

Q2 FY24 : Stability- Poised for Growth

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Certain statements mentioned in this presentation concerning our future growth prospects are forward looking statements (the “Forward Statements”) and are based on reasonable expectations of the management, which involves a number of risks, and uncertainties that could cause actual results to differ materially from those in such Forward Statements. The risks and uncertainties relating to these Forward Statements include, but are not limited to, risks and uncertainties regarding fluctuations in our earnings, fluctuations in foreign exchange rates, revenue and profits, our ability to generate and manage growth, intense competition in IT services, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price and fixed-time frame contracts, restrictions on immigration, industry segment concentration, our ability to manage our international operations, our revenues being highly dependent on clients in the United States of America, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, withdrawal of fiscal governmental incentives, political instability, adverse impact of global pandemics (including COVID-19 impact), war, legal restrictions on raising capital or acquiring companies, unauthorized use of our intellectual property(ies) and general economic conditions affecting our businesses and industry. We may, from time to time, make additional written and oral Forward Statements . We do not undertake to update any Forward Statements that may be made from time to time by us or on our behalf, unless required under the law.



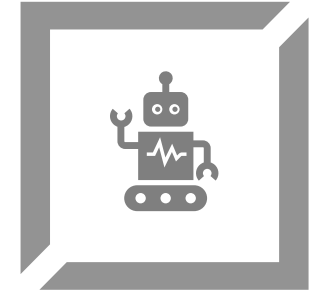
Varied Growth Trend

- Nuanced industry dependent dynamics with varied demand trends across industries
- **Growth in select areas** like HLS, Utilities and Travel
- Moderation in BFS, Insurance



Discretionary Client Spend

- ‘**Transformational Partner**’ vs Vendor
- Uptick in vendor consolidation
- Consultative selling with proactive deal origination
- Cost take out plays driving pipeline



Adoption of AI

- Generative AI is **automating, augmenting, and accelerating** multiple areas across service offerings
- Driving significant growth across enterprises for operating model adoption

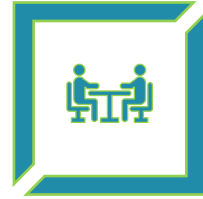


Mphasis is Well Positioned, Enabled by Investment in Capability Building



Build

- Leadership accretive
 - Vertical
 - Domain
 - Geo
 - Tribes and squads
- Upskilling : Talent Next
- New Accounts
- New Geographies
- New Verticals



Partner



Google Cloud



Partnered with Hyperscalers in driving convenience for our clients



Conversational AI technology, agents, and employees on voice and digital channels



Intelligent Automation solutions for BFS sector providing digital workers to augment KYC compliance programs



Buy



Snowflake and Talend solutions on Data



an Mphasis company

Evidence-driven design and research



Salesforce implementation partner

Early Adoption of F2B powered by Cloud and Cognitive

First to set up Tribes and Squads

Among the first IT Companies to have an AI business unit

Introducing Silverline, a Salesforce Summit Partner



1,800+

Salesforce Projects



4.8/5

Customer Satisfaction



400+

Resources Around The Globe



1,100+

Partner Certifications

2009

Founded 2009, Silverline is the most mature pure-play Salesforce services partner in the world



#1

The #1 scheduling application on Salesforce's AppExchange



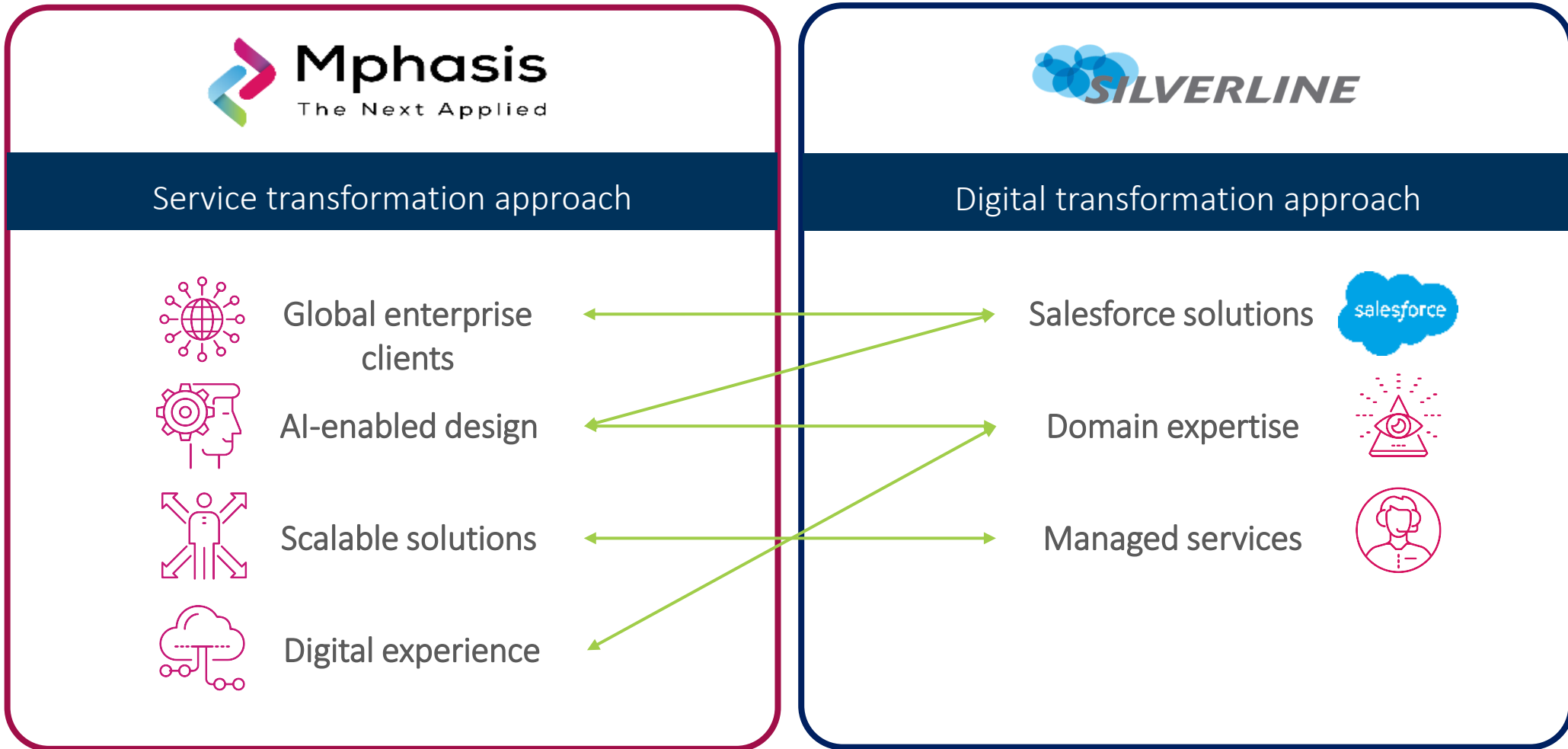
125+

Accelerators built for Industry and Technology Use Cases



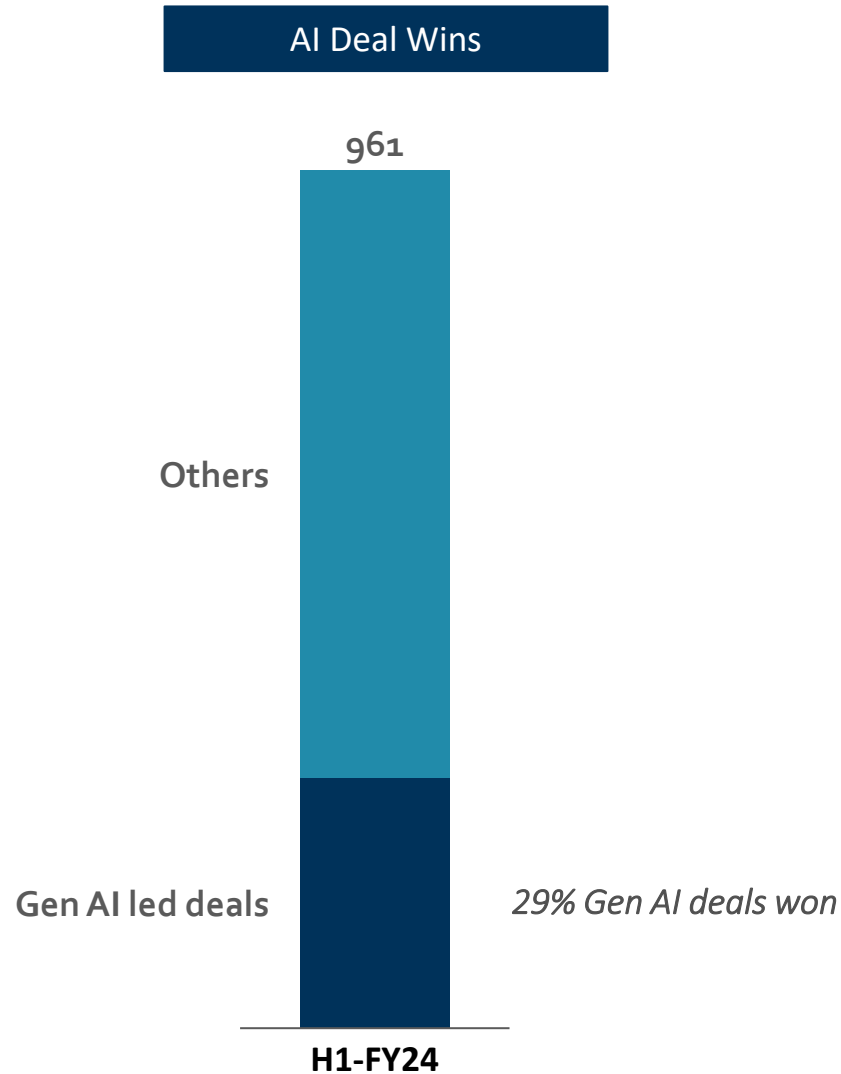


Complementary Capabilities to Build Compelling Digital Experiences





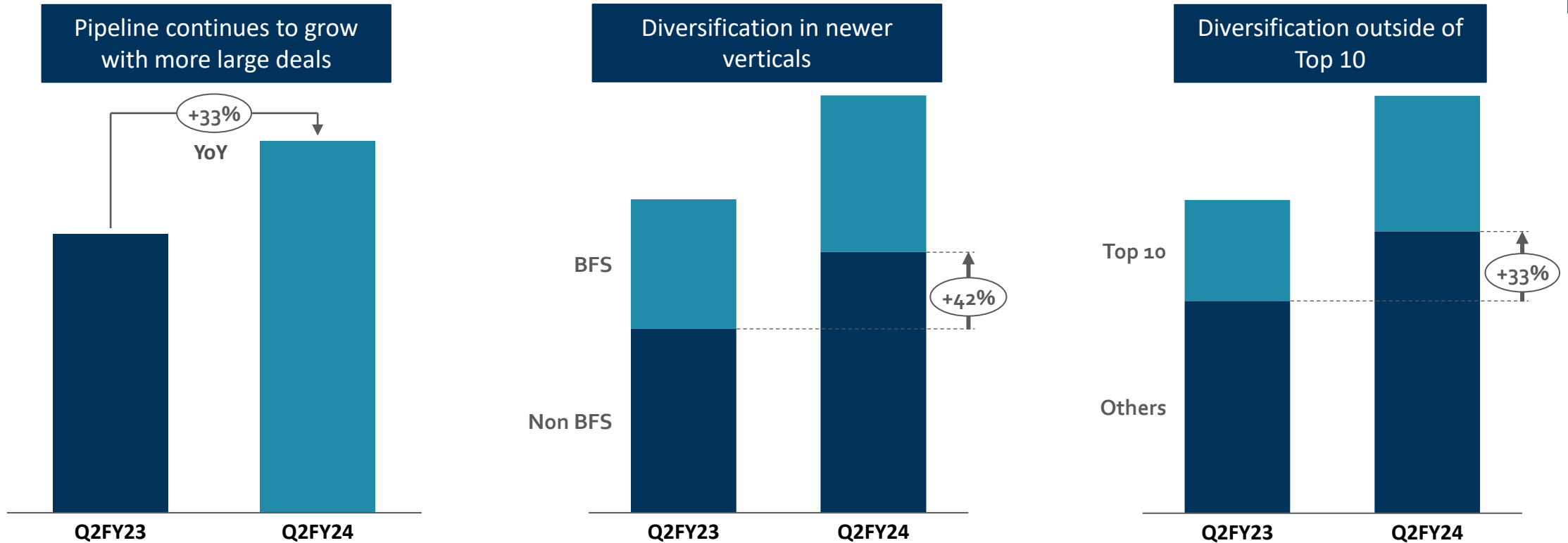
Mphasis.AI : Supercharging our Archetypes



- We are the 1st mover in the space : Launched dedicated business unit – Mphasis.ai with quick wins in the previous Quarter
- Set up a Gen AI center of excellence to drive dedicated opportunities in the space thereby institutionalizing the approach with clients
 - **40+ pursuits** in the pipeline
- Significant opportunity in embedding AI assisted digital agents/ co-pilot in every device and customer interface
- Combination of generative AI will be the interface for all stakeholders – customers to employees
- Focused on key Deal Archetypes that turbo boost savings through Gen AI interventions



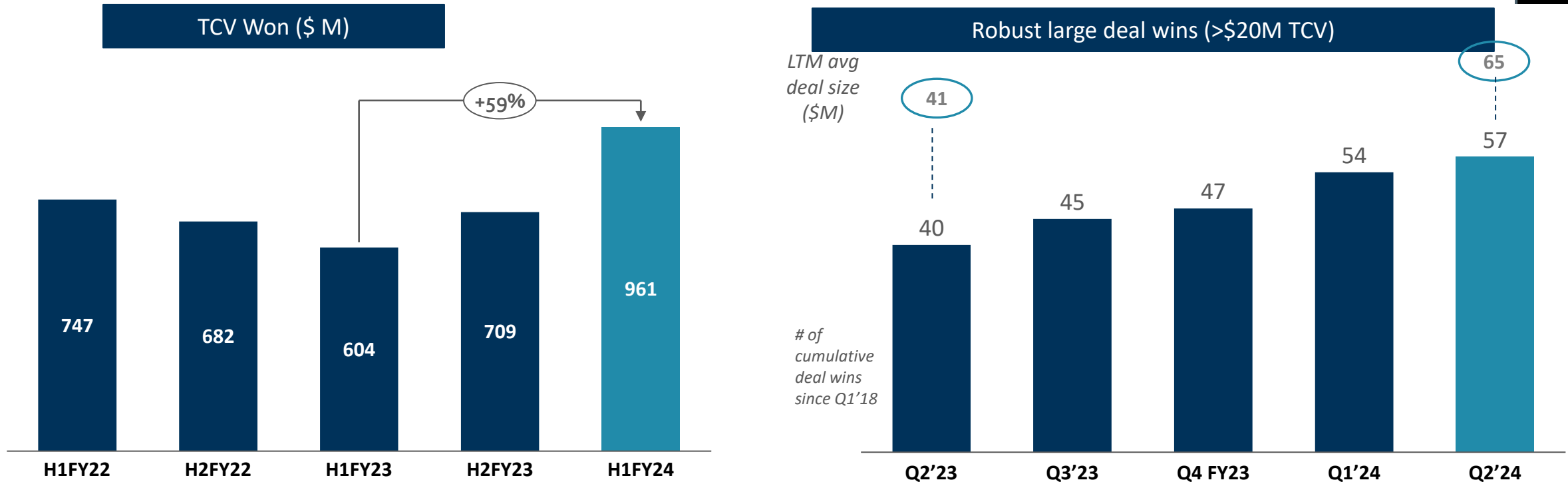
Growth in Pipeline and Diversification into Newer Growth Engines



- Pipeline has grown 33% on YoY basis, despite record deal closures in the last few quarters
- Broad based pipeline growth
 - Non- BFS pipeline uptick with 42% YoY growth; BFS pipeline healthy - up 21% YoY
 - Pipeline outside Top accounts grew 33% YoY

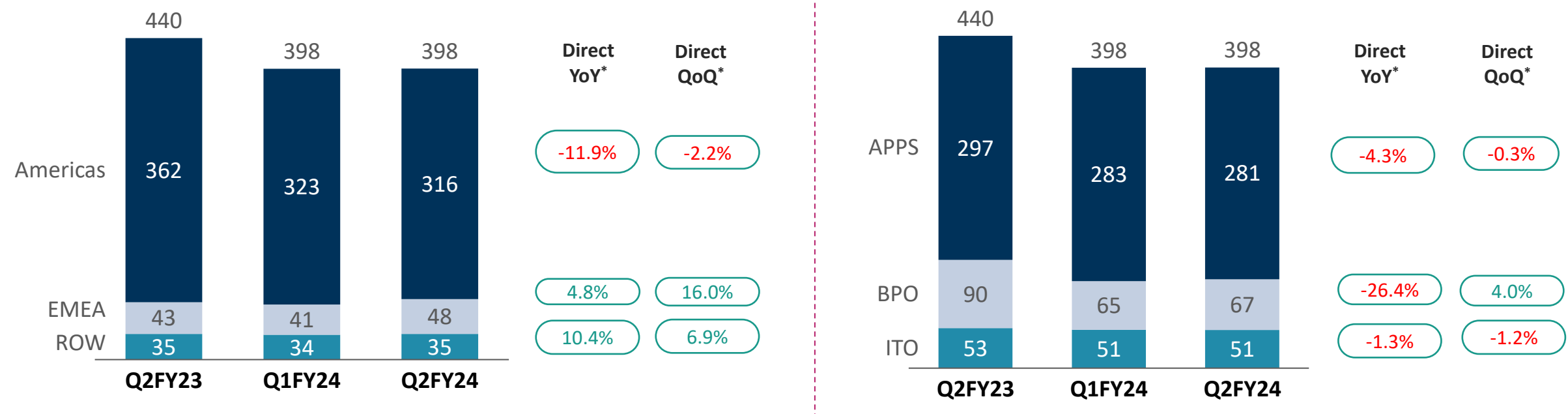


Building Positive Momentum with Strong TCV Wins, Large Deal Sizes Increasing



- TCV wins at \$ 961 M in H1'24 up 59% YoY, 10 large deal wins in H1'24
 - 3 large deals in Q2'24
- Broad based TCV wins across verticals and client pyramid
- Deal momentum revival seen in Mortgage business
- Continued higher share of proactive deal wins
- Slow conversion to revenue in few deals, transformation deals taking longer time due to macro sentiment

Q2 FY24 Performance by Segment

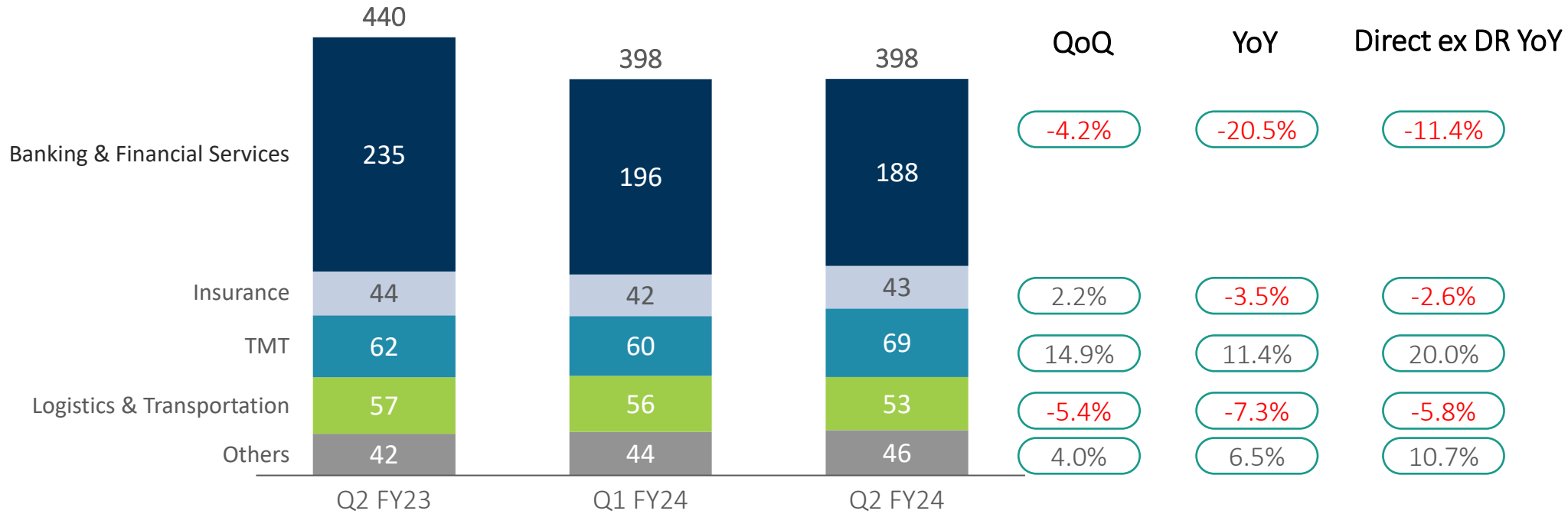


Direct performance in Q2 FY24

- TCV wins and pipeline continued to remain strong; most growth headwinds have abated
- Short term impact on performance due to weakness in banking sector and macro environment, EMEA and ROW grew on YoY basis and sequentially
- Pressure on discretionary spends impacting the APPS segment
- BPO revenues increased sequentially; potential for AI led gains seen



Q2 FY24 Performance by Vertical



- Pockets of weakness continue in few banking segments; signs of stability across several mortgage segments
- Supplemented by new engines of growth –TMT and Others including Healthcare

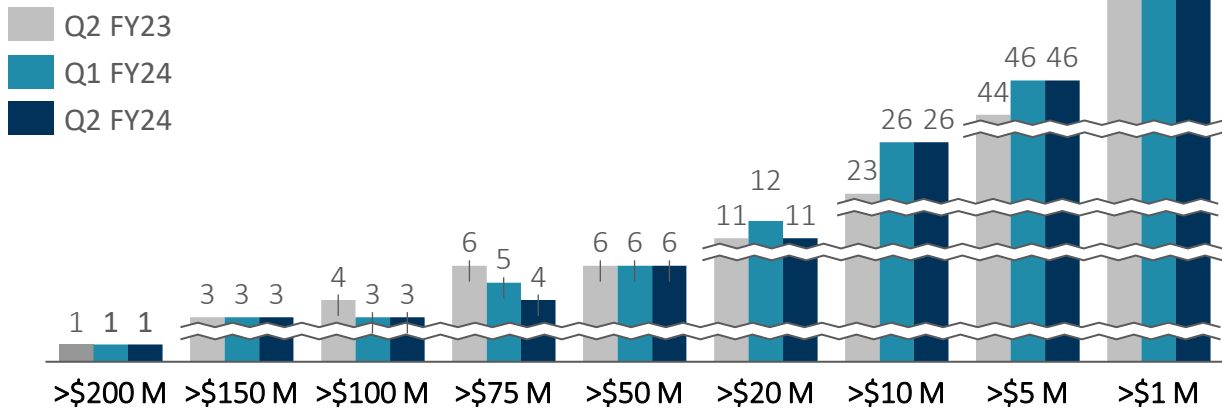
Revenue in USD Mn at average USD/INR rate for the respective periods
Revenue growth in constant currency

Performance by Client Pyramid: Direct



Category	YoY
\$200M +	-
\$100M +	(1)
\$75M +	(2)
\$20M +	-
\$10M +	3
\$5M +	2
\$1M +	12

Clients in \$100M+ & \$75M+ affected due to mortgage softness



Overall

Q2 FY24 YoY decline of 8.9% in Direct revenues, Direct QoQ grew 0.3%

Top 10

Top 10 accounts declined 9.3% driven primarily by mortgage

Top 10 (ex mortgage) flat YoY

Accounts 11-20

Top 11-20 accounts marginally grew at 0.3% YoY –client mining and new client wins aiding growth in a tough environment

NCA

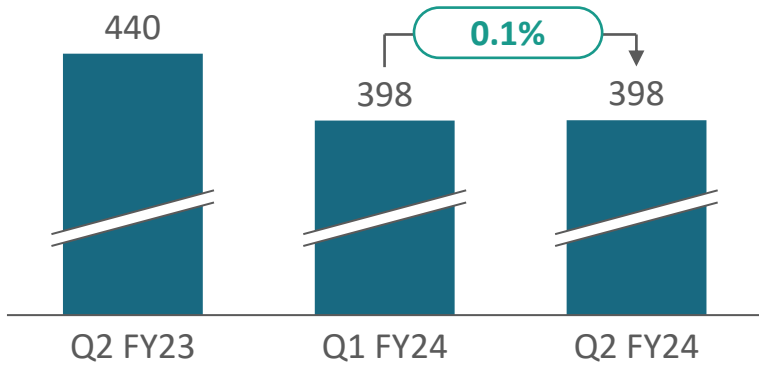
NCA continues to lead growth in Direct; YoY growth of 12%



Performance in Financial Metrics

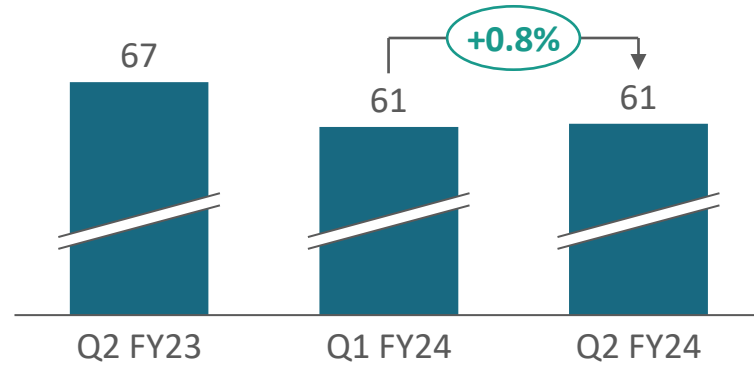


Revenue trend



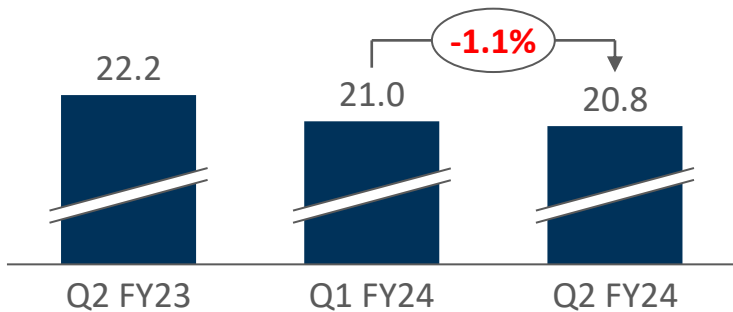
Gross Revenue in \$M at average USD/INR rate for respective periods
Revenue growth in constant currency

Operating Profit Trend



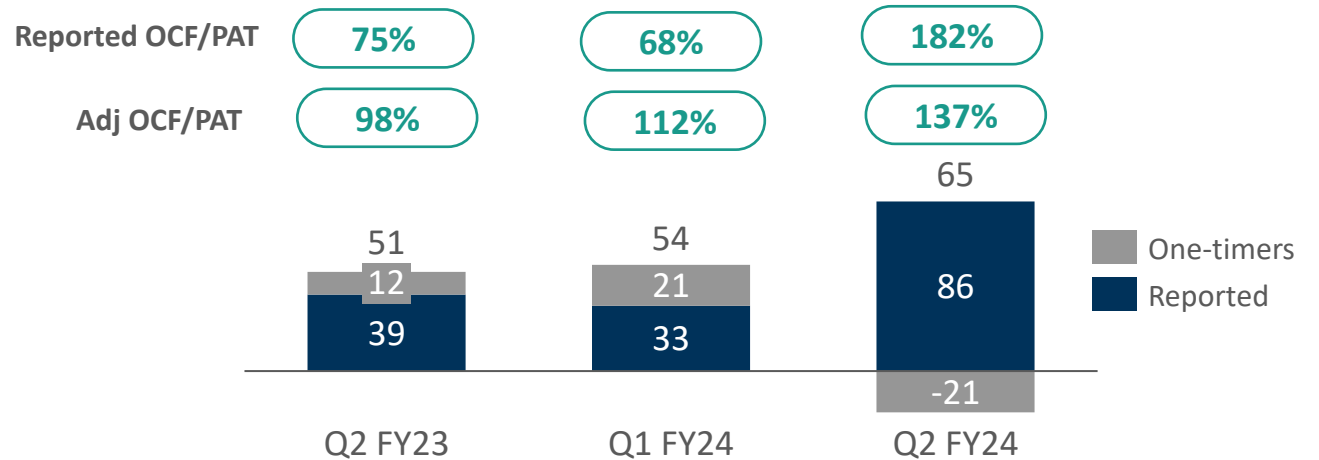
EBIT in \$M at average USD/INR rate for respective periods

EPS Trend



Basic EPS in INR for respective periods

Cash Flow Generation



Net Operating Cash flow as per MDA disclosures, adjusted for one timers;
Converted at average USD/INR for respective periods



Q2 FY24 in Summary: Revenue Stability with Margin Expansion



- **Stability in sequential revenues**
 - Macro driven overhang continues in select verticals like BFS; remain focused on the micro
 - Visibility from **highest-ever TCV closures in H1'24 (\$961M)**
 - Stability of DXC and visibility to growth in mortgage business
 - **Market share gains** driven by cost optimization play **expanding mortgage orderbook**
 - Delayed start to revenue conversions impacted Q2
- **Diversification of pipeline beyond BFS and non-Top 10 clients** while BFS pipeline also grew 21% YoY
- **AI-centric deal propositions** paying off (inc. large deals) accounting for **~29% of total TCV in H1 FY24**
- Continued investment in **building capability** across categories
- **Delivered expanded margin** despite revenue challenge; sustained focus on utilization, productivity and offshore leverage



Outlook H2 FY24 : Visible Revenue Growth with Margin Stability



- Continue to take forward leaning stance on Tech- led positioning
 - Strong pipeline entering H2FY24 led by AI, Cloud & Transformation deals
- Expect sequential revenue growth through remainder of FY24
 - Mortgage segment bottomed out with signs of orderbook pick up
 - Revenue diversification of non-BFS, outside of top accounts continues to bear results
 - Overhang from regional bank crisis, seasonality trends and tighter macro conditions driving slower uptick in revenue
- Excluding M&A charges, stable target operating (EBIT) margin band of 15.25% - 16.25%

Link to financial data for the past three years: <https://www.mphasis.com/home/corporate/investors.html>



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**YEARS OF
TRANSFORMATION**
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