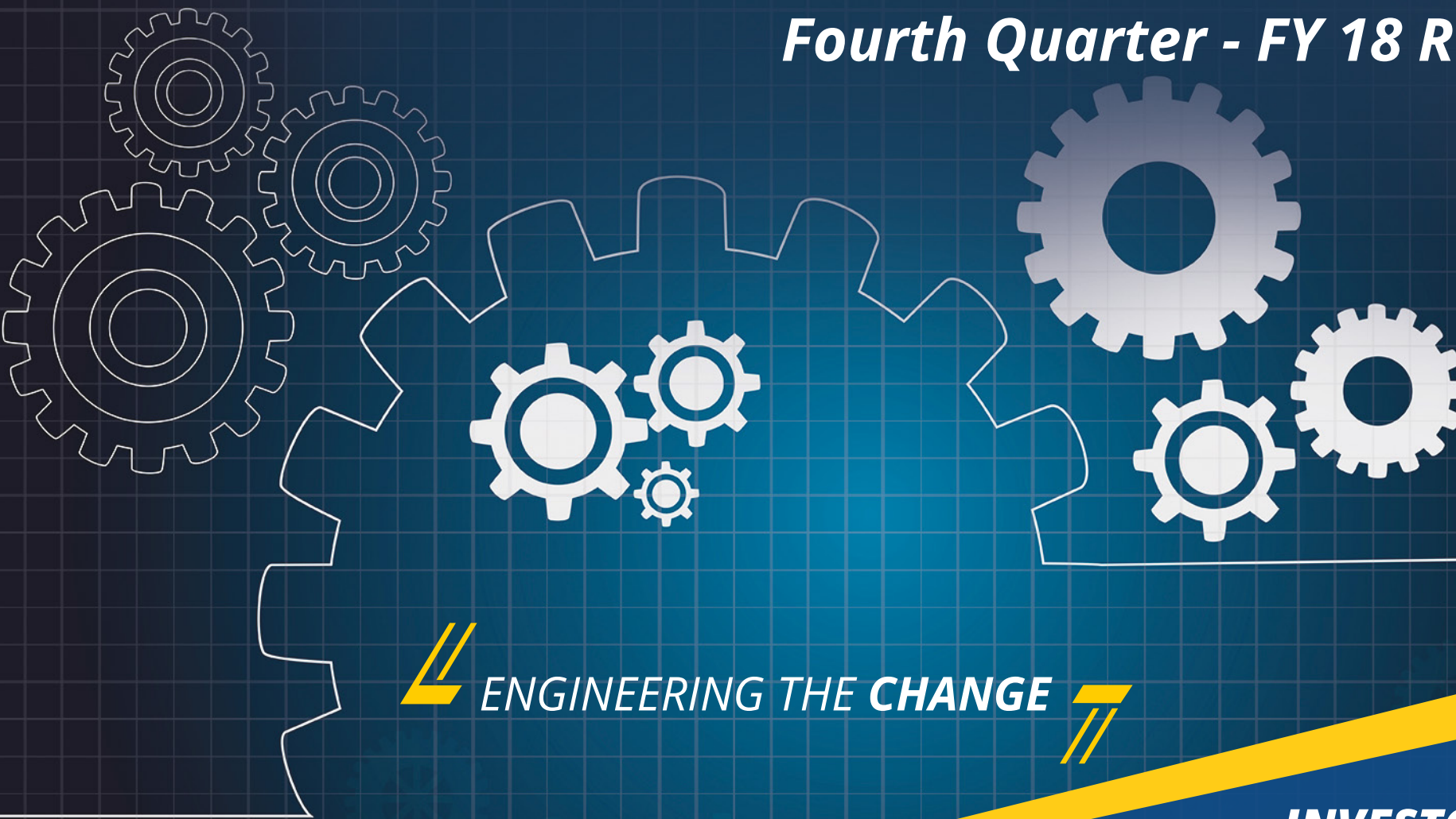


L&T Technology Services Limited **Fourth Quarter - FY 18 Results**

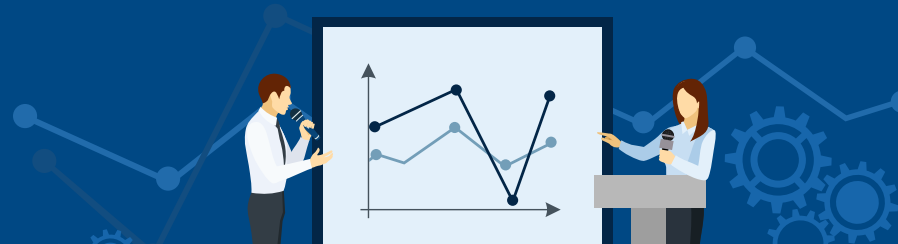


ENGINEERING THE CHANGE

INVESTOR RELEASE

Mumbai, India - May 22, 2018

FINANCIAL HIGHLIGHTS



REVENUE IN INR

- INR Revenue at **₹10,548 million** for the quarter; growth of **8.8% QoQ; 29.9% YoY**
- INR Revenue at **₹37,471 million** for the year; growth of **15.4% YoY**

REVENUE IN USD

- US Dollar Revenue at **\$162.4 million** for the quarter; revenue growth of **7.6% QoQ; 34.0% YoY**; growth in constant currency at **7.1% QoQ; 31.8% YoY**
- US Dollar Revenue at **\$580.4 million** for the year; revenue growth of **19.8% YoY**, growth in constant currency at **18.2% YoY**

PROFIT IN INR

- EBITDA at **₹1,695 million** for the quarter; EBITDA margin at **16.1%**
- Net Income at **₹1,588 million** for the quarter, up **25.9% QoQ** and **65.6% YoY**; Net margin at **15.1%**
- EBITDA at **₹5,811 million** for the year; EBITDA margin at **15.5%**
- Net Income at **₹5,060 million** for the year, up **19.1% YoY**; Net margin at **13.5%**

SAFE HARBOUR STATEMENT

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause our actual results to differ materially from those in such forward-looking statements. L&T Technology Services Limited (LTTS) does not undertake to update any forward-looking statement that may be made from time to time by us or on our behalf.

MESSAGE FROM THE CEO & MANAGING DIRECTOR



We are pleased with our performance in FY18, closing the year with **USD580mn** in revenue – which is an industry leading growth of **20%** YoY. Our strategy of focusing on Top 30 accounts, winning large deals and co-innovating with customers has worked well. During FY18, our key achievements include acquiring US based Esencia Technologies which has helped increase our footprint in high-end VLSI and ASIC, opening a Centre of Excellence for video and security in Israel - a hub for innovation, and winning multiple large deals with marquee clients across verticals and technologies.

In Q4, we had a strong revenue growth of **8%** QoQ in USD terms, with all five industry segments registering growth on a sequential basis. We announced two large deal wins with Covestro and Exxon Mobil. We increased the USD40mn+ annual billing clients by two, and the USD10mn+ clients by three, on YoY basis. EBITDA margins was **16.1%** in Q4 and we are taking steps to drive further margin improvement through operational efficiencies.

During the fourth quarter we were awarded the Golden Peacock Innovative Product & Service Award 2018 for our proprietary smart building product i-BEMS (Intelligent Building Energy Management System). HfS Research has positioned LTTs in the 'Winner's Circle' for Excellence in innovation and execution in IoT Services.

We recently concluded the second edition of TECHgium® which is a pioneering initiative by LTTs to recognize young engineering enthusiasts by providing an opportunity to work on technologies of tomorrow. The winning teams came up with remarkable solutions around IoT, Machine Learning, Advanced Image Processing and Smart Tools and we are proud that we could contribute in bridging industry-academia gap and building digital skillsets among today's youth.

As we look ahead, we see large customers across the globe accelerating their investments in digital engineering and partnering with us to build smart products, create factories of the future embedded with new age technologies and increase returns from their legacy products. Our revenues from digital & leading-edge technologies increased to **26%** of the overall business in FY18, driven by investment into newer areas such as NB-IoT, Machine Learning and Embedded AI and creation of new labs to spur research and innovation. We feel confident about growth momentum continuing in FY19 as we see broad-based demand and a strong positioning in all our five verticals.

I would like to thank our employees for their commitment, and our investors & stakeholders for their continued support and encouragement.



Dr. Keshab Panda

CEO & Managing Director
L&T Technology Services Limited



PERFORMANCE HIGHLIGHTS



KEY DEAL WINS

We won several multi-million dollar projects from our global customers across all our verticals. A few key deals are as mentioned below:

- LTTS won a digitalization contract valued at more than \$20 million in the first year, from ExxonMobil Exploration Company, an American multinational oil and gas corporation.
- Germany's Covestro, a world-leading manufacturer of high-tech polymer materials, chose LTTS as one of its major engineering services partners. LTTS won a multi-million dollar contract to implement digitalization based Engineering Programs across Covestro's global locations.
- LTTS entered into a multi-year partnership with a leading networking OEM for a complex 5G product development and testing program. LTTS will also provide engineering services and support to the manufacturer for product commercialization activities in the North American region.
- For a Japanese manufacturer, LTTS has entered into a multi-year deal for end-to-end design & development of its product line across two design centers in India. LTTS will roll out product variants on an ongoing basis from the centres.
- For a European Off Highway major, LTTS is setting up a design centre to build components for the customer's agricultural as well as construction equipment divisions.

FINANCIAL PERFORMANCE

INCOME STATEMENT

Amount in ₹ million

	Q4FY17	Q3FY18	Q4FY18	QoQ	YoY	FY17	FY18	YoY
Revenue	8,123	9,691	10,548	8.8%	29.9%	32,483	37,471	15.4%
Cost of sales	5,461	6,892	7,575			21,964	26,738	
Gross Profit	2,662	2,799	2,973	6.3%	11.7%	10,519	10,733	2.0%
Selling, General & Administration Expenses	1,316	1,314	1,278			4,663	4,922	
EBITDA	1,346	1,485	1,695	14.1%	25.8%	5,856	5,811	-0.8%
Change in Contingent Consideration			55				55	
Depreciation & Amortisation	147	145	452			625	888	
EBIT	1,199	1,340	1,188	-11.4%	-1.0%	5,231	4,868	-6.9%
Other Income, net	27	426	747			561	1,910	
Income tax expense	261	501	344			1,542	1,712	
Minority Interest	5	2	3			1	6	
Net Income	960	1,263	1,588	25.9%	65.6%	4,249	5,060	19.1%
Margins (%)								
Gross Margin	32.8%	28.9%	28.2%			32.4%	28.6%	
EBITDA Margin	16.6%	15.3%	16.1%			18.0%	15.5%	
EBIT Margin	14.8%	13.8%	11.3%			16.1%	13.0%	
Net Income Margin	11.8%	13.0%	15.1%			13.1%	13.5%	
Earnings Per Share (INR)								
Basic	9.49	12.36	15.52			42.08	49.60	
Diluted	9.13	12.00	15.08			39.64	48.18	

OTHER INCOME

Amount in ₹ million

	Q4FY17	Q3FY18	Q4FY18	FY17	FY18
Income from investments, net	22	16	22	53	70
Foreign exchange gains/(loss)	-13	259	376	418	1,147
Others	18	151	349	90	693
Total	27	426	747	561	1,910

NOTES

1. In Q4FY18, Esencia Technologies (a 100% subsidiary of LTTTS) entered into an agreement with one of its customers for a sale of intellectual property and transfer of certain resources, for a total consideration of USD17mn. This transaction has three milestones – an initial consideration of USD3.5mn in Q4FY18, out of which a value of USD2.97mn has been attributed to sale of the intellectual property, recorded in Revenue and the balance amount of 0.53mn attributed to transfer of resources recorded under Other income. The second milestone comprising of USD12mn received in Q1FY19 and the third milestone of USD1.5mn to be received in Q1FY20, are attributed to transfer of resources. Both the second and third milestone will be recorded under Other income in the respective quarters.
2. As part of the Esencia acquisition, a contingent consideration of USD3.15mn payable to the sellers of Esencia Technologies upon achievement of financial targets was recorded in the balance sheet in accordance with the terms of Stock Purchase Agreement (SPA). Due to a revision of the SPA pursuant to the transaction mentioned in Note 1, the contingent consideration has been fair valued to USD4mn and the change in such fair value of USD0.85mn (equivalent to INR55mn) has been recorded in the P&L in Q4FY18. There is no further consideration payable to the sellers of Esencia Technologies.
3. There is an increase under Depreciation and Amortization in Q4FY18 vis-a-vis Q3FY18, due to a one-time obsolescence charge of certain software of INR48mn and an additional charge of INR259mn primarily attributed to a change in the useful life of customer contracts arising out of acquisitions, from 7 years to 4 years.
4. The credit in deferred tax in Q4FY18 is primarily due to a) lower cumulative deferred tax liability on account of changes in the US tax rate and b) change in useful life of customer relationships from 7 years to 4 years as mentioned in Note 3.

BALANCE SHEET

Amount in ₹ million

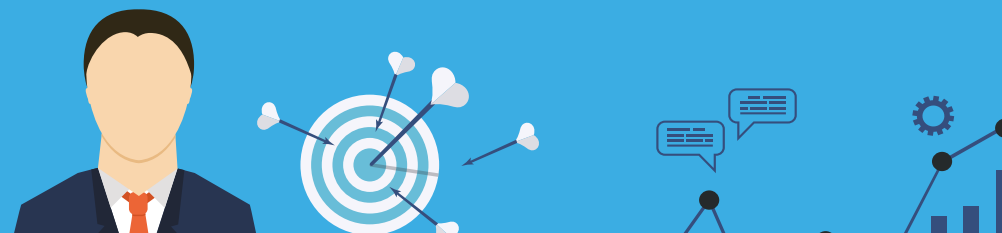
	FY17	FY18
Assets		
Property and equipment	1,213	1,251
Intangible Assets and Goodwill	4,948	5,844
Accounts Receivable	7,106	9,623
Unbilled Revenues	2,295	2,154
Cash & Investments	2,618	3,749
Other current assets	2,380	3,081
Other non-current assets	1,769	1,349
Total Assets	22,329	27,051
Liabilities and Shareholders' Equity		
Shareholders' Funds	14,856	19,364
Short term borrowings	1,019	702
Other current liabilities	6,446	6,935
Other non-current liabilities	12	47
Minority Interest	-4	3
Total Liabilities	22,329	27,051

CASH FLOW SUMMARY

Amount in ₹ million

	FY17	FY18
Net cash provided by operating activities	3,872	4,130
Capex	-447	-511
Free Cash Flow	3,425	3,619
Free Cash flow to Net Income (%)	80.6%	71.5%

OPERATIONAL PERFORMANCE



	Q4FY17	Q3FY18	Q4FY18	QoQ Growth	YoY Growth	In Constant Currency	
						QoQ Growth	YoY Growth
Revenue (USD Mn)	121.2	151.0	162.4	7.6%	34.0%	7.1%	31.8%

	FY17	FY18	YoY Growth	In Constant Currency	
				YoY Growth	YoY Growth
Revenue (USD Mn)	484.4	580.4	19.8%	18.2%	

REVENUE BY VERTICAL

	Q4FY17	Q3FY18	Q4FY18	QoQ Growth	YoY Growth	FY17	FY18	YoY
Transportation	33.4%	30.9%	30.8%	7.3%	23.7%	33.0%	31.8%	15.2%
Industrial Products	26.9%	21.8%	20.9%	3.1%	3.7%	26.2%	22.8%	4.0%
Telecom & Hi-tech	19.0%	27.9%	29.5%	13.5%	108.1%	18.7%	25.7%	65.4%
Process Industry	14.1%	12.7%	12.3%	4.1%	16.9%	15.3%	12.9%	1.2%
Medical Devices	6.6%	6.7%	6.5%	5.6%	32.7%	6.8%	6.8%	20.0%

REVENUE BY GEOGRAPHY

	Q4FY17	Q3FY18	Q4FY18	QoQ Growth	YoY Growth	FY17	FY18	YoY
North America	63.3%	58.7%	57.6%	5.7%	21.9%	62.9%	60.2%	14.6%
Europe	17.3%	17.2%	18.6%	16.3%	44.0%	19.1%	17.3%	8.5%
India	9.2%	11.5%	11.7%	8.3%	69.4%	7.9%	10.8%	64.6%
Rest of the World	10.2%	12.6%	12.1%	3.8%	59.7%	10.1%	11.7%	38.5%

REVENUE MIX

	Q4FY17	Q3FY18	Q4FY18	FY17	FY18
Onsite	49.2%	50.7%	50.0%	48.9%	50.2%
Offshore	50.8%	49.3%	50.0%	51.1%	49.8%

REVENUE BY PROJECT TYPE

	Q4FY17	Q3FY18	Q4FY18	FY17	FY18
Fixed Price	30.4%	38.2%	37.0%	30.2%	37.0%
Time and Material Contract	69.6%	61.8%	63.0%	69.8%	63.0%

CLIENT PROFILE

	Q4FY17*	Q3FY18	Q4FY18
Number of Active Clients	223	233	235
40 Million dollar +	0	1	2
30 Million dollar +	1	3	3
20 Million dollar +	3	4	4
10 Million dollar +	9	12	12
5 Million dollar +	30	30	31
1 Million dollar +	79	79	84

*The number of clients are restated on cumulative basis

CLIENT CONTRIBUTION TO REVENUE

	Q4FY17	Q3FY18	Q4FY18	FY17	FY18
Top 5 Clients	22.7%	28.8%	28.6%	23.2%	27.1%
Top 10 Clients	36.2%	41.2%	41.4%	35.2%	39.7%
Top 20 Clients	50.9%	56.4%	56.7%	51.7%	54.8%

UTILISATION

	Q4FY17	Q3FY18	Q4FY18	FY17	FY18
Including Trainees	74.2%	78.8%	80.7%	75.1%	77.8%

EMPLOYEE STATISTICS

	Q4FY17	Q3FY18	Q4FY18
Total Headcount	10,463	11,941	12,307
Billable	9,537	11,009	11,360
Sales & Support	926	932	947
Voluntary Attrition % (LTM)	14.0%	13.2%	13.5%

EXCHANGE RATE (USD/INR)

	Q4FY17	Q3FY18	Q4FY18	FY17	FY18
Period Realised	66.99	64.19	64.94	67.06	64.56
Period Closing	64.85	63.88	65.18	64.85	65.18

AWARDS & RECOGNITIONS

Golden Peacock Innovation Award 2018

LTTS was awarded the Golden Peacock Innovative Product & Service Award for its smart buildings product i-BEMS™ (Intelligent Building Energy Management System), making it the company's second consecutive win.

HfS Positions L&T Technology Services in 'Winner's Circle' for IoT Services

LTTS was positioned in the 'Winner's Circle for Excellence in Innovation and Execution' by HfS Research, in its 'Blueprint Report for IoT Services, 2018'. HfS recognized LTTS for its strong manufacturing & engineering practice along with over 300 IoT engagements in Hi-tech, Telecom, Industrial and Energy & Utilities domains.

LTTS in HfS 'Winners Circle' for Automotive Engineering Services

HfS also recognized LTTS for its capabilities in autonomous and e-vehicle technologies.

OTHER HIGHLIGHTS

TECHgium® 2018:

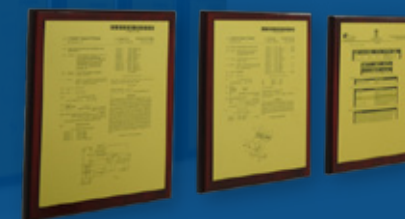
LTTS organized the second edition of its unique industry-academia initiative TECHgium®. The event drew tremendous response from students across major Indian educational establishments. With the objective to nurture future innovators, LTTS invested over 100 working hours to mentor students shortlisted for the PoC round, with subject matter experts from respective industry domains mentoring the students.

LTTS launches Gurugram Centre

LTTS started a design center in Gurugram, Haryana, which is the first for the company in northern India.

PATENTS

At the end of the fourth quarter, the patents portfolio of L&T Technology Services stood at **328** patents out of which **245** are co-authored with its customers and **83** are filed by LTTS.



CSR & DIVERSITY



L&T Technology Services has been encouraging budding middle and high school students in the UK to develop interest in robotics. As part of this initiative, LTTS supported a group of British students from St. Olave's Grammar School, England who won the **Vex Robotics Championship at the national level**. They subsequently represented UK in the international **Vex World Championships**, where the team went on to bag the **Prestigious Inspire Award** for innovative design of robots at the premium event, held in the U.S.

L&T Technology Services through its CSR Healthcare initiative partnered with Sankara Nethralaya, to provide free eyecare to the financially deprived in the states of Andhra Pradesh and Tamil Nadu. Thus far, LTTS has supported 8 screening camps covering 8000 patients.

LTTS supported 10 villages across Tamil Nadu and Maharashtra through a Watershed project on the occasion of World Water Day on March 22nd, 2018.

Eureka Science Fair organized in Vadodara for Government Aided Schools - A Eureka Science Fair was conducted by L&T Technology Services Ltd to provide a common platform for the students studying at various Government schools of Vadodara to innovate, exhibit and excel in the field of Science.

ABOUT L&T TECHNOLOGY SERVICES

L&T Technology Services Limited (LTTS) is a listed subsidiary of Larsen & Toubro Limited focused on Engineering and R&D (ER&D) services. We offer consultancy, design, development and testing services across the product and process development life cycle. Our customer base includes 52 Fortune 500 companies and 48 of the world's top ER&D companies, across industrial products, medical devices, transportation, telecom & hi-tech, and the process industries. Headquartered in India, we have around 12,300 employees spread across 16 global design centers, 27 global sales offices and 39 innovation labs as of March 31, 2018.



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