

HCL Infosystems Limited

Q1 FY19 Investor Update

27th July 2018

HCL

Disclaimer

This may contain "forward-looking" information including statements concerning HCL's outlook for the future, as well as other statements of beliefs, future plans and strategies or anticipated events, and similar expressions concerning matters that are not historical facts. The forward-looking information and statements are subject to risks and uncertainties that could cause actual results to differ materially from those that may be inferred to be expressed in, or implied by, the statements. HCL assumes no obligation to publicly update or revise these forward-looking statements even if experience or future changes make it clear that any projected results expressed or implied therein do not materialize. All Trademarks are the sole property of their respective owners.

The enclosed financials provide a line of business wise view based on unaudited management accounts to provide more granularity and are not as per reported segments.

Legal Notice

Although considerable care has been taken in preparing and maintaining the information and material contained herein, HCL makes no representation nor gives any warranty as to the currency, completeness, accuracy or correctness of any of the elements contained herein. Facts and information contained herein are believed to be accurate at the time of posting. However, information may be superseded by subsequent disclosure, and changes may be made at any time without prior notice. HCL shall not be responsible for, or liable in respect of, any damage, direct or indirect, or of any nature whatsoever, resulting from the use of the information contained herein.

Structured for Growth

Legal entity

Business Unit

HCL Infosystems

HCL Infosystems Ltd

Consumer Distribution

Enterprise Products Distribution

HCL Services Ltd

HCL Infotech Ltd

Systems Integration & Solutions

HCL Learning Ltd

Global Services

HCL Insys Pte (Singapore)

HCL Infosystems MEA



The Services entity has been divested to strategic buyers. It is considered as part of discontinued operations

Highlights – Q1

Continuing Operations

- Q1 FY19 revenue was Rs. 1,137 Crore vs. Rs. 1,067 Crore in Q4FY18, an increase of 7% Q-o-Q
- Distribution business revenue increased from Rs. 908 Crore in Q4FY18 to Rs. 986 Crore in Q1FY19, a growth of 9% Q-o-Q
 - Enterprise Distribution revenue stood at Rs. 457 Crore in Q1 FY19 vs. Rs.444 Crore in Q4FY18, an increase of 3% Q-o-Q
 - Consumer Distribution clocked revenue of Rs. 529 Crore in Q1 FY19 vs. Rs.464 Crore in Q4FY18, an increase of 14% Q-o-Q
- In SI projects, our focus was on execution & collection - the pending order book is down to Rs. 610 Cr and the quarter witnessed good collections, including one large collection of Rs. 73 Crore from a Government customer.
- Profit / (Loss) before interest, tax and exceptional items was Rs. (7.3) Crore in Q1FY19 vs. Rs. (17.1) Crore in Q4FY18

Discontinued Operations

- Revenue from discontinued operations in Q1FY19 was Rs. 31 Crore
- Profit / (Loss) before tax was Rs. 11.7 Crore including gain of Rs. 9.6 Crore from sale of divested businesses

Q1 P&L - Snapshot

Unaudited ₹ crores

Q1 FY19	Particulars	Distribution	Global Services	Learning	SI & Solutions	Unallocated / Eliminations	Total	Q4FY18
1	Consolidated Revenue	986	113	1	38	(1)	1,137 ¹	1,067
2	Profit / (Loss) before provision for doubtful debts / write-off and expected credit loss	1.9	3.6	(0.4)	(8.2)	(4.7)	(7.8)	(24.6)
3	Provision for doubtful debts / write-off and expected credit loss	1.2	0.0	0.0	3.1	0.0	4.3 ²	9.8
4	Other Income	0.0	0.0	0.0	0.3	4.5	4.8	17.3
5	Profit / (Loss) before Interest and Tax (2-3+4)	0.7	3.6	(0.4)	(11.0)	(0.2)	(7.3) ³	(17.1)
6	Net Finance Cost						32.2 ⁴	31.6
7	Profit / (Loss) Before Tax & Exceptional Items						(39.5)	(48.7)
8	Exceptional item (includes Goodwill write-off for Learning business)						0.0	31.4
9	Profit / (Loss) before Tax & after Exceptional items						(39.5)	(80.1)
Q4 FY18	Profit / (Loss) before Interest and Tax (2-3+4)	(0.6)	6.5	(2.1)	(17.3)	(3.6)	(17.1)	

- Overall revenue for the quarter was Rs. 1137 cr
- Provisions were at Rs. 4.3 cr in Q1

- Loss before interest & tax was Rs. (7.3) cr in Q1, lower by ~Rs. 10 Cr vs. previous quarter
- Net Finance Cost was Rs. 32.2 cr in Q1



Q1 P&L - Snapshot

Unaudited ₹ crores

Q1 FY19	Particulars	Consumer Distribution	Enterprise Distribution	Global Services	Learning	SI & Solutions	Unallocated / Eliminations	Total	Q4FY18
1	Consolidated Revenue	529	457	113	1	38	(1)	1,137¹	1,067
2	Profit / (Loss) before provision for doubtful debts / write-off and expected credit loss	(0.2)	2.1	3.6	(0.4)	(8.2)	(4.7)	(7.8)	(24.6)
3	Provision for doubtful debts / write-off and expected credit loss	0.7	0.5	0.0	0.0	3.1	0.0	4.3 ²	9.8
4	Other Income	0.0	0.0	0.0	0.0	0.3	4.5	4.8	17.3
5	Profit / (Loss) before Interest and Tax (2-3+4)	(0.9)	1.6	3.6	(0.4)	(11.0)	(0.2)	(7.3)³	(17.1)
6	Net Finance Cost							32.2 ⁴	31.6
7	Profit / (Loss) Before Tax & Exceptional Items							(39.5)	(48.7)
8	Exceptional item (includes Goodwill write-off for Learning business)							0.0	31.4
9	Profit / (Loss) before Tax & after Exceptional items							(39.5)	(80.1)
Q4 FY18	Profit / (Loss) before Interest and Tax (2-3+4)	(5.5)	4.9	6.5	(2.1)	(17.3)	(3.6)	(17.1)	

1. Overall revenue for the quarter was Rs. 1137 cr
2. Provisions were at Rs. 4.3 cr in Q1

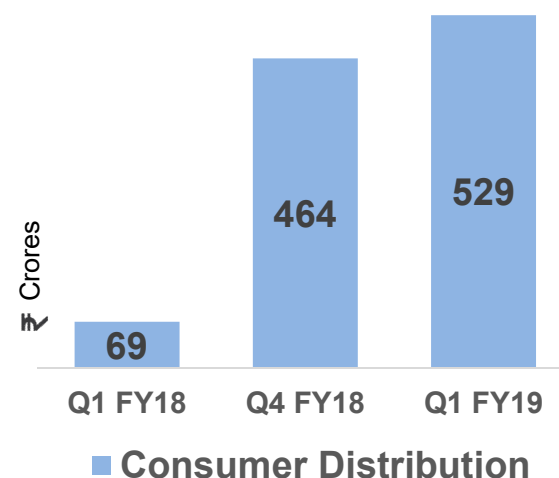
3. Loss before interest & tax was Rs. (7.3) cr in Q1, lower by ~Rs. 10 Cr vs. previous quarter
4. Net Finance Cost was Rs. 32.2 cr in Q1

Consumer Distribution

Consumer Distribution

- Revenue increased 14% Q-o-Q
- The uptake in revenue was a result of the traction gained from the multi-brand and multi-channel business model
 - The partnership with HMD Global for Nokia continued to grow substantially
 - Other partnerships include Samsung and Microsoft Surface
- E-commerce channel is a focus segment for this business
- Apple India Pvt. Ltd. informed the company that the Distribution Agreement for iPhone and other Apple Products will not be extended beyond March 30, 2019.
 - Revenue in Q1 from Apple product sales was Rs. 352 Crore, however there was no significant gain from this line of business in the quarter.

Consumer Distribution Revenue

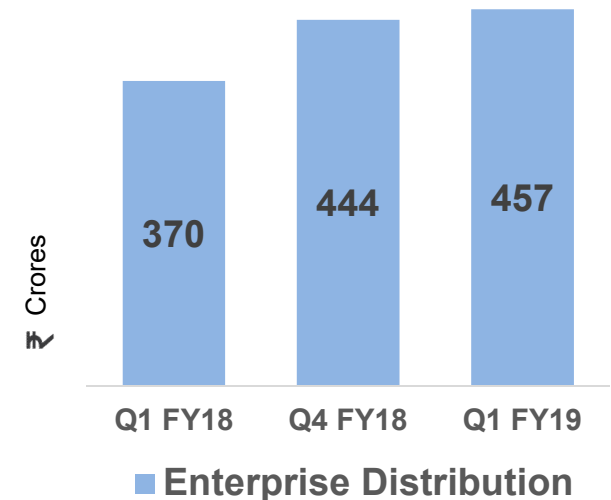


Enterprise Distribution

Enterprise Distribution

- Revenue increased by 3% Q-o-Q
- Revenue increased by 24% Y-o-Y
- Existing relationships with OEM's were expanded to enhance the product portfolio of the business.
- Enhanced focus on offerings in emerging digital technologies. Capabilities were created specifically in the Security and Cloud practice.

Enterprise Distribution Revenue



Distribution

Unaudited ₹ crores

S.No.	Particulars	Q1 FY18 AMJ	Q4 FY18 JFM	Q1 FY19 AMJ
1	Consolidated Revenue	439	908	986
2	Profit / (Loss) before provisions for doubtful debts / write-off and expected credit loss	(5.7)	(2.2)	1.9
3	Provisions for doubtful debts / write-off and expected credit loss	(2.0)	(1.6)	1.2
4	Other Income	1.0	0.0	0.0
5	Profit / (Loss) before Interest and Tax (2-3+4)	(2.7)	(0.6)	0.7

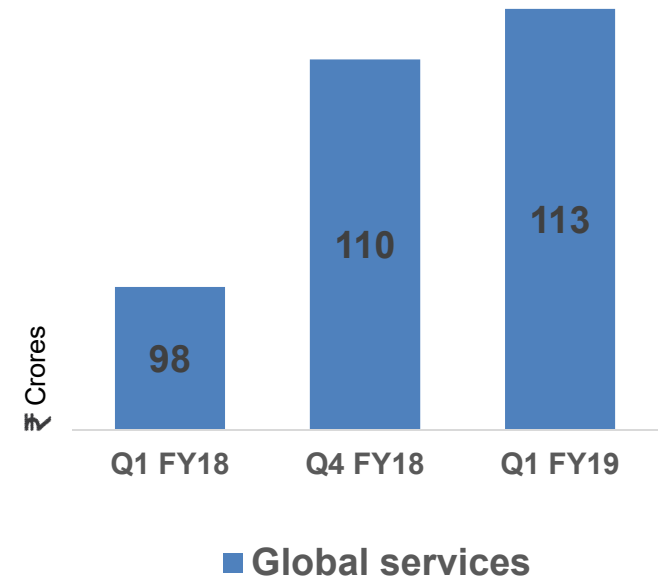
The above numbers provide a line of business wise view based on unaudited management accounts to provide more granularity and are not as per reported segments.

Global Services

Global Services

- The Services business in Singapore remained steadfast on its profitable growth path with revenue increase of over 15% Y-o-Y
- As part of its automation initiatives the business further enhanced end user's computing device needs by adopting self healing technologies. Additional capability was also built in its DevOps offering
- Employees were given training to build competencies in Datacenter and Networking technologies during the quarter as a part of the skill enhancement plan of the company

Global Services Revenue



Global Services

Unaudited ₹ crores

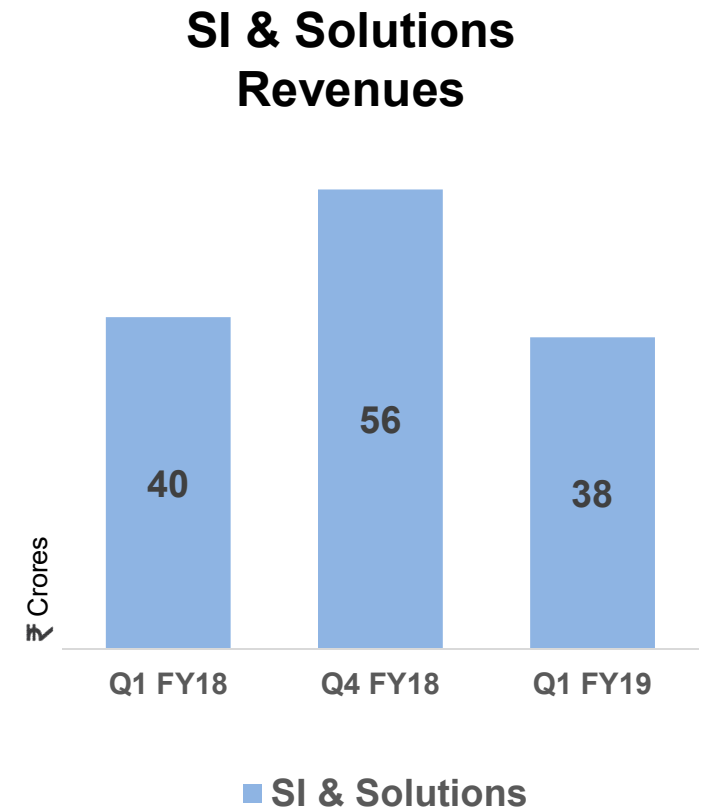
S.No.	Particulars	Q1 FY18 AMJ	Q4 FY18 JFM	Q1 FY19 AMJ
1	Consolidated Revenue	98	110	113
2	Profit / (Loss) before provisions for doubtful debts / write-off and expected credit loss	5.0	5.4	3.6
3	Provisions for doubtful debts / write-off and expected credit loss	0.0	0.8	0.0
4	Other Income	0.3	1.9	0.0
5	Profit / (Loss) before Interest and Tax (2-3+4)	5.3	6.5	3.6

During the quarter we have invested in building capabilities to cater to a new order which is expected to commence by January 2019

The above numbers provide a line of business wise view based on unaudited management accounts to provide more granularity and are not as per reported segments.

System Integration and Solutions

- **Sustained Execution Focus**
 - Continuous focus on execution of projects & collections
- Pending order book at ~ Rs.610 Cr
 - Build phase ~ Rs. 70 Cr
 - Managed Services ~ Rs. 150 Cr
 - Support Services & Annuity ~ Rs. 390 Cr
- The quarter witnessed good collections, including one large collection of Rs. 73 Cr from a Government customer



System Integration and Solutions

Unaudited ₹ crores

S.No.	Particulars	Q1 FY18 AMJ	Q4 FY18 JFM	Q1 FY19 AMJ
1	Consolidated Revenue	40	56	38
2	Profit / (Loss) before provisions for doubtful debts / write-off and expected credit loss	1.6	(10.4)	(8.2)
3	Provisions for doubtful debts / write-off and expected credit loss	9.0	9.4	3.1
4	Other Income	0.1	2.5	0.3
5	Profit / (Loss) before Interest and Tax (2-3+4)	(7.3)	(17.3)	(11.0)

SI & Solutions –

SI revenue and margins vary based on achievement of project milestones and project mix

Questions?

Please join Q&A Session on Audio Conference

Primary Dial in Access Toll Free Number – 1800 200 0248

Back Up Access Toll Free Number – 1800 102 8733

Participant Pin - 36405861#

Dial above number, enter participant pin for joining the conference

**HCL Infosystems - Investor Relations
Sumeet Ahluwalia**

sumeet.ahluwalia@hcl.com

