

Q2 FY2019 EARNINGS PRESS RELEASE

HGS ANNOUNCES RESULTS FOR Q2 FY2019

Mumbai, India, November 02, 2018: Hinduja Global Solutions (HGS) (listed in BSE & NSE) today announced its unaudited Second Quarter and Half Year results for FY2019.

Speaking on the results, **Partha DeSarkar, CEO of HGS** said: *“HGS posted a robust revenue growth in Q2 FY2019, driven by demand across Healthcare and CET (Consumer, eCommerce, Telecom & Technology) verticals. Overall revenues stood at Rs. 11,586 million, an increase of 22.9% YoY. Of this, 7.4% was organic, 7.9% from forex gains and the rest 7.6% came from the acquisitions of AxisPoint Health (APH) and Element Solutions. From a margin perspective, Q2 EBITDA margins (excluding acquisitions) improved by 66 bps sequentially to 10.2% as per expectations.*

Our Canadian, US and UK businesses have shown strong revenue growth and improved profitability. A large part of the growth was led by some big logos that we signed toward the end of last fiscal. Healthcare vertical continued to ramp up, with the Provider segment registering 52.9% growth YoY in dollar terms. While the India CRM business continued to face challenges from the drop in telecom volumes, we are seeing strong growth in verticals like financial services.

As in Q1, the performance of APH business has had an adverse effect on overall HGS Profitability. Looking ahead, we expect APH’s performance to improve as the cost saving initiatives are completed and start bearing results. Element Solutions, our digital solutions business, is expected to post significant revenue growth, led by the cloud migration segment from Q3 onwards.

Our continued focus on technology-led solutions and domain expertise is helping us open up opportunities in new segments and markets, as evinced by the recent wins for HGS’ RPA and social care services. We continue to invest in strengthening our capabilities to make our clients more competitive.

The sales pipeline for H2 looks encouraging, and with Open Enrollment and Holiday Season coming up in Q3, HGS is well-positioned to deliver a better second half.”

Financial Highlights for Q2 FY2019

- HGS reported a YoY revenue growth of 22.9% at Rs. 11,586 million
- Organic revenue growth in constant currency terms was 7.4%
- EBITDA, excluding the acquired businesses, was Rs. 1,109 million; EBITDA margins stood at 10.2%
- Overall EBITDA, including the Element and Axis Point acquired businesses, was Rs. 776 million and EBITDA margin was 6.7%
- PAT was Rs. 448 million, a YoY drop of 16%; Net margins stood at 3.9%
- Capital expenditure for the quarter was Rs 369 million and YTD is Rs. 764 million
- Generated 16% of the YTD FY2019 EBITDA into Free Cash

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- Reduction in gross debt of Rs. 302 million in Q2 FY2019; Gross Debt as at 30th September 2018 stood at Rs 5,546 million.
- Interim Dividend of Rs 2.50 /share

Financial Highlights for H1 FY2019

- Net Sales increased to Rs. 22,595 million, a YoY revenue growth of 20.8%; and in constant currency, growth was 12.9% YoY
- EBITDA, excluding the acquired businesses, was Rs. 2,074 million; EBITDA margins stood at 10.1%
- Overall EBITDA, including the Element and Axis Point acquired businesses, was Rs. 1,507 million and EBITDA margin was 6.7%
- Net profit was Rs. 851 million; Net margins stood at 3.8%

Consolidated Financial Highlights

(Rs Million)	Quarter 2		YOY	Quarter 1	QOQ	Half Year	
	FY2018	FY2019	Growth	FY2019	Growth	1HFY2018	1HFY2019
Operating Revenues	9,426	11,586	22.90%	11,008	5.20%	18,698	22,595
EBITDA	1,047	776	-25.90%	731	6.10%	2,040	1,507
EBITDA Margin	11.10%	6.70%		6.60%		10.90%	6.70%
Profit Before Tax	739	651	-12.00%	597	9.00%	1,318	1,248
PBT Margin	7.80%	5.60%		5.40%	3.50%	7.00%	5.50%
Profit After Tax	533	448	-16.10%	403	11.10%	948	851
PAT Margin	5.70%	3.90%		3.70%		5.10%	3.80%
Basic EPS (Rs)	25.7	22	-14.20%	19.3	14.50%	45.7	41.3

Business Highlights for Q2 FY2019

- **Client Wins:**
 - Signed three new clients in Healthcare, Education and Media, and five new clients in HRO/ Payroll Processing, till date
 - Expanded engagements with four existing clients
 - Business Transformation & Digital:
 - o Signed a contract with an education provider in the Middle East to deploy RPA as a Service
 - o Set up a Social Media Command Center in Mumbai to support social media engagement for an Indian media company
- **Clientele:** At the end of 30th September 2018, HGS had 255 core BPM clients and 644 HRO/Payroll Processing clients.
- AxisPoint Health, an HGS company and a leader in population health management, has earned URAC reaccreditation in Health Call Center for its GuidePoint solution, a clinically and analytically driven nurse advice, navigation, and member engagement service.
- **Delivery Network:** Expanded capacity in India for servicing healthcare and financial services clients

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- **Employee Headcount:** 44,528 globally as on 30th September 2018.
HGS' Work@Home program in North America had 860 remote associates, compared to 558 in Q1 FY2019.
- **Awards & Recognition:**
 - Recognized by NASSCOM with the Customer Service Excellence Award 2018 in Transformation category
 - Won the TMC Magazine's 2018 CRM Excellence Award for DigiCX deployment
 - Won the Best in Biz Awards 2018 International award for Consumer Service of the Year for digital chat
 - SMS platform delivery, concurrency and service excellence focus
 - Achieved Americas Top 15 status in the Breakthrough Sourcing standouts in ISG Outsourcing Index for Q2 2018 for The ISG Index™ Global Sourcing and As-a-Service Market Insights Second Quarter 2018, July 2018
 - Named as a Leader in the NelsonHall Digital CX Services NEAT 2018 for Cost Optimization, CX Improvement & Overall Views, September 2018

About Hinduja Global Solutions (HGS):

A global leader in business process management (BPM) and optimizing the customer experience lifecycle, HGS is helping make its clients more competitive every day. HGS combines technology-powered services in automation, analytics and digital with domain expertise focusing on back office processing, contact centers and HRO solutions to deliver transformational impact to clients. Part of the multi-billion dollar conglomerate Hinduja Group, HGS takes a true "globally local" approach, with over 44,528 employees across 75 delivery centers in seven countries making a difference to some of the world's leading brands across nine key verticals. For the year ended 31st March 2018, HGS had revenues of Rs. 38,494 million (US\$ 597 million).

Visit www.teamhgs.com to learn how HGS can help make your business more competitive.

Safe Harbour

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause our actual results to differ materially from those in such forward-looking statements. We do not undertake to update any forward-looking statement that may be made from time to time by us or on our behalf.

For more information, visit us at www.teamhgs.com or contact:

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