

Investor Presentation Sept, 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.



Quick Overview

About the Company



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'19 & Q1 FY'20)

	FY'19	Q1 FY'20 (Post IndAS 116)
Revenue	INR 48,167 Mn (\$ 689 Mn)	INR 12,905 Mn (\$ 186 Mn)
EBITDA	INR 4,411 Mn (\$ 63 Mn)	INR 1,496 Mn (\$ 22 Mn)
EBITDA Margin (%)	9.2% (With Acquisitions)	11.6%
	11.2% (Without Acquisitions)	
Free Cash flow/EBITDA	2%	111%
Net Debt/Equity Ratio	0.11x	0.03x
Gross Debt increased/Reduction	INR 142 Mn ↑	INR 371 Mn ↓

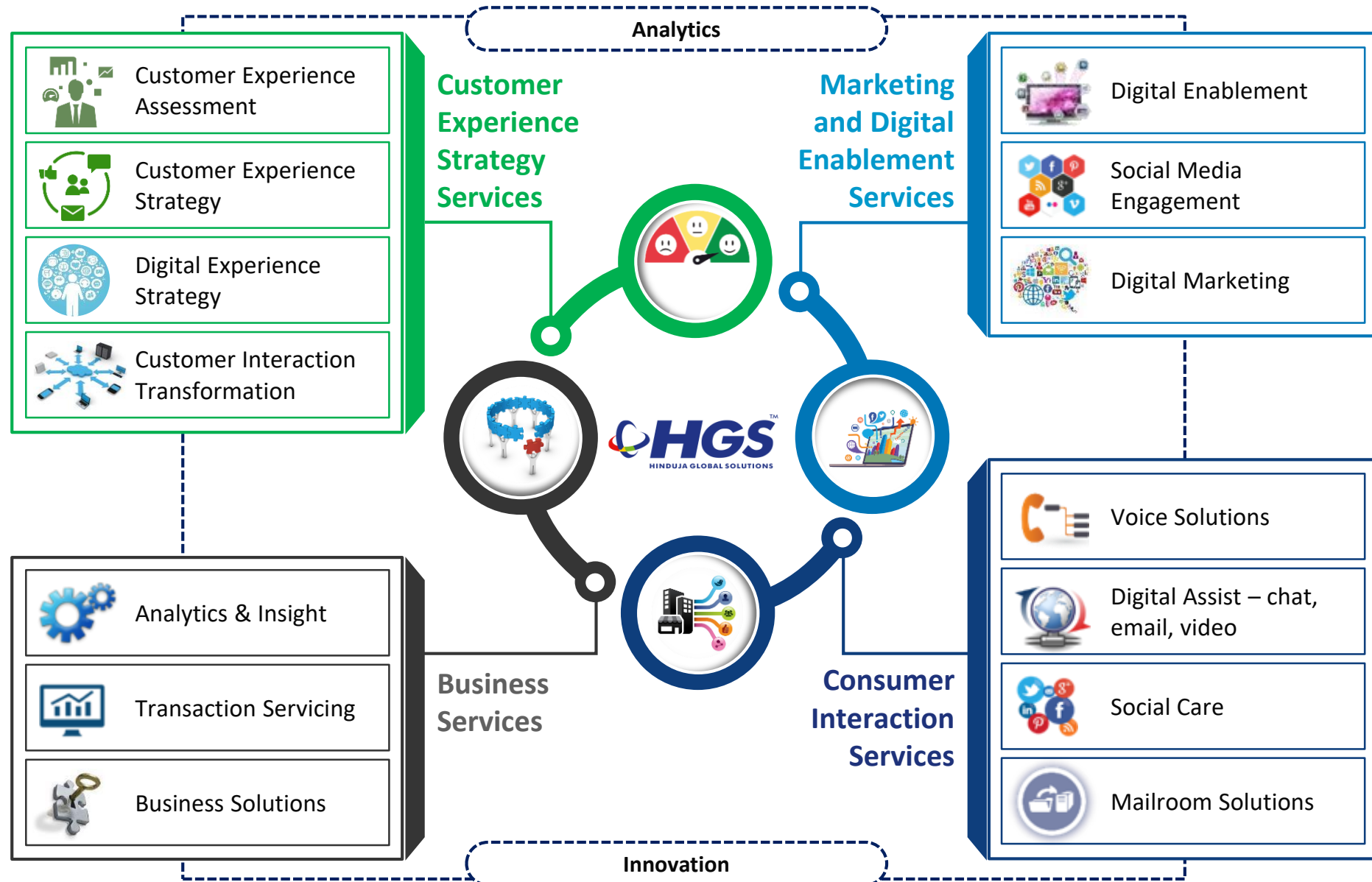
SNAPSHOTS

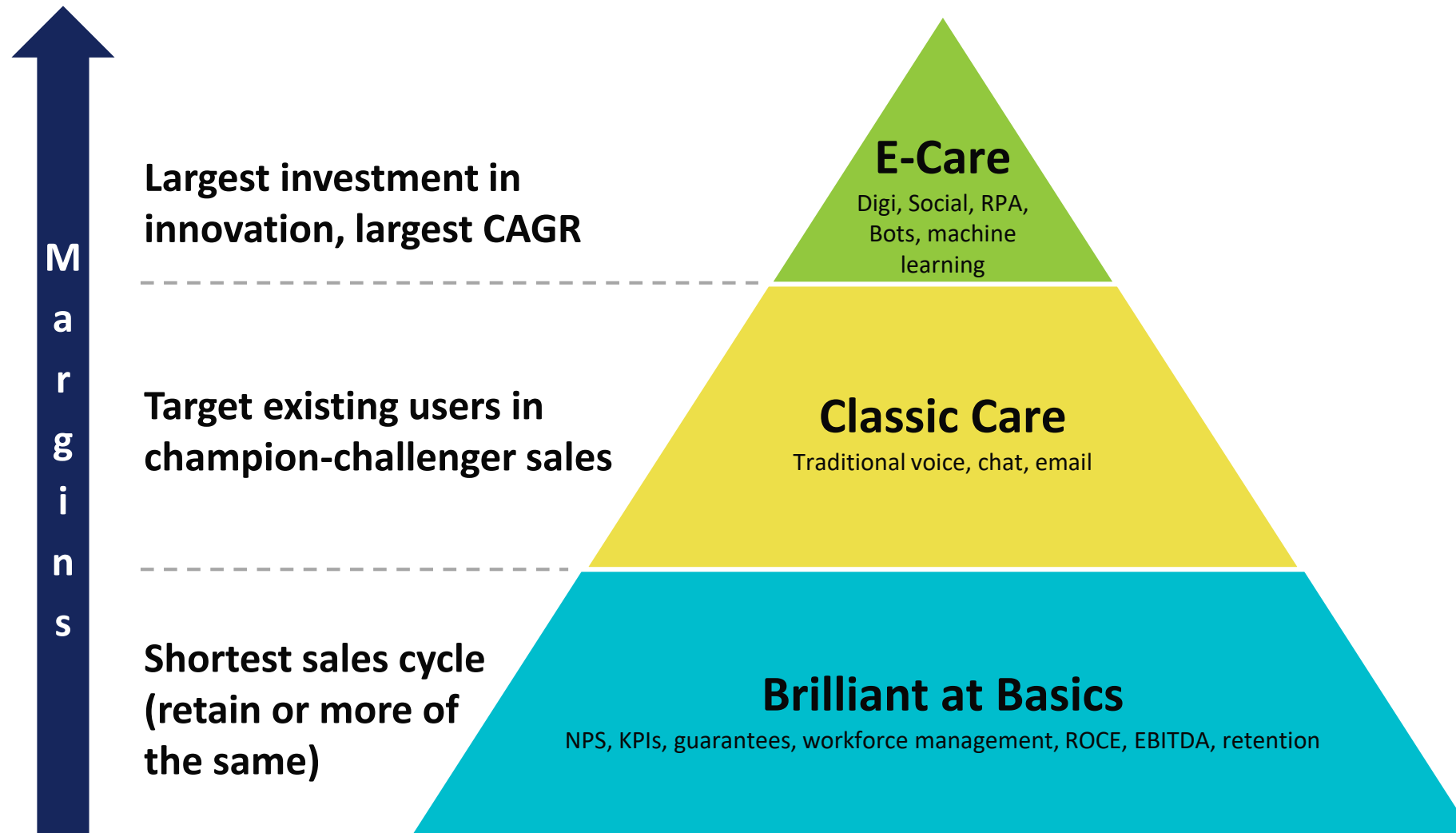
- CAGR of 14.0 % in Revenue (In INR) over FY 14-19.
- **73** Worldwide Centers
- **42,370 +** employees (as on 30th June 2019)
- **237** active clients for the BPM business
(additionally over 656 clients for Payroll & HRO Business) at the end of FY19.
- **2 Acquisitions** - Axis Point Health & Element Solutions made effective early April 18.



HGS Overview

HGS Core Capabilities to Enable the Unified Customer Experience





Engage

Buy

Care

Bill

Warrant

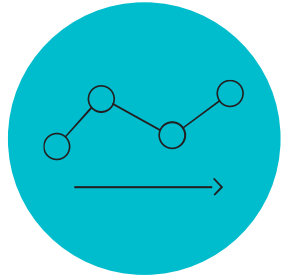
Retain

E-Care

Classic Care

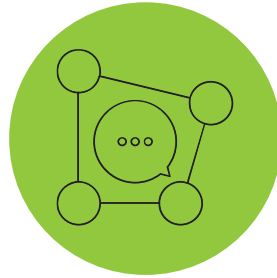
- Emerging digital buyer
- B-C, B-B-C
- Select deals based on “land & expand”
- Travel, hospitality, logistics, retail, selective tech prospects, insurance & large CPG, FinServ

- 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



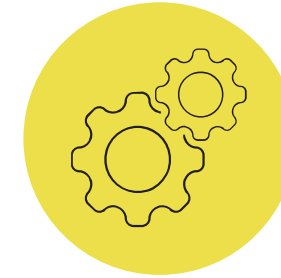
ANALYTICS CoE

- 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

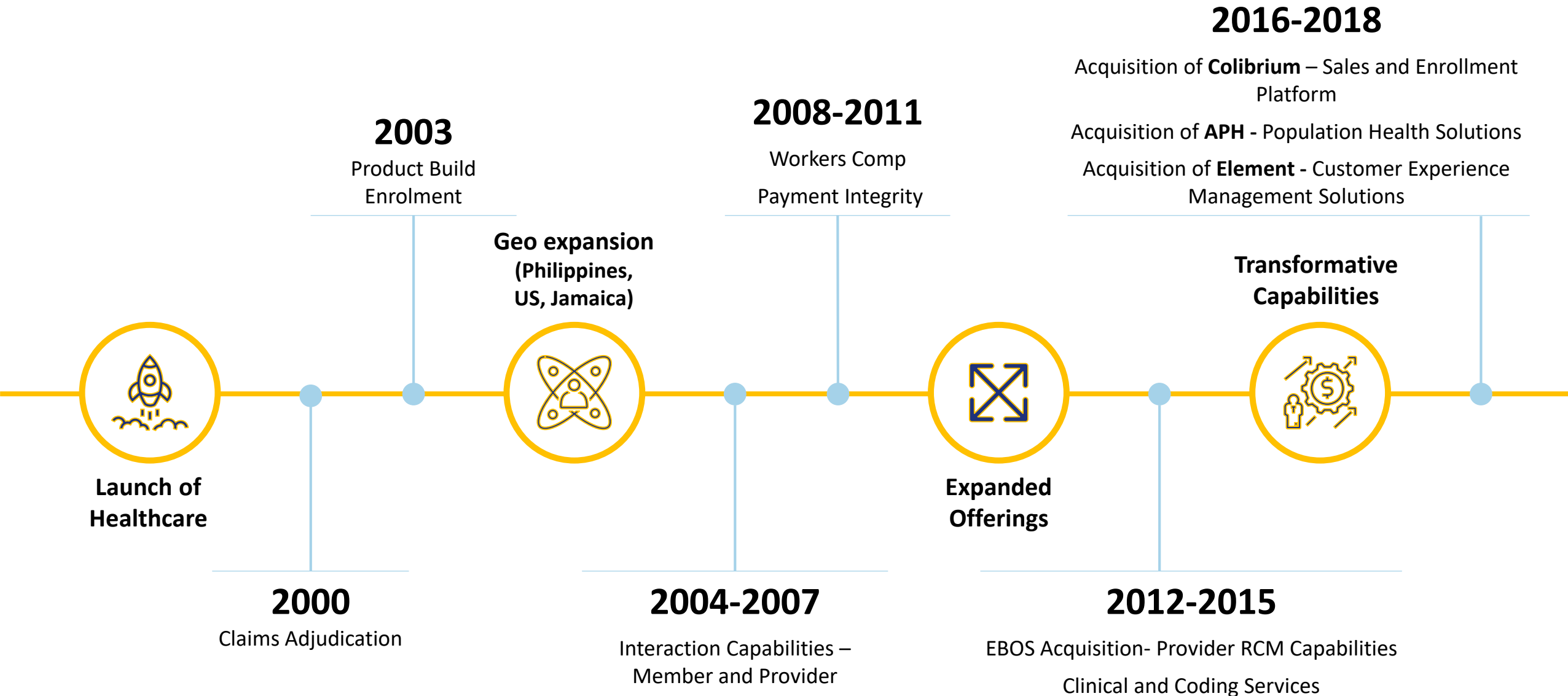
- BOTs deployed across clients
- Capability built on multiple systems such as AA, BluePrism, UiPath, Nice etc
- RPA as a Service generating high margin revenues (Gain-share)
- AI, Machine Learning, Cognitive RPA solution concepts being tested – ChatBOTs, Avatars etc

Realigning Organization to Partner through Innovation to impact Outcomes

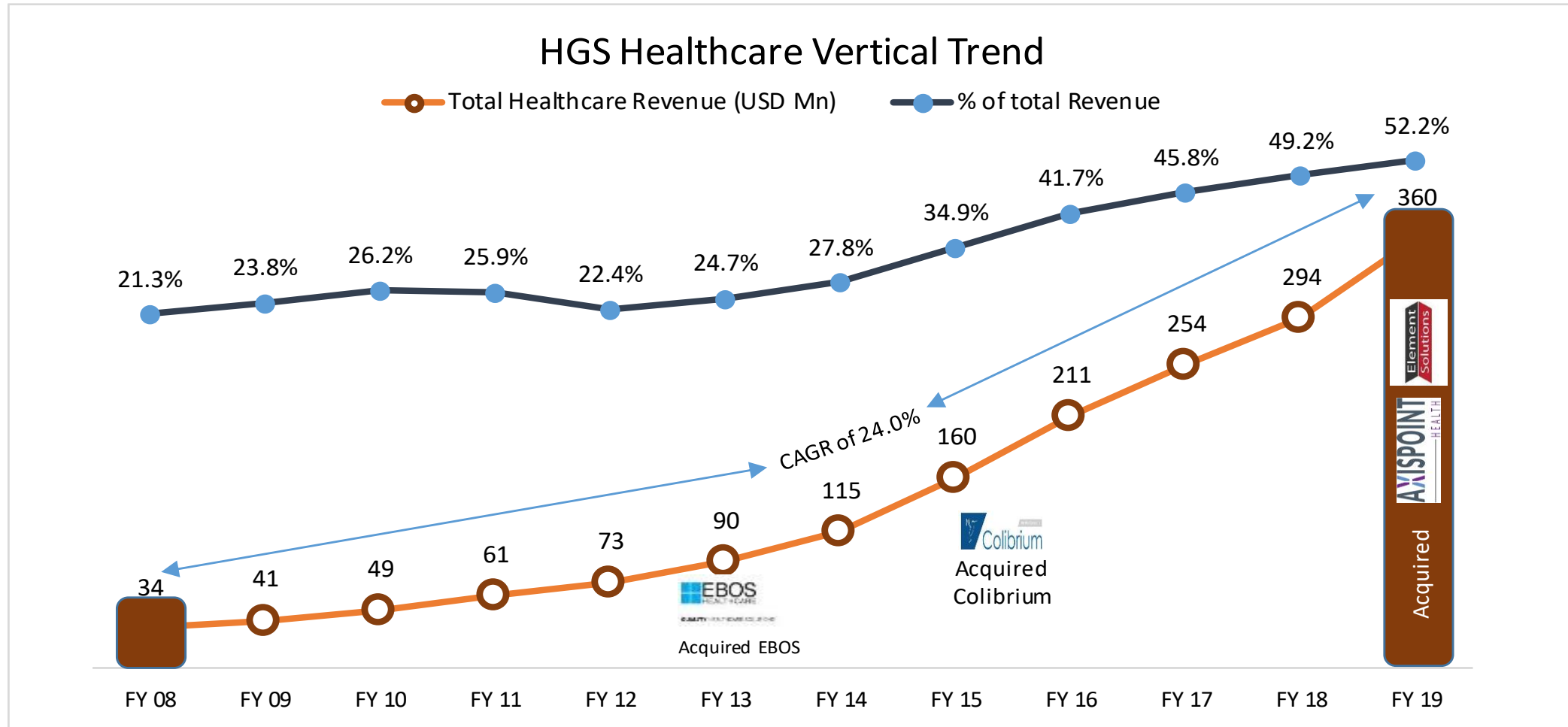
Verticalized business	Global Innovation Hub	Acquire/Partner for Capabilities
<ul style="list-style-type: none">✓ Global Operations✓ One HGS- seamless delivery✓ Healthcare Practice✓ Capability maturity✓ Thought leadership✓ Driving value multipliers	<ul style="list-style-type: none">✓ Digital Innovation✓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



Healthcare Practice Overview



How HGS Healthcare business has grown

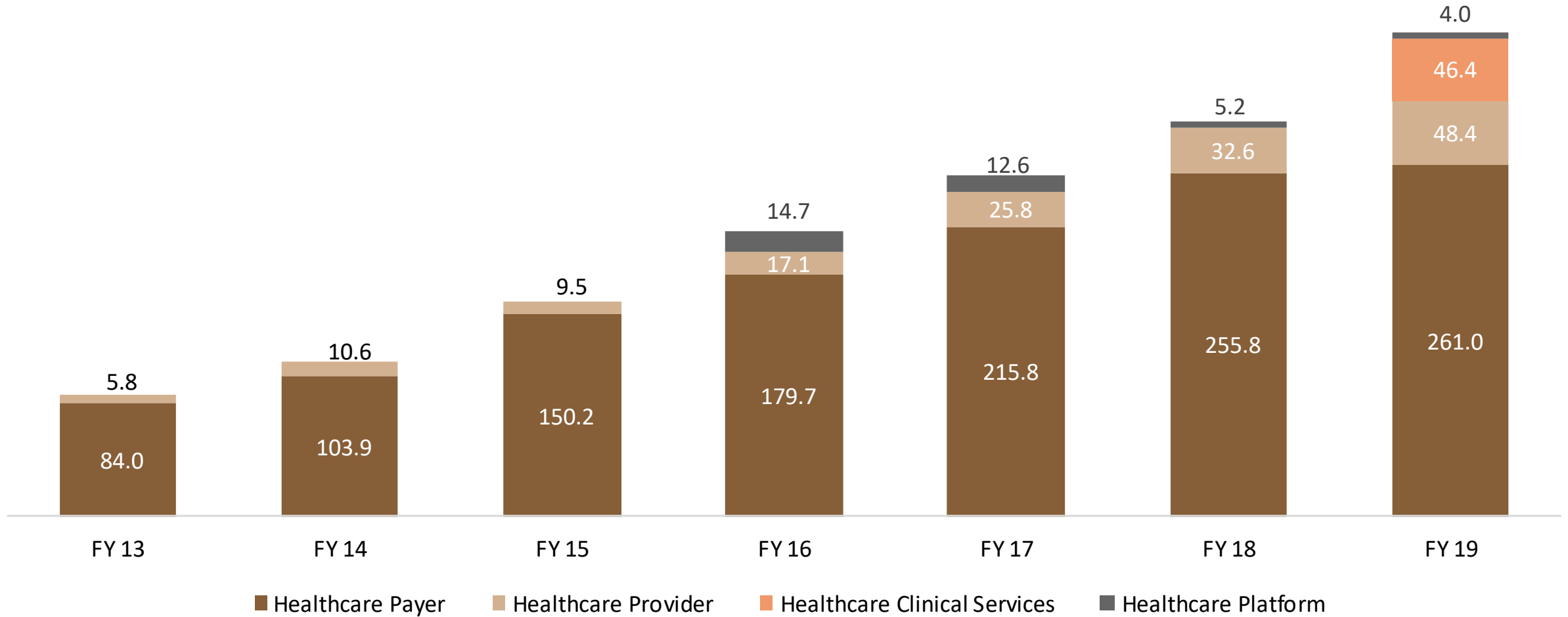


Healthcare business at scale (FY 19)

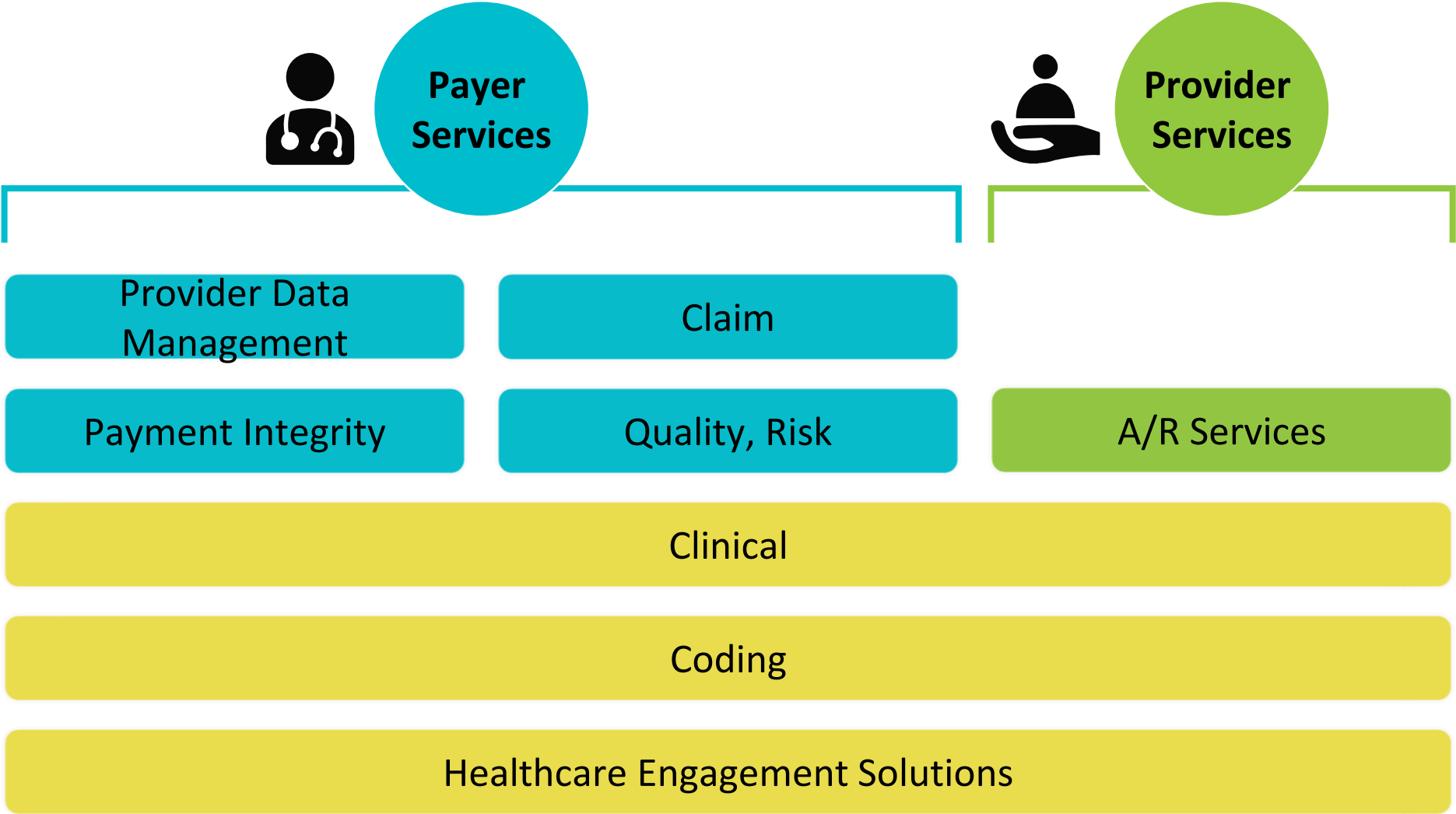
- **Over 75 Mn** claims
- **120 Mn** interactions
- **\$836 Mn** in Financial Recovery

Healthcare Revenue by Segment

Healthcare Segmentations



Healthcare Practice reorganized to focus on solutions that matter to our clients





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

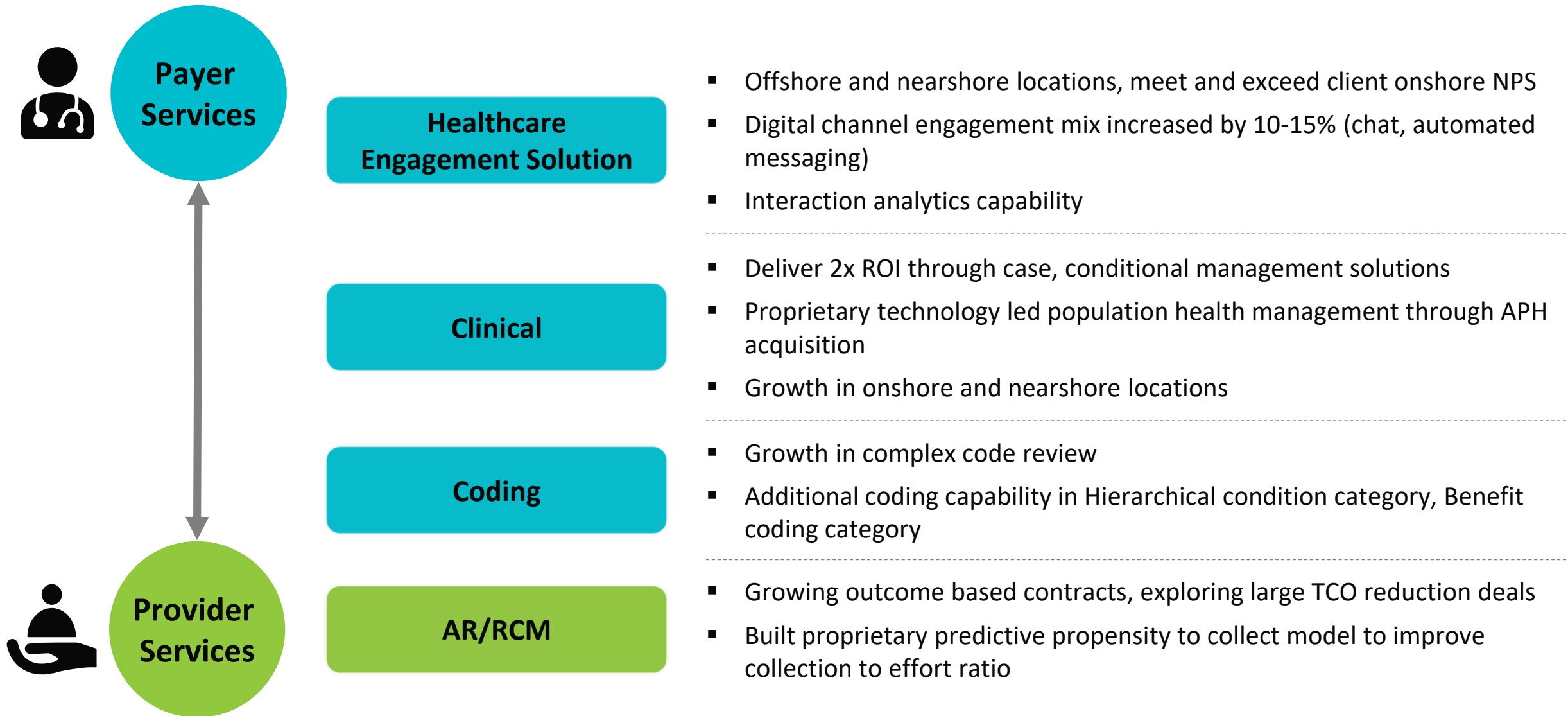
Payment Integrity

- 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

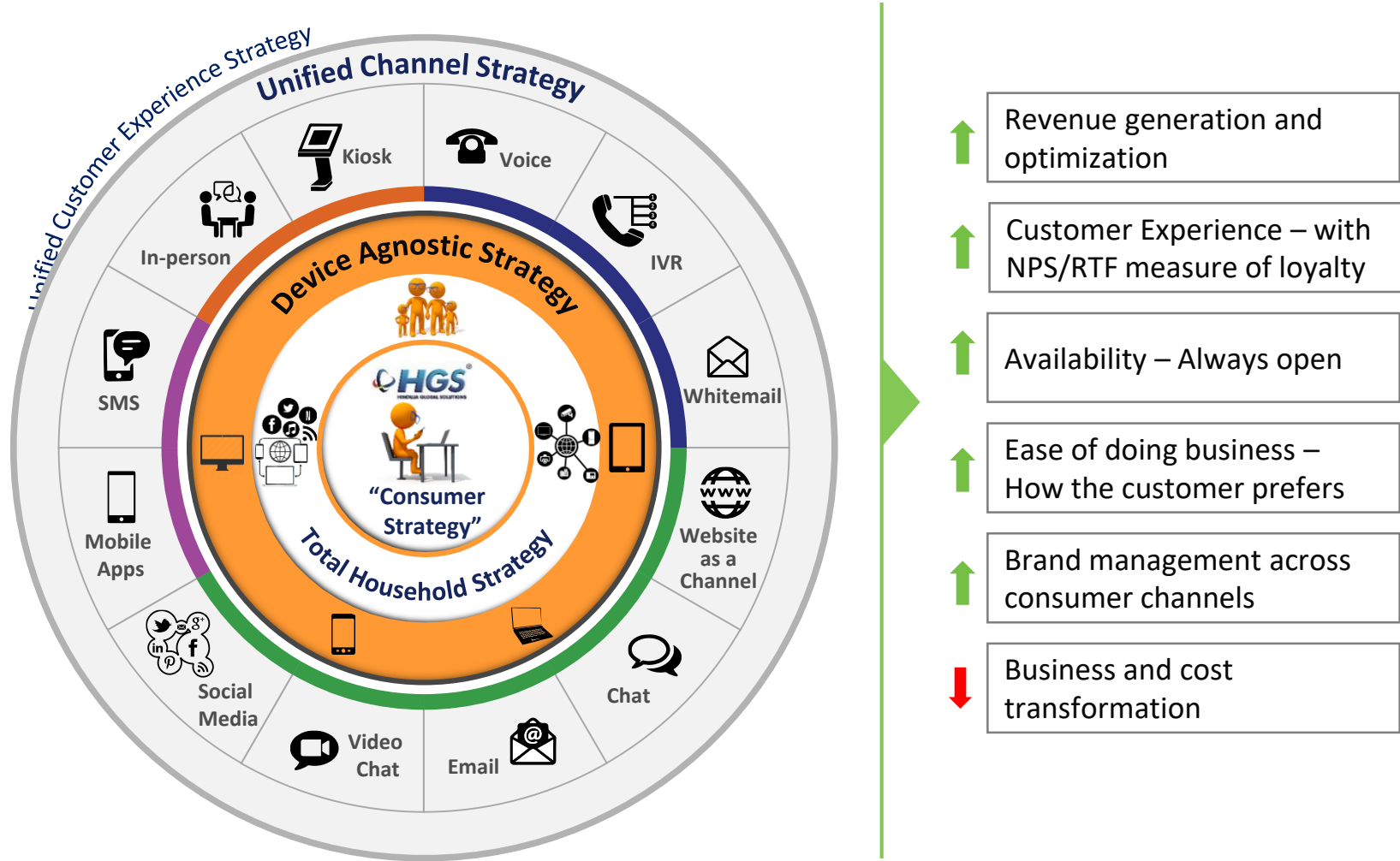
Practices Across Payer and Provider





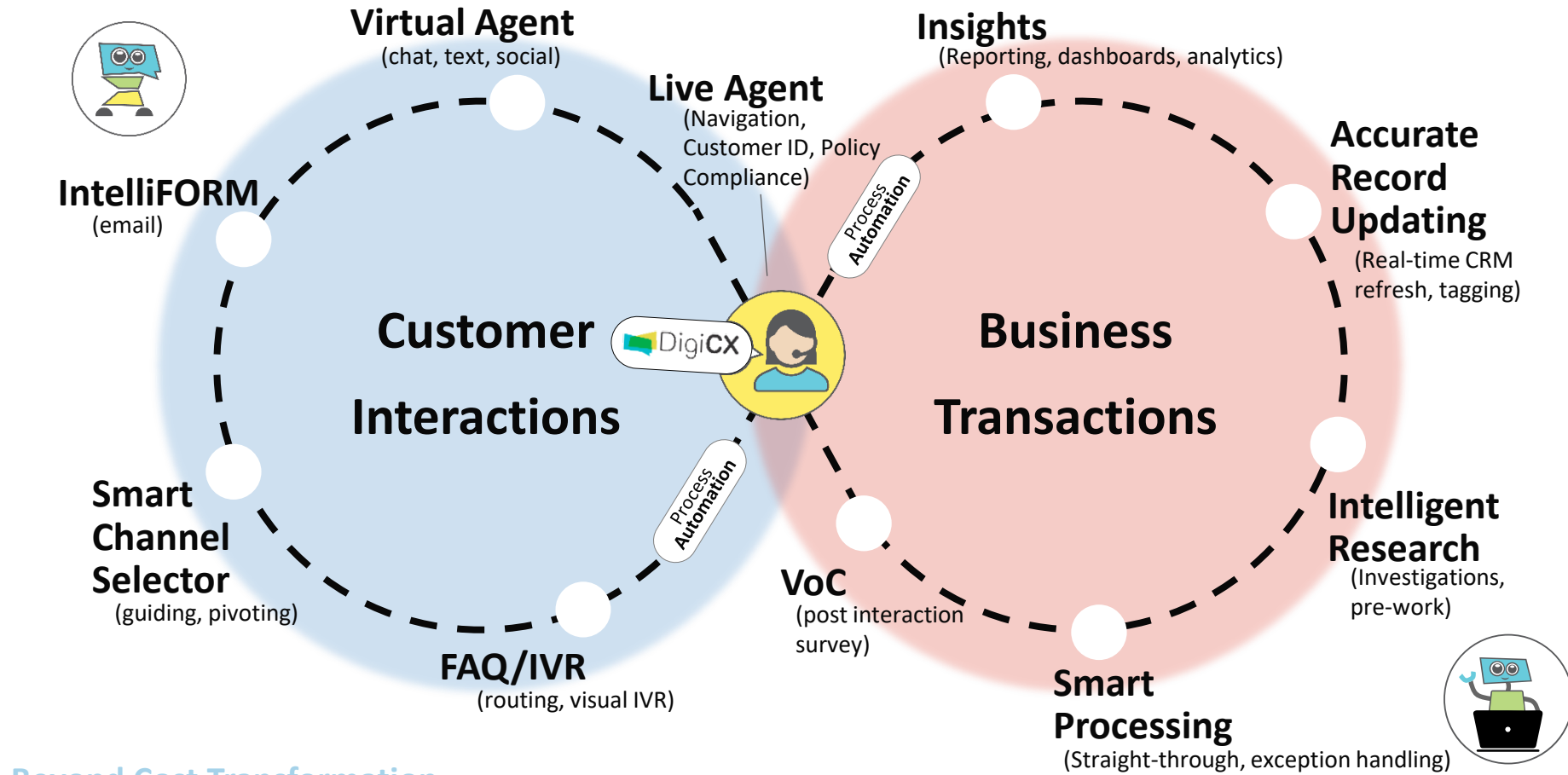
Digital and Automation/RPA

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



The Automated Enterprise

- 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

What does it mean for our Business - Opportunities

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

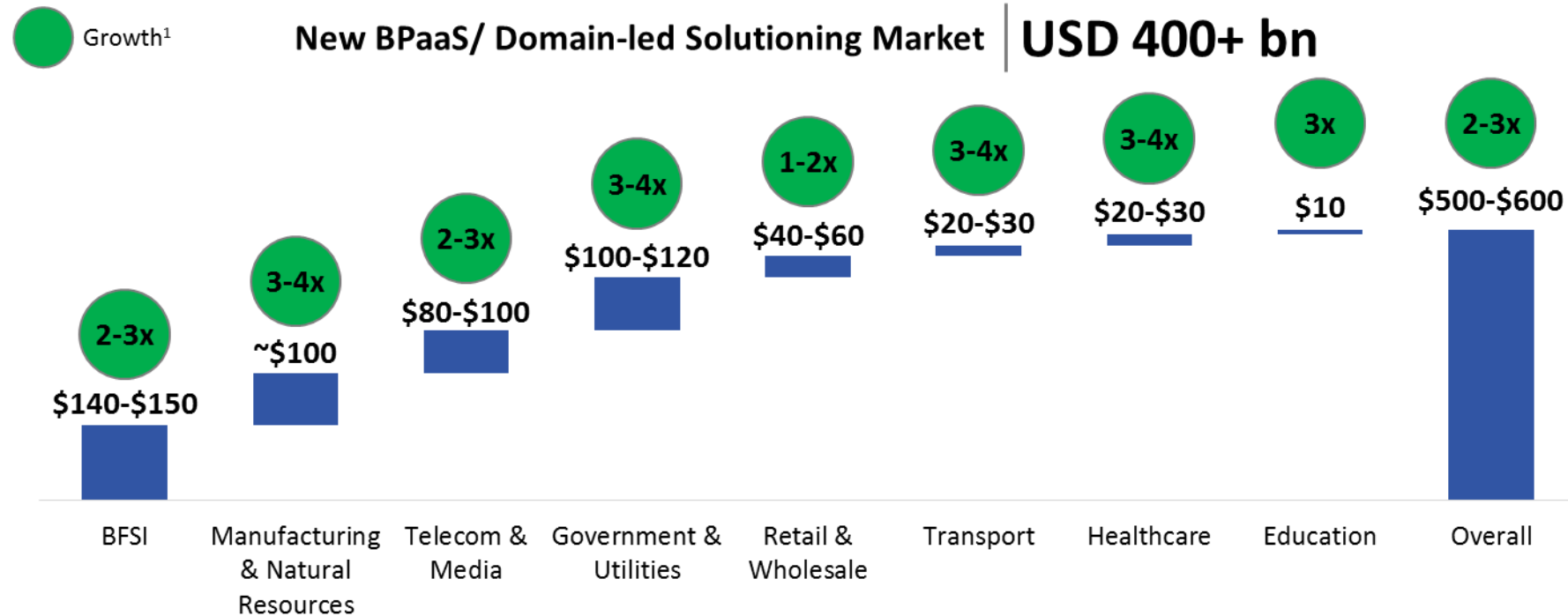
Current scope of BPM/
BPaaS



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



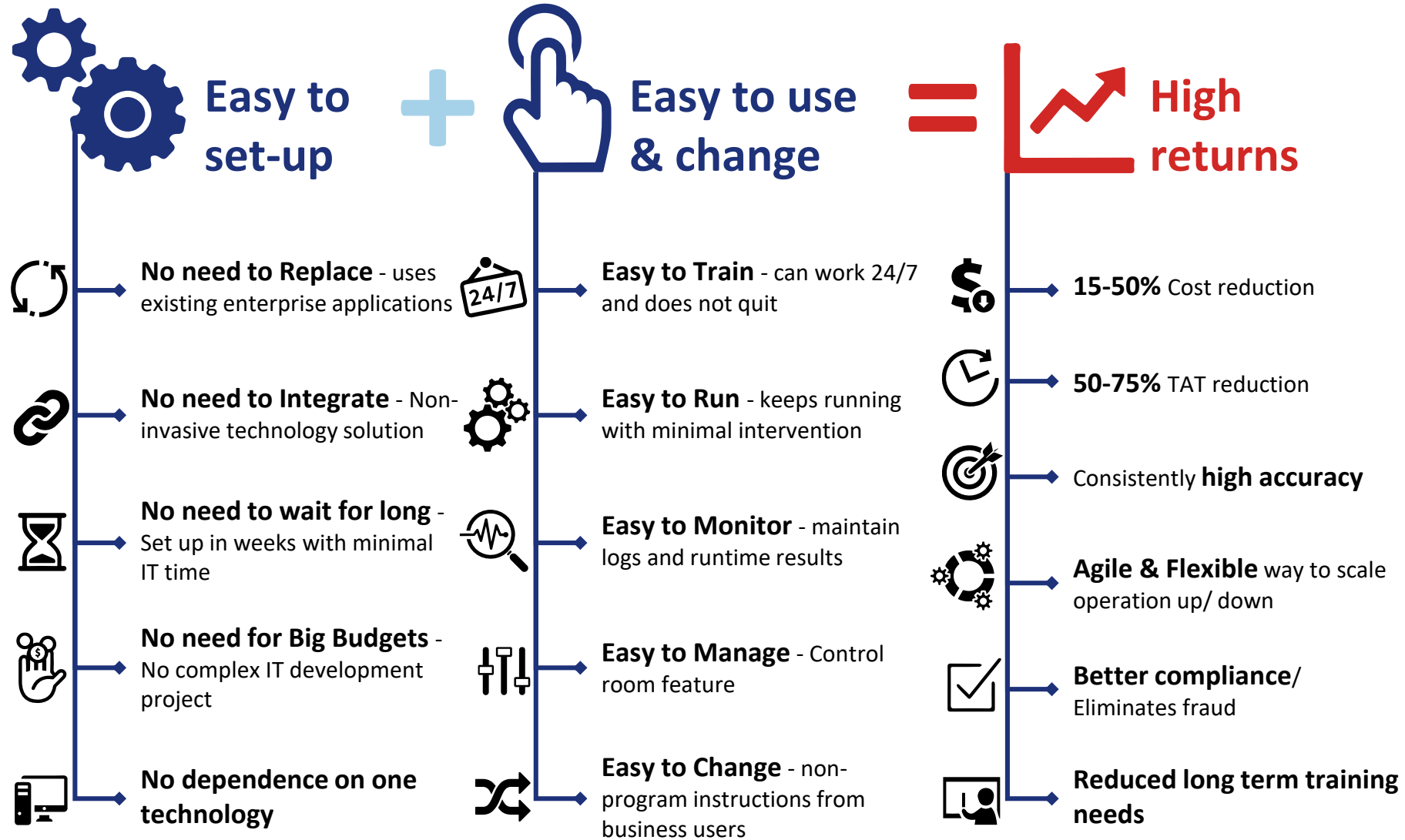
AI-led addressable market – BPaaS/ Domain-led solutioning (USD billion)



¹ As a multiple of current market size

Sources: NASSCOM, BCG analysis

Key Highlights of HGS Process Automation Solution

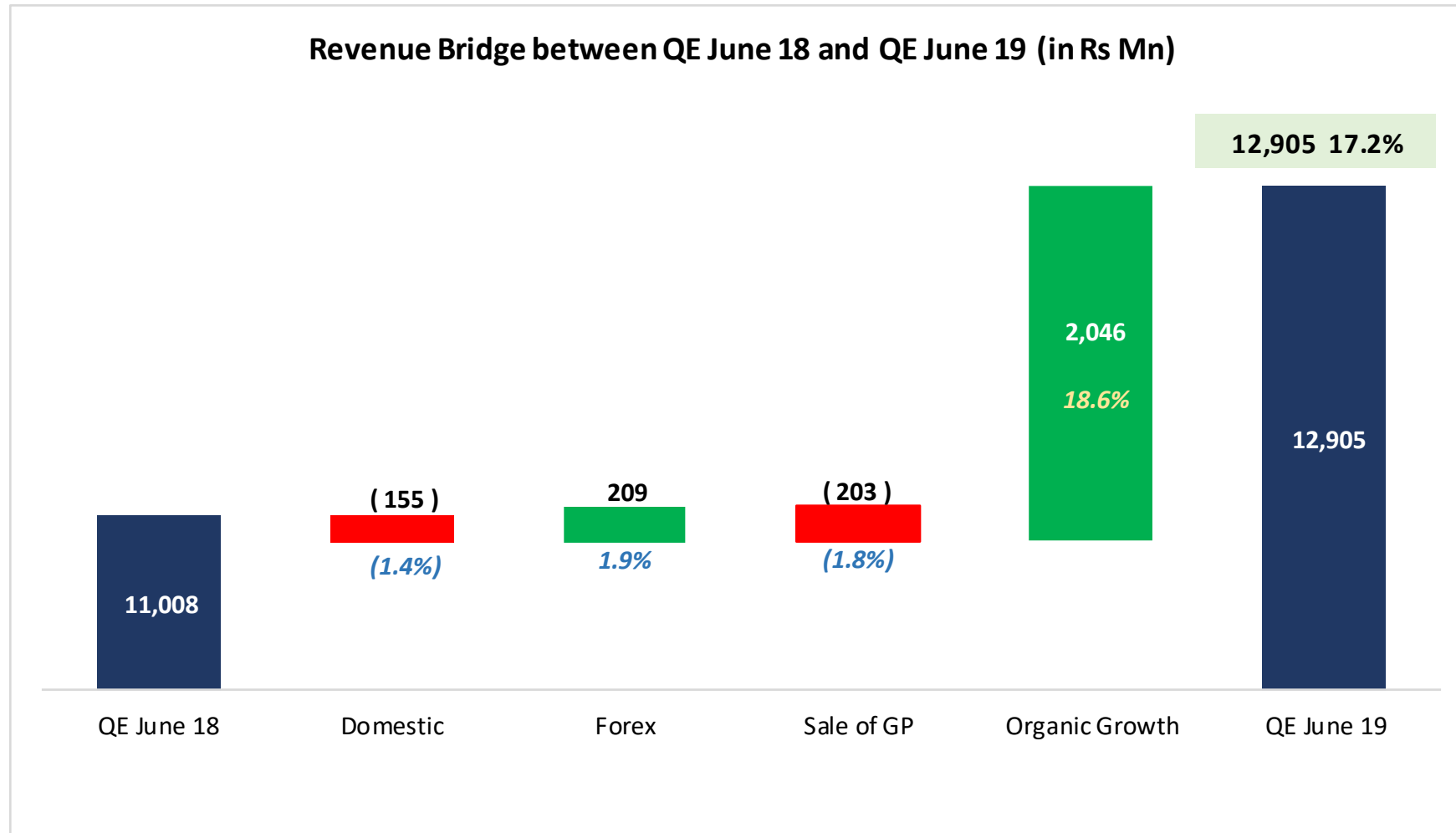




Financial Overview

Q1 FY 20 : Revenue Growth of 17.2% :

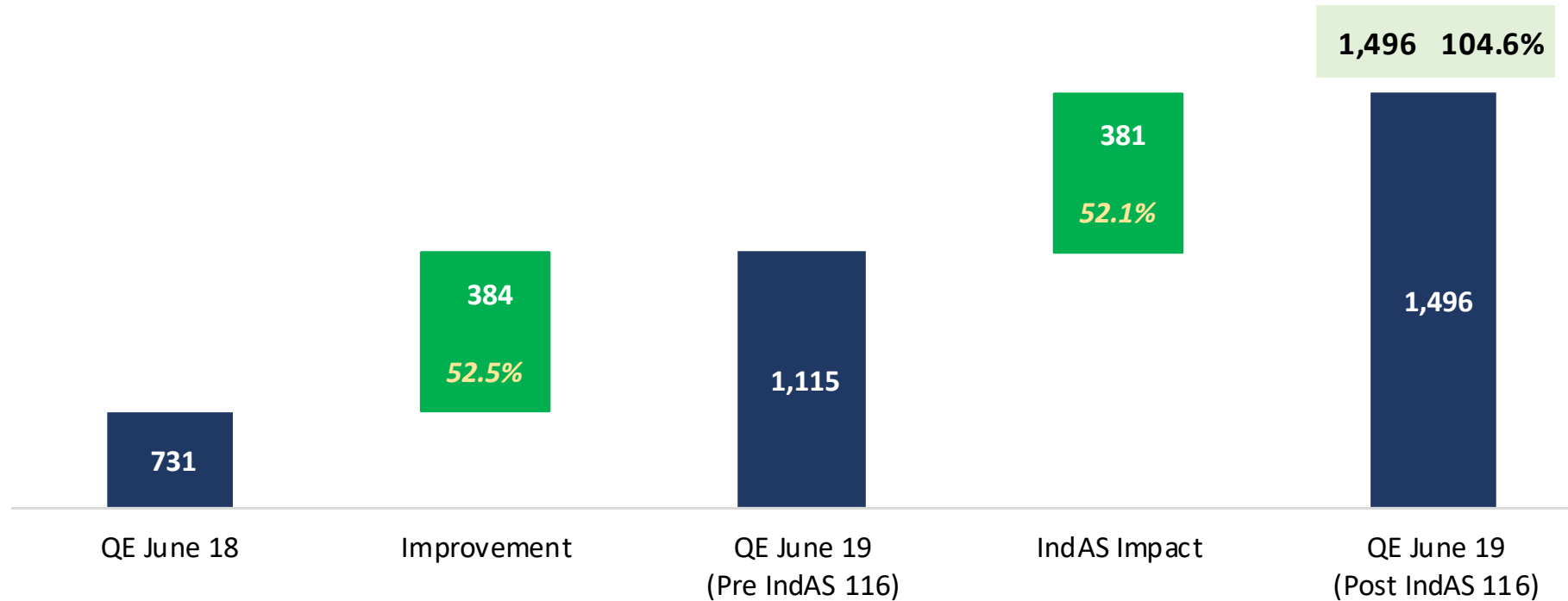
- **Constant currency growth of 18.6% over Q1 FY 19 (Excluding India Domestic)**
- **Overall Revenue growth of 17.2%**



- Organic growth 17.2% ,
- Forex impact of 1.9%
- Offset by drop of 1.8% due to drop in revenues from sale of Guide Point contracts

- 52.5% improvement in EBITDA over Q1 FY 19
- 104.6% improvement in EBITDA over Q1 FY 19 with impact of IndAS 116









EBITDA Bridge between QE June 18 and QE June 19 (in Rs Mn)



Q1 FY 20 Actuals vs Q4 FY 19 vs Q1 FY 19

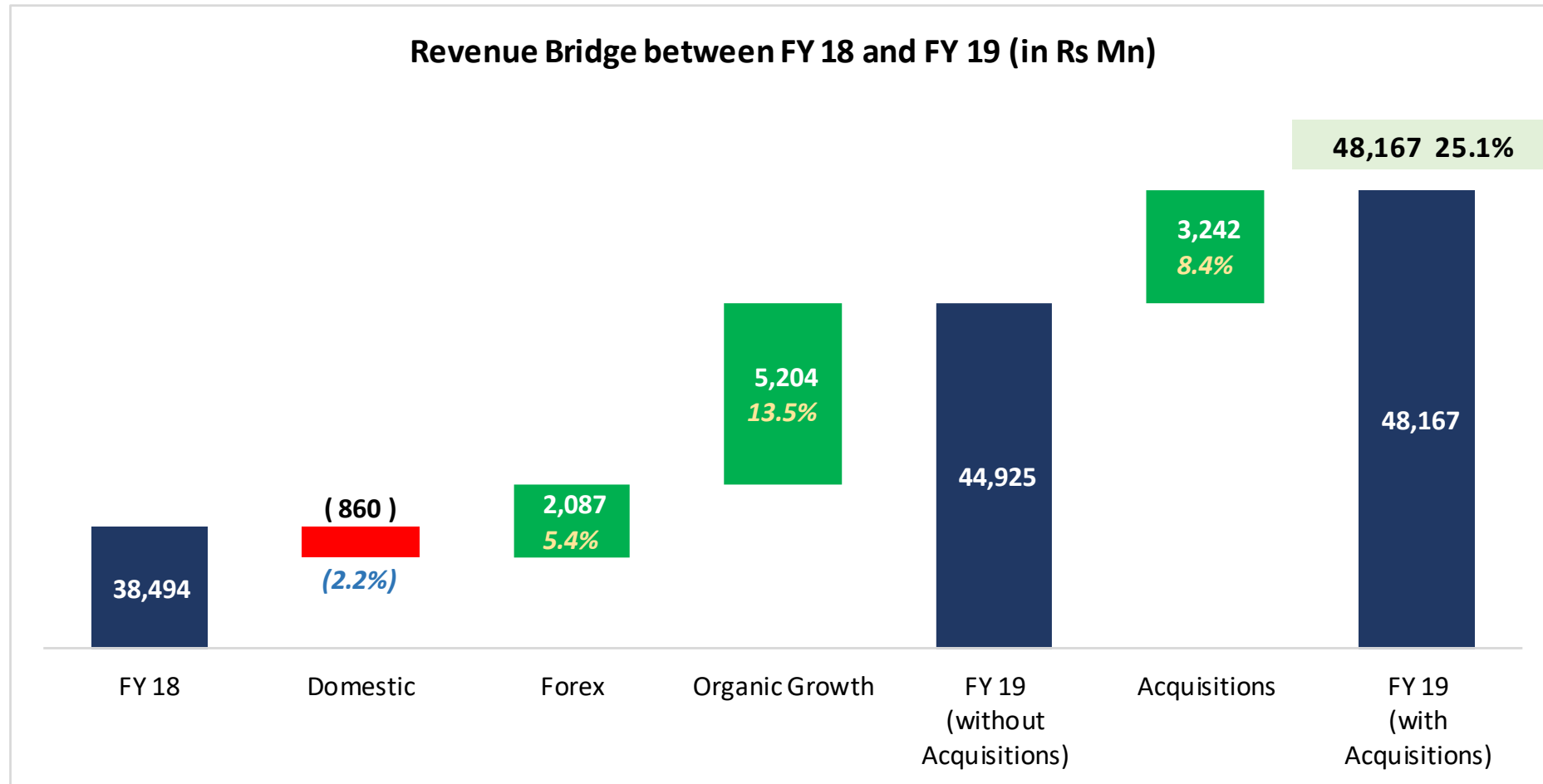
Quarterly Performance - Consolidated

Figures in Rs Mn unless otherwise indicated

	Actual QE June'19	Actual QE Mar'19	QoQ Growth %	Actual QE June'18	YoY Growth %
Revenue	12,905	12,846 	0.5%	11,008 	17.2%
Operating Costs (excl Dep)	11,408	11,358		10,277	
EBITDA	1,496	1,488 	0.6%	731 	104.6%
EBITDA %	11.6%	11.6%		6.6%	
Depreciation	748	657		355	
Interest Expense	247	114		95	
Other income	67	23		315	
PBT	568	740 	-23%	597 	-4.8%
PBT %	4.4%	5.8%		5.4%	
Tax	164	194		194	
PAT	405	546 	-26%	403 	0.4%
PAT %	3.1%	4.2%		3.7%	
Exchange Rate	69.39	70.36		67.46	

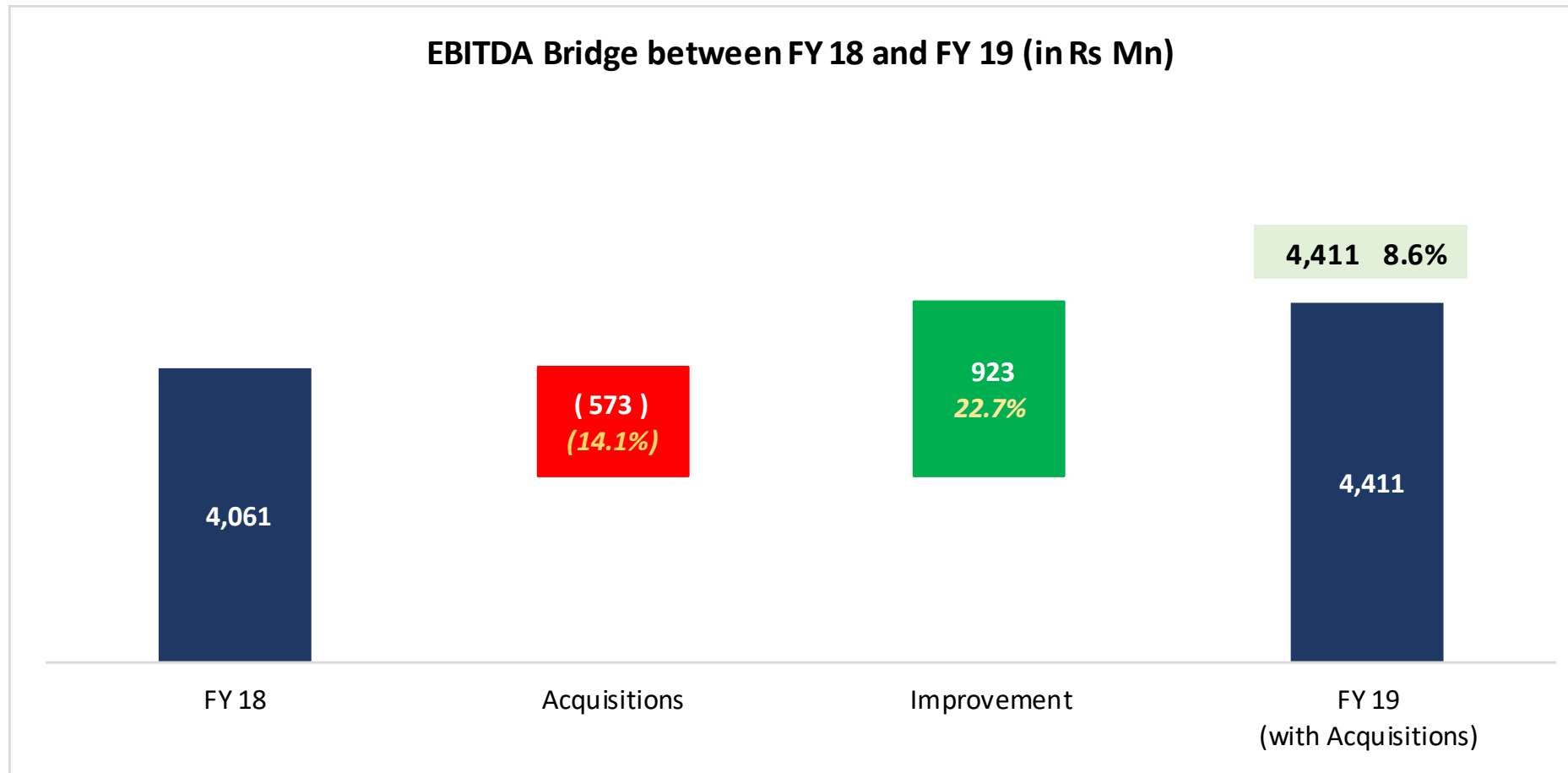
FY 19 Revenue Growth of 25.1%

- 13.5% constant current growth over FY 18
- Overall growth of 25.1% for FY 19 over FY 18



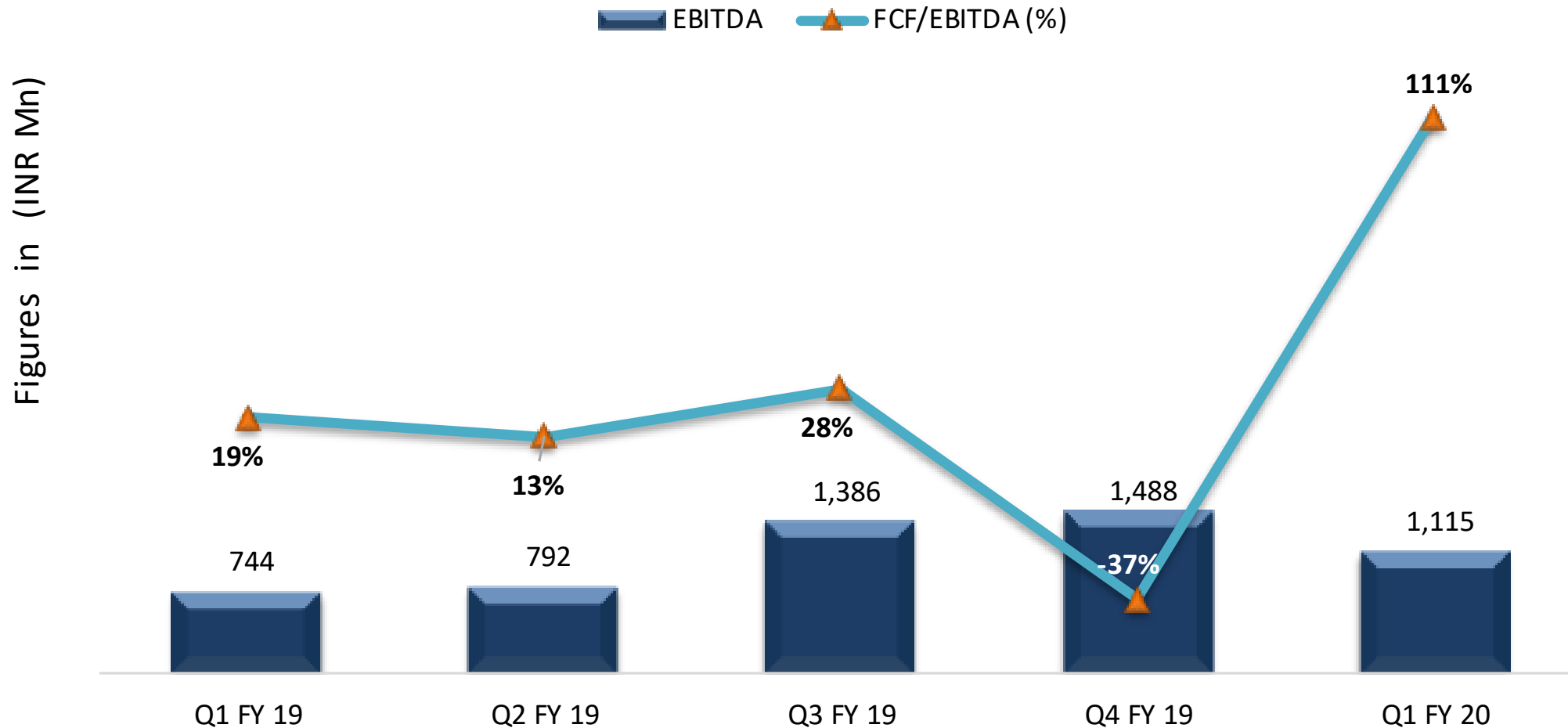
- Organic growth 11.3%,
- Forex growth 5.4%,
- Inorganic growth 8.4%

- Organic growth in EBITDA of 22.7%
- Overall EBITDA growth of 8.6%



Free Cash Flow to EBITDA Conversion

FREE CASH FLOW to EBITDA Ratio



Due to payment delays from few of the clients, the FCF EBITDA for Q4 FY 19 and Q1 FY 20 are distorted.
At an combined level (Q4 FY 19 + Q1 FY 20) FCF/EBITDA is 26%

6 Year Summary Cash Flow Statement

(Rs. Million)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Cash flow from Operations and after working capital changes	2,352	1,924	1,589	4,031	3,517	2,047
Cash Flow due to Capex (net)	(1,137)	(1,621)	(2,472)	(1,779)	(1,261)	(1,894)
Total Cash Flow from Operations and Regular Capex	1,215	303	(883)	2,252	2,256	153
For Purchase of building	(400)	0	(44)	---	---	---
Cash Flow paid for acquisition of business	0	(890)	(153)	---	---	(1,175)
Cash Flow due other investing activities	192	451	269	138	143	151
Total Cash Flow from Operations and Investing	1,007	(136)	(811)	2,390	2,399	(871)
Proceeds from share allotment under ESOP scheme	9	36	3	---	25	22
Proceeds/(Repayment) from Borrowings	877	112	1,990	(1,823)	(762)	50
Capital Lease Taken Pursuant to Acquisition		(49)		---	---	
Cash from Interest payment, Dividend and others	(1022)	(997)	(872)	(636)	(598)	(653)
Total Cash Flow from Financing Activities	(1,36)	(898)	1,121	(2,459)	(1,335)	(581)
Net Increase/ (Decrease) in Cash and Cash Equivalents	871	(1,034)	310	(69)	1,111	(1,452)

Summary Financial Profile – As at 30th June 2019

Particulars	HGSL	
	<i>Rs.</i>	<i>USD</i>
Net Worth <i>(in millions)</i>	16,224	235.3
Book value per share	778	11.3
Price per share	608.0	8.5
Dividend per share (FY 19)	2.5	0.04
EPS (TTM)	84.7	1.2
P/E Ratio (TTM)	7.2	6.9
Gross Debt <i>(in millions)</i>	5,624	81.6
Total Cash <i>(in millions)</i>	5,091	73.8
Net Debt (Net Cash) <i>(in millions)</i>	534	7.7
Net Debt/ TTM EBITDA	0.10x	0.10x
Total Debt/Equity	0.35x	0.35x

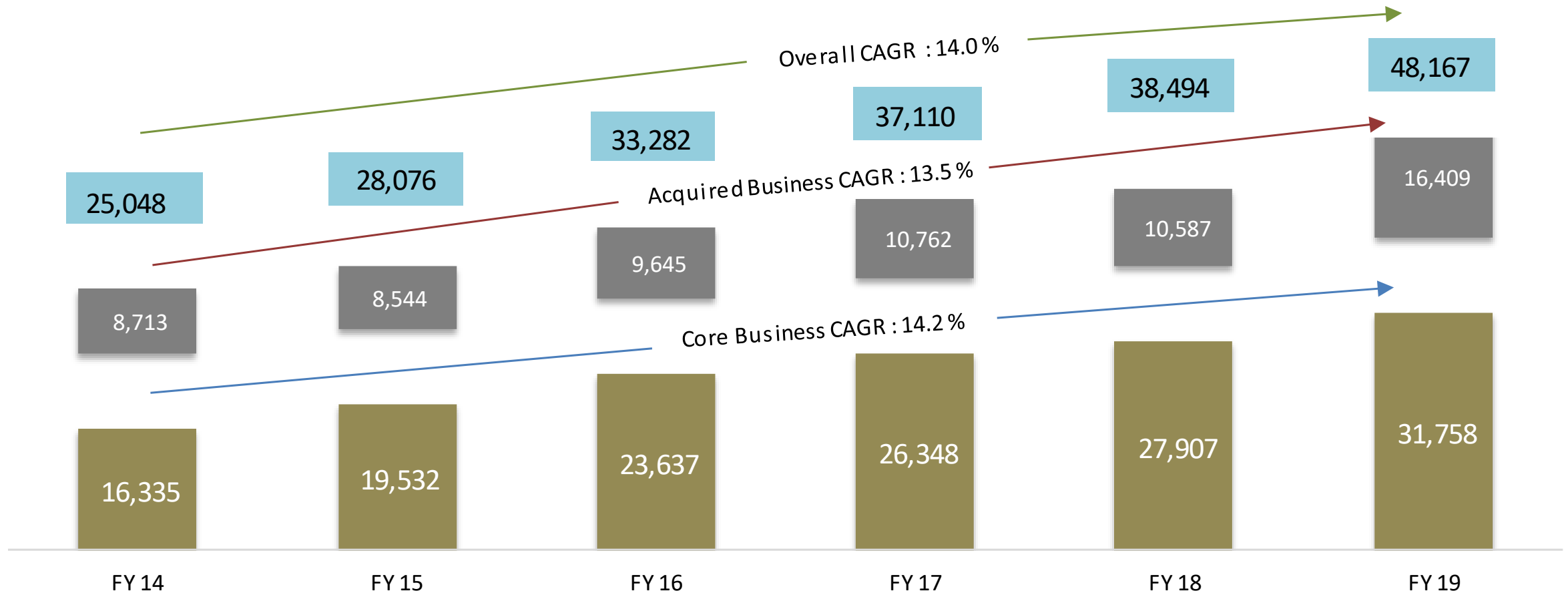
- Book Value taken is as reported on QE June 2019
- Stock prices and USD/INR exchange rate latest available prices
- Total Debt includes foreign currency debt taken at applicable exchange rates



HGS Revenue Profile: FY 14 to YTD June 19

Revenue Trend (In INR Mn.)

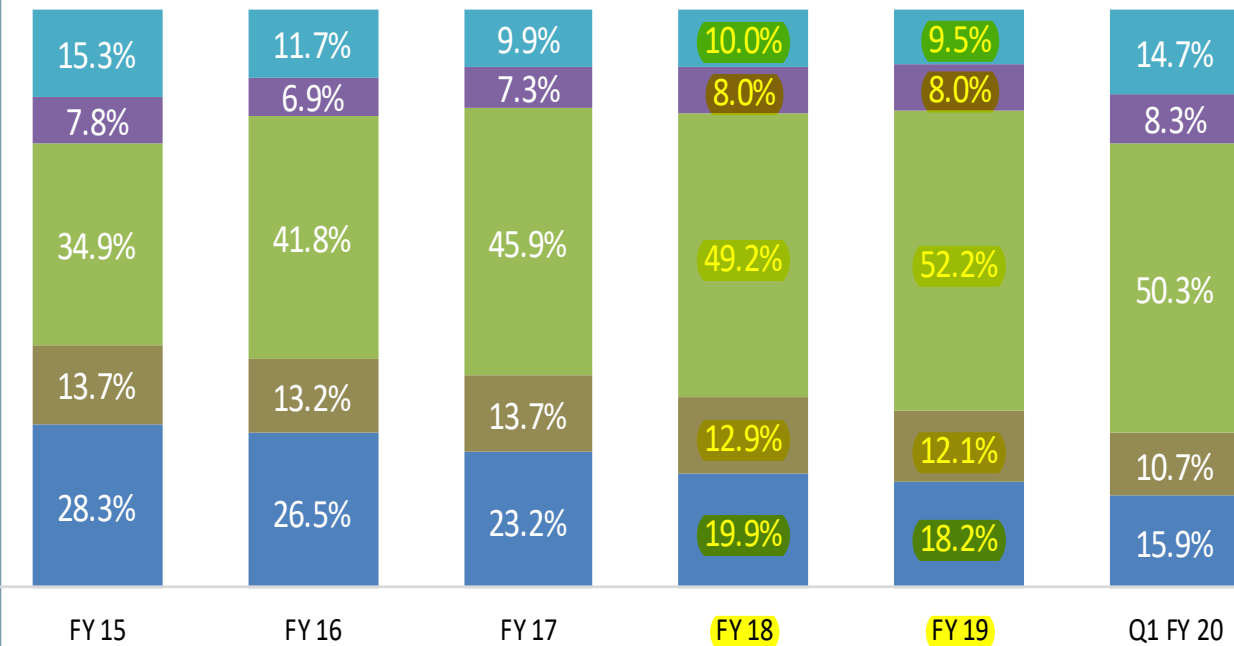
■ Acquired Business Revenue
■ Core Business Revenue



Revenue Composition

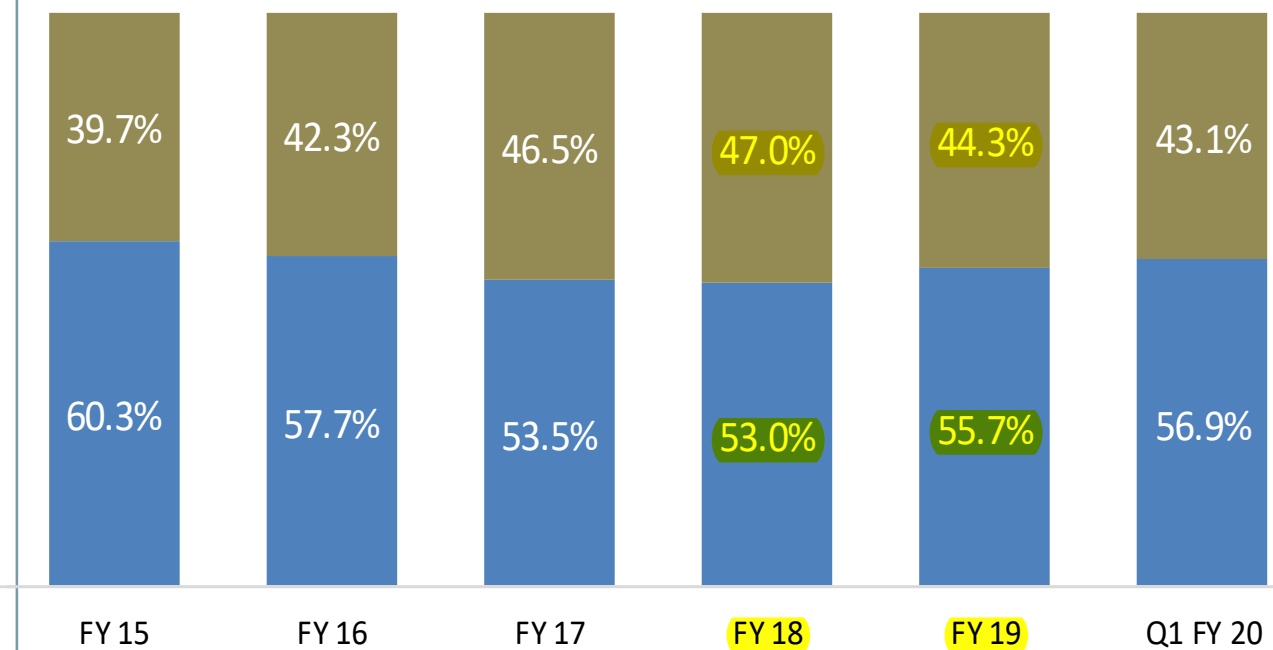
Revenue by Verticals

Telecom & Technology Consumer Products Healthcare BFS Others



Offshore/Near-shore to Onshore

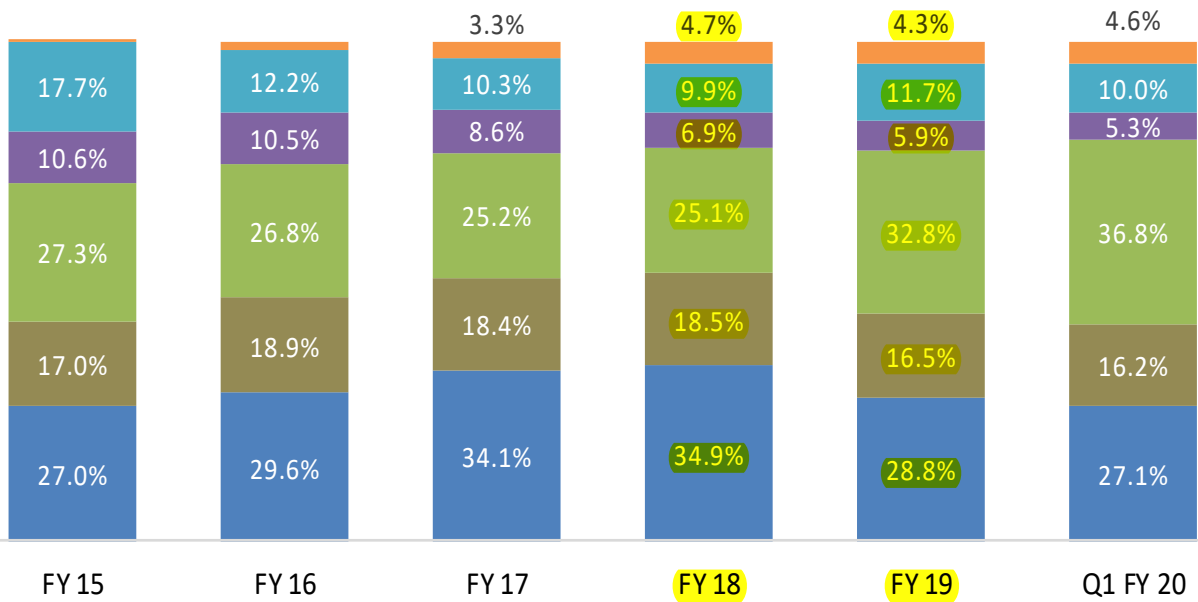
Onshore Offshore/Nearshore



Revenue Composition

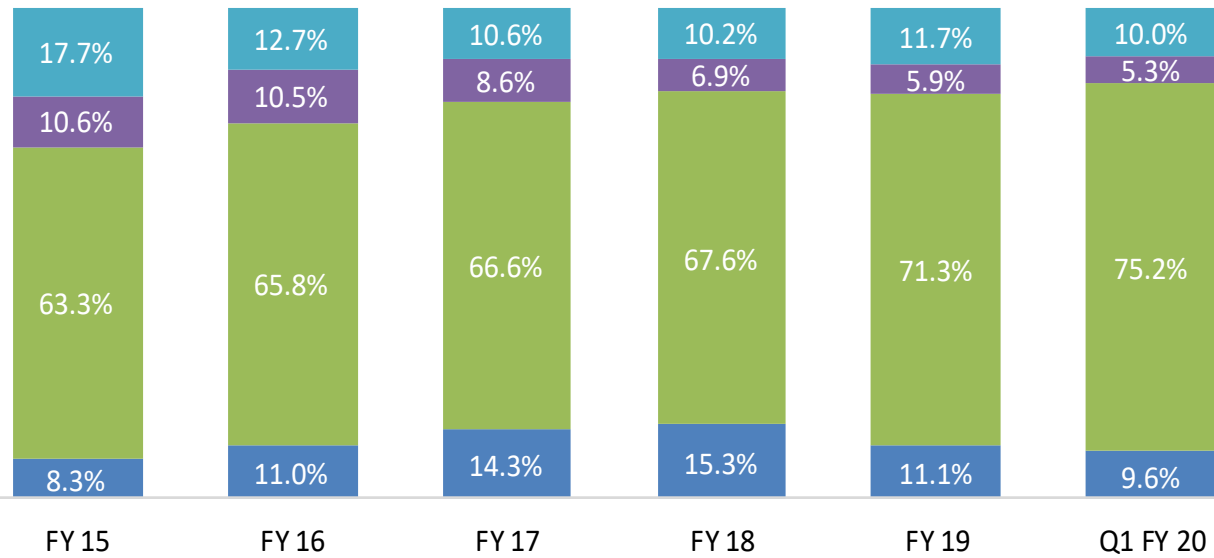
Revenue by Delivery

India Philippines USA UK Canada Jamaica



Revenue by Originations

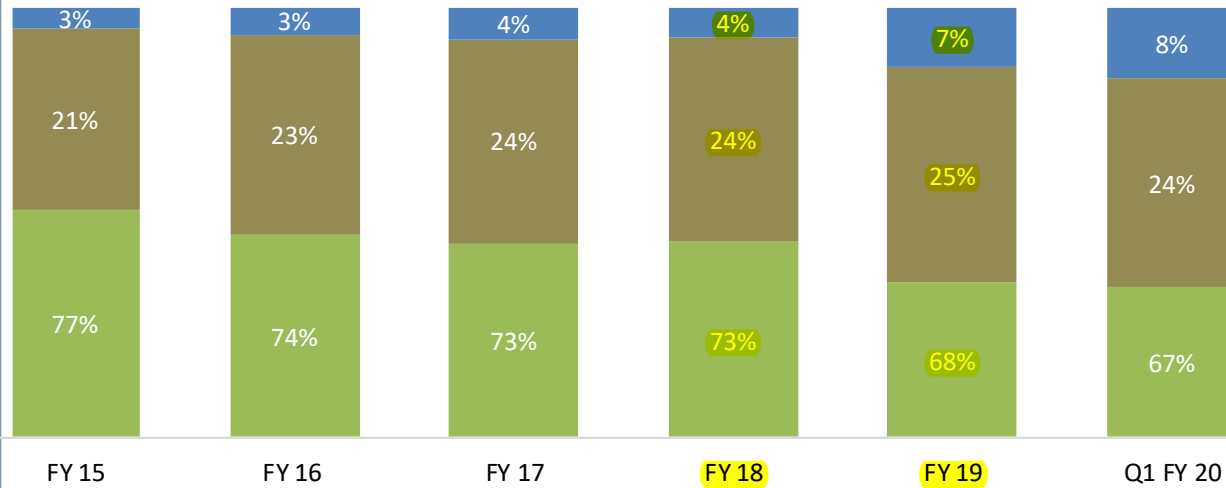
INR USD GBP CAD



Revenue Composition

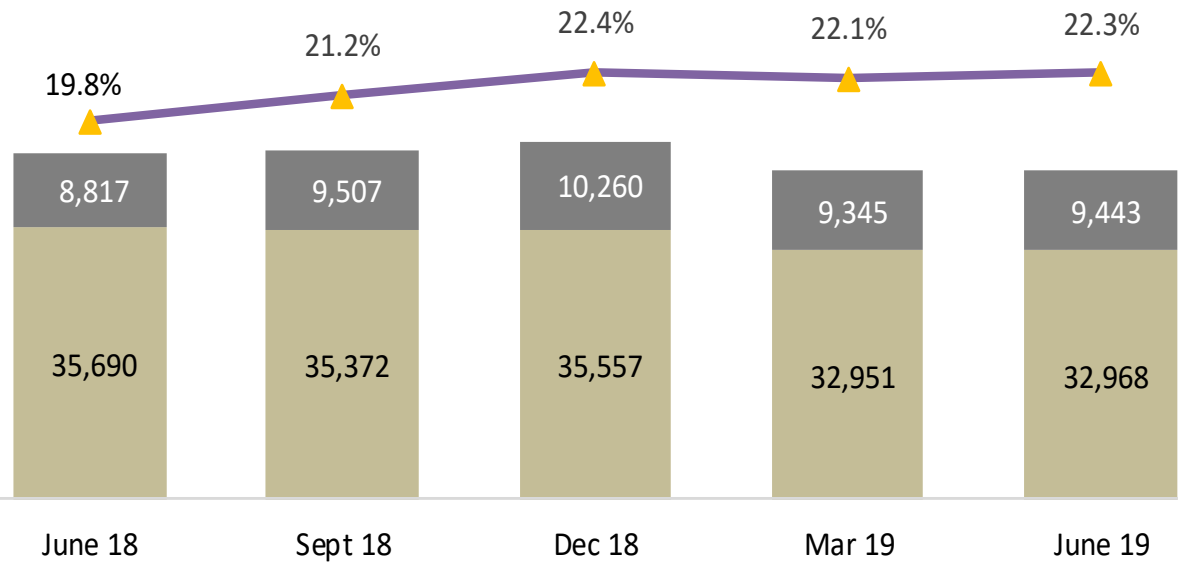
Voice to Non-Voice Mix

Voice CRM Transaction processing Digital CRM



OPEX seats & Owned Seats

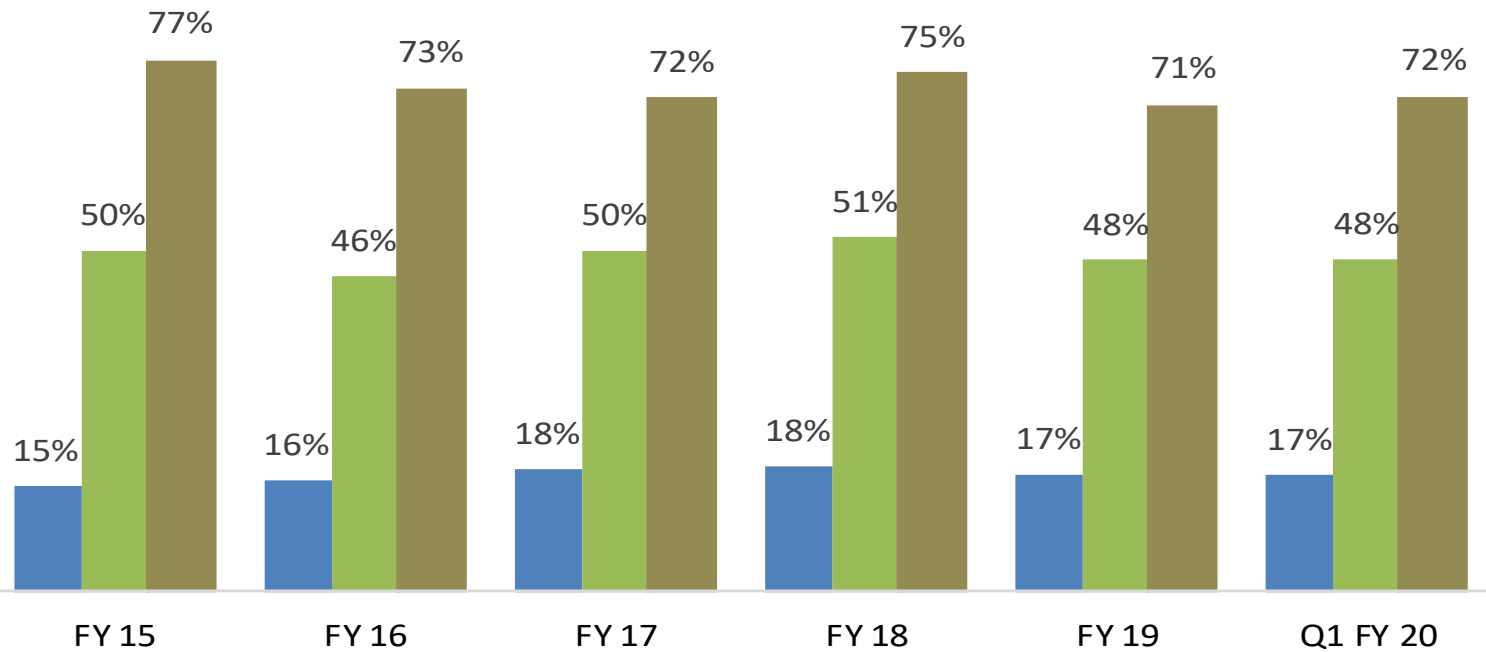
Owned Seats Seat for Opex



Revenue Composition

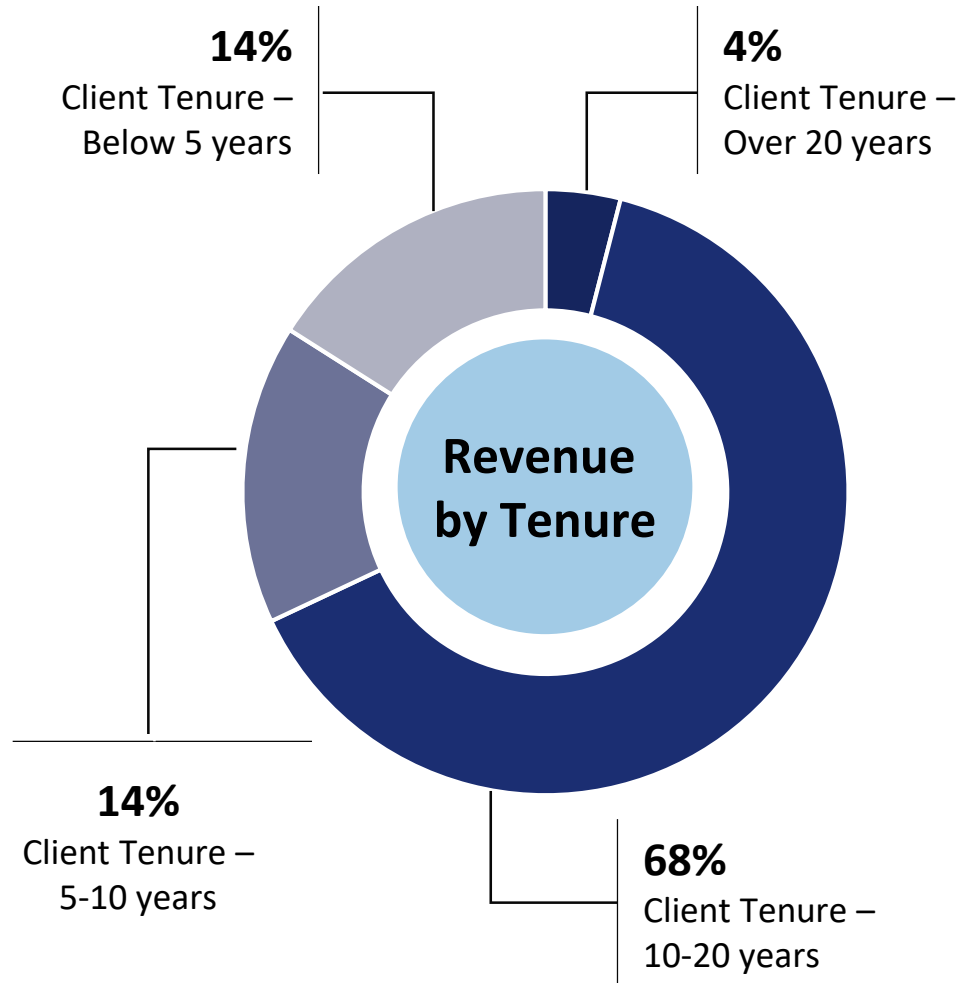
Client Concentration

■ Top Client ■ Top 5 Clients ■ Top 20 Clients

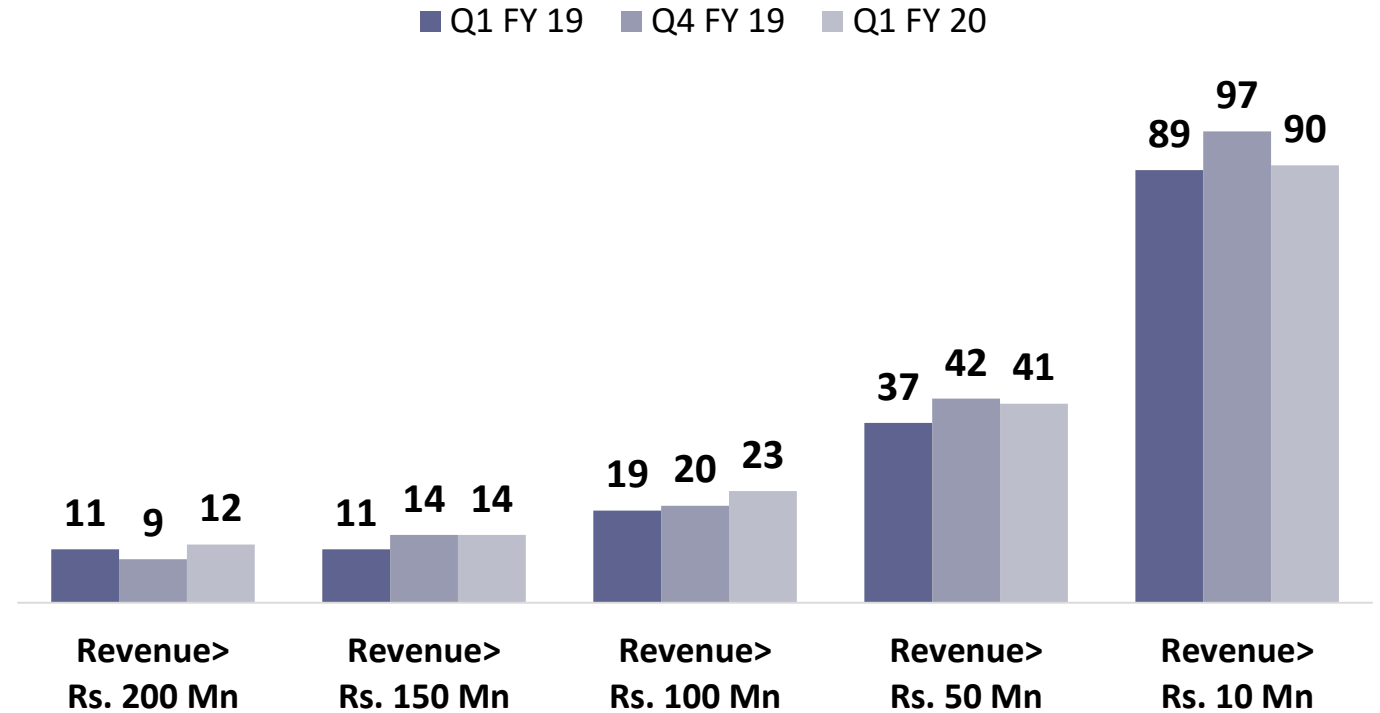


Highly Tenured Clients

Focus on building partnerships



Quarterly Revenues Contributions





Thank You