

Q1 FY2019 EARNINGS PRESS RELEASE

HGS ANNOUNCES RESULTS FOR Q1 FY2019

Mumbai, India, August 09, 2018: Hinduja Global Solutions (HGS) (listed in BSE & NSE) today announced its unaudited First Quarter results for FY2019.

Speaking on the results, **Partha DeSarkar, CEO of HGS** said: “HGS continued its business momentum in the first quarter of FY2019. For the second quarter in a row, overall revenues crossed the Rs. 10,000 million mark to register Rs. 11,008 million, an increase of 18.7 % YoY. Of this, 5% was organic, 4.7% from forex gains and the rest 9% came from the acquisitions of AxisPoint Health and Element Solutions.

During the quarter, we signed nine new logos, expanded our relationships with eight existing clients and won five DigiCX deals, reflecting how our offerings are resonating with the evolving needs of clients. Looking at the sales pipeline, we see big opportunities for our technology-led services including DigiCX, analytics, cloud services, RPA and machine learning, and continue to invest in strengthening our capabilities. The healthcare vertical posted strong growth and accounted for over 50% of the revenues for the third quarter in a row. The two recent acquisitions helped increase share of healthcare vertical revenues from 51% to 54%.

From a margin perspective, the performance of legacy business was as per our expectations. EBITDA margins stood at 9.5%, excluding the acquired businesses. While most of our businesses showed good growth, the India CRM business continues to see twin pressures of drop in volumes from telecom clients and increase in minimum wages.

Element Solutions has done well and we expect this business to play a key role in driving our digital offerings in the social media and cloud segments. AxisPoint Health’s performance was below expectations, with costs higher than anticipated. We have initiated the necessary cost management measures and these are expected to be in place in Q3.”

Financial Highlights for Q1 FY2019

- HGS reported a YoY revenue growth of 18.7%% at Rs. 11,008 million
- Organic revenue growth in constant currency terms was 5%
- EBITDA, excluding the acquired businesses, was Rs. 971.1 million; EBITDA margins stood at 9.55%
- Overall EBITDA, including the Element and Axis Point acquired businesses, was Rs. 731.5 million and EBITDA margin was 6.6%
- PAT was Rs. 403.0 million, a YoY drop of 9.1%; Net margins stood at 3.7%
- Capital expenditure for the quarter was Rs. 393 million
- Generated 22% of the YTD FY2019 EBITDA into Free Cash
- Reduction in net debt of Rs. 6 million in Q1 FY2019; Gross Debt as at 30th June 2018 stood at Rs 5,848 million
- Interim Dividend of Rs 2.50 /share

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Consolidated Financial Highlights

(Rs. Million)	Quarter 1		YoY Growth	Quarter 4 FY2018	QoQ Growth
	FY2018	FY2019			
Operating Revenues	9,272	11,008	18.70%	10,039	9.70%
EBITDA	1,002	731	-27.00%	1,019	-28.20%
EBITDA Margin	10.80%	6.60%		10.20%	
Profit Before Tax	579	597	3.20%	670	-10.80%
PBT Margin	6.20%	5.40%		6.70%	
Profit After Tax	443.3	403	-9.10%	513	-21.60%
PAT Margin	4.50%	3.70%		5.10%	
Basic EPS (Rs)	21.4	19.4	-9.40%	24.7	-21.60%

Business Highlights for Q1 FY2019

- **Client Wins:**
 - Signed nine new clients across BFSI, Retail and Consumer verticals till date in the year. This includes a significant engagement to provide Social Media-related services to a large retailer in the US.
 - Expanded engagements with eight existing clients
 - Won five DigiCX deals
- At the end of 30th June, 2018, HGS had 261 core BPM clients (post the two acquisitions in April 2018) and 639 HRO/Payroll processing clients.
- **New Delivery Centers:** In Q1, HGS added a center in Pune, and gained five new centers in Chicago (Illinois), Austin (Texas), Denver (Colorado), Puerto Rico and Vishakhapatnam through acquisitions. HGS had 75 global delivery centers across seven countries as of 30th June, 2018.
- **Mergers & Acquisitions:**
 - Integration underway for the recent acquisitions of AxisPoint Health and Element Solutions LLC, USA
 - In July 2018, HGS received approval from the National Company Law Tribunal, Mumbai Bench on the scheme of amalgamation of wholly-owned subsidiary, HGS International Services Private Limited (HGSISPL) with HGS. The merger process has been completed on 1st August, 2018.
- **Employee Headcount:** 44,854 as on 30th June 2018
- **Awards & Recognition:**
 - Leader in ISG Provider Lens - Social Business and Collaboration Quadrant report, May 2018
 - Ranked in "Everest Group BPS Top 50 2018" list, June 2018
 - Major Contender in Everest Group Contact Center Outsourcing (CCO) – Service Provider Landscape with Services PEAK Matrix™ Assessment 2018, June 2018
 - Gold at American Business Awards (Stevie Awards) for Business-to-Business services, May 2018
 - Gold at Customer Sales and Service World (CSSW) for Best Multichannel Customer Service, June 2018
 - Third Consecutive Gold at 2018 Contact Center World Americas Awards for Best Use of Self-Service technology, June 2018

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About Hinduja Global Solutions (HGS):

A global leader in business process management (BPM) and optimizing the customer experience lifecycle, HGS is helping make its clients more competitive every day. HGS combines technology-powered services in automation, analytics and digital with domain expertise focusing on back office processing, contact centers and HRO solutions to deliver transformational impact to clients. Part of the multi-billion dollar conglomerate Hinduja Group, HGS takes a true “globally local” approach, with over 44,854 employees across 75 delivery centers in seven countries making a difference to some of the world’s leading brands across nine key verticals. For the year ended 31st March 2018, HGS had revenues of Rs. 38,494 million (US\$ 597 million).

Visit www.teamhgs.com to learn how HGS can help make your business more competitive.

Safe Harbour

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause our actual results to differ materially from those in such forward-looking statements. We do not undertake to update any forward-looking statement that may be made from time to time by us or on our behalf.

For more information, visit us at www.teamhgs.com or contact:

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