



▶ ExlService Holdings Inc.
Fourth quarter and Full Year 2024
financial results

February 25, 2024

Safe harbor

Forward-looking statements

This presentation contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. You should not place undue reliance on those statements because they are subject to numerous uncertainties and factors relating to EXL's operations and business environment, all of which are difficult to predict and many of which are beyond EXL's control. Forward-looking statements include information concerning EXL's possible or assumed future results of operations, including descriptions of its business strategy. These statements may include words such as "may," "will," "should," "believe," "expect," "anticipate," "intend," "plan," "estimate" or similar expressions. These statements are based on assumptions that we have made in light of management's experience in the industry as well as its perceptions of historical trends, current conditions, expected future developments and other factors it believes are appropriate under the circumstances. You should understand that these statements are not guarantees of performance or results. They involve known and unknown risks, uncertainties and assumptions. Although EXL believes that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect EXL's actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements. These factors, which include our ability to maintain and grow client demand, our ability to hire and retain sufficiently trained employees, and our ability to accurately estimate and/or manage costs, rising interest rates, rising inflation and recessionary economic trends, are discussed in more detail in EXL's filings with the Securities and Exchange Commission, including EXL's Annual Report on Form 10-K. You should keep in mind that any forward-looking statement made herein, or elsewhere, speaks only as of the date on which it is made. New risks and uncertainties come up from time to time, and it is impossible to predict these events or how they may affect EXL. EXL has no obligation to update any forward-looking statements after the date hereof, except as required by federal securities laws.



Financial highlights: Fourth Quarter 2024

Q4 revenue of \$481.4 million, **up 16.3%** YoY with strong growth across both businesses

Q4 adj EPS¹ of \$0.44, **up 26.1%** YoY

Analytics segment Q4 revenue of \$207.7 million, **up 14.1%** YoY on reported basis.

Digital Operations & Solutions Q4 revenue of \$273.7 million, **up 18.0%** YoY and 2.1% sequentially on reported basis.

1) See slides 12 to 15 for information regarding the use of our non-GAAP financial measures.



Financial highlights: Full Year 2024

Full year revenue of \$1,838.4 million, **up 12.7%** YoY with strong growth across both businesses

Full Year adj EPS¹ of \$1.65, **up 15.4%** YoY

Analytics segment full year revenue of \$796.2 million, **up 9.2%** YoY on reported basis

Digital Operations & Solutions full year revenue of \$1,042.2 million, **up 15.6%** YoY on reported basis

1) See slides 12 to 15 for information regarding the use of our non-GAAP financial measures.

2024 Quarterly Revenue and Adj. EPS

YoY
Growth

Revenue
(in millions)



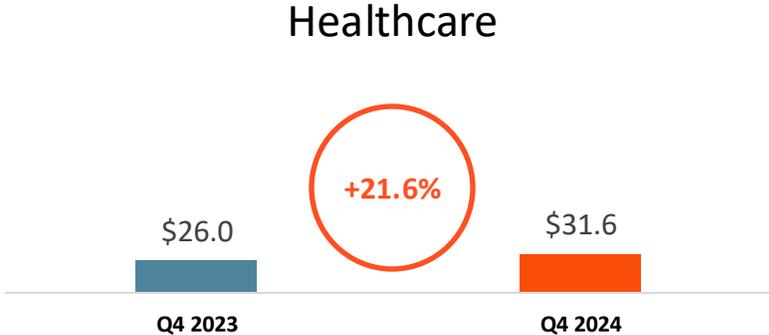
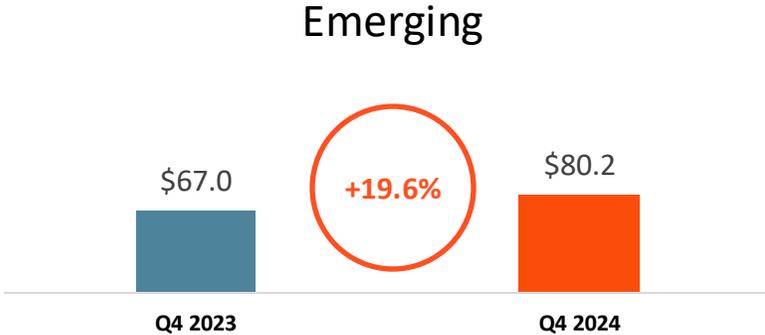
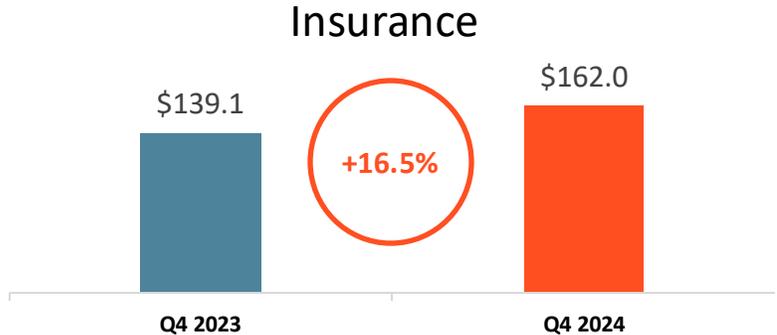
Adjusted diluted
earnings per share



Q4 2024 Digital Operations & Solutions segment revenue (in millions)



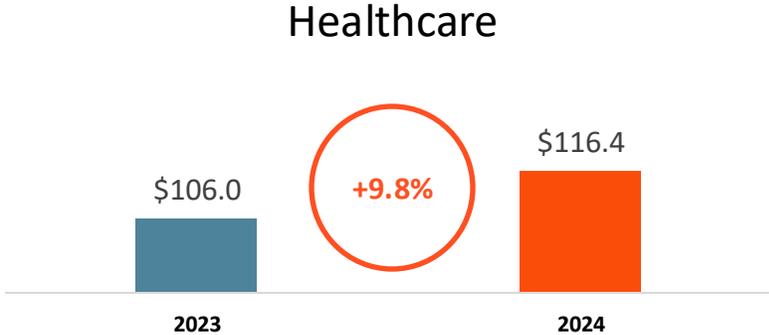
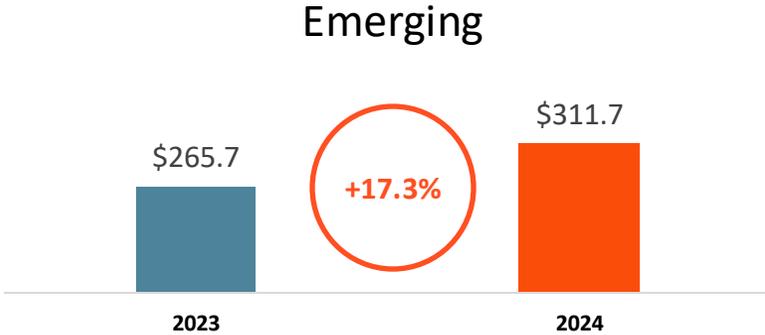
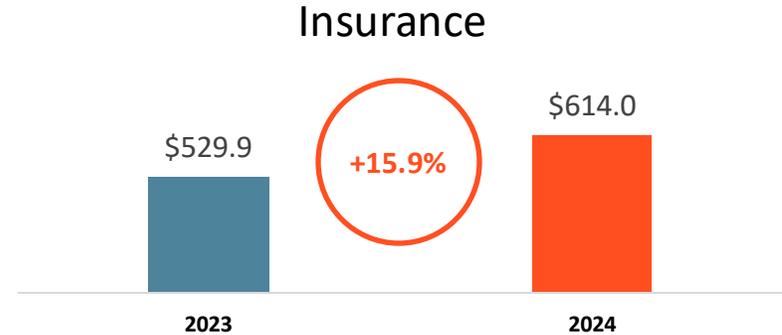
- Insurance growth was driven by the expansion of existing client relationships and new client wins
- Emerging growth was driven by expansion of existing client relationships and new client wins
- Healthcare growth was driven by higher volumes and expansion in existing client relationships



Full Year 2024 Digital Operations & Solutions segment revenue (in millions)



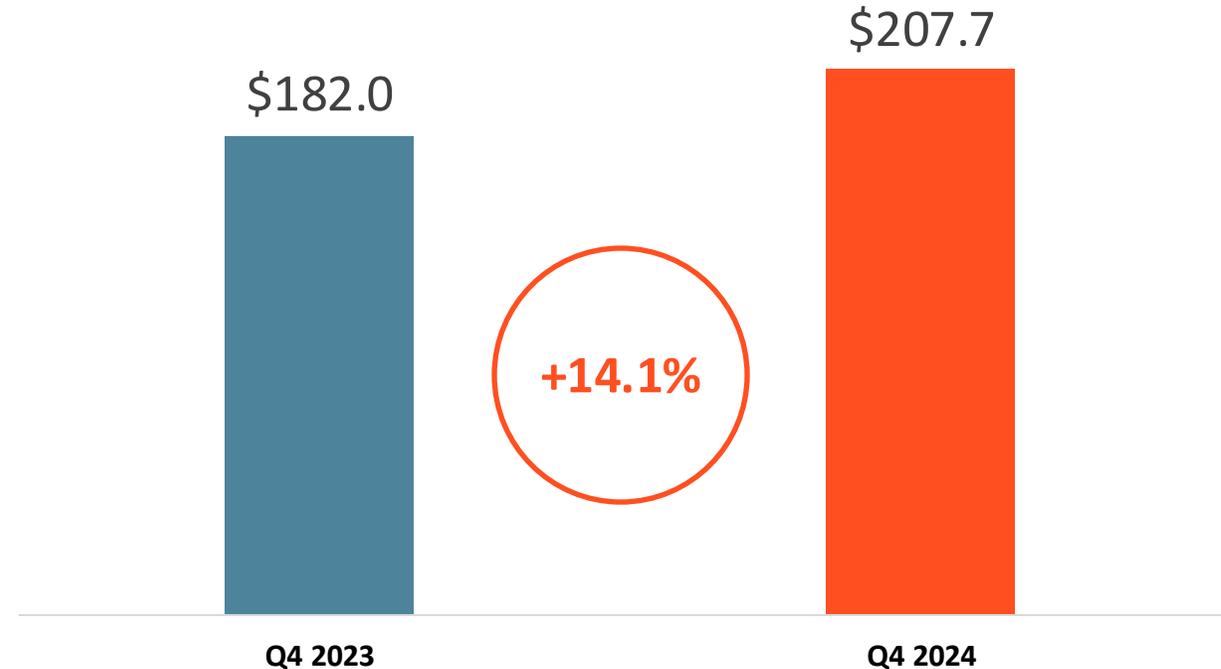
- Growth was driven by expansion of existing client relationships and new client wins



Q4 2024 Analytics segment revenue

(in millions)

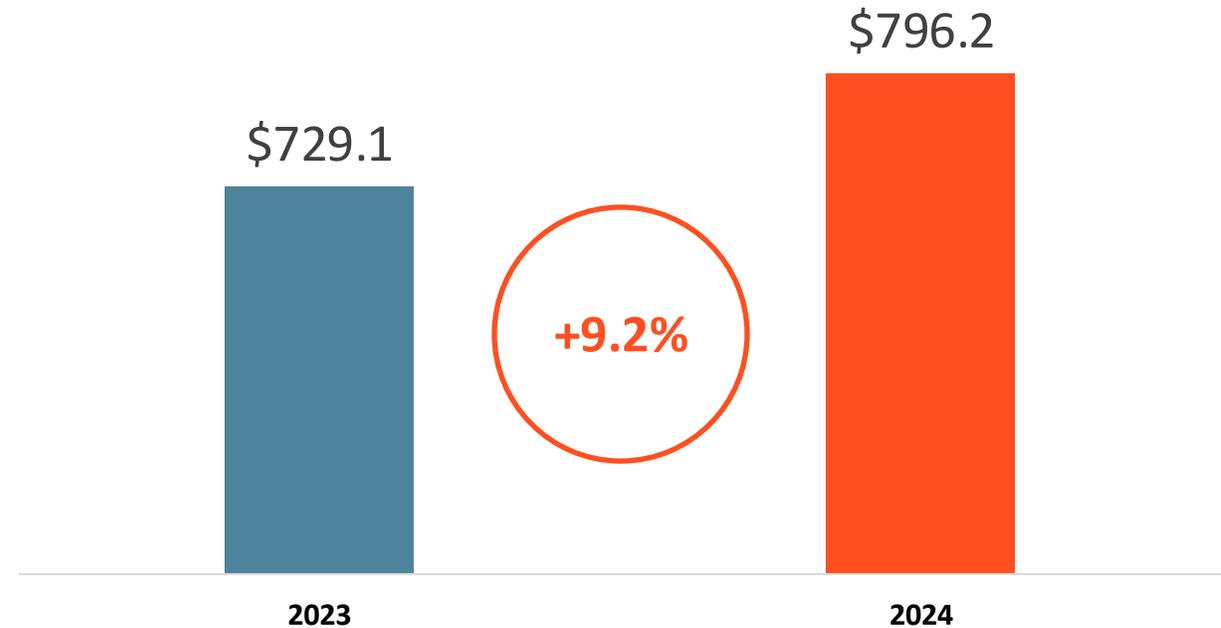
- Growth was driven by higher volumes in Payment services, expansion of existing client relationships, new client wins in Analytics services



Full Year 2024 Analytics segment revenue

(in millions)

- Growth was driven by higher volumes in Payment services, expansion of existing client relationships, new client wins in Analytics services

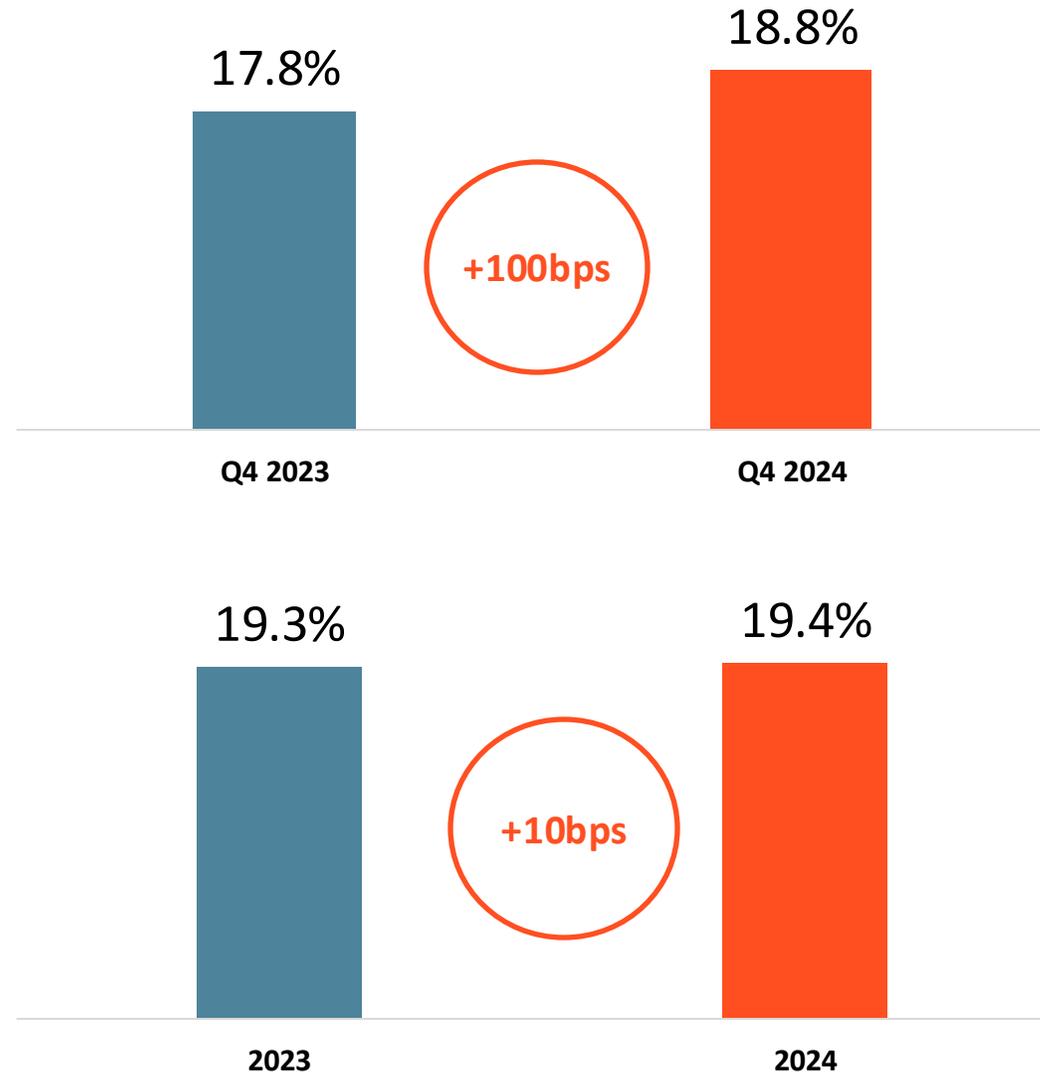


Q4 2024 Adjusted operating margin¹

- Improvement driven by improved gross margin and SG&A operating leverage

Full Year 2024 Adjusted operating margin¹

- Improvement driven by gross margin improvement



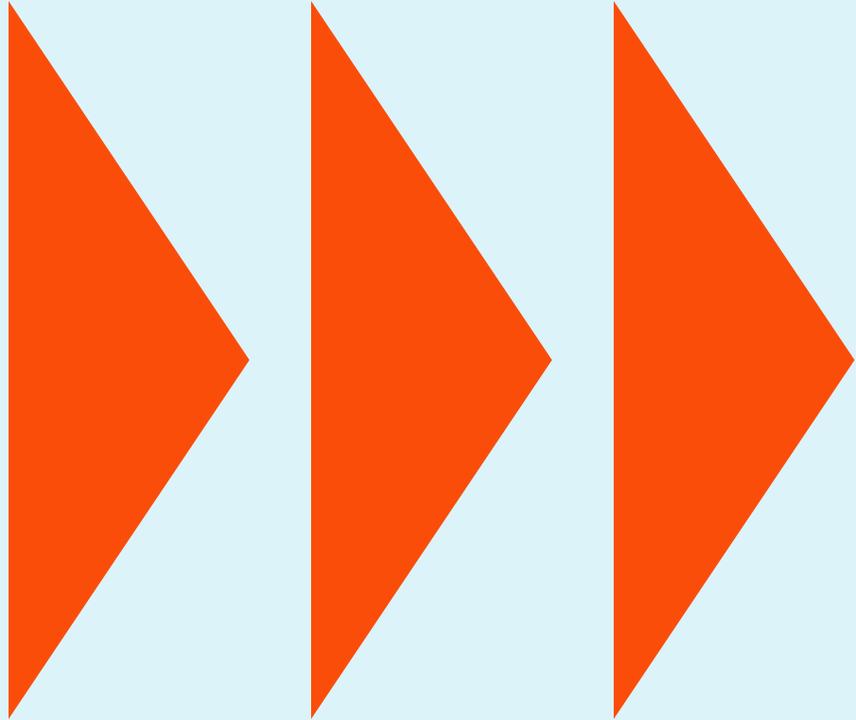
1) See slides 12 to 15 for information regarding the use of our non-GAAP financial measures.

2025 guidance

Based on current visibility, and a U.S. dollar to Indian rupee exchange rate of 87, U.K. pound sterling to U.S. dollar exchange rate of 1.25, U.S. dollar to the Philippine peso exchange rate of 58 and all other currencies at current exchange rates



1) Constant currency basis



Appendix

Non-GAAP financial measures and reconciliations

In addition to our reported operating results in accordance with U.S. generally accepted accounting principles (GAAP), we have included certain financial measures that are considered non-GAAP financial measures, including the following:

- Adjusted operating income and adjusted operating income margin;
- Adjusted EBITDA and adjusted EBITDA margin;
- Adjusted net income and adjusted diluted earnings per share; and
- Revenue growth on constant currency basis

These non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles, 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, the financial results calculated in accordance with GAAP and reconciliations from those financial statements should be carefully evaluated. EXL believes that providing these non-GAAP financial measures may help investors better understand EXL's underlying financial performance. Management also believes that these non-GAAP financial measures, when read in conjunction with EXL's reported results, can provide useful supplemental information for investors analyzing period-to-period comparisons of the Company's results and comparisons of the Company's results with the results of other companies. Additionally, management considers some of these non-GAAP financial measures to determine variable compensation of its employees. The Company believes that it is unreasonably difficult to provide its earnings per share financial guidance in accordance with GAAP, or a qualitative reconciliation thereof, for a number of reasons, including, without limitation, the Company's inability to predict its future stock-based compensation expense under ASC Topic 718, the amortization of intangibles associated with future acquisitions and the currency fluctuations and associated tax effects. As such, the Company presents guidance with respect to adjusted diluted earnings per share. The Company also incurs significant non-cash charges for depreciation that may not be indicative of the Company's ability to generate cash flow.

EXL non-GAAP financial measures exclude, where applicable, stock-based compensation expense, amortization of acquisition-related intangible assets, provision for restructuring and litigation settlement matters, effects of termination of leases, certain defined social security contributions, allowance for certain material expected credit losses, other acquisition-related expenses or benefits and effect of any non-recurring tax adjustments. Acquisition-related expenses or benefits include, changes in the fair value of contingent consideration, external deal costs, integration expenses, direct and incremental travel costs and non-recurring benefits or losses. Our adjusted net income and adjusted diluted EPS also excludes the effects of income tax on the above pre-tax items, as applicable. The effects of income tax of each item is calculated by applying the statutory rate of the local tax regulations in the jurisdiction in which the item was incurred.

Non-GAAP financial measures and reconciliations (continued)

A limitation of using non-GAAP financial measures versus financial measures calculated in accordance with GAAP is that non-GAAP financial measures do not reflect all of the amounts associated with our operating results as determined in accordance with GAAP and exclude costs that are recurring, namely stock-based compensation and amortization of acquisition-related intangible assets. EXL compensates for these limitations by providing specific information regarding the GAAP amounts excluded from non-GAAP financial measures to allow investors to evaluate such non-GAAP financial measures.

The information provided on an organic constant currency basis reflects a comparison of current period results translated at the prior period currency rates and exclude the impact from an acquisition for a twelve-month period from the date of the acquisition. This information is provided because EXL believes that it provides useful comparative incremental information to investors regarding EXL's true operating performance. EXL's primary exchange rate exposure is with the Indian rupee, the Philippine peso, the U.K. pound sterling and the South African rand. The average exchange rate of the U.S. dollar against the Indian rupee increased from 83.28 during the quarter ended December 31, 2023 to 84.72 during the quarter ended December 31, 2024, representing a depreciation of 1.7% against the U.S. dollar. The average exchange rate of the U.S. dollar against the Philippine peso increased from 55.86 during the quarter ended December 31, 2023 to 58.19 during the quarter ended December 31, 2024, representing a depreciation of 4.2% against the U.S. dollar. The average exchange rate of the U.K. pound sterling against the U.S. dollar increased from 1.25 during the quarter ended December 31, 2023 to 1.28 during the quarter ended December 31, 2024, representing an appreciation of 1.9% against the U.S. dollar. The average exchange rate of the U.S. dollar against the South African rand decreased from 18.63 during the quarter ended December 31, 2023 to 18.18 during the quarter ended December 31, 2024, representing an appreciation of 2.4% against the U.S. dollar.

Reconciliation of Adjusted Operating Income and Adjusted EBITDA

(Amounts in thousands)

	Year ended		Three months ended		
	December 31,		December 31,	September 30,	
	2024	2023	2024	2023	2024
Net income (GAAP)	\$ 198,297	\$ 184,558	\$ 50,672	\$ 40,283	\$ 53,037
add: Income tax expense	62,936	53,536	19,850	15,763	15,460
add/(subtract): Foreign exchange gain, net, interest expense, gain/(loss) from equity-method investment and other income/(loss), net	2,387	661	720	(1,780)	908
Income from operations (GAAP)	\$ 263,620	\$ 238,755	\$ 71,242	\$ 54,266	\$ 69,405
add: Stock-based compensation expense	72,658	58,437	15,479	15,452	21,232
add: Amortization of acquisition-related intangibles	13,630	14,678	4,024	3,168	3,449
add: Restructuring and litigation settlement costs (a)	6,174	613	—	613	—
add/(subtract): Allowance/(reversal) for expected credit losses (b)	—	1,436	—	(264)	—
add: Other expenses (c)	—	771	—	282	—
Adjusted operating income (Non-GAAP)	\$ 356,082	\$ 314,690	\$ 90,745	\$ 73,517	\$ 94,086
<i>Adjusted operating income margin as a % of Revenue (Non-GAAP)</i>	<i>19.4 %</i>	<i>19.3 %</i>	<i>18.8 %</i>	<i>17.8 %</i>	<i>19.9 %</i>
add: Depreciation on long-lived assets	41,589	34,434	12,140	9,130	10,350
Adjusted EBITDA (Non-GAAP)	\$ 397,671	\$ 349,124	\$ 102,885	\$ 82,647	\$ 104,436
<i>Adjusted EBITDA margin as a % of revenue (Non-GAAP)</i>	<i>21.6 %</i>	<i>21.4 %</i>	<i>21.4 %</i>	<i>20.0 %</i>	<i>22.1 %</i>

(a) To exclude effects of employee severance costs and outplacement support costs of \$4,762 and \$nil and litigation settlement costs and associated legal fees of \$1,412 and \$613 for the year ended December 31, 2024 and 2023, respectively. To exclude effects of litigation settlement costs and associated legal fees of \$nil and \$613 for the three months ended December 31, 2024 and 2023, respectively.

(b) To exclude the effects of material allowance/(reversal) for expected credit losses on accounts receivables related to a customer bankruptcy event.

(c) To exclude effects of lease termination of \$nil and \$489 and other items, individually insignificant of \$nil and \$282 for the year ended December 31, 2024 and 2023, respectively. To exclude effects of other items, individually insignificant of \$nil and \$282 for the three months ended December 31, 2024 and 2023, respectively.

Reconciliation of Adjusted Net Income and Adjusted Diluted Earnings Per Share

(Amounts in thousands, except per share data)

	Year ended		Three months ended		
	December 31,		December 31,		September 30,
	2024	2023	2024	2023	2024
Net income (GAAP)	\$ 198,297	\$ 184,558	\$ 50,672	\$ 40,283	\$ 53,037
add: Stock-based compensation expense	72,658	58,437	15,479	15,452	21,232
add: Amortization of acquisition-related intangibles	13,630	14,678	4,024	3,168	3,449
add: Restructuring and litigation settlement costs (a)	6,174	613	—	613	—
add/(subtract): Changes in fair value of contingent consideration	(589)	1,900	—	(600)	—
add: Other tax expenses (b)	3,817	223	3,817	223	—
add/(subtract): Allowance/(reversal) for expected credit losses (c)	—	1,436	—	(264)	—
add: Other expenses (d)	—	489	—	—	—
subtract: Tax impact on stock-based compensation expense (e)	(17,576)	(17,333)	(1,769)	(374)	(5,830)
subtract: Tax impact on amortization of acquisition-related intangibles	(3,318)	(3,622)	(921)	(792)	(866)
add/(subtract): Tax impact on restructuring and litigation settlement costs	(1,540)	—	48	—	—
add/(subtract): Tax impact on changes in fair value of contingent consideration	146	152	(5)	152	—
add/(subtract): Tax impact on allowance/(reversal) for expected credit losses	—	(364)	—	65	—
subtract: Tax impact on other expenses	—	(280)	—	(157)	—
Adjusted net income (Non-GAAP)	\$ 271,699	\$ 240,887	\$ 71,345	\$ 57,769	\$ 71,022
Adjusted diluted earnings per share (Non-GAAP)	\$ 1.65	\$ 1.43	\$ 0.44	\$ 0.35	\$ 0.44

(a) To exclude effects of employee severance costs and outplacement support costs of \$4,762 and \$nil and litigation settlement costs and associated legal fees of \$1,412 and \$613 for the year ended December 31, 2024 and 2023, respectively. To exclude effects of litigation settlement costs and associated legal fees of \$nil and \$613 for the three months ended December 31, 2024 and 2023, respectively.

(b) To exclude other tax expenses/(benefits) related to certain deferred tax assets and liabilities.

(c) To exclude the effects of material allowance/(reversal) for expected credit losses on accounts receivables related to a customer bankruptcy event.

(d) To exclude effects of lease termination of \$nil and \$489 for the year ended December 31, 2024 and 2023, respectively.

(e) Tax impact includes \$9,714 and \$15,055 for the year ended December 31, 2024 and 2023 respectively, \$500 and \$1,883 for the three months ended December 31, 2024 and 2023 respectively, and \$1,673 for the three months ended September 30, 2024 related to discrete benefit recognized in income tax expense in accordance with ASU No. 2016-09, Compensation - Stock Compensation.



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