



Investor Update Q2 2016

29 July 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

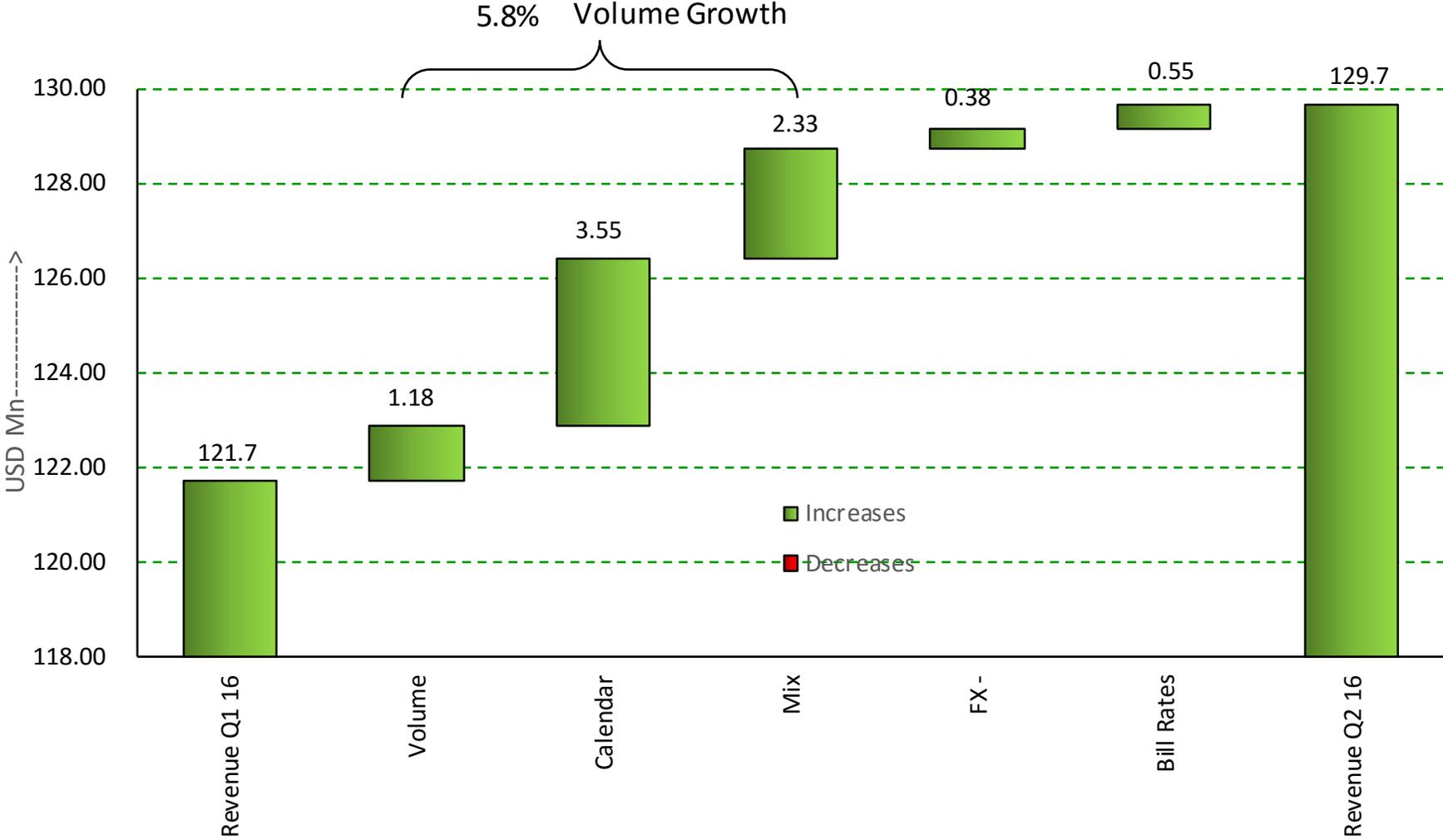
Business Update

Key Financials for Q2 2016

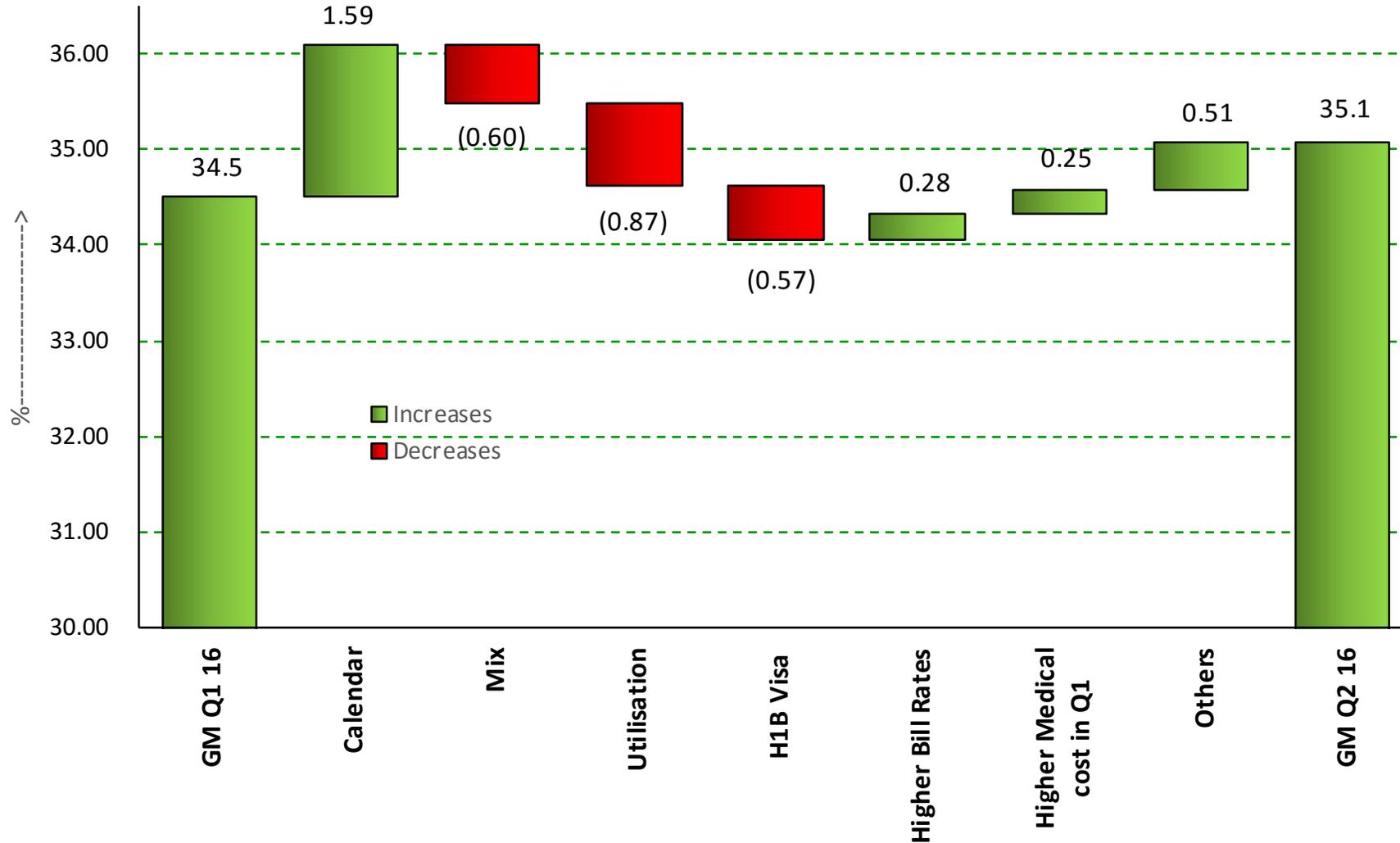
| | Q2 2016 | Q1 2016 | GROWTH QoQ | GROWTH YoY |
|-------------------------------|---------|---------|---------------|---------------|
| Revenue | 129.68 | 121.69 | 6.6% | 6.9% |
| EBITDA* (before ESOP Cost) | 20.86 | 18.91 | 10.4% | -5.4% |
| EBITDA (after ESOP Cost) | 20.17 | 17.82 | 13.2% | -3.0% |
| PAT | 14.90 | 12.56 | 18.6% | -4.0% |
| EPS Diluted ** | 3.29 | 2.77 | 18.8% | 1.1% |

* Excludes ESOP Cost of \$0.65 M in Q2 and \$1.09 M in Q1

Revenue Analysis - QoQ



Gross Margin Analysis - QoQ



- SG& A ↑ by \$1.5 Mn QoQ which mainly includes branding expenses in Q2-16
- H1B Visa cost for Q2-16 at \$ 1.3 Mn

Movement of Top 20 Customers

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

Q2 2016 vs. Q1 2016

IN

Multinational Insurance company
Fortune 500 Construction &
Mining company

OUT

Leading Leasing company
Global Conglomerate firm

Strategy Proof Points

USD 20 million NN Deal wins in Q2-16



Enabling digital transformation for a leading investment firm in education with content management, application development and testing



Building and maintaining an enterprise wide digital platform in the agile model for the world's largest serviced apartments operator

Breakthrough existing client wins

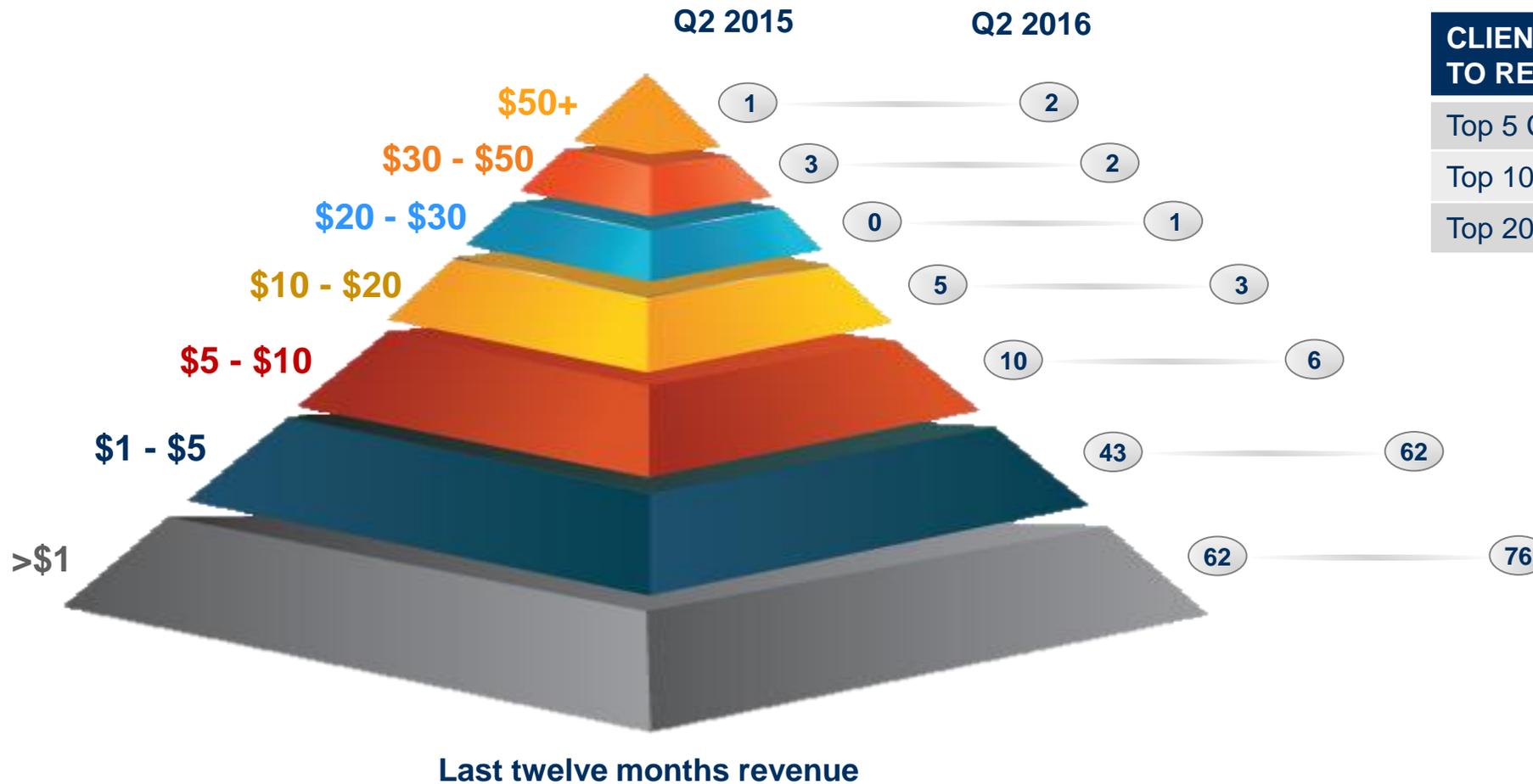


Managed IT services for a multinational life sciences consulting firm to work on core business areas like clinical and informatics



Robotic Automation led digital managed services deal to transform the payment investigation process of a global bank

Improved Depth of Customer Relationships



| CLIENT CONTRIBUTION TO REVENUE | GROWTH QoQ |
|--------------------------------|------------|
| Top 5 Clients | 14% |
| Top 10 Clients | 13% |
| Top 20 Clients | 11% |

Shareholder Metrics

RETURN ON EQUITY



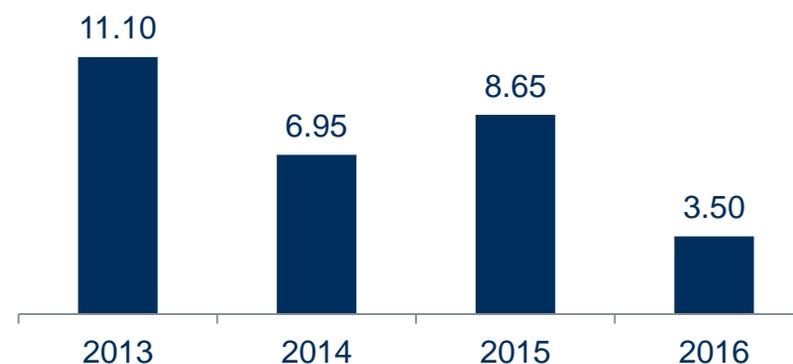
TOTAL SHAREHOLDER RETURNS

Stock price as at the end of each quarter



DIVIDEND PAYOUT

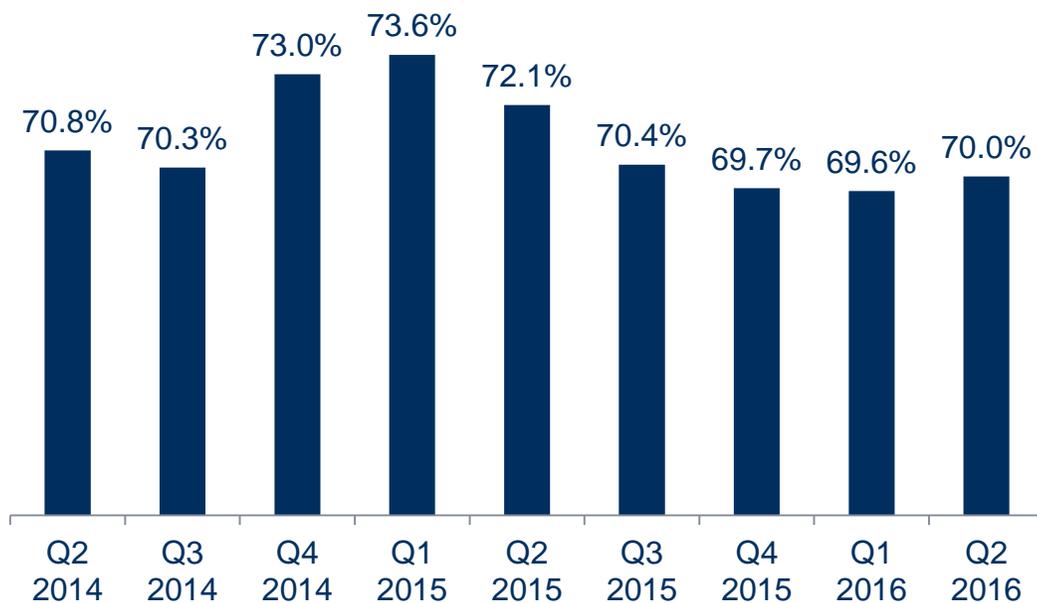
Dividend declared for the year



Employee Metrics

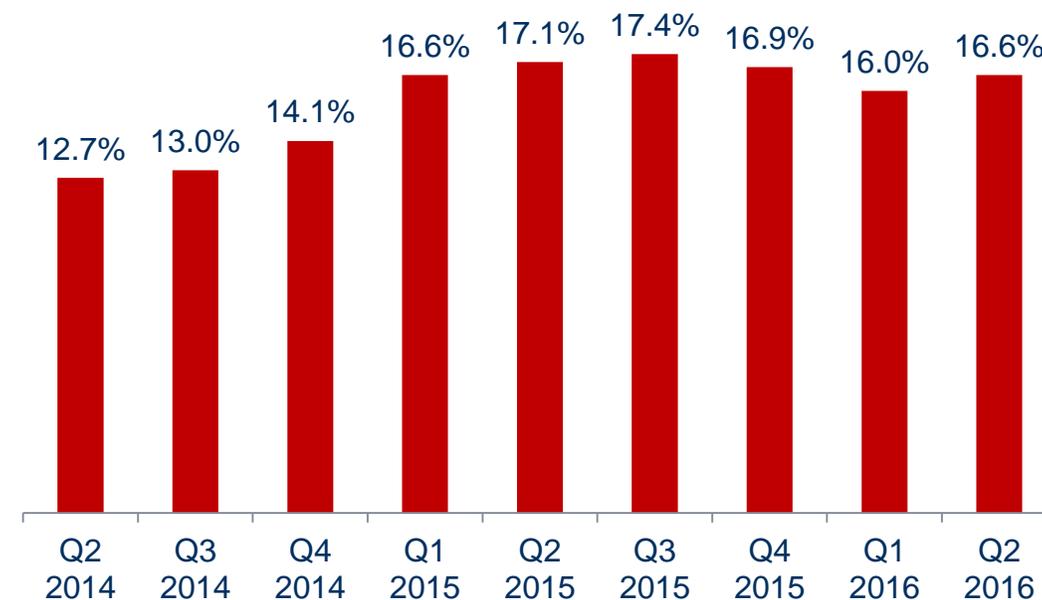
UTILIZATION *

Range Bound



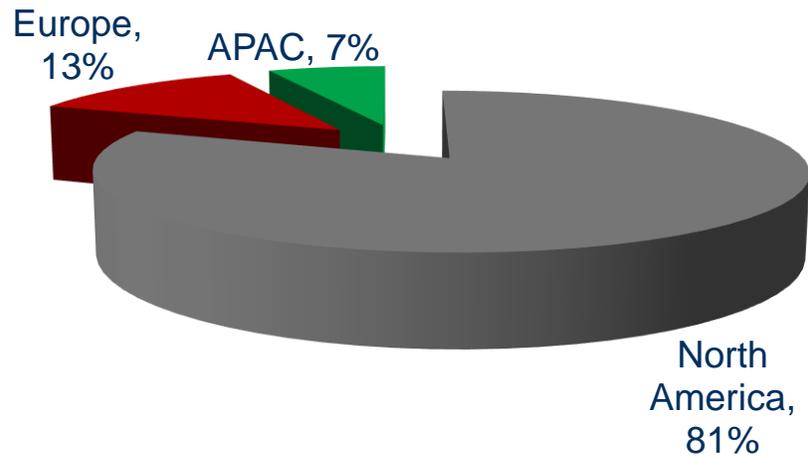
EMPLOYEE ATTRITION

Significant efforts taken to contain attrition



Net headcount addition during the quarter (incl. trainees) - 276

Europe led Growth

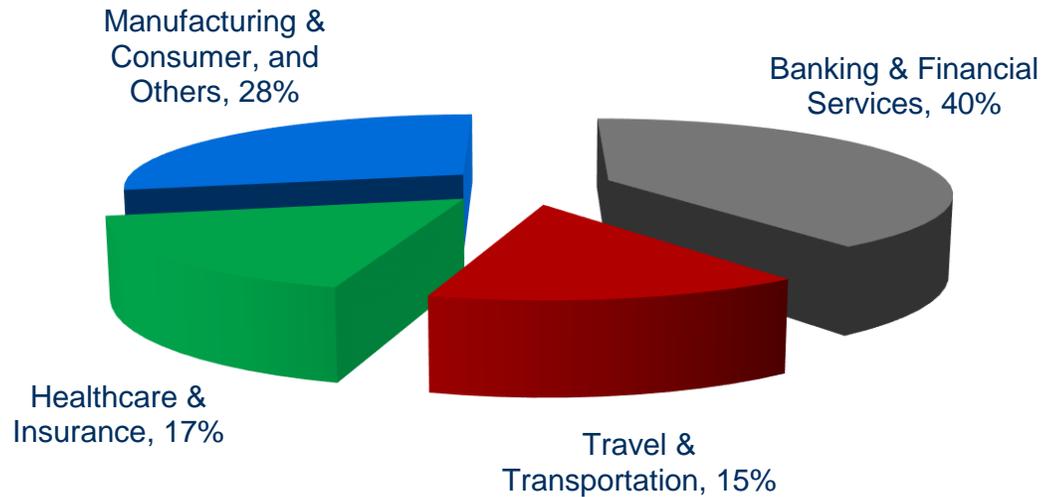


| GEOGRAPHY | GROWTH QoQ | GROWTH YoY |
|---------------|-------------|-------------|
| North America | 5.9% | 7.7% |
| Europe | 10.8% | 1.1% |
| APAC | 6.7% | 9.3% |
| TOTAL | 6.6% | 6.9% |

Note:

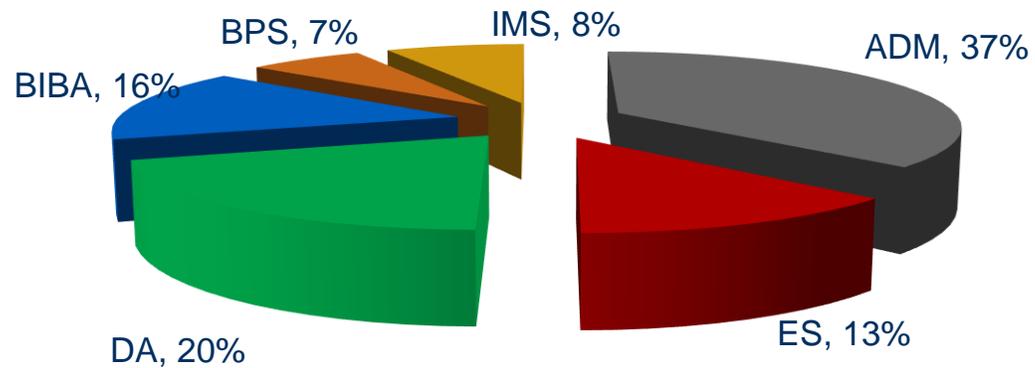
Geographies have been reclassified from Q1-16 and previous period figures have been restated
This reclassification represents our current organization structure

Manufacturing & Consumer led Growth



| VERTICAL | GROWTH QoQ | GROWTH YoY |
|--------------------------------------|-------------|-------------|
| Banking & Financial Services | 8.6% | 16.3% |
| Travel & Transportation | 0.5% | -11.1% |
| Healthcare & Insurance | 3.8% | 16.0% |
| Manufacturing & Consumer, and Others | 8.8% | 1.1% |
| TOTAL | 6.6% | 6.9% |

BPS and IMS led Growth



| HORIZONTAL | GROWTH QoQ | GROWTH YoY |
|---|-------------|-------------|
| Application Development & Maintenance (ADM) | 3.9% | 4.3% |
| Enterprise Solutions (ES) | 2.8% | -0.9% |
| Digital Assurance/ Testing (DA) | 6.4% | 3.1% |
| Business Intelligence & Analytics (BIBA) | 8.2% | 9.3% |
| Business Process Services (BPS) | 19.6% | 33.7% |
| Infrastructure Management Services (IMS) | 14.2% | 24.1% |
| TOTAL | 6.6% | 6.9% |

Impact



Brexit Impact

USD 200 K on Revenue
Negligible Impact on Margin



Wage Inflation Impact

USD 600 K on Margin

Two Year Journey

LTM Revenue – USD 500 M

| | Q2 2016 | Q2 2014 | GROWTH |
|----------|---------|---------|--------|
| Revenue | 129.68 | 101.96 | 27.2% |
| EBITDA * | 20.86 | 17.90 | 16.5% |
| PAT | 14.90 | 12.77 | 16.6% |
| EPS | 3.29 | 2.54 | 29.7% |

Financial Update

Outstanding Hedge Position and Rates

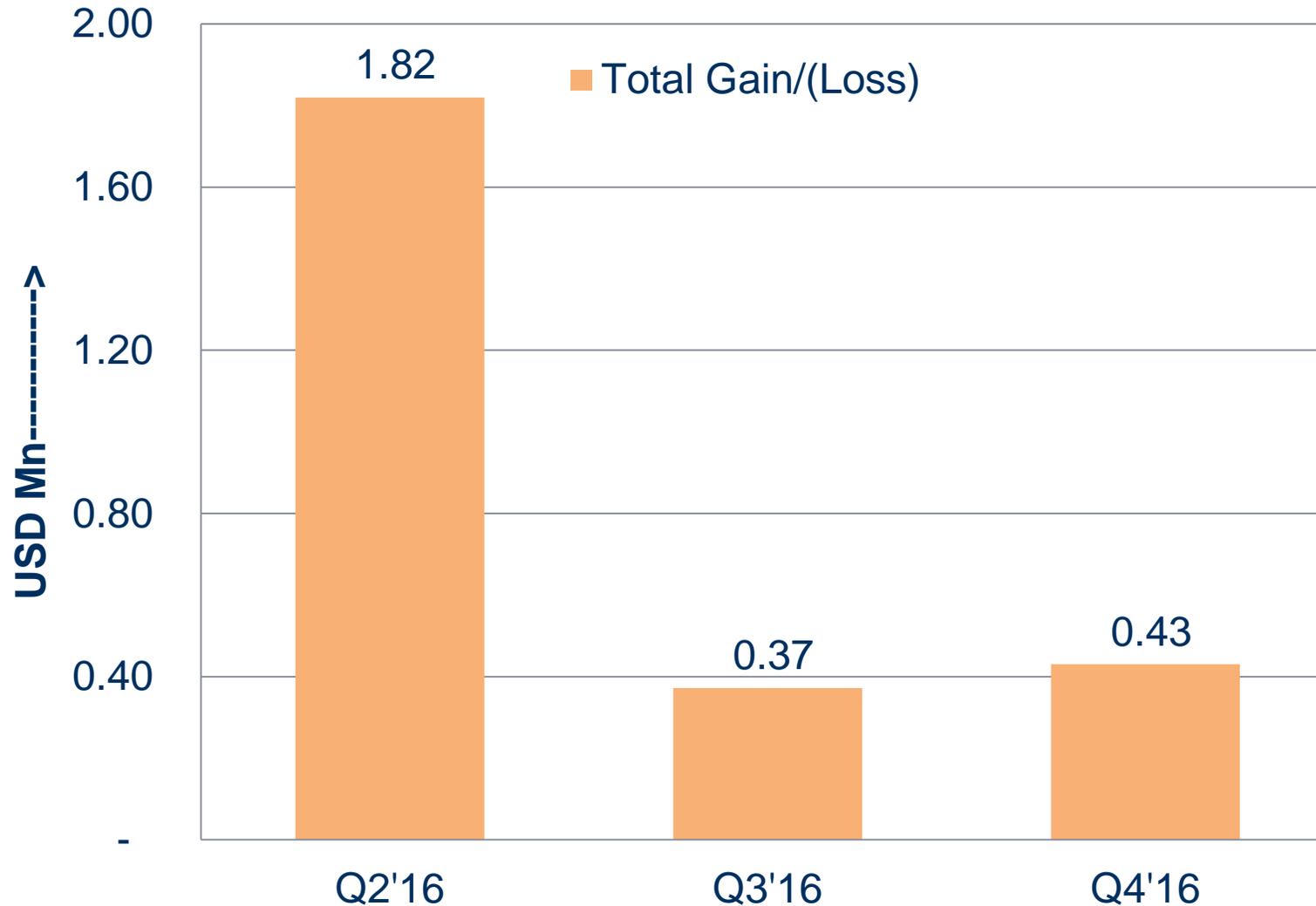
Outstanding Hedge Position

| Currency Pair | Amount (Mn.) | Avg. Rate |
|---------------|--------------|-----------|
| USDINR (\$) | 143.18 | 71.51 |
| EURNR (€) | 4.60 | 79.34 |
| GBPNR (£) | 4.20 | 106.83 |
| Total (\$) | 153.96 | |

Note -

- 1. Hedges outstanding are full-term hedges.*
- 2. EUR converted @ 1.1141/USD & GBP converted @ 1.3461/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 \$1.82 Mn this quarter as against a gain of \$0.63 Mn in Q1'16.
- Forex gain expected ~ \$ 0.37 Mn in Q3'16 and ~\$ 0.43 Mn in Q4'16 at exchange rate of INR 67.5250/USD.

Balance Sheet Updates

CASH & CASH EQUIVALENTS

Cash and Cash Equivalents* at US\$ 47.10 M (INR 3180 M)

DAYS SALES OUTSTANDING

Days Sales Outstanding (DSO) for Q2 2016 at 46 days; 74 days
including unbilled

DIVIDEND

INR 1.00 per share (50%)
Dividend Payout including taxes INR 363.26 mn (\$ 5.38 Mn)

Capex 2016

| US\$mn | US \$K |
|---------------------------------|----------------|
| | Q216 Actual |
| Siruseri | 4,574 |
| Pune | 1,331 |
| Computers & Equipments & Others | 2,065 |
| Grand Total | 7,970 |

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

Tax: ETR @25.8% vs. 24.2 % in Q1; one of the SEZ centre tax benefit came down to 50% from 100% as 5 years of operation is over and increase in income in Non SEZ centres



Thank you