




EXL

# EXL investor presentation

January 2024



Make sense of data and  
drive your business forward



Nasdaq

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**Financial and certain other information contained in this presentation is derived from reports or other public disclosures previously made by the company and has not been updated as of the date hereof. Certain non-GAAP financial information included in this presentation are not substitutes for financial information prepared under GAAP; please see our SEC filings for descriptions and reconciliations.**

# EXL at a glance

750+ clients

50,000+ employees

\$1.41B 2022 revenue

18% revenue CAGR from 2006 - 2022

ExlService Holdings, Inc. (NASDAQ:EXLS) is a data-led analytics and digital operations and solutions company that combines deep industry/domain expertise, robust data, powerful analytics, cloud and AI to measurably improve our clients' business and unlock growth.



Insurance



Health



Emerging

Clients who count on us include...

9 of the top 10 US insurers

6 of the top 10 US health care payers

Top 3 US sports leagues

3 of the top 5 UK insurers

2 of the top 3 pharmacy benefit managers

Top 3 Global retailers

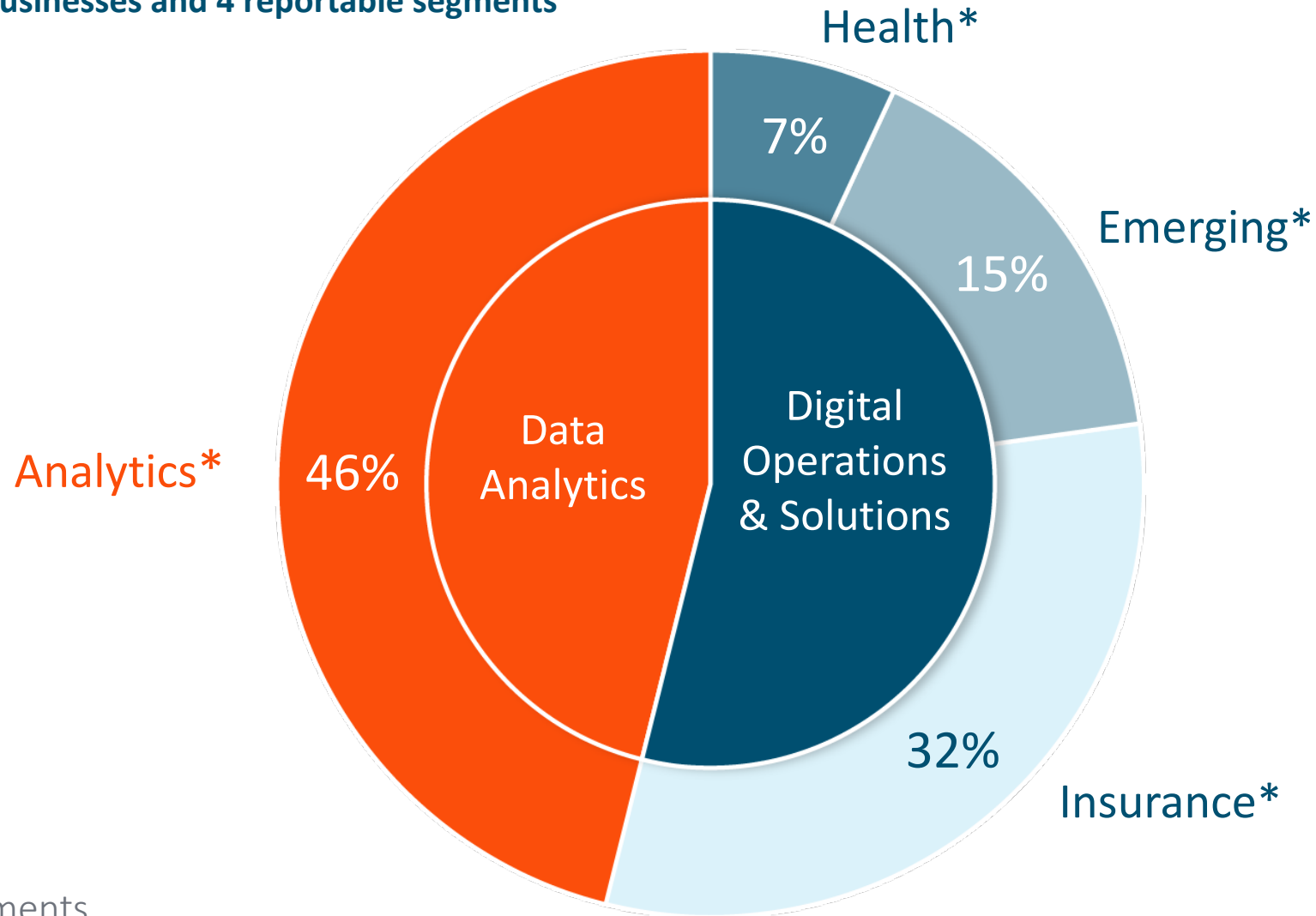
4 of the top 5 Australian insurers

8 of the top 15 pharma & life sciences companies

8 of the top 10 US banks

# Our balanced portfolio of business drives resiliency

EXL has 2 primary businesses and 4 reportable segments



\*Reportable segments

Ratios based on FY2022 revenue

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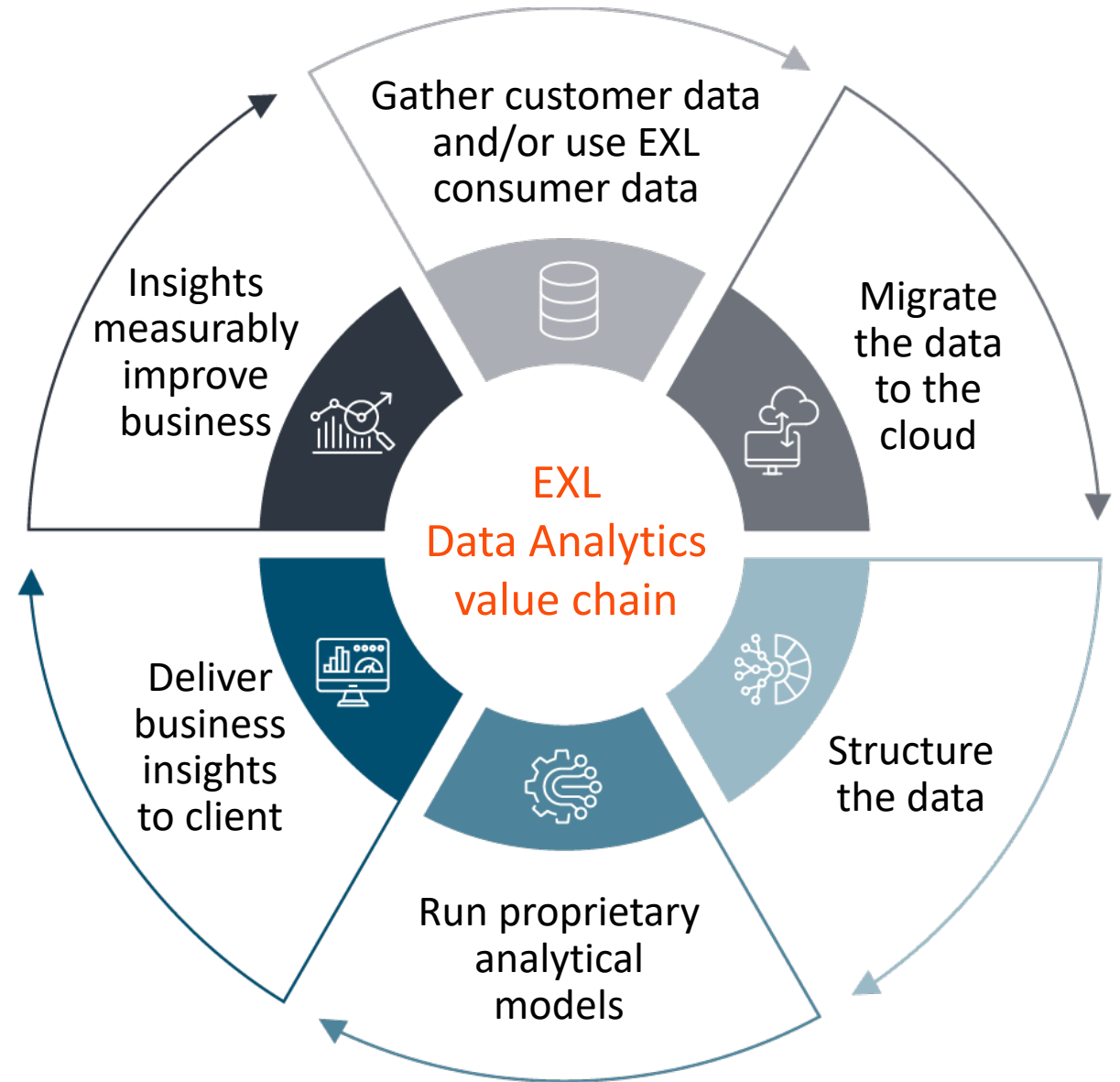




# Our Data Analytics insights create value

Clients turn to EXL Analytics for:

- Deep industry/domain experience in insurance, banking, healthcare, retail, media, sports and entertainment, and utilities
- 8,000+ Data scientists
- Proprietary intellectual property
- Use of advanced AI models proven over time
- Recognized as a leader by industry experts such as Gartner and Everest
- High ROI for clients



# Our Digital Operations and Solutions transform businesses

Clients choose EXL Digital Operations and solutions for:

- Industry/domain expertise
- Digital solutions and accelerators
- Global talent advantage
- Outcome-oriented end-to-end solutions
- Scalable delivery model
- Execution of complex operations



EXL takes on a client operation, examples include:

- Claims management
- New client acquisition
- Finance and Accounting
- Customer service



EXL digitally transforms the operation

- Streamline processes, increase speed
- Improve customer experience through AI, CX automation, machine learning, etc.
- Reduce headcount and cost of delivery



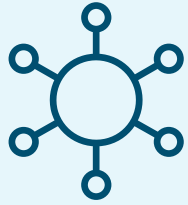
Long-term contracts

- 4-5 years
- High renewal rate – 95%+



Long-term client relationships

- Top 20 average tenure of 10+ years



TAM  
expansion



Increased  
stickiness



Stronger  
barriers  
to entry



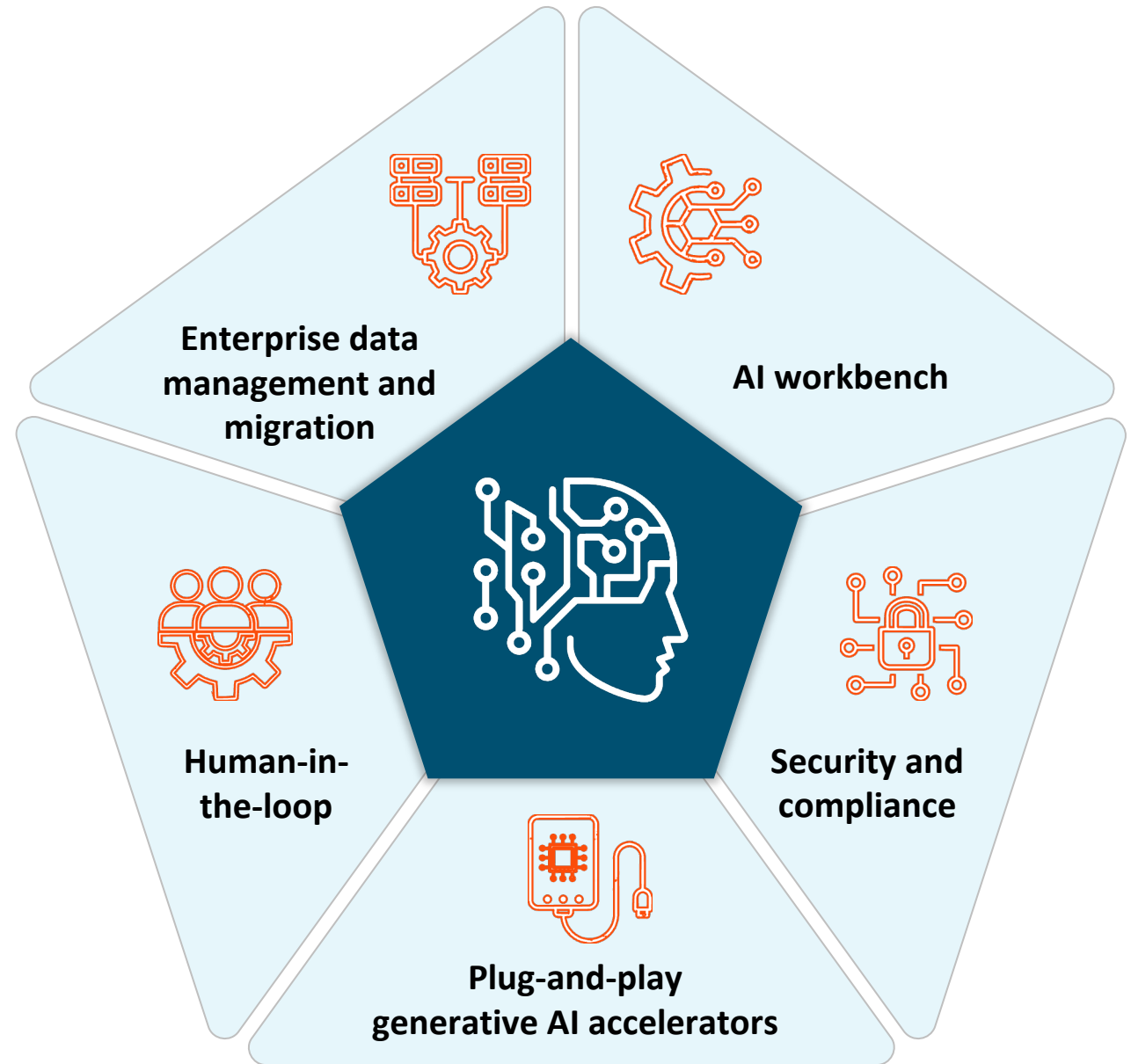
Higher revenue  
per employee

## Generative AI presents an opportunity for additional growth

- Historical trends in robotic process automation (RPA) and cloud suggest that generative AI can be a positive force for our industry
- Our data-led capabilities, industry expertise, and early investments in Analytics/AI provide strong competitive advantage
- Clients beginning to engage in POCs to explore use cases and weigh risk/ROI in highly-regulated environments
- Successful implementation requires client investments in data, which forms the core of EXL's value proposition:
  - Breaking down data silos
  - Migrating data to the cloud
  - Securing access to proprietary data

EXL's new generative AI platform combines AI capabilities and deep industry knowledge –

*We are helping clients deploy meaningful use cases*





# EXL is an industry leader with a highly engaged client base

4.9/5

customer experience  
rating

100%

willingness to  
recommend

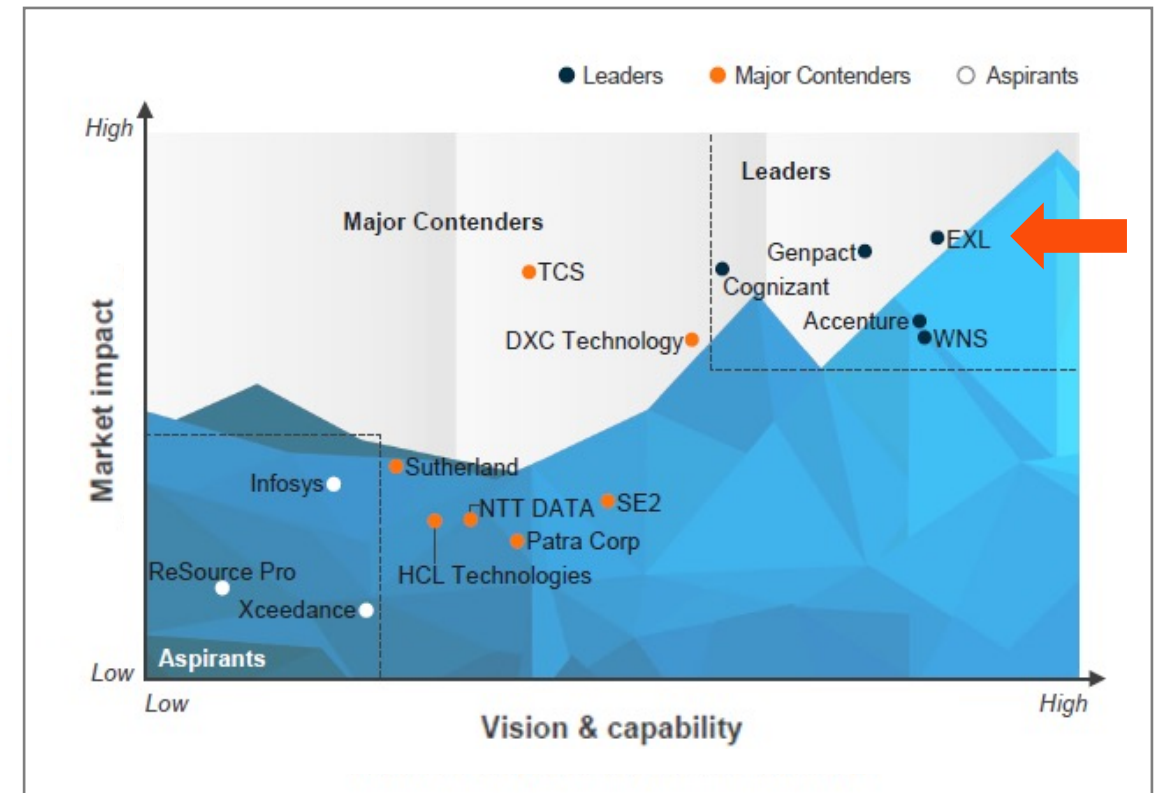


- Long-term customer relationships
- High client satisfaction/retention
- High ROI for clients
- EXL is easy to do business with
- 60% of top 50 clients use EXL for both Data Analytics and Digital Operations and Solutions



**Top Leader 2022**

Digital Platform & Augmentation in  
Insurance BPS



EXL is competitively differentiated

**Data-led approach with proven AI deployments**

Three flexible consumption models for clients

New value pools & growth pathways



# 50+ AI solutions deployed

## Data Analytics



POS  
lending



Digital  
collections



Small business  
underwriting



Bank statement  
mining



CX  
transformation



Fund  
accounting

## Digital Operations & Solutions



New business  
underwriting



Mailroom  
automation



Medical  
records



E-commerce  
servicing



Precertification  
(healthcare)



Insurance  
brokerage

# EXL is competitively differentiated

Data-led approach with proven AI deployments



## Three flexible consumption models for clients



New value pools & growth pathways



## Three flexible consumption models for clients



### Digital transformation of operations

- Speed to value & best-of-breed AI
- Larger deal size & sharper differentiation



### Digital consulting & implementation

- Accelerated execution of enterprise capability
- Quickest sales cycle & entry point



### Solution-as-a-service

- Speed & transaction-based commercials
- Scalability & high revenue per FTE

EXL is competitively differentiated

Data-led approach with proven AI deployments

Three flexible consumption models for clients

Best-in-class talent



Best-in-class talent

**75% increase**

in digital and analytics talent 2020-2022

We have  
relationships  
with

**100+**  
**schools/**  
**campuses**

in India, Ireland and U.S.  
to source digital and  
analytics skillsets

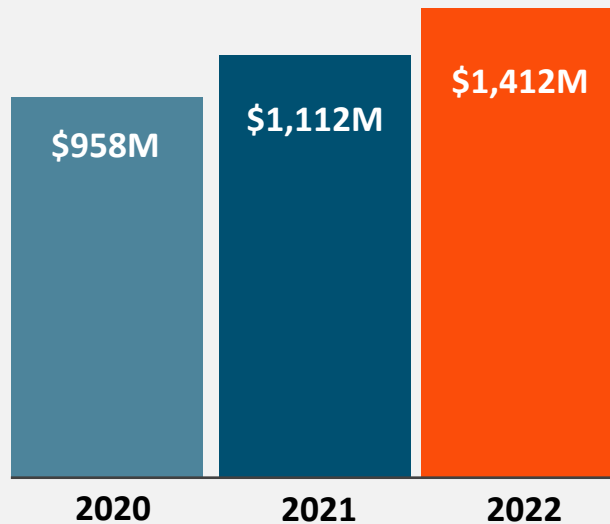
**Focused  
skillsets**

- Cloud
- AI
- Product management

- CX
- Agile
- Engineering & architecture

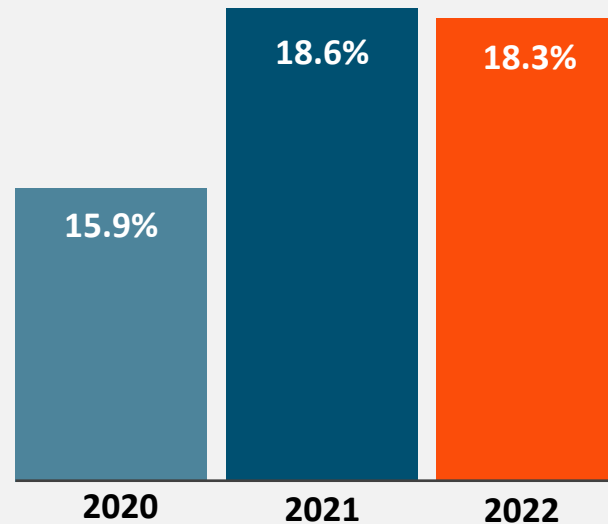
# We have a strong record of execution

## Revenue growth



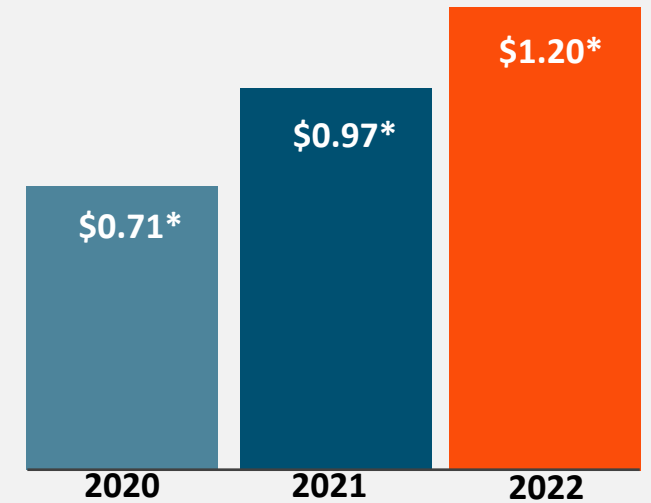
**21%** CAGR 2020-2022  
Revenue/Employee **↑ 13%**

## Margin expansion



Operational excellence  
supporting **240bps** AOPM\*  
expansion 2020-2022 and  
investments for growth

## Earnings growth



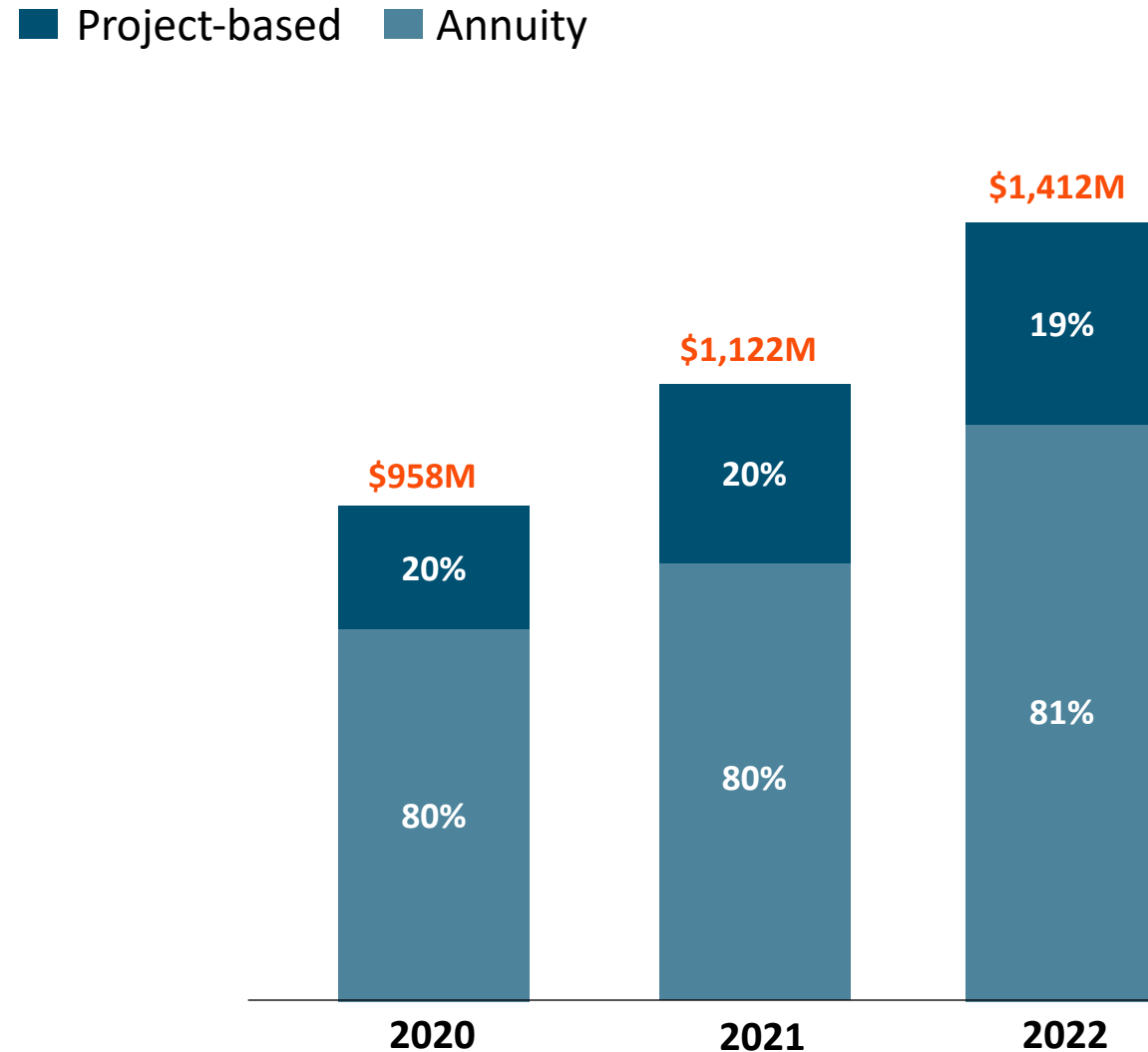
**31%** CAGR 2020-2022  
EPS\*\* growing faster than  
revenue

\* EXL effected a 5:1 forward stock split on 8/1/23. The 2020-2022 adj. EPS figures are calculated on a post-split basis (the pre-split values would have been \$3.53, \$4.83 and \$6.02 respectively).

\*\*Please see "Non-GAAP Financial Measures and Reconciliations" at the end of this presentation.

# Annuity-based revenue is driving much of our growth

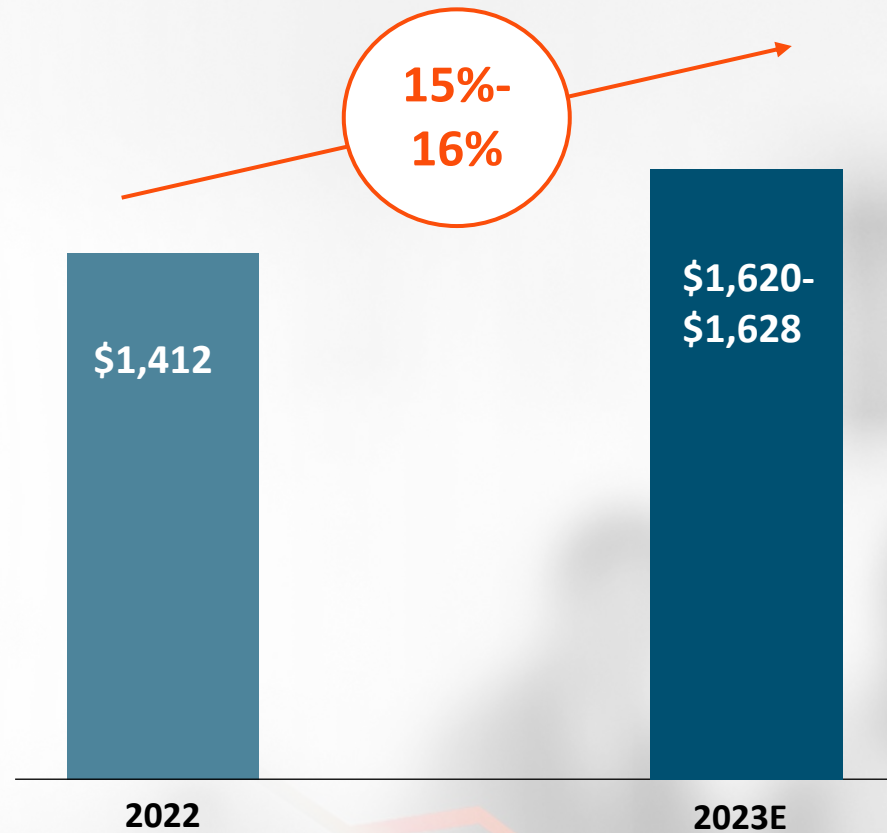
- Proportion of annuity business has increased
- Average contract length in Digital Operations and Solutions is **~4-5 years**



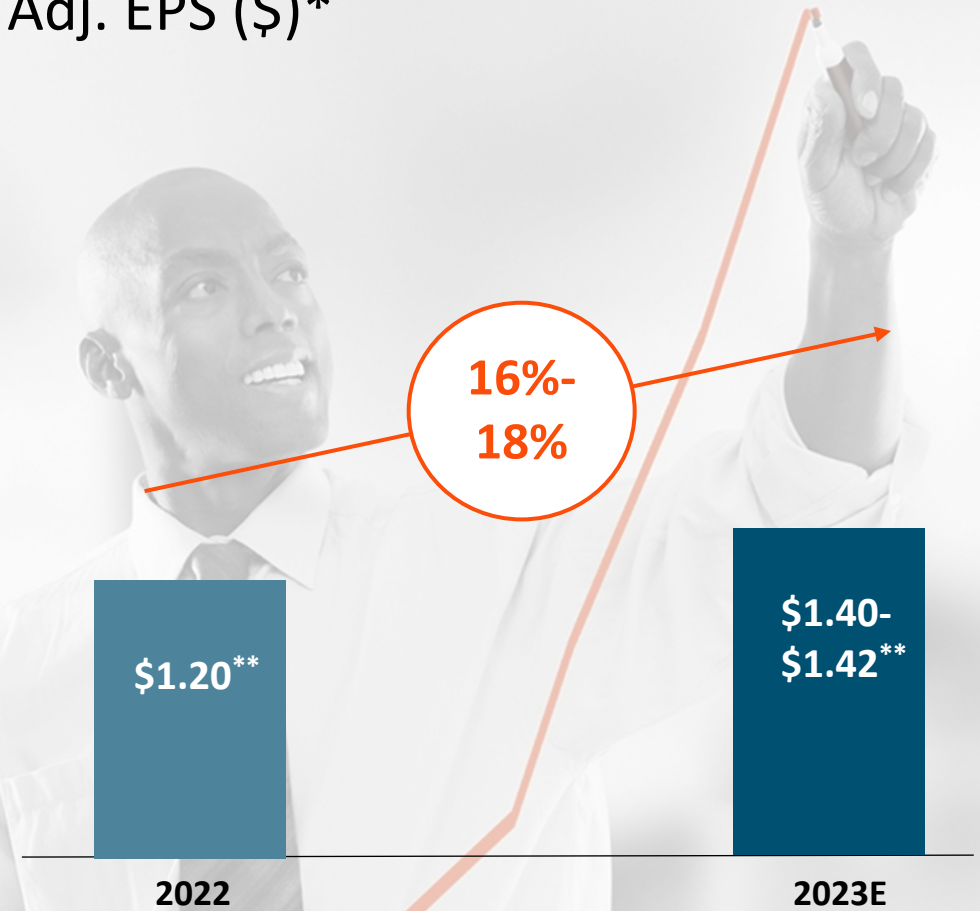


# We expect to deliver strong growth in 2023

Revenue (\$M)



Adj. EPS (\$)\*

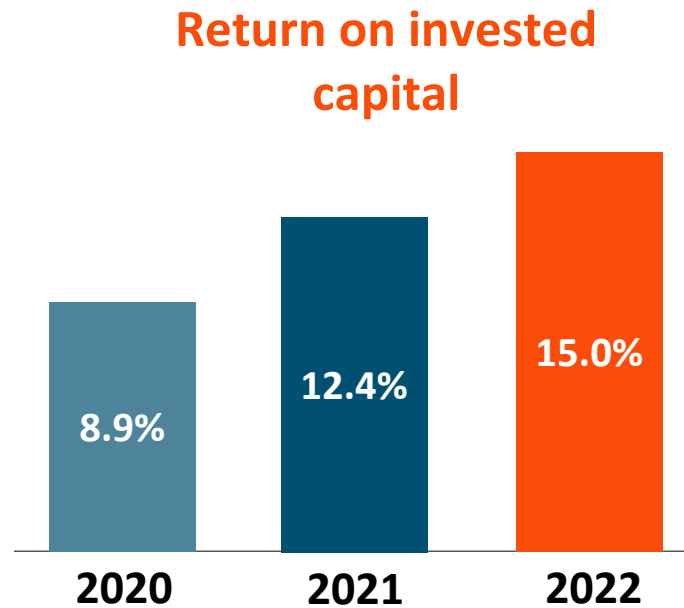


\* Please see "Non-GAAP Financial Measures and Reconciliations" at the end of this presentation

\*\* EXL effected a 5:1 forward stock split on 8/1/23. The 2022 adj. EPS figure is calculated on a post-split basis. The 2023E adj. EPS figure shown reflects our 10/26/2023 guidance

# We are good stewards of capital

1. Accelerated revenue growth
2. Higher profitability from margin improvement
3. Effective tax rate optimization
4. Efficient management of assets



5. Effective stock buyback program
6. Efficient capital management limiting exposure to rising interest rates
7. Disciplined M&A

# We allocate capital to maximize stockholder returns

## M&A

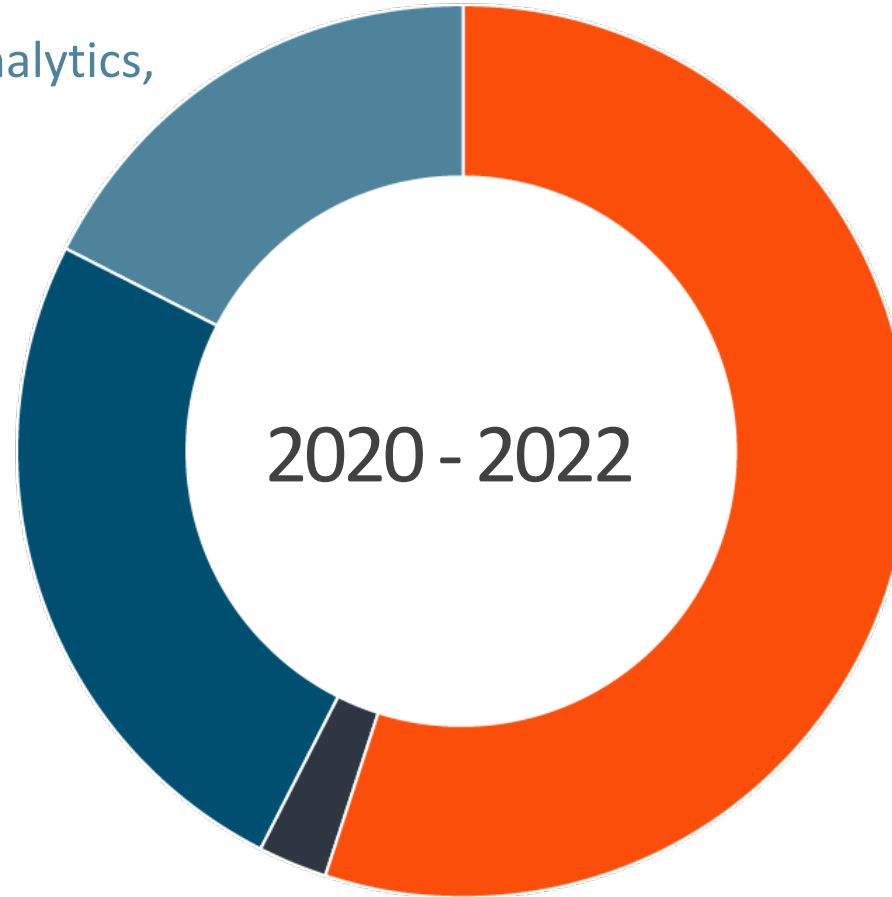
Focus on digital analytics,  
cloud & industry  
solutions

## Investments

- Invest using shareholder value creation lens
- TSR, and ROIC guiding financial decisions

## Debt repayment

Use excess cash to pay down debt



## Stock buyback

Opportunistically repurchase  
stock to offset dilution and  
reduce share count over time

# EXL has a sound sustainability strategy

EXL is committed to sustainability initiatives that are key to driving performance and long-term strategy



## Recent achievements and initiatives

- Recognized by *Newsweek America's Most Responsible Companies 2023*
- Included in *Barron's 100 Most Sustainable Companies 2022*
- Named one of America's Climate Leaders by *USA Today*
- Gold rating by EcoVadis; 96<sup>th</sup> percentile
- Member of the **United Nations Global Compact**, and committed to meeting the **UN SDGs**, and committed to the **Science Based Targets Initiative**
- Cross-functional **AI Governance Committee** with oversight for high-risk cases
- Fourth **Annual Sustainability Report** published in 4Q 2023, developed per the **TCFD\***, **GRI** and **SASB** standards

\* Indian and Philippines only

# EXL's data-led business is well positioned for continued value creation

## Growth-oriented and defensible business

- ✓ Large and growing TAM
- ✓ Resilient business
- ✓ Competitive differentiation
- ✓ Proven execution

## Stockholder value creation

## Attractive financial fundamentals

- ✓ Double-digit revenue growth
- ✓ Sustainable adjusted operating margin expansion
- ✓ Double-digit EPS growth



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# Non-GAAP financial measures and reconciliations

In addition to our reported operating results in accordance with U.S. generally accepted accounting principles (GAAP), we have included certain financial measures that are considered non-GAAP financial measures, including the following:

- Adjusted operating income and adjusted operating income margin;
- Adjusted EBITDA and adjusted EBITDA margin;
- Adjusted net income and adjusted diluted earnings per share; and

These non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles, should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and may be different from non-GAAP financial measures used by other companies. Accordingly, the financial results calculated in accordance with GAAP and reconciliations from those financial statements should be carefully evaluated. We believe that providing these non-GAAP financial measures may help investors better understand our underlying financial performance. We also believe that these non-GAAP financial measures, when read in conjunction with our reported results, can provide useful supplemental information for investors analyzing period-to-period comparisons of our results and comparisons with the results of other companies. Additionally, management considers some of these non-GAAP financial measures to determine variable compensation of its employees. EXL believes that it is unreasonably difficult to provide its earnings per share financial guidance in accordance with GAAP, or a qualitative reconciliation thereof, for a number of reasons, including, without limitation, EXL's inability to predict its future stock-based compensation expense under ASC Topic 718, the amortization of intangibles associated with further acquisitions and the currency fluctuations and associated tax impacts. As such, we present guidance with respect to adjusted diluted earnings per share. EXL also incurs significant non-cash charges for depreciation that may not be indicative of our ability to generate cash flow.

EXL non-GAAP financial measures exclude, where applicable, stock-based compensation expense, amortization of acquisition-related intangible assets, provision for litigation settlement, non-cash interest expense on convertible senior notes, impairment charges on acquired long-lived and intangible assets including goodwill, gains or losses on settlement of convertible notes, restructuring charges, effects of termination of leases, certain defined social security contributions, other acquisition-related expenses or benefits and effect of any non-recurring tax adjustments. Acquisition-related expenses or benefits include, changes in the fair value of contingent consideration, external deal costs, integration expenses, direct and incremental travel costs and non-recurring benefits or losses. Our adjusted net income and adjusted diluted EPS also excludes the effects of income tax on the above pre-tax items, as applicable. The effects of income tax of each item is calculated by applying the statutory rate of the local tax regulations in the jurisdiction in which the item was incurred.

# Non-GAAP financial measures and reconciliations

## Continued

A limitation of using non-GAAP financial measures versus financial measures calculated in accordance with GAAP is that non-GAAP financial measures do not reflect all of the amounts associated with our operating results as determined in accordance with GAAP and exclude costs that are recurring, namely stock-based compensation and amortization of acquisition-related intangible assets. EXL compensates for these limitations by providing specific information regarding the GAAP amounts excluded from non-GAAP financial measures to allow investors to evaluate such non-GAAP financial measures.

The information provided on an organic constant currency basis reflects a comparison of current period results translated at the prior period currency rates and exclude the impact from an acquisition for a twelve-month period from the date of the acquisition. This information is provided because EXL believes that it provides useful comparative incremental information to investors regarding EXL's true operating performance. EXL's primary exchange rate exposure is with the Indian rupee, the U.K. pound sterling and the Philippine peso. The average exchange rate of the U.S. dollar against the Indian rupee increased from 74.79 during the quarter ended December 31, 2021 to 82.31 during the quarter ended December 31, 2022, representing a depreciation of 10.1% against the U.S. dollar. The average exchange rate of the U.S. dollar against the Philippine peso increased from 50.60 during the quarter ended December 31, 2021 to 56.76 during the quarter ended December 31, 2022, representing a depreciation of 12.2% against the U.S. dollar. The average exchange rate of the U.K. pound sterling against the U.S. dollar decreased from 1.35 during the quarter ended December 31, 2021 to 1.19 during the quarter ended December 31, 2022, representing a depreciation of 12.0% against the U.S. dollar.

# Reconciliation of GAAP to Non-GAAP measures

\$'M	2020	2021	2022
Revenue	958.4	1122.3	1412.0
Income from Operations	110.0	155.9	192.2
add: Amortization of acquisition-related intangibles	14.4	12.8	17.1
add: Stock-based compensation expense	28.2	38.6	49.4
add: Provision for litigation settlement	0.0	0.0	0.4
add: Acquisition-related expenses	0.0	0.8	0.1
add/(subtract): Other (benefits)/expense	0.0	0.6	-0.6
Adjusted Operating Income	152.7	208.6	258.6
Adjusted Operating Income %	15.9%	18.6%	18.3%
Net Income	89.5	114.8	143.0
add: Stock-based compensation expense	28.2	38.6	49.4
add: Amortization of acquisition-related intangibles	14.4	12.8	17.1
add: Provision for litigation settlement	0.0	0.0	1.1
add: Acquisition-related expenses/(income)	0.0	0.8	0.1
add: Non-cash interest expense related to convertible senior notes	2.6	1.8	0.0
add/(subtract): Other (benefits)/expense	-0.6	0.6	-0.6
subtract: Tax impact on stock compensation expense	-8.3	-9.5	-9.8
subtract: Tax impact on amortization of acquisition-related intangibles	-3.4	-3.0	-4.2
add/(subtract): Effects of changes in fair value of contingent consideration	0.0	0.0	8.5
subtract: Tax impact on provision for litigation settlement	0.0	0.0	-0.2
add/(subtract): Tax impact on other (benefits)/expense	0.1	-0.1	0.1
subtract: Tax impact non-cash interest expense related to convertible senior notes	-0.6	-0.4	0.0
add/(subtract): Non-recurring tax expense/(benefits)	0.0	-0.2	-1.1
add: Loss on settlement of convertible senior notes	0.0	12.8	0.0
subtract: Tax impact on settlement of convertible senior notes	0.0	-3.2	0.0
Adjusted Net Income	121.9	165.6	203.5
Adjusted Diluted earnings per share	0.71*	0.97*	1.20*
Diluted Shares (millions)	173*	171*	169*

\* EXL effected a 5:1 forward stock split on 8/1/23. The 2020-2022 adj. EPS figures are calculated on a post-split basis (the pre-split values would have been \$3.53, \$4.83 and \$6.02 respectively). The 2020-2022 diluted shares are also calculated on a post-split basis (the pre-split values would have been 34.6, 34.2 and 33.8 respectively).