

EW/Sec/2019/128

May 14, 2019

National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra (E),
Mumbai – 400 051.

Dear Sirs,

Ref.:- Symbol: EDELWEISS

Sub: Investor Presentation

Please find enclosed the Investor Presentation on Outlook for the financial year 2019-20.

Kindly take the same on record.

Thanking you,
For Edelweiss Financial Services Limited



B. Renganathan
Executive Vice President & Company Secretary

Encl: a/a



Edelweiss Financial Services Limited

Outlook FY20-22

Plan for FY20



- We expect the first half of FY20 to be muted with normalcy returning by H2
- In preparation for the next phase of growth, we have raised equity in our NBFC, ECL Finance
 - Our modest debt-equity ratio will give us ample headroom for growth
- During FY20
 - In H1, Credit business will prioritise conserving liquidity and maintaining asset quality over book growth
 - Advisory business will focus on scale in Wealth Management especially the Affluent business
 - Alternatives to play a more important role as opportunities for Private Credit increase
 - Insurance will focus on execution, on path to EV break even for LI by 2022

We are adequately capitalised for the next phase of growth

Simplification for Scale



- By end FY20 we will simplify our business structures and realign businesses
 - Transition into 3 self contained Strategic Business Groups (BGs) viz. Credit, Advisory and Insurance
 - Each BG will have strategic investors to provide the growth capital needed for next 3-4 years
 - In addition, each of the groups will have an Independent Board with enhanced Governance
- Corporate Centre will continue to have group level oversight on Risk, Strategy, Leadership and Culture
- Reduction in number of entities
 - 20 have been wound down in the last two years
 - Another 23 have been identified for rationalisation
 - Target to have 32 entities by FY22

Edelweiss Business Group Structure By End FY20



Credit Business

Retail Credit

- Retail Mortgages
- MSME & Business Loans
- Agri & Rural Finance

Corporate Credit

- Structured Collateralised Credit
- Wholesale Mortgages

Fixed Income Advisory

Advisory Business

Wealth Management

- Advisory
- Distribution
- Broking & Asset Services
- ESOP & Margin Funding

Asset Management

- Alternatives
- Mutual Funds

Capital Markets

- Investment Banking
- Institutional Equities

Asset Reconstruction

- Distressed Credit

Insurance Business

Life Insurance

- ULIPs
- Par
- Non – Par

General Insurance

- Motor Insurance
- Health Insurance

Business Outlook for FY22



Credit

- We expect to at least double the Credit book by 2022 on the back of Retail Credit growth
- We expect to add 1-2 high RoA businesses in the mix
- Aim to have RoA of 2.25% -2.75%, and a DE of no more than 6
- RoE will be in the range of 15% -18%

Advisory

- Maintaining leadership in Alternatives Asset Management and Wealth Management
- Drive operating efficiency and achieve steady state C/I (Ex-ARC) of 55%, Targeted PAT yield of 20 bps
- We will grow Wealth Assets at 25% p.a.; Alternatives will aim to raise \$1Bn p.a.
- ARC book growth of 20%-25% p.a. We see this as a minimum 5% RoA business

Insurance

- Achieving EV break-even in Life Insurance business
- Plan to invest INR 25-35 Cr per quarter in General Insurance business

Credit: Going Retail on Assets as well as Liabilities



Credit Book Share	FY22
Retail Credit	65%-70%
Corporate Credit	30%-35%

- Key growth vectors for Retail Credit will be SME and Retail Mortgage
- Corporate Credit book will continue to grow in fund form in the Asset Management business
- Distressed Credit will move to the Advisory business under our new BG structure

Borrowings Mix	FY22
Banks	40-45%
Retail	25-30%
Mutual Funds	10-15%
Overseas Borrowings	5-10%
Insurance & Pension	5-10%

- We will continue to focus on long term borrowings especially from Retail sources
 - Tenor: ~70% of borrowings will be long term
 - Instrument: ~80% of borrowings will be NCDs and Term Loans
 - Source: We expect Retail to contribute ~30% to our borrowings mix

Guidance FY22



1 Consistently grow our Consolidated PAT by 20% - 25% annually

2 Credit book ratio of Retail Credit to Corporate Credit at 2:1

3 Bring down Ex-Insurance Cost to Income ratio to below 50%

4 Maintain our asset quality with GNPA below 2%

5 Liquidity cushion to be maintained at 10%-12% of borrowings

6 Target Ex-Insurance RoA of 2.5% - 3%

7 Gradually increase and cap Gross D/E at ~6 : 1



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