

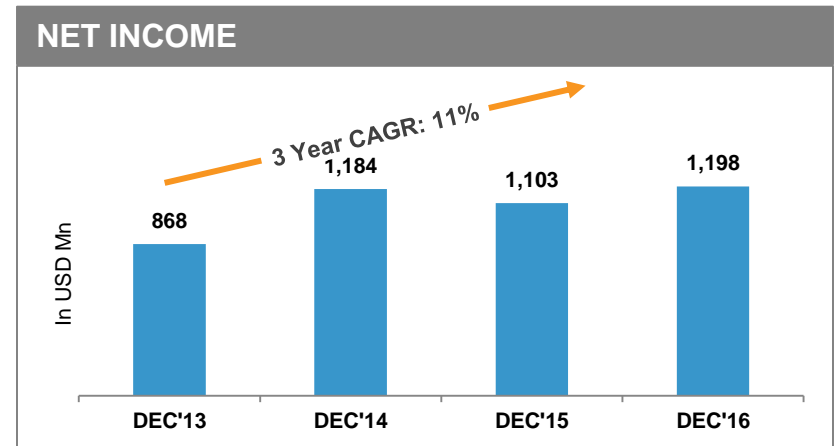
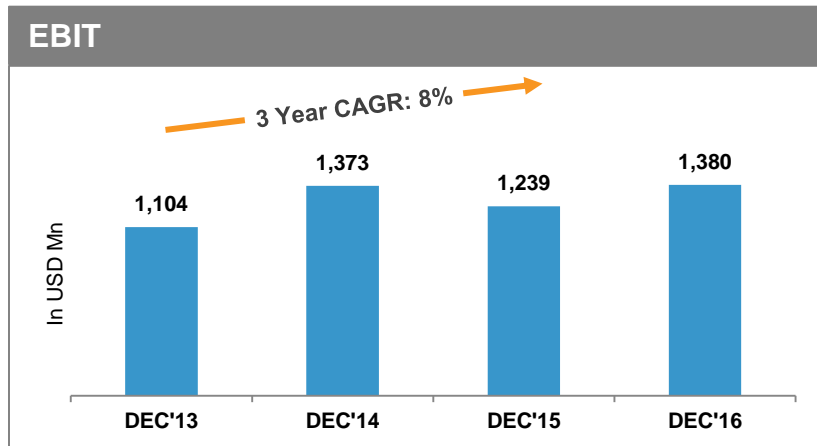
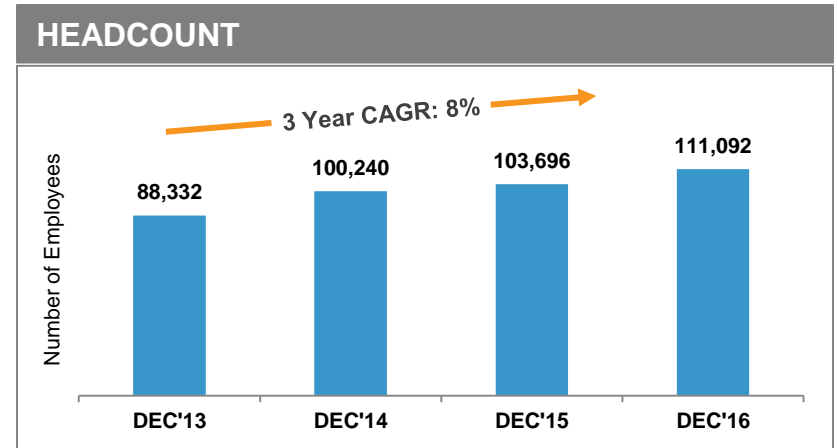
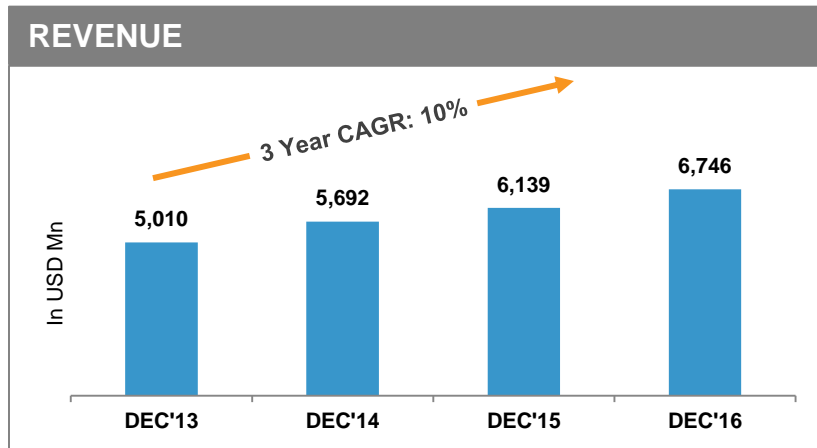
HCL TECHNOLOGIES

EARNINGS PRESENTATION | THIRD QUARTER FY'17

Performance Snapshot

C VIJAYAKUMAR

PERFORMANCE TRENDS ON LTM BASIS



CONSISTENT AND BROAD BASED GROWTH

REVENUE GROWTH (IN CONSTANT CURRENCY)

GROWTH ENGINES		Segments	Quarter Ended	12 Months Ended
Broad based Growth			31-Dec-16	31-Dec-16
Geo Drivers	Americas and Europe		QoQ	LTM YoY
				Consolidated
		Americas	1.7%	15.0%
		Europe	6.8%	10.5%
		ROW	-0.5%	-5.0%
		Growth Services		
		Application Services	2.0%	5.0%
		Infrastructure Services	2.1%	24.6%
		Engineering and R&D Services	7.1%	6.7%
		Business Services	2.9%	-7.2%
		Growth Verticals		
		Financial Services	4.5%	5.4%
		Manufacturing	8.3%	11.2%
		Life Sciences & Healthcare	-2.9%	14.0%
		Public Services	5.6%	24.1%
		Retail & CPG	-6.9%	22.7%
		Telecommunications, Media, Publishing & Entertainment	-3.3%	9.7%

Note: Public Services include Oil & Gas, Energy & Utilities, Travel - Transport - Logistics and Government.

STATE OF MARKET

IT Services Growth Rates are Stabilizing

Worldwide IT Services Spending Forecast (in US Dollars)			
Year	2016	2017	2018
Services Spending Growth Rate	3.9%	4.2%	4.7%

Source: [Gartner](#)

Key Drivers of IT Spending

- Industry moving towards the fourth industrial revolution where technology is becoming core to business and transforming business models.
- Enterprises are sharply focused on becoming lean and agile by leveraging automation extensively, thereby significantly saving on the spend on their run-the-business activities.
- Enterprises substantially increasing their investments towards re-imagining their businesses by leveraging connected experience, connected assets and connected eco-system, made possible through Digital technologies and IoT enabled by cloud and cyber security solutions.
- Reallocation of IT budgets towards discretionary spending using disruptive technologies, while optimizing non-discretionary spending.
- Fortune 500/Global 2000 organizations looking for alternative IT vendors, driving business outcomes in a managed services construct.

HCL MODE 1-2-3 GROWTH STRATEGY

HCL 21CE	Business Type	DRYICE™ Autonomics	Highlights
<p>Mode 1 Agile & Lean + Service Oriented</p>	<p>Application Services</p> <p>Infrastructure Services</p> <p>Engineering and R&D Services</p> <p>Business Process Outsourcing</p>	<p>DRYICE™ Autonomics</p>	<p>Existing Core Services with strong market momentum</p> <p>Large under-serviced market opportunities</p> <p>Continue to Increase participation & win rates</p>
<p>Mode 2 Experience-centric & Outcome Oriented</p>	<p>BEYONDigital™, MAS & BAS*</p> <p>IoT WorKS™</p> <p>Cloud</p> <p>Cyber Security</p>	<p>DRYICE™ Orchestration</p>	<p>Businesses @ Infection points , right timing to step up the game</p> <p>High Acceleration / High growth opportunities business</p> <p>Fragmented market with no clear leaders</p> <p>Continue to build strong organic & inorganic capabilities</p>
<p>Mode 3 Eco-System Driven</p>	<p>Products & Platforms</p>		<p>Innovative IP Partnership opportunities</p> <p>Create Market permissions for Product & Platform businesses</p> <p>Modest goals driven by strategic opportunities</p>

*Modern Application Services & Business Analytics Service - 6 -

MODE 1

SERVICE LINES

	Q3'17 Growth in CC		
	QoQ	YoY	
Engineering and R&D Services	7.1%	12.6%	<ul style="list-style-type: none"> HCL completed the acquisition of Butler America Aerospace LLC, strengthening its position in aerospace & defense engineering services space ERS revenue growth driven by Mode 3 Products & Platforms
Infrastructure Services	2.1%	28.3%	<ul style="list-style-type: none"> HCL signed an end-to-end infrastructure services contract with a leading US-based healthcare payer, helping the customer on the digital foundation implementing DRYICE™ autonomic platform & unified service management accelerators Engagement with a leading US-based insurance company to provide integrated IT services across datacenter, workplace transformation, security and applications testing
Application Services	2.0%	5.7%	<ul style="list-style-type: none"> Applications growth driven by digital initiatives, applications modernization and migration to cloud. A leading Fortune 500 oilfield services company engaged HCL for 'design and build' of enterprise asset management solution as part of its SAP transformation program; expanding the scope of work from the earlier release where HCL was responsible for the design phase
Business Services	2.9%	--15.4%	<ul style="list-style-type: none"> UBS AG renewed its Finance Operations services contract with HCL. The company will continue to deliver key finance operations to UBS AG, supporting cost transparency and continuous improvements to the operating model of its finance department for the next three and half years

MODE 2

DIGITAL, ANALYTICS, IOT WORKS™, CLOUD AND SECURITY

BEYONDigital™, Modern Applications, Business Analytics

- Engagement with a **Global 100 Europe-based financial services organization** for digital services, driving innovation, agility, customer centricity, experience & cost efficiencies.
- Engagement with a **major global marketing services company** to transform its marketing platform strategy and accelerate the rapidly growing digital business requirements
- HCL named as a Leader in the PEAK Matrix™ Assessment for **Life Sciences Digital services** by Everest Group
- Zinnov positioned HCL in the Leadership Zone for **'Digital Services in Retail'** 2016

IoT WoRKS™

- HCL positioned as a **leader** across major analyst studies
- Named a **Leader in IDC MarketScape** for Worldwide Internet of Things Consulting and Systems Integration Services
- Positioned among leaders by **Everest Group** in its report "Internet of Things Services PEAK Matrix™ Assessment and Market Trends"
- Engagement with a Fortune 500 pharmaceutical company for an **end-to-end medical IoT solution** hosted on AWS cloud
- IoT-based **gas automated meter reading** engagement with a leading regulated electric and gas utility company
- 'IoT WoRKS™' awarded **'Best Testbed'** at the IoT Solutions World Congress (IoTSWC), Barcelona

Cloud

- HCL launched an Industry Pioneering XaaS Platform called ServiceXchange, allowing catalog aggregation of multiple services across Cloud/SaaS/Process & Function Utilities/Smart Asset utilities for enabling the cloud native enterprise
- Engagement with a leading US-based global tire manufacturer to **implement hybrid cloud** and modernize their IT infrastructure, serving as the base platform for driving business outcomes
- Legacy product support and migration of healthcare products into **Azure Cloud** for a **US-based healthcare IT solutions company**, driving efficiencies & innovation

Security

- HCL provides industry leading **information security, IT resilience, risk & compliance management solutions** to Fortune 500 & Global 2000 corporations
- Engagement with a **Global 2000 Europe-based hitech & manufacturing company** for identity & access management (IAM), network security, endpoint security, secure remote access, certificate management, digital rights management, email & web security & risk assurance
- Engagement with a **leading US-based insurance company** to **provide** enterprise security and identity & access management

MODE 3

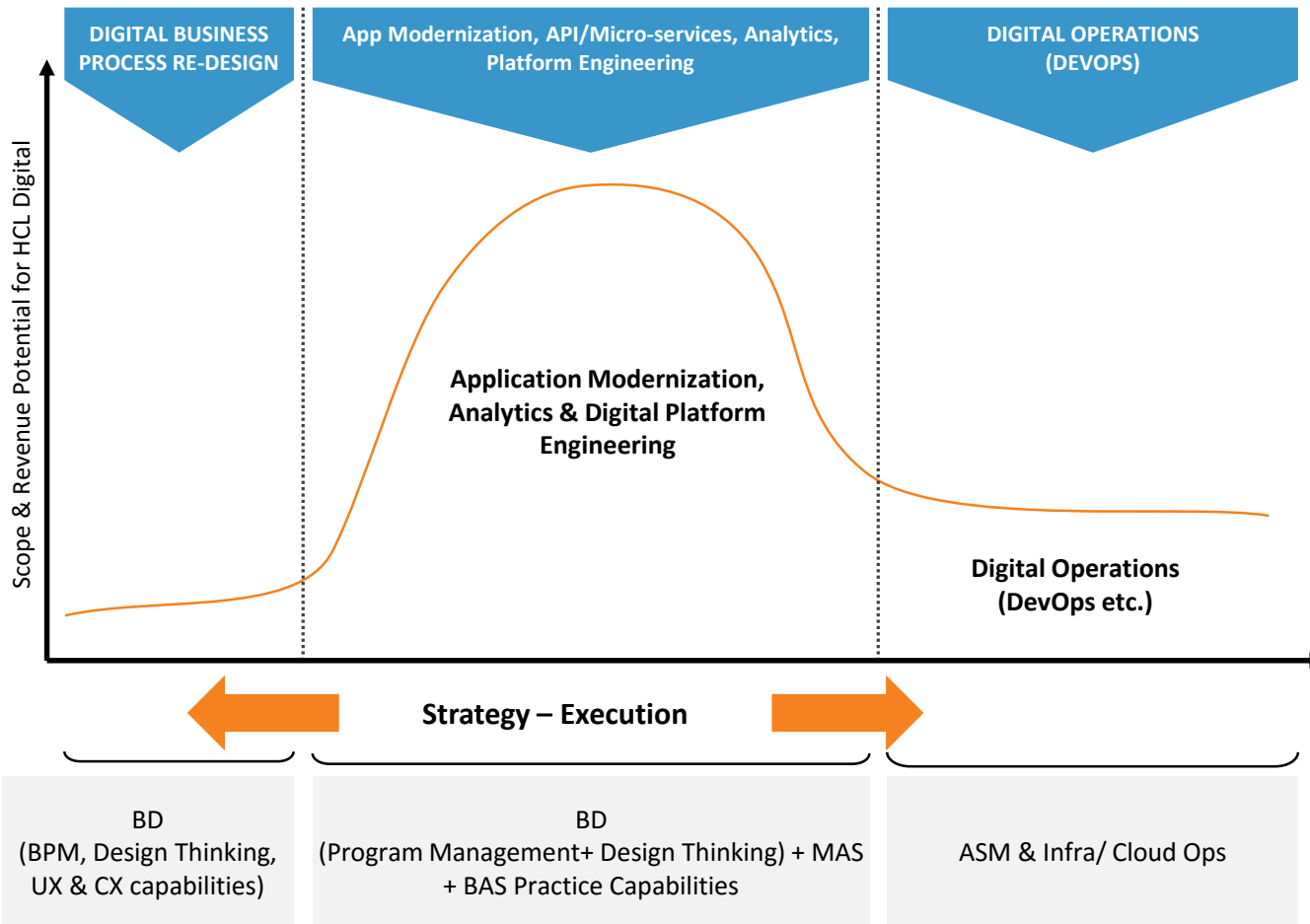
PRODUCTS & PLATFORMS

- HCL continues to explore & enter into strategic and innovative IP-based partnerships, targeting specific next-generation opportunities.
- HCL has extended its IP partnership with IBM to define the future roadmaps for additional products in the areas of Application security, B2B data transformation, Testing automation and Mainframe management tools. The products include IBM Security AppScan, IBM Transformation Extender (ITX), IBM Systems File Manager, IBM Systems Fault Analyzer, Rational Synergy & Change, Rational Test Automation, Rational BuildForge, and Rational Asset Manager (RAM).
- HCL has committed to invest ~\$155 million in the extended partnership.
- Expected revenue impact of \$45 – \$50 million in the first year.

Performance Snapshot

ANAND BIRJE

DIGITAL AND ANALYTICS SERVICES



- Digital Business Process Redesign based on Design Thinking (DX/UX) is becoming the starting point of all new application build programs.
- There is a huge potential for MAS + BAS capabilities in almost all Digital Transformation initiatives.
- A successful Digital Program requires Vertical/ Functional expertise and execution expertise in Application Modernization, API & Microservices, Analytics and Digital Foundation (Cloud and Security).

*BD, MAS and BAS: BEYONDigital™, Modern Application Services & Business Analytics Services

DIGITAL AND ANALYTICS SERVICES

BEYONDigital™, Modern Applications, Business Analytics

- Engagement with a **Global 100 Europe-based financial services organization** for digital services, driving innovation, agility, customer centricity, experience & cost efficiencies.
- Engagement with a **major global marketing services company** to transform its marketing platform strategy and accelerate the rapidly growing digital business requirements
- HCL signed a digital web platform transformation and services contract with a **leading global pharmaceuticals company** in the DACH region to drive innovation and customer experience.
- HCL named as a Leader in the PEAK Matrix™ Assessment for **Life Sciences Digital services** by Everest Group
- Zinnov positioned HCL in the Leadership Zone for **'Digital Services in Retail'** 2016

Performance Snapshot

RAHUL SINGH

PERFORMANCE SNAPSHOT

FINANCIAL SERVICES

Performance Highlights

Quarter Ended	31 st December 2016		
Revenue Growth (Constant Currency)	QoQ	YoY	LTM YoY
Financial Services	4.5%	8.8%	5.4%

Performance Drivers

- New Account / Geo strategy
 - Investments in new accounts driving momentum
 - New agreement signed with top European retail bank
- Redefined RTB / Mode 1 propositions
 - Automation & AI to meet Gen 2/3 outsourcing needs
 - Renewals in Apps and BPO
 - Platform Simplification; Vendor consolidation
- Focus on Digital
 - New delivery models – Agile/ DevOps/ Co-innovation
 - UX & Customer Experience
 - Data and Analytics; Full stack engineers
- Leveraging Fintech partnerships in digital & cloud services

Disruptions for Business

- Financial Services impacted by
 - Retail: Influence of Millennials
 - Capital Markets: Low Interest Rate, Regulations
 - Innovation from Fintech
- Growth of Digital and Disruptive Technologies
 - New Customer Acquisition Channels (eg micro Social networks)
 - Technology Debt – Legacy Modernization, Process automation
 - Public Cloud reaches tipping point
 - Block chain the next frontier
- Change in buying behaviour
 - Simplification driving Vendor Consolidation
 - Localisation, Internalization & Role of Captives
 - Emergence of Shadow IT

HCL Differentiators

- DRYICE™ led Automation & AI propositions.
- Outcome-linked engagements
- Target operating models – Full stack v/s conventional outsourcing
- Strategic investments and New clients acquired, Celerity Fintech, Near Shore Centres
- Leadership in chosen areas (Capital Markets & Digital)

Performance Snapshot

KARAN PURI

PERFORMANCE SNAPSHOT

CONSUMER & COMMERCIAL INDUSTRIES

Performance Highlights

Quarter Ended	31 st December 2016		
	QoQ	YoY	LTM YoY
Revenue Growth (Constant Currency)			
Manufacturing	8.3%	21.3%	11.2%
Lifesciences & Healthcare	--2.9%	10.5%	14.0%
Public Services	5.6%	20.9%	24.1%
Retail & CPG	--6.9%	12.5%	22.7%
Telecommunications, Media, Publishing & Entertainment	--3.3%	3.4%	9.7%

Performance Drivers

- Mode 2 services increasingly commanding higher share of wins in a managed /outcome driven construct
- Client spending in discretionary disruptive initiatives, while optimizing non-discretionary spends
- Multi-year engagement with a major global marketing services company to transform its marketing platform strategy across diverse business demands and accelerate on rapidly growing digital business requirements
- Digital web platform transformation and services deal with a leading global pharmaceuticals company in the DACH region to drive innovation and customer experience
- A Fortune 500 US-based pharmaceutical company engaged HCL for an end-to-end medical IoT solution consisting of medical device, mobile application and back-end applications, hosted on AWS cloud, helping patients who suffer from eye diseases

Disruptions for Business

- **Broadcasting** witnessing new emerging models such as skinny subscription packages, ad free models, short form content. Focus on superior customer service leading to major play of analytics and synchronizing content across internet
- **Gaming & Entertainment** industry witnessing large consolidation fueled by rise of interactive gaming and new consumer experience on platforms such as AR/VR etc.
- **Life Sciences and Healthcare:** Remote Health Monitoring, Remote Device Management, Drug Efficacy Tracking to be driven by IoT and Digitalization
- **TTL industry** continues to see influence of Internet of Everything and Digitalization
- Wearables, AR, and specially VR for **warehouses** will see substantial development, impacting today's processes in supply chain and their efficiency.
- **Manufacturing**, driven by Digital manufacturing, smart manufacturing and Industrial IoT
- **Oil & Gas:** Production information, real-time field information, digital oil field & sub surface and production information are some of the solutions driven by Digital & IoT

HCL Differentiators

- End-to-end digital transformation capabilities through BEYONDigital™, Modern Application Services & Business Analytics Services
- IoT WoRKSTM recognized as a leader across independent analyst studies.
- Zinnov Positions HCL in the **Leadership Zone for Digital Services in Retail**, Dec 2016. HCL has been placed in the 'Leadership Zone' for Overall Digital services in Retail as well as Retail Supply Chain Management.
- **Patented IoT-enabled Warehouse Slotting solution**, that calculates the optimum bin(s) for the product(s) in warehouses, maximizing use of cube space
- Developed and implemented **Edutics solution** that predicts and analyzes drop outs in schools
- An exclusive case study by Ovum on **HCL's GRC solution** for a large energy company titled "Enterprise Case Study: Integrating management of GRC across a large enterprise"

Financial Analysis

SUBRAMANIAN GOPALAKRISHNAN

CONSOLIDATED INCOME STATEMENT (IN US\$ MILLION)

Q3, FY'17

- Revenue at **US\$ 1,745 Mn**; up **1.3% QoQ** in reported currency
- Constant currency revenue growth at **3.0% QoQ** and **11.6%** on **LTM YoY**
- EBIT at \$ 356 Mn, up by 13.4% YoY
- Annualized GAAP EPS (Diluted) – **INR 58.63**, up **7.8% YoY**

Income Statement (US GAAP – US\$ Mn)	31-Dec-15	30-Sep-16	31-Dec-16	Growth	
				YoY	QoQ
Revenue	1,566	1,722	1,745	11.4%	1.3%
Gross Profits	541	578	592		
SG & A	204	203	203		
EBITDA	337	376	388		
Depreciation & Amortization	23	29	32		
EBIT	314	347	356	13.4%	2.7%
Forex & Other Income (Net)	54	35	34		
Earnings before Tax (EBT)	368	382	390		
Tax	77	80	84		
Net Income	291	301	306	5.2%	1.6%
EPS (Diluted) – Annualized – In INR	54	57	59		
Margins	31-Dec-15	30-Sep-16	31-Dec-16		
Gross Margin	34.6%	33.6%	33.9%		
EBITDA Margin	21.5%	21.8%	22.3%		
EBIT Margin	20.0%	20.1%	20.4%		
Net Margin	18.6%	17.5%	17.5%		

FY'17 GUIDANCE

GUIDANCE

Revenue:

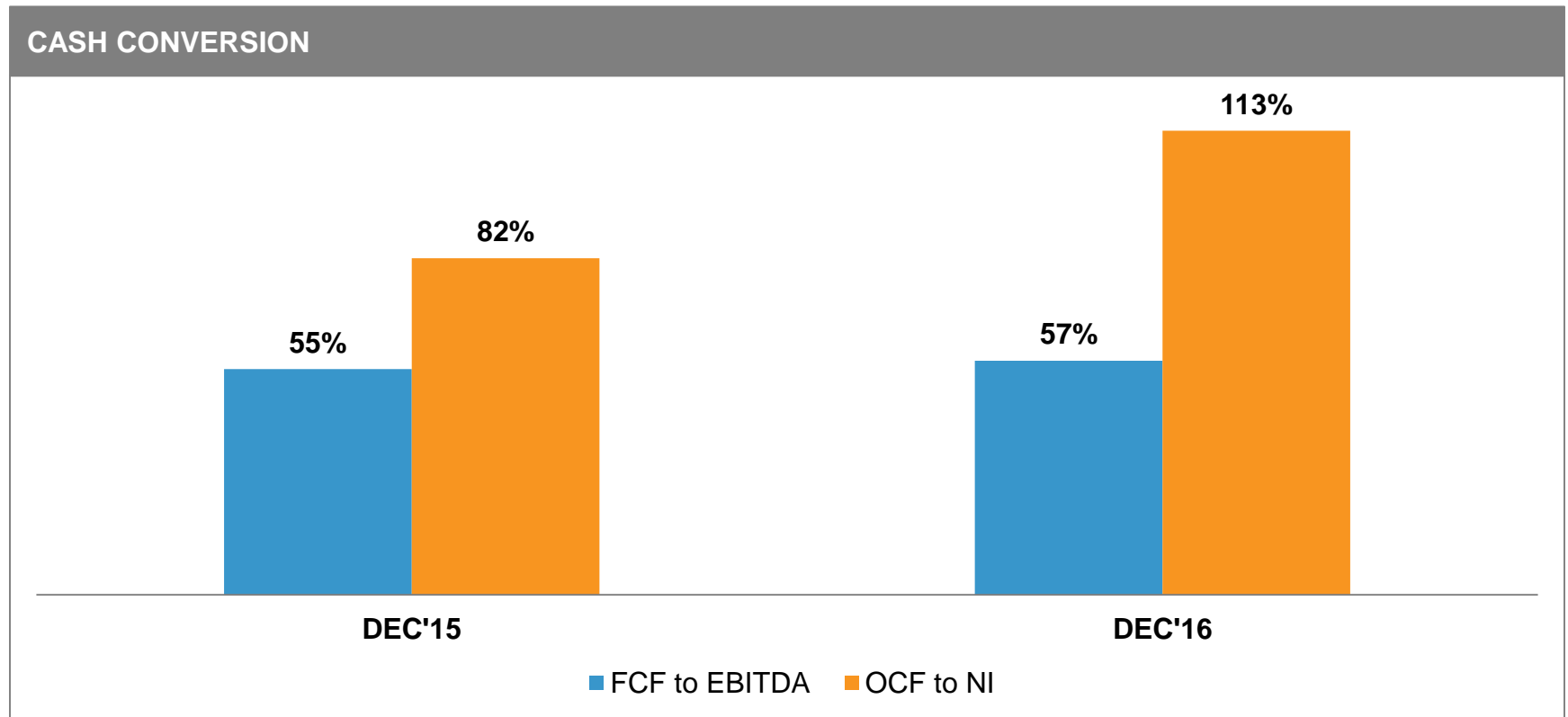
- We had guided for FY'17 Revenues to grow between 12.0% to 14.0% using the average exchange rates for FY'16. This translates to 10% to 12% in USD terms based on December 31st, 2016 exchange rates.
- We expect our FY'17 revenues to be in the middle of this range.
- The acquisitions and IP led partnerships announced after 30th September, 2016 are likely to additionally contribute 0.6% to 1.0% in revenues depending upon the date of consummation of Geometric deal.

Operating Margin (EBIT):

- FY'17 expected Operating Margin (EBIT) range continues to be in the range of 19.5% to 20.5% post consummation of acquisitions as above.
- We expect JFM'17 quarterly margin to be in the same range.

CASH CONVERSION

ON LTM BASIS



HEDGE DETAILS

In US\$ Million	AS ON	
	30-Sep-16	31-Dec-16
Total Hedges	1,157	1,416
Balance Sheet Hedges	144	207
Cash Flow Hedges	1,013	1,209
<i>Less than or equal to 1 Year</i>	<i>778</i>	<i>817</i>
<i>More than 1 Year</i>	<i>235</i>	<i>392</i>
Rate (USD/INR)		
<i>Booked Rate (Forward)</i>	<i>68.30</i>	<i>68.97</i>
<i>Less than 1 Year</i>	<i>67.76</i>	<i>68.62</i>
<i>More than 1 Year</i>	<i>70.32</i>	<i>70.74</i>
<i>MTM Rate applied</i>	<i>68.92</i>	<i>69.65</i>

FOREX GAIN/ LOSS & OCI

FX Gain/ Loss for the Quarter	
in US\$ Million	31-Dec-16
Cash flow hedge gain (A)	5.2
Net gain on Foreign currency exposure (B)	1.2
TOTAL (A) + (B)	6.4

OCI Position as of 31-Dec-16	
in US\$ Million	31-Dec-16
OCI (Upto 12 months)	30.4
OCI (Greater than 12 months)	4.3
TOTAL (before Tax benefit)	34.7

Fx Gain/ Loss – as on 31-Dec-16 closing rate	
in US\$ Million	Estimate for Q.E 31-Mar-17
Revenue Hedges covers for next quarter	198
Booked Rate Forward (USD) Covers	67.50
Rate at the end of the quarter	68.36
Estimated Forex impact for Q.E 31-Mar-17 at 31-Dec-16 closing rate	7.93

TAX PROVISION

EFFECTIVE TAX RATE ESTIMATED FOR FY'17 IS ~21%

Particulars (in US\$ Mn)	Financial Year ended	Quarter Ended
	31-Mar-16	31-Dec-16
Total Tax Expense	223	84
Earnings before Tax	1,063	390
Effective Tax Rate	21.0%	21.5%



Q&A