



Quick Heal

Security Simplified

Quick Heal Technologies Limited

Q2 & H1 FY17 – Results Update

November 2016

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
- Q2 & H1 FY17 RESULT ANALYSIS
- Q2 & H1 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 Securace 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



25.8 m
Product Licenses Installed




7.5 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



15,495 Retail, 476 Enterprise, 90 Government and 1,304 Mobile Partners

COMPANY OVERVIEW

TECHNOLOGY & MARKET LEADERSHIP

Awards in India

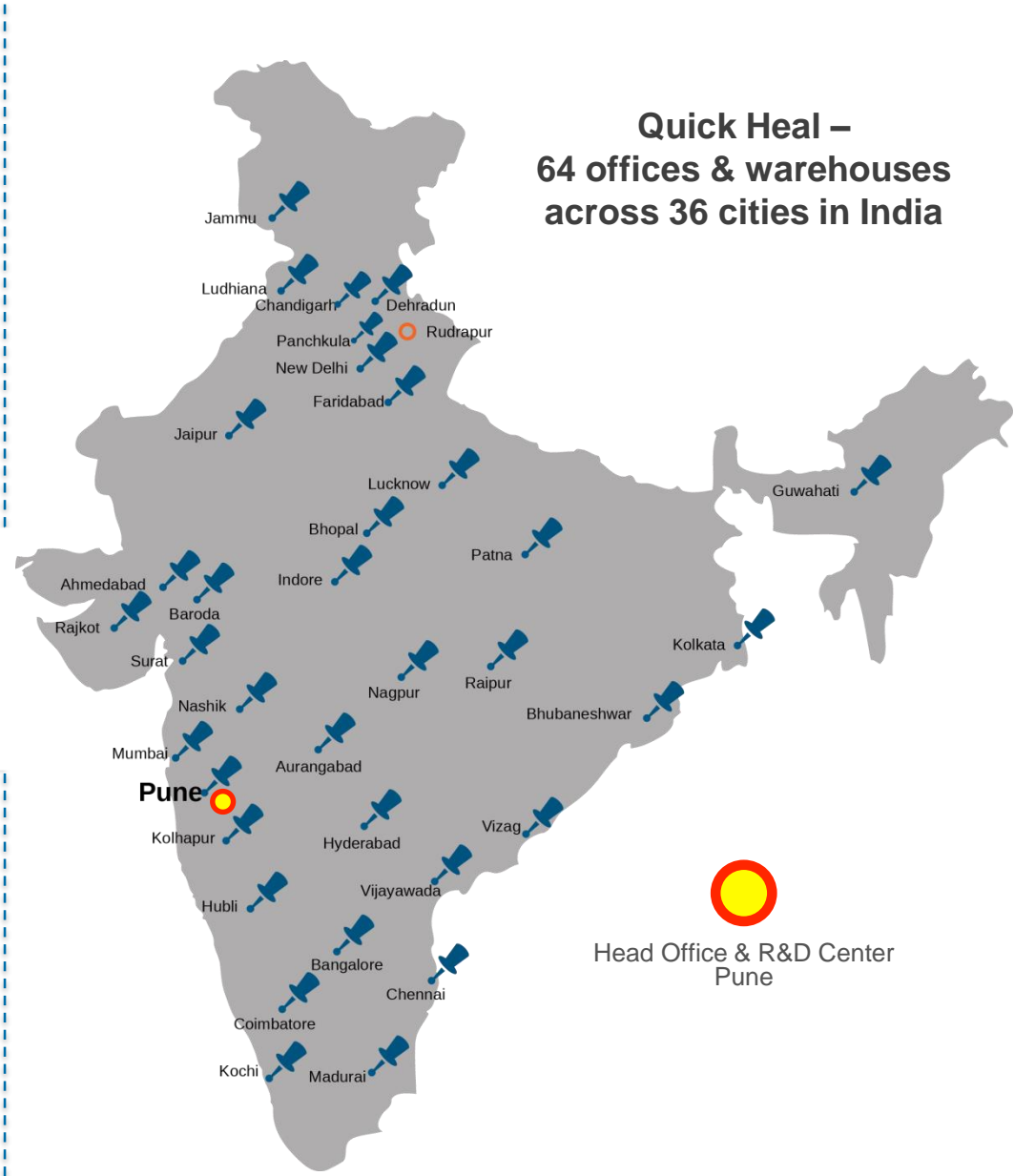
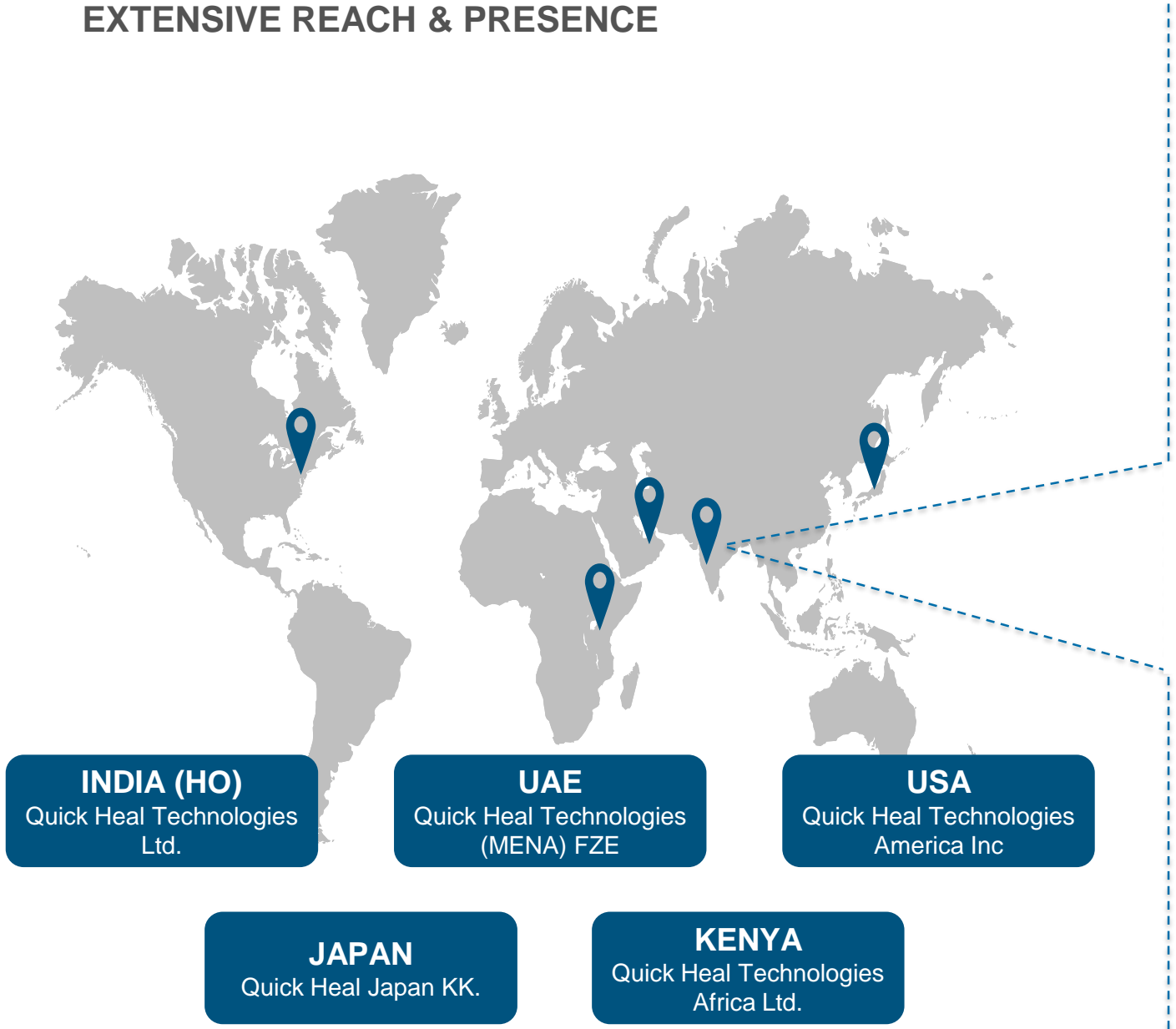
- 2016: **Best Antivirus, 9th NCN Most Innovative Product of the Year Award**
- 2016: **Best Make in India Brand, 14th VARINDIA IT Forum**
- 2016: **12th Annual Info Security PG's 2016 Global Excellence Awards, USA**
 - * Gold Winner for Product Development/Management Executive of the year
 - * Silver 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
- 2009: Maharashtra IT Awards, awarded by Government of Maharashtra
- 2009: Emerging India Awards, awarded by ICICI Bank and CNBC TV 18

International Certificates



COMPANY OVERVIEW

EXTENSIVE REACH & PRESENCE



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

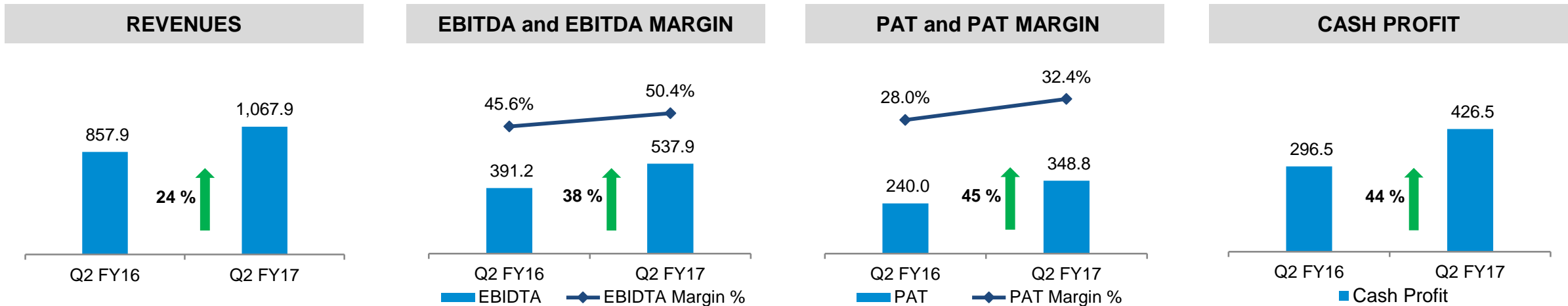
- Work ongoing on several new technologies such as IoT and home security automation
- Has 4 US patents to its credit. Awaiting 3 Indian patents

Strengthen R&D Investments and Broaden Product Portfolio

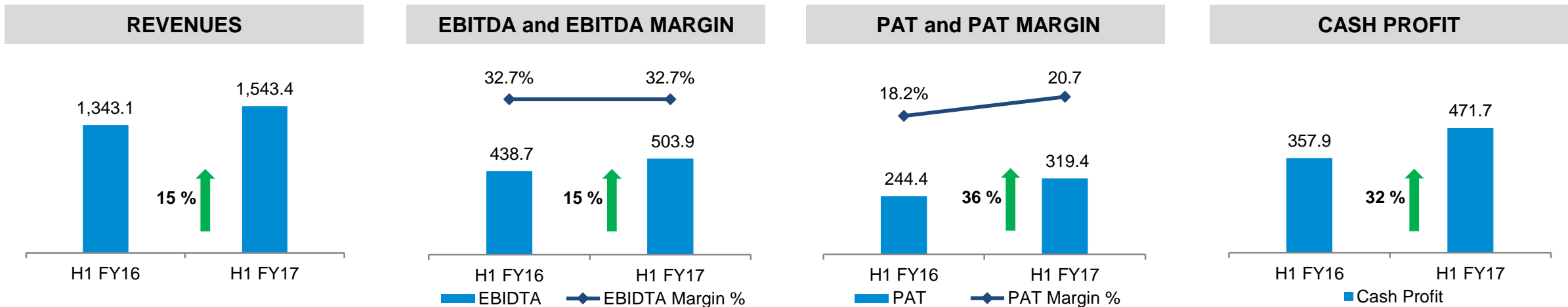
Q2 & H1 FY17 RESULTS HIGHLIGHTS

In Rs. Million

Q2 FY17 YoY ANALYSIS



H1 FY17 YoY ANALYSIS



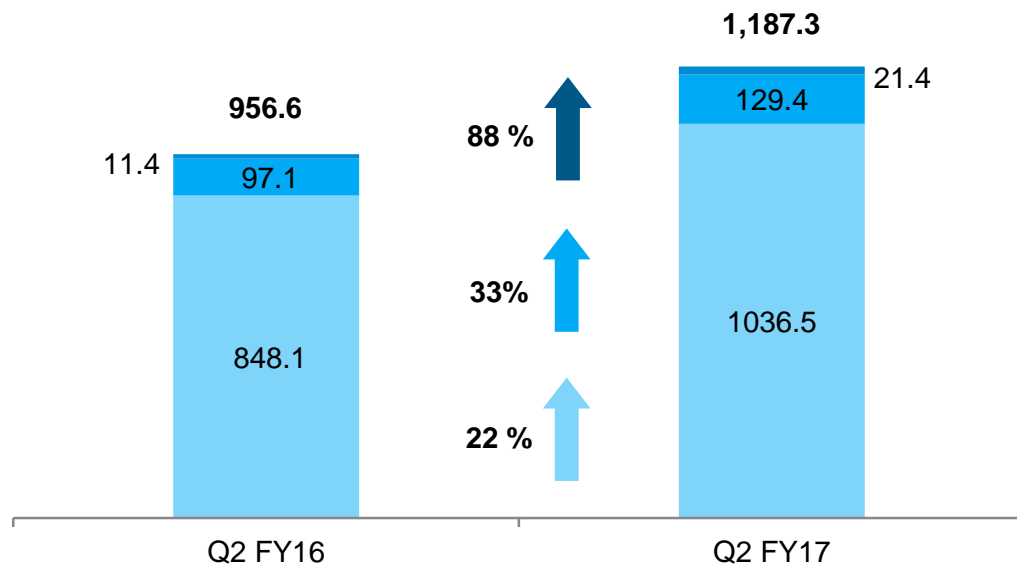
* Based on IND-AS Accounting Standards

Q2 & H1 FY17 – REVENUE ANALYSIS

In Rs. Million

Q2 FY17 YoY ANALYSIS

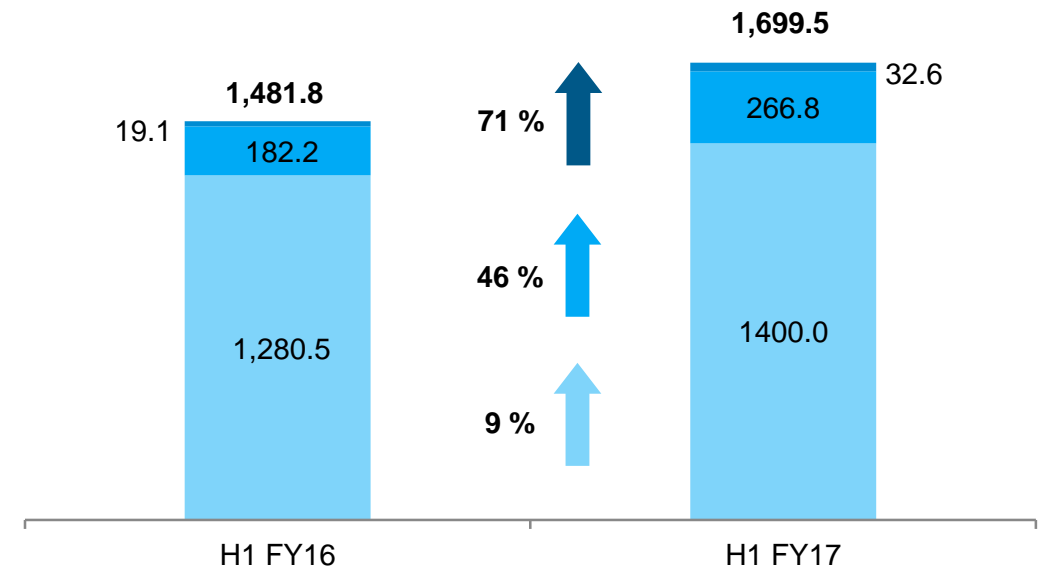
SEGMENT BREAKUP *



% Share	Q2 FY16	Q2 FY17
■ Retail	88.7%	87.3%
■ Enterprises & Government	10.2%	10.9%
■ Mobile	1.2%	1.8%

H1 FY17 YoY ANALYSIS

SEGMENT BREAKUP *



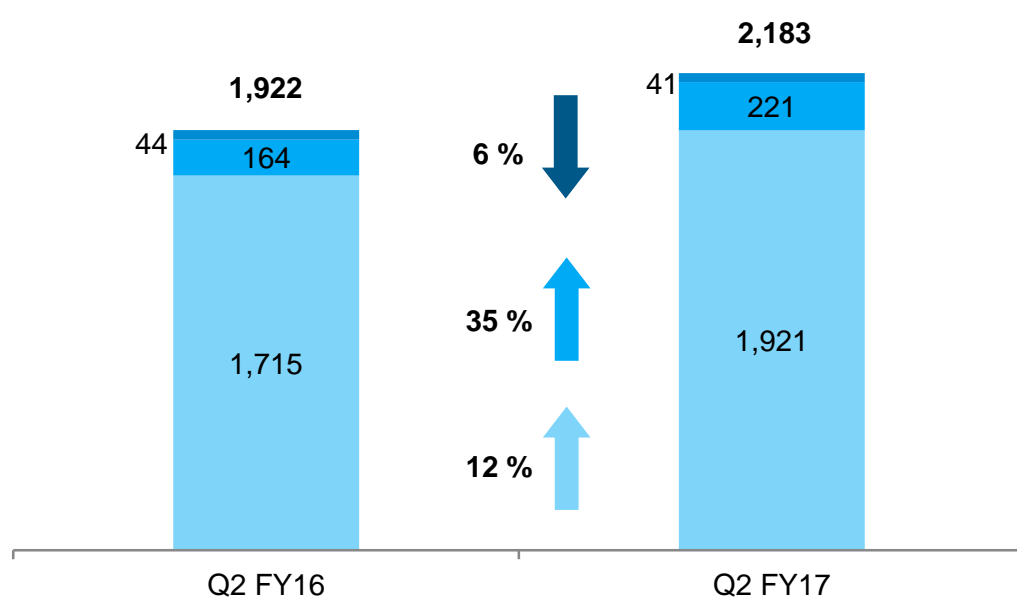
% Share	H1 FY16	H1 FY17
■ Retail	86.4%	82.4%
■ Enterprises & Government	12.3%	15.7%
■ Mobile	1.3%	1.9%

* Based on net revenues before adjusting for sales incentives

Q2 & H1 FY17 – REVENUE ANALYSIS

Q2 FY17 YoY ANALYSIS

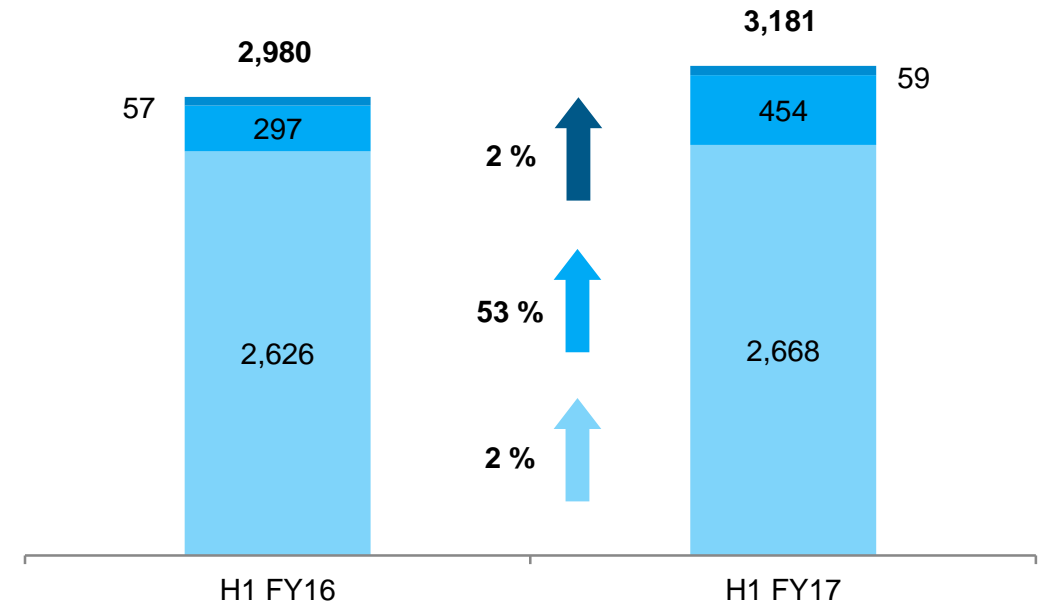
NUMBER OF LICENSES SOLD ('000)



% Share	Q2 FY16	Q2 FY17
■ Retail	89.2%	88.0%
■ Enterprises & Government	8.5%	10.1%
■ Mobile	2.3%	1.9%

H1 FY17 YoY ANALYSIS

NUMBER OF LICENSES SOLD ('000)

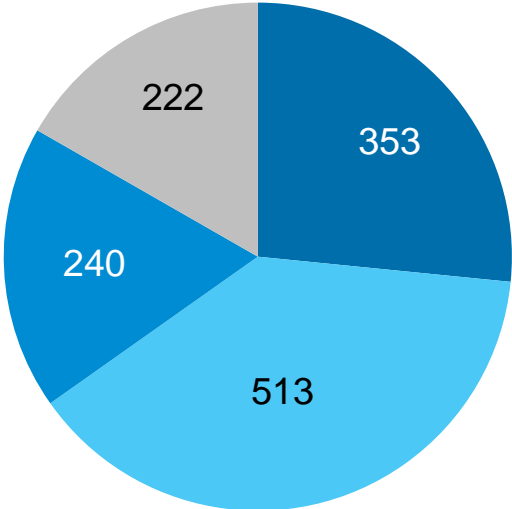


% Share	H1 FY16	H1 FY17
■ Retail	88.1%	83.9%
■ Enterprises & Government	10.0%	14.3%
■ Mobile	1.9%	1.8%

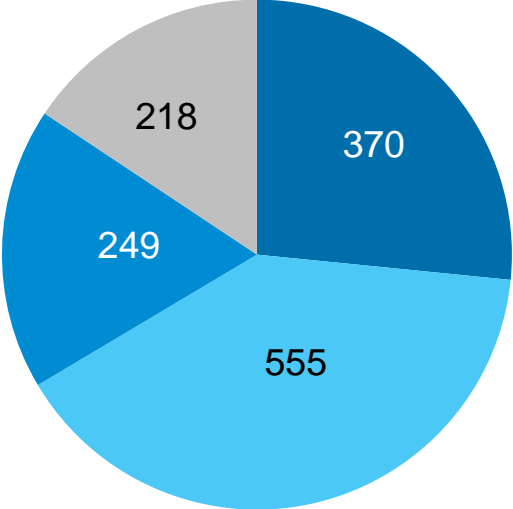
Q2 & H1 FY17 – EMPLOYEE BREAKUP

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

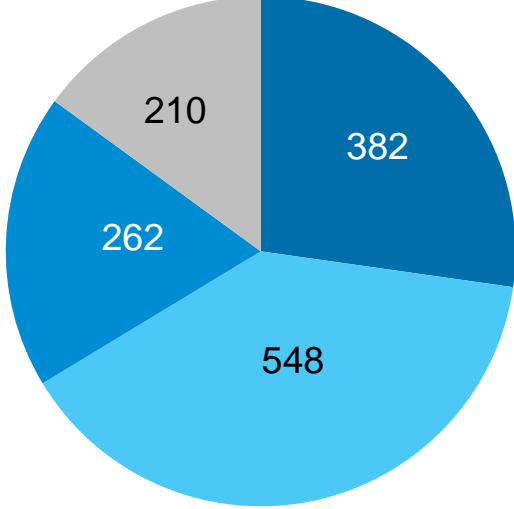
September 2015 – 1328



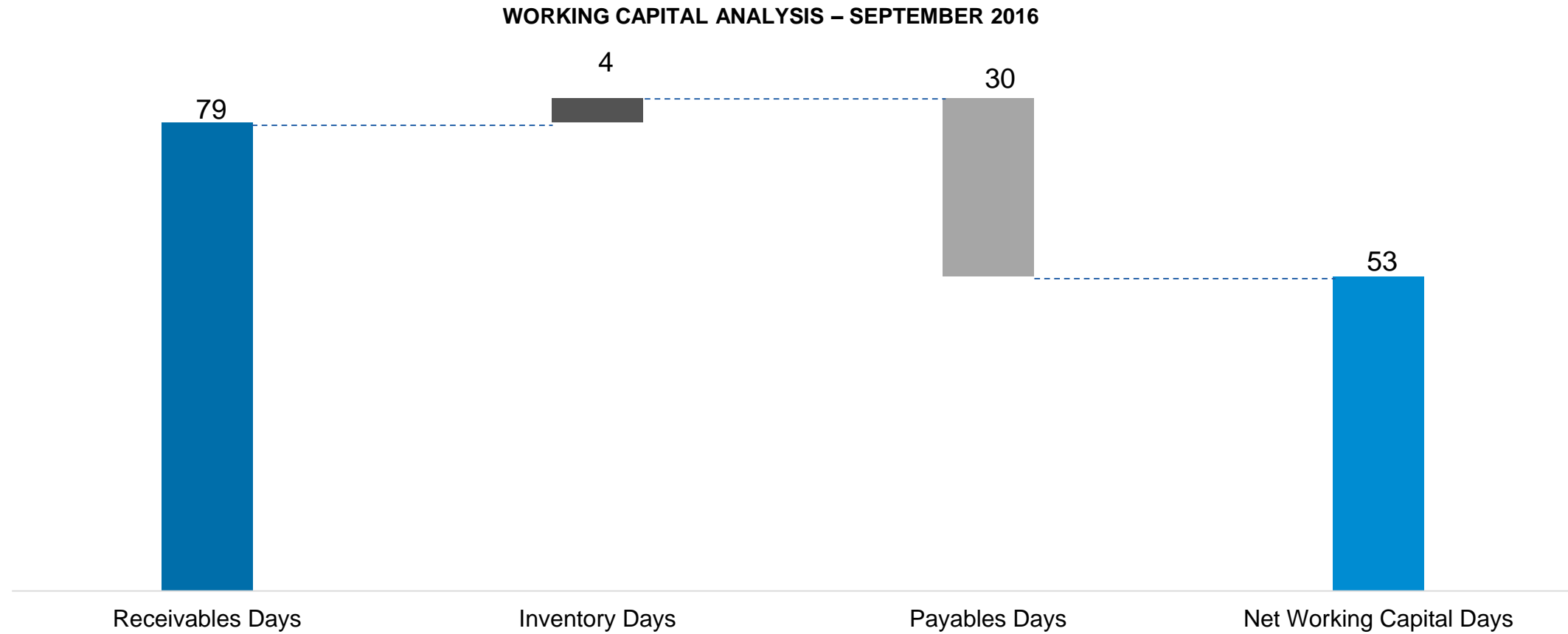
June 2016 – 1,378



September 2016 – 1402



Q2 & H1 FY17 – WORKING CAPITAL ANALYSIS



Note: Net Working Capital Days = (Net Working Capital / Second Quarter Sales) * 91 days

Q2 & H1 FY17 CONSOLIDATED RESULTS – PROFIT & LOSS

Rs Million

Head	Consolidated							
	Q2 FY17	Q2 FY16	Growth	% Change	H1 FY17	H1 FY16	Growth	% Change
Revenue	1,067.9	857.9	210.0	24.4%	1,543.4	1,343.1	200.3	14.9%
Direct Cost	87.3	74.1	13.2	17.9%	132.8	128.2	4.6	3.6%
Gross profit	980.6	783.8	196.81	25.1%	1,410.6	1,214.9	195.7	16.1%
Gross Margin, %	91.8%	91.4%			91.4%	90.5%		
Operating Costs								
R&D Cost	163.8	149.1	14.6	9.82%	322.6	288.7	33.8	11.7%
Sales and Marketing (S&M)	143.3	138.1	5.2	3.8%	293.5	277.4	16.1	5.8%
General Administration (G&A)	135.7	105.3	30.4	38.9%	290.6	210.0	80.6	38.4%
Total	442.8	392.6	51.9	13.2%	906.7	776.2	130.5	16.8%
EBIDTA	537.9	391.2	146.8	37.5%	503.9	438.7	65.2	14.9%
Depreciation / Amortization	77.7	56.5	21.1	37.5%	151.7	113.5	38.2	33.7%
EBIT	460.1	334.7	125.5	37.5%	352.2	325.2	27.0	8.3%
Other Income	73.2	25.9	47.34	182.6%	145.5	44.7	100.8	225.7%
Profit Before Tax & Exceptional Item	533.2	360.5	172.7	47.9%	497.6	369.8	127.8	34.6%
Exceptional Item	0.0	0.0	-	-	37.8	0.0	37.8	-
Tax	184.5	120.6	63.9	52.9%	165.8	125.5	40.3	32.2%
Profit After Tax	348.8	240.0	108.8	45.3%	294.1	244.4	49.7	20.3%

Reconciliation between I GAAP and IND-AS

Revenue (Gross)	1,276.6	1,024.2	252.4	24.6%	1,838.1	1,591.4	246.7	15.5%
Taxes	89.3	67.6	21.7	32.0%	138.6	109.6	29.0	26.5%
Net revenue	1,187.3	956.6	230.7	24.1%	1,699.5	1,481.8	217.6	14.7%
Less Dealer Incentive	119.4	98.7	20.7	21.0%	156.1	138.7	17.4	12.5%
Net revenue after Dealer Incentive	1,067.9	857.9	210.0	24.4%	1,543.4	1,343.1	200.3	14.9%

Q2 & H1 FY17 CONSOLIDATED RESULTS – COST BREAKUP

Rs Million

Head	Consolidated		
	Q2 FY17	Q2 FY16	Q1 FY17
Operating Cost			
Salaries	122.4	106.3	120.8
Fees for technical services	25.2	30.7	25.1
Technology subscription charges	16.2	12.5	12.8
R&D Expenses (A)	163.8	149.5	158.8
Salaries	78.8	66.5	71.9
Advertising Expenses	21.5	36.7	35.0
Sales Promotion	7.7	13.8	14.1
Traveling and conveyance	12.5	10.4	10.9
Technical Support Cost	22.7	10.7	18.2
Selling & Marketing Expenses (B)	143.3	138.1	150.1
Salaries	40.2	33.2	36.3
Other Expenses	95.5	72.1	118.6
G&A (C)	135.7	105.3	154.9
Total Expenditure (A+B+C)	442.8	392.5	463.9

Q2 & H1 FY17 CONSOLIDATED RESULTS – RATIO ANALYSIS

Ratio Analysis

Head	Consolidated			
	Q2 FY17	Q2 FY16	H1 FY17	H1 FY16
Expenses				
Direct Cost / Revenue	8.2%	9.6%	8.6%	9.6%
R&D / Revenue	15.3%	17.4%	20.9%	21.5%
S&M / Revenue	13.4%	16.1%	19.0%	20.7%
G&A / Revenue	12.7%	12.3%	18.8%	15.6%
Total Cost / Revenue	41.5%	45.8%	58.7%	57.8%
Margin				
Gross Margin	91.8%	91.4%	91.4%	90.5%
EBIDTA	50.4%	45.6%	32.7%	32.7%
EBIT	43.1%	39.0%	22.8%	24.2%
PBT	49.9%	42.0%	32.2%	27.5%
PAT	32.7%	28.0%	19.1%	18.2%

Q2 & H1 FY17 STANDALONE RESULTS – PROFIT & LOSS

Rs Million

Head	Standalone							
	Q2 FY17	Q2 FY16	Growth	% Change	H1 FY17	H1 FY16	Growth	% Change
Revenue	1,064.3	849.0	215.30	25.36%	1,539.4	1,328.6	210.8	15.9%
Direct Cost	82.08	67.4	14.68	19.14%	125.0	116.7	8.3	7.1%
Gross profit	982.22	781.6	200.62	25.90%	1,414.5	1,211.9	202.6	16.7%
Gross Margin, %	92.29%	92.06%		-	91.88%	91.21%	-	-
Operating Costs								
R&D Cost	163.8	149.2	14.60	12.33%	322.6	288.7	33.8	11.7%
Sales and Marketing (S&M)	132.8	128.1	4.70	4.37%	269.4	259.0	10.4	4.0%
General Administration (G&A)	129.8	102.4	27.40	23.73%	281.6	203.3	78.4	38.5%
Total	426.4	379.7	46.70	12.72%	873.6	751.0	122.5	16.3%
EBIDTA	555.9	401.9	154.00	38.34%	540.9	460.8	80.1	17.4%
Depreciation / Amortization	77.6	56.4	21.20	37.59%	151.5	113.4	38.0	33.5%
EBIT	478.4	345.5	132.90	38.47%	389.4	347.4	42.0	12.1%
Other Income	72.1	24.7	47.40	179.76%	143.2	43.6	99.6	228.6%
Profit Before Tax & Exceptional Item	550.5	370.1	180.40	47.91%	532.7	391.0	141.7	36.2%
Exceptional Item	0.0	0.0	0.00		37.8	0.0	-	-
Tax	184.3	120.5	63.80	52.95%	165.6	125.5	40.2	32.0%
Profit After Tax	366.2	249.6	116.60	45.47%	329.2	265.6	63.6	24.0%

Q2 & H1 FY17 STANDALONE RESULTS – RATIO ANALYSIS

Ratio Analysis

Head	Standalone			
	Q2 FY17	Q2 FY16	H1 FY17	H1 FY16
Expenses				
Direct Cost / Revenue	7.6%	7.9%	8.1%	8.8%
R&D / Revenue	15.8%	17.6%	21.0%	21.7%
S&M / Revenue	12.6%	15.1%	17.5%	19.5%
G&A / Revenue	11.9%	12.1%	18.3%	15.3%
Total Cost / Revenue	40.2%	44.7%	56.8%	56.5%
Margin				
Gross Margin	92.5%	92.1%	91.9%	91.2%
EBIDTA	52.2%	47.3%	35.1%	34.7%
EBIT	45.0%	40.7%	25.3%	26.2%
PBT	51.4%	43.6%	32.2%	29.4%
PAT	34.1%	29.4%	21.4%	20.0%

Q2 & H1 FY17 CONSOLIDATED RESULTS – BALANCE SHEET

Particulars (In Rs Mn)	Sep-16	Sep-15
Share Holders' Funds:		
Equity Share Capital	700.3	610.7
Reserves And Surplus	5,690.9	2,978.2
Total Of Shareholder Funds	6,391.3	3,588.9
Non-Current Liabilities:		
Non-Current Liabilities	0.0	0.0
Current Liabilities:		
Borrowings	0.0	0.0
Trade and Other Payables	349.4	340.0
Other Financial Liabilities	5.5	18.2
Other Current Liabilities	107.2	77.0
Provisions	35.2	35.0
Current Tax Liabilities (Net)	175.3	0.0
Total Of Current Liabilities	672.5	470.2
Total Equity & Liabilities	7,063.8	4,059.1

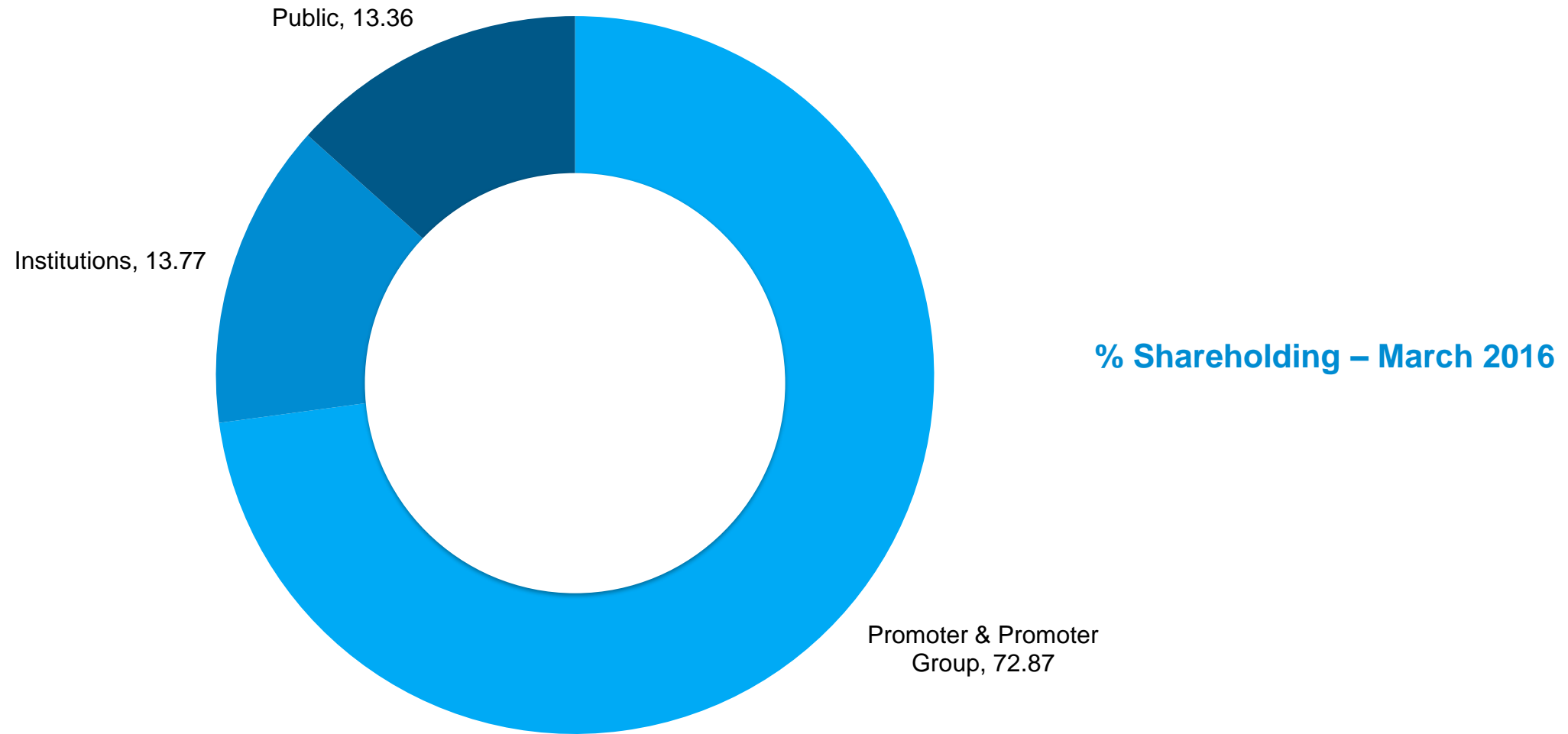
Particulars (In Rs Mn)	Sep-16	Sep-15
Non-Current Assets:		
Property, plant and equipment	1,721.0	1,389.4
Capital work-in-progress	297.5	493.2
Other Intangible assets	43.4	106.0
Investments	36.5	3.9
Trade receivables	0.0	0.0
Loans	0.2	0.1
Others	1.3	1.2
Deferred tax assets (net)	66.1	52.2
Other non-current assets	139.9	148.5
Total Non-Current Assets:	2,306.0	2,194.5
Current assets:		
Inventories	50.0	69.1
Investments	1,443.5	991.5
Trade receivables	921.5	575.4
Cash and cash equivalents	2,226.8	105.2
Bank balance other than (iii) above	0.0	0.0
Loans	35.5	32.7
Others	56.7	38.8
Current tax asset (Net)	0.0	0.0
Other current assets	23.8	51.9
Total Current Assets	4,757.8	1,864.6
Total Assets	7,063.8	4,059.1

Q2 & H1 FY17 STANDALONE RESULTS – BALANCE SHEET

Particulars (In Rs Mn)	Sep-16	Sep-15
Share Holders' Funds:		
Equity Share Capital	700.3	610.7
Reserves And Surplus	5,833.5	3,060.8
Total Of Shareholder Funds	6,533.9	3,671.5
Non-Current Liabilities:		
Non-Current Liabilities	0.0	0.0
Current Liabilities:		
Borrowings	0.0	0.0
Trade and Other Payables	347.4	336.4
Other Financial Liabilities	15.3	27.1
Other Current Liabilities	129.0	67.6
Provisions	35.1	35.0
Current Tax Liabilities (Net)	170.2	0.0
Total Of Current Liabilities	696.9	466.1
Total Equity & Liabilities	7,230.8	4,137.5

Particulars (In Rs Mn)	Sep-16	Sep-15
Non-Current Assets:		
Property, plant and equipment	1,719.1	1,388.4
Capital work-in-progress	297.1	493.0
Other Intangible assets	43.4	106.0
Non-current financial assets	0.0	0.0
Investments	266.2	92.9
Trade and other receivables	0.0	0.0
Loans	0.1	3.7
Other financial assets	4.3	1.2
Deferred tax assets (net)	66.1	52.2
Other non-current assets	131.8	148.5
Total Non-Current Assets	2,528.2	2,285.8
Current assets:		
Inventories	43.1	60.9
Financial assets	0.0	0.0
Investments	1,443.5	991.5
Trade and other receivables	905.6	611.9
Cash and short-term deposits	2,164.5	66.2
Loans	33.1	31.7
Others financial assets	54.0	38.8
Current tax assets (net)	0.0	0.0
Other current assets	58.9	50.8
Total Current Assets	4,702.6	1,851.7
Total Assets	7,230.8	4,137.5

SHAREHOLDING STRUCTURE



Source – BSE

FOR FURTHER QUERIES



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