HCLTech | Supercharging Progress™

Creating Value

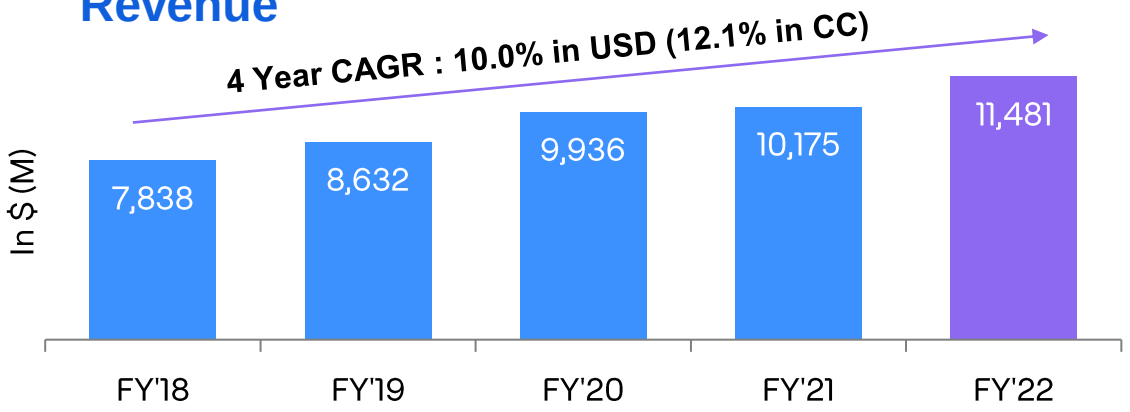
Prateek Aggarwal
Chief Financial Officer

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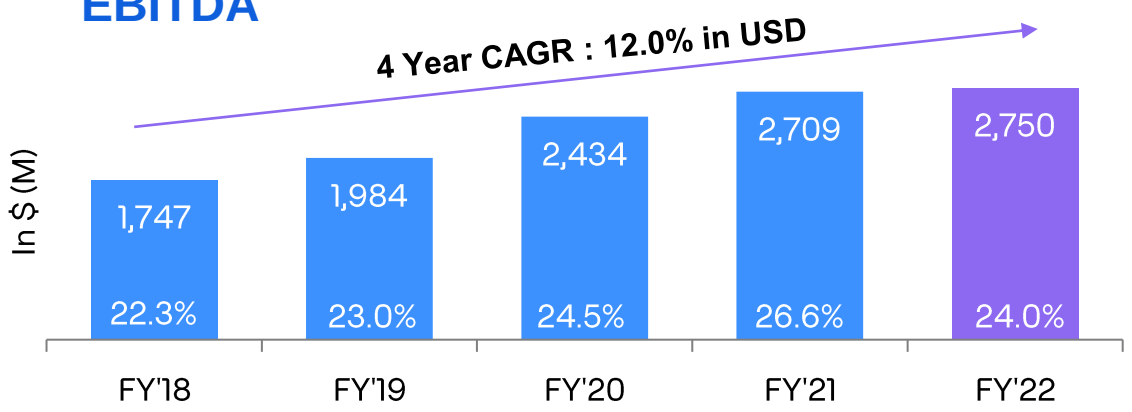
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Performance trends over five years

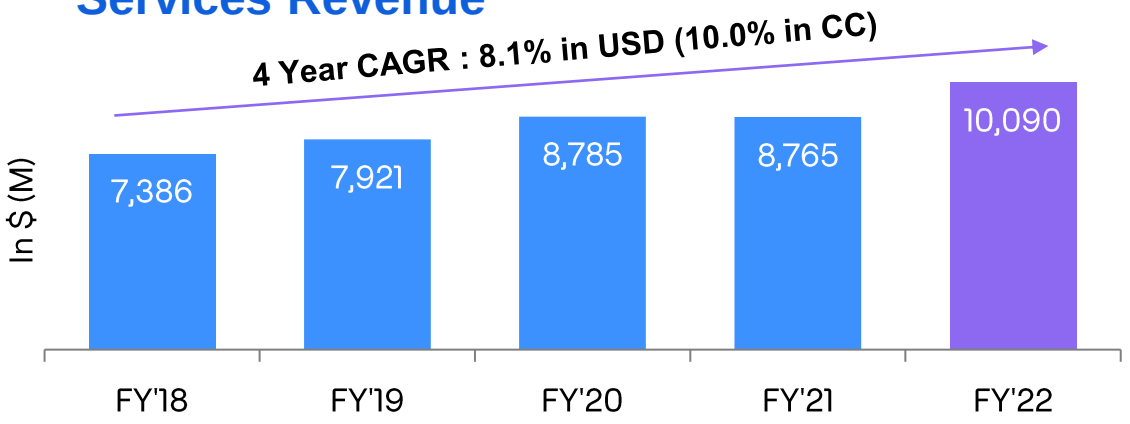
Revenue



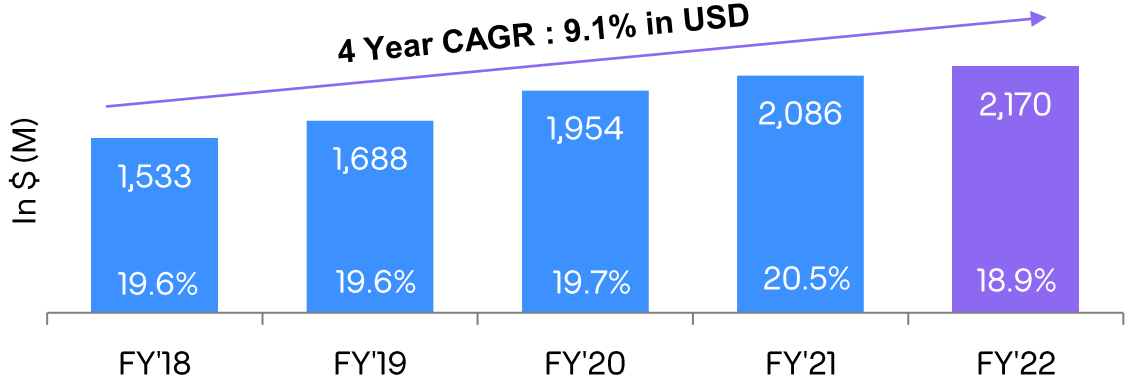
EBITDA



Services Revenue



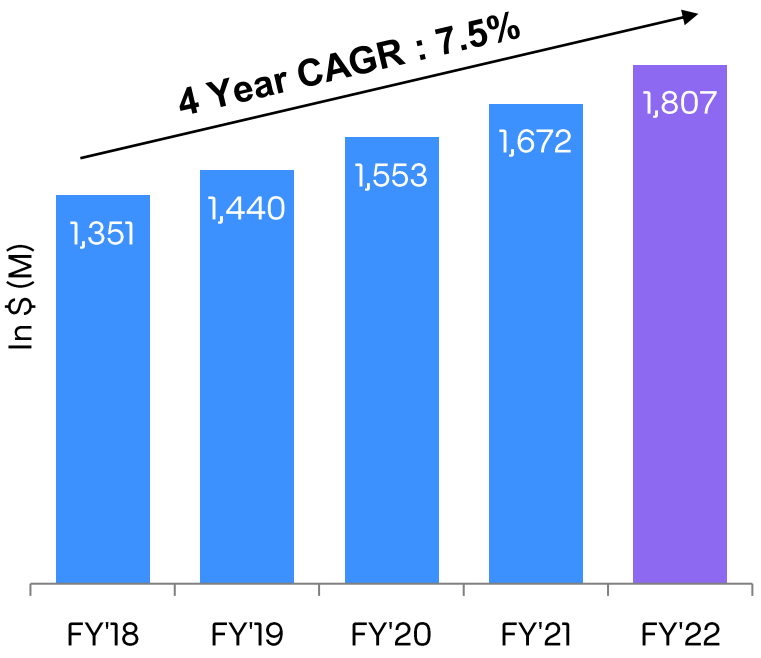
EBIT



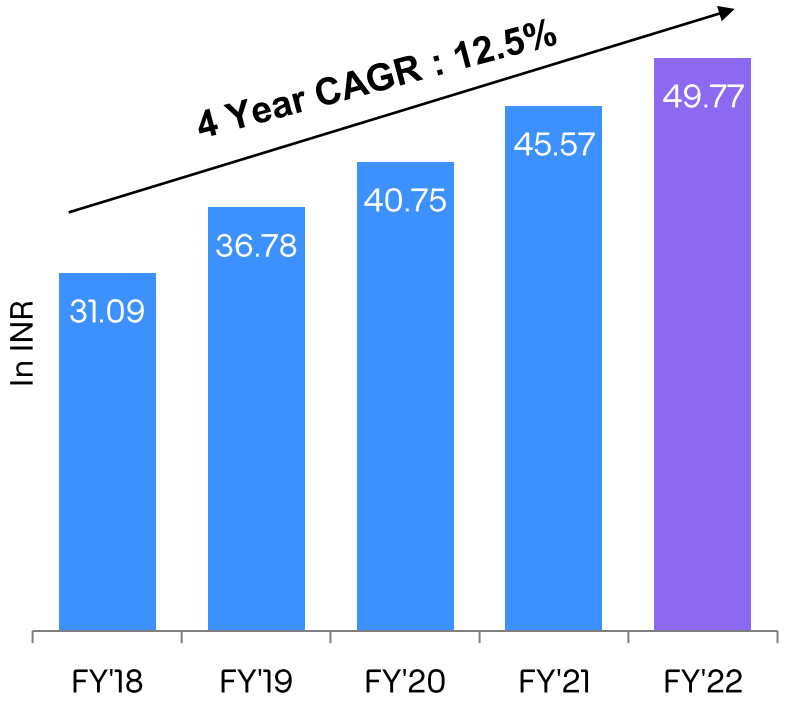
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Performance trends over five years

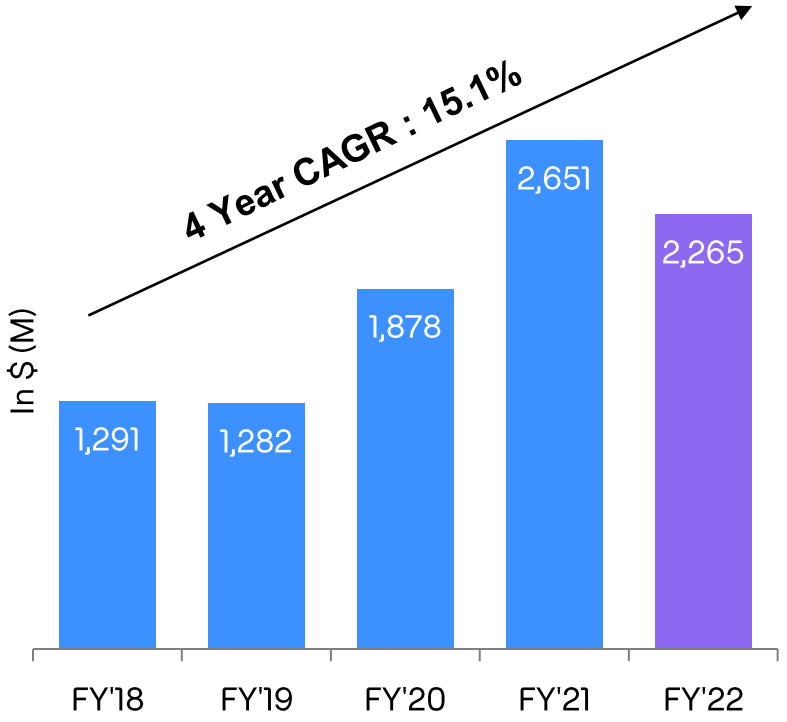
Net Income



Earning Per Share



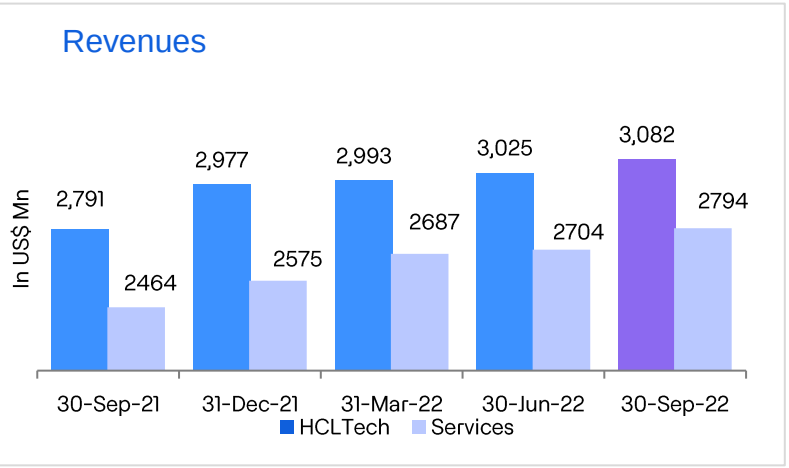
OCF

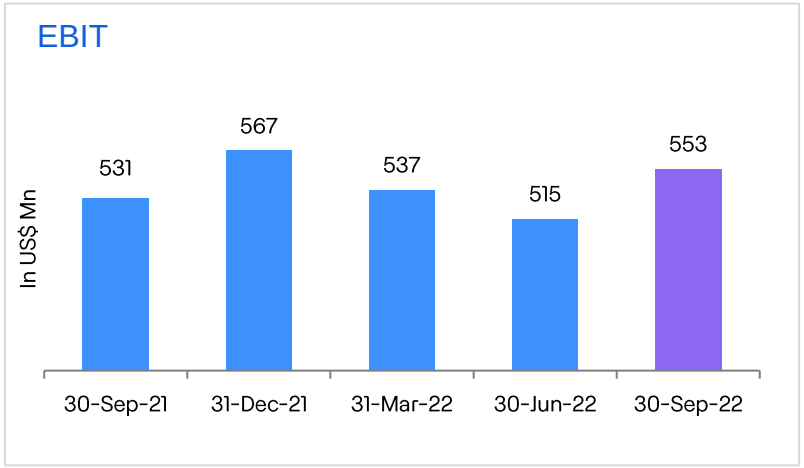


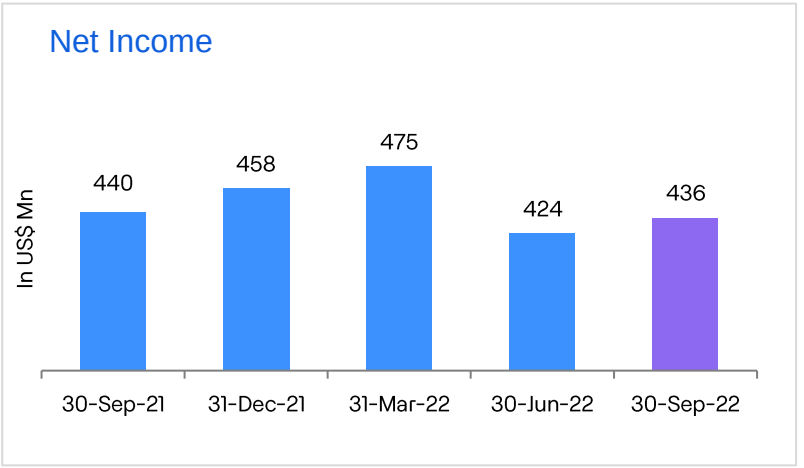
Note : FY'21 Net income excludes one-time Deferred Tax liability (DTL) on Goodwill impact in the tax expense of $165.1M.
If we include the same, net income will be $1,506M.

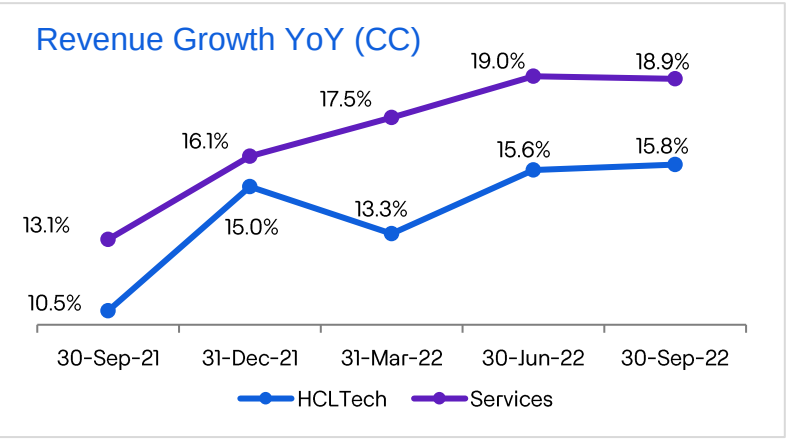
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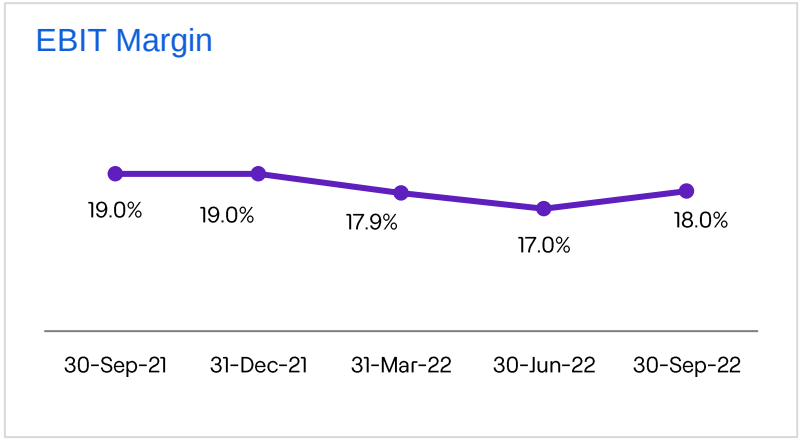
Quarterly performance trends – over five quarters

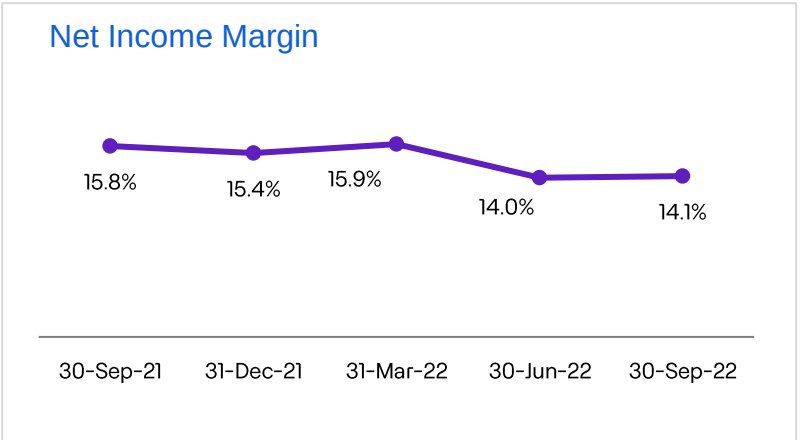












FY'23 GUIDANCE: **Revenue** expected to grow between 13.5% to 14.5% in CC. **Services Revenue** expected to grow between 16% to 17% in CC. **EBIT margin** expected to be between 18% to 19%.

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Aspire to achieve historical EBIT levels of 19-20% ASAP

Margin Levers

Realization

Improvement in realized rates from clients due to:

- Deals signed in recent quarters at better margin factoring in new cost realties
- Negotiated improvement in existing deals
- Leveraged managed service accounts with efficient resource deployment

Pyramid Optimization

- Fresher hiring:
  - FY'22: 22k
  - LTM: 30k
  - H1 FY'23: 16k
  - FY'23 Plan: ~30k
- Lateral hiring minimized

Operational Levers

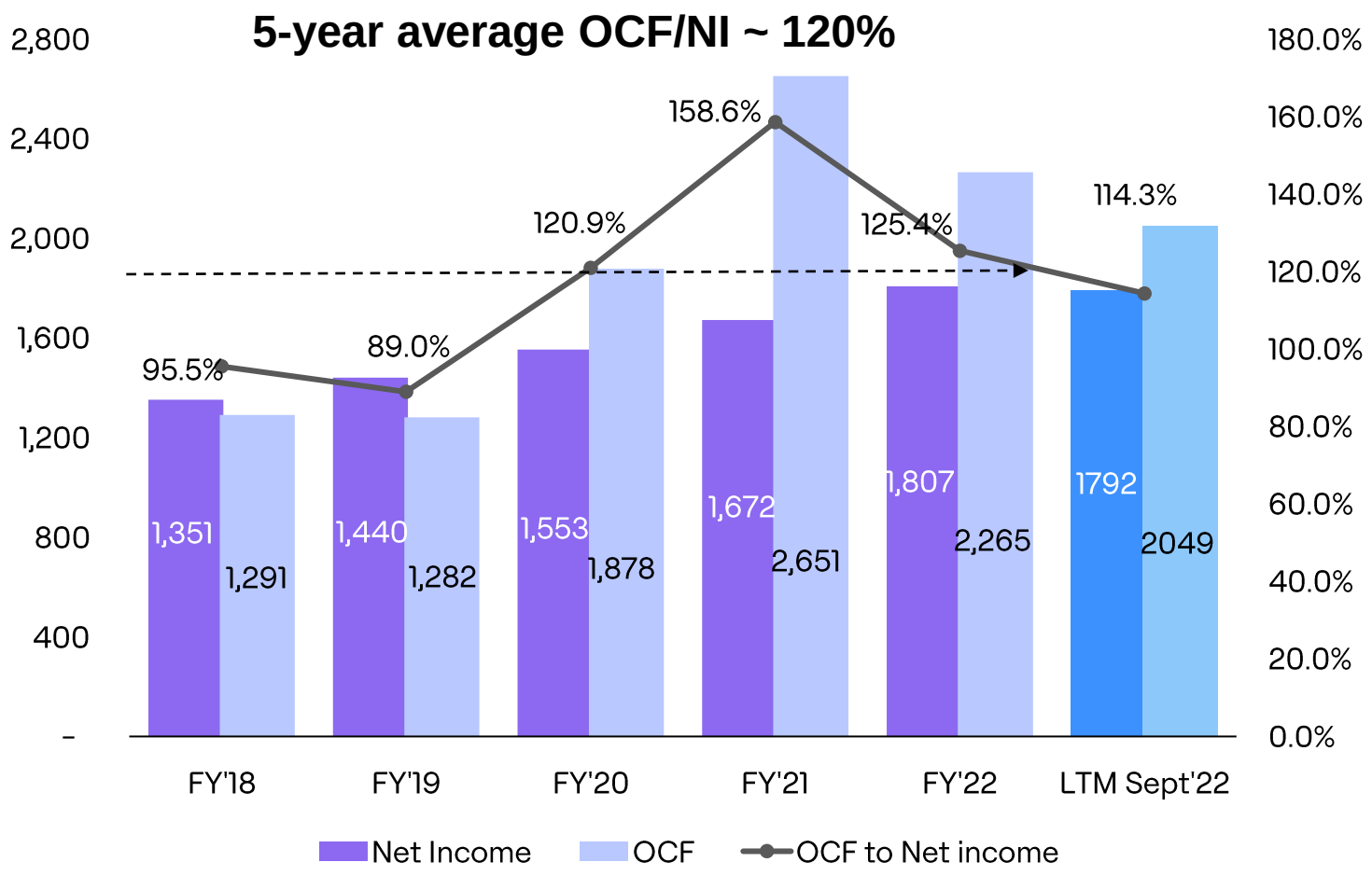
- Utilization improvement with attrition stabilizing
- Speeding up re-training and re-deployment of Freshers and people coming off projects
- Automation

Right Shoring

- Increased offshoring and continued expansion in Tier II cities: Lucknow, Madurai, Nagpur, Vijayawada
- Leveraging nearshore as strategic delivery model with increased footprint in Brazil, Mexico, Costa Rica, Poland, Bulgaria, Hungary, Romania, etc.

FY'23 EBIT Guidance: 18-19%

Generating OCF much higher than net income



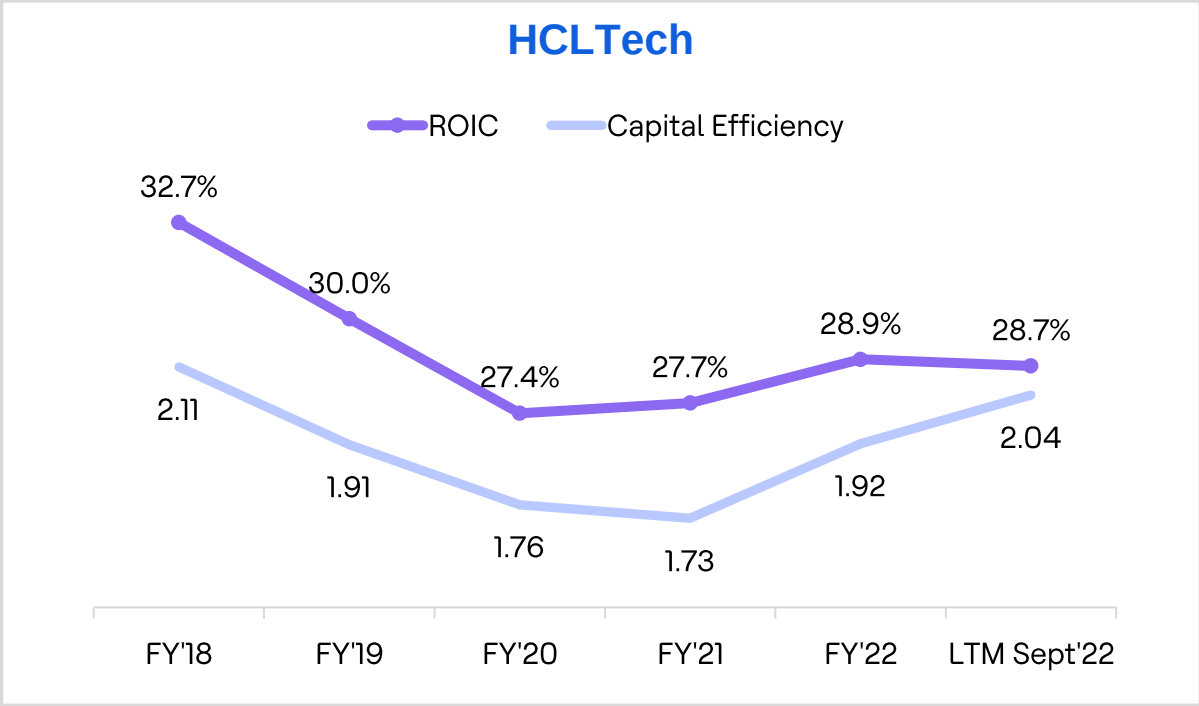
	FY'22	LTM Sep'22
Net Income	1,807	1,792
Depreciation and amortization	580	533
Working capital movement	(122)	(276)
Operating Cash Flow (OCF)	**2,265**	**2,049**

Expect OCF/NI to be ~120% next 2 years due to:

- Higher amortization charge – expected amortization for next 2 years to be in range of $200+M for each year
- Unutilized MAT credit as at Sep'22 end is $275M which will be utilized in next ~2.5 years and will give benefit in cash ETR

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Improving ROIC and capital efficiency



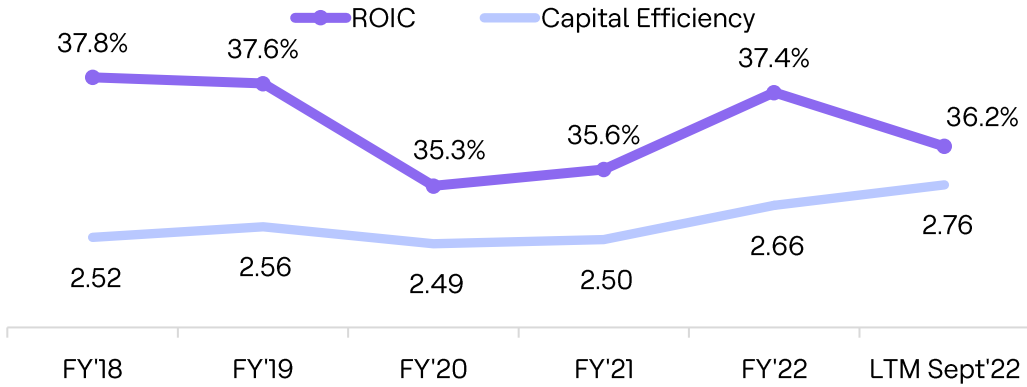
HCLTech	FY'18	FY'19	FY'20	FY'21	FY'22	LTM Sep'22
EBIT%	19.6%	19.6%	19.7%	20.5%	18.9%	18.0%
NOPAT%	15.5%	15.7%	15.6%	16.0%	15.1%	14.1%
Invt. Cap	3,711	4,509	5,642	5,893	5,989	5,923
ROIC	32.7%	30.0%	27.4%	27.7%	28.9%	28.7%

ROIC – Increased focus on capital efficiency and working capital management. Capital efficiency expected to be better than FY'18 level.

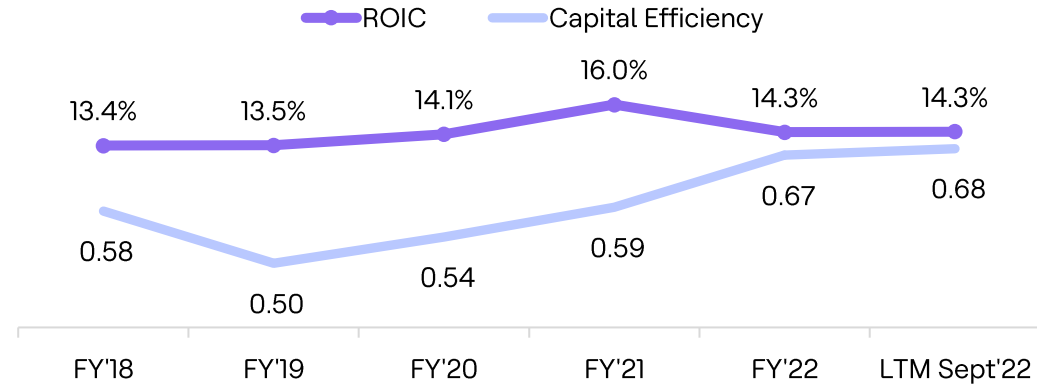
- ROIC = NOPAT/ Average invested Capital, Average (of 5 qtrs). Invested capital = Shareholders equity + Borrowing – Gross Cash
- NOPAT = EBIT * (1 – Effective Tax Rate)
- Capital Efficiency= Revenue/ Average Invested Capital

Improving ROIC and capital efficiency

HCLTech Services



HCLSoftware*



HCLTech Services	FY'18	FY'19	FY'20	FY'21	FY'22	LTM Sep'22
EBIT%	19.2%	18.7%	18.1%	19.5%	18.1%	17.1%
NOPAT%	15.0%	14.7%	14.2%	14.2%	14.1%	13.1%
Invt. Cap	2,936	3,089	3,538	3,500	3,790	3,903
ROIC	37.8%	37.6%	35.3%	35.6%	37.4%	36.2%

HCLSoftware	FY'18	FY'19	FY'20	FY'21	FY'22	LTM Sep'22
EBIT%	25.2%	29.6%	31.5%	26.6%	23.6%	24.1%
NOPAT%	23.0%	26.9%	26.1%	27.2%	21.3%	21.0%
Invt. Cap	775	1,420	2,104	2,393	2,199	2,020
ROIC	13.4%	13.5%	14.1%	16.0%	14.3%	14.3%

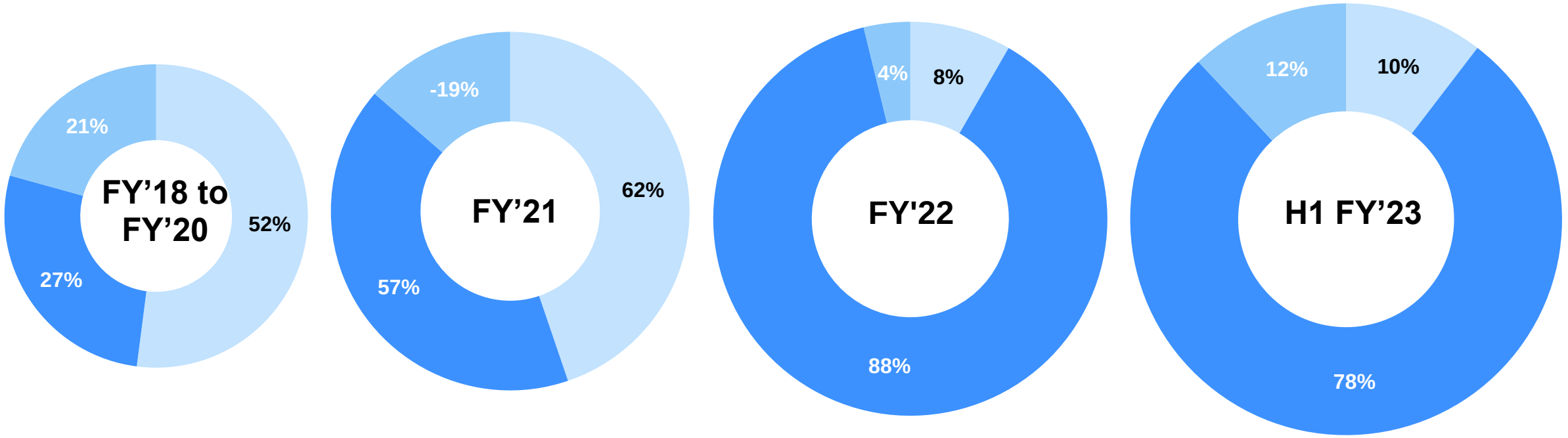
- ROIC = NOPAT/ Average invested Capital, Average (of 5 qtrs). Invested capital = Shareholders equity + Borrowing – Gross Cash
- NOPAT = EBIT * (1 – Effective Tax Rate)
- Capital Efficiency = Revenue/ Average Invested Capital

- Estimated effective tax rate for HCLSoftware segment has been arrived at by applying the tax on Specific units/entities from where HCLSoftware business operates. Residual tax has been allocated to Services business. Common assets and liabilities have been allocated between the segments in ratio of last twelve months revenue

* Previously "Products & Platforms" segment

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Capital allocation policy: payout minimum 75% of net income over five years (FY'22 to FY'26)



During FY'22, payout has been done 88.4% of net income, average dividend yield 3.8% and FCF yield 4.9%

Payment for acquisitions and IPPs | Cash returned to shareholders | Retained/(Used) in balance sheet

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HCLSoftware* performance round-up

$3.5B
Aggregate Investment

Made aggregate investment of $3.5B in HCLSoftware business since June 2016. This includes the IPP partnerships with IBM, as well as the acquisition of 7 products from IBM for ~$1.8B, announced in December 2018.

$1.4B
LTM Sept'22 Revenue

HCLSoftware business has revenue stream of $1.4B for LTM Sep'22.

About 2/3 of this is support and subscription component

24.1%
LTM Sept'22 EBIT

HCLSoftware clocked healthy EBIT of 24.1%, higher than the company EBIT of 18.0%. P&P EBIT of 24.1% is post significant non-cash amortization charge.

~69%
Recovery of Investment

Recovered ~69% of investment already; this is visible in the robust OCF generation.

Expect to recover balance investment in next couple of years.

18+% IRR

Tracking well above original business hurdle rate of 12-15% post-tax IRR in USD terms.

Synergy Benefits

Mega deal of $125M ACV, where services business got entry because of HCLSoftware presence.

Few other integrated deals in the last 3 years.

*Previously referred to as Products & Platforms Segment