



# Investor Update Q1 2016

**Launching RAISE IT™**

*5 May 2016*

# 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

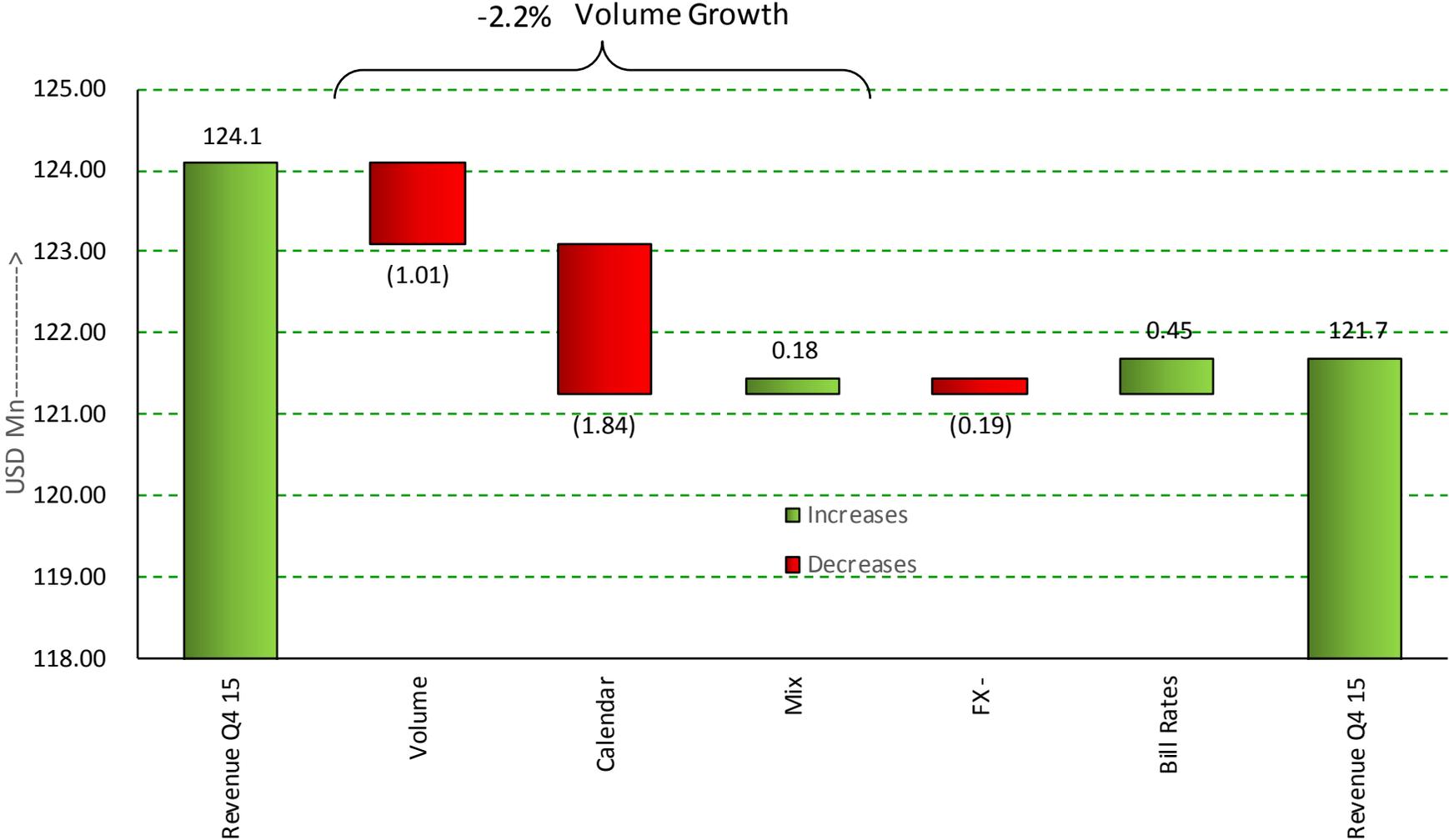
# Business Update

# Key Financials for Q1 2016

	Q1 2016	Q4 2015	GROWTH QoQ	GROWTH YoY
Revenue	121.69	124.11	-2.0%	5.9%
EBITDA* (before ESOP Cost)	18.91	19.85	-4.8%	-8.4%
EBITDA (after ESOP Cost)	17.82	19.73	-9.7%	-12.8%
PAT	12.56	14.68	-14.5%	-6.3%
EPS Diluted **	2.77	3.27	-15.3%	0.5%

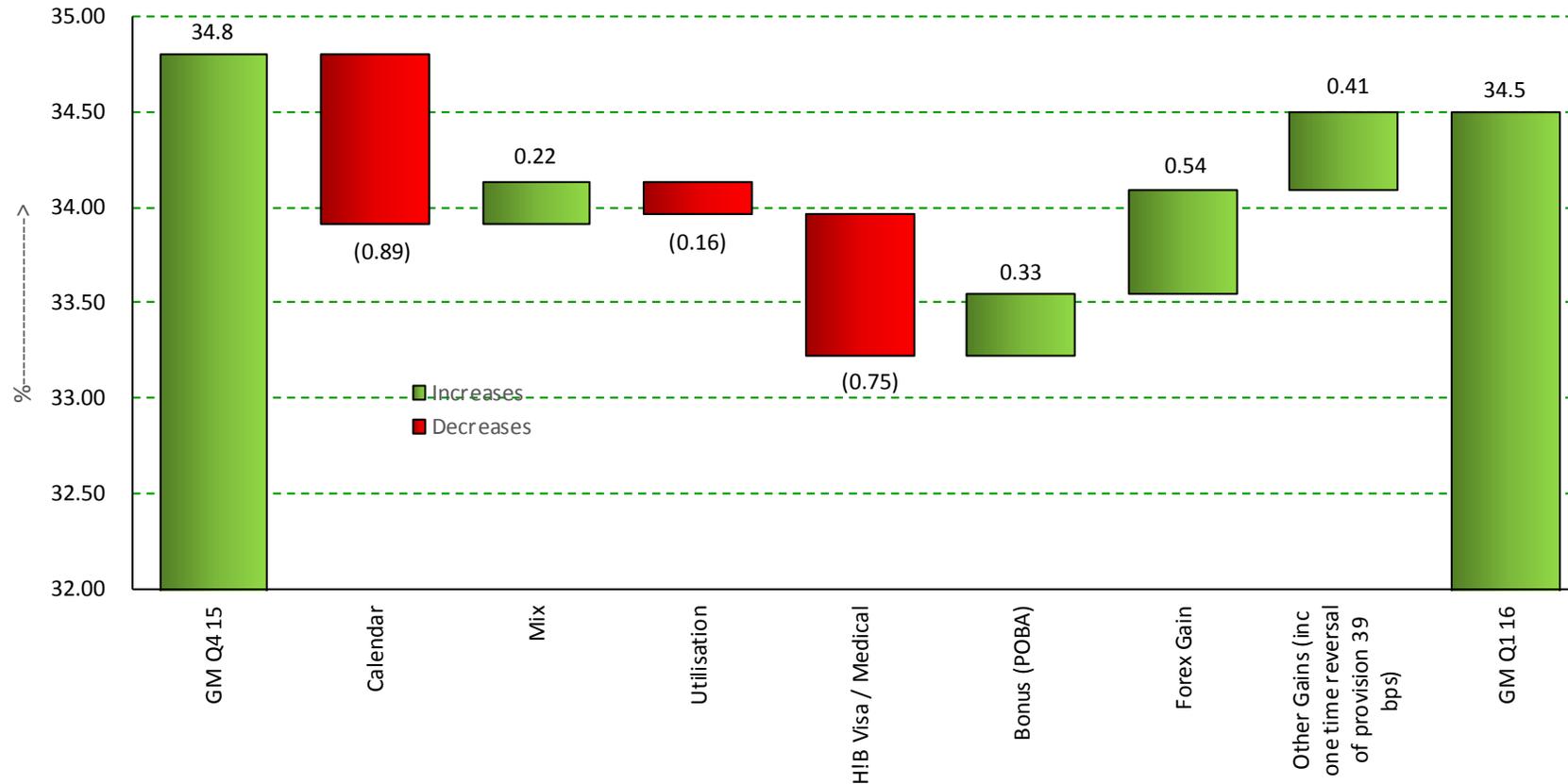
\* Excludes ESOP Cost of \$1.09 M in Q1 and \$0.12 M in Q4

# Revenue Analysis - QoQ



# EBITDA Margin Walk - QoQ

- EBITDA margin for the quarter was 15.5% (Excludes ESOP cost), 50 bps lower than last quarter
- Gross margin for Q1 2016 at 34.5%; lower by 30 bps mainly due to following reasons



- SG&A cost is 19.0% vs 18.8% in Q4 15 due to Sales Training (15 bps) & other marketing investments

# Movement of Top 20 Customers

## Top 20 Accounts by Revenue for the Quarter (instead of LTM)

**Q1 2016 vs. Q4 2015**

<b>IN</b>	<b>OUT</b>
Global Banking and Financial Services	Multinational Insurance Firm

# Strategy Proof Points

***Q1-16 NN Deal wins at USD 36 million***

## Automation

Automation led Multi-year Multi-million Procurement, Finance and HR Shared Services deal for a global logistics company

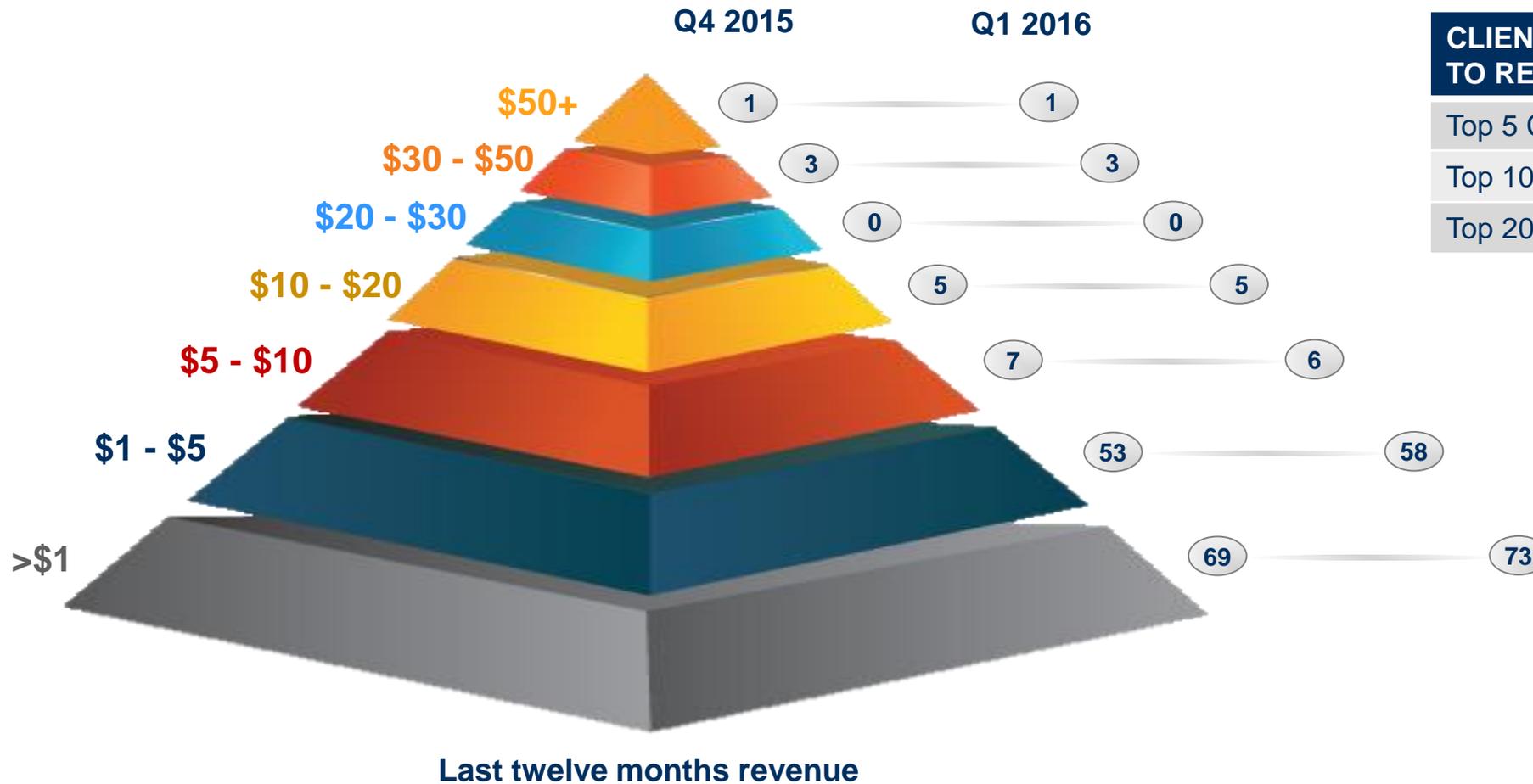
## Digital

Multi-year Multi-million Digital Transformation deal for a top ten pharmacy benefit manager and provider of prescription mail order and speciality pharmacy services

## Transformation

Multi-year Multi-million Strategic HCM Transformation deal for a leading pharma company

# Improved Depth of Customer Relationships



CLIENT CONTRIBUTION TO REVENUE	GROWTH QoQ
Top 5 Clients	-1.1%
Top 10 Clients	-1.7%
Top 20 Clients	-2.0%

# Shareholder Metrics

## RETURN ON EQUITY



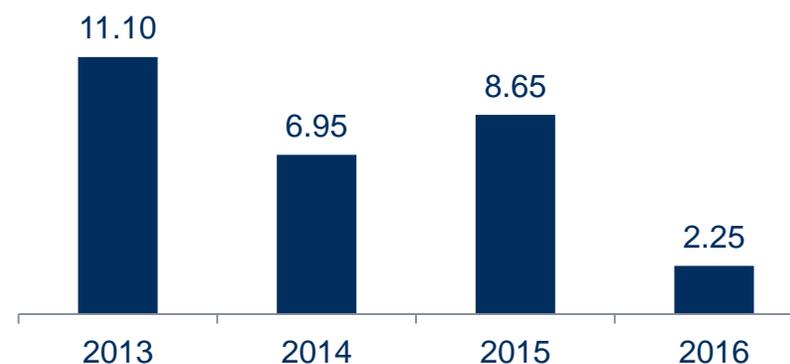
## TOTAL SHAREHOLDER RETURNS

Stock price as at the end of each quarter



## DIVIDEND PAYOUT

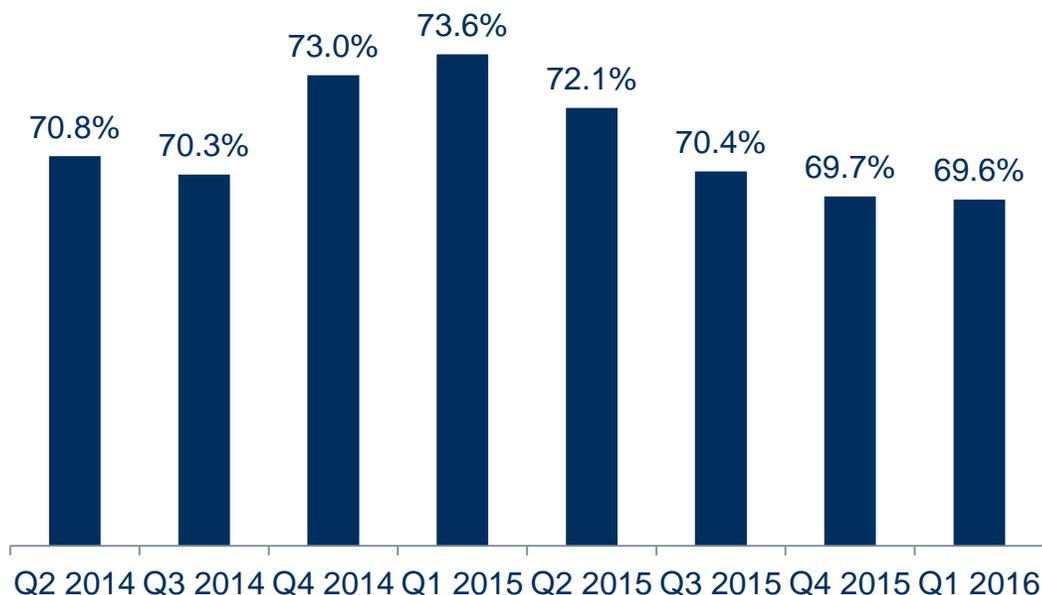
Dividend declared for the year



# Employee Metrics

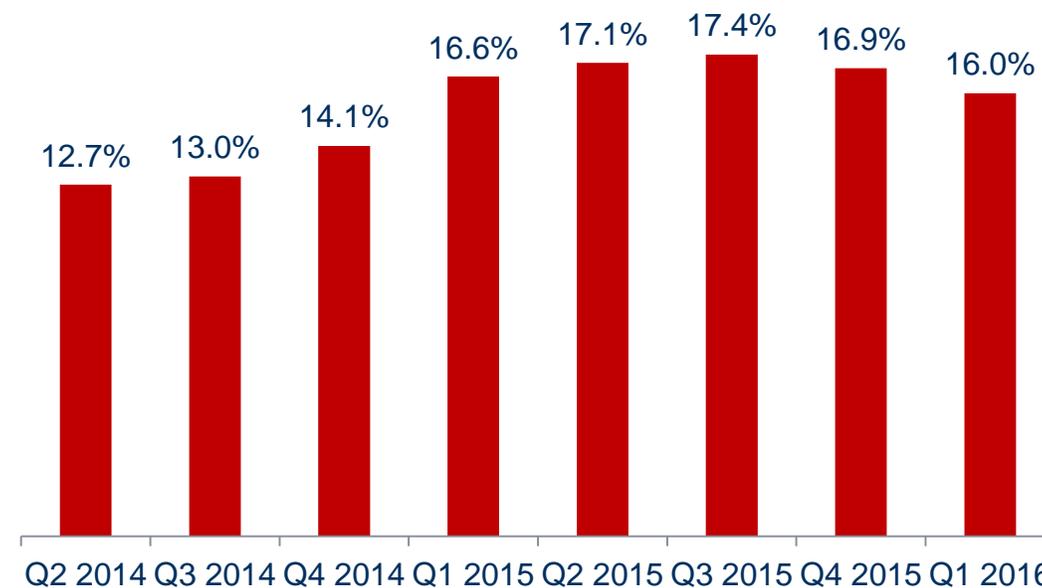
## UTILIZATION

Range Bound



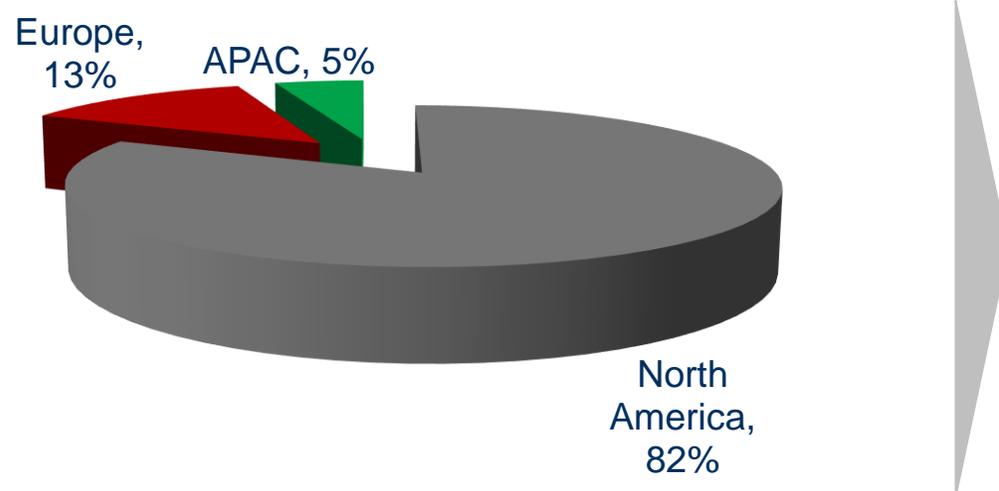
## EMPLOYEE ATTRITION

Significant efforts taken to contain attrition



**Net headcount addition during the quarter (incl. trainees) - 224**

# North America led YoY Growth



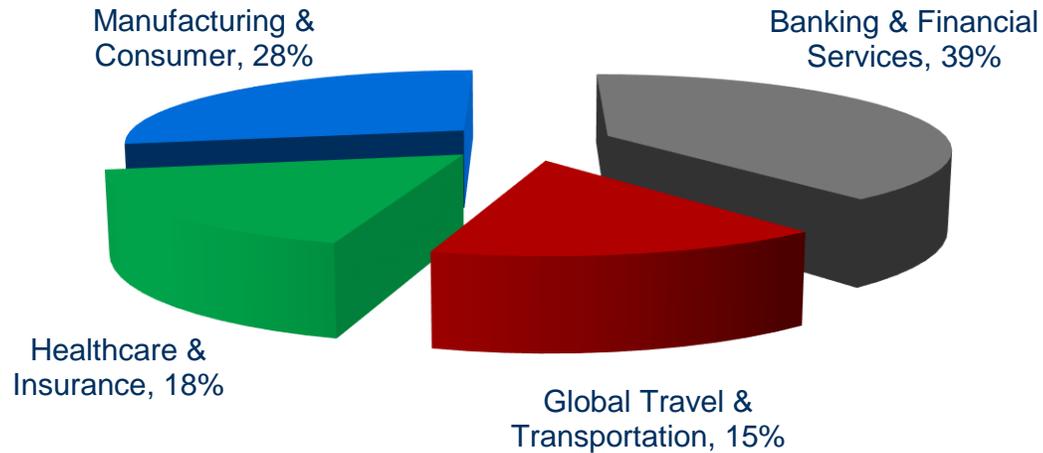
GEOGRAPHY	GROWTH QoQ	GROWTH YoY
North America	-1.0%	7.5%
Europe	-5.9%	1.7%
APAC	-6.5%	-7.2%
<b>TOTAL</b>	<b>-2.0%</b>	<b>5.9%</b>

Geo	Q1 2016 Reported	Adjustments	Q1 2016 Underlying	QoQ Growth	YoY Growth
Americas	81.4%	0.7%	82.1%	-1.0%	7.5%
Europe	12.0%	0.6%	12.6%	-5.9%	1.7%
Asia Pacific	6.6%	-1.3%	5.3%	-6.5%	-7.2%
<b>Total</b>	<b>100.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>-2.0%</b>	<b>5.9%</b>

While reporting the earnings for quarter ending March 31, 2016 (Q1 2016), Hexaware had provided a growth distribution by region. Underlying this was a transfer of customers from North America and Europe to APAC for better customer management.

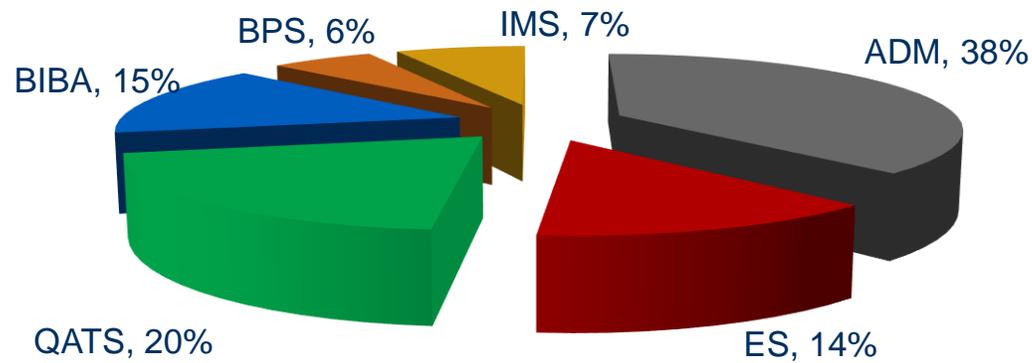
The normalized numbers for each region are as follows, if the accounts had not been transferred. This is provided as a one-time bridge.

# Banking & Financial Services led Growth



VERTICAL	GROWTH QoQ	GROWTH YoY
Banking & Financial Services	2.5%	10.9%
Global Travel & Transportation	-9.3%	-1.6%
Healthcare & Insurance	-1.1%	18.8%
Manufacturing & Consumer	-4.1%	-2.9%
<b>TOTAL</b>	<b>-2.0%</b>	<b>5.9%</b>

# Business Intelligence & Analytics led Growth



HORIZONTAL	GROWTH QoQ	GROWTH YoY
Application Development & Maintenance (ADM)	-2.6%	6.7%
Enterprise Solutions (ES)	-5.9%	-6.4%
Quality Assurance & Testing Services (QATS)	-4.0%	3.0%
Business Intelligence & Analytics (BIBA)	6.3%	4.7%
Business Process Services (BPS)	-0.6%	28.5%
Infrastructure Management Services (IMS)	-1.7%	27.6%
<b>TOTAL</b>	<b>-2.0%</b>	<b>5.9%</b>

# Awards & Recognition

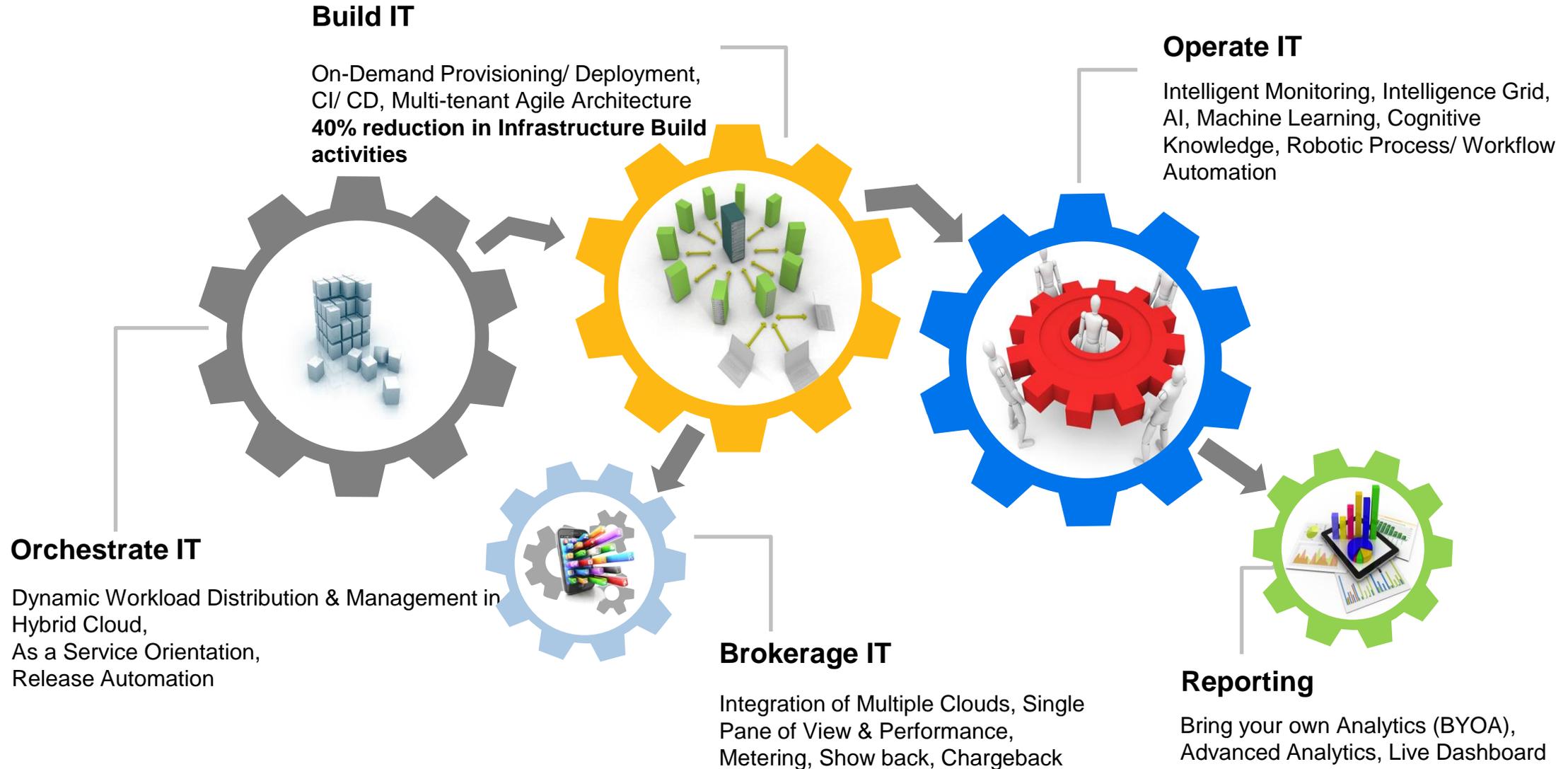
- Hexaware has yet again proven its leadership in the Business Process Outsourcing industry by winning 5 awards at the recently concluded '**Asia Outsourcing Congress & Awards 2015-16**'. The Company received the recognitions and awards in the following categories:
  - Fastest Growing Outsourcing Company of the Year 2015
  - Best Customer Experienced Delivered by a Contact Center
  - Excellence in Customer Services in the Outsourcing Industry
  - Health Insurance BPO Provider
  - Non-Voice Excellence Company of the Year
- Hexaware also won an Award for Excellence in Customer Service and a Certification of Recognition for- Outsourcing organization of the Year at the recently concluded **Golden Globe Tiger Awards** (For Outsourcing Excellence) in Malaysia
- Hexaware has been mentioned as one of the major IT services providers to North American insurers in the Novarica report titled, "**IT SERVICES PROVIDERS FOR INSURERS**", dated February 2016, by analysts Rob McIsaac and Alex Effgen
- Hexaware has been mentioned in the Forrester report titled "**The Future of Consulting Through 2020**", dated 11 February 2016, by analyst Marc Cecere
- Hexaware has been mentioned in High potential quadrant in **HfS Blueprint Grid for Successfactors services**, dated March 2016, by analysts Khada De Souza and Charles Sutherland



# RAISE IT

Run-Automated-Informed-Secured-Enterprise IT

# “RAISE IT” – Unified e2e IT Automation Platform





# How do we deliver ? – Operate IT

## Run Automated Informed Secured Enterprise IT

### Discover

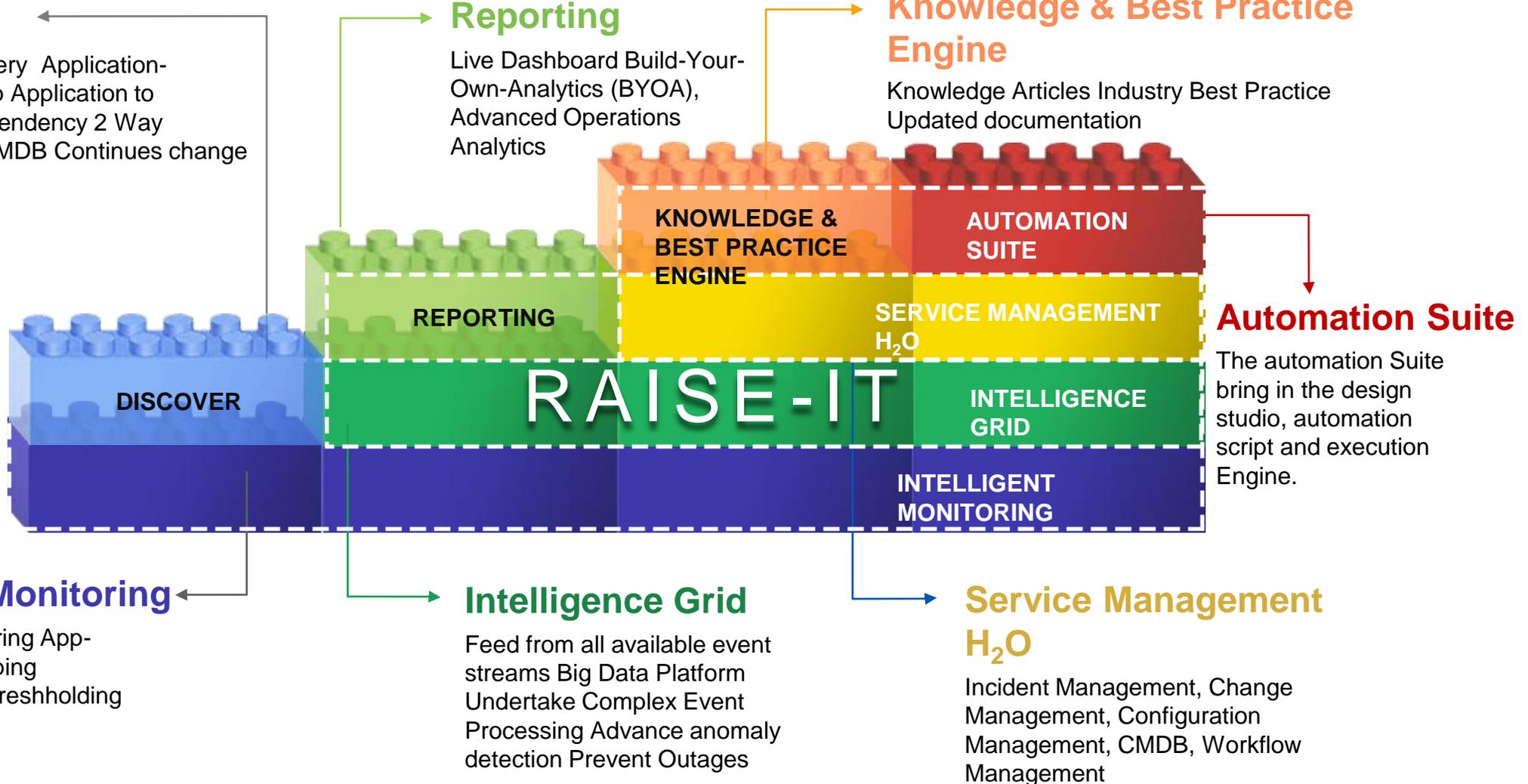
Automatic Discovery Application-Infrastructure Map Application to Infrastructure dependency 2 Way integration with CMDB Continues change Monitoring

### Reporting

Live Dashboard Build-Your-Own-Analytics (BYOA), Advanced Operations Analytics

### Knowledge & Best Practice Engine

Knowledge Articles Industry Best Practice Updated documentation



### Intelligent Monitoring

App Down monitoring App-Disk Service Mapping Blueprint based thresholding

### Intelligence Grid

Feed from all available event streams Big Data Platform Undertake Complex Event Processing Advance anomaly detection Prevent Outages

### Service Management H<sub>2</sub>O

Incident Management, Change Management, Configuration Management, CMDB, Workflow Management

### Automation Suite

The automation Suite bring in the design studio, automation script and execution Engine.

# > RAISE IT Benefits



Focus is on Application down visibility : Application to Disk mapping for all applications.

Increase prevention of outages by at least **20%** in Year 1 through early anomaly detection via machine learning

Dramatically drop lapsed time from response to Resolve ( r to R) to less than 15 minutes for over **50-70%** of the situations.

Reduce human intervention **for 50-70%** of the incidents/changes via AI driven automation, thereby the cost of the service by upto 2X.

Far quicker, certain RCA's significantly reduce human errors and 24x7 dependence on Level 3 SMEs for operational activities  
Free up your critical people to focus on business centric functions

Composable Open Architecture

Plug and Play Approach

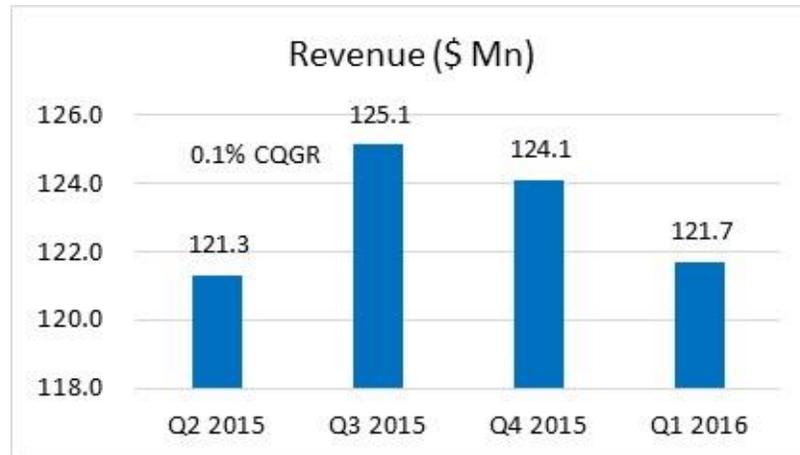
No rip and replace

# Financial Update

# Revenue

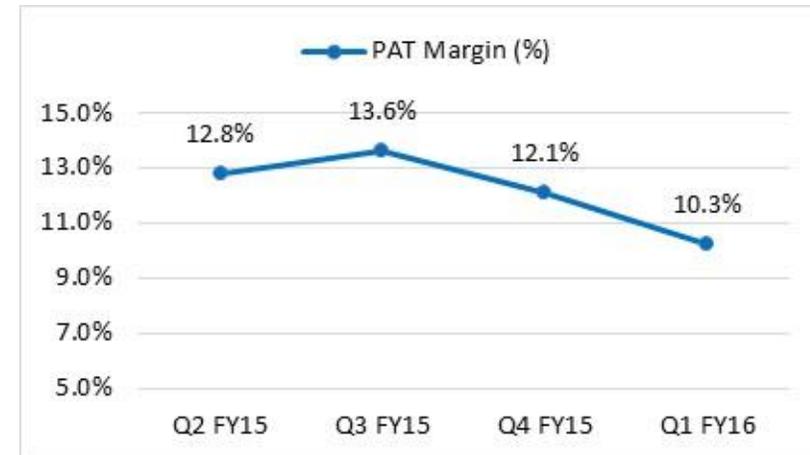
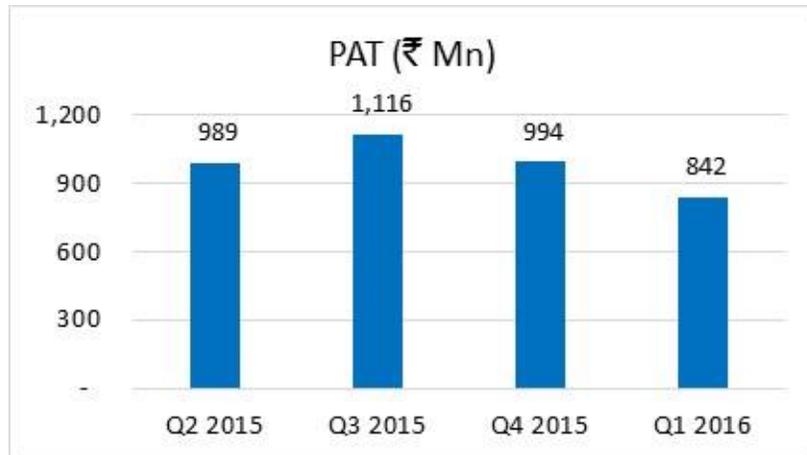
Q1 2016 constant currency revenue at \$121.8 mn; down 1.8% QoQ; up 6.5% YoY

Q1 Revenue at \$121.7 mn; down 2.0% QoQ; up 5.9% YoY



# Revenue

Q1 Revenue at ` 8,202 mn; up 0.1% QoQ; up 15.0% YoY



# Outstanding Hedge Position and Rates

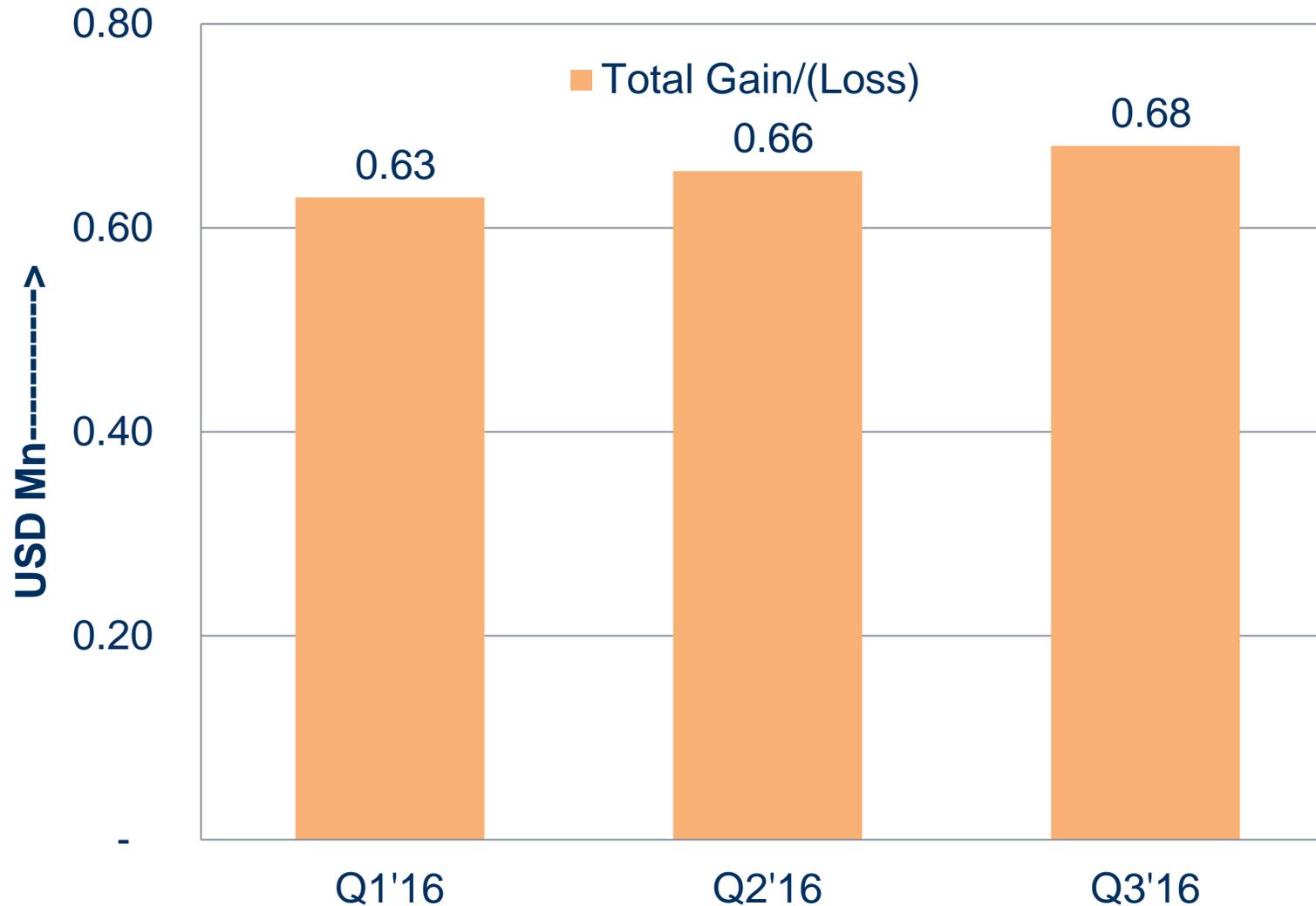
## Outstanding Hedge Position

Currency Pair	Amount (Mn.)	Avg. Rate
USDINR (\$)	147.01	70.68
EURNR (€)	5.00	77.95
GBPNR (£)	4.20	106.69
<b>Total (\$)</b>	<b>158.75</b>	

*Note -*

- 1. Hedges outstanding are full-term hedges.*
- 2. EUR converted @ 1.1380/USD & GBP converted @ 1.4410/USD.*
- 3. Avg. Rate = Average of the forward rate at which the hedges have been booked with the banks.*

# Forex Gain/(Loss)



- Forex gain of \$0.63 Mn this quarter as against a gain of \$0.68 Mn in Q4'15.
- Forex gain expected ~ \$ 0.66 Mn in Q2'16 and ~\$ 0.68 Mn in Q3'16 at exchange rate of INR 66.2550/USD.

# Balance Sheet Updates

## CASH & CASH EQUIVALENTS

Cash and Cash Equivalents\* at US\$ 46.47 M (INR 3079 M)

## DAYS SALES OUTSTANDING

Days Sales Outstanding (DSO) for Q1 2016 at 49 days; 78 days  
including unbilled

## DIVIDEND

INR 2.50 per share (125%)  
Dividend Payout including taxes INR 908.1 mn (\$ 13.71 Mn)

# Capex 2015

Item	USD K
	Q1-16 Actual
Siruseri	5,247
Pune Hinjewadi	1,456
Computers & Equipments & Others	2,388
Grand Total	9,091

**Overall Likely Capex Spend for 2016 – \$ 40 mn ( Rs 268 crs )**

**Tax: ETR @24.2% vs. 21.0 % in Q4 due to higher profit in SEZ**



# Thank you