



# Firstsource Solutions Limited

## Q1 FY2014 Earnings Update

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August 06, 2013

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# Agenda



01 | Q1 FY2014 Highlights

02 | Financial Performance

03 | Business Outlook



# Q1 FY2014 Highlights

01

# Q1 FY2014 Executive Summary (1/4)



## Q1 FY2014 Performance Analysis

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- **Operating revenue**

- Q1 Revenues at INR 7,191 million compared to INR 6,752 million in Q1 FY13 and INR 7,125 million in Q4 FY13
- Y-o-Y growth of 6.5% in INR terms and 4.5% in constant currency terms
- Q-o-Q growth of 0.9% in INR terms and flat in constant currency terms

- **Operating EBIT**

- Q1 FY14 operating EBIT at INR 624 million compared to INR 334 in Q1 FY13 and INR 613 million in Q4 FY13
- Y-o-Y growth of 86.5% in INR terms
- Y-o-Y margin expansion by 370 bps, from 5.0% to 8.7%

- **PAT**

- Q1 FY14 PAT at INR 410 million compared to INR 290 in Q1 FY13 and INR 402 million in Q4 FY13
- Y-o-Y growth of 41.6% in INR terms
- Y-o-Y margin expansion by 140 bps, from 4.3% to 5.7%



## Q1 FY2014 Highlights (2/4)



### Cash Position

- **Cash and cash equivalents** of INR 1,530 million as of Jun 30, 2013 as compared to INR 930 million in previous quarter
  - Repayment of US \$11.25 million towards first principal installment of the term loan



### Employee Strength

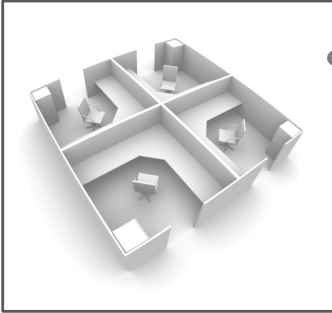
- **31,623 employees as on June 30, 2013**
  - 20,671 employees based in India and 10,952 employees based outside of India
  - Net reduction of 249 employees in Q1 compared to Q4 FY13



### Attrition

- **Offshore (India and Philippines)** – 52.7% compared to 49.2% in Q4 FY13
- **Onshore (US and Europe)** – 39.9% compared to 34.4% in Q4 FY13
- **Domestic (India and Sri Lanka)** – 101.3% compared to 87.9% in Q4 FY13

## Q1 FY2014 Highlights (3/4)



### Seat Capacity And Utilization

- **Seat capacity of 23,637 seats worldwide**
  - Reduced 416 seats during the quarter
  - 47 delivery centers as on June 30, 2013, same as on March 31, 2013
  - Seat fill factor at 82% as on June 30, 2013, same as on March 31, 2013



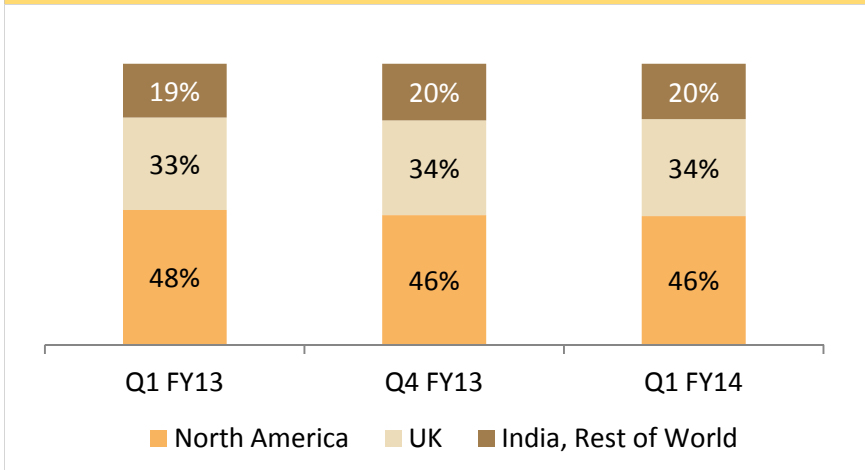
### Foreign Exchange Hedges

- **Outstanding FX hedges at \$28 million, £45 million and AUD 6 million for USD, GBP and AUD respectively**
  - **Next 12 months:** 90% coverage for USD at Rs. 58 levels, 90% coverage for GBP at Rs. 90 levels and 92% coverage for AUD at Rs. 56 levels
  - **Next 12 – 24 months:** 22% coverage for USD rates at Rs. 66 levels and 47% coverage for GBP at Rs. 100 levels

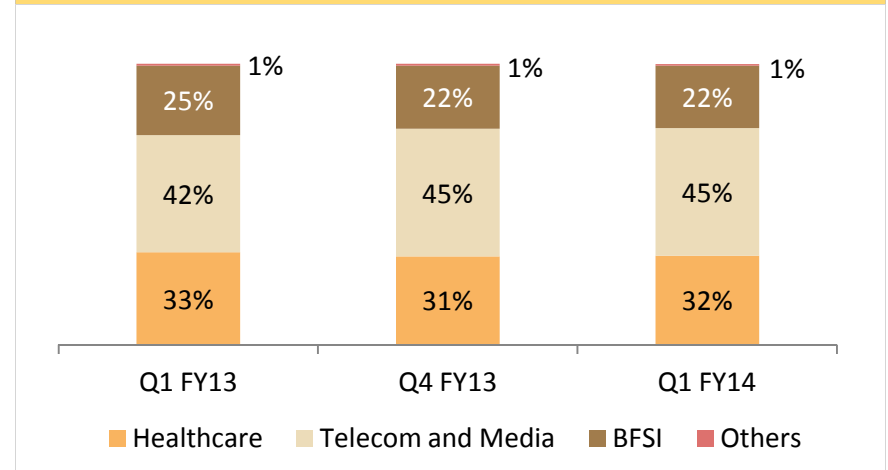
# Q1 FY2014 Highlights (4/4)



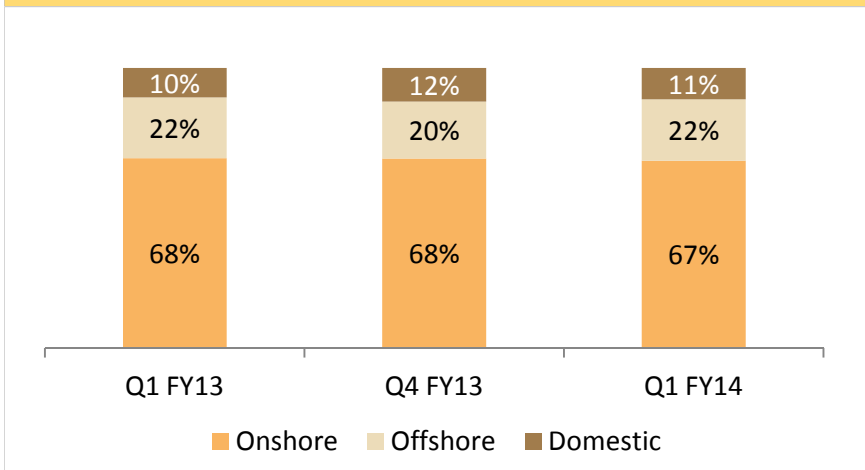
## By Geography



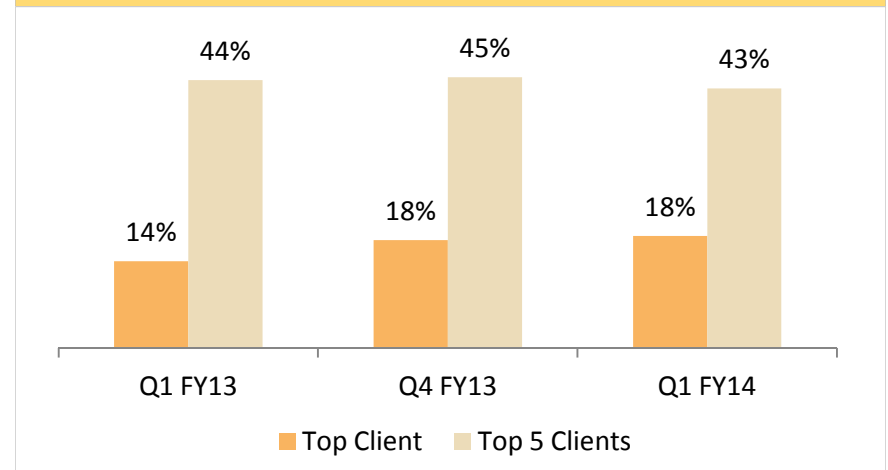
## By Verticals



## By Delivery Location



## Client Concentration





**Financial Performance**

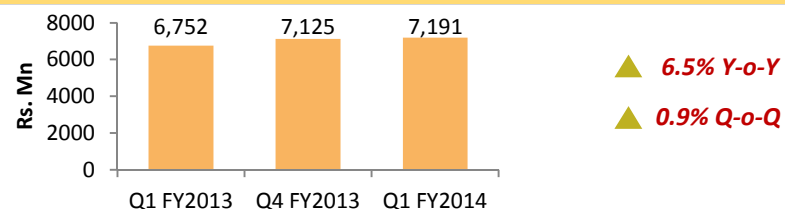
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# Financial Performance – Q1 FY2014

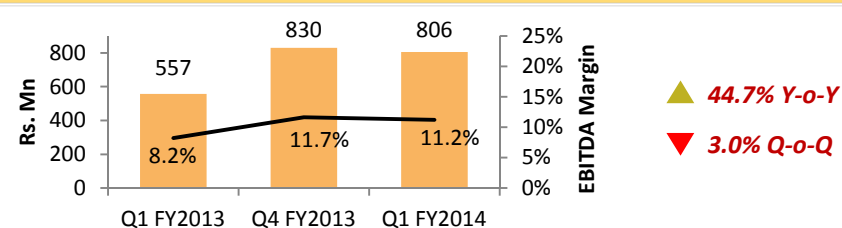


(IN INR Million)	Q1 FY 2013	Q4 FY 2013	Q1 FY 2014
Income from services	6,852	7,137	7,234
Other operating Income	(101)	(11)	(43)
<b>Revenue from operations</b>	<b>6,752</b>	<b>7,125</b>	<b>7,191</b>
Personnel and Operating Expense	6,195	6,295	6,386
<b>Operating EBITDA</b>	<b>557</b>	<b>830</b>	<b>806</b>
<i>Operating EBITDA %</i>	<i>8.2%</i>	<i>11.7%</i>	<i>11.2%</i>
Depreciation / amortization	222	218	182
<b>Operating EBIT</b>	<b>334</b>	<b>613</b>	<b>624</b>
<i>Operating EBIT %</i>	<i>5.0%</i>	<i>8.6%</i>	<i>8.7%</i>
Other Income / (expense)	12	(12)	12
Interest Income / (expense), net	27	(198)	(207)
Amortized (cost ) on fair value of FCCB	(39)	-	-
Exchange gain / (loss) on Foreign currency loan	3	-	-
Gain / (loss) on FCCB Buyback	-	-	-
<b>PBT</b>	<b>338</b>	<b>403</b>	<b>430</b>
<i>PBT (% of total income)</i>	<i>5.0%</i>	<i>5.7%</i>	<i>6.0%</i>
Taxes and Minority Interest	48	1	20
<b>PAT</b>	<b>290</b>	<b>402</b>	<b>410</b>
<i>PAT (% of total income)</i>	<i>4.3%</i>	<i>5.7%</i>	<i>5.7%</i>

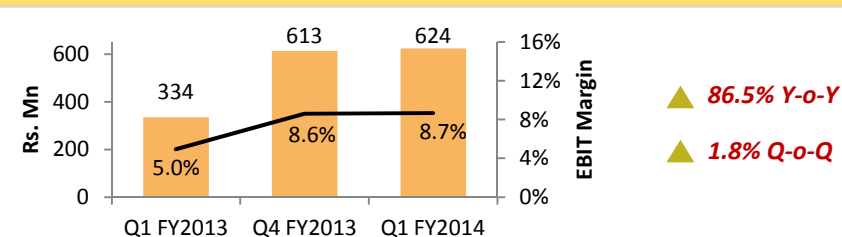
## Revenue From Operations



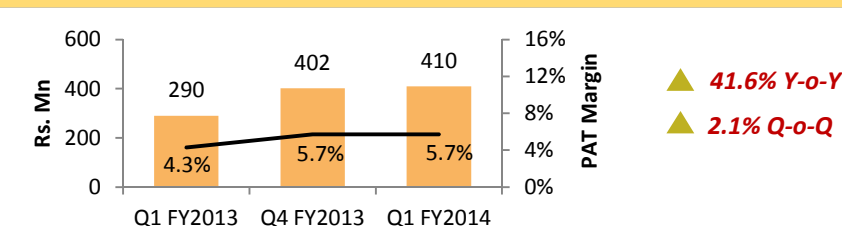
## Operating EBITDA



## Operating EBIT



## PAT



**Business Outlook**

03

# Business Outlook



## ■ FY14

### - **Moderate Revenue growth**

- Customer Management growth aided by robust pipeline build-up
  - BFSI segment in the Customer Management segment showing good traction. Signed up two new clients with potential to scale over the next few quarters
- Steady growth in Healthcare Payor segment aided by impact of Healthcare reforms
- Offset by terminations of low margin accounts in Customer Management, ABU and Provider business segments
- BFSI collections business continues to face headwinds

### - **Margin expansion to continue**

- Driven by operational efficiencies across Business Units
- Terminations of low margin accounts

## ■ **Moving into Q2 FY14**

- Revenue growth to be moderate and margin improvement to continue



# THANK YOU

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