



Investor Presentation August'19



Safe Harbour



Certain words and statements in this communication concerning Sterlite Technologies Limited (“the Company”) and its prospects, and other statements relating to the Company’s expected financial position, business strategy, the future development of the Company’s operations and the general economy in India & global markets, are forward looking statements.

Such statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements of the Company, or industry results, to differ materially from those expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future.

The important factors that could cause actual results, performance or achievements to differ materially from such forward-looking statements include, among others, changes in government policies or regulations of India and, in particular, changes relating to the administration of the Company’s industry, and changes in general economic, business and credit conditions in India.

The information contained in this presentation is only current as of its date and has not been independently verified. No express or implied representation or warranty is made as to, and no reliance should be placed on, the accuracy, fairness or completeness of the information presented or contained in this presentation. None of the Company or any of its affiliates, advisers or representatives accepts any liability whatsoever for any loss howsoever arising from any information presented or contained in this presentation. Please note that the past performance of the Company is not, and should not be considered as, indicative of future results. Furthermore, no person is authorized to give any information or make any representation which is not contained in, or is inconsistent with, this presentation. Any such extraneous or inconsistent information or representation, if given or made, should not be relied upon as having been authorized by or on behalf of the Company.

The Company may alter, modify or otherwise change in any manner the contents of this presentation, without obligation to notify any person of such revision or changes.

Persons should consult their own financial or tax adviser if in doubt about the treatment of the transaction for themselves

These materials are, are being given solely for your information and for your use, and may not be copied, reproduced or redistributed to any other person in any manner. The distribution of this presentation in certain jurisdictions may be restricted by law. Accordingly, any persons in possession of this presentation should inform themselves about and observe any such restrictions

Contents



Topic	Page No.
STL Overview	4
Unique Capabilities	11
The Future is Even More Exciting	16
Financial Priorities & Performance	23
Key Takeaways	28
Appendix	29

STL Overview



1 Data Networks Innovator

Core Business

For the network creators

3

Innovation
Engines

System Based Solutions including
Connectivity, Network Services and Software

4

Customer
Segments



Communication
service providers



Citizen
networks



Large
enterprises



Cloud & content
providers

273 Patents

3 Innovation Centers

3300+ Employees

Technology at the Heart of the Organization



3
Innovation Centres

Centre of Excellence, Aurangabad
Core research on optical fibre for high-speed connectivity

2
Software Delivery Centres

Centre for Smarter Networks, Gurgaon
Technology and applied research on smarter networks of the future

273
Patents Globally

Speciality Products Experience Labs
Experience Lab for Structured Cabling Solutions

Academia



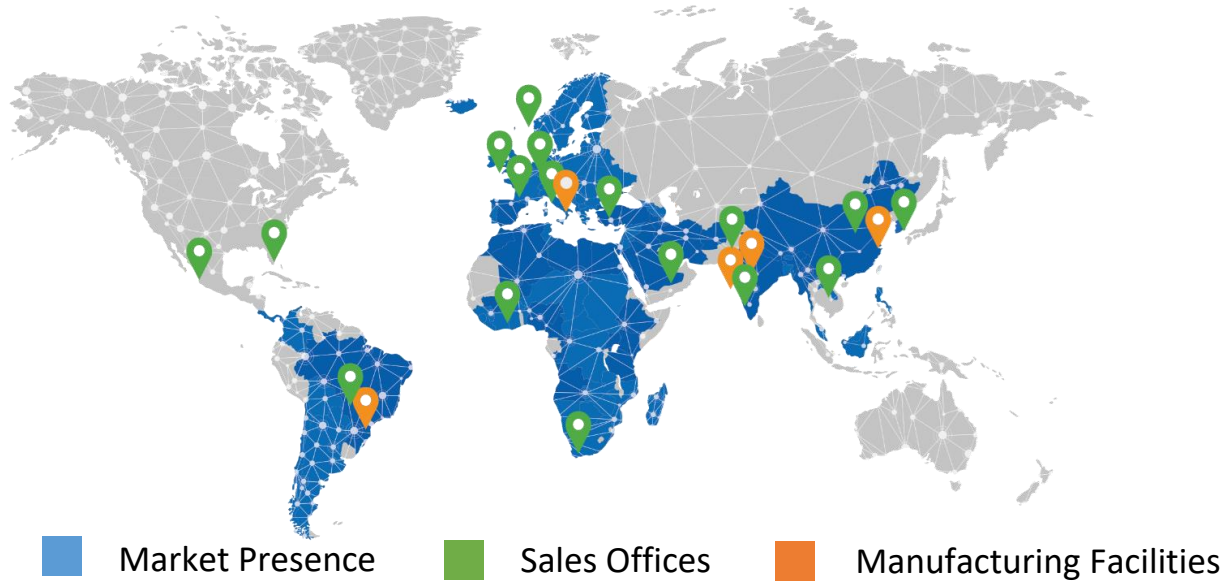
Forums



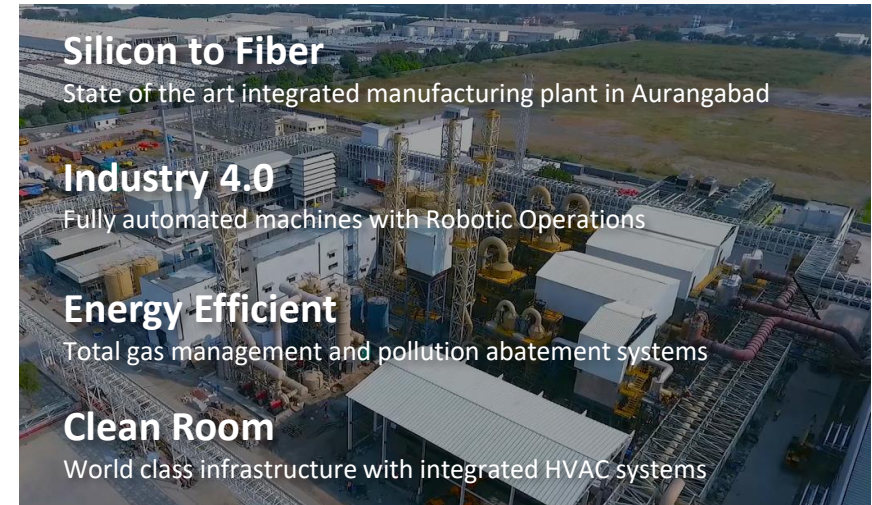
Backed by Agile Delivery and Global Supply Chain



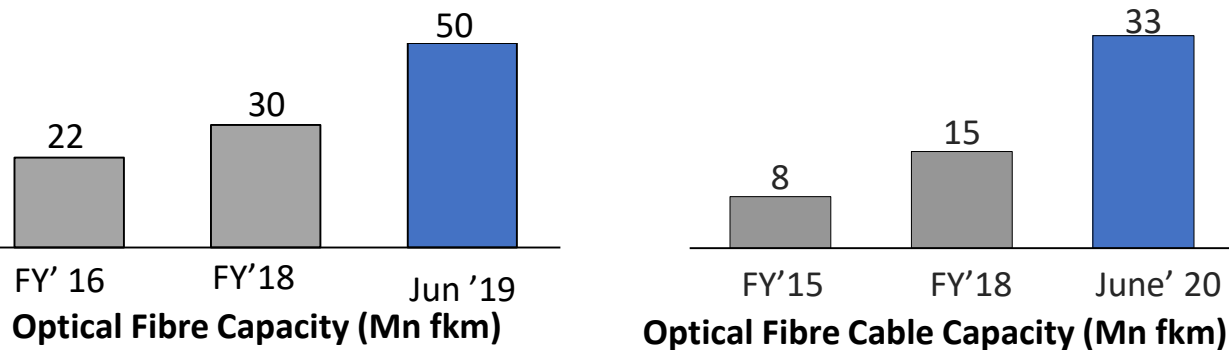
A GLOBAL PRESENCE



B WORLD CLASS FACILITIES



C FIBRE AND CABLE EXPANSION



And Strong Talent Profile in a Conducive Environment



Attracting young talent from



INSEAD

The Business School
for the World®

PURDUE
UNIVERSITY

London
Business
School



Expertise within the Organization ranges across the Fields of

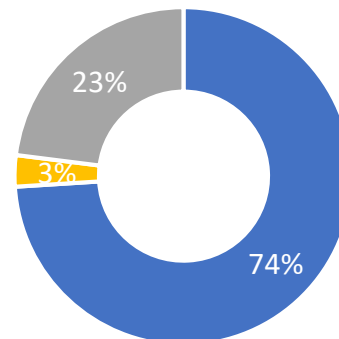
- Materials Engineering
- Photonics & Glass Science
- Program Management
- SDN/NFV
- Data Science & Analytics
- Wireless Technology
- Digital Transformation
- Industrial Automation

Hiring industry experts form global world-class organizations

Workforce Profile

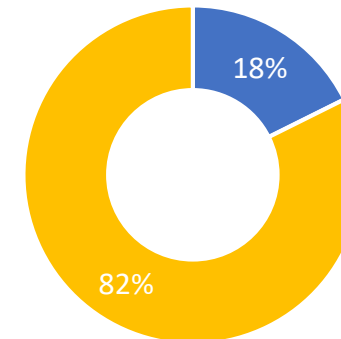
Qualification

■ Graduates and Post Graduates ■ PhDs ■ Others



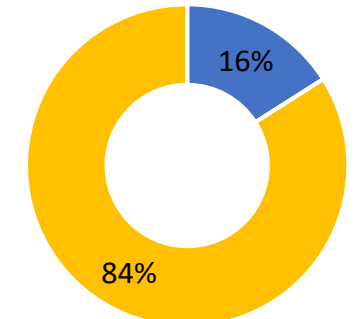
Location

■ Overseas ■ India



Gender

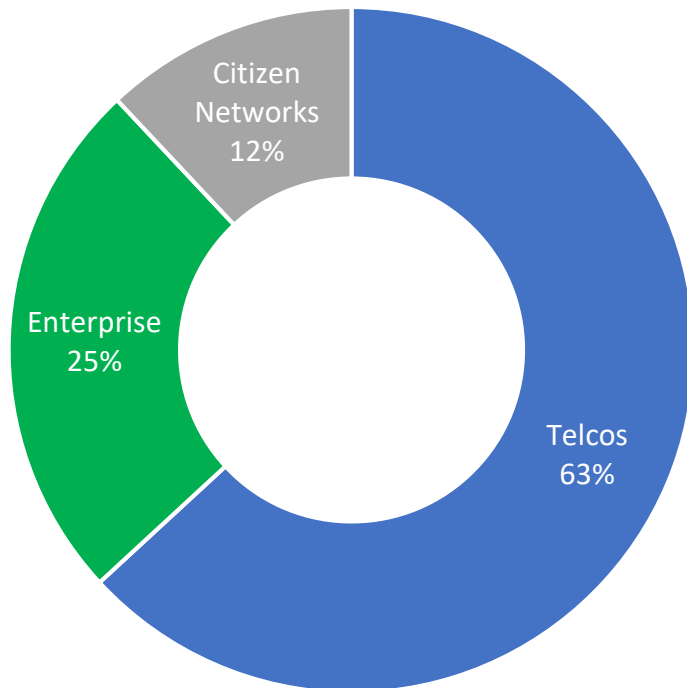
■ Females ■ Males



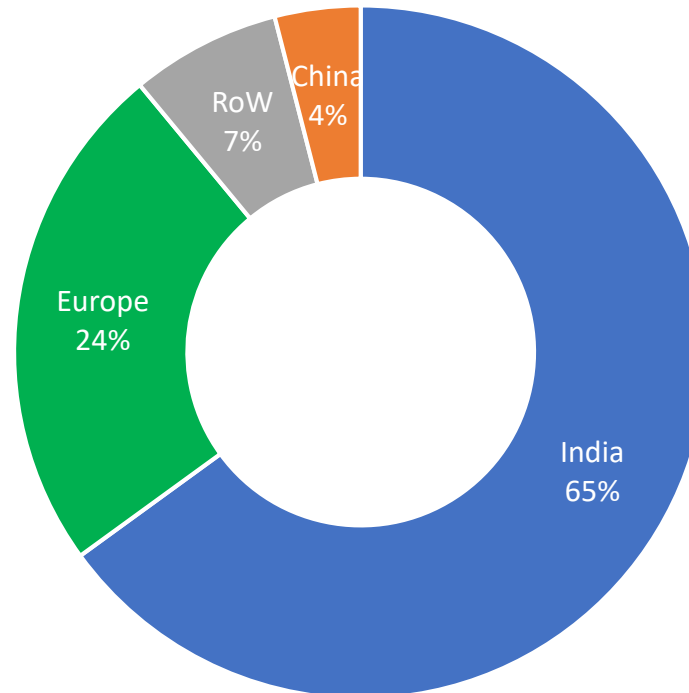
Translating into Customer Wins and Deep Market Penetration



FY'19 Revenue by Customer Segment



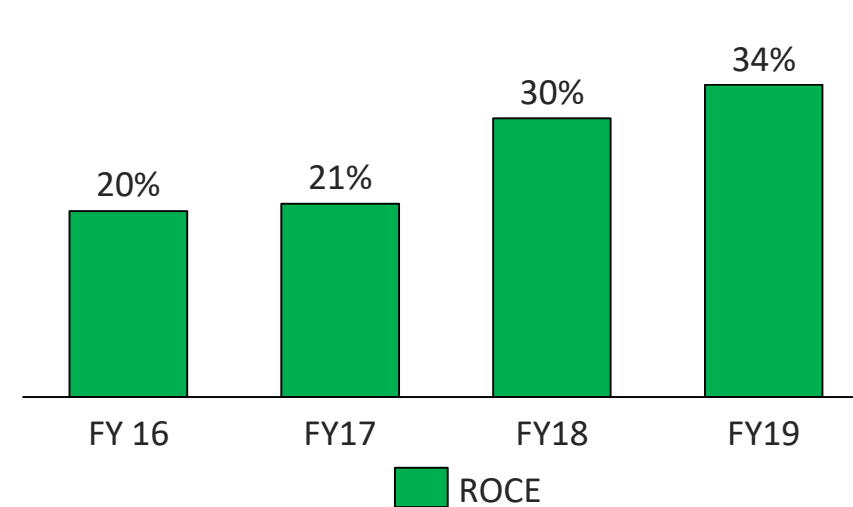
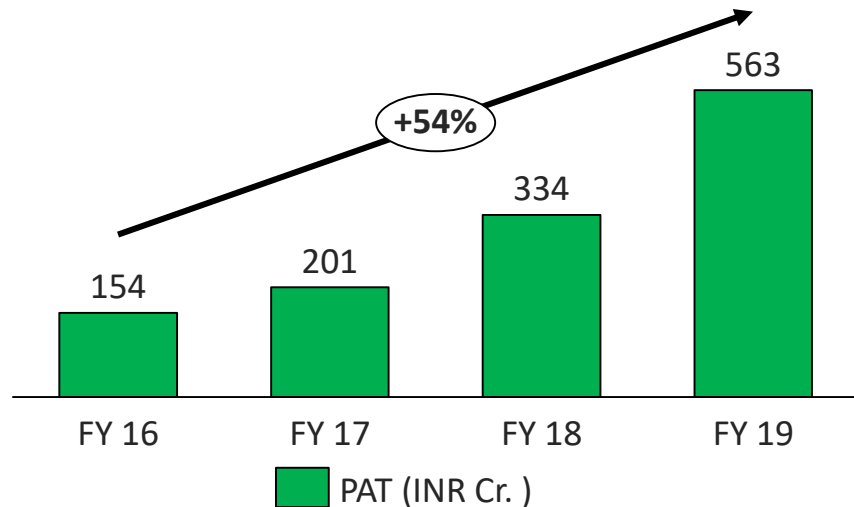
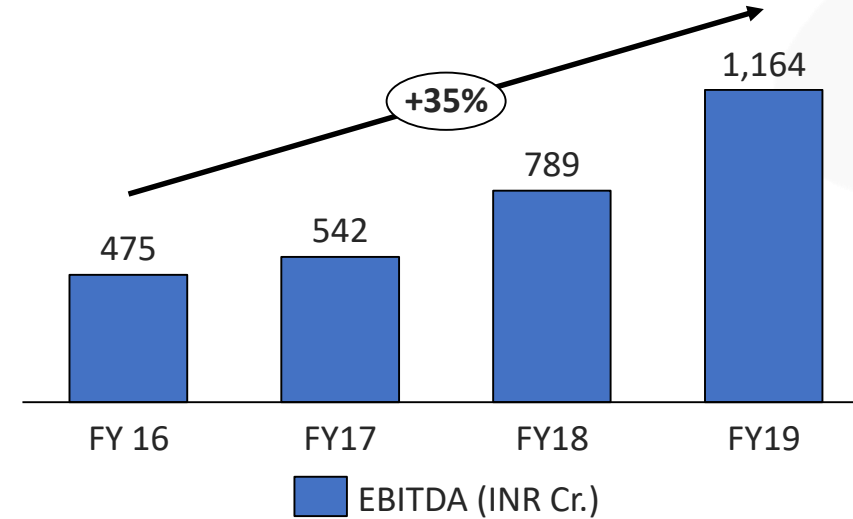
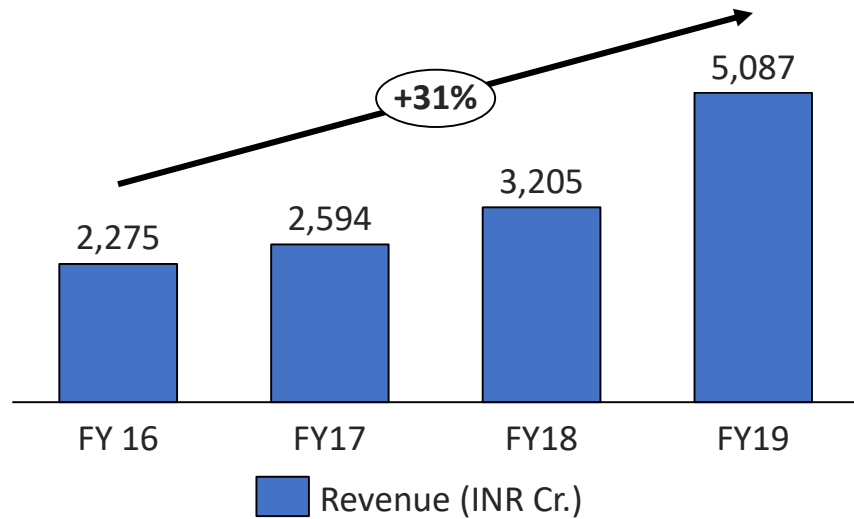
FY'19 Revenue by Geography



Market Penetration

- Partner of Choice for key Telcos in India and Europe
- Network creation partner for one of the world's largest greenfield rollouts of 4G networks
- More than 3x increase in exports revenues in 3 years
- Breakthrough into two of the largest Cloud & Content Providers
- Top 20 Customers account for ~75% of the revenues

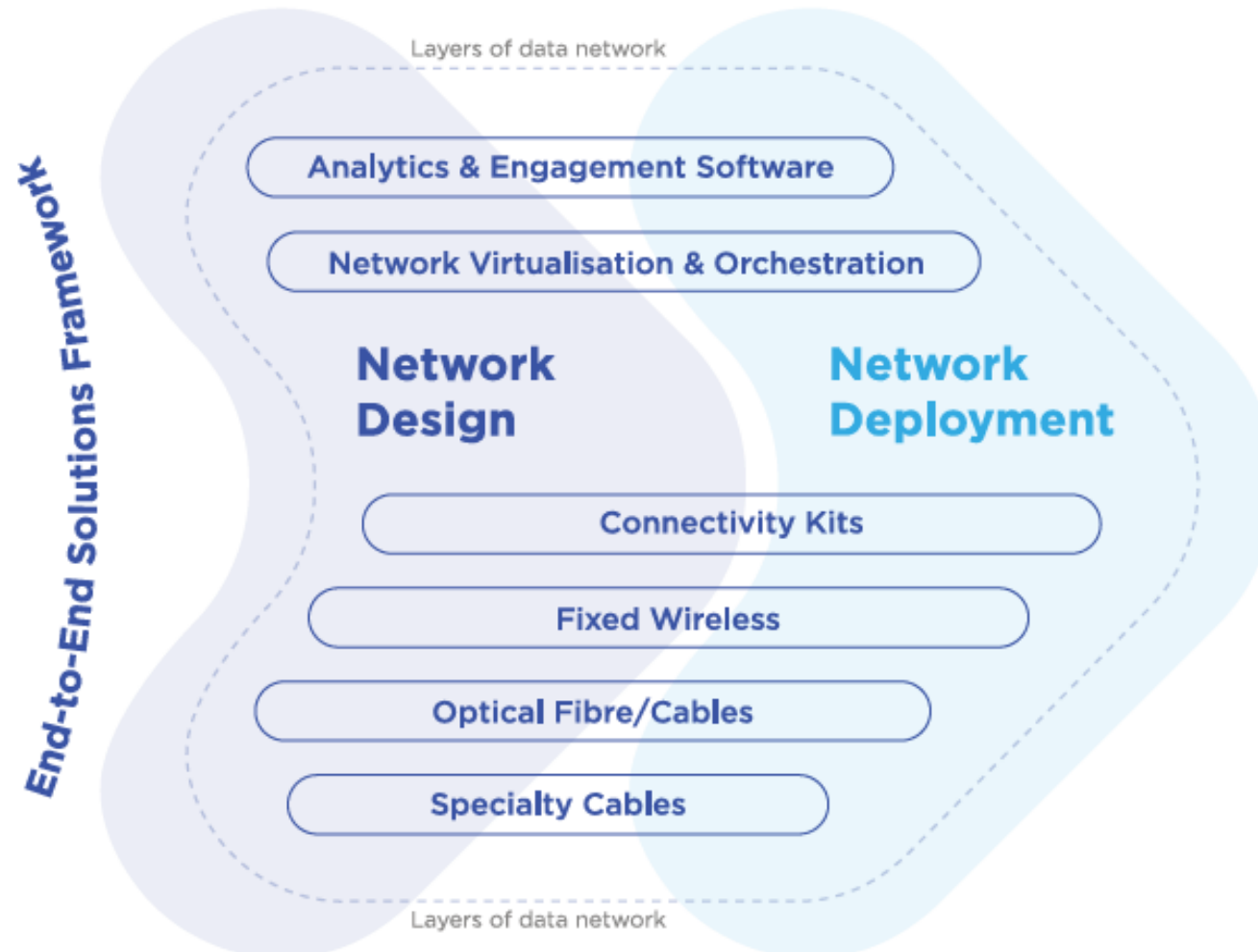
Delivering Strong Performance and Value Compounding



Unique Capabilities



Integrating our Unique Capabilities Across the Layers of Data Network



Bringing it all together as...



Global Leader in the End to End Data Network Solutions

Solving Complex Problems of the Creators of Data Networks

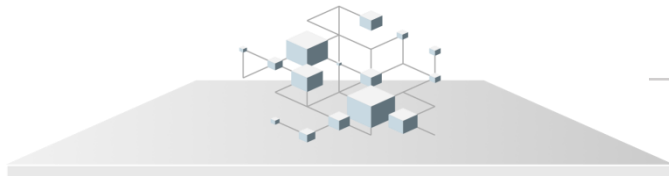


Through Innovative Offerings Across the Layers of the Data Network



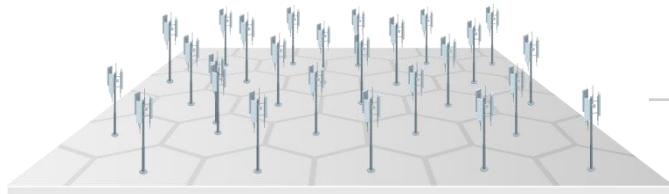
— AI Driven
Engagement

Intelza 



— Affordable & Edge
Virtualization

PODS



— Hyper Scale & Fast
Deployment

FTTx
mantra
One Solution. Countless Opportunities



— Algorithmic & End to End
Design



iCORE



— Hyper Scale Optical
Connectivity

Truibbon[™]

POE

Just to name a Few amongst Many!



Solution

STL Algorithmic FTTx Solution –
Industry first end-to-end Fibre to the point Solution

STL TruRibbon Solution –
4x faster installation compared to legacy high-density fibre solution

STL Intelza Solution (AI Based)

Up to 70% increase in monetization revenue

Application

High Speed FTTx

High capacity with extremely low latency

Increase customer retention

Customer

Global Large Telco

Hyperscale Cloud Company

India Top 3 telco



**The Future is Even
More Exciting**



Industry is Witnessing Major Tech & Capex Shifts



5G

*has
arrived*

**Massive
Data Centres**

*by cloud
companies*

**Connected
Everything**

*Enterprises
embrace IoT*

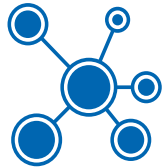
Virtualization

*Software
disrupting
networks*

These New Data Centric Networks are being Built on

1

Denser Networks



*Access layer end points
will multiply
(5G and beyond)*

2

Deep Fiberization



*Fiber intensive network to
support latency and
capacity requirements*

3

Vendor neutral and disaggregated



*Vendor neutral and
disaggregated networks
(hardware & software
getting decoupled)*

4

Compute and storage at the Edge



*Data Center coming closer
to point of consumption*

Dense Fiberization Essential for New Age Networks

Tower Fiberization across the globe

70%

4Bn fkm
deployed

25-30%



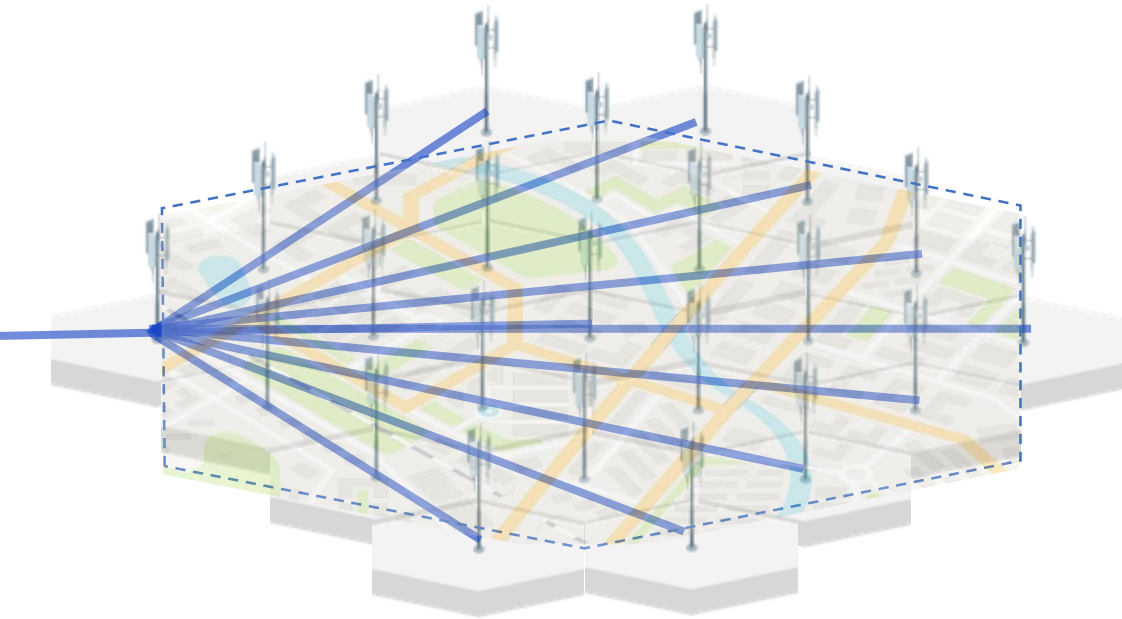
Today



For 5G

5G will require
20-30x

the number of cells of a
conventional cellular network



*Majority of our map will
have 5G...We are doing
1,000 fibre miles a month.*



Hans Vestberg, CEO Verizon

*Fibre Deployment is
Key for 5G Rollout*

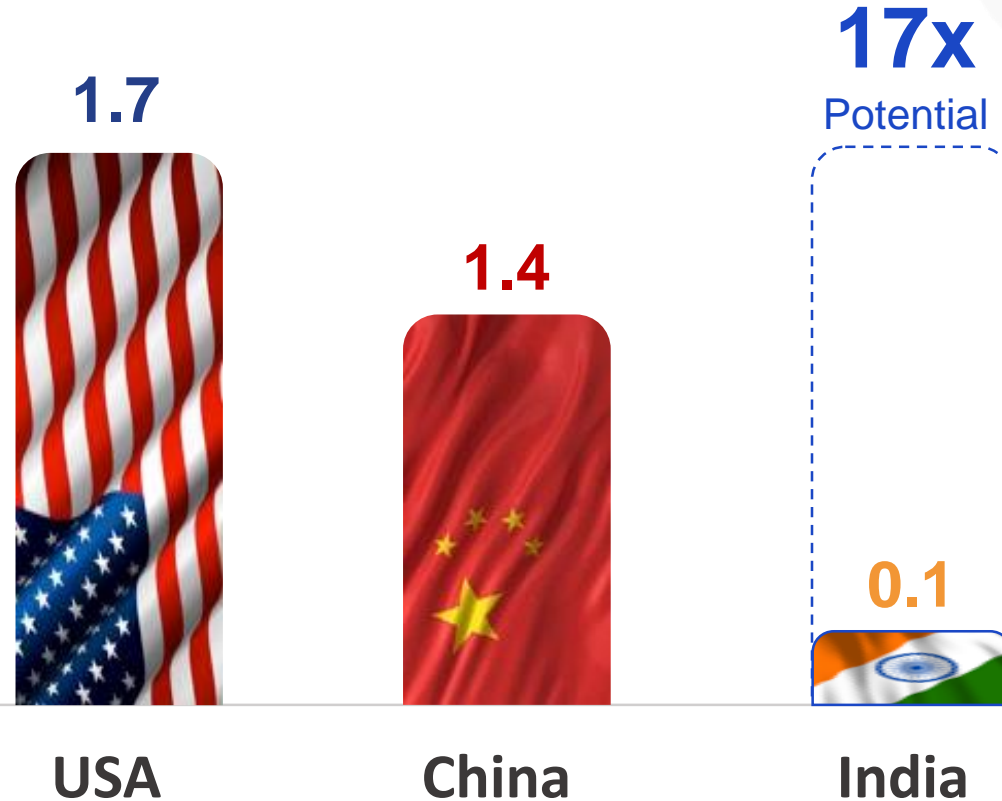


Chuck Robbins, Chairman CISCO

India at the Start of Network Creation Cycle

India has
**huge
fiberization
potential**

Fiber Kms per Capita



Large amount of
fiber networks to
be built

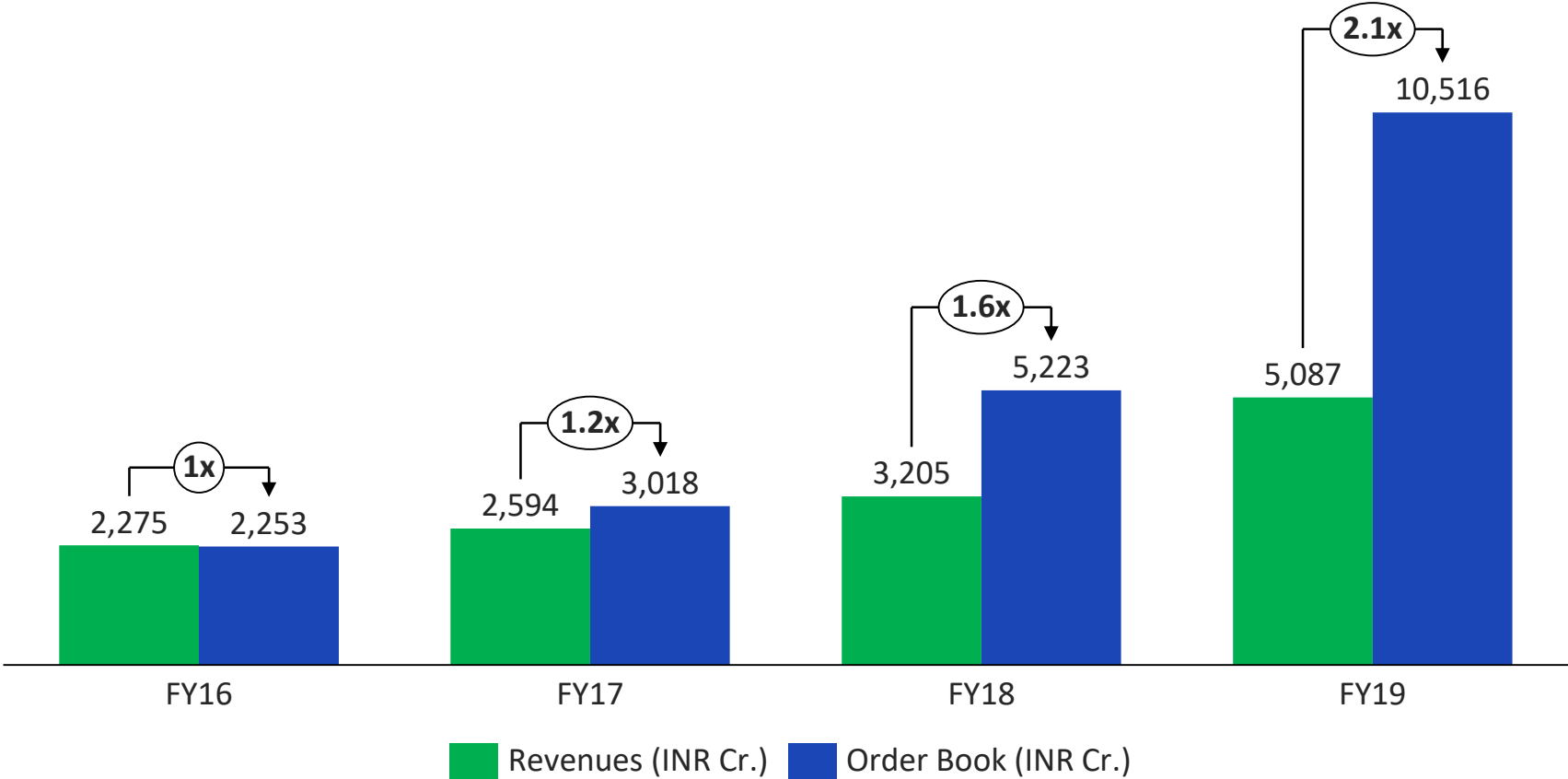
New Growth
Areas erstwhile
protected by
Vendor Lock-ins

Customers
looking for End to
End Technology
Partner

Large & Growing
Home Market

Increasing addressable Market to **\$75bn**

Starting the Year with Highest ever Future Visibility Through Order Book



Financial Priorities & Performance



Growth

- Profitable Organic Growth
- EPS accretive strategic acquisitions
- Commitment to R&D and Talent

Earnings

- Drive sustainable EPS growth
- Attain earning objectives across economic cycles
- ROCE > 25%

Capital Allocation

- Focus on Free Cash Flow Generation
- Sound Leverage and Working Capital Ratio
- Stated dividend policy with consistent returns to shareholders

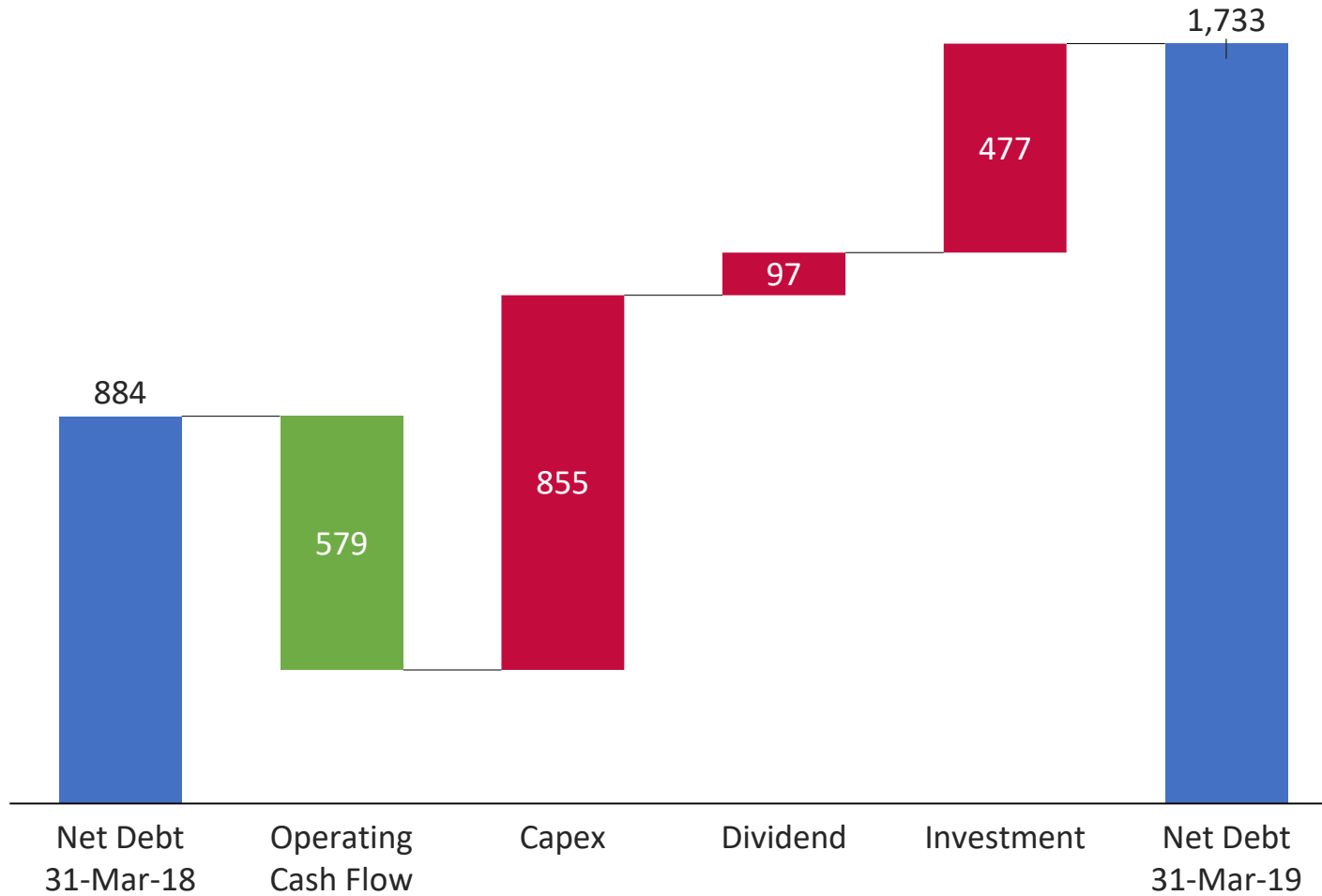
Financial Performance (FY'18 Vs FY'19)



P&L (INR Cr.)	FY18	FY19	Growth (%)
Revenue	3,205	5,087	59%
EBIDTA	789	1,164	48%
EBITDA %	25%	23%	
Depreciation	182	195	
EBIT	606	969	60%
Interest	104	105	
PBT	503	864	72%
Tax	133	278	
Net Income (After Minority Interest)	334	563	68%
ROCE %	30%	34%	

Balance Sheet (INR Cr.)	FY18	FY19
Net Worth	1,257	1,815
Net Debt	884	1,733
Total	2,141	3,548
Fixed Assets	1,512	2,356
Goodwill	74	107
Net Working Capital	555	1,085
Total	2,141	3,548

Debt Profile and Cash Flows



- ✓ The business continues to generate strong operational cash flow
- ✓ The increase in debt is on account of organic & inorganic investments done for future growth
- ✓ The benefits of these investments will start getting visible from FY20 onwards

Increasing TAM and Evolving Business Profile



Driven by double digit growth in profits with increasing ROCE profile



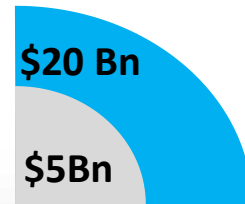
2010-2014

Offerings: Telecom Products
(Optical Fiber and Cable)

Customers: Telcos

Capital Intensity: High

2014 Revenue : Rs. ~1100 Cr



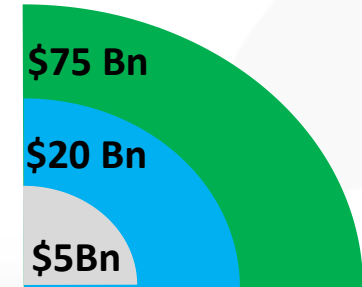
2014-2017

Offerings: Design, Build & Manage
(Optical Fiber and Cable, System Integration and OSS/BSS Software)

Customers: Telcos, Defence, Citizen Networks

Capital Intensity: Medium

2017 Revenue : Rs. ~2600 Cr



2019 & Beyond

Offerings : Global Data Network Solutions
(Mobility, Access, Long Haul Connectivity and N/W Modernisation)

Customers: Telcos, Internet Content Providers, Citizen Networks, Large Enterprises (Defence, Railway, Oil&Gas, etc.)

Asset Light

Expected Normalised **ROCE**: > 25%

Expected Normalised **EBITDA %**: > 18-20% *

2019 Revenue : Rs. ~5100 Cr

* Depending upon the mix

Key Takeaways



Increased end point consumption of data



Evolving Network Architecture



STL uniquely placed to leverage these opportunities

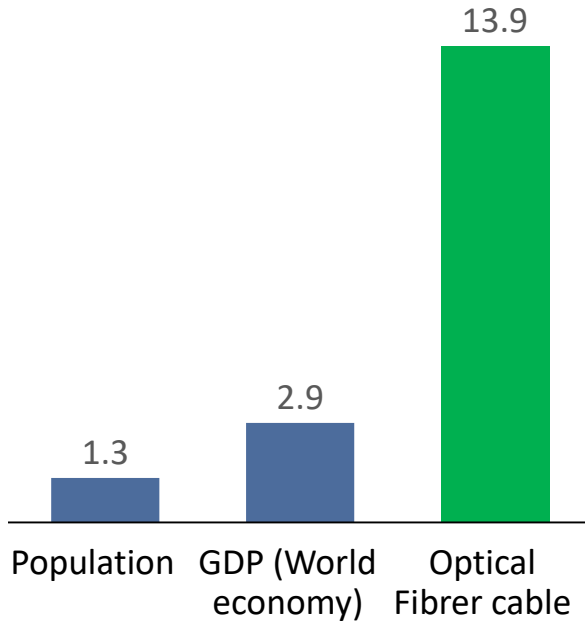
- ✓ STL provides Data Network Solutions focussed on mobility, access, core connectivity, network modernization & data centre to its Telcos, Cloud & Content Providers, Large Enterprises and Citizen Networks
- ✓ Increasing its addressable market to **\$75Bn by FY23** through new offerings, solutions, market penetration and expansion
- ✓ Delivery of high growth in the past while evolving the business model to suit the needs of the customers
- ✓ Financial priorities of robust growth, sustainable earnings and prudent capital allocation

Appendix



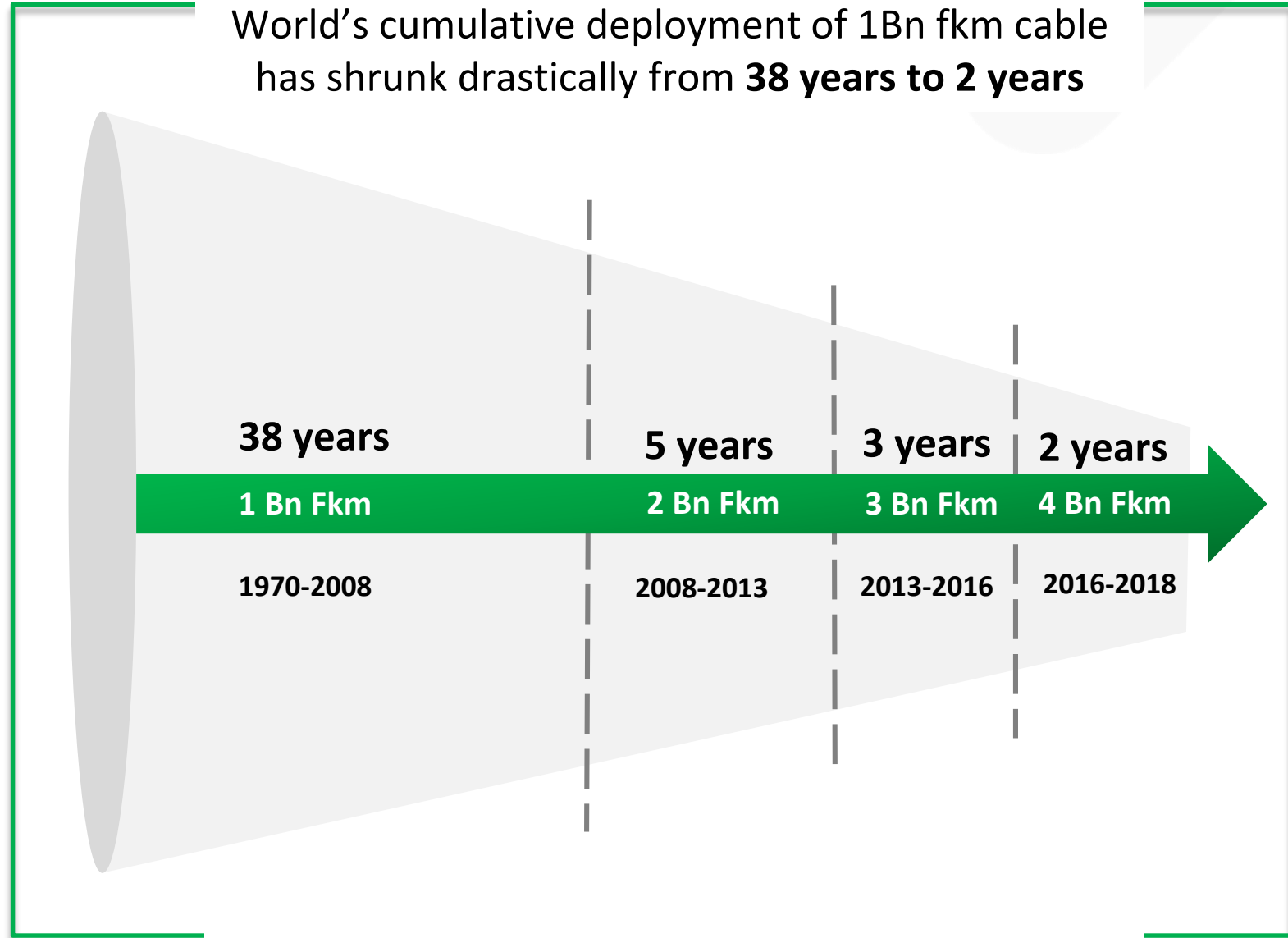
Growth in Demand of Optical Fiber has been Unabated across Centuries

Optical fiber cable deployment has outpaced the growth of world economy by **~5x**



20 years CAGR: 1997 to 2017

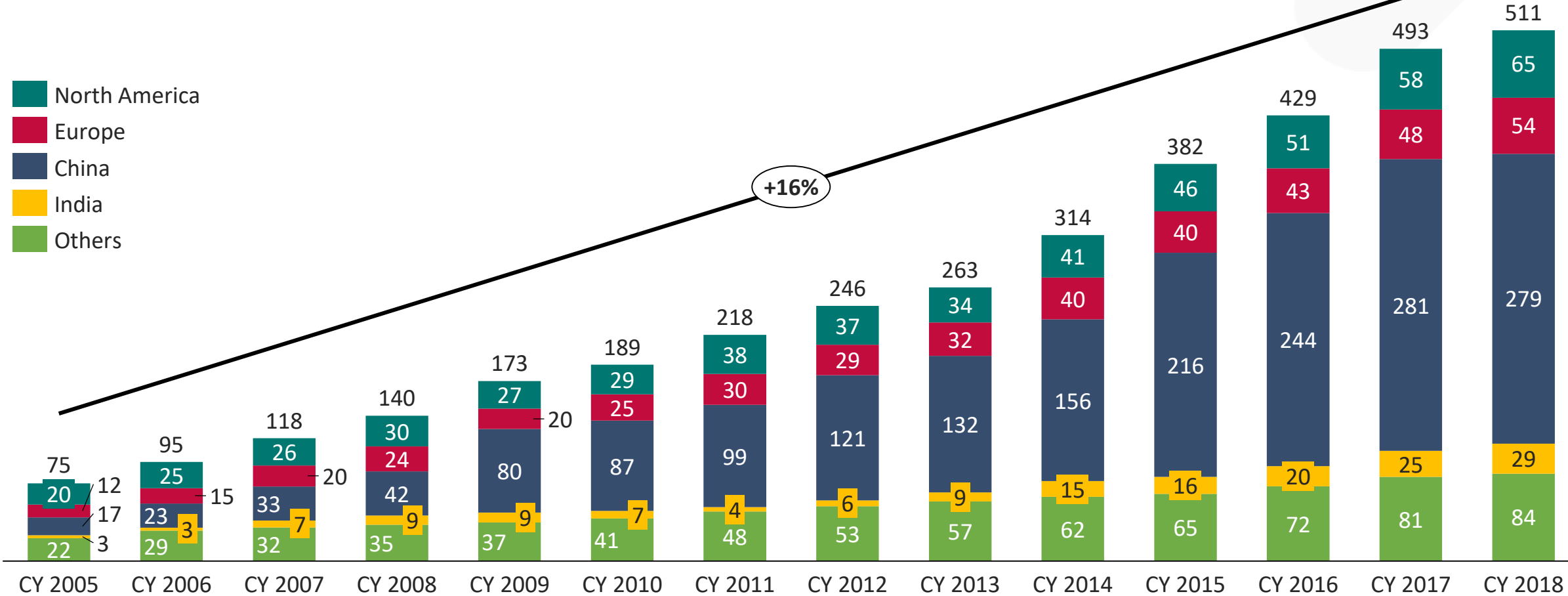
World's cumulative deployment of 1Bn fkm cable has shrunk drastically from **38 years to 2 years**



Global Demand for Optical Fiber Continues to Reflect Strong Annual Growth



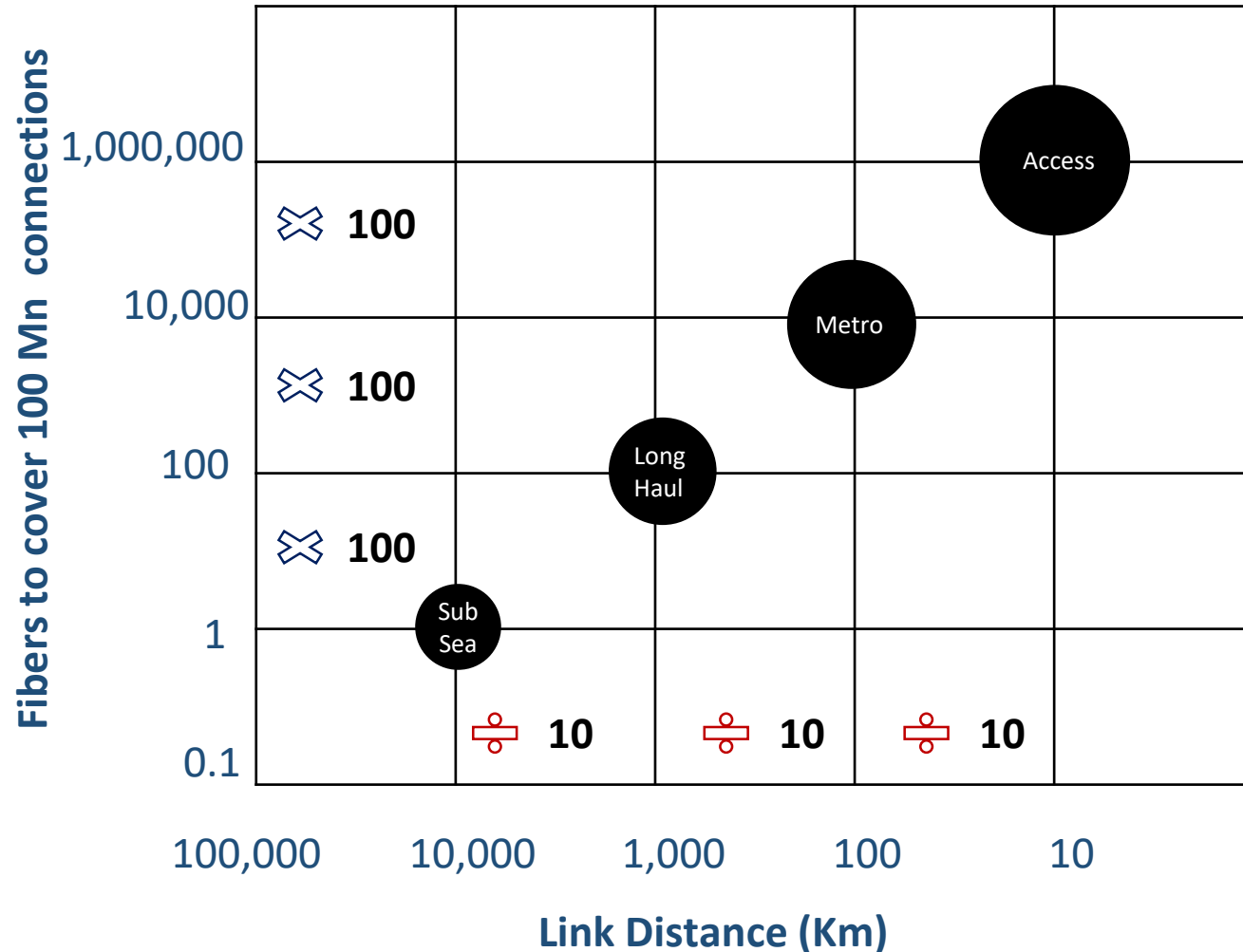
Optical Fiber Cable Demand (Mn fkm)



- Continuous growth of data driven by network evolution and changing consumption pattern reflecting strong demand for Fiber
- Globally >4Bn kilometre cumulative fiber already deployed in the networks; replacement lifecycles building in

With Fiber reaching Closer to the End Consumer Creating a Multiplicative Demand

Reduction in average fiber link by 10x, drives a 100x increase in fibers required to support the network

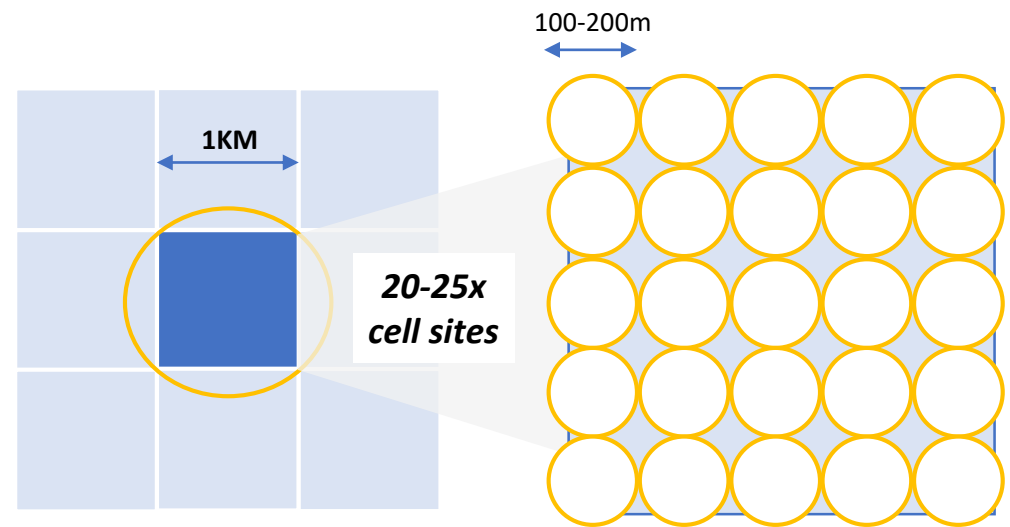


Source: Corning

Network Densification

Today's 4G Network

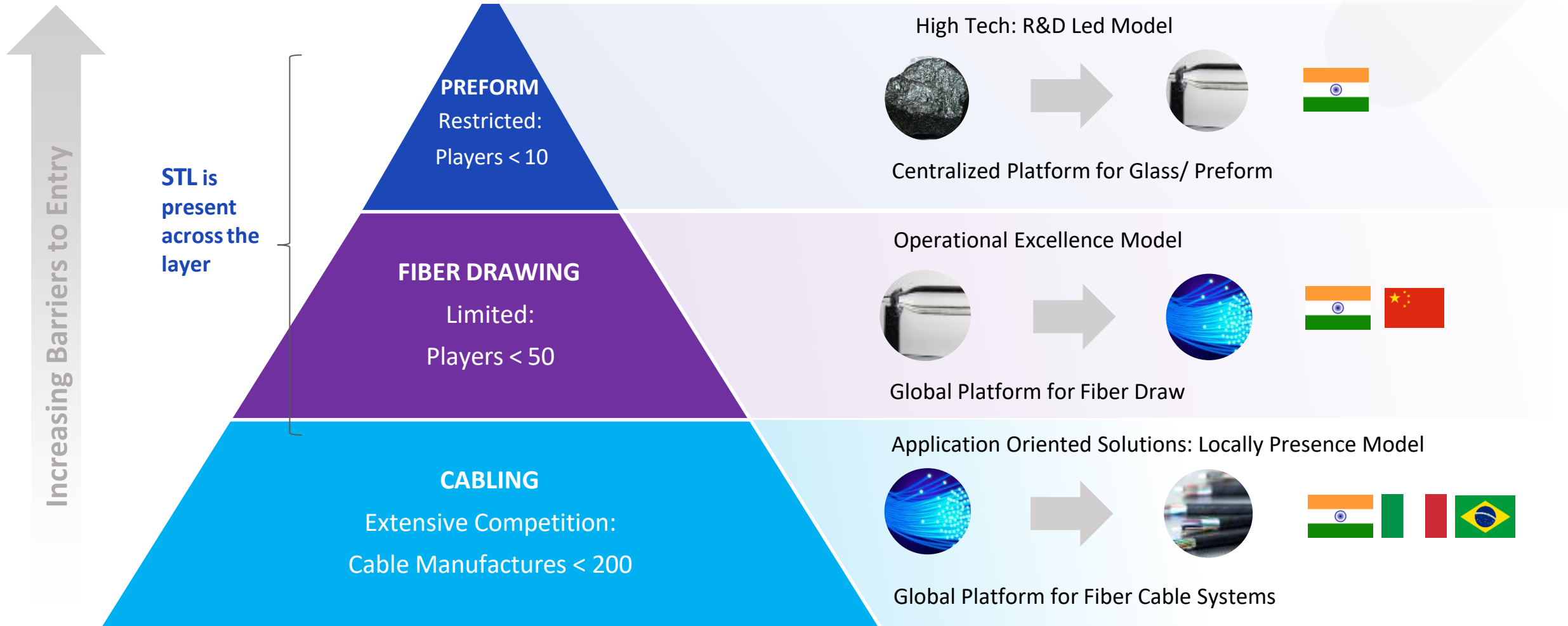
Future 5G Network



- These cell sites will be connected through fiber in the 5G network

Source: OFS

STL's Complete Control over the Manufacturing Value Chain



- Glass Science
- Chemical Engineering

- Fluid Mechanics
- Large scale Automation

- Wave Optics
- High Temp processing ~ 2000 deg C

Independent Directors on the Board of STL



Kumud Srinivasan

(Non-Executive & Independent Director)

- VP and Director of Non-Volatile Fab Manufacturing and Automation Systems at Intel Corporation
- Has spent 30 years at Intel in US, leading multiple global functions, prominent ones being R&D for technology manufacturing, industrial automation and IoT for manufacturing facilities
- She served as the President of Intel India from 2012 to 2016



Sandip Das

(Non-Executive & Independent Director)

- One of Asia's most respected telecommunications professionals and an acclaimed Chief Executive
- Ex-MD of Reliance Jio, Group-CEO, Maxis Communications and Hutchison Essar Telecom (now Vodafone), India
- One of the founding members of private telephony in India and was part of the group of individuals that founded Hutchison Max Telecom in 1994



A. R. Narayanaswamy

(Non-Executive & Independent Director)

- Chartered Accountant & Management Consultant with over 35 years of industry experience
- Member of The Institute of Chartered Accountants of India
- Provides consulting services in accounting, financial management and information technology across several industry verticals



Arun Tadarwal

(Non-Executive & Independent Director)

- Partner of Tadarwal & Tadarwal, a Mumbai based firm of Chartered Accountants
- Member of The Institute of Chartered Accountants of India
- Has rich and varied experience spanning over three decades in management consultancy, finance and audit

Sustainability & Governance | Positively Impacting Lives & the Environment

Overall impact since 2006



296,800+
Lives through
Health
initiatives



35,000 MT
Waste diverted
away from Landfills



99% Efficient
Rakholi OFC Plant
received India's 1st
ZWL Certification



64,000+
Lives through Water
Conservation
initiatives



457,800+
Lives through
Education & Rural
development
initiatives



Over 830,000
Lives impacted



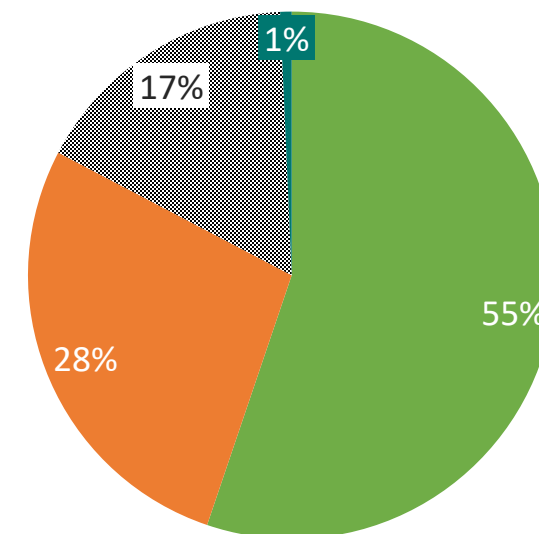
7,600+
Lives through Women
Empowerment
initiatives

Q1FY20 Financial Performance



P&L (INR Cr.)	FY19	Q1FY20
Revenue	5,087	1,432
EBIDTA	1,164	332
<i>EBITDA %</i>	<i>23%</i>	<i>23%</i>
Depreciation	195	68
EBIT	969	264
Interest	105	46
PBT	864	217
Tax	278	73
Net Income	563	141
ROCE %	34%	28%

Order-book standing at 9,853 Cr

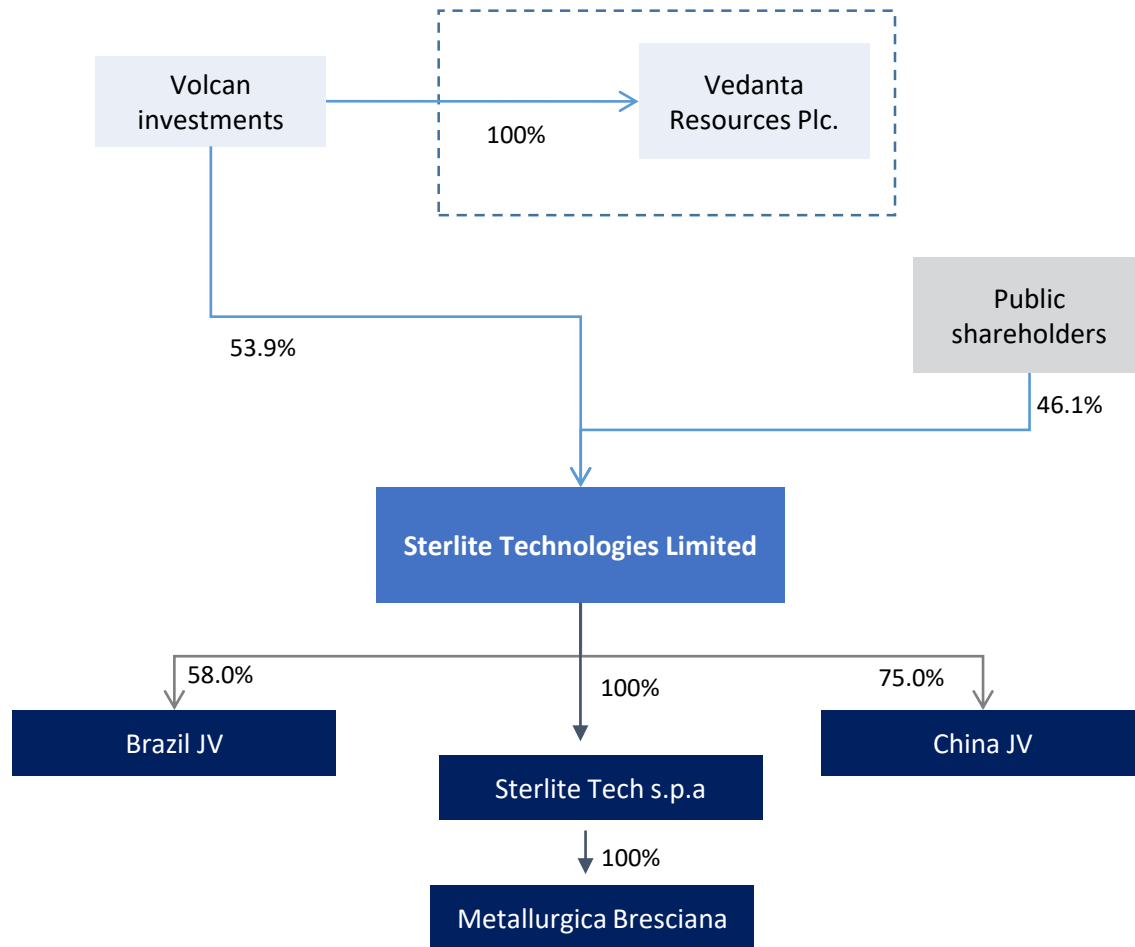


- Telcos
- Enterprise
- Citizen Networks
- Cloud Players

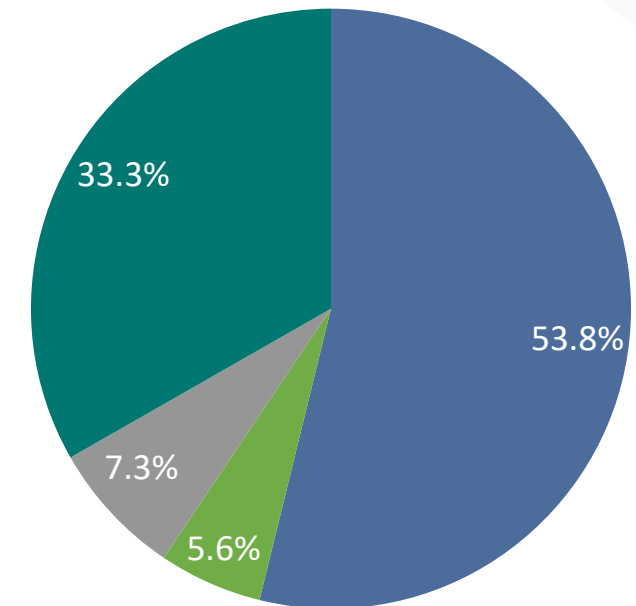
Corporate Structure & Shareholding Pattern



Corporate structure



Shareholding pattern



- Promoters & Promoter Group
- FI
- Other Institutional Holders
- Retail

Source: Company information; Karvy Shareholding Services; Data as of June 30, 2019



beyond tomorrow