

# Firstsource Solutions Limited

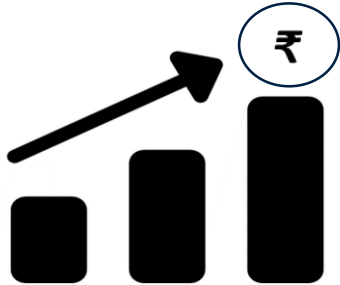
## Q4 and FY2020 Earnings Update



Certain statements in this presentation concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in BPO services including those factors which may affect our cost advantage, wage increases, our ability to attract and retain highly skilled professional, time and cost overruns on client contracts, client concentration, our ability to manage ramp-ups and growth, our ability to manage our international operations, reduced demand in our key focus verticals, disruptions in telecom infrastructure and technology, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, performance of our subsidiaries, withdrawal of government fiscal incentives, political instability, legal restrictions on raising capital and acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry. Firstsource may, from time to time, make additional written and oral forward-looking statements, including our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company.

# Q4 FY2020 Executive Summary

## Revenues



**₹ 10,804 Million**

QoQ growth of 2.6% (CC 0.6%)  
YoY growth of 11.7% (CC 8.2%)

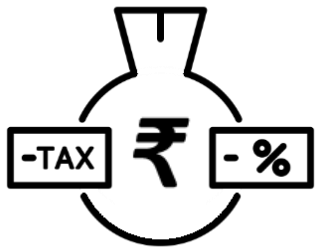
## Operating Margin



**₹ 1,168 Million (Margin 10.8%)**

QoQ Margin contraction of 40 bps  
YoY Margin contraction of 150 bps

## Profit After Tax



**₹ 916 Million (Margin 8.5%)**

QoQ Margin flat  
YoY Margin contraction 170 bps

## Earnings Per Share (Diluted)



**₹ 1.31 per share**

Q3FY'20 at ₹ 1.29 per share  
Q4FY'19 at ₹ 1.42 per share

Note: Operating Margin implies EBIT (Earnings Before Interest and Taxes)

# FY2020 Executive Summary

## Revenues



**₹ 40,986 Million**

YoY growth of 7.1% (CC 6.6%)

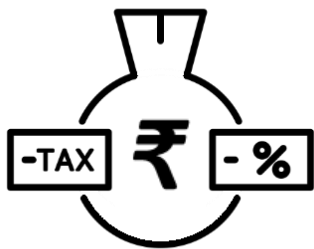
## Operating Margin



**₹ 4,437 Million (Margin 10.8%)**

YoY Margin contraction of 120 bps

## Profit After Tax



**₹ 3,397 Million (Margin 8.3%)**

YoY Margin contraction 160 bps

## Earnings Per Share (Diluted)



**₹ 4.89 per share**

FY'19 at ₹ 5.45 per share

Note: Operating Margin implies EBIT (Earnings Before Interest and Taxes)

## Employee and Attrition Details

### Headcount:

21,203 employees as on March 31, 2020

- 11,450 employees in India
- 9,753 employees based outside India
- Net addition of 721 employees in Q4 FY20

### Attrition Details:

- Onshore (US and Europe) – 42% compared to 46% in Q3 FY20
- Offshore (India and Philippines) – 34% compared to 36% in Q3 FY20

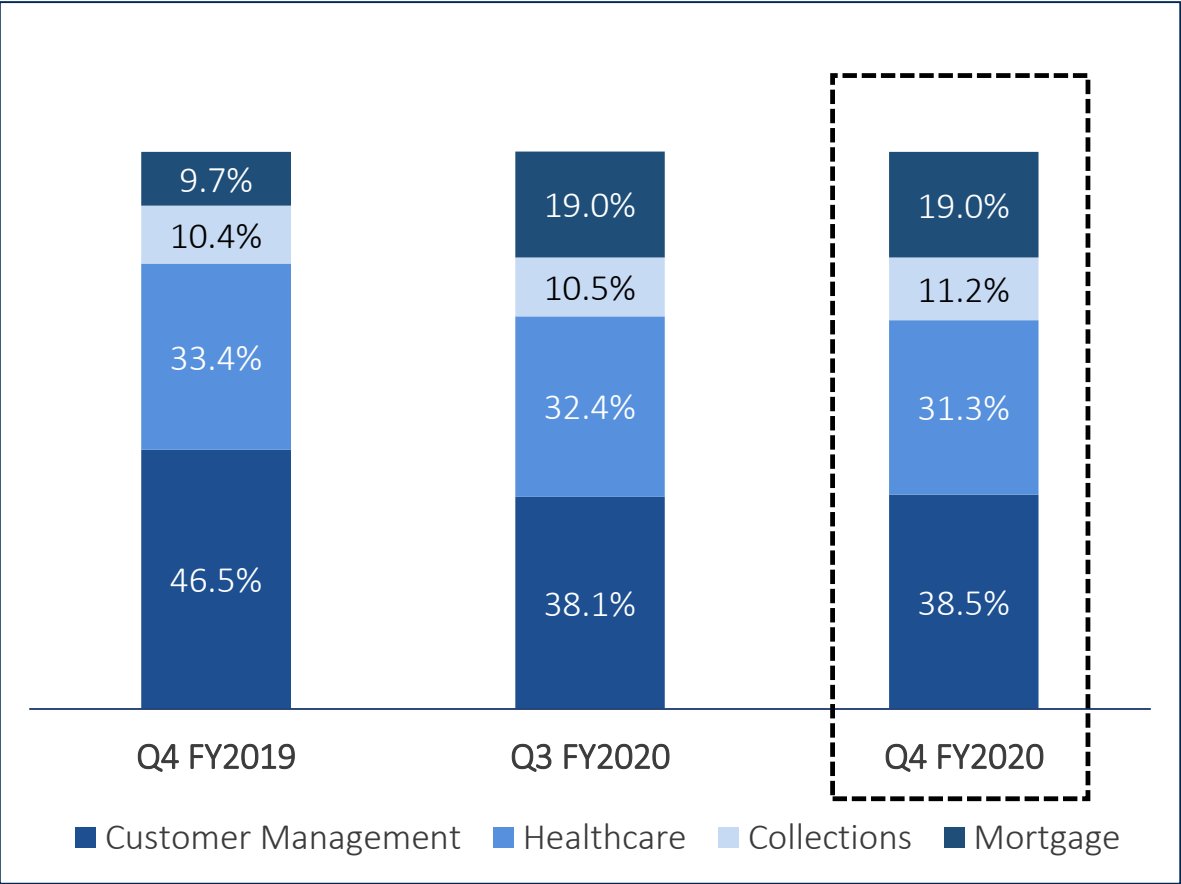
## Foreign Exchange Hedges

Outstanding FX hedges at \$40.6 million for USD and £75.2 million for GBP

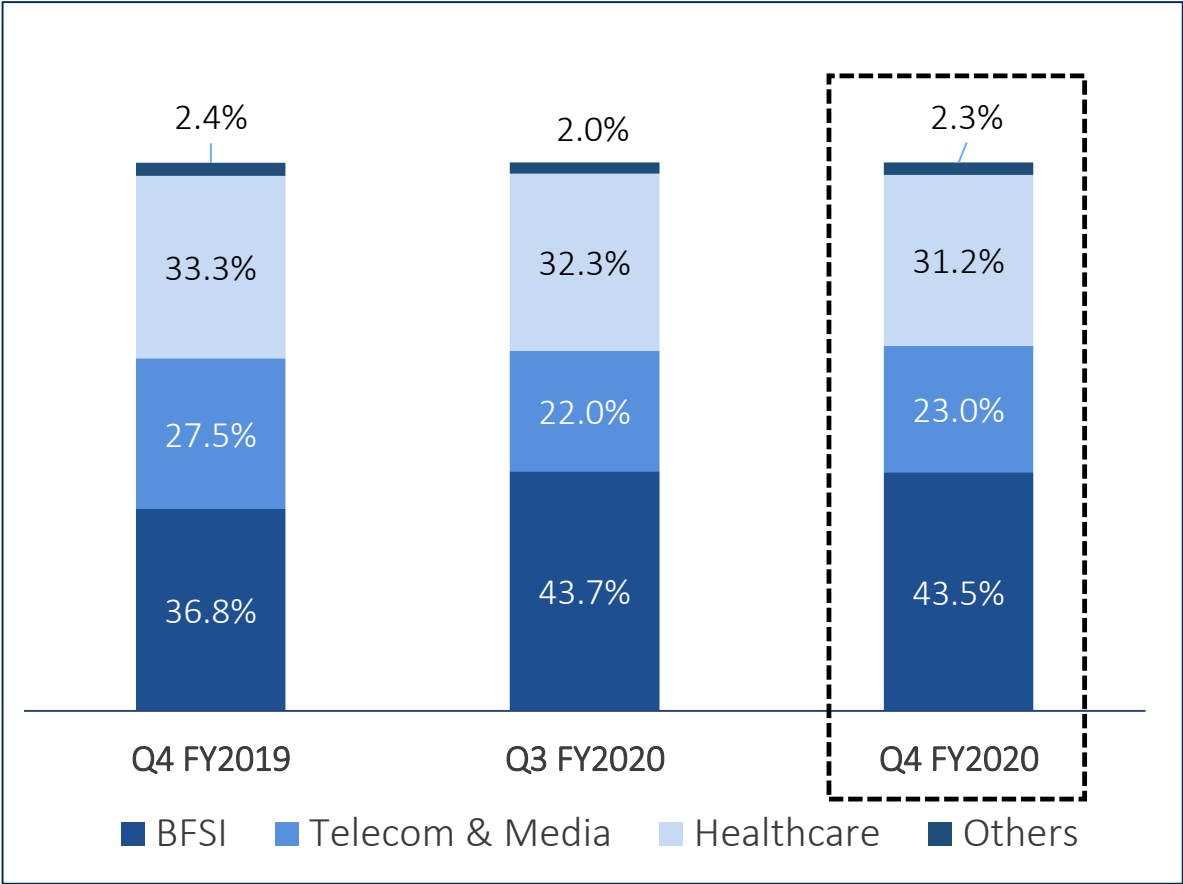
- Next 12 months: 48% coverage for USD at INR 76.25 levels, 100% coverage for GBP at INR 102.28 levels, and 32% coverage for GBP at PHP 67.73 levels
- Next 13 – 24 months: 85% coverage for GBP at INR 104.92 levels
- Post 24 Months: 88% coverage for GBP at INR 117.25 levels

# Q4 FY20 Revenue Snapshot (1/2)

Revenue by Segments

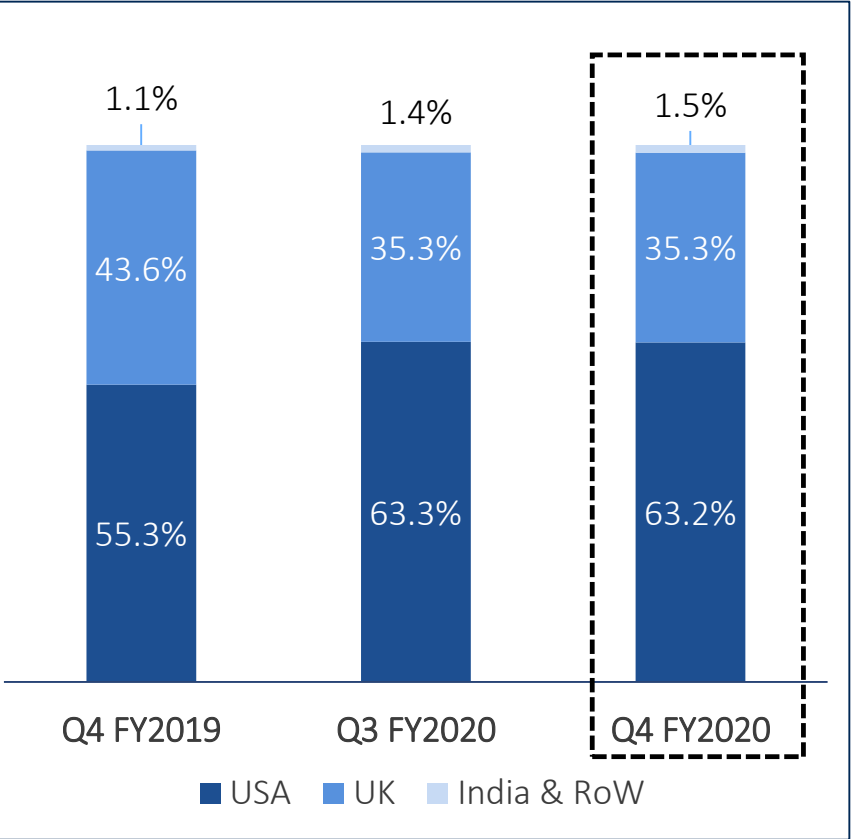


Revenue by Verticals

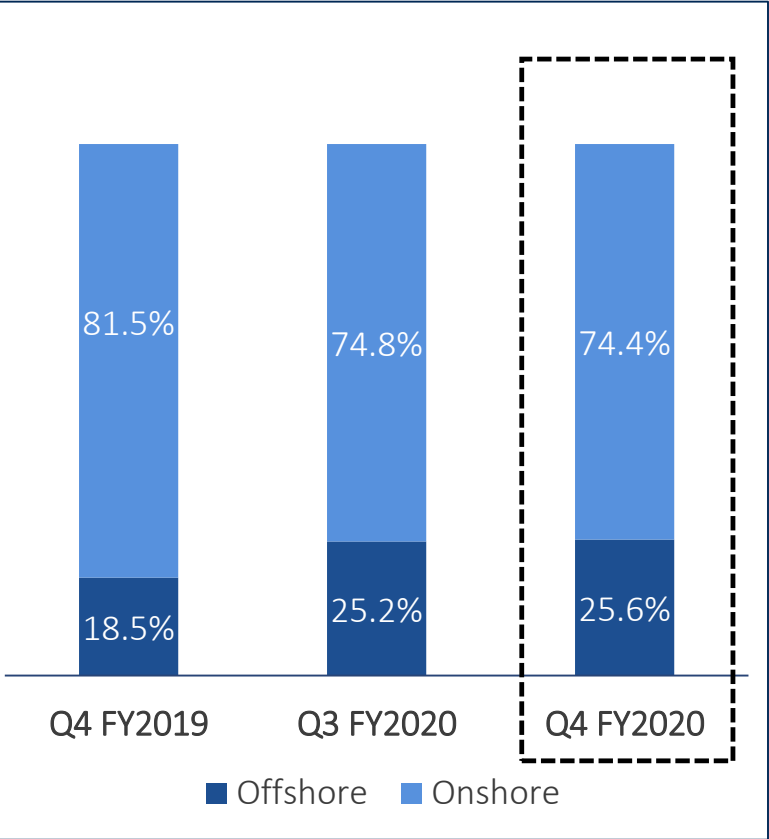


# Q4 FY20 Revenue Snapshot (2/2)

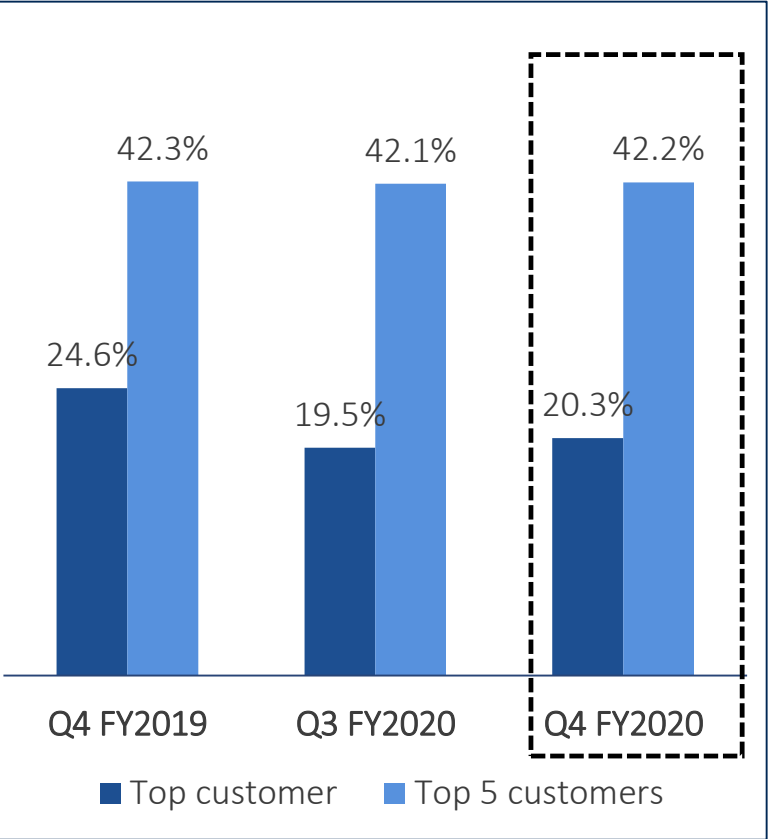
Revenue by Geography



Revenue by Delivery

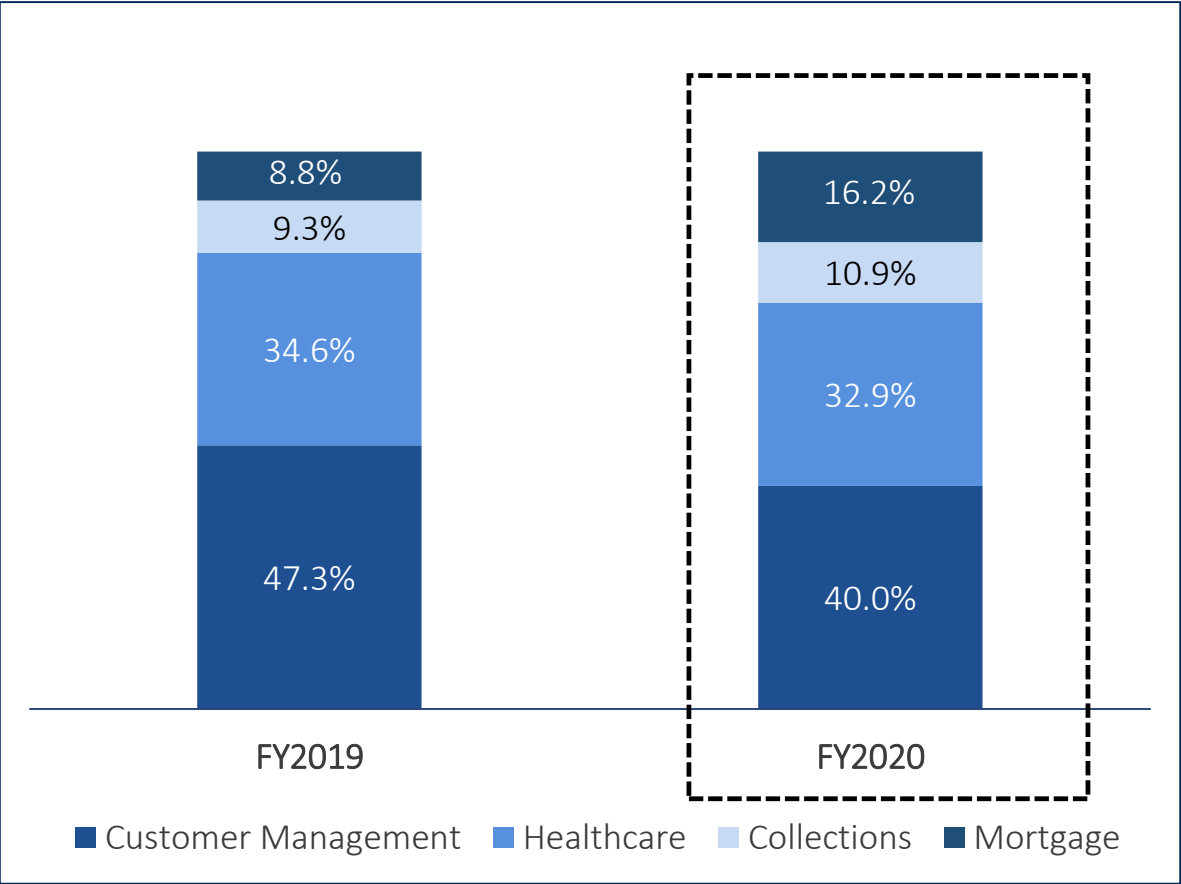


Client Concentration

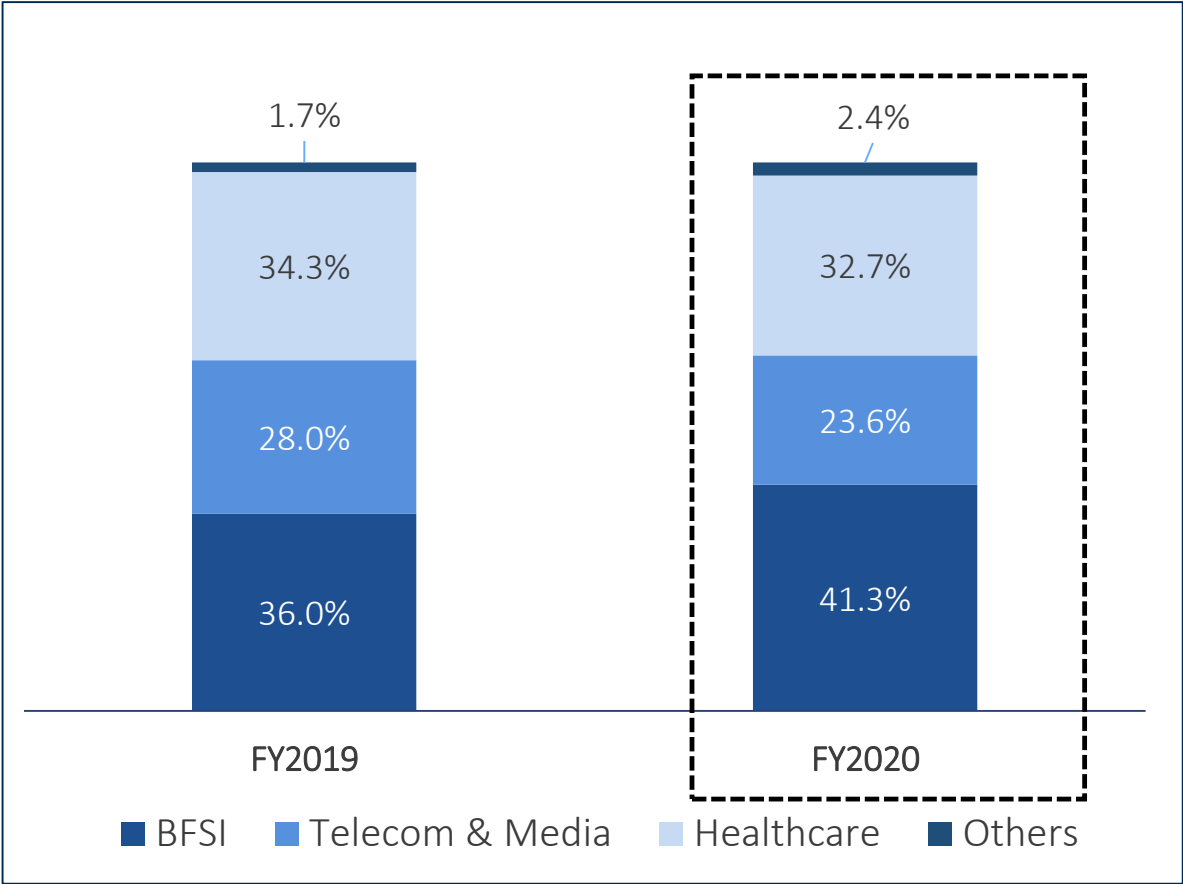


# FY20 Revenue Snapshot (1/2)

## Revenue by Segments

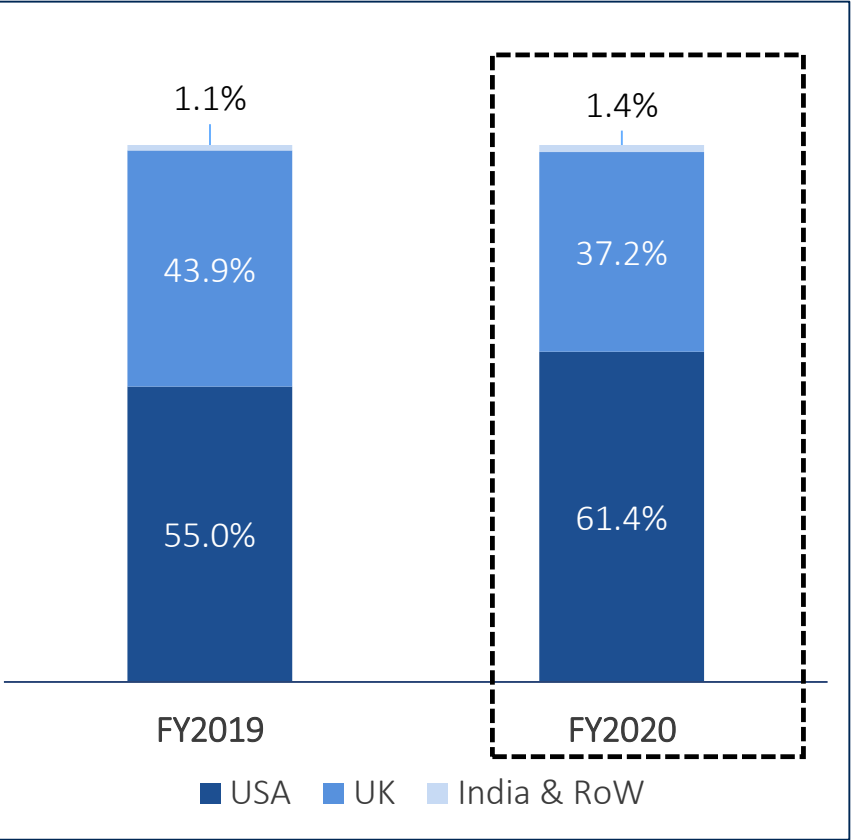


## Revenue by Verticals

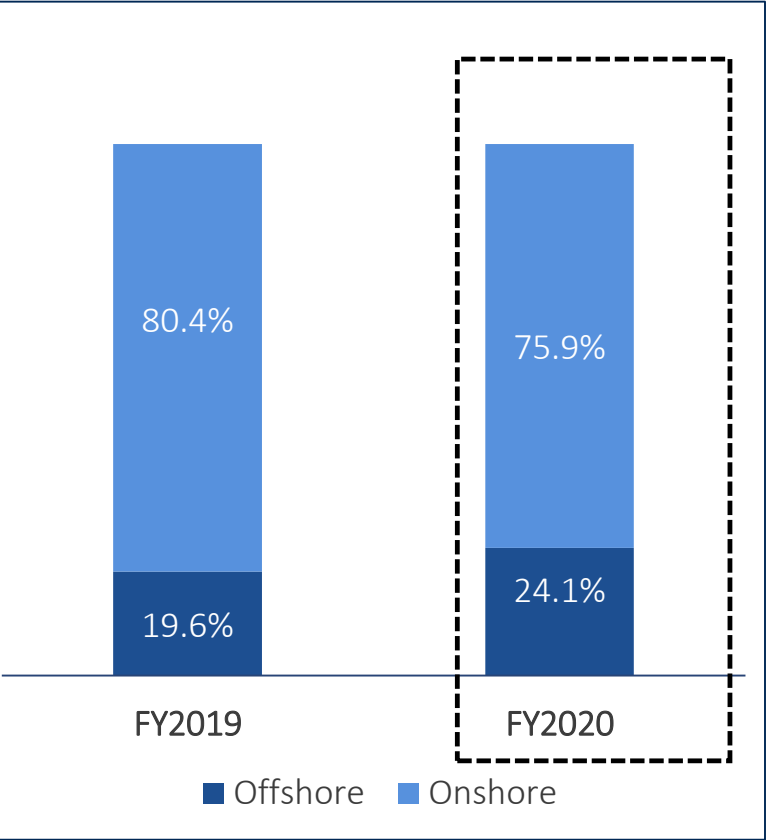


# FY20 Revenue Snapshot (2/2)

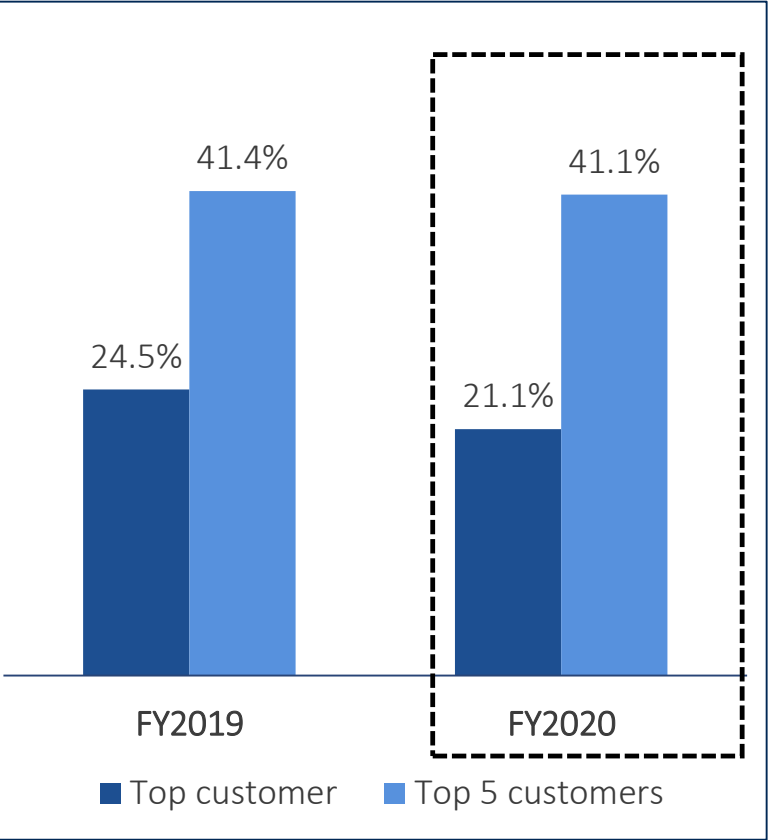
Revenue by Geography



Revenue by Delivery



Client Concentration



- Heighted uncertainties in the macro and business environment due to COVID19. Suspending our Annual guidance practice temporarily; hope to resume as the boundaries get defined
- Directionally, given inherent advantage of our industry portfolio mix, business momentum expected to remain strong barring the short term volatility
- Sales pipeline is solid
  - Immediate focus on short haul opportunities in BFS and HC Payer arising from demand-supply capacity mismatch
  - Large deals are witnessing some delays in decision making and/ or mobilization
- We are geared up for running a lean marathon for FY21...
  - Flex our capacity and costs to align with demand curve
  - Majority of our Operations can now switch seamlessly between office and WAH
  - Continued Digitization of our Sales – Execution – Transformation value chain for operating a Distributed operations robustly
- ...While we continue to invest for strong growth forays in our target areas
  - Digital services, including Next Generation Customer Experience
  - Head of Healthcare Payer (Venkatgiri Vandali), Head of CMT (Anshul Verma) and Head of Next Gen CX (Ashish Bisaria) on board
  - Sales and Solutions teams augmentation progressing nicely



## Helping customers stay ahead of the curve through transformational technologies and capabilities

Firstsource is a leading provider of customised Business Process Management (BPM) services. We specialise in helping customers stay ahead of the curve through transformational solutions in order to reimagine business processes and deliver increased efficiency, deeper insights and superior outcomes.

We are trusted brand custodians and long-term partners to 100+ leading brands with presence in the US, UK, Philippines and India.

Our 'rightshore' delivery model offers solutions covering complete customer lifecycle across Healthcare, Telecommunications & Media and Banking, Financial Services & Insurance verticals.

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# Financial Performance Q4 and FY2020

| In ₹ million                     | Q4 FY 2020   | Q3 FY 2020   | Q4 FY 2019   |
|----------------------------------|--------------|--------------|--------------|
| Income from services             | 10,673       | 10,446       | 9,642        |
| Other operating Income           | 132          | 89           | 30           |
| Revenue from operations          | 10,804       | 10,535       | 9,672        |
| Personnel and Operating Expense  | 9,163        | 8,868        | 8,288        |
| Operating EBITDA                 | 1,641        | 1,666        | 1,384        |
| <i>Operating EBITDA %</i>        | <i>15.2%</i> | <i>15.8%</i> | <i>14.3%</i> |
| Depreciation / amortization      | 474          | 484          | 190          |
| Operating Margin                 | 1,168        | 1,182        | 1,195        |
| <i>Operating Margin %</i>        | <i>10.8%</i> | <i>11.2%</i> | <i>12.4%</i> |
| Other Income / (expense)         | (16)         | 2            | (25)         |
| Interest Income / (expense), net | (121)        | (148)        | (57)         |
| PBT                              | 1,031        | 1,036        | 1,112        |
| <i>PBT (% of total income)</i>   | <i>9.5%</i>  | <i>9.8%</i>  | <i>11.5%</i> |
| Taxes and Minority Interest      | 115          | 140          | 130          |
| PAT                              | 916          | 895          | 982          |
| <i>PAT (% of total income)</i>   | <i>8.5%</i>  | <i>8.5%</i>  | <i>10.2%</i> |

| In ₹ million                     | FY 2020      | FY 2019      |
|----------------------------------|--------------|--------------|
| Income from services             | 40,502       | 37,867       |
| Other operating Income           | 484          | 396          |
| Revenue from operations          | 40,986       | 38,263       |
| Personnel and Operating Expense  | 34,697       | 32,908       |
| Operating EBITDA                 | 6,289        | 5,355        |
| <i>Operating EBITDA %</i>        | <i>15.3%</i> | <i>14.0%</i> |
| Depreciation / amortization      | 1852         | 744          |
| Operating Margin                 | 4,437        | 4,610        |
| <i>Operating Margin %</i>        | <i>10.8%</i> | <i>12.0%</i> |
| Other Income / (expense)         | 17           | (26)         |
| Interest Income / (expense), net | (512)        | (225)        |
| PBT                              | 3,942        | 4,359        |
| <i>PBT (% of total income)</i>   | <i>9.6%</i>  | <i>11.4%</i> |
| Taxes and Minority Interest      | 545          | 581          |
| PAT                              | 3,397        | 3,778        |
| <i>PAT (% of total income)</i>   | <i>8.3%</i>  | <i>9.9%</i>  |

Note: Operating Margin implies EBIT (Earnings Before Interest and Taxes)