



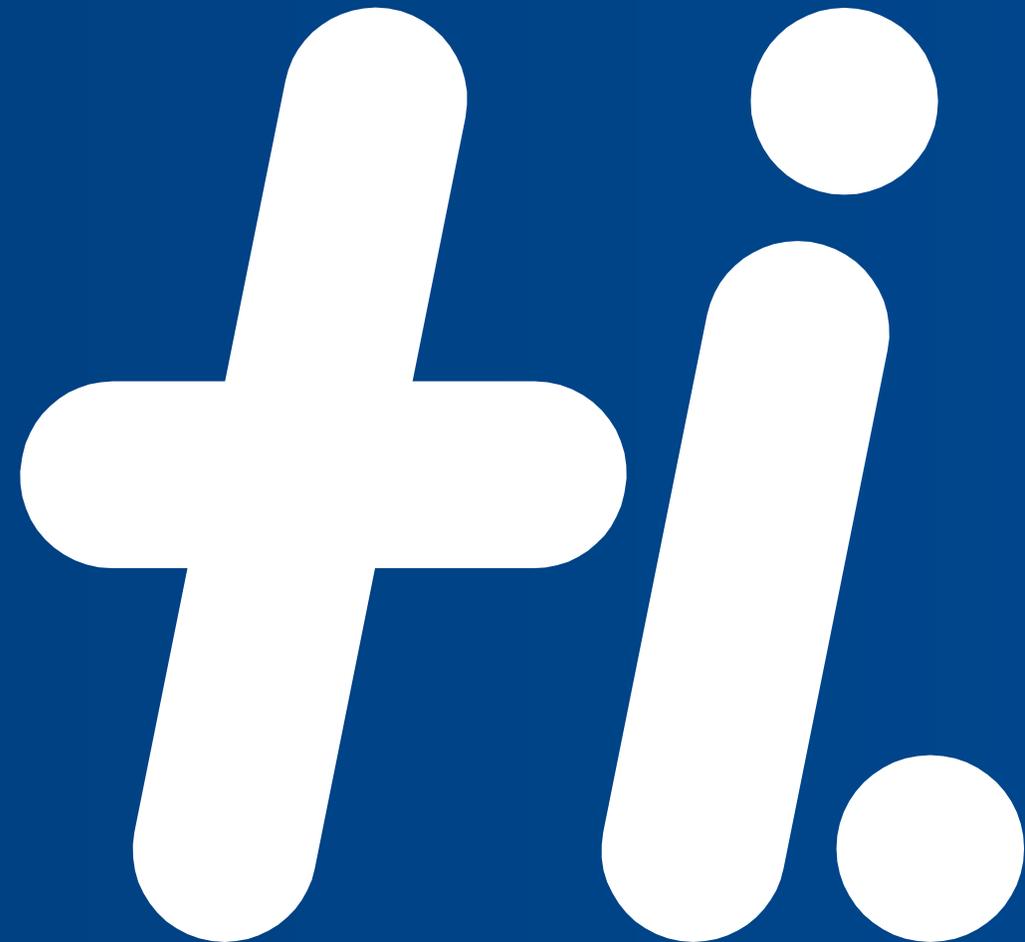
# Investor Update Q3 2018

24<sup>th</sup> October 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

# Business Update Q2



# Key Financials for Q3 2018

	Q3 2018	Q2 2018	GROWTH QoQ	GROWTH YoY
<b>Revenue</b>	<b>171.1</b>	<b>168.3</b>	<b>1.6%</b>	<b>11.1%</b>
EBITDA * (before ESOP cost)	29.9	27.6	8.2%	6.3%
<b>EBITDA * %</b>	<b>17.5%</b>	<b>16.4%</b>	<b>1.1%</b>	<b>-0.8%</b>
EBITDA (after ESOP cost)	28.6	26.2	9.1%	6.4%
<b>EBITDA %</b>	<b>16.7%</b>	<b>15.6%</b>	<b>1.1%</b>	<b>-0.7%</b>
PAT	24.27	22.69	6.9%	10.2%
<b>PAT %</b>	<b>14.2%</b>	<b>13.5%</b>	<b>0.7%</b>	<b>-0.1%</b>
<b>Diluted EPS (INR)</b>	<b>5.70</b>	<b>5.09</b>	<b>12.1%</b>	<b>20.4%</b>

Figures for previous periods have been restated in accordance with IndAS

Amounts in USD million

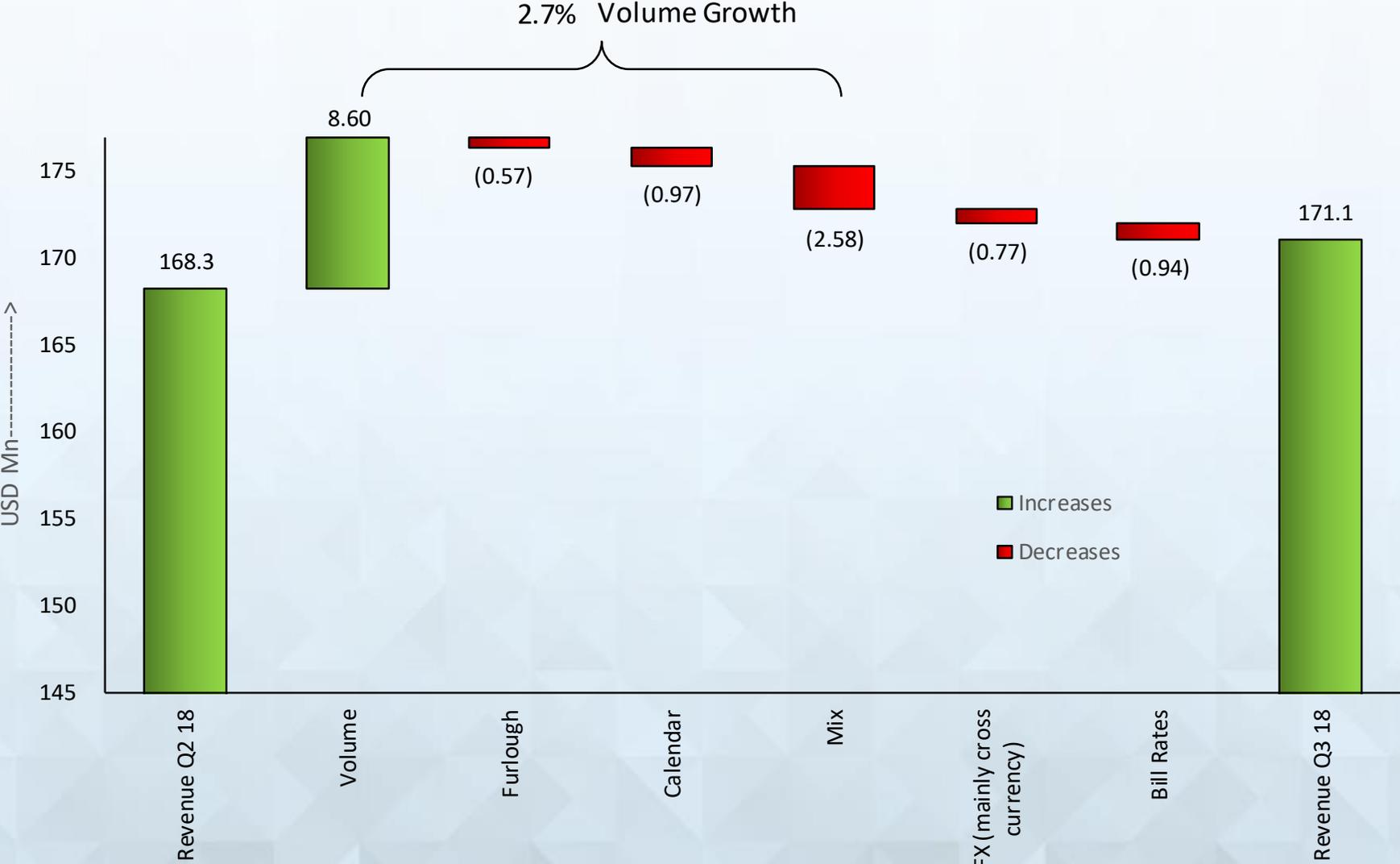
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# Revenue Impacts for Q3

- Unseasonal Furloughs
- Cross currency
- Delayed transitions/Ramps-ups
- Supply side issues for talent in US



# Revenue Analysis - QoQ



# Gross Margin Analysis - QoQ



**SG&A ↓ 13 bps QoQ**

Forex Impact	37
Debtors provisioning / Marketing cost	(43)
Volume Leverage	27
Other Cost Savings	(08)
<b>Total</b>	<b>13</b>

# Movement of Top 20 Customers

## Top 20 Accounts by Q3 Revenue

Q3 2018 vs. Q3 2017

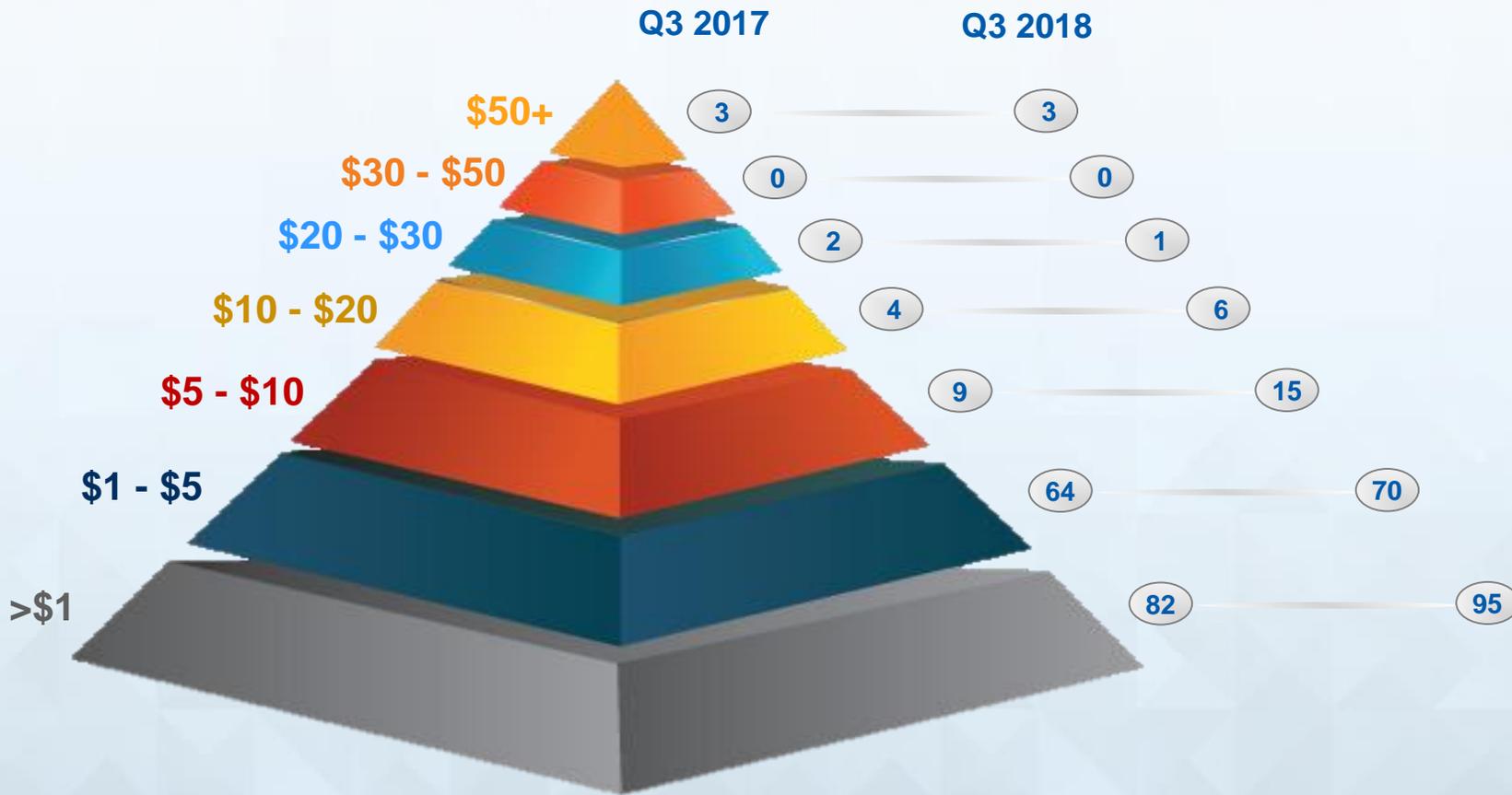
### In

- American investment management company
- European telecommunications company
- French multinational insurance company
- Multinational technological manufacturing company
- Print and digital document solutions provider

### Out

- American outsourcing company
- Global financial services company
- International airline company
- Multinational finance and insurance company
- Multinational information technology company

# Improved Depth of Customer Relationships



TOP CLIENTS	CONTRIBUTION GROWTH	GROWTH QoQ
Top 5 Clients	-0.3%	<b>0.9%</b>
Top 10 Clients	-0.6%	<b>0.5%</b>
Top 20 Clients	-1.4%	<b>-0.7%</b>
Other Clients	1.4%	<b>5.7%</b>

Q3 18 Top 20 accounts vs their previous quarter performance

TOP CLIENTS	REVENUE GROWTH QoQ	REVENUE GROWTH YoY
Top 5 Clients	1.4%	<b>11.0%</b>
Next 5 Clients	2.0%	<b>21.6%</b>
Next 10 Clients	0.8%	<b>3.9%</b>

## *USD 25 million NN Deal wins in Q3-18*

- 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

# Employee Metrics

## UTILIZATION \*

Steady increase in Utilization



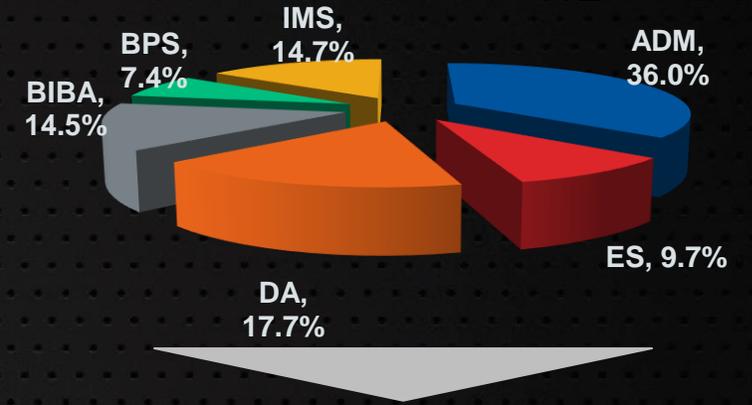
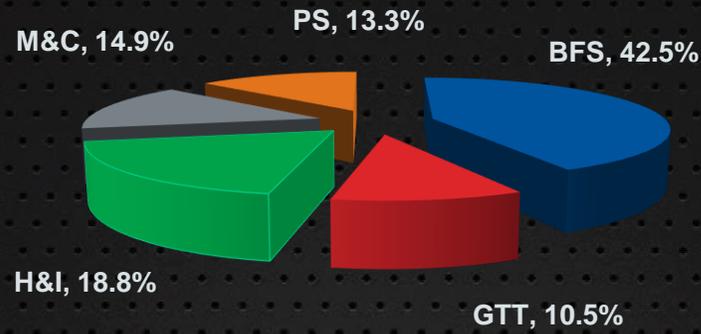
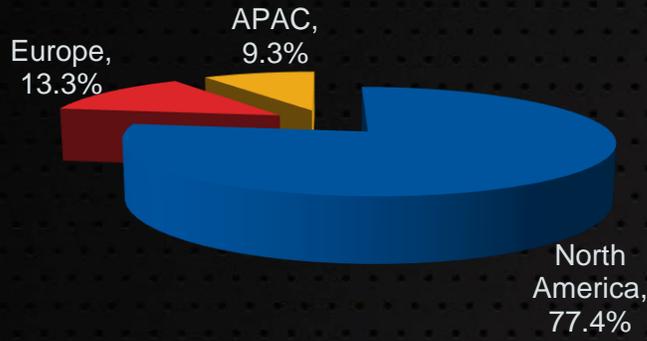
## EMPLOYEE ATTRITION

Uptaken Attrition



**Net headcount addition during the quarter (incl. trainees) – 693**

# EU, H&I and IMS led Growth



VERTICAL	GROWTH QoQ	GROWTH YoY
BFS	0.9%	9.0%
GTT	-3.9%	-11.2%
H&I	11.4%	25.7%
M&C	-5.8%	23.3%
PS	5.2%	9.3%
<b>TOTAL</b>	<b>1.6%</b>	<b>11.1%</b>

HORIZONTAL (1)	GROWTH QoQ	GROWTH YoY
ADM	-0.2%	10.0%
ES	-6.6%	-5.1%
DA	-2.5%	-1.9%
BIBA	9.1%	16.6%
BPS	3.7%	12.8%
IMS	10.0%	45.7%
<b>TOTAL</b>	<b>1.6%</b>	<b>11.1%</b>

GEOGRAPHY	GROWTH QoQ	GROWTH YoY
North America	2.1%	8.6%
Europe	6.5%	30.3%
APAC	-7.7%	8.3%
<b>TOTAL</b>	<b>1.6%</b>	<b>11.1%</b>

# Guidance

- Revenue:
  - 11-12% on reported currency
- EPS:
  - Above 20% growth for year, based on Sept currency



# Finance Update



# Revenue

## Q3 2018

- CC revenue at \$171.8 mn; ↑ 2.1% QoQ; ↑ 11.8% YoY
- \$ Revenue at \$171.1 mn; ↑ 1.6% QoQ; ↑ 11.1% YoY
- ₹ Revenue at Rs 12,096 mn; ↑ 6.4% QoQ; ↑ 21.8% YoY



# Outstanding Hedge Position and Rates

## Outstanding Hedge Position

Currency Pair	Amount (Mn.)	Avg. Rate
USDINR (\$)	170.40	70.81
EURNR (€)	6.17	86.91
GBPNR (£)	11.80	97.16
<b>Total (\$)</b>	<b>192.94</b>	

*Note -*

- 1.Hedges outstanding are full-term hedges.*
- 2. EUR converted @ 1.1583/USD & GBP converted @ 1.3049/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 \$ 4.30 Mn in Q2'18, the forex gain this quarter was \$ 3.30 Mn.
- Forex Losses expected are ~\$1.27 Mn in Q4'18 and ~\$1.31 Mn in Q1'19 at exchange rate of INR 72.49/ USD.

# Balance Sheet Updates

## CASH & CASH EQUIVALENTS

Cash and Cash Equivalents at US\$ 100.6 Mn ( ₹ 7,292 Mn)

## DAYS SALES OUTSTANDING

Days Sales Outstanding (DSO) for Q3 2018 at 58 days; 83 days including unbilled

## DIVIDEND

INR 2.50 per share (125%)

Dividend Payout including taxes ₹ 894.67 Mn (\$ 12.2 Mn)

**Tax:** ETR at 19.1% in Q3 18 vs 20% in Q2 18

**Capex :** \$2.4 Mn capex in Q3 2018 (\$6.4 mn YTD ) – Capex for 2018 - \$17.5 mn - should end year with capex of \$14 mn.



**Innovative  
Services**

**Passionate  
Employees**

**Delighted  
Customers**

**Thank you**