

# Mphasis Earnings Q3 FY 2022

*Continuity and Acceleration*

21<sup>st</sup> January 2022

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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.*



# Key Themes Shaping Our Business



## “HYBRID FIRST” WORKPLACE

- Work from Anywhere, Collaborate in Office
- Reimagined Employee Value Proposition
- Reconfigured workspaces



## INCLUSION & SUSTAINABILITY

- S&P Global Sustainability Index – 37 percentile to 69 percentile
  - Environment (60<sup>th</sup> percentile)
  - Social (77<sup>th</sup> percentile)
  - Governance (73<sup>rd</sup> percentile)
- Target based reduction on energy consumption & carbon footprint



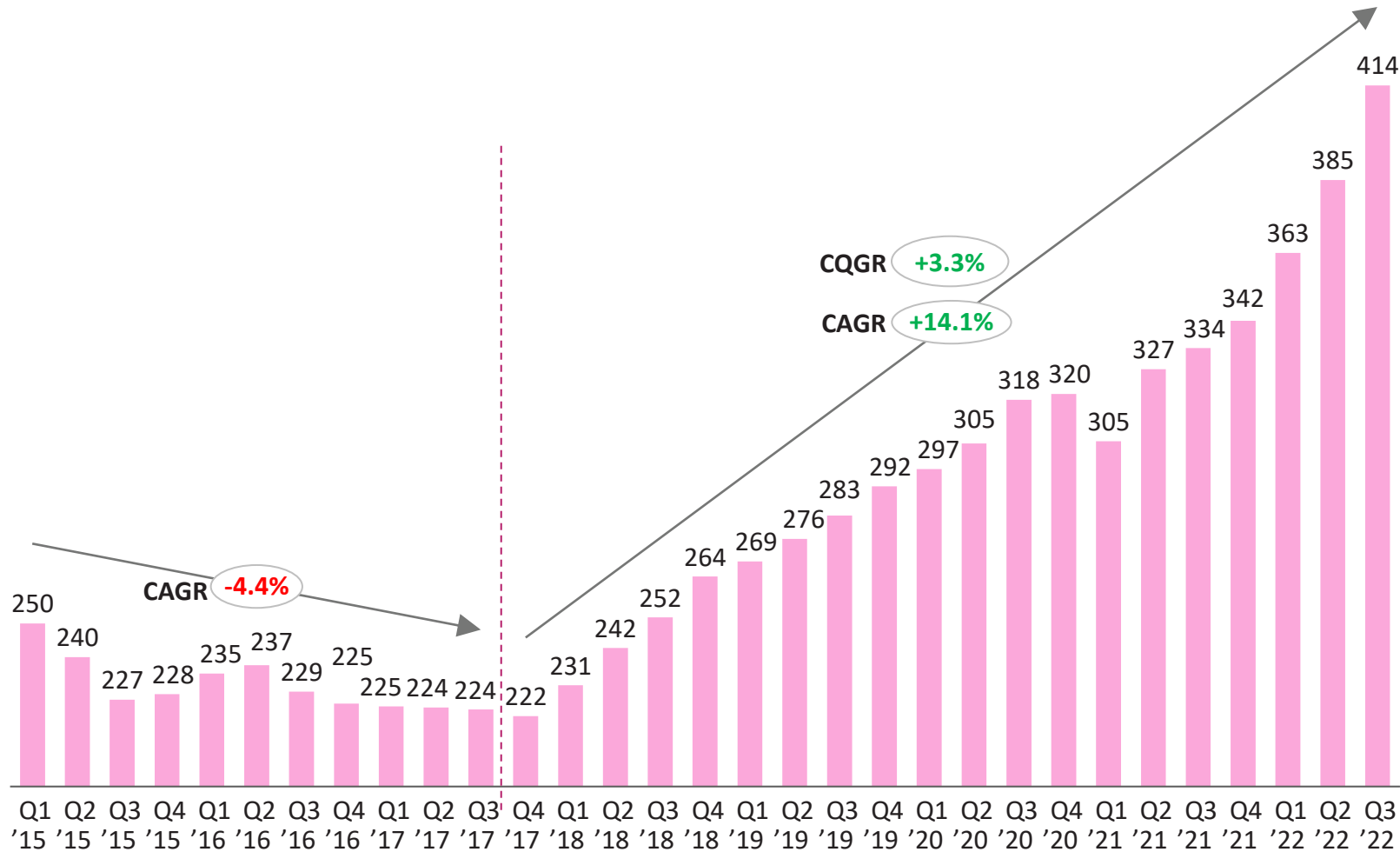
## WEB 3.0

- Blockchain based opportunities
- Decentralized Finance & NFTs
- CrossTower Partnership

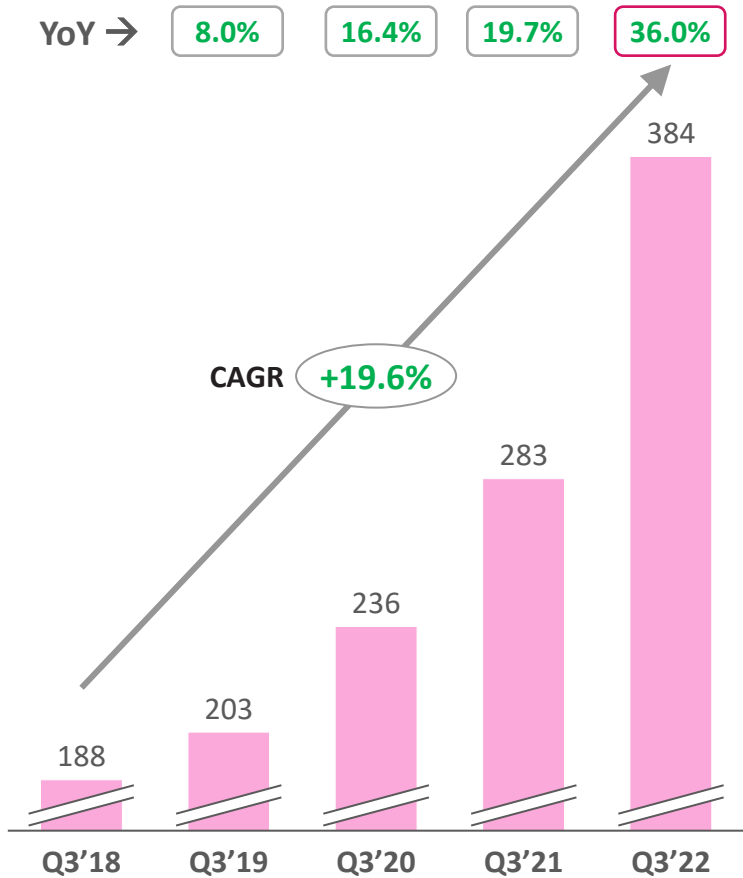


# Our Track Record Tells the Story: Decade-high Growth

**Q3-FY22 Overall revenue grew 24.2% YoY in CC#; Decade-high growth**  
**Direct business grew 36.1% YoY#; Highest growth on record**



**Accelerated growth with larger scale in Direct; Achieves \$1.5B run-rate<sup>^</sup>**

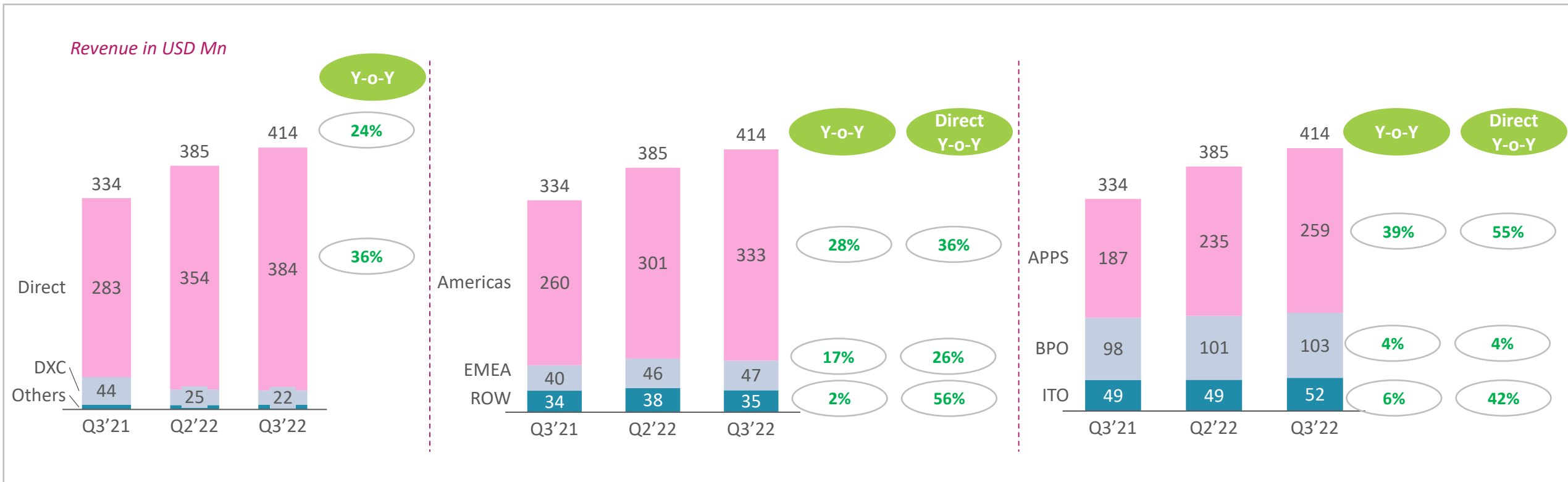


\* Revenue in USD \$M at average USD/INR rate for the respective years # Constant Currency

Direct Business revenues

<sup>^</sup> On annualized basis

# Continuing Success of Our Strategy in Numbers

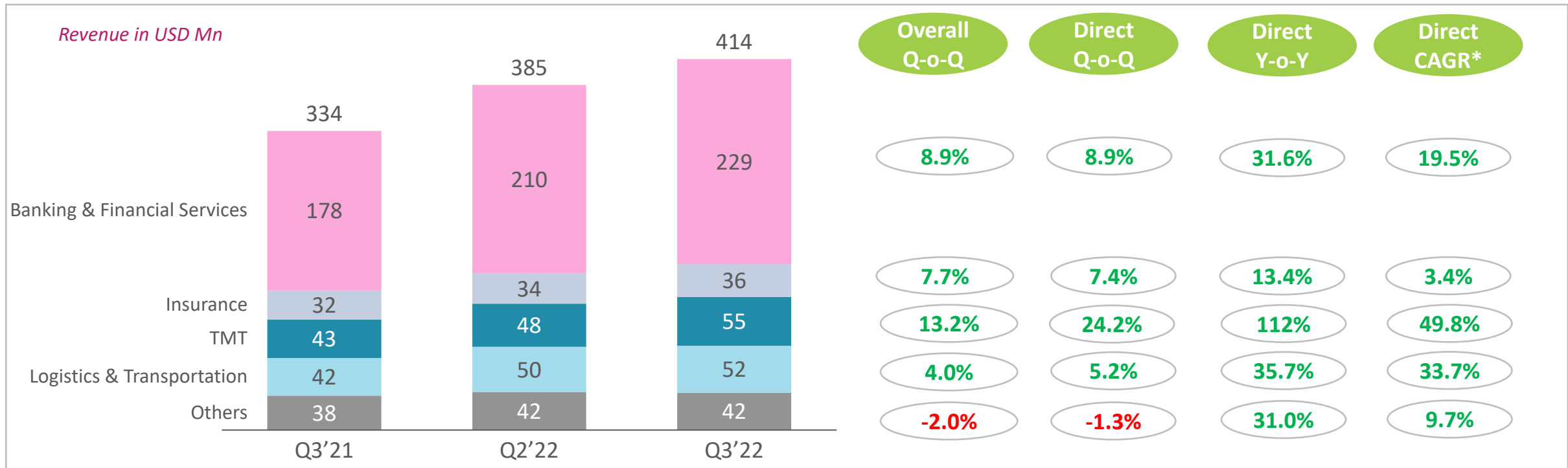


## Direct performance in Q3'22

- YoY growth of 36.1% in CC; 3<sup>rd</sup> Consecutive quarter of 30%+ YoY growth
- Strong and Consistent growth across all vectors: Segment, Geography, Service type including Top 10 accounts
  - Growth led by Applications segment

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

# Sustained Broad-based Growth Across Verticals



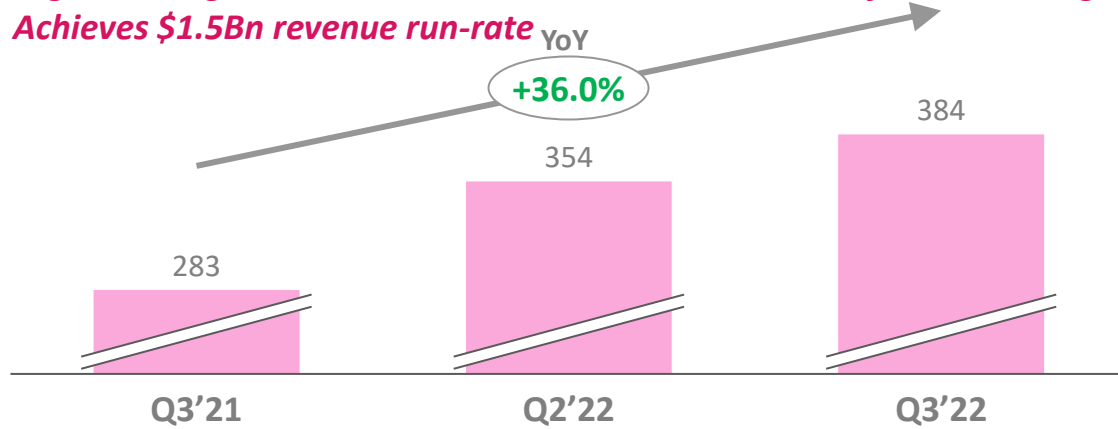
- **BFS : Consistent track record of double-digit YoY growth**
  - Delivered growth of 20%+ YoY growth in past 6 quarters ; Continued “Best in class performance”
- **With our tech-led positioning, we are replicating our performance in BFS in other verticals**
  - TMT : YoY growth of over 112% driven by recent large deal wins;
  - Logistics and Transportation: Strong YoY growth of 35.7%



# All Constituents of Direct Growth Progressing Well; Key Clients Lead Growth

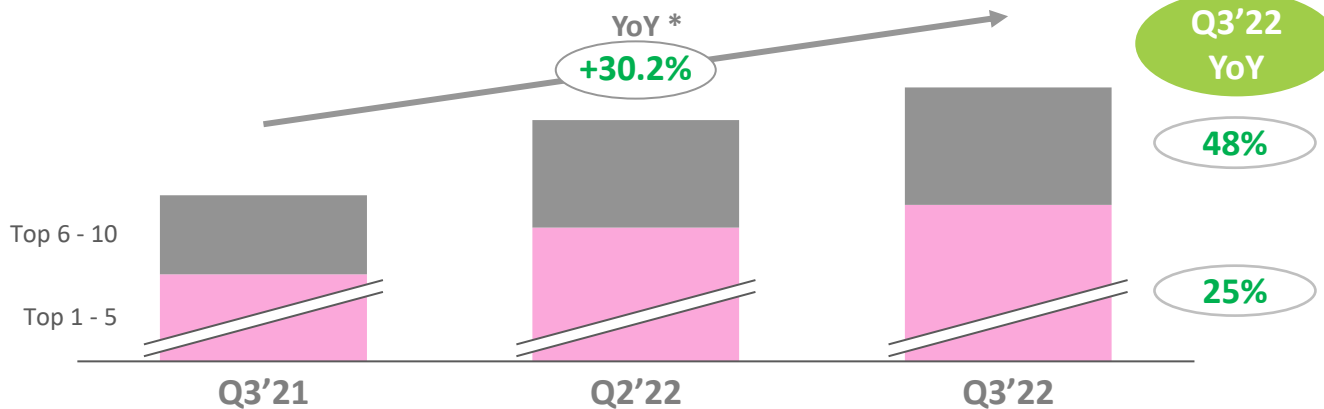
## Accelerated Growth in Direct Revenue

**Q3'22: Highest YoY growth on record; 3<sup>rd</sup> consecutive Quarter of 30%+ YoY organic growth Achieves \$1.5Bn revenue run-rate**



## Top Accounts Leading Growth in Direct

LTM revenue (\$ Mn) for top 10 accounts in Direct ( as per MDA disclosures)



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

**Overall**

Strong Q3'22 YoY (32.4% CC) organic growth; Broad based growth across all vectors

**Top 10**

Top 10 accounts grew 30.2%\* YoY; All US\$50 mn+ accounts grew sequentially in Q3'22 for 3<sup>rd</sup> straight quarter

**Top 20**

Accounts in Top 11-20 category for Q3'22 grew 36% YoY

**Europe**

Europe region delivering strong growth; Q3'22 revenue has grown at 28.4% YoY on CC basis

**NCA**

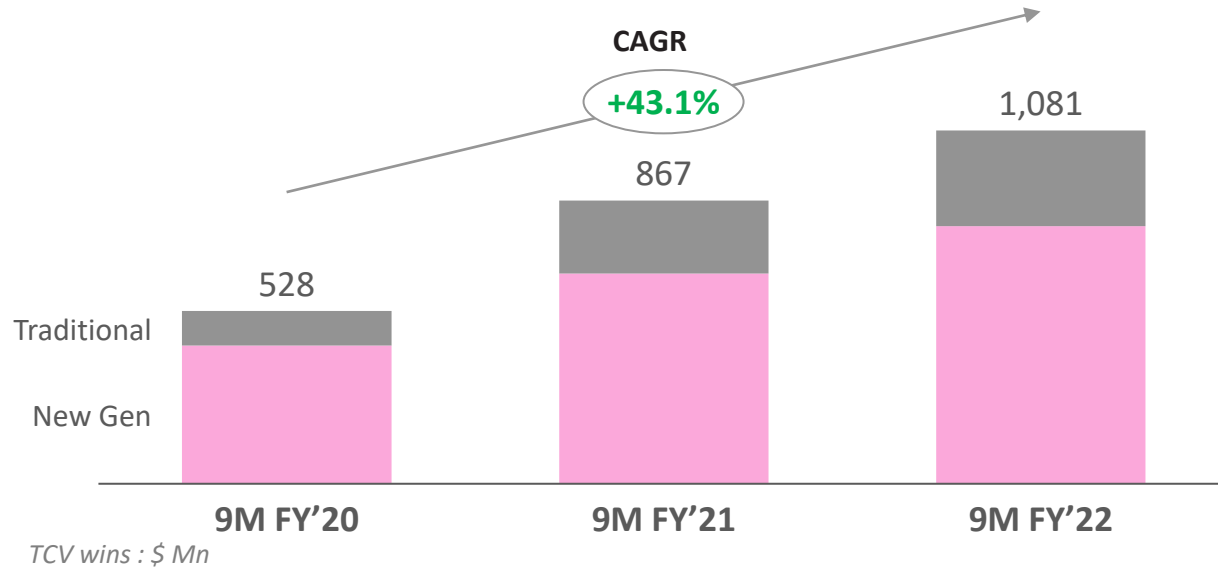
NCA continues to contribute to growth in Direct; YoY growth of 80.0%

NCA: New Client acquisitions

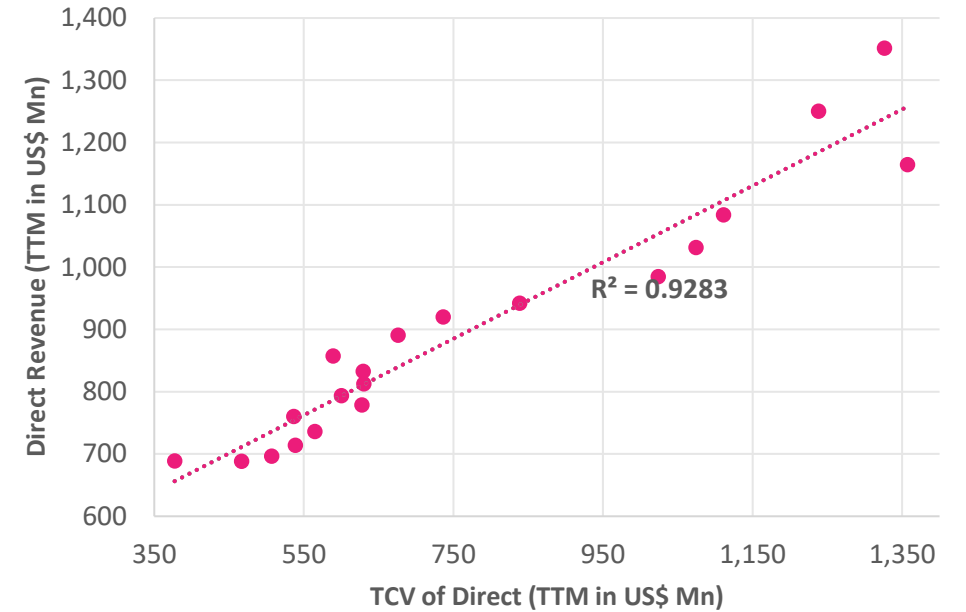


# Direct TCV Trends Stable

## Direct TCV Wins



## Direct: Revenue vs TCV – Strong Correlation



- TCV wins of \$335M for Q3'22; 8th consecutive quarter of \$200M+ TCV wins
  - 4 large deals, with largest at \$92mn TCV
  - YTD TCV wins at \$1.08 Bn ; CAGR of 43% in the past 2 years;
- ~73% of YTD deal wins in New Gen areas





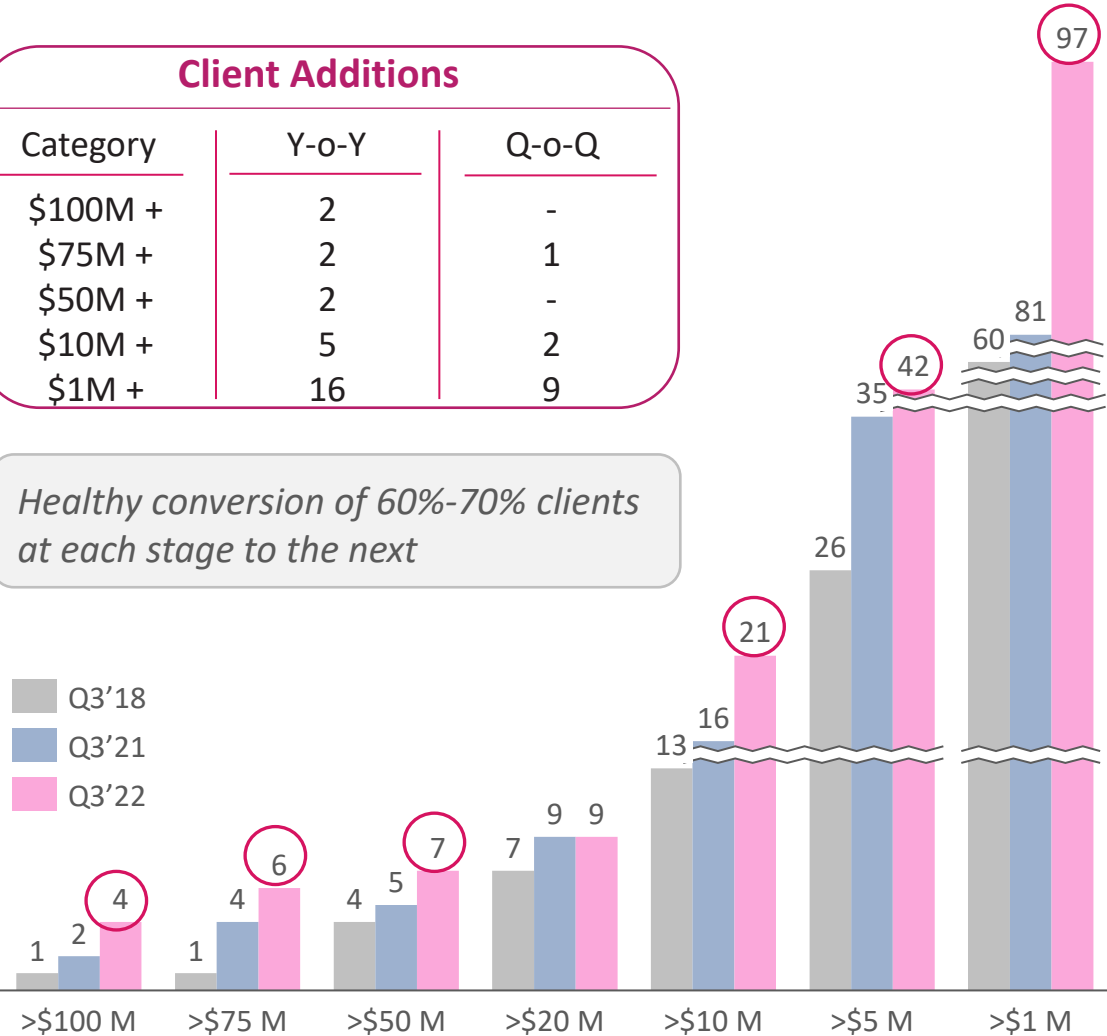
# Improving Client Mining and Large-deal Metrics: Direct

## Client Pyramid

### Client Additions

Category	Y-o-Y	Q-o-Q
\$100M +	2	-
\$75M +	2	1
\$50M +	2	-
\$10M +	5	2
\$1M +	16	9

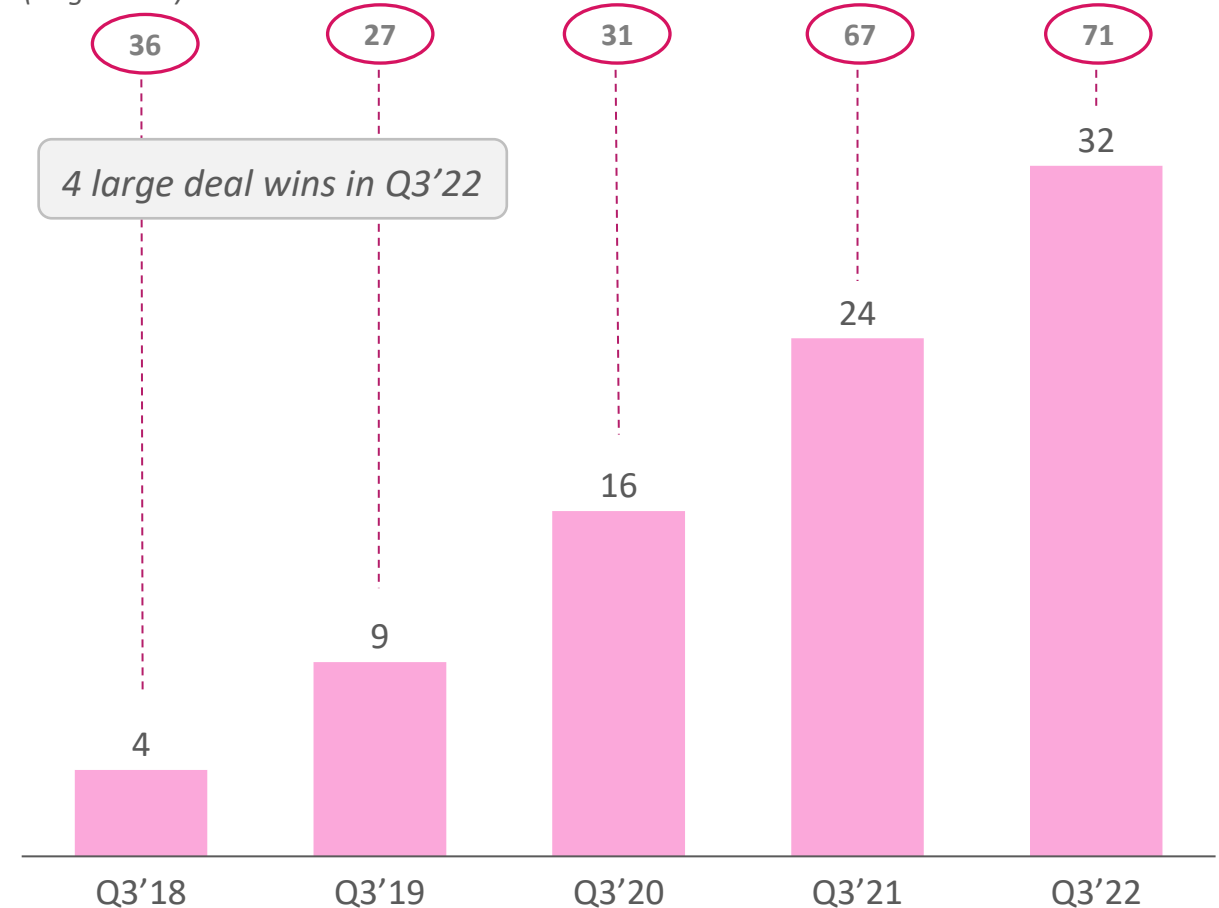
Healthy conversion of 60%-70% clients at each stage to the next



## Focus on winning large-deals (>\$20M TCV)

# of cumulative deal wins since Q1'18

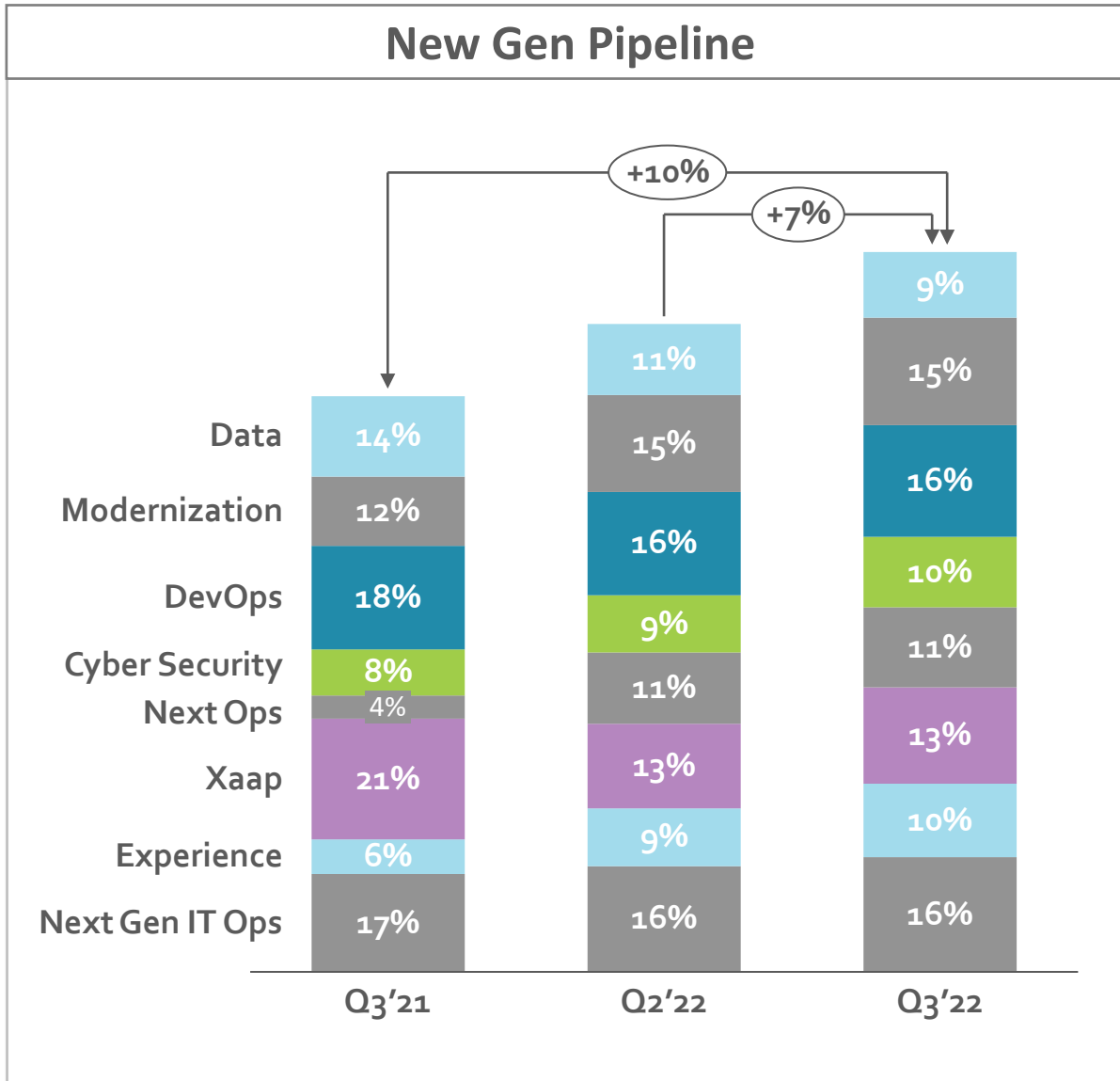
LTM avg deal size (large deals)



Note: All metrics based on LTM revenues; Q3'22 data includes Blink UX



# Healthy Pipeline Growth in Chosen Areas to Boost Momentum



## Key Highlights

- New pipeline creation across client segments has been robust with 7% growth Q-o-Q
  - Consistent focus with hyper-scaler channels
- 4 large deals won this quarter: 1 in NCA and 3 in Strategic customers
- Large TCV Wins complemented by new logo wins in new sectors further diversify our growth & pipeline
- Blink acquisition led new synergy deal generation
  - 2 synergy deal wins

1



## Supply Chain Levers

- **>50%** of Q3 hiring was freshers
- Projected to add **~5500** freshers in FY22
- Focus on price increases
- Improving recruitment channel mix

2



## Talent Reskilling & Deployment

- **>12.7k** reskilled through TalentNext in Q3
- **34%** of talent was internally rotated
- **>2X** increase in TalentNext throughput

3



## Expanding Talent Pool

- Sourcing from Tier 3 & Tier 4 cities
- Set up of low-cost nearshore centers



Mexico

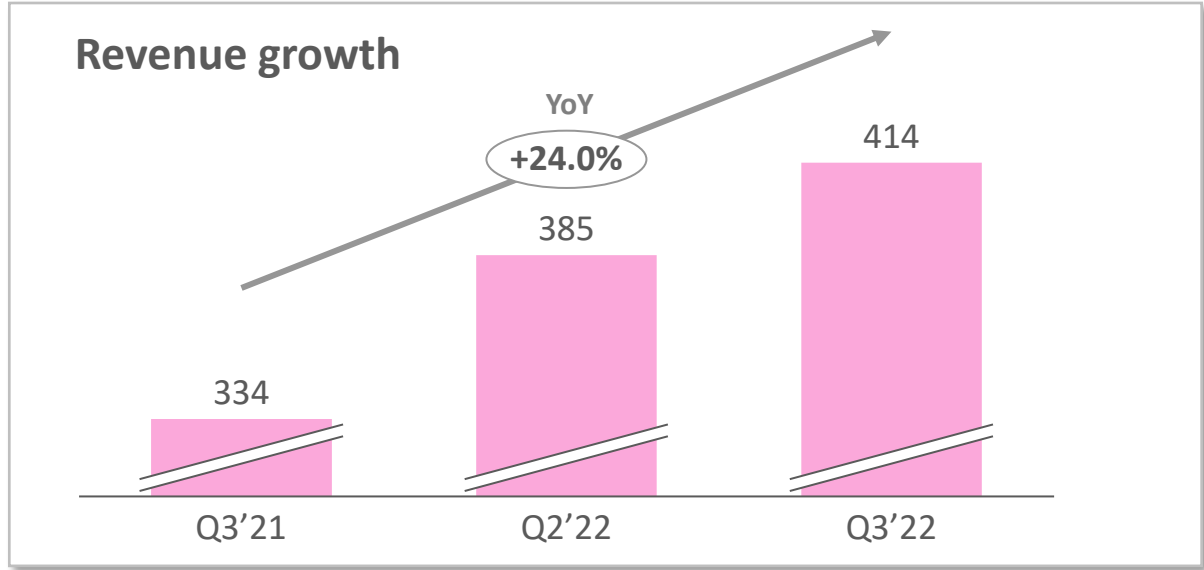


Taiwan

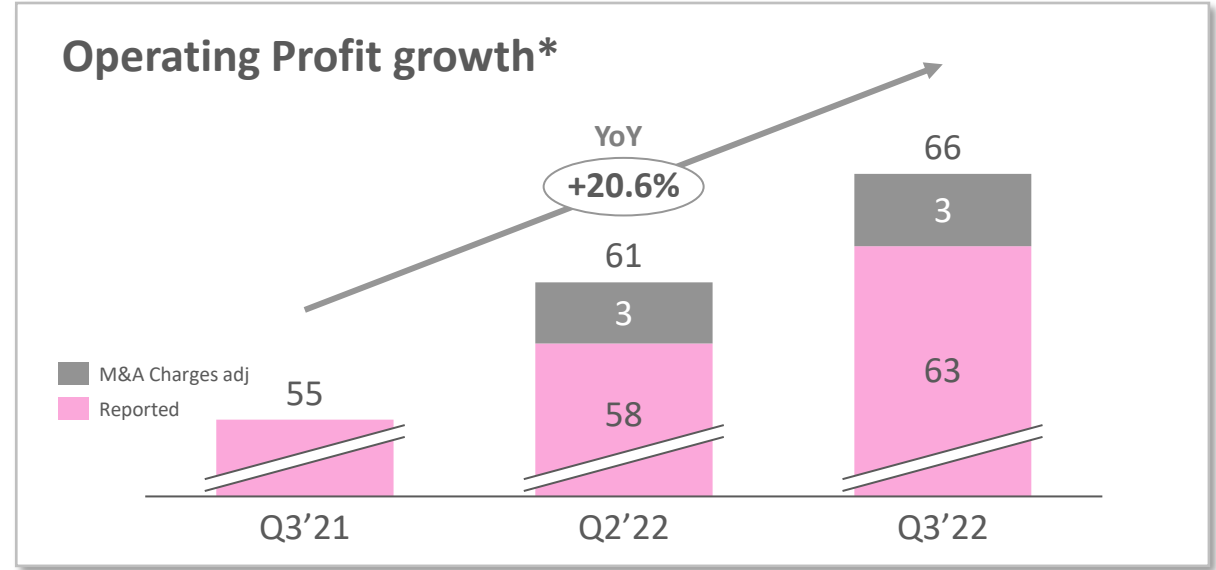
- Expansion in Canada



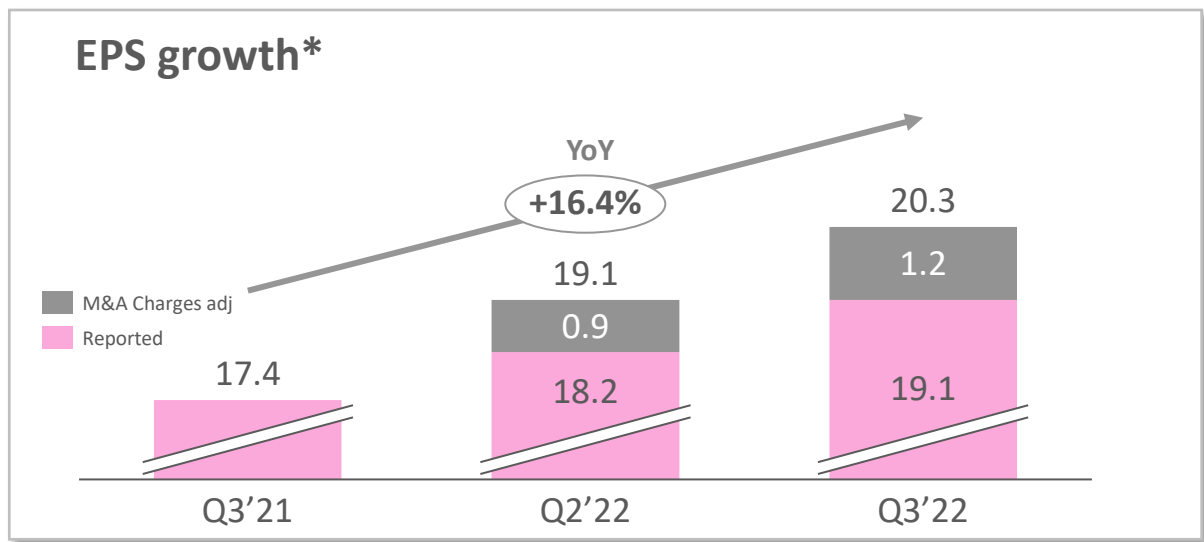
# Strong Performance in All Financial Metrics



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

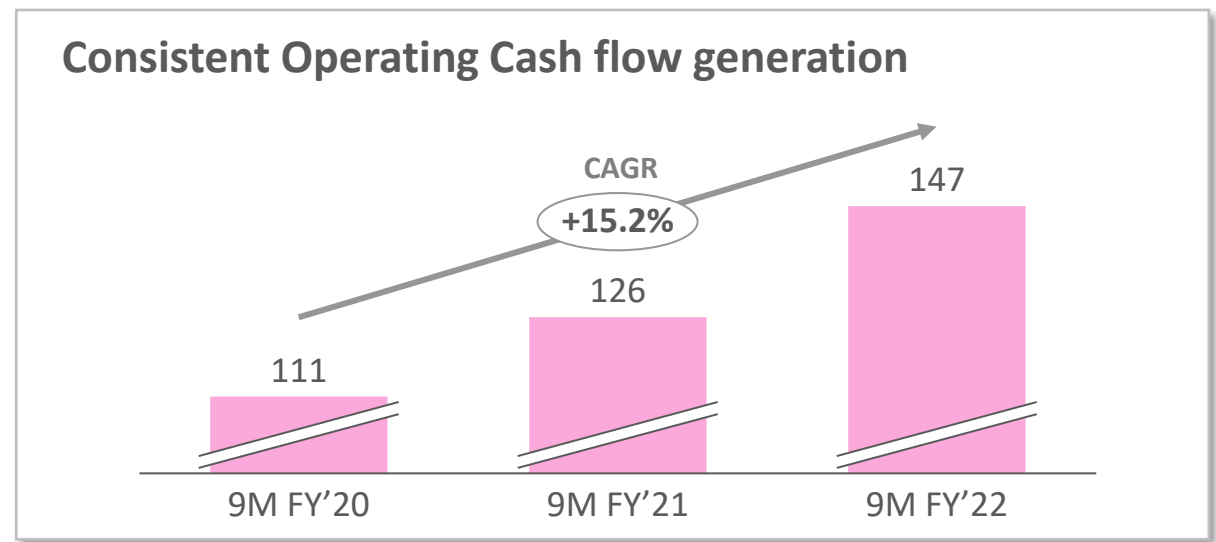


EBIT in \$M at average USD/INR rate for respective periods



Basic EPS in INR for respective periods

\* Adjusted for M&A related charges



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



**Strong Direct performance sustained** – FYTD 33%+ Y/Y Constant Currency Direct growth; third straight quarter of 30%+ Y/Y organic growth

- **KPIs moving in the right direction** with our tribe-based propositions paying off
  - Broad-based nature of growth
  - Diversification of growth; Continued share gains across Client Tiers (Top-5/Top-10/Top-20 clients)
  - Strong influx of trainees/freshers to provide pyramid leverage
  - Record collections with DSOs position at multi-year lows despite robust growth
- **Growth-accretive margin stance ensures predictable margin performance** while providing room to make essential investments and managing supply headwinds



- Sustained investments align with our ***“Continuity and Acceleration”*** theme – geography footprint expansion, greater leadership breadth and depth, build-up of digital competencies, NCA
  - Industry-leading growth in Direct
  - Target organic operating (EBIT) margin band of 15.5%-17%
- **Continued convergence of overall revenue growth with Direct growth going forward**



Q&A

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

# Analysts/Advisor Recognitions: Q3 FY '22



**FORRESTER**  
**NOW** Midsize RPA  
**TECH** Service Vendor,  
**Q4** Robotic Process  
**2021** Automation  
 Services

**POLICY ADMINISTRATION  
 SYSTEMS: EMEA LIFE  
 INSURANCE EDITION**  
 CELENT | 2021

Everest Group  
**PEAK  
 MATRIX** MAJOR  
 CONTENDER  
Digital Experience Platforms (DXP) in  
 Insurance Industry Products, 2022

Everest Group  
**PEAK  
 MATRIX** MAJOR  
 CONTENDER  
Cloud Services Peak by Everest in NA  
 and Europe



Everest Group  
**PEAK  
 MATRIX** MAJOR  
 CONTENDER  
Platform IT Services in BFS, 2022

Everest Group  
**PEAK  
 MATRIX** STAR  
 PERFORMER & MAJOR  
 CONTENDER  
Blockchain Services, 2022

Everest Group  
**PEAK  
 MATRIX** MAJOR  
 CONTENDER  
Insurance Platforms IT Service, 2022

Everest Group  
**PEAK  
 MATRIX** ASPIRANT  
 AND STAR  
 PERFORMER  
QA Services

Everest Group  
**PEAK  
 MATRIX** MAJOR  
 CONTENDER  
Advanced Analytics and Insights  
 Services, 2022

Everest Group  
**PEAK  
 MATRIX** MAJOR  
 CONTENDER  
Banking Operations, 2022





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