



Investor Presentation February'20



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Data Growth Continues Unabated

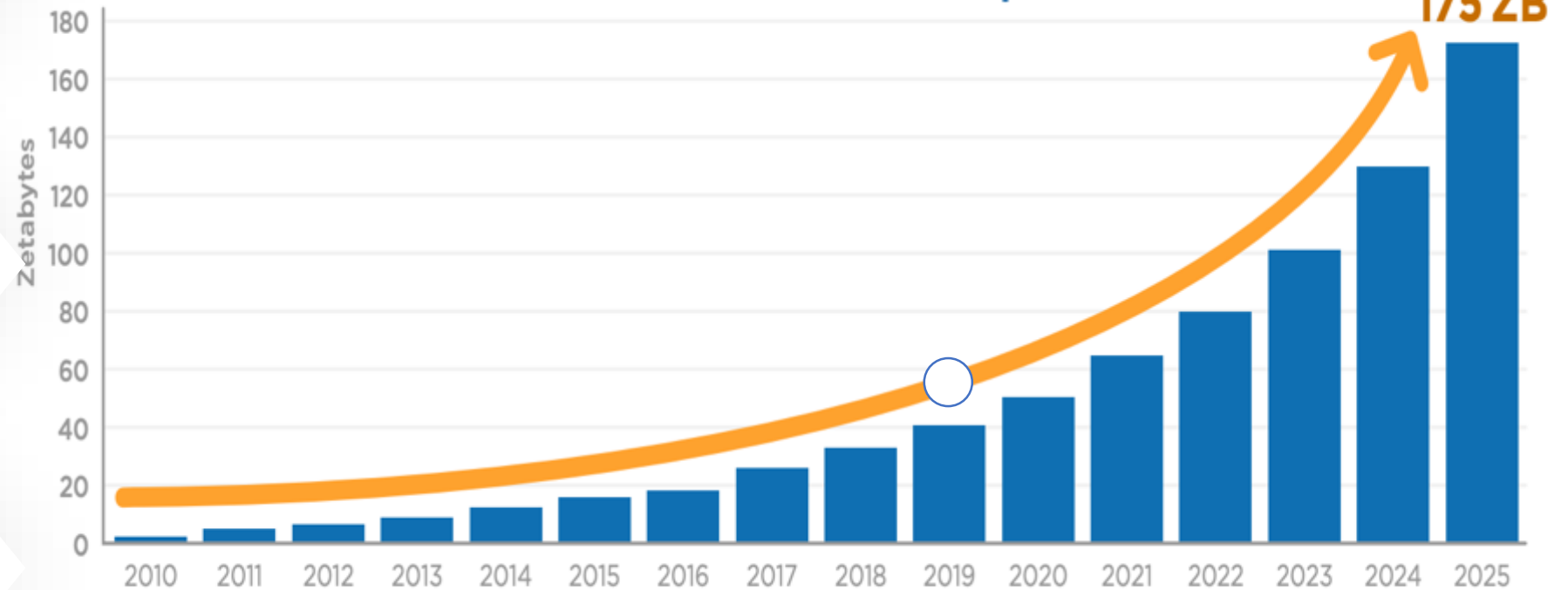


Next 50% of the world gets connected

Everything becomes data
video, entertainment, navigation, health, factories...

Users, Enterprises use connected apps for everything, everyday

Annual Size of the Global Datasphere



Source: Data Age 2025, sponsored by Seagate with data from IDC Global DataSphere, Nov 2018

Leading to Investment by Network Creators

Telecom Companies



- **Increasing proportion of current CAPEX** (\$141 bn*) for optical Infrastructure
- **5G deployment** to continue for 5 years leading to denser networks
- **FTTH roll outs** continue across the globe

Cloud Companies



- Massive investment in **creating datacentres** (\$103 bn in 2020)
- Datacentres **coming to edge** as compute & storage is required at edge
- Cloud companies also starting to **own transmission network** b/w datacenters

Large Enterprises



- Defense: Investing in **Network Modernisation & Secure data Communications**
- Large enterprises PowerGrid, Railways continue to invest in **smarter networks**

Citizen Network



- National Broadband Mission to provide **broadband access to all villages** by 2022 by investing \$100 bn
- **Bharatnet Initiative** to deploy 3 mn. route km OFC, Fiberisation of towers from 30% to 70% & Tower density from 0.42 to 1.0 per thousand population

STL has Repositioned to take Advantage of Investment Cycle



19
88
Copper Cable
Aurangabad



19
95
Optical Fibre
Aurangabad

20
12
Optical Fibre
China

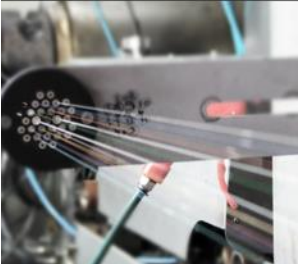
20
15
Network Services
Gurugram



20
20
ASOCS
Integration
Israel



19
93
Optical Fibre Cable
Silvassa



20
19
IDS Group
Integration
UK



Data
Networks
Integrator

A large, black, right-pointing arrow is centered below the text 'Data Networks Integrator'.

STL Introduction



BUSINESS

Leading integrator of data networks with core capabilities in optical connectivity, radio engineering & networking software

CUSTOMERS

Top global telcos, Top global cloud companies, Indian defence & Indian public sector enterprises

TECHNOLOGY

295 Patents, 3 Global innovation centres & 2 Software delivery centres

GLOBAL PRESENCE

Manufacturing (Capacity : 50 Mn. optical fibre, 33* Mn. optical fibre cables) & Sales offices across globe

FINANCIALS

FY 19- Revenue Rs. 5,087 Cr. (CAGR of 31% over 4 Yrs.)
EBITDA Margin: 22%, RoCE: 34%
Dividend Pay-out: 30%

REVENUE (GEOGRAPHIC SPLIT)

India (65%), Europe (24%), China (4%)
Rest of world (7%)

CAPABILITY ACQUISITIONS



Inside Data Centre Services



Specialized Optical Fibre Cables



OSS/BSS

* Shall complete by June 2020 6

STL Global Presence

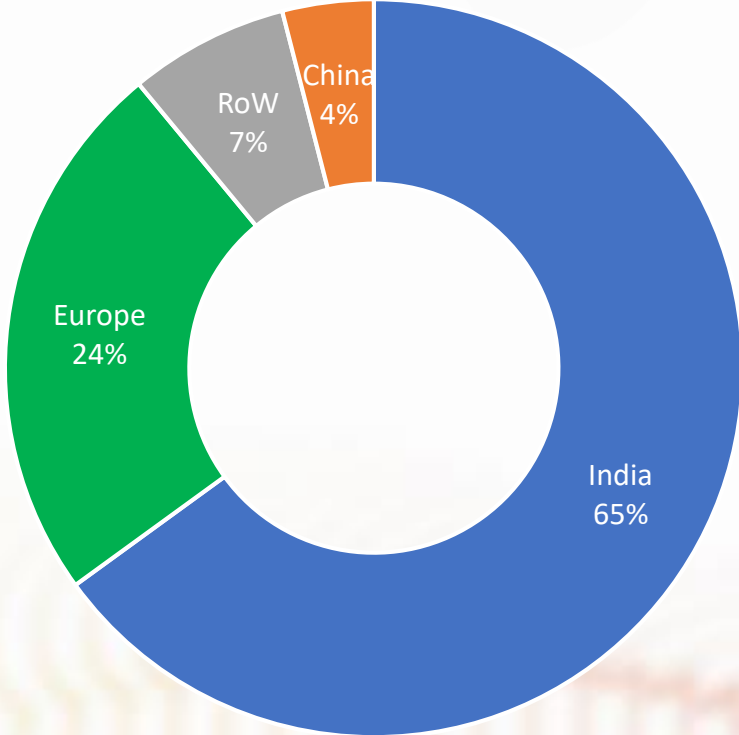


A GLOBAL PRESENCE

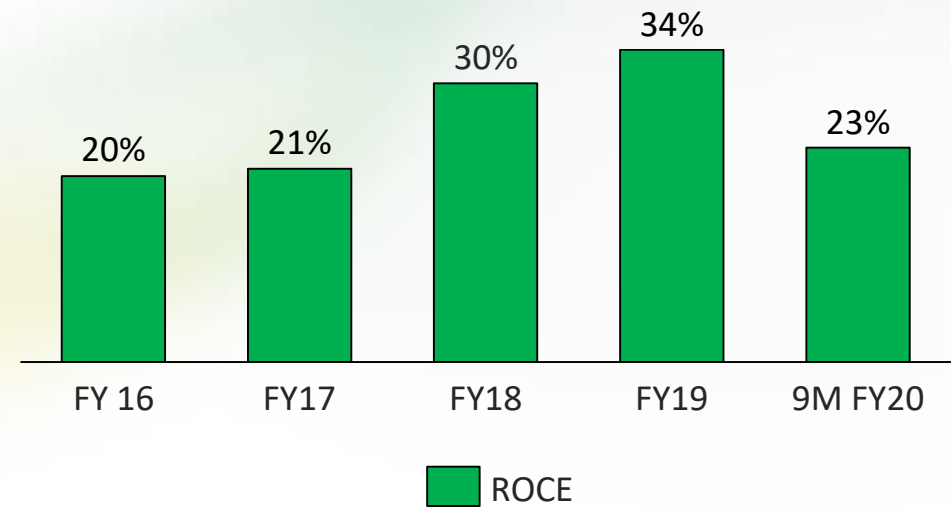
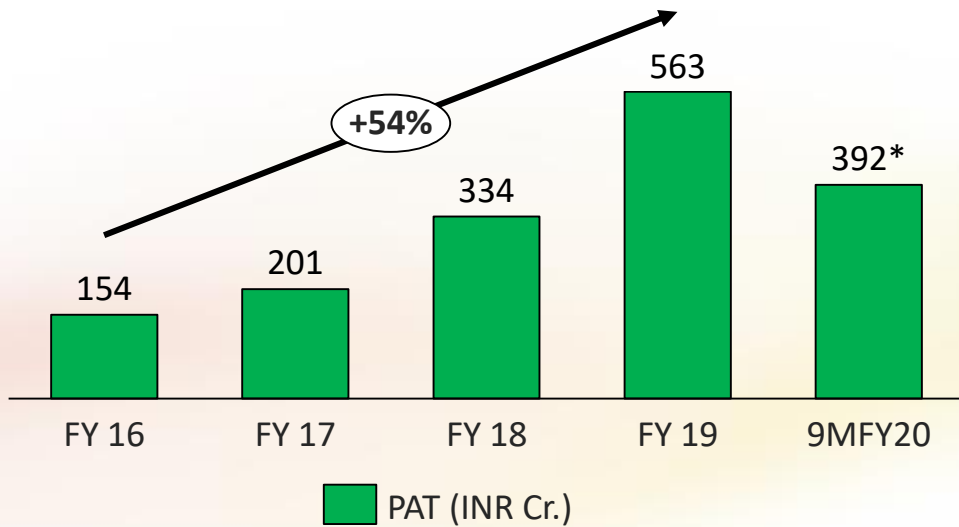
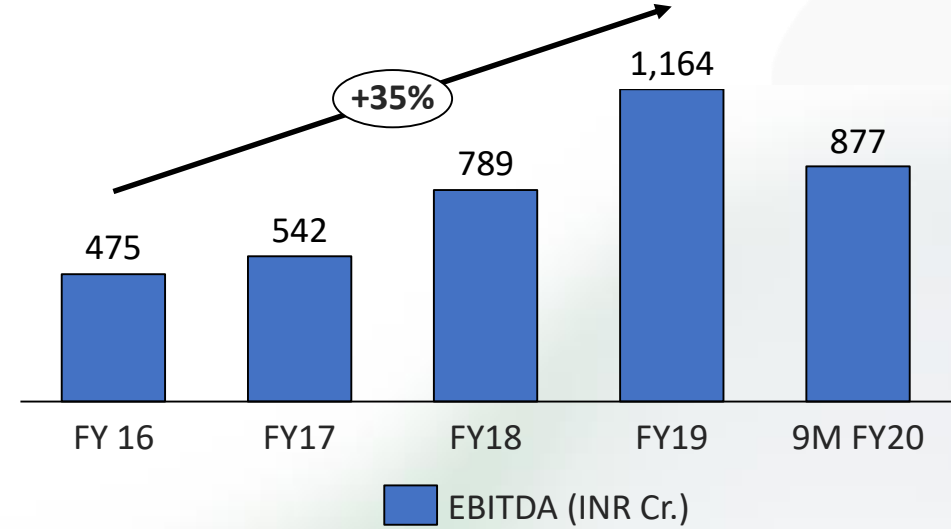
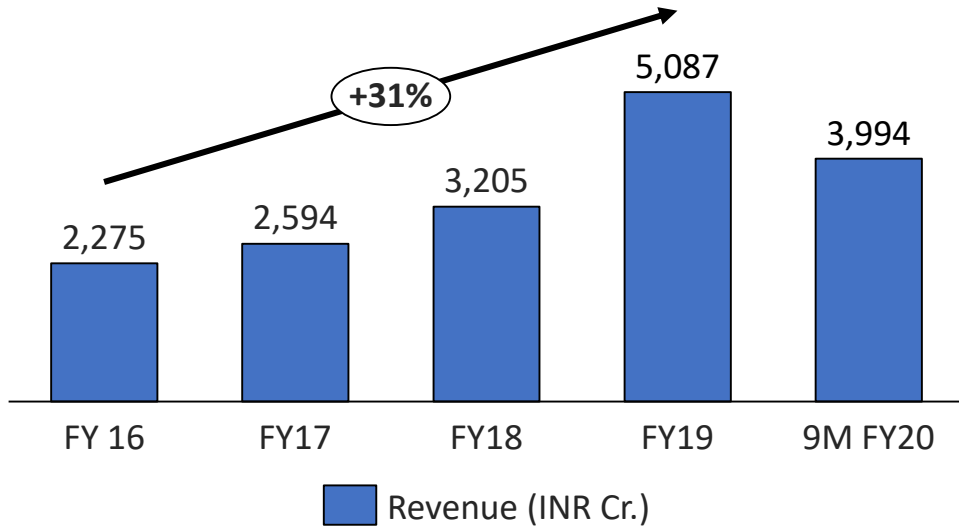


Market Presence Sales Offices Manufacturing Facilities

B FY'19 REVENUE BY GEOGRAPHY



Creating Sustainable Value



* Adjusted for exceptional item net of tax

Network Services: Market Overview



Large Enterprises

\$5.0 bn



Large Turnkey Projects for Network Modernisation

1. \$500 Mn. project to create Naval Digital Network
2. \$350 Mn. Project to modernize network for Indian army

Citizen Network

\$3.0 bn



Partnering Govt. for Bharatnet, Smart Cities

1. Deploying fiber network for 2 states in India
2. Creating IOT driven infrastructure for Smart cities

Telecom Companies

\$6.5 bn



Fastest & Efficient Network Deployments

1. Tower Connectivity (Current 30% to Global 90%)
2. FTTH deployment for Indian Telco's
3. 5G solution – Densification of Networks

Cloud Companies

\$0.5 bn

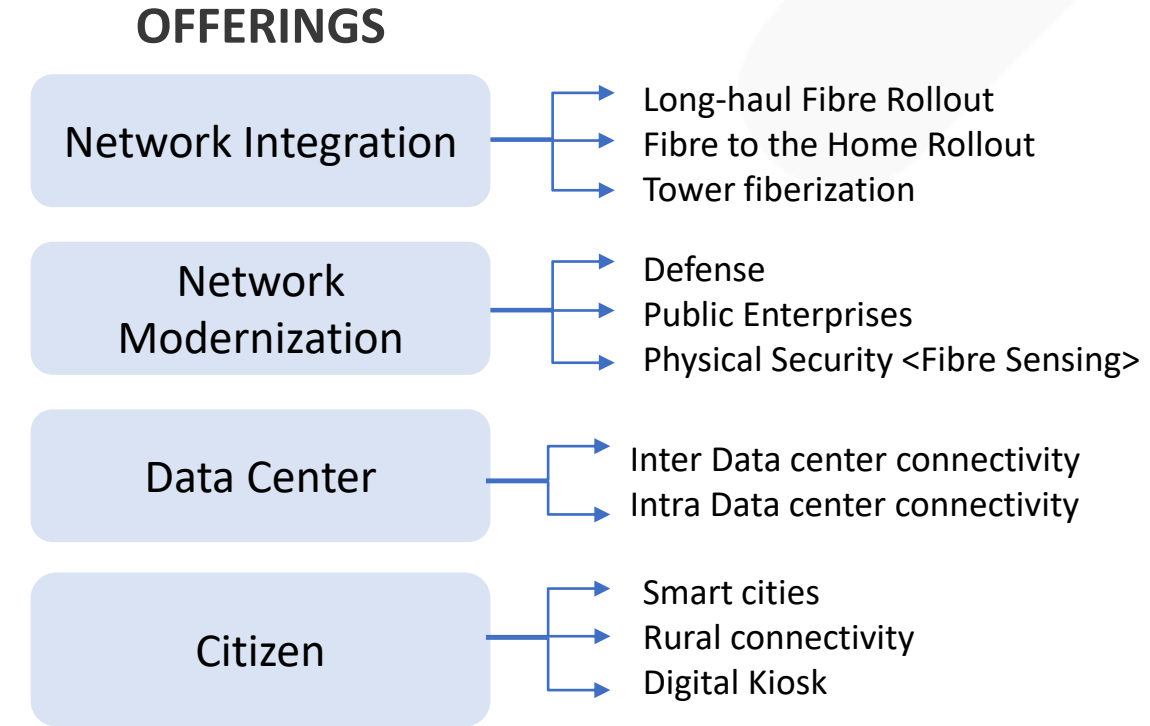
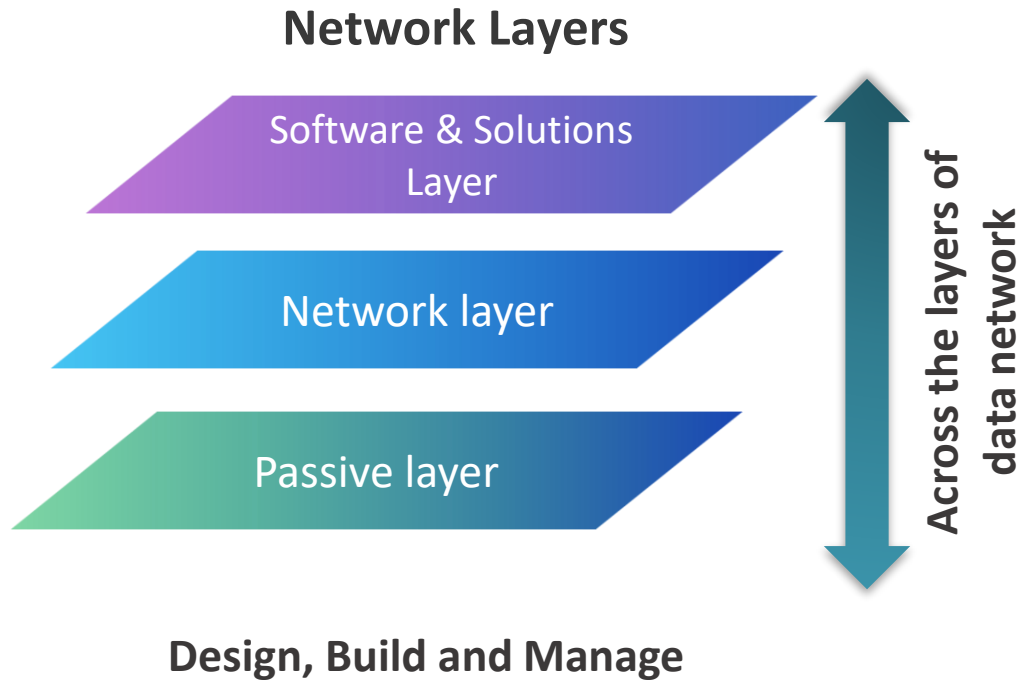


Developing Capability for global Play

1. Inside datacenter design & deployment
2. Datacenter interconnect with optical connectivity

\$15.0 bn*

Network Services Portfolio



Integrated Access Network Setup



Algorithmic Design



Ultra Fast Deployment Automation & Robotics

Competitive Advantage: Technology led Solutions



Organically Developed Technology Solutions



Integrated Access Network Setup



Algorithmic Design



Ultra Fast Deployment Automation & Robotics

Acquired/Invested Capabilities



Inside Data Centre Services



Virtualized RAN

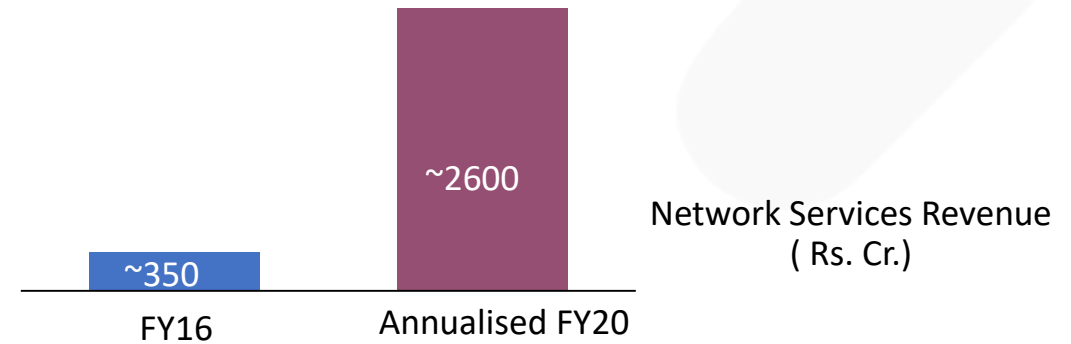


OSS/BSS

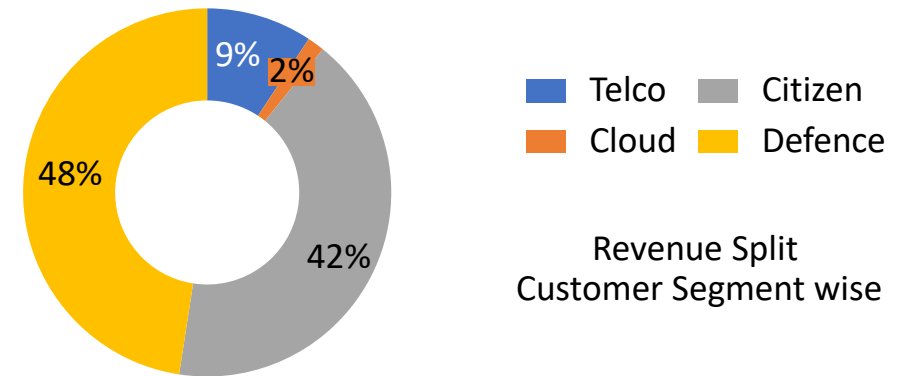
Current Project Status - FY20 & Continuing Unabated Growth



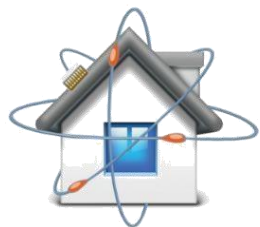
Project NFS
(Indian Army Project in J&K)
Completed and moving into O&M



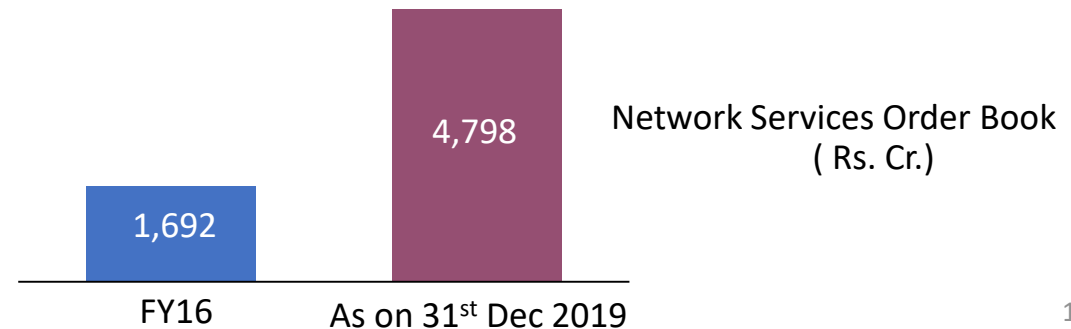
Project Varun
(Indian Navy Project)
65% Completed



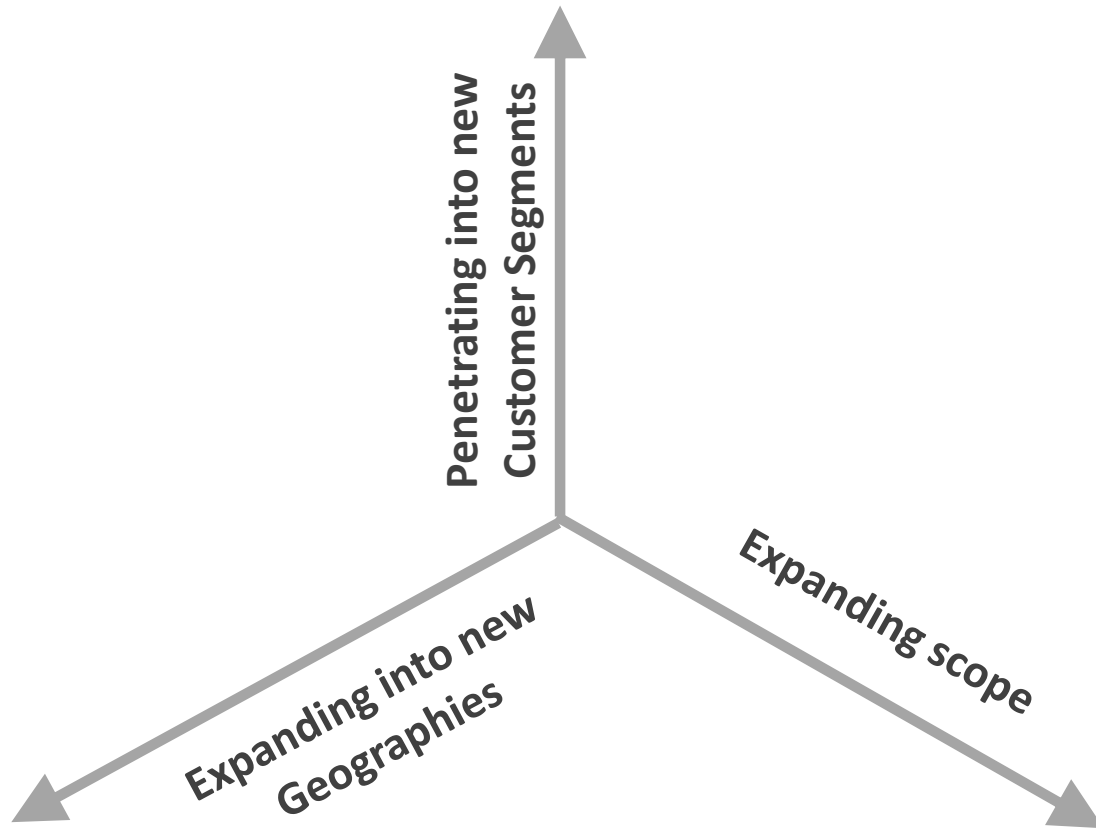
Mahanet
(Bharatnet Initiative)
55% Completed



Fibre Rollout
(India Telco's)
5500 Kms Completed YTD



Aiming for India Leadership with Global Growth



Penetrating into new Customer Segments

1. Expanding significantly in Telco Segment
2. Expanding in Cloud Segment through leveraging acquired capability

Expanding into new Geographies

1. Becoming a Pan India Player (Currently operate in 8 States)
2. Exploring Markets outside India

Expanding scope

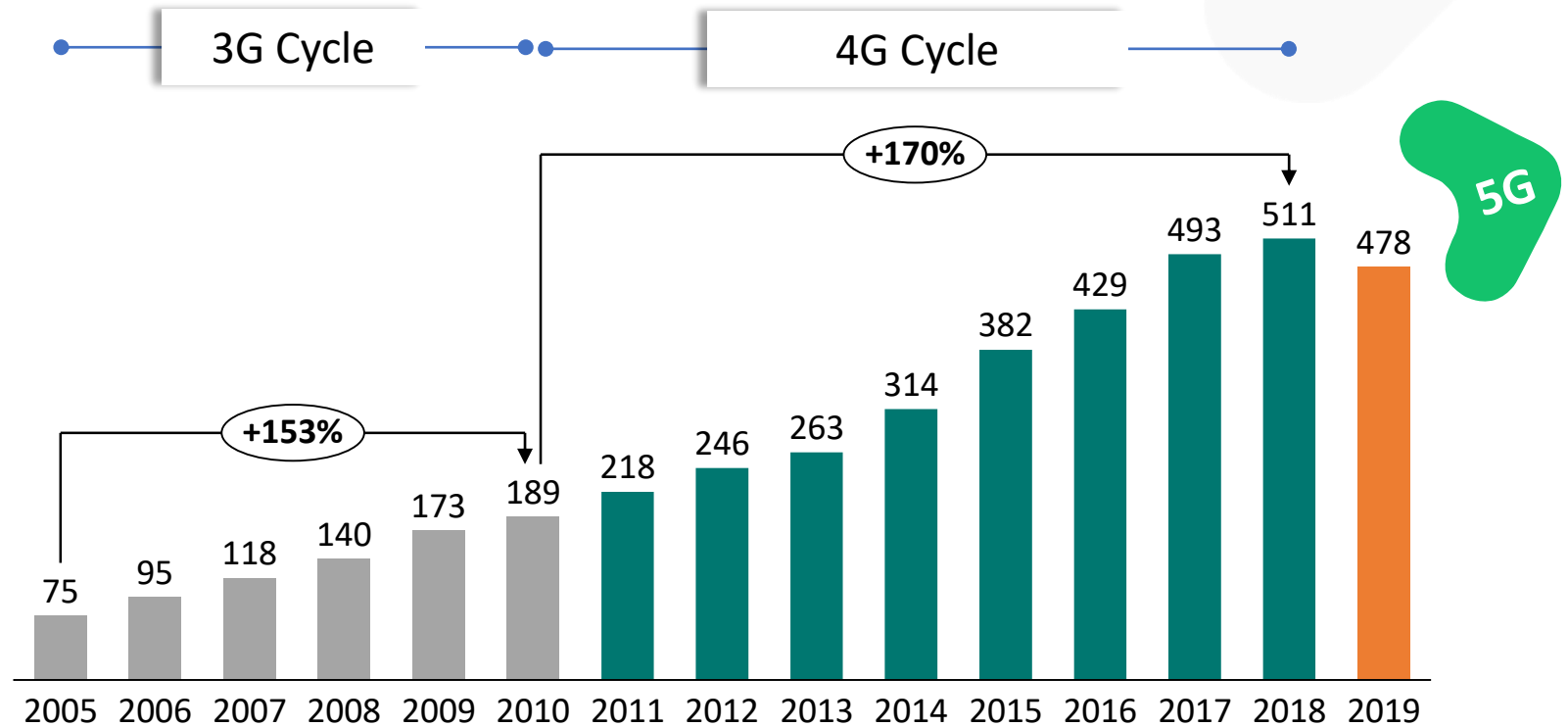
1. Developing capabilities to further increase the scope of services

Connectivity Solutions: Market Overview



Optical fibre & Cables

\$8.0 bn*



- Fiber demand dropped by 7% in 2019 as network generation change is in progress.
- It is expected to grow from H2 FY21 on the back of 5G deployment, FTTH roll outs & datacenter investments.

Connectivity Solutions Portfolio



OPTICAL FIBRE AND PREFORM

- Full suite of ITU-T fibre products from low loss to bend insensitive fibre
- Centre of Excellence for Fibre research



OPTICAL FIBRE CABLES

- Customised cabling products for FTTx, utilities, oil and gas, transport and defence applications
- World-class Installation Lab for rollout testing



STRUCTURED DATA CABLES

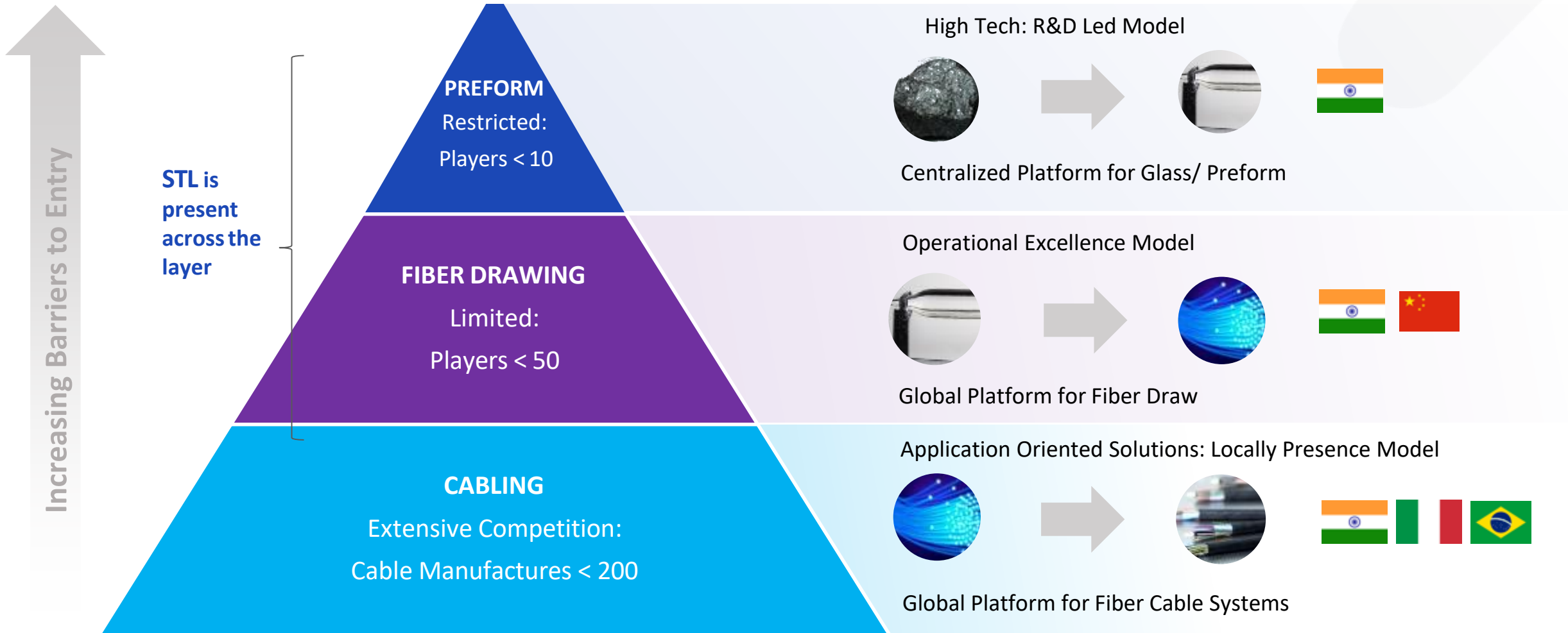
- For a variety of applications in structured cabling – From data centres to enterprise
- Experiential Lab to test latest innovations



PASSIVE CONNECTIVITY

- Modular, customizable, Plug-n-Play solutions for multitude of FTTx applications
- In-house design & development capability

Competitive Advantage: Full Vertical Integration



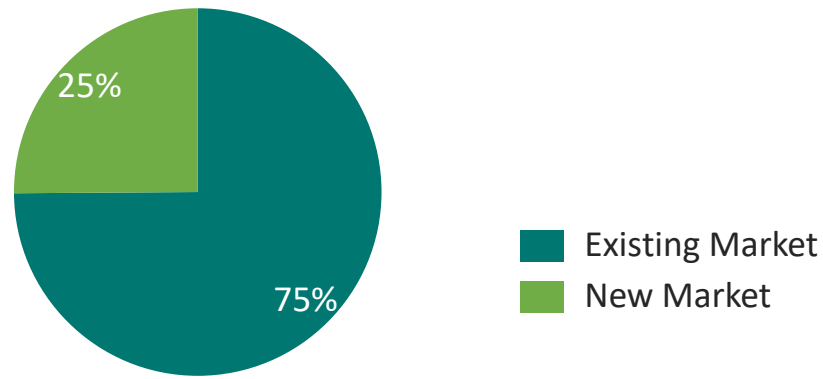
- Glass Science
- Chemical Engineering

- Fluid Mechanics
- Large scale Automation

- Wave Optics
- High Temp processing ~ 2000 deg. C

Aiming to Increase Absolute EBITDA

To increase Utilisation by entering new markets:



Manufacturing Cost Reduction to Continue:

Raw Material Cost Reduction
Manufacturing Cost Reduction
Fixed Cost Reduction

To increase new Product penetration:



New Product line : Passive Connectivity

To leverage existing customer relationships to develop new product line of passive connectivity

Investing for the Future: To Ride the Disruption Trend



Networks of the Future

Vendor Neutral & disaggregated Hardware
Open Sourced & Virtualized Software

Investing in Organic Growth

Building internal capability in Software to develop
new offerings for programmable networks

Investing in Inorganic Growth

STL acquired 12.8% stake in ASOCS, who is
provider of fully virtualized base stations for
Enterprise & Telco networks

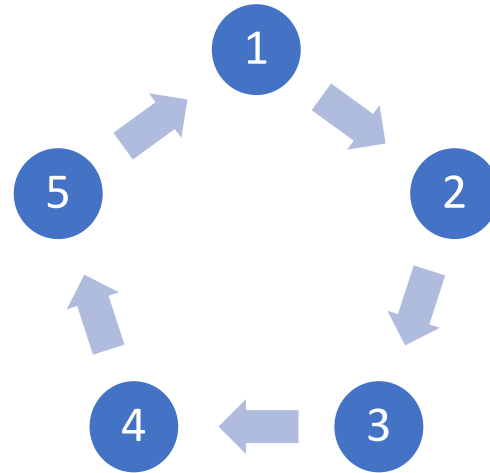
STL & ASOCS shall together provide joint solution
to customers

Network Services- Growth Engine

- ❖ Leadership position in services business in India
- ❖ Growth vectors – (New geographies, New customers & New Offerings)

Valuation Premium

- ❖ Valuation premium on account of better margins & returns than Peers in Connectivity Solutions
- ❖ Valuation premium on account of Leadership position in Services Business



Connectivity Solutions – Cash Cow

- ❖ Absolute EBIDTA improvement led by volume gain, new product penetration & Cost reduction
- ❖ Price Increase in global optical fibre prices shall directly flow to EBITDA

Completion of Investment Cycle

- ❖ Free Cash flow shall be available post investment cycle completion in FY22 to reduce debt & distribution to shareholders.

Future Value Creation

- ❖ To continue to invest in developing new technologies & ride incoming disruption of Software led Hardware

Strong Corporate Governance



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



298,000+
Lives through
Health
initiatives



36,000 MT
Waste diverted
away from Landfills



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



70,000+
Lives through Water
Conservation
initiatives



457,000+
Lives through
Education & Rural
development
initiatives



Over 830,000
Lives impacted



8,000+
Lives through Women
Empowerment
initiatives

Center of Excellence for Technology Innovation



3

Innovation
Centres

295

Patents
Globally

3

Ecosystem
Partnership

Centre of Excellence, Aurangabad

Core research on optical fibre for
high-speed connectivity

Centre for Smarter Networks, Gurgaon

Technology and applied research
on smarter networks of the
future

Speciality Products Experience Labs

Experience Lab for Structured
Cabling Solutions

Open Innovation Engagements

Partnership with India and Global
Innovation Community

Global Academia Collaboration

With the top 2 US and one of the top 3 Indian
technology universities

Industry Forums

Joint
collaboration
with multiple
partners such as
ONF



Financials

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%

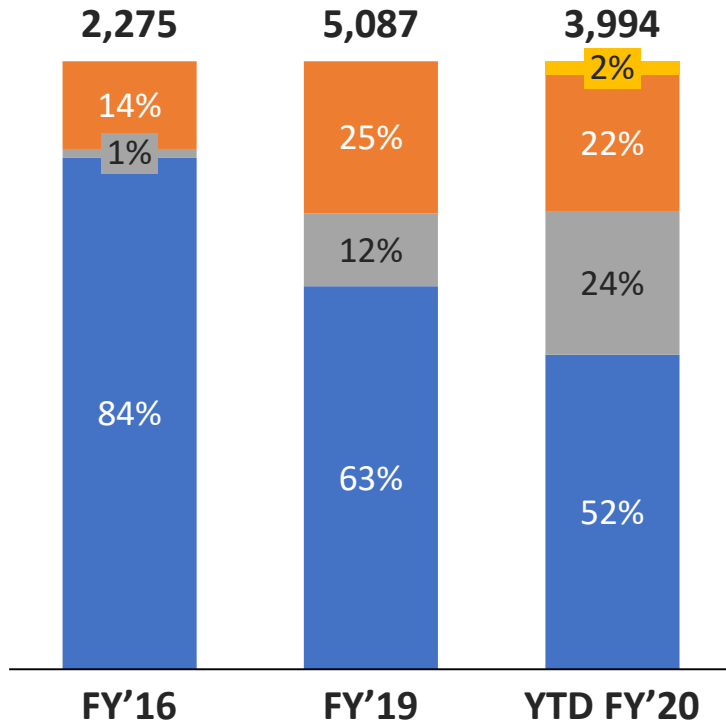
Capital Allocation

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

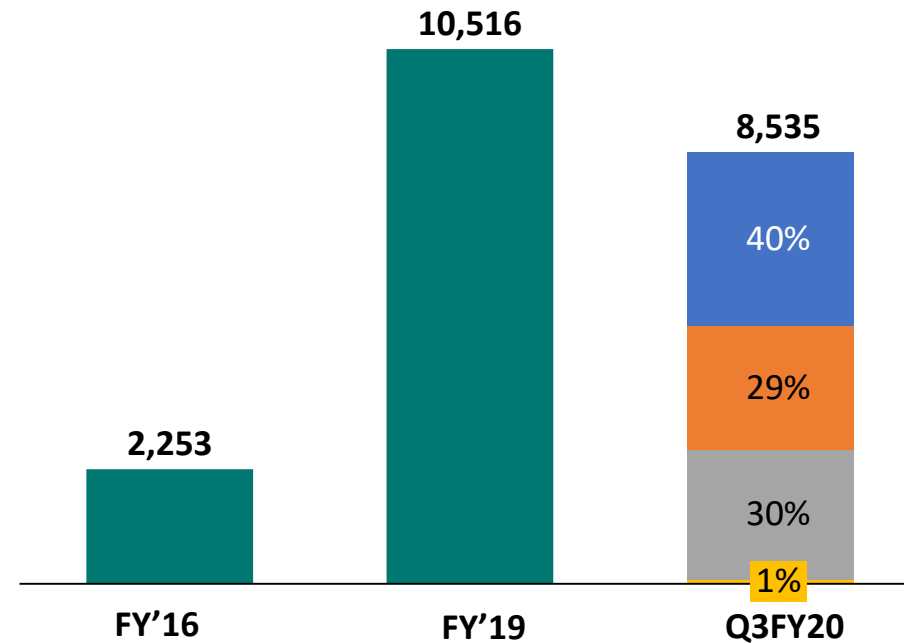
Revenue & Order Book across customer segments



Customer Segment Revenue Split (INR Cr.)



Order Book Growth (INR Cr.)



Financials : Summarised



| P&L (INR Cr.) | FY'19 | 9M FY'19 | 9M FY'20 | Q3 FY'20 |
|---|------------|------------|------------|------------|
| Revenue | 5,087 | 3,296 | 3,994 | 1,203 |
| EBIDTA | 1,164 | 836 | 877 | 247 |
| EBITDA % | 23% | 25% | 22% | 21% |
| Depreciation | 195 | 145 | 213 | 70 |
| EBIT | 969 | 691 | 664 | 177 |
| Interest | 105 | 75 | 162 | 56 |
| Exceptional Items | - | - | 51 | 51 |
| PBT | 864 | 616 | 451 | 71 |
| Tax | 278 | 196 | 96 | 19 |
| Net Income (After Minority Interest) | 563 | 398 | 354 | 53 |
| Net Income <i>Adjusted for exceptional item net of tax</i> | 563 | 398 | 392 | 91 |

| Balance Sheet (INR Cr.) | FY'19 | Q2 FY'20 |
|-------------------------|--------------|--------------|
| Net Worth | 1,815 | 1,890 |
| Net Debt | 1,733 | 1,725 |
| Total | 3,548 | 3,615 |
| Fixed Assets | 2,356 | 2,524 |
| Goodwill | 107 | 166 |
| Net Working Capital | 1,085 | 925 |
| Total | 3,548 | 3,615 |

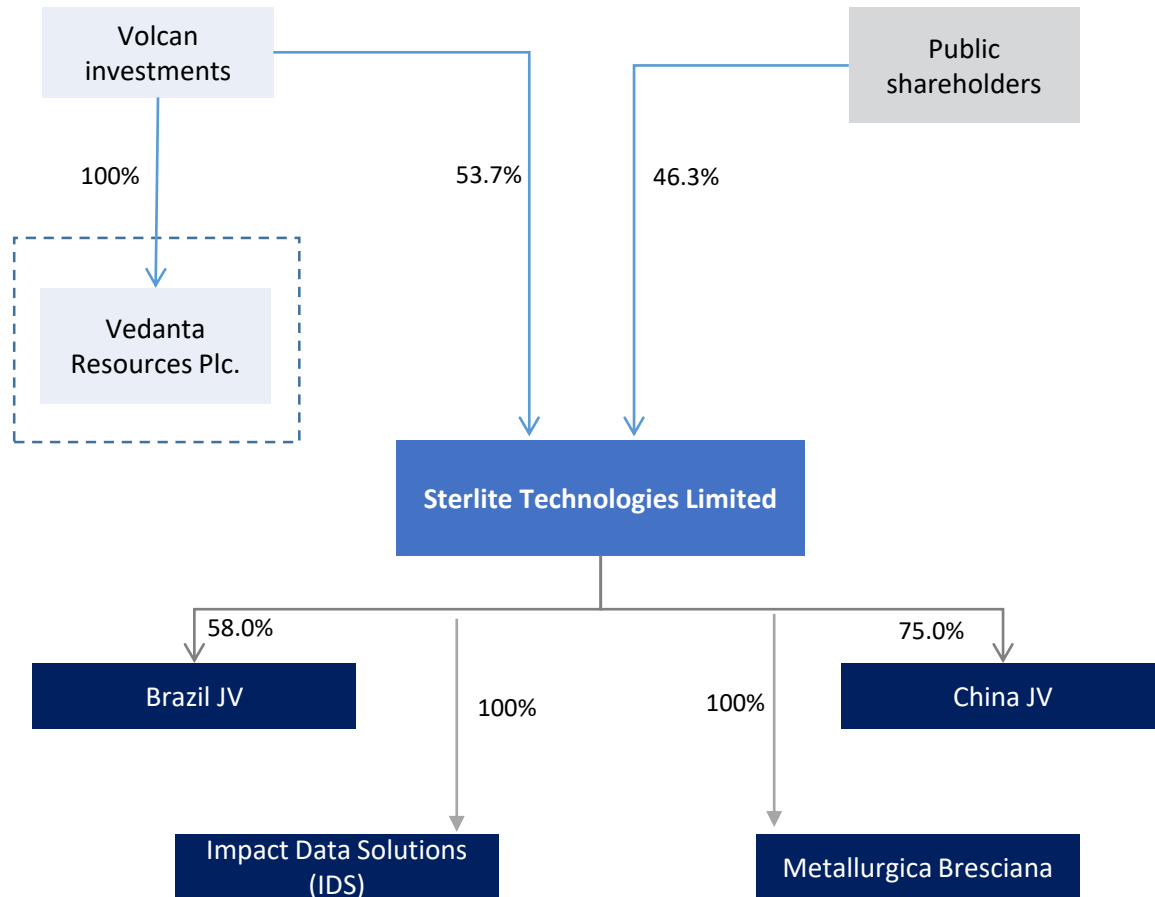


Corporate Information

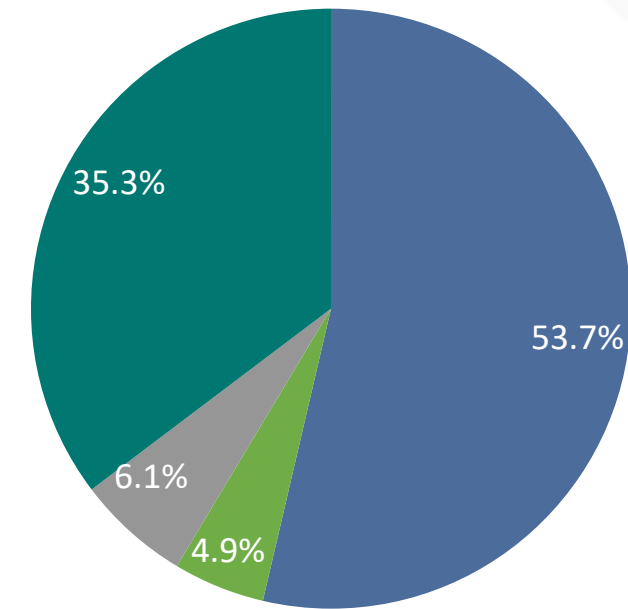
Corporate Structure & Shareholding Pattern



Corporate structure



Shareholding pattern



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



beyond tomorrow