



TCS

Quarterly Update Report Abstract

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12 pages





Who Is This Quarterly Update For?

NelsonHall's Quarterly Update on TCS provides a snapshot of developments at TCS in the last quarter. It accompanies NelsonHall's more comprehensive Key Vendor Assessment program. Both programs are designed for:

- Marketing, sales and business managers developing strategies to target service opportunities within the BPO/IT Services markets
- Sourcing managers monitoring the capabilities of existing suppliers of IT outsourcing services and identifying vendor suitability for IT services
- Consultants advising clients on vendor selection
- Vendor marketing, sales and business managers looking to benchmark themselves against their peers
- Financial analysts and investors specializing in the BPO/IT services sector.



Key Findings & Highlights

Q4 revenues below consensus impacted by BFSI and deceleration in North America

- Revenues were \$4,452m, up 5.8% y/y as reported, up 7.5% in CC, with softness in two largest verticals (BFSI and Retail & CPG)
- EBIT margin was 25.7%, down 36 bps y/y, below TCS' 26-28% internal EBIT target range
- IT infrastructure services, engineering services and assurance solutions delivered double-digit growth; BPO recorded double-digit growth with an improving performance at Diligenta. ADM continues to slow (+2.3% in CC), reflective of market softness and pricing pressure.

FY17 Performance

- Revenues were \$17,576m, up 8.3% in CC. Digital represented 16.7% of total revenues (~\$3bn), and grew by 28.8% in CC.

FY18 outlook: expects banking to improve; with increasing discretionary spend on digital initiatives

Management expects FY18 to be *"incrementally positive"*

Capital Allocation Policy

FY17 payout likely to be ~108% of FCF

U.S. administration, likely greater protectionism

Continues to work on altering business model for lower visa dependence.

With the increasing usage of automation expects gross hiring to be lower in FY18.

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Financials
Recent Contract Awards
M&A and Investments
Partnerships, New Offerings
Immediate Challenges
Appendix A: Financials
Appendix B: Client Metrics
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Scope of the Report

The report provides a quarterly update on TCS.

It accompanies NelsonHall's Key Vendor Assessment program which looks at TCS' IT and BPO offerings, capabilities, and market and financial strengths, including:

- Identification of the company's strategy, emphases and new developments
- Revenue breakdowns
- Analysis of the company's offerings and key service components
- Analysis of the profile of the company's client base including the company's targeting strategy and examples of current contracts
- Analysis of the company's strengths, weaknesses and outlook.

Report Length

12 pages

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