

virtusa

Earnings Presentation

Quarter Ended 30th September 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 Second 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.



Q2 FY21 AT A GLANCE

\$317.2M

REVENUE

23.1%

10-year CAGR
through FY20

228

ACTIVE CLIENTS
7 NEW CLIENTS

9.5%

OPM
(NON-GAAP)

\$0.53

EPS
(NON-GAAP)

\$300.8M

CASH, CASH EQUIVALENTS &
INVESTMENTS

22,883

EMPLOYEES
0.7% QoQ INCREASE

80%

UTILIZATION
27% ONSITE EFFORT

5.1%

In-quarter ATTRITION
22.0% LTM ATTRITION



MANAGEMENT PERSPECTIVE

Mr. Kris Canekeratne, Chairman and CEO's message

Kris Canekeratne, Virtusa's Chairman and CEO, stated, "I would like to reiterate our excitement about the proposed acquisition of Virtusa by Baring Private Equity Asia ("BPEA"). We are confident BPEA will be a strong partner helping to solidify our position at the forefront of digital transformation for global 2000 companies. As we look forward to completing the closing conditions of our merger, we remain focused on the execution of our Three Pillar Strategy for profitable growth. Our strong fiscal second quarter results highlighted by sequential revenue growth of 5.4%, which exceeded the midpoint of our prior guidance, as well as significant sequential gross margin, non-GAAP operating margin and EPS accretion underscore that we continue to make progress against our plan."



Q2 FY21 FINANCIAL PERFORMANCE

	Q2FY20		Q1FY21		Q2FY21		QoQ		YOY		YTD	
REVENUE (\$ Mn)	\$328.5		\$301.1		\$317.2		5.4%		-3.4%		\$618.3	
GM %	27.4%		22.8%		26.5%		3.7%		-0.9%		24.7%	
	GAAP	NON GAAP	GAAP	NON GAAP	GAAP	NON GAAP	GAAP	NON GAAP	GAAP	NON GAAP	GAAP	NON GAAP
SG&A %	21.5%	18.4%	20.4%	18.1%	22.5%	17.0%	2.1%	-1.2%	1.0%	-1.4%	21.5%	17.5%
OPM %	5.9%	8.9%	2.4%	4.7%	4.0%	9.5%	1.6%	4.8%	-1.9%	0.6%	3.2%	7.2%
DILUTED EPS	\$0.20	\$0.54	-\$0.01	\$0.20	\$0.25	\$0.53	\$0.26	\$0.33	\$0.05	-\$0.01	\$0.25	\$0.75

INCOME STATEMENT RELATED

	Q1FY21	Q2FY21	YTD
EFFECTIVE TAX RATE (ETR)			
GAAP	25.4%	29.9%	29.5%
Non GAAP	23.7%	27.1%	26.2%
NON GAAP ADJUSTMENT* (\$M)	\$6.9	\$17.5	\$24.4
DEPRECIATION (\$M)	\$4.2	\$3.9	\$8.1
OTHER INCOME (\$M) :			
INVESTMENT INCOME	\$0.3	\$0.2	\$0.5
INTEREST EXPENSE	(\$5.3)	(\$5.7)	(\$11.0)
FX & OTHER	(\$0.9)	\$5.3	\$4.4
TOTAL OTHER INCOME (EXPENSE)	(\$6.0)	(\$0.2)	(\$6.2)
DEBT INTEREST RATE**	4.8%	5.3%	5.1%
PREFERENCE DIVIDENDS	(\$1.1)	(\$1.1)	(\$2.2)
EFFECTIVE EXCHANGE RATE			
GBP	1.24	1.27	1.25
EUR	1.09	1.17	1.13
INR	74.6	73.6	74.1

* to determine Non GAAP OPM

** including debt issuance and amortization

BALANCE SHEET & CASH FLOW RELATED

(\$M) * EXCLUDING DSO	Q1FY21	Q2FY21
CASH & CASH EQUIVALENT*	\$289.3	\$300.8
CASHFLOW FROM OPERATIONS	\$56.0	\$49.4
CAPEX	\$1.3	\$2.7
FREE CASH FLOWS (FCF)	\$54.7	\$46.7
DSO	70	65
Debt**	\$436.4	\$404.0
Series A Convertible Preferred Stock**	\$107.4	\$107.4

* including ST & LT Investments

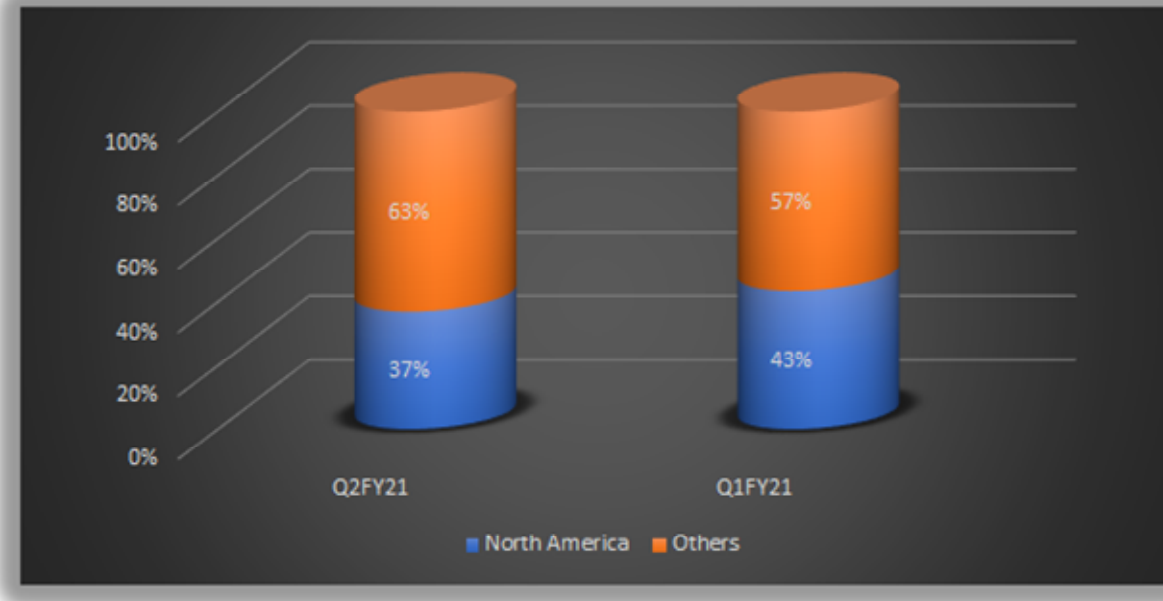
** Net of issuance costs

PERFORMANCE RATIOS

	Q1FY21	Q2FY21
FIXED CHARGED COVERAGE	2.31	2.57
LEVERAGE RATIO	2.81	2.60

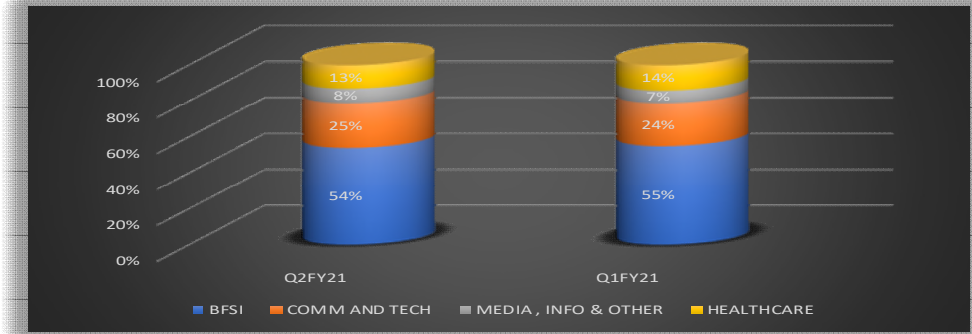
CASH PROFILE

CASH BY GEO

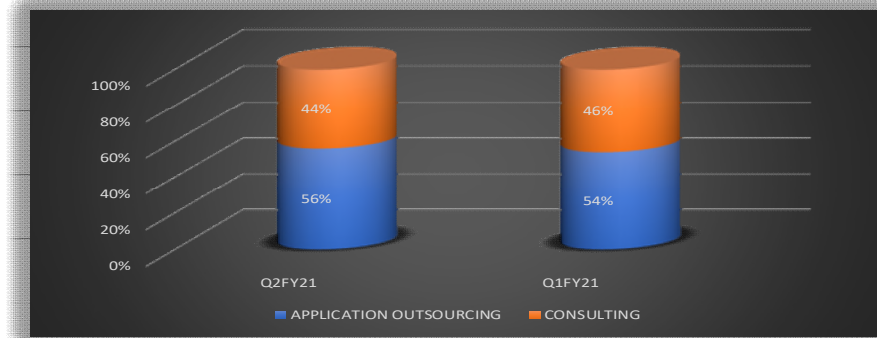


REVENUE PROFILE

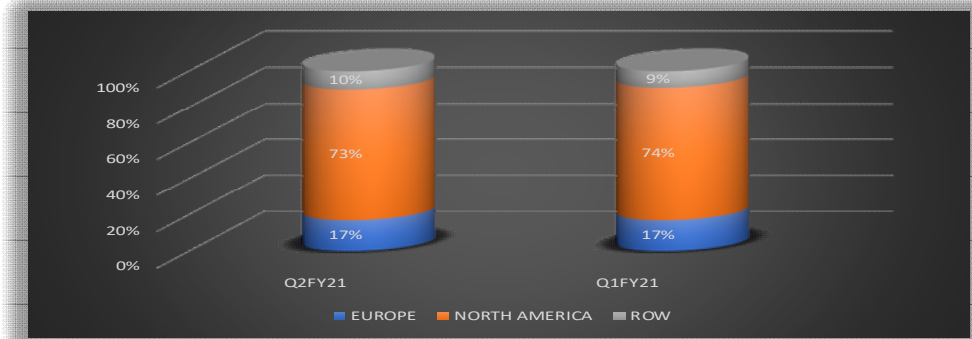
REVENUE BY VERTICAL



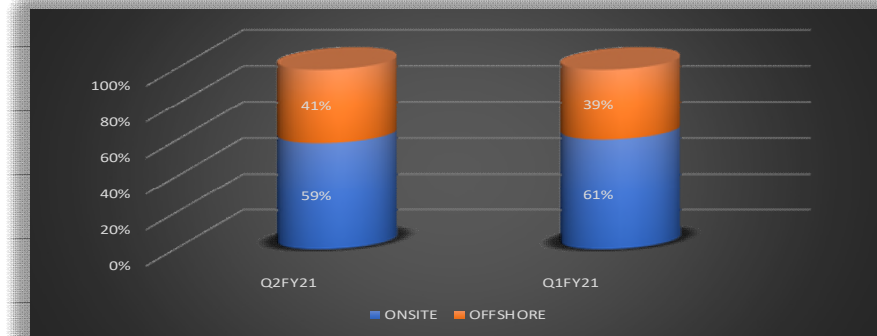
REVENUE BY SERVICE OFFERING



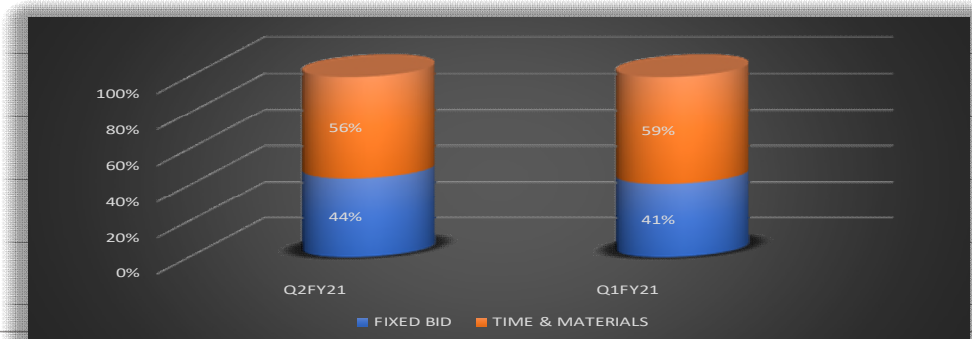
REVENUE BY GEOGRAPHY



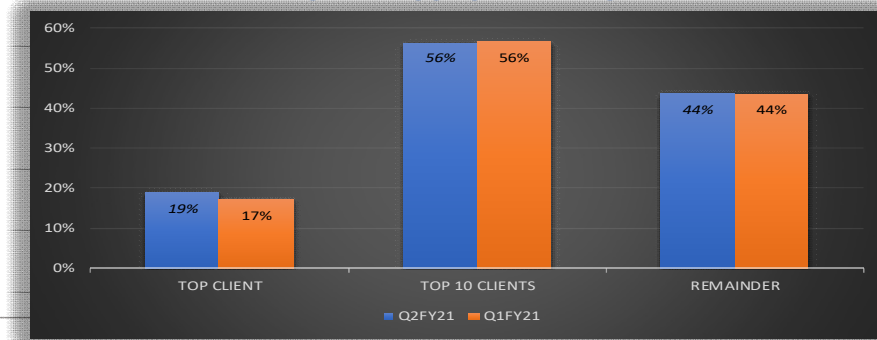
ONSITE / OFFSHORE REVENUE MIX



REVENUE BY PRODUCT TYPE



CLIENT CONCENTRATION



REVENUE PROFILE (CONT.)

CATEGORIES	SEGMENTS	Q2FY20		Q1FY21		Q2FY21		QoQ		YOY	
		\$ (Mn)	%	\$ (Mn)	%	\$ (Mn)	%	\$ (Mn)	%	\$ (Mn)	%
REVENUE BY GEOGRAPHY	EUROPE	\$ 57.0	17%	\$ 50.4	17%	\$ 54.1	17%	\$ 3.7	7%	\$ (2.9)	-5%
	NORTH AMERICA	\$ 242.3	74%	\$ 224.3	74%	\$ 233.0	73%	\$ 8.7	4%	\$ (9.3)	-4%
	ROW	\$ 29.2	9%	\$ 26.3	9%	\$ 30.0	10%	\$ 3.7	14%	\$ 0.9	3%
REVENUE BY INDUSTRY GROUP	BFSI	\$ 185.7	57%	\$ 165.6	55%	\$ 172.7	54%	\$ 7.1	4%	\$ (13.0)	-7%
	COMM AND TECH	\$ 74.0	23%	\$ 72.4	24%	\$ 78.0	25%	\$ 5.6	8%	\$ 3.9	5%
	MEDIA , INFO & OTHER	\$ 21.6	6%	\$ 22.3	7%	\$ 26.6	8%	\$ 4.3	19%	\$ 5.0	23%
	HEALTHCARE	\$ 47.2	14%	\$ 40.8	14%	\$ 39.9	13%	\$ (0.9)	-2%	\$ (7.3)	-15%
REVENUE BY PRODUCT TYPE	FIXED BID	\$ 129.1	39%	\$ 124.3	41%	\$ 138.8	44%	\$ 14.4	12%	\$ 9.6	7%
	TIME & MATERIALS	\$ 199.4	61%	\$ 176.7	59%	\$ 178.4	56%	\$ 1.7	1%	\$ (21.0)	-11%
REVENUE BY SERVICE OFFERING	APPLICATION OUTSOURCING	\$ 181.6	55%	\$ 162.4	54%	\$ 177.7	56%	\$ 15.3	9%	\$ (3.8)	-2%
	CONSULTING	\$ 146.9	45%	\$ 138.6	46%	\$ 139.5	44%	\$ 0.8	1%	\$ (7.5)	-5%
DIGITAL VS. NON DIGITAL*	DIGITAL	\$ 197.1	60%	\$ 184.5	61%	\$ 200.7	63%	\$ 16.2	9%	\$ 3.6	2%
	NON DIGITAL	\$ 131.4	40%	\$ 116.5	39%	\$ 116.5	37%	\$ (0.1)	0%	\$ (14.9)	-11%

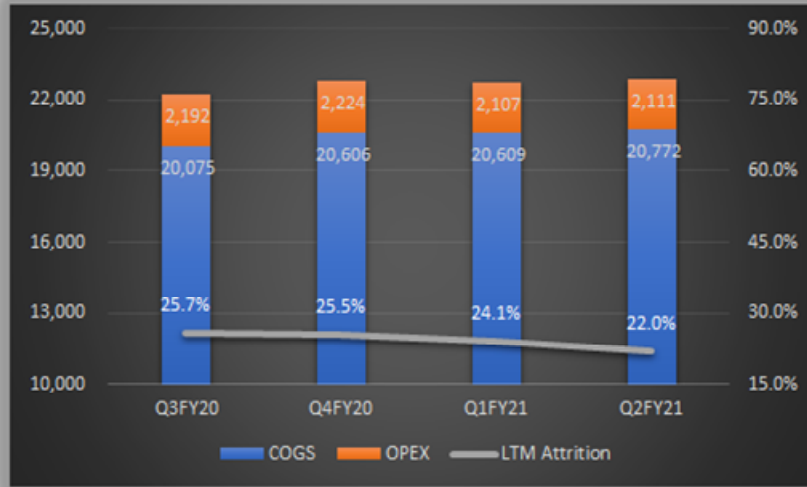
Numbers shown in millions and % are subject to rounding

*Adjusted to the new Digital definition

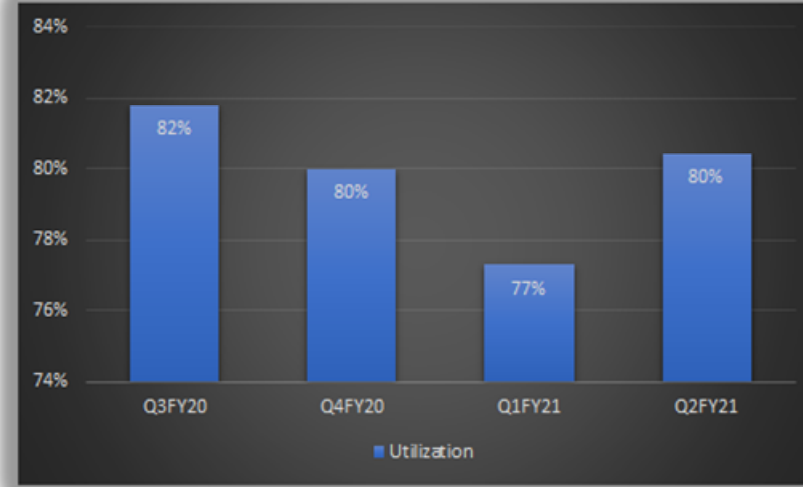


OPERATIONAL METRICS - HEADCOUNT

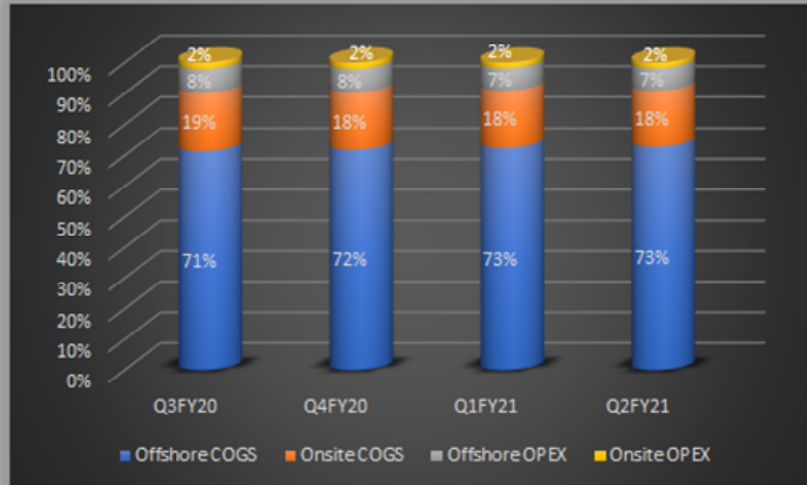
HEADCOUNT & ATTRITION



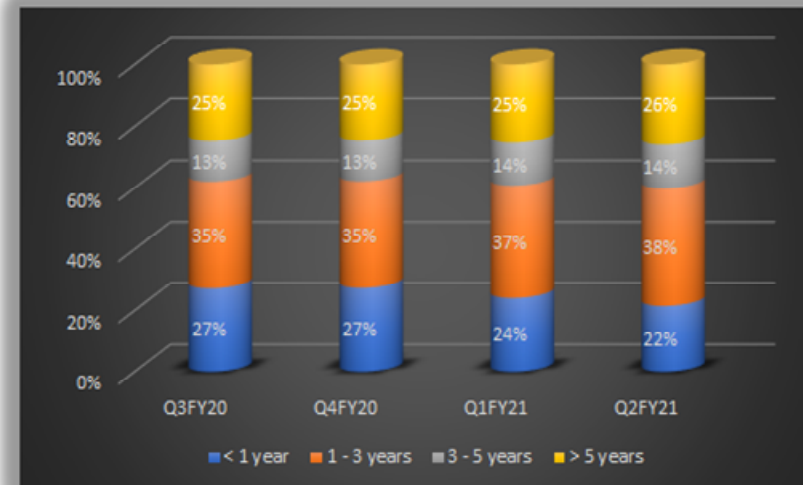
UTILIZATION



ONSITE / OFFSHORE HEADCOUNT MIX



AVERAGE TENURE

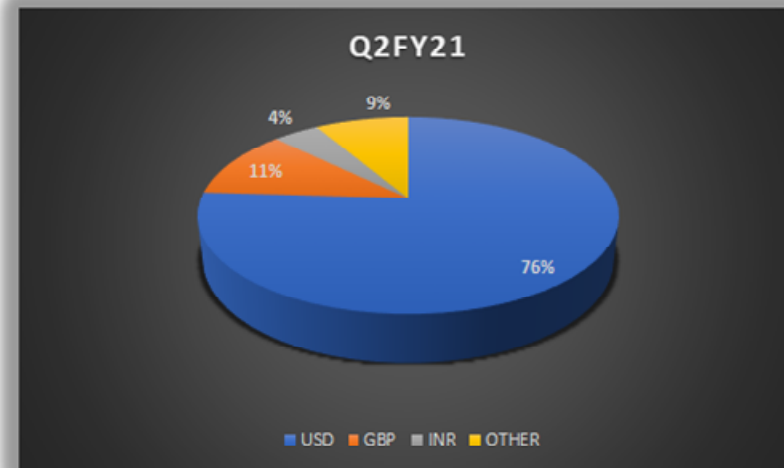
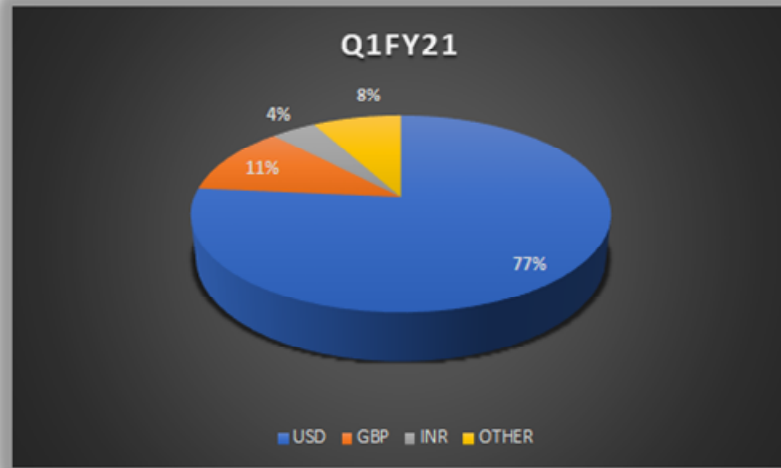


Numbers shown in % are subject to rounding

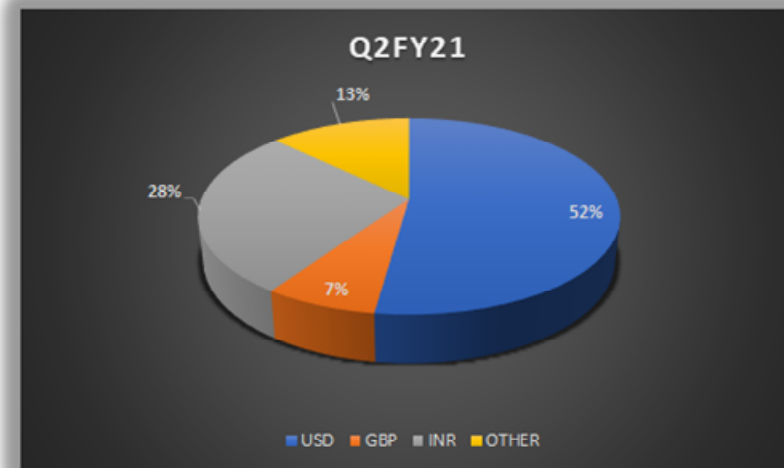
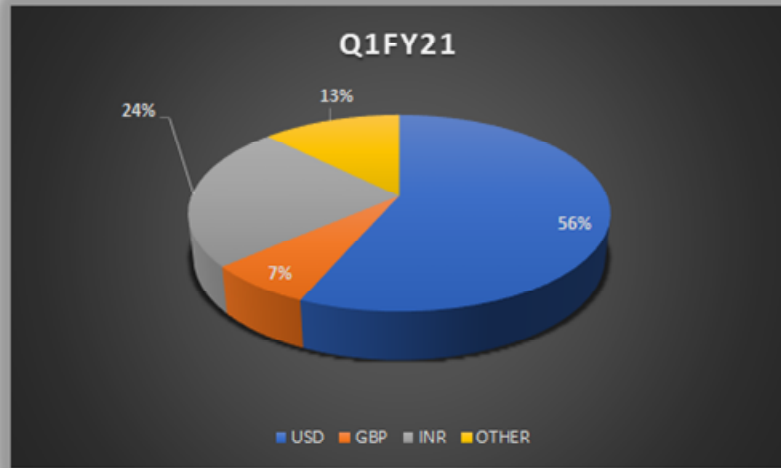


Revenue and Cost Mix by Currency

REVENUE BY CURRENCY



COST BY CURRENCY



AWARDS & RECOGNITIONS

FORRESTER®

Named a Leader in the
Forrester Wave for DPA
Service Providers

Gartner®

Named a Visionary in the
Magic Quadrant for IT
Services for CSPs, Worldwide



Achieved AWS End User
Computing Competency
Status

servicenow.

Achieved ServiceNow
Premier Partner Status



Google Cloud
Achieved Six Google
Cloud Expertise
Recognitions

THANK YOU

