

# **Sterlite Technologies Limited**

**Q1 FY16 – Earnings call - 23 July 2015**

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# Telecom business

# Value proposition for the telecom business



# Best-in-class operations



## State of the art fully integrated facilities



Optical Fiber

- 2 plants at Aurangabad
- Capacity to expand to 22 m Fkm by debottlenecking



Optic fiber cables

- Cabling facility at Silvassa
- Existing capacity of 8 m Fkm being doubled linked to clear revenue visibility



Structured Data Cables

- Facility at Dadra & Nagar Haveli
- Steady state capacity with minimal maintenance capex

- Strategic JVs in China & Brazil
- Expanded manufacturing base out of India
- Access to key global markets

## Full control over the entire value chain: Cost optimization, Superior margins & better quality



Raw materials

- Silica & Power
- Certain natural gases



Preform

- Integrated Core rod + cladding



Optic fiber

- 16m fkm drawing India and 4m fkm in China



OF cable

- End product deployed



Solutions

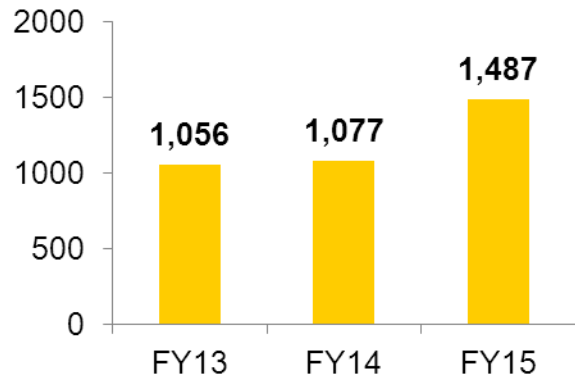
- High speed broadband networks

# Strong Financial Performance, Robust Outlook

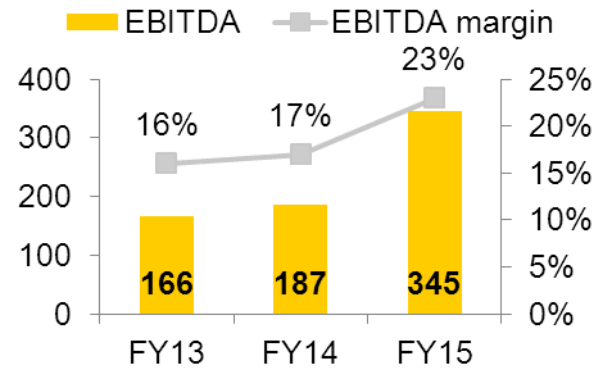


## Changing business mix reflected in EBITDA performance

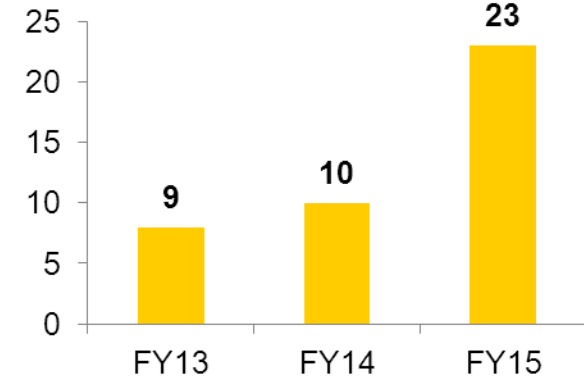
Net Revenue (Rs. Cr)



EBITDA (Rs. Cr) & EBITDA Margin

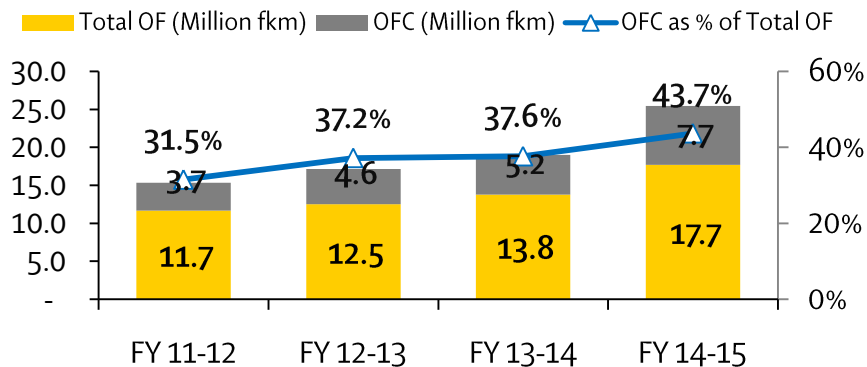


ROCE (%)

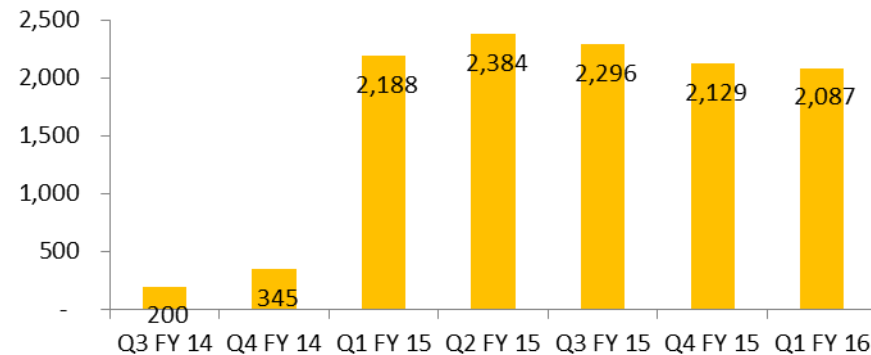


## Leveraging the opportunity created by the changes in the macro environment

Volumes (m fiber km)



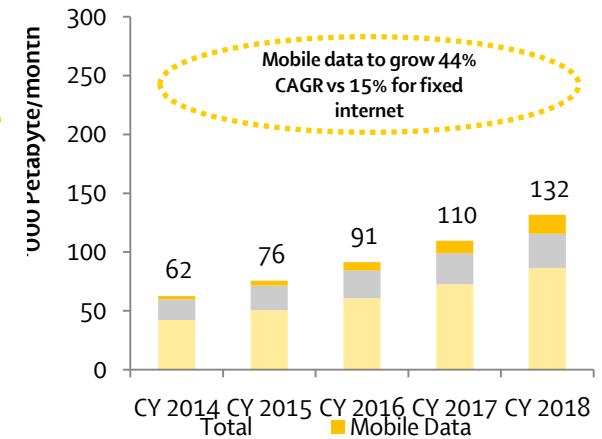
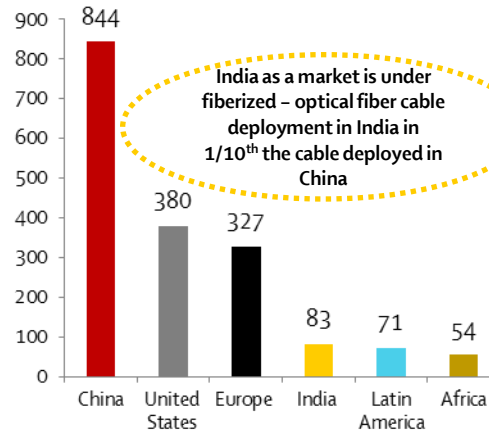
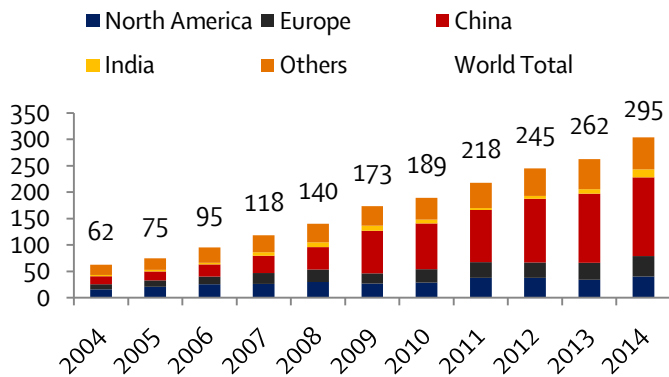
Order Book (Rs Cr)



# Forefront of emerging data opportunity

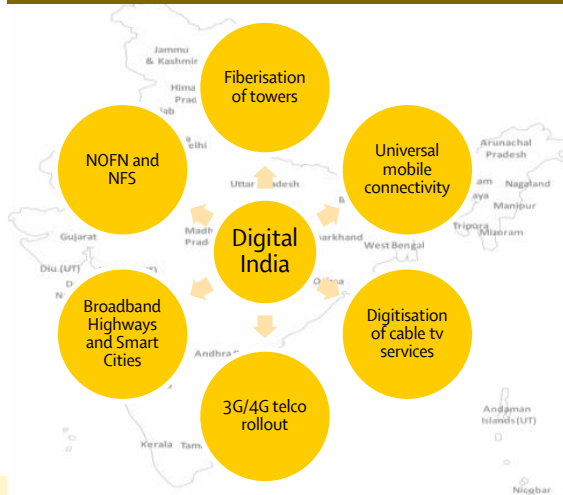


## Data consumption continues to grow fiber demand



To become an End-to-End Service Provider: Margin play at multiple levels; Safeguarding demand

Fundamental shifts are changing the data paradigm

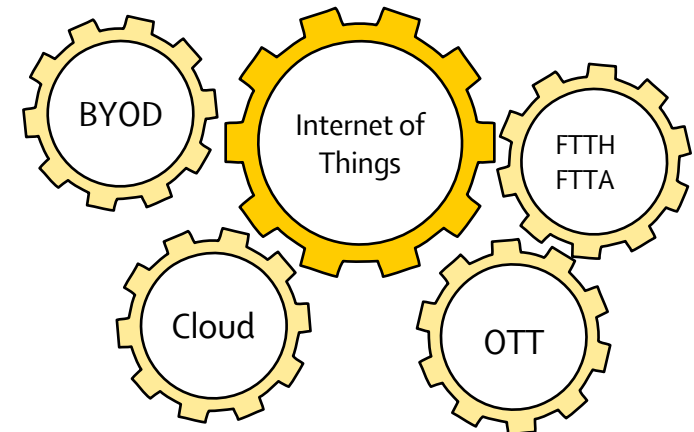


### National Optic Fibre Network

- Secured largest share within the country for cable supply
- Network for Spectrum (NFS)**
  - Turnkey deployment of network in J&K worth Rs. 16,500 mn and supply of cable worth Rs. 3,000 mn to other participants – 3 out of 7 zones run on Sterlite Cables

### Private Telco rollout

- Ongoing supply of OFC to RelianceJio, Bharti Airtel and other Indian operators



# Leader in developing broadband solutions for converged communication networks



**Be Partner of choice  
for Global Telcos**

**Drive profitable  
growth and strong  
return on capital  
metrics**

**Offer full range of  
products and solutions –  
complete system  
integration**

**Undertake selective  
value accretive  
M&A opportunities**

**Continuous investment  
in innovation and  
research & development  
to strengthen offering**

**Enter high value product  
segments – focus on high  
value engineered  
products**



## Power business

# Our offerings across the power business



## Products

- Full range conductors from ACSR to high performance conductors
- HV and EHV cables from voltage grade of 6.6 kV to 220 kV
- Optical Ground Wire (OPGW) that leverage core expertise in power conductors & fiber optic cables

## Solutions

- Engineering T&D networks & re-conductoring solutions
- Enhancing current carrying capacity
- End-to-end project management
- Engineering, Integration, Roll out and O&M

## Infrastructure

- Largest private sector independent power transmission company in India
- 6 Projects in Portfolio
- \$1.3 bn capital commitment
- 5000 Km transmission lines & 3 substations across 12 states

## Key Customers

- Central and Private sector power utilities
- State Electricity Boards
- EPC contractors

## Key metrics (FY 15)

- Capacity : 160,000 MT
- Volume of conductor sold : 77,996 MT
- Consolidated revenue of Rs. 14,730 mn
- EBITDA of Rs. 362 mn

## Full control over the entire value chain



### Raw materials

- Aluminium
- Other alloys



### Products

- HV and EHV product line



### Engineering

- Heli stringing and live line re-conductoring



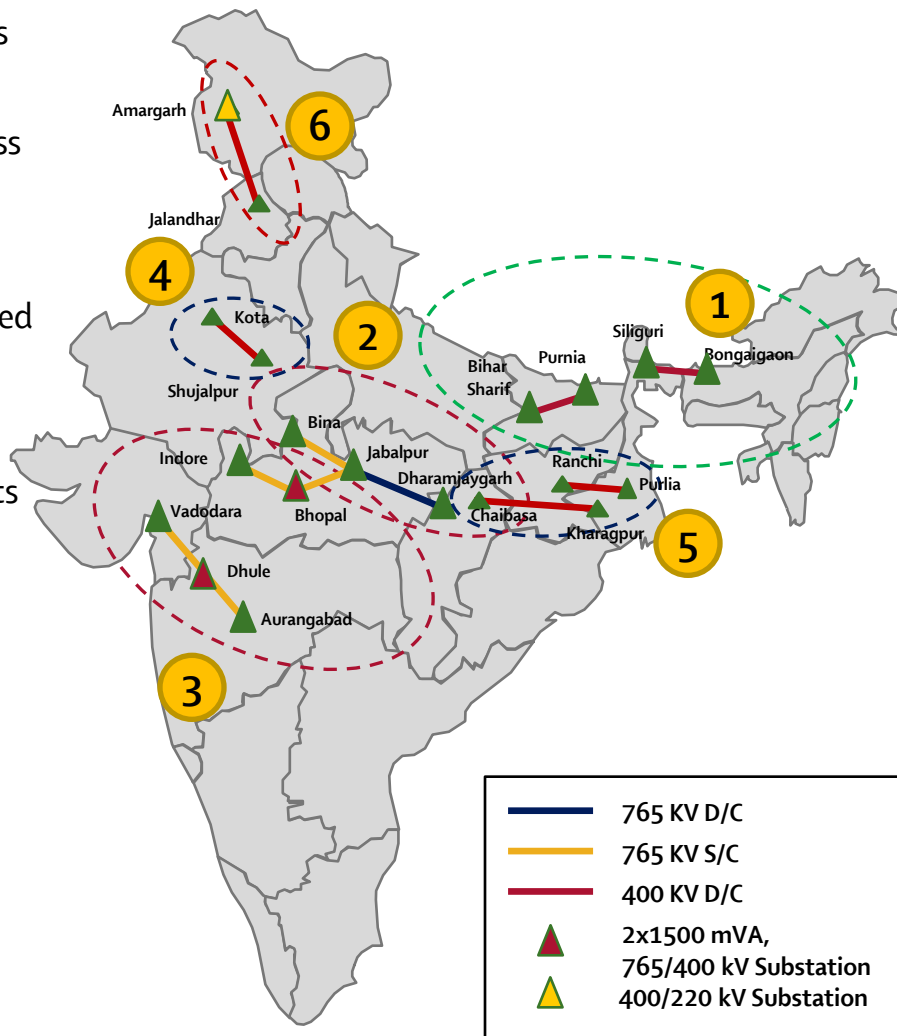
### Power Grids

- Inter State Transmission networks

# Connecting key generating and load centers



- Build-Own-Operate-Maintain (BOOM) Model with 6 Projects in Portfolio
  - 5000 Km circuit transmission lines & 3 substations across 11 states
  - Estimated capital expenditure of Rs 80,000 mn
  - One project fully commissioned, all 6 to be commissioned by FY20
- One of the lowest risk profiles as compared to other segments within the Infrastructure segment
  - Fixed annuity model (35 years) with high quality of receivables that is not dependent on power flow
  - Perpetual assets with minimum maintenance capex
  - Assets have opportunity for additional revenue generation
- SCPE has invested Rs. 5 bn as an equity investment - the first foreign investment into India's power transmission sector



Note: Map is representative of project locations and transmission lines not to scale

# Leader in developing transmission infrastructure



**Be partner of choice  
for power utilities**

**Drive profitable  
growth and strong  
return on capital  
metrics**

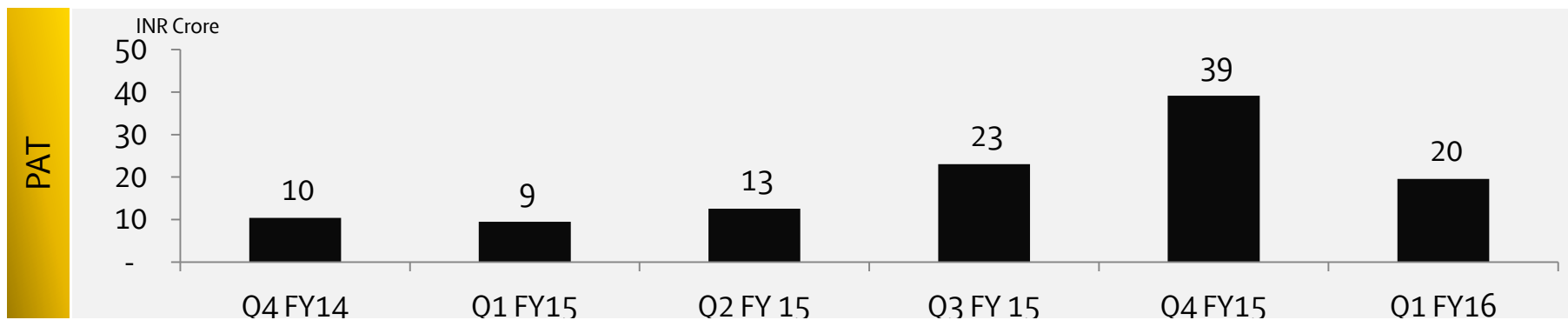
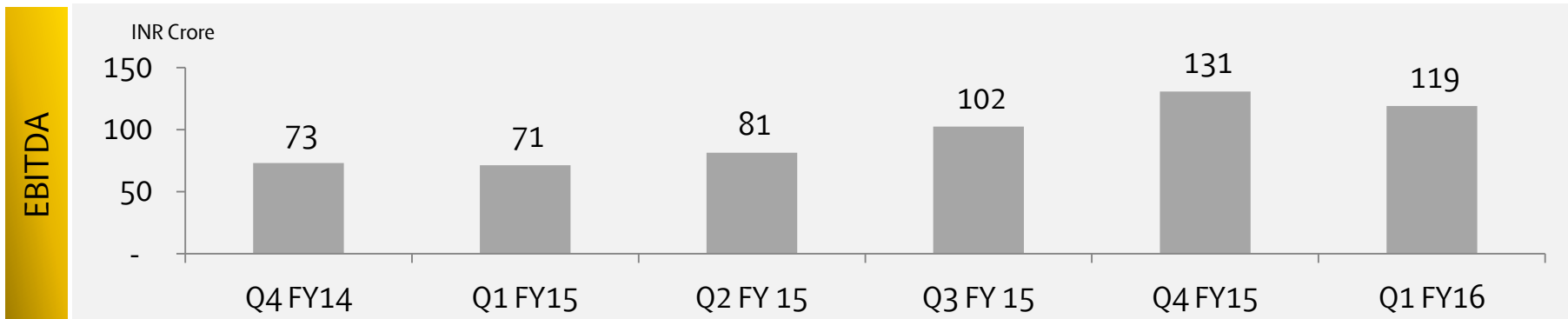
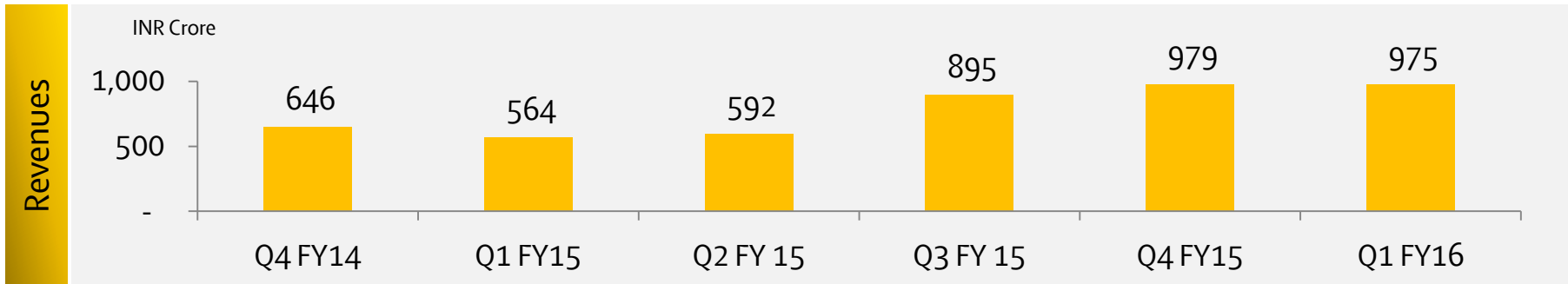
**Offer full range of  
products and solutions –  
complete system  
integration**

**Continuous rotation of  
equity capital invested in  
the transmission grid  
projects**

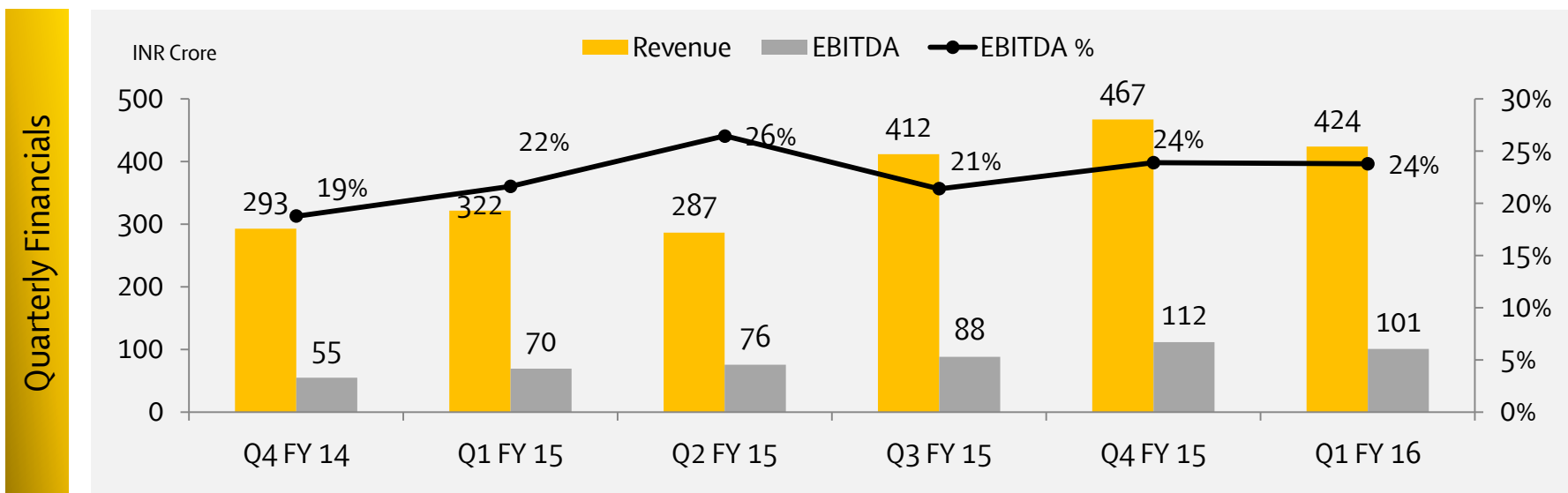
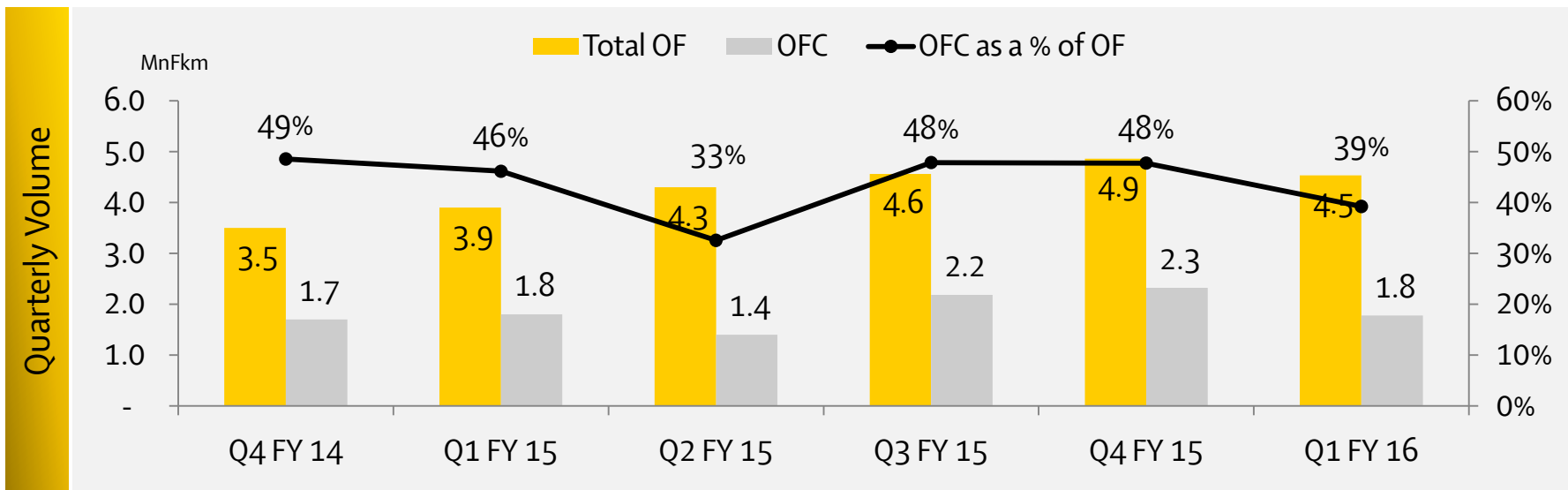
**Enter high value product  
segments – focus on high  
value engineered  
products**

## Update on financials

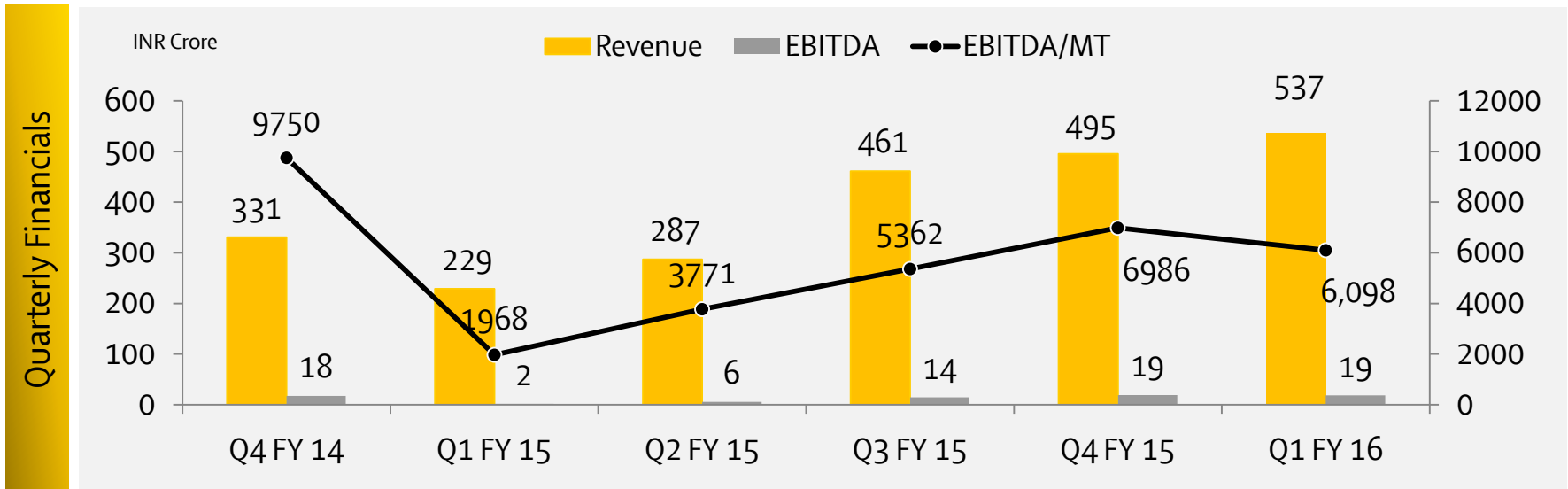
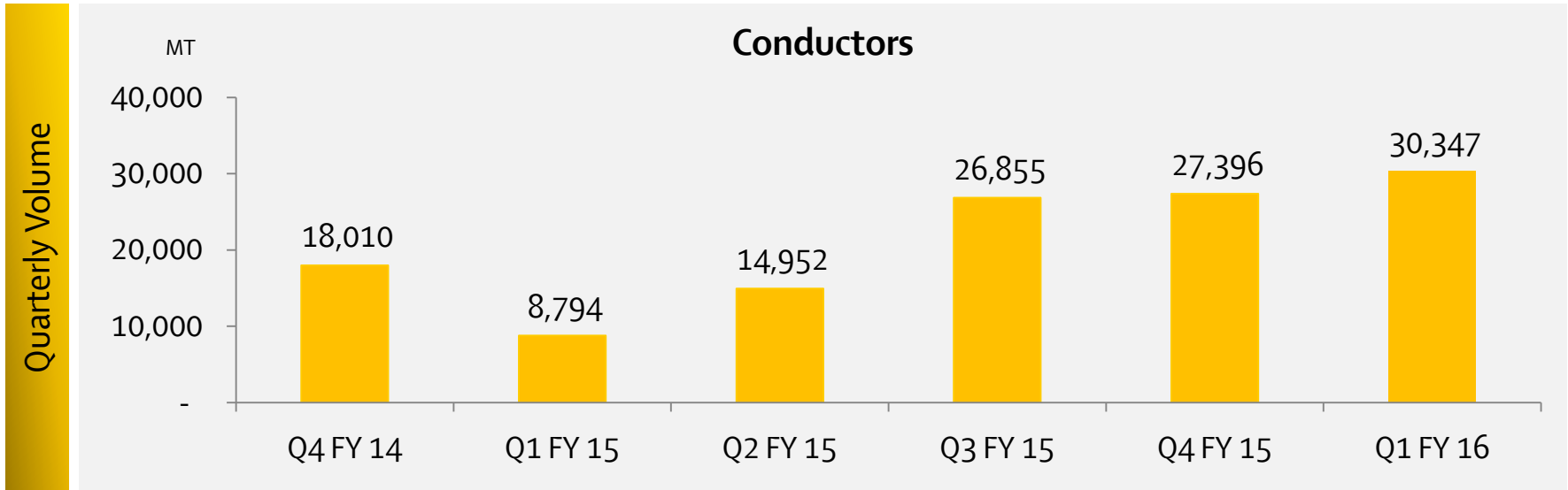
# Quarterly standalone financials



# Telecom products and solutions

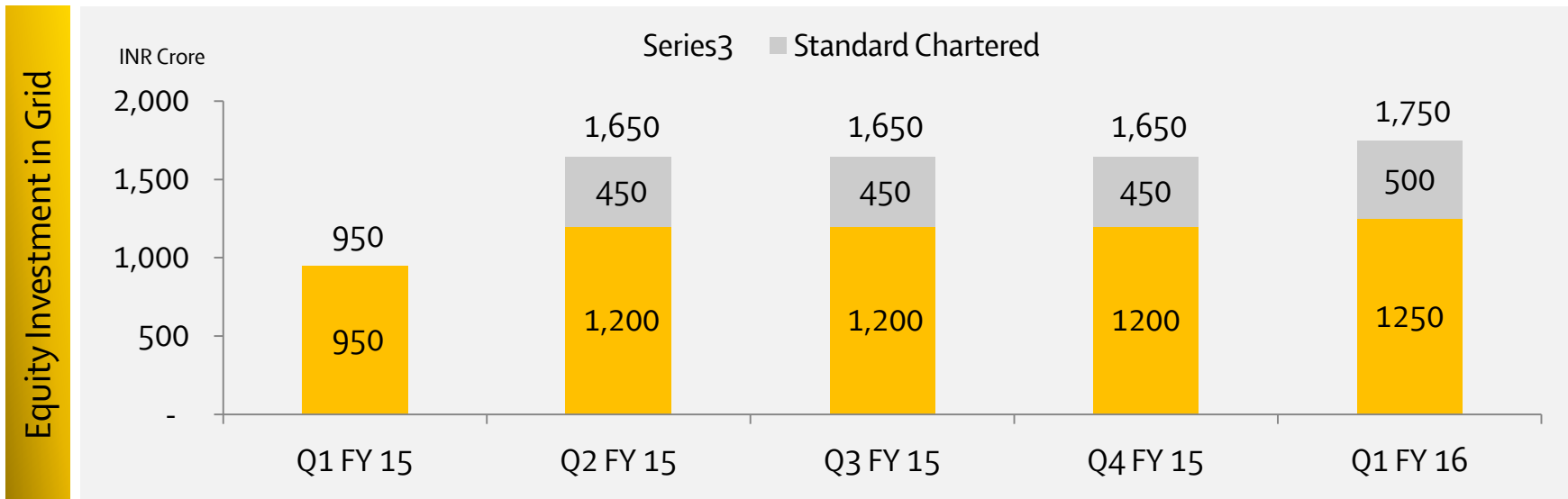
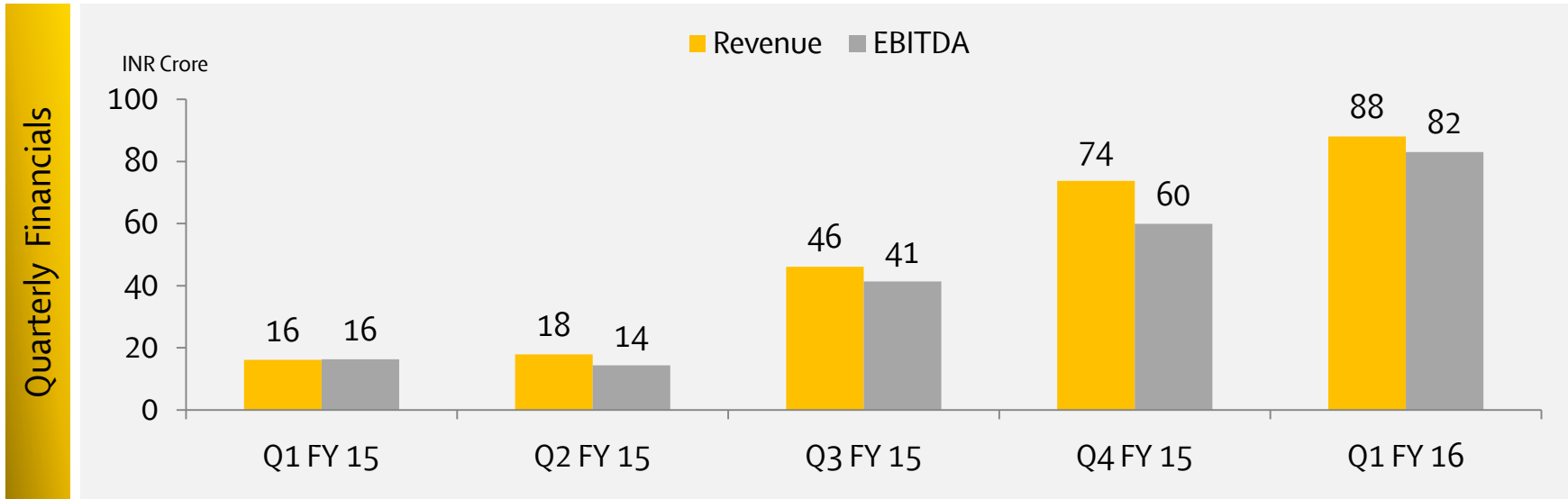


# Power products and solutions

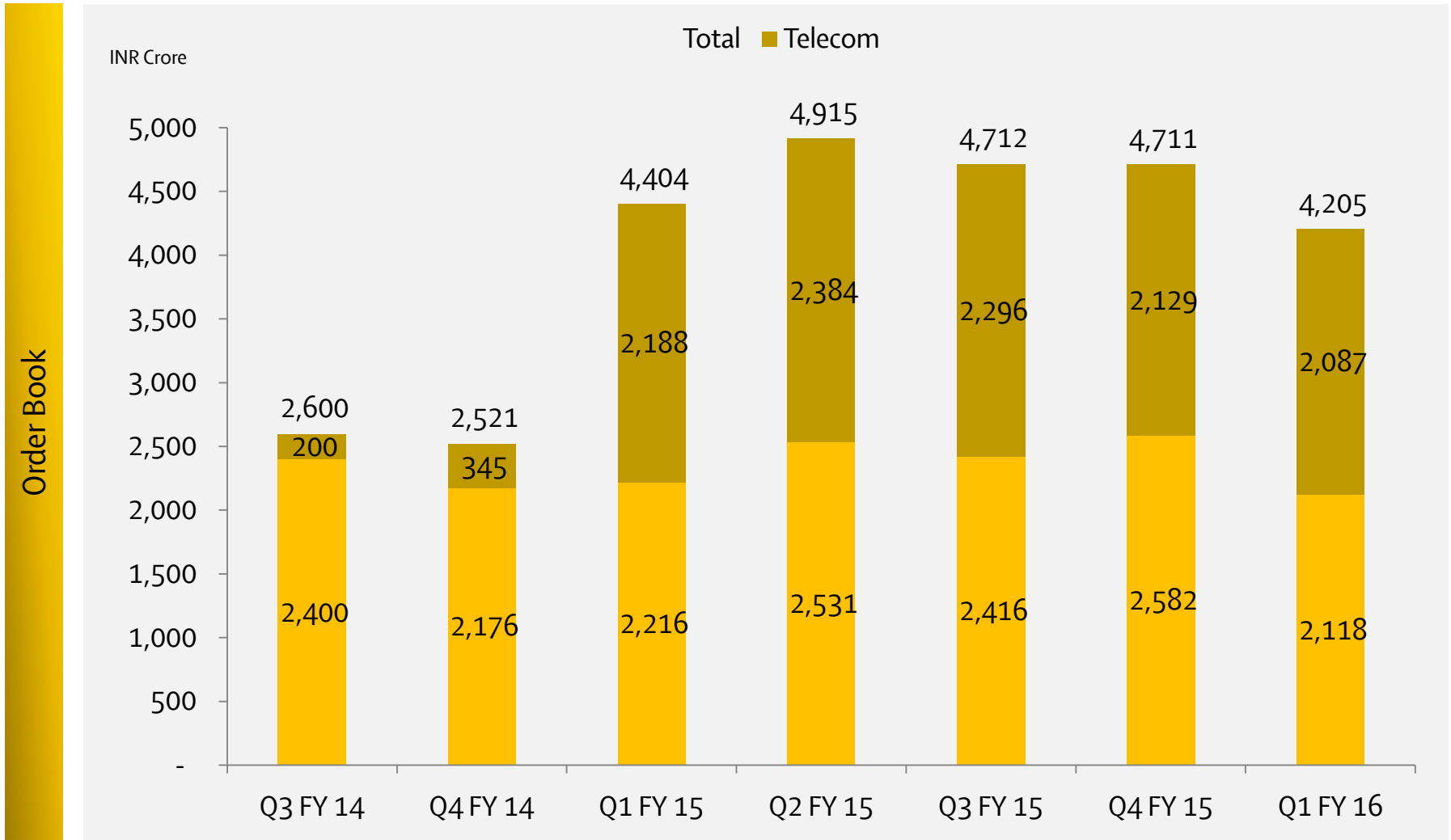




# Power Transmission Grid



# Order Book trends



# Proforma financials on account of demerger



All values in INR Crores

Consolidated	FY 2014-15 (Carved out)		
	Tel	Power	Total
Revenue	1,619	1,478	3,097
<b>EBIDTA</b>	<b>345</b>	<b>167</b>	<b>512</b>
<b>EBIDTA Margin</b>	<b>21%</b>	<b>11%</b>	<b>17%</b>
Depreciation	96	89	185
Interest	75	252	327
Cash Profit	270	(84)	185
Tax	55	(52)	4
<b>PAT *</b>	<b>118</b>	<b>(121)</b>	<b>(4)</b>
<b>EPS (diluted)</b>	<b>2.97</b>	<b>(3.06)</b>	<b>(0.09)</b>

Consolidated	Q1 FY 2016 (Carved out)		
	Tel	Power	Total
Revenue	462	522	985
<b>EBIDTA</b>	<b>102</b>	<b>96</b>	<b>198</b>
<b>EBIDTA Margin</b>	<b>22%</b>	<b>18%</b>	<b>20%</b>
Depreciation	26	39	65
Interest	24	115	139
Cash Profit	78	(19)	59
Tax	20	(2)	18
<b>PAT *</b>	<b>32</b>	<b>(55)</b>	<b>(23)</b>
<b>EPS (diluted)</b>	<b>0.80</b>	<b>(1.37)</b>	<b>(0.57)</b>

\*Note : PAT and EPS does not include minority interest

**Thank you**