



# Genpact Q3 2015 Earnings Presentation

**GENERATING IMPACT**

November 4, 2015

Ticker (NYSE: G)

DESIGN • TRANSFORM • RUN *LEAN DIGITAL*<sup>SM</sup>

**GENPACT** / **LEAN DIGITAL**<sup>SM</sup>  
GENERATING IMPACT<sup>SM</sup>

## Forward-looking statements

These materials contain certain statements concerning our future growth prospects and forward-looking statements, as defined in the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. These statements are based on Genpact's current expectations and beliefs, as well as a number of assumptions concerning future events. These statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those in such forward-looking statements. These risks and uncertainties include but are not limited to a slowdown in the economies and sectors in which our clients operate, a slowdown in the BPO and IT Services sectors, the risks and uncertainties arising from our past and future acquisitions, our ability to convert bookings to revenues, our ability to manage growth, factors which may impact our cost advantage, wage increases, our ability to attract and retain skilled professionals, risks and uncertainties regarding fluctuations in our earnings, foreign currency fluctuations, dependence on tax legislation, general economic conditions affecting our industry as well as other risks detailed in our reports filed with the U.S. Securities and Exchange Commission (the "SEC"), including the Company's Annual Report on Form 10-K. These filings are available at [www.sec.gov](http://www.sec.gov) or on the investor relations section of our website, [www.genpact.com](http://www.genpact.com). Genpact may from time to time make additional written and oral forward-looking statements, including statements contained in our filings with the SEC. The Company undertakes no obligation to update any forward-looking statements that may be made from time to time by or on behalf of the Company.

## Non-GAAP Financial Measures

These materials also include measures defined by the SEC as non-GAAP financial measures. Genpact believes that these non-GAAP measures can provide useful supplemental information to investors regarding financial and business trends relating to its financial condition and results of operations when read in conjunction with the Company's reported results. Reconciliations of these non-GAAP measures from GAAP are available in this presentation and in our earnings release dated November 4, 2015.

## Q3 2015 – Key Financial Highlights

### Genpact Delivered Another Solid Quarter Led By Global Client BPO Revenue

#### Q3 '15 versus Q3 '14 performance:

- Total Revenue: +5% (+ ~7% on constant currency basis)
  - Revenue from Global Clients: +7% (+ ~10% on constant currency basis)
  - GE Revenue: -2% (- ~2% on constant currency basis)
- Adjusted Income from Operations grew 10%, with a margin<sup>(1)</sup> of 15.7%, and Adjusted Earnings per share grew 36% YoY to \$0.35
  - Global Client growth was broad-based across most of our target verticals – including Banking & Financial Services, Insurance, CPG, Life Sciences and High Tech
    - From a service line perspective, Finance & Accounting, our Core Industry Vertical Operations and Analytics drove Global Client growth
  - Strong year-to-date bookings momentum

**Notes:**

1. Adjusted income from operations is a non-GAAP measure. Q3 '15 GAAP income from operations margin was 14.1%.

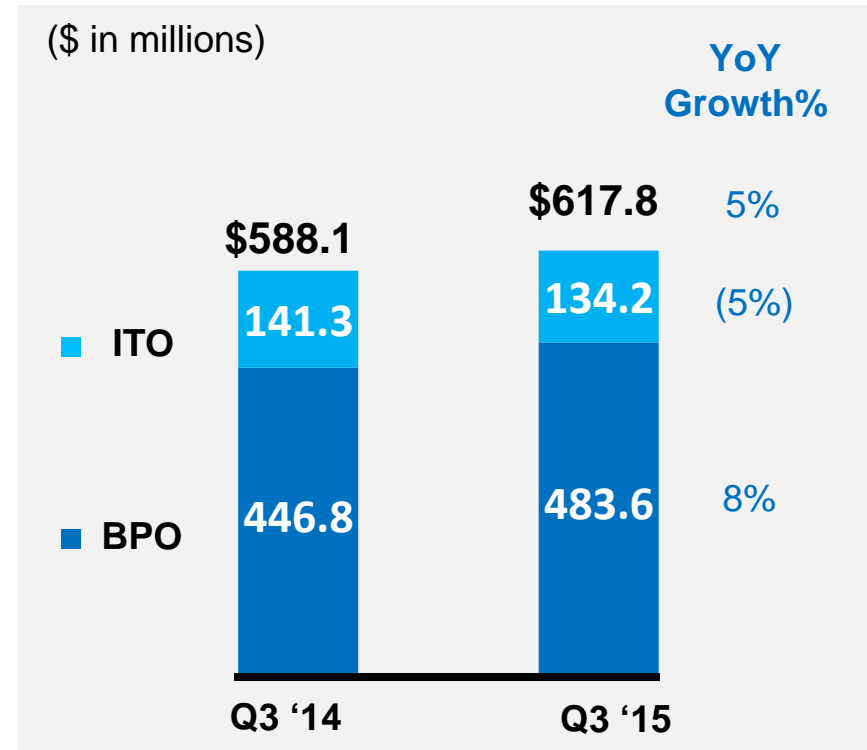
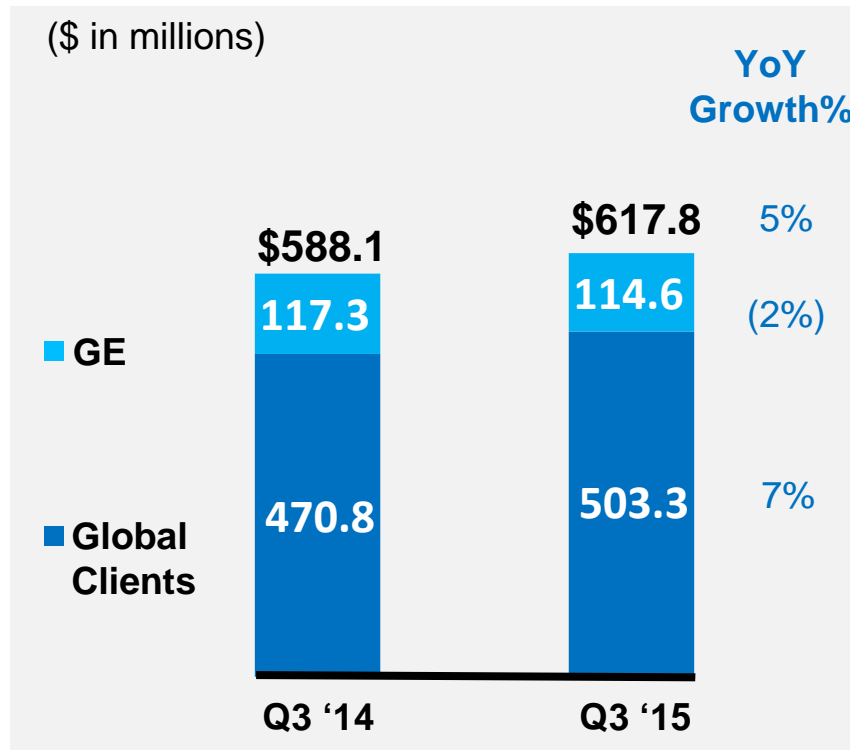
## Further Differentiating Our Solutions by Enhancing Digital Capabilities

- ✓ Introduced Lean Digital, our unique approach to reimagining clients' operations that delivers the full power of digital by focusing on the middle and back offices
- ✓ Agreed to acquire Endeavor Software Technologies, a digital solutions provider focused on applying mobile solutions to the middle and back offices
- ✓ Announced the formation of a unique digital incubation program to partner with new technology start-ups
- ✓ Chosen to partner with GE in its Predix program to help companies harness data from the industrial internet

## Continued Bookings Momentum and Healthy Pipeline

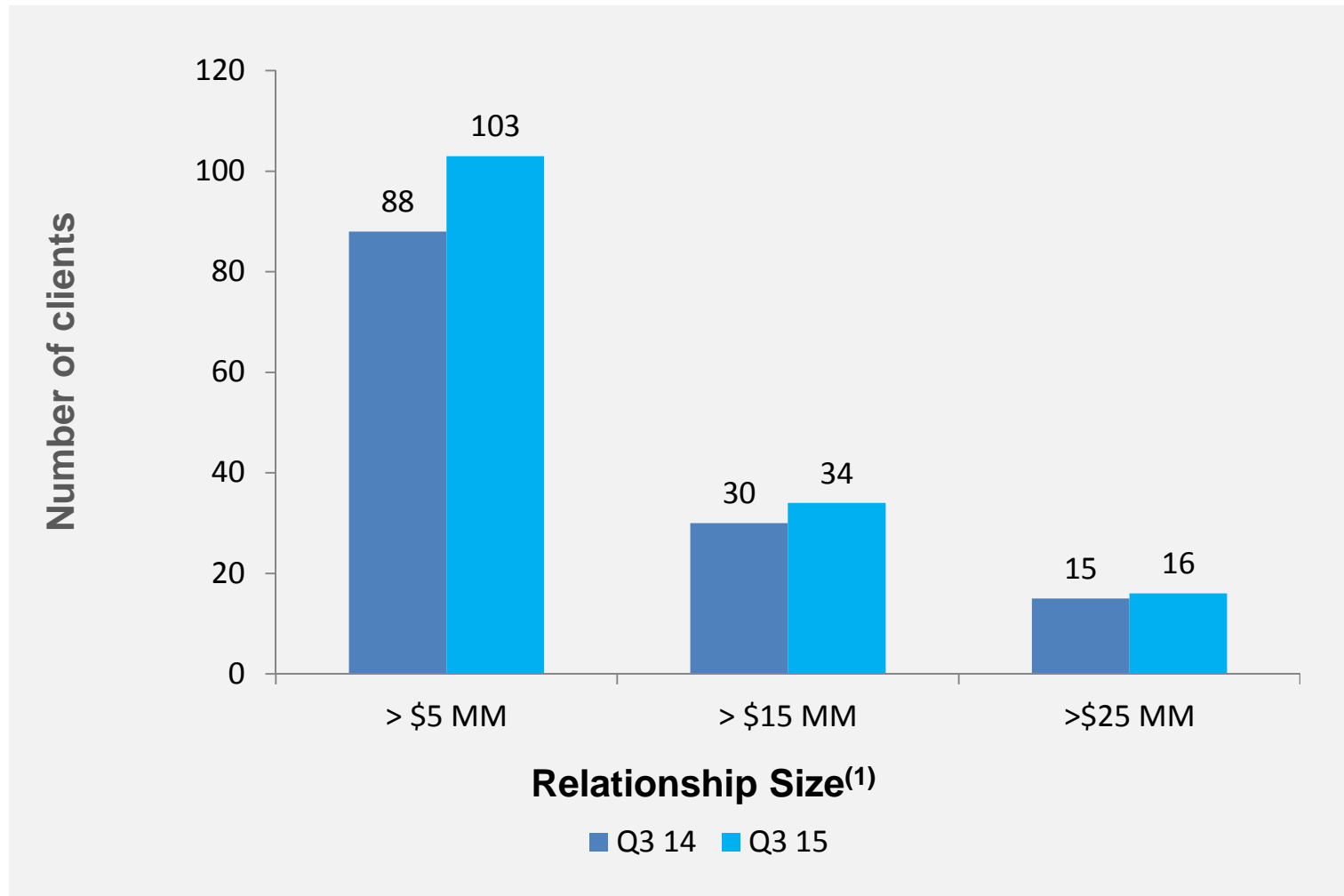
- Continued momentum in converting and winning big deals; signed three large transformational engagements in the third quarter, bringing the total to 7 for the year to date and 13 over the last 7 quarters
- Pipeline continues to be healthy with year-to-date inflows up and strong traction for digital embedded solutions
- Win rates continue to hold at high levels
- Sales productivity gains from recent sales hires

## Q3 2015 Revenue Summary



- Total revenue growth at 5% (7% on a constant currency basis)
- Q3 2015 Global Client revenue grew 7% (~10% on a constant currency basis)
  - BPO revenues increased 10% (~14% on a constant currency basis) and ITO revenues declined 4% (~4% on a constant currency basis)

# Continue to Expand Client Relationships



**Notes:**

1. Relationship size = annual revenues based on last four rolling quarters



## Q3 Adjusted Income from Operations Margin up 70 Basis Points Year-Over-Year

(\$ millions)

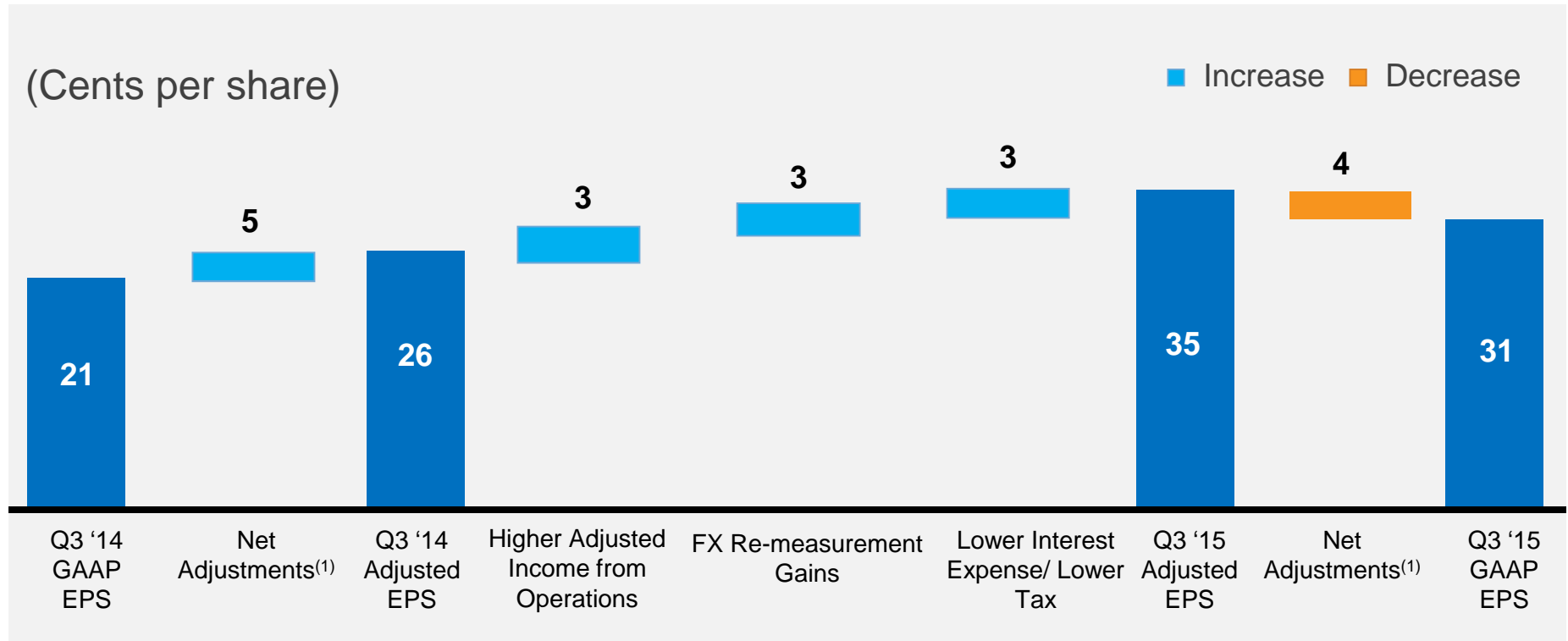
	Q3'14	Q3'15	YoY
Revenue	588.1	617.8	5.1%
Cost of Revenue	<u>354.5</u>	<u>375.8</u>	6.0%
Gross Profit	233.6	242.0	3.6%
<i>Gross Profit % of Revenue</i>	39.7%	39.2%	-50 bps
SG&A	153.1	144.7	-5.5%
<i>SG&amp;A % of Revenue</i>	26.0%	23.4%	-260 bps
Adjusted Income from Operations <sup>(1)</sup>	88.5	97.1	9.7%
<i>Adjusted Income from Operations Margin</i>	15.0%	15.7%	70 bps

**Notes:**

1. Adjusted income from operations is a non-GAAP measure. Income from operations was \$72.9 million in Q3 '14 and \$87.3 million in Q3 '15.



# EPS Year-over-Year Bridge

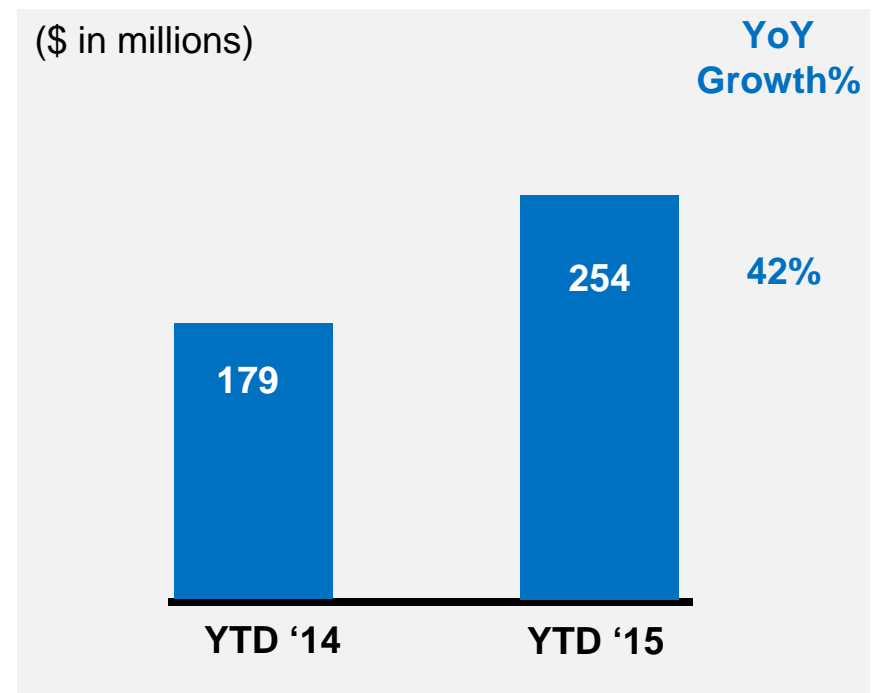
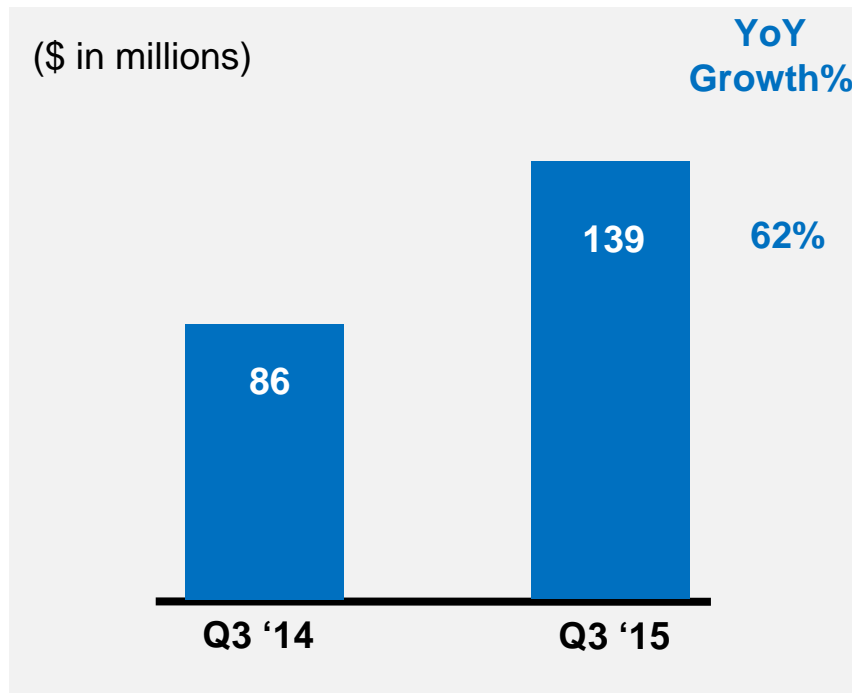


	Q3 '14	Q3 '15
Adjusted Net Income (\$ millions)	57.1	76.9
Diluted Shares Outstanding (millions) <sup>(2)</sup>	220.5	217.6

**Notes:**

- Adjustments primarily include amortization of acquired intangible assets, stock-based compensation expenses and acquisition-related expenses.
  - Weighted average number of diluted shares outstanding; diluted shares outstanding includes the impact of 7.1 million shares repurchased through Sept 30, 2015.
- The above bridge reflects only significant variance items year over year and is illustrative and subject to rounding.
  - EPS = Diluted earnings per share

# Cash from Operations



- Q3 2015 cash from operations up \$53 MM

	<u>Q3 '14</u>	<u>Q2'15</u>	<u>Q3 '15</u>
<b>Days Sales Outstanding</b>	82	82	80
<b>Cash and Liquid Assets (\$ millions)<sup>(1)</sup></b>	424	442	468

**Notes:**

1) Cash and Liquid Assets = Cash and cash equivalents and short-term deposits

## Full Year 2015 Outlook

	FY 2015
Revenues (\$B)	~2.46
Adjusted Income from Operations - Margin	~15.1% - 15.3%
Other Metrics	
Cash Flow from Operations	10% - 15% > 2014
Effective Tax Rate	20% - 22%
Capital Expenditure (% of revenue)	~3.0%

## Annexure 1: Reconciliation of Adjusted Income from Operations – Q3 2015

(USD, in thousands)

	Quarter ended Sep 30,	
	2014	2015
Income from operations per GAAP	\$ 72,867	\$ 87,343
Add: Stock-based compensation	8,274	6,195
Add: Amortization of acquired intangible assets	6,386	6,015
Add: Acquisition-related expenses	-	-
Add/Less: Other income (expense), net excluding net interest	950	999
Add/Less: Gain (loss) on equity-method investment activity, net	33	(3,432)
Less: Net loss attributable to non-controlling interest	(13)	-
<b>Adjusted income from operations</b>	<b>\$ 88,497</b>	<b>\$ 97,120</b>

## Annexure 2: Reconciliation of Adjusted Net Income – Q3 2015

(USD, in thousands, except per share data)

	Quarter ended Sep 30,	
	2014	2015
Net income attributable to Genpact Limited shareholders per GAAP	\$ 46,653	\$ 68,050
Add: Stock-based compensation	8,274	6,195
Add: Amortization of acquired intangible assets	6,386	6,015
Add: Acquisition-related expenses	-	-
Less: Tax impact on stock-based compensation	(2,150)	(1,489)
Less: Tax impact on amortization of acquired intangibles	(2,050)	(1,873)
Less: Tax impact on acquisition-related expenses	-	-
<b>Adjusted net income</b>	<b>\$ 57,113</b>	<b>\$ 76,898</b>
Adjusted diluted earnings per share	\$ 0.26	\$ 0.35



**Thank You**