

WNS Announces First Quarter Fiscal 2014 Earnings

NEW YORK, NY and MUMBAI, INDIA, July 17, 2013 -- WNS (Holdings) Limited (WNS) (NYSE: WNS), a leading provider of global Business Process Outsourcing (BPO) services, today announced results for the 2014 fiscal first quarter ended June 30, 2013.

Highlights – Fiscal First Quarter 2014:

GAAP Financials

- Revenue of \$122.1 million, up 13.3% from \$107.8 million in Q1 of last year and up 2.5% from \$119.2 million last quarter
- Profit of \$6.7 million, compared to \$2.8 million in Q1 of last year and \$8.2 million last quarter
- Diluted earnings per ADS of \$0.13, compared to \$0.06 in Q1 of last year and \$0.16 last quarter

Non-GAAP Financial Measures*

- Revenue less repair payments of \$113.8 million, up 10.9% from \$102.6 million in Q1 of last year and up 0.9% from \$112.8 million last quarter
- Adjusted Net Income (ANI) of \$14.4 million, compared to \$11.1 million in Q1 of last year and \$15.8 million last quarter
- Adjusted diluted earnings per ADS of \$0.28, compared to \$0.22 in Q1 of last year and \$0.30 last quarter

Other Metrics

- Added 6 new clients in the quarter, expanded 14 existing relationships
- Days sales outstanding (DSO) at 31 days
- Global headcount of 26,178 as of June 30, 2013

Reconciliations of the non-GAAP financial measures discussed below to our GAAP operating results are included at the end of this release. See also “About Non-GAAP Financial Measures.”

Revenue less repair payments* in the fiscal first quarter were \$113.8 million, representing a 10.9% increase versus the first quarter of last year and a 0.9% increase from the previous quarter. Year-over-year, revenue improvement was broad-based with the growth rate paced by strength in the Utilities, Banking & Financial Services, and Retail & CPG verticals. Revenue expanded despite currency headwinds from the average GBP/\$ exchange rate, which depreciated 3.0% versus Q1 of last year and 1.2% sequentially. Excluding exchange rate impacts, constant currency revenue* in the first quarter grew 12.6% year-over-year and 1.6% sequentially.

Adjusted operating margin* for the quarter was 13.9%, as compared to 13.2% in Q1 of last year, and 15.8% reported in the fourth quarter. On a year-over-year basis, operating margin improved as a result of depreciation in the Indian rupee against the US dollar, and operating leverage associated with higher revenue. Partially offsetting this favorability were investments in global infrastructure which reduced seat utilization, and the impact of our annual wage increases. The sequential reduction in adjusted operating margin* from Q4 to Q1 is largely seasonal in nature, driven by the timing of our annual wage increases.

Adjusted net income (ANI)* in the fiscal first quarter was \$14.4 million, up \$3.3 million as compared to Q1 of last year and down \$1.3 million from the previous quarter. The first quarter ANI* margin was 12.7%, as compared to 10.8% in Q1 of last year, and 14.0% reported last quarter. In addition to the impacts of adjusted operating margin*

* See “About Non-GAAP Financial Measures” and the reconciliations of the historical non-GAAP financial measures to our GAAP operating results at the end of this release.

discussed above, ANI* margin both year-over-year and sequentially benefited from increased interest income driven by higher average cash balances and investment returns.

From a balance sheet perspective, WNS ended the fiscal first quarter with \$102.5 million in cash and investments and \$94.2 million of gross debt. In the first quarter, the company generated \$8.1 million in cash from operations, and had \$5.5 million in capital expenditures. Days sales outstanding were 31 days, representing a decrease from 33 days reported in both Q1 of last year and the previous quarter.

“Our first quarter revenue performance represented 10.9% year-over-year growth, and excluding the impact of the depreciating British Pound, 12.6% growth on a constant currency* basis. We believe that as the year progresses and revenues increase, the company will be able to leverage the investments made over the past few years to drive expanding margins and profits,” said Keshav Murugesh, WNS’s Chief Executive Officer.

“We remain comfortable with the environment in which we are currently operating. Demand for BPO services is robust, and WNS’s differentiated capabilities are resonating well with both existing and prospective clients. The entire WNS team will continue to focus on creating increased business value for all of our key stakeholders, including clients, employees and shareholders.”

Fiscal 2014 Guidance

WNS has updated guidance for the fiscal year ending March 31, 2014 as follows:

- Revenue less repair payments* is expected to be between \$462 million and \$478 million, up from \$436.1 million in fiscal 2013. This assumes an average GBP to USD exchange rate of 1.50 for the remainder of fiscal 2014.
- ANI* is expected to range between \$66 million and \$70 million, up from \$53.1 million in fiscal 2013. This assumes an average USD to INR exchange rate of 60.0 for the remainder of fiscal 2014.

“Consistent with the company’s guidance philosophy, our updated forecast for fiscal 2014 is based on current visibility levels and exchange rates. Guidance for the year reflects top line growth of 6% to 10%, with 95% visibility to the midpoint of the range. This guidance represents 8% to 12% revenue growth on a constant currency* basis. Our ANI* guidance reflects 24% to 32% year-over-year improvement. We are committed to funding our strategic investment programs while driving metrics-based, operational improvements across the organization. These programs are critical to differentiating our services, growing revenue and expanding profitability going forward,” said Deepak Sogani, WNS’s Chief Financial Officer.

Conference Call

WNS will host a conference call on July 17, 2013 at 8:00 am (Eastern) to discuss the company’s quarterly results. To participate in the call, please use the following details: +1-800-706-7745; international dial-in +1-617-614-3472; participant passcode 30761121. A replay will be available for one week following the call at +1-888-286-8010; international dial-in +1-617-801-6888; passcode 55896688, as well as on the WNS website, www.wns.com, beginning two hours after the end of the call.

About WNS

WNS (Holdings) Limited (NYSE: WNS), is a leading global business process outsourcing company. WNS offers business value to 200+ global clients by combining operational excellence with deep domain expertise in key industry verticals including Travel, Insurance, Banking and Financial Services, Manufacturing, Retail and Consumer Packaged Goods, Shipping and Logistics and Healthcare and Utilities. WNS delivers an entire spectrum of business process outsourcing services such as finance and accounting, customer care, technology solutions, research and analytics and industry specific back office and front office processes. As of June 30, 2013, WNS had 26,178

professionals across 32 delivery centers worldwide including China, Costa Rica, India, Philippines, Poland, Romania, South Africa, Sri Lanka, United Kingdom and the United States. For more information, visit www.wns.com.

Safe Harbor Statement

This release contains forward-looking statements, as defined in the safe harbor provisions of the US Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on our current expectations and assumptions about our Company and our industry. Generally, these forward-looking statements may be identified by the use of terminology such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “will,” “seek,” “should” and similar expressions. These statements include, among other things, the discussions of our strategic initiatives and the expected resulting benefits, our growth opportunities, industry environment, expectations concerning our future financial performance and growth potential, including our fiscal 2014 guidance and future profitability, and expected foreign currency exchange rates. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Such risks and uncertainties include but are not limited to Fusion’s volume of business; our ability to successfully integrate Fusion’s business operations with ours; our ability to successfully leverage Fusion’s assets to grow our revenue, expand our service offerings and market share and achieve accretive benefits from our acquisition of Fusion; worldwide economic and business conditions; political or economic instability in the jurisdictions where we have operations; regulatory, legislative and judicial developments; our ability to attract and retain clients; technological innovation; telecommunications or technology disruptions; future regulatory actions and conditions in our operating areas; our dependence on a limited number of clients in a limited number of industries; our ability to expand our business or effectively manage growth; our ability to hire and retain enough sufficiently trained employees to support our operations; negative public reaction in the US or the UK to offshore outsourcing; the effects of our different pricing strategies or those of our competitors; and increasing competition in the BPO industry. These and other factors are more fully discussed in our most recent annual report on Form 20-F and subsequent reports on Form 6-K filed with or furnished to the US Securities and Exchange Commission (SEC) which are available at www.sec.gov. We caution you not to place undue reliance on any forward-looking statements. Except as required by law, we do not undertake to update any forward-looking statements to reflect future events or circumstances.

References to “\$” and “USD” refer to the United States dollars, the legal currency of the United States; references to “GBP” refer to the British Pound, the legal currency of Britain; and references to “INR” refer to Indian Rupees, the legal currency of India. References to GAAP refers to International Financial Reporting Standards, as issued by the International Accounting Standards Board (IFRS).

CONTACT:

<u>Investors:</u>	<u>Media:</u>
David Mackey Corporate SVP–Finance & Head of Investor Relations WNS (Holdings) Limited +1 201 942 6261 ir@wns.com	Sumi Gupta Public Relations WNS (Holdings) Limited +91 (22) 4095 2263 sumi.gupta@wns.com ; pr@wns.com

About Non-GAAP Financial Measures

The financial information in this release is focused on non-GAAP financial measures as we believe that they reflect more accurately our operating performance. Reconciliations of these non-GAAP financial measures to our GAAP operating results are included below. A discussion of our GAAP measures is contained in “Part I –Item 5. Operating and Financial Review and Prospects” in our annual report on Form 20-F filed with the SEC on May 2, 2013.

For financial statement reporting purposes, WNS has two reportable segments: WNS Global BPO and WNS Auto Claims BPO. Revenue less repair payments is a non-GAAP financial measure that is calculated as (a) revenue less (b) in the auto claims business, payments to repair centers (1) for “fault” repair cases where WNS acts as the principal in its dealings with the third party repair centers and its clients and (2) for “non-fault” repair cases with respect to one client to whom WNS provides services similar to its “fault” repair cases. WNS believes that revenue less repair payments for “fault” repairs reflects more accurately the value addition of the business process outsourcing services that it directly provides to its clients. For more details, please see the discussion in “Part I – Item 5. Operating and Financial Review and Prospects – Overview” in our annual report on Form 20-F filed with the SEC on May 2, 2013.

Constant currency revenue less repair payments is a non-GAAP financial measure. We present constant currency revenue less repair payments so that revenue less repair payments may be viewed without the impact of foreign currency exchange rate fluctuations, thereby facilitating period-to-period comparisons of business performance. Constant currency revenue less repair

payments is calculated, for the indicated periods, by restating the prior period's revenue less repair payments denominated in pound sterling or Euro, as applicable, using the foreign exchange rate used for the latest period.

WNS also presents (1) adjusted operating margin, which refers to adjusted operating profit (calculated as operating profit excluding amortization of intangible assets and share-based compensation expense) as a percentage of revenue less repair payments, and (2) ANI, which is calculated as profit excluding amortization of intangible assets and share-based compensation expense, and other non-GAAP measures included in this release as supplemental measures of its performance. WNS presents these non-GAAP measures because it believes they assist investors in comparing its performance across reporting periods on a consistent basis by excluding items that it does not believe are indicative of its core operating performance. In addition, it uses these non-GAAP measures (i) as a factor in evaluating management's performance when determining incentive compensation and (ii) to evaluate the effectiveness of its business strategies. These non-GAAP measures are not meant to be considered in isolation or as a substitute for WNS's financial results prepared in accordance with IFRS.

WNS (HOLDINGS) LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited, amounts in millions, except share and per share data)

	Three months ended		
	Jun 30, 2013	Jun 30, 2012	Mar 31, 2013
Revenue	\$ 122.1	\$ 107.8	\$ 119.2
Cost of revenue	84.4	73.4	81.4
Gross profit	37.7	34.4	37.8
Operating expenses:			
Selling and marketing expenses	7.8	7.4	7.8
General and administrative expenses	15.0	12.6	14.2
Foreign exchange loss / (gain), net	0.5	2.4	(1.1)
Amortization of intangible assets	6.2	6.6	6.7
Operating profit	8.2	5.2	10.2
Other income, net	(2.2)	(1.0)	(1.6)
Finance expense	0.8	1.0	0.9
Profit before income taxes	9.6	5.2	10.9
Provision for income taxes	2.8	2.4	2.8
Profit	\$ 6.7	\$ 2.8	\$ 8.2
Earnings per share of ordinary share			
Basic	\$ 0.13	\$ 0.06	\$ 0.16
Diluted	\$ 0.13	\$ 0.06	\$ 0.16

Growth of revenue (GAAP) and revenue less repair payments (non-GAAP)

	Three months ended			Three months ended Jun 30, 2013 compared to	
	Jun 30, 2013	Jun 30, 2012	Mar 31, 2013	Jun 30, 2012	Mar 31, 2013
	(Amounts in millions)			(% growth)	
Revenue (GAAP)	\$ 122.1	\$ 107.8	\$ 119.2	13.3%	2.5%
Less: Payments to repair centers	8.4	5.2	6.5	60.9%	29.7%
Revenue less repair payments (Non-GAAP)	\$ 113.8	\$ 102.6	\$ 112.8	10.9%	0.9%
Constant currency revenue less repair payments (Non-GAAP)	113.8	101.1	112.0	12.6%	1.6%

Reconciliation of cost of revenue (GAAP to non-GAAP)

	Three months ended		
	Jun 30, 2013	Jun 30, 2012	Mar 31, 2013
	(Amounts in millions)		
Cost of revenue (GAAP)	\$ 84.4	\$ 73.4	\$ 81.4
Less: Payments to repair centers	8.4	5.2	6.5
Less: Share-based compensation expense	0.3	0.4	0.3
Adjusted cost of revenue (excluding payment to repair centers and share-based compensation expense) (Non-GAAP)	\$ 75.7	\$ 67.8	\$ 74.7

Reconciliation of gross profit (GAAP to non-GAAP)

	Three months ended		
	Jun 30, 2013	Jun 30, 2012	Mar 31, 2013
	(Amounts in millions)		
Gross profit (GAAP)	\$ 37.7	\$ 34.4	\$ 37.8
Add: Share-based compensation expense	0.3	0.4	0.3
Adjusted gross profit (excluding share-based compensation expense) (Non-GAAP)	\$ 38.0	\$ 34.8	\$ 38.1

	Three months ended		
	Jun 30, 2013	Jun 30, 2012	Mar 31, 2013
Gross profit as a percentage of revenue (GAAP)	30.9%	31.9%	31.7%
Adjusted gross profit (excluding share-based compensation expense) as a percentage of revenue less repair payments (Non-GAAP)	33.4%	33.9%	33.8%

Reconciliation of selling and marketing expenses (GAAP to non-GAAP)

	Three months ended		
	Jun 30, 2013	Jun 30, 2012	Mar 31, 2013
	(Amounts in millions)		
Selling and marketing expenses (GAAP)	\$ 7.8	\$ 7.4	\$ 7.8
Less: Share-based compensation expense	0.1	0.1	0.1
Adjusted selling and marketing expenses (excluding share-based compensation expense) (Non-GAAP)	\$ 7.8	\$ 7.3	\$ 7.7

	Three months ended		
	Jun 30, 2013	Jun 30, 2012	Mar 31, 2013
Selling and marketing expenses as a percentage of revenue (GAAP)	6.4%	6.9%	6.5%
Adjusted selling and marketing expenses (excluding share-based compensation expense) as a percentage of revenue less repair payments (Non-GAAP)	6.8%	7.1%	6.8%

Reconciliation of general and administrative expenses (GAAP to non-GAAP)

	Three months ended		
	Jun 30, 2013	Jun 30, 2012	Mar 31, 2013
	(Amounts in millions)		
General and administrative expenses (GAAP)	\$ 15.0	\$ 12.6	\$ 14.2
Less: Share-based compensation expense	1.1	1.1	0.6
Adjusted general and administrative expenses (excluding share-based compensation expense) (Non-GAAP)	\$ 13.9	\$ 11.5	\$ 13.6

	Three months ended		
	Jun 30, 2013	Jun 30, 2012	Mar 31, 2013
General and administrative expenses as a percentage of revenue (GAAP)	12.3%	11.7%	11.9%
Adjusted general and administrative expenses (excluding share-based compensation expense) as a percentage of revenue less repair payments (Non-GAAP)	12.2%	11.2%	12.1%

Reconciliation of operating profit (GAAP to non-GAAP)

	Three months ended		
	Jun 30, 2013	Jun 30, 2012	Mar 31, 2013
	(Amounts in millions)		
Operating profit (GAAP)	\$ 8.2	\$ 5.2	\$ 10.2
Add: Amortization of intangible assets	6.2	6.6	6.7
Add: Share-based compensation expense	1.5	1.7	0.9
Adjusted operating profit (excluding amortization of intangible assets and share-based compensation expense) (Non-GAAP)	\$ 15.9	\$ 13.5	\$ 17.9

	Three months ended		
	Jun 30, 2013	Jun 30, 2012	Mar 31, 2013
Operating profit as a percentage of revenue (GAAP)	6.7%	4.9%	8.6%
Adjusted operating profit (excluding amortization of intangible assets and share-based compensation expense) as a percentage of revenue less repair payments (Non-GAAP)	13.9%	13.2%	15.8%

Reconciliation of profit (GAAP to non-GAAP)

	Three months ended		
	Jun 30, 2013	Jun 30, 2012	Mar 31, 2013
	(Amounts in millions)		
Profit (GAAP)	\$ 6.7	\$ 2.8	\$ 8.2
Add: Amortization of intangible assets	6.2	6.6	6.7
Add: Share-based compensation expense	1.5	1.7	0.9
Adjusted net income (excluding amortization of intangible assets and share-based compensation expense) (Non-GAAP)	\$ 14.4	\$ 11.1	\$ 15.8

	Three months ended		
	Jun 30, 2013	Jun 30, 2012	Mar 31, 2013
Profit as a percentage of revenue (GAAP)	5.5%	2.6%	6.9%
Adjusted net income (excluding amortization of intangible assets and share-based compensation expense) as a percentage of revenue less repair payments (Non-GAAP)	12.7%	10.8%	14.0%

Reconciliation of basic income per ADS (GAAP to non-GAAP)

	Three months ended		
	Jun 30, 2013	Jun 30, 2012	Mar 31, 2013
Basic earnings per ADS (GAAP)	\$ 0.13	\$ 0.06	\$ 0.16
Add: Adjustments for amortization of intangible assets and share-based compensation expense	0.15	0.16	0.15
Adjusted basic net income per ADS (excluding amortization of intangible assets and share-based compensation expense) (Non-GAAP)	\$ 0.29	\$ 0.22	\$ 0.31

Reconciliation of diluted income per ADS (GAAP to non-GAAP)

	Three months ended		
	Jun 30, 2013	Jun 30, 2012	Mar 31, 2013
Diluted earnings per ADS (GAAP)	\$ 0.13	\$ 0.06	\$ 0.16
Add: Adjustments for amortization of intangible assets and share-based compensation expense.	0.15	0.16	0.15
Adjusted diluted net income per ADS (excluding amortization of intangible assets and share-based compensation expense) (Non-GAAP)	\$ 0.28	\$ 0.22	\$ 0.30

WNS (HOLDINGS) LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in millions, except share and per share data)

	As at June 30, 2013	As at March 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 23.4	\$ 27.9
Investments	79.0	46.5
Trade receivables, net	57.6	64.4
Unbilled revenue	28.3	25.5
Funds held for clients	19.7	19.9
Derivative assets	4.2	7.6
Prepayments and other current assets	15.7	12.0
Total current assets	<u>227.9</u>	<u>203.8</u>
Non-current assets:		
Goodwill	83.1	87.1
Intangible assets	82.1	92.1
Property and equipment, net	46.2	48.4
Derivative assets	1.7	3.8
Investments	0.0	43.2
Deferred tax assets	42.2	41.6
Other non-current assets	16.1	14.8
Total non-current assets	<u>271.3</u>	<u>331.1</u>
TOTAL ASSETS	<u>\$ 499.2</u>	<u>\$ 534.9</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Trade payables	\$ 27.7	\$ 29.3
Provisions and accrued expenses	27.6	26.7
Derivative liabilities	8.0	3.9
Pension and other employee obligations	24.2	32.7
Short term line of credit	53.3	54.9
Current portion of long term debt	7.8	7.7
Deferred revenue	5.6	6.5
Current taxes payable	5.6	5.2
Other liabilities	<u>9.0</u>	<u>15.4</u>

Total current liabilities	168.8	182.4
Non-current liabilities:		
Derivative liabilities	5.1	1.3
Pension and other employee obligations	4.7	5.6
Long term debt	33.1	33.7
Deferred revenue	3.0	3.3
Other non-current liabilities	3.5	4.4
Deferred tax liabilities	3.5	3.6
Total non-current liabilities	53.0	51.9
TOTAL LIABILITIES	\$ 221.7	\$ 234.3
Shareholders' equity:		
Share capital (ordinary shares \$ 0.16 (10 pence) par value, authorized 60,000,000 shares; issued: 50,770,710 and 50,588,044 shares each as at June 30, 2013 and March 31, 2013, respectively)	8.0	7.9
Share premium	271.0	269.3
Retained earnings	86.8	80.1
Other components of equity	(88.3)	(56.7)
Total shareholders' equity	277.5	300.6
TOTAL LIABILITIES AND EQUITY	\$ 499.2	\$ 534.9