



Investor Update Q2 2019

8th August 2019

Safe Harbor Statement

Certain statements on this presentation 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, 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

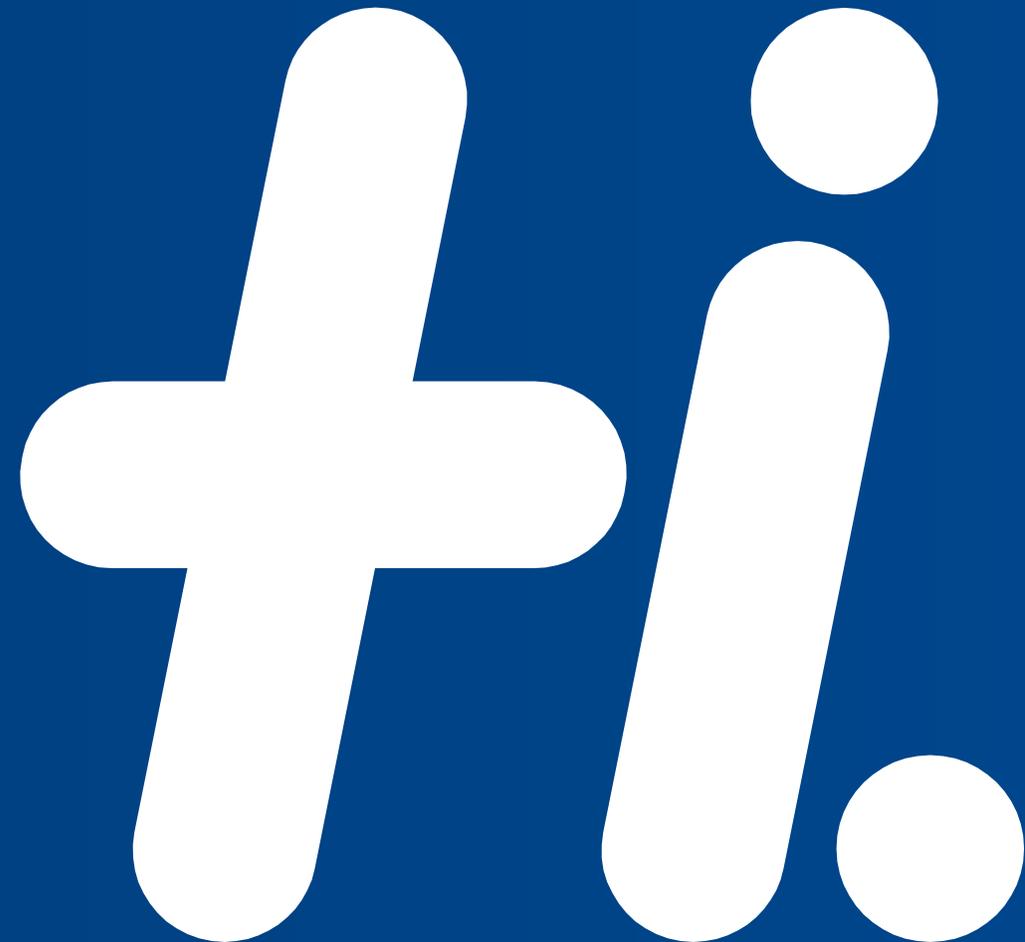
Use of Non-GAAP Financials

Hexaware has included non-GAAP financial measures in this presentation to supplement Hexaware's consolidated financial statements presented on a GAAP basis. These non-GAAP financial measures may have limitations as analytical tools, and these measures should not be considered in isolation or as a substitute for analysis of Hexaware's results as reported under GAAP.

The non-GAAP financial information that we provide also may differ from the non-GAAP information provided by other companies. We compensate for the limitations on our use of these non-GAAP financial measures by relying primarily on our GAAP financial statements and using non-GAAP financial measures only supplementally. We also provide robust and detailed reconciliations of non-GAAP earnings to the most directly comparable GAAP earnings, and we encourage investors to review those reconciliations carefully.

We believe that providing these non-GAAP financial measures in addition to the related GAAP measures provides investors with greater transparency. We further believe that providing this information better enables investors to understand Hexaware's operating performance and financial condition.

**Q2 2019
Business
Update**



Key Highlights



Q2 Revenue
\$ 188.5M

- Q/Q growth of 4.7%; 5.0% in CC
- Y/Y growth of 12.0%; 13.0% in CC



Q2 EBITDA*
16.2%

- Q2 EBITDA of \$ 30.5M
- EBITDA % expansion of 121 bps Q/Q and 63 bps Y/Y



Q2 EPS
₹ 5.08

- Q/Q EPS growth of 9.2%
- Non GAAP EPS of ₹ 5.55; Q/Q growth of 19.3%



NN Wins
\$ 36M

- High growth potential clients added



Closing Headcount
18,294[#]

- Q2 net addition – 1,785
- Freshers added – 206



Dividend
₹ 1.50

- Interim Q2 dividend of Rs 1.50

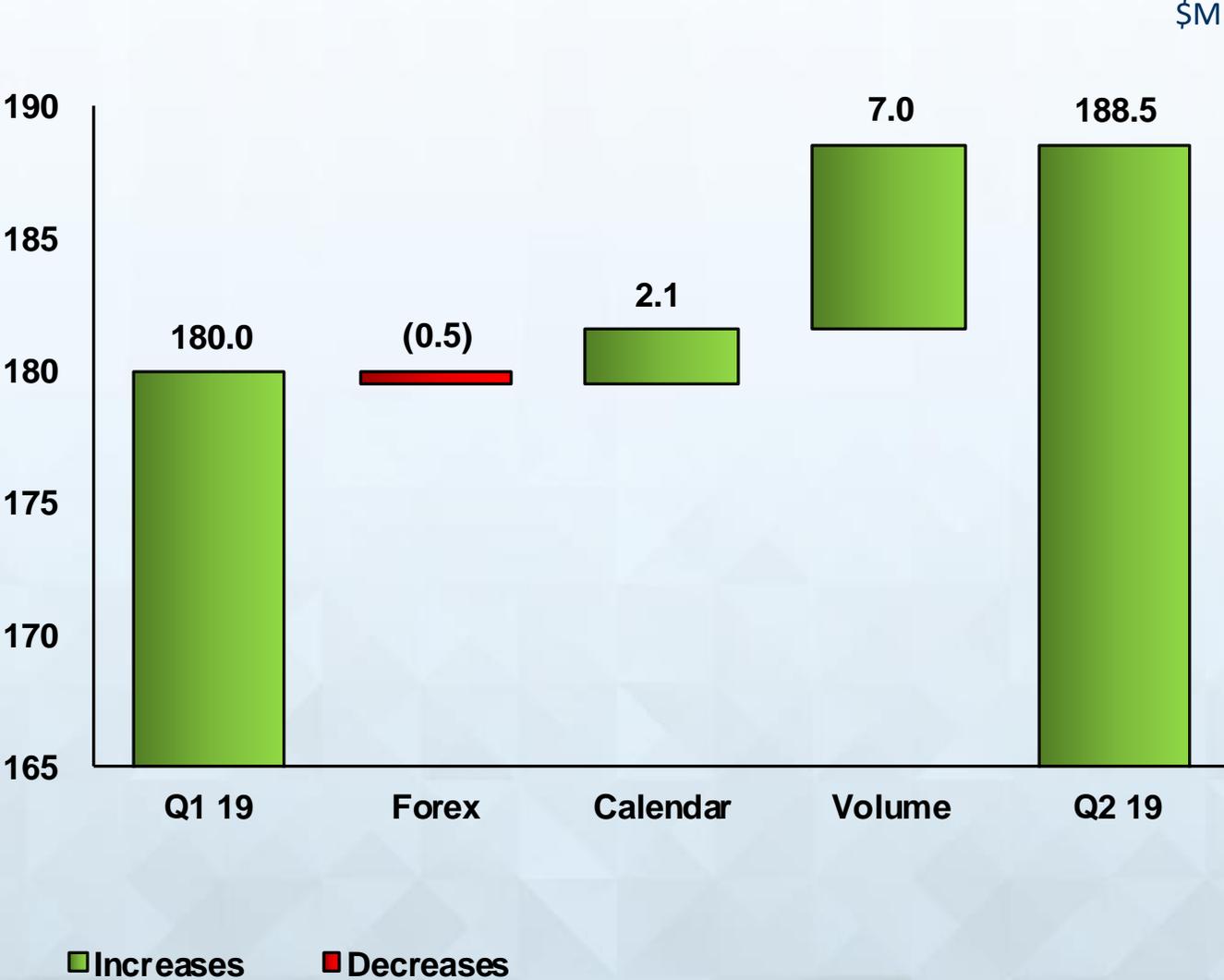
* EBIDTA (post ESOP cost)

Net Addition including Mobiquity

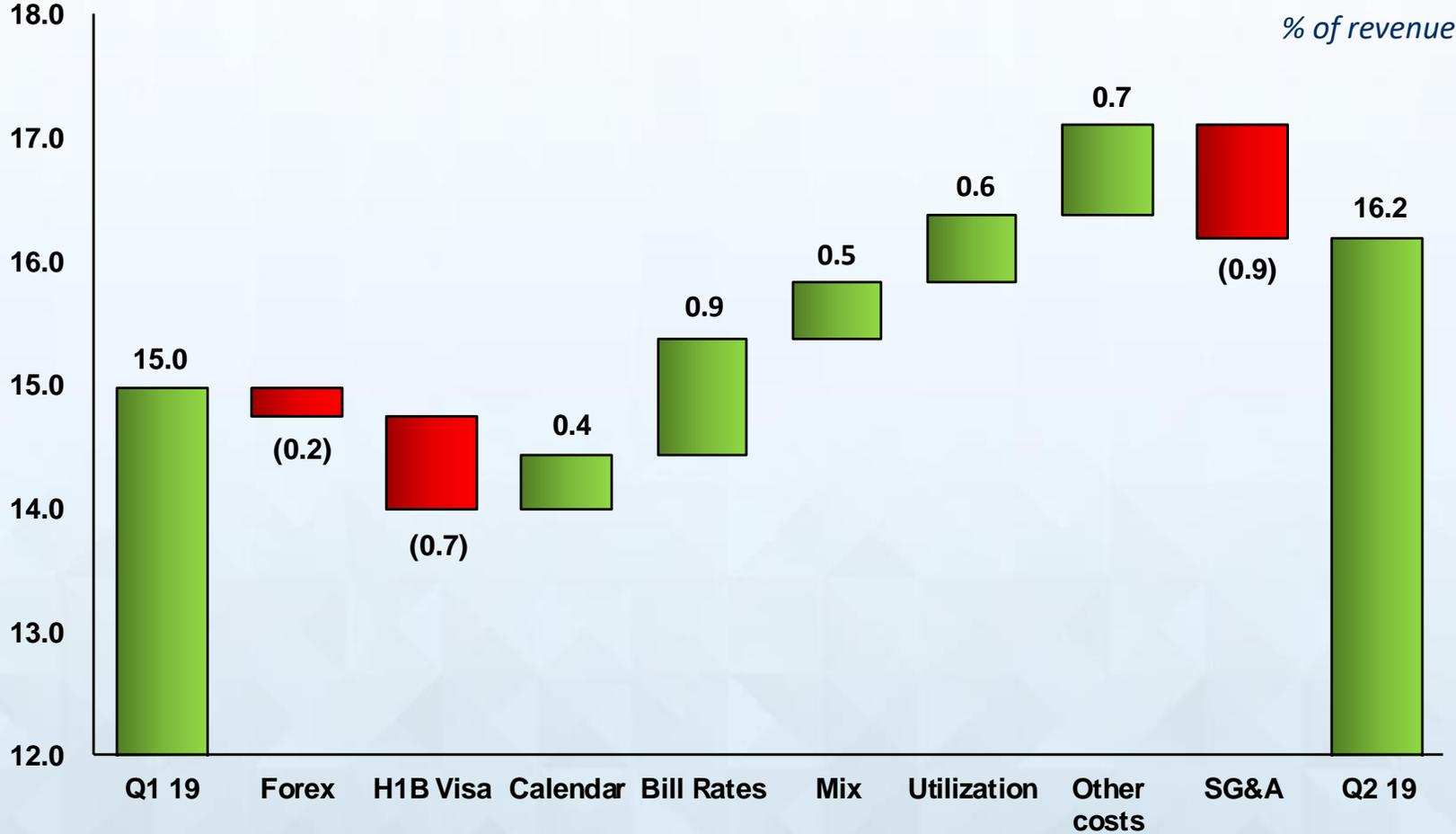
Q2 19 | Financial Performance

| <i>Amounts in US\$ Mn</i> | Q2 2019 | Q1 2019 | GROWTH QoQ | Q2 2018 | GROWTH YoY |
|---------------------------|--------------|--------------|-------------|--------------|--------------|
| Revenue | 188.5 | 180.0 | 4.7% | 168.3 | 12.0% |
| EBITDA (before ESOP cost) | 31.1 | 27.6 | 12.8% | 27.6 | 12.6% |
| EBITDA % | 16.5% | 15.3% | 1.2% | 16.4% | 0.1% |
| EBITDA (after ESOP cost) | 30.5 | 27.0 | 13.2% | 26.2 | 16.5% |
| EBITDA % | 16.2% | 15.0% | 1.2% | 15.6% | 0.6% |
| Transaction Expenses | 2.4 | 0.0 | NA | 0.0 | NA |
| PAT | 21.8 | 19.8 | 10.1% | 22.7 | -4.0% |
| PAT % | 11.6% | 11.0% | 0.6% | 13.5% | -1.9% |
| EPS Basic (INR) | 5.08 | 4.65 | 9.2% | 5.17 | -1.7% |

Revenue Walk I QoQ



EBITDA Walk | QoQ



■ Increases ■ Decreases

* EBIDTA (post ESOP cost)

GAAP to Non-GAAP Results Reconciliation

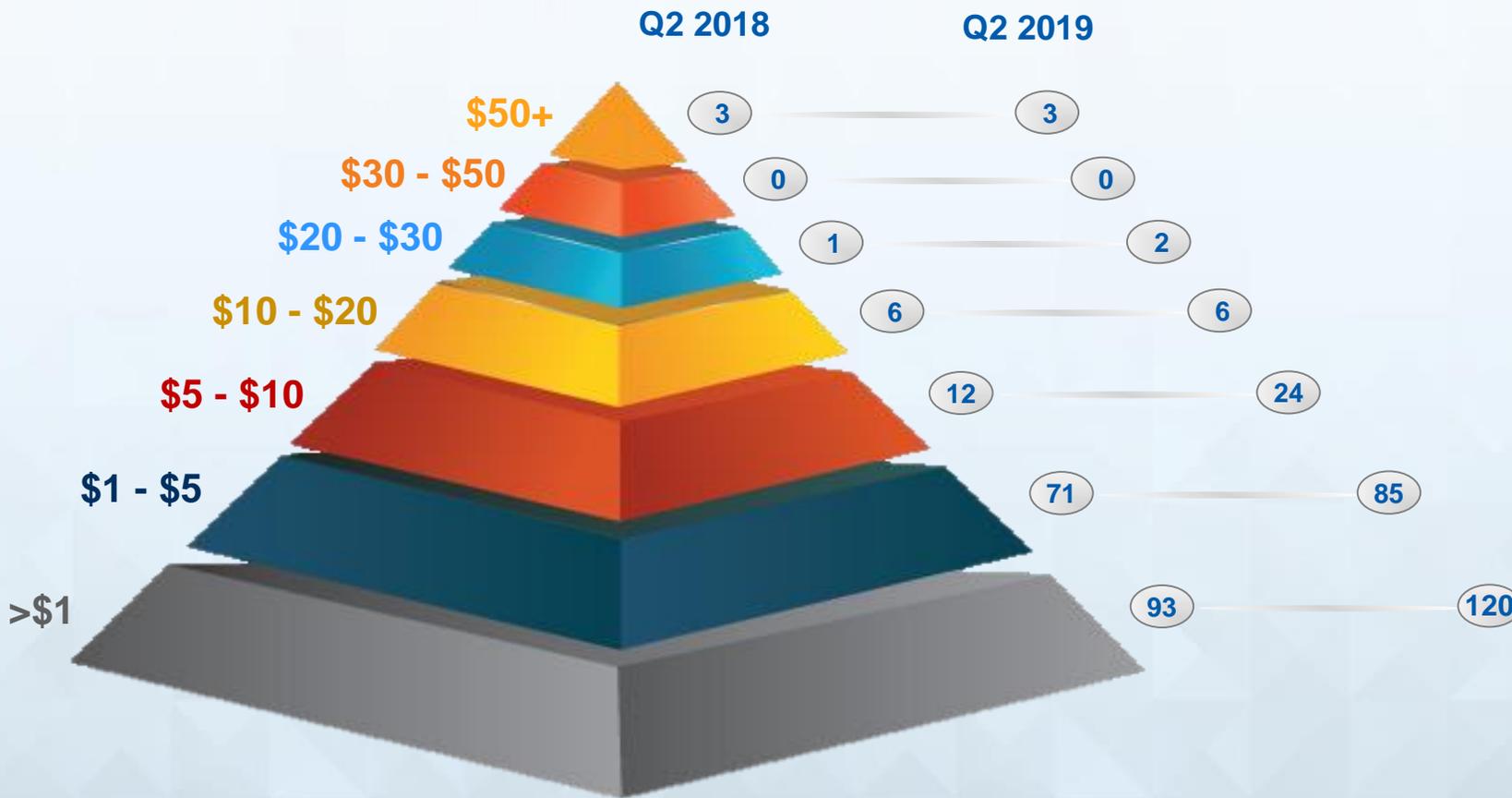
| | Q2 '19 | | | | Q1 '19 | Q2 '18 |
|--------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|
| | PBT (\$M) | Tax (\$M) | PAT (\$M) | EPS* (INR) | EPS* (INR) | |
| Reported (GAAP numbers) | 26.5 | 4.7 | 21.8 | 5.08 | 4.65 | 5.17 |
| <i>Q2 '19 GAAP EPS Change</i> | | | | | <i>0.43</i> | <i>(0.09)</i> |

Non-GAAP Adjustments

| | | | | | | |
|-----------------------------------|-------------|------------|-------------|-------------|-------------|-------------|
| Transaction Cost | 2.4 | 0.7 | 1.8 | 0.42 | | |
| Amortization of intangibles | 0.3 | 0.1 | 0.2 | 0.05 | | |
| NPV of deferred payments | 0.1 | 0.0 | 0.0 | 0.01 | | |
| Adjusted Non-GAAP | 29.3 | 5.5 | 23.8 | 5.55 | 4.65 | 5.17 |
| <i>Q2 '19 Non-GAAP EPS Change</i> | | | | | <i>0.90</i> | <i>0.38</i> |

*Basic EPS

Improved Depth of Customer Relationships



Q2 19 vs Q1 19 Top 20 accounts

| Top Clients | Contribution Change QoQ | Revenue Growth QoQ |
|----------------|-------------------------|--------------------|
| Top 5 Clients | -0.02% | 2.53% |
| Top 10 Clients | -0.41% | 1.67% |
| Top 20 Clients | -0.05% | 2.48% |

Q2 19 Top 20 accounts vs their prior performance

| Top Clients | Revenue Growth QoQ | Revenue Growth YoY |
|----------------|--------------------|--------------------|
| Top 5 Clients | 2.53% | 8.32% |
| Top 10 Clients | 2.61% | 12.70% |
| Top 20 Clients | 3.50% | 13.83% |

Note: Just for the purpose of this slide, Mobyquity revenues are for the whole period (Q2 19 - Q2 18)

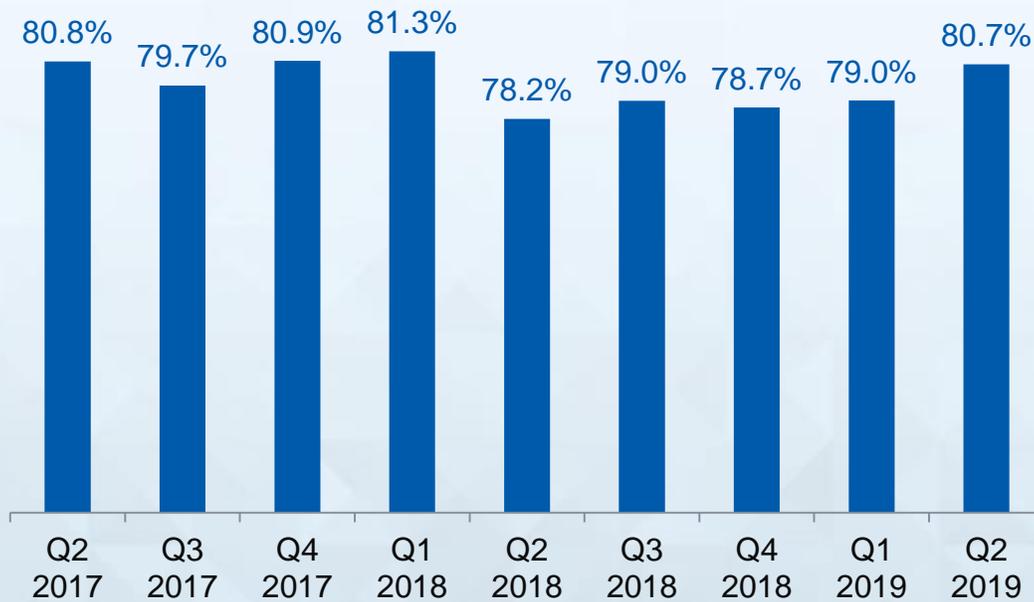
USD 36 million NN Deal wins in Q2-19

- Private Cloud Implementation for a managed healthcare company
- Guidewire Managed Testing for a European insurance company
- Customer Experience Transformation for a US-based housing company
- RPA and Accounts Payable Automation for a US-based grocery distributor and retailer
- Automated Testing for an American Legal firm

Employee Metrics

UTILIZATION

Uptick in Utilization

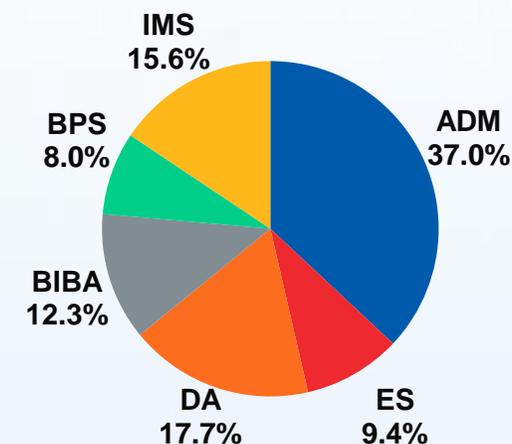
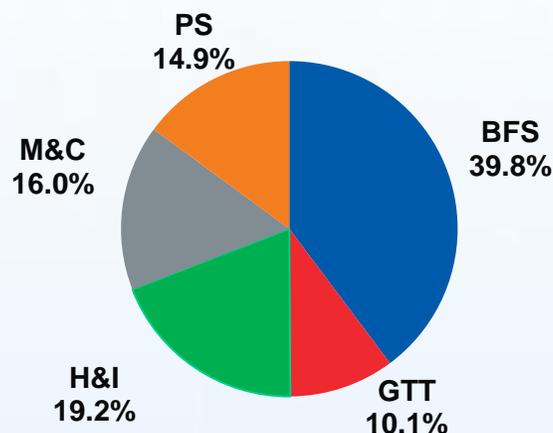
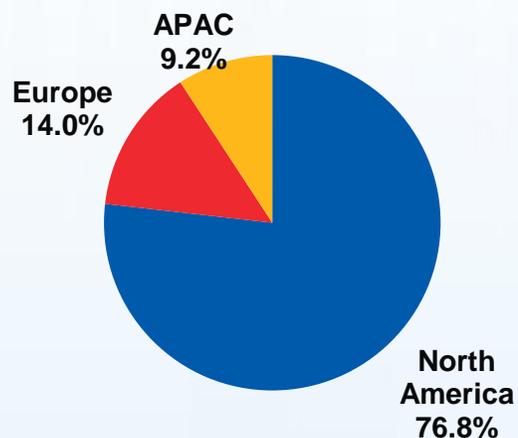


EMPLOYEE ATTRITION

Attrition maintained at steady rate



Q2 19 | Broad based growth across portfolio



| GEOGRAPHY | GROWTH QoQ | GROWTH YoY |
|---------------|-------------|--------------|
| North America | 5.8% | 11.7% |
| Europe | 16.1% | 23.1% |
| APAC | -14.6% | 0.9% |
| TOTAL | 4.7% | 12.0% |

| VERTICAL | GROWTH QoQ | GROWTH YoY |
|--------------|-------------|--------------|
| BFS | 2.0% | 4.0% |
| GTT | 11.0% | 1.3% |
| H&I | 10.1% | 25.7% |
| M&C | -2.5% | 11.1% |
| PS | 10.2% | 30.9% |
| TOTAL | 4.7% | 12.0% |

| HORIZONTAL | GROWTH QoQ | GROWTH YoY |
|--------------|-------------|--------------|
| ADM | 12.1% | 13.0% |
| ES | 3.5% | -0.2% |
| DA | 6.0% | 8.0% |
| BIBA | -1.5% | 2.2% |
| BPS | 10.6% | 24.8% |
| IMS | -8.1% | 27.0% |
| TOTAL | 4.7% | 12.0% |

H1 '19 in Perspective

| <i>Amounts in \$ M</i> | H1 2019 | H1 2018 | YoY |
|------------------------|--------------|--------------|--------------|
| BFS | 148.5 | 142.9 | 3.9% |
| Other Verticals | 220.0 | 187.6 | 17.3% |
| Total | 368.5 | 330.5 | 11.5% |

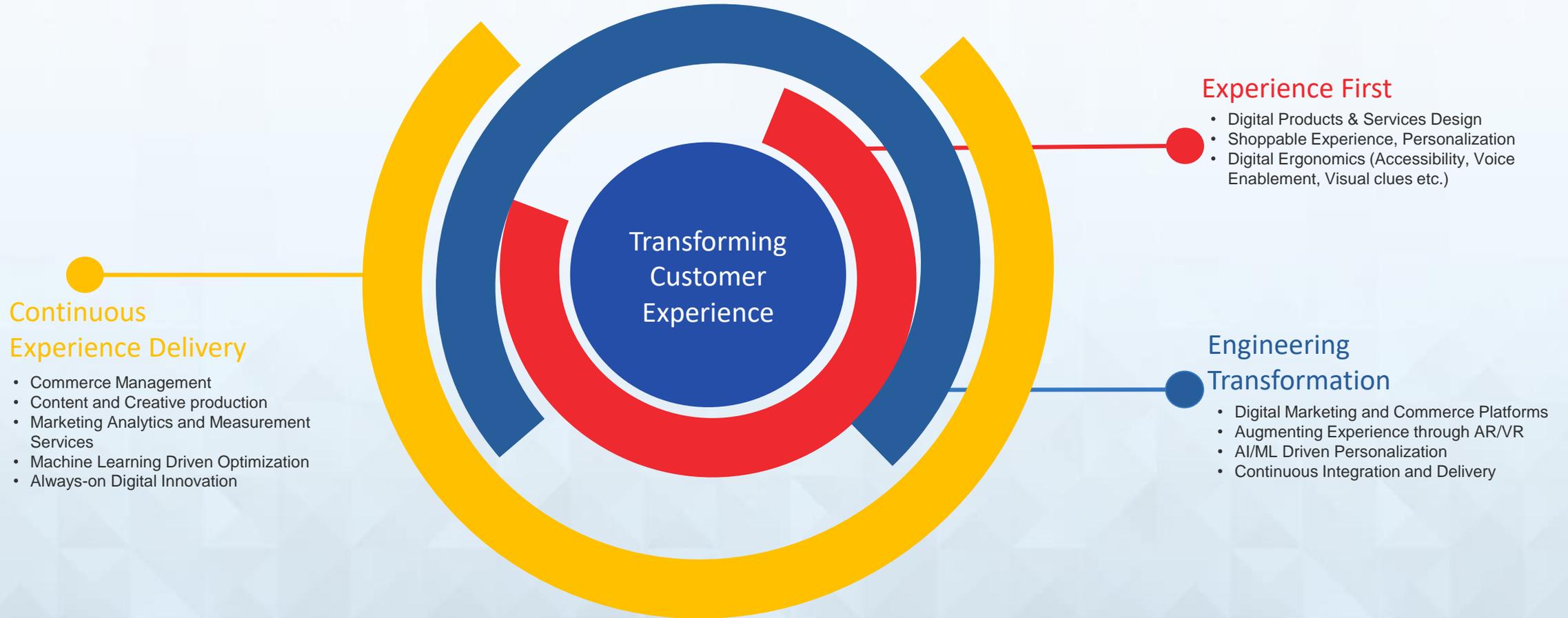
Guidance Update:

- FY 19 revenue growth of ~19% (still within original guidance for organic growth)
- EBITDA% in-line with revenue growth
- Improved EPS due to lower ETR

Mobiquity Update



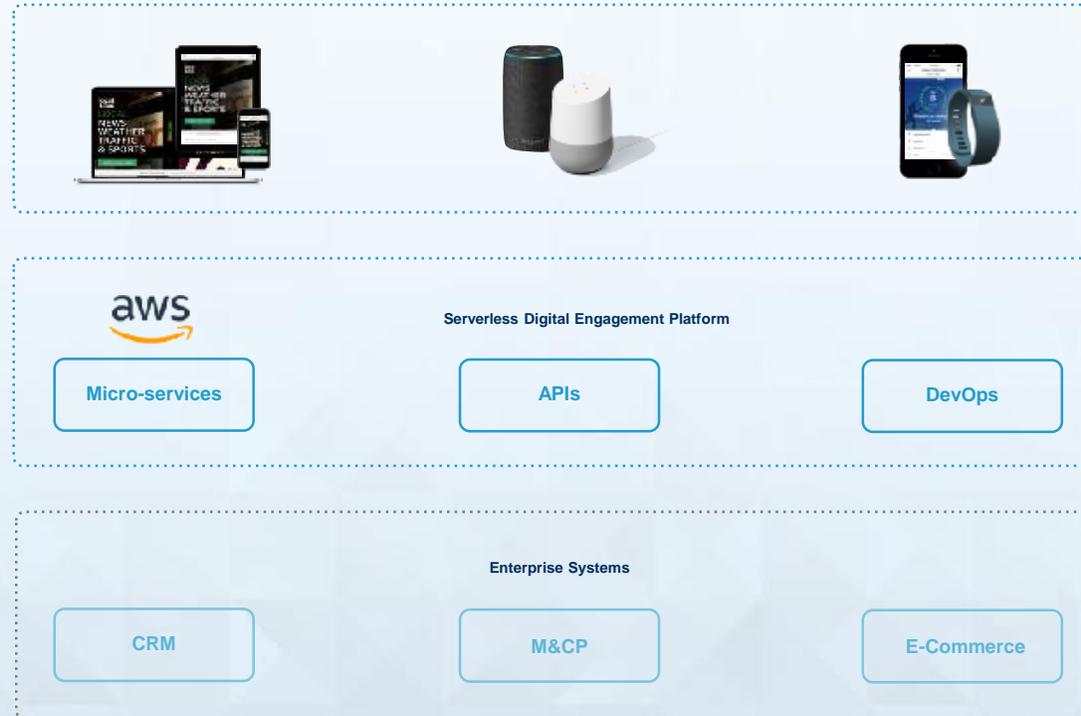
Mobiquity | Purpose & Services



Mobiquity | Purpose & Services

From
FRONT-END
APPLICATIONS
TO BACK-END
SYSTEMS

With scalable, adaptable and reusable architecture to ensure you are always ready to deliver the right experience.



Analytics, Machine Learning and Personalization

Mobiquity | Strong Partnerships



AMAZON WEB SERVICES

- **AWS Premier Consulting Partner**, among top tier of AWS partners globally
- Recognized for digital engagement expertise
- Launch partner for digital services, including Alexa for Business and AWS AppSync

Relevant work

- Official AWS re:Invent mobile app
- CloudWatch skill for Alexa for Business referenced during re:Invent keynote
- AWS News skill for Alexa
- 2nd Alexa skill to integrate with Amazon Pay
- Alexa templates and EBC sessions



BACKBASE – a leading omnichannel digital banking platform

- **Partner with Backbase** internal engineering and professional services departments
- 100+ people working on Backbase engagements
- Work on direct engagements with clients

Relevant work

- Implementation and customization of the platform for key Backbase clients
- Marketing, Design and Engineering for a new digital bank
- Revamped legacy mobile and web applications to create omnichannel banking platform for large Asia Pacific bank
- Expanding team in the US with large credit unions and mid-tier banks



ADOBE – fastest growing practice in Mobiquity

- **80% Adobe certified**
- Projected velocity of 125 by Q1 2020
- Accelerators and frameworks for upgrades & adoptions

Our experience

- Practice Leadership engaged in adobe experience manager since 2009
- Team member's average adobe experience – 5 years
- Analytics and Dynamic Tag Manager Specialists with extensive experience in some of the most Complex implementations
- Target, Audience Manager, and Campaign Specialists

Mobiquity | A Diverse Eco System of Capabilities

| | |
|--|--|
| FRONT END FRAMEWORKS | HTML5, CSS3, ANGULARJS, BACKBONE.JS, JavaScript, React, nodeJS, handlebars |
| MARKETING CLOUD / CONTENT MANAGEMENT | Adobe Marketing Cloud, sitecore, ACQUIA, salesforce marketing cloud, MOBILITY, React Native, Adobe PhoneGap, iOS, Xamarin, kony, ionic |
| COMMERCE | Magento + Adobe, salesforce commerce cloud, hybris, IBM WebSphere COMMERCE, ORACLE ATG WEB COMMERCE |
| SEARCH | Solr, ENDECA, Google, coveo, elasticsearch, Adobe, DIGITAL ASSET MANAGEMENT, Adobe, OPENTEXT, hp |
| CROSS-CHANNEL ANALYTICS / DTM | Adobe, Google, unica, ensighten, TEALIUM, hp, RICH MEDIA, S7, brightcove |
| RELATIONSHIP MARKETING, CAMPAIGN MANAGEMENT | unica, Genesys, SILVERPOP, Adobe Campaign, ORACLE RESPONSYS, salesforce marketing cloud, sitecore |
| SOCIAL & COLLABORATION | Microsoft SharePoint, GIGYA, Bazaarvoice, Office 365, CRM, salesforce, Microsoft Dynamics CRM, eloqua, GIGYA, ... & Custom systems, providers e.g. AT |
| INTEGRATION | apigee, nodeJS, Microsoft .NET, Windows Communication Foundation, MuleSoft, AWS, REST API, IBM, HOSTING / EDGE NW, Azure, AWS, amazon cloudfront, Akamai |

Finance Update



Revenue

Key Highlights

- ❑ Q2'19 revenue of \$ 188.5 M
 - Q/Q growth of 4.7%, 5.0% in CC
 - Y/Y growth of 12.0%, 13.0% in CC
- ❑ Q2'19 revenue of INR 13,083 M
 - Q/Q growth of 3.5% and Y/Y growth of 15.1%



Outstanding Hedge Position and Rates

Outstanding Hedge Position

| Currency Pair | Avg Rate | | | | Q2'19 Amount M |
|--------------------|----------|-------|-------|-------|-------------------|
| | Q3'18 | Q4'18 | Q1'19 | Q2'19 | |
| USDINR (\$) | 70.81 | 71.83 | 72.93 | 73.54 | 197.20 |
| EURNR (€) | 86.91 | 88.22 | 89.08 | 89.57 | 6.18 |
| GBPNR (£) | 97.16 | 98.70 | 99.11 | 99.27 | 13.08 |
| Total (\$M) | | | | | 220.83 |

Note -

1. Hedges outstanding are full-term hedges
2. EUR converted @ 1.1377/USD & GBP converted @ 1.2687
3. Average Rate represents the average of the rates at which forwards hedges have been booked on every quarter end

Forex Gain/(Loss)



- Q2'19 registered a forex gain of \$ 1 M
- Forex Gains expected in next two quarters basis Q2 closing exchange rate of INR 69.02 per USD are:
 - Q3'19 ~ \$ 1.7 M
 - Q4'19 ~ \$1.1 M

Mobiquity Accounting Update

| | US\$ M |
|--|--------|
| Deal consideration (<i>incl. deferred & earnout</i>) | 181.9 |
| <u>Deal consideration application towards:</u> | |
| Net Assets acquired | 14.7 |
| Intangibles | 36.5 |
| Deferred tax liability | (9.8) |
| Goodwill | 140.5 |

Balance Sheet & Other Updates

Cash Balance (\$M)



*Cash balance after payment towards acquisition

DSO (days)



Dividend (INR per share)



| | Q2'18 | Q3'18 | Q4'18 | Q1'19 | Q2'19 |
|-----|-------|-------|-------|-------|-------|
| \$M | 13.1 | 12.2 | 12.8 | 13.0 | 7.8 |
| % | 125% | 125% | 125% | 125% | 75% |

Effective Tax Rate (%)



- FY 19 base ETR revision downwards to 18.5%

Capex: \$4.6M in Q2'19

A photograph showing the silhouettes of several business professionals in a modern office setting. They are standing in front of large windows that offer a view of a city skyline. The scene is backlit by the sun, creating a warm, golden glow. Some individuals are holding documents, and one pair is shaking hands, suggesting a successful business deal or meeting.

Hexaware Analyst Meet 2019 is scheduled for
23rd September in Mumbai.

We look forward to meeting you there!



HEXWARE

Innovative Services

Passionate Employees

Delighted Customers

Thank you

www.hexaware.com