

HCL TECHNOLOGIES

EARNINGS PRESENTATION

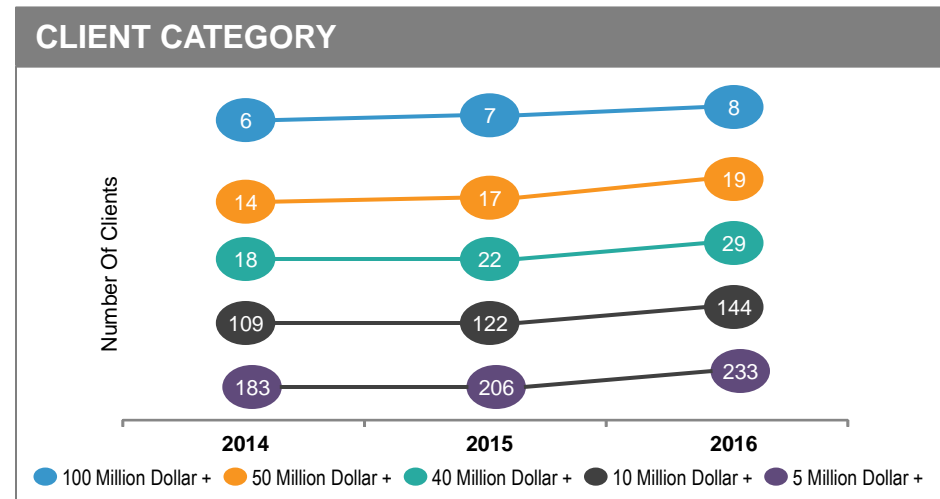
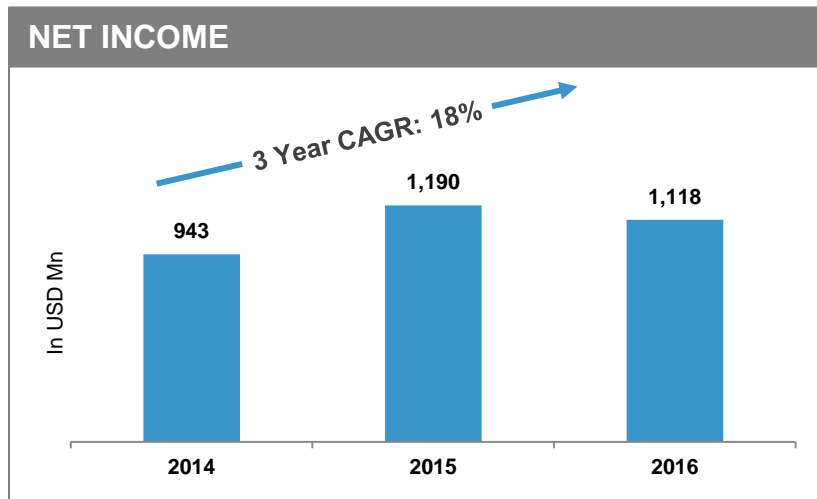
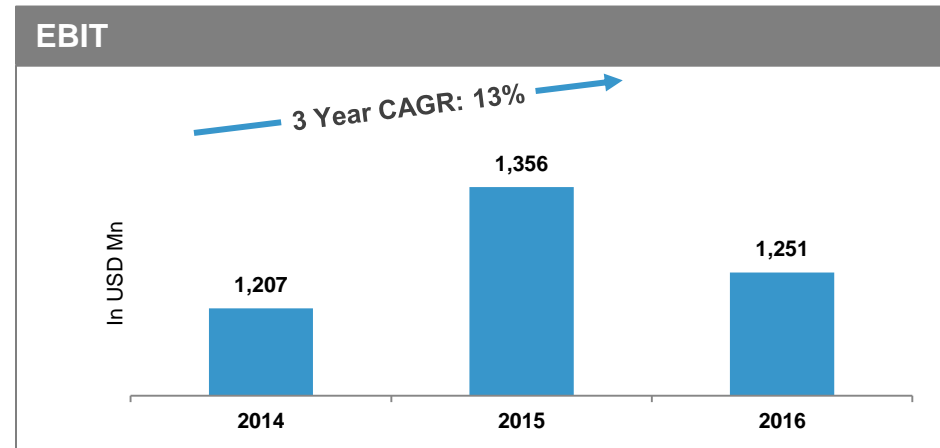
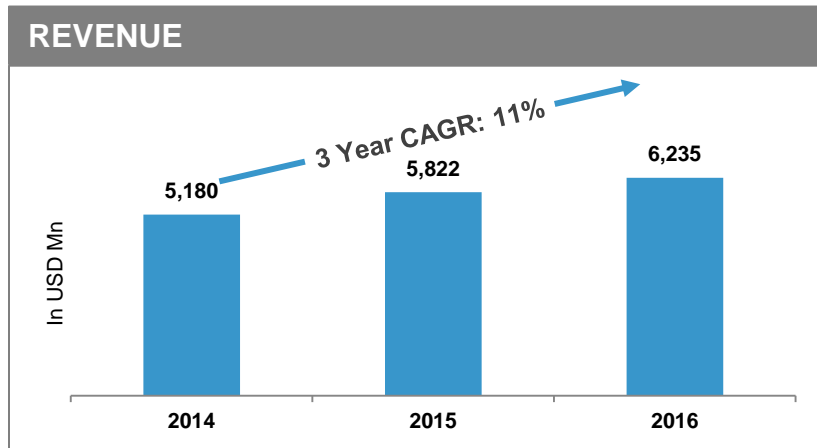
JANUARY- MARCH '16 QUARTER AND FINANCIAL YEAR (9 MONTHS) ENDED 31ST MARCH, 2016

Performance Snapshot

ANANT GUPTA

PERFORMANCE TRENDS

(FOR 12 MONTHS ENDED MARCH 31, 2016)



CONSISTENT AND BROAD BASED GROWTH

REVENUE GROWTH (IN CONSTANT CURRENCY)

GROWTH ENGINES

Broad based Growth

Geo Drivers Americas, Europe, ROW (other than India)

Growth Services Engineering and R&D Services, Infrastructure Services

Growth Verticals Life Sciences & Healthcare, Telecom and MP&E, Public Services, Retail & CPG

Segments	Quarter Ended	12 Months Ended
	31-Mar-16	31-Mar-16
	QoQ	YoY
Consolidated	1.7%	11.6%
Americas	3.7%	14.4%
Europe	-2.4%	9.8%
ROW	1.3%	3.2%
Application Services	0.5%	5.5%
Infrastructure Services	3.9%	15.8%
Engineering and R&D Services	1.9%	16.3%
Business Services	-4.1%	18.1%
Financial Services	-1.3%	7.4%
Manufacturing	0.9%	8.8%
Life Sciences & Healthcare	6.4%	27.6%
Public Services	7.1%	17.9%
Retail & CPG	-1.2%	13.5%
Telecommunications, Media, Publishing & Entertainment	4.2%	22.4%

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

CHANGING IT MARKET DYNAMICS

Gartner: IT Services Market to Grow 3.8% in 2016 in Constant Currency

IT Services Growth Rates (CY Basis)	2015	2016	2017
Constant Currency	3.4%	3.8%	4.0%
Reported USD	-4.7%	2.1%	4.0%

Source: Gartner Report "Forecast Alert: IT Spending, Worldwide, 1Q16 Update" authored by John-David Lovelock, Kathryn Hale, Bryan Lewis, Wm. L. Hahn, Michael Dorman

"..the need to invest in IT to support digital business is more urgent than ever" – [Gartner](#)

Positive Industry Deal Flow with 20% YoY Growth – ISG

	Scorecard	1Q16 ACV (\$B)	YoY Change
Global Market Total		6.1	20%
By Type	New Scope	3.3	4%
	Restructurings	2.8	48%
By Scope	ITO	4.2	24%
	BPO	1.9	12%
By Region	Americas	2.8	30%
	EMEA	2.8	19%
	Asia Pacific	0.5	-13%

- This Quarter:
- 20% YoY increase in deal values
 - 48% increase in restructurings
 - 30% growth in Americas

Source: [ISG](#)



Spending Driven by Digitalization, IoT and Next Gen ITO

By the End of 2017, 2/3rds of the CEOs of Global 2000 Enterprises Will Have Digital Transformation at the Center of Corporate Strategy

By 2018, There Will Be 22 Billion IoT Devices Installed, Driving the Development of Over 200,000 New IoT Apps and Services

Changing Market Dynamics

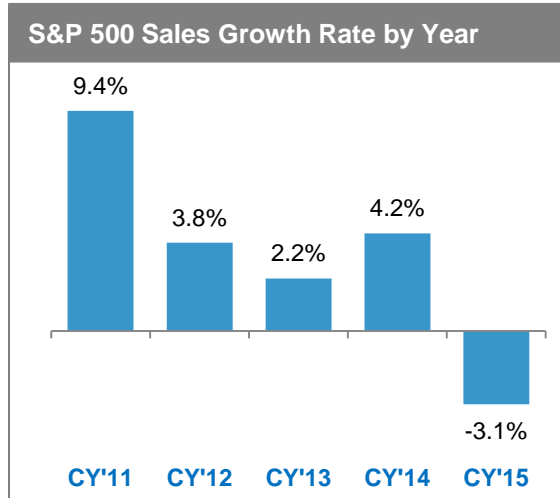
By 2018, 80% of B2C and 60% of B2B Enterprises Will Overhaul Their "Digital Front Door" to Support 1,000–10,000 Times More Customers and Customer Touch Points

By 2018, at Least Half of IT Spending Will Be Cloud Based, Reaching 60% of All IT Infrastructure and 60-70% of All Software, Services, and Technology Spending by 2020

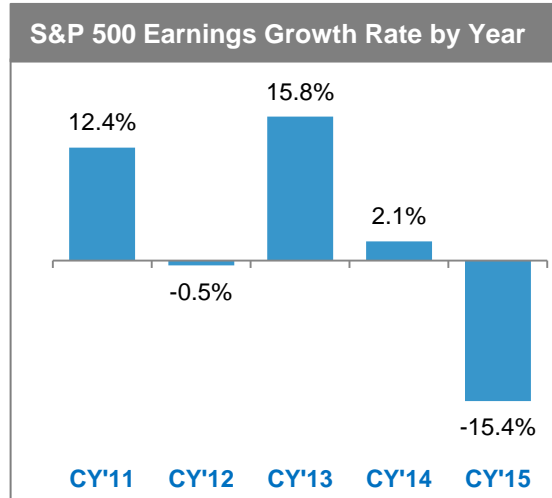
Source: IDC FutureScape Worldwide IT Industry 2016 Predictions by Frank Gens, SVP & Chief Analyst, IDC

THE 21ST CENTURY BUSINESS

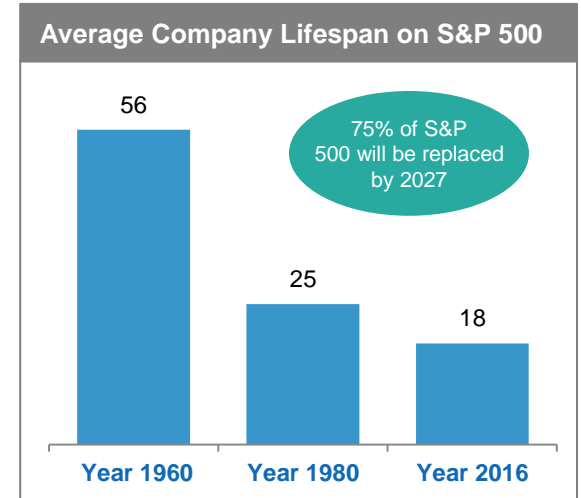
TRADITIONAL ENTERPRISES FACING CHALLENGES IN THE DIGITAL AGE ...



Source: [Multipl](#)



Source: [Multipl](#)



Source: [Innosight/S&P's](#)

New Set of Enterprises Emerging with Disruptive Models

UBER

XIAOMI

AIRBNB

Source: [WSJ: The Billion Dollar Startup Club](#)

Distinct Characteristics to Succeed in the 21st Century

- ✓ Experience-centric: Strive to offer a unified experience
- ✓ Service-oriented: Change operating model to Focus on CSAT
- ✓ Agile and Lean: "Optimized" in size for fast paced maneuvers
- ✓ Ecosystem-driven: collaborates to extend ecosystem beyond the enterprise

HCL'S DIFFERENTIATED PLAY FOR THE 21ST CENTURY

2010 – 2015

Output-Based Models

Discrete Service Lines

Applications Services

Infrastructure Services

Engineering and R&D Services

Business Services

2016 – 2020

Outcome-Based Models

Integrated Offerings for 21st Century Enterprise

 **BEYONDigital**
BY HCL

Enterprise Digitalization

- 'BEYONDigital' Services to Build Unique Unified Experiences

 **IoT WoRKS**
BY HCL

Internet of Things

- 'IoT WoRKS' led Smart Machines Solutions to embed intelligence in asset value chains

**Next Generation ITO
and Automation**

- To create a lean and agile IT Landscape
- DryICE: 3rd Generation Automation Platform

- 7 -

Performance Snapshot

CONSUMER AND COMMERCIAL INDUSTRIES

PERFORMANCE SNAPSHOT

CONSUMER AND COMMERCIAL INDUSTRIES

Performance Highlights

Revenue Growth (Constant Currency)	31-Mar-16		
	QoQ	YoY	LTM YoY
Manufacturing	0.9%	1.1%	8.8%
Lifesciences & Healthcare	6.4%	22.6%	27.6%
Public Services	7.1%	16.5%	17.9%
Retail & CPG	-1.2%	18.5%	13.5%
Telecommunications, Media, Publishing & Entertainment	4.2%	19.2%	22.4%

Performance Drivers

- Deep mining in accounts with high headroom for growth
- Investments in solutions and consulting, such as E-Services Suite.
- Establishing HCL as Industry Transformative Player in Digital and IoT
- Digital projects ramping up across verticals
- Modern App related engagements, leading to transformation projects and conversations
- Front to back process digitalization with a human centered design
- High digital adoption in verticals such as Hi-Tech, Telecom, Travel & hospitality, media/entertainment and Retail & CPG

Disruptions for Business

- CTO- CIO convergence- Digital, Enterprise and IoT. Digital is center stage in all verticals.
- Platform Integration taking ground in new deals
- Business model transformation for consumer industries such as telecom and media. Digital marketing and campaign management for such industries.
- Supply chains for digital world are transforming, and moving towards “supply network management”.
- IoT and Digital driving growth. For example in O&G, digital oil field, real-time field information, sub surface and production information
- In manufacturing, there is a trend towards digital manufacturing, smart manufacturing and Industrial IoT
- LSH: digital and IoT driving Remote Health Monitoring, Remote Device Management, Drug Efficacy Tracking
- Azure, Cloud based solutions gaining traction as customers looking to modernize applications
- Smart City and other public IoT solutions underway

HCL Differentiators

- **Domain-led** engagement model
- Leveraging of our deep **software engineering expertise** for Application Business Solutions around Digital and IoT. Developing unique solutions such as E-Services Suite.
- Deal Creation through proactive mapping of business stakeholders
- **Full-service & unified commerce solutions for 21st century enterprises**, integrating digital experience, headless commerce, order management, supply chain capabilities with agile delivery + solutions for big data lake adoption and co-existence with legacy data warehouses for analytics.
- **HCL's RBTC Philosophy** – trust and flexibility
- **Point solutions led approach** in NN accounts

Performance Snapshot

RAHUL SINGH

Financial Services

PERFORMANCE SNAPSHOT

FINANCIAL SERVICES

Performance Highlights			
Revenue Growth	31-Mar-16		
(Constant Currency)	QoQ	YoY	LTM YoY
Financial Services	-1.3%	4.6%	7.4%

Performance Drivers
<ul style="list-style-type: none"> ■ Clients preference to look for Gen 2/3 vendors throws up opportunities ■ Redefined Next-gen services propositions to enhance value. ■ Demand for IT simplification, automation and artificial intelligence ■ Fintech – Driving investments in Customer Experience, Digital and Cloud ■ Emergence of Platforms / Utilities

Disruptions for Business
<ul style="list-style-type: none"> ■ Cost considerations - Beyond Labor- Driving FS clients to reinvent their outsourcing model <ul style="list-style-type: none"> ▪ Focus shifts from Gen 1 to Gen 2/3 outsourcing ▪ Vendor consolidation to drive efficiency ■ Emergence of Fintech - New challengers to the Financial Services Business drives demand for Digital ■ Evolving Delivery model: <ul style="list-style-type: none"> ▪ Focus on Agile / Distributed Agile for rapid and client centric IT build ▪ Phasing away of Waterfall / SDLC models

HCL Differentiators
<ul style="list-style-type: none"> ■ Defend and Grow existing accounts <ul style="list-style-type: none"> ▪ Efficiency based next-gen services propositions – ALT ASM / ALT AD ▪ Dry-Ice framework - leverage Automation, RPA, partners ▪ Legacy Modernization for long term IT simplification ■ Focus on Digital: Beyond Digital, Co Innovation Labs ■ Outcome - linked flexible engagement constructs ■ Strategic Investments: New Clients Acquired, Celerity Fintech, Near Shore Centers ■ HCL's RBTC Philosophy, Analysts recognitions

Performance Snapshot

C VIJAY KUMAR

Infrastructure Services

PERFORMANCE SNAPSHOT

INFRASTRUCTURE SERVICES

Performance Highlights			
Revenue Growth	31-Mar-16		
(Constant Currency)	QoQ	YoY	LTM YoY
Infrastructure Services	3.9%	14.0%	15.8%

Performance Drivers
<ul style="list-style-type: none"> ■ Successfully completed all the deliverables for Service Commencement Date for Volvo Group engagement at the end of the quarter. ■ Won several engagements last quarter including large deals with end to end Next Gen Infrastructure Transformation & Management. Key clients signed during the quarter include ■ Landmark deal with Volvo Group ■ Leading Canada-based communications and media company ■ Northern European leader in agriculture, machinery, bioenergy and food.

Disruptions for Business
<ul style="list-style-type: none"> ■ Hybrid Cloud Adoption continues to accelerate globally, with clients expecting more agility and flexibility across services. Software Defined Infrastructure led Private cloud solutions are gaining momentum in large enterprises. ■ Digital spending continues to increase with more and more clients looking for digital transformation partner with Infrastructure being a foundational block in such programs.

HCL Differentiators
<ul style="list-style-type: none"> ■ DryICE framework emerging as key differentiator on Cognitive and Robotics Process Automation for 21st Century Enterprises. Top 25 accounts have significant components of DryICE components implemented. ■ Continued Focus on Partnerships / 360 Degree relationships for joint market penetration and increased business. ■ HCL has completed the acquisition of Point to Point Product Limited – UK's leading end-user cloud solutions design, implementation and delivery specialists.

Financial Analysis

ANIL CHANANA

CONSOLIDATED INCOME STATEMENT (IN US\$ MILLION)

Q3, FY'16

- Revenue at **US\$ 1,587 Mn**; up 1.7% QoQ in constant currency
- EBIT at \$ 329 Mn; up by 4.9% QoQ
- Annualized GAAP EPS (Diluted) – INR 54.5

12 Months Ended March 31, 2016

- Revenue at **US\$ 6,235 Mn**; up 11.6% YoY in constant currency for 12 Months ended Mar 31,2016
- EBIT at \$ 1,251 Mn; lower by 7.7% YoY

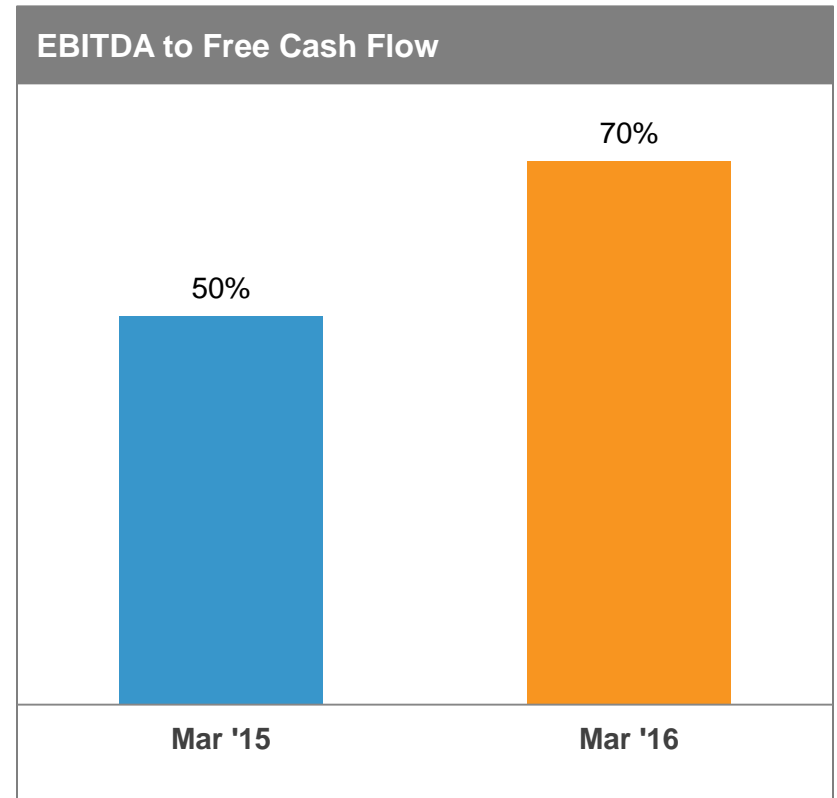
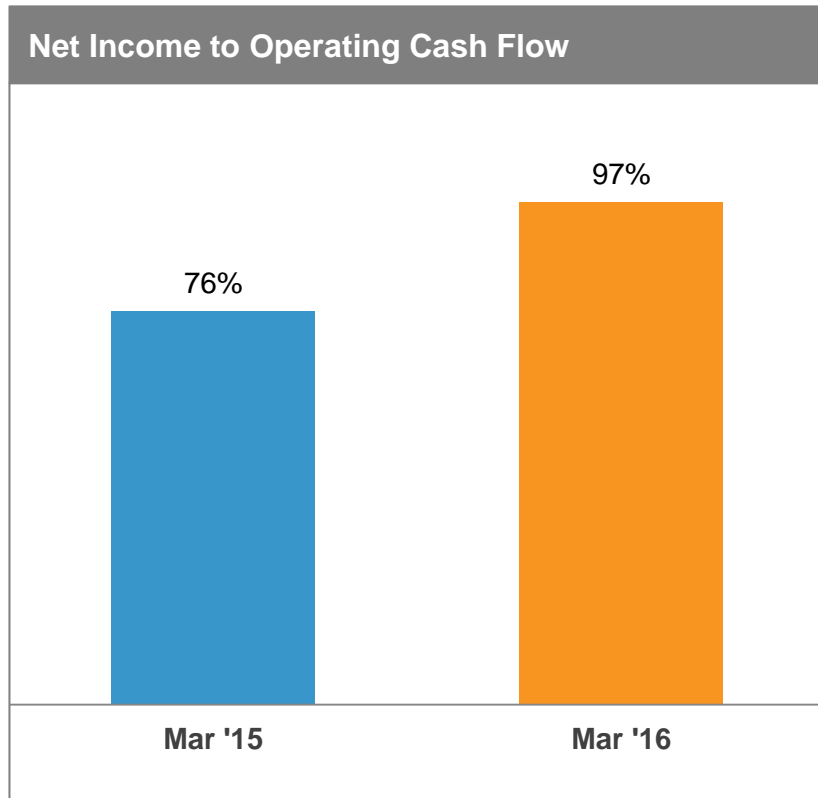
Income Statement (US GAAP – US\$ Mn)	Quarter Ended			QoQ	12 Months Ended		YoY
	31-Mar-15	31-Dec-15	31-Mar-16		31-Mar-15	31-Mar-16	
Revenue	1,491	1,566	1,587	1.3%	5,822	6,235	7.1%
Gross Profits	526	541	554		2,141	2,133	
SG & A	190	204	202		702	796	
EBITDA	336	337	353		1,438	1,338	
Depreciation & Amortization	18	23	23		83	87	
EBIT	318	314	329	4.9%	1,356	1,251	-7.7%
Forex & Other Income (Net)	29	54	29		138	154	
Earnings before Tax (EBT)	346	368	359		1,494	1,405	
Tax	76	77	74		304	287	
Net Income	270	291	285	-2.0%	1,190	1,118	-6.1%
EPS (Diluted) – Annualized – In INR	47.7	54.4	54.5		51.8	52.1	

Margins	Quarter Ended			12 Months Ended	
	31-Mar-15	31-Dec-15	31-Mar-16	31-Mar-15	31-Mar-16
Gross Margin	35.3%	34.6%	34.9%	36.8%	34.2%
EBITDA Margin	22.5%	21.5%	22.2%	24.7%	21.5%
EBIT Margin	21.3%	20.0%	20.7%	23.3%	20.1%
Net Margin	18.1%	18.6%	18.0%	20.4%	17.9%

Note: The current financial year of the Company is for 9 months' period from July 01, 2015 to March 31, 2016. To ensure meaningful comparison, results for 12 months ended 31st March, 2016 and 31st March, 2015 have been given. Henceforth, the financial year of the Company will be from 1st April to 31st March.

CASH CONVERSION

ON LTM BASIS



HEDGE DETAILS

In US\$ Million	AS ON	
	31-Dec-15	31-Mar-16
Total Hedges	1,127	1,043
Balance Sheet Hedges	240	224
Cash Flow Hedges	887	819
<i>Less than or equal to 1 Year</i>	730	640
<i>More than 1 Year</i>	157	179
Rate (USD/INR)		
<i>Booked Rate (Forward)</i>	66.97	67.42
<i>Less than 1 Year</i>	66.24	66.68
<i>More than 1 Year</i>	68.97	69.47
<i>MTM Rate applied</i>	69.05	69.12
Mix – Instrument wise		
<i>Forwards</i>	449	357
<i>Options</i>	678	687
Mix – Currency wise (Cash Flow Hedges only)		
<i>USD / INR</i>	722	642
<i>GBP / INR</i>	71	53
<i>Euro / INR</i>	72	88
<i>AUD/ INR</i>	10	20
<i>CHF/ INR</i>	7	10
<i>SEK/ INR</i>	5	6

FOREX GAIN/ LOSS & OCI

FX Gain/ Loss for the Quarter	
in US\$ Million	31-Mar-16
Cash flow hedge loss (A)	(1.9)
Net gain on Foreign currency exposure (B)	2.2
TOTAL (A) + (B)	0.4

OCI Position as of 31-Mar-16	
in US\$ Million	31-Mar-16
OCI (Upto 12 months)	2.7
OCI (Greater than 12 months)	(1.2)
TOTAL (before Tax benefit)	1.5

Fx Gain/ Loss –Quarter ended 30-Jun-16 estimate	
in US\$ Million	Estimate for Q.E 30-Jun-16
Revenue Hedges covers for next quarter	232
Booked Rate Forward (USD) Covers	66.95
Spot Rate at the end of the quarter	66.28
Estimated Forex impact for Q.E 30-Jun-16 at 31-Mar-16 closing rate	2.91

TAX PROVISION

Particulars (in US\$ Mn)	Financial Year ended	9 Months Ended
	30-Jun-15	31-Mar-16
Total Tax Expense	306	223
Earnings before Tax	1,470	1,063
Effective Tax Rate	20.8%	21.0%



Q&A