HCL TECHNOLOGIES

EARNINGS PRESENTATION | Q4 & ANNUAL - FY'15

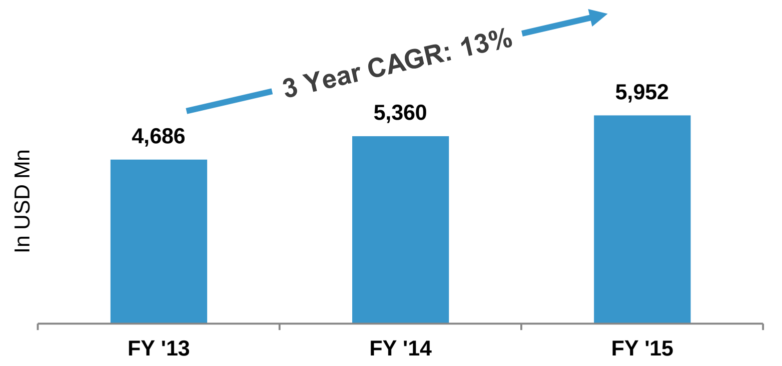
Performance Snapshot

Anant Gupta

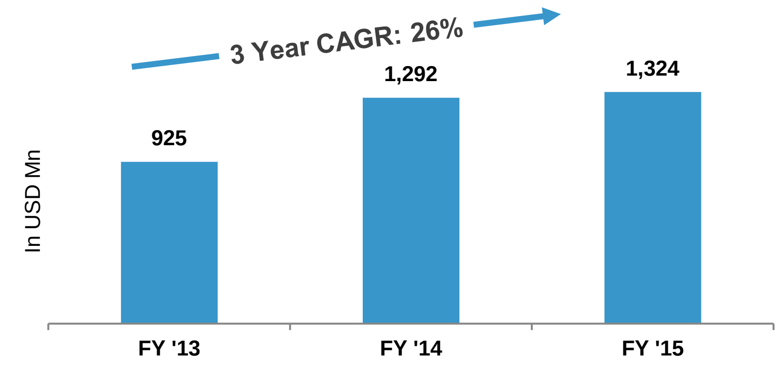
PERFORMANCE TRENDS

(LAST 3 FINANCIAL YEARS)

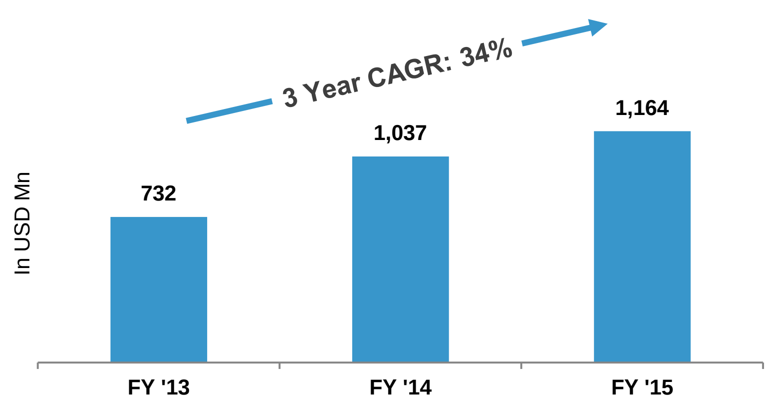
REVENUE



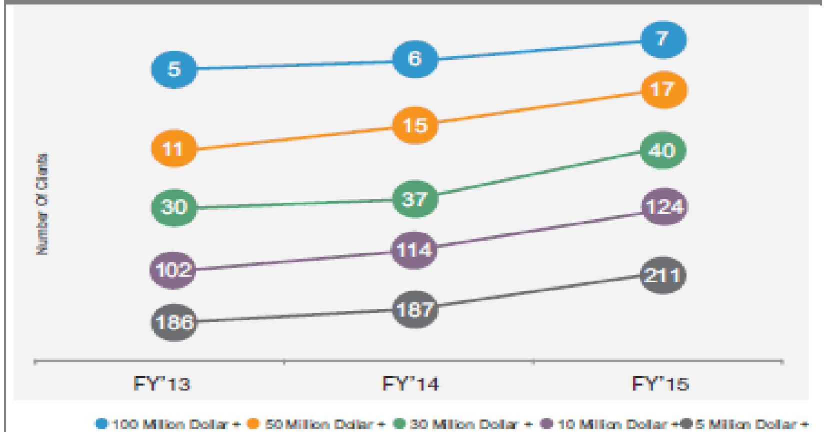
EBIT



NET INCOME



CLIENT CATEGORY



CONSISTENT AND BROAD BASED GROWTH

REVENUE GROWTH (IN CONSTANT CURRENCY)

GROWTH ENGINES

KEY MILESTONES IN FISCAL 2015

- Infrastructure Revenue exceed **USD 2 bn** milestone
- Engineering and R&D Services Revenue exceed **USD 1 bn** milestone
- Financial Services revenue exceed **USD 1.5 bn**

Broad based Growth

Geo Drivers: Europe, Americas, ROW

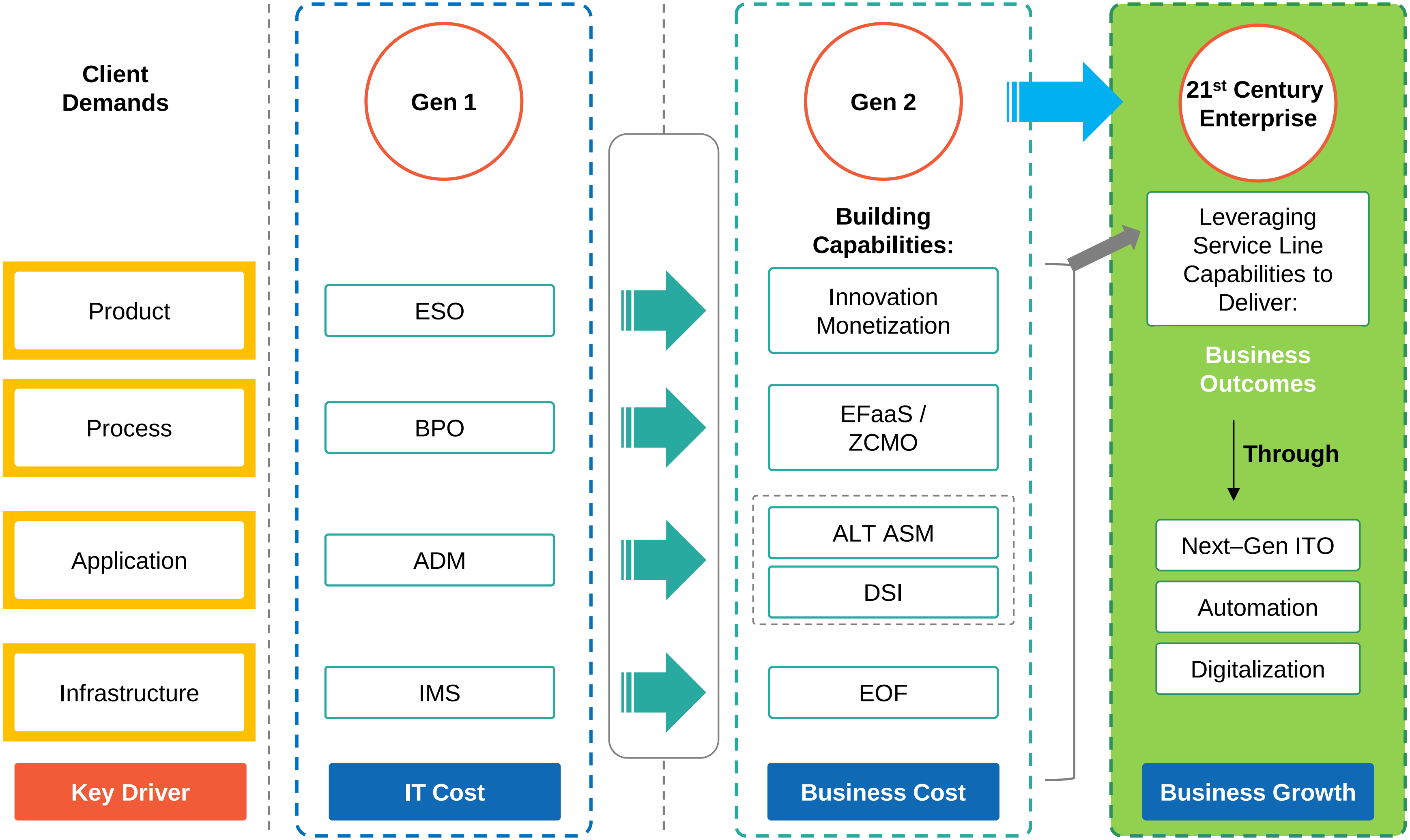
Growth Services: Engineering and R&D Services, Business Services, Infrastructure Services, and Application Services

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

	30-Jun-15	
Growth in US$	**QoQ**	**Full Year YoY (FY'15 over FY'14)**
Revenues	**2.9%**	**15.1%**
Americas	5.1%	14.1%
Europe	0.1%	18.7%
ROW	-0.1%	10.3%
Application Services	1.4%	7.7%
Infrastructure Services	5.2%	18.3%
Business Services	4.0%	25.6%
Engineering and R&D Services	1.9%	25.8%
Financial Services	2.1%	16.6%
Manufacturing	1.1%	13.9%
Life Sciences & Healthcare	10.2%	16.3%
Public Services	-4.0%	18.1%
Retail & CPG	7.1%	24.7%
Telecommunications, Media, Publishing & Entertainment	9.6%	15.5%

FROM GEN 2.0 OUTSOURCING TO 21ST CENTURY ENTERPRISE

LEVERAGING SERVICE–LINE CAPABILITY TO DELIVER OUTCOMES



IDC MARKETSCAPE: WORLDWIDE DIGITAL TRANSFORMATION CONSULTING AND SYSTEMS INTEGRATION SERVICES 2015 VENDOR ASSESSMENT

IDC MarketScape Digital Transformation Consulting and Systems Integration Services Market

Source: IDC, 2015

ACCORDING TO THE REPORT

- Buyers rate HCL very highly for its ability to optimize the ratio of onshore/offshore efforts on a project.
- IDC rates HCL higher in terms of current capabilities compared with future strategy in this IDC MarketScape.
- IDC views both the "future offering strategy" and the "future sales and distribution service strategy" of HCL as its greatest strengths.

IDC MarketScape vendor analysis model is designed to provide an overview of the competitive fitness of ICT suppliers in a given market. The research methodology utilizes a rigorous scoring methodology based on both qualitative and quantitative criteria that results in a single graphical illustration of each vendor's position within a given market. The Capabilities score measures vendor product, go-to-market and business execution in the short-term. The Strategy score measures alignment of vendor strategies with customer requirements in a 3-5-year timeframe. Vendor market share is represented by the size of the circles. Vendor year-over-year growth rate relative to the given market is indicated by a plus, neutral or minus next to the vendor name.

Source: IDC MarketScape: Worldwide Digital Transformation Consulting and Systems Integration Services 2015 Vendor Assessment (Doc #255870).
Publishing Date: May 2015

Performance Snapshot

Steve Cardell

Application Services & Diversified Industries

PERFORMANCE SNAPSHOT

IAS/ESI – HIGHLIGHTS

Annual FY'15 FINANCIAL PERFORMANCE (in Constant Currency)

- Application Services **up 1.4% QoQ in Q4'15 and up 7.7% YoY in FY'15**
  - Industry Application Services
    - **down 0.2% QoQ in Q4'15**
    - **up 7.5% YoY in FY'15**
  - Enterprise System Integration
    - **up 4.6% QoQ in Q4'15**
    - **up 8.0% YoY in FY'15**

GROWTH DRIVERS & MARKET SHARES

- Investment in disruptive technologies as the impact of digital transformation becomes more prevalent across industries.
- Continued demand for modernization of legacy systems is shifting customers IT landscapes as they seek to compete. Valuable opportunity for HCL to provide support to customers on this journey.
- A sustained mix of net new and existing clients contributed to apps growth. A number of large deals were signed globally, led by SAP.
- North American market continued to dominate the Applications business.

TRENDS IN DEMAND ENVIRONMENT

- **Enterprise Software** – Gartner estimate the $310bn spend in 2015 growing to $396bn in 2019 (Source: Forecast: Enterprise Software Markets, Worldwide, 2012-2019, 2Q15 Update)
- **IT Services** – Applications Services (Implementation) worth $158bn in 2015, growing to $177bn in 2019 (Source: Forecast: IT Services, Worldwide, 2013-2019, 2Q15 Update)
- **Digitalization** – $170bn market growth from 2014-2019. $36bn in digital consulting and implementation, $13bn in digital consulting (Source: The Gartner Scenario for IT Services Providers: The Digital Future of IT Services)
- **Increased investment** – CEOs intend to raise investment in IT and Digital Capabilities more than any other aspect of their business in 2015 (Gartner: CEO Concerns 2015 - Committing to Digital)

RECOGNITIONS / VALUE PROPOSITIONS

- **Shift to Digital** – HCL's Digital Systems Integration offering enables customers to leverage new technology and continues a trend toward digital and cloud offerings, particularly in SAP S/4, SAP hybris, Application Modernization and Microsoft CRM.
- **SAP Capability** – HCL was recognized as a Leader in Gartner's 2015 SAP Global Implementation Magic Quadrant, as well as the IDC MarketScape for Worldwide SAP Implementation Services Ecosystem in 2014, making HCL the only IOP rated as a Leader in both prestigious reports.
- **Major Diverse Wins** – large transformational wins at key client accounts in multiple business areas, including SAP, Microsoft AX/CRM and BPM, in addition to significant outsourcing wins.

PERFORMANCE SNAPSHOT

CSLMPS – HIGHLIGHTS

Annual FY'15 FINANCIAL PERFORMANCE (in Constant Currency)

- Manufacturing **up 1.1% QoQ in Q4'15** and **13.9% YoY in FY'15.**
- Retail & CPG **up 7.1% QoQ in Q4'15** and **24.7% YoY in FY'15.**
- Telecom, MP&E **up 9.6% in Q4'15** and **15.5% YoY in FY'15.**
- Life Sciences & Healthcare **up 10.2% QoQ in Q4'15 and 16.3% YoY in FY'15.**
- Public Services **down 4.0% QoQ in Q4'15** and **up 18.1% YoY in FY'15.**

GROWTH DRIVERS & MARKET SHARES

- **Manufacturing –** Companies striving to become truly digitally led enterprises through potential of automation, analytics and IoT and enhance manufacturing processes, models and value creation.
- **CS –** Shift towards offering cross-channel customer experiences in reaction to changing consumer behaviour across channels.
- **LSH –** Mobile Health and IoT expected to become prevalent as life sciences organizations embrace technology capabilities.
- **PS –** Traditionally low-margin businesses are seeking to grow from emerging markets (M&A) and invest in mobility and analytics.

TRENDS IN DEMAND ENVIRONMENT

- **Manufacturing –** Shifts caused by economic recovery, regulatory change and globalisation driving changing investment priorities (M&A, refocusing, digital) and potentially strong IT investment.
- **CS –** Consumers are buying and consuming goods and services in new ways e.g. mobile, causing investment in digital capabilities.
- **LSH –** Increase in number of drug launches annually, patent expiration impacting drug sales which has potential to impact IT.
- **PS –** O&G reduction in IT spend as an abundance of hydrocarbons drives oil prices sharply lower. Introduction of new energy efficiency regulations and initiatives affecting investment.

RECOGNITIONS / VALUE PROPOSITIONS

- **Manufacturing – key props:** iMRO for A&D; Aftermarket service for Industrial, General and Auto industries; iSCM for Hi-Tech; Alt ASM and ERP Transformation and Testing across vertical.
- **CS – key props:** supply chain visibility/design/planning; E-Commerce implementation and omni-channel enablement.
- **LSH – key props:** ConnectedHealth; Commercial Analytics **Recognitions:** 2 patents filed and 12 whitepapers published.
- **PS – Recognitions:** HCL identified as Major Player in IDC MarketScape for Global Services Firms for Utilities Customers; UC Berkeley Haas School of Business writing a case study on LSH and PS teams' proprietary 'Starting Point' system.

Performance Snapshot

Rahul Singh

Financial Services

PERFORMANCE SNAPSHOT

FINANCIAL SERVICES – HIGHLIGHTS

Annual FY’15 FINANCIAL PERFORMANCE (in Constant Currency)

- Financial Services **up 2.1% QoQ in Q4’15** and **16.6% YoY in FY’15.**
- Healthy pipeline across Service Lines & Geos.

GROWTH DRIVERS & MARKET SHARES

- Key wins in vendor consolidation programs underpinning client satisfaction and strong delivery capabilities.
- Focus on offering led approach:
  - Alt ASM^{TM}, with its focus on cost reduction, providing the right differentiation for clients.
  - Co-innovation approach winning customer mindshare and leading to larger digital opportunities.
  - Vertical SI driving transformational programs.
  - Investment in strategies combining conventional outsourcing, platform plays and cloud based offerings.

TRENDS IN DEMAND ENVIRONMENT

- Developed markets (NA/Europe) consolidating to flatten cost curves, APAC markets expanding with new spends.
- Outsourcing moving from being transactional to strategic partner selection through vendor consolidation programs.
- Legacy modernization and cloud enablement gain momentum as clients look to standardize and cut costs.
- Digital initiatives taking center stage as clients work on meeting customer demands as well as having a connected workforce.
- Co-innovation and Crowdsourcing as new buying behaviors particularly for projects requiring niche skills and faster delivery.

RECOGNITIONS/ VALUE PROPOSITIONS

- HCL Technologies rated as ‘Leaders and Star Performer’ in Everest Group’s PEAK Matrix for Banking IT Outsourcing.
- HCL FS ranked “best in class” in Thought Leadership & Customer Engagement categories by Towergroup Outsourcing ranking.
- A large Insurer in Europe wins a Celent Model Insurer award for operational excellence steered by HCL’s technical consultations.
- HCL shortlisted in FS Tech Financial Sector technology Awards 2015 under the “Best Omni Channel FS Provider of the Year”.

PERFORMANCE SNAPSHOT

BUSINESS SERVICES – HIGHLIGHTS

Q4 and Annual FY'15 FINANCIAL PERFORMANCE (in Constant Currency)

- Business Services
  - **up 4.0% QoQ in Q4'15**
  - **up 25.6% YoY in FY'15**
- Focus business segments delivering results
  - 15 Fortune 500/ G2000 customers

GROWTH DRIVERS & MARKET SHARES

- Focused business strategy around Domain, Digitization & Automation:
  - Vertical Business Service focusing on Banking & Financial Services
  - Enterprise Business Services: Back Office, Front Office
  - Business transformation & value maximization through analytics, digitization & automation of processes
- Continuous investments across IPs and Propositions for as-a-service model & process automation
- Focused approach & investment led strategy resulting in improved market standing

TRENDS IN DEMAND ENVIRONMENT

- Demand for domain led, industry specific BPO services
- Transformation through Robotics Process Automation, Analytics & Digitization of business processes
- As-a-service models (using cloud) will take priority over cost savings
- Globalized, integrated operating models
- Shift from cost to value, efficiency to innovation
- Increased focus on compliance and risk mitigation

RECOGNITIONS/ VALUE PROPOSITIONS

- HCL is a Major Contender in Everest's "Mortgage BPO Service Provider Landscape with PEAK Matrix™ Assessment 2015" report
- HCL is named as a Major Player in Finance and Accounting BPO in IDC's report "IDC MarketScape: Worldwide Finance and Accounting BPO Services 2015 Vendor Assessment"
- HCL has been positioned as a 'Challenger' in Gartner Magic Quadrant for Finance and Accounting BPO, published 18 June 2015

Performance Snapshot

C Vijay Kumar

Infrastructure Services

PERFORMANCE SNAPSHOT
INFRASTRUCTURE SERVICES – HIGHLIGHTS

Q4 and Annual FY’15 FINANCIAL PERFORMANCE (in Constant Currency)

- Infrastructure Revenue exceed **USD 2 bn** milestone
- Infrastructure Services **up 5.2% QoQ** and **18.3% YoY** in FY’15

GROWTH DRIVERS & MARKET SHARES

- ITO deal pipeline continues to look very healthy across all the geographies. HCL continues to be well positioned to benefit from it.
- Key Wins
  - IT Infrastructure Transformation engagement including SIAM services across 360+ locations in 62 countries for a Global leader in locomotive design and manufacturer.
  - Global IT Support Services for a large multilateral Financial Institution.
  - Global Service Desk and IT Support Services for Leading Industrial Company.

TRENDS IN DEMAND ENVIRONMENT

- Hybrid Cloud Adaption is at core of the Cloud strategy for Enterprises – seeing traction across Public cloud & Private cloud , backed by converged technologies and Software Defined Infrastructure.
- Next Gen ITO Deals are likely to be lot more integrated (Apps & Infra) on the Run side with Automation & Cloud as key levers
- Digital & IOT are driving new platforms with very low touch/lean operations and elastic infrastructure
- Higher adaption of Near shore centers
- Security & SIAM : We are seeing significantly expanded spends in these areas.

RECOGNITIONS/ VALUE PROPOSITIONS

- Customer Experience Index at its highest, basis the Third Party Annual Survey. Continue to “ Best in Class “ for Infrastructure Services.
- HCL rated as Leader in Everest Group PEAK Matrix for Global Workplace services - 2015
- HCL rated as a Leader in IDC marketscape @ Worldwide DC transformation Consulting and Implementation services, 2014

Financial Analysis

Anil Chanana

PROFIT & LOSS STATEMENT (USD)

Q4, FY'15

- Revenue at **US$ 1,538 Mn; up 3.2% QoQ**
- EBIT at $ 309 Mn;
- Annualized GAAP EPS (Diluted) – INR 50

Annual, FY'15

- Revenue at **US$ 5,952 Mn.** It is **up 15.1% YoY** for Full Year FY'15 in constant currency
- EBIT at $ 1,324 Mn;
- GAAP EPS (Diluted) – INR 51 up 14% YoY

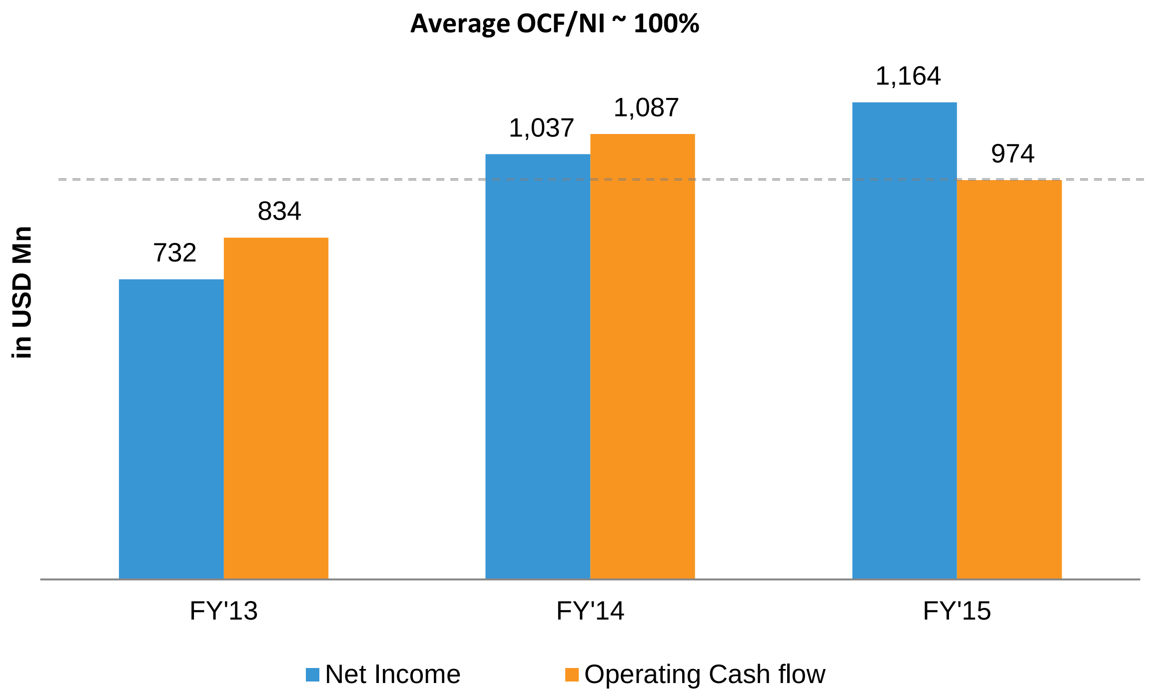
Income Statement (US GAAP – US$ Mn)	30-Jun-14	31-Mar-15	30-Jun-15	QoQ	FY '14	FY '15	YoY
Revenue	**1,407**	**1,491**	**1,538**	**3.2%**	**5,360**	**5,952**	**11.1%**
Gross Profits	**536**	**526**	**525**		**2,068**	**2,129**	**2.9%**
SG & A	166	190	197		657	733	
EBITDA	**370**	**336**	**328**		**1,411**	**1,396**	**-1.1%**
Depreciation & Amortization	30	18	20		119	72	
EBIT	**341**	**318**	**309**	**-2.8%**	**1,292**	**1,324**	**2.5%**
Forex & Other Income (Net)	25	29	33		(3)	146	
Earnings before Tax (EBT)	**366**	**346**	**342**	**-1.2%**	**1,289**	**1,470**	**14.0%**
Tax	61	76	63		252	306	
Net Income	**305**	**270**	**279**	**3.1%**	**1,037**	**1,164**	**12.2%**
EPS (Diluted) – Annualized – In INR	**52**	**48**	**50**		**45**	**51**	

Margins	30-Jun-14	31-Mar-15	30-Jun-15	FY '14	FY '15
Gross Margin	38.1%	35.3%	34.1%	38.6%	35.8%
EBITDA Margin	26.3%	22.5%	21.3%	26.3%	23.5%
EBIT Margin	24.2%	21.3%	20.1%	24.1%	22.2%
Net Margin	21.7%	18.1%	18.1%	19.3%	19.6%

RECEIVABLES & DSO

Particulars	30-Jun-14	31-Mar-15	30-Jun-15
Receivables (in US$ Mn)	**1,281**	**1,509**	**1,490**
-Billed	944	1,029	1,031
-Unbilled	336	480	459
DSO (in Days)	82	91	87
-Billed	60	62	60
-Unbilled	22	29	27

PROFIT TO CASH CONVERSION



HEDGE DETAILS

(US$ Mn)	31-Mar-15	30-Jun-15
Balance Sheet Hedges	**441**	**475**
Cash Flow Hedges	**963**	**928**
Less than or equal to 1 Year	*657*	*713*
More than 1 Year	*306*	*215*
Rate (USD/INR)		
Booked Rate (Forward)	*65.76*	*66.17*
Less than 1 Year	*64.19*	*65.04*
More than 1 Year	*67.42*	*67.83*
MTM Rate applied	*66.95*	*67.61*
Mix – Instrument wise		
Forwards	*664*	*643*
Options	*741*	*760*
Mix – Currency wise (Cash Flow Hedges only)		
USD / INR	*923*	*802*
GBP / INR	*6*	*43*
Euro / INR	*34*	*73*
AUD/ INR	*0*	*9*
CHF/ INR	*0*	*1*

FOREX GAIN/ LOSS & OCI

FX Gain/ Loss for the Quarter	
in US$ Mn	**30-Jun-15**
Cash flow hedge loss (A)	(0.6)
Net gain on Foreign currency exposure (B)	6.5
TOTAL (A) + (B)	**5.9**

OCI Position as of Jun'15	
in US$ Mn	**30-Jun-15**
OCI (Upto 12 months)	(2.0)
OCI (Greater than 12 months)	(5.9)
TOTAL (before Tax benefit)	**(7.92)**

Fx Gain/ Loss – Sep'15 quarter estimate	
in US$ Mn	**Estimated for Q.E Sep'15 ***
Revenue Hedges covers for next quarter	180
Booked Rate Forward (USD)Covers	62.56
Spot Rate at the end of the quarter	63.65
* Estimated Forex impact for Q.E Sep '15 @ Jun'15 closing rate	0.3

TAX PROVISION

EFFECTIVE TAX RATE ESTIMATED FOR FY'16 IS 21%-22% AND FY'17 IS 22%-23%

Particulars (US$ Mn)	FY '14	FY '15
Total Tax Expense	252	306
Earnings before Tax	1,289	1,470
Effective Tax Rate	**19.6%**	**20.8%**

Q&A