

Earnings Presentation

QUARTER ENDED 30TH JUNE, 2019

Forward Looking Statements

Forward-looking statements

This presentation contains forward-looking statements which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. This presentation may make express or implied forward-looking statements relating to, among other things, Virtusa's expectations concerning management's forecast of financial performance; the growth of our business and management's plans, objectives, and strategies; the ability of Virtusa's clients to realize benefits from the use of Virtusa's IT services; Virtusa's ability to assimilate and integrate the operations of acquired businesses, including the eTouch & Polaris acquisitions, and management's plans, objectives, and strategies. Existing and prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Virtusa undertakes no obligation to update or revise the information contained in this presentation, whether as a result of new information, future events or circumstances or otherwise. For additional disclosure regarding these and other risks faced by Virtusa, see the disclosure contained in our public filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ending March 31, 2019 and subsequent Quarterly Reports on form 10-Q, as filed with the Securities and Exchange Commission.

Use of Non-GAAP measures

This presentation includes certain non-GAAP financial measures as defined by Regulation G by the Securities and Exchange Commission. These non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles and should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures should be read in conjunction with Virtusa's financial statements prepared in accordance with GAAP. This presentation includes non-GAAP consolidated statement of income measures including non-GAAP selling, general and administrative expense as a percentage of reported revenue (selling, general and administrative expenses, as reported on Virtusa's consolidated statements of income (loss) as a percentage of reported revenue, excluding stock-based compensation expense, acquisition-related charges and restructuring charges); non-GAAP operating margin, non-GAAP effective tax rate, non-GAAP minority interest and non-GAAP diluted earnings per share to provide further insights into the comparison of Virtusa's operating results among the periods, as well as enhancing comparability with operating results of peer companies. For more information regarding non-GAAP financial measures, including a qualitative and quantitative reconciliation of non-GAAP measures to the most directly comparable GAAP financial performance measures, see our earnings press release for the first quarter fiscal 2020 and our supplemental Analyst Data Sheet on our Investor Relations website at <http://www.virtusa.com/investors/company-overview/> and our "Non-GAAP Reconciliations Summary" slide in the appendix of this presentation.

Q1 FY20 AT A GLANCE

\$319M

REVENUE

21.9%

10-year CAGR
through FY19

217

ACTIVE CLIENTS
6 NEW CLIENTS

7.6%

OPM
(NON-GAAP)

\$0.41

EPS
(NON-GAAP)

\$208.3M

CASH & CASH EQUIVALENTS

22,143

EMPLOYEES
1.8% QoQ GROWTH

81%

UTILIZATION
29% ONSITE EFFORT

6.5%

In-quarter ATTRITION
25.8% LTM ATTRITION

MANAGEMENT PERSPECTIVE

Mr. Kris Canekeratne, Chairman and CEO's message

Kris Canekeratne, Virtusa's Chairman and CEO, stated, "Our fiscal first quarter results were in line with our expectations. Looking to the remainder of fiscal 2020, a near-term reduction in spend at one of our European banking clients, and increased currency headwinds are impacting our guidance. Notwithstanding this one client, with whom we maintain a strong partnership and anticipate resumed growth in fiscal Q4 2020, our strategy remains on track, demand is robust, and our client portfolio is as strong as it has ever been. Deep digital transformation continues to be a significant part of our clients' agenda in all industries. This long-term trend fits squarely with our core competency, hence we are excited about the opportunities ahead."

Mr. Canekeratne continued, "Our new share repurchase plan demonstrates our confidence in our business model and our commitment to delivering value to our shareholders. We have ample financial flexibility to opportunistically repurchase our stock, while also continuing to invest in our growth."

Mr. Ranjan Kalia, CFO's message

Ranjan Kalia, Chief Financial Officer, said, "We delivered first quarter fiscal 2020 revenue and EPS results above the midpoint of our guidance. Our full fiscal year 2020 revenue guidance is impacted by reduced spending at one of our European banking clients, as well as increased FX headwinds primarily from a weaker Pound. Notwithstanding this one client, the rest of our business continues to grow in line with our prior expectations on a constant currency basis."

Q1 FY20 FINANCIAL PERFORMANCE

	Q1FY19		Q4FY19		Q1FY20		QoQ		YOY	
REVENUE (\$ Mn)	\$300.0		\$327.6		\$319.0		-2.6%		6.3%	
GM %	27.8%		29.7%		26.4%		-3.3%		-1.4%	
	GAAP	NON GAAP	GAAP	NON GAAP	GAAP	NON GAAP	GAAP	NON GAAP	GAAP	NON GAAP
SG&A %	23.2%	18.9%	22.7%	19.3%	22.2%	18.8%	-0.5%	-0.5%	-1.0%	-0.1%
OPM %	4.6%	9.1%	7.0%	10.4%	4.2%	7.6%	-2.8%	-2.8%	-0.4%	-1.5%
DILUTED EPS	-\$0.25	\$0.50	\$0.24	\$0.46	\$0.15	\$0.41	-\$0.09	-\$0.05	\$0.40	-\$0.09

INCOME STATEMENT RELATED

	Q4FY19	Q1FY20
EFFECTIVE TAX RATE (ETR)		
GAAP	35.2%	44.0%
Non GAAP	47.5%	31.2%
NON GAAP ADJUSTMENT* (\$M)	\$11.0	\$10.8
DEPRECIATION (\$M)	\$4.5	\$4.5
OTHER INCOME (\$M) :		
INVESTMENT INCOME	\$0.7	\$0.7
INTEREST EXPENSE	(\$4.8)	(\$4.9)
FX & OTHER	(\$5.8)	\$1.6
TOTAL OTHER INCOME (EXPENSE)	(\$9.9)	(\$2.7)
DEBT INTEREST RATE**	5.2%	5.2%
PREFERENCE DIVIDENDS	(\$1.1)	(\$1.1)
MINORITY INTEREST (\$M)		
GAAP	(\$0.1)	(\$0.2)
Non GAAP	(\$0.3)	(\$0.2)
EFFECTIVE EXCHANGE RATE		
GBP	1.31	1.28
EUR	1.13	1.12
INR	70.0	70.1

* to determine Non GAAP OPM

** including debt issuance and amortization

BALANCE SHEET & CASH FLOW RELATED

(\$M) * EXCLUDING DSO	Q4FY19	Q1FY20
CASH & CASH EQUIVALENT*	\$223.1	\$208.3
CASHFLOW FROM OPERATIONS	(\$1.2)	\$2.2
CAPEX	\$11.2	\$4.8
FREE CASH FLOWS (FCF)	(\$12.4)	(\$2.6)
DSO	76	75
Debt**	\$362.7	\$362.1
Series A Convertible Preferred Stock**	\$107.2	\$107.2

* including ST & LT Investments

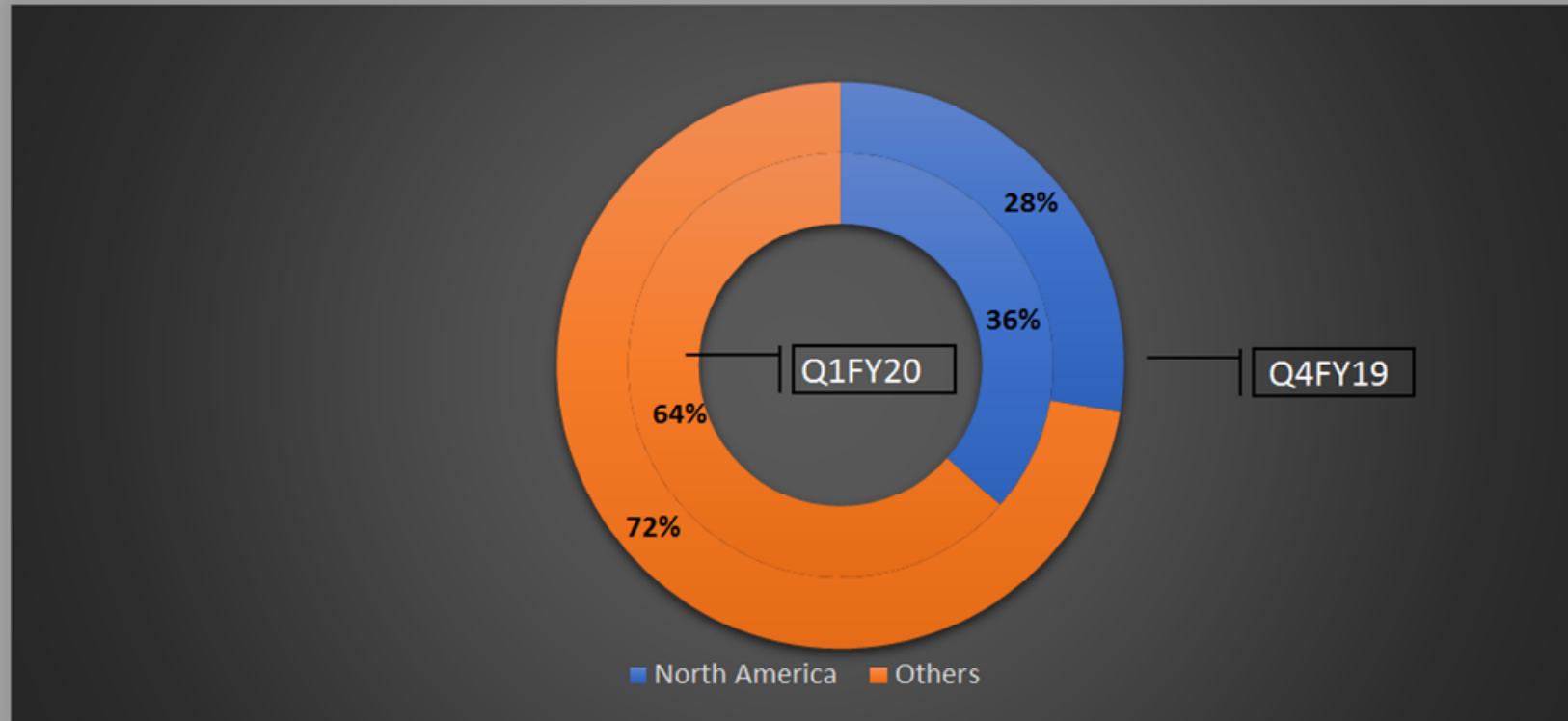
** Net of issuance costs

PERFORMANCE RATIOS

	Q4FY19	Q1FY20
FIXED CHARGED COVERAGE	2.33	1.97
LEVERAGE RATIO	2.24	2.30

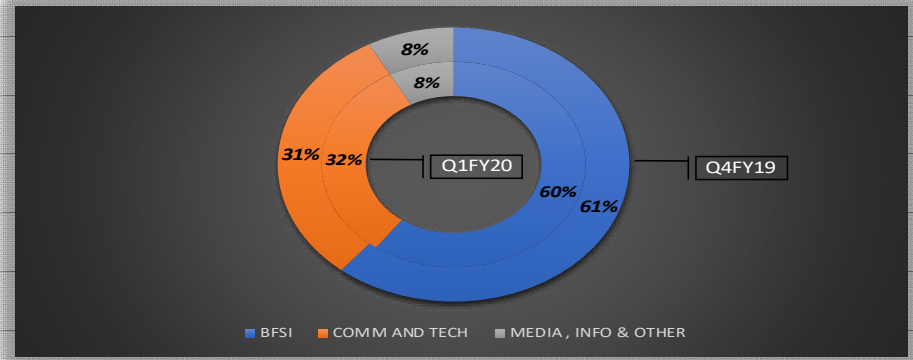
CASH PROFILE

CASH BY GEO

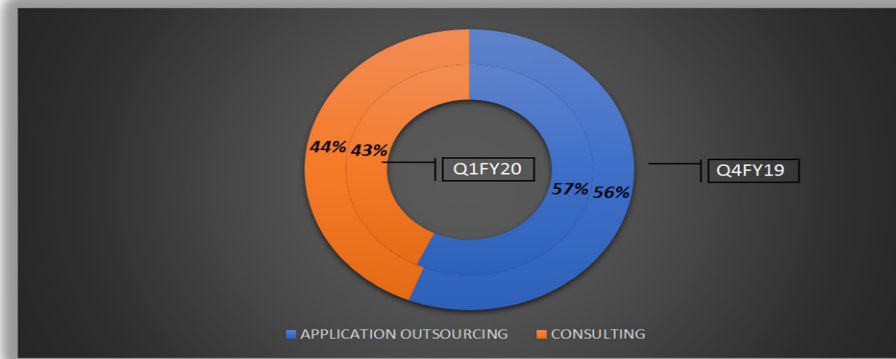


REVENUE PROFILE

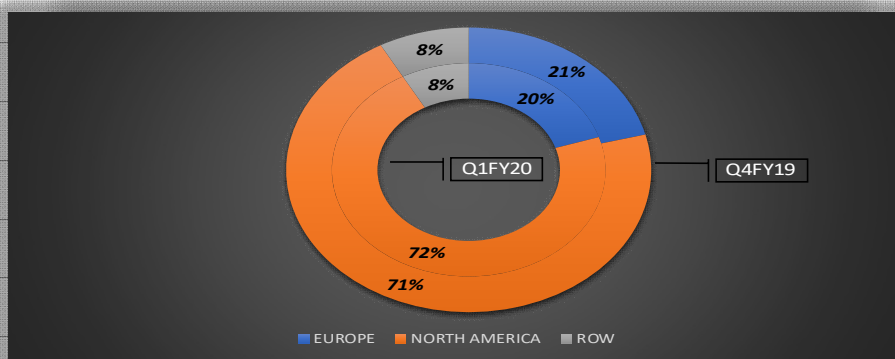
REVENUE BY VERTICAL



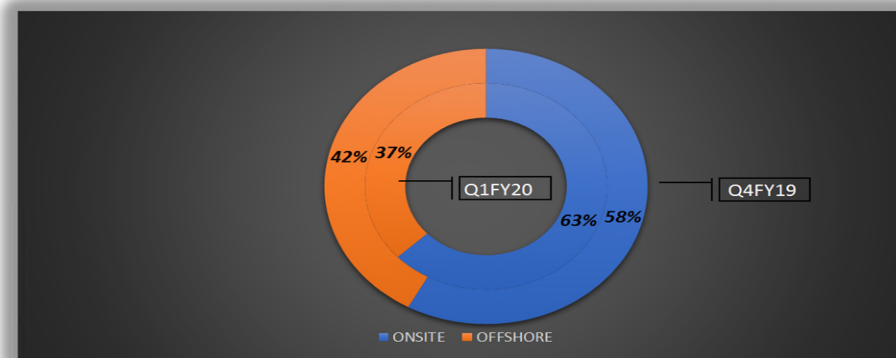
REVENUE BY SERVICE OFFERING



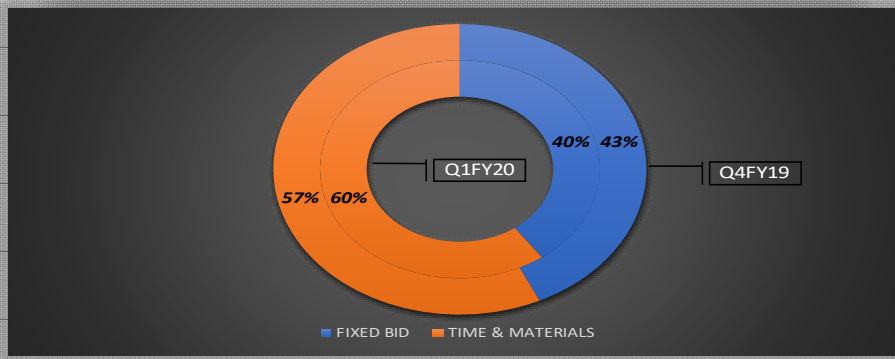
REVENUE BY GEOGRAPHY



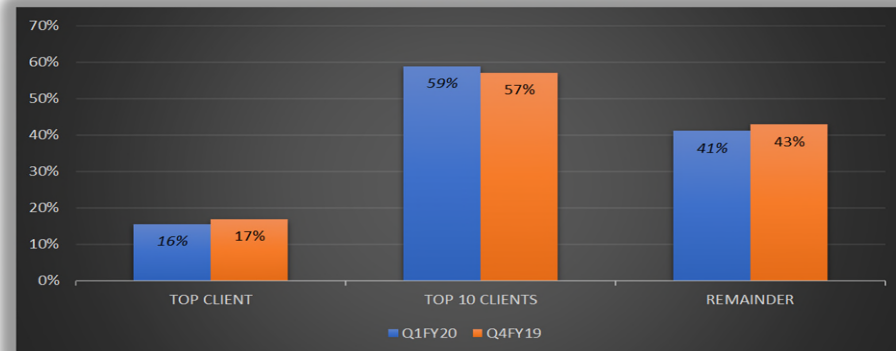
ONSITE / OFFSHORE REVENUE MIX



REVENUE BY PRODUCT TYPE



CLIENT CONCENTRATION



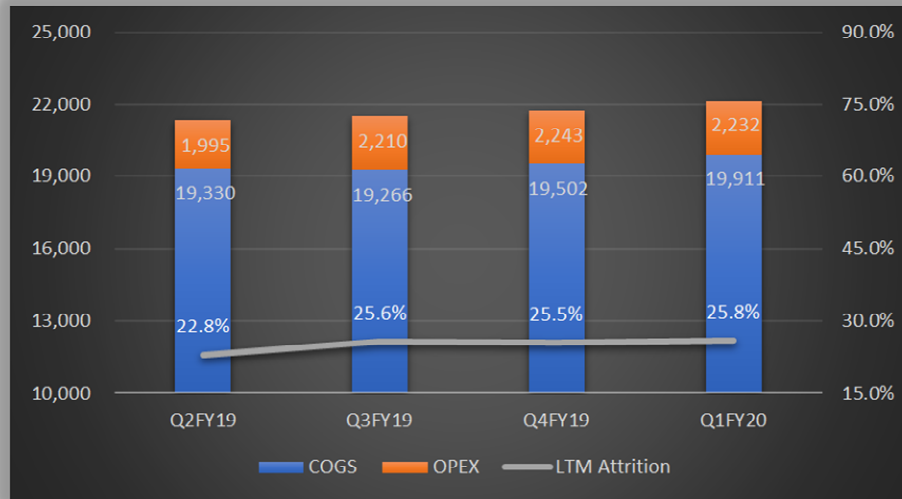
REVENUE PROFILE (CONT.)

CATEGORIES	SEGMENTS	Q1FY19		Q4FY19		Q1FY20		QoQ		YOY	
		\$ (Mn)	%	\$ (Mn)	%	\$ (Mn)	%	\$ (Mn)	%	\$ (Mn)	%
REVENUE BY GEOGRAPHY	EUROPE	\$ 66.7	22%	\$ 69.8	21%	\$ 63.1	20%	\$ (6.7)	-10%	\$ (3.7)	-5%
	NORTH AMERICA	\$ 209.6	70%	\$ 232.0	71%	\$ 230.5	72%	\$ (1.6)	-1%	\$ 20.9	10%
	ROW	\$ 23.7	8%	\$ 25.8	8%	\$ 25.5	8%	\$ (0.3)	-1%	\$ 1.8	8%
REVENUE BY INDUSTRY GROUP	BFSI	\$ 188.7	63%	\$ 198.8	61%	\$ 190.0	60%	\$ (8.8)	-4%	\$ 1.2	1%
	COMM AND TECH	\$ 83.0	28%	\$ 103.4	31%	\$ 104.5	32%	\$ 1.1	1%	\$ 21.5	26%
	MEDIA , INFO & OTHER	\$ 28.3	9%	\$ 25.4	8%	\$ 24.6	8%	\$ (0.8)	-3%	\$ (3.7)	-13%
REVENUE BY PRODUCT TYPE	FIXED BID	\$ 120.8	40%	\$ 141.8	43%	\$ 129.1	40%	\$ (12.7)	-9%	\$ 8.3	7%
	TIME & MATERIALS	\$ 179.2	60%	\$ 185.8	57%	\$ 189.9	60%	\$ 4.1	2%	\$ 10.7	6%
REVENUE BY SERVICE OFFERING	APPLICATION OUTSOURCING	\$ 160.7	54%	\$ 184.1	56%	\$ 182.0	57%	\$ (2.1)	-1%	\$ 21.3	13%
	CONSULTING	\$ 139.3	46%	\$ 143.6	44%	\$ 137.1	43%	\$ (6.5)	-5%	\$ (2.3)	-2%

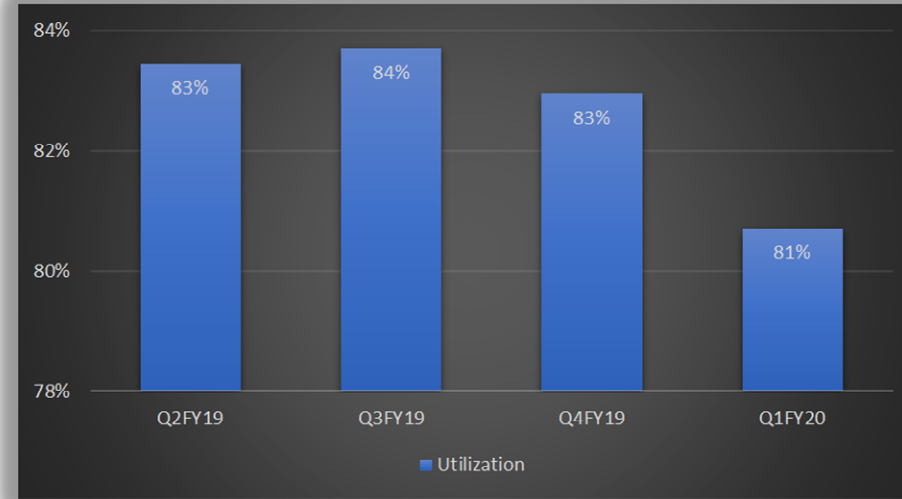
Numbers shown in millions and are subject to rounding

OPERATIONAL METRICS - HEADCOUNT

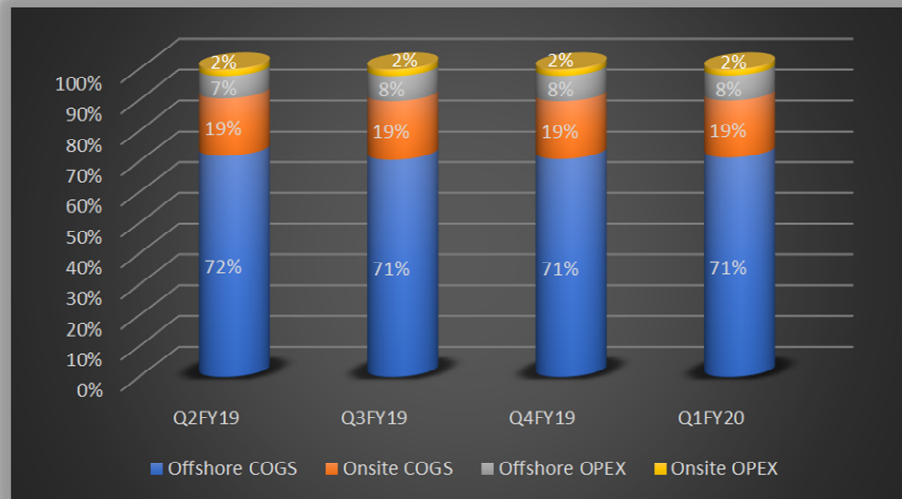
HEADCOUNT & ATTRITION



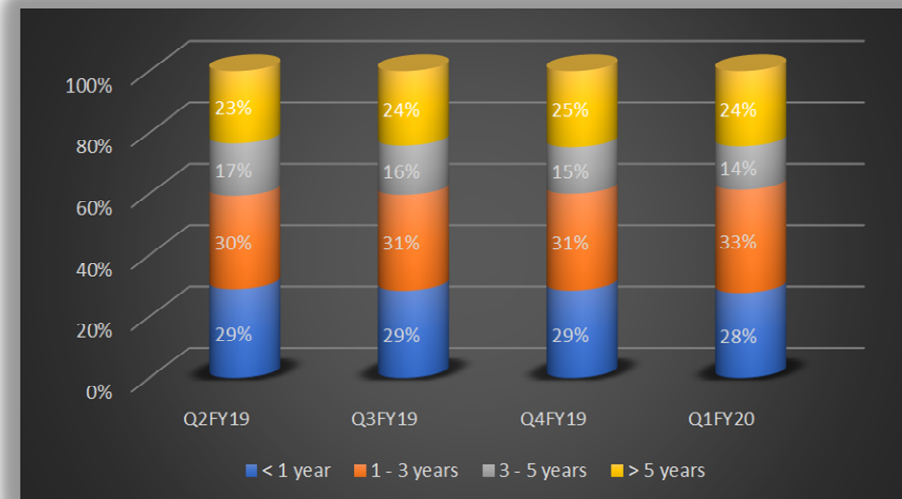
UTILIZATION



ONSITE / OFFSHORE HEADCOUNT MIX

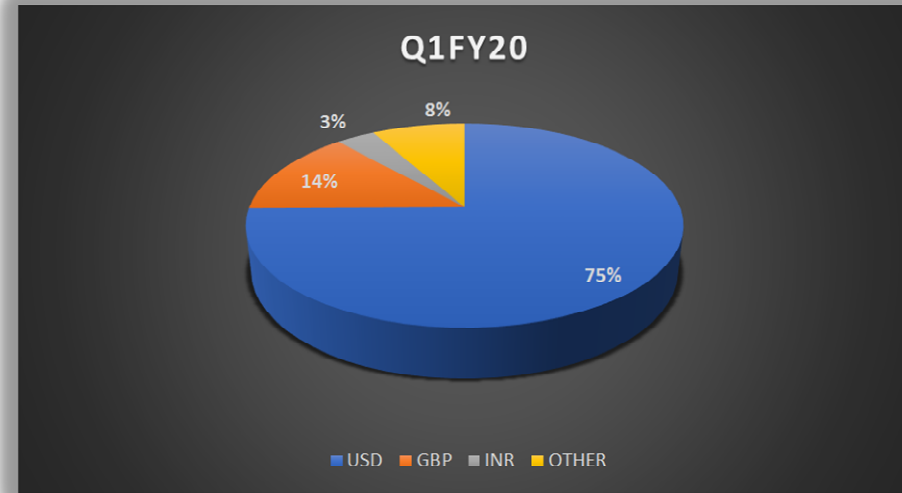
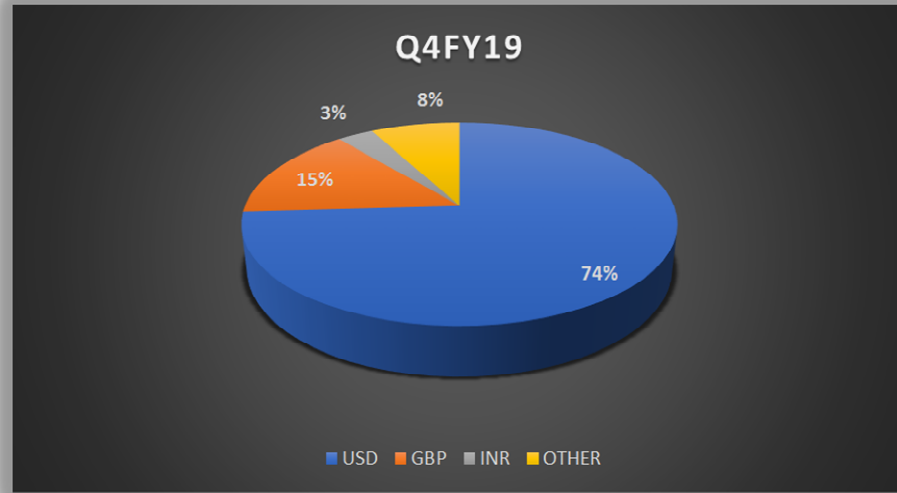


ONSITE / OFFSHORE AVERAGE TENURE

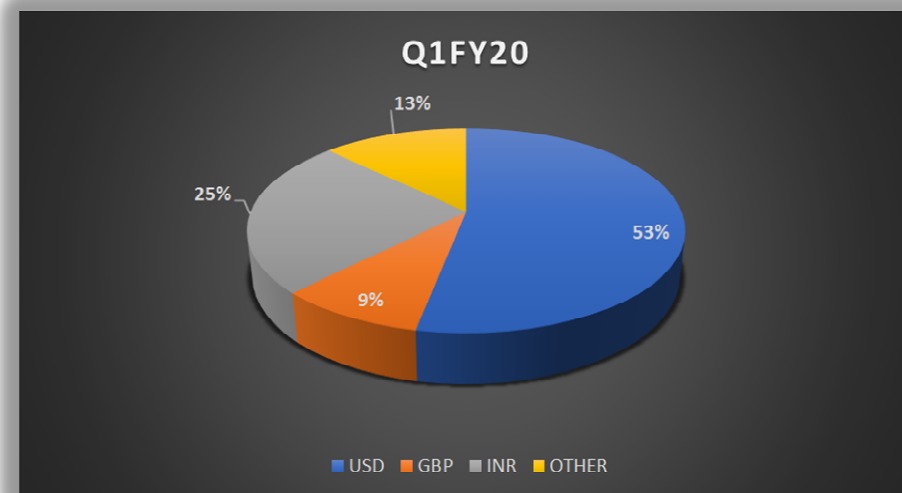
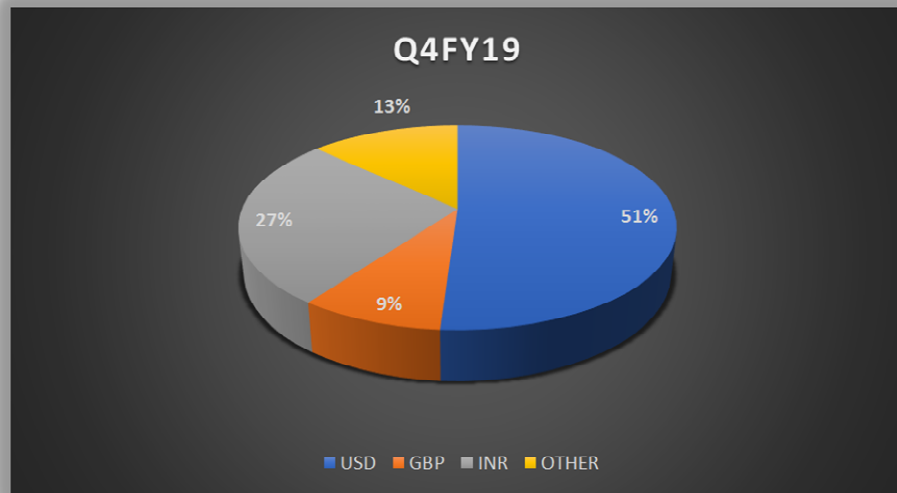


Revenue and Cost Mix by Currency

REVENUE BY CURRENCY



COST BY CURRENCY



AWARDS & RECOGNITIONS



Positioned as a Major Contender in Everest Group PEAK Matrix™ for Enterprise Platform IT Services in BFS 2019



Recognized as a Contender in the Forrester Wave for Global API Strategy And Delivery Service Providers, Q2 2019



Featured in Gartner Market Guide for Master Data Management (MDM) External Service Providers



Positioned as a Leader in the “New Media” industry vertical and in the Execution Zone for verticals such as “Information Services”, “Education”, “Publishing”, “Media in Telecom”, and other verticals in the 2019 Zinnov Zones for Media and Technology

THANK YOU
