

HCL Infosystems Limited

Q1 FY18 Investor Update

27th July 2017

HCL

Disclaimer

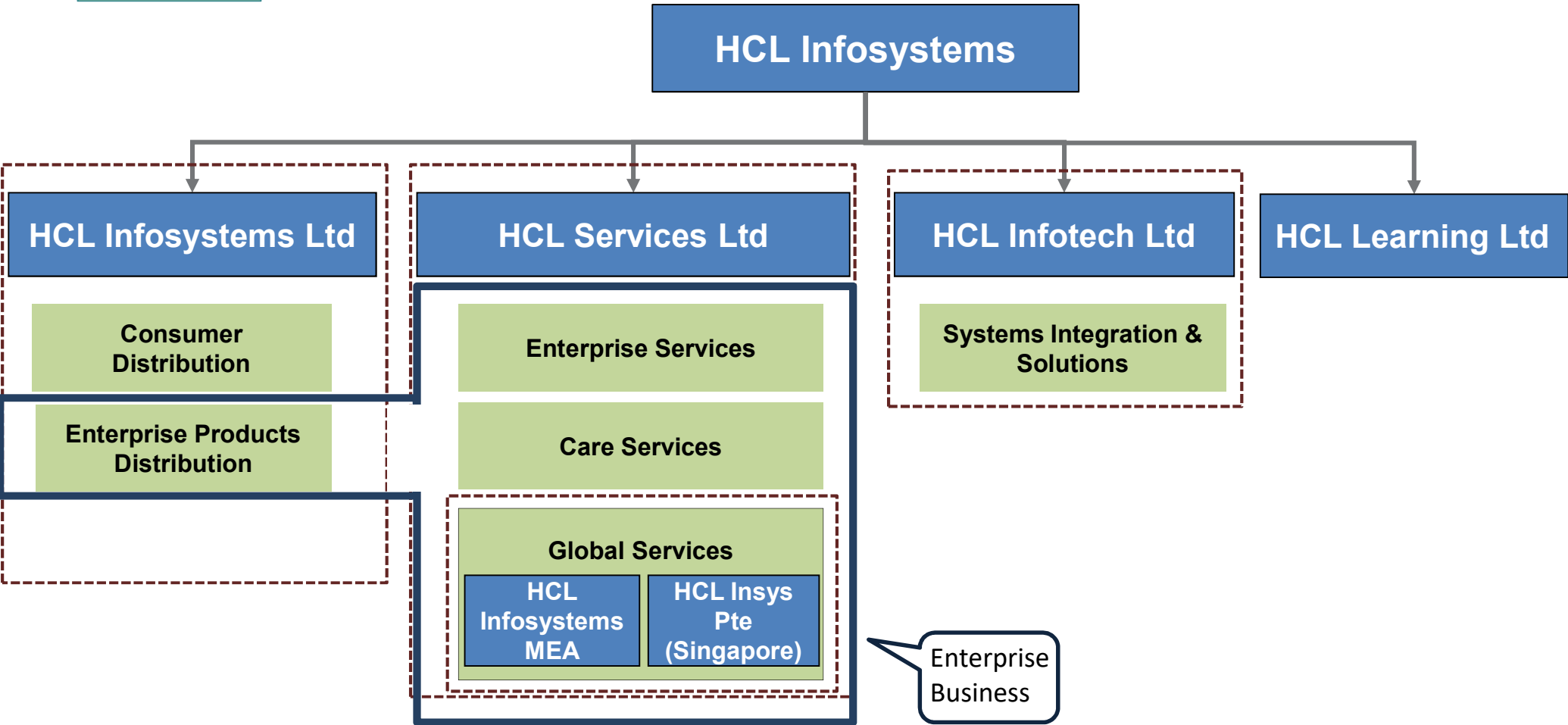
This may contain "forward-looking" information including statements concerning HCL's outlook for the future, as well as other statements of beliefs, future plans and strategies or anticipated events, and similar expressions concerning matters that are not historical facts. The forward-looking information 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 However, information may be superseded by subsequent disclosure, and changes may be made at any time without prior notice.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



Highlights – Q1

Business Highlights

- Q1 FY18 revenue was Rs. 685 Cr. vs. Rs. 823 Cr. in Q4 FY17, registering a decline of 17% Q-o-Q
- Consumer Business revenue declined 58% Q-o-Q
 - Impacted by ongoing transition from single brand to multi brand distribution model
- Enterprise Business revenue increased 3% Q-o-Q
 - Enterprise Products Distribution recorded 10% Q-o-Q growth
 - Enterprise Services revenue declined 8% Q-o-Q, essentially due to rationalisation of contracts
- SI – Key projects moving towards commercial closure, pending order book at Rs.715 Cr
- Profit / (Loss) before interest and tax for Q1 was Rs. (24.9) Cr vs. Rs. (25.5) Cr in Q4
- Profit / (Loss) before tax and after exceptional items for Q1 was Rs. (66.5) Cr vs. Rs. (131.9) Cr in Q4

Key Recognitions

- HCL Infosystems was named as one of the 'Most Admired Brand in Indian ICT Industries' at the recently held Infotech Forum 2017
- HCL Singapore won Quality Excellence Award for 'Best Customer Service Results' at the Golden Globe Tigers Awards held in Malaysia

Q1 P&L - Snapshot

Unaudited ₹ crores

Q1 FY18	Particulars	Consumer Business	Enterprise Business	Learning	SI & Solutions	Unallocated / Eliminations	Total	Q4FY17
1	Consolidated Revenue	69	582	2	40	(8)	685 ¹	823
2	Profit / (Loss) before provision for doubtful debts / write-off and expected credit loss	(3.1)	(12.6)	(2.3)	1.6	(1.8)	(18.2) ²	(22.5)
3	Provision for doubtful debts / write-off and expected credit loss	0.0	(1.0)	3.0	9.0	0.0	11.0 ³	9.5
4	Other Income	0.0	1.4	1.9	0.1	0.9	4.3	6.5
5	Profit / (Loss) before Interest and Tax (2-3+4)	(3.1)	(10.2)	(3.4)	(7.3)	(0.9)	(24.9)	(25.5)
6	Net Finance Cost						41.6 ⁴	45.4
7	Profit / (Loss) Before Tax & Exceptional Items						(66.5)	(70.9)
8	Exceptional item (includes Goodwill write-off for Learning & Services business)						0.0	61.0
9	Profit / (Loss) before Tax & after Exceptional items						(66.5) ⁵	(131.9)
Q4 FY17	Profit / (Loss) before Interest and Tax (2-3+4)	(0.7)	(4.0)	(3.8)	(18.2)	1.2	(25.5)	

- Overall revenue decreased from Rs. 823 cr in Q4 FY17 to Rs. 685 cr in Q1 FY18
- Loss before provision for doubtful debts / write-off & expected credit loss decreased from Rs.22.5 cr in Q4 FY17 to Rs. 18.2 cr in Q1 FY18
- Provisions increased from Rs. 9.5 cr in Q4 FY17 to Rs. 11.0 cr in Q1 FY18

- Net Finance Cost decreased from Rs. 45.4 cr in Q4 FY17 to Rs. 41.6 cr in Q1 FY18.
- The Loss before tax & after exceptional items decreased from Rs. 131.9 cr in Q4 FY17 to Rs. 66.5 cr in Q1 FY18.

Q1 P&L - Snapshot

Unaudited ₹ crores

Q1 FY18	Particulars	Consumer Distribution	Enterprise Distribution	Services	Learning	SI & Solutions	Unallocated / Eliminations	Total	Q4FY17
1	Consolidated Revenue	69	370	212	2	40	(8)	685 ¹	823
2	Profit / (Loss) before provision for doubtful debts / write-off and expected credit loss	(3.1)	(2.6)	(10.0)	(2.3)	1.6	(1.8)	(18.2) ²	(22.5)
3	Provision for doubtful debts / write-off and expected credit loss	0.0	(2.0)	1.0	3.0	9.0	0.0	11.0 ³	9.5
4	Other Income	0.0	1.0	0.4	1.9	0.1	0.9	4.3	6.5
5	Profit / (Loss) before Interest and Tax (2-3+4)	(3.1)	0.4	(10.6)	(3.4)	(7.3)	(0.9)	(24.9)	(25.5)
6	Net Finance Cost							41.6 ⁴	45.4
7	Profit / (Loss) Before Tax & Exceptional Items							(66.5)	(70.9)
8	Exceptional item (includes Goodwill write-off for Learning & Services business)							0.0	61.0
9	Profit / (Loss) before Tax & after Exceptional items							(66.5) ⁵	(131.9)
Q4 FY17	Profit / (Loss) before Interest and Tax (2-3+4)	(0.7)	1.6	(5.6)	(3.8)	(18.2)	1.2	(25.5)	

- Overall revenue decreased from Rs. 823 cr in Q4 FY17 to Rs. 685 cr in Q1 FY18
- Loss before provision for doubtful debts / write-off & expected credit loss decreased from Rs.22.5 cr in Q4 FY17 to Rs. 18.2 cr in Q1 FY18
- Provisions increased from Rs. 9.5 cr in Q4 FY17 to Rs. 11.0 cr in Q1 FY18

- Net Finance Cost decreased from Rs. 45.4 cr in Q4 FY17 to Rs. 41.6 cr in Q1 FY18.
- The Loss before tax & after exceptional items decreased from Rs. 131.9 cr in Q4 FY17 to Rs. 66.5 cr in Q1 FY18.

Enterprise Business (1/2)

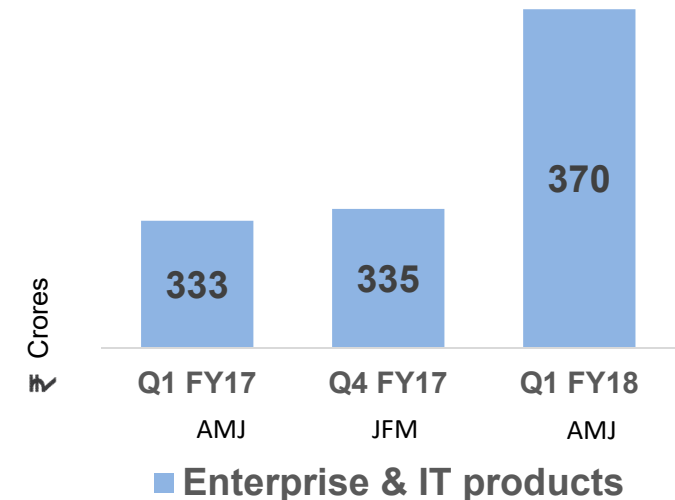
Enterprise Products Distribution

- Revenue growth of 10% Q-o-Q & 11% Y-o-Y
- Higher sales from channel partners
- Continued focus on Enterprise segment growth

Enterprise Services*

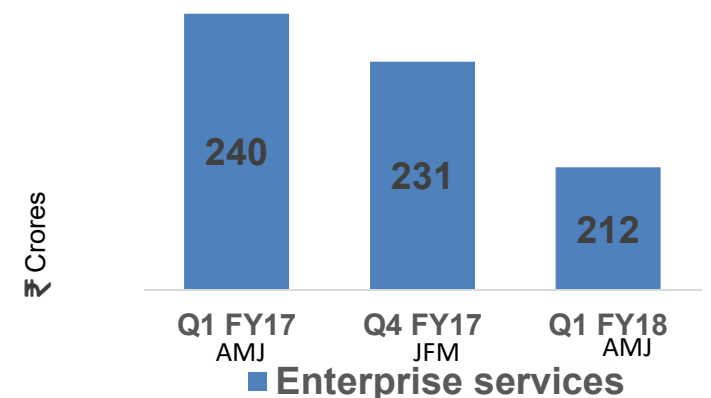
- Revenue decline of 8% Q-o-Q & 12% Y-o-Y
- OA Consumables Division regrouped under Enterprise Distribution due to synergies
- Ongoing contract rationalization for profitability improvement impacted revenue trajectory

Products Distribution Revenue



Enterprise Services Revenue

*Includes HCL Care business



Enterprise business (2/2)

Unaudited ₹ crores

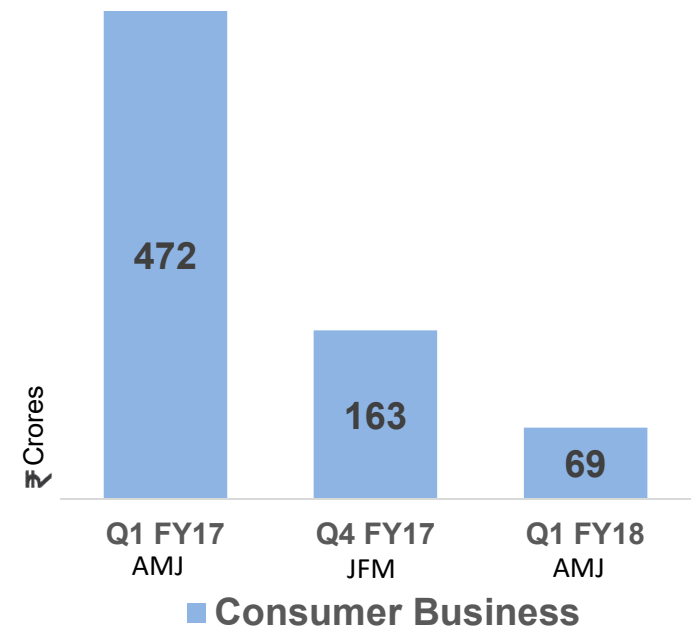
S.No.	Particulars	Q1 FY17 AMJ	Q4 FY17 JFM	Q1 FY18 AMJ
1	Consolidated Revenue	573	566	582
2	Profit / (Loss) before provisions for doubtful debts / write-off and expected credit loss	(21.9)	(6.8)	(12.6)
3	Provisions for doubtful debts / write-off and expected credit loss	6.6	0.9	(1.0)
4	Other Income	0.5	3.7	1.4
5	Profit / (Loss) before Interest and Tax (2-3+4)	(28.0)	(4.0)	(10.2)

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.

Consumer Business – Consumer Distribution (1/2)

- 58% Q-o-Q revenue decline due to ongoing transition to multi-brand strategy
- Discussion with new OEMs in progress -
 - launched billing for an OEM &
 - Closing agreements with few more
- Full impact of transition may take a couple of quarters to complete
- Profitability impacted due to revenue decline in the transition period

Consumer Distribution Revenues



Unaudited management accounts

Consumer Business (2/2)

Unaudited ₹ crores

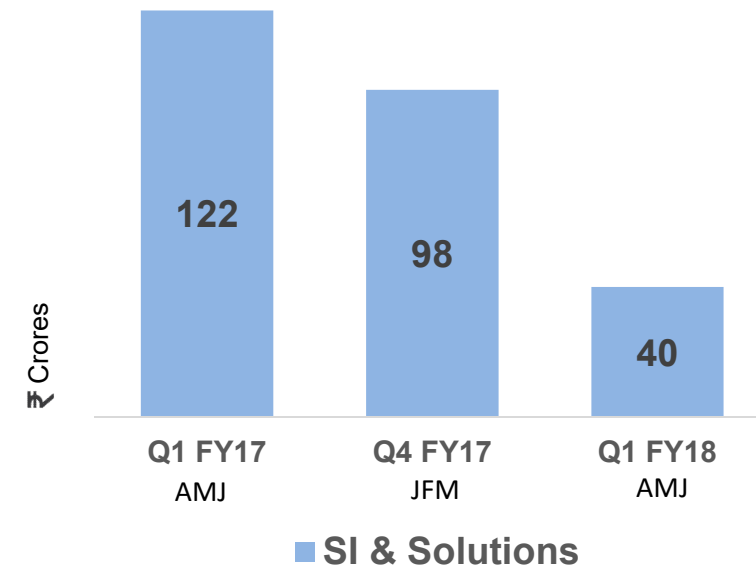
S.No.	Particulars	Q1 FY17 AMJ	Q4 FY17 JFM	Q1 FY18 AMJ
1	Consolidated Revenue	472	163	69
2	Profit / (Loss) before provisions for doubtful debts / write-off and expected credit loss	10.5	(0.7)	(3.1)
3	Provisions for doubtful debts / write-off and expected credit loss	(0.2)	0.0	0.0
4	Other Income	0.0	0.0	0.0
5	Profit / (Loss) before Interest and Tax (2-3+4)	10.7	(0.7)	(3.1)

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 (1/2)

- **Sustained Execution Focus**
 - Projects worth Rs. 60 Cr were billed in Q1
 - Pending order book at ~ Rs.715 Cr
 - Build phase ~ Rs. 95 Cr,
 - Managed Services ~ Rs. 165 Cr.
 - Support Services & Annuity ~ Rs. 455 Cr
- Execution on track during the quarter

SI & Solutions Revenues



Unaudited management accounts

System Integration and Solutions (2/2)

Unaudited ₹ crores

S.No.	Particulars	Q1 FY17 AMJ	Q4 FY17 JFM	Q1 FY18 AMJ
1	Consolidated Revenue	122	98	40
2	Profit / (Loss) before provisions for doubtful debts / write-off and expected credit loss	17.4	(11.1)	1.6
3	Provisions for doubtful debts / write-off and expected credit loss	4.2	7.2	9.0
4	Other Income	0.1	0.1	0.1
5	Profit / (Loss) before Interest and Tax (2-3+4)	13.3	(18.2)	(7.3)

SI & Solutions –

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

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.

Questions?

Please join Q&A Session on Audio Conference

Primary Dial in Access Toll Free Number – 1800 120 1298

Back Up Access Toll Free Number – 1800 419 2425

Participant Pin - 53366956#

Dial above number, enter participant pin for joining the conference

HCL Infosystems - Investor Relations

Sumeet Ahluwalia

sumeet.ahluwalia@hcl.com

