

Hexaware increases guidance for CY17 to 14-15% growth

Q2 Revenue at \$152.6 Mn, up 5.4% QoQ, 17.7% YoY

Profitability Outgrows Revenue

PAT at \$19.0 Mn, up 10.2% QoQ, 30.1% YoY

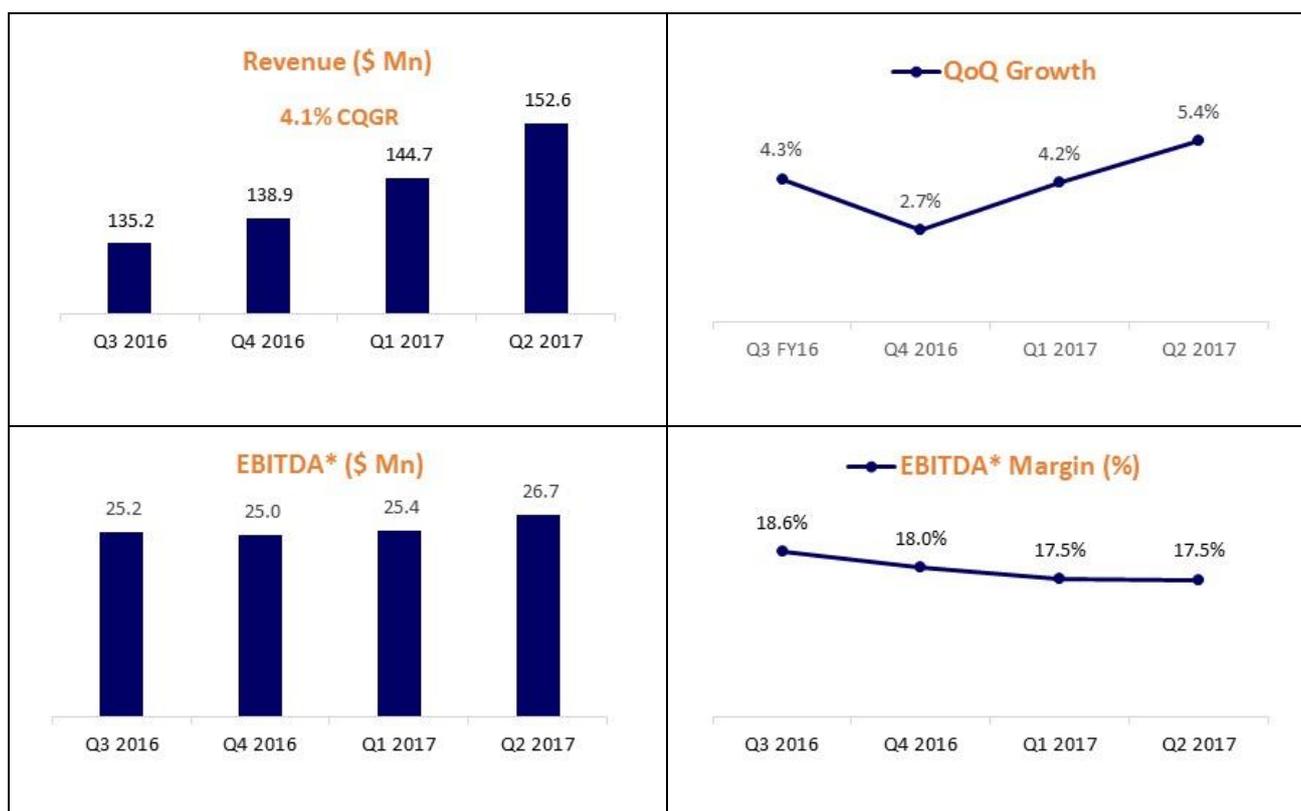
USD Mn	Q2 17	Growth	
		QoQ	YoY
Revenue (Constant Currency)	151.8	4.9%	18.2%

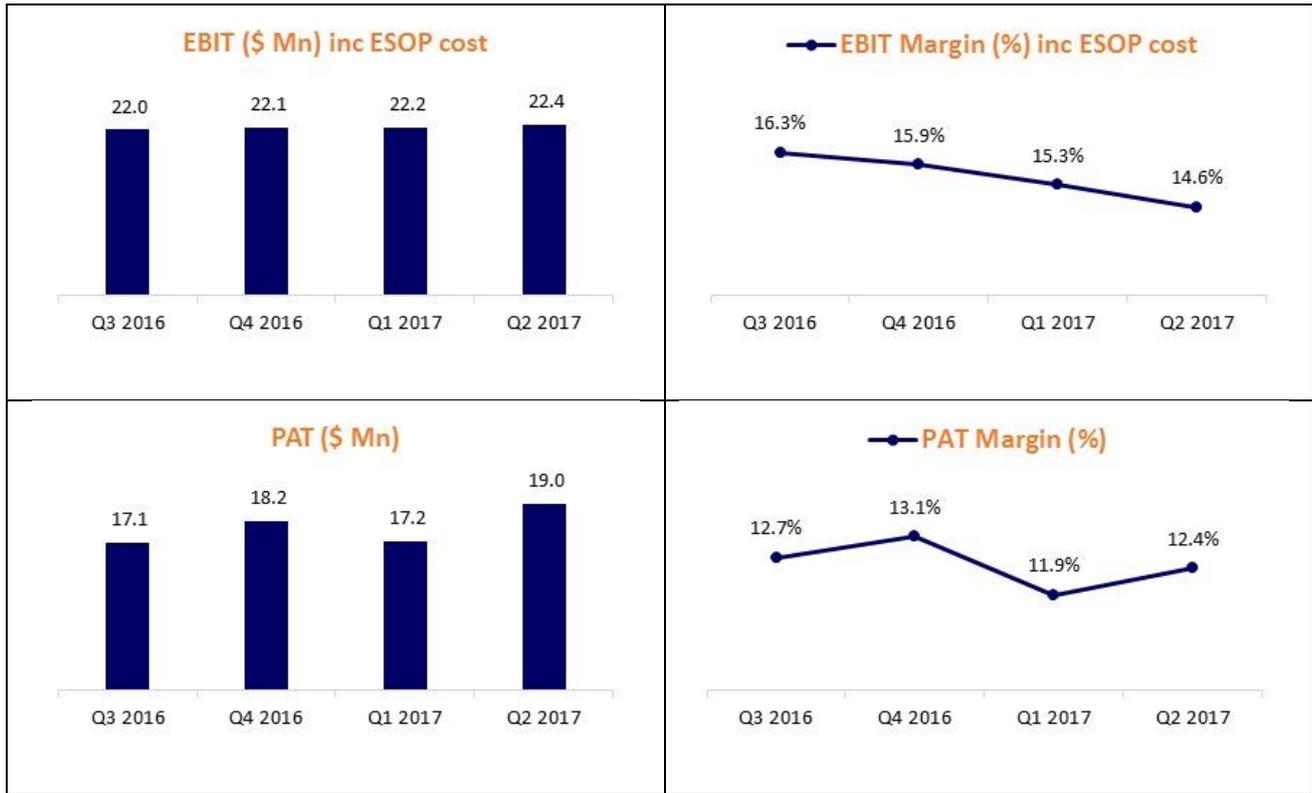
₹ Mn	Q2 17	Growth	
		QoQ	YoY
Revenue	9,836	2.4%	13.1%
EBITDA*	1,719	2.5%	25.2%
EBIT	1,441	-1.6%	21.2%
PAT	1,224	7.5%	24.9%

USD Mn	Q2 17	Growth	
		QoQ	YoY
Revenue	152.6	5.4%	17.7%
EBITDA*	26.7	5.2%	30.3%
EBIT	22.4	0.8%	26.2%
PAT	19.0	10.2%	30.1%

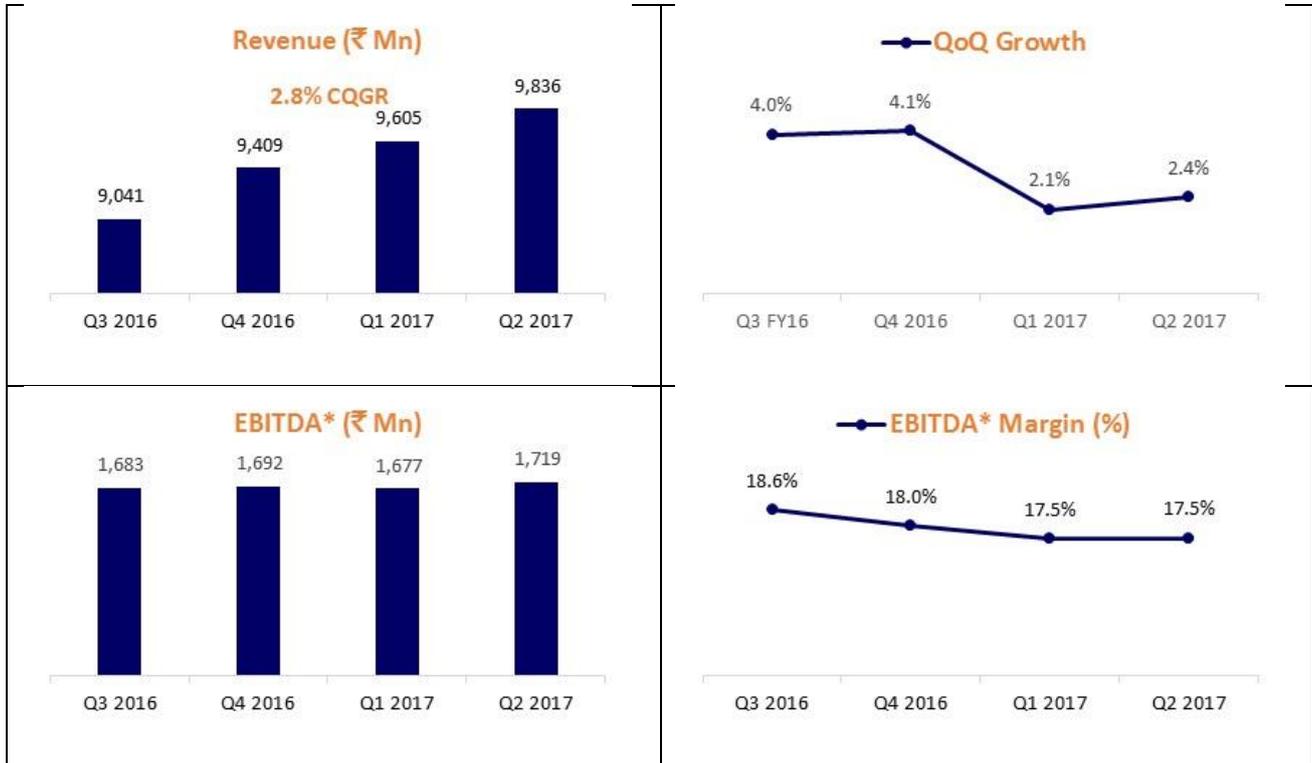
EBITDA* - Excludes ESOP Cost

Q2 Performance Highlights in US\$ terms





Q2 Performance Highlights in ₹ terms





ROI



Cash

- Cash & Cash equivalents at the end of June 2017 at US\$ 66.5 Mn; ₹ 429.5 crores
- Days of Sales Outstanding (DSO) was 45 days at the end of Q2 2017
- Second Interim Dividend of ₹ 1.00 (50%) for Q2 2017

New Wins

- 5 new clients signed in Q2 2017 with TCV of US\$ 40 Mn

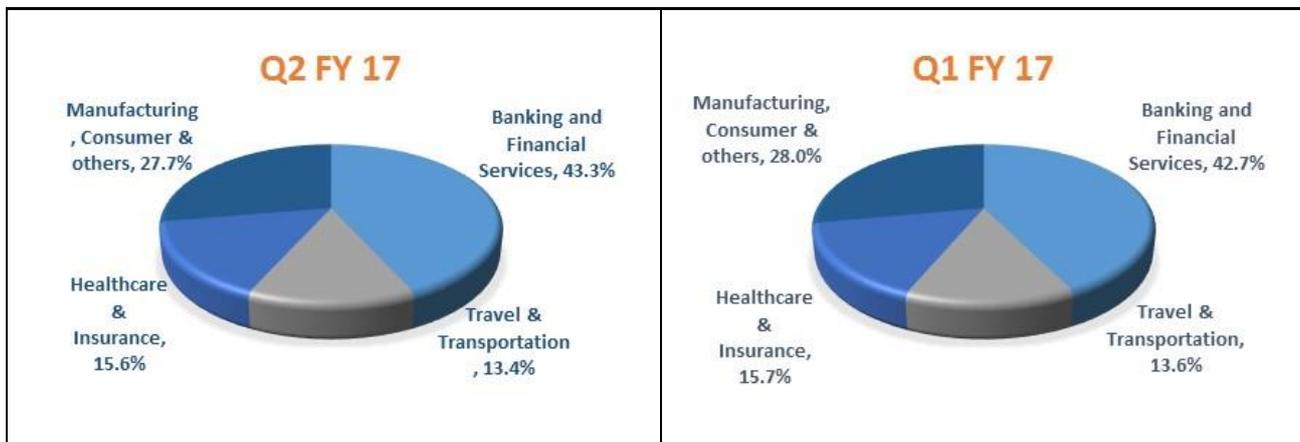
Human Capital

- Headcount stood at 13,098 at the end of Q2 2017; up 1,223 YoY, up 364 QoQ
- Utilization stood at 80.8% (including trainees) in the Quarter
- Attrition at the end of June 2017 was at 13.8%



Revenue Split

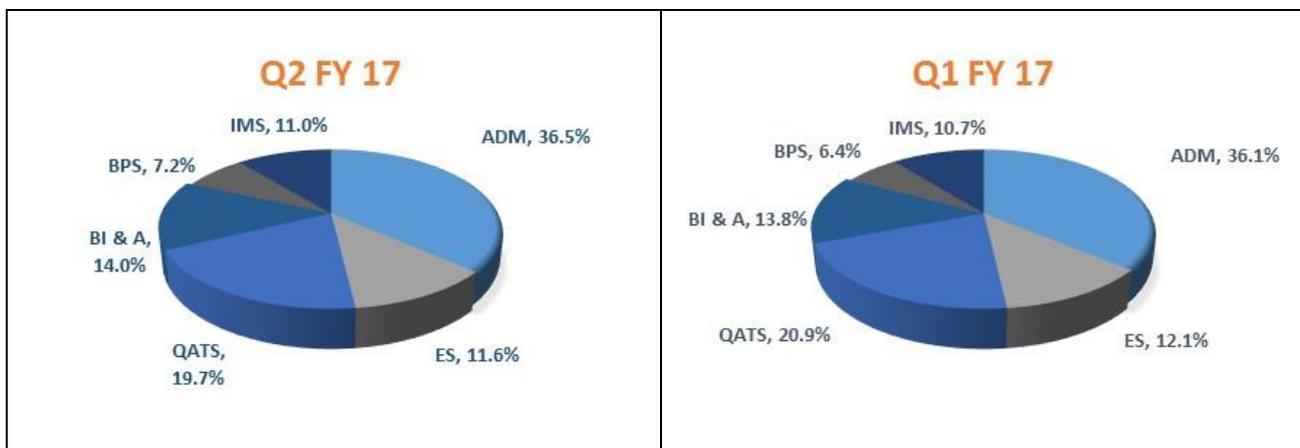
Vertical Split



Geography Split



Service Lines Split



Revenue Growth



Particulars	Segments	30-Jun-17	
		Q o Q	Y o Y
Geography	Americas	4.3%	17.5%
	Europe	7.0%	5.3%
	Asia Pacific	15.1%	43.9%
Service Lines Split	Application Devt & Maint (ADM)	6.5%	17.7%
	Enterprise Solutions (ES)	1.0%	3.1%
	Testing / Digital Assurance (QATS)	-0.6%	15.2%
	Business Intelligence & Analytics (BI&A)	6.8%	5.5%
	Business Process Services (BPS)	18.0%	30.0%
	Infrastructure Management Services (IMS)	9.4%	61.8%
Vertical Split	Banking & Financial Services	7.1%	27.6%
	Travel & Transportation	3.5%	9.0%
	Healthcare & Insurance	5.0%	7.7%
	Manufacturing, Consumer & others	4.1%	14.2%

Mumbai – July 31, 2017: Hexaware Technologies Limited, the fastest growing automation-led, next-generation provider of IT, BPO and Consulting services, has reported strong performance for the second quarter of the calendar year ended June 30, 2017.

“Hexaware demonstrated one more quarter of stellar revenue growth of 5.4%. This takes the last twelve quarter CQGR to 3.4%, clearly the highest organic growth in the industry.” remarked **Atul Nishar, Chairman, Hexaware Technologies Limited.**

“We continue to have robust, all round growth with every vertical, geography and service line growing. We are pleased to increase our guidance for growth for the year to a 14-15% range.” stated **R Srikrishna, CEO & Executive Director, Hexaware Technologies Limited.**

Booking Update

Strong TCV Booking of \$40 Mn from new customers, in line with our **Shrink IT Grow Digital** strategy:

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



Business Update

In Q2 2017, Banking and Financial Services (BFS) showed a 7.1% QoQ and 27.6% YoY growth. APAC led the geographic growth with 15.1% QoQ and 43.9% YoY growth. Business Process Services (BPS) delivered strong growth of 18.0% QoQ and 30.0% YoY. Infrastructure Management Services (IMS) showed growth of 9.4% QoQ and 61.8% YoY.

Corporate Update- Launch of Professional Services Vertical

The Professional Services vertical is in the throes of digital transformation, much like the IT industry is, and Hexaware sees a great opportunity in addressing this transformation based on the deep expertise built in the vertical over decades of servicing a global leader in this space. This addition comes at a juncture, when Hexaware, with its new brand identity and renewed focus, is on a transformational journey revolutionizing IT, helping customers reimagine their businesses, reduce IT spend and accelerate digital business transformation, fuelled by innovation and automation.

Hexaware's Bold, Renewed Brand Identity

During this Quarter, the Company unveiled its new brand identity and logo which reflects the vibrant personality and renewed purpose of the organization. This new brand identity is an important milestone given Hexaware's vision for the future which is: Fearlessly challenging traditional IT approaches, helping reimagine businesses, shrinking IT costs and embarking customers onto an optimistic digital future. Along with this futuristic vision, the logo seeks to reinforce a youthful outlook, create a strong visual representation of a move towards digitization, while honouring the company's iconic heritage. It also seeks to embody the high passion and progressive change that the company is embracing with automation, innovation and artificial intelligence.

Second Interim Dividend of 2017

The Board of Directors declared a second interim dividend of ₹ 1.00 per share (50%) on equity shares of ₹ 2.00 each. The record date is fixed as Friday, August 11, 2017 for determining the shareholders entitled for this second interim dividend of the year 2017. The payment shall be made on August 18, 2017. This would result in a cash outflow of ₹ 35.71 Crores for dividend payment including tax, resulting in a dividend payout ratio of 29% for Q2 2017.

Earlier in the year, the Board of Directors declared a first interim dividend of ₹ 1.00 per share (50%) on equity shares of ₹ 2.00 each. This had resulted in a cash outflow of ₹ 35.71 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 ₹ 72.35, € 3.95 Mn at an average exchange rate of ₹ 81.21 and £ 4.20 Mn at an average exchange rate of ₹ 96.68 maturing over the course of the next eight quarters (from July 2017 to June 2019).

Awards and Recognition

Hexaware has been positioned in "Execution Powerhouses" Zone in the Zinnov report titled "Report Robotic Process Automation" dated 6th April 2017 by analyst Mohit Gupta & Anshul Gupta.



Hexaware featured in Everest Group's 'IT Service Provider of the year awards 2017 dated 13 th April 2017.

Hexaware has been mentioned among the "Top 5 Continuous Testing Service Providers for the Midsize firms" in the Forrester report titled "Vendor Landscape: Continuous Testing Services For Agile And DevOps Environments" dated 14th April 2017 by analyst Diego Lo Giudice.

Hexaware has been mentioned in "Aspirants" category in the Everest report titled "IT Infrastructure Automation Service Providers Assessment 2016" dated 18th April 2017 by analyst Yugal Joshi & Chirajeet Gupta.

Hexaware has been mentioned in "High Potentials" category in the HfS report titled " HfS Emerging Market Guide: IBM Watson Services " dated 1st May 2017 by Analyst Reetika Joshi.

Hexaware has been mentioned in "Aspirants" category in the Everest report titled "Independent Testing Assessment 2017" dated 22nd May 2017 by analyst Yugal Joshi & Chirajeet Gupta.

Hexaware has been mentioned in "Aspirants" category in the Everest report titled "Life Sciences IT Application Services - PEAK Matrix Assessment 2017" dated 31st May 2017 by analyst Jimit Arora & Abhishek Singh.

Hexaware has been mentioned in HFS report titled" A Buyer Guide to Hexaware" dated 31st May 2017 by analyst Hema Santhosh.

Hexaware has been positioned in "Major Players" category in Nelson Hall's NEAT Vendor Evaluation for IOT Services under Customer Engagement Focus, Business Model Focus, Efficiency Focus and Overall Focus" category dated 6th June 2017 by Analyst Dominique Raviart.

Hexaware has been mentioned in the Gartner report titled "The Gartner CRM Vendor Guide, 2017" dated 9th June 2017 by analyst Jim Davies.

Hexaware has been mentioned in "Aspirants" category in the Everest report titled "Workday-Based Human Resources Business Process Services (HR BPS) – Service Provider Landscape with PEAK Matrix™ assessment 2017" dated 12th June 2017 by analyst Rajesh Ranjan.

Hexaware has been mentioned in the Gartner report titled "Market Guide for Data and Analytics Service Providers, Asia/Pacific and Japan "dated 19th June 2017 by analyst Twiggy Lo.

Hexaware has been mentioned in "Major Contenders" category and adjudged as "Star Performer" in the Everest report titled "IT Outsourcing in Global Capital Markets Service Providers Assessment 2017" dated 30th June by Jimit Arora & Ronak Doshi.

Hexaware has been mentioned in "Aspirants" category in the Everest report titled "Automation in IT Application Dev-Test – Market Update and PEAK Matrix™ assessment dated 30th June 2017 by analyst Chirajeet Gupta.

Hexaware has been mentioned in "Aspirants" category in the Everest report titled "Contact Center Outsourcing Service Provider Landscape with PEAK Matrix™ assessment 2017" dated 30th June 2017 by analyst Katrina Menzigian.

Hexaware has been mentioned in Novarica report titled "Best Practices Client Case Study Compendium Report" dated 30th June 2017 by analyst Matthew Josefowicz.



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.

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The financial results are in accordance with Ind AS for the quarter ended June 30th, 2017. Accordingly the figures for previous periods have been restated in accordance with Ind AS.

Consolidated Income Statement - Ind AS

₹ Mn

Head	Quarterly Data				
	Q2 17	Q1 17	QoQ%	Q2 16	YoY%
Revenues	9,836	9,605	2.4%	8,697	13.1%
Direct Costs	6,404	6,280	2.0%	5,665	13.0%
Gross Profit	3,432	3,325	3.2%	3,031	13.2%
Selling / General And Administration	1,713	1,648	3.9%	1,658	3.3%
EBITDA* excluding ESOP Costs	1,719	1,677	2.5%	1,373	25.2%
ESOP Costs	121	54	124.9%	47	159.7%
EBITDA	1,598	1,623	-1.5%	1,327	20.5%
Depreciation and Amortization	157	157	-0.4%	137	14.2%
Operating Profit = EBIT	1,441	1,466	-1.6%	1,190	21.2%
Other Income (net)	8	12	-28.5%	10	-11.2%
Forex Gains / (Losses)	138	16	750.3%	122	12.5%
Profit Before Tax	1,588	1,494	6.3%	1,322	20.1%
Provision for Tax	363	355	2.4%	342	6.3%
Profit After Tax	1,225	1,139	7.5%	980	25.0%
Share of Profit in associate	0.28	0.22	28.0%		
PAT After Loss in Associate	1,224	1,139	7.5%	980	24.9%

Key Ratios	Q2 17	Q1 17	QoQ%	Q2 16	YoY%
Gross Margin	34.9%	34.6%	0.3%	34.9%	0.0%
SG&A to Revenue	17.4%	17.2%	0.2%	19.1%	-1.7%
EBITDA* excluding ESOP Costs	17.5%	17.5%	0.0%	15.8%	1.7%
EBITDA	16.2%	16.9%	-0.7%	15.3%	0.9%
Operating / EBIT Margin	14.7%	15.3%	-0.6%	13.7%	1.0%
Profit before tax	16.1%	15.5%	0.6%	15.2%	0.9%
Profit after Tax	12.4%	11.9%	0.6%	11.3%	1.2%
EPS-INR					
Basic	4.13	3.80	0.33	3.25	0.88
Diluted	4.08	3.77	0.32	3.22	0.86



Consolidated Audited Balance Sheet- Ind AS

₹ Mn

Head	As at June 30 2017	As at Mar 31 2017
Assets		
Property, plant and equipment and intangible	5,363	5,474
Capital work-in-progress	2,683	2,672
Deferred tax assets (net)	1,307	1,236
Other non-current assets & investments in associates	1,532	1,548
Trade receivables and unbilled revenue	7,587	7,770
Other current assets	1,259	1,285
Cash and cash equivalents	4,295	3,231
Total assets	24,027	23,218
Equity and liabilities		
Equity		
Equity Share capital	593	593
Other Equity and reserves	17,392	16,358
Total equity	17,985	16,950
Liabilities		
Non-current liabilities	29	29
Trade payables	1,423	1,284
Other current liabilities	3,503	3,812
Provisions	1,086	1,143
Total liabilities	6,041	6,268
Total equity and liabilities	24,027	23,218



Performance Review

Revenue Growth	INR, ₹	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16	FY 16
	Revenue from Operations		9,836	9,605	9,409	9,041	8,697
% , q-o-q		2	2	4	4	6	13
Other Income		8	12	14	3	10	38

Vertical Split	%	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16	FY 16
	Banking and Financial Services		43.3	42.7	42.1	41.6	40.0
Travel & Transportation		13.4	13.6	13.2	14.5	14.5	14.3
Healthcare & Insurance		15.6	15.7	16.5	16.0	17.1	16.7
Manufacturing, Consumer & others		27.7	28.0	28.2	27.9	28.4	28.2
Total		100.0	100.0	100.0	100.0	100.0	100.0

Service Lines Split	%	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16	FY 16
	Application Development & Maintenance (ADM)		36.5	36.1	36.4	36.0	36.5
Enterprise Solutions		11.6	12.1	12.7	13.0	13.3	13.2
QATS /Digital Assurance		19.7	20.9	20.9	20.3	20.1	20.4
Business Intelligence & Analytics		14.0	13.8	14.1	15.2	15.6	15.0
Business Process Services (BPS)		7.2	6.4	6.8	6.8	6.5	6.5
Infrastructure Management Services (IMS)		11.0	10.7	9.1	8.7	8.0	8.3
Total		100.0	100.0	100.0	100.0	100.0	100.0

Geography	%	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16	FY 16
	Americas		80.8	81.6	82.5	82.0	80.9
Europe		11.2	11.0	11.1	11.6	12.5	11.8
Asia Pacific		8.0	7.4	6.4	6.4	6.6	6.5
Total		100.0	100.0	100.0	100.0	100.0	100.0

Onsite: Offshore Mix with BPO	%	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16	FY 16
	Onsite		64.7	64.5	61.9	63.2	61.4
Offshore (Incl.Nearshore)		35.3	35.5	38.1	36.8	38.6	38.1
Total		100.0	100.0	100.0	100.0	100.0	100.0

Client data

Repeat Business	%	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16
			93.9	93.8	95.4	95.4

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

Clients added	No	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16	FY 16
			9	6	7	7	6



DSO	Days	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16
	Billed		45	46	43	50
Including Unbilled Accruals		70	74	68	75	74

Revenue Concentration	%	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16	FY 16
	Top 5		46.1	45.6	46.3	47.0	43.1
Top 10		56.5	56.7	57.4	58.3	55.2	56.5

Client Size	Nos (Last Twelve Months)	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16
	More than \$ 1 Mn +		81	81	78	77
Between \$ 1 to 5 Mn		66	67	64	63	62
Between \$ 5 to 10 Mn		7	6	6	6	6
Between \$ 10 to 20 Mn		3	3	3	3	3
Over \$ 20 Mn		5	5	5	5	5

People Numbers	%	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16
	Billable Personnel (IT + BPS Services)					
Onsite		20.9%	20.9%	21.0%	20.9%	20.5%
Offshore		71.2%	71.0%	70.7%	70.6%	70.7%
Total		92.1%	91.9%	91.7%	91.5%	91.2%
Marketing (Incl. Sales Support)		3.3%	3.2%	3.3%	3.5%	3.8%
Others (Incl. Tech. Support)		4.6%	4.9%	5.0%	5.0%	5.0%
Grand Total		100.0%	100.0%	100.0%	100.0%	100.0%

Utilization	%	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16	FY 16
			80.8	78.9	78.6	74.1	70.0

Attrition Rate	%	Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16
	Last Twelve Months		13.8	14.9	16.1	16.5

Rupee Dollar Rate		Q2 FY 17	Q1 FY 17	Q4 FY 16	Q3 FY 16	Q2 FY 16	FY 16
	Period Closing rate		64.58	64.85	67.93	66.62	67.53
Period average rate		64.44	66.47	67.70	66.87	67.04	67.27



Consolidated Income Statement - Ind AS

USD K

Head	Quarterly Data				
	Q2 17	Q1 17	QoQ%	Q2 16	YoY%
Revenues	152,609	144,748	5.4%	129,677	17.7%
Direct Costs	99,369	94,576	5.1%	84,487	17.6%
Gross Profit	53,240	50,172	6.1%	45,189	17.8%
Selling / General And Administration	26,578	24,819	7.1%	24,731	7.5%
EBITDA* excluding ESOP Costs	26,663	25,353	5.2%	20,458	30.3%
ESOP Costs	1,876	810	131.7%	697	169.1%
EBITDA	24,786	24,543	1.0%	19,761	25.4%
Depreciation and Amortization	2,429	2,373	2.3%	2,044	18.8%
Operating Profit = EBIT	22,357	22,169	0.8%	17,717	26.2%
Other Income (net)	132	179	-26.3%	143	-8.0%
Forex Gains / (Losses)	2,136	234	812.4%	1,823	17.2%
Profit Before Tax	24,625	22,582	9.0%	19,683	25.1%
Provision for Tax	5,634	5,354	5.2%	5,087	10.7%
Profit After Tax	18,991	17,228	10.2%	14,595	30.1%
Share of Profit in associate	4	3	31.4%		
PAT After Loss in Associate	18,987	17,225	10.2%	14,595	30.1%

Key Ratios	Q2 17	Q1 17	QoQ%	Q2 16	YoY%
Gross Margin	34.9%	34.7%	0.2%	34.8%	0.1%
SG&A to Revenue	17.4%	17.1%	0.3%	19.1%	-1.7%
EBITDA* excluding ESOP Costs	17.5%	17.5%	0.0%	15.8%	1.7%
EBITDA	16.2%	17.0%	-0.8%	15.2%	1.0%
Operating / EBIT Margin	14.6%	15.3%	-0.7%	13.7%	0.9%
Profit before tax	16.1%	15.6%	0.5%	15.2%	0.9%
Profit after Tax	12.4%	11.9%	0.5%	11.3%	1.1%

