HEXAWARE

Date: 11th February, 2020

To,
The Manager Listing,
Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Fort,
Mumbai – 400 023

To,
The Manager Listing,
National Stock Exchange of India Limited
Exchange Plaza,
Plot no. C/1, G Block,
Bandra-Kurla Complex
Bandra (E), Mumbai - 400 051

Subject: Presentation to Analysts on the financial results for the quarter and year ended 31st December, 2019

Dear Sir / Madam,

This is with reference to and in continuation of our letter dated February 05, 2020, wherein we have intimated that Company will hosting conference call with Analyst on 11th February, 2020 at 5.00 pm for discussion on the financial results of the Company for the quarter and year ended December 31, 2019.

In this regard, we have enclosed the presentation to be made to Analysts during the conference call on the financial results and performance of the Company for the quarter and year ended December 31, 2019

This is also being made available at the website of the Company i.e www.hexaware.com

Kindly take the same on your record.

Thanking you,
Yours faithfully,
For **Hexaware Technologies Limited**

Gunjan Methi
Company Secretary

HEXAWARE

Investor Update Q4 2019

11th February 2020

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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

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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.

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Key Highlights

Q4 Revenue
$ 214.3M

- Q/Q 1.8%; 1.3% in CC
- Y/Y 21.7%, 21.8% in CC

FY 19 Revenue
$ 793.3M

- Y/Y growth of 17.1%; 18.2% in CC

FY 19 EBITDA*
$ 124.8M, 15.7%

- Y/Y growth of 17.1%, maintained margin
- Q4 EBITDA: $ 33.6M, 15.7%

FY 19 EPS
₹ 21.52

- Y/Y growth of 9.5%
- Non GAAP EPS of ₹ 22.60; Y/Y growth of 15.0%

Q4 NN Wins
$ 30M

- FY 19 NN wins – $ 130M
- Strong order book on existing and new clients

Closing Headcount
19,999

- Net addition : Q4 - 937, FY19 - 3794
- Freshers addition (Gross) : Q4-165, FY19 - 631

** EBIDTA (post ESOP cost)*

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Q4 2019 Business Update

Q4 19 | Financial Performance

Amounts in US$ M	Q4 2019	Q3 2019	GROWTH QoQ	Q4 2018	GROWTH YoY
Revenue	214.3	210.5	*1.8%*	176.1	*21.7%*
EBITDA	31.9	34.7	*-8.0%*	28.1	*13.6%*
EBITDA %	***14.9%***	***16.5%***	***-1.6%***	***15.9%***	***-1.1%***
EBITDA (post RSU)	33.6	33.8	*-0.7%*	26.8	*25.3%*
EBITDA %	***15.7%***	***16.1%***	***-0.4%***	***15.2%***	***0.4%***
EBIT (post RSU)	28.6	29.2	*-2.1%*	24.6	*16.3%*
EBIT %	***13.3%***	***13.9%***	***-0.5%***	***14.0%***	***-0.6%***
PAT	23.5	26.1	*-9.8%*	17.2	*36.9%*
PAT %	***11.0%***	***12.4%***	***-1.4%***	***9.7%***	***1.2%***
EPS Basic (INR)	5.62	6.16	*-8.7%*	4.15	*35.6%*

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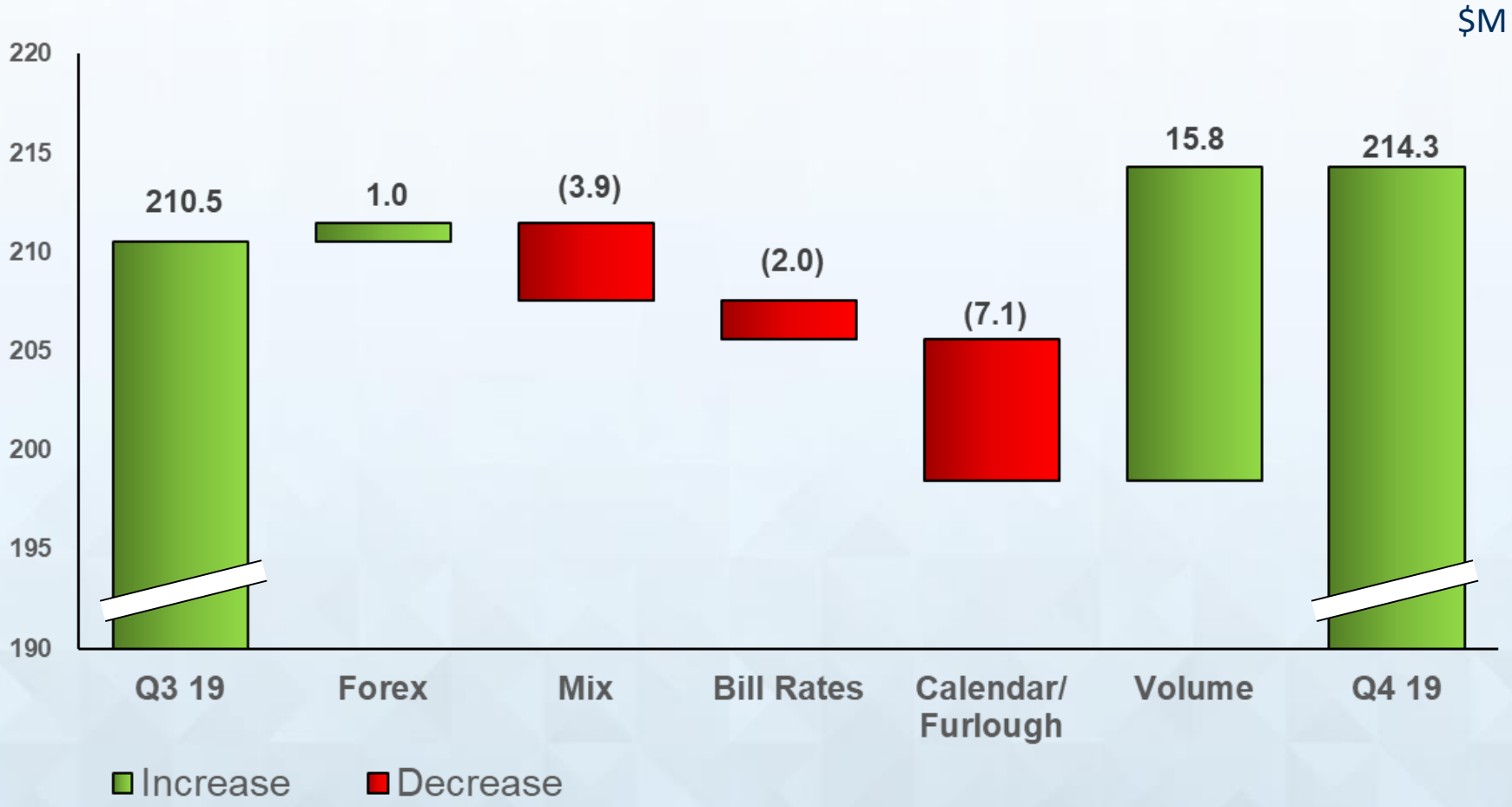
Revenue Walk | QoQ



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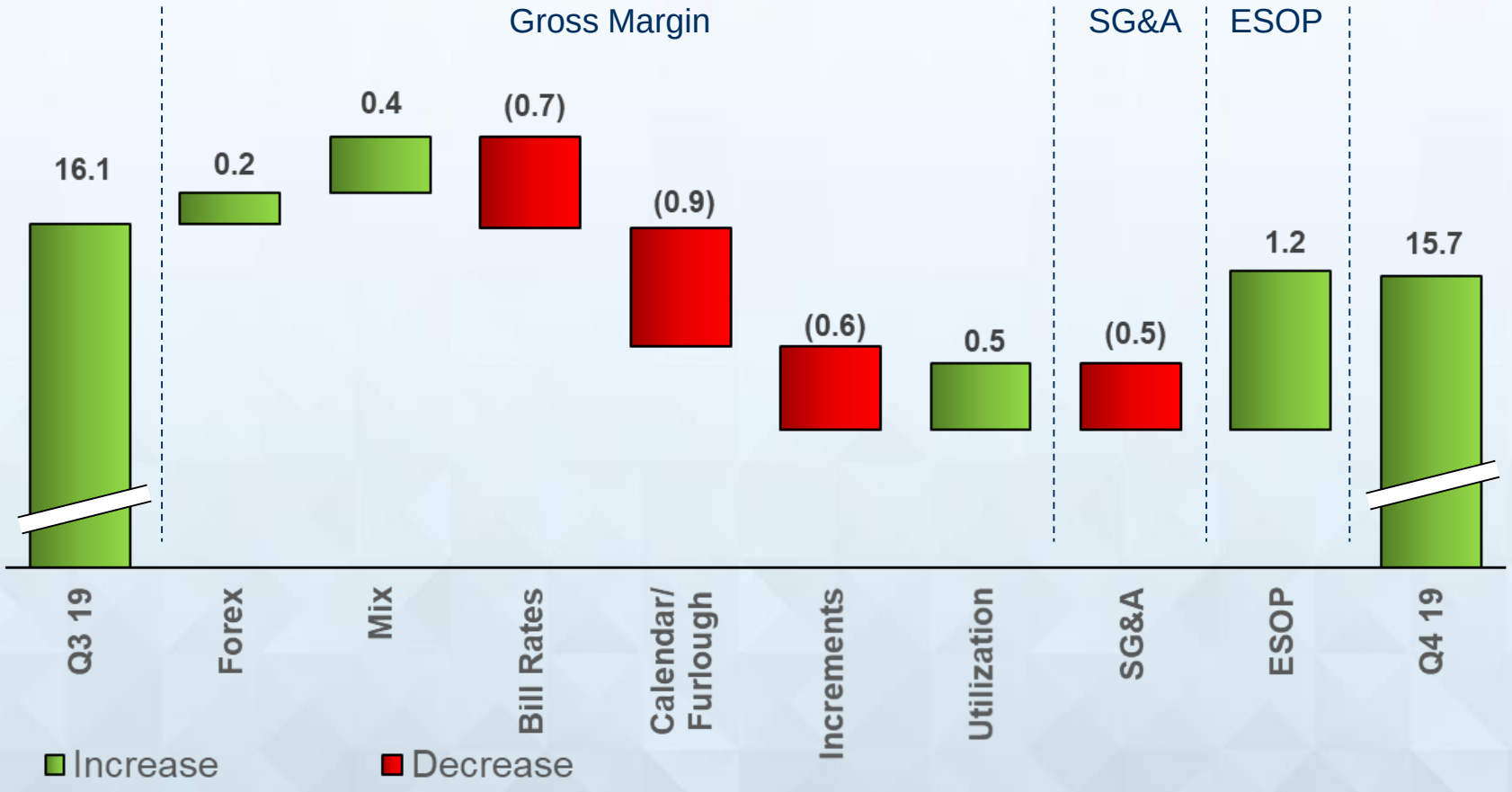
EBITDA Walk | QoQ

% of revenue



** EBIDTA (post ESOP cost)*

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Q4 19 | GAAP to Non-GAAP Reconciliation

Q4 '19					Q3 '19	Q4 '18
Amounts in $ M	PBT	Tax	PAT	EPS* (INR)	EPS* (INR)	
Reported (GAAP numbers)	**28.4**	**4.9**	**23.5**	**5.62**	**6.16**	**4.15**
Q4 '19 GAAP EPS Change					*-0.54*	*1.48*
% Change					*-8.7%*	*35.6%*
Non-GAAP Adjustments						
Amortization of intangibles	1.6	0.4	1.1	0.27		
NPV of deferred payments	0.2	0.1	0.1	0.03		
Adjusted Non-GAAP	**30.2**	**5.4**	**24.8**	**5.93**	**6.46**	**4.15**
Q4 '19 Non-GAAP EPS Change					*-0.53*	*1.79*
% Change					*-8.2%*	*43.1%*

Note: Marginal tax rate considered is 27.5%

**Basic EPS*

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Improved Depth of Customer Relationships

- *Account classification based on LTM revenue*

Client Contribution for Q4 19 and Q4 18

Top Clients	Q4 19	Q4 18	Contribution Change YoY
Top 5 Clients	33.4%	42.0%	-8.5%
Top 10 Clients	43.4%	51.6%	-8.2%

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Key Wins

USD 30 million NN Deal wins in Q4-19

- Application Upgrade for a major Asian educational institute
- Guidewire Consulting for a leading European insurance provider
- Infrastructure Transformation for a leading European healthcare solutions provider
- Contact Center Transformation for a leading European tours and travels agency
- Infrastructure Automation for a leading US-based banking and financial services company

*EN momentum continues to be robust**

- Testing Automation for one of the largest automobile manufacturer globally
- Application Support and Maintenance for a leading electronics manufacturer
- Business Process Transformation for one of the largest US-based private bank
- Application Support and Maintenance for a leading healthcare and clinical research firm
- Customer Experience Transformation for one of Asia's largest real estate company
- S4/Hana Support and Maintenance for a leading European Utility company

** EN mentions for the full year*

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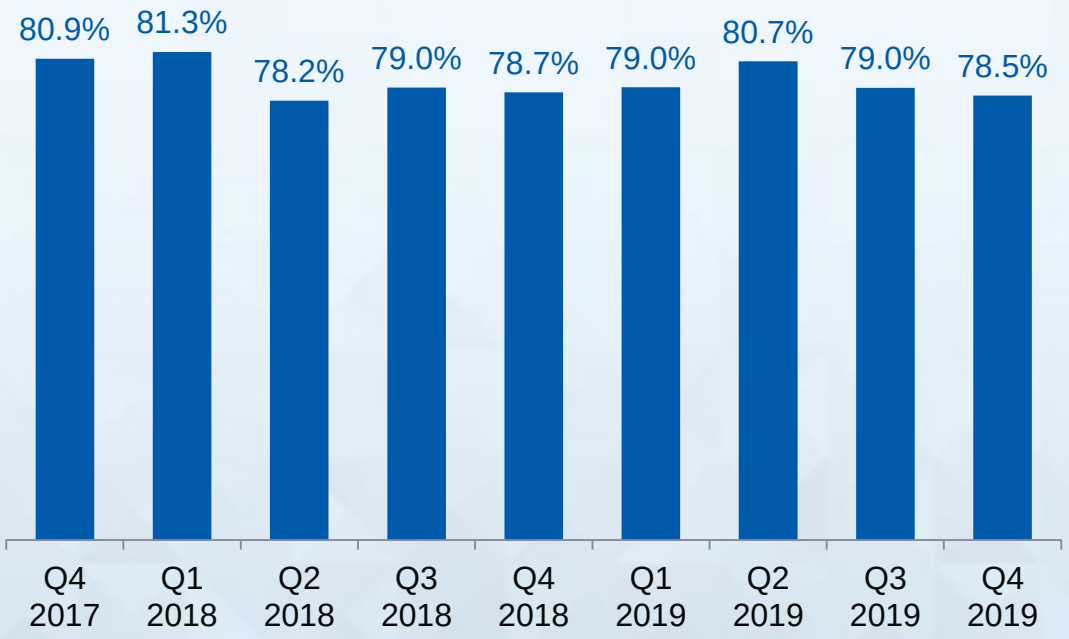
Employee Metrics

UTILIZATION

Utilization at planned levels



EMPLOYEE ATTRITION

Attrition stabilizing

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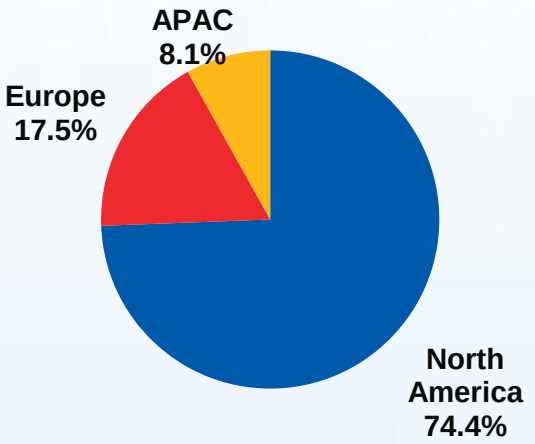
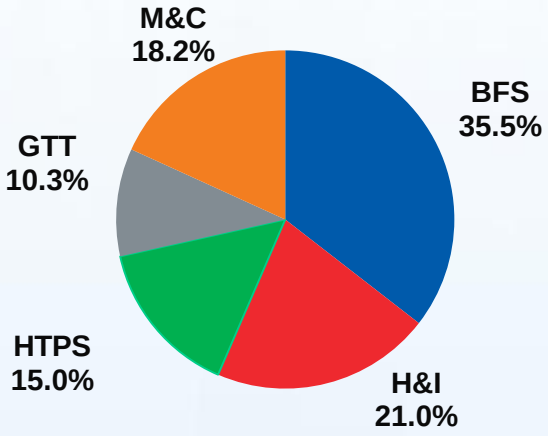
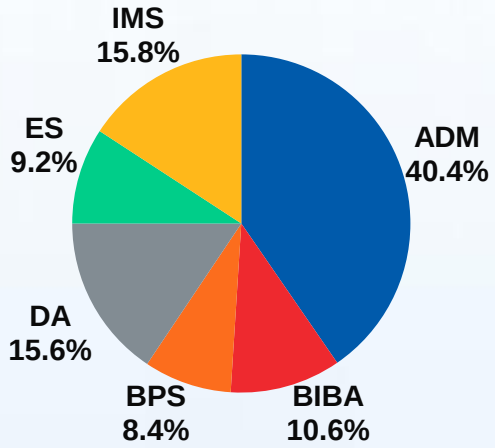
Q4 19 | Broad based growth across portfolio







GEOGRAPHY	GROWTH QoQ	GROWTH YoY
North America	0.5%	17.8%
Europe	7.4%	62.8%
APAC	2.8%	-1.9%
TOTAL	1.8%	21.7%

VERTICAL	GROWTH QoQ	GROWTH YoY
BFS	-6.3%	2.7%
GTT	3.1%	26.4%
H&I	10.7%	33.6%
M&C	8.5%	46.0%
HTPS	2.8%	33.1%
TOTAL	1.8%	21.7%

HORIZONTAL	GROWTH QoQ	GROWTH YoY
ADM	-1.6%	40.4%
ES	1.9%	17.2%
DA	1.3%	8.8%
BIBA	-1.3%	-1.7%
BPS	4.2%	39.4%
IMS	13.3%	9.6%
TOTAL	1.8%	21.7%

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FY 2019 Business Update

FY 19 | Financial Performance

Amounts in US$ M	FY 2019	FY 2018	GROWTH YoY
Revenue	793.3	677.7	*17.1%*
EBITDA	125.3	112.1	*11.7%*
EBITDA %	***15.8%***	***16.5%***	***-0.8%***
EBITDA (post RSU)	124.8	106.7	*17.1%*
EBITDA %	***15.7%***	***15.7%***	***0.0%***
EBIT (post RSU)	110.2	97.1	*13.4%*
EBIT %	***13.9%***	***14.3%***	***-0.4%***
Transaction Expense	(2.4)	0.0	NA
PAT	91.1	84.8	*7.4%*
PAT %	***11.5%***	***12.5%***	***-1.0%***
EPS Basic (INR)	21.52	19.65	*9.5%*

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FY 19 | GAAP to Non-GAAP Reconciliation

	2019				2018
Amounts in $ M	PBT	Tax	PAT	EPS* (INR)	EPS* (INR)
Reported (GAAP numbers)	**110.7**	**19.6**	**91.1**	**21.52**	**19.65**
2019 GAAP EPS Change					*1.87*
% Change					*9.5%*
Non-GAAP Adjustments					
Transaction Cost	2.4	0.7	1.8	0.42	
Amortization of intangibles	3.4	0.9	2.5	0.59	
NPV of deferred payments	0.4	0.1	0.3	0.07	
Adjusted Non-GAAP	**117.0**	**21.3**	**95.7**	**22.60**	**19.65**
2019 Non-GAAP EPS Change					*2.95*
% Change					*15.0%*

Note: Marginal tax rate considered is 27.5%

**Basic EPS*

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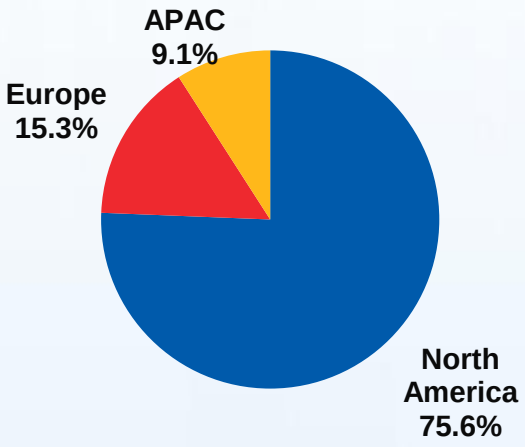
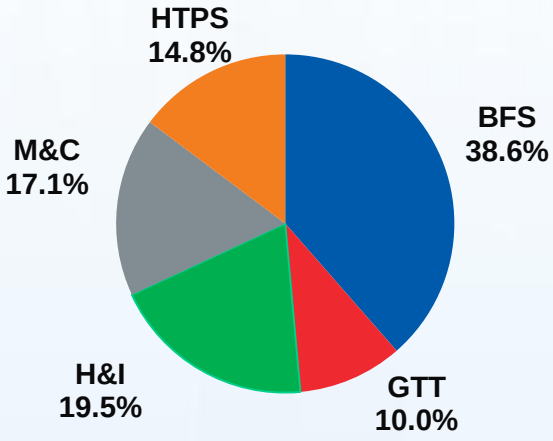
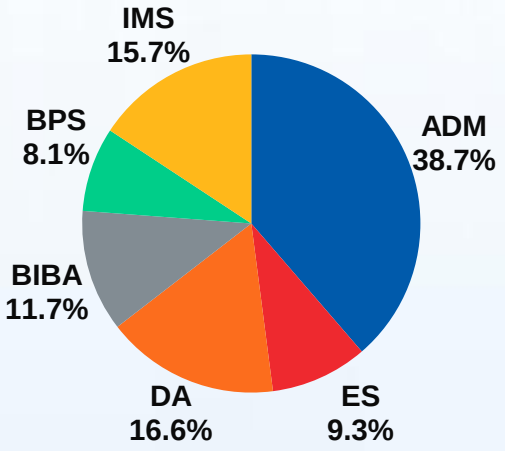
FY 19 | Broad based growth across portfolio



GEOGRAPHY	GROWTH YoY
North America	*15.5%*
Europe	*38.7%*
APAC	*1.9%*
TOTAL	*17.1%*



VERTICAL	GROWTH YoY
BFS	*5.5%*
GTT	*5.2%*
H&I	*28.3%*
M&C	*31.1%*
HTPS	*33.3%*
TOTAL	*17.1%*



HORIZONTAL	GROWTH YoY
ADM	*26.1%*
ES	*7.4%*
DA	*7.0%*
BIBA	*-1.2%*
BPS	*31.1%*
IMS	*24.2%*
TOTAL	*17.1%*

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Guidance for 2020

Revenue:

- FY Revenue growth of 15% - 17%
- Majority of growth will happen from Q2 (calendar impact, deal ramp up)

EBITDA (post ESOP cost):

- EBITDA% at 15% - 16%

Dividend:

- Dividend of ₹ 8 for FY 2020

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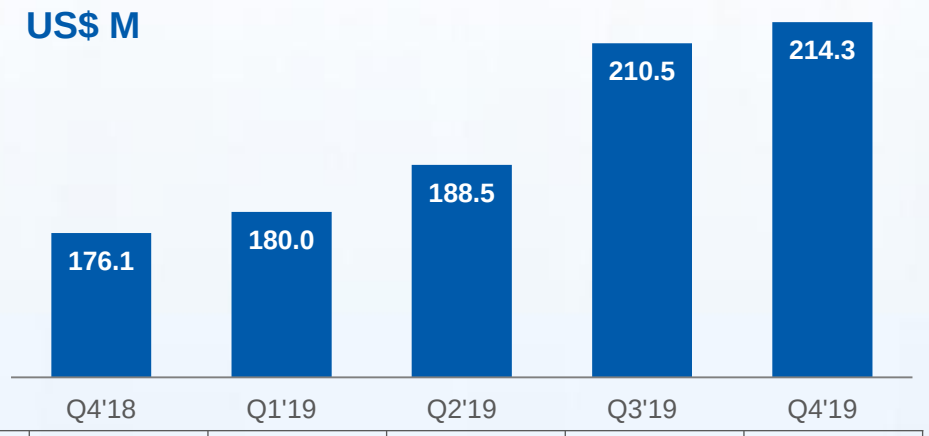
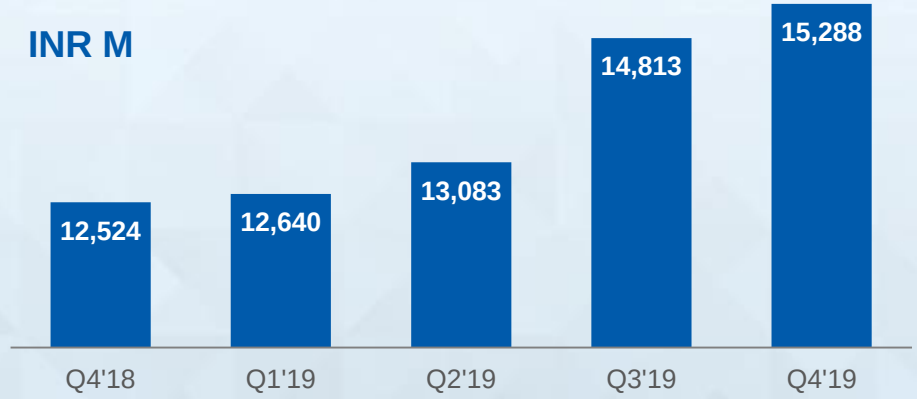
Finance Update

Q4 19 & FY 19 Performance



	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19
QoQ	3.0%	2.2%	4.7%	11.7%	1.8%
YoY	12.8%	10.9%	12.0%	23.1%	21.7%



	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19
QoQ	3.5%	0.9%	3.5%	13.2%	3.2%
YoY	24.6%	20.5%	15.1%	22.5%	22.1%

Key Highlights

- Q4'19 revenue of $ 214.3 M
  - Q/Q growth of 1.8%, 1.3% in CC
  - Y/Y growth of 21.7%, 21.8% in CC
- Q4'19 revenue of INR 15,288 M
  - Q/Q growth of 3.2% and Y/Y growth of 22.1%
- FY19 revenue of $ 793.3 M
  - Y/Y growth of 17.1%, 18.2% in CC
- FY19 revenue of INR 55,825 M
  - Y/Y growth of 20.1%

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Outstanding Hedge Position and Rates

Currency Pair	Q4'19		Avg. Rate (Previous Qtrs.)		
	Amount (Mn.)	Avg. Rate	Q3'19	Q2'19	Q1'19
USDINR ($)	212.02	74.85	74.15	73.54	72.93
EURINR (€)	6.60	89.02	89.72	89.57	89.08
GBPINR (£)	13.60	99.14	98.73	99.27	99.11
Total ($)	**237.37**				

Note -

1.Hedges outstanding are full-term hedges.

2. EUR converted @ 1.1220/USD & GBP converted @ 1.3194/USD

3. Avg. Rate=Average of the forward rate at which the hedges have been booked.

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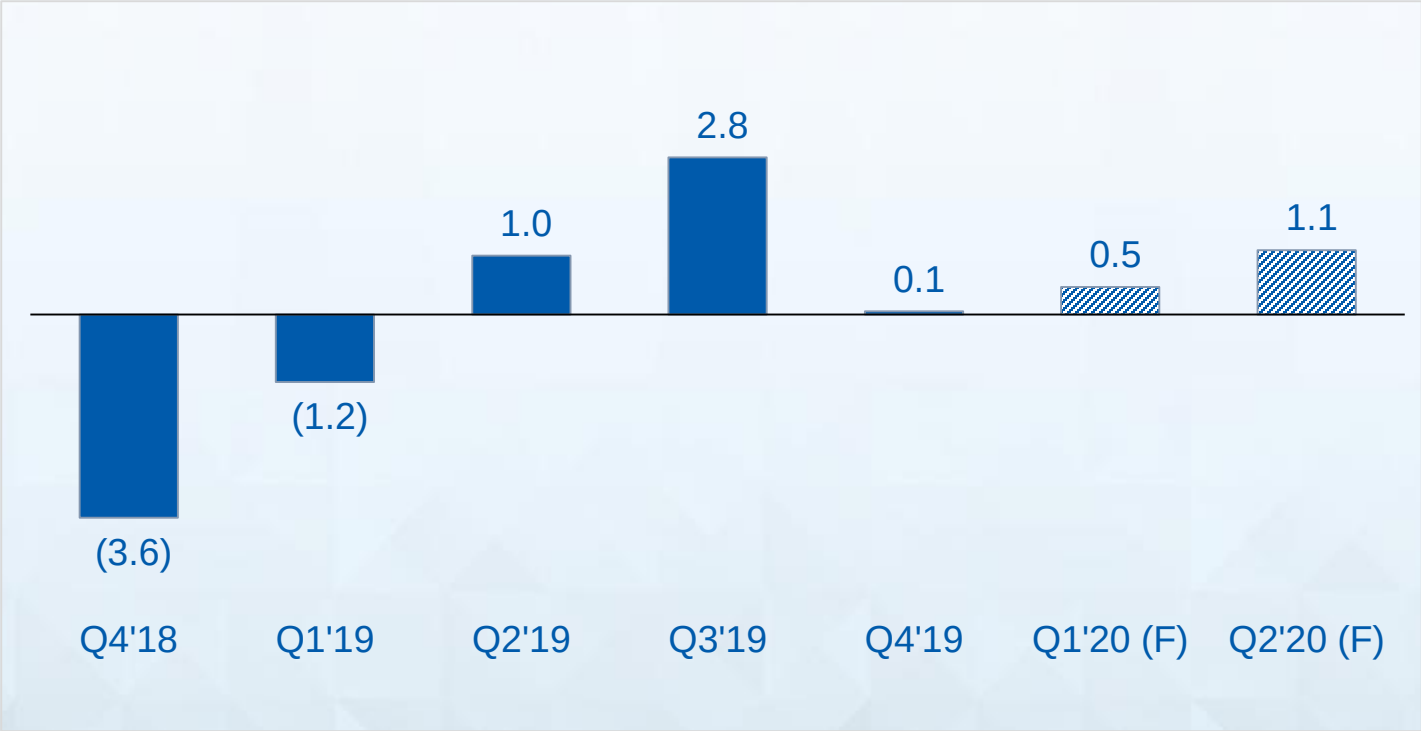
Forex Gain/(Loss)

USD M



- Q4’19 registered a forex gain of $ 0.1 M
- Forex Gains expected in next two quarters basis Q4 closing exchange rate of INR 71.38 per USD are:
  - Q1’20 ~ $0.5 M
  - Q2’20 ~ $1.1 M

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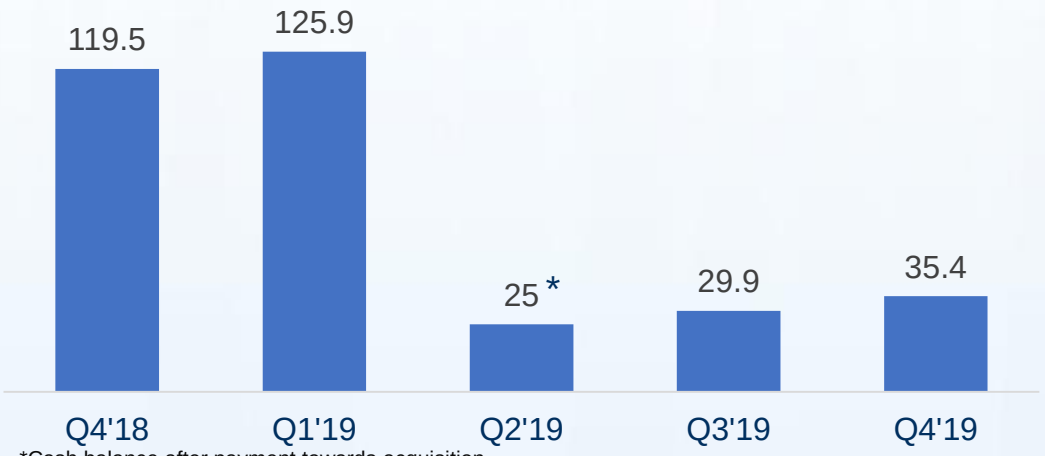
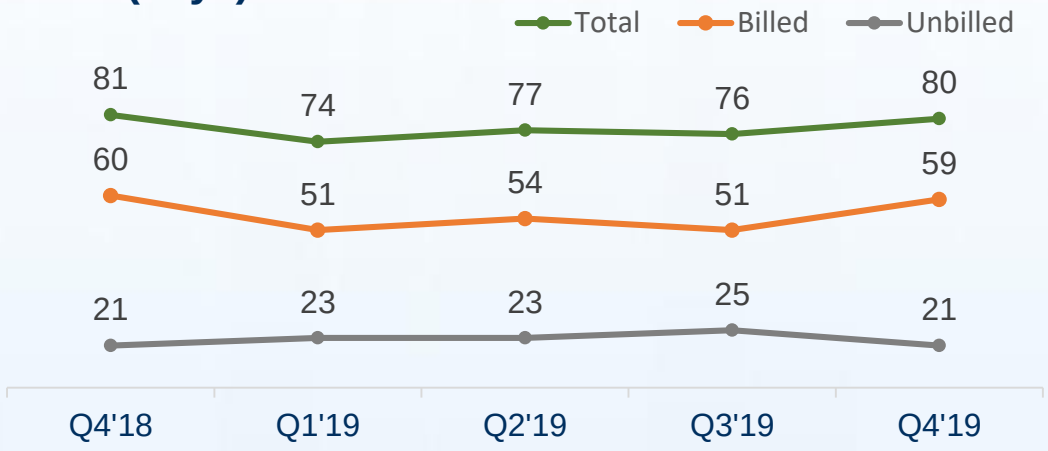
Balance Sheet & Other Updates

Cash Balance ($M)



*Cash balance after payment towards acquisition

DSO (days)



Dividend (INR per share)

$M	12.8	13	7.8	10.1	10.4
%	125%	125%	75%	100%	125%

** Final dividend subject to shareholder approval. Excluding dividend tax.*

Effective Tax Rate (%)

Capex: $4.6M in Q4'19, $17.1M in FY19

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HEXAWARE

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Passionate Employees

Delighted Customers

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