

# Sterlite Technologies

# Tech Day

# Disclaimer

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 confidential, 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

# What Are We Here For ?

- Sneak peek into the evolving industry and disruptive trends
- Showcase how STL is shifting orbits to ride on this disruption



# We Have With Us Today...



**Anand Agarwal**  
**Group CEO**



**Anupam Jindal**  
**Group CFO**



**Ayush Sharma**  
**Head – PN&I**



**Ankit Agarwal**  
**CEO - Products**



**KS Rao**  
**CEO - Services**



**Anshoo Gaur**  
**CEO - Software**



# Anand Agarwal

## CEO

# Growth and Evolution Continues



**2010-2014**  
**Telecom Products**

**₹ 1,148 Cr**  
**2014 Revenue\***



**2014-2019**  
**Design-Build-Manage Networks**

**₹ 3,205 Cr**  
**2018 Revenue\*\***



**2019-2024**  
**Global Data Network Solutions**

**Opportunity**

\* Telecom Revenue for year ending March 31, 2014  
\*\* For year ending March 31, 2018

# A Transformation whose Time has Come!



Increased end point  
consumption of data

Data is the new  
Commodity

*7x growth in 5 years  
(CY15-CY20)\**



Change in Network  
Architecture

Building network  
infrastructures to match the  
humungous data need

*Dense Network with deep  
fiberization, Open source and  
Edge computing*



**STL uniquely placed  
to leverage these  
opportunities**

Riding on the  
opportunity to create  
sustainable value

*Expanded TAM, Tech Focus  
riding on the disruption*

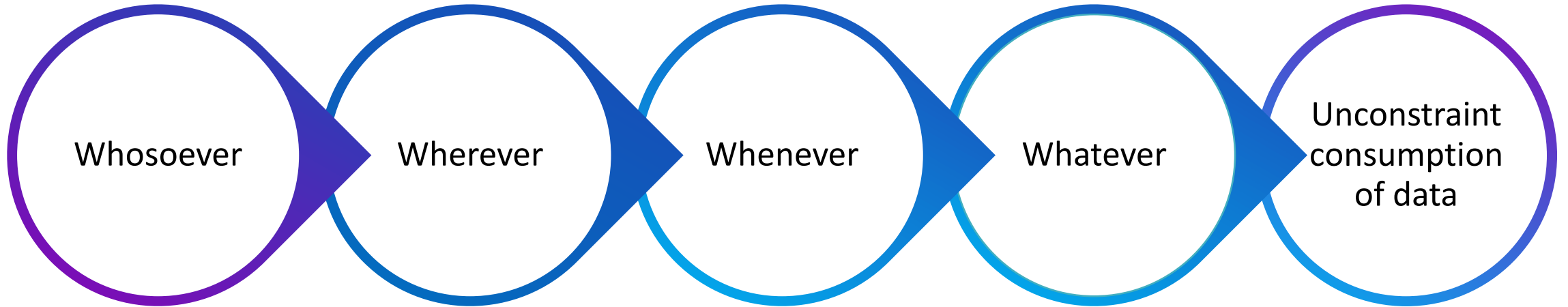
# Sneak Peek into the Industry

Evolution & Disruption





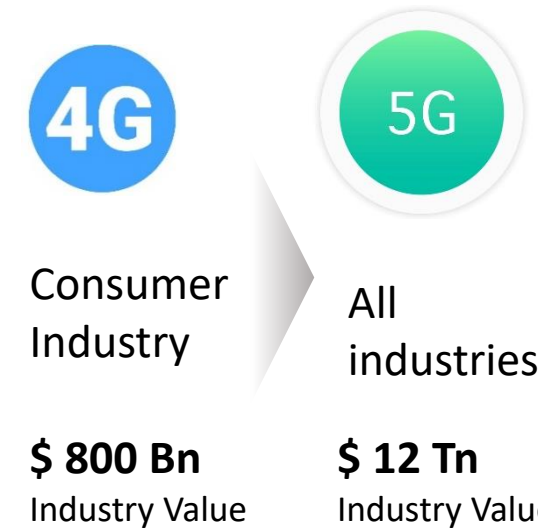
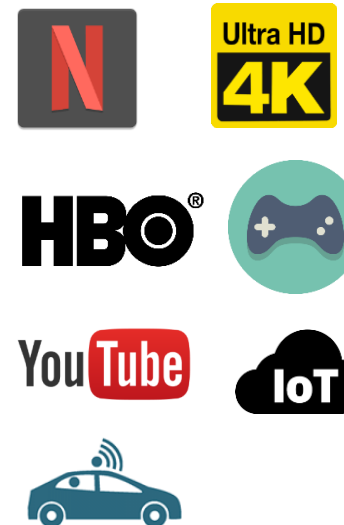
# Increased End Point Data Consumption



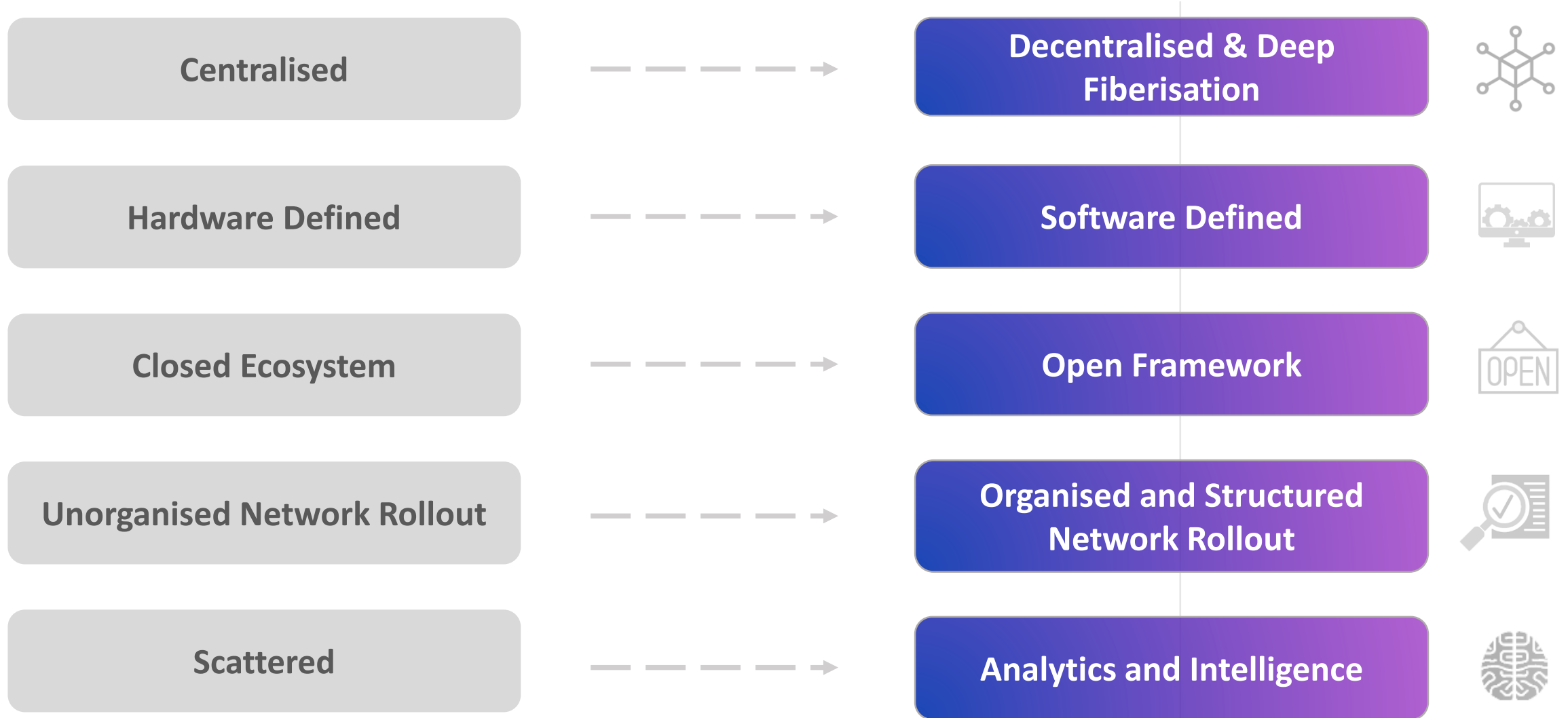
- Man
- Machine
- Enterprise

- Home, Work
- Driving across Highway
- Bullet Train: 325 km/h

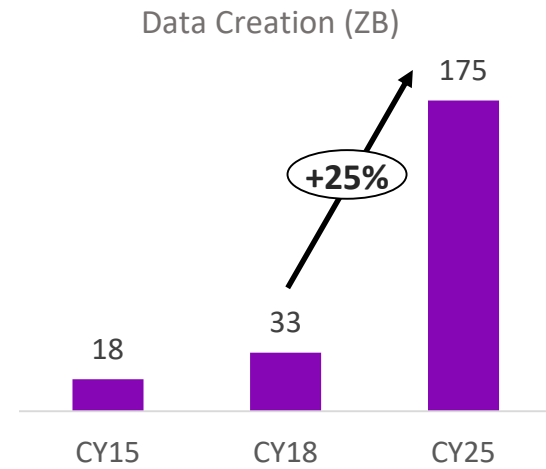
Peak hour traffic growing at a CAGR of 37%



# Change in Network Architecture



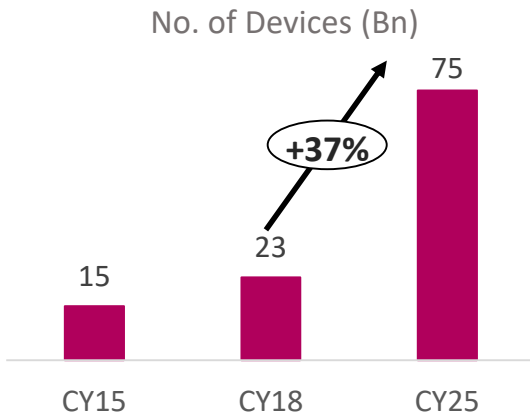
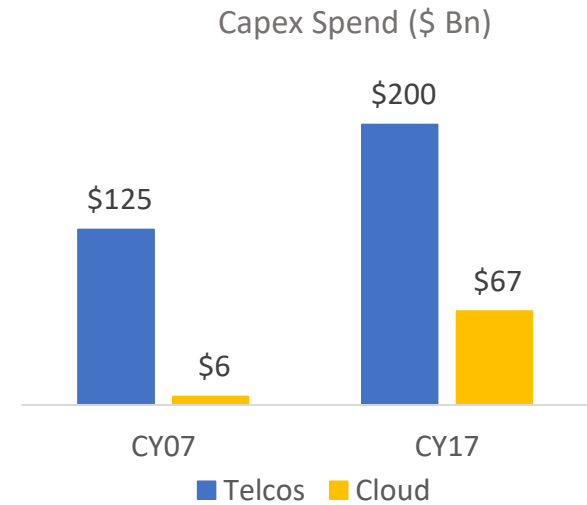
# The Industry is Ripe for a Disruptive Change



**175 ZB**  
Global Data Creation by 2025

**EXPANDING**

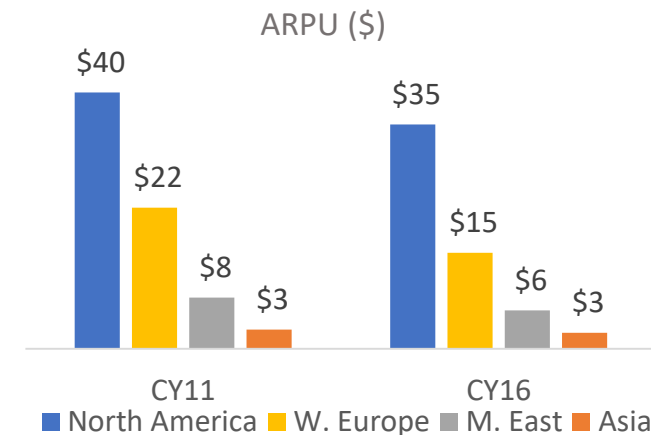
Capex Spend



**75Bn**  
Connected Devices by 2025

**FLATTISH**

Telco ARPU



# Leading to Emergence of New Class of Players



## ARISTA

Pioneers and delivers software-driven cloud networking solutions for large data center storage and computing environments.

Revenue: \$1.6 Bn



Global cybersecurity leader to protect day of life by preventing cyberattacks through Security Operating Platform

Revenue: \$2.2 Bn



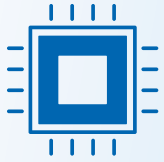
End to End Data Network Solutions Provider

Revenue: \$0.5 Bn

**| Focussed on data network creation opportunity | No legacy attached | 5 year CAGR > 30%**

# Sterlite Tech Evolution

A hand is shown at the bottom of the frame, holding a glowing blue cloud. The cloud is filled with a grid of small dots and is surrounded by a network of lines connecting various nodes. The background is a dark blue gradient with a subtle pattern of light blue dots and lines, suggesting a digital or network environment.



**Software**



**Server**



**Fiber**

**Participate in data  
network creation Capex**

**Offer Application  
Centric Solutions**

**Leverage Strong  
position in Core  
Optical Products  
business**

**Capitalize  
on disruption**  
Through new age  
network software  
products

**Integrated  
Network Design  
and Build  
Services**

## CUSTOMER SEGMENTS



**COMMUNICATION  
SERVICE PROVIDERS**



**INTERNET CONTENT  
PROVIDERS**



**CITIZEN NETWORKS**



**DEFENCE**

## ENABLERS



Technology at  
the Core



Global Supply  
chain



Talent



Customer  
Engagement

## NETWORK LAYERS



## OFFERINGS

Unified Data Network Solutions



**TELECOM SOFTWARE**



**SYSTEM INTEGRATION  
SERVICES**

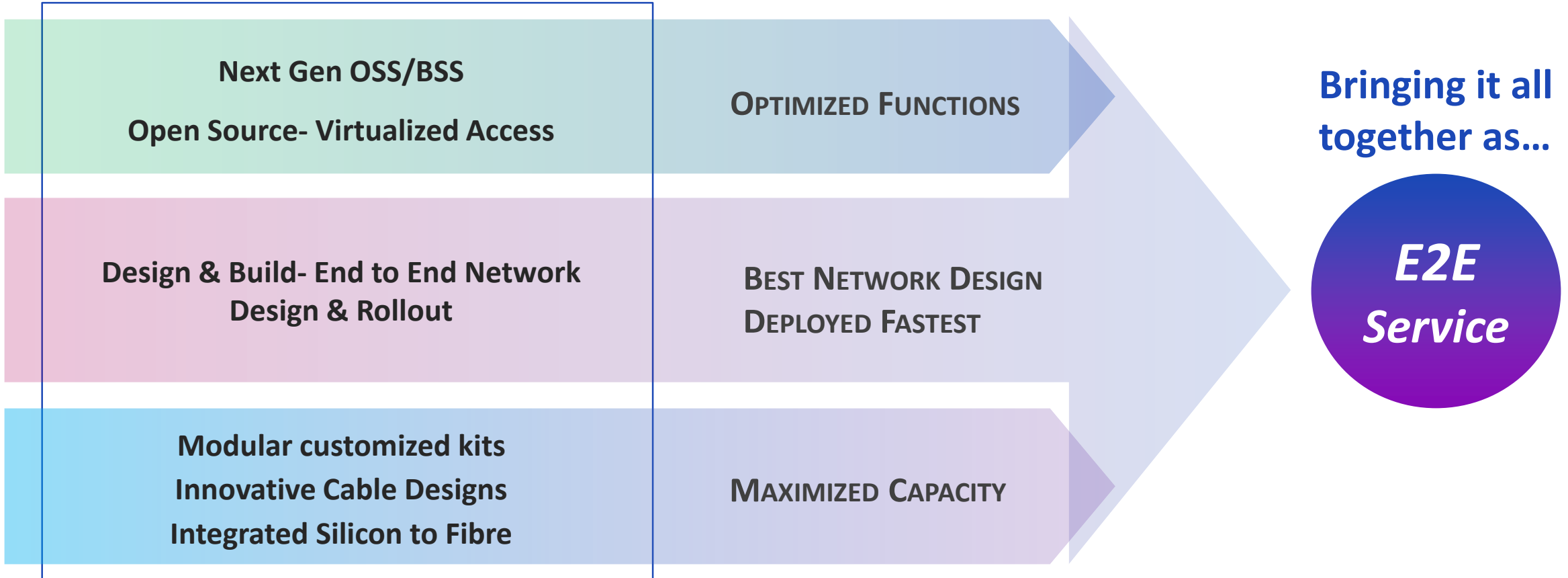


**OPTICAL PRODUCTS**

# Bringing Together the Offerings to Create End to End Data Network Solutions



## An integrated Best in class Network ...

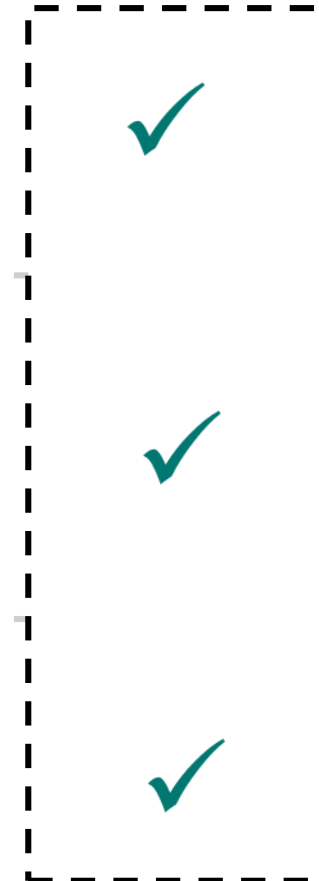
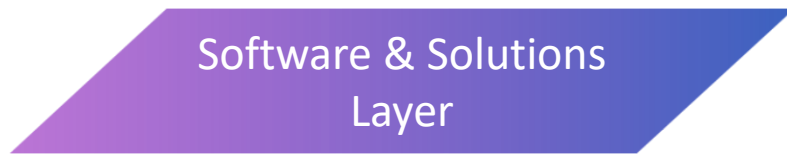


**Only company in the world to provide end to end data network solutions**



## Network Layer

## Key Players



# 4 Pillars

**Life Cycle  
Customer  
Engagement**

**Communication  
Service  
Providers**

**Internet  
Content  
Providers**

**Citizen  
Networks**

**Defence**

**Strong  
Technology  
Platforms**

**Products | Network Services | Software**

**Best in Class  
Talent**

**Global Delivery  
& Supply Chain**

**8 Mfg.  
Facilities**

**Offices in 16  
Countries**

**Multiple  
Distribution  
Channels**

**Global  
Partnerships**

## Provide end to end offering

Unified offerings across all network layers

## Life cycle engagements

Application based solutions catering to customers' requirements

## Focus on key customers

Targeting key customers who are actively creating data network infrastructure across the globe

## High wallet share

Through increased offerings which forms the part of their overall capex

**Becoming network  
creation partner for  
the customers**

# Strong Technology Platforms

**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

**216**  
Patents Globally

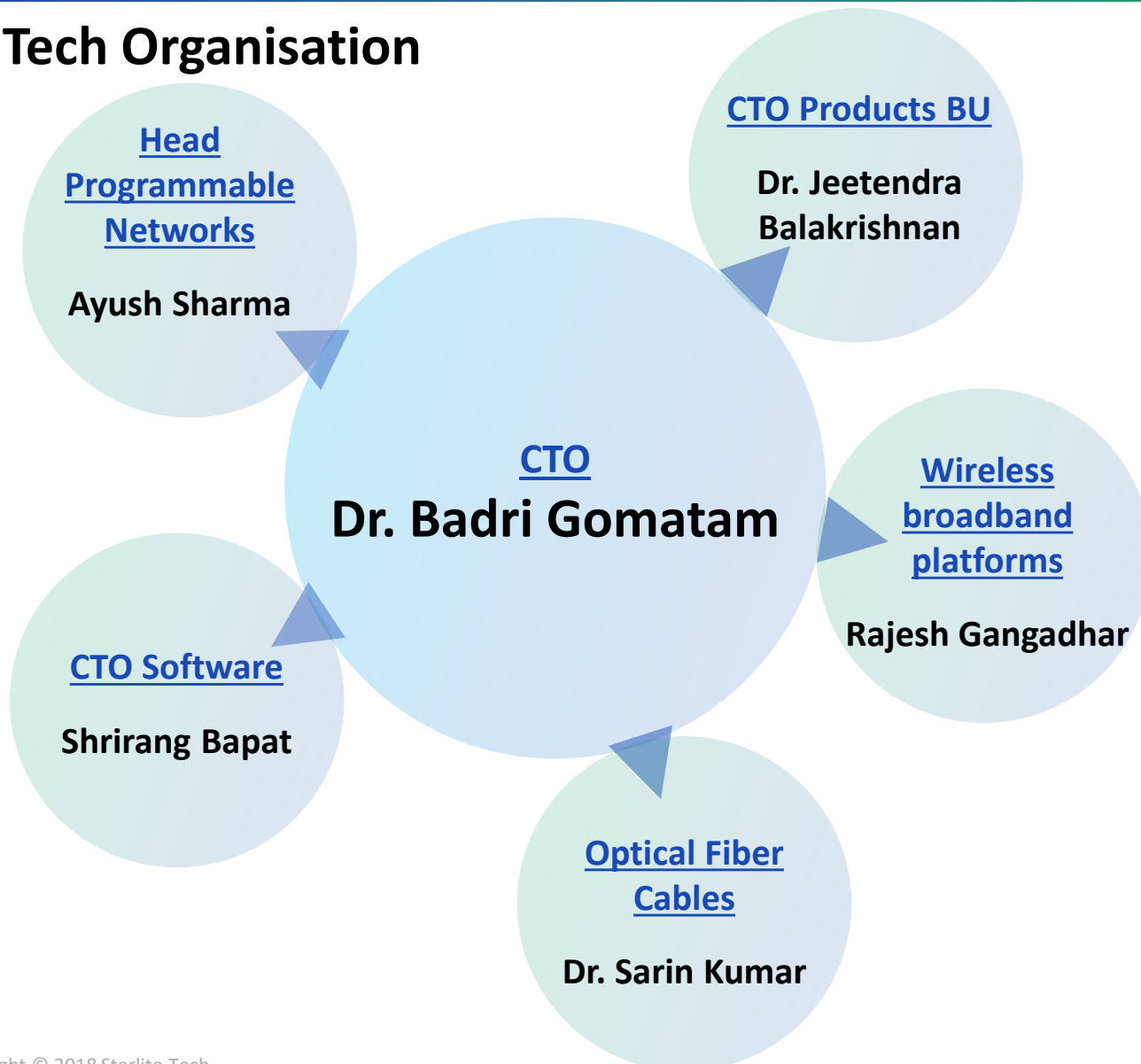
**Speciality Products Experience Labs**  
Experience Lab for Structured Cabling Solutions

**NPD / Revenue : >20%**

### Academia

### Forums

## Tech Organisation



## Hiring the Best-in Class Talent



## Workforce Profile

- 48% of workforce are Tech Graduates
- 27% of workforce are Post Graduates

8/10

## Communication

SERVICE PROVIDERS

Strong global presence in over 100 countries

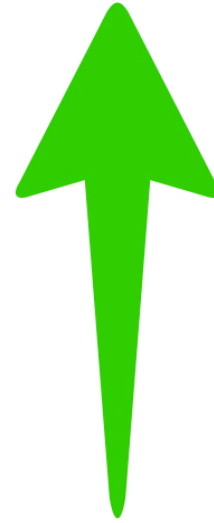




The story of shifting orbits

**What does this mean for us**

**The Industry  
Is Ripe for a  
Disruptive  
Change**



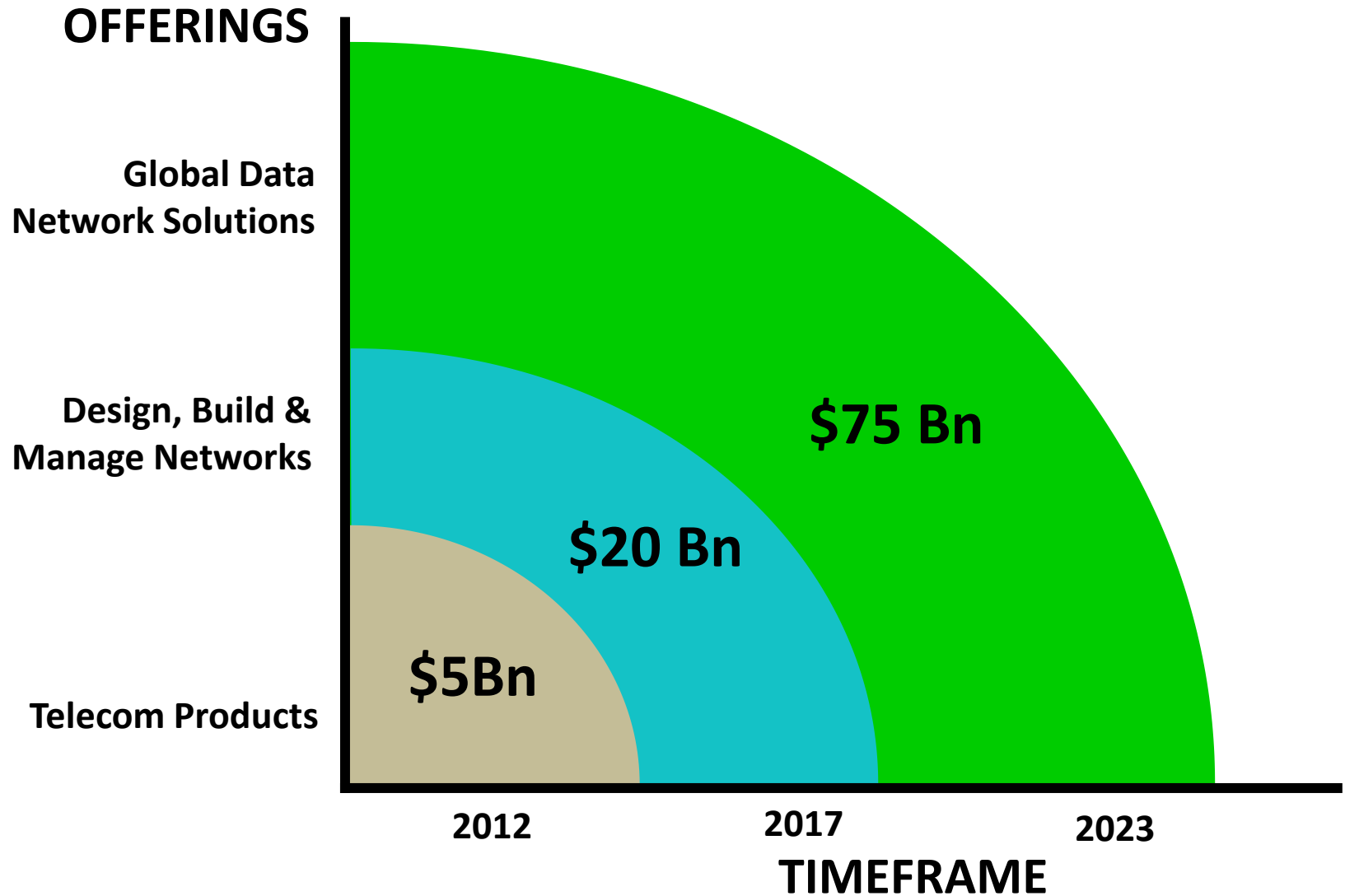
**Leading To  
Expanding  
Addressable  
Market**

**We Are At  
The Forefront  
Of The  
Change**

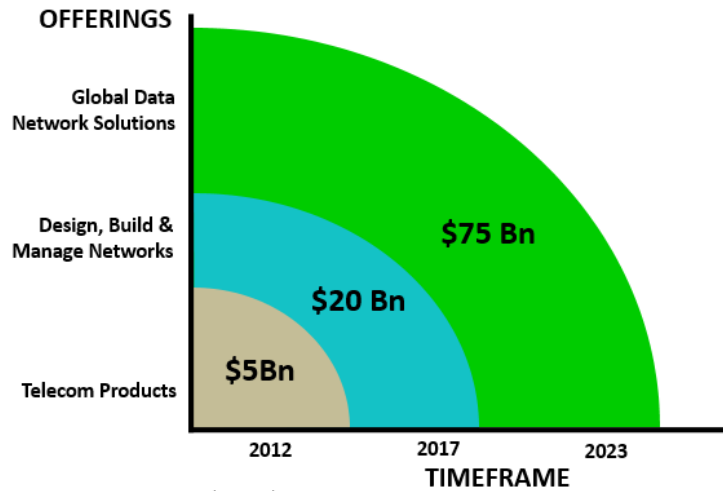


↑

**Expanding  
Addressable  
Market**



*Graph not to scale  
Source : Industry Estimates and Company Analysis*



## 1 Passive Layer

- New product development
- Geographic Expansion
- Bouquet of adjacent products

## 3 Software Layer

- Next Gen OSS/BSS
- Open Source - Virtualised Access
- Programmable Networks
- New Customer Acquisition

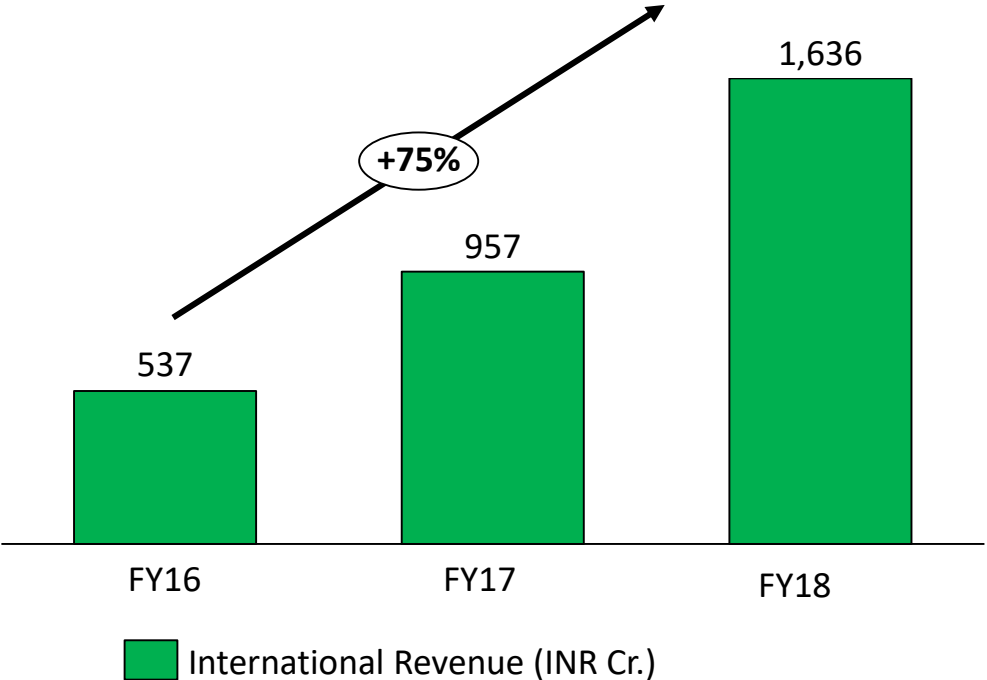
## 2 Network Layer

- FTTx
- Citizen Centric
- Small Cell Solutions
- Data Centers



GEOGRAPHICAL EXPANSION

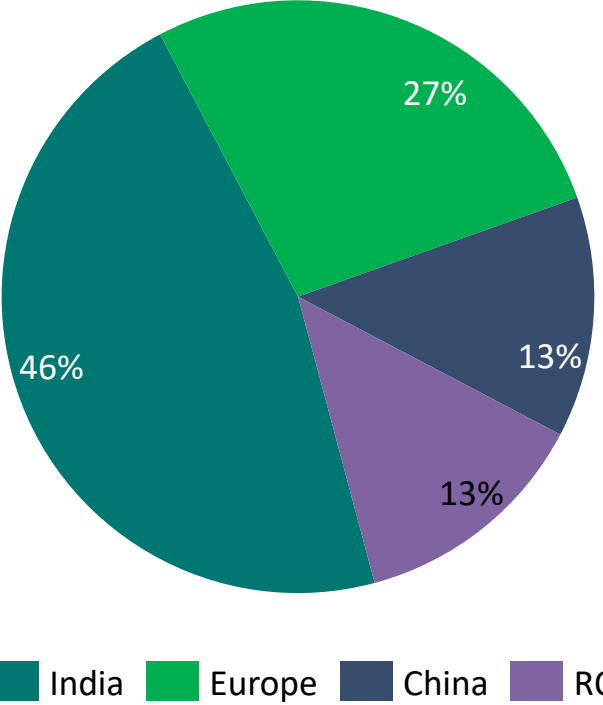
### Revenue from exports:



- Revenue from International Markets reflecting 75% growth on a CAGR basis

- Increasing global market share through the end to end capabilities & new customer wins

### Geographic Mix of Revenues (FY18):



- Increasing stronghold in Europe synergized with the acquisition of Metallurgica

# In a Snapshot

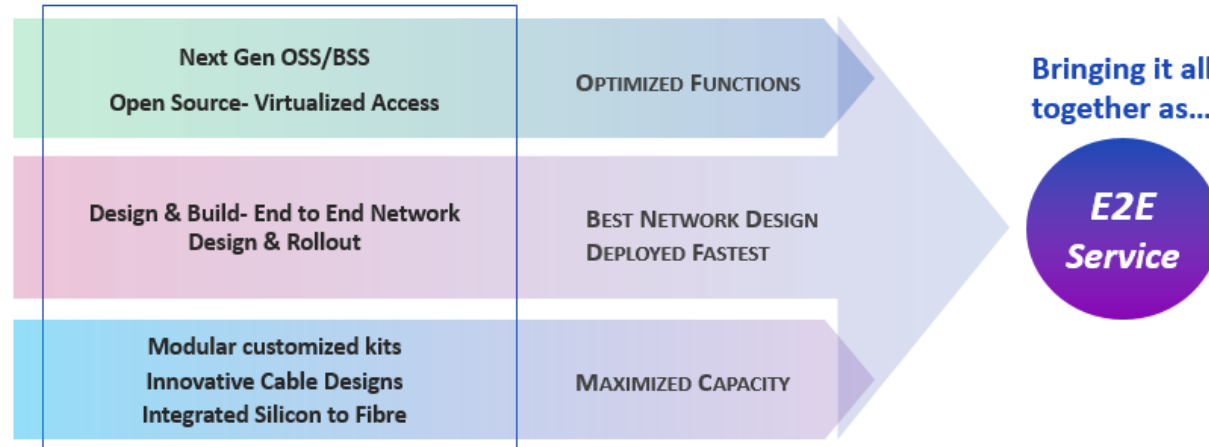
- **Serving a growing Addressable Market of \$75Bn** based on mega network creation opportunity with differentiated offering and unique positioning.
- STL to have a strong core of fiber and network software products, with services around these products.
- Customers continue to validate STL's strategy and we will use key account management as a main lever to strengthen our relationships with customers. Focus will be on applications selling – for example FTTX, 5G, Data Centers, Defence Services.
- Technology is a key differentiator for STL products and associated services. Our USP – Value added tech differentiated offerings.
- Organizational capability for exponential growth being strengthened using global and diverse talent pool.

# Power of One

Bringing Together the Offerings to Create End to End Data Network Solutions



An integrated Best in class Network ...



Only company in the world to provide end to end data network solutions

Copyright © 2018 Sterlite Tech.



Ankit Agarwal  
CEO - Products



KS Rao  
CEO - Services



Anshoo Gaur  
CEO - Software

The story of shifting orbits

# Bringing digital supremacy to Indian defence forces

The story of shifting orbits

**Solving complex problems for one of the world's largest greenfield data networks for a leading Telco in India**

A large spool of orange cable is shown on a wooden reel. The cable is coiled in a dense, circular pattern, filling most of the frame. The wooden reel is made of thick, weathered planks. The background is a clear blue sky with a few wispy clouds. The overall scene is brightly lit, suggesting an outdoor setting.

The story of shifting orbits

**From supplying cable to  
designing innovative products  
for application needs to a leading  
Telco in Europe**



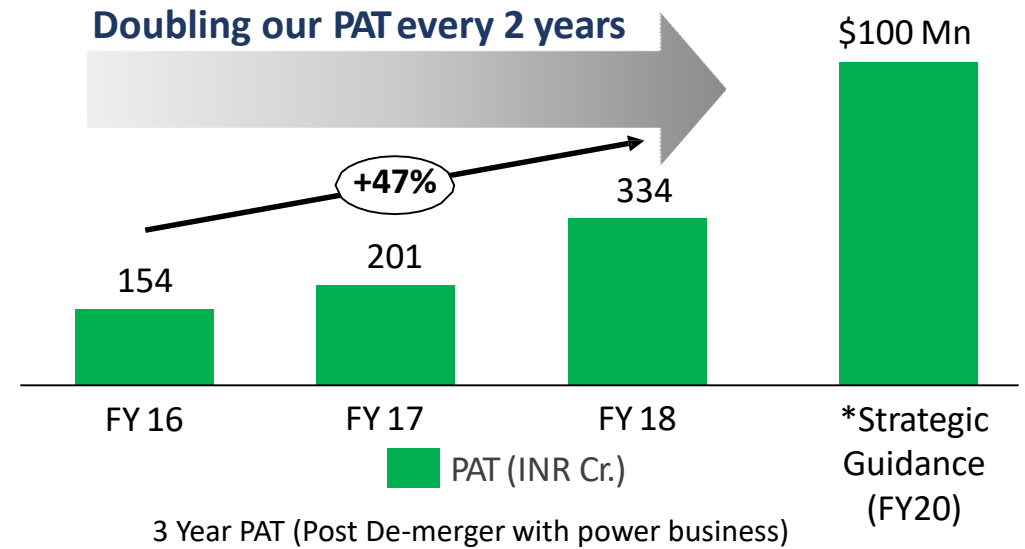
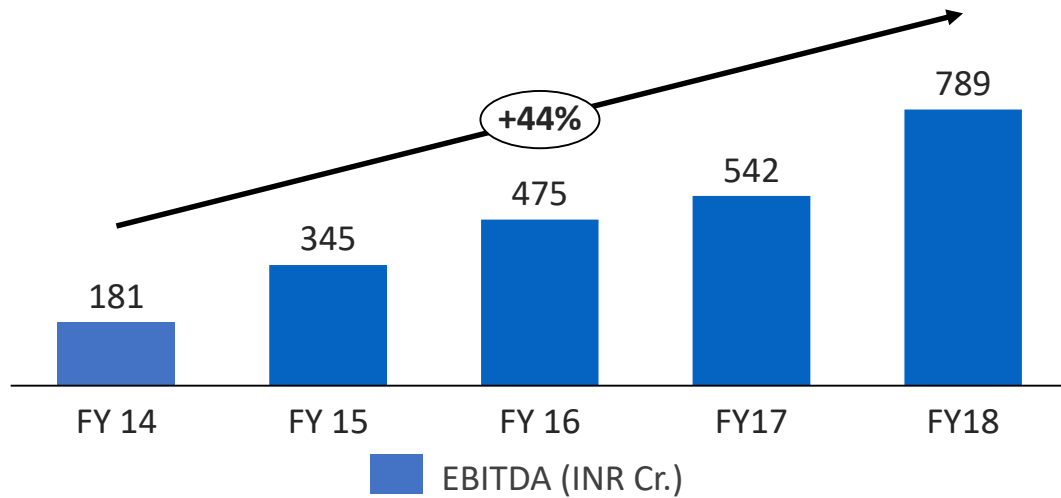
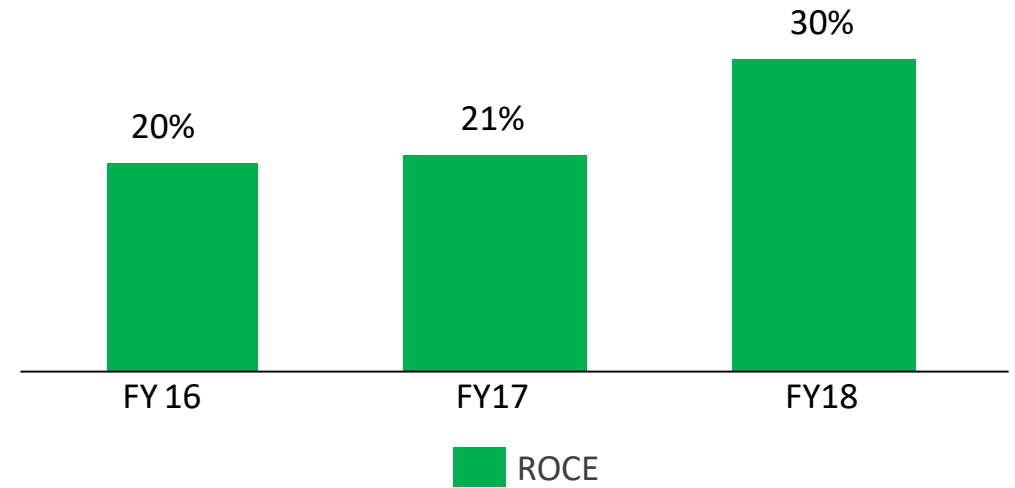
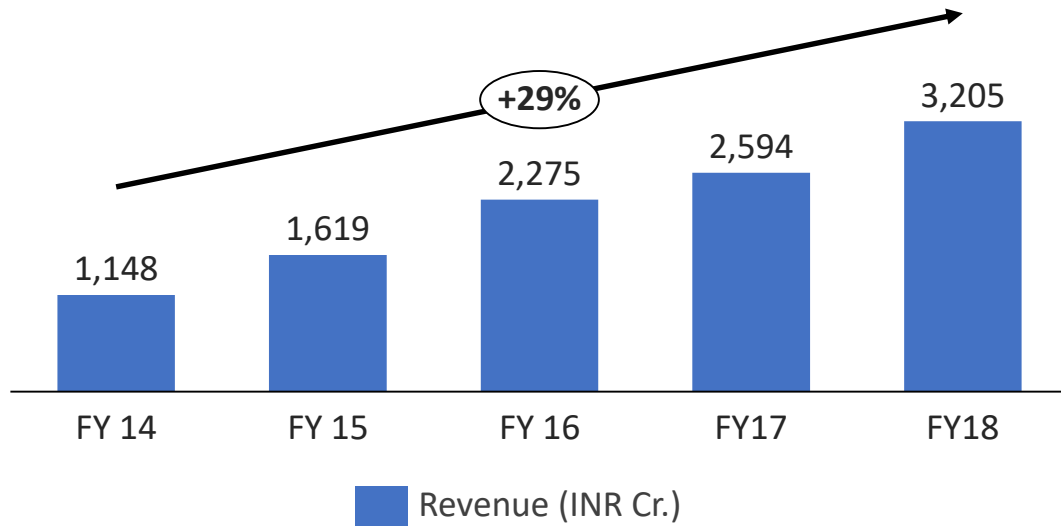
The story of shifting orbits

# Innovative products for cloud companies

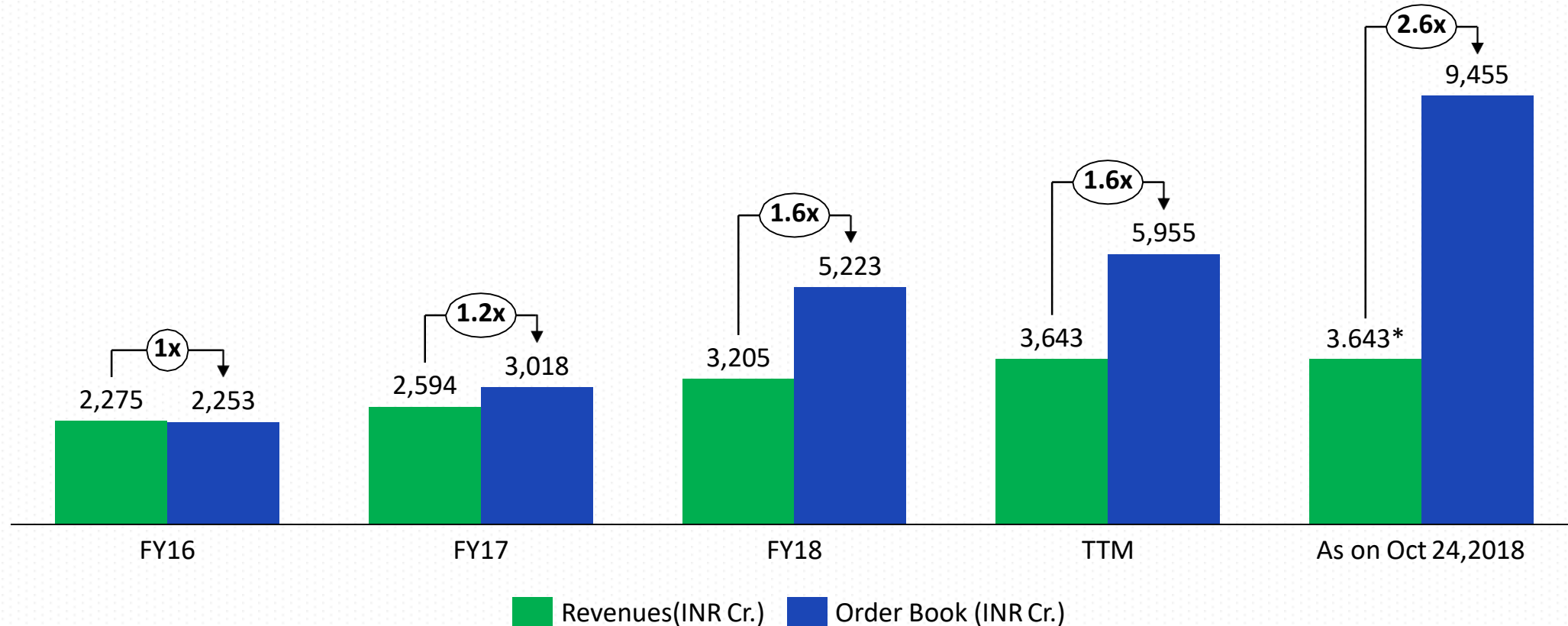


**Anupam Jindal**  
**CFO**

# Sustained Value Creation



# Highest Ever Visibility For Future Growth



- Order book at an all time high of INR 9,455 cr as of 24<sup>th</sup> of Oct, 2018
- Highest ever future visibility of 2.6 times order book to Revenue

# Financial Performance



P&L (INR Cr.)	FY17	FY18	H1 FY19
Revenue	2,594	3,205	1961
EBIDTA	542	789	531
<b>EBITDA %</b>	<b>21%</b>	<b>25%</b>	<b>27%</b>
Depreciation	159	182	94
EBIT	383	606	437
<b>EBIT %</b>	<b>15%</b>	<b>19%</b>	<b>22%</b>
Interest	123	104	47
PBT	260	503	390
Tax	40	133	120
<b>Net Income (After Minority Interest)</b>	<b>201</b>	<b>334</b>	<b>252</b>
<b>ROCE %</b>	<b>21%</b>	<b>30%</b>	<b>31%</b>

Balance Sheet (INR Cr.)	Mar 31, 2018	Sep 30, 2018
Net Worth	1,257	1,398
Net Debt	884	1,703
<b>Total</b>	<b>2,141</b>	<b>3,102</b>
Net Fixed Assets	1,512	2,133
Good will	74	184
Net Working Capital	555	784
<b>Total</b>	<b>2,141</b>	<b>3,102</b>

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

## Growth

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

## Earnings

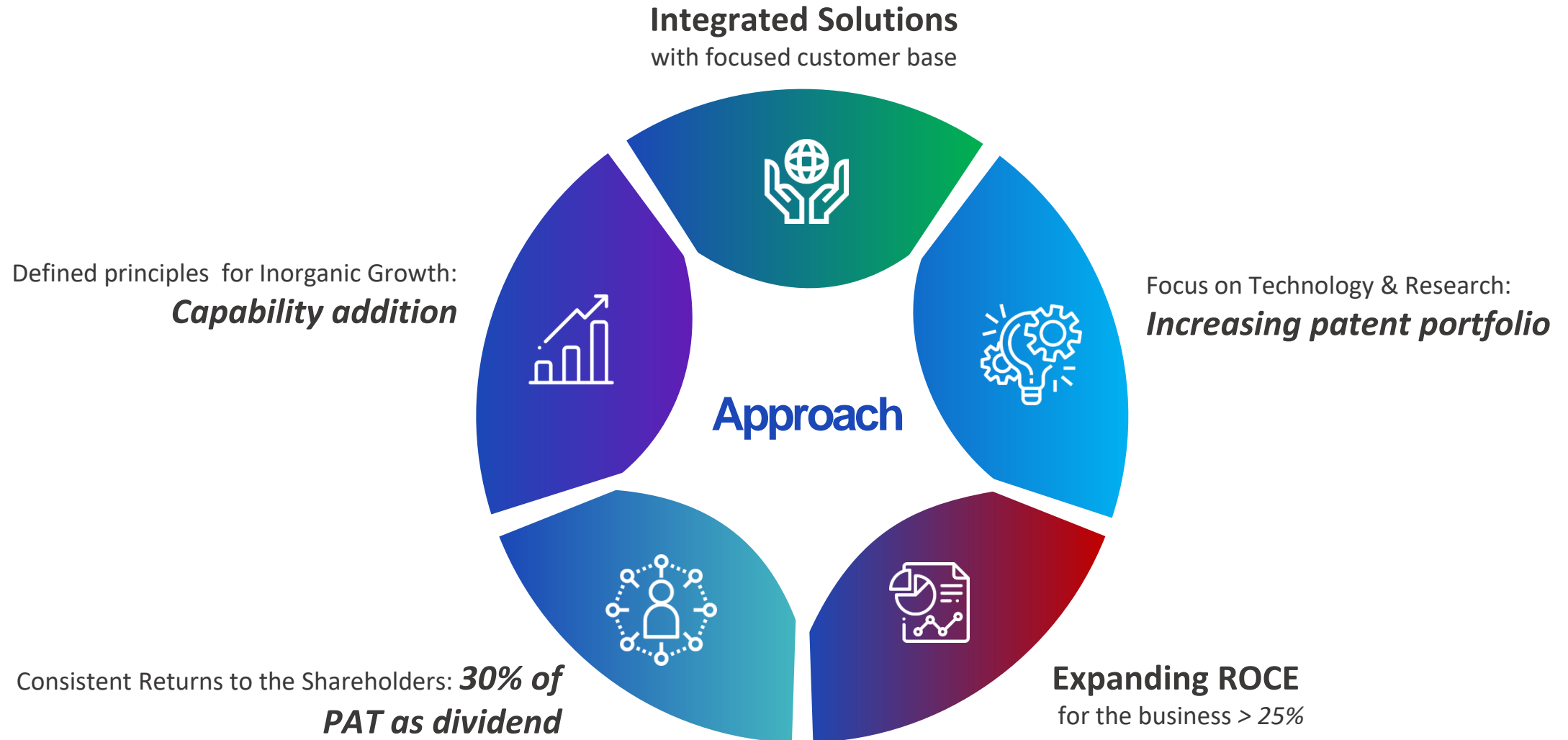
- Drive sustainable EPS growth
- Attain earning objectives across economic cycles
- ROCE > 25%

## Capital Allocation

- Deploy Free Cash flow strategically
- Sound Leverage and Working Capital Ratio
- Consistent Corporate Actions and returns to shareholders

## Strong Corporate Governance

# Balanced Approach to Drive Shareholders Value



## Independent Directors on the Board of Sterlite Tech



### **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



# Creating Sustainable Shared Value



**282,149**  
Lives through Health initiatives



**257,988**  
Lives through Education & Rural development initiatives



**75%**  
Wealth Pledged to Charity by Chairman



**64,012**  
Lives through Water Conservation initiatives



**7,220**  
Lives through Women Empowerment initiatives



# Centre for Smarter Networks Lab Visit



**Ayush Sharma**

Head – Programmable Networks & Intelligence



**Thank You**