

Date: 23rd October, 2019

To,  
The Manager Listing,  
**Bombay Stock Exchange Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Fort,  
Mumbai – 400 023

To,  
The Manager Listing,  
**National Stock Exchange of India Limited**  
Exchange Plaza,  
Plot no. C/1, G Block,  
Bandra-Kurla Complex  
Bandra (E), Mumbai - 400 051

Subject: Presentation to Analysts on the financial results for the quarter ended 30th September, 2019

Dear Sir / Madam,

This is with reference to and in continuation of our letter dated October 21, 2019, wherein we have intimated that the Company will be hosting a conference call with Analysts on 23rd October, 2019 at 4.30 pm for discussion on the financial results of the Company for the quarter ended September 30, 2019.

In this regard, we have enclosed the presentation to be made to the Analysts during the conference call on the financial results and performance of the Company for the quarter ended September 30, 2019

This is also being made available at the website of the Company i.e [www.hexaware.com](http://www.hexaware.com)

Kindly take the same on your record.

Thanking you,  
Yours faithfully,  
For **Hexaware Technologies Limited**



**Gunjan Methi**  
Company Secretary





**ti.**  
**HEXAWARE**

# Investor Update Q3 2019

23<sup>rd</sup> October 2019

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# Safe Harbor Statement



Certain statements on this presentation concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage wage increases, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Hexaware has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies, and unauthorized use of our intellectual property and general economic conditions affecting our industry

# Use of Non-GAAP Financials



Hexaware has included non-GAAP financial measures in this presentation to supplement Hexaware's consolidated financial statements presented on a GAAP basis. These non-GAAP financial measures may have limitations as analytical tools, and these measures should not be considered in isolation or as a substitute for analysis of Hexaware's results as reported under GAAP.

The non-GAAP financial information that we provide also may differ from the non-GAAP information provided by other companies. We compensate for the limitations on our use of these non-GAAP financial measures by relying primarily on our GAAP financial statements and using non-GAAP financial measures only supplementally. We also provide robust and detailed reconciliations of non-GAAP earnings to the most directly comparable GAAP earnings, and we encourage investors to review those reconciliations carefully.

We believe that providing these non-GAAP financial measures in addition to the related GAAP measures provides investors with greater transparency. We further believe that providing this information better enables investors to understand Hexaware's operating performance and financial condition.

# Q3 2019 Business Update

# +



# Key Highlights



**Q3 Revenue**  
\$ 210.5M

- Q/Q 11.7%; 12.3% in CC
- Y/Y growth of 23.1%; 24.4% in CC



**Q3 EBITDA\***  
16.1%

- Q3 EBITDA of \$ 33.8M
- Q/Q Growth 10.8%; Y/Y Growth 18.3%



**Q3 EPS**  
₹ 6.16

- Q/Q EPS growth of 21.3%
- Non-GAAP EPS of ₹ 6.46, Q/Q growth of 16.4%



**NN Wins**  
\$ 28M

- High growth potential clients added



**Closing Headcount**  
19,062

- Q3 net addition – 768
- Freshers added – 132



**Dividend**  
₹ 2

- Interim Q3 dividend of ₹ 2

\* EBITDA (post ESOP cost)

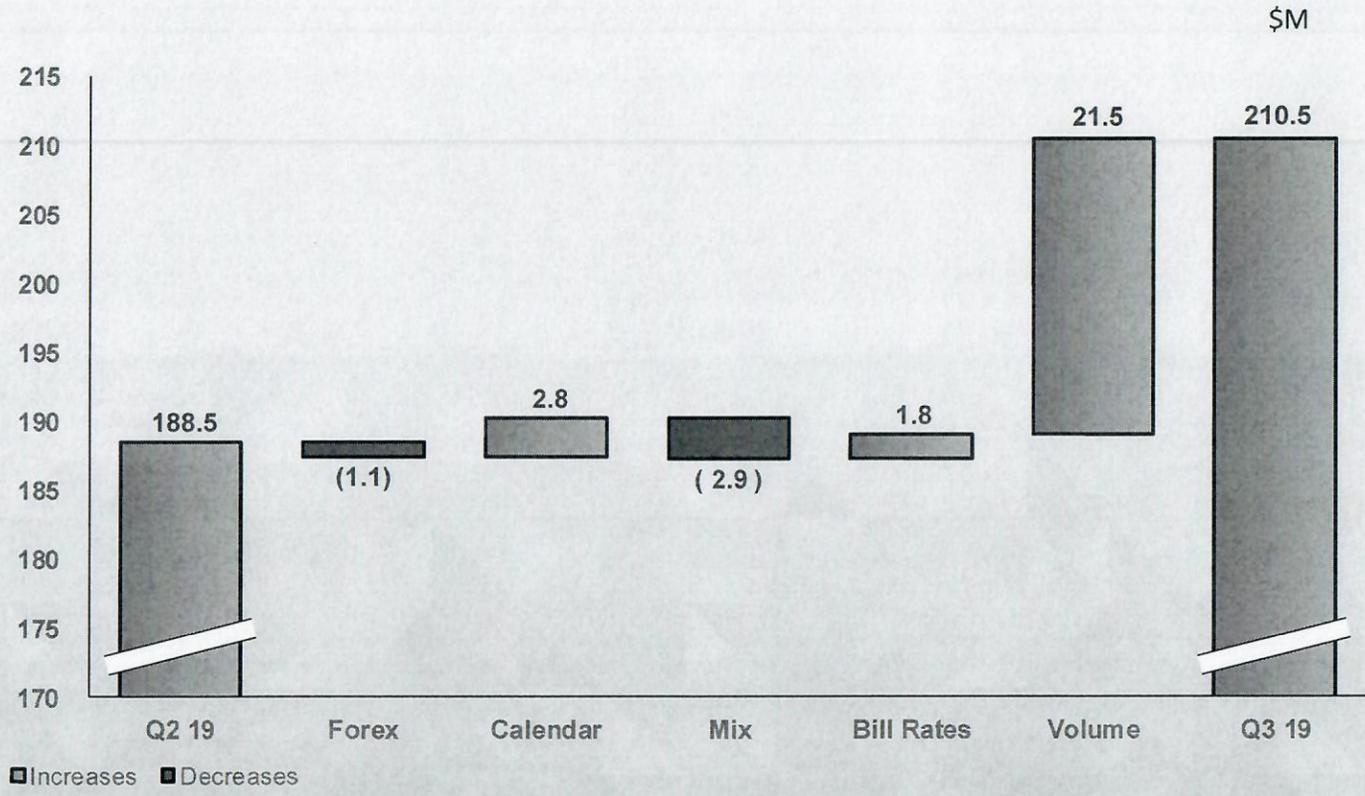
# Q3 19 | Financial Performance



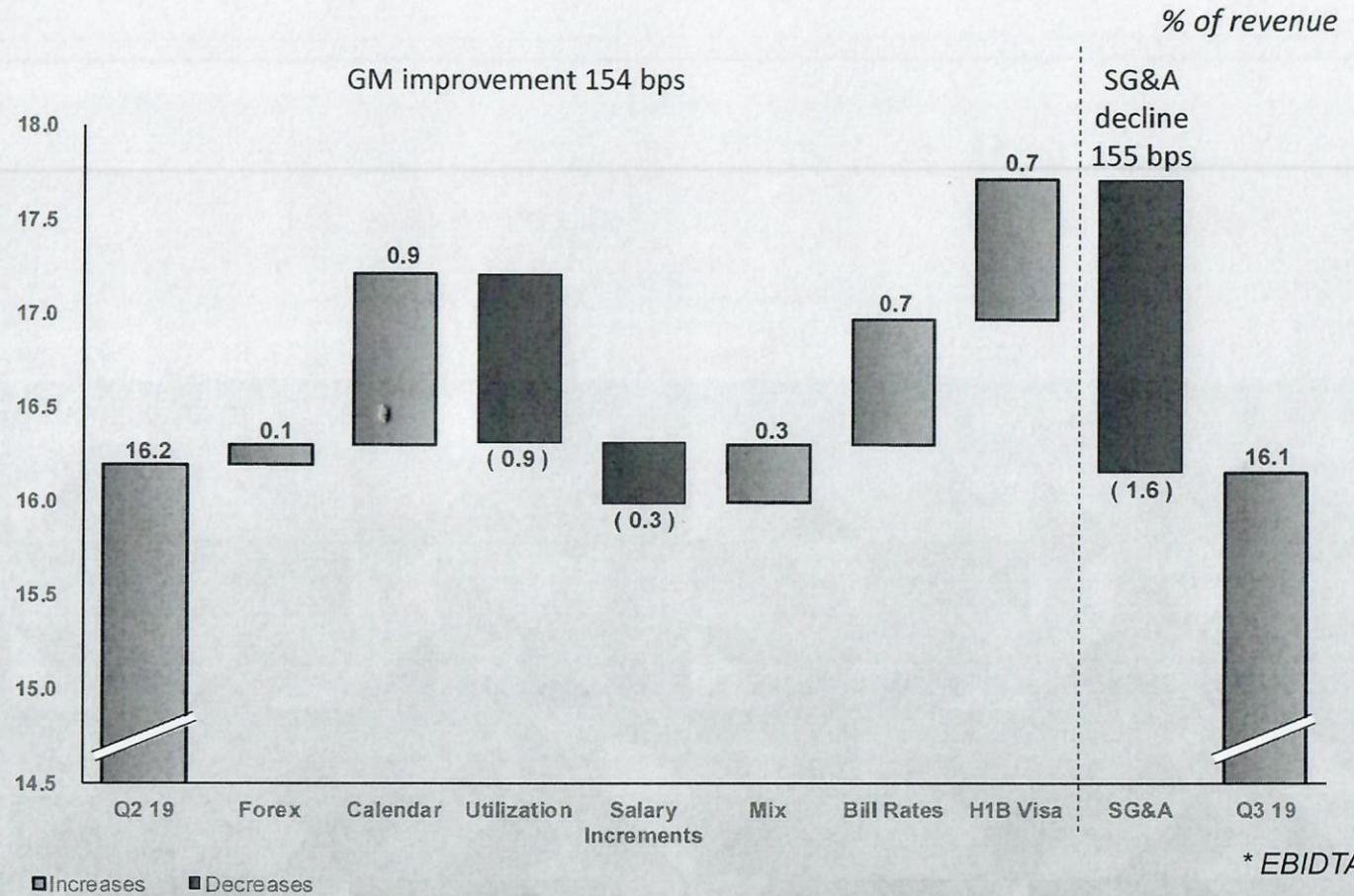
<i>Amounts in US\$ M</i>	Q3 2019	Q2 2019	GROWTH QoQ	Q3 2018	GROWTH YoY
Revenue *	210.5	188.5	11.7%	171.1	23.1%
EBITDA (before ESOP cost)	34.7	31.1	11.5%	29.9	16.0%
EBITDA %	16.5%	16.5%	0.0%	17.5%	-1.0%
EBITDA (after ESOP cost)	33.8	30.5	10.8%	28.6	18.3%
EBITDA %	16.1%	16.2%	-0.1%	16.7%	-0.6%
PAT	26.1	21.8	19.7%	24.3	7.3%
PAT %	12.4%	11.6%	0.8%	14.2%	-1.8%
EPS Basic (INR)	6.16	5.08	21.3%	5.80	6.2%

\* Q319 CC Revenue \$ 211.6M, Q/Q 12.3%

# Revenue Walk | QoQ



# EBITDA Walk | QoQ



\* EBITDA (post ESOP cost)

# GAAP to Non-GAAP Reconciliation



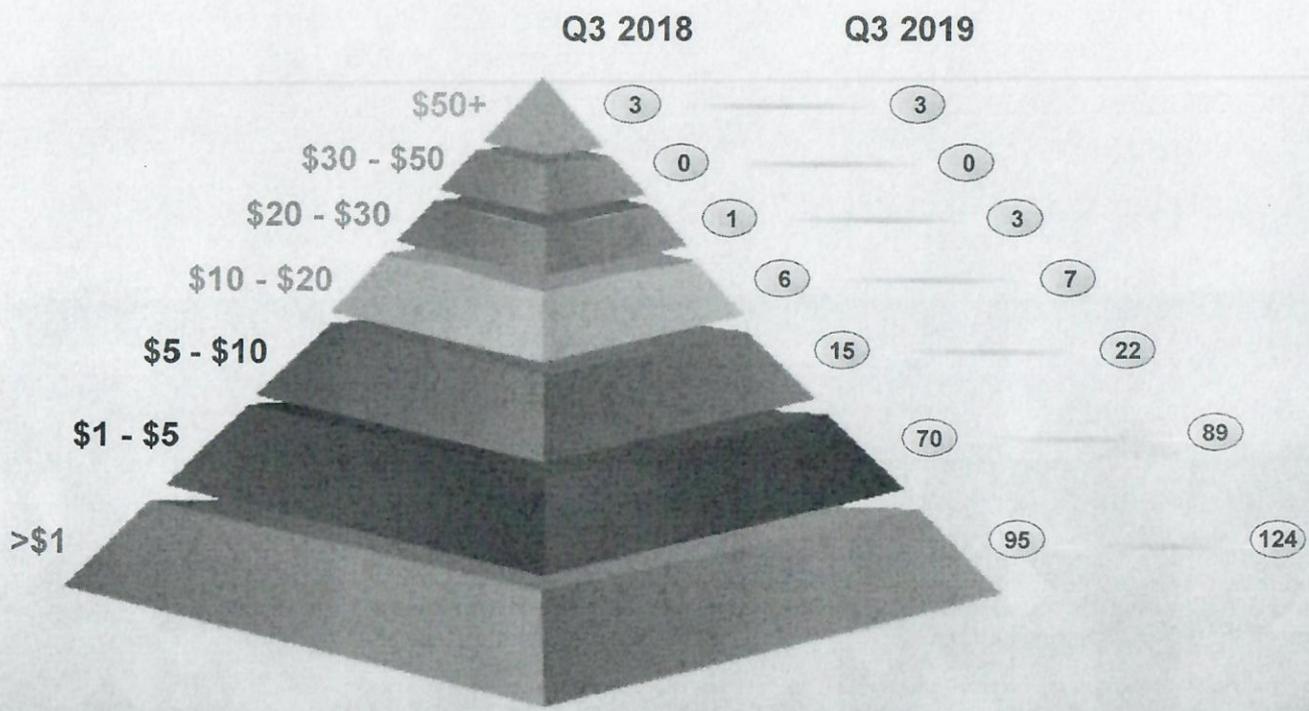
Amounts in \$ M	Q3 '19				Q2 '19	Q3 '18
	PBT (\$M)	Tax (\$M)	PAT (\$M)	EPS* (INR)	EPS* (INR)	
Reported (GAAP numbers)	31.6	5.5	26.1	6.16	5.08	5.80
Q3 '19 GAAP EPS Change					1.08	0.36
% Change					21.3%	6.2%

## Non-GAAP Adjustments

Amortization of intangibles	1.6	0.4	1.1	0.27		
NPV of deferred payments	0.2	0.0	0.1	0.03		
<b>Adjusted Non-GAAP</b>	<b>33.3</b>	<b>6.0</b>	<b>27.3</b>	<b>6.46</b>	<b>5.55</b>	<b>5.80</b>
Q3 '19 Non-GAAP EPS Change					0.91	0.66
% Change					16.4%	11.4%

\*Basic EPS

# Improved Depth of Customer Relationships



Client Contribution for Q3 19 and Q3 18

Top Clients	Q3 19	Q3 18	Contribution Change YTD
Top 5 Clients	35.2%	42.1%	-6.9%
Top 10 Clients	44.4%	52.2%	-7.8%

Client Contribution for Q3 19 and Q2 19

Top Clients	Q3 19	Q2 19	Contribution Change QoQ
Top 5 Clients	35.2%	37.3%	-2.1%
Top 10 Clients	44.4%	46.4%	-2.0%

**Note:**

- Account classification based on LTM revenue
- Mobiquity accounts added to Q3'19 listing using LTM revenue on proforma basis
- Client contribution metrics: QoQ compares has Mobiquity numbers included for full quarter on proforma basis

# NN Wins



*USD 28 million NN Deal wins in Q3-19*

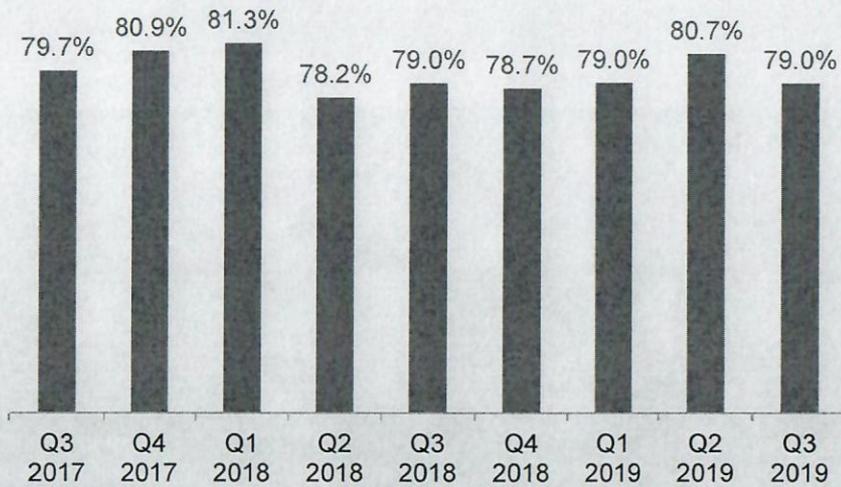
- Application Development for a leading online real estate marketplace
- Infrastructure Transformation for a leading Inflight Catering and Logistics company
- Application Support and Maintenance for a leading Insurance company in the UK
- Quality Assurance Services for a leading multinational professional services network
- Infrastructure Transformation for a leading US-based furniture retail store chain

# Employee Metrics



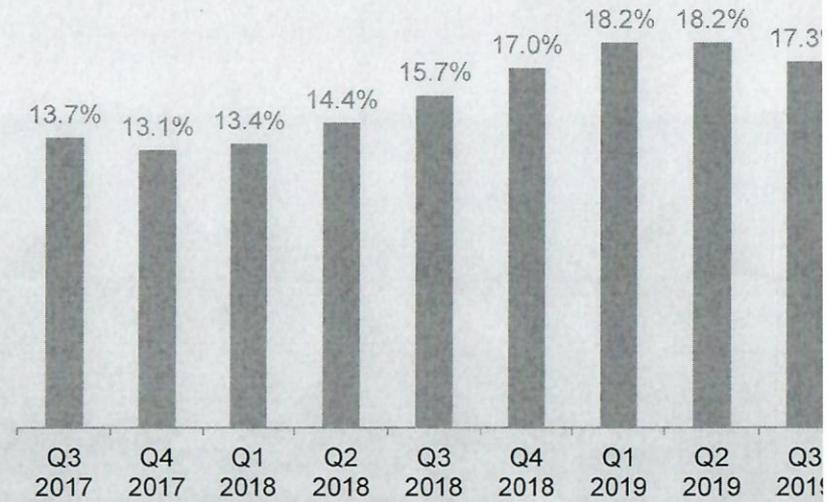
## UTILIZATION

Utilization at planned levels

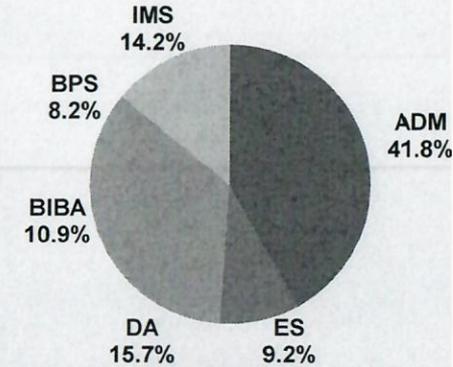
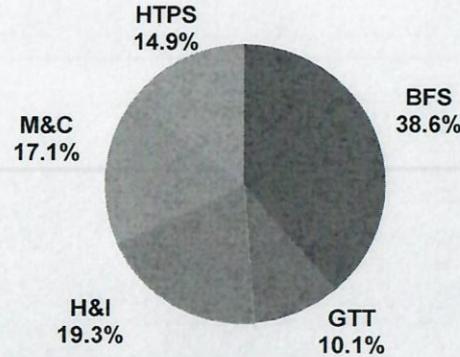
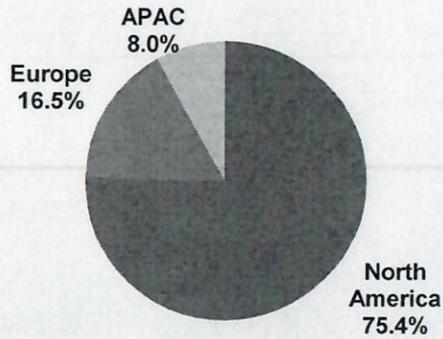


## EMPLOYEE ATTRITION

Attrition stabilizing



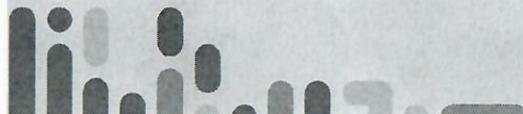
# Q3 19 | Broad based growth across portfolio



GEOGRAPHY	GROWTH QoQ	GROWTH YoY
North America	9.7%	20.0%
Europe	32.3%	52.9%
APAC	-3.0%	6.0%
<b>TOTAL</b>	<b>11.7%</b>	<b>23.1%</b>

VERTICAL	GROWTH QoQ	GROWTH YoY
BFS	8.4%	11.7%
GTT	12.4%	18.4%
H&I	11.9%	26.3%
M&C	19.4%	40.9%
HTPS	11.4%	38.6%
<b>TOTAL</b>	<b>11.7%</b>	<b>23.1%</b>

HORIZONTAL	GROWTH QoQ	GROWTH YoY
ADM	26.6%	43.3%
ES	8.9%	16.4%
DA	-1.1%	9.5%
BIBA	-0.9%	-7.2%
BPS	13.1%	36.1%
IMS	1.7%	17.4%
<b>TOTAL</b>	<b>11.7%</b>	<b>23.1%</b>



# Guidance update



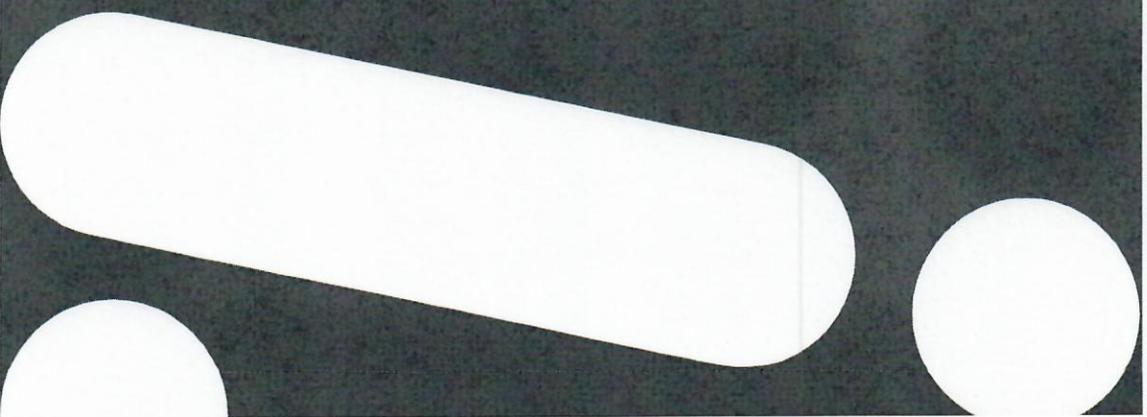
Full Year FY 19 revenue growth of 17-18%\*. Range of outcome dependent upon two primary factors:

- Furloughs in Q4
- Extent of top 3 client impact

*\* Guidance based on September closing exchange rates. Takes into consideration ~ 50bps headwind from forex vs last guidance*

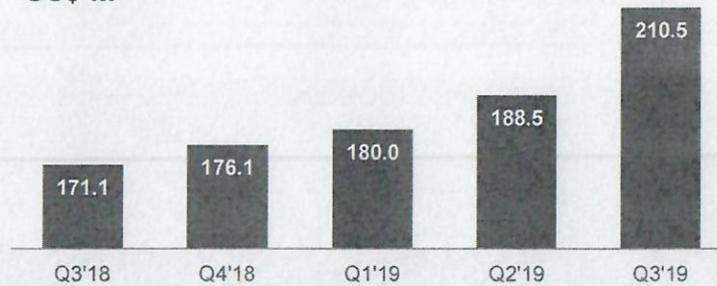


# Finance Update



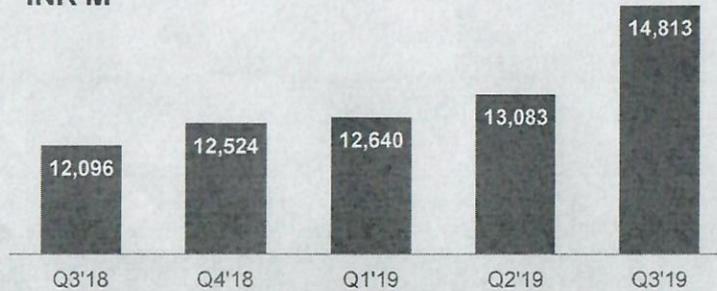
# Revenue

US\$ M



QoQ	1.6%	3.0%	2.2%	4.7%	11.7%
YoY	11.1%	12.8%	10.9%	12.0%	23.1%

INR M



QoQ	6.4%	3.5%	0.9%	3.5%	13.2%
YoY	21.8%	24.6%	20.5%	15.1%	22.5%

## Key Highlights

- Q3'19 revenue of \$ 210.5 M
  - Q/Q growth of 11.7%, 12.3% in CC
  - Y/Y growth of 23.1%, 24.4% in CC
- Q3'19 revenue of INR 14,813 M
  - Q/Q growth of 13.2% and Y/Y growth of 22.5%

# Outstanding Hedge Position and Rates



## Outstanding Hedge Position

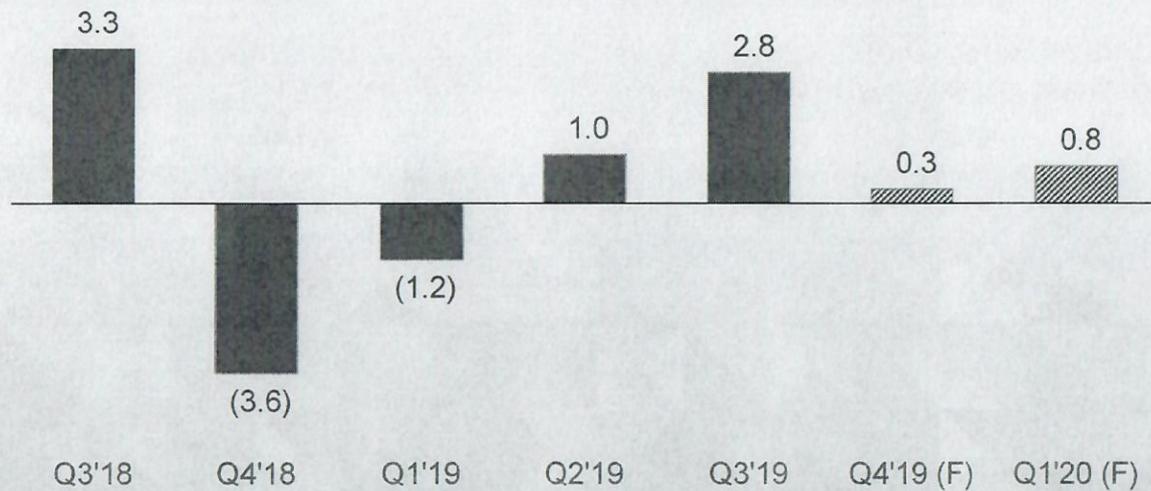
Currency Pair	Avg Rate				Q3'19 Amount (Mn.)
	Q4'18	Q1'19	Q2'19	Q3'19	
USDINR (\$)	71.83	72.93	73.54	74.15	197.40
EURNR (€)	88.22	89.08	89.57	89.72	6.00
GBP NR (£)	98.70	99.11	99.27	98.73	13.08
<b>Total (\$)</b>					<b>220.05</b>

Note -

1. Hedges outstanding are full-term hedges.
2. EUR converted @ 1.0909/USD & GBP converted @ 1.2315/USD
3. Avg. Rate=Average of the forward rate at which the hedges have been booked.

# Forex Gain/(Loss)

USD M

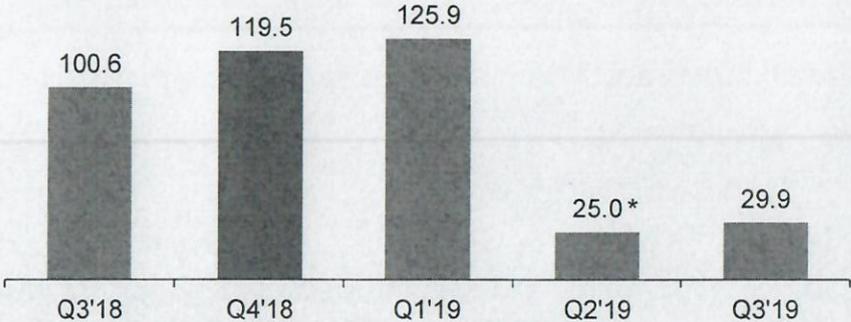


- Q3'19 registered a forex gain of \$ 2.8 M
- Forex Gains expected in next two quarters basis Q3 closing exchange rate of INR 70.88 per USD are:
  - Q4'19 ~ \$ 0.3 M
  - Q1'20 ~ \$0.8 M

# Balance Sheet & Other Updates

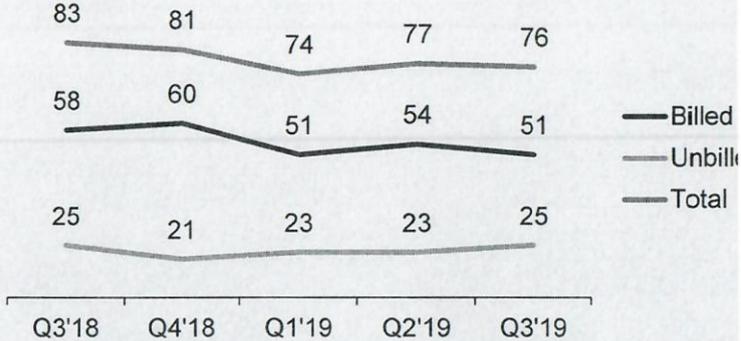


**Cash Balance (\$M)**

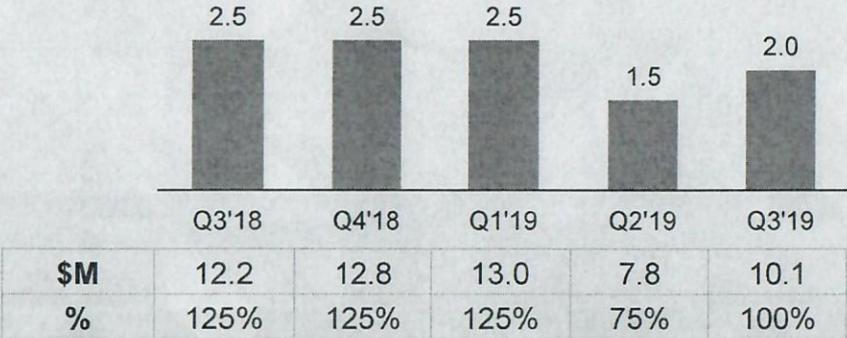


\*Cash balance after payment towards acquisition

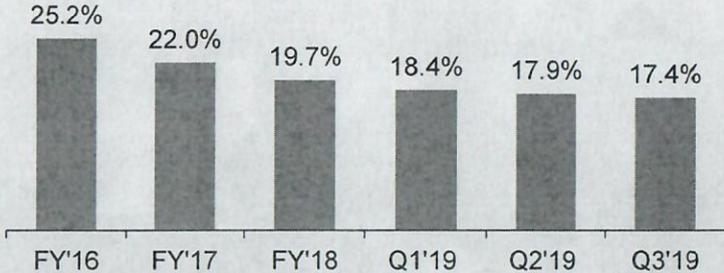
**DSO (days)**



**Dividend (INR per share)**



**Effective Tax Rate (%)**



Capex: \$4.4M in Q3'19



**HEXWARE**

Innovative Services

Passionate Employees

Delighted Customers

*Thank you*

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