

Consistency & Transformation

Mphasis Earnings Q1 FY 2023

Nitin Rakesh
CEO & Managing Director

Manish Dugar
CFO



Certain statements mentioned in this presentation concerning our future growth prospects are forward looking statements (the “Forward Statements”) and are based on reasonable expectations of the management, which involves a number of risks, and uncertainties that could cause actual results to differ materially from those in such Forward Statements. The risks and uncertainties relating to these Forward Statements include, but are not limited to, risks and uncertainties regarding fluctuations in our earnings, fluctuations in foreign exchange rates, revenue and profits, our ability to generate and manage growth, intense competition in IT services, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price and fixed-time frame contracts, restrictions on immigration, industry segment concentration, our ability to manage our international operations, our revenues being highly dependent on clients in the United States of America, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, withdrawal of fiscal governmental incentives, political instability, adverse impact of global pandemics (including COVID-19 impact), war, legal restrictions on raising capital or acquiring companies, unauthorized use of our intellectual property(ies) and general economic conditions affecting our businesses and industry. We may, from time to time, make additional written and oral Forward Statements . We do not undertake to update any Forward Statements that may be made from time to time by us or on our behalf, unless required under the law.



IT Spend Continues to Stay Robust Despite Focus on Cost and Macro Trends

IT budgets are stable at elevated levels

% respondents reporting increase in total IT Budget*

	April '21	May '22
% respondents saying budget will increase	59%	78%
% respondents saying budget will increase 20%+	13%	23%

Driven by tech themes....



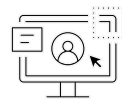
Cloud



Security



Analytics and BI



Customer Experience



ITes with run spends may see some downward pressure

Our Customers



90%+ customers have indicated continued tech spend. Mortgage LOB impacted by macro factors



Pressure to reduce run spend are providing **opportunities** to explore proactive cost value propositions like **Zero Cost Transformation**



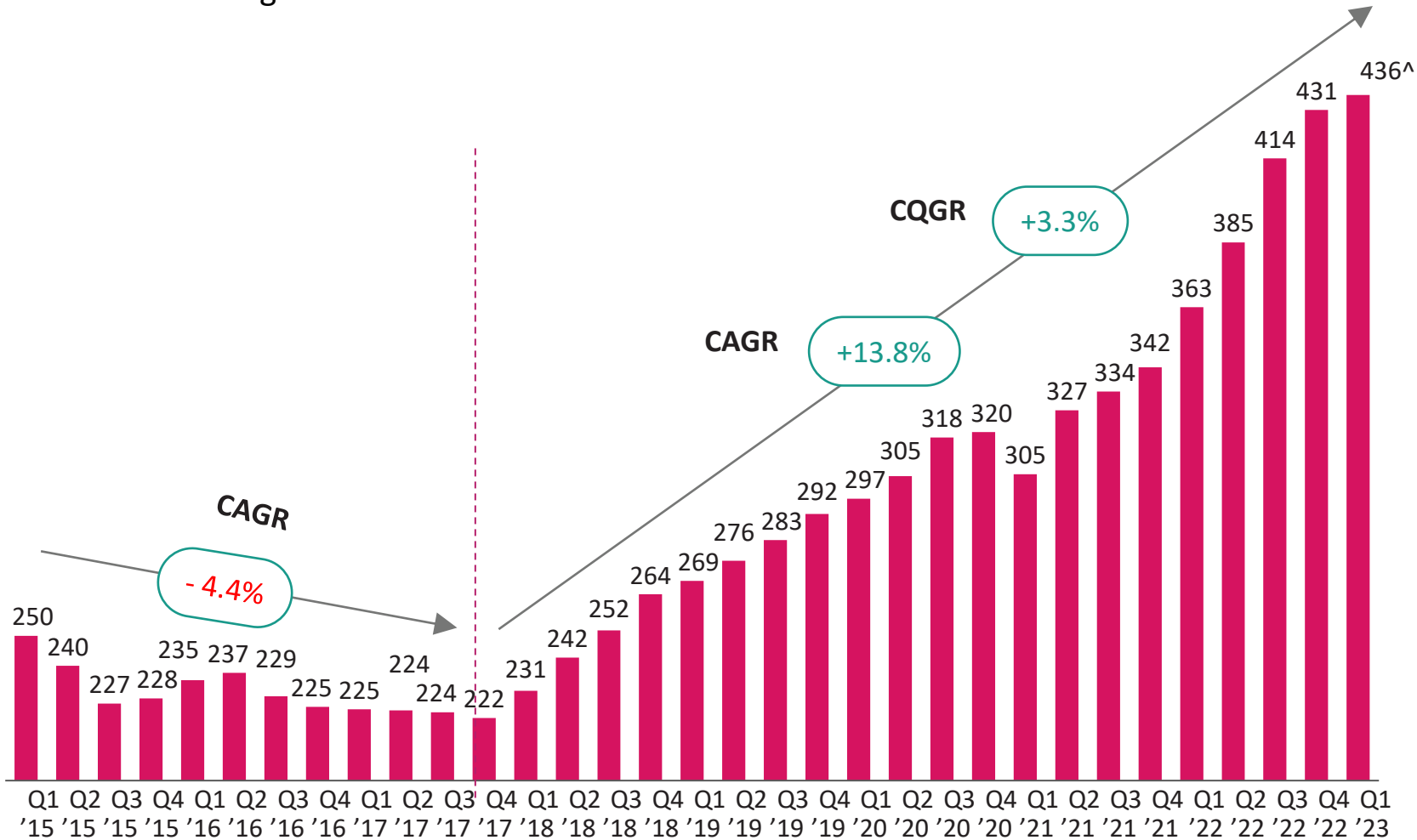
Higher outsourcing to offshore/nearshore driven by cost advantage, need for faster time to market, and globalization of talent models

*Source: Bain Covid-19 B2B IT Software Survey (US N=96, EU N=92, April 26, 2021, US N = 94, EU N = 85, May 20, 2022)

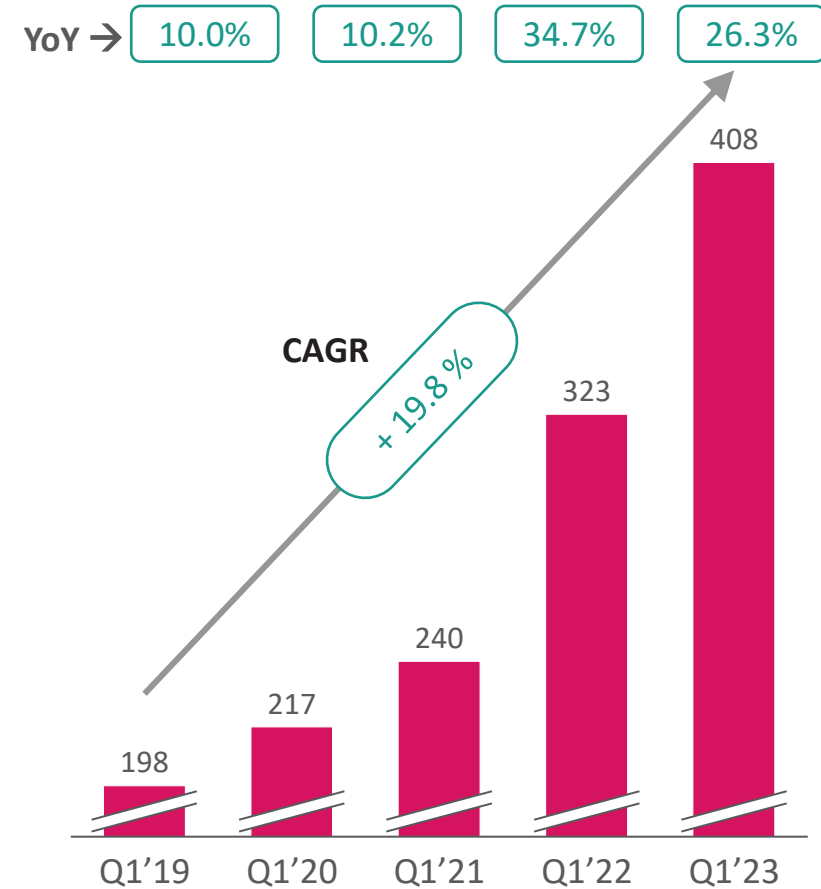


Consistency & Transformation

Q1-FY23: Overall revenue grew 22.1% YoY in CC#
Direct business grew 28.3% YoY in CC#



Continued growth outperformance in Direct



Revenue in USD \$M at average USD/INR rate for the respective periods
© Mphasis 2022 Proprietary and confidential information | 7/22/2022

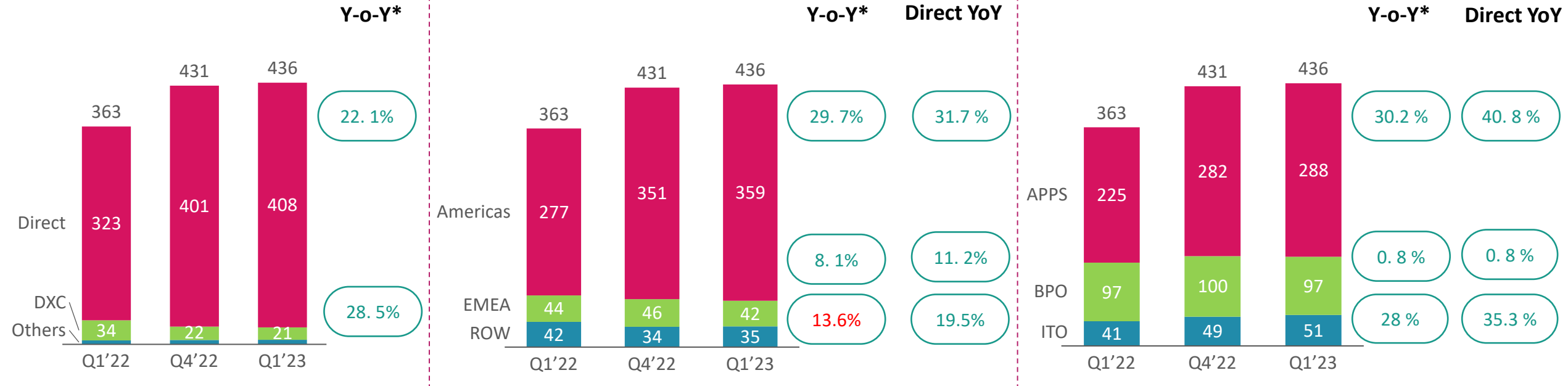
[^]Includes adverse cross-currency impact of \$3.5 Mn QoQ and \$7.2 Mn YoY
Constant Currency

Direct Business revenues



Continuing Success of Our Strategy in Numbers

Revenue in USD Mn



Direct performance in Q1-23

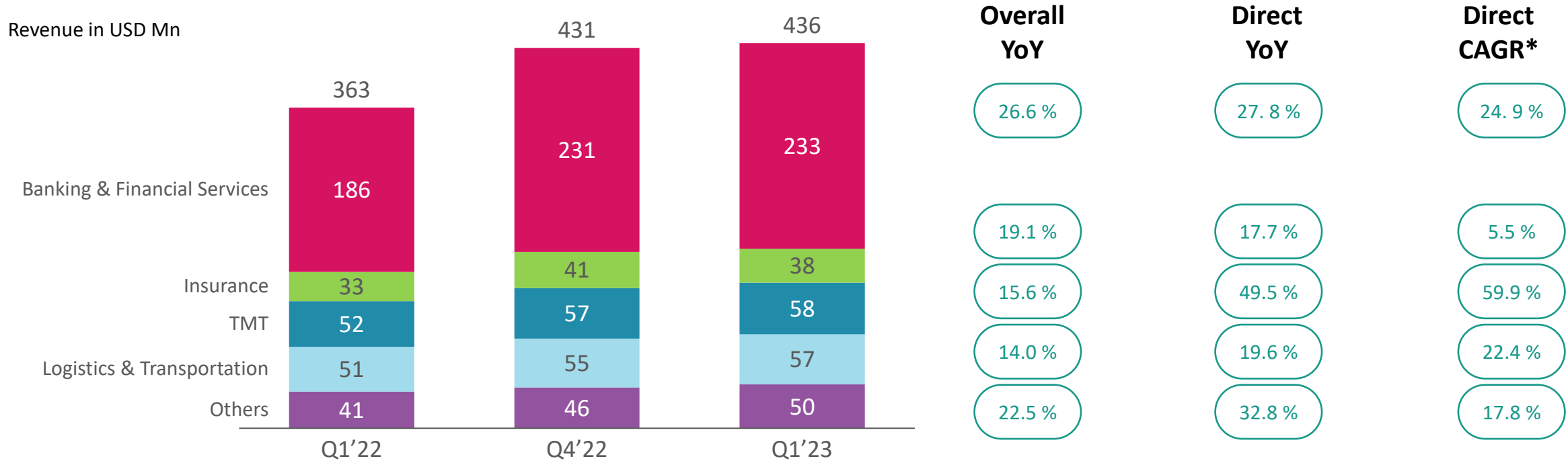
- YoY growth of 28.3% in CC
- Strong and Consistent YoY growth across core vectors
 - Significant growth led by offshore-centric Applications segment

Revenue in USD \$M at average USD/INR rate for the respective periods

* Revenue growth in constant currency



Broad-based Growth Across Verticals

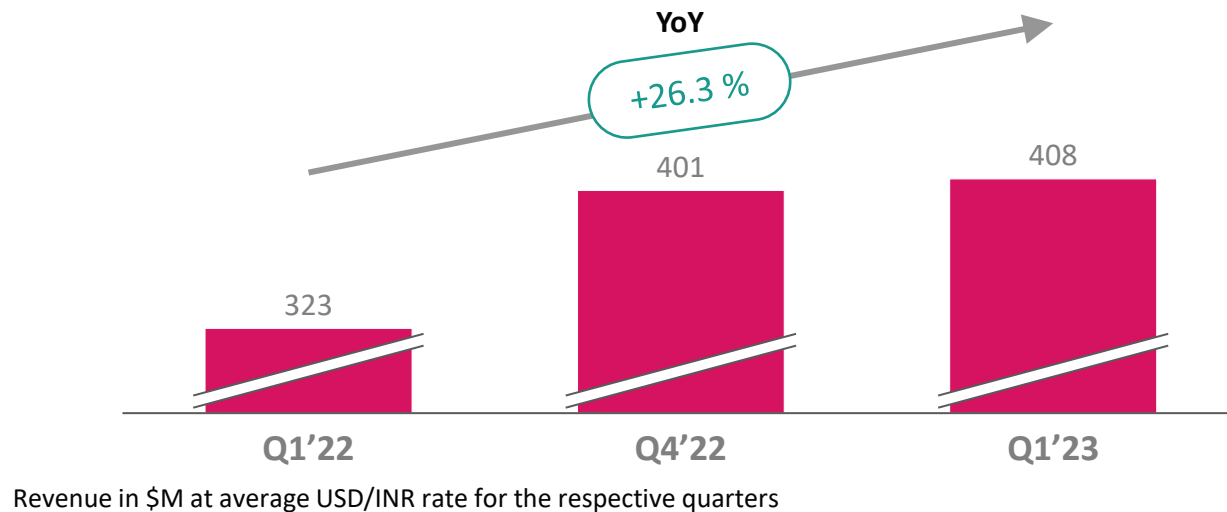


- **BFS** : Delivered growth of 20% + YoY growth in past 8 quarters
- With our tech-led positioning, we are replicating BFS performance in other verticals
- **TMT/Healthcare**: Growth driven by large deal wins



Leading at the Speed of Clients

Accelerated Growth in Direct Revenue



Overall

Strong Q1-23 YoY (28.3% CC) broad-based growth

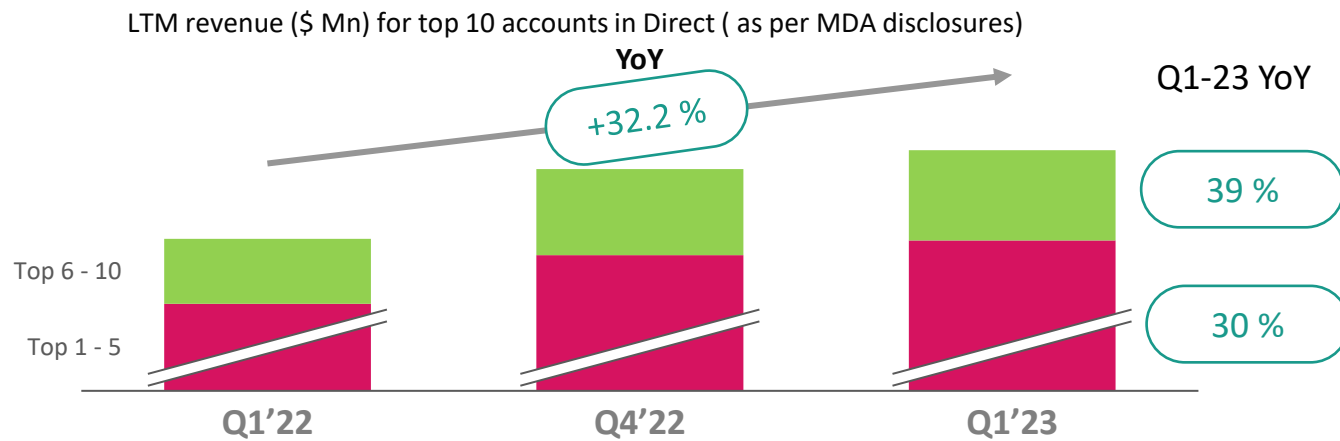
Top 10

Top 10 accounts grew 32% YoY;
Top 6 – 10 accounts grew 39% YoY

Top 20

Accounts in Top 11-20 category grew 24% YoY

Top Accounts Leading Growth in Direct



Europe

Revenue grew at 11.2% YoY on CC basis

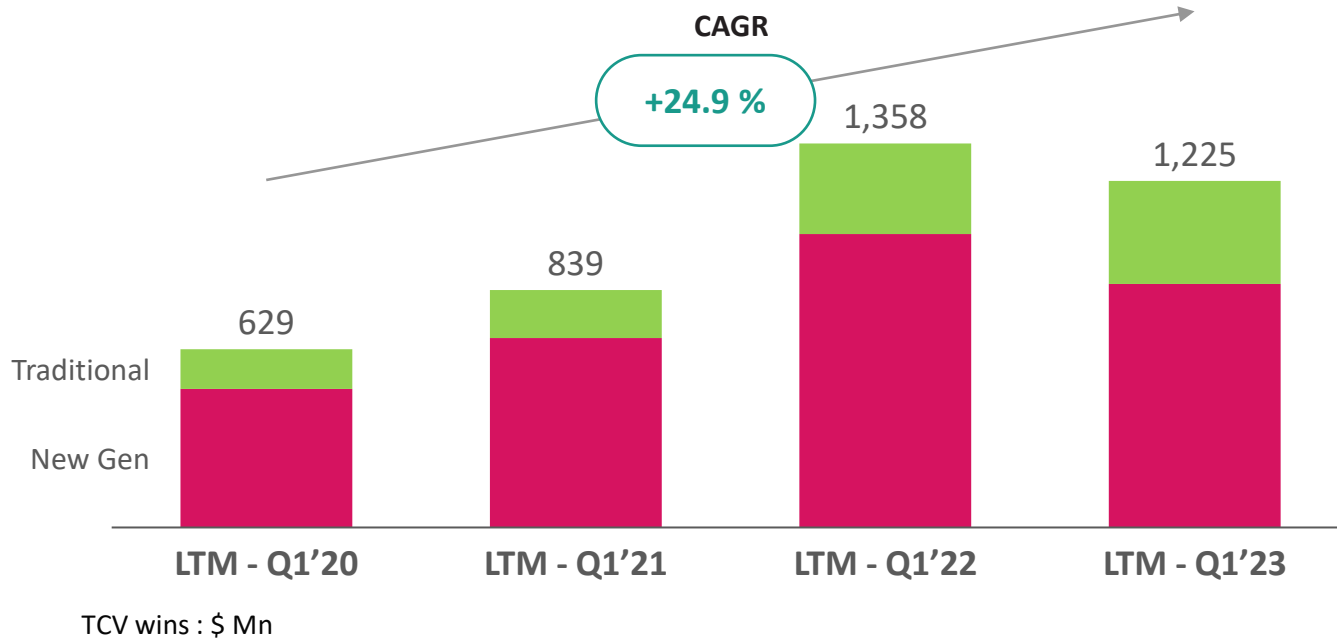
NCA

NCA continues to contribute to growth in Direct; YoY growth of 68%

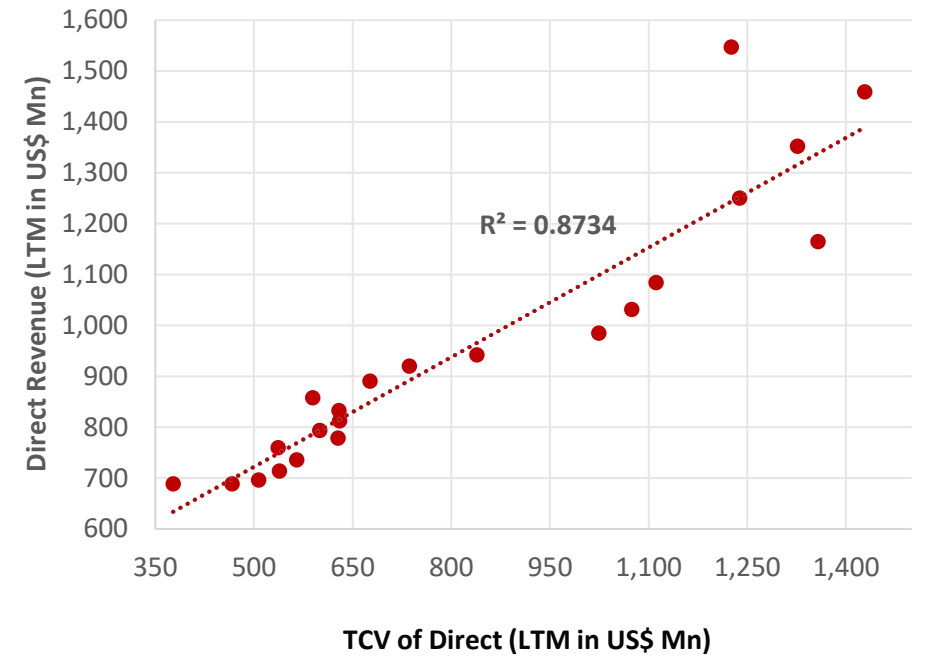


Strong TCV Trend Continues

Direct TCV Wins



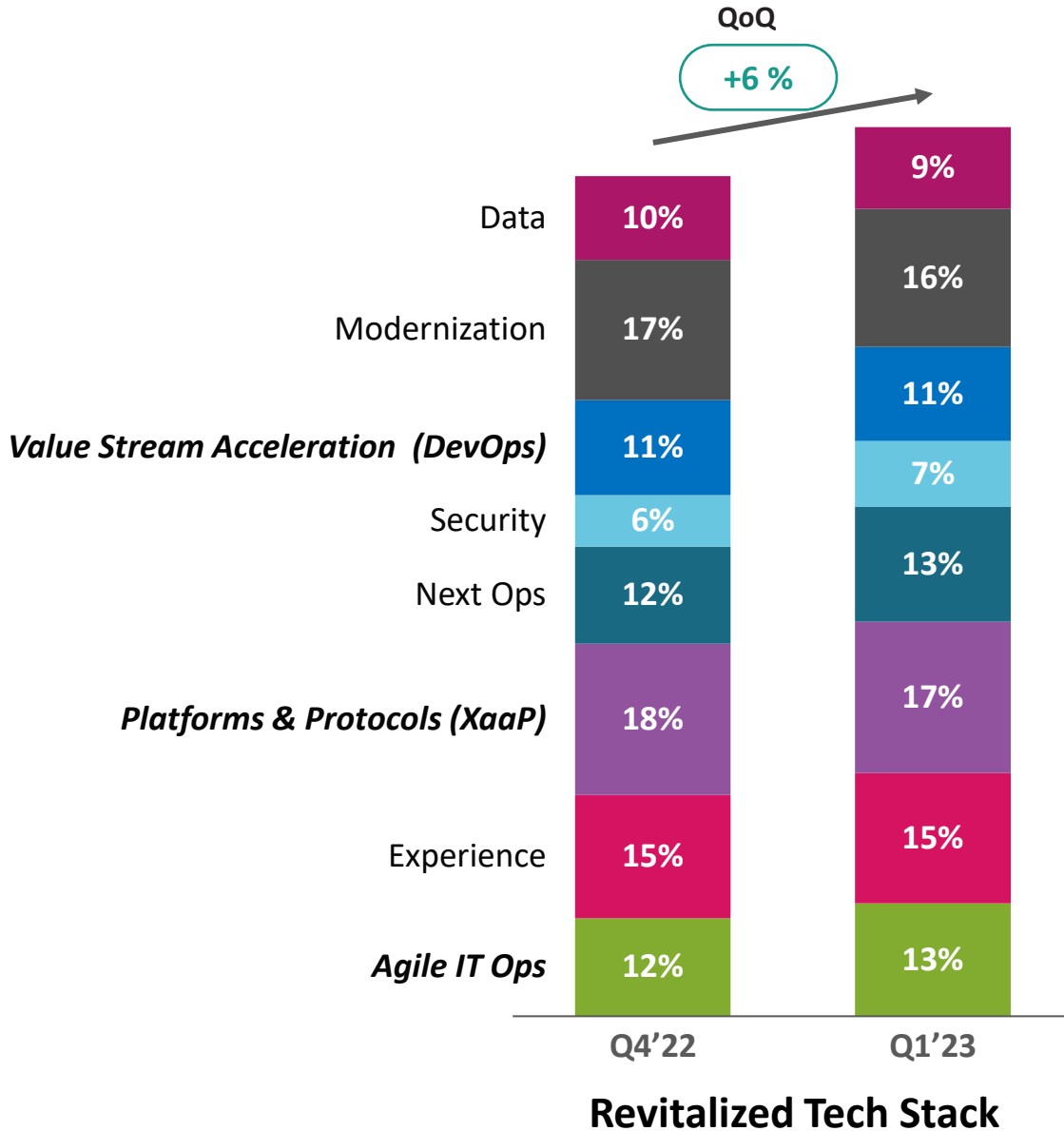
Direct: Revenue vs TCV – Strong Correlation



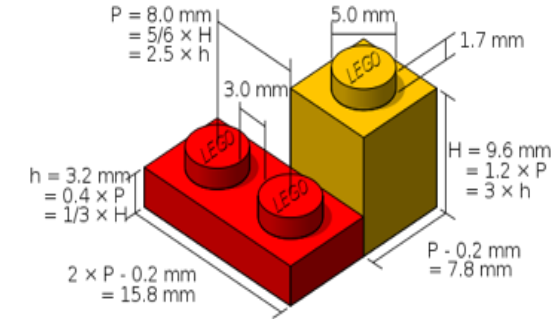
- TCV wins of \$302M for Q1-23; Consistently maintaining average of > \$300M+ TCV wins in the past eight quarters
- ~84% of Q1-23 deal wins in New Gen areas
- Further, won a large **\$60M+** cloud transformation deal in Q2-23



New Gen Pipeline Continues to Stay Strong with Renewed Tribes



- **Focus on composability** to bring in scale, speed and domain
- **Archetype mode of selling**
 - *Building reusable components*
 - *Solution to delivery framework*
 - *Quicker estimation & risk models*
 - *Transformation program office*
- **Shortening response time** increases deal velocity keeping pipeline robust despite large win closures





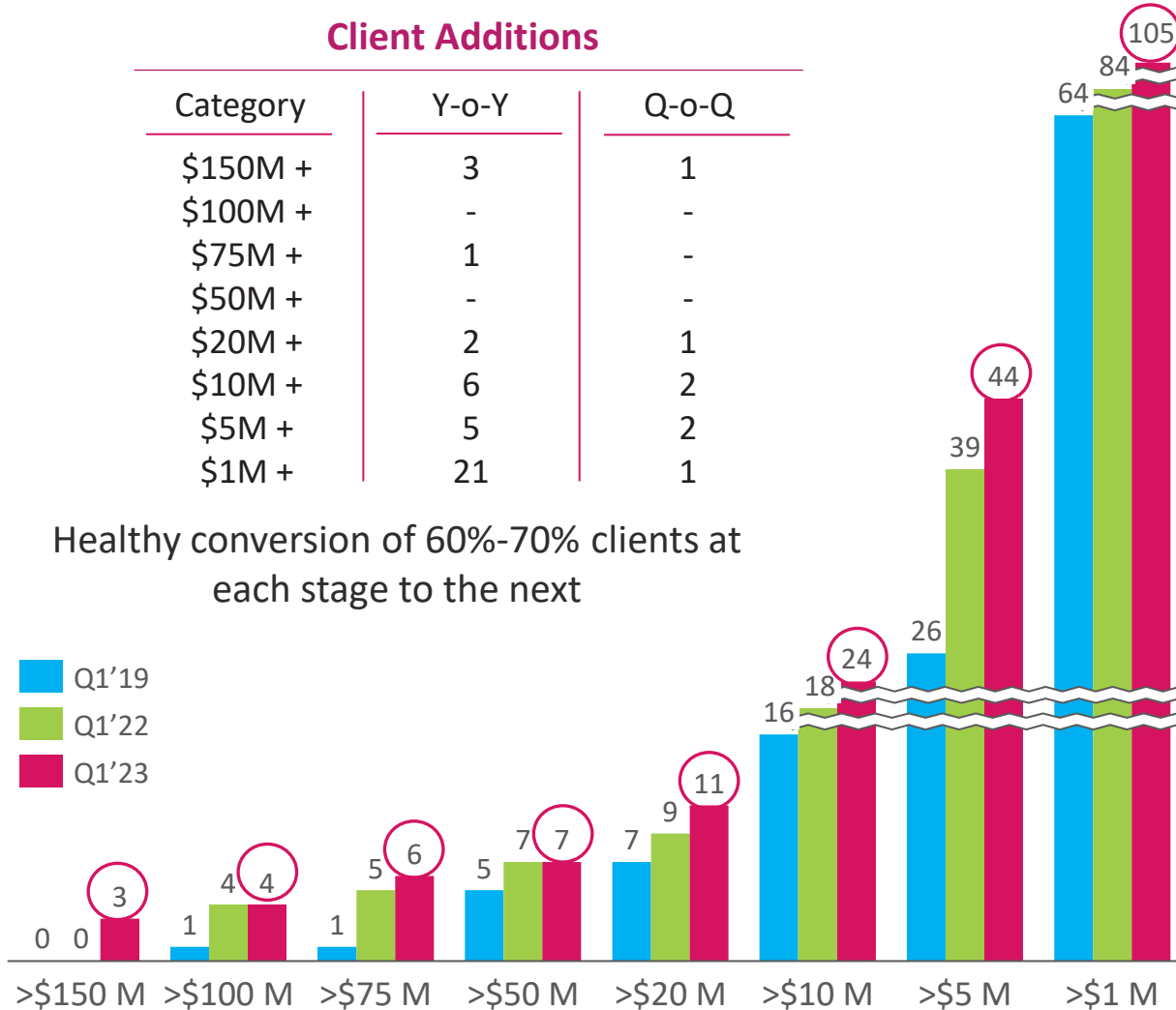
Improving Client Mining and Large-deal Metrics

Client Pyramid

Client Additions

Category	Y-o-Y	Q-o-Q
\$150M +	3	1
\$100M +	-	-
\$75M +	1	-
\$50M +	-	-
\$20M +	2	1
\$10M +	6	2
\$5M +	5	2
\$1M +	21	1

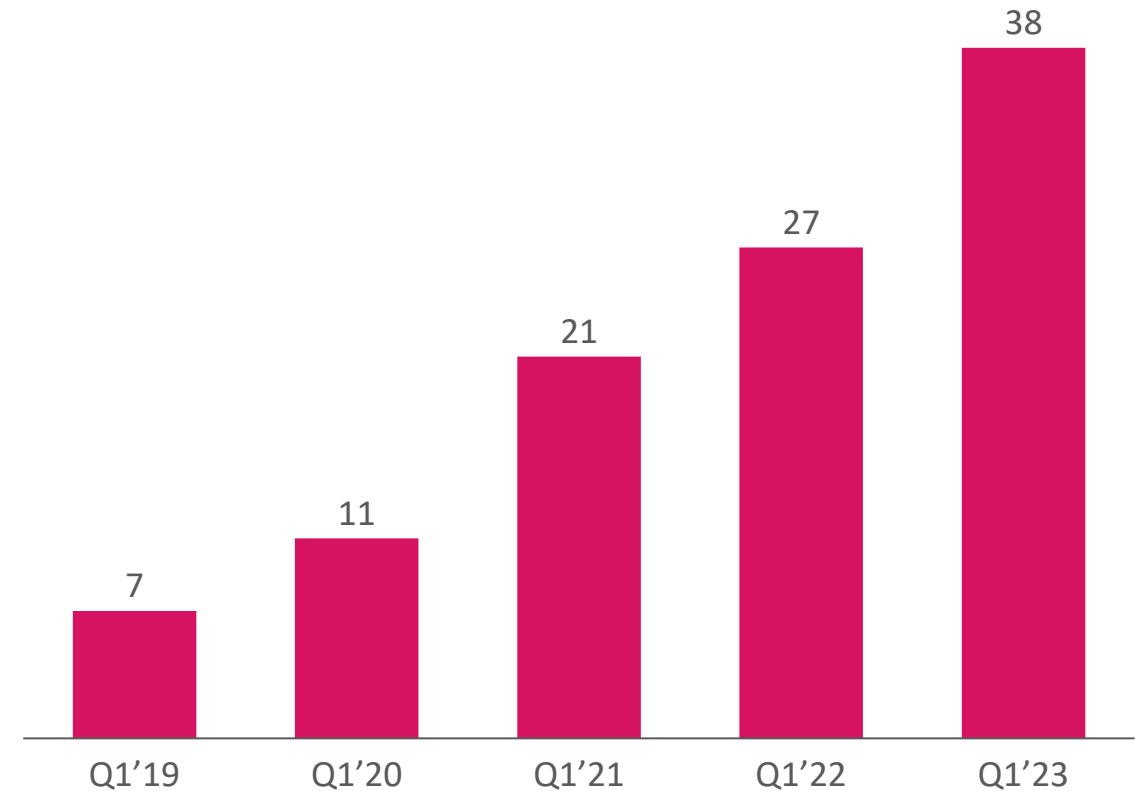
Healthy conversion of 60%-70% clients at each stage to the next



Note: All metrics based on LTM revenues

Focus on winning large-deals (>\$20M TCV)

11 large deals in last twelve months compared to 6 in the previous period.

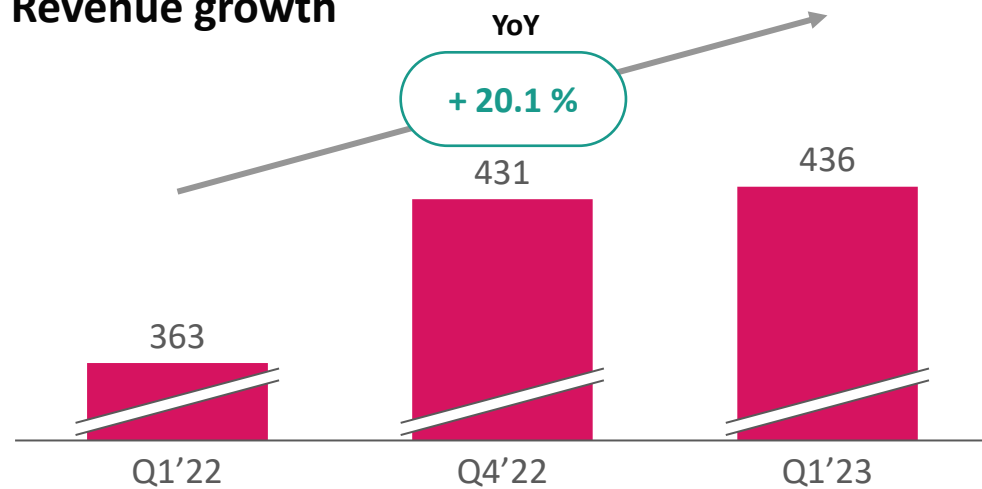


of cumulative deal wins since Q1'18



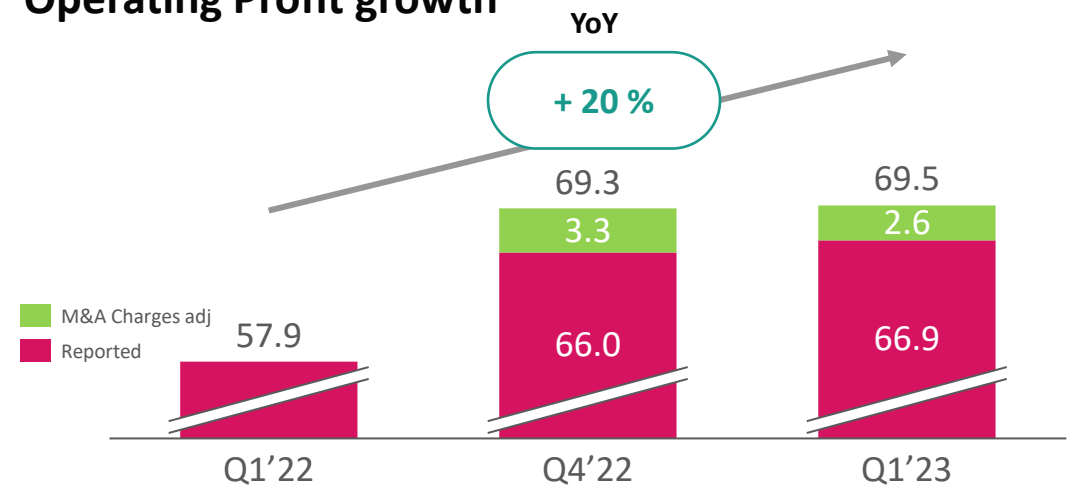
Strong Performance in All Financial Metrics

Revenue growth



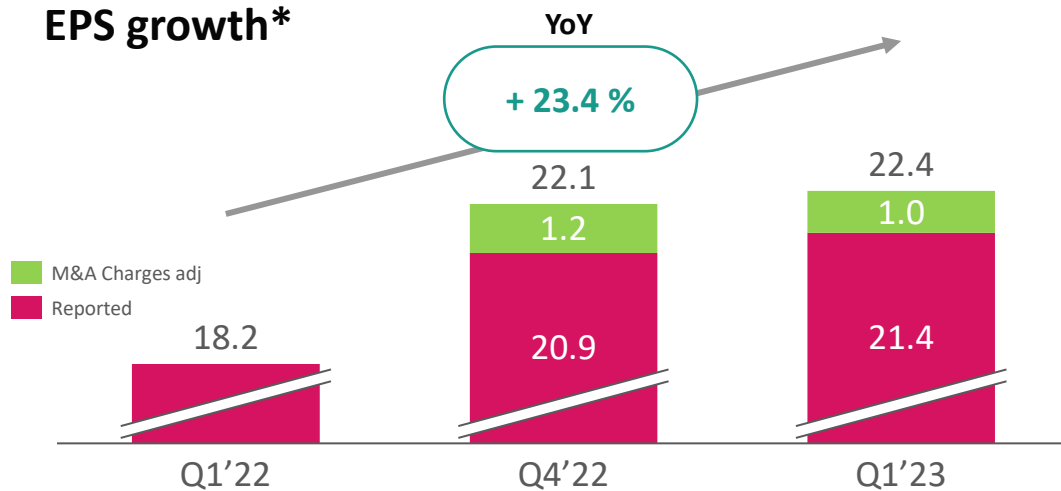
Gross Revenue in \$M at average USD/INR rate for respective periods

Operating Profit growth*



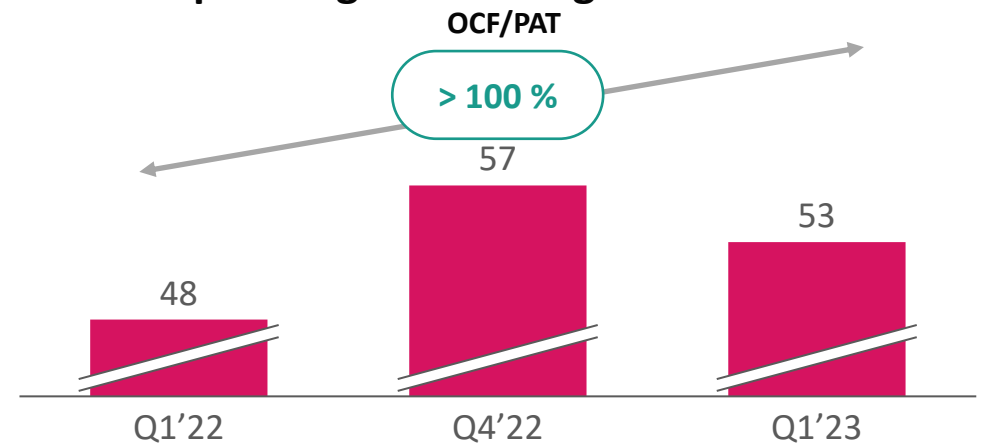
EBIT in \$M at average USD/INR rate for respective periods

EPS growth*



Basic EPS in INR for respective periods

Consistent Operating Cash flow generation



Net Operating Cash flow as per MDA disclosures; Converted at average USD/INR for respective periods



In Summary ...

- **Direct growth** well above industry at 28%+ in Q1-23
- **KPIs moving in the right direction** with our tribe-based propositions paying off
 - Track record in winning large deals sustained with 1 large US\$50 million + TCV deal in Q1-23; this follows the 11 large deals wins in last 12 months
 - Continued share gains with key clients; Strong Top-5/Top-10/Top-20 client LTM growth, Diversification of growth with client mining metrics across revenue buckets: Added 1 client over \$150M LTM revenue
 - Operating cash flow consistently at 100%+ of PAT
- **Ongoing utilization & capacity management** (*using the pyramid*) aligns with demand visibility and in line with our strategy of continued supply side transformation
- **Growth-accretive margin stance ensures predictable margin performance in the stated band** while enabling essential investments and managing supply headwinds
 - Healthy YoY Gross Margin improvement of 160 bps



Outlook for FY23

- **Continued growth momentum while watching for macro**
 - Continuing market-share gains with clients across tiers and verticals,
 - Robust spending plans of high-quality client base,
 - Expansion of the addressable market with competency build-up (including M&A) and market expansion
 - Strength of pipeline and track-record of converting pipeline into TCV and TCV into revenue
 - Increasing convergence of overall revenue growth with Direct growth going forward
- **Target operating (EBIT) margin band of 15.25-17% through all four quarters of FY23**

Q&A

Link to financial data for the past three years: <https://www.mphasis.com/home/corporate/investors.html>





Analysts/Advisor Recognitions

Everest Group
PEAK MATRIX™ MAJOR CONTENDER

Property and Casualty (P&C) Insurance
 BPS – Service Provider Landscape with
 Services PEAK Matrix® Assessment 2022

GARTNER

Mentioned as one of the vendors in the
 report - Cool Vendors in Quantum
 Computing

EMEA LIFE POLICY
 ADMINISTRATION SYSTEM DEAL
 TRENDS

CELENT | 2022

FORRESTER

NOW
 TECH
 Q2 2022

Cloud Migration And
 Managed Service Partners In
 Asia Pacific, Q2 2022

Recognized in Neo
 Group ESG
 Adoption Survey

NEO GROUP | 2022

Everest Group
PEAK MATRIX™ ASPIRANT

Sustainability Enablement Technology Services
 PEAK Matrix®
 Assessment 2022



Awards and Recognitions

- Exclusive member of VMware’s Tanzu Partner Advisory Council, a by-invite-only peer-exchange platform for select partners to engage and define Tanzu’s product roadmap/news releases
- Preferred solution partner status of Azure Quantum Network; Quantum assessment, consultancy, and solution development services on the Azure marketplace
- Ranked ‘high’ in the twin-track assessment model – ‘Operational-Performative Alignment and Cultural-Attitudinal Alignment’ by Neo Group in their ESG Adoption Survey Report
- Awarded Gold Stevie for ‘Most Exemplary Employer’ under the COVID-19 Response category by The 2022 American Business Awards
- Recognized as ‘The Employer of the Future’ in the 2022 Fortune India-Work Universe Annual Employers of the Future Study
- ‘Engineering is in our DNA’ campaign won MUSE Creative Award – Silver in the ‘Integrated Marketing Campaign’ category | Vega Digital Award - Centauri in the ‘Social Presence’ and ‘Best Overall Social presence’ categories.



VMware Tanzu

