

The STL logo is located in the top left corner. It consists of the letters 'STL' in a white, bold, sans-serif font. A small green leaf-like icon is positioned to the right of the letter 'L'.

STL

The stl.tech logo is located in the top right corner. It features the text 'stl.tech' in a white, lowercase, sans-serif font, followed by a small black icon of a person with arms raised.

stl.tech

Investor Presentation

Dec'22



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Company Overview

STL

**Company
Overview**

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updates

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growth strategy

4
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financials

Annexure

We Integrate Digital Networks **STL** for Our Customers

Core
Business

Customer
Segments



Telcos



**Cloud
Companies**



**Citizen
Networks**



**Large
Enterprises**

Business
Units



**Optical
Networking
Business**



**Global
Services**



**Digital &
Technology
Solutions**

Unique
Capabilities

- Glass Preform
- Optical Fibre
- Optical and Specialty Cables
- Optical Interconnect Kits

- Network Modernisation
- Fibre Roll out
- Managed Services
- Data Centre Solutions

- Digital BSS Platforms
- Network Operations Platforms
- **Developing new capabilities to pivot to digital solutions**

Financial
Performance



INR 3,343 Cr
H1 FY23 - Revenue
YoY growth - 19%



Europe Rev. share - 38%
Americas Rev. share - 33%
India Rev. share - 27%



16%
(FY20-22)
Avg. EBITDA margin



Consistent dividend at 30% payout
(FY 22 – 251%, FY 21 – 1001%,
FY20 – 1751%)

Driven by our purpose to transform lives

Committed to Net-Zero Emissions by 2030



ENVIRONMENTALLY SUSTAINABLE

Zero Waste to Landfill Certified¹

175,000+ MT

Waste diverted from landfills (FY19-22)

15,000+ tCO₂e

Reduced through energy efficiency initiatives
(FY21 – Q2 FY23)

500,000+ m³

of water recycled (FY19- Q2 FY23)

50%

Procurement (by value) done locally (FY 22)

SOCIALLY RESPONSIBLE

Committed to the UN SDGs²

16

Aligned with 15 of the 17 SDGs

765,000+

Lives benefitted through STL's ed-tech & women
empowerment programmes (FY19 – Q2 FY 23)

2.1 mn.+

Lives benefitted through STL's healthcare programmes
(FY19 – Q2 FY23)

GOVERNED WITH CARE

Strong Internal Governance

Two of the Big Four

as statutory & internal auditors

Executive and Management committees in place

**80 ESG awards won
(FY20 – Q2 FY23)**

STL becomes world's first optical fibre manufacturer to be
ZERO LIQUID DISCHARGE CERTIFIED

Source : FY22 ESG report for which independent assurance has been provided by DQS

¹ Certified by TUV SUD

² Sustainable Development Goals

Our Businesses

STL

STL

1

Company
Overview

**Our
Businesses**

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Industry
updates

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Future
growth levers

4

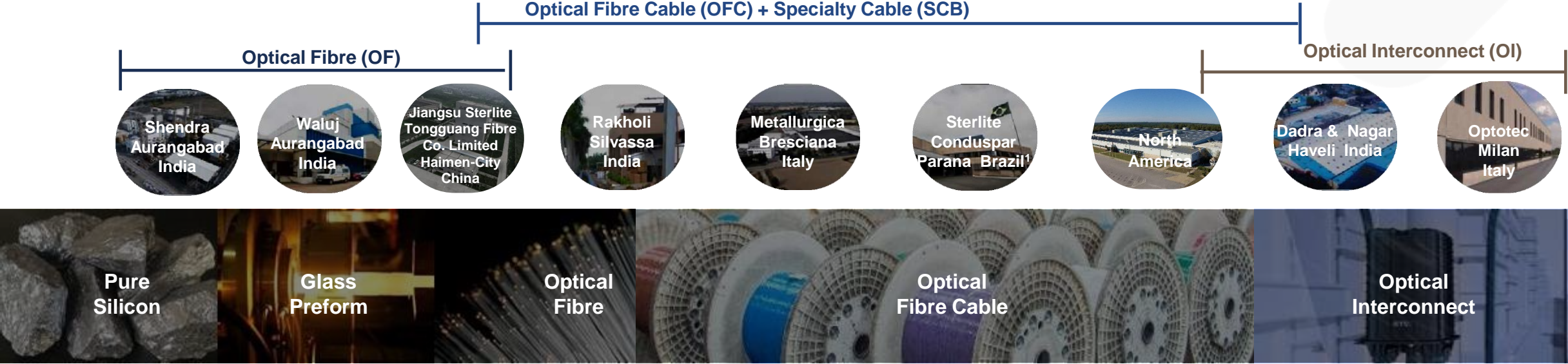
STL
financials

Annexure

1

Optical Networking Business

Vertically Integrated Manufacturing



Vertically Integrated

- ✓ Shield from Supply Chain vulnerability
- ✓ Wide Product Portfolio
- ✓ Control over Quality
- ✓ Cost Leadership

9

GLOBAL
PRODUCTION
FACILITIES

50 Mfkm

OPERATIONAL
OPTICAL FIBRE
CAPACITY

42[#] Mfkm

OPTICAL
FIBRE CABLE
CAPACITY

Industry 4.0 standards

Fully automated machinery with robotic operations

Efficient supply chain

Reduced delivery times and Supply Chain Management cost

¹Plant in Brazil is through a joint venture with Condu spar Condutores Eletricos Limitada

[#]36 mn as of Q2 FY 23 with a plan to expand to 42 mn. fkm (incremental capacity through US green field expansion)

1 Optical Networking Business

Industry leading products & global customer base



Key Products

Advanced Optical Fibre
(Ex: Bend insensitive, Multicore)



Purpose engineered Optical Fibre Cables
(Ex: IBR, Armored, Micromodule)



Optical Interconnect Central Office



Optical Interconnect Outside Plant



Optical Interconnect Access Network



Optical Interconnect Customer Premises



Key customers

8+
Years of relationship

Top 2 Telcos - India

UK's leading Telecom operator

Digital infrastructure provider, Africa

2 - 8
Years of relationship

State telecom operator in Middle East

Leading telecom operator in Italy

Wholesale fiber operator - Italy

Recent Wins
Q2 FY23

North American Broadband Player

Leading Telecom operator - UK

Vocus Group, Australia

Global Services Business

Large scale project execution in India & UK



Network Modernization

Design, integrate & deploy end to end modern networks



Fibre Roll out

Design & deployment of long haul & FttH fiber networks



Network Operations and Maintenance

Network management and maintenance with standard SLA's

India - Public

NETWORK MODERNISATION Indian Defense

Connecting ~27K Network elements,
8.8KRKM deployed in harsh terrains



RURAL CONNECTIVITY
for states under BharatNet – 25K+ kms
deployed across ~7,000+ locations



India - Private

LONG HAUL FIBRE NETWORK
for India's leading telco – 14,500+ kms deployed
across 10 circles



UK

FTTX DEPLOYMENT -
for Gigabit connectivity in UK cities



Industry Updates



	1	2	3	4	
Company Overview	STL Businesses	Industry updates	STL growth strategy	STL financials	Annexure

Strong investment momentum in 5G, FTTH, Datacenter and citizen networks



5G

- 5G Investments : expected to be **\$500 Bn.** from 2022 to 2025
- As per Ericsson, **210** service providers have launched commercial 5G services globally
- 5G subscriptions: **690 Mn.** as of Q2 2022 and expected to reach to **4.4 Bn.** by 2027
- 5G base stations in China: **1.97 Mn.** to reach to **3.65 Mn.** by 2025

FTTH

- **\$125 Bn.** earmarked for FTTH deployments in the North America for next 5 years
- AT&T to double its fibre coverage to **30 Mn.** locations by 2025
- Frontier targets **10 Mn.** FTTH locations by 2025
- Brightspeed to invest **\$2 Bn.** to pass **3 mn.** FTTH locations by 2028
- UK's BT Openreach plans to reach **25 Mn.** FTTH locations by 2026

Data centres

- Data center CAPEX to grow by 10% CAGR over the next five years, to **\$350 Bn.** by 2026
- Cloud and colocation data center capex is expected to reach **\$125 Bn.** by 2023
- Google plans to invest **\$9.5 Bn.** in building offices and data centers in the US in 2022
- Data center investments in India expected to surpass **\$20 Bn.** by 2025

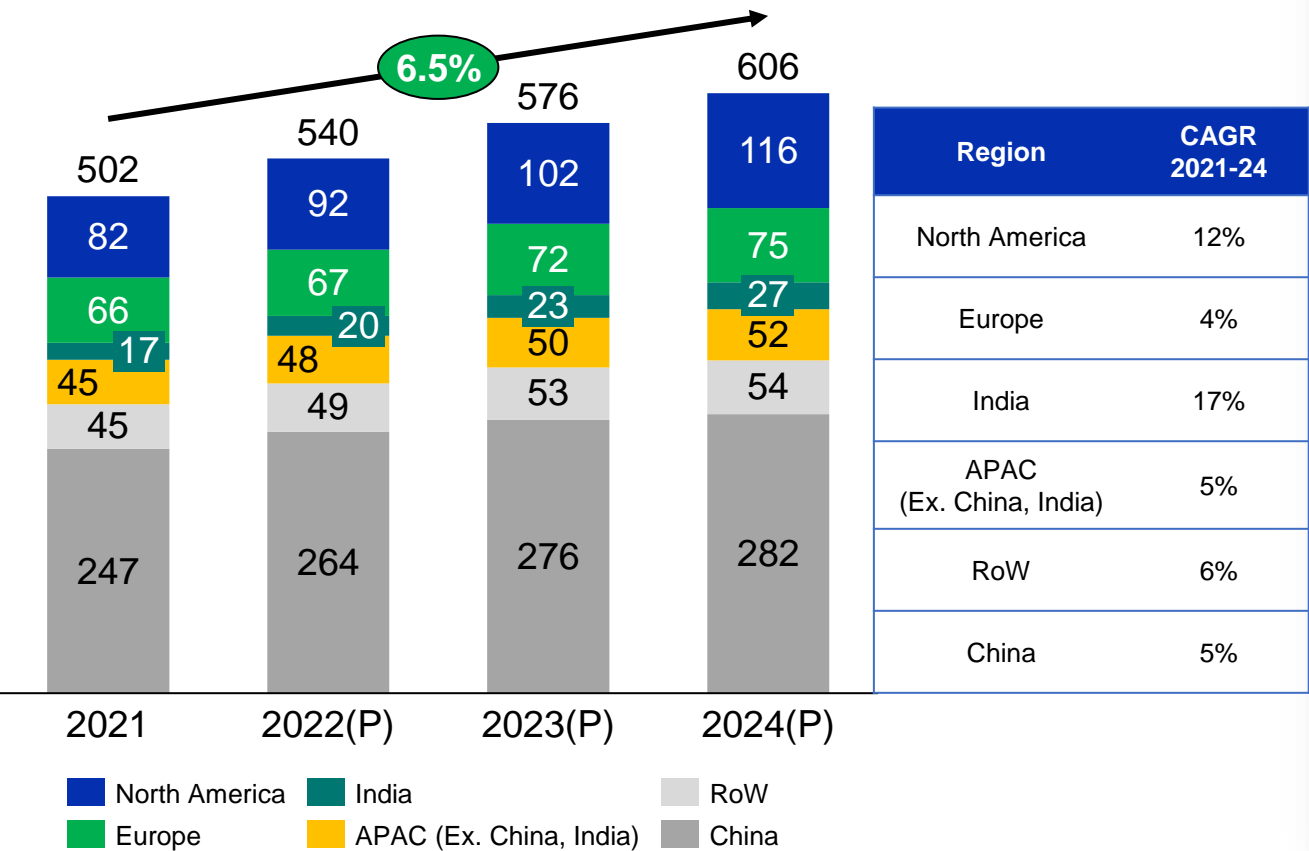
Citizen Networks

- US implementing investment of **\$65 bn.** in broadband as a part of Infrastructure act
- UK aims for gigabit-broadband to be available nationwide by 2030 and to connect **85%** of premises by 2025
- Germany puts nationwide supply of FTTH as a priority for the Federal Government
- Indian Govt. planning for Bharatnet to connect all villages

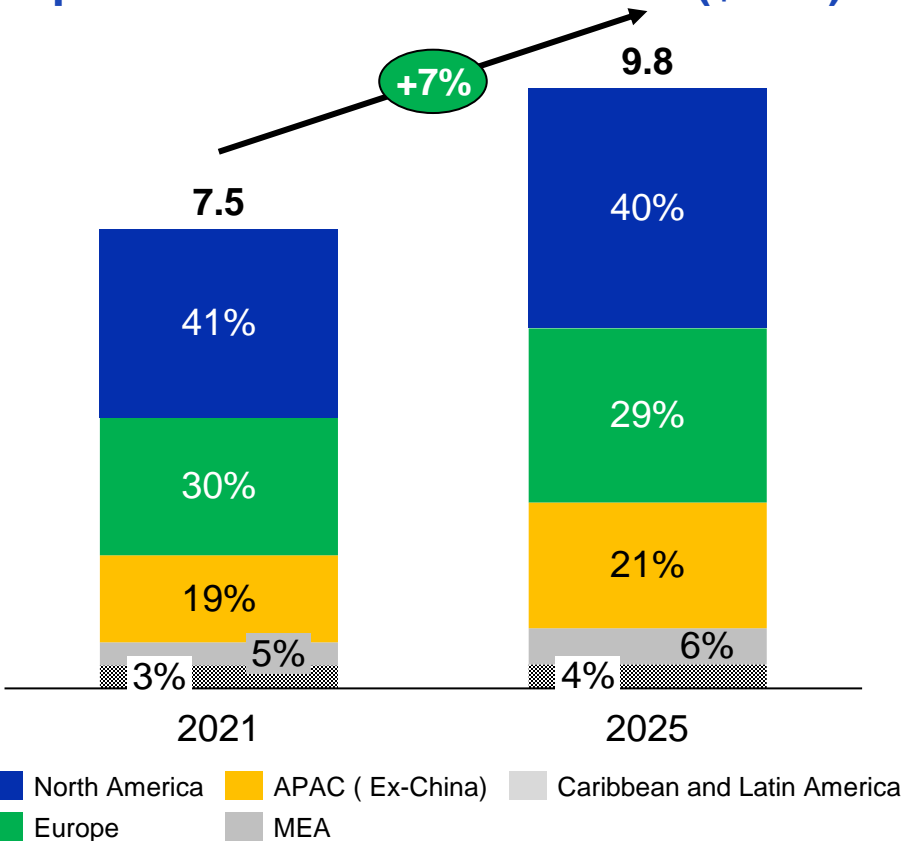
Steady growth in demand in Optical fibre cable & Optical Interconnect



OFC Demand region wise (Mn Fkm)



Global Ex-China Optical Interconnect Demand (\$ Bn.)



STL focus markets are **North America, Europe and India**, which is 2/3rd of ex- China global demand

5G services launched in India by PM Modi



5G Services launched in India

- PM modi launched 5G services in India at IMC
- Bharti Airtel launched 5G in 8 cities; cover India by 2024
- Jio launched 5G in 4 cities; To cover India by end of 2023
- Telcos to Invest \$18 bn. to \$ 22 bn. in non-spectrum capex by FY25

Telco plans fibre roll out

- Telcos expected to deploy more than 200,000 cable kms in next 18 to 24 months incl. preparation for 5G rollout
- Telcos expected to spend approx. \$1.5 bn. to \$2.5 bn. for fibre roll out for next 2 to 3 years

With 5G launch in India, Telcos set to strengthen optical fibre networks

We are in a decade long investment cycle

Multi-year network build cycle

1

5G

Increased demand of fibre due to cell densification

2

FTTx

Increase in FTTx penetration & network modernisation by governments leading to increase in fibre demand

3

Hyperscalers

Increased demand of fibre due to capex increase, particularly for edge datacentres

3 investments cycles are coinciding
(7 - 10 years timeframe)

STL Growth Strategy



	1	2	3	4	
Company Overview	STL Businesses	Industry updates	STL growth strategy	STL financials	Annexure

1

Grow

Optical Business



- Increase global OFC **market share** particularly in **US**
- Increase **OI attach rate**
- Develop industry leading **new products**

2

Consolidate

Services Business



- Focus on profitable projects in **strategic segments** in India & UK
- Build **sustainable revenue** with Operations and maintenance contracts
- **Reduce working capital** cycle

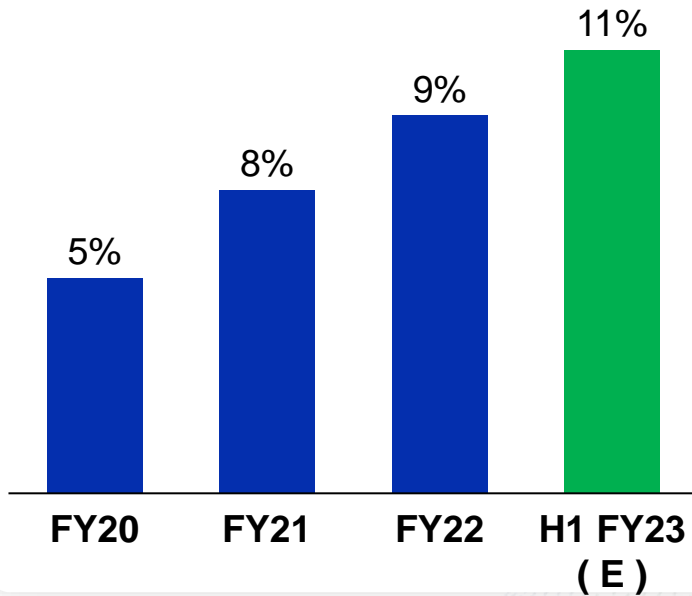
Focus on strategic growth opportunities through a prudent capital allocation framework

1 Grow Optical Business

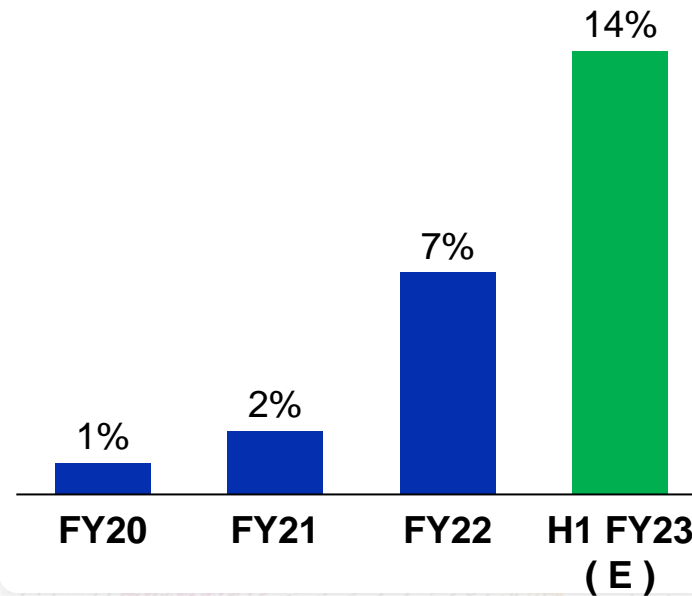
Increase OFC market Share | Won multi year OFC contract in North America



Global ex-China OFC Market share



Americas OFC Market share



Secured

**multi - million dollar,
multi - year contract
with**

***a leading*
North American
broadband connectivity
company**

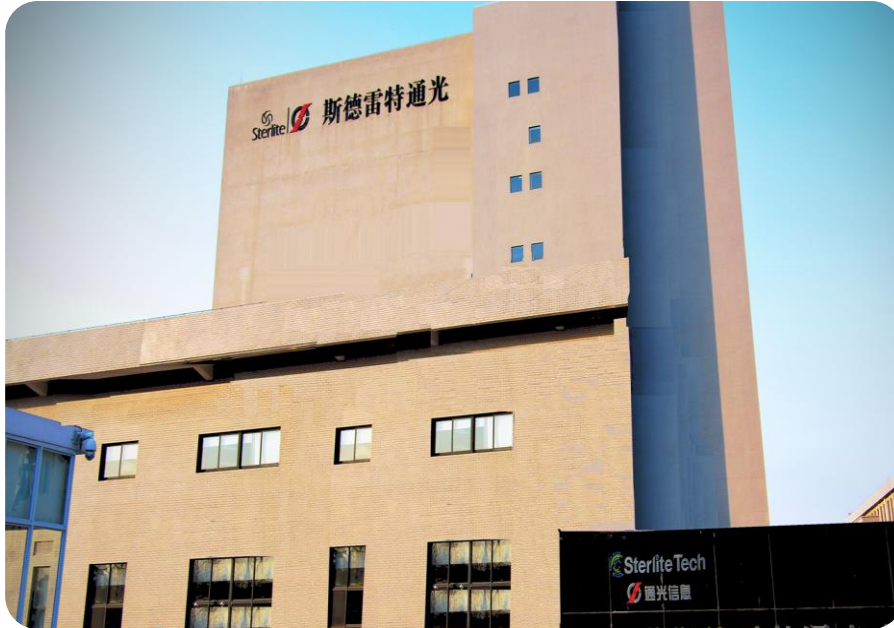
Gaining market share through long term contracts in focus markets

1 Grow Optical Business

Increase OFC market share | US OFC facility & China OF facility operational



Optical Fibre Facility, China



Optical Fibre Cable Facility, USA



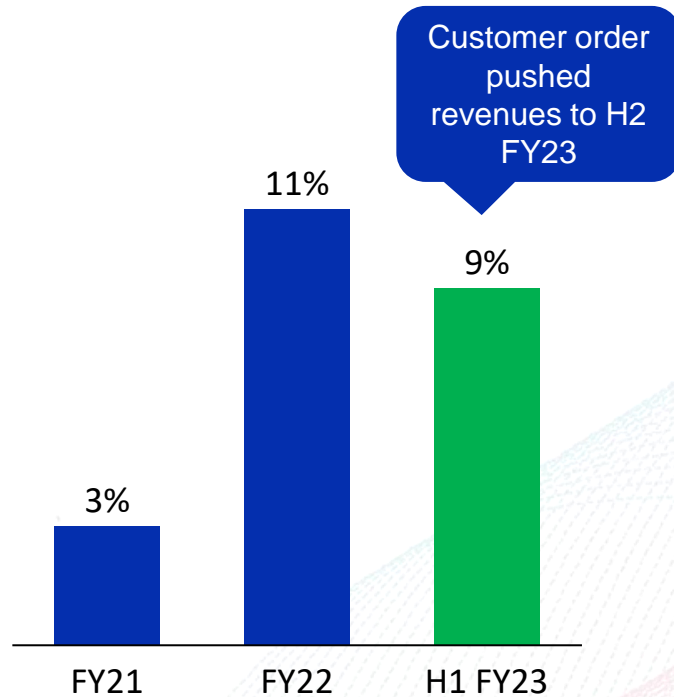
Aiming to reach full capacity utilisation by Q1 FY24

1 Grow Optical Business

Increase Optical Interconnect attach rate



Optical Interconnect attach rate



Opto- Bolt Terminal



Drop Cable



Secured

**multi - million dollar,
multi - year contract**

with

***a leading*
European Telco**

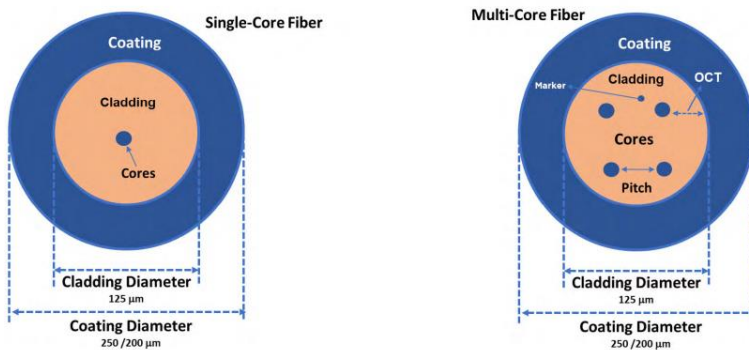
Plan to reach attach rate of 40% by FY25

1 Grow Optical Business

Develop Industry first new products & solutions

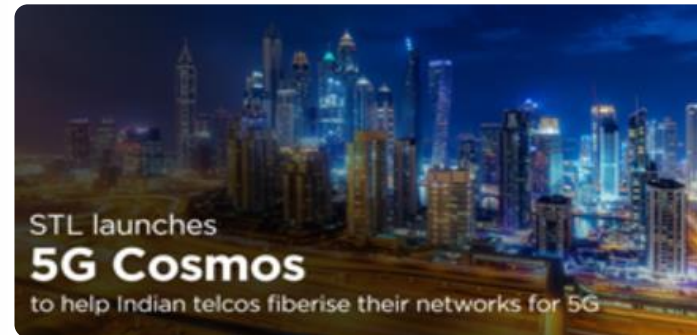


Multiverse



India's first **multicore fibre** for 4x capacity for 5G networks and Fibre to the x networks

5G Cosmos



Tower and small cell fiberisation solution for 5G networks for Telcos

Gram Galaxy



India focused solution for **rural fiberisation**. Integrated suite for network design, optical products, automated deployment and talent services

"I am excited to see this optical fibre innovation from a homegrown company. STL's Multiverse fibre and cable will enable 4X capacity and play a vital role in 5G scale-up. I wish STL all the very best for their efforts towards supporting network build outs."

Randeep Sekhon, CTO, Bharti Airtel

2 Consolidate in strategic segments in Global Services business

Focus on strategic segments | Growing order intake from telcos in India



Building high-performance, modern communication network for one of
India's leading telecom operators



Building order book by selectively targeting profitable projects in strategic segments

- Growing order intake in India
- Sustainable revenue with operations and maintenance contracts
- India margin inching to desired profitability, To further improve with revenue ramp up
- Target to be profitable in Services business in UK with execution ramp up by H1 FY24

Building profitable order book in **strategic segment** of Telcos

2 Consolidate in strategic segments in Global Services business

Build sustainable revenue | Project Execution on track



India - Public

Transformative Rural digital inclusion

Telangana

57%
Completed

Bharatnet Project in

Network Modernisation

PSU

57%
Completed

India - Private

Modern Optical Network

Fibre roll out

(Large Indian telco)

Phase - 1

100% Completed

Phase - 2

62% Completed

Phase - 3

0% Completed

Modern Optical Network

Fibre Roll out

15% Completed

UK

Gigabit Networks

FTTH , UK

All Projects

4%
Completed

2 Consolidate in strategic segments in Global Services business

Focus on Strategic segments | Divested IDS business



Divested Equity interest in IDS to Hexatronic Group AB

- IDS operates in **niche segment** of inside datacentre connectivity & containment solutions
- Initial Consideration at GBP 9.6 mn. for STL stake of 80%, adjusted for cash & debt
- Earn out consideration on actual EBITDA over and above threshold EBITDA for year ended Dec. 2022
- FY22 revenue at INR 133 Cr. and PAT at INR 6 Cr.
- **Gain of INR 25 Cr.** over INR 117 Cr. book value

Non core divestment to **consolidate in strategic segments**

Digital & Technology Solutions

Reallocating capital & management bandwidth



Pivoting to Digital business

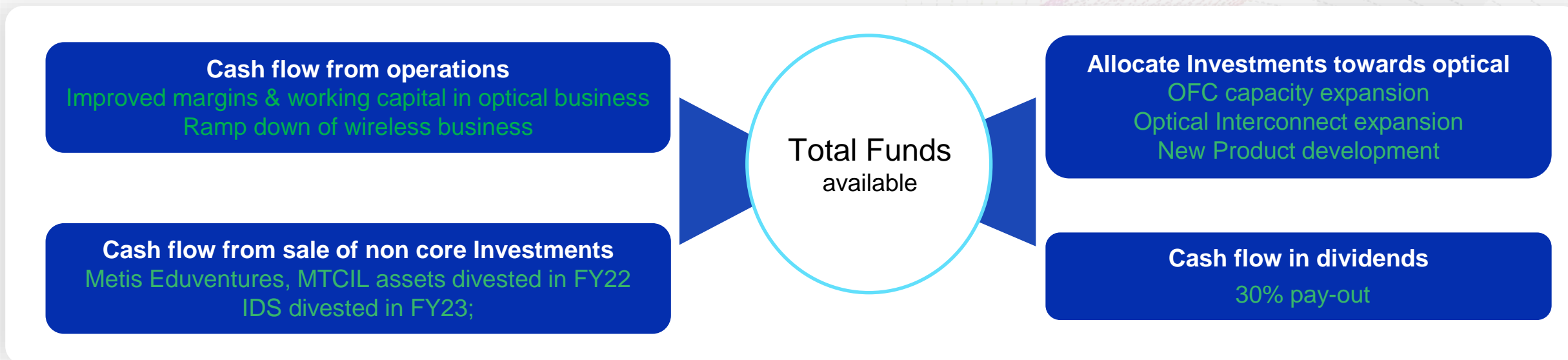
- Building new capability to pivot from network software to digital business

Ramp down of Wireless business

- Envisioned disruption in RAN market through open, disaggregated & programmable Solutions
- Developed GA products & validated through PoC trials
 - Fully O-RAN compliant 7.2x split small cell and macro O-RUs
 - Industry leading RAN Intelligent Controller (RIC)
 - Programmable FTTx
- Ramp down of wireless business with no additional investments in capital & manpower from Q4 FY23 to redirect capital & management bandwidth to the core business

STL Operating profit to go up by **INR 40 Cr. ~ 50 Cr. per qtr.
from Q4 FY23 onwards**

Focus on strategic growth through prudent capital allocation framework



- Improve cash flow from operations by margin expansion & improvement in working capital cycle
- Allocate capital expenditure towards optical business
- Continue to divest non-core businesses

Strong demand for Optical Fibre Cable & Optical Interconnect : Multi-year network build cycle in full swing in our focus markets of North America, Europe and India.

Ambition to achieve global leadership in Optical Business: Continue to achieve strong market share gains in North America and Europe, increase attach rate in optical Interconnect and develop industry leading new products.

Consolidation towards strategic segments in Global Services: Building profitable order book in strategic segments in India. Aiming to achieve profitability in UK by H1 FY24.

Focus on strategic growth opportunities through prudent capital allocation framework: Allocating capital to optical business & release working capital from services business

STL Financials

STL

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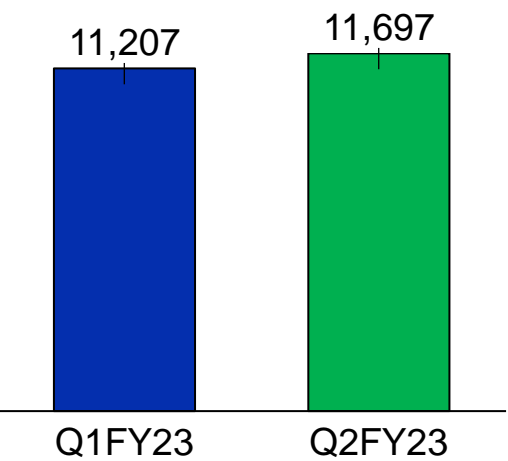
4
**STL
financials**

Annexure

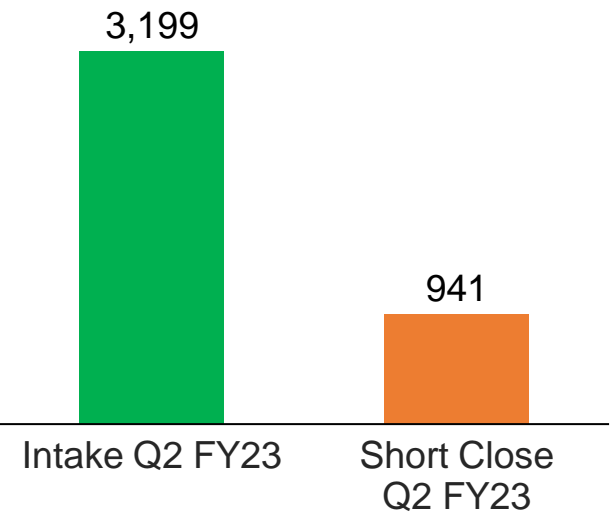
Highest order book intake since last 3.5 years



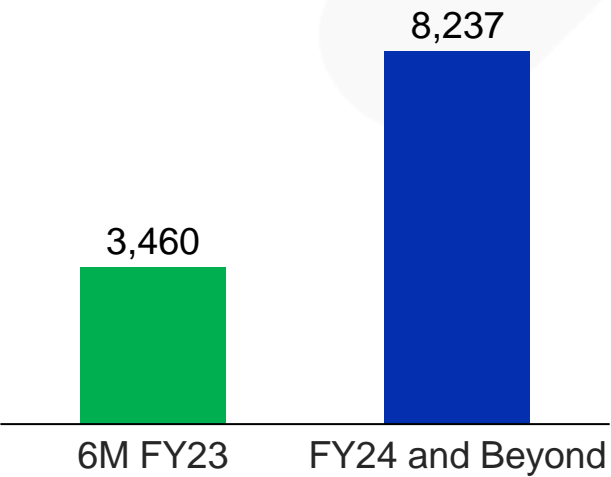
Open Order Book (INR Cr.)



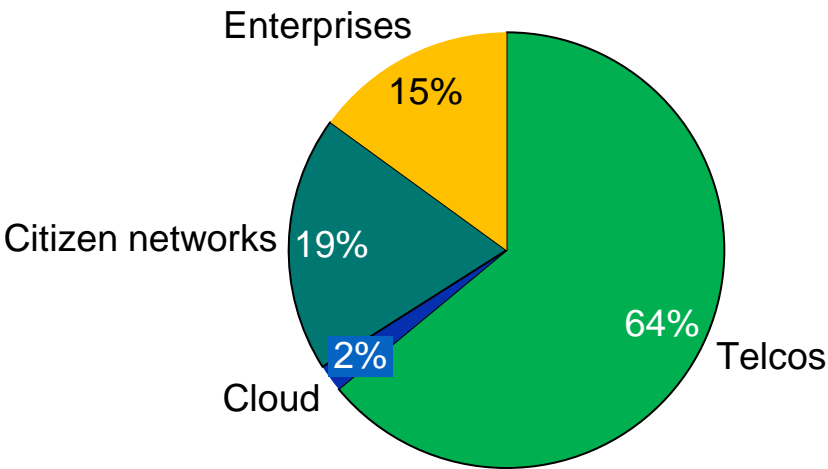
Order Book Intake & short closing (INR Cr.)



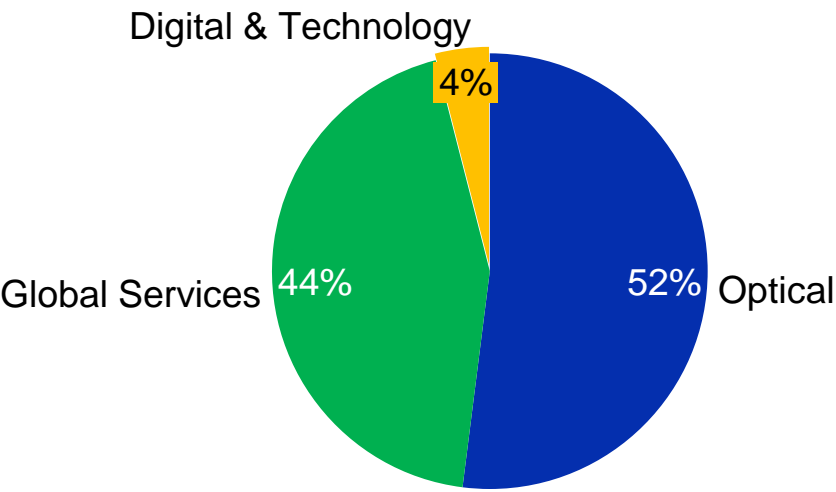
Order Book Spread (INR Cr.)



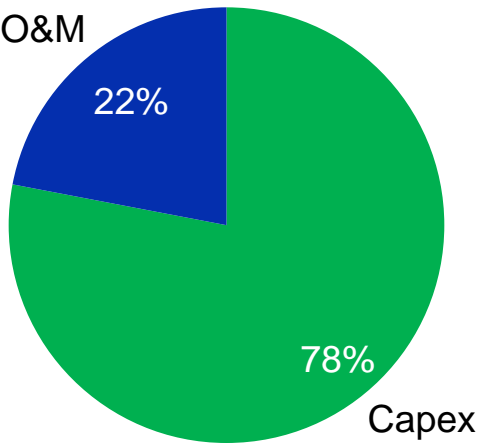
Open Order Book Customer wise



Open Order Book BU wise



Open Order Book Capex vs Opex



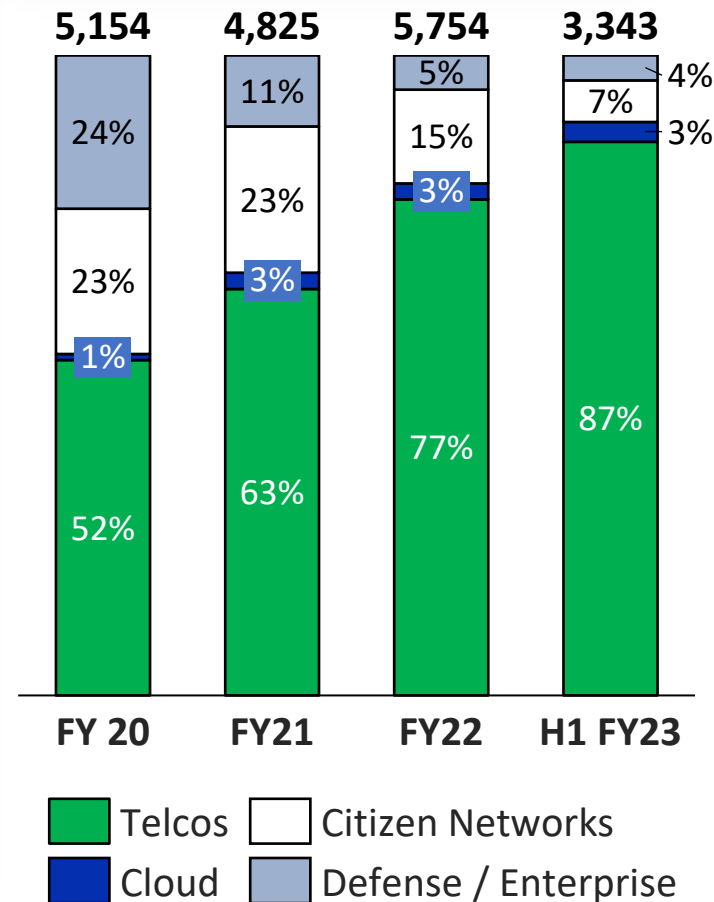
Revenue mix is moving to segments and geographies of choice



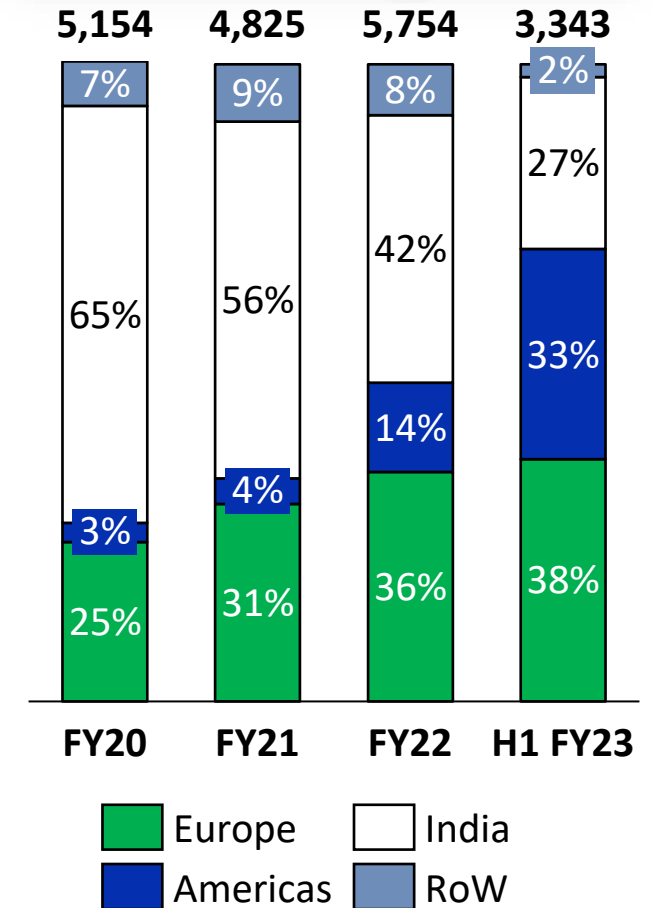
Key Order Wins Q2 FY23

- **Multi million dollar, multi year contract with a leading North American broadband connectivity** player for optical fibre cable
- **Multi million dollar, multi year contract with a European telco** for optical interconnect
- **Optical Interconnect solutions** for a leading European Alt-net player
- Collaboration with **Vocus group, Australia** to provide Optical fibre cables
- National Long distance roll out in multiple states for a **leading Indian telco**
- Fibre roll out for a **leading Indian telco**

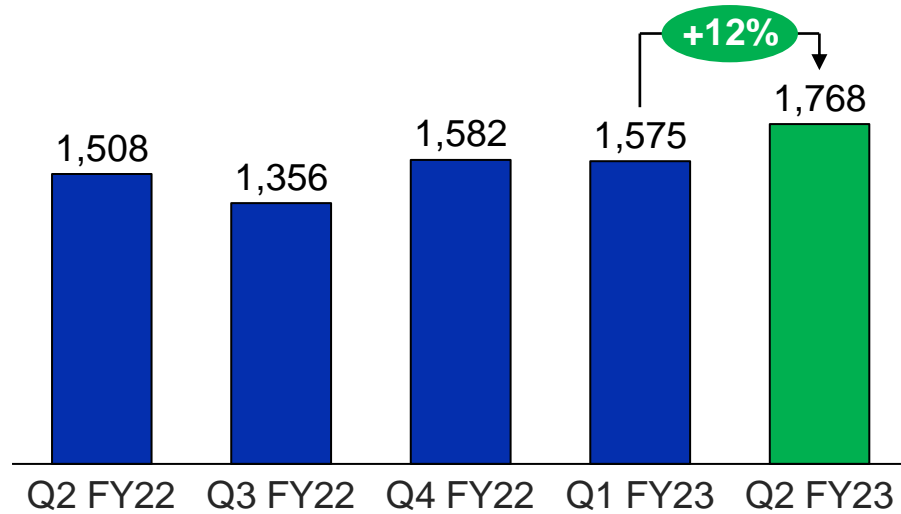
Customer Segments Revenues (INR Cr.)



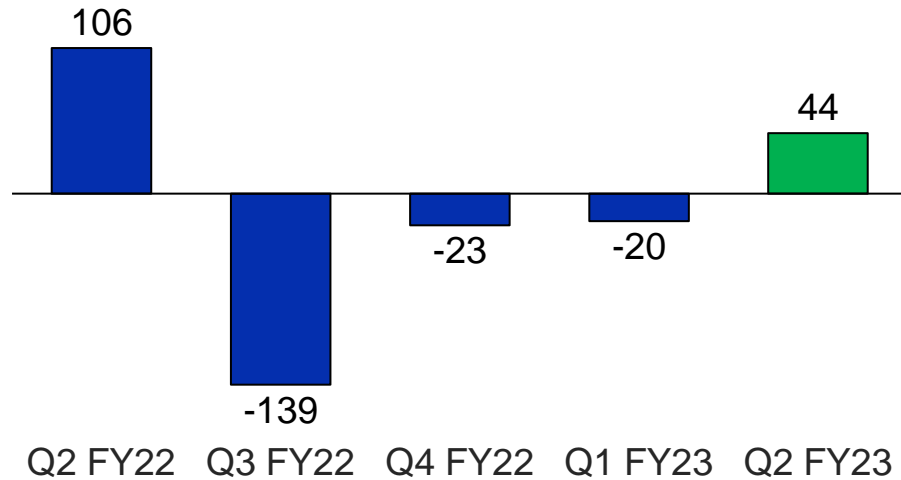
Geographical Distribution Revenues (INR Cr.)



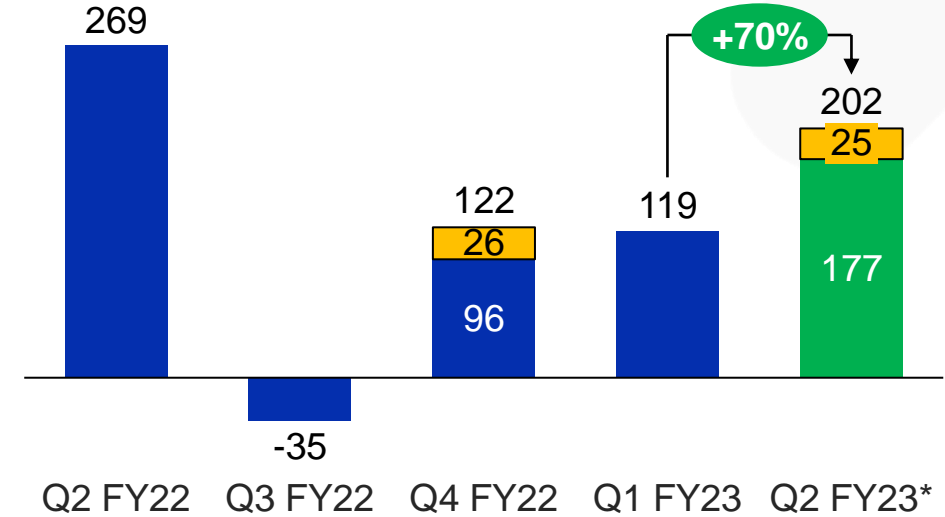
Revenue up by 12%, EBITDA up by 70% QoQ



Revenue (INR Cr.)



PAT (INR Cr.)



EBITDA (INR Cr.)

Note: Q4 FY22 EBITDA includes INR 26Cr. gain on MTCIL sale
Q2 FY23 EBITDA includes INR 25 Cr. gain on stake sale in IDS

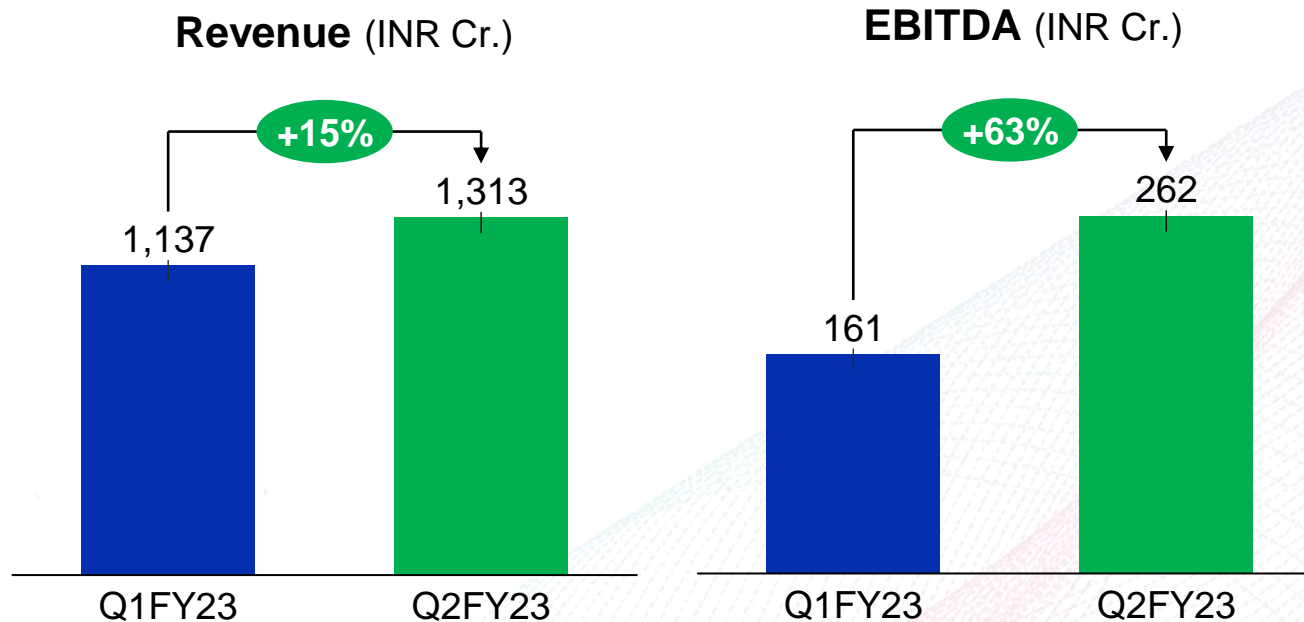
Revenue grew by 12% QoQ

- Strong optical revenue growth
- Services revenue growth in focus segments

EBITDA up by 70% QoQ

- Strong improvement in margins in optical business

Profitable growth in Optical business



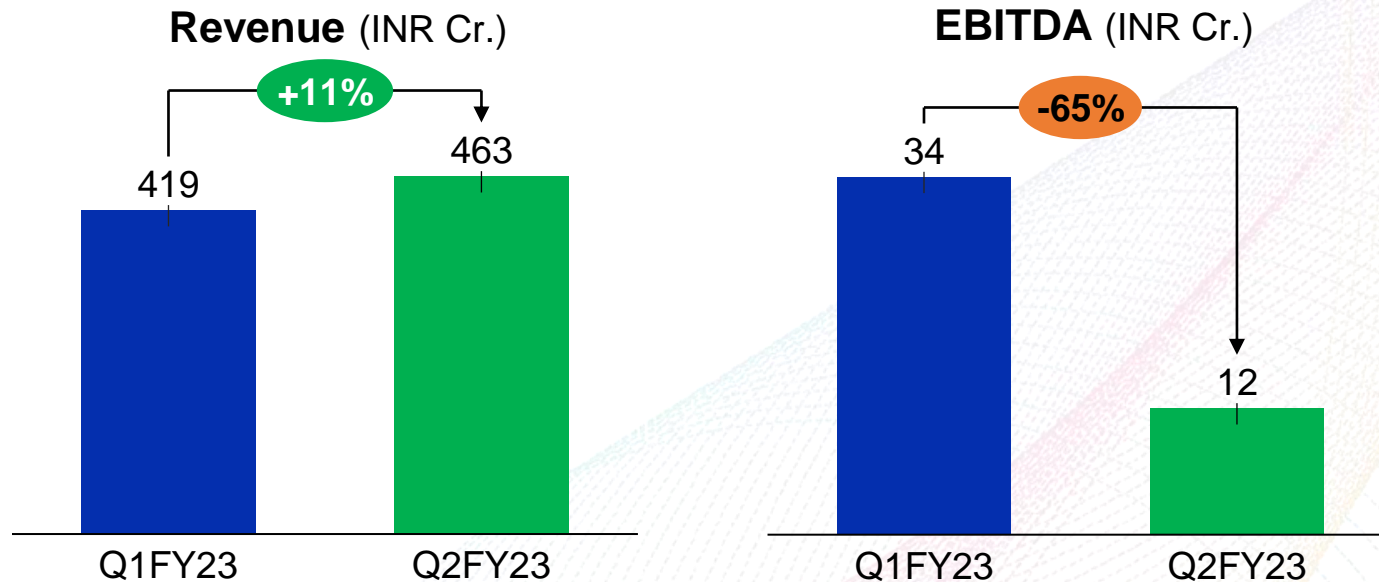
Revenue up 15% QoQ

- OFC volume up
- OFC realization up due to product mix
- OFC realisation up due to price increase

EBITDA up 63% QoQ

- Product mix shift towards higher margin products
- OFC Price increase flow through to margins
- Reduction in logistics cost

Consolidation towards strategic segments in Global Services



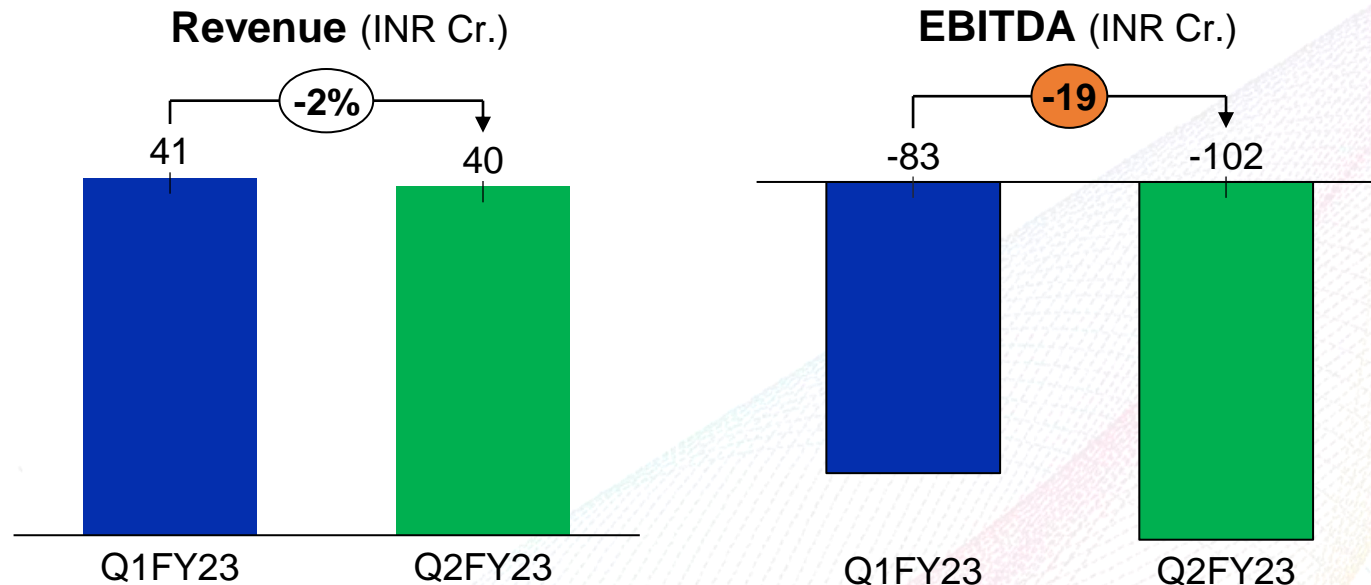
Revenue up by 11% QoQ

- Services India execution up

EBITDA down 65% QoQ

- One time gain in Q1 FY23
- India margin inching to desired profitability
- UK business losses lowered overall segment margins. Target to be profitable in UK with execution ramp up by H1 FY24.

Targeting profitability in Digital & Technology solutions in FY24



Revenue down by 2% QoQ

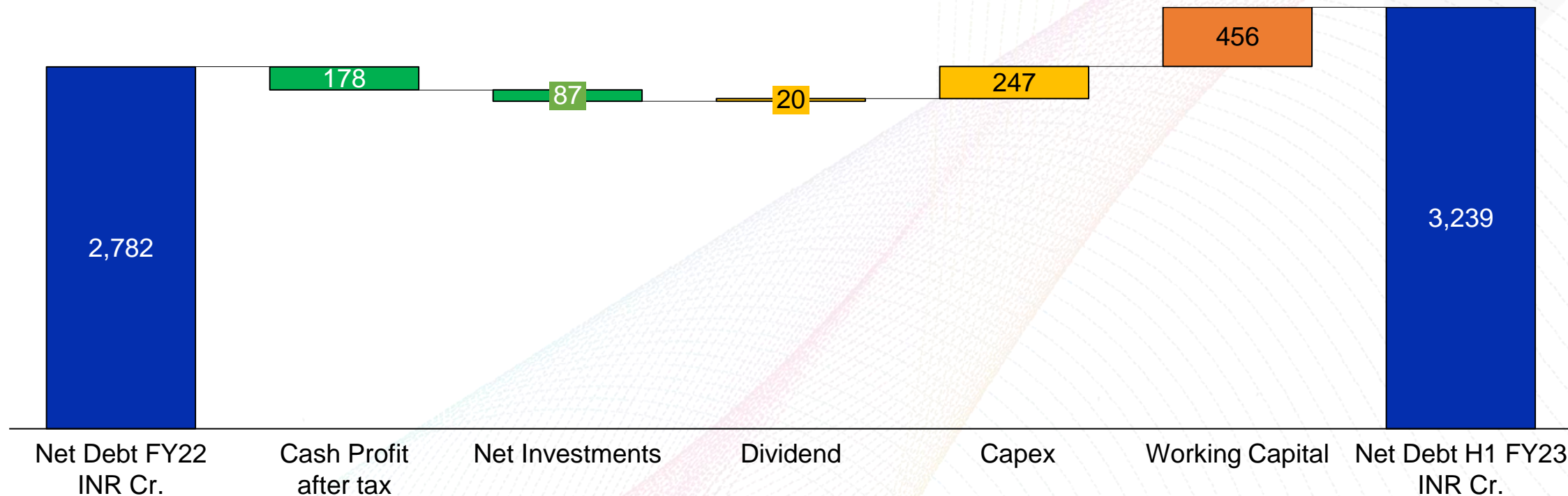
- Building new capability to pivot from network software to digital business

EBITDA down by INR 19 Cr. QoQ

- Higher initial upfront manpower costs in digital business
- Operating profit to improve by INR 40 ~ 50 Cr. in this segment by Q4 FY23

H1 FY23 Cash Flow

Working capital increase due to contract assets in services business



Target to reduce **Net Debt / EBITDA** by Q4 FY23

Consolidated Financials: Abridged Version



P&L (INR Cr.)	FY20	FY21	FY22	Q1 FY23	Q2 FY23
Revenue	5,154	4,825	5,754	1,575	1,768
EBITDA	1,104	854	594	119	202
EBITDA %	21%	18%	10%	8%	11%
Depreciation	290	285	329	82	82
EBIT	813	568	265	37	120
Interest	221	203	241	69	78
Exceptional Gain/(loss)	(51)	-	16		
PBT (Before share of Associates and JV)	542	365	40	(32)	42
Tax	109	111	14	(8)	4
Net Profit¹ (After minority Interest)	434	275	60	(20)	44

Balance Sheet (INR Cr.)	FY20	FY21	FY22	H1 FY23
<i>Net Worth</i> (including minority interest)	2,023	2,085	2,047	2,006
<i>Net Debt²</i>	1,970	2,410	2,782	3,239
Total	3,993	4,495	4,829	5,245
<i>Fixed Assets³</i>	2,502	2,664	2,975	3,040
<i>Goodwill</i>	122	292	270	200
<i>Net Working Capital</i>	1,369	1,539	1,584	2,005
Total	3,993	4,495	4,829	5,245

¹ Profit after tax attributable to owners of the company

² Total borrowings (-) cash and cash equivalents and current investments

³ (Property, plant and equipment (+) capital work-in-progress (+) other intangible assets (+) capital advances (+) non-current investments (-) payables for purchase of property, plant and equipment (-) redemption liability (-) lease liability



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With a strong board in place



ANIL AGARWAL
Non-Executive Chairman



PRAVIN AGARWAL
Vice Chairman And Whole-
Time Director



ANKIT AGARWAL
Managing Director and
Whole Time Director



SANDIP DAS
Non-Executive And
Independent Director



KUMUD SRINIVASAN
Non-Executive And
Independent Director



B.J. ARUN
Independent Non-Executive
Director



S. MADHAVAN
Independent Non-Executive
Director

Key Management People



Pravin Agarwal
Vice Chairman & Whole time Director



Ankit Agarwal
Managing Director & Whole time Director



Paul Atkinson
CEO, Optical Network Business



Praveen Cherian
CEO, Global Services Business



Raman Venkatraman
CEO, STL Digital



Tushar Shroff
Chief Financial Officer



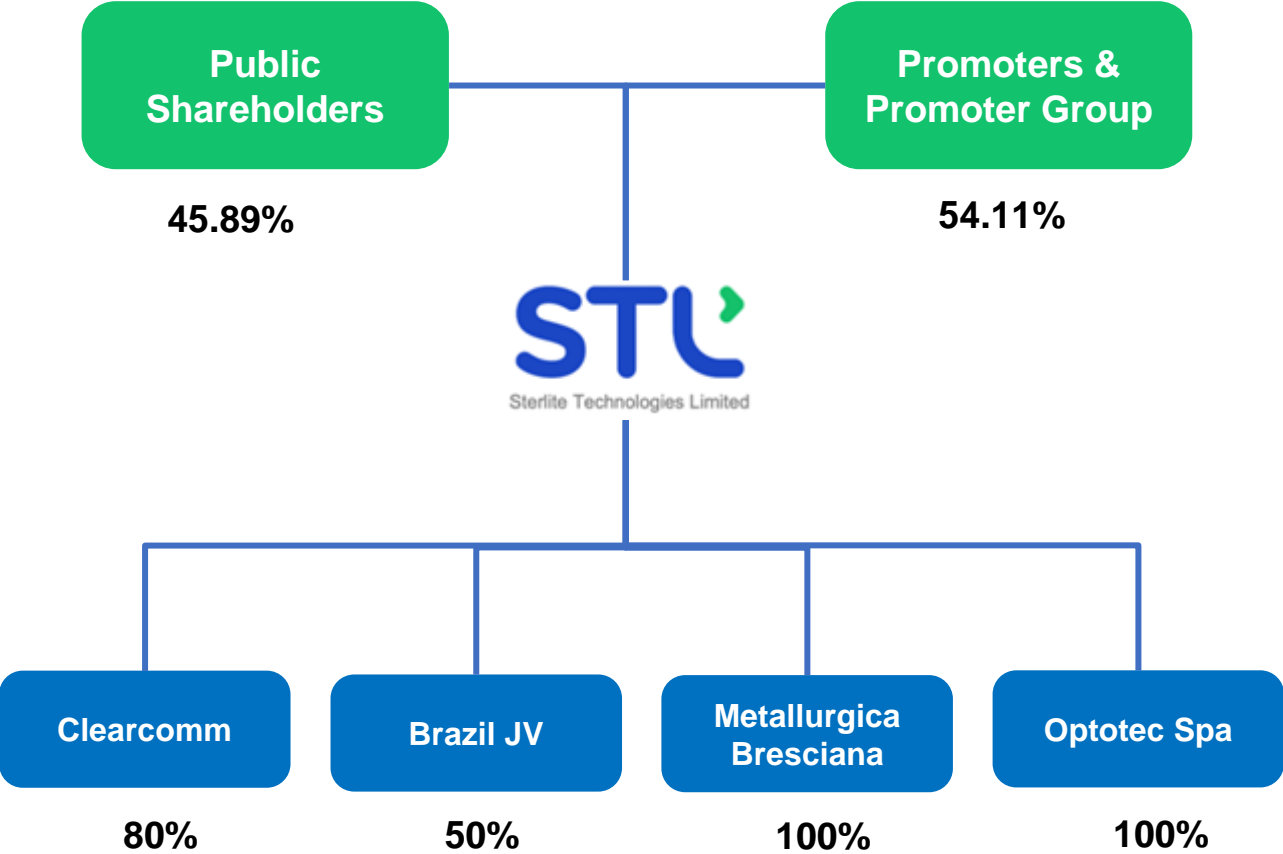
Amit Deshpande
Company Secretary

Corporate structure and shareholding pattern



Corporate structure

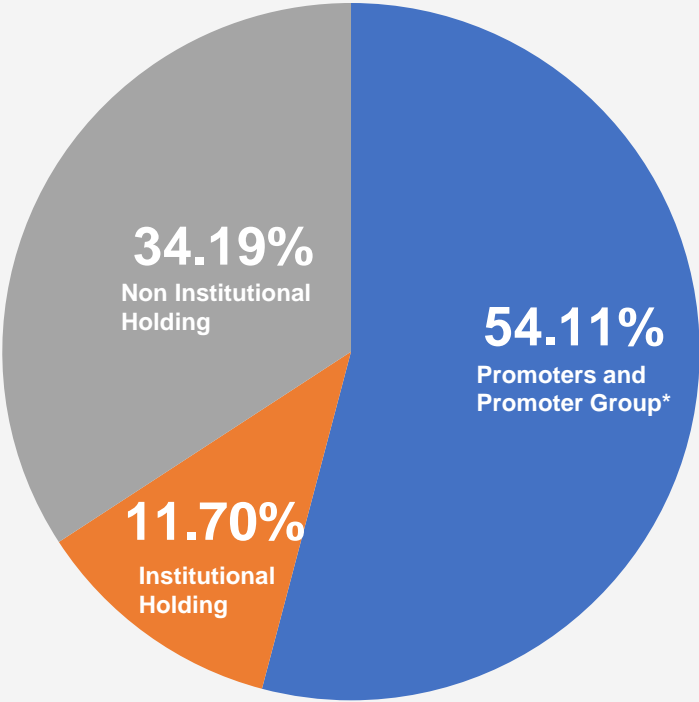
As on Sep 30th, 2022



Key JV / Acquisitions

Shareholding pattern

As on Sep 30th, 2022



STL in Numbers



INR 3,343 Cr.

H1 FY23 Revenue

Americas (33%),
Europe (38%), India (27%), RoW(2%)

Customers in
100+ countries

9
Global production facilities

4
Innovation Centres

Global Services
CoE's in India and UK

GLOBAL FOOTPRINT



- SOFTWARE DEVELOPMENT CENTRES
- MANUFACTURING UNITS
- SALES OFFICES

742
PATENTS
as on end of Q2 FY23

Zero
WASTE TO LANDFILL
Italy, Shendra, Rakholi,
Dadra

**Great place to
work, BCG,
Gartner**
Recognized by the best



beyond tomorrow