

# Presentation Nov 28<sup>th</sup> 2019

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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 & H1 FY'20)

	FY'19	H1 FY'20 (Post IndAS 116)
Revenue	INR 48,167 Mn <b>(\$ 689 Mn)</b>	INR 25,811 Mn <b>(\$ 369 Mn)</b>
EBITDA	INR 4,411 Mn <b>(\$ 63 Mn)</b>	INR 3,207 Mn <b>(\$ 46 Mn)</b>
EBITDA Margin (%)	9.2% (With Acquisitions)	9.3% (Pre IndAS 116)
	11.2% (Without Acquisitions)	12.4% (Post IndAS 116) <b>Reported</b>
Free Cash flow/EBITDA	2%	134%
Net Debt/Equity Ratio	<b>0.11x</b>	<b>NA</b>
Gross Debt increased <sup>↑</sup> /Decreased <sup>↓</sup>	INR <b>142 Mn</b> <b>↑</b>	INR <b>269 Mn</b> <b>↓</b>

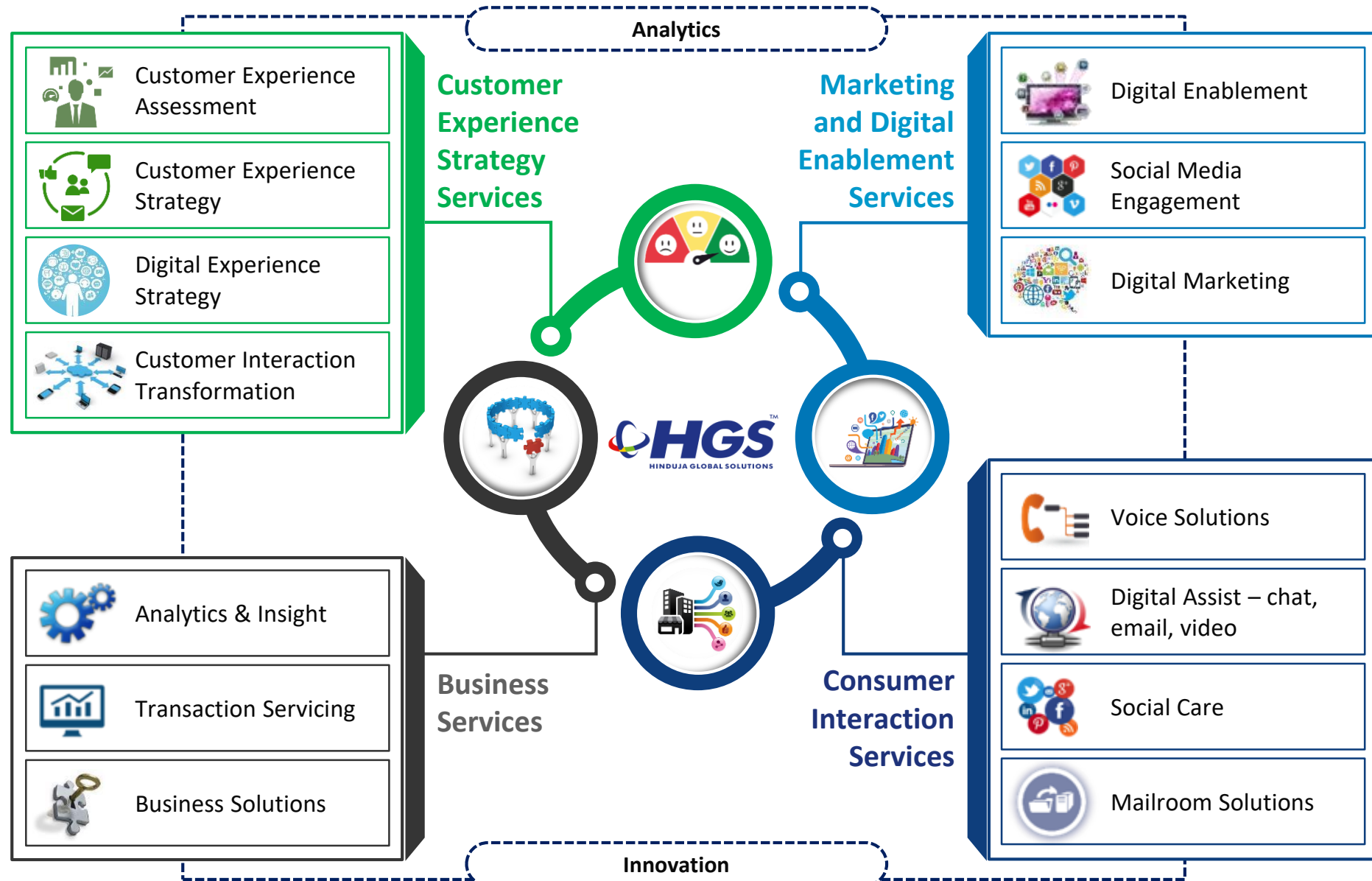
## SNAPSHOTS

- CAGR of 14.0 % in Revenue (In INR) over FY 14-19.
- **73** Worldwide Centers
- **44,200 +** employees (as on 30<sup>th</sup> Sept 2019)
- **245** active clients for the BPM business  
(additionally over 674 clients for Payroll & HRO Business) at the end of 30<sup>th</sup> Sept 2019.
- **2 Acquisitions** - Axis Point Health & Element Solutions made effective early April 18.

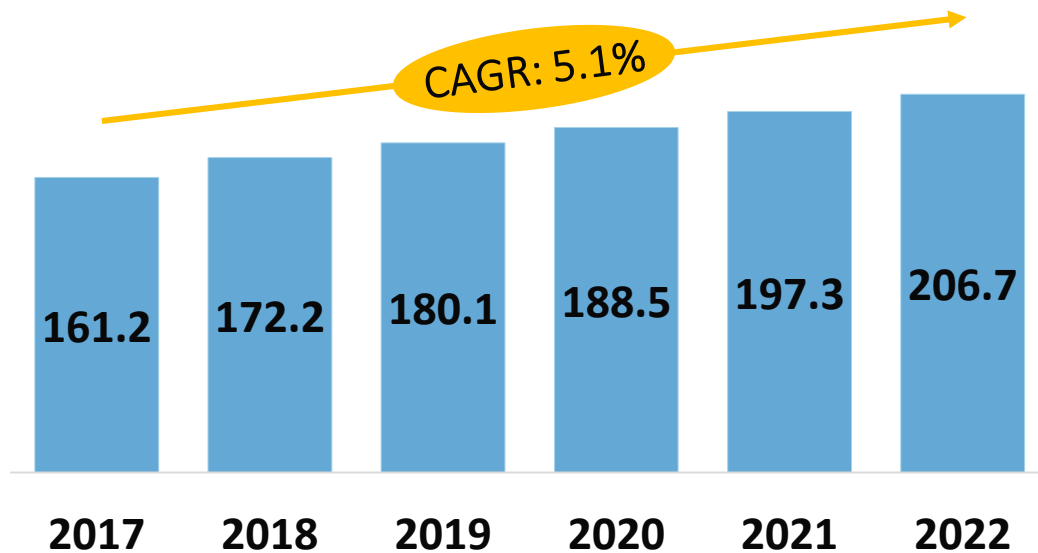


## HGS Overview





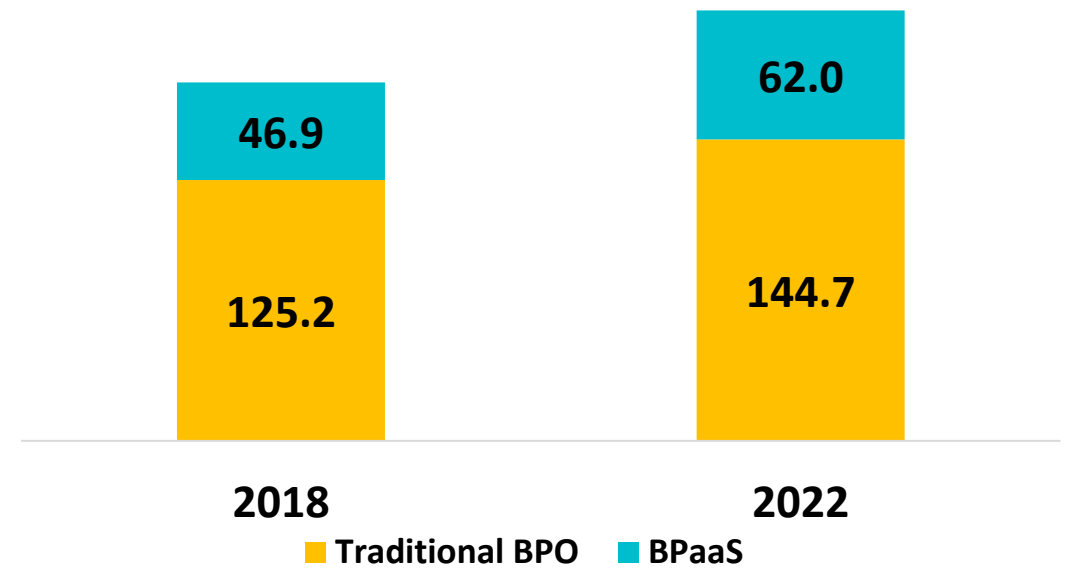
## Global BPM Spending (\$Bn)



Source: Gartner Service line Forecast 2018 Q1

Traditional BPM market  
dominates the BPM market

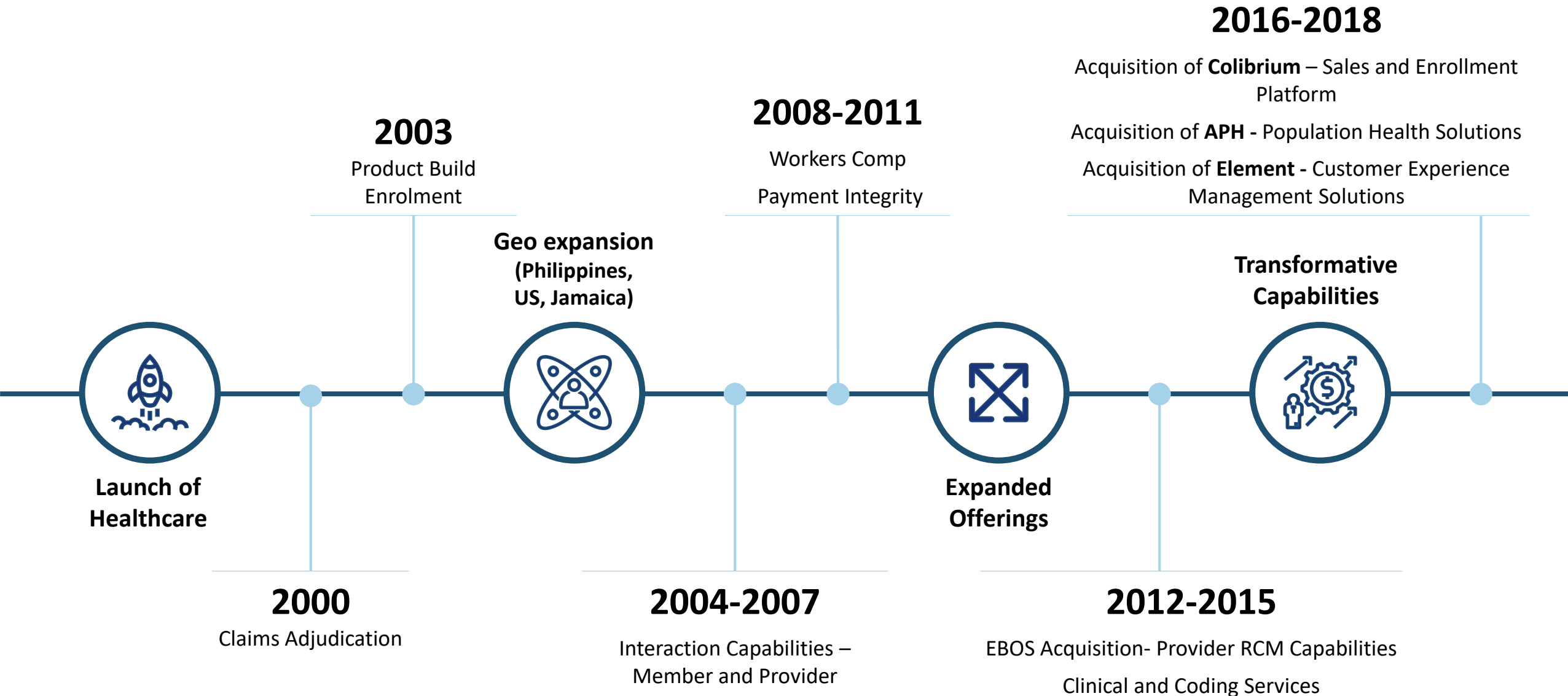
## Global BPM Services Forecast (\$Bn)



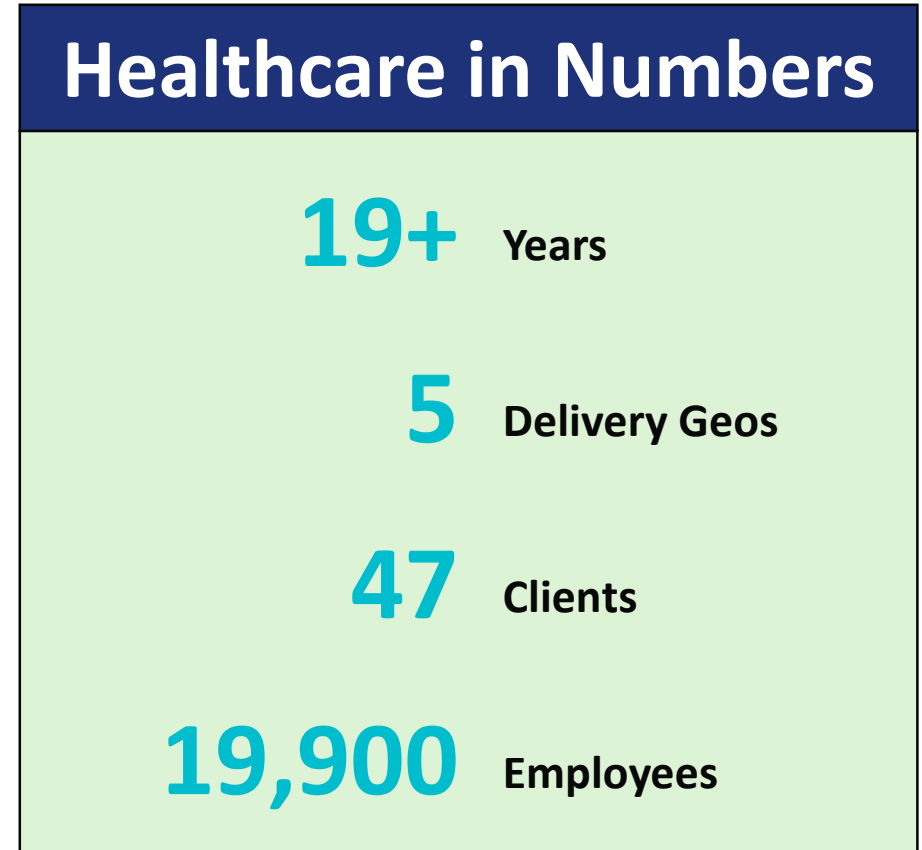
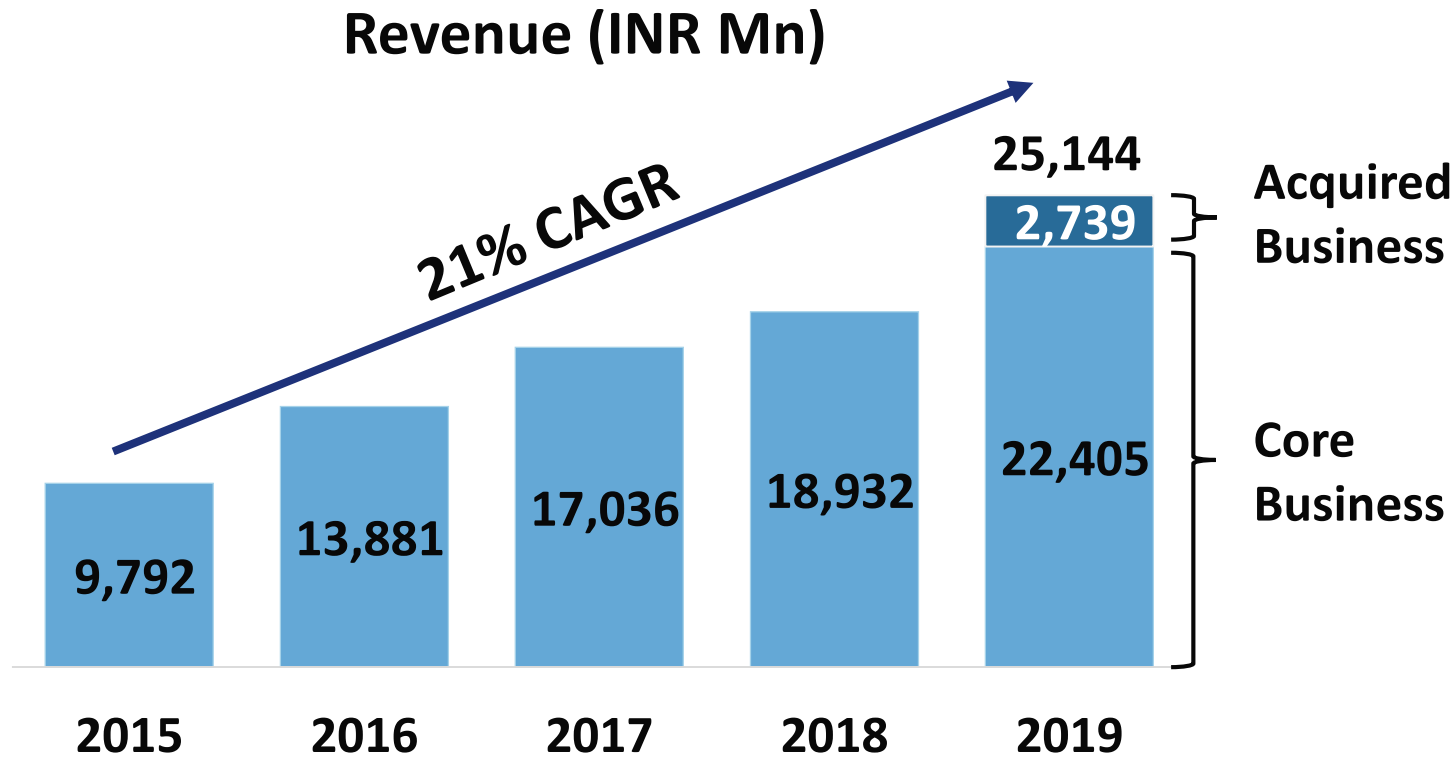


## Healthcare Practice Overview





# Financial Performance



**157% growth between FY 15 and FY 19**

- FY19 Growth in Healthcare Portfolio: **32.8%**
- FY 19 Growth without the impact of Acquisitions: **18.4%**

# HGS Recognized as a Leading Partner in Healthcare Payer, Workers Compensation Gaining Credibility



- The prestigious NCQA Accreditation for Population Health and Disease Management Programs deployed for our Health Plan clients



- NCQA Accreditation for Case Management assures industry best practices implementation for clinical case management



- Ranked as **Top 10 performer** in 2019 in building **collaborative culture** between payer and provider
- HGS positioned in **Winner's Circle**, for **Healthcare Payer Ops** for last four years
- **High Performer** in **Population Health Management**



- 2018 IAOP Global Outsourcing 100® for the 8th year in a row.
- This year, **HGS was called out as a Super Star of the Global Outsourcing 100** for Sustained Excellence



- HGS positioned as **Leader** across **Healthcare Payer, Provider** (2015, 2016, 2018)
- HGS is a **Leader** in Nelson Hall Digital Marketing Services NEAT 2018
- **Leader** in cost take out focus in 2019



- Americas Top 15 status in the Breakthrough Sourcing standouts in ISG Outsourcing Index Global



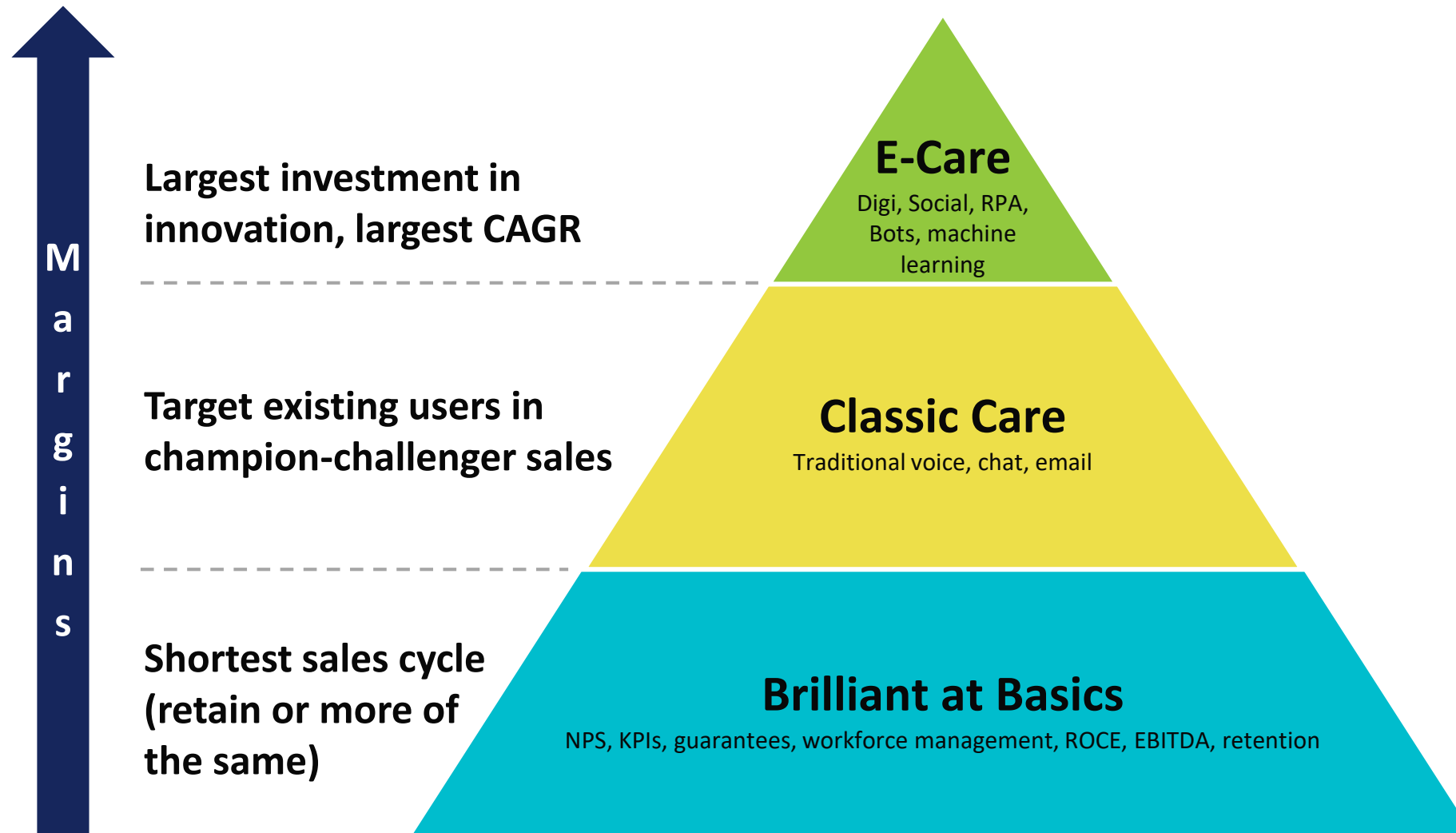
- **Major Contender, Rising Star** in Healthcare Payer BPO **PEAK Matrix™** (2017, 2018)



- HGS cited as a **Consulting Provider** in **Robotic Process Automation**

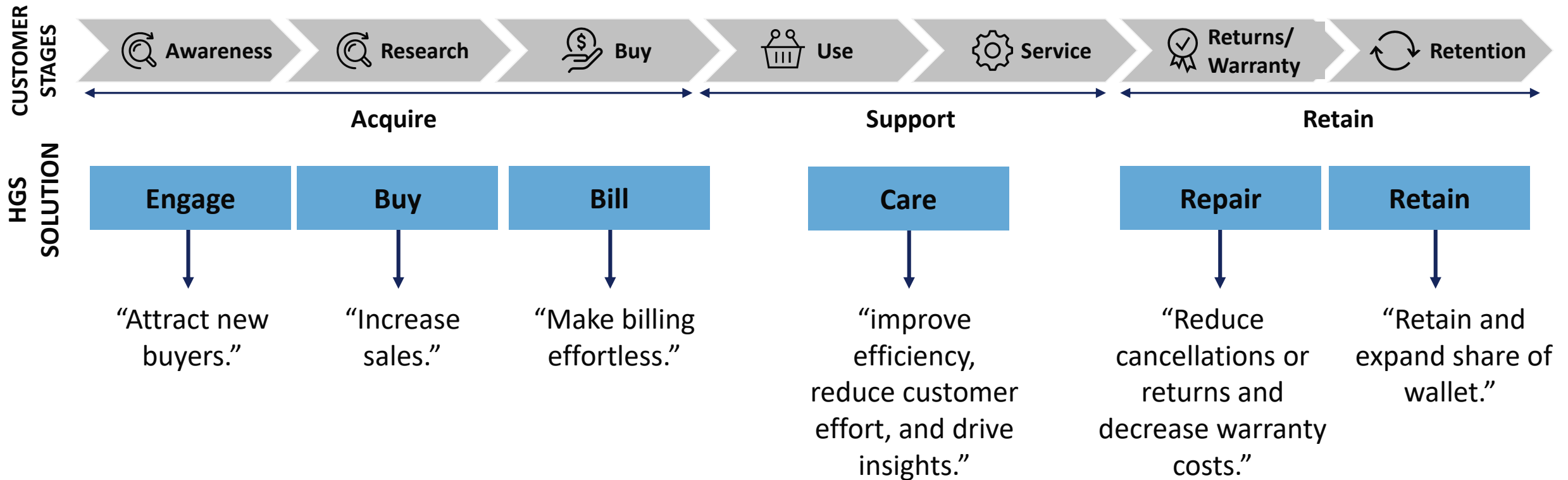


## **CES - Innovating in Core Customer Service**



# HGS Consumer Journey Framework Solves Client Problems

Educate buyers to increase client revenue and improve share of buyer wallet





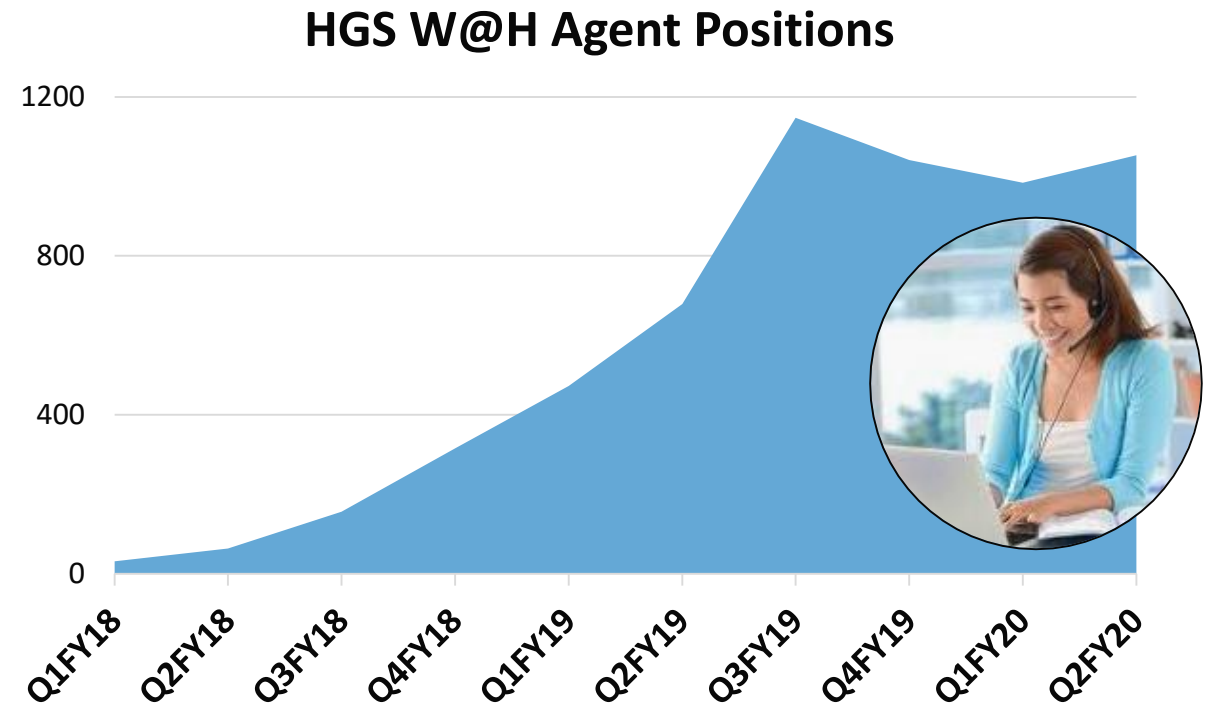
# Workplace Flexibility Enhancing Employee Experience

More than one third (36 percent) of U.S. workers...



Source: Forbes, Aug 31, 2018, quoting a Gallup Survey

HGS Work@Home Expansion Feeds Off Demand for More Flexible Work-Life Balance





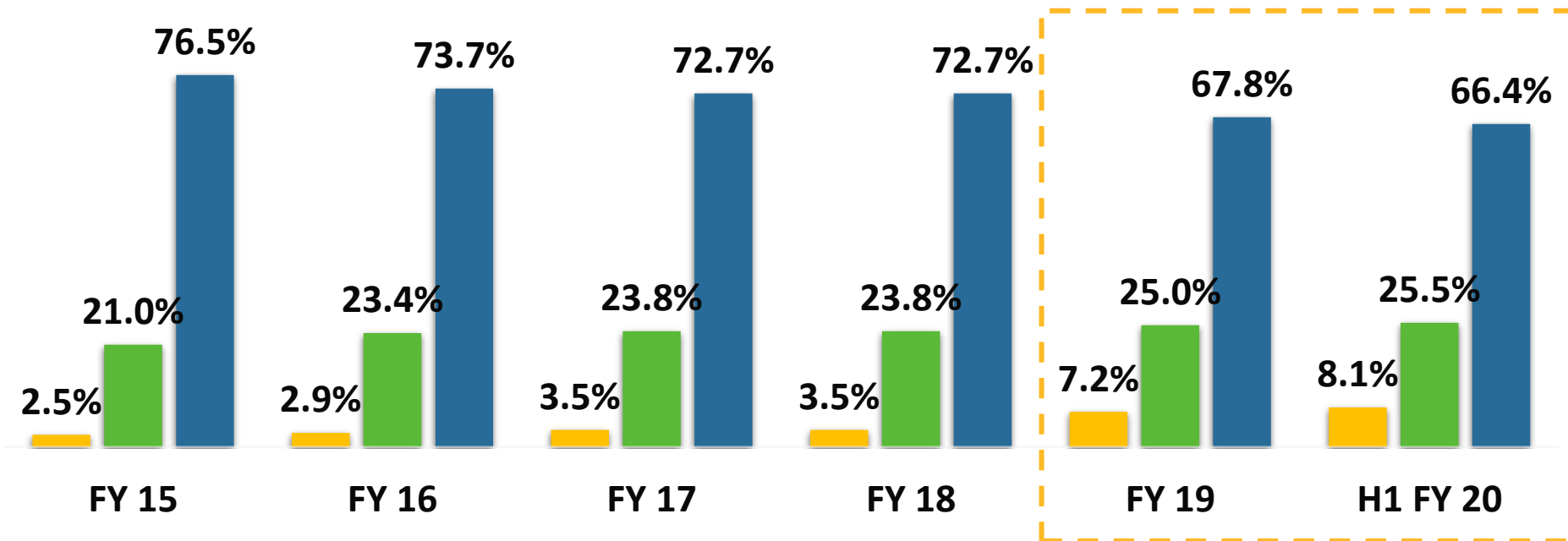
“HGS has developed an **industry-leading social media and employee recruitment model**. The company has built a **world-class talent profile** for hiring the agents best suited for social media work. The profile and recruitment model are **both clear competitive differentiators**.”

Michael DeSalles, Principal Analyst



## Channel Mix

■ Digital CRM ■ Transaction processing ■ Voice CRM



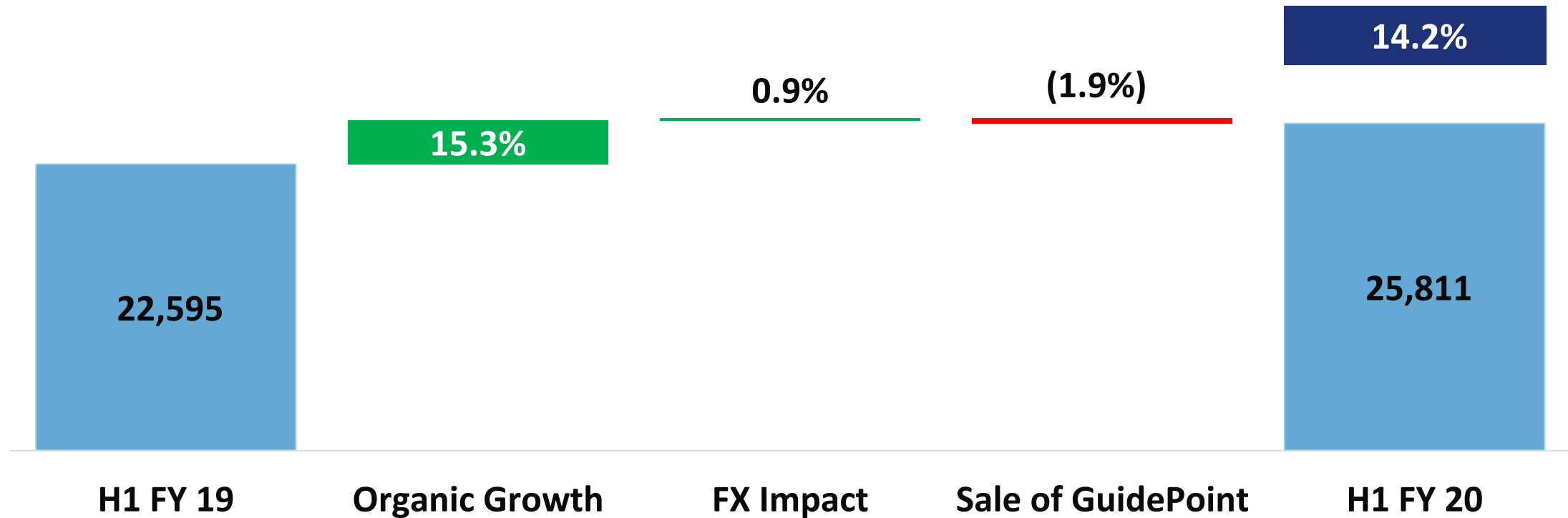
Our platform revenues crossed the \$100-million mark in FY2019

HGS Non-voice revenues have grown significantly for HGS in the last 5 years... 33.6% of our revenues are non-voice today



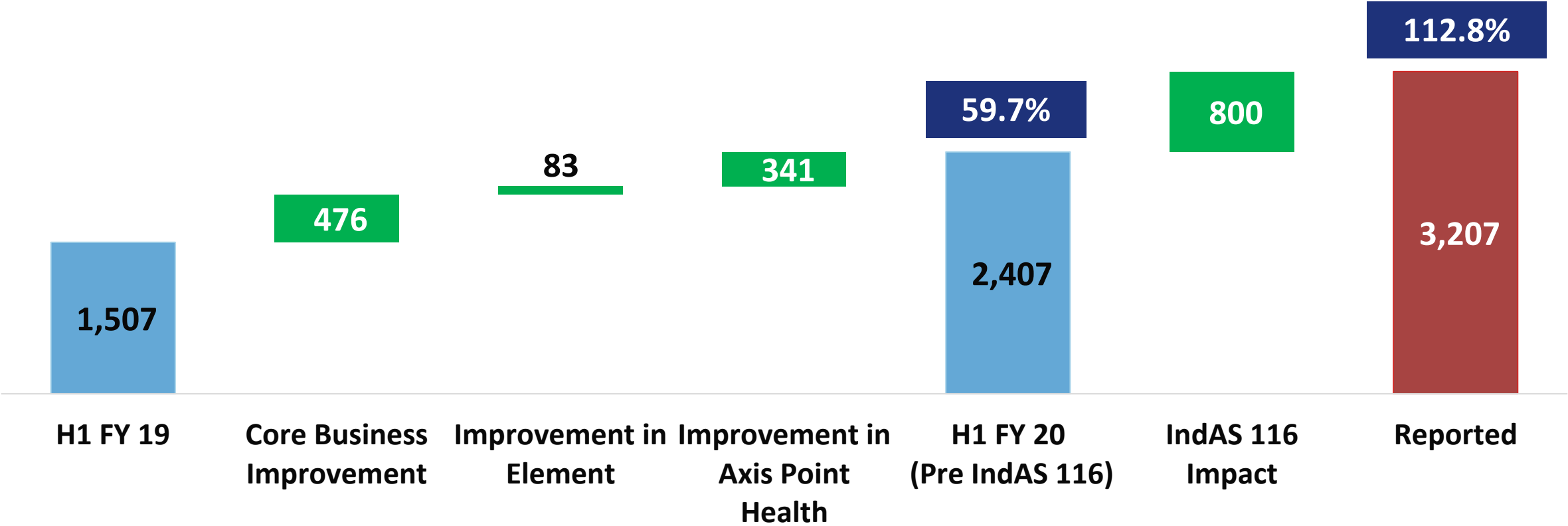
## Financial Overview

## H1 FY 19 vs H1 FY 20 Growth (In INR Mn)



**H1 EBITDA Growth:** Pre IndAS 116 : 59.7%  
 Post IndAS 116 : 112.8%

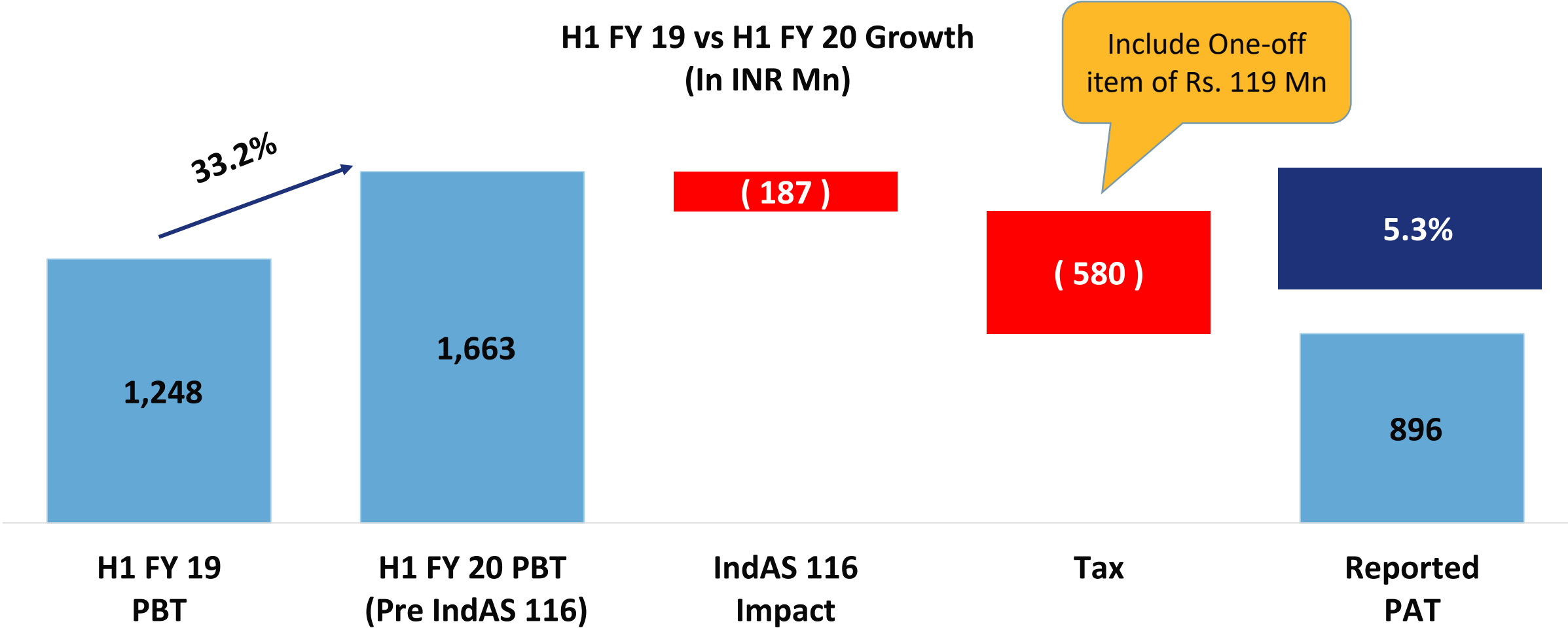
H1 FY 19 vs H1 FY 20 Growth (In INR Mn)





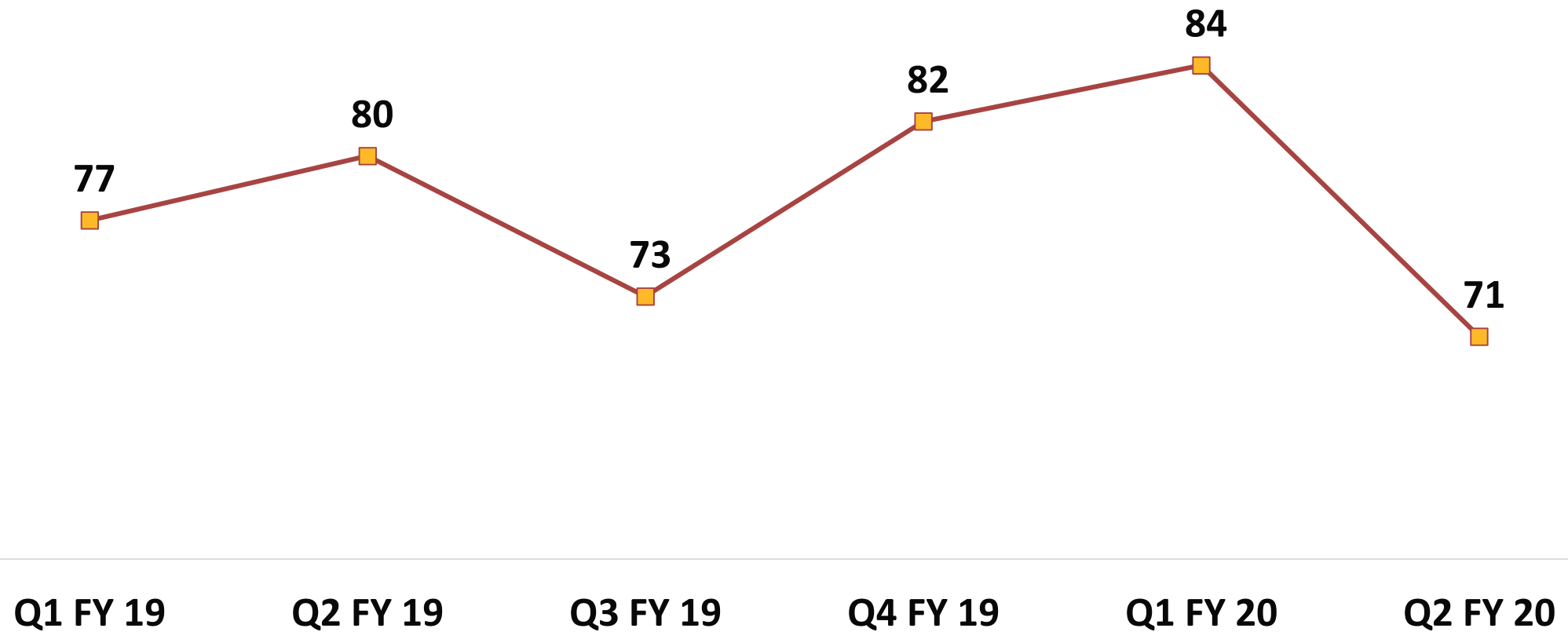
# H1 PAT Growth: 5.3%

H1 FY 19 vs H1 FY 20 Growth  
(In INR Mn)



# DSO Days Improvement

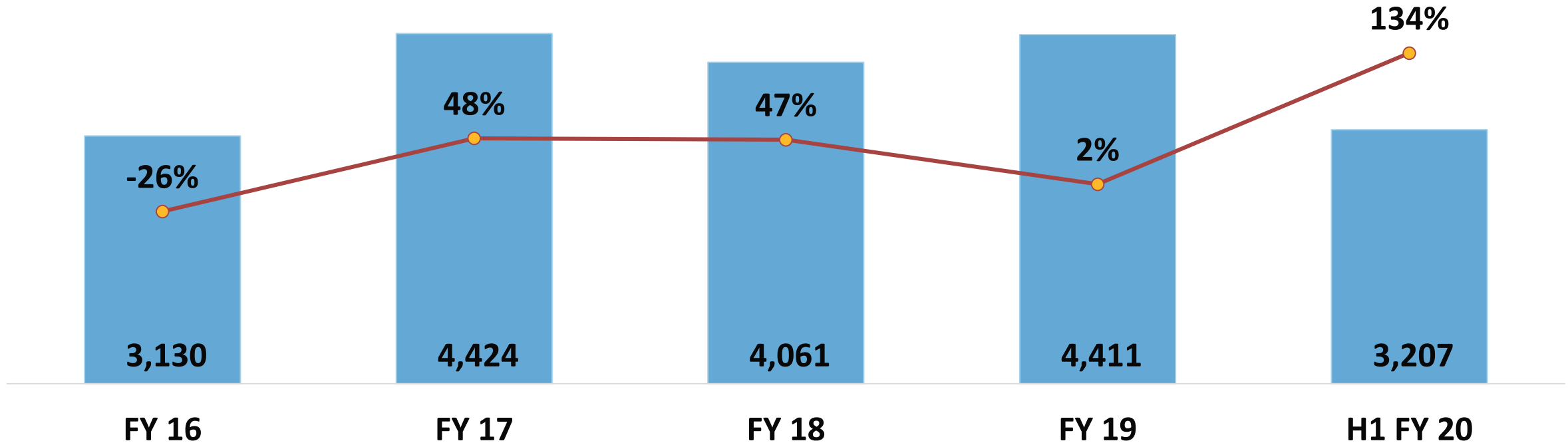
DSO (In Days)



# EBITDA/FCF conversion: Rs 8,321 mn FCF in last 3.5 Years

Figures in (INR Mn)

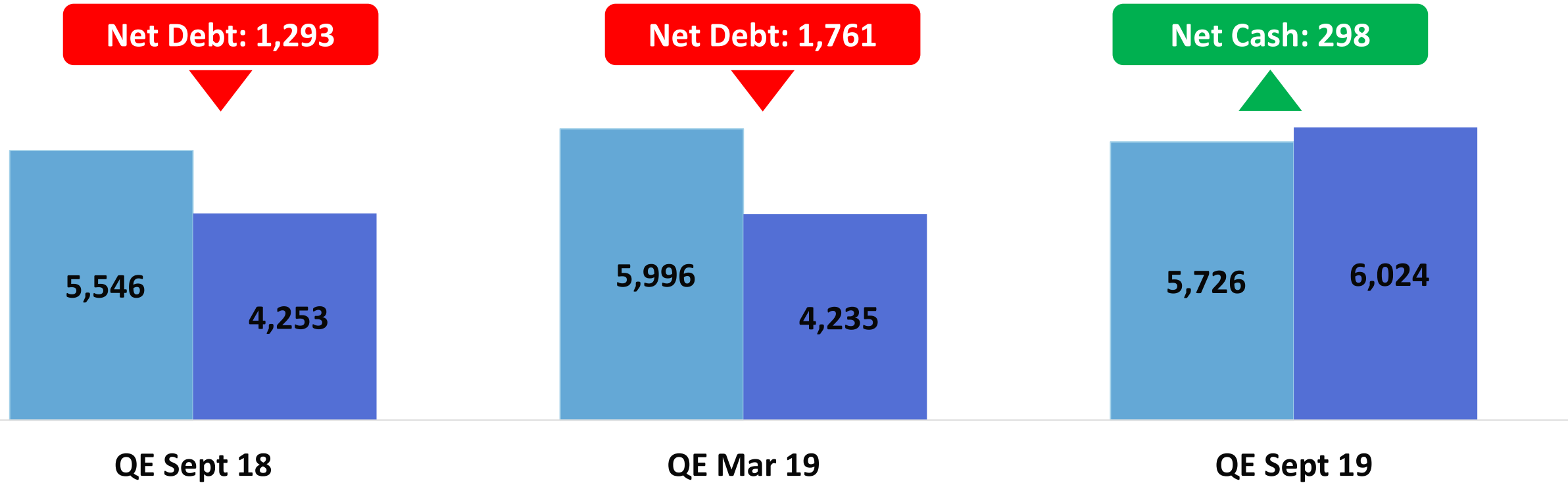
■ EBITDA    ● FCF/EBITDA (%)



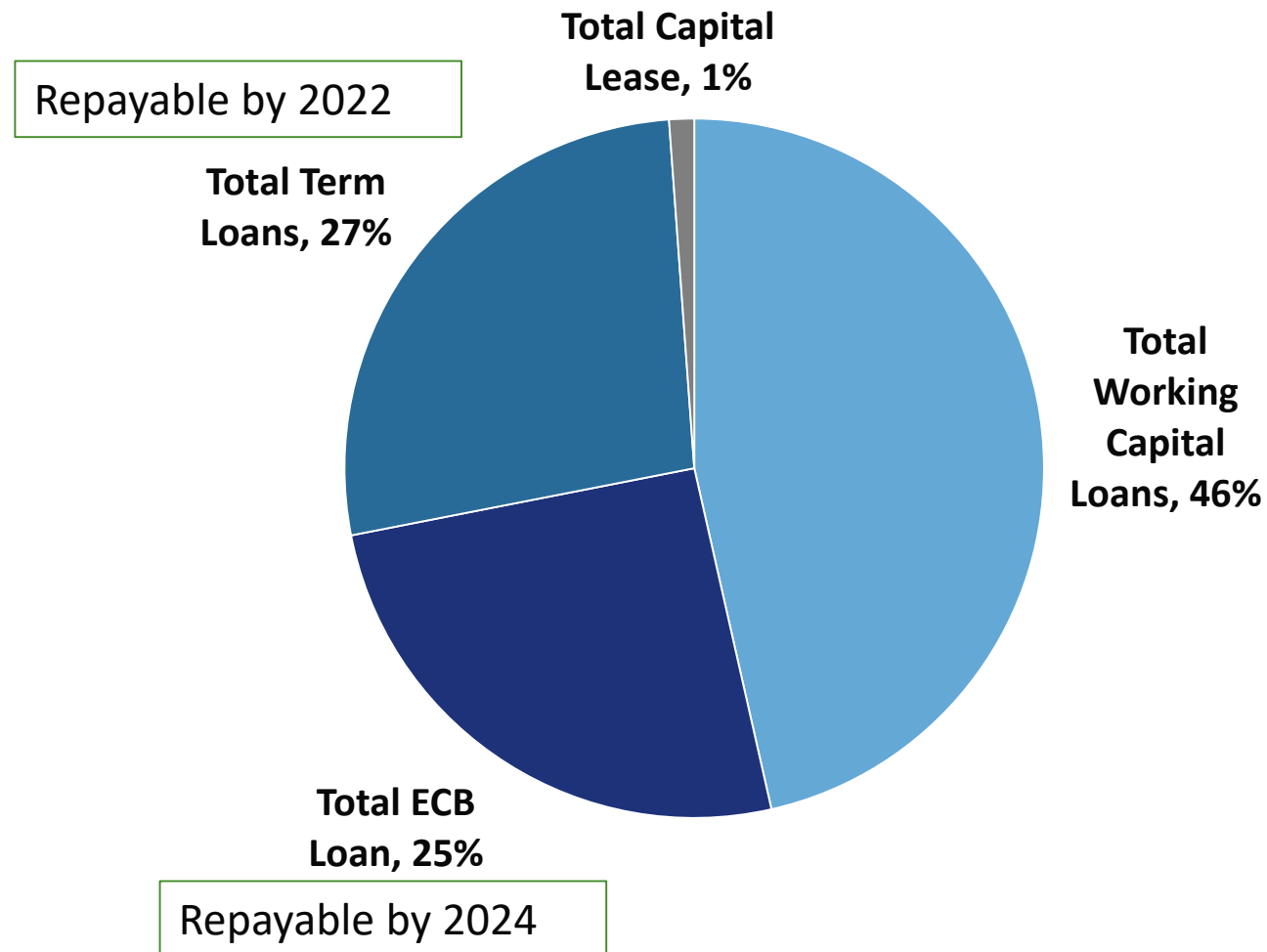
# Debt Details

## Gross Debt, Net Debt & Cash (In INR Mn)

■ Gross Debt ■ Cash

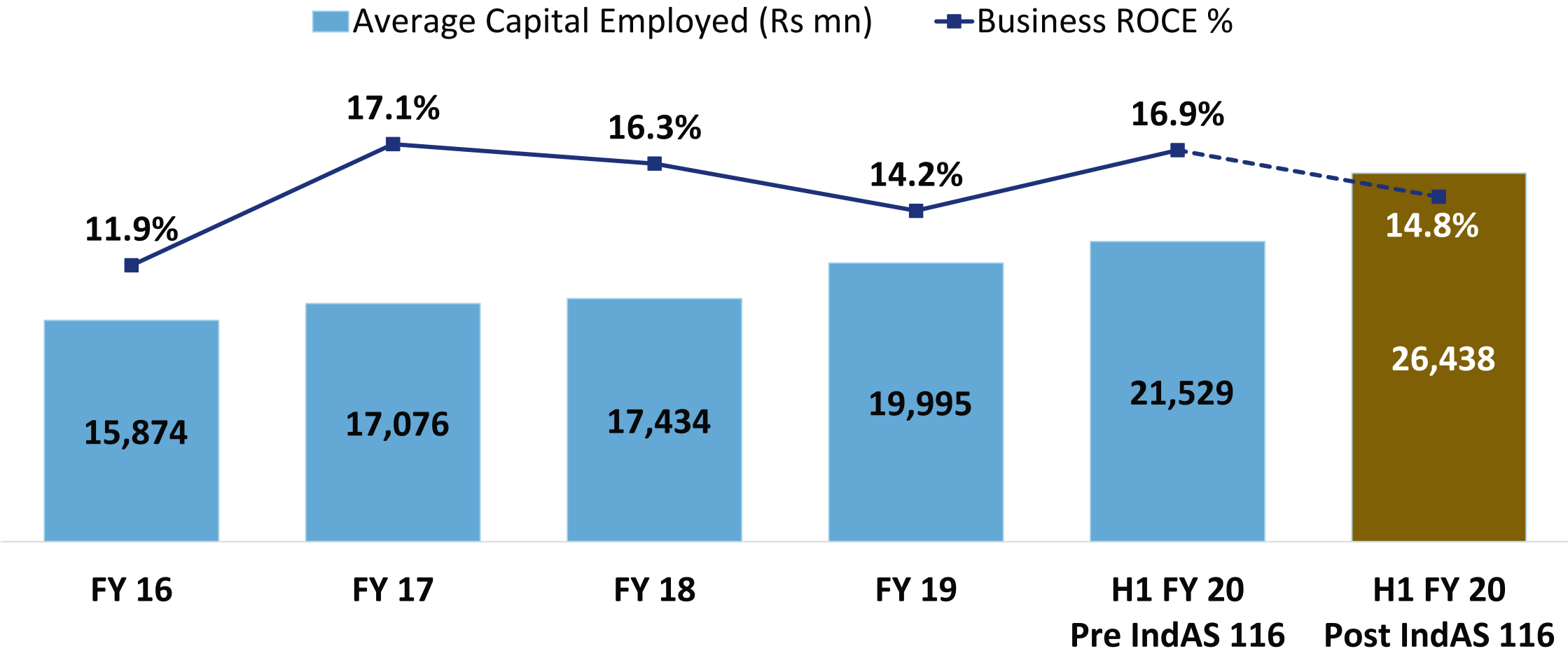


# Debt of Rs 5,726 mn: 53 % are Term Loans



As at 30<sup>th</sup> Sep 2019

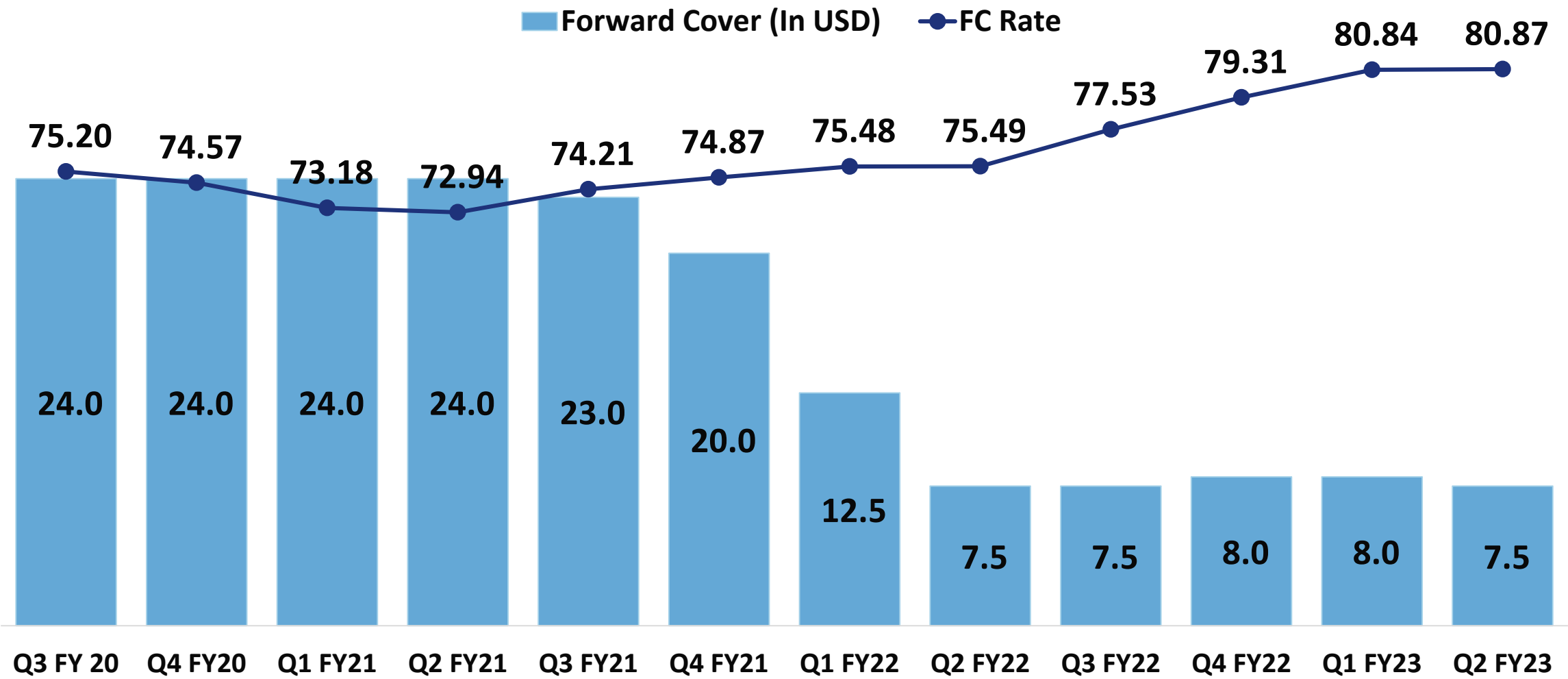
# Business ROCE: Excellent improvement



Increase in Capital employed in FY 20 is due to impact of IndAS 116.  
 Right of use asset as of 30th Sept 2019 is Rs. 7,050 mn.



Forward Cover - India



# Summary Financial Profile – As at 30<sup>th</sup> September 2019

Particulars	HGSL	
	<i>Rs.</i>	<i>USD</i>
Net Worth <i>(in millions)</i>	16,641	235.5
Book value per share	798	11.3
Price per share	599.0	8.4
Dividend per share (FY 19)	2.5	0.04
EPS (TTM)	86.8	1.2
P/E Ratio (TTM)	6.9	6.8
Gross Debt <i>(in millions)</i>	5,726	81.0
Total Cash <i>(in millions)</i>	6,024	85.2
Net Debt (Net Cash) <i>(in millions)</i>	(298)	(4.2)
Net Debt/ TTM EBITDA	NA	NA
Total Debt/Equity	0.34x	0.34x

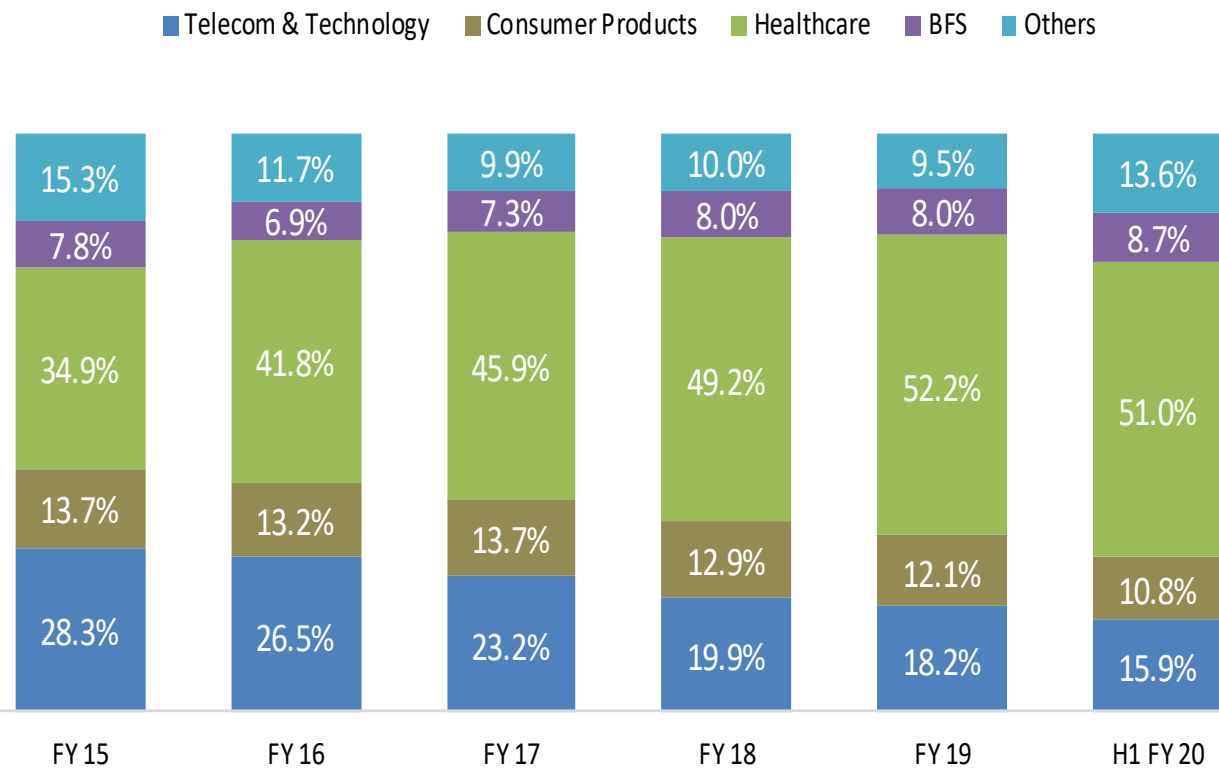
- Book Value taken is as reported on QE September 2019
- Stock prices and USD/INR exchange rate latest available prices
- Total Debt includes foreign currency debt taken at applicable exchange rates



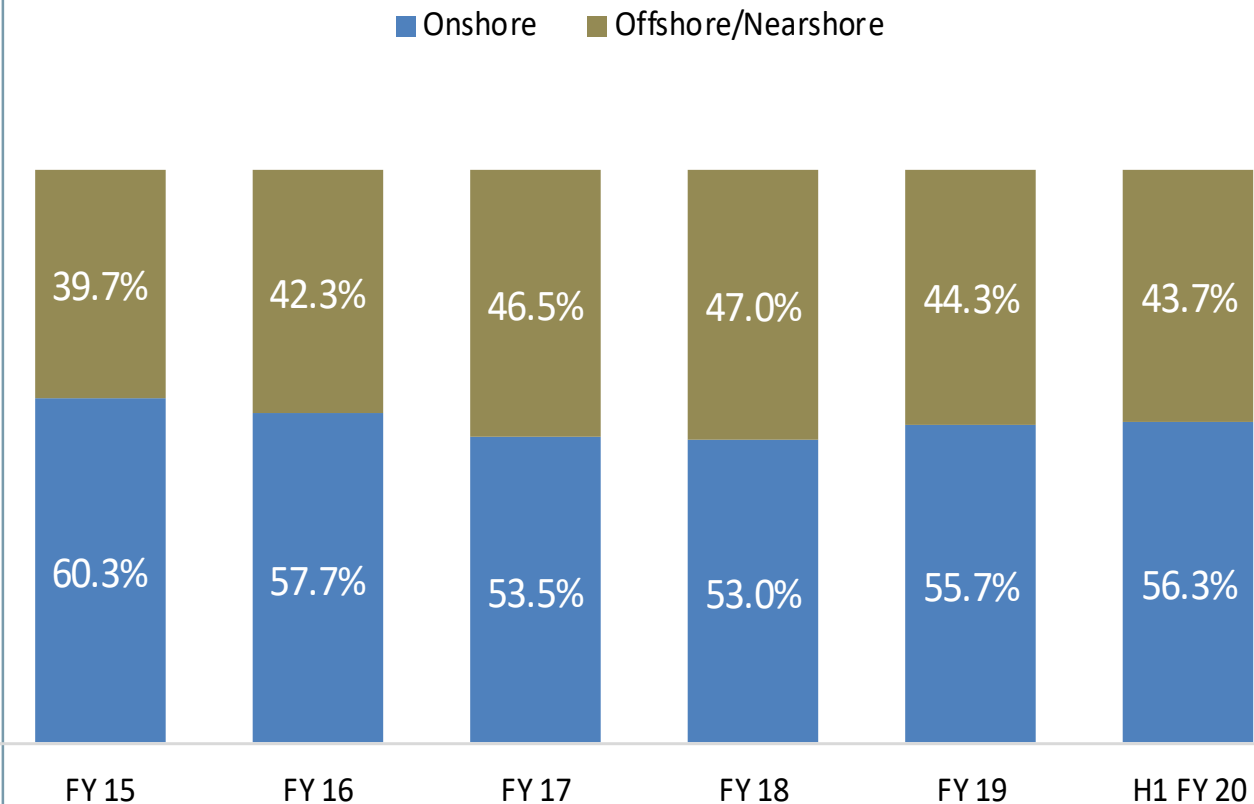
## **HGS Revenue Profile: FY 15 to H1 FY 20**

# Revenue Composition

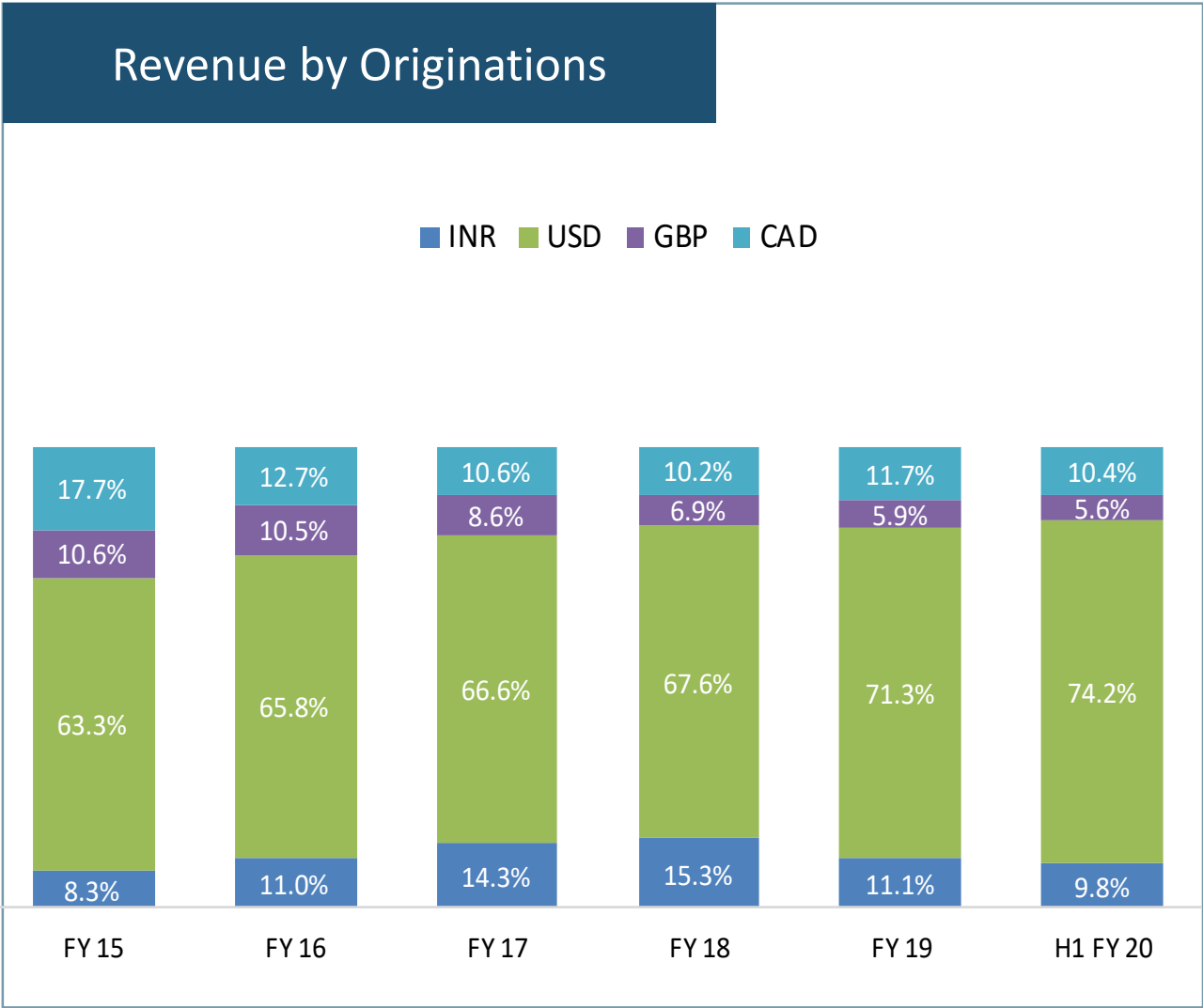
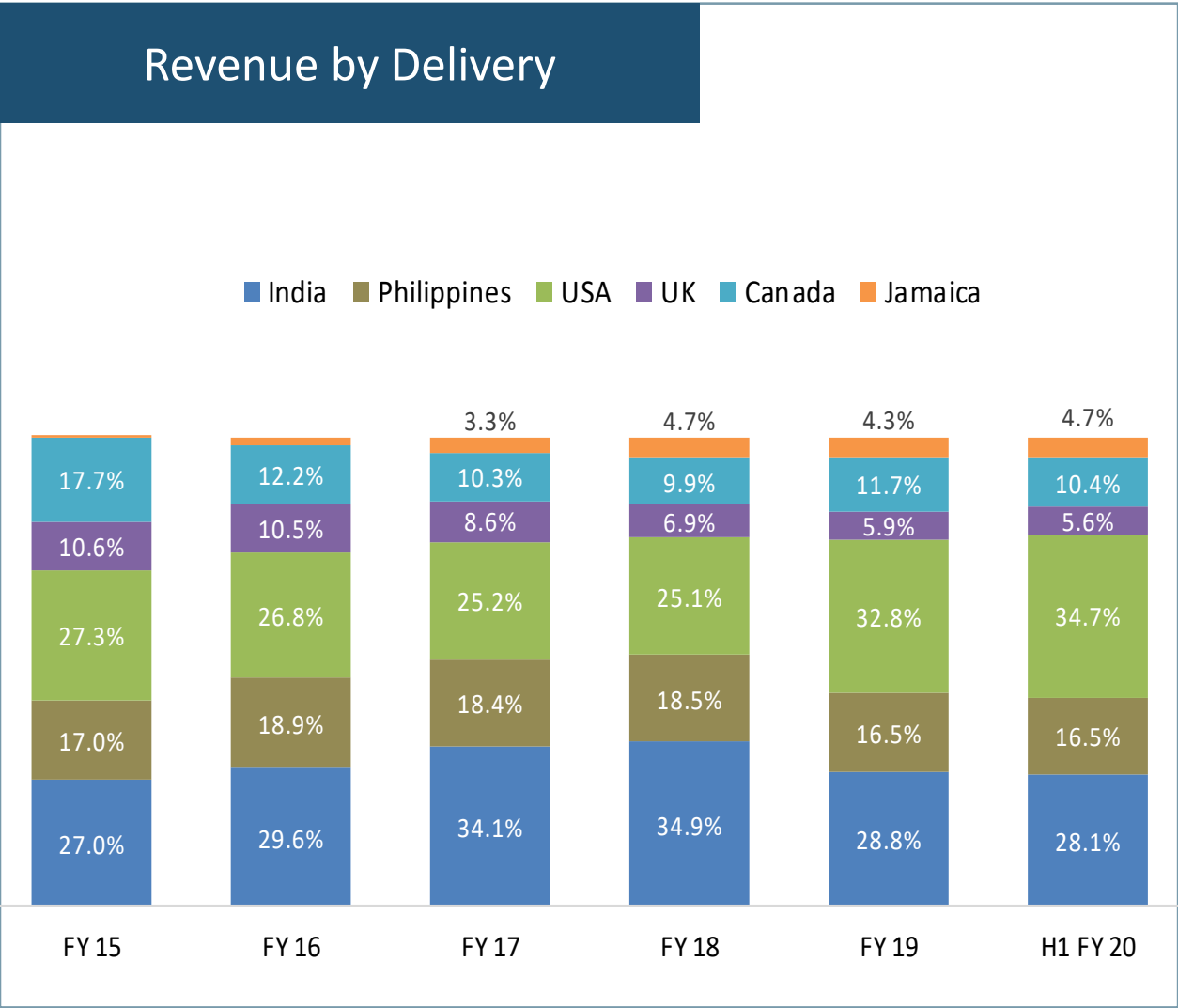
Revenue by Verticals



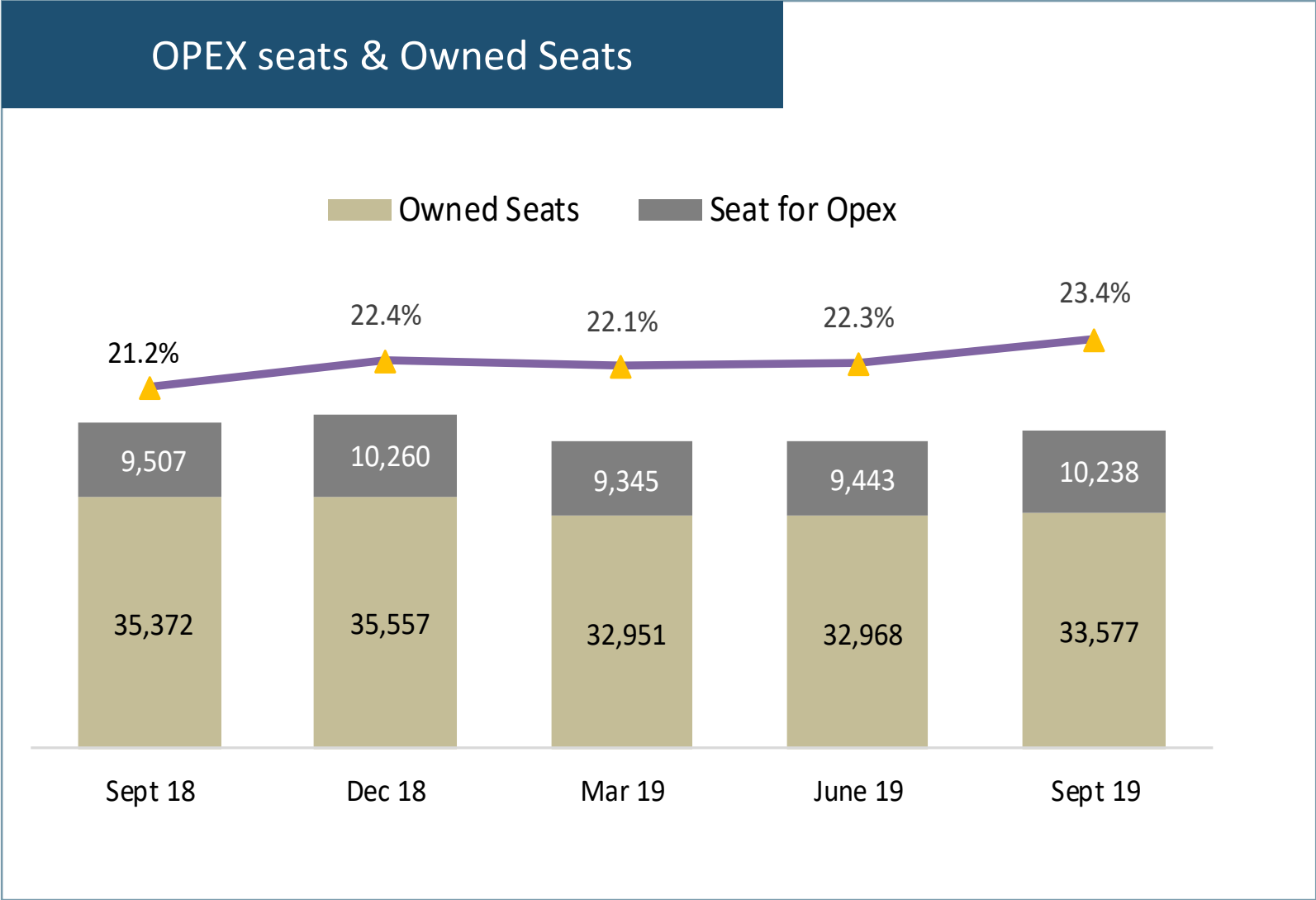
Offshore/Near-shore to Onshore



# Revenue Composition

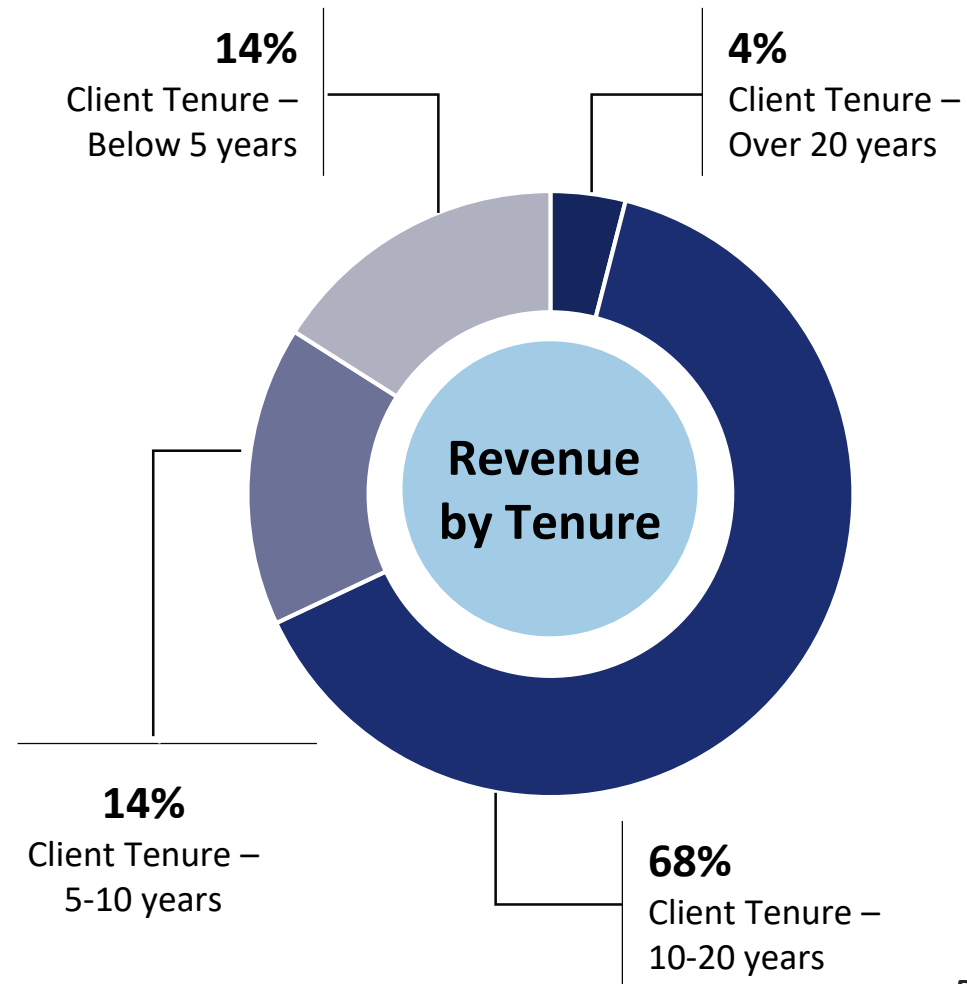


# Revenue Composition





## Focus on building partnerships



*Data shown above is based on H1 FY 20*



Thank You