

Q3 FY2019 EARNINGS PRESS RELEASE

HGS ANNOUNCES RESULTS FOR Q3 FY2019

Mumbai, India, February 07, 2019: Hinduja Global Solutions (HGS) (listed in BSE & NSE) today announced its unaudited Third Quarter and Nine Months results for FY2019.

Speaking on the results, **Partha DeSarkar, CEO of HGS** said: *“HGS registered a strong topline growth of 30.4% in Q3 FY2019 to reach Rs. 12,726 million. The performance was driven by organic growth of 11.3% while forex gains accounted for 8.5% and the rest 10.6% was from the acquisitions of AxisPoint Health (APH) and Element Solutions and sale of some APH contracts. From a margin perspective, Q3 EBITDA margins (excluding acquisitions) improved by 180 bps sequentially to 12.1% as per expectations. Overall EBIDTA margins stood at 10.9%.*

Both Healthcare and CET (Consumer, eCommerce, Telecom & Technology) verticals have shown good traction. While CET had ramp ups from recent client wins, the Healthcare business is seeing a strong Open Enrollment season across US, Jamaica, Philippines and India. To cater to this demand, we have opened centers in Bangalore and Iloilo (Philippines). Additionally, we launched a new center of excellence for logistics in Jacksonville, Florida.

As in H1, APH saw challenges in margins in Q3; however, with the exit of subscale contracts, we expect profitability to improve significantly going forward.

Our focus continues to be on providing clients with differentiated customer experience services powered by technology-led solutions. Element Solutions, our digital solutions unit, has launched Cloud Services as an offering, and we expect this segment to add to HGS’ digital business growth.”

Financial Highlights for Q3 FY2019

- HGS reported a YoY revenue growth of 30.4% at Rs. 12,726 million
- Organic revenue growth in constant currency terms was 11.3%
- Overall EBIDTA, including the Element and Axis Point acquired businesses, was Rs. 1,386 million and EBITDA margin was 10.9%
- PAT was Rs. 368 million, a YoY drop of 29% is primarily on account of drop in other income; Net margins stood at 2.9%.
- Capital expenditure for the quarter was Rs. 350 million and YTD is Rs. 1114 million
- Generated 21% of the YTD FY2019 EBITDA into Free Cash
- Reduction in gross debt of Rs. 20 million in Q3 FY2019; Gross Debt as at 31st December 2018 stood at Rs. 5,526 million.
- Interim Dividend of Rs. 2.50 /share

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Financial Highlights for Nine Months FY2019

- Net Sales increased to Rs. 35,337 million, a YoY revenue growth of 24.2%
- Overall EBIDTA, including the Element and AxisPoint acquired businesses, was Rs. 2,939 million and EBITDA margin was 8.3%
- Net profit was Rs. 1,218 million; Net margins stood at 3.4%

Consolidated Financial Highlights

(Rs Million)	Quarter 3		YOY	Quarter 2	QOQ	Nine Months	
	FY2018	FY2019	Growth	FY2019	Growth	9MFY2018	9MFY2019
Operating Revenues	9,757	12,726	30.4%	11,586	9.8%	28,455	35,337
EBITDA	1,001	1,386	38.5%	792	75.0%	3,041	2,939
EBITDA Margin	10.3%	10.9%		6.8%		10.7%	8.3%
Profit Before Tax	556	494	-11.1%	651	-24.1%	1,874	1,742
PBT Margin	5.7%	3.9%		5.6%	-30.9%	6.6%	4.9%
Profit After Tax	516	368	-28.7%	448	-17.9%	1,477	1,218
PAT Margin	5.3%	2.9%		3.9%		5.2%	3.4%
Basic EPS (Rs)	24.9	17.5	-29.9%	22.0	-20.5%	71.6	58.8

Business Highlights for Q3 FY2019

- **Client Wins:**
 - Signed two new clients in Financial Services and Media verticals, and three new clients in HRO/ Payroll Processing, till date
 - Expanded engagements with six existing clients
- **Clientele:** At the end of 31st December 2018, HGS had 254 core BPM clients and 647 HRO/Payroll Processing clients.
- **AxisPoint Health:** Sold several nurse advice line contracts (part of the GuidePoint line of business) as they were subscale and adversely impacting margins
- **Delivery Network:** Set up three new centers in Jacksonville, US (a center of excellence for logistics), Bangalore, India and Iloilo, Philippines. As of 31st December 2018, HGS had 75 delivery centers globally.
- **Employee Headcount:** 44,567 globally as on 31st December 2018; HGS' Work@Home program in North America had 987 associates.
- **Awards & Recognition:**
 - Americas Top 15 status in the Booming 15 Sourcing standouts - ISG Outsourcing Index, Q3 2018
 - 2019 Product Challenger - Contact Center Customer Experience Services - ISG Provider Lens, Dec 2018
 - 2018 Now Tech: Robotic Process Automation Services - Forrester, Dec 2018
 - Customer Services Excellence Award in Transformation category - NASSCOM, Oct 2018
 - Work Hard, Play Hard Award for Excellence in Company Culture, Frost & Sullivan, Oct 2018
 - Population Health Management/Patient Engagement Solutions, Fierce Innovation Award – Healthcare Edition, Nov 2018



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- 2019 Training Top 125, Training Magazine, Nov 2018
- UBS Corporate Social Responsibility Summit & Awards 2018 for Stakeholder Engagement and CSR Project Of the Year, Dec 2018
- Great HR Practices Award – Institute of Human Resources Development (IHRD), Dec 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 44,567 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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