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Tech Mahindra Q3'19 PAT up 28% YoY

Revenue up 15% YoY and EBITDA up 36% YoY

Mumbai, February 05, 2019: Tech Mahindra Ltd., a leading provider of digital transformation, consulting and business re-engineering services and solutions, today announced the audited consolidated financial results for its third quarter ended Dec 31, 2018.

Financial highlights for the quarter (₹)

- Revenue at ₹ 8,944 crore; up 15.0% YoY and up 3.6% QoQ
- EBITDA at ₹ 1,723 crore; up 36.2% YoY and 6.4% QoQ
 - EBITDA margins at 19.3%; up 300 bps YoY and 50 bps QoQ
- Consolidated PAT at ₹ 1,203 crore; up 27.5% YoY; and 13.0% QoQ
- Earnings per Share (EPS) was ₹ 13.55 for the quarter ended Dec 31, 2018

Financial highlights for the quarter (USD)

- Revenue at USD 1,260.8 mn; up 4.3% YoY and up 3.5% QoQ
 - Revenue growth up 4.3% QoQ, in Constant Currency terms
- EBITDA at USD 244.7 mn; up 24.2% YoY and up 7.8% QoQ
- Consolidated PAT at USD 171.1 mn, up 16.4% YoY and up 14.5% QoQ

Other Highlights

- Total headcount at 121,842; up 3,451 QoQ
 - Software headcount stood at 71,785; BPO at 43,439
- Free cash flow of \$ 160.3 mn; cash conversion to PAT at 94%
- Cash and Cash equivalent of \$ 1,251.8 mn as of Dec 31, 2018
- The Active Client count stood at 935 in Q3, up by 5 QoQ



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C P Gurnani, Managing Director & Chief Executive Officer, Tech Mahindra said, *“This is a milestone quarter for Tech Mahindra with 5 billion dollars annual revenue run rate in sight. The current quarter has been impressive on all fronts, delivering steady growth in Enterprise and Communications business along with margin expansion. Our Run, Change and Grow strategy has helped us deliver a strong 10% sequential growth in digital revenues. We are confident of continuing the growth momentum.”*

Manoj Bhat, Chief Financial Officer, Tech Mahindra said, *“We continue to improve on our operating metrics across most of our business lines. We have clocked yet another strong quarter, in terms of revenue growth, continued EBITDA margin improvement, cash flow and robust deal wins. This continued thrust on optimization and yield management has helped us achieve margin improvement of 300 bps on a YoY basis.”*

Key Wins

- Engaged by a leading Telco in UK, as a partner in their transformation journey. Tech Mahindra will be responsible for driving improved customer experience through Next-Gen transformation, Automation and System rationalization.
- Bagged a contract from one of the largest banks in the ANZ region for digital channel integration across core banking processes and asset finance.
- Selected by a leading provider of jet engines and components for commercial and military aircraft as its partner for digital transformation solutions and cloud migration services, leveraging Tech Mahindra’s delivery excellence.
- Awarded a multi-year, multi-million dollar, customer experience transformation deal, by one of the largest Railroad companies in North America for technical infrastructure management and enterprise security, using best-in-class artificial intelligence and automation-based solution.
- Selected by a leading healthcare solution and device manager as long-term, strategic partner for engineering services leveraging Tech Mahindra’s expertise in Next-Gen technologies.



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- Engaged by a leading global car manufacturer for complete development, localization and testing of vehicles.
- Chosen by a Tier 1 telecom operator in Western Europe for multi pillar-services, including Robotics, Automation, Security, Cloud, and Release management services.
- Chosen as a technology partner by one of the largest Global Communication Services Provider in the US for Turnkey services across the life cycle of Site Design, Engineering and Construction.
- Engaged by a Tier 1 CSP in North America as a strategic partner for program management, architecture, design and implementation, leveraging latest digital and data analytics technologies.

Business Highlights

- Tech Mahindra has launched *GAiA* - the first enterprise edition of open source Artificial Intelligence (AI) platform *Acumos*, which will enable enterprises across industry verticals to build, share and rapidly deploy AI-driven services and applications to solve business critical problems.
- Tech Mahindra has partnered with *H2O.ai*, the open source leader in Artificial Intelligence for establishing Center of Excellence to focus on critical industries such as Communications, Media & Entertainment, Healthcare & Life Sciences, and Banking, Financial Services & Insurance.
- Tech Mahindra has set up a 'Video Integration and Engineering' (VIE) business unit to leverage cutting-edge technology and solutions to cater to the heavy demand of video services in the 5G ecosystem.
- Tech Mahindra and *Rakuten Mobile Network Inc.* have collaborated for building world-class, next generation (4G & 5G) Software Defined Network laboratories. This lab will be one of its kind in the industry, which will help create next generation of mobile broadband, enabled by 5G, and transformation of industries across the globe.



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Awards & Recognition

- Tech Mahindra recognized as a leader in group PEAK Matrix™ Report for Automotive & Software Product Engineering Services for their ability to offer large-scale product engineering engagements leveraging their strong project management capabilities and widespread delivery footprint.
- Tech Mahindra received IDC Insights Award 2018 for the Chatbot UVO.
- Tech Mahindra wins the Best Business Transformation Solution in Energy from the GEC Media Group.
- Tech Mahindra's CEO recognized for his significant contribution to the company's strategy and philosophy, by the jury of the 14th Indo-American Corporate Excellence (I-ACE) Awards.
- Tech Mahindra has emerged as one of the Top 10 Best Companies for Women in India in the 2018 Working Mother & AVTAR 100 Best Companies List.
- Tech Mahindra gets the "Best International Organization in Skill Development" in the ASSOCHAM Skilling India Awards -2018.

About Tech Mahindra

Tech Mahindra represents the connected world, offering innovative and customer-centric information technology experiences, enabling Enterprises, Associates and the Society to Rise™. We are a USD 4.9 billion company with 121,840+ professionals across 90 countries, helping over 935 global customers including Fortune 500 companies. Our convergent, digital, design experiences, innovation platforms and reusable assets connect across a number of technologies to deliver tangible business value and experiences to our stakeholders. Tech Mahindra is the highest ranked Non-U.S. company in the Forbes Global Digital 100 list (2018) and in the Forbes Fab 50 companies in Asia (2018).

We are part of the USD 21 billion Mahindra Group that employs more than 200,000 people in over 100 countries. The Group operates in the key industries that drive economic growth, enjoying a leadership position in tractors, utility vehicles, after-market, information technology and vacation ownership.

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Disclaimer

Certain statements in this release concerning the future prospects of Tech Mahindra Limited ("the Company" or "TechM") are forward-looking statements. These statements by their nature involve risks and uncertainties that could cause Company's actual results differ materially from such forward-looking statements. The Company, from time to time, makes written and oral forward-looking statements based on information available with the management of the Company and the Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company.



Audited consolidated financial results for the quarter ended Dec 31, 2018 drawn under IND AS

Consolidated Income Statement

(₹ Mn)

Particulars	Quarter Ending		
	Dec-18	Sep-18	Dec-17
Revenue	89,437	86,298	77,760
Cost of Services	59,845	56,923	53,807
Gross Profit	29,592	29,375	23,953
SG&A	12,366	13,189	11,306
EBITDA	17,226	16,187	12,647
Other Income	806	1,751	2,250
Interest Expense	358	388	341
Depreciation & Amortization	2,836	2,944	2,742
Profit before Tax	14,706	14,473	11,814
Provision for taxes	2,638	3,914	2,570
Minority Interest	(39)	84	187
Share of profit / (loss) from associate	(132)	(133)	0
Profit after tax	12,029	10,643	9,431
EPS (₹)			
Basic	13.55	11.99	10.73
Diluted	13.45	11.93	10.61