

# **Firstsource Solutions Limited**

**Q2 FY 2007-08 Earnings Update**



## **Disclaimer**

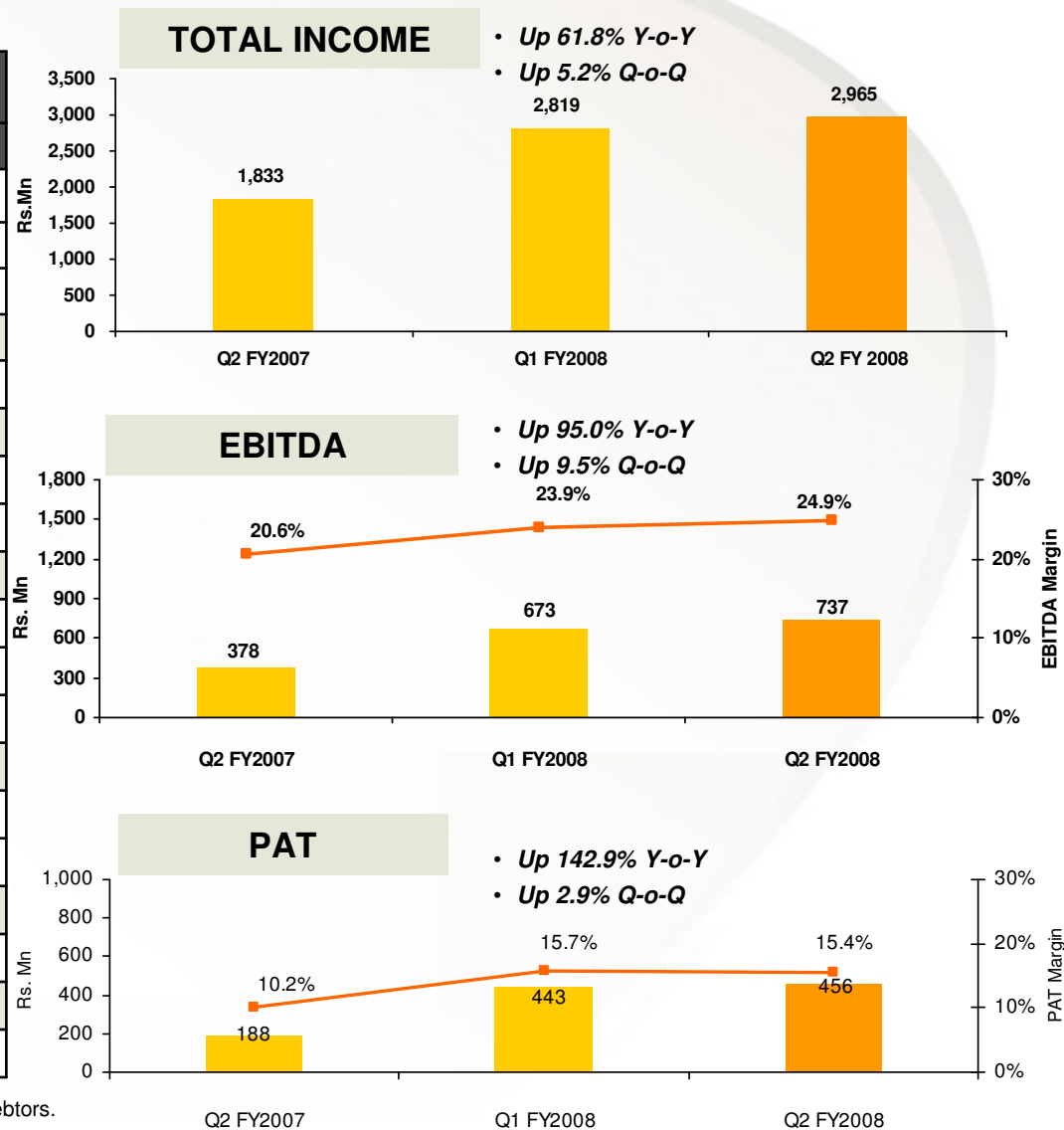
---

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.

## Financial Summary Q2 FY2008

(IN INR Million)	Q2 FY 2007	Q1 FY 2008	Q2 FY 2008
	Actuals	Actuals	Actuals
Income from services	1,793.6	2,536.9	2,587.6
Other operating Income	25.3	194.3	217.8
Other Income	13.8	88.0	159.8
<b>Total Income</b>	<b>1,832.7</b>	<b>2,819.1</b>	<b>2,965.2</b>
Personnel & Operating Exps	1,454.9	2,145.9	2,228.3
<b>EBITDA</b>	<b>377.8</b>	<b>673.2</b>	<b>736.9</b>
<b>EBITDA (% of Total Income)</b>	<b>20.6%</b>	<b>23.9%</b>	<b>24.9%</b>
Depreciation / amortization	153.9	188.9	213.9
<b>EBIT</b>	<b>223.9</b>	<b>484.3</b>	<b>523.0</b>
<b>EBIT (% of total Income)</b>	<b>12.2%</b>	<b>17.2%</b>	<b>17.6%</b>
Extraordinary expense	-	-	30.0
Interest expense, net	23.6	(19.8)	23.6
<b>PBT</b>	<b>200.3</b>	<b>504.1</b>	<b>469.4</b>
<b>PBT (% of total income)</b>	<b>10.9%</b>	<b>17.9%</b>	<b>15.8%</b>
Taxes	14.3	61.9	14.6
<b>PAT (Before Minority Interest)</b>	<b>186.0</b>	<b>442.2</b>	<b>454.8</b>
Minority Interest	(1.7)	(0.9)	(1.2)
<b>PAT</b>	<b>187.7</b>	<b>443.1</b>	<b>456.0</b>
<b>PAT (% of total income)</b>	<b>10.2%</b>	<b>15.7%</b>	<b>15.4%</b>

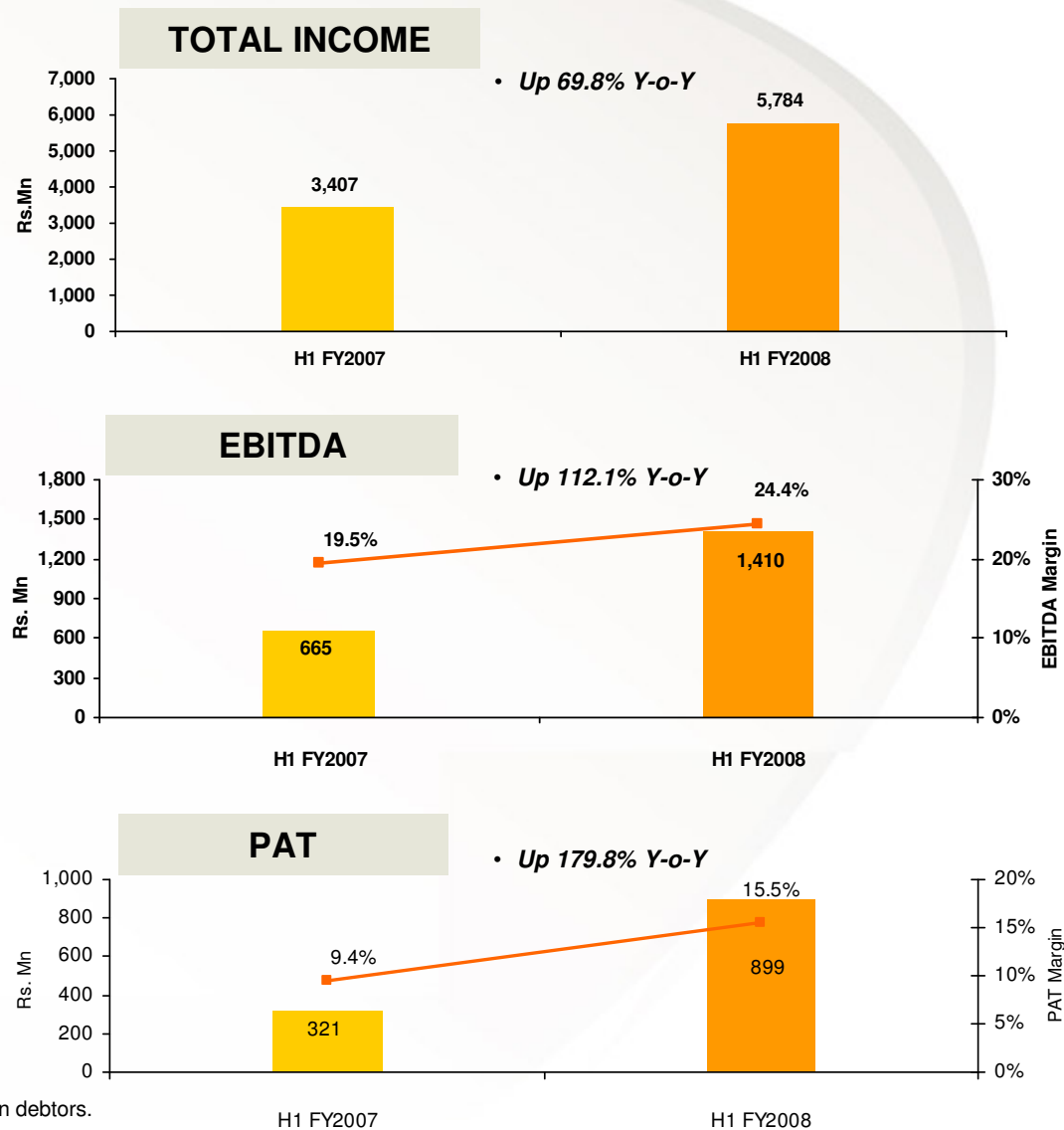
Note : Other Operating income has been reclassified to include forex gains/ losses on debtors.



## Financial Summary H1 FY2008

(IN INR Million)	H1 FY 2007	H1 FY 2008
	Actuals	Actuals
Income from services	3,402.3	5,124.5
Other operating Income	(11.1)	412.0
Other Income	15.6	247.8
<b>Total Income</b>	<b>3,406.9</b>	<b>5,784.3</b>
Personnel & Operating Exps	2,742.1	4,374.2
<b>EBITDA</b>	<b>664.8</b>	<b>1,410.1</b>
<i>EBITDA (% of Total Income)</i>	<i>19.5%</i>	<i>24.4%</i>
Depreciation / amortization	285.1	402.8
<b>EBIT</b>	<b>379.6</b>	<b>1,007.3</b>
<i>EBIT (% of total Income)</i>	<i>11.1%</i>	<i>17.4%</i>
Extraordinary expense	-	30.0
Interest expense, net	41.2	3.8
<b>PBT</b>	<b>338.5</b>	<b>973.5</b>
<i>PBT (% of total income)</i>	<i>9.9%</i>	<i>16.8%</i>
Taxes	19.9	76.5
<b>PAT (Before Minority Interest)</b>	<b>318.6</b>	<b>897.0</b>
Minority Interest	(2.7)	(2.1)
<b>PAT</b>	<b>321.3</b>	<b>899.1</b>
<i>PAT (% of total income)</i>	<i>9.4%</i>	<i>15.5%</i>

Note : Other operating income has been reclassified to include forex gains/losses on debtors.



## **Highlights (1 of 4)**

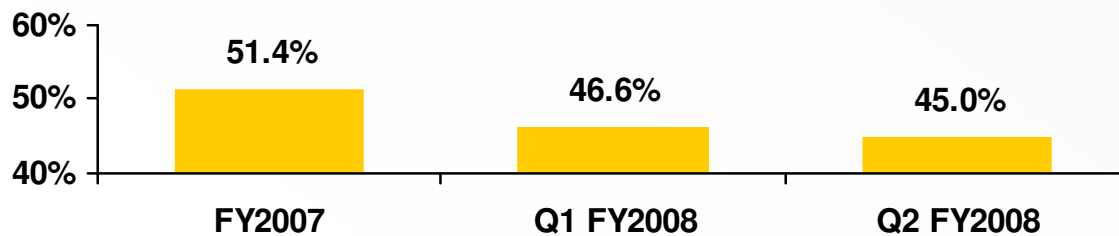
---

- **Acquisition of MedAssist Holding Inc.**
- **New centers commenced operations in Q2 FY2008**
  - Manila, Philippines and Indore, India
- **Total employee strength of 16,590**
- **Total capacity of 13,545 seats**
  - Seat fill factor – 77%
- **Significant awards and recognition**
  - Telecommunications Outsourcing Project of the Year for its work with a leading telecom company in UK from the National Outsourcing Association (NOA), UK.
  - Runners up trophy in the DMAIC services category in six sigma excellence awards organized by Symbiosis Institute for its work with a FTSE 250 telecom company in UK .
  - ‘Offshore Agency of the Year’ Award from a leading financial services client in the U.S in the collections area. Beats seven other agencies to win this award.

## Highlights (2 of 4)

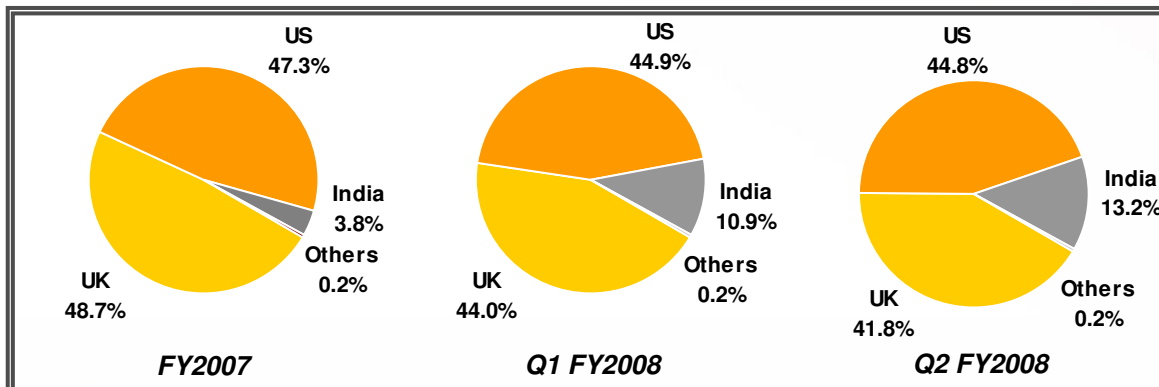
### Client concentration

#### Revenue from top five clients



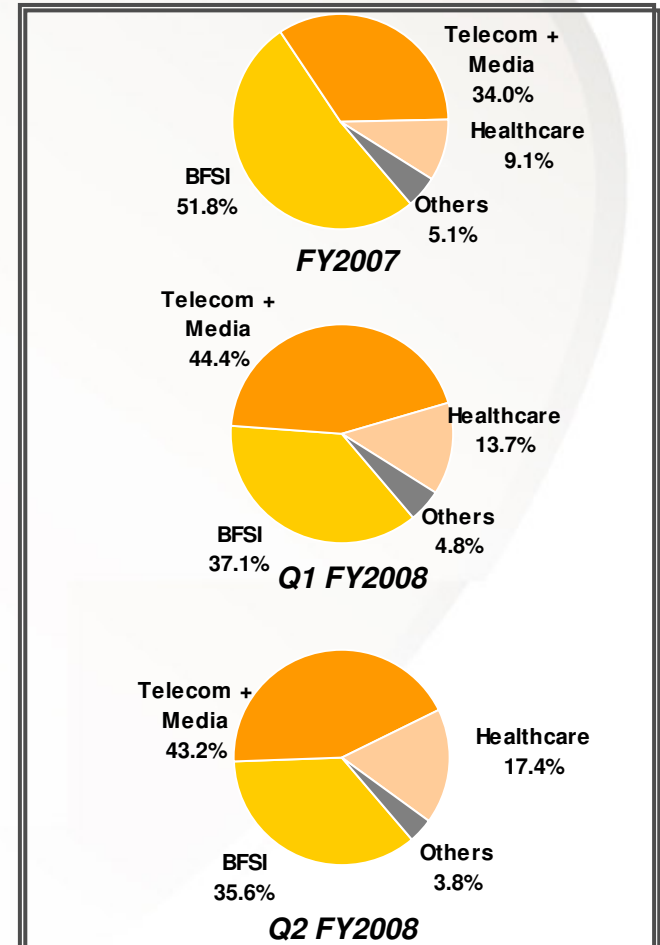
Largest client contributed 17.4% of income from services in Q2 FY2008

### Revenues by geography



Note: Revenues considered above are Income from services

### Revenues by vertical

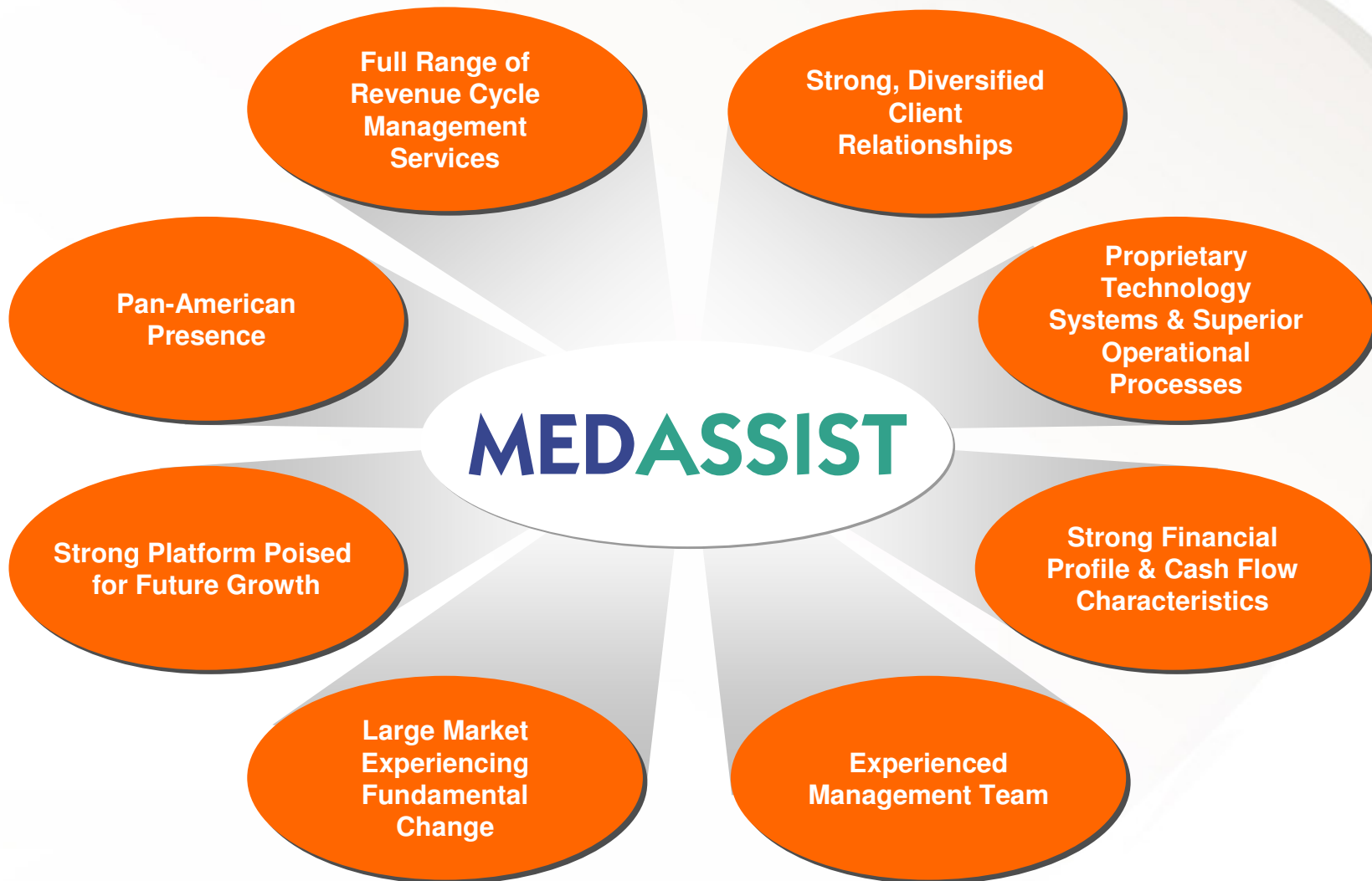


## **Highlights (3 of 4)**

---

- **Currency appreciation**
  - U.S. Dollar depreciation continues to be a concern
- **Attrition**
  - 54.0% in Q2 compared to 51.1% in Q1
  - Continued impact of initial high attrition in Hutch programs, expected to moderate in Q3
- **Collections business**
  - Increased delinquencies in U.S. market to affect liquidation rates
  - May impact margins in the short run
- **Increased interest cost due to loan taken for MedAssist acquisition**
  - Planning to raise FCCB of USD 275 million to repay this debt and reduce this impact

## Highlights (4 of 4)





## THANK YOU

Firstsource (NSE: FSL, BSE: 532809, Reuters: FISO.BO, Bloomberg: FSOL@IN) is among India's leading BPO (business process outsourcing) service providers. Firstsource provides customized business process management to global leaders in the Banking & Financial Services, Telecom & Media and Healthcare sectors. It's clients include six "Fortune Global 500" banks, two "Fortune Global 500" telecommunications companies and three "Fortune 100" healthcare companies. Firstsource has a global delivery model with operations in India, US, UK, Argentina and Philippines. ([www.firstsource.com](http://www.firstsource.com))

