



Investor Update Q3 2019

23rd October 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, and unauthorized use of our intellectual property and general economic conditions affecting our industry

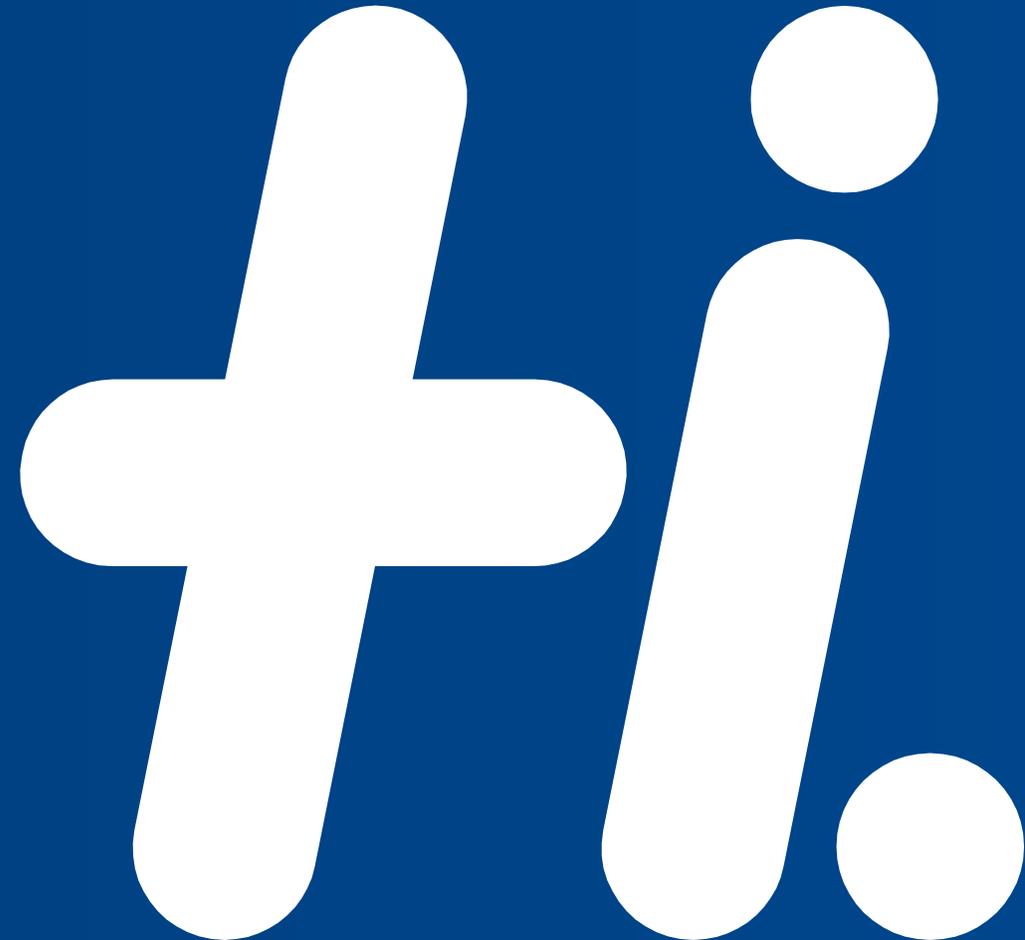
Use of Non-GAAP Financials

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.

**Q3 2019
Business
Update**



Key Highlights



Q3 Revenue
\$ 210.5M

- Q/Q 11.7%; 12.3% in CC
- Y/Y growth of 23.1%; 24.4% in CC



Q3 EBITDA*
16.1%

- Q3 EBITDA of \$ 33.8M
- Q/Q Growth 10.8%; Y/Y Growth 18.3%



Q3 EPS
₹ 6.16

- Q/Q EPS growth of 21.3%
- Non-GAAP EPS of ₹ 6.46, Q/Q growth of 16.4%



NN Wins
\$ 28M

- High growth potential clients added



Closing Headcount
19,062

- Q3 net addition – 768
- Freshers added – 132



Dividend
₹ 2

- Interim Q3 dividend of ₹ 2

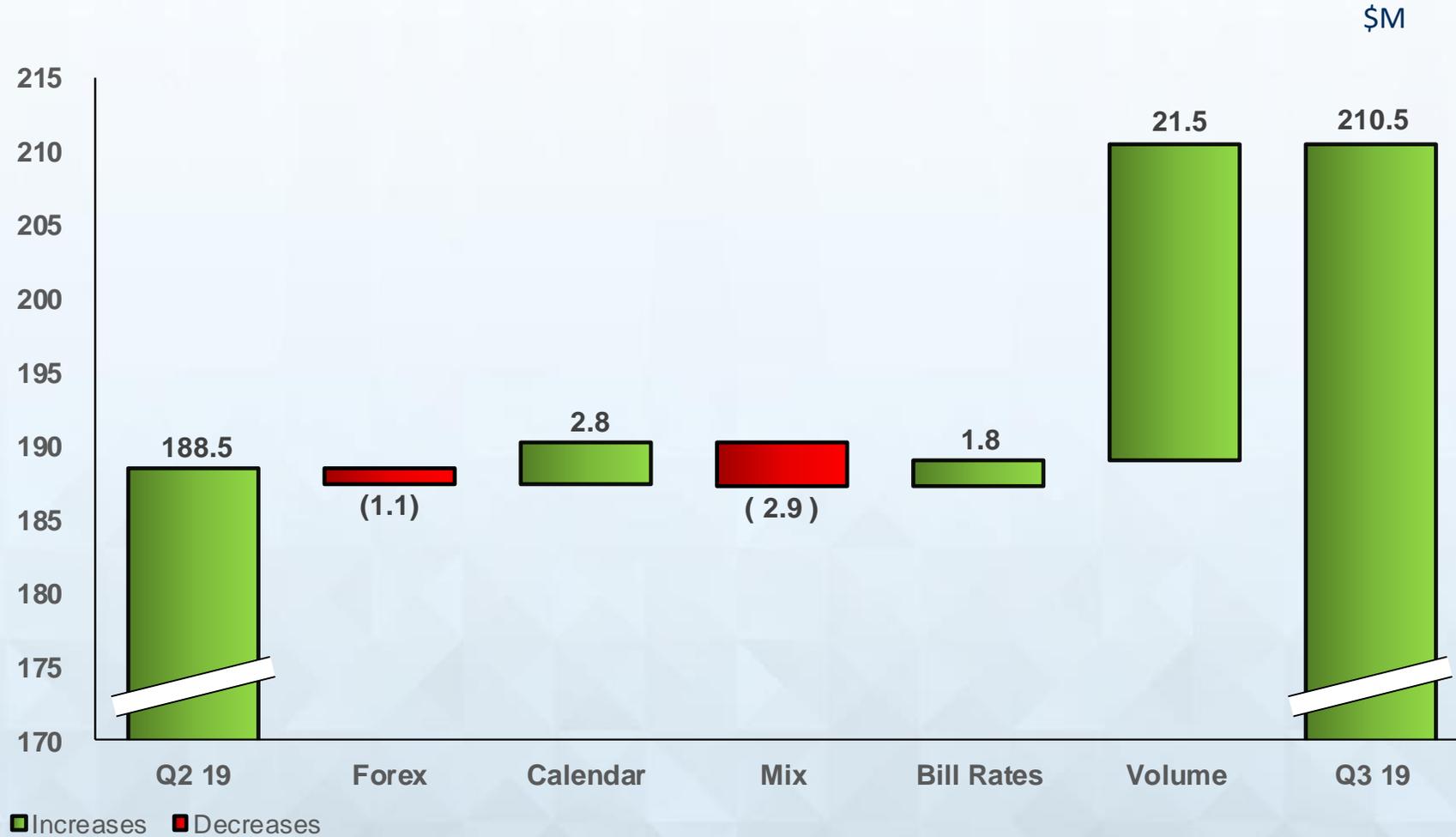
* EBITDA (post ESOP cost)

Q3 19 | Financial Performance

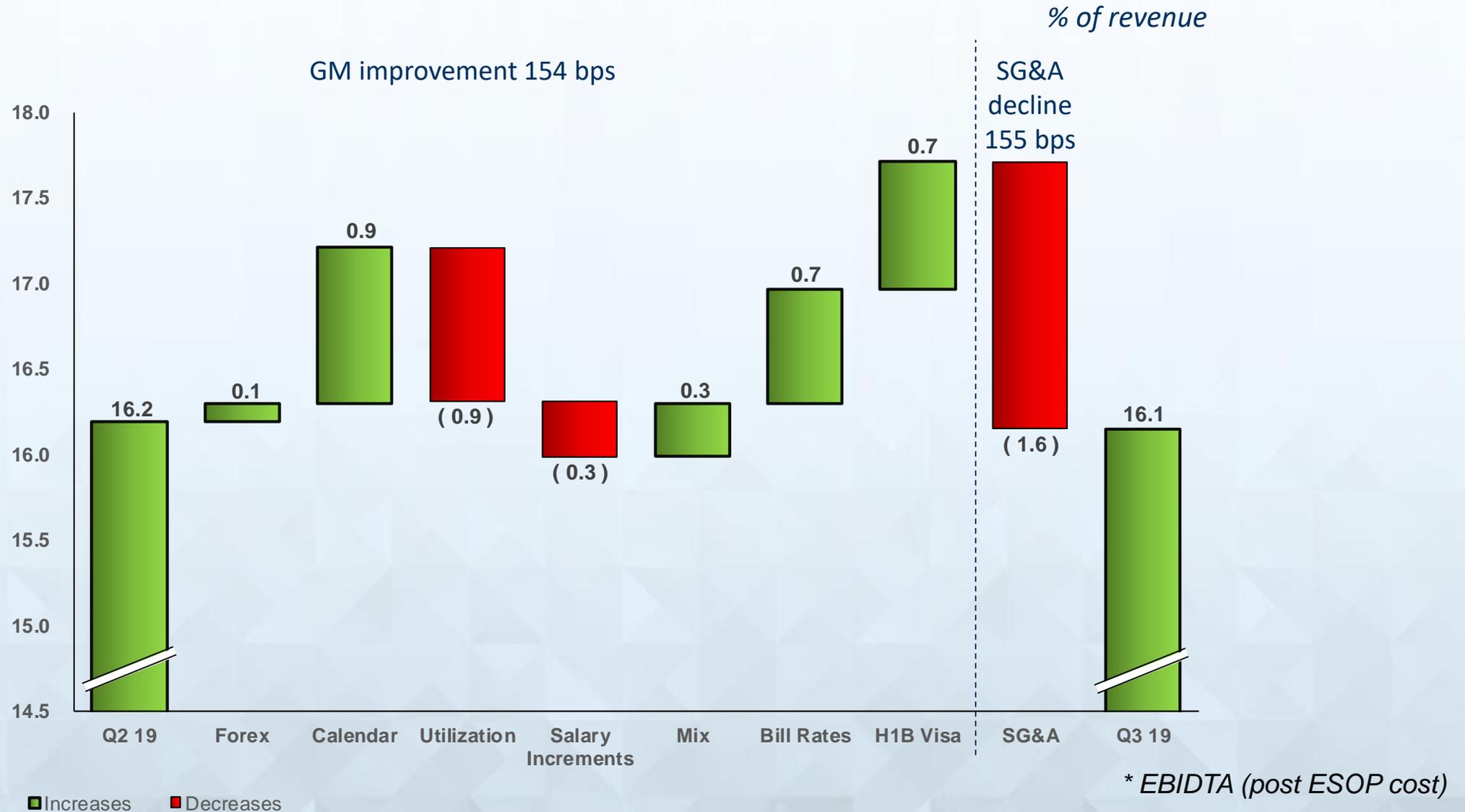
<i>Amounts in US\$ M</i>	Q3 2019	Q2 2019	GROWTH QoQ	Q3 2018	GROWTH YoY
Revenue *	210.5	188.5	11.7%	171.1	23.1%
EBITDA (before ESOP cost)	34.7	31.1	11.5%	29.9	16.0%
EBITDA %	16.5%	16.5%	0.0%	17.5%	-1.0%
EBITDA (after ESOP cost)	33.8	30.5	10.8%	28.6	18.3%
EBITDA %	16.1%	16.2%	-0.1%	16.7%	-0.6%
PAT	26.1	21.8	19.7%	24.3	7.3%
PAT %	12.4%	11.6%	0.8%	14.2%	-1.8%
EPS Basic (INR)	6.16	5.08	21.3%	5.80	6.2%

* Q319 CC Revenue \$ 211.6M, Q/Q 12.3%

Revenue Walk | QoQ



EBITDA Walk | QoQ



GAAP to Non-GAAP Reconciliation

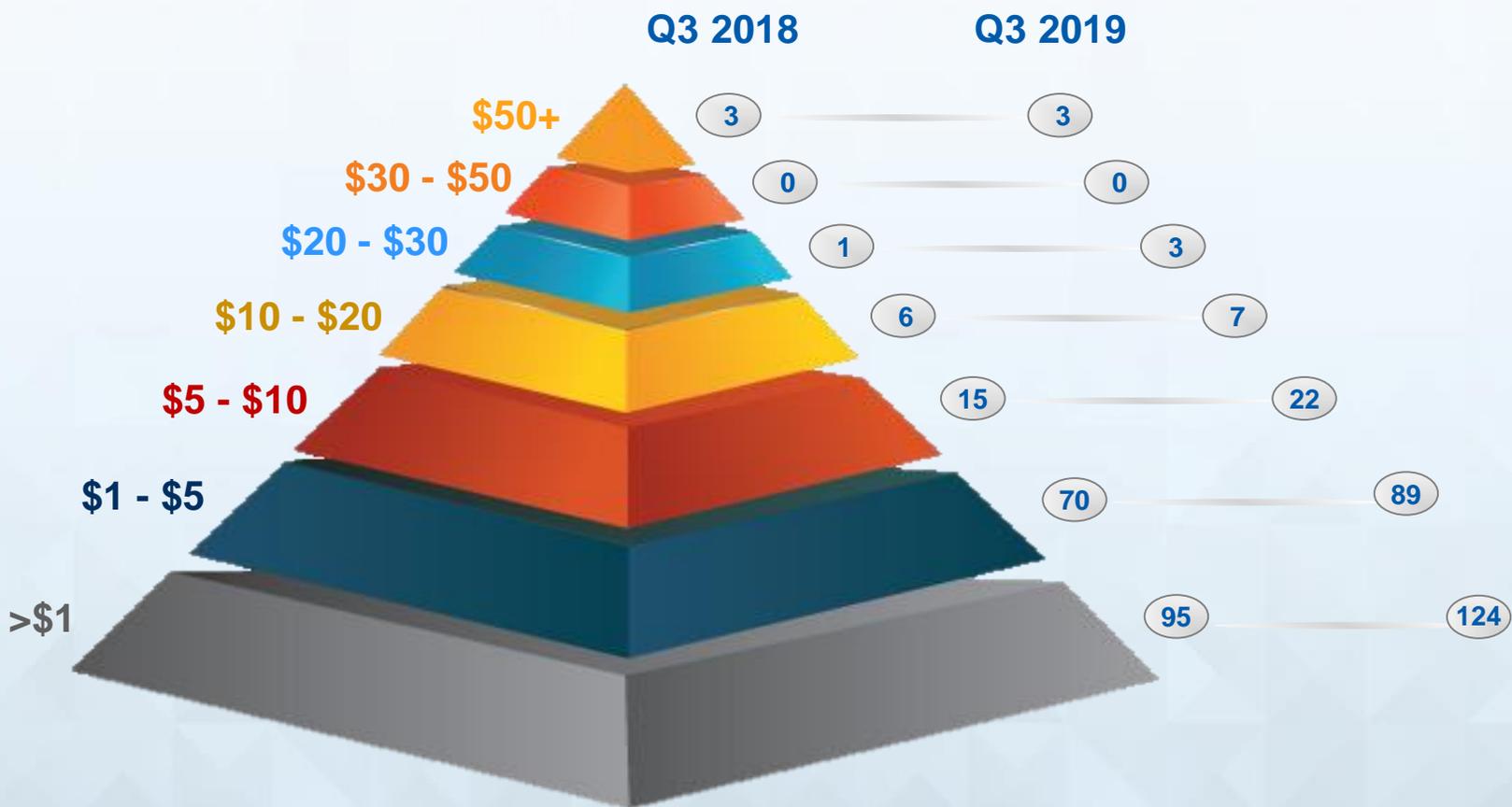
Amounts in \$ M	Q3 '19				Q2 '19	Q3 '18
	PBT (\$M)	Tax (\$M)	PAT (\$M)	EPS* (INR)	EPS* (INR)	
Reported (GAAP numbers)	31.6	5.5	26.1	6.16	5.08	5.80
Q3 '19 GAAP EPS Change					1.08	0.36
% Change					21.3%	6.2%

Non-GAAP Adjustments

Amortization of intangibles	1.6	0.4	1.1	0.27		
NPV of deferred payments	0.2	0.0	0.1	0.03		
Adjusted Non-GAAP	33.3	6.0	27.3	6.46	5.55	5.80
Q3 '19 Non-GAAP EPS Change					0.91	0.66
% Change					16.4%	11.4%

*Basic EPS

Improved Depth of Customer Relationships



Client Contribution for Q3 19 and Q3 18

Top Clients	Q3 19	Q3 18	Contribution Change YoY
Top 5 Clients	35.2%	42.1%	-6.9%
Top 10 Clients	44.4%	52.2%	-7.8%

Client Contribution for Q3 19 and Q2 19

Top Clients	Q3 19	Q2 19	Contribution Change QoQ
Top 5 Clients	35.2%	37.3%	-2.1%
Top 10 Clients	44.4%	46.4%	-2.0%

Note:

- Account classification based on LTM revenue
- Mobyquity accounts added to Q3'19 listing using LTM revenue on proforma basis
- Client contribution metrics: QoQ compares has Mobyquity numbers included for full quarter on proforma basis

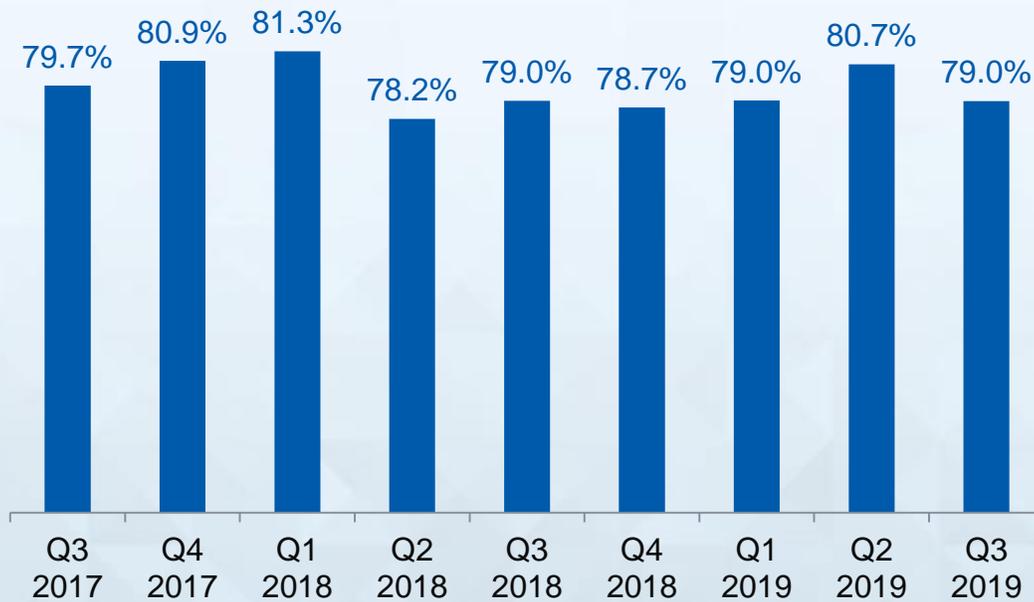
USD 28 million NN Deal wins in Q3-19

- Application Development for a leading online real estate marketplace
- Infrastructure Transformation for a leading Inflight Catering and Logistics company
- Application Support and Maintenance for a leading Insurance company in the UK
- Quality Assurance Services for a leading multinational professional services network
- Infrastructure Transformation for a leading US-based furniture retail store chain

Employee Metrics

UTILIZATION

Utilization at planned levels

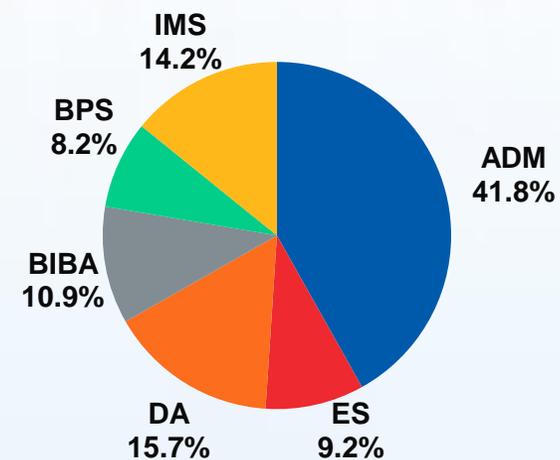
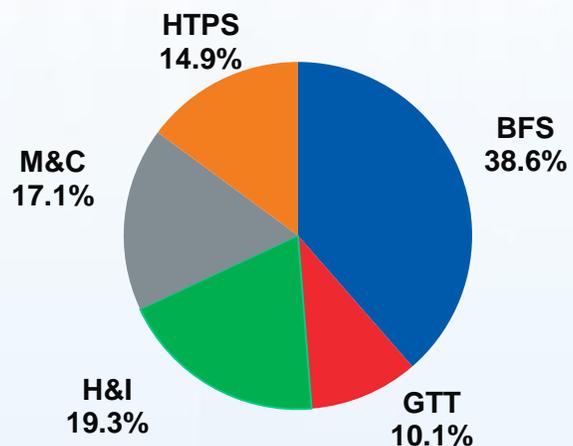
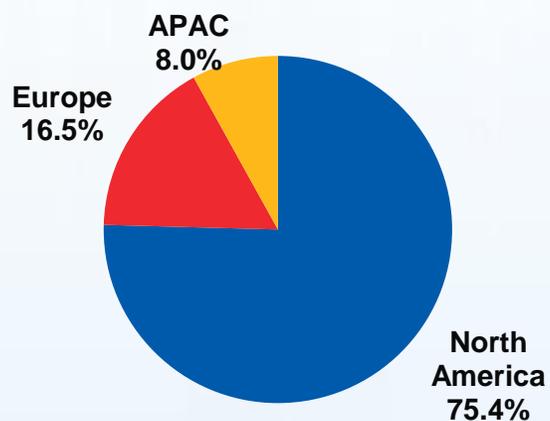


EMPLOYEE ATTRITION

Attrition stabilizing



Q3 19 | Broad based growth across portfolio



GEOGRAPHY	GROWTH QoQ	GROWTH YoY
North America	9.7%	20.0%
Europe	32.3%	52.9%
APAC	-3.0%	6.0%
TOTAL	11.7%	23.1%

VERTICAL	GROWTH QoQ	GROWTH YoY
BFS	8.4%	11.7%
GTT	12.4%	18.4%
H&I	11.9%	26.3%
M&C	19.4%	40.9%
HTPS	11.4%	38.6%
TOTAL	11.7%	23.1%

HORIZONTAL	GROWTH QoQ	GROWTH YoY
ADM	26.6%	43.3%
ES	8.9%	16.4%
DA	-1.1%	9.5%
BIBA	-0.9%	-7.2%
BPS	13.1%	36.1%
IMS	1.7%	17.4%
TOTAL	11.7%	23.1%

Guidance update

Full Year FY 19 revenue growth of 17-18%*. Range of outcome dependent upon two primary factors:

- Furloughs in Q4
- Extent of top 3 client impact

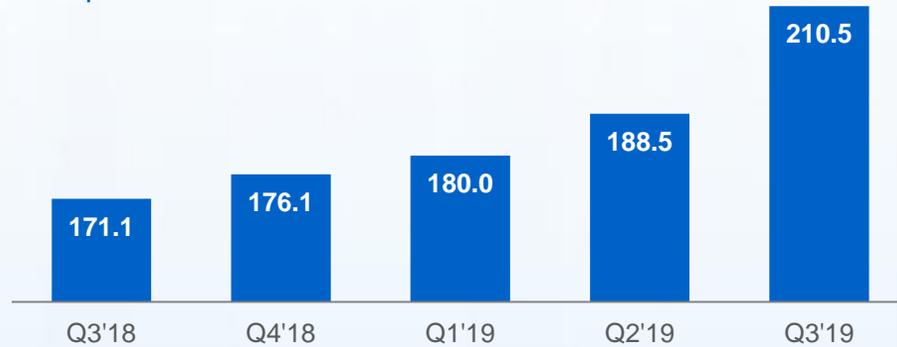
** Guidance based on September closing exchange rates. Takes into consideration ~ 50bps headwind from forex vs last guidance*

Finance Update



Revenue

US\$ M



QoQ	1.6%	3.0%	2.2%	4.7%	11.7%
YoY	11.1%	12.8%	10.9%	12.0%	23.1%

INR M



QoQ	6.4%	3.5%	0.9%	3.5%	13.2%
YoY	21.8%	24.6%	20.5%	15.1%	22.5%

Key Highlights

- ❑ Q3'19 revenue of \$ 210.5 M
 - Q/Q growth of 11.7%, 12.3% in CC
 - Y/Y growth of 23.1%, 24.4% in CC
- ❑ Q3'19 revenue of INR 14,813 M
 - Q/Q growth of 13.2% and Y/Y growth of 22.5%

Outstanding Hedge Position and Rates

Outstanding Hedge Position

Currency Pair	Avg Rate				Q3'19 Amount (Mn.)
	Q4'18	Q1'19	Q2'19	Q3'19	
USDINR (\$)	71.83	72.93	73.54	74.15	197.40
EURNR (€)	88.22	89.08	89.57	89.72	6.00
GBPNR (£)	98.70	99.11	99.27	98.73	13.08
Total (\$)					220.05

Note -

1. Hedges outstanding are full-term hedges.
2. EUR converted @ 1.0909/USD & GBP converted @ 1.2315/USD
3. Avg. Rate=Average of the forward rate at which the hedges have been booked.

Forex Gain/(Loss)

USD M



- Q3'19 registered a forex gain of \$ 2.8 M
- Forex Gains expected in next two quarters basis Q3 closing exchange rate of INR 70.88 per USD are:
 - Q4'19 ~ \$ 0.3 M
 - Q1'20 ~ \$0.8 M

Balance Sheet & Other Updates

Cash Balance (\$M)



*Cash balance after payment towards acquisition

DSO (days)



Dividend (INR per share)



	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19
\$M	12.2	12.8	13.0	7.8	10.1
%	125%	125%	125%	75%	100%

Effective Tax Rate (%)



Capex: \$4.4M in Q3'19



Innovative Services

Passionate Employees

Delighted Customers

Thank you

www.hexaware.com