Investor Presentation January'20

Safe Harbour

STL

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Our Discussion

- **Data Networks**
  the next phase beckons

- **STL is ready**
  an ecosystem Innovator

- **Two Innovation Engines**
  delivering performance and growth

- **The Future is Exciting**
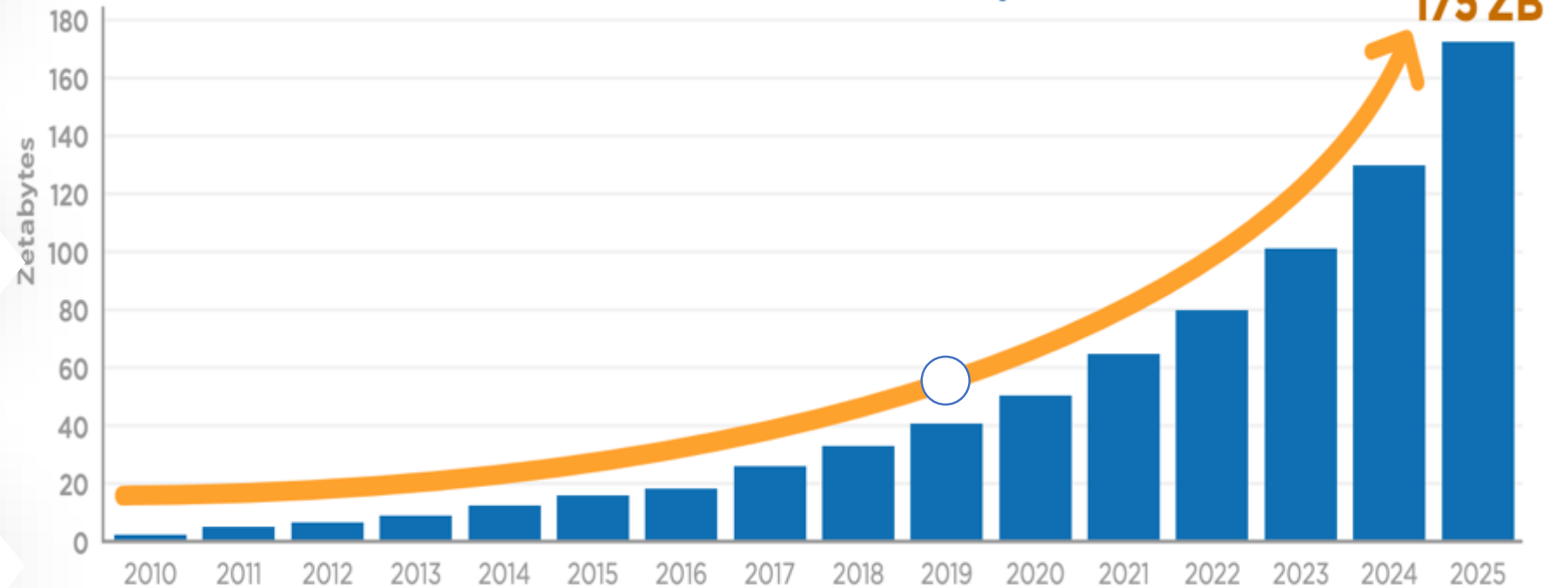 *ambitious growth, sustainable financials*

Data growth continues unabated

STL

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

175 ZB

Zetabytes axis: 0, 20, 40, 60, 80, 100, 120, 140, 160, 180

Years: 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025

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

Fuelling the investment cycle for creating Data Networks

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Network creators need to invest for future

Telcos
huge 5G investments in mobility, backhaul

Cloud Players
many hyperscale and edge Data centres
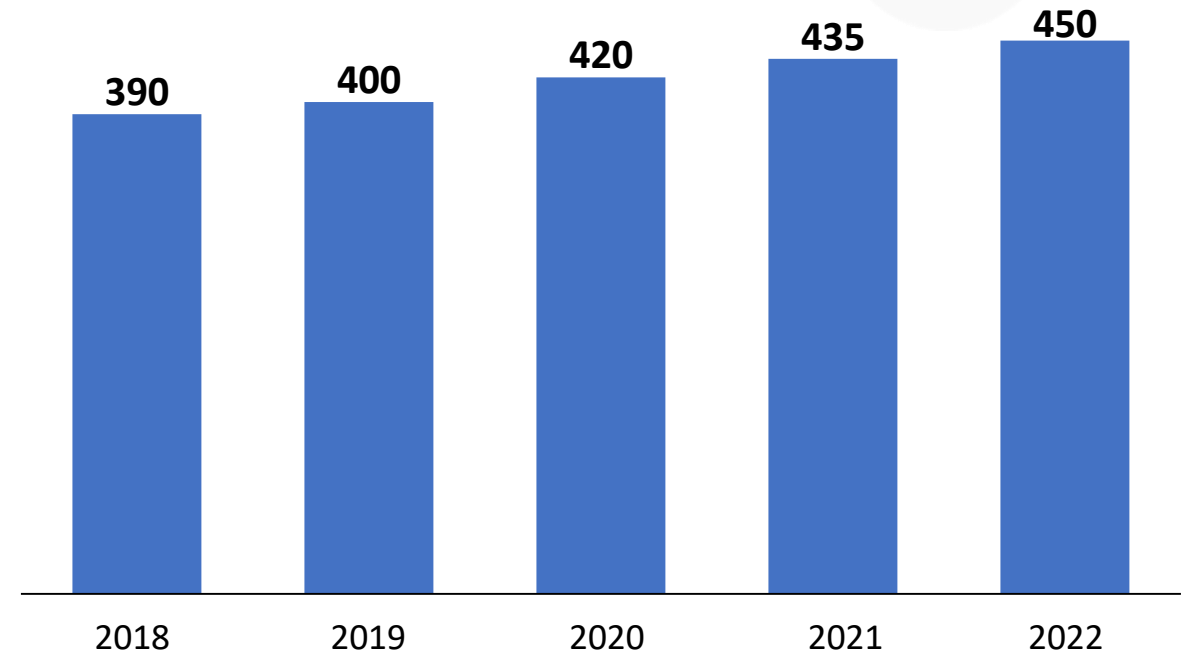
Citizen Networks
large scale coverage to achieve 100% reach

Enterprise
massive modernization, new applications

Global Annual Capex ($Bn)
CSPs (Telcos) and Hyperscale companies

2018	2019	2020	2021	2022
390	400	420	435	450

Capex drivers and trends
- Increased data and compute demand
- Network densification due to 5G and IoT
- Virtualization, compute and storage at the edge

Source: Credit Suisse, Industry & Company Estimates

The next phase of the Data Network evolution

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The next
4 billion people
**need an
Internet that is**
pervasive &
affordable

	From	To	
AGILE	Hardware	Software defined	**VIRTUALIZED** (programmable)
UPGRADABLE	OEM	Vendor-neutral	**OPEN** (standard)
CLOSER	Centralized	Disaggregated compute, memory and storage	**EDGE**
EVERYWHERE	fixed + wireless	Converged	**CONVERGED**
FASTER	Electrons	Photons	**OPTICAL**

A NEW REARCHITECTED ECOSYSTEM has emerged for the next phase of the Data Network

The new data ecosystem needs new generation of innovators

Legacy players

- Focused on rigid hardware ——————— Focused on software defined

- Closed ecosystems ——————— Developing open standards

- Specializing in one part of the network layer ——————— Drive ecosystem of integration

New ecosystem

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STL at a glance

STL

1 Core Business

Data Networks Innovator
For the network creators

2 Innovation Engines

System Based Solutions including

Network Services & Software

Connectivity Solutions

4 Customer Segments

Communication service providers

Citizen networks

Large enterprises

Cloud & content providers

INR 5,087 Cr. Revenue*

295 Patents

3 Innovation Centers

3000+ Employees

* FY19 Revenue

Technology Innovation at the core of STL

STL

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

295
Patents Globally

Speciality Products Experience Labs

Experience Lab for Structured Cabling Solutions

3
Ecosystem Partnership

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

Enabling virtualized, converged networks driven with optical and wireless solutions

STL

+ENGAGEMENT — Customer interfaces AI, dTelco

VIRTUALIZED — vRAN — ASOCS° A On-premise mobile clouds — **2020**

OPEN — Data Center Design capability — IDS — **2019**

EDGE — Cloud solution — **Next Gen BSS** — **2018**

CONVERGED — Integrated design and deployment approach — iCORE / **LEAD 360** — **2015**

OPTICAL — Highest quality Fibre lightest cables — stellar™ — since **1990s**

With an agile, nimble and innovative culture

Growing global presence

STL

GLOBAL PRESENCE

FY'19 REVENUE BY GEOGRAPHY

Market Presence Sales Offices Manufacturing Facilities
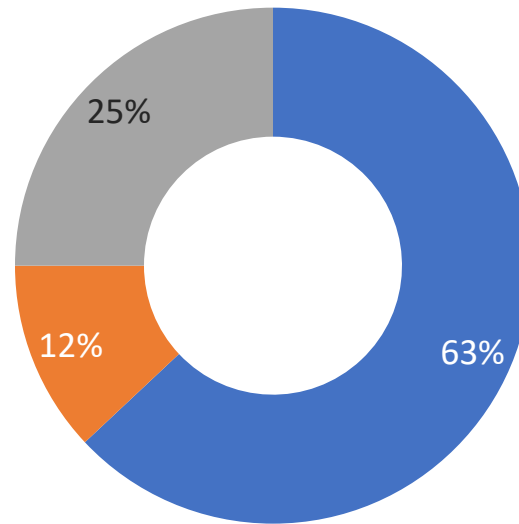
RoW 7%

China 4%

Europe 24%

India 65%
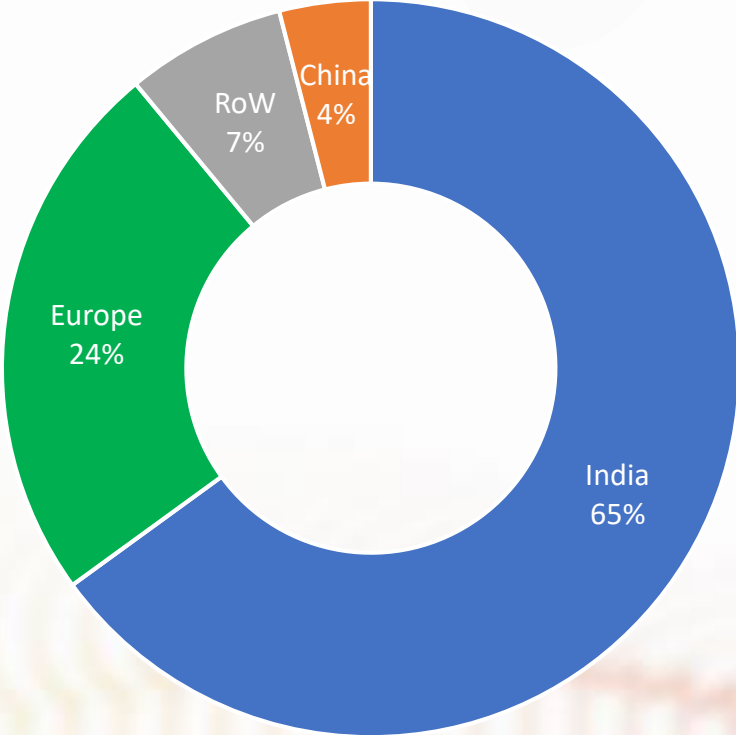
Delivering value across customer segments

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Customer Segment Revenue Split (INR Cr.)

FY16 (INR 2,275 Cr.)

84%
1%
14%

FY19 (INR 5,087 Cr.)

63%
12%
25%
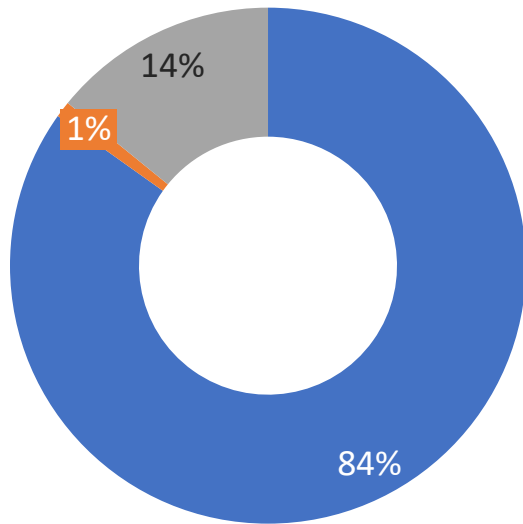
YTD FY20 (INR 3,994 Cr.)

52%
24%
22%
2%
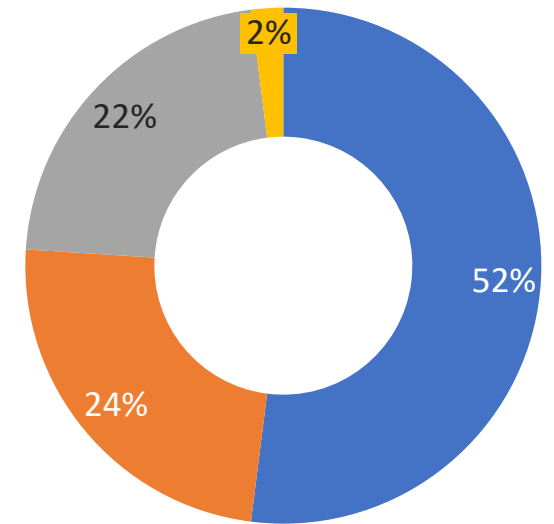
■ Telco ■ Citizen Networks ■ Enterprise ■ Cloud

Creating sustainable value over the years

Revenue (INR Cr.)
- FY 16: 2,275
- FY17: 2,594
- FY18: 3,205
- FY19: 5,087
- +31%

EBITDA (INR Cr.)
- FY 16: 475
- FY17: 542
- FY18: 789
- FY19: 1,164
- +35%

PAT (INR Cr.)
- FY 16: 154
- FY 17: 201
- FY 18: 334
- FY 19: 563
- +54%

ROCE
- FY 16: 20%
- FY17: 21%
- FY18: 30%
- FY19: 34%
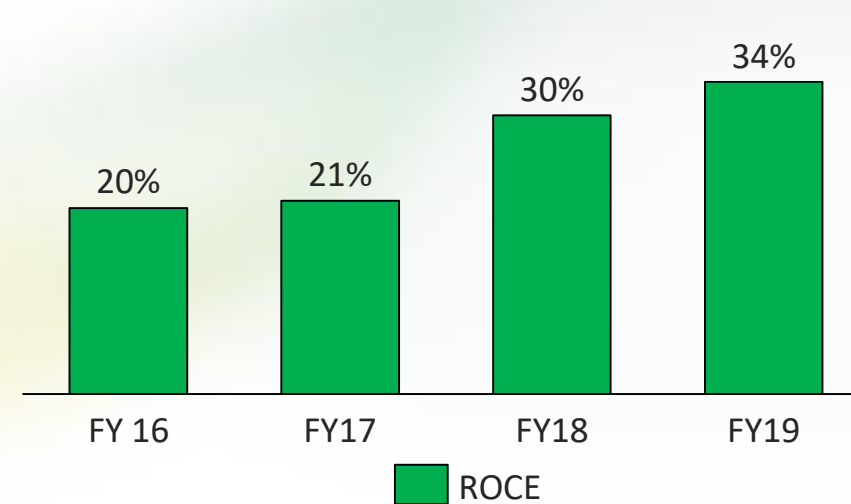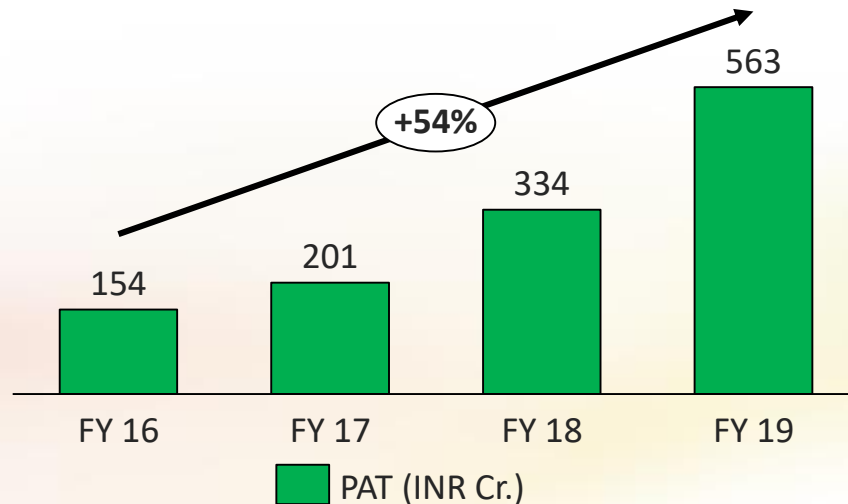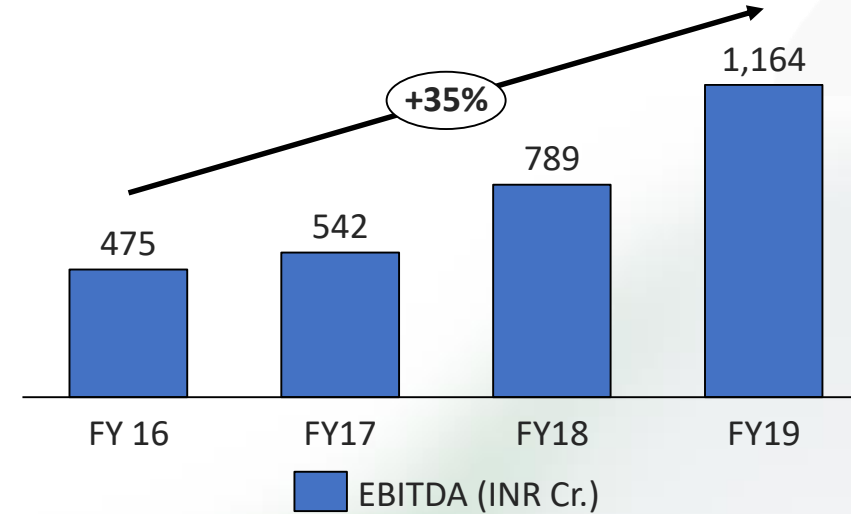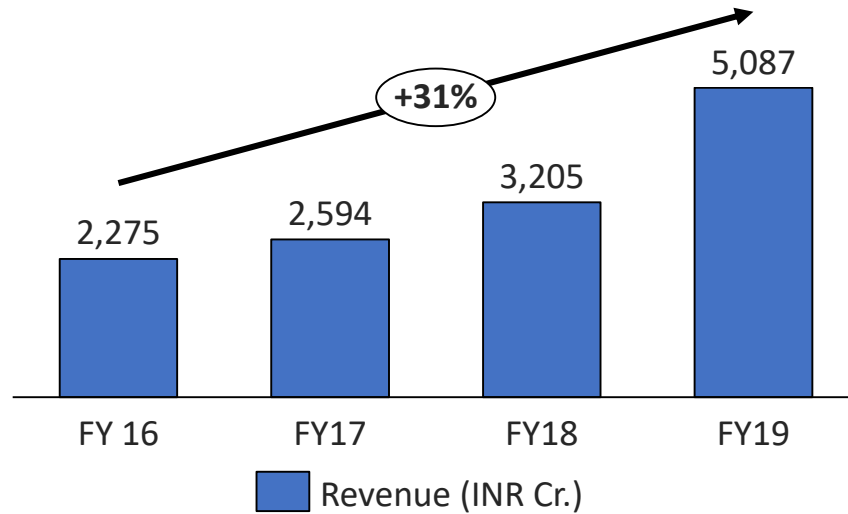
Strong Corporate Governance

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 Todarwal

(Non-Executive & Independent Director)

- Partner of Todarwal & Todarwal, 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

STL

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
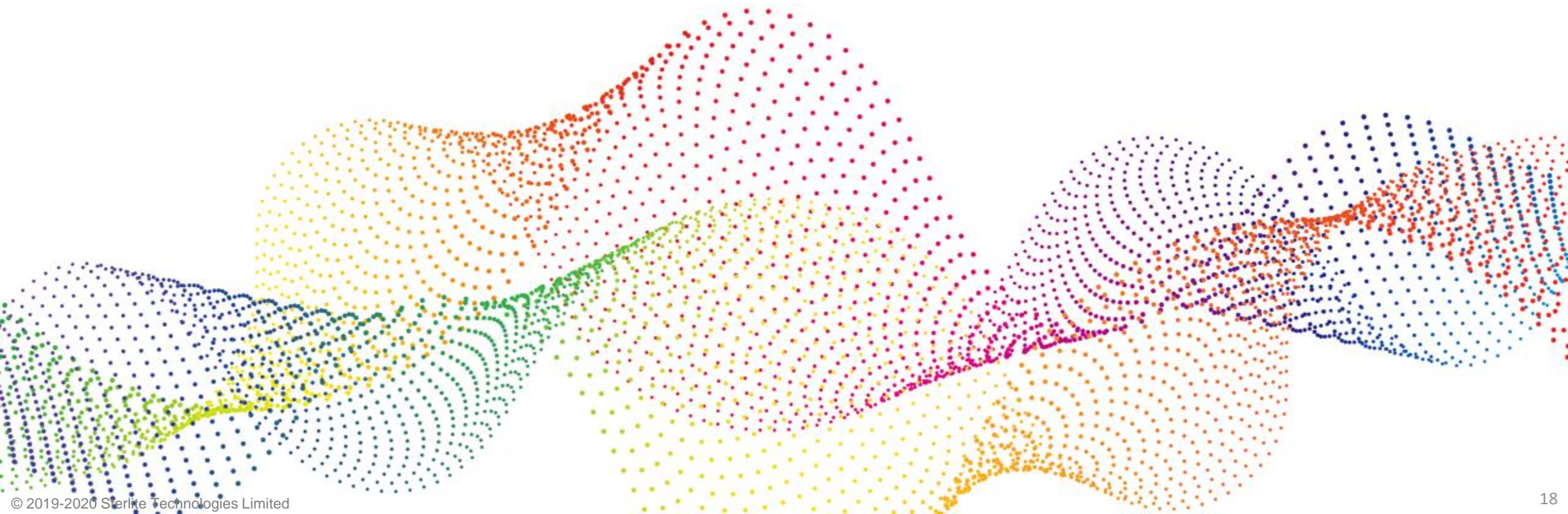
Over 830,000
Lives impacted

8,000+
Lives through Women Empowerment initiatives

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  ambitious growth, sustainable financials

Network Services

Network Services Overview

STL

Hyperscale Converged Networks   Intelligent Digital Ecosystem

Long haul - Core Network	Access Connectivity	Active Transport	Mobility	Data Center	Security	Applications
Inter-city, Intra-city	Wireless backhaul, Front haul	MPLS, DWDM , Advanced transport technologies	Virtualized/Open RAN/Orchestration	Cloud and on prem Service	Complete Security - convergence of physical and cyber	Big data Network analytics, IoT and AI platforms

1 **Hyperscale FR** (powered by LEAD360o)

2 **FTTx Mantra** (powered by 5i)

3 **DNA** (powered by iCORE)

4 **4G LTE** Private/Enterprise Small cells Rural

5 **5GNR** Private/Enterprise Small cells Rural

6 **Massive connectivity solutions** –

7 Physical security with **Sensron +**

8 Cyber security with **Sensron dot**

9 **STL Garv** Supercomputer for villages

10 **NEXT Networks** (E2E Network modernisation)

Creating networks across all customer use cases and segments

Enterprise

$500 million multiyear project to design, execute, operate & maintain the Indian Naval Digital Network

$350 million project for creating the world's largest intrusion-proof smarter network infrastructure in J&K for the Indian Army

Telcos

Comprehensive network design & deployment across core & aggregation for home, enterprise & mobility

Comprehensive future ready network design & technology led fast deployment

Citizen Networks

Connecting 7.5 million people in the state of Maharashtra using unique STL LEAD 360 approach

Impacting positively 325K lives with smart IoT driven infrastructure in Kakinada Smart City

Cloud Players

Hyperscale Inside Data Center design & deployment with energy and data flow planning

Data Center Interconnect with high capacity secure optical connectivity

Driving leadership through technology for the new ecosystem

Organically Developed Technology Solutions

FTTx mantra
One Solution. Countless Opportunities.
Integrated Access Network Setup

iCORE
Algorithmic Design

LEAD 360°
Ultra Fast Deployment Automation & Robotics

Acquired/Invested Capabilities

IDS
An STL company
Inside Data Centre Services

ASOCS
On-premise mobile clouds
Virtualized RAN

eLITECORE TECHNOLOGIES LTD.
OSS/BSS

Strategic growth Engine

Revenue (INR Cr.)

- ~7.5X
- ~2600 (Annualised FY20)
- ~350 (FY16)

Legend: Network Services
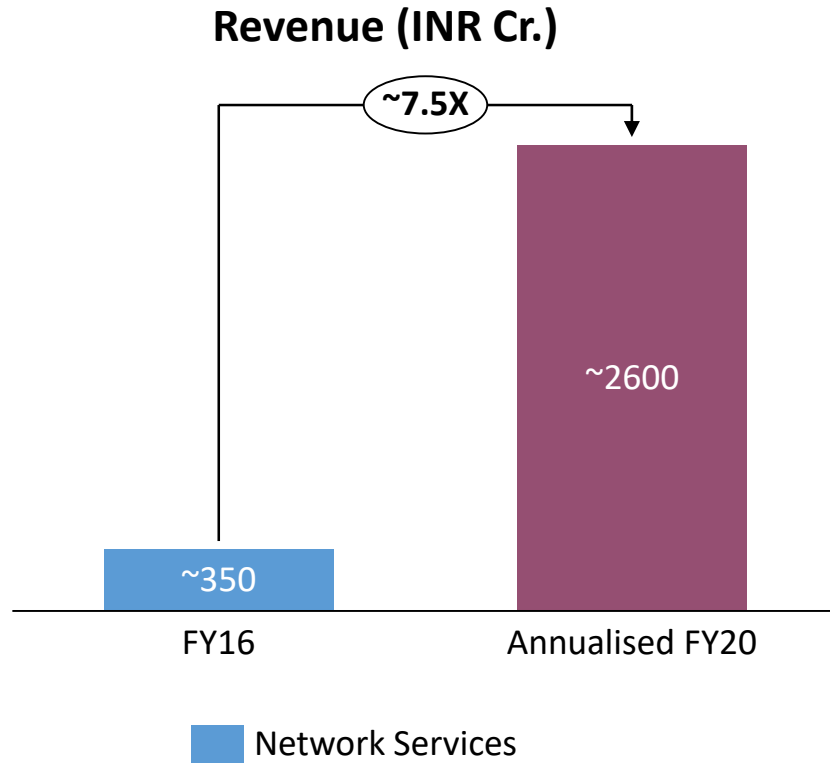
Revenue Split YTD FY20: Customer Segment

- Telco: 9%
- Cloud: 2%
- Citizen: 42%
- Defence: 48%

Legend: Telco, Citizen, Cloud, Defence
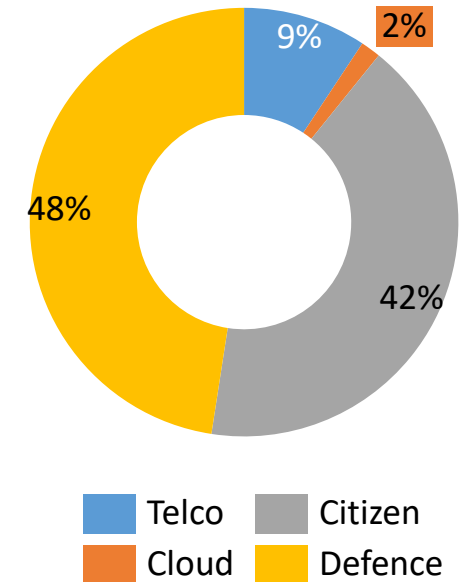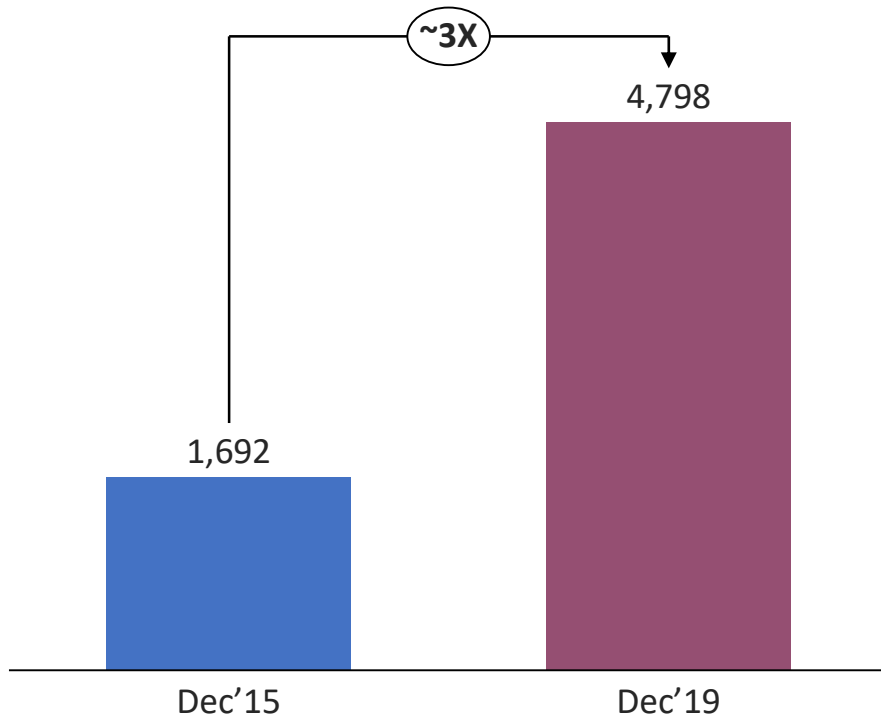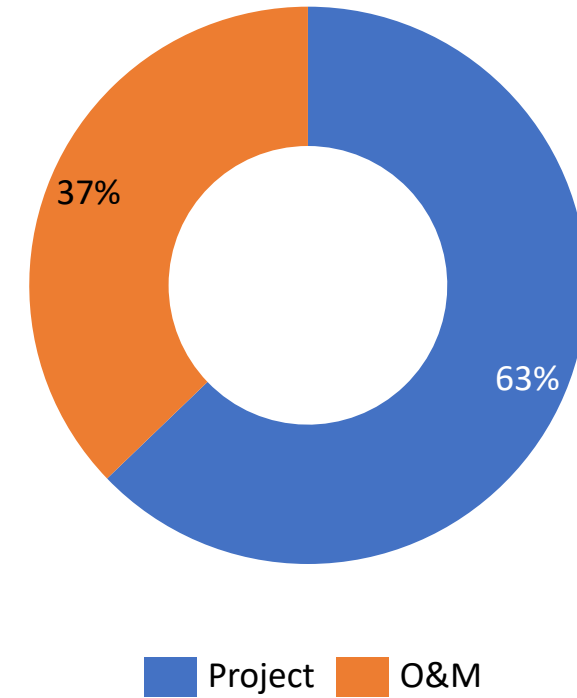
Network Services is enabling STL to become the strategic partner to our customers by providing end to end solution.
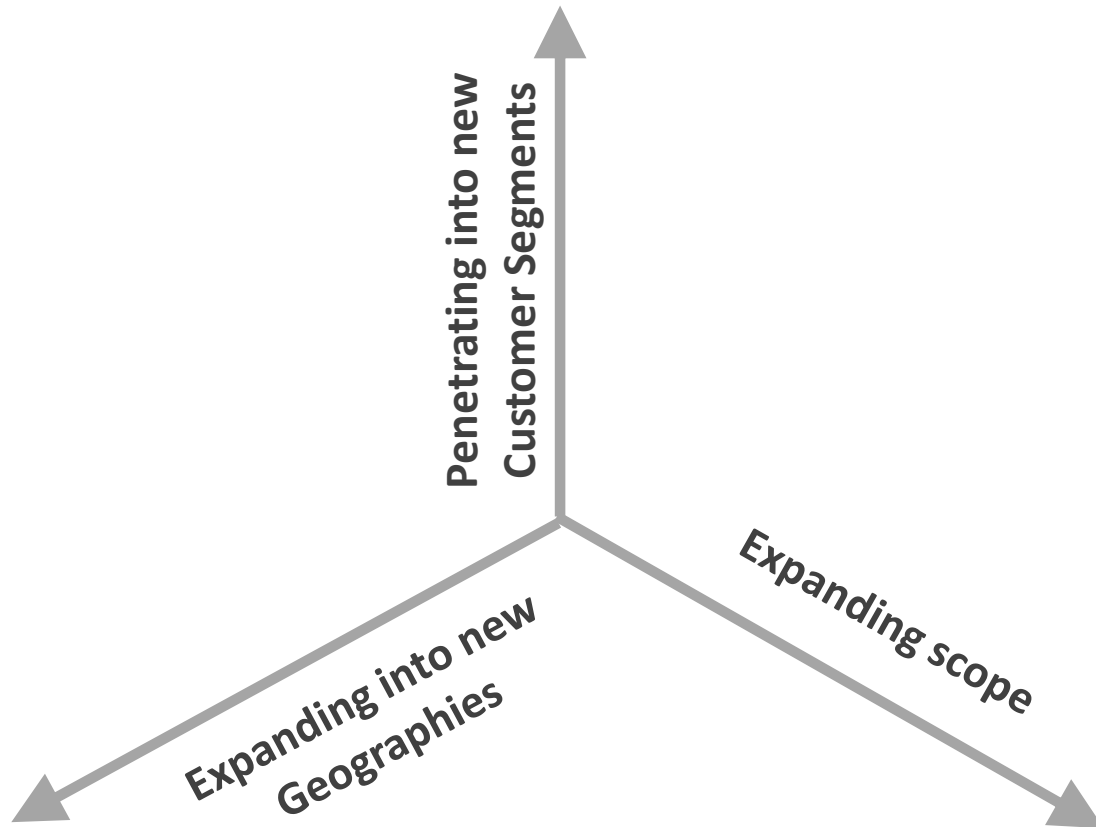
Continuing unabated growth

Order Book Growth (INR Cr.)

Order Book Split (INR 4,798 Cr.)

Strategic levers for continued growth

STL

Penetrating into new Customer Segments

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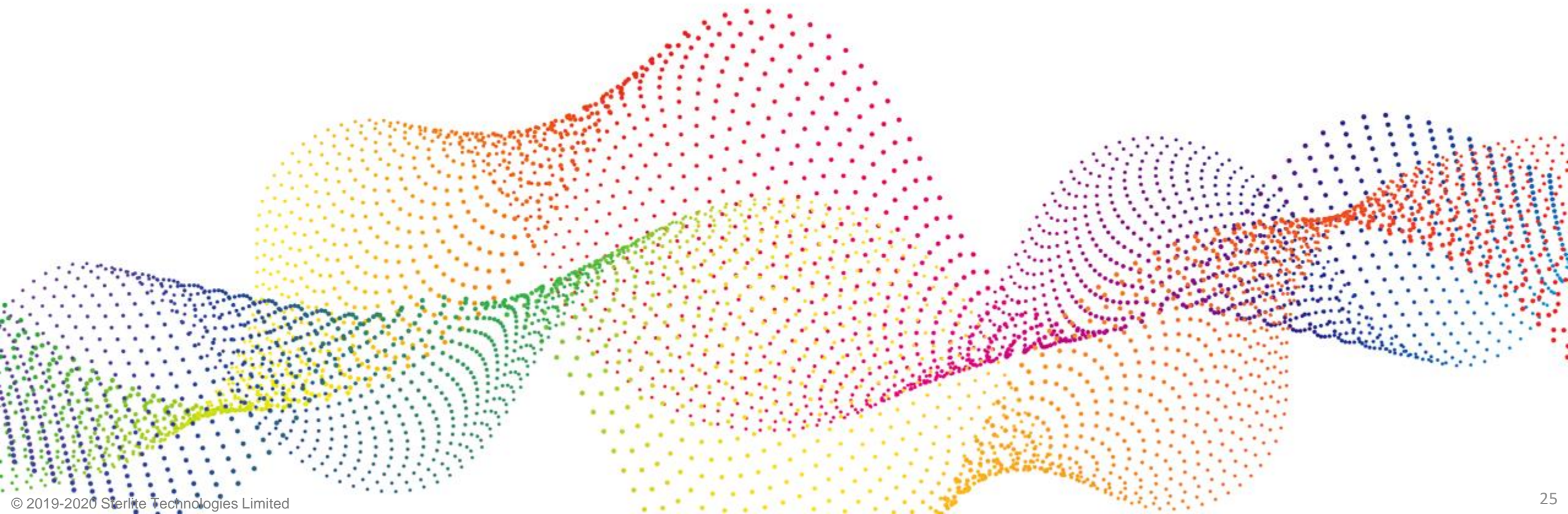2. Expanding in Cloud Segment through leveraging acquired capability

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

Connectivity Solutions Overview

STL

stellar™

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
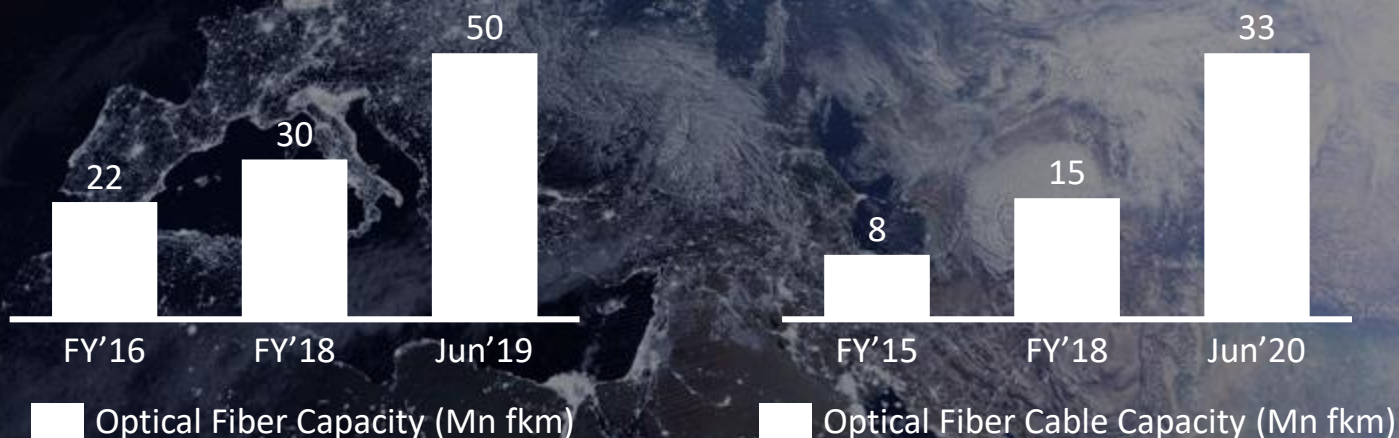
- Experiential Lab to test latest innovations

PASSIVE CONNECTIVITY

- Modular, customizable, Plug-n-Play solutions for multitude of FTTx applications

- In-house design & development capability

Global Manufacturing footprint & Supply chain

Multi-fold increase in capacity

Optical Fiber Capacity (Mn fkm)

FY'16	FY'18	Jun'19
22	30	50

Optical Fiber Cable Capacity (Mn fkm)

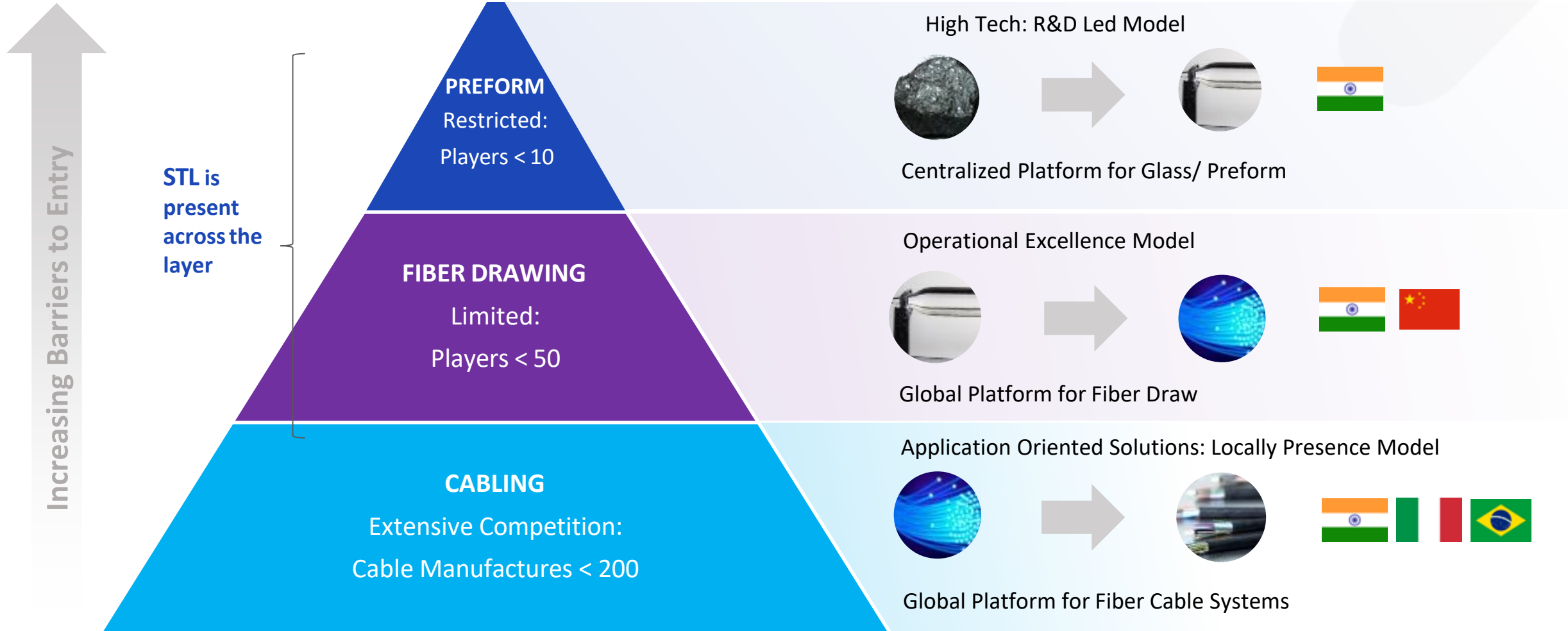| FY'15	FY'18	Jun'20
8	15	33

Industry 4.0 standards
Fully automated machinery with robotic operations

Efficient supply chain
Reduced delivery times and SCM cost

Differentiating with full vertical Integration

STL

Increasing Barriers to Entry ↑

STL is present across the layer

PREFORM
Restricted:
Players < 10

FIBER DRAWING
Limited:
Players < 50

CABLING
Extensive Competition:
Cable Manufactures < 200

High Tech: R&D Led Model

Centralized Platform for Glass/ Preform

Operational Excellence Model

Global Platform for Fiber Draw

Application Oriented Solutions: Locally Presence Model
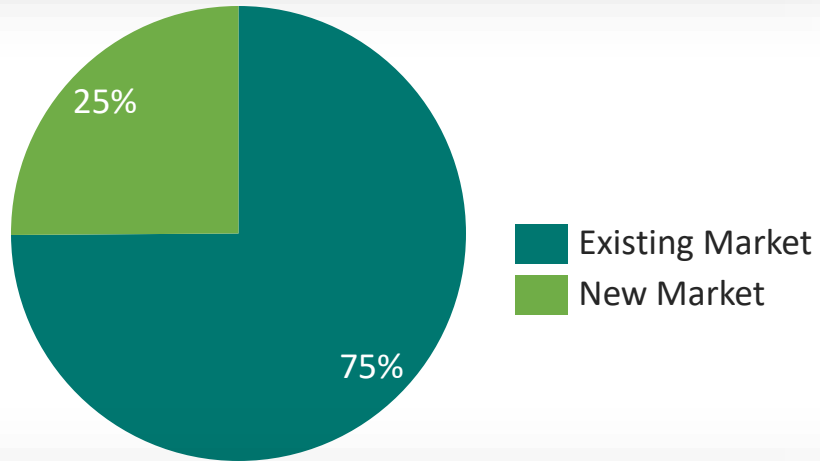
Global Platform for Fiber Cable Systems

- Glass Science
- Chemical Engineering

- Fluid Mechanics
- Large scale Automation

- Wave Optics
- High Temp processing ~ 2000 deg. C
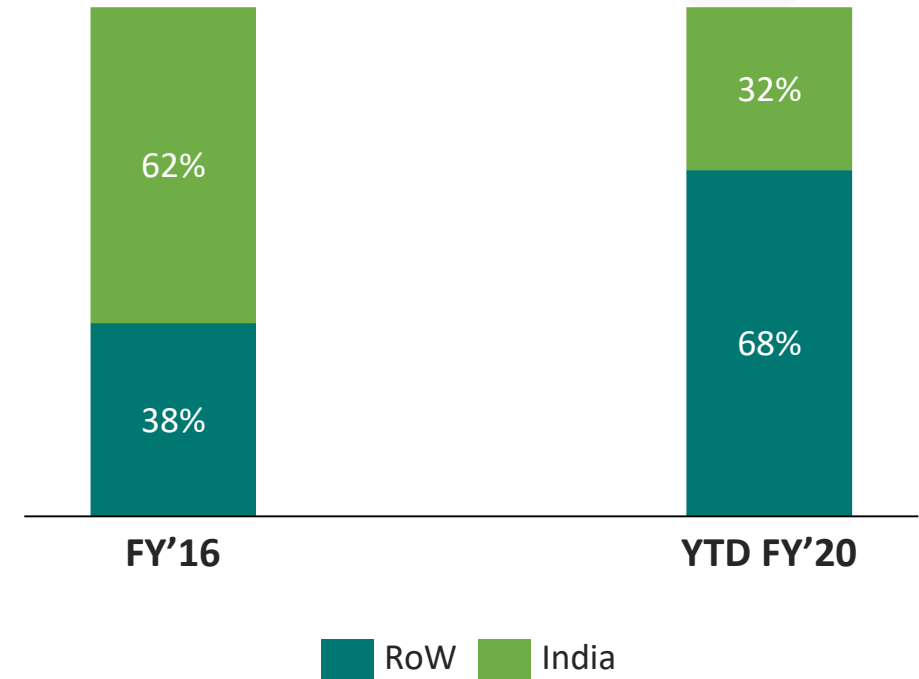
Strategic levers for continued growth

A) New Market Entry

- 25%
- 75%

Existing Market
New Market

Consistently growing presence across the world

	FY'16	YTD FY'20
India	62%	32%
RoW	38%	68%

RoW **India**

B) New Product Strengthening

Our Discussion

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  the next phase beckons

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  an ecosystem Innovator

- **Two Innovation Engines**
  delivering performance and growth

- **The Future is Exciting**
  ambitious growth, sustainable financials

The Future is Exciting

Network creators are investing heavily in the new ecosystem

Telcos
huge 5G investments in mobility, backhaul

> 5G Commercial launches across the globe starting to pick pace

Cloud Players
many hyperscale and edge Data centres

> Cloud Capex on the rise with a CAGR of 12%

Citizen Networks
large scale coverage to achieve 100% reach

> FastTrack Nationwide digital inclusivity program

Enterprise
massive modernization, new applications

> Network modernization & internal communication network

STL is focussed on
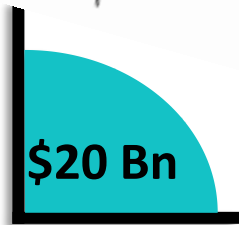
1 **Network Services:**

➢ **Investments by Citizen Networks & Enterprises in India to Continue** leading to order book growth**.**
➢ **Strong Revenue growth** in Network Services on the back of **Customer segments penetration**, **geographic expansion & scope expansion** & to move towards **Leadership in India.**

➢ STL shall continue to **invest to acquire new technologies & new capabilities**, and **ride the disruptive trends** shaping the networks of the future
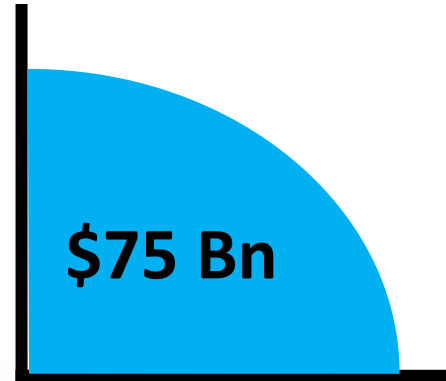
2 **Connectivity Solutions:**

➢ **5G** Commercially launched globally; **Deployment** to pick pace; shall lead to **demand growth in Optical Fiber**.
➢ **Capacity Utilisation to double on new market entry** & Industry expansion
➢ Pricing Structure improvement

Growing Order Book and Addressable market

STL
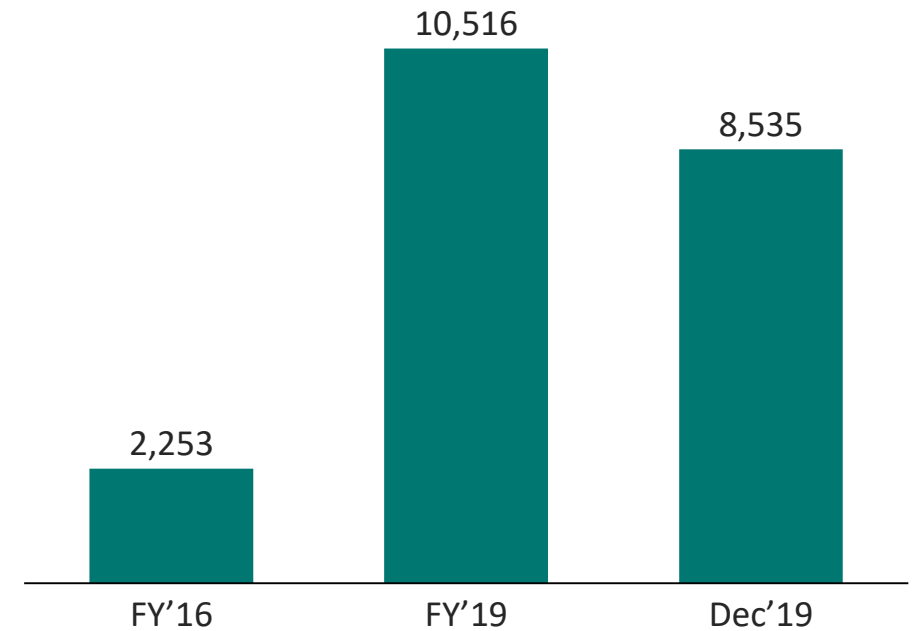
Journey towards Expanding Addressable Market

$75 Bn
2023

$20 Bn
2017

Order Book Growth (INR Cr.)

10,516

8,535

2,253

FY'16   FY'19   Dec'19

■ Order Book

33

With strong financial priorities and governance

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

Data Networks
- Industry Evolution

STL
- An ecosystem Innovator

Business Overview

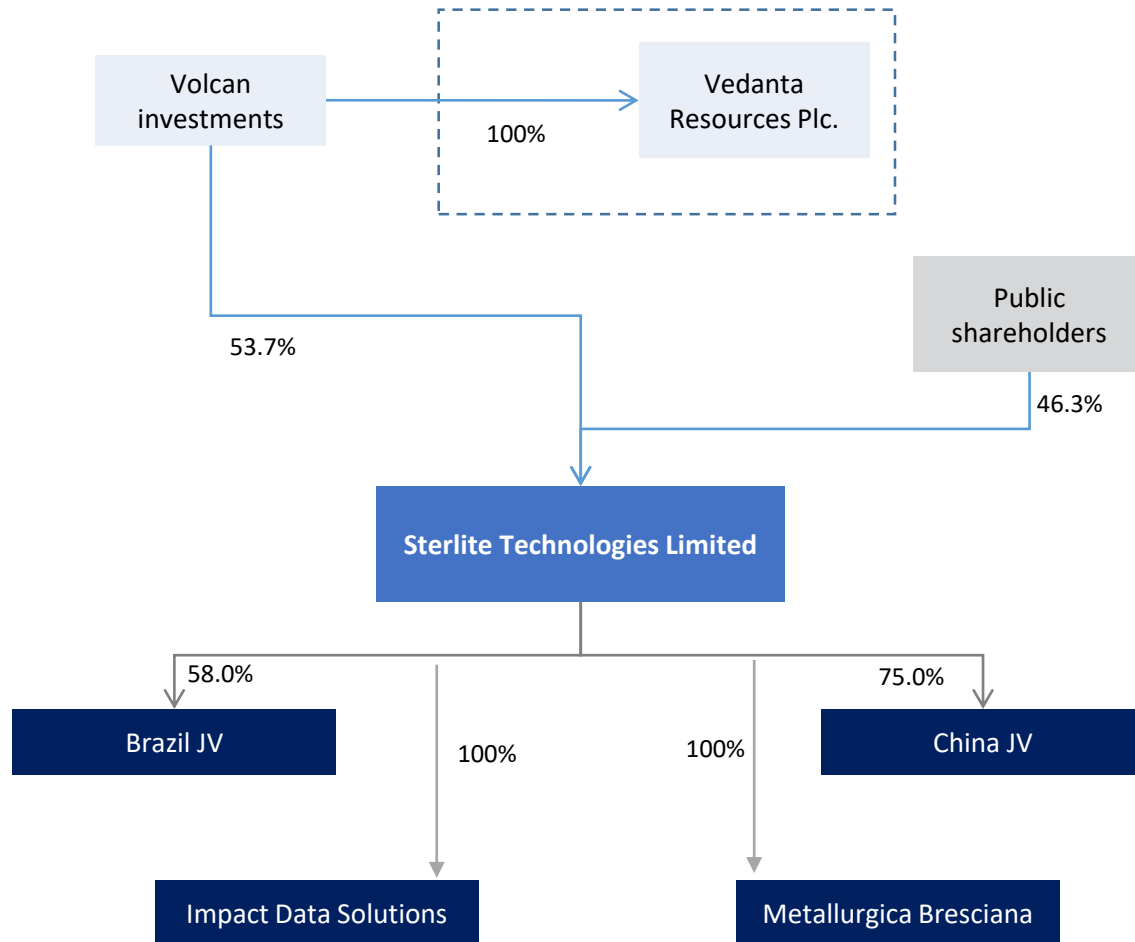**The Future is Exciting**

Appendix

Financials : Detailed

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 *Adjusted for exceptional item net of tax*	**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 Structure & Shareholding Pattern

STL

Corporate structure

Volcan investments → 100% → Vedanta Resources Plc.

Volcan investments → 53.7% → **Sterlite Technologies Limited**

Public shareholders → 46.3% → **Sterlite Technologies Limited**

Sterlite Technologies Limited:
- 58.0% → Brazil JV
- 100% → Impact Data Solutions
- 100% → Metallurgica Bresciana
- 75.0% → China JV

Shareholding pattern

- 53.7% Promoters & Promoter Group
- 4.9% FII
- 6.1% Other Institutional Holders
- 35.3% Retail

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

5G Commercial Services starting to pick pace

STL

Expansion of 5G network in US

AT&T, Verizon each expand 5G service to new markets

China rolls out 5G, plans big investment

- ~6mn base stations planned

China rolls out 'one of the world's largest' 5G networks

Large scale 5G rollout expected in Europe
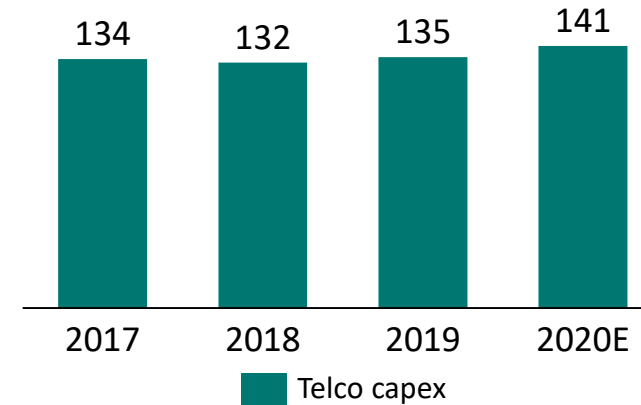
Europe targets 5G rollout in every major city by 2020

Global Telco's Capex ($bn)

US (Top 4) + Europe (Top 5) + China

Year	Value
2017	134
2018	132
2019	135
2020E	141

Telco capex

To increase with upcoming 5G deployments

Profitability to pave way for Future Investments

Tariff hikes to double telcos' Ebitda: Crisil

In the last few weeks, Airtel, Vodafone and Jio have increased their tariff- a first since 2016.
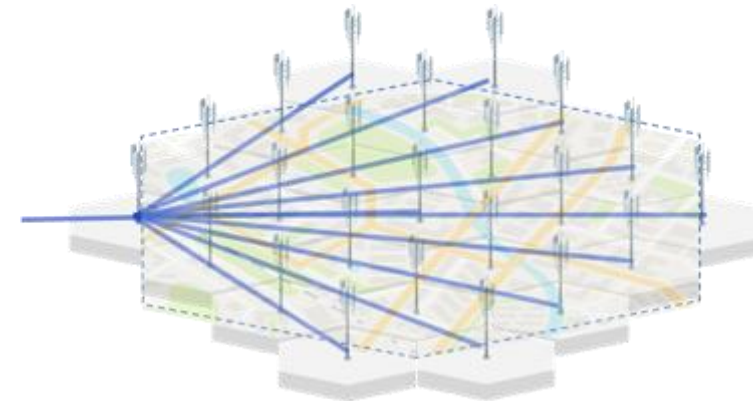
5G will require significantly more fibre than 4G

Cloud companies continue to invest heavily

Cloud capex on the rise ($bn)

Cloud capex
- 2019: 87
- 2020E: 103
- 2021E: 111
- 2022E: 122

Legacy Data Center

Core

Aggregation

Access

Hyperscale Data Center

Spine Switch

Leaf Switch
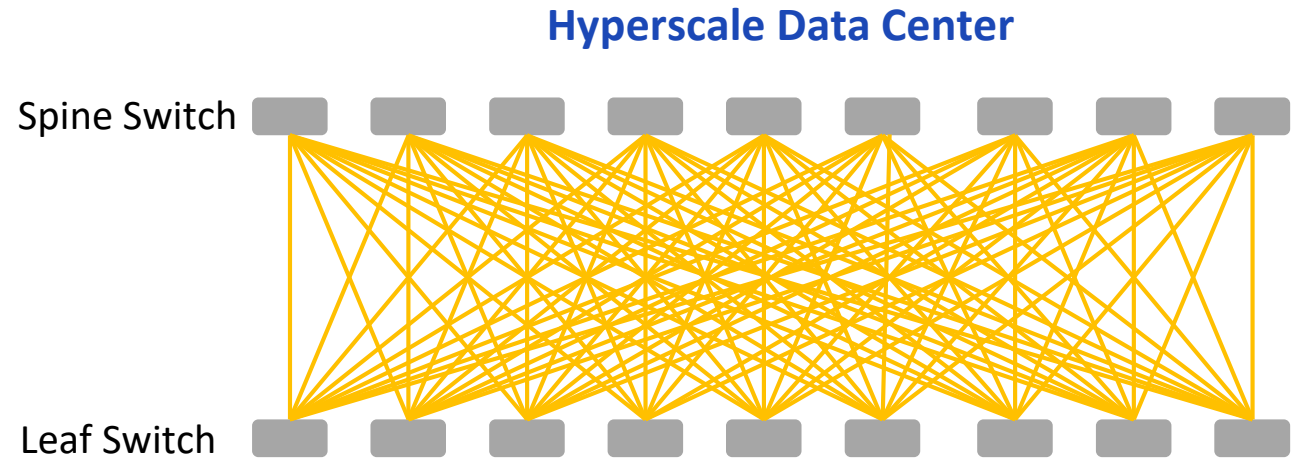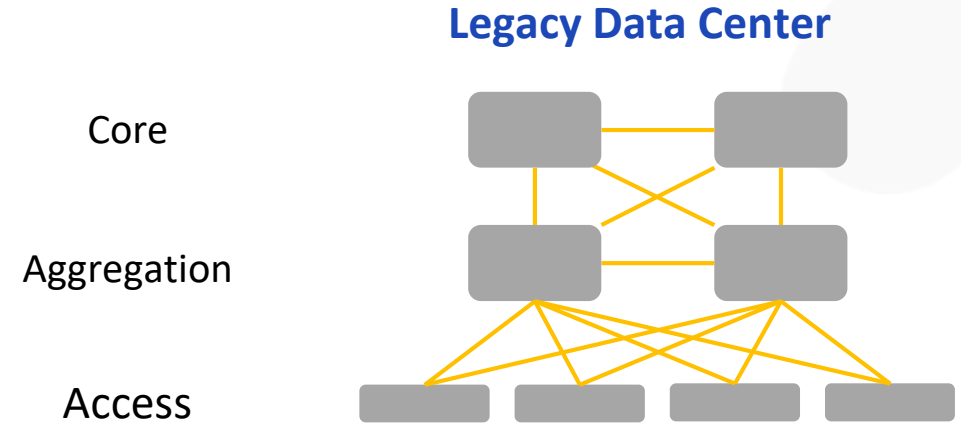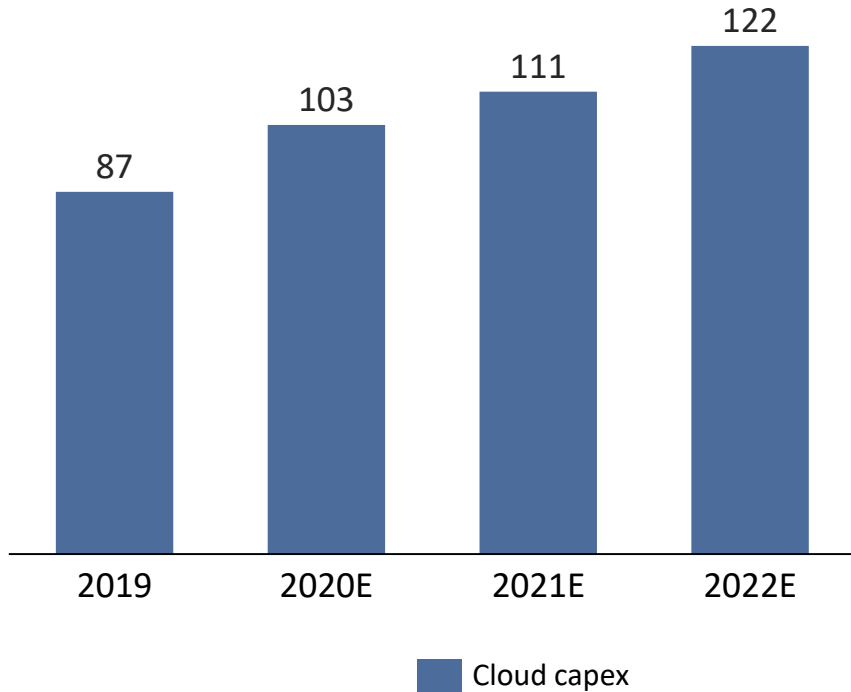
National Broadband Mission

Vision

- Broadband connectivity to all villages by 2022
- Investment of **$100 Bn.** in next 4 years from both government and industry

Features

- Deployment of additional **optical fiber cable** of 3Mn Km route km
- **Fiberization of towers**: From 30% to 70%
- **Tower density:** From 0.42 to 1.0 per thousand population

Large Indian enterprises continues to invest in digital infrastructure

Defence

Investing in Network Modernisation, Secure data Communications & Physical Security

Railways

Investing in signalling and telecom systems to improve speed & safety

Power Grid

Investing in Smart Grid & modern MPLS/SD WAN Networks