


HGS Earnings Call Presentation

Q4 & Full-Year FY2021

June 21, 2021



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.



\$753.9M
in revenue

56
delivery centers

7
countries

39,889
employees

254
BPM clients

Our Services Areas: **Healthcare | CX | Digital**

4.5 Bn
annual voice mins

325K
annual chat sessions

150+ Mn
Healthcare experiences
managed

34
languages
supported

Our Key Strengths

Company with
Zero Promoter
Pledge

Company with
Net Cash

Strong Net
Free Cash Flows

Stability – 60% of our
revenue comes from long
tenured clients (10 yrs+)

Proven method for right-shore
outsourcing – onshore, nearshore
and offshore locations

Client centric – Our CSAT
score is at an all-time high

Employee centric – Our ESAT
score is at an all-time high

5-year Revenue CAGR @ 10.9%

FY2021 EPS @ 161.00

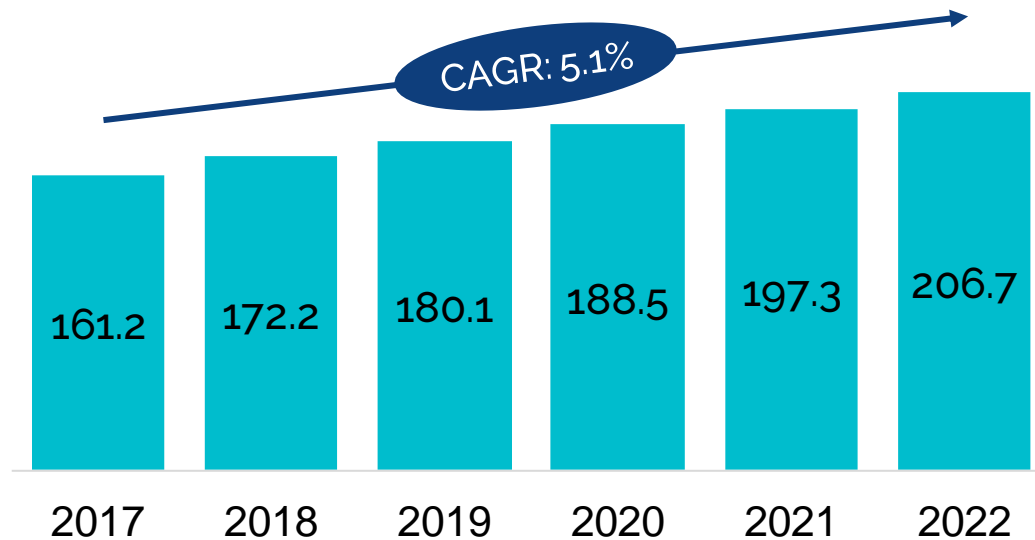
5-year PAT CAGR @ 27.2%

Total Dividend of Rs. 40 per share
for FY2021

The Global BPM Market is Growing

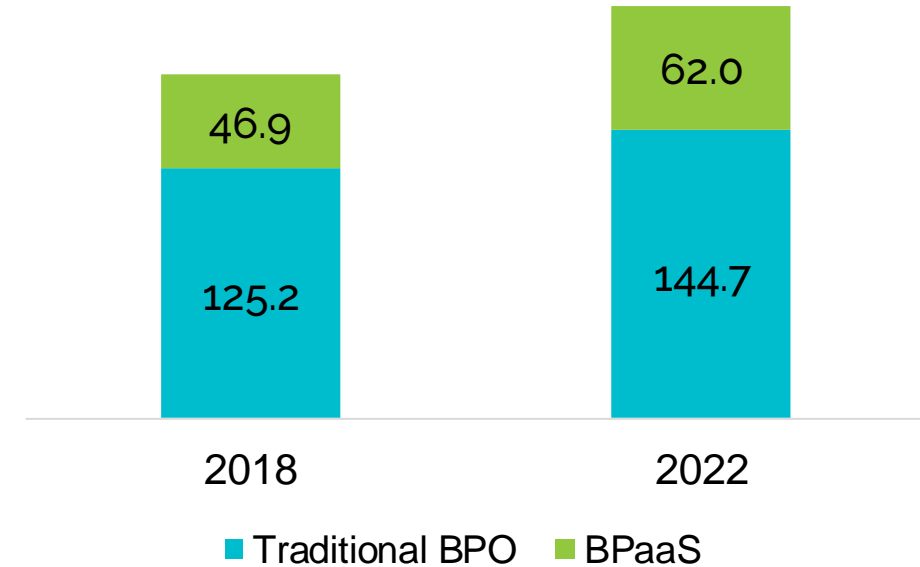
Traditional BPM market dominates the current BPM market; However faster growth in BPaaS

Global BPM Spending (\$Bn)



Source: Gartner Service line Forecast 2018 Q1

Global BPM Services Forecast (\$Bn)



- BPM sector is growing but the composition of services is changing
- HGS is evolving to global trends – Handling complex voice calls, Human + Machine engagements, Solution Orchestrator approach

FY2021: A Record Year where HGS turned Challenges into Opportunities

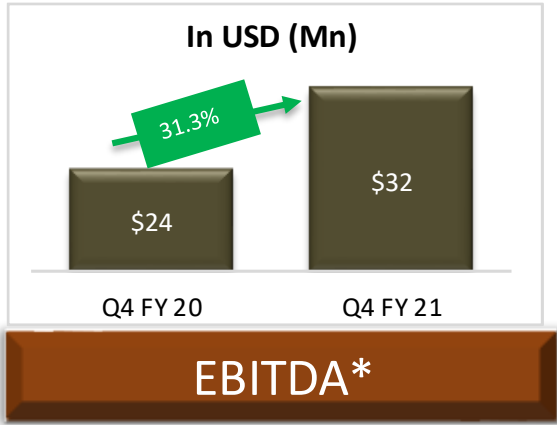
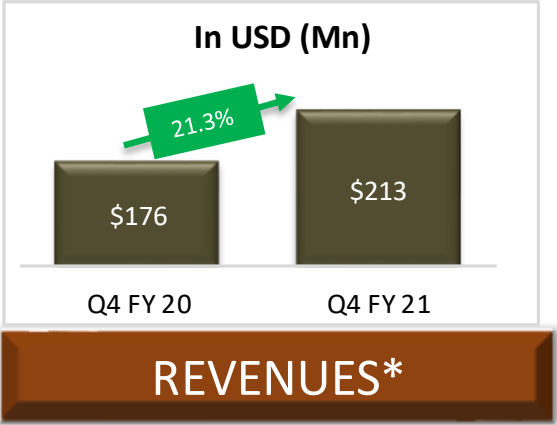
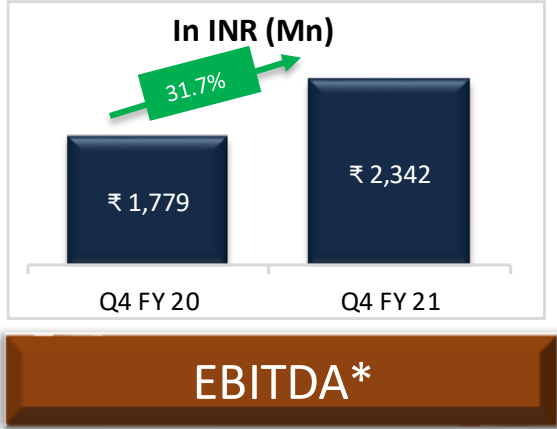
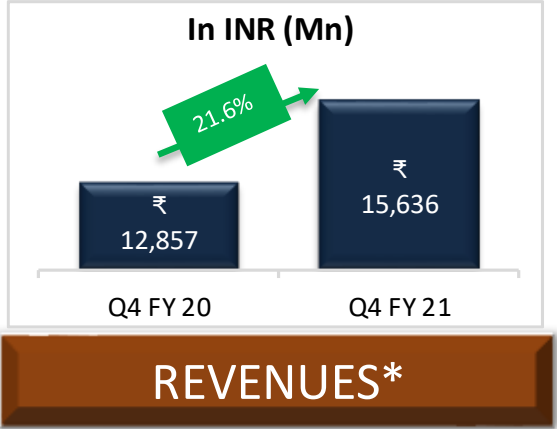
Operating in a Bubble

- Financial stability – reported strong topline and profitability results
- Portfolio mix enabled a big advantage for us
- Strong momentum in client wins (new and existing); Excellent CSAT scores
- Big wins in Healthcare and Public Sector – leading to significant growth and ramp ups
- Transition to Work@Home – Happy & safe employees; Awards & recognition by industry
- Adoption of technology internally helping us transform to market need

Execute... Deliver... Impact

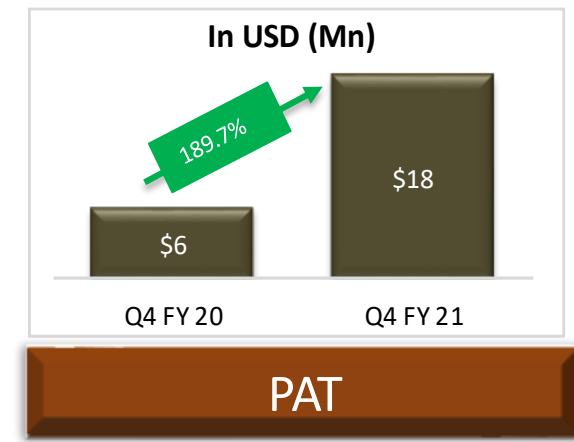
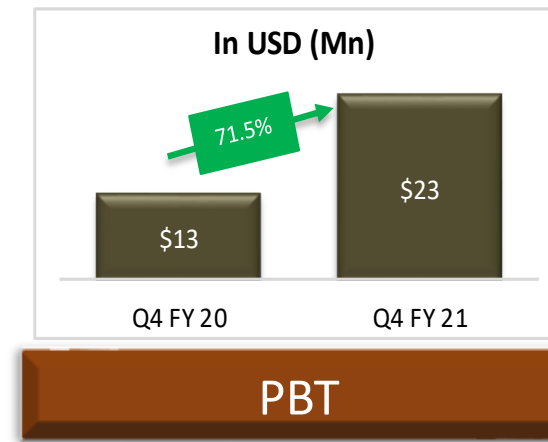
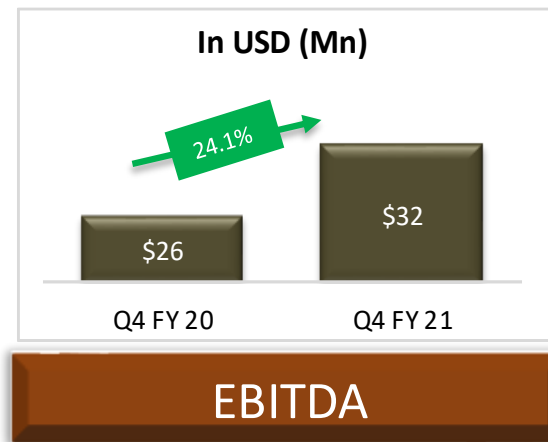
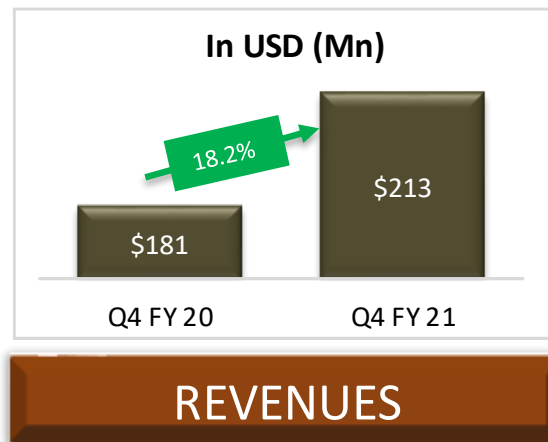
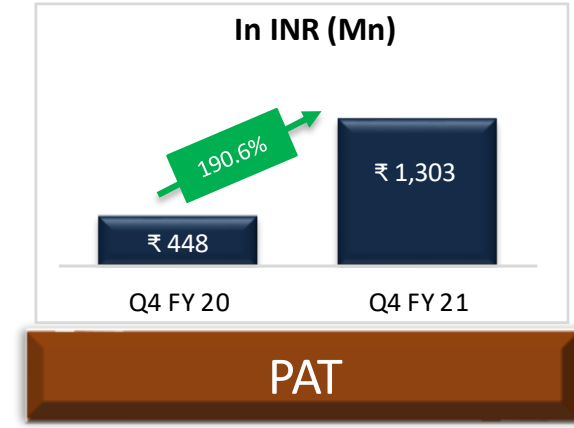
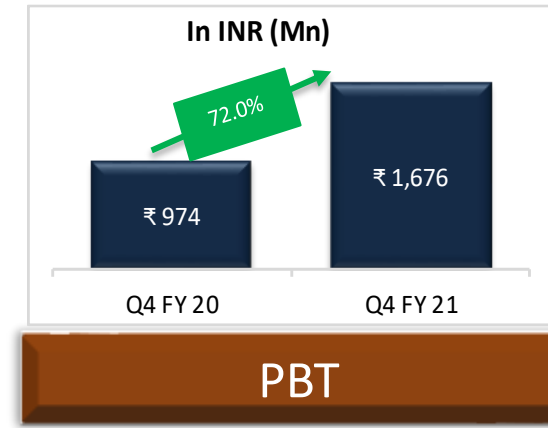
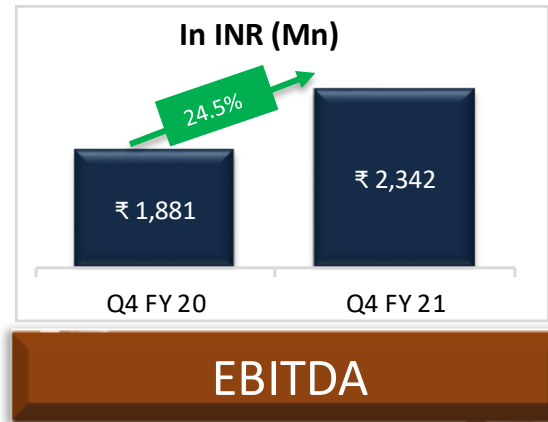
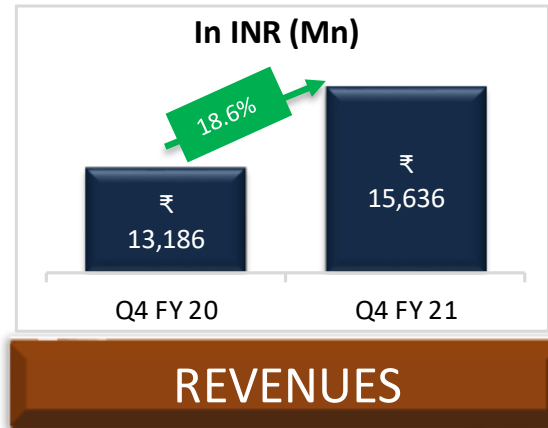


Q4 FY21 vs Q4 FY20 (On a Like-to-Like Basis) – HGS’ momentum continues with double-digit growth

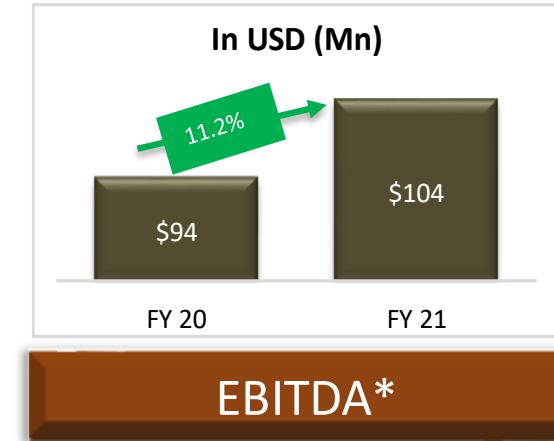
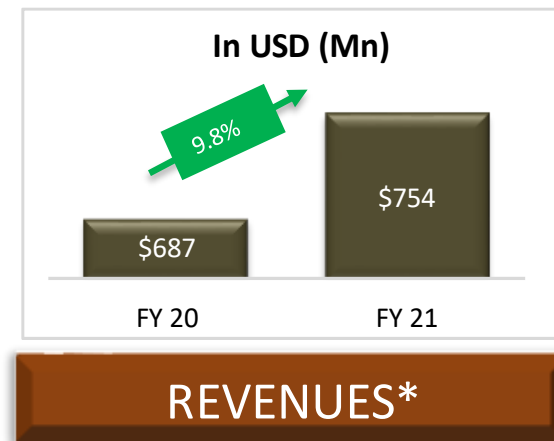
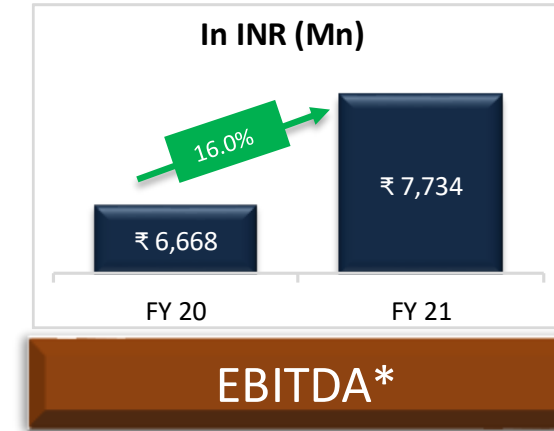
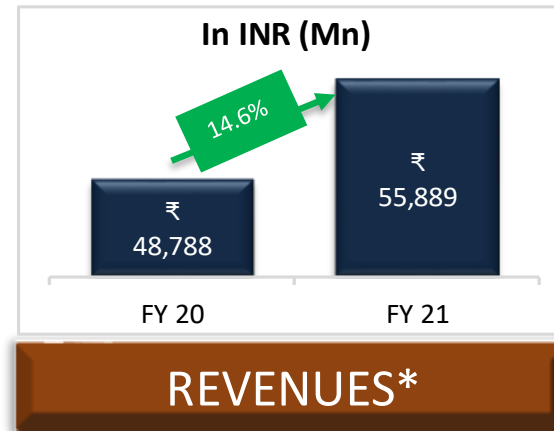


* excludes:-
India Domestic : Business sold off in Jan 2020
Other Operating : Revenues from sale of India Domestic Business

Q4 FY21 vs Q4 FY20 (As Reported), Good performance with PAT growing by 190.6%



FY 21 vs FY 20 (On a Like-to-Like Basis), Another strong year for HGS



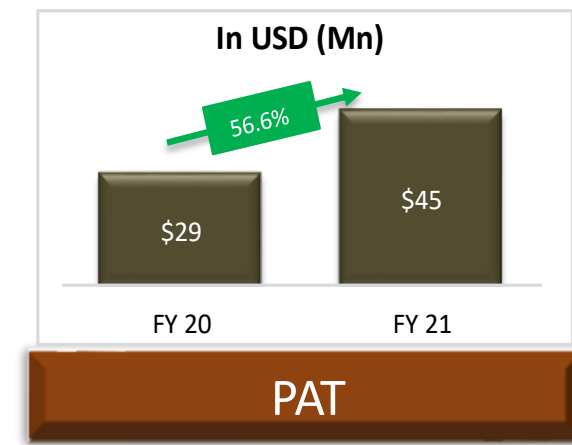
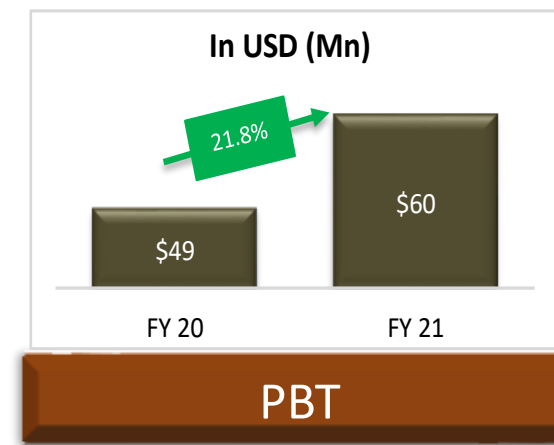
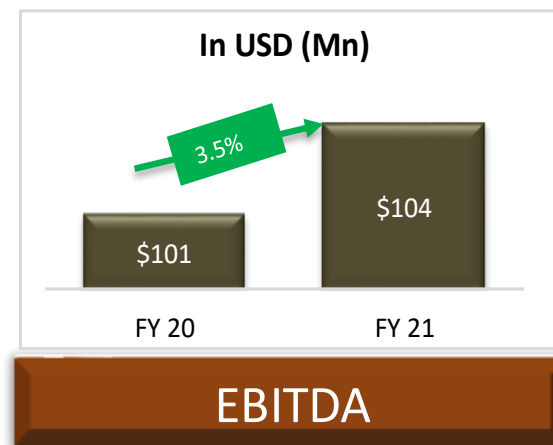
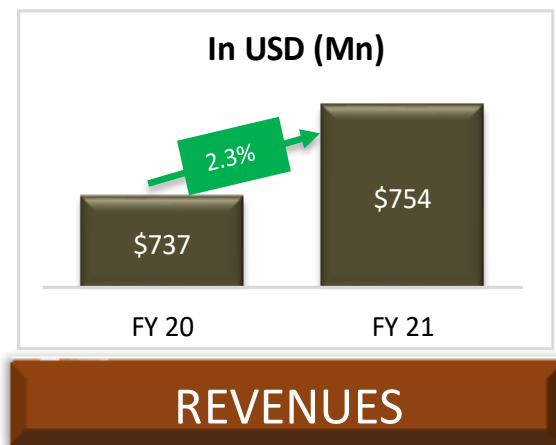
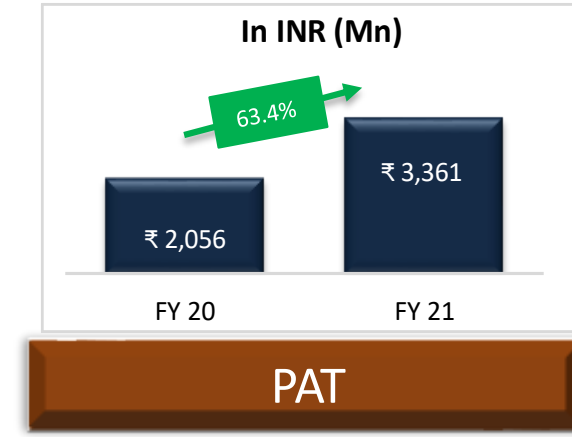
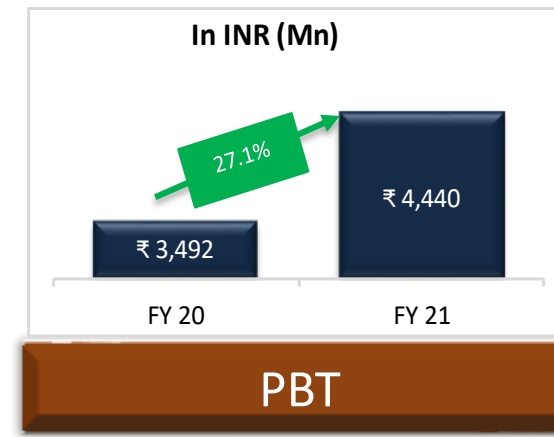
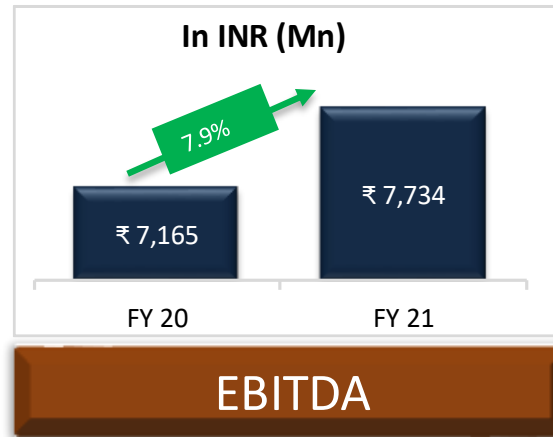
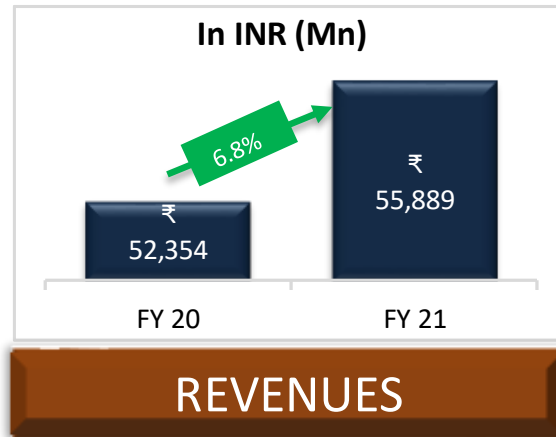
* excludes:-

Pass Through : Pass through revenue which ceased in July 2019

India Domestic : Business sold off in Jan 2020

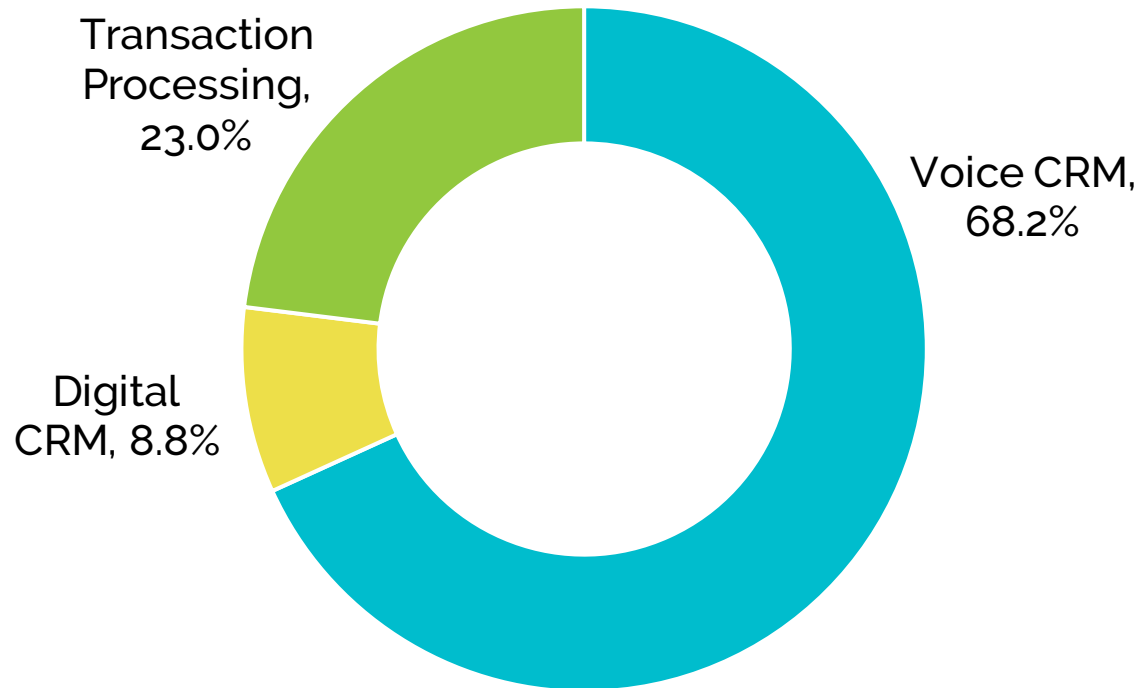
Other Operating : Revenues from sale of India Domestic Business

FY 21 vs FY 20 (As Reported), Positive on all parameters



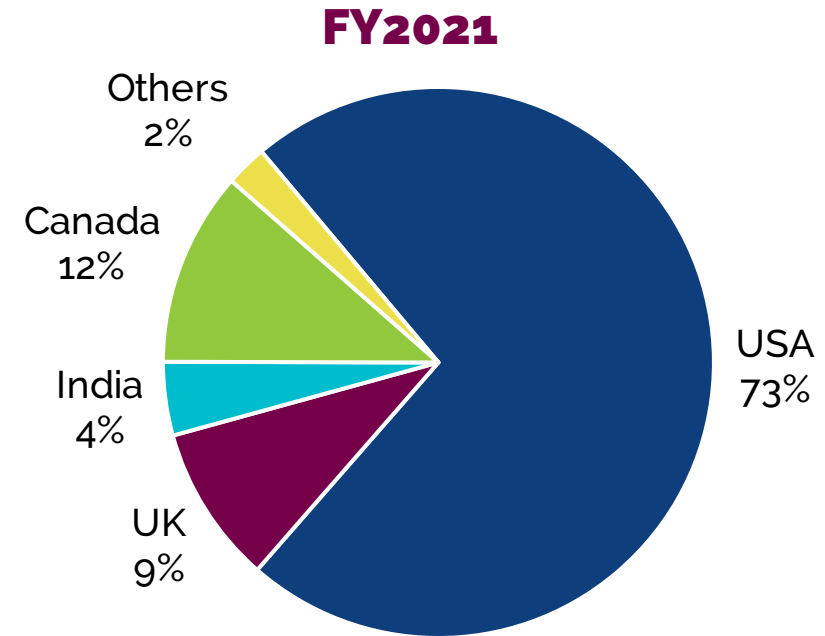
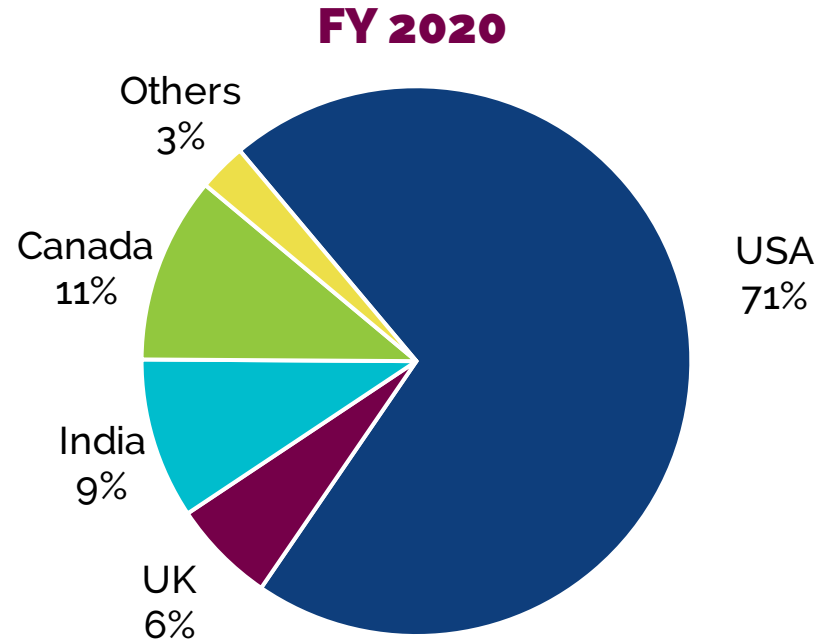
HGS' non-voice revenues are growing

FY 2021 - Channel Mix



- HGS' non-voice revenues have **grown significantly** in the last **5** years
- Since acquisition of Element Solutions in March 2018 (now known as HGS Digital LLC), **revenue contribution from Digital CRM has more than doubled from 3.5% in FY2018 to 8.8% today**
- Signed engagements with **37 new logos** for HGS Digital services in FY2021 – smaller projects but with potential to grow
- Focus areas – Digital experience, Digital engagement, Data & analytics, Intelligent automation, Cloud services

In Focus - HGS UK is now our third largest market



- In the last 12 months, HGS UK has seen robust growth of 60.7%, **led by the Public Sector vertical** that has grown significantly in volume, diversity of offerings and revenue
- **Shift to Cloud telephony enabled rapid growth and scale** through Work@Home model compared to traditional brick & mortar
- Our UK headcount has increased to 2,357; We continue to aggressively hire – announced plans for 560+ roles in Northern Ireland recently

Work  Home



Hybrid
Operating
Model



Flexible
Process



Cloud
Infrastructure



Secure
Data

- Transitioned to Work@Home model in just a few days in 2020
- **Significant % of our people are working from home today;** some still working in on-premise, following requisite guidelines
- Replication of all processes & policies across hiring, training, Ops delivery, engagement, shared services, etc
- Focus on digitization, convenience and security
- **Leveraged Cloud technology** to create a flexible system and scale; Eg: HGS UK
- Awarded and recognized by third party analysts and industry
- **Working model of the future – distributed and capex lite**
- **Significant net savings of \$5.6mn in FY2021;** Expect potential savings on ongoing basis in Hybrid delivery model



First Wave in 2020:

- Priority to employee health and safety
- Migrating to work from home, assets movement, infrastructure
- Enable work from home – training, remote support, new tools
- Enhanced Medical Insurance, Employee Emergency Aid Policies
- Increased communication and education on overall wellness
- Continuous connect by HR, Corpcomm, peers and managers

Second Wave in 2021:

- Continued focus on employee health, safety and well-being
- Emergency helpline for affected employees & family members
- Access to counselling & support groups
- Additional 14 days leave for affected employees in some geos
- Extended certain plans for family members; Increased life cover in case of employee demise
- Increased focus on employee mental health
- Vaccination for employees (some geos) when available

HGS **'New Normal'** **Strategy**

Verticalization to drive better value

Expand Digital offerings and services

Adopt hybrid working model as
Future Workplace Strategy

Continue to leverage Cloud technology

Execute... Deliver... Impact

Key Takeaway

All-round great performance for HGS in FY2021!

- Financial performance – highest-ever PAT, revenue crosses \$750mn
- Client CSAT – highest ever, in the top quartile of peer group
- Employee satisfaction – all-time high score
- Investor confidence – rising HGS share price
- Community – CSR programs & employee volunteering of 51,000+ hours positively impacted 2,20,000+ beneficiaries





Financial Update

Q4 FY21: Double-digit growth in topline and EBIDTA, PAT up by 191% YoY

Quarter Performance - Consolidated

Figures in Mn unless otherwise indicated

	Actual QE March 21	Actual QE Dec 20	QoQ Growth %	Actual QE March 20	YoY Growth %
Total Revenue (In \$ Mn)	\$ 213.5	\$ 197.2	↑ 8.2%	\$ 180.6	↑ 18.2%
Revenue from Operations	₹ 15,636	₹ 14,568	↑ 7.3%	₹ 13,089	↑ 19.5%
Other Operating Revenue	₹ -	₹ -		₹ 97	
Total Revenue	₹ 15,636	₹ 14,568	↑ 7.3%	₹ 13,186	↑ 18.6%
EBITDA	₹ 2,342	₹ 2,063	↑ 13.5%	₹ 1,881	↑ 24.5%
EBITDA %	15.0%	14.2%		14.3%	
Depreciation	₹ 734	₹ 822		₹ 985	
Interest Expense	₹ 204	₹ 217		₹ 262	
Other income	₹ 276	₹ 82		₹ 372	
Exceptional Items	₹ 4.4	₹ -		₹ 32	
PBT	₹ 1,676	₹ 1,105	↑ 51.7%	₹ 974	↑ 72.0%
PBT %	10.7%	7.6%		7.4%	
Tax	₹ 372	₹ 353		₹ 526	
PAT	₹ 1,303	₹ 752	↑ 73.3%	₹ 448	↑ 190.6%
PAT %	8.3%	5.2%		3.4%	
Exchange Rate	73.24	73.86		73.02	

FY21: Strong revenue performance, PAT zooms up by 63%

Yearly Performance - Consolidated

Figures in Mn unless otherwise indicated

	Actual FY 21	Actual FY 20	YoY Growth %
Total Revenue (In \$ Mn)	\$ 753.9	\$ 736.9 ↑	2.3%
Revenue from Operations	₹ 55,889	₹ 52,257 ↑	7.0%
Other Operating Revenue	₹ -	₹ 97	
Total Revenue	₹ 55,889	₹ 52,354 ↑	6.8%
EBITDA	₹ 7,734	₹ 7,165 ↑	7.9%
EBITDA %	13.8%	13.7%	
Depreciation	₹ 3,075	₹ 3,300	
Interest Expense	₹ 883	₹ 1,032	
Other income	₹ 816	₹ 869	
Exceptional Items	₹ 152	₹ 211	
PBT	₹ 4,440	₹ 3,492 ↑	27.1%
PBT %	7.9%	6.7%	
Tax	₹ 1,079	₹ 1,436	
PAT	₹ 3,361	₹ 2,056 ↑	63.4%
PAT %	6.0%	3.9%	

Exchange Rate

74.13

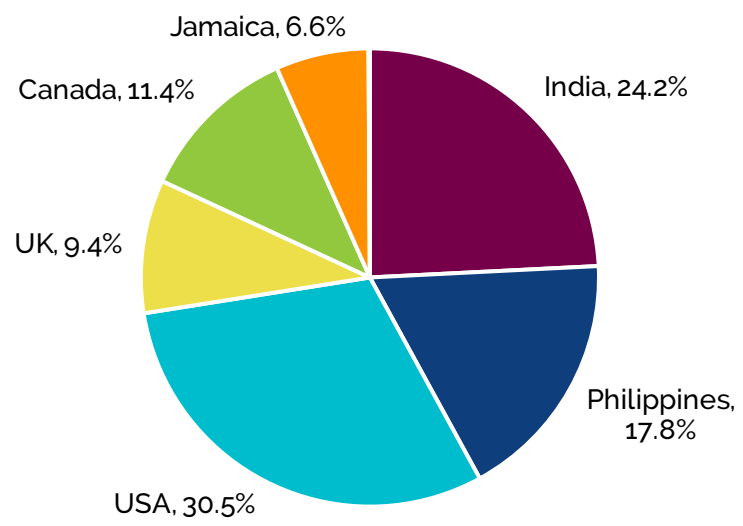
71.05

- 3 Interim Dividends of Rs. 6 per share
- Final Dividend* of Rs. 22 per share, including Rs. 15 of Special Dividend
- Total Dividend of Rs. 40 per share
- Dividend Payout @ nearly 25% of Consolidated Profit

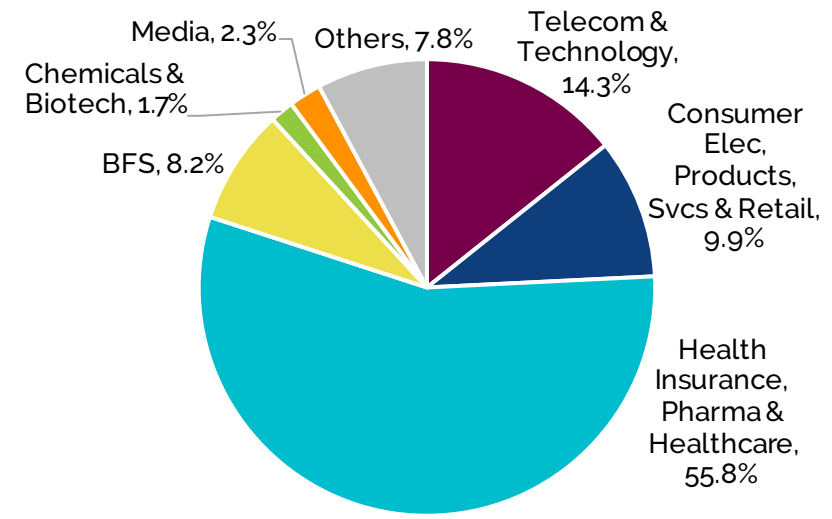
* Subject to shareholder approval

Revenue Composition – Healthcare vertical continues to grow, UK is now third-largest market by origination

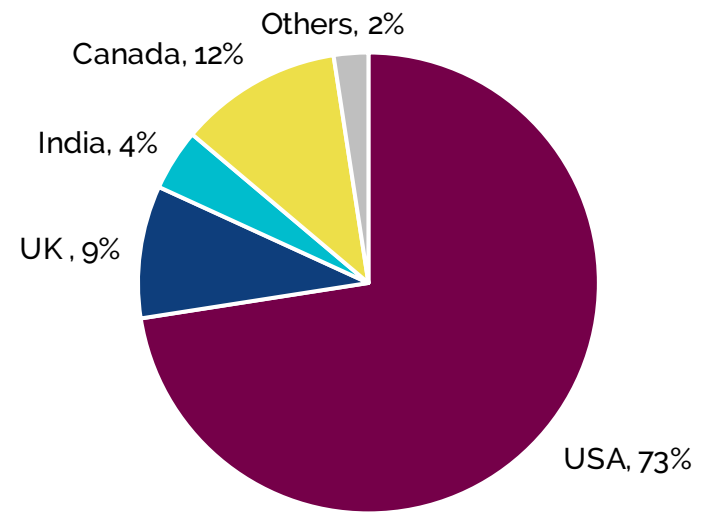
Revenue Split - by Delivery Location



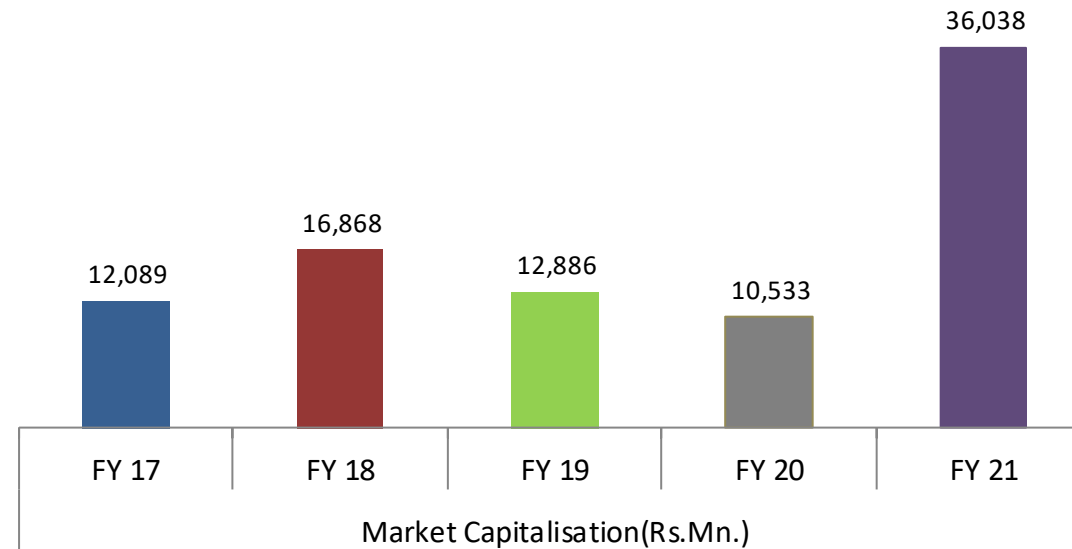
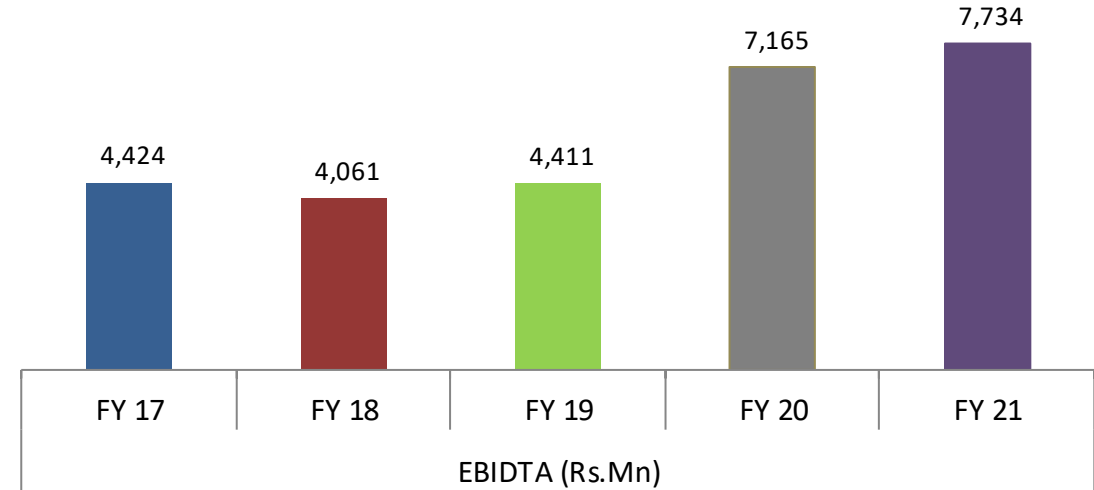
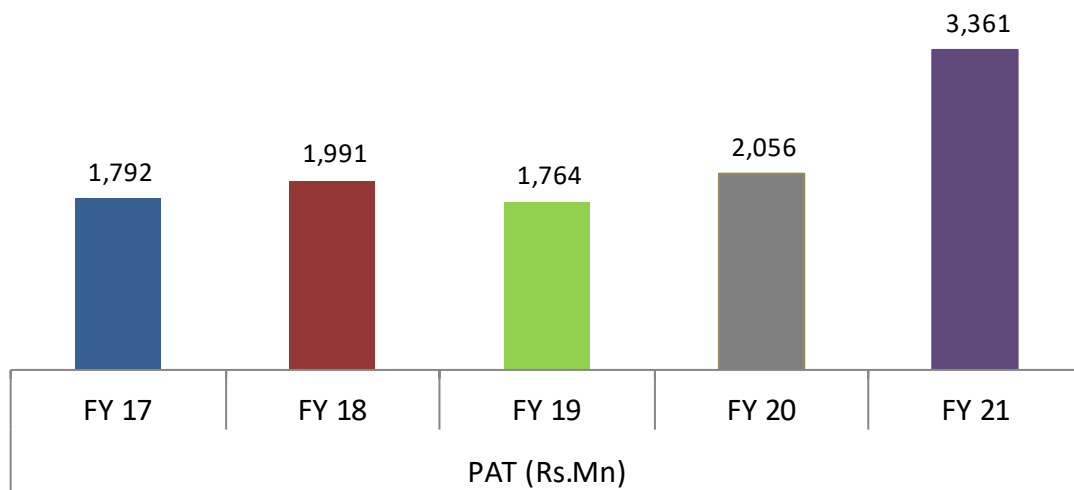
Revenue Split - by Vertical



Revenue by Origination



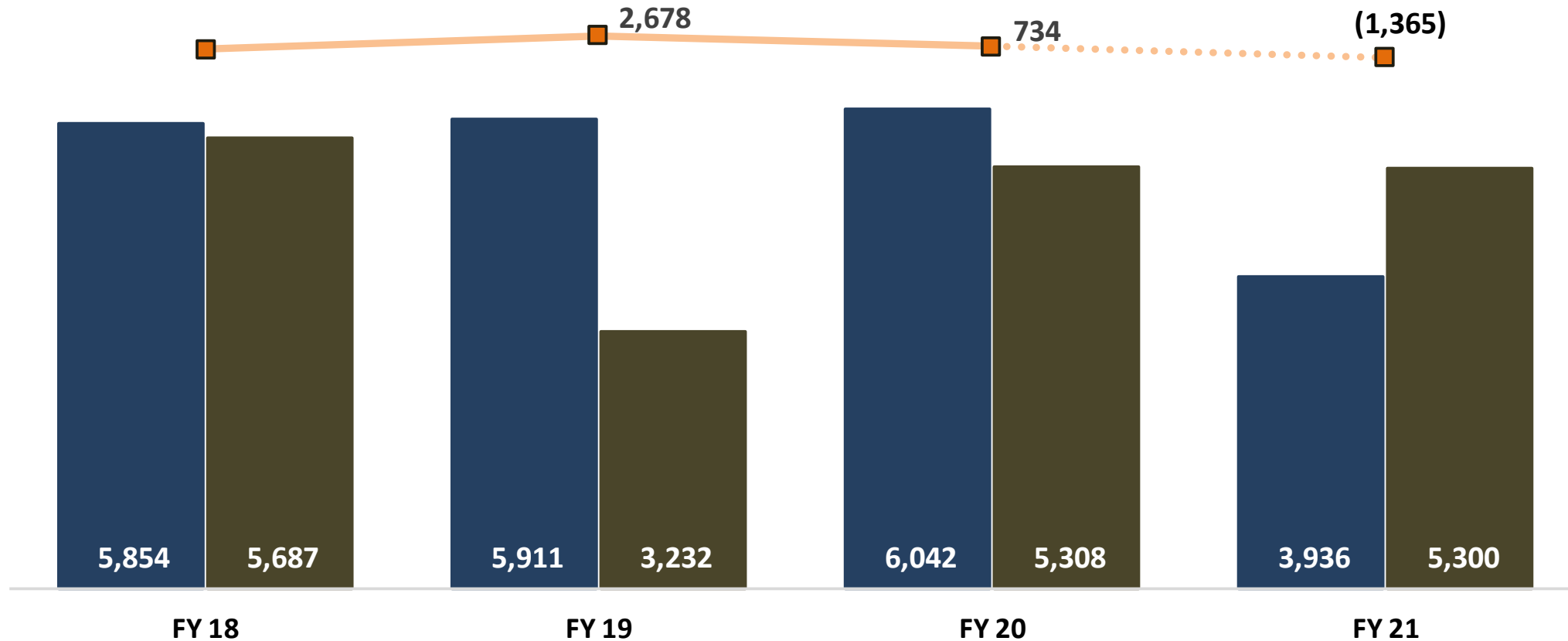
5-Year trends: HGS' PAT, EBIDTA and Market Cap reach highest-ever levels in FY21



Debt reduction of Rs 2,106 mn in FY21, Net Cash Company

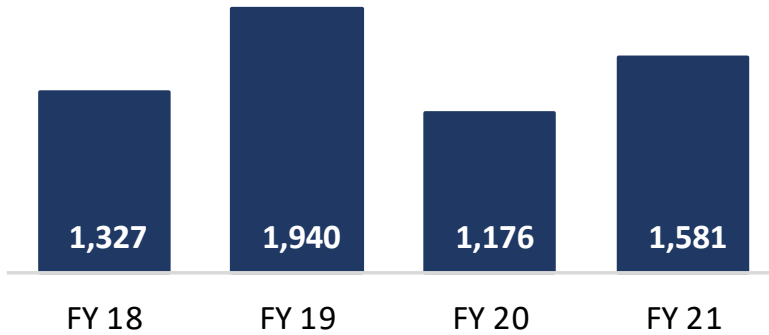
Figs in INR Mn

■ Gross Bank Debt ■ Cash & Cash Equivalent — Net Bank Debt/(Cash)



Strong Cash Flow Generation, Increasing ROCE

CAPEX (in INR Mn)



DSO (In Days)

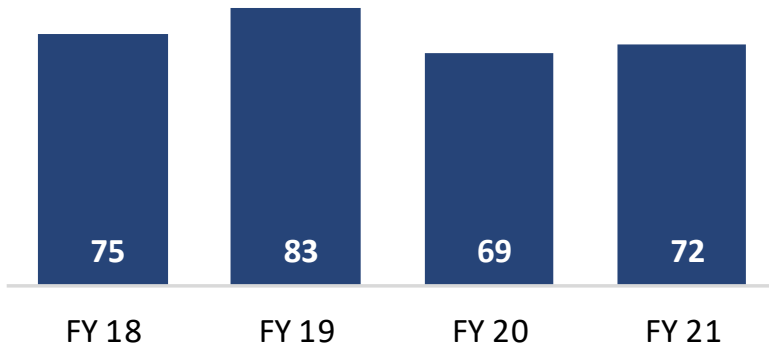
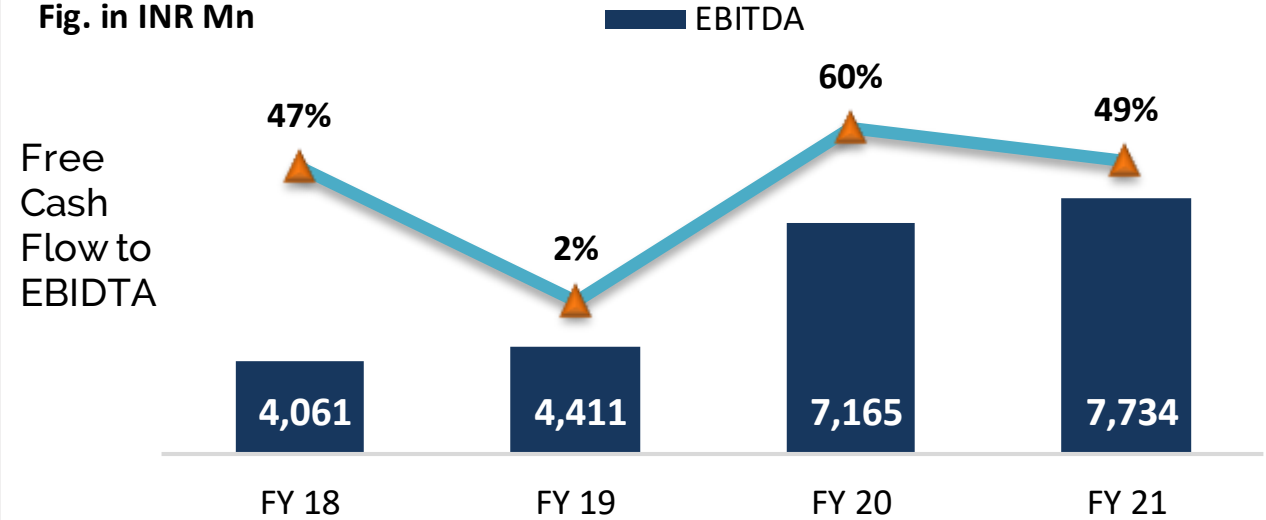
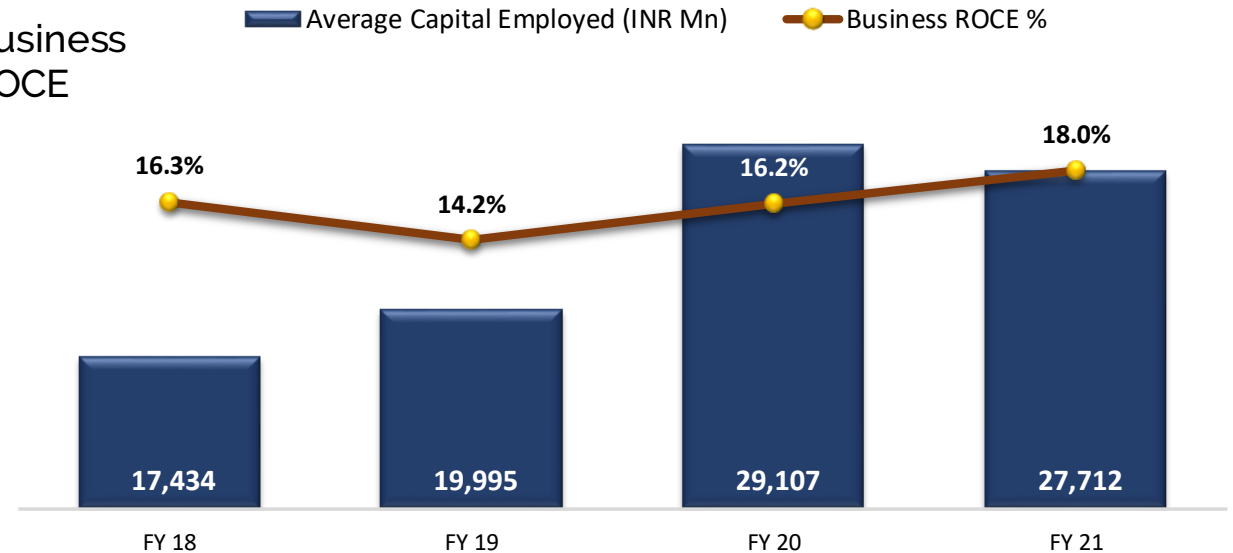


Fig. in INR Mn

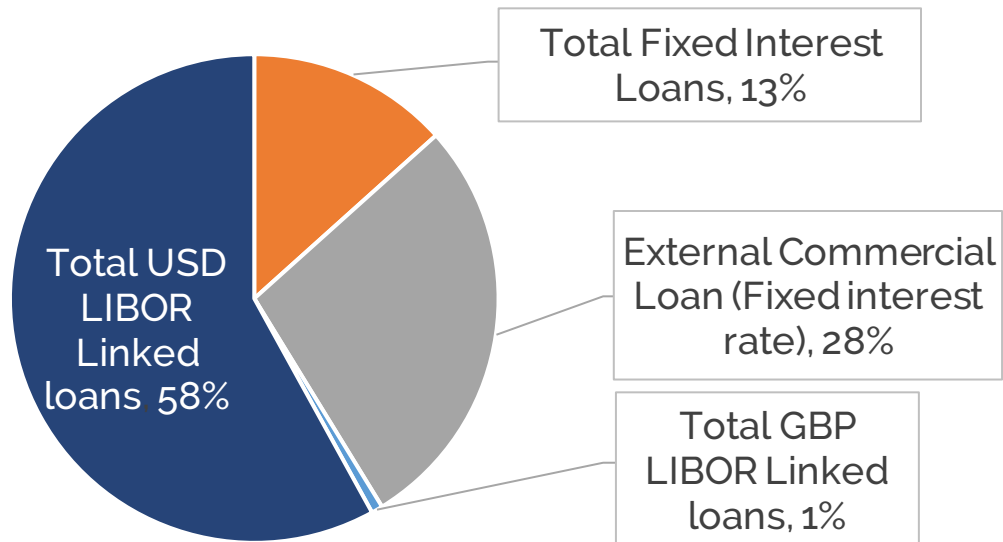


Business ROCE

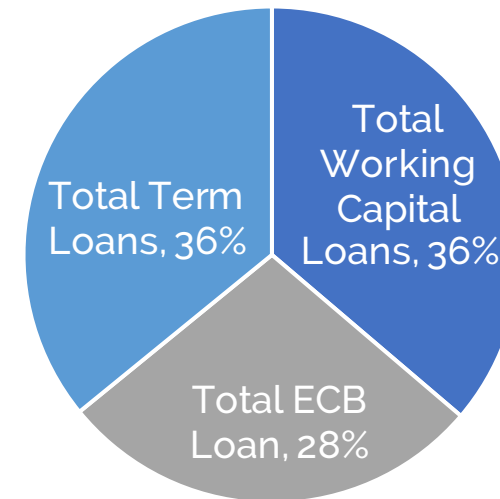


Debt of Rs 3,936 mn: 64% are Term Loans

Consolidated Debt description by Type



Consolidated Debt description by Categories

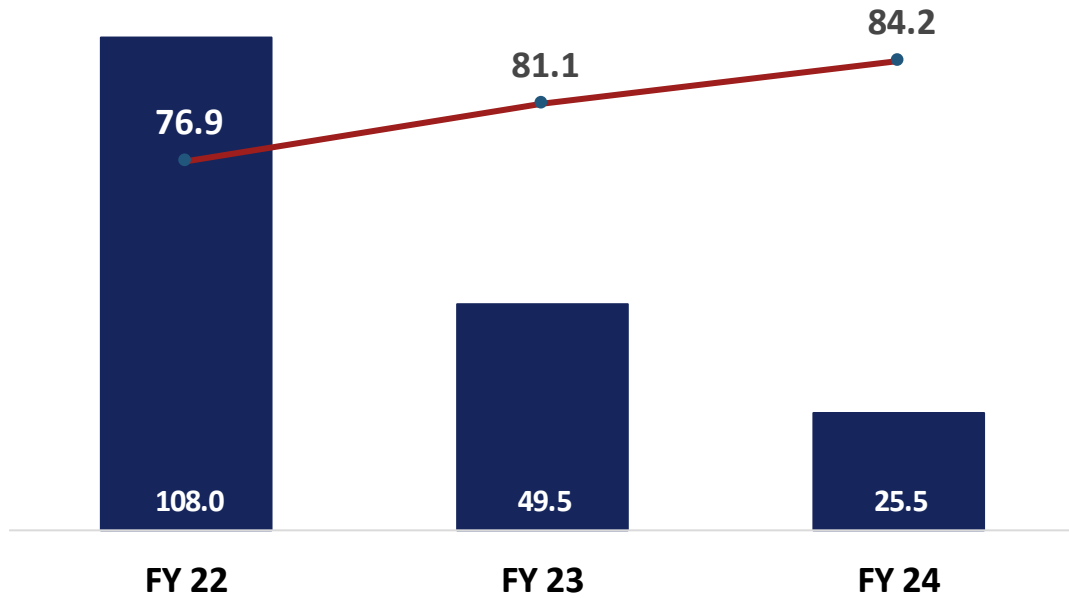


- **FY 21 Year end, Total debt stood at Rs 3,936 Mn which is USD 53.8 Mn**

Forward Cover: USD-INR & USD-PHP

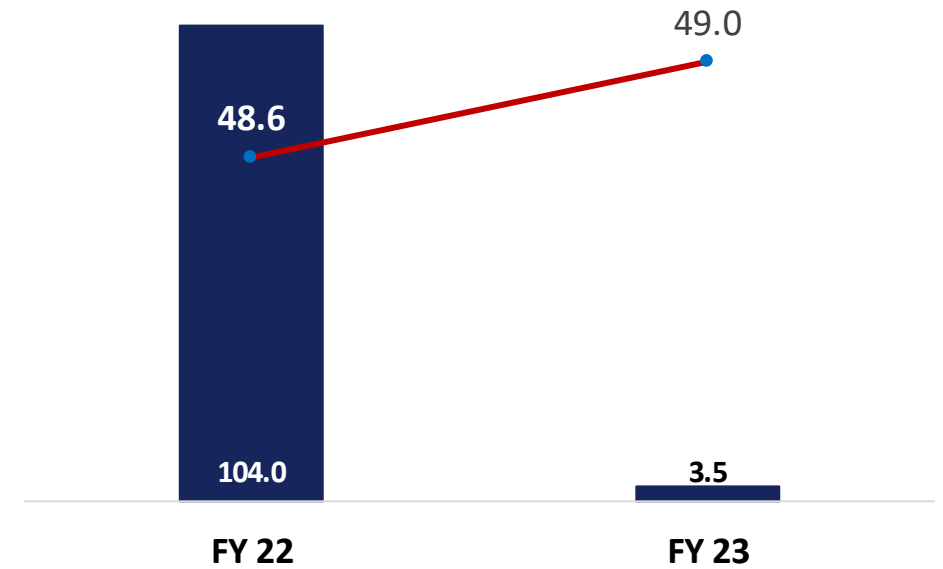
Forward Cover: USD-INR

■ Forward Cover (in USD Mn) ● FC Rate



Forward Cover: USD-PHP

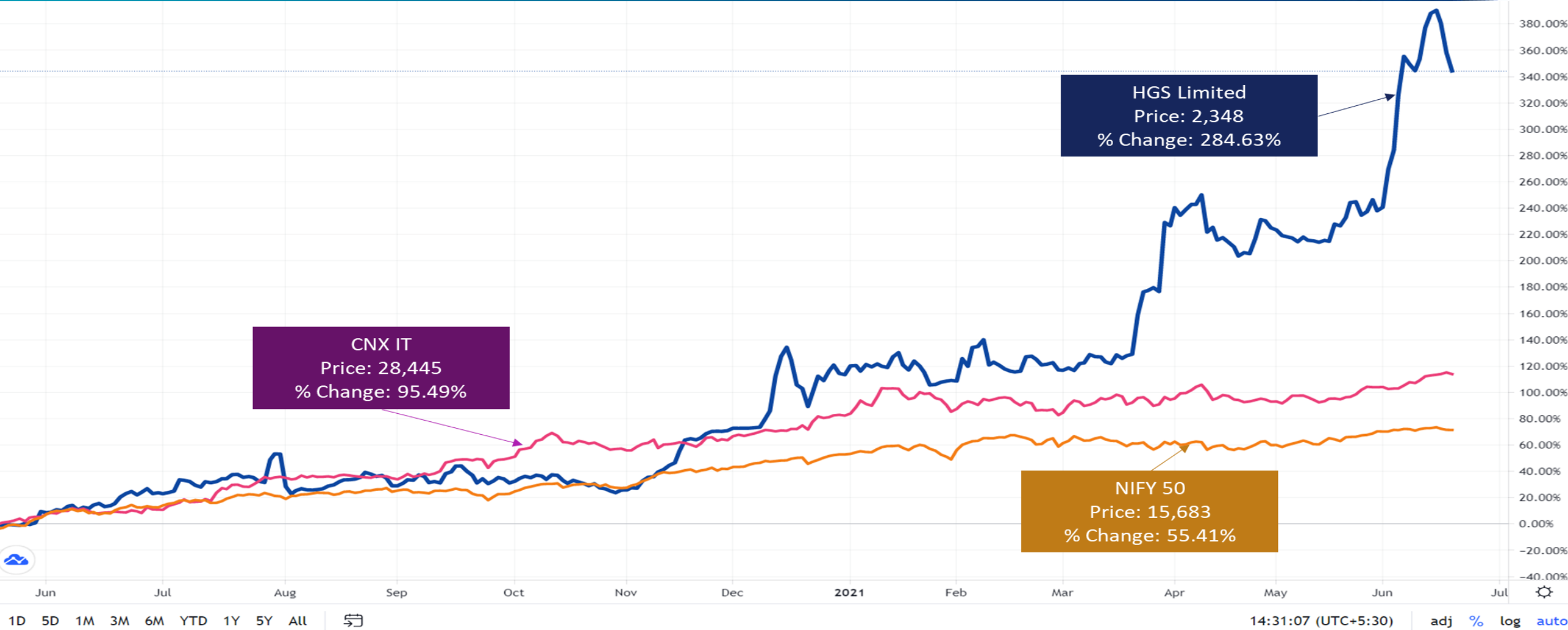
■ Forward Cover (in USD Mn) ● FC Rate



Summary Financial Profile – As at 31st March 2021

Particulars	HGSL	
	Rs.	USD
Net Worth <i>(in millions)</i>	20,849	285.0
Book value per share	999	13.6
Price per share	2,420.0	32.6
Dividend per share	6.0	0.08
EPS (TTM)	161.0	2.2
P/E Ratio (TTM)	15.0	15.0
Gross Debt <i>(in millions)</i>	3,936	53.8
Total Cash <i>(in millions)</i>	5,300	72.4
Net Debt (Net Cash) <i>(in millions)</i>	(1,365)	(18.6)
Gross Debt / Equity	0.19x	0.19x

- P/E calculated as per CMP of Rs 2,420
(17th June 2021)
- USD/INR exchange rate of 73.17
- Total Debt includes foreign currency debt taken at applicable exchange rates



Price Data (As on 18 th June, 2021)	
Face Value	10
Market Price	2,348
Equity Shares Outstanding (Mn)	20.87

Shareholding Pattern as on 31st March 2021

