

**Hexaware Reports Q1 2018 results**  
**Q1 Revenue at \$162.2 Mn, up 3.9% QoQ, 12.1% YoY**  
**Profitability Outgrows Revenue**  
**PAT at \$20.7 mn; up 10.3% QoQ, 20.3% YoY**

USD Mn	Q1 18	Growth	
		QoQ	YoY
Revenue (Constant Currency )	161.2	3.3%	10.1%

₹ Mn	Q1 18	Growth	
		QoQ	YoY
Revenue	10,490	4.4%	9.2%
EBITDA*	1,719	1.7%	2.5%
EBIT	1,474	2.4%	0.6%
PAT	1,343	11.0%	17.9%

USD Mn	Q1 18	Growth	
		QoQ	YoY
Revenue	162.2	3.9%	12.1%
EBITDA*	26.5	1.0%	4.7%
EBIT	22.8	1.8%	2.7%
PAT	20.7	10.3%	20.3%

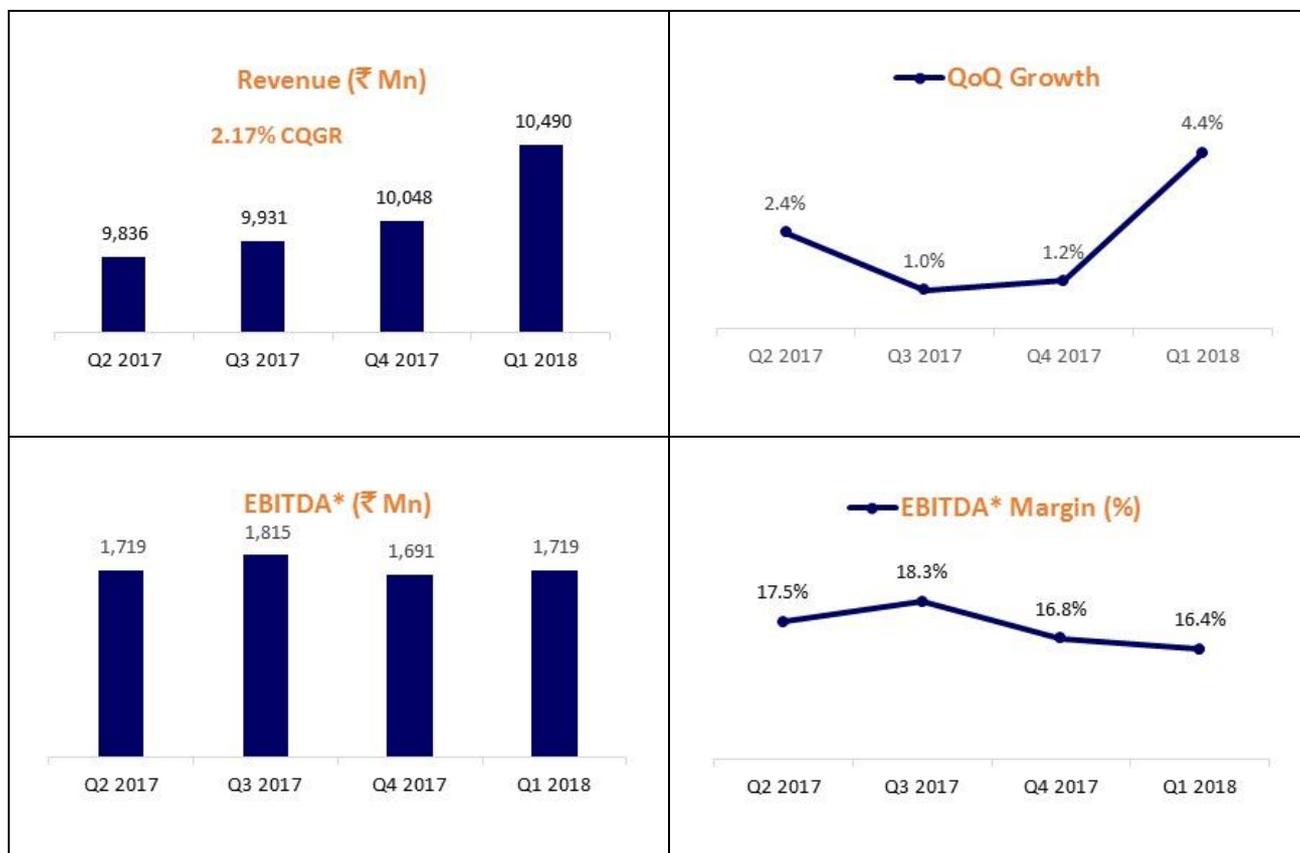
EBITDA\* - Excludes ESOP Cost

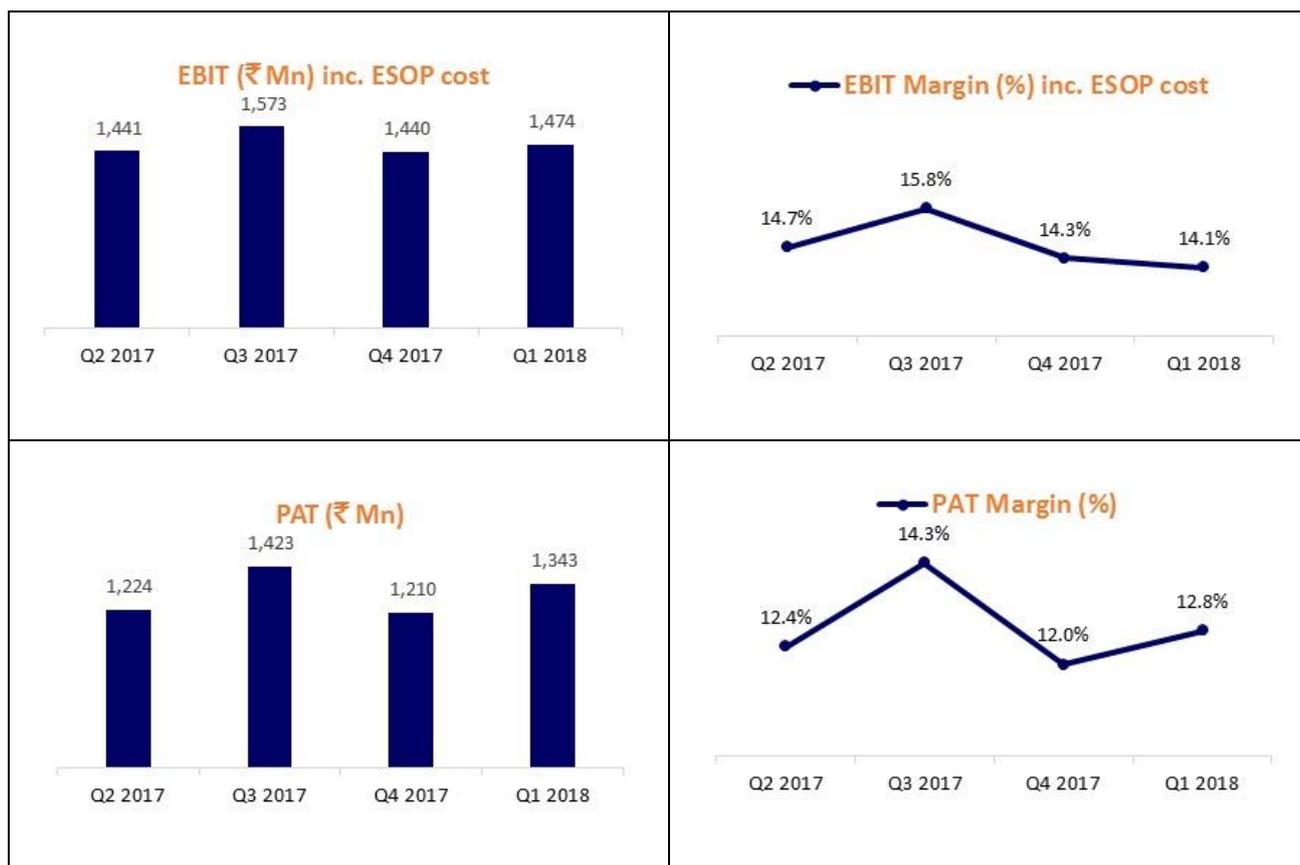
**Q1 Performance Highlights in US\$ terms**





**Q1 Performance Highlights in ₹ terms**





**ROI**



**Cash**

- Cash & Cash equivalents at the end of March 2018 at US\$ 94.03 Mn; ₹ 613 crores
- Days of Sales Outstanding (DSO) was 47 days at the end of Q1 2018
- Fourth Interim Dividend of ₹ 1.00 (50%) for Q1 2018. *(Committed to capital return of ₹8 per share for the year)*

**New Wins**

- 3 new clients signed in Q1 2018 with TCV of US\$ 28 Mn

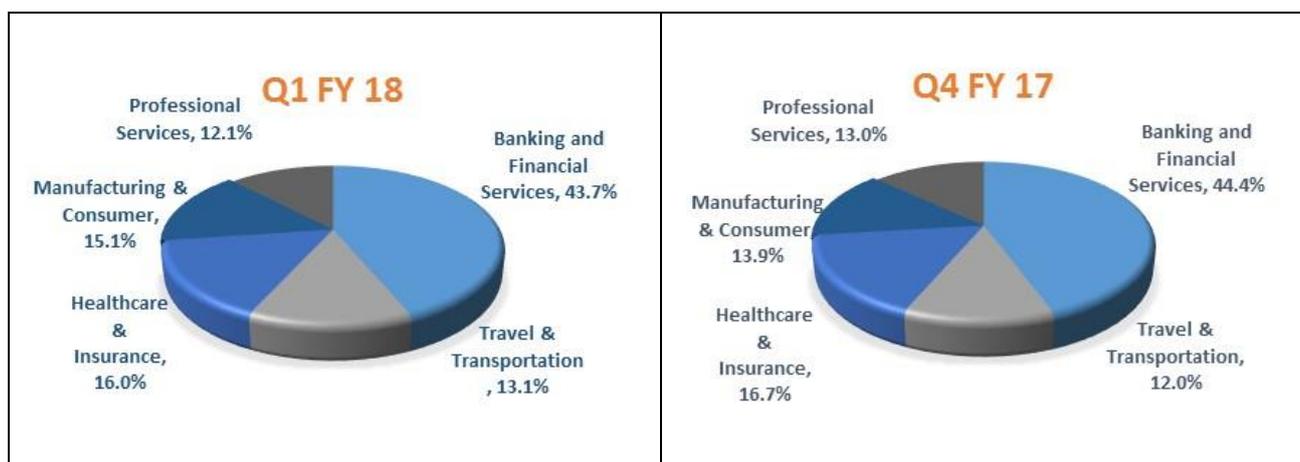


**Human Capital**

- Headcount stood at 14,619 at the end of Q1 2018; up 1,885 YoY, up 914 QoQ
- Utilization stood at 81.3% (including trainees) in the Quarter
- Attrition at the end of March 2018 was at 13.4%

**Revenue Split**

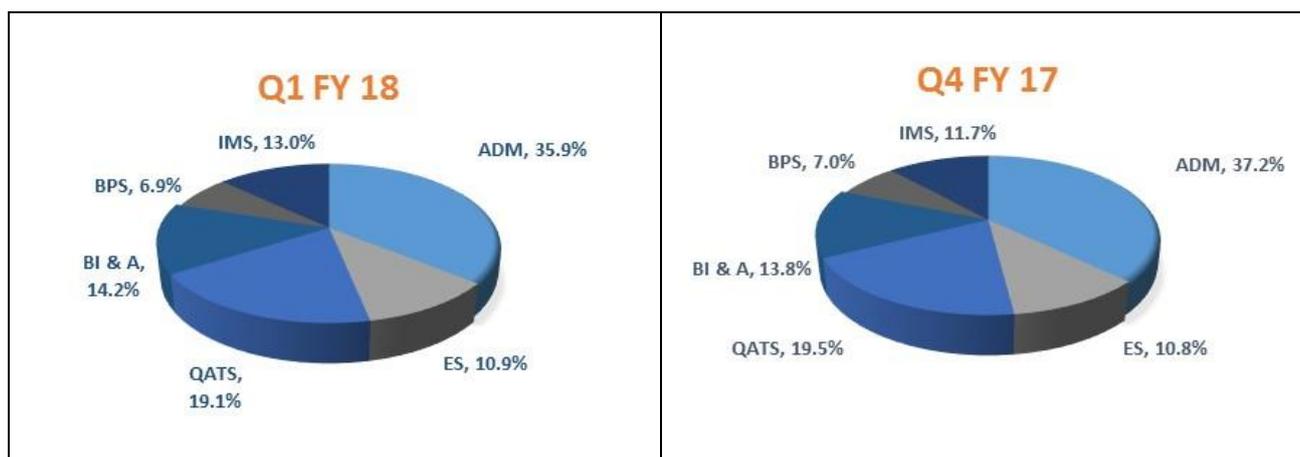
**Vertical Split**



**Geography Split**



**Service Lines Split**



**Revenue Growth**

Particulars	Segments	31-Mar-18	
		Q o Q	Y o Y
Geography	Americas	0.7%	3.3%
	Europe	7.3%	27.3%
	Asia Pacific	24.6%	86.1%
Service Lines Split	Application Devt & Maint (ADM)	0.3%	11.4%
	Enterprise Solutions (ES)	4.7%	0.3%
	Testing / Digital Assurance (QATS)	2.0%	2.3%
	Business Intelligence & Analytics (BI&A)	6.7%	15.0%
	Business Process Services (BPS)	2.6%	20.9%
	Infrastructure Management Services (IMS)	15.2%	37.8%
Vertical Split	Banking & Financial Services	2.1%	14.6%
	Travel & Transportation	13.6%	8.1%
	Healthcare & Insurance	-0.4%	14.7%
	Manufacturing & Consumer	13.0%	23.6%
	Professional Services	-2.9%	-5.6%

**Mumbai – May 3, 2018:** Hexaware Technologies Limited, the fastest growing automation-led, next-generation provider of IT, BPO and Consulting services has reported robust numbers for the first quarter of the calendar year ended March 31, 2018.

“I am pleased that the differentiated strategy we are pursuing at Hexaware has worked well and we have met shareholders expectations consistently, leading to an important milestone of crossing \$2bn market cap.” remarked **Atul Nishar, Chairman, Hexaware Technologies Limited.**

“We are pleased to have a solid start to the year which puts us well on course for another solid year of growth.” stated **R Srikrishna, CEO & Executive Director, Hexaware Technologies Limited.**



## Booking Update

TCV Booking of \$28 Mn from new customers, in line with our strategy:

- Cost optimization leveraging automation across Finance & Accounts and software development for a global Test administration service provider
- Remote Infrastructure Monitoring & Support Services for a global law firm
- Enterprise monitoring & DevOps services for a global Fortune 100 construction machinery and equipment company

## Business Update

In Q1 2018, APAC led geographic growth with 24.6% QoQ and 86.1% YoY growth. Infrastructure Management Services (IMS) showed sturdy growth of 15.2% QoQ and 37.8% YoY. Travel and Transportation delivered 13.6% QoQ growth this quarter. Manufacturing & Consumer delivered 13.0% QoQ and 23.6% YoY growth

## First Interim Dividend of 2018

The Board of Directors declared first interim dividend of ₹ 1.00 per share (50%) on equity shares of ₹ 2.00 each. The record date is fixed as Tuesday, 15th May 2018 for determining the shareholders entitled for this first interim dividend of the year 2018. The payment shall be made on Friday, 18th May 2018. This would result in a cash outflow of ₹ 35.79 Crores for dividend payment including tax, resulting in a dividend payout ratio of 27% for Q1 2018.

*Note - Committed to capital return of ₹8 per share for the year*

## Foreign Exchange Cover

The Company has hedges worth \$ 177.78 Mn at an average exchange rate of ₹ 70.03, € 6.60 Mn at an average exchange rate of ₹ 84.51 and £ 11.60 Mn at an average exchange rate of ₹ 94.18 maturing over the course of the next eight quarters (from April 2018 to March 2020).

## Awards and Recognition

HfS mentions Hexaware as "High Potentials" in their blueprint report for "Healthcare Business Process Operations" by analyst Barbra McGann dated 2nd January 2018.

Hexaware has been mentioned in "Aspirants" Category in Everest report titled "Digital Services In P&C Insurance" by analyst Jimit Arora dated 2nd January 2018.

Novarica Mentions Hexaware among the vendors Offering Life/Annuities & Property/Casualty Solutions in the report titled "IT service Providers for Insurers" by Analyst Tom Benetton & Jeffery Goldberg dated 20th January 2018.

Hexaware has been mentioned among the sample Vendors offering RPA in Gartner Report titled "Robotic Process Automation: Eight Guidelines for Effective Results" by analyst Cathy Tombohm dated 2nd February 2018.

Hexaware Mentioned in the Everest Report titled "Healthcare Payer BPO Service Provider Compendium" by analyst Manu Aggarwal dated 2nd February 2018.

Hexaware has been mentioned among the vendors offering Healthcare solution in Gartner Report titled "Market Guide for Healthcare Provider Population Health Management Solutions: 2018 Update" by analyst Laura Craft dated 15th February 2018.



Hexaware recognized as Everest Group's IT Service Provider of the Year, 2018 — Second Time in a Row.

Forrester Mentions Hexaware among the vendors offering API services in the report titled " API Strategy & Delivery Service Providers Q1 2018" by analyst Randy Heffner dated 21st March 2018.

Forrester Mentions Hexaware among the vendors offering Integration strategy services in the report titled " Integration Strategy & Delivery Service Providers Q1 2018" by analyst Randy Heffner dated 21st March 2018.

Forrester Mentions Hexaware among the vendors offering Microservices strategy services in the report titled " Microservices Strategy & Delivery Service Providers Q1 2018" by analyst Randy Heffner dated 21st March 2018.

### **About Hexaware**

Hexaware is a fast growing IT, BPO and Consulting Company. Our focus is to help customers Shrink IT to eliminate costs and improve delivery of commodity IT using automation and technology. Transforming customer experience is at the heart of our Grow Digital strategy. We serve customers in Banking, Financial Services, Capital Markets, Healthcare, Insurance, Manufacturing, Retail, Education, Telecom, Travel, Transportation and Logistics. We deliver highly differentiated services in Rapid Application prototyping, development and deployment; Build, Migrate and Run cloud solutions; Automation-based Application support; Enterprise Solutions for digitizing the back-office; Customer Experience Transformation; Business Intelligence & Analytics; Digital Assurance (Testing); Infrastructure Management Services; and Business Process Services.

Hexaware services customers in over two dozen languages, from every major time zone and every major regulatory zone. Our goal is to be the first IT services company in the world to have a 50% digital workforce. Learn more about Hexaware at <http://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.

For more information contact:

**Sreedatri Chatterjee**

**Hexaware Technologies Limited**

Tel: +91 (22) 6654 2682 / 83

E-mail: [sreedatric@hexaware.com](mailto:sreedatric@hexaware.com)



## Consolidated Income Statement - Ind AS

₹ Mn

Head	Quarterly Data				
	Q1 18	Q4 17	QoQ%	Q1 17	YoY%
<b>Revenues</b>	<b>10,490</b>	<b>10,048</b>	<b>4.4%</b>	<b>9,605</b>	<b>9.2%</b>
Direct Costs	6,949	6,658	4.4%	6,280	10.7%
<b>Gross Profit</b>	<b>3,540</b>	<b>3,390</b>	<b>4.4%</b>	<b>3,325</b>	<b>6.5%</b>
Selling / General And Administration	1,822	1,699	7.2%	1,648	10.5%
<b>EBITDA* excluding ESOP Costs</b>	<b>1,719</b>	<b>1,691</b>	<b>1.7%</b>	<b>1,677</b>	<b>2.5%</b>
ESOP Costs	93	92	0.8%	54	73.0%
<b>EBITDA</b>	<b>1,626</b>	<b>1,598</b>	<b>1.7%</b>	<b>1,623</b>	<b>0.2%</b>
Depreciation and Amortization	151	159	-4.7%	157	-3.8%
<b>Operating Profit = EBIT</b>	<b>1,474</b>	<b>1,440</b>	<b>2.4%</b>	<b>1,466</b>	<b>0.6%</b>
Other Income (net)	9	4	139.0%	12	-26.9%
Forex Gains / (Losses)	195	128	52.6%	16	1101.6%
<b>Profit Before Tax</b>	<b>1,678</b>	<b>1,571</b>	<b>6.8%</b>	<b>1,494</b>	<b>12.3%</b>
Provision for Tax	336	361	-7.1%	355	-5.4%
<b>Profit After Tax</b>	<b>1,342</b>	<b>1,210</b>	<b>10.9%</b>	<b>1,139</b>	<b>17.8%</b>
Share of Profit in associate	(1.05)	(0.03)	NA	0.22	NA
<b>PAT After Loss in Associate</b>	<b>1,343</b>	<b>1,210</b>	<b>11.0%</b>	<b>1,139</b>	<b>17.9%</b>

Key Ratios	Q1 18	Q4 17	QoQ%	Q1 17	YoY%
Gross Margin	33.8%	33.7%	0.1%	34.6%	-0.8%
SG&A to Revenue	17.4%	16.9%	0.5%	17.2%	0.2%
EBITDA* excluding ESOP Costs	16.4%	16.8%	-0.4%	17.5%	-1.1%
EBITDA	15.5%	15.9%	-0.4%	16.9%	-1.4%
Operating / EBIT Margin	14.1%	14.3%	-0.2%	15.3%	-1.2%
Profit before tax	16.0%	15.6%	0.4%	15.5%	0.5%
Profit after Tax	12.8%	12.0%	0.8%	11.9%	0.9%
EPS-INR					
Basic	4.52	4.08	0.44	3.80	0.72
Diluted	4.46	4.02	0.44	3.77	0.69



## Consolidated Audited Balance Sheet- Ind AS

₹ Mn

<b>Head</b>	<b>As at Mar 31 2018</b>	<b>As at Dec 31 2017</b>
<b>Assets</b>		
Property, plant and equipment and intangible	5,450	5,414
Capital work-in-progress	2,481	2,563
Deferred tax assets	1,469	1,336
Other non-current assets & investments in associates	1,515	1,571
Trade receivables and unbilled revenue	8,699	7,729
Other current assets	1,273	1,319
Cash and cash equivalents (inc. restricted)	6,129	5,521
<b>Total assets</b>	<b>27,015</b>	<b>25,453</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Equity Share capital	594	594
Other Equity and reserves	20,588	19,479
<b>Total equity</b>	<b>21,182</b>	<b>20,073</b>
<b>Liabilities</b>		
Non-current liabilities	48	31
Trade payables	2,299	2,204
Other current liabilities	2,580	2,258
Provisions	906	887
<b>Total liabilities</b>	<b>5,833</b>	<b>5,380</b>
<b>Total equity and liabilities</b>	<b>27,015</b>	<b>25,453</b>



Performance Review

Revenue Growth	₹, Mn	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17	Q1 FY 17	FY 17
	Revenue from Operations		10,490	10,048	9,931	9,836	9,605
% q-o-q		4	1	1	2	2	12
Other Income		9	4	10	8	12	34

Vertical Split #	%	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17	Q1 FY 17	FY 17
	Banking and Financial Services		43.7	44.4	43.4	43.3	42.7
Travel & Transportation		13.1	12.0	13.2	13.4	13.6	13.0
Healthcare & Insurance		16.0	16.7	16.6	15.6	15.7	16.2
Manufacturing & Consumer		15.1	13.9	13.4	13.4	13.6	13.6
Professional Services		12.1	13.0	13.4	14.3	14.4	13.7
Total		100.0	100.0	100.0	100.0	100.0	100.0

Service Lines Split	%	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17	Q1 FY 17	FY 17
	Application Development & Maintenance (ADM)		35.9	37.2	36.3	36.5	36.1
Enterprise Solutions		10.9	10.8	11.3	11.6	12.1	11.4
QATS /Digital Assurance		19.1	19.5	20.0	19.7	20.9	20.0
Business Intelligence & Analytics		14.2	13.8	13.8	14.0	13.8	13.8
Business Process Services (BPS)		6.9	7.0	7.3	7.2	6.4	7.0
Infrastructure Management Services (IMS)		13.0	11.7	11.3	11.0	10.7	11.3
Total		100.0	100.0	100.0	100.0	100.0	100.0

Geography	%	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17	Q1 FY 17	FY 17
	Americas		75.3	77.7	79.1	80.8	81.6
Europe		12.5	12.1	11.3	11.2	11.0	11.4
Asia Pacific		12.2	10.2	9.6	8.0	7.4	8.8
Total		100.0	100.0	100.0	100.0	100.0	100.0

Onsite: Offshore Mix with BPO	%	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17	Q1 FY 17	FY 17
	Onsite		65.4	65.1	65.4	64.7	64.5
Offshore (Incl.Nearshore)		34.6	34.9	34.6	35.3	35.5	35.1
Total		100.0	100.0	100.0	100.0	100.0	100.0

Client data

Repeat Business	%	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17	Q1 FY 17
			94.3	94.3	95.3	93.9

Clients billed	No	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17	Q1 FY 17
			224	221	218	220

Clients added	No	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17	Q1 FY 17	FY 17
			5	8	8	9	6

# We have reported Professional Services as a new vertical from Q1 2018 and prior period data is restated. This reclassification represents our current organization structure.



DSO	Days	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17	Q1 FY 17
	Billed		47	49	47	45
Including Unbilled Accruals		74	71	72	70	74

Revenue Concentration	%	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17	Q1 FY 17	FY 17
	Top 5		42.1	42.8	43.5	46.1	45.6
Top 10		52.8	52.9	54.8	56.5	56.7	55.0

Client Size	Nos (Last Twelve Months)	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17	Q1 FY 17
	More than \$ 1 Mn +		89	88	82	81
Between \$ 1 to 5 Mn		69	71	64	66	67
Between \$ 5 to 10 Mn		10	7	9	7	6
Between \$ 10 to 20 Mn		6	6	4	3	3
Over \$ 20 Mn		4	4	5	5	5

People Numbers	%	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17	Q1 FY 17
	Billable Personnel (IT + BPS Services)					
Onsite	19.0%	19.7%	19.9%	20.9%	20.9%	20.9%
Offshore	73.3%	72.5%	72.1%	71.2%	71.0%	71.0%
Total	92.3%	92.2%	92.0%	92.1%	91.9%	91.9%
Marketing (Incl. Sales Support)	3.2%	3.3%	3.3%	3.3%	3.2%	3.2%
Others (Incl. Tech. Support)	4.5%	4.5%	4.7%	4.6%	4.9%	4.9%
Grand Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Utilization	%	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17	Q1 FY 17	FY 17
			81.3	80.9	79.7	80.8	78.9

Attrition Rate	%	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17	Q1 FY 17
	Last Twelve Months		13.4	13.1	13.7	13.8

Rupee Dollar Rate		Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17	Q1 FY 17	FY 17
	Period Closing rate		65.18	63.88	65.29	64.58	64.85
Period average rate		64.65	64.36	64.46	64.44	66.47	64.93



## Consolidated Income Statement - Ind AS

USD K

Head	Quarterly Data				
	Q1 18	Q4 17	QoQ%	Q1 17	YoY%
<b>Revenues</b>	<b>162,204</b>	<b>156,104</b>	<b>3.9%</b>	<b>144,748</b>	<b>12.1%</b>
Direct Costs	107,494	103,436	3.9%	94,576	13.7%
<b>Gross Profit</b>	<b>54,710</b>	<b>52,667</b>	<b>3.9%</b>	<b>50,172</b>	<b>9.0%</b>
Selling / General And Administration	28,168	26,401	6.7%	24,819	13.5%
<b>EBITDA* excluding ESOP Costs</b>	<b>26,541</b>	<b>26,267</b>	<b>1.0%</b>	<b>25,353</b>	<b>4.7%</b>
ESOP Costs	1,441	1,435	0.4%	810	77.9%
<b>EBITDA</b>	<b>25,101</b>	<b>24,831</b>	<b>1.1%</b>	<b>24,543</b>	<b>2.3%</b>
Depreciation and Amortization	2,342	2,467	-5.1%	2,373	-1.3%
<b>Operating Profit = EBIT</b>	<b>22,759</b>	<b>22,365</b>	<b>1.8%</b>	<b>22,169</b>	<b>2.7%</b>
Other Income (net)	134	56	138.2%	179	-25.0%
Forex Gains / (Losses)	3,000	1,984	51.2%	234	1181.4%
<b>Profit Before Tax</b>	<b>25,893</b>	<b>24,404</b>	<b>6.1%</b>	<b>22,582</b>	<b>14.7%</b>
Provision for Tax	5,181	5,613	-7.7%	5,354	-3.2%
<b>Profit After Tax</b>	<b>20,712</b>	<b>18,791</b>	<b>10.2%</b>	<b>17,228</b>	<b>20.2%</b>
Share of Profit in associate	(16)	(0)	N.A.	3	N.A.
<b>PAT After Loss in Associate</b>	<b>20,728</b>	<b>18,792</b>	<b>10.3%</b>	<b>17,225</b>	<b>20.3%</b>

Key Ratios	Q1 18	Q4 17	QoQ%	Q1 17	YoY%
Gross Margin	33.7%	33.7%	0.0%	34.7%	-1.0%
SG&A to Revenue	17.4%	16.9%	0.5%	17.1%	0.3%
EBITDA* excluding ESOP Costs	16.4%	16.8%	-0.4%	17.5%	-1.1%
EBITDA	15.5%	15.9%	-0.4%	17.0%	-1.5%
Operating / EBIT Margin	14.0%	14.3%	-0.3%	15.3%	-1.3%
Profit before tax	16.0%	15.6%	0.4%	15.6%	0.4%
Profit after Tax	12.8%	12.0%	0.8%	11.9%	0.9%

