

# Earnings Presentation

Quarter End 30th June, 2017

# 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 Polaris acquisition, 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, 2017 as filed with the Securities and Exchange Commission.

## Use of Non-GAAP measures

This presentation presents 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 first quarter fiscal 2018 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 FY18 AT A GLANCE

**\$227.3M**

REVENUE

**21.3%**

10-year CAGR  
through FY17

**196**

ACTIVE CLIENTS  
8 NEW CLIENTS

**5.9%**

OPM  
(NON-GAAP)

**\$0.25**

EPS  
(NON-GAAP)

**\$235.1M**

CASH & CASH EQUIVALENTS

**18,120**

EMPLOYEES  
2% QoQ GROWTH

**82%**

UTILIZATION  
25% ONSITE EFFORT

**5.2%**

In-quarter ATTRITION  
24.4% 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 first quarter fiscal 2018 results and the momentum we are building in our business. We are announcing key changes to our organizational model that will help us further position Virtusa for above-industry growth. Raj Rajgopal has been appointed President, Digital Business Strategy, and in his new role will lead our efforts to build our digital business strategy offerings. Samir Dhir has been appointed President of Virtusa, and will assume leadership of our Banking and Financial Services (BFS) and Enterprise Technology & Solutions (ETS) industry groups. I want to congratulate both Samir and Raj on their recent appointments. I firmly believe these organizational changes, combined with the investments we have made to expand our addressable market, position Virtusa well for long-term success."

### Mr. Ranjan Kalia, CFO's message

Ranjan Kalia, Chief Financial Officer, said, "FY 2018 is off to a solid start as we delivered Q1 revenue at the high end of our guidance range and operating margins at the midpoint of our expectations. Non-GAAP EPS came in below the midpoint of guidance primarily due to non-operating income line items. We are pleased to raise the midpoint of our fiscal 2018 revenue guidance, which includes strong sequential growth in the second quarter. Lastly, I look forward to working closely with Raj and Samir in their new roles and intensifying our efforts to realize sustainable cost synergies."

# Q1 FY18 FINANCIAL PERFORMANCE

	Q1FY17		Q4FY17		Q1FY18		QoQ		YOY		YTD	
REVENUE (\$ Mn)	\$205.5		\$226.0		\$227.3		0.6%		10.6%		\$227.3	
GM %	25.3%		29.1%		26.9%		-2.3%		1.6%		26.9%	
	GAAP	NON GAAP	GAAP	NON GAAP	GAAP	NON GAAP	GAAP	NON GAAP	GAAP	NON GAAP	GAAP	NON GAAP
SG&A %	26.2%	21.5%	24.6%	20.8%	24.2%	21.0%	-0.4%	0.2%	-2.0%	-0.5%	24.2%	21.0%
OPM %	-0.9%	3.8%	4.5%	8.3%	2.7%	5.9%	-1.9%	-2.4%	3.6%	2.1%	2.7%	5.9%
DILUTED EPS	-\$0.21	\$0.18	\$0.34	\$0.43	\$0.10	\$0.25	-\$0.24	-\$0.18	\$0.31	\$0.07	\$0.10	\$0.25

## INCOME STATEMENT RELATED

	Q4FY17	Q1FY18	YTD
EFFECTIVE TAX RATE (ETR)			
GAAP	25.1%	14.7%	14.7%
Non GAAP	17.7%	25.9%	25.9%
NON GAAP ADJUSTMENT (\$M)	\$8.5	\$7.3	\$7.3
DEPRECIATION (\$M)	\$4.3	\$4.1	\$4.1
OTHER INCOME (\$M) :			
INTEREST INCOME	\$1.1	\$1.0	\$1.0
INTEREST EXPENSE	(\$2.0)	(\$1.7)	(\$1.7)
OTHER	\$0.6	\$0.1	\$0.1
DEBT INTEREST RATE*	4.3%	5.1%	5.1%
PREFERENCE DIVIDENDS	na	(\$0.7)	(\$0.7)
MINORITY INTEREST (\$M)			
GAAP	(\$1.3)	(\$1.0)	(\$1.0)
Non GAAP	(\$2.1)	(\$1.4)	(\$1.4)
EFFECTIVE EXCHANGE RATE			
GBP	1.24	1.28	1.28
EUR	1.07	1.11	1.11
INR	70.0	68.1	68.1

\* including debt issuance and amortization

virtusa

## BALANCE SHEET & CASH FLOW RELATED

(\$M) * EXCLUDING DSO	Q4FY17	Q1FY18	YTD
CASH & CASH EQUIVALENT*	\$237.0	\$235.1	\$235.1
CASHFLOW FROM OPERATIONS	\$2.8	\$1.1	\$1.1
CAPEX	(\$4.4)	(\$3.0)	(\$3.0)
FREE CASH FLOWS (FCF)	(\$1.6)	(\$2.0)	(\$2.0)
DSO	80	80	80
BORROWINGS			
TERM LOAN**	\$185.6	\$104.9	\$104.9
CONVERTIBLE DEBT	\$0.0	\$106.8	\$106.8
TOTAL	\$185.6	\$211.7	\$211.7

\* including ST & LT Investments

\*\* Net of debt issuance costs

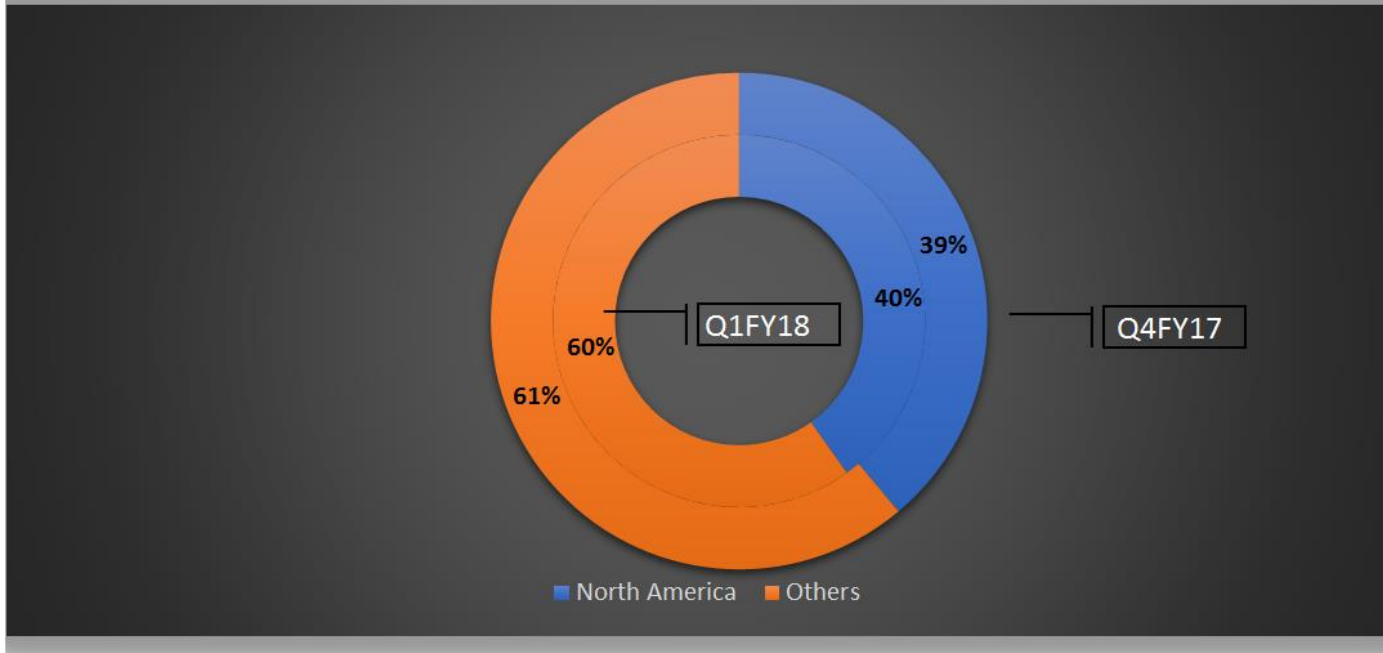
## PERFORMANCE RATIOS

	Q4FY17	Q1FY18
FIXED CHARGED COVERAGE	2.52	1.35
LEVERAGE RATIO	2.52	3.13

All percentage data are reflected in terms of percentage point changes  
Percentages depicted above are subject to rounding

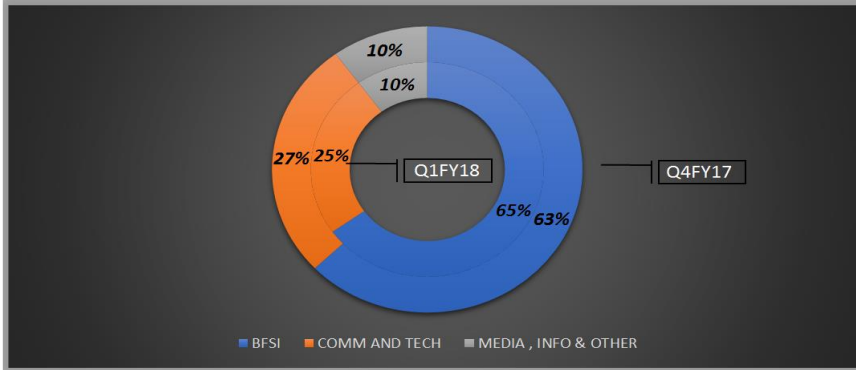
# CASH PROFILE

## CASH BY GEO

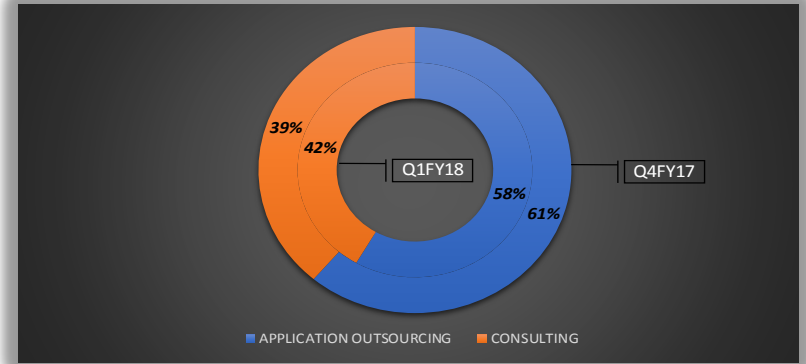


# REVENUE PROFILE

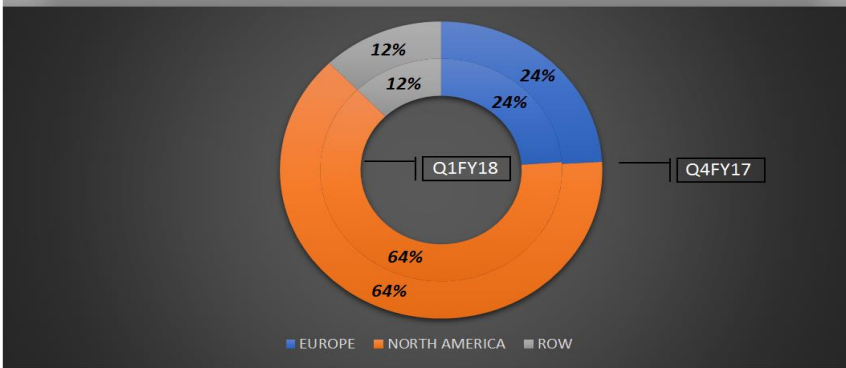
## REVENUE BY VERTICAL



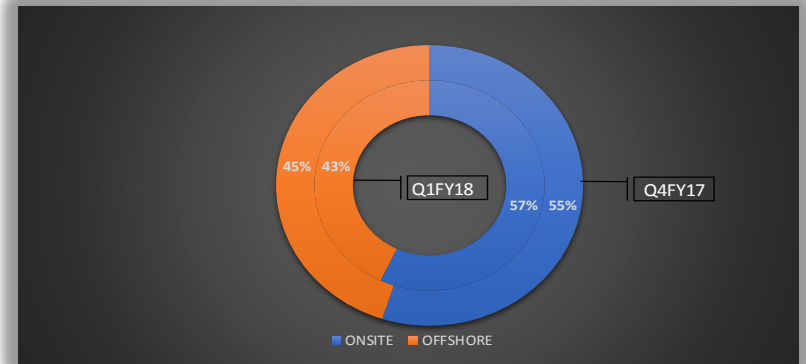
## REVENUE BY SERVICE OFFERING



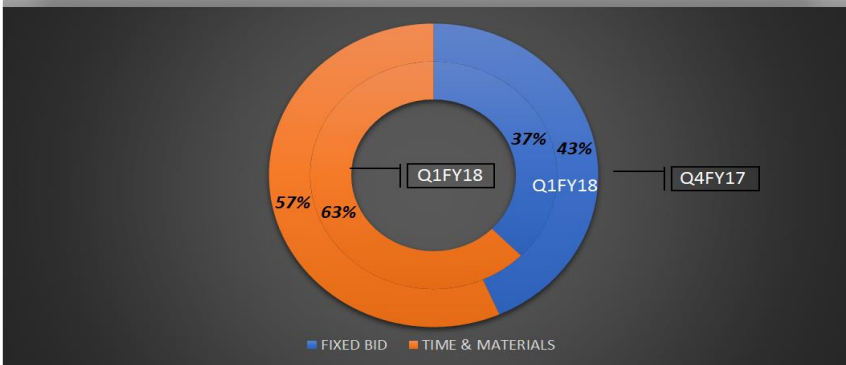
## REVENUE BY GEOGRAPHY



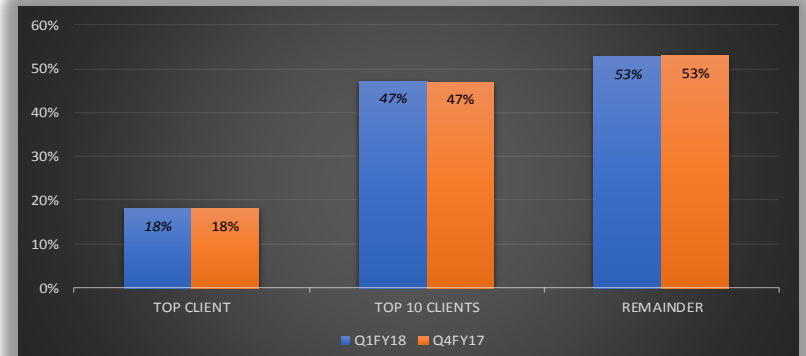
## ONSITE / OFFSHORE REVENUE MIX



## REVENUE BY PRODUCT TYPE



## CLIENT CONCENTRATION



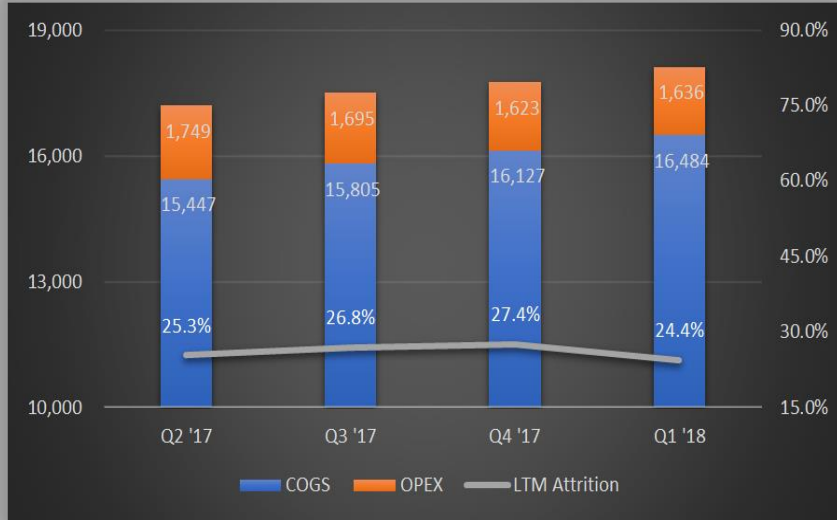
## REVENUE PROFILE (CONT.)

CATEGORIES	SEGMENTS	Q4FY17		Q1FY18		QoQ		YOY	
		\$ (Mn)	%	\$ (Mn)	%	\$ (Mn)	%	\$ (Mn)	%
REVENUE BY GEOGRAPHY	EUROPE	\$ 54.3	24%	\$ 53.4	24%	\$ (0.9)	-2%	\$ 7.0	15%
	NORTH AMERICA	\$ 143.7	64%	\$ 146.1	64%	\$ 2.4	2%	\$ 12.7	9%
	ROW	\$ 28.0	12%	\$ 27.8	12%	\$ (0.1)	0%	\$ 2.2	9%
REVENUE BY INDUSTRY GROUP	BFSI	\$ 142.1	63%	\$ 147.5	65%	\$ 5.4	4%	\$ 17.6	14%
	COMM AND TECH	\$ 61.3	27%	\$ 56.3	25%	\$ (5.0)	-8%	\$ 1.8	3%
	MEDIA , INFO & OTHER	\$ 22.6	10%	\$ 23.6	10%	\$ 1.0	4%	\$ 2.5	12%
REVENUE BY PRODUCT TYPE	FIXED BID	\$ 98.2	43%	\$ 85.1	37%	\$ (13.1)	-13%	\$ 1.5	2%
	TIME & MATERIALS	\$ 127.8	57%	\$ 142.2	63%	\$ 14.4	11%	\$ 20.4	17%
REVENUE BY SERVICE OFFERING	APPLICATION OUTSOURCING	\$ 138.3	61%	\$ 132.6	58%	\$ (5.7)	-4%	\$ 11.8	10%
	CONSULTING	\$ 87.7	39%	\$ 94.7	42%	\$ 7.0	8%	\$ 10.1	12%

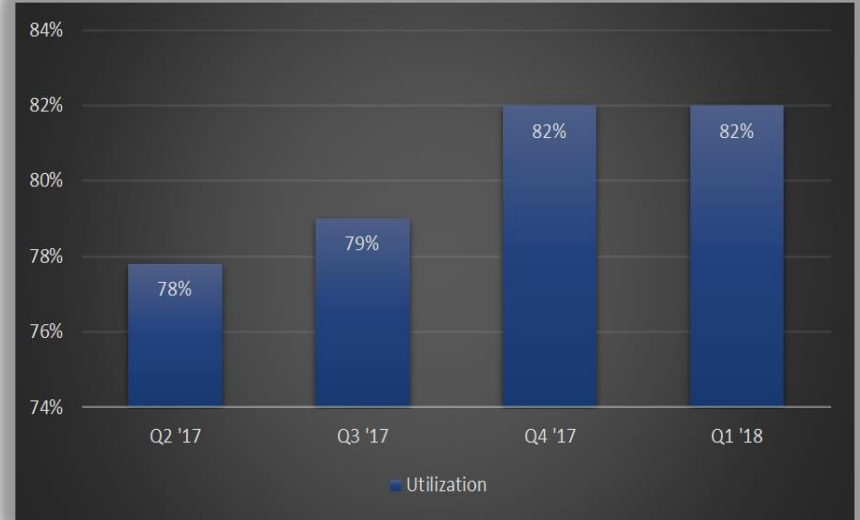


# OPERATIONAL METRICS - HEADCOUNT

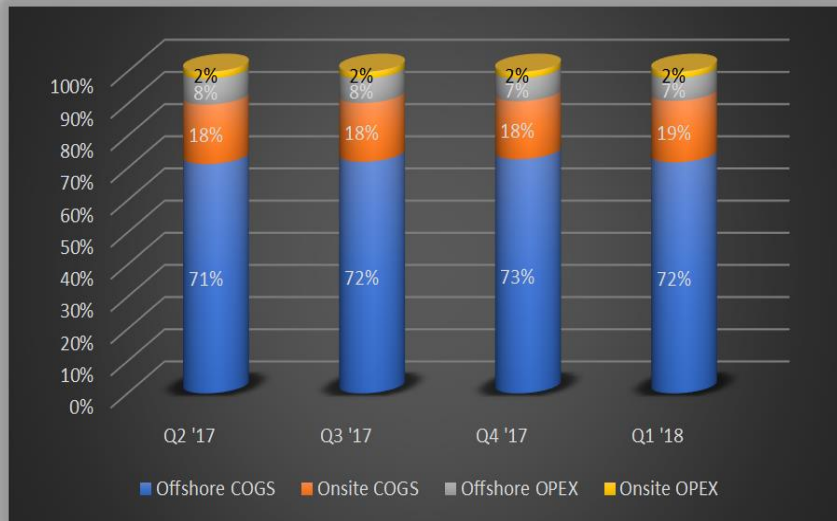
## HEADCOUNT & ATTRITION



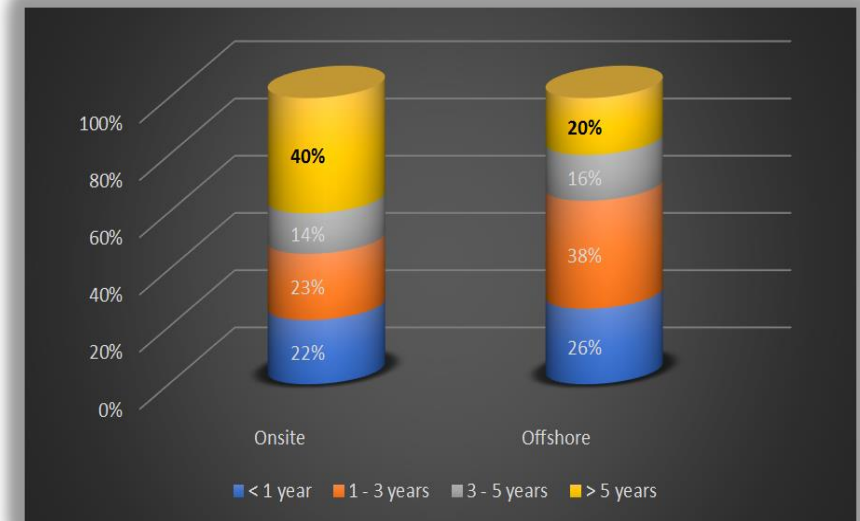
## UTILIZATION



## ONSITE / OFFSHORE HEADCOUNT MIX

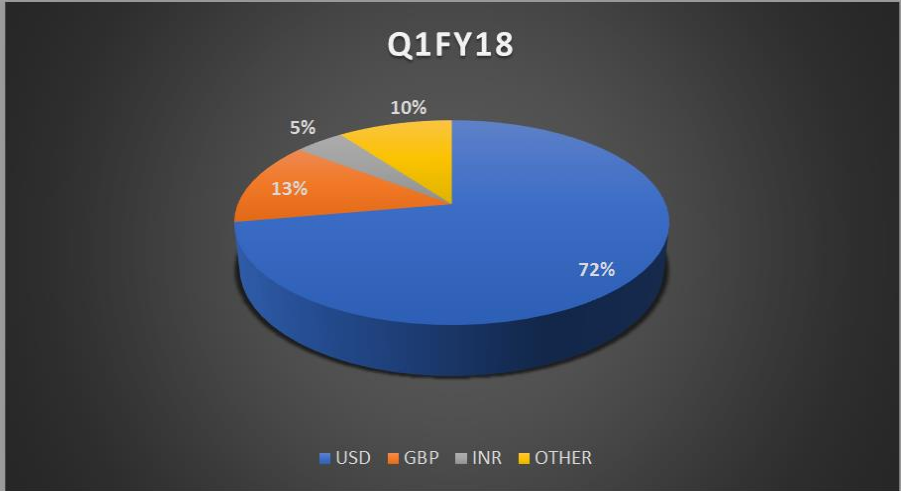
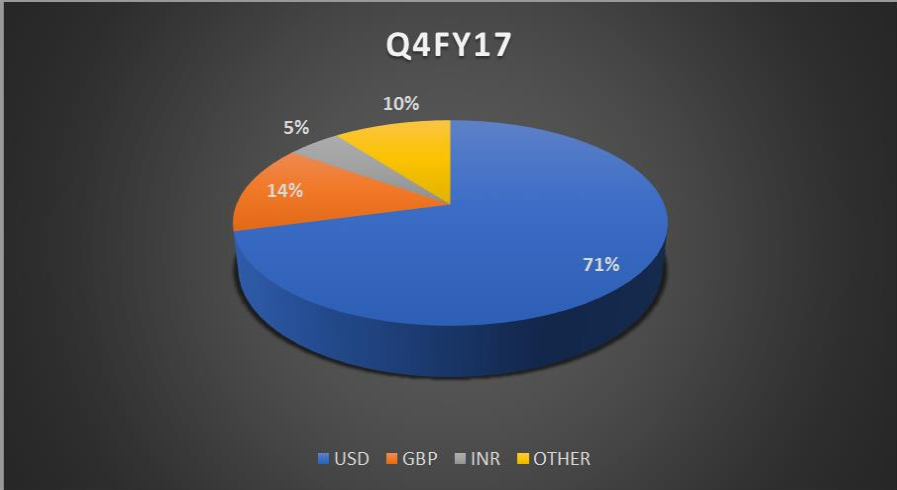


## ONSITE / OFFSHORE AVERAGE TENURE

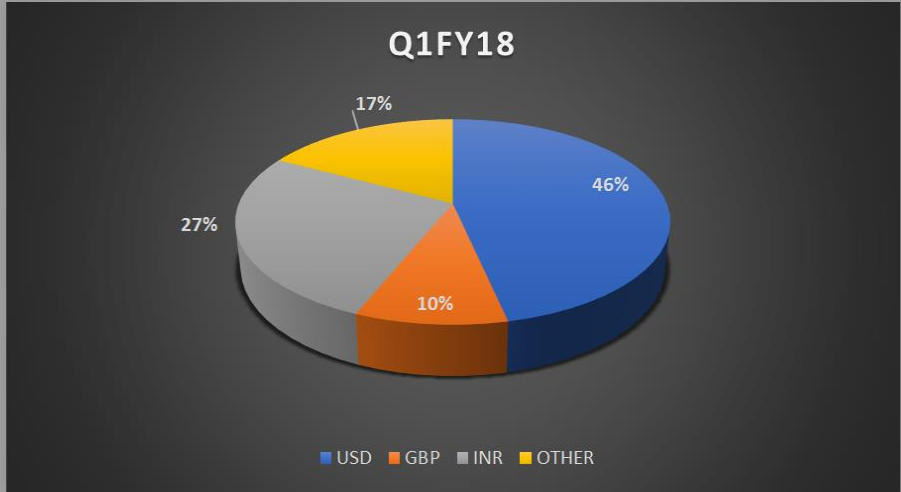
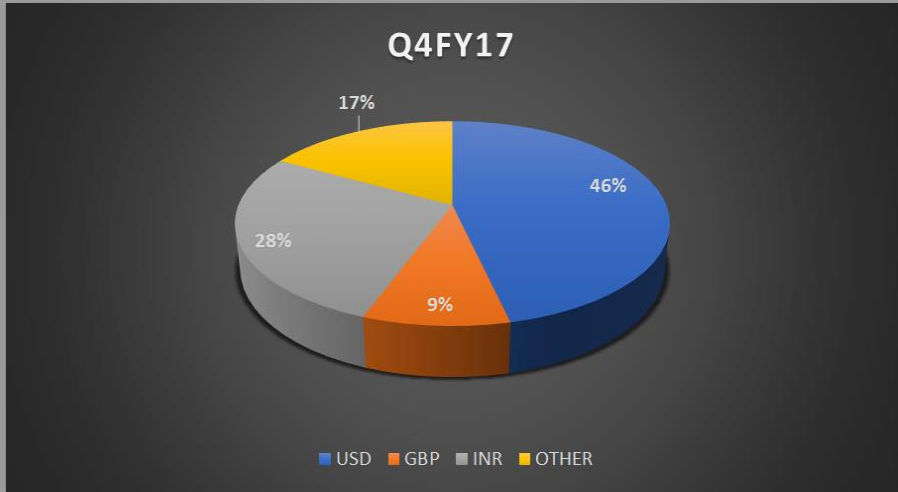


# Revenue and Cost Mix by Currency

## REVENUE BY CURRENCY



## COST BY CURRENCY



# AWARDS & RECOGNITIONS



Won the Gold American Business Awards for being the Most innovative tech Company



PARTNER EXCELLENCE IN THOUGHT LEADERSHIP:  
Agile Enterprise

Received 2017 Pega Partner Award for Partner Excellence in Thought Leadership for the Agile Enterprise



Virtusa's Cloud Migration Factory won the Bronze American Business Awards for the New Product/Service of the Year



Virtusa' Provider Lifecycle Management solution won the American Business Award for the New Product/Service of the Year

CRN  
SOLUTION PROVIDER 500

Named among the 500 fast growing technology service providers. Ranked as #53, 6 position up from 2016



USA

INDIA

SRI LANKA

UK