



4th February 2019

To:

National Stock Exchange of India Limited (Scrip Code: FSL)	BSE Limited (Scrip Code: 532809)
Exchange Plaza,	Phiroze Jeejeebhoy Towers,
Plot no. C/1, G Block,	Dalal Street,
Bandra-Kurla Complex	Mumbai - 400 001
Bandra (East),	
Mumbai - 400 051	

Dear Madam/ Sir,

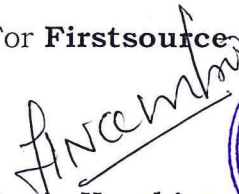
Sub: Post intimation of Analyst/ Institutional Investor Call

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 nine months ended 31st December 2018.

This is for your information and records.

Thanking you,

For **Firstsource Solutions Limited**



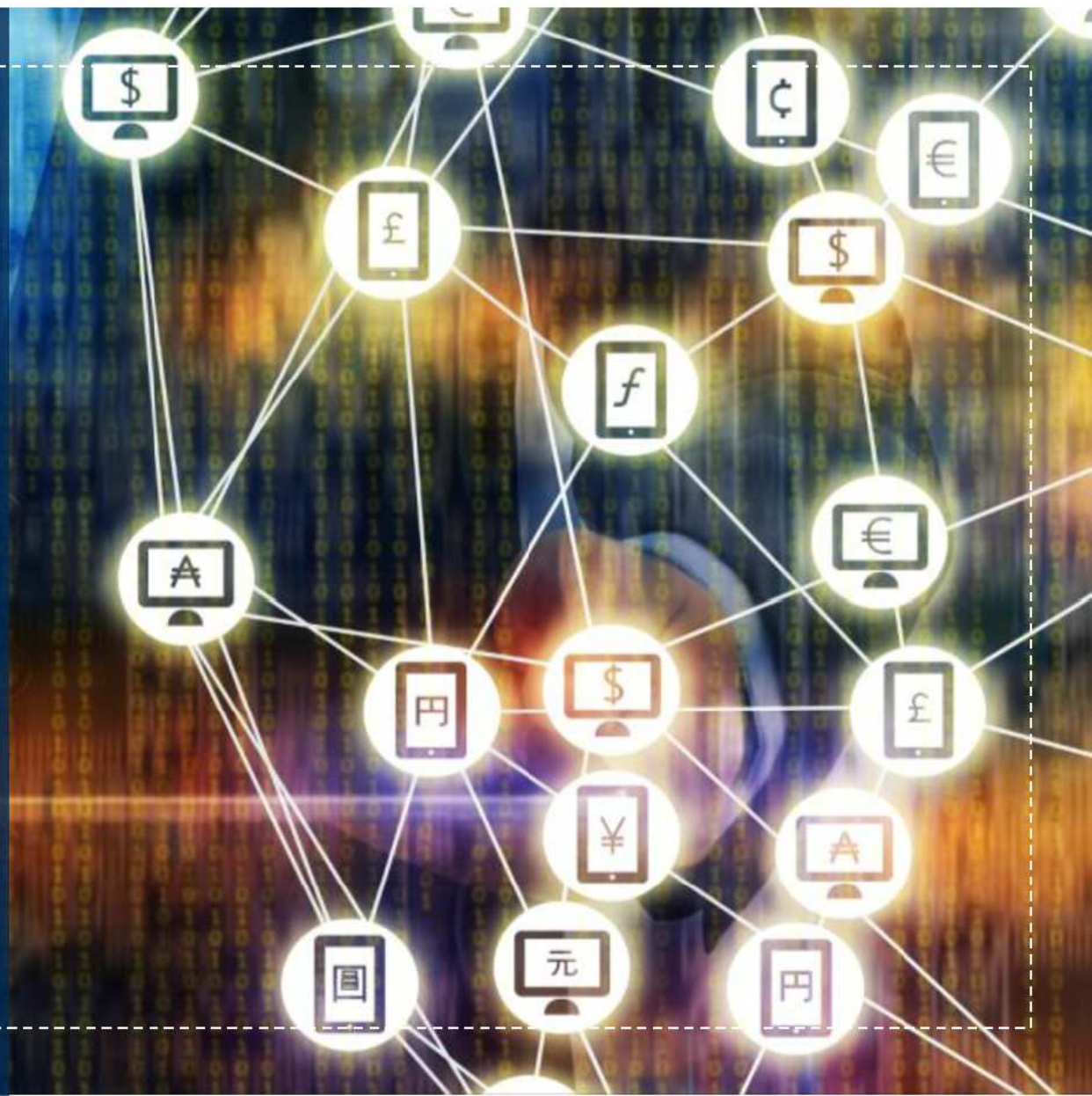
Pooja Nambiar
Company Secretary & Compliance Officer

FIRSTSOURCE SOLUTIONS LTD.,

Paradigm B, 5th Floor, Mindspace, New Link Road, Malad (W), Mumbai - 400 064. India.
Tel: +91 22 6666 0888 | Fax: +91 22 6666 0887 | Web: www.firstsource.com

Firstsource Solutions Limited

Q3 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

Q3 FY2019 Executive Summary

- **Revenues: Q3FY'19 Revenues at ₹ 985.2 crore, Q2FY'19 at ₹ 954.7 crore, Q3FY'18 at ₹ 887.2 crore**
 - Q-o-Q growth of 3.2% in Rupee terms; growth of 0.9% in constant currency
 - Y-o-Y growth of 11.0% in Rupee terms; growth of 3.5% in constant currency
- **EBITDA: Q3FY'19 EBITDA of ₹ 136.1 crore or 13.8% of Revenues**
 - Q-o-Q higher by ₹ 3.3 crore or 2.5% growth; Margin reduction of 0.1%
 - Y-o-Y higher by ₹ 20.0 crore or 17.2% growth; Margin expansion of 0.7%
- **EBIT: Q3FY'19 Operating EBIT of ₹ 117.0 crore or 11.9% of Revenues**
 - Q-o-Q higher by ₹ 2.6 crore or 2.3% growth; Margin reduction of 0.1%
 - Y-o-Y higher by ₹ 18.0 crore or 18.2% growth; Margin expansion of 0.7%
- **PAT: Q3FY'19 PAT of ₹ 98.1 crore or 10.0% of Revenues**
 - Q-o-Q higher by ₹ 5.3 crore or 5.7% growth; Margin expansion of 0.2%
 - Y-o-Y lower by ₹ 1.4 crore or 1.4% de-growth; Margin reduction of 1.3%
 - *On normalized basis, Y-o-Y higher by ₹ 22.7 crore or 30.0% growth; Margin expansion of 1.5%*
- **Cash & Cash equivalent as on December 31st, 2018 at ₹ 99.8 crore vs. ₹ 74.1 crore as on September 30th, 2018**

9M FY2019 Executive Summary

- **Revenues: 9MFY'19 Revenues at ₹ 2,859.1 crore, 9MFY'18 at ₹ 2,638.0 crore**
 - Y-o-Y growth of 8.4% in Rupee terms; growth of 1.5% in constant currency
 - Proforma ABU then Y-o-Y growth of 11.5% in Rupee terms; growth of 4.8% on constant currency terms
- **EBITDA: 9MFY'19 EBITDA of ₹ 397.1 crore or 13.9% of Revenues**
 - Y-o-Y higher by ₹ 70.7 crore or 21.6% growth; Margin expansion of 1.5%
- **EBIT: 9MFY'19 Operating EBIT of ₹ 341.6 crore or 11.9% of Revenues**
 - Y-o-Y higher by ₹ 63.9 crore or 23.0% growth; Margin expansion of 1.4%
- **PAT: 9MFY'19 PAT of ₹ 279.5 crore or 9.8% of Revenues**
 - Y-o-Y higher by ₹ 45.8 crore or 19.6% growth; Margin expansion of 0.9%
 - *On a normalized basis, Y-o-Y higher by ₹ 69.9 crore or 33.4% growth; Margin expansion of 1.8%*

Financial Performance Q3 FY19 and 9M FY19

In ₹ million	Q3 FY 2019	Q2 FY 2019	Q3 FY 2018
Income from services	9,723	9,442	8,631
Other operating Income	129	105	241
Revenue from operations	9,852	9,547	8,872
Personnel and Operating Expense	8,491	8,219	7,711
Operating EBITDA	1,361	1,328	1,161
<i>Operating EBITDA %</i>	<i>13.8%</i>	<i>13.9%</i>	<i>13.1%</i>
Depreciation / amortization	191	184	172
Operating EBIT	1,170	1,144	990
<i>Operating EBIT %</i>	<i>11.9%</i>	<i>12.0%</i>	<i>11.2%</i>
Other Income / (expense)	(3)	(8)	12
Interest Income / (expense), net	(60)	(52)	(90)
PBT	1,107	1,084	912
<i>PBT (% of total income)</i>	<i>11.2%</i>	<i>11.4%</i>	<i>10.3%</i>
Taxes and Minority Interest	126	156	(84)
Normalised PAT	981	928	754
<i>Normalised PAT (% of total income)</i>	<i>10.0%</i>	<i>9.7%</i>	<i>8.5%</i>
Reported PAT	981	928	995
<i>Reported PAT (% of total income)</i>	<i>10.0%</i>	<i>9.7%</i>	<i>11.2%</i>

In ₹ million	9M FY 2019	9M FY 2018
Income from services	28,225	25,602
Other operating Income	366	778
Revenue from operations	28,591	26,380
Personnel and Operating Expense	24,620	23,115
Operating EBITDA	3,971	3,264
<i>Operating EBITDA %</i>	<i>13.9%</i>	<i>12.4%</i>
Depreciation / amortization	555	487
Operating EBIT	3,416	2,777
<i>Operating EBIT %</i>	<i>11.9%</i>	<i>10.5%</i>
Other Income / (expense)	(1)	20
Interest Income / (expense), net	(168)	(255)
PBT	3,247	2,542
<i>PBT (% of total income)</i>	<i>11.4%</i>	<i>9.6%</i>
Taxes and Minority Interest	451	205
Normalised PAT	2,795	2,096
<i>Normalised PAT (% of total income)</i>	<i>9.8%</i>	<i>7.9%</i>
Reported PAT	2,795	2,337
<i>Reported PAT (% of total income)</i>	<i>9.8%</i>	<i>8.9%</i>

Other Highlights

Employee and Attrition Details

Headcount:

18,595 employees as on December 31, 2018

- 8,621 employees in India
- 9,974 employees based outside India
- Net addition of 226 employees in Q3 FY19

Attrition Details:

- Onshore (US and Europe) – 45.8% compared to 54.9% in Q2 FY19
- Offshore (India and Philippines) – 39.3% compared to 44.8% in Q2 FY19
- Early attrition 83.4% compared to 43.9% in Q2FY19 in UK

Net Debt Position

- Net Cash of \$0.3 million as on December 31, 2018
 - Repaid GBP 11 Mn in Q3 FY'19

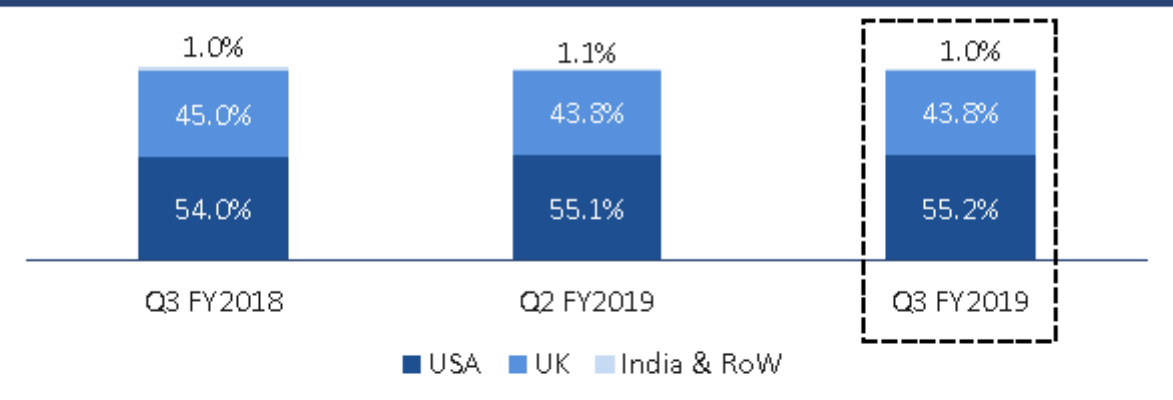
Foreign Exchange Hedges

Outstanding FX hedges at \$71 million for USD and £107 million for GBP

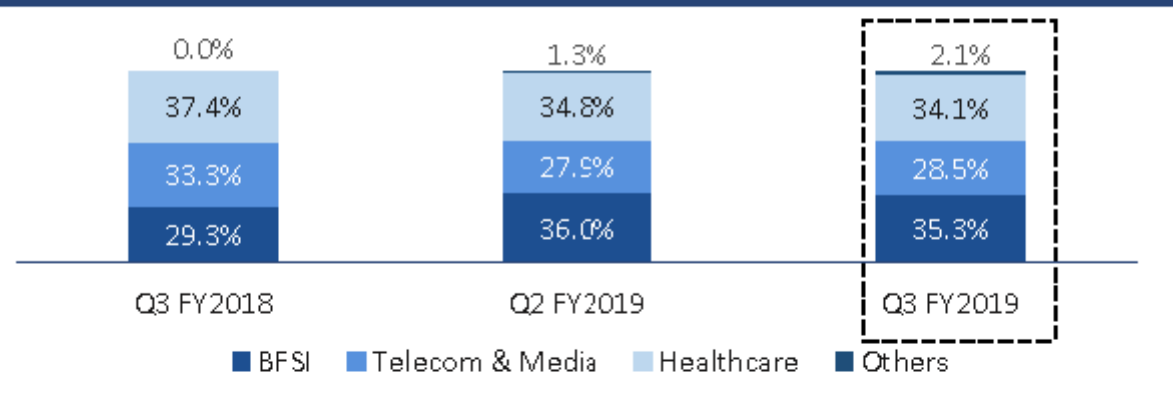
- Next 12 months: 85% coverage for USD at INR 70.1 levels, 90% coverage for GBP at INR 99.4 levels, and 51% coverage for GBP at PHP 71.8 levels
- Next 13 – 24 months: 60% coverage for USD rates at INR 73.8 levels, 84% coverage for GBP at INR 102.0 levels
- Post 24 Months: 88% coverage for GBP at INR 110.4 levels

Q3 FY19 Revenue Snapshot

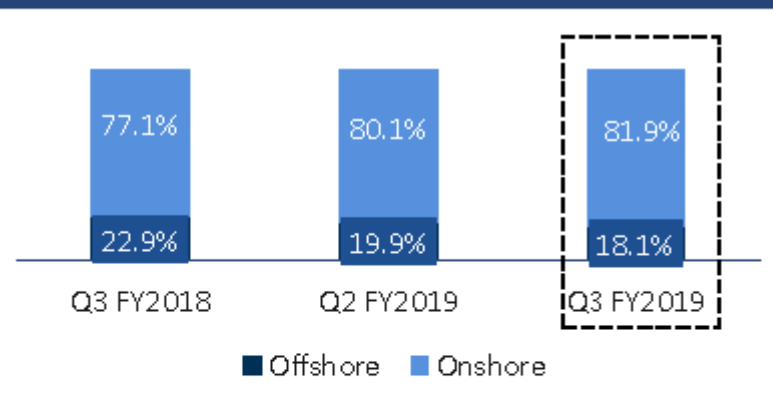
Revenue by Geography



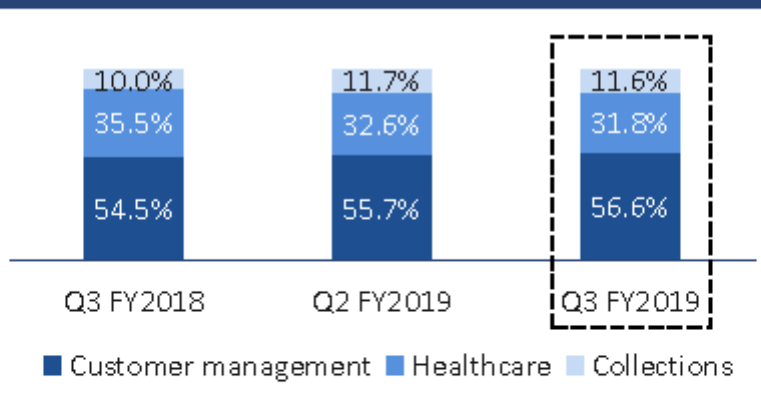
Revenue by Verticals



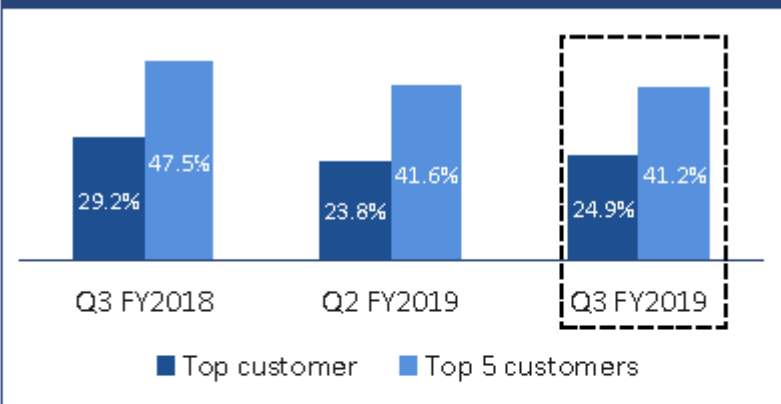
Revenue by Delivery



Revenue by Segment



Top Clients





01 | Performance Analysis

02 | Business Outlook

- Revenue outlook to be softer than expected
 - Higher than anticipated early attrition in UK and tightening of labour markets led to Revenue loss (actual and opportunity); Remediation underway to reduce early stage attrition and improving hiring output
 - Deferment of a multi-year deal (TCV of \$20-21 Mn) from expected go-live in November 2018 to March 2019
- Continue to see momentum in our Mortgages, Collections and Healthcare Provider business
 - Demand environment in CM business is attractive; pipeline is robust. Playout of Brexit and supply chain constraints are being monitored/ acted upon
 - Headwinds in our Payer business. Likely to impact Q4 and FY20
- Journey of margin expansion to continue



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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