

## Hexaware Reports First Quarter 2019 results

**Mumbai – April 24, 2019:** Hexaware Technologies Limited, one of the fastest growing automation-led, next-generation providers of IT, BPO and Consulting services has reported strong numbers for the first quarter of the calendar year ended March 31, 2019.

### Key Highlights

#### Revenue

- Q1 2019 revenue at \$ 180 Mn
  - YoY growth of 10.9%, 13.0% in cc
  - QoQ growth of 2.2%, 2.0% in cc
- Q1 2019 revenue at ₹ 12,640; up 20.5% YoY

#### EPS

- Q1 2019 EPS at Rs 4.65, up 12.0% QoQ

#### New Wins

- 4 new clients signed in Q1 2019 with TCV of US\$ 36 Mn

#### Dividend

- Interim Dividend of Rs 2.50 (125%) for Q1 19

### Leadership Speak

"Hexaware delivered yet another quarter of double-digit growth of 10.9% YoY. This is a testimony of our commitment to deliver industry leading growth." remarked **Atul Nishar, Chairman, Hexaware Technologies Limited.**

"We delivered solid growth in a seasonally weak quarter for us. It sets us up nicely to have a robust growth for 2019." stated **R Srikrishna, CEO & Executive Director, Hexaware Technologies Limited.**

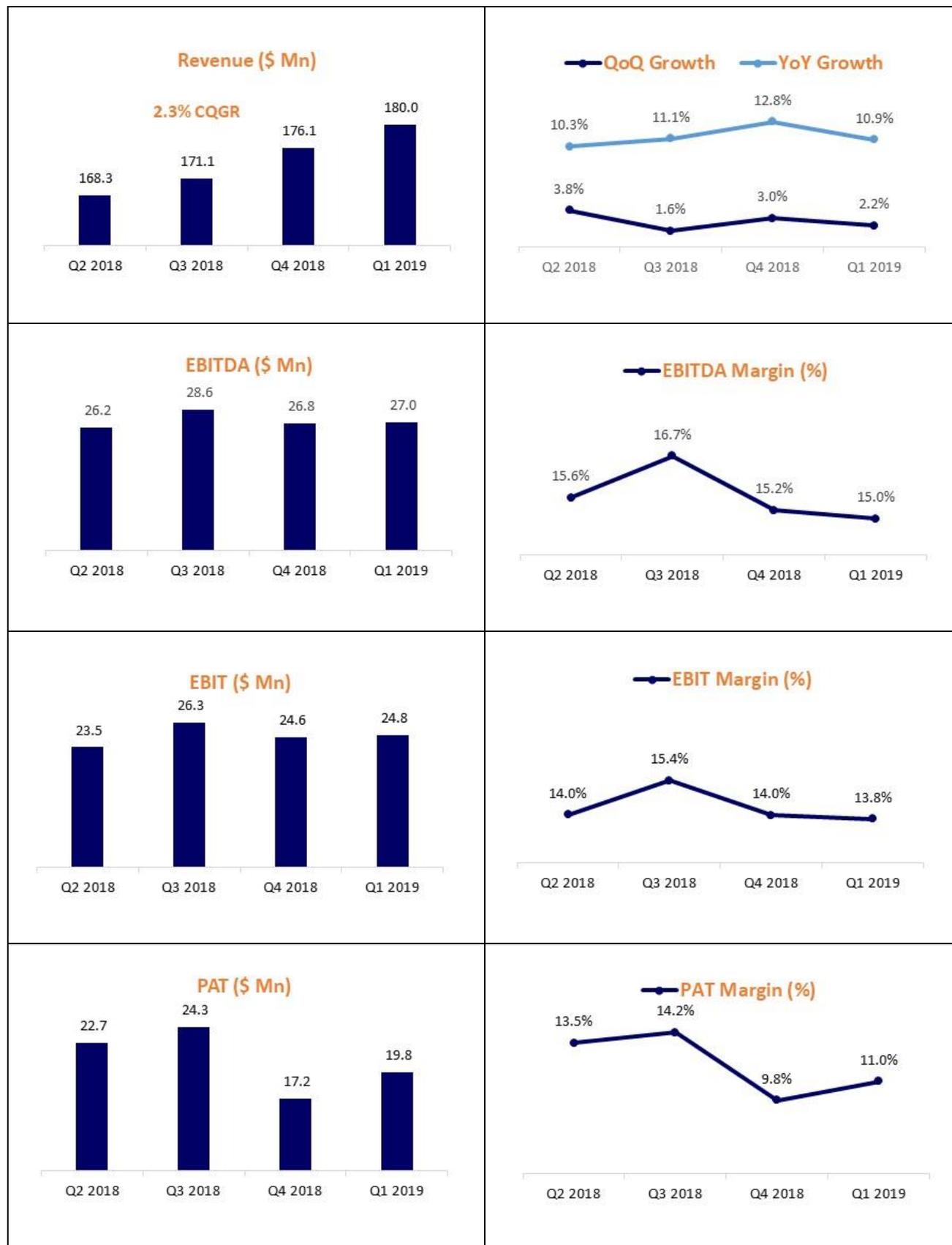
### Financial Summary

₹ Mn	Q1 19	Growth	
		QoQ	YoY
Revenue	12,640	0.9%	20.5%
EBITDA	1,887	-1.4%	16.1%
EBIT	1,738	-0.9%	17.9%
PAT	1,385	12.2%	3.1%

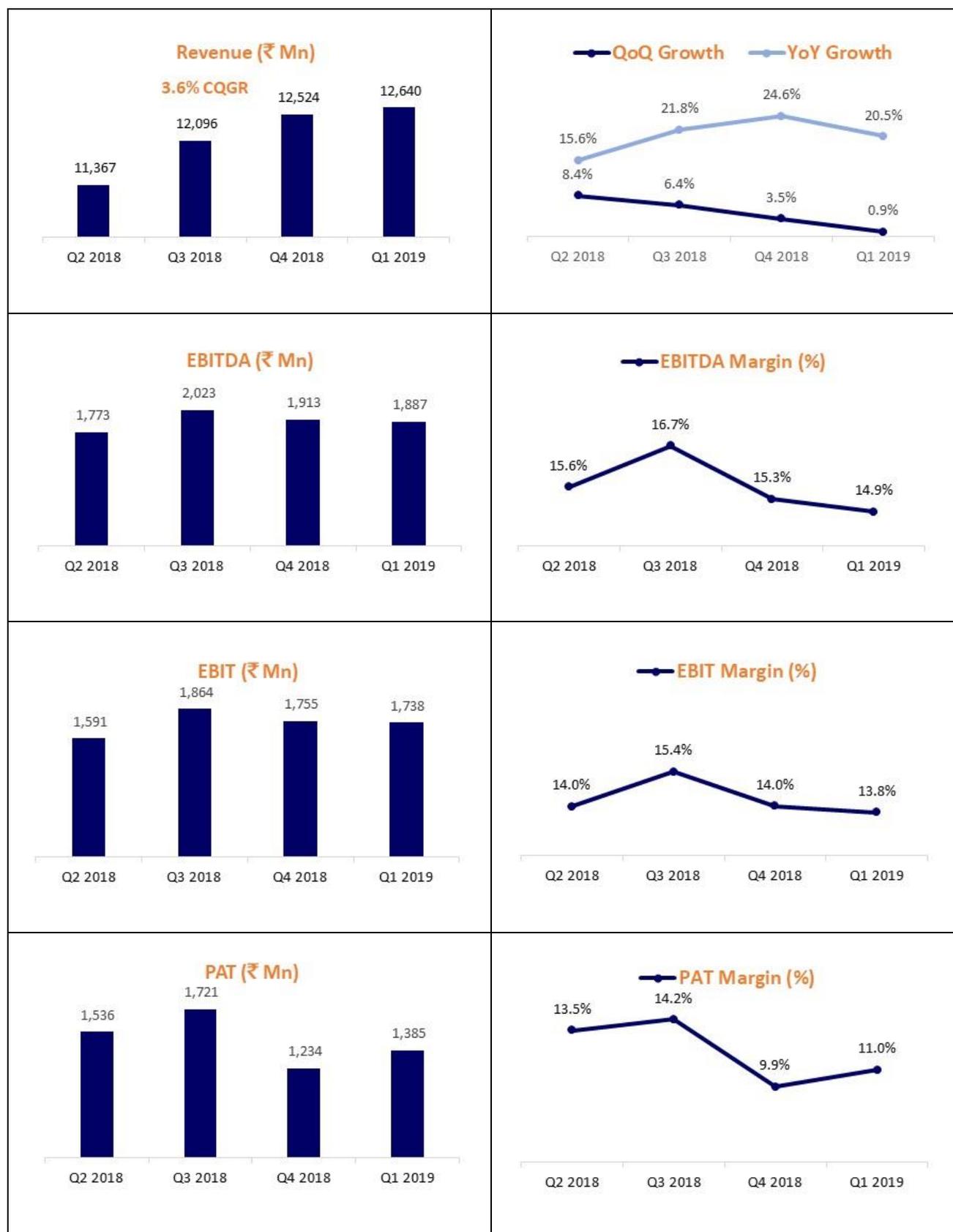
USD Mn	Q1 19	Growth	
		QoQ	YoY
Revenue	180.0	2.2%	10.9%
EBITDA	27.0	0.6%	7.4%
EBIT	24.8	1.1%	9.2%
PAT	19.8	15.2%	-4.6%

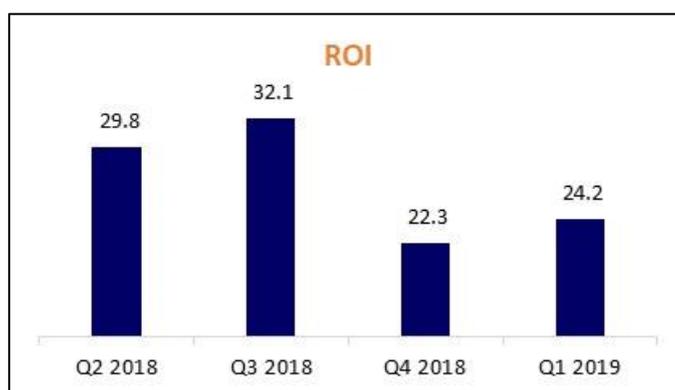
USD Mn	Growth	
	QoQ	YoY
Revenue (Constant Currency )	2.0%	13.0%

### Q1 Performance Highlights in US\$ terms



### Q1 Performance Highlights in ₹ terms



**ROI****Cash**

- Cash & Cash equivalents at the end of March 2019 at US\$ 125.9 Mn; ₹ 870 crores
- Days of Sales Outstanding (DSO) was 51 days (billed DSO) and 74 days (including unbilled) at the end of Q1 2019
- Fourth Interim Dividend of Rs 2.50 (125%) for Q1 2019.

**New Wins**

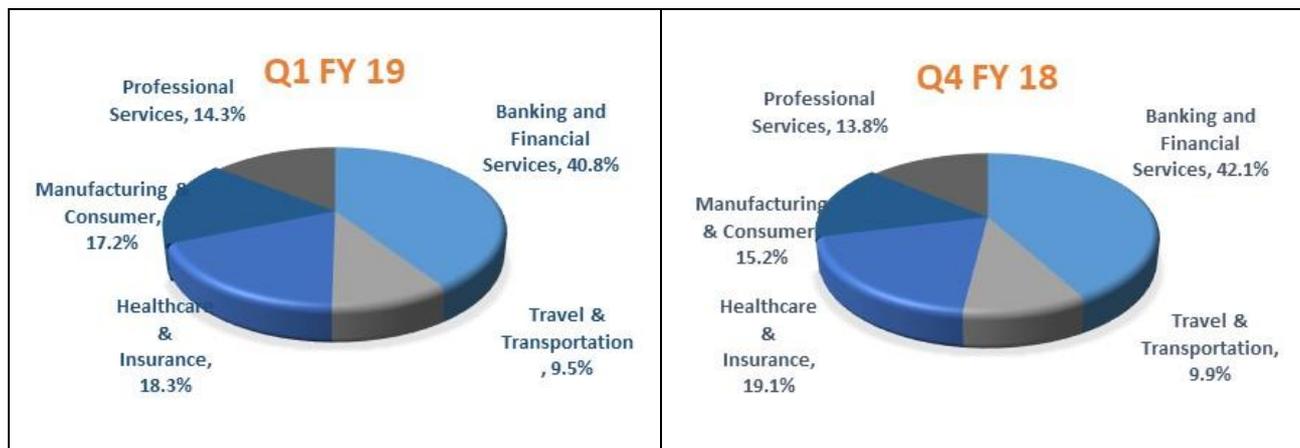
- 4 new clients signed in Q1 2019 with TCV of US\$ 36 Mn

**Human Capital**

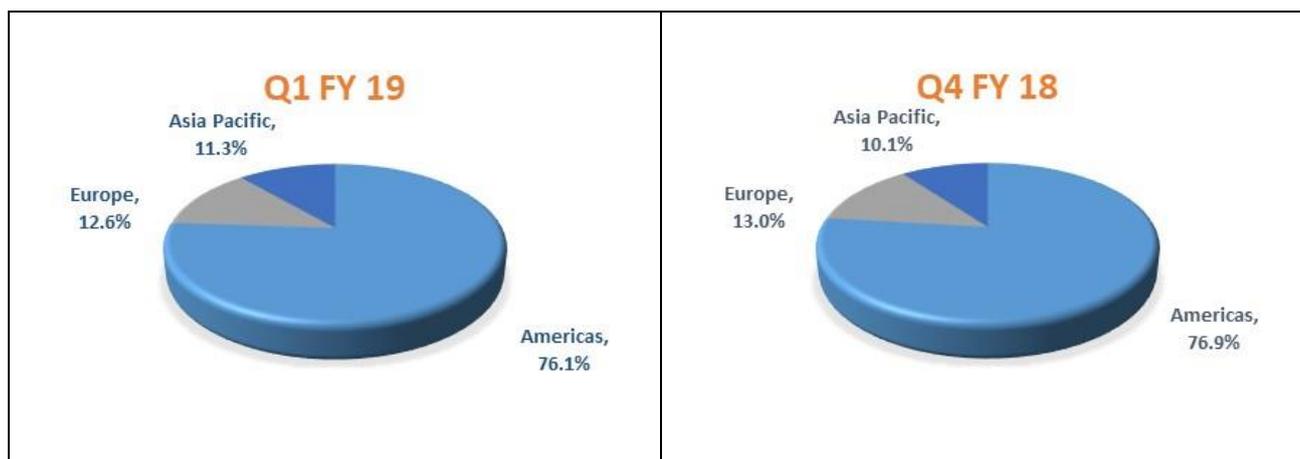
- Headcount stood at 16,509 at the end of Q1 2019; up 1,890 YoY, up 304 QoQ
- Utilization stood at 79.0% (including trainees) in the Quarter
- Attrition at the end of March 2019 was at 18.2%

## Revenue Split

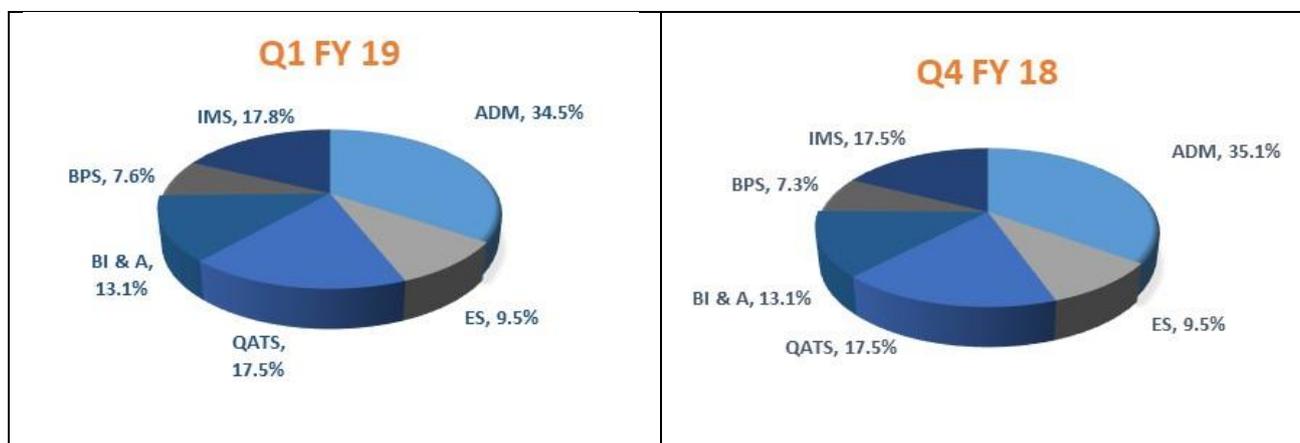
### Vertical Split



### Geography Split



### Service Lines Split



## Revenue Growth

Particulars	Segments	Q1 2019	
		Q o Q	Y o Y
Geography	Americas	1.1%	12.1%
	Europe	-1.2%	11.8%
	Asia Pacific	15.2%	2.8%
Service Lines Split	Application Devt & Maint (ADM)	0.5%	6.6%
	Enterprise Solutions (ES)	2.0%	-2.9%
	Testing / Digital Assurance (QATS)	2.5%	1.8%
	Business Intelligence & Analytics (BI&A)	2.0%	2.6%
	Business Process Services (BPS)	7.0%	22.9%
	Infrastructure Management Services (IMS)	3.5%	50.5%
Vertical Split	Banking & Financial Services	-0.9%	3.8%
	Travel & Transportation	-1.6%	-19.8%
	Healthcare & Insurance	-2.1%	26.6%
	Manufacturing & Consumer	15.6%	26.7%
	Professional Services	5.5%	29.8%
<b>Total</b>		<b>2.2%</b>	<b>10.9%</b>

## Business Update

In Q1 2019, APAC showed 15.2% QoQ growth. Manufacturing & Consumer (M&C) is the fastest growing vertical with 15.6% QoQ and 26.7% YoY growth in Q1 2019. Professional Services (PS) displayed 29.8% YoY growth. In Q1 2019, Business Process Services (BPS) led the service line growth with 7.0% QoQ and 22.9% YoY growth. Infrastructure Management Services (IMS) clocked 50.5% YoY growth.

## First Interim Dividend of 2019

The Board of Directors declared a fourth interim dividend of ₹ 2.50 per share (125%) on equity shares of Rs 2.00 each. The record date is fixed as Wednesday, May 8, 2019 for determining the shareholders entitled for this first interim dividend of the year 2019. The payment shall be made on May 13, 2019. This would result in a cash outflow of ₹ 89.7 Crores for dividend payment including tax, resulting in a dividend payout ratio of 65% for Q1 2019.

## Foreign Exchange Cover

The Company has hedges worth \$ 196.90 Mn at an average exchange rate of ₹ 72.93, € 6.45 Mn at an average exchange rate of ₹ 89.08 and £ 13.08 Mn at an average exchange rate of ₹99.11 maturing over the course of the next eight quarters (from April 2019 to March 2021).

## Awards and Recognition

Novarica mentions Hexaware among the vendors offering Life/Annuities & Property/Casualty Solutions in the report titled "IT Service Providers for Insurers"



HfS mentions Hexaware as one of the vendors offering Blockchain Services in the report titled " HfS Top 10 Enterprise Blockchain Services 2018"

HfS mentions Hexaware as one of the vendors offering Healthcare Services in the report titled " HfS Top 10 Healthcare Business Services 2018"

Hexaware mentioned among the sample vendors in the report titled "How C&SI and Managed Service Providers Must Approach Their Product Strategy"

Everest mentions Hexaware as Major Contenders for "MPHRO" services and for "Healthcare Business Process Automation" services

Everest mentions Hexaware as Aspirants for FAO services

Hexaware profile featured in " Capital Markets BPO – Service Provider Profile Compendium 2019" in Everest Group report

Hexaware recognized as Everest Group's PEAK Matrix IT Service Provider of the Year, 2019 — 3rd Time in a Row

Hexaware mentioned among the sample vendors in Gartner report titled "How U.S. Healthcare Payers Can Optimize Costs by Choosing the Best Core Administration Vendors"

Hexaware's "Digital Component Framework " offering profile mentioned in Celent report titled "Intelligent Automation in Capital Markets"

Hexaware mentioned among the top 15 Healthcare Service Providers in 2018 in the report titled "Healthcare Report Card 2018 – A Guidebook of Key Trends and Service Provider Performance" by Everest Group"

### **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				
	Q1 19	Q4 18	QoQ%	Q1 18	YoY%
<b>Revenues</b>	<b>12,640</b>	<b>12,524</b>	<b>0.9%</b>	<b>10,490</b>	<b>20.5%</b>
Direct Costs	8,781	8,476	3.6%	6,949	26.4%
<b>Gross Profit</b>	<b>3,859</b>	<b>4,048</b>	<b>-4.7%</b>	<b>3,540</b>	<b>9.0%</b>
Selling / General And Administration	1,929	2,044	-5.6%	1,822	5.9%
<b>EBITDA* excluding ESOP Costs</b>	<b>1,930</b>	<b>2,004</b>	<b>-3.7%</b>	<b>1,719</b>	<b>12.3%</b>
ESOP Costs	43	91	-52.6%	93	-53.8%
<b>EBITDA</b>	<b>1,887</b>	<b>1,913</b>	<b>-1.4%</b>	<b>1,626</b>	<b>16.1%</b>
Depreciation and Amortization	148	158	-6.3%	151	-2.0%
<b>Operating Profit = EBIT</b>	<b>1,738</b>	<b>1,755</b>	<b>-0.9%</b>	<b>1,474</b>	<b>17.9%</b>
Other Income (net)	41	33	21.4%	9	368.9%
Forex Gains / (Losses)	(83)	(248)	-66.7%	195	-142.4%
<b>Profit Before Tax</b>	<b>1,697</b>	<b>1,540</b>	<b>10.2%</b>	<b>1,678</b>	<b>1.1%</b>
Provision for Tax	312	306	2.1%	336	-6.9%
<b>Profit After Tax</b>	<b>1,384</b>	<b>1,234</b>	<b>12.1%</b>	<b>1,342</b>	<b>3.1%</b>
Share of Profit in associate	(0.61)	(0.13)	369.2%	(1.05)	-41.9%
<b>PAT After Loss in Associate</b>	<b>1,385</b>	<b>1,234</b>	<b>12.2%</b>	<b>1,343</b>	<b>3.1%</b>

Key Ratios	Q1 19	Q4 18	QoQ%	Q1 18	YoY%
Gross Margin	30.5%	32.3%	-1.8%	33.8%	-3.3%
SG&A to Revenue	15.3%	16.3%	-1.0%	17.4%	-2.1%
EBITDA* excluding ESOP Costs	15.3%	16.0%	-0.7%	16.4%	-1.1%
EBITDA	14.9%	15.3%	-0.4%	15.5%	-0.6%
Operating / EBIT Margin	13.8%	14.0%	-0.2%	14.1%	-0.3%
Profit before tax	13.4%	12.3%	1.1%	16.0%	-2.6%
Profit after Tax	11.0%	9.9%	1.1%	12.8%	-1.8%
EPS- INR					
Basic	4.65	4.15	0.50	4.52	0.13
Diluted	4.58	4.09	0.49	4.46	0.12



## Consolidated Audited Balance Sheet- Ind AS

₹ Mn

Head	As at March 31	As at Dec 31 2018
<b>Assets</b>		
Property, plant and equipment and intangible	6,048	5,742
Capital work-in-progress	2,078	2,244
Deferred tax assets	1,822	1,784
Other non-current assets & investments in associates	1,972	1,661
Trade receivables and unbilled revenue	10,288	10,761
Other current assets	1,059	802
Cash and cash equivalents (inc. restricted)	8,704	8,341
<b>Total assets</b>	<b>31,971</b>	<b>31,335</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Equity Share capital	595	595
Other Equity and reserves	24,098	23,324
<b>Total equity</b>	<b>24,693</b>	<b>23,919</b>
<b>Liabilities</b>		
Non-current liabilities	11	76
Trade payables	2,959	3,300
Other current liabilities	3,335	3,125
Provisions	973	916
<b>Total liabilities</b>	<b>7,278</b>	<b>7,416</b>
<b>Total equity and liabilities</b>	<b>31,971</b>	<b>31,335</b>



**Performance Review**

Revenue Growth	₹, Mn	Q1 FY 19	Q4 FY 18	Q3 FY 18	Q2 FY 18	Q1 FY 18	FY 18
	Revenue from Operations		12,640	12,524	12,096	11,367	10,490
% q-o-q		1	4	6	8	4	18
Other Income		41	33	29	37	9	109

Vertical Split	%	Q1 FY 19	Q4 FY 18	Q3 FY 18	Q2 FY 18	Q1 FY 18	FY 18
	Banking and Financial Services		40.8	42.1	42.5	42.8	43.7
Travel & Transportation		9.5	9.9	10.5	11.1	13.1	11.1
Healthcare & Insurance		18.3	19.1	18.8	17.1	16.0	17.8
Manufacturing & Consumer		17.2	15.2	14.9	16.1	15.1	15.3
Professional Services		14.3	13.8	13.3	12.9	12.1	13.0
Total		100.0	100.0	100.0	100.0	100.0	100.0

Service Lines Split	%	Q1 FY 19	Q4 FY 18	Q3 FY 18	Q2 FY 18	Q1 FY 18	FY 18
	Application Development & Maintenance (ADM)		34.5	35.1	36.0	36.6	35.9
Enterprise Solutions		9.5	9.5	9.7	10.5	10.9	10.1
QATS /Digital Assurance		17.5	17.5	17.7	18.4	19.1	18.1
Business Intelligence & Analytics		13.1	13.1	14.5	13.5	14.2	13.8
Business Process Services (BPS)		7.6	7.3	7.4	7.2	6.9	7.2
Infrastructure Management Services (IMS)		17.8	17.5	14.7	13.8	13.0	14.9
Total		100.0	100.0	100.0	100.0	100.0	100.0

Geography	%	Q1 FY 19	Q4 FY 18	Q3 FY 18	Q2 FY 18	Q1 FY 18	FY 18
	Americas		76.1	76.9	77.4	77.0	75.3
Europe		12.6	13.0	13.3	12.7	12.5	12.9
Asia Pacific		11.3	10.1	9.3	10.3	12.2	10.4
Total		100.0	100.0	100.0	100.0	100.0	100.0

Onsite: Offshore Mix with BPO	%	Q1 FY 19	Q4 FY 18	Q3 FY 18	Q2 FY 18	Q1 FY 18	FY 18
	Onsite		63.4	63.9	64.9	65.2	65.4
Offshore (Incl.Nearshore)		36.6	36.1	35.1	34.8	34.6	35.2
Total		100.0	100.0	100.0	100.0	100.0	100.0

**Client data**

Repeat Business	%	Q1 FY 19	Q4 FY 18	Q3 FY 18	Q2 FY 18	Q1 FY 18
			93.9	95.6	93.8	94.3

Clients billed	No	Q1 FY 19	Q4 FY 18	Q3 FY 18	Q2 FY 18	Q1 FY 18
			223	224	223	226

Clients added	No	Q1 FY 19	Q4 FY 18	Q3 FY 18	Q2 FY 18	Q1 FY 18	FY 18
			7	5	9	7	5



<b>DSO</b>	<b>Days</b>	<b>Q1 FY 19</b>	<b>Q4 FY 18</b>	<b>Q3 FY 18</b>	<b>Q2 FY 18</b>	<b>Q1 FY 18</b>
	Billed	51	60	58	47	47
	Including Unbilled Accruals	74	81	83	75	74

<b>Revenue Concentration</b>	<b>%</b>	<b>Q1 FY 19</b>	<b>Q4 FY 18</b>	<b>Q3 FY 18</b>	<b>Q2 FY 18</b>	<b>Q1 FY 18</b>	<b>FY 18</b>
	Top 5	41.7	42.0	42.1	42.4	42.1	41.6
	Top 10	51.1	51.6	52.2	52.8	52.8	51.7

<b>Client Size</b>	<b>Nos (Last Twelve Months)</b>	<b>Q1 FY 19</b>	<b>Q4 FY 18</b>	<b>Q3 FY 18</b>	<b>Q2 FY 18</b>	<b>Q1 FY 18</b>
	More than \$ 1 Mn +	99	99	95	93	89
	Between \$ 1 to 5 Mn	71	72	70	71	69
	Between \$ 5 to 10 Mn	19	18	15	12	10
	Between \$ 10 to 20 Mn	4	4	6	6	6
	Over \$ 20 Mn	5	5	4	4	4

<b>People Numbers</b>	<b>%</b>	<b>Q1 FY 19</b>	<b>Q4 FY 18</b>	<b>Q3 FY 18</b>	<b>Q2 FY 18</b>	<b>Q1 FY 18</b>	
	<b>Billable Personnel (IT + BPS Services)</b>						
	Onsite	19.1%	19.0%	18.4%	18.8%	19.0%	
	Offshore	73.5%	73.6%	74.2%	73.7%	73.3%	
	Total	92.6%	92.6%	92.6%	92.5%	92.3%	
	Marketing (Incl. Sales Support)	2.9%	3.0%	3.0%	3.0%	3.2%	
	Others (Incl. Tech. Support)	4.5%	4.4%	4.4%	4.5%	4.5%	
	Grand Total	100.0%	100.0%	100.0%	100.0%	100.0%	

<b>Utilization</b>	<b>%</b>	<b>Q1 FY 19</b>	<b>Q4 FY 18</b>	<b>Q3 FY 18</b>	<b>Q2 FY 18</b>	<b>Q1 FY 18</b>	<b>FY 18</b>
			79.0	78.7	79.0	78.2	81.3

<b>Attrition Rate</b>	<b>%</b>	<b>Q1 FY 19</b>	<b>Q4 FY 18</b>	<b>Q3 FY 18</b>	<b>Q2 FY 18</b>	<b>Q1 FY 18</b>
	Last Twelve Months		18.2	17.0	15.7	14.4

<b>Rupee Dollar Rate</b>		<b>Q1 FY 19</b>	<b>Q4 FY 18</b>	<b>Q3 FY 18</b>	<b>Q2 FY 18</b>	<b>Q1 FY 18</b>	<b>FY 18</b>	
	Period Closing rate		69.16	69.78	72.49	68.47	65.18	69.78
	Period average rate		70.32	71.11	70.68	67.52	64.65	68.49



## Consolidated Income Statement - Ind AS

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Head	Quarterly Data				
	Q1 19	Q4 18	QoQ%	Q1 18	YoY%
<b>Revenues</b>	<b>179,964</b>	<b>176,110</b>	<b>2.2%</b>	<b>162,204</b>	<b>10.9%</b>
Direct Costs	124,979	119,279	4.8%	107,494	16.3%
<b>Gross Profit</b>	<b>54,985</b>	<b>56,831</b>	<b>-3.2%</b>	<b>54,710</b>	<b>0.5%</b>
Selling / General And Administration	27,414	28,755	-4.7%	28,168	-2.7%
<b>EBITDA* excluding ESOP Costs</b>	<b>27,571</b>	<b>28,076</b>	<b>-1.8%</b>	<b>26,541</b>	<b>3.9%</b>
ESOP Costs	612	1,277	-52.1%	1,441	-57.5%
<b>EBITDA</b>	<b>26,959</b>	<b>26,799</b>	<b>0.6%</b>	<b>25,101</b>	<b>7.4%</b>
Depreciation and Amortization	2,110	2,227	-5.2%	2,342	-9.9%
<b>Operating Profit = EBIT</b>	<b>24,849</b>	<b>24,572</b>	<b>1.1%</b>	<b>22,759</b>	<b>9.2%</b>
Other Income (net)	578	470	23.1%	134	331.8%
Forex Gains / (Losses)	(1,205)	(3,623)	-66.8%	3,000	-140.2%
<b>Profit Before Tax</b>	<b>24,222</b>	<b>21,418</b>	<b>13.1%</b>	<b>25,893</b>	<b>-6.5%</b>
Provision for Tax	4,453	4,249	4.8%	5,181	-14.0%
<b>Profit After Tax</b>	<b>19,769</b>	<b>17,169</b>	<b>15.1%</b>	<b>20,712</b>	<b>-4.6%</b>
Share of Profit in associate	(9)	(2)	363.2%	(16)	-45.9%
<b>PAT After Loss in Associate</b>	<b>19,778</b>	<b>17,171</b>	<b>15.2%</b>	<b>20,728</b>	<b>-4.6%</b>

Key Ratios	Q1 19	Q4 18	QoQ%	Q1 18	YoY%
Gross Margin	30.6%	32.3%	-1.7%	33.7%	-3.1%
SG&A to Revenue	15.2%	16.3%	-1.1%	17.4%	-2.2%
EBITDA* excluding ESOP Costs	15.3%	15.9%	-0.6%	16.4%	-1.1%
EBITDA	15.0%	15.2%	-0.2%	15.5%	-0.5%
Operating / EBIT Margin	13.8%	14.0%	-0.2%	14.0%	-0.2%
Profit before tax	13.5%	12.2%	1.3%	16.0%	-2.5%
Profit after Tax	11.0%	9.8%	1.2%	12.8%	-1.8%

