

virtusa

Earnings Presentation

Quarter Ended 30th June 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, 2020 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, restructuring charges and non-recurring fees for potential proxy deliberation); 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 FY21 AT A GLANCE

\$301.1M

REVENUE

23.1%

10-year CAGR
through FY20

224

ACTIVE CLIENTS
8 NEW CLIENTS

4.7%

OPM
(NON-GAAP)

\$0.20

EPS
(NON-GAAP)

\$289.3M

CASH, CASH EQUIVALENTS &
INVESTMENTS

22,716

EMPLOYEES
0.5% QoQ DECLINE

77%

UTILIZATION
28% ONSITE EFFORT

4.8%

In-quarter ATTRITION
24.1% LTM ATTRITION



MANAGEMENT PERSPECTIVE

Mr. Kris Canekeratne, Chairman and CEO's message

Kris Canekeratne, Virtusa's Chairman and CEO, stated, "We are pleased with our better than expected financial results and strong execution in the fiscal first quarter. COVID-19, despite its challenges, has created new opportunities for us to strengthen our position as a leading digital transformation provider to Global 2000 enterprises. The improving trends in our business will generate stronger financial performance in our fiscal Q2 and second half of 2021. We also will continue to execute against our Three- Pillar strategy, which will help us achieve our long-term objectives of better than industry revenue growth and EPS accretion faster than revenue."

Mr. Ranjan Kalia, CFO's message

Ranjan Kalia, Chief Financial Officer, said, "We delivered fiscal first quarter revenue, non-GAAP operating margin and EPS above our expectations. While COVID-19 continues to impact client spending, our increased momentum and revenue visibility are leading us to reintroduce in-quarter financial guidance. Our guided Q2 revenue, margin and EPS are all better than our previous expectations. We believe our first quarter outperformance and Q2 momentum position us well for stronger than previously expected full year 2021 financial results. Finally, our financial flexibility remains strong. We generated solid operating cash flow in fiscal Q1 of \$56 million, enabling us to reduce our debt while also maintaining ample available cash."



Q1 FY21 FINANCIAL PERFORMANCE

	Q1FY20		Q4FY20		Q1FY21		QoQ		YOY	
REVENUE (\$ Mn)	\$319.0		\$329.7		\$301.1		-8.7%		-5.6%	
GM %	26.4%		24.3%		22.8%		-1.5%		-3.6%	
	GAAP	NON GAAP	GAAP	NON GAAP	GAAP	NON GAAP	GAAP	NON GAAP	GAAP	NON GAAP
SG&A %	22.2%	18.8%	19.1%	18.4%	20.4%	18.1%	1.3%	-0.3%	-1.8%	-0.7%
OPM %	4.2%	7.6%	5.2%	6.0%	2.4%	4.7%	-2.8%	-1.3%	-1.8%	-2.9%
DILUTED EPS	\$0.15	\$0.41	\$0.66	\$0.41	-\$0.01	\$0.20	-\$0.67	-\$0.21	-\$0.16	-\$0.21

INCOME STATEMENT RELATED

	Q4FY20	Q1FY21
EFFECTIVE TAX RATE (ETR)		
GAAP	-748.1%	25.4%
Non GAAP	14.5%	23.7%
NON GAAP ADJUSTMENT* (\$M)	\$2.6	\$6.9
DEPRECIATION (\$M)	\$4.4	\$4.2
OTHER INCOME (\$M) :		
INVESTMENT INCOME	\$0.5	\$0.3
INTEREST EXPENSE	(\$4.6)	(\$5.3)
FX & OTHER	(\$10.4)	(\$0.9)
TOTAL OTHER INCOME (EXPENSE)	(\$14.5)	(\$6.0)
DEBT INTEREST RATE**	4.3%	4.8%
PREFERENCE DIVIDENDS	(\$1.1)	(\$1.1)
EFFECTIVE EXCHANGE RATE		
GBP	1.29	1.24
EUR	1.11	1.09
INR	73.1	74.6

* to determine Non GAAP OPM

** including debt issuance and amortization

BALANCE SHEET & CASH FLOW RELATED

(\$M) * EXCLUDING DSO	Q4FY20	Q1FY21
CASH & CASH EQUIVALENT*	\$300.6	\$289.3
CASHFLOW FROM OPERATIONS	\$5.4	\$56.0
CAPEX	\$2.2	\$1.3
FREE CASH FLOWS (FCF)	\$3.2	\$54.7
DSO	78	70
Debt**	\$496.2	\$436.4
Series A Convertible Preferred Stock**	\$107.3	\$107.4

* including ST & LT Investments

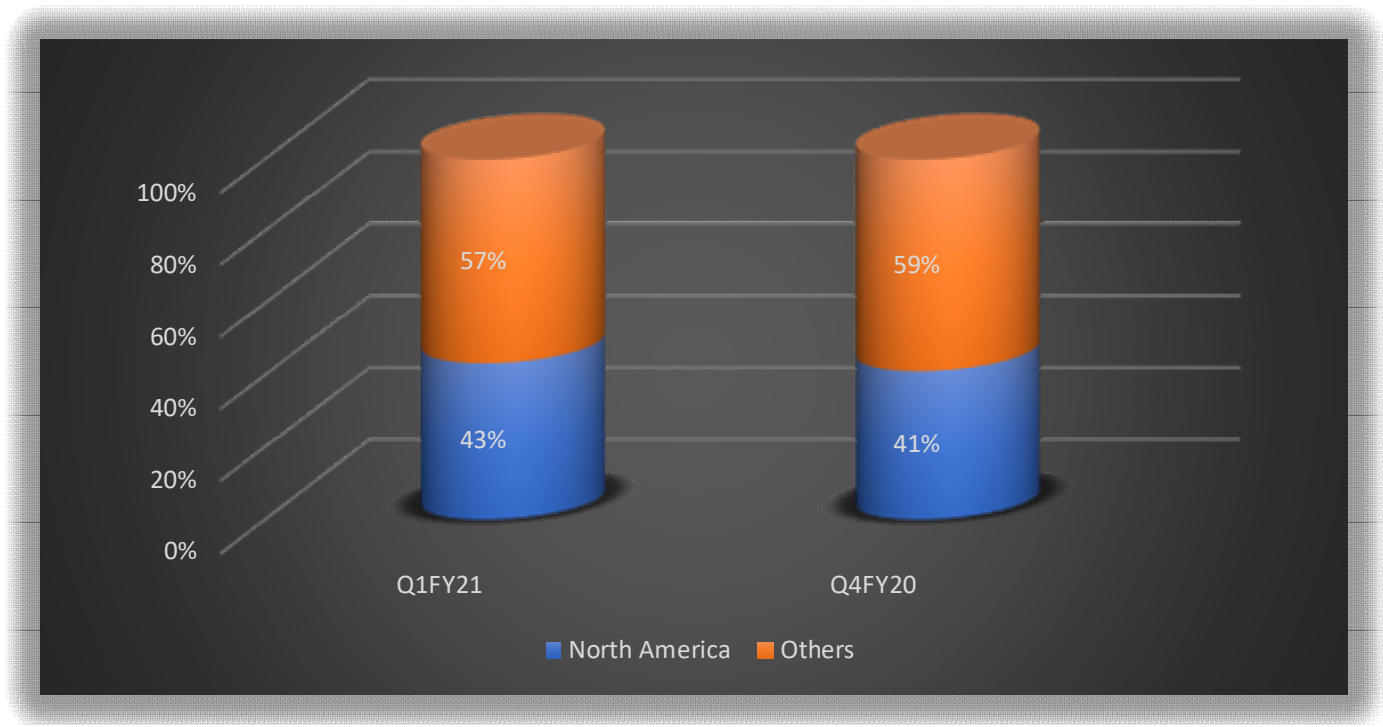
** Net of issuance costs

PERFORMANCE RATIOS

	Q4FY20	Q1FY21
FIXED CHARGED COVERAGE	2.21	2.31
LEVERAGE RATIO	3.19	2.81

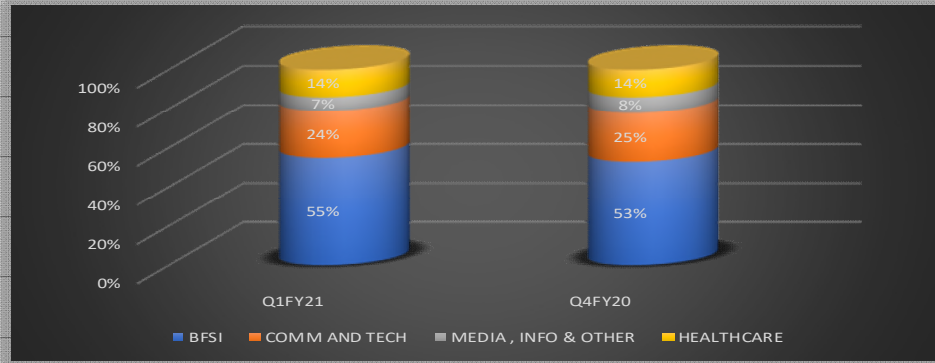
CASH PROFILE

CASH BY GEO

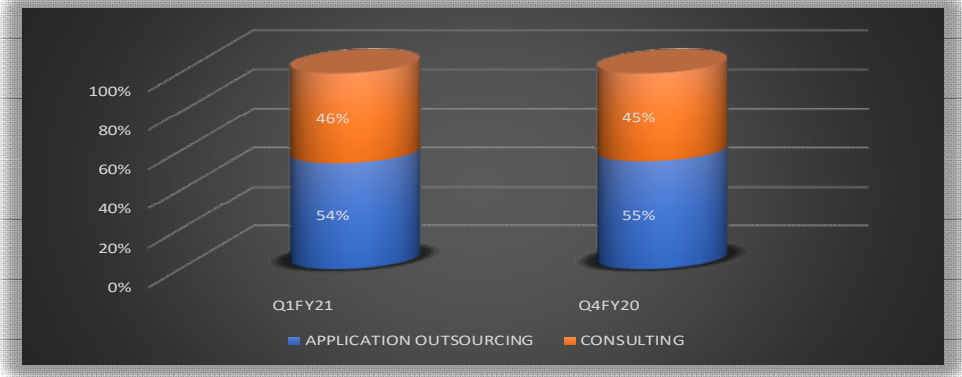


REVENUE PROFILE

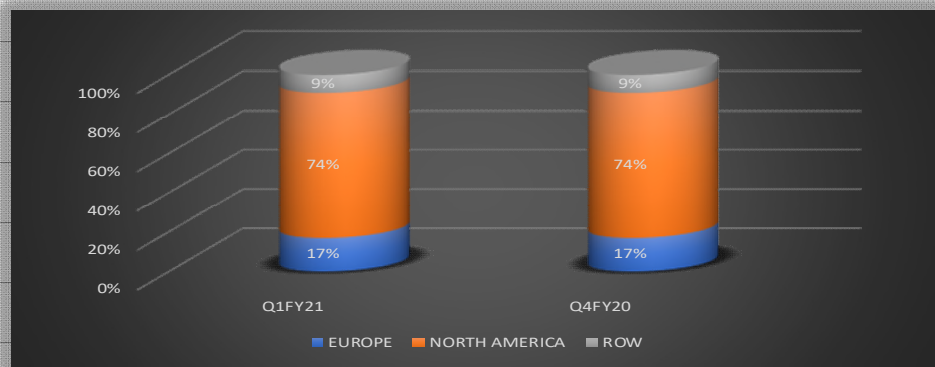
REVENUE BY VERTICAL



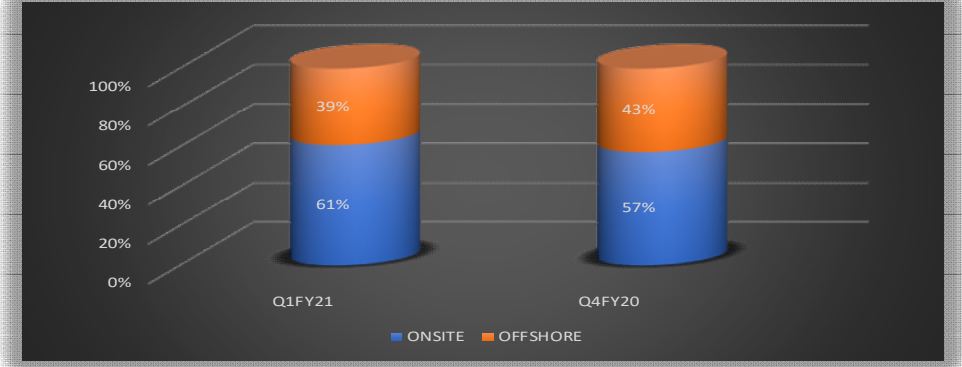
REVENUE BY SERVICE OFFERING



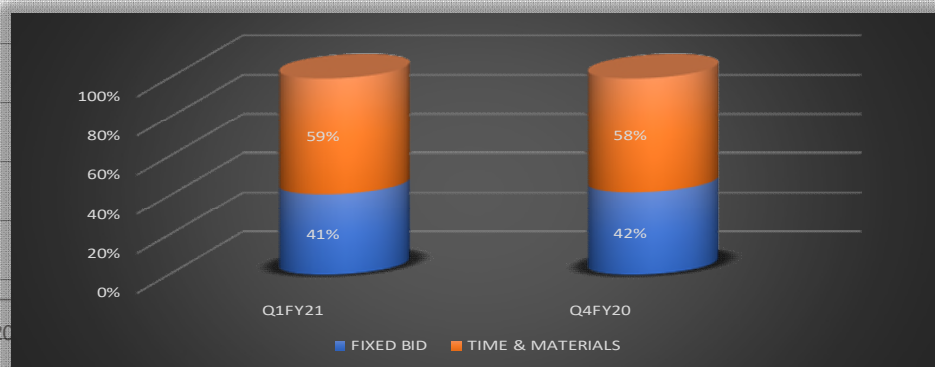
REVENUE BY GEOGRAPHY



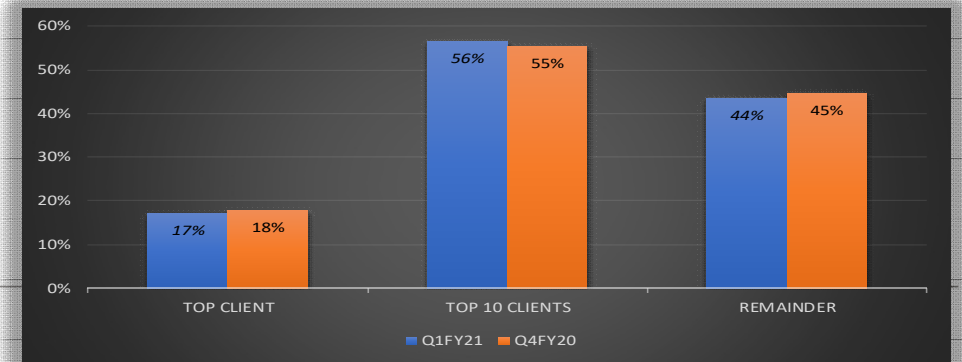
ONSITE / OFFSHORE REVENUE MIX



REVENUE BY PRODUCT TYPE



CLIENT CONCENTRATION



REVENUE PROFILE (CONT.)

CATEGORIES	SEGMENTS	Q1FY20		Q4FY20		Q1FY21		QoQ		YOY	
		\$ (Mn)	%	\$ (Mn)	%	\$ (Mn)	%	\$ (Mn)	%	\$ (Mn)	%
REVENUE BY GEOGRAPHY	EUROPE	\$ 63.1	20%	\$ 55.7	17%	\$ 50.4	17%	\$ (5.3)	-9%	\$ (12.7)	-20%
	NORTH AMERICA	\$ 230.5	72%	\$ 244.1	74%	\$ 224.3	74%	\$ (19.8)	-8%	\$ (6.2)	-3%
	ROW	\$ 25.5	8%	\$ 29.8	9%	\$ 26.3	9%	\$ (3.5)	-12%	\$ 0.8	3%
REVENUE BY INDUSTRY GROUP	BFSI	\$ 183.2	57%	\$ 175.2	53%	\$ 165.6	55%	\$ (9.7)	-6%	\$ (17.6)	-10%
	COMM AND TECH	\$ 70.1	22%	\$ 83.0	25%	\$ 72.4	24%	\$ (10.6)	-13%	\$ 2.3	3%
	MEDIA , INFO & OTHER	\$ 19.2	6%	\$ 25.1	8%	\$ 22.3	7%	\$ (2.7)	-11%	\$ 3.2	17%
	HEALTHCARE	\$ 46.6	15%	\$ 46.4	14%	\$ 40.8	14%	\$ (5.6)	-12%	\$ (5.8)	-12%
REVENUE BY PRODUCT TYPE	FIXED BID	\$ 129.1	40%	\$ 138.0	42%	\$ 124.3	41%	\$ (13.7)	-10%	\$ (4.8)	-4%
	TIME & MATERIALS	\$ 189.9	60%	\$ 191.6	58%	\$ 176.7	59%	\$ (14.9)	-8%	\$ (13.2)	-7%
REVENUE BY SERVICE OFFERING	APPLICATION OUTSOURCING	\$ 182.0	57%	\$ 182.5	55%	\$ 162.4	54%	\$ (20.1)	-11%	\$ (19.5)	-11%
	CONSULTING	\$ 137.1	43%	\$ 147.1	45%	\$ 138.6	46%	\$ (8.5)	-6%	\$ 1.6	1%
DIGITAL VS. NON DIGITAL	DIGITAL	\$ 172.4	54%	\$ 196.7	60%	\$ 184.5	61%	\$ (12.2)	-6%	\$ 12.1	7%
	NON DIGITAL	\$ 146.6	46%	\$ 133.0	40%	\$ 116.5	39%	\$ (16.4)	-12%	\$ (30.1)	-21%

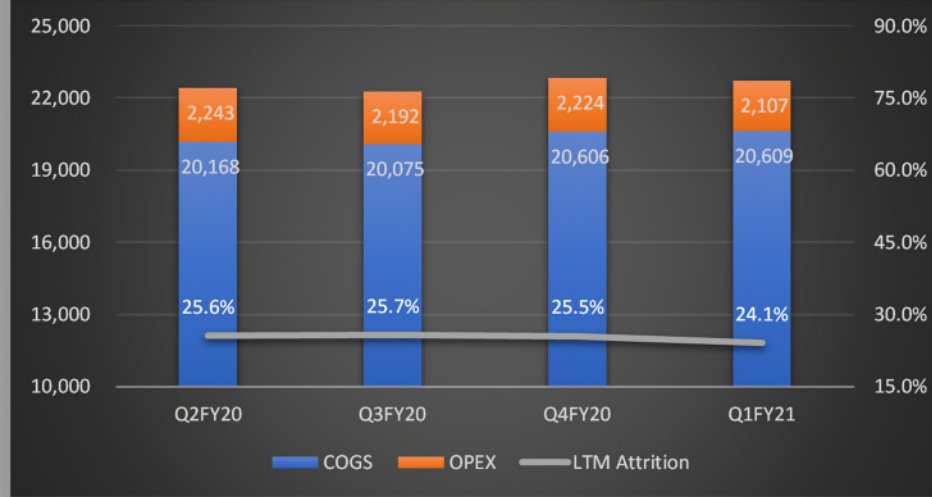
Numbers shown in millions and % are subject to rounding

*Adjusted to the new Digital definition

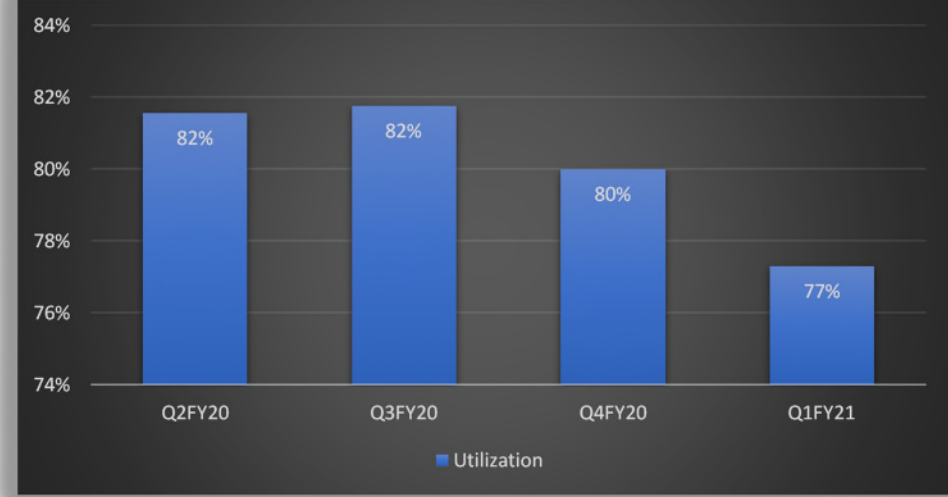


OPERATIONAL METRICS - HEADCOUNT

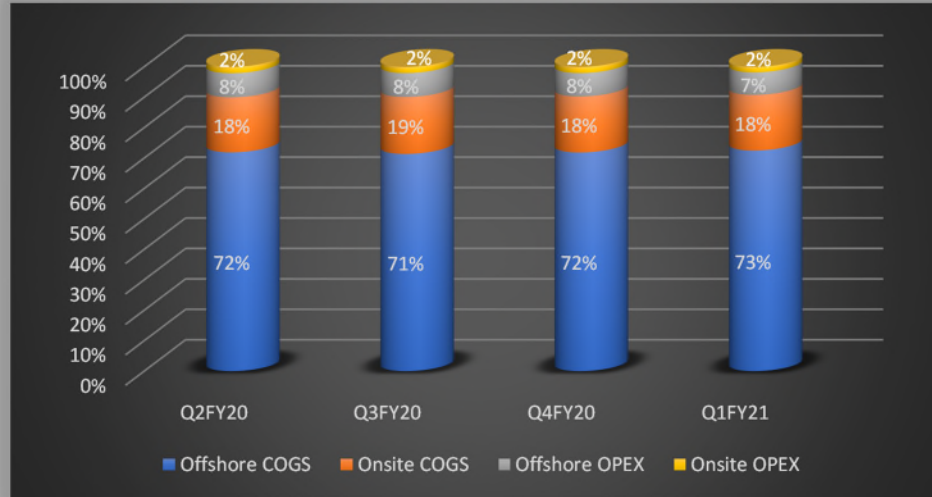
HEADCOUNT & ATTRITION



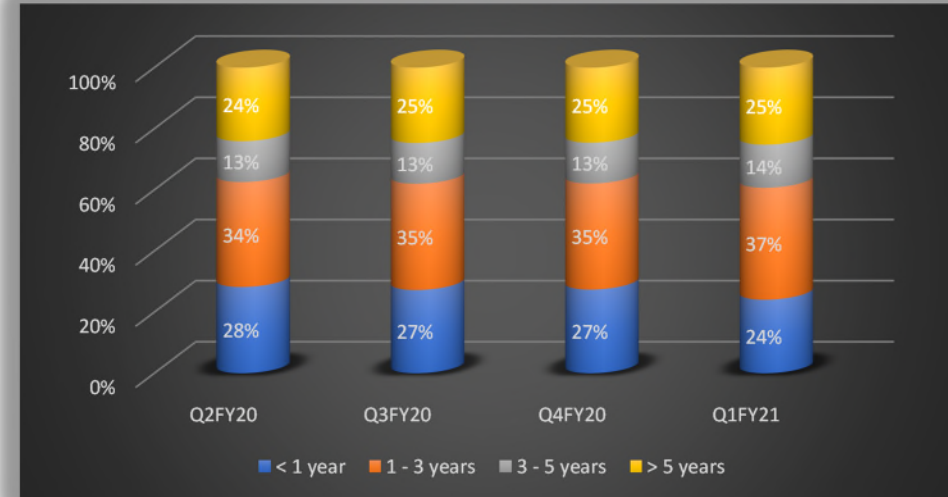
UTILIZATION



ONSITE / OFFSHORE HEADCOUNT MIX



AVERAGE TENURE

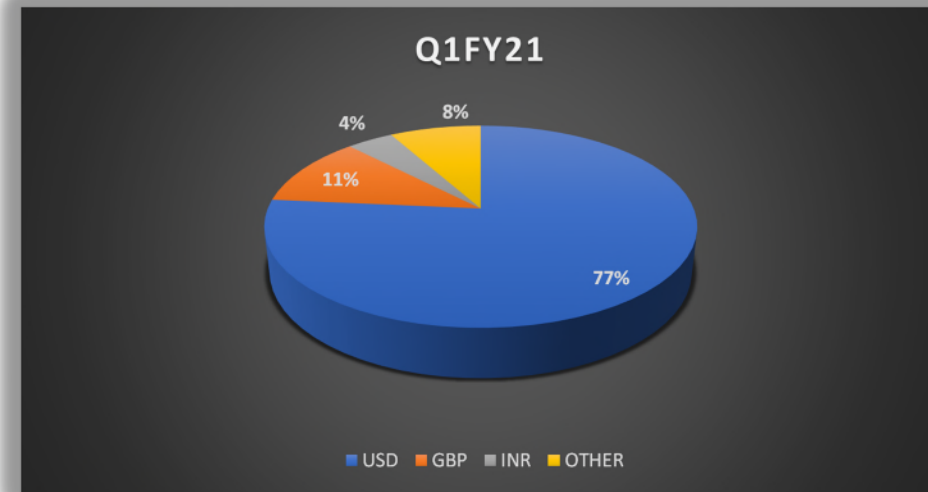
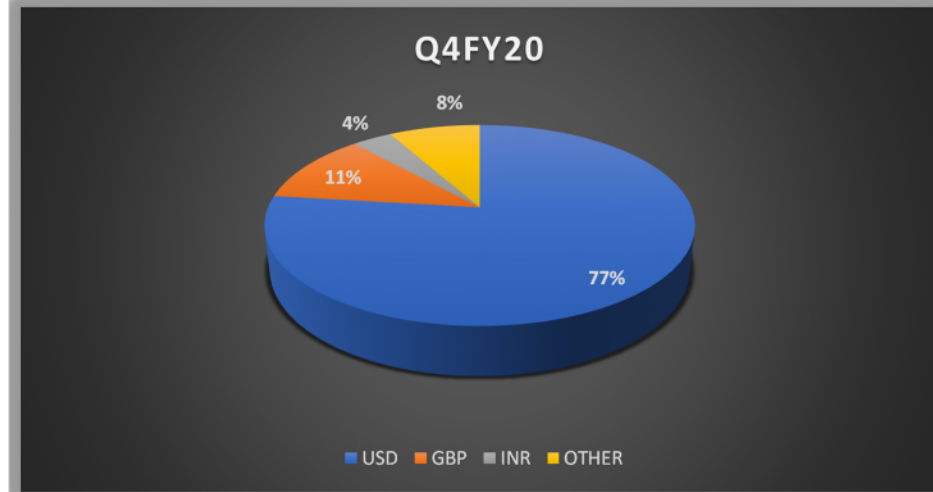


Numbers shown in % are subject to rounding

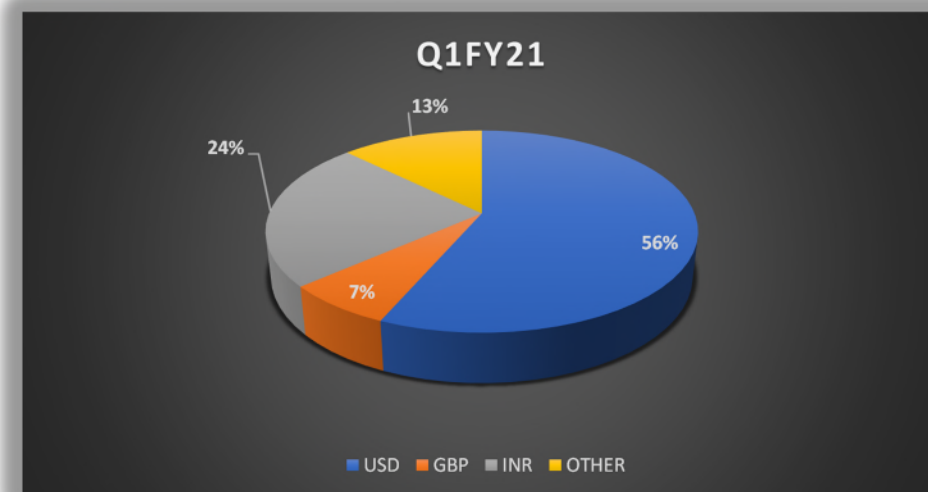
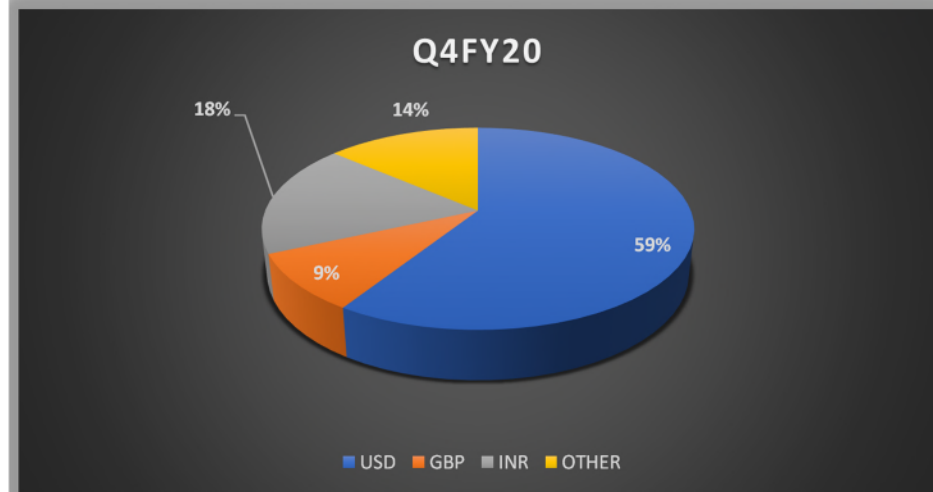


Revenue and Cost Mix by Currency

REVENUE BY CURRENCY



COST BY CURRENCY



AWARDS & RECOGNITIONS



Won 2020 Pega Partner
Award for Excellence in
Digital Transformation



Achieved AWS SaaS
Competency Status



Achieved Blue Prism
Silver Level Delivery Provider
Certification

FORRESTER[®]

Midsized Provider in Now
Tech for Healthcare RPA
Services

FORRESTER[®]

Midsized Provider in Now
Tech for Digital
Transformation Services

THANK YOU

