



# TCS Financial Results

Quarter III FY 2018 - 19

January 10, 2019

# Disclaimer

Certain statements in this release concerning our future prospects are forward-looking statements. Forward-looking statements by their nature involve a number of risks and uncertainties that could cause actual results to differ materially from market expectations. These risks and uncertainties include, but are not limited to our ability to manage growth, intense competition among Indian and overseas IT services companies, various factors which may affect our cost advantage, such as wage increases or an appreciating Rupee, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which TCS has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, unauthorized use of our intellectual property and general economic conditions affecting our industry. TCS may, from time to time, make additional written and oral forward-looking statements, including our reports to shareholders. These forward-looking statements represent only the Company's current intentions, beliefs or expectations, and any forward-looking statement speaks only as of the date on which it was made. The Company assumes no obligation to revise or update any forward-looking statements.

# Q3 FY19 Performance Highlights

## ➤ Revenue:

- INR Revenue of ₹ **373,380 Mn, 20.8% YoY**
- USD Revenue of \$ **5,250 Mn, 9.7% YoY**
- Constant currency revenue growth of **1.8% QoQ** and **12.1% YoY**

## ➤ Profit:

- Operating Income at ₹ **95,640 Mn**, Operating Margin of **25.6%**
- Net Income at ₹ **81,050 Mn**, \$ **1,140 Mn**, Net Margin of **21.7%**

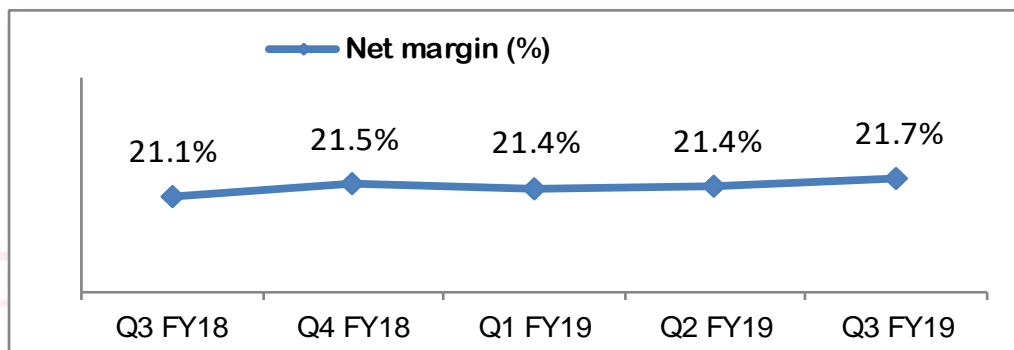
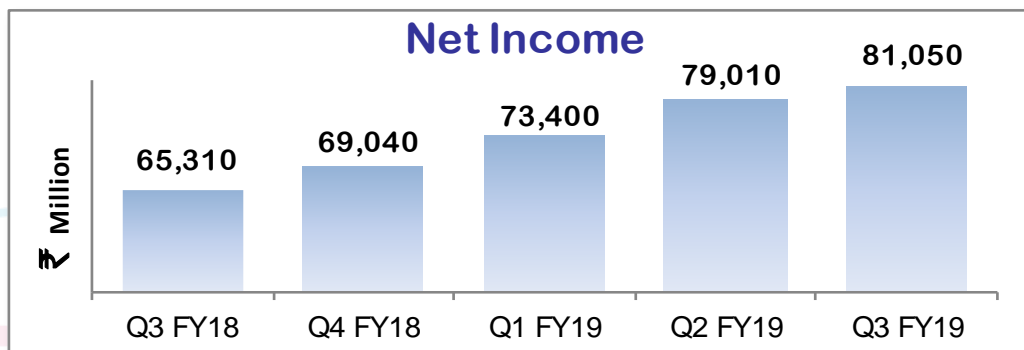
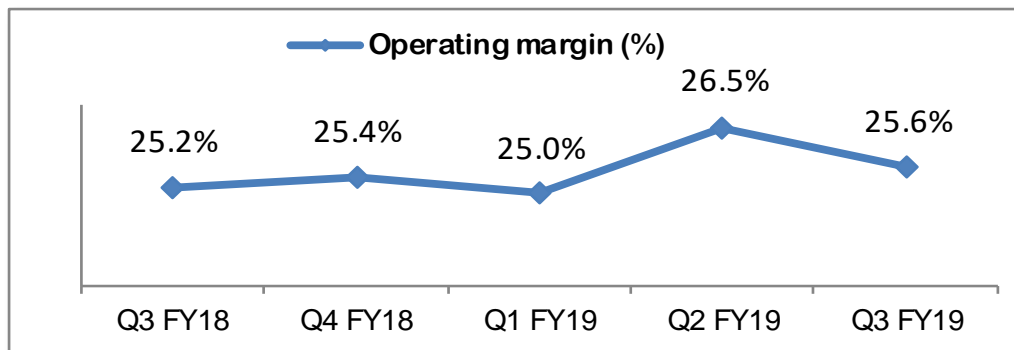
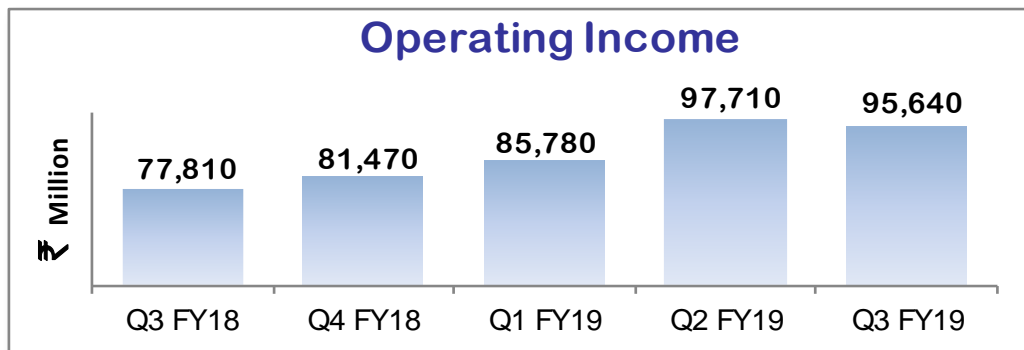
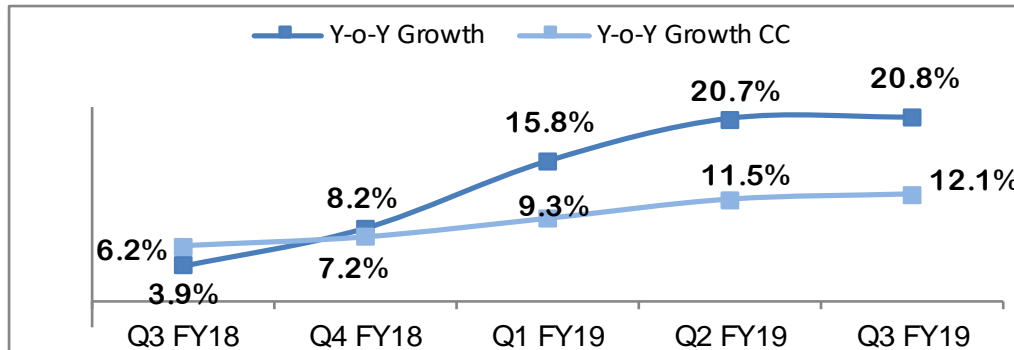
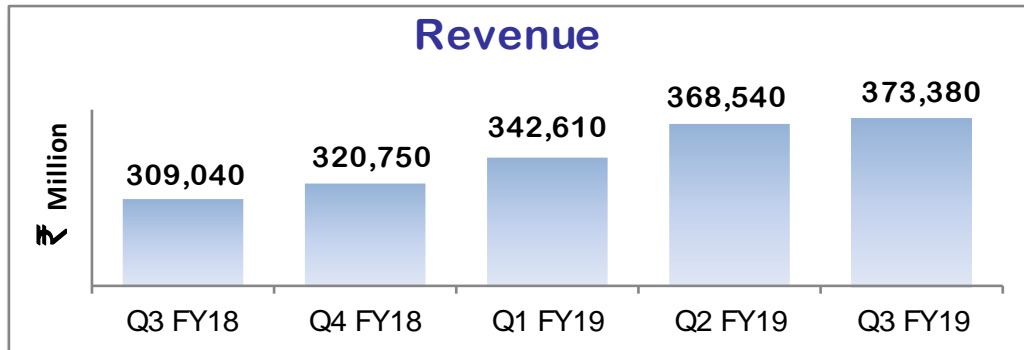
## ➤ Demand:

- Clients \$100M+ up by 8; \$50M+ up by 5, \$20M+ up by 8 & \$10M+ up by 33 **YoY**

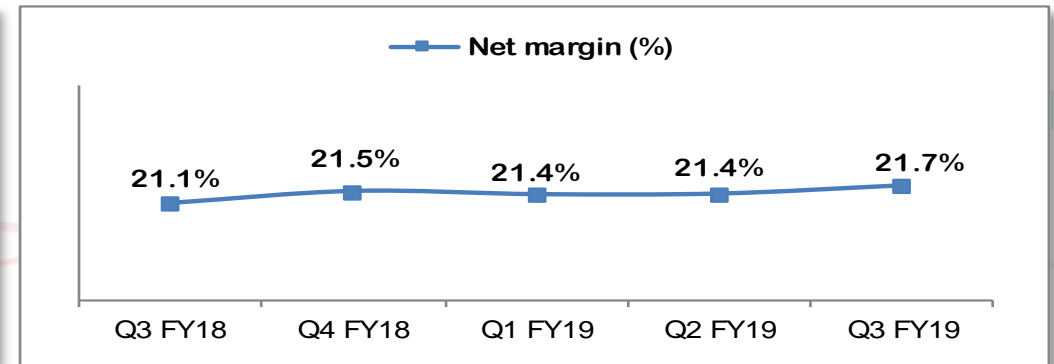
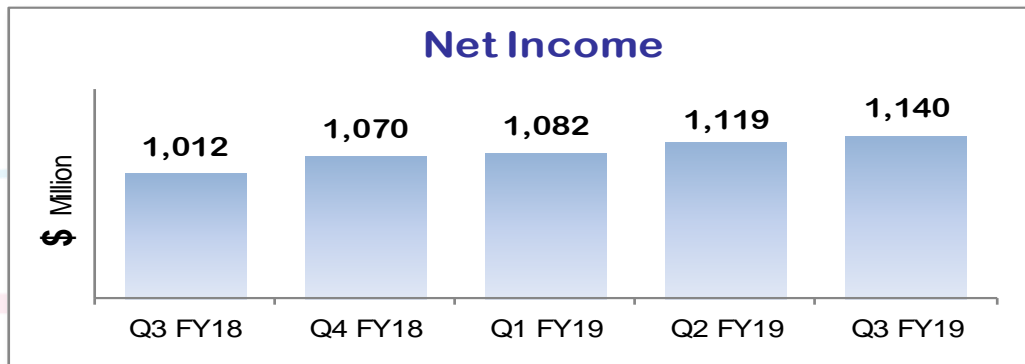
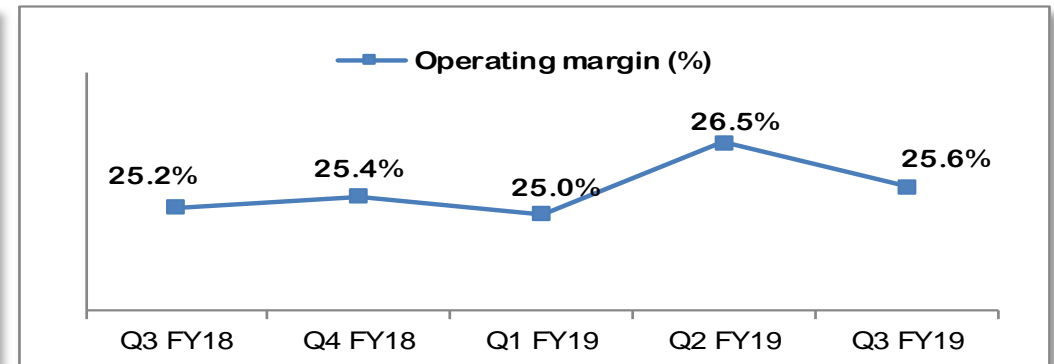
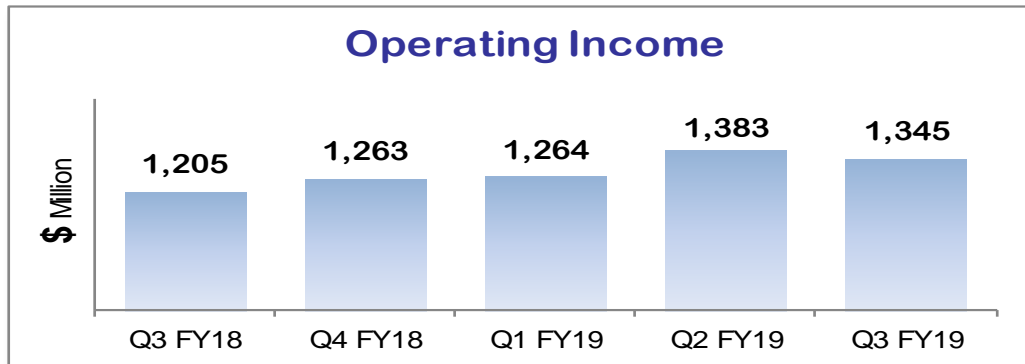
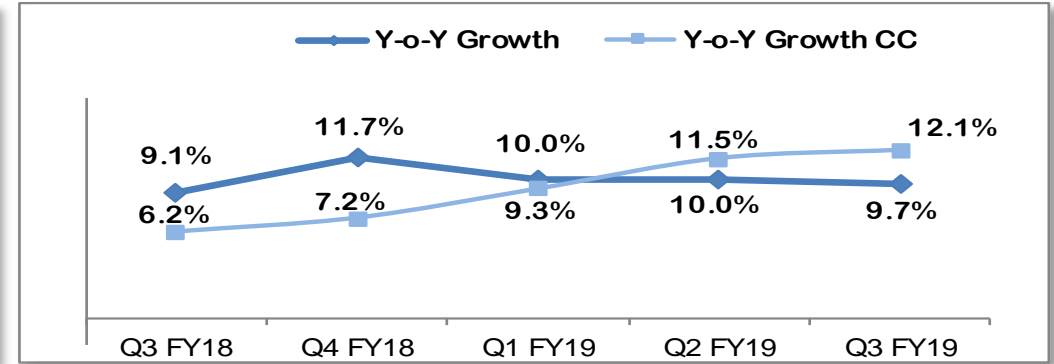
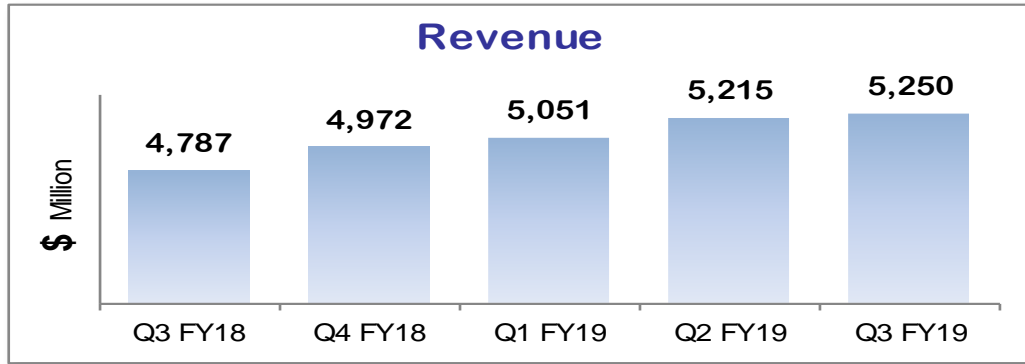
## ➤ People:

- Net addition of **27,049** associates **YoY**, closing headcount: **417,929**
- LTM attrition at **11.2%** in IT Services

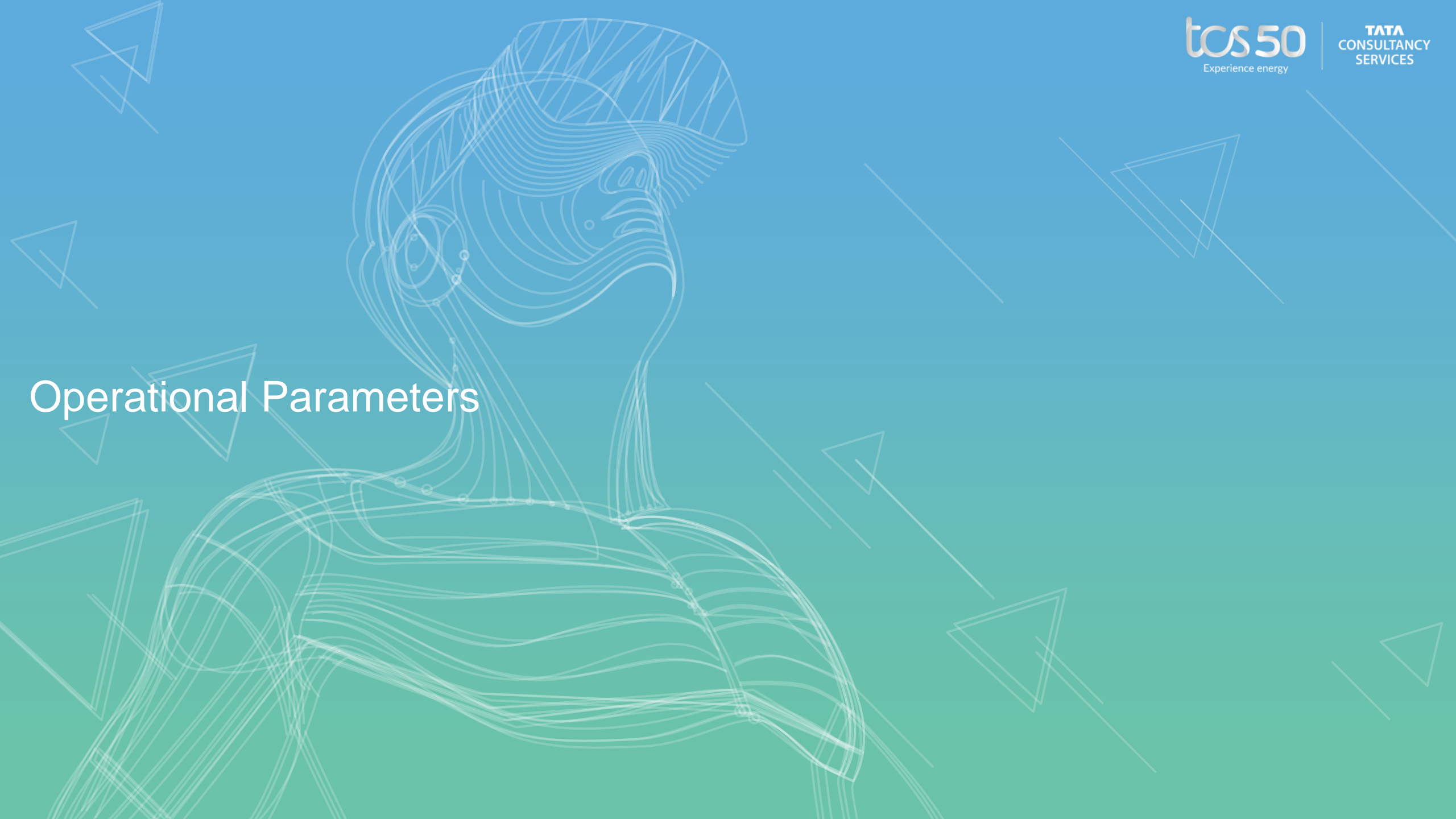
# Growth Summary (INR)



# Growth Summary (USD)



# Operational Parameters



# Growth by Market

<b>Geography (%)</b>	<b>Q3 FY18</b>	<b>Q3 FY19</b>	<b>Y-o-Y CC Growth</b>
<b>Americas</b>			
North America	52.0	<b>51.2</b>	<b>8.2</b>
Latin America	2.2	<b>2.0</b>	<b>7.6</b>
<b>Europe</b>			
UK	14.1	<b>15.5</b>	<b>25.1</b>
Continental Europe	13.5	<b>14.1</b>	<b>17.6</b>
<b>India</b>	6.3	<b>5.7</b>	<b>9.7</b>
<b>Asia Pacific</b>	9.5	<b>9.4</b>	<b>12.6</b>
<b>MEA</b>	2.4	<b>2.1</b>	<b>-3.3</b>
<b>Total</b>	100.0	<b>100.0</b>	<b>12.1</b>

# Growth by Domain

Vertical (%)	Q3 FY18	Q3 FY19	Y-o-Y CC Growth
<b>BFSI</b>	31.6	<b>30.8</b>	<b>8.6</b>
<b>Retail &amp; CPG</b>	16.7	<b>16.5</b>	<b>10.5</b>
<b>Communication &amp; Media</b>	7.1	<b>6.9</b>	<b>10.8</b>
<b>Manufacturing</b>	7.5	<b>7.2</b>	<b>6.7</b>
<b>Life Sciences &amp; Healthcare</b>	7.3	<b>7.6</b>	<b>15.7</b>
<b>Energy &amp; Utilities</b>	4.5	<b>4.7</b>	<b>18.1</b>
<b>Technology &amp; Services</b>	7.9	<b>7.6</b>	<b>5.8</b>
<b>Regional Markets &amp; Others</b>	17.4	<b>18.7</b>	<b>22.6</b>
<b>Total</b>	100.0	<b>100.0</b>	<b>12.1</b>
<b>Digital Revenue (%)</b>	22.1	<b>30.1</b>	<b>52.7</b>



# Service Lines Commentary

- Strong revenue growth led by **UK**, and stronger pipeline growth led by **UK & NA. IoT, TCS Interactive and Cyber Security** had an exceptionally strong quarter.
- Landmark quarter for TCS Interactive with the **acquisition of W12, an iconic design & experience studio**, and the **Red dot design award** among other recognitions.
- Blockchain, Digital Workplace & Conversational Experiences continued **strong pipeline buildup**.
- TCS received several **partner & industry recognitions & awards** during the quarter.



## Internet of Things

Strong growth for IoT services and contract wins, as adoption in facilities management, fleet management, digital twin and image analytics saw strong traction during the quarter. TCS launched the Intelligent Power Plant solution this quarter.



## Cyber Security

Ecosystem complexity, privacy concerns and increased cybercriminal activity is leading to **strong growth for** our Cyber Security services. Managed **Security Services, Identity & Access Management and Governance Risk & Compliance** were the major growth drivers during the quarter.



## Consulting & Services Integration

Growing Digital Transformation driving demand led by **M&A, Global Shared Services and Enterprise Agility**. Large **Agile wins** with marquee clients demonstrate the scaling of agile adoption as well as the maturity of TCS location independent agile strategy.



## TCS Interactive

Simplification & automation of Martech stacks, seamless integration across the marketing ecosystem, and marketing analytics drove **strong growth** for our Interactive services led by **Digital Content, Digital Channels and Digital Commerce Services**.



## Cognitive Business Operations & Enterprise Intelligent Automation

Strong growth powered by **MFDM™ & Cognitive Services**. Strong demand across M&A, Digital Infrastructure, Cognitive Business Command Center, Enterprise Business Processes & Intelligent Process Automation.



## Cloud Services

As enterprise scale adoption matures, Cloud is increasingly accelerating innovation. **Cloud Migration Factory and Estate Modernization** were the primary drivers for growth during the quarter. TCS Enterprise Cloud has enhanced its global footprint by launching centers in Australia and Canada.

# Client Parameters

<b>Clients Contribution</b>	<b>Q3 FY18</b>	<b>Q3 FY19</b>
US\$ 1m+ Clients	941	<b>996</b>
US\$ 5m+ Clients	485	<b>519</b>
US\$ 10m+ Clients	337	<b>370</b>
US\$ 20m+ Clients	203	<b>211</b>
US\$ 50m+ Clients	94	<b>99</b>
US\$ 100m+ Clients	37	<b>45</b>

\*Last Twelve Months' services revenues

# Key Highlights



## Consulting & Services Integration, TCS Interactive, Banking Platforms

- Chosen by a large German investment bank and financial services company to conceptualize and implement the digital transformation plan for ensuring service continuity and identifying new revenue channels in compliance with regulatory directives, leveraging cloud, microservices, analytics and cyber security capabilities.
- Engaged by a leading Malaysian oil and gas company as a consulting partner to design and deliver an enterprise visualization platform that provides visibility and greater business insights across the entire value chain. TCS will also offer digital learning-as-a-Service for managing organizational change and employee alignment to the transformation initiative.
- Selected by a large Brazilian bank as the primary vendor for digital transformation and innovation leveraging TCS expertise in digital channels, user experience and design capabilities.
- An Australian public electricity and gas company, entered into a new 3 year contract with TCS to support its shift to a fully Agile model across operations, whilst delivering on a contemporary set of capabilities such as automation.
- Awarded a multi-year, multi-million dollar contract by a global hospitality chain to be the IT transformation partner.
- Chosen by a leading Canadian insurer for its platform consolidation and digital transformation for 500,000 policies of closed book business, delivering transformational value, powered by the TCS BaNCS™ platform ecosystem.



## IoT & Blockchain

- Selected by a global leader in pool equipment and solutions for creating IoT-enabled pool equipment services that will enhance customer satisfaction and enable new revenue streams.
- Selected by a leading North American telecom services provider to expand the capabilities of their IoT platform with new state of art features for managing connectivity across IoT devices by implementing a ThingSpace Connectivity Management Solution.
- Selected by a travel commerce platform as a strategic partner to enable end-customers to acquire and trade their travel assets such as hotel rooms and airline seats across multiple travel service providers through a inter-operable blockchain platform.



## Enterprise Applications, Cloud & Security

- Engaged by a global multi-food products group, to consolidate their disparate business processes and create a scalable solution for their business across geographies by leveraging the latest digital ERP and analytics technologies.
- **NMBS/SNCB (Belgian Rail)** selected TCS as a long-term, strategic partner for its SPRITE (**S**trategic **P**artner for **R**ail **I**T **E**ngagement) program, a key rail transformation journey encompassing innovative digital technologies and state of the art technological services to enhance customer experience.
- Awarded a multi-year, multi-million dollar contract by a large German insurance major to be its IT transformation partner.
- **Thomson Reuters**, a leading source of intelligent information for the world's businesses and professionals has partnered with TCS in product engineering and sustenance services for a suite of commercial software products that serves decision makers in the legal, tax and accounting businesses.



## Automation, Analytics & Insights

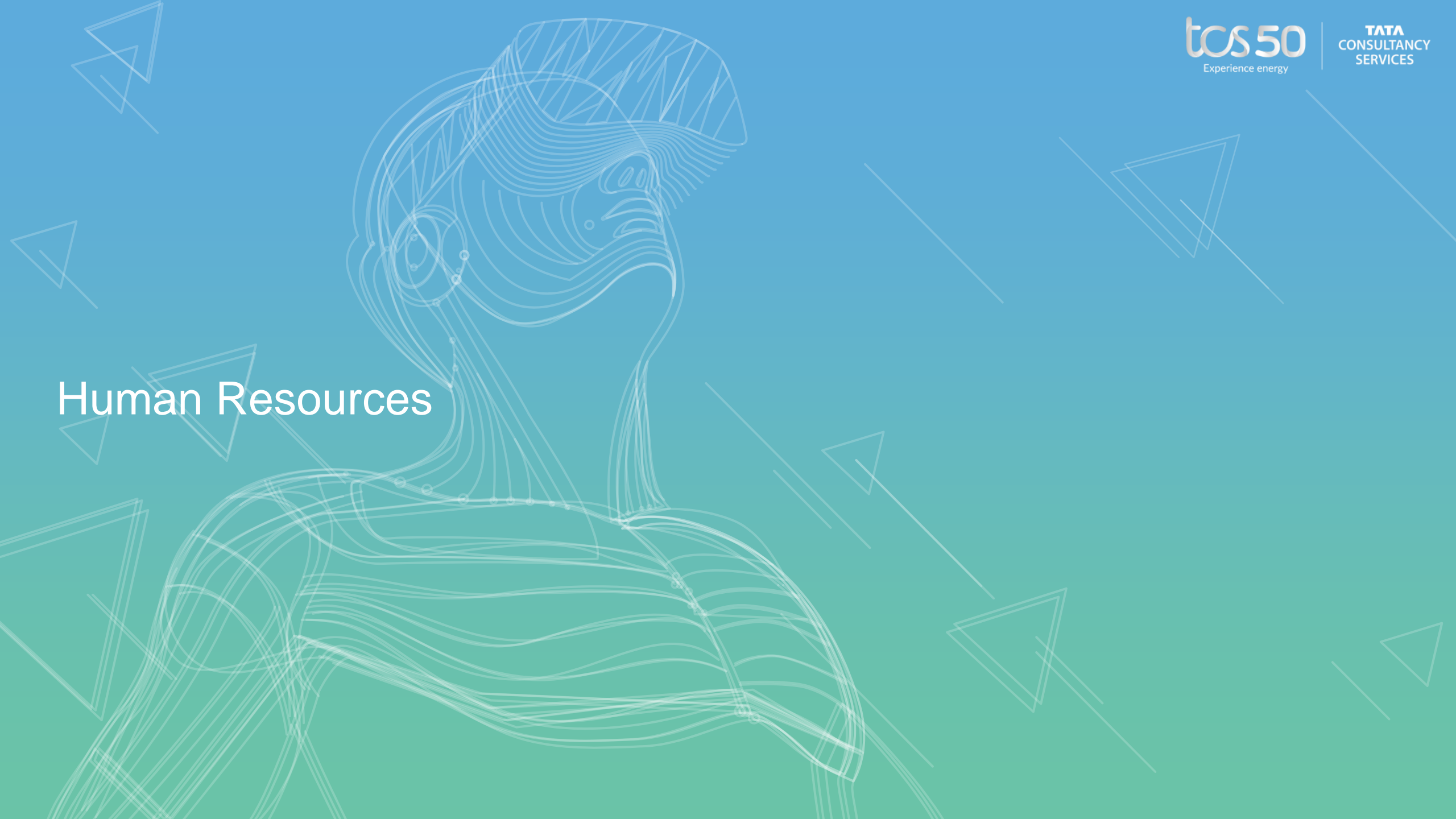
- Selected by a global Aluminum manufacturing firm to optimize its procurement spend with an enterprise-wide spend analytics platform across its operations and also drive a strong cloud enablement program.
- Engaged by a British retail and commercial bank to simplify and transform its services across retail and commercial banking process functions with enhanced experience leveraging automation and Agile practices.
- Chosen by a leading North American Insurance Firm, as a strategic partner to run the Data office Program and lead their Business transformation initiative by empowering the core decision making process with a data driven approach leveraging strong contextual knowledge.
- Selected by a North American healthcare major to implement ignio™ to drive a Machine First™ transformation to provide a seamless experience to business users and improve business metrics across the entire healthcare value chain.
- **Elisa**, a market-leading Nordics Telecommunications, ICT and Digital Services Provider extended its strategic partnership with TCS to transform and grow its services by going agile in a machine first digital world.



## Cognitive Business & Digital Assurance

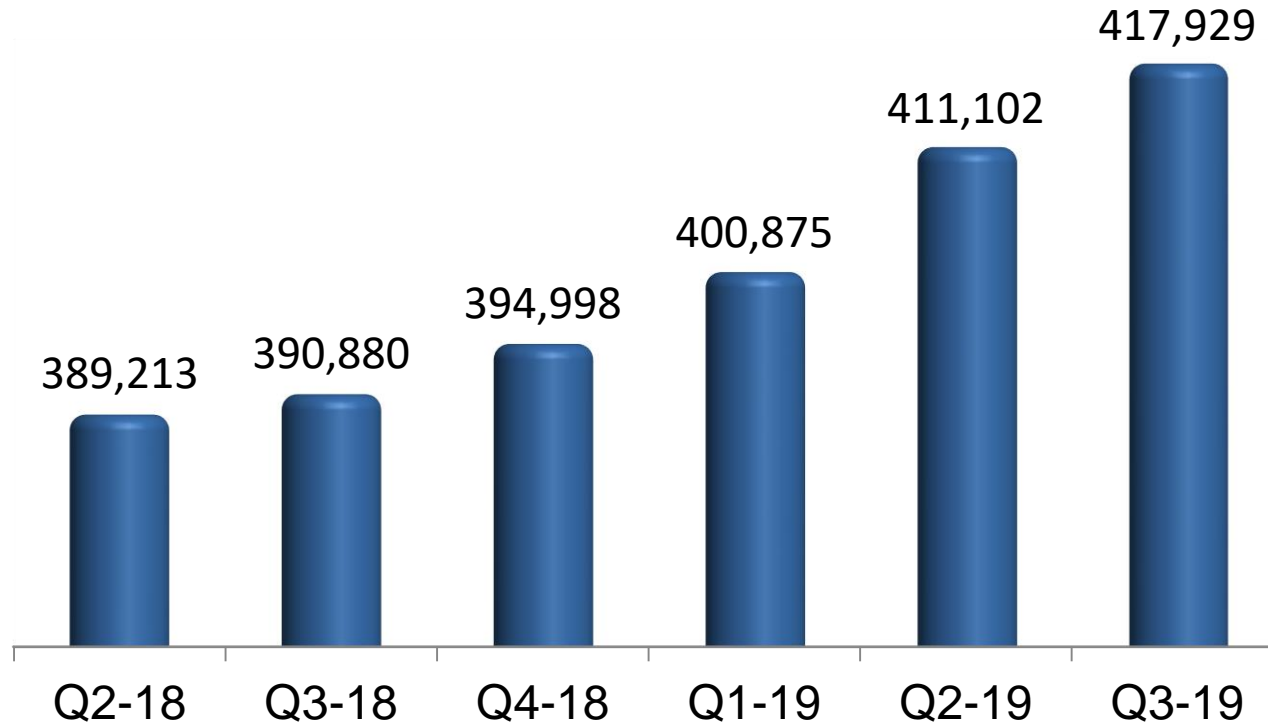
- Chosen by an Australian broadband service provider as its partner in the areas of network planning, design and operations, and to drive a Machine First™ transformation.
- Selected by an industry-leading American technology company as a strategic partner to improve the time-to-market across its products leveraging TCS Quality Engineering Transformation platforms.

# Human Resources



# Total Employee Base

Total Employees : 417,929



## Attrition\*:

- 11.2% (LTM), IT Services

## Diversity:

- Women employees: 35.8%
- Nationalities: 151

\* Excluding Subsidiaries

## Talent Development:

- 14.2m Learning hours
- 292k+ employees Digital Trained
- 318k+ employees Agile Trained



# IFRS Income Statement

Consolidated IFRS	₹ Million		% of Revenue	
	Q3 FY18	Q3 FY19	Q3 FY18	Q3 FY19
<b>Revenue</b>	<b>309,040</b>	<b>373,380</b>	<b>100.00</b>	<b>100.00</b>
Cost of revenue	178,620	217,350	57.80	58.21
<b>Gross margin</b>	<b>130,420</b>	<b>156,030</b>	<b>42.20</b>	<b>41.79</b>
SG & A expenses	52,610	60,390	17.02	16.17
<b>Operating income</b>	<b>77,810</b>	<b>95,640</b>	<b>25.18</b>	<b>25.62</b>
Other income (expense), net	8,640	11,470	2.80	3.07
<b>Income before income taxes</b>	<b>86,450</b>	<b>107,110</b>	<b>27.98</b>	<b>28.69</b>
Income taxes	21,000	25,900	6.80	6.94
<b>Income after income taxes</b>	<b>65,450</b>	<b>81,210</b>	<b>21.18</b>	<b>21.75</b>
Minority interest	140	160	0.05	0.04
<b>Net income</b>	<b>65,310</b>	<b>81,050</b>	<b>21.13</b>	<b>21.71</b>
Earnings per share in ₹	17.06	21.60		



# COR – SG&A Details

COR	₹ Million		% of Revenue	
	Q3 FY18	Q3 FY19	Q3 FY18	Q3 FY19
Employee cost	125,560	154,440	40.63	41.36
Fees to external consultants	20,860	28,220	6.75	7.56
Equipment and software	7,490	5,400	2.42	1.45
Facility expenses	6,670	7,470	2.16	2.00
Depreciation	4,010	4,150	1.30	1.11
Travel	4,510	5,610	1.46	1.50
Communication	1,940	2,430	0.63	0.65
Other expenses	7,580	9,630	2.45	2.58
<b>Cost of Revenue</b>	<b>178,620</b>	<b>217,350</b>	<b>57.80</b>	<b>58.21</b>

SGA	₹ Million		% of Revenue	
	Q3 FY18	Q3 FY19	Q3 FY18	Q3 FY19
Employee cost	39,020	45,500	12.63	12.18
Fees to external consultants	1,460	1,400	0.47	0.37
Facility expenses	3,220	3,200	1.04	0.86
Depreciation	1,060	1,040	0.34	0.28
Travel	2,230	2,940	0.72	0.79
Communication	700	840	0.23	0.23
Provision for Doubtful Debts	660	350	0.21	0.09
Other expenses	4,260	5,120	1.38	1.37
<b>S G &amp; A expenses</b>	<b>52,610</b>	<b>60,390</b>	<b>17.02</b>	<b>16.17</b>



# Cash Flow Summary

<b>IFRS in ₹ Mn</b>	<b>Q3 FY18</b>	<b>Q3 FY19</b>
Net Cash from Operations	77,880	86,820
Capital Expenditure	3,770	5,360
Free Cash Flow	74,110	81,460
Dividends Paid	16,110	16,090
Operating Cash Flow to Sales (%)	25.2	23.3
Operating Cash Flow to Net Profit (%)	119.2	107.1
Total Cash and Investments	405,910	438,120

# IFRS Statement of Financial Position

Consolidated IFRS	31-Mar-18		31-Dec-18	
	₹ Million	%	₹ Million	%
<b>Assets</b>				
Property and equipment	116,000	10.70	114,560	10.44
Intangible assets and Goodwill	38,960	3.59	39,760	3.62
Accounts Receivable	250,370	23.09	273,490	24.92
Unbilled Revenues	69,130	6.38	83,890	7.65
Investments	360,080	33.21	298,040	27.16
Cash and Cash equivalents	48,830	4.51	52,460	4.78
Other current assets	90,050	8.31	151,850	13.84
Other non current assets	110,670	10.21	83,240	7.59
<b>Total assets</b>	<b>1,084,090</b>	<b>100.00</b>	<b>1,097,290</b>	<b>100.00</b>
<b>Liabilities and Shareholders' Equity</b>				
Shareholders' Funds	872,410	80.47	853,210	77.76
Long term borrowings	540	0.05	460	0.04
Short term borrowings	1,930	0.18	170	0.02
Other current liabilities	176,350	16.27	211,350	19.26
Other non-current liabilities	28,840	2.66	27,790	2.53
Minority Interest	4,020	0.37	4,310	0.39
<b>Total Liabilities</b>	<b>1,084,090</b>	<b>100.00</b>	<b>1,097,290</b>	<b>100.00</b>

# IFRS Income Statement – In USD

Consolidated IFRS	\$ Million		% of Revenue	
	Q3 FY18	Q3 FY19	Q3 FY18	Q3 FY19
<b>Revenue</b>	<b>4,787</b>	<b>5,250</b>	<b>100.00</b>	<b>100.00</b>
Cost of revenue	2,767	3,056	57.80	58.21
<b>Gross margin</b>	<b>2,020</b>	<b>2,194</b>	<b>42.20</b>	<b>41.79</b>
SG & A expenses	815	849	17.02	16.17
<b>Operating income</b>	<b>1,205</b>	<b>1,345</b>	<b>25.18</b>	<b>25.62</b>
Other income (expense), net	134	161	2.80	3.07
<b>Income before income taxes</b>	<b>1,339</b>	<b>1,506</b>	<b>27.98</b>	<b>28.69</b>
Income taxes	325	364	6.80	6.94
<b>Income after income taxes</b>	<b>1,014</b>	<b>1,142</b>	<b>21.18</b>	<b>21.75</b>
Minority interest	2	2	0.05	0.04
<b>Net income</b>	<b>1,012</b>	<b>1,140</b>	<b>21.13</b>	<b>21.71</b>
Earnings per share in \$	0.26	0.30		

# COR – SG&A Details – In USD

COR	\$ Million		% of Revenue	
	Q3 FY18	Q3 FY19	Q3 FY18	Q3 FY19
Employee cost	1,945	2,172	40.63	41.36
Fees to external consultants	323	397	6.75	7.56
Equipment and software	116	76	2.42	1.45
Facility expenses	103	105	2.16	2.00
Depreciation	62	58	1.30	1.11
Travel	70	79	1.46	1.50
Communication	30	34	0.63	0.65
Other expenses	118	135	2.45	2.58
<b>Cost of Revenue</b>	<b>2,767</b>	<b>3,056</b>	<b>57.80</b>	<b>58.21</b>

SGA	\$ Million		% of Revenue	
	Q3 FY18	Q3 FY19	Q3 FY18	Q3 FY19
Employee cost	604	640	12.63	12.18
Fees to external consultants	23	20	0.47	0.37
Facility expenses	50	45	1.04	0.86
Depreciation	16	14	0.34	0.28
Travel	35	41	0.72	0.79
Communication	11	12	0.23	0.23
Provision for Doubtful Debts	10	5	0.21	0.09
Other expenses	66	72	1.38	1.37
<b>SG&amp;A expenses</b>	<b>815</b>	<b>849</b>	<b>17.02</b>	<b>16.17</b>

# IFRS Statement of Financial Position in USD

Consolidated IFRS	31-Mar-18		31-Dec-18	
	\$ Million	%	\$ Million	%
<b>Assets</b>				
Property and equipment	1,784	10.70	1,642	10.44
Intangible assets and Goodwill	599	3.59	569	3.62
Accounts Receivable	3,849	23.09	3,920	24.92
Unbilled Revenues	1,063	6.38	1,203	7.64
Investments	5,536	33.21	4,272	27.15
Cash and Cash equivalents	751	4.51	752	4.78
Other current assets	1,385	8.31	2,179	13.85
Other non current assets	1,702	10.21	1,194	7.60
<b>Total assets</b>	<b>16,669</b>	<b>100.00</b>	<b>15,731</b>	<b>100.00</b>
<b>Liabilities and Shareholders' Equity</b>				
Shareholders' Funds	13,413	80.47	12,230	77.75
Long term borrowings	8	0.05	7	0.04
Short term borrowings	30	0.18	2	0.01
Other current liabilities	2,712	16.27	3,030	19.25
Other non-current liabilities	443	2.66	398	2.54
Minority Interest	63	0.37	64	0.41
<b>Total Liabilities</b>	<b>16,669</b>	<b>100.00</b>	<b>15,731</b>	<b>100.00</b>

# Ind AS Income Statement - Consolidated

Consolidated Ind AS	₹ Crore		% of Revenue	
	Q3 FY18	Q3 FY19	Q3 FY18	Q3 FY19
<b>Revenue</b>	<b>30,904</b>	<b>37,338</b>	<b>100.00</b>	<b>100.00</b>
<b>Expenditure</b>				
a) Employee Costs	16,458	19,994	53.25	53.55
b) Cost of equipment and software licences	749	540	2.42	1.45
c) Other Operating expenses	5,410	6,721	17.51	18.00
d) Depreciation	506	519	1.64	1.39
<b>Total Expenditure</b>	<b>23,123</b>	<b>27,774</b>	<b>74.82</b>	<b>74.39</b>
<b>Profit Before Taxes &amp; Other Income</b>	<b>7,781</b>	<b>9,564</b>	<b>25.18</b>	<b>25.61</b>
Other income (expense), net	864	1,147	2.80	3.08
<b>Profit Before Taxes &amp; Exceptional Items</b>	<b>8,645</b>	<b>10,711</b>	<b>27.98</b>	<b>28.69</b>
Provision For Taxes	2,100	2,590	6.80	6.94
<b>Profit After Taxes &amp; Before Minority Interest</b>	<b>6,545</b>	<b>8,121</b>	<b>21.18</b>	<b>21.75</b>
Minority Interest	14	16	0.05	0.04
<b>Net Profit</b>	<b>6,531</b>	<b>8,105</b>	<b>21.13</b>	<b>21.71</b>
Earnings per share in ₹	17.06	21.60		

# Ind AS Balance Sheet - Consolidated

Consolidated Ind AS	₹ Crore		%	
	31-Mar-18	31-Dec-18	31-Mar-18	31-Dec-18
<b>ASSETS</b>				
Property, plant and equipment	11,506	11,467	10.82	10.66
Investments	36,008	29,804	33.88	27.70
Deferred tax assets (net)	3,449	2,207	3.24	2.05
Goodwill (on consolidation)	1,745	1,726	1.64	1.60
Cash and Bank Balance	7,161	6,718	6.74	6.24
Current Assets, Loans and Advances	38,356	48,860	36.08	45.40
Non-current assets, Loans and advances	8,071	6,837	7.60	6.35
<b>Total Assets</b>	<b>106,296</b>	<b>107,619</b>	<b>100.00</b>	<b>100.00</b>
<b>EQUITY AND LIABILITIES</b>				
Shareholders' Funds	85,128	83,211	80.09	77.32
Minority Interest	402	431	0.38	0.40
Short term and long term borrowings	235	46	0.22	0.04
Deferred tax liabilities (net)	1,170	1,288	1.10	1.20
Current liabilities and provisions	17,647	21,152	16.60	19.65
Non-current liabilities and provisions	1,714	1,491	1.61	1.39
<b>Total Liabilities</b>	<b>106,296</b>	<b>107,619</b>	<b>100.00</b>	<b>100.00</b>

# Currency mix and average realized rates in INR

Currency	Average rates			% of Revenue	
	Q3 FY18	Q3 FY19	YoY	Q3 FY18	Q3 FY19
USD	64.56	71.12	10.16%	54.79%	53.73%
GBP	85.87	90.84	5.79%	12.28%	13.91%
EUR	76.22	81.31	6.67%	9.52%	9.97%
Others				23.41%	22.39%
<b>Total</b>				<b>100.00%</b>	<b>100.00%</b>





Thank You

