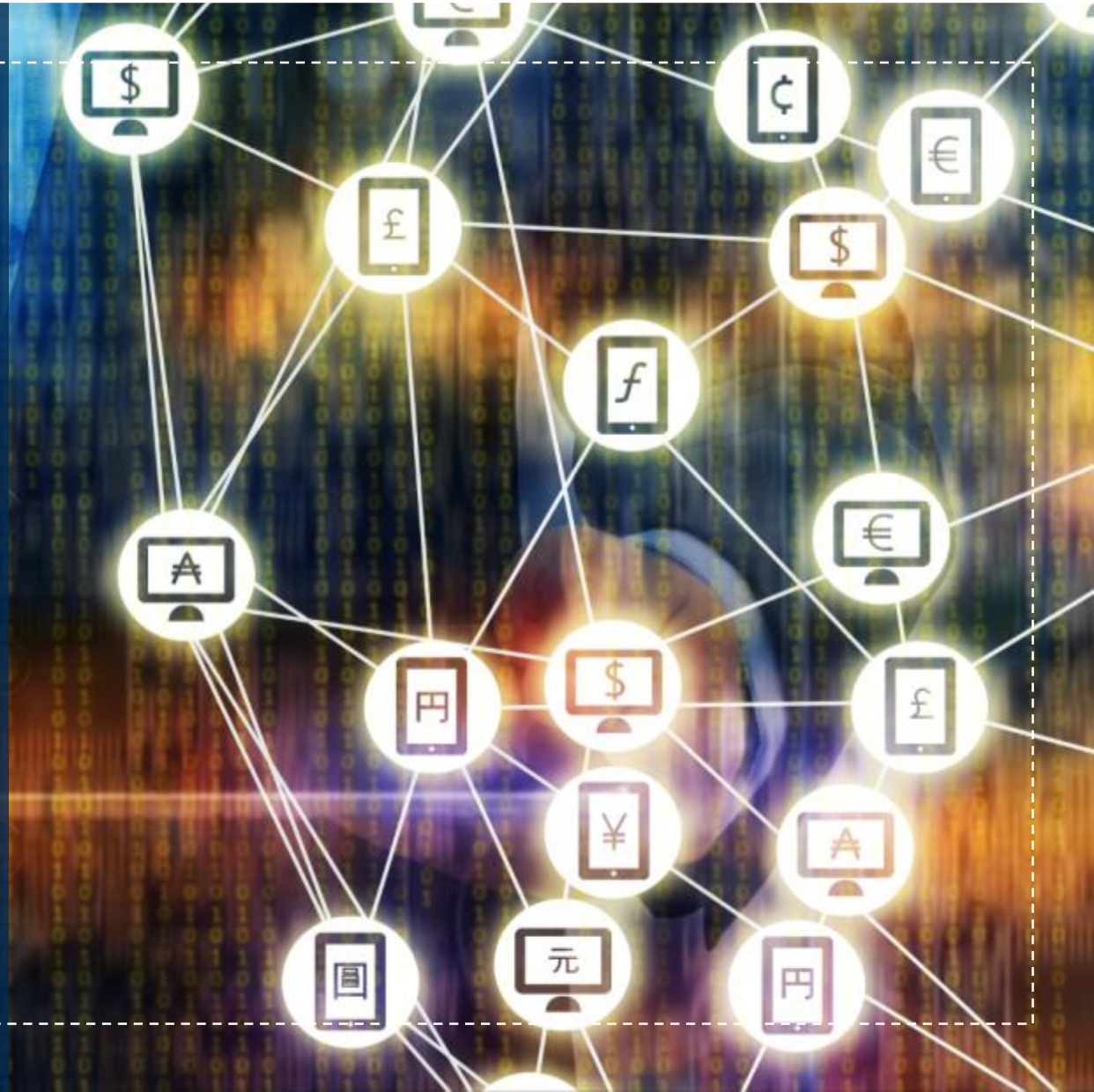


Firstsource Solutions Limited

Q1 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.



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Q1 FY2020 Executive Summary

Revenues: Q1FY'20 Revenues at ₹ 9,798 million, Q4 FY'19 at ₹ 9,672 million, Q1FY'19 at ₹ 9,191 million

- Y-o-Y growth of 6.6% in Rupee terms; growth of 5.2% in constant currency
- Q-o-Q growth of 1.3% in Rupee terms; growth of 2.0% in constant currency

Normalized EBITDA: Q1FY'20 EBITDA of ₹ 1,373 million, or 14.0% of Revenues

- Q-o-Q lower by ₹ 11 million or 0.8% de-growth; Margin reduction of 0.3%
- Y-o-Y higher by ₹ 92 million or 7.2% growth; Margin expansion of 0.1%
- Adjusted for Ind AS-116 EBITDA of ₹ 1,657 million, or 16.9% of Revenues

Normalized EBIT: Q1FY'20 Operating EBIT of ₹ 1,175 million or 12.0% of Revenues

- Q-o-Q lower by ₹ 20 million or 1.7% de-growth; Margin reduction of 0.4%
- Y-o-Y higher by ₹ 73 million or 6.7% growth; Margin flat YoY
- Adjusted for Ind AS-116, EBIT of ₹ 1,217 million or 12.4% of Revenues

PAT: Q1FY'20 PAT of ₹ 912 million or 9.3% of Revenues

- Q-o-Q lower by ₹ 71 million or 7.2% de-growth; Margin reduction of 0.9%
- Y-o-Y higher by ₹ 26 million or 2.9% growth; Margin reduction of 0.3%

Cash & Cash equivalent as of June 30th, 2019 at ₹1,887 million vs. ₹ 1,691 million as of March 31st, 2019

Financial Performance Q1 FY20

In ₹ million	Q1 FY 2020	Q4 FY 2019	Q1 FY 2019
Income from services	9,669	9,642	9,060
Other operating Income	129	30	131
Revenue from operations	9,798	9,672	9,191
Personnel and Operating Expense	8,141	8,288	7,910
Operating EBITDA	1,657	1,384	1,281
<i>Operating EBITDA %</i>	<i>16.9%</i>	<i>14.3%</i>	<i>13.9%</i>
Depreciation / amortization	439	190	180
Operating EBIT	1,217	1,195	1,101
<i>Operating EBIT %</i>	<i>12.4%</i>	<i>12.4%</i>	<i>12.0%</i>
Other Income / (expense)	(34)	(25)	10
Interest Income / (expense), net	(48)	(57)	(56)
Interest Expense, IND AS 116	(67)	-	-
PBT	1,069	1,112	1,055
<i>PBT (% of total income)</i>	<i>10.9%</i>	<i>11.5%</i>	<i>11.5%</i>
Taxes and Minority Interest	157	130	169
PAT	912	982	886
<i>PAT (% of total income)</i>	<i>9.3%</i>	<i>10.2%</i>	<i>9.6%</i>

Employee and Attrition Details

Headcount:

18,550 employees as on Jun 30, 2019

- 9,305 employees in India
- 9,245 employees based outside India
- Net reduction of 162 employees in Q1 FY20

Attrition Details:

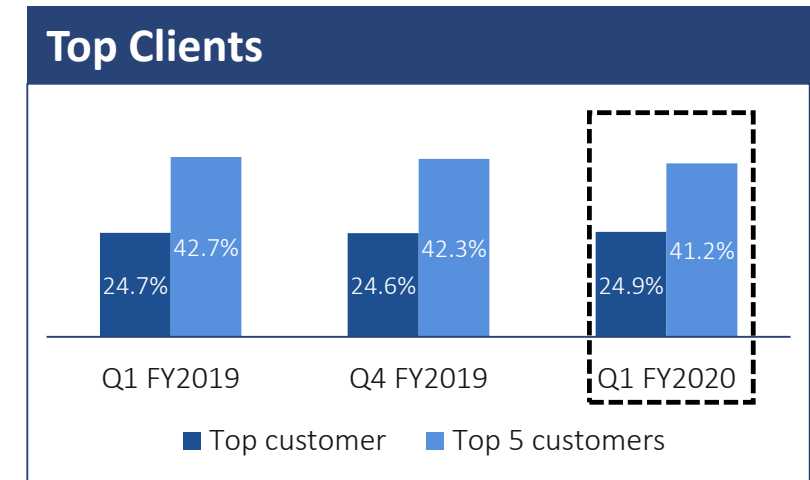
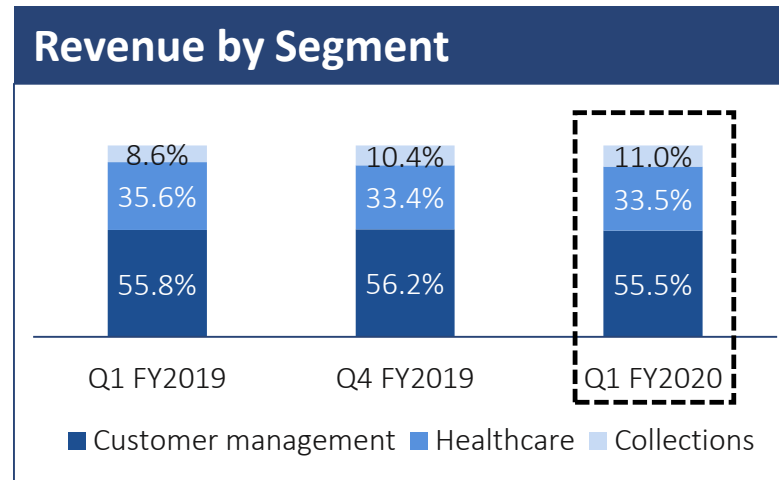
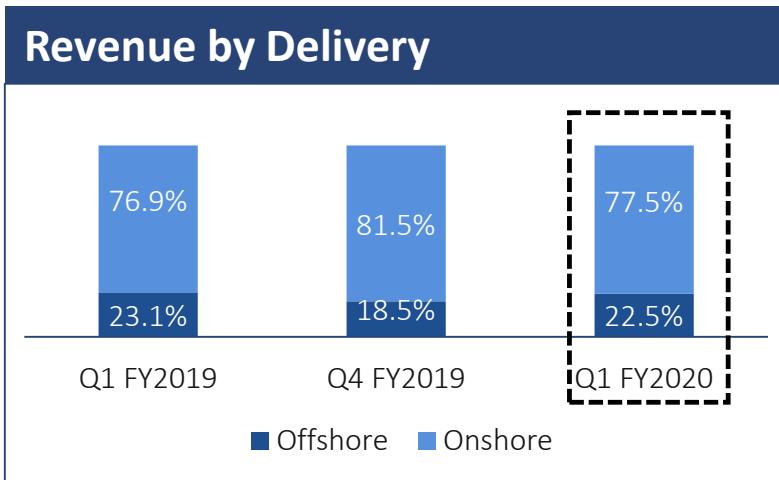
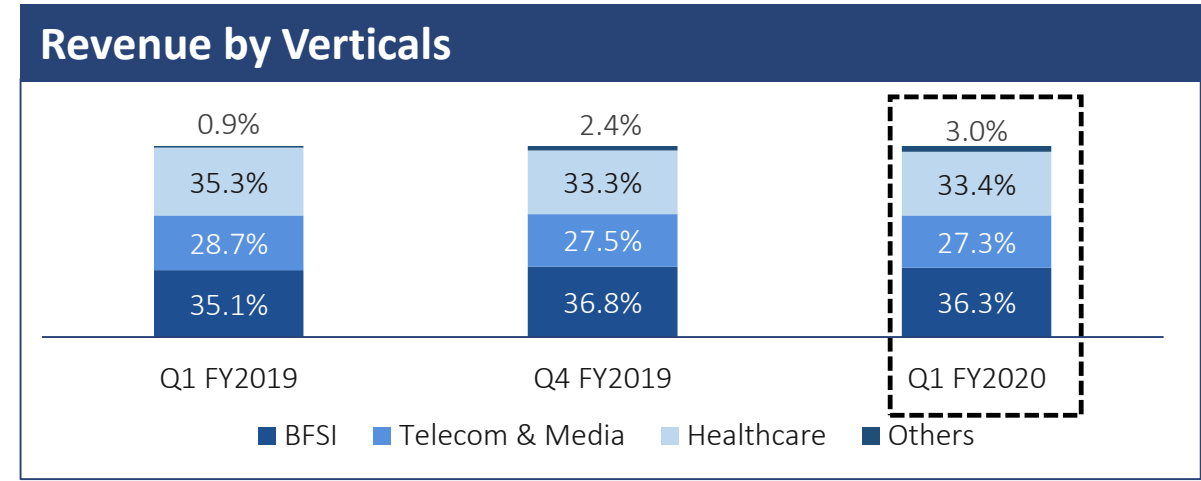
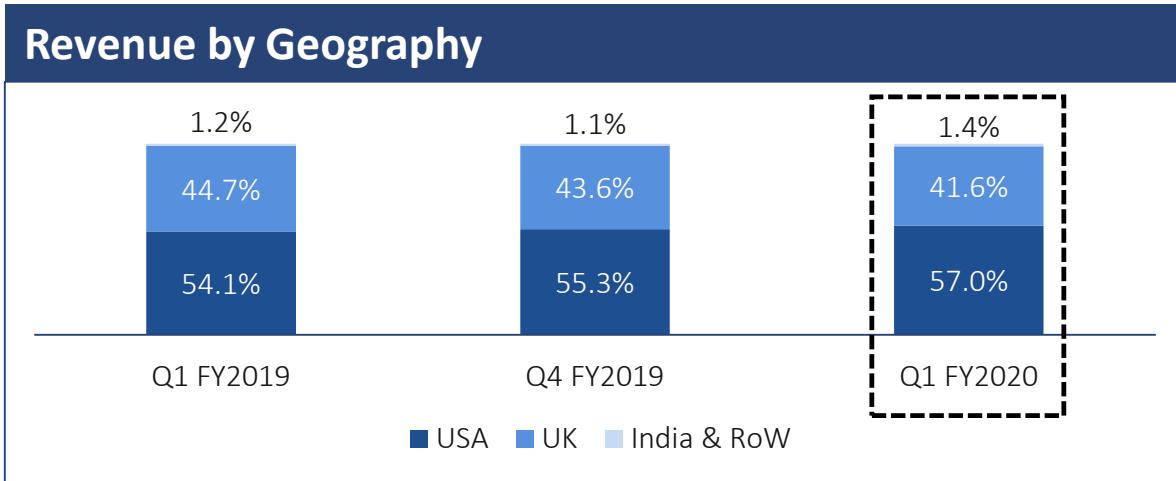
- Onshore (US and Europe) – 46.8% compared to 42.9% in Q4 FY19
- Offshore (India and Philippines) – 45.3% compared to 41.5% in Q4 FY19

Foreign Exchange Hedges

Outstanding FX hedges at \$57 million for USD and £100 million for GBP

- Next 12 months: 87% coverage for USD at INR 70.3 levels, 94% coverage for GBP at INR 99.6 levels, and 40% coverage for GBP at PHP 72.0 levels
- Next 13 – 24 months: 26% coverage for USD rates at INR 76.5 levels, 82% coverage for GBP at INR 102.5 levels
- Post 24 Months: 85% coverage for GBP at INR 111.4 levels

Q1 FY20 Revenue Snapshot





01 | Performance Analysis

02 | Business Outlook

- Growth momentum continued driven by macro-tailwinds coupled with new business wins
 - BFSI (US & UK), Healthcare Provider and Utilities to drive growth
 - Surge in the refinance volumes in the Mortgage business driven by decline in interest rates in the US
 - Offshore business experiencing growth with US and UK customers
- Pipeline across businesses is robust; focus on long term digital led engagements
- Low unemployment rates in US and UK coupled with Brexit uncertainty continues to impact availability of talent
- Revenue growth guidance maintained at 7-9% in constant currency with margin expansion of 50-75 bps



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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