



24 July 2020

The Manager, Listing  
**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
MUMBAI - 400 001

The Manager, Listing  
**National Stock Exchange of India Ltd**  
Exchange Plaza, Plot No. c/1,  
G-Block, Bandra-Kurla Complex,  
MUMBAI – 400 051

Dear Sirs,

**Sub: Presentation for Investor(s)/Analyst(s) call**

Please find enclosed a copy of the presentation proposed to be made at the Investor/ Analyst call to be held today at 9:00 am (IST) in connection with the results of the Company for the quarter ended 30 June 2020.

The presentation is also being hosted on the website of the Company at [www.mphasis.com](http://www.mphasis.com).

We request you to kindly take the above on record as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Yours faithfully,

**For Mphasis Limited**

DocuSigned by:  
*Subramanian Narayan*  
864FB8DBFAE44A7...



**Subramanian Narayan**  
**Vice President and Company Secretary**

Encl: As above

DS  
kk

## Safe Harbor

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*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.*





# Quarterly Investor Update

Q1 FY-21

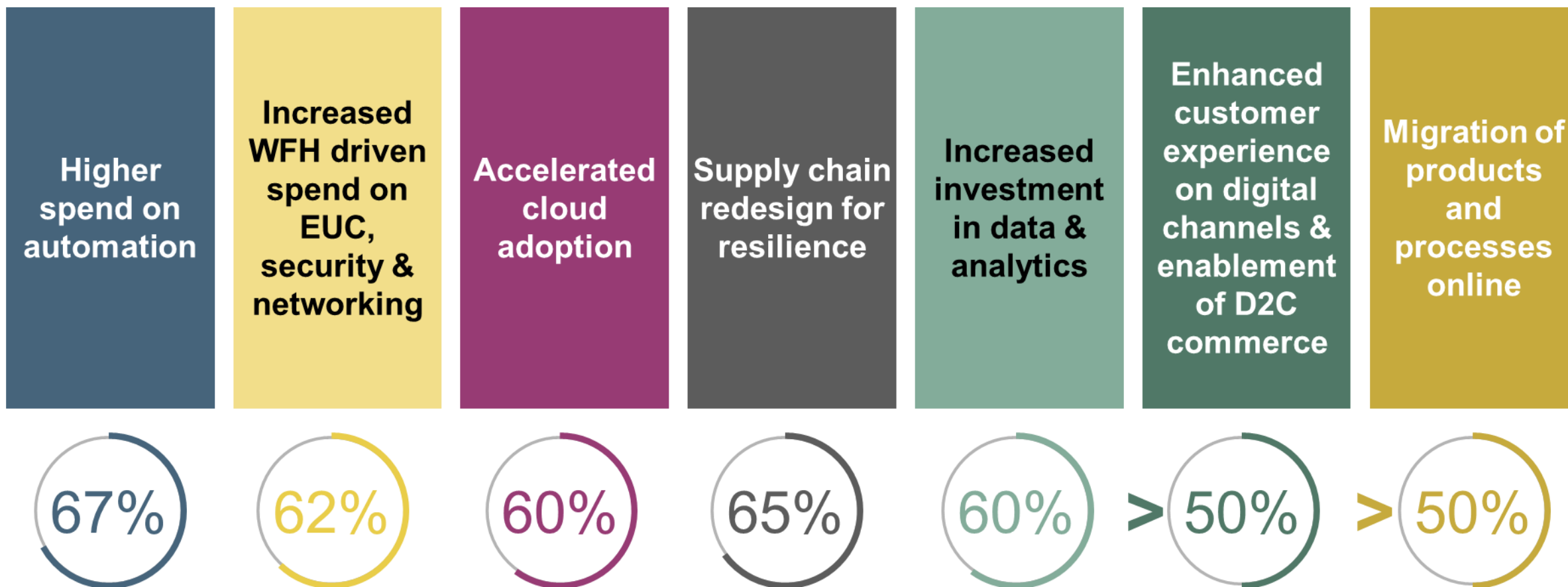
# Consumer Behavior Accelerating Migration to Digital



Source: BDO (COVID-19 Is accelerating the rise of the Digital Economy)



## Post Cost-Takeout, Demand shifts to Strategic Priorities

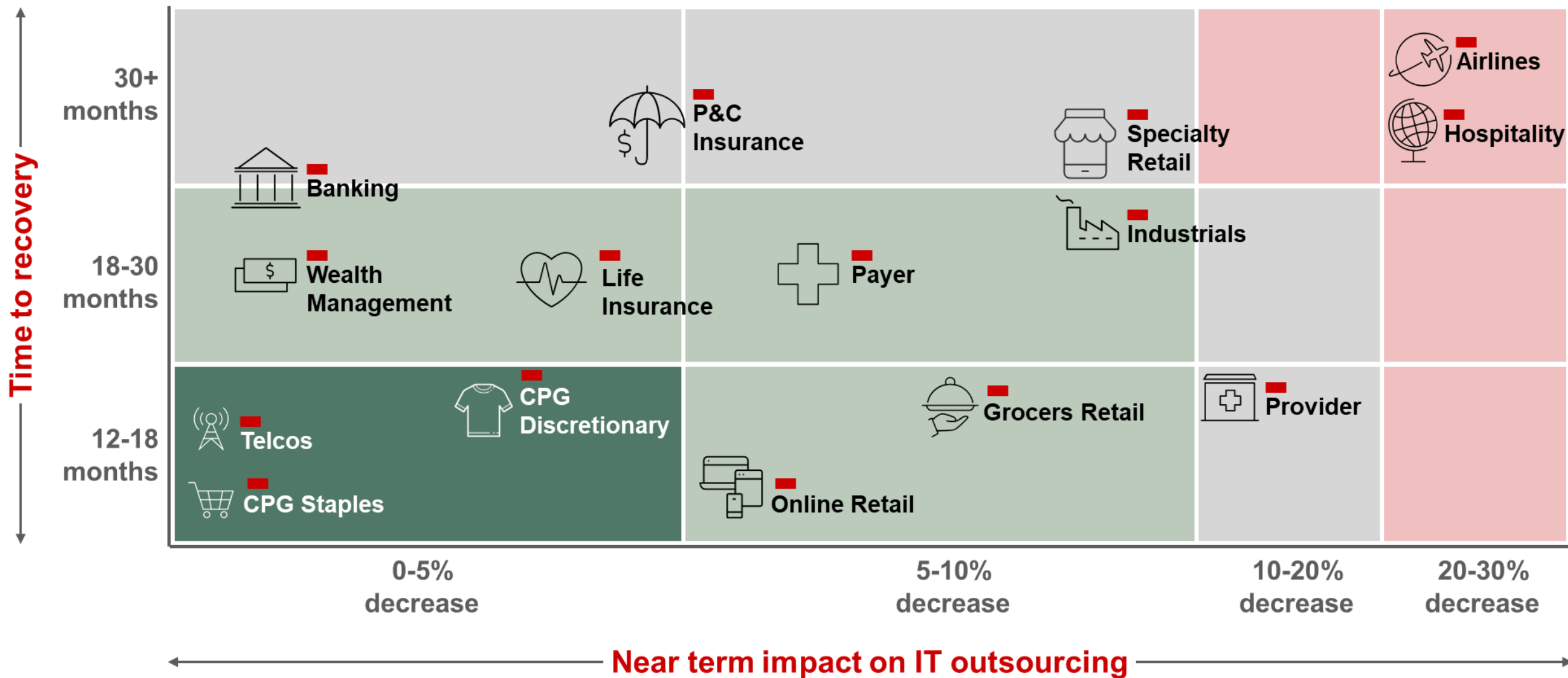


X% Survey respondents claim that spend will increase in respective areas

Source: Bain Covid-19 B2B IT Services Survey (N=105, May 12, 2020)



# Budget cuts across Sectors driven by impact on Demand post-COVID



Source: Bain & Company

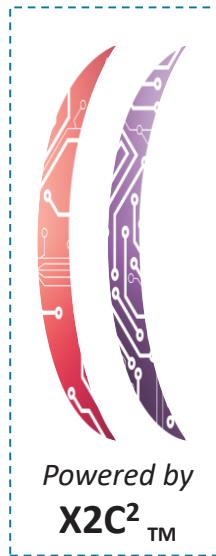
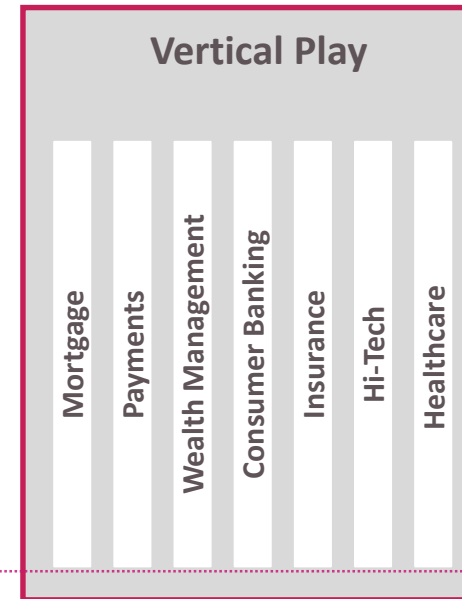


# Mphasis' Accelerators Bringing '(T)ransformation' back in 'IT'

## The Mphasis Way



## 'Inverted T'



## Technology Tribes

Modernization	Next Gen App Dev
Next-Gen Data	DevOps
Enterprise Automation	Cyber Security
NEXT Ops	NEXT Gen IT Ops



**Zero Cost Transformation**



**Tech+Ops Play**



**Tribes, Squads & Guilds-Agile Org.**

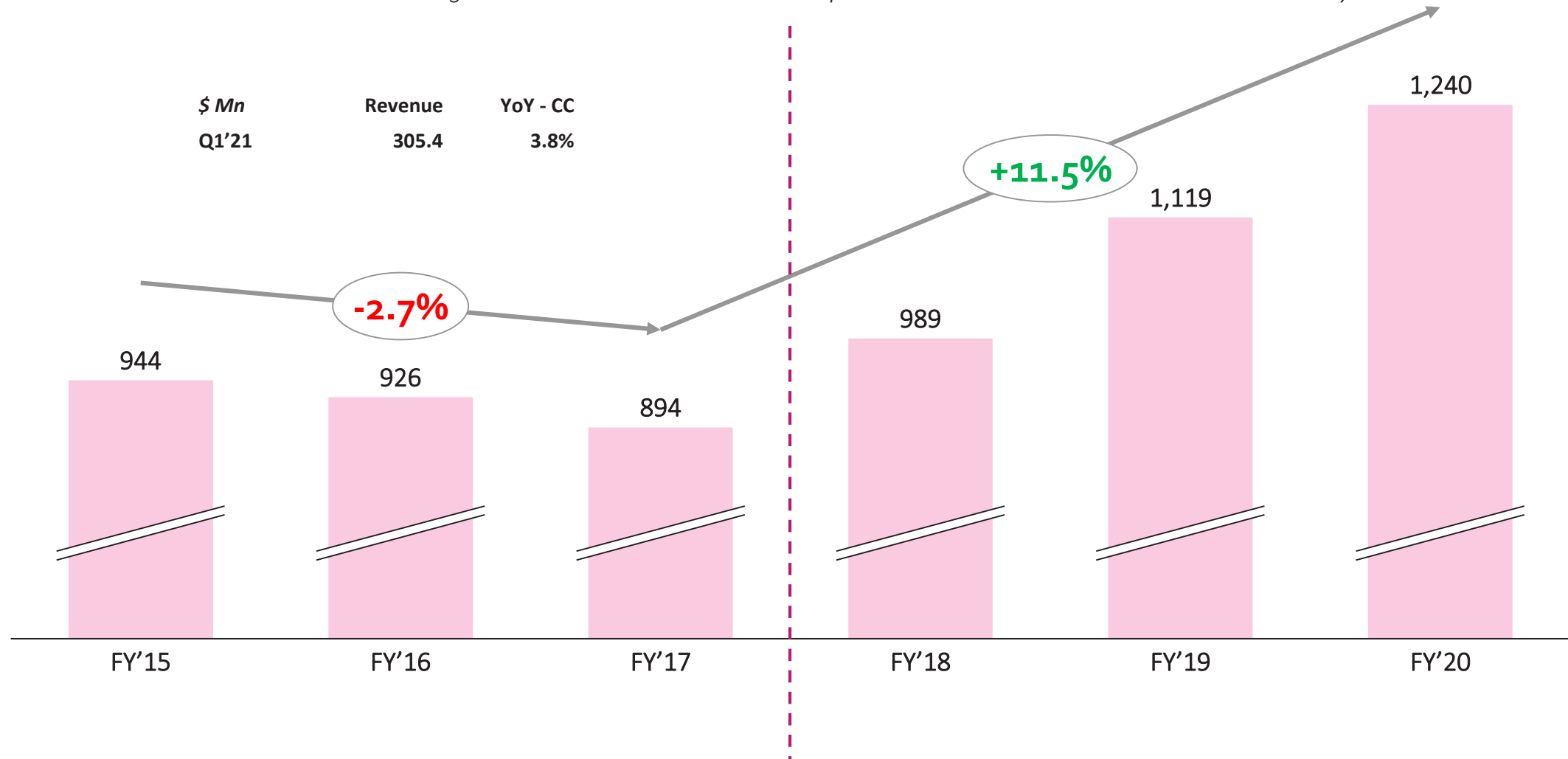


**Platform Driven Enterprise**



# Our Numbers Tell the Story: Consistency and Transformation

Direct Core revenue grew 15.5% YoY in Q1 FY21 on a reported basis and 6.9% YoY in Constant Currency

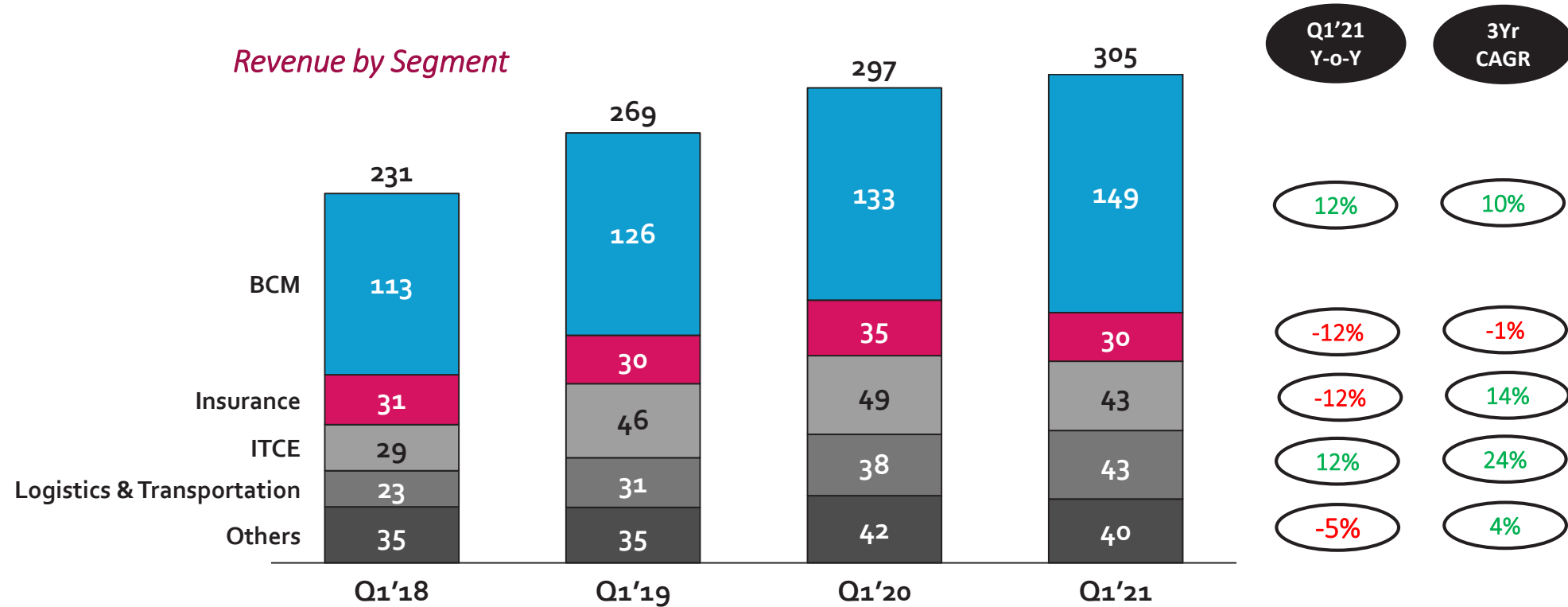


Overall Gross Revenue in USD \$M at average USD/INR rate for the respective years





## We Continue to Grow in Focus Areas



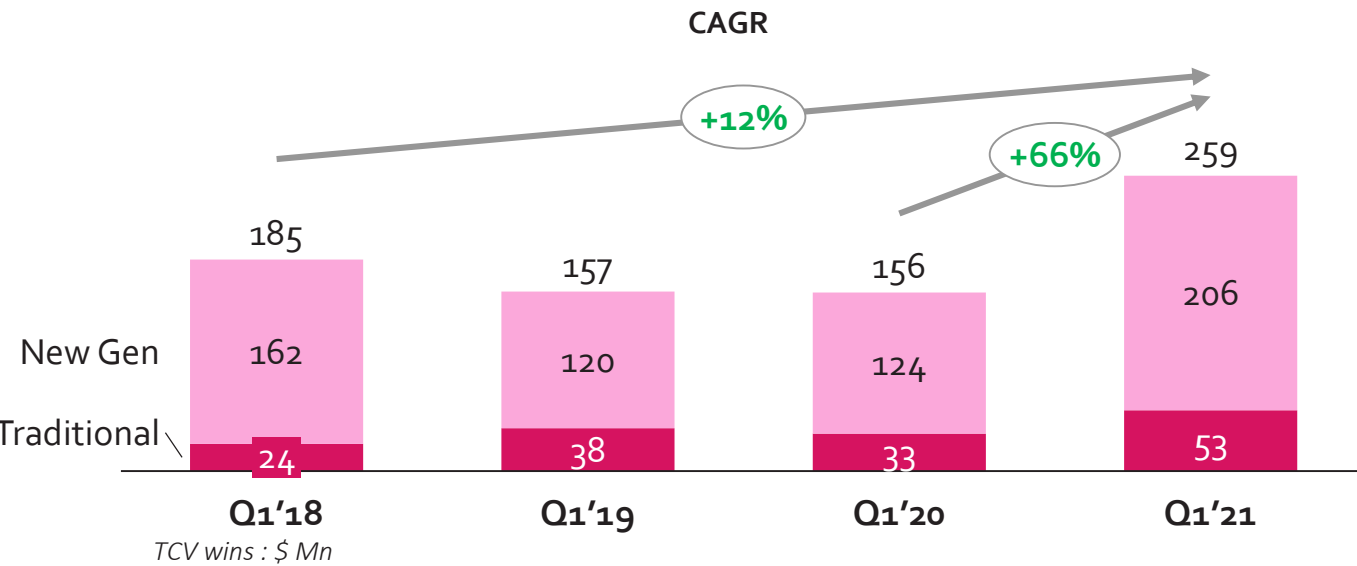
- BCM: Consistent track record of double-digit YoY growth
  - *QoQ growth in a challenging market; "Best in class performance"*
- Logistics & Transportation vertical grew 12% YoY
  - *~1% exposure to Airlines at overall level*
- Europe Region grew 17.5% YoY in Q1'21 in CC

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

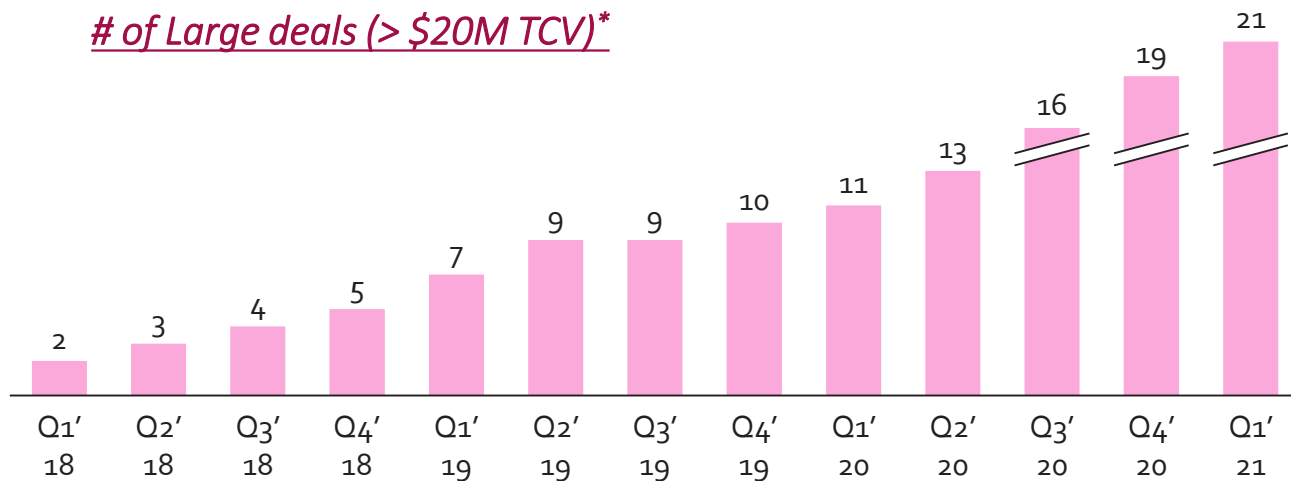


# Strong Deal Win Momentum in Direct International

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



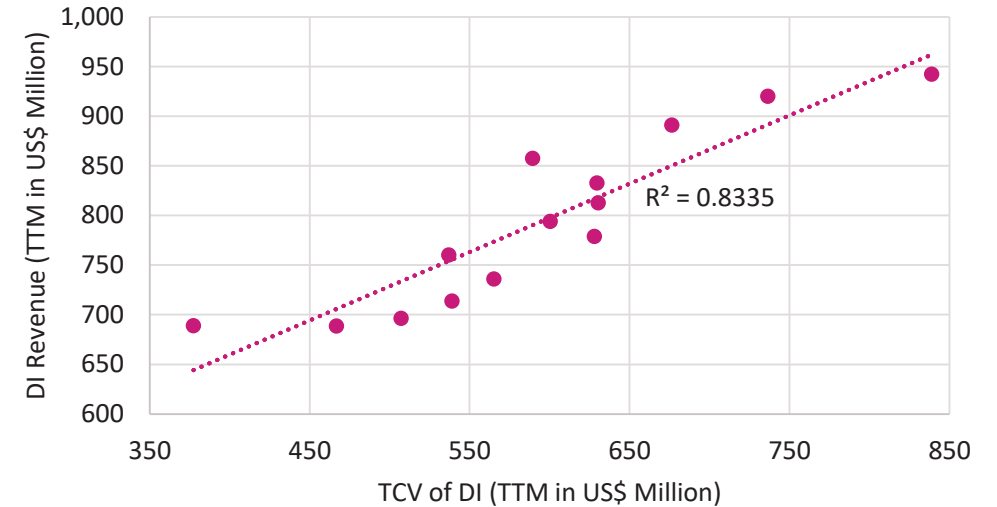
## # of Large deals (> \$20M TCV)\*



<sup>^</sup> Net New TCV; NOT including renewals

\* Cumulative number of deals won since Q1'18

## Direct International: Revenue vs TCV – Strong Correlation



- Q1'21 Direct International TCV wins of \$259M
  - Highest ever quarterly TCV win for a quarter; includes one large deal of > \$100M
- Apart from the Q1 TCV wins, another \$216 million deal signed in July 2020; will form part of Q2 FY21 TCV wins
- 79% of Q1'21 deal wins came from New-Gen areas; 67% YoY growth in New-Gen TCV wins
- Our New Gen wins are witnessing increased deal sizes

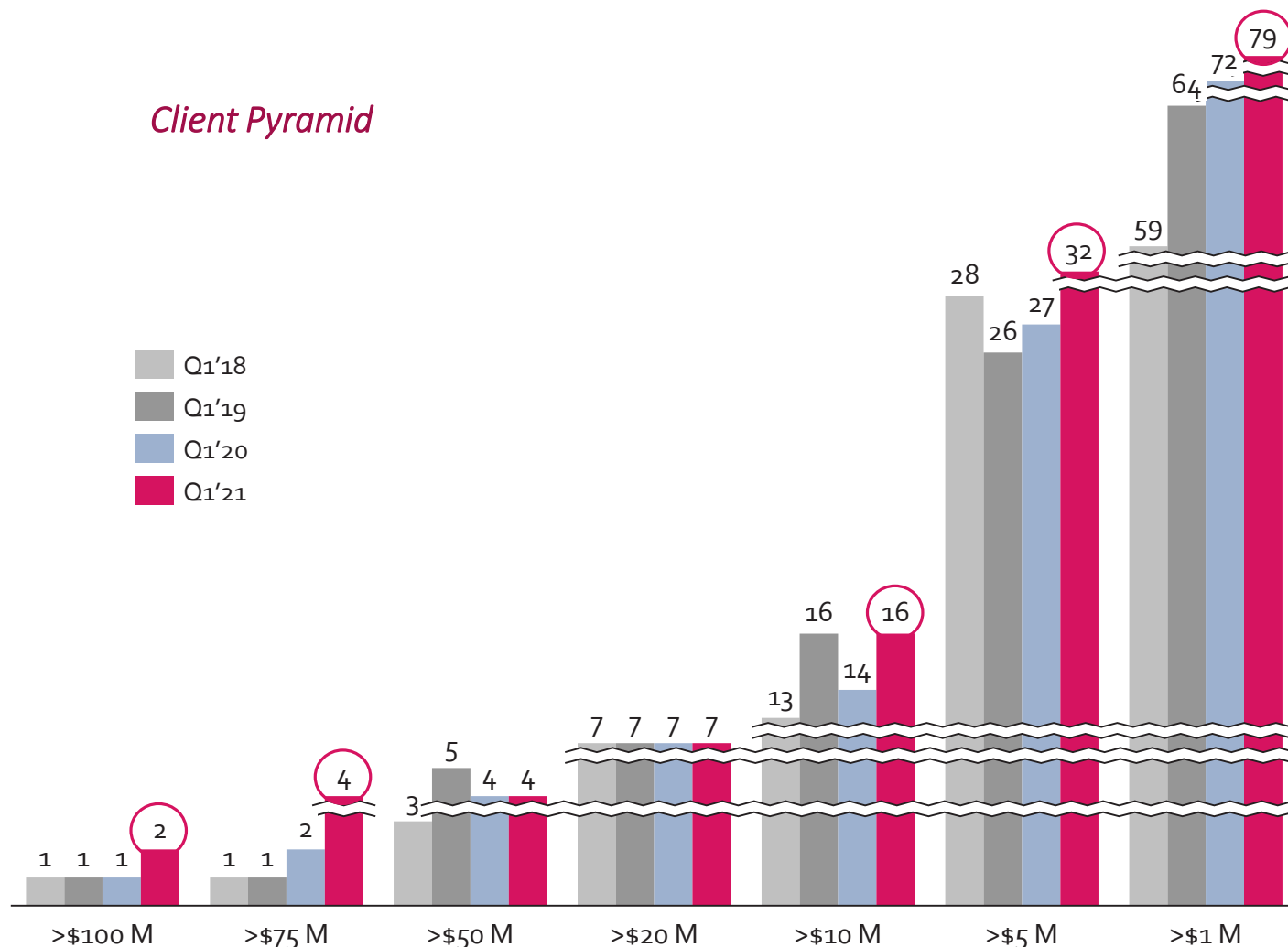
### Note

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



## Direct International: Transformation in Client Metrics

### Client Pyramid



#### Notes

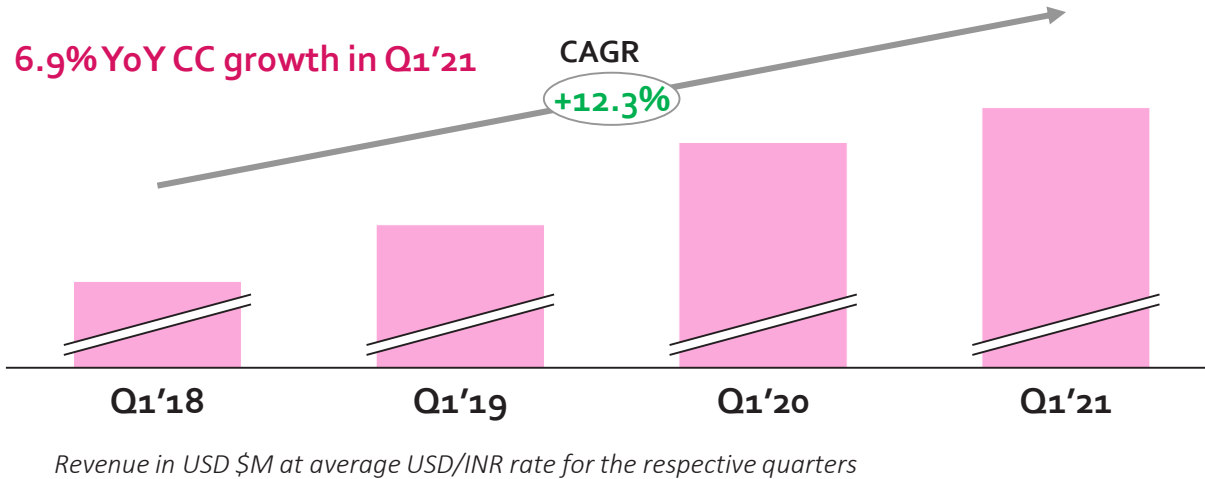
All metrics based on trailing twelve months of revenue; Excludes DXC

- Continuous improvement in client pyramid driven by expansion of wallet share in large clients and consistent new client wins
- Improvement in most of the client metrics from Q4'20. In this quarter we added
  - 1 client in >\$75M
  - 1 client in >\$10M
  - 1 client in >\$5M
  - 3 clients in >\$1M
- Since Q1'18 we have added:
  - 1 client in >\$100M
  - 3 clients in >\$75M
  - 3 clients in >\$10M
  - 4 clients in >\$5M
  - 20 clients in >\$1M
- Improvement in non-T&M composition of revenue – transformation lever
  - More than 40% of revenue is non-T&M based billing



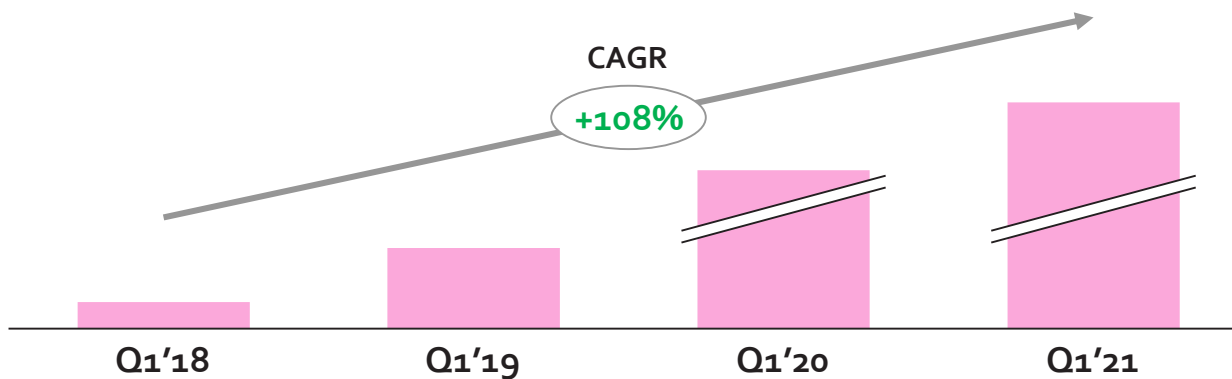
# Direct Core has been Consistently Delivering Strong Growth

## Direct Core (DC) Revenue consistently outgrowing Market



- Q1'21: Strong YoY growth in Strategic Accounts
- New Clients revenue including Blackstone portfolio grew 40% YoY in Q1'21
- Europe region delivering strong growth; growing at a healthy CAGR of 18% since Q1'18

## New Client Wins have fueled growth in Direct Core



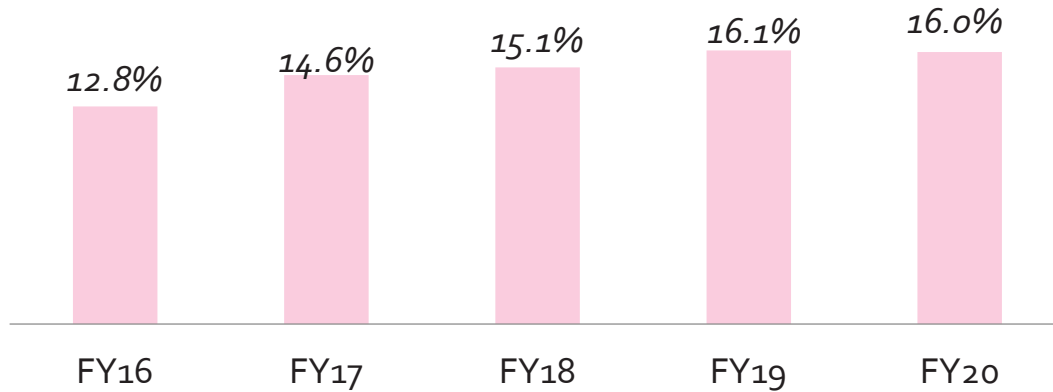
### Note

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



# Strong Earnings Growth and Optimal Cash Strategy to Maximize Shareholder Value

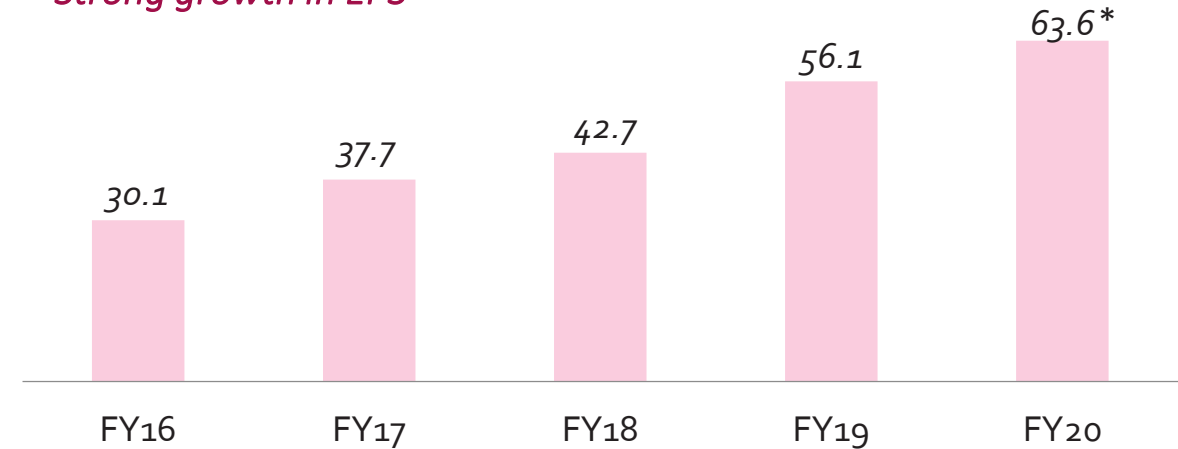
## Improving operating margin



Q1'21 EBIT at 15.7% YoY increase of 20bps; FY'21 G: 15.5% - 16.5%

\* FY21G : FY'21 Guidance

## Strong growth in EPS

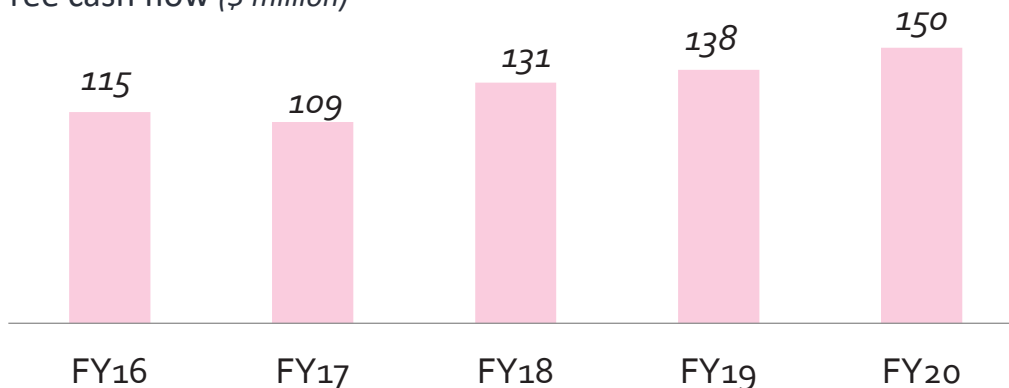


Q1'21 EPS at 14.75; YoY growth of 3.8%

\* FY20 EPS includes Rs 2.3 favorable impact of one-time tax benefit in Q4'20

## Consistent free cash flow generation

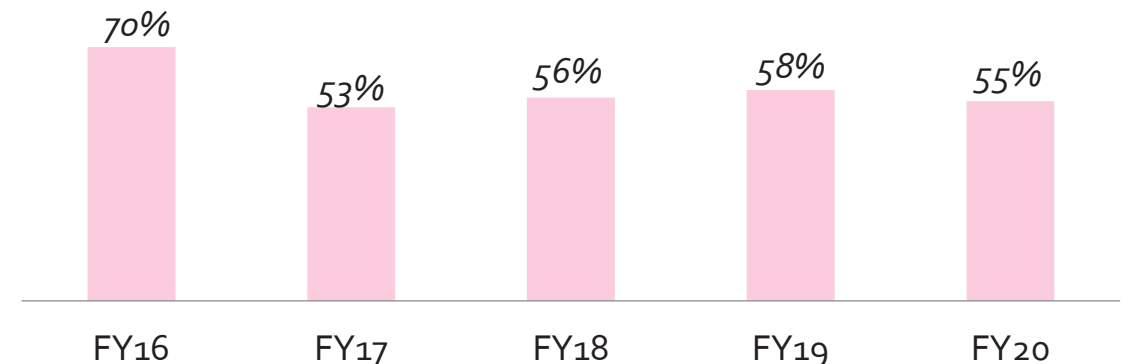
Free cash flow (\$ million)



Q1'21 cash generation of \$42M, highest in the past 15 quarters

## Track record of healthy Dividends

Dividend Payout (DPS including tax / EPS before exceptional items)



Returned \$ 314 Mn through buy-back in FY18 & FY19



# Core Investment Thesis: Q1'21 Execution Update

1. Accelerate Direct International : across all segments of DI
  - Farming Strategic Accounts
  - New Client Acquisition (NCA)
  - Continue momentum in BX channel
  - Growth in Europe
  - Digital Risk growth
2. Improvement in Client Metrics: manage concentration with diversification & deal momentum
  - Expand client pyramid across all segments
    - Wallet share in top accounts
    - Nurturing new clients
  - Continued focus on ensuring long term partnership in DXC channel, going well beyond MRC tenure
3. Continued focus on Margin optimization to fuel Growth
4. Continued investment in Next-Gen Service capability building
5. Strong Cash flow Generation and Optimal Cash Strategy to maximize shareholder value

*Strong growth of 6.9% YoY in CC ;NCA revenue grew 40% YoY in Q1'21*

*Continued momentum in Deal wins: TCV wins of \$259M*

*New-Gen TCV wins at 79%; YoY growth of 67%*

*Since Q1'18:*

*Added 1 client in \$100M+ and 3 clients in \$75M+ buckets*

*Added 4 clients in \$5M+ and 20 clients in \$1M+ buckets*

*In Q1'21:*

*Added 1 client in \$75M+ and 3 clients in \$1M+ buckets*

*FY21 Margin guidance at 15.5% to 16.5%*

*Continued progress in implementation of Next Labs and Talent Next Programs*

*Strong Free cash flow generation of \$42M in Q1'21, Cash balance of \$364M*



## Summary

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- Growth has bottomed in Q1-21; we see growth rates improving sequentially Q2 onwards
- Direct International (DI) growth will continue to be supported by robust TCV
  - Q1-21 TCV at all time high - 40% higher than quarterly average in FY20 (excluding US\$216 Mn deal in July)
- Track record in winning large deals (US\$>20 million) is consistently improving
- Consciously managing/de-risking our exposure to DXC
- Margin stability
  - Stability ensures revenue growth translates into EPS/PAT growth and consistently rising free cash flow generation





# Q & A



# Industry Analysts recognizing our strengths in focus areas

Everest Group  
**PEAK MATRIX** STAR PERFORMER

Property & Casualty Insurance BPO, 2020

Everest Group  
**PEAK MATRIX** STAR PERFORMER & MAJOR CONTENDER

Banking BPS, 2020

Everest Group  
**PEAK MATRIX** MAJOR CONTENDER

Wealth Management Operations

Everest Group  
**PEAK MATRIX** MAJOR CONTENDER

Healthcare Payer Operations

**FORRESTER**

**NOW TECH**

Digital Transformation Services – Q2, 2020

Everest Group  
**PEAK MATRIX** MAJOR CONTENDER

BFS Risk & Compliance IT Services, 2020

Everest Group  
**PEAK MATRIX** MAJOR CONTENDER

IT Security Services, 2019



**Gartner**

**FORRESTER**



**NOVARICA**

**ISG**

**CELENT**



# Accelerated Transformation... #StayAhead



## TRANSFORM YOUR ENTERPRISE, TODAY

Future proof your business with the Mphasis **Modernization** approach that extends our Front2Back™ methodology to deconstruct legacy problems. Structured as self-funding increments to reduce risk and investment, it moves enterprises to sustainable next-gen, cloud-ready and cognitive-enabled ecosystems. In the new normal, we deliver modernization and quantifiable business value.

**#StayAhead now with Mphasis**



Improved time-to-market by 45% through a unified global payments platform, handling trillion dollars of financial transactions across 70+ countries.

