



**Mphasis**

The Next Applied

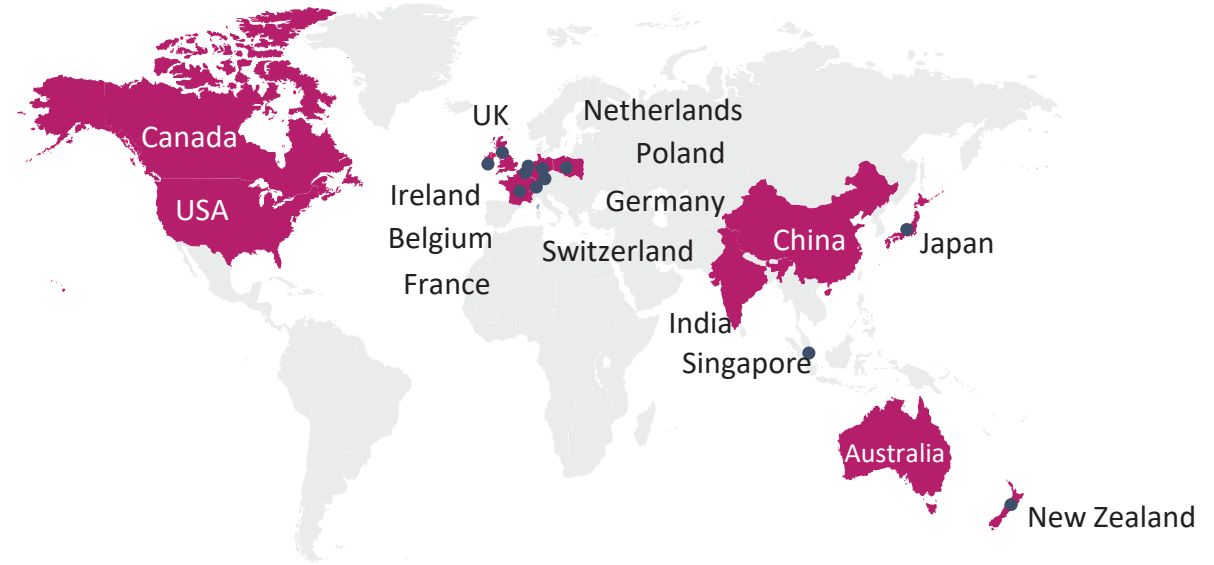
# Investor Presentation

**Q1 2020**

# Mphasis at a Glance

## Applied Technology Company

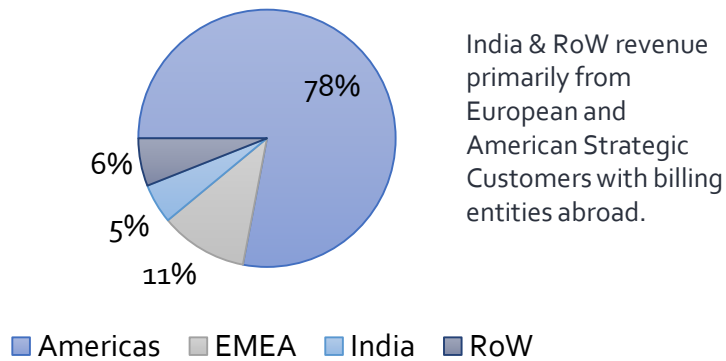
- Incorporated in 1998
- 52.3% owned by Blackstone\*, a Global Private Equity firm
- Integrated services offerings in Application, Infrastructure & BPS
- Global footprint: 60 sales and delivery centers across 19 countries
- Headcount: 25,500\*
- Renewed focus in Europe in 2018
- Mphasis acquired Stelligent Systems LLC – Nov 2018



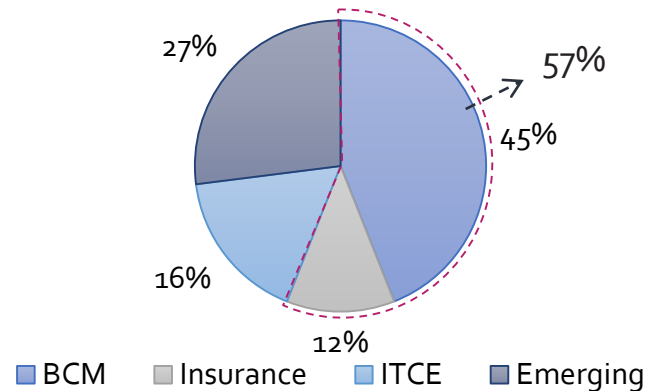
### Financial Strength

Market Cap*	Revenue^	Cash*
\$2. 71 billion	\$1,147 million	\$313 million

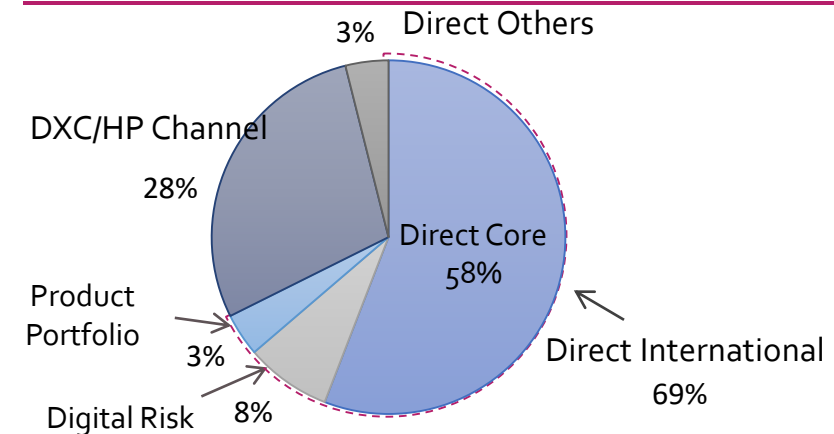
### Geographical Split of Revenue #



### Deep domain expertise in BFSI #



### 69% of Revenue from Direct International #



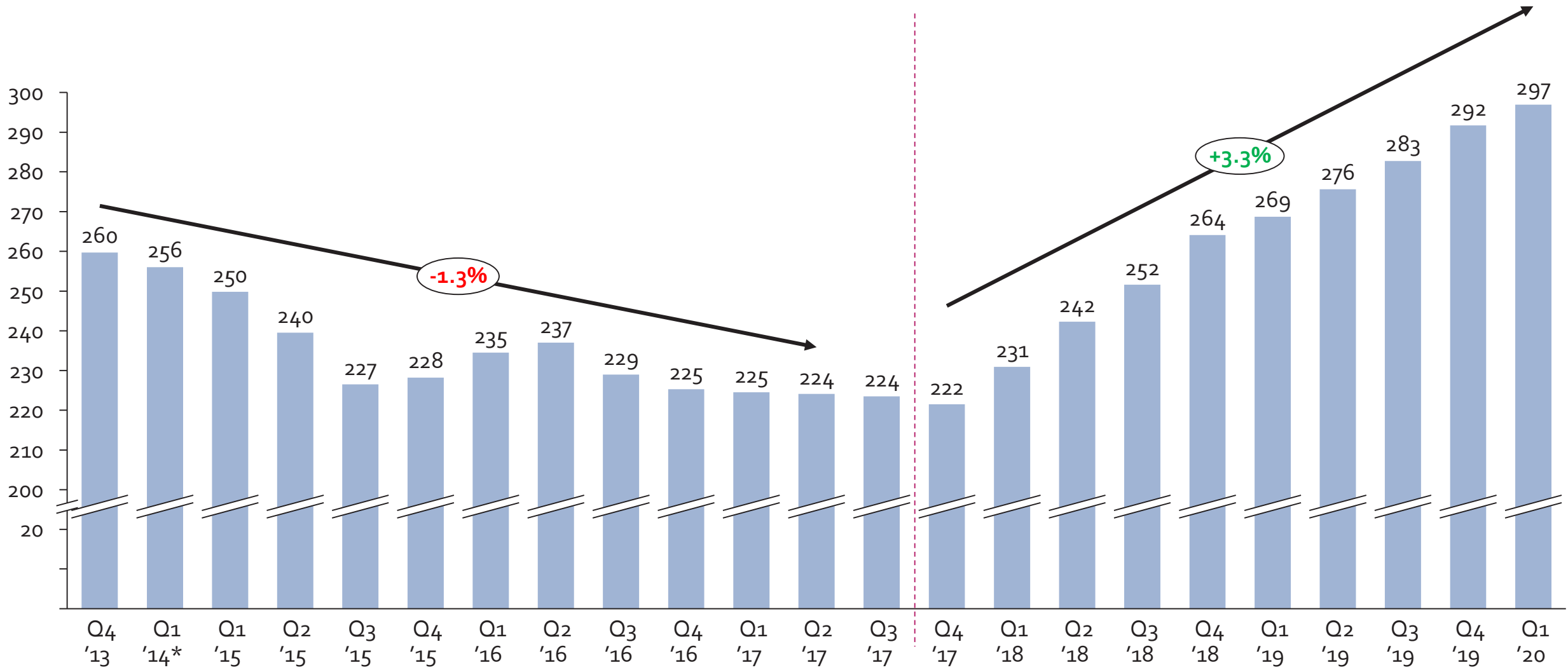
\* As of 30th Jun 2019

# Quarter ended 30th Jun 2019

^ trailing 12 months



# Mphasis Turn Around Story



Company Revenue in USD \$M (gross)

\* Transition Year 5 months adj.



# Core Investment Thesis

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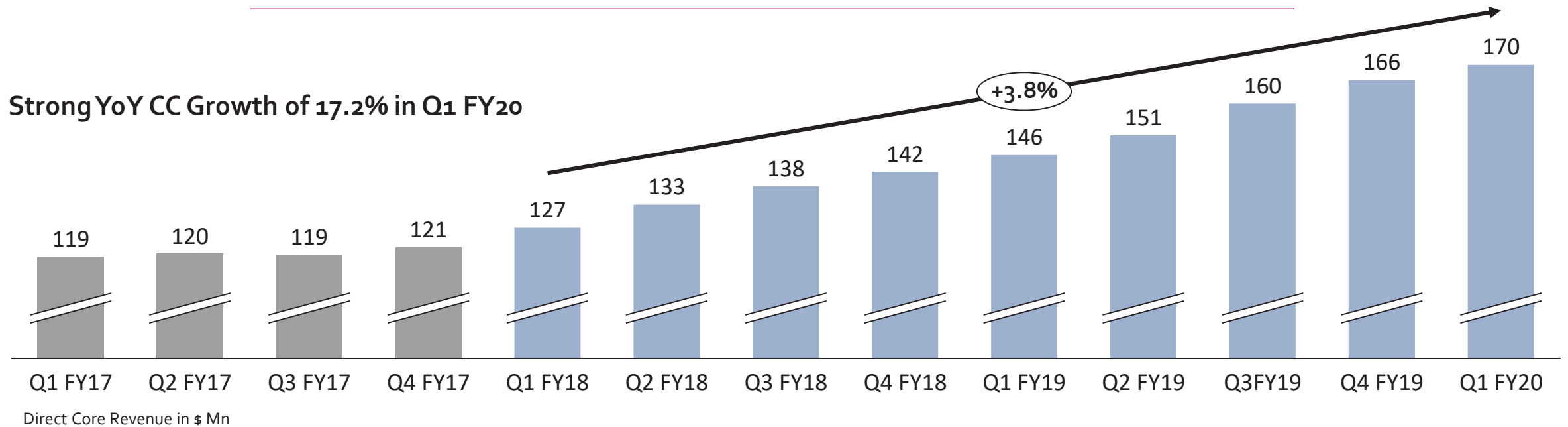
- 1. Accelerate Direct Core** : Consistently outgrow the market
  - Farming Strategic Accounts
  - New Client Acquisition
  - Continue momentum in BX channel
- 2. Strategic Partnership with DXC/HP** : Continuous transformation in relationship
  - Applications Partnership Growth
  - Expand Vertical and Geographic Footprint
  - Increase Service Transformation Participation
- 3. Continued focus on Margin optimization to fuel Growth (EBIT 15%-17%)**
- 4. Investment Capability building** : Talent Next, Next Labs and inorganic tuck-ins
- 5. Strong Cash flow Generation and Optimal Cash Strategy** to maximize shareholder value



# 1. DIRECT CORE

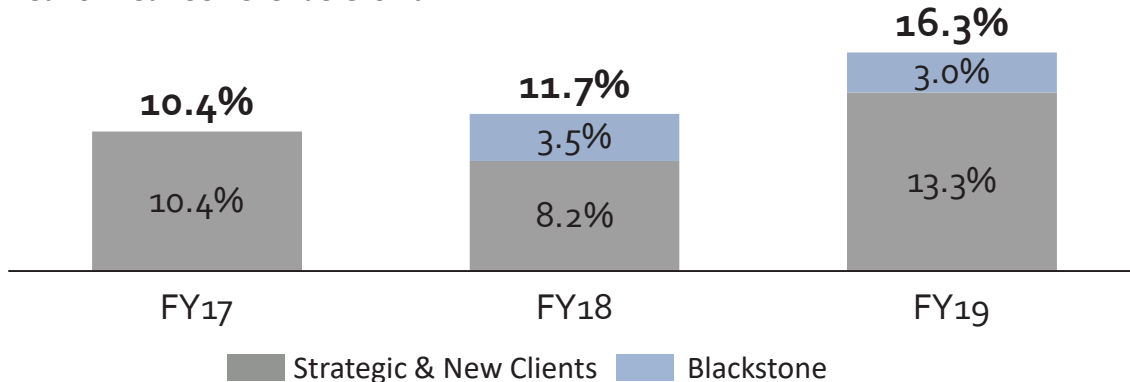
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# Direct Core Business has been consistently delivering strong growth



## Consistent growth across the board

Year on Year CC Revenue Growth



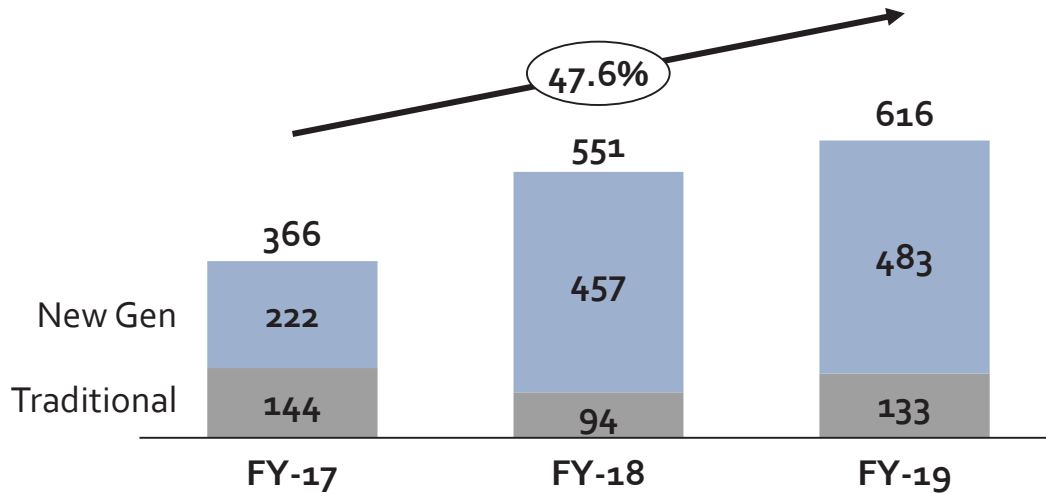
- 3 of the Top 5 strategic accounts grew at >20% Y-o-Y in FY'19
- >80% of deals won came from new gen areas in FY'19
- FY'19: New Client Acq grew ~91% and Blackstone accounts grew ~98%
- Q1'20: New Client Acq grew ~104% YoY and Blackstone accounts grew ~55% YoY



# Direct Core growth fueled by New Gen Services

## New Gen areas dominate new wins

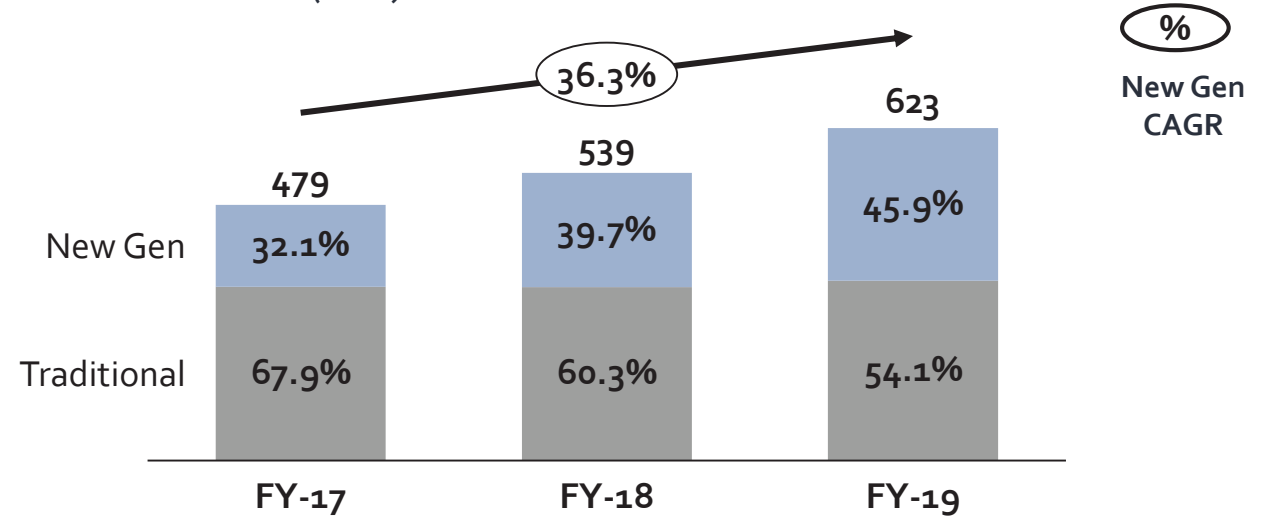
Direct TCV wins (\$ MN)



Q1'20 TCV wins \$151 M with 80% New Gen Services

## Significant revenue growth in New Gen Services

Direct Core revenue (\$ MN)



Q1'20 New Gen Services revenue ~51%; CQGR of ~8%\*

## Next Gen Partnerships help grow New Gen Services

**\$200 M**  
Partner led  
TCV

**70+**  
Partner led  
Deal Wins

**25+**  
Start Ups  
Partner

- Stelligent acquisition jump-started **AWS** partnership
- Gold Partner of **Microsoft Azure** for Cloud App Dev
- Development and GTM Partner of **Google Cloud Platform**
- Top Partner for **Pivotal**

\* since Q1'17

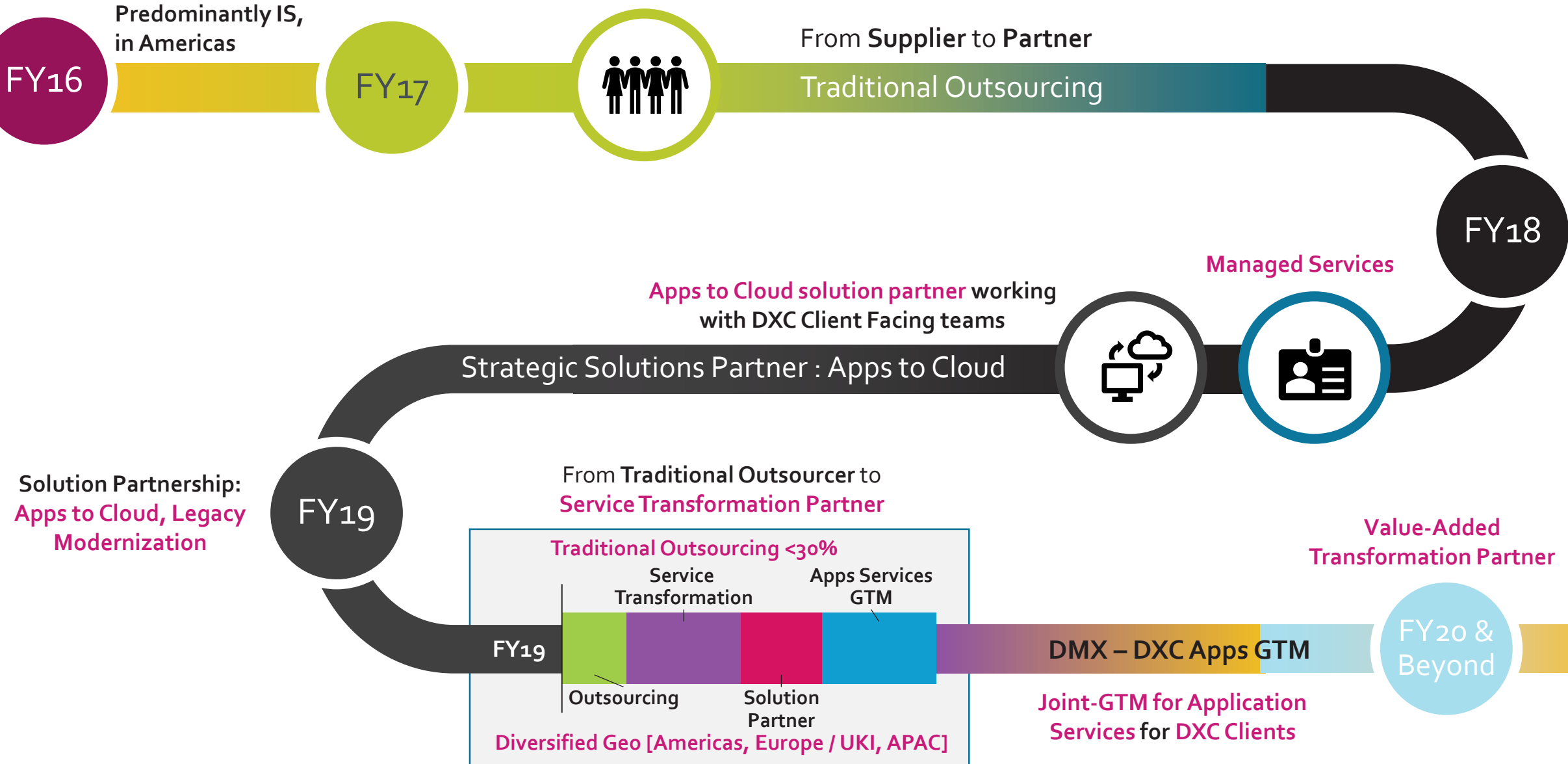


## **2. DXC – TRANSFORMING PARTNERSHIP**

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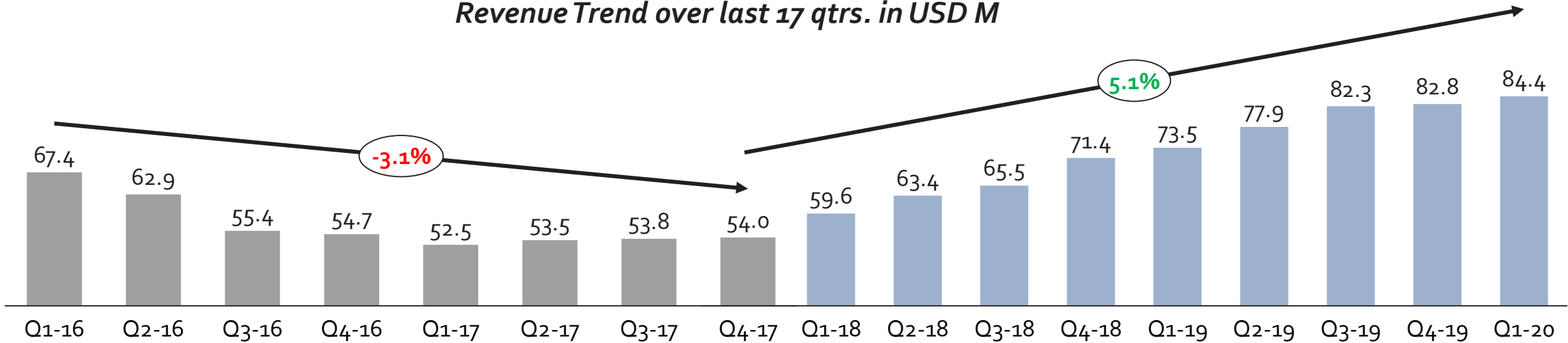


# DXC-Mphasis relationship transformation

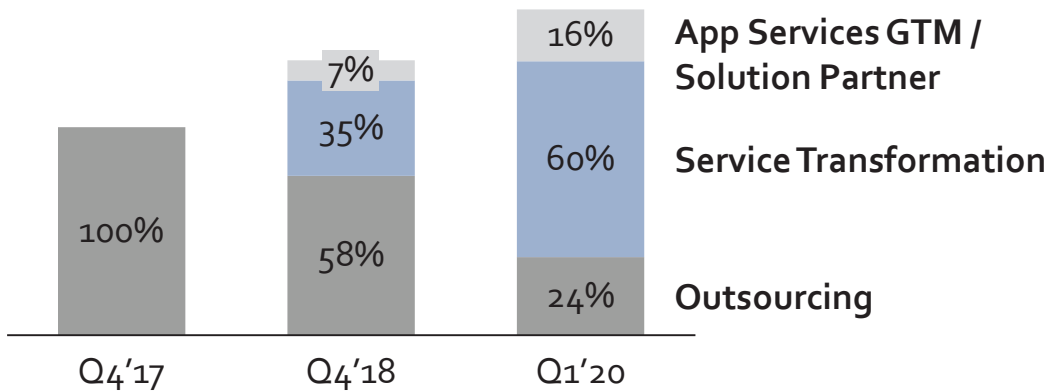


# Relationship Transformation delivering results

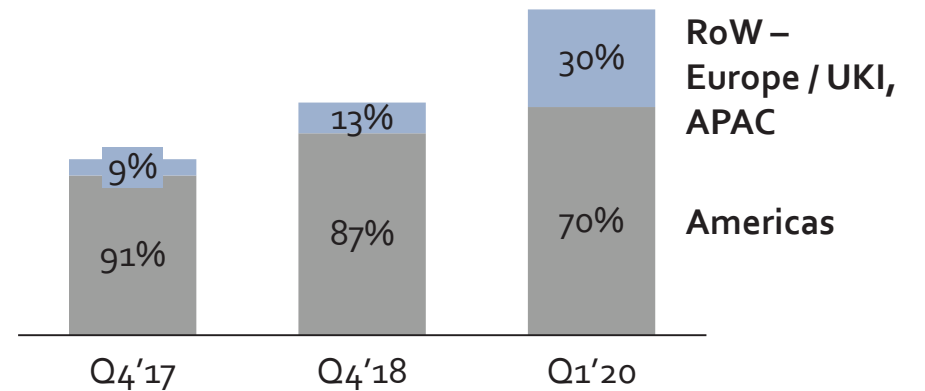
Revenue Trend over last 17 qtrs. in USD M



Business Shift



Geographical Penetration



## HOW WE ACHIEVE THIS

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# Mphasis is preparing for a vastly different future

## Past

## Today / Future



### 1. Next Gen Portfolio / IP

- Application IDEs
- Dev ops tools
- QA Automation tools

- DevOps
- Cloud Sandbox
- Containers
- Auto Code generators
- Microservices



### 2. Customer Engagement

- Decisions mostly taken by IT
- RFP driven Sale Process
- Project driven
- Staff augmentation

- Decision taken by business and IT
- Proactive Change Management
- Proof of Concept (POC) driven
- Outcome based structure
- KPI Driven / new commercial models



### 3. Talent Transformation

- BAs, App architects
- Developers specializing in different layers
- QA and deployment teams

- Designers
- Full stack developers
- SRE engineers



# 1. Next Gen Portfolio: “Bringing the T back into IT”

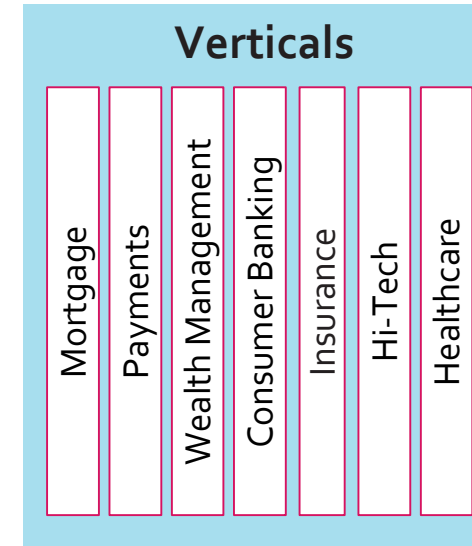
Next Gen Solutions bring together deep domain expertise and cutting edge technology

## Deep **Domain** Expertise

- Long tenured preferred relationship with **marquee customers**

## Deep **Technology** Expertise

- **NextStep Platform** – Mphasis IP Platform
- **NextLabs** –in Cloud AI & Cognitive Innovation Lab
- **Sparkle Program** – Startup Innovation Ecosystem



## Powered by Cloud & Cognitive

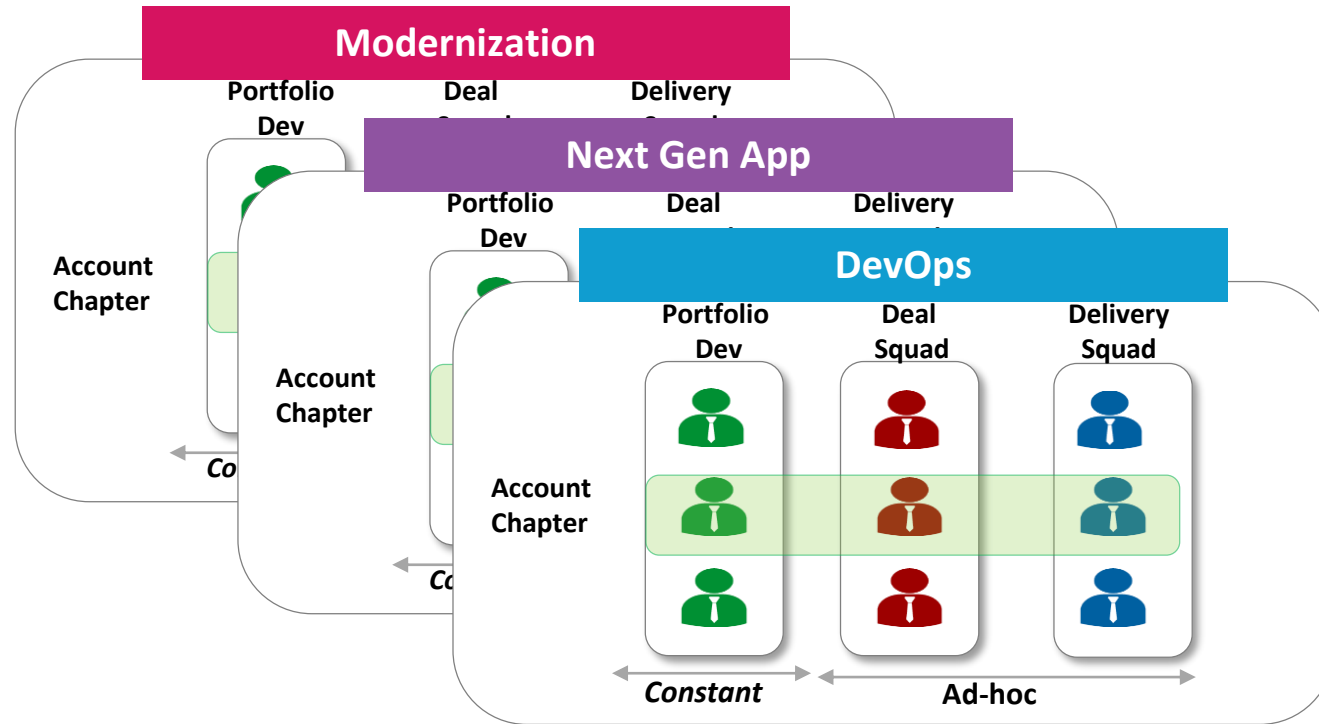
### Technology Offerings

Modernization	Next Gen App Dev
Next Gen Data	DevOps
Enterprise Automation	Cyber Security
AMS	IMS



# 1. Next Gen Portfolio: Teaming for success – Tribe/Squad Model

Go-To-Market teams, organized around Tribe / Squad Model, bring agility and innovation to our clients



- Design Thinking Workshops
- Hackathons
- POC led engagements
- Co-Innovation
- Solution Studio

**Tribe:** Cross functional Team, focused on developing, evolving and building next-gen offerings

**Squad:** Each portfolio Tribe (Mod., DevOps...) has cross-functional **Squads** that come together to build and deliver specific offerings using **Agile** methodologies



# 1. Next Gen Portfolio: Making Digital Transformation Real for Customers



Modernization  
Tribe

*Accelerated legacy modernization by migrating applications to the cloud for a Fortune 50 company*

**20%**  
TCO reduced

**35%**  
Services Cost  
reduced

**1yr**  
Cloud Timeline reduced



Next Gen App Dev  
Tribe

*Building a cloud based high transaction high performance Global Payments Systems for at a Fortune 50 bank*

**60%**  
TCO reduction

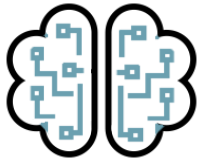
**30%**  
Time to Market  
reduction

**100M**  
Transactions / Day



## 2. IP/Capability: Next Gen Offerings powered by NextStep™ Platform

*Focused effort in building IP in Cognitive, Cloud and Service Transformation*



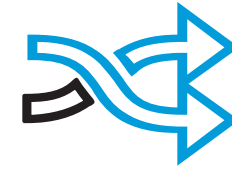
### Cognitive

Cognitive CoE / DeepInsights  
Cognitive Twin / Autocode



### Cloud

Cloud CoE / Cloud Maturity assessment tool:  
Stelligent DevOps & DevSecOps Platform



### Service Transformation

Infragenie / ADM Virtual Assistant  
BPS Commercial lending Ops / Amplify



Winner – Best  
Application of Artificial  
Intelligence (AI) for  
Financial Services



Stratus Awards for  
Cloud Computing' in  
the Artificial  
Intelligence category



Paragon™  
2017 Awards





### 3. Transforming our talent

#### Talent Next



Next Gen HR Platform



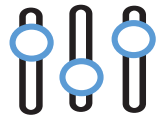
On-Demand Learning Platform



Advanced Skill Mapping



Effective Communication



Hyper Personalized



Online & Offline Training Catalogue

- Talent Next is the catalyst to up-skilling and cross-skilling our workforce on next-gen skills/technologies.
- Since inception in FY18:
  - Five sprints for over 60 skill-proficiency solutions
  - Coverage to global technical associates
  - Large percentage of technical associates are now certified
  - Primary source of talent supply chain, with increased adoption

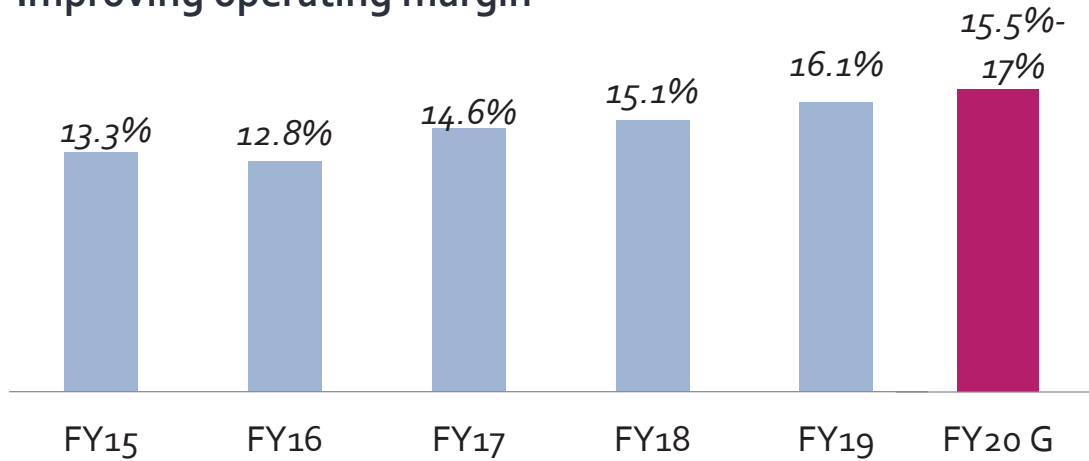


# VALUE CREATION FOR SHAREHOLDERS

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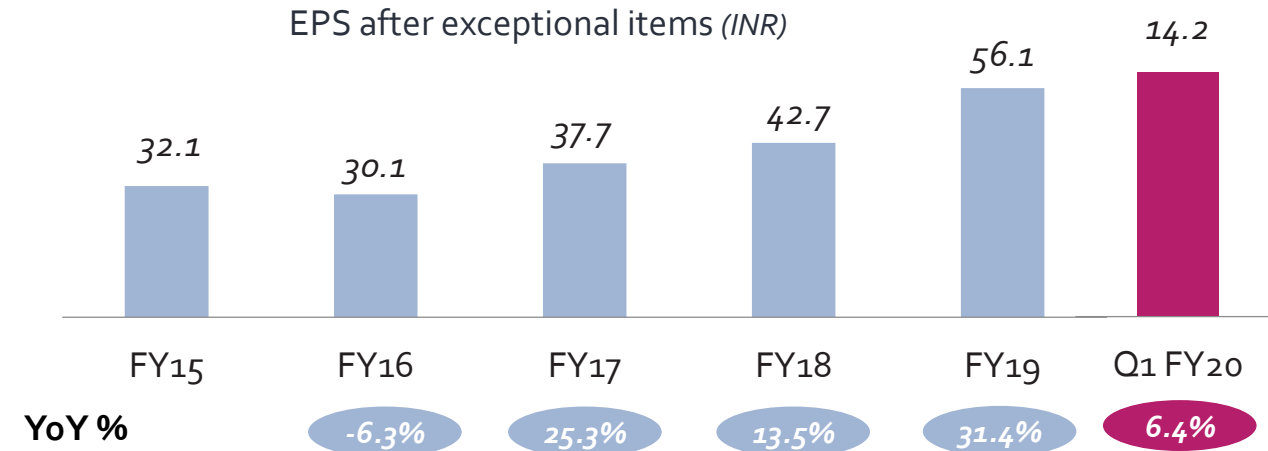
# Strong Earnings Growth and Optimal Cash Strategy to maximize shareholder value

## Improving operating margin



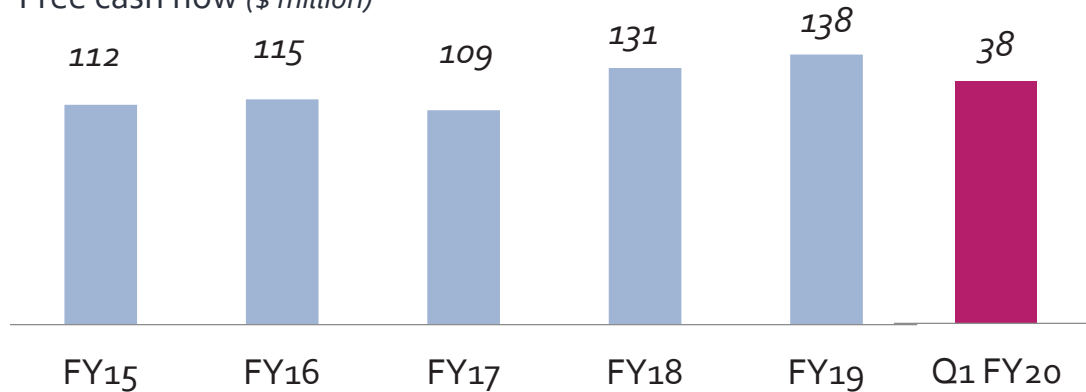
\* FY20 G – FY20 Guidance

## Strong growth in EPS



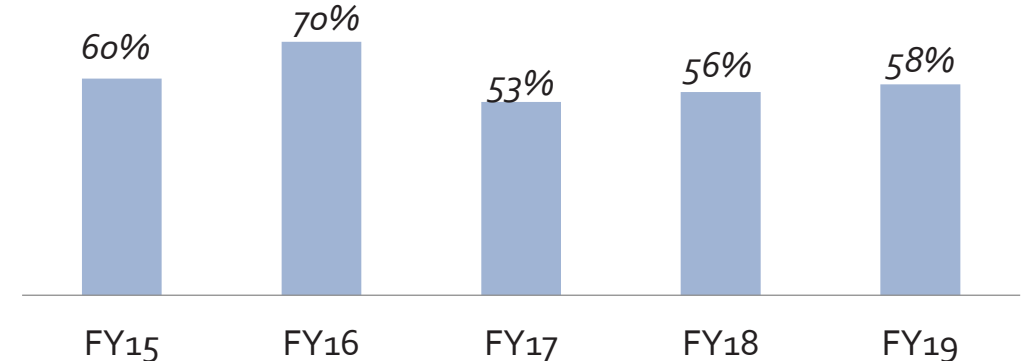
## Consistent free cash flow generation

Free cash flow (\$ million)



## Track record of healthy Dividends

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



Returned INR 21,009 Mn through buy-back in FY18 & FY19



# Core Investment Thesis : Q1 FY20 Execution Update

- 1. Accelerate Direct Core** : Consistently outgrow the market
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*Strong growth of 17.2% YoY in Constant Currency; NCA grew 104% and BX grew 55%*

*Continued momentum in Deal wins: \$151M TCV; New-Gen Services at 80%*

*Sequential growth in all quarters since Q4'17; \$ revenue CQGR of 5.1%*

*Solutions Partner: 60% revenue from Service transformation in Q1'20*

*FY20 Margin guidance at 15.5% to 17.0%*

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

*Completed acquisition of Stelligent in FY'19*

*Strong Free cash flow generation of \$38M in Q1 FY20, Cash balance of \$313M*



# APPENDIX

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# Strong Leadership Team



**Nitin Rakesh**  
CEO



**Dinesh Venugopal**

10 yrs in Mphasis  
and in ExCo

- President, Mphasis Digital & Direct Core GTM



**Sundar Subramanian**

Joined in October  
2017

- President, Global Delivery



**Elango R**

12 yrs in Mphasis  
and in ExCo

- President, DXC/HP Business Unit



**Suryanarayanan**

9 yrs in Mphasis  
4 yrs in ExCo

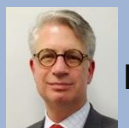
- Chief Financial Officer



**Srikanth Karra**

Joined in May 2017

- Chief Human Resource Officer



**Eric Winston**

Joined in October  
2017

- EVP, General Counsel and  
Chief Ethics & Compliance Officer



**Ravi Vasantraj**

Joined in May  
2019

- Senior Vice President and Global Head - Business  
Process Services



# Experienced Board



**Davinder Singh Brar**  
*Chairman, Independent Director*

Promoter of GVK Biosciences  
Formerly Director of the Reserve Bank of India (RBI)



**Nitin Rakesh**  
*CEO and Director*

CEO and Director at Mphasis  
Previously CEO and President of Syntel



**N Kumar**  
*Independent Director*

Vice Chairman of the Sanmar Group, a multinational conglomerate  
Honorary Consul General of Greece in Chennai



**Jan Kathleen Hier**  
*Independent Director*

Formerly Executive VP at Charles Schwab  
Served as VP Engineering at Transaction Technology, a Citicorp subsidiary



**David Lawrence Johnson**  
*Director*

Senior Advisor at Blackstone based in New York  
Formerly Senior VP of Strategy at Dell



**Marshall Lux**  
*Director*

Financial Services consultant and practitioner for over 30 years  
On the board/ advisory council of various PEs across industries and geographies



**Paul James Upchurch**  
*Director*

- Executive Director at Blackstone
- Formerly an Executive VP at Nielsen



**Amit Dixit**  
*Director*

Senior Managing Director and Head of Private Equity in India for Blackstone  
Formerly a Principal at Warburg Pincus



**Amit Dalmia**  
*Director*

Managing Director in the Private Equity group in India for Blackstone  
Formerly served various management roles at Hindustan Unilever India

 Blackstone  Independent Directors





