

virtusa

Earnings Presentation

Quarter Ended 30th September, 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 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 FY20 AT A GLANCE

\$328.5M

REVENUE

21.9%

10-year CAGR
through FY19

216

ACTIVE CLIENTS
5 NEW CLIENTS

8.9%

OPM
(NON-GAAP)

\$0.54

EPS
(NON-GAAP)

\$198.5M

CASH & CASH EQUIVALENTS

22,411

EMPLOYEES
1.2% QoQ GROWTH

82%

UTILIZATION
29% ONSITE EFFORT

7.2%

In-quarter ATTRITION
25.6% LTM ATTRITION



MANAGEMENT PERSPECTIVE

Mr. Kris Canekeratne, Chairman and CEO's message

Kris Canekeratne, Virtusa's Chairman and CEO, stated, "The demand for digital and cloud transformation is virtually universal across all our industries and geographies, as every organization today is under pressure to deliver greater customer value and increased efficiency. Our creativity, engineering expertise and deep domain knowledge position us extraordinarily well to capitalize on this long-term demand trend. Nevertheless, we are not standing still, we are highly focused on continuing to improve our overall business model through greater revenue diversification, investing to stay ahead of next generation technologies, and increasing our own operating efficiency."

Mr. Ranjan Kalia, CFO's message

Ranjan Kalia, Chief Financial Officer, said, "We delivered solid second quarter fiscal 2020 results with revenue and non-GAAP EPS above the midpoint of our guidance and strong operating cash flow. Looking to the second half of the fiscal year, based on current demand trends and business momentum, we expect our business to perform in line with our expectations and we reiterate the midpoint of our FY 2020 revenue guidance and raise the midpoint of our non-GAAP EPS guidance."



Q2 FY20 FINANCIAL PERFORMANCE

	Q2FY19		Q1FY20		Q2FY20		QoQ		YOY		YTD	
REVENUE (\$ Mn)	\$305.5		\$319.0		\$328.5		3.0%		7.5%		\$647.5	
GM %	29.2%		26.4%		27.4%		1.0%		-1.8%		26.9%	
	GAAP	NON GAAP	GAAP	NON GAAP	GAAP	NON GAAP	GAAP	NON GAAP	GAAP	NON GAAP	GAAP	NON GAAP
SG&A %	24.6%	19.7%	22.2%	18.8%	21.5%	18.4%	-0.7%	-0.4%	-3.1%	-1.3%	21.9%	18.6%
OPM %	4.6%	9.5%	4.2%	7.6%	5.9%	8.9%	1.7%	1.3%	1.3%	-0.6%	5.0%	8.3%
DILUTED EPS	\$0.01	\$0.54	\$0.15	\$0.41	\$0.20	\$0.54	\$0.05	\$0.13	\$0.19	\$0.00	\$0.35	\$0.95

INCOME STATEMENT RELATED

	Q1FY20	Q2FY20	YTD
EFFECTIVE TAX RATE (ETR)			
GAAP	44.0%	40.0%	41.9%
Non GAAP	31.2%	29.1%	30.0%
NON GAAP ADJUSTMENT* (\$M)	\$10.8	\$10.1	\$20.9
DEPRECIATION (\$M)	\$4.5	\$4.5	\$9.0
OTHER INCOME (\$M) :			
INVESTMENT INCOME	\$0.7	\$0.6	\$1.2
INTEREST EXPENSE	(\$4.9)	(\$4.8)	(\$9.7)
FX & OTHER	\$1.6	(\$2.9)	(\$1.3)
TOTAL OTHER INCOME (EXPENSE)	(\$2.7)	(\$7.2)	(\$9.8)
DEBT INTEREST RATE**	5.2%	5.0%	5.1%
PREFERENCE DIVIDENDS	(\$1.1)	(\$1.1)	(\$2.2)
MINORITY INTEREST (\$M)			
GAAP	(\$0.2)	(\$0.1)	(\$0.3)
Non GAAP	(\$0.2)	(\$0.1)	(\$0.3)
EFFECTIVE EXCHANGE RATE			
GBP	1.28	1.23	1.26
EUR	1.12	1.11	1.12
INR	70.1	71.9	71.0

BALANCE SHEET & CASH FLOW RELATED

(\$M) * EXCLUDING DSO	Q1FY20	Q2FY20
CASH & CASH EQUIVALENT*	\$208.3	\$198.5
CASHFLOW FROM OPERATIONS	\$2.2	\$21.6
CAPEX	\$4.8	\$3.7
FREE CASH FLOWS (FCF)	(\$2.6)	\$17.9
DSO	75	74
Debt**	\$362.1	\$384.5
Series A Convertible Preferred Stock**	\$107.2	\$107.2

* including ST & LT Investments

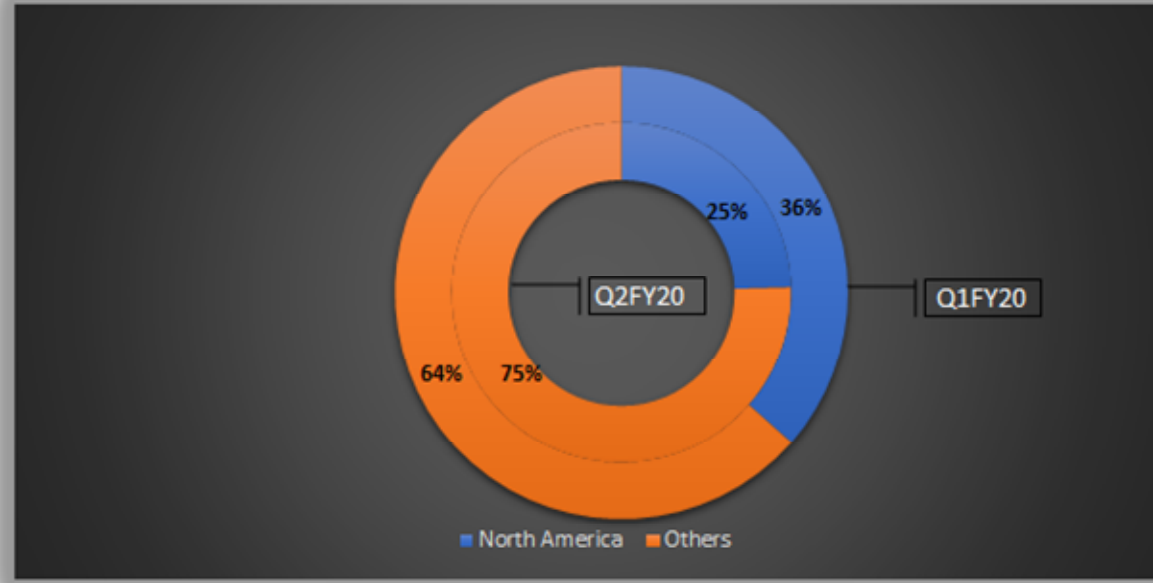
** Net of issuance costs

PERFORMANCE RATIOS

	Q1FY20	Q2FY20
FIXED CHARGED COVERAGE	1.97	1.85
LEVERAGE RATIO	2.30	2.43

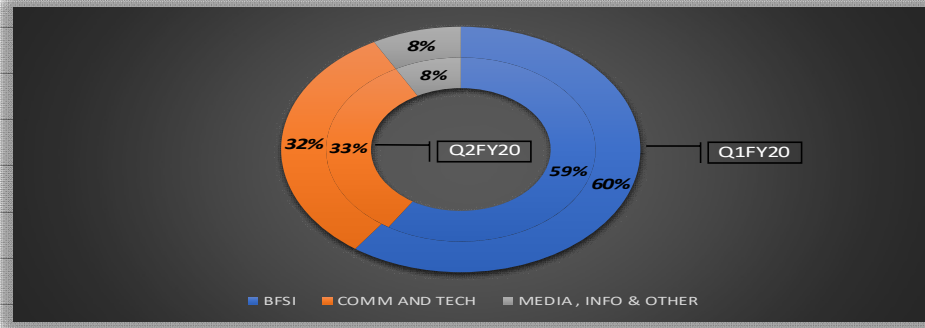
CASH PROFILE

CASH BY GEO

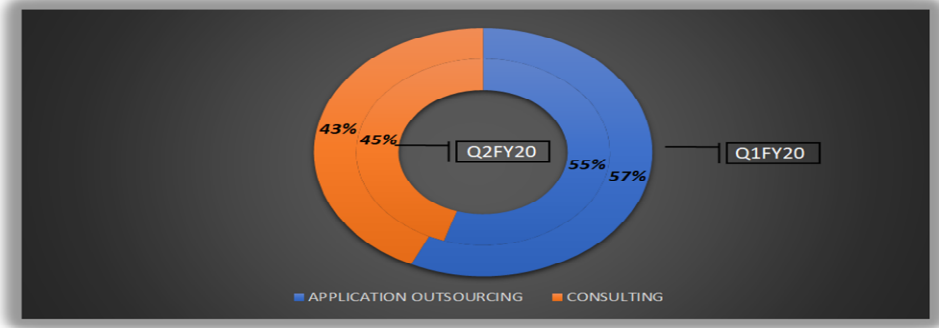


REVENUE PROFILE

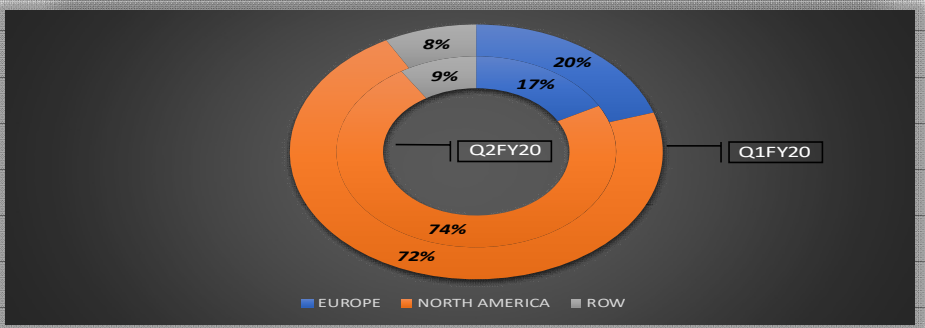
REVENUE BY VERTICAL



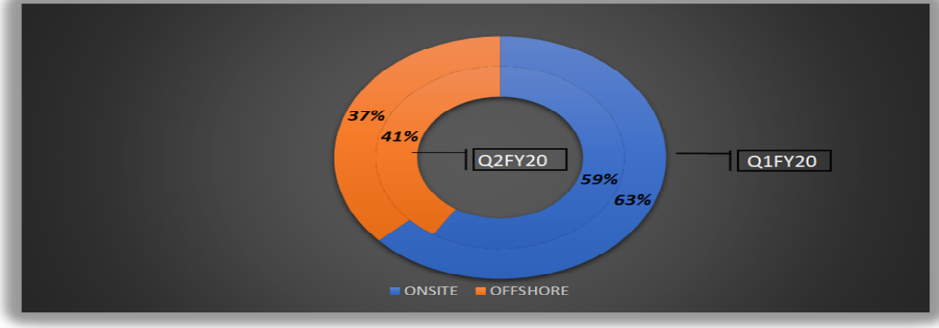
REVENUE BY SERVICE OFFERING



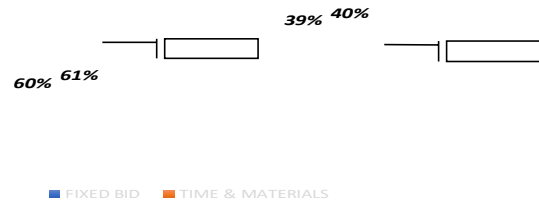
REVENUE BY GEOGRAPHY



ONSITE / OFFSHORE REVENUE MIX



REVENUE BY PRODUCT TYPE



CLIENT CONCENTRATION



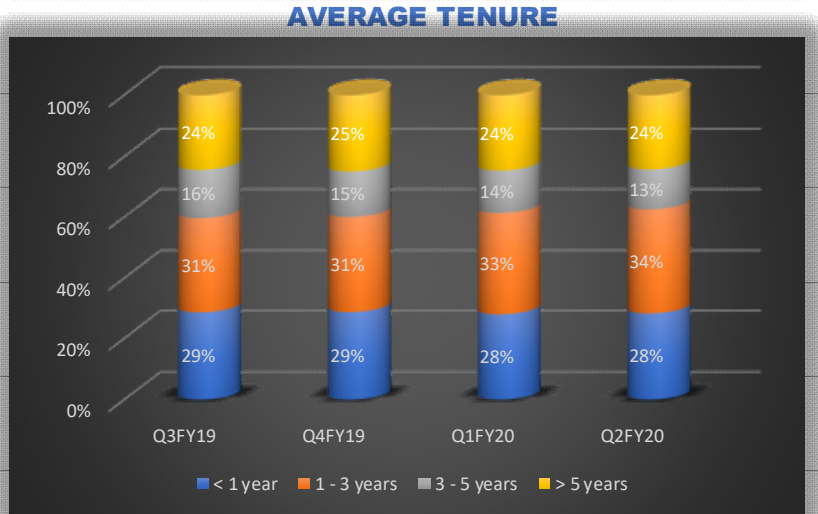
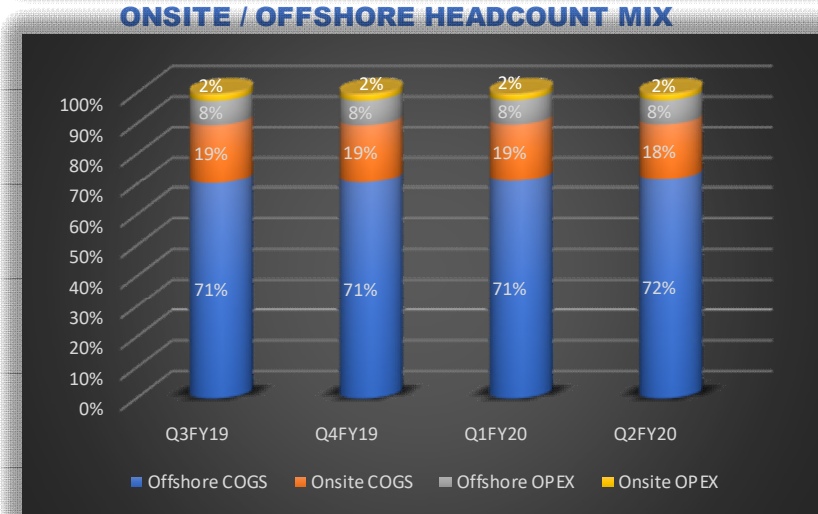
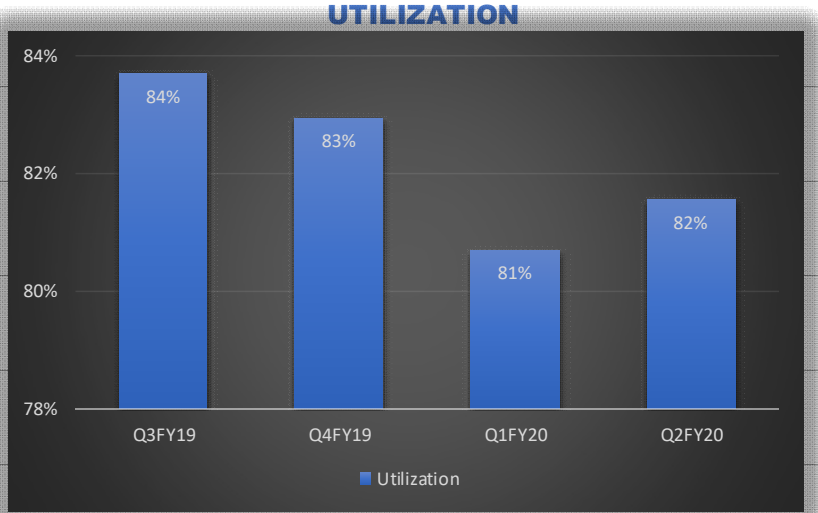
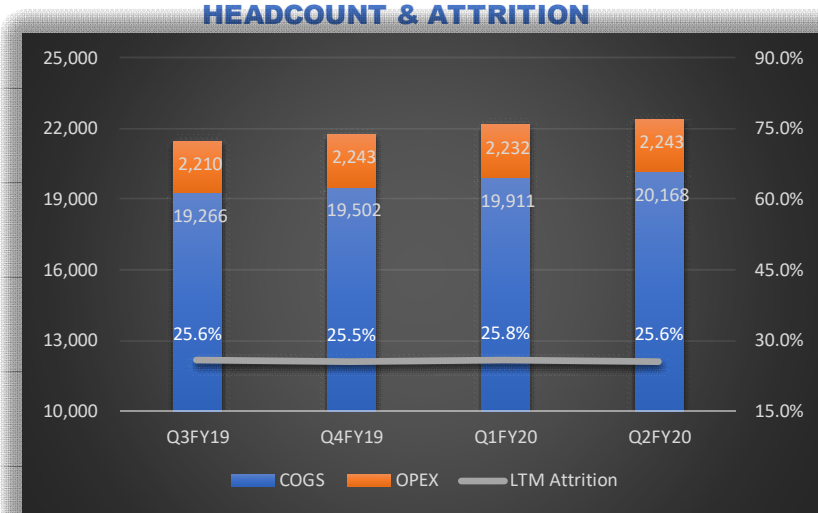
REVENUE PROFILE (CONT.)

CATEGORIES	SEGMENTS	Q2FY19		Q1FY20		Q2FY20		QoQ		YOY	
		\$ (Mn)	%	\$ (Mn)	%	\$ (Mn)	%	\$ (Mn)	%	\$ (Mn)	%
REVENUE BY GEOGRAPHY	EUROPE	\$ 60.4	20%	\$ 63.1	20%	\$ 57.0	17%	\$ (6.1)	-10%	\$ (3.4)	-6%
	NORTH AMERICA	\$ 218.3	71%	\$ 230.5	72%	\$ 242.3	74%	\$ 11.8	5%	\$ 24.0	11%
	ROW	\$ 26.8	9%	\$ 25.5	8%	\$ 29.2	9%	\$ 3.7	15%	\$ 2.4	9%
REVENUE BY INDUSTRY GROUP	BFSI	\$ 192.1	63%	\$ 190.0	60%	\$ 193.3	59%	\$ 3.4	2%	\$ 1.3	1%
	COMM AND TECH	\$ 85.3	28%	\$ 104.5	32%	\$ 108.4	33%	\$ 3.9	4%	\$ 23.1	27%
	MEDIA , INFO & OTHER	\$ 28.1	9%	\$ 24.6	8%	\$ 26.8	8%	\$ 2.2	9%	\$ (1.3)	-5%
REVENUE BY PRODUCT TYPE	FIXED BID	\$ 121.4	40%	\$ 129.1	40%	\$ 129.1	39%	\$ 0.0	0%	\$ 7.8	6%
	TIME & MATERIALS	\$ 184.2	60%	\$ 189.9	60%	\$ 199.4	61%	\$ 9.5	5%	\$ 15.2	8%
REVENUE BY SERVICE OFFERING	APPLICATION OUTSOURCING	\$ 161.9	53%	\$ 182.0	57%	\$ 181.6	55%	\$ (0.4)	0%	\$ 19.7	12%
	CONSULTING	\$ 143.6	47%	\$ 137.1	43%	\$ 146.9	45%	\$ 9.9	7%	\$ 3.3	2%

Numbers shown in millions and % are subject to rounding



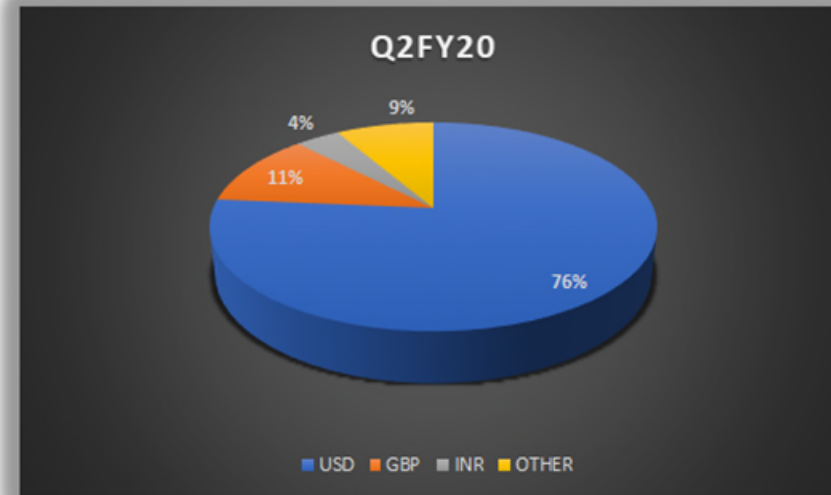
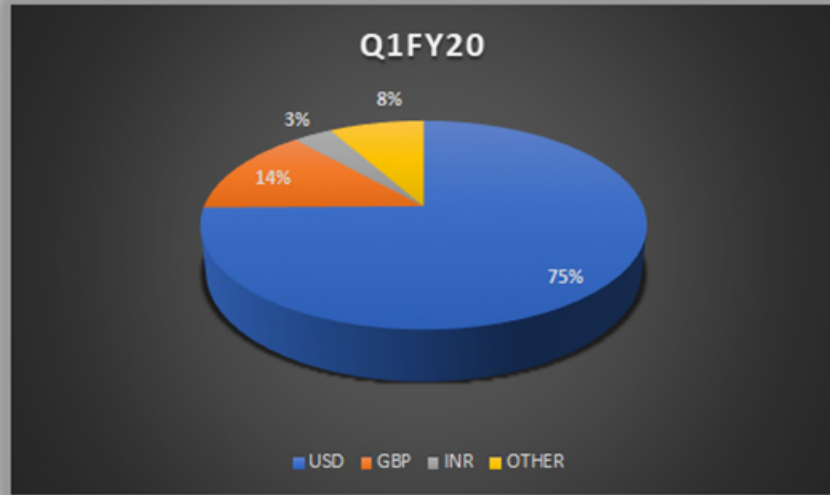
OPERATIONAL METRICS - HEADCOUNT



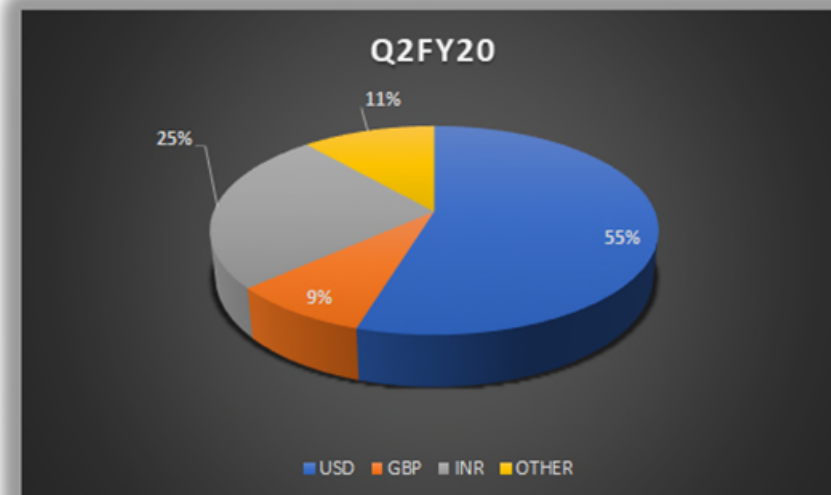
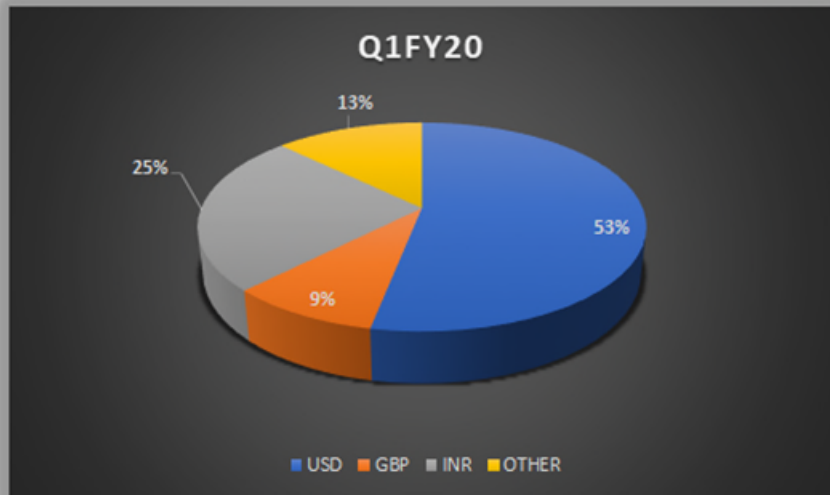
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Revenue and Cost Mix by Currency

REVENUE BY CURRENCY



COST BY CURRENCY



AWARDS & RECOGNITIONS



Named as a Visionary in Gartner Magic Quadrant for IT Services for Communications Service Providers, Worldwide 2019



Ranked at number 29 out of 100 on the 2019 IDC FinTech Rankings, an evaluation of Top IT vendors



Named among Technology Provider Standouts in ISG Index 3Q 2019



Positioned as a Major Contender by Everest Group in Life Sciences Digital Services PEAK Matrix 2019



Featured in Gartner Market Guide for Blockchain Consulting and Proof-of-Concept Development Services



Named a Gold Stevie® winner at The 16th Annual International Business Awards® in three categories - “Platform as a Service”, “Best New Product or Service of the Year – Health & Pharmaceuticals” and “DevOps Solution”

THANK YOU

