



WNS Announces Third Quarter Fiscal 2011 Earnings

January 18, 2011

Financial Highlights:

GAAP Measures

- Q3 revenues of \$152.7 million, up 4.7% from the corresponding quarter last year and down 1.0% sequentially
- Q3 net income¹ of \$5.8 million, compared to \$0.3 million in the corresponding quarter last year and \$4.9 million sequentially
- Q3 diluted income per ADS of \$0.13, compared to \$0.01 in the corresponding quarter last year and \$0.11 sequentially

Non-GAAP Measures

- Q3 revenue less repair payments² of \$92.7 million, down 3.7% from the corresponding quarter last year and down 0.5% sequentially
- Q3 adjusted net income (ANI)³ of \$14.7 million, compared to \$11.1 million in the corresponding quarter last year and \$13.8 million sequentially
- Q3 adjusted diluted net income per ADS of \$0.33, compared to \$0.25 in the corresponding quarter last year and \$0.31 sequentially

Global headcount of 21,213 as of December 31, 2010

NEW YORK & MUMBAI, India, Jan 18, 2011 (BUSINESS WIRE) -- WNS (Holdings) Limited (WNS) (NYSE: WNS), a leading provider of global business process outsourcing (BPO) services, today announced results for the fiscal third quarter 2011 ended December 31, 2010.

Fiscal Third Quarter 2011 Financial Highlights

Revenue for the fiscal third quarter 2011 increased by 4.7 percent to \$152.7 million, compared to \$145.8 million in the corresponding quarter in the prior fiscal year, and decreased by 1.0 percent sequentially from \$154.2 million in the fiscal second quarter of 2011. Revenue less repair payments* for the fiscal third quarter 2011 declined 3.7 percent to \$92.7 million, compared to \$96.3 million in the corresponding quarter in the prior fiscal year, and declined 0.5 percent sequentially from \$93.1 million in the fiscal second quarter of 2011. Revenue less repair payments declined, as compared with the corresponding quarter in the prior fiscal year, largely as a result of the change in pricing terms with a large travel client, the weaker British Pound compared with the third quarter of fiscal 2010 and lower volumes in the insurance and travel businesses. These headwinds were partially offset by the positive impact of improved pricing with a large insurance client and ramp ups of business with existing clients. The sequential decline in revenue less repair payments was a result of lower volumes in the travel business due to seasonal headwinds.

Gross margin, as a percent of revenues, was 20.4 percent in the fiscal third quarter 2011, compared to 24.1 percent in the corresponding quarter in the prior fiscal year and 21.5 percent in the fiscal second quarter of 2011. WNS's adjusted gross margin excluding share based compensation expense*, as a percent of revenue less repair payments, was 33.9 percent in the fiscal third quarter 2011, compared to 37.2 percent in the corresponding quarter in the prior fiscal year, and 35.9 percent in the fiscal second quarter of 2011. The decline compared with the corresponding quarter in the prior fiscal year was primarily due to the impact of wage inflation, a stronger Indian Rupee and the change in pricing terms with a large travel client. The sequential decline in adjusted gross margin excluding share based compensation* was primarily due to the lower volumes in the travel business due to seasonal headwinds, as mentioned above, and a stronger Indian Rupee.

Selling, General and Administrative (SG&A) expenses, as a percentage of revenues, were 13.2 percent in the fiscal third quarter 2011, compared to 14.1 percent in the corresponding quarter in the prior fiscal year and 12.7 percent in the fiscal second quarter of 2011. Adjusted Selling, General and Administrative (SG&A) expenses excluding share based compensation expense*, as a percentage of revenue less repair payments, were 20.8 percent in the fiscal third quarter 2011, compared to 18.9 percent in the corresponding quarter in the prior fiscal year and 20.3 percent in the fiscal second quarter of 2011.

Operating income, as a percentage of revenues, was 2.0 percent in the fiscal third quarter 2011, compared to 4.4 percent in the corresponding quarter in the prior fiscal year and 3.6 percent in the fiscal second quarter of 2011. Adjusted operating income excluding amortization of intangible assets and share based compensation*, as a percentage of revenue less repair payments, was 13.0 percent in the fiscal third quarter 2011, compared to 18.3 percent in the corresponding quarter in the prior fiscal year and 15.6 percent in the fiscal second quarter of 2011. Operating margins during the fiscal third quarter were negatively impacted, as compared with the corresponding quarter in the prior fiscal year, by a change in pricing terms with a larger travel client, wage inflation and a stronger Indian Rupee. Operating margins declined sequentially as a result of the lower volumes in the travel business, the stronger Indian Rupee and increased investment in the sales and marketing function. This decline was partially offset by LEAN initiatives which have led to operational improvements.

Net income attributable to WNS shareholders for the fiscal third quarter 2011 was \$5.8 million or \$0.13 diluted income per ADS, compared to net income attributable to WNS shareholders of \$0.3 million or \$0.01 diluted income per ADS in the corresponding quarter in the prior fiscal year and net income attributable to WNS shareholders of \$4.9 million or \$0.11 diluted income per ADS in the fiscal second quarter of 2011. Adjusted net income* for the fiscal third quarter 2011 was \$14.7 million or \$0.33 adjusted diluted income per ADS, compared to \$11.1 million or \$0.25 adjusted diluted income

per ADS in the corresponding quarter in the prior fiscal year and adjusted net income of \$13.8 million or \$0.31 adjusted diluted income per ADS in the fiscal second quarter of 2011. Adjusted net income increased compared with the fiscal third quarter of 2010 and sequentially as a result of cost management initiatives and profits from WNS's hedging program.

Operational Highlights

"I am pleased that, despite the seasonal challenges in the travel business, we were able to improve our bottom line performance again this quarter. Our cost optimization and operational efficiency programs should have a positive impact moving forward as well," said Group Chief Executive Officer Keshav Muruges.

"We also won a significant expansion with a top tier insurance client this quarter, clearly demonstrating that our farming program is gaining traction. We are very well positioned with a number of new client situations currently. Our hiring at the business leadership level is complete and we continue to add sales feet on the ground. Overall, the reaction to our new go-to-market strategy from both clients and prospects has been extremely positive. We expect this to lead to top line expansion in the next fiscal year," continued Muruges.

Fiscal 2011 Guidance

WNS updated its revenue less repair payments guidance and its adjusted net income guidance for the fiscal year ending March 31, 2011 as follows:

- Revenue less repair payments is now expected to be between \$367 million and \$370 million. This assumes an average GBP to USD exchange rate of 1.54 for the 2011 fiscal year.
- Adjusted net income is expected to range between \$44 million and \$47 million. This assumes an average USD to INR exchange rate of 45.5 for the 2011 fiscal year.

"Our profitability growth remained on track this past quarter. Our operational improvements, which have led to a reduction in costs, and our long-term hedging strategy has provided protection to our bottom line from currency fluctuations," said Alok Misra, Group Chief Financial Officer.

"While we had sequential declines in our gross and operating margins stemming from currency movement, the gains realized through our hedging program more than compensated for these movements. This allowed us to increase our ANI guidance for fiscal 2011, despite movement in foreign exchange rates," concluded Misra.

Conference Call

WNS will host a conference call on January 18, 2011 at 8:00 a.m. (EST) to discuss the company's quarterly results.

To participate in the call, please use the following details: +1-866-783-2142; international dial-in +1-857-350-1601; participant passcode 16431136. A replay will be available for one week following the call at +1-888-286-8010; international dial-in +1-617-801-6888; passcode 89230942, 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 & Financial Services, Manufacturing, Retail & Consumer Packaged Goods, Shipping & Logistics and Healthcare & Utilities. WNS delivers a broad 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. WNS has over 21,000 professionals across 21 delivery centers worldwide including Costa Rica, India, Philippines, Romania, Sri Lanka and United Kingdom. For more information, visit www.wns.com.

About Non-GAAP Financial Measures

For financial statement reporting purposes, WNS has two reportable segments: WNS Global BPO and WNS Auto Claims BPO. In the auto claims segment, which includes WNS Assistance and Chang Limited, WNS provides claims-handling and accident-management services, in which it arranges for automobile repairs through a network of third-party repair centers. In its accident-management services, WNS acts as the principal in dealings with the third-party repair centers and clients.

In order to provide accident-management services, WNS arranges for the repair through a network of repair centers. Repair costs are invoiced to customers. Amounts invoiced to customers for repair costs paid to the automobile repair centers are recognized as revenue. WNS uses revenue less repair payments for "fault" repairs as a primary measure to allocate resources and measure segment performance. Revenue less repair payments is a non-GAAP measure which is calculated as revenue less payments to repair centers. For "non fault repairs," revenue including repair payments is used as a primary measure. As WNS provides a consolidated suite of accident management services including credit hire and credit repair for its "Non fault" repairs business, WNS believes that measurement of that line of business has to be on a basis that includes repair payments in revenue.

WNS believes that the presentation of this non-GAAP measure in the segmental information provides useful information for investors regarding the segment's financial performance. The presentation of this non-GAAP information is not meant to be considered in isolation or as a substitute for WNS's financial results prepared in accordance with US GAAP.

WNS presents Adjusted Net Income (ANI) and the 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.

WNS Safe Harbor Statement under the provisions of the United States Private Securities Litigation Reform Act of 1995

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, assumptions, estimates and projections about our Company and our industry. The forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "anticipate," "believe," "estimate," "expect," "intend," "will," "project," "seek," "should" and similar expressions. Those statements include, among other things, the discussions of our business strategy, industry growth potential, expansion opportunities, expectations concerning our future financial performance and growth potential, including our fiscal 2011 guidance and future profitability,

relevant foreign currency exchange rates, and our future operations. We caution you that reliance on any forward-looking statement involves risks and uncertainties, and that although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be materially incorrect. These factors include but are not limited to 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; the implications of the accounting changes and restatement of our financial statements as detailed in our annual report on Form 20-F for the fiscal year ended March 31, 2010 filed with the U.S. Securities and Exchange Commission (SEC), and any adverse developments in existing legal proceedings or the initiation of new legal proceedings; 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; increasing competition in the BPO industry; our ability to successfully grow our revenue, expand our service offerings and market share and achieve accretive benefits from our acquisition of Aviva Global Services Singapore Pte. Ltd. (which we have renamed as WNS Customer Solutions (Singapore) Private Limited following our acquisition), and our master services agreement with Aviva Global Services (Management Services) Private Limited; our ability to successfully consummate strategic acquisitions; and volatility of WNS's ADS price. These and other factors are more fully discussed in our annual report on Form 20-F for the fiscal year ended March 31, 2010 filed with the SEC which is available at www.sec.gov. In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans, objectives or projected financial results referred to in any of the forward-looking statements. Except as required by law, we do not undertake to release revisions of any of these 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.

¹ Net income attributable to WNS shareholders.

² Revenue less repair payments only applies to the Auto Claims business. For all other businesses, revenues less repair payments are the same as revenues.

³ Net income attributable to WNS shareholders excluding amortization of intangible assets, share-based compensation expense, and net loss attributable to redeemable non-controlling interest.

* This is a non-GAAP measure. Reconciliations of non-GAAP financial measures to GAAP operating results are included at the end of this release. See also "About Non-GAAP Financial Measures."

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

	Quarter ended		Quarter ended Dec 31, 2010 compared to			
	Dec 31, 2010	Dec 31, 2009	Sep 30, 2010	Dec 31, 2009	Sep 30, 2010	
	(US dollars in millions)		(% growth)			
Revenue (GAAP)	\$ 152.7	\$ 145.8	\$ 154.2	4.7	%	(1.0) %
Less: Payments to repair centers	60.0	49.6	61.1	21.0	%	(1.8) %
Revenue less repair payments (Non-GAAP)	\$ 92.7	\$ 96.3	\$ 93.1	(3.7)	%	(0.5) %

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

	Three months ended		
	Dec 31, 2010	Dec 31, 2009	Sep 30, 2010
	(US dollars in millions)		
Cost of revenue (GAAP)	\$ 121.5	\$ 110.7	\$ 121.0
Less: Payments to repair centers	60.0	49.6	61.1
Less: Share-based compensation expense	0.2	0.7	0.3
Adjusted cost of revenue (excluding payment to repair centers and share-based compensation expense) (Non-GAAP)	\$ 61.3	\$ 60.5	\$ 59.6

Reconciliation of gross margin (GAAP to non-GAAP)

	Three months ended		
	Dec 31, 2010	Dec 31, 2009	Sep 30, 2010
	(US dollars in millions)		
Gross margin (GAAP)	\$ 31.1	\$ 35.1	\$ 33.2

Add: Share-based compensation expense	0.2	0.7	0.3
Adjusted gross margin (excluding share-based compensation expense) (Non-GAAP)	\$ 31.4	\$ 35.8	\$ 33.5
	Three months ended		
	Dec 31,	Dec 31,	Sep 30,
	2010	2009	2010
Gross margin as a percentage of revenue (GAAP)	20.4 %	24.1 %	21.5 %
Adjusted gross margin (excluding share-based compensation expense) as a percentage of revenue less repair payments (Non-GAAP)	33.9 %	37.2 %	35.9 %
Reconciliation of selling, general and administrative expense (GAAP to non-GAAP)			
	Three months ended		
	Dec 31,	Dec 31,	Sep 30,
	2010	2009	2010
	(US dollars in millions)		
Selling, general and administrative expenses (GAAP)	\$ 20.2	\$ 20.6	\$ 19.7
Less: Share-based compensation expense	0.9	2.4	0.7
Adjusted Selling, general and administrative expenses (excluding share-based compensation expense) (Non-GAAP)	\$ 19.3	\$ 18.2	\$ 18.9
	Three months ended		
	Dec 31,	Dec 31,	Sep 30,
	2010	2009	2010
Selling, general and administrative expenses as a percentage of revenue (GAAP)	13.2 %	14.1 %	12.7 %
Adjusted Selling, general and administrative expenses (excluding share-based compensation expense) as a percentage of revenue less repair payments (Non-GAAP)	20.8 %	18.9 %	20.3 %
Reconciliation of operating income(GAAP to non-GAAP)			
	Three months ended		
	Dec 31,	Dec 31,	Sep 30,
	2010	2009	2010
	(US dollars in millions)		
Operating income (GAAP)	\$ 3.0	\$ 6.4	\$ 5.6
Add: Amortization of intangible assets	8.0	8.1	\$ 7.9
Add: Share-based compensation expense	1.1	3.1	1.0
Adjusted operating income (excluding amortization of intangible assets and share-based compensation expense) (Non-GAAP)	\$ 12.1	\$ 17.6	\$ 14.5
	Three months ended		
	Dec 31,	Dec 31,	Sep 30,
	2010	2009	2010
Operating income as a percentage of revenue (GAAP)	2.0 %	4.4 %	3.6 %
Adjusted operating income (excluding amortization of intangible assets and share-based compensation expense) as a percentage of revenue less repair payments (Non-GAAP)	13.0 %	18.3 %	15.6 %
Reconciliation of net income attributable to WNS shareholders (GAAP to non-GAAP)			
	Three months ended		
	Dec 31,	Dec 31,	Sep 30,
	2010	2009	2010
	(US dollars in millions)		
Net income attributable to WNS (Holdings) Limited shareholders (GAAP)	\$ 5.8	\$ 0.3	\$ 4.9
Add: Amortization of intangible assets	8.0	8.1	\$ 7.9
Add: Share-based compensation expense	1.1	3.1	1.0
Less: Net loss attributable to redeemable non-controlling interest	0.1	0.4	0.1
Adjusted net income (excluding amortization of intangible assets, share-based compensation expense and net loss attributable to redeemable non-controlling interest) (Non-GAAP)	\$ 14.7	\$ 11.1	\$ 13.8
	Three months ended		

	Dec 31, 2010	Dec 31, 2009	Sep 30, 2010
Net income as a percentage of revenue (GAAP)	3.8 %	0.2 %	3.2 %
Adjusted net income (excluding amortization of intangible assets, share-based compensation expense and net loss attributable to redeemable non-controlling interest) as a percentage of revenue less repair payments (Non-GAAP)	15.9 %	11.5 %	14.8 %

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

	Three months ended		
	Dec 31, 2010	Dec 31, 2009	Sep 30, 2010
Basic income per ADS (GAAP)	\$ 0.13	\$ 0.01	\$ 0.11
Add: Adjustments for amortization of intangible assets, share-based compensation expense, net loss attributable to redeemable non-controlling interest and impact from changes in carrying amount of redeemable non-controlling interest.	0.20	0.25	0.20
Basic adjusted net income per ADS (excluding amortization of intangible assets, share-based compensation expense and net loss attributable to redeemable non-controlling interest) (Non-GAAP)	\$ 0.33	\$ 0.26	\$ 0.31

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

	Three months ended		
	Dec 31, 2010	Dec 31, 2009	Sep 30, 2010
Diluted income per ADS (GAAP)	\$ 0.13	\$ 0.01	\$ 0.11
Add: Adjustments for amortization of intangible assets, share-based compensation expense, net loss attributable to redeemable non-controlling interest and impact from changes in carrying amount of redeemable non-controlling interest.	0.20	0.24	0.20
Diluted adjusted net income per ADS (excluding amortization of intangible assets, share-based compensation expense and net loss attributable to redeemable non-controlling interest) (Non-GAAP)	\$ 0.33	\$ 0.25	\$ 0.31

SOURCE: WNS (Holdings) Limited

Investors & U.S. Media:
WNS (Holdings) Limited
Alan Katz

Investor Relations
+1 212 277-8183

ir@wns.com

or

India Media:
WNS (Holdings) Limited
Sumi Gupta

Public Relations
+91 (22) 4095 2263

sumi.gupta@wns.com; pr@wns.com