




*Technology for the  
next decade, **today.***

HCL Technologies Investor Presentation  
Q1 FY20

Wednesday, Aug 07, 2019  
6:30 PM

# Safe Harbor Statement




Certain statements in this release are forward-looking statements, which involve a number of risks, uncertainties, assumptions and other factors that could cause actual results to differ materially from those in such forward-looking statements. All statements, other than statements of historical fact are statements that could be deemed forward looking statements, including but not limited to the statements containing the words 'planned', 'expects', 'believes', 'strategy', 'opportunity', 'anticipates', 'hopes' or other similar words.

The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding impact of pending regulatory proceedings, fluctuations in earnings, our ability to manage growth, intense competition in IT services, Business Process Outsourcing and consulting services including those factors which may affect our cost advantage, wage increases in India, customer acceptances of our services, products and fee structures, our ability to attract and retain highly skilled professionals, our ability to integrate acquired assets in a cost effective and timely manner, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, the success of our brand development efforts, liability for damages on our service contracts, the success of the companies / entities in which we have made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property, other risks, uncertainties and general economic conditions affecting our industry.

There can be no assurance that the forward looking statements made herein will prove to be accurate, and issuance of such forward looking statements should not be regarded as a representation by the Company, or any other person, that the objective and plans of the Company will be achieved.

All forward looking statements made herein are based on information presently available to the management of the Company and the Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company.



# HCL Technologies Q1 FY20 Earnings Call



**C Vijayakumar**

President & Chief Executive Officer

“

We have started FY20 on a very strong note with our quarterly revenue growth of 4.2% QoQ, and 17% on a YoY basis in constant currency. With our current momentum, we aspire to register an industry leading organic growth in FY20. While our margins this quarter were muted in line with our investment strategy to leverage future growth opportunities, I am confident that our time tested operating model will deliver margins within our guided range this year.

”

# HCL Technologies Q1 FY20 Earnings Call



**Prateek Aggarwal**

Chief Financial Officer

“

We are delighted to have delivered the best revenue growth in the industry. EBITDA has exceeded US\$ 2 B mark on LTM basis. Cash EPS has increased by 13.3% on LTM YoY basis. And all this is before any contribution from the mega acquisition of 7 IBM software products, which we expect to kick in from Q2 FY20. We have also introduced new segment reporting consequent to reorganization of our global operations and reporting Products and Platforms as a new segment.

”

# Business Updates

– Q1 FY20

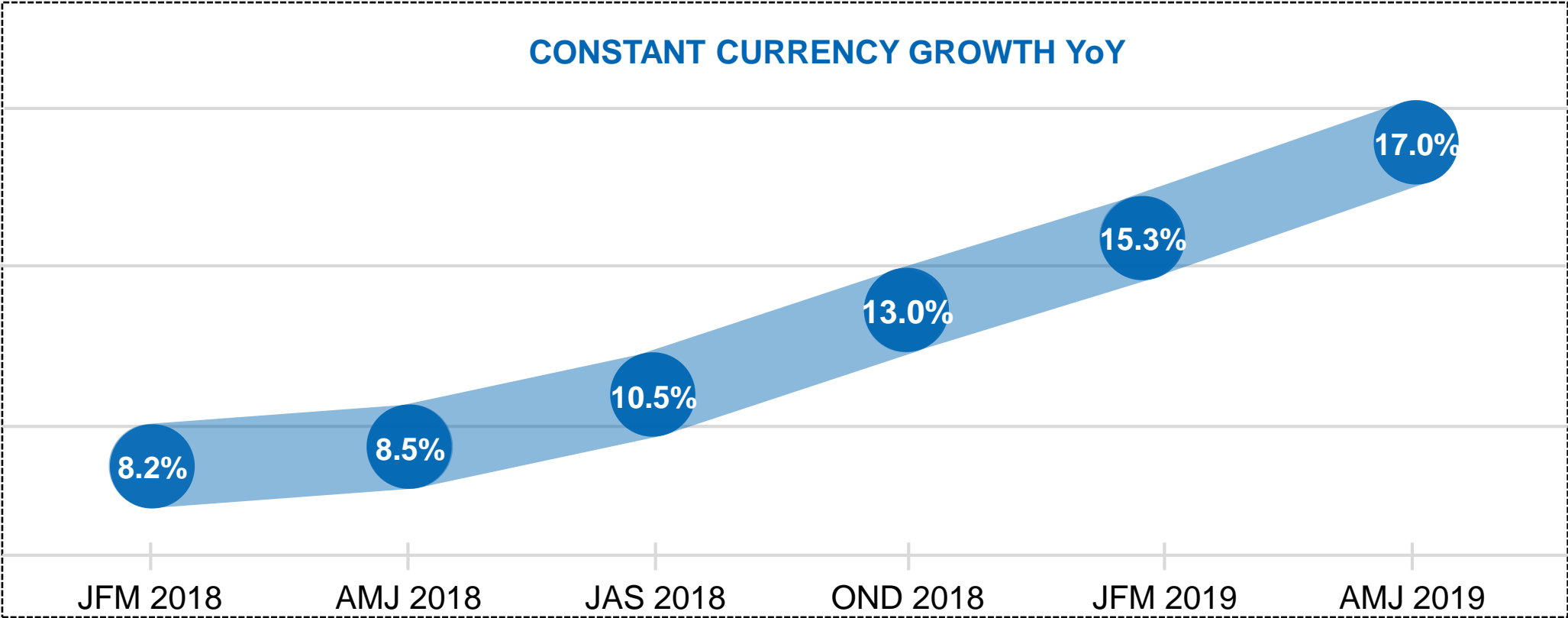
C Vijayakumar

President & Chief Executive Officer

# Performance Summary

QoQ			YoY
3.8%	↑	REVENUE <b>\$2.36B</b>	↑ 15.0%
4.2%	↑	GROWTH in CC	↑ 17.0%
-6.3%	↓	EBIT <b>\$0.40B</b>	0.0%
-180 bps	↓	EBIT% <b>17.1%</b>	↓ -260 bps
20 bps	↑	MODE 2 & 3 MIX <b>29.7%</b>	↑ 300bps

# REVENUE MOMENTUM CONTINUES



- **Strong execution of large deal wins** across geographies and verticals has contributed to this growth momentum

# Revenue Performance by Geo / Vertical – Constant Currency

Particulars	Segment	Mix	QoQ	YoY	LTM Mix
	<b>Consolidated</b>	<b>100.0%</b>	<b>4.2%</b>	<b>17.00%</b>	<b>100.0%</b>
<b>Geography</b>	Americas	<b>67.5%</b>	11.7%	21.30%	64.5%
	Europe	<b>26.2%</b>	-8.1%	11.30%	28.2%
	RoW	<b>6.4%</b>	-10.6%	1.60%	7.3%
<b>Verticals</b>	Financial Services	<b>20.4%</b>	0.5%	0.9%	21.7%
	Manufacturing	<b>19.9%</b>	18.4%	28.3%	18.5%
	Technology & Services	<b>18.9%</b>	5.0%	20.0%	18.3%
	Retail & CPG	<b>9.5%</b>	-1.4%	22.1%	10.0%
	Telecom & Media	<b>8.0%</b>	-2.7%	28.2%	8.2%
	Life Sciences & Healthcare	<b>12.8%</b>	2.4%	16.0%	12.7%
	Energy & Utilities, Public Services, TTL	<b>10.6%</b>	-0.2%	18.0%	10.6%



# Key Highlights



Launched **HCL Software**, a new business unit that provides modernized software products to businesses to help them transform their environment. The business unit aspires to reshape the enterprise software business by focusing on innovation and cutting-edge delivery for customer success



Q1 saw **12 transformational deals** led by financial services, manufacturing, and retail industry verticals.



**20-year anniversary celebrated in Australia and New Zealand** with HCL touching lives across various sectors with a 1,600+ strong workforce across 8 locations in Australia and New Zealand.



Selected as the **digital transformation partner for Cricket Australia** to provide new exceptional digital experiences across fan, team and community at large.



Launched **Cyber Security Fusion Center (CSFC) in Frisco, Texas**; to support securing of business globally by providing customers with a single point of contact for the Enterprise Security Lifecycle, from detection to remediation.

# Key Wins



## **Leading American investment company**

Multi-year, enterprise-wide deployment of solutions for sales, marketing, and customer service across the company's financial advisor services, institutional, and international groups.

## **Fortune 100 Internet company**

End to end validation of custom designed hardware supporting billions of users

## **Leading Europe-based financial services group**

Enhancing and managing channel applications, building new features and capabilities across key product lines, accelerating adoption of technology platforms for multi-country capability builds.

## **Smart metering network service provider**

Selected to run one of the world's largest test and innovation labs. The solution utilizes the power of IoT-led transformation to automate the entire lab's operations

## **Multinational mass media & information company**

Digital workplace services, User Experience as a Service using DRYiCE™ Lucy as a cognitive virtual assistant

## **French multinational integrated oil & gas company**

Managing data centers, Digital workplace services and 2,000+ application management



## IBM deal closure

At the end of June 2019, HCL closed the previously announced \$1.8B acquisition of select IBM products for security, marketing, commerce and digital solutions.

- Effective July 1, 2019, HCL takes full ownership of the research and development, sales, marketing, product management and support for: AppScan, BigFix, Commerce, Unica, Digital Experience (Portal and Content Manager), Notes Domino and Connections.



## Launch of HCL Software

In conjunction with the closing of this transaction, announced the launch of “HCL Software”, a new division of HCL Technologies (and part of the overall “Products and Platforms” Mode 3 strategy), that will house these products along with several other software and IP assets.

- Building upon strong foundation - over the last three years, HCL Software has successfully delivered more than 340 partner releases and more than 90 HCL product releases



## What it means

HCL Software is built on the same principles that have enabled HCL to grow and excel in multiple markets over the last 40 years - **customer-centricity in all that we do, commitment to customer success and value realization, sustained and practical innovation, and core values of empowerment, transparency and collaboration.**

- While grounded in common values and principles, HCL Software will operate independently from HCL Services with a focus on ensuring that we deliver the right solutions to our customers, whether software, services, or a combination of both – and with respect to all of our partners and stakeholders

# Financial Updates

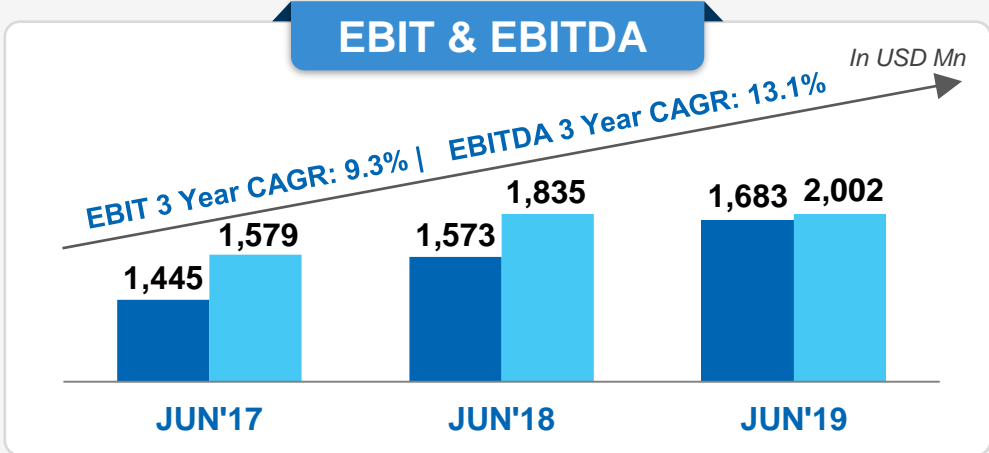
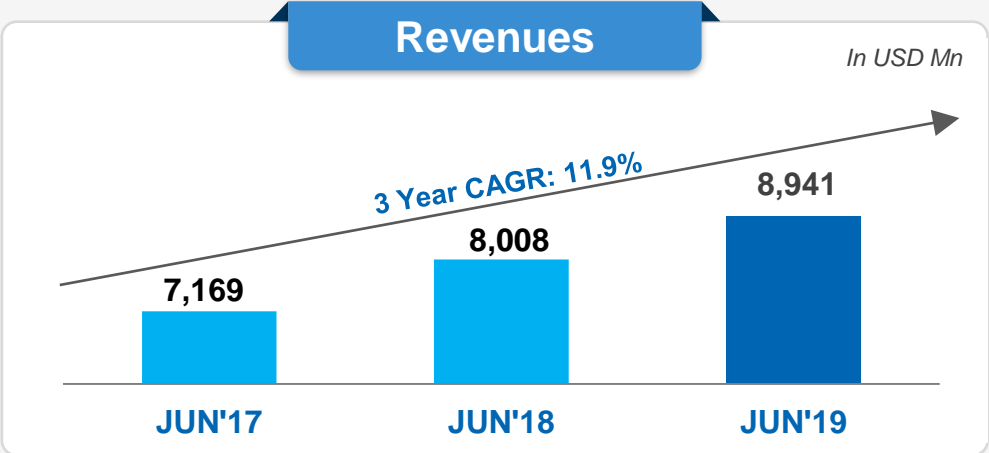
## – Q1 FY20

**Prateek Aggarwal**  
Chief Financial Officer

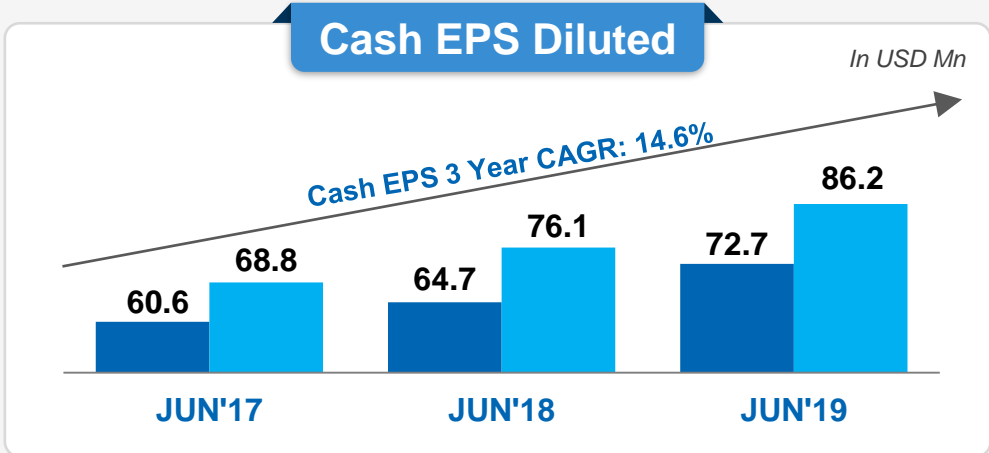
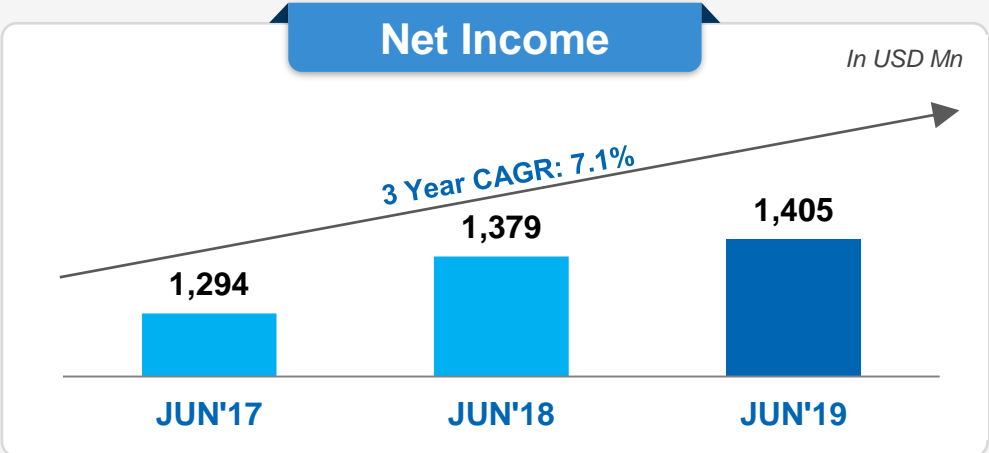
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# Performance Trend



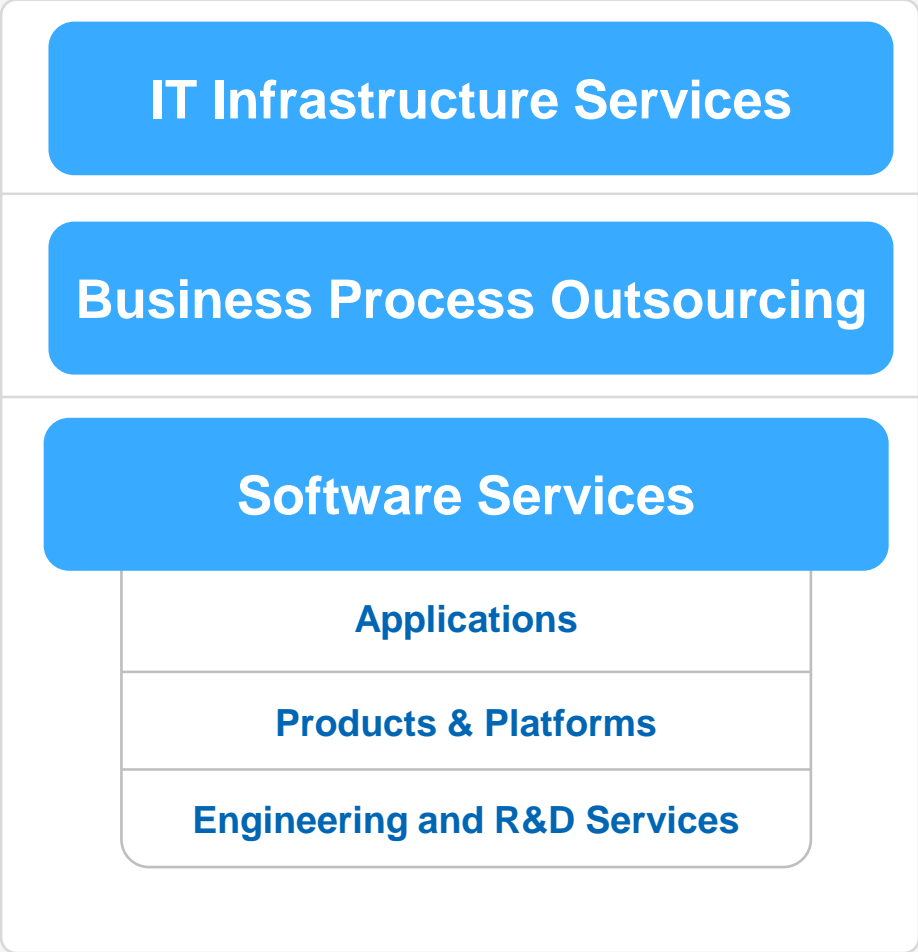
■ EBIT ■ EBITDA



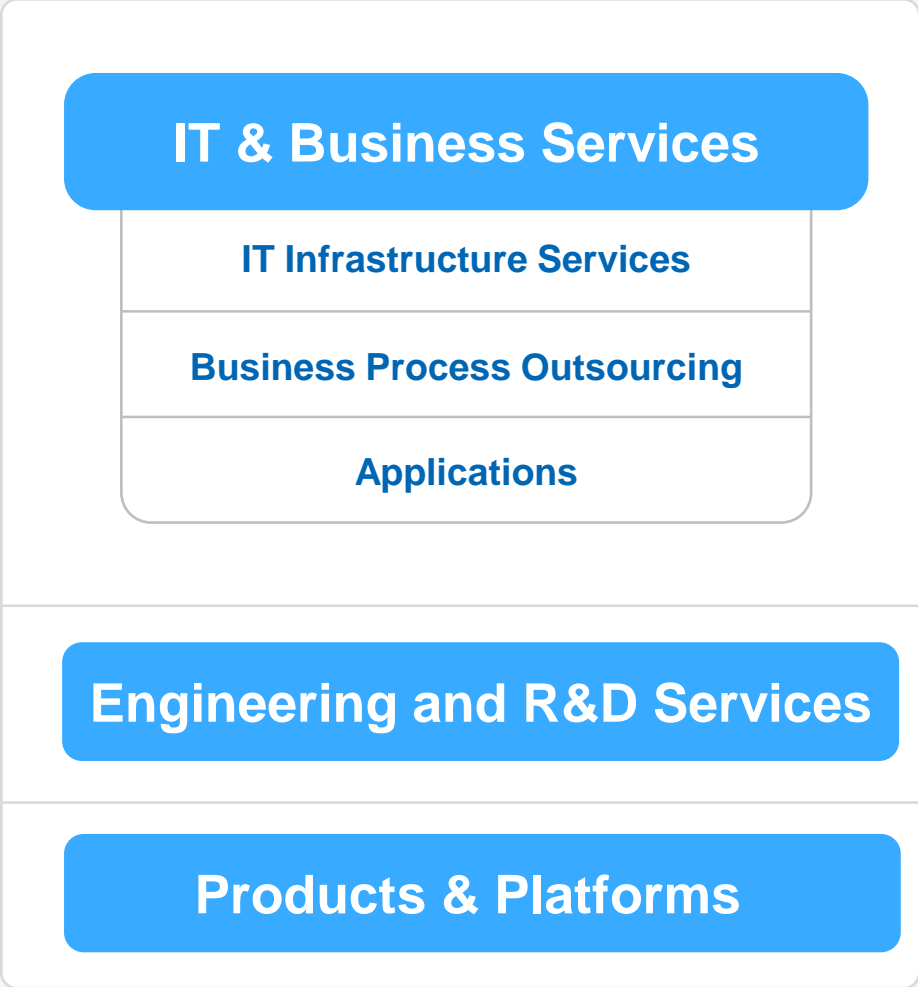
■ EPS ■ Cash EPS

# Business Segment Changes

## Earlier



## Now



# New Business Segments

Quarter Ended 30-Jun-19	Revenue (in US\$ M)	Revenue Mix	EBIT Margin	QoQ Growth (in Constant Currency)
<b>IT and Business Services</b>	1,779	75.3%	16.6%	3.6%
<b>Engineering and R&amp;D Services</b>	400	16.9%	16.0%	5.6%
<b>Products &amp; Platforms</b>	184	7.8%	24.1%	7.0%
<b>Total</b>	<b>2,364</b>	<b>100.0%</b>	<b>17.1%</b>	<b>4.2%</b>



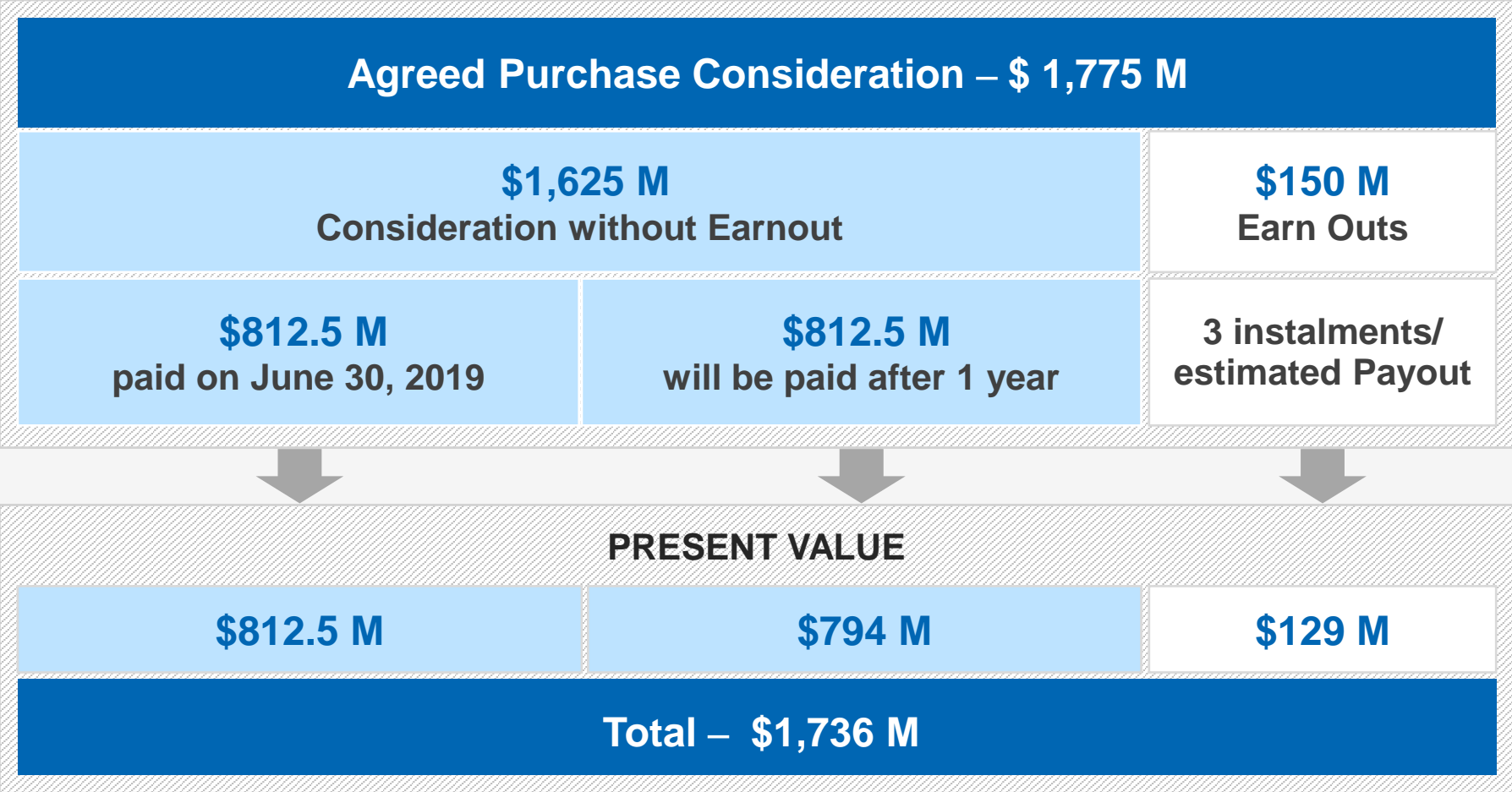
# Mode 1-2 3

Quarter Ended 30-Jun-19	Revenue (in US\$ mn)	Revenue Mix	EBIT Margin	QoQ Growth (in Constant Currency)
<b>Mode 1</b>	1,662	70.3%	17.8%	4.1%
<b>Mode 2</b>	444	18.8%	13.2%	3.6%
<b>Mode 3</b>	258	10.9%	19.0%	6.5%
<b>Total</b>	<b>2,364</b>	<b>100.0%</b>	<b>17.1%</b>	<b>4.2%</b>

# IBM Select Product Acquisition Details

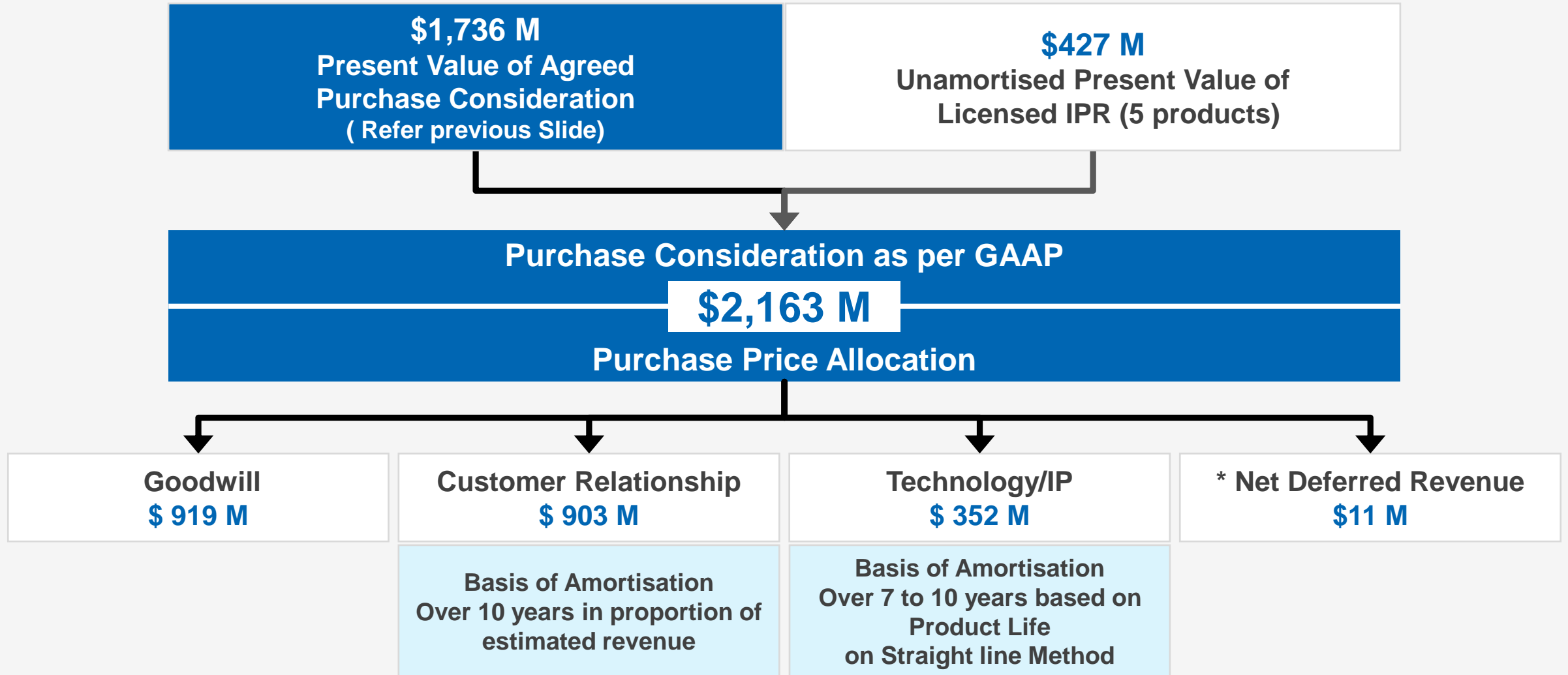


# Payment Schedule – Purchase Consideration



- IBM 7 Products Owned by HCL**
- Existing Products**  
(earlier under IP partnership)
- 1) BigFix
  - 2) Appscan
  - 3) Digital Experience Software
  - 4) Domino + Notes
  - 5) Unica/Marketing Software
- New Products**
- 6) Connections
  - 7) Commerce

# Accounting as per GAAP



\* Deferred Revenue is **\$ 402 M**, less present value of "Receivable from IBM" **\$ 391M**, resulting in **Net Deferred Revenue of \$11M**

# Total Future Amortization Schedule

(including IBM 7 Products and previous intangibles)

Year	Amount
Year ending March 31 '2020 (3 quarters)	\$ 196M
Year ending March 31 '2021	\$ 276M
Year ending March 31 '2022	\$ 248M
Year ending March 31 '2023	\$ 227M
Year ending March 31 '2024	\$ 208M
Thereafter	\$ 868M
<b>Total</b>	<b>\$ 2,023M</b>

# Guidance



## REVENUE

FY'20 Revenues are expected to grow between **14.0% to 16.0%\* in Constant Currency**

*\*Revenue Guidance is based on FY'19 (April to March) average exchange rates*

The above constant currency guidance translates to **13.3 to 15.3%** in USD terms based on Jun 30, 2019 rates



## OPERATING MARGIN (EBIT)

FY'20 expected Operating Margin (EBIT) range is from **18.5% to 19.5%**

# Q&A



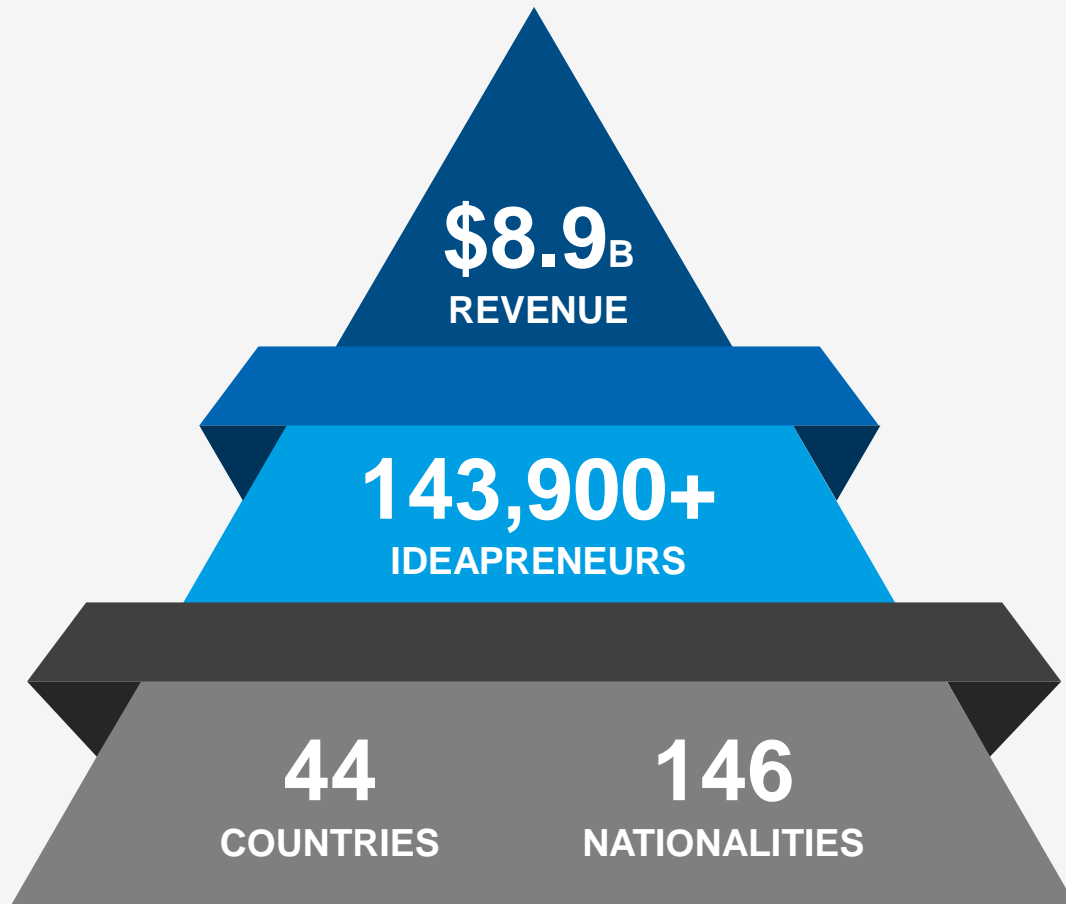
# HCL TECHNOLOGIES

## AT A GLANCE





# The Fastest Growing Global Technology Company



## KEY DIFFERENTIATORS



Product Engineering DNA



Digital at Scale



Partnership Ecosystem



Innovative Business Constructs



Relationship Beyond the Contract™

# Selected by Cricket Australia as Digital Technology Partner



**Partnership aims to deliver world class experiences to fans, players, clubs and grassroots cricket ecosystem.**

HCL will digitally engineer a 'Platform of Platforms' that will scale exceptional experiences across the entire cricket landscape a future ready technology foundation that will empower Cricket Australia to inspire love for the game across the ecosystem , extending cricket's leadership as Australia's favorite sport and a sport for all.

## Inspire the Ecosystem

To make cricket a game for all Australians and Australia's favorite sport, HCL will accelerate digital transformation and orchestrate experiences to engage an ecosystem of fans, participants, volunteers, partners and elite players, from grassroots to the international level.

Fans

Community

Players

Partners



# Awards & Recognitions

Leader in **Gartner Magic Quadrant** for Data Center Outsourcing and Hybrid Infrastructure Managed Services, Europe

Leader in **The Forrester Wave™**: Microsoft Dynamics 365 Services, Q2 2019

Leader in **Everest Group's PEAK Matrix™ Assessment** for Digital Workplace Services, 2019

PowerObjects, a HCL Company - **"2019 Global Microsoft Financial Services Partner of the Year,"** & 2019 US Microsoft Business Applications PowerApps Partner of the Year

Leader in **Gartner Magic Quadrant** for Data Center Outsourcing and Hybrid Infrastructure Managed Services, North America

Leader in **The Forrester Wave™**: Application Modernization and Migration Services, 2019

Leader in **Avasant RadarView™** for Cybersecurity Services, 2019

Best Robotic Process Automation (RPA) and Artificial Intelligence (AI) Implementation of 2019" at the **Golden Globe Tigers Award** for Excellence and Leadership in Outsourcing

Leader in **IDC MarketScape Worldwide** Microsoft Implementation Services 2019, Vendor Assessment

Leader in **IDC MarketScape Worldwide** Artificial Intelligence Services 2019, Vendor Assessment

Leader in **IDC MarketScape Worldwide** Managed Cloud Service 2019, Vendor Assessment

Australian Information Industry Association (AIIA) selected HCL as a winner of the **"Infrastructure & Platforms Innovation of the Year Award."**

# Culture of 'Giving Back': Corporate Social Responsibility

HCL partners with non-profit organizations around the world to strengthen the communities that we work, and live in.



**HCL GRANT**



Prince's Trust



**American Red Cross**  
Triangle Area Chapter

interact



# Culture of Ecosystem Experiences: Global to Local Platforms



HCL Concerts at Carnegie Hall



HCL Ecosystem Experience Week



HCL at MWC'19



Brand Narrative Refresh



#Celebrate30withUS – Global 2 Local campaigns



#20YearsinANZ



#UnitedByHCL Digital Story



HCL & VOR #MadeForTough



#HCLforBalance



#10YearsinNordic



# Diversity and Inclusion

As one of the two global strategic sponsors, HCL celebrated International Women's Day with events across 21 offices globally, designed around its Diversity & Inclusion theme **#BalanceforBetter**.



HCL runs the Women Lead program to mentor the next generation of women leaders



**HCL**

*Relationship*<sup>TM</sup>  
BEYOND THE CONTRACT

**\$8.9 BILLION ENTERPRISE | 143,900 IDEAPRENEURS | 44 COUNTRIES**



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