

**Hexaware Reports Q2 2018 results**  
**Q2 Constant Currency Revenue at \$169.8 Mn, up 4.7% QoQ**  
**Profitability Outgrows Revenue**  
**PAT at \$22.7 mn; up 9.5% QoQ, 19.5% YoY**

USD Mn	Q2 18	Growth	
		QoQ	YoY
Revenue (Constant Currency)	169.8	4.7%	9.9%

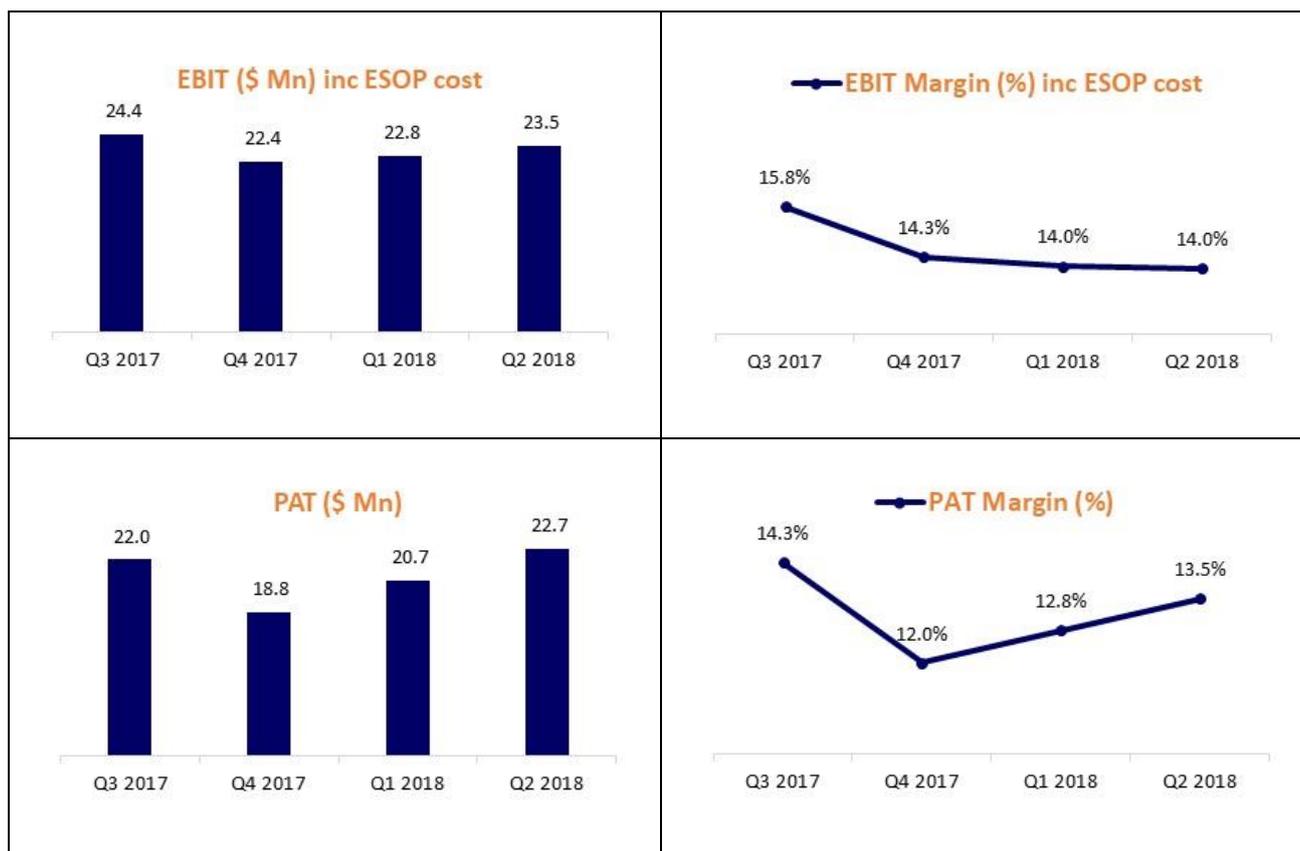
₹ Mn	Q2 18	Growth	
		QoQ	YoY
Revenue	11,367	8.4%	15.6%
EBITDA*	1,869	8.7%	8.7%
EBIT	1,591	7.9%	10.4%
PAT	1,536	14.3%	25.4%

USD Mn	Q2 18	Growth	
		QoQ	YoY
Revenue	168.3	3.8%	10.3%
EBITDA*	27.6	4.0%	3.6%
EBIT	23.5	3.3%	5.1%
PAT	22.7	9.5%	19.5%

EBITDA\* - Excludes ESOP Cost

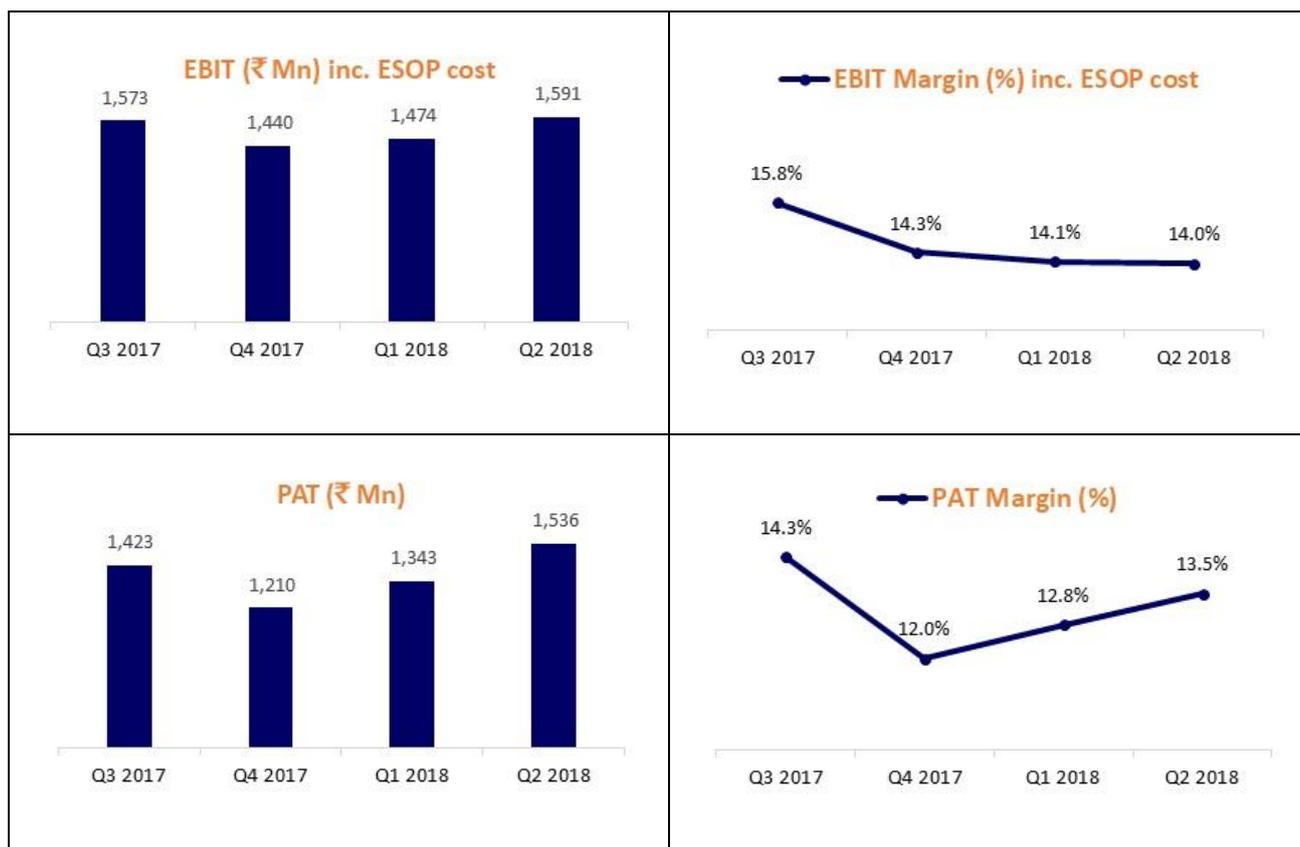
**Q2 Performance Highlights in US\$ terms**





### Q2 Performance Highlights in ₹ terms





**ROI**



**Cash**

- Cash & Cash equivalents at the end of June 2018 at US\$ 108.41 Mn; ₹ 742 crores
- Days of Sales Outstanding (DSO) was 47 days at the end of Q2 2018
- Second Interim Dividend of ₹ 2.50 (125%) for Q2 2018.

**New Wins**

- 4 new clients signed in Q2 2018 with TCV of US\$ 41 Mn

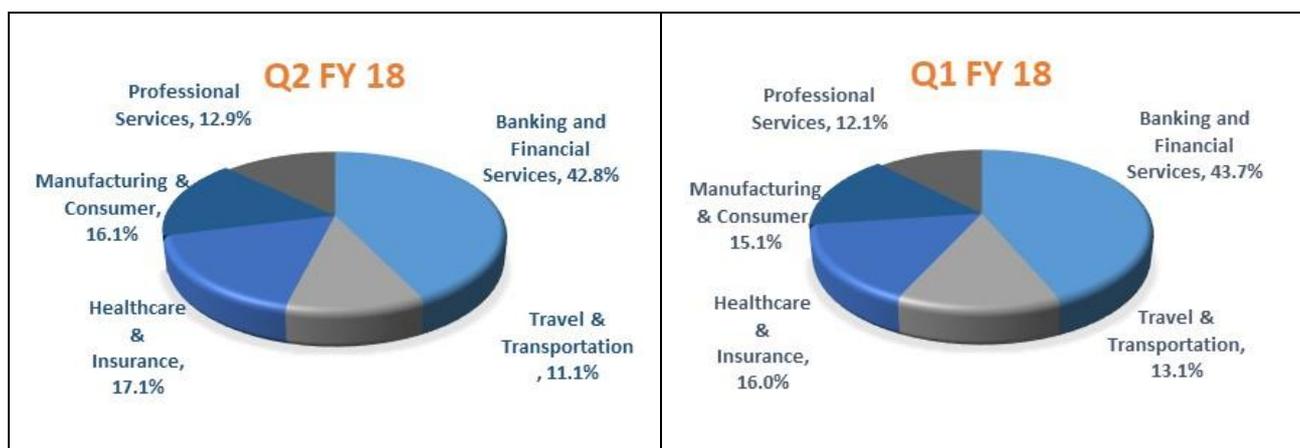


### Human Capital

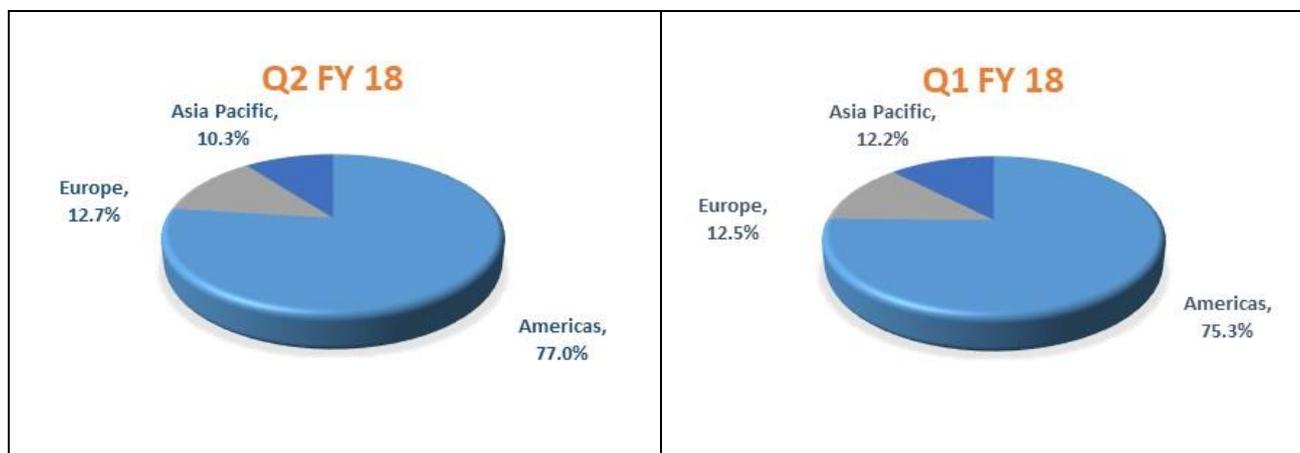
- Headcount stood at 15,357 at the end of Q2 2018; up 2,259 YoY, up 738 QoQ
- Utilization stood at 78.2% (including trainees) in the Quarter
- Attrition at the end of June 2018 was at 14.4%

### Revenue Split

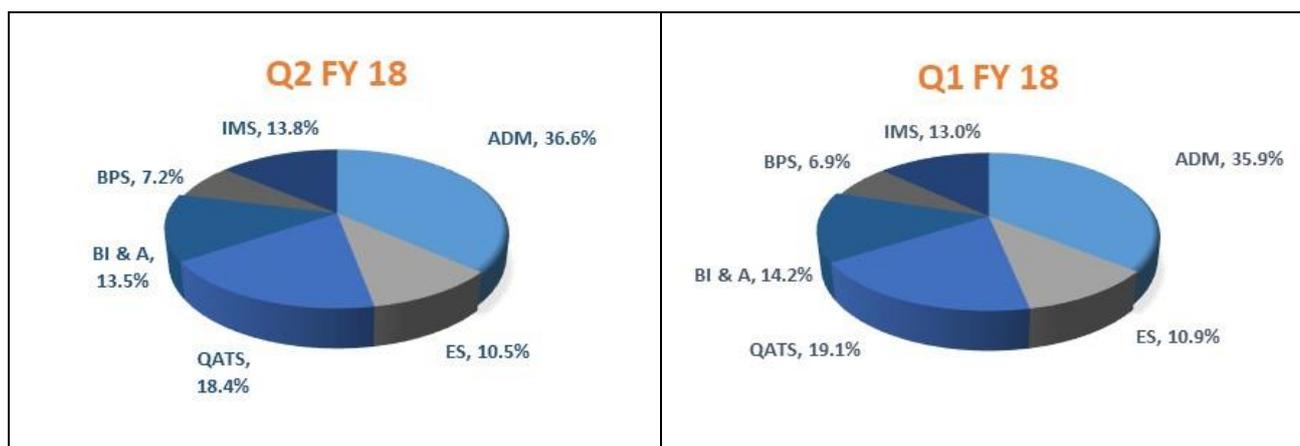
#### Vertical Split



#### Geography Split



**Service Lines Split**



**Revenue Growth**

Particulars	Segments	30-Jun-18	
		Q o Q	Y o Y
Geography	Americas	6.2%	5.2%
	Europe	5.4%	25.4%
	Asia Pacific	-12.9%	40.8%
Service Lines Split	Application Devt & Maint (ADM)	5.8%	10.7%
	Enterprise Solutions (ES)	0.6%	-0.1%
	Testing / Digital Assurance (QATS)	0.0%	3.0%
	Business Intelligence & Analytics (BI&A)	-1.1%	6.4%
	Business Process Services (BPS)	8.9%	11.5%
	Infrastructure Management Services (IMS)	8.9%	37.0%
Vertical Split	Banking & Financial Services	1.8%	9.0%
	Travel & Transportation	-12.1%	-8.2%
	Healthcare & Insurance	10.9%	21.2%
	Manufacturing & Consumer	11.2%	32.4%
	Professional Services	9.2%	-1.3%

**Mumbai – July 24, 2018:** Hexaware Technologies Limited, the fastest growing automation-led, next-generation provider of IT, BPO and Consulting services has reported strong numbers for the second quarter of the calendar year ended June 30, 2018.

“Hexaware has delivered yet another consistent performance with revenue growth of 3.8% QoQ and 4.7% QoQ in constant currency, which is an evidence of our successful strategy of Automate Everything, Cloudify Everything and Transform Customer Experience.” remarked **Atul Nishar, Chairman, Hexaware Technologies Limited.**

“We continue to consistently deliver robust organic growth and are pleased to increase growth guidance for the year.” stated **R Srikrishna, CEO & Executive Director, Hexaware Technologies Limited.**



## Booking Update

TCV Booking of \$41 Mn from new customers, in line with our strategy:

- Revenue Cycle Management for an American not for profit healthcare company
- Automation led services for a UK based financial services company
- Automation services for a Multinational Swiss bank
- Development and Testing services for an analytics company

## Business Update

In Q2 2018, Americas led geographic growth with 6.2% QoQ growth. Europe also grew faster than company with 5.4% QoQ and 25.4% YoY growth. Infrastructure Management Services (IMS) showed sturdy growth of 8.9% QoQ and 37.0% YoY. Business Process Services (BPS) delivered 8.9% QoQ and 11.5% YoY growth this quarter. Amongst verticals Manufacturing & Consumer led growth this quarter with 11.2% QoQ and 32.4% YoY growth, followed closely by Healthcare & Insurance with 10.9% QoQ and 21.2% YoY growth.

## Second Interim Dividend of 2018

The Board of Directors declared second interim dividend of ₹ 2.50 per share (125%) on equity shares of ₹ 2.00 each. The record date is fixed as Friday, 3<sup>rd</sup> August 2018 for determining the shareholders entitled for this second interim dividend of the year 2018. The payment shall be made on Wednesday, 8<sup>th</sup> August 2018. This would result in a cash outflow of ₹ 89.47 Crores for dividend payment including tax, resulting in a dividend payout ratio of 58% for Q2 2018.

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 ₹ 35.79 Crores for dividend payment including tax, resulting in a dividend pay-out ratio of 27% for Q1 2018

## Foreign Exchange Cover

The Company has hedges worth \$ 179.18 Mn at an average exchange rate of ₹ 70.14, € 6.60 Mn at an average exchange rate of ₹ 85.61 and £ 12.58 Mn at an average exchange rate of ₹ 95.37 maturing over the course of the next eight quarters (from July 2018 to June 2020).

## Awards and Recognition

Everest mentions Hexaware as "**Major Contenders**" for Insurance Application Services and "**Major Contenders**" for "Guidewire Application Services".

HfS mentions Hexaware as

- "**High Performer**" for "Banking & Financial Services Operations"
- "**High Performer**" for "Workday HCM Services"
- "**High Performer**" for "Smart Analytics Solutions"
- "**High Performer**" for "Insurance Operations"

Forrester mentions **Hexaware among the vendors offering SAP** Services in the report titled "Service Providers for Next-Generation SAP Products, Q2 2018" by analyst Liz Herbert.



**Hexaware's Analyst & Advisor Day** event was covered in Global Data's Event Advisory report titled "**Hexaware to Focus on Cloud, Automation and Customer Experience**".

Hexaware has been mentioned in the Gartner report titled "**Market Guide for Data and Analytics Service Providers, Asia/Pacific and Japan**".

Gartner mentions Hexaware as one of the "**fastest growing BPO vendors in 2017**" in the report titled "**Market Share Analysis: Business Process Outsourcing, Worldwide, 2017**".

Hexaware was Positioned in "**Major Players**" Category in IDC's MarketScape report titled "**Western Europe Digital Quality Assurance Services 2018 Vendor Assessment**".

### **About Hexaware**

Hexaware is the fastest growing next-generation provider of IT, BPO and consulting services. Our focus lies on taking a leadership position in helping our clients attain customer intimacy as their competitive advantage. Our digital offerings have helped our clients achieve operational excellence and customer delight by 'Powering Man Machine Collaboration.' We are now on a journey of metamorphosing the experiences of our customer's customers by leveraging our industry-leading delivery and execution model, built around the strategy—'Automate Everything, Cloudify Everything, Transform Customer Experiences.'

We serve customers in Banking, Financial Services, Capital Markets, Healthcare, Insurance, Manufacturing, Retail, Education, Telecom, Professional Services (Tax, Audit, Accounting and Legal), Travel, Transportation and Logistics. We deliver highly evolved 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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## Consolidated Income Statement - Ind AS

₹ Mn

Head	Quarterly Data				
	Q2 18	Q1 18	QoQ%	Q2 17	YoY%
<b>Revenues</b>	<b>11,367</b>	<b>10,490</b>	<b>8.4%</b>	<b>9,836</b>	<b>15.6%</b>
Direct Costs	7,659	6,949	10.2%	6,404	19.6%
<b>Gross Profit</b>	<b>3,708</b>	<b>3,540</b>	<b>4.7%</b>	<b>3,432</b>	<b>8.1%</b>
Selling / General And Administration	1,839	1,822	1.0%	1,713	7.4%
<b>EBITDA* excluding ESOP Costs</b>	<b>1,869</b>	<b>1,719</b>	<b>8.7%</b>	<b>1,719</b>	<b>8.7%</b>
ESOP Costs	96	93	3.3%	121	-20.5%
<b>EBITDA</b>	<b>1,773</b>	<b>1,626</b>	<b>9.1%</b>	<b>1,598</b>	<b>10.9%</b>
Depreciation and Amortization	182	151	20.2%	157	16.2%
<b>Operating Profit = EBIT</b>	<b>1,591</b>	<b>1,474</b>	<b>7.9%</b>	<b>1,441</b>	<b>10.4%</b>
Other Income (net)	37	9	329.9%	8	339.7%
Forex Gains / (Losses)	290	195	48.8%	138	110.3%
<b>Profit Before Tax</b>	<b>1,918</b>	<b>1,678</b>	<b>14.3%</b>	<b>1,588</b>	<b>20.8%</b>
Provision for Tax	384	336	14.4%	363	5.7%
<b>Profit After Tax</b>	<b>1,534</b>	<b>1,342</b>	<b>14.3%</b>	<b>1,225</b>	<b>25.3%</b>
Share of Profit in associate	(1.71)	(1.05)	62.9%	0.28	-712.9%
<b>PAT After Loss in Associate</b>	<b>1,536</b>	<b>1,343</b>	<b>14.3%</b>	<b>1,224</b>	<b>25.4%</b>

Key Ratios	Q2 18	Q1 18	QoQ%	Q2 17	YoY%
Gross Margin	32.6%	33.8%	-1.2%	34.9%	-2.3%
SG&A to Revenue	16.2%	17.4%	-1.2%	17.4%	-1.2%
EBITDA* excluding ESOP Costs	16.4%	16.4%	0.0%	17.5%	-1.1%
EBITDA	15.6%	15.5%	0.1%	16.2%	-0.6%
Operating / EBIT Margin	14.0%	14.1%	-0.1%	14.7%	-0.7%
Profit before tax	16.9%	16.0%	0.9%	16.1%	0.8%
Profit after Tax	13.5%	12.8%	0.7%	12.4%	1.1%
EPS-INR					
Basic	5.17	4.52	0.65	4.13	1.04
Diluted	5.09	4.46	0.63	4.08	1.01



## Consolidated Audited Balance Sheet- Ind AS

₹ Mn

Head	As at June 30 2018	As at Mar 31 2018
<b>Assets</b>		
Property, plant and equipment and intangible	5,503	5,450
Capital work-in-progress	2,434	2,481
Deferred tax assets	1,643	1,469
Other non-current assets & investments in associates	1,527	1,515
Trade receivables and unbilled revenue	9,496	8,699
Other current assets	944	1,273
Cash and cash equivalents (inc. restricted)	7,423	6,129
<b>Total assets</b>	<b>28,970</b>	<b>27,015</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Equity Share capital	594	594
Other Equity and reserves	21,785	20,588
<b>Total equity</b>	<b>22,379</b>	<b>21,182</b>
<b>Liabilities</b>		
Non-current liabilities	160	48
Trade payables	2,897	2,299
Other current liabilities	2,609	2,580
Provisions	926	906
<b>Total liabilities</b>	<b>6,591</b>	<b>5,833</b>
<b>Total equity and liabilities</b>	<b>28,970</b>	<b>27,015</b>



Performance Review

Revenue Growth	₹ Mn	Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17	FY 17
	Revenue from Operations		11,367	10,490	10,048	9,931	9,836
% , q-o-q		8	4	1	1	2	12
Other Income		37	9	4	10	8	34

Vertical Split	%	Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17	FY 17
	Banking and Financial Services		42.8	43.7	44.4	43.4	43.3
Travel & Transportation		11.1	13.1	12.0	13.2	13.4	13.0
Healthcare & Insurance		17.1	16.0	16.7	16.6	15.6	16.2
Manufacturing & Consumer		16.1	15.1	13.9	13.4	13.4	13.6
Professional Services		12.9	12.1	13.0	13.4	14.3	13.7
Total		100.0	100.0	100.0	100.0	100.0	100.0

Service Lines Split	%	Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17	FY 17
	Application Development & Maintenance (ADM)		36.6	35.9	37.2	36.3	36.5
Enterprise Solutions		10.5	10.9	10.8	11.3	11.6	11.4
QATS /Digital Assurance		18.4	19.1	19.5	20.0	19.7	20.0
Business Intelligence & Analytics		13.5	14.2	13.8	13.8	14.0	13.8
Business Process Services (BPS)		7.2	6.9	7.0	7.3	7.2	7.0
Infrastructure Management Services (IMS)		13.8	13.0	11.7	11.3	11.0	11.3
Total		100.0	100.0	100.0	100.0	100.0	100.0

Geography	%	Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17	FY 17
	Americas		77.0	75.3	77.7	79.1	80.8
Europe		12.7	12.5	12.1	11.3	11.2	11.4
Asia Pacific		10.3	12.2	10.2	9.6	8.0	8.8
Total		100.0	100.0	100.0	100.0	100.0	100.0

Onsite: Offshore Mix with BPO	%	Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17	FY 17
	Onsite		65.2	65.4	65.1	65.4	64.7
Offshore (Incl.Nearshore)		34.8	34.6	34.9	34.6	35.3	35.1
Total		100.0	100.0	100.0	100.0	100.0	100.0

Client data

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

Clients billed	No	Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17
			226	224	221	218

Clients added	No	Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17	FY 17
			7	5	8	8	9



DSO	Days	Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17
	Billed		47	47	49	47
Including Unbilled Accruals		75	74	71	72	70

Revenue Concentration	%	Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17	FY 17
	Top 5		42.4	42.1	42.8	43.5	46.1
Top 10		52.8	52.8	52.9	54.8	56.5	55.0

Client Size	Nos (Last Twelve Months)	Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17
	More than \$ 1 Mn +		93	89	88	82
Between \$ 1 to 5 Mn		71	69	71	64	66
Between \$ 5 to 10 Mn		12	10	7	9	7
Between \$ 10 to 20 Mn		6	6	6	4	3
Over \$ 20 Mn		4	4	4	5	5

People Numbers	%	Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17
	Billable Personnel (IT + BPS Services)					
Onsite		18.8%	19.0%	19.7%	19.9%	20.9%
Offshore		73.7%	73.3%	72.5%	72.1%	71.2%
Total		92.5%	92.3%	92.2%	92.0%	92.1%
Marketing (Incl. Sales Support)		3.0%	3.2%	3.3%	3.3%	3.3%
Others (Incl. Tech. Support)		4.5%	4.5%	4.5%	4.7%	4.6%
Grand Total		100.0%	100.0%	100.0%	100.0%	100.0%

Utilization	%	Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17	FY 17
			78.2	81.3	80.9	79.7	80.8

Attrition Rate	%	Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17
	Last Twelve Months		14.4	13.4	13.1	13.7

Rupee Dollar Rate		Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17	Q2 FY 17	FY 17
	Period Closing rate		68.47	65.18	63.88	65.29	64.58
Period average rate		67.52	64.65	64.36	64.46	64.44	64.93



## Consolidated Income Statement - Ind AS

USD K

Head	Quarterly Data				
	Q2 18	Q1 18	QoQ%	Q2 17	YoY%
<b>Revenues</b>	<b>168,288</b>	<b>162,204</b>	<b>3.8%</b>	<b>152,609</b>	<b>10.3%</b>
Direct Costs	113,414	107,494	5.5%	99,369	14.1%
<b>Gross Profit</b>	<b>54,874</b>	<b>54,710</b>	<b>0.3%</b>	<b>53,240</b>	<b>3.1%</b>
Selling / General And Administration	27,260	28,168	-3.2%	26,578	2.6%
<b>EBITDA* excluding ESOP Costs</b>	<b>27,614</b>	<b>26,541</b>	<b>4.0%</b>	<b>26,663</b>	<b>3.6%</b>
ESOP Costs	1,425	1,441	-1.1%	1,876	-24.1%
<b>EBITDA</b>	<b>26,190</b>	<b>25,101</b>	<b>4.3%</b>	<b>24,786</b>	<b>5.7%</b>
Depreciation and Amortization	2,688	2,342	14.8%	2,429	10.7%
<b>Operating Profit = EBIT</b>	<b>23,501</b>	<b>22,759</b>	<b>3.3%</b>	<b>22,357</b>	<b>5.1%</b>
Other Income (net)	545	134	307.2%	132	314.5%
Forex Gains / (Losses)	4,298	3,000	43.3%	2,136	101.2%
<b>Profit Before Tax</b>	<b>28,344</b>	<b>25,893</b>	<b>9.5%</b>	<b>24,625</b>	<b>15.1%</b>
Provision for Tax	5,675	5,181	9.5%	5,634	0.7%
<b>Profit After Tax</b>	<b>22,669</b>	<b>20,712</b>	<b>9.4%</b>	<b>18,991</b>	<b>19.4%</b>
Share of Profit in associate	(25)	(16)	54.8%	4	-679.1%
<b>PAT After Loss in Associate</b>	<b>22,694</b>	<b>20,728</b>	<b>9.5%</b>	<b>18,987</b>	<b>19.5%</b>

Key Ratios	Q2 18	Q1 18	QoQ%	Q2 17	YoY%
Gross Margin	32.6%	33.7%	-1.1%	34.9%	-2.3%
SG&A to Revenue	16.2%	17.4%	-1.2%	17.4%	-1.2%
EBITDA* excluding ESOP Costs	16.4%	16.4%	0.0%	17.5%	-1.1%
EBITDA	15.6%	15.5%	0.1%	16.2%	-0.6%
Operating / EBIT Margin	14.0%	14.0%	0.0%	14.6%	-0.6%
Profit before tax	16.8%	16.0%	0.8%	16.1%	0.7%
Profit after Tax	13.5%	12.8%	0.7%	12.4%	1.1%

