

Infosys (NYSE: INFY) announces results for the Quarter ended June 30, 2018

Bengaluru, India – July 13, 2018

- Digital revenues at \$803 million (28.4% of total revenues), sequential growth of 8.0% and year-on-year growth of 25.6% in constant currency terms
- 1:1 bonus issue of equity shares and 1:1 stock dividend of American Depositary Shares
- Q1 19 revenues grew year-on-year by 6.8% in USD terms; 6.0% in constant currency terms
- Q1 19 revenues grew sequentially by 0.9% in USD terms; 2.3% in constant currency terms
- Operating margins at 23.7%, at the upper quartile of the guidance
- Large deal wins crossed \$1 billion, of which over 40% was from Financial Services
- \$ 100 mn clients increased sequentially by 4 to 24
- Utilization (excluding trainees) at all-time high of 85.7%
- Free Cash Flow up sequentially by 32.1% in USD terms
- RoE increases to 25.5% as compared to 24.1% last quarter
- EPS grew by 3.9% on a year-on-year basis
- FY 19 revenue guidance in constant currency retained at 6%-8%; FY 19 operating margin guidance retained at 22%-24%

1. Financial Highlights

Consolidated results under International Financial Reporting Standards (IFRS) for the quarter ended June 30, 2018

- Revenues were \$2,831 million for the quarter ended June 30, 2018
YoY growth of 6.8%; QoQ growth of 0.9%
- Net profit was \$534 million for the quarter ended June 30, 2018, including impact of \$39 million on account of reduction in the fair value of Assets held for sale
YoY decline of 1.2%; QoQ decline of 6.5%
- Basic EPS was \$0.25 for the quarter ended June 30, 2018, including impact of \$0.02 on account of reduction in the fair value of Assets held for sale
YoY growth of 3.9%; QoQ decline of 6.5%

“The strong revenue and margin performance in this quarter shows that our dual emphasis on Agile Digital and AI-driven Core services is resonating with our clients”, **said Salil Parekh, CEO and MD**. “With our Agile Digital business growing sequentially at 8% in constant currency and increase in our large deal wins to over US\$ 1 billion, we see good traction in the market.”

“Our emphasis on deepening client relationships resulted in strong client metrics including increase in the number of \$100 million+ clients to 24”, **said U B Pravin Rao, COO**. “Utilization excluding trainees reached an all-time high of 85.7%.”

“We had broad-based financial performance on multiple fronts - RoE crossed 25%, Free cash flow was up 32% quarter on quarter and operating margins were at the upper quartile of our margin guidance”, **said M.D. Ranganath, CFO**. “While we continue to make strategic investments to leverage the opportunities in Digital, our relentless focus on operational efficiencies continued in this quarter.”

2. Bonus issue of equity shares

The Board in its meeting held on July 13, 2018 has considered, approved and recommended a bonus issue of one equity share for every equity share held and a stock dividend of one American Depositary Share (ADS) for every ADS held, as on a record date to be determined. Consequently, the ratio of equity shares underlying the ADSs held by an American Depositary Receipt holder would remain unchanged. The Board approved and recommended the issue of bonus shares to celebrate the 25th year of Company's public listing in India and to further increase the liquidity of its shares. The bonus issue of equity shares and ADSs will be subject to approval by the shareholders, and any other applicable statutory and regulatory approvals.

The bonus shares once allotted shall rank pari passu in all respects and carry the same rights as the existing equity shareholders and shall be entitled to participate in full, in any dividend and other corporate action, recommended and declared after the new equity shares are allotted.

3. Addition to the Board

The Board appointed Michael Gibbs as an Independent Director of the Company effective July 13, 2018 for a period of three years, based on the recommendation of the Nomination and Remuneration Committee of the Board.

4. Assets Held for Sale

During the three months ended June 30, 2018, on remeasurement, including consideration of progress in negotiations on offers from prospective buyers for Panaya, the Company has recorded a reduction in the fair value of Disposal Group held for sale amounting to \$39 million in respect of Panaya. Consequently, profit for the three months ended June 30, 2018 has decreased by \$39 million resulting in a decrease in Basic earnings per equity share by \$0.02 for the quarter ended June 30, 2018.

5. Adoption of Ind AS 115 - Revenue from contracts with customers

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method which is applied to contracts that were not completed as of April 1, 2018. Accordingly, the comparatives have not been retrospectively adjusted. The effect on adoption of Ind AS 115 was insignificant.

6. Voluntary delisting of American Depositary Shares from Euronext Paris and London

In line with the announcement made on June 11, 2018, the Company has voluntarily delisted its American Depositary Shares ("ADSs") (ISIN US4567881085) from Euronext Paris and London on July 5, 2018 and its ADS were removed from Euroclear France on July 10, 2018. The primary reason for voluntary delisting from Euronext Paris and London was the low average daily trading volume of Infosys ADSs on these exchanges, which was not commensurate with the related administrative expenses. Infosys ADSs will continue to be listed on the NYSE under the symbol "INFY" and investors can continue to trade their ADSs on the New York Stock Exchange.

About Infosys

Infosys is a global leader in next-generation digital services and consulting. We enable clients in 45 countries to navigate their digital transformation. With over three decades of experience in managing the systems and workings of global enterprises, we expertly steer our clients through their digital journey. We do it by enabling the enterprise with an AI-powered core that helps prioritize the execution of change. We also empower the business with agile digital at scale to deliver unprecedented levels of performance and customer delight. Our always-on learning agenda drives their continuous improvement through building and transferring digital skills, expertise, and ideas from our innovation ecosystem.

Visit www.infosys.com to see how Infosys (NYSE: INFY) can help your enterprise navigate your next.

Safe Harbor

Certain statements mentioned in this release concerning our future growth prospects are forward-looking statements regarding our future business expectations intended to qualify for the 'safe harbor' under the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, fluctuations in foreign exchange rates, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, the success of the companies in which Infosys has made strategic investments, withdrawal or expiration of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Additional risks that could affect our future operating results are more fully described in our United States Securities and Exchange Commission filings including our Annual Report on Form 20-F for the fiscal year ended March 31, 2017. These filings are available at www.sec.gov. Infosys may, from time to time, make additional written and oral forward-looking statements, including statements contained in the company's filings with the Securities and Exchange Commission and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company unless it is required by law.

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Infosys Limited and subsidiaries

Audited Condensed Consolidated Balance Sheet as at

(Dollars in millions except equity share data)

	June 30, 2018	March 31, 2018
ASSETS		
Current assets		
Cash and cash equivalents	2,411	3,041
Current investments	1,004	982
Trade receivables	2,001	2,016
Unbilled revenue	680	654
Prepayments and other current assets	707	662
Derivative financial instruments	5	2
	6,808	7,357
Assets held for sale ⁽³⁾	273	316
Total current assets	7,081	7,673
Non-current assets		
Property, plant and equipment	1,781	1,863
Goodwill	349	339
Intangible assets	54	38
Investment in associate	-	-
Non-current investments	821	883
Deferred income tax assets	190	196
Income tax assets	884	931
Other non-current assets	246	332
Total non-current assets	4,325	4,582
Total assets	11,406	12,255
LIABILITIES AND EQUITY		
Current liabilities		
Trade payables	117	107
Derivative financial instruments	20	6
Current income tax liabilities	297	314
Client deposits	27	6
Unearned revenue	340	352
Employee benefit obligations	219	218
Provisions	76	75
Other current liabilities	1,269	1,036
	2,365	2,114
Liabilities directly associated with assets held for sale ⁽³⁾	50	50
Total current liabilities	2,415	2,164
Non-current liabilities		
Deferred income tax liabilities	74	82
Employee benefit obligations	6	7
Other non-current liabilities	49	42
Total liabilities	2,544	2,295
Equity		
Share capital- ₹5 (\$0.16) par value 2,400,000,000 (2,400,000,000) equity shares authorized, issued and outstanding 2,173,336,341 (2,173,312,301), net of 10,790,750 (10,801,956) treasury shares as at June 30, 2018 (March 31, 2018), respectively	190	190
Share premium	253	247
Retained earnings	10,907	11,587
Cash flow hedge reserve	1	-
Other reserves	294	244
Capital redemption reserve	9	9
Other components of equity	(2,792)	(2,317)
Total equity attributable to equity holders of the company	8,862	9,960
Non-controlling interests	-	-
Total equity	8,862	9,960
Total liabilities and equity	11,406	12,255

Infosys Limited and subsidiaries

Audited Condensed Consolidated Statement of Comprehensive Income for the

(Dollars in millions except equity share and per equity share data)

	Three months ended June 30, 2018	Three months ended June 30, 2017
Revenues	2,831	2,651
Cost of sales	1,819	1,692
Gross profit	1,012	959
Operating expenses:		
Selling and marketing expenses	149	138
Administrative expenses	193	183
Total operating expenses	342	321
Operating profit	670	638
Other income, net	107	127
Reduction in the fair value of Disposal Group held for sale ⁽³⁾	(39)	-
Share in net profit/(loss) of associate, including impairment ⁽⁴⁾	-	(11)
Profit before income taxes	738	754
Income tax expense	204	213
Net profit	534	541
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Re-measurements of the net defined benefit liability/asset, net	-	-
Equity instruments through other comprehensive income, net	-	-
<i>Items that will be reclassified subsequently to profit or loss:</i>		
Fair valuation of investments, net	(7)	4
Fair value changes on derivatives designated as cash flow hedge, net	1	(10)
Foreign currency translation	(468)	60
Total other comprehensive income/(loss), net of tax	(474)	54
Total comprehensive income	60	595
Profit attributable to:		
Owners of the Company	534	541
Non-controlling interests	-	-
	534	541
Total comprehensive income attributable to:		
Owners of the Company	60	595
Non-controlling interests	-	-
	60	595
Earnings per equity share		
Basic (\$)	0.25	0.24
Diluted (\$)	0.25	0.24
Weighted average equity shares used in computing earnings per equity share		
Basic	2,173,328,621	2,285,657,604
Diluted	2,175,355,178	2,287,058,148

NOTES:

1. *The audited condensed consolidated Balance sheet and Statement of Comprehensive Income for the three months ended June 30, 2018 have been taken on record at the Board meeting held on July 13, 2018*
2. *A Fact Sheet providing the operating metrics of the Company can be downloaded from www.infosys.com*
3. *During the three months ended June 30, 2018, on remeasurement, including consideration of progress in negotiations on offers from prospective buyers for Panaya, the Company has recorded a reduction in the fair value of Disposal Group held for sale amounting to \$39 million in respect of Panaya.*
4. *During the quarter ended June 30, 2017, the Company has written down the entire carrying value of the investment in its associate DWA Nova LLC amounting to \$11 million*