



14 May 2020

The Manager, Listing  
**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
MUMBAI - 400 001

The Manager, Listing  
**National Stock Exchange of India Ltd**  
Exchange Plaza, Plot No. c/1,  
G-Block, Bandra-Kurla Complex,  
MUMBAI – 400 051

Dear Sirs,

**Sub: Presentation for Investor(s)/Analyst(s) call**

Please find enclosed a copy of the presentation proposed to be made at the Investor/ Analyst call to be held today at 9:00 am in connection with the results of the Company for the quarter and financial year ended 31 March 2020.

The presentation is also being hosted on the website of the Company at [www.mphasis.com](http://www.mphasis.com).

We request you to kindly take the above on record as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Yours faithfully,

**For Mphasis Limited**

DocuSigned by:  
*Subramanian Narayan*  
864FB8DBFAE44A7...



**Subramanian Narayan**  
**Vice President and Company Secretary**

Encl: As above



## Safe Harbor

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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.*



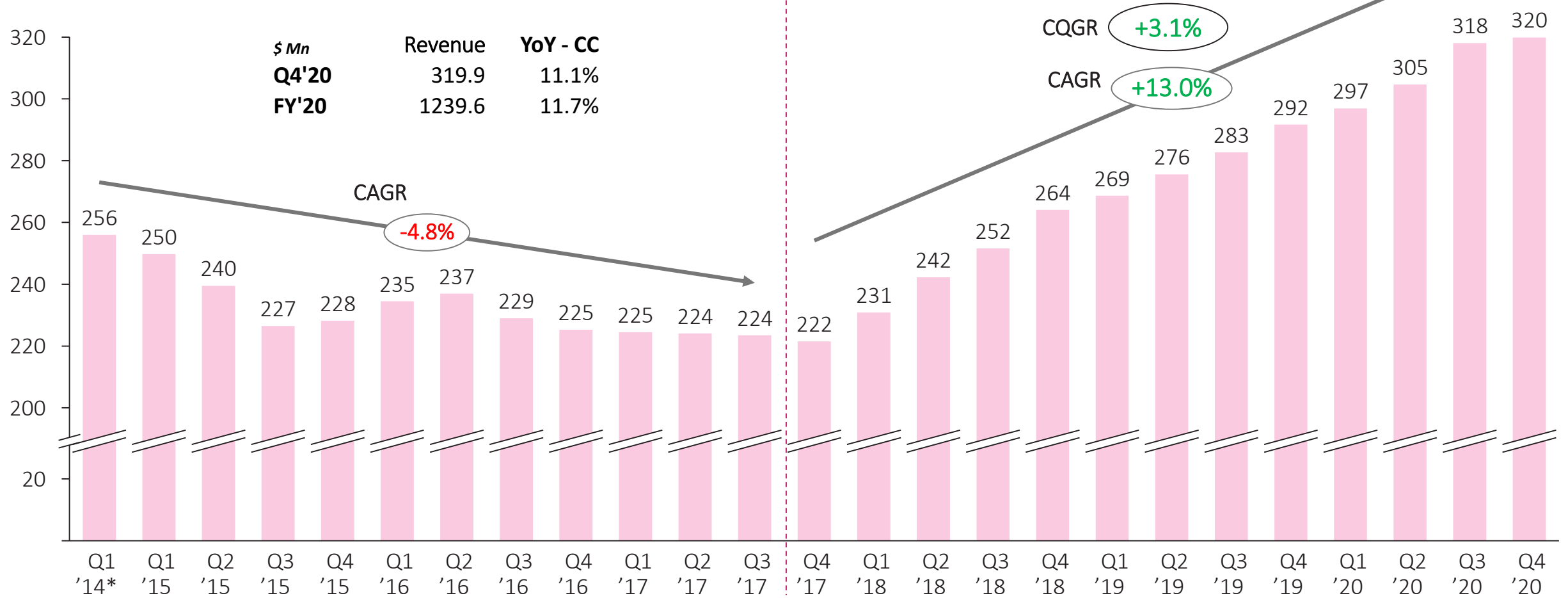


# Investor Presentation

Q4 2020

# Our Numbers Tell the Story: Consistency and Transformation

Direct Core revenue +5.0% QoQ; 18.0% YoY in Q4 FY20 on a reported basis and 2.6% QoQ and 13.6% YoY in Constant Currency

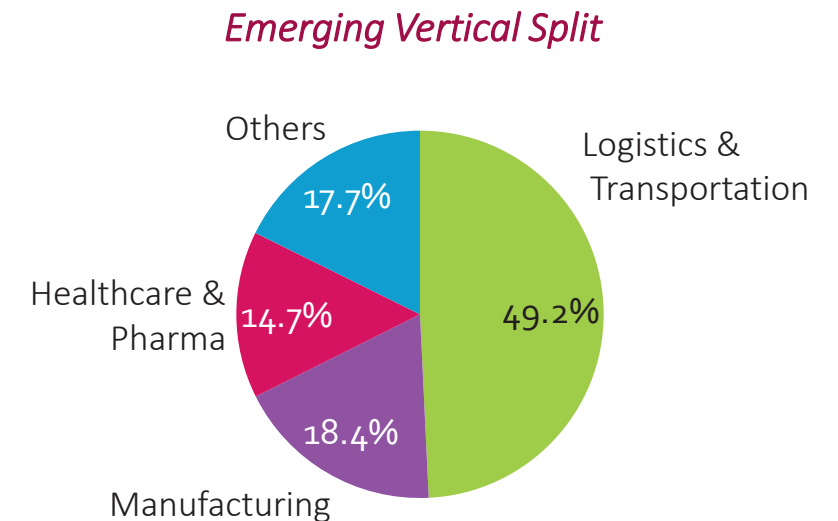
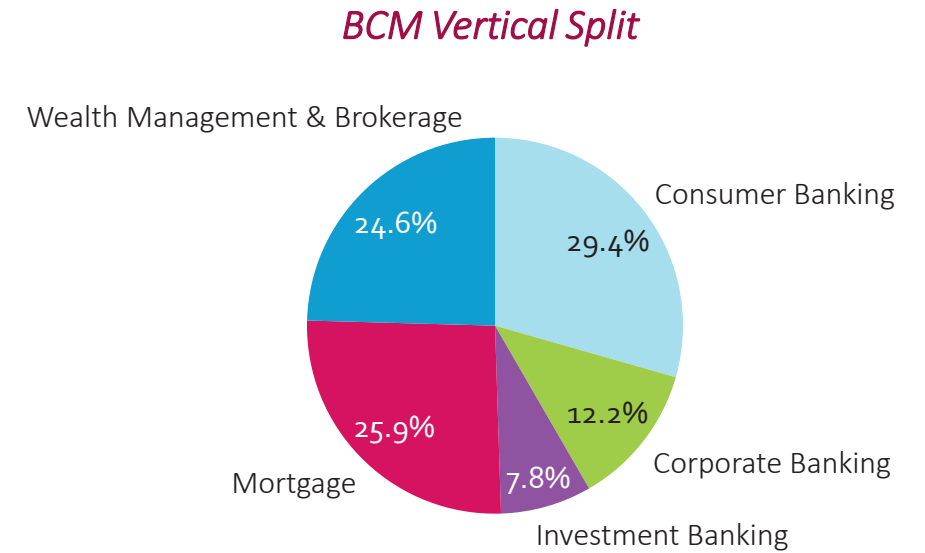
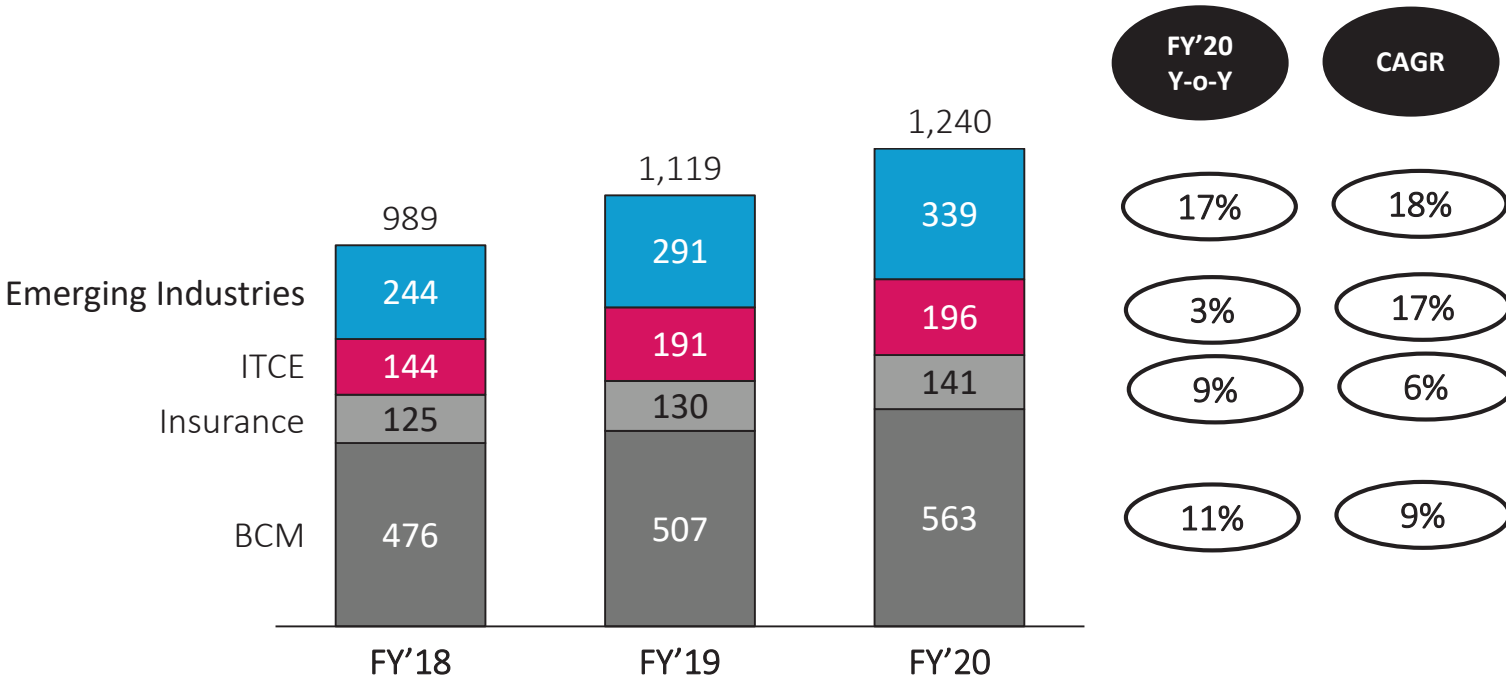


Overall Gross Revenue in USD \$M at average USD/INR rate for the respective quarters

\* Transition Year 5 months adj.



# We Continue to Grow in Focus Areas

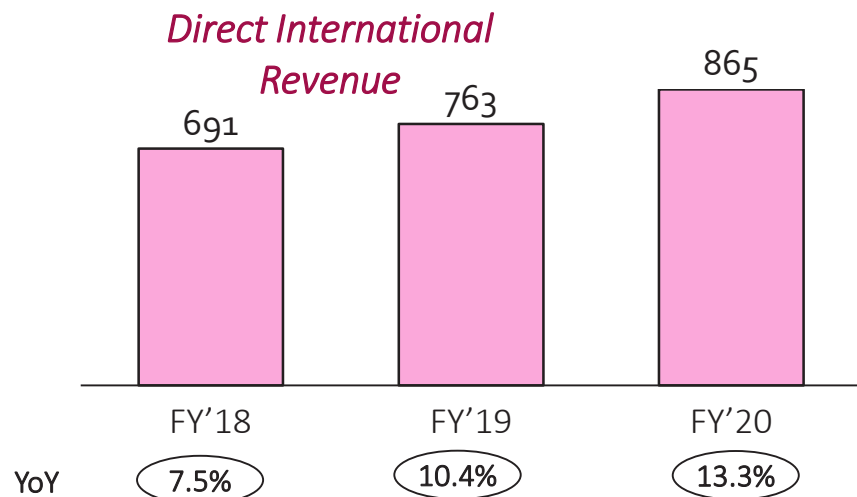


- BCM: 11% YoY growth in FY20 “Best in class performance”
  - *BCM segment excluding Digital Risk grew 11.8% YoY in FY20*
- Emerging Industries segment grew 17% in FY20; Growth led by Logistics & Transportation vertical (YoY growth of over 30%)
  - *~1% exposure to Airlines at overall level*
- FY20: Europe Region grew 13.8% YoY in CC
  - *Q420: Europe Region grew 21.6% YoY in CC*

\* Revenue in USD \$M at average USD/INR rate for the respective quarters

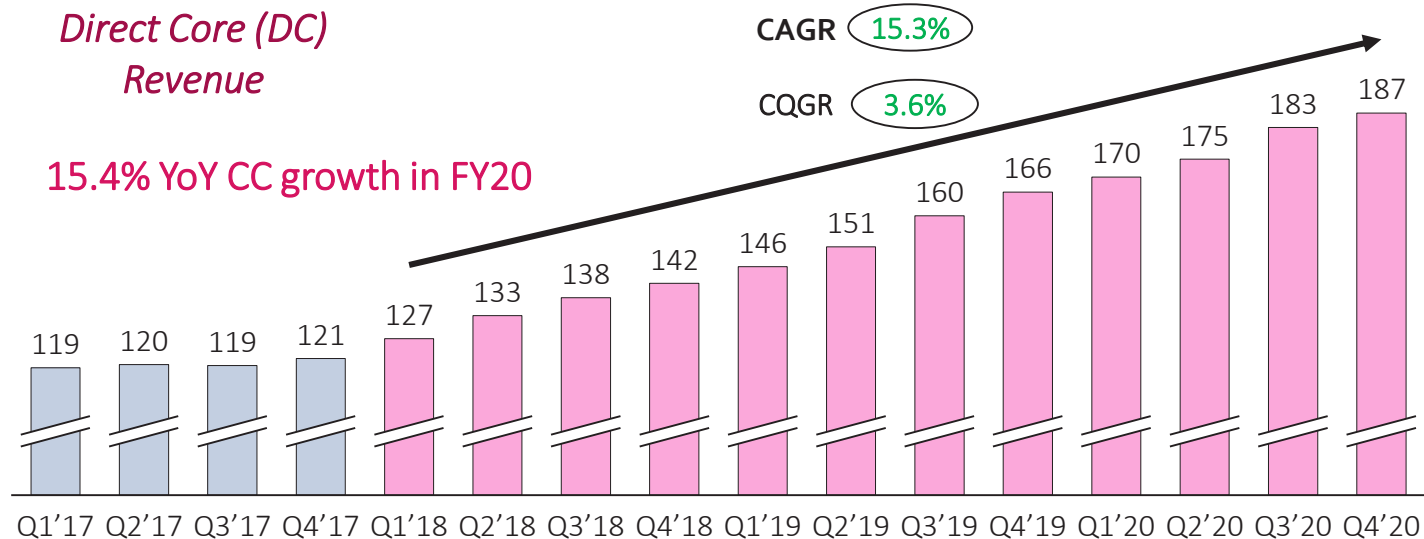


# Our Direct Business has been Consistently Delivering Strong Growth

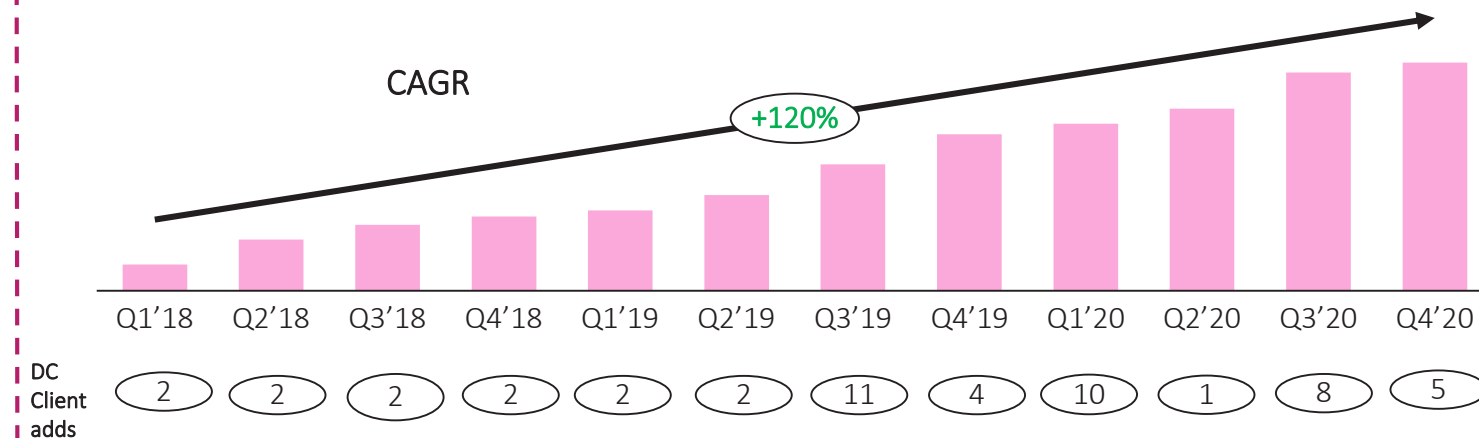


**Accelerated growth in Direct International driven by growth in Direct Core**

- FY20 Direct International TCV wins of \$715M, YoY growth of 16%
- 81% of deal wins came from new gen areas in FY20
- Mphasis New Gen wins witnessing increased deal sizes
- 50% increase in proportion of revenues from \$25M+ TCV Deals
- Strong growth in Strategic Accounts in FY20; New Clients revenue grew 73% in FY20



**New Client Wins have fueled growth in Direct Core**

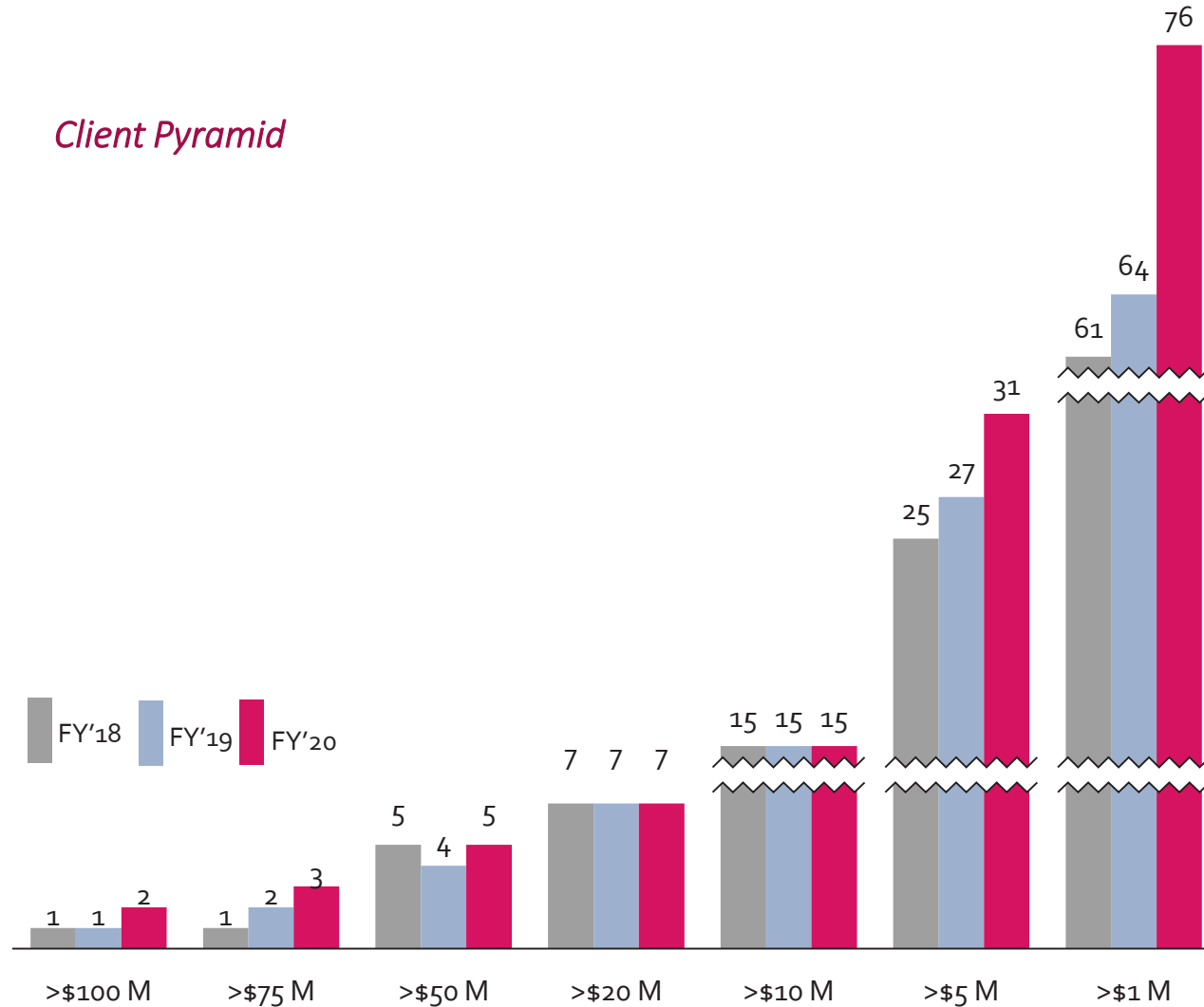


Revenue reported is in USD M @ Avg USD INR Ex. Rates



# Direct International: Transformation in Client Metrics

Client Pyramid



**Notes**

All metrics based on trailing twelve months of revenue. DXC clients not included in the metrics

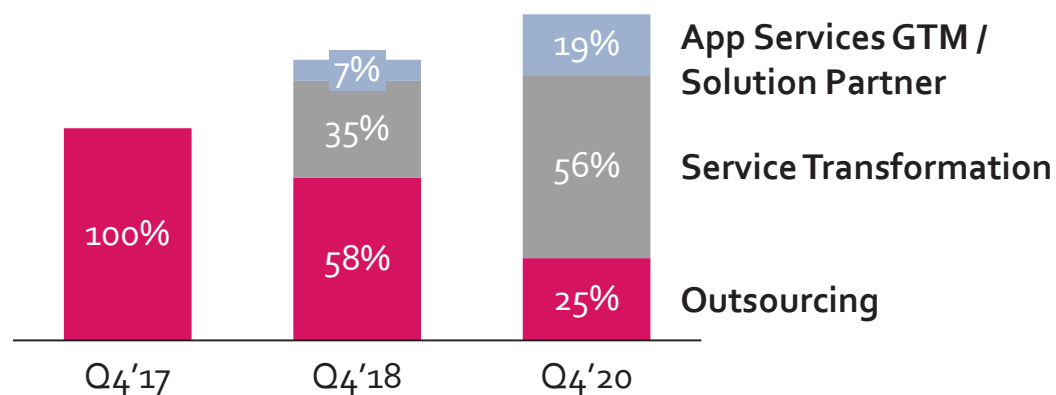
- Continuous improvement in client pyramid driven by expansion of wallet share in large clients & consistent new client wins
  - Added 1 client in >\$100M bucket and 2 clients in >\$75M bucket FY-18 to FY-20
  - Added 6 clients in >\$5M bucket and 15 clients in >\$1M bucket since FY18 to FY-20
- Improvement in fixed bid composition of revenue – transformation lever
  - Q4'20 Fixed bid revenue 28%; highest ever



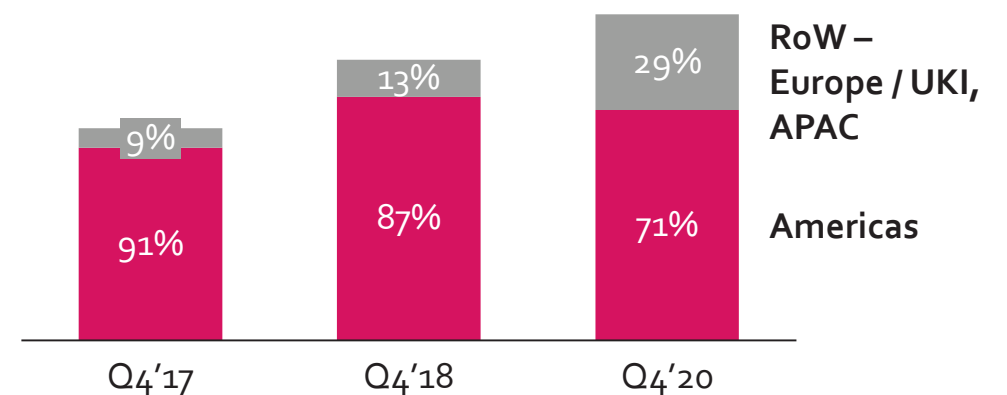
## DXC Relationship: On Track

- Continuous transformation in relationship...
  - >75% of revenue from Service transformation and DMX in Q4'20 compared to nil in FY-17
- MRC applicable only on DXC revenue
- DXC constitutes about 88% of DXC/HP revenue for Q4'20
- Approx. \$300Mn. revenue pending to be consumed by Sep'21, split across FY-21 and FY-22
  - CAGR of 17.3% growth in DXC channel since Q4'17

### Business Shift



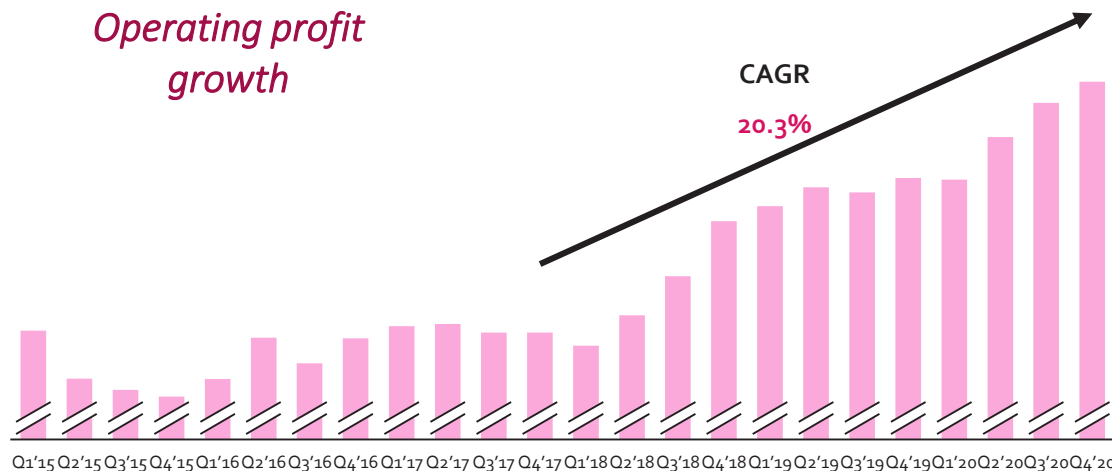
### Geographical Penetration



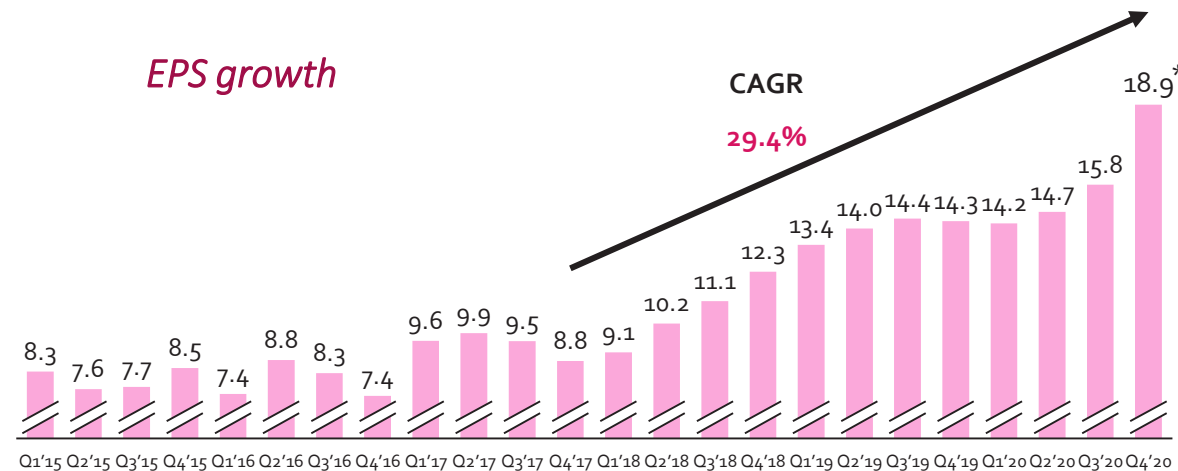


# Strong Earnings Growth and Optimal Cash Strategy to Maximize Shareholder Value

## Operating profit growth



## EPS growth

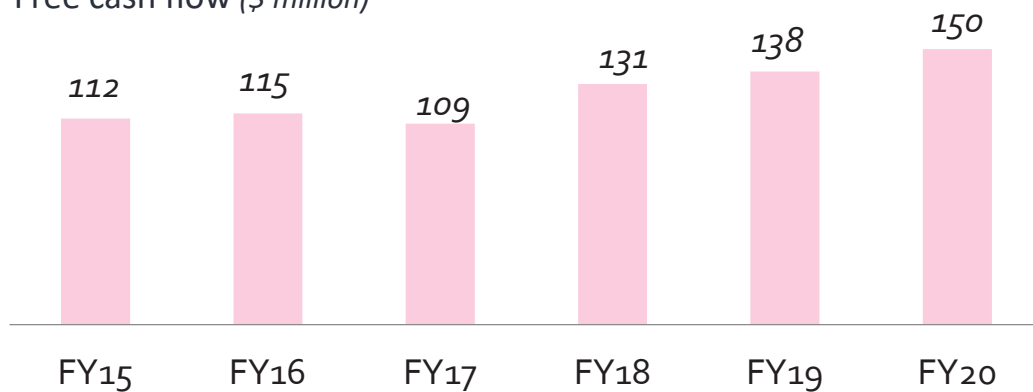


CAGR: Quarterly operating profit/EPS growth annualized

\* Q4'20 EPS includes one-time income tax benefit INR 2.3; Adjusted CAGR for the same period is 24.0%

## Consistent free cash flow generation

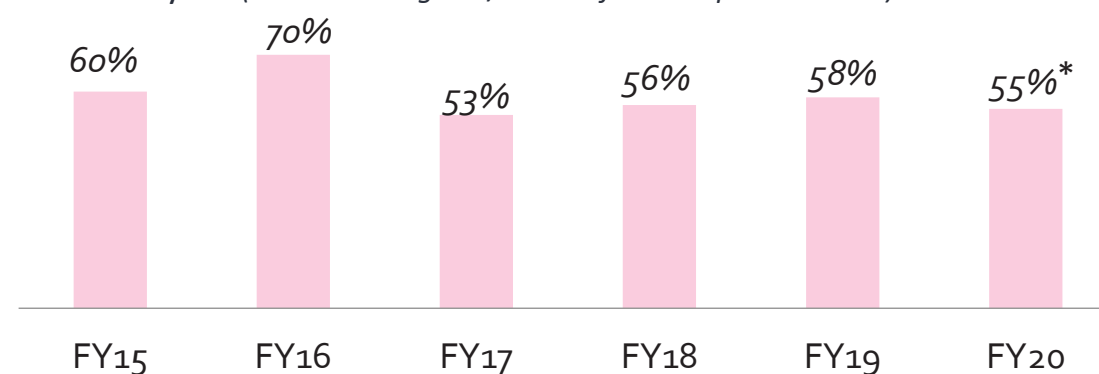
Free cash flow (\$ million)



Q4'20 cash generation of \$40M, highest in the past 14 quarters

## Track record of healthy Dividends

Dividend Payout (DPS including tax / EPS before exceptional items)

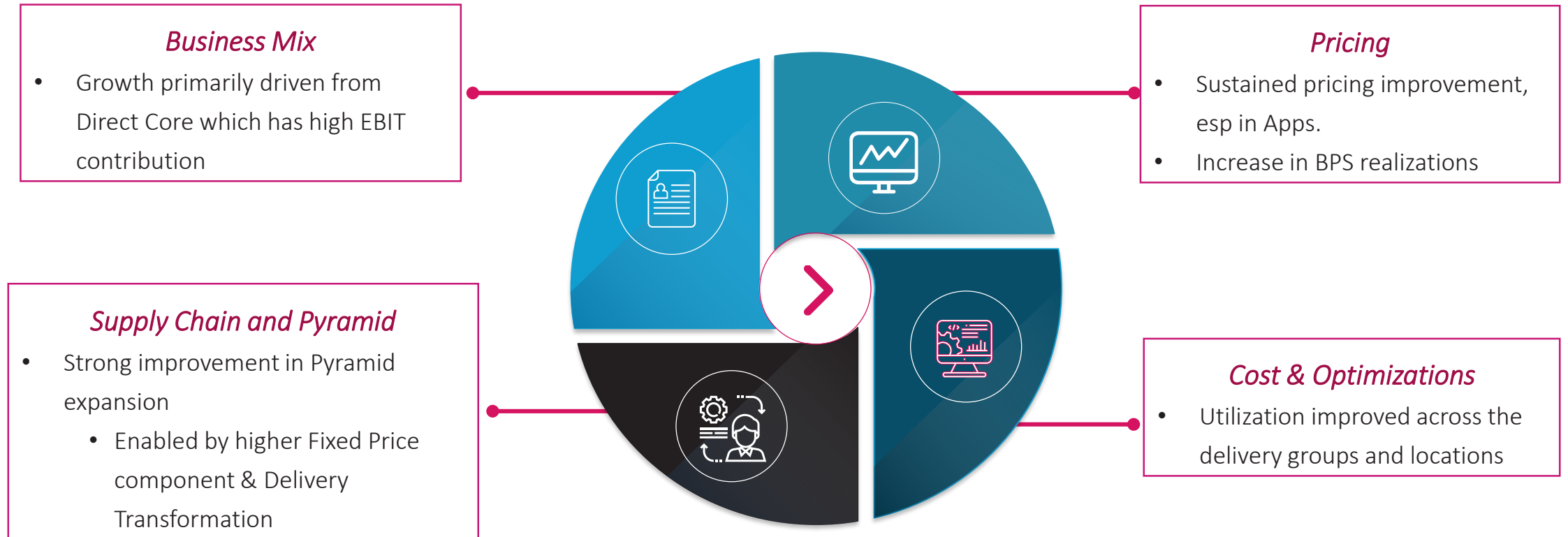


Returned \$ 314 Mn through buy-back in FY18 & FY19

\* FY20 dividends subject to shareholder approval



# Strategic Choices Impacting Profit Pool & Our Assessment of Progress Made



# Core Investment Thesis: FY20 Execution Update

1. **Accelerate Direct Core** : Consistently outgrow the market
  - Farming Strategic Accounts
  - New Client Acquisition (NCA)
  - Continue momentum in BX channel
2. **Strategic Partnership with DXC/HP** : Continuous transformation in relationship
  - Applications Partnership Growth
  - Expand Vertical and Geographic Footprint
  - Increase Service Transformation Participation
3. Continued focus on **Margin optimization** to fuel Growth
4. Investment Capability building
5. **Strong Cash flow Generation and Optimal Cash Strategy** to maximize shareholder value

*Strong growth of 15.4% YoY in CC*

*NCA revenue grew 73% in FY20*

*Continued momentum in Deal wins: TCV wins of \$715M YoY growth of 16%*

*New-Gen TCV wins at 81%; YoY growth of 20%*

*Consistent growth since Q4'17; CAGR 14.9%*

*Solutions Partner: 56% revenue from Service transformation in Q4'20*

*Continued Relationship runway*

*FY20 EBIT Margin at 16.0%*

*Continued progress in implementation of Next Labs and Talent Next Programs*

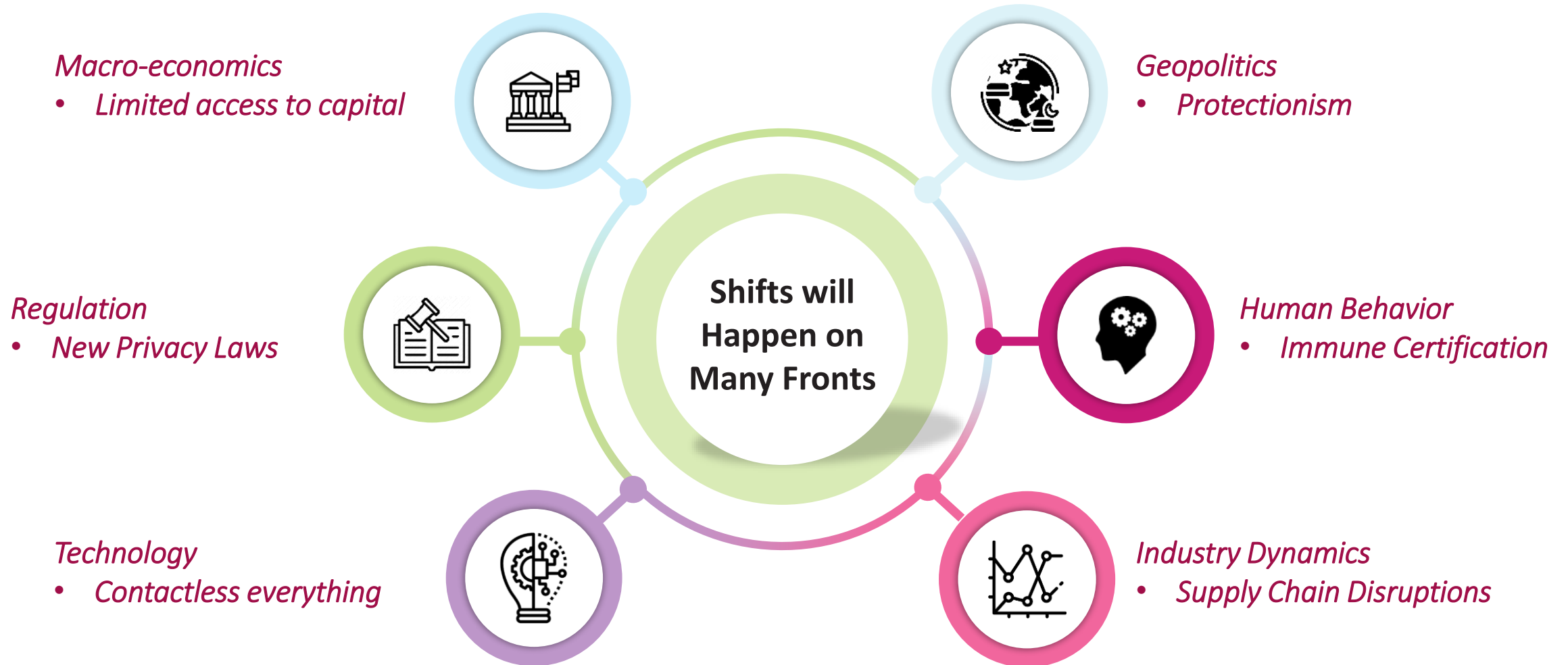
*Strong Free cash flow generation of \$150M in FY20, Cash balance of \$327M*





**The New Abnormal**

# Shifts Will Happen on Many Fronts



Source: [boardofinnovation.com/low-touch-economy](https://boardofinnovation.com/low-touch-economy)



## What Will Impact IT Industry...



*Restructuring of client budgets & Prioritization of spends*



*Extended travel restrictions, even within a country*



*Optimized work from home setups, beyond typical office jobs*



*Increased focus on hygiene of people and places*



*Increased governmental and sectoral regulations across industries*



*Need for intensive reskilling and retraining*



# Voice of Customer

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*The world changed suddenly, we need to change faster*

Move with speed on strategic programs; clock fast forwarded  
– not if or when - now

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*Never waste a Good Crisis*

Take advantage of current situation to drive change in organizations and push reforms

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*Relentless prioritization, not one size fits all*

Not all programs have same strategic impact; not all partners do either!

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*Find dollars to deploy, save OpEx, reduce CapEx*

IT spends may not go down but will be reallocated – across programs, partners and business lines

CIOs expect increased spend on digitizing core banking systems (driven by spend on CX, Data & payment systems etc.)



# How we Responded to the Crisis

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## *Business Continuity for Customers and Employee Safety*

- 95% % WFH coverage quickly enabled through WFH
- Crisis Management working group actively engaged in daily activities

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## *Listened to the Voice to the Customer*

- Increased customer communication – security & employee productivity
- Digitize Delivery management – acceleration of Delivery Transformation

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## *Leading with a Growth Mindset*

- Leveraging rapid response opportunities created in the crisis
- Identifying new areas of engagement across short, medium and long term
- Multiple relevant new offerings launched:
  - Mphasis Virtual Desktop-as-a-Service
  - Cyber Security and Risk Assessment
  - Contract Data Extraction and Analytics
- Accelerating Digital Transformation – significant expansion in large deals pipeline across existing & new clients...

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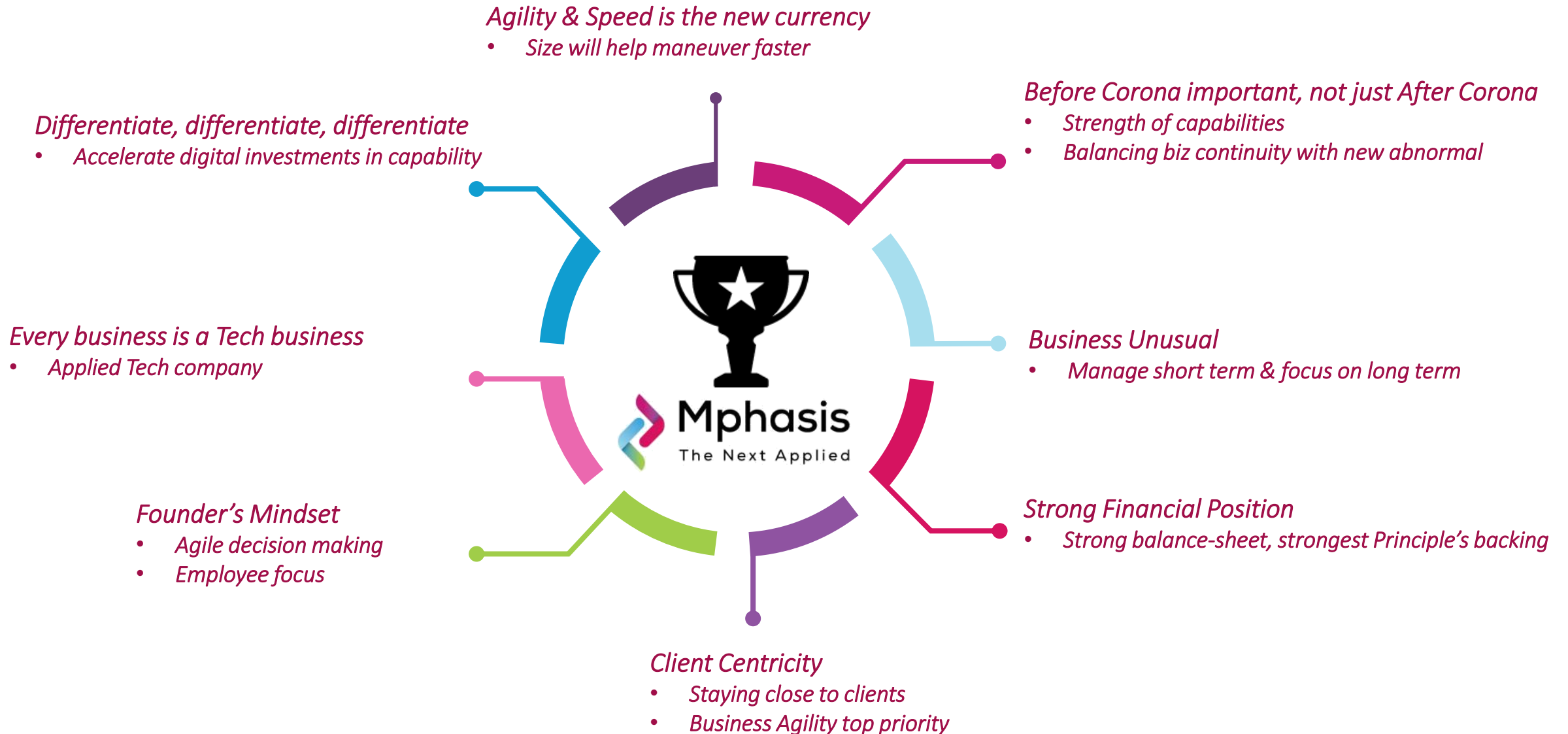
## *Intense Focus on Cost and Cashflow*

- Continued focus on financial management and cost controls while playing offense





# Fundamentals of our Business Didn't Change...we are Well Positioned to Thrive





Q & A

