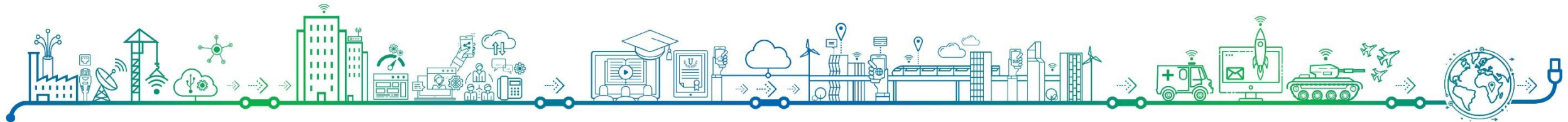




## Q4 FY18 Earnings Call April 25, 2018



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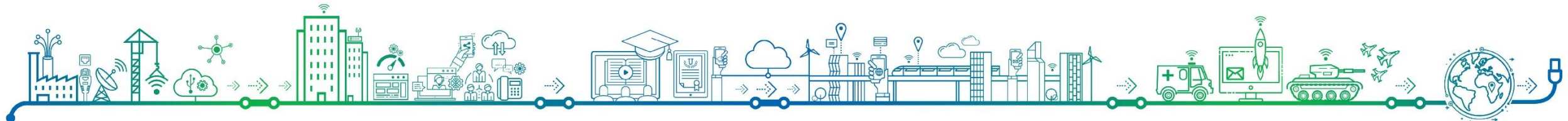
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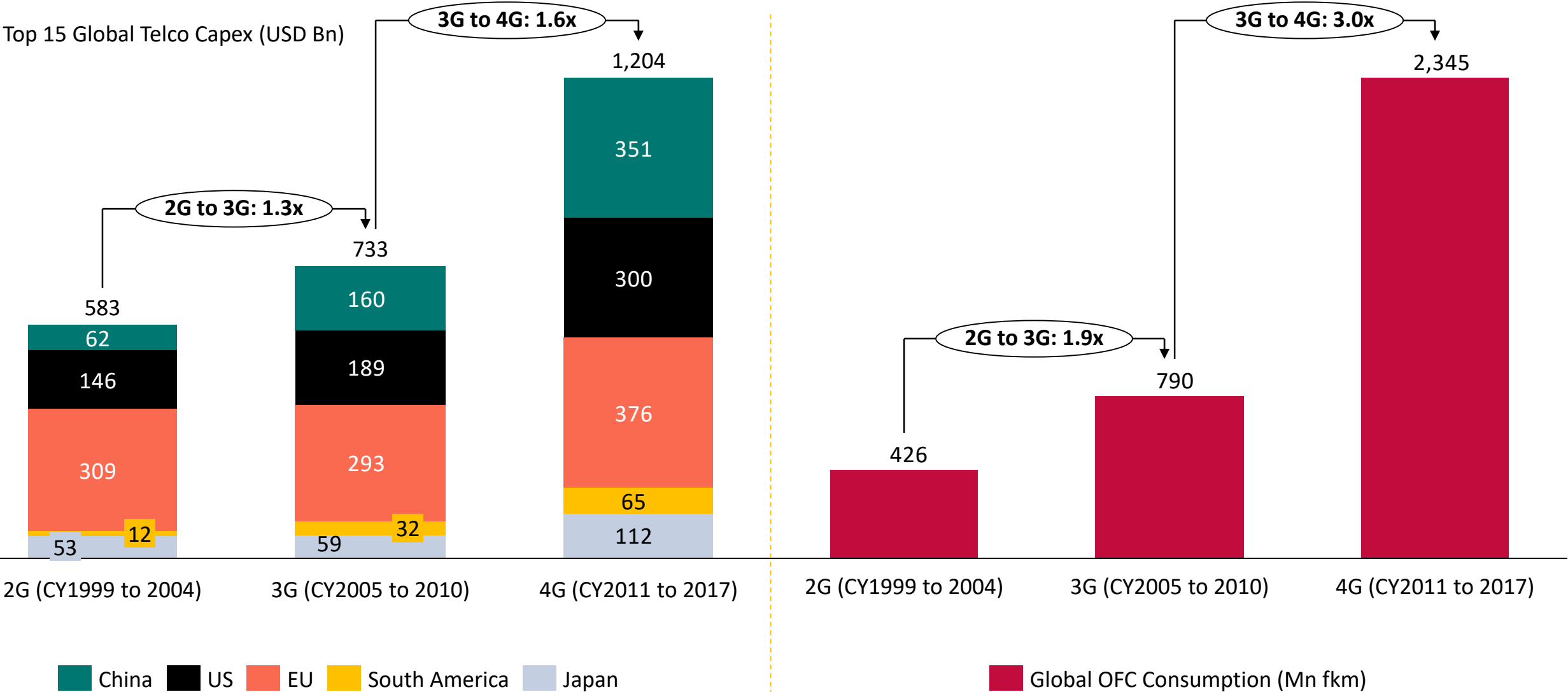
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# Industry Landscape



# Capex and 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

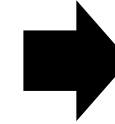
4

Massive IoT & critical communications

3

Enhanced broadband

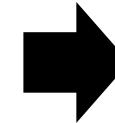
10x Lower Latency



<1 ms

- New radio design
- Distributed architecture

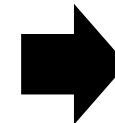
10x Lower IoT Power



<10  $\mu$ Wh / tx

- Protocol optimization
- Non-orthogonal uplink

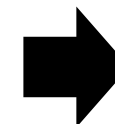
5x energy efficient



<2 kWh/TB

- Lean carrier
- Wideband carrier

3x spectral efficiency



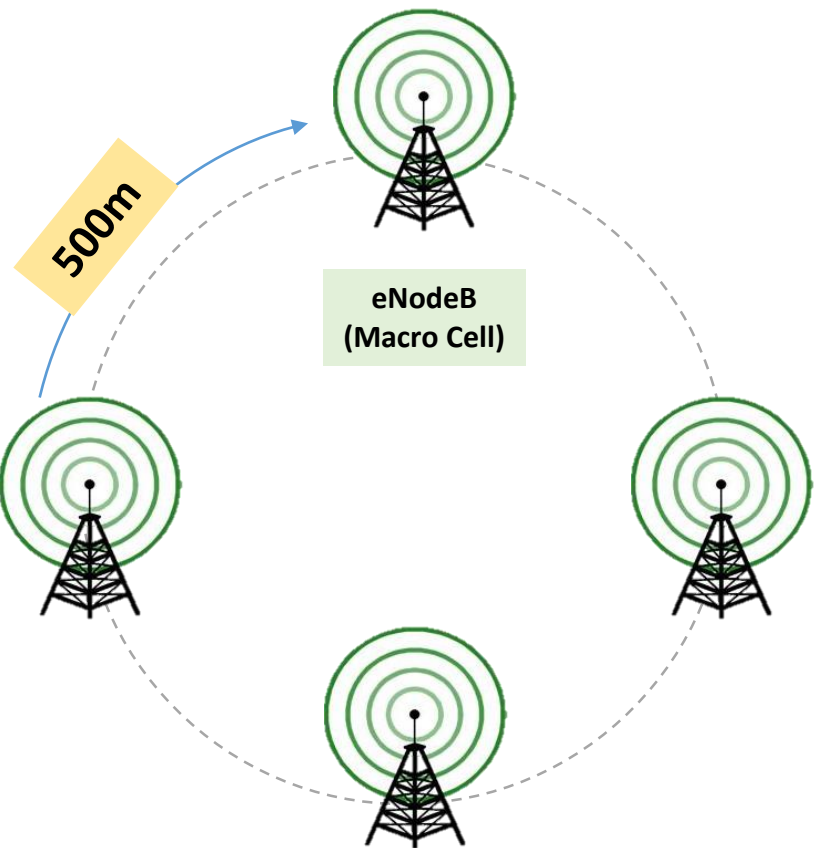
>10 bps/cell/Hz

- Massive MIMO, lean design, interference cancellation

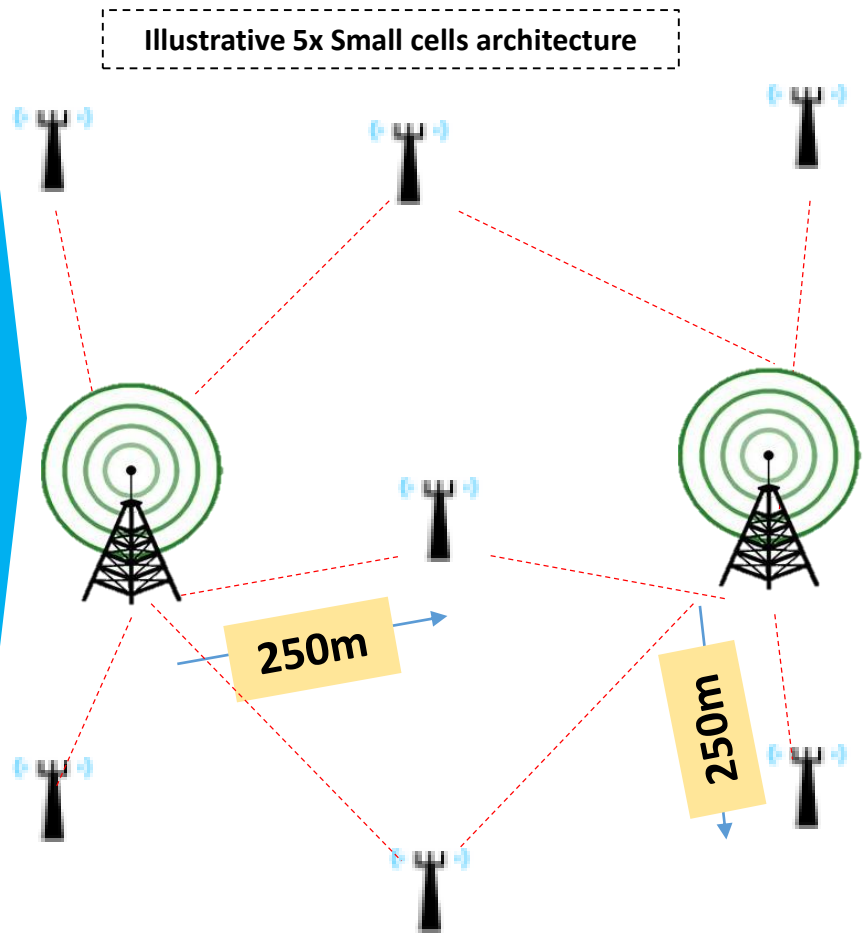
5G networks will provide an enhanced broadband experience of up to 1 Gbps and <1 ms, and provide the platform for cloud and artificial intelligence based services

# Fiber: key component of 5G Infrastructure

4G Infrastructure



5G Infrastructure



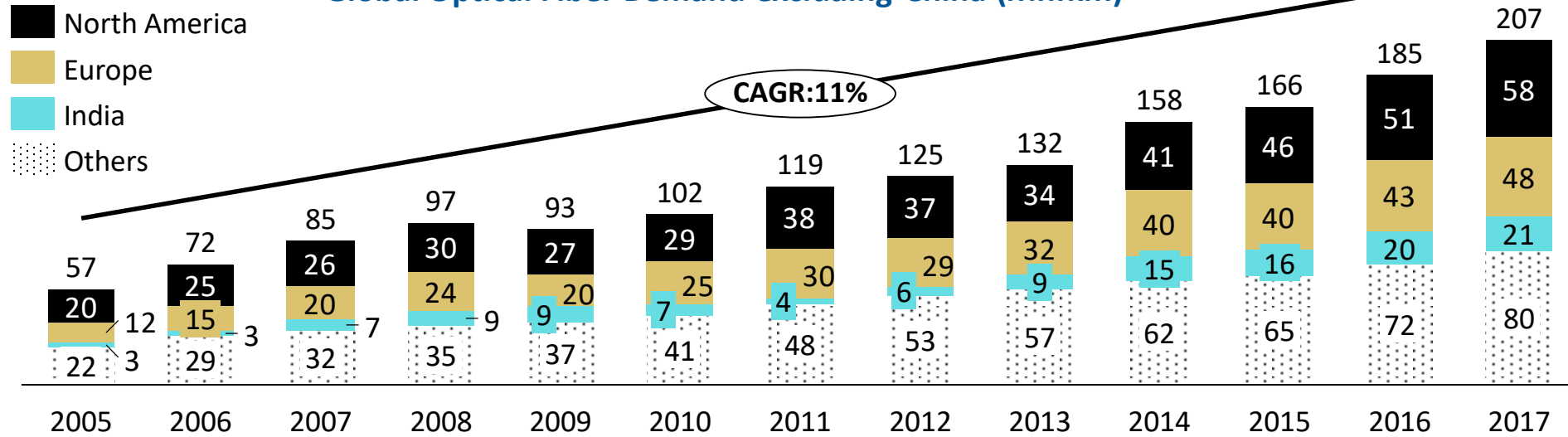
Legend

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

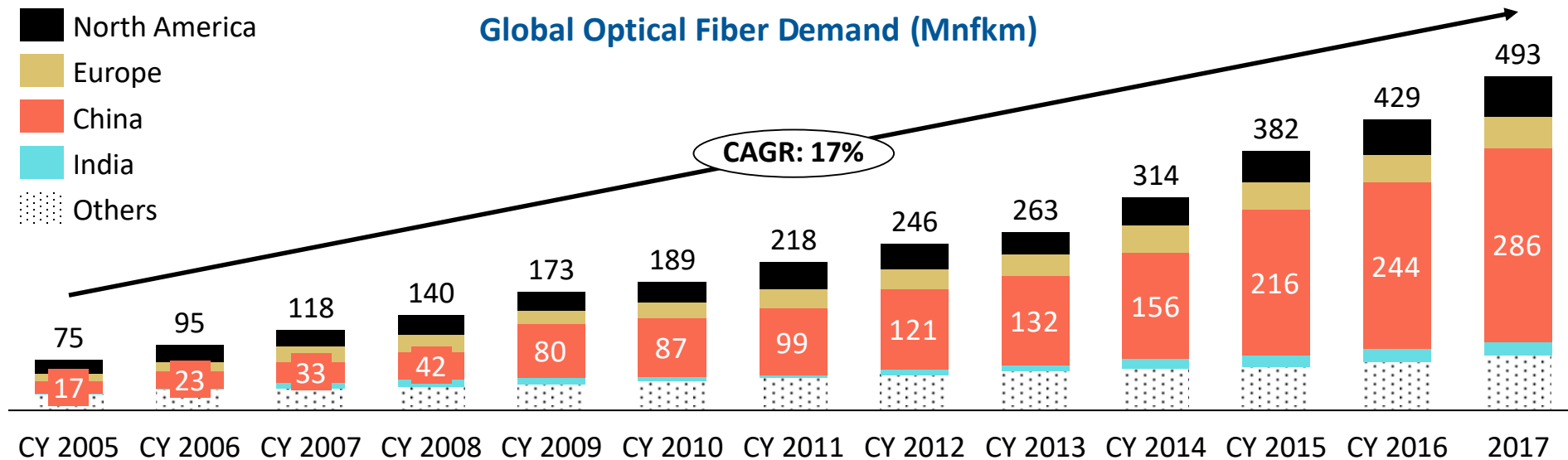
5G Densification	Minimum (25 Mbps per User)	Base (50 Mbps per User)
No. of Small Cells for 5G compared to 4G Macro Sites	5x	10x

# Evolution in Global demand for Optical Fiber

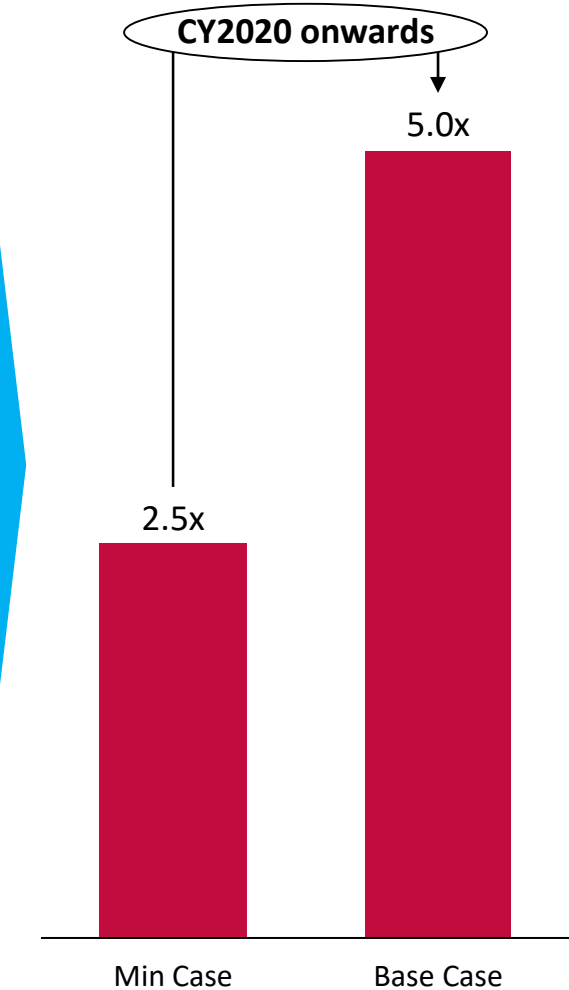
**Global Optical Fiber Demand excluding-China (Mnfm)**



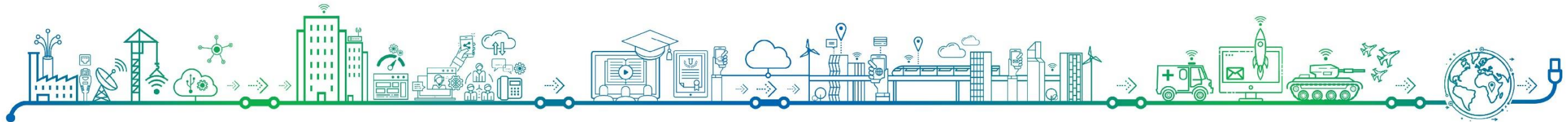
**Global Optical Fiber Demand (Mnfm)**



5G Estimated fiber demand Vs 4G

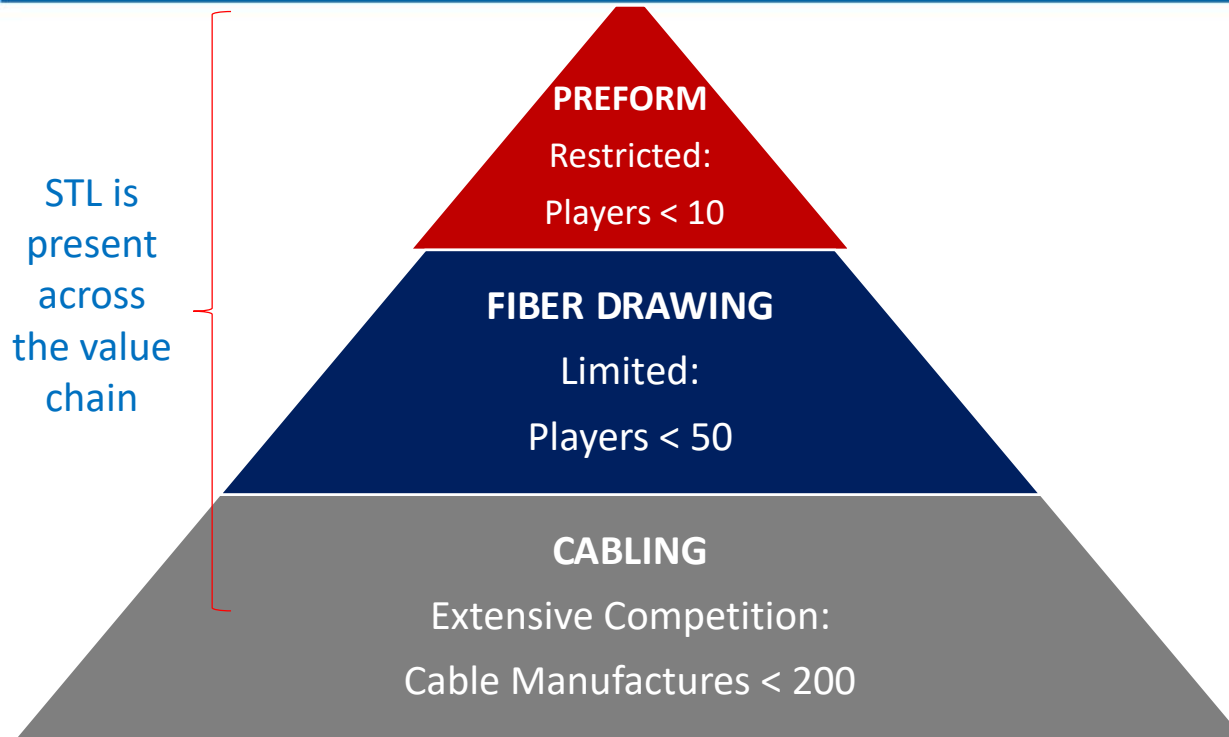


## Our Unique Positioning

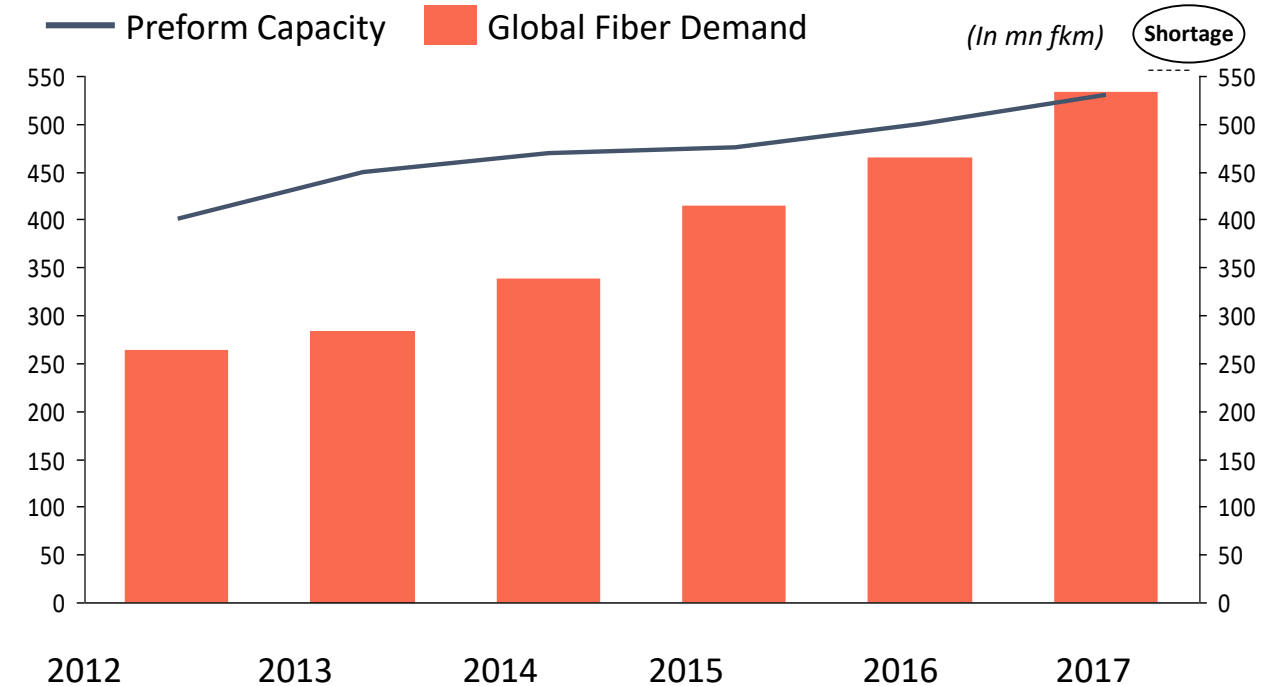




# Decoding: Global Fiber Value Chain

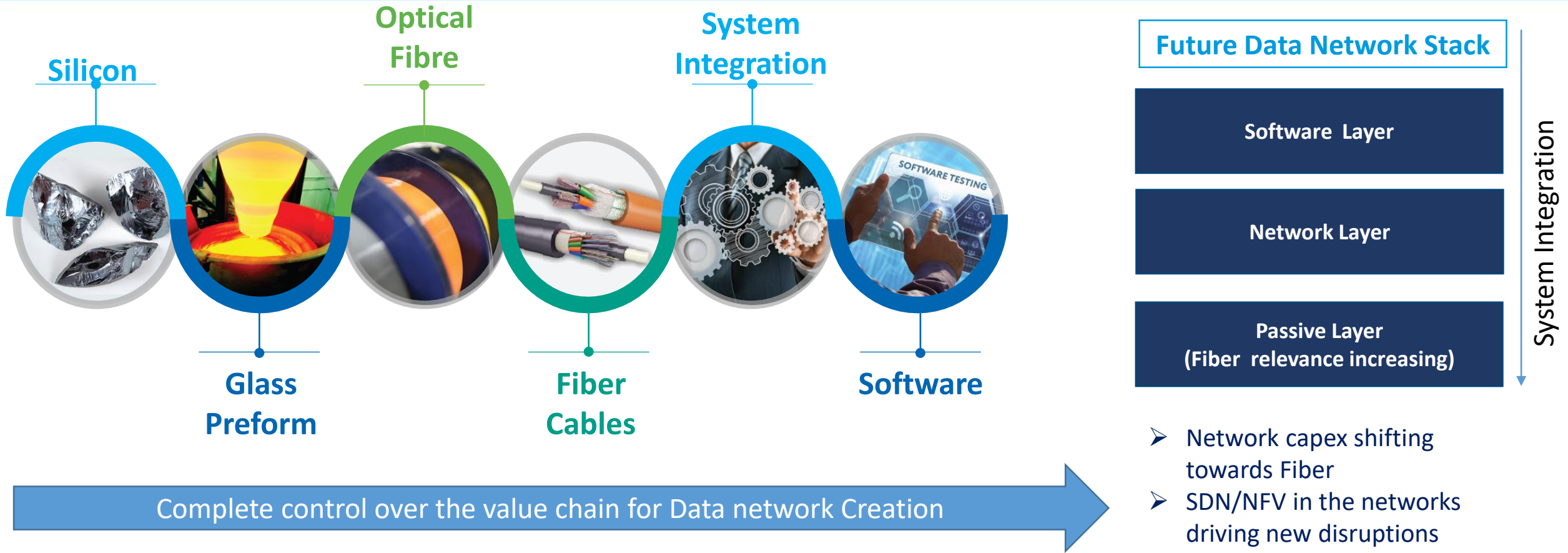


- Sterlite amongst the global few integrated players, with an end to end control over the fiber manufacturing value chain
- Global capacities, with lean cost structures, translating to Industry best margin profile
- Amongst the global few, STL is most backward integrated in fiber manufacturing value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

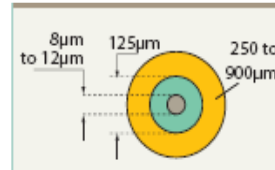
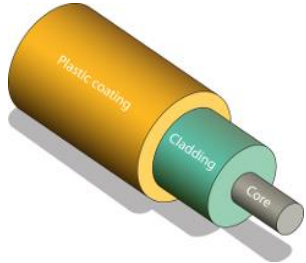
# End to End Capability to Deliver future Data Network Needs



- ✓ 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



#### Center of Excellence, Aurangabad

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

- 8 of the global top 10 telecom operators use Sterlite's innovative solutions
- 189 Patents on processes and new products
- 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

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



#### Center for Smarter Networks, Gurgaon



#### Sterlite Tech Academy

- One of its kind Network Lab for design of data networks
- Building an 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

# Business Highlights





## Execution Update- Products

- Accelerated expansion of greenfield fiber capacity in Aurangabad, with Phase-1 coming on board by end of CY 18
- OFC capacity utilization reached north of 70% in FY 18



## Customer Engagement

- Long term service agreement with a major UK based operator and partners in Europe to help Europe achieve Europe's Gigabit society goals
- Order book at all-time high



## Execution Update- Services

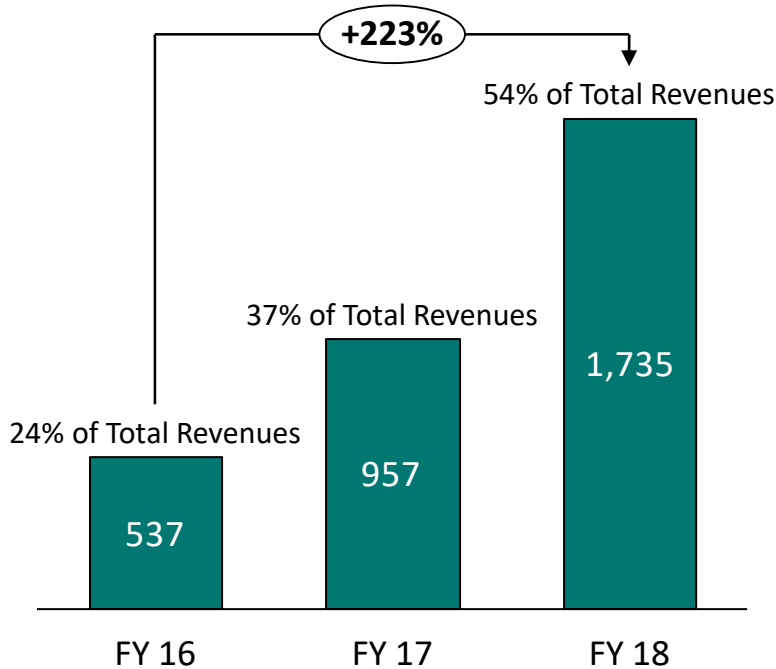
- Won a Rs 3500-crore Advance Purchase Order to design, build and manage the Indian Navy's communications network
- The Company continued its focus on BharatNet and Smart Cities. Kakinada Smart City Project nearing completion



## Execution Update- Software

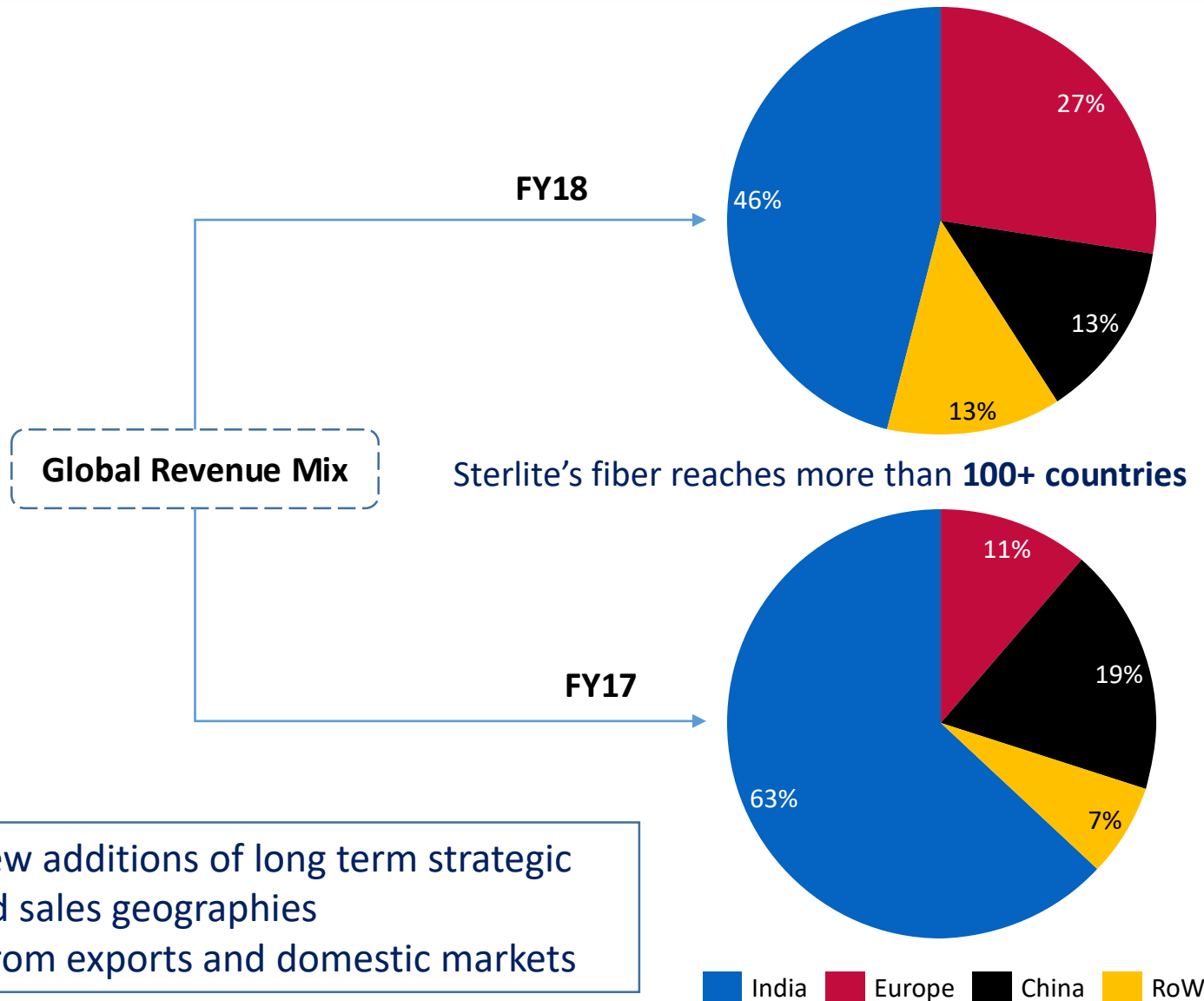
- Won end-to-end OSS/BSS deal with India's leading MSO offering cable television and broadband services to 8 million households
- Won the Enterprise Wi-Fi deal with one of the leading operators in India allowing the operator to expand Wi-Fi service offerings

# Growing International Presence with Tier-1 CSP's



Revenue from exports (INR Cr.)

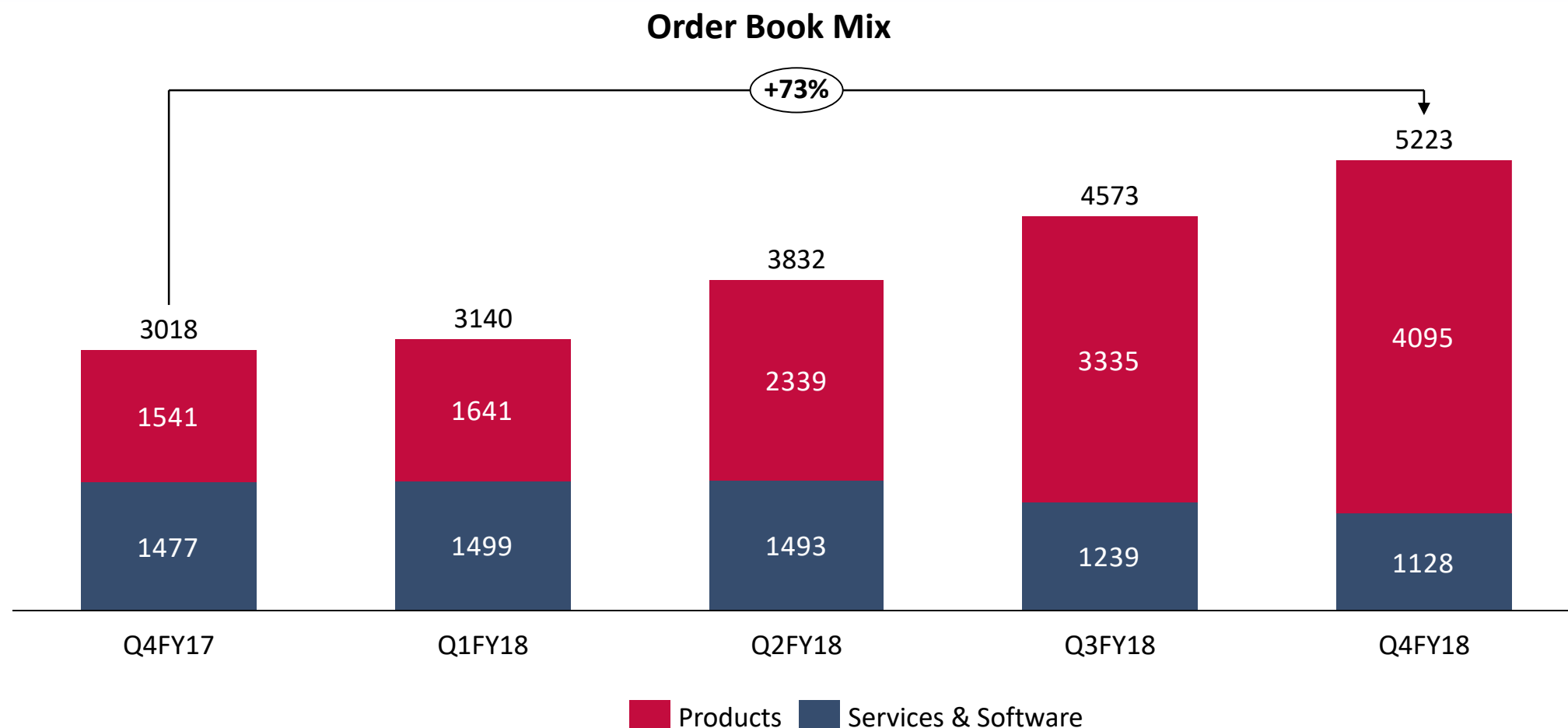
- Deepening European market presence with new additions of long term strategic customers & strong growth in all the aligned sales geographies
- Balanced geo mix with equal contribution from exports and domestic markets



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

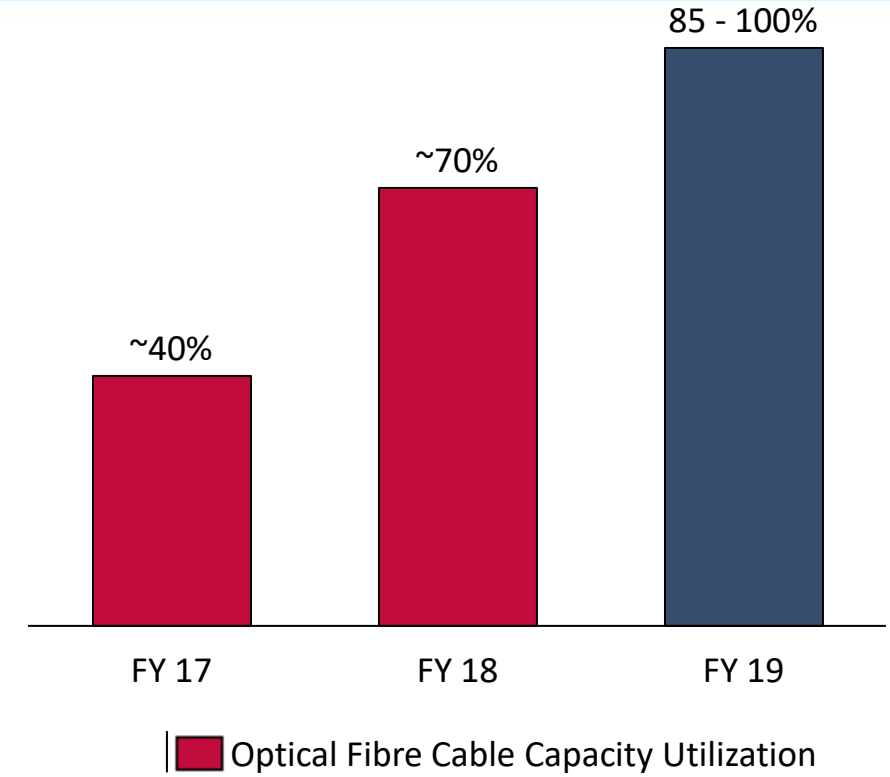
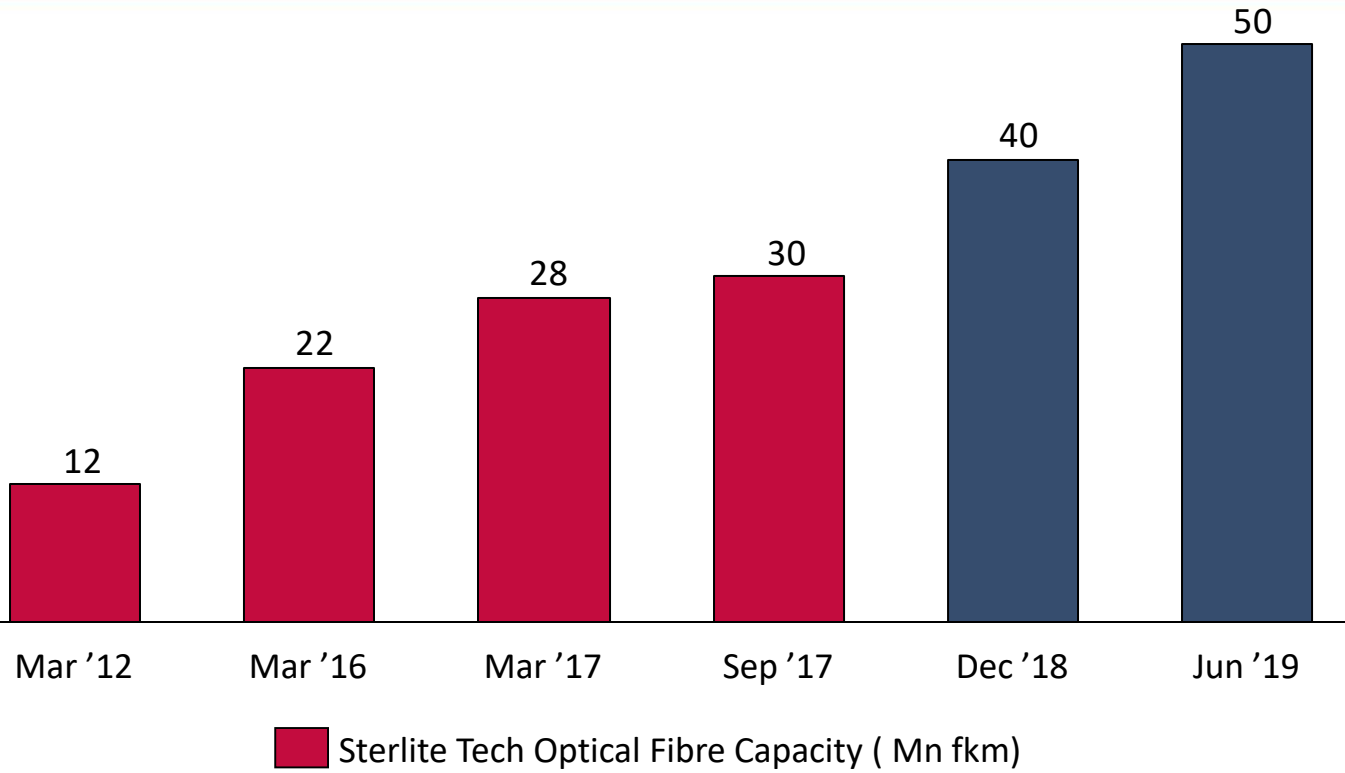


# Strong sales outlook riding on growing order book



- Start FY 19 with all time high order book of Rs. 5,223 cr (reflecting ~1.6x of the FY 18 revenues)
- Over 73% YoY increase in open order book

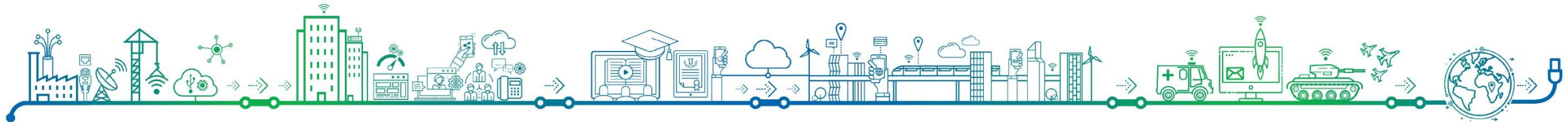
# Accelerating the capacity expansion and utilization



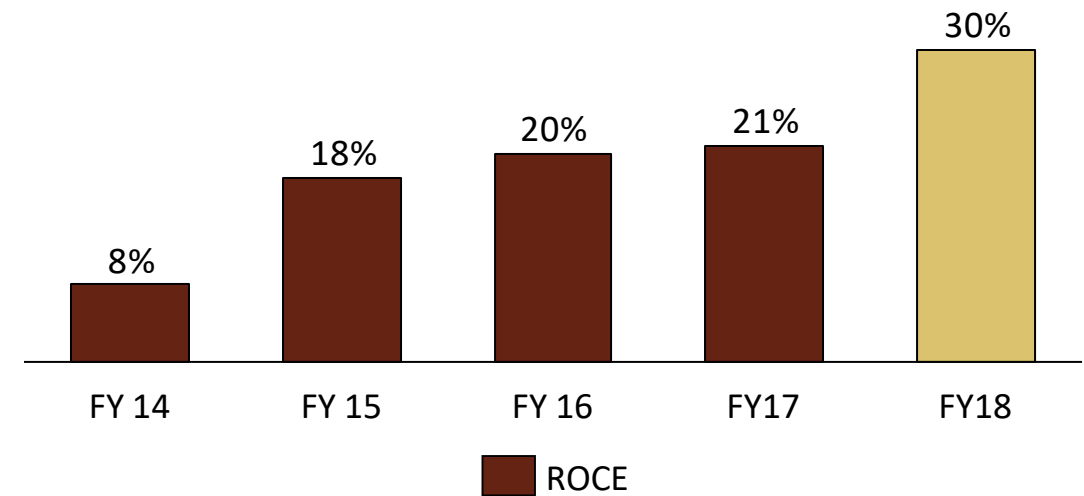
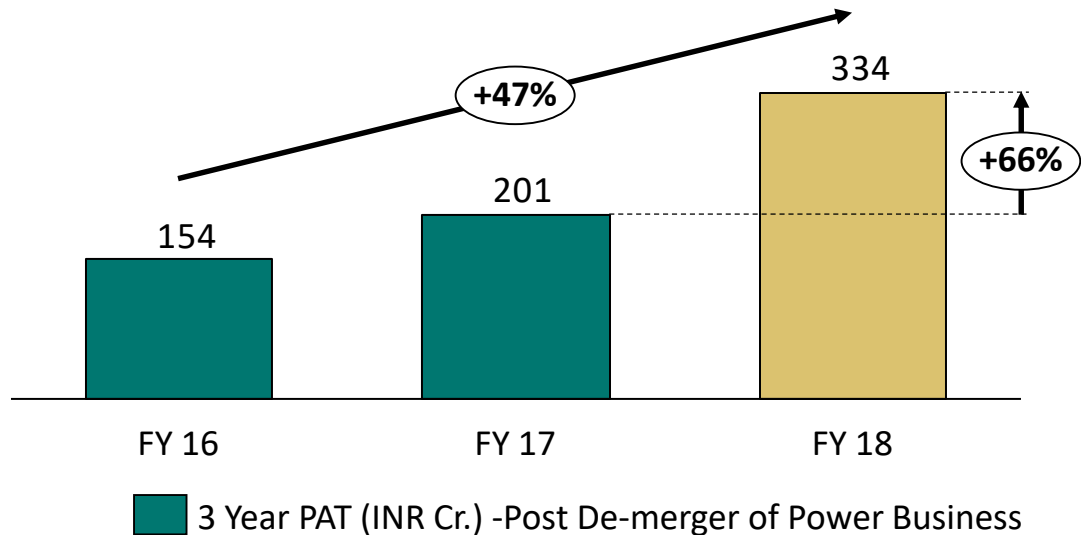
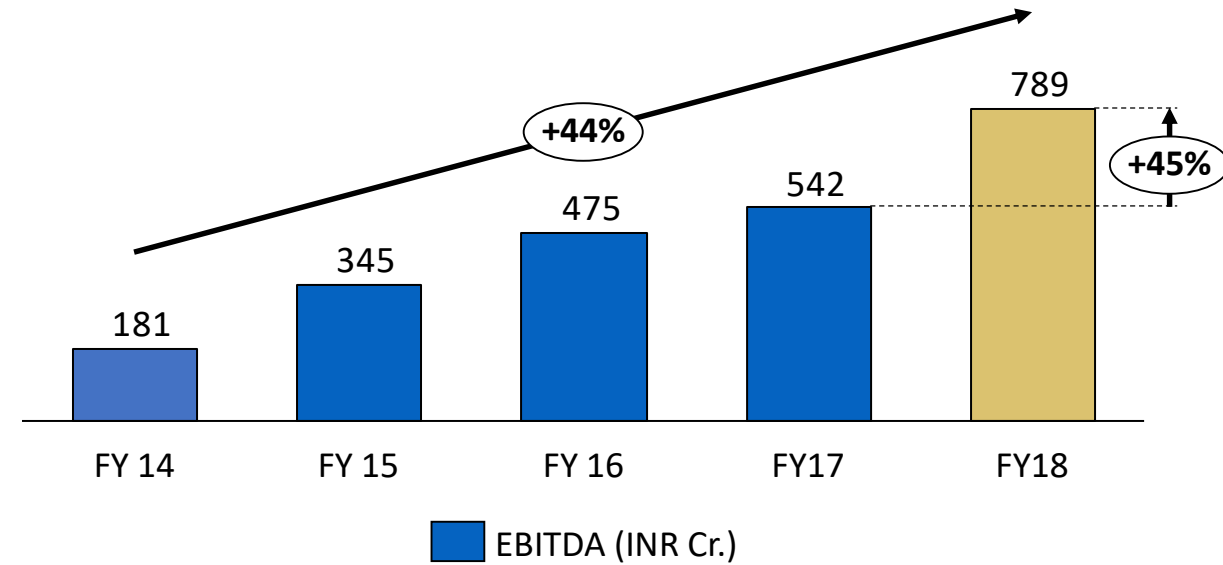
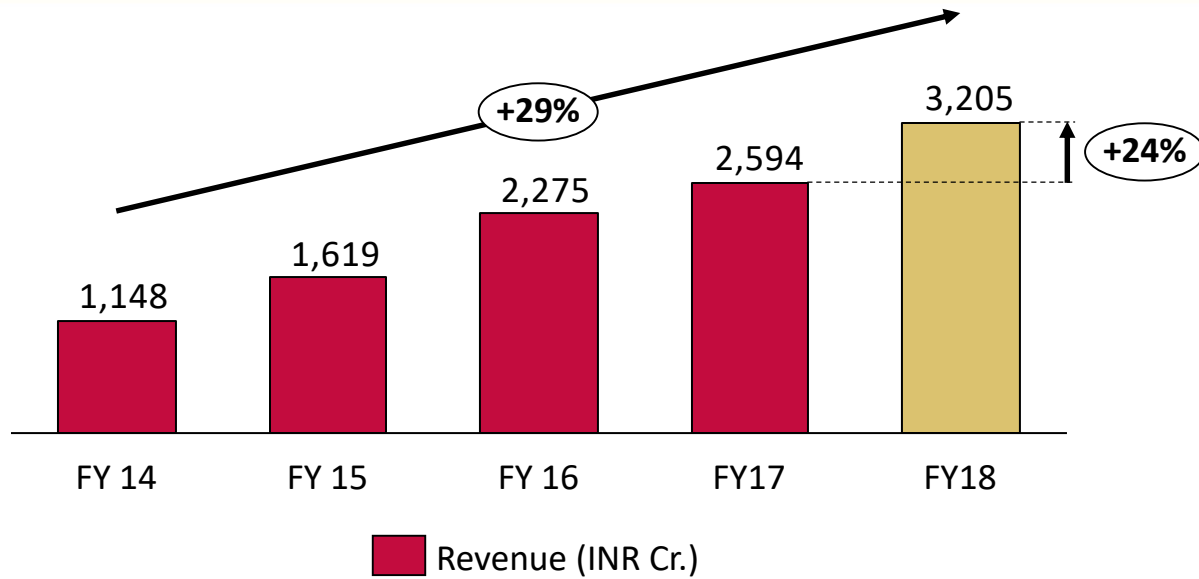
- Integrated plant project progressing well to achieve phased capacity ramp-up (CY 18 exit capacity- 40 Mn fkm, June '19 – full capacity of 50 mn fkm)
- FY 18 cabling volumes reflecting a strong upward trend, utilization levels to reach ~ 85-100% by FY19



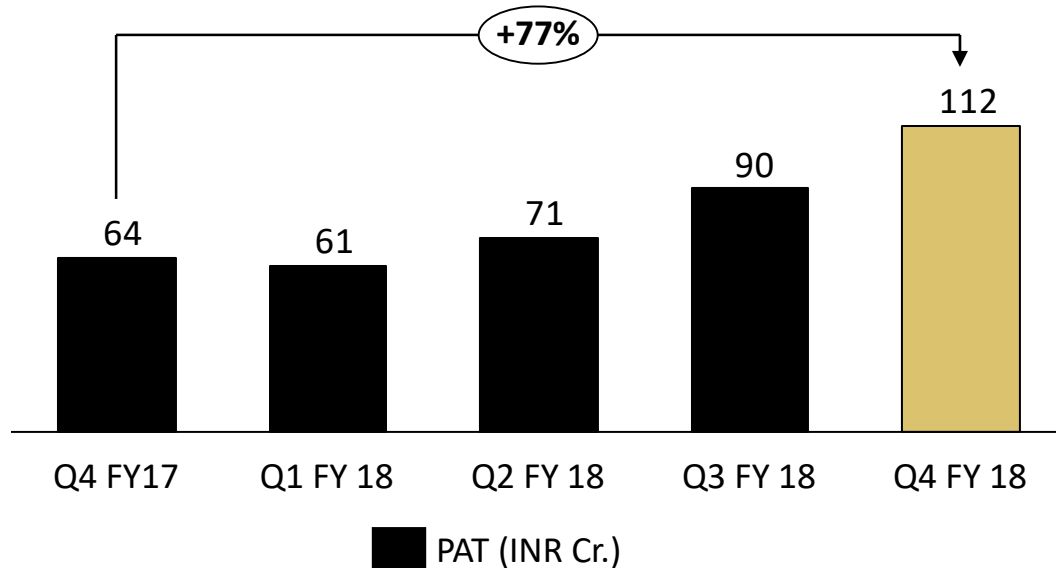
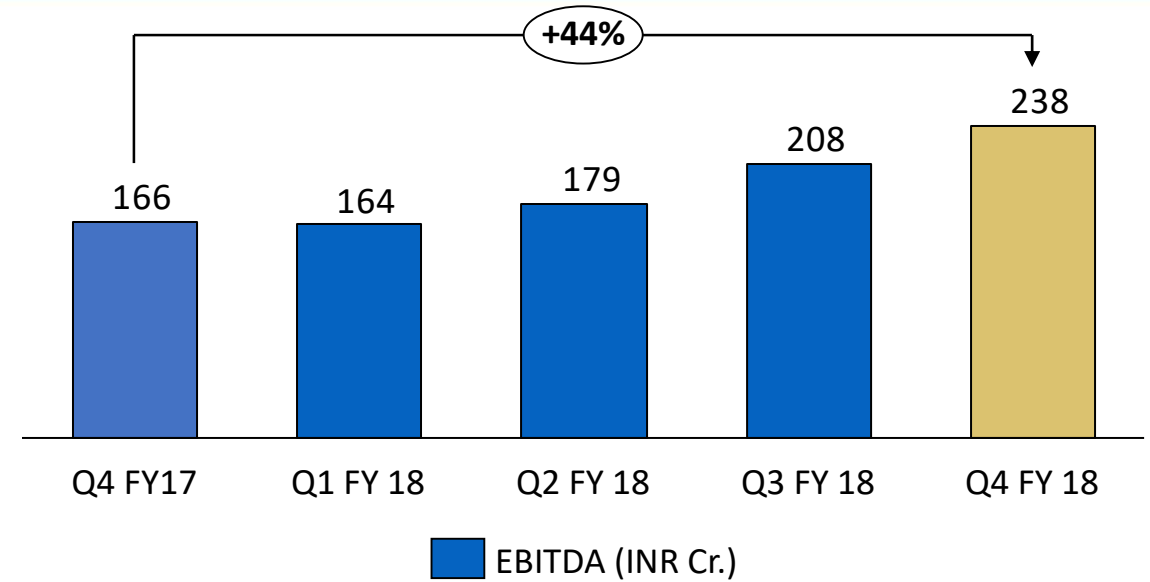
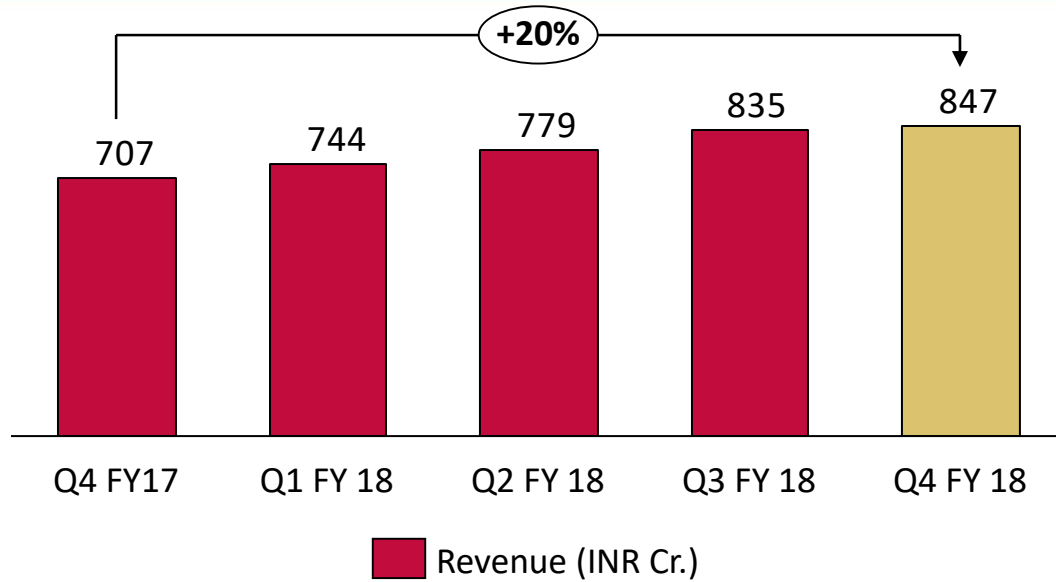
# Financial Performance



# Demonstrated Value Compounding

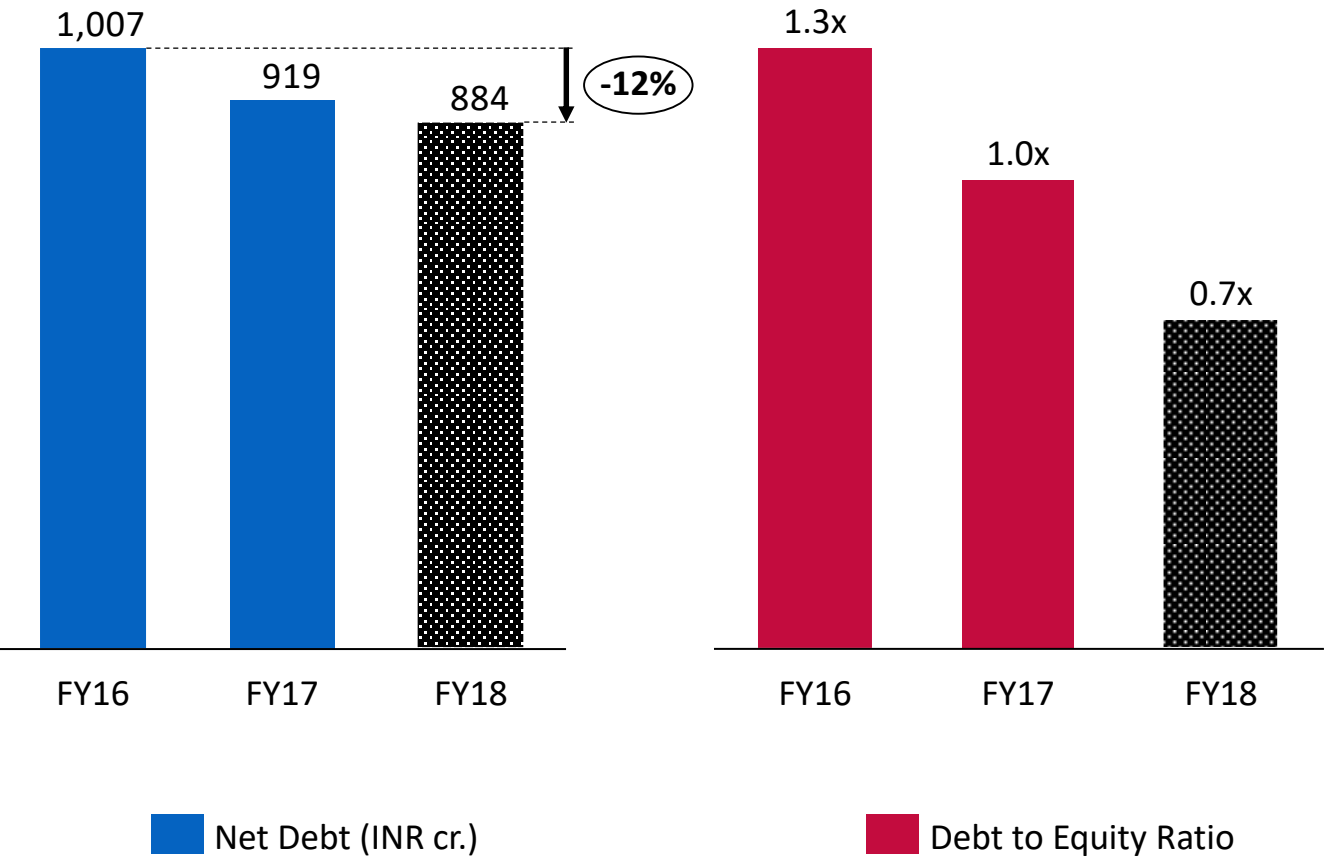


# Demonstrated growth on QoQ basis



- Highest ever PAT of 112 cr in Q4,FY18 (77% y-o-y growth)
- On course to achieve \$100 Mn PAT (Net Income), strategic plan by FY20

# 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

# Financial Performance: Income Statement & Balance Sheet

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

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

## 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*

Thank You

