Genpact Reports Full Year and Fourth Quarter 2017 Results

2017 Revenues of \$2.74 Billion, Up 6% (~7% on a constant currency basis)[1] 2017 Global Client BPO Revenues of \$2.09 Billion, Up 13% (~14% on a constant currency basis)[2] 2017 Diluted EPS of \$1.34, Up 4%; 2017 Adjusted Diluted EPS[3] of \$1.62, Up 11%

NEW YORK, Feb. 12, 2018 / PRNewswire / -- Genpact Limited (NYSE: G), a global professional services firm focused on delivering digital transformation, today announced financial results for the fourth quarter and full year ended December 31, 2017.

"We are very pleased with our full year 2017 results. We grew Global Client BPO revenues 14% on a constant currency basis and generated double-digit adjusted EPS growth," said "Tiger" Tyagarajan, Genpact's president and CEO. "The strategic investments we are making in digital, domain, and talent drove 25% growth in transformation services revenues from our Global Clients. We will remain sharply focused on a specific set of industry verticals and service lines, and continue to use the increasing power of our Genpact Cora platform to unleash opportunities for our clients."

Key Financial Results - Full Year 2017

- Total revenue was \$2.74 billion, up 6% year-over-year (up ~7% on a constant currency basis).
- Income from operations was \$328.6 million, down 4% year-over-year, with a corresponding margin of 12.0%. Adjusted income from operations was \$429.6 million, up 8% year-over-year, with a corresponding margin of 15.7%.
- Diluted earnings per share were \$1.34, up 4% year-over-year, and adjusted diluted earnings per share were \$1.62, up 11% year-over-year.
- New bookings were approximately \$2.80 billion, up 5% from \$2.65 billion in 2016.⁵
- Genpact repurchased approximately 7.7 million of its common shares in 2017 for a total of \$216 million at an average price per share of \$27.89.

Key Financial Results - Fourth Quarter 2017

- Total revenue was \$734 million, up 8% year-over-year (up ~7% on a constant currency basis).
- Income from operations was \$72 million, down 27% year-over-year, with a corresponding margin of 9.8%. Adjusted income from operations was \$115 million, up 1% year-over-year, with a corresponding margin of 15.7%.
- Diluted earnings per share were \$0.34, down 9% year-over-year, and adjusted diluted earnings per share were \$0.43, down 2.0% year-over-year.

Revenue Details – Full Year 2017 ⁶

- Revenue from Global Clients was \$2.47 billion, up 11% year-over-year (up ~12% on a constant currency basis), representing approximately 90% of total revenues. If all 2016 GE revenue reclassifications had occurred on January 1, 2016, revenue from Global Clients would have increased 10% year-over-year (or ~11% on a constant currency basis).
- Revenue from GE was \$270 million, down 25% year-over-year, representing approximately 10% of total revenues. If all 2016 GE revenue reclassifications had occurred on January 1, 2016, revenue from GE would have decreased 19% year-over-year.
- Total BPO revenue was \$2.3 billion, up 9% year-over-year, representing approximately 83% of total revenues.
- Global Client BPO revenue was \$2.09 billion, up 14% year-over-year (up ~15% on a constant currency basis). If all 2016 GE revenue reclassifications had occurred on January 1, 2016, BPO revenue from Global Clients would have increased 13% year-over-year (or 14% on a constant currency basis).
- GE BPO revenue was \$176 million, down 32% year-over-year. If all 2016 GE revenue reclassifications had occurred on January 1, 2016, GE BPO revenue would have decreased 24% year-over-year.
- Total IT revenue was \$473 million, down 3% year-over-year, representing approximately 17% of total revenues.
- Global Client IT revenue was \$379 million, down 2% year-over-year.
- GE IT revenue was \$94 million, down 6% year-over-year.

Revenue Detail - Fourth Quarter 2017

- Revenue from Global Clients was \$669 million, up 12% year-over-year (up ~11% on a constant currency basis), representing approximately 91% of total revenues. If all 2016 GE revenue reclassifications had occurred on January 1, 2016, revenue from Global Clients would have increased 11% year-over-year (or ~11% on a constant currency basis).
- Revenue from GE was \$65 million, down 20% year-over-year, representing approximately 9% of total revenues. If all 2016 GE revenue reclassifications had occurred on January 1, 2016, revenue from GE would have decreased 20% year-over-year.

- Total BPO revenue was \$614 million, up 11% year-over-year, representing approximately 84% of total revenues.
- Global Client BPO revenue was \$575 million, up 15% year-over-year (up ~15% on a constant currency basis). If all 2016 GE revenue reclassifications had occurred on January 1, 2016, BPO revenue from Global Clients would have increased 15% year-over-year (or 15% on a constant currency basis).
- GE BPO revenue was \$39 million, down 30% year-over-year. If all 2016 GE revenue reclassifications had occurred on January 1, 2016, GE BPO revenue would have decreased 30% year-over-year.
- Total IT revenue was \$121 million, down 6% year-over-year, representing approximately 16% of total revenues.
- Global Client IT revenue was \$94 million, down 8% year-over-year.
- GE IT revenue was \$26 million, up 2% year-over-year.

Cash Flow from Operations

• Cash generated from operations was \$359 million in the full year 2017, up 4% from the full year 2016.

2018 Outlook

Genpact expects:

- Total revenue for the full year 2018 to be \$2.93 to \$3.0 billion.
- Global Client revenue growth to be in the range of 9% to 11%, both on an as-reported and constant currency basis.
- Adjusted income from operations margin⁷ of approximately 15.8%.
- Adjusted diluted EPS⁸ of \$1.70 to \$1.74.

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 12, 2018 to discuss the company's performance for the fourth quarter and full year ended December 31, 2017. To participate, callers can dial +1 (877) 654-0173 from within the U.S. or +1 (281) 973-6289 from any other country. Thereafter, callers will be prompted to enter the conference ID, 6994337.

A live webcast of the call will also be made available on the Genpact Investor Relations website at http://investors.genpact.com. For those who cannot join the call live, a replay will be archived on the Genpact website after the end of the call. A transcript of the call will also be made available on the website.

About Genpact

Genpact (NYSE: G) is a global professional services firm that makes business transformation real. We drive digital-led innovation and digitally-enabled intelligent operations for our clients, guided by our experience running thousands of processes for hundreds of Global Fortune 500 companies. We think with design, dream in digital, and solve problems with data and analytics. We obsess over operations and focus on the details – all 78,000+ of us. From New York to New Delhi and more than 20 countries in between, Genpact has the end-to-end expertise to connect every dot, reimagine every process, and reinvent companies' ways of working. We know that rethinking each step from start to finish will create better business outcomes. Whatever it is, we'll be there with you – putting data and digital to work to create bold, lasting results – because transformation happens here.

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 and other laws and regulations, 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 forward-looking 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.

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GENPACT LIMITED AND ITS SUBSIDIARIES

Consolidated Balance Sheets (Unaudited)

(In thousands, except per share data and share count)

	As of December 31, 2016			December 31, 2017
Assets Current assets Cash and cash equivalents				
Accounts receivable, net	\$	422,623 615,265	\$	504,468 693,085
Prepaid expenses and other current assets		189,149		236,342
Total current assets	\$	1,227,037	\$	1,433,895
Property, plant and equipment, net		193,218		207,030
Deferred tax assets		70,143		76,929
Investment in equity affiliates		4,800		886
Intangible assets, net		78,946		131,590
Goodwill		1,069,408		1,337,122
Other assets		242,328		262,169
Total assets	\$	2,885,880	\$	3,449,621
Liabilities and equity Current liabilities				
Short-term borrowings	\$	160,000	\$	170,000
Current portion of long-term debt		39,181		39,226
Accounts payable		9,768		15,050
Income taxes payable		24,159		30,026
Accrued expenses and other current liabilities		498,247		584,482
Total current liabilities	\$	731,355	\$	838,784

Long-term debt, less current portion	698,152	1,006,687
Deferred tax liabilities	•	
Other liabilities	2,415	6,747
	162,790	 168,609
Total liabilities	\$ 1,594,712	\$ 2,020,827
Redeemable non-controlling interest Shareholders' equity	4,520	4,750
Preferred shares, \$0.01 par value, 250,000,000 authorized, none issued	_	_
Common shares, \$0.01 par value, 500,000,000 authorized, 198,794,052 and 192,825,207 issued and outstanding as of December 31, 2016 and		
December 31, 2017, respectively	1,984	1,924
Additional paid-in capital	1,384,468	1,421,368
Retained earnings	358,121	355,982
Accumulated other comprehensive income (loss)	(457,925)	 (355,230)
Total equity	\$ 1,286,648	\$ 1,424,044
Total liabilities, redeemable non-controlling interest and equity	\$ 2,885,880	\$ 3,449,621

GENPACT LIMITED AND ITS SUBSIDIARIES

Consolidated Statements of Income (Unaudited)

(In thousands, except per share data and share count)

	Three months ended December 31,					
		2015		2016		2017
Net revenues	\$	646,528	\$	681,747	\$	734,413
Cost of revenue		393,937		405,672		455,883
Gross profit	\$	252,591	\$	276,075	\$	278,530
Operating expenses:						
Selling, general and administrative expenses		165,413		170,714		188,993
Amortization of acquired intangible assets		6,638		7,419		10,632
Other operating (income) expense, net		(2,906)		(149)		6,856
Income from operations	\$	83,446	\$	98,091	\$	72,049
Foreign exchange gains (losses), net		1,171		(526)		(49)
Interest income (expense), net		(2,023)		(5,012)		(7,668)
Other income (expense), net		2,092		2,948		17,227
Income before equity-method investment activity, net and income tax			<u> </u>			
expense	\$	84,686	\$	95,501	\$	81,559
Equity-method investment activity, net		(2,805)		(1,362)		24
Income before income tax expense	\$	81,881	\$	94,139	\$	81,583
Income tax expense		17,468		18,072		15,445
Net income	\$	64,413	\$	76,067	\$	66,138
Net loss attributable to redeemable non-controlling interest		_		232		944
Net income attributable to Genpact Limited shareholders	\$	64,413	\$	76,299	\$	67,082
Net income available to Genpact Limited common shareholders	\$	64,413	\$	76,299	\$	67,082
Earnings per common share attributable to Genpact Limited common shareholders						

	Basic	\$	0.30	\$	0.38	\$	0.35	
	Diluted	\$	0.30	\$	0.38	\$	0.34	
٧	Veighted average number of common shares used in computing earnings per common share attributable to Genpact Limited common shareholders	Ψ	0.00	Ψ	3.50	Ψ	3.54	
	Basic	21	2,697,001	20	0,341,922	19	92,795,534	
Diluted		215.675.065		20	3.431.310	196.862.168		

GENPACT LIMITED AND ITS SUBSIDIARIES

Consolidated Statements of Income (Unaudited)

(In thousands, except per share data and share count)

		1,			
		2015	2016		2017
Net revenues	\$	2,461,044	\$ 2,570,756	\$	2,736,929
Cost of revenue		1,493,547	1,554,707		1,683,704
Gross profit	\$	967,497	\$ 1,016,049	\$	1,053,225
Operating expenses:					
Selling, general and administrative expenses		608,114	653,029		689,847
Amortization of acquired intangible assets		28,513	27,183		36,412
Other operating (income) expense, net		(3,322)	(4,940)		(1,661)
Income from operations	\$	334,192	\$ 340,777	\$	328,627
Foreign exchange gains (losses), net		5,269	2,630		1,996
Interest income (expense), net		(31,267)	(16,184)		(31,735)
Other income (expense), net		4,360	10,120		26,238
Income before equity-method investment activity, net and income ta	x		 		
expense	\$	312,554	\$ 337,343	\$	325,126
Equity-method investment activity, net		(10,800)	(7,698)		(4,543)
Income before income tax expense	\$	301,754	\$ 329,645	\$	320,583
Income tax expense		61,937	62,098		59,742
Net income	\$	239,817	\$ 267,547	\$	260,841
Net loss attributable to redeemable non-controlling interest		_	2,137		2,270
Net income attributable to Genpact Limited shareholders	\$	239,817	\$ 269,684	\$	263,111
Net income available to Genpact Limited common shareholders	\$	239,817	\$ 269,684	\$	263,111
Earnings per common share attributable to Genpact Limited common shareholders					
Basic	\$	1.11	\$ 1.30	\$	1.36
Diluted	\$	1.09	\$ 1.28	\$	1.34
Weighted average number of common shares used in computing earning	IS				
per common share attributable to Genpact Limited common shareholde	ers				
Basic		216,606,542	206,861,536		193,864,755
Diluted		219,145,044	210,126,023		197,049,552

GENPACT LIMITED AND ITS SUBSIDIARIES

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

Year ended December 31,

		2015		2016		2017
Operating activities						_
Net income attributable to Genpact Limited shareholders	\$	239,817	\$	269,684	\$	263,111
Net loss attributable to redeemable non-controlling interest		<u> </u>		(2,137)		(2,270)
Net income	\$	239,817	\$	267,547	\$	260,841
Adjustments to reconcile net income to net cash provided by (used for) operating activities:						
Depreciation and amortization		54,286		54,553		58,503
Amortization of debt issuance costs (including loss on extinguishment of debt)		13,546		1,531		1,884
Amortization of acquired intangible assets		28,513		27,183		36,412
Write-down of intangible assets and property, plant and equipment		10,714		11,195		9,311
Reserve for doubtful receivables		2,449		7,282		9,819
Unrealized (gain) loss on revaluation of foreign currency asset/liability		(4,999)		1,717		(11,830)
Equity-method investment activity, net		10,800		7,698		4,543
Excess tax benefit on stock-based compensation		(6,560)				_
Stock-based compensation expense		24,976		25,113		35,685
Deferred income taxes		(18,713)		30,454		(10,391)
Loss (gain) on divestiture		(000)		(5,214)		5,668
Others, net		(238)		(41)		(4,785)
Change in operating assets and liabilities:						
Increase in accounts receivable		(78,923)		(48,612)		(57,267)
Increase in prepaid expenses, other current assets and other assets		(32,602)		(62,852)		(28,381)
Decrease in accounts payable				,		
Increase in accrued expenses, other current liabilities and other liabilities		(3,988)		(463)		(2,155)
Increase in income taxes payable		69,606		27,977		46,581
increase in income taxes payable		18,757		704		4,640
Net cash provided by operating activities	\$	327,441	\$	345,772	\$	359,078
Investing activities						_
Purchase of property, plant and equipment		(62,173)		(81,926)		(57,231)
Payment for internally generated intangible assets				(6,846)		(16,441)
Proceeds from sale of property, plant and equipment		1,486		547		1,738
Investment in equity affiliates		(18,423)		(9,620)		(496)
Payment for business acquisitions, net of cash acquired		(21,363)		(45,162)		(284,822)
Proceeds from divestiture of business, net of cash divested	•	(100 472)	_	17,242	<u> </u>	(4,738)
Net cash used for investing activities	\$	(100,473)	\$	(125,765)	\$	(361,990)
Financing activities Repayment of capital lease obligations		(2,035)		(1,793)		(2,708)
Payment of debt issuance costs		(6,584)		(1,733)		(2,630)
Proceeds from long-term debt		800,000		_		350,000
Repayment of long-term debt		(684,875)		(40,000)		(40,000)
Proceeds from short-term borrowings		1,451,500		200,000		295,000
Repayment of short-term borrowings		(1,565,000)		(61,500)		(285,000)
Proceeds from issuance of common shares under stock-based compensation				, ,		
plans		16,088		18,228		15,528
Payment for net settlement of stock-based awards		(7,194)		(769)		(10,296)
Payment of earn-out/deferred consideration		(230)		(1,485)		(6,219)
Dividend paid		(226.017)		(245 200)		(46,686)
Payment for stock purchased and retired		(226,917)		(345,200)		(219,784)
Payment for expenses related to stock purchase Excess tax benefit on stock-based compensation		(197) 6,560		(279)		(16)
·	\$		•	(222 709)	\$	47 190
Net cash (used for) provided by financing activities Effect of exchange rate changes	Ψ	(218,884) (18,965)	\$	(232,798) (15,493)	<u> </u>	47,189 37,568
Net increase (decrease) in cash and cash equivalents		8,084		(12,791)		37,566 44,277
Cash and cash equivalents at the beginning of the period		8,084 461,788		(12,791) 450,907		44,277
	\$	450,907	\$	422,623	\$	504,468
Cash and cash equivalents at the end of the period Supplementary information	Ψ	T-50,501	Ψ	722,023	Ψ	504,400
Cash paid during the period for interest	\$	20,950	\$	17,860	\$	27,853

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 attributable to shareholders of Genpact Limited, or adjusted income from operations;
- · Adjusted income from operations margin;
- · Adjusted diluted earnings per share attributable to shareholders of Genpact Limited, or adjusted diluted earnings per share; and
- · Revenue growth on a constant currency basis.

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. Accordingly, 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 the amortization of acquired intangibles thereof, since July 2012 Genpact's management has used 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 those of its competitors. For the same reasons, since April 2016 Genpact's management has excluded the impairment of acquired intangible assets from the financial statements it uses for internal management purposes. Acquisition-related expenses are excluded in the period in which an acquisition is consummated.

Genpact's management also 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. Additionally, in its calculations of such non-GAAP financial measures, Genpact's management has adjusted other income and expenses, certain gains, losses and impairment charges attributable to equity-method investments, and gains or losses attributable to non-controlling interests because management views these interests as part of its ongoing operations. For the purpose of calculating adjusted diluted earnings per share, the combined current and deferred tax effect is determined by multiplying each pre-tax adjustment by the applicable statutory income tax rate.

Genpact's management provides information about revenues on a constant currency basis so that the revenues may be viewed without the impact of foreign currency exchange rate fluctuations, thereby facilitating period-to-period comparisons of our true business performance. Revenue growth on a constant currency basis is calculated by restating current-period activity using the prior fiscal period's foreign currency exchange rates adjusted for hedging gains/losses in such period.

Accordingly, Genpact believes that the presentation of adjusted income from operations, adjusted income from operations margin, adjusted diluted earnings per share and revenue growth on a constant currency basis, 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 income from operations margin versus income from operations and income from operations margin calculated in accordance with GAAP is that these non-GAAP financial measures exclude certain recurring costs and certain other charges, namely stock-based compensation and amortization and impairment of acquired intangibles.

Management compensates for this limitation by providing specific information on the GAAP amounts excluded from adjusted income from operations and adjusted income from operations margin.

The following tables show the reconciliation of these Non-GAAP financial measures from GAAP for the year and three months ended

Reconciliation of Adjusted Income from Operations and Adjusted Income from Operations Margin

(Unaudited) (In thousands)

	Year ended December 31,			Three months ended D				d Dec	December 31,		
		2016		2017	_	-	2016			2017	_
Income from operations	\$	340,777	•	\$ 328,627	-	\$	98,091		\$	72,049	-
Add: Stock-based compensation		25,113		35,685			6,769			13,283	
Add: Amortization and impairment of acquired intangible assets		25,023		35,467			6,816			11,390	
Add: Acquisition-related expenses		1,956		5,886			120			131	
Add: Other income (expense), net		10,120		26,238			2,948			17,227	
Less: Equity-method investment activity, net		(7,698)		(4,543)			(1,362)			24	
Add: Net loss attributable to redeemable non-controlling interest		2,137		2,270			232			944	
Adjusted income from operations	\$	397,428	•	\$ 429,630	_	\$	113,614	•	\$	115,048	-
Adjusted income from operations margin		15.5	%	15.7	%		16.7	%		15.7	%

Reconciliation of Adjusted Diluted EPS⁹

(Unaudited) (Per share data)

	Year ended December 31,		nded December 31,		
	2016	2017	2016	2017	
Diluted EPS	\$ 1.28	\$ 1.34	\$ 0.38	\$ 0.34	
Add: Stock-based compensation	0.12	0.18	0.03	0.07	
Add: Amortization and impairment of acquired intangible assets	0.12	0.18	0.03	0.06	
Add: Acquisition-related expenses	0.01	0.03	_	_	
Less: Tax impact on stock-based compensation	(0.03)	(0.05)	(0.01)	(0.02)	
Less: Tax impact on amortization and impairment of acquired					
intangibles	(0.04)	(0.06)	(0.01)	(0.02)	
Less: Tax impact on acquisition-related expenses	_	_	_	_	
Adjusted diluted EPS	\$ 1.46	\$ 1.62	\$ 0.43	\$ 0.43	

The following tables show the reconciliation of forward-looking Non-GAAP financial measures from GAAP for the year ending December 31, 2018:

Reconciliation of Outlook for Adjusted Income from Operations Margin (Unaudited)

	Year ending	
	December 31, 2018	
Income from operations margin	12.4	%
Add: Estimated stock-based compensation	1.4	%
Add: Estimated amortization of acquired intangible assets	1.3	%
Add: Estimated acquisition-related expenses	0.1	%
Add: Estimated other income (expense), net	0.6	%
Less: Estimated equity-method investment activity, net	_	
Adjusted income from operations margin	15.8	%

Reconciliation of Outlook for Adjusted Diluted EPS¹⁰

(Unaudited) (Per share data)

Year ending December 31, 2018					
L	ower	U	oper		
\$	1.39	\$	1.43		

Add: Estimated stock-based compensation	0.23	0.23
Add: Estimated amortization of acquired intangible assets	0.21	0.21
Add: Estimated acquisition-related expenses	0.01	0.01
Less: Estimated tax impact on stock-based compensation	(0.06)	(0.06)
Less: Estimated tax impact on amortization of acquired intangibles	(0.07)	(0.07)
Less: Estimated tax impact on acquisition-related expenses	_	_
Adjusted diluted EPS	\$ 1.70	\$ 1.74

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SOURCE Genpact Limited

https://media.genpact.com/2018-02-12-Genpact-Reports-Full-Year-and-Fourth-Quarter-2017-Results

¹ Revenue growth on a constant currency basis is a non-GAAP measure and is calculated by restating current-period activity using the prior fiscal period's foreign currency exchange rates adjusted for hedging gains/losses in such period.

² Global Client BPO revenue growth rates have been adjusted to assume that the GE revenue reclassifications we undertook at the end of fiscal 2016 occurred on January 1, 2016. On an unadjusted basis, Global Client BPO revenue was up 14% (~15% on a constant currency basis). See the information under the heading "Revenue Details – Full Year 2017."

³ Adjusted diluted earnings per share is a non-GAAP measure. A reconciliation of GAAP diluted earnings per share and adjusted diluted earnings per share is attached to this release.

⁴ Adjusted income from operations and adjusted income from operations margin are non-GAAP measures. A reconciliation of GAAP income from operations and adjusted income from operations and adjusted income from operations margin are attached to this release.

⁵ New bookings, an operating measure, 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.

⁶ At the end of each fiscal year, we reclassify revenue related to certain divested GE businesses as Global Client revenue as of the dates of divestiture. Additionally, at the end of 2016, we reclassified revenue from our acquisitions of Endeavour Software Technologies Pvt. Ltd. and PNMSoft Ltd. from IT services to BPO revenue effective as of the date of the acquisitions. The impact of these reclassifications is reflected in the growth rates presented under this heading. In order to provide a consistent view of the trends underlying our business, we are also presenting under this heading growth rates adjusted to assume that the 2016 GE reclassifications occurred on January 1, 2016. The reclassification of revenue related to certain divested GE businesses as Global Client revenue for 2017 was immaterial.

⁷ Adjusted income from operations margin is a non-GAAP measure. A reconciliation of the outlook for GAAP income from operations margin and adjusted income from operations margin is attached to this release.

⁸ Adjusted diluted earnings per share is a non-GAAP measure. A reconciliation of the outlook for GAAP diluted earnings per share and adjusted diluted earnings per share is attached to this release.

⁹ Due to rounding, the numbers presented in this table may not add up precisely to the totals provided.

¹⁰ Due to rounding, the numbers presented in this table may not add up precisely to the totals provided.