

**GENPACT**

Genpact

# Q4 & FY 2013 Earnings Presentation

February 6, 2014

Ticker (NYSE: G)

## 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 BPM and IT Services sectors, the risks and uncertainties arising from our past and future acquisitions, 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, 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 does not undertake 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 to GAAP are available in this presentation and in our earnings release dated February 6, 2014.

## Q4 2013 - Highlights

Revenue grew year-over-year and sequentially; margins reflect planned increase in client-facing investments

Q4 '13 versus Q4 '12 performance:

- Total Revenue: +10%
  - Revenue from Global Clients: +13%
  - GE Revenue: Flat
  - Adjusted Income from Operations<sup>(1)</sup>: +2%
  - Adjusted Income from Operations margins: 15.3%
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- Sequential revenue growth of 4.4%

**Notes:**

1) Adjusted Income from Operations is a Non-GAAP Measure. Q4 13 GAAP Income from Operations increased 1.2% and GAAP Operating Margin was 12.8%.

## FY 2013 - Highlights

Revenues, adjusted income from operations, and earnings per share all increased year-over-year, margins steady

FY '13 versus FY '12 performance:

- Total Revenue: +12%
  - Revenue from Global Clients: +16%
  - GE Revenue: -1%
  - Adjusted Income from Operations<sup>(1)</sup>: +13%
  - Adjusted Income from Operations margins: 16.5%
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- Headwinds from mortgage business, softness in GE, adverse FX, and delayed large deal revenue conversions
  - Strong cash flow from operations, up 17% excluding one-time 2012 client payment

**Notes:**

1) Adjusted Income from Operations is a Non-GAAP Measure. FY 13 GAAP Income from Operations increased 17.1% and GAAP Operating Margin was 14.5%.

## Four Key Pillars of Our Growth Strategy

### Investments

- Concentrating our investments on specific market leadership opportunities in selected industries, service lines and geographies to drive faster growth

### Solutions

- Further differentiating our solutions by building capabilities and combining core operations, IT and analytics

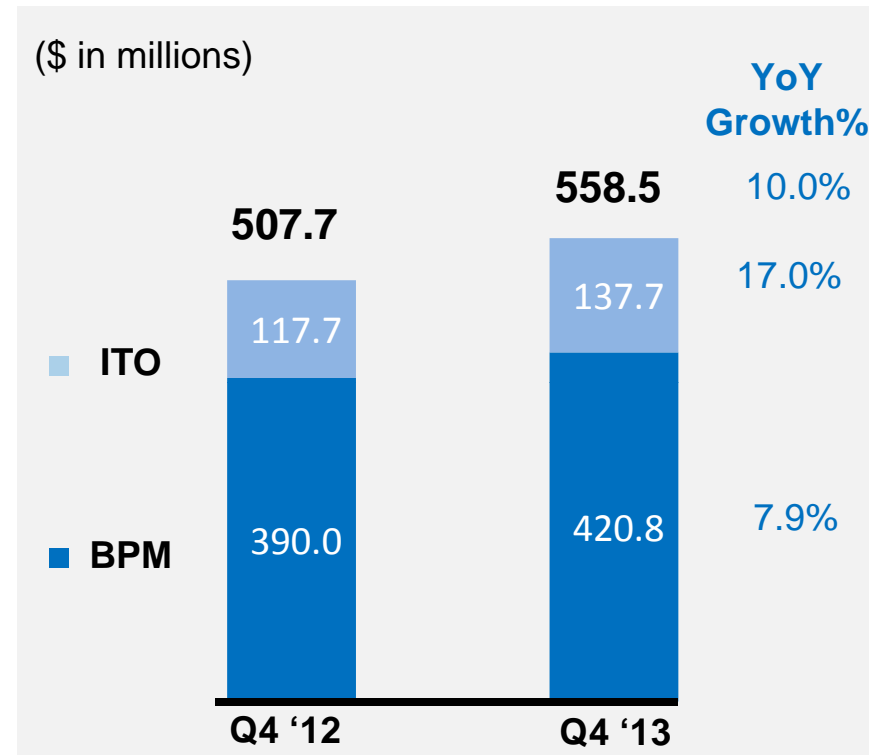
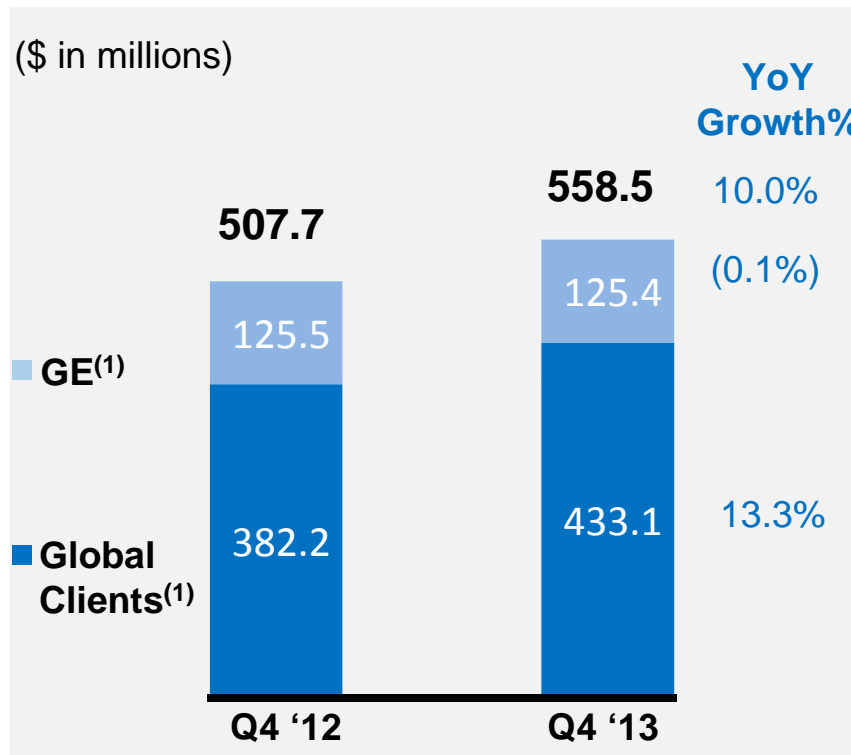
### Client Relationships

- Strengthening client relationships by adding a new set of senior-client facing leaders and expanding onshore capabilities to enhance proximity to clients

### Domain Expertise

- Expanding our team of subject-matter experts and lead solutions architects who can bring extensive knowledge and domain expertise to clients

## Q4 Revenue Growth of 10.0% driven by Global Clients



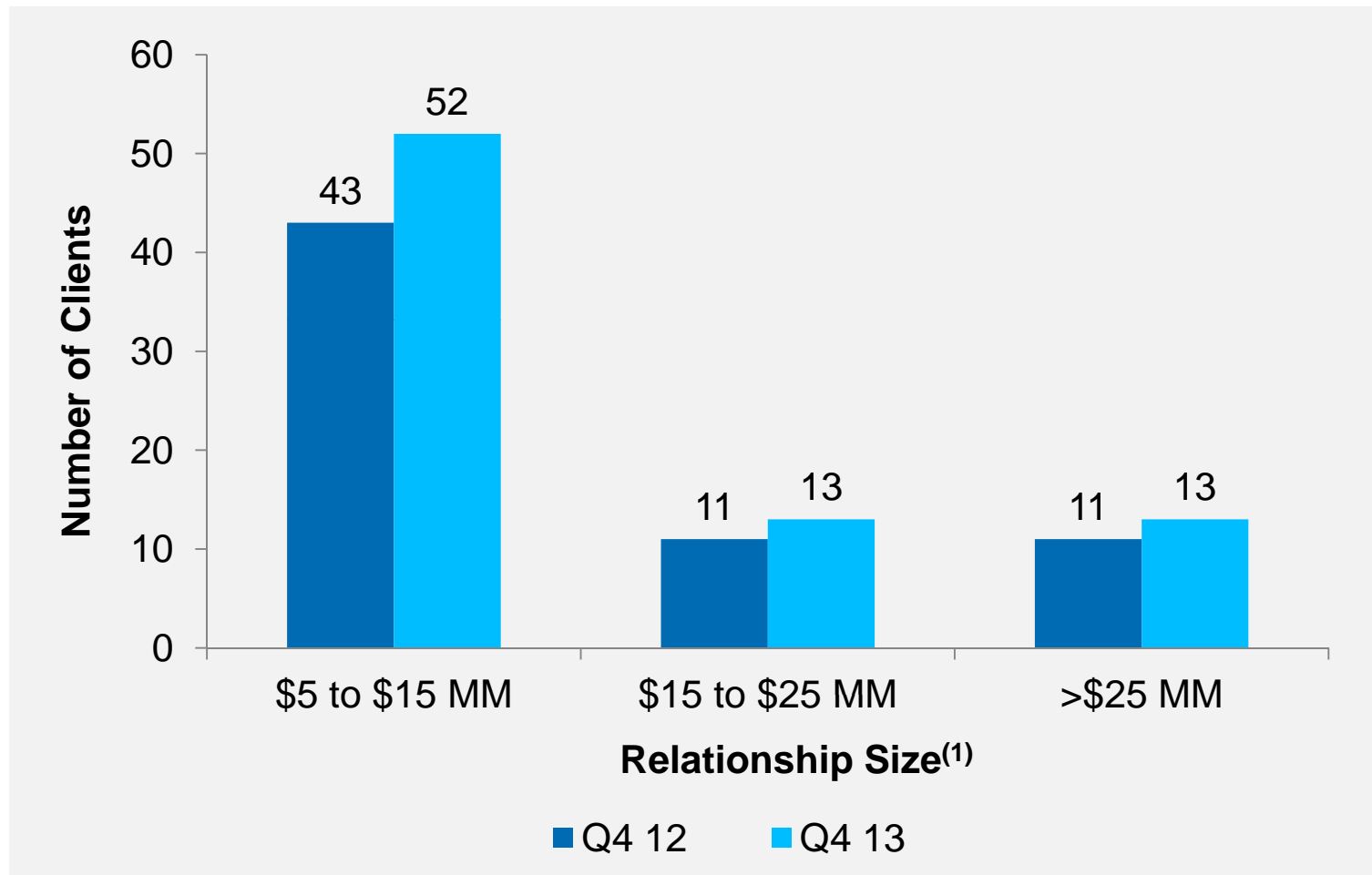
➤ Q4 2013 Global Clients

- Business Process Management revenues increased 12% while ITO revenues increased 18%

**Notes:**

1) Data adjusted for divestitures from GE

## Continue to Expand Client Relationships



**Notes:**

1) Relationship size = Clients representing annual revenues based on rolling four quarters

## Q4 Adjusted Income From Operations Growth of 2.0%

(\$ millions)

	Q4'12	Q4'13	YoY Growth
<b>Revenue</b>	<b>507.7</b>	<b>558.5</b>	<b>10.0%</b>
<b>Cost Of Revenue</b>	<b><u>309.8</u></b>	<b><u>345.8</u></b>	<b>11.6%</b>
<b>Gross Profit</b>	<b>197.9</b>	<b>212.6</b>	<b>7.4%</b>
<i>Gross Profit % of Revenue</i>	<i>39.0%</i>	<i>38.1%</i>	<i>(90)Bps</i>
<b>Selling, general and administrative expenses</b>	<b>118.8</b>	<b>136.2</b>	<b>14.6%</b>
<i>SG&amp;A % of Revenue</i>	<i>23.4%</i>	<i>24.4%</i>	<i>100Bps</i>
<b>Adjusted Income From Operations<sup>(1)</sup></b>	<b>84.0</b>	<b>85.7</b>	<b>2.0%</b>
<i>Adjusted Income From Operations Margin %</i>	<i>16.5%</i>	<i>15.3%</i>	<i>(120)Bps</i>

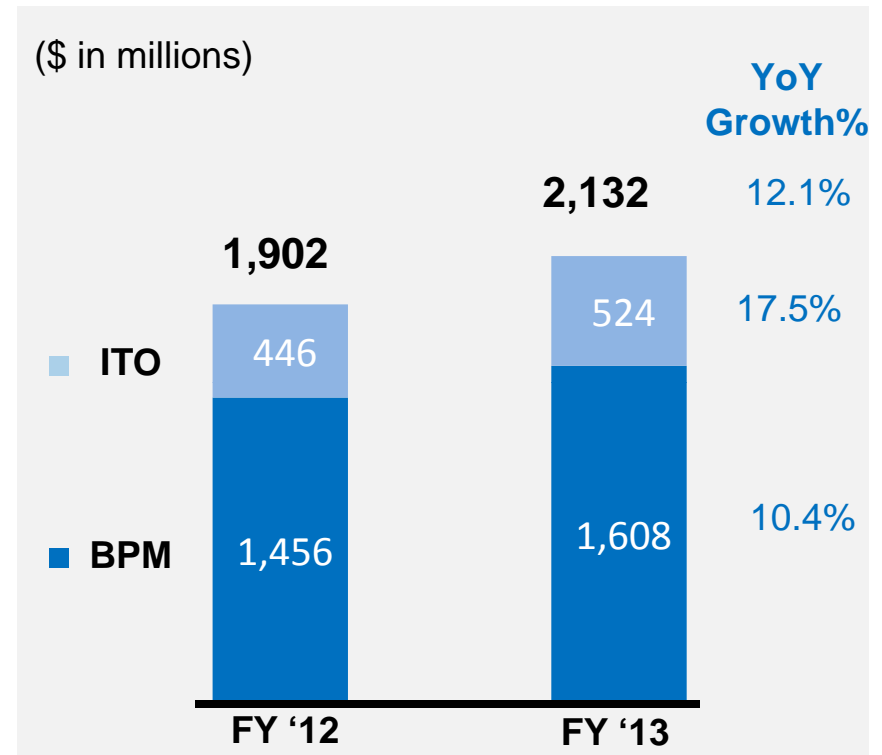
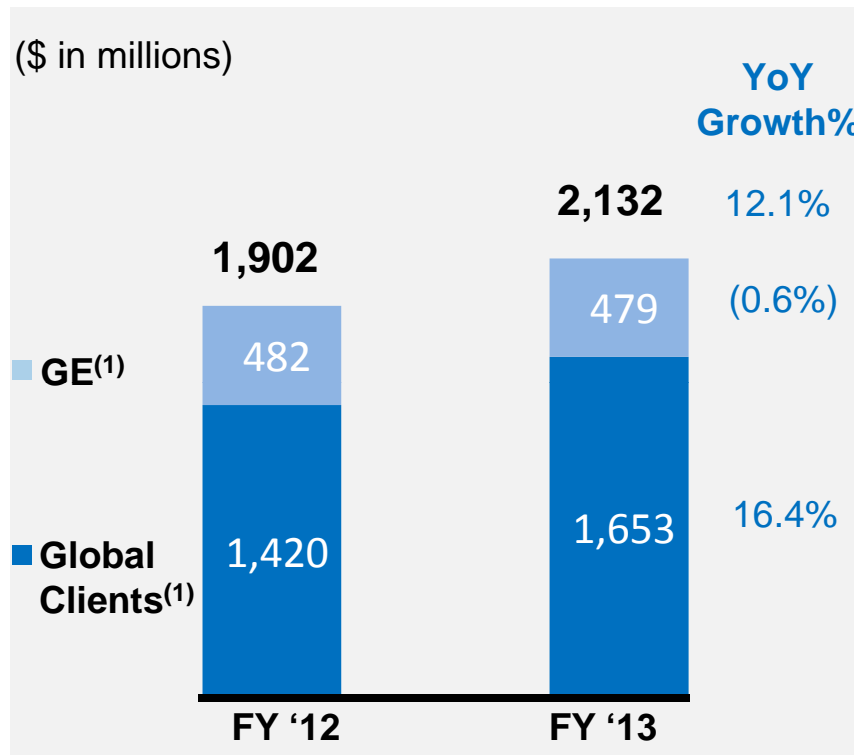
- AOI growth invested back in client-facing teams and capabilities

**Notes:**

1) Adjusted Income from Operations is a Non-GAAP Measure. GAAP Income from Operations was \$70.8 million in Q4 '12 and \$71.6 million in Q4 '13



# Full Year Revenue Growth of 12.1% Driven by Global Clients



➤ FY 2013 Global Clients

- Business Process Management revenues increased 15% while ITO revenues increased 20%

**Notes:**

1) Data adjusted for divestitures from GE

## Full Year Adjusted Income From Operations Growth of 12.6%

(\$ millions)

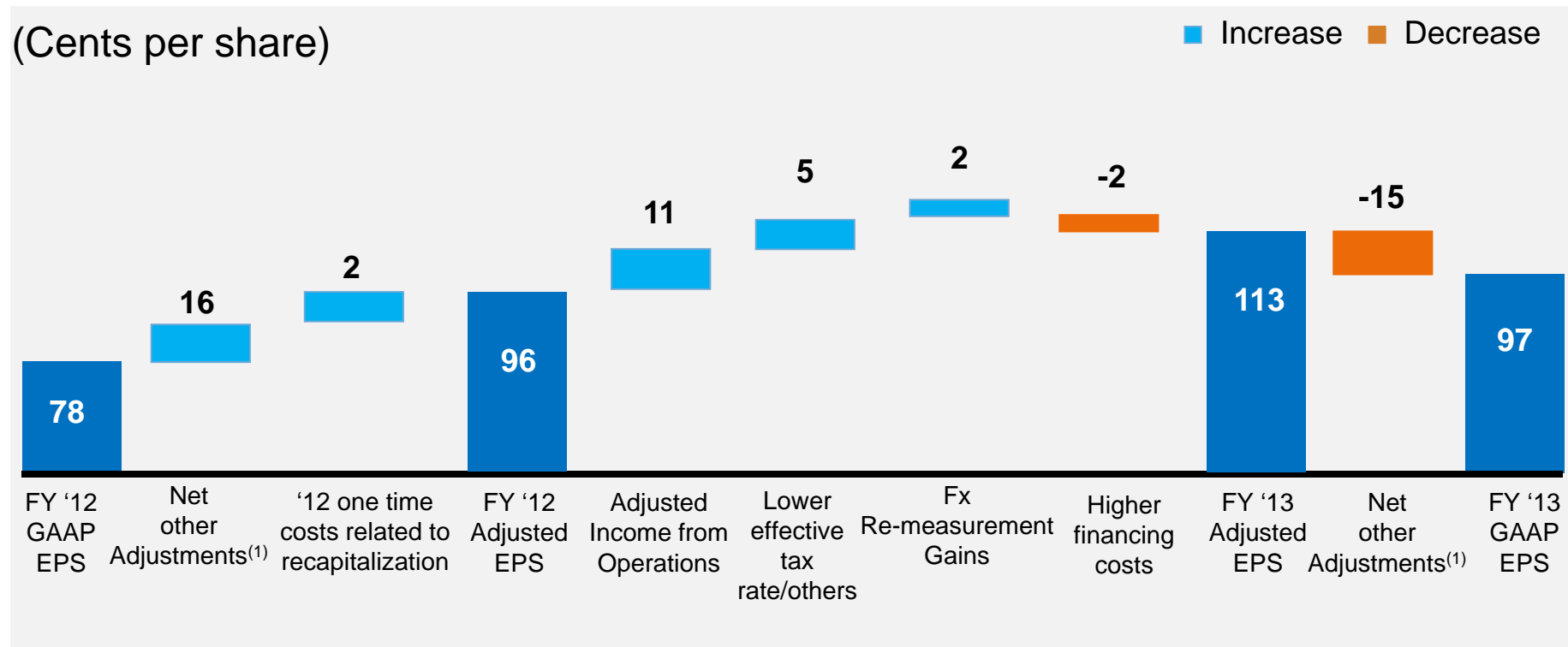
	FY'12	FY'13	YoY Growth
<b>Revenue</b>	<b>1,902</b>	<b>2,132</b>	<b>12.1%</b>
<b>Cost Of Revenue</b>	<b><u>1,158</u></b>	<b><u>1,320</u></b>	<b>14.0%</b>
<b>Gross Profit</b>	<b>744</b>	<b>812</b>	<b>9.2%</b>
<i>Gross Profit % of Revenue</i>	<i>39.1%</i>	<i>38.1%</i>	<i>(100)Bps</i>
<b>Selling, general and administrative expenses</b>	<b>457</b>	<b>485</b>	<b>6.2%</b>
<i>SG&amp;A % of Revenue</i>	<i>24.0%</i>	<i>22.7%</i>	<i>(130)Bps</i>
<b>Adjusted Income From Operations<sup>(1)</sup></b>	<b>313</b>	<b>353</b>	<b>12.6%</b>
<i>Adjusted Income From Operations Margin %</i>	<i>16.5%</i>	<i>16.5%</i>	<i>-</i>

- FY 2013 Adjusted Income from Operations margin same as 2012
  - Inflation impact on Gross Profit offset by efficiencies in SG&A

**Notes:**

1) Adjusted Income from Operations is a Non-GAAP Measure. GAAP Income from Operations was \$264.3 million in FY '12 and \$309.5 million in FY '13

# EPS Bridge

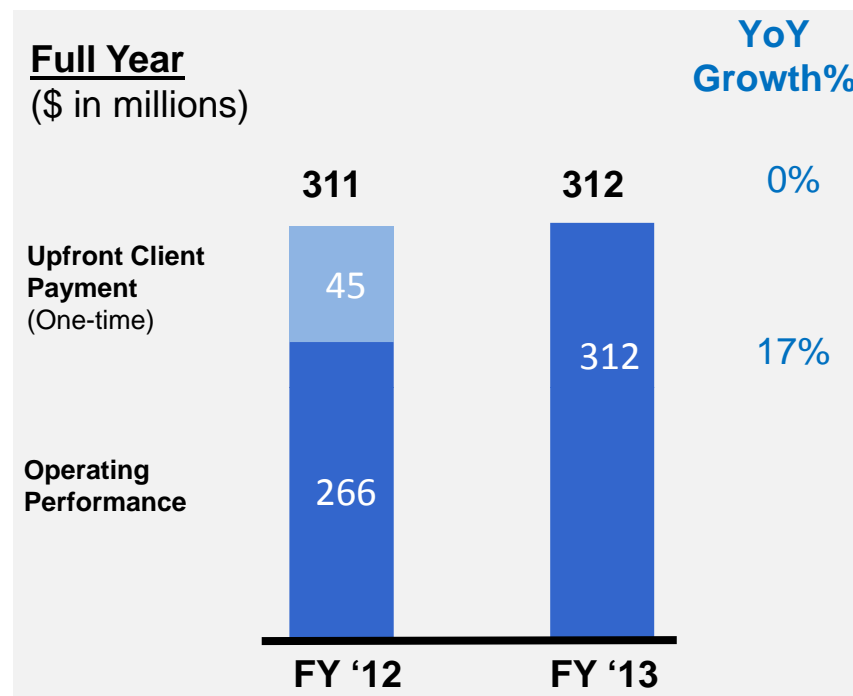
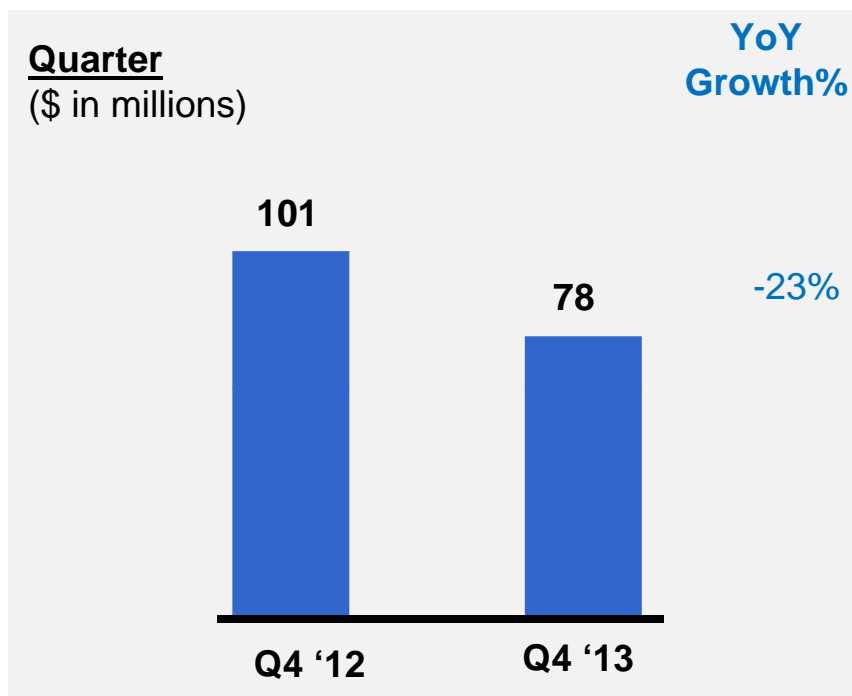


	<u>FY '12</u>	<u>FY '13</u>
<b>Adjusted Net Income (\$ millions)</b>	220.5	265.9
<b>Diluted Shares Outstanding (millions)<sup>(2)</sup></b>	230	236

**Notes:**

- The above bridge reflects only significant variance items year over year and is illustrative and subject to rounding.
- EPS = Diluted earnings per share
- 1) Net other Adjustments primarily include amortization of intangibles relating to acquisitions, stock-based compensation expenses and acquisition related expenses
- 2) Weighted average number of diluted shares outstanding

# Cash From Operations



	FY '12	FY '13
Days Sales Outstanding	80	81
Cash and Liquid Assets (\$ millions) <sup>(1)</sup>	478	571

➤ FY 2013 cash from operations increased 17% excluding one-time 2012 client payment

**Notes:**

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

## Full Year 2014 Outlook

	<b>FY 2014</b>
<b>Revenues (\$B)</b>	2.22 - 2.26
<b>Adjusted Income from Operations - Margin</b>	15.0% - 15.5%
<b>Other Metrics</b>	
<b>Cash Flow From Operations</b>	Decline 10-13% YoY
<b>Effective Tax Rate</b>	24% - 26%
<b>Capital Expenditure (% of revenue)</b>	2.5% - 3.0%

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# Q&A