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Quarterly Result Update

TECH MAHINDRA LIMITED

May 28, 2019

Tech Mahindra

Current Price: ₹ 725.10

STOCK DATA

BSE Code	532755
NSE Symbol	TECHM
Reuters	TEML.BO
Bloomberg	TECHM IN

VALUE PARAMETERS

52 W H/L(Rs)	846.00/612.50
Mkt. Cap.(Rs Cr)	69868.85
Latest Equity(Subscribed)	481.79
Latest Reserve (cons.)	19840.70
Latest EPS (cons.) -Unit Curr.	44.51
Latest P/E Ratio -cons	16.29
Latest Bookvalue(cons.) -Unit Curr.	210.91
Latest P/BV - cons	3.44
Dividend Yield -%	1.78
Face Value	5.00

SHARE HOLDING PATTERN (%)

Description as on	% of Holding (AS ON 31 Mar 2019)
Foreign	39.66
Institutions	11.66
Govt Holding	0.17
Non Promoter Corp. Hold.	1.96
Promoters	35.87
Public & Others	10.69

Consolidated Financial Results

In Cr.

	Qtr Ending Mar.2019	Qtr Ending Dec. 2018	Var. (%)	Qtr Ending Mar. 2018	Var. (%)
Sales	8892.30	8943.70	-1	8054.50	10
OPM (%)	18.12	19.11	-5	17.53	3
OP	1611.50	1709.40	-6	1411.80	14
Other income	167.10	80.60	107	451.30	-63
PBIDT	1778.60	1790.00	-1	1863.10	-5
Interest	28.10	35.80	-22	52.70	-47
PBDT	1750.50	1754.20	0	1810.40	-3
Depreciation	270.40	283.60	-5	298.60	-9
PBT	1480.10	1470.60	1	1511.80	-2
Tax	353.50	263.80	34	281.00	26
PAT	1126.60	1206.80	-7	1230.80	-8
EPS (Rs)	12.7	13.64	-7	13.93	-9

Tech Mahindra Ltd.'s profit misses estimates, Margin Slips

Financial highlights for the quarter

- Revenue at ₹ 8,892 crore; up 10.4% QoQ
- EBITDA at ₹1,778.60 crore; down 4.5% QoQ;
- Margins at 18.12%; up 100 bps QoQ
- Profit after tax (PAT) at ₹1,126 crore; down 6.65% YoY

Financial highlights for the Year

- Revenue at ₹34,742 crore; up 12.9% YoY
- EBITDA at ₹6,337 crore; up 34.6% YoY;
- Margins at 18.2%; up 290 bps YoY
- Profit after tax (PAT) at ₹4,298 crore; up 13.1% YoY
- Earnings per share (EPS) was at ₹48.5 for the year ended March 31, 2019
- The Board has proposed a dividend of ₹14 /- per share on the FV of ₹5 (280%).
- Free Cash flow for FY19 at ₹3,708 Crore

Financial highlights for the Year (USD)

- Revenue at USD 1,267.5 mn; up 1.9% YoY
- EBITDA at USD 234.8 mn; up 8.1% YoY
- Consolidated PAT at USD 162.3 mn, down 13.7% YoY

Other Highlights

- Total headcount at 121,082; up 8,275 annually;
- BPO headcount at 43,081
- Cash conversion to PAT at 107% for Q4'19 and 87% for Fy'19
- Cash and Cash equivalent of USD 1,401 mn as of March 31, 2019
- The Active Clients count stood at 938 in Q4'19, up by 3 QoQ

Key Wins

- Selected by one of the world's top technology players in Asia as an automation partner to digitally transform and enhance its process efficiency and IT solutions through smart and intelligent operations.
- TechM has been selected by a leading Aircraft Manufacturer for full aircraft cabin design and engineering for all its programs.
- Engaged by a Government Agency in the Middle Eastern region as a strategic partner to support their digitization initiatives.
- TechM has been selected by a Tier 1 American Telco to design, build, maintain and support their real-time analytics platform, leveraging Tech Mahindra's agile delivery model.
- Signed a deal with a Department of an African Government for SAP S/4 HANA Implementation across different units.
- TechM has won a deal with a leading network equipment provider. TechM will be responsible for end to end management of their cloud engineering services.
- Engaged by a UK-based multi-national banking and financial services organization as a strategic partner for transformation journey of its Malaysian operations.
- Signed a deal with a leading semiconductor manufacturer in the US. TechM is required to design, build and manage the IT Infrastructure (Towers – hosting, networking, workspace, IT security and service management) and applications environments and services for the customer over the next four years.
- Selected by a leading cloud platform company as the managed services partner for the management, maintenance, support, and operations of the infrastructure.
- TechM has won a deal with one of the largest Telcos in the Caribbean region for a greenfield transformation project, leveraging Tech Mahindra's knowledge of best practices and processes.
- Selected by a US headquartered largest wellness platform serving 35 Mn customers across 130 countries as a strategic consulting and transformation partner.
- Engaged by one of the largest courier and local package delivery service provider as a managed services partner for its infrastructure services.

Business Highlights

- Tech Mahindra and University of Nebraska at Omaha (UNO) collaborate to create a Future-Ready Workforce in the Midwestern U.S., armed with the latest digital capabilities and in-demand skills.

- Tech Mahindra will enter into a unique partnership with U.S. Based Orbic to co- design and co-create a 5G device portfolio including a Smartphone, Tablet, Hotspot and Home Router in India and the U.S., for the global markets.
- Tech Mahindra has joined the TBCASoft to promote the Cross-Carrier Blockchain Platform for telecom carriers.
- University of Sydney partners with Tech Mahindra's research arm, Makers Lab to co-create Next Gen Technology Solutions to tackle issues set out by industry, community and government organizations.
- Tech Mahindra Launches "netOps.ai" its Network Automation and Managed Services Framework based on CI/CD (Continuous Integration / Continuous Deployment) principles to accelerate 5G Network adoption by automating all the key network life cycle stages.

C P Gurnani, Managing Director & Chief Executive Officer, Tech Mahindra said. "We had a satisfactory year, characterized by significant margin improvements, a growing digital portfolio and considerable increase in deal wins. While our Enterprise business has performed satisfactorily during the year, we are encouraged by the revival of the Communications business. Our continued investments into our partner ecosystem for building a unique portfolio of 5G offerings will enable us to address the Networks of the Future opportunity."

Manoj Bhat, CFO, Tech Mahindra said. "It has been a year of overall operational performance improvement on various fronts, leading to a significant expansion in EBITDA margin year on year. We initiated our maiden share buyback program on the back of a healthy cash conversion during the year, with a view to returning enhanced value to our shareholders."

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