



HGS Earnings Call Presentation

Q3 and 9M FY2022

February 14, 2022

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.

A new brand identity and logo for HGS



The new brand identity represents HGS' focus on continually creating more satisfying customer experiences, stronger employee engagement, and more rewarding investor outcomes.

VISION

To be the world's leading expert in transforming customer experiences for the most admired brands

MISSION

Innovate, optimize, and grow our clients' businesses with the perfect balance of technology and people

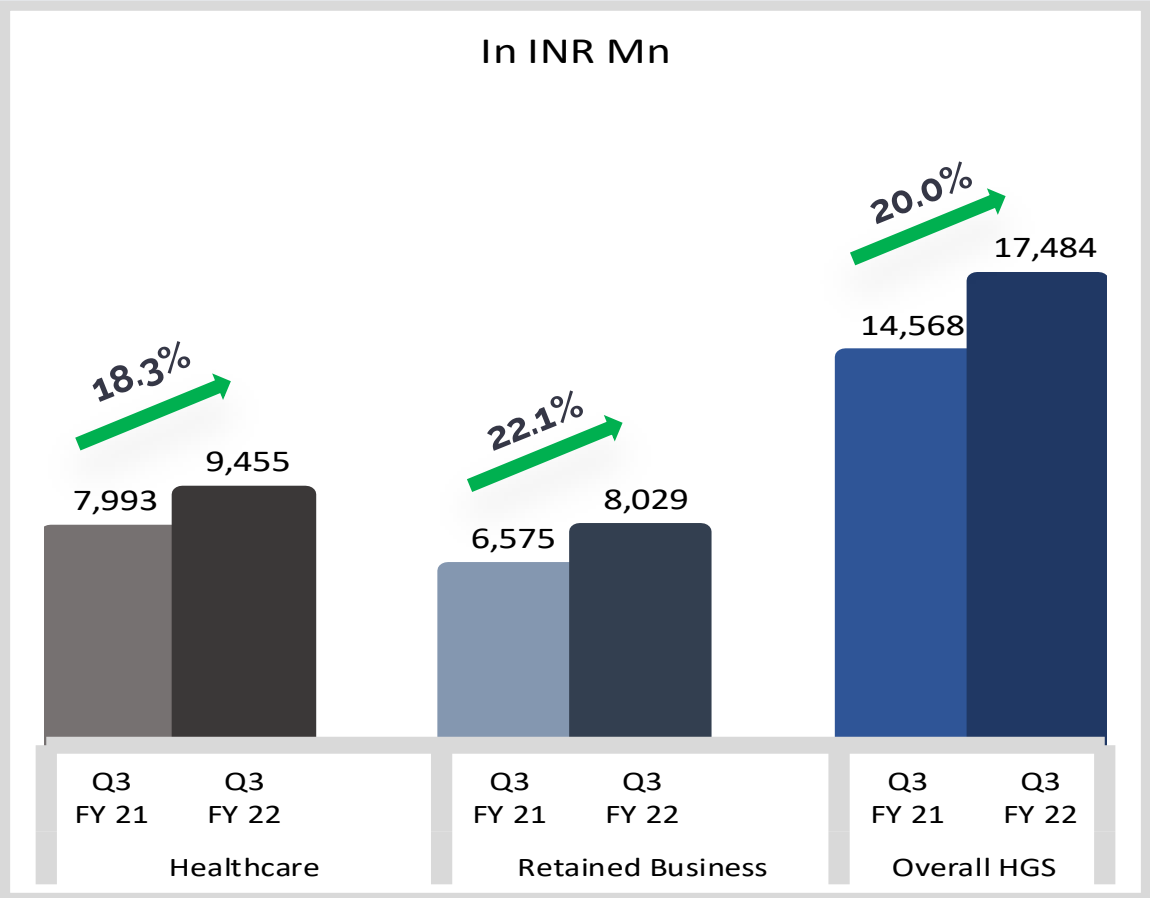


Business Performance Update for Q3 and 9M FY2022

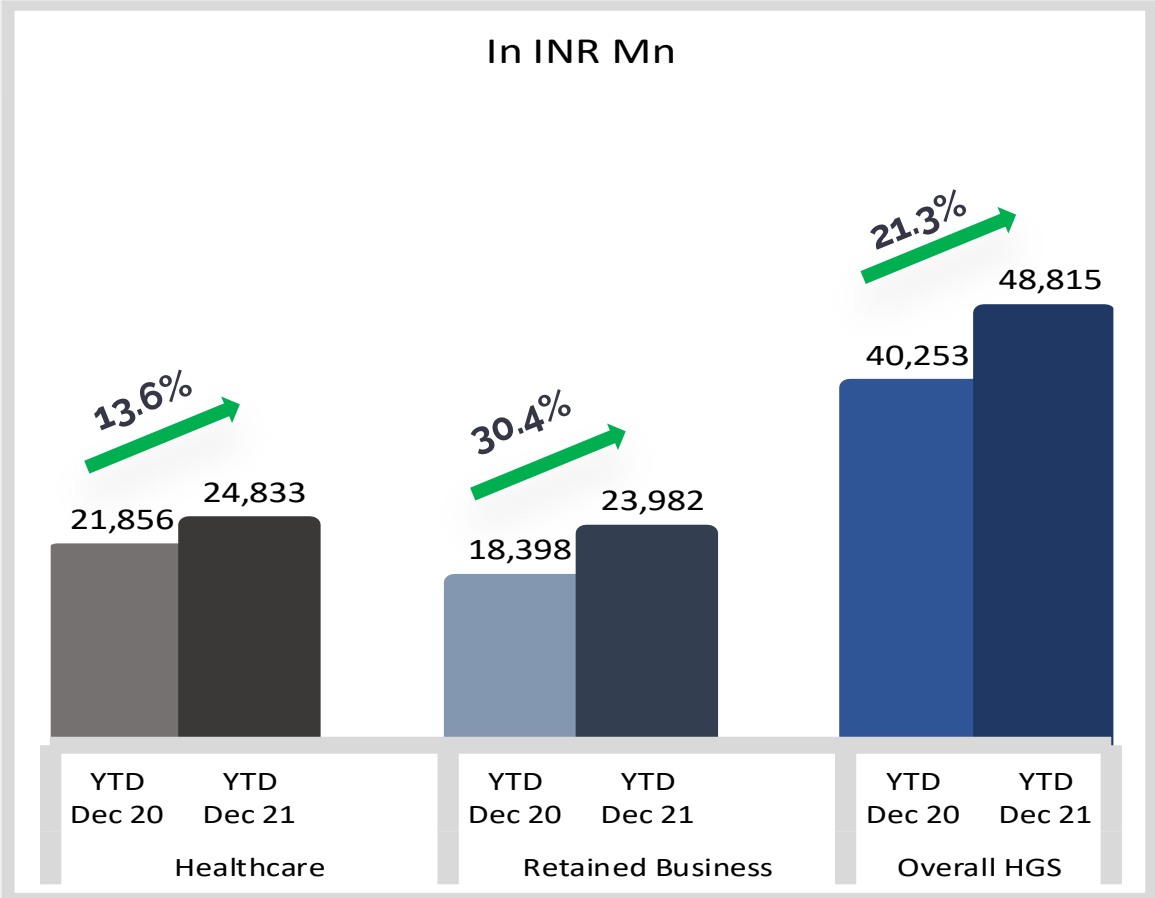
Revenue Growth: Retained Business has grown faster than Healthcare



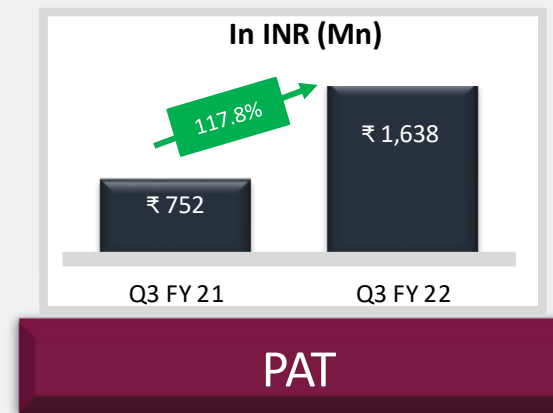
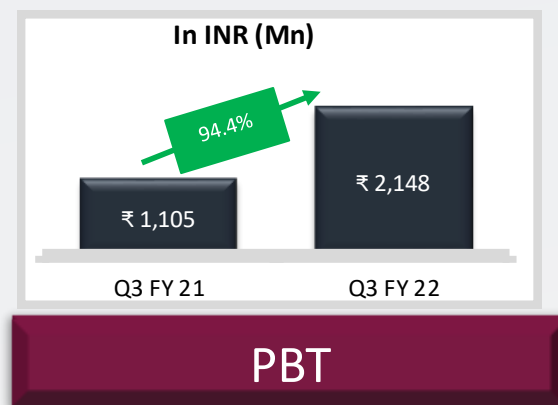
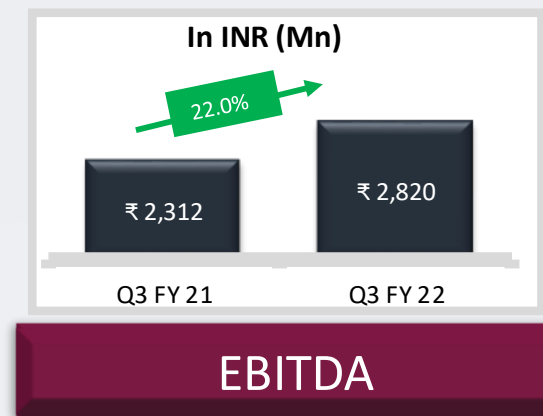
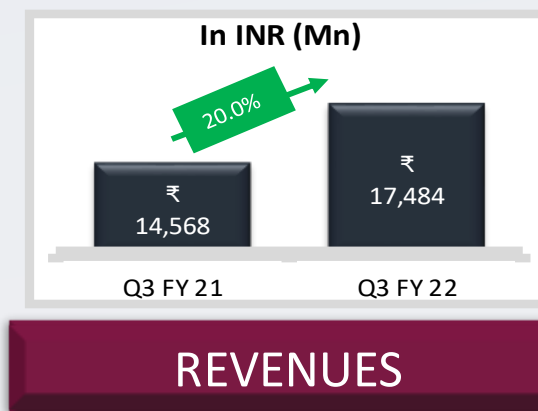
Y-o-Y Quarterly Revenue Performance



Y-o-Y YTD Dec Revenue Performance



Strong growth for HGS Cons.: Q3 FY2022 vs Q3 FY2021

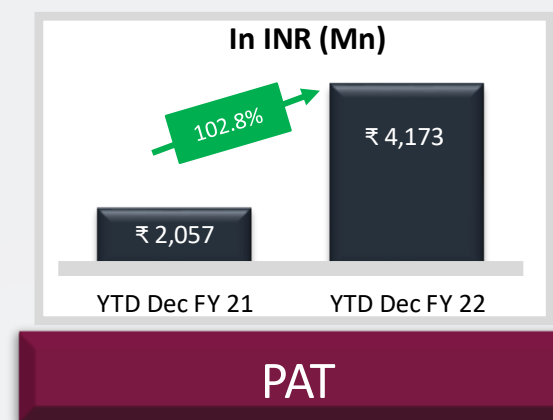
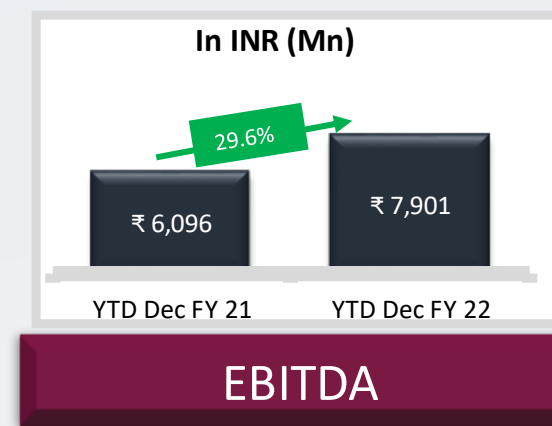
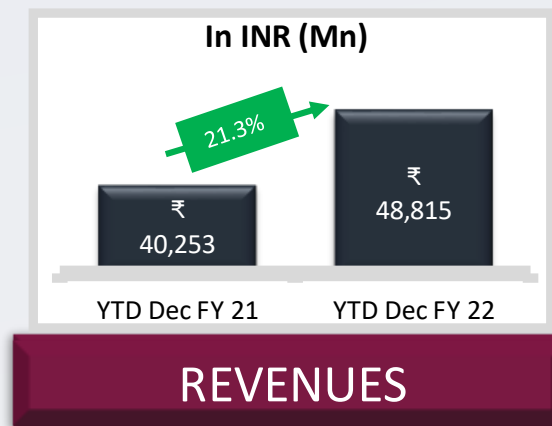


Q3 FY2022: Drivers of Growth



- Robust volumes for Open Enrolment and holiday season demand – leading to significant growth and ramp ups
- UK – continues its spectacular performance, Q3 revenue growth of 61% YoY
- Strong traction in Digital business
 - Signed 16 engagements with new and existing clients for digital services
 - Signed a multi-million dollar deal to provide consulting & managed services for a global tech company
- Added 3 new logos across verticals for core BPM services and 5 for HRO/ Payroll Processing in Q3
- Headcount - 48,753 as of December 31, 2021.
- Post Healthcare divestment (January 6, 2022), headcount is over 19,100 across 34 delivery centers.

HGS Cons. Performance Summary: 9M FY2022 vs 9M FY2021



Looking ahead – Q4 FY2022

- Growing BPM demand market
- Aggressive client activity in digital-led segments
- HGS has a healthy sales pipeline, especially in digital and Public Sector
- Expect significant ramp ups in Q4
- Focus on sustained growth in CES and Digital businesses – revenue, profitability, margins
- Continue to reduce debt. As of now, we have approximately \$16 mn of debt outstanding; we are currently negotiating paying back this debt with the bank with minimal penalties. Hopefully, we will become a debt-free company soon.

M&A - Healthcare Divestment Closure

- Completed the sale of healthcare services business to wholly-owned subsidiaries of Betaine BV ('Buyer'), funds affiliated with Baring Private Equity Asia (BPEA) on January 6, 2022
- Transaction based on enterprise value of US\$ 1,200 million, subject to closing adjustments
- Resulted in inflows of US\$ 1,088 million, of which around 40% was received in India, balance overseas
- Provisions for tax, investment banking fees, lawyer fees, accounting firm fees and buy back is approx. US\$ 300 mn,
- Transferred all client contracts and assets, including infrastructure related to the healthcare services business, to the Buyer
- Over 29,000 employees from HGS across the US, India, Jamaica, and the Philippines joined the new organization, effective January 6, 2022

HGS continues to evaluate options to reward the shareholder community, who have been long-time investors with us, in a tax-efficient way.

Since January, 2022, HGS has made the following announcements –

- **January 6 , 2022:** Announced 3rd Interim Dividend of Rs. 150/share; paid out in January 2022
- **January 14, 2022:** Announced Buy-back of Equity Shares plan*
- **February 12, 2022:** Announced Fourth Interim Dividend of Rs 28/Share
- **Total dividends till date in FY2022 : Rs 195/share i.e., Pay out of approx. Rs 407 Crores**

**including profits from the recent Healthcare divestment, the allowable limits of 25% of paid-up capital and free reserves of the Company for the purpose of buy-back are likely to be about Rs. 1,000 Crores, subject to Audited Financial Statement of the Company for the year ended March 31, 2022.*

M&A : Acquisition of Diversify Offshore, Australia



- January 29, 2022: HGS' subsidiary, HGS International Mauritius, entered into a definitive agreement to acquire 100% equity stake in Diversify Offshore Staffing Solutions Pty Ltd., Australia.
- Transaction to be completed by first week of March, 2022; EPS accretion of Rs 2-3 per share from FY2023 expected
- Diversify is an Australian enterprise, providing value-added BPM services, with delivery operations in Philippines.
- Benefits:
 - Will open up ANZ as new client market
 - Supplement US portfolio
 - Strengthen and expand APAC presence – addition of 4 delivery centers and 1,100+ seasoned professionals in Philippines
 - Explore India offshore and ANZ onshore opportunity
 - Bolsters HGS' portfolio of back-office and non-voice business in domains like Digital Marketing, F&A, IT services, etc.
 - Big opportunity to cross-sell our digital solutions in a new region
 - Strong cost synergies to reduce overhead costs and real estate costs by combining the two operations together

M&A : In-principle approval for acquisition of NXTDIGITAL's digital biz



- January 14, 2022: HGS' Board agreed in-principle to acquire the digital biz of NXTDIGITAL Limited ('NDL'), a related party
- Appointed independent valuers to arrive at share exchange (swap) ratio
- Acquisition of NDL's digital biz will not entail cash outflow from HGS, to be earnings accretive
- NXTDIGITAL Shareholders to receive shares of HGS as per swap valuation
- The acquired digital business will be a division of HGSL
- Complementary synergies:
 - HGS' strategy is to deliver value through deep B2B and B2C domain expertise in specific industry verticals
 - TMT segment: Both companies focus on digitally transforming customer experience (CX) for consumers. Telecom & Media accounted for approx. 27% of revenues of HGS' Retained Business
 - Two entities can leverage each other's experience, talent, expertise and credentials to grow faster and expand further . Opportunities for cost synergies
 - Establish a dominant position in the Media and overall TMT space – support global leaders and participate in Asia
 - Significant cost synergies are expected from this transaction



Driving our new journey as HGS 2.0

Future vision: What do we want to be by 2025

- A Technology-led Customer Experience Transformation Company
- Operating at the confluence of Marketing, Commerce, Technology, Data and Process Management to deliver Frictionless Customer Journeys

How do we get there?

- Focus on specific industry verticals – Public Sector, Telecom, Media & Technology (TMT), etc., to replicate the healthcare success
- Sustaining growth momentum in UK - build on our success in the public sector space
- Develop AI-based Digital CX solutions that give us a competitive advantage in the market (HGS Pulse, HGS Agent X, etc.)
- Acquisition strategy to fill up capability gaps in our digital business and help geographic expansion



HGS delivers frictionless experiences at scale



A distinctive set of end-to-end services are needed under each area to deliver modern digital experiences





Financial Update

Q3 FY2022 Vs. Q3 FY2021

Quarter Performance - Consolidated					
Figures in Mn unless otherwise indicated					
	Actual QE Dec 21		Actual QE Dec 20		YoY Growth %
Total Revenue (In \$ Mn)	\$	233.6	\$	197.2	↑ 18.4%
Revenue from Operations	₹	17,484	₹	14,568	↑ 20.0%
Total Revenue	₹	17,484	₹	14,568	↑ 20.0%
EBITDA	₹	2,820	₹	2,312	↑ 22.0%
EBITDA %		16.1%		15.9%	
Depreciation	₹	790	₹	822	
Interest Expense	₹	181	₹	217	
Other income	₹	564	₹	82	
Exceptional Items	₹	265	₹	250	
PBT	₹	2,148	₹	1,105	↑ 94.4%
PBT %		12.3%		7.6%	
Tax	₹	511	₹	353	
PAT	₹	1,638	₹	752	↑ 117.8%
PAT %		9.4%		5.2%	
Exchange Rate		74.84	73.86		

Revenue Growth of 20.0%

- Forex Impact 2.2%
- Organic Growth 17.8%

YTD FY2022 vs. YTD FY2021

YTD Performance - Consolidated

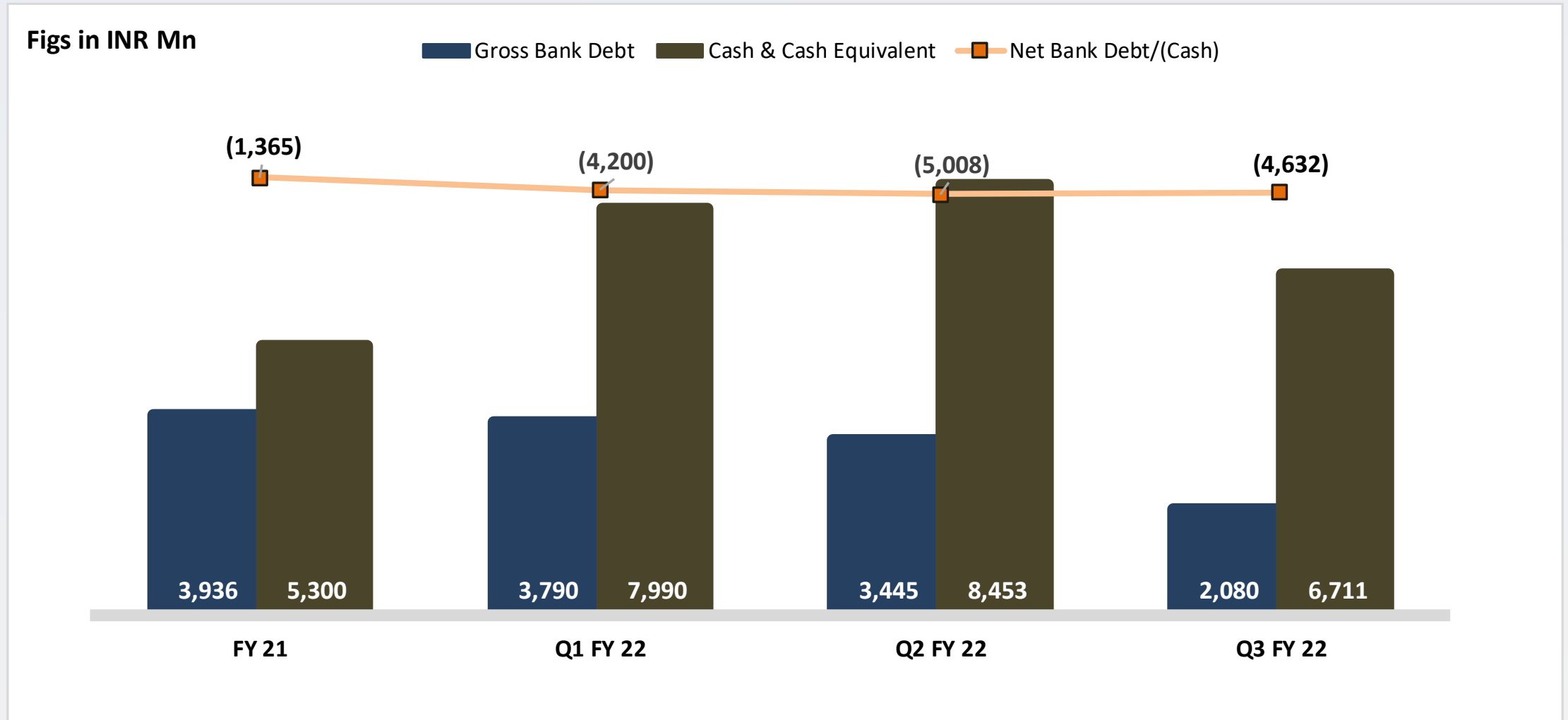
Figures in Mn unless otherwise indicated

	Actual YTD Dec FY 22		Actual YTD Dec FY 21		Variance %
Total Revenue (In \$ Mn)	\$	658.7	\$	540.8	↑ 21.8%
Revenue from Operations	₹	48,815	₹	40,253	↑ 21.3%
Total Revenue	₹	48,815	₹	40,253	↑ 21.3%
EBITDA	₹	7,901	₹	6,096	↑ 29.6%
EBITDA %		16.2%		15.1%	
Depreciation	₹	2,307	₹	2,341	
Interest Expense	₹	571	₹	679	
Other income	₹	1,228	₹	539	
Exceptional Items	₹	756	₹	852	
PBT	₹	5,495	₹	2,764	↑ 98.8%
PBT %		11.3%		6.9%	
Tax	₹	1,323	₹	707	
PAT	₹	4,173	₹	2,057	↑ 102.8%
PAT %		8.5%		5.1%	
Exchange Rate		74.10	74.43		

Revenue Growth of 21.3%

- Forex Impact 1.5%
- Organic Growth 19.8%

Debt reduction of Rs 1,365 mn in Q3 FY21 and Rs 1,856 mn till Q3 FY22

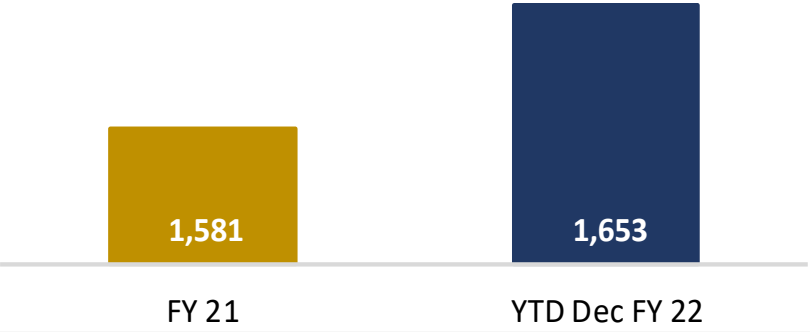


	As on 31 st December 2021 (In INR Mn)	As on 14 th February 2022 (In INR Mn)
Debt	2,080	1,220
ICD's to Related Parties	3,893	4,995

Discussions in progress to repay the balance debt with minimal penalties by March 2022.
Hopefully, we will become a debt-free company soon.

Other Key Parameters

CAPEX (in INR Mn)



DSO (In Days)

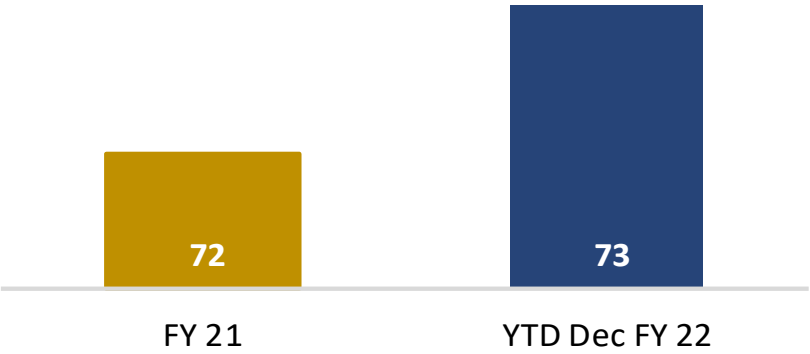
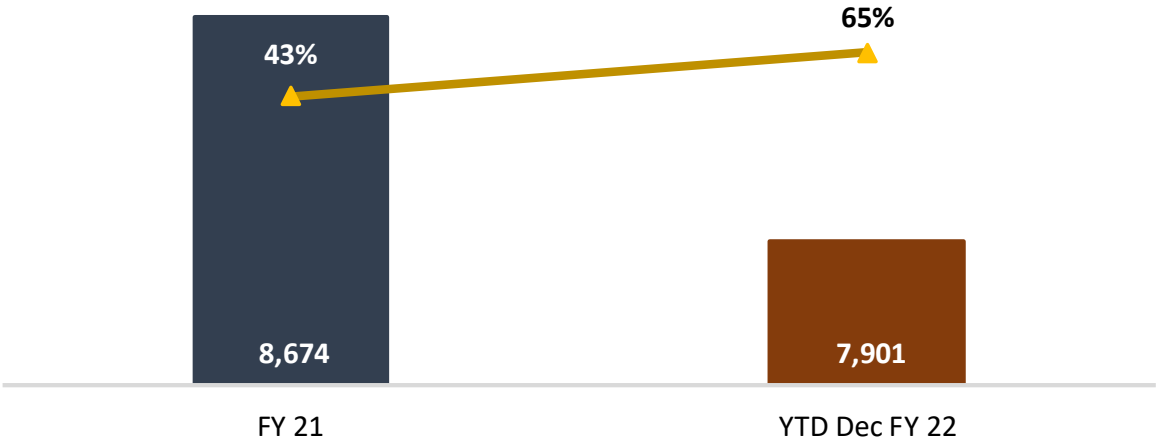


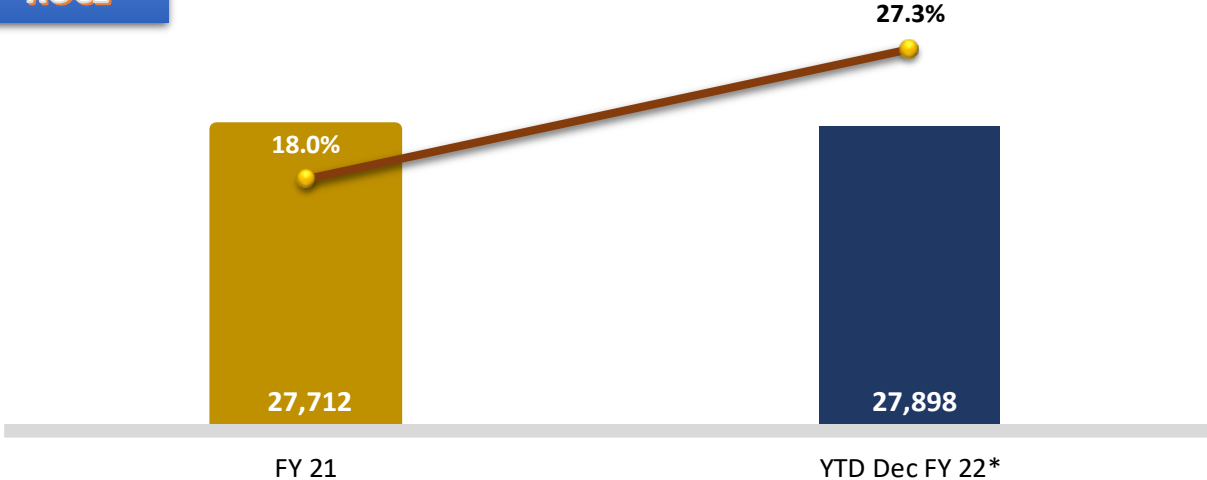
Fig. in INR Mn

Free Cash Flow to EBITDA



ROCE

Average Capital Employed (INR Mn) Business ROCE %



Summary Financial Profile

Particulars	HGSL	
	Rs.	USD
Net Worth <i>(in millions)</i>	23,682	317.9
Book value per share	1,133	15.2
Price per share	2,493.4	33.0
Dividend per share	195.0	2.62
EPS (TTM)	262.0	3.5
P/E Ratio (TTM)	9.5	9.5
Gross Debt <i>(in millions)</i>	2,080	27.9
Total Cash <i>(in millions)</i>	6,711	90.1
Net Debt (Net Cash) <i>(in millions)</i>	(4,632)	(62.2)
Gross Debt / Equity	0.09x	0.09x

- P/E calculated as per CMP of Rs 2,493.4 (February 14, 2022)
- USD/INR exchange rate

73.89	for the TTM
74.50	month end-Sept
75.58	Spot Rate- Today
- Total Debt includes foreign currency debt taken at applicable exchange rates

Retained Business: Revenue Composition

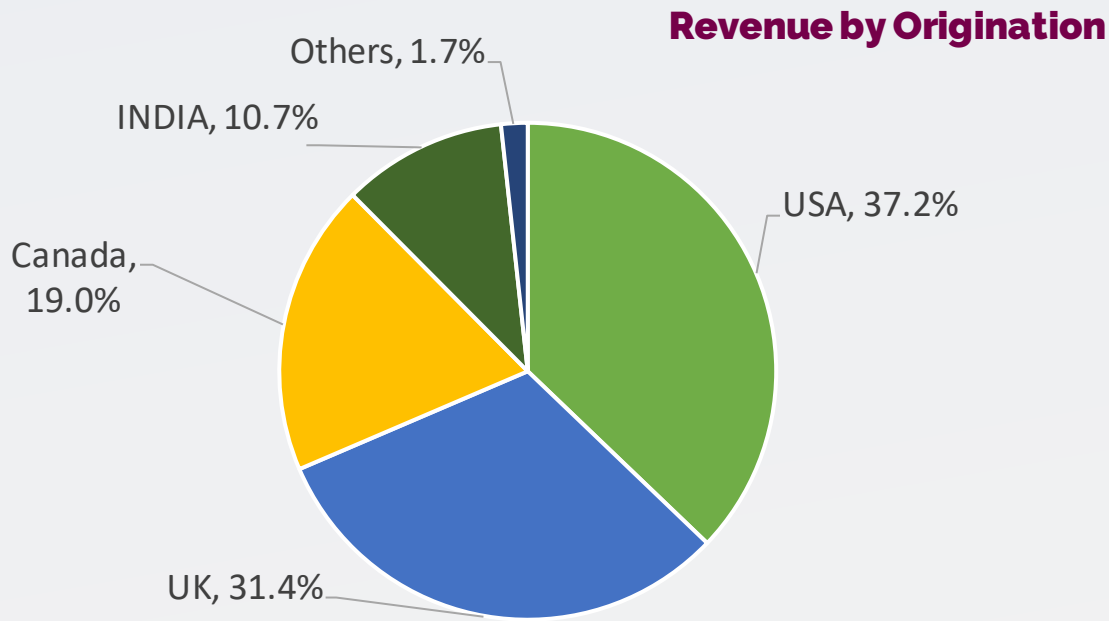
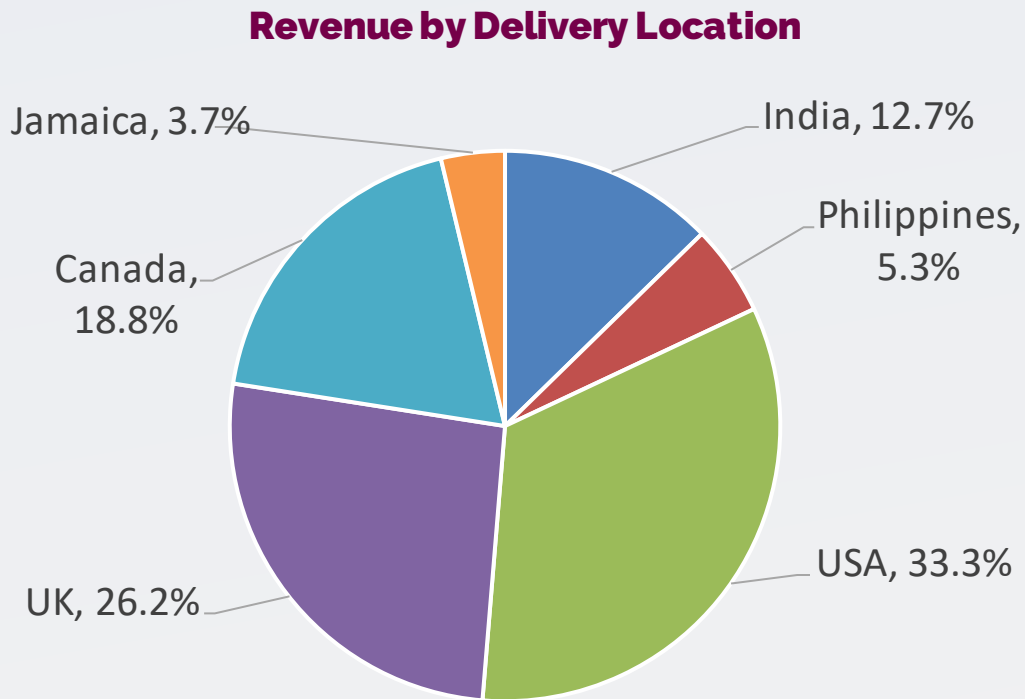


Fig. as on YTD Dec FY2022

** Others Include revenues originated from Philippines, Jamaica & MENA*

Revenue by Vertical for Retained Businesses

Revenue Split - by Verticals

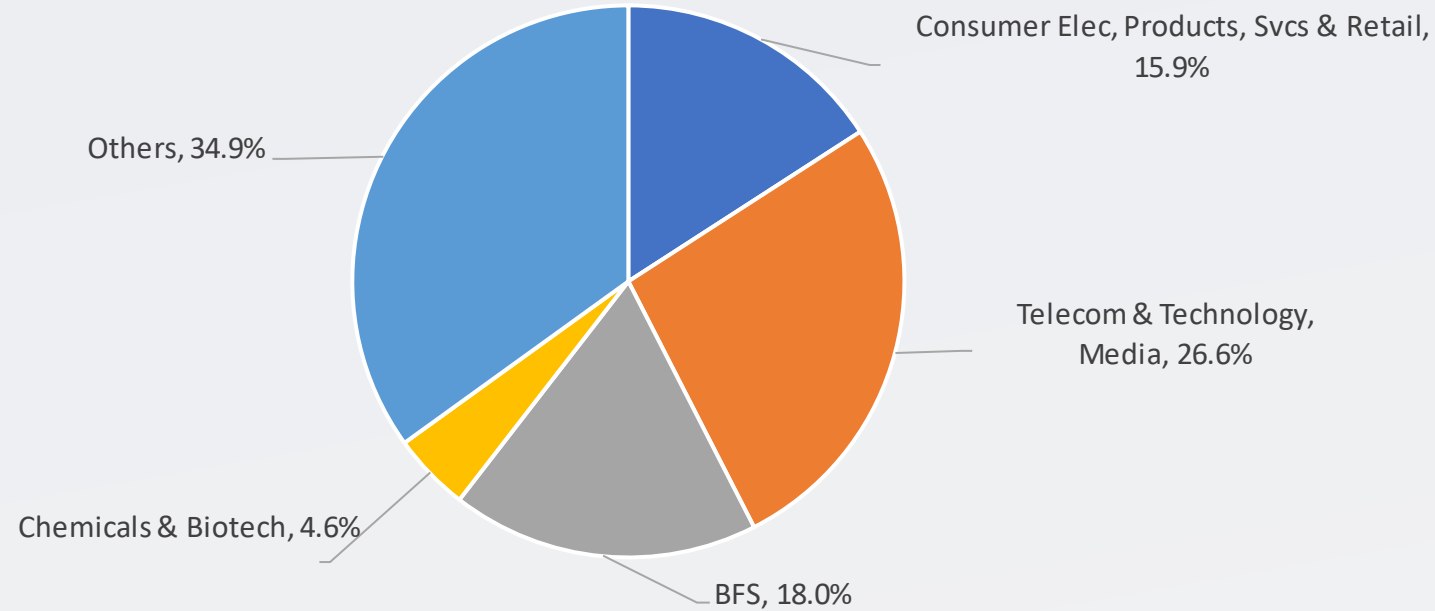
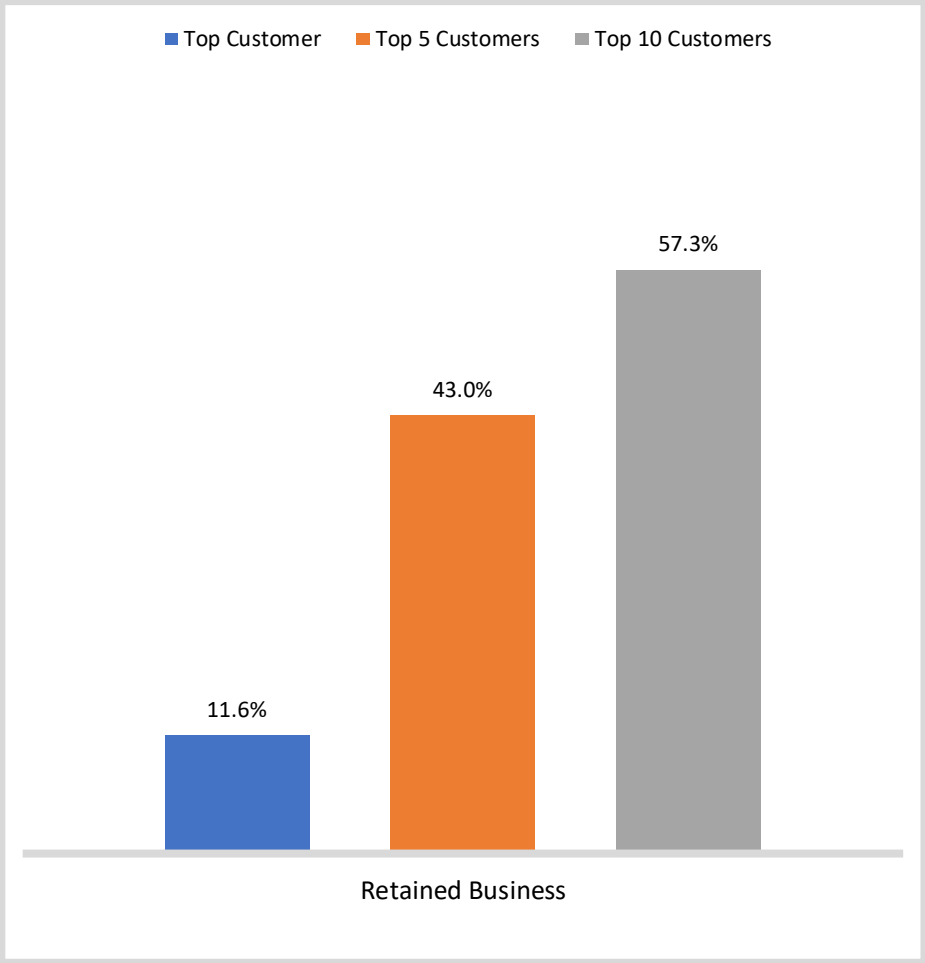


Fig. as on YTD Dec FY2022

Revenue Profile for Retained Business



Client Concentration



Channel Mix

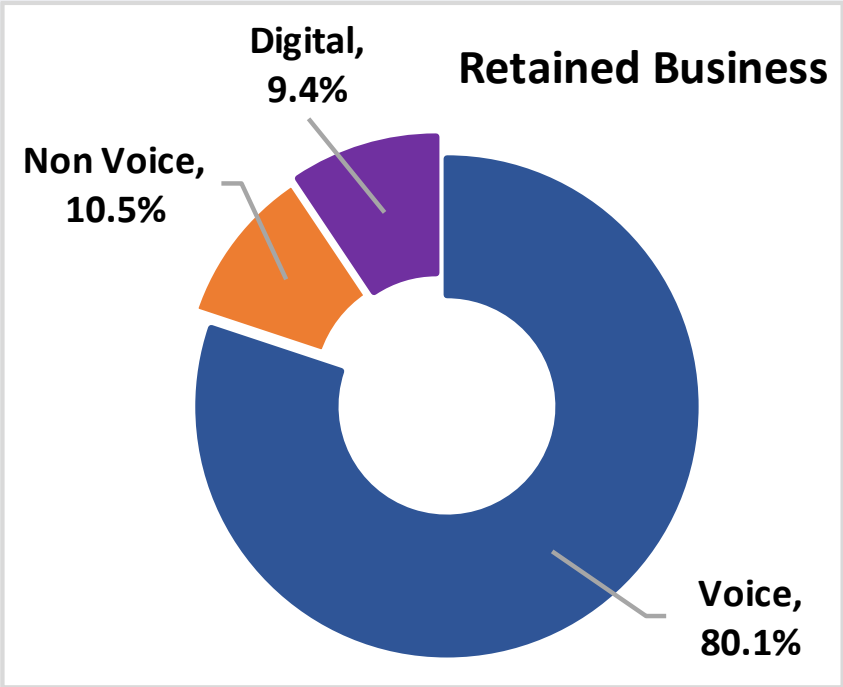
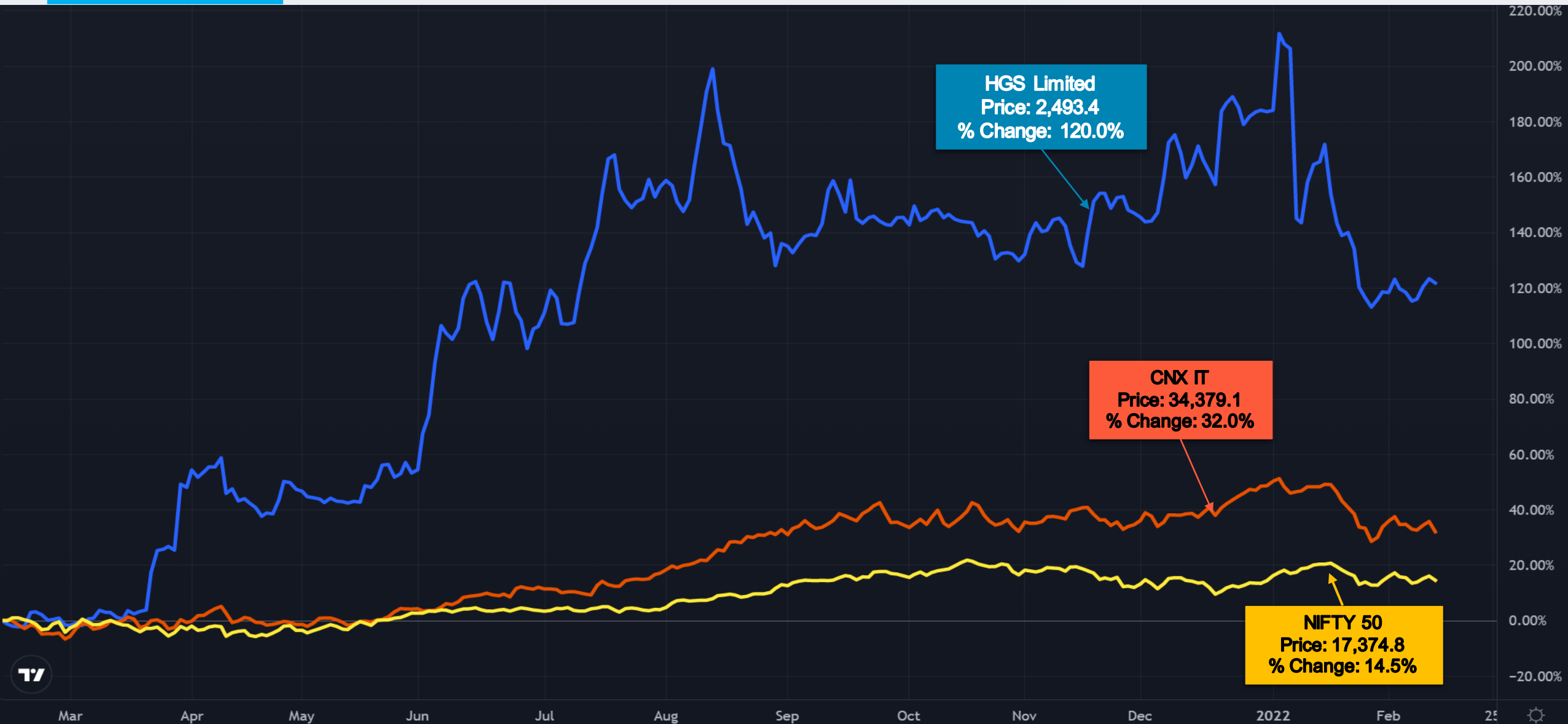


Fig. as on YTD Dec FY2022

HGS Share : Performance vs CNXIT and NIFTY 50 !!



TV

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Thank You

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