



Investor Update Q1 2020

29th April 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.

Key Highlights



Q1 Revenue
\$ 210.6 M

- Q/Q decline of 1.7%; 1.1% in CC
- Y/Y growth of 17.0%; 18.2% in CC
- COVID-19 impact: 2%-3% of Revenue



Q1 EBITDA%
14.9%

- Q1 EBITDA of \$ 31.3M
- Q/Q decline of 80 bps
- COVID-19 impact: 100-120 bps



Q1 EPS
₹ 5.86

- Q/Q growth of 4.4%, Y/Y growth of 26.1%;
- Non GAAP EPS of ₹ 6.18; Q/Q growth of 4.3%; Y/Y growth of 33%



Q1 NN Wins
\$ 69 M

- One of the best quarters of NN signings

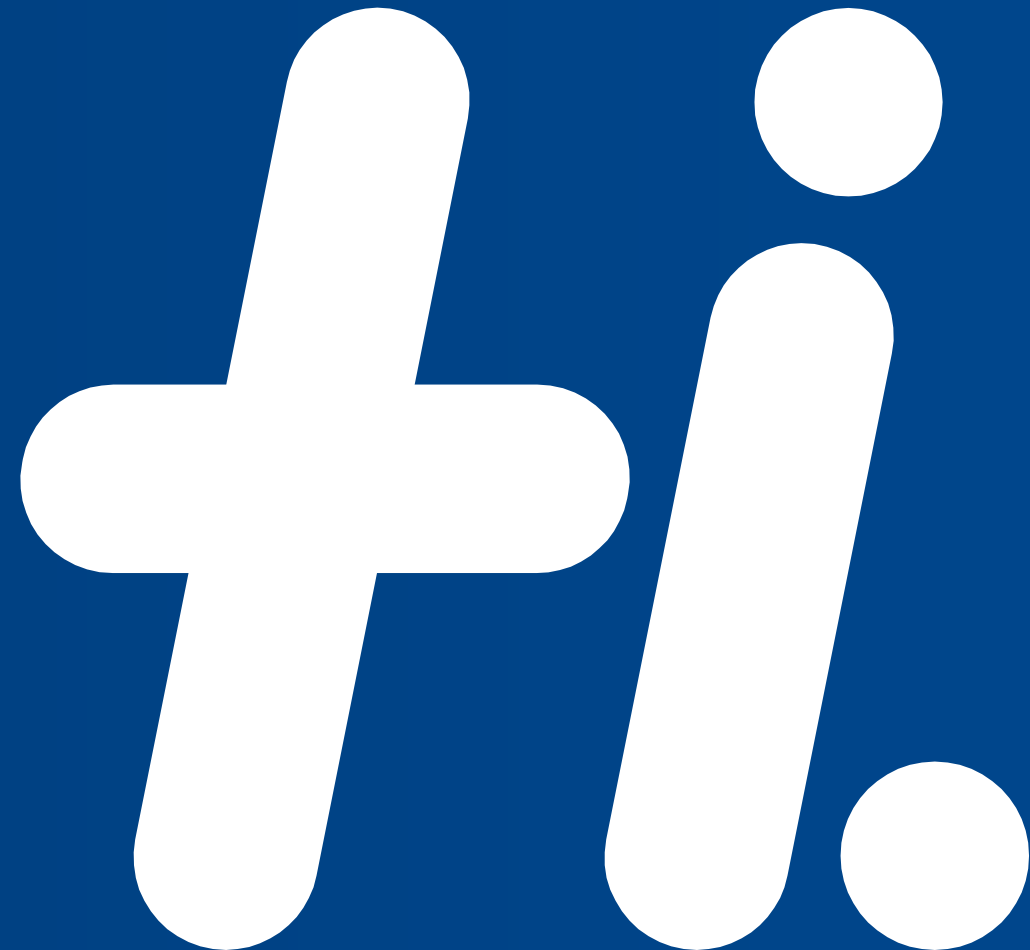


Closing Headcount
19,998

- Q/Q Headcount Net Change: -1
- Q/Q Freshers Gross addition : 143

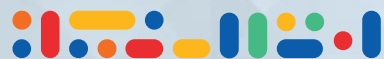
* EBITDA (post ESOP cost)

**Q1 2020
Business
Update**



Q1 20 | Financial Performance

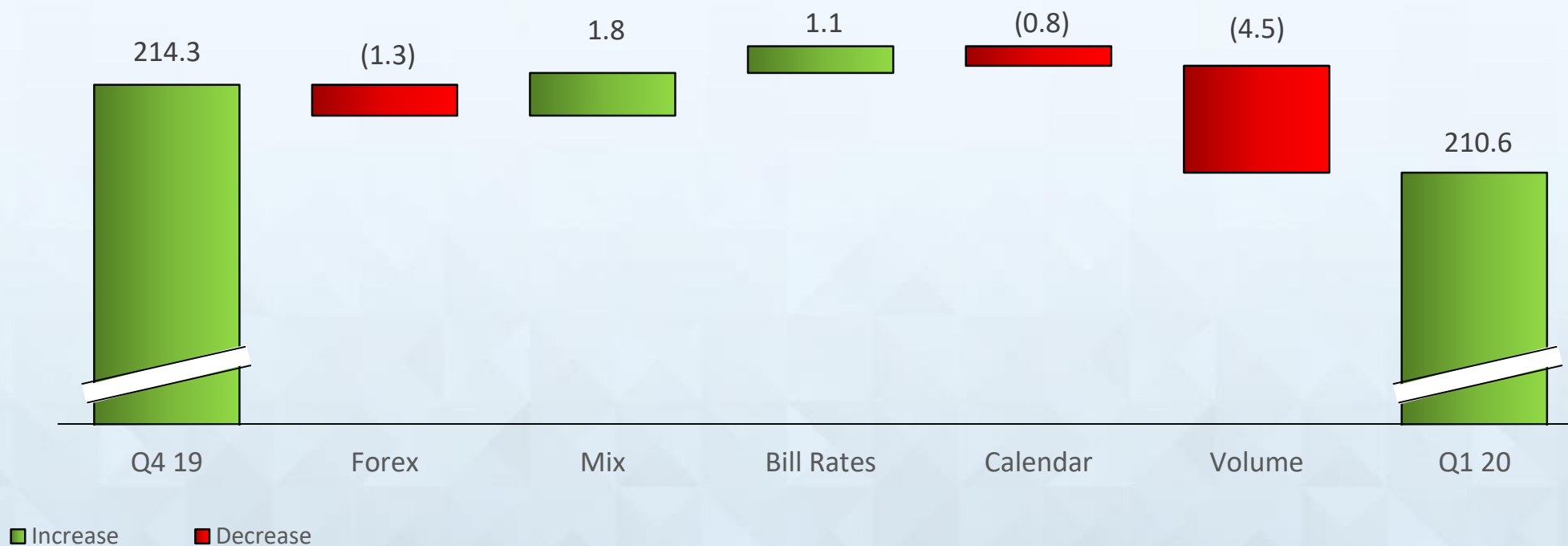
<i>Amounts in US\$ M</i>	Q1 2020	Q4 2019	GROWTH QoQ	Q1 2019	GROWTH YoY
Revenue	210.6	214.3	-1.7%	180.0	17.0%
EBITDA	32.4	31.9	1.7%	27.6	17.7%
EBITDA %	15.4%	14.9%	0.5%	15.3%	0.1%
EBITDA (post RSU)	31.3	33.6	-6.6%	27.0	16.3%
EBITDA % (post RSU)	14.9%	15.7%	-0.8%	15.0%	-0.1%
EBIT (post RSU)	24.3	28.6	-14.9%	24.8	-2.1%
EBIT %	11.6%	13.3%	-1.8%	13.8%	-2.3%
PAT	23.4	23.5	-0.5%	19.8	18.3%
PAT %	11.1%	11.0%	0.1%	11.0%	0.1%
EPS Basic (INR)	5.86	5.62	4.4%	4.65	26.1%



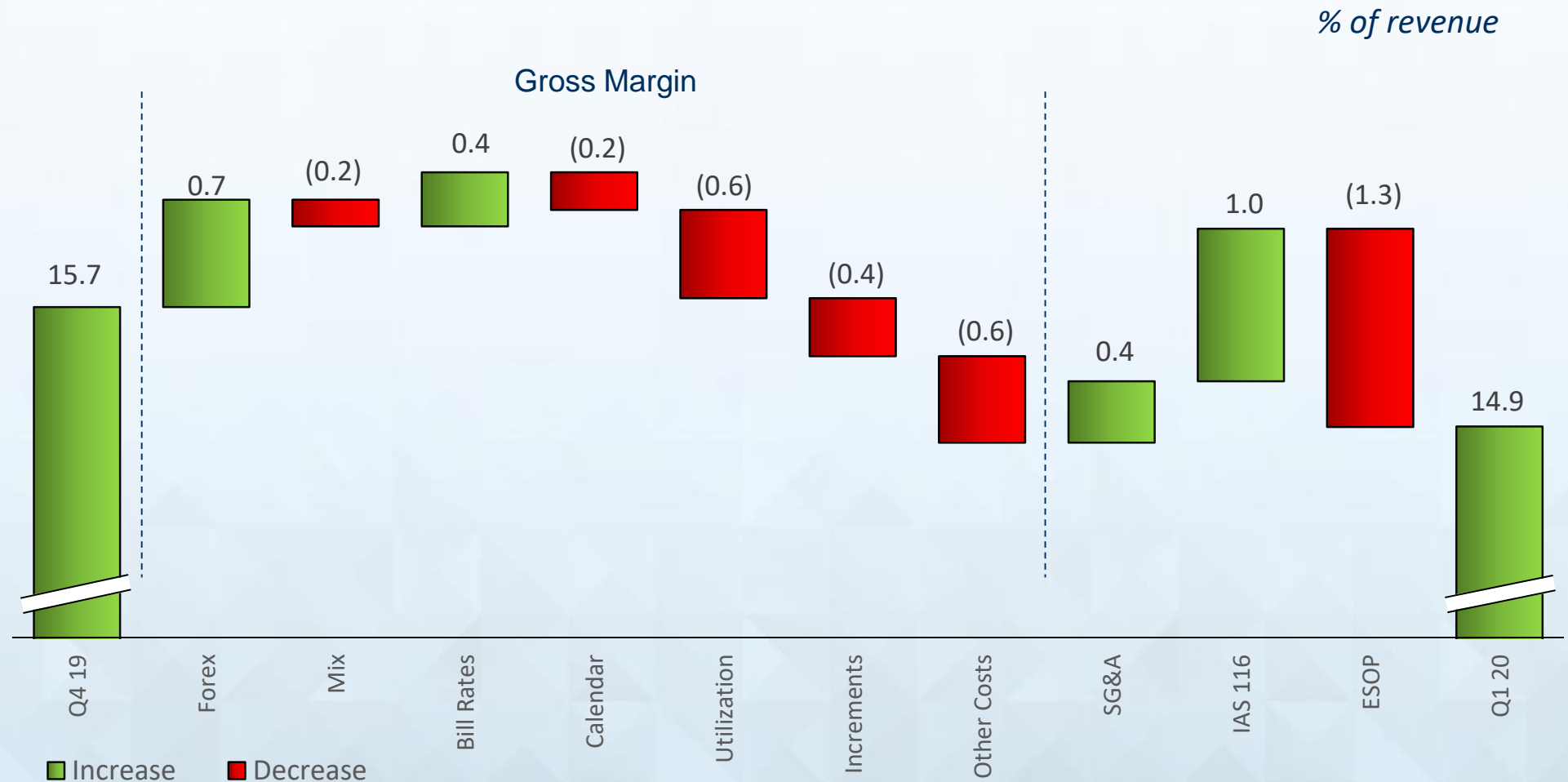
Revenue Walk | QoQ



\$M



EBITDA Walk | QoQ



* EBITDA (post ESOP cost)



Q1 20 | GAAP to Non-GAAP Reconciliation

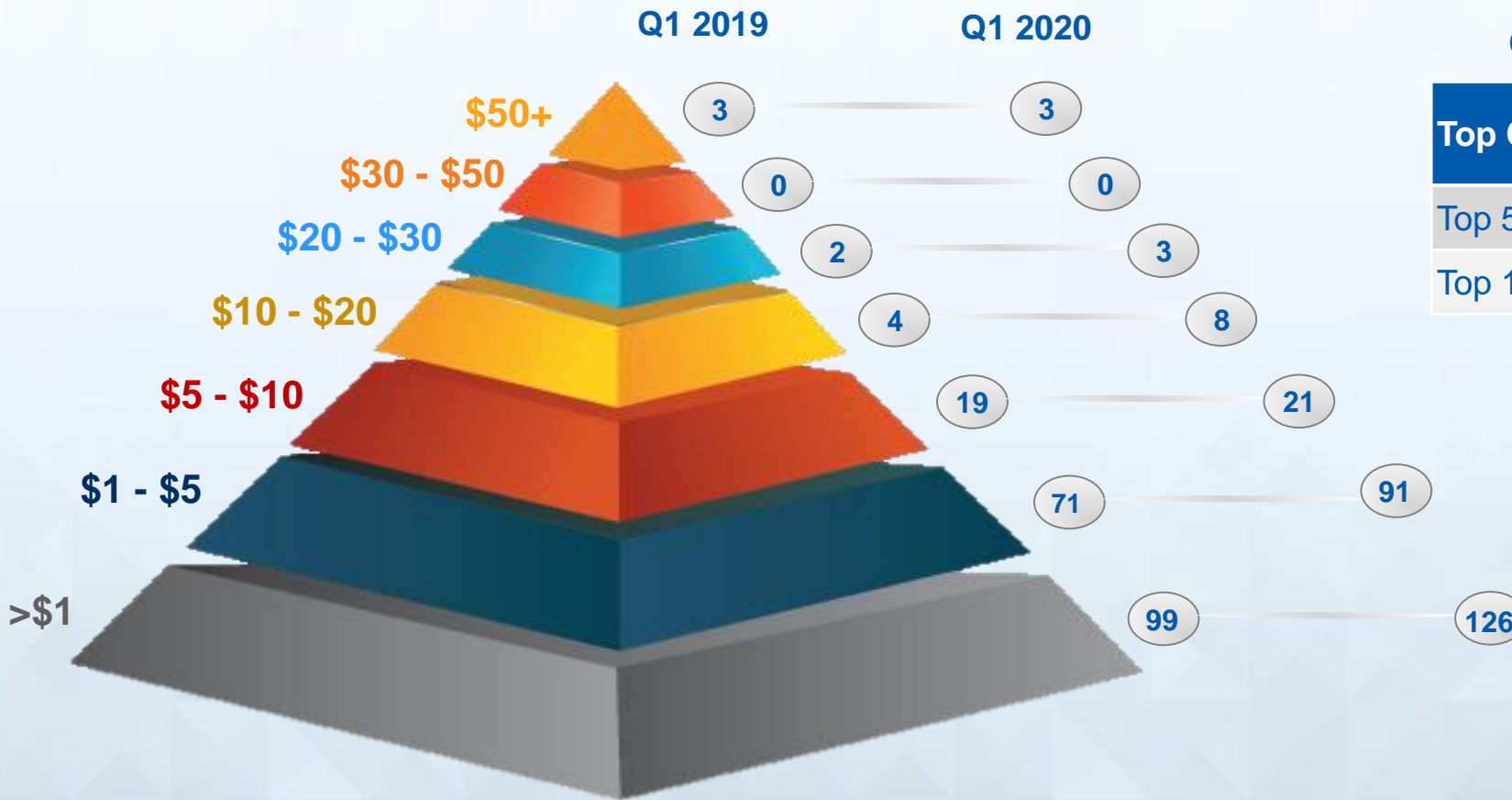
Amounts in \$ M	Q1 '20				Q4 '19	Q1 '19
	PBT	Tax	PAT	EPS* (INR)	EPS* (INR)	
Reported (GAAP numbers)	28.7	5.3	23.4	5.86	5.62	4.65
Q1 '20 GAAP EPS Change					0.25	1.21
% Change					4.4%	26.1%

Non-GAAP Adjustments

Amortization of intangibles	1.6	0.4	1.2	0.28		
NPV of deferred payments	0.2	0.1	0.1	0.04		
Adjusted Non-GAAP	30.5	5.8	24.7	6.18	5.93	4.65
Q1 '20 Non-GAAP EPS Change					0.25	1.53
% Change					4.3%	33.0%

*Basic EPS

Improved Depth of Customer Relationships



Client Contribution for Q1 20 and Q1 19

Top Clients	Q1 20	Q1 19	Contribution Change YoY
Top 5 Clients	34.3%	41.7%	-7.4%
Top 10 Clients	45.1%	51.1%	-6.1%

• Account classification based on LTM revenue



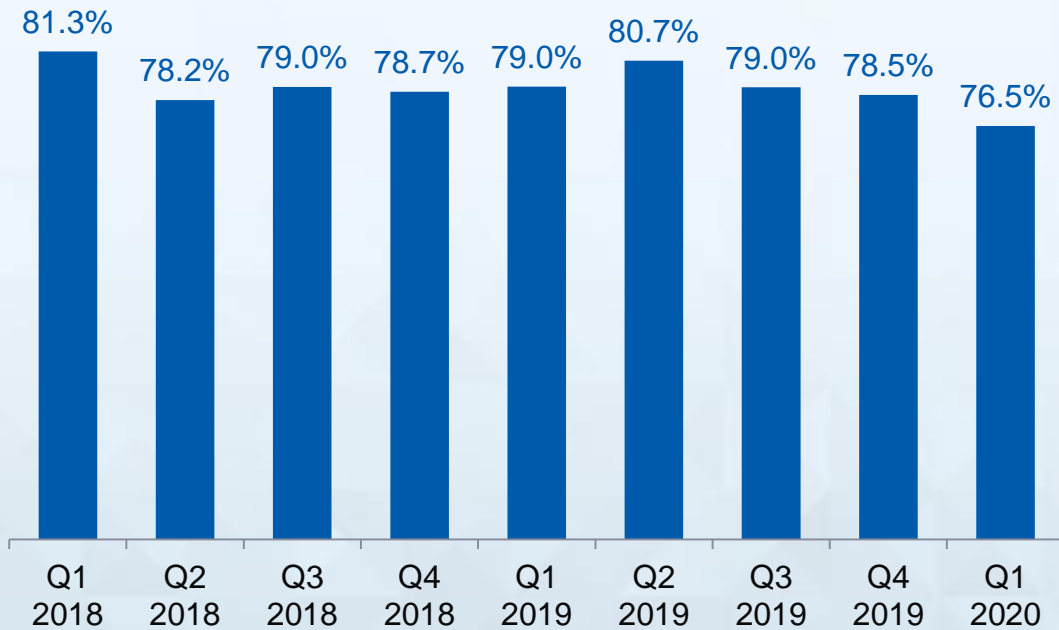
USD 69 million NN Deal wins in Q1 20

- Enterprise Data Management Services for a major US-based management consulting firm
- Digital Platform Services for a US-based credit union company
- Financial process automation for a leading global printer manufacturer
- Cloud powered HCM solution for a US-based pharmaceutical commercialization firm
- Cloud migration testing solutions for a leading Australian transport and roads agency
- Digital process Automation for an American online lending platform

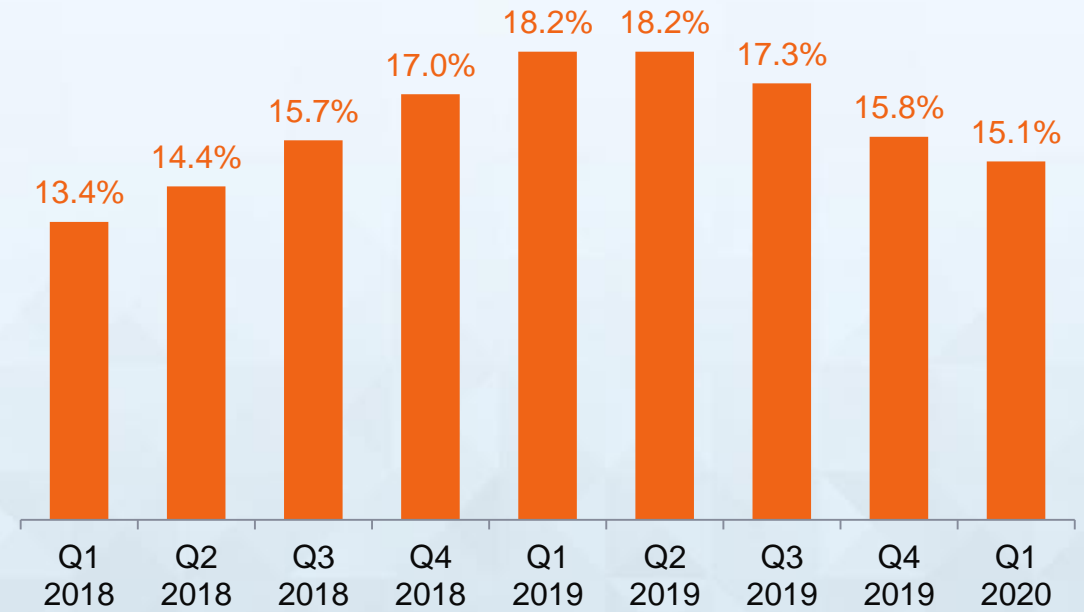


Employee Metrics

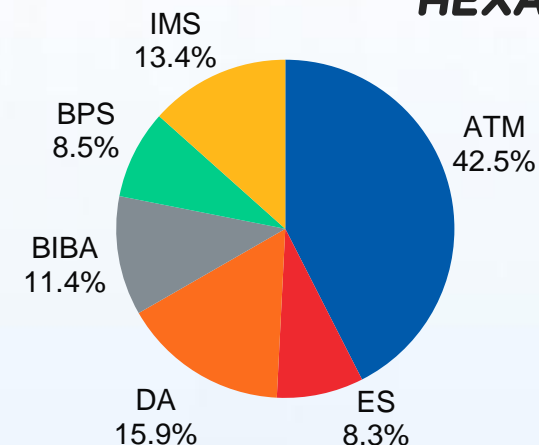
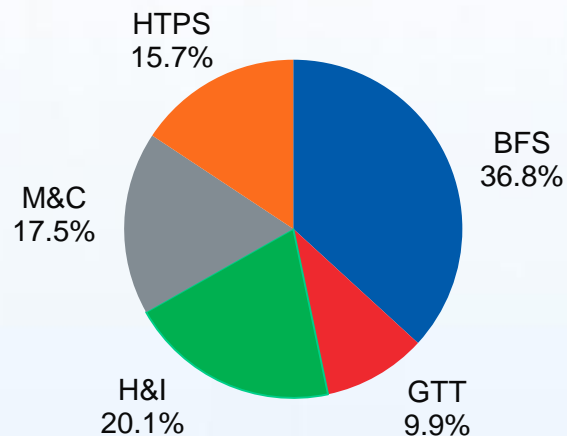
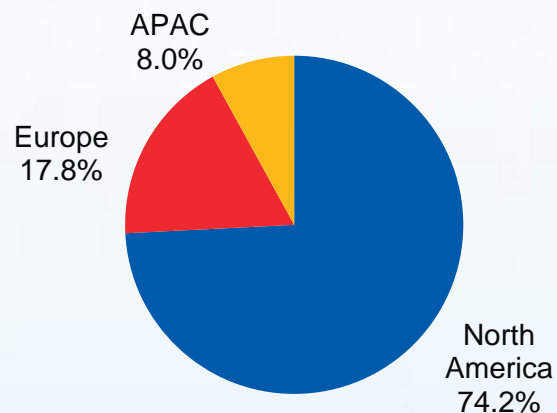
UTILIZATION



EMPLOYEE ATTRITION



Q1 20 Revenue Results



GEOGRAPHY	GROWTH QoQ	GROWTH YoY
North America	-2.1%	14.1%
Europe	0.4%	65.4%
APAC	-2.4%	-16.9%
TOTAL	-1.7%	17.0%

VERTICAL	GROWTH QoQ	GROWTH YoY
BFS	1.9%	5.6%
GTT	-5.1%	21.9%
H&I	-5.7%	28.6%
M&C	-6.0%	18.8%
HTPS	2.8%	29.8%
TOTAL	-1.7%	17.0%

HORIZONTAL	GROWTH QoQ	GROWTH YoY
ATM	3.1%	44.1%
ES	-10.8%	2.4%
DA	-0.1%	6.1%
BIBA	6.2%	2.3%
BPS	-0.5%	29.7%
IMS	-16.5%	-11.6%
TOTAL	-1.7%	17.0%



COVID-19 Update

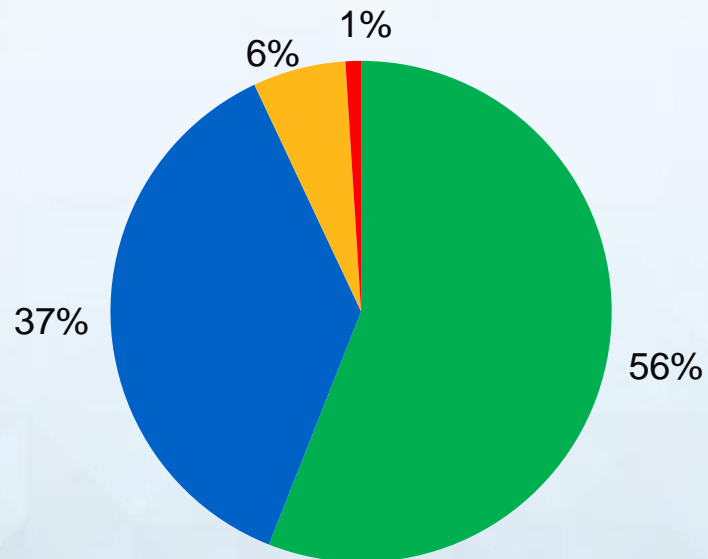
1. We tackled COVID-19 with three objectives:
 - First and foremost is to ensure health and safety of our employees
 - Second is to deliver exceptional services to customers through the crisis
 - Third is to contribute to community we are part of to the extent we can
2. We were early in transitioning to work from home (WFH) mode
3. As of today, 99% of our IT work and 80% of BPS in terms of revenue is WFH
4. Our customers have been delighted with our high levels of productivity, engagement and commitment. In a third-party survey, more than 93% of the respondents provided positive feedback on us
5. Once the lockdown is lifted, we will be resuming services in our offices in a staggered and segmented approach



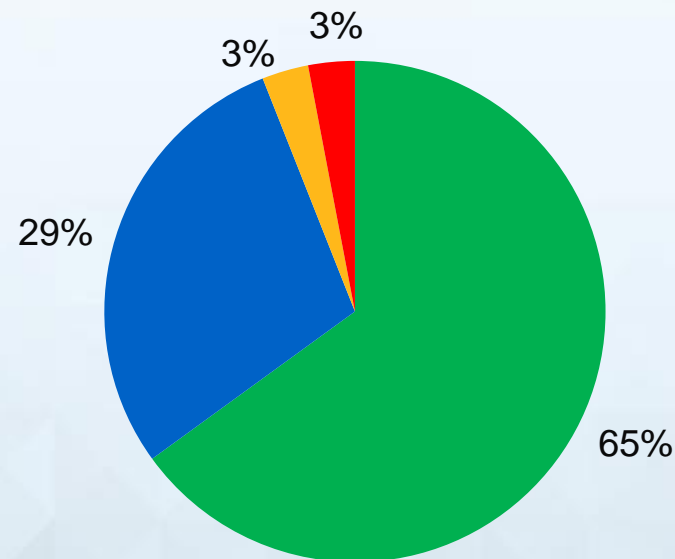
Third Party Survey | 93%+ Respondent satisfied with Hexaware's Business Continuity Efforts



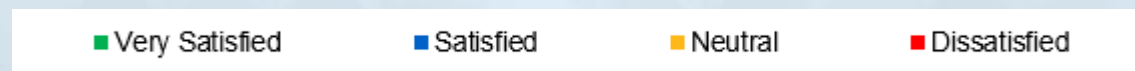
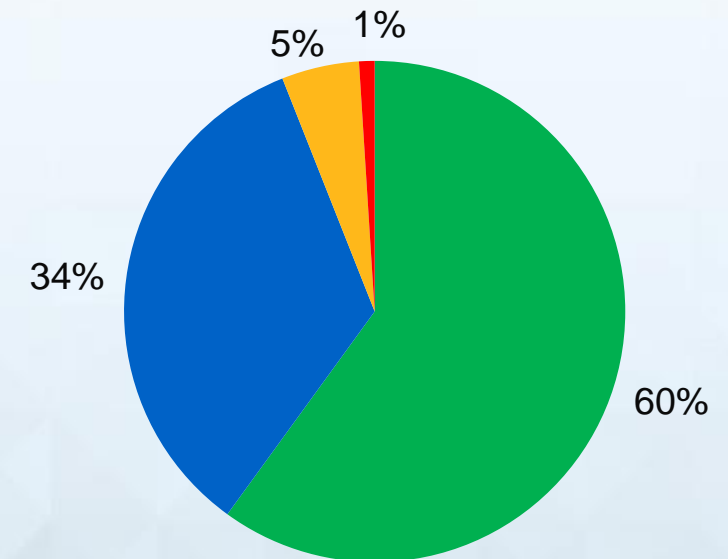
Planning & implementation of the business continuity plan



Communication from Hexaware teams



Productivity of teams (Meeting Delivery/SLA commitments)



Customer Delight during COVID-19

Q. How happy are you with the way your IT providers handled COVID-19 situation?

Industry



Hexaware



Guidance for 2020

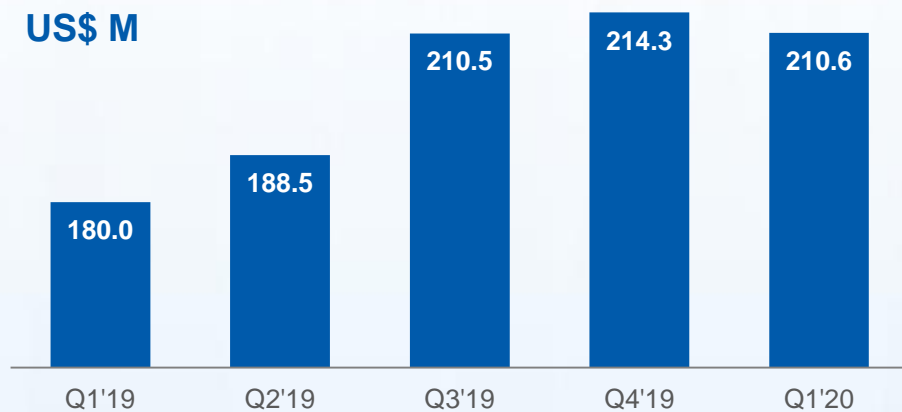
COVID-19 has led to significant uncertainty in the current environment. In view of the above, we suspend the guidance that was provided earlier for FY'20

Finance Update



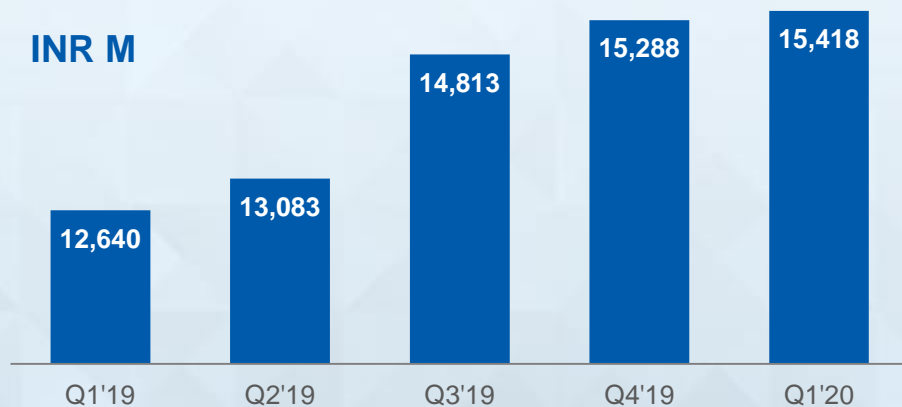
Q1 20 Performance

US\$ M



QoQ	2.2%	4.7%	11.7%	1.8%	-1.7%
YoY	10.9%	12.0%	23.1%	21.7%	17.0%

INR M

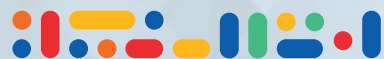


QoQ	0.9%	3.5%	13.2%	3.2%	0.8%
YoY	20.5%	15.1%	22.5%	22.1%	22.0%

Key Highlights

- ❑ Q1'20 revenue of \$ 210.6M
 - Q/Q decline of 1.7%, 1.1% in CC
 - Y/Y growth of 17%, 18.2% in CC

- ❑ Q1'20 revenue of INR 15,418M
 - Q/Q growth of 0.8% and Y/Y growth of 22%



Outstanding Hedge Position and Rates

Currency Pair	Q1'20		Avg. Rate (Previous Qtrs.)		
	Amount (M)	Avg. Rate	Q4'19	Q3'19	Q2'19
USDINR (\$)	212.17	75.77	74.85	74.15	73.54
EURINR (€)	6.60	89.04	89.02	89.72	89.57
GBPINR (£)	13.48	100.11	99.14	98.73	99.27
Total (\$)	236.05				

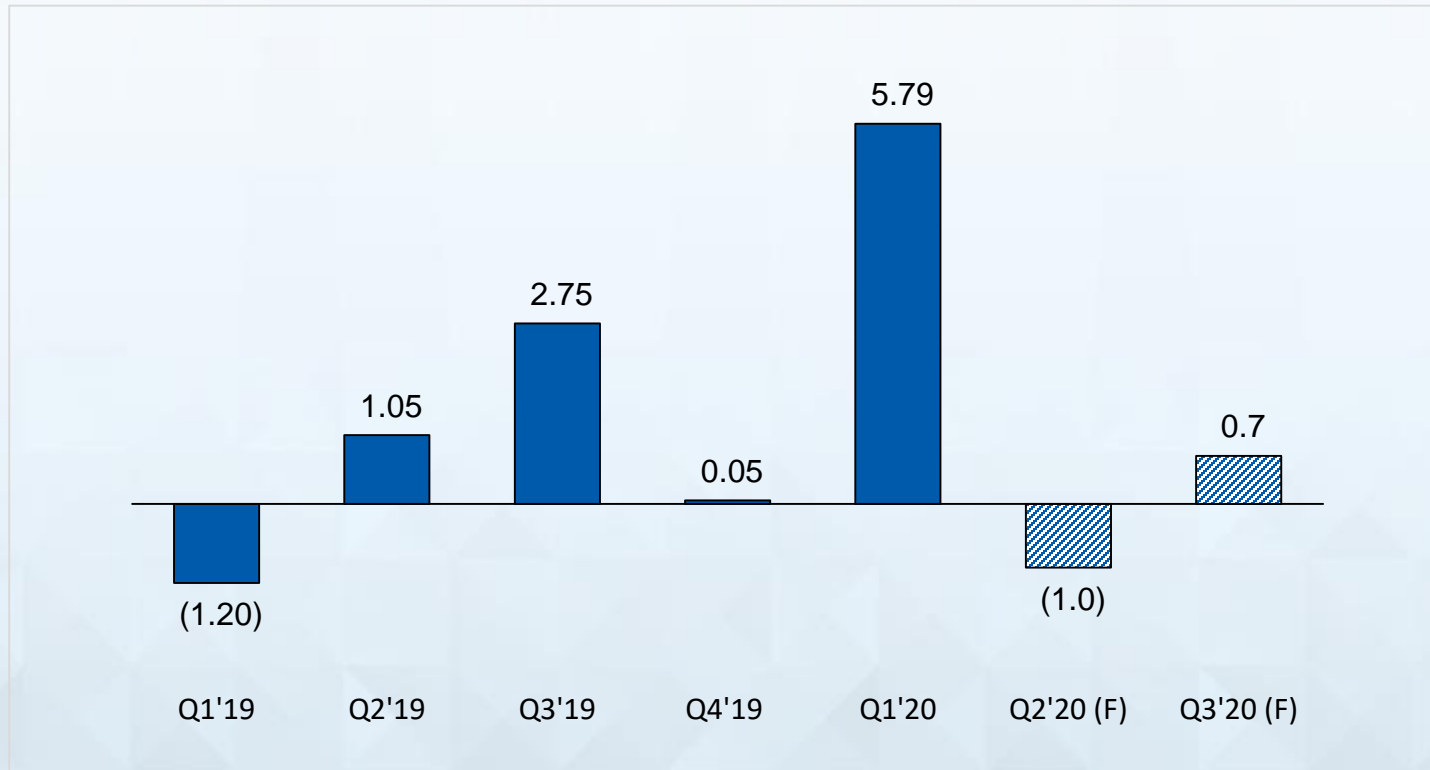
Note -

1. Hedges outstanding are full-term hedges.
2. EUR converted @ 1.0939/USD & GBP converted @ 1.2357/USD
3. Avg. Rate=Average of the forward rate at which the hedges have been booked.



Forex Gain/(Loss)

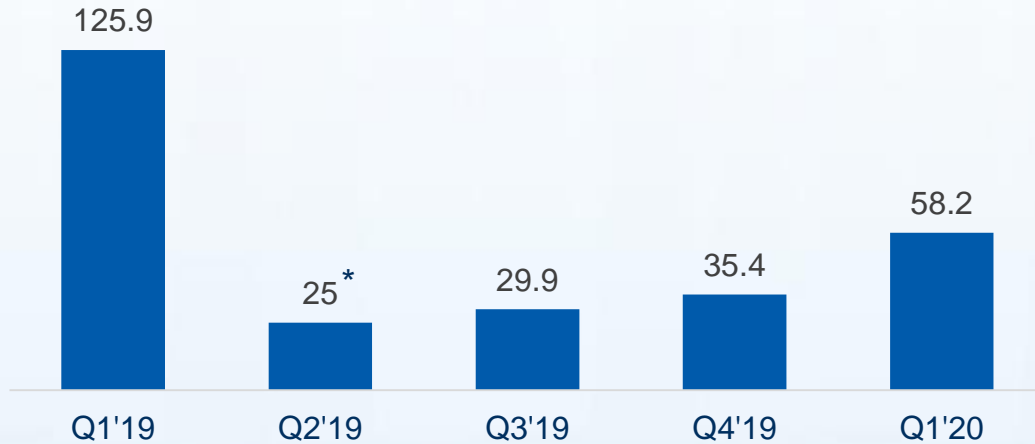
USD M



- Q1'20 registered a forex gain of \$ 5.79 M
- Forex Gain/Loss expected in next two quarters basis Q1 closing exchange rate of INR 75.67 per USD are:
 - Q2'20 ~ \$-1.0 M
 - Q3'20 ~ \$0.7 M

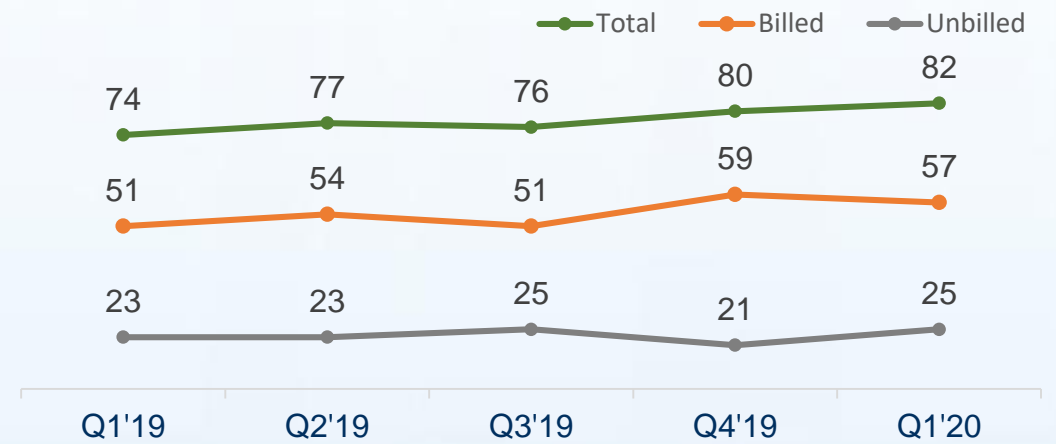
Balance Sheet & Other Updates

Cash Balance (\$M)

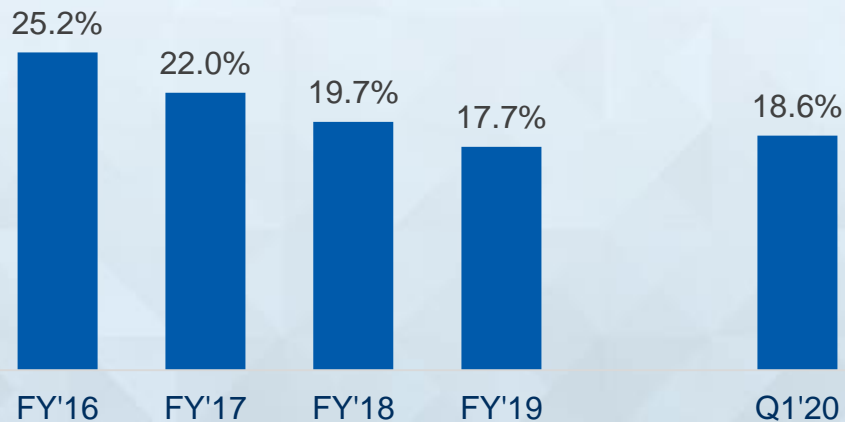


*Cash balance after payment towards acquisition

DSO (days)



Effective Tax Rate (%)



Capex (\$M)





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Innovative Services

Passionate Employees

Delighted Customers

Thank you

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