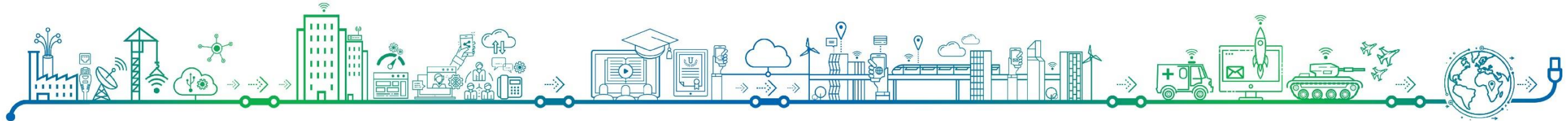




## Investor Presentation – May 2018



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Fibre at the Core of Networks	14
Products Business	21
Services & Software Business	27
Financials	31
Strategic Direction	36
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# Sterlite Tech Overview



## CUSTOMERS



GLOBAL SERVICE  
PROVIDERS



SMART CITIES



RURAL  
BROADBAND

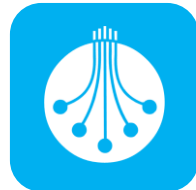


LARGE ENTERPRISES  
e.g. DEFENCE

## BUSINESS

DESIGN, BUILD AND MANAGE SMARTER NETWORKS

## OFFERINGS



OPTICAL  
PRODUCTS

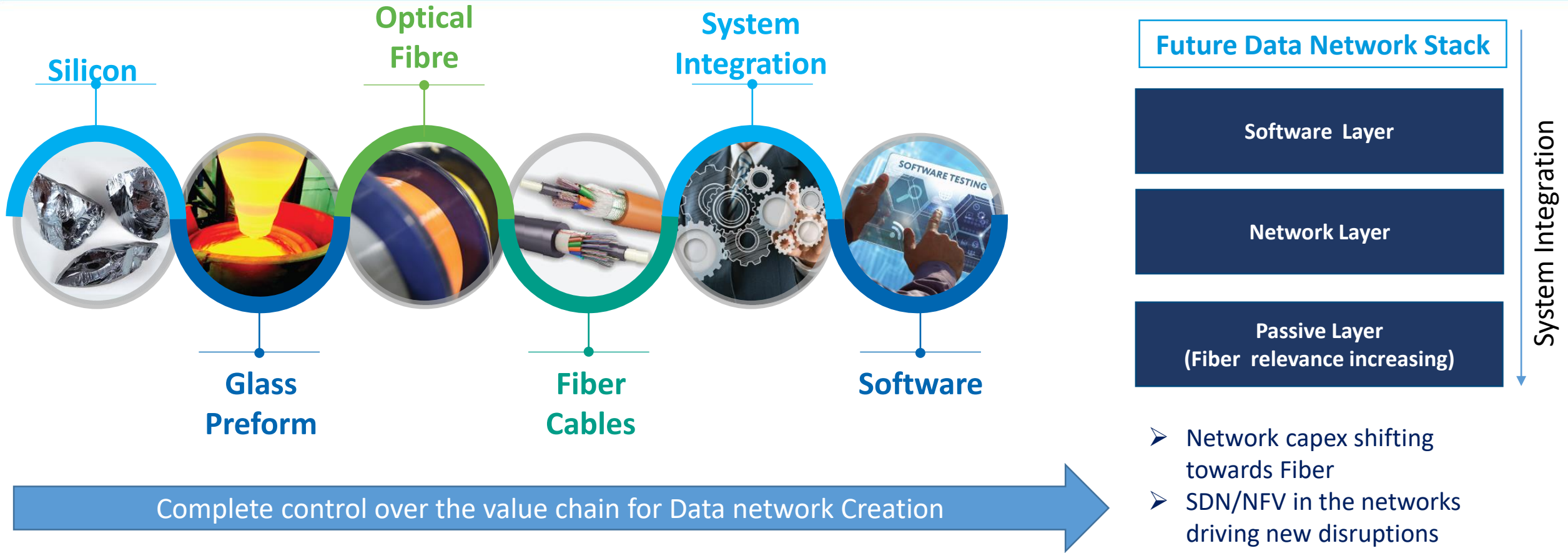


SYSTEM  
INTEGRATION  
SERVICES



TELECOM  
SOFTWARE

# End to End Capability to Deliver future Data Network Needs

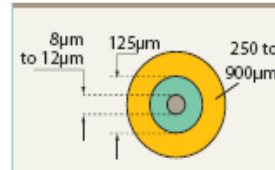
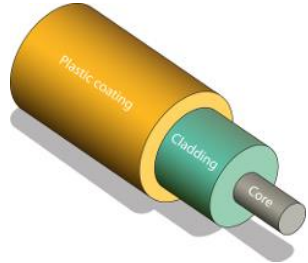


- ✓ Only company in the world to have the integrated Silicon to Software capability, critical for tomorrow's data networks
- ✓ Well positioned to integrate all elements of future data network stack through our System Integration capability



# With Technology at the Core of Our Offerings

## Optical Fiber is a very specialized Technology Product



### Highly interdisciplinary technologies

- Glass Science
- Chemical Engineering
- Fluid Mechanics
- Large scale Automation
- Precision Measurements
- Wave Optics
- High Temp processing ~ 2000 deg C



### Center of Excellence, Aurangabad

- State of the art research – focused on material science and Glass composition for advanced fiber optics
- Sterlite's fiber enabled smarter broadband networks are in some of the world's toughest terrains, including in Iceland and in the Amazonian rain forests
- Partnership with academia & global research institutions

## Network Design at the Core of our System Integration Capabilities



### Center for Smarter Networks, Gurgaon



### Sterlite Tech Academy

- Building a secure intrusion proof optical network of 10000 km in one of the world's toughest terrain
- Successfully deployed India's first live Smart city in Gandhinagar
- Building Fiber systems networks – 5G, Pre-connected Solutions for FTTx, IBS/DAS/ Wifi kits
- Sterlite Certified Fiber Installers – trained for advanced fiber deployment rollout in Sterlite Tech Academy

**Rs 3,205 Cr** FY18 consolidated net revenues and **Rs 789 Cr** of consolidated EBITDA

**54%** of FY18 consolidated net revenues came from international markets

**8** of the global top 10 telecom operators use Sterlite's innovative solutions

**3** manufacturing locations – India , China and Brazil and **2** software delivery centers

With **2,300+** full time employees

Total **189** patents across USA, EU, India, and China and growing

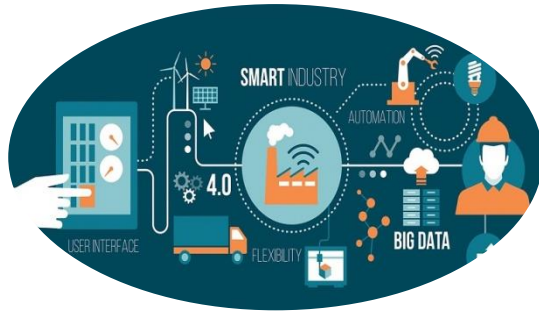


# Industry Dynamics



# A Digital Revolution beckons us

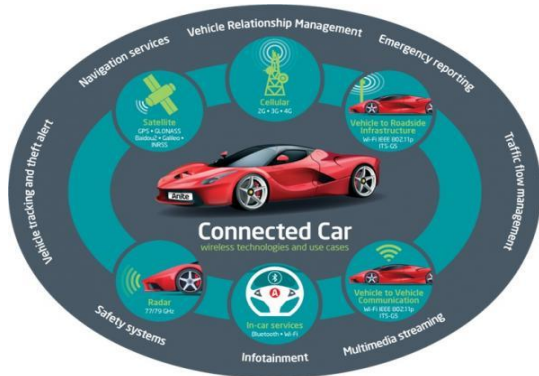
## Connected Everything



**Connected Industry**



**Connected Homes**

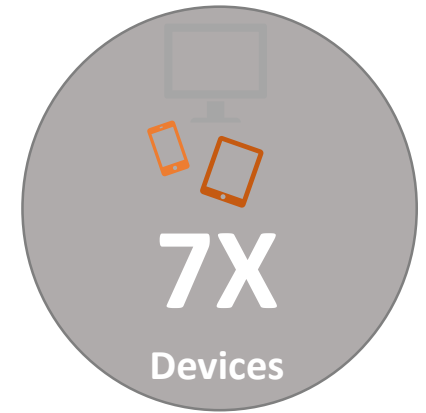
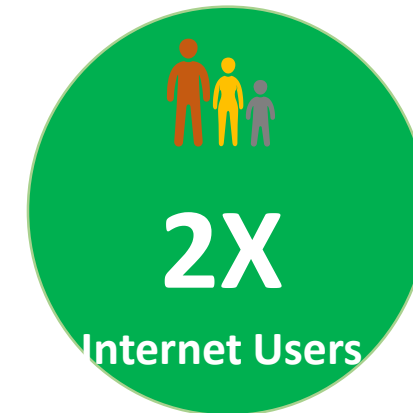


**Connected Cars**



**Connected Finance**

## Data consumption Anytime, anywhere



**Video on Demand**

# Multiplier effect driving data growth...



**58%\***

of the Population will be  
using the Internet

*up from 44% in 2016*



**61 GB\***

of the traffic per month,  
per user

*up from 24 GB in 2016*



**3.5\***

networked devices and  
connection per person

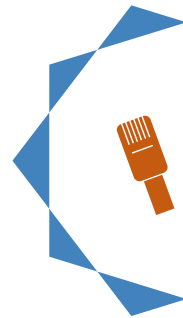
*up from 2.3 in 2016*



**80%\***

of all Internet traffic will  
be video

*up from 67% in 2016*



**53 Mbps\***

average broadband  
speed

*up from 28 Mbps in 2016*

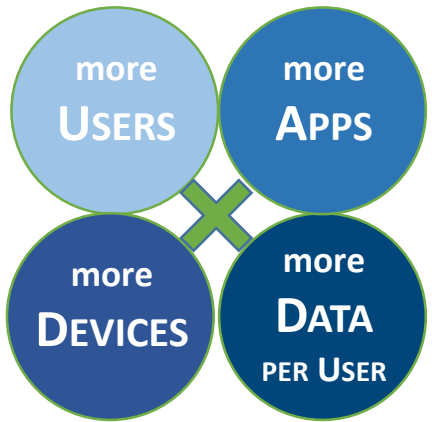


**20 Mbps\***

average mobile  
Speed

*up from 7 Mbps in 2016*

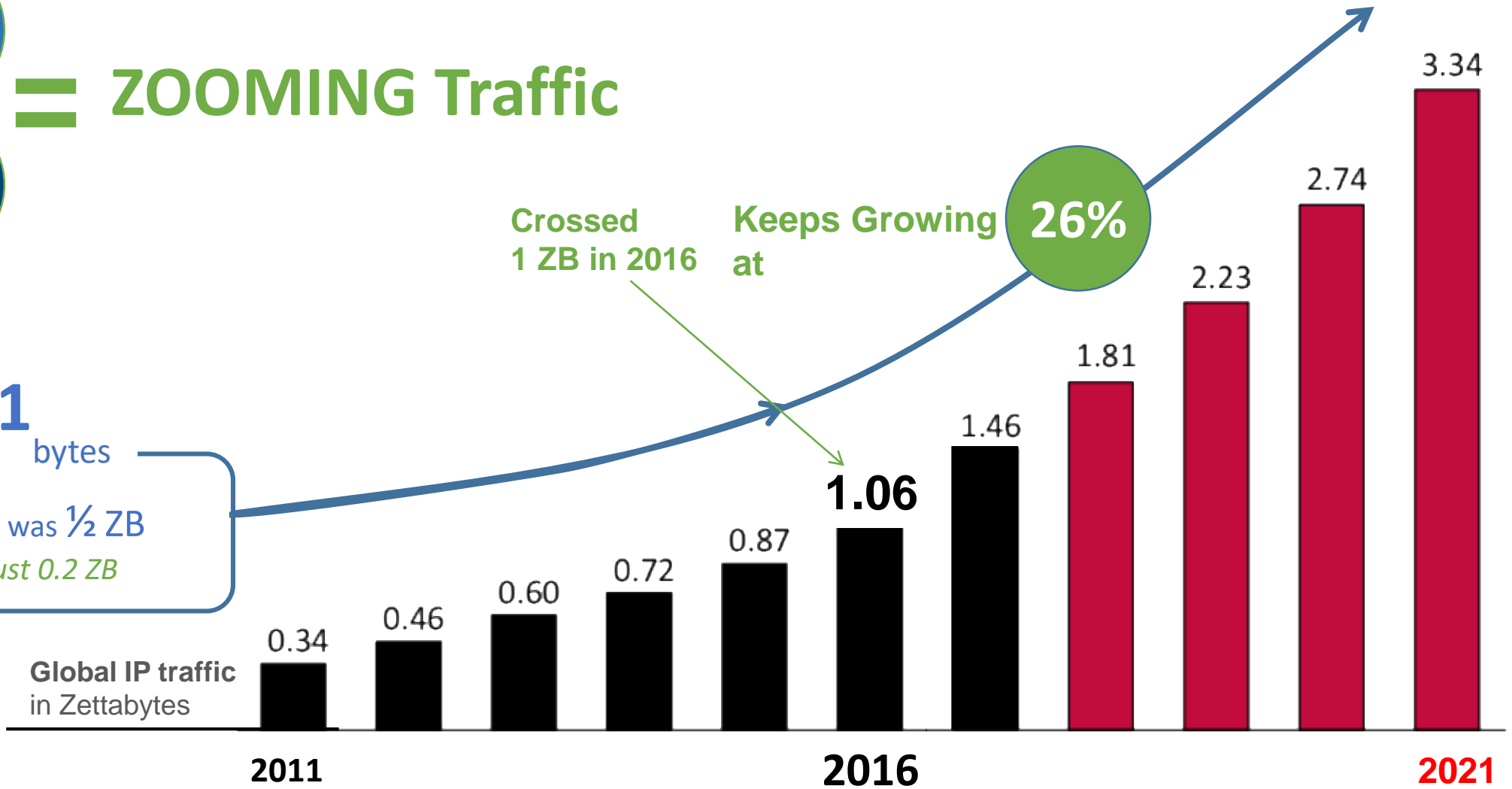
# ...resulting in 3X growth in the ZettaByte Era



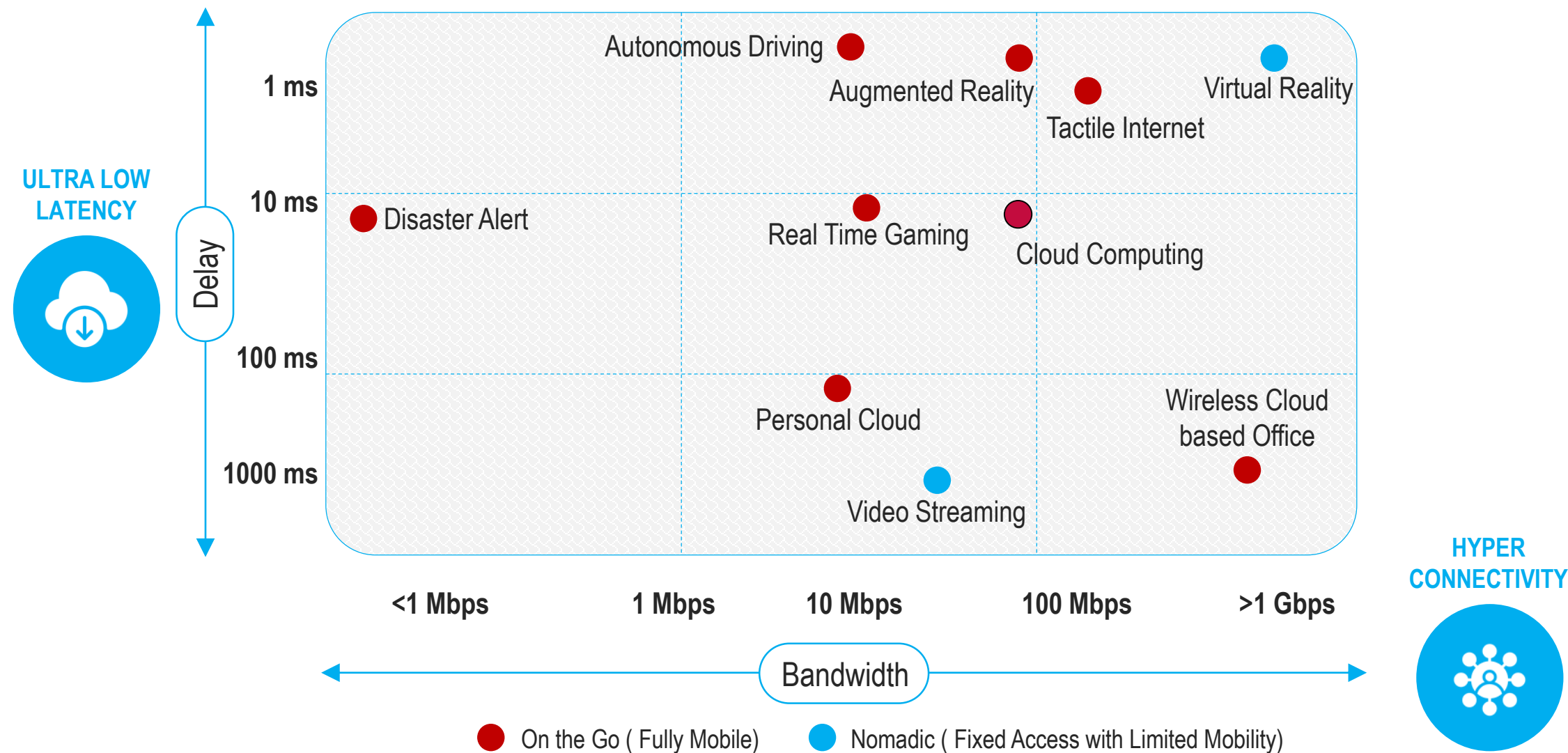
**= ZOOMING Traffic**

1 ZB =  $10^{21}$  bytes

In 2009, the WWW was  $\frac{1}{2}$  ZB  
*Traffic was just 0.2 ZB*



# New Technologies driving Hyper-Connected Data Networks



Source: GSMA, Company estimates

# Fiber at the Core of Networks



# With each network generation, fiber is getting closer to the users



2G Era



3G Era



4G Era



5G + FTTH Era

Fibre is connecting:

Major cities



most cities, towns, sub-urban areas



between towers, as backhaul



small cells, buildings, homes

Being deployed by:

Conventional Telcos



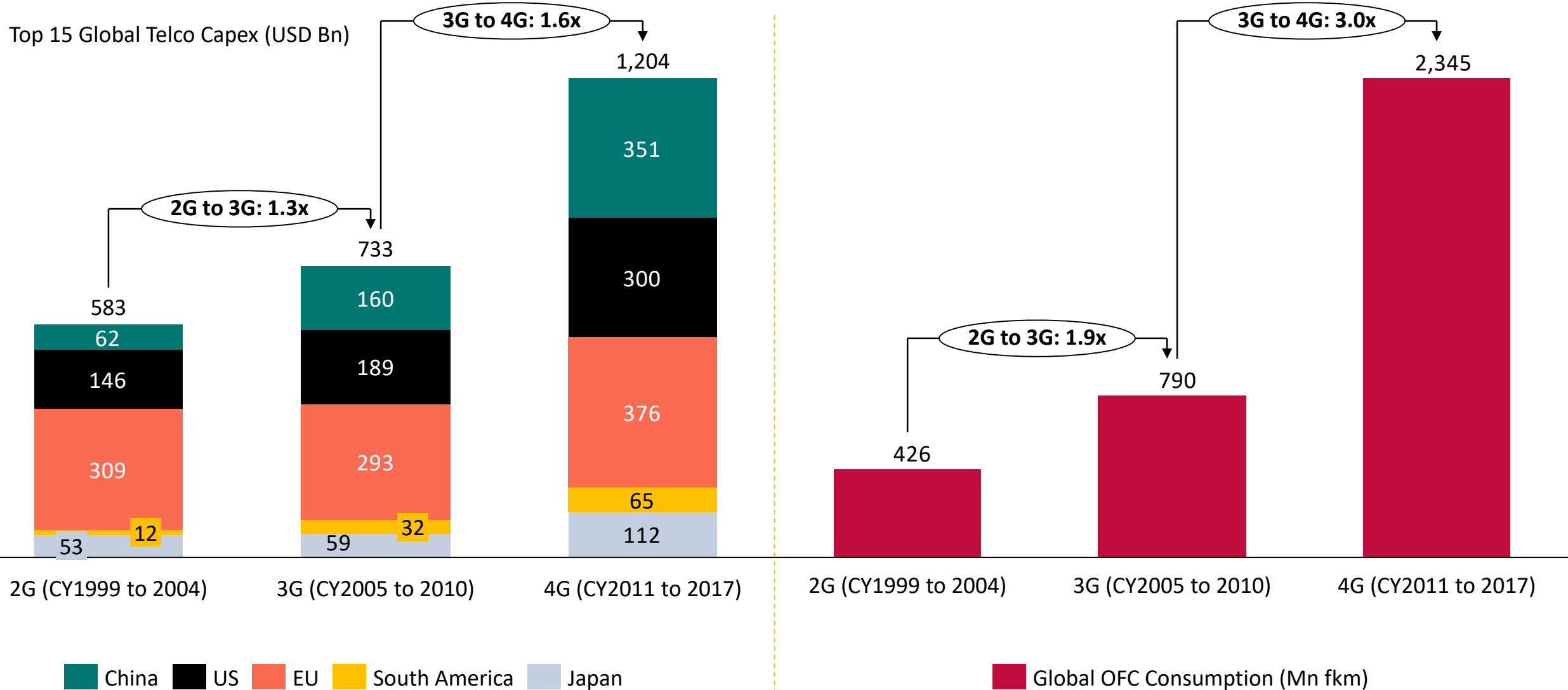
CSPs / DSPs



OTTs and Content Players



# CapEx & Fiber Consumption Cycle: Network Gen Evolution



# 5G will be the Centre of Heterogeneous Networks

## 5G Era Goals

## 5G capabilities compared to existing LTE

Boundless Connectivity for all

1

Network economics and innovations

2

5G

5

Vertical/ industrial transformation

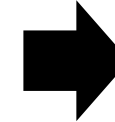
4

Massive IoT & critical communications

3

Enhanced broadband

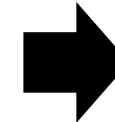
10x Lower Latency



<1 ms

- New radio design
- Distributed architecture

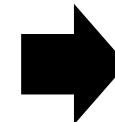
10x Lower IoT Power



<10  $\mu$ Wh / tx

- Protocol optimization
- Non-orthogonal uplink

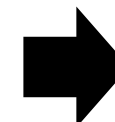
5x energy efficient



<2 kWh/TB

- Lean carrier
- Wideband carrier

3x spectral efficiency



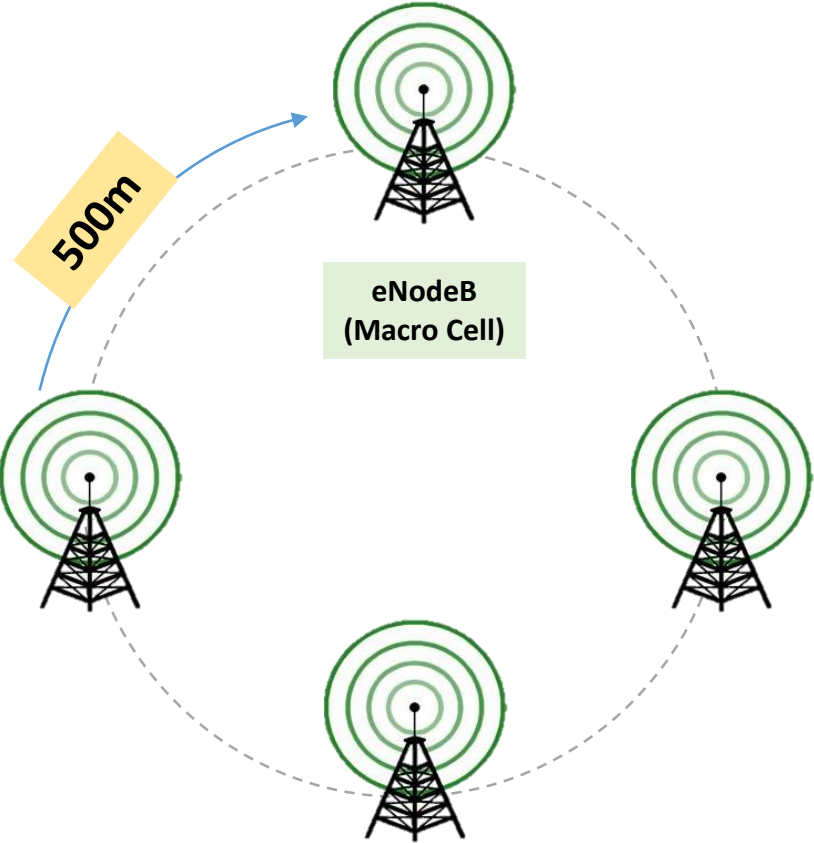
>10 bps/cell/Hz

- Massive MIMO, lean design, interference cancellation

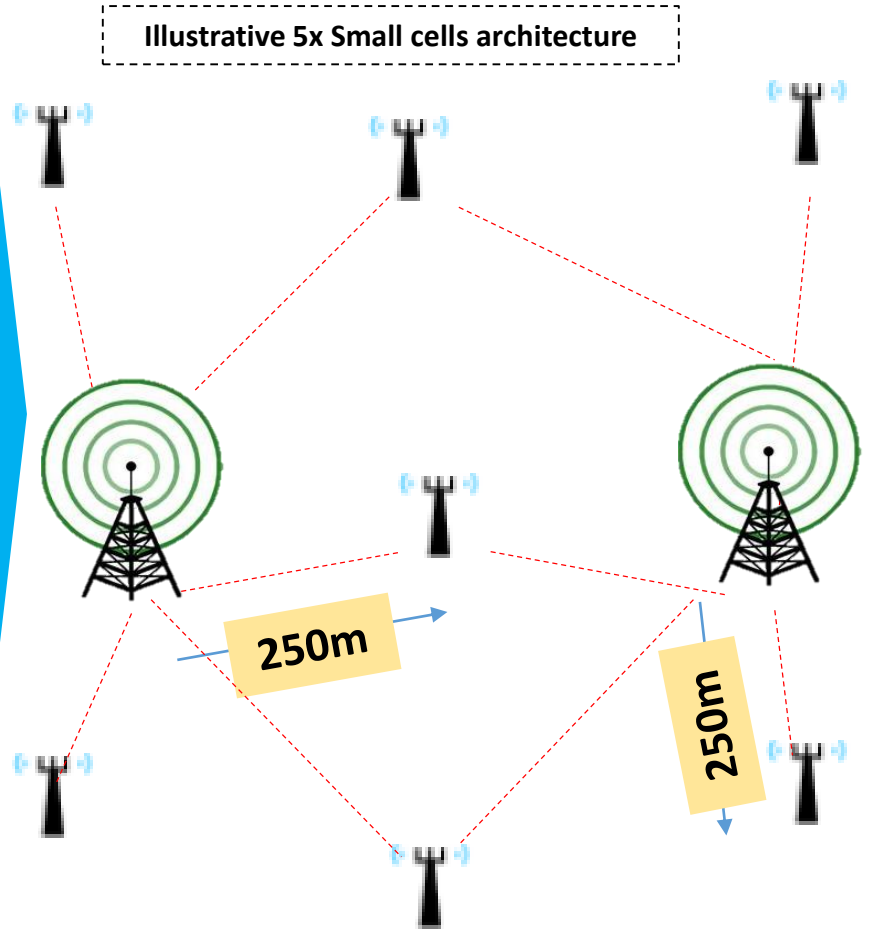
5G networks will provide an enhanced broadband experience of up to 1 Gbps and <1 ms, and provide the platform for cloud and artificial intelligence based services

# Fiber: Key component of 5G infrastructure

## 4G Infrastructure





## 5G Infrastructure

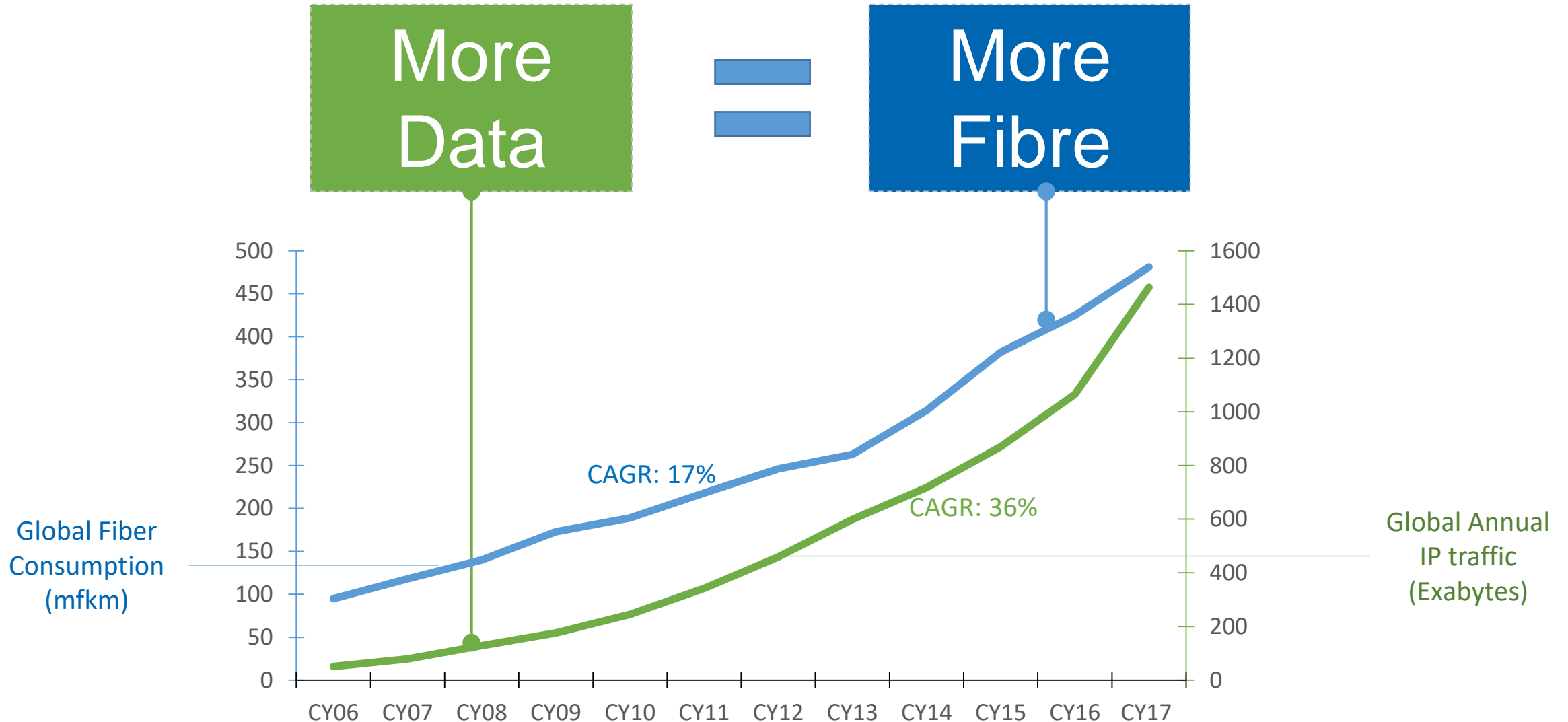


5G Densification	Minimum (25 Mbps per User)	Base (50 Mbps per User)
No. of Small Cells for 5G compared to 4G Macro Sites	5x	10x

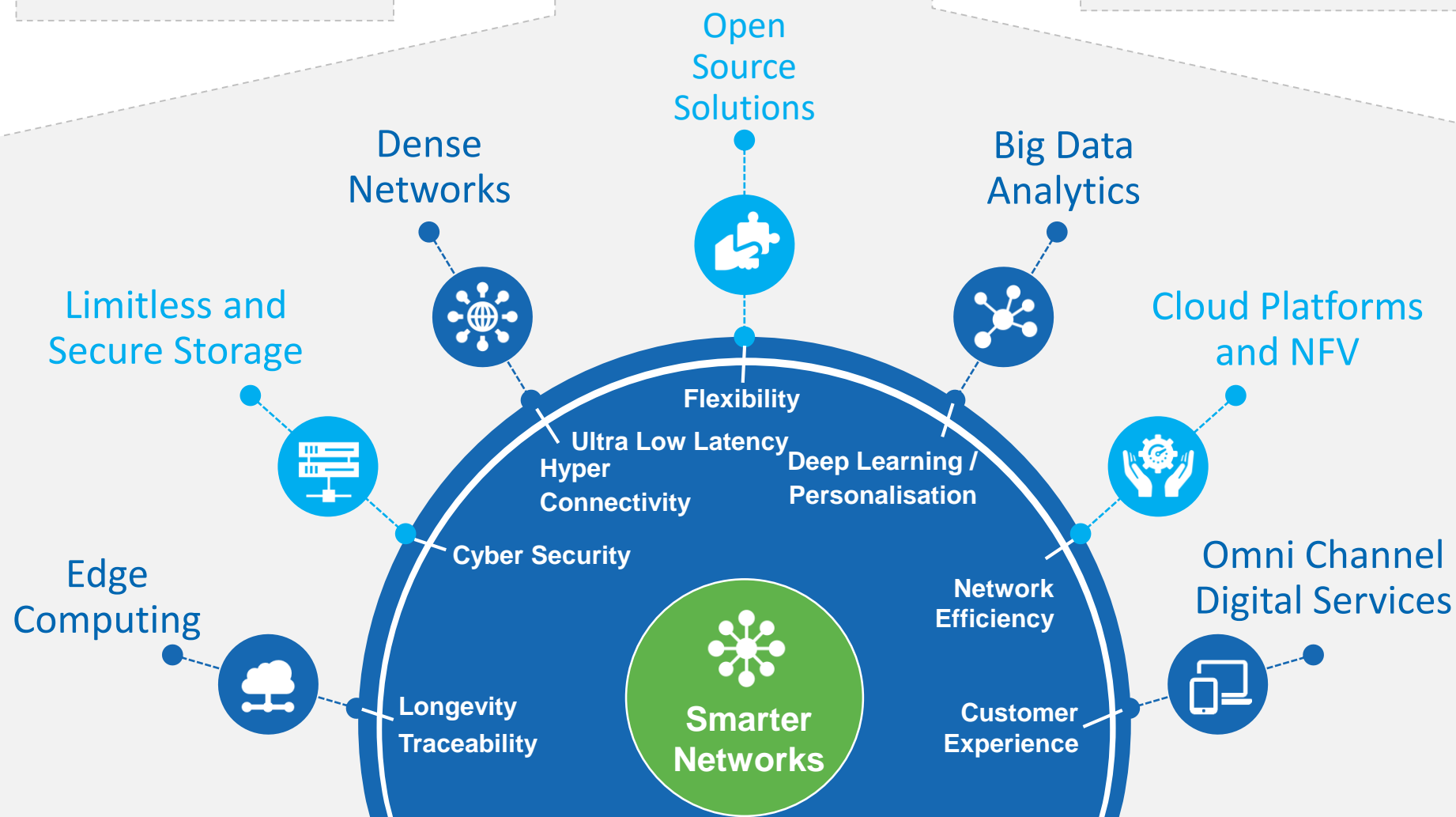
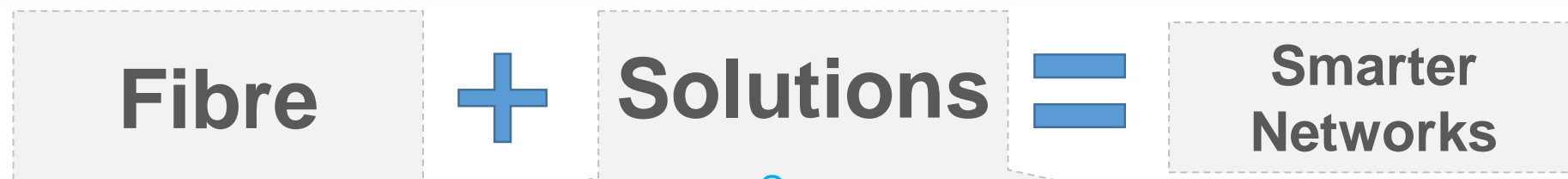
### Legend

-  Macro Cell
-  Micro Cell
-  4G Fibre
-  5G Fibre

# Growth in data consumption is closely linked with growth in Optical Fibre consumption



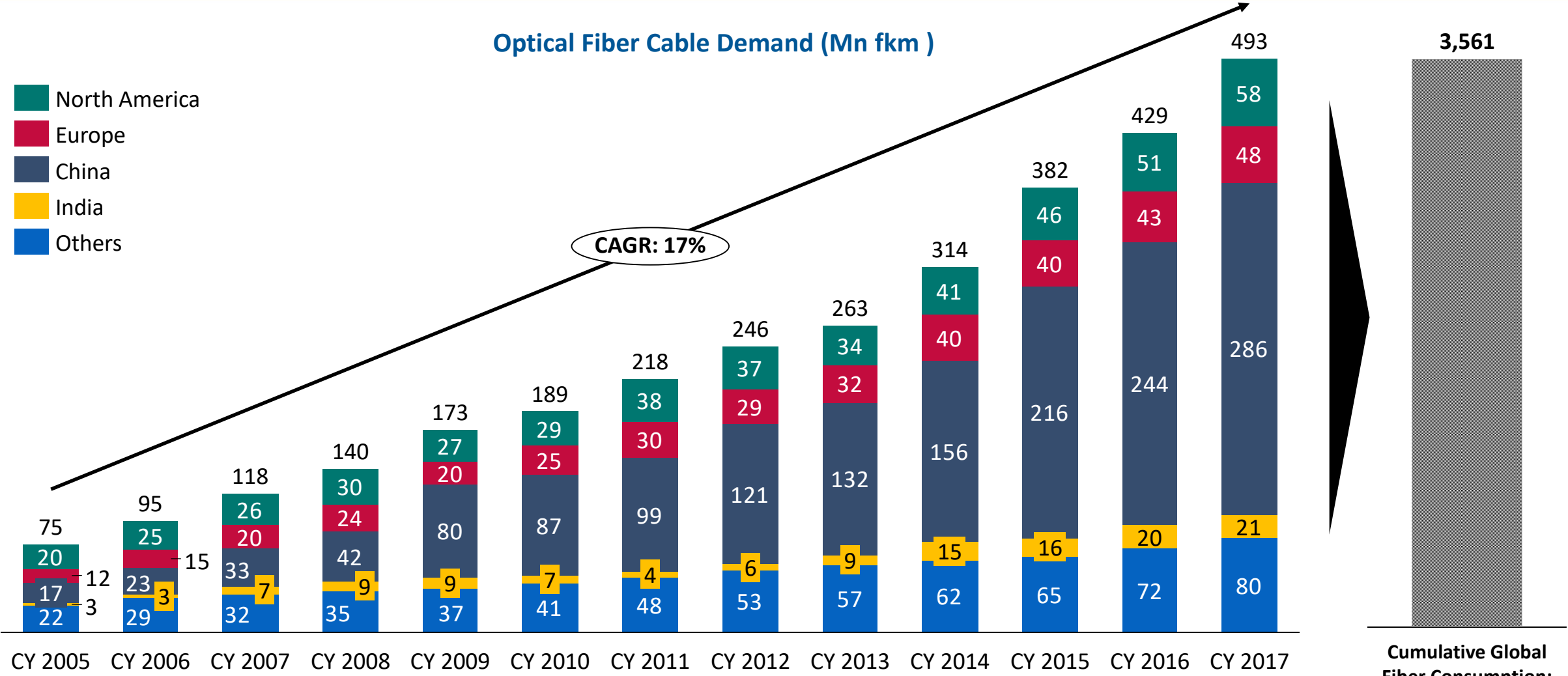
# Not Just more Fiber But Fiber with Solutions are making Smarter Networks



# Product Business



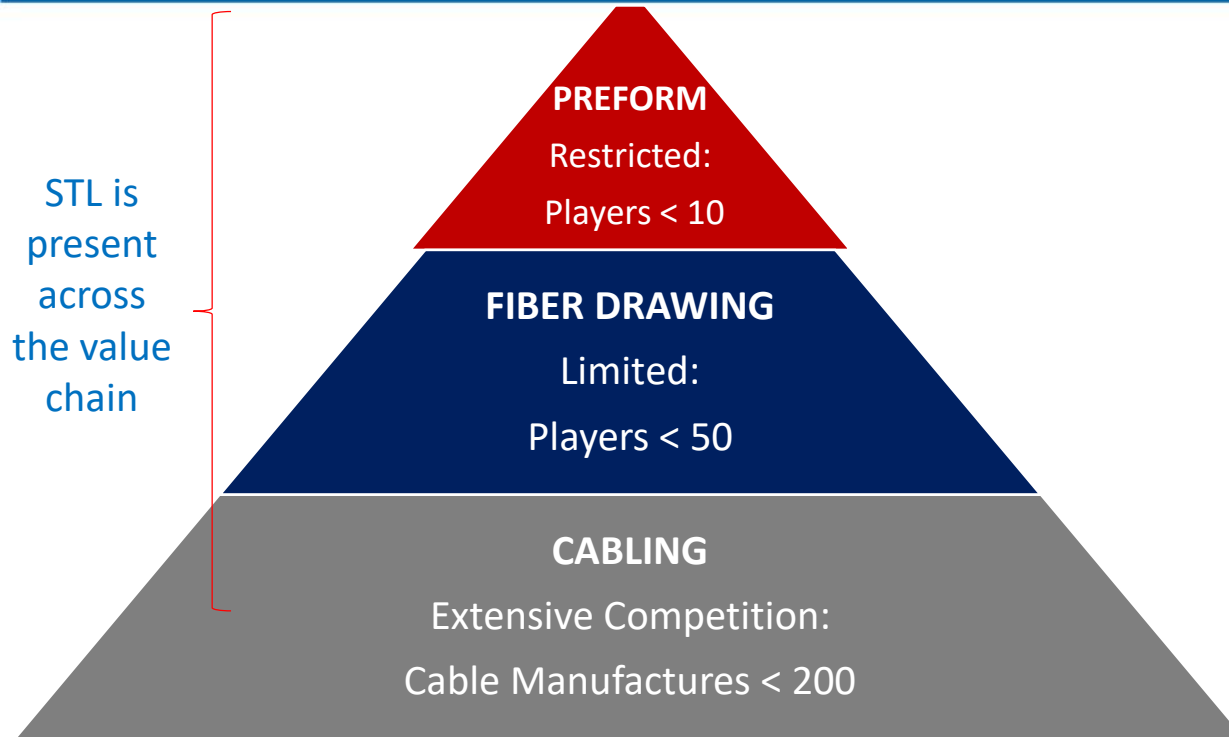
# Global demand for optical fiber continues to reflect strong annual growth



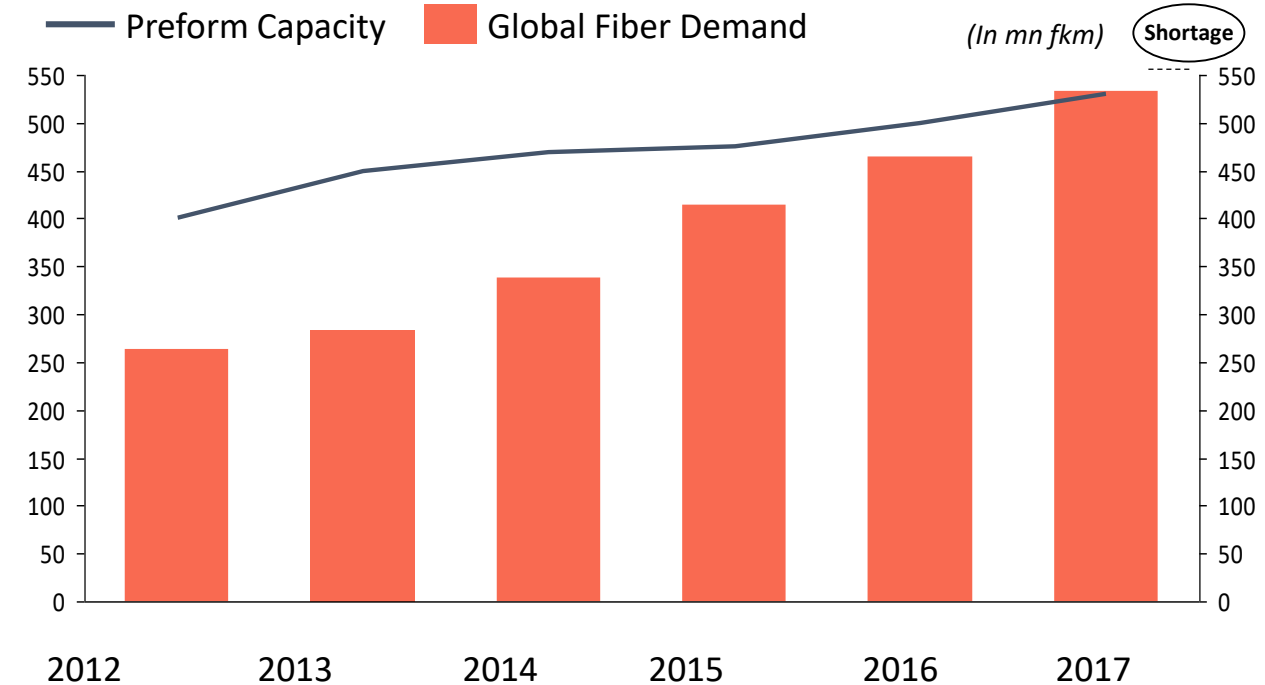
- Continuous growth of data driven by network evolution and changing consumption pattern reflecting strong demand for Fiber
- Globally ~3.6bn kilometre cumulative fiber already deployed in the networks; replacement lifecycles building in



# Decoding: Global Fiber Value Chain

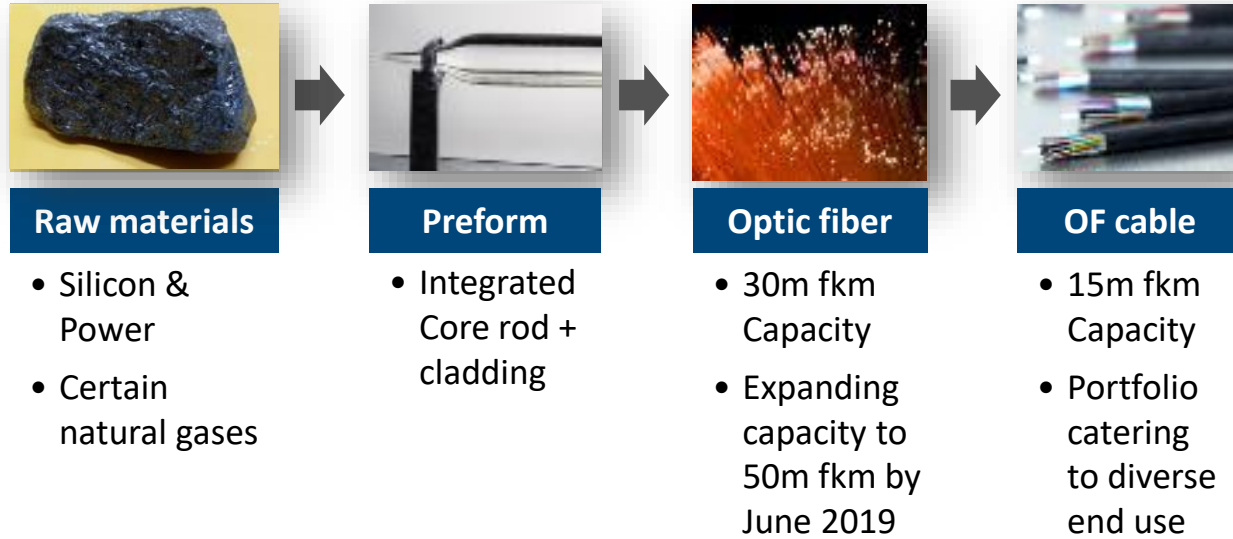


- Sterlite amongst the global few integrated players, with an end to end control over the fiber manufacturing value chain
- Global capacities, with lean cost structures, translating to Industry best margin profile
- Amongst the global few, STL is most backward integrated in fiber manufacturing value chain



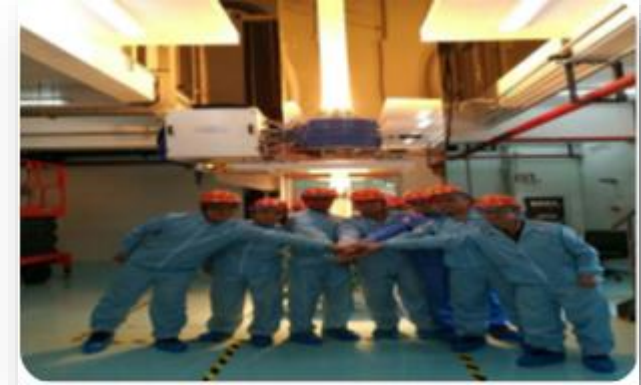
- Due to structural changes in the Network Topology for 5G networks, fiber is in high demand
- We expect global demand – supply mismatch to remain elevated in CY 2018

# Sterlite Tech has fully integrated manufacturing operations



High end technology, fully integrated, global scale operations for manufacturing optical fibers

Strong emphasis on new product development to cater the needs of tomorrow



Customer centric approach to cater the evolving needs of customers





## OPTICAL COMMUNICATION PRODUCTS

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



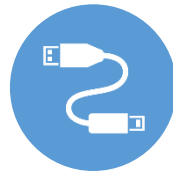
### OPTICAL FIBRE AND PREFORM

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



### OPTICAL FIBRE CABLES

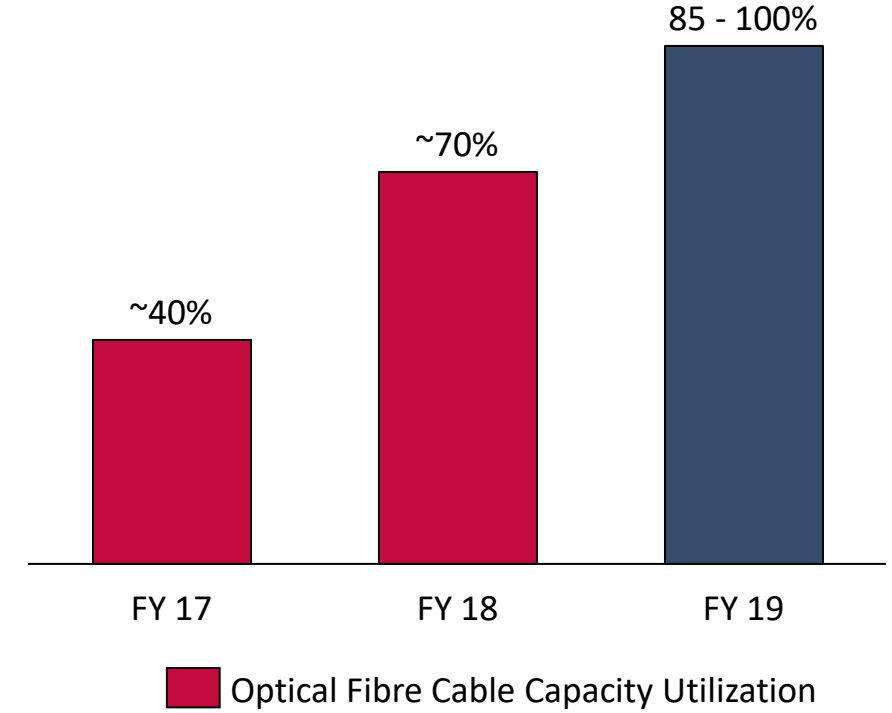
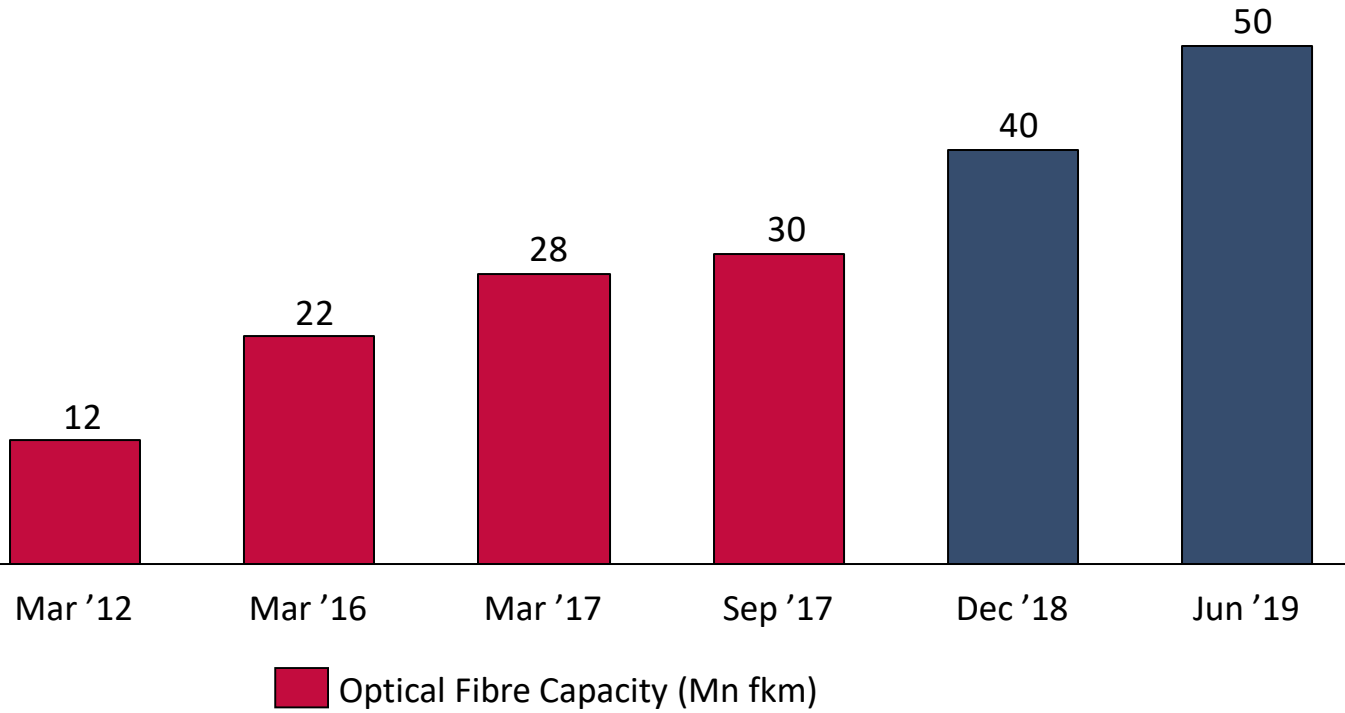
- › Customized cabling products
- › For FTTx, utilities, oil and gas, transport and defense applications



### STRUCTURED DATA CABLES

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

# Accelerating the capacity expansion and utilization



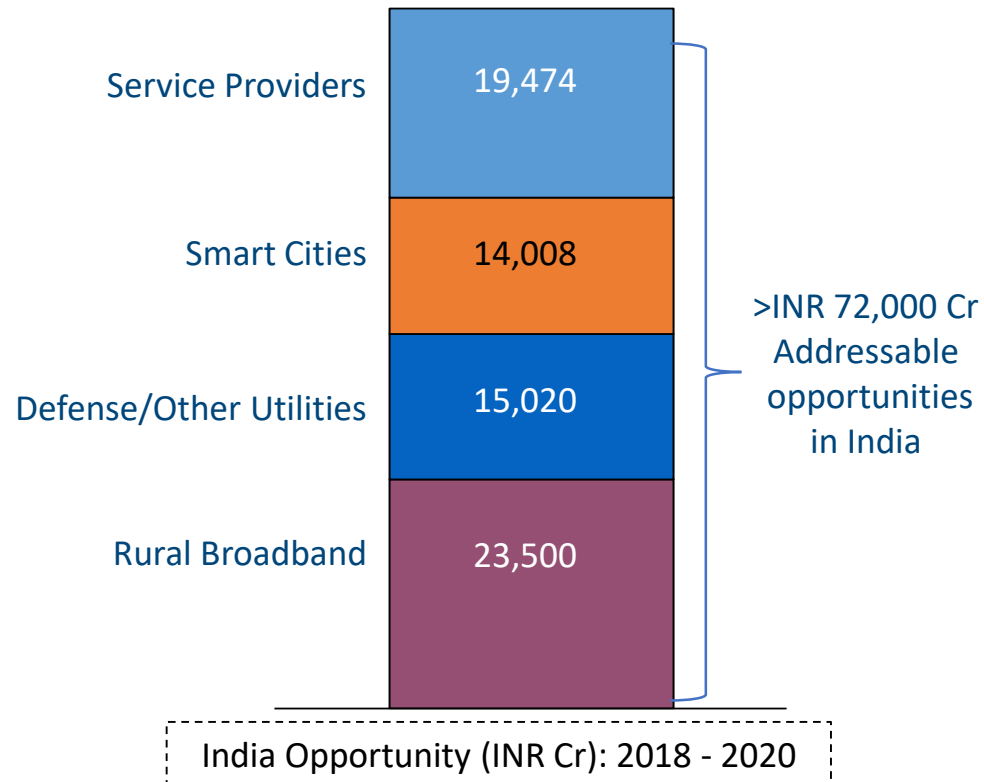
- Integrated plant project progressing well to achieve phased capacity ramp-up (CY 18 exit capacity- 40 Mn fkm, June '19 – full capacity of 50 mn fkm)
- FY 18 cabling volumes reflecting a strong upward trend, utilization levels to reach ~ 85-100% by FY19

# Services & Software Business



# As networks grow deeper, there are services opportunities to implement Smarter Networks

## **INTEGRATED TELECOM SERVICES**



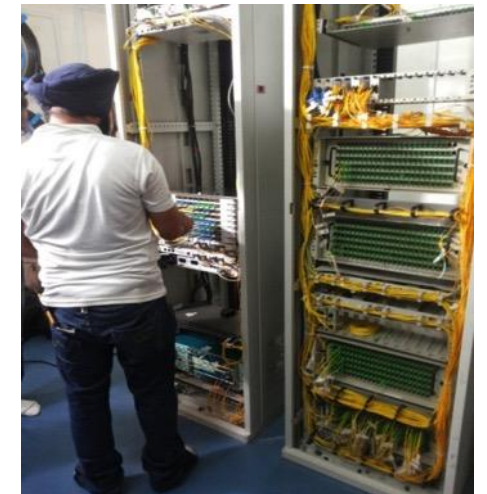
Turnkey delivery of some of the largest interstate network infrastructure projects in India – 10,000 Km of defence network in toughest terrains



Successfully deployed India's first live Smart Services City in Gandhinagar (Gujarat)

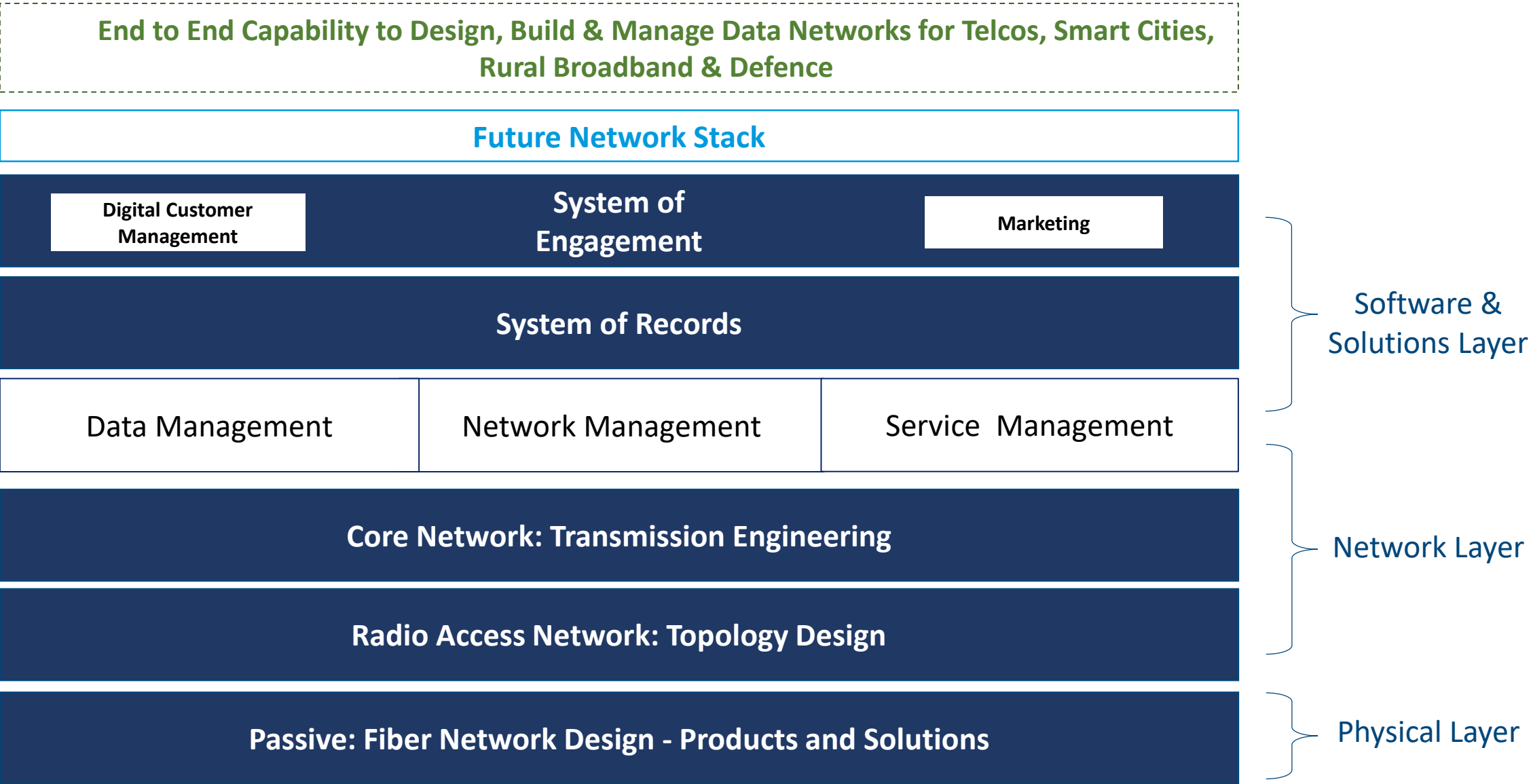


Service roll-outs begun for Tier one operators in India





# Sterlite Tech is engaged in end to end data network creation





# Scaling Services & Software Business

- 100 Smart Cities Mission launched by the Govt. of India

2015

2016

2017

- Sterlite completed Jaipur smart city project
- Govt announced **list of third 30 smart cities**
- Sterlite wins **Kakinada Smart City order**
- **Kakinada** project under execution

- Govt. announces **list of first 20 smart cities**
- Sterlite Technologies bags its **1<sup>st</sup> Smart city order from Gandhinagar** in March. Successfully completed the entire project in December
- 2<sup>nd</sup> Smart city order win with '**Jaipur Smart City Phase – II**' Project.
- Govt announces **list of second 27 smart cities**
- 3<sup>rd</sup> Smart city order win with **Ahmedabad Smart City's project:-Janmarg Ltd**

Smart city orders are becoming larger in size and scope with integrated offerings

Silicon to Software and Server Capabilities will be executed in upcoming Smart Cities Projects; Ex. Kakinada Smart City Project

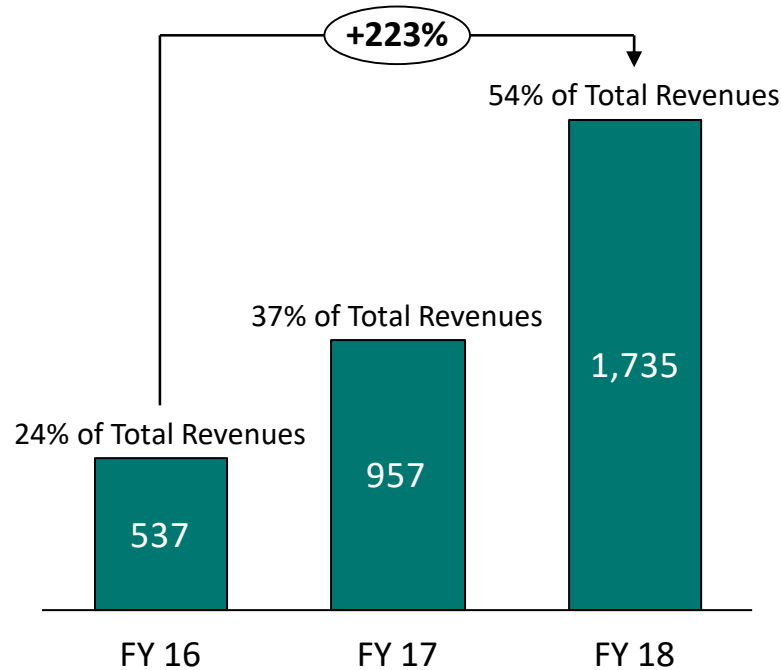
## Network Solutions

- Integrated Design, Build and Management of Secure Network for Indian Army, reflecting capabilities in Designing and Rollout of Network in Toughest Part of India
- Scaling offering to Private Telcos: executing POC in MP

# Financials



# Growing International Presence with Tier-1 CSPs

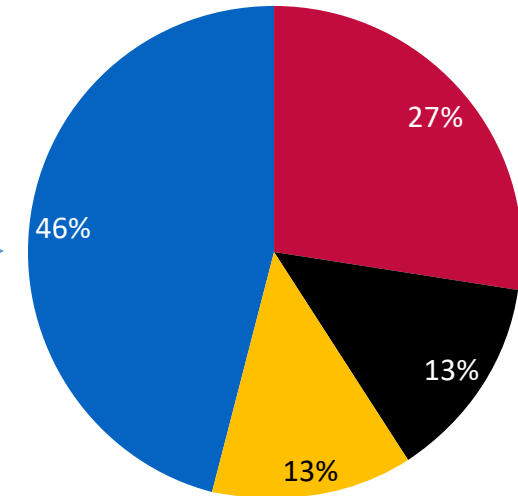


Revenue from exports (INR Cr.)

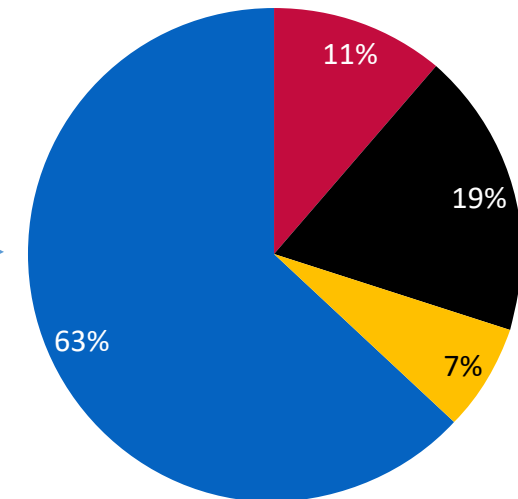
- Deepening European market presence with new additions of long term strategic customers & strong growth in all the aligned sales geographies
- Balanced geo mix with equal contribution from exports and domestic markets

## Global Revenue Mix

FY18



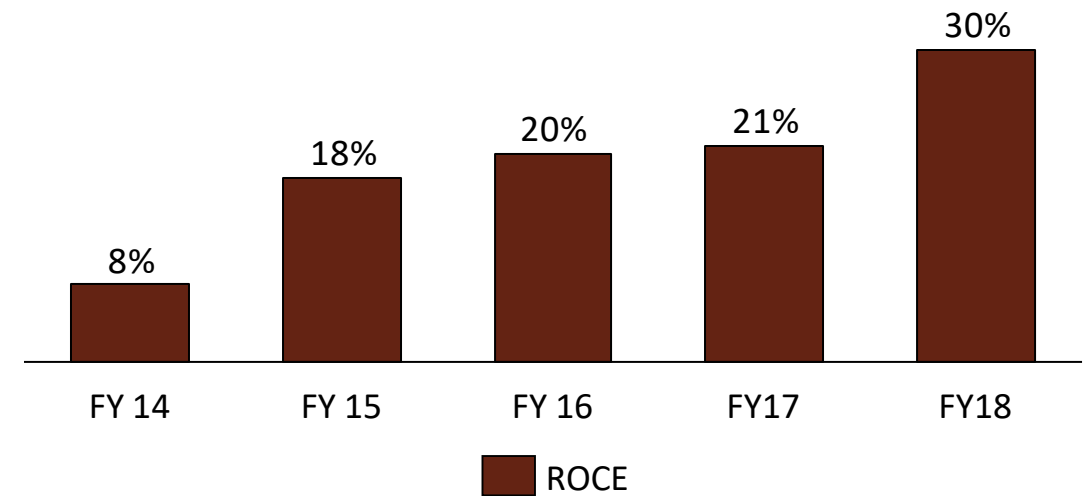
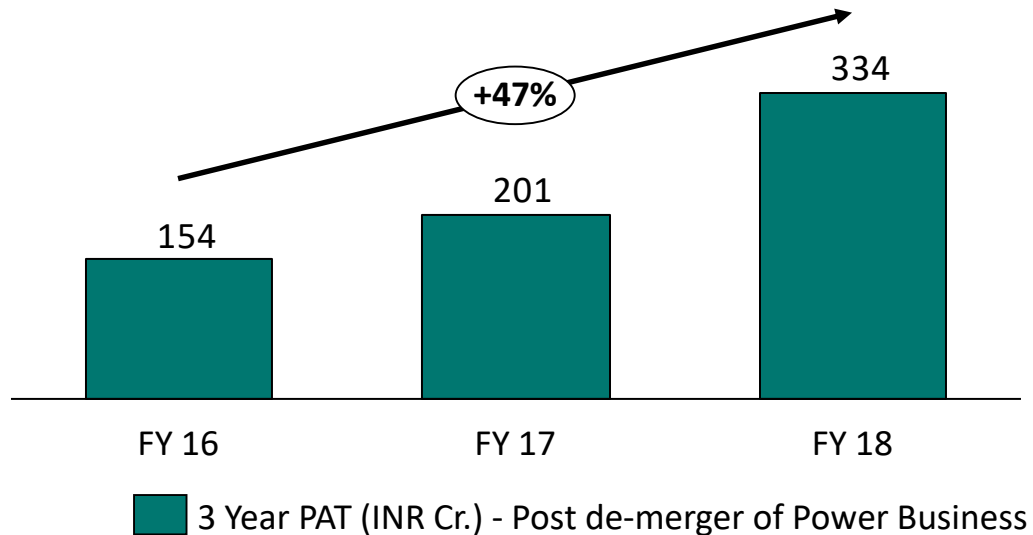
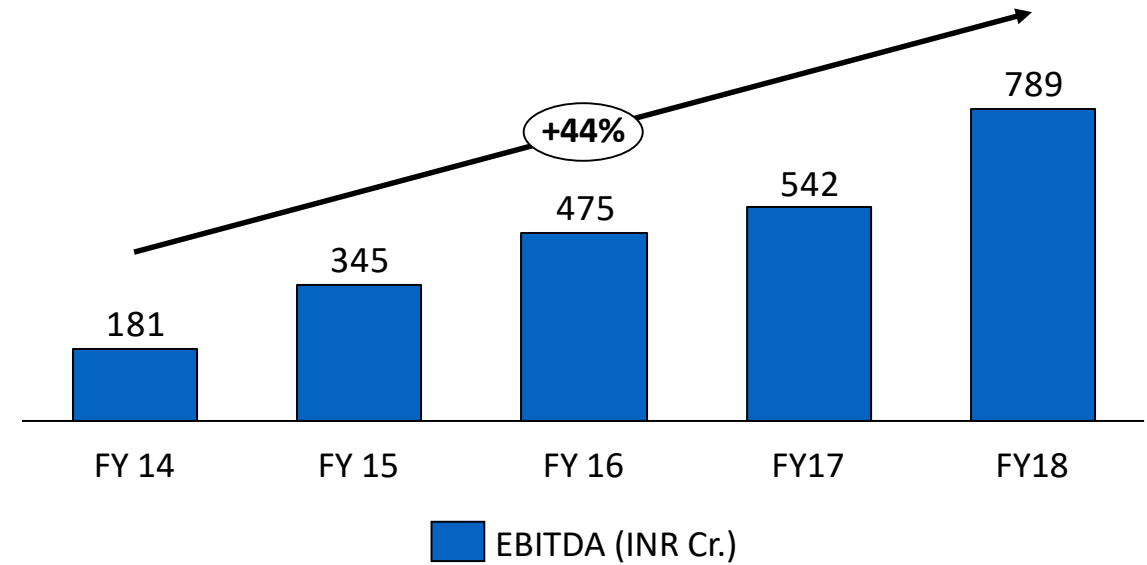
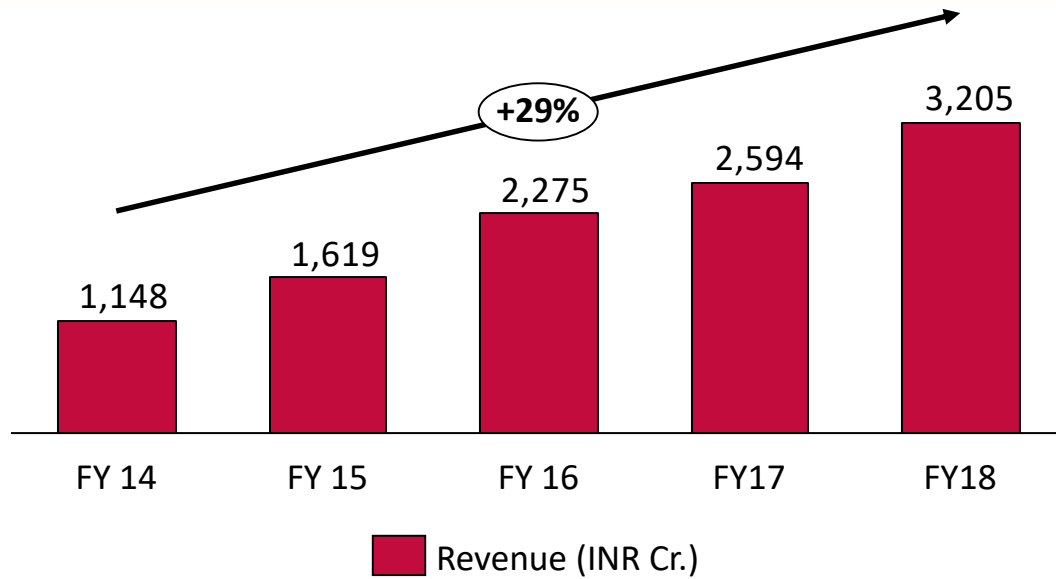
FY17



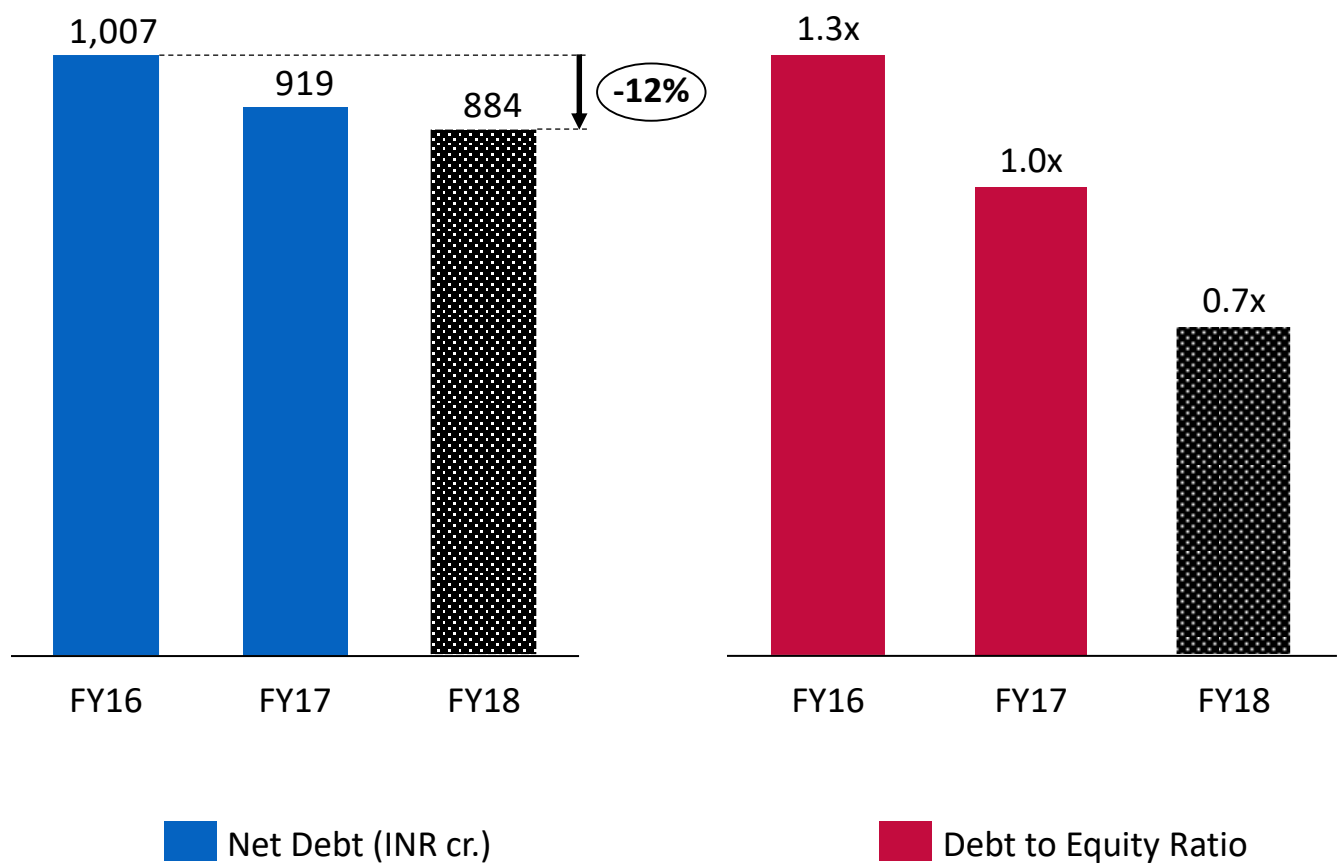
India Europe China RoW

\*Rest-of-the-World majorly constitutes of Americas and MEA

# Demonstrated Value Compounding

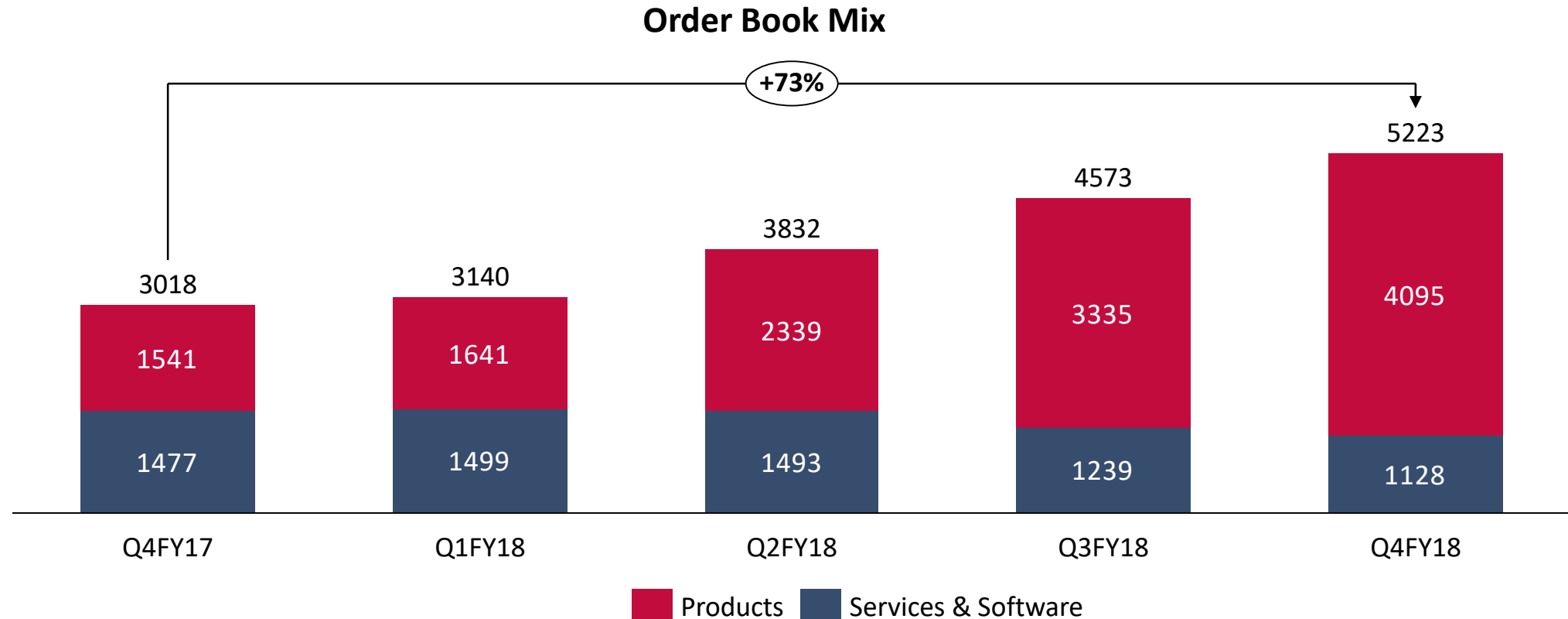


# Strong Balance Sheet Supported by Healthy Cash generation



Cash flow (Cr.)		FY18
Cash Profit (After Tax )		552
Operating Cash Flow		604
Capex		525
Net Cash flow		79

# Strong sales outlook riding on growing order book



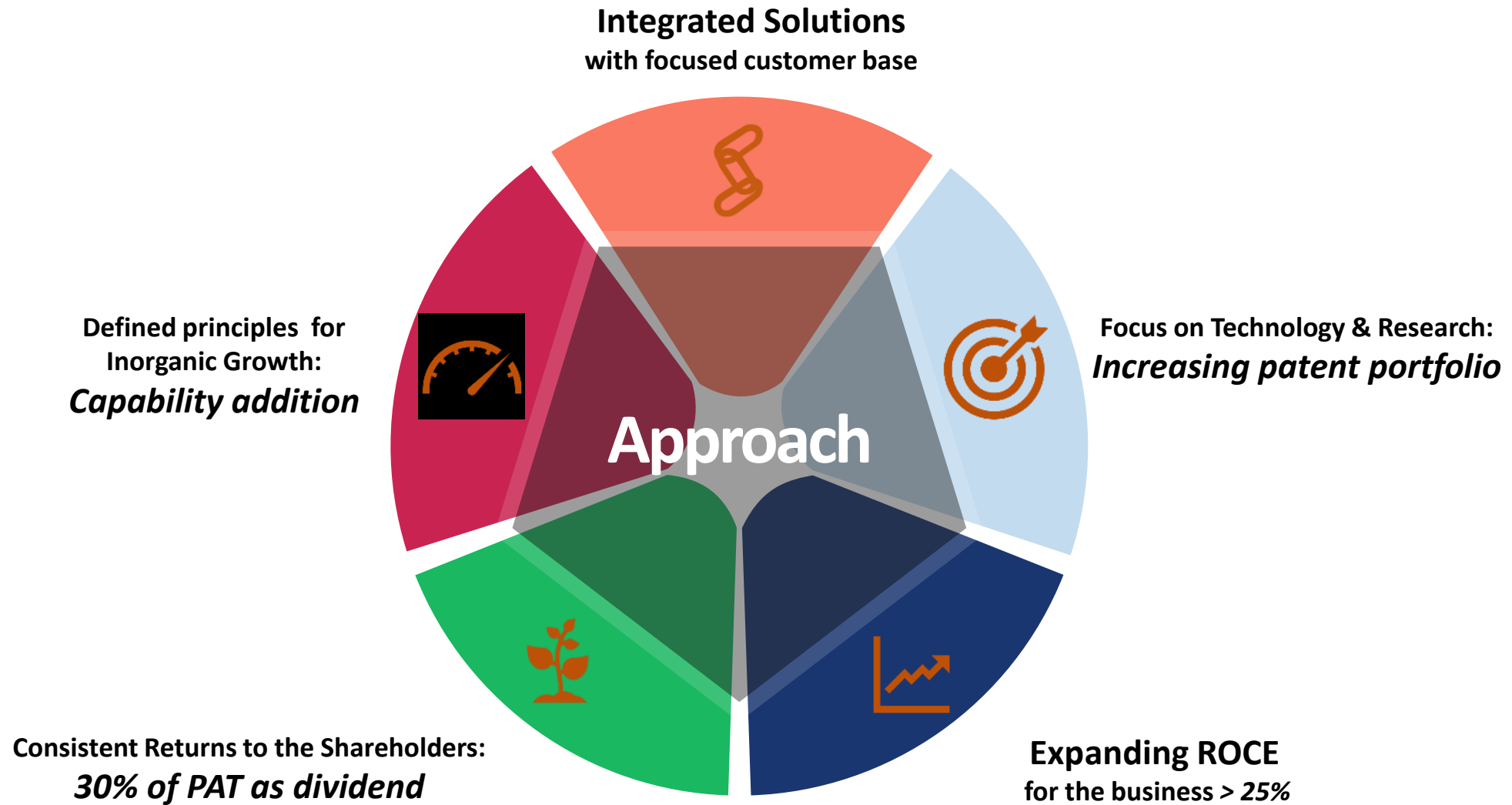
- Long term customer engagement driving predictability
- Customer segment diversification reducing business risk
- Fiber capacities booked for more than an year

# Strategic Direction





# Balanced Approach to drive Shareholders Value



Growth  
Plan:  
FY20



**\$100 Mn**  
Net Income  
by FY20

# On Accelerated Growth Track

## Levers of ex Growth

A

*Multiplier of Global  
Fiber Demand  
Led by 5G*

B

*Latent India Demand  
for Product and  
Services*

C

*Strong Execution;  
Capability & Market  
Access Drivers*

*Simplified Business  
Model  
with predictable  
Outcome  
& ex  
Growth*

Sterlite Tech is well placed to strengthen its leadership position in new age digital infrastructure creation

Data Broadband networks focused technology play

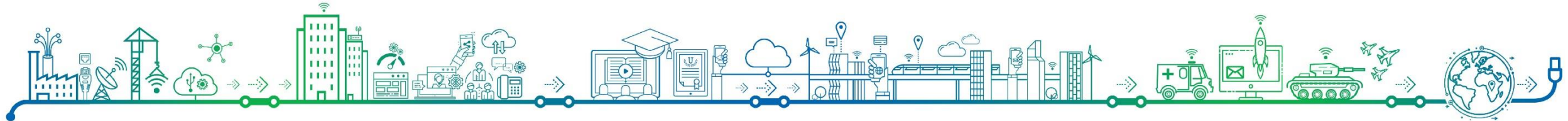
High ROCE & ROE business profile

Focused on Customers & Stakeholders value creation

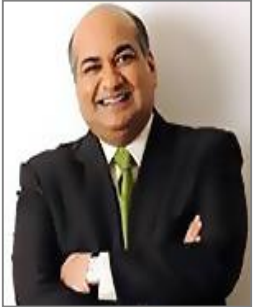
Geographic, customer and business diversification provides natural hedge to business

Business model evolution to offer high future cash flow predictability

# Appendix



## Independent Directors on the Board of Sterlite Tech



### **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



### **Avaantika Kakkar**

*(Non-Executive & Independent Director)*

- Corporate and commercial lawyer
- Currently Partner and Co-head of the Competition/Anti-trust law practice of Khaitan & Co.
- Has significant experience with structured finance, foreign direct investment in real estate, private equity and on-market & off market acquisition transactions and joint ventures

## EDUCATION



172,000 students covered since inception and 89958 during FY 2017-19

480 schools covered in 2017-18



Classes **3 to 7** and **10** covered by the program

## WOMEN EMPOWERMENT

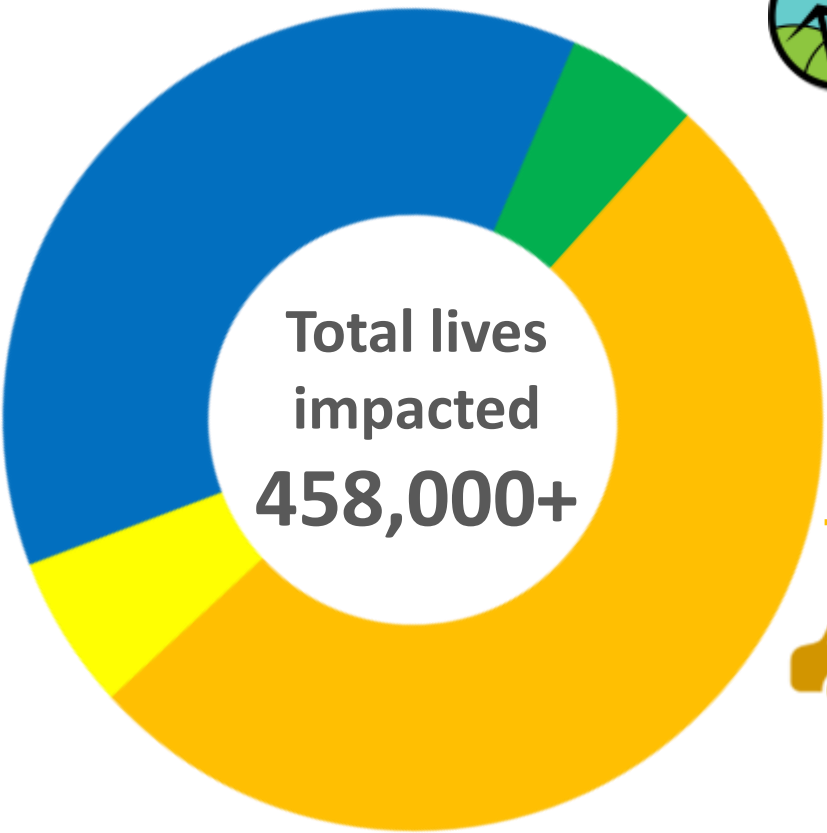


218 women trained at the institute in FY 2017-18 and a total of 539 till date

93 villages covered till date



28,000 villagers indirectly impacted



## ENVIRONMENT



409 farmers impacted through Phase II of Project Jaldoot and a total of 867 since 2016

94188 cu. m of water conserved in 2017 and a total of 738,188 m3



8 check dams in 5 villages redeveloped in 2017

## HEALTH



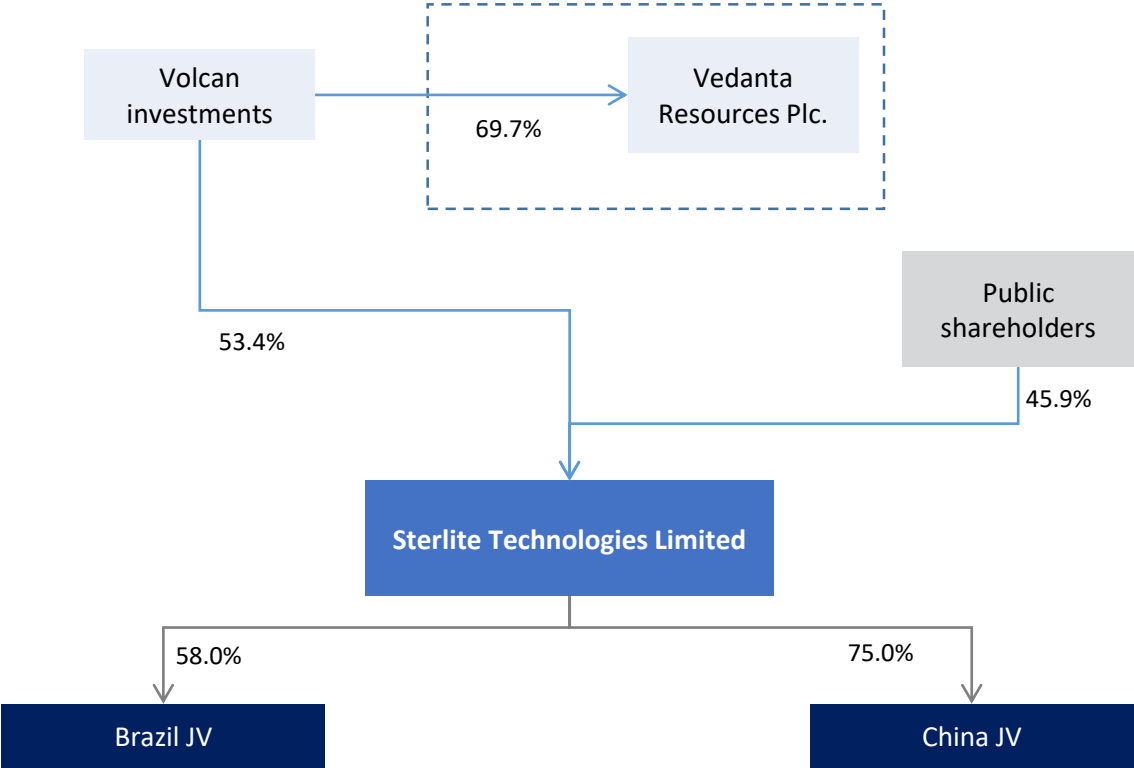
Covered almost 200,000 patients since inception

9332 patients attended to in FY 2017-18

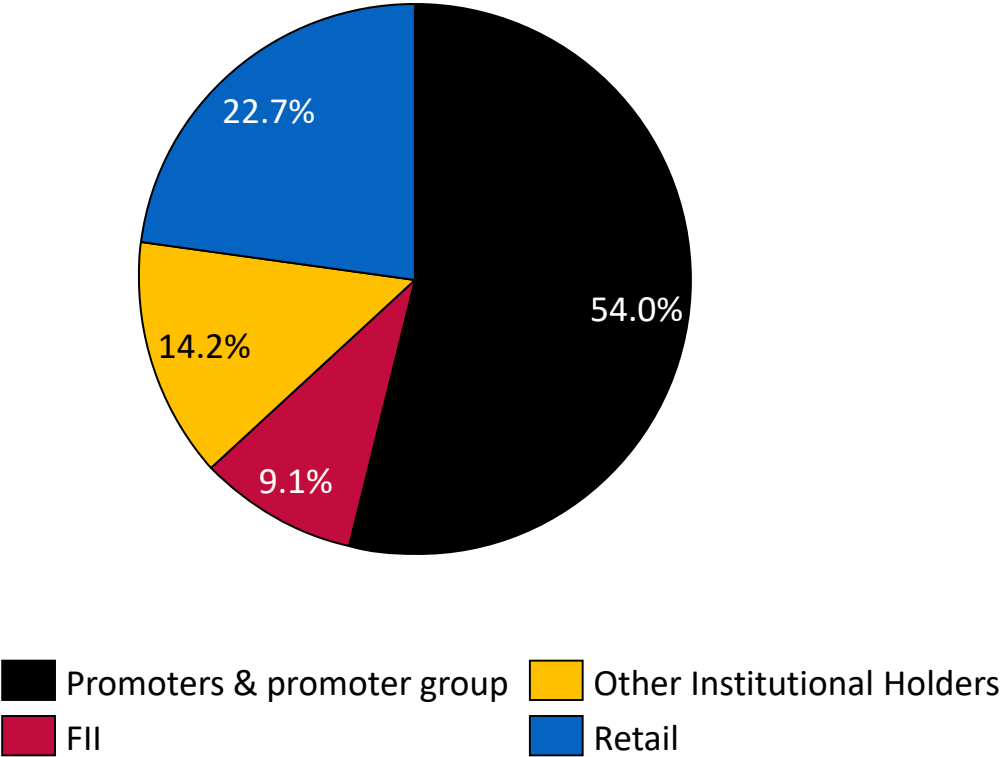




## Corporate structure

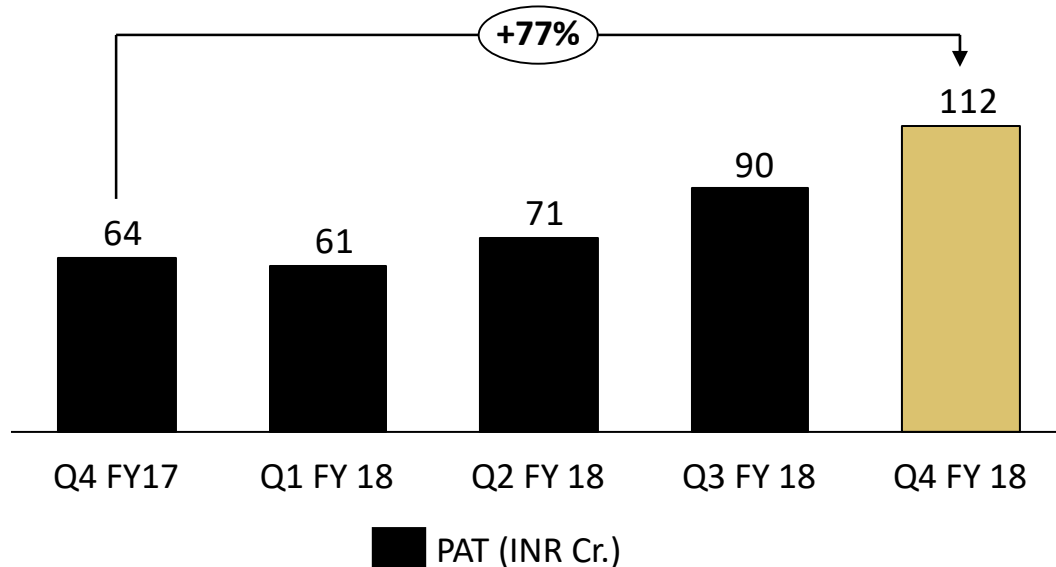
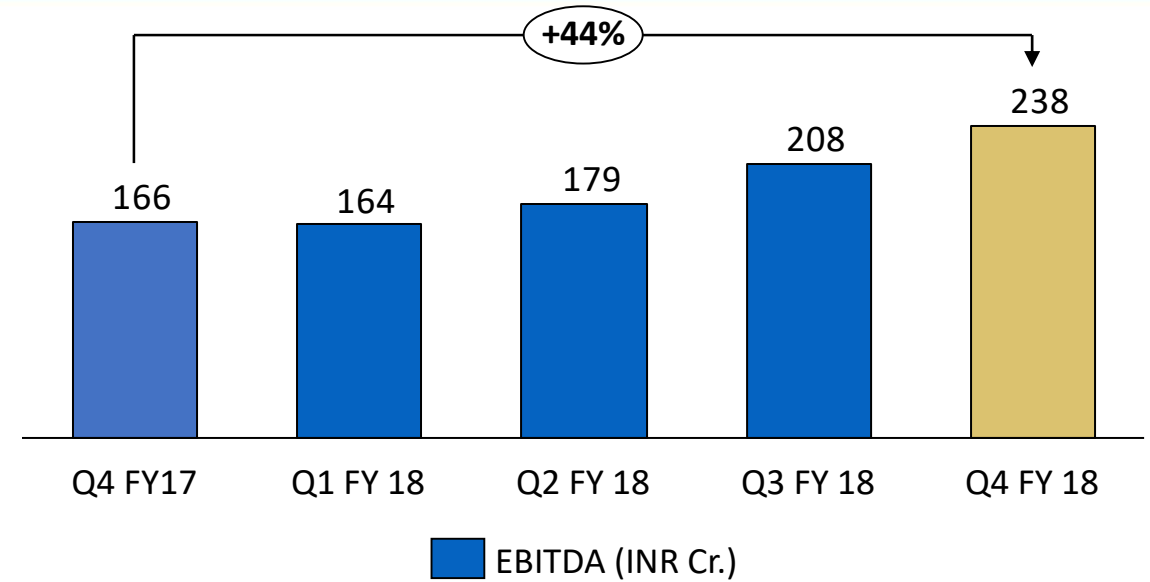
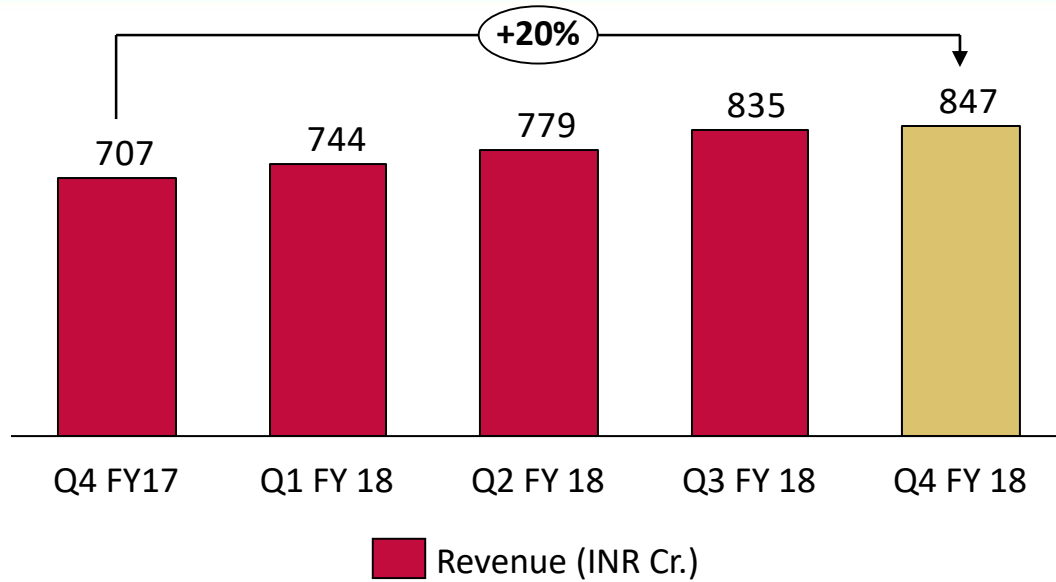


## Shareholding pattern



Source: Company information; Karvy Shareholding Services; Data as of Apr 30, 2018

# Demonstrated growth on QoQ basis



- Recorded 77% YoY growth in Q4 FY18
- On course to achieve \$100 Mn PAT (Net Income), strategic plan by FY20
- Robust EBITDA margin of ~25%

*Note: In accordance with the requirements of Ind AS, revenue for the quarter ended September 2017 is net of Goods and Services Tax ('GST'). However, revenues for all the previous quarters are inclusive of excise duty*

# Financial Performance: Income Statement & Balance Sheet

P&L (Cr.)	FY17	FY18
Revenue	2,594	3,205
EBIDTA	542	789
<i>EBITDA %</i>	<i>21%</i>	<i>25%</i>
Depreciation	159	182
EBIT	383	606
<i>EBIT %</i>	<i>15%</i>	<i>19%</i>
Interest	123	104
PBT	260	503
Tax	40	133
Net Income (After Minority Interest)	201	334
<i>ROCE %</i>	<i>21%</i>	<i>30%</i>

Balance sheet (Cr.)	As on 31 <sup>st</sup> Mar, 2017	As on 31 <sup>st</sup> Mar, 2018
Net Worth	925	1,257
Net Debt	919	884
Total	1,844	2,141
Fixed Assets	1,238	1,586
Net Working Capital	606	555
Total	1,844	2,141

Thank You

