

Virtusa Corporation Data Sheet**

Quarter ended December 31, 2019

	2019					2020		
	Q119	Q219	Q319	Q419	FY19	Q120	Q220	Q320
Revenue:								
Revenue (USD in MM)	\$ 300.0	\$ 305.5	\$ 314.7	\$ 327.6	\$ 1,247.9	\$ 319.0	\$ 328.5	\$ 335.1
Q/Q	7%	2%	3%	4%		-3%	3%	2%
Y/Y	32%	23%	19%	16%	22%	6%	8%	6%
Margin:								
Gross margin	27.8%	29.2%	29.6%	29.7%	29.1%	26.4%	27.4%	29.4%
Operating margin	4.6%	4.6%	6.1%	7.0%	5.6%	4.2%	5.9%	9.1%
Non-GAAP Operating Margin	9.1%	9.5%	10.4%	10.4%	9.9%	7.6%	8.9%	12.1%
Revenue By Geography:								
North America	70%	71%	71%	71%	71%	72%	74%	75%
Europe	22%	20%	21%	21%	21%	20%	17%	16%
ROW	8%	9%	8%	8%	8%	8%	9%	9%
Revenue By Industry Group:								
BFSI	63%	63%	63%	61%	62%	60%	59%	56%
Communications and Tech	28%	28%	28%	31%	29%	32%	33%	36%
Media & Information and Other	9%	9%	9%	8%	9%	8%	8%	8%
Revenue by Product Type:								
Time & materials	60%	60%	60%	57%	59%	60%	61%	57%
Fixed bid	40%	40%	40%	43%	41%	40%	39%	43%
Revenue by Service Offering:								
Application outsourcing	54%	53%	53%	56%	54%	57%	55%	55%
Consulting	46%	47%	47%	44%	46%	43%	45%	45%
Effort Mix:								
Offshore effort	73%	73%	73%	72%	73%	71%	71%	72%
Onsite effort	27%	27%	27%	28%	27%	29%	29%	28%
Revenue mix :								
Offshore	38%	41%	41%	42%	41%	37%	41%	40%
Onsite	62%	59%	59%	58%	59%	63%	59%	60%
Clients:								
Active clients	216	212	216	216	216	217	216	216
Number of New clients	3	2	7	4	16	6	5	6
Number of 10% clients	1	1	1	1	1	1	1	1
Revenue from repeat clients >12 months	89%	88%	88%	97%	91%	98%	98%	96%
Top client	17%	18%	18%	17%	18%	16%	16%	16%
Top 10 clients	54%	55%	56%	57%	55%	59%	57%	56%
Clients Contribution (TTM)								
\$1M+	130	134	134	129	129	126	126	132
\$5M+	38	34	36	38	38	39	39	37
\$10M+	21	21	20	22	22	21	23	23
\$25M+	6	8	8	8	8	8	11	11
\$50M+	4	4	5	5	5	5	5	5
\$100M+	1	1	1	1	1	1	1	1
Utilization:								
Utilization, excluding trainees	82%	83%	84%	83%	83%	81%	82%	82%
Billed days^	1,025,000	1,035,900	1,048,500	1,050,200	4,159,600	1,047,000	1,089,900	1,083,500
Headcount:								
Total employees	21,145	21,325	21,476	21,745	21,745	22,143	22,411	22,267
Non IT professionals	1,938	1,995	2,210	2,243	2,243	2,232	2,243	2,192
IT professionals	19,207	19,330	19,266	19,502	19,502	19,911	20,168	20,075
Net addition / (reduction)	654	180	151	269	1,254	398	268	(144)
Global Attrition TTM	20%	23%	26%	26%	26%	26%	26%	26%
In-quarter attrition	6.1%	7.5%	7.0%	5.4%		6.5%	7.2%	6.7%
Balance sheet & Cash flows								
Cash, Cash Equivalents, Short term Investments & Long term	\$ 213.0	\$ 232.5	\$ 253.1	\$ 223.1	\$ 223.1	\$ 208.3	\$ 198.5	\$ 237.5
- Cash	\$ 154.8	\$ 177.0	\$ 210.6	\$ 189.7	\$ 189.7	\$ 190.0	\$ 183.4	\$ 217.4
- Short term investments	\$ 56.4	\$ 54.1	\$ 41.6	\$ 33.1	\$ 33.1	\$ 17.9	\$ 14.9	\$ 20.1
- Long term investments	\$ 1.8	\$ 1.4	\$ 0.9	\$ 0.3	\$ 0.3	\$ 0.4	\$ 0.2	\$ 0.0
Operating Cash Flows [#]	-2%	13%	12%	0%	5%	1%	7%	15%
CAPEX [#]	4%	2%	2%	3%	3%	1%	1%	1%
Free cash flows [#]	-6%	11%	10%	-4%	3%	0%	6%	14%
DSO (days)	79	76	71	76		75	74	69

*Trailing twelve months (TTM) Includes voluntary and Involuntary attrition,

** Number and Percentages depicted above are subject to rounding

As a % of revenue

^ Rounded to the nearest 100

Virtusa Corporation Non-GAAP Data Sheet													
Quarter ended December 31, 2019**													
	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3
	2018	2018	2018	2018	2018	2019	2019	2019	2019	2019	2020	2020	2020
GAAP income from operations	6,070	10,279	13,663	16,375	46,387	13,924	14,019	19,285	23,040	70,268	13,428	19,235	30,410
Add: Stock-based compensation expense	4,788	6,142	9,118	7,363	27,411	7,938	9,124	7,042	4,952	29,056	6,676	5,834	5,775
Add: acquisition-related charges and restructuring charges ^(a)	2,509	3,351	3,227	4,191	13,278	5,665	5,829	6,378	6,032	23,904	4,097	4,299	4,345
Non-GAAP income from operations	13,367	19,772	26,008	27,929	87,076	27,527	28,972	32,705	34,024	123,228	24,201	29,368	40,530
GAAP Operating Margin	2.7%	4.1%	5.2%	5.8%	4.5%	4.6%	4.6%	6.1%	7.0%	5.6%	4.2%	5.9%	9.1%
Effect of above adjustments to income from operations	3.2%	3.9%	4.7%	4.1%	4.0%	4.5%	4.9%	4.3%	3.4%	4.3%	3.4%	3.0%	3.0%
Non-GAAP Operating Margin	5.9%	8.0%	9.9%	9.9%	8.5%	9.1%	9.5%	10.4%	10.4%	9.9%	7.6%	8.9%	12.1%
GAAP net income (loss) available to Virtusa common stockholders	2,957	3,681	(11,142)	1,795	(2,709)	(7,383)	417	11,489	7,273	11,796	4,747	6,014	11,633
Add: Stock-based compensation expense	4,788	6,142	9,118	7,363	27,411	7,938	9,124	7,042	4,952	29,056	6,676	5,834	5,775
Add: acquisition-related charges and restructuring charges ^(a)	2,509	3,351	3,227	4,259	13,346	6,127	6,300	6,852	6,431	25,710	4,243	4,420	4,345
Add: Non-recurring third party financing costs ⁽ⁱ⁾	-	-	-	701	701	-	-	-	-	-	-	-	-
Add: Impairment of investment ^(j)	-	-	-	-	-	-	-	885	526	1,411	-	-	184
Add: Other impairment charges ^(k)	-	-	-	-	-	-	-	-	3,955	3,955	-	-	-
Add: Foreign currency transaction (gains) or losses, net ^(l)	77	1,480	(2,576)	4,562	3,543	10,758	9,355	(8,319)	1,336	13,130	(1,202)	3,437	3,065
Add: Impact from Tax Act ^(m)	-	-	19,815	2,909	22,724	-	-	(1,628)	-	(1,628)	-	-	-
Add: Tax adjustments ⁽ⁿ⁾	(2,522)	(4,066)	(3,210)	(4,239)	(14,037)	(1,817)	(8,126)	3,370	(9,792)	(16,365)	(1,650)	(2,664)	161
Noncontrolling interest, net of taxes ^(o)	(366)	(313)	(647)	(143)	(1,469)	127	50	(103)	(144)	(68)	(35)	7	(16)
Non-GAAP net income available to Virtusa common stockholders	7,443	10,275	14,585	17,207	49,510	15,750	17,120	19,588	14,537	66,997	12,779	17,048	25,147
GAAP diluted earnings (loss) per share^(p)	0.10	0.12	(0.38)	0.06	(0.09)	(0.25)	0.01	0.37	0.24	0.38	0.15	0.20	0.38
Effect of Stock-based compensation expense ^(a)	0.16	0.19	0.28	0.22	0.85	0.24	0.27	0.21	0.14	0.86	0.20	0.17	0.17
Effect of acquisition-related charges and restructuring charges ^{(a)(b)}	0.08	0.10	0.10	0.13	0.41	0.18	0.19	0.20	0.19	0.77	0.13	0.13	0.13
Effect of non-recurring third party financing costs ^{(i)(b)}	-	-	-	0.02	0.02	-	-	-	-	-	-	-	-
Effect of impairment of investment ^(j)	-	-	-	-	-	-	-	0.03	0.01	0.04	-	-	0.01
Effect of other impairment charges ^{(k)(b)}	-	-	-	-	-	-	-	-	0.12	0.12	-	-	-
Effect Foreign currency transaction (gains) or losses ^{(l)(b)}	-	0.05	(0.08)	0.14	0.11	0.32	0.28	(0.25)	0.04	0.39	(0.04)	0.10	0.09
Effect of tax impact from Tax Act ^{(m)(b)}	-	-	0.60	0.09	0.70	-	-	(0.05)	-	(0.05)	-	-	-
Effect tax adjustment ^{(n)(b)}	(0.08)	(0.13)	(0.10)	(0.13)	(0.43)	(0.05)	(0.24)	0.10	(0.29)	(0.49)	(0.05)	(0.08)	-
Effect of noncontrolling interest ^{(o)(b)}	(0.01)	(0.01)	(0.02)	-	(0.05)	-	-	-	-	-	-	-	-
Effect of dividend on Series A Convertible Preferred Stock ^{(i)(b)}	-	0.03	0.03	0.03	0.10	0.03	0.03	-	0.03	0.13	0.03	0.03	-
Effect of change in shares for non-GAAP WASO ^(l)	-	-	0.04	(0.01)	0.01	0.03	-	-	(0.02)	(0.03)	(0.01)	(0.01)	-
Non-GAAP diluted earnings per share^{(a)(b)}	0.25	0.35	0.47	0.55	1.63	0.50	0.54	0.61	0.46	2.12	0.41	0.54	0.78

(a) Acquisition-related charges include, when applicable, amortization of purchased intangibles, external deal costs, transaction-related professional fees, acquisition-related retention bonuses, changes in the fair value of contingent consideration liabilities, accreted interest related to deferred acquisition payments, charges for impairment of acquired intangible assets and other acquisition-related costs including integration expenses consisting of outside professional and consulting services and direct and incremental travel costs. Restructuring charges, when applicable, include termination benefits, facility exit costs as well as certain professional fees related to restructuring. The following table provides the details of the acquisition-related charges and restructuring charges:

	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Amortization of intangible assets	\$ 3,496	\$ 2,860	\$ 10,157	\$ 8,629
Acquisition & integration costs	\$ 849	\$ 3,518	\$ 2,584	\$ 9,243
Acquisition-related charges included in costs of revenue and operating expense	\$ 4,345	\$ 6,378	\$ 12,741	\$ 17,872
Accreted interest related to deferred acquisition payments	\$ -	\$ 474	\$ 267	\$ 1,407
Total acquisition-related charges and restructuring charges	\$ 4,345	\$ 6,852	\$ 13,008	\$ 19,279

(b) Foreign currency transaction gains and losses are inclusive of gains and losses on related foreign exchange forward contracts not designated as hedging instruments for accounting purposes.

(c) Tax adjustments reflect the tax effect of the non-GAAP adjustments using the tax rates at which these adjustments are expected to be realized for the respective periods, excluding the initial impact of our election to treat certain subsidiaries as disregarded entities for U.S. tax purposes and for fiscal year 2020, excluding BEAT tax impact in contemplation of a reorganization of our Indian legal entities. Tax adjustments also assumes application of foreign tax credit benefits in the United States.

(d) Noncontrolling interest represents the minority shareholders interest of Polaris.

(e) Non-GAAP diluted earnings per share is subject to rounding.

(f) During the three months ended December 31, 2019 and 2018, all of the 3,000,000 shares of Series A Convertible Preferred Stock were included in the calculations of GAAP diluted earnings per share as their effect were dilutive using the if-converted method. During the nine months ended December 31, 2019 and 2018, all of the 3,000,000 shares of Series A Convertible Preferred Stock were excluded from the calculations of GAAP diluted earnings per share as their effect would have been anti-dilutive using the if-converted method.

The following table provides the non-GAAP net income available to Virtusa common stockholders and non-GAAP dilutive weighted average shares outstanding using the if-converted method to calculate the non-GAAP diluted earnings per share for the three and nine months ended December 31, 2019 and 2018:

	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Non-GAAP net income available to Virtusa common stockholders	\$ 25,147	\$ 19,588	\$ 54,974	\$ 52,460
Add: Dividends and accretion on Series A Convertible Preferred Stock	\$ 1,087	\$ 1,087	\$ 3,262	\$ 3,262
Non-GAAP net income available to Virtusa common stockholders and assumed conversion	\$ 26,234	\$ 20,675	\$ 58,236	\$ 55,722
GAAP dilutive weighted average shares outstanding	33,458,231	33,661,728	30,700,269	30,598,114
Incremental dilutive effect of employee stock options and unvested restricted stock awards and restricted stock units	-	-	-	-
Add: Incremental effect of Series A Convertible Preferred Stock as converted	-	-	3,000,000	3,000,000
Non-GAAP dilutive weighted average shares outstanding	33,458,231	33,661,728	33,700,269	33,598,114

(g) To the extent the Series A Convertible Preferred Stock is dilutive using the if-converted method, the Series A Convertible Preferred Stock is included in the weighted average shares outstanding to determine non-GAAP diluted earnings per share.

(h) Impact from the U.S. government enacted comprehensive tax legislation ("Tax Act")

(i) Non-recurring third party financing costs related to the new credit facility

(j) Other than-temporary impairment of a available-for-sale securities recognized in earnings

(k) Impairment related to a long-lived asset.

Non-GAAP Financial Information

This data sheet 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.

Fourth Fiscal Quarter and Full Fiscal Year 2020 Guidance Assumptions

as of February 6, 2020

	Q4'20	FY'20
GAAP Effective Tax Rate*	NA	35.2%
Non-GAAP Effective Tax Rate**	NA	26.6%
Annual Effective Interest Rate Yield***	NA	1.5%
Debt Interest Rate****	4.3%	4.8%
Preferred Dividend	3.875%	3.875%
FX*****		
GBP vs. USD (1)	1.31	1.28
INR vs. USD (2)	72.13	71.21
Minority Interest (in \$Mns)		
GAAP	\$0.0	\$0.5
Non GAAP	\$0.0	\$0.5
Capex as a % of total revenue	NA	1.3%

* Our effective tax rate is sensitive to the geographical mix of profit for the fiscal year and is subject to change. Also, such rate does not include the effect of Minority interest on both the taxable income & income tax expense. Our effective tax rate is subject to change.

** Our Non-GAAP effective tax rate reflects the tax effect of the non-GAAP adjustments using the tax rates at which these adjustments are expected to be realized for the respective periods and excluding BEAT tax impact in contemplation of a reorganization of our Indian legal entities. Tax adjustments also assumes application of foreign tax credit benefits in the United States. Also, such rate does not include the effect of Minority interest on both the taxable income & Income tax expense.

*** includes short and long-term investments.

**** Debt interest rate is based on LIBOR plus the credit spread, and includes debt issuance fee amortization.

***** In our guidance, we have not considered any potential impact to other income associated with foreign exchange gains or losses.

(1) Our guidance considers the impact to revenue and costs from hedging contracts already in place for our Fourth quarter.

(2) Indian rupee foreign currency hedge contracts are in place for a large portion of our Indian rupee expenses for the fiscal year ending March 31, 2020. Our guidance considers the impact to costs from hedging contracts already in place for the quarter. Our guidance does not consider the possible impact of having ineffective hedging contracts for the remainder of the fiscal year 2020.

Forward-Looking Statements

Certain statements made in this document that are not based on historical information are forward-looking statements which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are neither promises nor guarantees, but are subject to a variety of risks and uncertainties, many of which are beyond Virtusa's control, which could cause actual results to differ materially from those contemplated in these forward-looking statements. 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 document, 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 Virtusa's public filings with the Securities and Exchange Commission, including Virtusa's Annual Report on Form 10-K for the fiscal year ended March 31, 2019 and subsequent Quarterly Reports on Form 10-Q, as filed with the Securities and Exchange Commission.