



Investor Presentation Nov, 2018



November 16, 2018

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.



HGS Overview



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

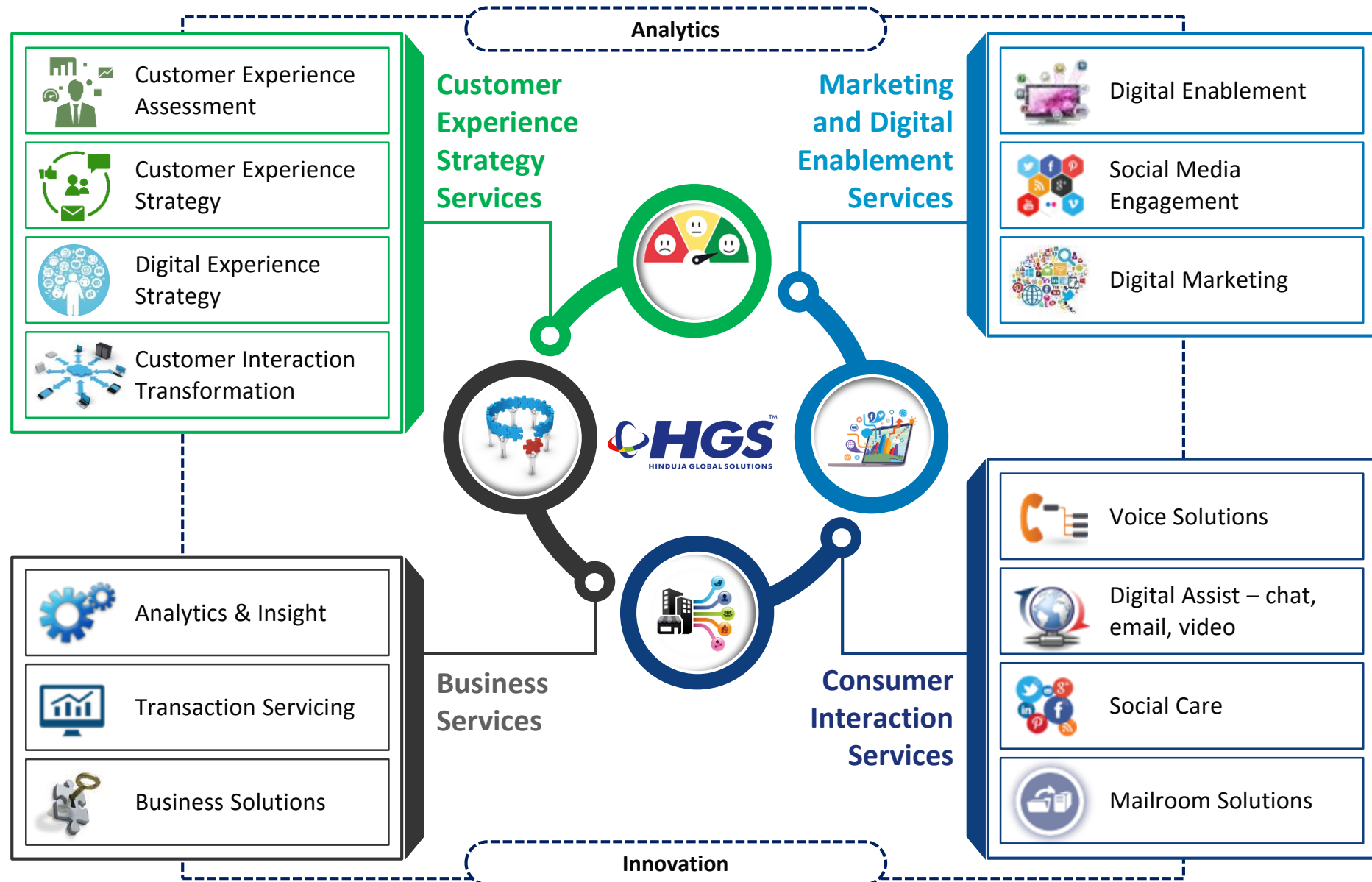
FINANCIAL DETAILS (FY'18 & H1 FY'19)

	FY'18	H1 FY'19
Revenue	INR 38,494 Mn (\$ 597 Mn)	INR 22,595 Mn (\$ 327 Mn)
EBITDA	INR 4,061 Mn (\$ 63 Mn)	INR 1,507 Mn (\$ 22 Mn)
EBITDA Margin (%)	10.5%	6.7% (With Acquisition)
EBITDA Margin (%)	10.5%	9.9% (Without Acquisition)
Free Cash flow/EBITDA	47%	16%
Net Debt/Equity Ratio	0.04x	0.08x
Gross Debt Reduction	INR 762 Mn	INR 308 Mn

SNAPSHOTS

- In INR term, CAGR of 10.4% in Revenue over last 5 years
- **70** Worldwide Centers
- **44,800 +** employees (as on 30th September 2018)
- **255** active clients for the BPM business
(additionally over 644 clients for Payroll & HRO Business) at the end of H1 FY19.
- **2 Acquisitions** - Axis Point Health & Element Solutions made effective early April 18.

HGS Core Capabilities to Enable the Unified Customer Experience



Almost all HGS day to day activities relate to consumer transactions and interactions

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

Contributes 52.5% of HGS Revenue

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.

Contributes 17.6% of HGS Revenue

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

Contributes 12.3% of HGS Revenue

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

Contributes 7.9% of HGS Revenue

Share of revenue by vertical based on H1 FY 19 results

Who we are

A focused global business services (BPS) company with proven ability to deliver sustainable results

Providing domain expertise and operational excellence to assist our clients to transform their business across customer interaction channels with enhanced customer experiences



Core Business

Global provider of industry specific business process services and end to end multi channel 'consumer servicing' services



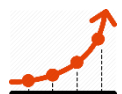
Scale

44,800 employees with **70** centers located in **7** countries



Significant Local Operations

46% of HGS's revenue is delivered in **18** local delivery centers in NA and **3** in UK



Consistent Growth

HGS has grown **10X** in **10 years** to **\$597M** revenue



Financial Stability

Publicly listed company controlled by a **multi-billion** dollar conglomerate - financially sound, strong balance sheet and committed long term ownership structure



Long Term Relationships

Heritage of growing long term client relationship based upon delivery value to our clients. **75%** of the clients are with HGS for more than **10** years

Industries We Serve



Consumer Electronics & Technology



Telecom & Media



Retail



Healthcare



Consumer Packaged Goods



Public Sector



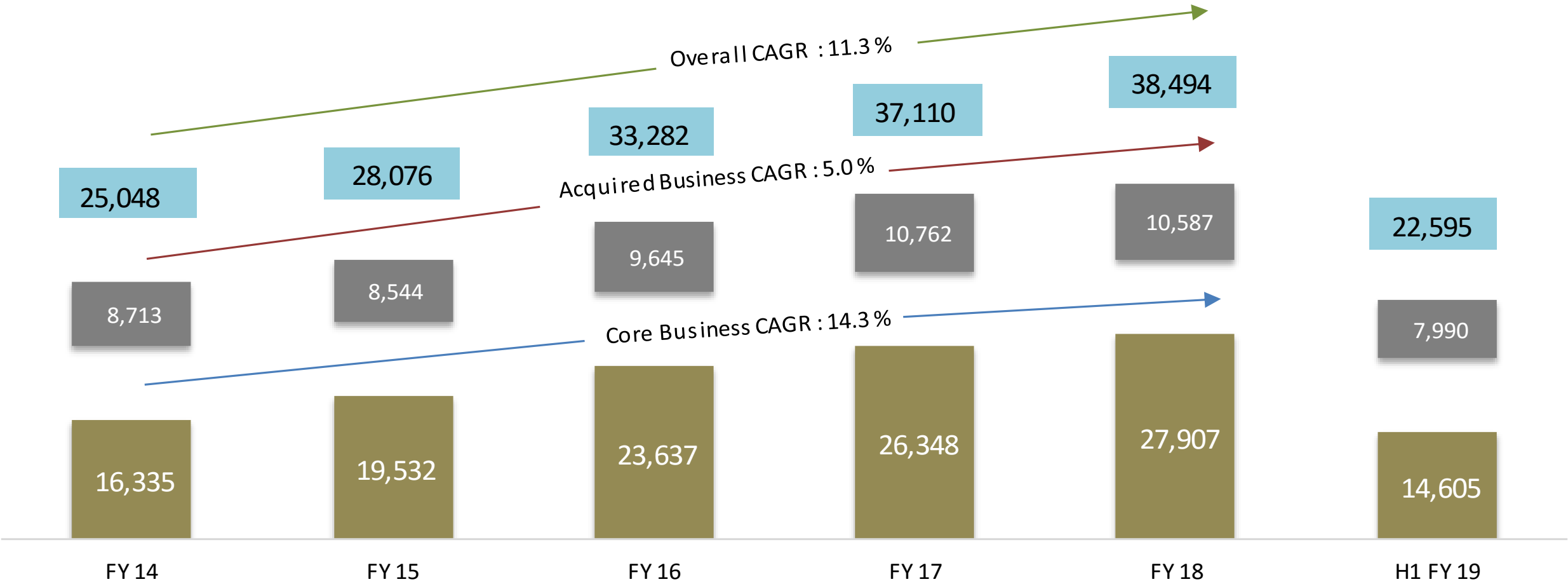
Banking



Insurance

Revenue Trend (In INR Mn.)

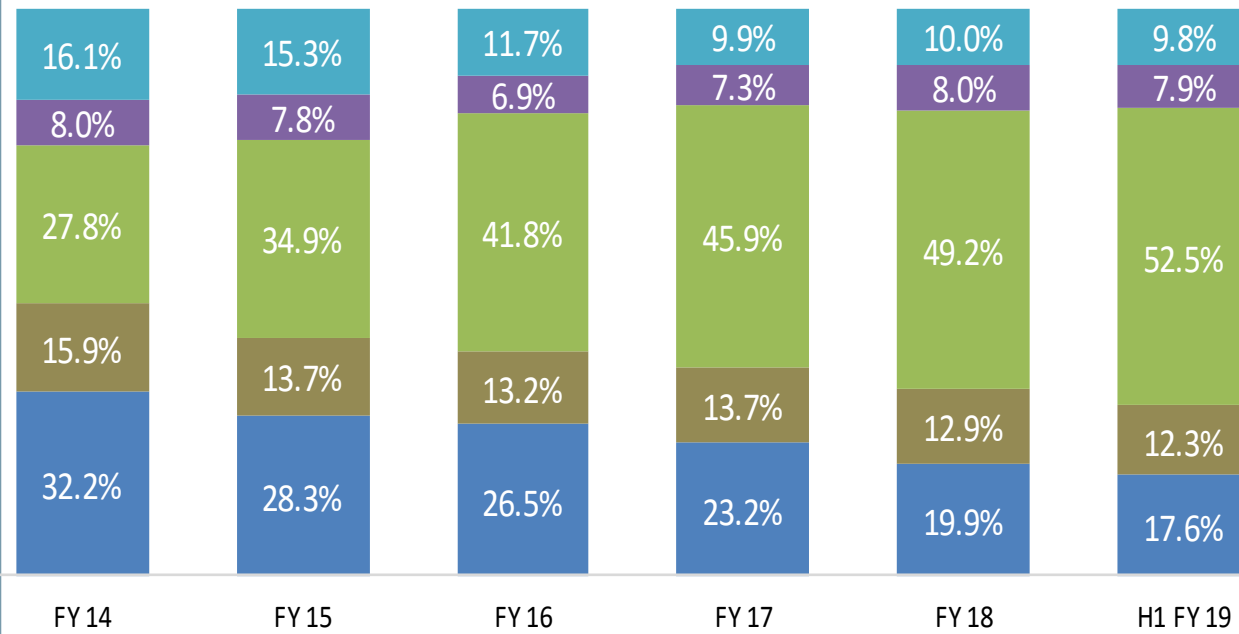
■ Acquired Business Revenue
■ Core Business Revenue



Revenue Composition

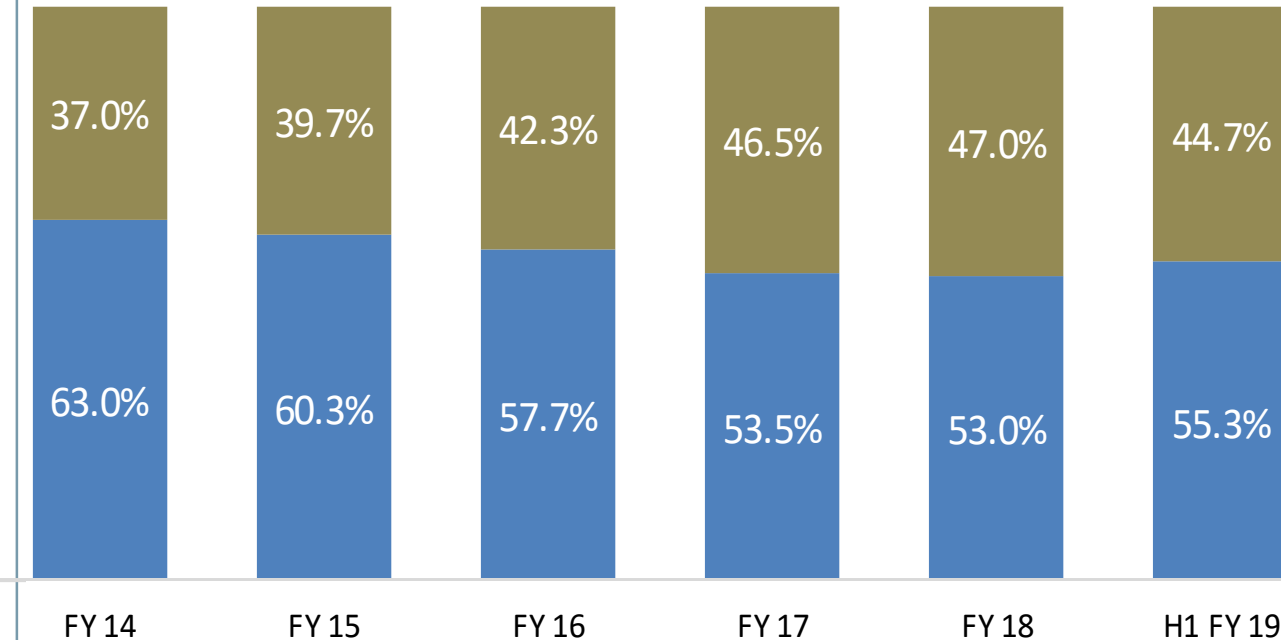
Revenue by Verticals

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



Offshore/Near-shore to Onshore

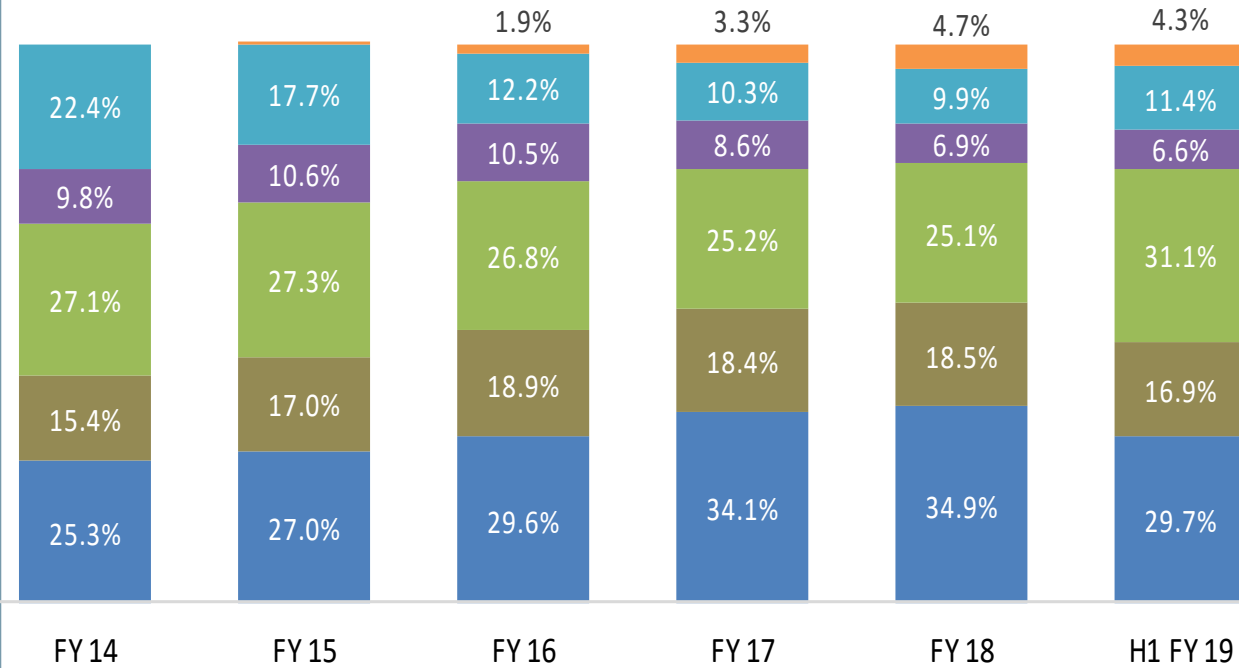
■ Onshore ■ Offshore/Nearshore



Revenue Composition

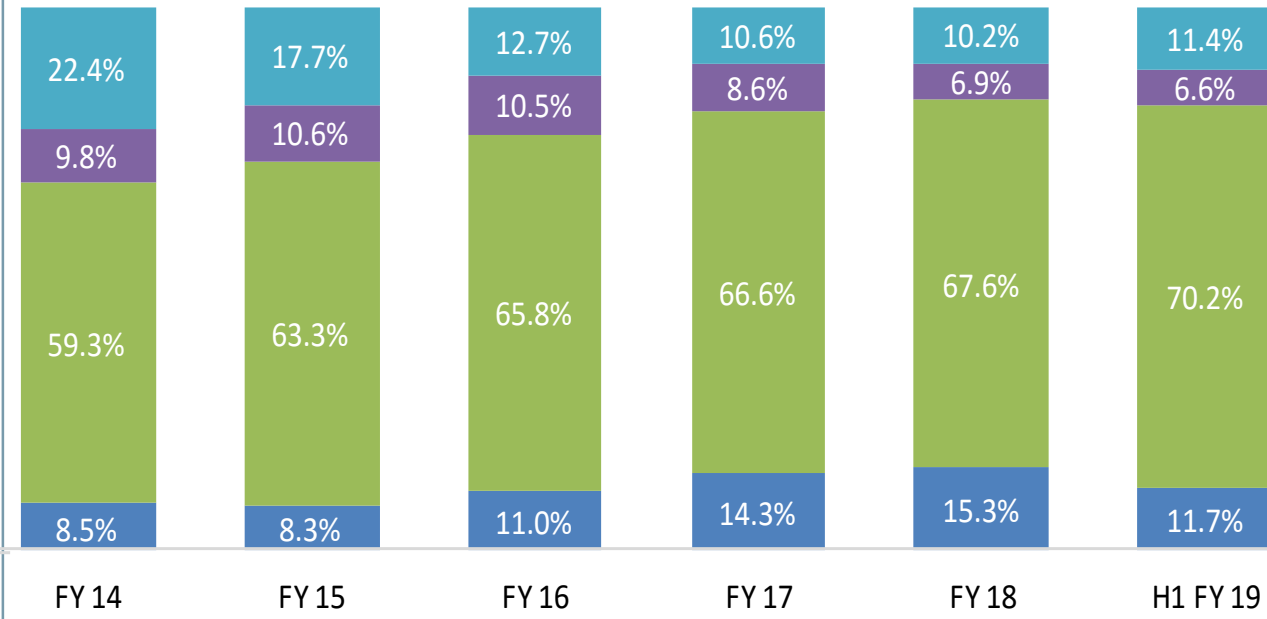
Revenue by Delivery

India Philippines USA UK Canada Jamaica



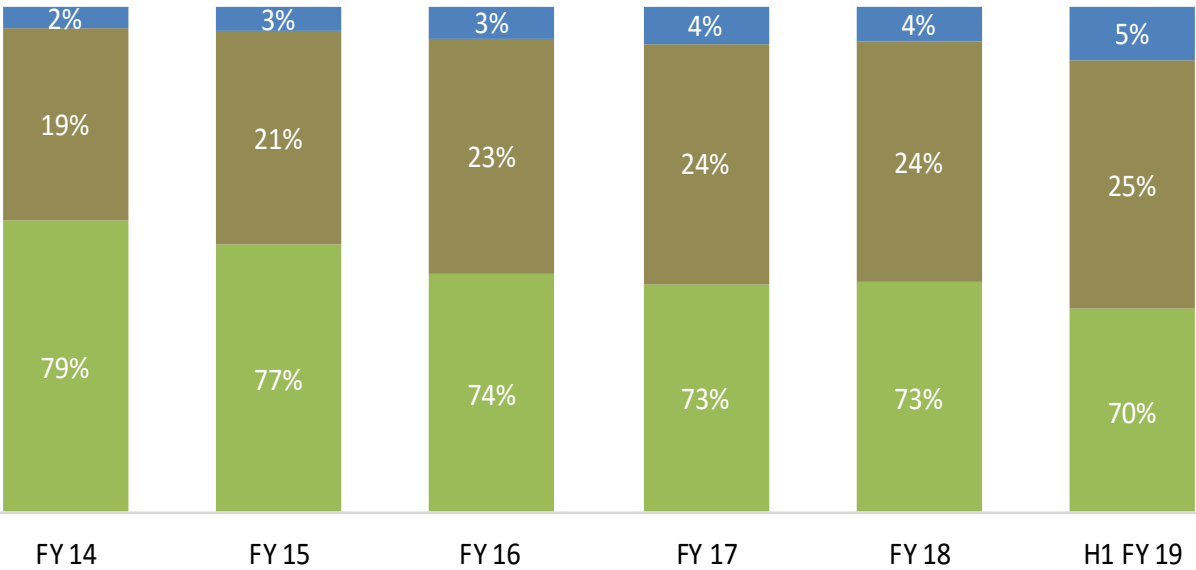
Revenue by Originations

INR USD GBP CAD



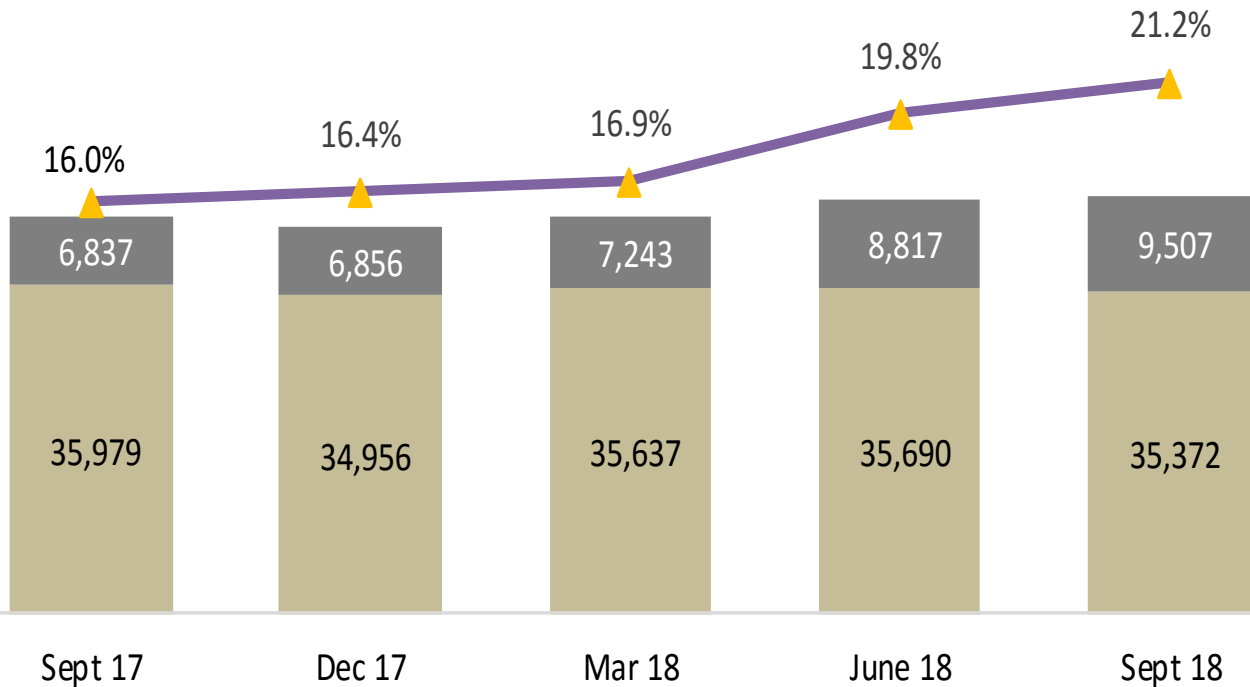
Voice to Non-Voice Mix

Voice CRM Transaction processing Digital CRM



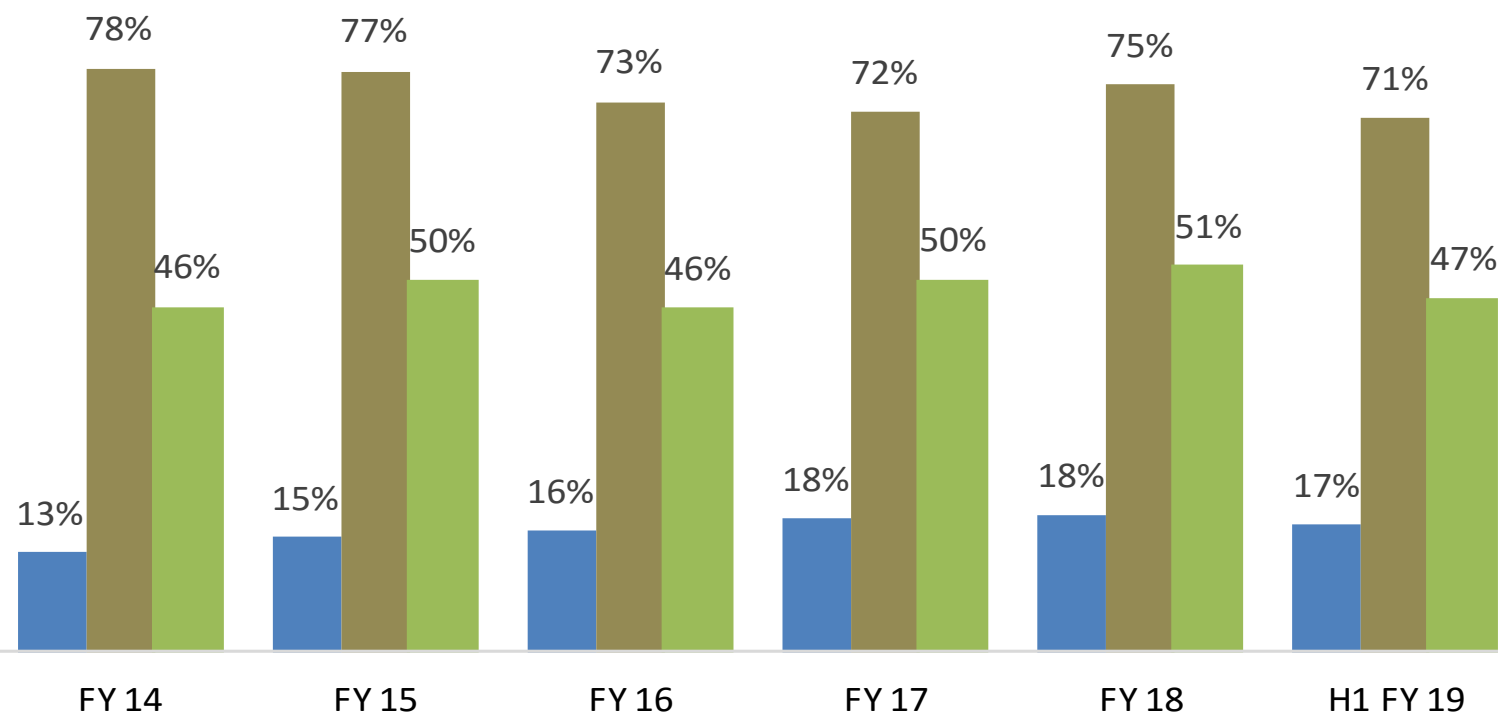
OPEX seats & Owned Seats

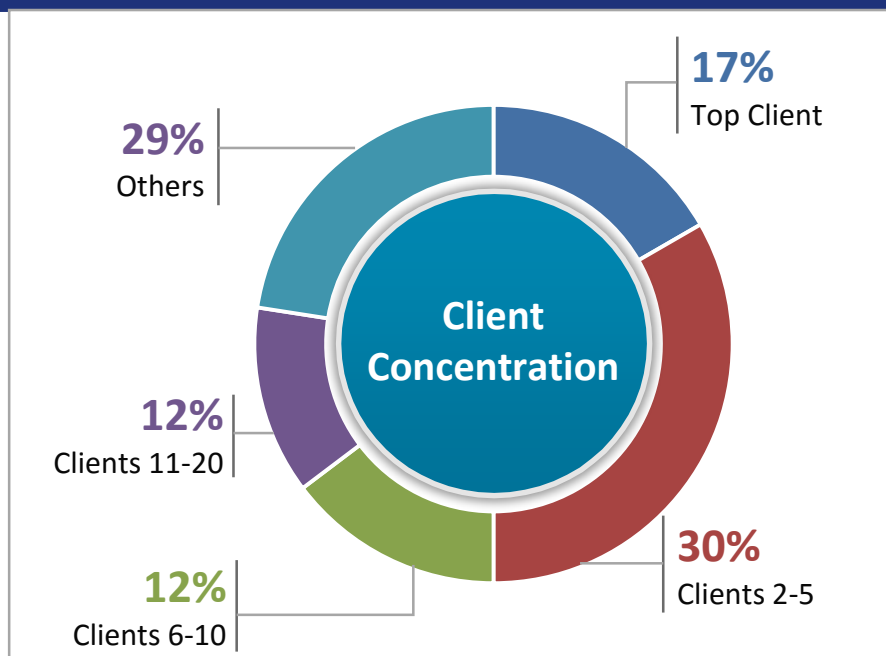
Owned Seats Seat for Opex



Client Concentration

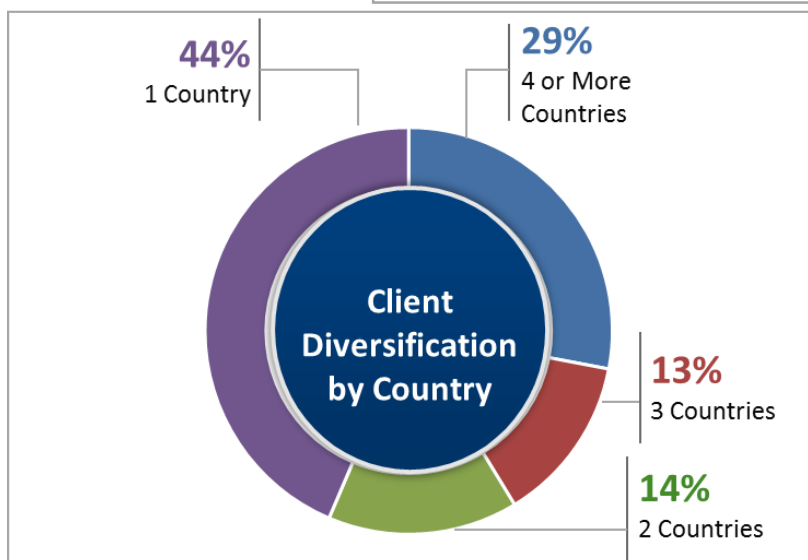
■ Top Clients ■ Top 20 Clients ■ Top 5 Clients



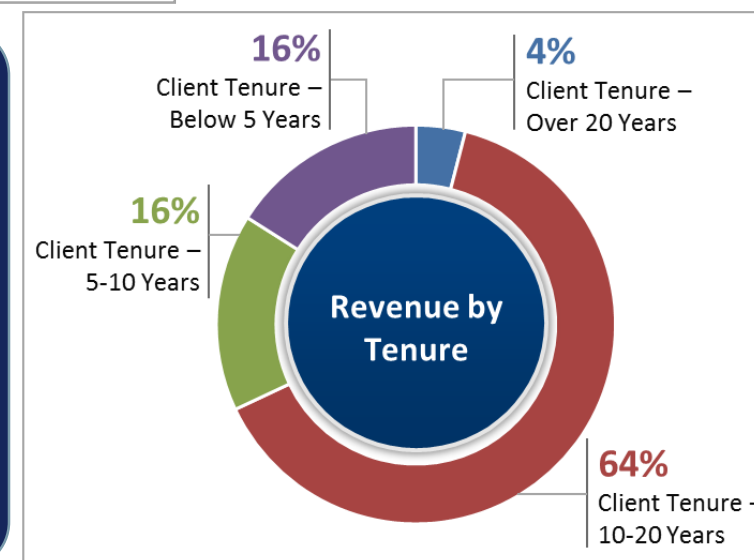


Top 20 clients contribute **71%** of the Total Revenue

** Based on H1 FY'19 Financials*



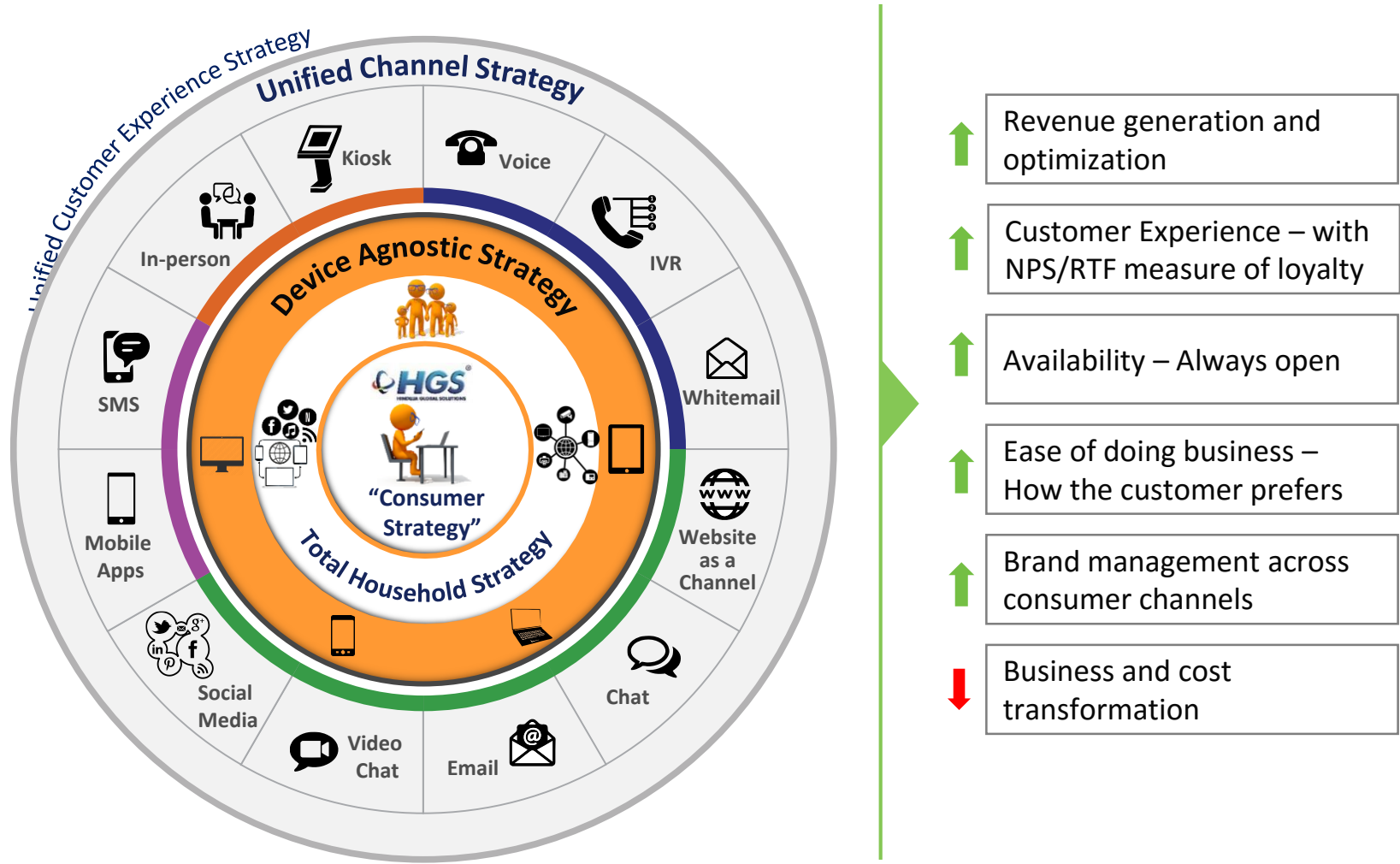
Strong Client relationships demonstrated by tenured and multi-geography engagements



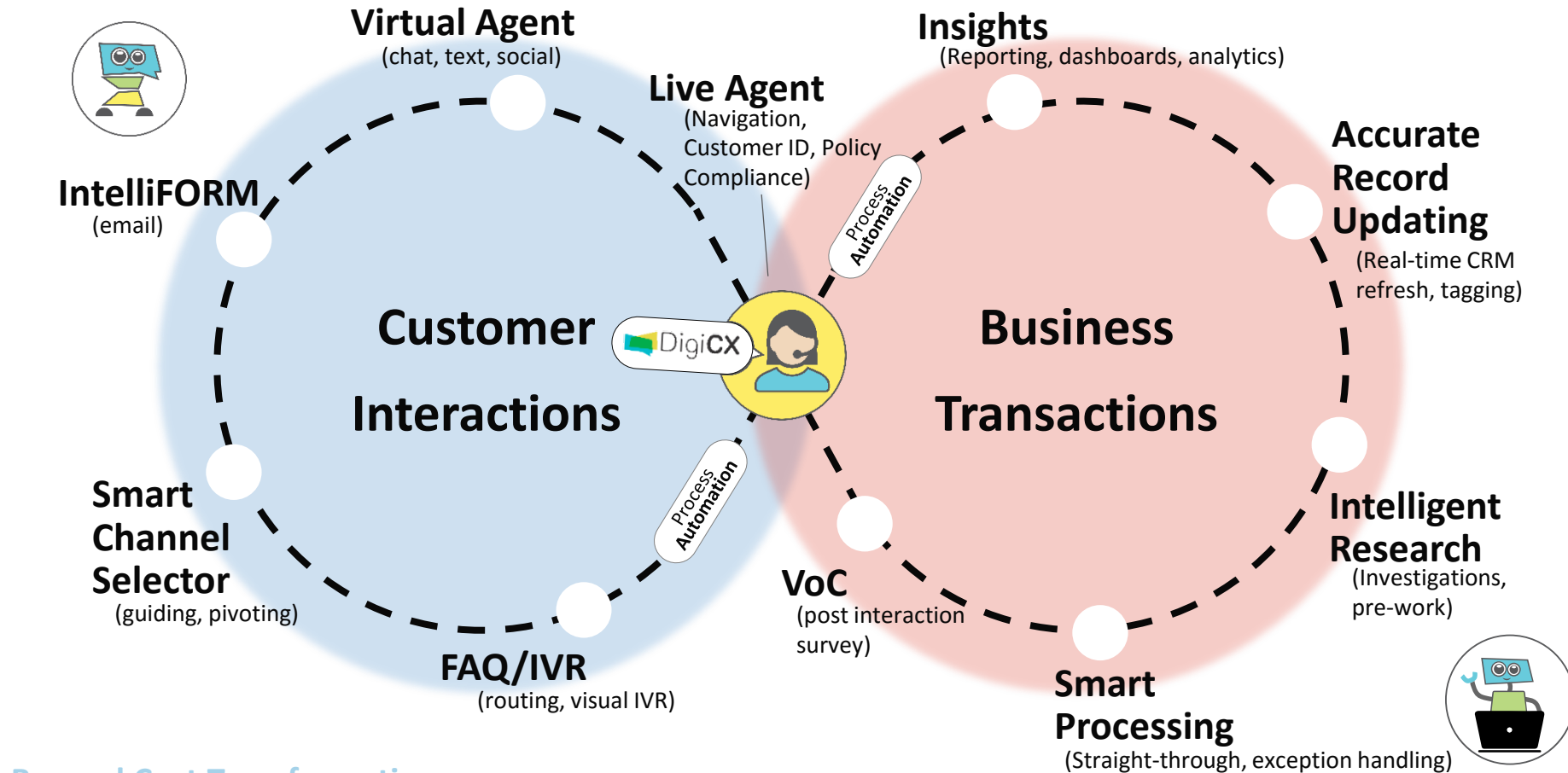


Digital and Automation/RPA

- 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...



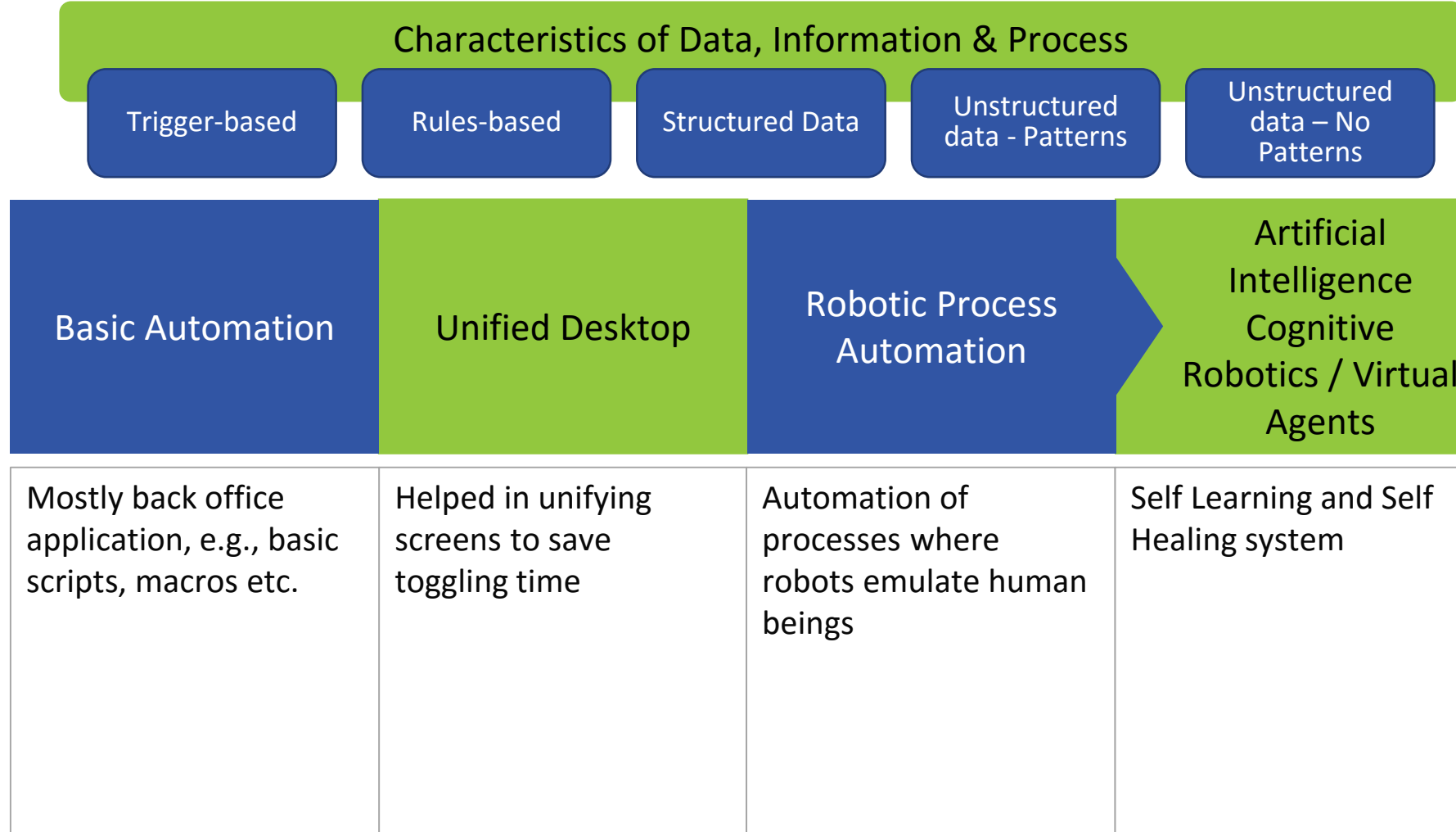
Always Open

Agile Business

Reduce Errors

Reduce Time

Optimize CX



HGS expertise in Automation Design

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

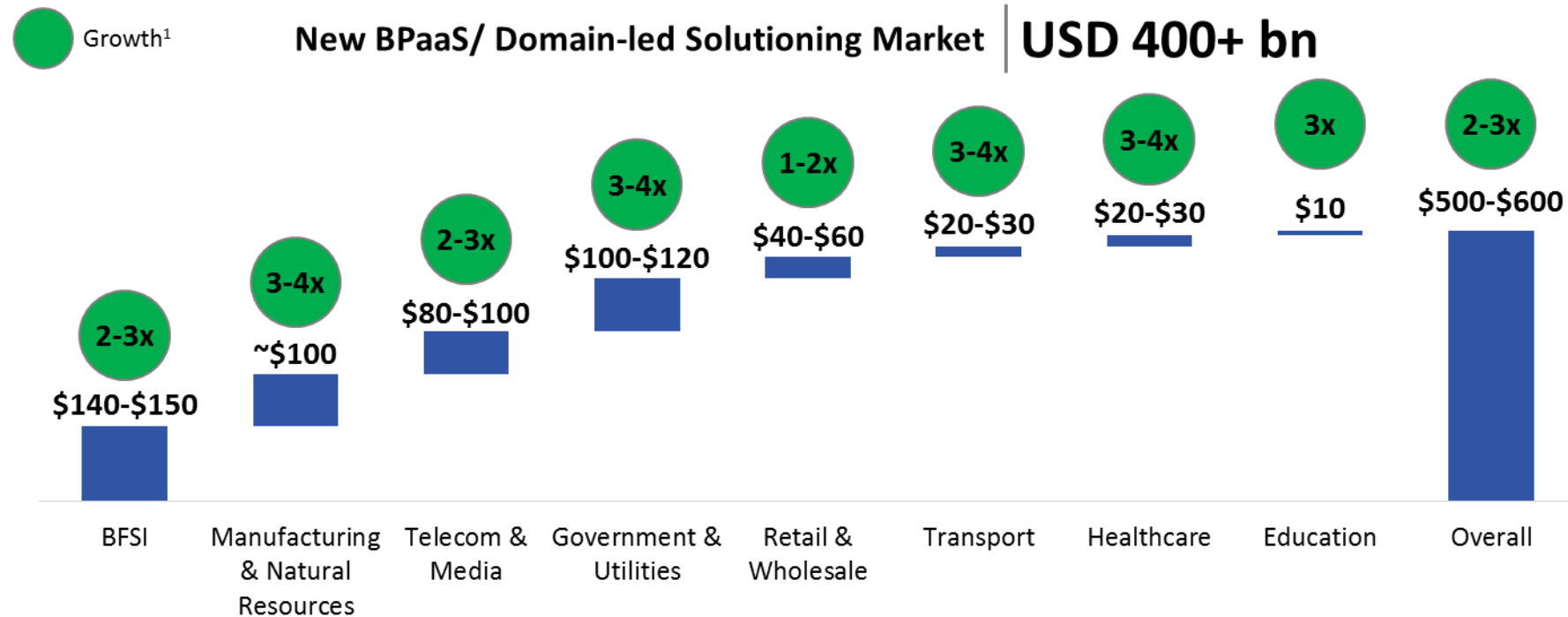
Current scope of BPM/
BPaaS



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



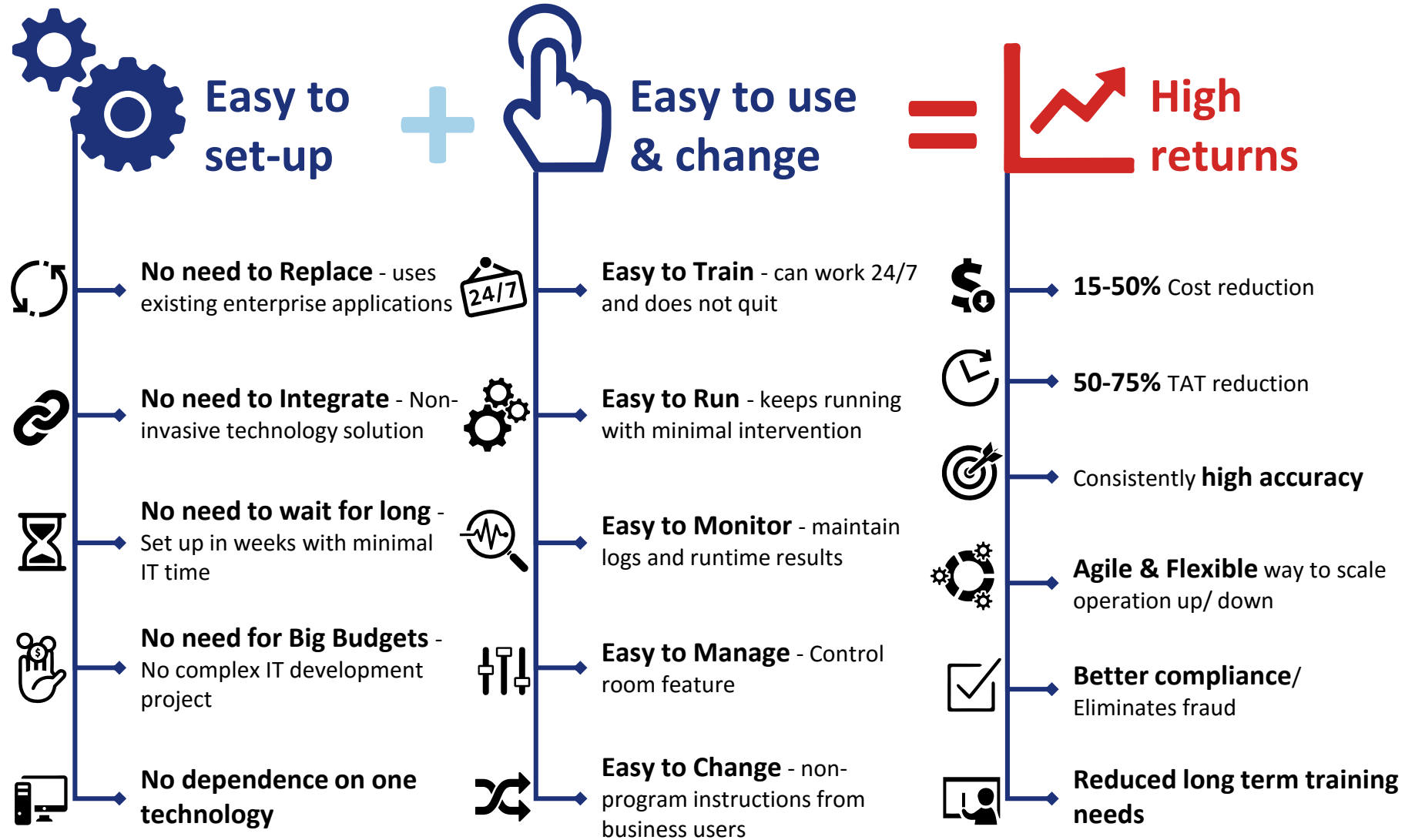
AI-led addressable market – BPaaS/ Domain-led solutioning (USD billion)



¹ As a multiple of current market size

Sources: NASSCOM, BCG analysis

Key Highlights of HGS Process Automation Solution

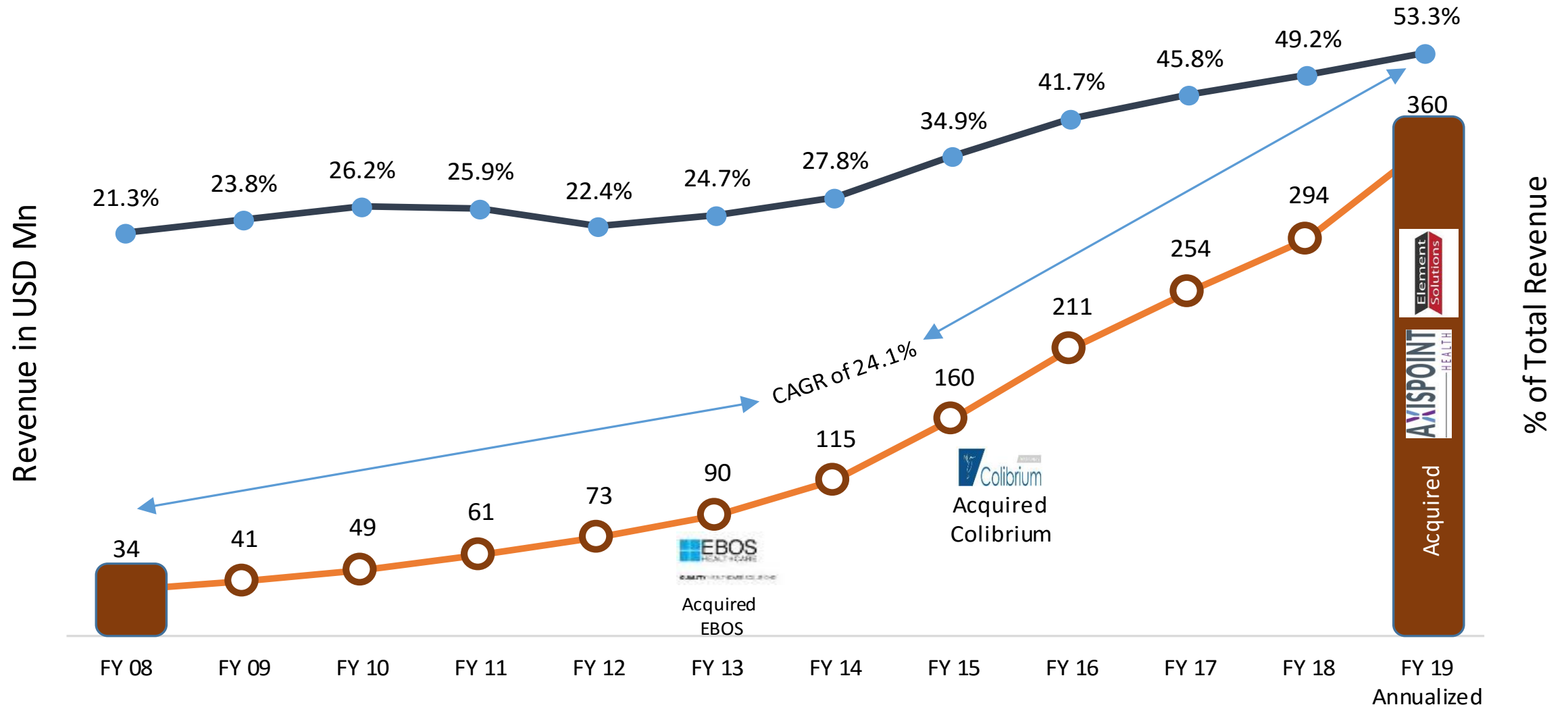




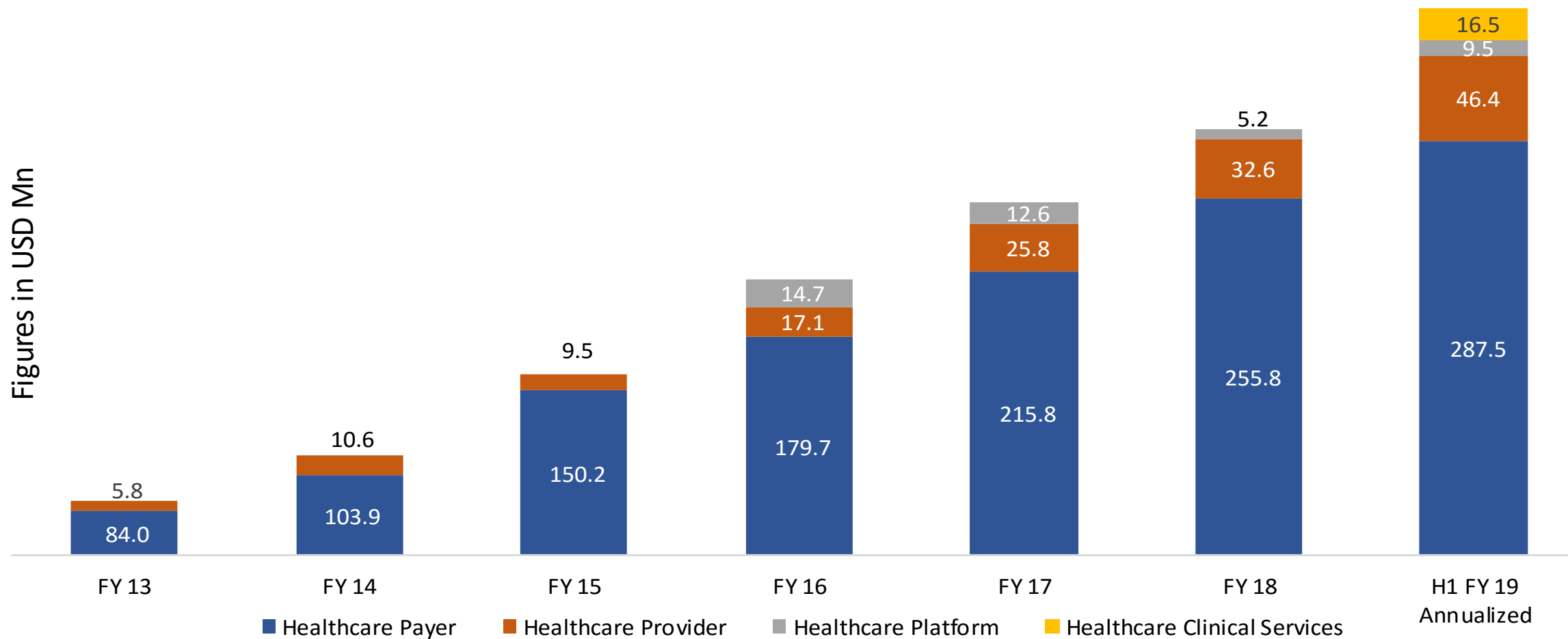
Healthcare Practice overview

How HGS Healthcare business has grown

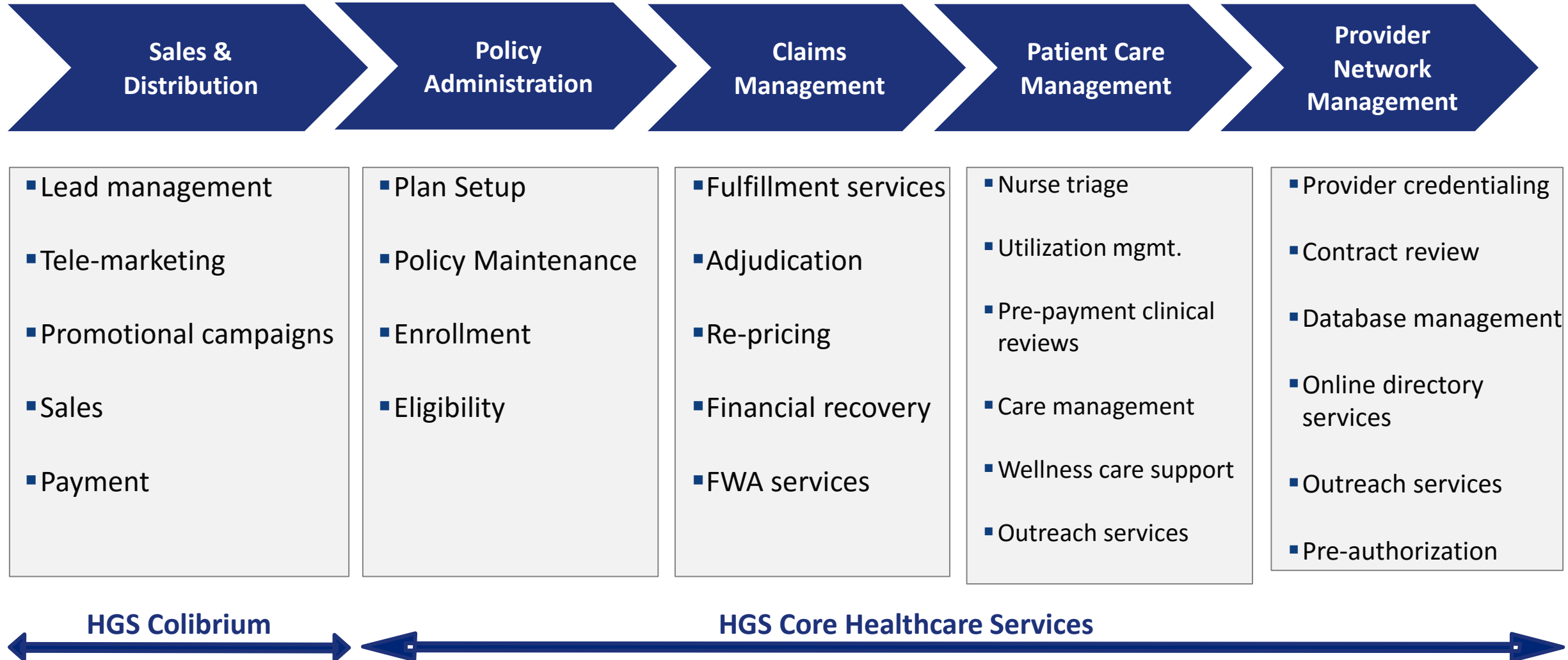
HGS Healthcare Vertical Trend

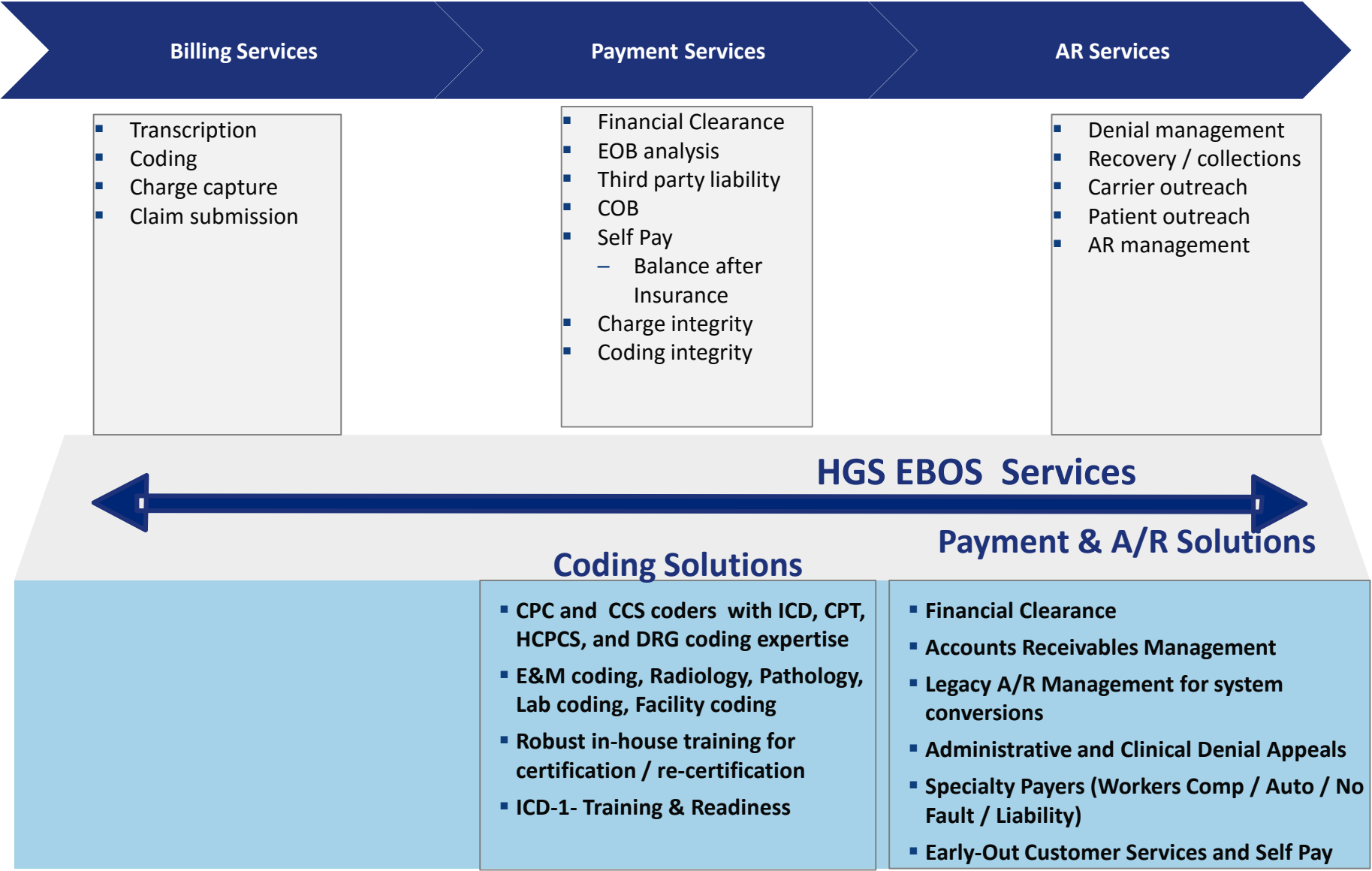


Healthcare Segmentations



Acquired business to provide HGS entry into Clinical and Digital services for Healthcare Vertical







Financial Overview

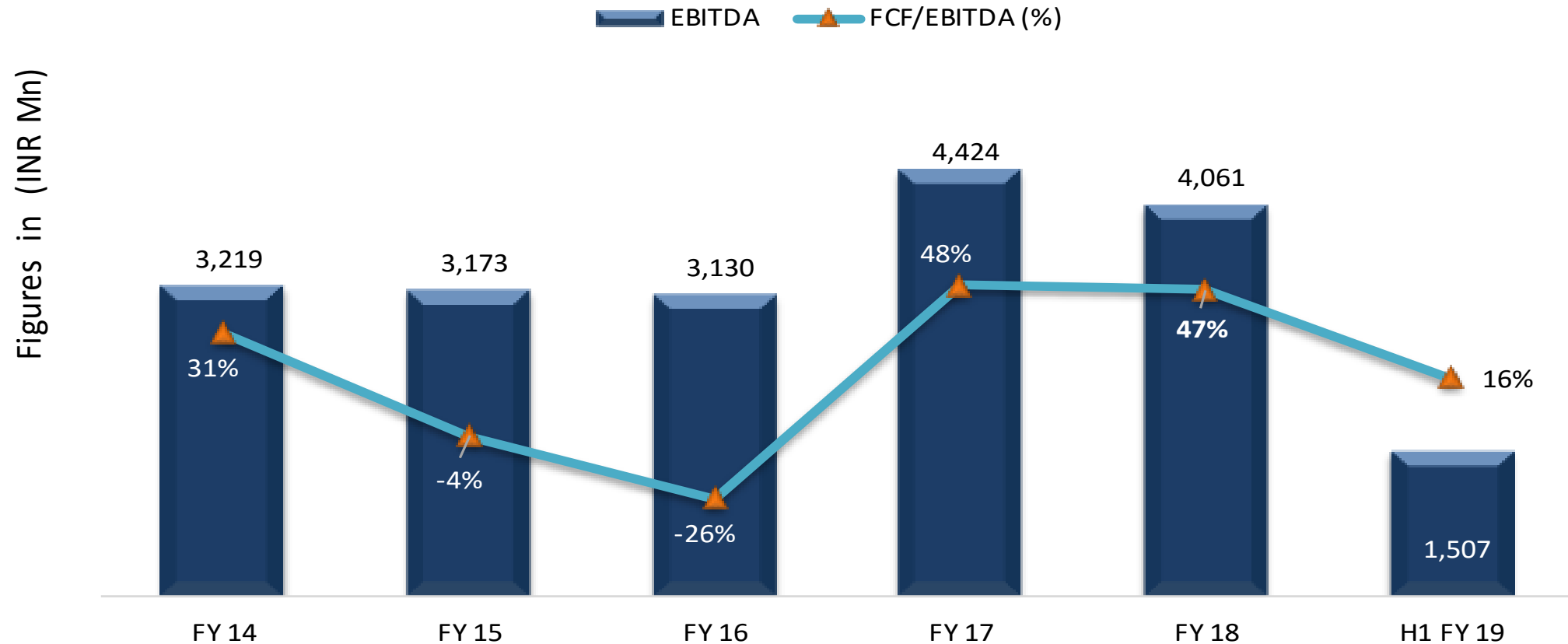
Q2 FY 19 Actuals vs Q1 FY 19 vs Q2 FY 18 Actuals – With Acquisition

Quarterly Performance - Consolidated (With Acquisition)

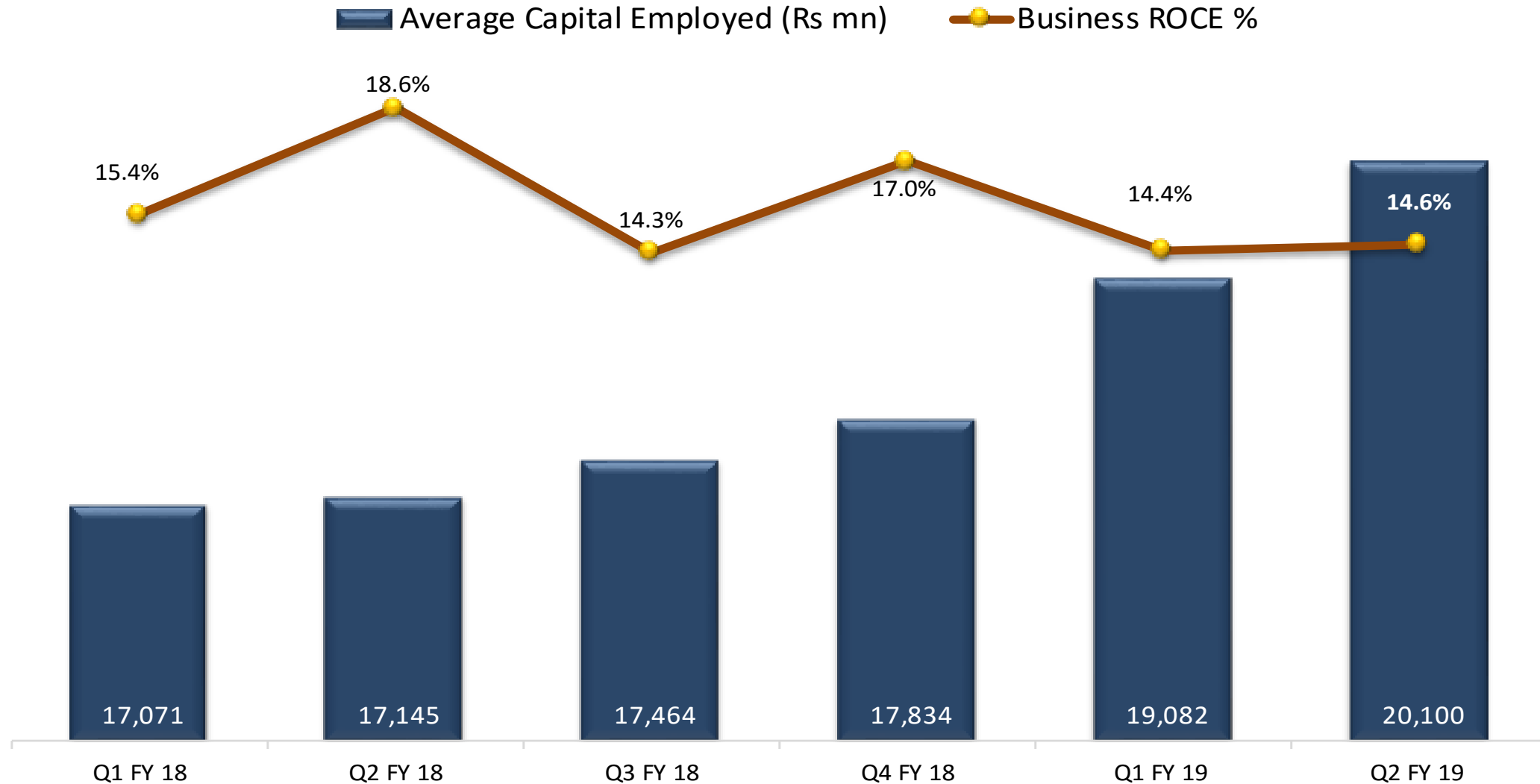
Figures in Rs Mn unless otherwise indicated

	Actual QE Sept'18	Actual QE June'18	Growth %	Actual QE Sept'17	YoY Growth %
Revenue	11,586	11,008	↑ 5%	9,426	↑ 23%
Operating Costs (excl Dep)	10,810	10,277		8,388	
EBITDA	776	731	↑ 6%	1,038	↓ -25%
EBITDA %	6.7%	6.6%		11.0%	
Depreciation	466	355		353	
Interest Expense	91	95		86	
Other income	432	315		140	
PBT	651	597	↑ 9%	739	↓ -12%
PBT %	5.6%	5.4%		7.8%	
Tax	203	194		206	
PAT	448	403	↑ 11%	533	↓ -16%
PAT %	3.9%	3.7%		5.7%	

FREE CASH FLOW to EBITDA Ratio



H1 FY 19 Free Cash flow excludes the impact of Income tax refund of Rs 34 Mn, Service tax refund of Rs 27 Mn and Purchase of UK property of GBP 310 K. Excluding the impact of AxisPoint and Elements Acquisitions, rest of the legacy business continues to generate FCF/EBITDA of 33%.



Excluding the impact of AxisPoint and Elements Acquisitions, Business ROCE of the legacy business was at 23.9%.

Summary Cash Flow Statement

(Rs. Million)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	H1 FY 19
Cash flow from Operations and after working capital changes	2,352	1,924	1,589	4,031	3,517	1,047
Cash Flow due to Capex (net)	(1,137)	(1,621)	(2,472)	(1,779)	(1,261)	(734)
Total Cash Flow from Operations and Regular Capex	1,215	303	(883)	2,252	2,256	313
For Purchase of building	(400)	0	(44)	---	---	(30)
Cash Flow paid for acquisition of business	0	(890)	(153)	---	---	(1,175)
Cash Flow due other investing activities	192	451	269	138	143	33
Total Cash Flow from Operations and Investing	1,007	(136)	(811)	2,390	2,399	(859)
Proceeds from share allotment under ESOP scheme	9	36	3	---	25	13
Proceeds/(Repayment) from Borrowings	877	112	1,990	(1,823)	(762)	(359)
Capital Lease Taken Pursuant to Acquisition		(49)		---	---	
Cash from Interest payment and others	(1022)	(997)	(872)	(636)	(598)	(299)
Total Cash Flow from Financing Activities	(1,36)	(898)	1,121	(2,459)	(1,335)	(574)
Net Increase/ (Decrease) in Cash and Cash Equivalents	871	(1,034)	310	(69)	1,111	(1,434)

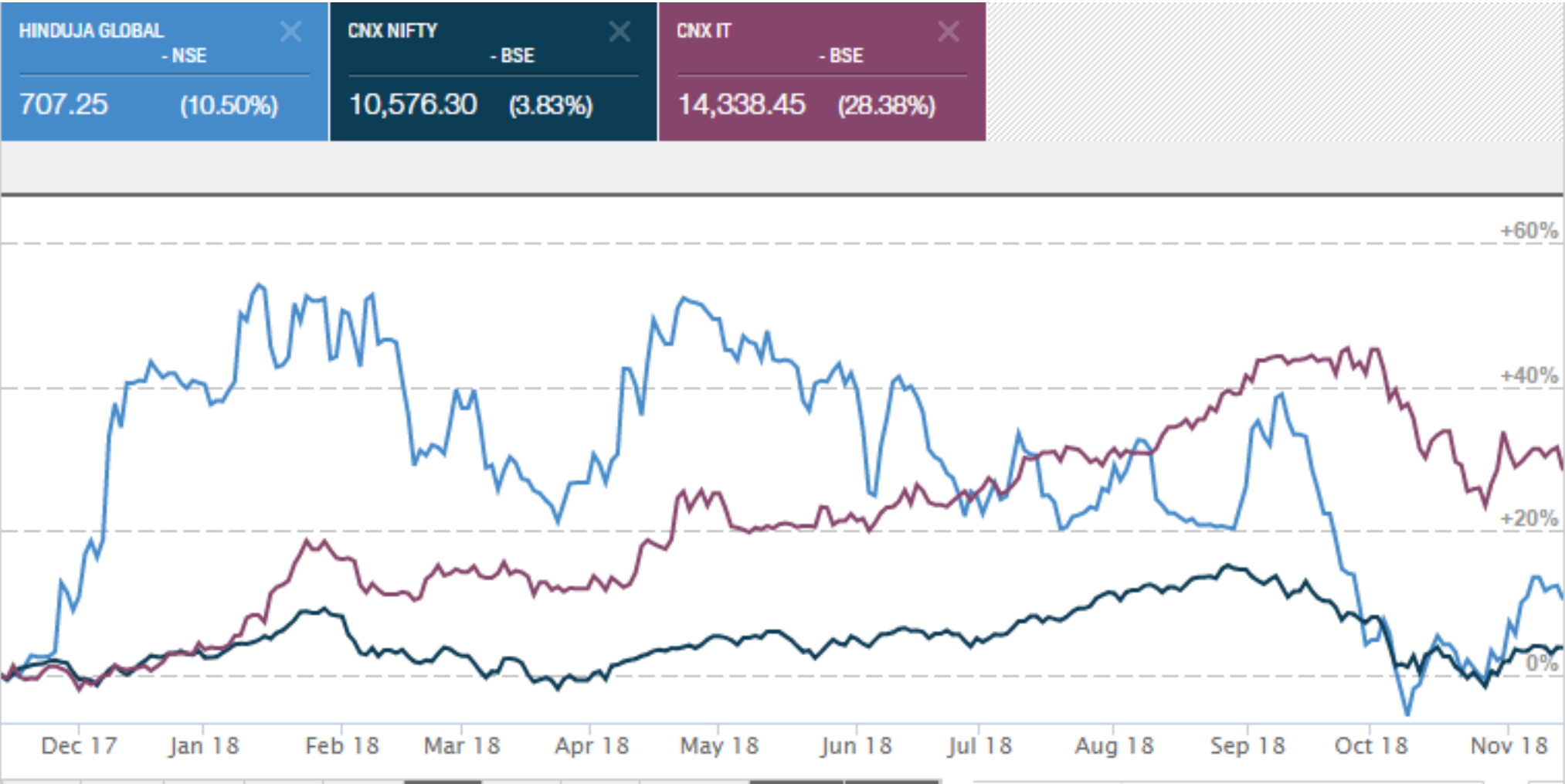
Summary Financial Profile – As at 30th September 2018

Particulars	HGSL	
	<i>Rs.</i>	<i>USD</i>
Net Worth <i>(in millions)</i>	15,635	215.6
Book value per share	751	10.4
Price per share	719.5	9.9
Dividend per share (FY 18)	2.5	0.03
EPS (TTM)	89.0	1.2
P/E Ratio (TTM)	8.1	8.1
Gross Debt <i>(in millions)</i>	5,546	76.5
Total Cash <i>(in millions)</i>	4,253	58.6
Net Debt (Net Cash) <i>(in millions)</i>	1,293	17.8
Net Debt/TTM EBITDA	0.37x	0.37x
Total Debt/Equity	0.35x	0.35x



Stock price movement

Share Price movement



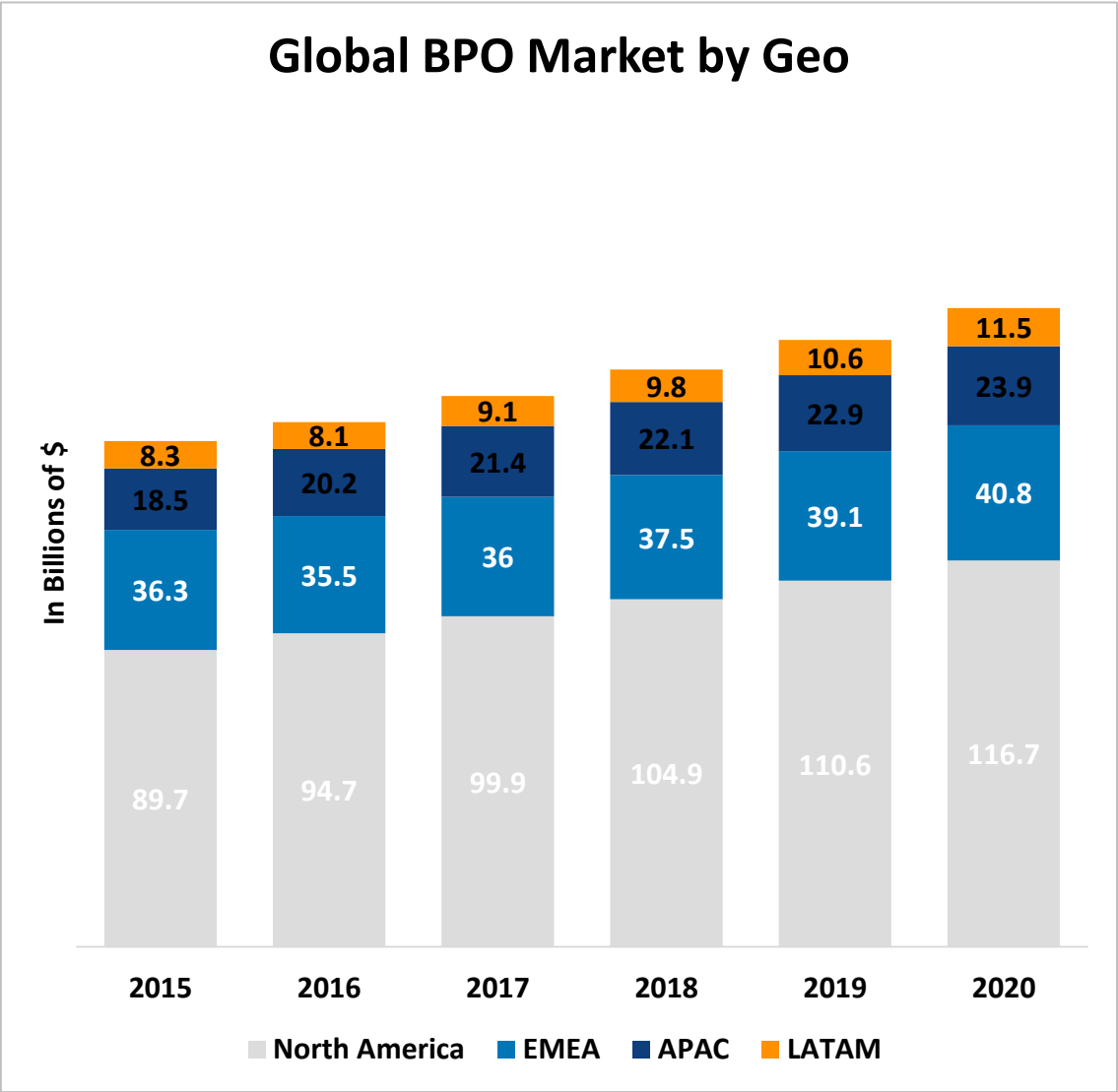
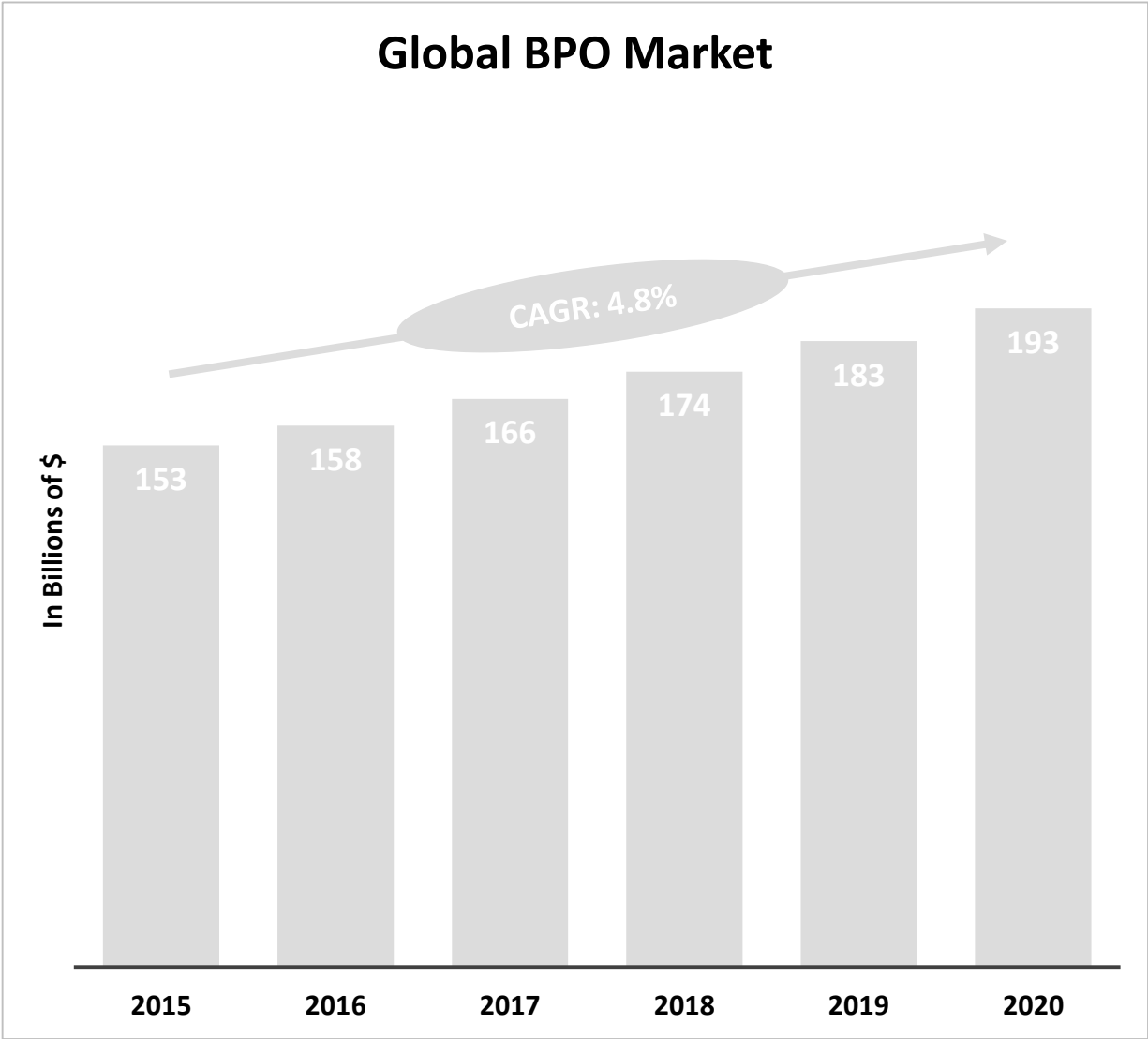


Annexure - BPO/BPM Market

Marketplace Dynamics

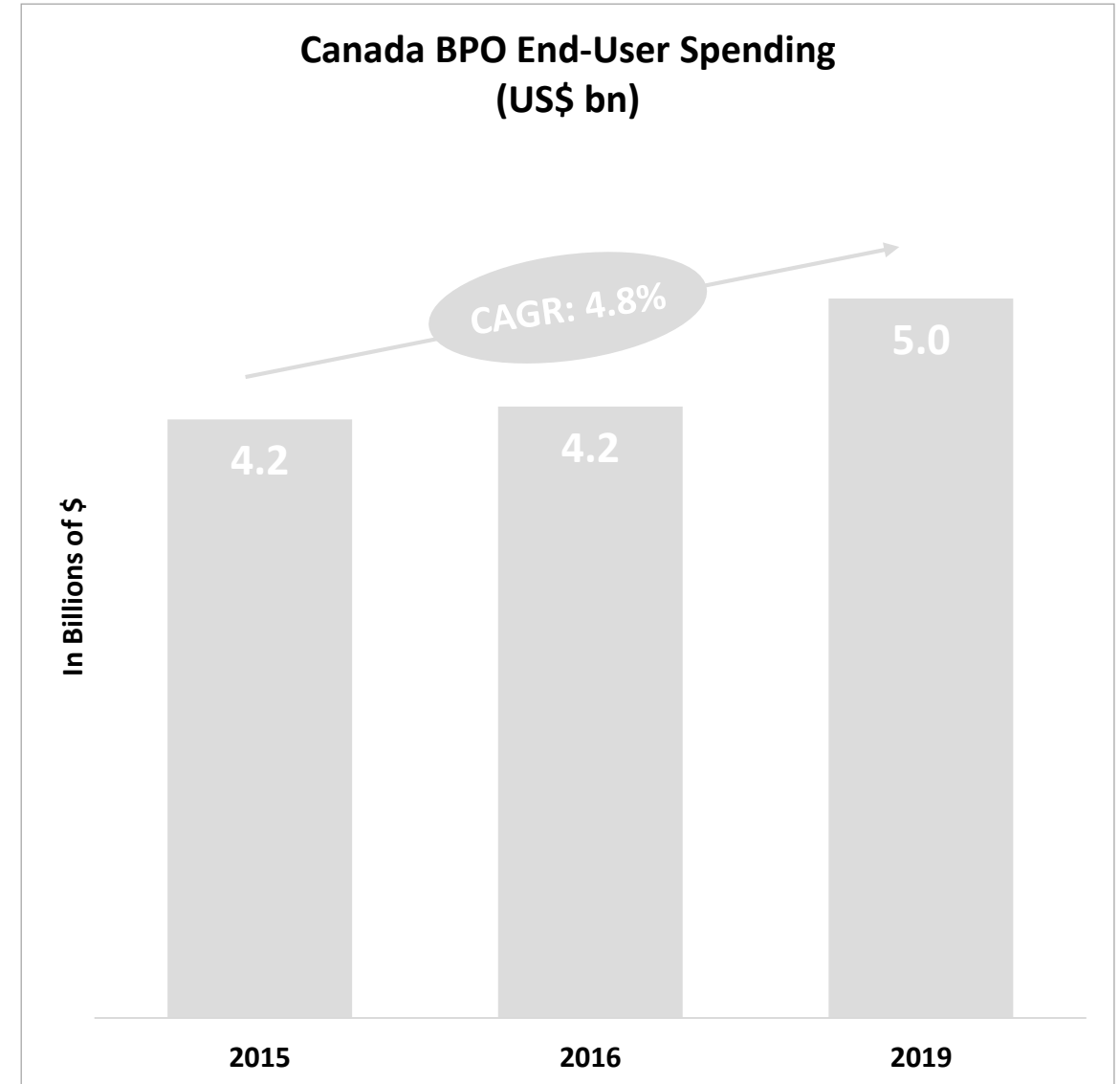
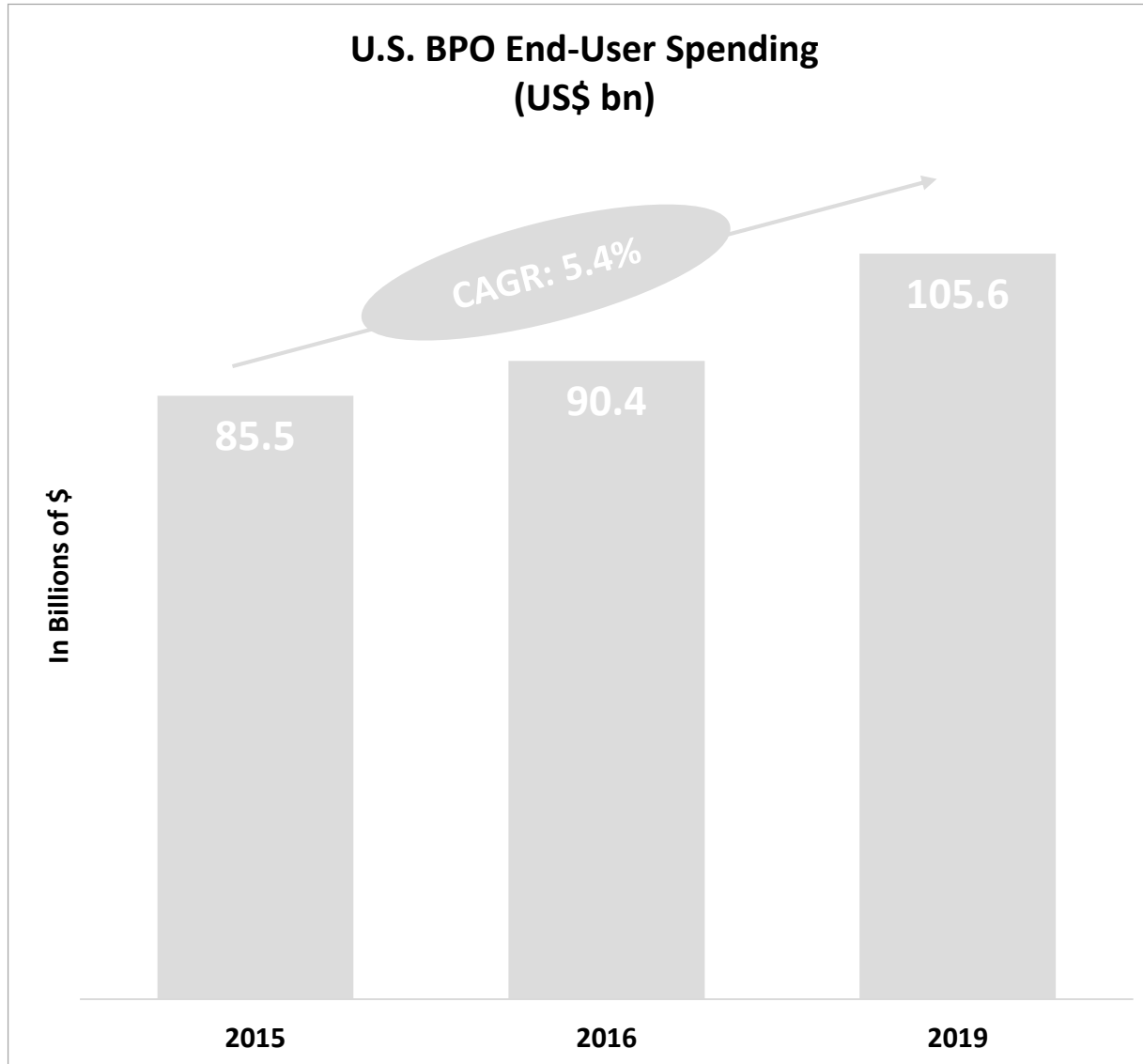
- Total BPM market is over \$160 billion
- In-house BPM 4 times the size of the outsourced BPM market
- Next 5 year CAGR for BPM expected to be 5.9% (Gartner Q1, 2013 forecast)
- Billion Dollar Plus players in this are still only a handful, who grew between 5% to 20%
- Essentially a large, fragmented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

Source: Gartner



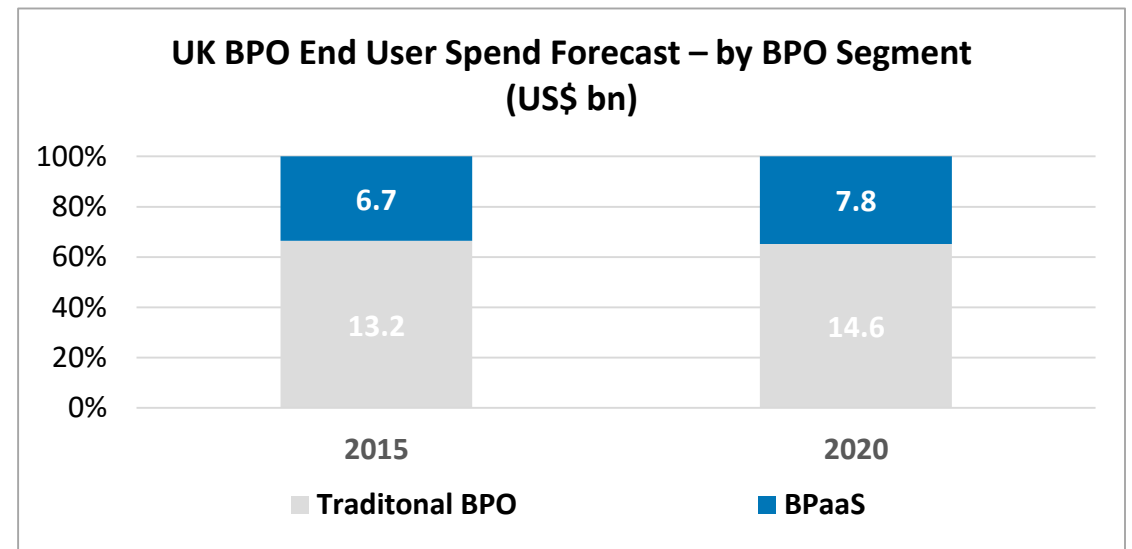
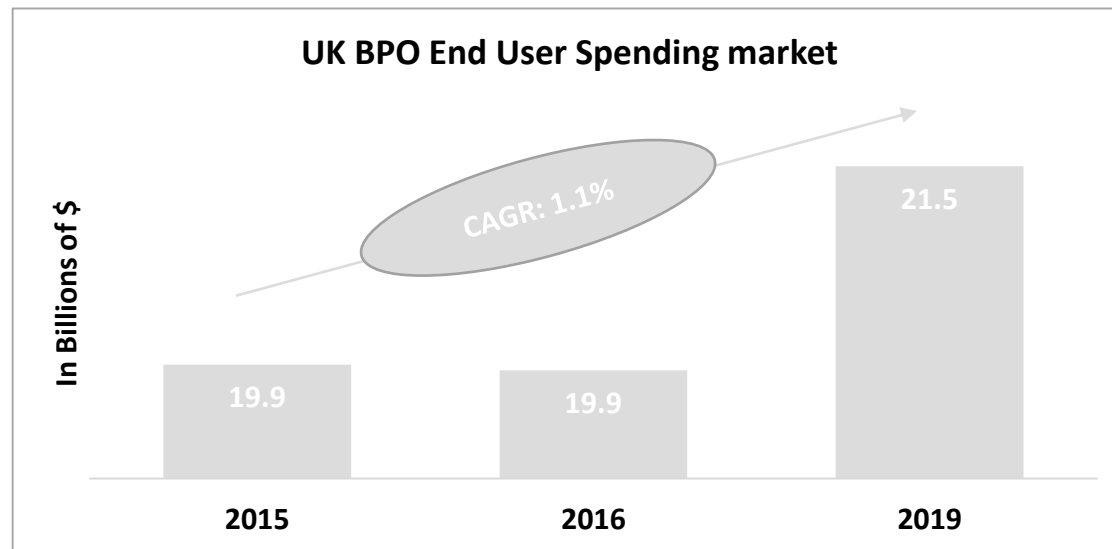
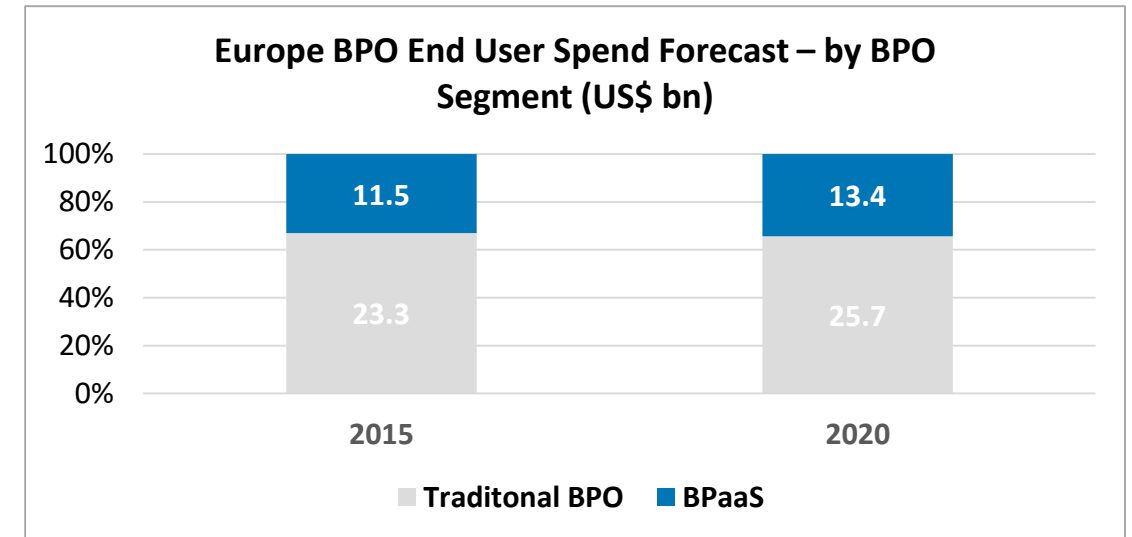
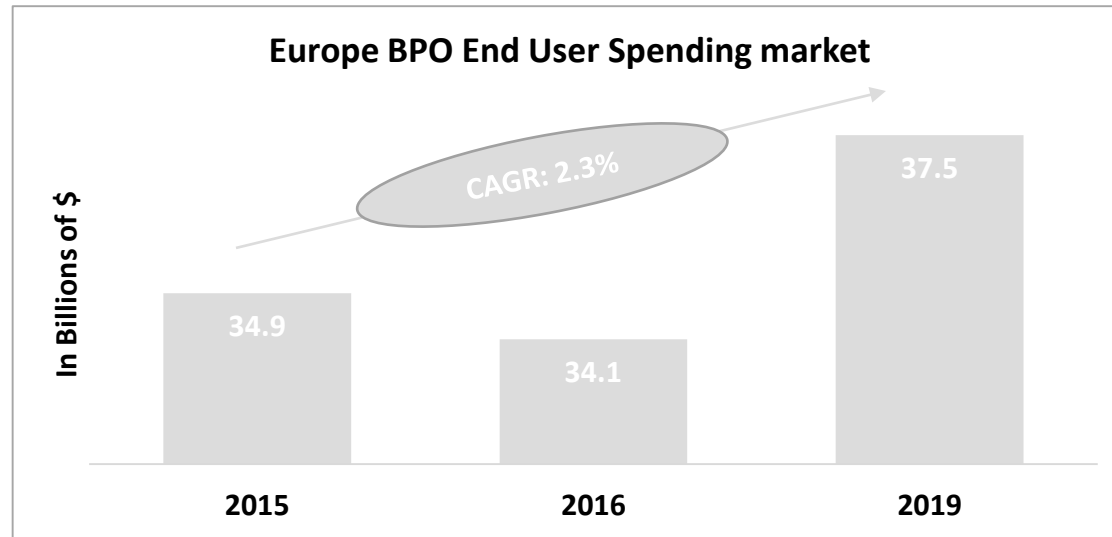
Source: Gartner BPO Revenue Forecast 2013 -2019

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



Thank You