

Hexaware Reports Q3 2018 results
Q3 Constant Currency Revenue at \$171.8 Mn, up 2.1% QoQ
Profitability Outgrows Revenue
PAT at \$24.3 mn; up 6.9% QoQ

USD Mn	Q3 18	Growth	
		QoQ	YoY
Revenue (Constant Currency)	171.8	2.1%	11.8%

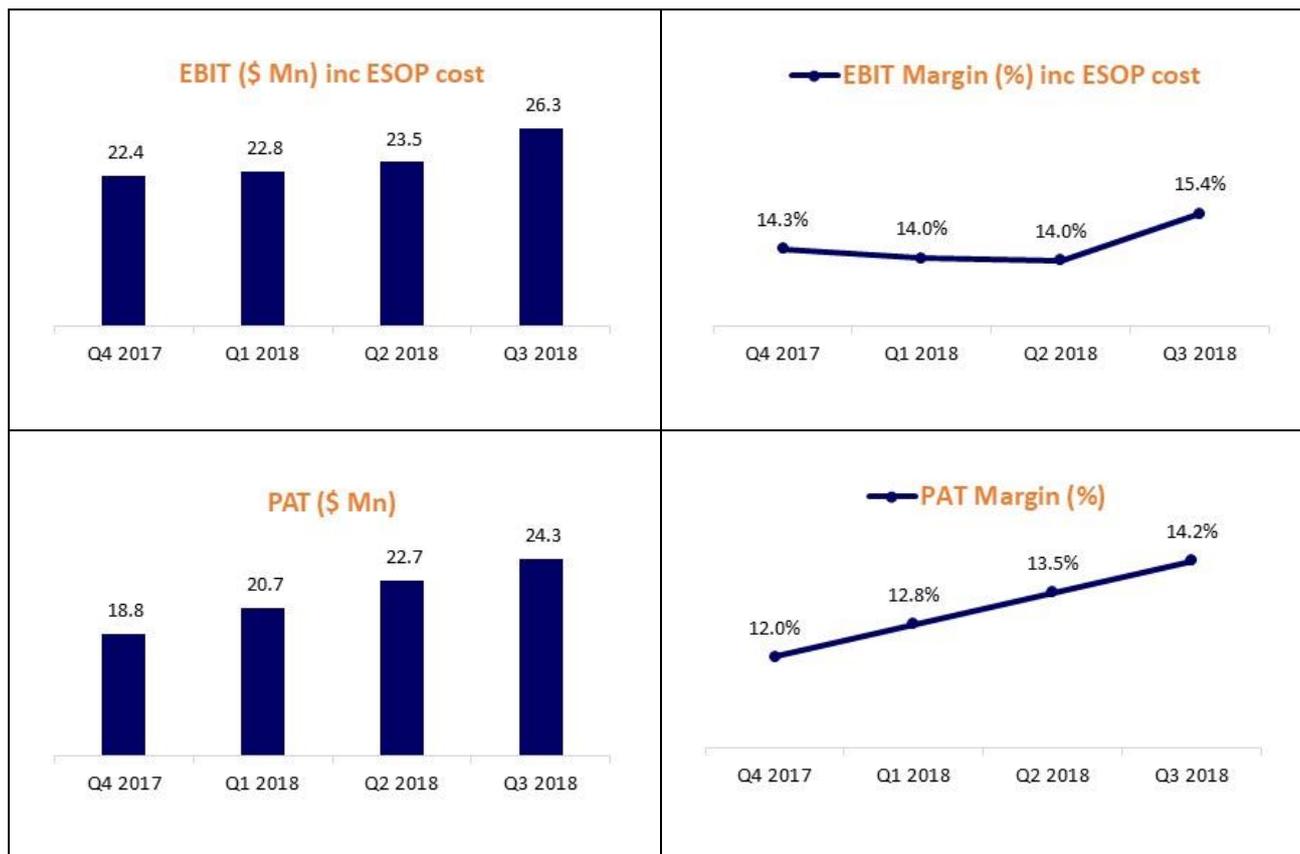
₹ Mn	Q3 18	Growth	
		QoQ	YoY
Revenue	12,096	6.4%	21.8%
EBITDA*	2,117	13.3%	16.6%
EBIT	1,864	17.2%	18.5%
PAT	1,721	12.1%	21.0%

USD Mn	Q3 18	Growth	
		QoQ	YoY
Revenue	171.1	1.6%	11.1%
EBITDA*	29.9	8.2%	6.3%
EBIT	26.3	11.9%	8.0%
PAT	24.3	6.9%	10.2%

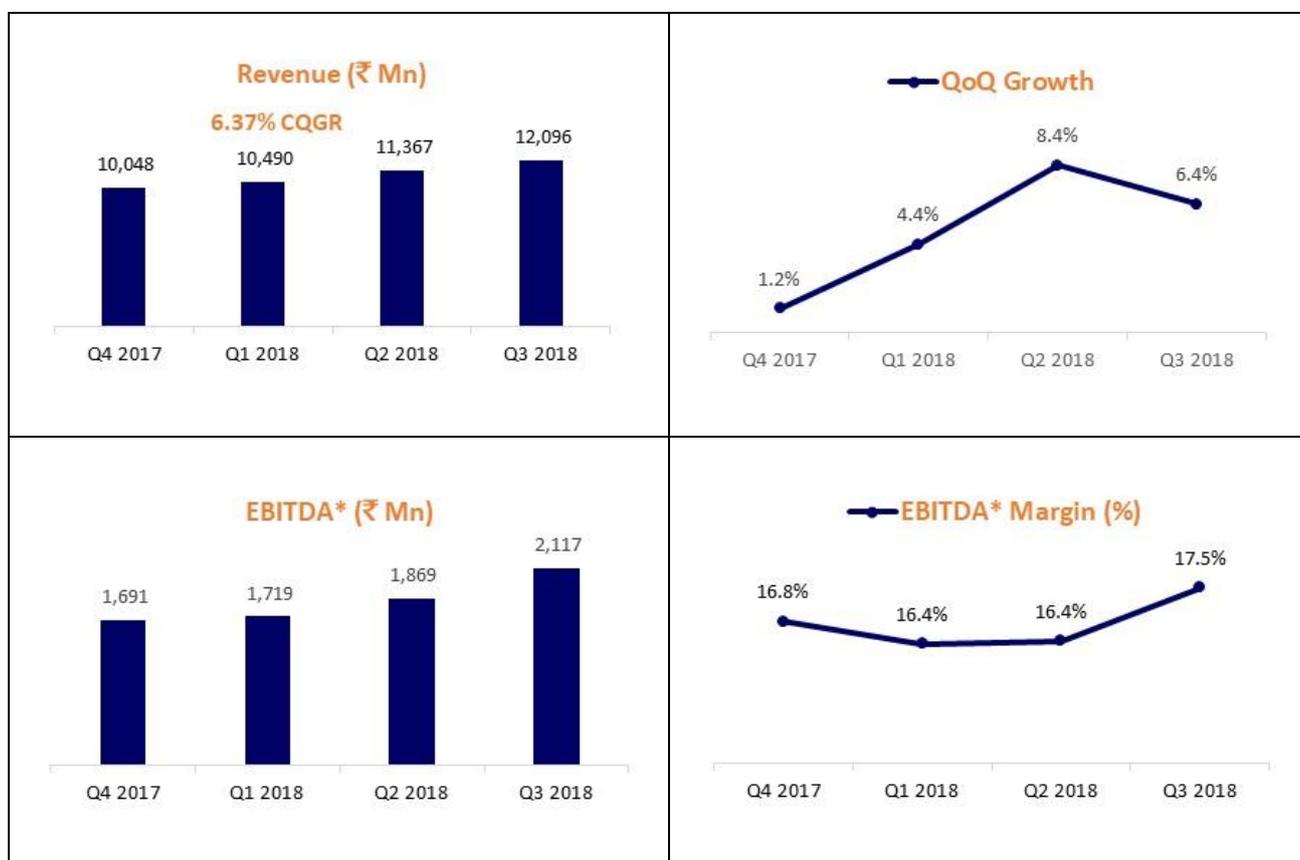
EBITDA* - Excludes ESOP Cost

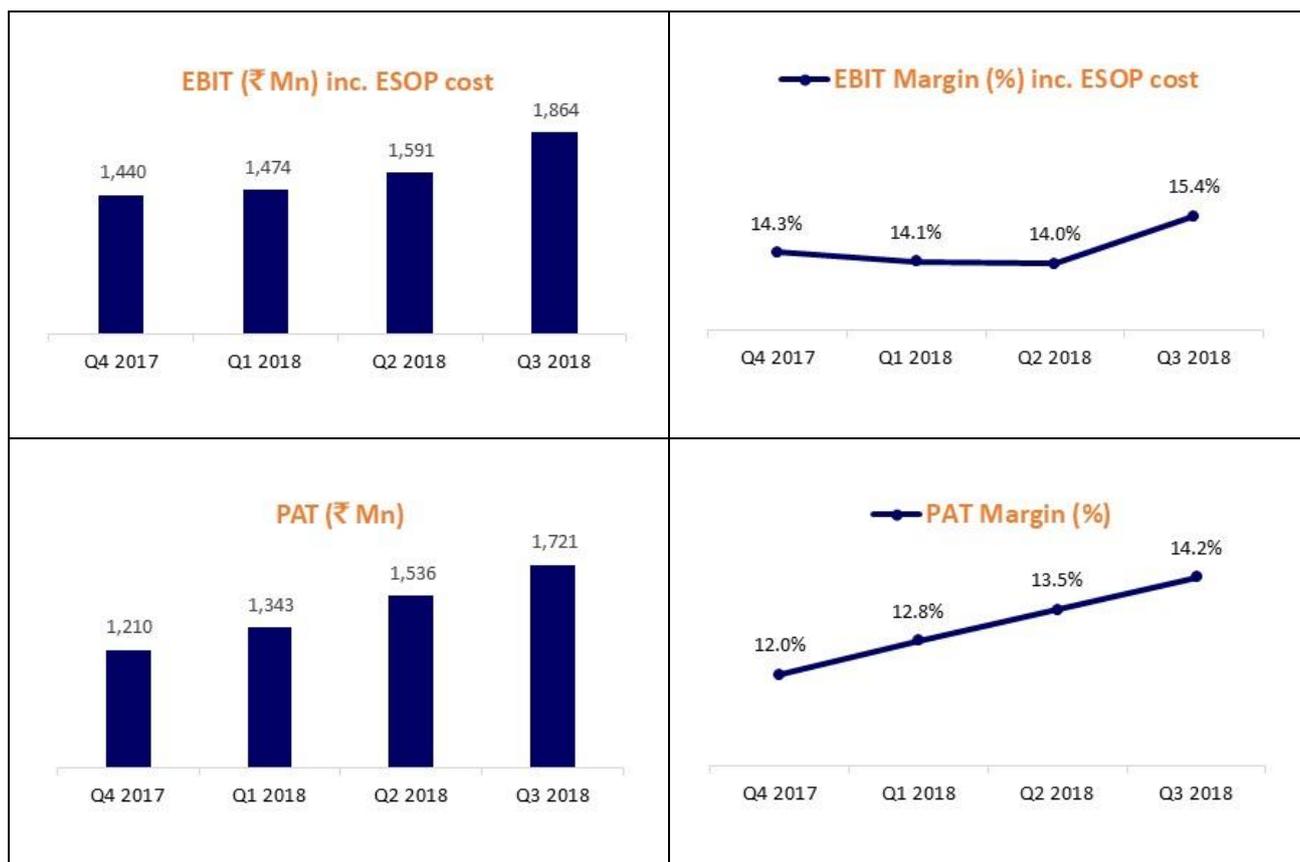
Q3 Performance Highlights in US\$ terms



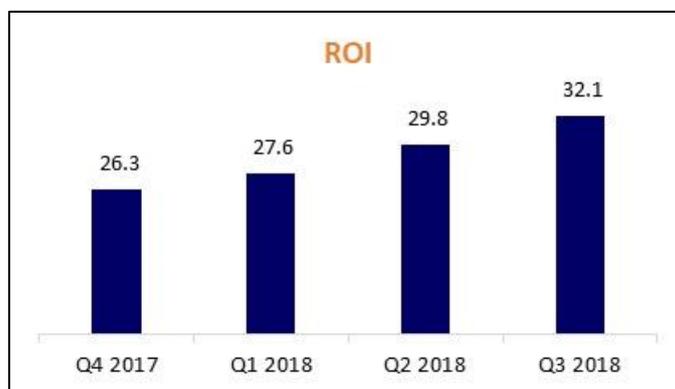


Q3 Performance Highlights in ₹ terms





ROI



Cash

- Cash & Cash equivalents at the end of September 2018 at US\$ 100.6 Mn; ₹ 729 crores
- Days of Sales Outstanding (DSO) was 58 days at the end of Q3 2018
- Third Interim Dividend of ₹ 2.50 (125%) for Q3 2018.

New Wins

- 3 new clients signed in Q3 2018 with TCV of US\$ 25 Mn

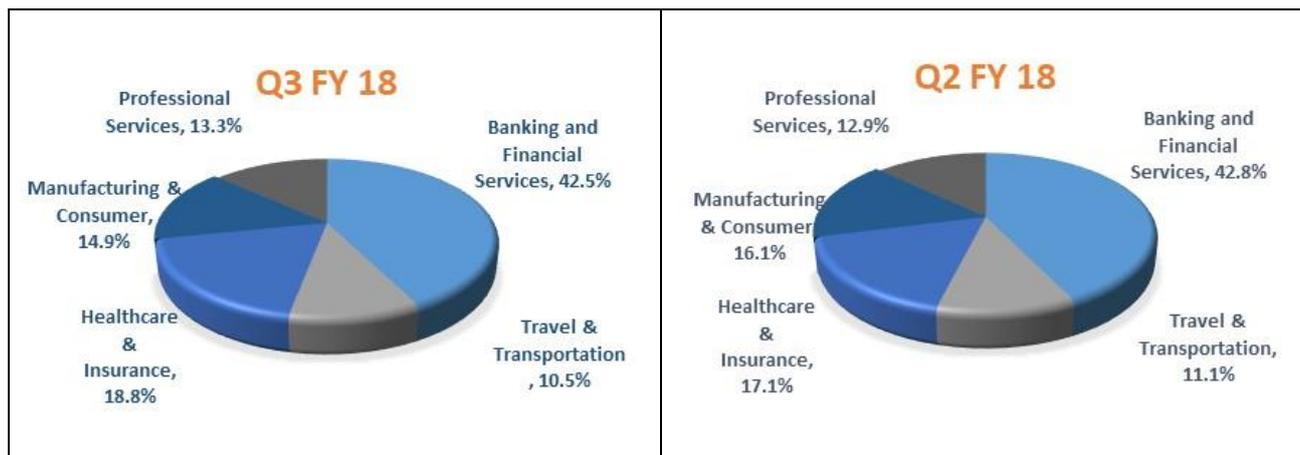


Human Capital

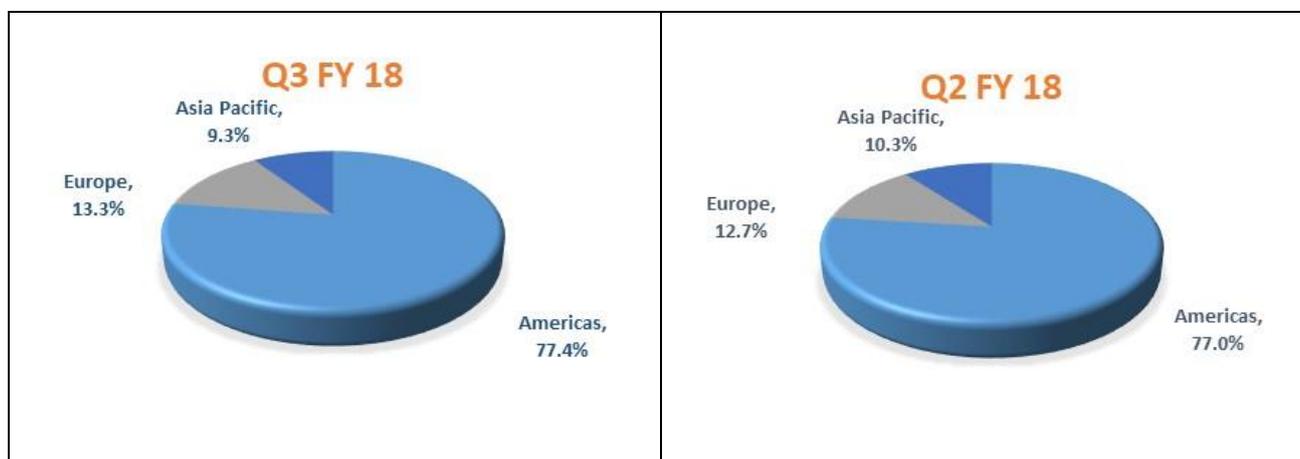
- Headcount stood at 16,050 at the end of Q3 2018; up 2,562 YoY, up 693 QoQ
- Utilization stood at 79.0% (including trainees) in the Quarter
- Attrition at the end of September 2018 was at 15.7%

Revenue Split

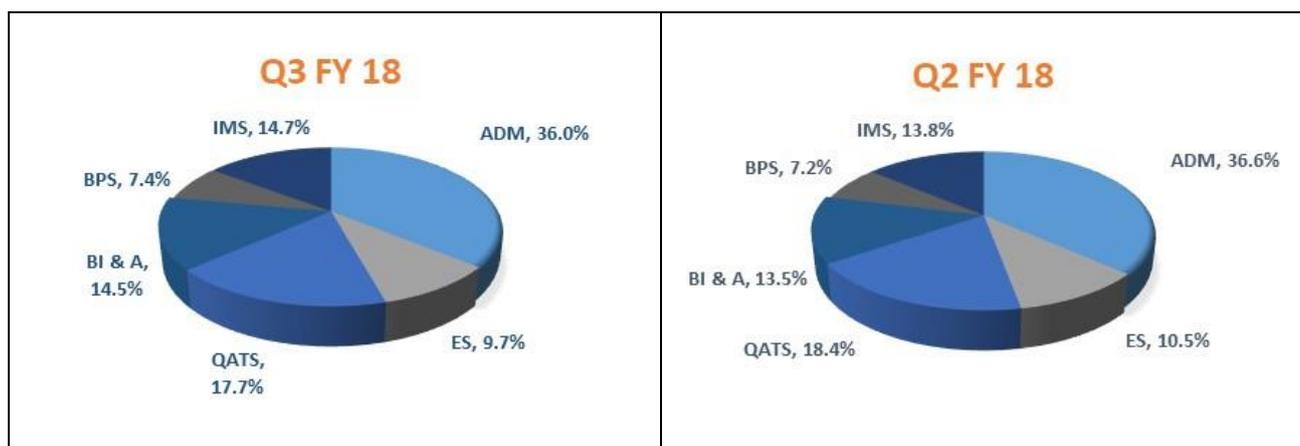
Vertical Split



Geography Split



Service Lines Split



Revenue Growth

Particulars	Segments	30-Sep-18	
		Q o Q	Y o Y
Geography	Americas	2.1%	8.6%
	Europe	6.5%	30.3%
	Asia Pacific	-7.7%	8.3%
Service Lines Split	Application Devt & Maint (ADM)	-0.2%	10.0%
	Enterprise Solutions (ES)	-6.6%	-5.1%
	Testing / Digital Assurance (QATS)	-2.5%	-1.9%
	Business Intelligence & Analytics (BI&A)	9.1%	16.6%
	Business Process Services (BPS)	3.7%	12.8%
	Infrastructure Management Services (IMS)	10.0%	45.7%
Vertical Split	Banking & Financial Services	0.9%	9.0%
	Travel & Transportation	-3.9%	-11.2%
	Healthcare & Insurance	11.4%	25.7%
	Manufacturing & Consumer	-5.8%	23.3%
	Professional Services	5.2%	9.3%

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

“Changing landscape of technology is a reality of our times and we at Hexaware are continuing our focus towards meeting customers’ needs through investment in innovation. Going forward, I remain optimistic of our growth prospects.” remarked **Atul Nishar, Chairman, Hexaware Technologies Limited.**

“We are looking forward to a robust finish to the year in Q4 on both revenue and order bookings.” stated **R Srikrishna, CEO & Executive Director, Hexaware Technologies Limited.**



Booking Update

TCV Booking of \$25 Mn from new customers, in line with our strategy:

- Application and Infrastructure support for a global banking and financial services company
- Network operations center for an American energy company
- Application support for a Finnish manufacturing and technology company

Business Update

In Q3 2018, Europe led geographic growth with 6.5% QoQ and 30.3% YoY growth. Americas also grew faster than company with 2.1% QoQ growth. Infrastructure Management Services (IMS) showed sturdy growth of 10.0% QoQ and 45.7% YoY. Business Intelligence and Analytics delivered 9.1% QoQ and 16.6% YoY growth this quarter. Amongst verticals, Healthcare & Insurance led growth this quarter with 11.4% QoQ and 25.7% YoY growth. Professional Services clocked 5.2% QoQ growth.

Third Interim Dividend of 2018

The Board of Directors declared third interim dividend of ₹ 2.50 per share (125%) on equity shares of ₹ 2.00 each. The record date is fixed as Monday, 5th November 2018 for determining the shareholders entitled for this third interim dividend of the year 2018. The payment shall be made on Friday, 9th November 2018. This would result in a cash outflow of ₹ 89.47 Crores for dividend payment including tax, resulting in a dividend payout ratio of 52% for Q3 2018.

Earlier in the year, the Board of Directors declared a first interim dividend of ₹ 1.00 per share (50%) and a second interim dividend of ₹ 2.50 per share (125%) on equity shares of ₹ 2.00 each. Including the third interim dividend, the dividends declared including tax for the first three quarters of 2017 total to ₹ 214.7 Crores, amounting to a dividend payout ratio of 47%. This brings the interim dividends for the first three quarters of 2018 to ₹ 6.00 per share (300%).

Foreign Exchange Cover

The Company has hedges worth \$ 170.40 Mn at an average exchange rate of ₹ 70.81, € 6.17 Mn at an average exchange rate of ₹ 86.91 and £ 11.80 Mn at an average exchange rate of ₹ 97.16 maturing over the course of the next eight quarters (from October 2018 to September 2020).

Corporate Highlights

Rajesh Kanani, Chief Financial Officer (CFO) of the Company will retire from the company at close of business hours on 31st December 2018 on reaching the superannuation age. **Vikash Kumar Jain** has been appointed as Chief Financial Officer of the Company with effect from 25th October, 2018. Rajesh and Vikash will work together through the end of the year to ensure smooth transition.

Vikash joins us from DXC where he was part of the leadership team and has played several leadership roles in the areas of business finance, operations, controllership and M&A. Most recently he was the CFO for DXC India where he worked closely with the Board and its committees in formulating and executing strategic priorities for the company in the country. Vikash has a bachelor's degree in Accountancy & Commerce from St Xavier's College, Calcutta and is a Chartered Accountant from the Institute of Chartered Accountants of India.

R Srikrishna, CEO & Executive Director commented, "I wish Vikash all the very best in the role. I would also like to thank Rajesh for his significant contribution to Hexaware for well over two decades."



Rajesh Kanani said "I am proud to have been associated with Hexaware, which is a great place to work. I wish to thank Hexaware for having entrusted this responsibility to me and thank all stake holders and my colleagues for their support during my tenure."

Speaking on his appointment, Vikash Kumar Jain commented, "Extremely excited to join Hexaware that has established itself as the fastest growing IT services company in its segment. I look forward to working with the leadership team to execute on our journey of industry leading growth and enhancing stakeholder value."

Awards and Recognition

Hexaware has been declared as the Winner of the very prestigious '**Golden Peacock Award for Excellence in Corporate Governance**' for the year 2018, by the Awards Jury under the Chairmanship of Justice (Dr.) Arijit Pasayat, former Judge, Supreme Court of India.

Everest mentions Hexaware as the following: -

- **"Aspirants & Star Performer" for "IT Infrastructure Automation Services"**
- **"Aspirants" for "Capital Markets BPO Services"**
- **"Aspirants" for "Application Services in Banking"**
- **"Aspirants" for "FAO Services"**

HfS mentions Hexaware among the **"Top Infrastructure & Enterprise Cloud Services vendors 2018 "**

Nelson Hall mentions Hexaware as **"Major Players"** for IOT services

Hexaware is mentioned among the vendors in the Gartner report titled **"Hype Cycle for Digital Insurance"** and also in the report titled **"Hype Cycle for Application Services"**

Hexaware is mentioned among the vendors offering RPA Services in the Gartner report titled **"Hype Cycle for Business Process Services"**

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.

For more information contact:

Sreedatri Chatterjee

Hexaware Technologies Limited

Tel: +91 (22) 6654 2682 / 83

E-mail: sreedatric@hexaware.com



Consolidated Income Statement - Ind AS

₹ Mn

Head	Quarterly Data				
	Q3 18	Q2 18	QoQ%	Q3 17	YoY%
Revenues	12,096	11,367	6.4%	9,931	21.8%
Direct Costs	8,038	7,659	5.0%	6,358	26.4%
Gross Profit	4,058	3,708	9.4%	3,572	13.6%
Selling / General And Administration	1,941	1,839	5.5%	1,757	10.5%
EBITDA* excluding ESOP Costs	2,117	1,869	13.3%	1,815	16.6%
ESOP Costs	94	96	-2.6%	82	13.9%
EBITDA	2,023	1,773	14.1%	1,733	16.8%
Depreciation and Amortization	159	182	-12.5%	160	-0.7%
Operating Profit = EBIT	1,864	1,591	17.2%	1,573	18.5%
Other Income (net)	29	37	-21.0%	10	182.7%
Forex Gains / (Losses)	235	290	-18.9%	168	39.8%
Profit Before Tax	2,128	1,918	11.0%	1,751	21.5%
Provision for Tax	406	384	5.7%	332	22.4%
Profit After Tax	1,723	1,534	12.3%	1,419	21.4%
Share of Profit in associate	1.23	(1.71)	-171.9%	(3.16)	-138.9%
PAT After Loss in Associate	1,721	1,536	12.1%	1,423	21.0%

Key Ratios	Q3 18	Q2 18	QoQ%	Q3 17	YoY%
Gross Margin	33.5%	32.6%	0.9%	36.0%	-2.5%
SG&A to Revenue	16.0%	16.2%	-0.2%	17.7%	-1.7%
EBITDA* excluding ESOP Costs	17.5%	16.4%	1.1%	18.3%	-0.8%
EBITDA	16.7%	15.6%	1.1%	17.4%	-0.7%
Operating / EBIT Margin	15.4%	14.0%	1.4%	15.8%	-0.4%
Profit before tax	17.6%	16.9%	0.7%	17.6%	0.0%
Profit after Tax	14.2%	13.5%	0.7%	14.3%	-0.1%
EPS-INR					
Basic	5.80	5.17	0.63	4.79	1.01
Diluted	5.70	5.09	0.61	4.74	0.96



Consolidated Audited Balance Sheet- Ind AS

₹ Mn

Head	As at Sept 30 2018	As at June 30 2018
Assets		
Property, plant and equipment and intangible	5,672	5,503
Capital work-in-progress	2,434	2,434
Deferred tax assets	1,885	1,643
Other non-current assets & investments in associates	1,513	1,527
Trade receivables and unbilled revenue	11,159	9,496
Other current assets	831	944
Cash and cash equivalents (inc. restricted)	7,292	7,423
Total assets	30,787	28,970
Equity and liabilities		
Equity		
Equity Share capital	594	594
Other Equity and reserves	22,730	21,785
Total equity	23,324	22,379
Liabilities		
Non-current liabilities	325	160
Trade payables	3,138	2,897
Other current liabilities	3,053	2,609
Provisions	947	926
Total liabilities	7,463	6,591
Total equity and liabilities	30,787	28,970



Performance Review

Revenue Growth	₹, Mn	Q3 FY 18	Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17	FY 17
	Revenue from Operations		12,096	11,367	10,490	10,048	9,931
% q-o-q		6	8	4	1	1	12
Other Income		29	37	9	4	10	34

Vertical Split	%	Q3 FY 18	Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17	FY 17
	Banking and Financial Services		42.5	42.8	43.7	44.4	43.4
Travel & Transportation		10.5	11.1	13.1	12.0	13.2	13.0
Healthcare & Insurance		18.8	17.1	16.0	16.7	16.6	16.2
Manufacturing & Consumer		14.9	16.1	15.1	13.9	13.4	13.6
Professional Services		13.3	12.9	12.1	13.0	13.4	13.7
Total		100.0	100.0	100.0	100.0	100.0	100.0

Service Lines Split	%	Q3 FY 18	Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17	FY 17
	Application Development & Maintenance (ADM)		36.0	36.6	35.9	37.2	36.3
Enterprise Solutions		9.7	10.5	10.9	10.8	11.3	11.4
QATS /Digital Assurance		17.7	18.4	19.1	19.5	20.0	20.0
Business Intelligence & Analytics		14.5	13.5	14.2	13.8	13.8	13.8
Business Process Services (BPS)		7.4	7.2	6.9	7.0	7.3	7.0
Infrastructure Management Services (IMS)		14.7	13.8	13.0	11.7	11.3	11.3
Total		100.0	100.0	100.0	100.0	100.0	100.0

Geography	%	Q3 FY 18	Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17	FY 17
	Americas		77.4	77.0	75.3	77.7	79.1
Europe		13.3	12.7	12.5	12.1	11.3	11.4
Asia Pacific		9.3	10.3	12.2	10.2	9.6	8.8
Total		100.0	100.0	100.0	100.0	100.0	100.0

Onsite: Offshore Mix with BPO	%	Q3 FY 18	Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17	FY 17
	Onsite		64.9	65.2	65.4	65.1	65.4
Offshore (Incl.Nearshore)		35.1	34.8	34.6	34.9	34.6	35.1
Total		100.0	100.0	100.0	100.0	100.0	100.0

Client data

Repeat Business	%	Q3 FY 18	Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17
			93.8	94.3	94.3	94.3

Clients billed	No	Q3 FY 18	Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17
			223	226	224	221

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



DSO	Days	Q3 FY 18	Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17
	Billed		58	47	47	49
Including Unbilled Accruals		83	75	74	71	72

Revenue Concentration	%	Q3 FY 18	Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17	FY 17
	Top 5		42.1	42.4	42.1	42.8	43.5
Top 10		52.2	52.8	52.8	52.9	54.8	55.0

Client Size	Nos (Last Twelve Months)	Q3 FY 18	Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17
	More than \$ 1 Mn +		95	93	89	88
Between \$ 1 to 5 Mn		70	71	69	71	64
Between \$ 5 to 10 Mn		15	12	10	7	9
Between \$ 10 to 20 Mn		6	6	6	6	4
Over \$ 20 Mn		4	4	4	4	5

People Numbers	%	Q3 FY 18	Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17
	Billable Personnel (IT + BPS Services)					
Onsite	18.4%	18.4%	18.8%	19.0%	19.7%	19.9%
Offshore	74.2%	74.2%	73.7%	73.3%	72.5%	72.1%
Total	92.6%	92.6%	92.5%	92.3%	92.2%	92.0%
Marketing (Incl. Sales Support)	3.0%	3.0%	3.0%	3.2%	3.3%	3.3%
Others (Incl. Tech. Support)	4.4%	4.4%	4.5%	4.5%	4.5%	4.7%
Grand Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Utilization	%	Q3 FY 18	Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17	FY 17
			79.0	78.2	81.3	80.9	79.7

Attrition Rate	%	Q3 FY 18	Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17
	Last Twelve Months		15.7	14.4	13.4	13.1

Rupee Dollar Rate		Q3 FY 18	Q2 FY 18	Q1 FY 18	Q4 FY 17	Q3 FY 17	FY 17
	Period Closing rate		72.49	68.47	65.18	63.88	65.29
Period average rate		70.68	67.52	64.65	64.36	64.46	64.93



Consolidated Income Statement - Ind AS

USD K

Head	Quarterly Data				
	Q3 18	Q2 18	QoQ%	Q3 17	YoY%
Revenues	171,063	168,288	1.6%	154,026	11.1%
Direct Costs	113,692	113,414	0.2%	98,654	15.2%
Gross Profit	57,372	54,874	4.6%	55,371	3.6%
Selling / General And Administration	27,482	27,260	0.8%	27,240	0.9%
EBITDA* excluding ESOP Costs	29,890	27,614	8.2%	28,131	6.3%
ESOP Costs	1,328	1,425	-6.8%	1,276	4.1%
EBITDA	28,562	26,190	9.1%	26,856	6.4%
Depreciation and Amortization	2,253	2,688	-16.2%	2,486	-9.4%
Operating Profit = EBIT	26,309	23,501	11.9%	24,370	8.0%
Other Income (net)	414	545	-24.1%	161	156.6%
Forex Gains / (Losses)	3,296	4,298	-23.3%	2,606	26.5%
Profit Before Tax	30,018	28,344	5.9%	27,137	10.6%
Provision for Tax	5,733	5,675	1.0%	5,155	11.2%
Profit After Tax	24,286	22,669	7.1%	21,981	10.5%
Share of Profit in associate	17	(25)	-168.3%	(48)	-135.2%
PAT After Loss in Associate	24,269	22,694	6.9%	22,030	10.2%

Key Ratios	Q3 18	Q2 18	QoQ%	Q3 17	YoY%
Gross Margin	33.5%	32.6%	0.9%	35.9%	-2.4%
SG&A to Revenue	16.1%	16.2%	-0.1%	17.7%	-1.6%
EBITDA* excluding ESOP Costs	17.5%	16.4%	1.1%	18.3%	-0.8%
EBITDA	16.7%	15.6%	1.1%	17.4%	-0.7%
Operating / EBIT Margin	15.4%	14.0%	1.4%	15.8%	-0.4%
Profit before tax	17.5%	16.8%	0.7%	17.6%	-0.1%
Profit after Tax	14.2%	13.5%	0.7%	14.3%	-0.1%

