

STLescope²⁰²¹

Unraveling the Future Series

Part – 2 of 3

Investors Meet

13th Dec 2021

Safe Harbour



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Today's Speakers



Paul Atkinson

CEO – Optical Connectivity Solutions

Paul Atkinson is an industry expert with more than 30 years of experience across multiple industries. Prior to STL, he was the Managing Director and Group CEO at IXOM. He has deep expertise in the optical space and was associated with the Prysmian Group for over 20 years as the CEO of affiliates and regions across the world. During this stint, he has led multiple successful business integrations and was pivotal in delivering non-linear growth across business lines and geographies. Paul holds a degree from Melbourne Business School and Monash University.



Mihir Modi

Chief Finance Officer

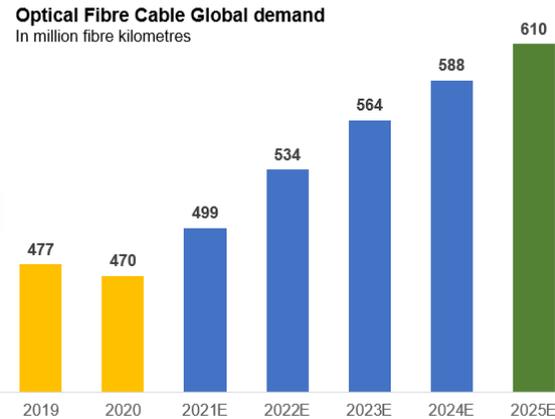
A prolific professional, Mihir has more than 20 years of experience in Finance, M&A, Strategy, and General Management. As the Chief Financial Officer of STL, Mihir is actively working towards delivering consistent shareholder value through strong financial performance, deep industry alliances and high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

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

3 focused levers for growth



Services

2

Globalise

Take System Integration business global and scale in India



Software

1

Grow

Optical business



3

Build

Strong wireless Solutions business



Hardware

1. Growing Optical Demand

Global demand in OFC & OI is growing across regions

2. Optical Networking Growth Strategy

- A. Establish US & EU as home markets
- B. Scale Optical Interconnect business

3. End-to-End Optical Solution

A customer case study of STL E2E optical solution

Grow

Optical connectivity business



1 Strong tailwinds enabling Growth

Global demand in OFC & OI is growing across regions

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4. Q&A

Global optical fibre cable demand is growing

Communication service providers are aggressively investing in fibre for their networks

ATT CEO : More fiber is the company's top priority

Airtel's CAPEX to increase to US \$ 5bn in FY 22

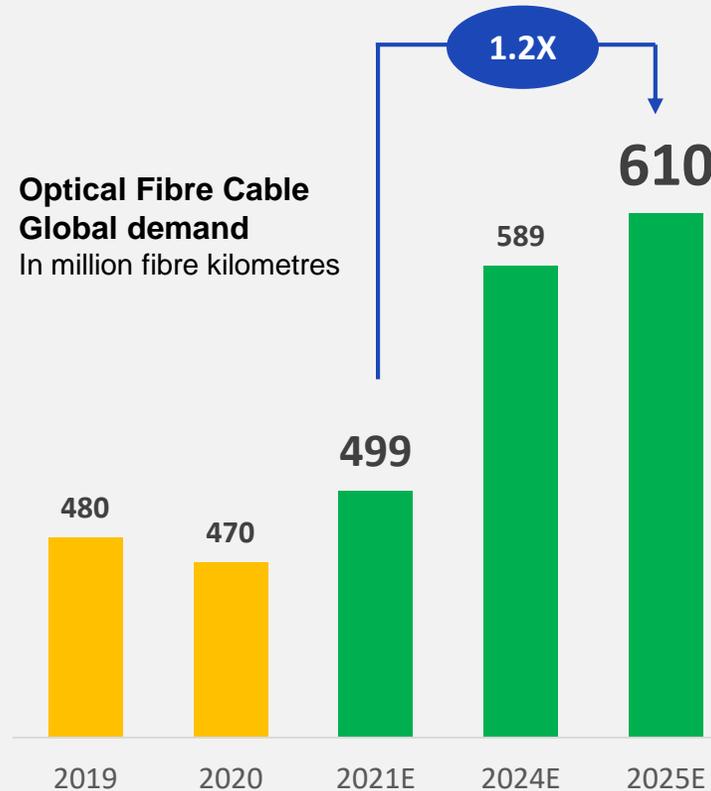
Telefonica – Alliance JV begins FTTH rollout in rural areas

Deutsche Telekom to invest EUR 500mn in fiber, FTTH networks in Munich

Orange hails stronger Q2 amidst fiber splurge

Verizon President Business Markets : All the 5G nodes need fiber

This is driving the growth in OFC demand globally



Evidenced by the recent updates from the China market

- Highest Tender Volume in China Mobile history (~143mfkm)
- Cable Price has significantly increased (~58%) in this tender

China Mobile tender awards provide boost to prices

According to the announcement, final settled prices have jumped significantly versus the prior tender, up around 58%...

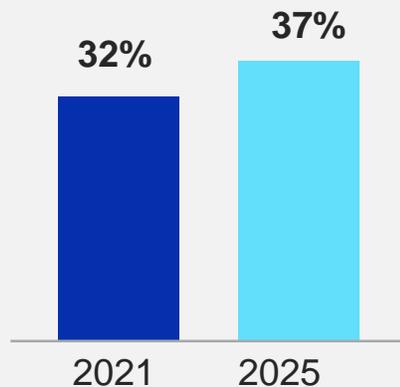
As the fibre networks are becoming denser, the demand for bend insensitive fibre & high density fibre cables is increasing



Fibre demand has new characteristics

- Access FTTH drives need for bend insensitive fibres
- Data centers need very high fiber count in cables

Increasing Bend insensitive fibre penetration



The fundamental needs for **fibre in datacenters and 5G networks** are sharp bending and flexibility

Bend Insensitive fibre in its portfolio - STELLAR



Increasing need for high density fibre cables

- High bandwidth data transfer applications particularly in datacentres and in outside plant applications are driving the **demand for high density cables such as intermittent bonded ribbon cable**
- Lower installation time is the also **driving the usage of high density fibre cables**
- STL has a leading Intermittent bonded cable called Celesta



As the fibre networks get closer and complex optical interconnect system becomes key

STL's OPTICAL INTERCONNECT PORTFOLIO

Optical Interconnect is a customized and engineered solution for fibre management and termination

Optical Distribution Frame



- Distribution cabinets
- Panels for enterprise connections

Outside Plant Fibre Interconnect



- Closures (drop, longhaul, aerial)
- Terminals
- Drop cable connectivity

Distribution Boxes

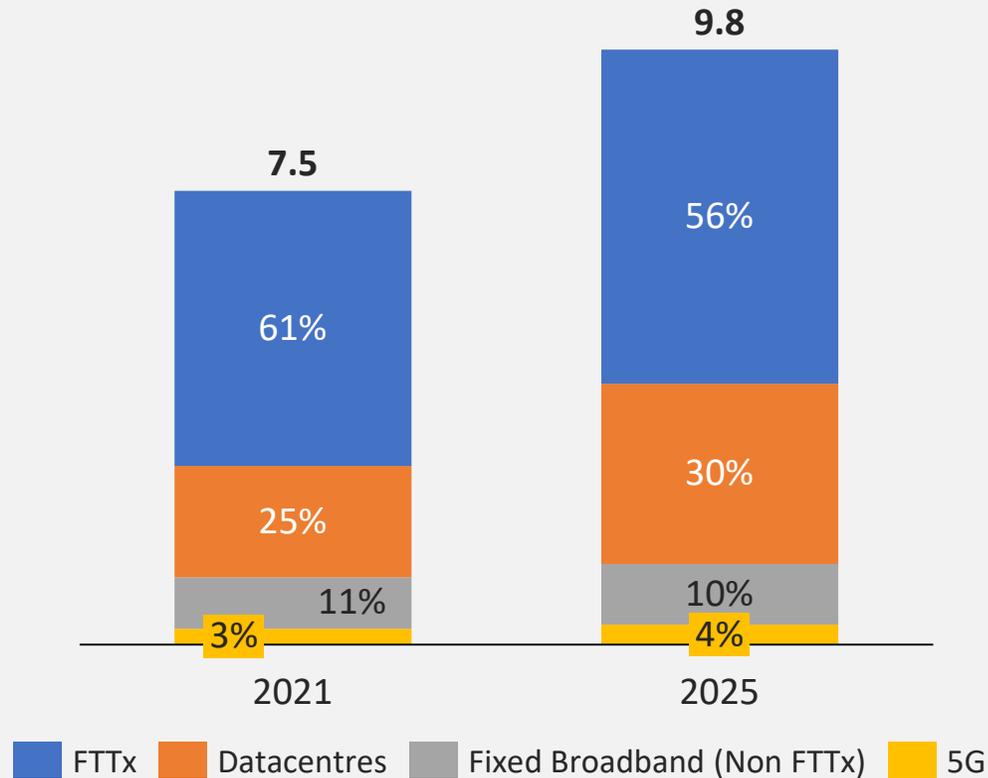


- Indoor distribution boxes
- Building terminals
- MDU Connectivity

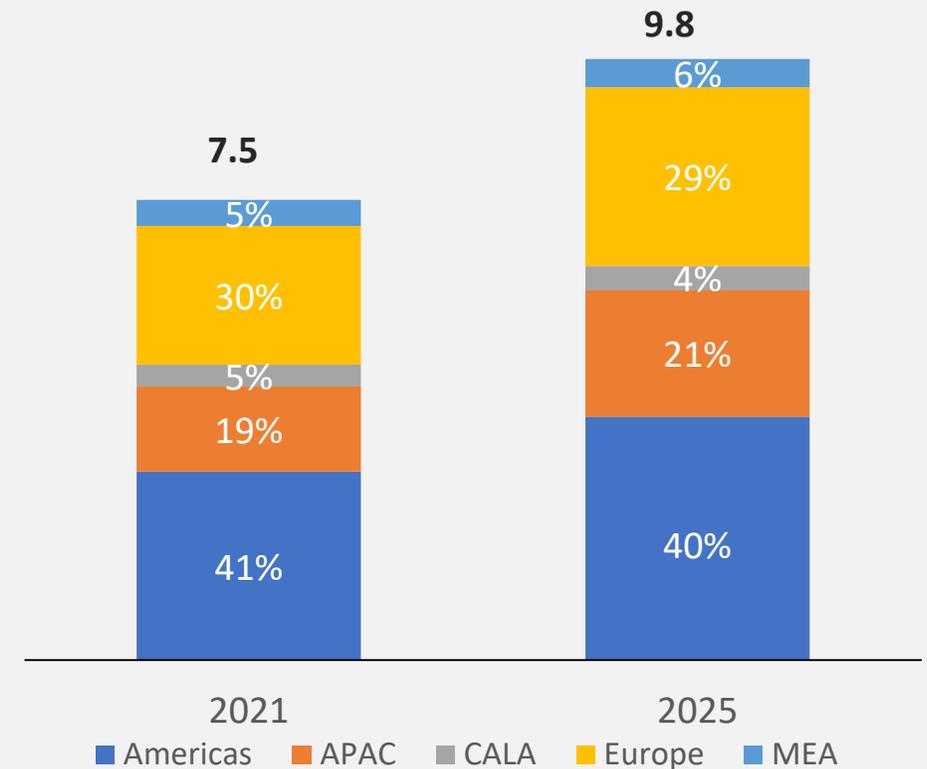
Optical Interconnect market is growing especially in North America and Europe



Global Optical Interconnect market (\$ Bn)



Region wise Split (excl. China, \$ Bn)



*We develop different model for each application – FTTx/Fixed BB (based on Homes Pass/Homes Connected/FTTB users), DC (based on power usage/port count), 5G based on incremental fiber/cable needed basis new end points (macro/rooftops)

Sources: FTTH Council, Ovum, BSRIA, STL Analysis

*Caribbean and Latin American region

1. Strong tailwinds enabling growth

Global demand in OFC & OI is growing across regions

2 Optical Networking Growth Strategy

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- B. Increase Optical Interconnect attach rate

3. End-to-End Optical Solution

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4. Q&A

1



Establish US and EU as home markets

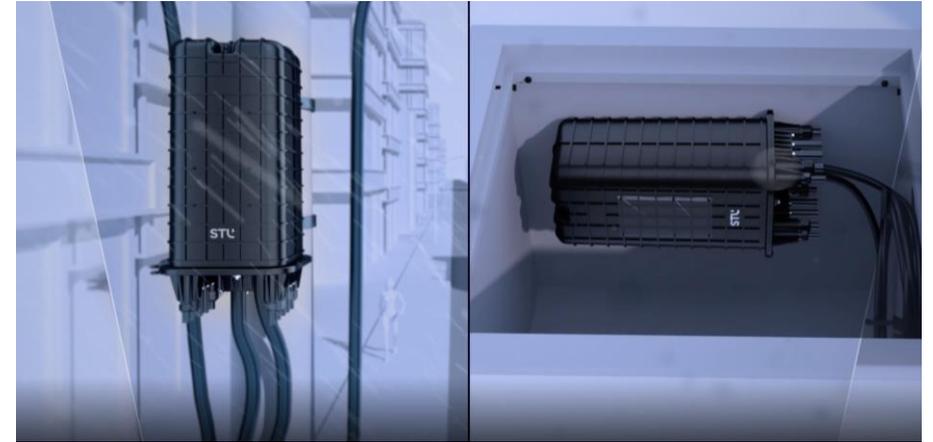
- Establish strong presence in the US
- Expand existing capabilities to gain leadership in the region

2



Scale Optical Interconnect Business

- Set up state of the art lab to design optical interconnect
- Develop customised optical passive solutions (cable & interconnect combinations)



Vision

BE A TRULY GLOBAL NETWORKING BRAND

We have made an entry in the growing US market



Establish US as home market

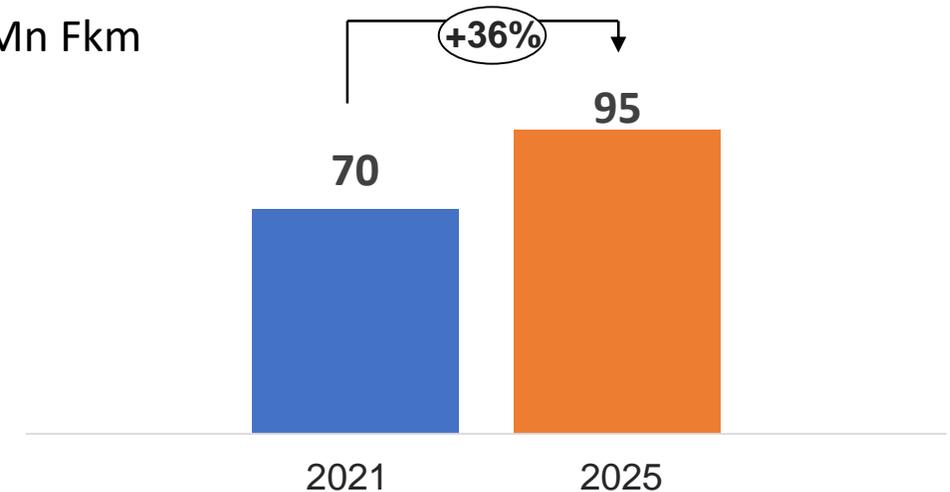


US government investing in network infrastructure growth

- Investment of **\$ 20 bn** in rural connectivity from RDOF.
- Biden Govt. approved an investment of **\$ 65 bn** for broadband infrastructure across all the states of US

OFC demand to grow at 36% in the next four years

Mn Fkm



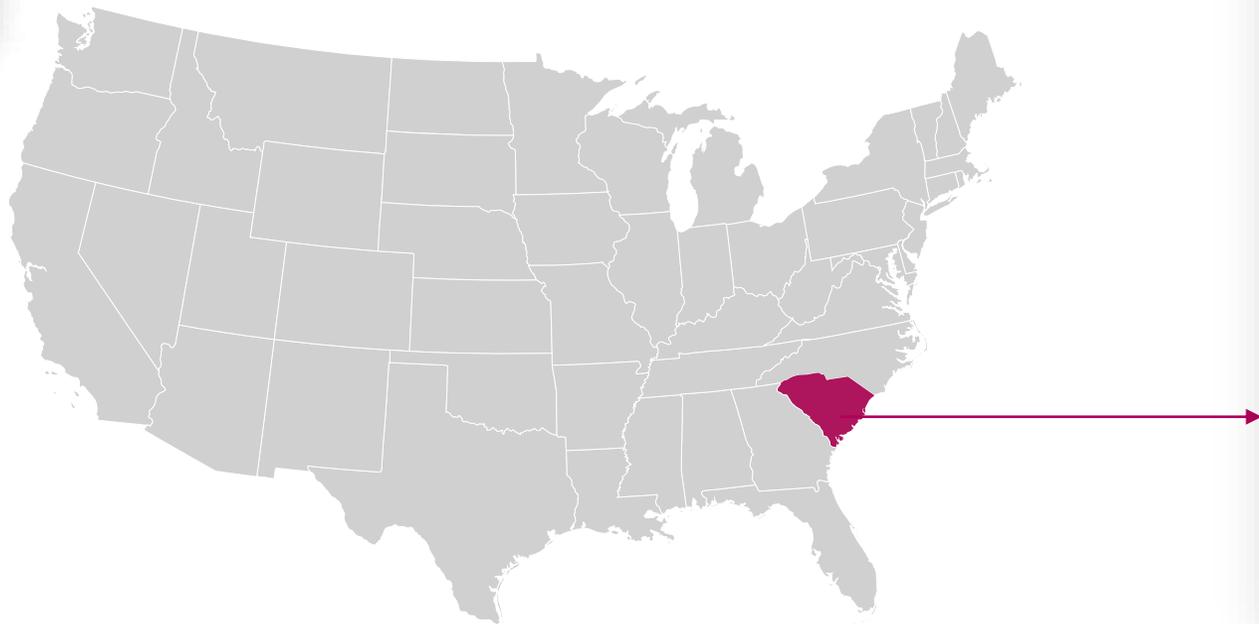
We have got very good traction in the US market. Our revenue share has grown to 12% in H1 FY22 from 4% last year

We are strengthening our presence with a manufacturing unit



Establish US as home market 

Establishing our manufacturing unit in South Carolina, US



We are investing in the OFC capacity in South Carolina which is likely to commence operations by Q1 FY23.

Develop customised optical interconnect products



Scale OI
business

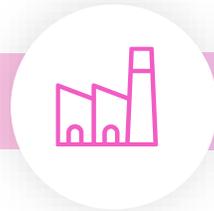


Work closely
with customers
to define
product
requirements



DESIGN

- Establish state of the art design lab
- Increase optical interconnect patent portfolio



MANUFACTURE

- Agile operations for lower turnaround time
- Increased investments in tooling & logistics



SALES

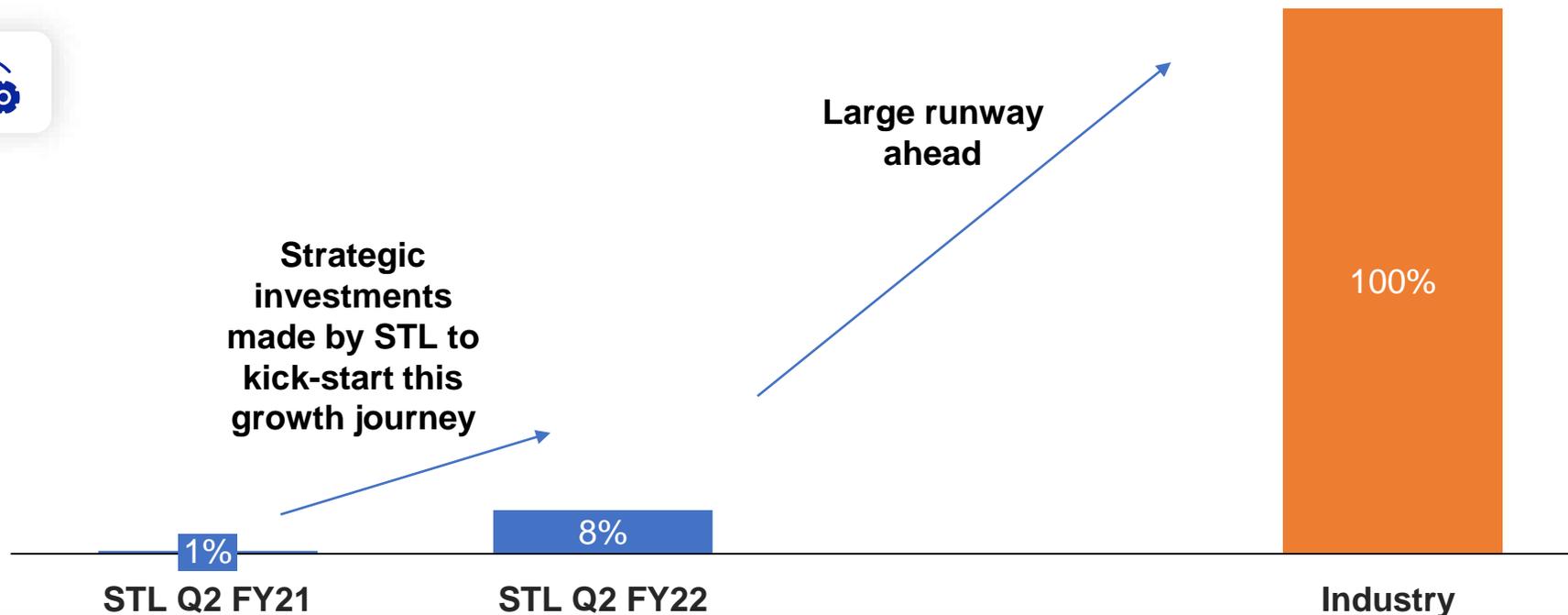
- Increase penetration in all key accounts
- Thought leadership in datacentre segment specially with hardened connectivity Solutions

Customized
optical
interconnect for
multiple
applications

Increase optical interconnect attach rate



Scale OI
business



STL has a large runway to increase the attach rate from c. 8% to 100%

STL attach rate = STL OI revenue / STL OFC revenue
Industry attach rate = OI Industry size / OFC Industry Size
Sources: STL Estimates

1. Strong tailwinds enabling growth

Global demand in OFC & OI is growing across regions

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3 End-to-End Optical Solution

A customer case study of STL E2E optical solution

4. Q&A

Customer Need

- A leading Telco wanted to deploy **high speed connectivity to 25 Mn** homes in UK

STL Expertise

- End-to-end optical connectivity expertise
- Large scale deployment

Outcome

- STL's optical network solution will fulfil **30% connectivity** needs for top Telcos in UK
- The most preferred partner for **Top 3 Telcos** in UK

Upcoming Potential Areas

- New solutions discussion with other Telcos in UK and Italy
 - **IBR** and **high density splicing**
 - **Plug and play** cabling



Super fast connectivity with interconnected setup

4 Key Points

- **Optical Networking market is growing**

Cable and interconnect demand is increasing

- **New home markets**

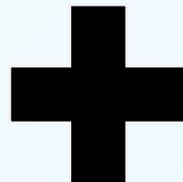
EU & US

- **Improving OI attach rate**

Customized Applications

- **End-to-End optical solutions**

Increasing customer adoption



3 Expertise

- **Agile and flexible**

Customized products and faster time to market

- **Providing end-to-end solutions**

Customized optical passive solutions

- **Leadership in high value markets**

Geographic expansion

One Core Objective

**BE A TRULY
GLOBAL
NETWORKING
BRAND**

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4 Q&A



beyond tomorrow