



# Investor Presentation Feb, 2019



February 13<sup>th</sup> 2019

Certain statements in 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 the BPM industry 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-timeframe 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 Hinduja Global Solutions (HGS) has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. HGS may, from time to time, make additional written and oral forward-looking statements, including our reports to shareholders. The Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company.



# YTD Dec'18 Financial Snapshot



## HISTORY

- Part of the Hinduja Group, in the BPM business since 2000
- Erstwhile HTMT, IT & BPM business demerged October 1, 2006
- Rebranded as HGS in 2008

## FINANCIAL DETAILS (FY'18 & YTD Dec FY'19)

	FY'18	YTD Dec FY'19
Revenue	INR 38,494 Mn ( <b>\$ 597 Mn</b> )	INR 35,321 Mn ( <b>\$ 506 Mn</b> )
EBITDA	INR 4,061 Mn ( <b>\$ 63 Mn</b> )	INR 2,910 Mn ( <b>\$ 42 Mn</b> )
EBITDA Margin (%)	10.5%	8.2% (With Acquisitions)
		10.7% (Without Acquisitions)
Free Cash flow/EBITDA	47%	21%
Net Debt/Equity Ratio	<b>0.04x</b>	<b>0.07x</b>
Gross Debt Reduction	INR <b>762 Mn</b>	INR <b>328 Mn</b>

## SNAPSHOTS

- CAGR of 10.5% in Revenue (In INR) over FY 13-18.
- **75** Worldwide Centers
- **44,500 +** employees (as on 31<sup>st</sup> December 2018)
- **254** active clients for the BPM business  
(additionally over 647 clients for Payroll & HRO Business) at the end of Q3 Dec FY19.
- **2 Acquisitions** - Axis Point Health & Element Solutions made effective early April 18.

# HGS Financial Performance : YTD FY 19 Impact of Acquisitions

Quarterly Performance - consolidated					
Fig in Rs Mn unless otherwise mentioned					
		Q1 FY 19	Q2 FY 19	Q3 FY 19	YTD FY 19
Excluding Acquisitions	Revenue from operations	10,173	10,874	11,690	32,737
	Total revenue	10,173	10,874	11,690	32,737
	EBITDA	971	1,126	1,412	3,509
	EBITDA %	9.5%	10.4%	12.1%	10.7%
Including Acquisitions	Revenue from operations	11,008	11,586	12,415	35,009
	Other operating income	-	-	311	311
	Total revenue	11,008	11,586	12,726	35,320
	EBITDA	731	792	1,387	2,910
	EBITDA %	6.6%	6.8%	10.9%	8.2%
	Depreciation	355	482	461	1,298
	Interest Expense	95	91	107	293
	Other Income	315	432	-324	423
	PBT	597	651	494	1,742
	PBT %	5.4%	5.6%	3.9%	4.9%
	PAT	403	448	368	1,218
	PAT %	3.7%	3.9%	2.9%	3.4%

## Axis Point Health (APH)

- Acquired in early April 2018, to enter the large Clinical Segment
- Losses significantly higher than expected, due to client exits and revenues inadequate to cover overheads
- Cost synergy initiatives  
( technology costs, offshoring)  
substantially completed by end Nov 2018.
- Sub scale contracts , sold off in Dec 2018, for US \$ 5.3 mn
- Revenue of US \$ 4.45 mn in Q3 as Other Operating Income
- Focus on revenue synergies and growth

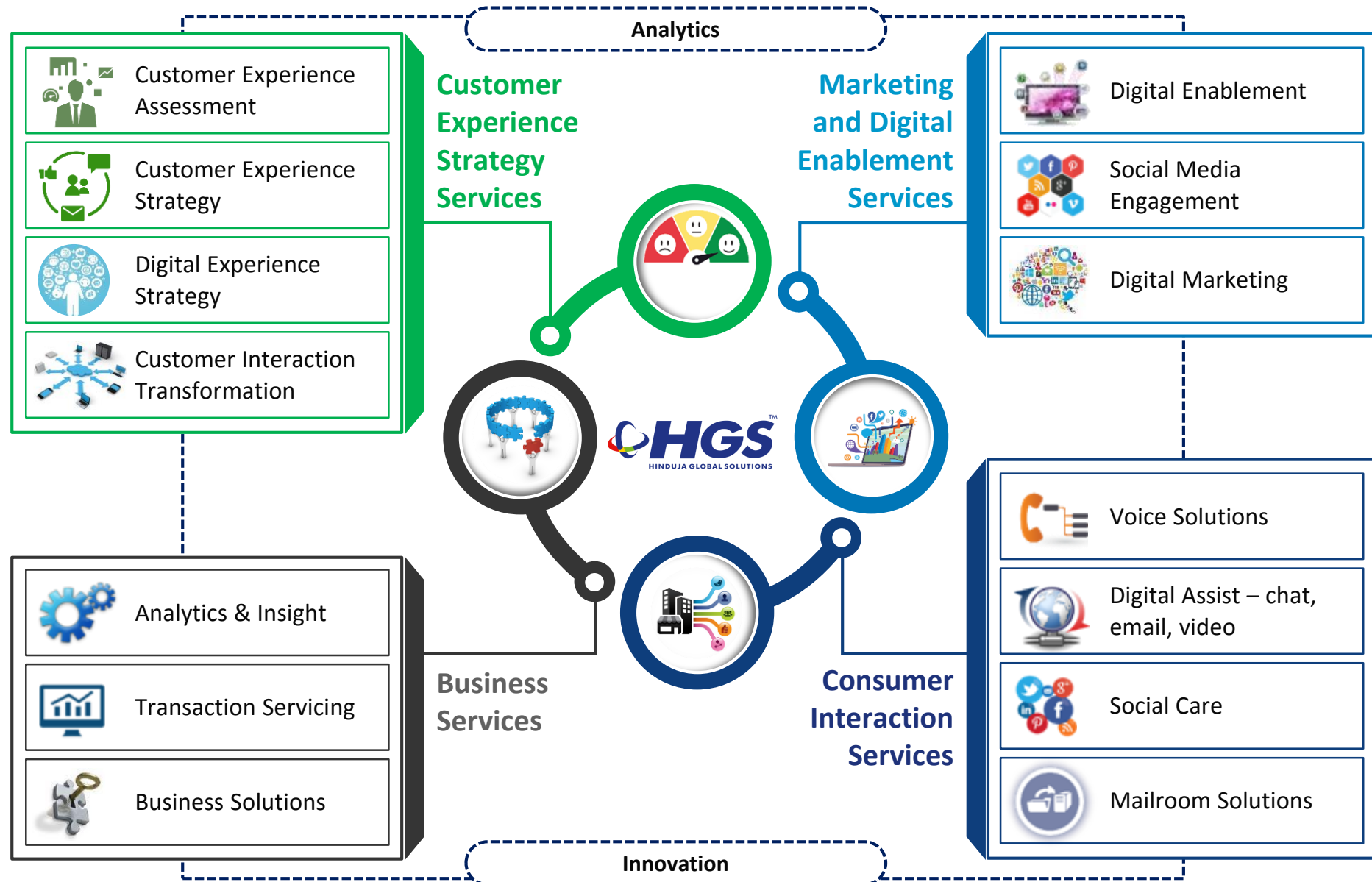
## Element Solutions

- Acquired in early April 2018, to enter into digital marketing and other digital services
- Significant growth in the Cloud Services
- Investments in Cloud services in H1, have started delivering results in Q3



## HGS Overview

# HGS Core Capabilities to Enable the Unified Customer Experience



## Healthcare/ Insurance



- **58** Million transactions, **10** Million calls, **2.7** Million emails per annum
- Annual claim payout of **\$11.5** billion USD and **\$1.3** billion USD recoveries initiated for 4 of the Top 10 healthcare payers and several large hospitals/health systems in the US

**52.3% of HGS Revenues**

## Telecommunications



- Providing extensive consumer support for land lines, wireless, satellite, IPTV, hi-speed internet – from supporting the consumer from the point of purchase to end of service
- HGS ranked as a **leader** by Nelson Hall in Customer management service for Telecommunication, Cable and Satellite.

**19.8% of HGS Revenues**

## Consumer Products



- Supporting many consumer electronics manufacturers and distributors from purchase to post-warranty servicing
- Multi-channel service over telephone, white-mail, email, text and social media for a CPG client
- Provides services in the area of automation analytics and channel management to enhance customer experience

**12.5% of HGS Revenues**

## Financial Services



- Only credit card issuer to win the **J.D. Power Award for customer experience 6 consecutive years** driven by HGS's best in class NPS customer service - supporting all aspects of consumer financial transactions
- Providing support to a large Public sector financial services company in UK for their operations

**7.8% of HGS Revenues**

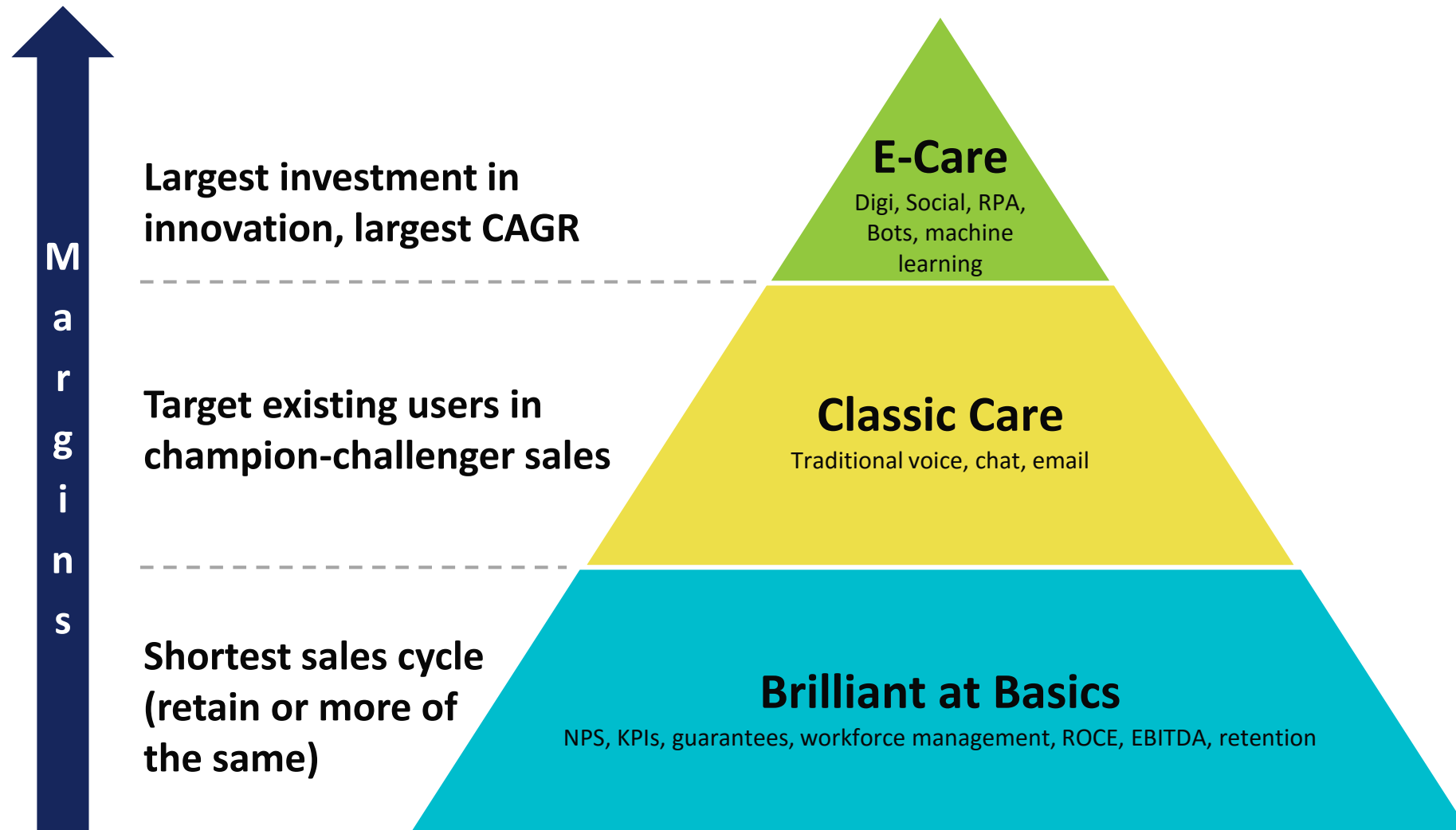
Share of revenues by vertical based on YTD Dec FY 19 results

## **VERTICALISE** Healthcare

- 8 Practice areas with deep domain expertise
- Expansion of digital & clinical transformative capabilities

## **FOCUS** on Consumer Solutions

- Brilliant at Basics
- Traditional + eCare Solutions



**Engage**

**Buy**

**Care**

**Bill**

**Warrant**

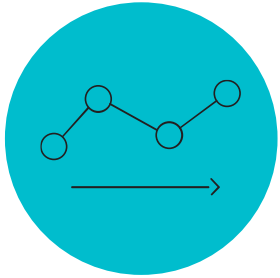
**Retain**

**E-Care**

- Emerging digital buyer
- B-C, B-B-C
- Select deals based on “land & expand”
- Travel, hospitality, logistics, retail, selective tech prospects, insurance & large CPG, FinServ

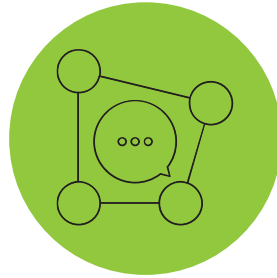
**Classic Care**

- Late adopters, Smaller enterprises
- Traditional buyers in traditional sales channels
- Select deals based on existing qualification metrics
- Focus on scale deals offshore – Telecom & media, financial services, retail



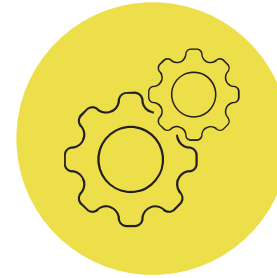
## ANALYTICS CoE

- Interaction Analytics services institutionalized
- Bringing Right Skill-set for Advanced Analytics – Data Scientists, Data Architects, Analytics Consultants etc
- Building partnerships with analytics tech players
- Multiple engagements with clients and prospects



## DIGITAL CoE

- Launch of DigiCX services suite
- Partnerships with platforms such as Liveperson, Sprinklr, Conversable etc
- Integrated Digital Marketing and Digital Contact Centre Services
- Some key client engagements



## AUTOMATION CoE

- BOTs deployed across clients
- Capability built on multiple systems such as AA, BluePrism, UiPath, Nice etc
- RPA as a Service generating high margin revenues (Gain-share)
- AI, Machine Learning, Cognitive RPA solution concepts being tested – ChatBOTs, Avatars etc

Verticalized business	Global Innovation Hub	Acquire/Partner for Capabilities
<ul style="list-style-type: none"><li>✓ Global Operations</li><li>✓ One HGS- seamless delivery</li><li>✓ Healthcare Practice</li><li>✓ Capability maturity</li><li>✓ Thought leadership</li><li>✓ Driving value multipliers</li></ul>	<ul style="list-style-type: none"><li>✓ Digital Innovation</li><li>✓ RPA</li><li>✓ Analytics</li><li>✓ Customer Journey Mapping</li></ul>	<ul style="list-style-type: none"><li>✓ Population Health Management</li><li>✓ Social Media Marketing</li><li>✓ Customer Journey Analytics</li><li>✓ Platform driven Smart Plan Selection</li></ul>

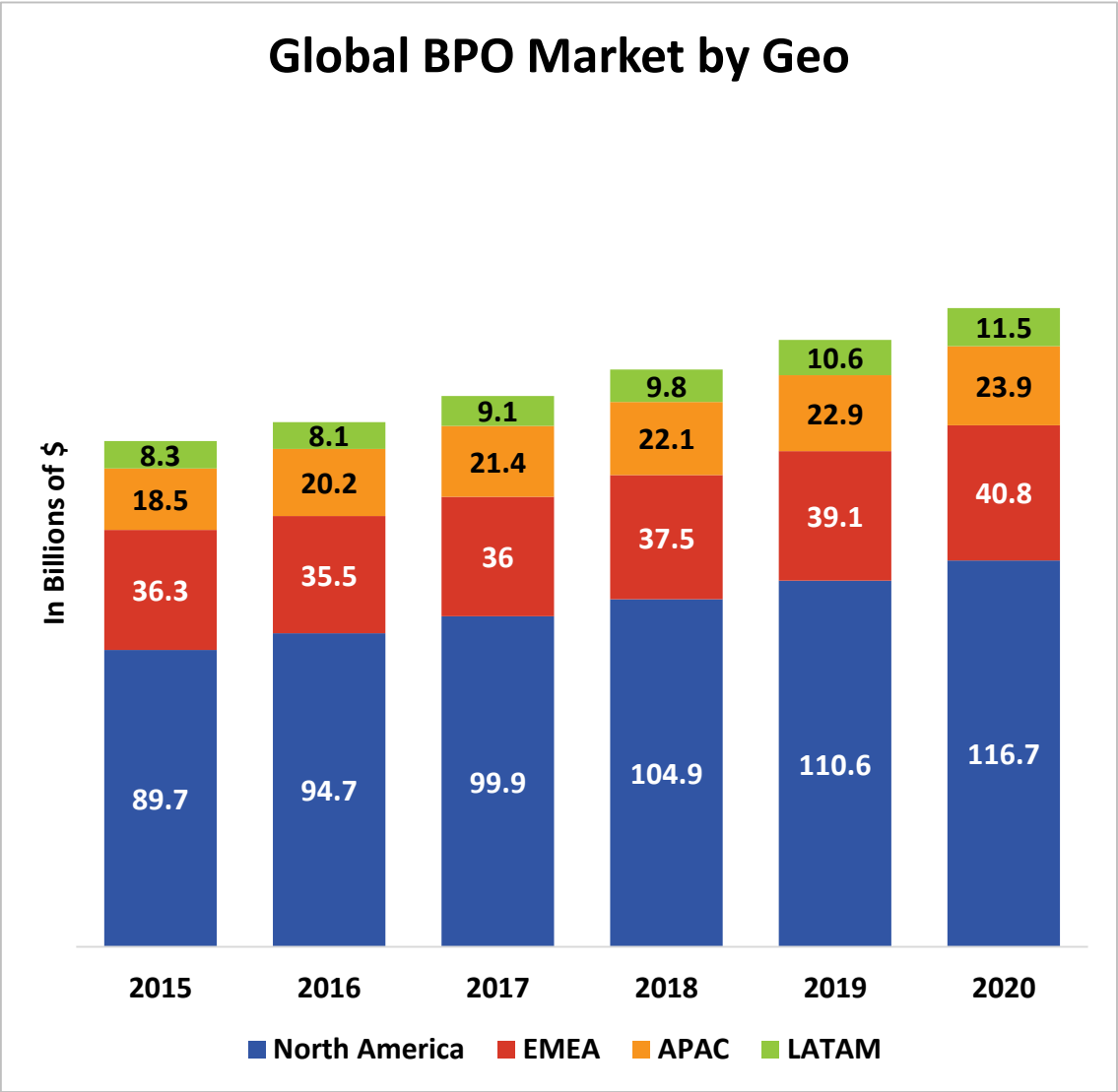
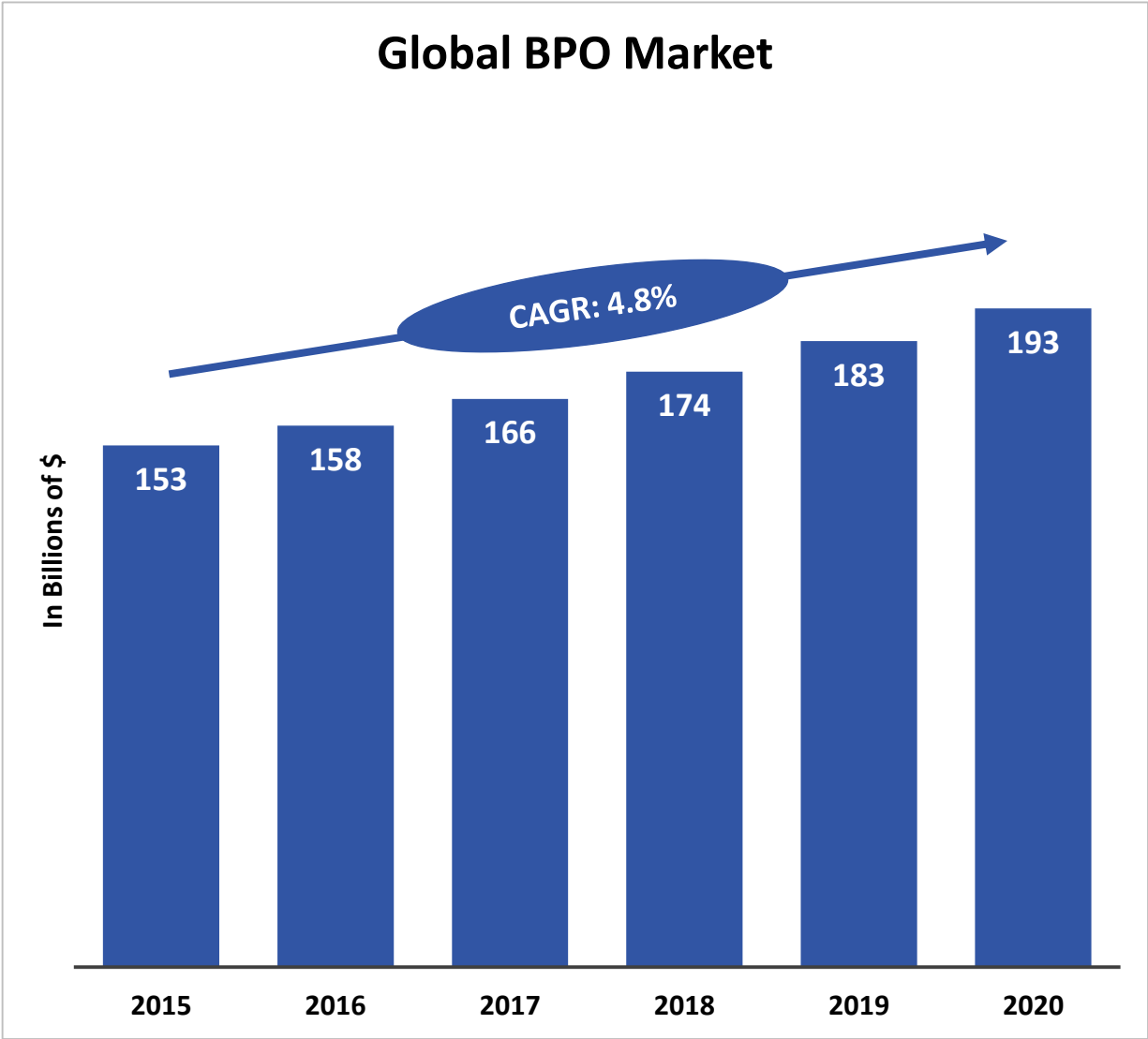


# BPO/BPM Market

## Marketplace Dynamics

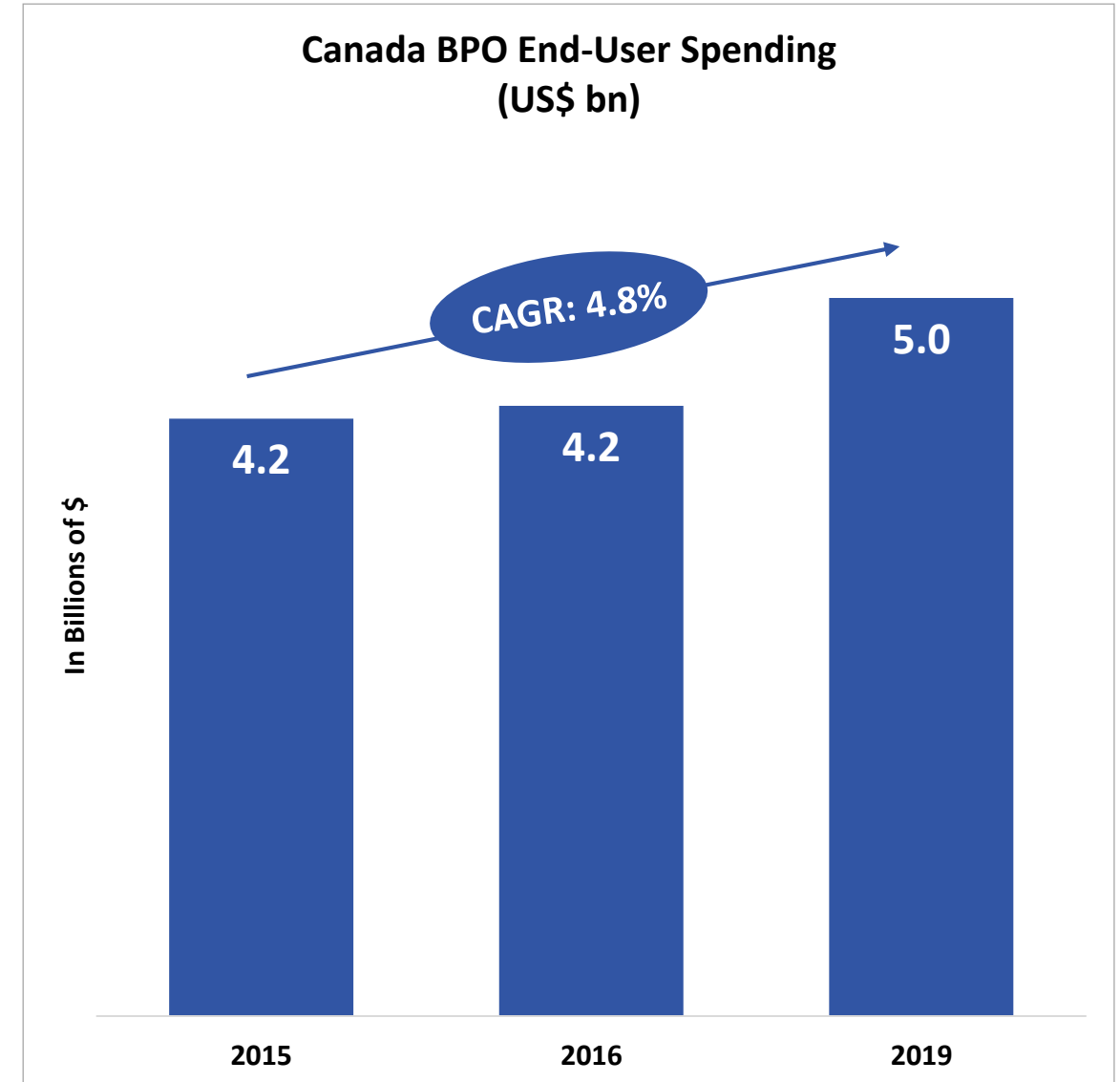
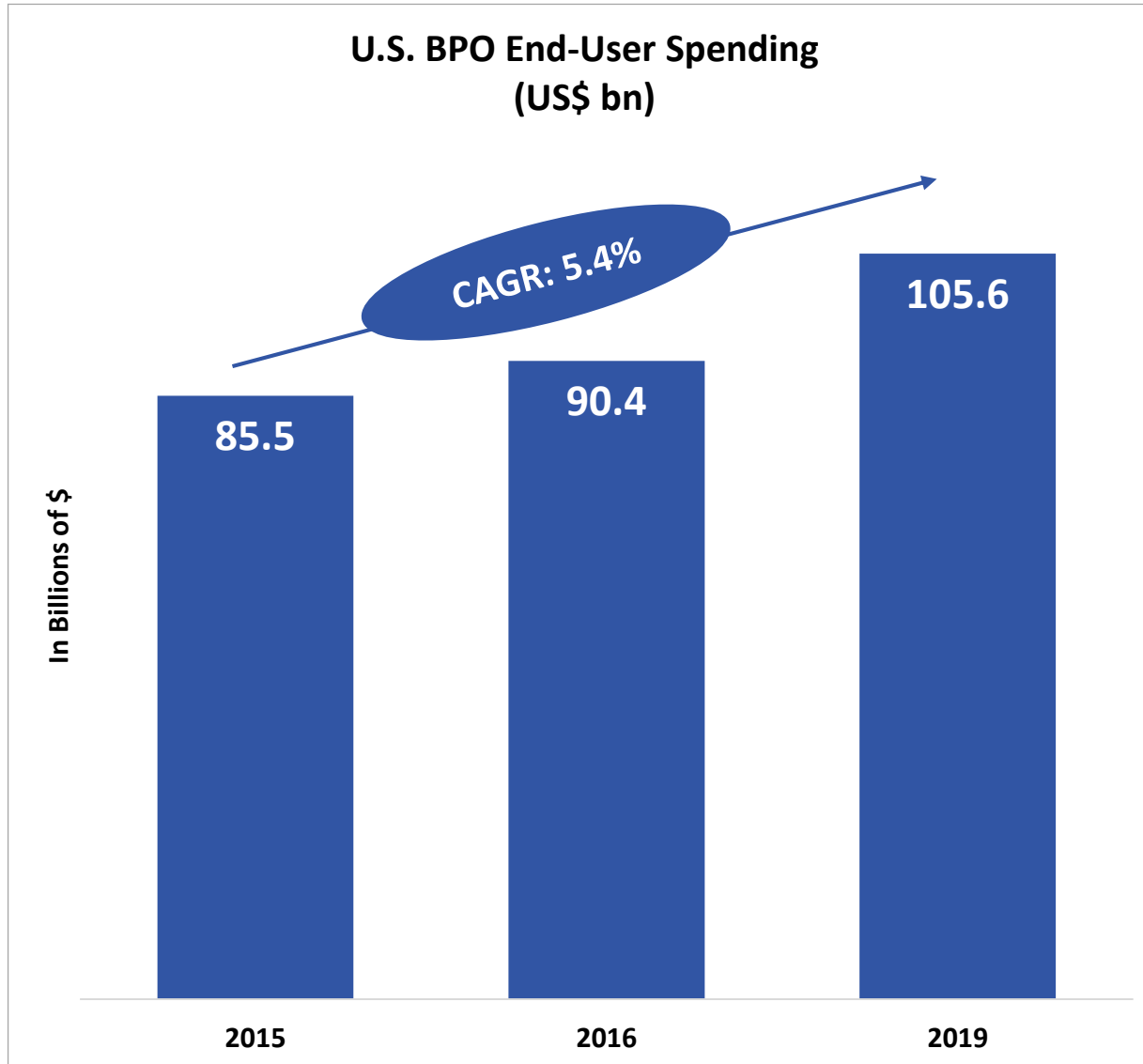
- Total BPM market is over \$160 billion
- In-house BPM 4 times the size of the outsourced BPM market
- Next 5 year CAGR for BPM expected to be 5.9% (Gartner Q1, 2013 forecast)
- Billion Dollar Plus players in this are still only a handful, who grew between 5% to 20%
- Essentially a large, fragmented but growing market, enough for everybody to play in

*Source: Gartner*



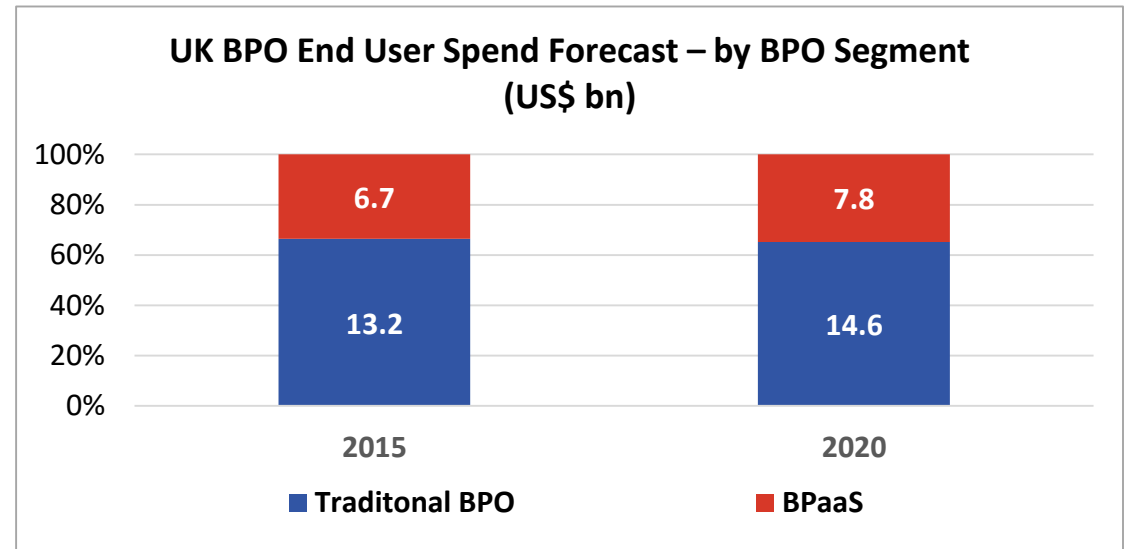
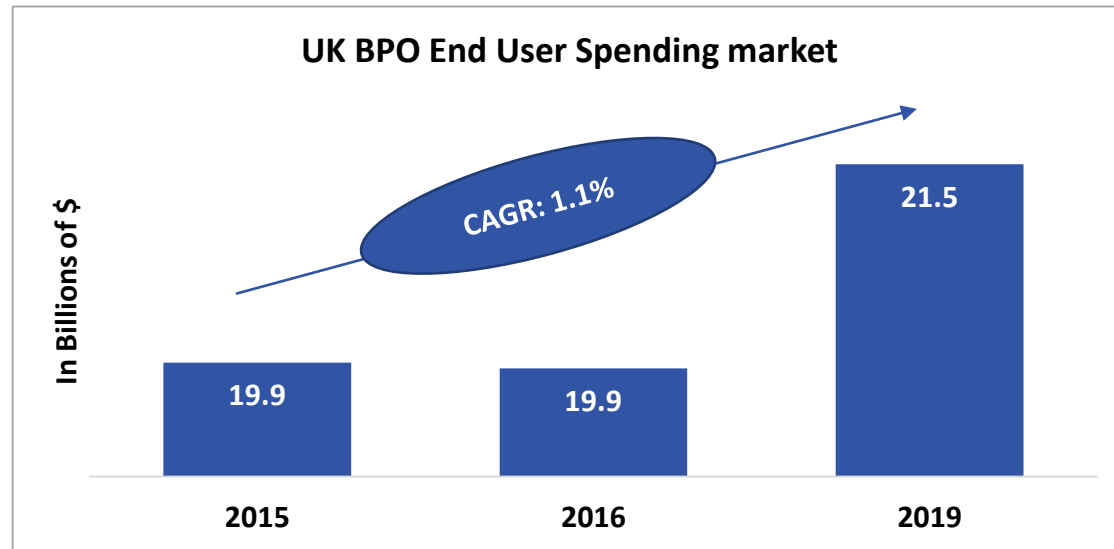
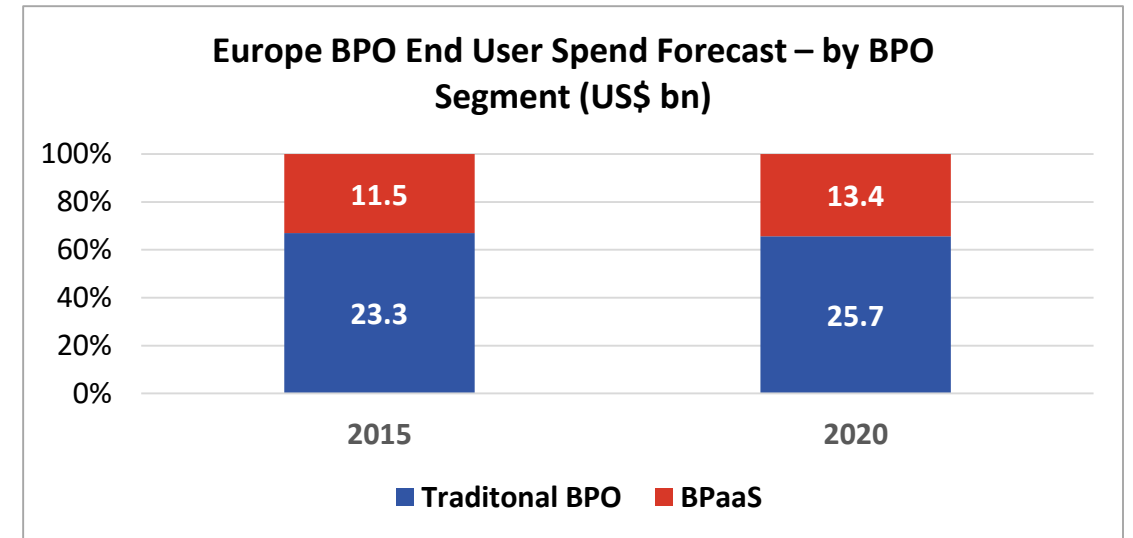
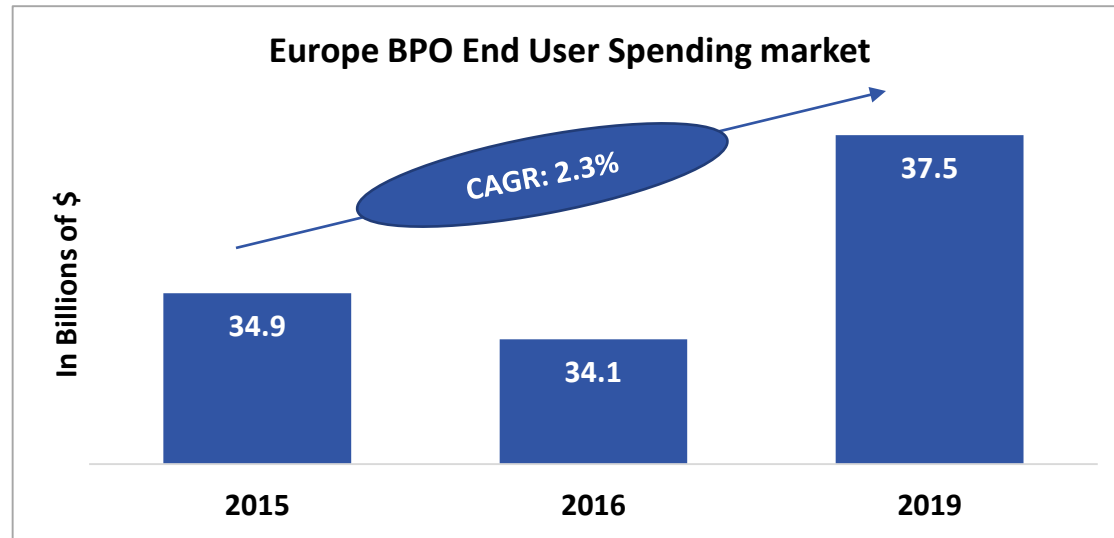
Source: Gartner BPO Revenue Forecast 2013 -2019

# North America BPO Spending Macro Market Overview



Gartner Forecast: IT Services by Geography, 2014-2020

# Europe – UK BPO Spending Macro Market Overview



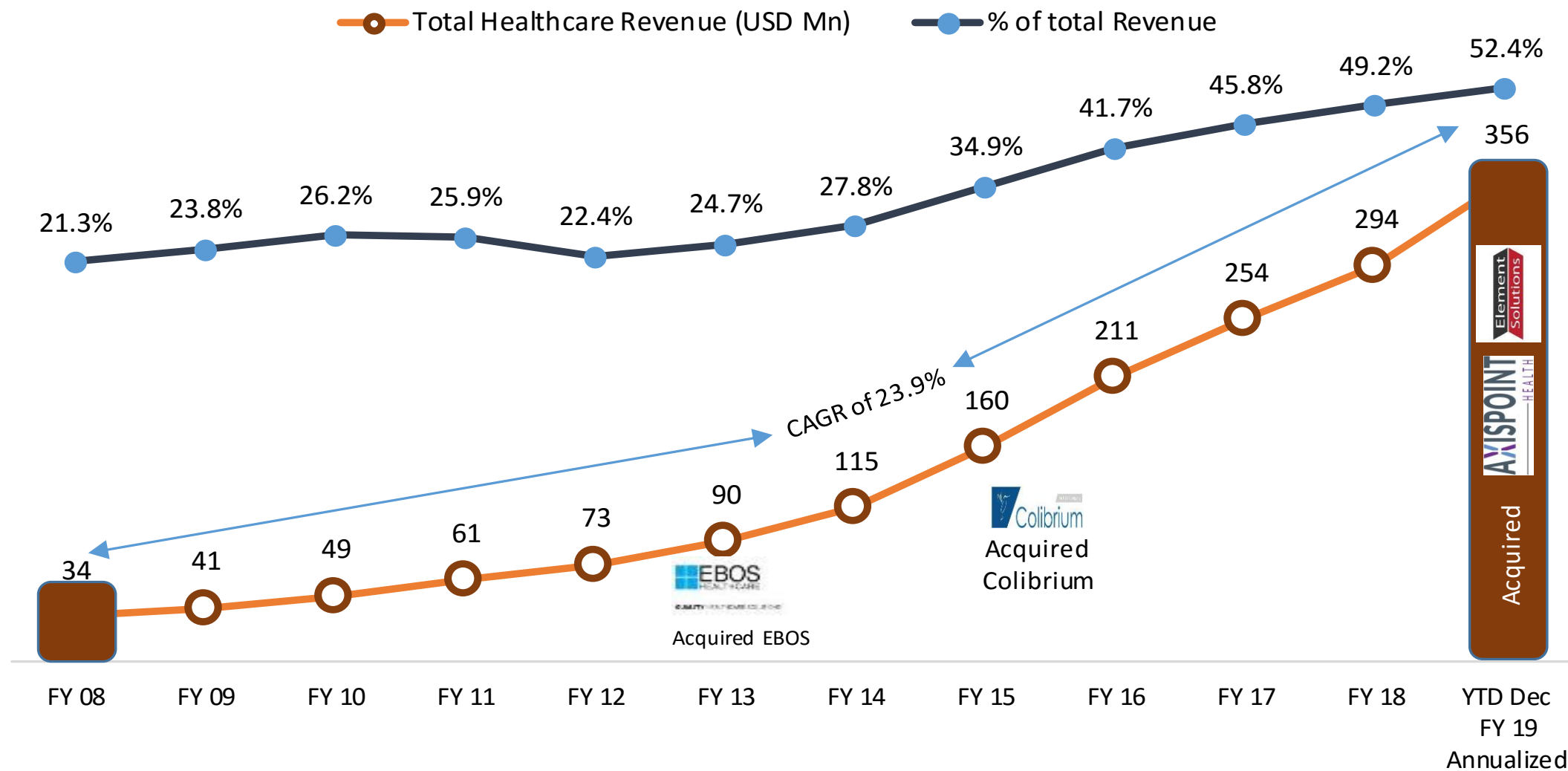
Gartner Forecast: IT Services by Geography, 2014-2020



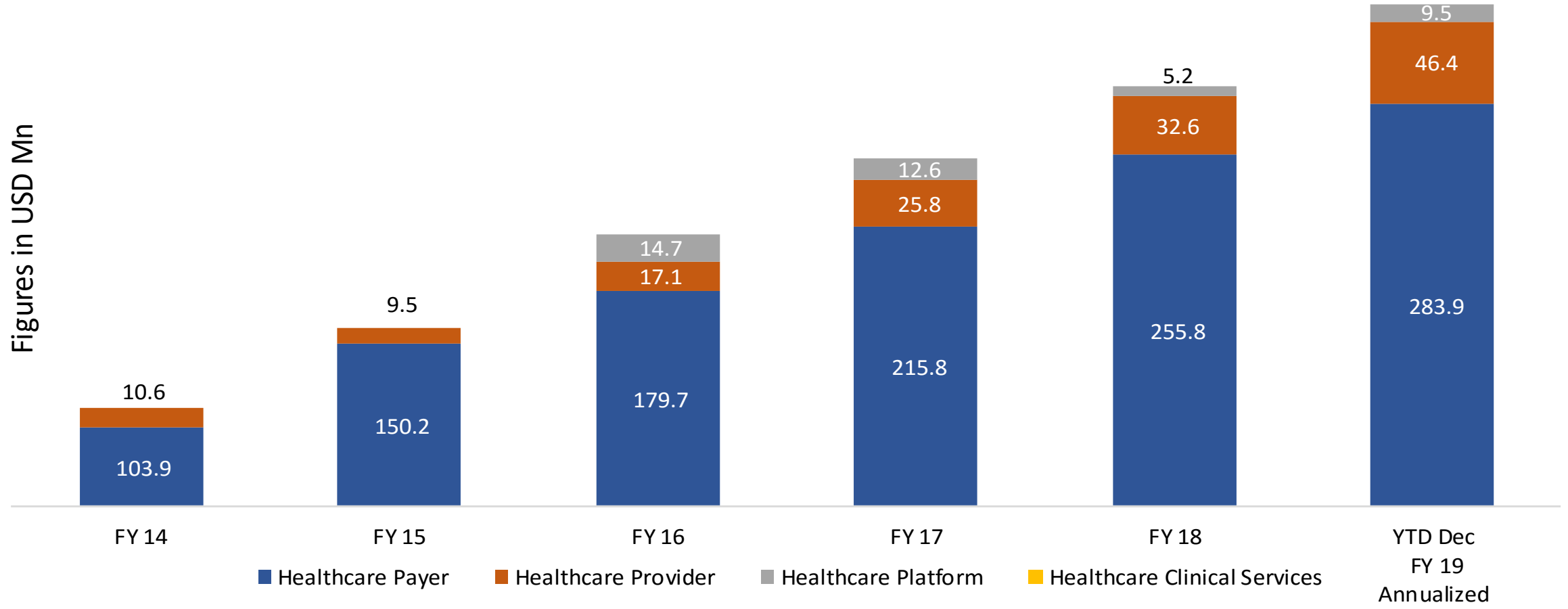
## Healthcare Practice overview

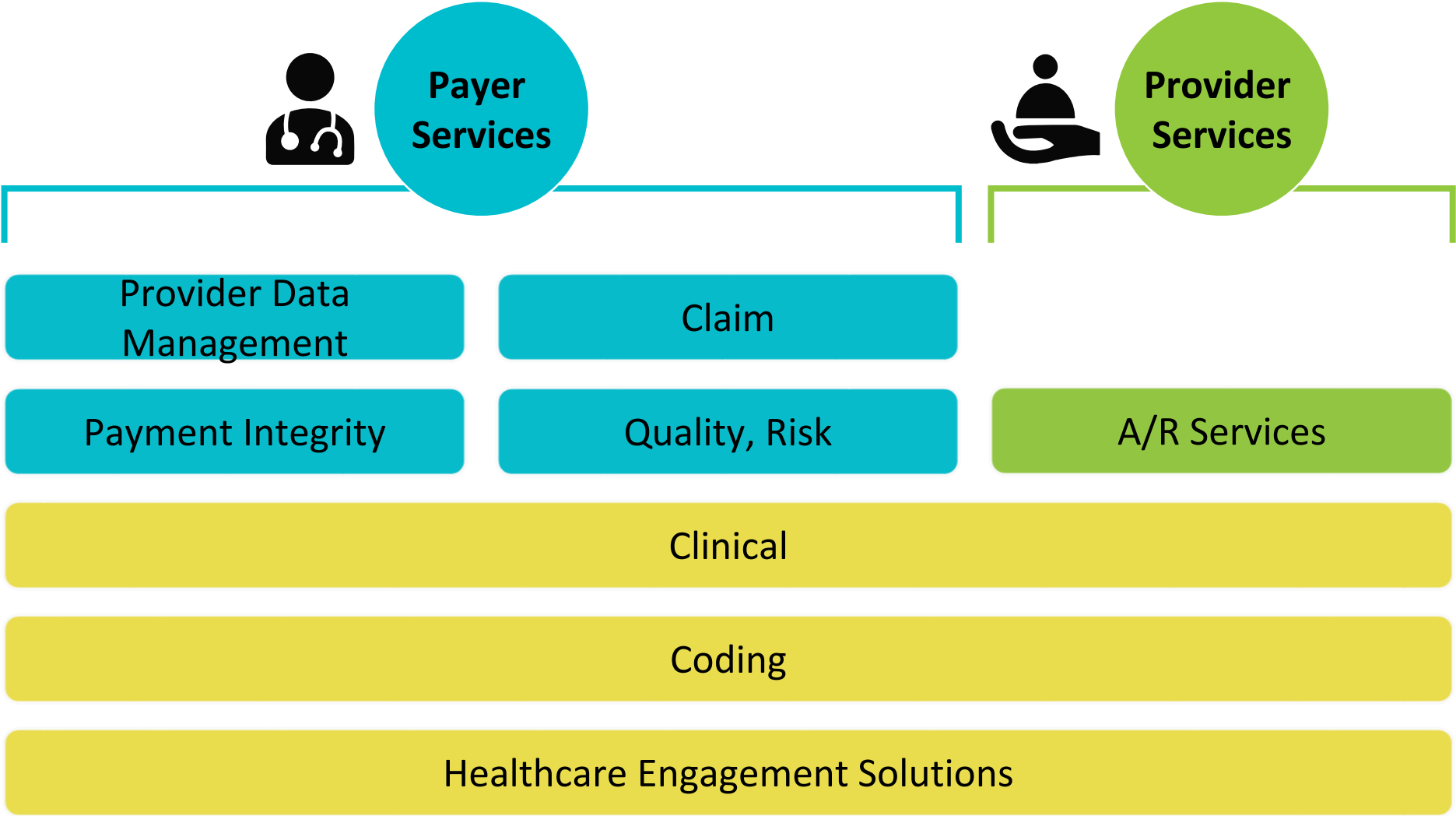
# How HGS Healthcare business has grown

## HGS Healthcare Vertical Trend



## Healthcare Segmentations







## Payer Services

### Claims

- Expertise in both US and international claims handling
- Point solutions for inventory control, quality and rework reduction
- Industry benchmarks established

### Provider Data Management

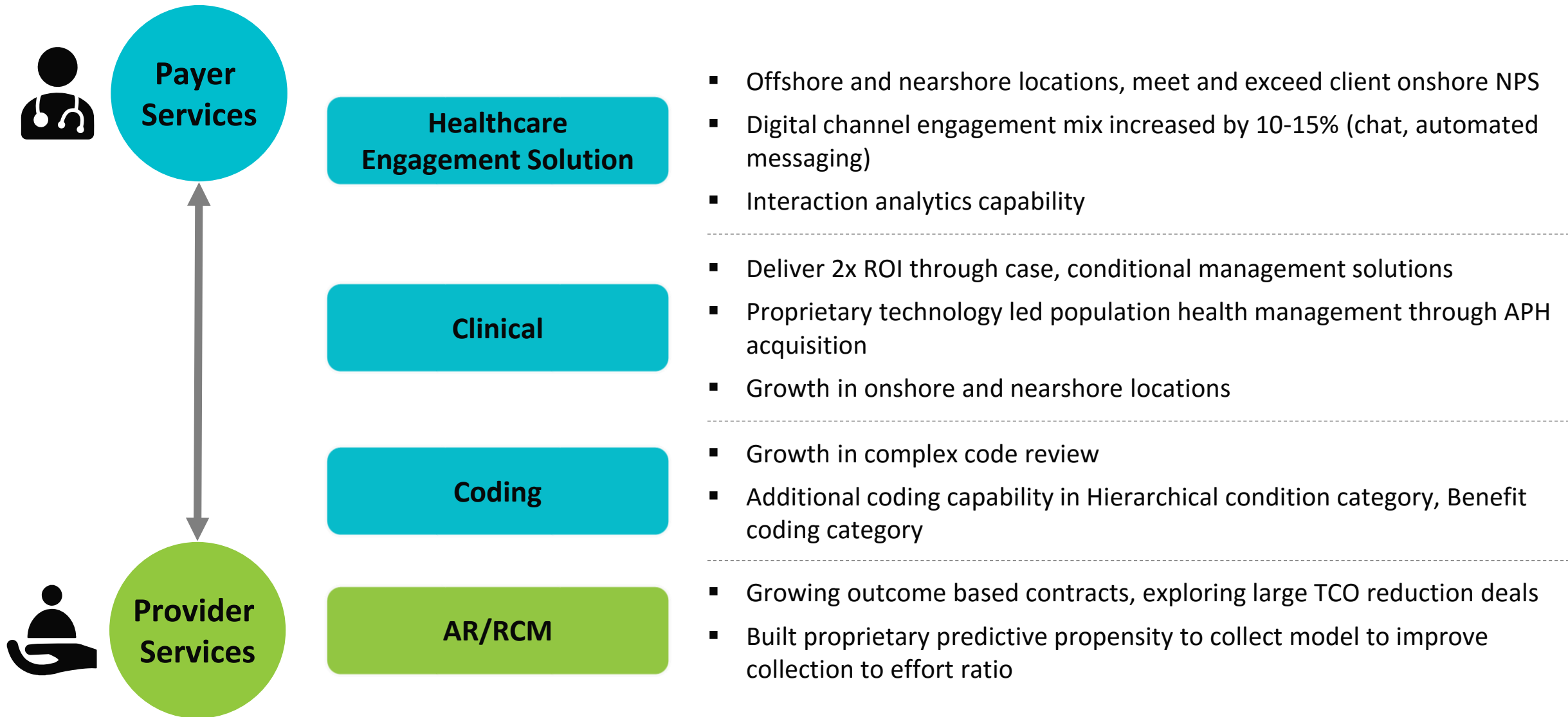
- Proprietary technology led solutions for keeping provider data accurate and current
- Scaled PDM practice across 3 new accounts
- Added Credentialing capability for large national network provider

### Payment Integrity

- Proprietary ROI dashboards across all client's vendors for all PI services
- Proprietary algorithms have enabled >\$100M in savings from upcoding, unbundling and medical appropriateness of services

### Quality, Risk

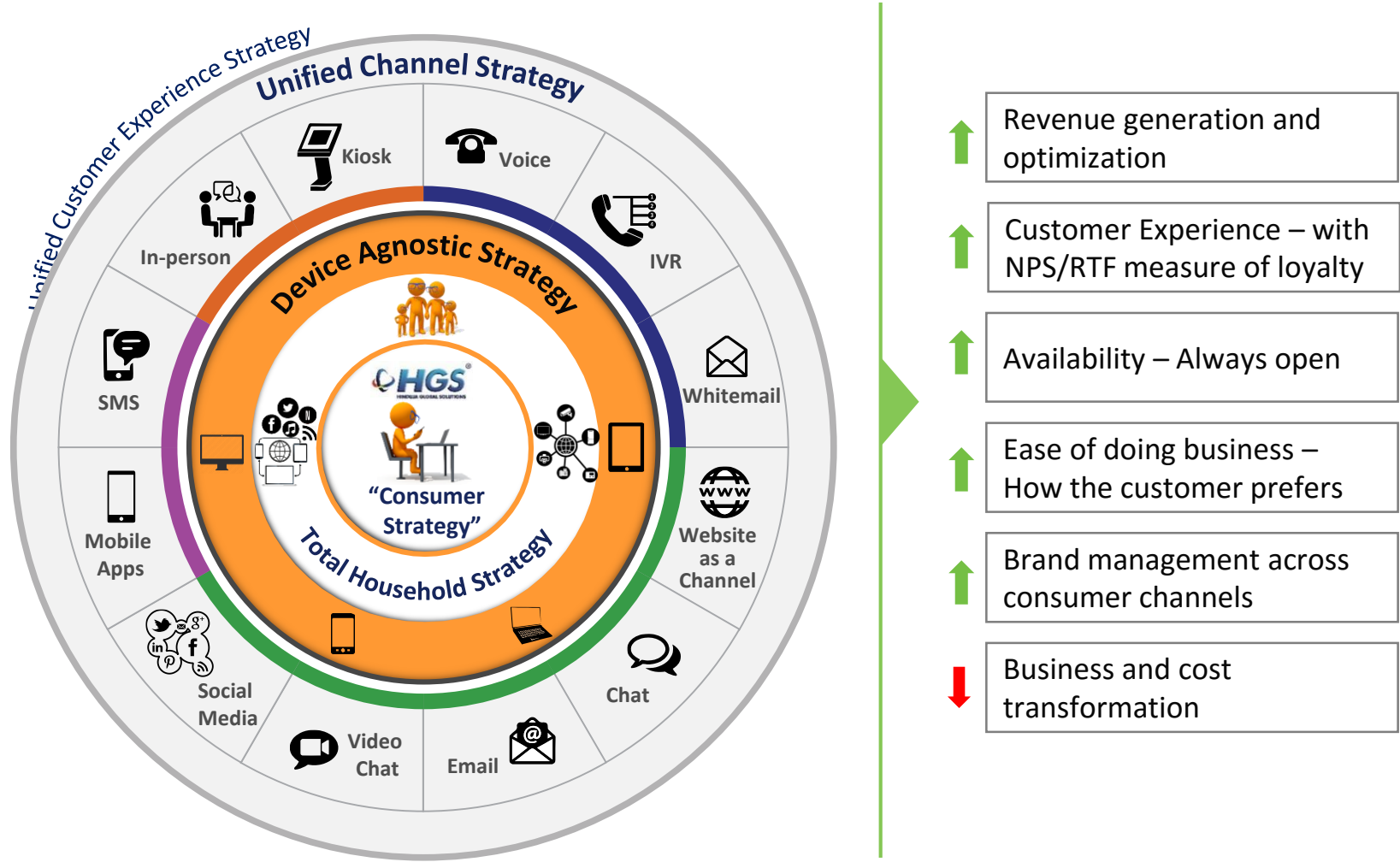
- HCC coding capability along with Risk analytics – proprietary go-to-market solution



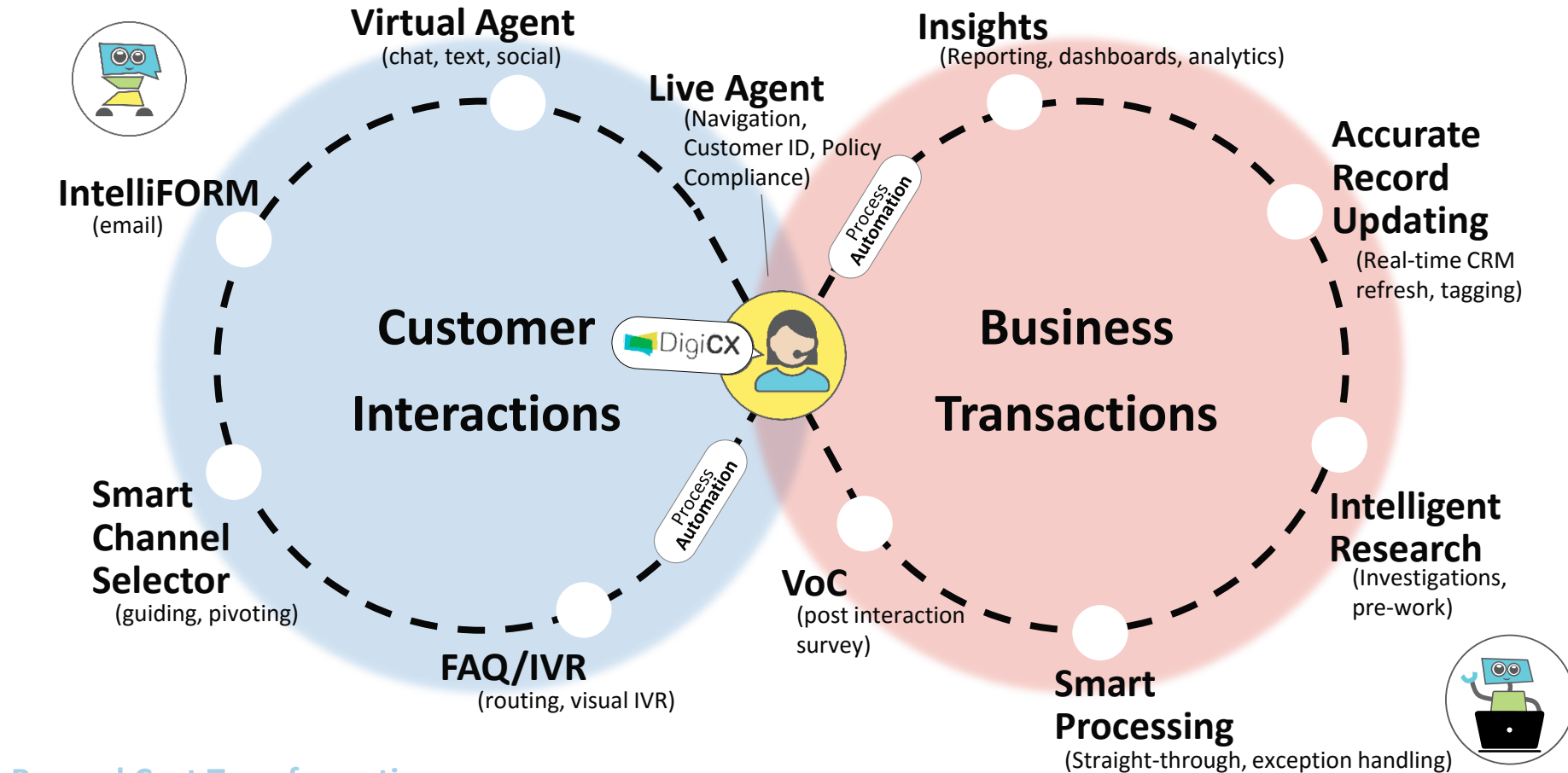


## Digital and Automation/RPA

- Enabling the Optimized Consumer Journey... with clear objectives in mind



- Automation everywhere enables each touchpoint through the digital end-to-end journey



Beyond Cost Transformation...



Always Open

Agile Business

Reduce Errors

Reduce Time

Optimize CX

AI will help BPaaS penetrate into the core, “heart of the business” processes

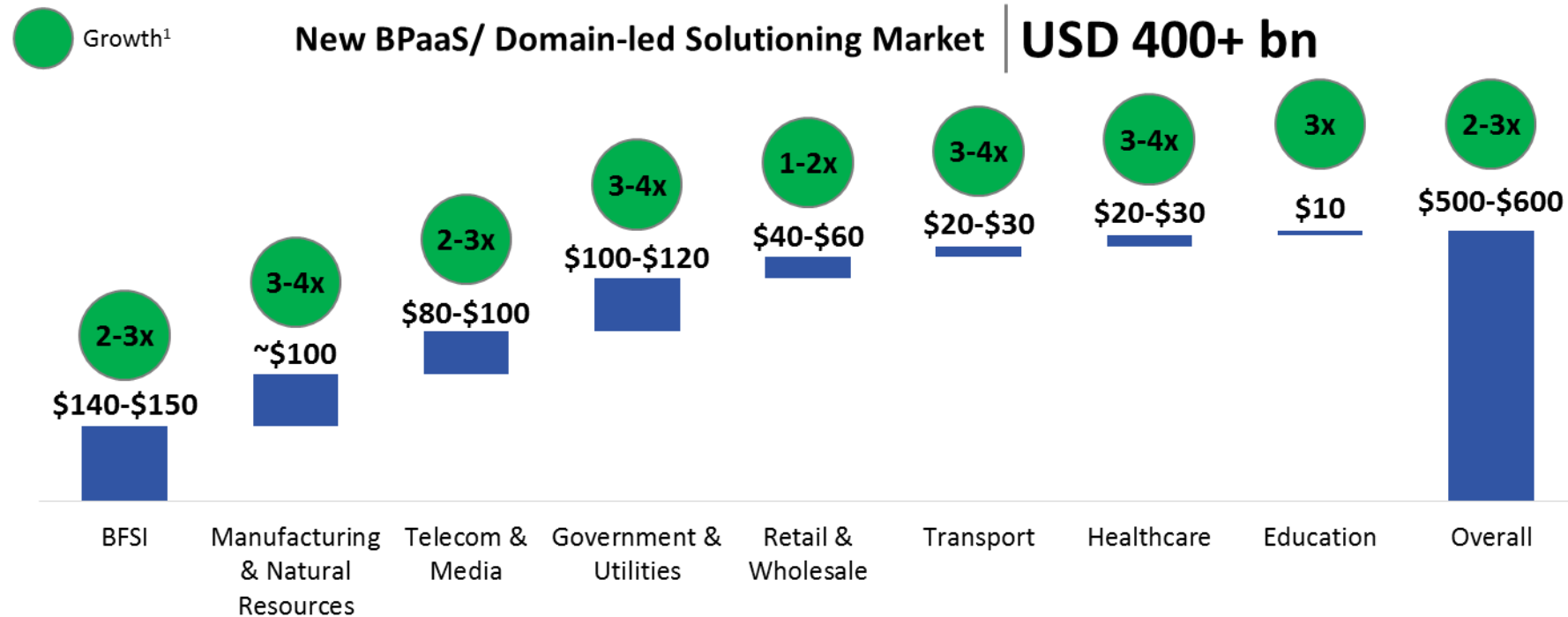
Current scope of BPM/  
BPaaS



AI to expand the scope of  
BPM/ BPaaS 2-3x



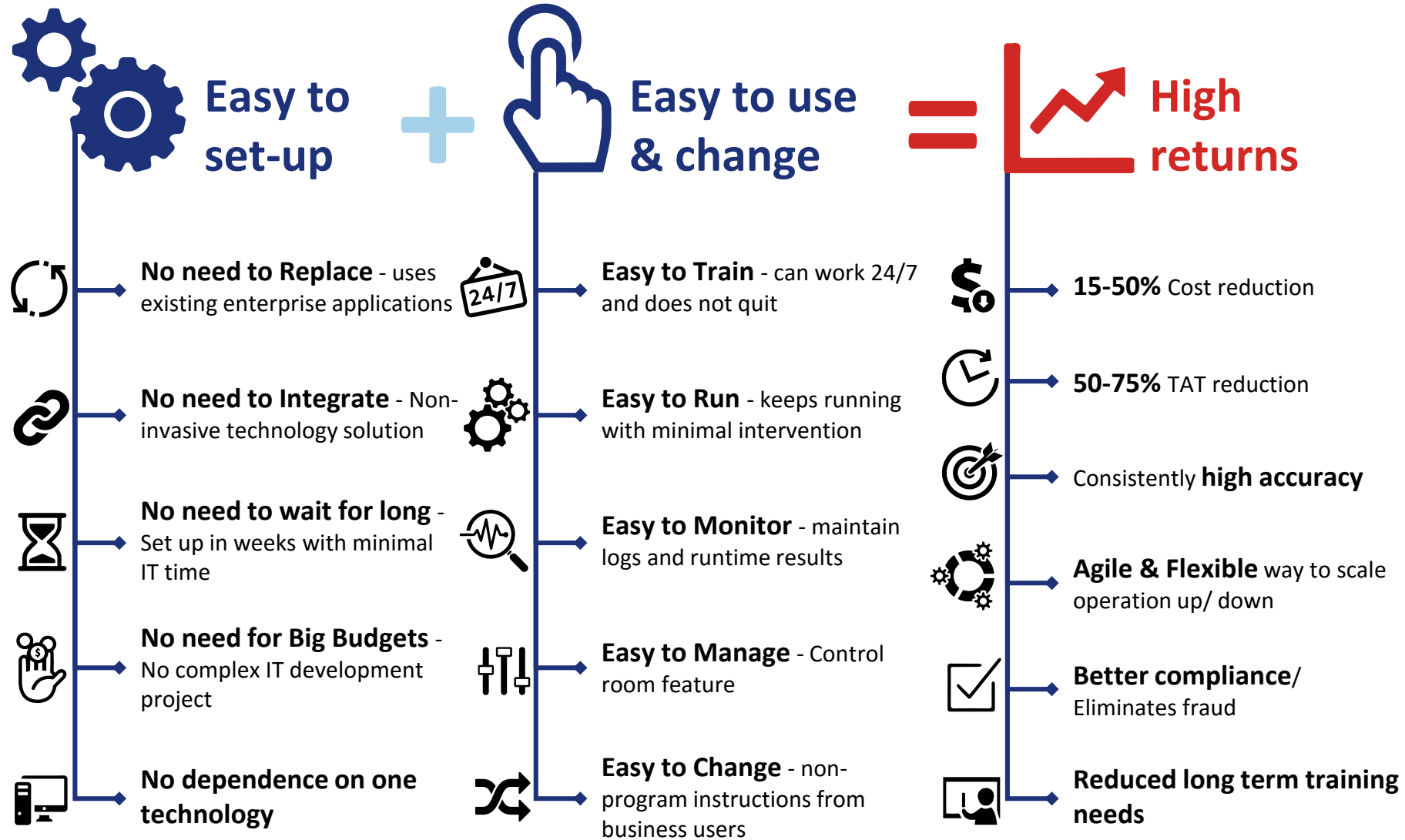
AI-led addressable market – BPaaS/ Domain-led solutioning (USD billion)



1 As a multiple of current market size

Sources: NASSCOM, BCG analysis

# Key Highlights of HGS Process Automation Solution





# Financial Overview

## Quarterly Performance - Consolidated (Without Acquisitions)









Figures in Rs Mn unless otherwise indicated

	Actual QE Dec'18	Actual QE Sept'18	Growth %	Actual QE Dec'17	YoY Growth %
Revenue	11,690	10,874	↑ 8%	9,757	↑ 20%
Operating Costs (excl Dep)	10,278	9,748		8,756	
EBITDA	1,412	1,126	↑ 25%	1,001	↑ 41%
EBITDA %	12.1%	10.4%		10.3%	
Depreciation	423	424		374	
Interest Expense	88	64		80	
Other income	(324)	432		9	
PBT	577	1,070	↓ -46%	556	↑ 4%
PBT %	4.9%	9.8%		5.7%	
Tax	160	281		40	
PAT	417	788	↓ -47%	516	↓ -19%
PAT %	3.6%	7.3%		5.3%	

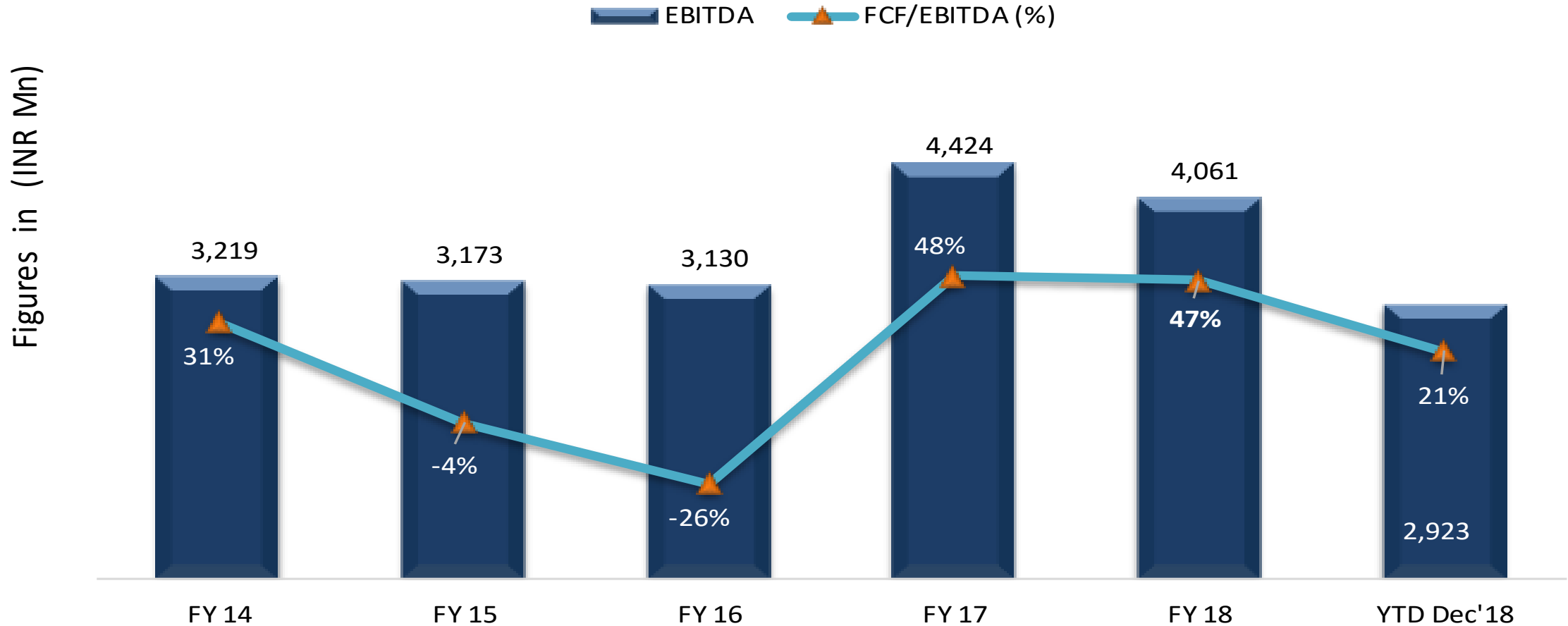
# Q3 FY 19 Actuals vs Q2 FY 19 vs Q3 FY 18 Actuals – With Acquisitions

## Quarterly Performance - Consolidated (With Acquisitions)

Figures in Rs Mn unless otherwise indicated

	Actual QE Dec'18	Actual QE Sept'18	Growth %	Actual QE Dec'17	YoY Growth %
Revenue from operations	12,415	11,586		9,757	
Other Operating Income	311	-		-	
<b>Total Revenue</b>	<b>12,726</b>	<b>11,586</b>	 <b>10%</b>	<b>9,757</b>	 <b>30%</b>
Operating Costs (excl Dep)	11,340	10,794		8,756	
EBITDA	1,386	792	 75%	1,001	 38%
EBITDA %	10.9%	6.8%		10.3%	
Depreciation	461	482		374	
Interest Expense	107	91		80	
Other income	(324)	432		9	
PBT	494	651	 -24%	556	 -11%
PBT %	3.9%	5.6%		5.7%	
Tax	126	203		40	
PAT	368	448	 -18%	516	 -29%
PAT %	2.9%	3.9%		5.3%	

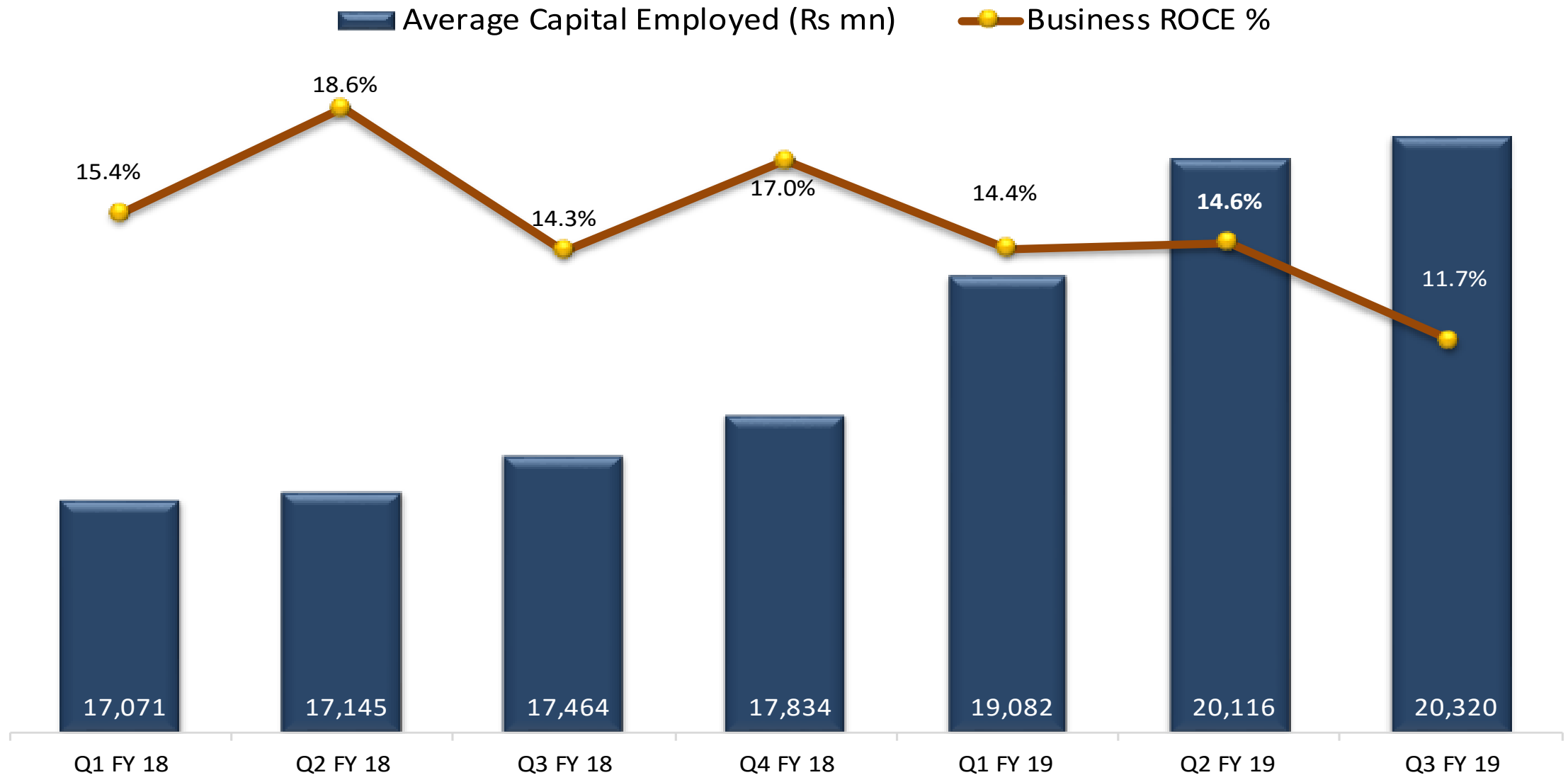
## FREE CASH FLOW to EBITDA Ratio



YTD Dec'18 Free Cash flow excludes the impact of Tax refund of Rs 111 Mn and Purchase of UK property of GBP 310 K

# Summary Cash Flow Statement

(Rs. Million)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	9M FY 19
<b>Cash flow from Operations and after working capital changes</b>	<b>2,352</b>	<b>1,924</b>	<b>1,589</b>	<b>4,031</b>	<b>3,517</b>	<b>1,819</b>
Cash Flow due to Capex (net)	(1,137)	(1,621)	(2,472)	(1,779)	(1,261)	(1,132)
<b>Total Cash Flow from Operations and Regular Capex</b>	<b>1,215</b>	<b>303</b>	<b>(883)</b>	<b>2,252</b>	<b>2,256</b>	<b>687</b>
For Purchase of building	(400)	0	(44)	---	---	18
Cash Flow paid for acquisition of business	0	(890)	(153)	---	---	(1,172)
Cash Flow due other investing activities	192	451	269	138	143	129
<b>Total Cash Flow from Operations and Investing</b>	<b>1,007</b>	<b>(136)</b>	<b>(811)</b>	<b>2,390</b>	<b>2,399</b>	<b>(339)</b>
Proceeds from share allotment under ESOP scheme	9	36	3	---	25	17
Proceeds/(Repayment) from Borrowings	877	112	1,990	(1,823)	(762)	(422)
Capital Lease Taken Pursuant to Acquisition		(49)		---	---	
Cash from Interest payment, Dividend and others	(1022)	(997)	(872)	(636)	(598)	(481)
<b>Total Cash Flow from Financing Activities</b>	<b>(1,36)</b>	<b>(898)</b>	<b>1,121</b>	<b>(2,459)</b>	<b>(1,335)</b>	<b>(887)</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>871</b>	<b>(1,034)</b>	<b>310</b>	<b>(69)</b>	<b>1,111</b>	<b>(1,225)</b>



# Summary Financial Profile – As at 31<sup>st</sup> December 2018

Particulars	HGSL	
	Rs.	USD
<b>Net Worth <i>(in millions)</i></b>	<b>15,965</b>	<b>229.4</b>
<b>Book value per share</b>	<b>766</b>	<b>11.0</b>
<b>Price per share</b>	<b>603.0</b>	<b>8.5</b>
<b>Dividend per share (FY 18)</b>	<b>2.5</b>	<b>0.04</b>
<b>EPS (TTM)</b>	<b>83.1</b>	<b>1.2</b>
<b>P/E Ratio (TTM)</b>	<b>7.3</b>	<b>7.1</b>
<b>Gross Debt <i>(in millions)</i></b>	<b>5,526</b>	<b>79.4</b>
<b>Total Cash <i>(in millions)</i></b>	<b>4,462</b>	<b>64.1</b>
<b>Net Debt (Net Cash) <i>(in millions)</i></b>	<b>1,064</b>	<b>15.3</b>
<b>Net Debt/ TTM EBITDA</b>	<b>0.27x</b>	<b>0.27x</b>
<b>Total Debt/Equity</b>	<b>0.35x</b>	<b>0.35x</b>

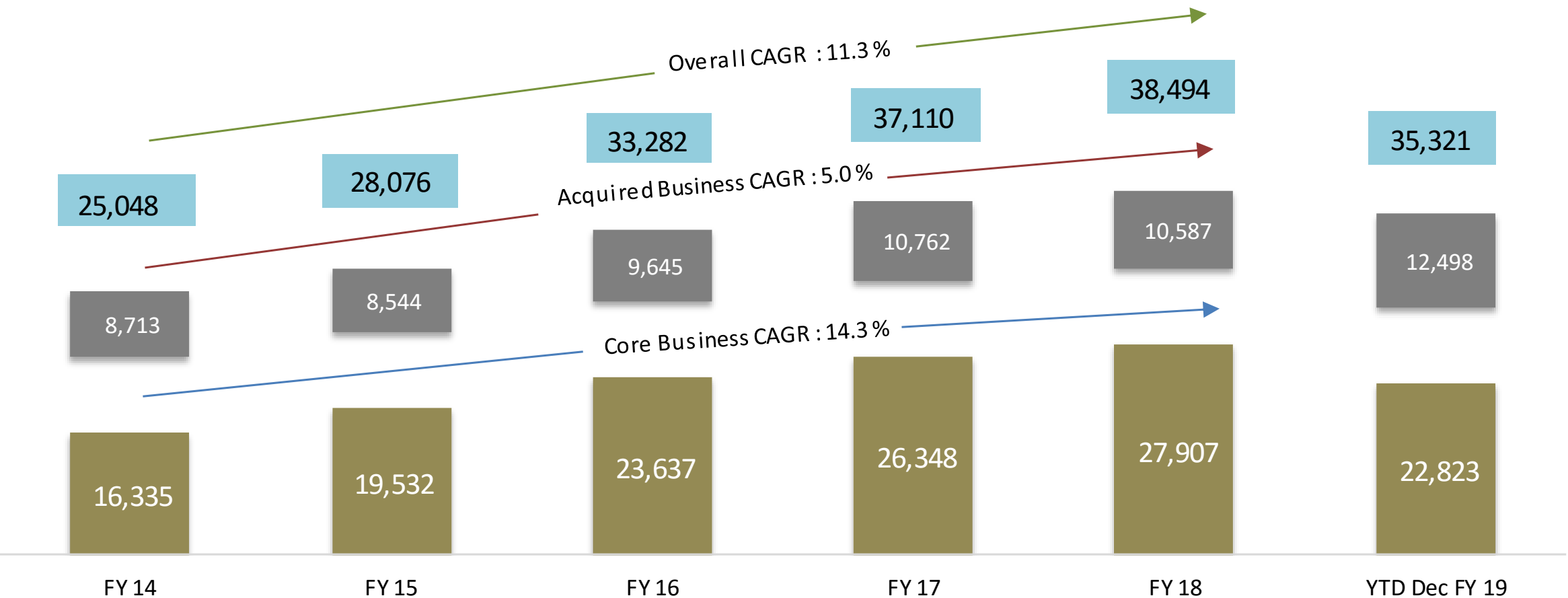
- Book Value taken is as reported on QE December 2018
- Stock prices and USD/INR exchange rate latest available prices
- Total Debt includes foreign currency debt taken at applicable exchange rates



## HGS Revenue Profile: FY 14 to YTD Dec 18

## Revenue Trend (In INR Mn.)

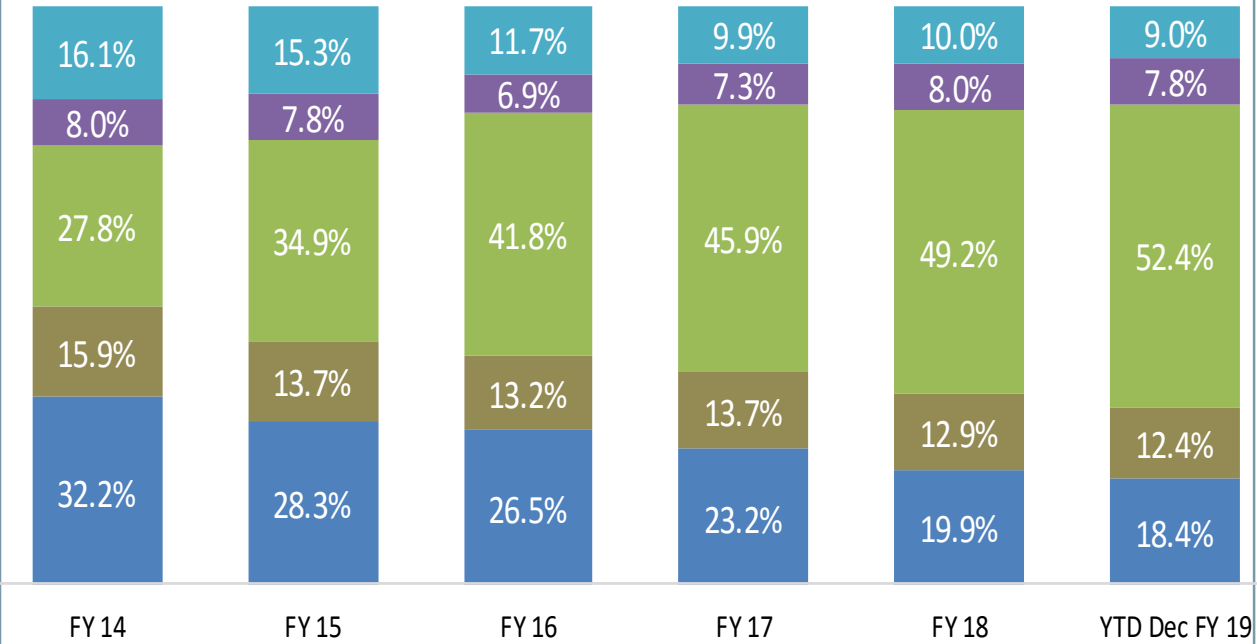
- Acquired Business Revenue
- Core Business Revenue



# Revenue Composition

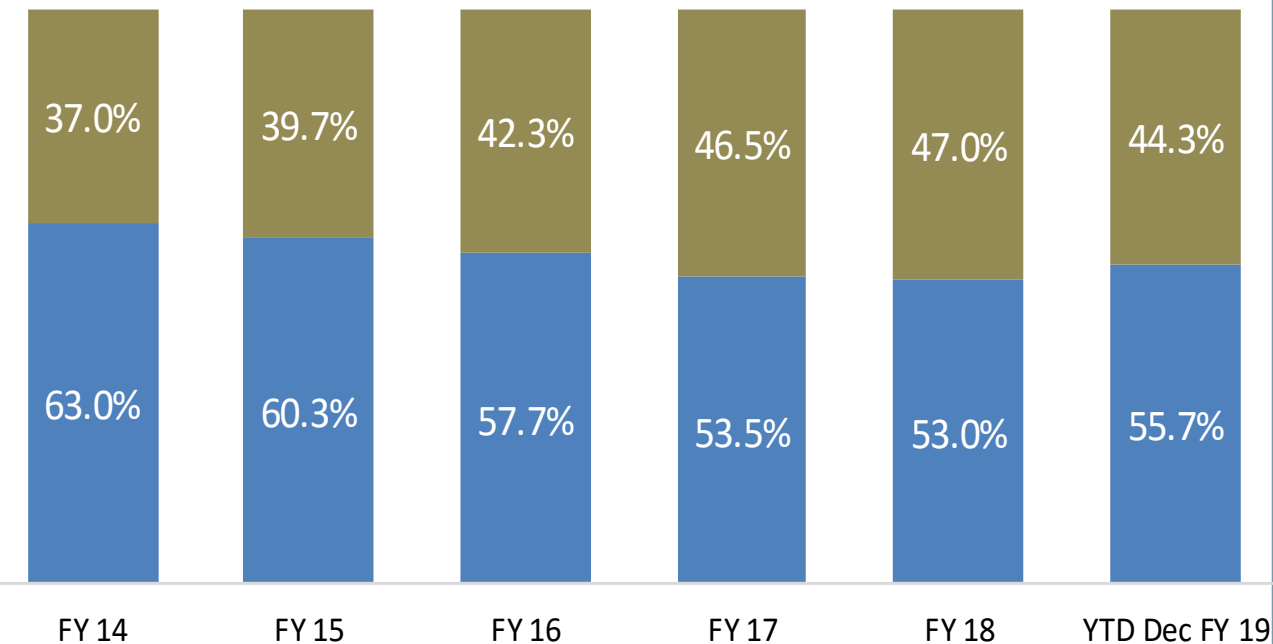
## Revenue by Verticals

■ Telecom & Technology ■ Consumer Products ■ Healthcare ■ BFS ■ Others



## Offshore/Near-shore to Onshore

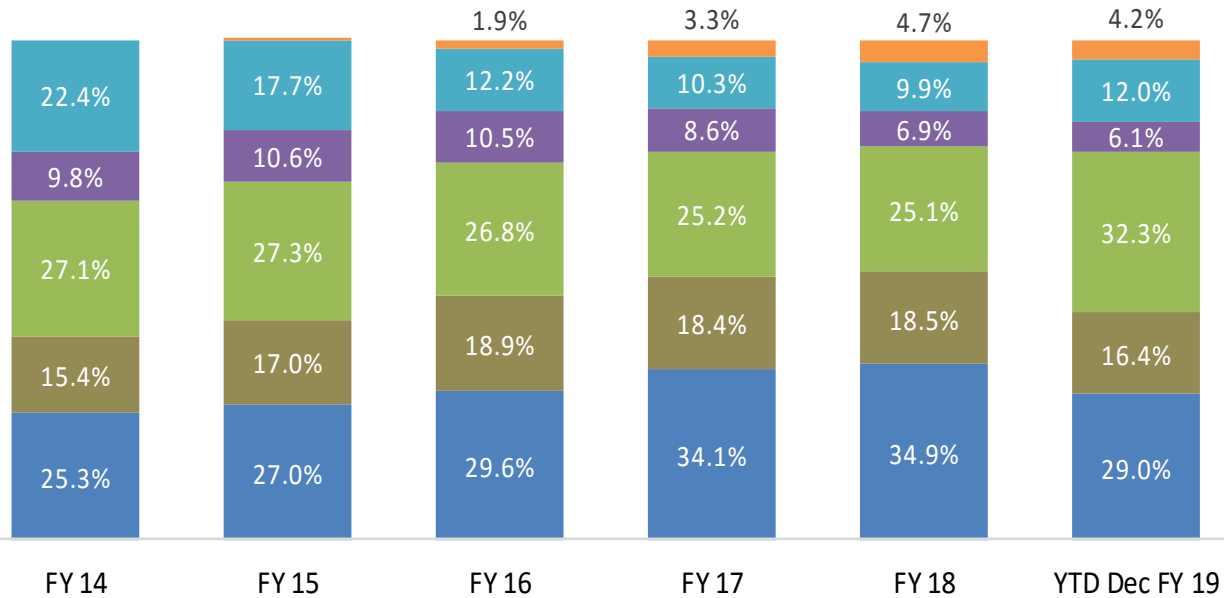
■ Onshore ■ Offshore/Nearshore



# Revenue Composition

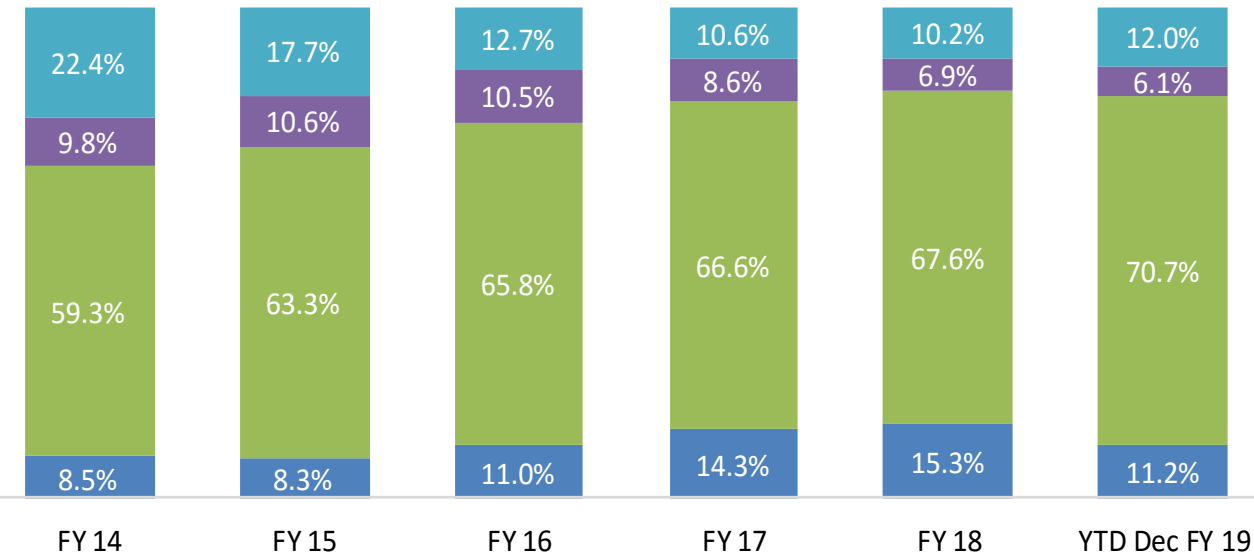
## Revenue by Delivery

India Philippines USA UK Canada Jamaica



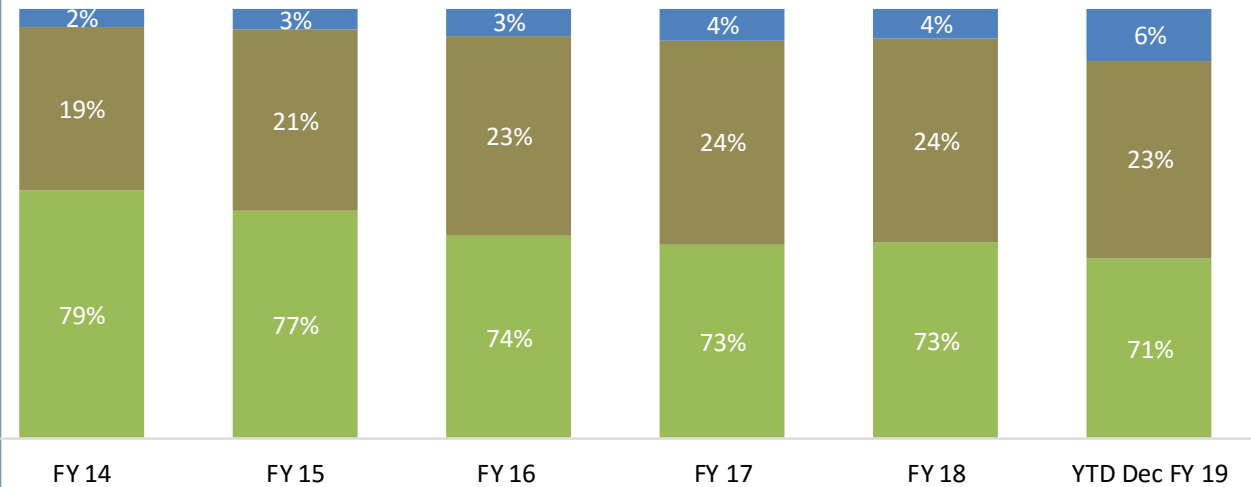
## Revenue by Originations

INR USD GBP CAD



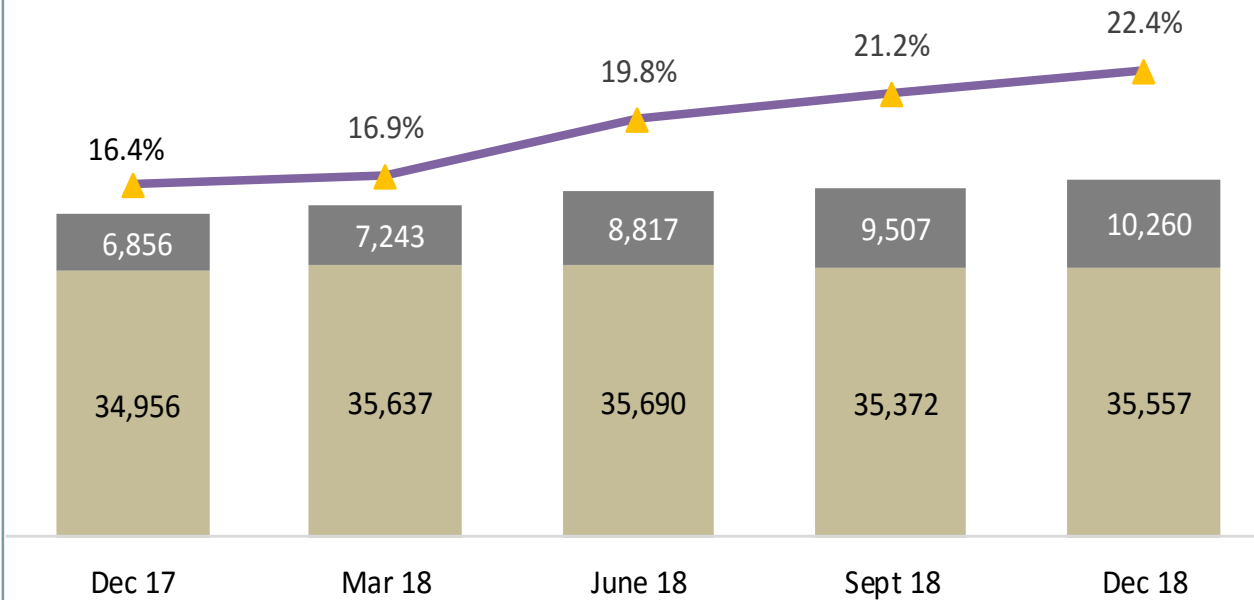
## Voice to Non-Voice Mix

Voice CRM   Transaction processing   Digital CRM

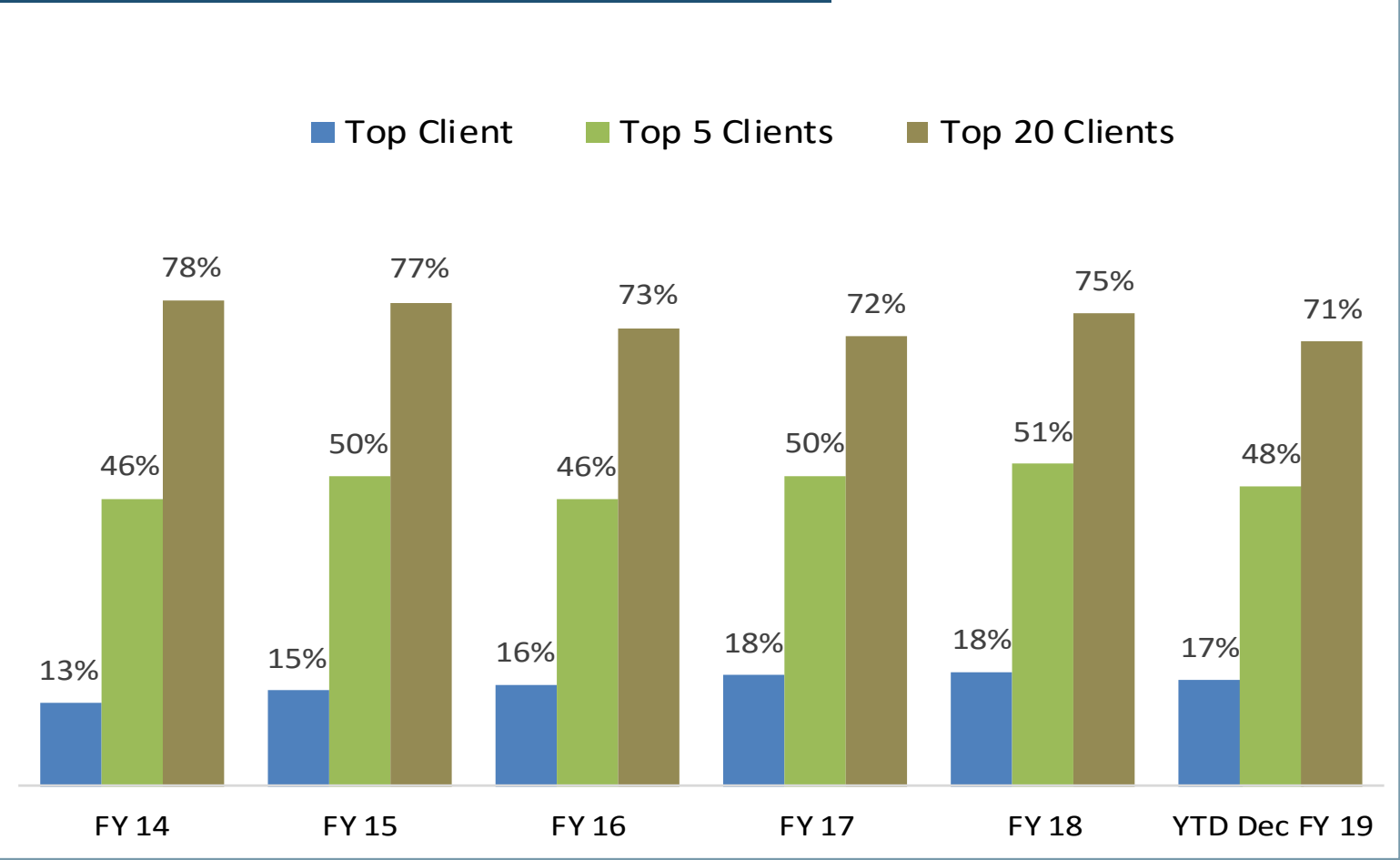


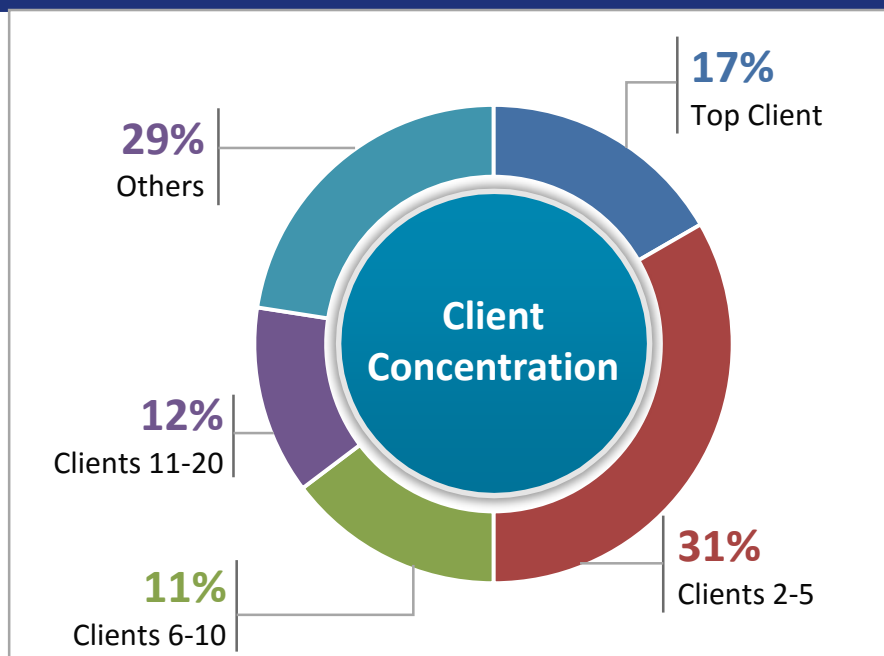
## OPEX seats & Owned Seats

Owned Seats   Seat for Opex



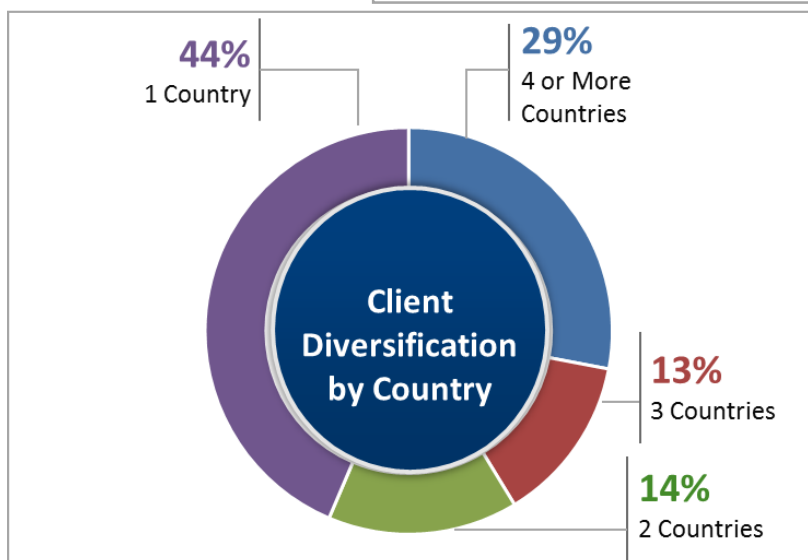
## Client Concentration



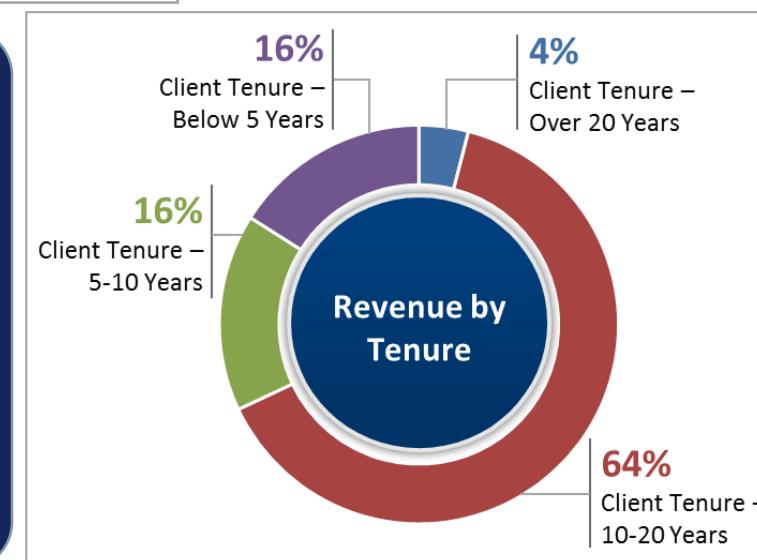


Top 20 clients contribute **71%** of the Total Revenue

*\* Based on YTD Dec FY'19 Financials*



Strong Client relationships demonstrated by tenured and multi-geography engagements





**Thank You**