

EW/Sec/2020/178

August 27, 2020

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 in US Dollar on Earnings Updates for the first quarter ended June 30, 2020.

Kindly take the same on record.

Thanking you,

For Edelweiss Financial Services Limited

Renganathan Bashyam
Digitally signed by
Renganathan Bashyam
Date: 2020.08.27 21:36:48
+05'30'

B. Renganathan
Executive Vice President and Company Secretary

US \$ version



Edelweiss Financial Services Limited

Q1FY21 Quarterly Update



Edelweiss
Ideas create, values protect

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Q1FY21 Highlights



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Edelweiss at a Glance – Q1FY21



Net Worth

\$1,102 Mn

Liquidity

\$755 Mn

As on 12th Aug'20

Customer Assets

\$29,526 Mn

Book Value

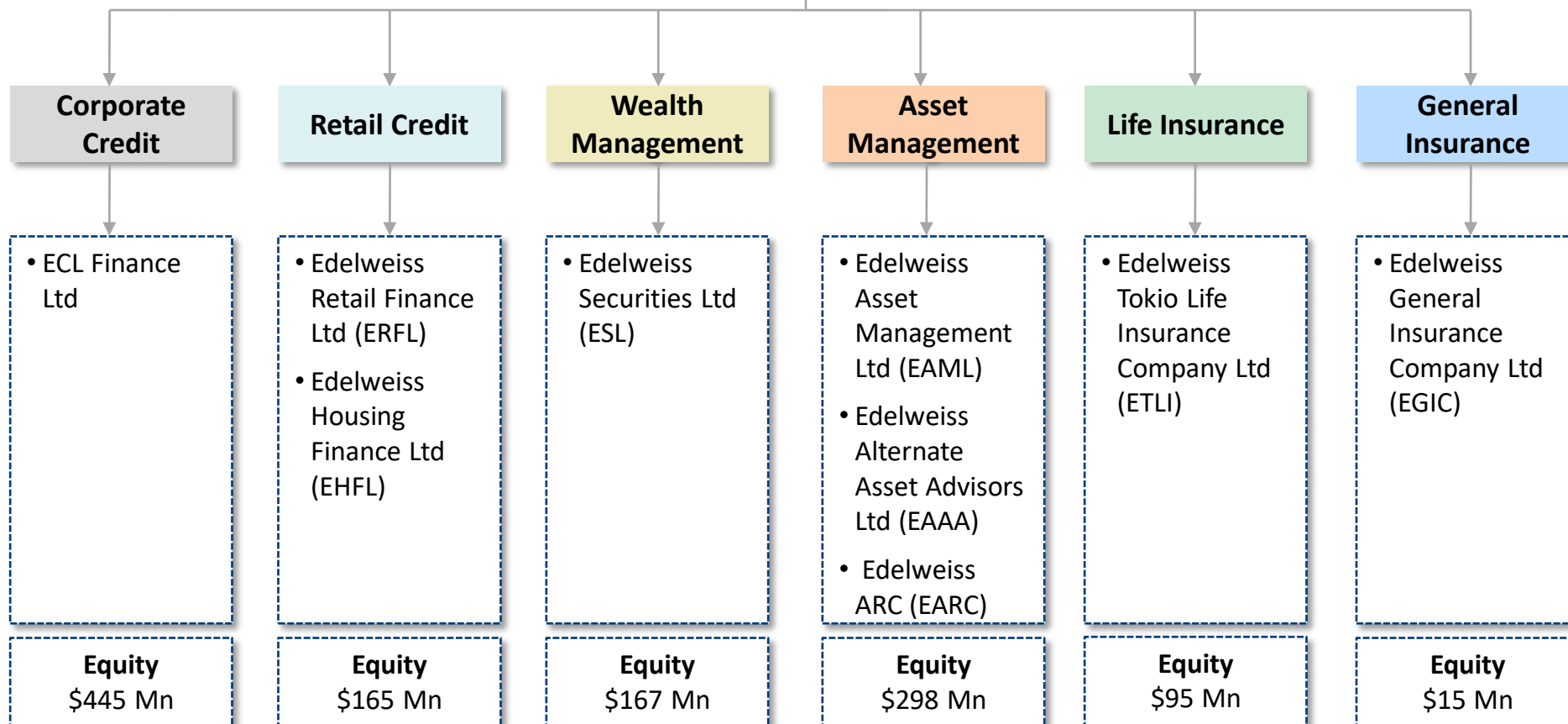
\$0.87

Face Value \$0.01

Our Six Businesses are Well – Capitalized..



Edelweiss Financial Services Ltd (EFSL)



25- year track record of seeding and growing businesses that benefit from the India growth story

..And Present In High Growth Segments



Edelweiss Wealth Management is the 2nd largest non bank wealth manager with AuA of ~\$17 Bn

Edelweiss Asset Management is the largest and most comprehensive player in Indian private credit strategies with AUM of ~\$13 Bn

Among the fastest growing and digitally enabled Life & General Insurance players in the industry

Generates ~\$265 Mn of fee income every year on the back of strong & steadily growing customer assets

Consistently dominant presence in capital - light businesses

Edelweiss Approach



- Our mission is to build successful and dominant businesses that create long-term value for shareholders
 - EFSL contributes capital, brand, risk management and governance for sustainable growth
- Our partners are global entities with impeccable credentials who contribute domain expertise and capital
- Inflection point in growth journey : Our businesses are now moving from interdependence to independence
- For the next phase of growth, we will ensure that we have the best management team and sufficient resources for each of our six verticals
 - Continue to scale these businesses with more partnerships as required
- Aim to unlock value in these businesses for shareholders
 - Format of unlocking can take the most appropriate form that helps business growth

Primacy to creating and unlocking value for shareholders

Sale of 51% Stake in Edelweiss Wealth Management



- We have entered into a stake sale agreement in Wealth Management arm with PAG, largest Asia-focused alternative investment managers
 - They will acquire 51% stake in Edelweiss Wealth Management (EWM) at a post-money valuation of \$583 Mn
 - EWM business consists of Wealth Management and Capital Markets
- This is our largest equity raise in Edelweiss group till date
- Transaction is expected to close in the next 4-6 months subject to regulatory approvals
- All business relationships and synergies with the Edelweiss Group will continue as earlier
- Proceeds generated from the stake sale will be used to de-leverage balance sheet and for equity investments in our other growth businesses
- Our intention is to demerge EWM in the next 12-18 months and list it in due course as a separate entity

This transaction is a visible endorsement of the value created in our Wealth Management arm

Summary Background of PAG



About PAG

- One of the world's largest Asia-focused private investment firms
- AUM of ~\$40 Bn with 200+ investment professionals
- 11 offices in Asia and around the world

PAG Private Equity

- Dedicated team of 50+ investment and operational professionals
- Focused on large sized buyout/control deals and structured equity investments across Asia Pacific
- Manages \$16 Bn across three different funds raised over the last eight years

PAG and India Investments

- PAG's private equity business in India is led by Nikhil Srivastava, Managing Director. Nikhil's previous experience includes KKR and Goldman Sachs
- Key India investments across the PAG Group:
 - Minority investment in SME lender - U Gro Capital
 - Debt investment in Shapoorji Pallonji Real Estate



This is PAG's first majority equity investment in India

Group Near – Term Priorities



➡ **Progress the unlocking of value from our businesses and become capital surplus**

➡ **Grow each business with the best management teams and right partners**

➡ **Strengthen balance sheet further**

➡ **Accelerate tech-aided cost rationalization across businesses**

Priorities By Business For FY21



Corporate Credit

- Focus on asset quality monitoring and collection efficiency
- Expedite sell-down and release equity

Retail Credit

- Strengthen capital-light business models in partnership with banks
- Help clients navigate the post Covid scenario, with active portfolio monitoring

Wealth Management

- Move towards demerger and subsequent listing for unlocking value
- Maintain a clear leadership position in Wealth Management

Asset Management

- Strengthen equity passives offering in mutual funds similar to debt offering
- Step up deployment in alternatives

Life Insurance

- Continue to strengthen distribution partnerships
- Scale up the business further

General Insurance

- Step up product innovation and channel diversification
- Onboard a strategic partner

Q1FY21 Financial Snapshot



Consolidated (\$ Mn)	Q1FY21
Gross Revenue	239
Interest Cost	133
Net Revenue	107
Expenses	120
Impairment	19
PBT	(32)
PAT Pre MI	(35)
PAT Post MI	(32)

Distribution of Earnings Across Entities



\$ Mn	Q1FY21
ECL Finance	(21)
ERFL & EHFL	1
Edelweiss Wealth Management	8
Edelweiss Asset Management	6
Edelweiss Tokio Life Insurance	(9)
Edelweiss General Insurance	(2)
BMU & Corporate	(18)
Total Consolidated Pre MI PAT	(35)



Business Update

Corporate Credit : ECL Finance Limited

Q1FY21 Key Metrics

 Equity (\$ Mn)	445
 CAPAD	21.3%
 Net D/E	4.1x
 Liquidity (\$ Mn)	~351

Business Update & Near Term Priorities

- Focused on resource raising to generate liquidity
 - Raised \$238 Mn across PCG and TLTRO schemes in H1FY21 till date and another \$53 Mn is in pipeline
 - Additionally, raised ~\$53 Mn from banks and other sources in H1FY21 till date
 - Received sanctions of \$26 Mn from banks
- Decline in revenue is on account of de-growing credit book
- Targeting 30% reduction in costs



Business Performance Snapshot : ECL Finance Ltd

\$ Mn	Q1FY21
EOP Loan Book	1,450
EOP Equity	445
Net Revenue	13
Operating Expenses	17
Credit Costs	16
Profit After Tax	(21)
Net Interest Margin	2.3%
NNPA	2.1%
Total provision cover	202%
CAPAD	21.3%

Retail Credit: Edelweiss Retail Finance Ltd and Edelweiss Housing Finance Ltd

ERFL/EHFL



Q1FY21 Key Metrics

	ERFL	EHFL
 Equity (\$ Mn)	63	102
 CAPAD	29.0%	23.2%
 Net D/E	2.5x	4.5x
 Liquidity (\$ Mn)	~7	~66
 No of clients	~90,000	

Business Update & Near Term Priorities

- Improving collections - July collections were at ~\$40 Mn
- Raised \$35 Mn across PCG and TLTRO schemes, banks & other sources in H1FY21 till date and another \$46 Mn is in pipeline
- Laying down framework for transforming to digital lending model
- Branch network optimization - consolidating our geographical footprint

Business Performance Snapshot : ERFL and EHFL



Q1FY21 (\$ Mn)	ERFL	EHFL
EOP Loan Book	174	594
EOP Equity	63	102
Net Revenue	3	5
Operating Expenses	1	4
Credit Costs	(0.3)	1
Profit After Tax	1	-

Net Interest Margin	5.6%	3.3%
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NNPA	2.0%	1.4%
Total provision cover	120%	69%
CAPAD	29.0%	23.2%



Q1FY21 Key Metrics

 AUA (\$ Mn)	16,855
 Net New Money (\$ Mn)	166
 #UHNI Clients	~2,400
 #Affluent Clients	~6.1 Lacs

Business Update & Near Term Priorities

- Business continues to be steady despite market volatility
- Enhanced client engagement driven by tech-first approach
- Strong pipeline in Investment Banking across ECM, DCM and M&A
- Focus on cost rationalisation - 10% reduction in both employee cost and operating expenses

Business Performance Snapshot : Edelweiss Wealth Management

EWM



Q1FY21 (\$ Mn)	ESL & Others
AuA	16,855
EOP Equity	167
Gross Revenues	35
Net Revenues	28
Operating costs	19
Profit before tax	10
Profit after tax	8



Q1FY21 Key Metrics

	EAML	EAAA,EARC and others
 Equity (\$ Mn)	21	277
 AuM (\$ Mn)	3,893	8,778
 Net New Money (\$ Mn)	332	-
 #Retail Folios/ Clients	~3.5 Lacs	~600

Business Update & Near Term Priorities

- **Mutual Fund :**
 - Bharat Bond ETF Series II oversubscribed 3.7 times and mobilised ~\$1.5 Bn with ~40,000 applications
 - Aim to grow equity AUM to reach \$1.3 Bn in next 12-18 months
 - Continue to launch innovative passive funds for clients
- **Asset Management:**
 - Infra Fund - Final close at \$437 Mn
 - Received commitments of ~\$790 Mn in ESOF III till date
 - Actively looking at deployment opportunities - current dry powder at ~ \$1,324 Mn
 - Strong recoveries of \$62 Mn in ARC in pandemic hit quarter

Business Performance Snapshot : Edelweiss Asset Management

EAM



Q1FY21 (\$ Mn)	EAML	EAAA, EARC & others
AUM	3,893	8,778
EOP Equity	21.1	277
Gross Revenues	3.3	34
Net Revenues	3.3	14
Operating costs	3.0	7
Profit before tax	0.3	8
Profit after tax	0.3	6

Life Insurance : Edelweiss Tokio Life Insurance Company Ltd

ETLI



Q1FY21 Key Metrics

	Equity (\$ Mn)	95
	Individual APE (\$ Mn)	8
	AUM (\$ Mn)	~397
	VNB Margin	38%
	Solvency Ratio	239%
	13th Month Persistency	72%

Business Update & Near Term Priorities

- 2nd highest growth in industry: 21% YoY growth in individual APE
- Strong channel mix: 75% of channel is controlled channels like agency and direct to client
- Product mix is dominated by Traditional Par and Non-Par; ULIP is 25% only
- Won 3 awards at 9th ACEF Global Customer Engagement Award 2020 for Organ Donation campaign
- Look to partner with more banks for distribution tie-ups
- Embedded value as on 30th June'20 at \$172 Mn

Business Performance Snapshot : Edelweiss Tokio Life Insurance Company Ltd

ETLI

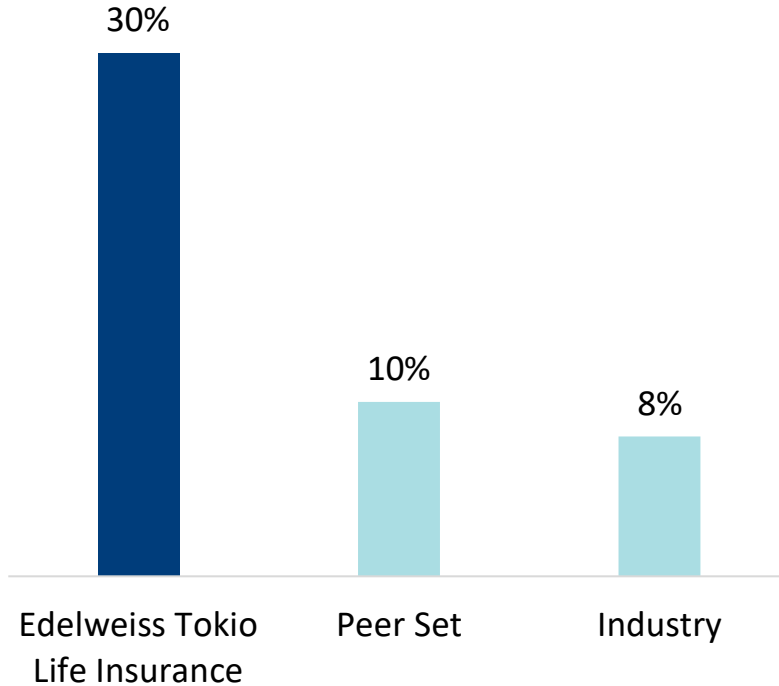


\$ Mn	Q1FY21
Net Premium Income	20
Investment Income & Other Income	26
Total Business	46
Profit After Tax	(9)
Minority	(4)
Edelweiss' Share in PAT	(5)

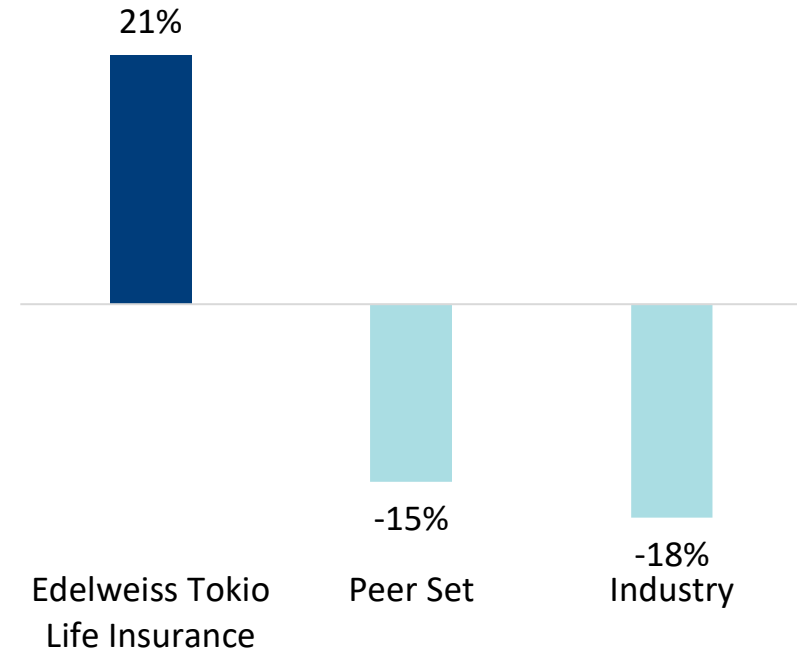
Among The Fastest Growing In The Industry



Individual APE CAGR Since FY16 vs Industry



Individual APE Growth : Outlier During Lockdown in Q1FY21



General Insurance : Edelweiss General Insurance Company Ltd

EGIC



Q1FY21 Key Metrics

 Equity (\$ Mn)	15
 GWP (\$ Mn)	5
 Solvency Ratio	196%
 #Policies Issued in Q1FY21	26,397
 #Active Customers	109,089

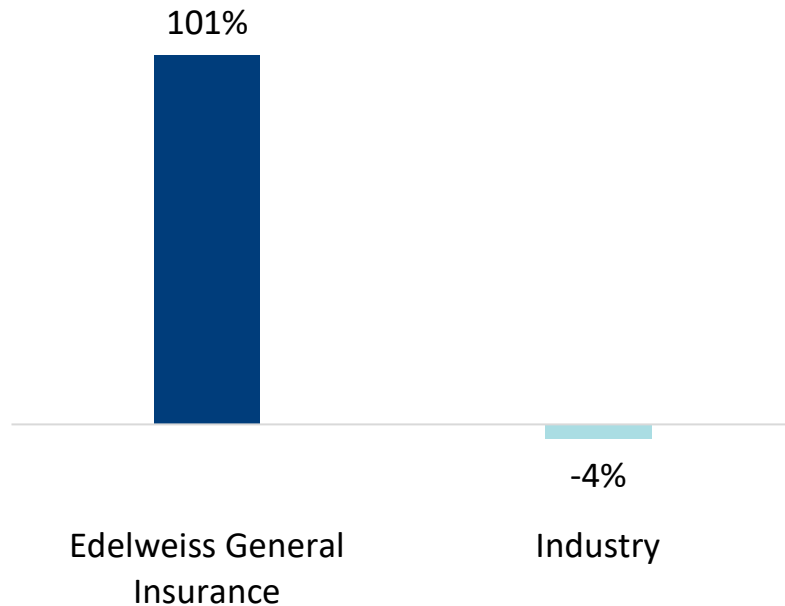
Business Update & Near Term Priorities

- Fastest growing insurer among private players
- Health continues to be a large focus area for us - Contribution of health higher than the Industry and our Peers (40% vs 27% vs 15%)
- Share of profitable Motor OD premium one of the highest in industry in Q1FY21
- We serviced ~45.5% of claims through the BOLT app even during lockdown and garage closures
- Focused on diversifying distribution mix with emphasis on digital partnerships
- Continue to build depth in our product portfolio for Motor OD, Health and modular sachet products focusing on digital products
- Continue the buildout of our digital Motor and Health Platforms

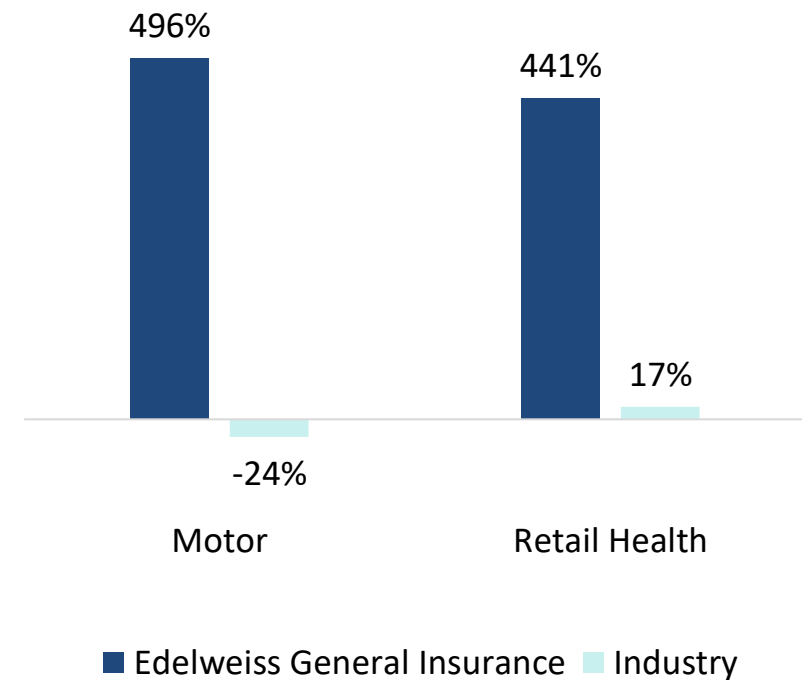
Digital Model Enabled Seamless Execution During Lockdown



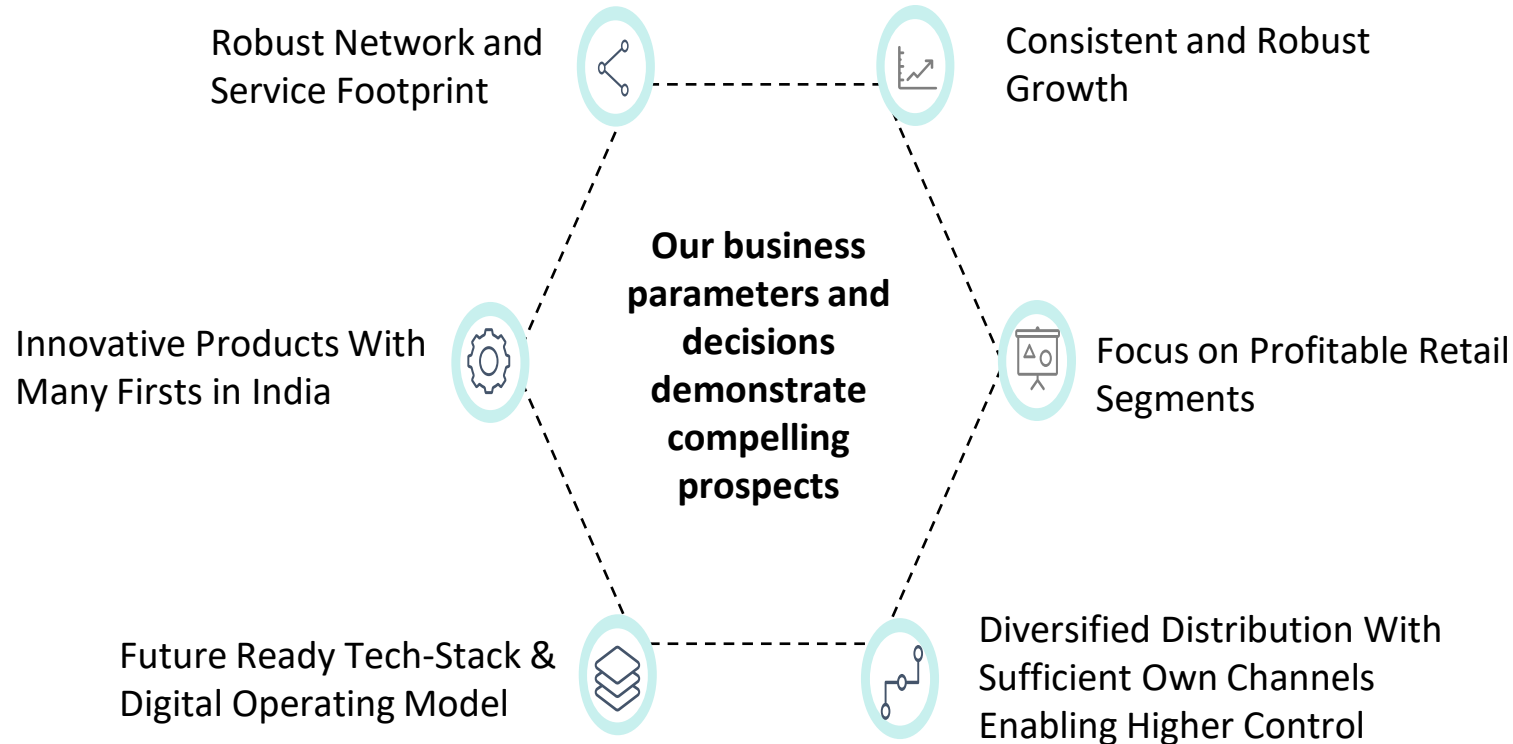
Robust growth in GWP continued while Industry faced headwinds in Q1FY21



Strong performance in Retail Lines compared to the Industry in Q1FY21



Well Positioned for Strong Growth in the Future



We are currently engaging with investors to raise equity capital for accelerating our journey towards growth



Balance Sheet Highlights

Liquidity. Capital Adequacy. Portfolio Mix



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1. Update on Resources Raising



1

- Raised ~\$265 Mn under TLTRO and PCG in H1FY21 till date
- \$99 Mn is in pipeline

2

- Raised ~\$225 Mn mainly from bank borrowings in H1FY21 till date
- \$26 Mn is in pipeline

3

- Corporate asset sell-down transaction generated liquidity to the tune of ~\$62 Mn
- Further sell-downs over the next 2 - 3 quarters will generate additional liquidity

Steady improvement in liquidity from banking system

1. Liquidity & Cash Flow Plan



Particulars (\$ Mn)	Jul-Dec' 20	Jan-Jun' 21
Opening Available Liquidity (A)	622	688
Inflows		
Contractual Inflows	530	556
Covid-related impact	(252)	(40)
Fresh Borrowings	596	265
Asset Sell downs	172	146
Total Inflows (B)	1,046	927
Outflows		
Repayments	794	609
Disbursements	185	252
Total Outflows (C)	980	861
Closing Available Liquidity (A+B-C)	688	755

2. Capital Adequacy Strong Both At Group & Key Operating Entities Level



Q1FY21

CAPAD

Net D/E

ECL Finance Ltd

21.3%

4.1x

Edelweiss Retail Finance Ltd

29.0%

2.5x

Edelweiss Housing Finance Ltd

23.2%

4.5x

Edelweiss Asset Reconstruction Company Ltd

32.6%

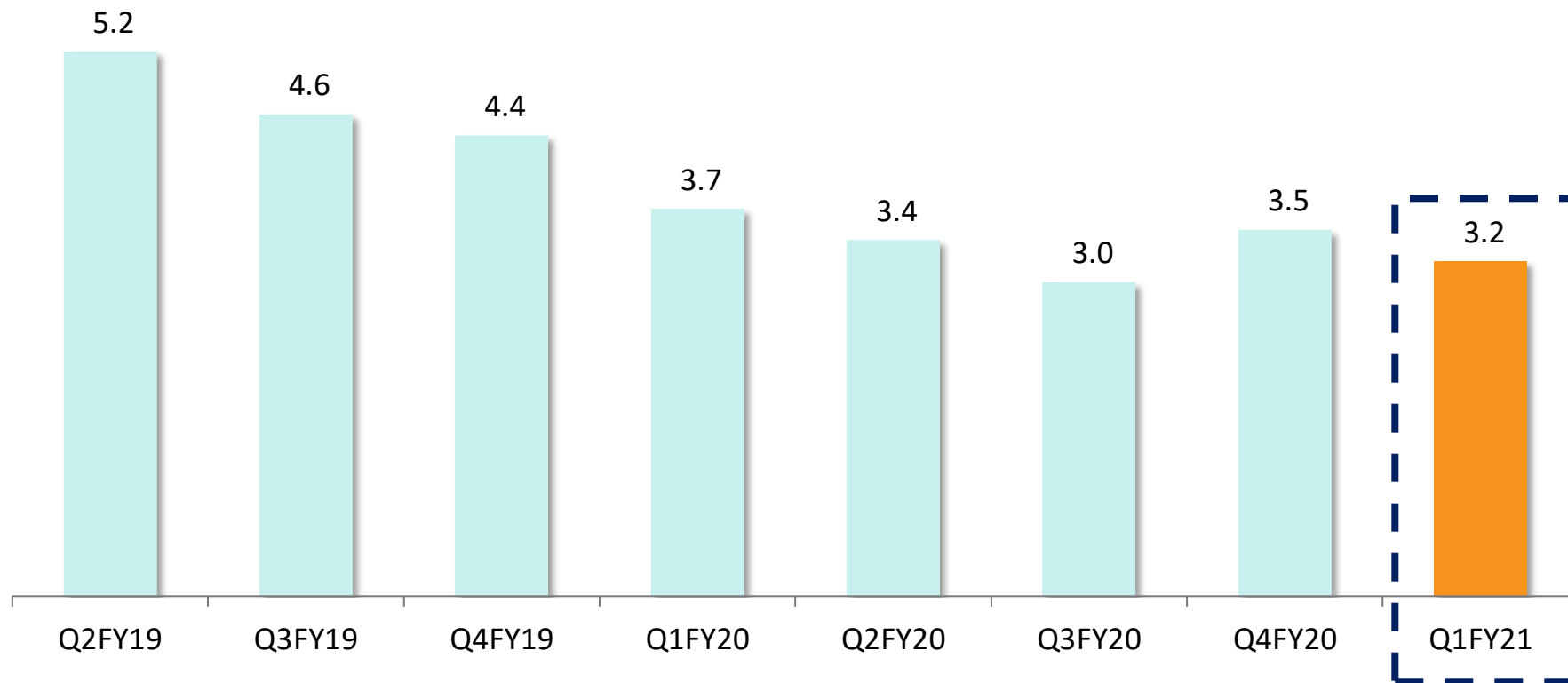
1.8x

EFSL (Consolidated) has capital adequacy ratio of 21.1%

2. Debt Equity Ratio Continues To Decline



D/E (Excluding Treasury Assets)

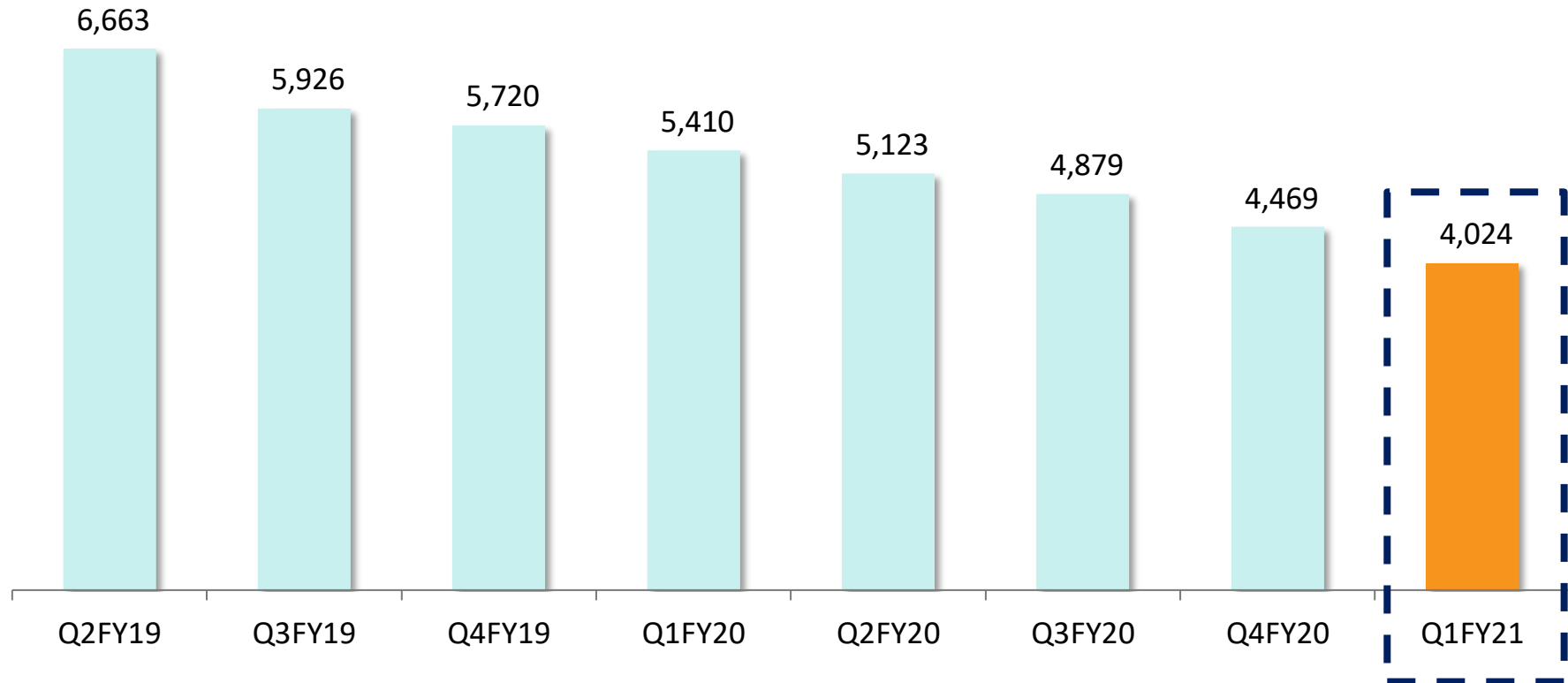


Debt Equity Ratio set to decline further through FY21

2. Significantly De-Levered Our Balance Sheet



Borrowings (\$ Mn)

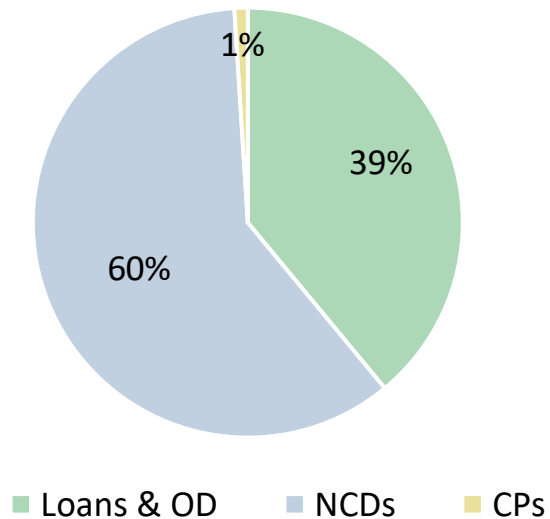


Borrowings has reduced by 40% over Q2FY19 levels

2. Borrowing Profile Is Well Diversified

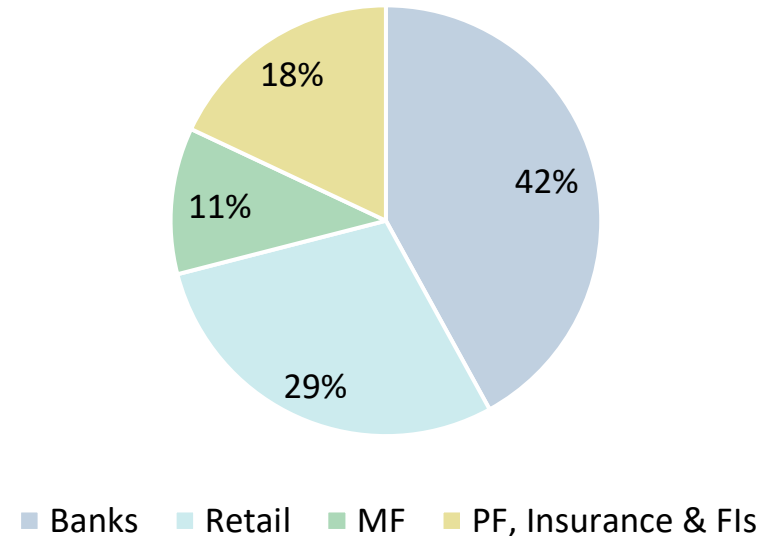


Borrowing Profile by Instruments



\$4,024 Mn

Borrowing Profile by Source



\$4,024 Mn

2. Assets in each Tenor Range Adequately Cover Liabilities

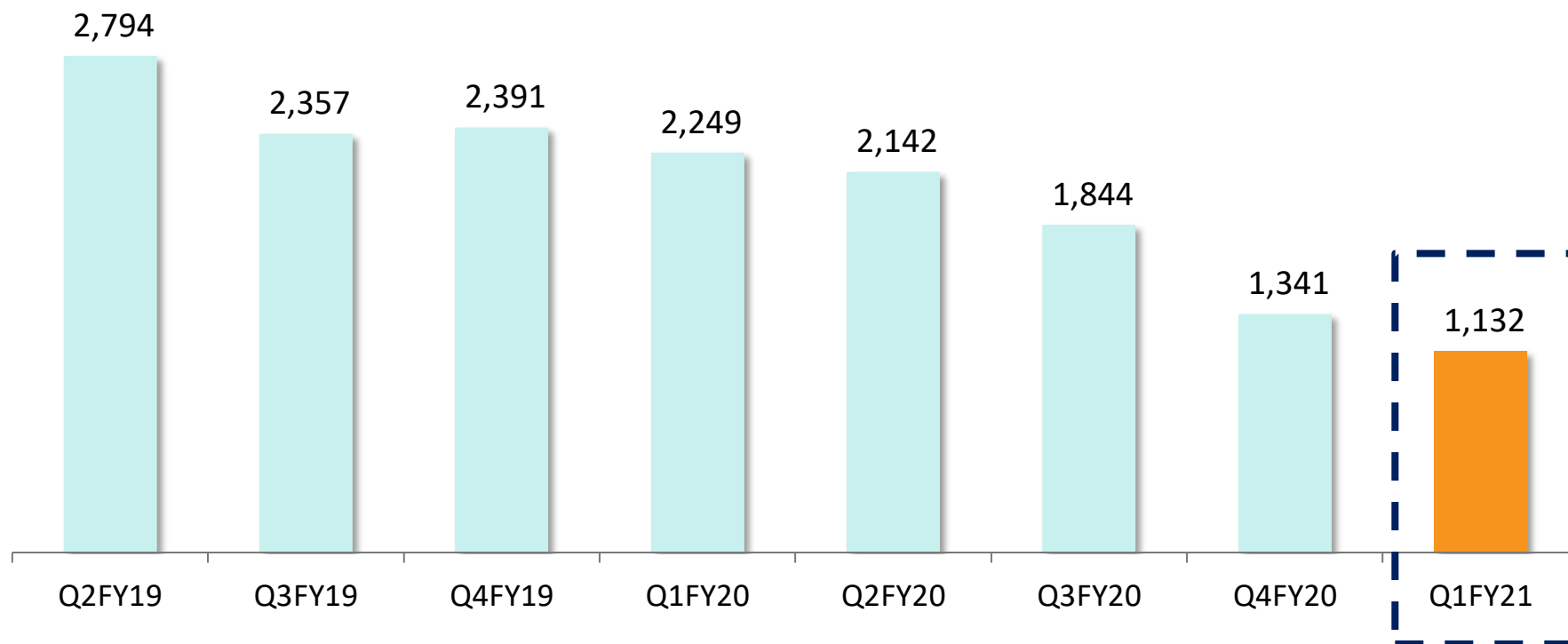


(\$ Mn)	Assets	Liabilities	Gap
Upto 1 year	1,748	1,509	238
1-3 years	1,893	1,854	40
3 years+	2,118	1,470	649

Total gap represents our equity base

3. Corporate Credit Exposure Continues To Decline

Total Corporate Credit Assets (\$ Mn)



Corporate credit book will decline by another \$265 - 400 Mn by end FY21

3. Retail Credit Assets Are 55% Of Total



Q1FY21 (\$ Mn)	Total book	%
Retail Credit	1,385	55%
Retail Mortgage	862	34%
SME & Business Loans	319	13%
ESOP and Margin Financing	187	7%
Agri and Rural Finance	16	1%
Corporate Credit	1,132	45%
Structured Collateralised Credit	388	15%
Wholesale Mortgage	744	30%
Total Credit Book	2,516	100%

3. Asset Quality at a Glance



\$ Mn	Q1FY21
Credit Book	2,502
<i>Of which Stage 3</i>	117
ECL Provision	120
<i>Of which Stage 3</i>	27
NNPA	3.6%
Specific Provision Cover	23%
Total Provision Cover	103%



Organisation. Governance. Sustainability



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Prudent Risk Management and Responsible Growth



Enterprise risk management approach: 11 Risk Framework

12 Member Board Comprises Majority of Independent Directors



Mr. P N Venkatachalam
Independent Director

- Banking sector expert and former member of the Interim Pension Fund Regulatory Authority of India
- Former MD, State Bank of India



Dr. Ashima Goyal
Independent Director

- Professor at Indira Gandhi Institute of Development Research
- Specialist in open economy macroeconomics, international finance, institutional and development economics
- Serves as a Part-time member of Economic Advisory Council to the Prime Minister



Mr. K Chinniah
Independent Director

- Served as Managing Director & Global Head Infrastructure, Portfolio, Strategy & Risk Group with GIC Special Investments



Mr. Biswamohan Mahapatra
Independent Director

- Former RBI Executive Director, chaired various committees of RBI
- Handled varied areas of banking regulations, policy and supervision



Mr. Navtej S. Nandra
Independent Director

- Served as President of E*TRADE Financial Corporation.
- Prior to this he served as CEO for Morgan Stanley Investment Mgmt Inc. and COO for Wealth Management at Merrill Lynch



Mr. Ashok Kini
Independent Director

- Former Managing Director (National Banking Group) State Bank of India
- Served as an advisor to the Thorat Committee on Financial Inclusion at RBI
- 35 years of banking experience



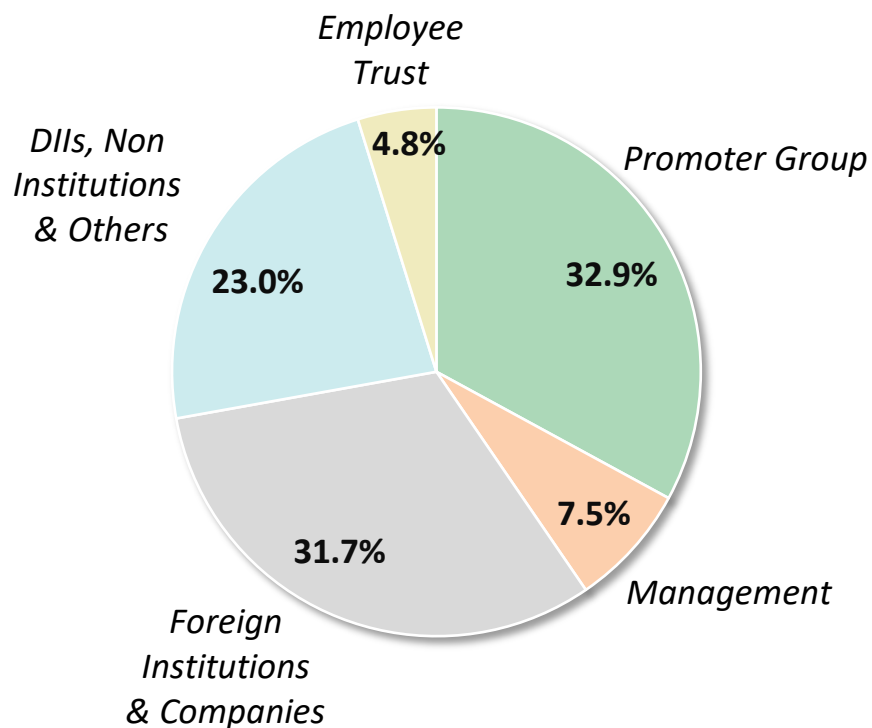
Mr. Berjis Desai
Independent Director

- An independent legal counsel engaged in private client practice.
- Retired as Managing Partner at J. Sagar & Associates

Significant Institutional Ownership



Shareholding Pattern as on 30th June, 2020



Key Shareholders above 1%		Percent
1	BIH SA	5.2%
2	Pabrai Investment Funds	4.3%
3	Wellington Management	3.7%
4	TIAA CREF funds	3.2%
5	LIC	2.2%
6	Baron Asset Management	1.9%
7	HDFC AMC	1.9%
8	Flowering Tree Investment Management	1.5%
9	Caisse de dépôt et placement du Québec (CDPQ)	1.5%
10	Vanguard Group	1.3%
11	Rakesh Jhunjunwala	1.2%
12	UBS	1.1%

~45% owned by Edelweiss management and employees

Our Sustainability Efforts



111 Districts
across **14** States



\$1.9 Mn *
committed



42
NGO Partners



50
Co-funded Grants



71
Active Grants

EdelGive Foundation's commitment to Achieving the SDGs *(Cumulative till date)*

Quality Education

\$17,212*

18.41 lakh Children supported

More than 65,000 Teaching professionals trained

18,482 Schools

No Poverty

\$317,767*

1,240 acres of irrigated land

10,612 Individuals trained

216 Watershed Structures Repaired/Built

8 FPO/FPC Strengthened

Gender Equality

\$63,553*

More than 1.63 lakh women supported

5,700+ Grassroot leaders developed

6,857 males engaged

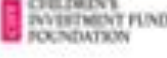
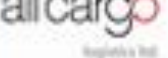
Employee Engagement

(Cumulative till date)



- ~ **80%** Edelweiss Employees Engaged
- ~ **40,000** Man-hours of volunteering
- **71** skilled volunteering projects

EdelGive Funding Partners & Networks

We have partnered with some of the largest Foundations, Corporates and HNIs through our innovative models focused on collaboration



Annexure



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Wealth Management Pro Forma Financials



	\$ Mn
Edelweiss Wealth Management (EWM) PBT	9.5
Profit on sale of shares	(5.0)
Preference Share Dividends	1.9
Costs carved in from other entities	(1.5)
Pro-Forma Edelweiss Wealth Management PBT	4.9



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For more information, please visit www.edelweissfin.com

Currency conversion: Conversion rate of 1 USD equal to 75.53 INR has been used. Due to rounding off, numbers presented in this presentation may not add up to the totals provided and/or correlate with the growth and contribution percentages provided. Data provided in the INR version of the Investor Presentation shall prevail in case of disparity



NOTES:

- Slide 4 : Net worth is including MI and includes investment in equity convertible instrument by CDPQ of \$138 Mn, Kora Management of \$23 Mn and Sanaka Capital of \$15 Mn
- Slide 4 : Customer Assets are rounded off to nearest 100
- Slide 5 : Only key entities are mentioned for wealth & asset management
- Slide 5 : Business Equity numbers are after inter company eliminations within respective businesses
- Slide 13 : PAT numbers are after inter company eliminations within respective businesses
- Slide 15 & 16 : Equity includes CDPQ investment of \$138 Mn in CCD
- Slide 16 & 18 : NNPA is as per RBI prudential norms & calculated on credit assets excluding FVTPL accounts
- Slide 19 & 20 : AuA is inclusive of custody assets & rounded off to nearest 100
- Slide 20 : Equity includes Kora Management and Sanaka Capital investment of \$39 Mn in equity convertible instrument
- Slide 21 & 22 : AuM is rounded off to nearest 100
- Slide 23 & 25 : Source for growth calculation is life insurance council
- Slide 23: 13th Month Persistency (on Premium Basis) includes policies issued from Apr to June 2019; EV is calculated on market consistent basis
- Slide 26 & 27: 2nd fastest growing insurer in the industry after AICC; Source for industry data is GIC & market information
- Slide 31 : Numbers are based on management estimates and rounded off to nearest 100
- Slide 32 : CAPAD is calculated for standalone entities
- Slide 33,34& 35 : Borrowings are excluding CBLO & CCDs & excludes accrued interest
- Slide 36 : Numbers are based on management estimates & 3 years+ liabilities exclude Equity; Assets and Liabilities don't include insurance and client funds in broking
- Slide 39 : Credit Book excludes assets identified for sale in near future which have been carried at Fair Value through P&L
- Slide 42 : Anita George is now director of ECL Finance Ltd
- Slide 43 : Key institutional shareholders: Holding of known affiliates have been clubbed together for the purpose of this information