




EXL

# EXL Investor Presentation

Winning with Domain + Data + AI

November 2024



EXL  
Make sense of data and  
drive your business forward



Nasdaq

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**EXL**

# EXL at a Glance

800+ clients

57,000+ employees

\$1.63B 2023 revenue

19% revenue CAGR from 2020-23

EXL (NASDAQ: EXLS) is a leading data analytics and digital operations and solutions company. EXL harnesses the power of data, analytics, AI, and deep industry knowledge to transform operations for the world's leading corporations in industries including insurance, healthcare, banking and financial services, media and retail, among others.



## 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

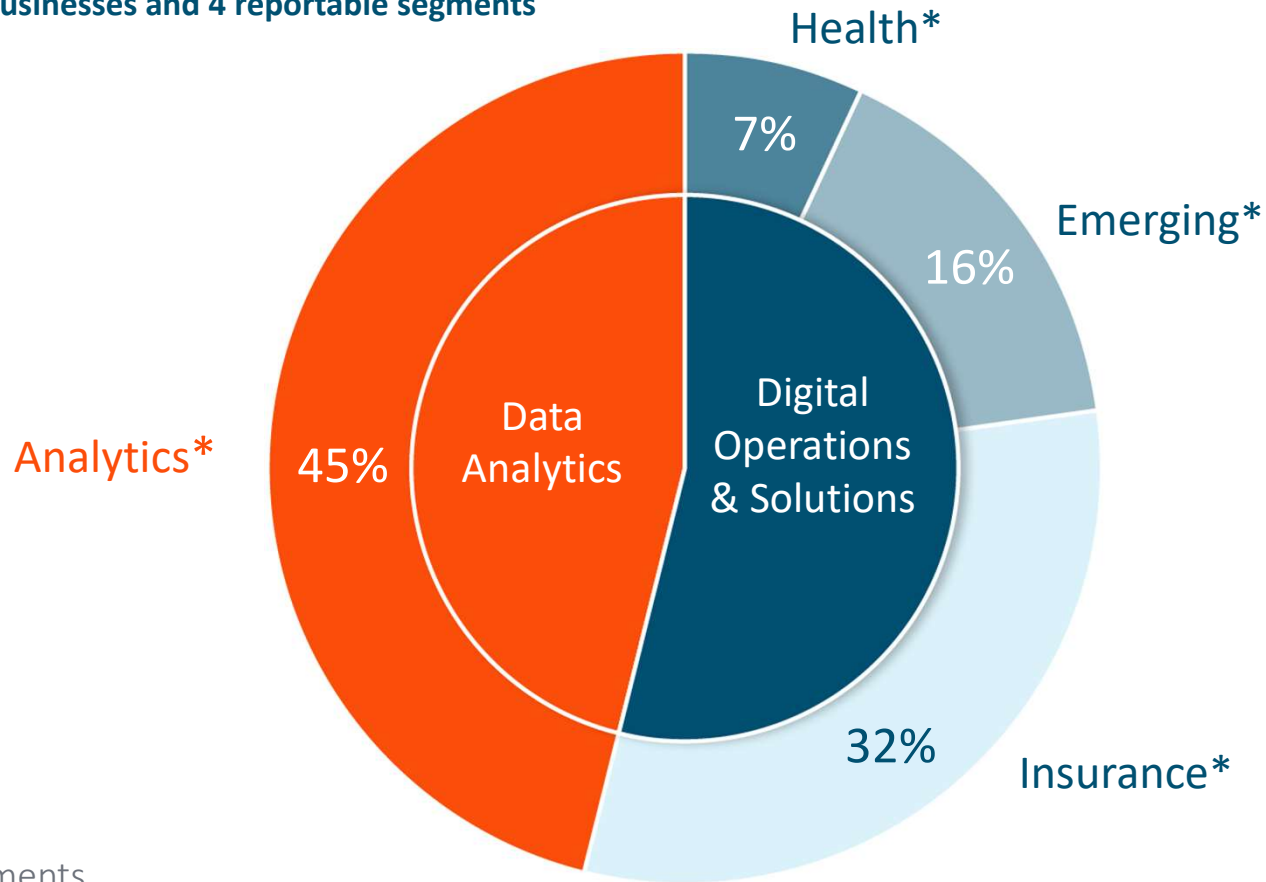
4 of the top 5 Australian insurers

8 of the top 15 pharma & life sciences companies

8 of the top 10 US banks

# Well Balanced Portfolio Drives Accelerated Growth and Resiliency

EXL has 2 primary businesses and 4 reportable segments



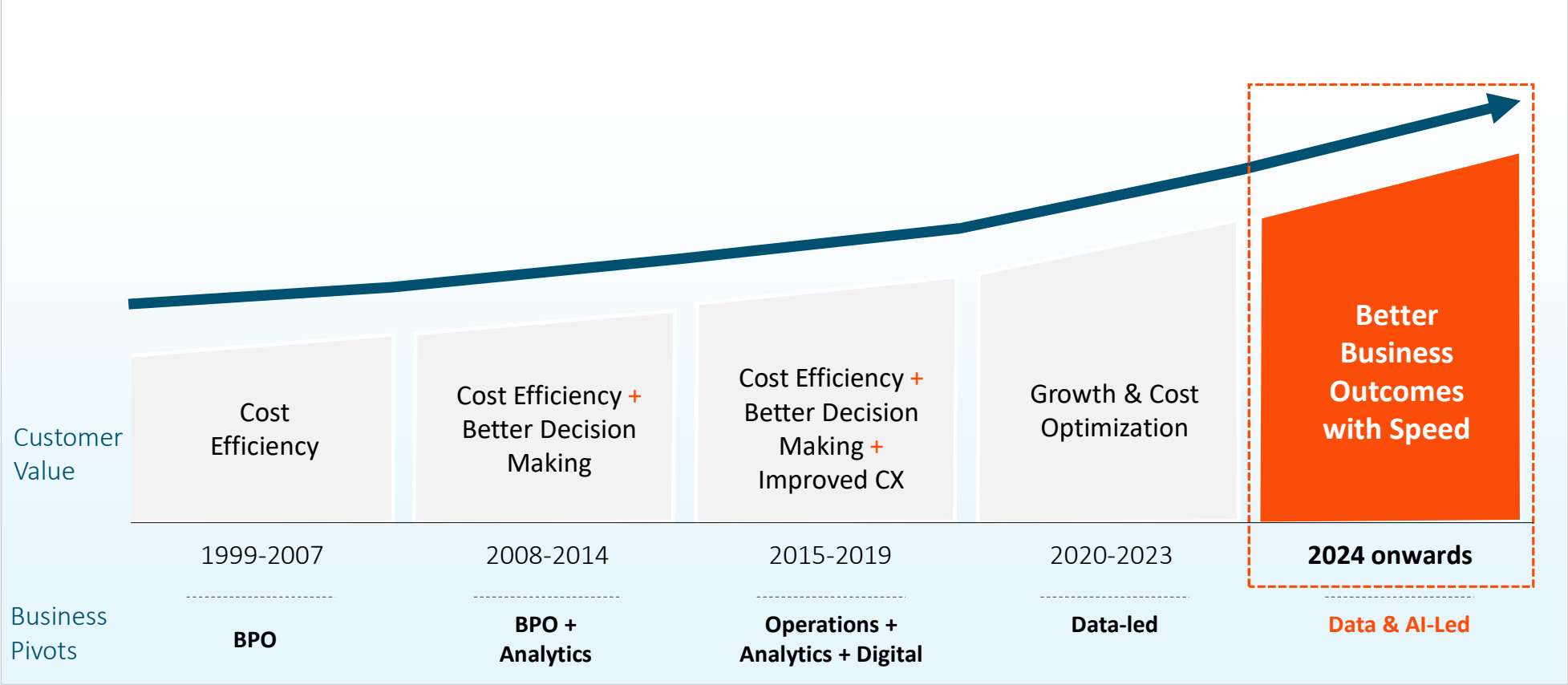
\*Reportable segments

Ratios based on FY2023 revenue

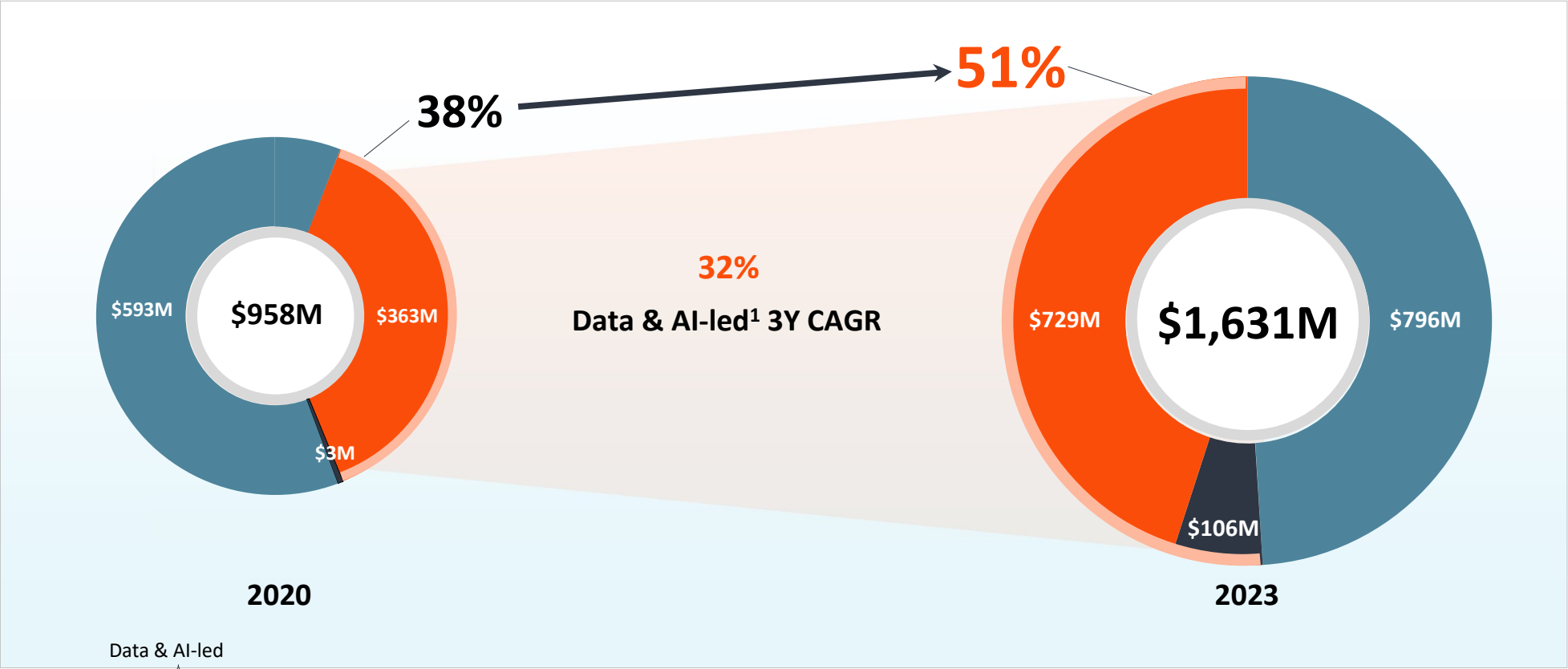
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# Proven Record of Delivering Results Through Strategic Evolution



# Driving Positive Mix Shift Towards Data and AI-led Business



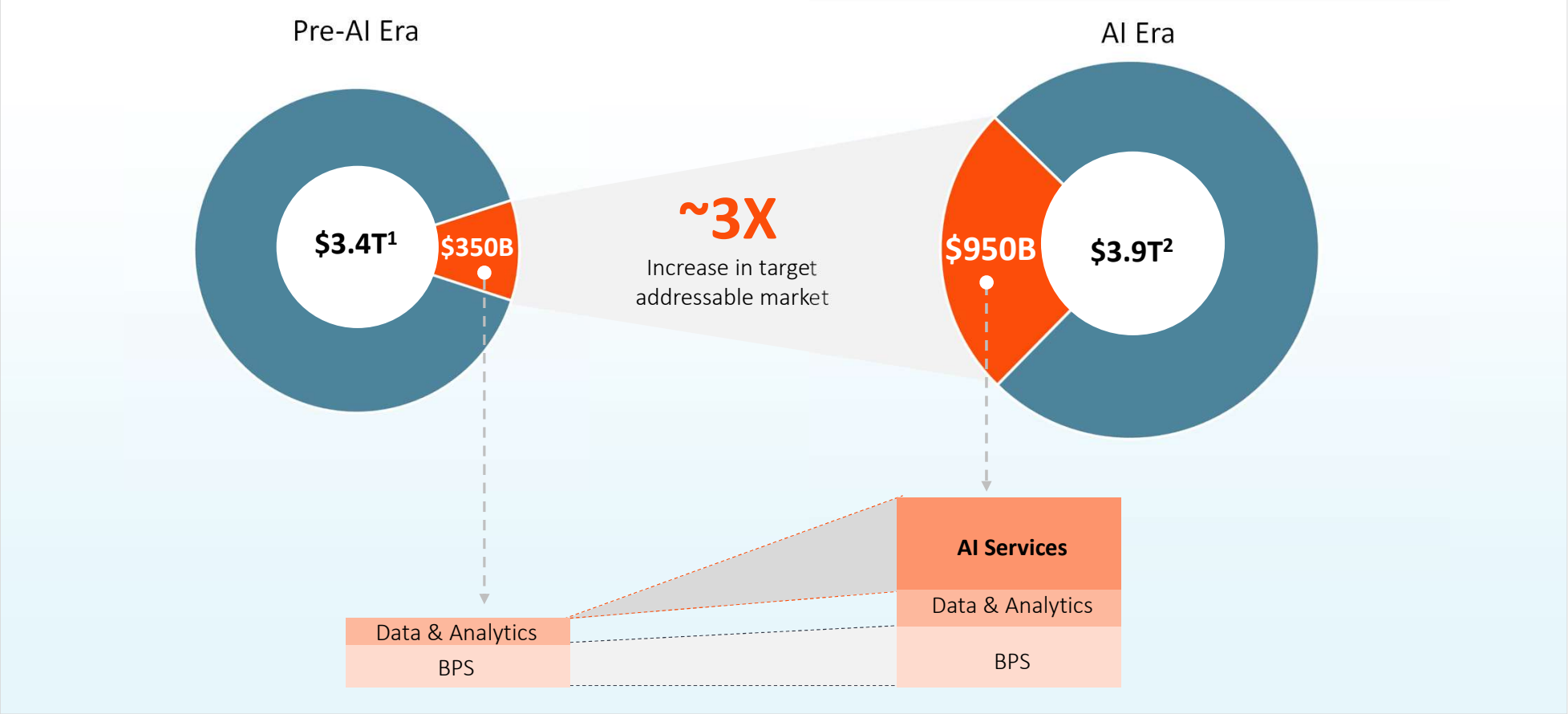
■ Data Analytics   
 ■ Digital<sup>2</sup>   
 ■ Digital Ops & Solutions<sup>3</sup>

<sup>1</sup>Data and AI-led revenue is defined as revenue from the analytics segment plus digital solutions revenue from our remaining segments

<sup>2</sup>Digital revenue is defined as revenue from digital solutions and services.

<sup>3</sup>Digital operations and solutions revenue is defined as revenue from the company’s insurance, healthcare and emerging segments excluding digital revenue as defined in FN 2 above.

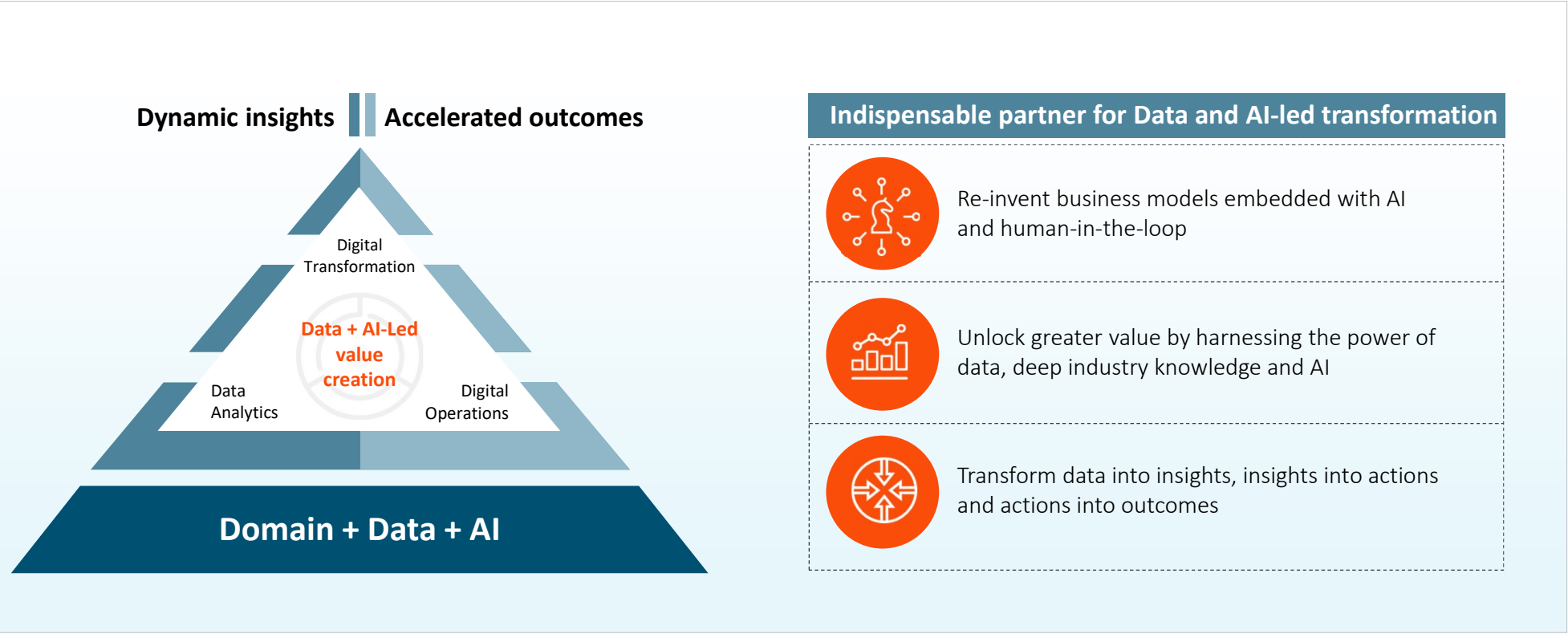
# Capturing Significant Increase in TAM



<sup>1</sup> 2026 Digital Transformation Spend as of EXL Nov 2022 investor event. Source: IDC. Source: Everest & Gartner for target addressable market

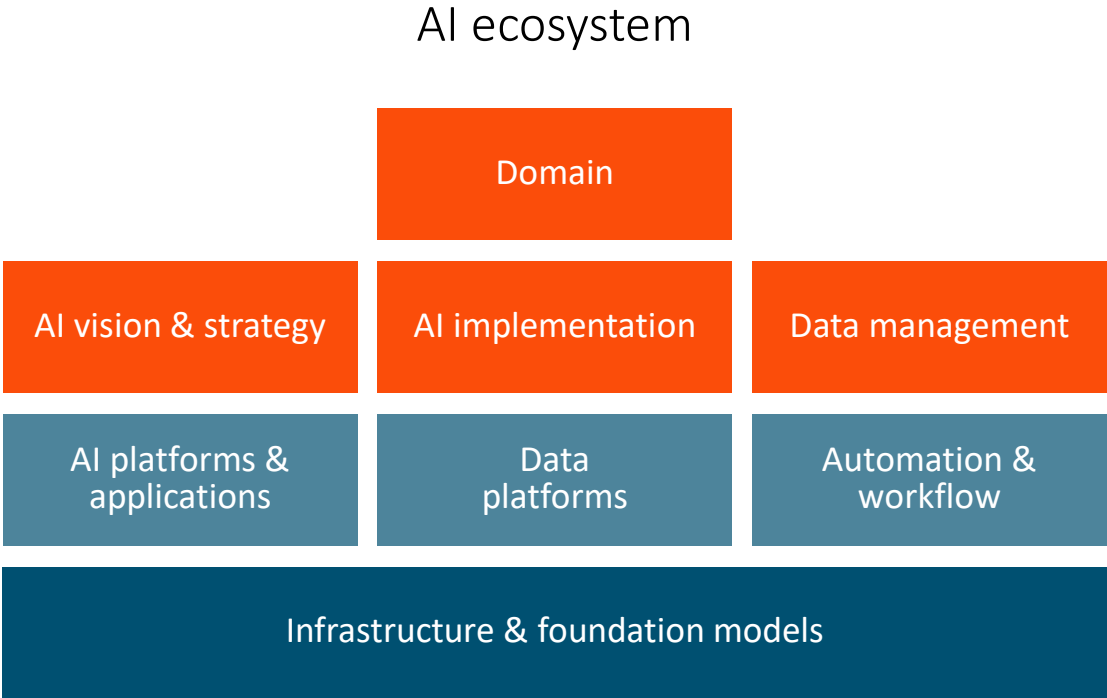
<sup>2</sup> 2027 forecast for Digital Transformation spend. Source: IDC. Source: Everest & Gartner for target addressable market

# Data and AI-led Strategy Delivers Better Business Outcomes

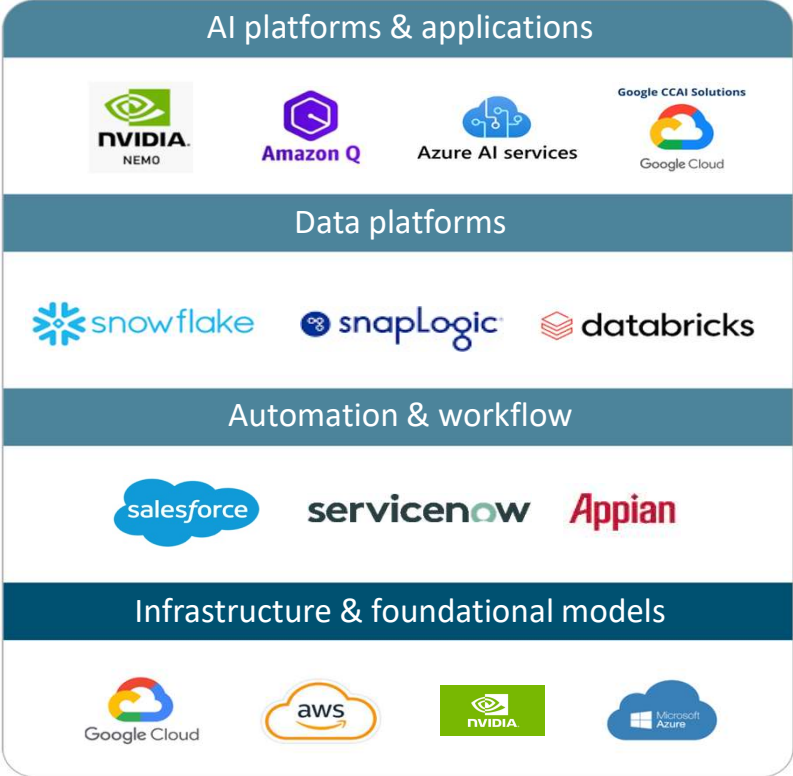




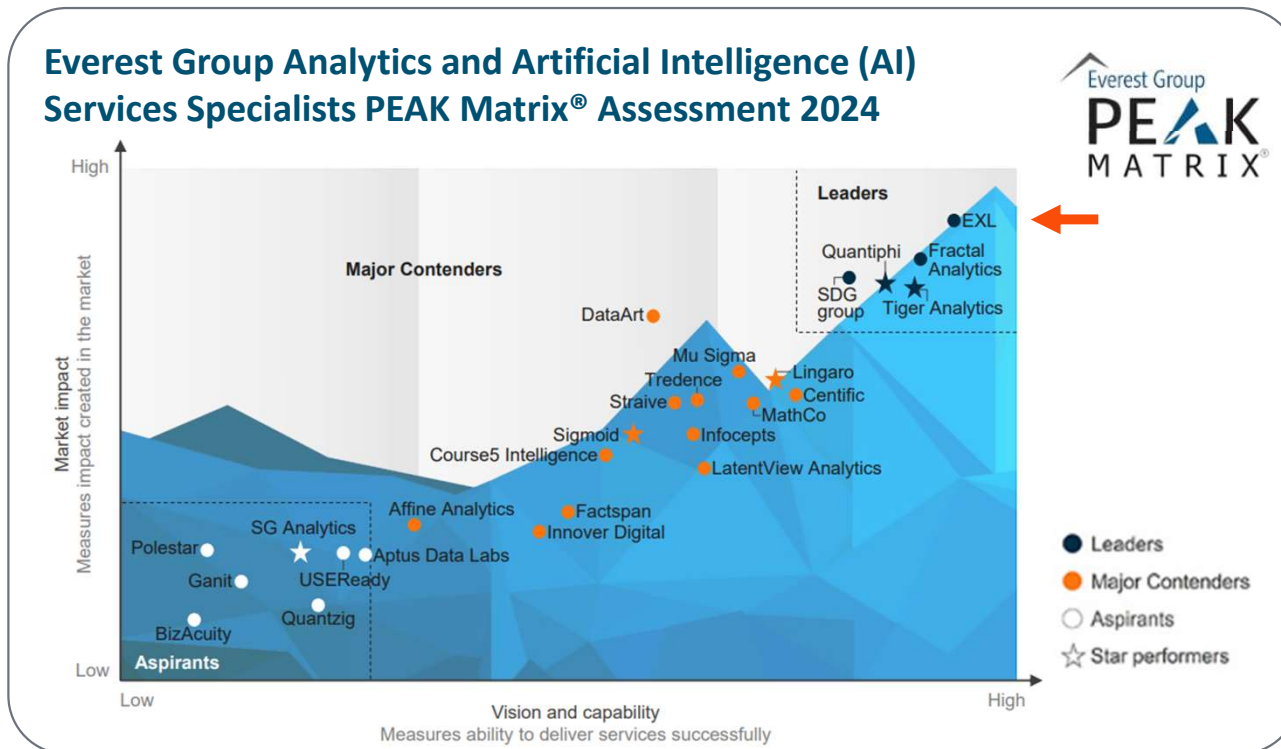
# Partner ecosystem



■ EXL driven & owned    
 ■ Delivered leveraging partners    
 ■ Horizontal players



# Recognized as a leader in AI across industries



**Everest Group®**

**Leader**  
Advanced Analytics & Insights Services  
PEAK Matrix® Assessment 2023 & 2024

**\*ISG®**

**Leader**  
ISG Provider Lens™ Gen AI Services  
2024 – Development and Deployment

**\*ISG®**

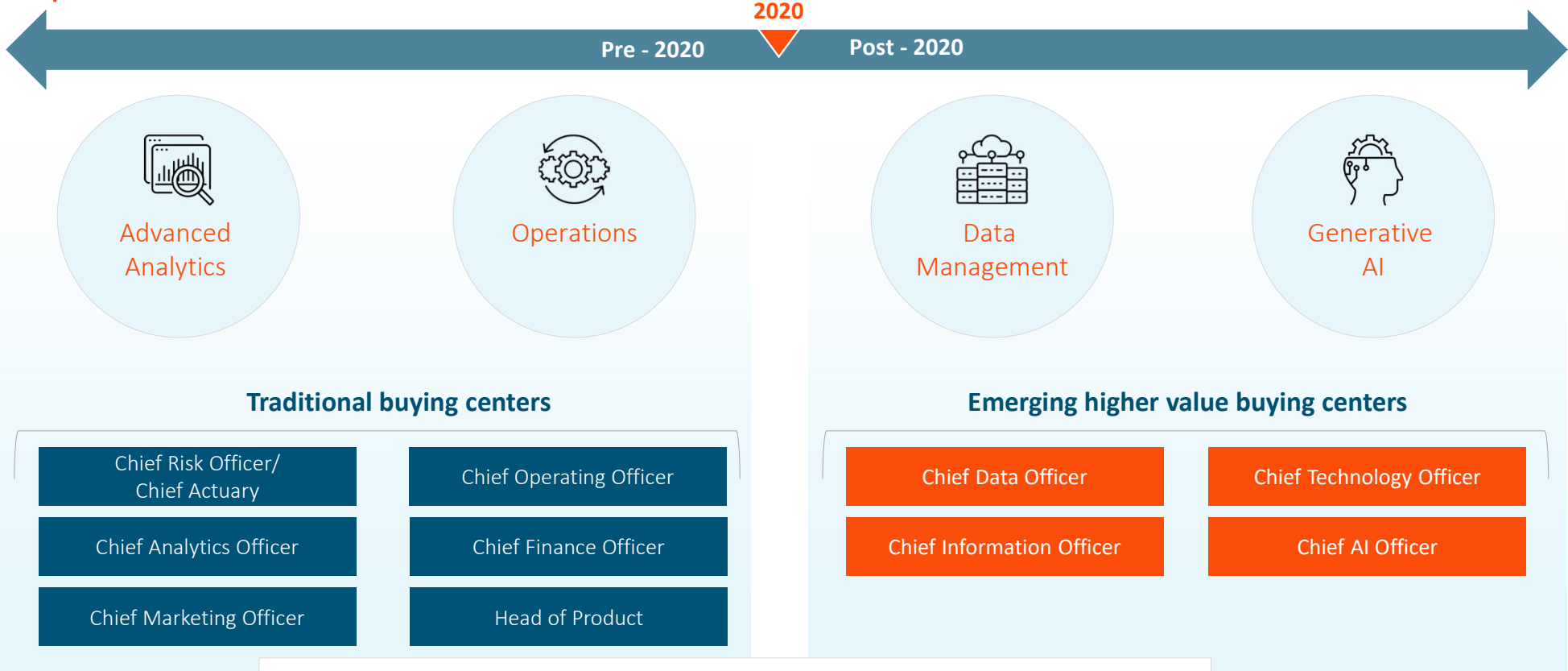
**Leader**  
ISG Provider Lens™ Gen AI Services  
2024 – Strategy and Consulting  
Services

**IDC**

**Major Player**  
IDC MarketScape: Worldwide Data  
Modernization Services 2024

Source: [Analytics and Artificial Intelligence \(AI\) Services Specialists PEAK Matrix® Assessment 2024](#), Everest Group, 21 March 2024. Licensed for use by EXL.

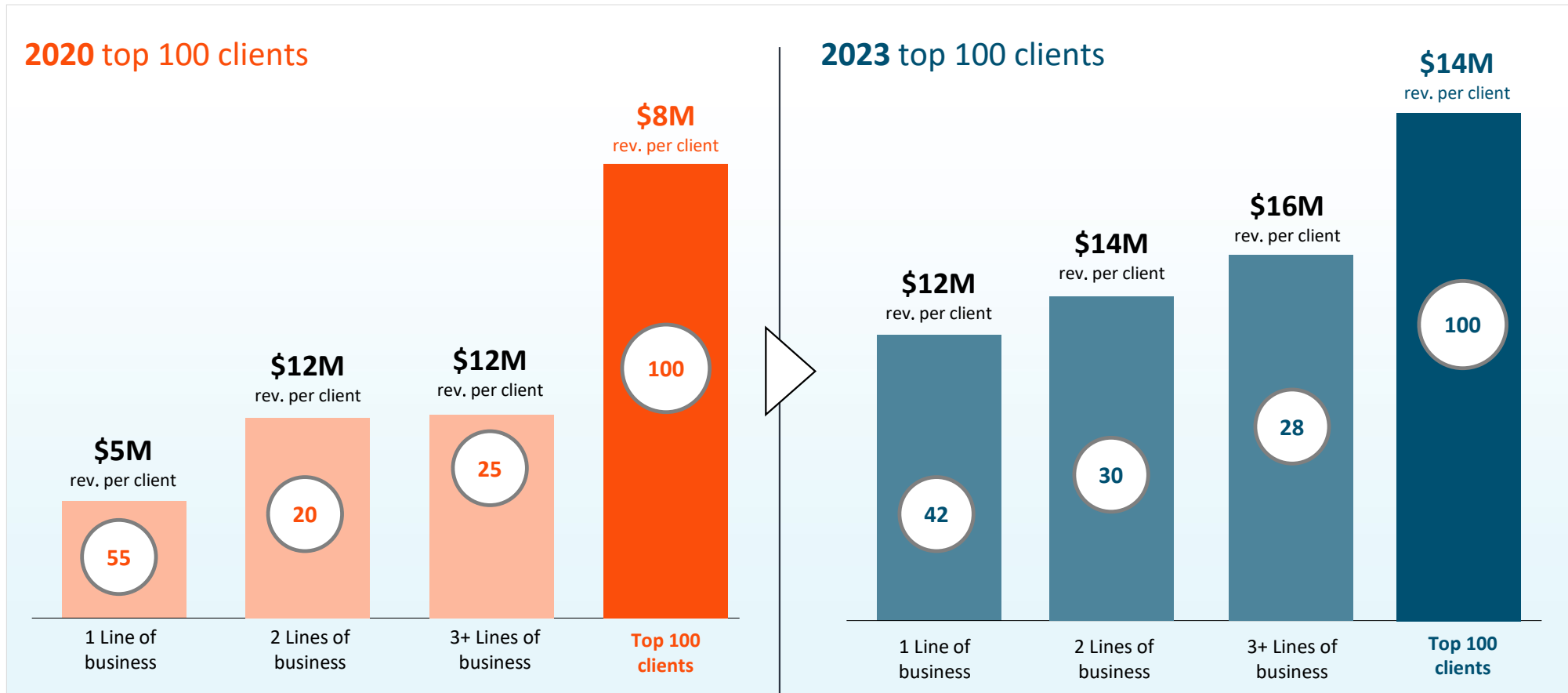
# Expanding into Attractive, New Buying Centers Through End-to-End Capabilities



80%+ customers' CDO/CIO/CTO buying centers yet to be penetrated

<sup>1</sup>Source: Everest Group

# Enhanced Cross Selling Driving Increased Revenue Per Client



○ Number of clients

# Data and AI Capabilities Driving Higher Win Rate & Larger Integrated Deals



## Domain led digital operations

- E2E operations in select industry verticals
- Technology capabilities



## Analytics and Data management

- Advanced analytics
- Data platform modernization & data integration
- Cloud migration



## AI

- Domain led AI solutions
- Partnership ecosystem

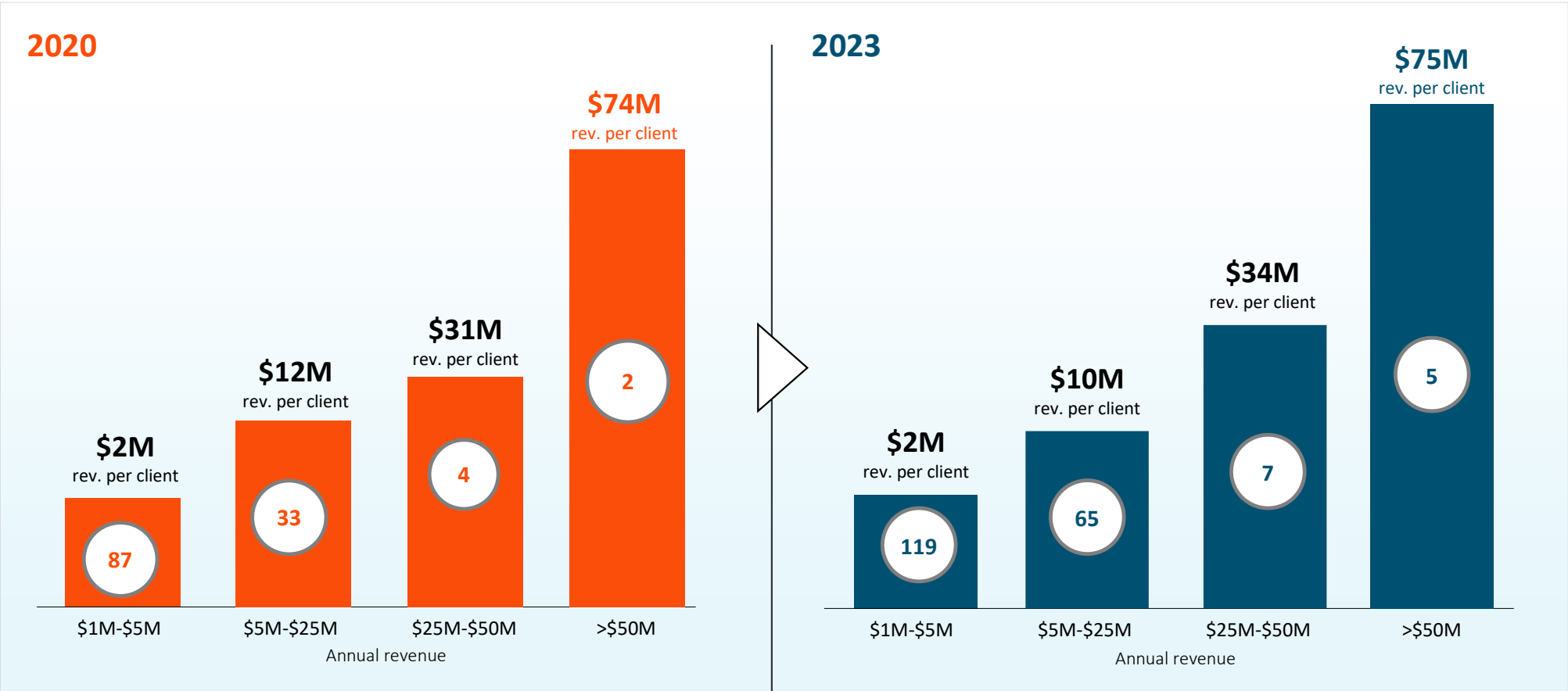
## Integrated deals – New consumption model for analytics, data and AI

- Embedded data, analytics, technology and AI interventions
- End to end scope
- Outcome ownership
- Large deal size

### Examples:

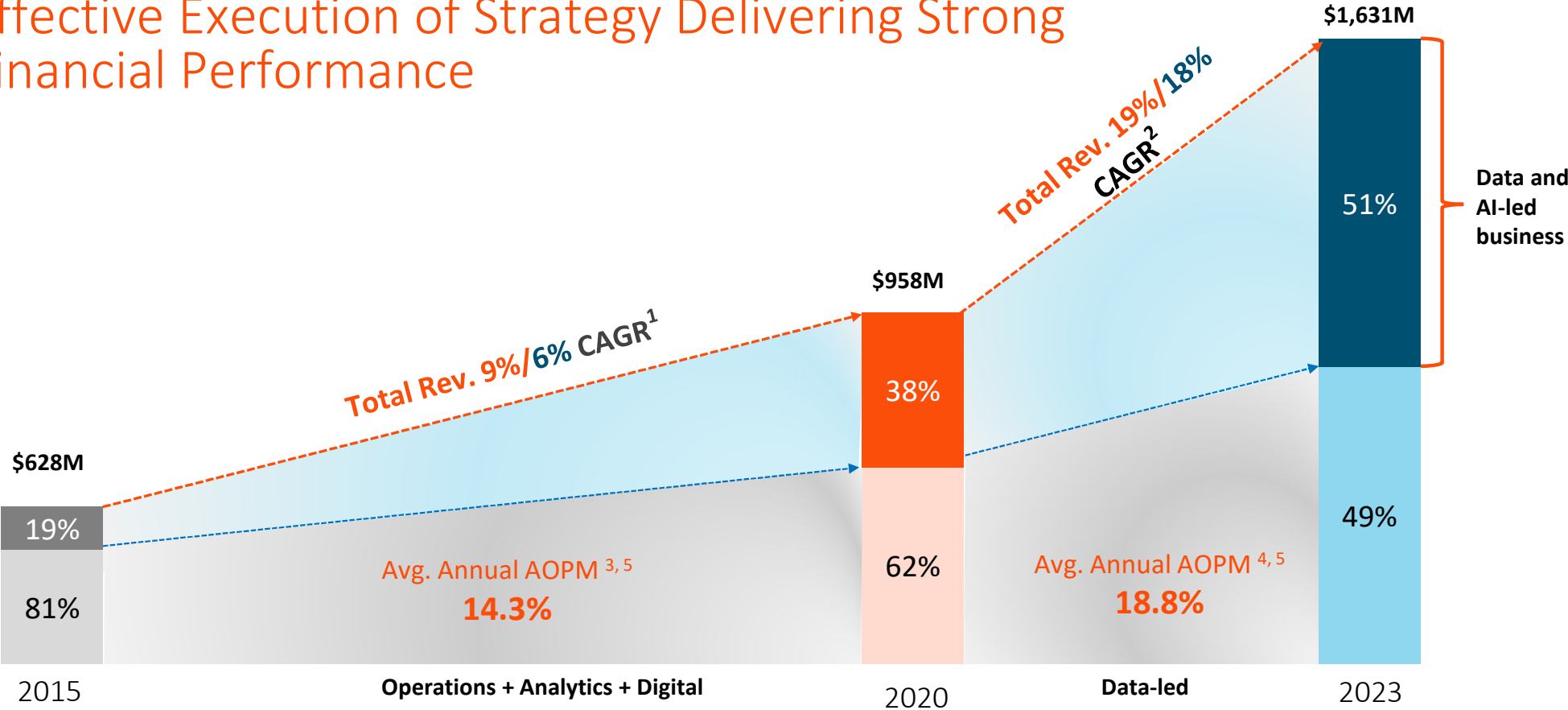
- **Large integrated** deal win - US mid size insurer
- **Preferred AI and Data partner** for a large UK retail client

# Higher Win Rate and Deal Size Driving Increased Revenue Per Client



○ Number of clients

# Effective Execution of Strategy Delivering Strong Financial Performance

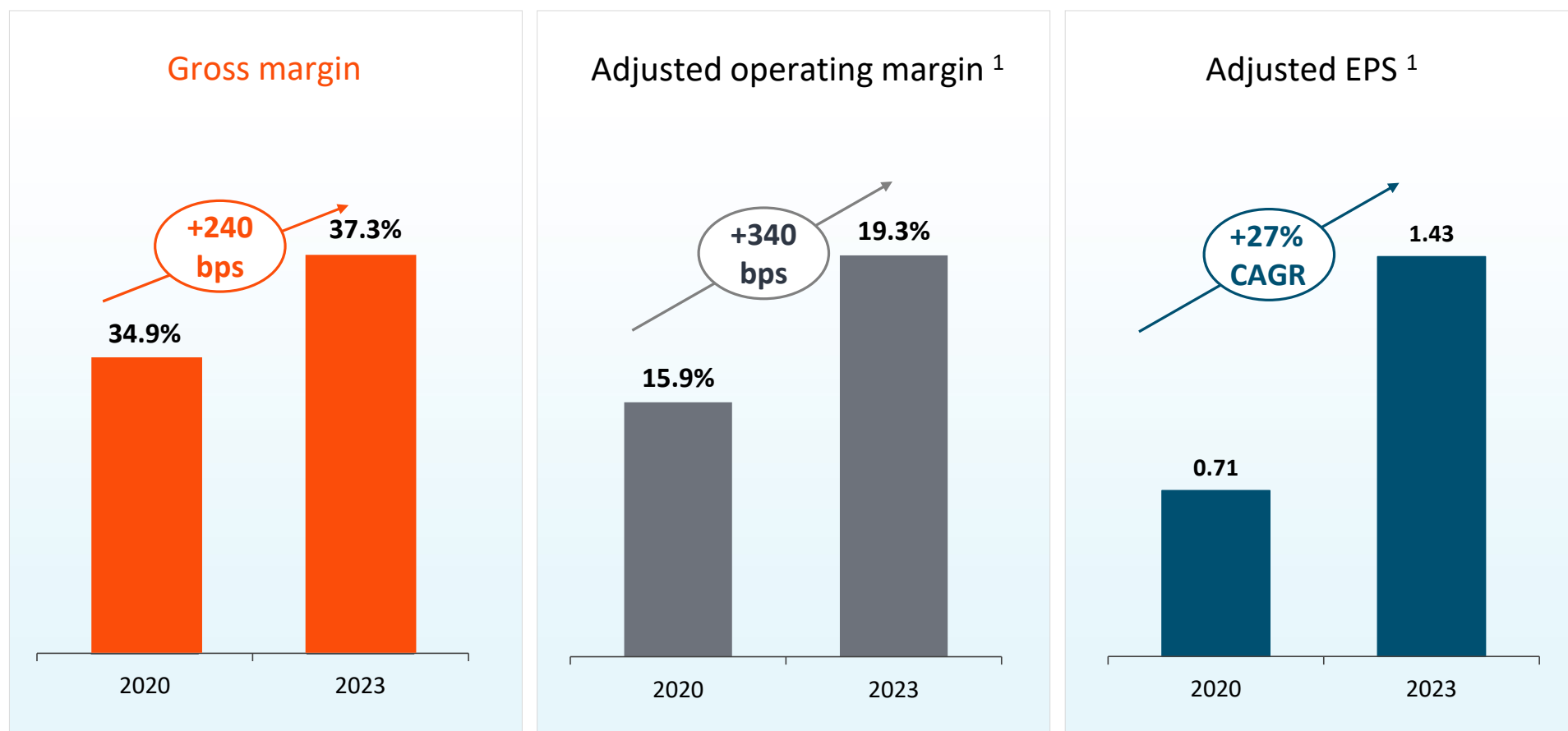


Reported / Organic growth

1. Organic CAGR is excluding acquisitions for 2015-2020  
 2. Organic CAGR is including all acquisitions for prior periods and excludes acquisitions from 2020-2023  
 3. Avg. AOPM is for the period 2016-2020  
 4. Avg. AOPM is calculated for the period 2021-2023  
 5. See "Appendix" slides for information regarding the use of our non-GAAP financial measures.



## Significant Margin Expansion and EPS Growth

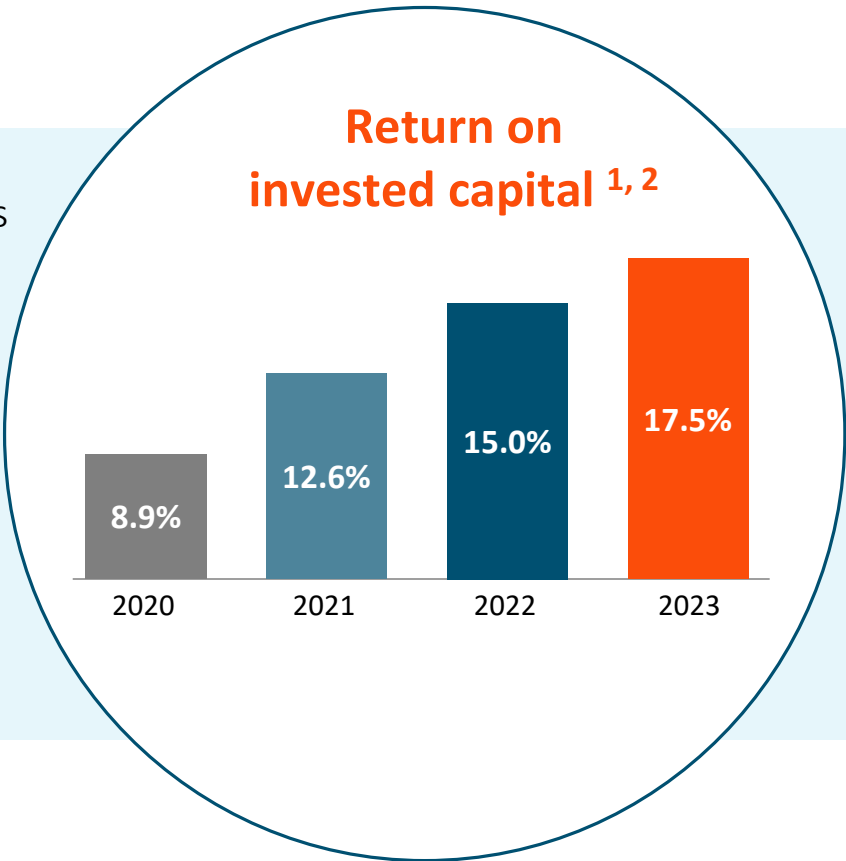


<sup>1</sup> See "Appendix" slides for information regarding the use of our non-GAAP financial measures



# Effective Capital Allocation Strategy Delivering Shareholder Value

- 1. Investments in the business to accelerate high-value revenue growth
- 2. Effective tax rate optimization
- 3. Efficient management of assets



- 4. Meaningful stock buyback program
- 5. Efficient capital management limiting exposure to rising interest rates
- 6. Disciplined M&A

<sup>1</sup> Return on Invested Capital is calculated as Net Operating Profit after tax / Avg. (Debt +Equity)  
<sup>2</sup> See "Appendix" slides for information regarding the use of our non-GAAP financial measures.

# EXL's Success is Underpinned by Access to the Best Talent



## Distributed operations

- 50+ Global delivery centers
- 25+ Languages



## Diverse skills

- 13,000+ AI, Gen AI, Data & Digital experts
- 400+ Insurance actuarial experts
- 2,100+ Clinicians
- 13,500+ Financial and legal services professionals
- 26,000+ Digital operations professionals



## Growing talent

- ~19% 3-year average Headcount growth
- ~13,000+ Specialized in Domain, Data & AI

# Data and AI-led Strategy Positions Us to Win in 2024 and Beyond



<sup>1</sup> Medium term represents 2024-2025  
See "Appendix" slides for information regarding the use of our non-GAAP financial measures.

# Investment Thesis



Successful execution of **Data and AI led strategy** solidifying leadership position and driving positive mix shift



EXL is **capturing significant TAM expansion** resulting from clients requiring complex data analytics and AI driven solutions



Broad set of advantaged capabilities translating into **higher win rate and larger, integrated deals** leading to higher revenue generation



Proven track record of **delivering sustainable above market growth, expanding margins, and increasing returns**

# 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 82.31 during the quarter ended December 31, 2022 to 83.28 during the quarter ended December 31, 2023, representing a depreciation of 1.2% against the U.S. dollar. The average exchange rate of the U.S. dollar against the Philippine peso decreased from 56.76 during the quarter ended December 31, 2022 to 55.86 during the quarter ended December 31, 2023, representing an appreciation of 1.6% against the U.S. dollar. The average exchange rate of the U.K. pound sterling against the U.S. dollar increased from 1.19 during the quarter ended December 31, 2022 to 1.25 during the quarter ended December 31, 2023, representing an appreciation of 5.4% against the U.S. dollar.

# Reconciliation of GAAP to Non-GAAP measures

\$'M	2021	2022	2023
Revenue	1122.3	1412.0	1630.7
Income from Operations	155.9	192.2	238.8
add: Amortization of acquisition-related intangibles	12.8	17.1	14.7
add: Stock-based compensation expense	38.6	49.4	58.4
add: Provision for litigation settlement	0.0	0.4	0.9
add: Acquisition-related expenses	0.8	0.1	0.0
add/(subtract): Other (benefits)/expense	0.6	(0.6)	1.9
Adjusted Operating Income	208.6	258.6	314.7
Adjusted Operating Income %	18.6%	18.3%	19.3%
Net Income	114.8	143.0	184.6
add: Stock-based compensation expense	38.6	49.4	58.4
add: Amortization of acquisition-related intangibles	12.8	17.1	14.7
add: Provision for litigation settlement	0.0	1.1	0.6
add: Acquisition-related expenses/(income)	0.8	0.1	0.0
add: Non-cash interest expense related to convertible senior notes	1.8	0.0	0.0
add/(subtract): Allowance/(reversal) for expected credit losses	0.0	0.0	1.4
add/(subtract): Other (benefits)/expense	0.6	-0.6	0.5
subtract: Tax impact on stock compensation expense	-9.5	-9.8	-17.3
subtract: Tax impact on amortization of acquisition-related intangibles	-3.0	-4.2	-3.6
add/(subtract): Effects of changes in fair value of contingent consideration	0.0	8.5	1.9
subtract: Tax impact on provision for litigation settlement	0.0	-0.2	-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	-0.4	0.0	0.0
add/(subtract): Non-recurring tax expense/(benefits)	-0.2	-1.1	0.2
add/(subtract): Tax impact on allowance/(reversal) for expected credit losses	0.0	0.0	-0.4
add: Tax impact on effects of changes in fair value of contingent consideration	0.0	0.0	0.2
add: Loss on settlement of convertible senior notes	12.8	0.0	0.0
subtract: Tax impact on settlement of convertible senior notes	-3.2	0.0	0.0
Adjusted Net Income	165.6	203.5	240.9
Adjusted Diluted earnings per share	0.97*	1.20*	1.43*
Diluted Shares (millions)	171*	169*	168*

\* EXL effected a 5:1 forward stock split on 8/1/23. The 2021-22 adj. EPS figures are calculated on a post-split basis (the pre-split values would have been \$4.83 and \$6.02 respectively). The 2021-2022 diluted shares are also calculated on a post-split basis (the pre-split values would have been 34.2 and 33.8 respectively).

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