

EW/Sec/2018/327

September 24, 2018

National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051.

Dear Sirs,

#### **Ref.:- Symbol - EDELWEISS**

#### Sub: Investor Day 2018 - Presentation

In accordance with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the presentation for the 'Investor Day 2018', scheduled today at Sofitel - Grand Salon, BKC, Mumbai.

Kindly take the same on record.

Thanking you,

For Edelweiss Financial Services Limited

**B. Renganathan** Executive Vice President & Company Secretary

Encl: a/a



EW/Sec/2018/328

September 24, 2018

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

Dear Sirs,

#### Ref.:- Scrip Code:- 532922

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## Edelweiss Investor Day

September 24<sup>th</sup>, 2018



## **Our Strategy** and Approach





## **Our Business** Model makes it Hard to **Categorize Us**



### ...Diversified Bank – Like NBFC

#### Credit

- Retail Credit
- Corporate Credit
- Distressed Credit

#### Franchise & Advisory

- Wealth Management
- Asset Management
- Capital Markets

#### Insurance

- Life Insurance
- General Insurance

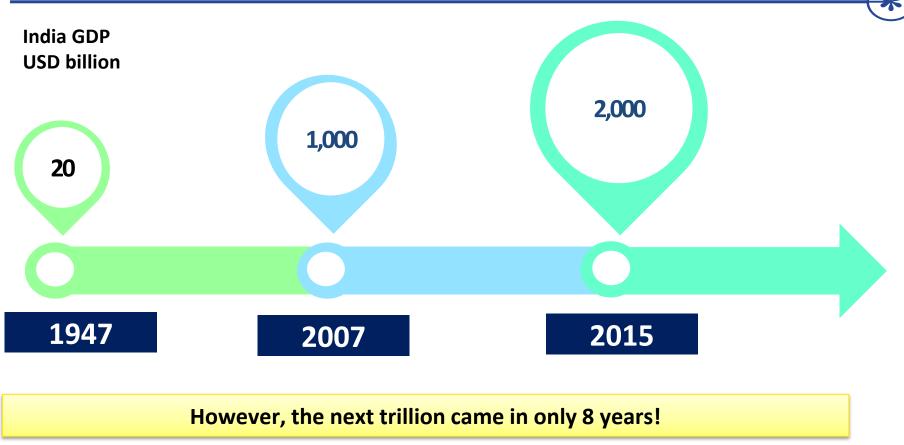


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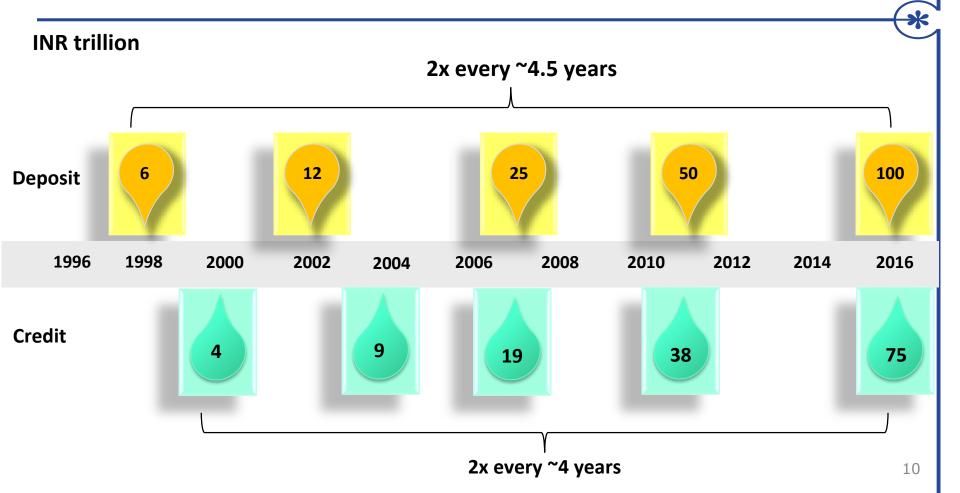
## India is a Capital Surplus Country



#### We took ~60 years to reach a GDP of USD 1 trillion



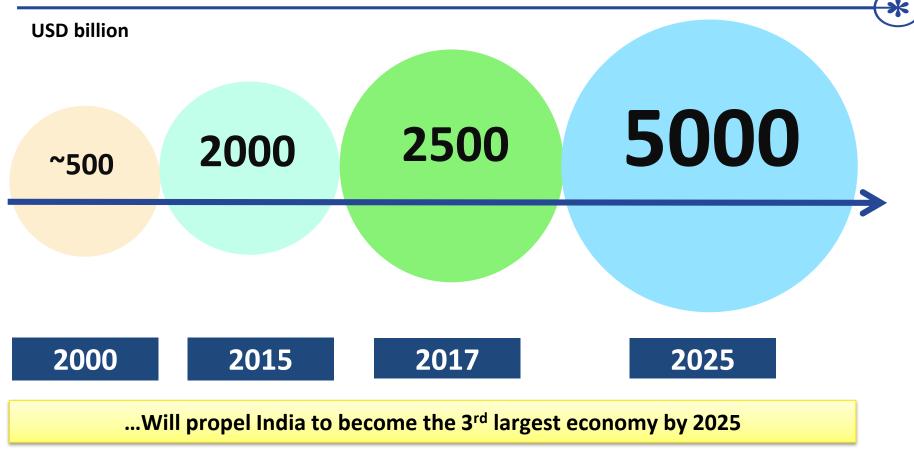
#### Deposits and Credit growth has been strong in last two decades...

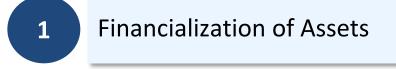


#### Household Wealth growth is also one of the fastest globally ...



#### India's Golden Age of compounding has started...





Democratization of Credit



2

Privatization of Financial Services

...accompanied by a lot of volatility and change

## ...Providing ample opportunities on both sides of Household Balance Sheet

## While **Edelweiss** is gearing itself to capture this long term **growth opportunity...**

# Profits will not come at the expense of Balance Sheet...



\*

## Diversification





## Long Term Orientation

## **1** Counter cyclical investments...

## ... Asymmetrical Payoffs



## **2** Building Platform...

## ... Before Scale



## before

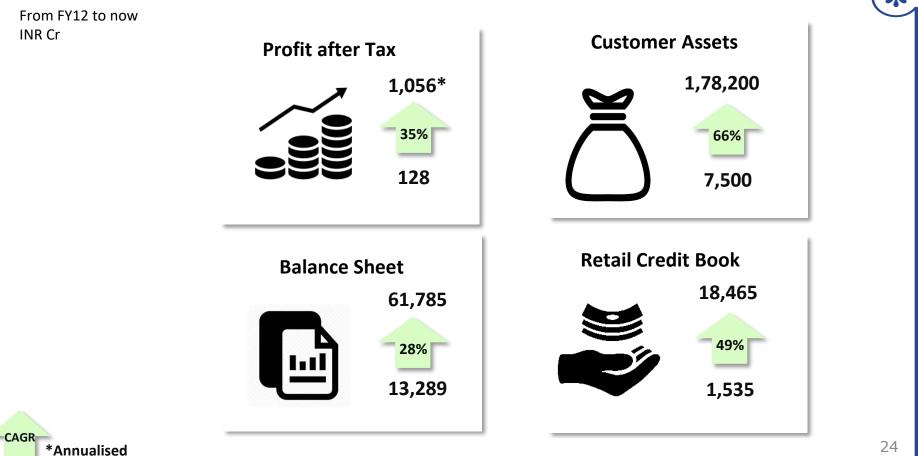
## **Business**

## Culture eats strategy for breakfast.

- Peter Drucker



#### We have grown manifold...



...Consistently across business cycles...

## PAT CAGR of 38% over 29 quarters

## Our 8 business verticals

## contribute between

## 6%-17% to PAT



#### **\*** ALCO

#### **\*** Interest rate sensitivity

**\*** Liquidity cushion

\* ALM

...Becoming market leaders ...

## Leadership

### **Distressed Assets Credit**

**Wealth Management** 

**Alternatives** 

**Capital Markets** 

...and expanding footprint...



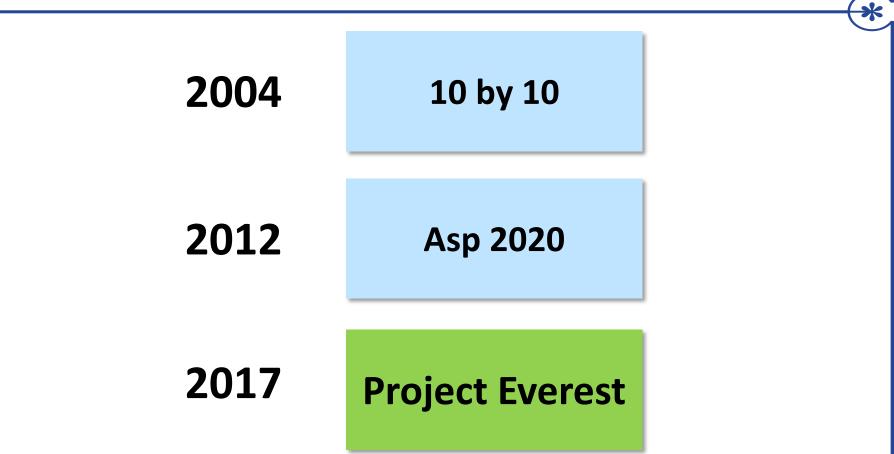




450 offices globally



Over the years, we have always had aspirational targets for Edelweiss

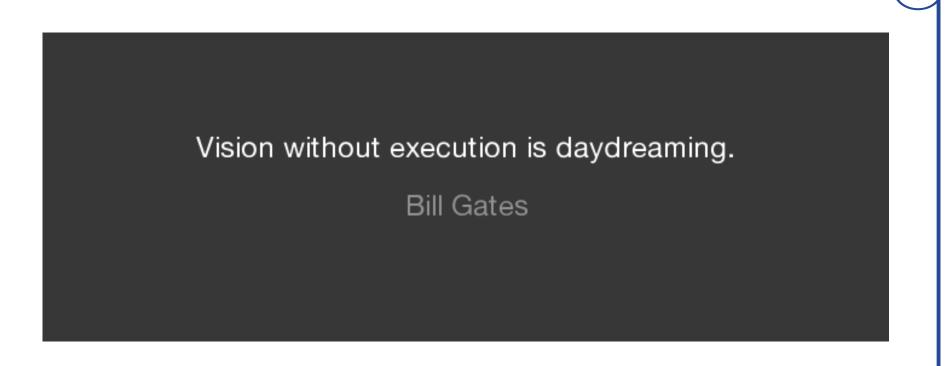




**Building a respected organisation** 

**Exceeding expectations of all stakeholders** 





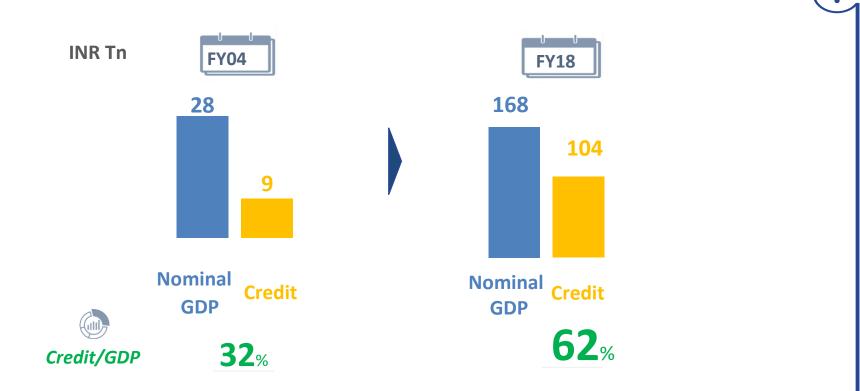
# Our Businesses



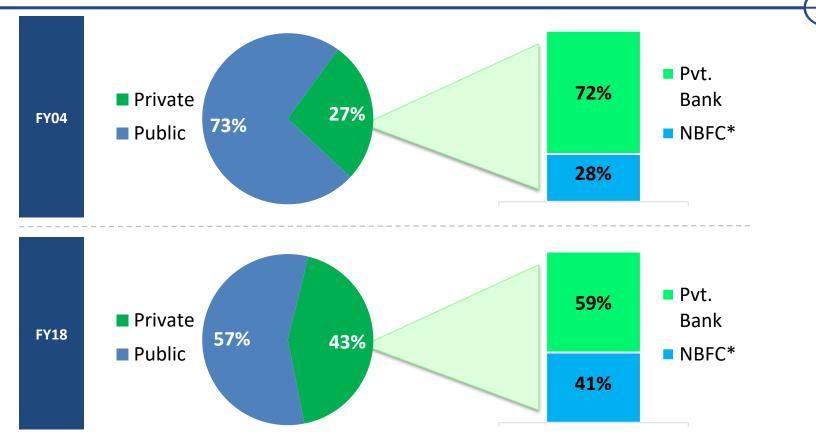
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# Industry Landscape | Market Sizing

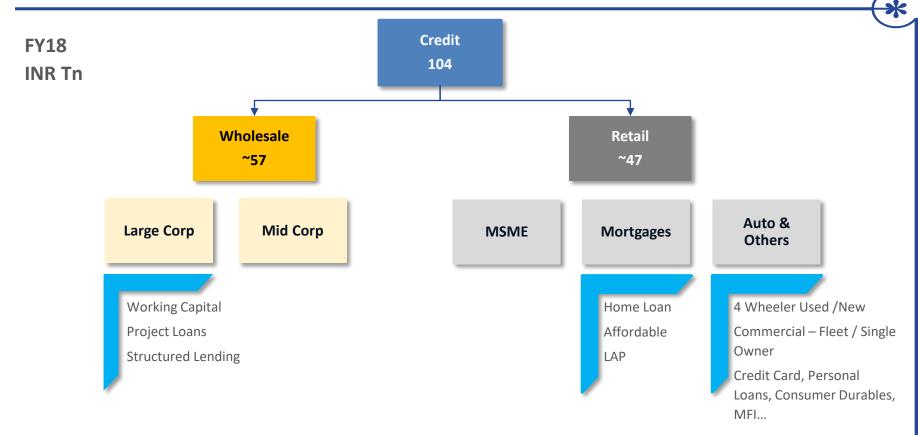


# **Credit Supply**

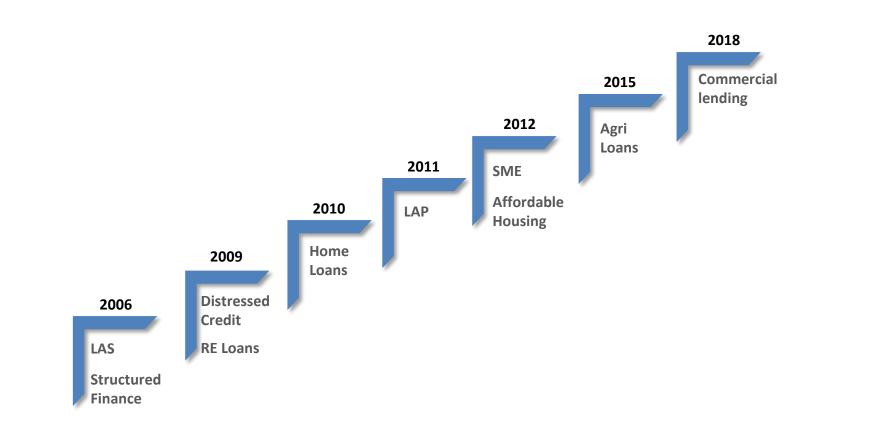


Source: RBI, CRISIL, Edelweiss Internal Estimates, market share excluding foreign bank \* including Housing Finance companies

# **Credit Market Segmentation**

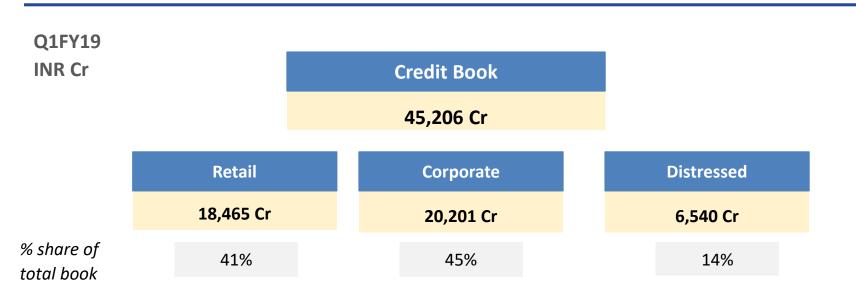






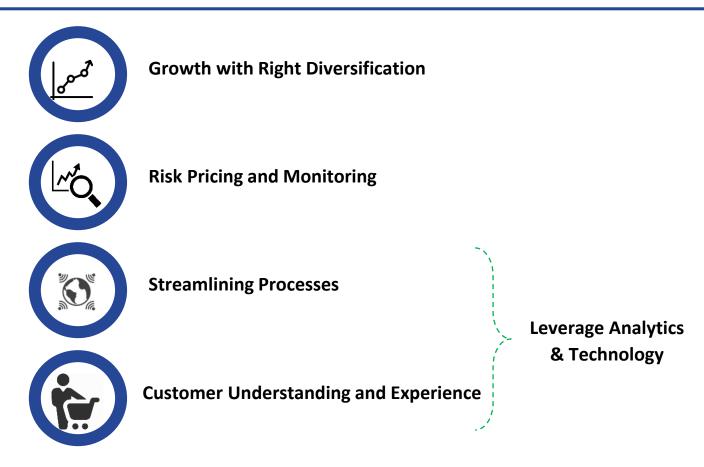
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# **Credit Book**



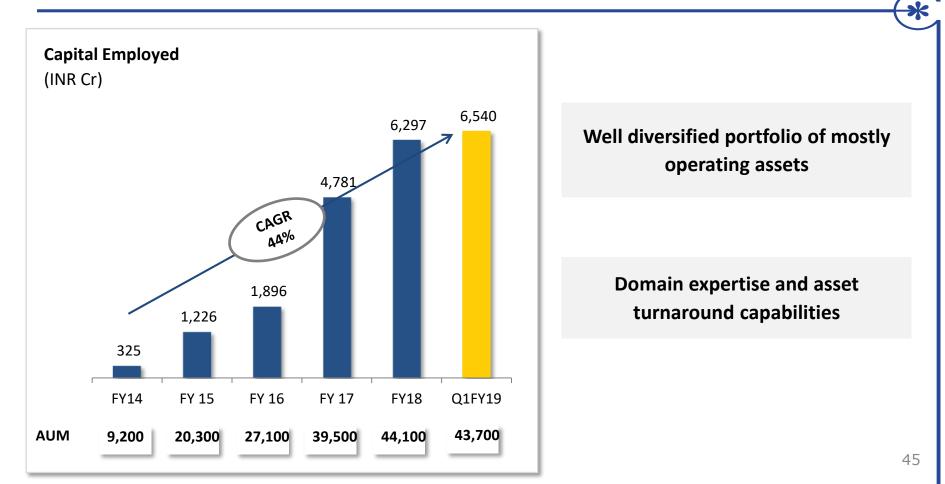
# **Diversified Credit Book**

# **Key Differentiators**



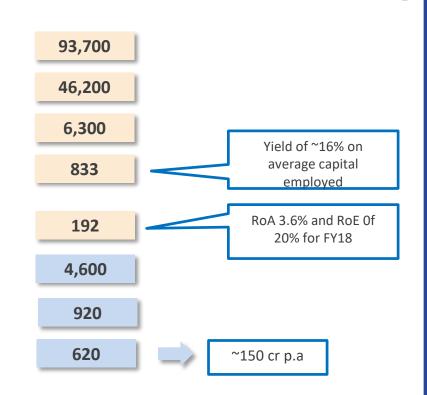
# We are leaders in a specialized opportunity space Distressed Assets

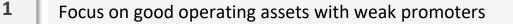
### **Steady growth in Distressed Assets business**



FY18 (INR Cr)
Nominal value of debt acquired
Price paid @ avg. 50% discount
Capital Employed
Total Income
ΡΑΤ
Avg. expected higher recovery @ 10%
Carry on the higher recovery @ 20%

Additional PAT due to higher recovery over 4 years





Access to capital – strong parent & strong relationships with funds and institutions

**3** Deep relationships – ARC has acquired assets from 51 banks

Industry relationships & domain knowledge; Advisory Board of leaders across sectors

5

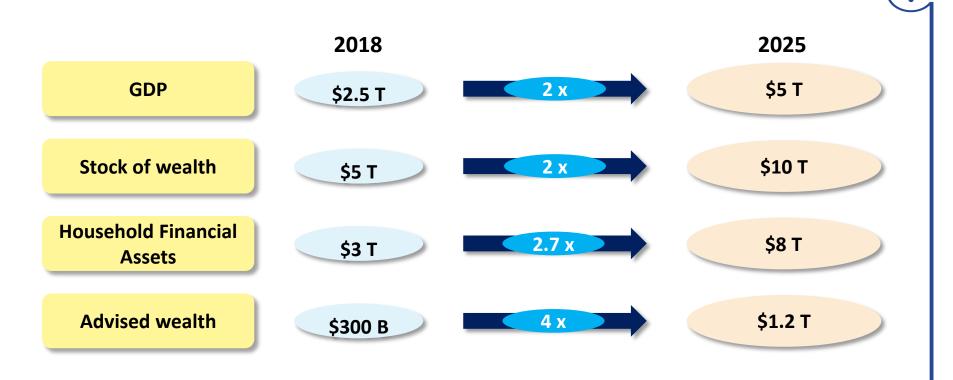
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Investing experience across enforcement, settlement & revival based deals

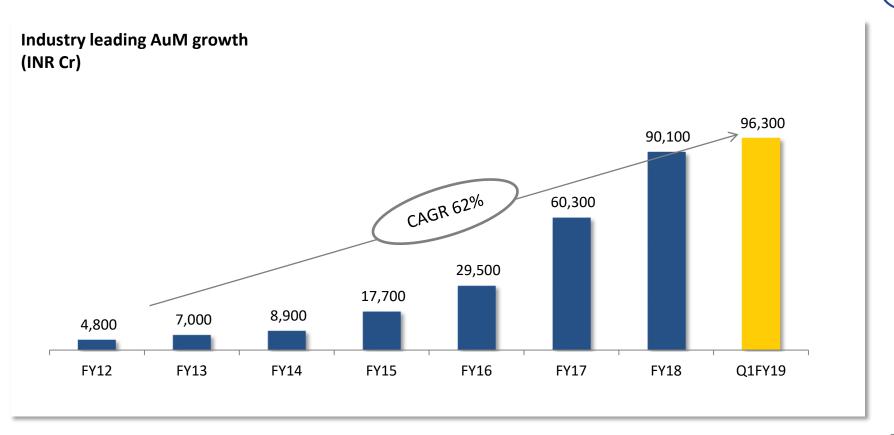
# Franchise & Advisory

# Wealth Management: Large and growing Opportunity



#### Demand is NOT a constraint !

# We are amongst the top players in the country



INR Cr	FY15	Q1FY19	Steady State
AUM	18 K	96K	200К
Cost to Income	90%	66%	55%-60%
PAT Yield (bps)	<8	~15	~25

**Platform led** 

- More like Charles Schwaab than Merril lynch
- Deep specialization: Segmentation, Productization, Organization alignment

Diversified client segments

- Targeted the entire client continuum: Affluent, HNI and UHNIs
- Diversified model delivers consistency in growth & granularity
- Client & talent longevity as they migrate upwards

**Business model** 

Diversified revenue profile to reduce volatility

 Broking, Distribution, Advisory & Credit

Technology

Built specialized client segment platforms

 EMT, ESOP Desk, Edelweiss.in
 Wealth Reporting

# Well recognized by clients and stakeholders



Asiamoney Best Bank Awards 2018

Best Wealth Manager – Rising Star, India

The Asset, Hong Kong, 2017

**Excellence in Wealth Management India** 

Asian Private Banker, Hong Kong, 2017

#### **Best Consumer Mobile Service Award**

CMO Asia- BBC Knowledge's, Regional Digital Marketing Awards, 2017

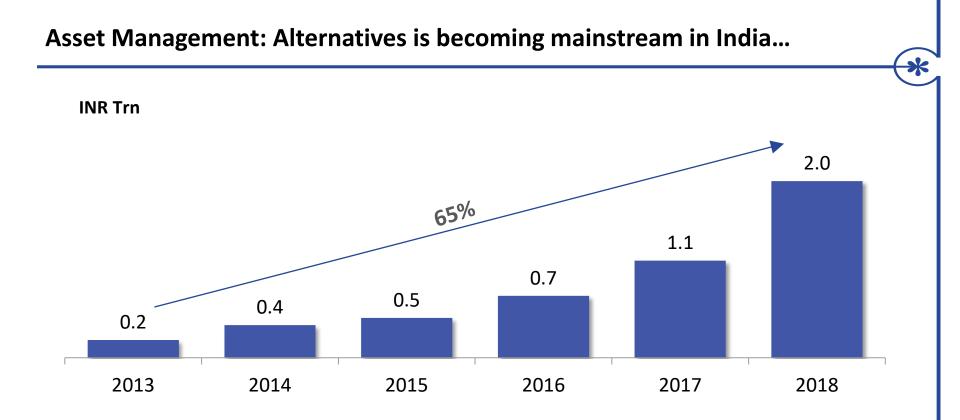
Best Use of Mobile Technology in Financial Sector –

Edelweiss Global Wealth Management

ET Now BFSI Awards, 2017

Best Mobile App Content in Business (Mobile Trading)

Mobbys, 2017



Offshore India focused funds add another 2 Trn making it a large opportunity

Globally Alternatives account for 15% of the AuM.....but 40% of profit pool

In India, Alternatives accounts for ~10% of the total AuM and expected to grow to 25% of the market (INR ~20 Trn) over the next 7-8 years

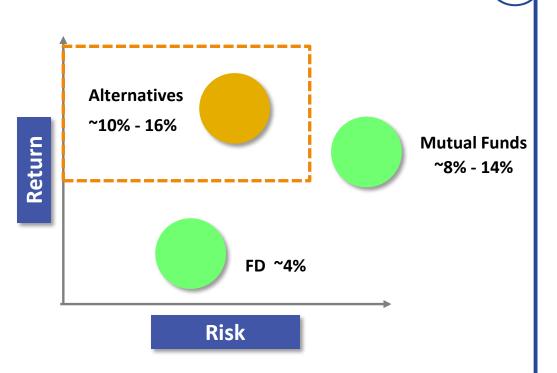
Profit pool share of Alternatives likely to grow to ~40%-50% by 2025



- Globally yields have come down
- India offers superior yields

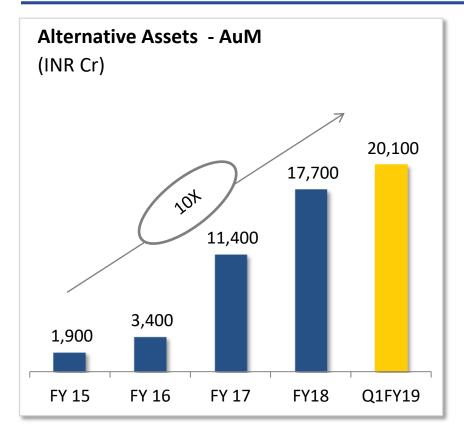
#### **Domestic demand**

• There is an increased appetite for yield amongst domestic investors



#### Double digit return with low volatility

# We have established leadership in Alternatives



- Offer full range of alternative solutions
- One of the top 5 Asia-based fund manager by aggregate capital raised in the last 10 years
- Raised ~3,500 Cr onshore over the last 6 months
- Ability to extend Edelweiss group capabilities to fund platform

PRODUCT	SUB-PRODUCT	OVERVIEW	
Institutional Security Services	Institutional Equites	<ul> <li><u>Largest</u> domestic institutional brokerage house in India</li> <li>Serviced <u>650</u> FIIs and DIIs till date.</li> <li>Market <u>leader</u> in the derivatives space.</li> <li>Research covering <u>~255</u> stocks spanning <u>~85% Mcap</u></li> </ul>	
Investment	M&A and Advisory	<ul> <li><u>Full Service</u> Investment Bank with <u>extensive</u> global reach</li> <li><u>Strengthened advisory</u> capability; sole advisor to few marquee and 1<sup>st</sup> ever deals India</li> <li>Indoors to Large Business Groups</li> </ul>	
Banking & Advisory	Equity & Debt Capital Markets	<ul> <li><u>Dominance</u> maintained in ECM with 50% market share in top 20 issues</li> <li>Leadership position in Public Issuances &amp; CPs</li> <li>Ranked no 1 Merchant Banker for Public Issuances of Debt since FY15</li> </ul>	
Prime Services	Prime Broking	• <u>Full service</u> custody, clearing, funding, distribution, research and support services	

\*

#### **Awards & Recognition**









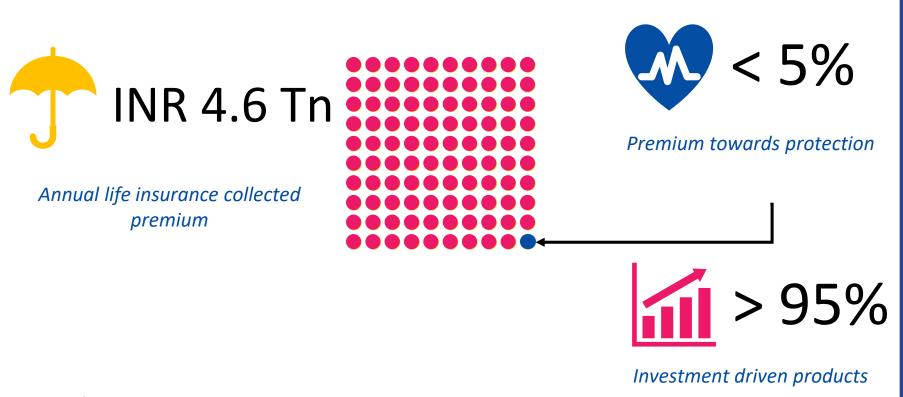
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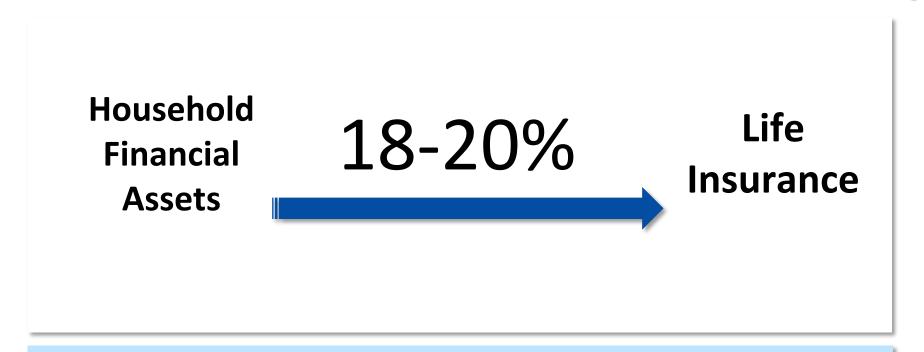
Platform Led rather than person led

2 Dominant in our chosen segments

**3** Client Centricity – enabled with Technology

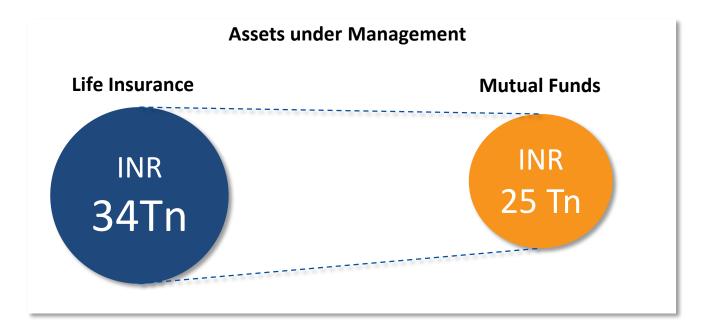
# Life Insurance



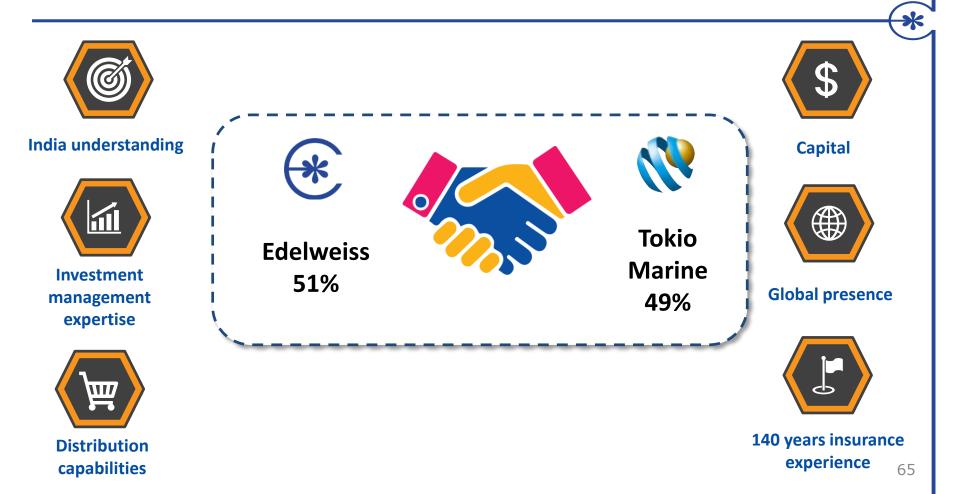


# Largest chunk of household financial assets after banks

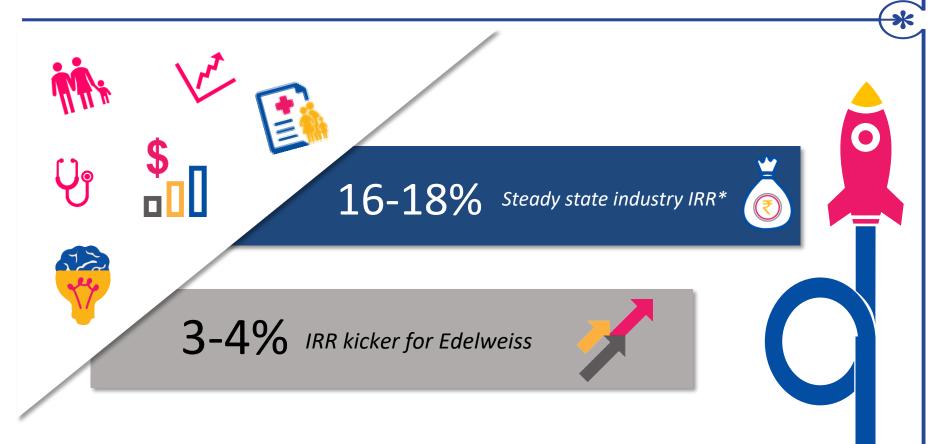
# Life Insurance is another form of asset management business



### **Our structure**



## **Business economics : long term value creation**

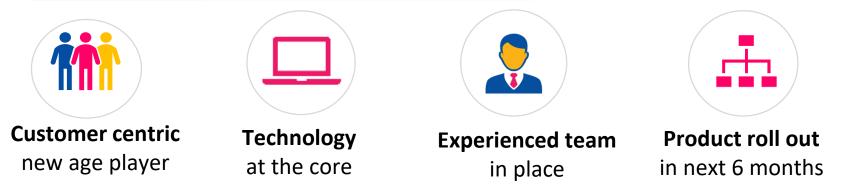


# **Business economics : long term value creation**



# Edelweiss | GENERAL INSURANCE

#### Commenced operations - February 2018



# But all this requires ....

# ...Building a High Quality Organization

# 4 Pillars of a Quality Organisation





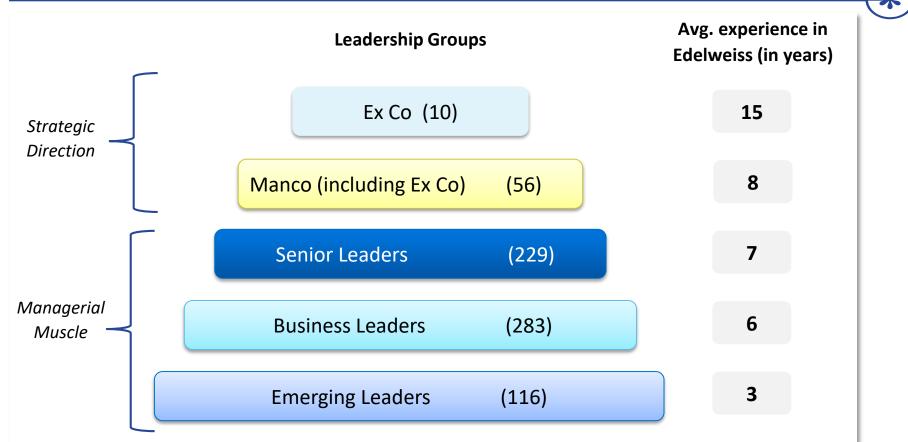
## **Common Ethos**

### **Empowerment & shared ownership**

## **Develop & Attract Talent**

Home grown & lateral

## Leadership: Deep and Growing Talent Pool



# We are a risk conscious company

## is it worth it?

# can we afford it?

## Enterprise risk management approach



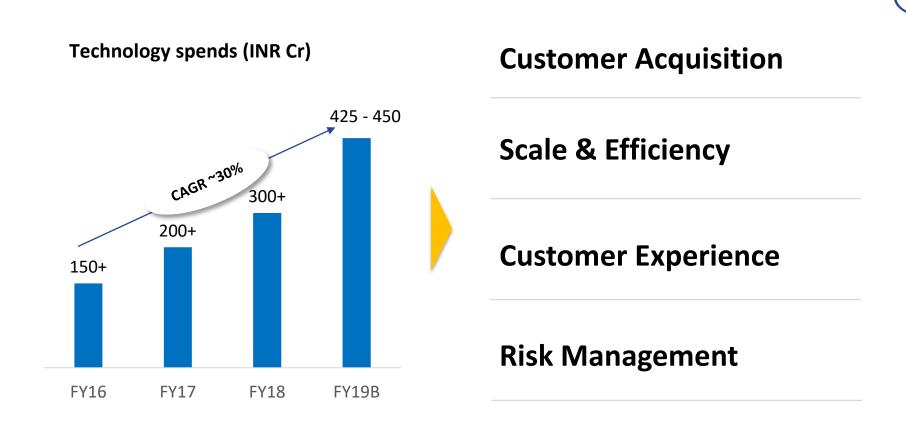
#### Evaluate unknown risks as well

**Oversight by Board Risk Committee** 

#### **Global Risk Committee**

Business Risk Group **Global Risk Group** 

Enterprise Risk Management Committee Corporate Controller & Audit



# Quality is not an act, it is a habit.

## Aristotle

# Closing Remarks

There has been a great transformation in Indian Equity Markets...



भारतीय प्रतिभूति और विनिमय बोर्ड Securities and Exchange Board of India

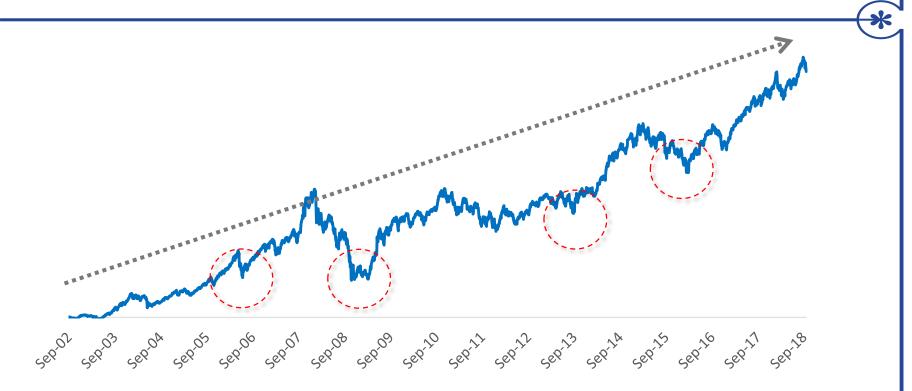








## It is easy to forget this amidst the volatility...



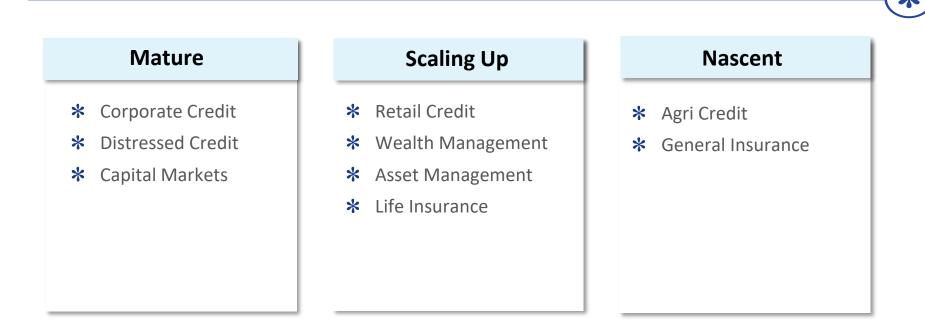
### Long-term trend continues to be upwards!

Credit markets are at the cusp of a change...

**Credit** is the new Equity ! **\*** Households looking for yields

\* Corporates short of equity

\* Retail borrowers are not afraid to borrow



#### ...As our Businesses are at different inflection points

Amundsen's philosophy:

"You prepare with intensity, all the time, so that when conditions turn against you, you can draw from a deep reservoir of strength"

"And equally, you prepare so that when conditions turn in your favor, you can strike hard"



## ...We are preparing through Project Everest



2025

What can you expect from us ?

# Right kind of growth hunger

## Simplicity

- Transparency
- Governance
- Exceptional People



## Safe Harbour

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