

Quick Heal

Security Simplified

Quick Heal Technologies Limited

Q3 & 9M FY17 – Results Update

February 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
- Q3 & 9M FY17 RESULT ANALYSIS
- Q3 & 9M FY17 FINANCIALS
- SHAREHOLDING STRUCTURE



COMPANY OVERVIEW

QUICK HEAL JOURNEY

1995 - 1998

- Incorporation as 'CAT Computer Services Pvt. Ltd.'
- Launch of 'Quick Heal' DOS version
- Launch of 'Quick Heal' Windows version

2006 - 2007

- Company renamed as Quick Heal Technologies Pvt. Ltd. from CAT Computer Services Pvt. Ltd.
- Quick Heal sets up Technical Support Centre at Nashik

2009 - 2010

- Private Equity Investment firm Sequoia Capital, invests in Quick Heal
- Quick Heal recognized by CRN India as No.1 Channel Champion

2011

- Incorporates Quick Heal in Kenya
- Incorporates Quick Heal in Japan
- Quick Heal acquires SurfCanister Sandbox technology from Apurva Technologies, India

2002 - 2004

- Quick Heal starts Radio Campaign
- Quick Heal starts its first branch in Nashik

2008

- Quick Heal becomes Microsoft's certified partner
- Quick Heal hosts AAVAR International Security Conference in India

2012 - 2013

- Launches Quick Heal Mobile Security
- Launches Quick Heal End Point Security
- Quick Heal acquires behavior based technologies from Nova Shield Inc. UK
- Incorporates Quick Heal in Dubai
- ISO 9000

2016

- Listing on BSE and NSE exchanges
- ISO 27001
- ISO 20000

2015

- Launches Seqrite a brand encompassing security products for Business Enterprise customers
- Quick Heal invests in 'Smartalyse Technologies Pvt. Ltd., India'
- Quick Heal inaugurates its first office in the US, 'Quick Heal Technologies America' in Boston
- Launches Quick Heal Gadget Securance for Mobile security + insurance
- Launches Fonetastic for Mobile security

2014

- Launches Quick Heal MDM (Mobile Device Management)
- Launches Quick Heal Terminator (UTM- Unified Threat Management)
- Launches free mobile security for Android
- Quick Heal invests in Wegilant Net Solutions Pvt. Ltd, India



COMPANY OVERVIEW

STRONG BRAND RECOGNITION AND RECALL




7.6 m
Active Licenses across more than 80 countries



2.0x Growth
Active Licenses over last 5 years



30% +
Retail Market Share in India



Preferred Choice of IT technicians for PC Virus Cleaning



15,371 Retail, 499 Enterprise, 99 Government and 1,513 Mobile Partners

COMPANY OVERVIEW

TECHNOLOGY & MARKET LEADERSHIP

Awards in India

- 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
- 2009: **Channels Choice Award**, awarded by DQ Channels

International Certificates



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COMPANY OVERVIEW

EXTENSIVE REACH & PRESENCE



INDIA (HO)
Quick Heal Technologies Ltd.

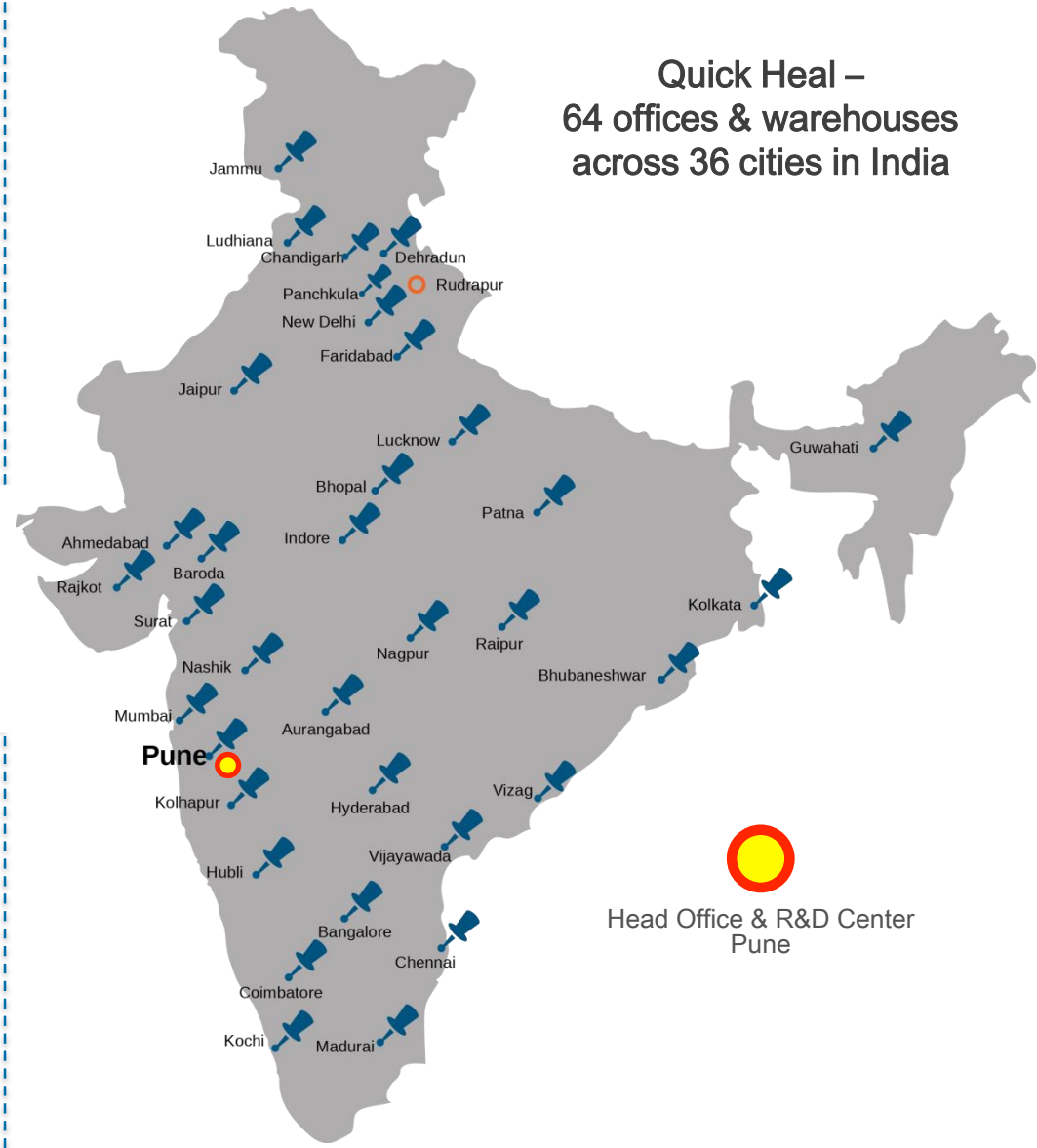
UAE
Quick Heal Technologies (MENA) FZE

DUBAI
Seqrite Technologies DMCC

USA
Quick Heal Technologies America Inc

JAPAN
Quick Heal Japan KK.

KENYA
Quick Heal Technologies Africa Ltd.



STRATEGY AND OUTLOOK

- Special focus on Tier II and Tier III towns
- Tailored offerings for SMB and enterprise users
- Develop and promote software-as-a-service model

Retain and Expand User Base

- Plans to focus on manufacturing, BFSI, healthcare, hospitality industries
- Reach out to SMBs, identify new SMB opportunities, increase engagement with channel partners

Grow SMB and Enterprise Business

- Focus on international expansion through consistent brand building and marketing effort including media events and exhibitions
- Exploring opportunities in Africa, Middle East & South East Asia

International Expansion

- Develop product for upcoming platforms like Androids, Windows, Linux, iOS to address opportunities in consumer enterprise.
- Monetize opportunities of our free solutions for mobile devices

Expand Mobile Capabilities

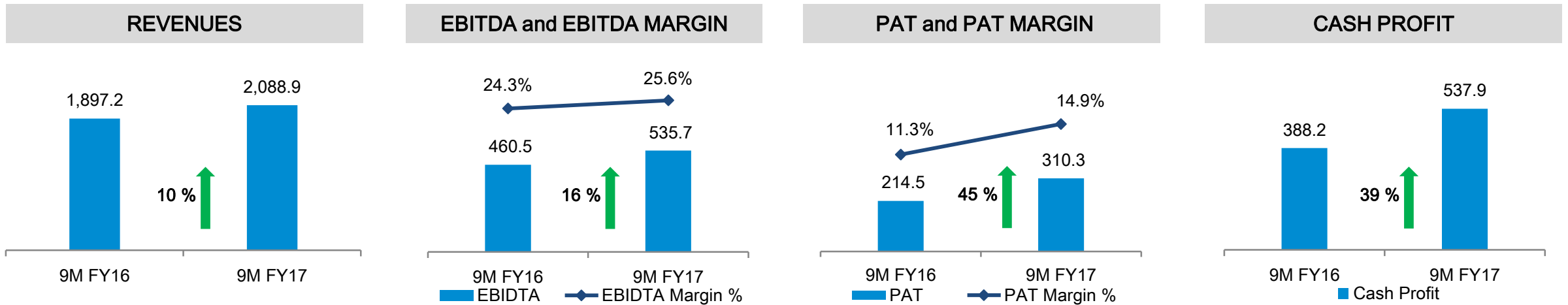
- Work ongoing on several new technologies such as IoT and home security automation
- Has 4 US patents to its credit. Awaiting 3 Indian patents

Strengthen R&D Investments and Broaden Product Portfolio

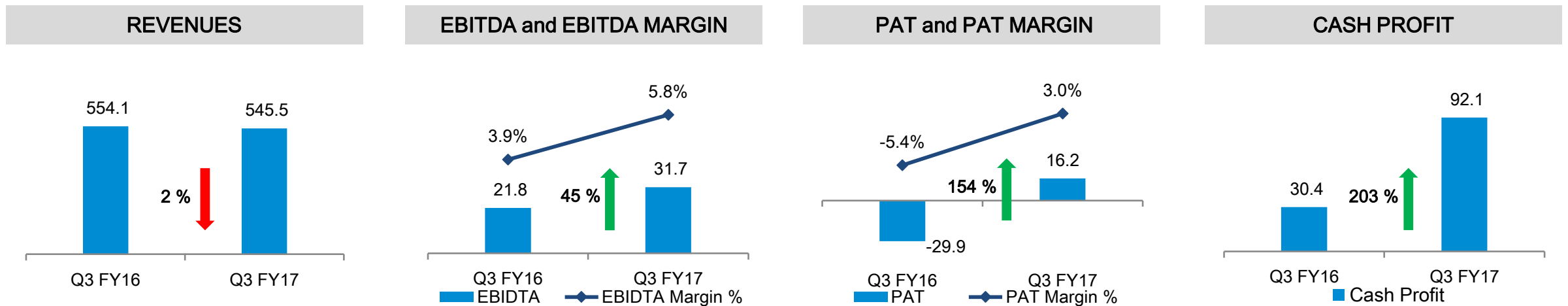
Q3 & 9M FY17 RESULTS HIGHLIGHTS

9M FY17 YoY ANALYSIS

In Rs. Million



Q3 FY17 YoY ANALYSIS



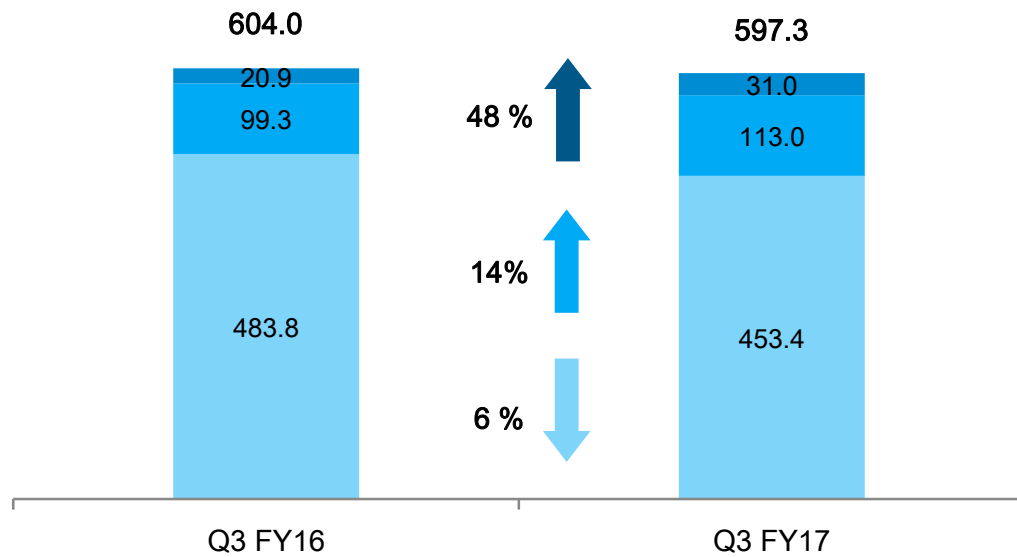
* Based on IND-AS Accounting Standards

Q3 & 9M FY17 – REVENUE ANALYSIS

In Rs. Million

Q3 FY17 YoY ANALYSIS

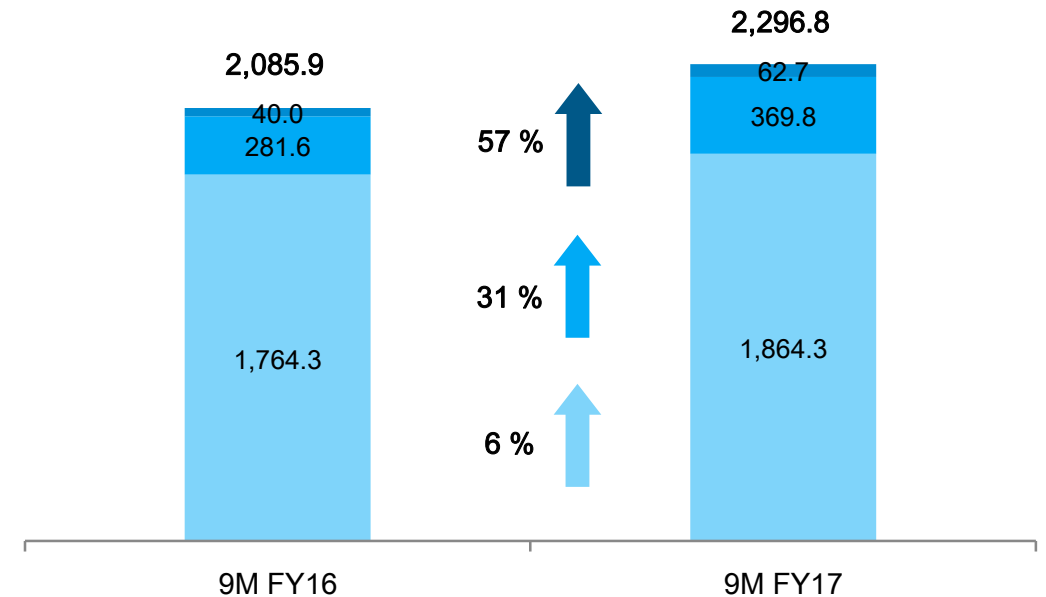
SEGMENT BREAKUP *



% Share	Q3 FY16	Q3 FY17
■ Retail	80.1%	75.9%
■ Enterprises & Government	16.4%	18.9%
■ Mobile	3.5%	5.2%

9M FY17 YoY ANALYSIS

SEGMENT BREAKUP *



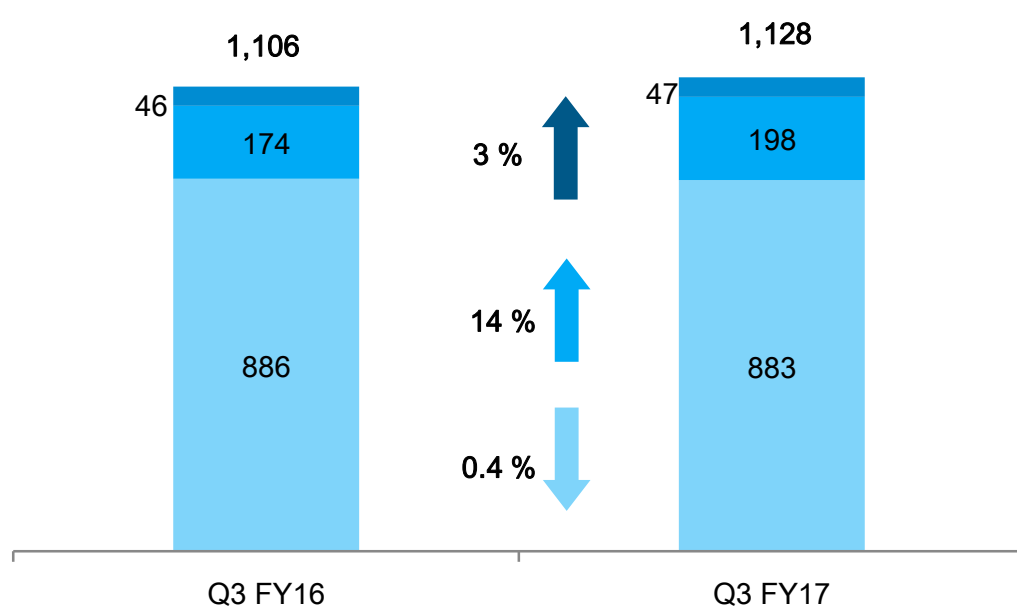
% Share	9M FY16	9M FY17
■ Retail	84.6%	81.2%
■ Enterprises & Government	13.5%	16.1%
■ Mobile	1.9%	2.7%

* Based on net revenues before adjusting for sales incentives

Q3 & 9M FY17 – REVENUE ANALYSIS

Q3 FY17 YoY ANALYSIS

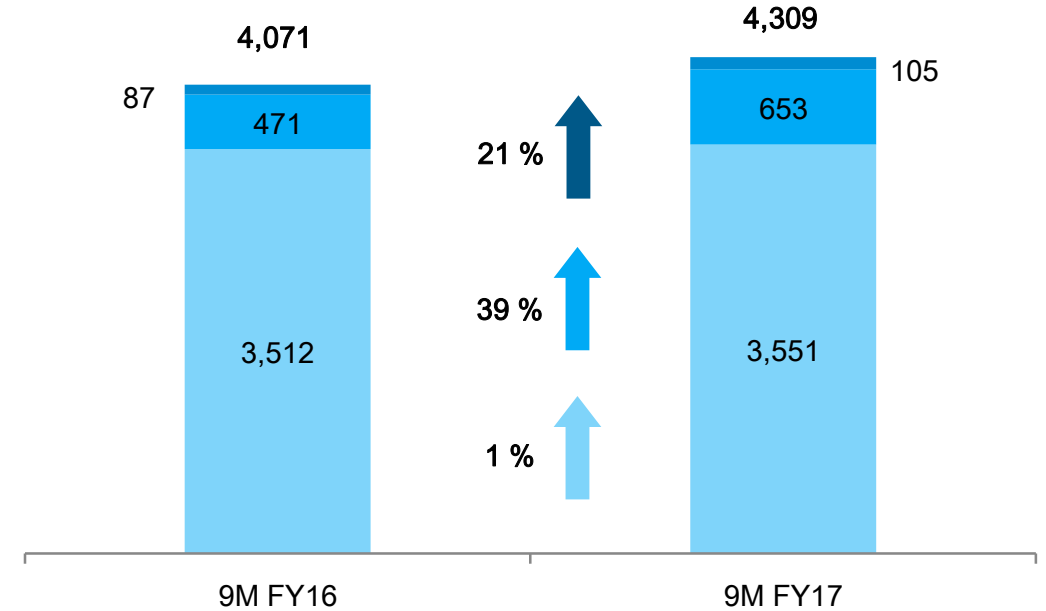
NUMBER OF LICENSES SOLD ('000)



% Share	Q3 FY16	Q3 FY17
Retail	80.1%	78.3%
Enterprises & Government	15.7%	17.6%
Mobile	4.1%	4.2%

9M FY17 YoY ANALYSIS

NUMBER OF LICENSES SOLD ('000)

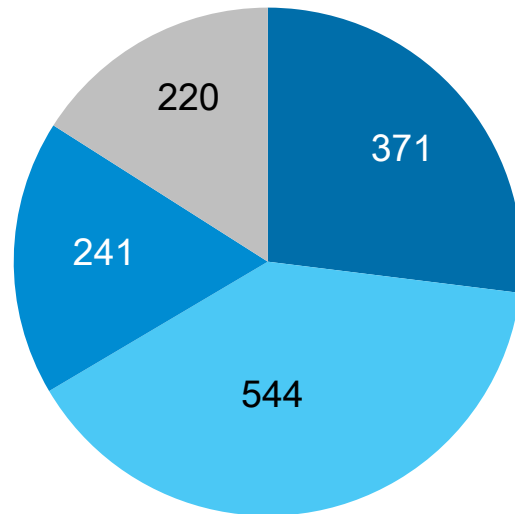


% Share	9M FY16	9M FY17
Retail	86.3%	82.4%
Enterprises & Government	11.6%	15.1%
Mobile	2.1%	2.4%

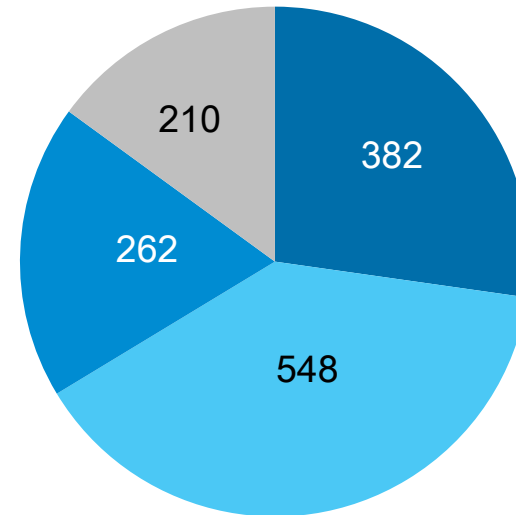
Q3 & 9M FY17 – EMPLOYEE BREAKUP

- Sales & Marketing
- R&D
- Technical Support
- Others

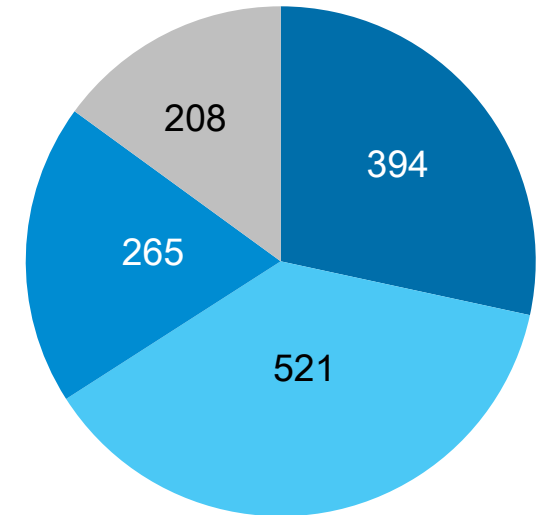
December 2015 – 1,376



September 2016 – 1,402



December 2016 – 1,388



Q3 & 9M FY17 CONSOLIDATED RESULTS – PROFIT & LOSS

Rs Million

Head	Consolidated							
	Q3 FY17,a	Q3 FY16,a	Growth	% Change	9M FY17,a	9M FY16,a	Growth	% Change
Revenue	545.5	554.1	-8.6	-1.5%	2,088.9	1,897.2	191.7	10.1%
Direct Cost	48.4	66.3	17.8	26.9%	181.3	194.5	13.3	6.8%
Gross profit	497.1	487.9	9.3	1.9%	1,907.7	1,702.7	204.9	12.0%
Gross Margin, %	91.1%	88.0%			91.3%	89.7%		
Operating Costs								
R&D Cost	157.3	147.3	-10.0	-6.8%	479.9	436.0	-43.8	-10.0%
Sales and Marketing (S&M)	165.3	200.1	34.8	17.4%	458.8	477.6	18.8	3.9%
General Administration (G&A)	142.8	118.6	-24.2	-20.4%	433.4	328.6	-104.8	-31.9%
Total	465.4	466.0	0.7	0.1%	1,372.0	1,242.2	-129.8	-10.4%
EBIDTA	31.7	21.8	9.9	45.4%	535.7	460.5	75.1	16.3%
Depreciation / Amortization	75.8	60.3	-15.6	-25.9%	227.6	173.8	-53.8	-30.9%
EBIT	-44.1	-38.4	-5.7	-14.7%	308.1	286.7	21.4	7.4%
Other Income	76.8	12.3	64.5	522.2%	222.3	57.0	165.3	289.9%
Profit Before Tax & Exceptional Item	32.7	-26.1	58.8	225.4%	530.4	343.7	186.6	54.3%
Exceptional Item	0.0	0.0	-	-	37.8	0.0	-37.8	-100.0%
Tax	16.5	3.8	-12.7	-333.5%	182.3	129.3	-53.0	-41.0%
Profit After Tax	16.2	-29.9	46.1	154.3%	310.3	214.5	95.8	44.7%

Reconciliation between I GAAP and IND-AS

Revenue (Gross)	647.7	653.1	-5.5	-0.8%	2,485.8	2,244.6	241.2	10.7%
Taxes	50.4	49.1	-1.3	-2.6%	189.0	158.7	-30.3	19.1%
Net revenue	597.3	604.0	-6.7	-1.1%	2,296.8	2,085.8	210.9	10.1%
Less Dealer Incentive	51.7	49.9	-1.9	3.7%	207.8	188.6	-19.2	10.2%
Net revenue after Dealer Incentive	545.5	554.1	-8.6	-1.5%	2,088.9	1,897.2	191.7	10.1%

Q3 & 9M FY17 CONSOLIDATED RESULTS – COST BREAKUP

Rs Million

Head	Consolidated		
	Q3 FY17,a	Q3 FY16,a	Q2 FY17,a
Operating Cost			
Salaries	118.7	109.7	122.4
Fees for technical services	24.9	24.3	25.2
Technology subscription charges	13.6	13.4	16.2
R&D Expenses (A)	157.3	147.3	163.8
Salaries	80.5	55.9	78.8
Advertising Expenses	44.2	92.4	21.5
Sales Promotion	12.6	19.5	7.7
Traveling and conveyance	13.5	12.6	12.5
Technical Support Cost	14.5	19.7	22.7
Selling & Marketing Expenses (B)	165.3	200.1	143.3
Salaries	45.7	31.6	40.2
Other Expenses	97.1	87.0	95.5
G&A (C)	142.8	118.6	135.7
Total Expenditure (A+B+C)	465.4	466.0	442.8

Q3 & 9M FY17 CONSOLIDATED RESULTS – RATIO ANALYSIS

Ratio Analysis

Head	Consolidated			
	Q3 FY17,a	Q3 FY16,a	9M FY17,a	9M FY16,a
Expenses				
Direct Cost / Revenue	8.9%	12.0%	8.7%	10.3%
R&D / Revenue	28.8%	26.6%	23.0%	23.0%
S&M / Revenue	30.3%	36.1%	22.0%	25.2%
G&A / Revenue	26.2%	21.4%	20.7%	17.3%
Total Cost / Revenue	85.3%	84.1%	65.7%	65.5%
Margin				
Gross Margin	91.1%	88.0%	91.3%	89.7%
EBIDTA	5.8%	3.9%	25.6%	24.3%
EBIT	-8.1%	-6.9%	14.7%	15.1%
PBT	6.0%	-4.7%	23.6%	18.1%
PAT	3.0%	-5.4%	14.9%	11.3%

Q3 & 9M FY17 STANDALONE RESULTS – PROFIT & LOSS

Rs Million

Head	Standalone							
	Q3 FY17, a	Q3 FY16, a	Growth	% Change	9M FY17, a	9M FY16, a	Growth	% Change
Revenue	542.8	539.6	3.2	0.6%	2,082.2	1,868.2	214.0	11.5%
Direct Cost	46.0	54.5	8.4	15.5%	171.0	171.2	0.2	0.1%
Gross profit	496.8	485.2	11.6	2.4%	1,911.2	1,697.1	214.2	12.6%
Gross Margin, %	91.5%	89.9%			91.8%	90.8%		
Operating Costs								
R&D Cost	157.3	147.3	-10.0	-6.8%	479.9	436.0	-43.8	-10.0%
Sales and Marketing (S&M)	152.2	188.7	36.5	19.4%	421.5	447.7	26.1	5.8%
General Administration (G&A)	138.4	113.4	-25.0	-22.0%	420.1	316.7	-103.4	-32.6%
Total	447.9	449.4	1.5	0.3%	1,321.5	1,200.5	-121.0	-10.1%
EBIDTA	48.8	35.8	13.1	36.6%	589.7	496.6	93.1	18.8%
Depreciation / Amortization	75.6	60.2	-15.4	25.6%	227.1	173.6	-53.5	-30.8%
EBIT	-26.8	-24.5	-2.3	-9.5%	362.7	323.0	39.7	12.3%
Other Income	75.7	12.8	62.9	492.3%	218.9	56.4	162.5	288.4%
Profit Before Tax & Exceptional Item	48.9	-11.7	60.6	518.8%	581.6	379.3	202.2	53.3%
Exceptional Item	6.3	0.0	-6.3	-100.0%	44.1	0.0	-44.1	-100.0%
Tax	16.4	3.7	-12.7	-339.2%	182.1	129.2	-52.9	-40.9%
Profit After Tax	26.2	-15.4	41.6	269.7%	355.4	250.2	105.2	42.1%

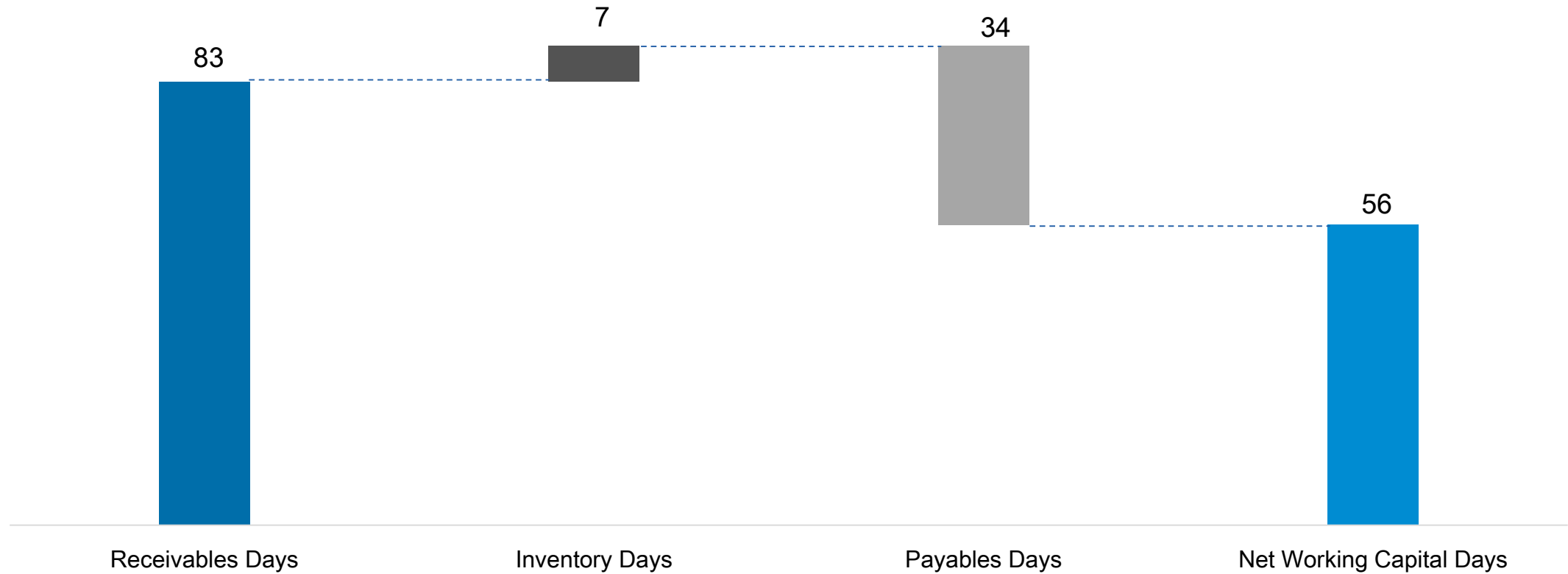
Q3 & 9M FY17 STANDALONE – RATIO ANALYSIS

Ratio Analysis

Head	Standalone			
	Q3 FY17, a	Q3 FY16, a	9M FY17, a	9M FY16, a
Expenses				
Direct Cost / Revenue	8.5%	10.1%	8.2%	9.2%
R&D / Revenue	29.0%	27.3%	23.0%	23.3%
S&M / Revenue	28.0%	35.0%	20.2%	24.0%
G&A / Revenue	25.5%	21.0%	20.2%	17.0%
Total Cost / Revenue	82.5%	83.3%	63.5%	64.3%
Margin				
Gross Margin	91.5%	89.9%	91.8%	90.8%
EBIDTA	9.0%	6.6%	28.3%	26.6%
EBIT	-4.9%	-4.5%	17.4%	17.3%
PBT	7.8%	-2.2%	25.8%	20.3%
PAT	4.8%	-2.9%	17.1%	13.4%

Q3 & 9M FY17 – WORKING CAPITAL ANALYSIS

WORKING CAPITAL ANALYSIS – DECEMBER 2016



Note: Net Working Capital Days = (Net Working Capital / (Second Quarter Sales + Third Quarter Sales))* 182 days

Calculation is based on net revenues before adjusting for sales incentives

Q3 & 9M FY17 CONSOLIDATED RESULTS – BALANCE SHEET

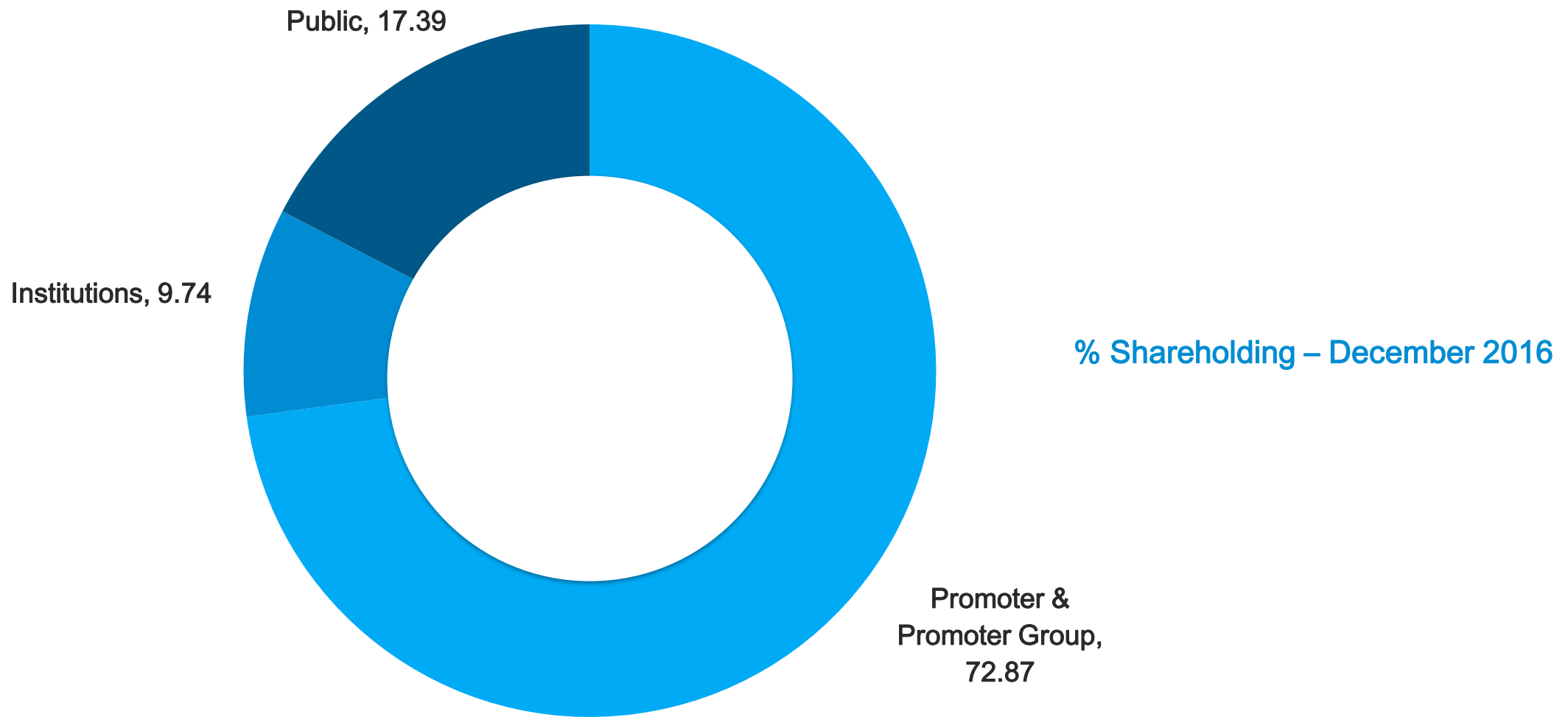
Particulars (In Rs Mn)	Dec-16	Dec-15	Particulars (In Rs Mn)	Dec-16	Dec-15
Share Holders' Funds:			Non-Current Assets:		
Equity Share Capital	700.9	622.4	Property, plant and equipment	1,850.8	1,352.6
Reserves And Surplus	5,693.2	2,973.7	Capital work-in-progress	126.3	528.7
Total Of Shareholder Funds	6,394.1	3,596.1	Other Intangible assets	74.6	98.3
Non-Current Liabilities:			Investments	36.5	33.9
Current Liabilities:			Loans	0.2	0.9
Borrowings	0.0	0.0	Other financial assets	1.3	1.4
Trade and Other Payables	329.9	328.7	Deferred tax assets (net)	83.8	51.2
Other Financial Liabilities	8.1	15.6	Other non-current assets	147.2	181.6
Other Current Liabilities	129.2	104.6	Total Non-Current Assets	2,320.8	2248.7
Provisions	37.1	37.6	Current assets:		
Total Of Current Liabilities	504.3	486.5	Inventories	66.3	65.7
Total Equity & Liabilities	6,898.4	4,082.6	Investments	1,306.1	990.8
			Trade and other receivables	815.8	438.3
			Cash and short-term deposits	2,225.9	167.2
			Loans	9.6	44.8
			Others financial assets	102.4	79.0
			Other current assets	51.5	48.2
			Total Current Assets	4577.6	1,833.9
			Total Assets	6,898.4	4,082.6

Q3 & 9M FY17 STANDALONE RESULTS – BALANCE SHEET

Particulars (In Rs Mn)	Dec-16	Dec-15
Share Holders' Funds:		
Equity Share Capital	700.9	622.4
Reserves And Surplus	5,847.9	3,067.0
Total Of Shareholder Funds	6,548.8	3,689.5
Non-Current Liabilities:		
Current Liabilities:		
Borrowings	0.0	0.0
Trade and Other Payables	350.2	324.2
Other Financial Liabilities	17.8	15.6
Other Current Liabilities	115.7	103.9
Provisions	37.1	37.6
Total Of Current Liabilities	520.8	481.3
Total Equity & Liabilities	7,069.6	4,170.7

Particulars (In Rs Mn)	Dec-16	Dec-15
Non-Current Assets:		
Property, plant and equipment	1,848.7	1,351.7
Capital work-in-progress	126.2	528.3
Other Intangible assets	74.6	98.3
Non-current financial assets	0.0	0.0
Investments	325.8	155.5
Loans	0.1	4.6
Other financial assets	4.0	1.4
Deferred tax assets (net)	83.8	51.2
Other non-current assets	144.2	177.9
Total Non-Current Assets	2,607.4	2,369.0
Current assets:		
Inventories	59.5	58.4
Investments	1,306.1	990.8
Trade and other receivables	822.1	477.1
Cash and short-term deposits	2,114.5	107.4
Loans	8.6	42.4
Others financial assets	90.8	36.9
Other current assets	60.5	88.8
Total Current Assets	4,462.1	1,801.8
Total Assets	7,069.6	4,170.7

SHAREHOLDING STRUCTURE



Source – BSE

FOR FURTHER QUERIES



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