

Hexaware Reports Q1 2017 results
Q1 Revenue at \$144.7 Mn, up 4.2% QoQ, 19.0% YoY
Q1 EBIT at \$22.2 Mn, up 41.2% YoY

USD Mn	Q1 17	Growth	
		QoQ	YoY
Revenue (Constant Currency)	144.6	4.0%	19.9%

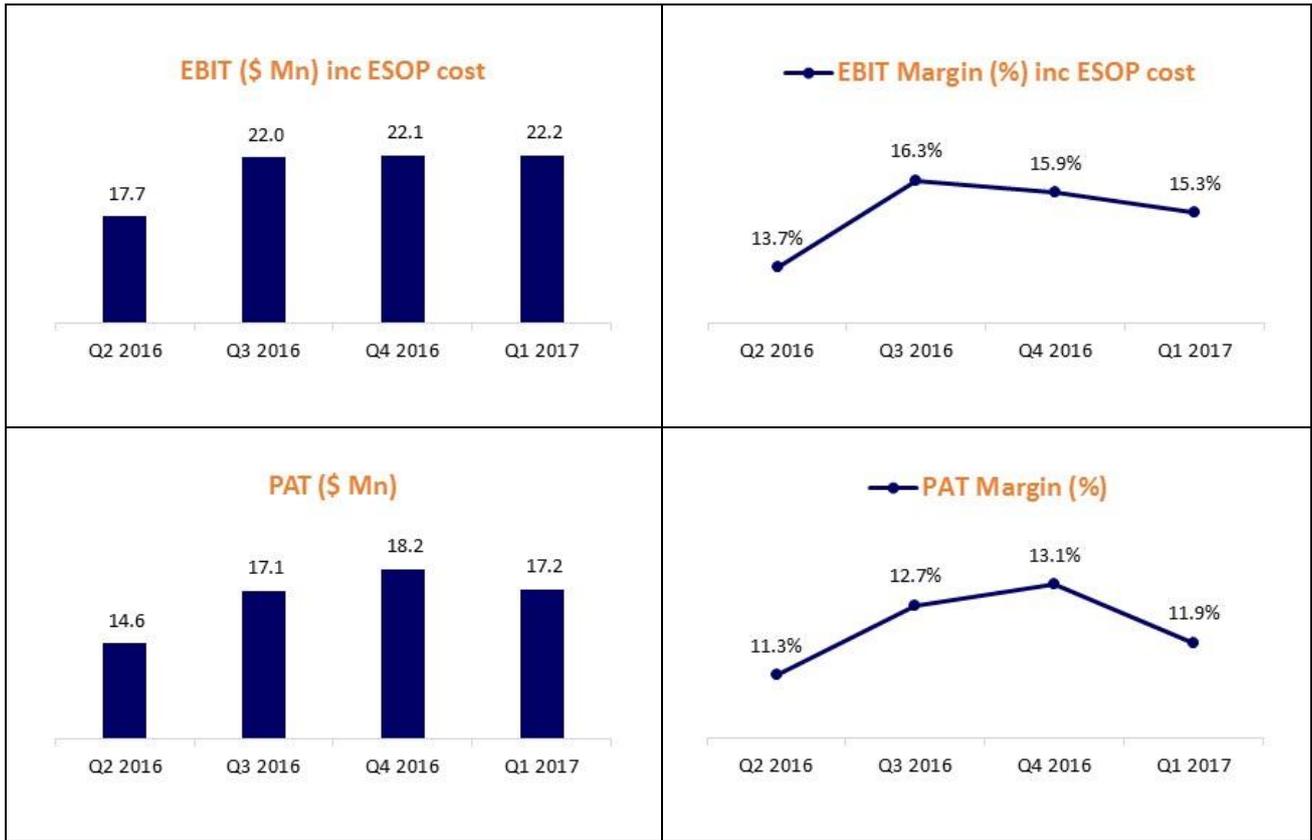
₹ Mn	Q1 17	Growth	
		QoQ	YoY
Revenue	9,605	2.1%	17.1%
EBITDA*	1,677	-0.9%	32.9%
EBIT	1,466	-2.2%	39.5%
PAT	1,139	-7.4%	35.9%

USD Mn	Q1 17	Growth	
		QoQ	YoY
Revenue	144.7	4.2%	19.0%
EBITDA*	25.4	1.5%	34.7%
EBIT	22.2	0.2%	41.2%
PAT	17.2	-5.1%	37.8%

EBITDA* - Excludes ESOP Cost

Q1 Performance Highlights in US\$ terms





Q1 Performance Highlights in ₹ terms





ROI



Cash

- Cash & Cash equivalents at the end of March 2017 at US\$ 50 Mn; ₹ 323 crores
- Days of Sales Outstanding (DSO) was 46 days at the end of Q1 2017
- First Interim Dividend of ₹ 1.00 (50%) for Q1 2017

New Wins

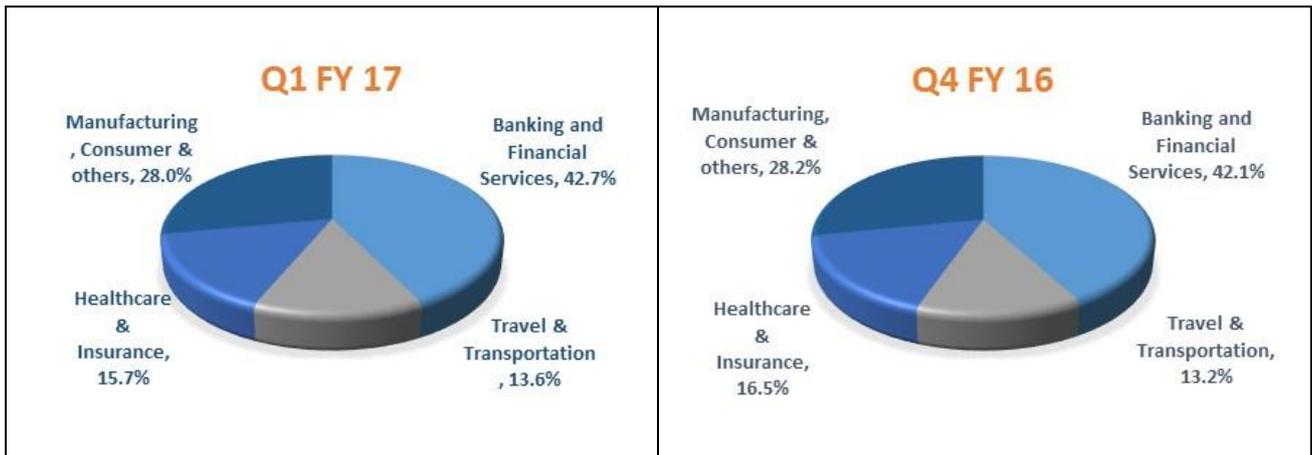
- 2 new clients signed in Q1 2017 with TCV of US\$ 25 Mn

Human Capital

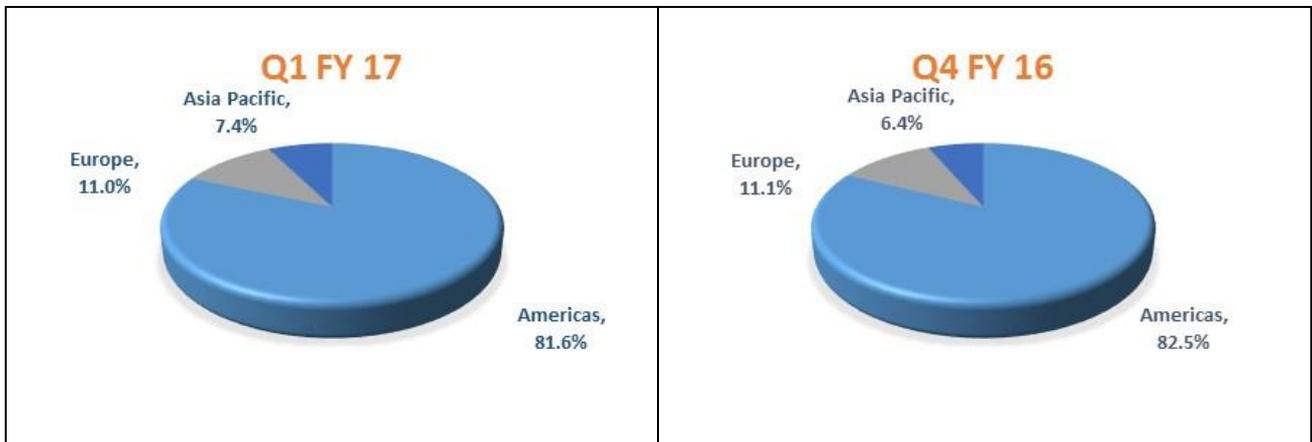
- Headcount stood at 12,734 at the end of Q1 2017; up 1,135 YoY, up 579 QoQ
- Utilization stood at 78.9% (including trainees) in the Quarter
- Attrition at the end of March 2017 was at 14.9%

Revenue Split

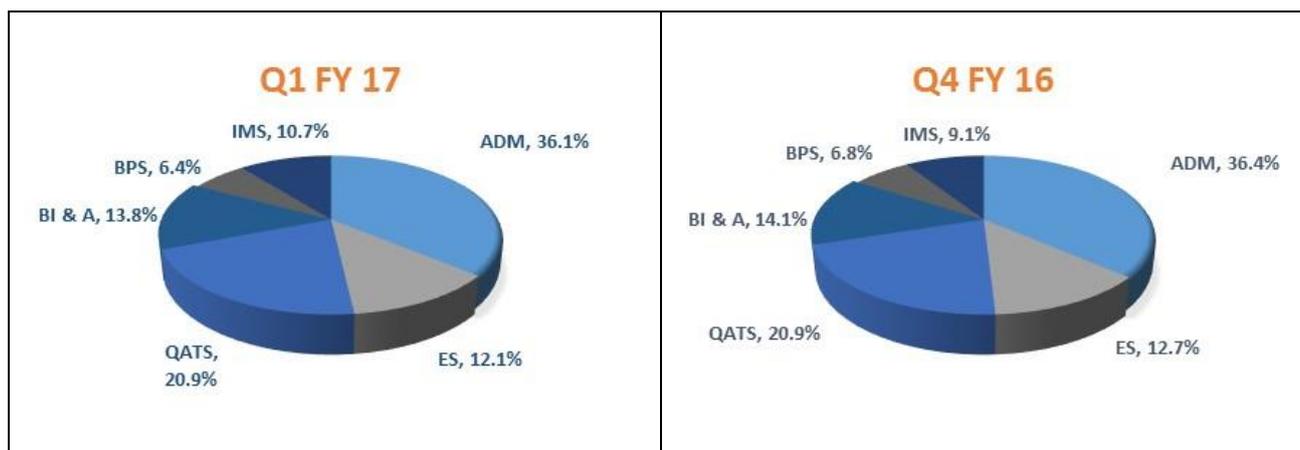
Vertical Split



Geography Split



Service Lines Split



Service Lines have been regrouped and reclassified from Q1 2016 to represent our current organisation structure

Revenue Growth

Particulars	Segments	31-Mar-17	
		Q o Q	Y o Y
Geography	Americas	3.1%	19.3%
	Europe	3.4%	9.0%
	Asia Pacific	19.7%	33.5%
Service Lines Split	Application Devt & Maint (ADM)	3.3%	13.9%
	Enterprise Solutions (ES)	-0.1%	4.9%
	Testing / Digital Assurance (QATS)	4.1%	22.9%
	Business Intelligence & Analytics (BI&A)	2.1%	7.8%
	Business Process Services (BPS)	-1.4%	31.7%
	Infrastructure Management Services (IMS)	21.4%	74.2%
Vertical Split	Banking & Financial Services	5.6%	29.4%
	Travel & Transportation	7.5%	5.8%
	Healthcare & Insurance	-0.9%	6.4%
	Manufacturing, Consumer & others	3.3%	19.3%

Service Lines have been regrouped and reclassified from Q1 2016 to represent our current organisation structure

Mumbai – April 24, 2017: Hexaware Technologies Limited, a leading global provider of Application, Infrastructure, BPS and Digital services has reported stellar results for the first quarter of the calendar year ended March 31, 2017.

“We commence CY’17 on a positive note, with sustained revenue and EBIT growth of 19.0% and 41.2% YoY respectively in USD terms. This is driven by our Shrink IT Grow Digital strategy where we are enabling clients to reimagine their businesses, shrink IT costs and accelerate digital transformation.” remarked **Atul Nishar, Chairman, Hexaware Technologies Limited.**

“We are pleased to deliver yet another of quarter of solid, broad based growth. We reiterate our growth guidance for the year to be in double digits.” stated **R Srikrishna, CEO & Executive Director, Hexaware Technologies Limited.**

Booking Update

Strong TCV Booking of \$25 Mn from new customers, in line with our **Shrink IT Grow Digital** strategy:

- Second Gen Application Modernization, Support and Product Engineering for a global GRC software company
- Managing Customer Experience in the Digital Channel for a leading e-commerce company

Business Update

In Q1 2017, APAC led the geographic growth with 19.7% QoQ and 33.5% YoY growth. Infrastructure Management Services (IMS) led with a 21.4% QoQ and 74.2% YoY growth. Travel and Transportation led with a 7.5% QoQ growth. Banking and Financial Services (BFS) delivered strong growth of 5.6% QoQ and 29.4% YoY.

First Interim Dividend of 2017

The Board of Directors declared a first interim dividend of ₹ 1.00 per share (50%) on equity shares of ₹ 2.00 each. The record date is fixed as Monday, May 8, 2017 for determining the shareholders entitled for this first interim dividend of the year 2017. The payment shall be made on May 12, 2017. This would result in a cash outflow of ₹ 35.67 Crores for dividend payment including tax, resulting in a dividend payout ratio of 31% for Q1 2017.

Foreign Exchange Cover

The Company has hedges worth \$ 141.66 Mn at an average exchange rate of ₹ 72.77, € 4.10 Mn at an average exchange rate of ₹ 81.36 and £ 4.20 Mn at an average exchange rate of ₹ 99.08 maturing over the course of the next eight quarters (from April 2017 to March 2019).

Awards and Recognition

Hexaware has been mentioned in "Major Contenders" category in the Everest Report titled "Big Data in Global banking Service Providers Assessment 2016" Dated 2nd January by Analyst Jimit Arora

Hexaware has been mentioned In Novarica' s Market Navigator Report Titled "Business Intelligence Solutions for Insurers" Dated 6th January by Analyst Jeff Goldberg & Tom Benetton

Hexaware has been mentioned in High Potentials category in the report titled "Capital Markets Operations- HFS Blueprint" Dated 12th January by Analyst Reetika Joshi

Hexaware has been mentioned in "Aspirants" category in the Everest Report titled "Big Data in Insurance Service Providers Assessment 2016" Dated 19th January by Analyst Jimit Arora

Hexaware has been mentioned in "Major Contenders" category in the Everest Report titled "Mobility in Insurance Service Providers Assessment 2016" Dated 29th January by Analyst Jimit Arora

Hexaware mentioned in the Novarica Report Titled "IT Service Providers for Insurance" Dated 29th January by Analyst Justina Lee & Tom Benton

Hexaware has been mentioned in "Aspirants" category in the Everest Report titled "Healthcare Payer BPO Assessment 2016" Dated 3rd February by Analyst Anupam Jain

Hexaware has been mentioned In Celent Report Titled "Data Vendors in Insurance" Dated 17th Feb by Analyst Craig Beattie & Nicholas

Hexaware has been positioned in "Leaders" category in Nelson Hall's NEAT Vendor Evaluation for "RPA & AI in Banking" under AI, Legacy Process Automation, RPA, Support for Banking Models & Overall Segments Dated 17th Feb by Analyst Andy Efstathiou

Hexaware has been mentioned in the Forrester report titled "Vendor Landscape: Workday Services Partners" Dated 10th March by Analyst Liz Herbert

About Hexaware

Hexaware is a leading global provider of IT, Application, Infrastructure, BPO and Digital services. Our business philosophy of *Shrink IT, Grow Digital* allows customers to significantly shrink commodity IT spend while partnering with them to embrace digitalization. The Company focuses on key domains such as Banking, Financial Services, Capital Market, Healthcare, Insurance, Manufacturing, Retail, Education, Telecom, Travel, Transportation and Logistics. Hexaware is committed to deliver business results and leverage technology solutions by specializing in Application Development & Maintenance, Business Intelligence & Analytics, Quality Assurance and Testing Services, Infrastructure Management Services, Business Process Services and Enterprise Solutions. Founded in 1990, Hexaware has a well-established global delivery model armed with proprietary tools and methodologies, skilled human capital and SEI CMMI-Level 5 certification. For additional information logon to: www.hexaware.com

Safe Harbor Statement

Certain statements in this press release 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 in India, 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.

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The financial results are in accordance with Ind AS for the quarter ended March 31st, 2017. Accordingly the figures for previous periods have been restated in accordance with Ind AS.

Consolidated Income Statement - Ind AS

₹ Mn

Head	Quarterly Data				
	Q1 17	Q4 16	QoQ%	Q1 16	YoY%
Revenues	9,605	9,409	2.1%	8,202	17.1%
Direct Costs	6,280	6,100	3.0%	5,380	16.7%
Gross Profit	3,325	3,309	0.5%	2,822	17.8%
Selling / General And Administration	1,648	1,617	1.9%	1,561	5.6%
EBITDA* excluding ESOP Costs	1,677	1,692	-0.9%	1,261	32.9%
ESOP Costs	54	55	-2.7%	73	-26.6%
EBITDA	1,623	1,637	-0.9%	1,188	36.6%
Depreciation and Amortization	157	138	13.8%	137	14.7%
Operating Profit = EBIT	1,466	1,499	-2.2%	1,051	39.5%
Other Income (net)	12	14	-14.8%	11	3.9%
Forex Gains / (Losses)	16	126	-87.1%	44	-63.4%
Profit Before Tax	1,494	1,638	-8.8%	1,106	35.0%
Provision for Tax	355	408	-13.1%	268	32.2%
Profit After Tax	1,139	1,230	-7.4%	838	35.9%

Key Ratios	Q1 17	Q4 16	QoQ%	Q1 16	YoY%
Gross Margin	34.6%	35.2%	-0.6%	34.4%	0.2%
SG&A to Revenue	17.2%	17.2%	0.0%	19.0%	-1.8%
EBITDA* excluding ESOP Costs	17.5%	18.0%	-0.5%	15.4%	2.1%
EBITDA	16.9%	17.4%	-0.5%	14.5%	2.4%
Operating / EBIT Margin	15.3%	15.9%	-0.6%	12.8%	2.5%
Profit before tax	15.5%	17.4%	-1.9%	13.5%	2.0%
Profit after Tax	11.9%	13.1%	-1.2%	10.2%	1.7%
EPS- INR					
Basic	3.80	4.07	(0.27)	2.78	1.02
Diluted	3.77	4.04	(0.27)	2.76	1.01

Consolidated Audited Balance Sheet- Ind AS

₹ Mn

Head	As at Mar 31 2017	As at Dec 31 2016
Assets		
Property, plant and equipment and intangible	5,474	4,787
Capital work-in-progress	2,672	3,233
Deferred tax assets (net)	1,236	1,252
Other non-current assets & investments in associates	1,548	1,475
Trade receivables and unbilled revenue	7,770	7,015
Other current assets	1,489	1,066
Cash and cash equivalents	3,231	4,482
Total assets	23,422	23,310
Equity and liabilities		
Equity		
Equity Share capital	593	604
Other Equity and reserves	16,358	16,805
Total equity	16,950	17,409
Liabilities		
Non-current liabilities	29	31
Trade payables	1,284	1,291
Other current liabilities	4,016	3,424
Provisions	1,143	1,154
Total liabilities	6,472	5,901
Total equity and liabilities	23,422	23,310

Performance Review

Revenue Growth	INR, Mn	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16	FY 16
	Revenue from Operations		9,605	9,409	9,041	8,697	8,202
% , q-o-q		2	4	4	6	0	13
Other Income		12	14	3	10	11	38

Vertical Split	%	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16	FY 16
	Banking and Financial Services		42.7	42.1	41.6	40.0	39.2
Travel & Transportation		13.6	13.2	14.5	14.5	15.3	14.3
Healthcare & Insurance		15.7	16.5	16.0	17.1	17.5	16.7
Manufacturing, Consumer & others		28.0	28.2	27.9	28.4	28.0	28.2
Total		100.0	100.0	100.0	100.0	100.0	100.0

Service Lines Split	%	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16	FY 16
	Application Development & Maintenance (ADM)		36.1	36.4	36.0	36.5	37.7
Enterprise Solutions		12.1	12.7	13.0	13.3	13.7	13.2
QATS /Digital Assurance		20.9	20.9	20.3	20.1	20.3	20.4
Business Intelligence & Analytics		13.8	14.1	15.2	15.6	15.2	15.0
Business Process Services (BPS)		6.4	6.8	6.8	6.5	5.8	6.5
Infrastructure Management Services (IMS)		10.7	9.1	8.7	8.0	7.3	8.3
Total		100.0	100.0	100.0	100.0	100.0	100.0

Geography	%	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16	FY 16
	Americas		81.6	82.5	82.0	80.9	81.4
Europe		11.0	11.1	11.6	12.5	12.0	11.8
Asia Pacific		7.4	6.4	6.4	6.6	6.6	6.5
Total		100.0	100.0	100.0	100.0	100.0	100.0

Onsite: Offshore Mix	%	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16	FY 16
	Onsite		66.6	64.5	65.6	63.9	63.1
Offshore (Incl. Nearshore)		33.4	35.5	34.4	36.1	36.9	35.7
Total		100.0	100.0	100.0	100.0	100.0	100.0

Client data

Repeat Business	%	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16
			93.8	95.4	95.4	95.2

Clients billed	No	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16
			222	220	222	226

Clients added	No	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16	FY 16
			6	7	7	6	10

DSO	Days	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16
	Billed		46	43	50	46
Including Unbilled Accruals		74	68	75	74	78

Revenue Concentration	%	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16	FY 16
	Top 5		45.6	46.3	47.0	43.1	42.9
Top 10		56.7	57.4	58.3	55.2	55.3	56.5

Client Size	Nos (Last Twelve Months)	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16
	More than \$ 1 Mn +		81	78	77	76
Between \$ 1 to 5 Mn		67	64	63	62	58
Between \$ 5 to 10 Mn		6	6	6	6	6
Between \$ 10 to 20 Mn		3	3	3	3	5
Over \$ 20 Mn		5	5	5	5	4

People Numbers	%	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16
	Billable Personnel (IT Services)					
Onsite		18.4%	18.5%	18.0%	17.3%	16.8%
Offshore		45.9%	46.1%	47.0%	49.1%	53.3%
Total		64.3%	64.6%	65.0%	66.4%	70.1%
Marketing (Incl. Sales Support)		3.2%	3.3%	3.5%	3.8%	3.5%
Others (Incl. Tech. Support)		4.9%	5.0%	5.0%	5.0%	5.0%
BPS (Technical)		27.6%	27.1%	26.5%	24.8%	21.4%
Grand Total		100.0%	100.0%	100.0%	100.0%	100.0%

Utilization	%	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16	FY 16
			78.9	78.6	74.1	70.0	69.6

Attrition Rate	%	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16
	Last Twelve Months		14.9	16.1	16.5	16.6

Rupee Dollar Rate		Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16	Q1 FY 16	FY 16
	Period Closing rate		64.85	67.93	66.62	67.53	66.26
Period average rate		66.47	67.70	66.87	67.04	67.49	67.27

Consolidated Income Statement - Ind AS

USD K

Head	Quarterly Data				
	Q1 17	Q4 16	QoQ%	Q1 16	YoY%
Revenues	144,748	138,949	4.2%	121,687	19.0%
Direct Costs	94,576	90,080	5.0%	79,758	18.6%
Gross Profit	50,172	48,868	2.7%	41,929	19.7%
Selling / General And Administration	24,819	23,882	3.9%	23,107	7.4%
EBITDA* excluding ESOP Costs	25,353	24,986	1.5%	18,822	34.7%
ESOP Costs	810	817	-0.8%	1,086	-25.4%
EBITDA	24,543	24,169	1.5%	17,736	38.4%
Depreciation and Amortization	2,373	2,042	16.3%	2,033	16.7%
Operating Profit = EBIT	22,169	22,128	0.2%	15,703	41.2%
Other Income (net)	179	205	-12.9%	169	5.5%
Forex Gains / (Losses)	234	1,846	-87.3%	633	-63.0%
Profit Before Tax	22,582	24,179	-6.6%	16,506	36.8%
Provision for Tax	5,354	6,024	-11.1%	4,003	33.7%
Profit After Tax	17,228	18,154	-5.1%	12,503	37.8%

Key Ratios	Q1 17	Q4 16	QoQ%	Q1 16	YoY%
Gross Margin	34.7%	35.2%	-0.5%	34.5%	0.2%
SG&A to Revenue	17.1%	17.2%	-0.1%	19.0%	-1.9%
EBITDA* excluding ESOP Costs	17.5%	18.0%	-0.5%	15.5%	2.0%
EBITDA	17.0%	17.4%	-0.4%	14.6%	2.4%
Operating / EBIT Margin	15.3%	15.9%	-0.6%	12.9%	2.4%
Profit before tax	15.6%	17.4%	-1.8%	13.6%	2.0%
Profit after Tax	11.9%	13.1%	-1.2%	10.3%	1.6%