




EXL

# EXL Investor Presentation

Winning with Domain + Data + AI

May 2024



EXL

Make sense of data and  
drive your business forward



Nasdaq

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# EXL at a Glance

750+ clients

55,000+ 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.



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

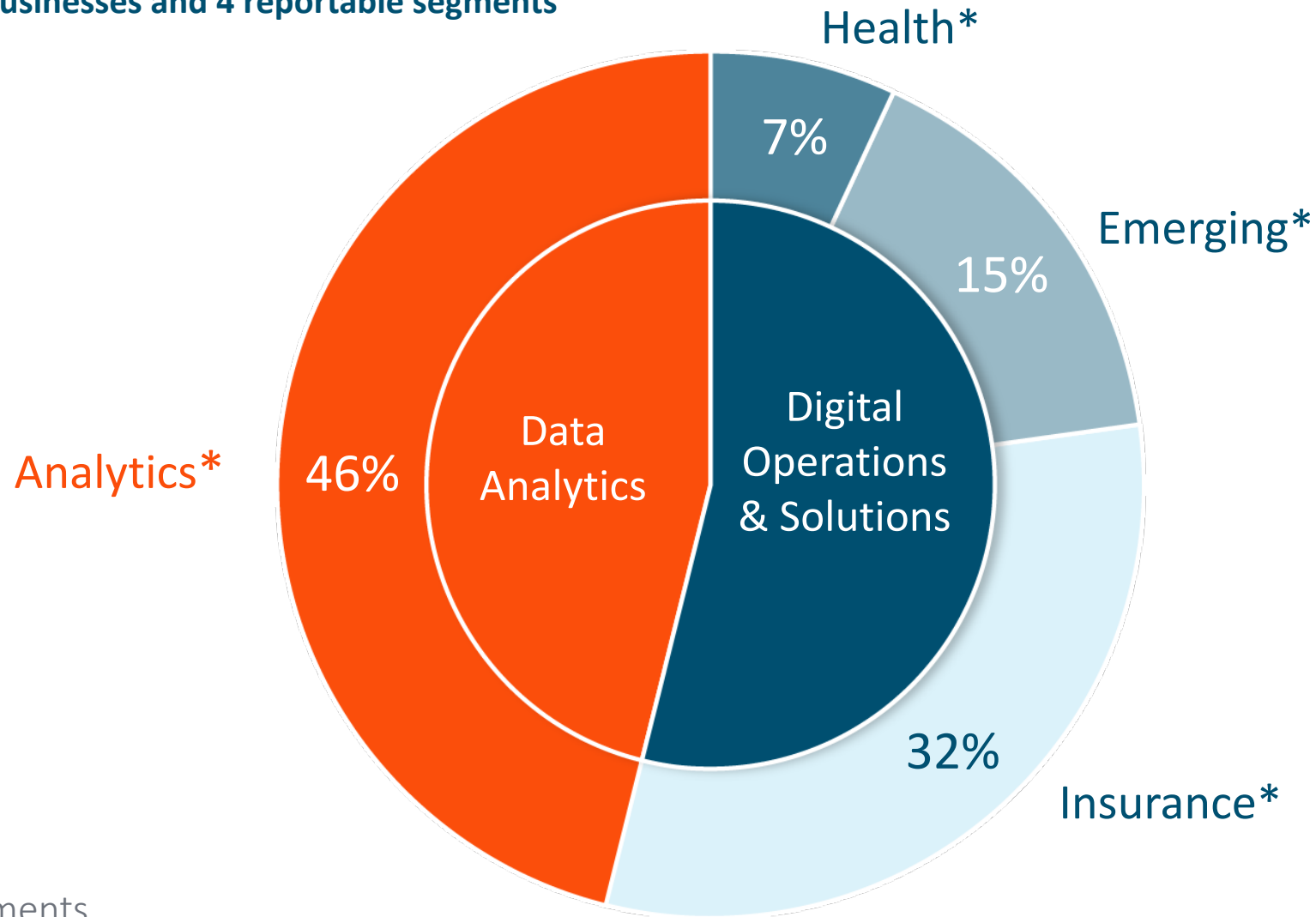
4 of the top 5 Australian insurers

8 of the top 15 pharma & life sciences companies

8 of the top 10 US banks

# Well Balanced Portfolio Drives Accelerated Growth and Resiliency

EXL has 2 primary businesses and 4 reportable segments



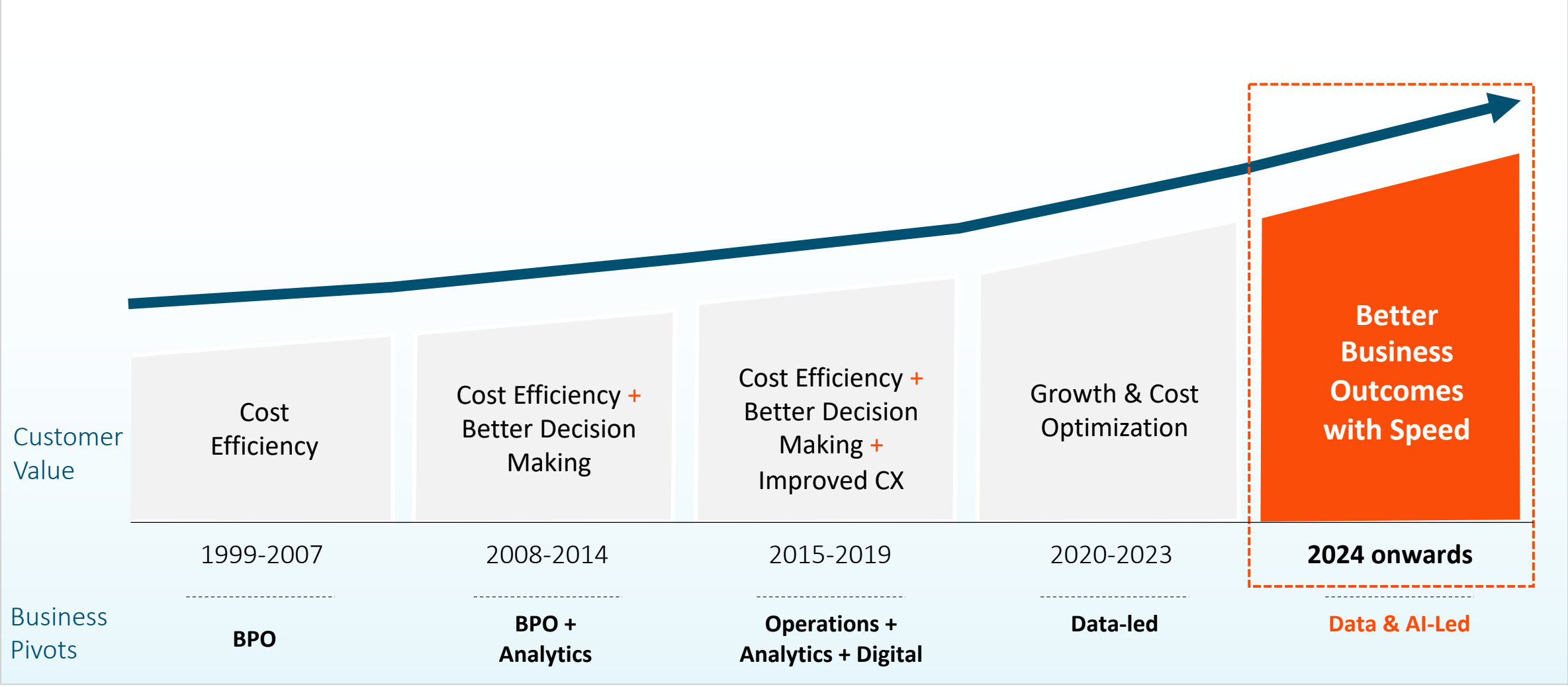
\*Reportable segments

Ratios based on FY2022 revenue

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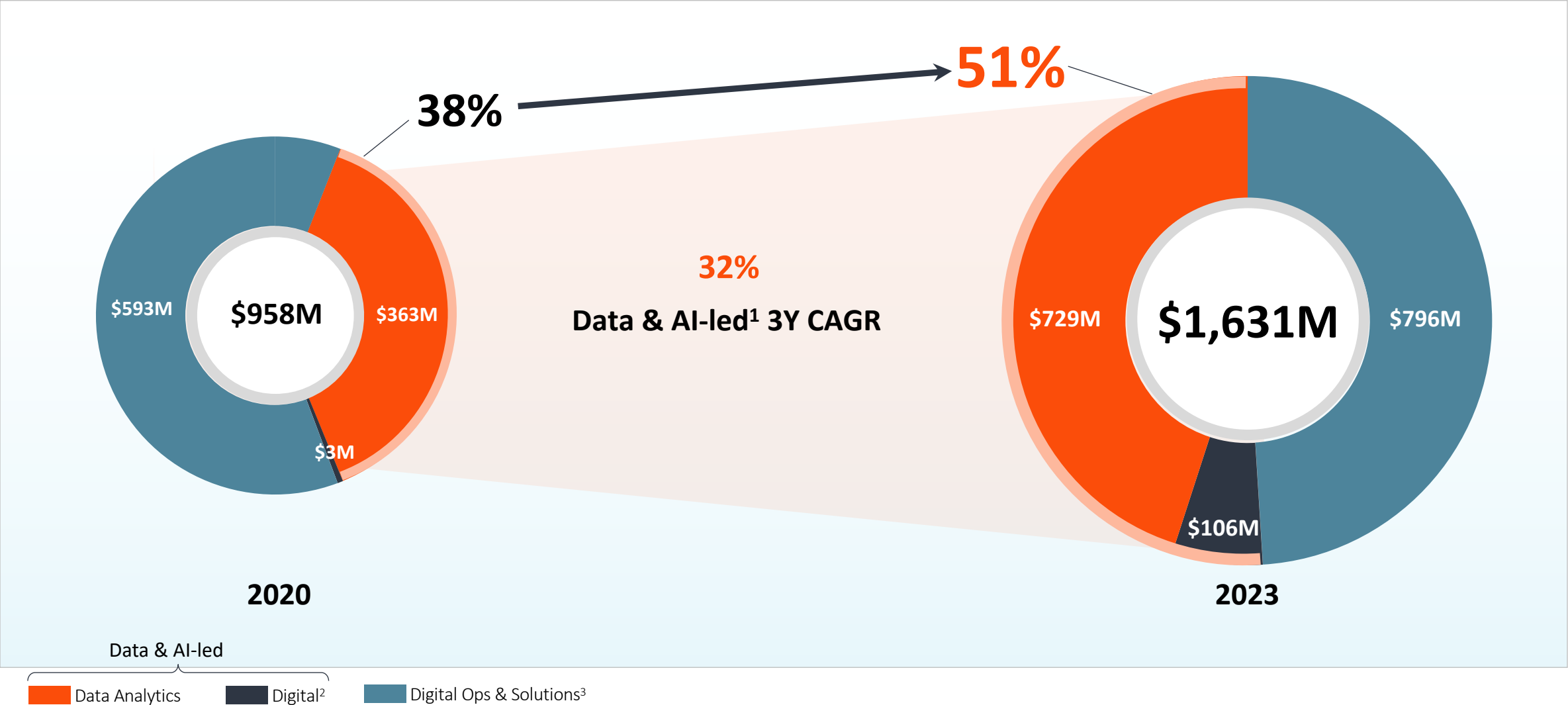


# Proven Record of Delivering Results Through Strategic Evolution





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

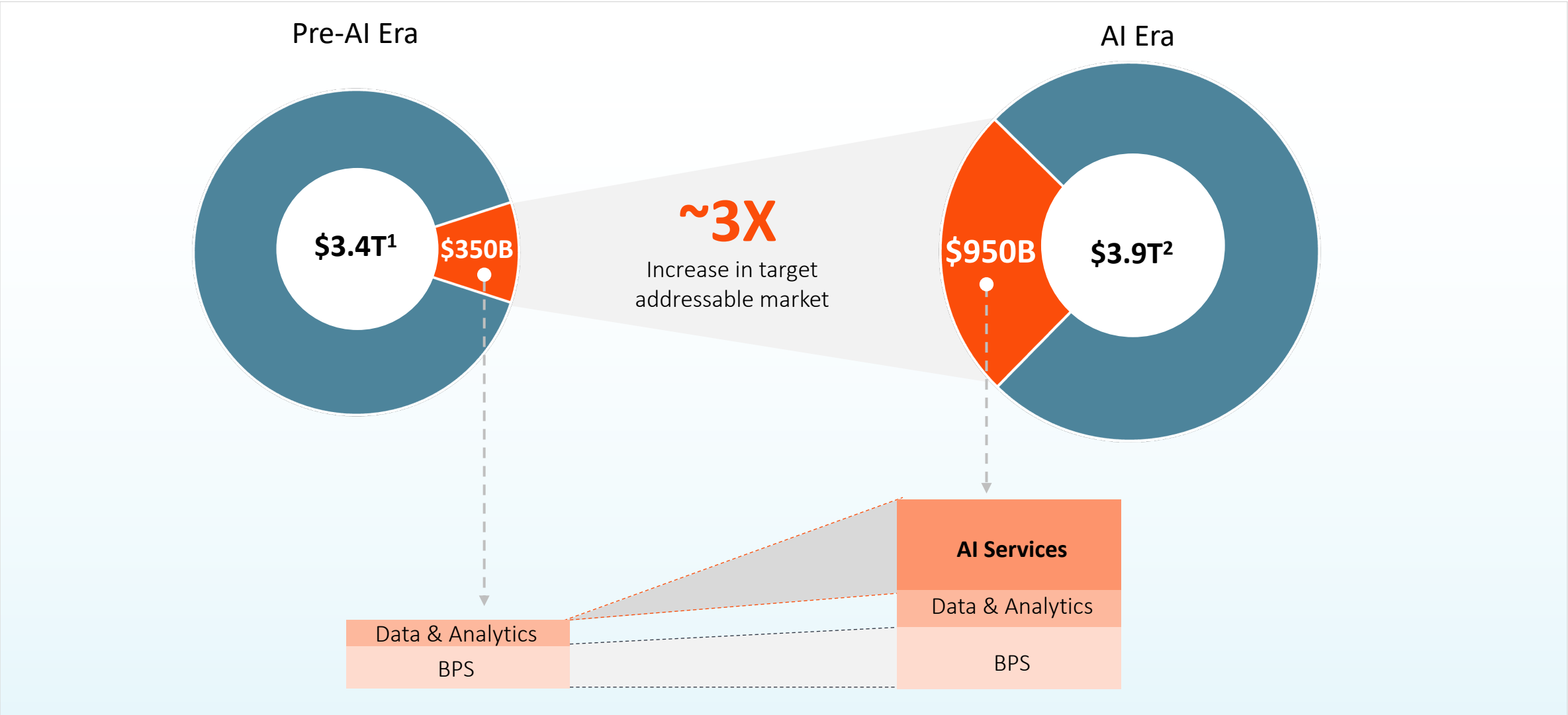


<sup>1</sup>Data and AI-led revenue is defined as revenue from the analytics segment plus digital solutions revenue from our remaining segments

<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.

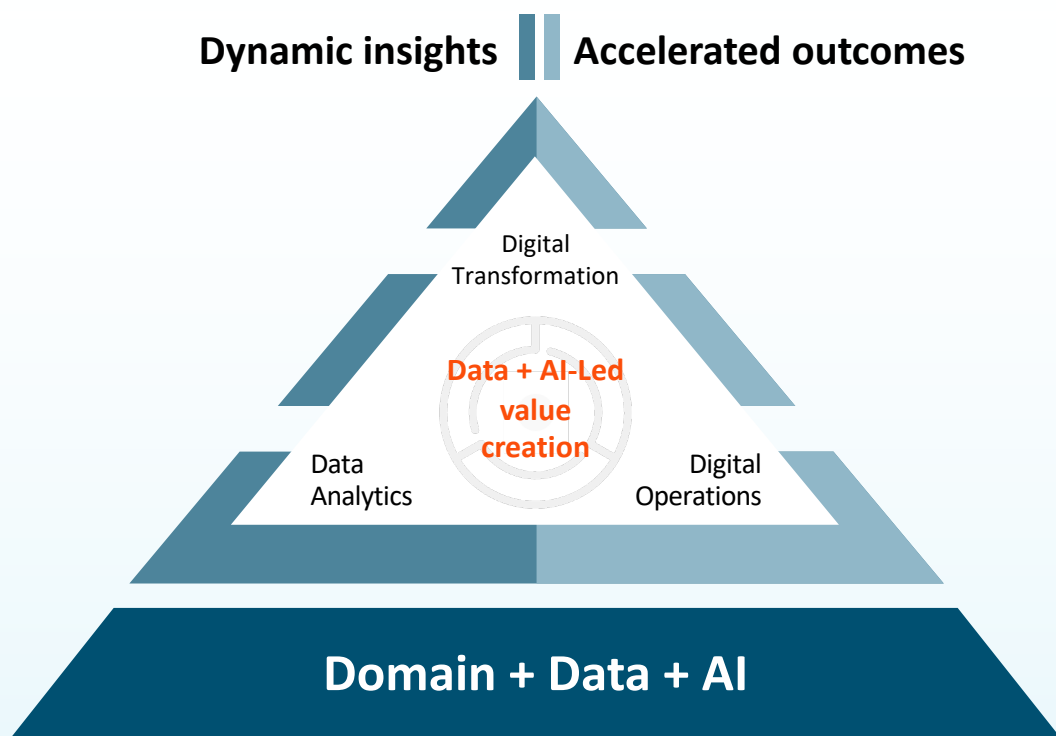
# Capturing Significant Increase in TAM



<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



## Indispensable partner for Data and AI-led transformation



Re-invent business models embedded with AI and human-in-the-loop



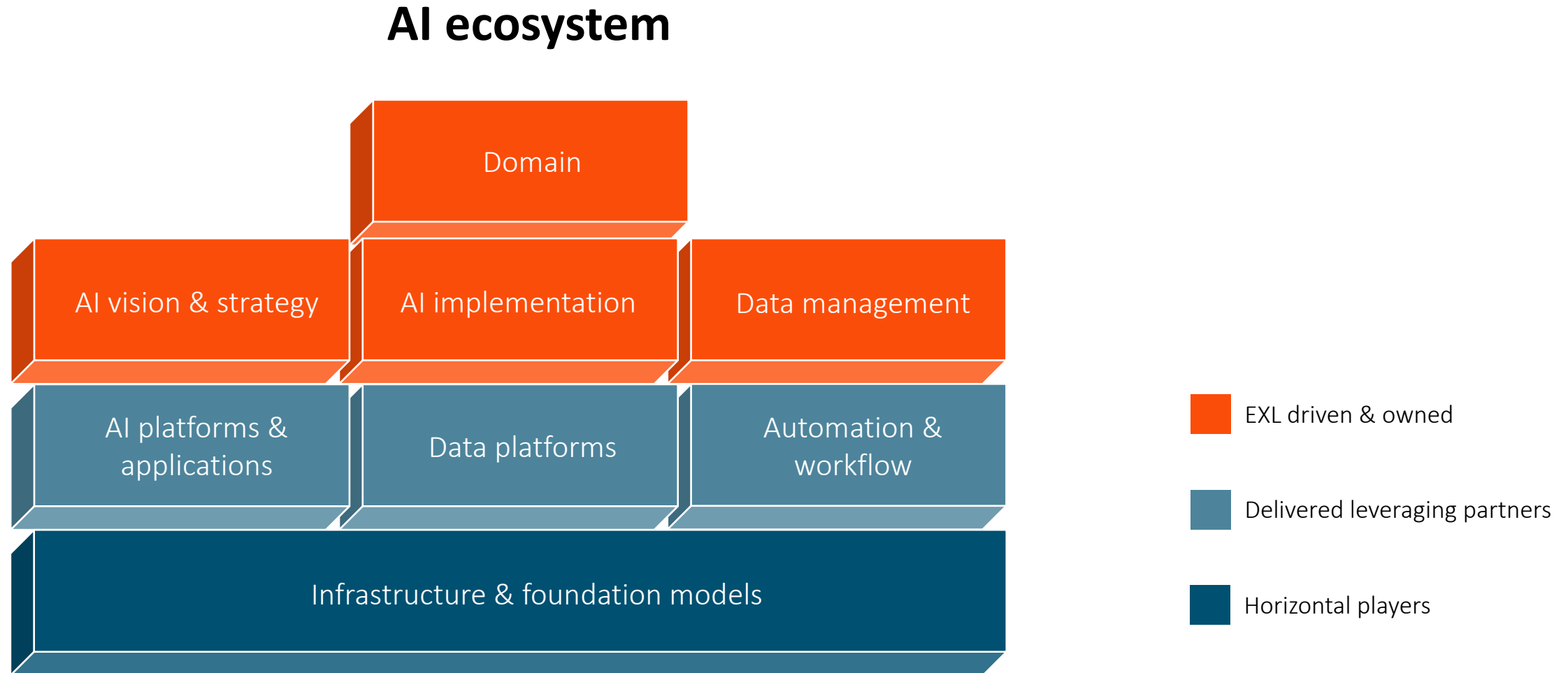
Unlock greater value by harnessing the power of data, deep industry knowledge and AI



Transform data into insights, insights into actions and actions into outcomes

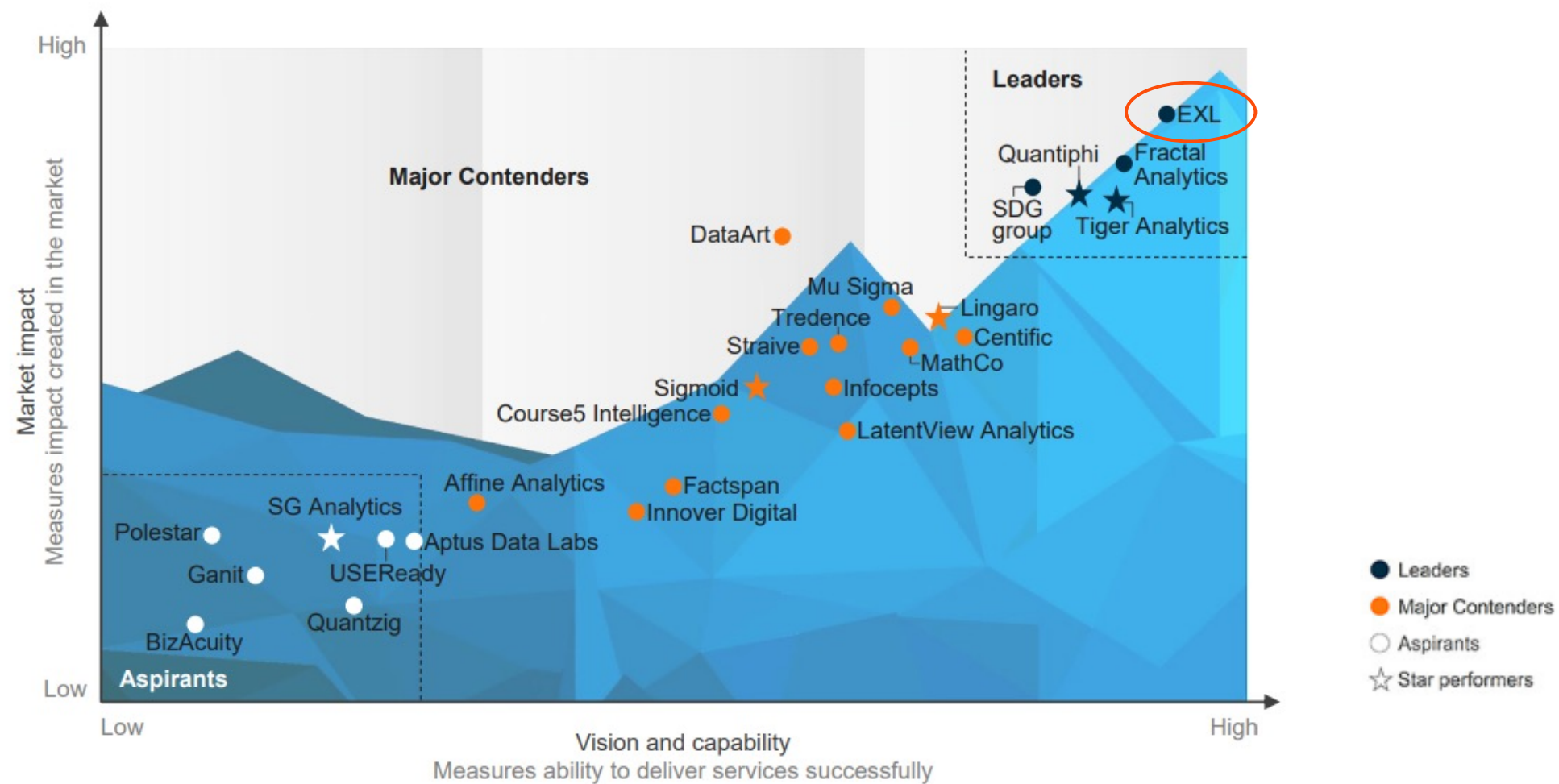


# Strategically Positioned to Provide Advantaged End-to-End AI Capabilities



# Recognized as a Leader in Analytics and AI Services

## Everest Group Analytics and Artificial Intelligence (AI) Services Specialists PEAK Matrix® Assessment 2024



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

# Superior AI Offering Generating Significant Value for Clients



**\$2B+**

Data & AI-led  
pipeline<sup>1</sup>



**\$150M+**

Gen AI & industry  
solutions pipeline<sup>1</sup>



**150+**

Gen AI  
use-cases



**30+**

Client use-case  
agreements

EXL – a partner  
of choice for  
Gen AI initiatives

**Top 4  
US Bank**

Preferred partner for  
Gen AI initiatives

**Leading  
Australian Insurer**

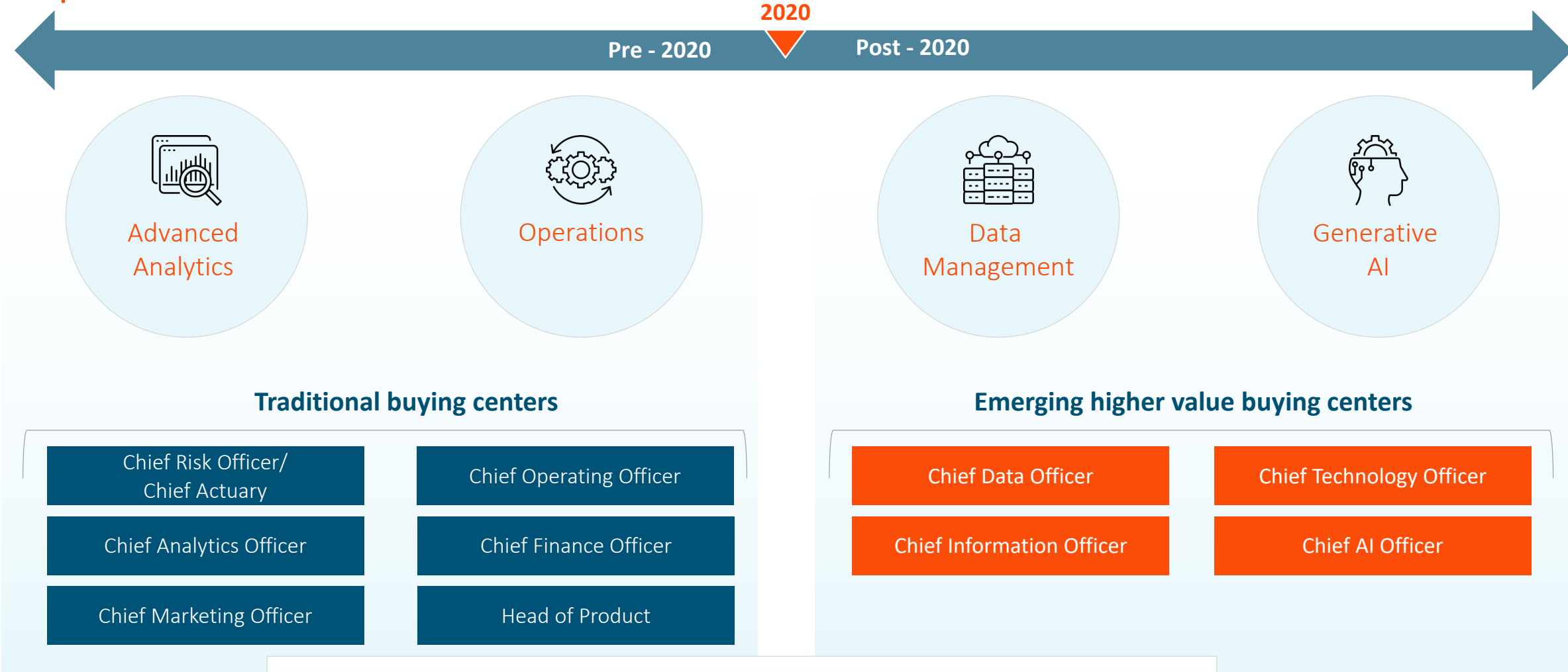
Gen AI  
CoE partner

**Global Asset  
Management Group**

Exclusive partner for Gen  
AI led solutions

<sup>1</sup>As of April 2024

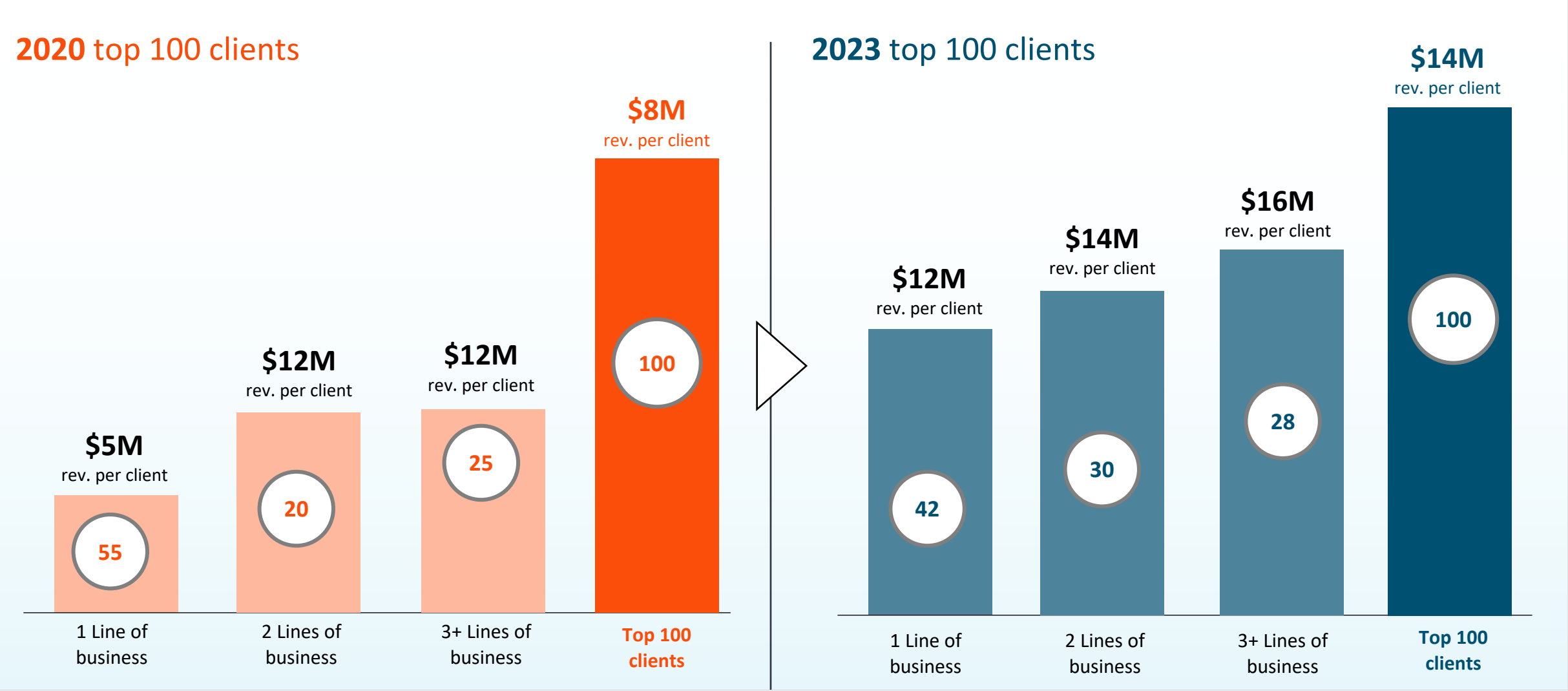
# Expanding into Attractive, New Buying Centers Through End-to-End Capabilities



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

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

# Enhanced Cross Selling Driving Increased Revenue Per Client



# 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

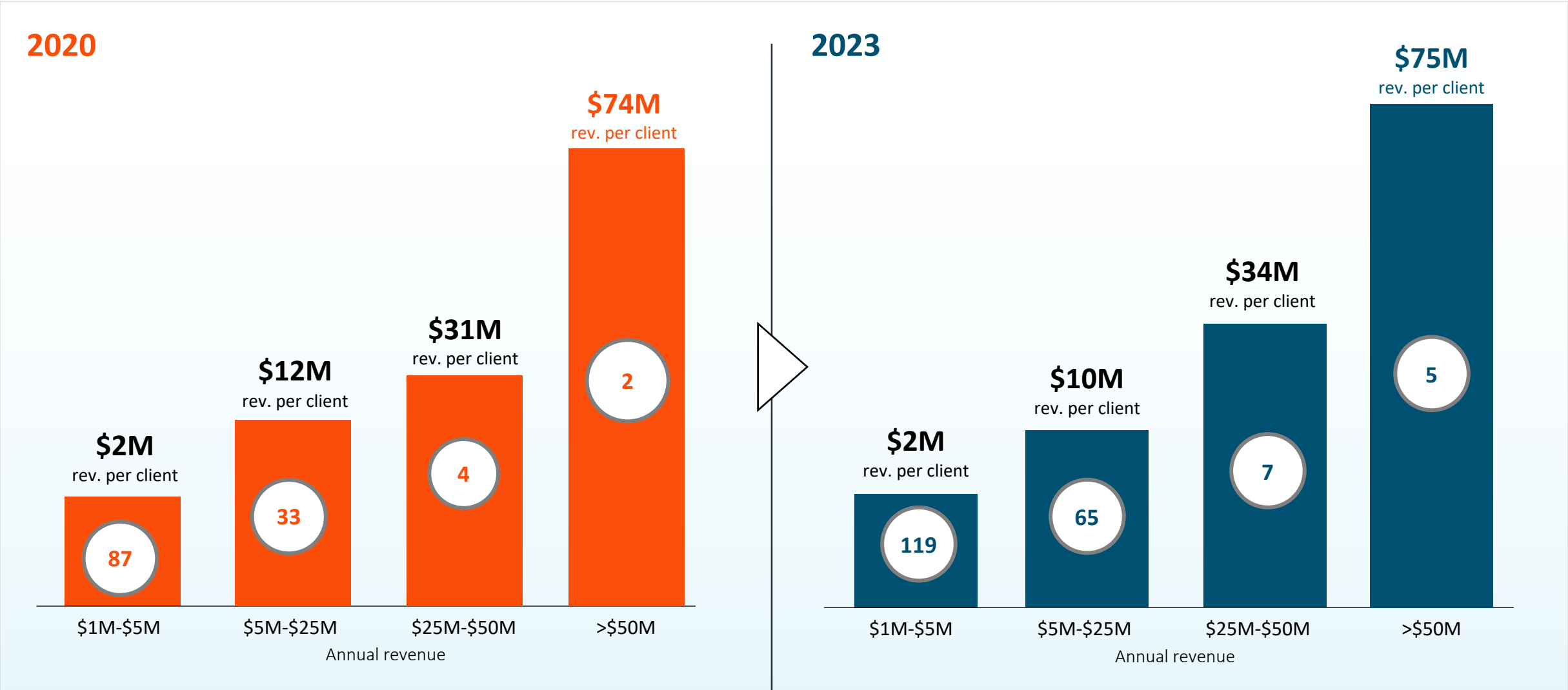
- Embedded data, analytics, technology and AI interventions
- End to end scope
- Outcome ownership
- Large deal size

### Examples:

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

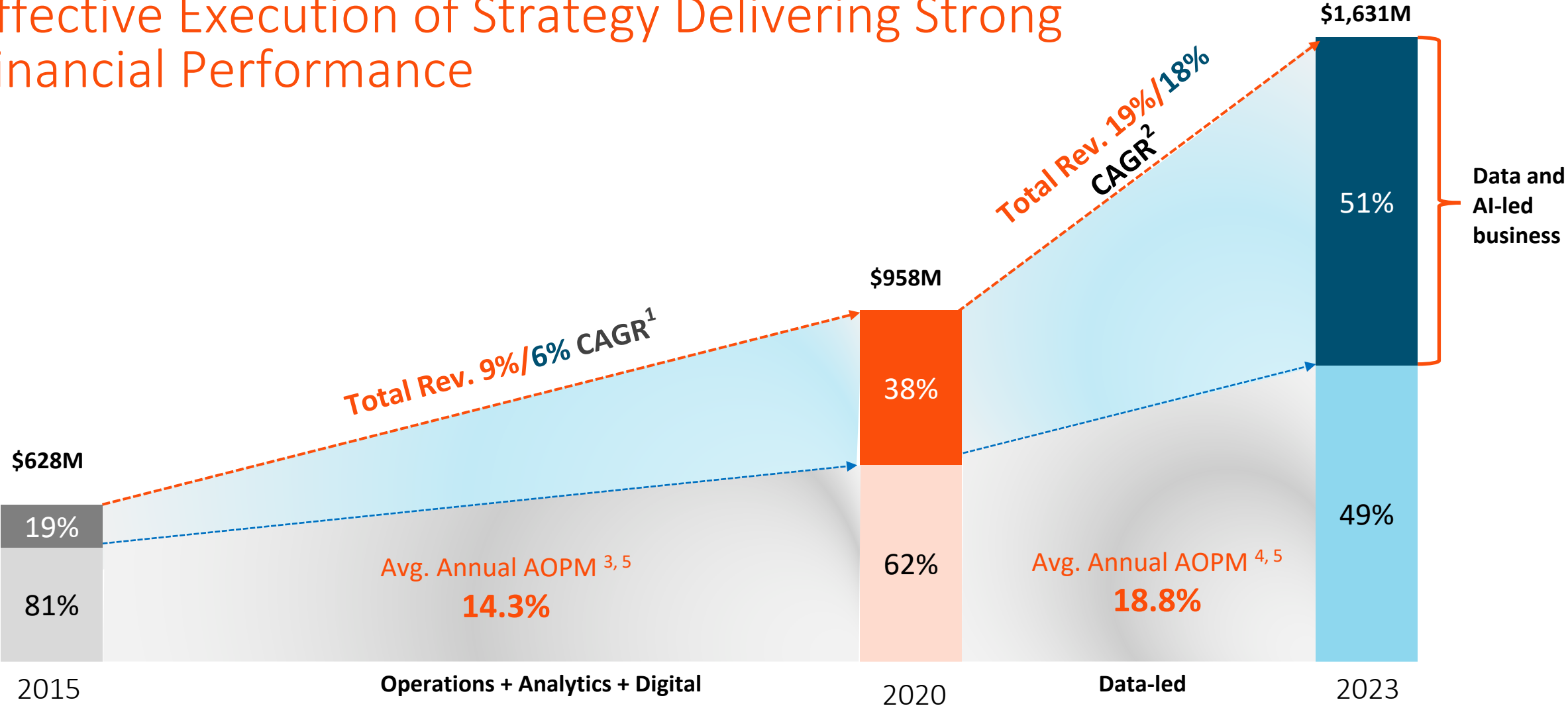


# Higher Win Rate and Deal Size Driving Increased Revenue Per Client



○ Number of clients

# Effective Execution of Strategy Delivering Strong Financial Performance



Reported / Organic growth

<sup>1</sup>. Organic CAGR is excluding acquisitions for 2015-2020

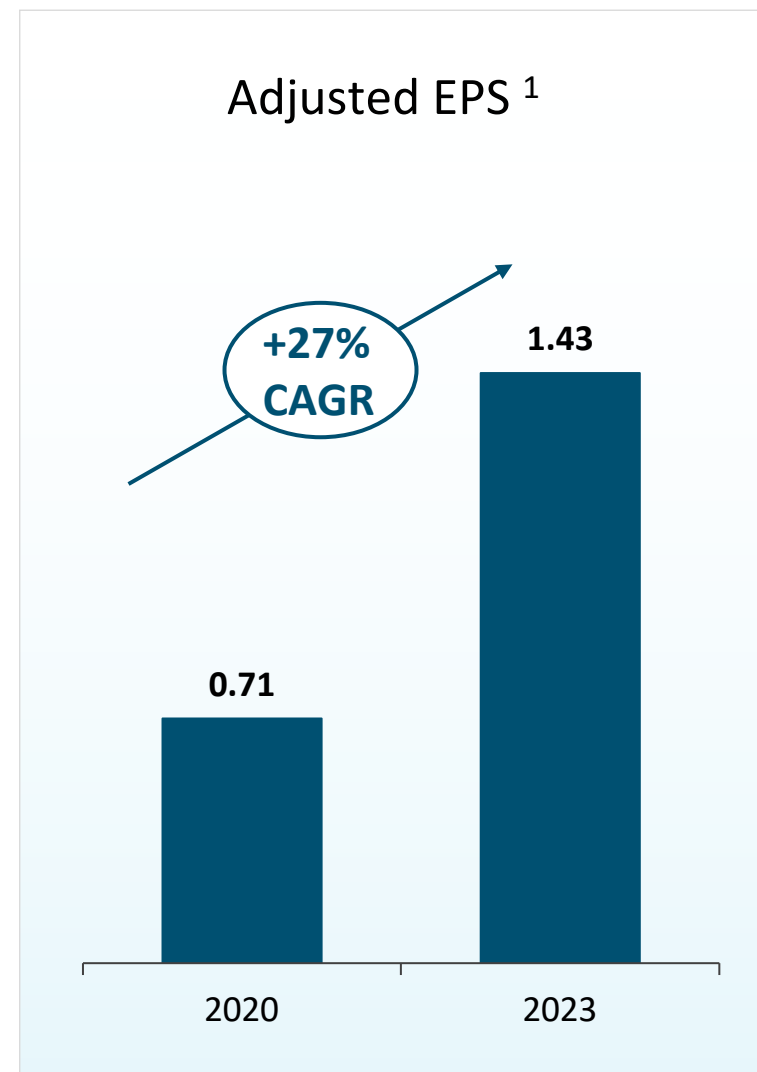
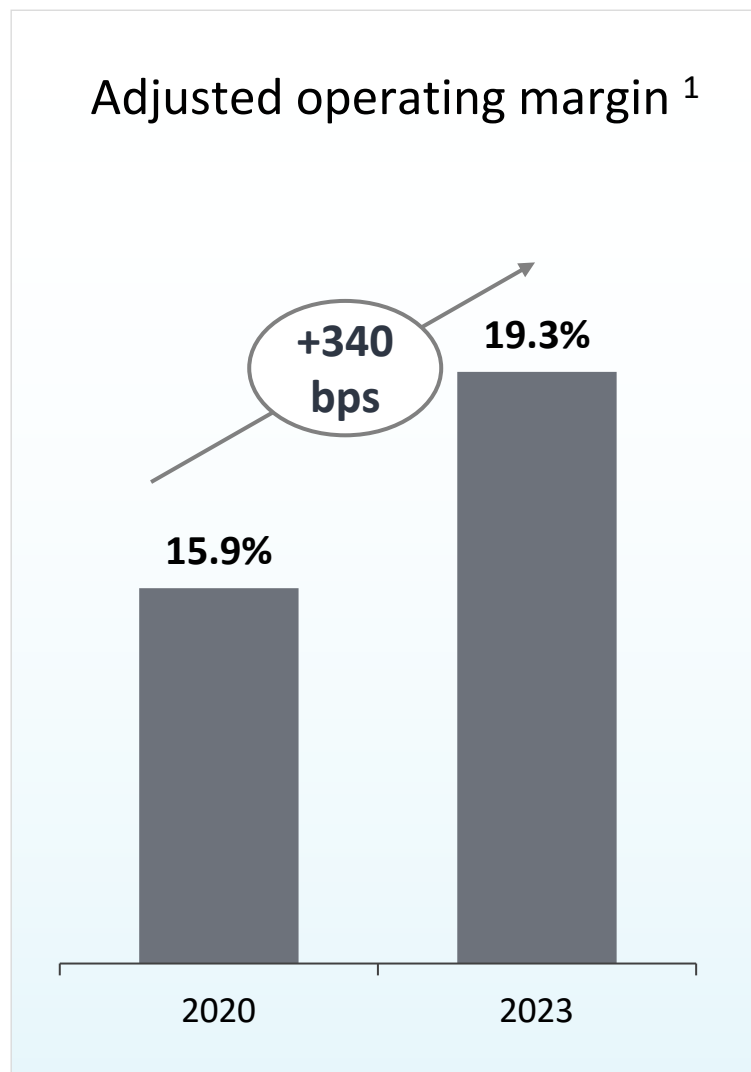
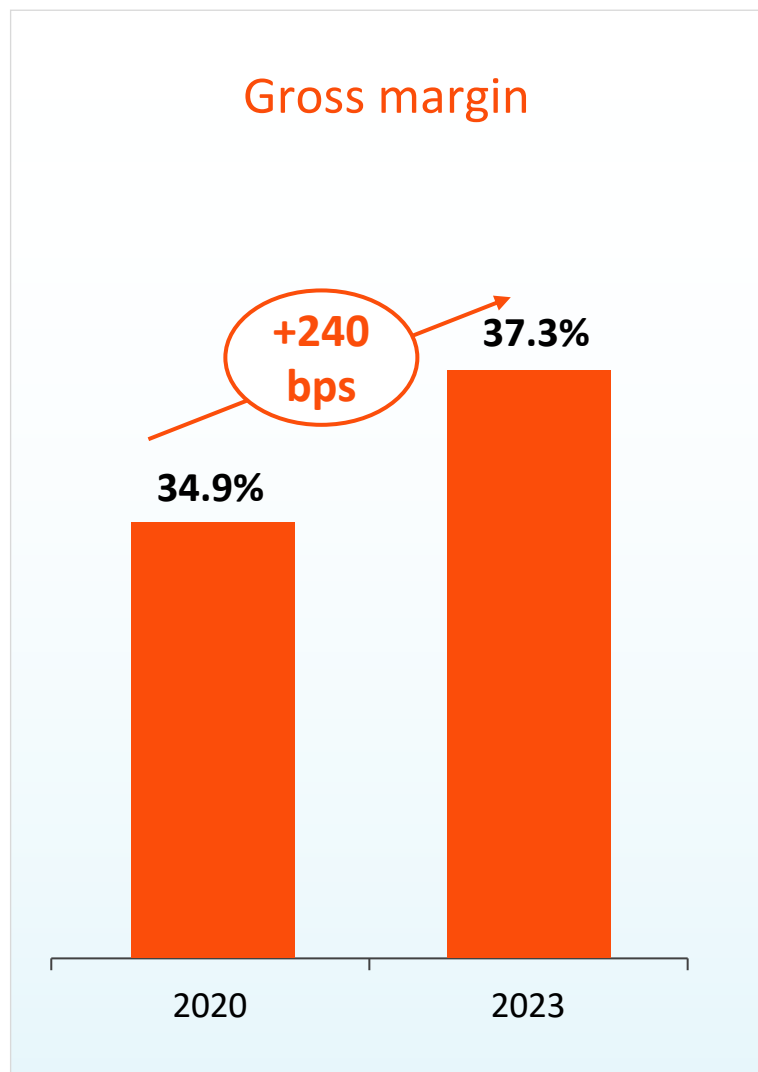
<sup>2</sup>. Organic CAGR is including all acquisitions for prior periods and excludes acquisitions from 2020-2023

<sup>3</sup>. Avg. AOPM is for the period 2016-2020

<sup>4</sup>. Avg. AOPM is calculated for the period 2021-2023

<sup>5</sup>. See "Appendix" slides for information regarding the use of our non-GAAP financial measures.

# Significant Margin Expansion and EPS Growth

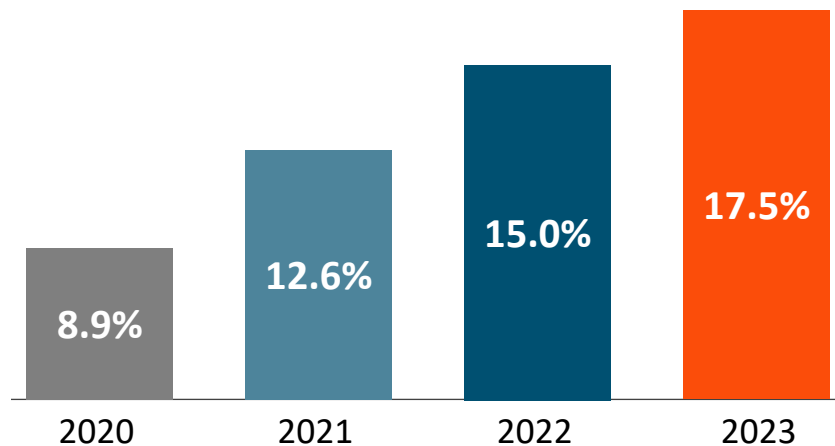


<sup>1</sup> See "Appendix" slides for information regarding the use of our non-GAAP financial measures

# 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

## Return on invested capital <sup>1, 2</sup>



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

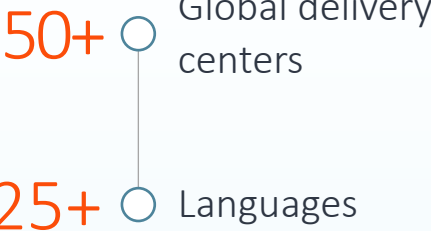
<sup>1</sup> Return on Invested Capital is calculated as Net Operating Profit after tax / Avg. (Debt + Equity)

<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



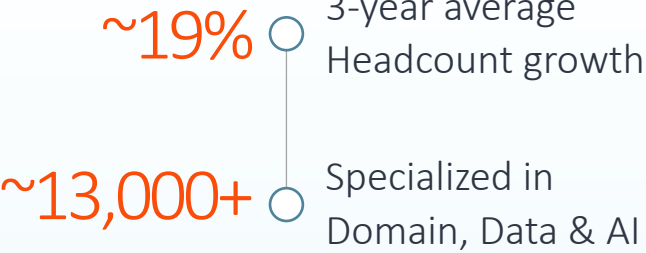
## Distributed operations



## Diverse skills



## Growing talent



# 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 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).



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