



Earnings Release & Fact Sheet Second Quarter, Fiscal 2019

Oct 24, 2018



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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 –Q2 FY19 Results

USD revenue growth up 21.4% YoY; Net Profit jumps 46.7% YoY

Mumbai, India: Oct 24, 2018: Larsen & Toubro Infotech (BSE code: 540005, NSE: LTI), a global technology consulting and digital solutions company, announced its Q2 FY19 results today.

In US Dollars:

- Revenue at **USD 328.5 million**; growth of **2.7% QoQ** and **21.4% YoY**
- Constant Currency Revenue growth of **3.5% QoQ** and **22.9 % YoY**

In Indian Rupees:

- Revenue at **Rs 23,312 million**; growth of **8.1% QoQ** and **33.1% YoY**
- Net Income at **Rs 4,003 million**; growth of **10.9% QoQ** and **46.7% YoY**

“Q2 revenue growth was driven by Digital Services that now make up 37% of our revenues. We secured another large deal for a global pharma company with a net-new TCV of US\$55m.

Healthy pipeline, continued large deal momentum and uptick in Digital Services across all verticals make us optimistic about the future. “

- Sanjay Jalona, Chief Executive Officer & Managing Director

Recent Deal Wins

- Multi-year, multi-million managed services deal across the globe for a world leader in pharma space
- US Insurance major has engaged LTI as strategic IT partner for its largest technology modernization program using Guidewire product suite
- Europe headquartered global financial services group selected LTI to transform user experience across their branches in Africa
- Leading designer and manufacturer of mass transport system engaged LTI for transforming its operations, accelerating time to market and digitize internal processes using S/4 HANA
- Selected by an American broadcaster for its enterprise wide CRM consolidation, design and deployment on Salesforce platform
- Awarded multi-year managed infrastructure services deal by a Global Energy corporation
- North American Video Relay Service provider selected LTI for its Digital transformation journey involving rollout of modern flexible platform for its mobile applications
- Utility major engaged LTI for implementing SAP CRM 360 Management System to improve its customer experience and increased visibility into request fulfillment.
- Global Insurance broker chose LTI as its Digital partner to define their automation roadmap
- Global Pharma giant, a new client logo, chose LTI as a strategic digitization partner to drive their Robotic Process Automation journey

Client Testimonial

“We chose LTI as our strategic IT partner for global development and implementation of Parts Management System and Remanufacturing System. We are impressed with LTI’s deep understanding of our industry, experience of doing business across the globe and intense focus on customer satisfaction.”

- Yoshisada Takahashi, Chief Information & Innovation Officer (CIO), President, Information Strategy Division, Komatsu LTD

Awards and Recognitions

- LTI recognized as a “Leading IT Service Providers” in Gartner’s Competitive Landscape: Consulting and System Integration Service Providers for Robotic Process Automation
- LTI recognized as a “Leader” in ISG Provider Lens™ Overall Next-Gen ADM Services in the U.S Market
- LTI recognized in Forrester’s Now Tech: Digital Process Automation Service Providers, Q3 2018
- LTI featured as a Major Contender and Star Performer in Everest Group PEAK Matrix™ Assessment 2018 for Application Services in Global Banking
- LTI recognized in Forrester’s Now Tech: Digital Experience Agencies In Asia Pacific, Q3 2018
- LTI named by the 3Q18 Global ISG Index™ as one of The Breakthrough 15 Sourcing Standouts in the Americas

Other Business Highlights

- The Board of Directors at its meeting held on October 24th have declared an interim dividend of Rs. 12.5 per equity share (Face value of Re. 1).
- LTI unveiled a state-of-the-art Center of Excellence (CoE) in Bengaluru, focused on Internet of Things (IoT) based innovations. The CoE will showcase the possibilities of transformative technologies to global customers, featuring Industrial IoT solutions developed on PTC's ThingWorx® platform.
- Designated as an official Centre of Excellence by Automation Anywhere for their platform
- LTI won the 2018 Stevie® Awards for Great Employers in Internal communications & Employee engagement categories
- Won the CIO 100 award for LTI's Workplace by Facebook project
- Awarded Best Corporate in Women Empowerment for its CSR initiative in Revival of the Warli Artform through Entrepreneurship at National CSR Summit & Awards 2018

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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 25,000 LTIites 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

Oct 25th, 2018 (11:00 AM 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 October 29th, 2018 Playback Code: 95876 Dial-in Number: India +91 22 71945757 +91 22 66635757
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Performance Highlights – Q2 FY19

Financial Highlights

Amount in USD million

	Q2FY18	Q1FY19	Q2FY19	QoQ Growth	YoY Growth
Revenue (USD million)	270.6	319.9	328.5	2.7%	21.4%
Revenue Constant Currency				3.5%	22.9%

Amount in INR million

	Q2FY18	Q1FY19	Q2FY19	QoQ Growth	YoY Growth
Revenue	17,508	21,557	23,312	8.1%	33.1%
EBITDA Margin	16.8%	19.4%	20.5%		
EBIT Margin	14.5%	17.7%	19.0%		
Revenue Related Foreign Exchange Gains	836	841	711		
Net Income	2,730	3,612	4,003	10.9%	46.7%
Net Income Margin	15.6%	16.8%	17.2%		
DSO	76	73	75		

Revenue by Vertical

	Q2FY18	Q1FY19	Q2FY19	QoQ Growth	YoY Growth
BFS	27.3%	30.9%	29.9%	-0.9%	32.8%
Insurance	20.6%	18.2%	17.9%	0.5%	5.0%
Manufacturing	16.0%	15.7%	15.4%	0.6%	16.6%
Energy & Utilities	12.0%	10.1%	10.7%	8.4%	8.4%
CPG, Retail & Pharma	9.0%	9.1%	10.2%	15.0%	37.7%
High-Tech, Media & Entertainment	11.1%	11.3%	11.2%	1.8%	23.1%
Others	4.0%	4.5%	4.7%	7.7%	44.5%
Total	100%	100%	100%	2.7%	21.4%

Revenue by Service Offering

	Q2FY18	Q1FY19	Q2FY19	QoQ Growth	YoY Growth
Application Development Maintenance	34.6%	34.0%	32.0%	-3.4%	12.2%
Enterprise Solutions	24.1%	26.3%	25.2%	-1.6%	27.2%
Infrastructure Management Services	10.9%	11.5%	11.7%	3.8%	30.3%
Testing	8.9%	8.1%	7.9%	-0.6%	7.6%
Analytics, AI & Cognitive	10.9%	10.3%	12.2%	21.3%	35.6%
Enterprise Integration & Mobility	6.8%	6.5%	8.0%	25.4%	41.0%
Platform Based Solutions	3.8%	3.1%	3.0%	-	-2.1%
Total	100%	100%	100%	2.7%	21.4%

Revenue by Geography

	Q2FY18	Q1FY19	Q2FY19	QoQ Growth	YoY Growth
North America	70.4%	66.6%	67.4%	3.9%	16.2%
Europe	17.5%	17.9%	17.1%	-1.5%	19.0%
RoW	6.7%	9.1%	9.2%	3.3%	66.4%
India	5.5%	6.4%	6.4%	1.4%	40.3%
Total	100%	100%	100%	2.7%	21.4%

Client Contribution to Revenue

	Q2FY18	Q1FY19	Q2FY19	QoQ Growth	YoY Growth
Top 5 clients	38.0%	36.6%	36.2%	1.5%	15.8%
Top 10 clients	50.9%	50.3%	49.9%	1.7%	18.9%
Top 20 clients	66.0%	66.0%	65.5%	1.9%	20.4%

Client Profile

	Q2FY18	Q1FY19	Q2FY19
Number of Active Clients	256	301	312
New Clients Added	13	19	22
1 Million dollar +	99	114	114
5 Million dollar +	39	42	44
10 Million dollar +	23	25	25
20 Million dollar +	12	13	14
50 Million dollar +	4	4	4
100 Million dollar +	1	1	1

Effort Mix

	Q2FY18	Q1FY19	Q2FY19
Onsite	23.3%	23.0%	22.6%
Offshore	76.7%	77.0%	77.4%

Revenue Mix

	Q2FY18	Q1FY19	Q2FY19
Onsite	46.6%	46.8%	47.6%
Offshore	53.4%	53.2%	52.4%

Billed Person Months

	Q2FY18	Q1FY19	Q2FY19
Onsite	11,470	12,463	13,034
Offshore	37,777	41,713	44,719

Utilization

	Q2FY18	Q1FY19	Q2FY19
Including Trainees	79.6%	79.7%	80.4%
Excluding Trainees	80.7%	81.2%	82.3%

Headcount Details

	Q2FY18	Q1FY19	Q2FY19
Total Headcount	22,554	25,150	26,414
Development	21,147	23,656	24,923
Sales & Support	1,407	1,494	1,491
Attrition % (LTM)	15.0%	15.1%	15.3%

Constant Currency Reporting

		QoQ Growth	YoY Growth
Company		3.5%	22.9%
Vertical	BFS	0.2%	34.3%
	Insurance	0.9%	5.9%
	Manufacturing	1.4%	19.3%
	Energy & Utilities	9.1%	10.0%
	CPG, Retail & Pharma	15.4%	39.1%
	High-Tech, Media & Entertainment	2.0%	23.6%
	Others	10.1%	47.4%
Service Offering	Application Development Maintenance	-2.7%	13.5%
	Enterprise Solutions	-1.0%	28.6%
	Infrastructure Management Services	4.8%	31.5%
	Testing	0.1%	8.6%
	Analytics, AI & Cognitive	22.3%	37.2%
	Enterprise Integration & Mobility	26.3%	43.2%
	Platform Based Solutions	0.2%	1.8%
Geography	North America	3.4%	16.5%
	Europe	1.5%	22.6%
	RoW	6.1%	69.9%
	India	6.2%	48.4%

Financial Statements – Q2 FY19

Income Statement

Amount in INR million

	Q2FY18	Q1FY19	Q2FY19	QoQ Growth	YoY Growth
Revenue	17,508	21,557	23,312	8.1%	33.1%
Direct Costs	11,573	13,977	15,124	8.2%	30.7%
Gross Profit	5,935	7,580	8,189	8.0%	38.0%
Selling, General & Administration Expenses	2,993	3,390	3,398	0.2%	13.5%
EBITDA	2,942	4,190	4,791	14.3%	62.8%
Depreciation & Amortization	406	378	367	-3.0%	-9.7%
EBIT	2,536	3,811	4,424	16.1%	74.4%
Revenue Related Foreign Exchange Gains	836	841	711		
Other Income, net	181	195	232		
Provision for Tax	823	1,236	1,363	10.3%	65.6%
Net Income	2,730	3,612	4,003	10.9%	46.7%
Margins (%)					
EBITDA Margin	16.8%	19.4%	20.5%		
EBIT Margin	14.5%	17.7%	19.0%		
Net Income Margin	15.6%	16.8%	17.2%		
Earnings Per Share					
Basic	15.95	21.00	23.14		
Diluted	15.60	20.60	22.60		

Exchange Rate (USD:INR)

	Q2FY18	Q1FY19	Q2FY19
Period closing rate	65.29	68.47	72.49
Period average rate	64.70	67.39	70.97

Balance Sheet

Amount in INR million

	As at 31 March, 2018	As at 30 Sept, 2018
ASSETS		
Non-current assets		
(a) Property, Plant and Equipment	2,518	2,523
(b) Goodwill	2,763	2,968
(c) Intangible assets	1,593	1,411
(d) Non-current Financial Assets	1,109	429
(e) Deferred tax assets (Net) & Tax Assets	2,821	3,964
(g) Other assets	1,097	903
Total Non-Current Assets	11,901	12,198
Current assets		
(a) Investments	12,644	13,243
(b) Trade Receivables and Unbilled Revenue*	22,327	22,217
(c) Cash and cash equivalents	3,633	3,917
(d) Other Financial assets	1,958	546
(e) Others assets	1,084	5,638
Total Current Assets	41,646	45,561
TOTAL ASSETS	53,547	57,759
EQUITY AND LIABILITIES		
Equity		
(a) Equity Share capital	172	173
(b) Other Equity	38,426	39,912
(c) Non- Controlling interests	13	13
Total Equity	38,611	40,098
Liabilities		
Non-current liabilities		
(d) Financial liabilities	1,042	2,816
(e) Deferred tax liabilities	132	103
(f) Non-current provisions	279	252
Total Non-Current Liabilities	1,453	3,171
Current liabilities		
(a) Financial Liabilities	9,716	9,683
(b) Other Liabilities	1,617	2,109
(c) Provisions	1,843	2,032
(d) Current Tax Liabilities (Net)	307	666
Total Current Liabilities	13,483	14,490
TOTAL EQUITY AND LIABILITIES	53,547	57,759

*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 4,227 million of unbilled revenue of fixed price contracts has been included in other current assets as on September 30, 2018. The Standard is effective 1st April, 2018.

Cash Flow

Amount in INR million

	Q2FY18	Q1FY19	Q2FY19
Cash flow from operating activities			
Net profit after tax	2,730	3,612	4,003
Adjustments for:			
Depreciation and amortization	406	378	367
Others	(444)	194	(170)
Changes in working capital (net)	(2,365)	(2,596)	(336)
Net cash from operating activities [A]	327	1,588	3,864
Cash flow from investing activities			
(Purchase)/ Sale of assets and investments	1,896	1,574	(2,568)
Investment income	215	251	103
Investment In Associates	(1)	-	-
Net cash from investing activities [B]	2,110	1,825	(2,465)
Cash flow from financing activities			
Issue of Share capital	-	-	1
Credit Support Agreement Deposit (including interest)	(522)	(1,308)	(609)
Dividend paid (including DDT)	(1,879)	-	(2,773)
Net cash from financing activities [C]	(2,401)	(1,308)	(3,381)
Effect of exchange rate on cash and cash equivalents [D]	10	29	132
Net increase in cash and cash equivalents [A+B+C+D]	46	2,134	(1,850)
Cash and cash equivalents at beginning of the period	3,945	3,633	5,767
Cash and cash equivalents at end of the period	3,991	5,767	3,917

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