



Investor Update Q2 2020

28th July 2020

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.

COVID-19 Update

The Group has assessed the impact on the recoverability of the receivables (including unbilled) and other current and non-current assets including goodwill considering both internal and external information available till date. It has also assessed, the probability of occurrence of forecasted transactions in the hedging relations, credit risk of the counter party to the derivative contracts and banks. The Group, based on the analysis on assumption used, believes that the carrying value of these assets are recoverable. Considering the fact that the global situation is evolving day by day with new facts and numbers, the economic impact of pandemic could be different from the estimated till date by the management. The management is continuously monitoring the material changes.



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 Revenue \$ 208.1 M

- Q/Q decline of 1.2%; 0.9% in CC
- Y/Y growth of 10.4%; 11.3% in CC
- Flat Q/Q excluding supply side impact ~ \$1.3M
- Volume growth of 1.6% Q/Q partially offset by price discounts



Q2 EBITDA% 17.3%

- Q/Q growth of 240 bps; GM improvement of 230 bps and SG&A improvement of 10 bps (no capability reduction on SG&A)
- Y/Y growth of 110 bps
- EBITDA of \$36.0M



Q2 EPS ₹ 5.10

- Q/Q decline of 12.9%
- Y/Y growth of 0.5%
- EPS impacted by forex loss on hedge MTM & translation impact. Q2 loss of 1.0M vs Q1 gains of 5.8M



Q2 NN Wins \$ 46 M

- Strong NN wins; H1'20 NN wins of \$ 115M (H1'17 : \$65M, H1'18 : \$69M & H1'19 : \$72M)
- Material, "V" shaped improvement in activity levels with customers from late May
- Market-share growth in many existing customers
- Material improvement in pipeline



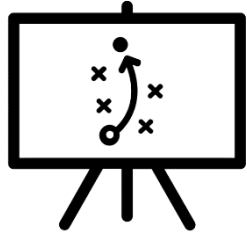
Q2 Cash Balance \$ 117.4 M

- Q2 20 DSO at 77 days, improvement of 5 days over Q1
- OCF/EBITDA at 171% vs 73% in Q1



Dividend ₹ 1.5

- Interim Q2 dividend of ₹ 1.5 (75%)



Post-COVID Themes

Launched 4 new post-COVID themes, all of which have strong resonance :

- Touchless, Immersive Customer Experiences
- Digital Leapfrogging & Resilience on Cloud
- Engaging the Anywhere Employee
- Automation-led Sustainable Cost Takeout



- A new, patent-pending platform for automated re-platforming of applications to the cloud
- Launched in June
- Very strong early traction; Three F500 customers from pre-launch



People Update Closing HC - 18,825

- Work-from-Home : IT~99%+; BPS~85% of revenue
- Q/Q Headcount Net Change: -1173
- Q2 Attrition at 14%
- Utilization of 79.8%; highest in last four quarters driven by higher volumes and paused intake of new batches; Campus hiring resumed from Q3



Revenue Updates

- Expect Q2 to be the bottom. Flat to small volume growth in Q3 and Q4, with normal cyclical effects overlaid in Q4
- One of the Top 3 account - Growth in Q2 and expect volume growth for next 2 quarters



EBIDTA Outlook

- Instituted a number of structural and sustainable cost improvement measures
- Near term sustainable margins in the range of H1 actuals +/- 30 bps

Q2 2020
Business Update



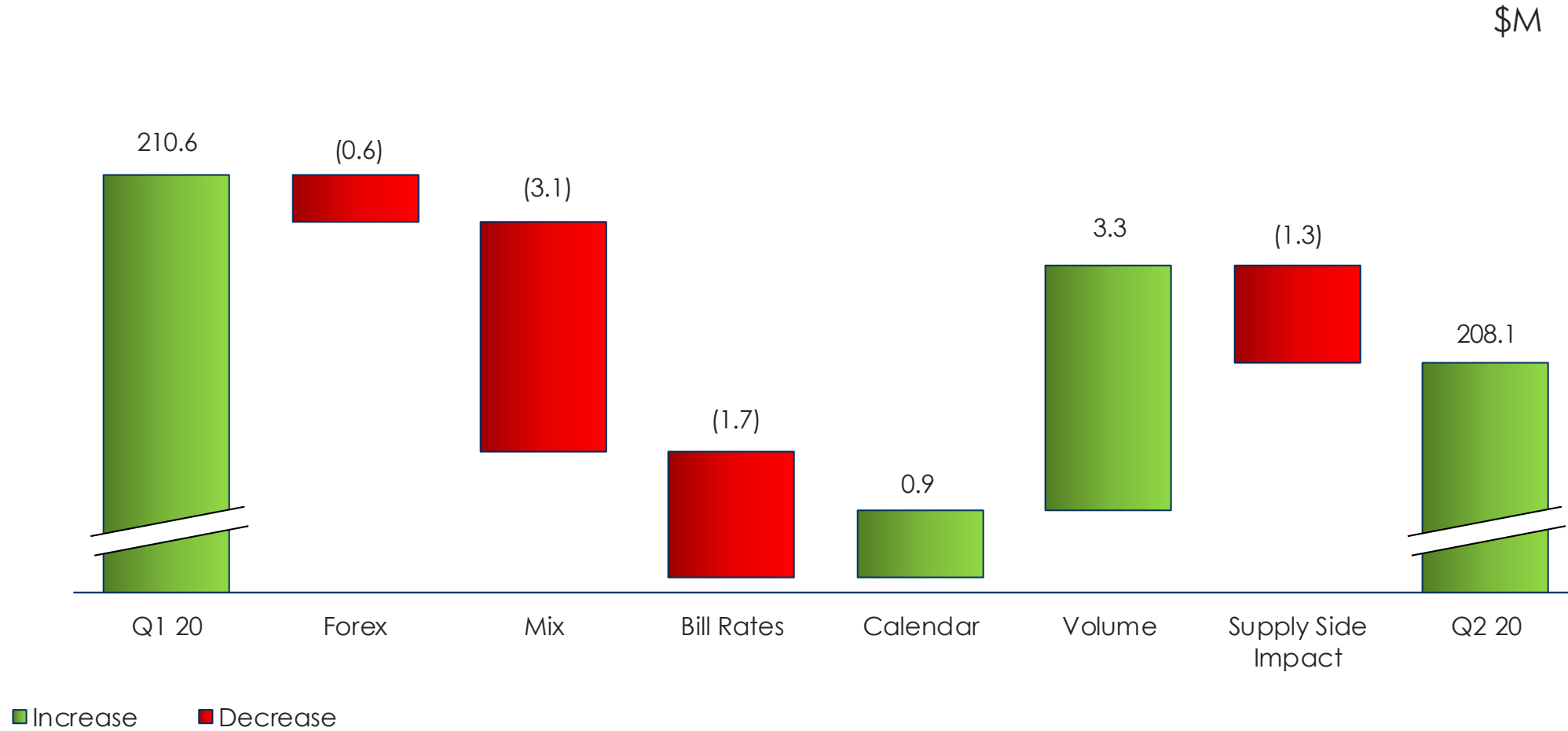
Q2 20 | Financial Performance



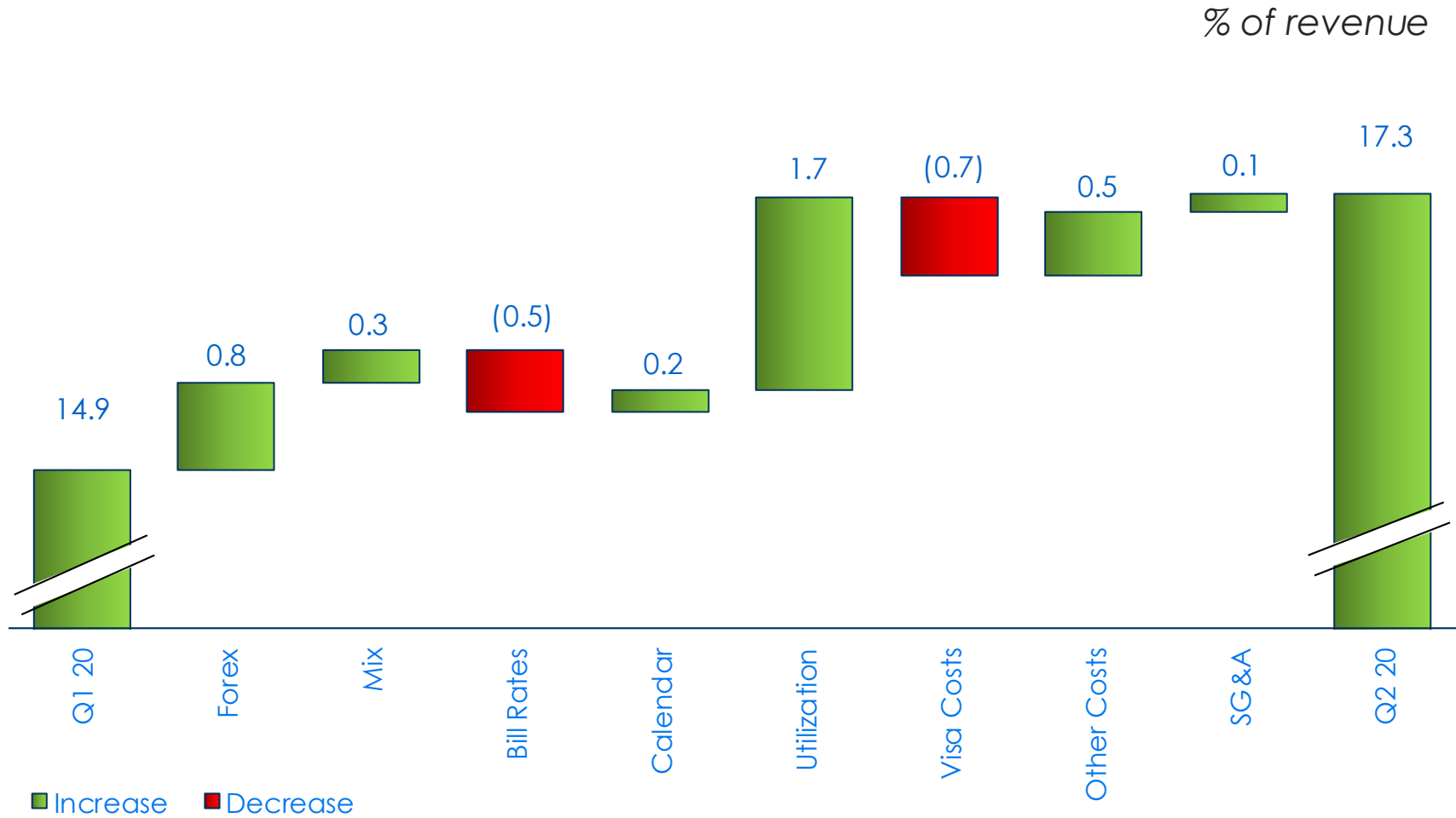
<i>Amounts in US\$M</i>	Q2 2020	Q1 2020	GROWTH QoQ	Q2 2019	GROWTH YoY
Revenue	208.1	210.6	-1.2%	188.5	10.4%
EBITDA	37.1	32.4	14.5%	31.1	19.4%
EBITDA %	17.8%	15.4%	2.4%	16.5%	1.3%
EBITDA (post RSU)	36.0	31.3	14.8%	30.5	17.9%
EBITDA % (post RSU)	17.3%	14.9%	2.4%	16.2%	1.1%
EBIT (post RSU)	27.5	24.3	13.3%	27.6	0.0%
EBIT %	13.2%	11.6%	1.7%	14.6%	-1.4%
PAT	20.2	23.4	-13.6%	21.8	-7.2%
PAT %	9.7%	11.1%	-1.4%	11.6%	-1.8%
EPS Basic (INR)	5.10	5.86	-12.9%	5.08	0.5%



Revenue Walk | QoQ



EBITDA Walk | QoQ



* EBITDA (post ESOP cost)



Q2 20 | GAAP to Non-GAAP Reconciliation



Q2 '20					Q1 '20	Q2 '19
Amounts in \$ M	PBT	Tax	PAT	EPS* (INR)	EPS* (INR)	
Reported (GAAP numbers)	25.0	4.8	20.2	5.10	5.86	5.08
Q2 '20 GAAP EPS Change					-0.76	0.02
% Change					-12.96%	0.47%

Non-GAAP Adjustments

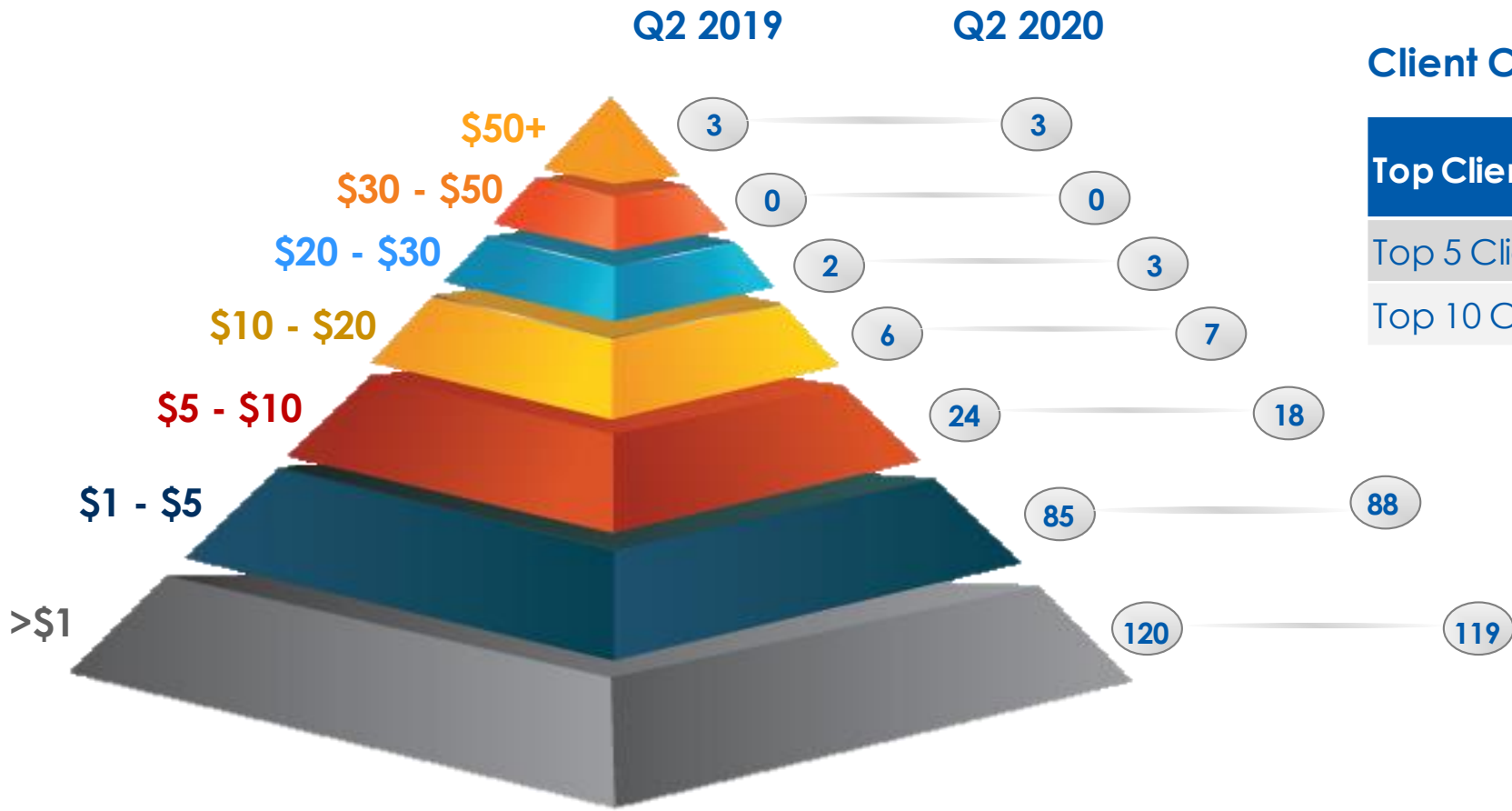
Amortization of intangibles	1.6	0.4	1.2	0.29		
NPV of deferred payments	0.2	0.1	0.1	0.04		
Adjusted Non-GAAP	26.8	5.3	21.5	5.43	6.18	5.55
Q2 '20 Non-GAAP EPS Change					-0.75	-0.11
% Change					-12.12%	-2.06%

*Basic EPS

Note: The US marginal tax rate considered is 27.5%



Improved Depth of Customer Relationships



Client Contribution for Q2 20 and Q2 19

Top Clients	Q2 20	Q2 19	Contribution Change YoY
Top 5 Clients	37.4%	37.3%	0.0%
Top 10 Clients	47.5%	46.4%	1.2%

• Account classification based on LTM revenue



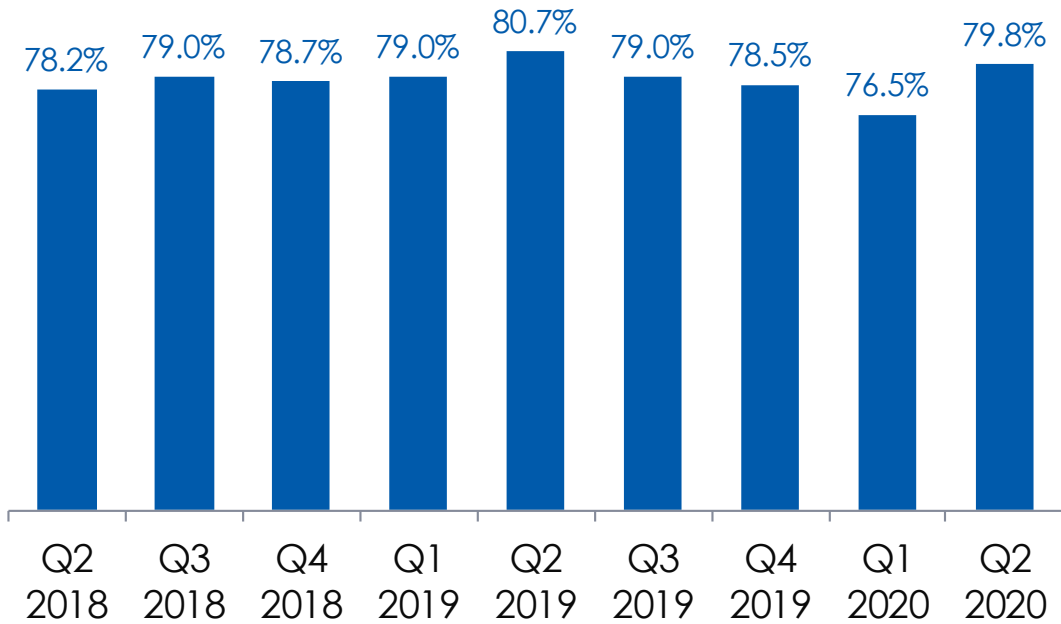
USD 46 million NN Deal wins in Q2'20

- Business process transformation for a leading US-based background screening services company
- Workforce management service transformation for a leading chain of supermarkets in Australia
- Automated DevOps platform for a leading player in the European Insurance market
- Cloud migration services for a leading European FinTech firm
- Mobile App development for a US-based neuroscience technology company
- Strategic digital assurance partner for one of the largest payment firms in the US
- Voice-powered virtual assistant solution for a leading US-based communications provider
- eCommerce solution for one of the largest office furniture manufacturers in the world

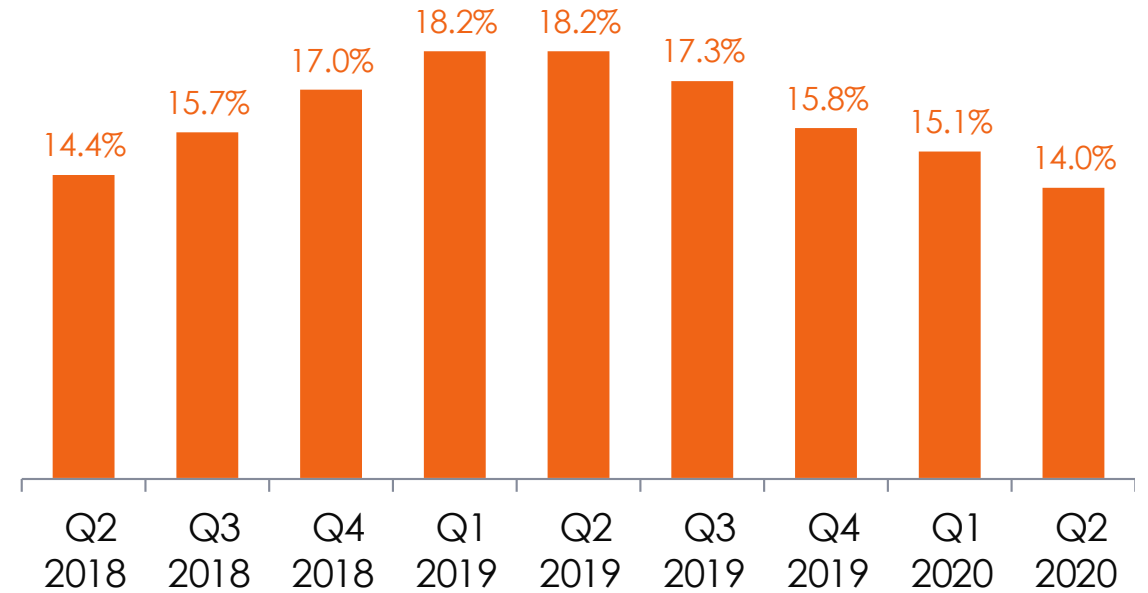
Employee Metrics



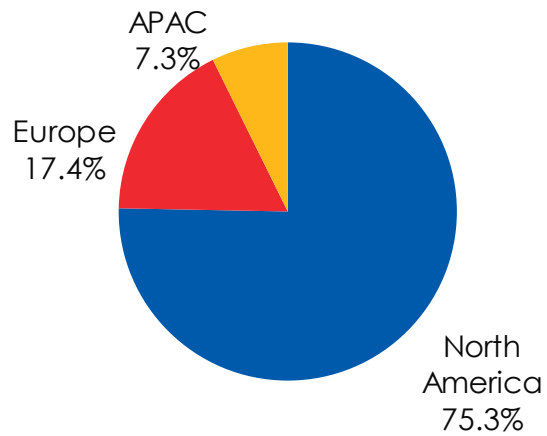
UTILIZATION



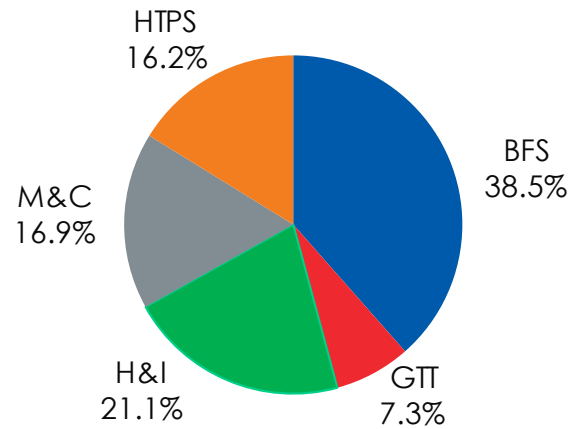
EMPLOYEE ATTRITION



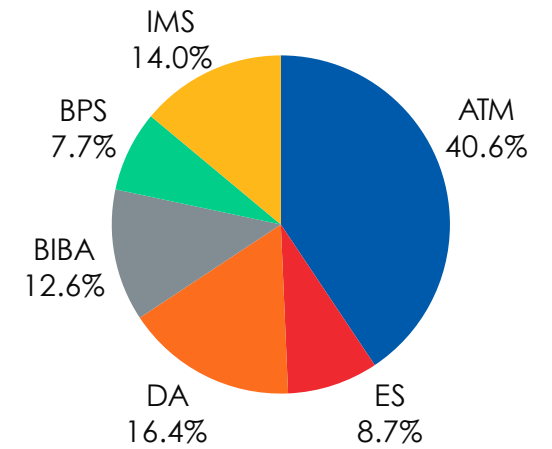
Q2 20 Revenue Results



GEOGRAPHY	GROWTH QoQ	GROWTH YoY
North America	0.4%	8.3%
Europe	-3.6%	37.4%
APAC	-10.7%	-13.1%
TOTAL	-1.2%	10.4%



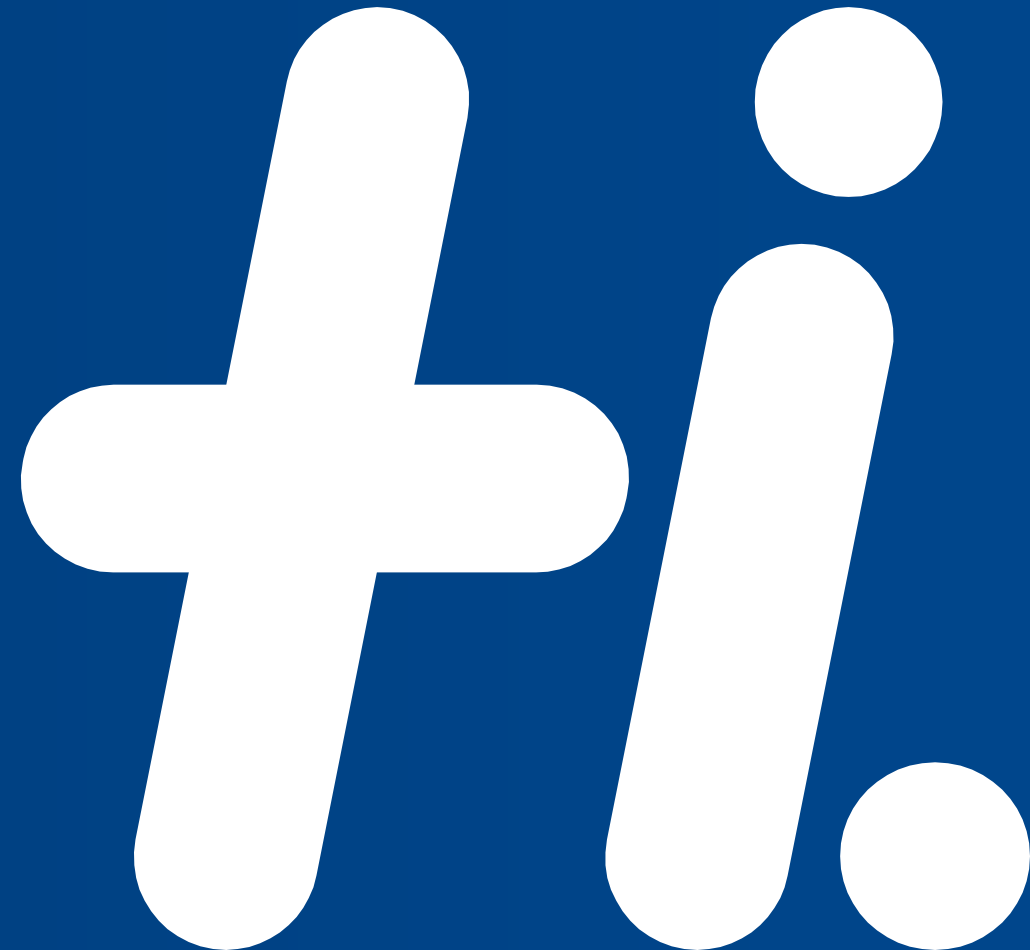
VERTICAL	GROWTH QoQ	GROWTH YoY
BFS	3.4%	6.9%
GTT	-27.2%	-20.0%
H&I	3.5%	20.9%
M&C	-4.4%	16.4%
HTPS	2.1%	20.2%
TOTAL	-1.2%	10.4%



HORIZONTAL	GROWTH QoQ	GROWTH YoY
ATM	-5.5%	21.4%
ES	3.4%	2.3%
DA	1.9%	2.0%
BIBA	9.1%	13.3%
BPS	-9.9%	5.6%
IMS	2.9%	-1.1%
TOTAL	-1.2%	10.4%



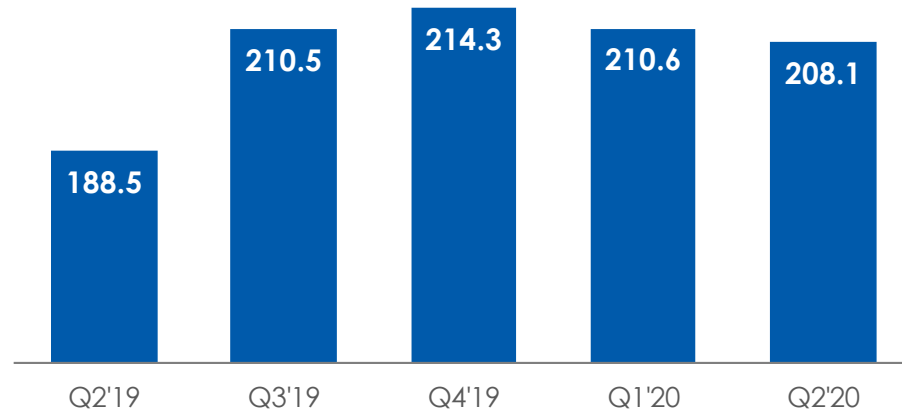
Finance Update



Q2 20 Performance

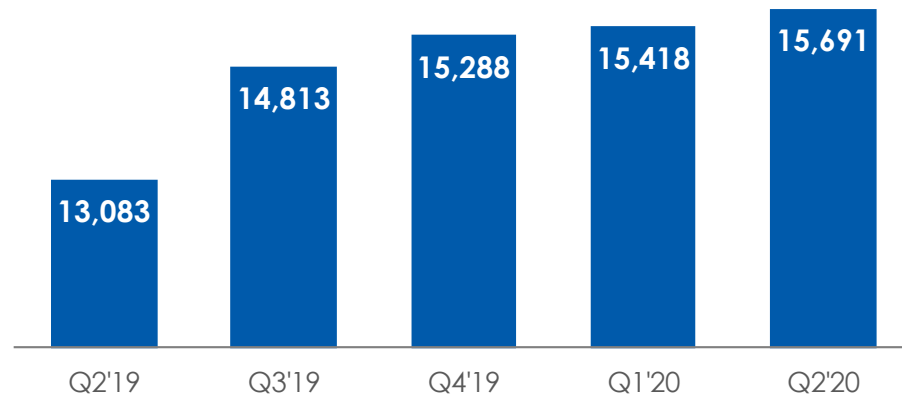


US\$ M



QoQ	4.7%	11.7%	1.8%	-1.7%	-1.2%
YoY	12.0%	23.1%	21.7%	17.0%	10.4%

INR M



QoQ	3.5%	13.2%	3.2%	0.8%	1.8%
YoY	15.1%	22.5%	22.1%	22.0%	19.9%

Key Highlights

- ❑ Q2'20 revenue of \$ 208.1 M
 - Q/Q decline of 1.2%, 0.9% in CC
 - Y/Y growth of 10.4%, 11.3% in CC

- ❑ Q2'20 revenue of INR 15,691 M
 - Q/Q growth of 1.8% and Y/Y growth of 19.9%



Outstanding Hedge Position and Rates



Currency Pair	Q2'20		Avg. Rate (Previous Qtrs.)		
	Amount (M.)	Avg. Rate	Q1'20	Q4'19	Q3'19
USDINR (\$)	212.98	77.20	75.77	74.85	74.15
EURINR (€)	6.00	89.71	89.04	89.02	89.72
GBPINR (£)	13.36	100.32	100.11	99.14	98.73
Total (\$)	236.13				

Notes:

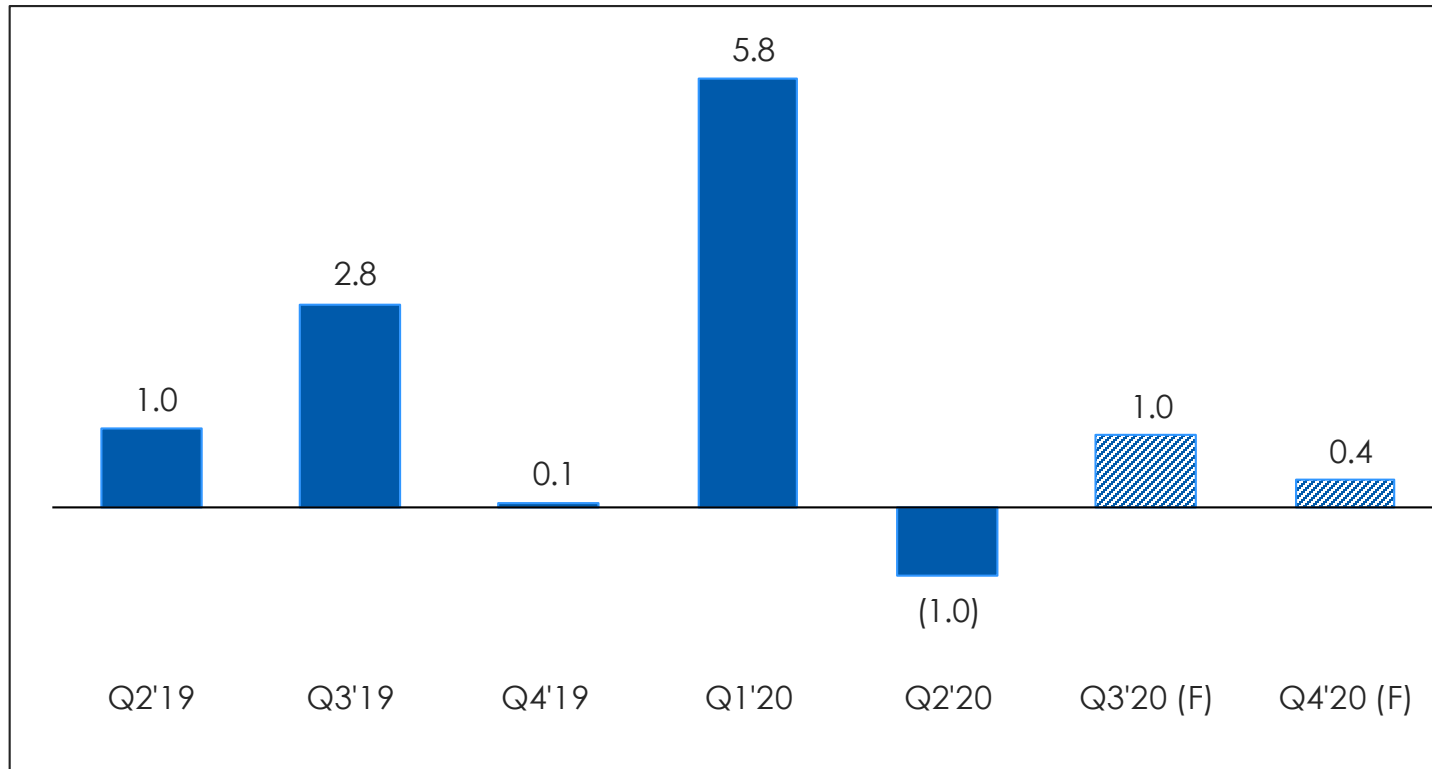
1. Hedges outstanding are full-term hedges.
2. EUR converted @ 1.1225/USD & GBP converted @ 1.2288/USD
3. Avg. Rate = Average of the forward rate at which the hedges have been booked.



Forex Gain/(Loss)



USD M



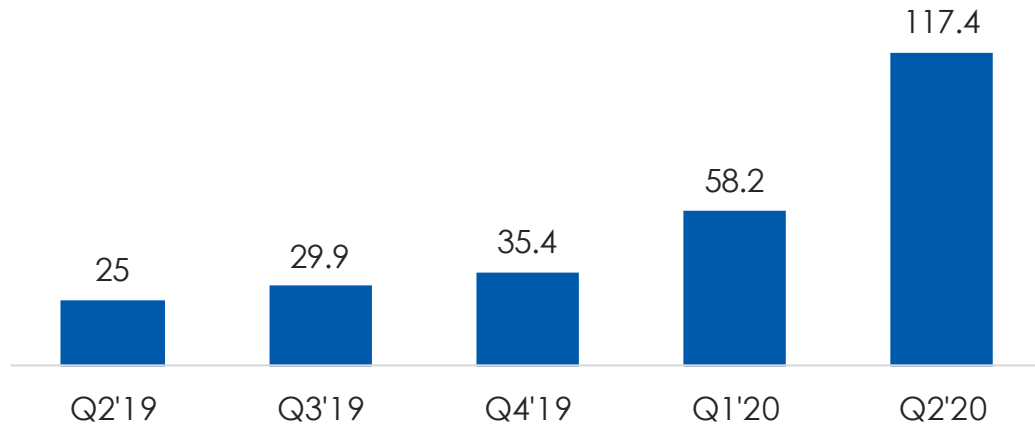
- Q2'20 registered a forex loss of \$ 1.0M
- Forex Gain expected in next two quarters basis Q2 closing exchange rate of INR 75.51 per USD are:
 - Q3'20 ~ \$1.0 M
 - Q4'20 ~ \$0.4 M



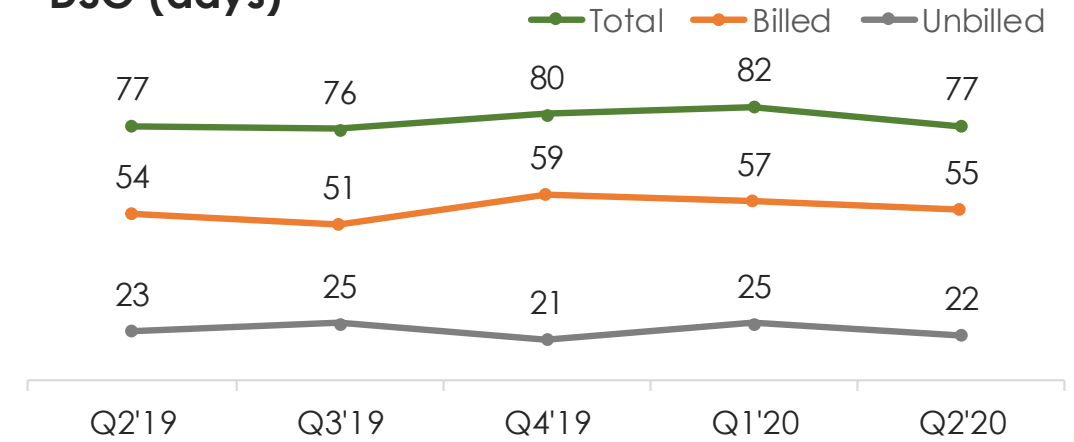
Balance Sheet & Other Updates



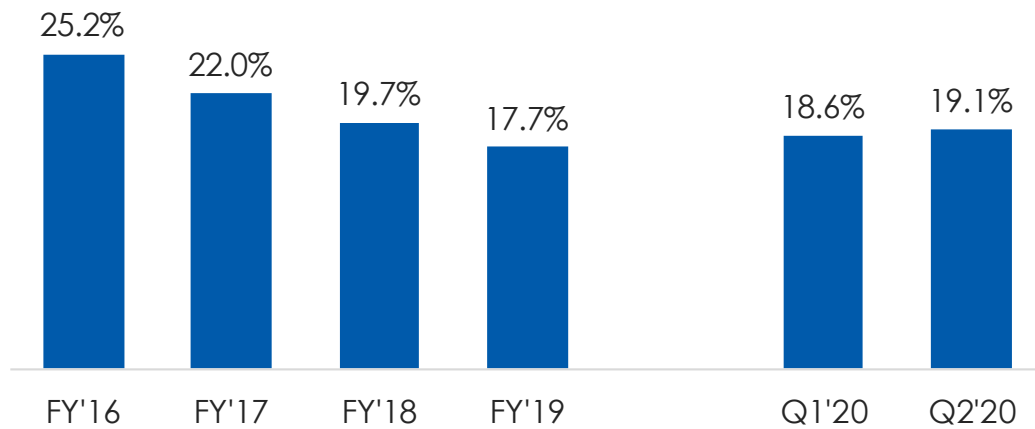
Cash Balance (\$M)



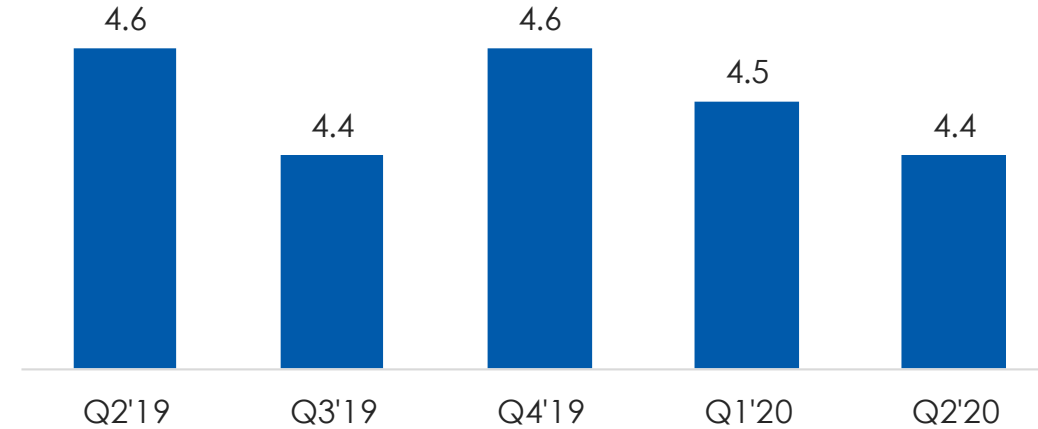
DSO (days)



Effective Tax Rate (%)



Capex (\$M)



Dividend: ₹ 1.5 (75 %) in Q2'20





Innovative Services

Passionate Employees

Delighted Customers

Thank you

www.hexaware.com

