



# Investor Update Q2 2018

24<sup>th</sup> July 2018

# 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



# Our 4 year Journey



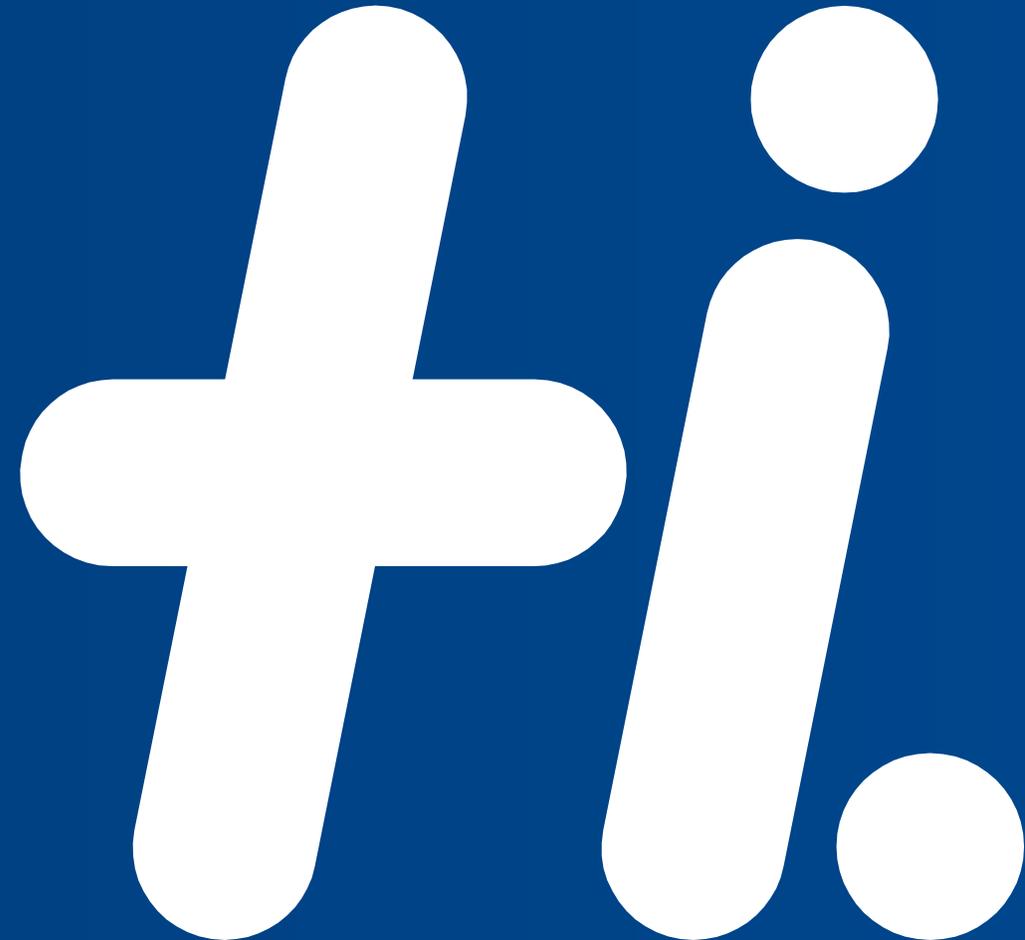
# Fastest organically growing IT services company...



Quarter ending June 14 to Quarter ending June 18

- Hexaware
- Persistent
- Cognizant
- Tech M
- Mindtree
- HCL Tech
- TCS
- Infosys
- Wipro
- NIIT Tech
- Zensar

# Business Update Q2



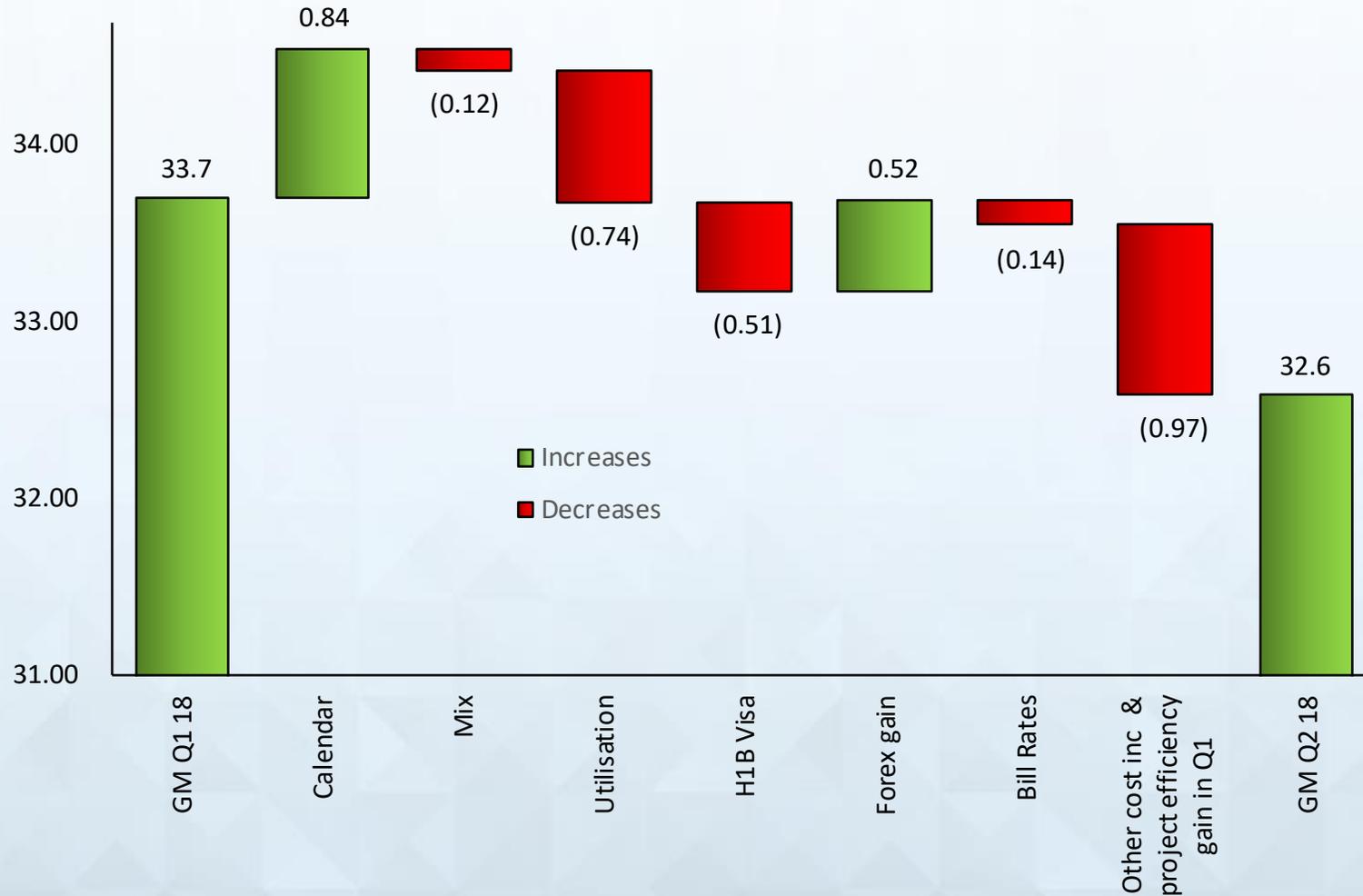
# Key Financials for Q2 2018

	Q2 2018	Q1 2018	GROWTH QoQ	GROWTH YoY
<b>Revenue</b>	<b>168.3</b>	<b>162.2</b>	<b>3.8%</b>	<b>10.3%</b>
EBITDA * (before ESOP cost)	27.6	26.5	4.0%	3.6%
<b>EBITDA * %</b>	<b>16.4%</b>	<b>16.4%</b>	<b>0.0%</b>	<b>-1.1%</b>
EBITDA (after ESOP cost)	26.2	25.1	4.3%	5.7%
<b>EBITDA %</b>	<b>15.6%</b>	<b>15.5%</b>	<b>0.1%</b>	<b>-0.6%</b>
PAT	22.7	20.7	9.5%	19.5%
<b>PAT %</b>	<b>13.5%</b>	<b>12.8%</b>	<b>0.7%</b>	<b>1.1%</b>
<b>Diluted EPS (INR)</b>	<b>5.09</b>	<b>4.46</b>	<b>14.2%</b>	<b>24.6%</b>

# Revenue Analysis - QoQ



# Gross Margin Analysis - QoQ



**SG&A ↓ 117 bps QoQ**

Volume Leverage	66
Forex Impact	46
Other Cost Savings	05
<b>Total</b>	<b>117</b>

# Movement of Top 20 Customers

## Top 20 Accounts by LTM Revenue

Q2 2018 vs. Q2 2017

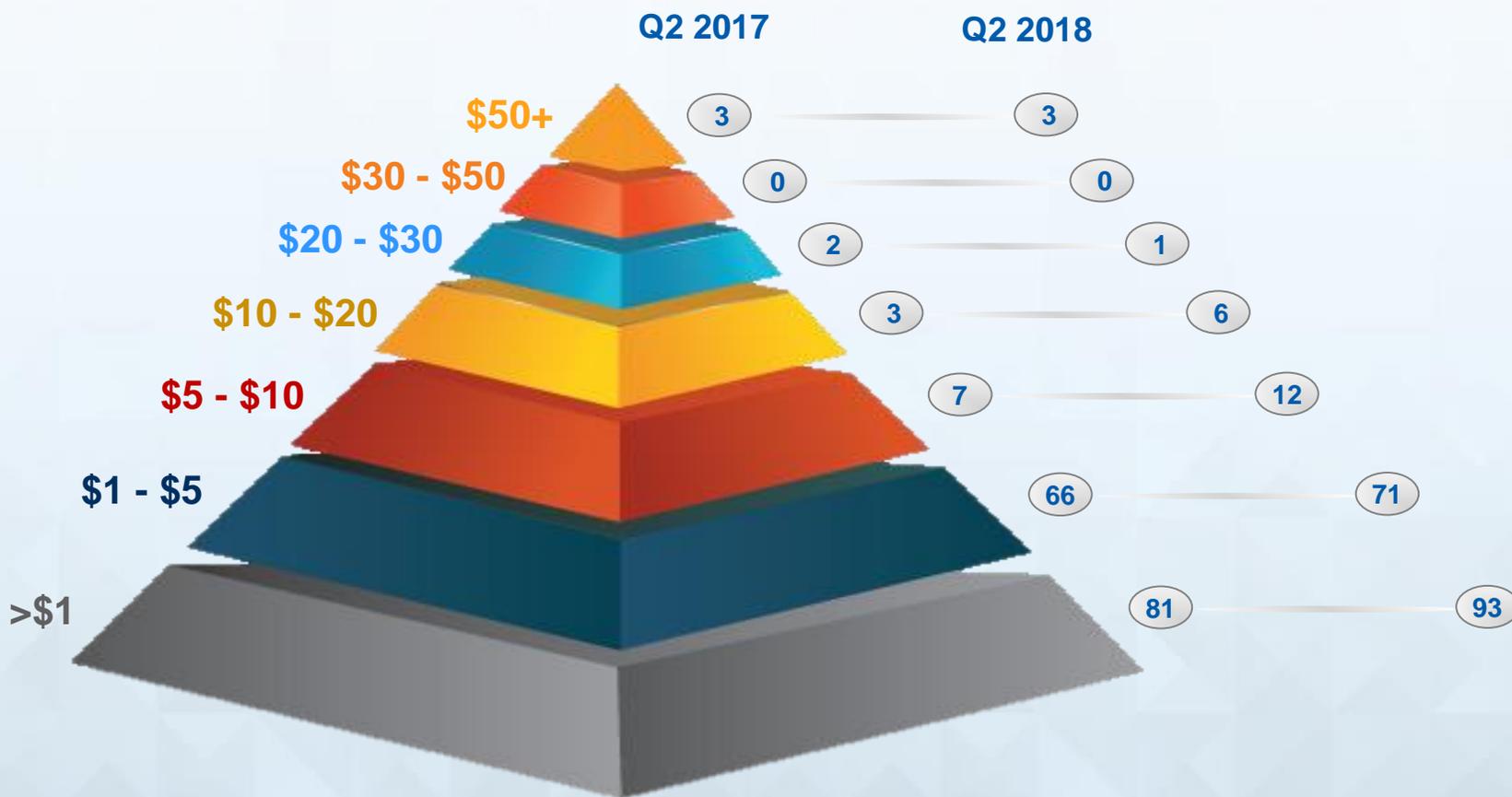
### In

- A Multinational printer company
- A large European insurance company
- A European telecom company
- A Global Risk Management company
- Global Asset Management company
- Print and digital document solutions provider
- Belgian Public finance company

### Out

- Large American Fitness brand
- Global Banking & Financial Services Co.
- Human Capital Management company
- A large skincare products company
- A global Insurance company
- A leading Technology company
- An American Financial services company

# Improved Depth of Customer Relationships



TOP CLIENTS	CONTRIBUTION GROWTH	GROWTH QoQ
Top 5 Clients	0.33%	4.6%
Top 10 Clients	-0.02%	3.7%
Top 20 Clients	-0.01%	3.7%
Other Clients	0.01%	3.8%

Q2 18 Top 20 accounts vs their previous quarter performance

TOP CLIENTS	REVENUE GROWTH QoQ	REVENUE GROWTH YoY
Top 5 Clients	5.65%	3.1%
Next 5 Clients	16.0%	60.8%
Next 10 Clients*	-6.7%	10.0%

## *USD 41 million NN Deal wins in Q2-18*

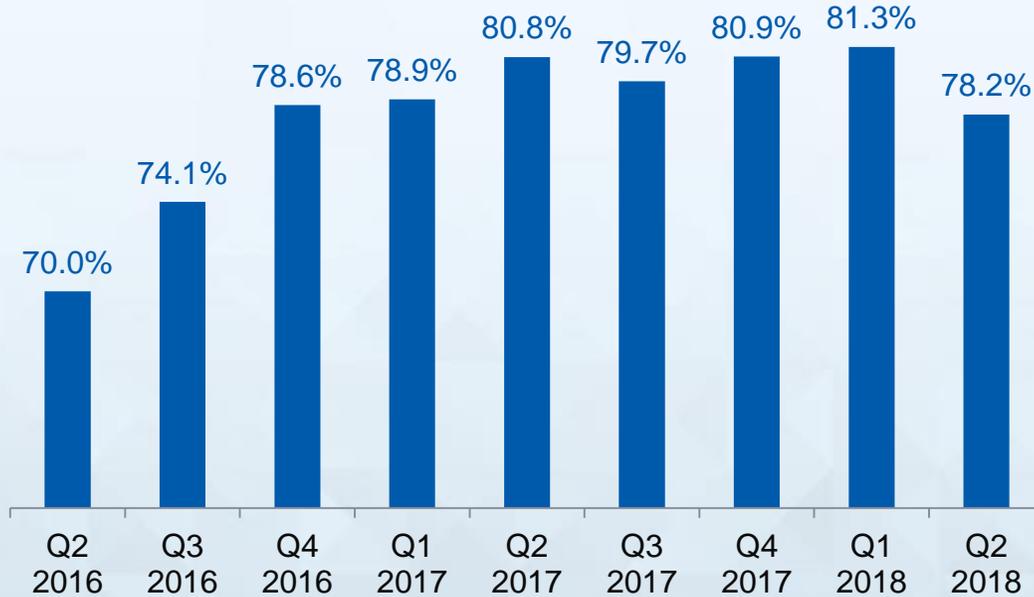
- Revenue Cycle Management for an American not for profit healthcare company
- Automation led services for a UK based financial services company
- Automation services for a Multinational Swiss bank
- Development and Testing services for an analytics company

**2 material EN wins**

# Employee Metrics

## UTILIZATION \*

Planned reduction in Utilization



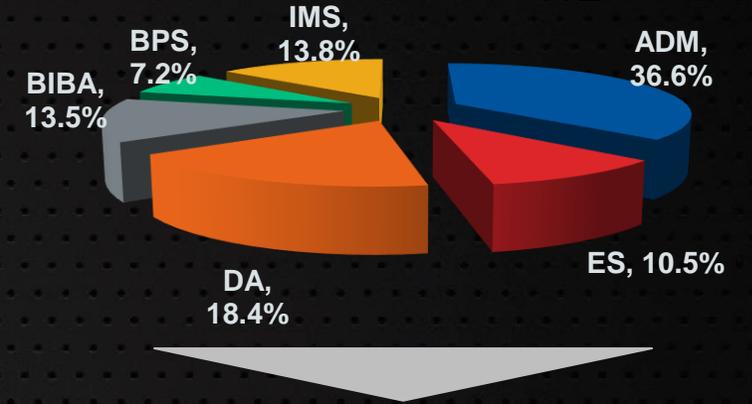
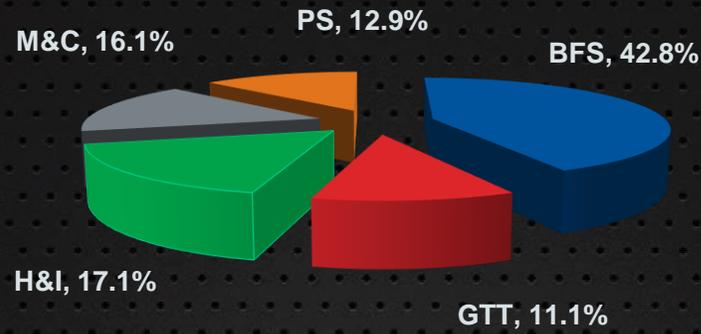
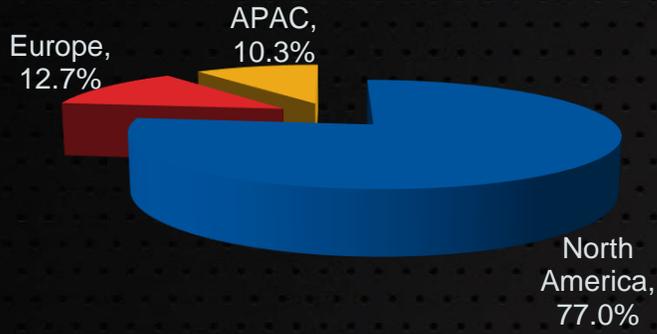
## EMPLOYEE ATTRITION

Attrition at low levels



**Net headcount addition during the quarter (incl. trainees) – 738**

# NA, M&C and BPS led Growth



GEOGRAPHY	GROWTH QoQ	GROWTH YoY
North America	6.2%	5.2%
Europe	5.4%	25.4%
APAC	-12.9%	40.8%
<b>TOTAL</b>	<b>3.8%</b>	<b>10.3%</b>

VERTICAL	GROWTH QoQ	GROWTH YoY
BFS	1.8%	9.0%
GTT	-12.1%	-8.2%
H&I	10.9%	21.2%
M&C	11.2%	32.4%
PS	9.2%	-1.3%
<b>TOTAL</b>	<b>3.8%</b>	<b>10.3%</b>

HORIZONTAL (1)	GROWTH QoQ	GROWTH YoY
ADM	5.8%	10.7%
ES	0.6%	-0.1%
DA	0.0%	3.0%
BIBA	-1.1%	6.4%
BPS	8.9%	11.5%
IMS	8.9%	37.0%
<b>TOTAL</b>	<b>3.8%</b>	<b>10.3%</b>

# Guidance

- Revenue 12% to 13% growth
- EPS 13% to 14%



# Finance Update



# Revenue

## Q2 2018

- CC revenue at \$169.8 mn; ↑ 4.7% QoQ; ↑ 9.9% YoY
- \$ Revenue at \$168.3 mn; ↑ 3.8% QoQ; ↑ 10.3% YoY
- ₹ Revenue at Rs 11,367 mn; ↑ 8.4% QoQ; ↑ 15.6% YoY



**Other Income :** \$545k in Q2 2018; ↑ from \$134k in Q1 2018

Waiver of liability by Russian party towards intangible - \$400k

# Outstanding Hedge Position and Rates

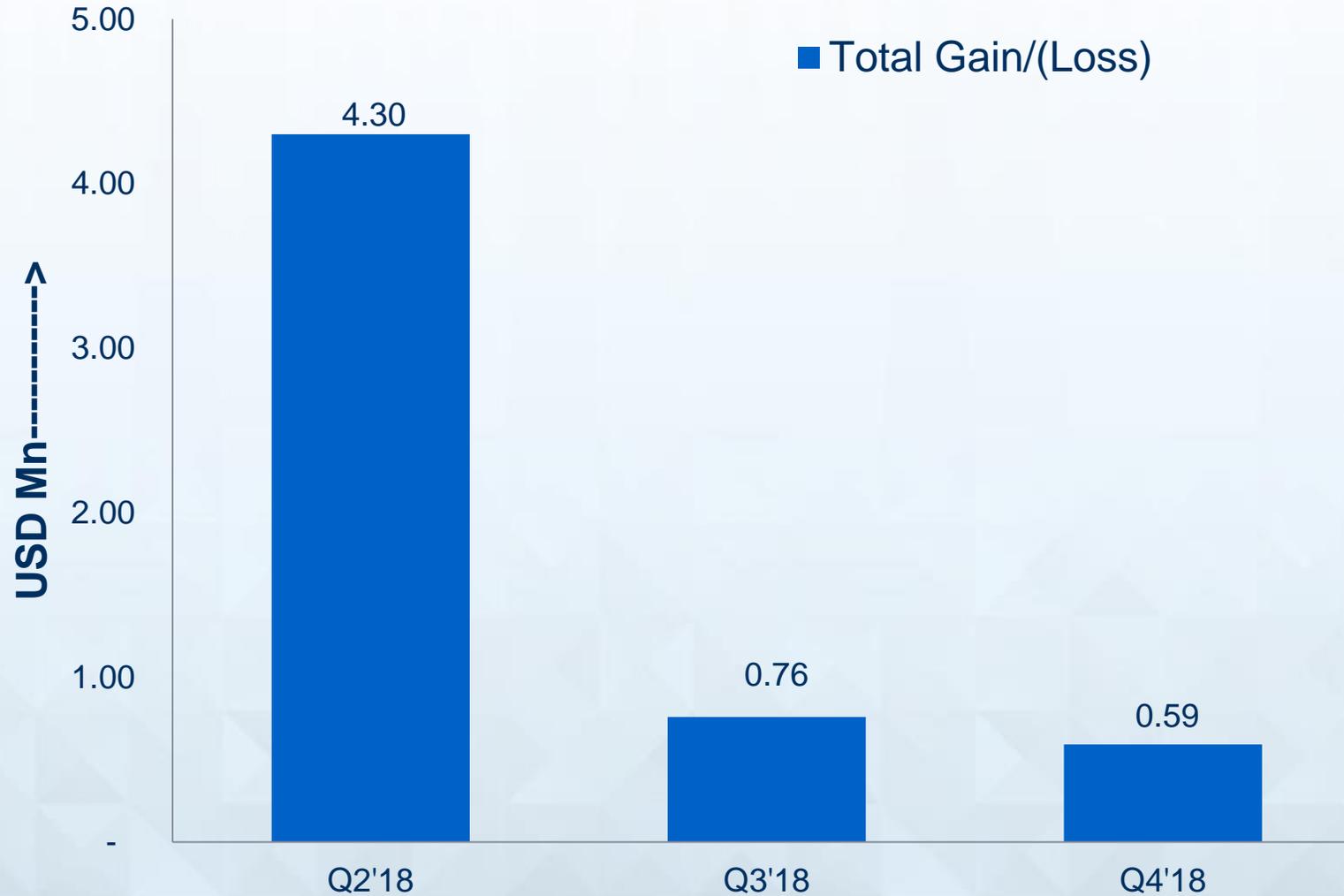
## Outstanding Hedge Position

Currency Pair	Amount (Mn.)	Avg. Rate
USDINR (\$)	179.18	70.14
EURNR (€)	6.60	85.61
GBPNR (£)	12.58	95.37
<b>Total (\$)</b>	<b>203.41</b>	

*Note -*

- 1. Hedges outstanding are full-term hedges.*
- 2. EUR converted @ 1.1651/USD & GBP converted @ 1.3147/USD.*
- 3. Avg. Rate = Average of the forward rate at which the hedges have been booked with the banks.*

# Forex Gain/(Loss)



- As compared to the forex gain of \$ 3.00 Mn in Q1'18, the forex gain this quarter was \$ 4.30 Mn.
- Forex gains expected are ~\$0.76 Mn in Q3'18 and ~\$0.59 Mn in Q4'18 at exchange rate of INR 68.47/ USD.

# Balance Sheet Updates

## CASH & CASH EQUIVALENTS

Cash and Cash Equivalents at US\$ 108.41 Mn ( ₹ 7,423 Mn)

## DAYS SALES OUTSTANDING

Days Sales Outstanding (DSO) for Q1 2018 at 47 days; 75 days including unbilled

## DIVIDEND

INR 2.50 per share (125%)

Dividend Payout including taxes ₹ 894.66 Mn (\$ 13.07 Mn)

**Tax:** ETR at 20% in Q2 18 vs 20% in Q1 18

**Capex :** \$2.2 Mn capex in Q2 2018 (\$3.9 mn YTD ) – Capex for 2018 - \$17.5 mn



**Innovative  
Services**

**Passionate  
Employees**

**Delighted  
Customers**

**Thank you**