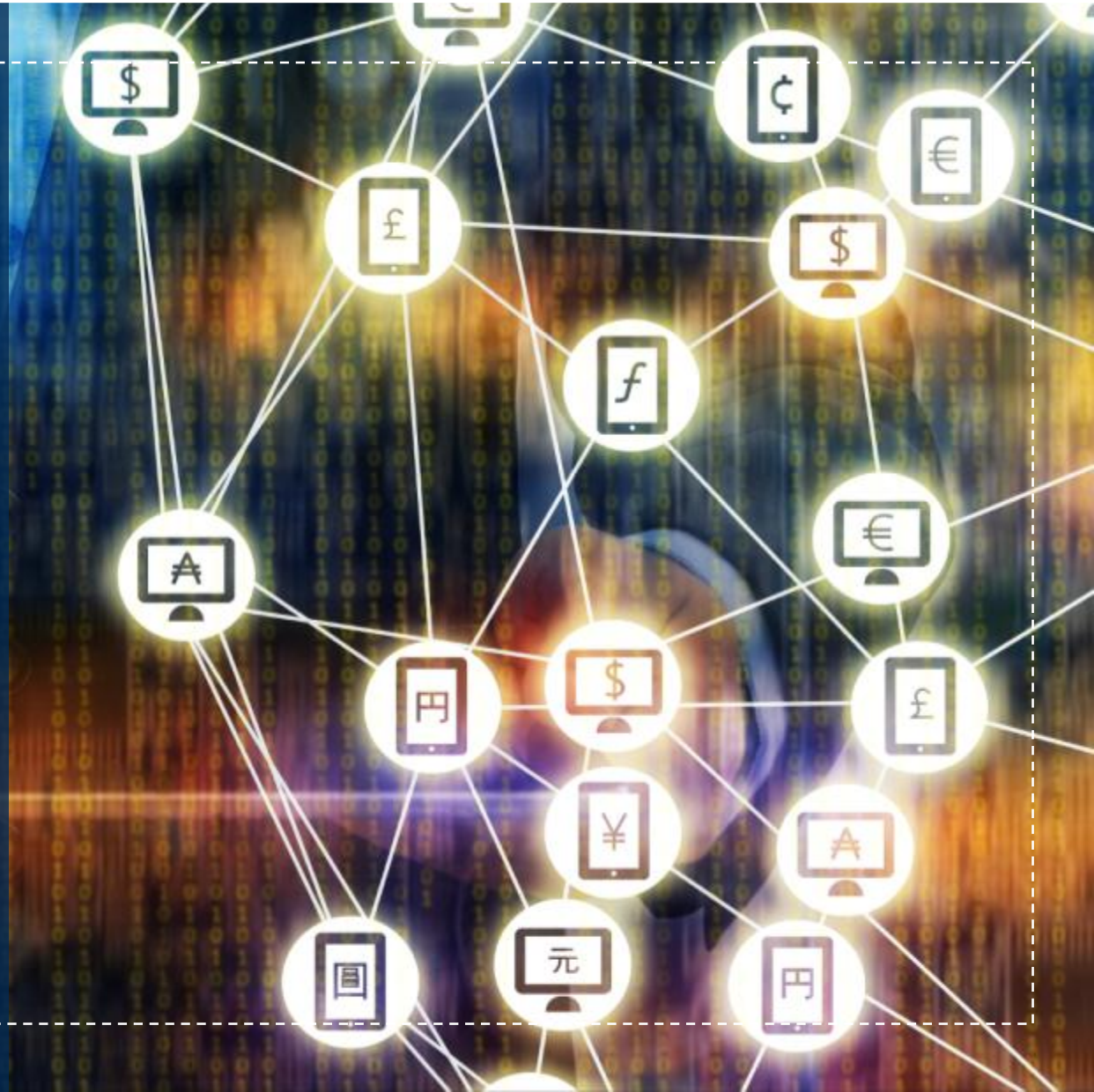


Firstsource Solutions Limited

Q1 FY2019 Earnings Update

August 6, 2018



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.



01 | Performance Analysis

02 | Business Outlook

Q1 FY2019 Executive Summary

- **Revenues: Q1FY'19 Revenues at ₹ 919.1 crore, Q4FY'18 at ₹ 897.3 crore, Q1FY'18 at ₹ 877.7 crore**
 - Q-o-Q growth of 2.4% in Rupee terms; growth of 1.1% in constant currency
 - Y-o-Y growth of 4.7% in Rupee terms; de-growth of 0.1% in constant currency
 - Proforma ABU Y-o-Y growth of 11.4 % in Rupee terms; growth of 5.3% on constant currency terms

- **EBITDA: Q1FY'19 EBITDA of ₹ 128.1 crore, or 13.9% of Revenues compared to ₹ 132.5 crore in Q4 FY18 and ₹ 100.6 crore in Q1 FY18**
 - Q-o-Q degrowth 3.3% Margin reduction of 83 bps from 14.77% to 13.94%
 - Y-o-Y growth 27.3%; Margin expansion of 248 bps from 11.46% to 13.94%
 - Proforma ABU growth of 34.3% Y-o-Y, margin expansion of 238 bps from 11.56% to 13.94%

- **EBIT: Q1FY'19 Operating EBIT of ₹ 110.1 crore or 12.0% of Revenues compared to ₹ 115.3 crore in Q4 FY18 and ₹ 85.3 crore in Q1 FY18**
 - Q-o-Q de-growth of 4.5%; Margin reduction of 86 bps from 12.84% to 11.98%
 - Y-o-Y growth of 29.1%; Margin expansion of 226 bps from 9.72% to 11.98%
 - Proforma ABU growth of 35.4% Y-o-Y, margin expansion of 212 bps from 9.86% to 11.98%

- **PAT: Q1FY'19 PAT of ₹ 88.6 crore or 9.6% of Revenues compared to ₹ 92.8 crore in Q4 FY18 and ₹ 65.4 crore in Q1 FY18**
 - Q-o-Q de-growth or 4.5% de-growth; Margin reduction of 70 bps from 10.34% to 9.64%
 - Y-o-Y growth of 35.5%; Margin expansion of 219 bps from 7.45% to 9.64%
 - Proforma ABU growth of 44.1% Y-o-Y, margin expansion of 219 bps from 7.45% to 9.64%

Other Highlights

Employee and Attrition Details

Headcount:

18,759 employees as on June 30, 2018

- 8,664 employees in India
- 10,095 employees based outside India
- Net addition of 56 employees in Q1 FY19

Attrition Details:

- Onshore (US and Europe) – 48.7% compared to 47.3% in Q4 FY18
- Offshore (India and Philippines) – 51.7% compared to 46.6% in Q4 FY18

Net Debt Position

- Net Debt of \$21.3 million as of June 30, 2018

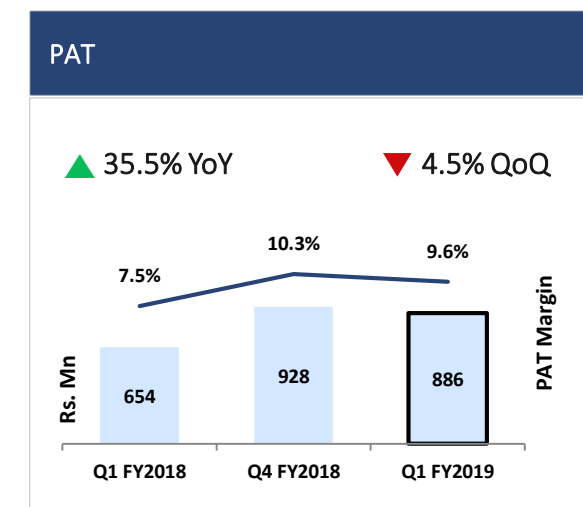
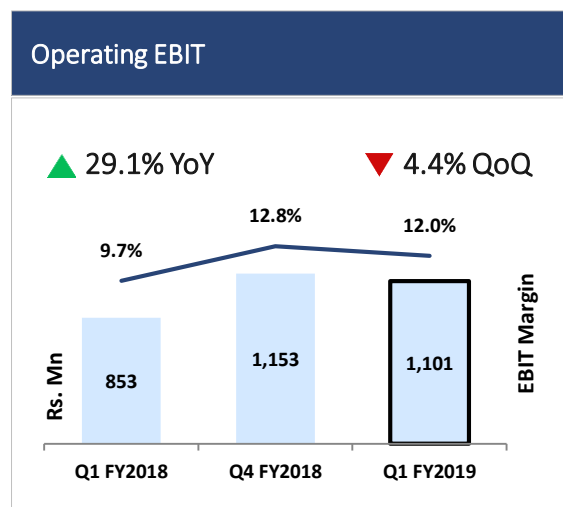
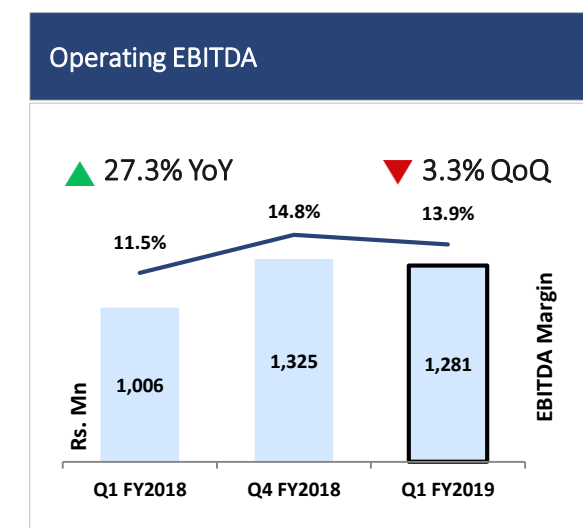
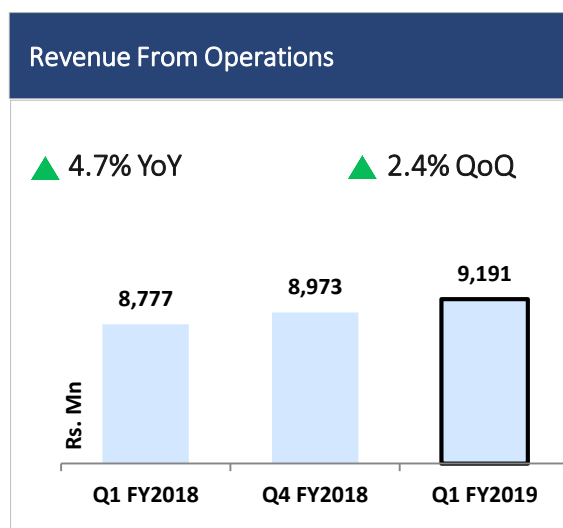
Foreign Exchange Hedges

Outstanding FX hedges at \$75 million for USD and £107 million for GBP

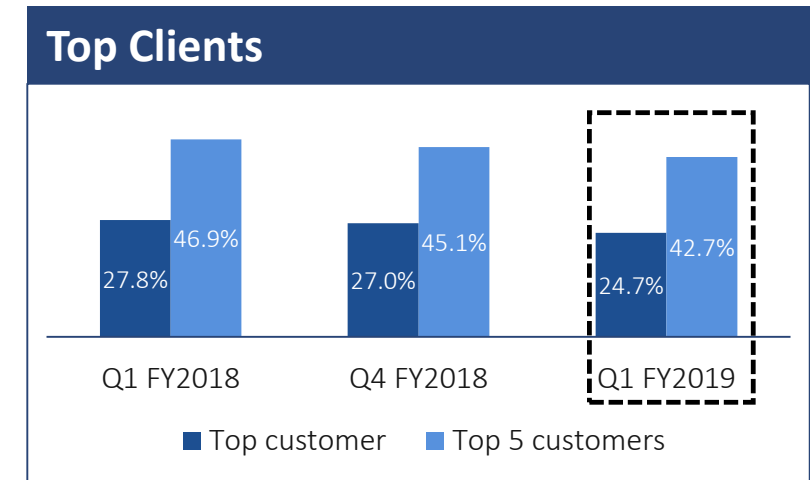
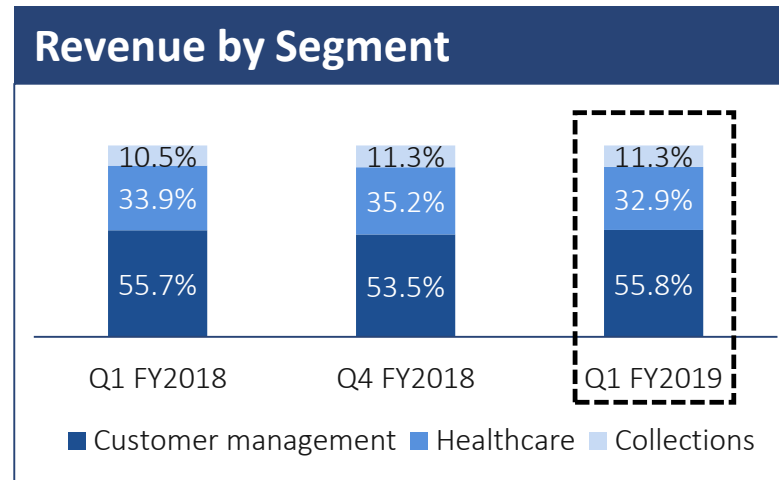
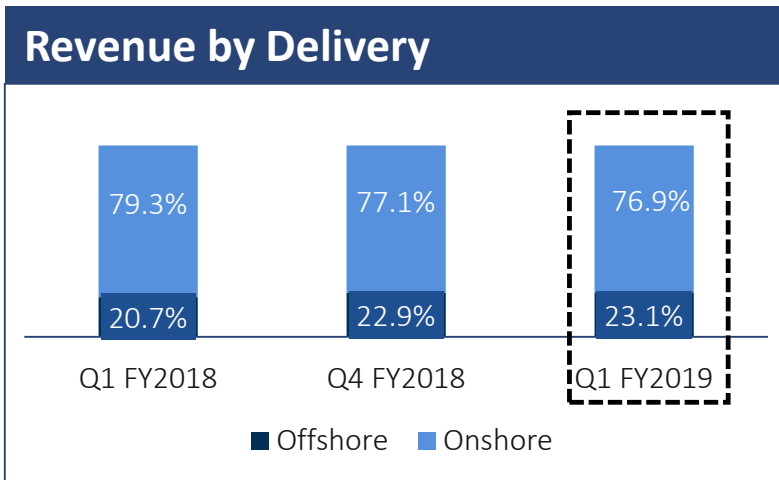
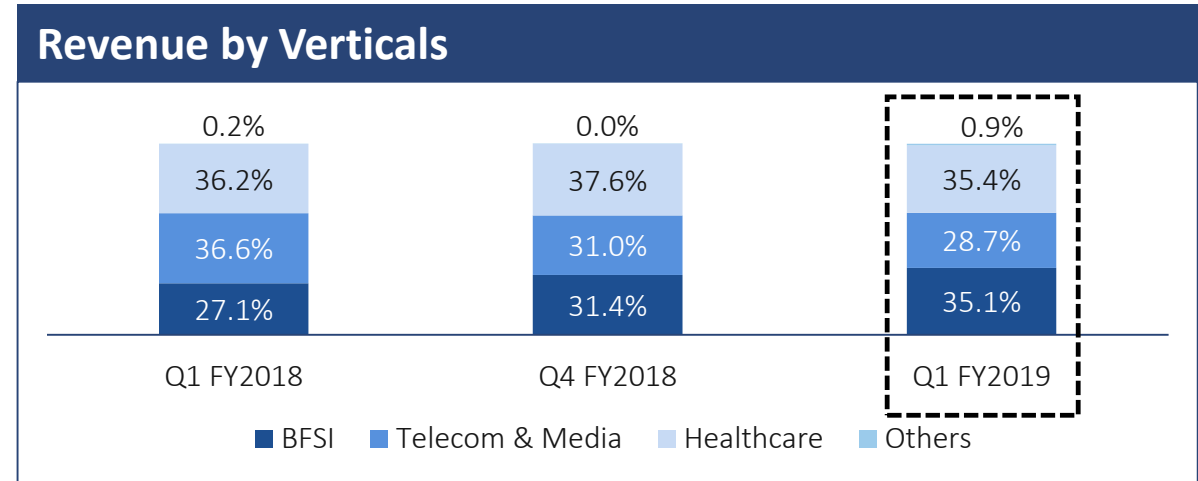
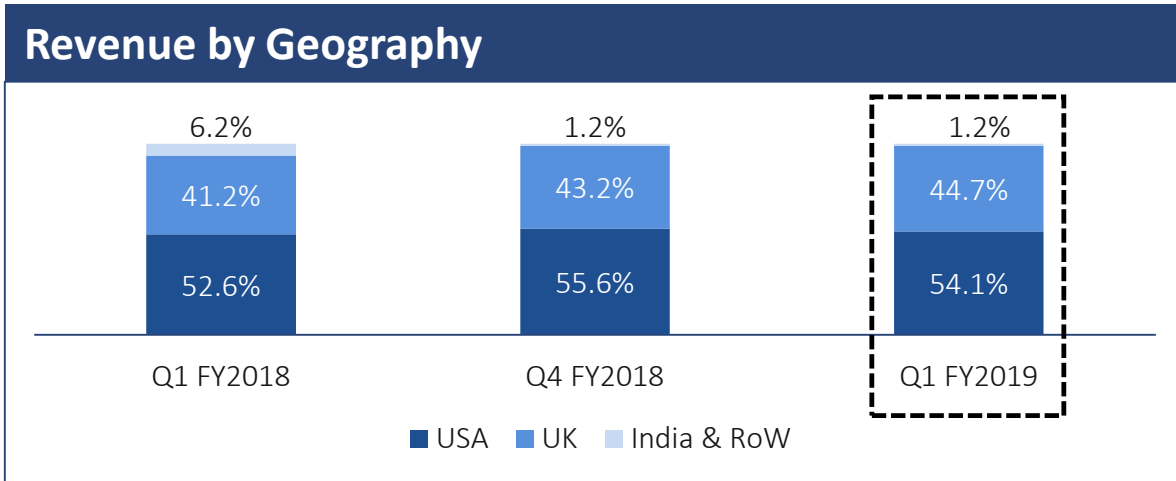
- Next 12 months: 58% coverage for USD at INR 70.7 levels, 58% coverage for GBP at INR 101.1 levels, 38% coverage for USD at PHP 51.7 levels and 73% coverage for GBP at PHP 68.6 levels
- Next 13 – 24 months: 68% coverage for USD rates at INR 70.0 levels, 68% coverage for GBP at INR 99.2 levels and 25% of GBP at PHP 72.0 levels
- Post 24 Months: 80% coverage for GBP at INR 108.0 levels

Financial Performance Q1 FY19

| (IN INR Million) | Q1 FY 2018 | Q4 FY 2018 | Q1 FY 2019 |
|----------------------------------|--------------|--------------|--------------|
| Income from services | 8,507 | 8,713 | 9,060 |
| Other operating Income | 271 | 260 | 131 |
| Revenue from operations | 8,777 | 8,973 | 9,191 |
| Personnel and Operating Expense | 7,771 | 7,648 | 7,910 |
| Operating EBITDA | 1,006 | 1,325 | 1,281 |
| <i>Operating EBITDA %</i> | <i>11.5%</i> | <i>14.8%</i> | <i>13.9%</i> |
| Depreciation / amortization | 153 | 172 | 180 |
| Operating EBIT | 853 | 1,153 | 1,101 |
| <i>Operating EBIT %</i> | <i>9.7%</i> | <i>12.8%</i> | <i>12.0%</i> |
| Other Income / (expense) | 23 | (31) | 10 |
| Interest Income / (expense), net | (83) | (84) | (56) |
| PBT | 794 | 1,038 | 1,055 |
| <i>PBT (% of total income)</i> | <i>9.0%</i> | <i>11.6%</i> | <i>11.5%</i> |
| Taxes and Minority Interest | 140 | 109 | 169 |
| PAT | 654 | 928 | 886 |
| <i>PAT (% of total income)</i> | <i>7.5%</i> | <i>10.3%</i> | <i>9.6%</i> |



Q1 FY19 Revenue Snapshot





01 | Performance Analysis

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- Operational performance continues to remain robust
- Good traction in the Services segment of our Mortgage business. Have been identified as the Preferred Partner for our largest customer in the mortgage business
- Sales momentum remains strong with BFSI (US and UK) and Healthcare leading growth leveraging Transformational and Digital solutions



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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