

December 7, 2018

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BSE Limited
Corporate Relationship Department
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Mumbai- 400 001

The Manager
National Stock Exchange of India Limited
Listing Department
Exchange Plaza
5th Floor, Plot No. C-1, Block-G
Bandra-Kurla Complex, Bandra(E)
Mumbai-400 051

BSE Scrip Code: 532281

NSE Scrip Code: HCLTECH

Subject: Presentation at the Conference Call for today (at 8.15 a.m. IST)

Ref.: Press Release: "HCL Technologies to Acquire Select IBM Software Products for \$1.8B"

Dear Sir,

Enclosed please find the Presentation being made to the analysts and investors over a Conference call being held today i.e. December 7, 2018 at 8.15 a.m. (IST) with reference to the captioned press release.

This is for your information and records.

Thanking you,

Yours faithfully,
for **HCL Technologies Limited**



Manish Anand
Company Secretary

Encl. a/a



ANALYST BRIEFING

December 7, 2018, 8:15 AM IST

HCL

Quick Business Recap

- Disciplined execution of our Mode 1-2-3 strategy over the last 10 quarters resulting in
 - Mode 2: Revenue grew from 12% of FY16 to 16% in Q2 FY19, **24%** CAGR
 - Mode 3: Revenue grew from 4% of FY16 to 12% in Q2 FY19, **78%** CAGR
 - Mode 3: Revenue crossed **\$1B** annual run rate in Q2 FY 19
- Continuing optimism in the demand environment reflected in
 - Strong bookings Quarter till date
 - Strong pipeline as on date
- Organic growth momentum picking up in FY '19 across **ALL** service lines
- Continue to track to the mid-point of the Revenue guidance of 9.5% to 11.5% for FY19

HCL Technologies to acquire select IBM products for \$1.8B

STRATEGIC RATIONALE

- \$50 B plus market opportunity in large growing market areas like Security, Marketing and Commerce which are strategic segments for HCL
- Products well regarded by clients and positioned in the top quadrant by industry analysts
- Access to serve and grow 5000+ global enterprises across a wide range of industries and geographic markets
- Recent track record with these products makes us confident of growing them
- Tremendous potential for creating compelling 'as-a-service' offerings with our Mode-1 and Mode-2 services

Transaction Financials

INVESTMENT

- Total investment of \$1,775 M including earn-out
- Approximately 48% to be paid at close, most of balance to be paid after Y1
- Financed largely through internal accruals and a debt of \$300 M at close

OUTLOOK

- Incremental Revenue of ~\$650 M on a run-rate basis in Y2 after close
- Y1 expected to be ~\$25 M lower due to transition
- EBITDA margin (%) expected to be over 50% on a run-rate basis (slightly lower in Y1)
- Cash EPS accretion of ~15% expected
- Plan to continue pay out ratio at 50%+ of Net Income

Enterprise Software Market Size of \$400B+ with \$50B+ addressable with this acquisition

| Product | Market | Market Size (\$B)* | Market Growth Rate | Market Position |
|-------------|--------------------------|--------------------|--------------------|-----------------|
| AppScan | App Security | \$2.8 | 26.4% | Top 3 |
| BigFix | Endpoint Management | \$14.8 | 8.4% | Top 3 |
| Notes | Enterprise Email | \$32.6 | 5.0% | Top 3 |
| Domino | Low Code | \$4.3 | 45.0% | N/A |
| Connections | Enterprise Collaboration | \$34.7 | 11.6% | Top 3 |
| DX | Digital Experience | \$9.7 | 14.0% | Top 3 |
| Unica | Marketing Automation | \$5.0 | 8.6% | Top 3 |
| Commerce | Digital Commerce Apps | \$6.5 | 10.0% | Top 5 |

* Sources: Forrester, Gartner, IDC, Markets & Markets, Radicati



Strong Analyst Recognitions



Security



Marketing



Collaboration

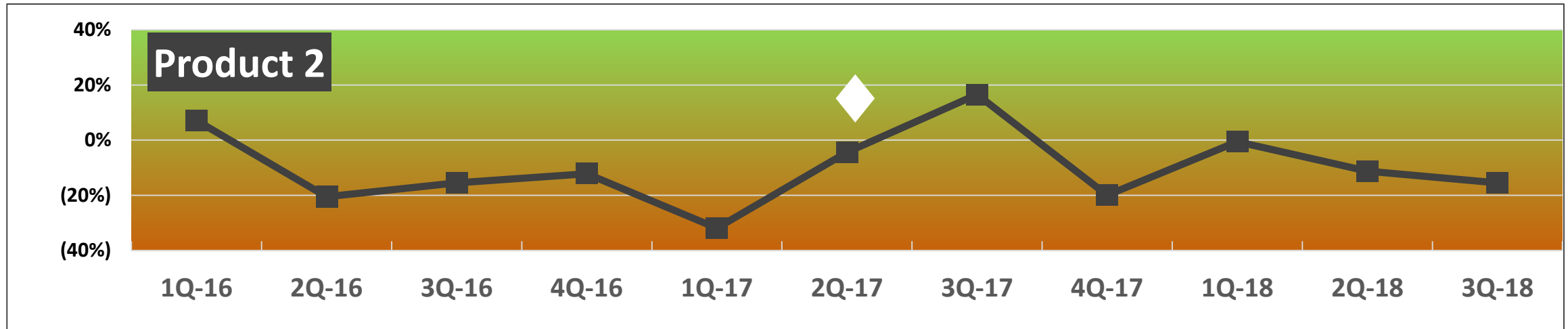
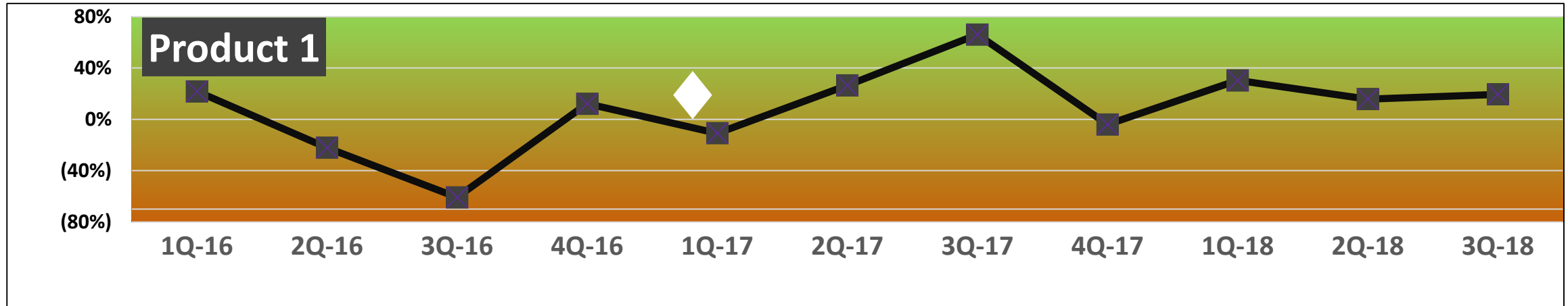


Large Enterprise Client Base Across Verticals and Geographies

| Product | # of Clients | Key Verticals |
|----------------|--------------|---|
| AppScan | 2,000 | Financial Services, Retail & Technology |
| BigFix | 2,200 | Government, Distribution, Education, Financial Services |
| Notes / Domino | 13,000 | Financial Services, Government, Manufacturing |
| DX | 1,400 | Consumer Goods, Manufacturing, Airlines, Public Sector |
| Unica | 600 | Retail, Travel & Transportation, Telco |
| Commerce | 425 | Retail, Healthcare |
| Connections | 2,000 | Financial Services, Government, Transportation |

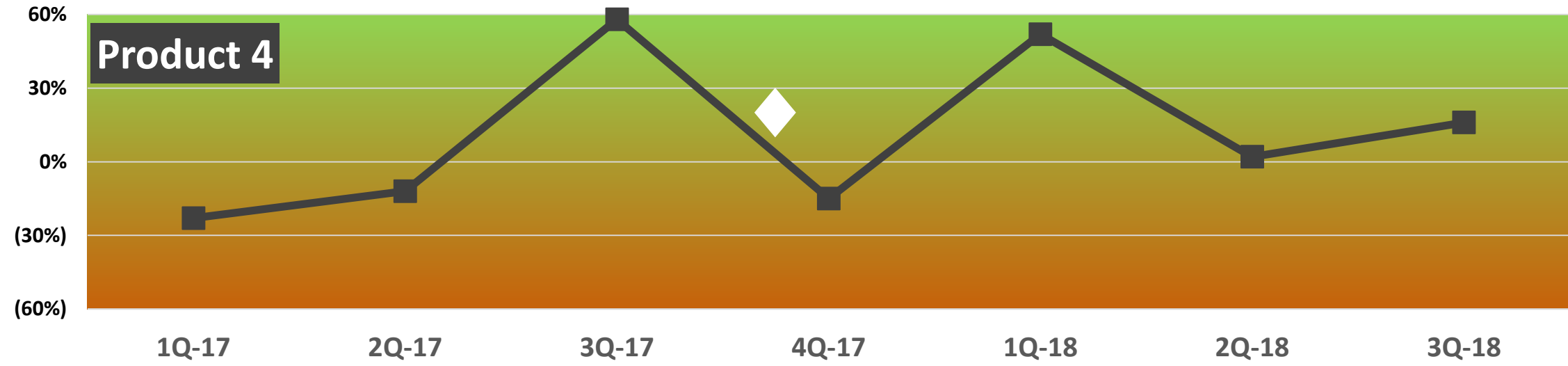
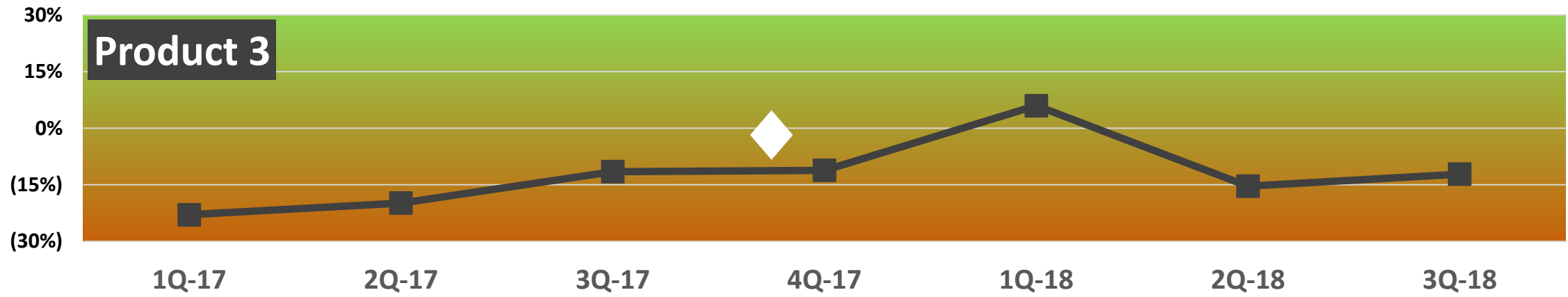
This transaction offers access to huge client base, strong Sales & Marketing engine and select verticals across the globe

Proven Track Record



◆ HCL IP Partnership commencement

Proven Track Record



FUTURE ROADMAP

- **Customer Delight:** Customer-driven roadmaps, transparent development, joint innovation
- **Currency:** Market currency with respect to platforms, languages and methodologies
- **Integration:** REST APIs, 3rd party integration, and partner-led product extensions
- **Modernize:** User experience, hybrid on-prem/cloud offerings
- **Consumability:** Containerized deployments, lower TCO through client-less technologies
- **Innovate:** Practical innovations powered by new technologies like ML and analytics
- **Solutionize:** “As a Service” Mode 1 and Mode 2 services offerings

HCL

*Relationship*TM
BEYOND THE CONTRACT

\$8.2 BILLION ENTERPRISE | 127,000 IDEAPRENEURS | 43 COUNTRIES

 WATCH THE FILM