



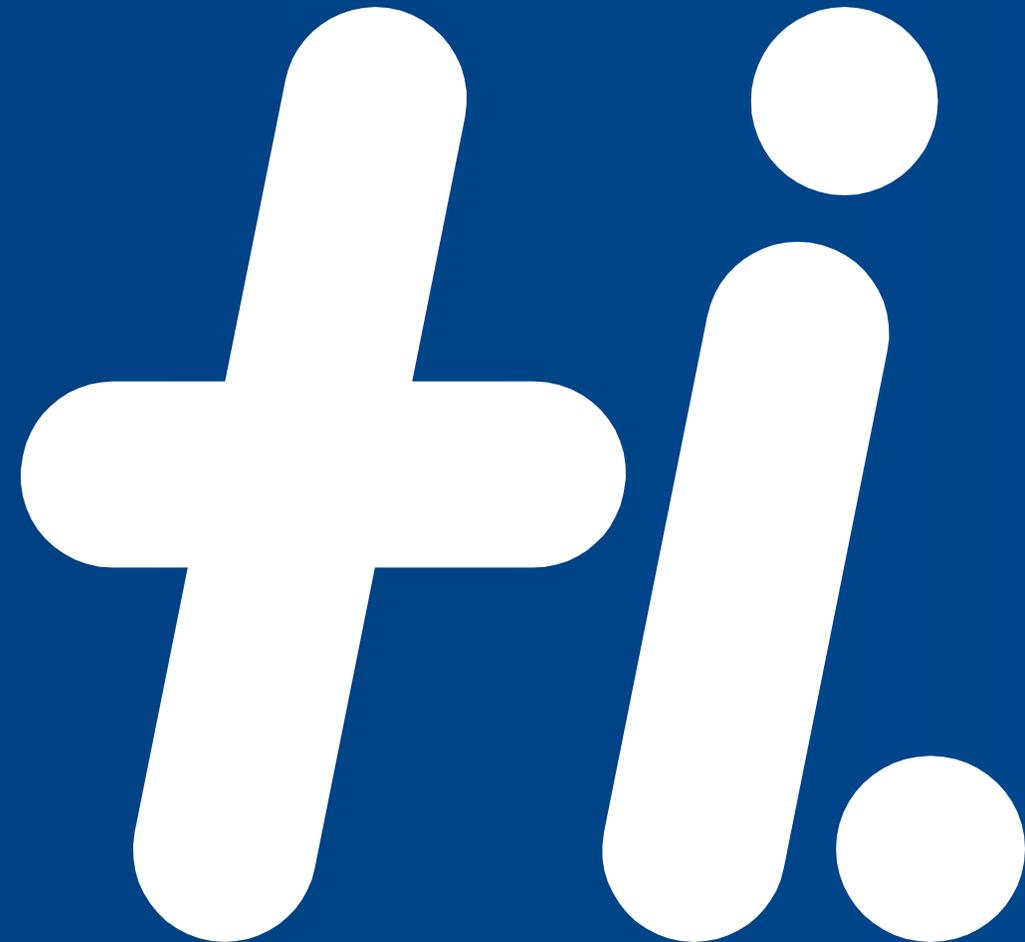
# Investor Update Q2 2017

31 July 2017

# 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 outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry

# Business Update

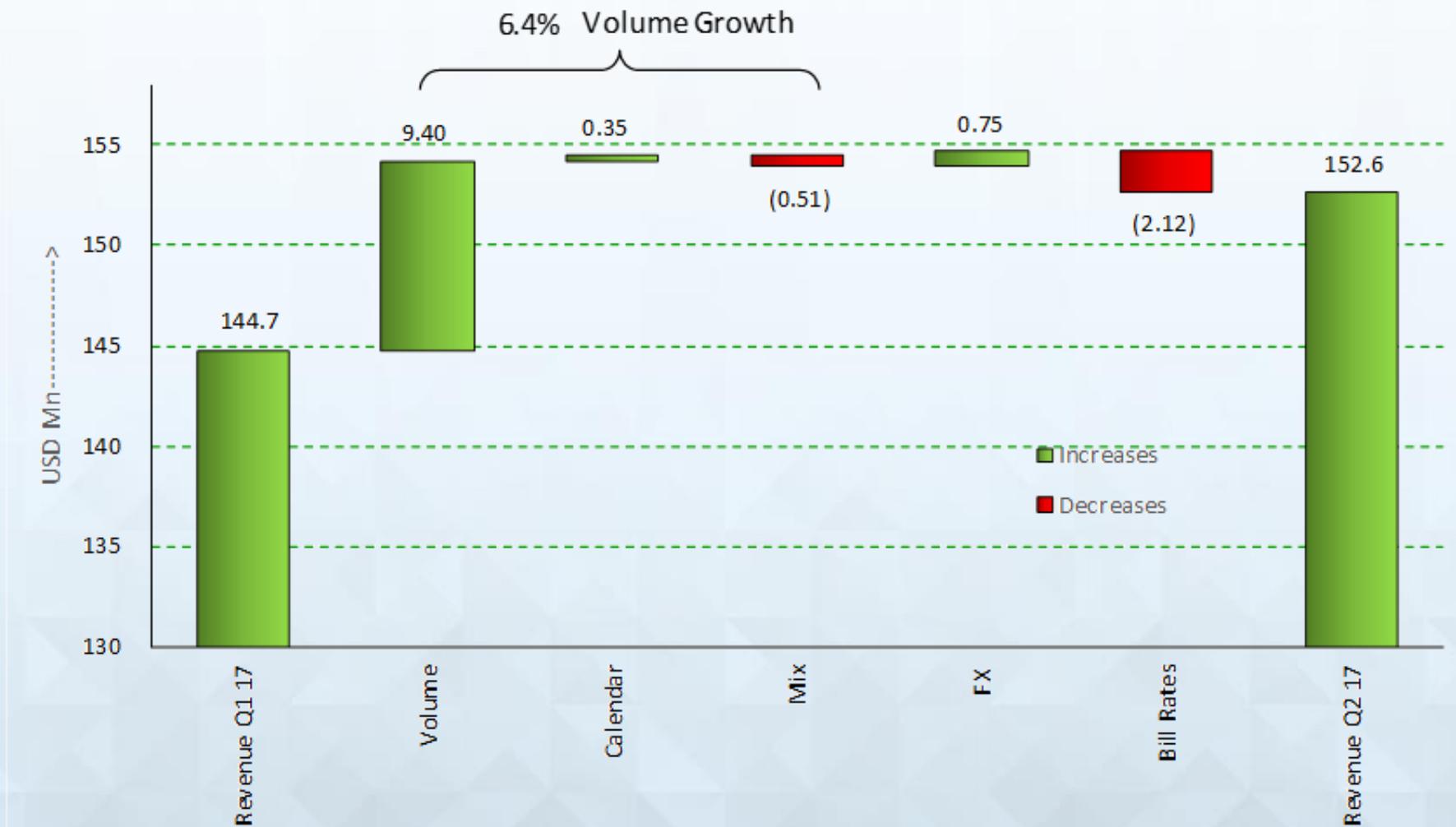


# Key Financials for Q2 2017

	Q2 2017	Q1 2017	GROWTH QoQ	GROWTH YoY
<b>Revenue</b>	<b>152.61</b>	<b>144.75</b>	<b>5.4%</b>	<b>17.7%</b>
EBITDA * (before ESOP cost)	26.66	25.35	5.2%	30.3%
<b>EBITDA * %</b>	<b>17.5%</b>	<b>17.5%</b>	<b>0.0%</b>	<b>1.7%</b>
EBITDA (after ESOP cost)	24.79	24.54	1.0%	25.4%
<b>EBITDA %</b>	<b>16.2%</b>	<b>17.0%</b>	<b>-0.7%</b>	<b>1.0%</b>
PAT	18.99	17.23	10.2%	30.1%
<b>PAT %</b>	<b>12.4%</b>	<b>11.9%</b>	<b>0.5%</b>	<b>1.2%</b>
<b>Diluted EPS (INR)</b>	<b>4.08</b>	<b>3.77</b>	<b>8.4%</b>	<b>26.8%</b>

\* Excludes ESOP Cost of \$1.88 M in Q2 and \$0.81 M in Q1

# Revenue Analysis - QoQ



# Gross Margin Analysis - QoQ



## SG&A ↑ 27 bps QoQ

SG&A at \$ 26.6 mn in Q2 17 vs \$24.8 mn in Q1 17

- Forex (23) bps
- Others (04) bps

Higher SG&A cost due to investment in Marketing Cost & Branding offset by Volume Impact

# Movement of Top 20 Customers

## Top 20 Accounts by LTM Revenue

Q2 2017 vs. Q2 2016

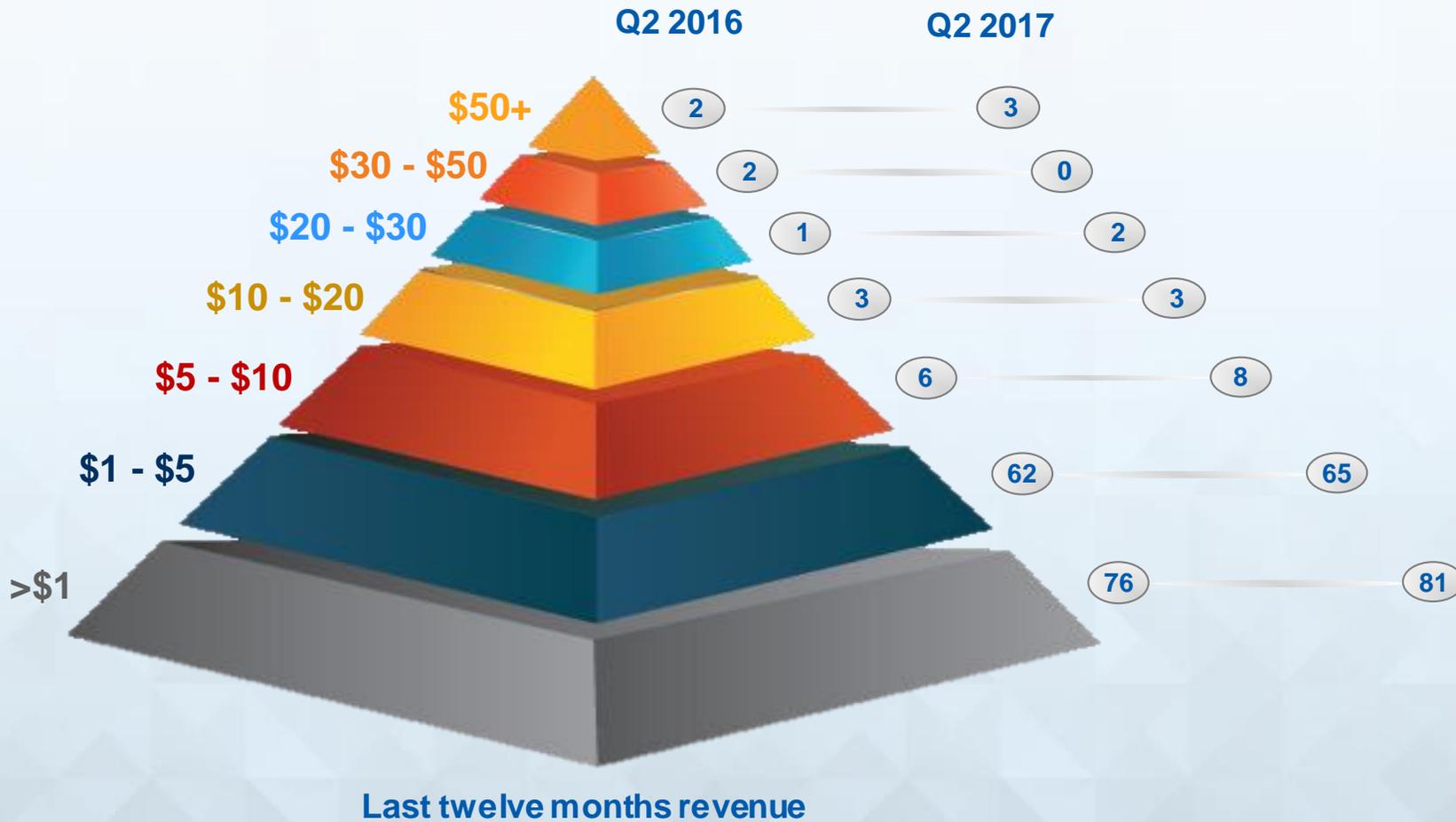
### In

- Specialized Payment Products and Services Provider
- Top Skincare Line
- Premier Chain of Fitness Centers
- World's leading Airline
- Multinational Information Technology Company
- UK's largest insurance companies
- American worldwide financial services company

### Out

- Fortune 500 Construction & Mining company
- American Investment Management Firm
- Leading Canadian Airline
- Global Banking & Financial Services Co.
- Actuarial, underwriting & other services provider to insurers
- Multinational Insurance Firm
- Global Document Solution & Service provider

# Improved Depth of Customer Relationships



TOP CLIENTS	CONTRIBUTION GROWTH	GROWTH QoQ
Top 5 Clients	0.5%	6.6%
Top 10 Clients	-0.2%	5.0%
Top 20 Clients	0.3%	5.8%
Other Clients	-0.3%	4.6%

*Growth and Client Concentration remain unaffected with client change based Q2 2017*

# Strategy Proof Points

*USD 40 million NN Deal wins in Q2-17*



## Shrink IT

- Automation-led Back and Front Office Operations Transformation for a Global Warranty Provider
- RAISE IT led end-to-end Infrastructure Management for a British Auction House



## Grow Digital

- Strategic Product Engineering Partner for a Global Rating and Analytics Advisory
- Transforming Customer Experience for a large Fashion e-commerce Company
- Digitalize Omni-Channel, Data Management and Transformation Services for a Global Retail Consumer Financials Company

# Employee Metrics

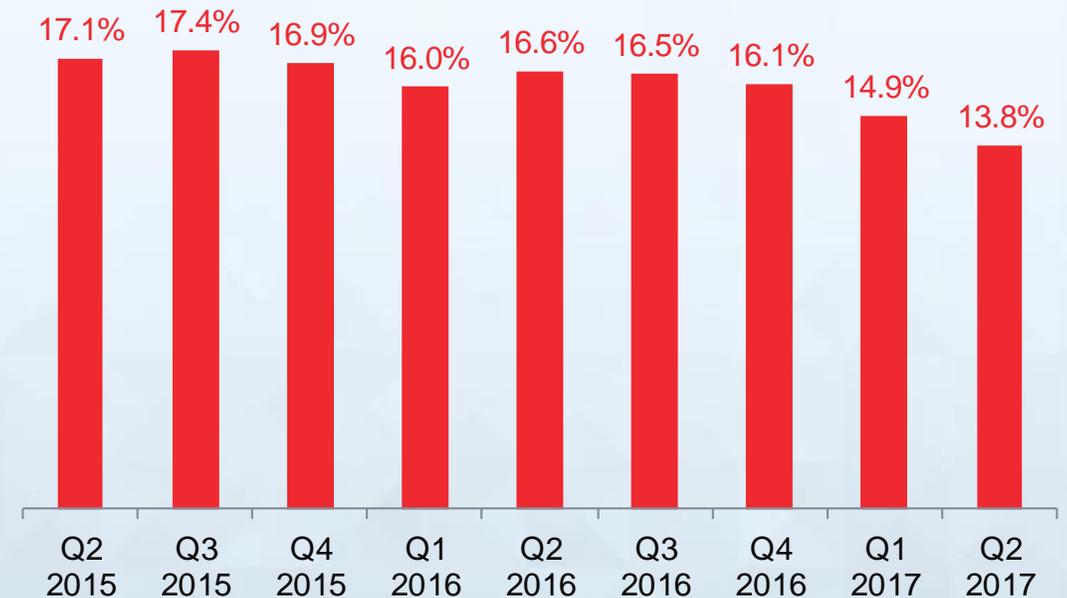
## UTILIZATION \*

Utilization maintained at high levels



## EMPLOYEE ATTRITION

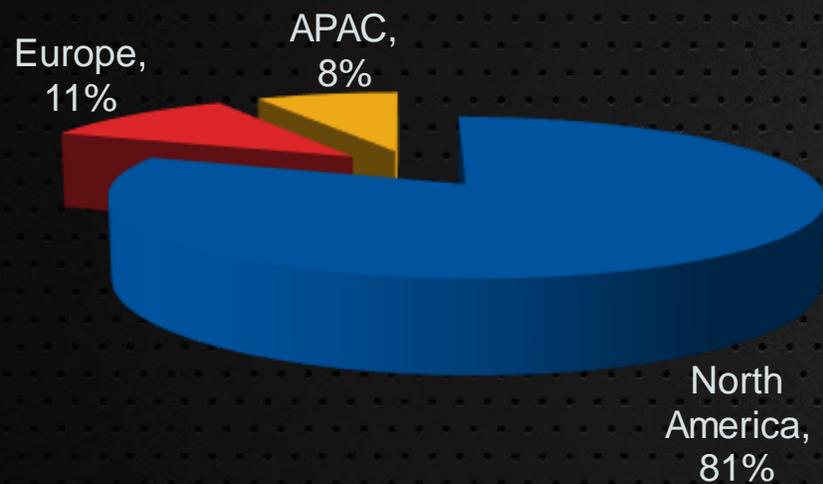
Attrition back to low levels



**Net headcount addition during the quarter (incl. trainees) – 364**

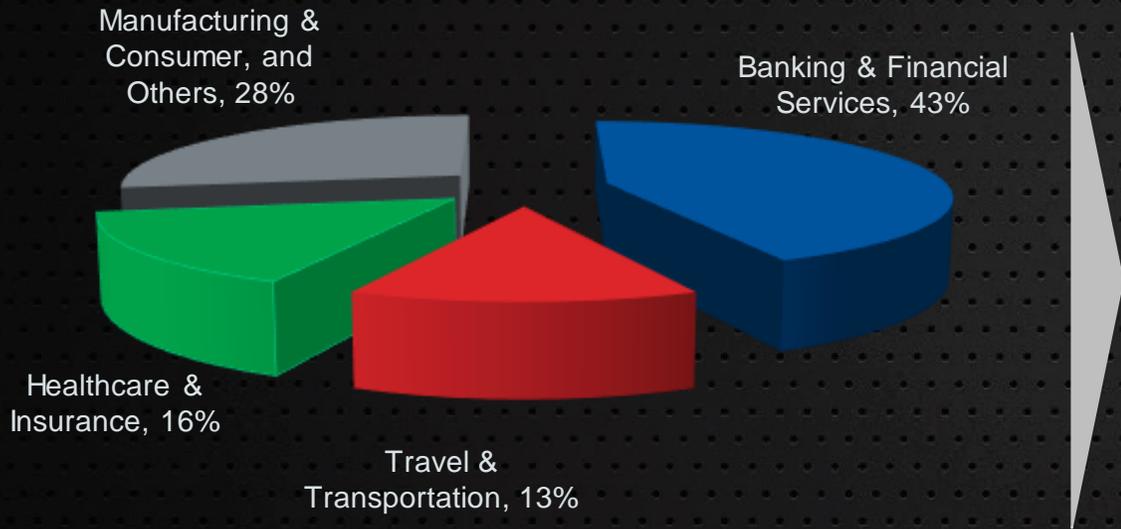
\* Including trainees

# APAC led Growth



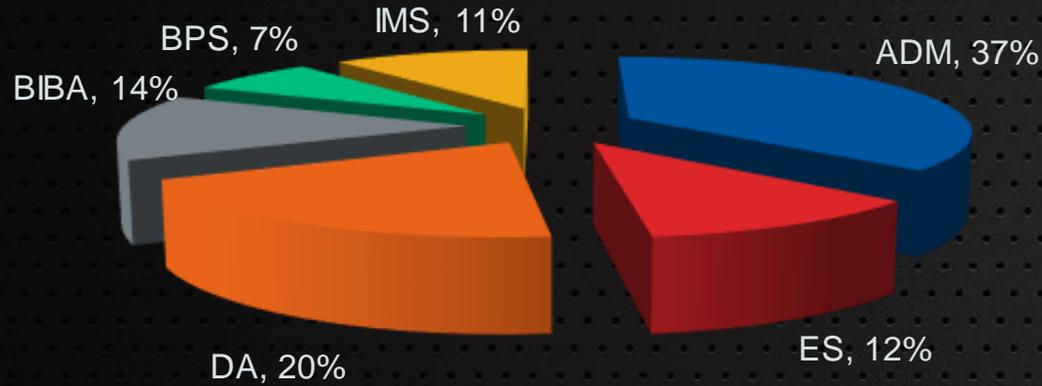
GEOGRAPHY	GROWTH QoQ	GROWTH YoY
North America	4.3%	17.5%
Europe	7.0%	5.3%
APAC	15.1%	43.9%
<b>TOTAL</b>	<b>5.4%</b>	<b>17.7%</b>

# BFS led Growth



VERTICAL	GROWTH QoQ	GROWTH YoY
Banking & Financial Services	7.1%	27.6%
Travel & Transportation	3.5%	9.0%
Healthcare & Insurance	5.0%	7.7%
Manufacturing & Consumer, and Others	4.1%	14.2%
<b>TOTAL</b>	<b>5.4%</b>	<b>17.7%</b>

# BPS led Growth



HORIZONTAL <sup>(1)</sup>	GROWTH QoQ	GROWTH YoY
Application Development & Maintenance (ADM)	6.5%	17.7%
Enterprise Solutions (ES)	1.0%	3.1%
Digital Assurance/ Testing (DA)	-0.6%	15.2%
Business Intelligence & Analytics (BIBA)	6.8%	5.5%
Business Process Services (BPS)	18.0%	30.0%
Infrastructure Management Services (IMS)	9.4%	61.8%
<b>TOTAL</b>	<b>5.4%</b>	<b>17.7%</b>

<sup>(1)</sup> Horizontals have been regrouped and reclassified from Q4 2016. They represent our current organization structure

# Updated Guidance

- **CY17 Revenue and EBIDTA to grow by 14-15%**
- **We lost a portion of business from a Top 5 client during the quarter**
  - Partial impact in Q3 and full impact in Q4
    - This impact is accounted for in the revised guidance above
  - Incremental impact of (roughly) 2.5 - 3% for the full year FY18
- **Q4 Outlook**
  - Q4 will have the full impact of above client and previously announced in-sourcing
  - Post that impact, Q4 likely to be close to double-digit growth YoY (without furloughs)

# Finance Update



# Revenue

Q2 2017 constant currency revenue at \$151.8 mn; ↑ 4.9% QoQ; ↑ 18.2% YoY

Q2 17 \$ Revenue at \$152.6 mn; ↑ 5.4% QoQ; ↑ 17.7% YoY

Q2 17 INR Revenue at Rs 9,836 mn; ↑ 2.4% QoQ; ↑ 13.1% YoY



# Outstanding Hedge Position and Rates

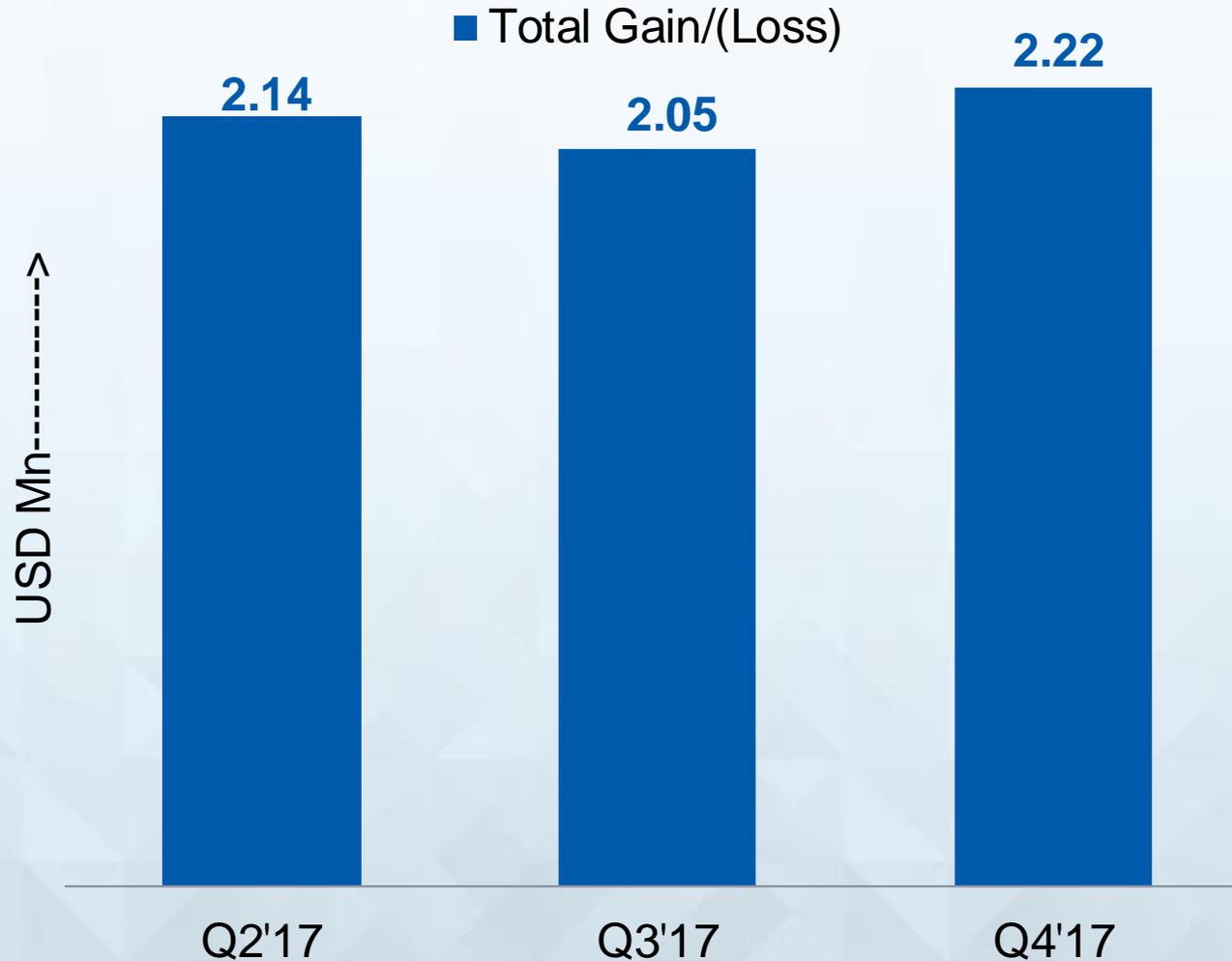
## Outstanding Hedge Position

Currency Pair	Amount (Mn.)	Avg. Rate
USDINR (\$)	141.66	72.35
EURNR (€)	3.95	81.21
GBPNR (£)	4.20	96.68
<b>Total (\$)</b>	<b>151.61</b>	

*Note -*

- 1. Hedges outstanding are full-term hedges.*
- 2. EUR converted @ 1.1410/USD & GBP converted @ 1.2970/USD.*
- 3. Avg. Rate = Average of the forward rate at which the hedges have been booked with the banks.*

# Forex Gain/ (Loss)



- As compared to the forex gain of \$0.23 Mn in Q1'17, the forex gain this quarter was \$2.14 Mn.
- Forex gains expected are ~\$2.05 Mn in Q3'17 and ~\$2.22 Mn in Q4'17 at exchange rate of INR 64.58 / USD.

# Balance Sheet Updates

## CASH & CASH EQUIVALENTS

Cash and Cash Equivalents\* at US\$ 66.5 Mn (INR 4,295 Mn)

## DAYS SALES OUTSTANDING

Days Sales Outstanding (DSO) for Q2 2017 at 45 days; 70 days including unbilled

## DIVIDEND

INR 1.00 per share (50%)

Dividend Payout including taxes INR 357.1 Mn (\$ 5.5 Mn)

**Tax:** ETR at 22.9% in Q2 17 vs 23.7% in Q1 17 – More new business in new SEZ

**Capex :** \$2.3 Mn capex in Q2 2017



*Innovative Services*

*Passionate Employees*

*Delighted Customers*

*Thank you*

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