# Genpact Reports First Quarter 2023 Results

***Total revenue of $1.09 billion, Up 2% (4% constant currency)[1,2]***

***Data-Tech-AI services revenue of $485 million, Up 4% (6% constant currency)[1,2]***

***Digital Operations services revenue of $604 million, Up 0.4% (3% constant currency)[1]***

***Diluted EPS of $0.57, Up 12%; Adjusted Diluted EPS[3] of $0.68, Up 13%***

NEW YORK, May 10, 2023 /PRNewswire/ -- Genpact Limited (NYSE: G), a global professional services firm focused on delivering outcomes that transform businesses, today announced financial results for the first quarter ended March 31, 2023.

"Our results for the quarter were solid and reinforce the powerful interlinkages between Data-Tech-AI and Digital Operations services that lead to many new opportunities to create value for clients and growth for us," said **"Tiger" Tyagarajan, Genpact's President and CEO**. "We are excited by our record level of first quarter bookings and near record pipeline. We view generative AI as an opportunity to expand our services to clients and increase our total addressable market. It also provides an opportunity for internal efficiency and margin enhancement."

**Key Financial Highlights – First Quarter 2023**

- Total revenue was $1.09 billion, up 2% year-over-year (4% constant currency).[1,2]
- Revenue from Data-Tech-AI services was $485 million, up 4% year-over-year (6% constant currency),[1,2] representing 45% of total revenue.
- Revenue from Digital Operations services was $604 million, up 0.4% year-over-year (3% constant currency),[1] representing 55% of total revenue.
- Net income was $106 million, up 10% year-over-year, with a corresponding margin of 9.7%.
- Income from operations was $145 million, up 8% year-over-year, with a corresponding margin of 13.3%. Adjusted income from operations was $179 million, up 12% year-over-year, with a corresponding margin of 16.4%.[4,5]
- Diluted earnings per share was $0.57, up 12% year-over-year, and adjusted diluted earnings per share[3] was $0.68, up 13% year-over-year.
- Income from operations and diluted earnings per share include a $0.8 million loss incurred on the sale of the business previously designated as held for sale as well as a $1.2 million operating loss from the business previously designated as held for sale. These items are excluded from adjusted income from operations[4] and adjusted diluted earnings per share.[3]
- Cash utilized in operations was $34 million, compared to $114 million utilized in operations in the first quarter of 2022.
- Genpact repurchased approximately 631,000 of its common shares during the quarter for total consideration of approximately $30 million at an average price per share of $47.57.

---

[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] Total revenue and revenue from Data-Tech-AI services includes $0.5 million of revenue associated with the business previously designated as held for sale.

[3] Adjusted diluted earnings per share is a non-GAAP measure. A reconciliation of GAAP diluted earnings per share to 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. Reconciliations of each of GAAP income from operations and GAAP net income to adjusted income from operations and GAAP income from operations margin and GAAP net income margin to adjusted income from operations margin are attached to this release.

[5] Adjusted income from operations margin was derived by adjusting total revenue to exclude $0.5 million of revenue associated with the business previously designated as held for sale.

**Full Year 2023 Outlook**

Genpact continues to expect:

- Total revenue in the range of $4.64 billion to $4.71 billion, up 6.0% to 7.5%, or 6.5% to 8.0% year-over-year on a constant currency basis.[1]
- Adjusted income from operations margin[6] of approximately 16.8%.
- Adjusted diluted EPS[7] in the range of $2.92 to $2.99.

**Conference Call to Discuss Financial Results**

Genpact's management will host an hour-long conference call beginning at 4:30 p.m. ET on May 10, 2023 to discuss the company's performance for the first quarter ended March 31, 2023. Those who wish to participate can register here to receive a dial-in number and unique PIN to access the call seamlessly. It

is recommended callers join 10 minutes prior to the start of the event (although you may register and dial in at any time during the call). A live webcast of the call will also be made available on the Genpact Investor Relations website at https://www.genpact.com/investors. 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.

---

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

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

**About Genpact**

Genpact (NYSE: G) is a global professional services firm delivering the outcomes that transform our clients' businesses and shape their future. We're guided by our real-world experience redesigning and running thousands of processes for hundreds of global companies. Our clients – including many in the Global Fortune 500 – partner with us for our unique ability to combine deep industry and functional expertise, leading talent, and proven methodologies to drive collaborative innovation that turns insights into action and delivers outcomes at scale. We create lasting competitive advantages for our clients and their customers, running digitally enabled operations and applying our Data-Tech-AI services to design, build, and transform their businesses. And we do it all with purpose. From New York to New Delhi and more than 30 countries in between, our 115,000+ team is passionate in its relentless pursuit of a world that works better for people.

**Safe Harbor**

This press release contains certain statements concerning our future growth prospects, including our outlook for 2023, financial results and other 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 general economic conditions, any deterioration in the global economic environment and its impact on our clients, our ability to effectively price our services and maintain pricing and employee utilization rates, general inflationary pressures and our ability to share increased costs with our clients, wage increases in locations in which we have operations, our ability to attract and retain skilled professionals, the economic and other impacts of the invasion of Ukraine by Russia and the related sanctions and other measures being implemented or imposed in response thereto, as well as any potential expansion or escalation of the conflict or its economic disruption beyond its current scope, the impact of the COVID-19 pandemic on our business and on our employees, clients, partners and suppliers, a slowdown in the economies and sectors in which our clients operate, a slowdown in the business process outsourcing or information technology services sectors, our ability to develop and successfully execute our business strategies, 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, changes in tax rates and tax legislation and other laws and regulations, technological innovation, including AI technology and future uses of generative AI and large language models, and our ability to invest in new technologies and adapt to industry developments at sufficient speed and scale, risks and uncertainties regarding fluctuations in our earnings, foreign currency fluctuations, political, economic or business conditions in countries in which we operate, including the withdrawal of the United Kingdom from the European Union, commonly known as Brexit, 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 and Quarterly Reports on Form 10-Q. 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.

**Contacts**


| | | |
|---|---|---|
| Investors | Roger Sachs, CFA | |
| | +1 (203) 808-6725 | |
| | roger.sachs@genpact.com | |
| Media | Siya Belliappa | |
| | +1 (718) 561-9843 | |
| | siya.belliappa@genpact.com | |


**GENPACT LIMITED AND ITS SUBSIDIARIES**

**Consolidated Balance Sheets**

**(Unaudited)**

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

| | As of December 31, 2022 | As of March 31, 2023 |
|---|---|---|
| **Assets** | | |
| *Current assets* | | |
| Cash and cash equivalents | $ 646,765 | $ 552,281 |
| Accounts receivable, net of allowance for credit losses of $20,442 and $23,203 as of December 31, 2022 and March 31, 2023, respectively | 994,755 | 1,005,394 |
| Prepaid expenses and other current assets | 137,972 | 175,882 |
| **Total current assets** | **$ 1,779,492** | **$ 1,733,557** |
| Property, plant and equipment, net | 180,758 | 179,255 |
| Operating lease right-of-use assets | 198,366 | 188,024 |
| Deferred tax assets | 135,483 | 130,902 |
| Intangible assets, net | 89,715 | 80,044 |
| Goodwill | 1,684,196 | 1,687,486 |
| Contract cost assets | 216,670 | 202,546 |
| Other assets, net of allowance for credit losses of $3,198 and $3,198 as of December 31, 2022 and March 31, 2023, respectively | 304,134 | 304,031 |
| **Total assets** | **$ 4,588,814** | **$ 4,505,845** |
| **Liabilities and equity** | | |
| *Current liabilities* | | |
| Short-term borrowings | $ 151,000 | $ 180,000 |
| Current portion of long-term debt | 26,136 | 26,140 |
| Accounts payable | 35,809 | 22,713 |
| Income taxes payable | 45,306 | 64,094 |
| Accrued expenses and other current liabilities | 791,007 | 598,378 |
| Operating leases liability | 54,063 | 53,199 |
| **Total current liabilities** | **$ 1,103,321** | **$ 944,524** |
| Long-term debt, less current portion | 1,249,153 | 1,242,908 |
| Operating leases liability | 190,398 | 178,544 |
| Deferred tax liabilities | 4,176 | 4,486 |
| Other liabilities | 215,608 | 210,050 |
| **Total liabilities** | **$ 2,762,656** | **$ 2,580,512** |

| | | |
|---|---|---|
| **Shareholders' equity** | | |
| Preferred shares, $0.01 par value, 250,000,000 authorized, none issued | — | — |
| Common shares, $0.01 par value, 500,000,000 authorized, 182,924,416 and 183,729,110 issued and outstanding as of December 31, 2022 and March 31, 2023, respectively | 1,823 | 1,831 |
| Additional paid-in capital | 1,777,453 | 1,794,779 |
| Retained earnings | 780,007 | 830,846 |
| Accumulated other comprehensive income (loss) | (733,125) | (702,123) |
| **Total equity** | **$ 1,826,158** | **$ 1,925,333** |
| **Total liabilities and equity** | **$ 4,588,814** | **$ 4,505,845** |

**GENPACT LIMITED AND ITS SUBSIDIARIES**

**Consolidated Statements of Income**

**(Unaudited)**

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

| | Three months ended March 31, | |
|---|---|---|
| | **2022** | **2023** |
| Net revenues | $ 1,068,443 | $ 1,089,319 |
| Cost of revenue | 685,962 | 719,078 |
| **Gross profit** | **$ 382,481** | **$ 370,241** |
| *Operating expenses:* | | |
| Selling, general and administrative expenses | 237,296 | 216,485 |
| Amortization of acquired intangible assets | 11,306 | 8,255 |
| Other operating (income) expense, net | 3 | 389 |
| **Income from operations** | **$ 133,876** | **$ 145,112** |
| Foreign exchange gains (losses), net | 4,303 | (1,040) |
| Interest income (expense), net | (12,088) | (9,627) |
| Other income (expense), net | (409) | 4,030 |
| **Income before income tax expense** | **$ 125,682** | **$ 138,475** |
| Income tax expense | 29,503 | 32,374 |
| **Net income** | **$ 96,179** | **$ 106,101** |
| Earnings per common share | | |
| Basic | $ 0.52 | $ 0.58 |
| Diluted | $ 0.51 | $ 0.57 |
| Weighted average number of common shares used in computing earnings per common share | | |

| | | |
|---|---|---|
| Basic | 185,637,776 | 183,795,404 |
| Diluted | 189,558,404 | 187,586,277 |

**GENPACT LIMITED AND ITS SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**(Unaudited)**

**(In thousands)**

| | Three Months ended March 31, | |
|---|---|---|
| | **2022** | **2023** |
| **Operating activities** | | |
| Net income | $ 96,179 | $ 106,101 |
| *Adjustments to reconcile net income to net cash used for operating activities:* | | |
| Depreciation and amortization | 24,847 | 18,757 |
| Amortization of debt issuance costs | 690 | 487 |
| Amortization of acquired intangible assets | 11,306 | 8,255 |
| Loss on the sale of the business classified as held for sale | — | 802 |
| Allowance for credit losses/(gains) | (463) | 3,324 |
| Unrealized gain on revaluation of foreign currency assets/liabilities | (4,599) | (2,994) |
| Stock-based compensation expense | 15,250 | 19,704 |
| Deferred tax expense | 4,914 | 1,710 |
| Others, net | 19 | 454 |
| *Change in operating assets and liabilities:* | | |
| Increase in accounts receivable | (83,548) | (17,794) |
| Increase in prepaid expenses, other current assets, contract cost assets, operating lease right-of-use assets and other assets | (4,120) | (11,424) |
| Decrease in accounts payable | (2,010) | (13,261) |
| Decrease in accrued expenses, other current liabilities, operating lease liabilities and other liabilities | (179,186) | (167,217) |
| Increase in income taxes payable | 6,440 | 19,032 |
| **Net cash used for operating activities** | **$ (114,281)** | **$ (34,064)** |
| **Investing activities** | | |
| Purchase of property, plant and equipment | (16,744) | (12,578) |
| Payment for internally generated intangible assets (including intangibles under development) | (1,065) | (828) |
| Proceeds from sale of property, plant and equipment | 43 | 9 |
| Payment for business acquisitions, net of cash acquired | — | (682) |
| Payment for divestiture of the business classified as held for sale | — | (19,510) |
| **Net cash used for investing activities** | **$ (17,766)** | **$ (33,589)** |

| | | | | |
|---|---|---|---|---|
| **Financing activities** | | | | |
| Repayment of finance lease obligations | | (2,292) | | (3,705) |
| Repayment of long-term debt | | (8,500) | | (6,625) |
| Proceeds from short-term borrowings | | 250,000 | | 75,000 |
| Repayment of short-term borrowings | | — | | (46,000) |
| Proceeds from issuance of common shares under stock-based compensation plans | | 3,300 | | 15,924 |
| Payment for net settlement of stock-based awards | | (41,889) | | (18,172) |
| Payment of earn-out consideration | | — | | (2,399) |
| Dividend paid | | (23,134) | | (25,255) |
| Payment for stock repurchased and retired (including expenses related to stock repurchase) | | (76,032) | | (30,013) |
| **Net cash provided by/(used for) financing activities** | **$** | **101,453** | **$** | **(41,245)** |
| Effect of exchange rate changes | | (7,104) | | 14,414 |
| Net decrease in cash and cash equivalents | | (30,594) | | (108,898) |
| Cash and cash equivalents at the beginning of the period | | 899,458 | | 646,765 |
| **Cash and cash equivalents at the end of the period** | **$** | **861,760** | **$** | **552,281** |
| **Supplementary information** | | | | |
| Cash paid during the period for interest | $ | 1,893 | $ | 6,112 |
| Cash paid during the period for income taxes, net of refund | $ | 28,580 | $ | 23,001 |

**Non-GAAP Financial Measures**

*To supplement the consolidated financial statements presented in accordance with GAAP, this press release includes the following non-GAAP financial measures:*

- *Adjusted income from operations;*
- *Adjusted income from operations margin;*
- *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.*

*Given Genpact's 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.*

*During the second quarter of 2022, Genpact approved a plan to divest a business that was no longer deemed strategic. Given the specialized nature of this business, we anticipated completing a transaction within twelve months after the end of the second quarter of 2022, and therefore, we classified the revenues and expenses related to this business as held for sale with effect from April 1, 2022. During the first quarter of 2023, the Company consummated this transaction and recorded a loss on the sale of the business. Genpact's management believes that excluding such loss on the sale of the business and the revenues and expenses associated with the business previously designated as held for sale in calculating its non-GAAP financial measures provides useful information to both management and investors regarding the Company's financial performance and underlying business trends. Additionally, in its*

*calculations of non-GAAP financial measures, Genpact's management has adjusted foreign exchange gains and losses, interest income and expense and income tax expenses from GAAP net income, and other income and expenses, and certain gains from GAAP income from operations, because management believes that the Company's results after taking into account these adjustments more accurately reflect the Company's ongoing operations. In its calculations of adjusted diluted earnings per share, Genpact's management adds back stock-based compensation expense, amortization and impairment of acquired intangible assets, acquisition-related expenses and the related tax impact of such adjustments from GAAP diluted earnings per share. 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 compared to prior fiscal periods, thereby facilitating period-to-period comparisons of the Company's 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, income from operations margin, net income and net income 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 expense and amortization and impairment of acquired intangible assets. 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 to the most directly comparable GAAP measures for the three months ended March 31, 2022 and 2023:

**Reconciliation of Net Income/Margin to Adjusted Income from Operations/Margin**

(In thousands)

| | Three months ended March 31, | |
|---|---|---|
| | **2022** | **2023** |
| Net income | $ 96,179 | $ 106,101 |
| Foreign exchange (gains) losses, net | (4,303) | 1,040 |
| Interest (income) expense, net | 12,088 | 9,627 |
| Income tax expense | 29,503 | 32,374 |
| Stock-based compensation expense | 15,250 | 19,704 |
| Amortization and impairment of acquired intangible assets | 11,302 | 8,143 |
| Operating loss from the business classified as held for sale | — | 1,201 |
| Loss on the sale of business classified as held for sale | — | 802 |
| **Adjusted income from operations** | **$ 160,019** | **$ 178,992** |
| Net income margin | 9.0 % | 9.7 % |
| **Adjusted income from operations margin** | **15.0 %** | **16.4 %** |

**Reconciliation of Income from Operations/Margin to Adjusted Income from Operations/Margin**

(In thousands)

| | Three months ended March 31, | |
|---|---|---|
| | **2022** | **2023** |
| Income from operations | $ 133,876 | $ 145,112 |

| | | |
|---|---|---|
| Stock-based compensation expense | 15,250 | 19,704 |
| Amortization and impairment of acquired intangible assets | 11,302 | 8,143 |
| Other income (expense), net | (409) | 4,030 |
| Operating loss from the business classified as held for sale | — | 1,201 |
| Loss on the sale of business classified as held for sale | — | 802 |
| **Adjusted income from operations** | **$ 160,019** | **$ 178,992** |
| Income from operations margin | 12.5 % | 13.3 % |
| **Adjusted income from operations margin** | **15.0 %** | **16.4 %** |

**Reconciliation of Diluted EPS to Adjusted Diluted EPS[8]**

(Per share data)

| | Three months ended March 31, | |
|---|---|---|
| | **2022** | **2023** |
| Diluted EPS | **$ 0.51** | **$ 0.57** |
| Stock-based compensation expense | 0.08 | 0.11 |
| Amortization and impairment of acquired intangible assets | 0.06 | 0.04 |
| Operating loss from the business classified as held for sale | — | 0.01 |
| Loss on the sale of business classified as held for sale | — | 0.00 |
| Tax impact on stock-based compensation expense | (0.03) | (0.04) |
| Tax impact on amortization and impairment of acquired intangible assets | (0.01) | (0.01) |
| Tax impact on operating loss from the business classified as held for sale | — | (0.00) |
| Tax impact on loss on the sale of business classified as held for sale | — | (0.00) |
| **Adjusted diluted EPS** | **$ 0.60** | **$ 0.68** |

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

The following tables show the reconciliation of forward-looking non-GAAP financial measures to the most directly comparable GAAP measures for the year ending December 31, 2023:

**Reconciliation of Outlook for Net Income Margin to Adjusted Income from Operations Margin[9]**

| | Year ending December 31, 2023 |
|---|---|
| **Net income margin** | **9.8 %** |
| Estimated interest (income) expense, net | 1.1 % |
| Estimated income tax expense | 3.2 % |
| Estimated stock-based compensation expense | 1.9 % |

| | |
|---|---|
| Estimated amortization and impairment of acquired intangible assets | 0.7 % |
| Estimated operating loss and loss on sale from the business classified as held for sale | 0.0 % |
| **Adjusted income from operations margin** | **16.8 %** |

**Reconciliation of Outlook for Income from Operations Margin to Adjusted Income from Operations Margin[9]**

| | Year ending December 31, 2023 |
|---|---|
| **Income from operations margin** | **14.0 %** |
| Estimated stock-based compensation expense | 1.9 % |
| Estimated amortization and impairment of acquired intangible assets | 0.7 % |
| Estimated other income (expense), net | 0.1 % |
| Estimated operating loss and loss on sale from the business classified as held for sale | 0.0 % |
| **Adjusted income from operations margin** | **16.8 %** |

**Reconciliation of Outlook for Diluted EPS to Adjusted Diluted EPS[9]**

(Per share data)

| | Year ending December 31, 2023 | |
|---|---|---|
| | Lower | Upper |
| **Diluted EPS** | **$ 2.43** | **$ 2.49** |
| Estimated stock-based compensation expense | 0.48 | 0.48 |
| Estimated amortization and impairment of acquired intangible assets | 0.17 | 0.17 |
| Estimated operating loss and loss on sale from the business classified as held for sale | 0.01 | 0.01 |
| Estimated tax impact on stock-based compensation expense | (0.12) | (0.12) |
| Estimated tax impact on amortization and impairment of acquired intangible assets | (0.04) | (0.04) |
| Estimated tax impact on operating loss and loss on sale from the business classified as held for sale | (0.00) | (0.00) |
| **Adjusted diluted EPS** | **$ 2.92** | **$ 2.99** |

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

SOURCE Genpact