

Bernstein IT Services Conference

13th May 2009

Welcome

Who Are We?

- ▶ Leaders in Business Process Management solutions and the globalization of these services
- ▶ Unique End-to-End (E2E) approach: measuring performance metrics (process efficiency) *and* business outcome (process effectiveness) differentiates us in the market, which typically measures only efficiency
- ▶ Our deep process excellence, analytical capabilities, technology competence and breadth and depth of services combined with operational and business insights, results in business and strategic value to our clients



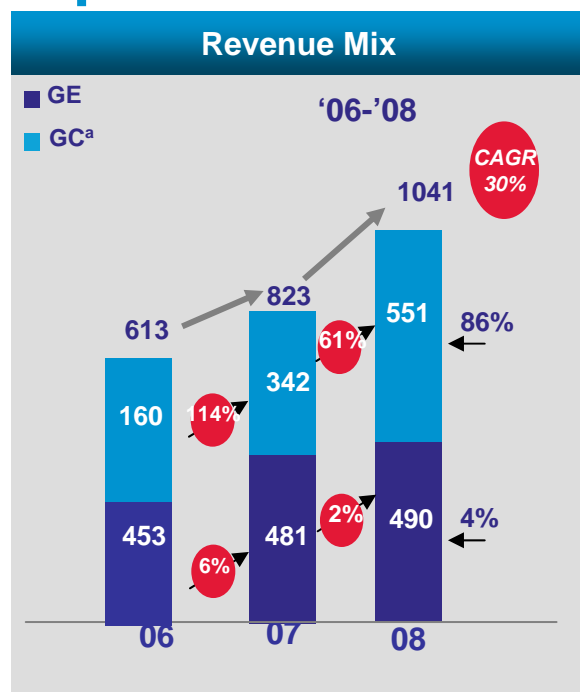
Operational Innovation with Business Process Management

Why Genpact Success Even in This Environment?

- ▶ **Market opportunity remains huge despite environment**
 - Global business process market, significantly under-penetrated, Est. 6-8% growth vs. flat ITO
- ▶ **Proven business model – start small and expand with clients**
 - Expanding diversified blue-chip client relationships, and enhancing products and services, support continued growth (85% from existing clients); growth in GE revenues even after 10 years
- ▶ **Breadth and depth of services across verticals and markets**
 - Industry led solutions around BFSI and manufacturing coupled with domain expertise in F&A, Procurement, Analytics and Technology Enablers supports client value creation
 - Swiftly allocating resources to new growth areas and to domestic markets of India & China
- ▶ **Proven track record of performance and growth: 30% revenue CAGR over 3 years**
 - Driven by Global Client (GC) growth: \$551MM in '08 GC revenues, more than 13X \$42MM in '05
 - Long-term margin improvement
- ▶ **Strong balance sheet and cash flows, including approximately \$385MM of liquidity**
 - Cash from operations – improved to 20% of revenue compared to 18% in '07
- ▶ **Strong pipeline – new prospects driven by new economic realities**
- ▶ **E2E: a differentiated way to deliver business outcomes for clients**
 - Previous investments in Re-Engineering, Six Sigma, Lean, Process Management & IT drive non-capital intensive operating innovation
 - E2E capabilities, along with IT, process & analytics, and focus on effectiveness not just efficiency

Perfectly Positioned for this Environment

Top-Tier Financial Performance in 2008



- ▶ **80% of revenue non-discretionary / recurring; critical for sustainability of client's operations**
- ▶ **Long-term client contracts**
 - Top 15 GC average remaining term 3-5 years
- ▶ **Strong organic growth of 26% in '08 despite economic headwinds**
- ▶ **Diversified Client Growth**
 - 29 clients over \$5MM vs. 18 prior year
 - 20 clients grew relationship by over 70%
- ▶ **Organic Growth**
 - Global Client growth 62% over 2007

- GE growth of 7% (adj. for dispositions of GE businesses we continue to serve) demonstrates ability to penetrate business over the long-term

a) Global client revenue including GE divested businesses and acquisitions (GAAP)

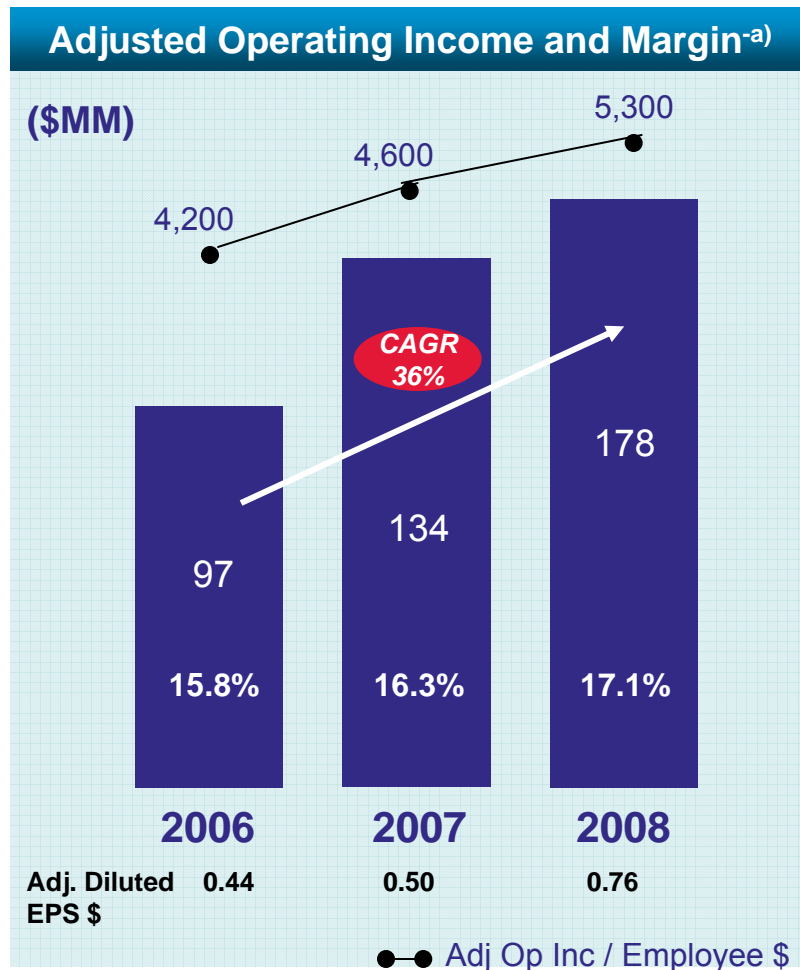
b) Adjusted Operating Income = Income from Operations + Formation Accounting Amortization + Stock Options Charge + Indian Fringe benefit tax on Stock Option

Geography (Service Delivery)					
(\$ in MM)	2006	2007	2008	08 G%	CAGR%
Europe	31	84	112	34%	90%
Asia	34	50	81	62%	55%
India	483	609	764	25%	26%
Americas	65	81	84	4%	14%
Total	613	823	1,041	26%	30%

Industry Vertical					
(\$ in MM)	2006	2007	2008	08 G%	CAGR %
BFSI	273	361	442	22%	27%
Manufacturing	268	347	435	25%	27%
Services	72	115	164	42%	51%
Total	613	823	1041	26%	30%

Value of global delivery model and balanced segment growth

Delivered Significant Margin Expansion



^{-a)} Adjusted Operating Income = Income from Operations + Formation Accounting Amortization + Stock Options Charge + Indian Fringe benefit tax on Stock Option

- ▶ Adjusted Income from Operations at \$178MM, +33% over 2007, margin at 17.1% ↑ 80 bps
- ▶ Adj. Op. Inc. per employee +15% vs. 2007 \$5,300, +26% since 2006...
- ▶ Moving up the value and margin chain, over the long term
 - New offerings like Re-Engineering, Analytics, E2E, and gain share building momentum
 - Margin improves as existing global clients gain scale and reach stable state
 - Tight contracting discipline... terms include inflation adjustments
 - Cost productivity each year on input factors

Adjusted Diluted EPS at \$0.76, up 51% from \$0.50 in 2007

Proven Experience of Effectively Managing Cost Base

Various levers to drive productivity year over year

Salary

- ▶ Annual increases held to 4% vs. 5-6% for industry
- ▶ Entry-level wages held flat for 4 years

Infrastructure

- ▶ SEZs locked in rental rates below market by ~50%
- ▶ Tier 2 city costs 25% lower... Tier 3 cities further savings
- ▶ Renegotiating 15-20% supplier rates to hold price escalation

Telecom

- ▶ Improved utilization by 5-7% from scale and sourcing rate re-negotiation....
Lowest in industry

Scalability

- ▶ Improve supervisory spans as client scale
- ▶ Client profitability increases as accounts mature

Return

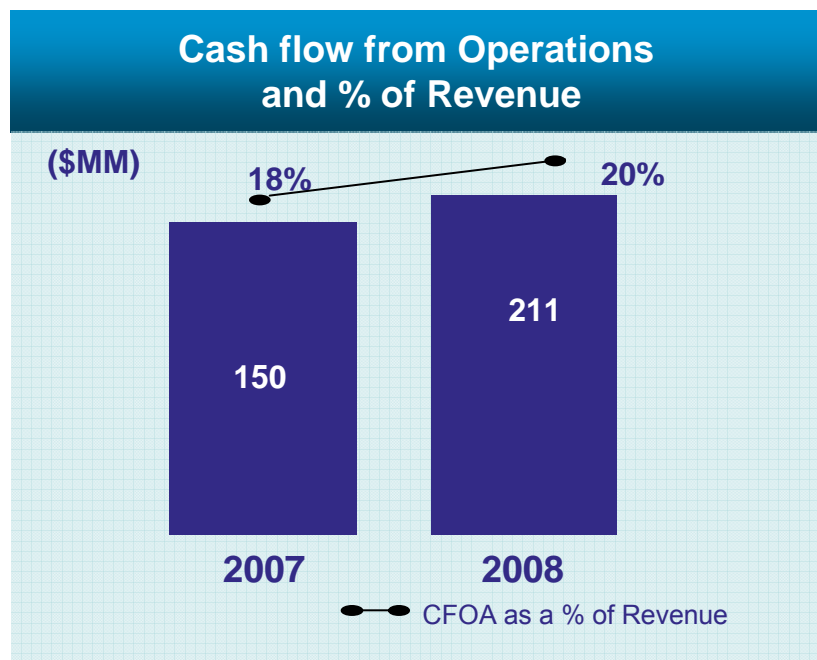
- ▶ Wage inflation and FX sharing built into contracts
- ▶ Gain-sharing – Paid for impact delivered

New Initiatives

- ▶ Work From Home – Targeted 3000 people, reduces cost per person by ~7-8%
- ▶ NIIT JV to improve training effectiveness and reduce costs by ~30%

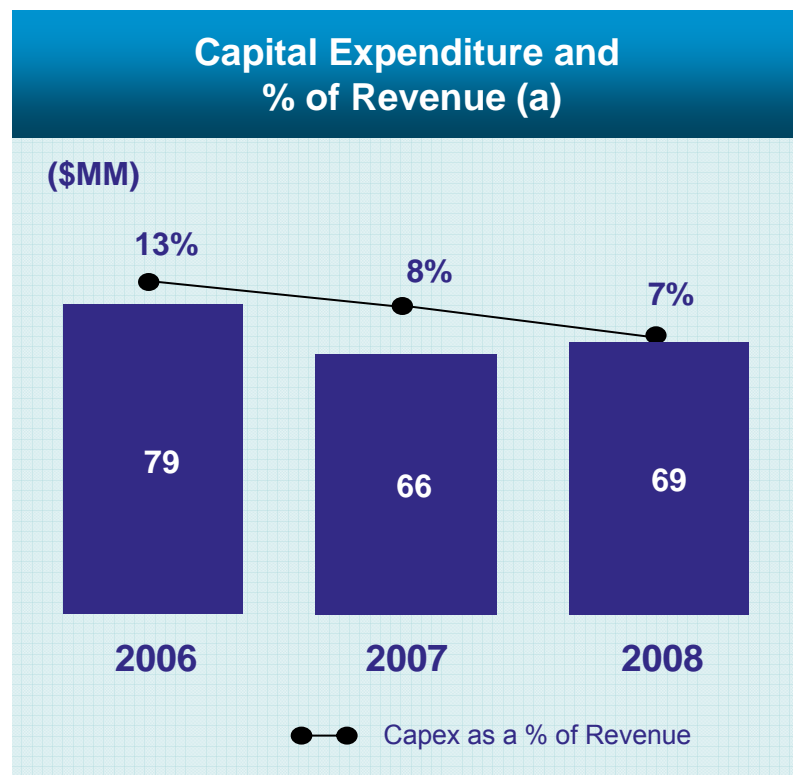
Relentless Focus to Drive Internal Efficiencies

Consistently Generated Strong Cash Flow Growth



Cash Held in Banks	\$135MM
US Govt. Treasury Bills	\$191MM
Short Term deposit with GE	\$59MM
	\$385MM

- ▶ \$66MM from Increase in Operating Income
- ▶ DSO improved from 75 days to 73 days



(a) Capital expenditure excluding proceeds from sale of assets

- ▶ Invested in new sites in Guatemala, Morocco and Lublin (Poland)
- ▶ Re-negotiated SEZ terms on capacity in India
- ▶ Re-negotiated supplier contracts on IT in India

Strong Cash Flow Backed by Prudent Liquidity Management

Q1 2009 Financial Performance

Financial Metrics (\$MM)	Q1'09	YoY%
Revenue - Adj. for Divestitures		
GE	112	5%
GC	154	20%
Total	266	13%
Geography (Service Delivery)		
Europe	26	3%
Asia	27	75%
India	192	10%
Americas	20	12%
By Industry Vertical		
BFSI	117	14%
Manufacturing	108	12%
Services	41	14%

\$MM	Q1 '09	YoY%
Revenue	266	13%
Adj Op Inc	42	48%
<i>Margin</i>	<i>15.8%</i>	<i>360</i>
<i>bps</i>		
Gross Profit	101	14%
<i>Margin %</i>	<i>38%</i>	<i>20 bps</i>
Net Income	33^{-b)}	67%
<i>Margin %</i>	<i>12.4%</i>	<i>400 bps</i>

- ▶ Revenue \$266MM... 13% growth vs. Q1 '08; down (6%) vs. Q4 '08
 - Re-engineering and gain share continue to be our differentiating service offering... ~50% growth vs.'08
 - Lower revenue vs. Q4 '08 driven by project / gain share run offs; price reductions and one time fee earnings in Q4 '08
- ▶ Growth in APAC vs. Q4'08 ...increase in Banking and Collections opportunities, Europe faces adverse Fx Impact along with project run offs in ITO
- ▶ Adj Op Income \$42MM - Up 48% vs. Q1'08; down (28%) vs. Q4'08
 - \$10MM leverage (8%) on people metrics, \$9MM (10%) on IT, Infrastructure, Hiring and T&L spends
 - Lower margins vs. Q4 '08 on account of volume reductions from projects, gain share, price reductions and increased cost vs. Q4 freezes
- ▶ Gross Margins at 38% vs. 37.8% in Q1 '08... Maintaining through people metrics, despite \$3MM price reductions
- ▶ 48% increase in margins year on year contributed by business processes volume growth including high end work like re-engineering and gain share offsetting price drops

Financial Strategy Aligned with Long-Term Vision of Sustained Profitable Growth

- ▶ Well-evolved, Mature and Stable Long-term Business Model
 - Scale, risk diversification and investment for growth
- ▶ Diversified Recurring Revenue Base Driving Sustained Profitable Growth
 - Tremendous mining potential from existing well established clients
 - Growth markets... Europe, India to India, China to China
 - Products... E2E, Procurement, F&A, Collections, Re-engineering, Analytics, 'Cash is King', 'Risk Management', 'Cost Out'
 - Industry... Healthcare, BFSI, Services
- ▶ Drive Operational and Cost efficiency
 - Permanently change cost structure e.g NIIT training JV: train & hire vs. hire & train
 - Re-negotiated down terms and costs of new SEZs
- ▶ Conservative Financial Policy and Controls
 - Stringent deal review and pricing discipline
 - Rigorous tracking of operating units on business-critical metrics
 - Prudent cash management
 - Strong corporate governance

The World has Changed...Opening doors for New Opportunities

Changing Client Needs	Opportunities for Growth	How We Are Positioned to Capture Opportunity
<ul style="list-style-type: none"> ▶ From growth & expansion to cost reduction ▶ Preservation of cash & improved working capital ▶ Improve productivity ▶ Deflation focused sourcing & spend requirements ▶ Minimize capital investment 	<ul style="list-style-type: none"> ▶ Focus on cash preservation and cost reduction leading clients to aggressively look at new ideas and operating models ▶ New Growth Markets: <ul style="list-style-type: none"> ▪ China ▪ India ▪ Middle East ▪ Japan ▶ Growth Opportunities: <ul style="list-style-type: none"> ▪ Healthcare ▪ Pharmaceuticals ▪ “Cash Is King” ▪ “Cost out” ▪ Collections ▪ Risk Management ▪ Procurement / Supply Chain ▶ Strong Pipeline: <ul style="list-style-type: none"> ▪ New categories of prospects driven by economic realities 	<ul style="list-style-type: none"> ▶ E2E solutions are non-capital intensive ▶ Scale existing cash / cost solutions ▶ Re-allocate dedicated leadership resources and swat teams to growth areas ▶ Speed of deployment for 90 day pay-back ▶ Ideal time to acquire global talent ▶ Outcome based / gain share pay-back model ▶ Operating Innovation

Factored These Risks in our Growth Plans

I2I and C2C Domestic Markets Continue to Grow

	India	China
Environment	<ul style="list-style-type: none"> ▶ Domestic BPO Market: \$1.3B ▶ Expected BPO growth @ 40% in 2009 	<ul style="list-style-type: none"> ▶ Domestic BPO Market: \$1.4B ▶ Expected BPO growth @ 26% in 2009
Insights	<ul style="list-style-type: none"> ▶ Cost arbitrage not a prime driver ▶ Achieve global standards to compete globally ▶ Lack of process expertise in operations ▶ Build domestic capability; offer E2E solutions ▶ Lack of six sigma, lean and re-engineering skills 	
Actions	<ul style="list-style-type: none"> ▶ Products: Collection, Customer Service, Procurement, Analytics ▶ Industries: Insurance, Manufacturing, Healthcare, Banking, Airlines ▶ Govt. organizations looking for process optimization... efficiency enhancement ▶ Hosted platform / asset takeover 	<ul style="list-style-type: none"> ▶ Products: F&A, Analytics, Re-Engineering, Customer Service ▶ Industries: Banking, Telecom ▶ Banking operation to mid-small banks ▶ Potential JVs with local partners

Domestic Markets – Huge Growth Opportunities – Strong Pipeline

End-to-End: Game Changing Differentiator

What is it?

- ▶ Looking at the complete operational process from start to finish; driving business outcome through overall process effectiveness, rather than discrete transactional efficiency
 - Most companies do not have measurement metrics for E2E
 - Most service providers only measure process efficiency, providing marginal benefit

Why is it important to clients today?

- ▶ Supports companies drive for step improvement in overall process performance
- ▶ “Capital-light” solution design
- ▶ Provides many times the benefit efficiency metrics can deliver


Why are we best positioned?

- ▶ Leaders in operational innovation... in our DNA due to our process view
- ▶ Encompasses all attributes of E2E
- ▶ Worked on over 2000 different kinds of processes – all with data, learnings... Our IP
- ▶ Benchmark key process metrics
- ▶ Detailed roadmap for clients to realize value
- ▶ Operational rigor to ensure performance... it is not a project



Hard to Replicate & Even Harder to Compete Against

Key Business Outcome Improvement Drivers

End-to-End Process	Efficiency 	Effectiveness
Originations	<ul style="list-style-type: none"> ↓ Time to key in an invoice ↓ Cost per loan application 	<ul style="list-style-type: none"> ↑ Conversion rates on applications... ↑ Volumes ↓ Cycle time to open a new customer account
Bill to Cash	<ul style="list-style-type: none"> ↑ Collection efficiency % (Cash collected / Total AR) ↓ Past due % 	<ul style="list-style-type: none"> Eliminate billing leakage ↓ Days Sales Outstanding
Account Payable	<ul style="list-style-type: none"> Invoices actioned on time ↓ Total AP cycle time 	<ul style="list-style-type: none"> ↑ Paid on Time % ↓ Vendor queries ↑ Vendor discounts

- ▶ Insights – Technology only solves part of the problem:
 - E.g., only 40% of transactions in the Accounts Payable process are “first pass, straight through”
 - Typically only 5-10% of the end-to-end cycle time of a process is “value-added time”
- ▶ The E2E approach also leads to higher employee engagement
- ▶ Will facilitate the move from FTE-based pricing to outcome-based pricing models

Insights Into Pipeline in These Volatile Times

- ▶ **More activity... many more proof points of success**
 - Activity increases: Regional Banks, Healthcare Providers, Pharma, Retailers
 - The case against setting up new captives strengthens
- ▶ **Many more entry points into clients**
 - Fast start with Re-Engineering, quick fixes to generate cost savings & cash
 - Procurement and Finance & Accounting (F&A) often bundled now
- ▶ **New models of adding value and quicker pay-back gain traction**
 - Outcome-based Pricing, Re-Engineering
- ▶ **More corporations with \$1-5B revenue enter pipeline**
- ▶ **Europe and Asia Pacific growing well**
 - India to India (I2I) gaining traction with nearly 10 deals in pipeline spread across Telecom, Financial Services, Manufacturing, Insurance

BUT

- ▶ **Discretionary budgets cut** – IT programs being postponed and de-scoped
- ▶ **Pricing pressure exists** – demanding price drops/ higher productivity
- ▶ **Slower conversions: cycle times from 6-9 months, to 9-12 months**
 - Boards and CXOs delay pulling the trigger... New Leadership... Change Management
 - Faster transitions and reduced transition costs critical to initiate new program

Many More Entry Points... “doors that were always shut are now beginning to open”

Environment Driving Different Client Profile

Client Profile

Plays to Our Strength

15%

- ▶ Never considered outsourcing before
- ▶ Focus on risk mitigation
- ▶ Require lower transition time & cost
- ▶ Want established geographic presence and depth of capability

- ▶ Depth of talent pool
- ▶ 12 countries globally
- ▶ Complex transition ability
- ▶ Experience & speed of deployment

35%

- ▶ New clients who know their specific pain-points
- ▶ Want a sharply defined solution

- ▶ Acutely focused Re-Eng. solutions
- ▶ Invest in industry & domain expertise
- ▶ Cash & cost reduction solutions with faster pay-back

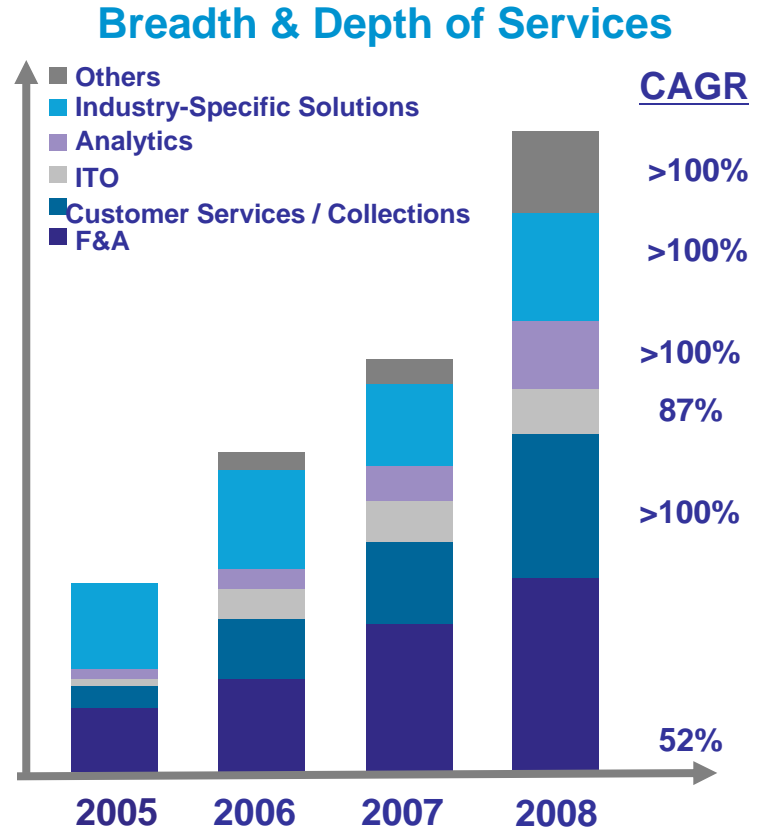
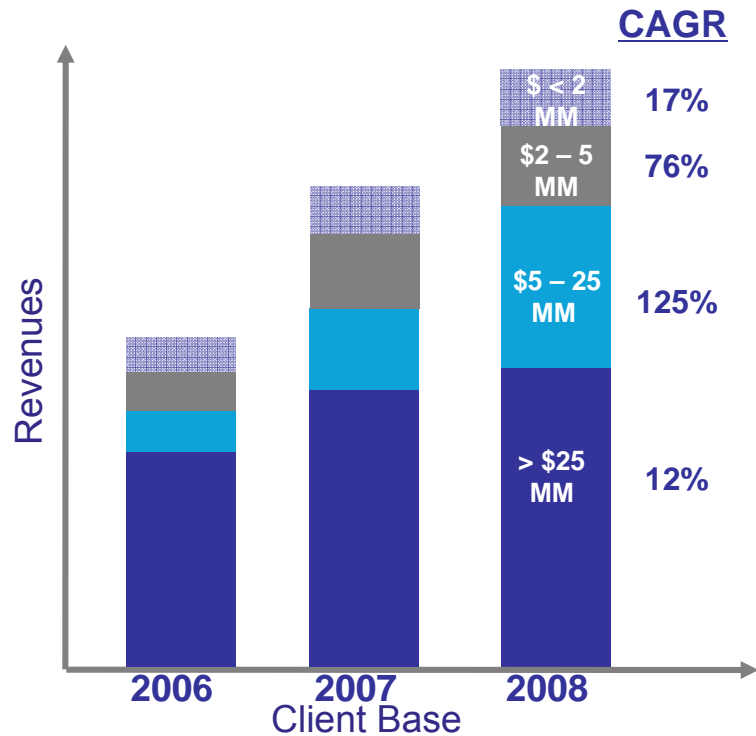
50%

- ▶ Existing clients
- ▶ Trusted relationships who want to accelerate to new areas

- ▶ Expand into multiple products
- ▶ Deploy outcome-based approach, where applicable
- ▶ Increase investment in Account Management

New Prospects in Pipeline Driven by New Economic Realities

Growth With Our Clients Reaffirms Our Strategy



- ▶ Existing clients drove ~85% of our growth in 2008
- ▶ Increasing client diversification
- ▶ ~20 clients doubled their relationship in 2008 vs. 2007
- ▶ Several clients won in 2005 & 2006 each contributed over \$10MM in 2008

- ▶ Several ways to expand a relationship:
 - Expand to different divisions
 - Progress across functions
 - Replicate geographically
 - Re-Engineering & Analytics to drive outcome
- ▶ Foundation remains consistent:
 - Robust day-to-day operational excellence
 - Lean & Six Sigma based improvements

Our Growth is Driven by the Strength and Quality of Our Clients

Key Challenges and How We Will Address Them

Client Growth	<ul style="list-style-type: none">▶ Bulk of our services are non-discretionary and 80-85% recurring▶ New growth markets and new service areas... I2I / Risk Management / Healthcare▶ IT more discretionary – will face similar challenges as peer group
GE	<ul style="list-style-type: none">▶ Continues to grow despite environment▶ Geographic and segment diversification; over 2,700 statements-of-work reduces risk
Margin Compression	<ul style="list-style-type: none">▶ Multiple levers: manage wage inflation, discretionary spend; utilization of infrastructure▶ Proven track record in growing profitably with existing clients▶ Continue relentless focus on cost discipline and improved productivity
Client Concentration	<ul style="list-style-type: none">▶ Quality of clients establishes roadmap for growth; 29 clients over \$5MM... 20 clients grew over 70% in 2008▶ Low levels of penetration achieved to date
Pipeline	<ul style="list-style-type: none">▶ New category of prospects entering pipeline, driven by new economic realities▶ Slower conversion... pricing pressures▶ Many more entry points
Non-Capital Intensive Solutions	<ul style="list-style-type: none">▶ E2E led solutions focused on cost/cash improvement▶ Depth and breadth of industry solutions and process expertise▶ Quick pay-back

Strong Financial Discipline and Hands-on Management

2009 Guidance...Road Ahead

Revenue Growth	10-15%
GE growth (adjusted for divestiture)	Low single digit
Adjusted Operating Income Margin%	16-17%
Capex	6% of revenue
Effective Tax Rate	17% - 19%

Our guidance represents a cautious approach given the uncertainties in the macro environment.

Investing for the future

- ▶ Build our brand, sales engine
- ▶ Hire great resources... Global talent never more attractive
- ▶ Expand into new growth markets... Middle East, Russia, Latin America, Scandinavia
- ▶ Evolve pricing models.... Move away from FTE's to outcome based
- ▶ Increasing investment in technology, enabling & core
- ▶ Drive E2E across more products & industries, build domain expertise

Investing now for future growth

The Year Ahead

- ▶ Responding to the dramatic change around us from a position of strength.
- ▶ We can be part of the solution: validation from a strong pipeline with new prospects...demand for our services has never been higher.
- ▶ Our business model of expanding diversified blue-chip client relationships, and enhancing our products and services, supports continued growth.
- ▶ Investments in Re-Engineering, Six Sigma, Lean, Process Management & IT well-timed to drive non-capital intensive operating innovation in this environment.
- ▶ Allocating resources: investing in talent, domain expertise, new growth areas and markets.
- ▶ Our unique capabilities (E2E, process management, depth of experience, combined with IT, process & analytics, and focus on effectiveness not just efficiency), represent a huge competitive differentiator, especially today.
- ▶ Acquisitions at the right price, but in no hurry.

Thank You

Contact Information

Bob Pryor

Email address: bob.pryor@genpact.com

Telephone number:
www.genpact.com