

Firstsource Solutions Limited

Q4 and FY2013 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.

Agenda

- **FY2013 Highlights**
- Q4 FY2013 Highlights
- Financial Performance
- Business Outlook



FY2013 Highlights (1/2)

Financial Performance Analysis

- **Operating revenue**

- FY13 Revenues at INR 28,185 million as compared to INR 22,550 million in FY12
- Y-o-Y growth of 25.0% in INR terms and 15.0% in constant currency terms

- **Operating EBIT margin**

- FY13 Operating EBIT at INR 1,912 million as compared to INR 958 million in FY12; Y-o-Y growth of 99.5%
- Y-o-Y margin expansion of 260 bps

- **PAT (Profit After Tax)**

- FY13 PAT at INR 1,466 million as compared to INR 620 million in FY12
- Y-o-Y growth of 136.3%



FY2013 Highlights (2/2)

Key Highlights

- Change of Control
 - RP-Sanjiv Goenka Group is the new promoter of the Company
 - A combination of Preferential Allotment, Secondary Purchase and Open Offer has enabled them to get an ownership of 56.86%
- FCCB Obligation of USD 237 Million paid in full on December 4, 2012
- Y-o-Y margin expansion of 260 bps; driven by business re-alignment exercise and cost rationalization initiatives
- Strategic partnerships forged with clients delivered strong revenue momentum in FY13, e.g.
 - Largest pay TV operator in the UK
 - Leading credit card issuer in the US
 - Leading European broadband and telecom company
 - Leading Irish telecom service provider
 - Large health insurance company in the US
- Strategic interventions underway to address the healthcare opportunities presented by Obamacare
- Developed niche capabilities through productisation initiatives
- 'Outsourcer of the Year' award by The National Outsourcing Association (NOA)



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Q4 FY2013 Highlights (1/4)

Q4 FY2013 Performance Analysis

■ Operating Revenue

- Q4 Revenues at INR 7,125 million as compared to INR 6,218 million in Q4 FY12
- Y-o-Y growth of 14.6% in INR terms and 5.7% in constant currency terms
- Q-o-Q flat in INR terms and constant currency

■ Operating EBIT

- Q4 FY13 operating EBIT at INR 613 million as compared to INR 310 million in Q4 FY12; Y-o-Y growth of 97.7%
 - Y-o-Y margin expansion of 360 bps
- Q-o-Q margin expansion of 140 bps

■ PAT (Profit After Tax)

- Q4 FY13 PAT at INR 402 million as compared to INR 231 million in Q4 FY12
- Y-o-Y growth of 74.2%



Q4 FY2013 Highlights (2/4)



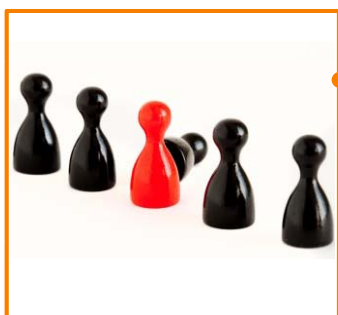
Cash Position

- **Cash and cash equivalents** of INR 930 million as of Mar 31, 2013 (USD 17 million)



Employee Strength

- **31,872 employees as on March 31, 2013**
 - 20,987 employees based in India and 10,885 employees based outside of India



Attrition

- **Offshore (India and Philippines)** – 49.2% compared to 59.4% in Q3 FY13
- **Onshore (US and Europe)** – 34.4% compared to 35.8% in Q3 FY13
- **Domestic (India and Sri Lanka)** – 87.9% compared to 86.0% in Q3 FY13

Q4 FY2013 Highlights (3/4)



Seat Capacity And Utilization

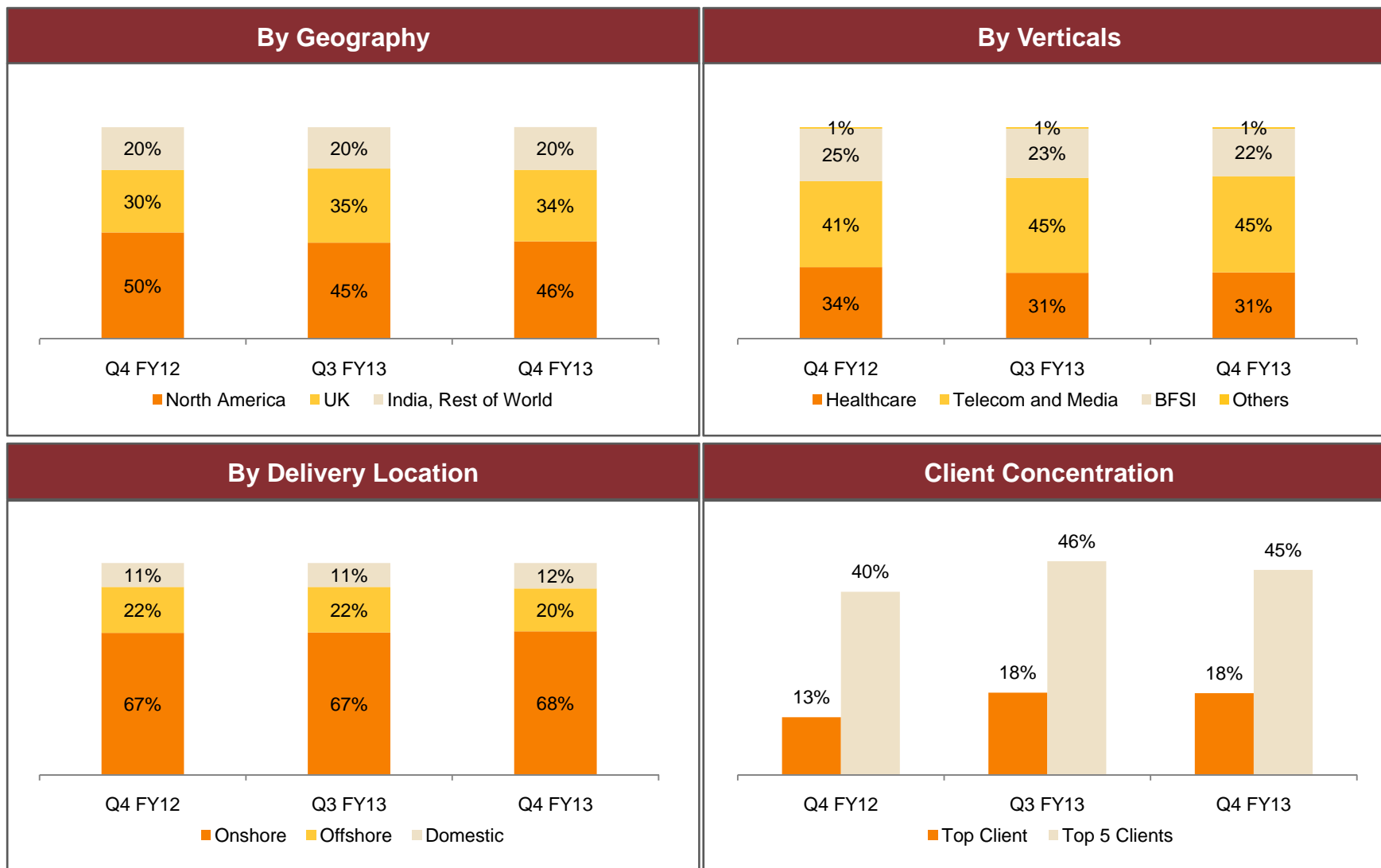
- **Seat capacity of 24,053 seats worldwide**
 - Reduced 31 seats during the quarter
 - 47 delivery centers as on March 31, 2013, same as on December 31, 2012
 - Seat fill factor at 82% as on March 31, 2013, compared to 81% as on December 31, 2012
 - Average seat fill factor for Q4 FY13 at 82%



Foreign Exchange Hedges

- **Outstanding FX hedges at \$22 million, £26 million and AUD 9 million for USD, GBP and AUD respectively**
 - **FY14:** Overall 82% coverage with covered rates for USD at Rs. 56 levels, GBP at Rs. 88 levels and AUD at Rs. 55 levels

Q4 FY2013 Highlights (4/4)



Agenda

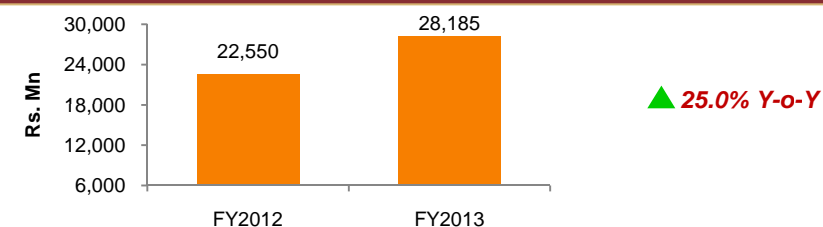
- FY2013 Highlights
- Q4 FY2013 Highlights
- **Financial Performance**
- Business Outlook



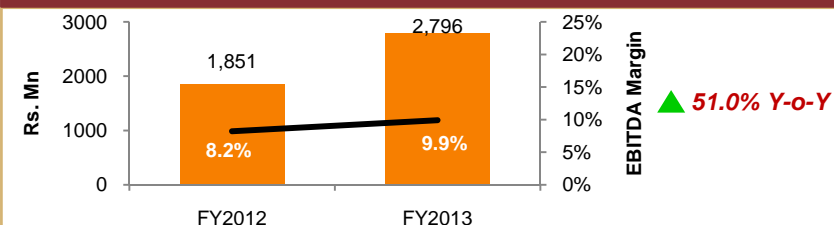
Financial Performance – FY2013

(IN INR Million)	FY2012	FY2013
Income from services	22,549	28,440
Other operating Income	1	(255)
Revenue from operations	22,550	28,185
Personnel and Operating Expense	20,699	25,390
Operating EBITDA	1,851	2,796
<i>Operating EBITDA %</i>	<i>8.2%</i>	<i>9.9%</i>
Depreciation / amortization	893	884
Operating EBIT	958	1,912
<i>Operating EBIT %</i>	<i>4.2%</i>	<i>6.8%</i>
Other Income / (expense)	61	(17)
Interest Income / (expense), net	(76)	(198)
Amortized (cost) on fair value of FCCB	(144)	(106)
Exchange gain / (loss) on Foreign currency loan	27	2
Gain / (loss) on FCCB Buyback	(68)	-
PBT	760	1,592
<i>PBT (% of total income)</i>	<i>3.4%</i>	<i>5.7%</i>
Taxes and Minority Interest	140	126
PAT	620	1,466
<i>PAT (% of total income)</i>	<i>2.7%</i>	<i>5.2%</i>

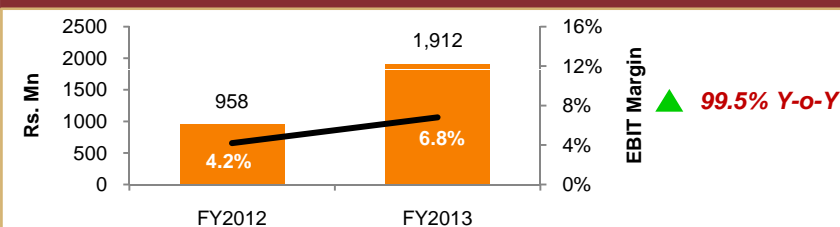
Revenue From Operations



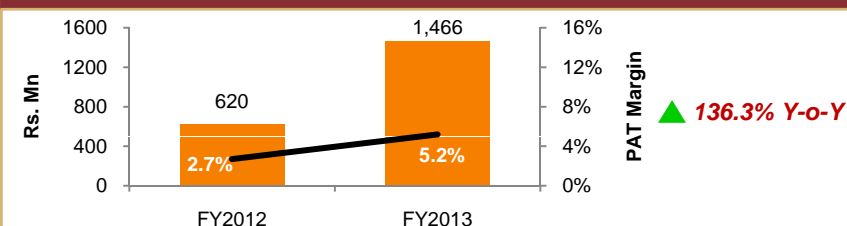
Operating EBITDA



Operating EBIT



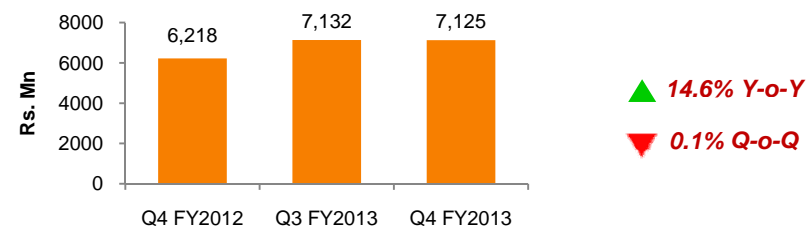
Profit After Tax



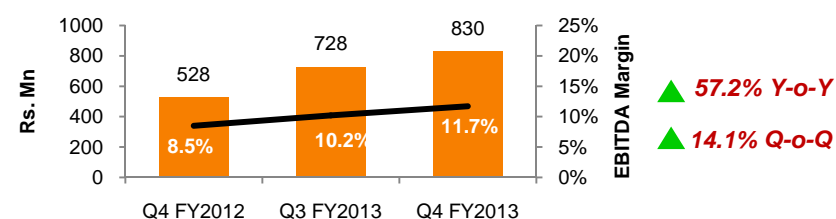
Financial Performance – Q4 FY2013

(IN INR Million)	Q4 FY 2012	Q3 FY 2013	Q4 FY 2013
Income from services	6,259	7,196	7,137
Other operating Income	(41)	(64)	(12)
Revenue from operations	6,218	7,132	7,125
Personnel and Operating Expense	5,690	6,404	6,295
Operating EBITDA	528	728	830
Operating EBITDA %	8.5%	10.2%	11.7%
Depreciation / amortization	218	215	218
Operating EBIT	310	513	613
Operating EBIT %	5.0%	7.2%	8.6%
Other Income / (expense)	(9)	(9)	(12)
Interest Income / (expense), net	(14)	(44)	(198)
Amortized (cost) on fair value of FCCB	(37)	(27)	-
Exchange gain / (loss) on Foreign currency loan	1	6	-
Gain / (loss) on FCCB Buyback	(0)	-	-
PBT	252	439	403
PBT (% of total income)	4.1%	6.2%	5.7%
Taxes and Minority Interest	21	24	1
PAT	231	415	402
PAT (% of total income)	3.7%	5.8%	5.7%

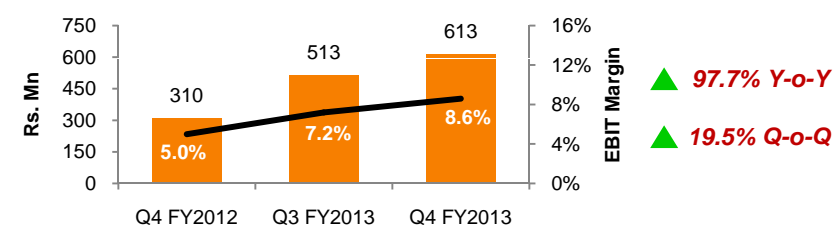
Revenue From Operations



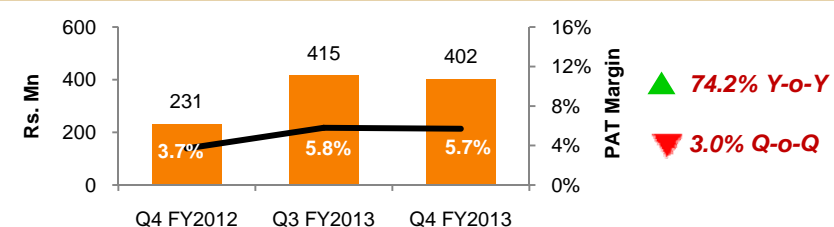
Operating EBITDA



Operating EBIT



Profit After Tax



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■ Business Outlook



FY2014 Business Outlook

■ FY14

- Positive Revenue growth

- Strong pipeline build-up
- Momentum continuing in Customer Management
- Steady growth in Healthcare
 - Stable growth in the provider segment
 - Good traction in the payor business
- BFSI collections business continues to be in holding pattern

- Margin expansion to continue

- Driven by operational efficiencies across Business Units

■ Moving into Q1 FY14

- Expect revenue growth and margins to be flat despite seasonality fall-off in collections business and wage hikes



THANK YOU

Firstsource (NSE: FSL, BSE: 532809, Reuters: FISO.BO, Bloomberg: FSOL@IN) is a global provider of customised BPO (business process outsourcing) services to the Banking & Financial Services, Telecom & Media and Healthcare sectors. Its clients include FTSE 100, Fortune 500 and Nifty 50 companies. Firstsource has a “rightshore” delivery model with operations in India, US, UK, Philippines and Sri Lanka. (www.firstsource.com)

