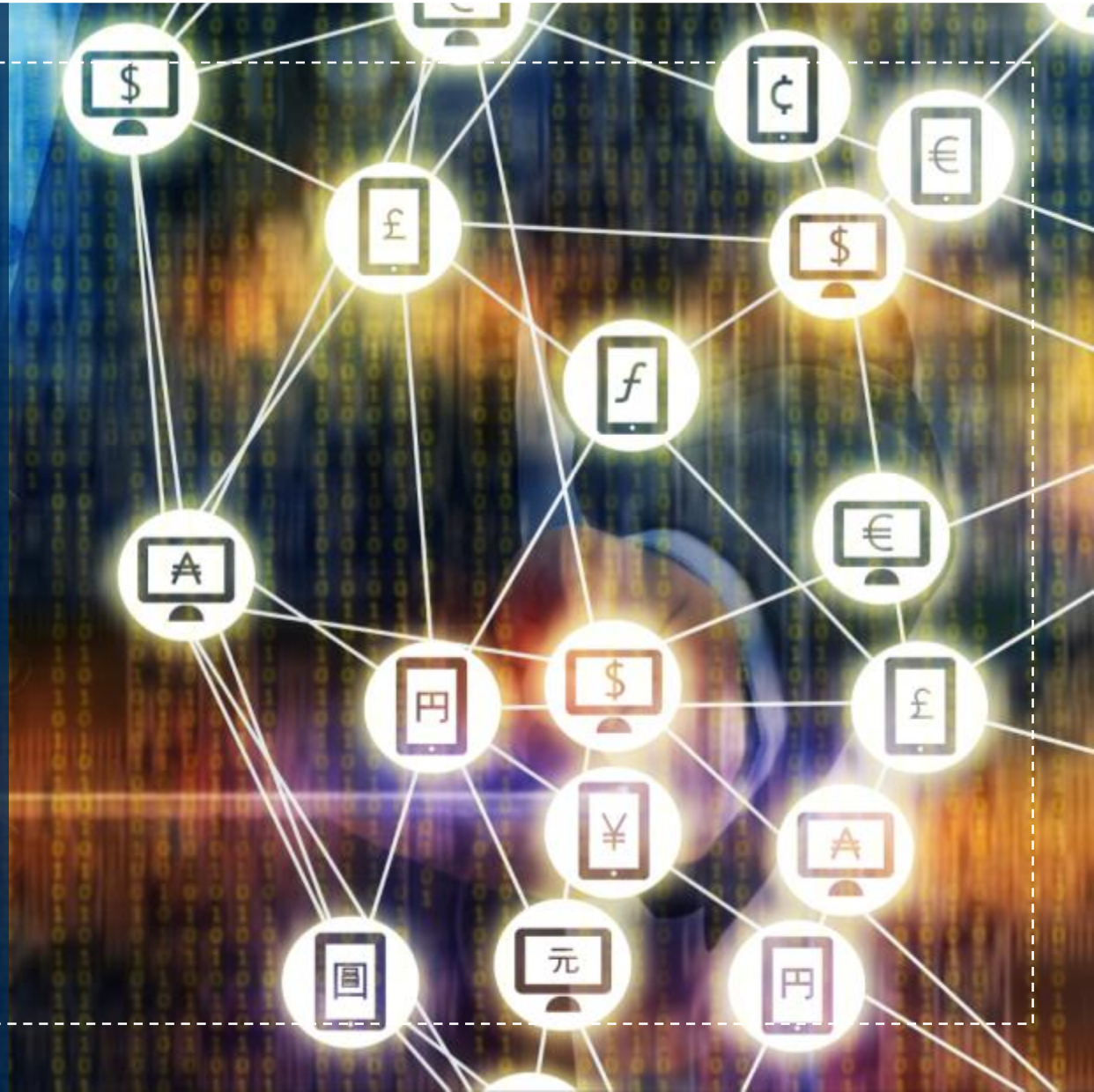


# Firstsource Solutions Limited

## Q2 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.

# Q2 FY2020 Executive Summary

## Revenues



₹ 9,849 Million

YoY growth of 3.2% (CC 4.5%)  
QoQ growth of 0.5% (CC 1.1%)

## Operating Margin

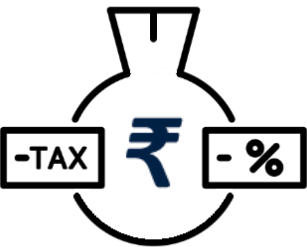


₹ 870 Million (Margin 8.8%)

*One-time charges from leadership change  
impacting margins by Rs 170 Million*

YoY Margin contraction of 320 bps

## Profit After Tax



₹ 674 Million (Margin 6.8%)

YoY Margin contraction 290 bps

## Earnings Per Share (Diluted)



₹ 0.97 per share

Q2FY'19 at ₹ 1.33 per share

# Financial Performance Q2 and H1 FY2020

In ₹ million	Q2 FY 2020	Q1 FY 2020	Q2 FY 2019
Income from services	9,715	9,669	9,442
Other operating Income	134	129	105
Revenue from operations	9,849	9,798	9,547
Personnel and Operating Expense	8,525	8,141	8,219
Operating EBITDA	1,325	1,657	1,328
<i>Operating EBITDA %</i>	<i>13.4%</i>	<i>16.9%</i>	<i>13.9%</i>
Depreciation / amortization	455	439	184
Operating Margin	870	1,217	1,144
<i>Operating Margin %</i>	<i>8.8%</i>	<i>12.4%</i>	<i>12.0%</i>
Other Income / (expense)	65	(34)	(8)
Interest Income / (expense), net	(58)	(48)	(52)
Interest Expense, IND AS 116	(71)	(67)	-
PBT	806	1,069	1,084
<i>PBT (% of total income)</i>	<i>8.2%</i>	<i>10.9%</i>	<i>11.4%</i>
Taxes and Minority Interest	132	157	156
PAT	674	912	928
<i>PAT (% of total income)</i>	<i>6.8%</i>	<i>9.3%</i>	<i>9.7%</i>

In ₹ million	H1 FY 2020	H1 FY 2019
Income from services	19,383	18,502
Other operating Income	263	237
Revenue from operations	19,647	18,739
Personnel and Operating Expense	16,666	16,129
Operating EBITDA	2,981	2,609
<i>Operating EBITDA %</i>	<i>15.2%</i>	<i>13.9%</i>
Depreciation / amortization	894	364
Operating Margin	2,087	2,246
<i>Operating Margin %</i>	<i>10.6%</i>	<i>12.0%</i>
Other Income / (expense)	32	2
Interest Income / (expense), net	(105)	(107)
Interest Expense, IND AS 116	(138)	-
PBT	1,875	2,140
<i>PBT (% of total income)</i>	<i>9.5%</i>	<i>11.4%</i>
Taxes and Minority Interest	290	326
PAT	1,586	1,814
<i>PAT (% of total income)</i>	<i>8.1%</i>	<i>9.7%</i>



# Other Highlights

## Employee and Attrition Details

### Headcount:

20,001 employees as on September 30, 2019

- 10,493 employees in India
- 9,508 employees based outside India
- Net addition of 1,451 employees in Q2 FY20

### Attrition Details:

- Onshore (US and Europe) – 55% compared to 47% in Q1 FY20
- Offshore (India and Philippines) – 40% compared to 45% in Q1 FY20

## Foreign Exchange Hedges

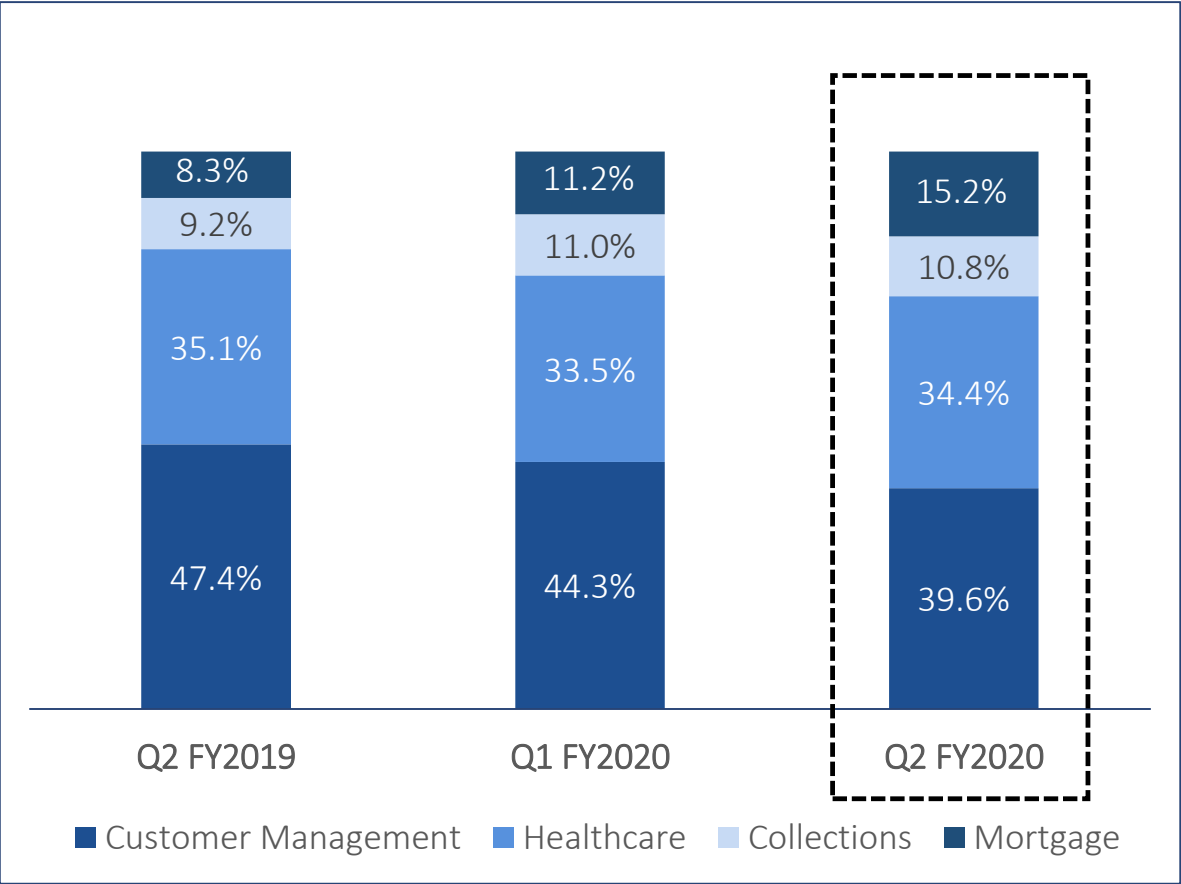
Outstanding FX hedges at \$49 million for USD and £84 million for GBP

- Next 12 months: 83% coverage for USD at INR 72.7 levels, 94% coverage for GBP at INR 101.2 levels and 65% coverage for USD at PHP 52.6 levels
- Next 13 – 24 months: 68% coverage for GBP at INR 103.2 levels
- Post 24 Months: 88% coverage for GBP at INR 113.9 levels

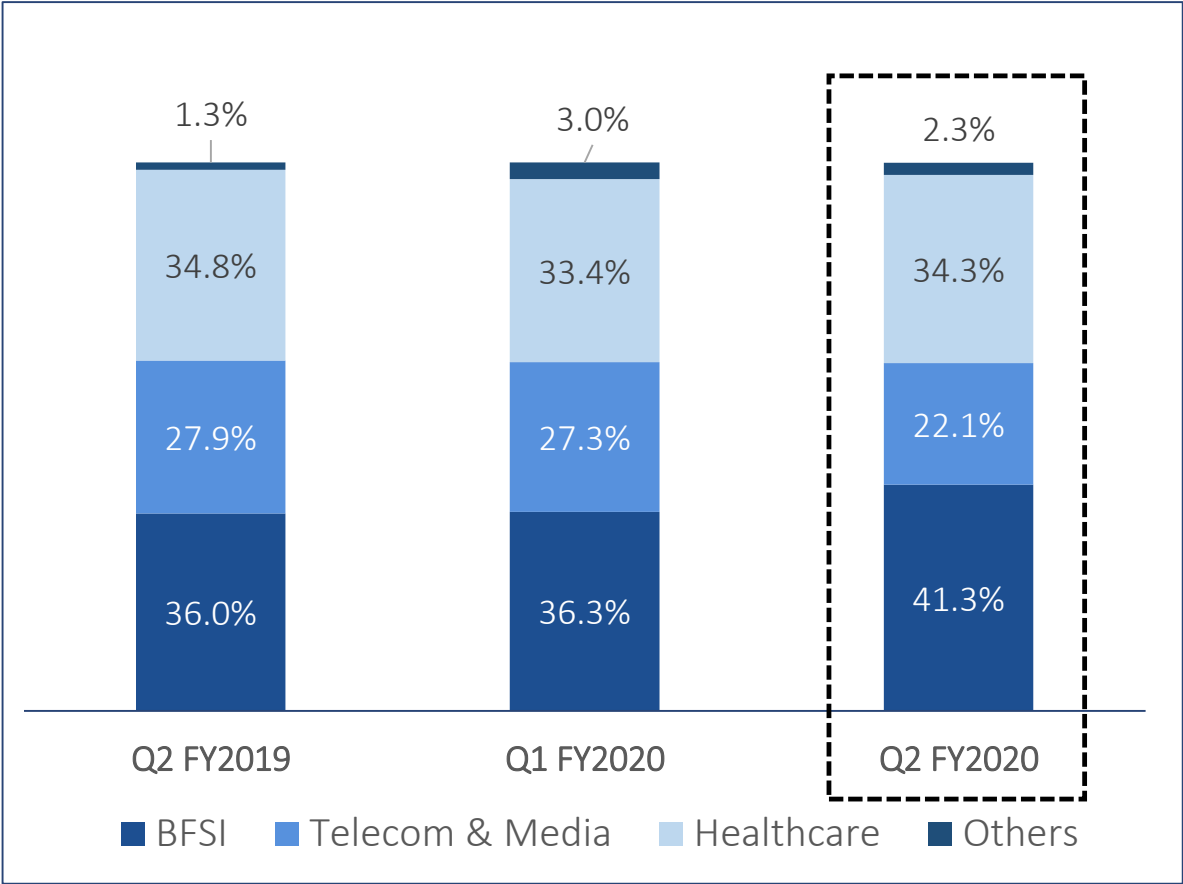
# Q2 FY20 Revenue Snapshot (1/2)



Revenue by Segments



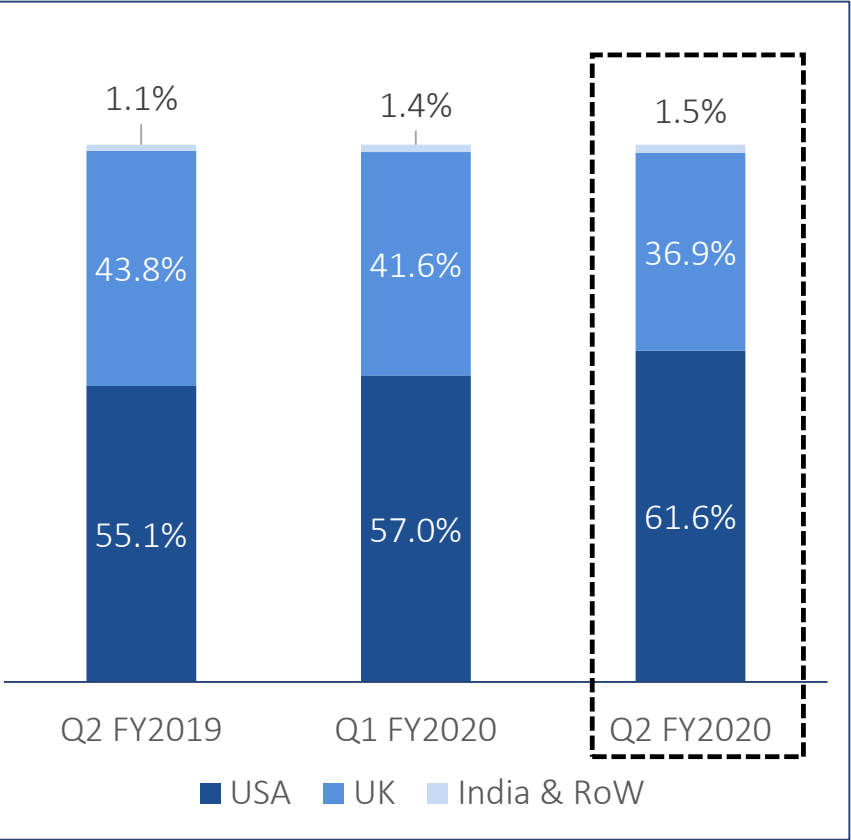
Revenue by Verticals



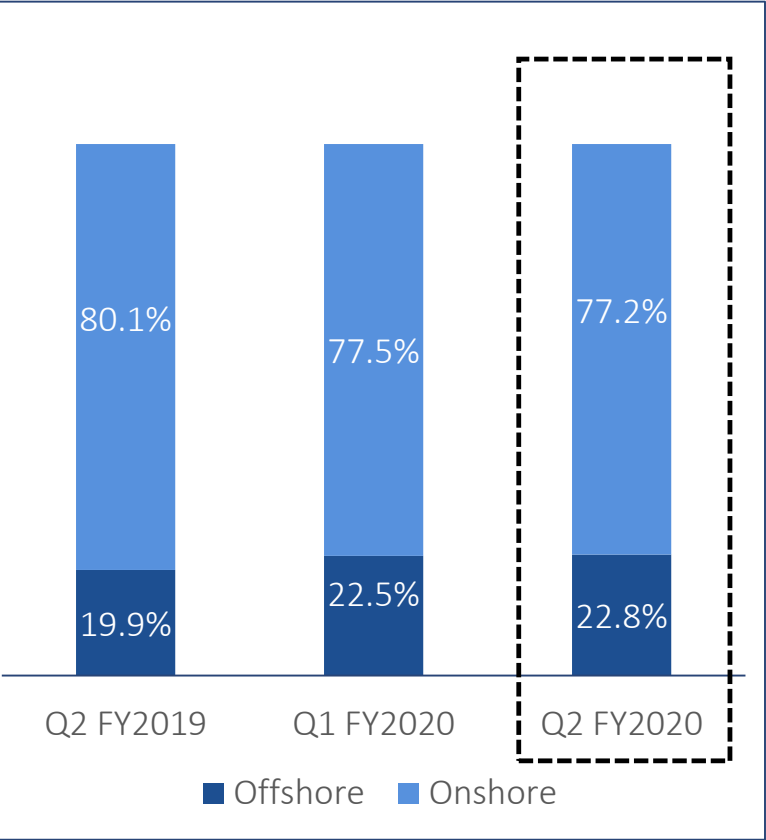
# Q2 FY20 Revenue Snapshot (2/2)



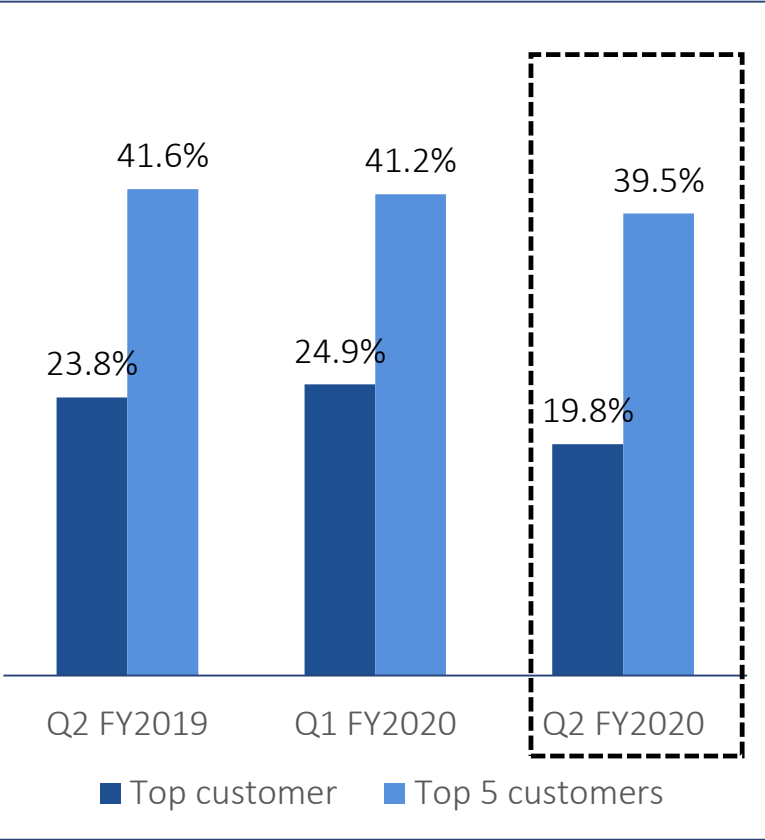
Revenue by Geography



Revenue by Delivery



Client Concentration



- Maintain Revenue guidance of 7-9% constant currency growth
  - Growth momentum across Mortgage, Collections and UK (BFSI), Healthcare Provider and Utilities sectors
  - Quality of pipeline is good; new logo addition across businesses
  - Digital solutions scaling well
- Revising Operating Margin guidance for FY20 to 10.8% to 11.2%
  - Operational reasons
  - One time impact from leadership change
  - Strategic growth investments





# 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.

[www.firstsource.com](http://www.firstsource.com)