

virtusa

Earnings Presentation

Quarter Ended 31st March, 2020



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 Fourth 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.



Q4 FY20 AT A GLANCE

\$329.7M

REVENUE

23.1%

10-year CAGR
through FY20

221

ACTIVE CLIENTS
6 NEW CLIENTS

6.0%

OPM
(NON-GAAP)

\$0.41

EPS
(NON-GAAP)

\$300.6M

CASH, CASH EQUIVALENTS &
INVESTMENTS

22,830

EMPLOYEES
2.5% QoQ GROWTH

80%

UTILIZATION
28% ONSITE EFFORT

5.6%

In-quarter ATTRITION
25.5% LTM ATTRITION



MANAGEMENT PERSPECTIVE

Mr. Kris Canekeratne, Chairman and CEO's message

Kris Canekeratne, Virtusa's Chairman and CEO, stated, "Our priorities since the onset of the COVID-19 pandemic have been to protect the health and safety of our global team members and their families, and proactively work with our clients to help them navigate this uncertain time. I am incredibly proud of all our global team members for quickly adapting to this evolving situation, and going above-and-beyond to ensure Virtusa serves as an agile and trusted partner that can address our clients' most critical technology needs at any time and under any circumstance. Notwithstanding the current economic turbulence, our leading end-to-end Digital Transformation and Cloud Transformation capabilities position us well, and will enable us to emerge faster when the market begins to recover. We are confident that Virtusa will rise to this challenge and come out on the other side a stronger company."

Mr. Ranjan Kalia, CFO's message

Ranjan Kalia, Chief Financial Officer, said, "Our fiscal fourth quarter results reflect the impacts from COVID-19 on our business and our clients. We have responded to the current situation, and ongoing uncertainty, by increasing our focus on cost reductions and improving our financial flexibility, while investing in those areas where we see the greatest opportunity for long-term growth. While our financial performance in fiscal year 2021 will be impacted by the effects of COVID-19, we remain confident in our ability to achieve our long-term objectives of greater than industry revenue growth and EPS growth greater than the top-line as current economic headwinds abate."

"The depth and duration of the economic impact from COVID-19 on Virtusa and our clients' businesses are unknown. Given the uncertainties surrounding COVID-19, we have temporarily suspended our financial guidance for fiscal year 2021," said Ranjan Kalia, Chief Financial Officer.

Q4 FY20 FINANCIAL PERFORMANCE

	Q4FY19		Q3FY20		Q4FY20		QoQ		YOY		YTD	
REVENUE (\$ Mn)	\$327.6		\$335.1		\$329.7		-1.6%		0.6%		\$1,312.3	
GM %	29.7%		29.4%		24.3%		-5.1%		-5.4%		26.9%	
	GAAP	NON GAAP	GAAP	NON GAAP	GAAP	NON GAAP	GAAP	NON GAAP	GAAP	NON GAAP	GAAP	NON GAAP
SG&A %	22.7%	19.3%	20.4%	17.4%	19.1%	18.4%	-1.3%	1.0%	-3.6%	-0.9%	20.8%	18.2%
OPM %	7.0%	10.4%	9.1%	12.1%	5.2%	6.0%	-3.9%	-6.1%	-1.8%	-4.4%	6.1%	8.7%
DILUTED EPS	\$0.24	\$0.46	\$0.38	\$0.78	\$0.66	\$0.41	\$0.28	-\$0.37	\$0.42	-\$0.05	\$1.42	\$2.14

INCOME STATEMENT RELATED

	Q3FY20	Q4FY20	YTD
EFFECTIVE TAX RATE (ETR)			
GAAP	44.7%	-748.1%	0.6%
Non GAAP	27.9%	14.5%	26.7%
NON GAAP ADJUSTMENT* (\$M)	\$10.1	\$2.6	\$33.6
DEPRECIATION (\$M)	\$4.5	\$4.4	\$17.9
OTHER INCOME (\$M) :			
INVESTMENT INCOME	\$0.5	\$0.5	\$2.2
INTEREST EXPENSE	(\$4.9)	(\$4.6)	(\$19.2)
FX & OTHER	(\$2.9)	(\$10.4)	(\$14.6)
TOTAL OTHER INCOME (EXPENSE)	(\$7.2)	(\$14.5)	(\$31.6)
DEBT INTEREST RATE**	4.7%	4.3%	4.8%
PREFERENCE DIVIDENDS	(\$1.1)	(\$1.1)	(\$4.4)
MINORITY INTEREST (\$M)			
GAAP	(\$0.1)	\$0.0	(\$0.4)
Non GAAP	(\$0.1)	\$0.0	(\$0.5)
EFFECTIVE EXCHANGE RATE			
GBP	1.30	1.29	1.27
EUR	1.11	1.11	1.11
INR	72.1	73.1	71.8

* to determine Non GAAP OPM

** including debt issuance and amortization

BALANCE SHEET & CASH FLOW RELATED

(\$M) * EXCLUDING DSO	Q3FY20	Q4FY20
CASH & CASH EQUIVALENT*	\$237.5	\$300.6
CASHFLOW FROM OPERATIONS	\$50.7	\$5.4
CAPEX	\$2.4	\$2.2
FREE CASH FLOWS (FCF)	\$48.3	\$3.2
DSO	69	78
Debt**	\$389.8	\$496.2
Series A Convertible Preferred Stock**	\$107.3	\$107.3

* including ST & LT Investments

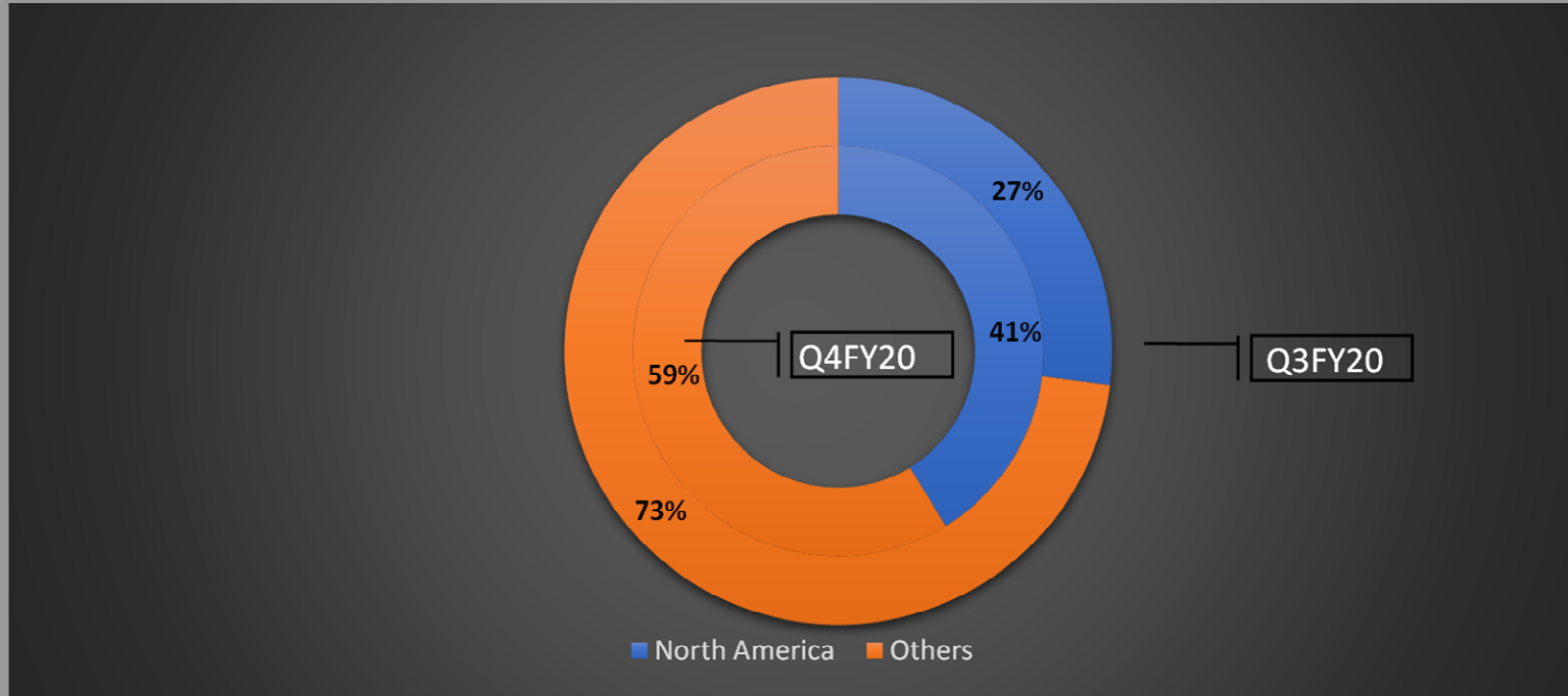
** Net of issuance costs

PERFORMANCE RATIOS

	Q3FY20	Q4FY20
FIXED CHARGED COVERAGE	2.34	2.21
LEVERAGE RATIO	2.17	3.19

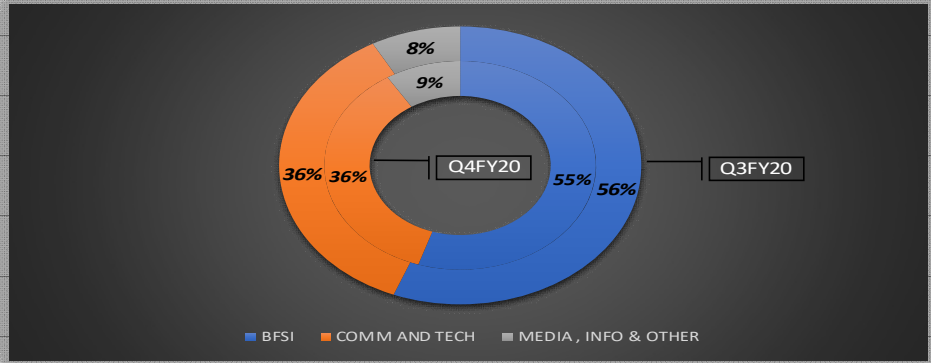
CASH PROFILE

CASH BY GEO

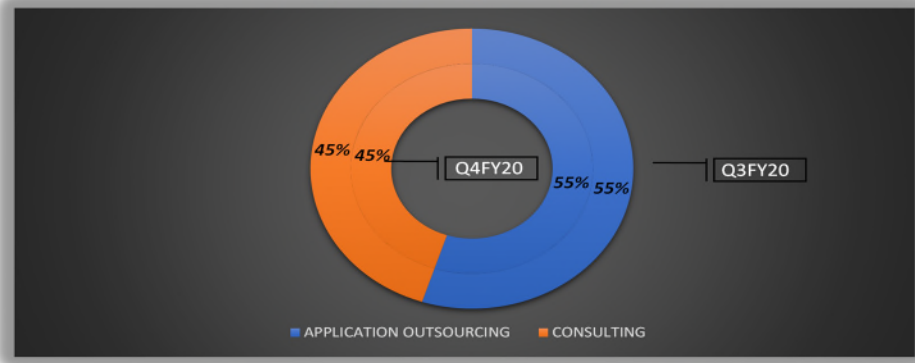


REVENUE PROFILE

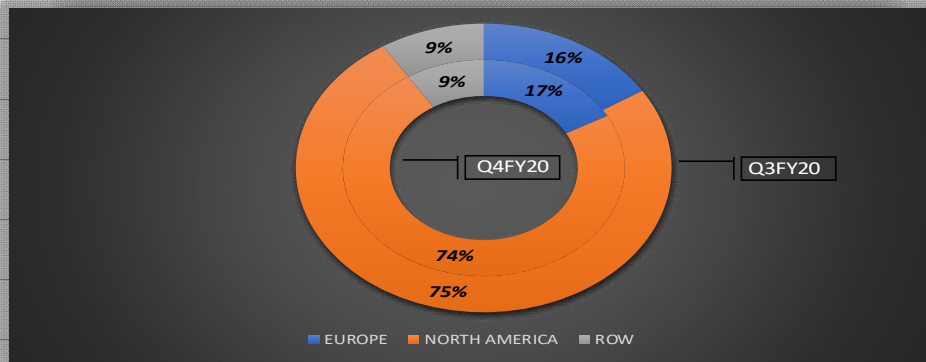
REVENUE BY VERTICAL



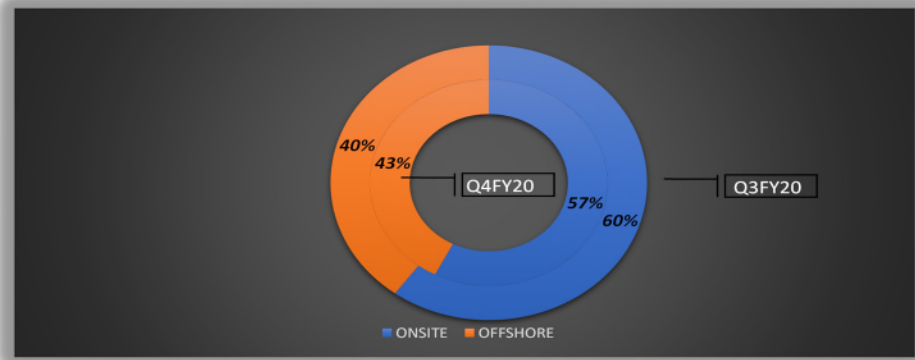
REVENUE BY SERVICE OFFERING



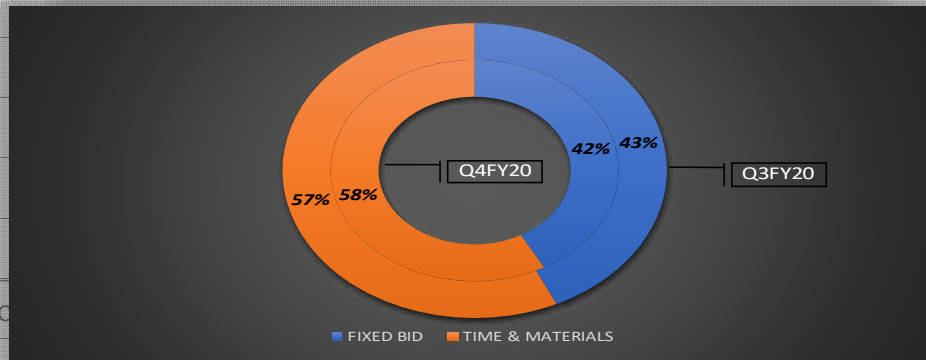
REVENUE BY GEOGRAPHY



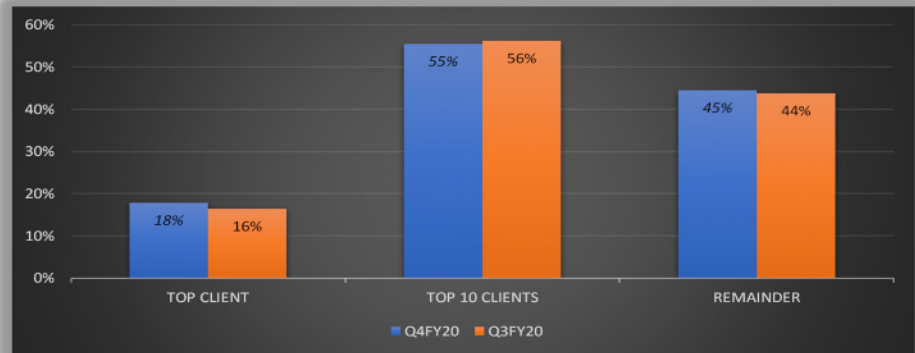
ONSITE / OFFSHORE REVENUE MIX



REVENUE BY PRODUCT TYPE



CLIENT CONCENTRATION



REVENUE PROFILE (CONT.)

CATEGORIES	SEGMENTS	Q4FY19		Q3FY20		Q4FY20		QoQ		YOY		YTD	
		\$ (Mn)	%	\$ (Mn)	%	\$ (Mn)	%	\$ (Mn)	%	\$ (Mn)	%	\$ (Mn)	%
REVENUE BY GEOGRAPHY	EUROPE	\$ 69.8	21%	\$ 55.2	16%	\$ 55.7	17%	\$ 0.6	1%	\$ (14.1)	-20%	\$ 231.0	17%
	NORTH AMERICA	\$ 232.0	71%	\$ 251.2	75%	\$ 244.1	74%	\$ (7.1)	-3%	\$ 12.1	5%	\$ 968.1	74%
	ROW	\$ 25.8	8%	\$ 28.7	9%	\$ 29.8	9%	\$ 1.1	4%	\$ 4.0	16%	\$ 113.2	9%
REVENUE BY INDUSTRY GROUP	BFSI	\$ 198.8	61%	\$ 187.3	56%	\$ 182.3	55%	\$ (5.0)	-3%	\$ (16.5)	-8%	\$ 753.0	58%
	COMM AND TECH	\$ 103.4	31%	\$ 119.6	36%	\$ 117.2	36%	\$ (2.4)	-2%	\$ 13.8	13%	\$ 449.7	34%
	MEDIA , INFO & OTHER	\$ 25.4	8%	\$ 28.2	8%	\$ 30.1	9%	\$ 1.9	7%	\$ 4.7	19%	\$ 109.7	8%
REVENUE BY PRODUCT TYPE	FIXED BID	\$ 141.8	43%	\$ 144.7	43%	\$ 138.0	42%	\$ (6.7)	-5%	\$ (3.8)	-3%	\$ 540.9	41%
	TIME & MATERIALS	\$ 185.8	57%	\$ 190.4	57%	\$ 191.6	58%	\$ 1.2	1%	\$ 5.8	3%	\$ 771.4	59%
REVENUE BY SERVICE OFFERING	APPLICATION OUTSOURCING	\$ 184.1	56%	\$ 183.8	55%	\$ 182.5	55%	\$ (1.3)	-1%	\$ (1.5)	-1%	\$ 729.8	56%
	CONSULTING	\$ 143.6	44%	\$ 151.3	45%	\$ 147.1	45%	\$ (4.2)	-3%	\$ 3.6	2%	\$ 582.5	44%
DIGITAL VS. NON DIGITAL	DIGITAL	\$ 192.3	59%	\$ 198.3	59%	\$ 196.7	60%	\$ (1.7)	-1%	\$ 4.4	2%	\$ 764.3	58%
	NON DIGITAL	\$ 135.3	41%	\$ 136.8	41%	\$ 133.0	40%	\$ (3.8)	-3%	\$ (2.3)	-2%	\$ 548.0	42%

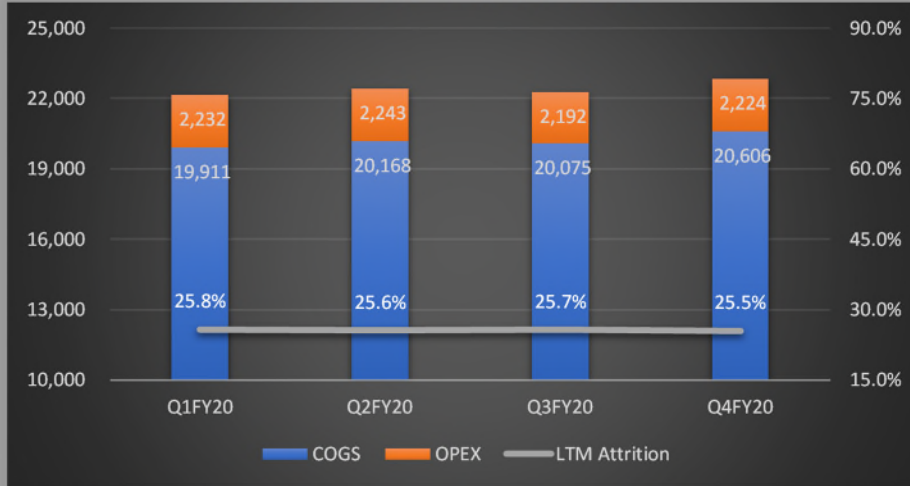
Numbers shown in millions and % are subject to rounding

*Adjusted to the new Digital definition

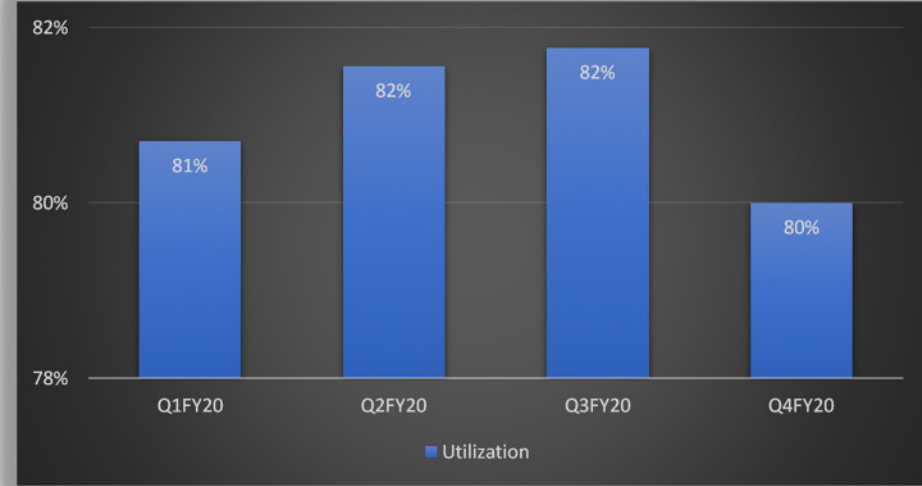


OPERATIONAL METRICS - HEADCOUNT

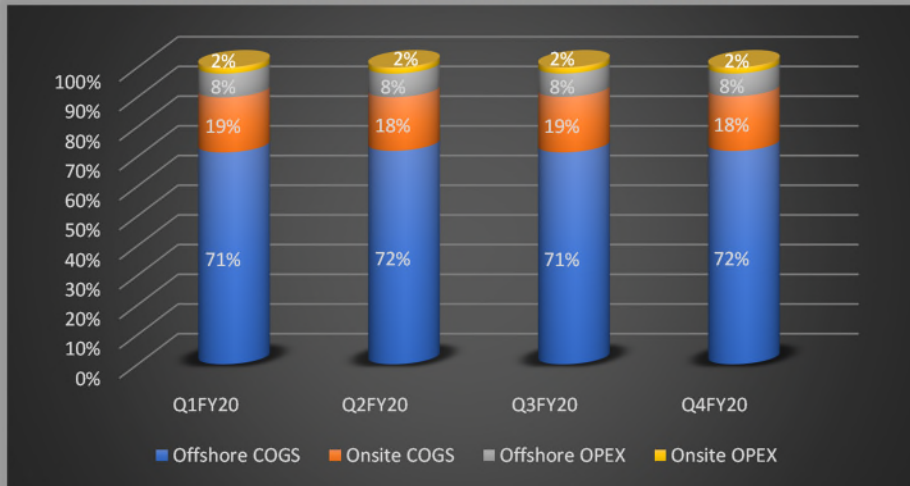
HEADCOUNT & ATTRITION



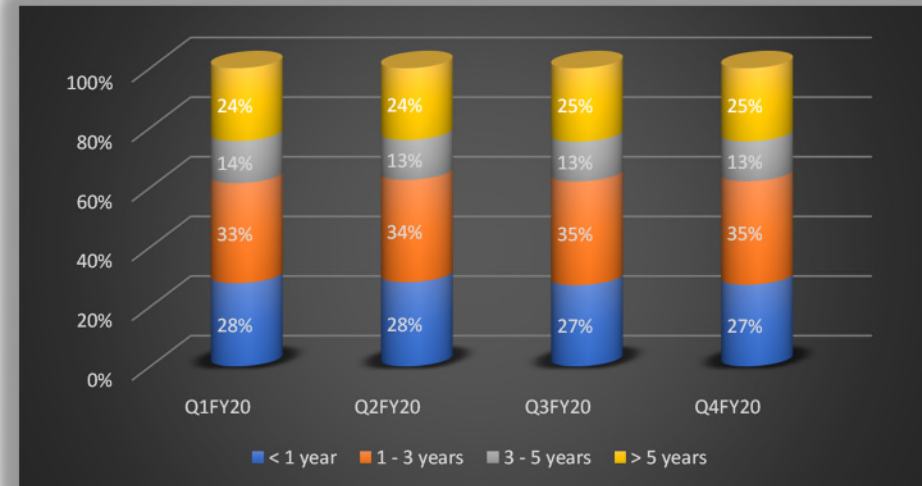
UTILIZATION



ONSITE / OFFSHORE HEADCOUNT MIX



AVERAGE TENURE

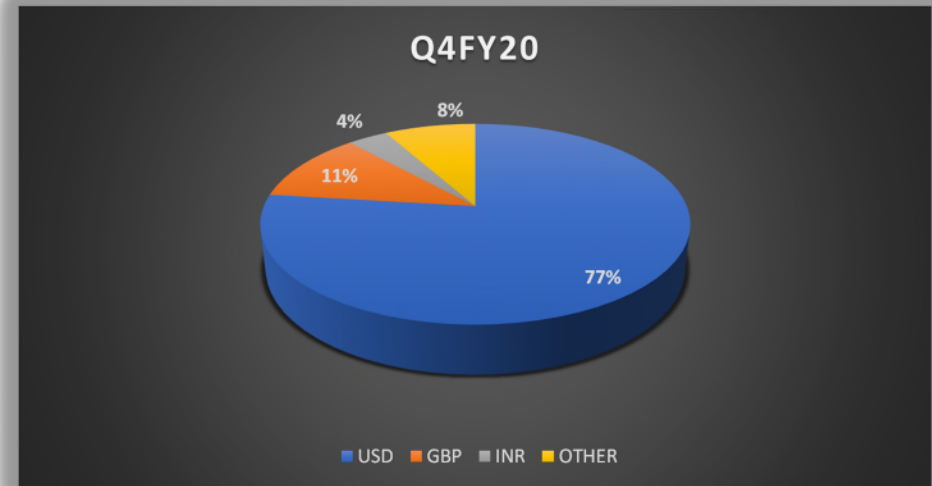
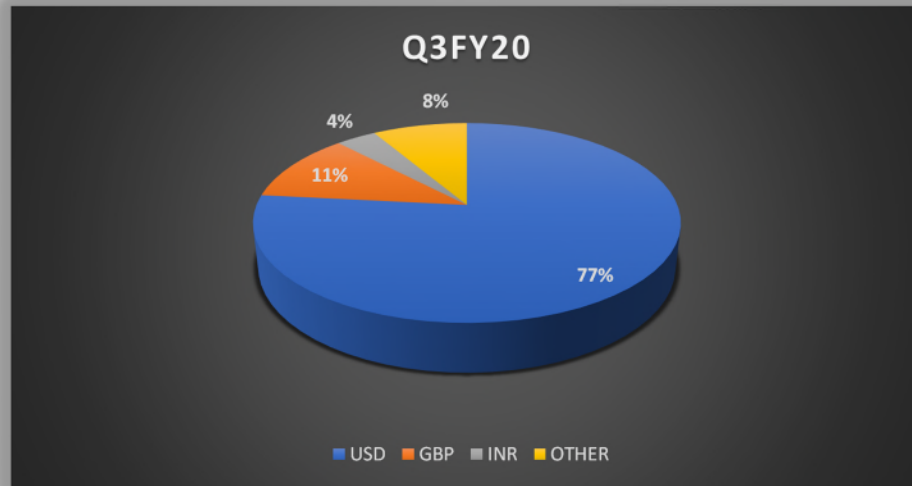


Numbers shown in % are subject to rounding

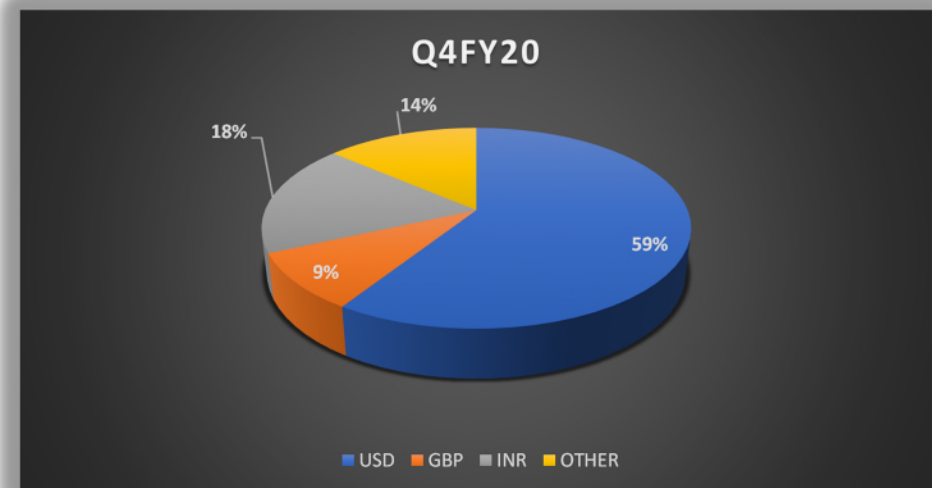
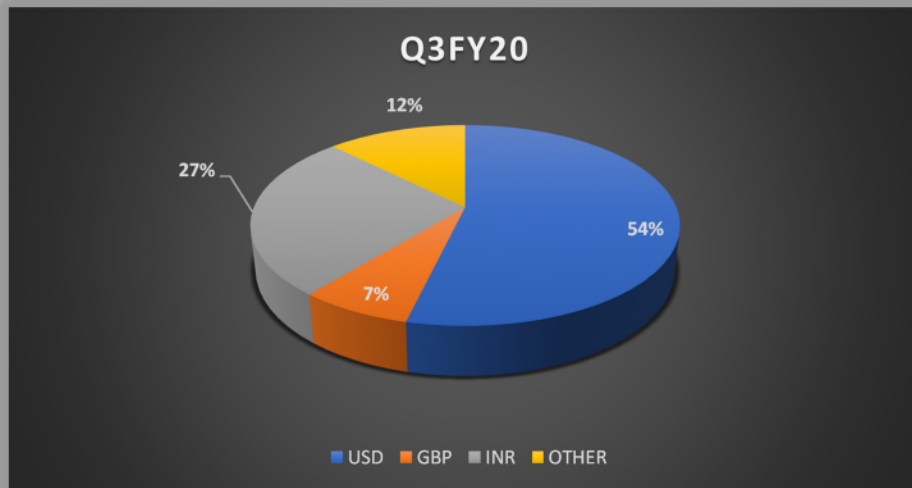


Revenue and Cost Mix by Currency

REVENUE BY CURRENCY



COST BY CURRENCY



AWARDS & RECOGNITIONS



Named SIAA CODiE Award Finalist
for Best Technology Solution



Named a Top Challenger in the Everest Group's
PEAK Matrix Service Providers of the Year 2020



Named a Major Contender and Start Performer by
Everest Group in Life & Annuities Insurance Application
and Digital Services PEAK Matrix 2020



Named a Top Employer in the UK
by the Top Employers Institute

THANK YOU

