



stl.tech

Enabling
digital transformation
@ the edge

Earnings Call
Q1 FY22

22nd July 2021



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Anand Agarwal

Group CEO and Whole Time Director

A strong believer in the transformational power of technology, Anand has navigated STL from an optical connectivity company to a global leader in end-to-end network solutions. With his disruptive efforts, Anand has scaled the organisation to over 100 geographies, while shaping the digital infrastructure landscape globally. As a flagbearer of culture and diversity, he has built a passionate and inclusive organisation that is strongly connected to its larger purpose of transforming billions of lives through digital networks

STLescope 2021, unraveled the future of digital networks



1 **STLescope**
2021

2. Delivering on
growth levers

3. Strengthened
foundational capabilities

4. Robust financial
performance

5. Q&A

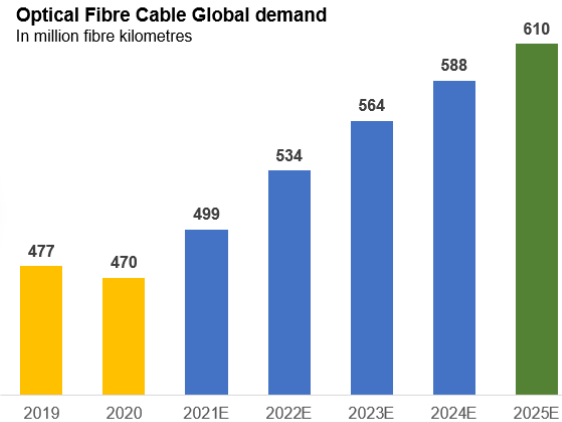
In STLescope 2021, we discussed...



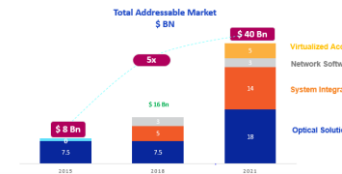
1 A decade long network creation cycle has started

Driven by
5G, FTTx and Rural Connectivity

- 5G
- FTTx
- Rural Connectivity



2 We are well poised to leverage this cycle



With an increased TAM - Total Addressable Market of \$40 bn.

3 A Focused strategy for growth



With three growth levers

The decade long network creation cycle is driven by 5G, FTTx and Rural connectivity

5G is the fastest growing technology

- 5G is now globally available with over 173 commercial networks
- 5G subscribers base expected to hit 2 bn. by 2023 and 4.4 bn. by 2026

FTTx connects many end points

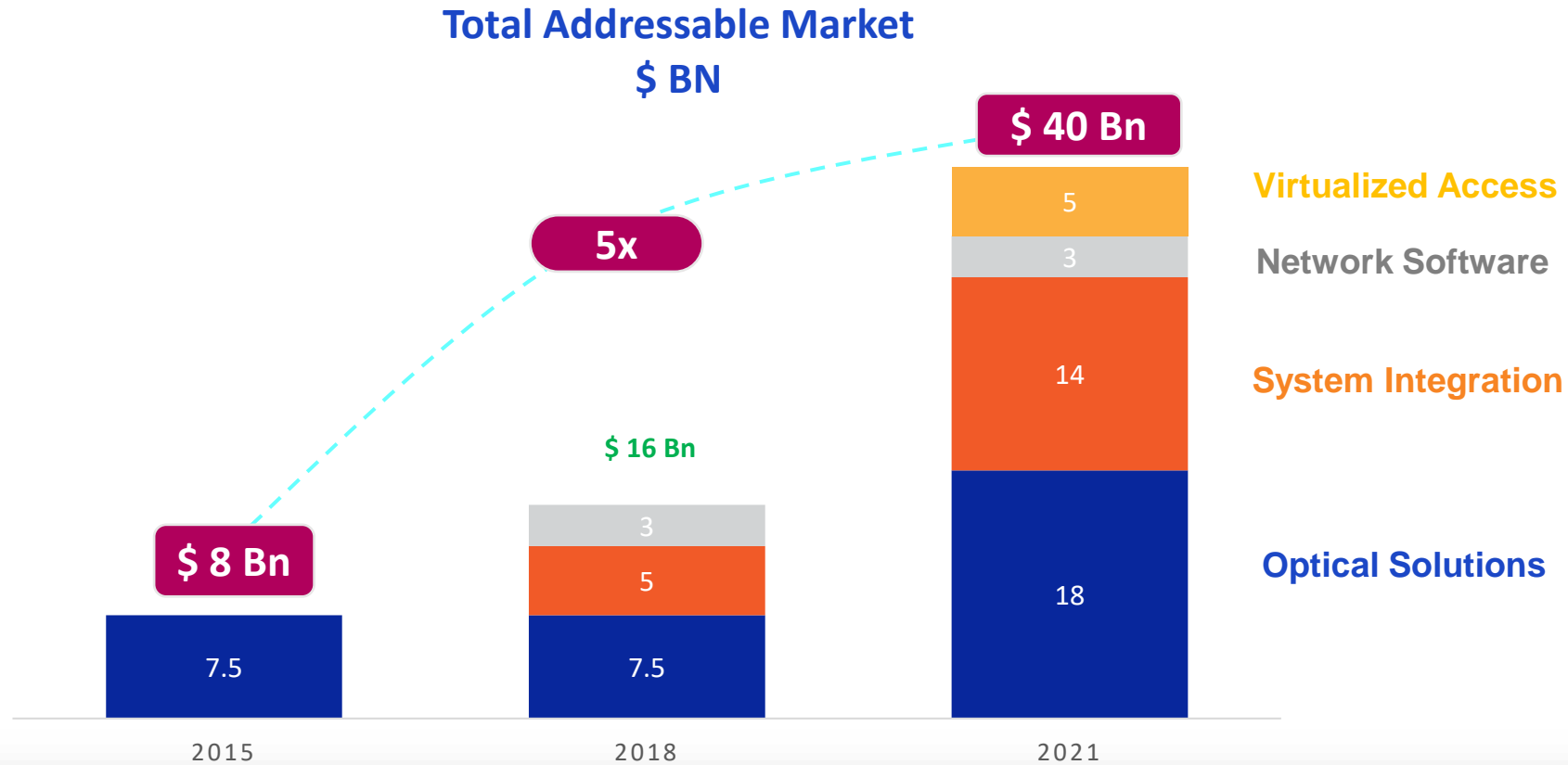
- In Europe, FTTH/B subs is expected to double in next 6 years to 208 mn.
- In India, fibre broadband subs is expected to reach 10 mn. by 2025

Rural Connectivity takes centre- stage

- US President announced \$65 bn. investment in rural broadband
- India announced Rs. 19,000 Cr. as viability gap funding for Bharatnet

The decade long digital network creation cycle is here!

Our TAM has expanded 5x in the last 5 years to reach \$40 bn.



***TAM has increased 5x,
Continuous focus on increasing market share in the higher TAM***

We have three focused levers for growth



Services

2

Globalise

Take System Integration business global and scale in India



Software

1

Grow

Optical business



3

Build

Strong Access Solutions business



Hardware

Our three growth levers are delivering



1. STLescope
2021

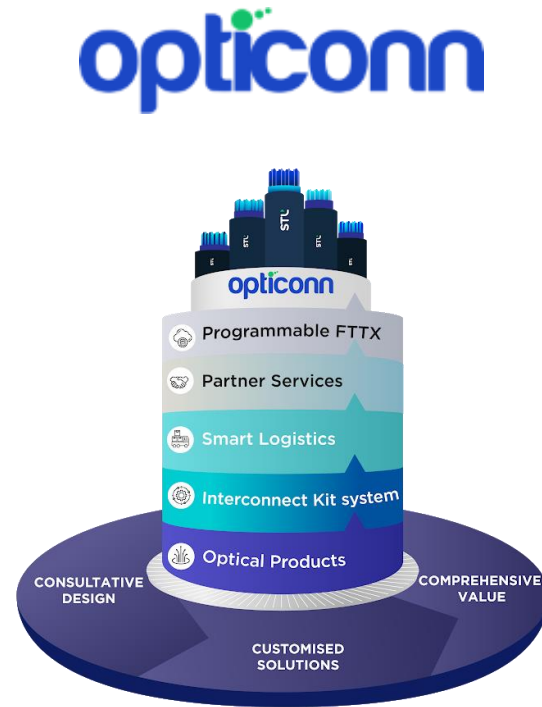
**2 Delivering on
growth levers**

3. Strengthened
foundational capabilities

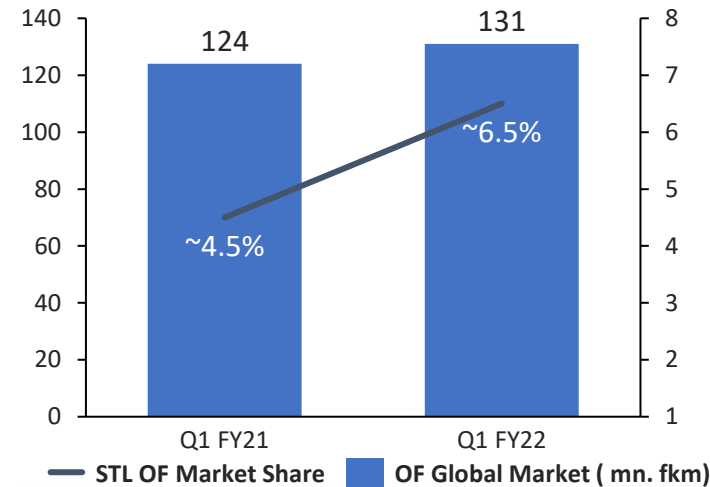
4. Robust financial
performance

5. Q&A

Grow Optical Business - Continued growth in Opticonn market share



End-to-end optical
solutions from STL



- STL market share grew to **~6.5%** in Q1 FY 22
- Industry optical fibre volume grew by **6.3 % YoY** to **131** mn. fkm in Q1 FY 22



- STL recorded **double digit revenue growth in optical interconnect business** on QoQ basis in Q1 FY 22
- **Increasing opticonn penetration** with key customers

Globalise System Integration Business -

We have secured our first order in the UK

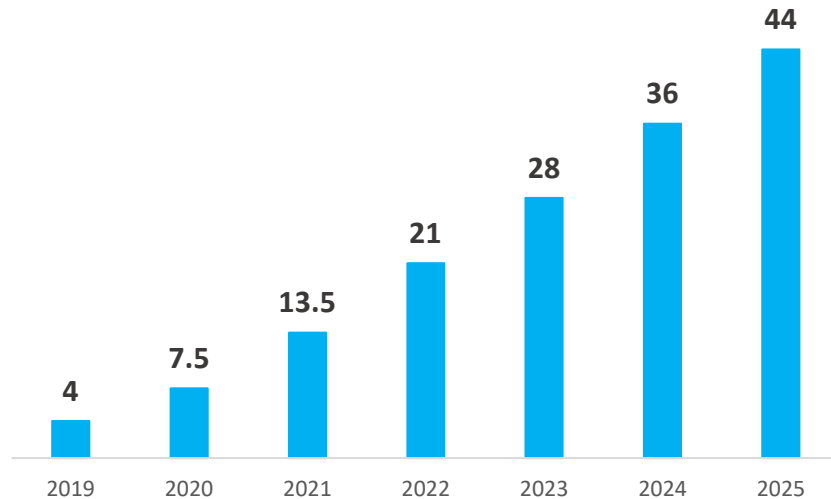


The UK Market is growing

£5Bn Project gigabit announced



Planned Home passes in UK (Mn)



We are capitalizing on it

Our first win



£12 Mn.

- Partnership with a leading provider of telecom solutions in UK
- STL along with partner shall deploy FTTx mantra to connect homes with broadband in London
- Project is expected to be completed in the current fiscal year

Globalise System Integration Business - Acquired a UK networks specialist - Clearcomm to accelerate in Europe



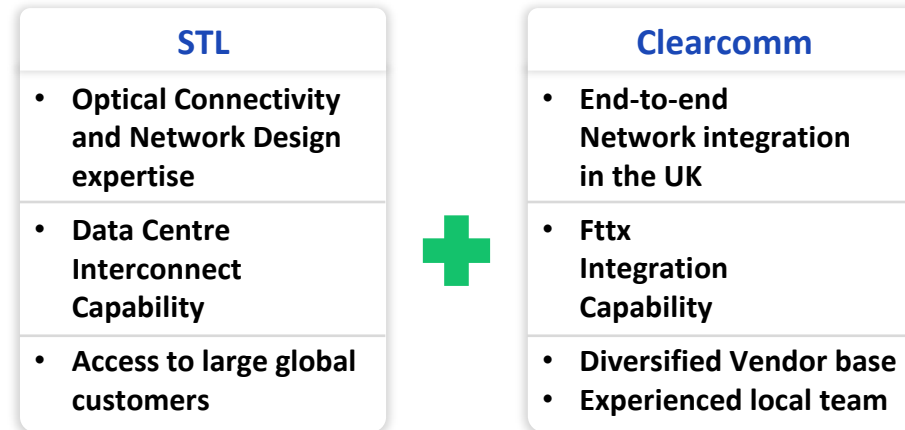
Clearcomm - an overview

- Provider of **end-to-end optical network integration services** to Telcos in the UK, with a **track record of over a decade**
- Has long-standing relationships with marquee customers and suppliers, **Strong reputation as reliable and agile** delivery partner
- **Well placed to leverage the fiberisation wave**

Financial Profile and Key Facts

~£20Mn Revenue (FY20*)	26% 3-Year CAGR	UK Headquarters
~50 Employees	15 days Working Capital Days #	

Rationale for Acquisition



Deal Contours

Enterprise Value	First tranche will be acquired at an Enterprise value of ~ £ 15.5Mn. representing 100% of share capital
Structure	<ul style="list-style-type: none"> • 80% of share capital to be acquired in first tranche • Balance 20% to be acquired in 2023
Financing	Mix of internal accruals and debt

Solid Platform to grow the System integration business in the UK

* Financial year ending in November

Excluding retention amount from debtors and creditors

Build Access Solutions –

Pilot with Chunghwa successful; Co-developing Radio with Facebook Connectivity



- Successfully **completed a proof-of-concept** for programmable FTTx software solutions
- STL's fully virtualized OLT software stack will **enable Chunghwa to upgrade** its GPON to XGS-PON
- STL's pFTTx software stack brings **more flexibility, cost efficiency and service excellence** to edge networks



- Entered a strategic collaboration with **Facebook Connectivity to co-develop general purpose radio units under Evenstar Program**
- The Evenstar program is a collaborative effort by **Facebook Connectivity and global Industry partners to accelerate the adoption of open RAN technology**
- **STL aims to strengthen its product development, promotion and supply chain through this collaboration**

Developing Radio units manufacturing ecosystem in India

**First revenue recognised in access solutions in Q1FY'22
by successfully delivering new standard Wifi 6 hardware to our KAM customer in Asia Pac**

Strengthened foundational capabilities

1. STLescope
2021

2. Delivering on
growth levers

3

**Strengthened
foundational
capabilities**

4. Robust financial
performance

5. Q&A

STL has been investing in these foundational capabilities



1



**Technology-led
E2E Solutions**

**Increasing market
share by integrated
technology**

2



**Key Accounts
Management**

**Target 20 KAMs
globally**

3



**Ecosystem
Alliances and
Investments**

**Increase Addressable
Capex through
strategic investments**

4



**Top Talent and
Culture**

**Drive good returns to
our stakeholders
/community**

We have launched an end-to-end access solution - Accellus

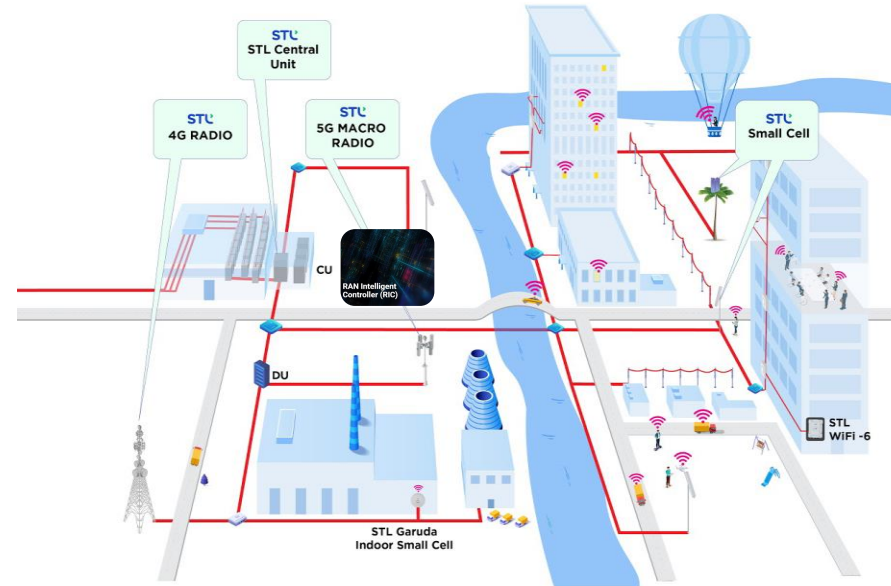


Technology led E2E Solutions 



accellus

Launched **end-to-end solution Accellus**, a wireless solution that bring together micro, macro radio, intelligent controller and orchestrator across CU, DU, RU



Global Recognition



- **Recognised** as a leading **5G RAN vendor** by **Gartner**
- STL mentioned as an **Enabler** for enhanced partner ecosystem support in **Digital Marketplace**



- **Top 60 Edge computing companies** to watch in 2021.
- **Top 10 RAN vendors** to watch out for in 2021 by **STL partners**



- **BCG Top 100 Tech Challenger**

Our Key account focus is leading to multi-portfolio engagements



Enhanced customer engagements with current and new accounts - Winning strategic deals

Nurtured existing key accounts



openreach

Multi-year strategic partnership to help build new UK full-fiber network



Multi-year LOI for fiber roll out across 10 circles

Opened doors to new



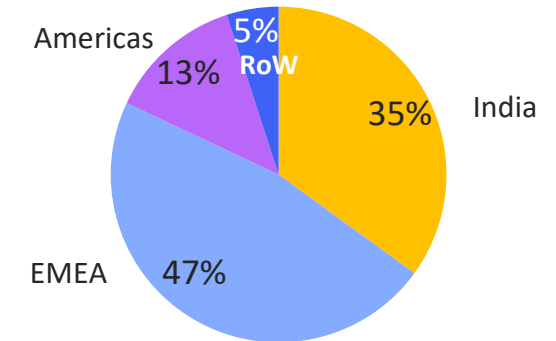
Five year, multi million contract for dual-band and tri-band radio units



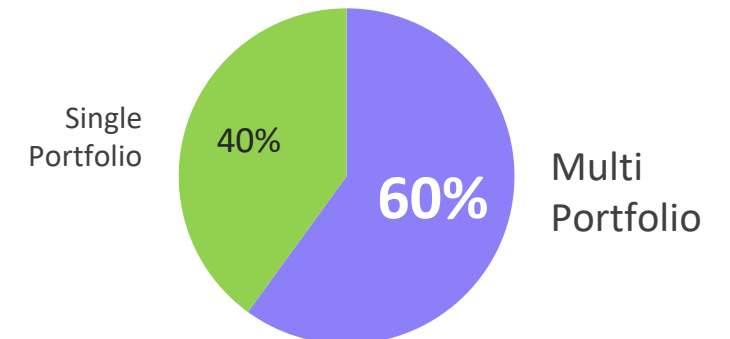
Digital transformation for a leading telco in Africa


Participation Increase across Geos with multi-portfolio engagements

Open Participation Funnel by Region



Portfolio Engagements in Key Accounts



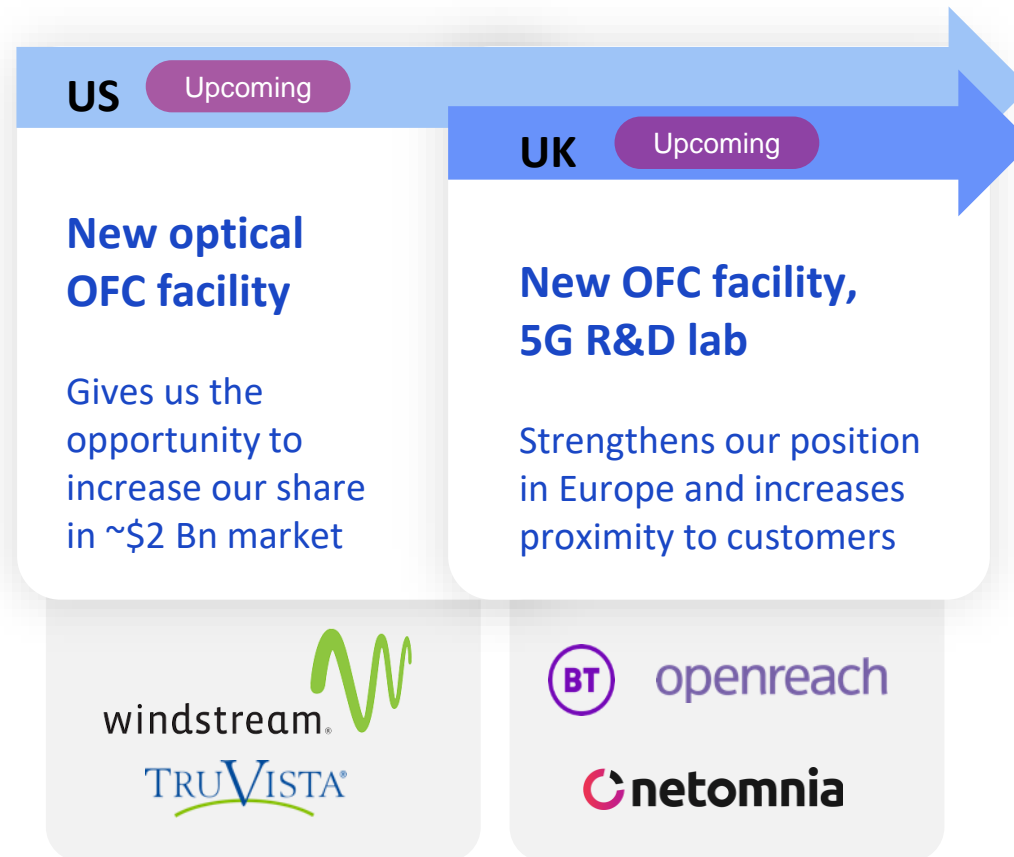
Key Account Management 



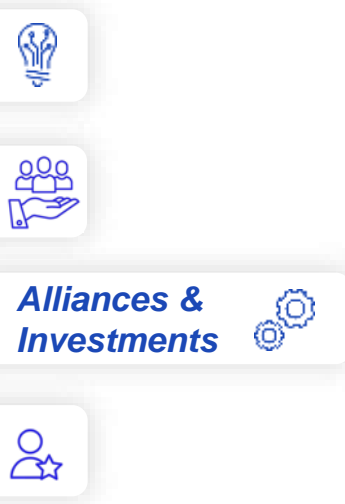
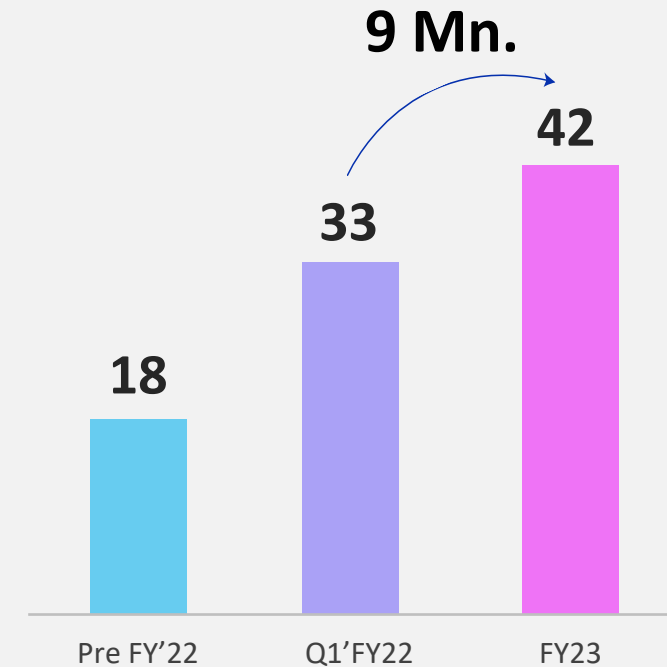
We have announced optical capacity expansion to 42 mn. fkm.



Solution Centres at global locations with an investment of Rs. 2 bn.



Demand driven expansion (Mn. fKm.)



Our R&D focus is to develop a comprehensive product line for accellus



New products & solutions with an annual R&D investment of 3% to 4% of STL Revenues



Wi-Fi6 Access Solution

An outdoor Wi-Fi 6 radio unit providing carrier-class connectivity in dense environments

Delivered



5G Multi-Band Radio

Comprehensive Open RAN (Radio Access Network) radio portfolio with indoor small cell and outdoor Macro radio units

Launched



Garuda

O-RAN compliant, highly power efficient indoor 5G small cell solution

Launched



pFTTx

An SDN, cloud-native solution that brings programmability to last mile networks

Pilot



RAN Intelligent Controller (RIC)

RIC

RAN Intelligent Controller used to optimize the RAN ecosystem using 3rd party xApps/rApps

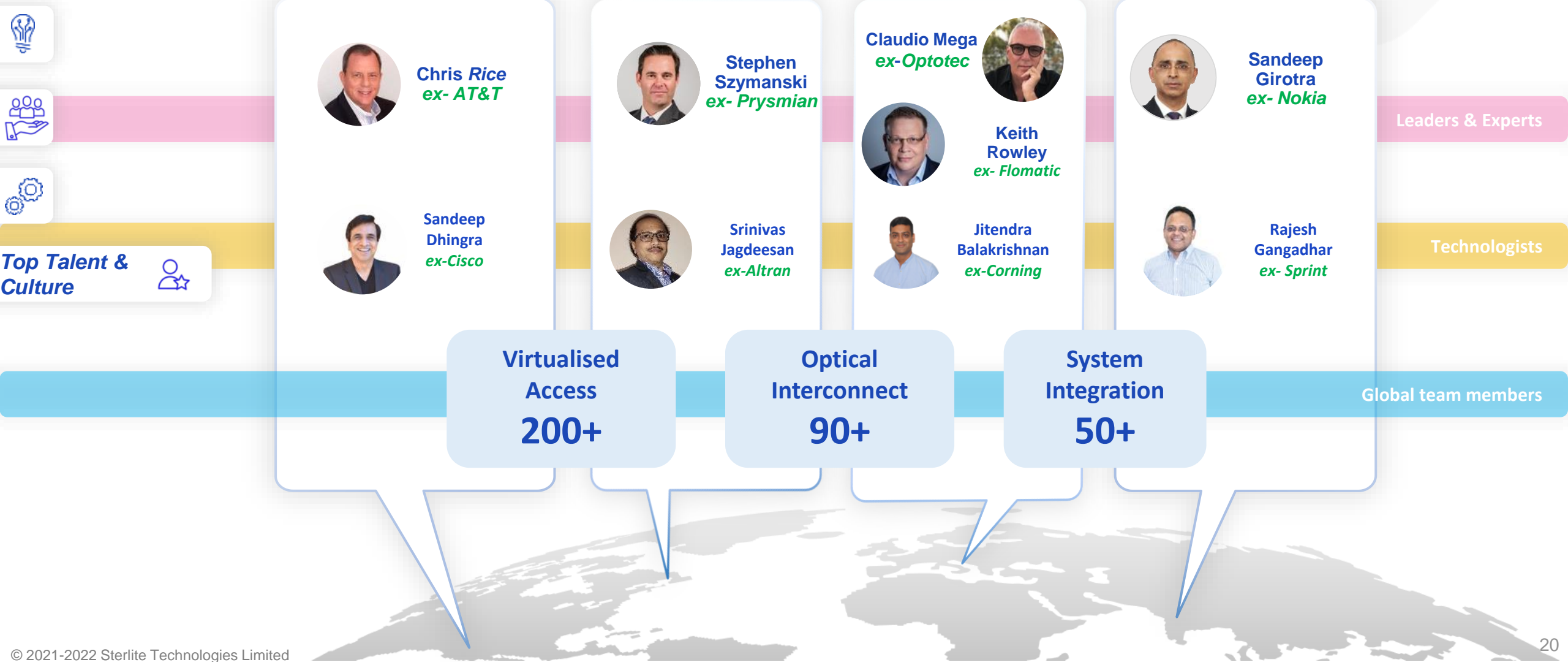
Development



Alliances & Investments



We have build a global leadership team, and are now building team strength globally



Top Talent & Culture

Leaders & Experts

Technologists

Global team members

We, STLEers, stood strong together in this pandemic



Top Talent & Culture

Forever STLEer

STL support to dependents in case of employee's demise

360 degree program

- Employment
- Medical cover
- Education
- Skill Building

25+

STL Family team at all locations

Symptoms to post treatment care

- Telemedicine
- Important Resources Support
- Mental/Emotional wellbeing

We are on our path to deliver our financial targets

1. STLescope 2021

2. Delivering on growth levers

3. Strengthened foundational capabilities

4 **Robust financial performance**

5. Q&A



Mihir Modi

Chief Financial Officer

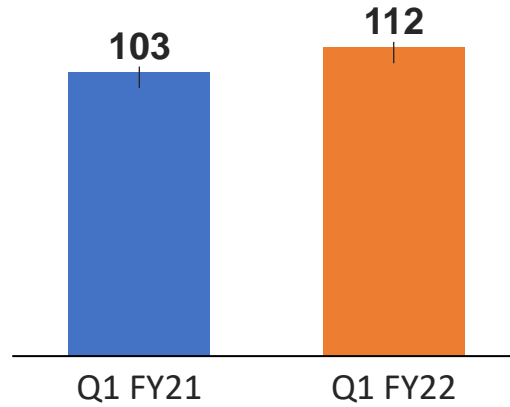
A prolific professional, Mihir has more than 20 years of experience in Finance, M&A, Strategy, and General Management. As the Chief Financial Officer of STL, Mihir is actively working towards delivering consistent shareholder value through strong financial performance, deep industry alliances and high internal efficiencies.

Prior to joining STL, Mihir co-founded a contemporary digital media content company based in Mumbai. He has also worked as Chief Strategy Officer & CFO at Zee Entertainment, and also held key leadership positions at Godrej Consumer Products, Novartis Pharma and Ernst & Young.

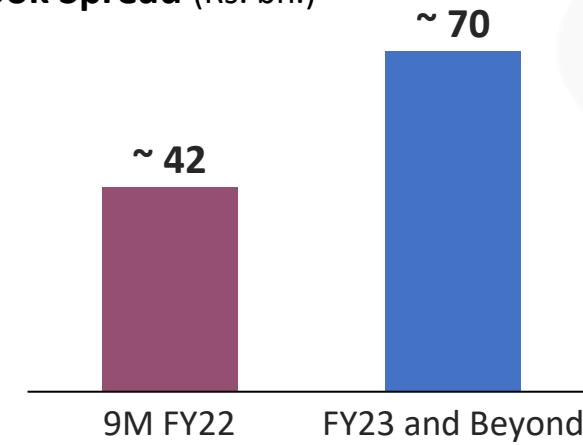
Our order book is growing



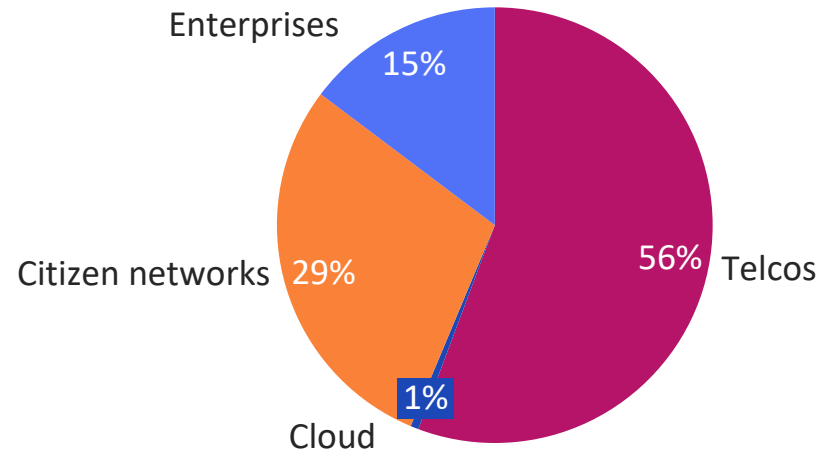
Open Order Book (Rs. bn.)



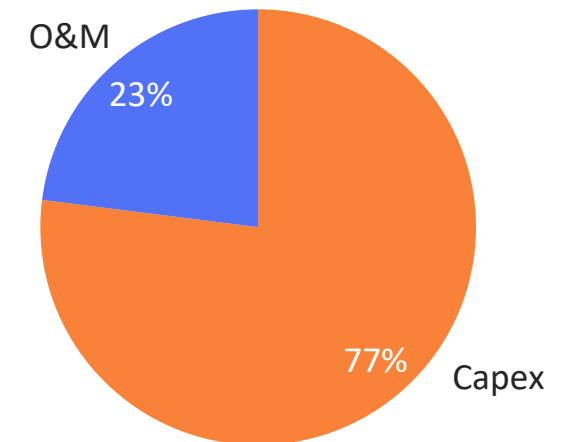
Order Book Spread (Rs. bn.)



Open Order Book Customer Segment wise



Open Order Book Split



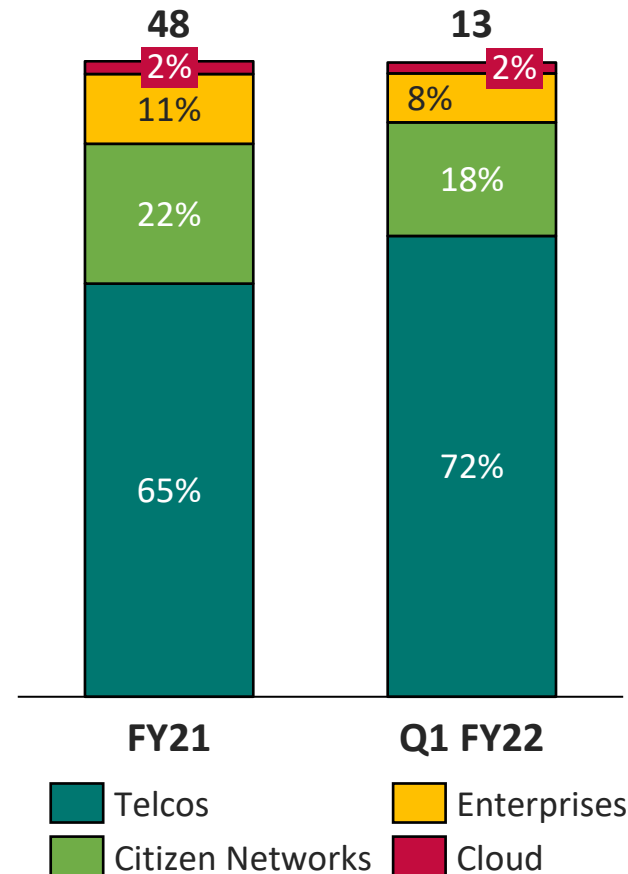
Revenue mix is moving to geographies and segments of choice



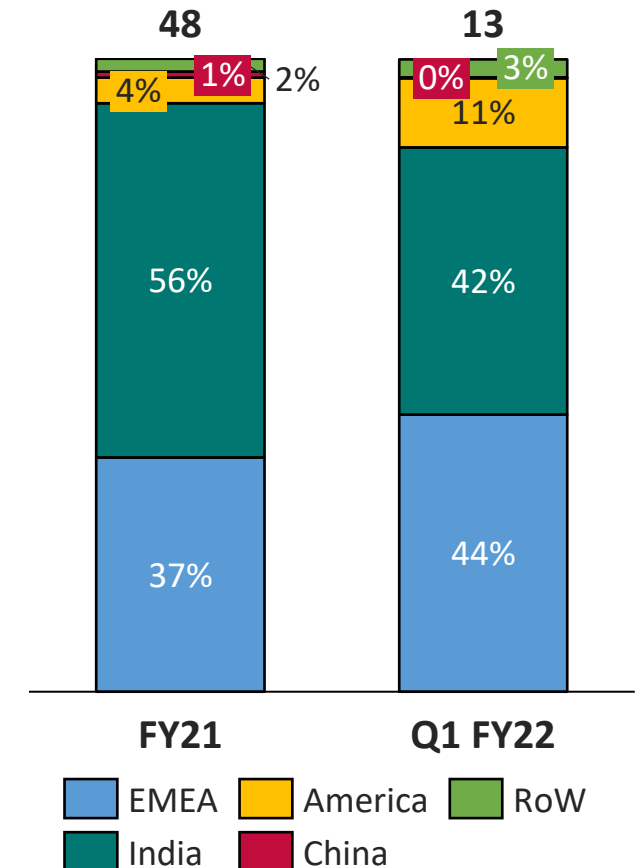
Key Order Wins Q1 FY22

- Multi-million dollar deal with a large **European telco** for the **Opticonn solution**
- Incremental order for **Lead360** from a **large Indian Telco**
- Strategic Partnership with a leading **Telecom solution provider in UK** to connect homes to broadband by **deploying FTTx Mantra**

Customer Segments Revenues (Rs. bn.)



Geographical Distribution Revenues (Rs. bn.)



Our project execution is running at full-speed after the pandemic-led challenges of Q1 FY22



NAVY'S Network Modernisation

Project Varun

(Indian Navy Project):

95%
Completed



Modern Optical Network

Fiber roll out

(Large Indian telco)

48%
Completed



Transformative RURAL digital inclusion

Bharatnet Projects

Mahanet

92%
Completed



T-Fibre

27%
Completed



Hyperscale Data Centers

Data Centre Projects in EMEA

Completed in Nos. < LY > **82**



Ongoing in Nos. < CY > **13**



UK Gigabit Network

FTTH
(UK)

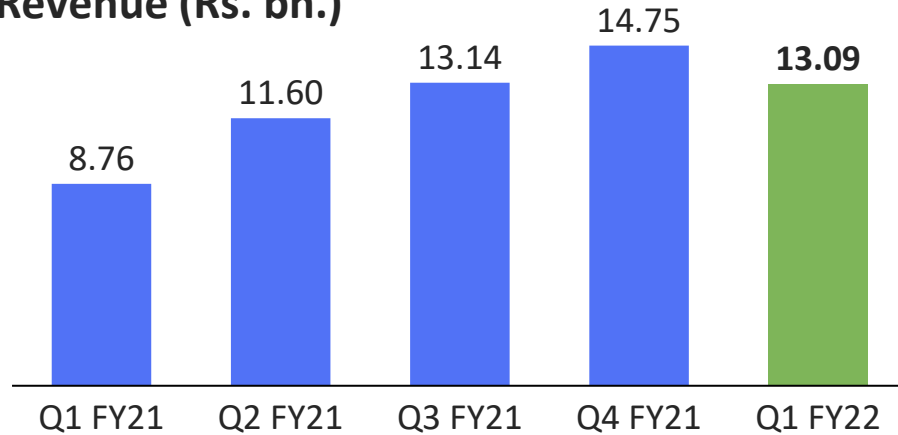
Now
Started



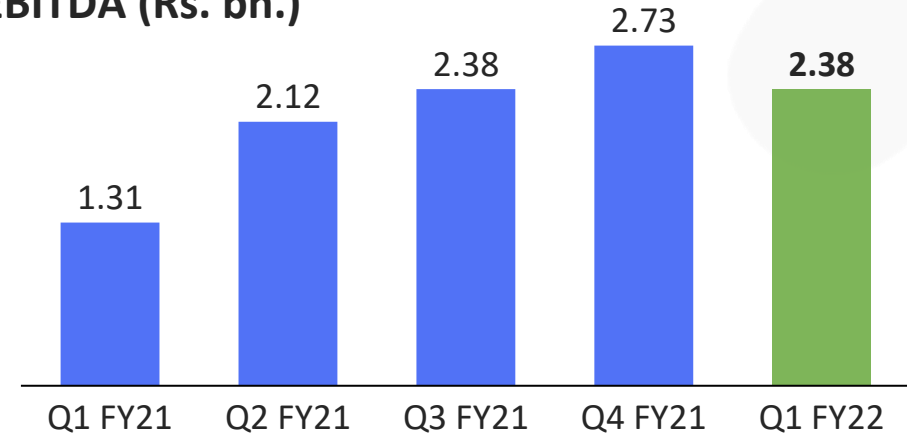
Q1 FY22 performance has been robust



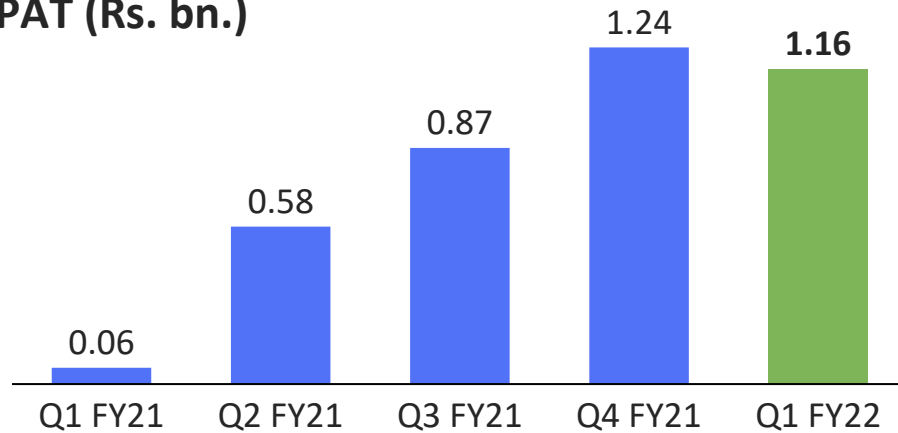
Revenue (Rs. bn.)



EBITDA (Rs. bn.)



PAT (Rs. bn.)

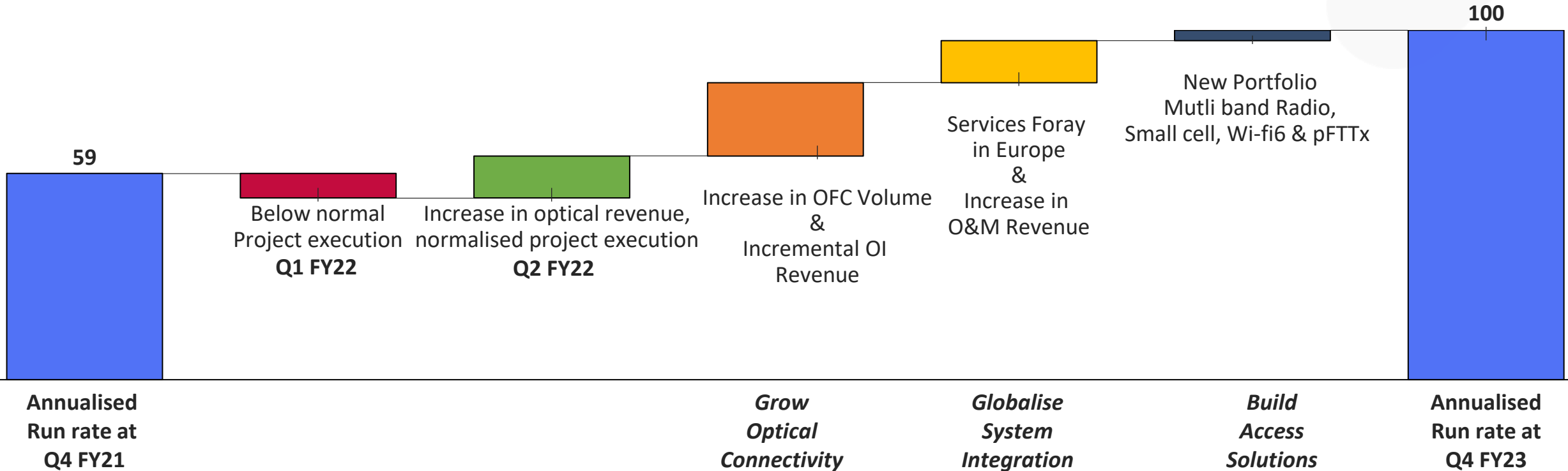


- Our Optical business continues to grow
- Our project execution was below normal due to second wave of the Covid-19 pandemic in India.
- We expect to go back to QoQ growth momentum from Q2 FY22 onwards.

We plan to reach Rs. 100 bn. annualised run rate by Q4 FY23



Revenue Bridge (Rs. bn.)



We plan to reach
Rs. 100 bn. annualised revenue run rate by Q4 FY23

Financials: Abridged Version



P&L (INR bn.)	Q1 FY22	Q4 FY21	Q1 FY21
Revenue	13.09	14.75	8.76
EBIDTA	2.38	2.73	1.31
<i>EBITDA %</i>	18%	19%	15%
Depreciation	0.70	0.61	0.74
EBIT	1.69	2.12	0.57
Interest	0.49	0.53	0.50
Exceptional Item	0.16		
PBT	1.35	1.58	0.07
Tax	0.38	0.50	0.04
Net Income after minority interest	1.16	1.24	0.06

COVID-19 impacted performance and Projects execution

We are committed to deliver our financial targets



Growth

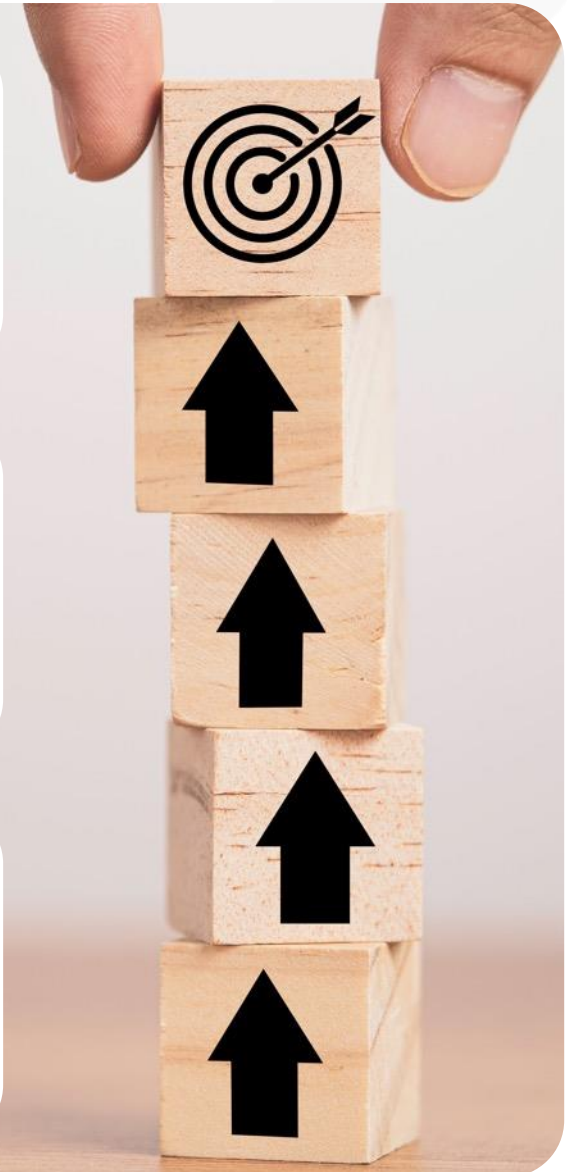
Revenue Run rate : Rs. 100 bn. per annum *by Q4 FY23*

Capital Structure

Net debt/equity < 0.5 by Q4 FY23

Returns

RoCE >20%



We are also committed to deliver on our ESG targets



ENVIRONMENTALLY RESPONSIBLE

World's 1st ZWL Certified

135,000+ MT

Waste diverted from landfills

97%

Of waste recycled and reused

800+ MT

Plastic saved through innovative packaging

3R

Approach to reduce, reuse, recycle



SUSTAINABLE OPERATIONS

Committed towards UN Sustainability Goals**

100%

Manufacturing locations to be ZWL certified
Water Positivity globally
Sustainable Sourcing

50%, 7,500+ tCO2e

Reduction in carbon footprint

1.15M+ m3

Water recycled and reused at STL and replenished in surrounding communities



GOVERNED WITH CARE

Global Board with strong internal governance

57% Global Advisory Council

led by transformative technology leaders

25% diversity

in Independent Directors

Two of the Big Four

as statutory & Internal auditors

Executive Committee and Management Committee for each business in place
Strict Adherence to the Code of Conduct

TRANSFORMING LIVES

1.64M+

lives impacted

3,500+

Rural women Empowered

1,400+

Individuals digitally empowered

50

ESG Awards won including 7 global



ESG Goals

Targeting 5 M by 2025

- Impacting 5M lives
- Undertaking 5M plantations
- Replenishing 5M cubic meters of water in communities

We are in a decade long network creation cycle driven by 5G, FTTx and rural connectivity programs.

In the last 5 years, **our TAM has increased 5x to \$40 bn.**
Now our focus is to **increase our market share** in the \$40 bn. TAM

Our 3 growth levers of grow optical business, globalise system integration and build access solutions **have started delivering results.**

We are strengthening our foundational **capabilities** of E2E solutions, KAM approach, Ecosystem Investments and top talent & culture **to expand globally.**

We plan to reach **Rs. 100 bn. revenue run rate** by Q4 FY23
along with **Net debt/equity < 0.5 and RoCE > 20%**

Let's answer your questions

1. STLescope
2021

2. Delivering on
growth levers

3. Strengthened
foundational capabilities

4. Robust financial
performance

5 Q&A



beyond tomorrow