred tax assets (net)	93.1	67.4
Trade and other payables	259.6	397.4	Other non-current assets	166.2	255.2
Other financial liabilities	9.5	10.8	Total Non-Current Assets	2,286.5	2,273.1
Other current liabilities	81.9	79.2	Current assets:		
Net employee defined benefit liabilities	13.9	12.8	Inventories	84.6	65.1
Current tax liabilities (net)	19.5	91.7	Investment in Mutual Funds	2,131.7	1,332.8
Total Of Current Liabilities	384.4	591.8	Trade and other receivables	520.4	616.3
Total Equity & Liabilities	6,918.2	6,862.0	Investment in Fixed Deposit	1,686.4	2,239.5
			Bank balance & Cash and cash equivalents	137.1	221.9
			Loans and security deposits	7.5	34.5
			Interest accrued	29.0	41.6
			Share issue expenses recoverable	-	1.3
			Other Current Assets	35.0	36.0
			Total Current Assets	4,631.7	4,588.9
			Total Assets	6,918.2	6,862.0

NOTE: Certain figures have been re-grouped wherever necessary

Q1 FY18 STANDALONE RESULTS – PROFIT & LOSS

Rs Million

Head	Standalone			
	Q1 FY18, a	Q1 FY17, a	Growth	% Change
Revenue	297.2	475.1	-177.9	-37.4%
Direct Cost	18.9	42.9	24.0	56.0%
Gross profit	278.4	432.2	-153.9	-35.6%
Gross Margin, %	93.7%	91.0%		
Operating Costs				
R&D Cost	144.4	158.8	14.4	9.1%
Sales and Marketing (S&M)	167.7	153.7	-14.0	-9.1%
General Administration (G&A)	124.2	134.8	10.6	7.9%
Total	436.3	447.3	11.0	2.5%
EBIDTA	-157.9	-15.1	-142.8	-948.5%
Depreciation / Amortization	64.1	73.9	9.8	13.2%
EBIT	-222.0	-88.9	-133.1	-149.6%
Other Income	54.6	74.2	-19.5	-26.3%
Profit Before Tax & Exceptional Item	-167.4	-14.8	-152.6	-1032.4%
Exceptional Item	0.0	37.8	37.8	100.0%
Tax	-56.5	-18.7	37.8	-202.2%
Profit After Tax	-110.9	-33.9	-77.0	-227.2%

Q1 FY18 STANDALONE RESULTS – RATIO ANALYSIS

Ratio Analysis

Head	Standalone	
	Q1 FY18, a	Q1 FY17, a
Expenses		
Direct Cost / Revenue	6.3%	9.0%
R&D / Revenue	48.6%	33.4%
S&M / Revenue	56.4%	32.4%
G&A / Revenue	41.8%	28.4%
Total Cost / Revenue	146.8%	94.1%
Margin		
Gross Margin	93.7%	91.0%
EBIDTA	-53.1%	-3.2%
EBIT	-74.7%	-18.7%
PBT	-56.3%	-3.1%
PAT	-37.3%	-7.1%

Q1 FY18 STANDALONE RESULTS – BALANCE SHEET

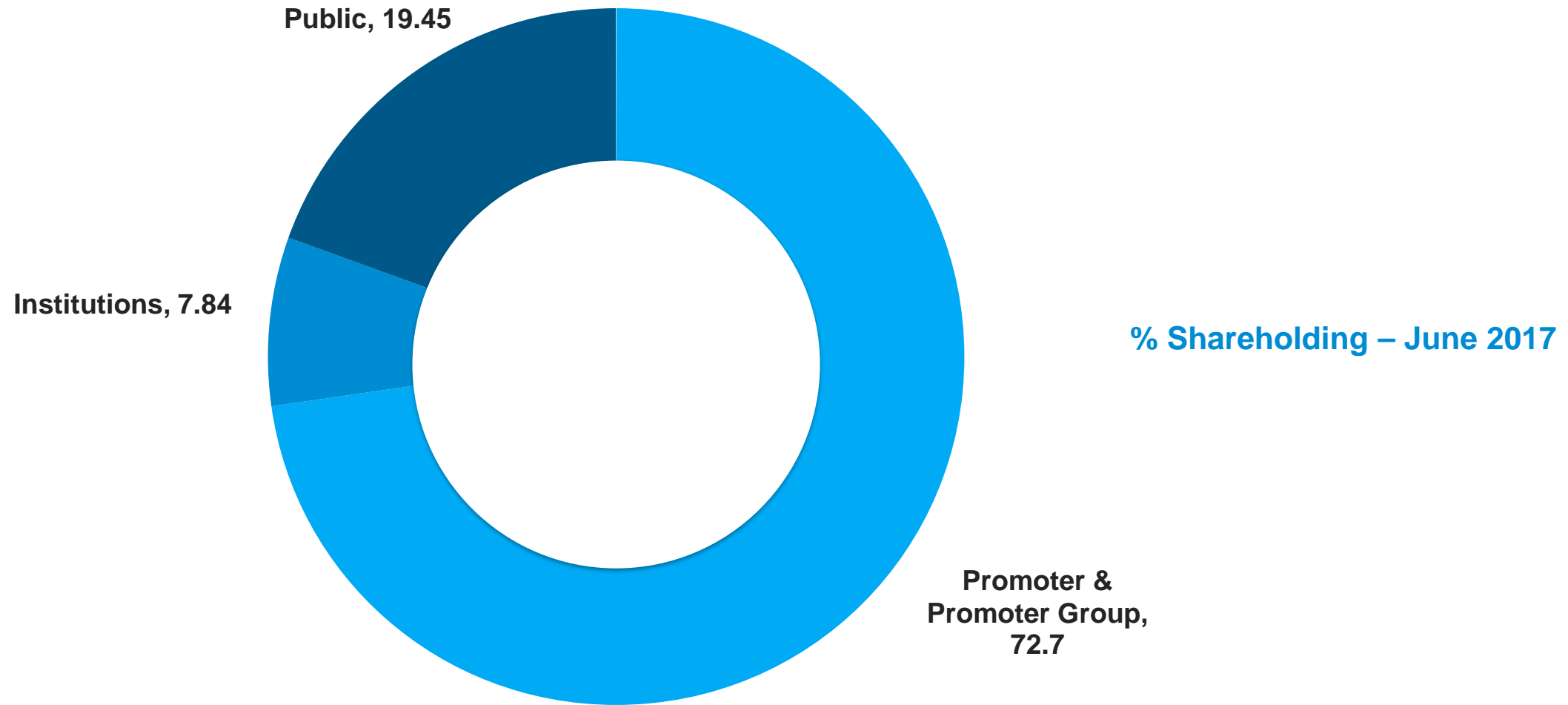
Rs Million

Particulars	Jun-17	Jun-16
Share Holders' Funds:		
Equity share capital	701.9	700.3
Share application money pending allotment	-	-
Reserve and Surplus	5,985.8	5,682.1
Total Of Shareholder Funds	6,687.7	6,382.4
Non-Current Liabilities:		
Net employee defined benefit liabilities	23.4	11.9
Current Liabilities:		
Trade and other payables	257.1	392.4
Other financial liabilities	9.5	10.8
Other current liabilities	81.5	78.8
Net employee defined benefit liabilities	13.9	12.8
Current tax liabilities (net)	19.5	91.7
Total Of Current Liabilities	381.4	586.4
Total Equity & Liabilities	7,092.5	6,980.8

Particulars	Jun-17	Jun-16
Non-Current Assets:		
Property, plant and equipment	1,761.9	1,747.9
Capital work-in-progress	133.0	94.2
Other intangible assets	59.0	66.5
Investments	361.6	218.6
Loans and Security Deposits	3.3	11.0
Bank balances	1.8	1.8
Deferred tax assets (net)	93.1	67.4
Other non-current assets	166.2	258.7
Total Non-Current Assets	2,579.8	2,466.1
Current assets:		
Inventories	74.6	53.1
Investment in Mutual Funds	2,131.7	1,332.8
Trade and other receivables	497.3	633.7
Investment in Fixed Deposit	1,686.4	2,239.5
Bank balance & Cash and cash equivalents	54.4	154.5
Loans and security deposits	6.7	23.3
Interest accrued	29.0	41.5
Share issue expenses recoverable	-	1.3
Other Current Assets	32.5	34.9
Total Current Assets	4,512.6	4,514.7
Total Assets	7,092.5	6,980.8

NOTE: Certain figures have been re-grouped wherever necessary

SHAREHOLDING STRUCTURE



Source – BSE

FOR FURTHER QUERIES



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