Edelweiss
Ideas create, values protect

EW/Sec/2019/129

May 14, 2019

BSE Limited
P J Towers, Dalal Street,
Fort, Mumbai – 400 001.

Dear Sirs,

Ref.:- Scrip Code: 532922

Sub: Investor Presentation

Please find enclosed the Investor Presentation on Outlook for the financial year 2019-20.

Kindly take the same on record.

Thanking you,
For Edelweiss Financial Services Limited

B. Renganathan
Executive Vice President & Company Secretary

Encl: a/a

Edelweiss Financial Services Limited

Outlook FY20-22

Plan for FY20

- We expect the first half of FY20 to be muted with normalcy returning by H2
- In preparation for the next phase of growth, we have raised equity in our NBFC, ECL Finance
    - Our modest debt-equity ratio will give us ample headroom for growth
- During FY20
    - In H1, Credit business will prioritise conserving liquidity and maintaining asset quality over book growth
    - Advisory business will focus on scale in Wealth Management especially the Affluent business
    - Alternatives to play a more important role as opportunities for Private Credit increase
    - Insurance will focus on execution, on path to EV break even for LI by 2022

We are adequately capitalised for the next phase of growth

Simplification for Scale

- By end FY20 we will simplify our business structures and realign businesses
  - Transition into 3 self contained Strategic Business Groups (BGs) viz. Credit, Advisory and Insurance
  - Each BG will have strategic investors to provide the growth capital needed for next 3-4 years
  - In addition, each of the groups will have an Independent Board with enhanced Governance
- Corporate Centre will continue to have group level oversight on Risk, Strategy, Leadership and Culture
- Reduction in number of entities
  - 20 have been wound down in the last two years
  - Another 23 have been identified for rationalisation
  - Target to have 32 entities by FY22

Edelweiss Business Group Structure By End FY20

Credit Business

Retail Credit

- Retail Mortgages
- MSME & Business Loans
- Agri & Rural Finance

Corporate Credit

- Structured Collateralised Credit
- Wholesale Mortgages

Fixed Income Advisory

Advisory Business

Wealth Management

- Advisory
- Distribution
- Broking & Asset Services
- ESOP & Margin Funding

Asset Management

- Alternatives
- Mutual Funds

Capital Markets

- Investment Banking
- Institutional Equities

Asset Reconstruction

- Distressed Credit

Insurance Business

Life Insurance

- ULIPs
- Par
- Non – Par

General Insurance

- Motor Insurance
- Health Insurance

Business Outlook for FY22

Credit

- We expect to at least double the Credit book by 2022 on the back of Retail Credit growth
- We expect to add 1-2 high RoA businesses in the mix
- Aim to have RoA of 2.25% -2.75%, and a DE of no more than 6
- RoE will be in the range of 15% -18%

Advisory

- Maintaining leadership in Alternatives Asset Management and Wealth Management
- Drive operating efficiency and achieve steady state C/I (Ex-ARC) of 55%, Targeted PAT yield of 20 bps
- We will grow Wealth Assets at 25% p.a.; Alternatives will aim to raise $1Bn p.a.
- ARC book growth of 20%-25% p.a. We see this as a minimum 5% RoA business

Insurance

- Achieving EV break-even in Life Insurance business
- Plan to invest INR 25-35 Cr per quarter in General Insurance business

Credit: Going Retail on Assets as well as Liabilities

Credit Book Share	FY22
Retail Credit	65%-70%
Corporate Credit	30%-35%

- Key growth vectors for Retail Credit will be SME and Retail Mortgage
- Corporate Credit book will continue to grow in fund form in the Asset Management business
- Distressed Credit will move to the Advisory business under our new BG structure

Borrowings Mix	FY22
Banks	40-45%
Retail	25-30%
Mutual Funds	10-15%
Overseas Borrowings	5-10%
Insurance & Pension	5-10%

- We will continue to focus on long term borrowings especially from Retail sources
  - Tenor: ~70% of borrowings will be long term
  - Instrument: ~80% of borrowings will be NCDs and Term Loans
  - Source: We expect Retail to contribute ~30% to our borrowings mix

Guidance FY22

1. Consistently grow our Consolidated PAT by 20% - 25% annually
2. Credit book ratio of Retail Credit to Corporate Credit at 2:1
3. Bring down Ex-Insurance Cost to Income ratio to below 50%
4. Maintain our asset quality with GNPA below 2%
5. Liquidity cushion to be maintained at 10%-12% of borrowings
6. Target Ex-Insurance RoA of 2.5% - 3%
7. Gradually increase and cap Gross D/E at ~6 : 1

Safe Harbor

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