

# Mphasis Q3 FY 2021

## Earnings Presentation

22<sup>nd</sup> January 2021

**Nitin Rakesh**

*Chief Executive Officer And Executive Director*

**Manish Dugar**

*Chief Financial Officer*

*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.*



# Top Ten Strategic Predictions for 2021 and Beyond

By 2025, traditional computing technologies will hit a digital wall forcing the shift to new computing paradigms

<b>Technology</b>	<b>Storage</b>	<b>Experience</b>	<b>Products</b>	<b>Leadership</b>
<b>The Wall</b> nontraditional computing rises	<b>30%</b> start DNA storage trials	<b>40%</b> add virtual experiences	<b>20%</b> products first touched by customers	<b>25%</b> Chief Operating Officers "by proxy"
2025	2024	2025	2025	2024
<b>Applications</b>	<b>Workplace</b>	<b>Society</b>	<b>Customer</b>	<b>Content</b>
<b>75%</b> conversations recorded at work	<b>20%</b> office space becomes childcare space	<b>30%</b> listen to the voice of society	<b>75%</b> freelance customer support agents	<b>30%</b> prioritize content moderation services
2025	2023	2024	2025	2024



# Creating higher-value, larger, integrated deals

## *GTM Deal Archetypes*

- 1 **Zero Cost Transformation**  
Channeling run cost optimization to power modernization and transformation
- 2 **Platform driven Enterprise Modernization**  
Helping enterprises compete with digital native firms by transforming them into a platform enterprise
- 3 **Service Transformation**  
Accelerating value delivery from investments through capital release. Prepping for slowdown
- 4 **Operations Transformation**  
Infusing Cognitive and Digital levers to deliver next gen business process transformation : Tech Ops
- 5 **Data Driven DevOps**  
Helping enterprises shift left using devops framework. Leveraging Stelligent capabilities

## *Mphasis Tribes Leveraged*

Modernization | Next Gen IT Ops | DevOps | Data

XAAP | DevOps | Modernization | Data

Next Gen IT Ops | Data

Next Gen Ops | Data

DevOps | Data

### *Larger Deals*

Engaging in >\$25 Mn Pursuits consistently

### *Upstream*

High % of Proactive Pursuits

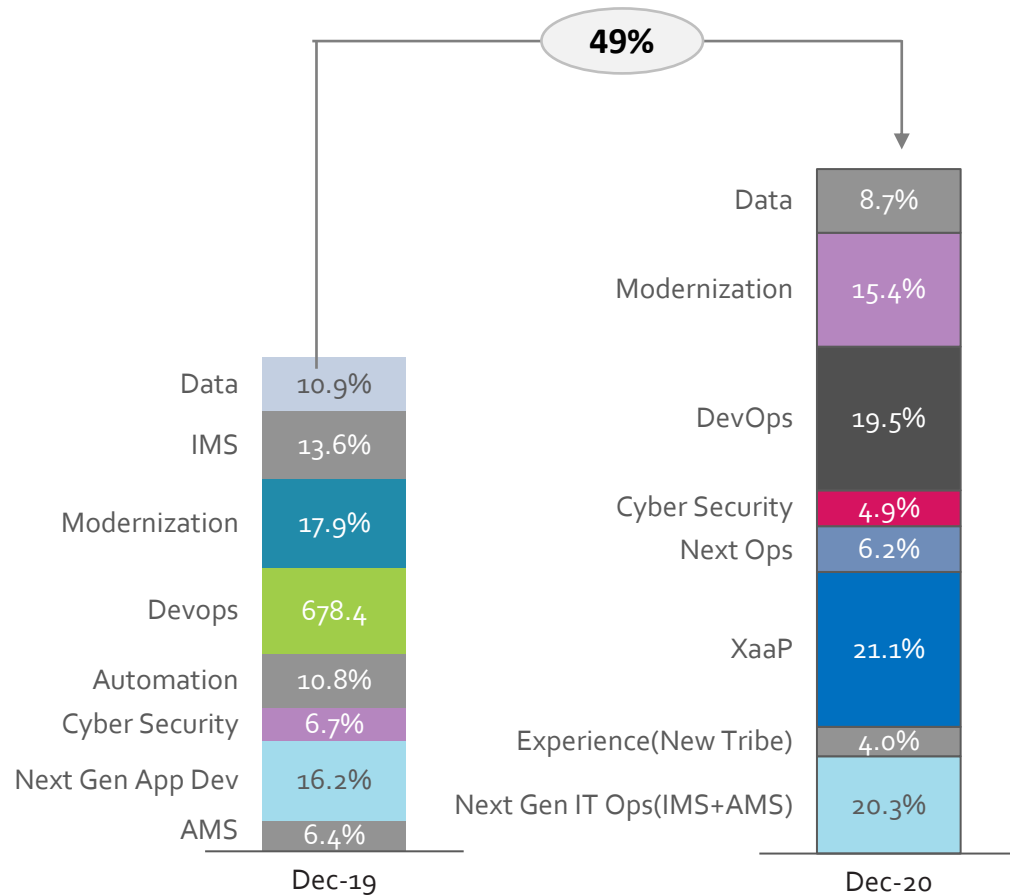
### *Strategic access*

CEO  
COO  
CIO



# Our Tribe led Pipeline has increased over the past year

## Tribes-led increased inflow of pipeline and Large deal wins



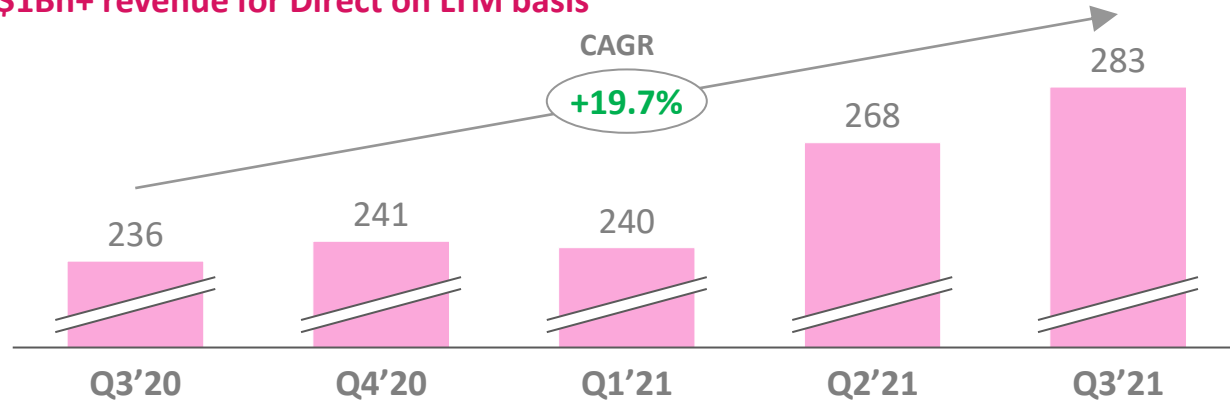
- The Specialty division of Ardonagh Group, UK's largest independent insurance broker has signed up Mphasis for a Digital Transformation engagement
- A F500 Global Consulting Professional Services firm, specializing in Risk and Insurance Services, chose Mphasis to modernize their complex legacy platform in one of their divisions in a multi year engagement



# Direct Business has been Consistently Delivering Strong Growth

## Accelerated Growth in Direct Revenue

\$1Bn+ revenue for Direct on LTM basis



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

**Overall**

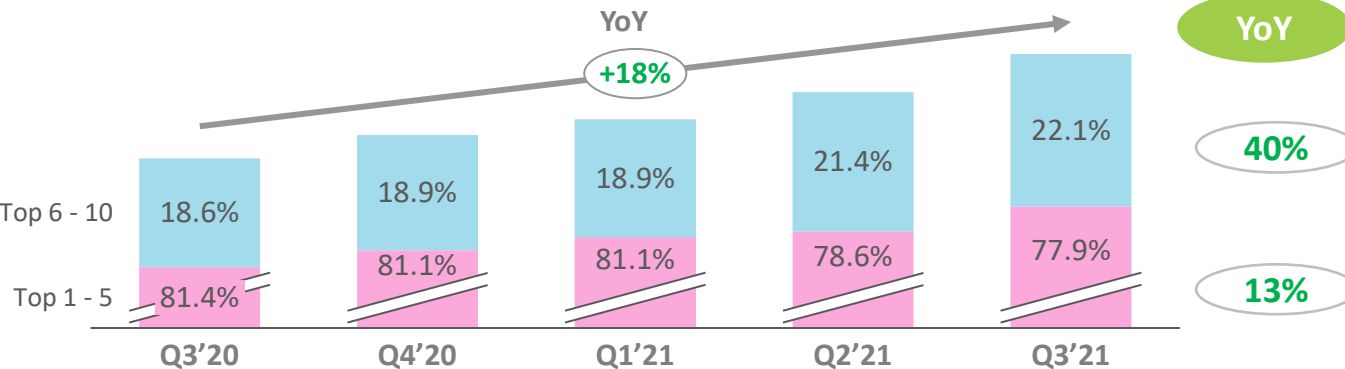
Strong QoQ (5.3% CC) and YoY (19% CC) growth; Broad based growth across all units

**Top 10**

Top 10 accounts in Direct continue to deliver above industry growth; YoY growth of 18%\*

## Top Accounts leading growth in Direct

LTM revenue (\$ Mn) for top 10 accounts in Direct ( as per MDA disclosures)



YoY

**Europe**

Europe region delivering strong growth; FYTD revenue has grown at ~23% YoY on CC basis

40%

**NCA**

NCA continues to contribute to growth in Direct; has grown at a CAGR of ~60% in last 3 years

13%

**Note:** Direct revenue for all periods restated to include direct business moved from erstwhile DXC/HP business into Direct effective Q1'21

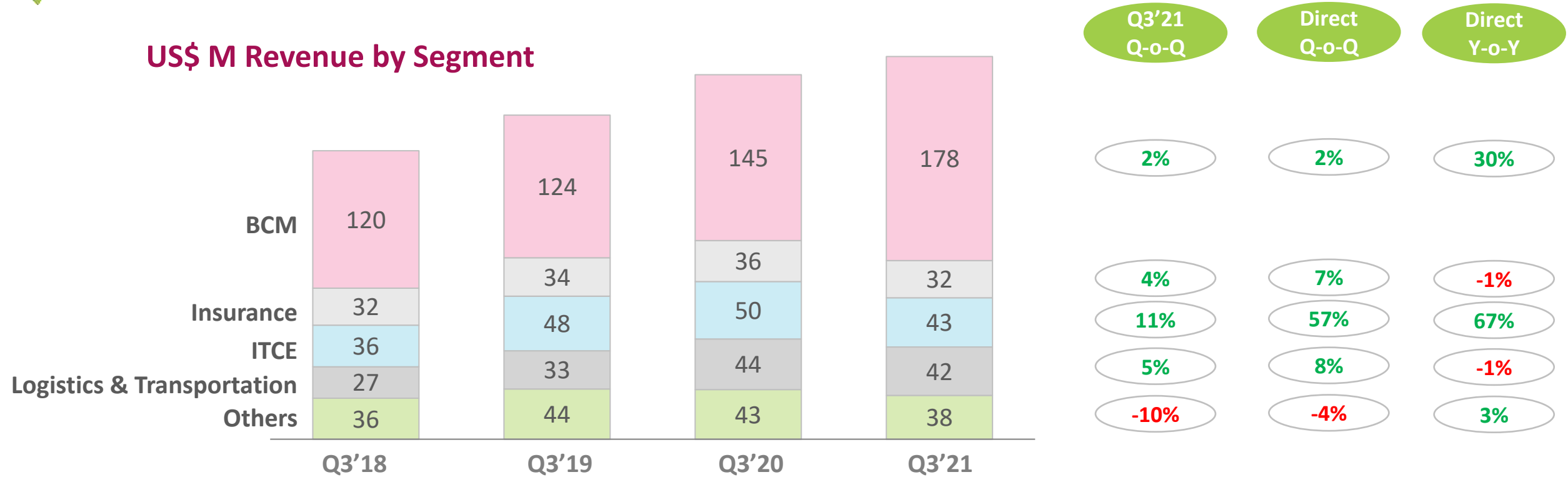
\* On LTM revenue

NCA: New Client acquisitions



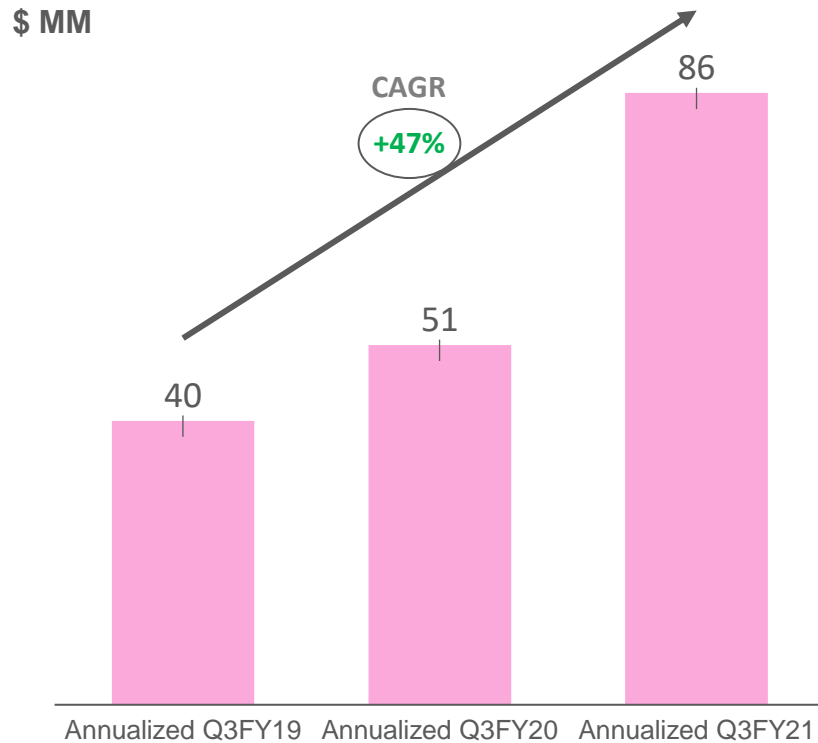
# Growth has been broad based growth across verticals

## US\$ M Revenue by Segment



- BCM: Consistent track record of double-digit YoY growth
  - *Consecutive quarter of 20%+ YoY growth; “Best in class performance”*
- Insurance: QoQ overall growth of 4.0%
  - Expect to continue the growth momentum in the coming quarters considering the recent large deal wins
- ITCE : Strong growth driven by recent large deal wins
- Direct business Europe revenue grew 13.5% QoQ and 20.5% YoY in CC

## Direct Hi-Tech Revenue



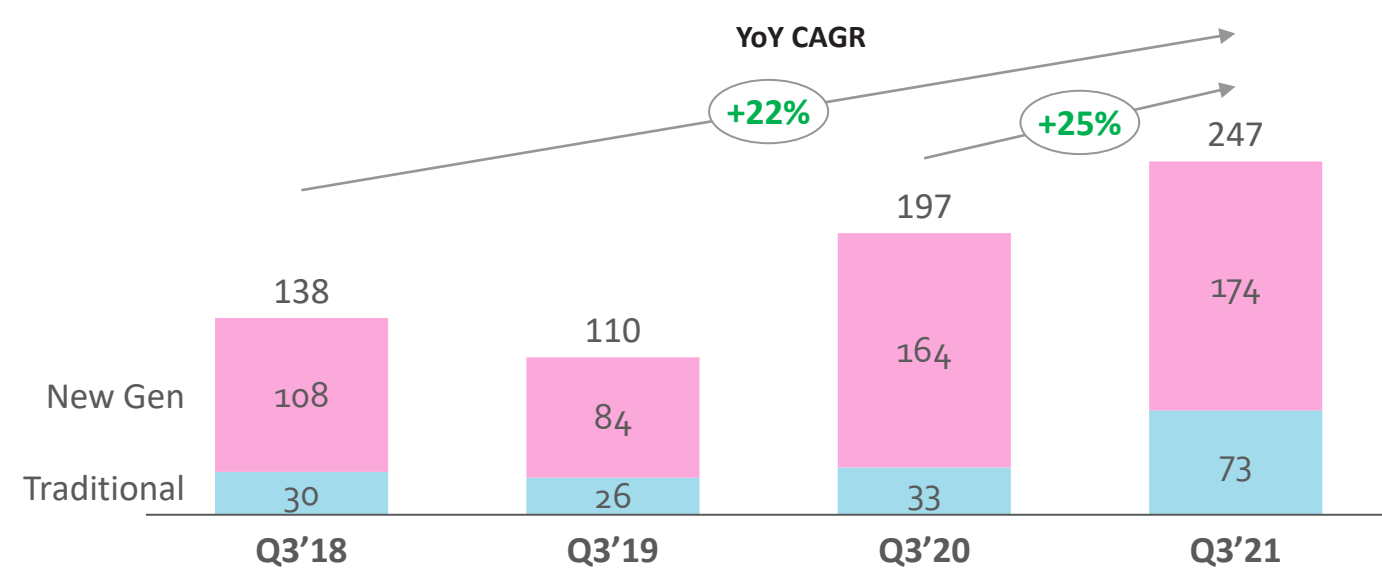
- Our domain-centric Product Engineering Services Expertise has helped us in becoming a strategic, innovative and reliable partner to enterprises across industries- Compute Systems, Enterprise Software, Medical Devices, Consumer Tech & Industrial Engineering
- At our key accounts, Mphasis is recognized as Technical Leader and Strategic Partner for the next generation product engineering work and digital enablement

*Consistent Revenue Growth, Strong NCA Channel, Key Breakthroughs in Alignment with Our Strategy*



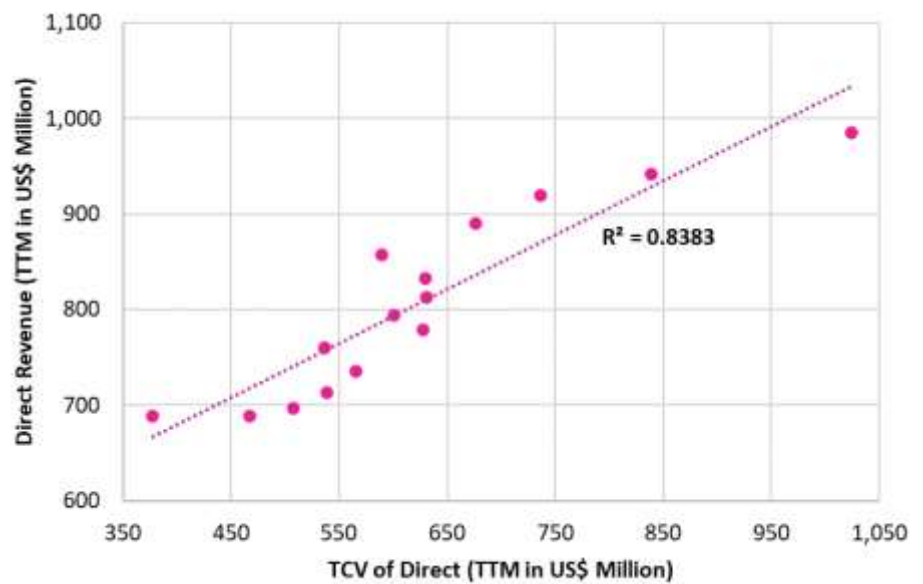
# Strong deal win momentum in Direct

## Direct TCV Wins<sup>^</sup>



<sup>^</sup> TCV wins : \$ Mn

## Direct: Revenue vs TCV – Strong Correlation



- Q3'21 Direct TCV wins of \$247M
  - 71% of Q3'21 deal wins came from New-Gen areas
  - US\$ 1,075M TCV (TTM), up 59% Y/Y vs prior period
  - Fourth consecutive quarter of \$200M TCV wins
- FYTD TCV wins of \$867M; YoY growth of 64%; 74% of FYTD deal wins came from New-Gen areas
- Our New Gen wins are witnessing increased deal sizes

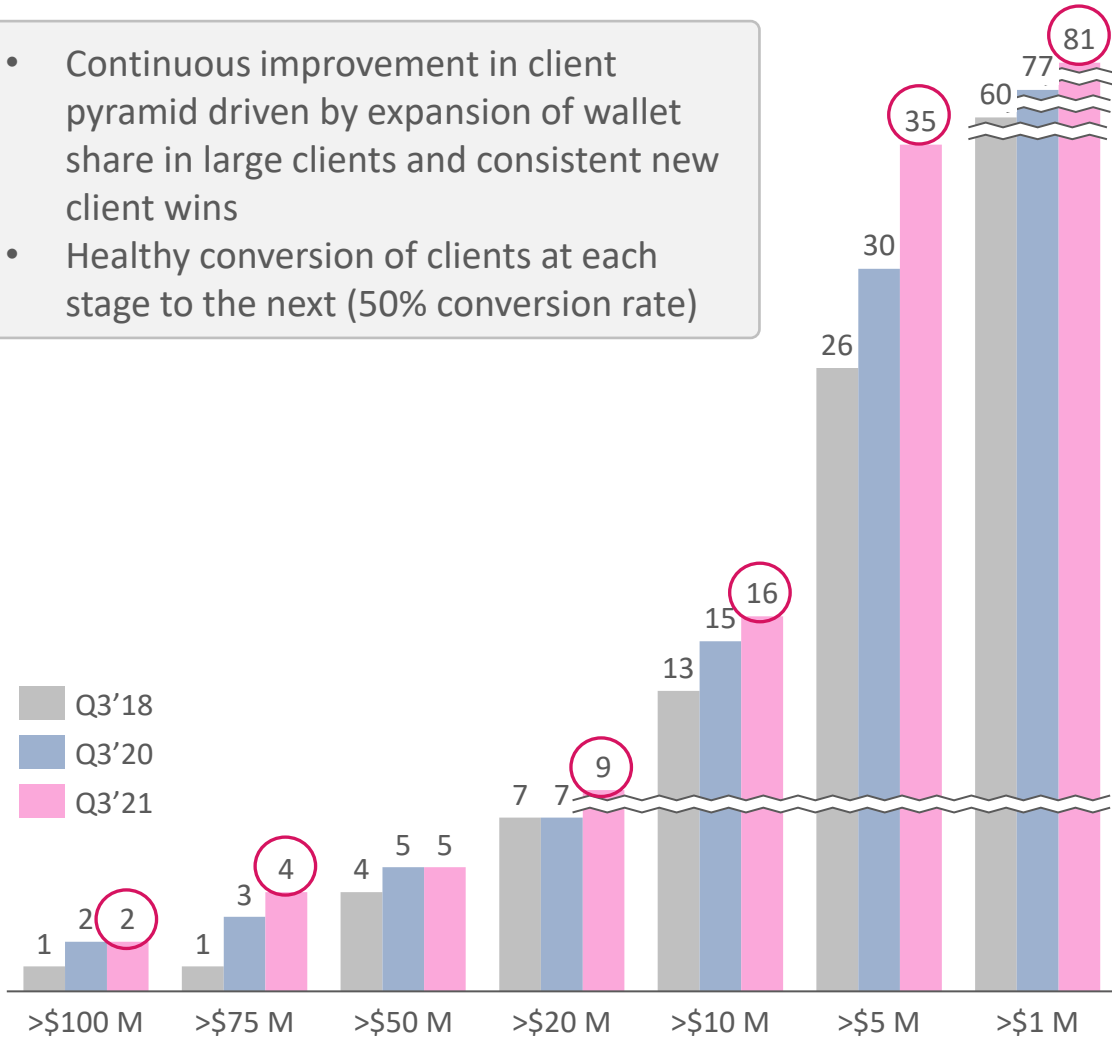
Note: Direct TCV for all periods restated to include direct business moved from erstwhile DXC/HP business into Direct effective Q1'21



# Direct: Progression in Client Mining and Large-deal Metrics

## Client Pyramid

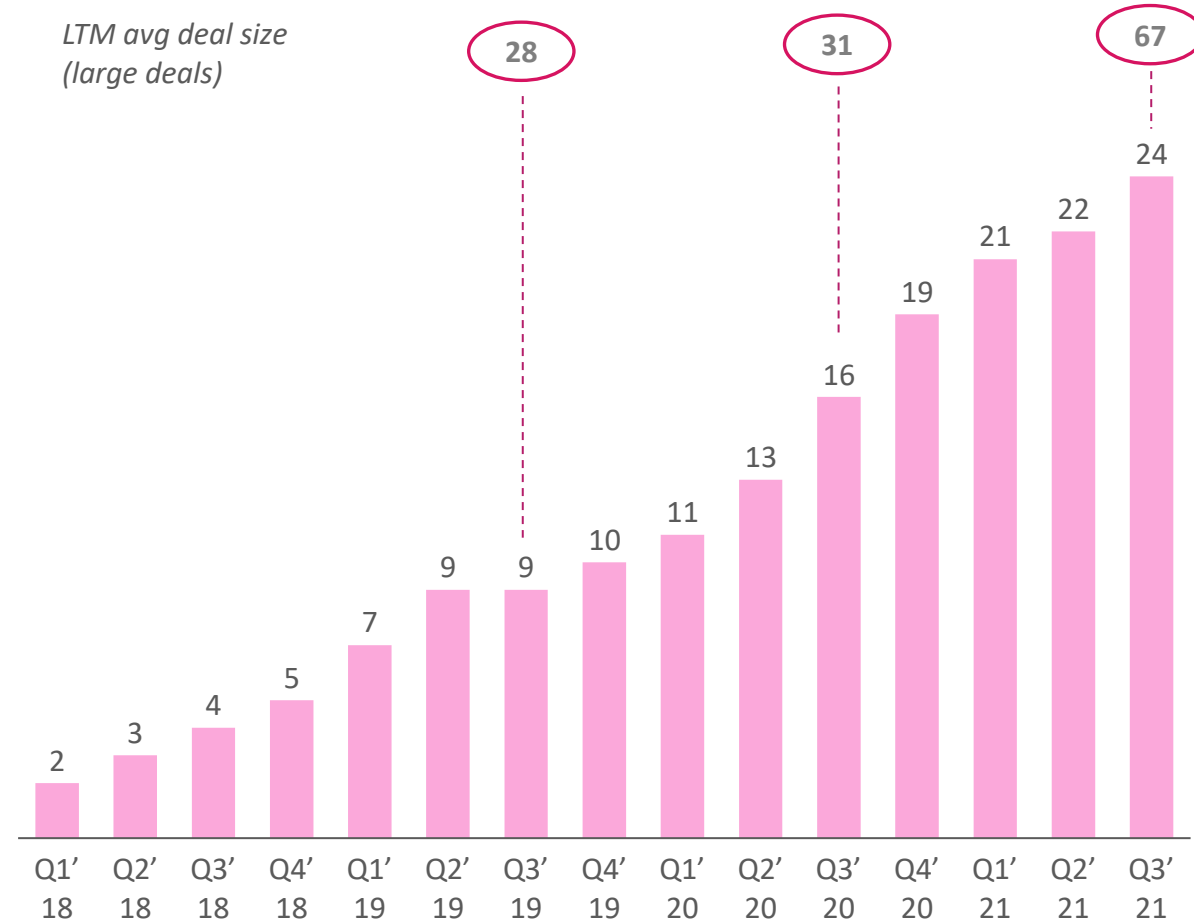
- Continuous improvement in client pyramid driven by expansion of wallet share in large clients and consistent new client wins
- Healthy conversion of clients at each stage to the next (50% conversion rate)



**Note:** All metrics based on last twelve months of revenue; Excludes DXC

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

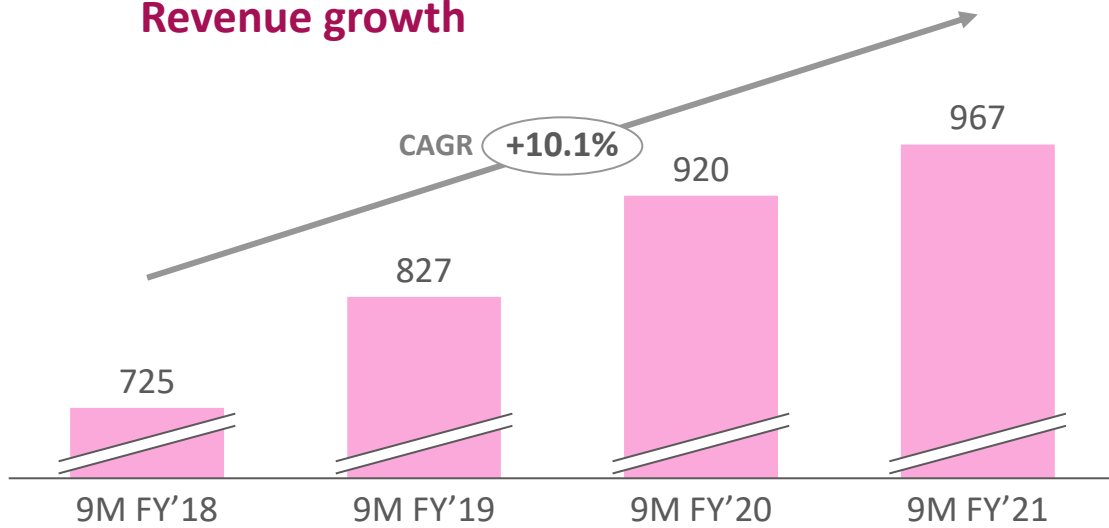
# of cumulative deal wins since Q1'18





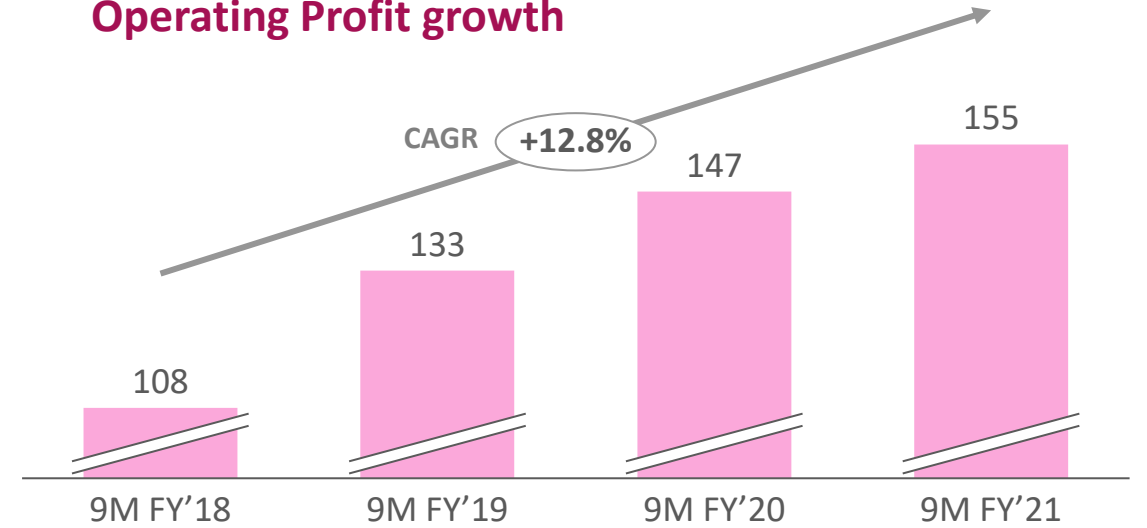
# Strong Operating Performance driving EPS Growth and Cash generation

## Revenue growth



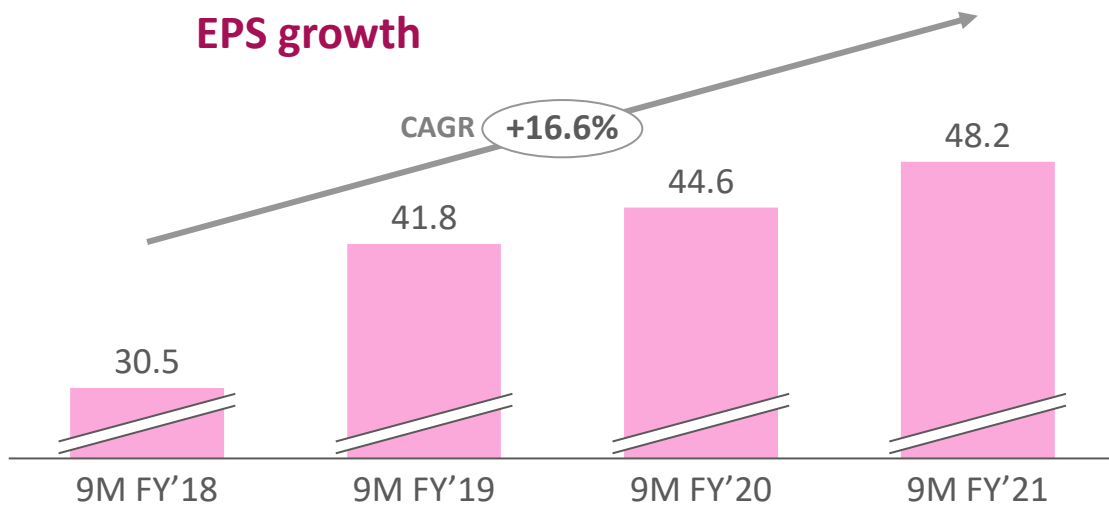
Gross Revenue in \$M at average USD/INR rate for respective periods

## Operating Profit growth



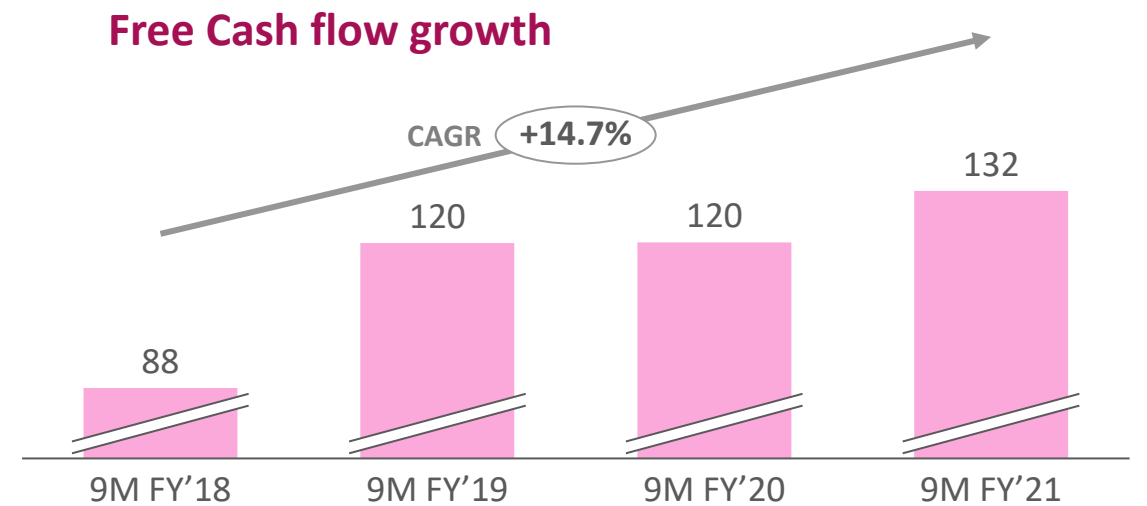
EBIT in \$M at average USD/INR rate for respective periods

## EPS growth



Basic EPS in INR for respective periods

## Free Cash flow growth



FCF: Cash flow operations less capex; converted at average USD/INR for respective periods



1. Revenue growth helped by sustained performance in Direct (CC growth of 19% Y/Y in Dec-20, 16.2% YTD FY21)
  - Growth supported by robust TCV win trend (+64% FYTD)
2. KPIs moving in the right direction
  - Track record in winning large deals consistently improving marked by increasing-sized and longer-tenure deals during FY21 (US\$50 mn → US\$100 mn → US\$200 mn);
  - Growth getting broad-based while continuing to drive market share gains with key clients;
  - Client mining metrics across revenue buckets is improving;
  - Accelerated growth in Europe as we expand our presence here
3. Building visibility in DXC beyond September 21
4. Using operating leverage to feed growth – operating in our target operating margin band of 15.5-16.5% allows us to keep investing in the business

# Q&A



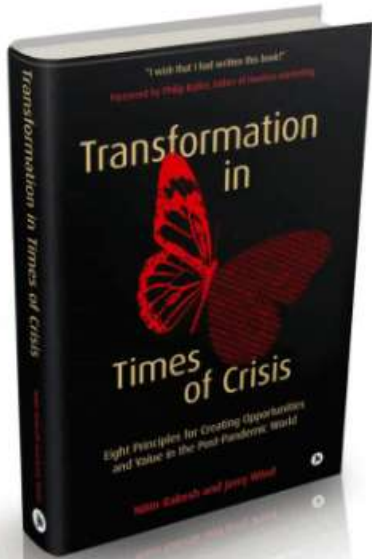


# Transformation in Times of Crisis

## Eight Principles to Create Opportunities and Value in the Post-Pandemic World

**“I wish that I had written this book!”**

FOREWORD BY PHILIP KOTLER, FATHER OF MODERN MARKETING



**NITIN RAKESH**



**JERRY WIND**

Every crisis while deeply unsettling, contains the seeds of opportunity. **Nitin Rakesh**, CEO of Mphasis and **Jerry Wind**, Lauder Professor Emeritus and Professor of Marketing at Wharton have written this book to help you transform any crisis into opportunities by **applying the eight principles and an analytical framework to your own unique situation.**

- *Challenge your Mental Models and Always Stay Ahead*
- *Reimagine and Reinvent Your Approach to Customers and Stakeholders*
- *Speed up Digital Transformation and Design for Personalization at Scale*
- *Reinvent Your Talent Strategy and Embrace Open Innovation and Open Talent*
- *Seize the Need for Speed and Design for Agility, Adjacencies and Adaptability*
- *Innovate then Experiment, Experiment, Experiment*
- *Redraw Your Timelines and Build a Portfolio of Initiatives across all Innovation Horizons*
- *Deploy Idealized Design, Recreate Your Organizational Architecture and Network Orchestration*

<https://www.transformationintimesofcrisis.com/>