## Genpact Reports Full Year and Fourth Quarter 2015 Results

FY '15 Revenues Up 8% (~10% on a constant currency basis)

FY '15 Global Client Revenues Up 10% (~13% on a constant currency basis)

FY '15 Adjusted Income from Operations Up 10%; Adjusted Diluted EPS Up 22%

FY '15 New Bookings[1] Up 20%

NEW YORK, Feb. 4, 2016 /PRNewswire/ -- Genpact Limited (NYSE: G), a global leader in digitally-powered business process management and services, today announced financial results for the fourth quarter and full year ended December 31, 2015.

"We are very pleased with our strong fourth quarter and full year results. During 2015, we continued to execute on our strategy that is focused on key verticals, service lines and geographies to drive long-term Global Client growth," said N.V. "Tiger" Tyagarajan, Genpact's president and CEO. "Our investments in client-facing teams and exciting digital and analytics capabilities with domain expertise are resonating in the marketplace, as reflected in our all-time high bookings in 2015. Our Lean Digital approach brings together design thinking methods, digital process-centric technologies, and Lean principles along with domain expertise, which differentiates our value proposition and is helping us win a large number of complex transformational engagements."

### Key Financial Results – Full Year 2015

- Total revenue was \$2.46 billion, up 8% year over year (up ~10% on a constant currency basis).
- Income from operations was \$334.2 million, up 14% year over year, and adjusted income from operations was \$377.2 million, up 10% year over year, with an adjusted income from operations margin of 15.3%.
- Diluted earnings per share were \$1.09, up 28% year over year, and adjusted diluted earnings per share were \$1.26, up 22% year over year.
- The effective tax rate was 20.5%, down from 23.0% in 2014.
- New bookings were \$2.59 billion, up 20% from \$2.16 billion in 2014.
- Genpact repurchased approximately 9.9 million of its common shares during 2015 for a total of \$227 million at an average price of \$23.00 per share.

#### **Key Financial Results – Fourth Quarter 2015**

- Total revenue was \$646.5 million, up 7% year over year (up ~10% on a constant currency basis).
- Income from operations was \$83.4 million, up 18% year over year, and adjusted income from operations was \$95.6 million, up 17% year over year, with an adjusted income from operations margin of 14.8%.
- Diluted earnings per share were \$0.30, up 44% year over year, and adjusted diluted earnings per share were \$0.34, up 32% year over year.
- Genpact repurchased approximately 2.8 million of its common shares in the fourth quarter for a total of \$68 million at an average price of \$24.62 per share.

#### Revenue Details - Full Year 2015

- Revenues from Global Clients was \$2.0 billion, up 10% year over year (up ~13% on a constant currency basis), representing approximately 81% of total revenues.
- Revenue from GE was \$460 million, down 1% year over year, representing approximately 19% of total revenues.
- Total BPO revenue was \$1.93 billion, up 11% year over year, representing approximately 79% of total revenues.

- Global Client BPO revenue was \$1.58 billion, up 14% year over year (up ~17% on a constant currency basis).
- GE BPO revenue was \$355 million, unchanged from 2014.
- Total IT revenue was \$528 million, down 3% year over year, representing approximately 21% of total revenues.
- Global Client IT revenue was \$423 million, down 2% year over year.
- GE IT revenue was \$105 million, down 5% year over year.

### Revenue Details - Fourth Quarter 2015

- Revenue from Global Clients was \$529 million, up 10% year over year (up ~13% on a constant currency basis), representing approximately 82% of total revenues.
- Revenue from GE was \$117 million, down 1% year over year, representing approximately 18% of total revenues.
- Total BPO revenue was \$507 million, up 9% year over year, representing approximately 78% of total revenues.
- Global Client BPO revenue was \$419 million, up 11% year over year (up ~14% on a constant currency basis).
- GE BPO revenue was \$88 million, down 2% year over year.
- Total IT revenue was \$139 million, up 4% year over year, representing approximately 22% of total revenues.
- Global Client IT revenue was \$110 million, up 5% year over year.
- GE IT revenue was \$29 million, unchanged from the fourth quarter of 2014.

## **Cash Flow from Operations**

• Cash from operations was \$327 million for the full year 2015, up 20% from \$272 million for the full year 2014, and was \$74 million in the fourth quarter of 2015, down from \$93 million in the fourth quarter of 2014.

#### Other Metrics

- For the 12-month period ended December 31, 2015, the number of client relationships generating annual revenue over \$5 million increased to 103 from 89 as of December 31, 2014. This includes client relationships with more than \$15 million in annual revenue increasing to 34 from 32, and client relationships with more than \$25 million in annual revenue increasing to 18 from 16.
- Genpact's employee attrition rate for 2015 was approximately 27%, measured from the first day of employment, compared to 25% for 2014.

### 2016 Outlook

### Genpact expects:

- Total revenue for 2016 to be in the range of \$2.62 to \$2.66 billion, which represents a constant currency growth range of 8 - 10%;
- Global Client constant currency growth to be in a range of 12.5 14%;
- Adjusted income from operations margin to be approximately 15.5%; and
- Adjusted EPS of \$1.40 \$1.42 (assuming weighted average shares outstanding of approximately 215.5 million).

## **Conference Call to Discuss Financial Results**

Genpact's management will host an hour-long conference call beginning at 4:30 p.m. ET on February 4, 2016 to discuss the company's performance for the fourth quarter and full year 2015. To participate, callers can dial +1 (877) 723-7442 from within the U.S. or +1 (503) 406-4433 from any other country. Thereafter, callers will be prompted to enter the participant code, 18228746.

A live webcast of the call including slides with our comments will be made available on the Genpact Investor Relations website at <a href="http://investors.genpact.com">http://investors.genpact.com</a>. For those who cannot participate in the call, a replay and podcast will be available on the Genpact website after the end of the call. A transcript of the call as well as the presentation slides will also be made available on the website.

### **About Genpact**

Genpact (NYSE: G) stands for "generating business impact." We are a global leader in digitally-powered business process management and services. We architect the Lean Digital<sup>SM</sup> enterprise through our patented Smart Enterprise Processes (SEP<sup>SM</sup>) framework that reimagines our clients' operating model end-to-end, including the middle and back offices. This creates Intelligent Operations<sup>SM</sup> that we help design, transform, and run. The impact on our clients is a high return on transformation investments through growth, efficiency, and business agility. For two decades, first as a General Electric division and later as an independent company, we have been passionately serving our clients. Today, we generate impact for a few hundred strategic clients, including approximately one-fifth of the Fortune Global 500, and have grown to over 70,000 people in 25 countries, with key offices in New York City. The resulting business process and industry domain expertise and experience running complex operations are a unique heritage and focus that help us drive the best choices across technology, analytics, and organizational design. For additional information, visit www.genpact.com.

#### Safe Harbor

This press release contains 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 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, uncertainties and other factors include but are not limited to a slowdown in the economies and sectors in which our clients operate, a slowdown in the business process outsourcing and information technology 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, changes in tax rates and tax legislation. our ability to attract and retain skilled professionals, risks and uncertainties regarding fluctuations in our earnings, foreign currency fluctuations, general economic conditions affecting our industry as well as other risks detailed in our reports filed with the U.S. Securities and Exchange Commission, including Genpact's Annual Report on Form 10-K. These filings are available at www.sec.gov. Genpact may from time to time make additional written and oral forward-looking statements, including statements contained in our filings with the Securities and Exchange Commission and our reports to shareholders. Although Genpact believes that these forward-looking statements are based on reasonable assumptions, you are cautioned not to put undue reliance on these forwardlooking statements, which reflect management's current analysis of future events and should not be relied upon as representing management's expectations or beliefs as of any date subsequent to the time they are made. Genpact undertakes no obligation to update any forward-looking statements that may be made from time to time by or on behalf of Genpact.

## Contact

Investors Roger Sachs, CFA

+1 (203) 808-6725

roger.sachs@genpact.com

Media Gail Marold

+1 (919) 345-3899

gail.marold@genpact.com

## **GENPACT LIMITED AND ITS SUBSIDIARIES**

## Consolidated Balance Sheets (Unaudited)

	As of	December 31, 2014	As of I	December 31, 2015
Assets			-	
Current assets				
Cash and cash equivalents	\$	461,788	\$	450,907
Accounts receivable, net		525,754		590,137
Deferred tax assets		45,486		_
Prepaid expenses and other current assets		155,480		154,025
Total current assets	\$	1,188,508	\$	1,195,069
Property, plant and equipment, net		175,936		175,396
Deferred tax assets				
		59,135		99,395
Investment in equity affiliates		494		6,677
Intangible assets, net		114,544		98,601
Goodwill		1,057,214		1,038,346
Other assets		146,706		180,005
Total assets	\$	2,742,537	\$	2,793,489

# Consolidated Balance Sheets (Unaudited)

	As of	December 31, 2014	As of December 31, 2015			
Liabilities and equity						
Current liabilities						
Short-term borrowings	\$	135,000	\$	21,500		
Current portion of long-term debt	Ψ	4,288	Ψ	39,134		
Accounts payable		15,544				
Income taxes payable		•		10,086		
Deferred tax liabilities		13,586		24,122		
Accrued expenses and other current liabilities		1,239		_		
Tabel command lieb little		452,457		499,638		
Total current liabilities	\$	622,114	\$	594,480		
Long-term debt, less current portion		649,314		737,332		
Deferred tax liabilities		6,671		2,093		
Other liabilities		179,302		155,228		
Total liabilities	<b>\$</b>	1,457,401	<b>\$</b>	1,489,133		
Shareholders' equity		.,,,,,,,,				
Preferred shares, \$0.01 par value, 250,000,000 authorized, none issued						
Common shares, \$0.01 par value, 500,000,000 authorized, 218,684,205 and 211,472,312 issued and outstanding as of December 31, 2014 and December 31, 2015, respectively		2,184		2,111		
Additional paid-in capital		1,296,730				
Retained earnings		1,296,730		1,342,022		
riotamos darimigo		398,706		411,508		
Accumulated other comprehensive income (loss)		(412,484)		(451,285)		
Total equity	\$	1,285,136	\$	1,304,356		
Total liabilities and equity	\$	2,742,537	\$	2,793,489		

## Consolidated Statements of Income (Unaudited)

	Three months ended December 31,						
		2013		2014		2015	
Net revenues							
Net revenues from services	\$	558,459	\$	601,530	\$	646,528	
Cost of revenue	Ψ	330,433	Ψ	001,330	Ψ	040,320	
Services							
Convious		345,842		359,199		393,937	
Gross profit	\$	212,617	\$	242,331	\$	252,591	
Operating expenses:							
Selling, general and administrative expenses		136,178		167,285		165,413	
Amortization of acquired intangible assets		6,042		7,926		6,638	
Other operating (income) expense, net		(1,236)		(3,746)		(2,906)	
Income from operations	\$	71,633	\$	70,866	\$	83,446	
Foreign exchange (gains) losses, net		3,856		270		(1,171)	
Other income (expense), net		(5,204)		(7,806)		69	
Income before equity-method investment activity, net and			-				
income tax expense	\$	62,573	\$	62,790	\$	84,686	
Loss (gain) on equity-method investment activity, net		(30)		4,882		2,805	
Income before income tax expense	\$	62,603	\$	57,908	\$	81,881	
Income tax expense		12,697		12,156		17,468	
Net Income	\$	49,906	\$	45,752	\$	64,413	
Net income attributable to noncontrolling interest		1,064		_		_	
Net income attributable to Genpact Limited shareholders	\$	48,842	\$	45,752	\$	64,413	
Net income available to Genpact Limited common shareholders Earnings per common share attributable to Genpact Limited common shareholders		48,842		45,752		64,413	
Basic							
		0.20		0.20		0.30	
Diluted		0.21		0.21		0.30	
Weighted average number of common shares used in computing							
earnings per common share attributable to Genpact Limited common shareholders							
Basic		230,871,408	21	7,279,606	21	2,697,001	
Diluted		237,730,091	22	1,353,612	21	5,675,065	

# Consolidated Statements of Income (Unaudited)

	Year ended December 3					31,			
		2013		2014	2015				
Net revenues									
Net revenues from services	Φ	0.101.007	Ф	0.070.400	Φ.	0.461.044			
Cost of revenue	\$	2,131,997	\$	2,279,438	\$	2,461,044			
Services									
Services		1,319,571		1,378,088		1,493,547			
Gross profit	\$	812,426	\$	901,350	\$	967,497			
Operating expenses:									
Selling, general and administrative expenses		484,810		585,646		608,114			
Amortization of acquired intangible assets		23,645		28,543		28,513			
Other operating (income) expense, net		(5,556)		(6,870)		(3,322)			
Income from operations	\$	309,527	\$	294,031	\$	334,192			
Foreign exchange (gains) losses, net		(20,763)		12,363		(5,269)			
Other income (expense), net		(24,308)		(27,283)		(26,907)			
Income before equity-method investment activity, net and									
income tax expense	\$	305,982	\$	254,385	\$	312,554			
Loss (gain) on equity-method investment activity, net		(169)		4,795		10,800			
Income before income tax expense	\$	306,151	\$	249,590	\$	301,754			
Income tax expense		71,100		57,419		61,937			
Net Income	\$	235,051	\$	192,171	\$	239,817			
Net income attributable to noncontrolling interest	·	5,334	•	169	·	, <u> </u>			
Net income attributable to Genpact Limited shareholders	\$	229,717	\$	192,002	\$	239,817			
Net income available to Genpact Limited common shareholders	\$	229,717	\$	192,002	\$	239,817			
Earnings per common share attributable to Genpact Limited common shareholders		ŕ		,		ŕ			
Basic	\$	1.00	\$	0.87	\$	1.11			
Diluted	·		·						
	\$	0.97	\$	0.85	\$	1.09			
Weighted average number of common shares used in computing earnings per common share attributable to Genpact Limited common shareholders									
Basic		229,348,411	2	20,847,098	2	16,606,542			
Diluted		235,754,267	2	25,168,665	2	19,145,044			

## Consolidated Statements of Cash Flows (Unaudited) (In thousands)

	Ye	er 31,			
	2013	2014	2015		
Operating activities					
Net income attributable to Genpact Limited shareholders	<b>\$</b> 229,717	<b>\$</b> 192,002	<b>\$</b> 239,817		
Net income attributable to noncontrolling interest	5,334	169			
Net income	\$ 235,051	\$ 192,171	\$ 239,817		
Adjustments to reconcile net income to net cash provided by (used for)					
operating activities:					
Depreciation and amortization	52,815	51,064	54,286		
Amortization of debt issuance costs (including loss on extinguishment of					
debt)	6,035	3,240	13,546		
Amortization of acquired intangible assets	23,645	28,543	28,513		
Intangible assets write-down		_	10,714		
Reserve for doubtful receivables	11,420	3,107	2,449		
Unrealized (gain) loss on revaluation of foreign currency asset/liability	(6,251)	9,419	(4,999)		
Equity-method investment activity, net	(169)	4,795	10,800		
Excess tax benefit on stock-based compensation		_	(6,560)		
Stock-based compensation expense	31,129	28,065	24,976		
Deferred income taxes	(1,116)	(12,252)	(18,713)		
Others, net	5,939	1,291	(238)		
Change in operating assets and liabilities:					
Increase in accounts receivable					
	(60,817)	(24,088)	(78,923)		
Decrease (increase) in prepaid expenses, other current					
assets and other assets		(-,)	/		
	9,377	(31,657)	(32,602)		
Increase (decrease) in accounts payable	1,785	(7.260)	(3,988)		
	1,765	(7,268)	(3,966)		
Increase in accrued expenses, other current liabilities and					
other liabilities	9,316	27,500	69,606		
Ingrassa (dagrassa) in inggma tayos nayabla	3,510	27,300	03,000		
Increase (decrease) in income taxes payable	(6,555)	(2,092)	18,757		
Net cash provided by operating activities	\$ 311,604	\$ 271,838	\$ 327,441		
Investing activities					
Purchase of property, plant and equipment	(48,879)	(62,577)	(62,173)		
Proceeds from sale of property, plant and equipment	3,442	564	1,486		
Investment in equity affiliates	,		,		
,		_	(18,423)		
Short term deposits placed	(55,001)	(25,000)	_		
Redemption of short-term deposits	69,249	25,000	_		
Payment for business acquisitions, net of cash acquired	(49,235)	(130,809)	(21,363)		
Proceeds from divestiture of business, net of cash divested	1,982		<u> </u>		
Net cash used for investing activities	\$ (78,442)	\$ (192,822)	\$ (100,473)		
Financing activities					

			/		/	
Repayment of capital lease obligations	(1,803)		(2,095)		(2,035)	
Payment of debt issuance and refinancing costs	(8,104)		_		(6,584)	
Proceeds from long-term debt	121,410				800,000	
Repayment of long-term debt	(123,098)		(6,750)		(684,875)	
Proceeds from short-term borrowings	275,000		195,000		1,451,500	
Repayment of short-term borrowings	(355,000)		(60,000)	(	1,565,000)	
Proceeds from issuance of common shares under stock-based						
compensation plans	45,859		30,144		16,088	
Payment for net settlement of stock-based awards	(9,315)		(25,975)		(7,194)	
Payment of earn-out consideration	(3,868)		(1,088)		(230)	
Distribution to noncontrolling interest	(6,423)		(1,487)		_	
Payment for stock purchased and retired	_		(302,625)		(226,917)	
Payment for expenses related to stock purchase	_		(2,543)	(197)		
Excess tax benefit on stock-based compensation	_		_	6,560		
Net cash used for financing activities	\$ (65,342)	\$ (177,419)		\$	(218,884)	
Effect of exchange rate changes	 (55,772)		(11,085)		(18,965)	
Net increase/(decrease) in cash and cash equivalents	167,820	(98,403)			8,084	
Cash and cash equivalents at the beginning of the period	459,228	571,276			461,788	
Cash and cash equivalents at the end of the period	\$ 571,276	\$	461,788	\$	450,907	
Supplementary information						
Cash paid during the period for interest	\$ 30,788	\$	27,175	\$	20,950	
Cash paid during the period for income taxes	\$ 71,857	\$	83,803	\$	72,102	
Property, plant and equipment acquired under capital lease obligations	\$ 2,342	\$	2,176	\$	1,656	

### **Reconciliation of Non-GAAP Financial Measures to GAAP Measures**

To supplement the consolidated financial statements presented in accordance with GAAP, this press release includes the following measures defined by the Securities and Exchange Commission as non-GAAP financial measures:

- Adjusted income from operations;
- Adjusted net income attributable to shareholders of Genpact Limited, or adjusted net income; and
- Adjusted diluted earnings per share attributable to shareholders of Genpact Limited, or adjusted diluted earnings per share.

These non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles and should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and may be different from non-GAAP financial measures used by other companies. In addition, these non-GAAP financial measures, the financial statements prepared in accordance with GAAP and the reconciliations of Genpact's GAAP financial statements to such non-GAAP financial measures should be carefully evaluated.

Prior to July 2012, Genpact's management used financial statements that excluded significant acquisition related expenses, amortization of related acquired intangibles, and amortization of acquired intangibles at the company's formation in 2004 for its internal management reporting, budgeting and decision making purposes, including comparing Genpact's operating results to that of its competitors. However, considering Genpact's frequent acquisitions of varying scale and size, and the difficulty in predicting expenses relating to acquisitions and amortization of acquired intangibles thereof, since July 2012 Genpact's management uses financial statements

that exclude all acquisition-related expenses and amortization of acquired intangibles for its internal management reporting, budgeting and decision making purposes, including comparing Genpact's operating results to that of its competitors. Acquisition-related expenses are excluded in the period in which an acquisition is consummated.

Net interest referred to in the reconciliation of adjusted income from operations below represents the net total of interest expense and interest income for the periods presented.

Additionally, Genpact's management uses financial statements that exclude stock-based compensation expense. Because of varying available valuation methodologies, subjective assumptions and the variety of award types that companies can use when adopting ASC 718 "Compensation-Stock Compensation," Genpact's management believes that providing non-GAAP financial measures that exclude such expenses allows investors to make additional comparisons between Genpact's operating results and those of other companies. Genpact also believes that it is unreasonably difficult to provide its financial outlook in accordance with GAAP for a number of reasons, including, without limitation, its inability to predict its stock-based compensation expense under ASC 718, the amortization of intangibles associated with further acquisitions and acquisition-related expenses. Accordingly, Genpact believes that the presentation of adjusted income from operations and adjusted net income, when read in conjunction with the Company's reported results, can provide useful supplemental information to investors and management regarding financial and business trends relating to its financial condition and results of operations.

A limitation of using adjusted income from operations and adjusted net income versus income from operations and net income calculated in accordance with GAAP is that these non-GAAP financial measures exclude a recurring cost, namely stock-based compensation. Management compensates for this limitation by providing specific information on the GAAP amounts excluded from adjusted income from operations and adjusted net income.

The following tables show the reconciliation of these adjusted financial measures from GAAP for the year and three months ended December 31, 2014 and 2015:

### **Reconciliation of Adjusted Income from Operations**

(Unaudited) (In thousands)

Three months ended

						I III CC IIIOI	11115	FIIUEU
	Year ended December 31,			Decembe			31,	
	2014		2015		2014			2015
Income from operations per GAAP	\$	294,031	\$	334,192	\$	70,866	\$	83,446
Add: Stock-based compensation		28,065		24,976		7,912		7,467
Add: Amortization of acquired intangible assets		22,233		23,671		6,347		5,424
Add: Acquisition-related expenses		2,772		798		795		_
Add: Other income, net, excluding net interest		2,112		4,360		776		2,092
Less: Loss on equity-method investment activity, net		(4,795)		(10,800)		(4,882)		(2,805)
Less: Net income attributable to noncontrolling								
interest		(169)				_		

### **Reconciliation of Adjusted Net Income**

(Unaudited)

(In thousands, except per share data)

						Three months ended				
	Year ended December 31,				December 31,					
	2014			2015	2014			2015		
Net income attributable to Genpact Limited shareholders per							-			
GAAP	\$	192,002	\$	239,817	\$	45,752	\$	64,413		
Add: Stock-based compensation		28,065		24,976		7,912		7,467		
Add: Amortization of acquired intangible assets		22,233		23,671		6,347		5,424		
Add: Acquisition-related expenses		2,772		798		795		_		
Less: Tax impact on stock-based compensation		(6,366)		(6,125)		(1,160)		(1,619)		
Less: Tax impact on amortization of acquired intangibles		(7,154)		(7,413)		(1,997)		(1,721)		
Less: Tax impact on acquisition-related expenses		(184)		(229)		(131)		_		
Adjusted net income	\$	231,368	\$	275,495	\$	57,518	\$	73,964		
Adjusted diluted earnings per share	\$	1.03	\$	1.26	\$	0.26	\$	0.34		

Logo - http://photos.prnewswire.com/prnh/20140627/122419

To view the original version on PR Newswire, visit:http://www.prnewswire.com/news-releases/genpact-reports-fullyear-and-fourth-quarter-2015-results-300215607.html

SOURCE Genpact Limited

Additional assets available online: Additional assets available online:

https://media.genpact.com/2016-02-04-Genpact-Reports-Full-Year-and-Fourth-Quarter-2015-Results

<sup>&</sup>lt;sup>1</sup> New bookings represents the total contract value of new contracts, and certain renewals, extensions and changes to existing contracts. Regular renewals of contracts with no change in scope are not counted as new bookings.