



Investor Presentation June'19



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STL Overview



CUSTOMER SEGMENTS



COMMUNICATION
SERVICE PROVIDERS



CITIZEN NETWORKS



LARGE ENTERPRISES



CLOUD & CONTENT
PROVIDERS

ENABLERS

A



Technology at
the Core

B



Global Supply
chain

C



Talent

D



Customer
Engagement

OFFERINGS

Unified Data Network Solutions



CONNECTIVITY SOLUTIONS



NETWORK SERVICES AND SOFTWARE

Revenue: Rs. 5,087 Cr.

3300+ Employees

3 Innovation Centers

271 Patents

OPTICAL

COMMUNICATION PRODUCTS



OPTICAL FIBRE AND PREFORM

- Full suite of ITU-T fibre products from low loss to bend insensitive fibre
- For NLD to Access Network applications



BEND INSENSITIVE Optical Fiber



OPTICAL FIBRE CABLES

- Customised cabling products for FTTx, utilities, oil and gas, transport and defence applications
- Smarter FTTH Plug and Play solutions



1,728 FIBER COUNT Optical Fiber Cable



STRUCTURED DATA CABLES

- For a variety of applications in structured cabling – From data centres to enterprise



CAT 6A One of the slimmest cables

Amongst the world's largest integrated manufacturers of OF and OFC, with facilities in Brazil, China, India & Italy

INTEGRATED NETWORK SERVICES & SOFTWARE



End to End System Integration, Network Design & Rollout

Key Turnkey Projects

- Naval communication network
- Network for Spectrum, Indian Army
- Network creation for Leading Indian Telco
- Bharatnet across MP, Maharashtra and Telangana



Disruptive Network Software Offerings

Key Solutions

- Digital Experience & Engagement
- Digital Monetization & OSS
- Programmable Network & Intelligence
- Intelligence & Insight (Intelligent Data Lake)

Network Design & Rollout

System Integration

Network Software



Integrated FTTX SOLUTION



NETWORK DESIGN



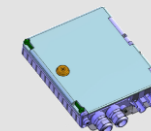
SOFTWARE PLATFORM



NETWORK ROLLOUTS

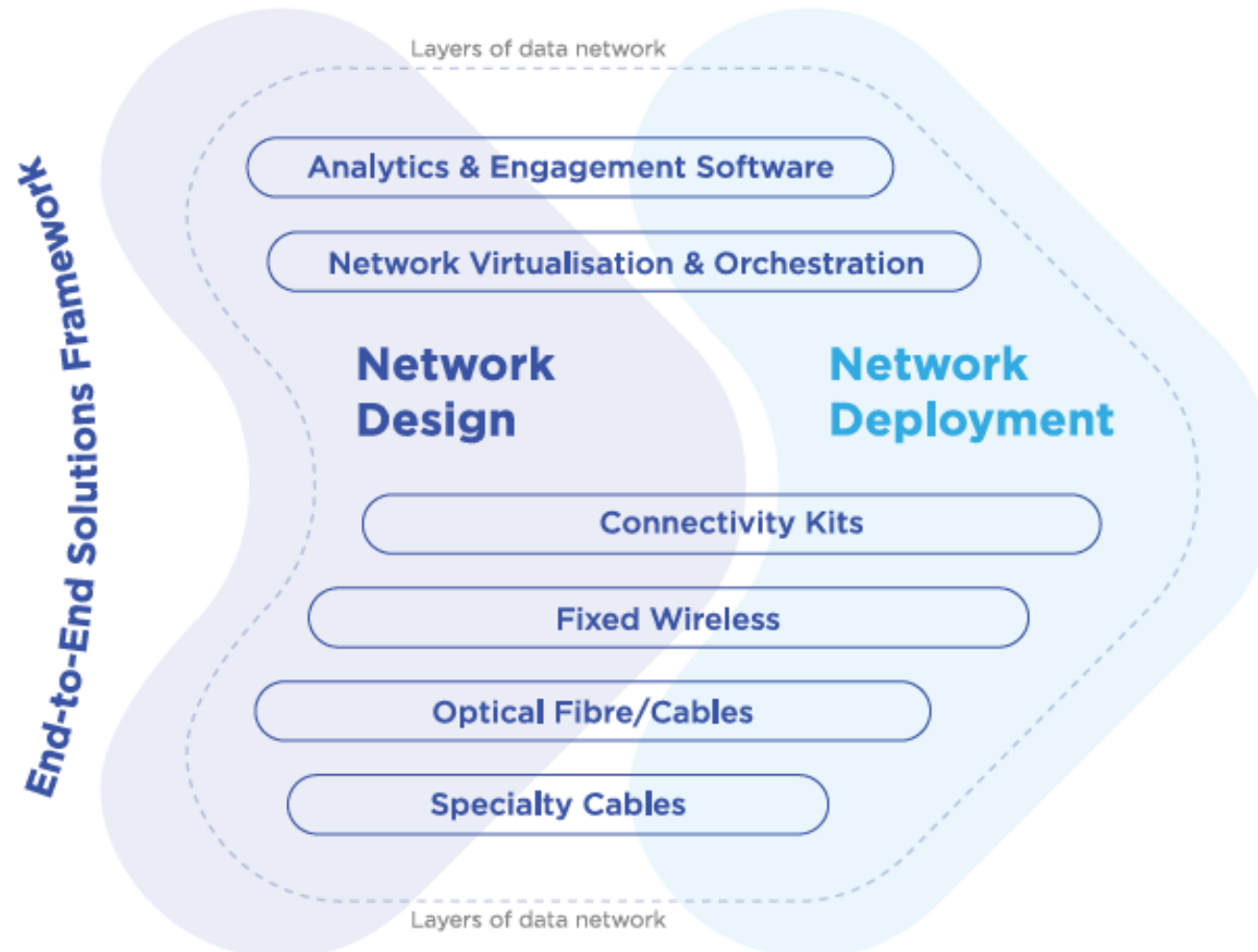


PROGRAMMABLE NETWORKING



PLUG & PLAY KITS

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

With 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

271
Patents Globally

Speciality Products Experience Labs
Experience Lab for Structured Cabling Solutions

Academia



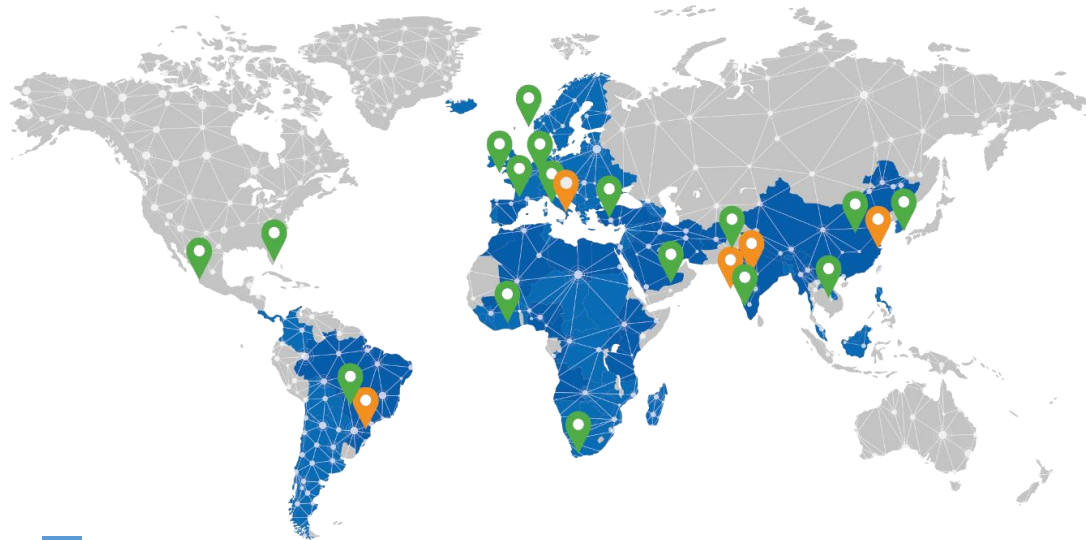
Forums



Backed by Agile Delivery and Global Supply Chain



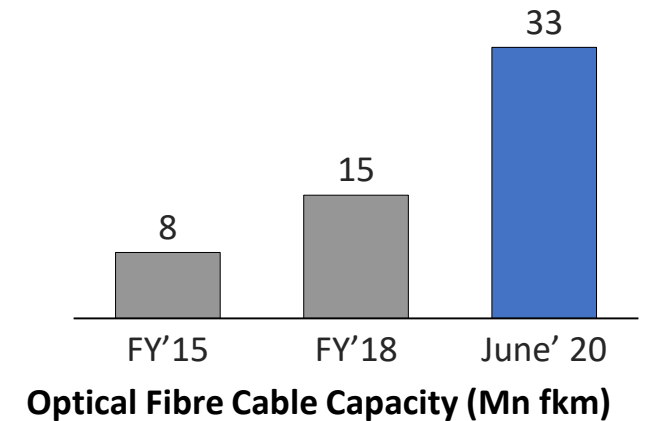
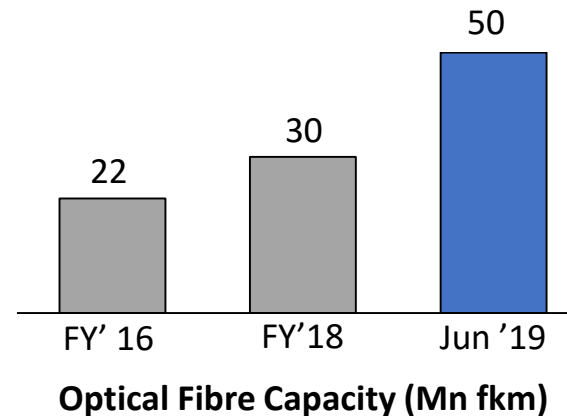
A GLOBAL PRESENCE



■ Market Presence
 ■ Sales Offices
 ■ Manufacturing Facilities

B FIBRE AND CABLE EXPANSION

- State of the art silicon to fiber plant in Aurangabad
- Fully automated machines with robotic operations (Industry 4.0)
- World class clean room infrastructure
- **Cabling expansion across Italy, India, Brazil**



C FY'19 ACQUISITION: MB (STL, ITALY)



Bringing production closer to the customers

Integrated Planning with Global Supply Chain

And Strong Talent Profile

Attracting young talent from



INSEAD

The Business School
for the World®

PURDUE
UNIVERSITY



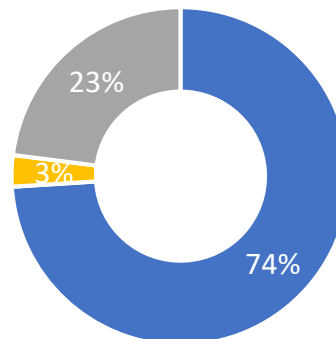
Expertise within the Organization ranges across the Fields of

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

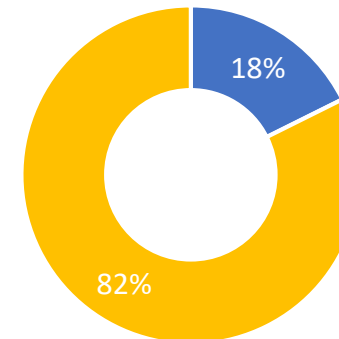
Hiring industry experts form global world-class organizations

Workforce Profile

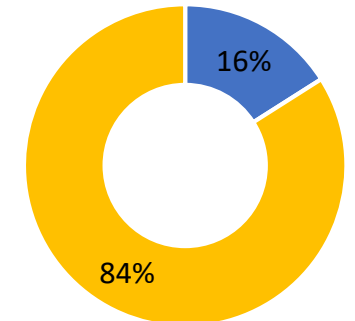
Qualification
■ Graduates and Post Graduates ■ PhDs ■ Others



Location
■ Overseas ■ India



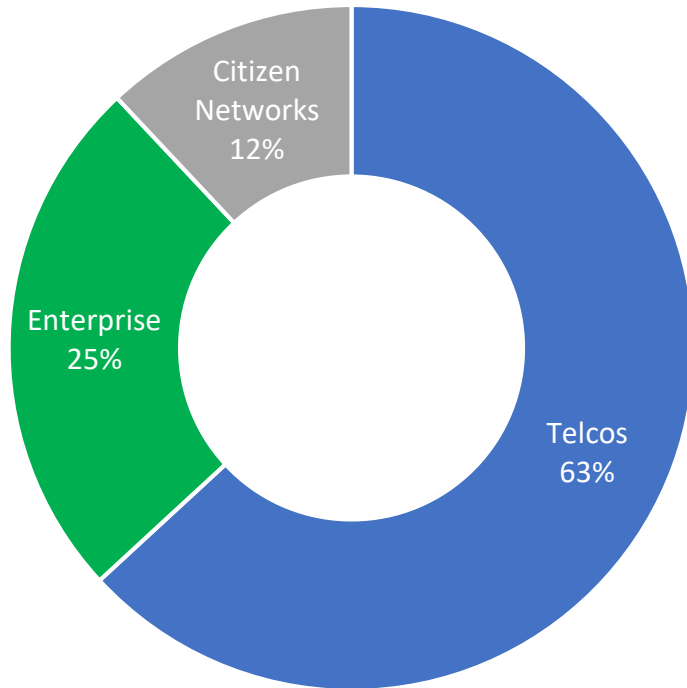
Gender
■ Females ■ Males



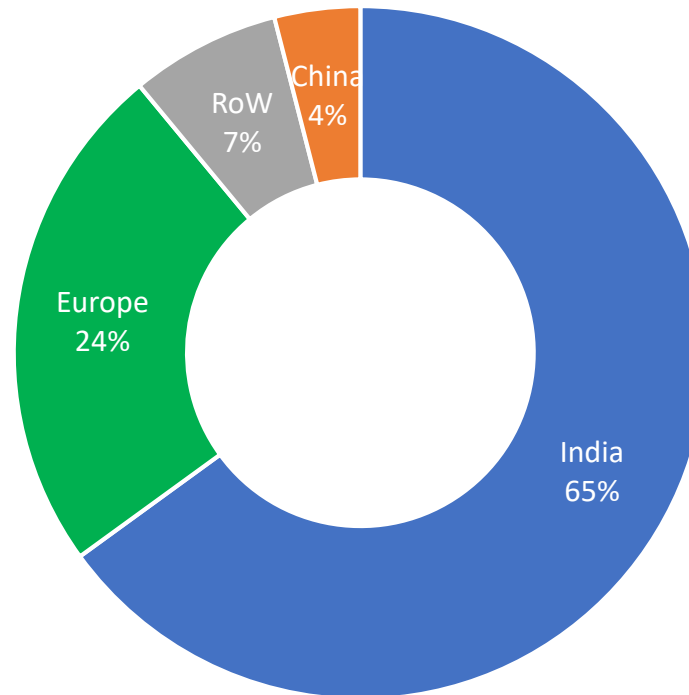
Translating into Customer Wins and Deep Market Penetration



FY'19 Revenue by Customer Segment



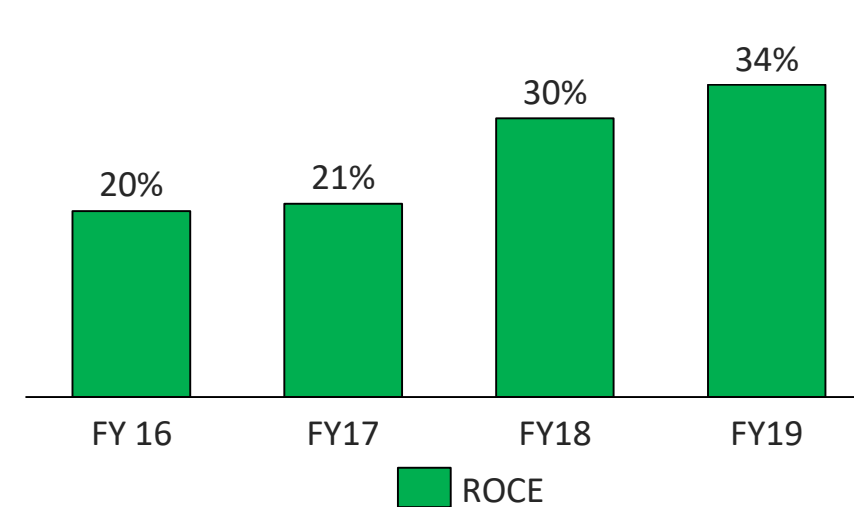
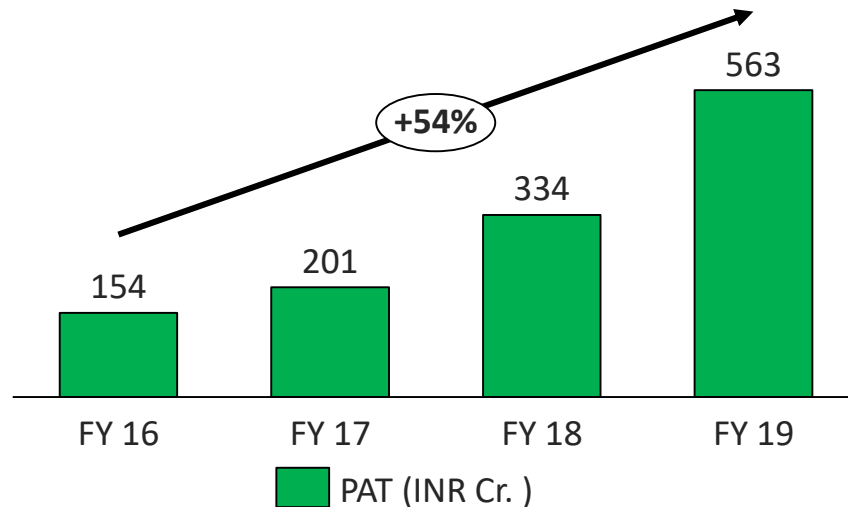
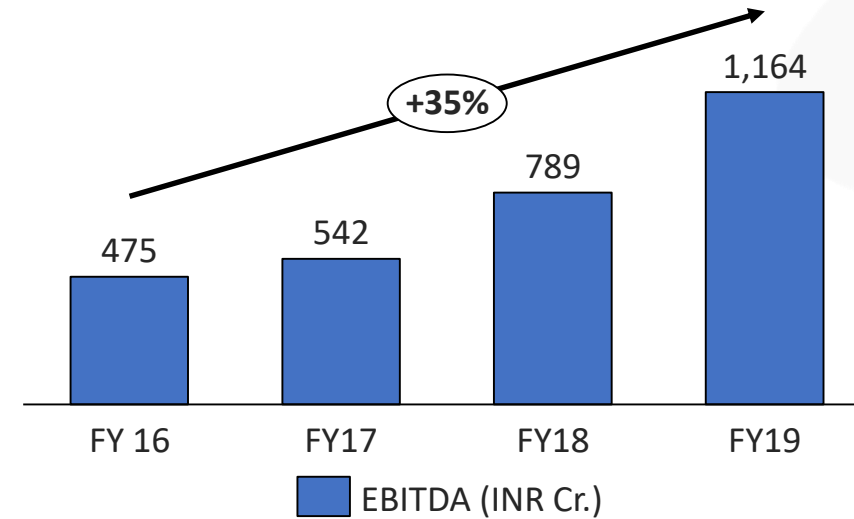
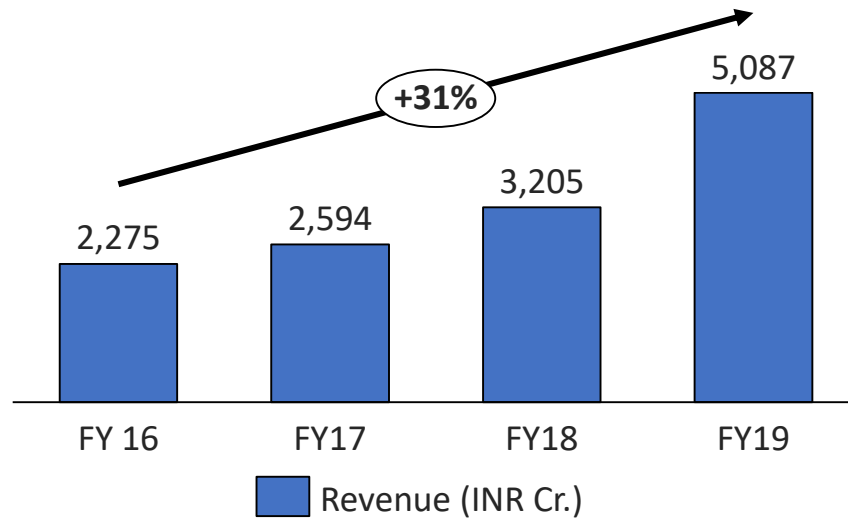
FY'19 Revenue by Geography



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



**The Future is Even
More Exciting**



Evolving Data Network Creation Model by Telcos and New Entrants

Telcos are focusing more on platforms and content to stay relevant



Apps

Platforms

Network

Cloud players are investing into network creation to control customer experience



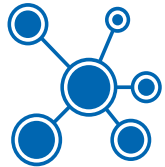
Large Enterprises and Citizen centric networks building data networks and investing in network modernization



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*

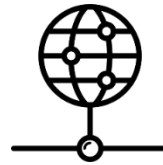
Leading to Our Demand Drivers for FY'20 and Beyond



Mobility



Access



**Core
Connectivity**



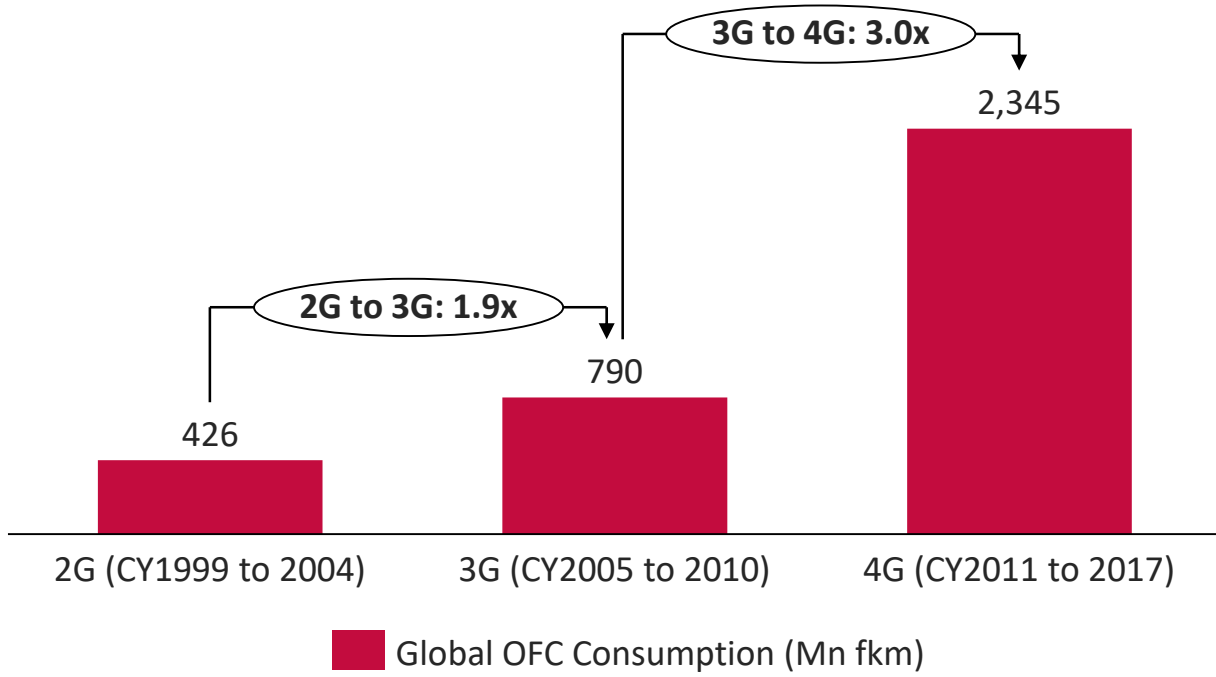
**Network
Modernisation**



Data Centre

- Increasing penetration of fixed wireline broadband (**FTTx**) in **Europe & India**
- **5G roll outs** across different geographies are expected to begin in 2020 and pick pace between 2020-25
- **Mobile Backhaul fiberization** in countries like India, which is amongst the lowest fiber to the tower connectivity
- Increased spending by OTT players leading to **Data Centre Interconnect opportunities** in US
- New rollouts under the Digital Broadband Initiatives by India to bring **Rural connectivity**
- **Network modernization initiatives** by large Enterprises like Defence, Railways, Oil & Gas and Power Utilities
- Increased **Virtualisation** spend by operators for making network agile & scalable

5G will require Dense Fibre Infrastructure



“For 5G rollout, I believe the OFC (optic fibre cable) deployment is essential for largescale deployment” – **Chuck Robbins, Cisco Chairman**

“Majority of our map will have 5G. So we are building fiber right now.” – **Hans Vestberg, Verizon CEO**

“One of the things that I think often gets overlooked in the 5G discussions is the need to have a quality fiber-optic connection.” – **Kevin Morgan, Clearfield CMO**

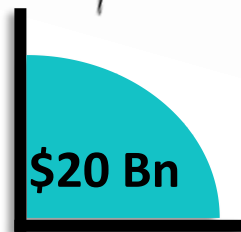
Biggest economies expected spend on 5G



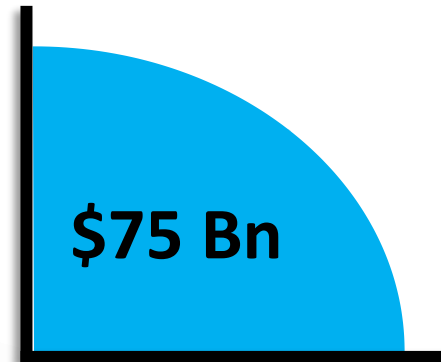
STL expanding its Addressable Market through its 4 Pronged Strategy



Journey towards Expanding Addressable Market



2017



2023

1 INNOVATE

New Value Added Products and Offerings

2

SCALE

With new Customer Acquisition and new Geographies

4

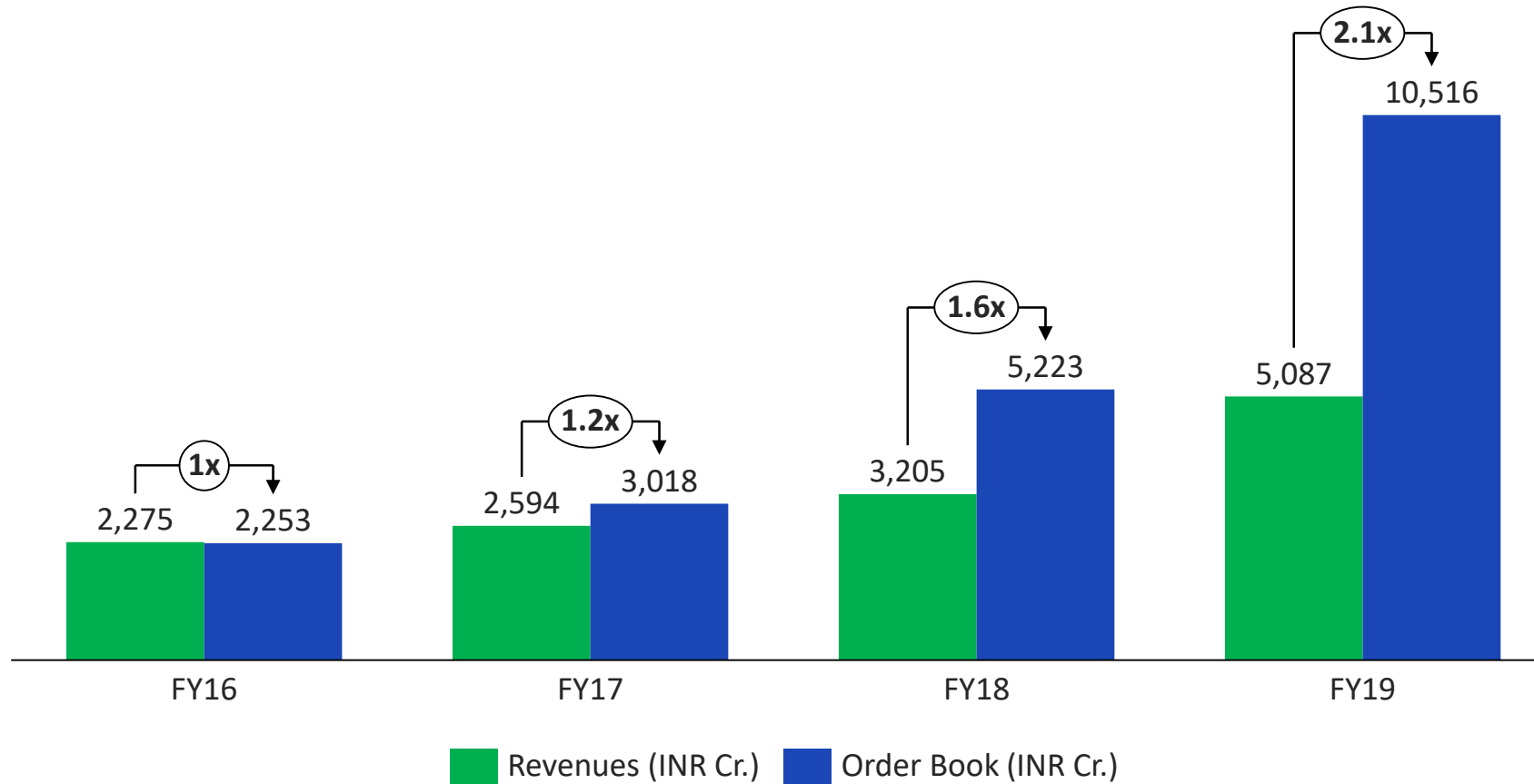
EXPAND

Into new portfolios and applications

3 INTEGRATE

Moving towards an integrated “solutions based” offering

Starting the Year with Highest ever Future Visibility Through Order Book



Order Book at an all time high of Rs. 10,516 Cr.

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)

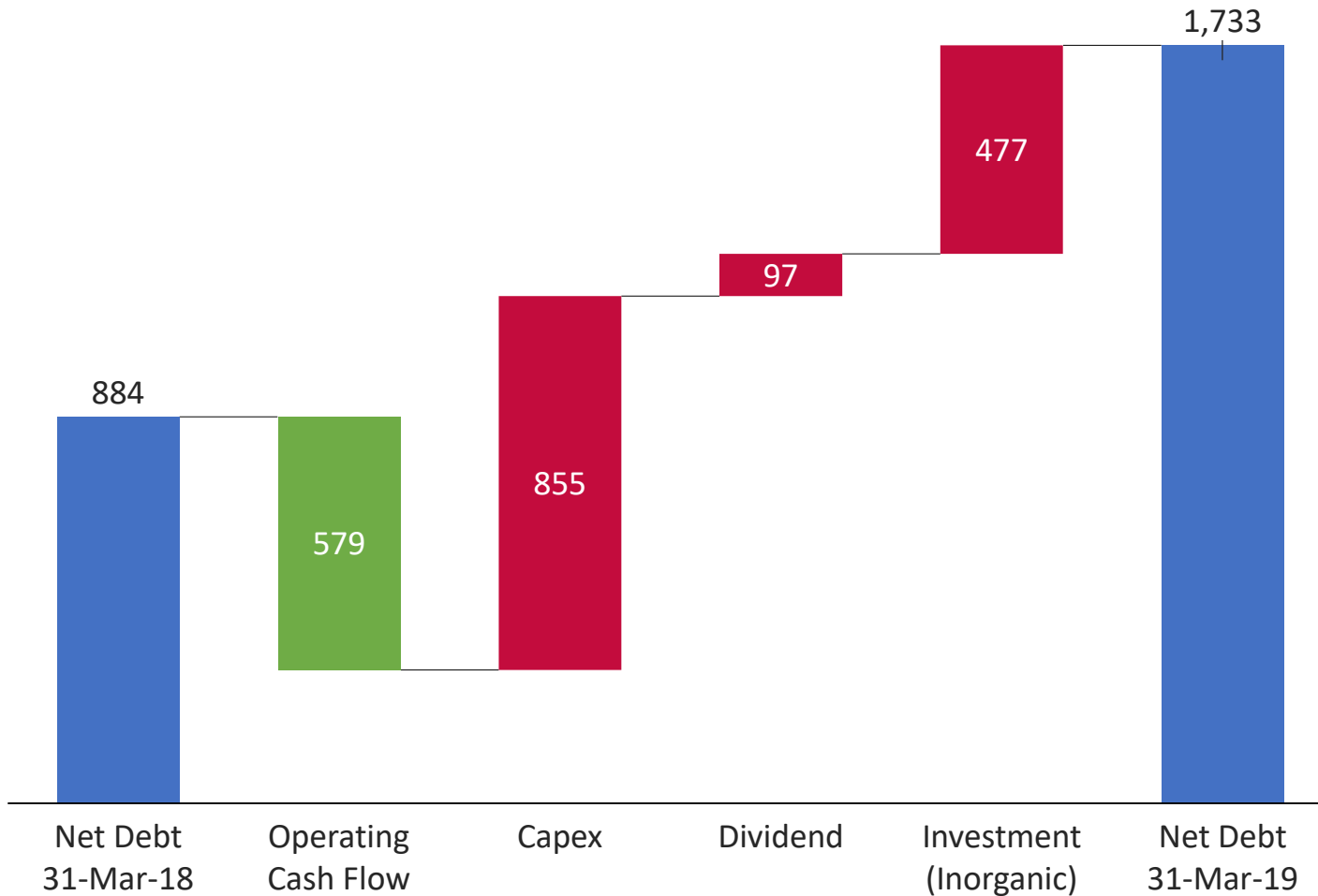


P&L (INR Cr.)	FY18	FY19	Growth (%)
Revenue	3,205	5,087	59%
EBIDTA	789	1,164	48%
EBITDA %	25%	23%	
Depreciation	182	195	
Interest	104	105	
Tax	133	278	
Net Income (After Minority Interest)	334	563	68%
ROCE %	30%	34%	

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
Working Capital Days	63	78

Note: The consolidated financials are inclusive of the performance of Metallurgica since the date of closure

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



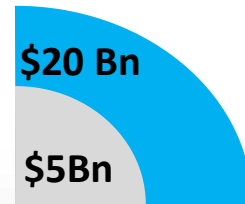
2010-2014

Offerings: Telecom Products
(Optical Fiber and Cable)

Customers: Telcos

Capital Intensity: High

2014 Revenue : Rs. ~1,100 Cr.



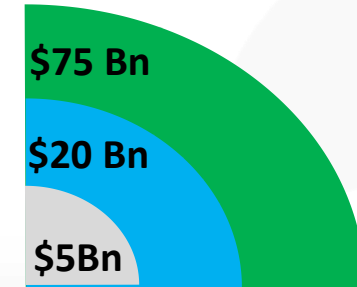
2014-2017

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. ~2,600 Cr.



2019 & Beyond

Offerings : Global Data Network Solutions
(Mobility, Access, Core 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. ~5,100 Cr.

* Depending upon the mix

Key Takeaways



Increased end point consumption of data



Evolving Network Architecture



STL uniquely placed to leverage these opportunities

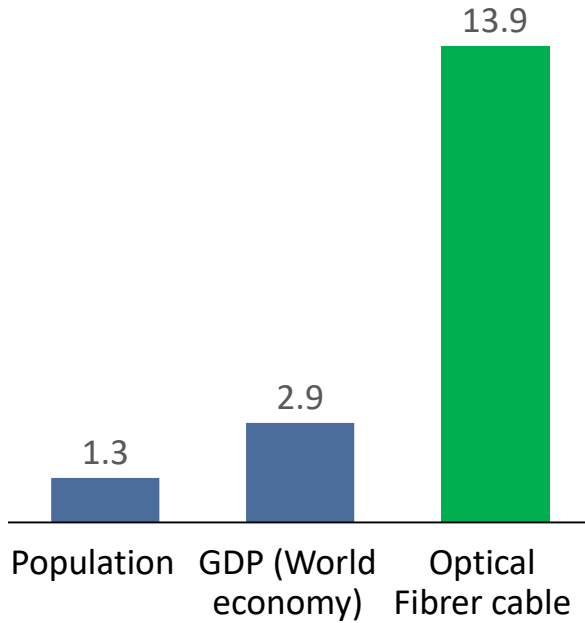
- ✓ STL provides Data Network Solutions focussed on mobility, access, core connectivity, network modernization & data centre to its Telcos, Cloud & Content Providers, Large Enterprises and Citizen Networks
- ✓ Increasing its addressable market to **\$75Bn by FY23** through new offerings, solutions, market 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



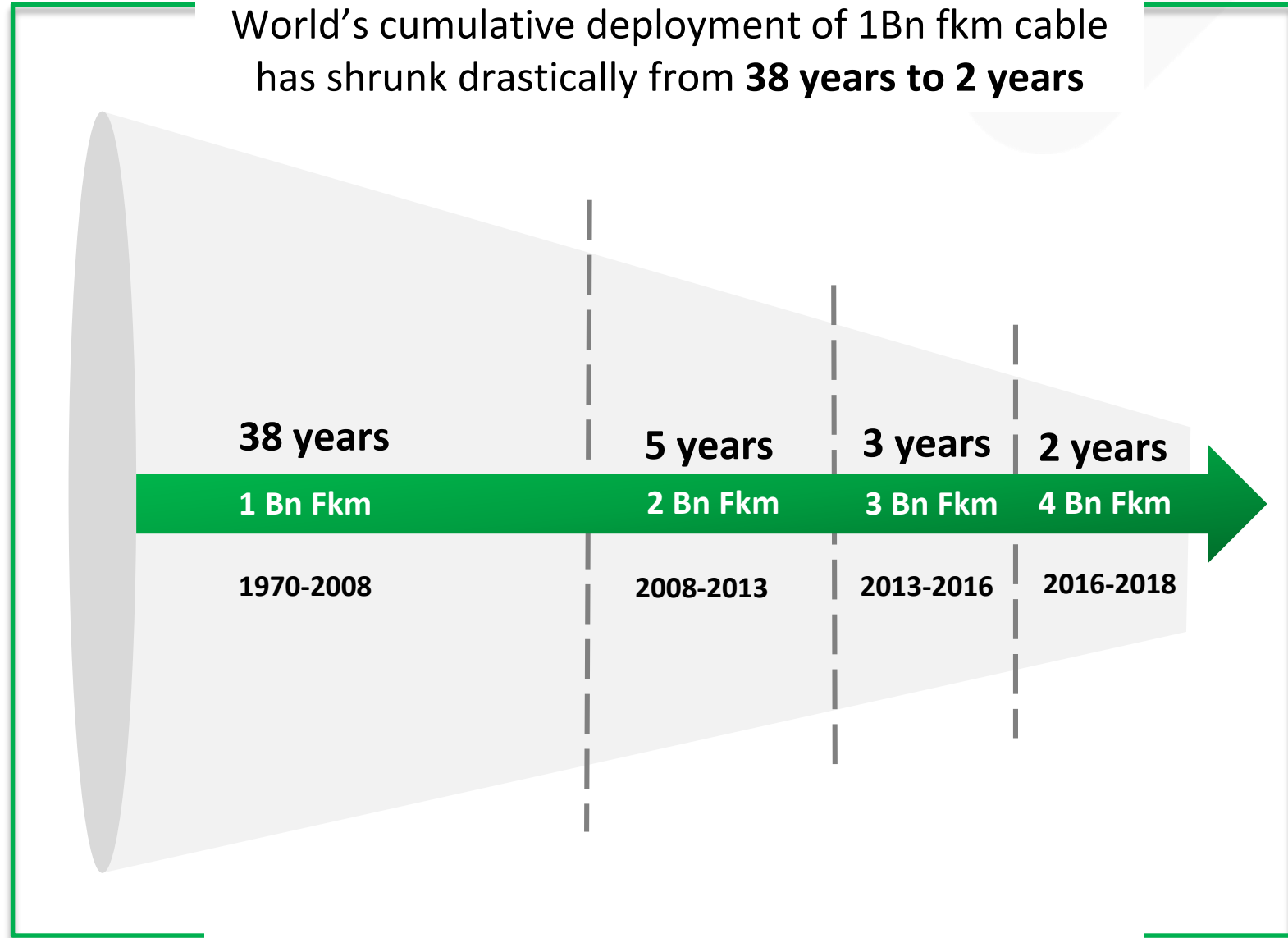
Growth in Demand of Optical Fiber has been Unabated across Centuries

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



20 years CAGR: 1997 to 2017

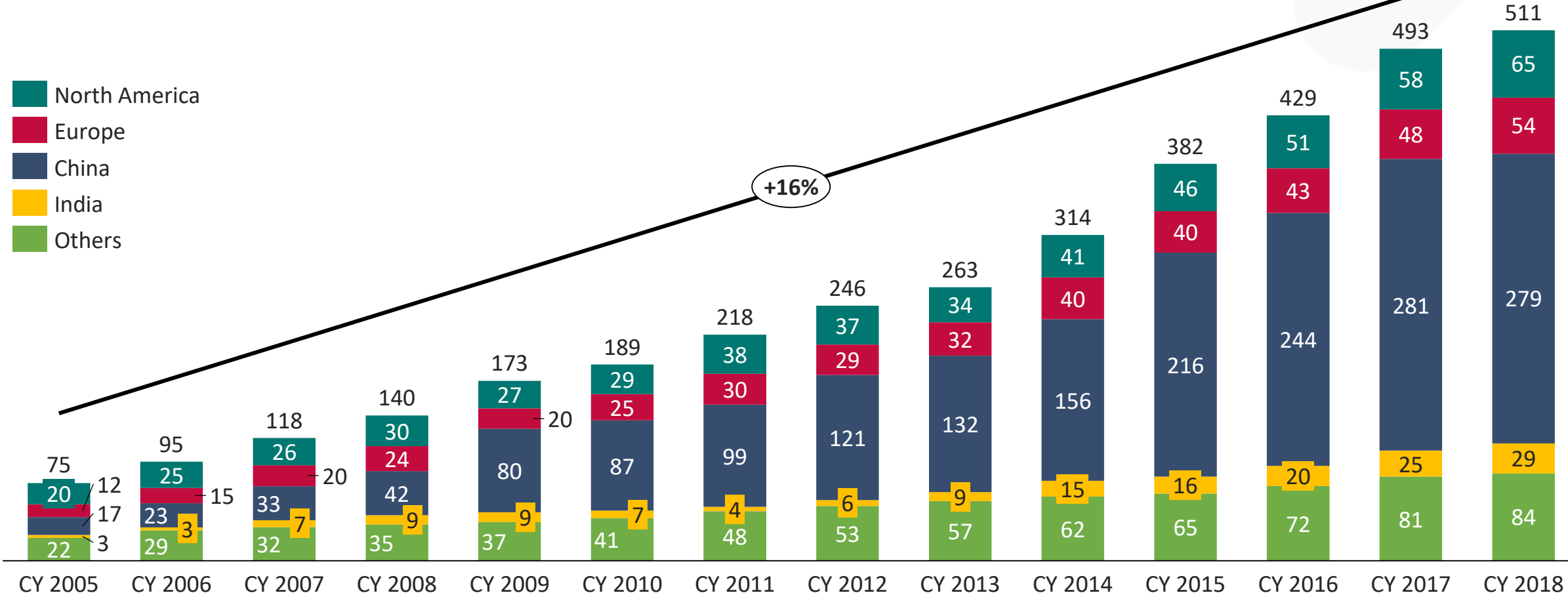
World's cumulative deployment of 1Bn fkm cable has shrunk drastically from **38 years** to **2 years**



Global Demand for Optical Fiber Continues to Reflect Strong Annual Growth



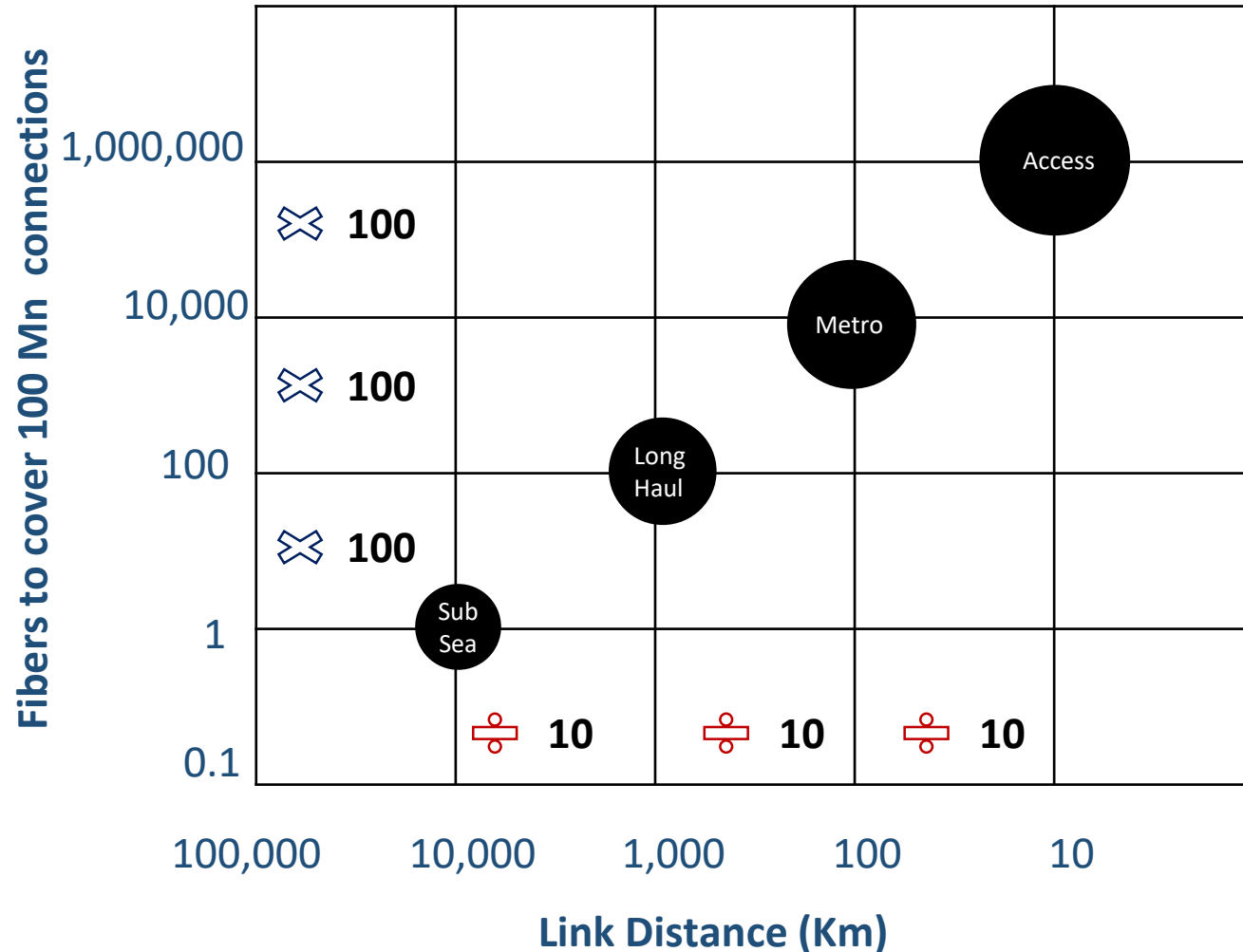
Optical Fiber Cable Demand (Mn fkm)



- 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

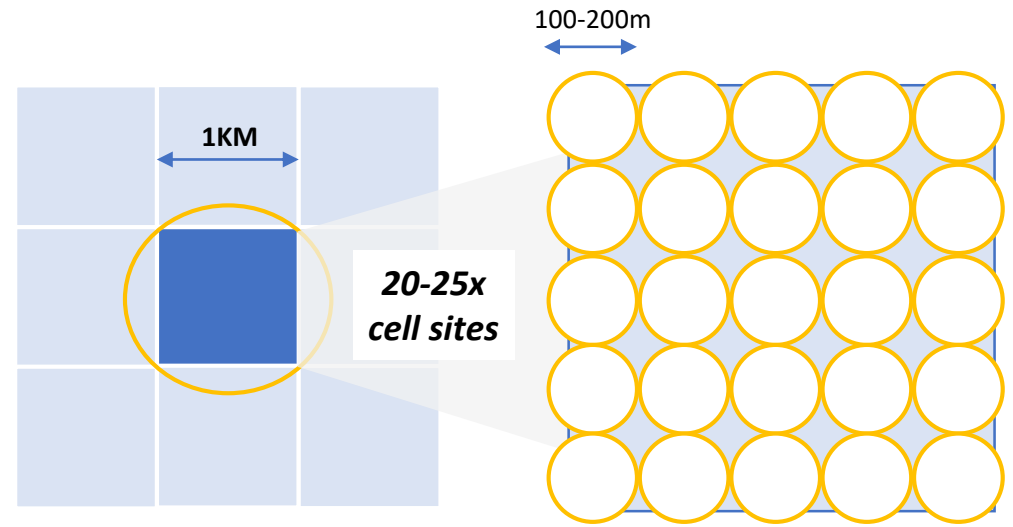
Reduction in average fiber link by 10x, drives a 100x increase in fibers required to support the network



Network Densification

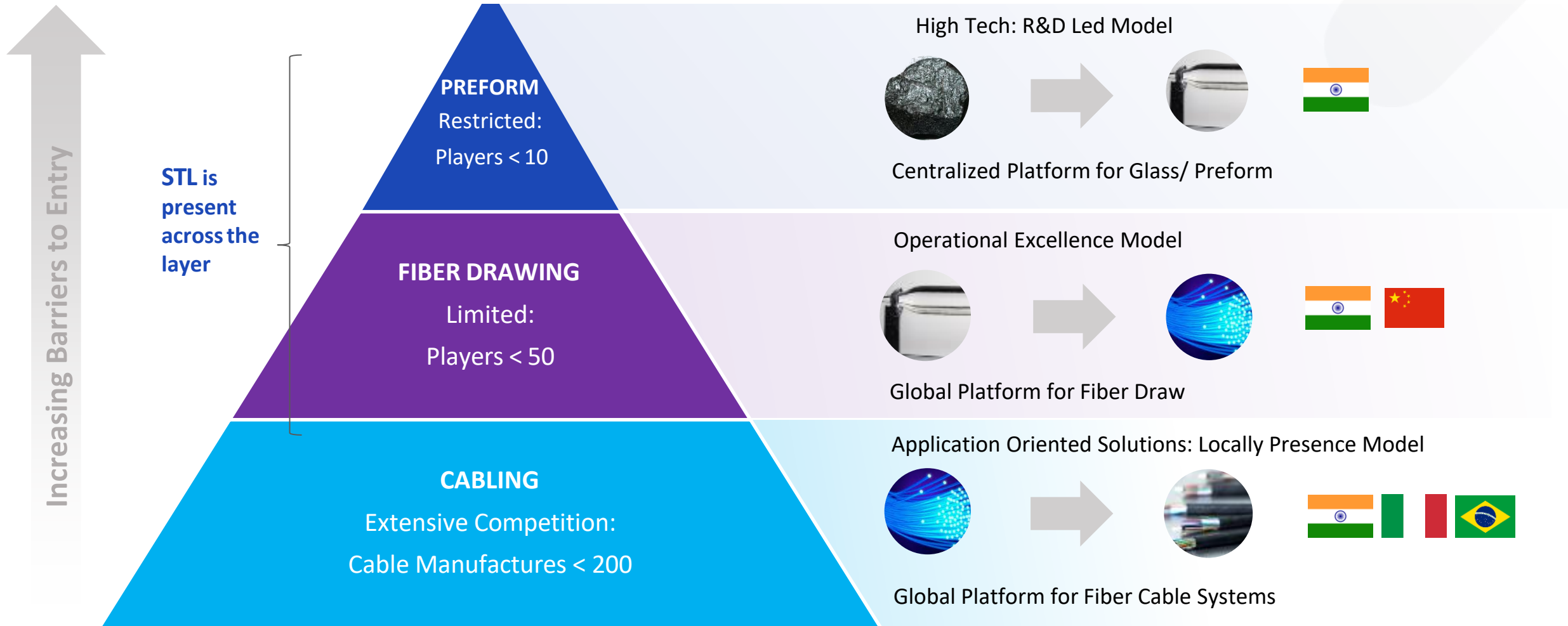
Today's 4G Network

Future 5G Network



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

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

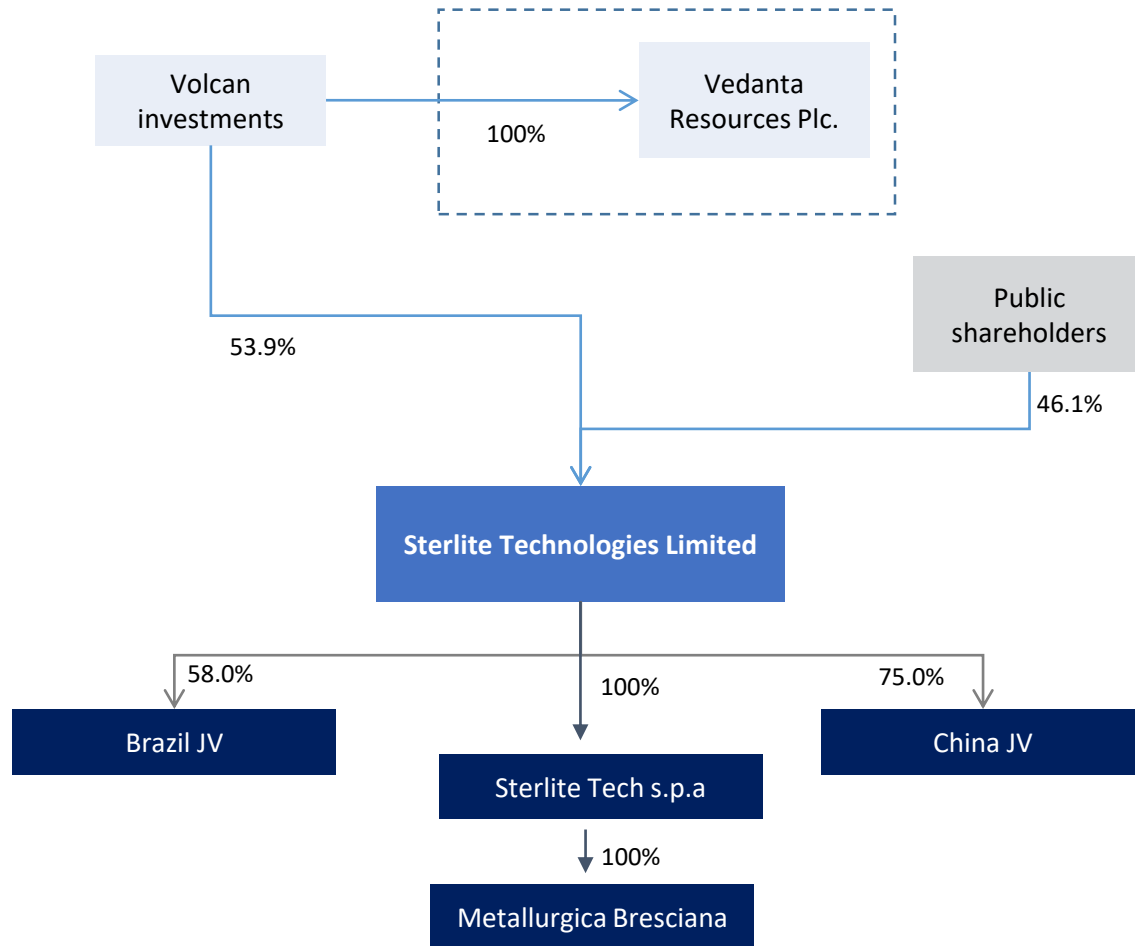


7,600+
Lives through Women
Empowerment
initiatives

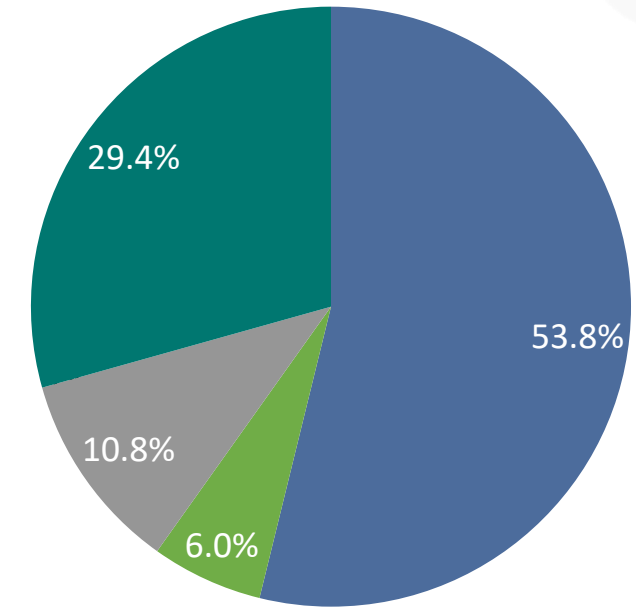
Corporate Structure & Shareholding Pattern



Corporate structure



Shareholding pattern



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

Source: Company information; Karvy Shareholding Services; Data as of Mar 31, 2019



beyond tomorrow