



# Second Quarter 2017 Financial Results

August 9<sup>th</sup>, 2017

# Disclaimer

## **Forward Looking Statements**

Certain statements included in this presentation are not historical facts but are forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Forward-looking statements generally are accompanied by words such as “may”, “should”, “would”, “plan”, “intend”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “seem”, “seek”, “continue”, “future”, “will”, “expect”, “outlook” or other similar words, phrases or expressions. These forward-looking statements include statements regarding our industry, future events, the estimated or anticipated future results and benefits of the recently consummated transaction between Exela Technologies, Inc., SourceHOV Holdings, Inc., and Novitex Holdings, Inc. (including the related transactions, the “Combination Transaction”), future opportunities for the combined company, and other statements that are not historical facts. These statements are based on the current expectations of Exela management and are not predictions of actual performance. These statements are subject to a number of risks and uncertainties regarding Exela’s businesses, and actual results may differ materially. These risks and uncertainties include, but are not limited to, changes in the business environment in which Exela operates, including inflation and interest rates, and general financial, economic, regulatory and political conditions affecting the industries in which Exela operates; changes in taxes, governmental laws, and regulations; competitive product and pricing activity; difficulties of managing growth profitably; the loss of one or more members of the Exela management team; failure to realize the anticipated benefits of the Combination Transaction, including as a result of a delay or difficulty in integrating the businesses of SourceHOV and Novitex; uncertainty as to the long-term value of Exela’s common stock; the inability to realize the expected amount and timing of cost savings and operating synergies of the Combination Transaction; and those factors discussed under the heading “Risk Factors” in Exela’s Proxy Statement dated June 26, 2017 (the “Proxy Statement”) filed with the Securities and Exchange Commission (“SEC”). There may be additional risks that Exela presently does not know or that Exela currently believes are immaterial that could also cause actual results to differ from those contained in the forward-looking statements. In addition, forward-looking statements provide Exela’s expectations, plans or forecasts of future events and views as of the date of this communication. Exela anticipates that subsequent events and developments will cause Exela’s assessments to change. However, while Exela may elect to update these forward-looking statements at some point in the future, Exela specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing Exela’s assessments as of any date subsequent to the date of this presentation.

## **Pro Forma Financial Information**

This presentation includes unaudited pro forma financial information for the three and six months ended June 30, 2016 and 2017, as if the Combination Transaction had been consummated on January 1, 2016, based on certain estimates and assumptions that Exela management deems to be reasonable. This pro forma financial information may be revised as additional information becomes available. Therefore, it is possible that the actual adjustments will differ from the pro forma adjustments and it is possible that the difference may be material. The unaudited pro forma condensed combined financial statements are not necessarily indicative of what the actual results of operations would have been had the Combination Transaction taken place on the date indicated, nor are they indicative of the future consolidated results of operations of Exela.

## **Non-GAAP Financial Measure and Related Information**

This presentation includes EBITDA, Adjusted EBITDA, Pro Forma Adjusted EBITDA, and Free Cash Flow – each of which is a financial measure that is not prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). Exela believes that these non-GAAP measures of financial results provide useful information to management and investors regarding certain financial and business trends relating to Exela’s financial condition and results of operations. Exela does not consider these non-GAAP measures in isolation or as an alternative to liquidity or financial measures determined in accordance with GAAP. A limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded in Exela’s financial statements. In addition, they are subject to inherent limitations as they reflect the exercise of judgments by management about which expenses and income are excluded or included in determining these non-GAAP financial measures and therefore the basis of presentation for these measures may not be comparable to similarly-titled measures used by other companies. These non-GAAP measures should not be considered in isolation of, or as an alternative to, GAAP financial measures. For reconciliation of the comparable GAAP measures to these non-GAAP financial measures, see the Appendix to this presentation.

# Agenda

- 1 **Exela Technologies Introduction**
- 2 Financial Performance and Business Strategy
- 3 Appendix

## Exela Technologies Introduction

*“Our mission is to drive exceptional client experiences and create lasting value through the acceleration of businesses’ digital transformation by enabling people to innovate with data-driven insights and technologies.”*



## Ron Cogburn

*Chief Executive Officer – Exela Technologies*

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Technology | Insight | Innovation

## Pro Forma Q2 2017 Highlights

- Total pro forma revenue of \$350 million
- Pro forma adjusted EBITDA of \$83 million, representing an EBITDA margin of 23.6%<sup>1</sup>
- Pro forma free cash flow of \$75 million, representing a free cash flow margin of 90.9%<sup>1</sup>
- On-track to deliver identified business combination savings

# Exela at a Glance

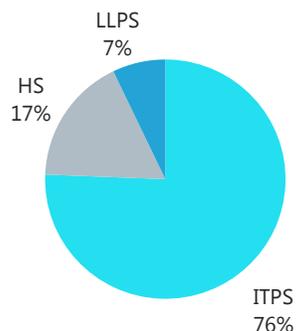
## Exela Technologies Overview

- Leading global information and transaction processing service provider operating in the BPO industry
- Experienced, tenured management team that has successfully led the business for many years
- 8 member board of directors with deep industry and corporate governance experience

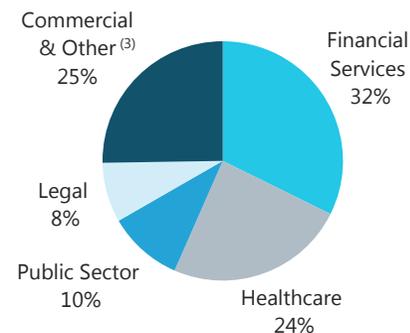
## Exela Integration

- Exela started trading on NASDAQ Capital Market under the ticker "XELA" on July 13, 2017
- Reorganization, reporting and integration of legal, management, sales, marketing, operations, technology, and human resources functions completed.
- As of July 12, 2017 – total new financing was \$1.35 billion with approximately \$100 million of liquidity

## 2016 Revenue by Segment



## 2016 Revenue by End-market



**2016 Adj. Revenue<sup>(1)</sup>:  
\$1.4 billion**

**2016 Pro Forma Adj.  
EBITDA<sup>(1)(2)</sup> / margin:  
\$350 million / 24%**

**3,500+ customers  
>60% of Fortune® 100  
presence 50+ countries**

**Operating centers in 15  
countries  
~23,000 employees**



Note: "LLPS" refers to Legal and Loss Prevention Services, "HS" refers to Healthcare Solutions and "ITPS" refers to Information and Transaction Processing Solutions  
 (1) Includes adjustment for the acquisition of TransCentra as if it had closed on 1/1/2016  
 (2) Includes pro forma adjustments, actioned and in process adjustments and \$37.5 million of combined company synergies  
 (3) Includes Novitex Offsite / Other and Canada revenue

# Exela Technologies Multi-industry Solutions

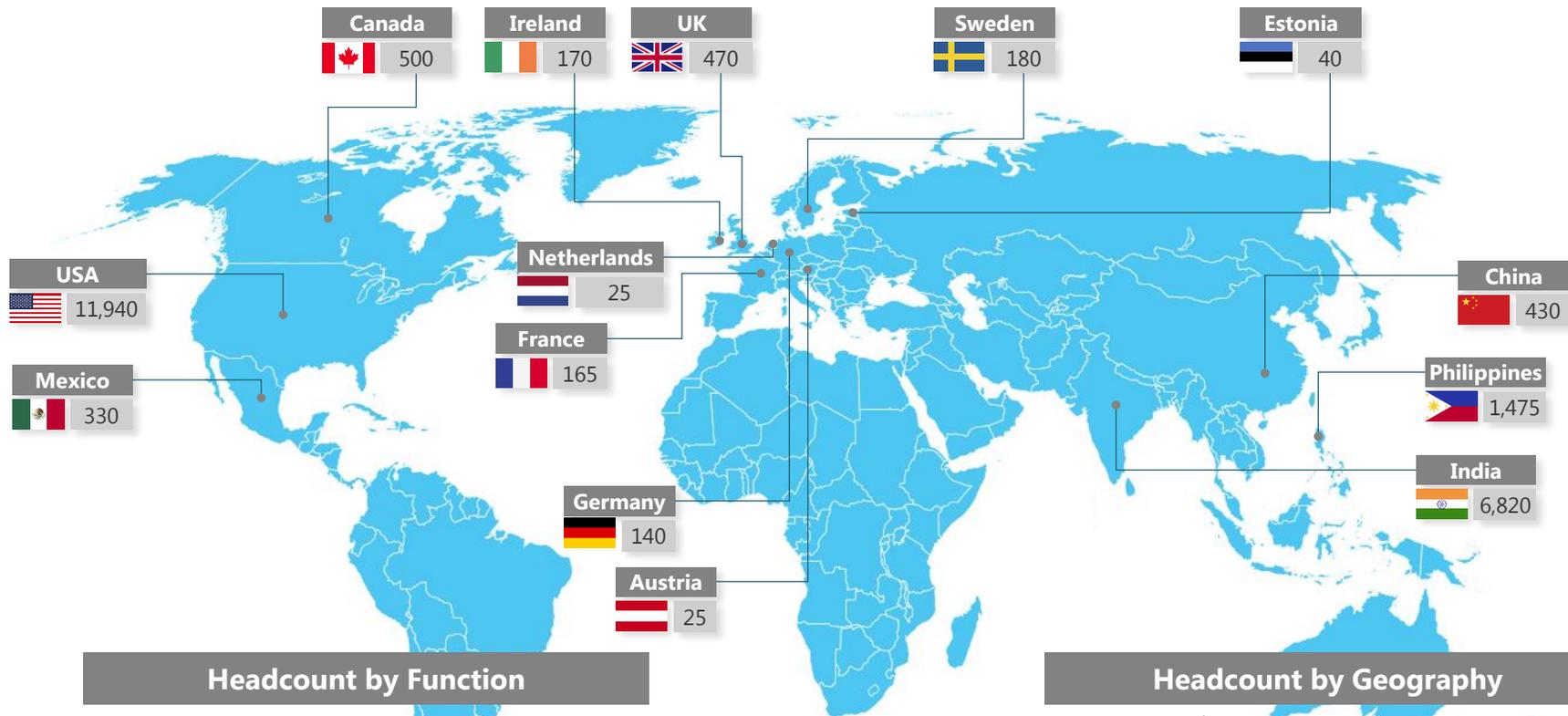
Exela uses a combination of data-driven processes, technology, and human capital, delivered through integrated, Enterprise Information Management and Transaction Processing Solutions platforms to enable mission-critical industry solutions

## Transaction Processing Solutions

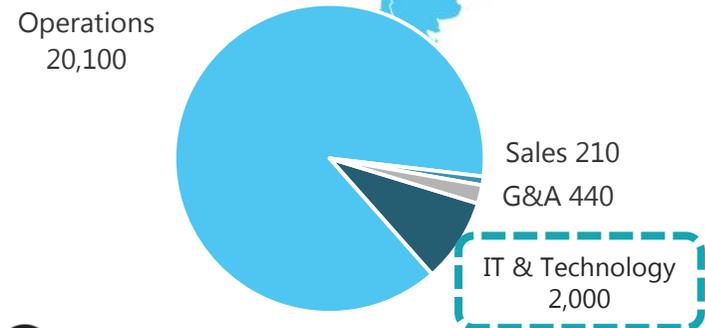


# Global Presence

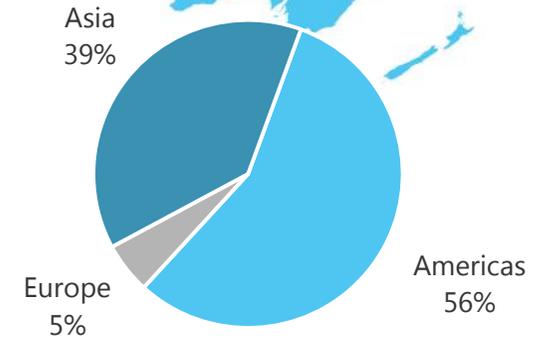
~23,000 employees leveraging global presence to deliver mission critical services and solutions



**Headcount by Function**



**Headcount by Geography**



# Well Diversified Revenue

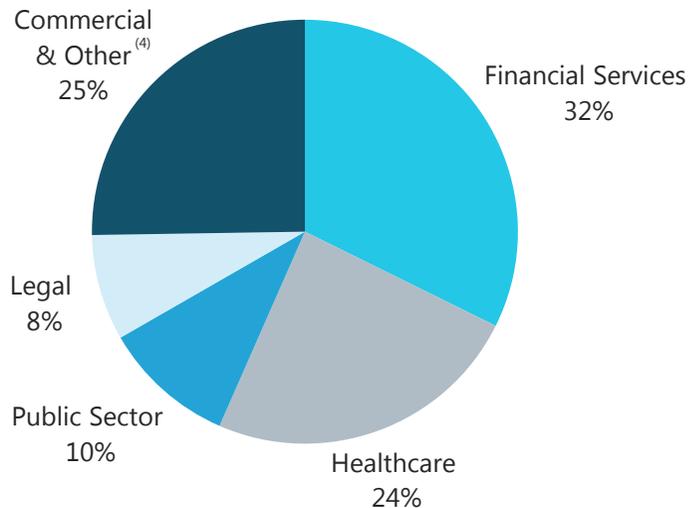
Industry leading solutions delivered to 3,500+ customers around the world

10/10 Top U.S. Banks<sup>(2)</sup>  
120+ Global Banks

5/5 Top Healthcare  
Insurance Payers<sup>(3)</sup>  
900+ Healthcare Providers

30+ States & Counties  
80+ Government Entities

Exela Technologies 2016 Revenue by End-market <sup>(1)</sup>



98% Am Law<sup>®</sup> 100

9/10 Top U.S. Insurance Companies<sup>(2)</sup>  
50+ Global Insurance Companies

5/5 Top U.S. Telecom Companies<sup>(3)</sup>  
40+ Utility Companies

Over 60% of Fortune<sup>®</sup> 100 4/5  
World's Largest Retail  
Chains<sup>(5)</sup>

Note: Totals may not equal 100% due to rounding

(1) Calculation excludes pass-through postage revenue and is Pro Forma for TransCentra acquisition (closed September 2016)

(2) Based on total assets as of 12/31/2016

(3) Based on total revenues as of 12/31/2016

(4) Includes Novitex Offsite / Other and Canada revenue

(5) Based on total revenue for respective 2016 fiscal year end

# Key Management Initiatives

## Cost Rationalization

Focus on delivering the identified savings

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## Whitespace

Leverage existing customer relationships, full-cycle service offering and enhanced global footprint

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## Bundle Suite of Complementary Solutions

Scale bundled service offerings through seamless platform connectivity to offer clients one-stop-shop experience and drive higher margins

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## Improved Client Engagement

Enhance client experience and increase operational leverage through scale

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## Accretive M&A

Fragmented industry allows for tuck-in opportunities to drive value creation in addition to organic revenue growth

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## Financial Performance and Business Strategy

*“Our mission is to drive exceptional client experiences and create lasting value through the acceleration of businesses’ digital transformation by enabling people to innovate with data-driven insights and technologies.”*



## Jim Reynolds

*Chief Financial Officer – Exela Technologies*

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Technology | Insight | Innovation

# Pro Forma Year to Date Performance

(\$ in millions)

	H1 2017	Q2 2017
<b><u>Revenue</u></b>		
Information and Transaction Processing Solutions	\$550	\$270
Healthcare Solutions	117	58
Legal & Loss Prevention Services	45	22
<b>Total Revenue</b>	<b>\$712</b>	<b>\$350</b>
<b>Cost of Revenue (excl D&amp;A)</b>	<b>519</b>	<b>257</b>
<b>Gross Profit</b>	<b>\$193</b>	<b>\$93</b>
<i>Gross Margin</i>	<i>27%</i>	<i>27%</i>
<b>SG&amp;A (excl D&amp;A)</b>	<b>\$101</b>	<b>\$49</b>
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>\$127</b>	<b>\$64</b>
<b>Pro Forma Adjusted EBITDA</b>	<b>\$181</b>	<b>\$83</b>
<i>% Margin</i>	<i>25%</i>	<i>24%</i>

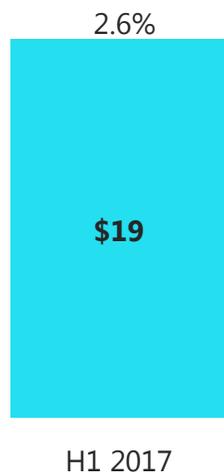
# Cash Flow Profile

## Low capital expenditure enables strong free cash flow generation

- H1 2017 free cash flow (FCF)<sup>(1)</sup> profile of 89.8% FCF conversion
- Low intensity CAPEX business model with 2.6% for H1
- Days sales outstanding: 58
- As of July 12, 2017 – total new financing was \$1.35 billion with approximately \$100 million of liquidity

### Capital Expenditures as a Percentage of Revenue

(\$ in millions)



### Free Cash Flow Conversion

(\$ in millions)



# Capital Allocation Strategy

<b>Long term leverage target</b>	<ul style="list-style-type: none"><li>▪ Leverage target of under 3.0x on a pro forma basis</li></ul>
<b>Use of free cash flow</b>	<ul style="list-style-type: none"><li>▪ Use free cash flow for optional repayment of the bank debt</li></ul>
<b>M&amp;A</b>	<ul style="list-style-type: none"><li>▪ Consider transformative acquisitions if leverage accretive; actively evaluate tuck-in acquisitions</li></ul>
<b>Capital allocation</b>	<ul style="list-style-type: none"><li>▪ Consider dividends to shareholders based on internal hurdle rate of return once leverage target of 3.0x is achieved</li></ul>

## Conclusion and Q&A

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# Pro Forma EBITDA Reconciliation

(\$ in millions)

	H1 2017	Q2 2017
<b>Net Loss</b>	<b>(\$57)</b>	<b>(\$32)</b>
Taxes	1	2
Interest Expense	78	40
Depreciation and Amortization	62	31
<b>EBITDA</b>	<b>\$84</b>	<b>\$41</b>
Optimization and Restructuring expenses	16	10
Transaction and integration costs	17	7
Non-cash charges	2	2
New contract setup	2	1
Management, Board Fees and expenses	5	3
<b>Adjusted EBITDA</b>	<b>\$127</b>	<b>\$64</b>
Foreign Exchange gains / losses	2	(0)
Combined merger adjustments	52	19
<b>Pro Forma Adjusted EBITDA</b>	<b>\$181</b>	<b>\$83</b>

# Free Cash Flow Reconciliation From Net Loss

(\$ in millions)

	H1 2017	Q2 2017
<b>Net Loss</b>	<b>(\$57)</b>	<b>(\$32)</b>
Taxes	1	2
Interest Expense	78	40
Depreciation and Amortization	62	31
Optimization and Restructuring expenses	16	10
Transaction and integration costs	17	7
Non-cash charges	2	2
New contract setup	2	1
Management, Board Fees and expenses	5	3
Foreign Exchange gains / losses	2	(0)
Combined merger adjustments	52	19
<b>Pro Forma Adjusted EBITDA</b>	<b>\$181</b>	<b>\$83</b>
(-) Capex	19	7
<b>Free Cash Flow</b>	<b>\$163</b>	<b>\$75</b>