



Earnings Release & Fact Sheet Third Quarter, Fiscal 2019

Jan 18, 2019



A Larsen & Toubro
Group Company

Contents

<u>1. Earnings Release – Q3 FY19</u>	<u>3</u>
<u>2. Performance Highlights – Q3 FY19.....</u>	<u>6</u>
<u>3. Financial Statements – Q3 FY19.....</u>	<u>10</u>
<u>4. Contact Information.....</u>	<u>13</u>

Safe Harbour

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause our actual results to differ materially from those in such forward-looking statements. LTI does not undertake to update any forward-looking statement that may be made from time to time by us or on our behalf.

Recent Deal Wins, Business Highlights and Awards and Recognitions section in this release include relevant disclosures between our last earnings release and this release.

Earnings Release –Q3 FY19 Results

Constant currency revenue growth up 6.1% QoQ and 20.6% YoY; Net Profit jumps 32.8% YoY

Mumbai, India: Jan 18, 2019: Larsen & Toubro Infotech (BSE code: 540005, NSE: LTI), a global technology consulting and digital solutions company, announced its Q3 FY19 results today.

In US Dollars:

- Revenue at **USD 346.9 million**; growth of **5.6% QoQ** and **18.2% YoY**
- **Constant Currency Revenue growth of 6.1% QoQ and 20.6% YoY**

In Indian Rupees:

- Revenue at **Rs 24,729 million**; growth of **6.1% QoQ** and **31.3% YoY**
- Net Income at **Rs 3,755 million**; growth of **(6.2%) QoQ** and **32.8% YoY**

"We are pleased to deliver another strong quarter with 5.6% QoQ growth in USD revenues. Our broad-based revenue growth, superior margin delivery and steady cash generation in Q3 is a testimony of our focused execution and client centricity.

We are also thrilled to welcome Ruletronics to LTI family. Ruletronics enables businesses to transform and evolve digitally by providing innovative BPM and CRM solutions leveraging Pega Platform."

- Sanjay Jalona, Chief Executive Officer & Managing Director

Recent Deal Wins

- Nets, the leading payments company in the Nordic region has chosen LTI as its primary IT partner post vendor consolidation
- World leader in vertical transportation has chosen LTI as its strategic partner for implementing Microsoft Dynamics 365 as their core platform to transform their services business in the areas of Sales, Call Center and Field Services
- Selected by a Global Fintech Company to provide agile assurance support for building an industry leading wealth management platform
- Global Energy Corporation engaged LTI for deployment of Enterprise historian and enable integration with business applications
- Selected by a diversified Energy Manufacturing company for its ERP transformation
- Global Life Sciences Major, a new client logo has awarded LTI a multi-year strategic deal for end to end SAP support, maintenance, analytics and enhancement
- Awarded Digital Transformation project by an Apex Advisory Body in the field of Education
- Leading manufacturer of cleaning equipment chose LTI as a partner for its global CRM journey on Force.com
- Petrochemical Major chose LTI for multiple engagements in order to prepare itself for S/4HANA migration
- Awarded Cybersecurity project by a Global Energy Giant to implement, configure and integrate Micro Focus ArcSight and Splunk Enterprise Security

Client Testimonial

"Nets has selected LTI as its primary IT partner for its close alignment to Nets' vision, investments in Nordic region and customer centricity.

As the primary partner of Nets, LTI will be responsible for 100+ additional critical applications focused on Digital operations, Card and Payment platforms, SAP / Oracle ecosystem, Blockchain based services, Customer service, e-commerce payments, and corporate services."

- Ms. Pia Jørgensen, Group Executive Vice President (Technology) and Group CIO, NETS A/S

Awards and Recognitions

- LTI is now a Global Strategic Service Partner (GSSP) of SAP, making it one of the Top 16 partners of SAP, globally
- Emerged as Major Contender and Star Performer in Everest Group Digital Services PEAK Matrix™ Assessment 2019
- Recognized as "Rising Star" in Security Services: ISG Provider Lens Cyber Security Services and Solutions: US
- Recognized in Leadership Zone in Zinnov Zones 2018 for IoT Technology Services
- Named as a Major Player in IDC MarketScape: Worldwide DevOps Services 2018 Vendor Assessment
- Named by the 4Q18 Global ISG Index™ as one of The Breakthrough 15 in Global Sourcing Standouts

Other Business Highlights

- LTI appointed Nachiket Deshpande as its Chief Operating Officer. He brings rich experience in technology and IT industry and last served as the Senior Vice President & Global Delivery Head for the Banking and Financial Services unit at Cognizant Technology Solutions.
- LTI collaborated with ACORD to develop a comprehensive set of digital standards & solutions for the Insurance industry.

About LTI

LTI (NSE: LTI) is a global technology consulting and digital solutions Company helping more than 300 clients succeed in a converging world. With operations in 30 countries, we go the extra mile for our clients and accelerate their digital transformation with LTI's Mosaic platform enabling their mobile, social, analytics, IoT and cloud journeys. Founded in 1997 as a subsidiary of Larsen & Toubro Limited, our unique heritage gives us unrivaled real-world expertise to solve the most complex challenges of enterprises across all industries. Each day, our team of more than 27,000 LTIters enable our clients to improve the effectiveness of their business and technology operations and deliver value to their customers, employees and shareholders. Find more at <http://www.Ltinfotech.com> or follow us at @LTI_Global

Earnings Conference Call

Jan 18th, 2019 (5:00 PM IST)

Please dial at least 5-10 minutes prior to the conference schedule to ensure that you are connected to your call in time.

Universal Access Number	+91 22 6280 1104 +91 22 7115 8005
Local Access Number	+91 70456 71221 Available all over India
International Toll Number	USA – Los Angeles: 13233868721 UK - London: 442034785524 Singapore: 6531575746 Hong Kong: 85230186877
Replay of Conference Call	Available 3 hours after the call until January 22 nd , 2019 Playback Code: 24762 Dial-in Number: India +91 22 71945757 +91 22 66635757
<p align="center">Click here for your DiamondPass™</p> <p>DiamondPass™ is a Premium Service that enables you to connect to your conference call without having to wait for an operator.</p> <p>If you have a DiamondPass™, click the above link to associate your pin and receive the access details for this conference. If you do not have a DiamondPass™, please register through the link and you will receive your DiamondPass™ for this conference.</p>	

Contact

Media Relations: Neelian Homem, PR and Media Relations
Tel: +91-22-6776 8200
Email: neelian.homem@ltinfotech.com

Performance Highlights – Q3 FY19

Financial Highlights

Amount in USD million

	Q3FY18	Q2FY19	Q3FY19	QoQ Growth	YoY Growth
Revenue (USD million)	293.5	328.5	346.9	5.6%	18.2%
Revenue Constant Currency				6.1%	20.6%

Amount in INR million

	Q3FY18	Q2FY19	Q3FY19	QoQ Growth	YoY Growth
Revenue	18,838	23,312	24,729	6.1%	31.3%
EBITDA Margin	17.1%	20.5%	20.6%		
EBIT Margin	14.9%	19.0%	19.1%		
Revenue Related Foreign Exchange Gains	772	711	(60)		
Net Income	2,828	4,003	3,755	(6.2%)	32.8%
Net Income Margin	15.0%	17.2%	15.2%		
DSO	69	75	73		

Revenue by Vertical

	Q3FY18	Q2FY19	Q3FY19	QoQ Growth	YoY Growth
BFS	27.1%	29.9%	29.1%	3.0%	26.7%
Insurance	19.4%	17.9%	17.8%	5.6%	8.6%
Manufacturing	17.2%	15.4%	15.6%	7.3%	7.3%
Energy & Utilities	11.8%	10.7%	10.8%	6.7%	8.7%
CPG, Retail & Pharma	9.2%	10.2%	10.6%	9.8%	36.6%
High-Tech, Media & Entertainment	10.6%	11.2%	11.3%	6.7%	25.8%
Others	4.6%	4.7%	4.6%	3.3%	19.1%
Total	100%	100%	100%	5.6%	18.2%

Revenue by Service Offering

	Q3FY18	Q2FY19	Q3FY19	QoQ Growth	YoY Growth
Application Development Maintenance	33.5%	32.0%	30.8%	1.6%	8.5%
Enterprise Solutions	26.4%	25.2%	27.8%	16.6%	24.8%
Infrastructure Management Services	10.8%	11.7%	11.4%	3.1%	24.5%
Testing	8.3%	7.9%	7.8%	4.7%	11.5%
Analytics, AI & Cognitive	10.8%	12.2%	11.3%	(2.2%)	23.6%
Enterprise Integration & Mobility	6.7%	8.0%	7.6%	1.1%	34.6%
Platform Based Solutions	3.5%	3.0%	3.2%	12.6%	10.1%
Total	100%	100%	100%	5.6%	18.2%

Revenue by Geography

	Q3FY18	Q2FY19	Q3FY19	QoQ Growth	YoY Growth
North America	67.3%	67.4%	66.8%	4.7%	17.3%
Europe	18.0%	17.1%	16.7%	2.8%	9.7%
RoW	6.4%	9.2%	8.8%	1.2%	63.1%
India	8.4%	6.4%	7.8%	29.3%	9.5%
Total	100%	100%	100%	5.6%	18.2%

Client Contribution to Revenue

	Q3FY18	Q2FY19	Q3FY19	QoQ Growth	YoY Growth
Top 5 clients	36.4%	36.2%	34.5%	0.5%	12.0%
Top 10 clients	50.8%	49.9%	48.4%	2.6%	12.8%
Top 20 clients	66.1%	65.5%	64.3%	3.7%	15.0%

Client Profile

	Q3FY18	Q2FY19	Q3FY19
Number of Active Clients	289	312	314
New Clients Added	17	22	17
1 Million dollar +	102	114	121
5 Million dollar +	43	44	47
10 Million dollar +	22	25	25
20 Million dollar +	13	14	15
50 Million dollar +	4	4	5
100 Million dollar +	1	1	1

Effort Mix

	Q3FY18	Q2FY19	Q3FY19
Onsite	23.5%	22.6%	22.0%
Offshore	76.5%	77.4%	78.0%

Revenue Mix

	Q3FY18	Q2FY19	Q3FY19
Onsite	46.2%	47.6%	47.8%
Offshore	53.8%	52.4%	52.2%

Billed Person Months

	Q3FY18	Q2FY19	Q3FY19
Onsite	12,070	13,034	13,664
Offshore	39,276	44,719	48,357

Utilization

	Q3FY18	Q2FY19	Q3FY19
Including Trainees	80.3%	80.4%	82.1%
Excluding Trainees	81.5%	82.3%	83.0%

Headcount Details

	Q3FY18	Q2FY19	Q3FY19
Total Headcount	23,394	26,414	27,513
Development	21,979	24,923	25,985
Sales & Support	1,415	1,491	1,528
Attrition % (LTM)	14.6%	15.3%	16.5%

Constant Currency Reporting

		QoQ Growth	YoY Growth
Company		6.1%	20.6%
Vertical	BFS	3.6%	28.6%
	Insurance	5.9%	9.6%
	Manufacturing	7.9%	10.7%
	Energy & Utilities	6.9%	10.2%
	CPG, Retail & Pharma	10.4%	37.9%
	High-Tech, Media & Entertainment	6.7%	26.5%
	Others	4.1%	35.6%
Service Offering	Application Development Maintenance	1.9%	9.8%
	Enterprise Solutions	17.2%	27.7%
	Infrastructure Management Services	3.5%	29.1%
	Testing	5.0%	13.0%
	Analytics, AI & Cognitive	(1.9%)	25.9%
	Enterprise Integration & Mobility	1.4%	36.5%
	Platform Based Solutions	15.5%	15.8%
Geography	North America	4.9%	17.7%
	Europe	5.0%	14.3%
	RoW	1.6%	64.3%
	India	28.5%	24.6%

Financial Statements – Q3 FY19

Income Statement

Amount in INR million

	Q3FY18	Q2FY19	Q3FY19	QoQ Growth	YoY Growth
Revenue	18,838	23,312	24,729	6.1%	31.3%
Direct Costs	12,568	15,124	16,125	6.6%	28.3%
Gross Profit	6,269	8,189	8,603	5.1%	37.2%
Selling, General & Administration Expenses	3,054	3,398	3,514	3.4%	15.1%
EBITDA	3,215	4,791	5,089	6.2%	58.3%
Depreciation & Amortization	403	367	355	(3.3%)	(12.0%)
EBIT	2,812	4,424	4,734	7.0%	68.4%
Revenue Related Foreign Exchange Gain/(Loss)	772	711	(60)		
Other Income, net	111	232	348		
Provision for Tax	867	1,363	1,268	(7.0%)	46.5%
Net Income	2,828	4,003	3,755	(6.2%)	32.8%
Margins (%)					
EBITDA Margin	17.1%	20.5%	20.6%		
EBIT Margin	14.9%	19.0%	19.1%		
Net Income Margin	15.0%	17.2%	15.2%		
Earnings Per Share					
Basic	16.49	23.14	21.67		
Diluted	16.16	22.60	21.63		

Exchange Rate (USD:INR)

	Q3FY18	Q2FY19	Q3FY19
Period closing rate	63.88	72.49	69.78
Period average rate	64.18	70.97	71.28

Balance Sheet

Amount in INR million

	As at 31 March, 2018	As at 31 Dec, 2018
ASSETS		
Non-current assets		
(a) Property, Plant and Equipment	2,518	2,660
(b) Goodwill	2,763	2,847
(c) Intangible assets	1,593	1,300
(d) Non-current Financial Assets	1,109	885
(e) Deferred tax assets (Net) & Tax Assets	2,821	2,988
(g) Other assets	1,097	1,065
Total Non-Current Assets	11,901	11,744
Current assets		
(a) Investments	12,644	15,856
(b) Trade Receivables and Unbilled Revenue*	22,327	22,930
(c) Cash and cash equivalents	3,633	4,472
(d) Other Financial assets	1,958	1,407
(e) Others assets	1,084	3,787
Total Current Assets	41,646	48,453
TOTAL ASSETS	53,547	60,197
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share capital	172	173
(b) Other Equity	38,426	43,687
(c) Non- Controlling interests	13	13
Total Equity	38,611	43,873
Liabilities		
Non-current liabilities		
(d) Financial liabilities	1,042	680
(e) Deferred tax liabilities	132	76
(f) Non-current provisions	279	284
Total Non-Current Liabilities	1,453	1,041
Current liabilities		
(a) Financial Liabilities	9,716	10,479
(b) Other Liabilities	1,617	2,430
(c) Provisions	1,843	2,061
(d) Current Tax Liabilities (Net)	307	313
Total Current Liabilities	13,483	15,283
TOTAL EQUITY AND LIABILITIES	53,547	60,197

*As required under Ind AS 115 "Revenue from Contracts with Customers", unbilled revenue of fixed price contracts is classified as non-financial asset as the contractual right to consideration is dependent on completion of contractual milestones and not unconditional upon passage of time. Accordingly, INR 2,711 million of unbilled revenue of fixed price contracts has been included in other current assets as on December 31, 2018. The Standard is effective 1st April, 2018.

Cash Flow

Amount in INR million

	Q3FY18	Q2FY19	Q3FY19
Cash flow from operating activities			
Net profit after tax	2,828	4,003	3,755
Adjustments for:			
Depreciation and amortization	403	368	355
Others	(271)	(170)	(336)
Changes in working capital (net)	1,201	(271)	1,538
Net cash from operating activities [A]	4,162	3,929	5,313
Cash flow from investing activities			
(Purchase)/ Sale of assets and investments	(2,698)	(2,633)	(2,836)
Investment income	165	103	125
Net cash from investing activities [B]	(2,533)	(2,530)	(2,711)
Cash flow from financing activities			
Issue of Share capital	3	1	2
Credit Support Agreement Deposit (including interest)	426	(609)	675
Dividend paid (including DDT)	(1,654)	(2,773)	(2,572)
Net cash from financing activities [C]	(1,225)	(3,381)	(1,895)
Effect of exchange rate on cash and cash equivalents [D]	(9)	132	(152)
Net increase in cash and cash equivalents [A+B+C+D]	405	(1,981)	707
Cash and cash equivalents at beginning of the period	3,991	5,767	3,918
Cash and cash equivalents at end of the period	4,387	3,918	4,472

Contact Information

Investor Relations: Nitin Mohta, Head – Investor Relations
Tel: +91 22 6776 8146
Email: nitin.mohta@Lntinfotech.com

Registered Office:
L&T House, Ballard Estate,
Mumbai 400001, India

CIN: L72900MH1996PLC104693

<http://www.Lntinfotech.com>
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