



6th May 2019

To:

National Stock Exchange of India Limited (Scrip Code: FSL)
Exchange Plaza,
Plot no. C/1, G Block,
Bandra-Kurla Complex
Bandra (East),
Mumbai - 400 051

BSE Limited (Scrip Code: 532809)
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

Dear Madam/ Sir,

Sub: Post intimation of Analyst/ Institutional Investor Call

Pursuant to Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, we are enclosing herewith a copy of the presentation regarding conference call held with the analysts and investors, on the financial results of the Company for the quarter and financial year ended 31st March 2019.

This is for your information and records.

Thanking you,

For **Firstsource Solutions Limited**


Pooja Nambiar
Company Secretary & Compliance Officer

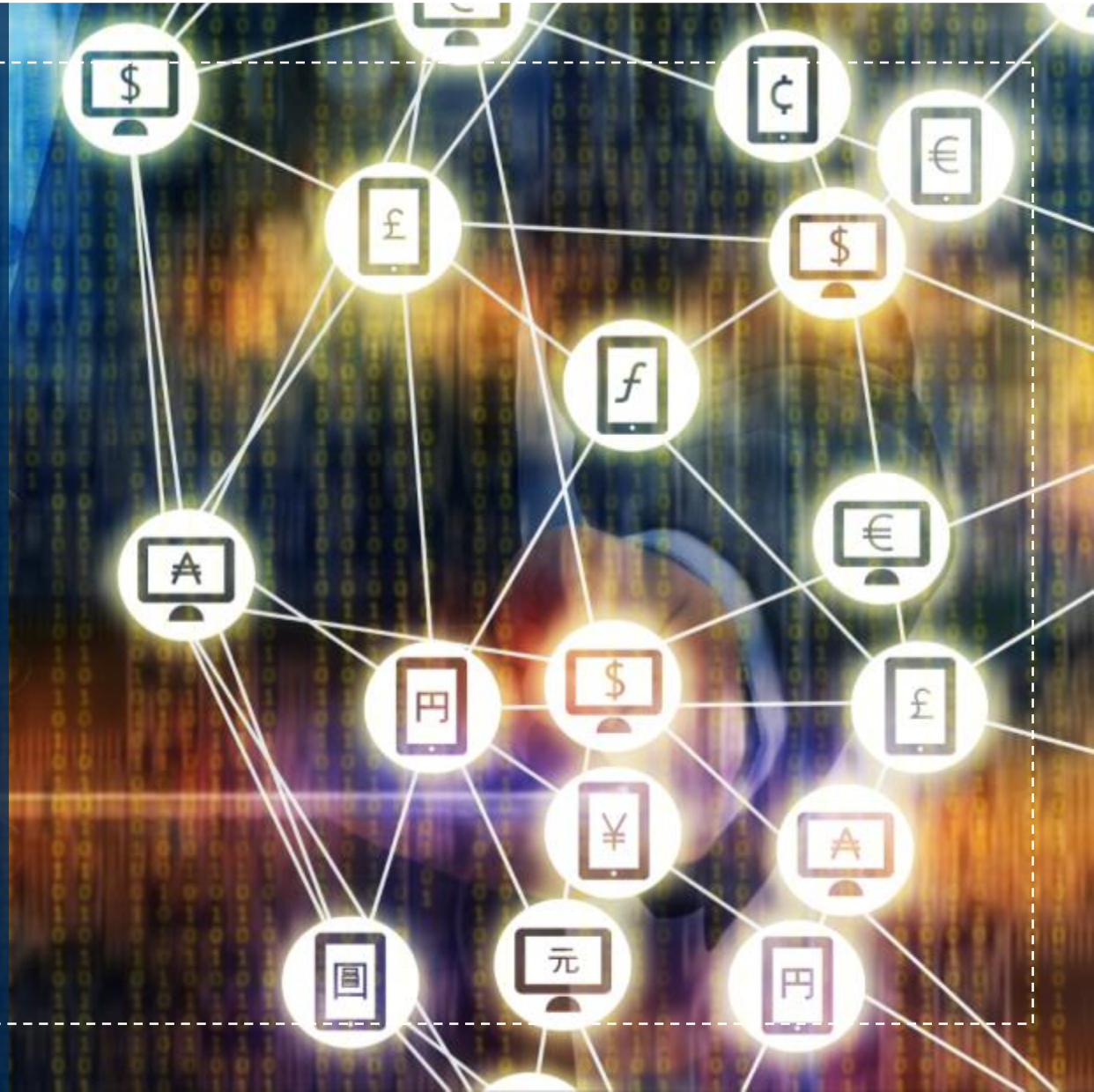
Encl.: A/a

FIRSTSOURCE SOLUTIONS LTD.,

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Tel: +91 22 6666 0888 | Fax: +91 22 6666 0887 | Web: www.firstsource.com

Firstsource Solutions Limited

Q4 and FY2019 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.



01 | Performance Analysis

02 | Business Outlook

Q4 FY2019 Executive Summary

- **Revenues: Q4FY'19 Revenues at ₹ 967.2 crore, Q3FY'19 at ₹ 985.2 crore, Q4FY'18 at ₹ 897.3 crore**
 - Q-o-Q de-growth of 1.8% in Rupee terms; growth of 0.7% in constant currency
 - Y-o-Y growth of 7.8% in Rupee terms; growth of 3.8% in constant currency

- **EBITDA: Q4FY'19 EBITDA of ₹ 138.4 crore, or 14.3% of Revenues**
 - Q-o-Q higher by ₹ 2.3 crore or 1.7% growth; Margin expansion of 0.5%
 - Y-o-Y higher by ₹ 5.9 crore or 4.5% growth; Margin reduction of 0.5%

- **EBIT: Q4FY'19 Operating EBIT of ₹119.5 crore or 12.4% of Revenues**
 - Q-o-Q higher by ₹2.4 crore or 2.1% growth; Margin expansion of 0.5%
 - Y-o-Y higher by ₹4.2 crore or 3.6% growth; Margin reduction of 0.5%

- **PAT: Q4FY'19 PAT of ₹ 98.2 crore or 10.2% of Revenues**
 - Q-o-Q higher by ₹ 0.1 crore or 0.1% growth; Margin expansion of 0.2%
 - Y-o-Y higher by ₹ 5.4 crore or 5.8% growth; Margin reduction of 0.2%

- **One time investment of ₹ 8.75 crore towards training and upskilling made in Q4FY19. Normalizing for this, Q4 profitability growth rates would be higher by 6.4% to 9.5% and margin expansion of 90 bps through EBITDA and PAT**

- **Cash & Cash equivalent as of March 31st, 2019 at ₹169.1 crore vs. ₹ 99.8 crore as of December 31st, 2018**

- **Board has proposed a final dividend of ₹ 2.00 per share, subject to shareholder approval**

FY2019 Executive Summary

- **Revenues: FY'19 Revenues at ₹ 3,826.3 crore, FY'18 at ₹ 3,535.2 crore**
 - Y-o-Y growth of 8.2% in Rupee terms; growth of 2% in constant currency
 - Proforma ABU then Y-o-Y growth of 9.9% in Rupee terms; growth of 5% on constant currency terms

- **EBITDA: FY'19 EBITDA of ₹ 535.5 crore, or 14.0% of Revenues**
 - Y-o-Y higher by ₹ 76.5 crore or 16.7% growth; Margin expansion of 1.0%

- **EBIT: FY'19 Operating EBIT of ₹ 461.0 crore or 12.0% of Revenues**
 - Y-o-Y higher by ₹ 68.0 crore or 17.3% growth; Margin expansion of 0.9%

- **PAT: FY'19 PAT of ₹ 377.8 crore or 9.9% of Revenues**
 - Y-o-Y higher by ₹ 51.2 crore or 15.7% growth; Margin expansion of 0.6%
 - Normalizing for deferred tax credit in FY18, Y-o-Y higher by ₹ 75.3 crore or 24.9% growth; Margin expansion of 1.3%

- **One time investment of ₹ 8.75 crore towards training and upskilling made in Q4FY19. Normalizing for this, FY19 profitability growth rates would be higher by 1.9% to 2.7% and margin expansion of 23 bps through EBITDA and PAT**

Financial Performance Q4 FY19 and FY19



In ₹ million	Q4 FY 2019	Q3 FY 2019	Q4 FY 2018
Income from services	9,642	9,723	8,713
Other operating Income	30	129	260
Revenue from operations	9,672	9,852	8,973
Personnel and Operating Expense	8,288	8,491	7,648
Operating EBITDA	1,384	1,361	1,325
<i>Operating EBITDA %</i>	14.3%	13.8%	14.8%
Depreciation / amortization	190	191	172
Operating EBIT	1,195	1,170	1,153
<i>Operating EBIT %</i>	12.4%	11.9%	12.8%
Other Income / (expense)	(25)	(3)	(31)
Interest Income / (expense), net	(57)	(60)	(84)
PBT	1,112	1,107	1,038
<i>PBT (% of total income)</i>	11.5%	11.2%	11.6%
Taxes and Minority Interest	130	126	109
Reported PAT	982	981	928
<i>Reported PAT (% of total income)</i>	10.2%	10.0%	10.3%

In ₹ million	FY 2019	FY 2018
Income from services	37,867	34,315
Other operating Income	396	1,037
Revenue from operations	38,263	35,352
Personnel and Operating Expense	32,908	30,763
Operating EBITDA	5,355	4,589
<i>Operating EBITDA %</i>	14.0%	13.0%
Depreciation / amortization	744	659
Operating EBIT	4,610	3,930
<i>Operating EBIT %</i>	12.0%	11.1%
Other Income / (expense)	(26)	(11)
Interest Income / (expense), net	(225)	(338)
PBT	4,359	3,580
<i>PBT (% of total income)</i>	11.4%	10.1%
Taxes and Minority Interest	581	314
Reported PAT	3,778	3,265
<i>Reported PAT (% of total income)</i>	9.9%	9.2%
Normalised PAT	3,778	3,025
<i>Normalised PAT (% of total income)</i>	9.9%	8.6%

Employee and Attrition Details

Headcount:

18,712 employees as on March 31, 2019

- 8,968 employees in India
- 9,744 employees based outside India
- Net addition of 117 employees in Q4 FY19

Attrition Details:

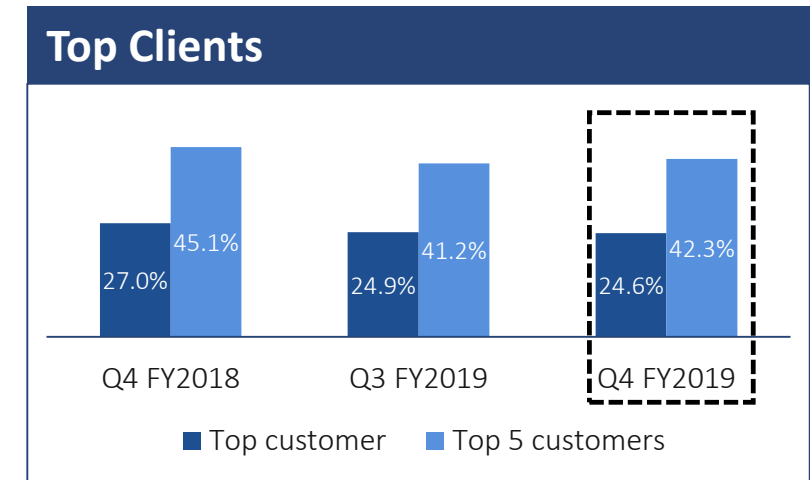
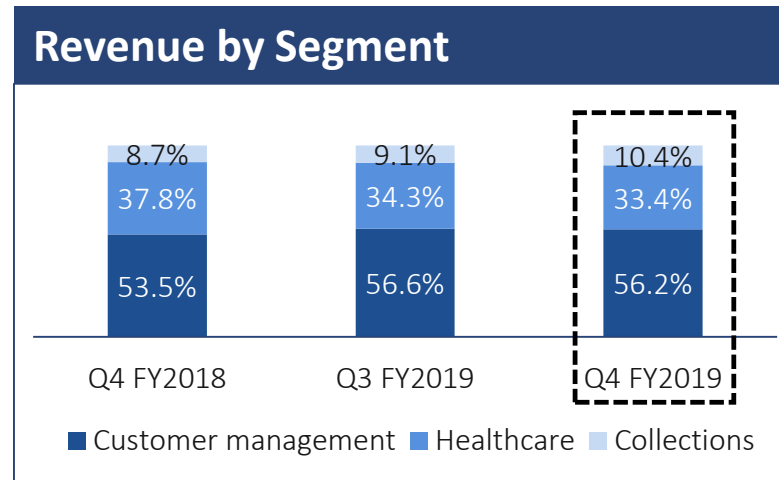
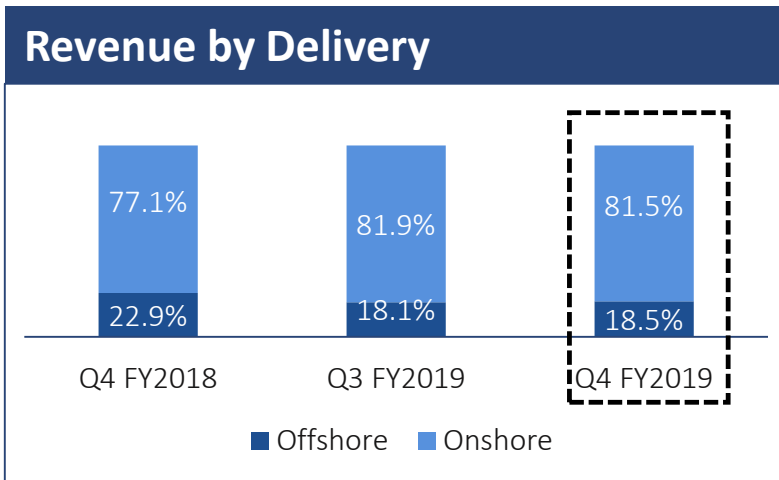
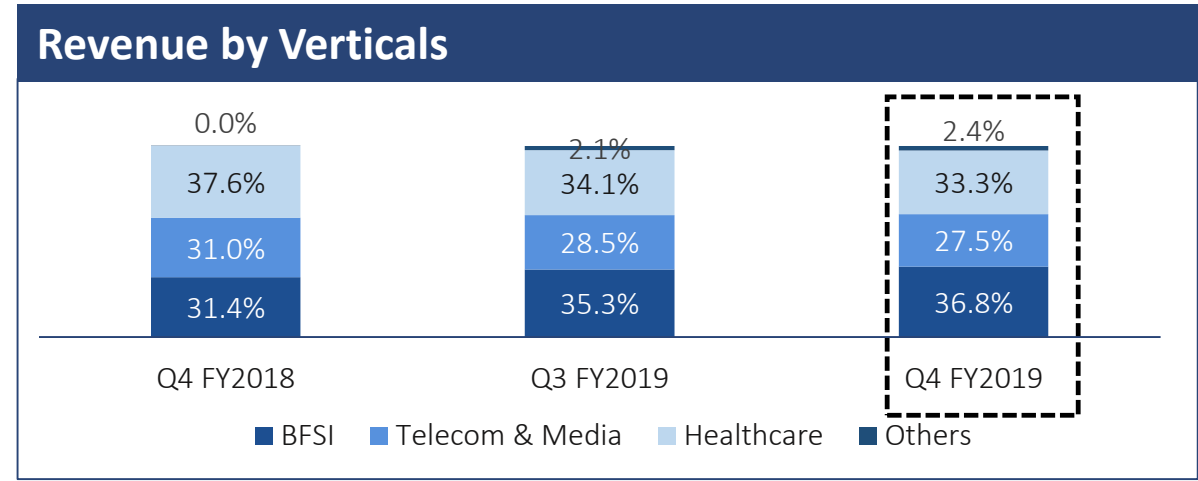
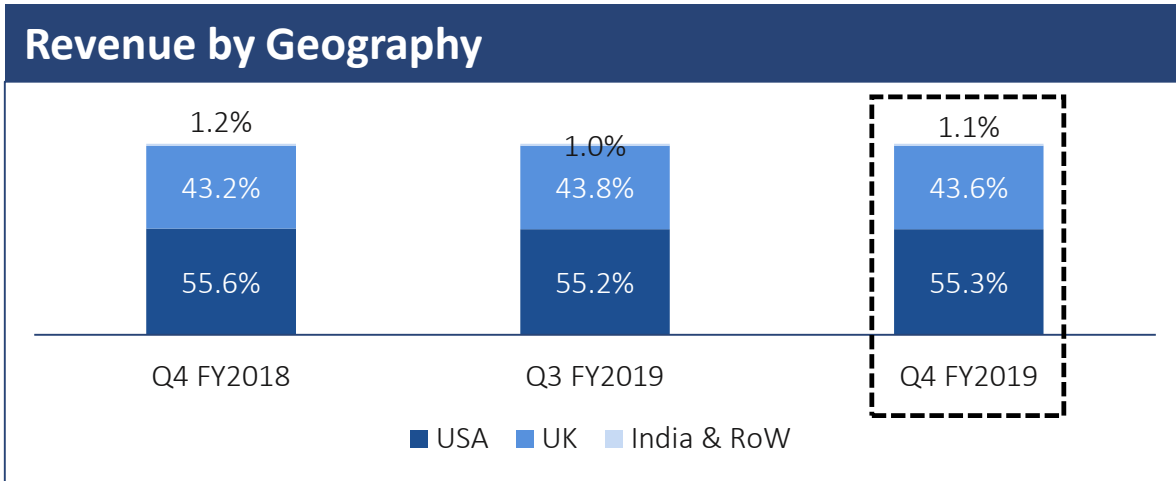
- Onshore (US and Europe) – 42.9% compared to 45.8% in Q3 FY19
- Offshore (India and Philippines) – 41.5% compared to 39.3% in Q3 FY19
- Early attrition - 70.3% compared to 83.4% in Q3FY19 in UK

Foreign Exchange Hedges

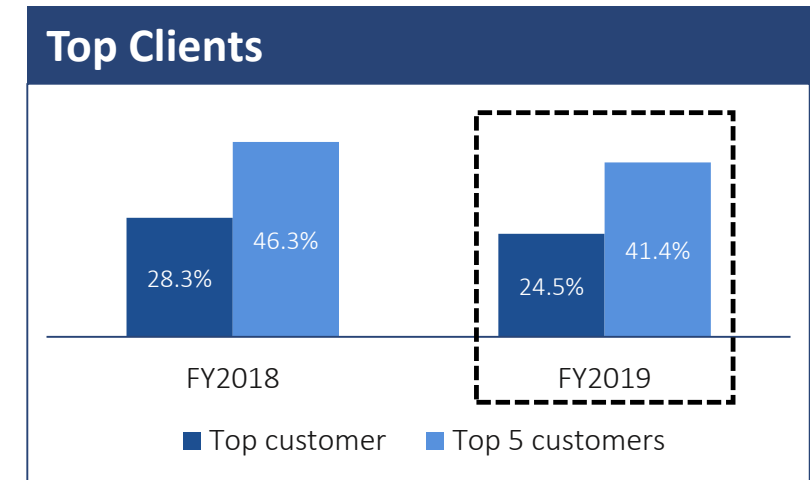
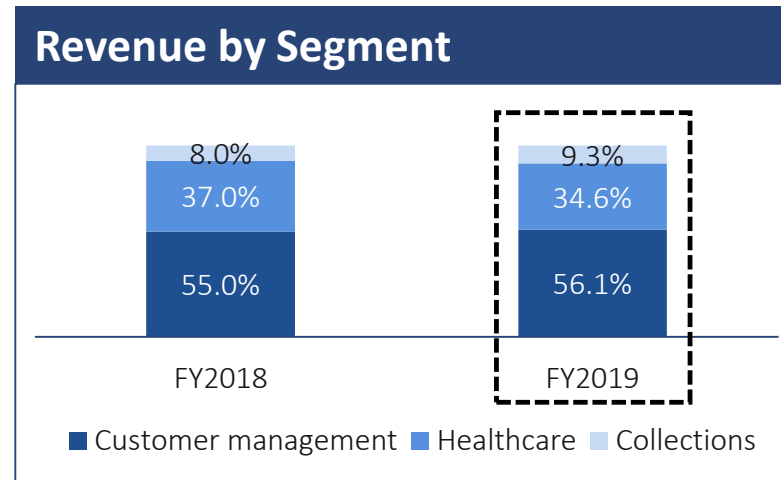
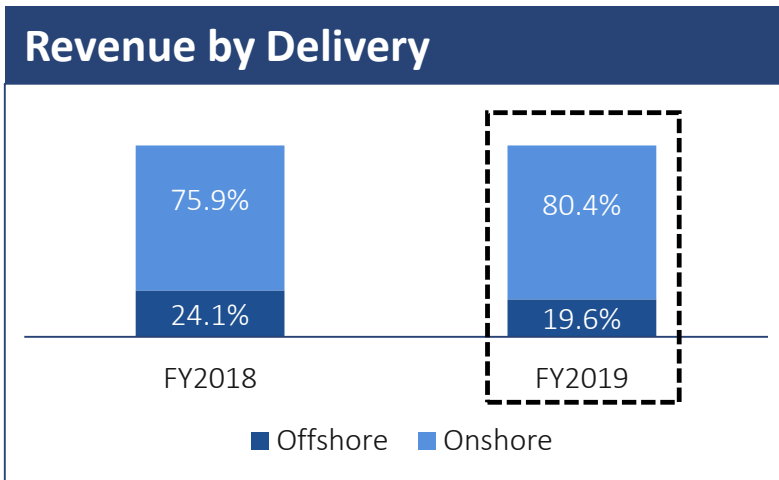
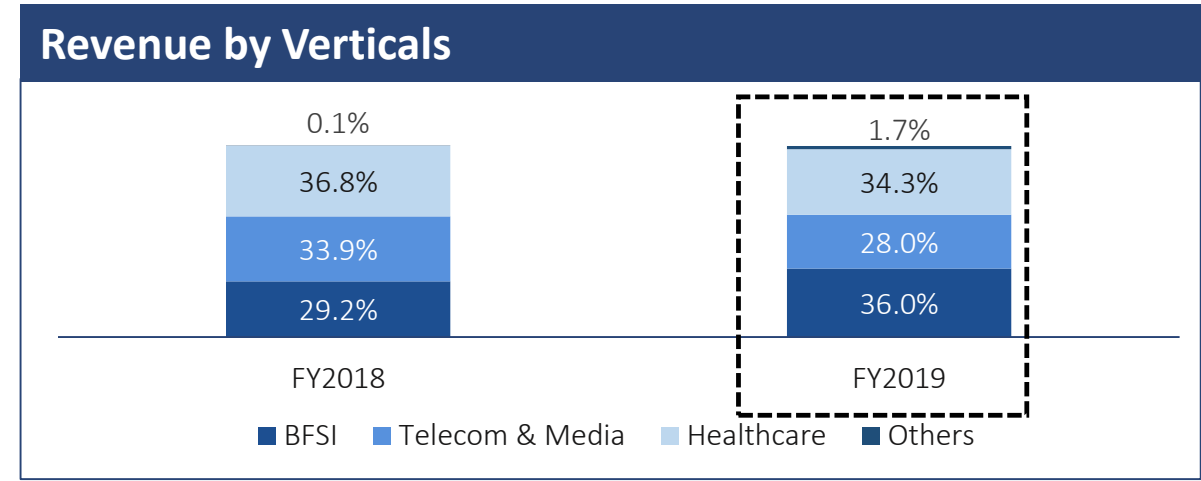
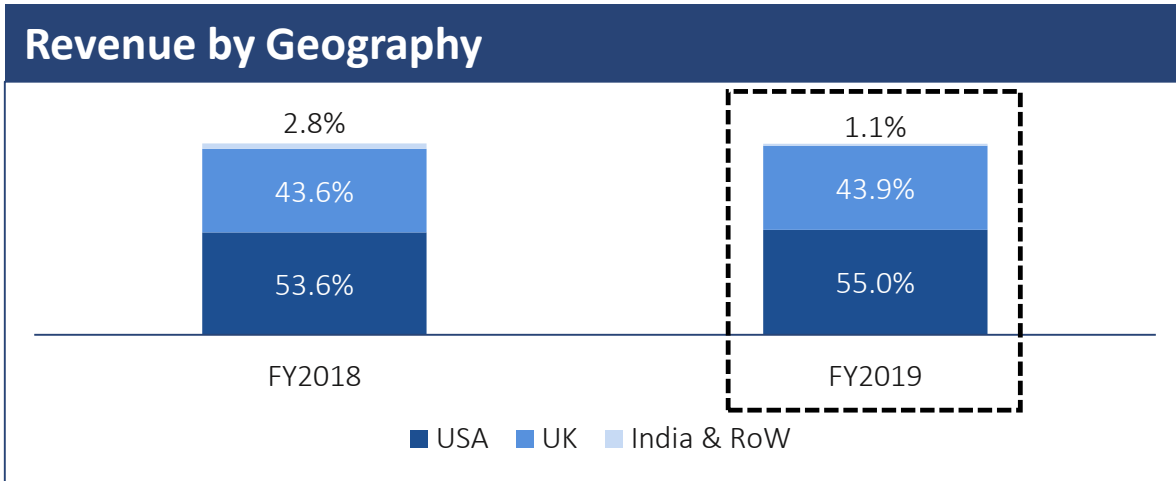
Outstanding FX hedges at \$57 million for USD and £95 million for GBP

- Next 12 months: 83% coverage for USD at INR 70.4 levels, 81% coverage for GBP at INR 99.6 levels, and 51% coverage for GBP at PHP 72.0 levels
- Next 13 – 24 months: 50% coverage for USD rates at INR 76.5 levels, 71% coverage for GBP at INR 102.5 levels
- Post 24 Months: 88% coverage for GBP at INR 111.4 levels

Q4 FY19 Revenue Snapshot



FY19 Revenue Snapshot





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- BFSI vertical (Mortgage, Collections and BFSI CM in the UK) and Healthcare Provider are expected to be growth drivers in FY20
 - Headwinds in the Payer business likely to continue and will degrow in FY2020; Business being restructured to drive higher level of profitability
- Digital Revenues, which were 9% in FY19, expected to be approximately 13-15% of Revenues in FY20
 - Will drive margin expansion and deepen client relationships
- Brexit continues to be delayed; this is clearly affecting our supply chain especially in relation to availability of workforce
- FY2020 Revenue growth likely to be 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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