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Genpact Ltd. (G)

Q3 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good day, ladies and gentlemen. Welcome to the 2025 Third Quarter Genpact Limited Earnings Conference Call. My name is Lisa, and I will be your conference moderator for today. At this time, all participants are in a listen-only mode. We will conduct a question-and-answer session toward the end of this conference call.

As a reminder, this call is being recorded for replay purposes. The replay of the call will be archived and made available on the IR section of Genpact's website.

I would now like to turn the call over to Krista Bessinger, Head of Investor Relations at Genpact. Please proceed.

Krista Bessinger
Head-Investor Relations, Genpact Ltd.

Thank you, Lisa. Good afternoon, everyone, and welcome to Genpact's Q3 2025 earnings conference call. We hope you've had a chance to read our earnings press release posted on the Investor Relations section of our website, genpact.com. Today, we have with us BK Kalra, President and CEO; and Mike Weiner, Chief Financial Officer. BK will start with a high level overview of the quarter, and then Mike will cover our financial performance in greater detail before we take your questions.

Please note that, during this call, we will make forward-looking statements, including statements about our business outlook, strategies and long-term goals. These comments are based on our plans, predictions and expectations as of today, which may change over time. Actual results could differ materially due to a number of important risks and uncertainties, including the risk factors in our 10-K and 10-Q filings with the SEC.

Also, during this call, we will discuss certain non-GAAP financial measures. We have reconciled those to the most directly comparable GAAP financial measures in our earnings press release. These non-GAAP measures are not

intended to be a substitute for our GAAP results. And finally, this call in its entirety is being webcast from our Investor Relations website and an audio replay and transcript will be available on our website in a few hours.

And with that, I'd like to turn it over to BK.

Balkrishan Kalra

President, Chief Executive Officer & Director, Genpact Ltd.

Thank you, Krista. Hello, everyone, and thank you for joining us today. Q3 was another strong quarter for Genpact, with revenue up 7% year-over-year, reaching \$1.291 billion, exceeding the high-end of our guidance range by \$21 million.

Growth in Advanced Technology Solutions continues to accelerate, with revenue up 20% year-over-year. This is our fifth consecutive quarter of accelerating growth, reflecting strong momentum as we successfully execute on GenpactNext. Gross margin of 36.4% and adjusted operating income margin of 17.7% also exceeded expectations as we continue to drive healthy margin expansion, while making significant investments for long-term growth. And adjusted diluted EPS continues to grow significantly faster than revenue, up 14% year-over-year, reaching \$0.97, \$0.07 above the high-end of our guidance range.

We continue to strengthen our foundation with GenpactNext. Growth in Advanced Technology Solutions is accelerating with Advanced Technology Solutions now driving more than half our revenue growth. Revenue per head count is also increasing, particularly in Advanced Technology Solutions, driving total revenue per head count higher. And incremental revenue is coming in at much higher gross margin in 2025. We expect all of these trends to continue longer term.

GenpactNext is designed to establish Genpact as a global leader in Advanced Technology Solutions, building on strength of our core business services with accelerating revenue growth and expanding margins. Its growth model has three key elements: capabilities, clients, and catalysts. We are executing well across each.

Let me walk you through the highlights. First, our capabilities which include Advanced Technology Solutions and Core Business Services. We hosted our second annual AI Day in September with nearly 200 clients and partners in attendance. Our message was clear. Genpact is defining the future of agentic operations.

We believe that companies pivoting to agentic operations will redefine their industries, gaining market share and operating leverage by a factor not a few points. To support this vision of the future, we announced three major products at AI Day. The first is AI Maestro, a software platform for AI practitioners that enables faster adoption of AI into last mile business processes, driving measurable near-term ROI.

We also announced two new agentic suites: the Genpact Insurance Policy Suite for commercial and specialty insurance designed to increase touchless clearance and deliver faster handling times; and the Genpact Record-to-Report Suite, which increases predictability and reduces enterprise risk in month and quarter-end close processes.

These announcements highlight the accelerating pace of innovation at Genpact and put us in an excellent position to gain further market share and momentum. Our focus on delivering innovative results is also driving strength in data and AI more broadly.

The AI Gigafactory is now supporting approximately 100 clients, up more than 2x quarter-over-quarter, with a robust set of accelerators developed through GSolution.ai. We also now have more than 330 GenAI solutions in

market either deployed or going live, up more than 1.5x from the year ago period. These are full solutions deployed in live production environment, driving measurable business results for clients. In terms of agentic adoption, our solutions for agentic operations are growing at an exponential rate faster than any solution in Genpact's history with a strong product roadmap ahead.

While it's still early days, agentic contract value is growing rapidly as well. Volumes are significantly higher than we spoke at our Investor Day in June, with a healthy mix of contracts coming in from new and existing clients. Year-to-date, more than 30% of our awarded agentic contract value is coming in from new clients. For existing clients, both net revenue growth and gross margin expansion continue to trend in a positive direction relative to the stats we shared with you in June.

In Core Business Services, revenue grew 3% year-over-year, with strength in Digital Operations and technology services, providing a solid foundation for future growth. Looking ahead, we see an opportunity to sharpen our go-to-market focus in decision support services to drive stronger execution and greater market share over time. We continue to invest in all three capabilities in Core Business Services to serve clients who are working towards AI readiness, but who are not ready to launch agentic operations today.

Taking a step back, Advanced Technology Solutions and Core Business Services continue to amplify each other. Let me give you a couple of examples to illustrate. At AI Day, we were honored to have a number of large clients join us to share real world examples of how Genpact's data and AI knowledge and last mile expertise are driving real business outcomes. I want to share two stories with you today with longstanding clients who started many years ago with us in Core Business Services, who are now power users of Advanced Technology Solutions in addition to remaining highly valued clients in the core.

The first is Mars, a family owned business with more than \$55 billion in annual revenue that produces some of the world's best loved brands. Our long-standing partnership has been built on operational excellence, trust, innovation, and shared success. Mars started with us in 2018 as a digital operations client in finance and accounting, and later expanded into other service lines.

Today, we have deployed a number of AI solutions that are delivering strong ROI with more slated to launch soon. As an example, we have built and deployed a team of autonomous GenAI agents that interpret, reason and act across the entire cash lifecycle, delivering an increase in on-time cash collections and working capital improvements.

The Mars team has been an exceptional partner for us. The additional keys to our success have been our deep process intelligence, our industry depth, working with some of the world's largest consumer good companies, and our last mile knowledge, which in this case includes a detailed understanding of Mars' technology, their operating environment, understanding of friction points, and the years of operational experience that we have gained there. Our partnership has delivered significant value with hopefully our best years still yet to come as we work towards an agentic and increased autonomous enterprise.

The second example is Heineken, one of the world's most iconic beverage companies. We have had the privilege of partnering with Heineken for over 15 years. Over the past year, we established a data quality factory that sets new standards for delivering trusted data at scale. With agentic AI now infused through orchestrated agents on Azure and Databricks, we have taken a significant stride towards intelligent and autonomous data quality.

To deliver, Genpact brought more than just technology. We also brought process intelligence and understanding of how data flows in the Heineken ecosystem, how their markets operate, and understanding of the

friction points in various parts of the process. Early results show strong ROI, with an improvement in automated data quality of up to 70% and 67% faster time to diagnose and fix data quality issues. The team has also reported better order fulfillment, fewer delivery failures, stronger compliance and more confident decisions. We are incredibly grateful for their partnership.

And finally, on Catalysts, we continue to accelerate growth through investments in partnership and AI talent. In Q3, partner-related revenue grew 56% year-over-year. Partnerships represent an important opportunity for Genpact as demand for data and AI-led transformation requires deep process and domain expertise and integrated offerings.

We are partnering with companies like the AWS, GCP and Databricks to embed domain-led solutions into their tech stacks with joint go-to-market efforts and roadmaps. At only 10% of revenue, we believe partnerships represent a significant growth opportunity for Genpact going forward.

We also continue to invest aggressively in AI talent, rapidly accelerating the pace and quality of hiring in our Advanced Technology Solutions leadership team to support our strategic pivot. We continue to hire leaders with significant experience in data and AI, product development and technology consulting, who are driving critical initiatives at Genpact, including our AI Gigafactory and agentic products. We are also developing thousands of AI builders and practitioners and remain on track to achieve the 2025 targets laid out at our Investor Day in June.

Now turning to guidance. With better than expected results in Q3, we are raising our full year outlook for revenue and EPS. Our expected revenue range is now 6.1% to 6.4% on as reported basis, up from 4% to 6% previously, an increase of 120 basis points at the midpoint of the range. We are also raising our outlook for adjusted diluted EPS by \$0.07 to \$3.61, at the midpoint reflecting double-digit growth.

In closing, we are incredibly excited about the future. Genpact is proving to be a clear partner of choice of AI-driven transformation with significant momentum as we leverage Advanced Technology Solutions to strengthen our last mile advantage. I said earlier that we believe that companies that pivot to agentic will redefine their industries, gaining market share and operating leverage by a factor not a few points. I believe that future exists for Genpact as well.

With that, let me turn the call over to Mike. Thank you.

Michael Weiner

Chief Financial Officer, Genpact Ltd.

Good afternoon, everyone, and thank you for joining us. Third quarter results exceeded expectations driven by strong execution across our business. As BK mentioned, momentum continues to build with GenpactNext and we are seeing our strategic investments starting to pay off.

Total revenue increased to \$1.291 billion, up 6.6% year-over-year. Advanced Technology Solutions revenue, which includes data and AI, digital technologies, advisory and agentic solutions, accelerated again, up 20% to \$311 million, with particular strength across data and AI solutions. Advanced Technology Solutions represents 24% of our third quarter revenue, compared to 21% in 3Q 2024. Year-to-date, Advanced Technology Solutions has driven more than half of the total growth for Genpact.

Core Business Services, which includes revenue from Digital Operations, decision support services, and technology services, increased 3% to \$980 million, driven by strength in Digital Operations and technology services, which reflects continued demand for our deep operational and industry experience. This was partially

offset by softness in decision support services, which we are actively addressing, as BK noted earlier. Data-Tech-AI increased 9.3% year-over-year to \$622 million, and Digital Operations increased 4.3% year-over-year to \$669 million.

At a segment level, revenue grew 14% in high tech and manufacturing, followed by financial services at 3% and consumer healthcare at 1%. Non-FTE revenue, which includes fixed fee as well as outcome deals, accounted for 47% of third quarter revenue, increasing from the prior year, benefiting from continued momentum in Advanced Technology Solutions.

Demand for our solutions continues to grow. We signed five large deals this quarter. As a reminder, these deals are over \$50 million or greater in total contract value. And our pipeline increased from 2Q as clients look to us as partners to run and transform their businesses.

Turn to profitability. Gross margin expanded this quarter to 36.4%, up more than 70 basis points year-over-year, reflecting continued operating leverage against healthy revenue growth. Year-to-date, we have driven \$242 million of incremental revenue year-over-year with a \$104 million of incremental gross profit over the same period.

SG&A expense as a percentage of revenue were 20.3%. Adjusted operating income for the quarter was \$229 million, with adjusted operating income margin expanding more than 10 basis points to 17.7% as we continue to self-fund our strategic investments. Our effective tax rate was 23%, down from the previous year, reflecting geographic mix of earnings.

Third quarter net income was \$146 million and diluted EPS was \$0.83. Adjusted diluted EPS again grew faster than revenue to \$0.97, up 14.1% from the same period a year ago. Operating cash flow of \$308 million includes a \$45 million advance client payment made in the quarter. Excluding this impact, operating cash flow was \$228 million, up 15% year-over-year. Additionally, DSOs were 89 days.

Third quarter ended with \$741 million in cash and cash equivalents, down from \$1 billion a year ago. As a reminder, 3Q 2024 cash included proceeds from a bond issuance, which we used to repay a bond maturity later in the year.

Even as we make significant investments to drive our pivot as an agentic and AI-led company, we continue to return significant amount of capital to our shareholders. This quarter, we returned \$119 million to shareholders through \$90 million in share repurchases and \$29 million in dividends, bringing the year-to-date capital return to \$272 million or 59% of free cash flow.

Turning to guidance. As BK mentioned, with another strong quarter of execution behind us, we are raising our full year guidance for revenue and EPS. For the fourth quarter, we expect to deliver net revenue between \$1.298 billion and \$1.311 billion or 4% to 5% growth, representing 4.5% at the midpoint.

Advanced Technology Solutions is expected to grow mid-teens, driven by continued demand for data and AI. And we expect Core Business Services to grow in the low-single digits at the midpoint. This translates into Data-Tech-AI and Digital Operations revenue of approximately 7% and 2.2% respectively.

We expect gross margin to expand to 36.4% and adjusted operating income margin to come in at 17.4%. We expect diluted EPS of \$0.93 to \$0.94 for the fourth quarter. As a result, for the full year, we now expect to deliver net revenue in the range of \$5.059 billion to \$5.071 billion, or 6.1% to 6.4% growth with Advanced Technology

Solutions in the mid-to-high teens and Core Business Services in the low-single digits. Data-Tech-AI and Digital Operations revenue is expected to be 9.2% and 3.6% at the midpoint, respectively.

Our full year gross margin is expected to be 36%, a 50-basis-point increase from the prior year. Adjusted operating income margin is anticipated to be 17.4%, an increase of 30 basis points from the prior year. Our adjusted diluted EPS is now expected to be between \$3.60 and \$3.61, representing a 10.2% growth year-over-year. We continue to grow adjusted diluted EPS faster than revenue. Operating cash flow is expected to be approximately \$650 million. This includes the \$45 million advance payment in the third quarter from the client noted earlier.

On capital allocation, we continue to aim to return at least 50% of cash flow to investors through a combination of share repurchases and dividends, while maintaining flexibility for strategic investments. More details on constant currency growth rates can be found in our earnings press release and factsheet posted to our Investor Relations website.

Before turning the call over to Krista, I'd like to share a couple of early thoughts on 2026. First, we remain committed to the medium-term targets we laid out at our Investor Day, and we see potential for upside momentum continues to build, amplifying what sets us apart with Advanced Technology Solutions as we define the future of agentic operations.

Next, you should expect to see an increased emphasis on GenpactNext framework, particularly as we track our progress against our ambition to establish Genpact as a global leader in Advanced Technology Solutions. And finally, we continue to execute across our businesses to drive sustainable growth. Working with our clients to accelerate AI transformation that builds long-term partnerships and supports improved economics for both Genpact and our clients.

With that said, I'll turn the call over to Krista.

Krista Bessinger

Head-Investor Relations, Genpact Ltd.

Thank you, Mike. Before we begin Q&A, I just wanted to quickly note that due to a family emergency, BK and Mike are taking the call from separate locations today. As a result, although we have tested to ensure a seamless connection, you may hear a lag or a delay when they're speaking. If that happens, please bear with us as we do our best to get it corrected. Thank you.

Operator, we're now ready to take questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] Our first question today will be coming from the line of Bryan Bergin of TD Cowen. Your line is open.

Bryan C. Bergin

Analyst, TD Cowen

Q

Hi, guys. Good afternoon. Thank you. I wanted to open up here just as it relates to demand, if you can comment on the bookings performance you saw here in the third quarter or give us a sense on that larger deal momentum, how you're feeling about that. And maybe just has it changed much as you've gone through October and into November?

Balkrishan Kalra

President, Chief Executive Officer & Director, Genpact Ltd.

A

Sure, Bryan. Maybe I'll pick it up and, Mike, feel free to add. So, overall demand signals, Bryan, continue to be strong across the board. If I see various cohorts of the deal or I look at new clients, existing clients or even various segments, so demand signals continue to be pretty good. We enclosed the pipeline. And what I must also say that, look, sales cycles, especially for large deals, continue to be – we are seeing a mix.

Some are moving at an accelerated pace. We closed five large deals this quarter, especially given their size. And others are taking more time to close as we work through long-term transformational roadmaps as our clients bake in all of the AI benefits into the deals. And by definition, as you know, large deals represent long-term strategic partnerships. And they have their own timing on cadence and don't necessarily move with the 90-day incremental or so. But we feel really good about the overall environment, and Mike, if you will, like to comment a bit more on the booking.

Michael Weiner

Chief Financial Officer, Genpact Ltd.

A

Yeah. So, first of all, I just want to comment a little bit more into that in total. We're seeing strong demand in both new and existing clients. And we remain committed to not just the full year guidance we laid forth earlier with 6.1% to 6.4% growth for the year. I just want to again reiterate our medium-term targets for 2026 and 2027 of growing at least 7% for those years respectively still remains on track.

With regard to bookings, again, strong pipeline growing demand will translate into what that revenue is going to be for the medium term. We'll evaluate everything else on a go forward basis, but we feel really good, particularly about our medium-term targets for the next few years.

Bryan C. Bergin

Analyst, TD Cowen

Q

Okay. Okay. Very good. And then my follow-up just around GenAI and agentic contracts and the resultant revenue and kind of margin impacts. You mentioned contract values continue to move higher. You're obviously talking favorably about the revenue being at higher margins and EPS having higher growth in margins. Is there any framing you can help with there? At the Investor Day, you talked about kind of the aggregate 300 bps higher margin. Any context you can share around that number as far as is it still in that type of range, is it changing in any direction? Thanks.

Balkrishan Kalra

President, Chief Executive Officer & Director, Genpact Ltd.

A

Sure, Bryan. Overall, we feel very good with how agentic contract value is shaping up. We really see this playing in a very strong fashion. There's no artificial intelligence without process intelligence as our clients lean in more with trusted partner like us, as they need to implement more complex tools, they need the process expertise, the last mile. And now, specifically on the stats, stats continue to trend in the positive direction as well.

And what we're really pleased is about the awarded agentic contract value as Mike noted and I noted earlier that 30% of that is coming in from newer clients as well, and that's a significant number and that has improved from that particular day as well, as well as the 300 bps or the growth with our existing clients. This is all moving in the positive direction.

Michael Weiner

Chief Financial Officer, Genpact Ltd.

A

Yeah. So, if I could just quickly add on BK, just to kind of sum it up, Bryan, for you. So, BK alluded to and we talked directly about 30% of the awarded agentic contract value year-to-date is coming from new clients, and that's a significant number. As we move continuously through the year, we're very proud of – BK talked about the 300 basis points or 3% accretion in terms of total revenue. On a year-to-date basis, we are tracking above that number. That's something we're quite proud of.

Bryan C. Bergin

Analyst, TD Cowen

Q

Okay. Great. Thank you.

Operator: Thank you. One moment for the next question. And the next question will come from the line of Maggie Nolan of William Blair. Your line is open.

Maggie Nolan

Analyst, William Blair & Co. LLC

Q

Thank you. Can you help me understand maybe when your clients are not ready to launch agentic operations, what are the primary reasons there? And then anything you can share about how penetrated are in your client base with the agentic operations offerings and then your expectations for the pace of adoption from here.

Balkrishan Kalra

President, Chief Executive Officer & Director, Genpact Ltd.

A

This is a long-term trend, Maggie, and it will take much longer to translate. However, we are taking it in a very strong fashion with all of our existing clients, new clients. And for new clients, not surprisingly, a lot of times their datasets are not ready or the process standardization still has to happen, and it's not just about the technical debt, it's the process debt, the data debt, and you see that in our Advanced Technology Solutions because our data and AI set of solutions is really taking hold in a very, very strong fashion.

And we got to meet our clients where they are and that's certainly helping us be from a core business services or also nudging them towards Advanced Technology Solutions, including agentic, but feel really good with all of our existing clients and new clients in taking this agentic journey and reshaping the industry, as well as leading the industry from an agentic operations standpoint.

Michael Weiner

Chief Financial Officer, Genpact Ltd.

A

Yeah. If I may just add on to that, BK, Maggie, the way we think about it from our clients, they're looking for a trusted partner and they found that in Genpact. They need our process level or domain level expertise as they move ahead on their journey, particularly that with agentic. But I think it's important what BK spoke about a minute ago, we need to meet them where they are in terms of their process.

I can assure you we are as aggressive as everybody else can be in pushing agentic solutions and enhancements in technology. But, again, it has to be a comfort level that our clients need to have. So we feel very good about both the progression we're making in our Core Business Services and our Advanced Technology Services, and particularly feel good about the process we've made in our agentic solutions growth.

Maggie Nolan

Analyst, William Blair & Co. LLC

Q

Okay. Thank you. And then, in light of some consolidation in the industry as well as maybe more traditional ITO increasing their focus on things like agentic operations, can you just comment on the competitive landscape for you right now and your positioning?

Balkrishan Kalra

President, Chief Executive Officer & Director, Genpact Ltd.

A

Look, I think – sure. Look, I think, again, where our differentiation lies is in the last mile expertise, understanding the domain, the process expertise of where the friction points are and that is where we have spent just about three decades, Maggie. And then the trust that we have built with a number of these clients, a number of these are Fortune 500 clients, as you know.

And now we're investing heavily in the Advanced Technology Solutions at that edge issues and we are bringing software at those edge cases that fits on top of many of standard platforms as well as APIs that we have built with systems of records like SAP, Oracle and so on so forth.

And I would also say that the culture matters a lot. And I think we win a lot because of our strong and distinctive culture of, obviously, client centricity, but also the startup mentality that exists and that innovation is taking shape with a ton of speed and agility. So, really feel good about our differentiation and it's showing up in the numbers in what we are executing on from an organic basis and really proud what teams are doing.

Maggie Nolan

Analyst, William Blair & Co. LLC

Q

Thank you. Nice results.

Balkrishan Kalra

President, Chief Executive Officer & Director, Genpact Ltd.

A

Thank you.

Operator: Thank you. One moment for the next question. And our next question will be coming from the line of Surinder Thind of Jefferies. Your line is open.

Surinder Thind

Analyst, Jefferies LLC



Thank you. BK, can you maybe provide some color on why maybe upwards of the 30% of agentic work or the awarded contracts are coming from new clients? Is there – it's hard for me to reconcile given that you would have had much stronger relationships with your existing clients. So what's allowing the win and kind of what is going on there?

Balkrishan Kalra

President, Chief Executive Officer & Director, Genpact Ltd.



Yeah. So, overall, Surinder, there is a strong traction building up with existing clients too, but what I am also super excited that number of our – these agentic solutions are taking hold with new clients too who are net new to Genpact or are net new to that particular agentic solution. And sometime those – they are running these processes or working with other partners.

So that is what we are clubbing as new clients. And – but I must note that it is our existing clients are also absorbing these solutions fast, not fast enough. I'm nudging – we are nudging them more. But, clearly, all of these are taking hold and, therefore, tells us about the total addressable market that we have begun to attack more and, therefore, really thrilled with how this AI is turning as a tailwind for us and increasing our total addressable market.

Surinder Thind

Analyst, Jefferies LLC



Got it. And then, I guess, when I think about just the Advanced Technology Solutions offering, can you maybe talk about the size and scope of those projects and maybe the cadence of how those work? Meaning from initial interest to when they convert to revenues and then how quickly you can execute a project and then maybe what the follow on might look like?

Balkrishan Kalra

President, Chief Executive Officer & Director, Genpact Ltd.



Yeah. I think, first, I would go back, Surinder, on one of the core metrics that we shared for Advanced Technology Solutions, which we called at the Investor Day 2x, 2x, 70%, 70%, and the 2x, 2x was it is growing – Advanced Technology Solutions are growing 2x the rate of the total company and their revenue by head count greater than 2x of the total company. And 70% is annuitized, nearly 70% is annuitized is the point I was wanting to address in that question that you asked. And 70% is non-FTE and, therefore, the more value accretion happens for Genpact too.

And these are series of, as an example, if I think of agentic solutions, these are – we have launched as we talked about agentic AP suite, and it is one of the fastest solution in the entire history of Genpact that has taken hold and that is with existing clients as well as new clients. And then data and AI, which is another part of Advanced Technology Solution, is growing at a very rapid pace because now a lot of our data demand or the data capabilities are getting leveraged, I mentioned in my prepared remarks about how nearly 100 clients are in our Gigafactory, which delivers better ROI on all of the data program and projects and most of these data programs, I mentioned, Heineken, Heineken data program is a longer term program. It is not some 7-month effort or 10-month effort.

Surinder Thind

Analyst, Jefferies LLC



Thank you.

Balkrishan Kalra

President, Chief Executive Officer & Director, Genpact Ltd.

A

Thank you.

Operator: Thank you. One moment for the next question. Our next question is coming from the line of Puneet Jain of JPMorgan. Your line is open.

Puneet Jain

Analyst, JPMorgan Securities LLC

Q

Hey. Thanks for taking my question. Really good quarter. I want to follow up on the question that Maggie asked earlier. So, first, it was nice to hear like the case studies on agentic AI, but are clients ready to move some of those solutions and ideas into production and overcome concerns around governance, change management, in some cases, data and the technology around that AI solution that they intend to implement.

Balkrishan Kalra

President, Chief Executive Officer & Director, Genpact Ltd.

A

And Puneet, that's where the question of trust comes in. That's where the question of last mile comes in. That's where when we have built over decade long relationships, I mentioned Heineken or Mars or many other examples that you saw even on the Investor Day. We shared about the Wesco example on the Investor Day where we used to run accounts table, but we know the ins and outs. We know how their entire organization is wired in, how the workflow is wired in, where the data issues are, where the friction points are, what are the change management issues in the client organization.

So, as we implement more complex technology, you see it our clients certainly need trusted partners is why we are seeing all of this take hold in production environment for our clients and that is the exact thesis I talk about, no artificial intelligence without process intelligence. And our last mile expertise is creating the most astute differentiation.

Puneet Jain

Analyst, JPMorgan Securities LLC

Q

And how was some of these contracts structured? We hear like all types of models, like the subscription models that some companies are exploring. How are you structuring some of these contracts when you manage a process using your own or third-party agentic AI solutions?

Balkrishan Kalra

President, Chief Executive Officer & Director, Genpact Ltd.

A

The commercial models, that's why we, as part of GenpactNext, we are very clear about non-FTE models. So that's a shift that we are driving in a very sharp manner towards non-FTE models. And this is our software, so wherever there is our software, there are more subscription ARR based. Early days, but they are more value and consumption based structure and not resource based structures.

Puneet Jain

Analyst, JPMorgan Securities LLC

Q

Got it. Thanks.

Michael Weiner

Chief Financial Officer, Genpact Ltd.

A

Yeah. If I could quickly add on to that just to emphasize the point, Puneet. This is our software, this is our IP. So we're able to convert into an ARR type model and move away from all non-FTE related commercial models associated with it, which is just logical if you think about it from the software perspective.

Puneet Jain

Analyst, JPMorgan Securities LLC

Q

Yeah. That's great to hear. And if I can quickly follow-up on that, do you intend to disclose how much of revenue stems from those models or specifically or purely from agentic AI based solutions?

Michael Weiner

Chief Financial Officer, Genpact Ltd.

A

Yeah. It's Mike again. So, metrics focused on leading indicators are the best measures we have of the business health right now. So, when we go through our 2026, expect to see more focus on GenpactNext related metrics, particularly that on our ATS, our Core Business Services. And non-FTE revenue as a percentage are really the key indicators we're going to focus on right now.

Puneet Jain

Analyst, JPMorgan Securities LLC

Q

Got it. No, that makes sense. Good luck. Thank you.

Operator: Thank you. [Operator Instructions] At this time, I'm not seeing any more questions in the queue, and I would like to turn the call back to management for closing remarks. Please go ahead.

Balkrishan Kalra

President, Chief Executive Officer & Director, Genpact Ltd.

Thank you, Lisa. I do want to thank you all for joining us today. We are incredibly excited about the future at Genpact as we continue to define the future of agentic operations. And I do want to thank all of our employees for their unstinted efforts as we drive this change and take this opportunity to thank all of our clients for choosing Genpact, and yes, all our shareholders for their ongoing support.

We look forward to speaking with you again next quarter. Thank you.

Operator: This concludes today's conference call. Thank you all for joining. You may now disconnect.

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