

Sterlite Technologies Limited

Q4 FY15 – Earnings call - 18 May 2015

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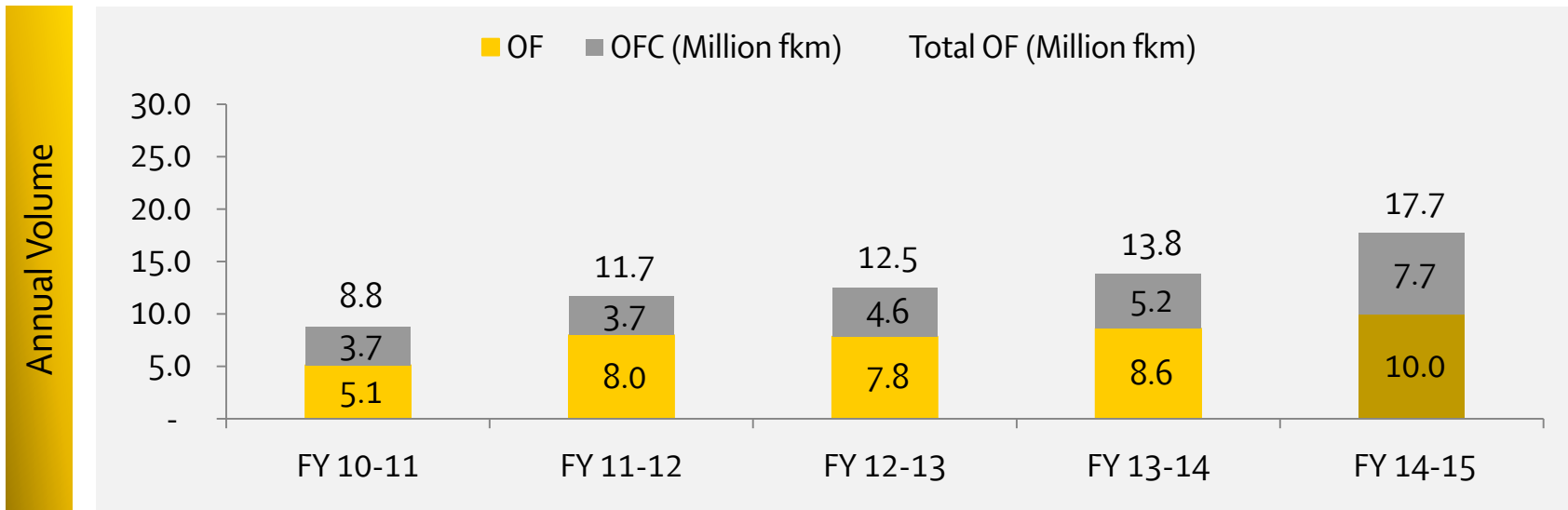
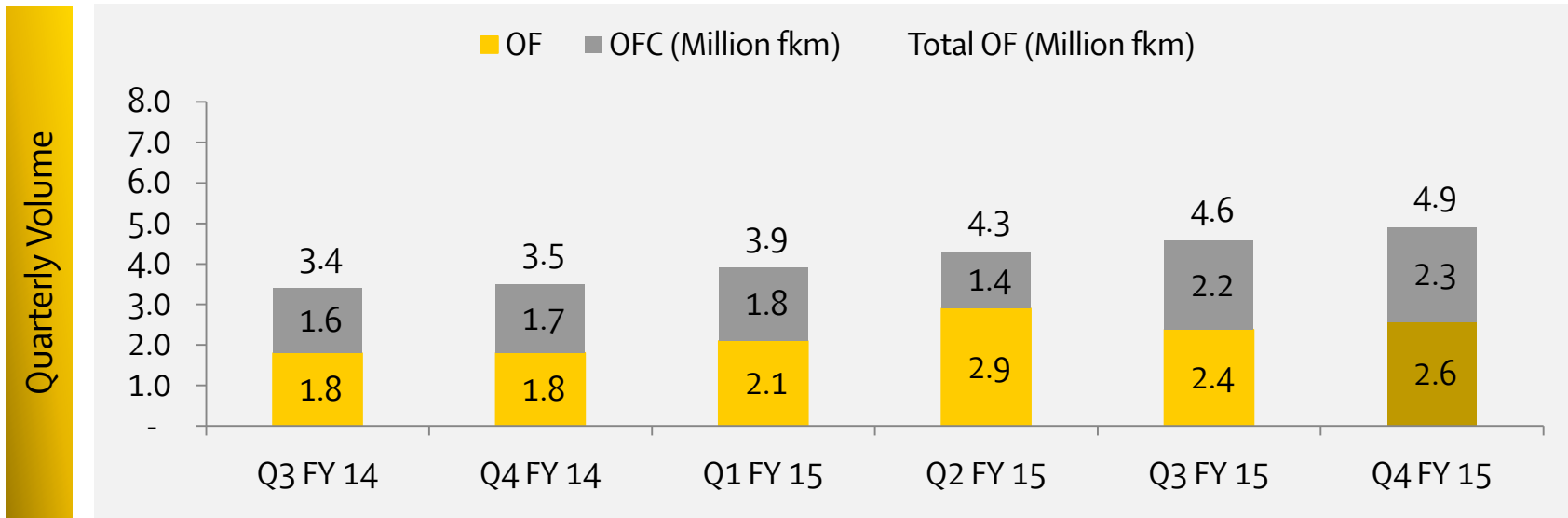
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Key Highlights FY15



- ✓ Standalone revenue up 11% at Rs 3030 crore & EBITDA up 42% to Rs. 386 crore
- ✓ Strong uptrend in Telecom business – robust growth accompanied by margin expansion and increase in ROCE
- ✓ Optical Fiber volumes higher by 28% on a yoy basis at 17.7 mfkms and cabling to fiber ratio at 44% in FY15 vs 38% in FY14
- ✓ Total order book at nearly 1.5x revenues , Rs. 4,711 crores split equally between power and telecom
- ✓ The Board has recommended a doubling of dividend to 30% in FY15 vs. 15% in FY14
- ✓ The Board has approved a corporate restructuring of the Company demerging the Telecom and Power businesses into two separate entities to create pure play Telecom and Power businesses

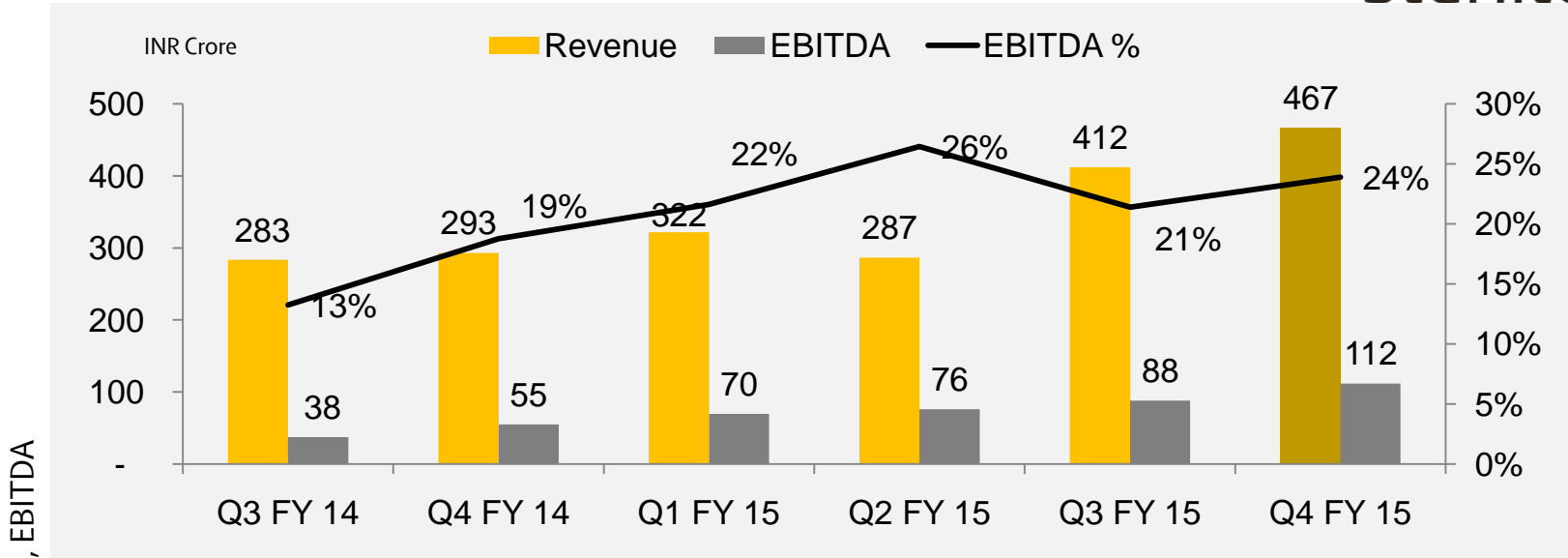
Telecom products and solutions - Volumes



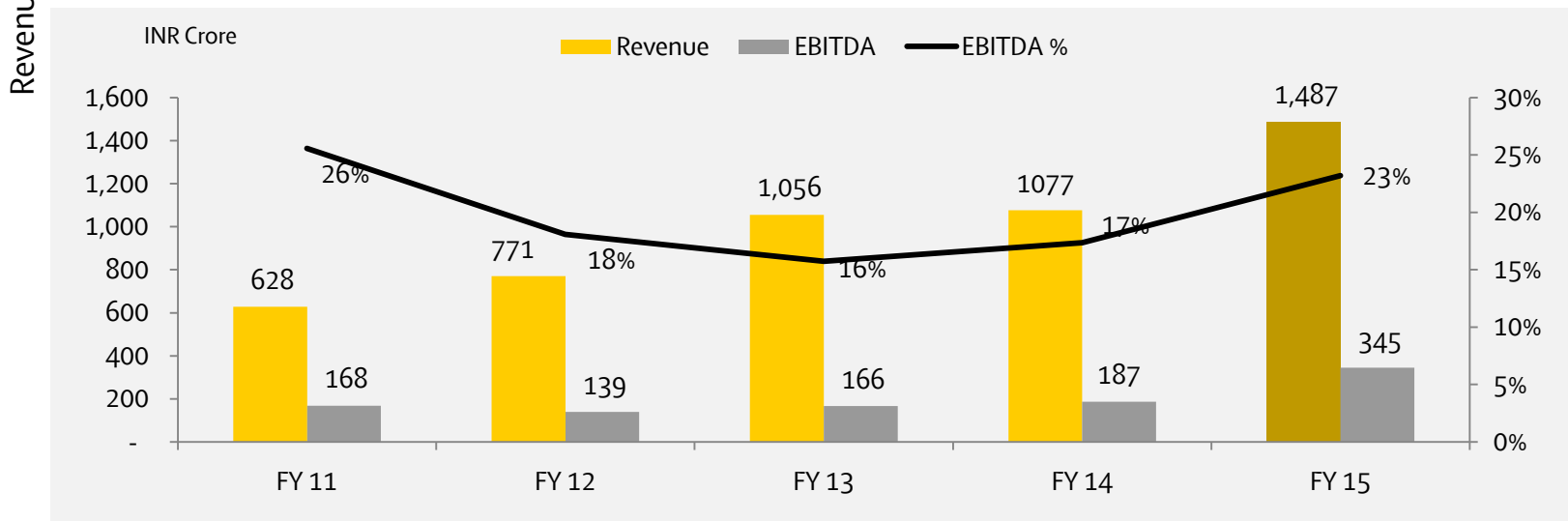
Telecom products and solutions - Financials



Quarterly Financials



Annual Financials

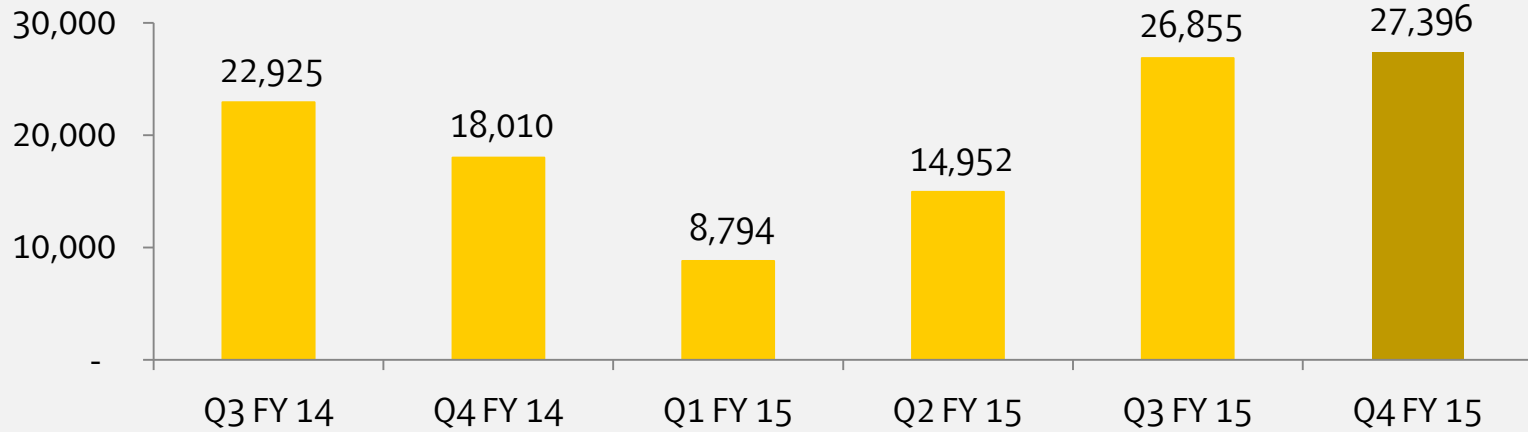


Power products and solutions - Volumes



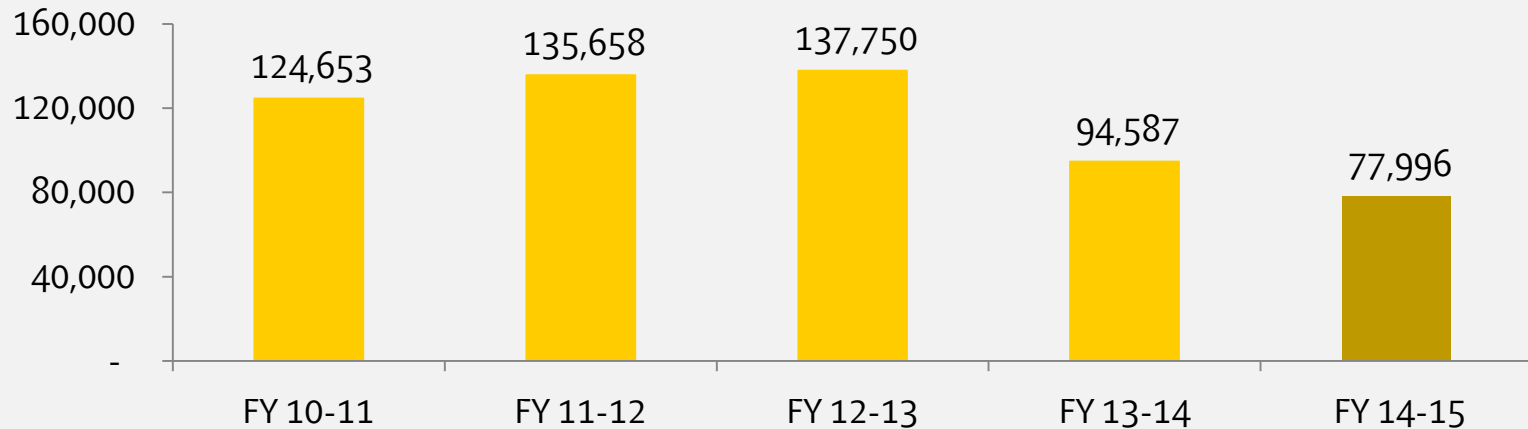
Conductors (MT)

Quarterly Volume



Conductors (MT)

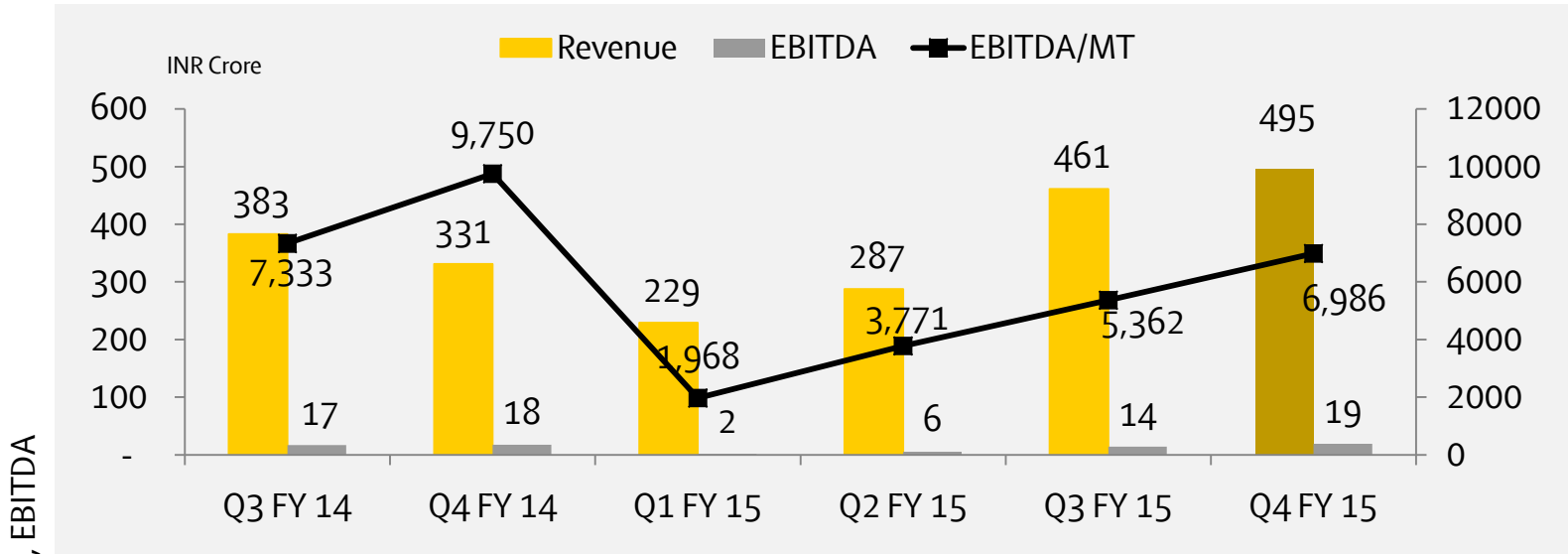
Annual Volume



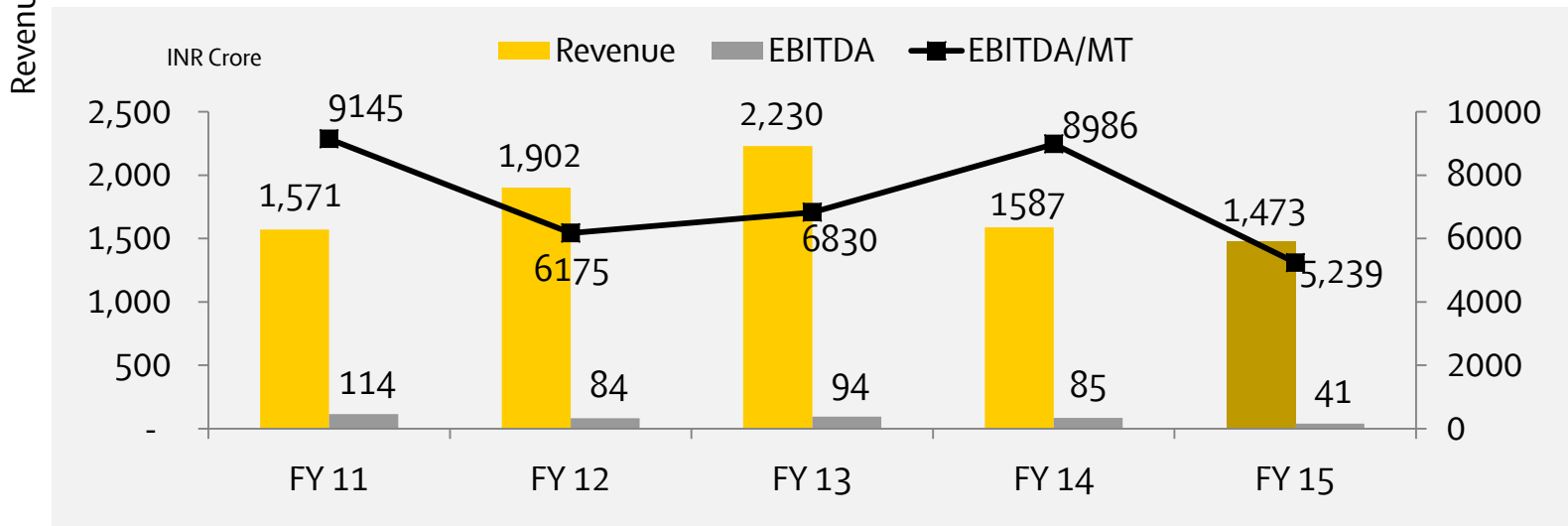
Power products and solutions - Financials



Quarterly Financials



Annual Financials

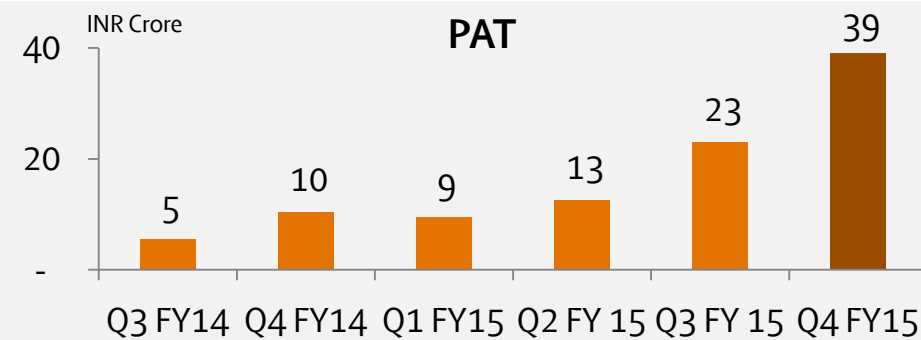
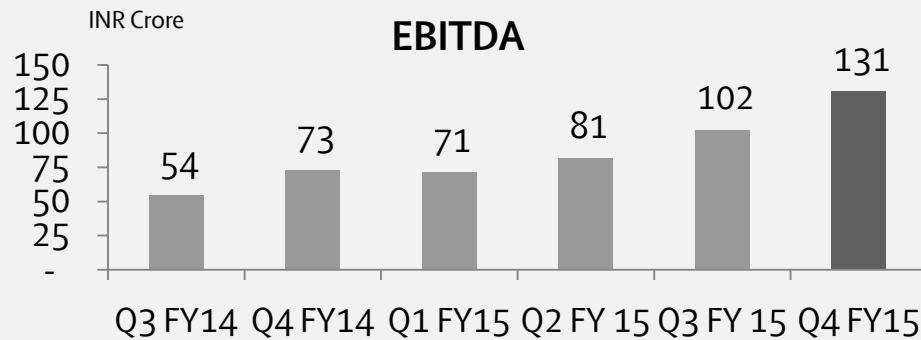
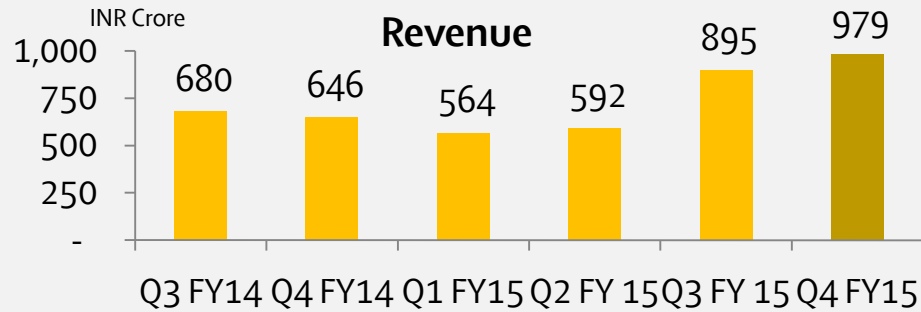


EBITDA/MT

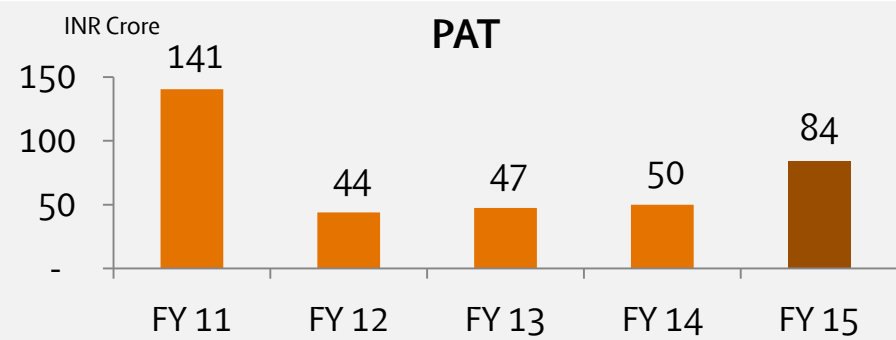
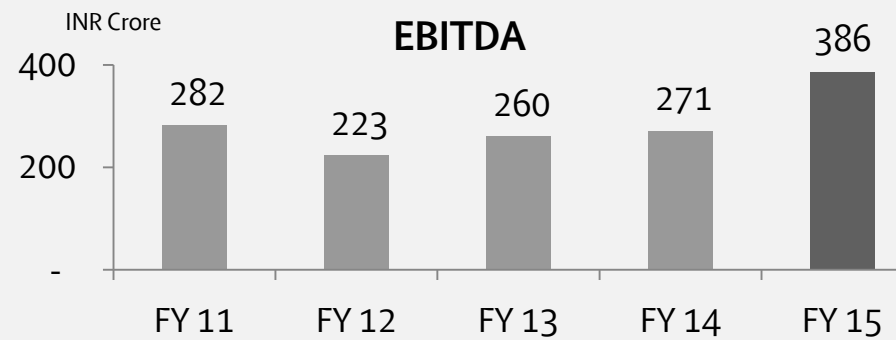
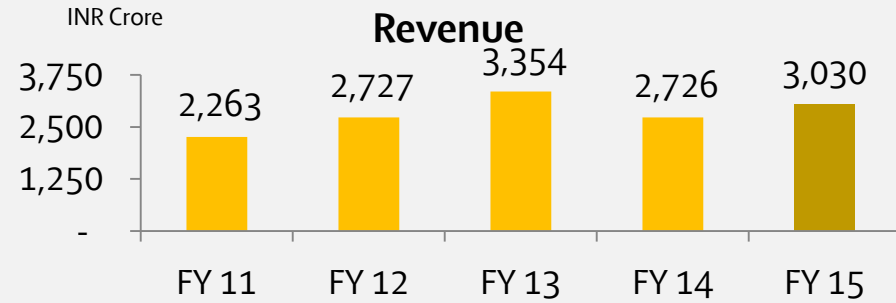
Standalone Financials



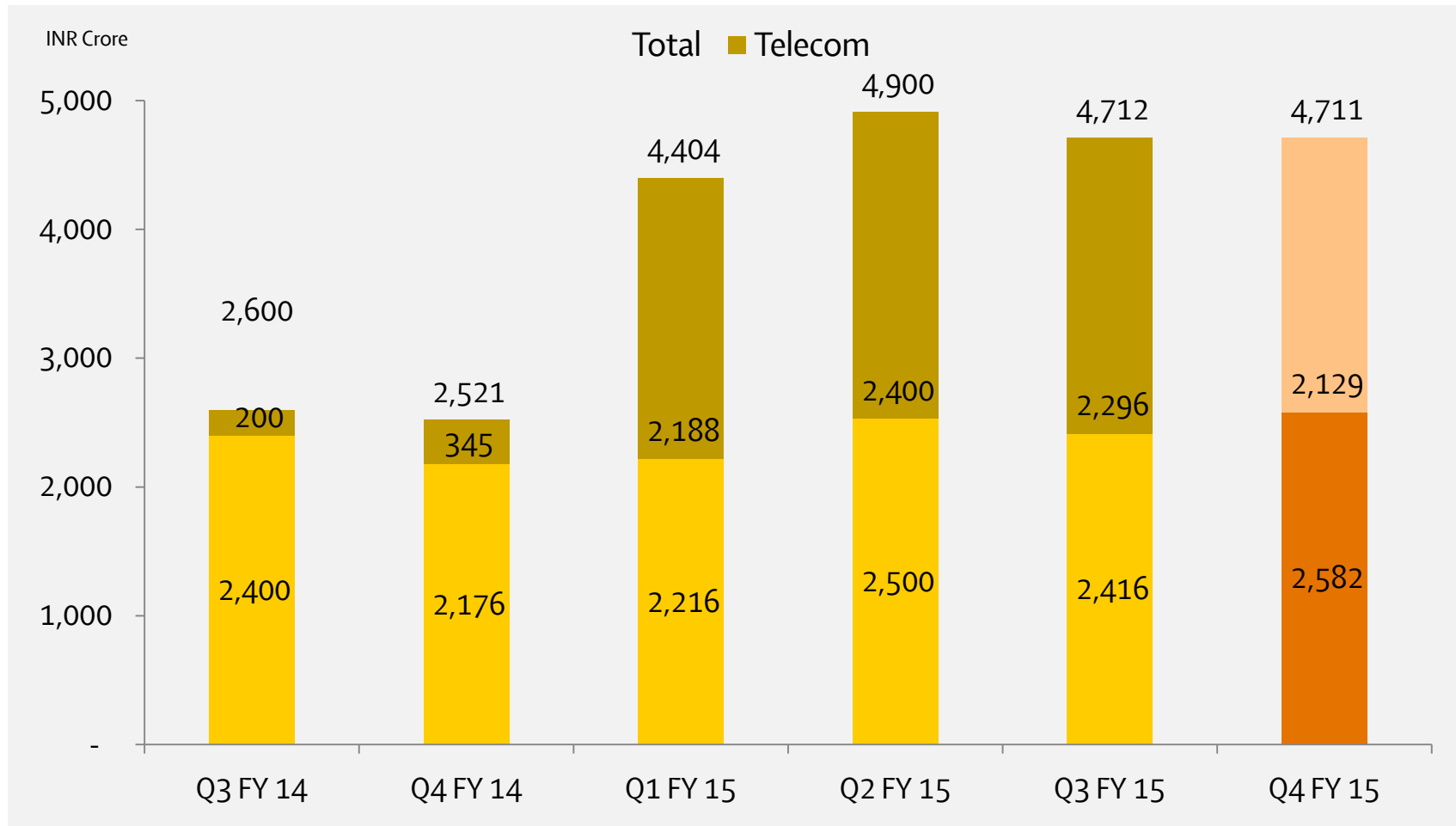
Quarterly Financials



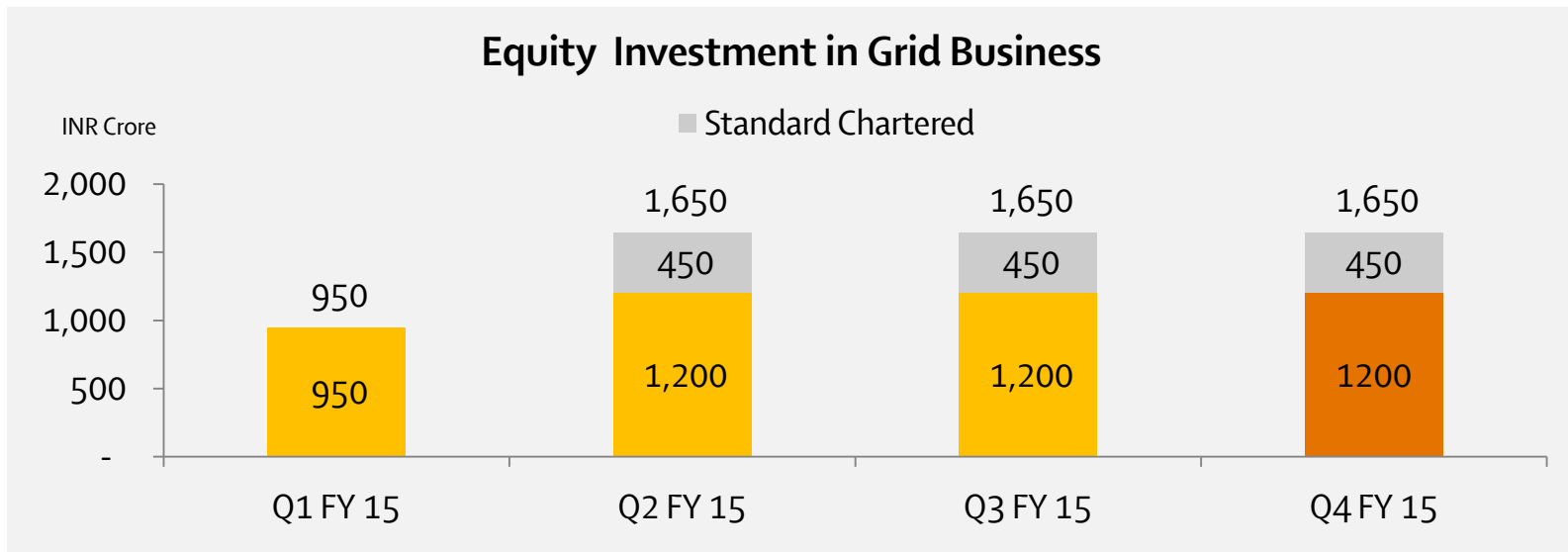
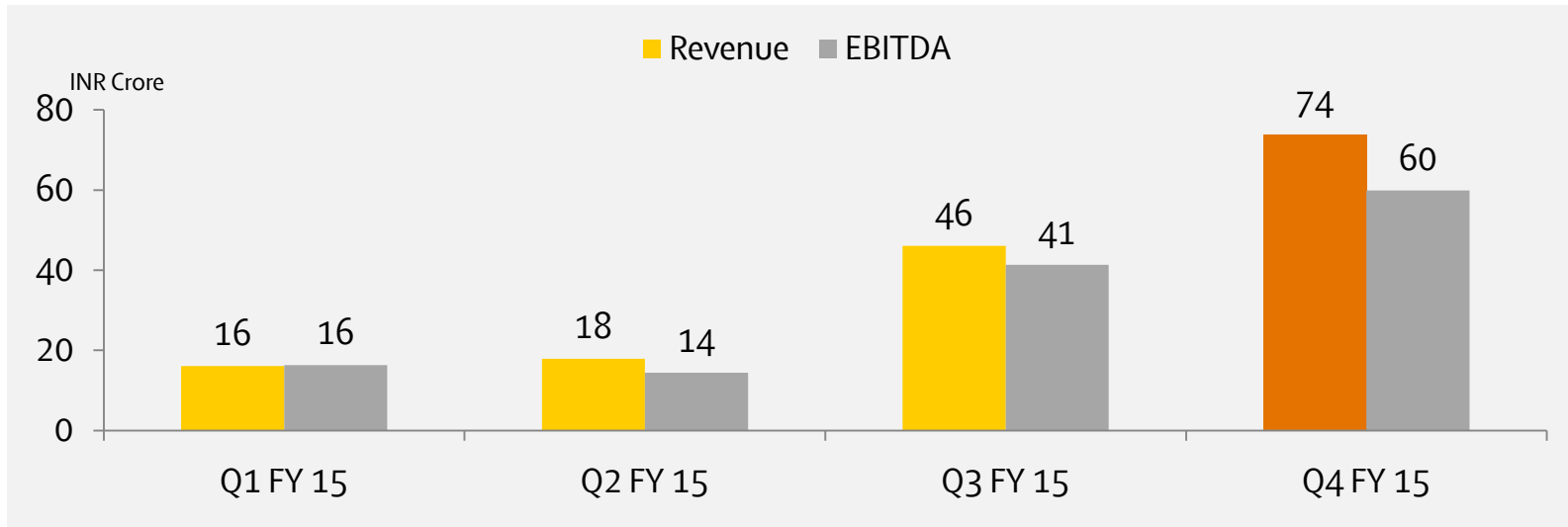
Annual Financials



Order Book trends



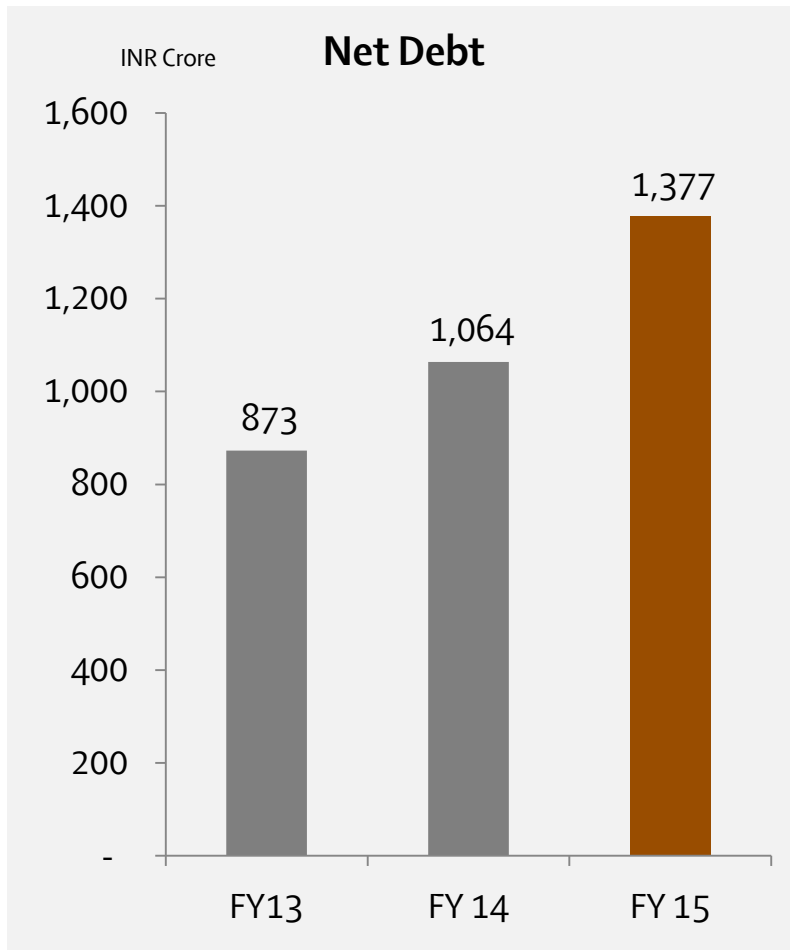
Power Transmission Grid



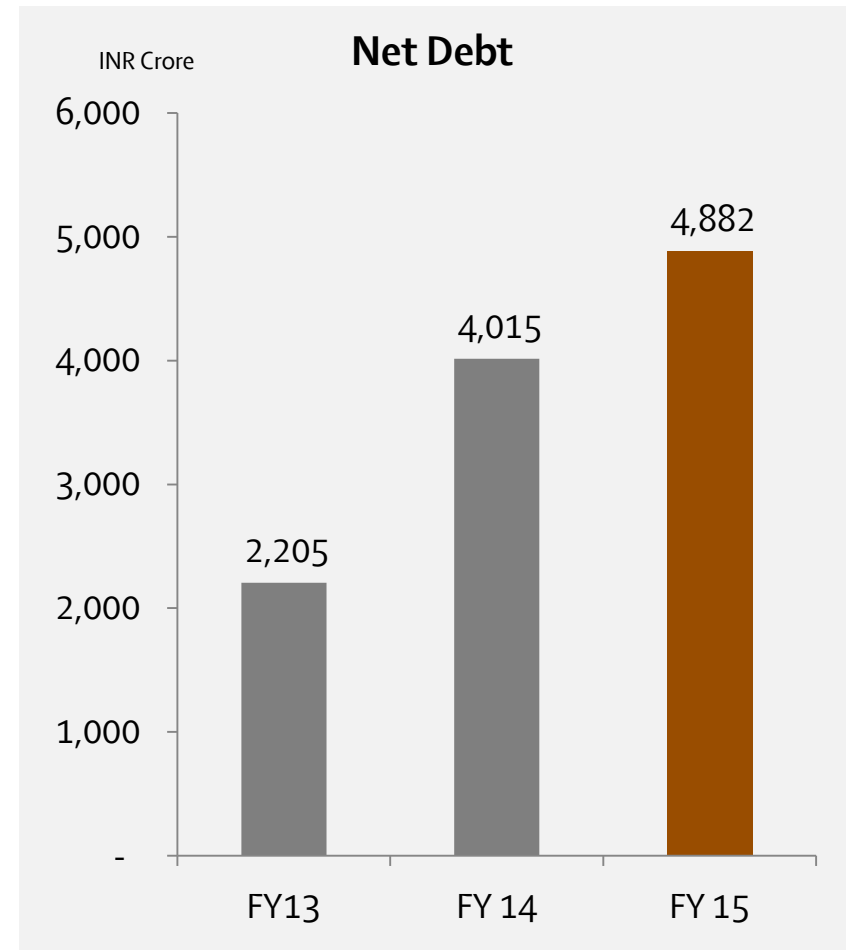
Balance Sheet



Standalone

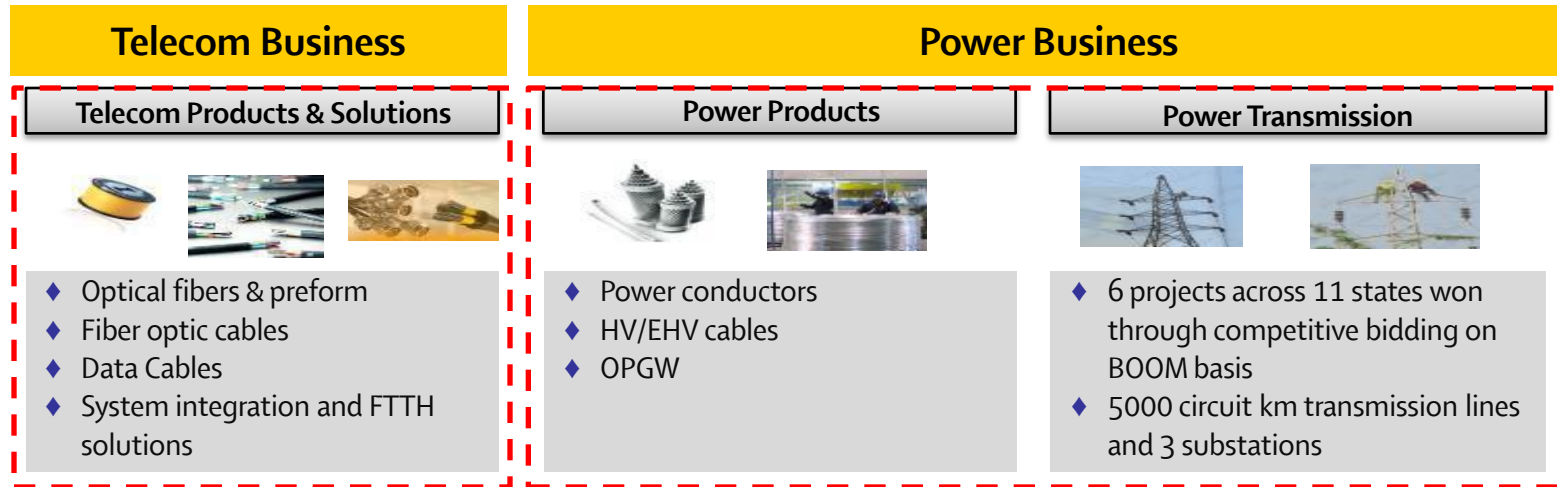


Consolidated

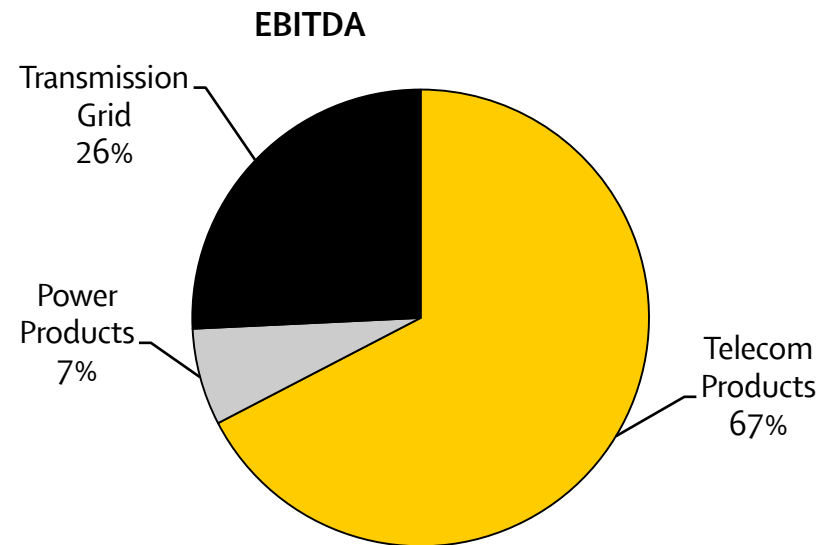
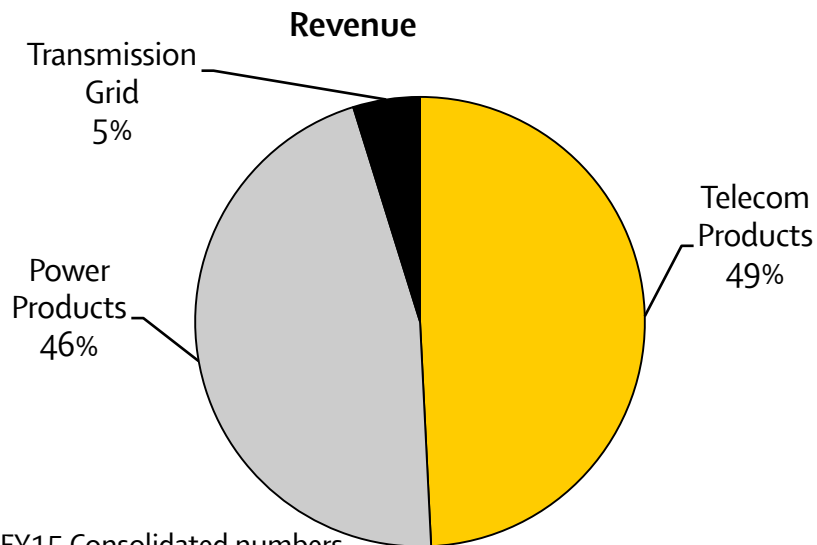


Corporate Restructuring

STL today – A combination of 2 Businesses...

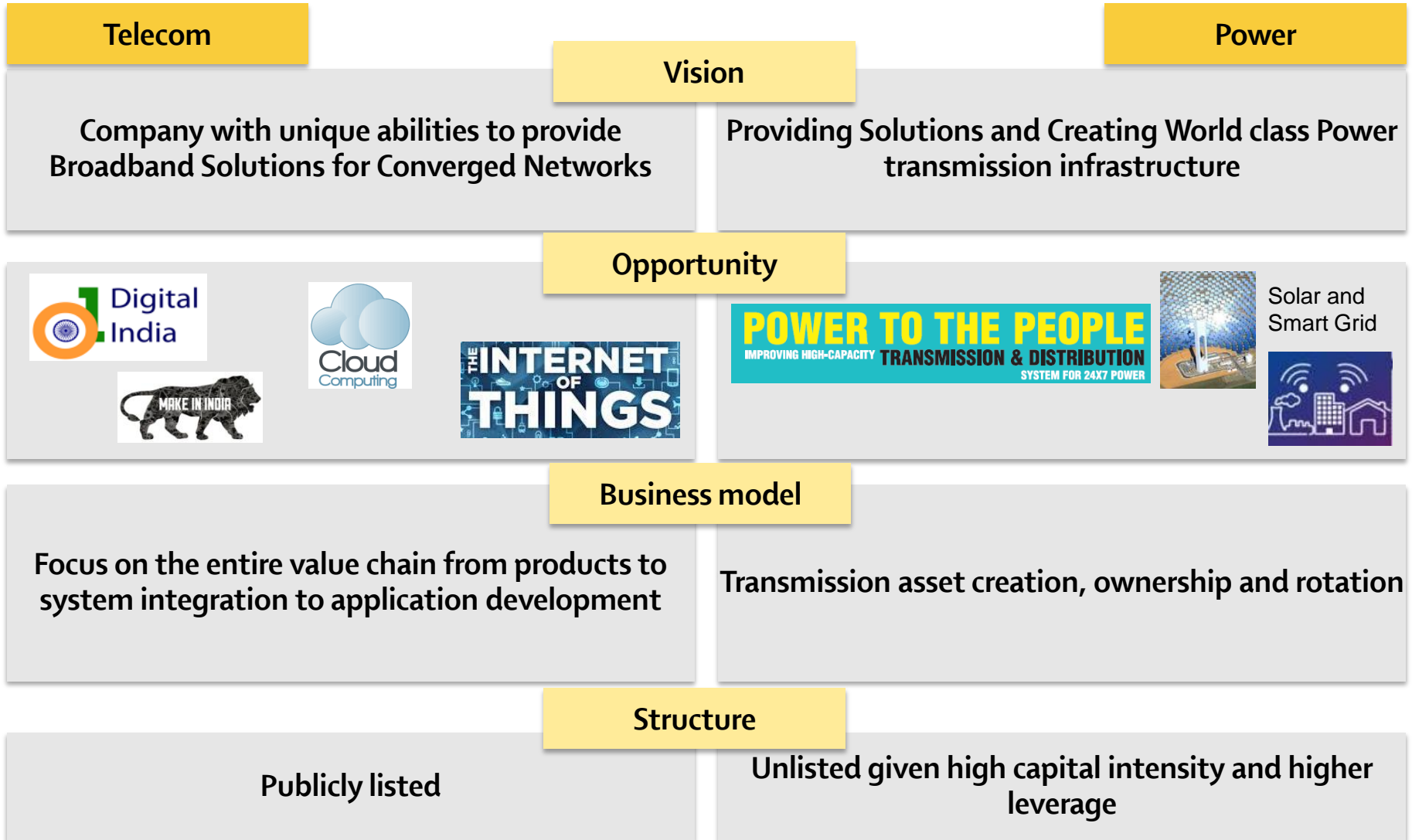


Segment Contribution (FY15)*



Note : FY15 Consolidated numbers

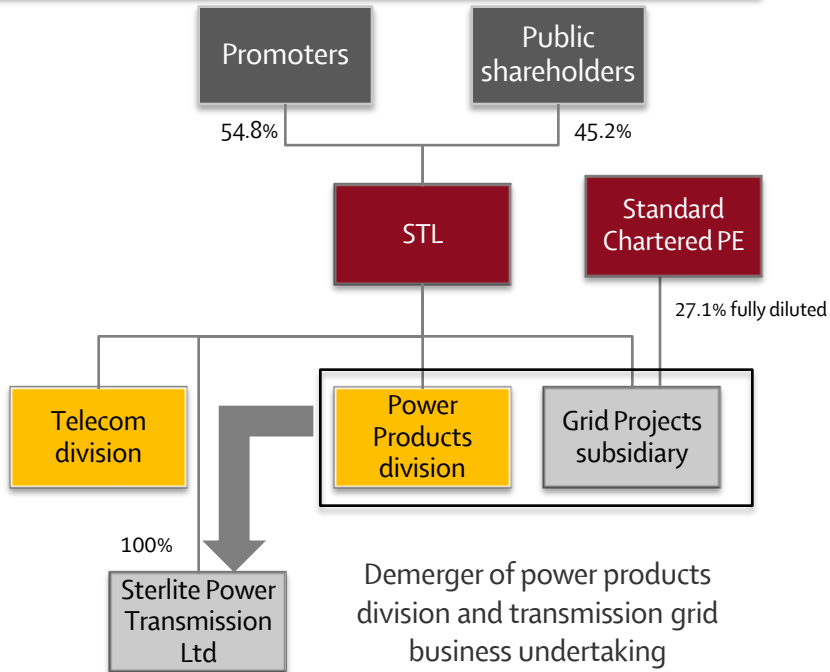
... with distinct and diverse needs



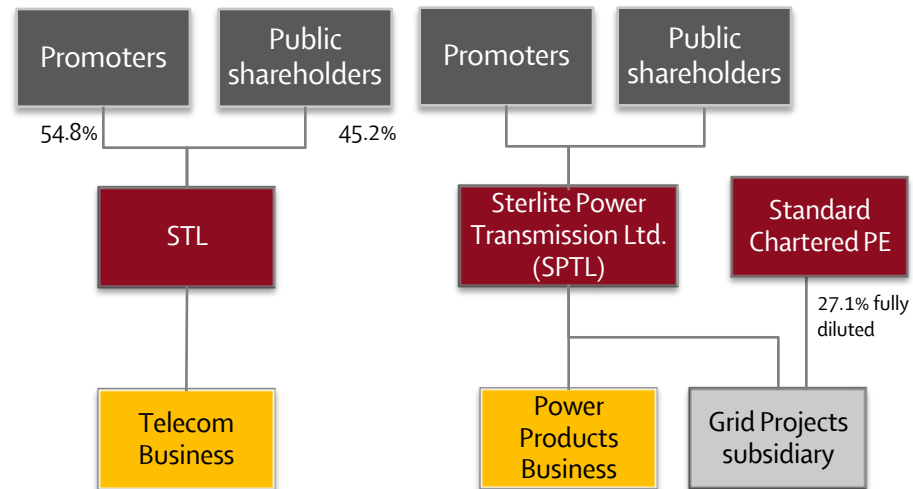
Requiring restructuring to unlock value



Current Structure



Post Restructuring

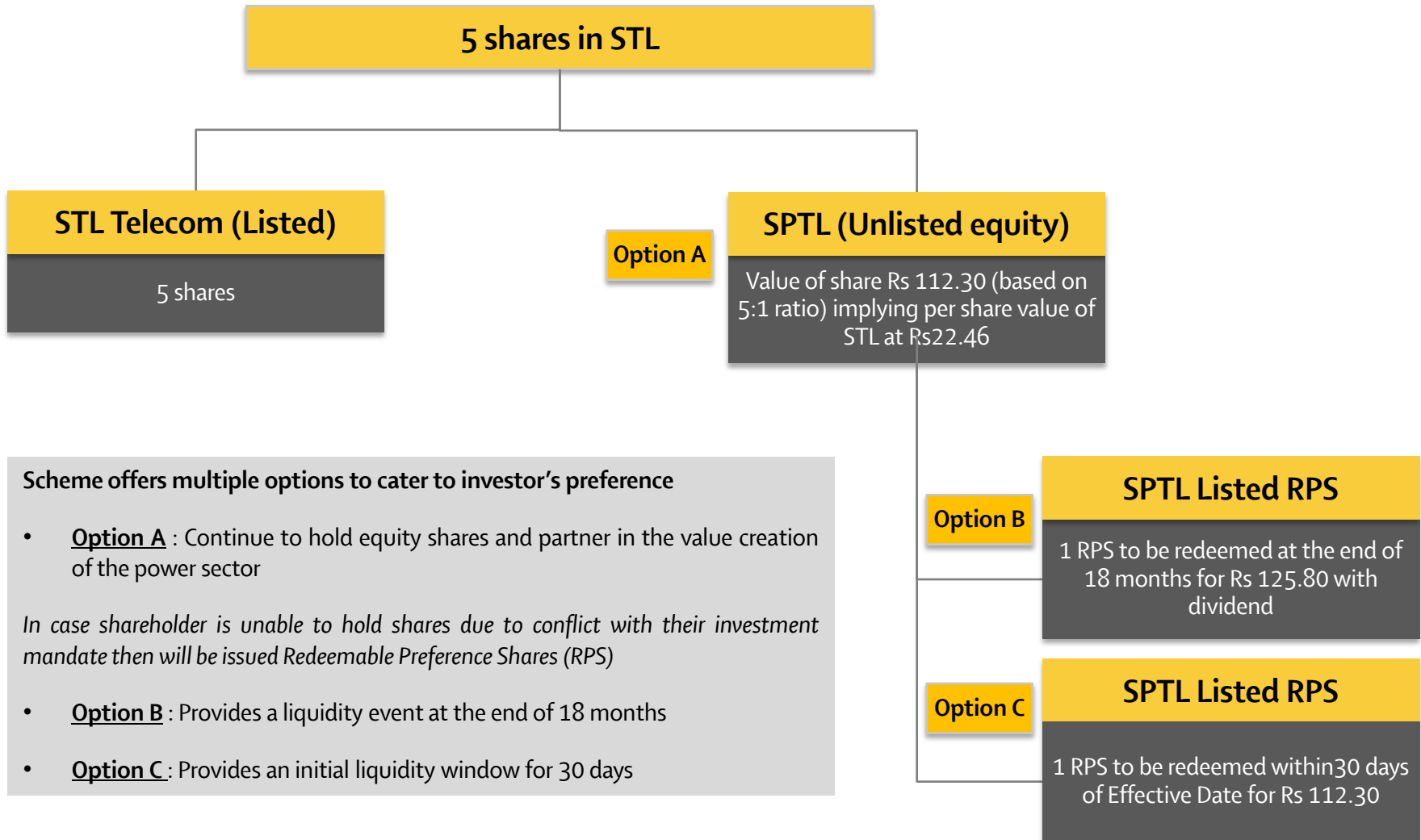


STL*
 Revenue : 1,619
 EBITDA: 345
 Net Debt: 674

SPTL*
 Revenue : 1,478
 EBITDA: 167
 Net Debt: 4,207

Note : * In Rs Cr . Based on FY 15 consolidated basis , numbers are representative and have not been audited

What it means for our shareholders*



Scheme offers multiple options to cater to investor's preference






- **Option A** : Continue to hold equity shares and partner in the value creation of the power sector

In case shareholder is unable to hold shares due to conflict with their investment mandate then will be issued Redeemable Preference Shares (RPS)

- **Option B** : Provides a liquidity event at the end of 18 months
- **Option C** : Provides an initial liquidity window for 30 days

Note : * Representative for resident shareholders options for other shareholders and Promoters may be different and is covered in the scheme document

Winning outcome for all

-  Create two pure-play platforms with the flexibility to pursue growth independently
-  The fundamental drivers for telecom remain very strong – India is being built out and data consumption will grow exponentially
-  The fundamental drivers for power remain very strong – 24x7 power for all and growth in renewables and T&D infrastructure creation
-  Market participants to benefit from a simplified structure and the company should benefit from enhanced visibility leading to better market perception
-  Shareholders have a choice between any of the various liquidity options and have an opportunity to benefit from the resulting price discovery

Thank you

Appendix

Scheme highlights



Share Entitlement Ratio

- For every 5 equity shares held in STL, retain 5 shares of STL + option to receive either:
 - One equity share of face value Rs 2/- in SPTL; **or**
 - One Redeemable Preference Shares (RPS) of face value of Rs 2/- each in SPTL with a dividend of 8% of Face value per annum. The RPS can be redeemed for cash of Rs 125.80 per RPS with dividend after 18 months from allotment, alternative window to sell within 30 days of allotment to promoter or any other entity appointed by promoter's for Rs 112.30

Valuation

- SPTL valued at Rs 885crore which is at the higher end of range 804crs to 885cr
- Implied value of demerged undertaking Rs 22.46 per share
- Valuation based on the independent valuers report issued by Price Waterhouse & Co. LLP and Haribhakti & Co

Appointed Date

- April 01, 2015

Timelines & Approvals

- Expected to complete by Q4-FY16
- Shareholders, Creditors, SEBI and Stock Exchanges, Bombay High Court, RBI and other applicable regulatory authorities, if any

Other Key Details

- The demerger would be compliant with section 2(19AA) of the Income Tax Act
- Equity shares of Sterlite Power Transmission Ltd. is proposed to be kept unlisted
- RPS of Sterlite Power Transmission Ltd. are proposed to be listed
- Exit Options, as per Scheme will be made available to public shareholders

Options for Public Shareholders



Resident shareholders of STL

- Options:
 - Receive equity shares of SPTL , or
 - Receive Redeemable Preference Shares (RPS) of SPTL and seek cash exit from redemption of RPS after 18 months, or
 - Sell RPS of SPTL to promoters and / or their affiliates within 30 days of allotment
- Note:
 - Where no option is exercised by a shareholder, the resulting company will issue and allot equity shares as per the entitlement of such shareholder

Foreign Portfolio Investors (FPI)*

- Options:
 - If RBI approval received**
 - Receive unlisted equity shares of SPTL which shall be compulsorily sold to the promoters and / or their affiliates , or
 - Receive listed RPS of SPTL and seek cash exit from redemption of RPS after 18 months, or
 - Sell RPS of SPTL to promoters and / or their affiliates within 30 days of allotment
 - If RBI approval not received**
 - FPIs acting through a merchant banker appointed under the Scheme will receive equity shares of SPTL. The merchant banker shall sell the equity shares and distribute cash thereof to the FPIs, net of withholding tax

Non-Resident shareholders of STL# (excluding FPIs and GDR holders)

- Receive equity shares of SPTL and sell shares of SPTL to promoters and / or their affiliates

GDR holders

- Options:
 - GDR holders acting through their depository shall compulsorily sell to promoters and / or their affiliates the equity shares of SPTL that they are entitled to receive
 - The merchant banker appointed by SPTL shall sell the equity shares and distribute cash thereof to the GDR holders, net of withholding tax

Note: #If RBI approval is not received before the Effective Date, FPIs acting through a merchant banker appointed by SPTL will receive equity shares of SPTL. The merchant banker shall sell the equity shares and distribute cash thereof to the FPIs, net of withholding tax. Where no option is exercised by a shareholder, the resulting company will issue and allot equity shares as per the entitlement of such shareholder and such equity shares will be sold and cash proceeds will be distributed thereof, net of withholding tax

Proforma financials



| Standalone | FY 2014-15 (Carve out) | |
|---|------------------------|---------------|
| | Tel | Power |
| Revenue | 1,530 | 1,500 |
| EBIDTA | 345 | 41 |
| EBITDA margin | 23% | 3% |
| Depreciation | 76 | 32 |
| Interest | 53 | 126 |
| Cash Profit | 292 | (85) |
| Tax | 54 | (40) |
| PAT | 161 | (77) |
| EPS | 4.09 | (1.95) |
| Balance Sheet as on Mar 31, 2015 | | |
| Net Worth | 668 | 575 |
| Borrowing | 502 | 875 |
| Total | 1,170 | 1,450 |
| Investment in Grid Business | - | 1,197 |
| Fixed Assets | 705 | 242 |
| Net Fund Involvement | 465 | 11 |

| Consolidated | FY 2014-15 (Carve out) | |
|---|------------------------|---------------|
| | Tel | Power |
| Revenue | 1,619 | 1,478 |
| EBIDTA | 345 | 167 |
| EBITDA margin | 21% | 11% |
| Depreciation | 96 | 89 |
| Interest | 75 | 252 |
| Cash Profit | 270 | (84) |
| Tax | 55 | (52) |
| PAT | 118 | (121) |
| EPS | 2.99 | (3.08) |
| Balance Sheet as on Mar 31, 2015 | | |
| Net Worth | 600 | 469 |
| Borrowing | 674 | 4,207 |
| Minority Investment in Grid Business | 0 | 450 |
| Total | 1,275 | 5,126 |
| Fixed Assets | 984 | 5,264 |
| Net Fund Involvement | 290 | (138) |

*Note : PAT and EPS does not include minority interest