

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

stl.tech

Investor Presentation

March 2024

1st March 2024

Safe Harbor



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Company Overview



1 Company
Overview

2 Business
Overview

3 Robust
Financials

4 Strategic
Priorities

An Optical and Digital Solutions Company **STL**

(One of the Global Leaders in Optical Cable Market*)

Core
Business

Customer
Segments



Telcos



**Cloud
Companies**



**Citizen
Networks**



**Large Enterprises/
Defence**

Business
Units

Unique
Capabilities

Financial
Performance



**Optical
Networking
Business**

- Glass Preform
- Optical Fibre
- Optical and Specialty Cables
- Optical Connectivity

9MFY24 Revenue : Rs. 3,053 Cr.



**Digital &
Technology
Solutions**

- Cloud & Cyber Security
- Data Analytics & AI
- Enterprise SaaS Services
- Product Engineering

9MFY24 Revenue : Rs. 220 Cr.



**Global
Services
Business**

- Fibre Deployment
- System Integration
- Managed Services

9MFY24 Revenue : Rs. 1,133 Cr.



INR 4,338 Cr.
9M FY24 – Revenue¹



Americas Rev. share - 24%²
EMEA Rev. share - 40%²
India Rev. share - 35%²



13%
9MFY24 - EBITDA margin¹



Consistent dividend at 30% payout
(FY23 : 50³%, FY 22 : 25³%)

STL overview



INR 4,338 Cr.

9M FY24 Revenue¹

Americas (24%),
EMEA (40%), India (35%), RoW(1%)

**Customers in
>75² Countries**

10
Global Manufacturing facilities

3
Innovation Centres

GLOBAL FOOTPRINT

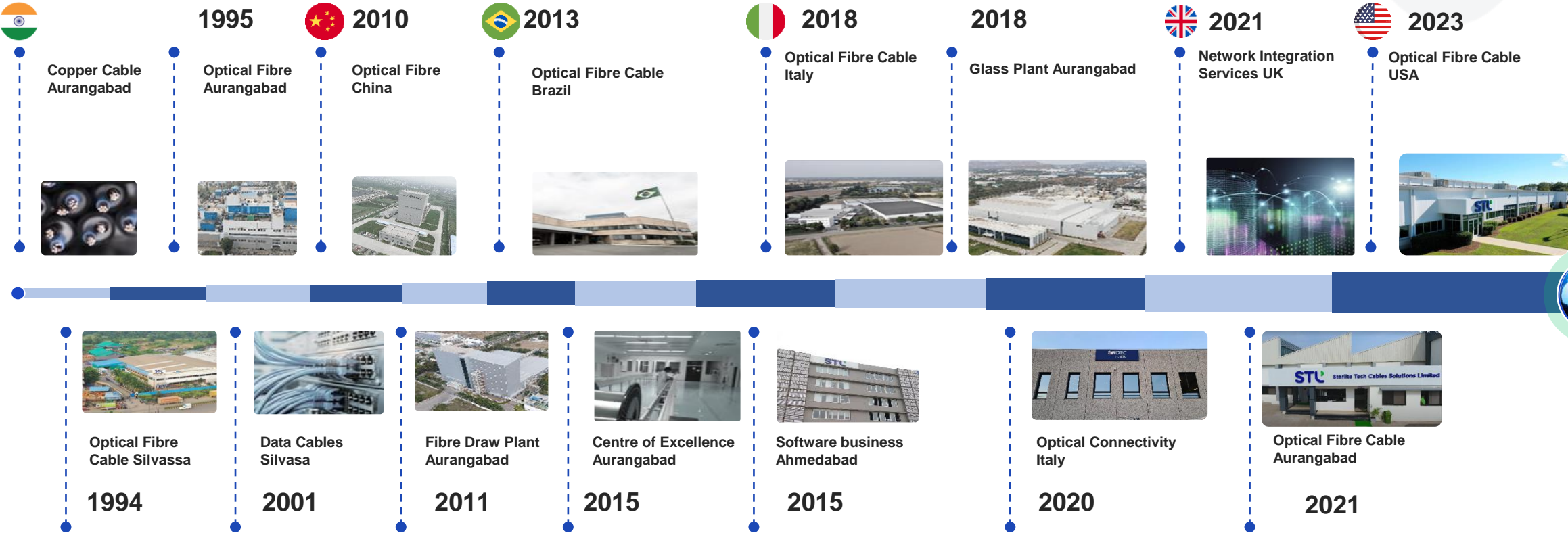


681³
PATENTS
as on end of Dec 23

Zero
WASTE TO LANDFILL⁴

CMMI Level 5
Certification for process
quality standards

STL journey so far!



What differentiates us?



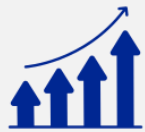
1



Experience & expertise

25+ years of experience in Optical Networking Business, specialized in large-scale digital network integration

4



Growing industry verticals

Well positioned to benefit from 5G/ FTTH deployment cycle both domestically & globally

2



Fully backward integrated manufacturer

Integrated Optical Networking Products Facilities

5



ESG

Zero waste to landfill² & zero liquid discharge certified³ optical manufacturer

3



Technology

Continued Focus on technology development and adoption
3 Innovation Labs | 681 Patents¹

6



Global Player

FY23: 72% of revenue from international markets | Caters to key global telecom players

Optical Networking Business Overview



1 Company Overview

2 Business Overview

3 Robust Financials

4 Strategic Priorities

Vertically integrated manufacturing setup



Optical Fibre (OF)

Optical Fibre Cable (OFC) + Specialty Cable (SCB)

Optical Connectivity



Shendra,
Aurangabad, India



Waluj,
Aurangabad, India



Jiangsu Sterlite,
China



Rakholi, Silvassa
India



Metallurgica
Bresciana, Italy



Sterlite Conduspar
Parana, Brazil



South Carolina,
Lugoff, USA



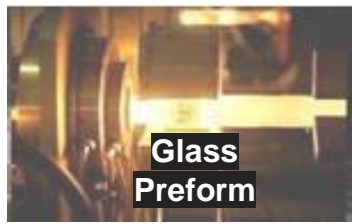
Dadra & Nagar
Haveli, India



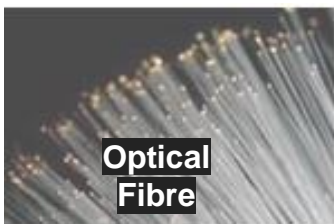
Optotec,
Italy



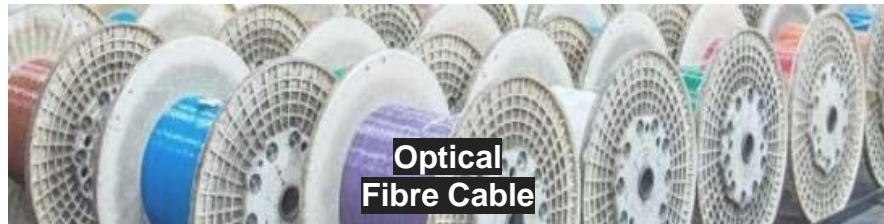
Pure
Silicon



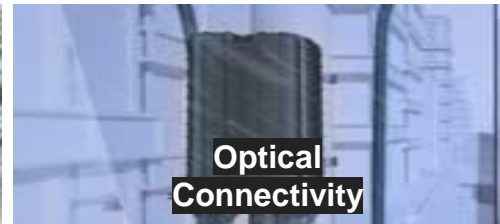
Glass
Preform



Optical
Fibre



Optical
Fibre Cable



Optical
Connectivity

Vertically Integrated



Shield from Supply Chain vulnerability



End to End Product Offerings



Control over Quality



Cost Efficiency

10

GLOBAL
PRODUCTION
FACILITIES

43 Mfkm¹

OPTICAL FIBRE
CABLE CAPACITY

52 Mfkm¹

OPTICAL FIBRE
CAPACITY

Industry 4.0 standards

Fully automated machinery with robotic operations

Efficient supply chain

Reduced delivery times and Supply Chain Management cost

Industry poised for rapid growth



01



Growing Connectivity and Data Needs

Rising global internet users and data demand



02



Transformative Tech Trends

Growing digitalization, rapid growth in 5G, FTTx and data centre technology adoption



03



Global Investment in Digital Infra

Public and Private investment leading to tremendous digital infra growth



04



Growing Optical Products Demand

Growing demand for optical networking products from end use sectors

* x in the FTTx stands for Home/Building/Premises/DC or Node (Curb, Small Cell, Antenna, etc.)

Three investments cycles coinciding



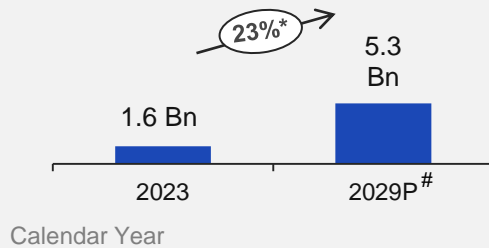
Multi-year network build cycle (Long investment cycle)

5G

Increased demand of fibre due to tower fiberisation

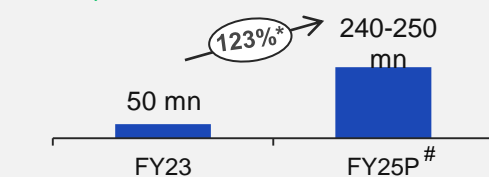
Global

Subscriptions Growth



India

Subscriptions Growth

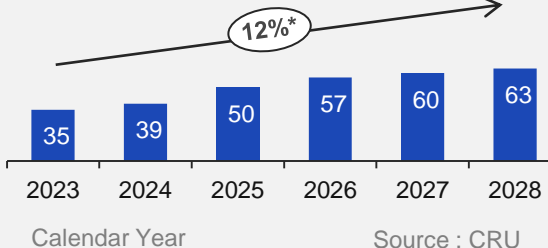


Strong demand of fibre

Increase in FTTx penetration & network modernization by Govt.

North America

FTTx in NA in M fkm



India

Indian optical cable demand expected to **grow 12.9% y/y in CY 2024** & at a CAGR of **15.5%** through CY 2028

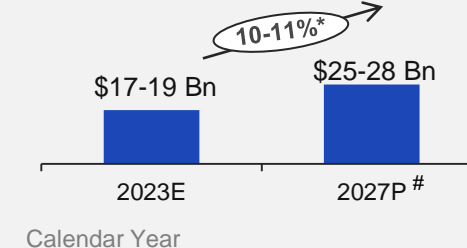
Source : CRU

Capex by Hyperscalers

Increased demand of optical fibre cable particularly for edge datacentres

Global

Data Center Construction MEP² Capex



India

- **Installed DC Capacity expected to > double** (from ~780 MW in Mar 23 to ~1,700 MW by Mar 26) & **>triple** by 2028 (~2450 MW)
- **> INR 45,000 Crs** investments expected till FY26, by CRISIL

Additionally supported by;

Government policy support:

- **USA Govt Funding: ~\$97 bn for broadband Infra¹** (BEAD program \$42.5 Bn)
- **BharatNet Phase III: 65K Cr tender out**

Impact of anti dumping duties on Chinese exports

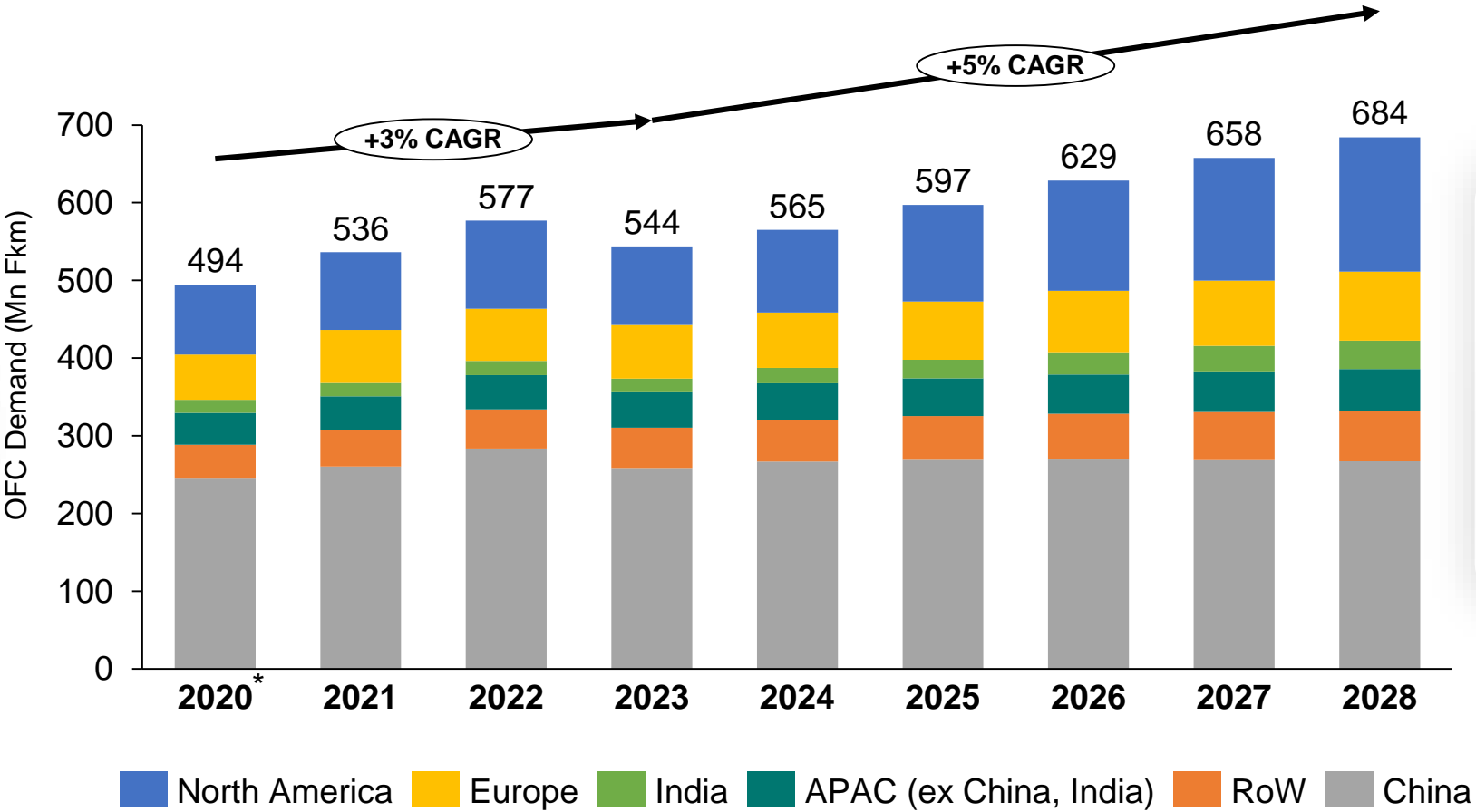
Chinese optical fiber export to

- **EU & UK reduced by 56%** from Apr 23 to Sep 23
- **India reduced by 81%** from Apr 23 to Sep 23

Global OFC demand trend (M fkm)



- 5G
- FTTx
- Data Centre



The decade long digital network creation cycle is here!

Markets in *North America, Europe & India* are projected to grow faster

Diverse optical products portfolio



Optical Fibre



Multiverse



160 micron Fiber



Stellar

Optical Fibre Cable



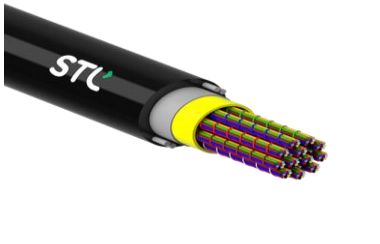
Intermittently Bonded Ribbon OFC



Multi Loose Tube Armored OFC



Multitube Flat Ribbon Armored OFC



Celesta IBR

Optical Connectivity



Central Office



Outside Plant



Customer Premises



Optical Components

Specialty Cable Use Cases



Railways



Oil & Gas



Defence

End-To-End Optical Connectivity Products

Innovation led portfolio speeding up value capture for customers



CHALLENGE



Attenuation
Signal Decay



Bend Sensitivity
Signal Leakage



Compatibility
Legacy and Future Technology



Complex
Connectivity



Duct Space
Optimize Limited Space



TCO Reduction

OUR SOLUTION



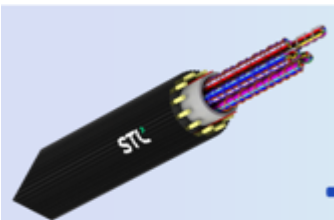
Multiverse
Multifold increase in capacity



160 micron Fiber
Slim Fiber



Stellar
ONE fibre for all Applications



High Density IBR
Cable
(72F - 6912F)



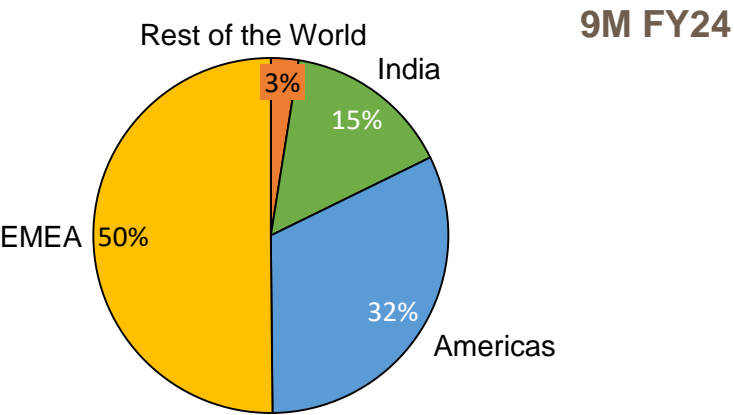
Underground & Aerial Optical
Connectivity Kits

Faster deployment, improved duct utilization & longer network life

Diversified customer base with deep engagements



Optical Networking Business revenue split by region



Deeply established relationship

- Success in building key relationships in the US market to fulfill US customers' fiber demand
- Enabling UK's fiber connectivity with telecom operator and network creators.
- Supporting Italy's broadband plans by partnering with large telecom companies and key distributors.

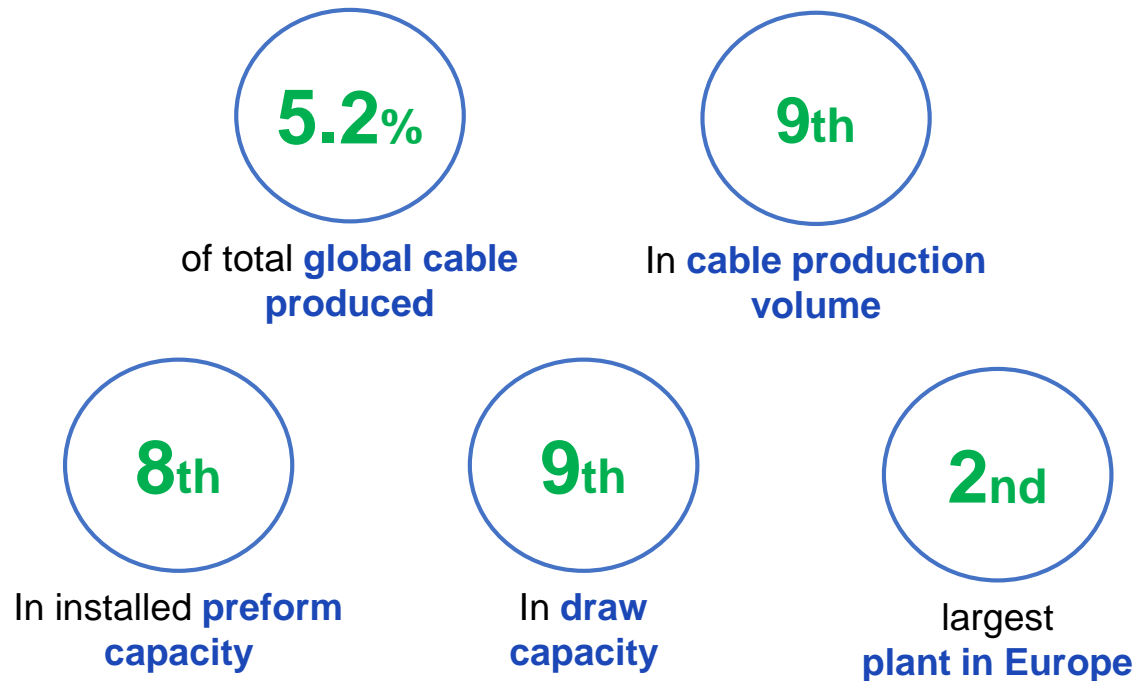
Key customers

8+ Years of relationship	2 - 6 Years of relationship	Key Wins (In Year FY23 & FY24)
2 Large Telecom operator - India	US-based Fiber cable distributor	US-based Fiber Internet provider
UK's large Telecom operator	Large telecom operator in Italy	US-based Telecom and mass media company
UK-based Global MNC- player in Converged Broadband & Tele. Services	Large Telecom Operator in France	Another American Telecom company headquartered in Dallas, Texas
		Italian railway's technological system developer (Specialty cable)

Global market share; improving optical attach rate



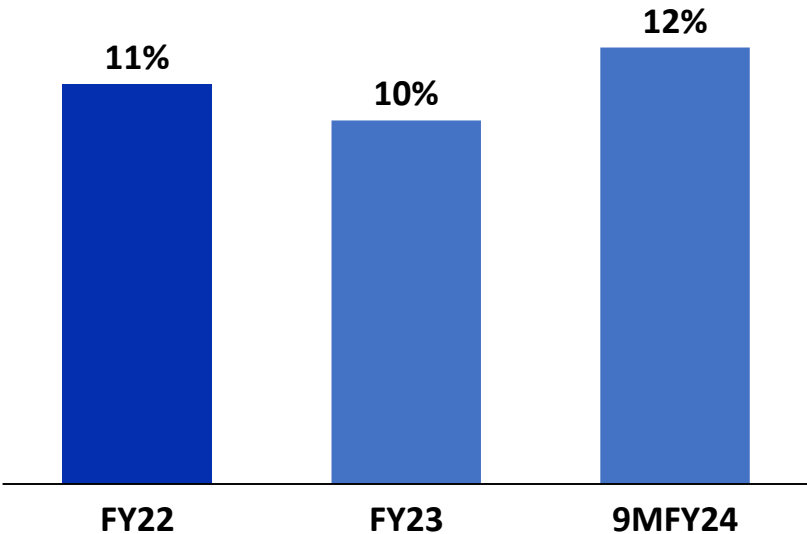
STL amongst biggest globally in 2023



STL to expand foot print in US market from 2024, as it ramps up South Carolina plant

Source : CRU

Optical connectivity attach rate



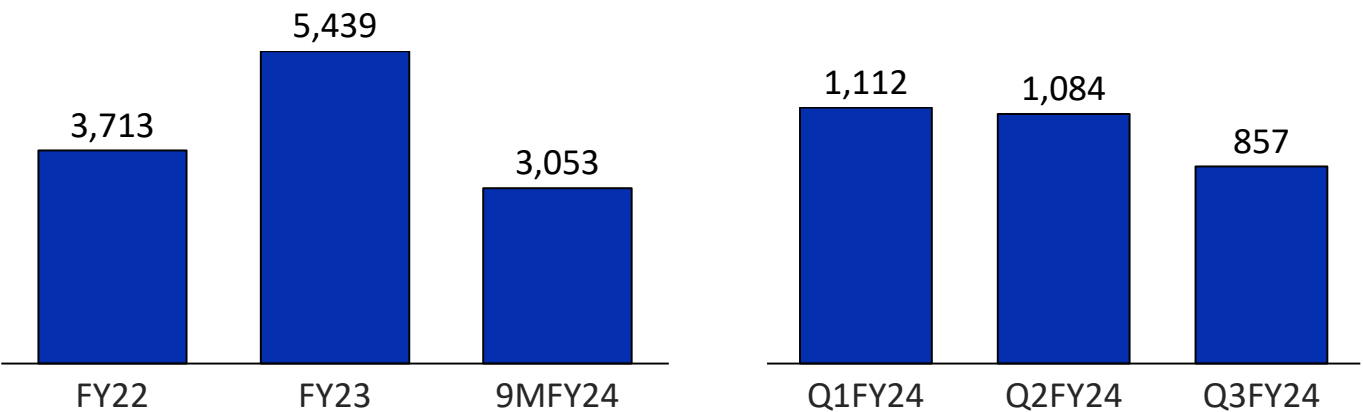
Attach rate = Optical connectivity revenue / OFC revenue

New products commercialisation to further increase attach rates

Optical Networking Business financial highlights



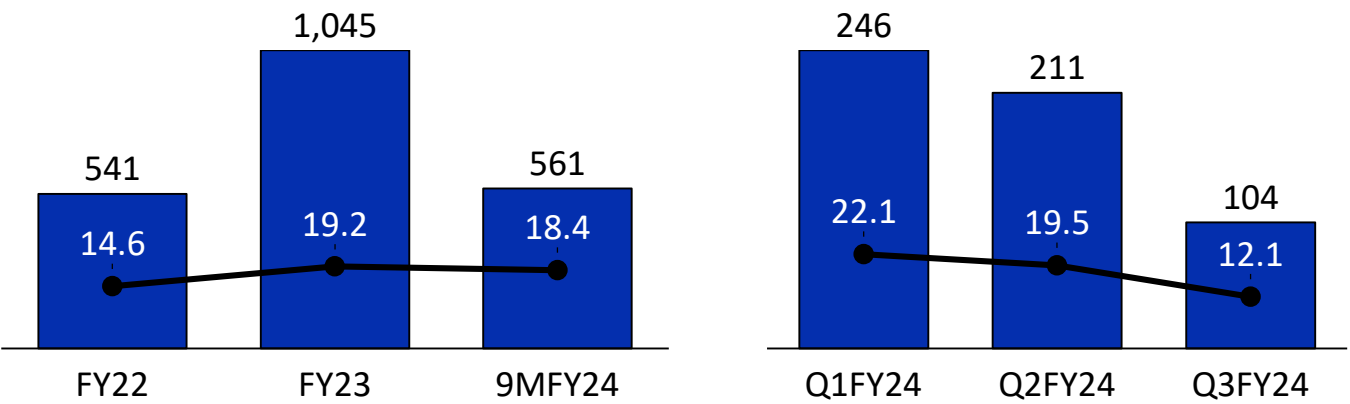
Revenue (INR Cr.)



9M FY24 revenue at INR 3,053 Cr.

- Lower OFC volume on QoQ basis

EBITDA (INR Cr.) —●— EBITDA %



9M FY24 EBITDA margin at 18.4%

- Reduced EBITDA on account of lower OFC Volumes

Well positioned to grow the optical business



1 Local Capacities: Completed capacity expansions, well placed to win in the market and closer to **Focused Markets**



2 Cost Structure: Optimized cost structures both in terms of variable & fixed costs



3 Product Development & Innovation: 681 patents¹ with continued focus on product innovation creating category first products



4 Customer Focus: Co-developing customized products, diversified customers across geographies & customer segment

Digital Business Overview



1 Company
Overview

2 Business
Overview

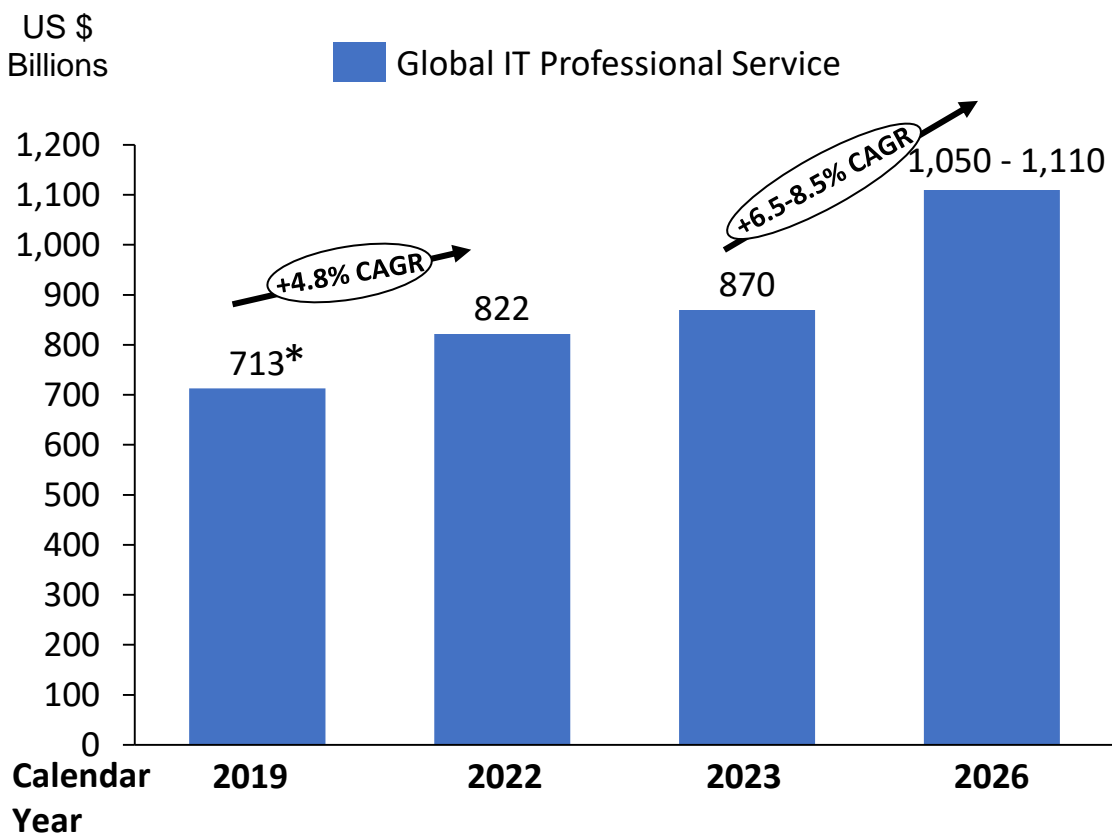
3 Robust
Financials

4 Strategic
Priorities

Tailwinds in IT industry



Global IT industry growth fueled by emerging technologies



"Note: The above values include revenues from project-oriented services, ITO services, IT support and training services, and enterprise cloud computing services segments"

Trends powering growth in the IT industry



Increasing focus on digital services across sectors



Accelerated IT adoption in emerging economies to enhance productivity, foster innovation and drive economic growth



Surge in Edge and Quantum Computing



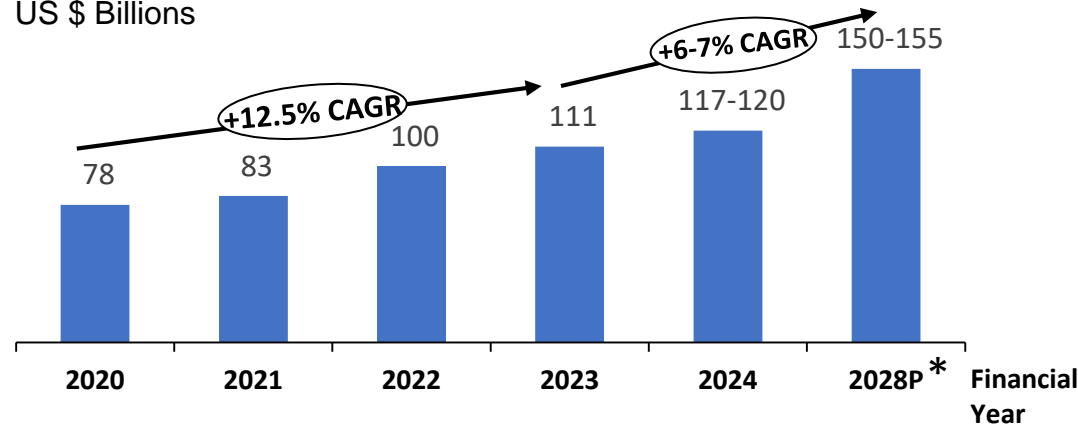
Increasing focus on sustainability

Ensuing digital transformation in India to propel growth in Indian IT services



Indian export IT services industry

US \$ Billions



Companies focusing on front-to-back digitization coupled with use of Data analytics, AI, and ML



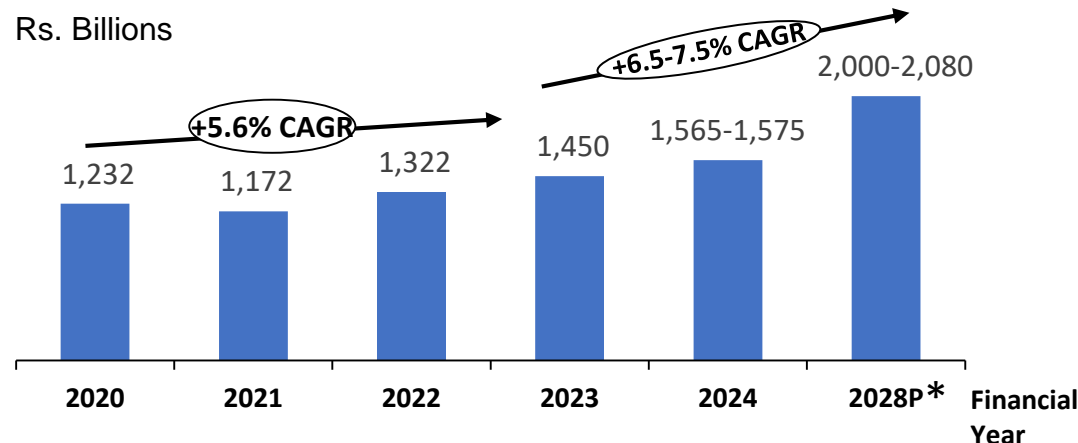
Growth to be led by digital export services in cloud services, RPA, and AI



Growing prominence of GCCs in India, as players establish digital innovation hubs to experiment with new technologies

Indian IT services industry

Rs. Billions



Increased government spending on digitization, IT infrastructure in industries such as healthcare, manufacturing and agriculture



E-governance initiatives of the government and also technology and platform upgrades



Capital outlay under Digital India Program to grow at a CAGR ~10.5% (2020-2024)



Identity



Delivery Centre in
Bangalore & Ahmedabad;
Offices in India, US & UK

Service Offerings

- Cloud & Cyber Security
- Data Analytics & AI
- Enterprise SaaS Services
- Product Engineering

Industry Vertical

- Technology
- Life Sciences & Healthcare
- Energy, Resources & Utilities
- Manufacturing

Customers

25

Global
Customers¹



People

45+ Core Technology
Leadership Team

22%  Women

Financials

220 Cr 9M FY24 Revenue

700+ Cr Orderbook¹

STL Digital | What differentiates us?



Leadership Strength



Domain & Technology



Agile and Nimble Organization



Ecosystem Alliances

Core leadership team with 200+ person years experience

Experienced leadership team with customer relationships

Experience of our team in multi-industry and domain

Domain experience in various industry verticals, delivering successful business outcomes for Customers

Seasoned teams

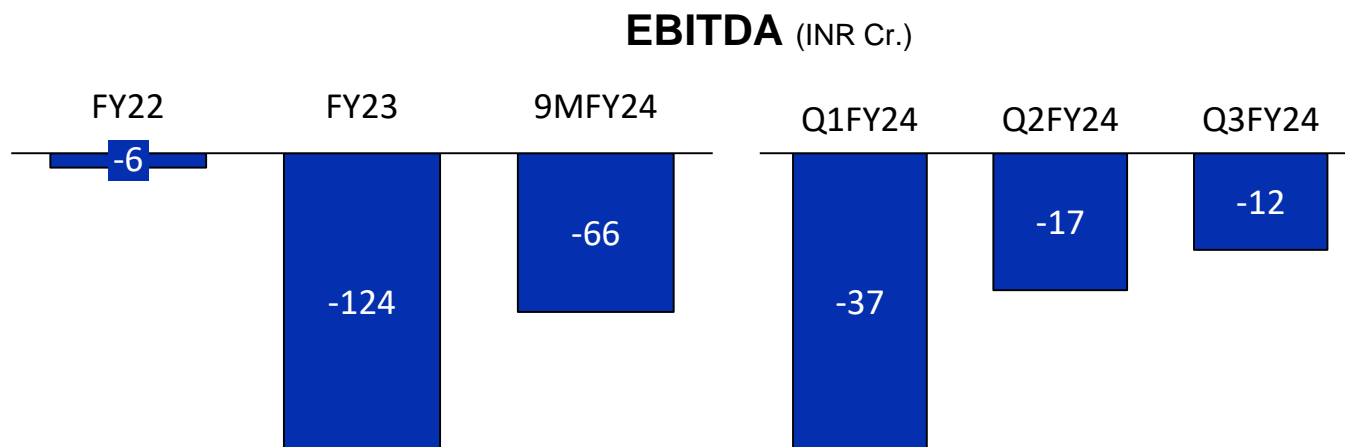
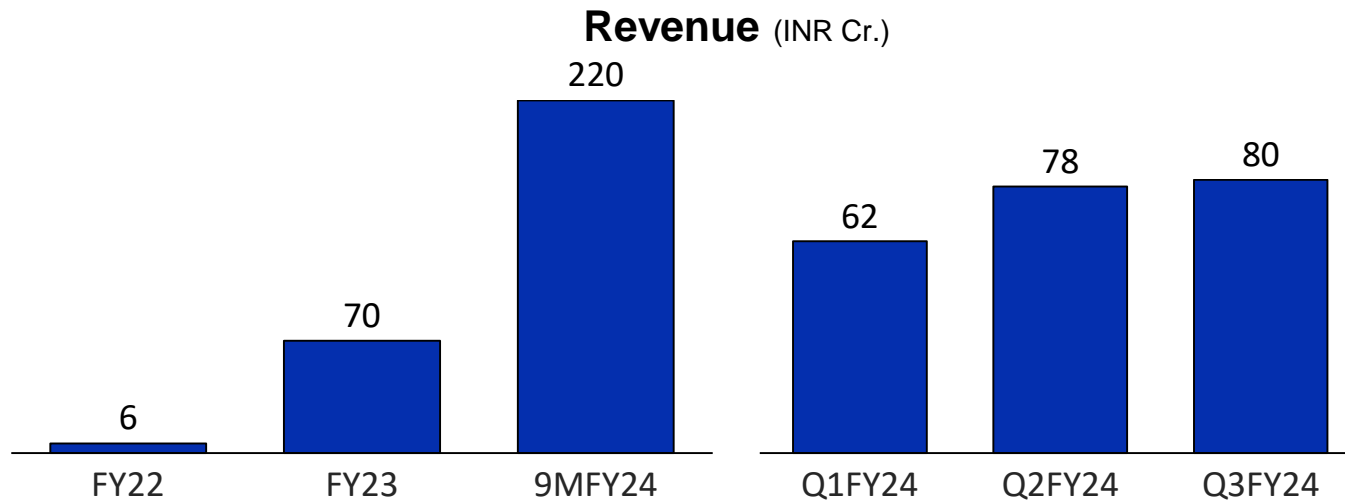
Technology & Engineering team, certified in **Cloud, Data, SaaS & Cyber Security** supported by experienced team of Delivery, Quality Assurance & Compliance

Strong Partner Ecosystem

Solutions aligning with software vendor partners, leading to customer success

...along with experienced leadership driving the business

Digital business financial highlights



9M FY24 Revenue up at INR 220 Cr.

- Revenue growth continued

9M FY24 EBITDA loss at INR 66 Cr.

- EBITDA losses reducing on QoQ basis

Global Services Business Overview



1 Company
Overview

2 Business
Overview

3 Robust
Financials

4 Strategic
Priorities

Global Services Business: A large IT infra service provider



DEMAND DRIVERS

5G deployments in full speed

- Telcom operators expected to deploy approx. **300,000 cable kms** and spend **Rs. 1.25L Cr.** for fibre roll out in FY24 and FY 25

BharatNet presents major opportunity

- Cabinet approves **Rs. 1.39L Cr. outlay for Bharatnet**, for last mile connectivity across **6.4 Lakh villages**
- BharatNet Phase III tender of 65k Cr out in Feb 2024.**

Capital allocation to USOF² and DoT² projects to aid growth

- In FY24, **Rs. 0.98L Cr.** was allocated to DoT² up 19% yoy

OFFERINGS



**Fibre
Deployment**



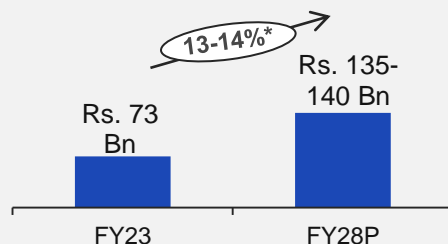
**System
Integration**



**Managed
Services**

MARKET SIZE

Optical fiber EPC industry³
to grow to **Rs. 135-140 Bn** at **13% CAGR** through 2028



CUSTOMER BASE

India - Public

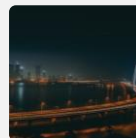


**NETWORK MODERNISATION
Indian Defense**



**RURAL CONNECTIVITY for
states under BharatNet**

India - Private



**LONG HAUL FIBRE NETWORK
for India's large telecom
operator**

UK



**FTTX DEPLOYMENT -
for Gigabit connectivity in UK
cities**

INNOVATION

**45+
Patents¹**



CMMI Level 5
(For process quality standards)

PROJECT

LARGE SI
Delivered **6** projects of
revenue over
1000+Cr



PEOPLE

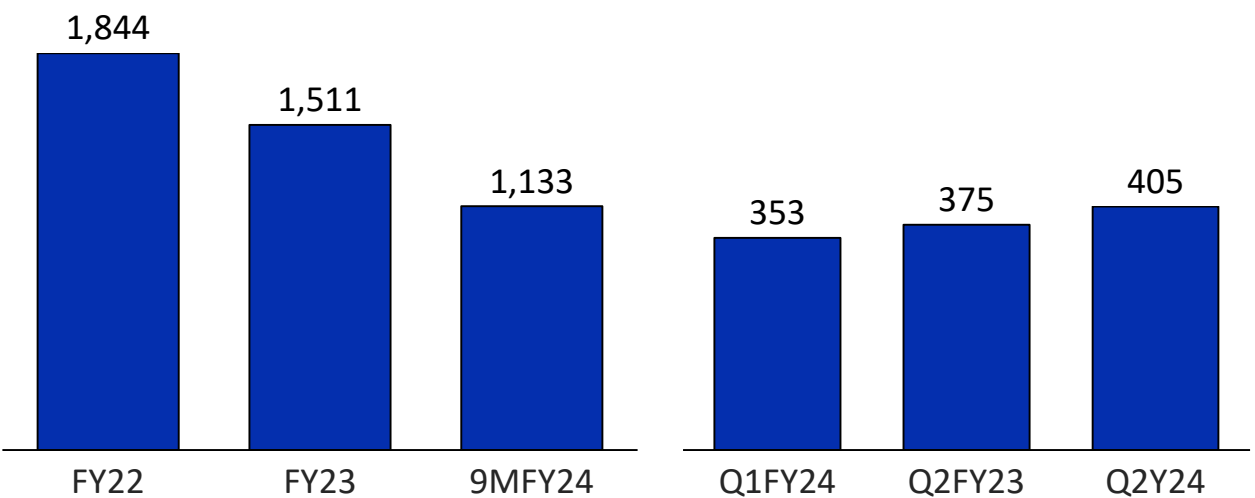
**Experienced
Management
Team**



Global Services Business financial highlights



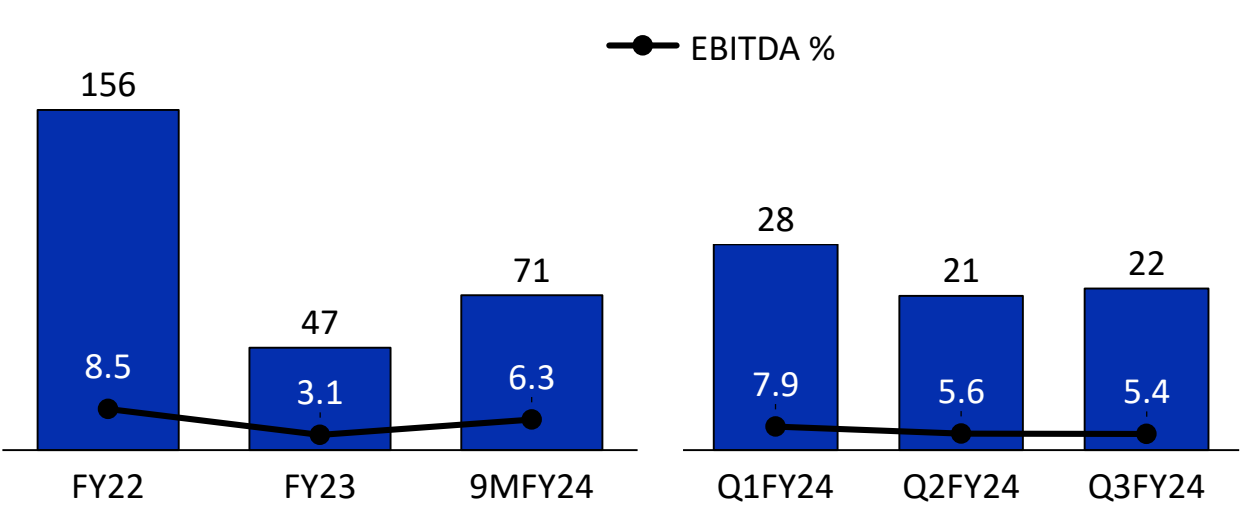
Revenue (INR Cr.)



9M FY24 revenue at INR 1,133 Cr.

- Selective order intake & execution

EBITDA (INR Cr.)



9M FY24 EBITDA at INR 71 Cr.

- Favourable project mix and improved execution resulting in improved margins on YoY basis

Robust Financials



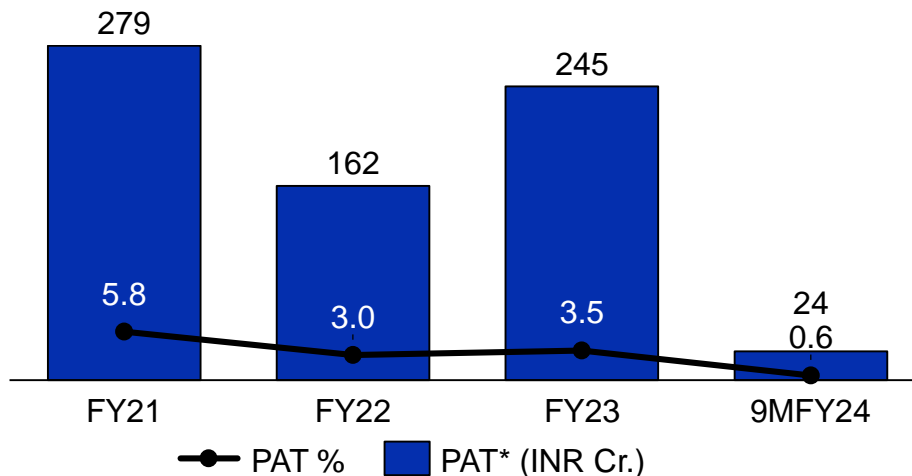
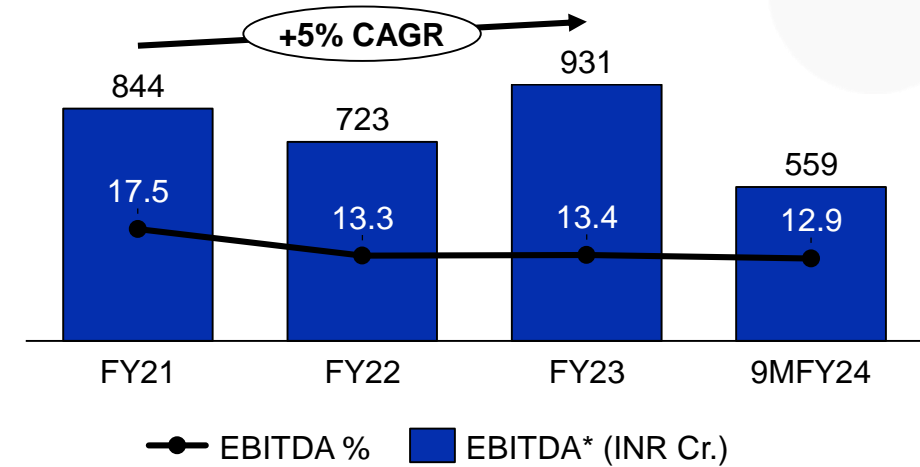
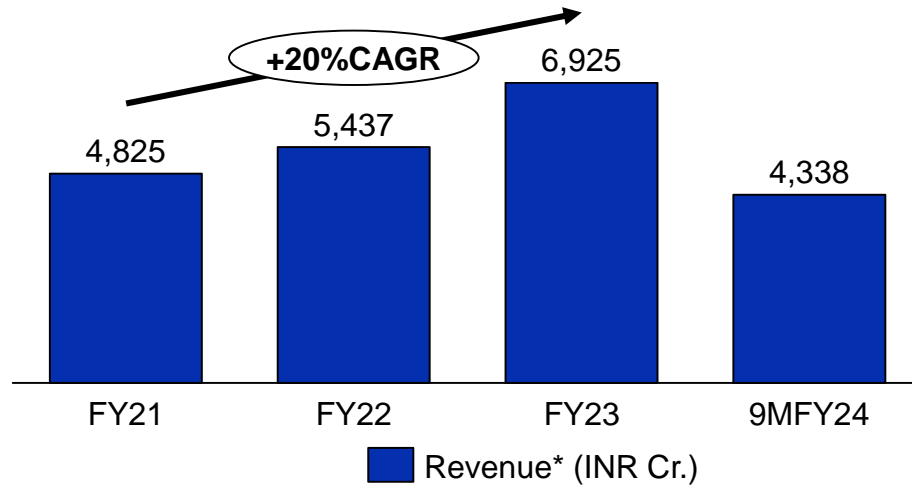
1 Company
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STL financial highlights



Revenue grew at 20% CAGR between FY21-FY23

- 9M FY24 Revenue at INR 4,338 Cr

EBITDA grew at 5% CAGR between FY21-FY23

- 9M FY24 EBITDA margin at 12.9%

9M FY24 PAT at INR 24 Cr

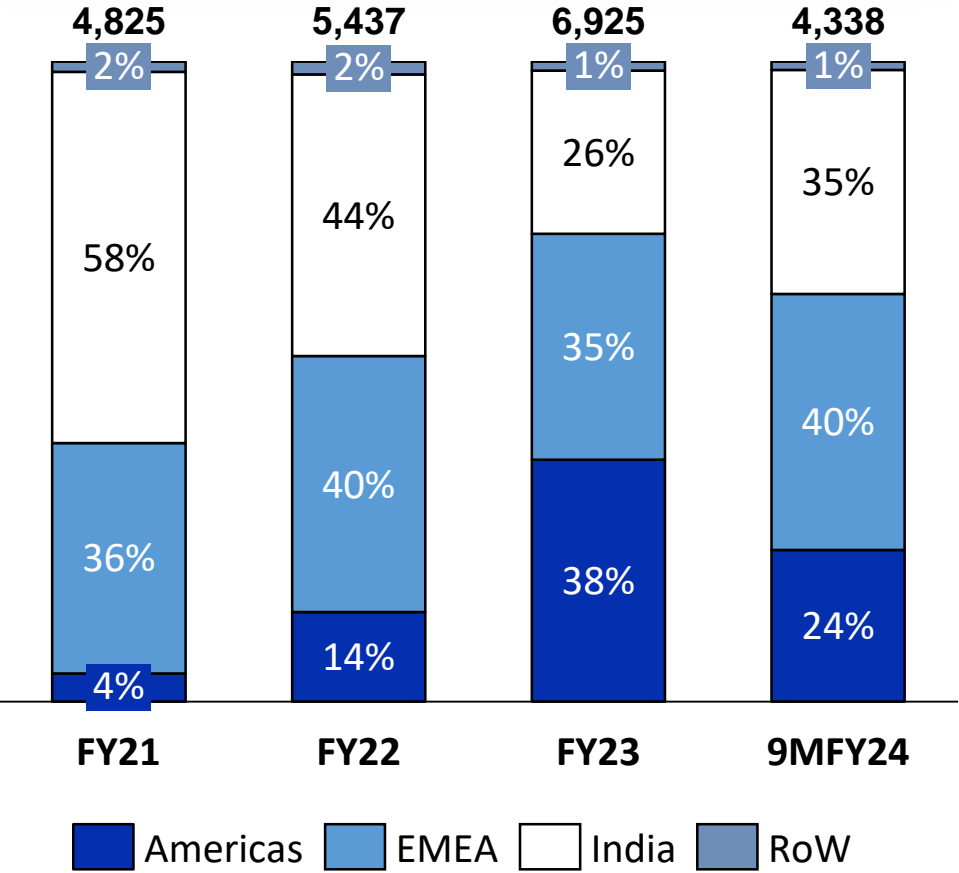
- Owing to lower EBITDA, higher Interest & Depreciation

Well diversified revenue & order book mix



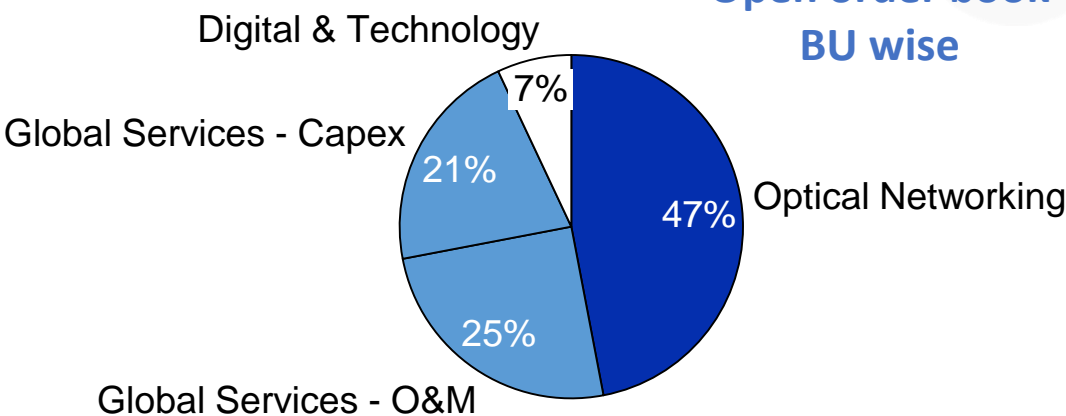
Geographical distribution

Revenues* (INR Cr.)

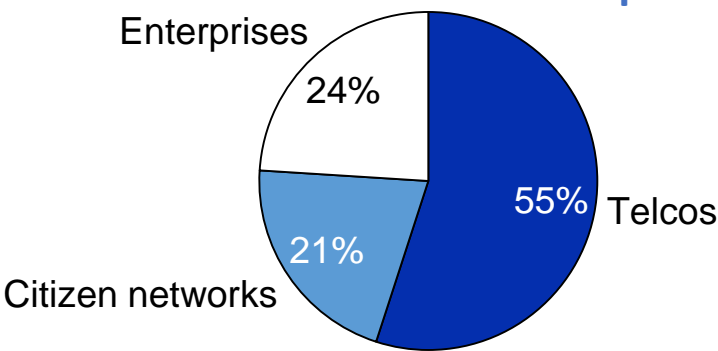


Order book Q3FY24 : INR 9,849 Cr

Open order book BU wise



Customer wise open order book



Consolidated financials: Abridged version



P&L (INR Cr.)	FY21	FY22	FY23	9M FY24
Revenue from operations*	4,825	5,437	6,925	4,338
EBITDA*	844	723	931	559
EBITDA %	17.5%	13.3%	13.4%	12.9%
Depreciation and amortisation expense	285	308	309	250
EBIT*	559	415	622	309
Finance costs	203	238	311	281
Exceptional Items	0	16	0	0
PBT* (Before share of Associates and JV)	365	193	311	28
Tax	111	52	84	50
Net Profit* (After minority Interest & share of JV)	279	162	245	24
Profit (loss) from discontinued operations	-4	-102	-104	6
Net Profit	275	60	141	30

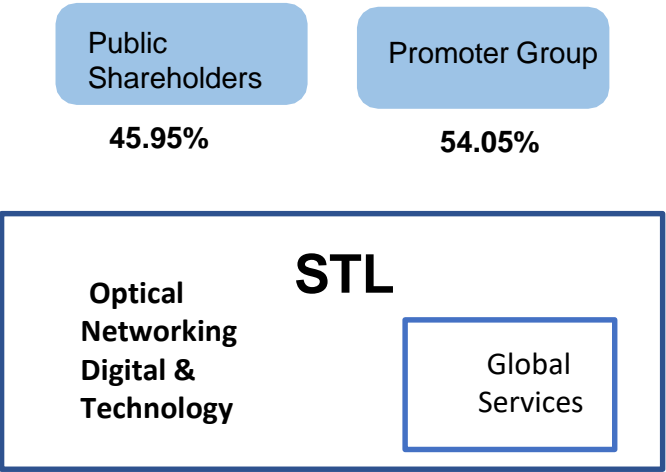
Balance Sheet (INR Cr.)	FY21	FY22	FY 23
Net Worth (incl. minority Interest)	2,085	2,047	2,095
Net Debt	2,431	2,791	3,128
Total	4,516	4,838	5,223
Fixed Assets	2,678	3,016	2,977
Goodwill	292	270	225
Net Working Capital	1,546	1,551	2,022
Total	4,516	4,838	5,223

Global Services Business demerger status

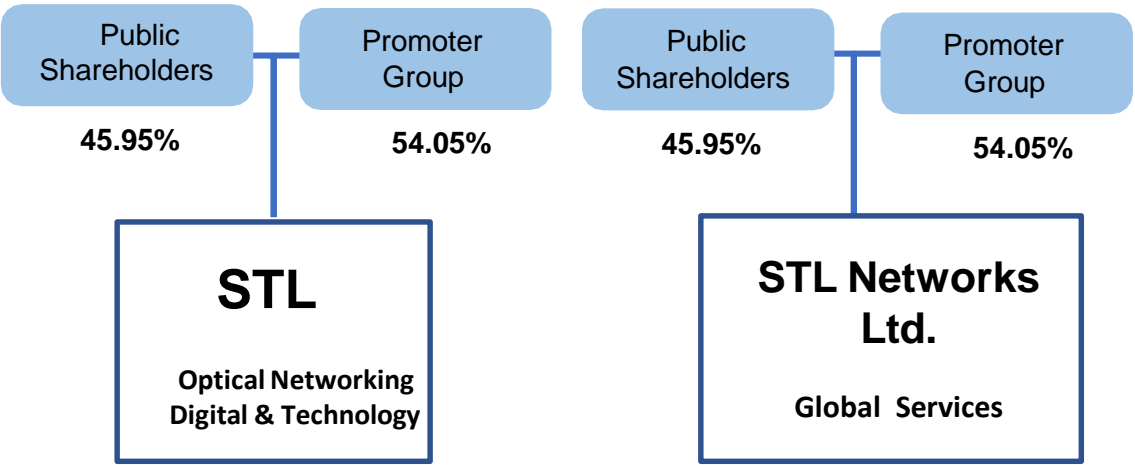


Current Structure

Shareholding as on March 31st, 2023



Proposed Structure



Current Updates

- ✓ Filed application with NCLT and awaiting first hearing date
- ✓ Received NOC from Lenders for obtaining 'no objection' from exchanges
- ✓ Received NOC from NSE and BSE

- Global Services Business to be demerged to “STL Networks Limited” (a WOS of STL) on a going concern basis
- Demerger to be taken as a scheme of arrangement U/s 230-232 of companies Act 2013, under supervision of NCLT
- Pursuant to Demerger, STL Networks Limited shareholding will mirror STL and its shares will be publicly listed
- The demerger is intended to meet the requisite conditions under the IT Act to be tax neutral



Business

Simplified Business structure



Customers

Clear & Well-defined positioning



Employees

Strong Employee Proposition



Shareholders

Attract wider and distinct set of investors for both entities

ESG Commitments & Strategic Priorities



1 Company
Overview

2 Business
Overview

3 Robust
Financials

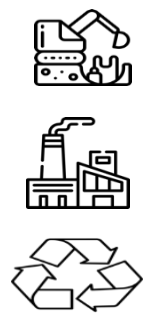
4 Strategic
Priorities

Committed to **Net-Zero** emissions by 2030



Strong measures

- 110,000+ MT**
Waste diverted from landfills (FY21 – FY23)
- 24,000+ tCO₂e**
Reduced through energy efficiency initiatives (FY21 – FY23)
- 460,000+ m3**
of water recycled (FY21 – FY23)
- 43%**
Procurement (by value) done from MSME (FY23)



Collaborated with Hygenco for supply of GREEN HYDROGEN

Zero Waste to Landfill certified²



Committed to the UN SDGs

- 16¹**
Aligned with 16 of the 17 SDGs
- 200,000+**
Lives benefitted through STL's ed-tech & women empowerment programmes (FY21 – FY23)
- 2.4 mn.+**
Lives benefitted through STL's healthcare programmes (FY21 – FY23)
- 50+ ESG awards won (FY21 – FY23)**

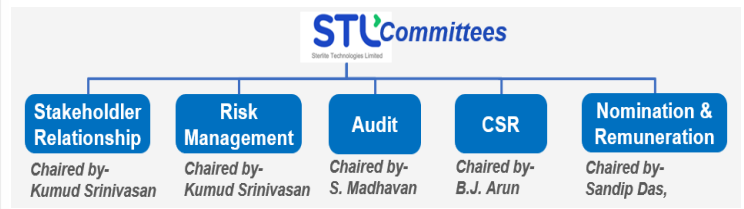
Zero Liquid Discharge certified³



Strong internal governance

Two of the big four as statutory & internal auditors

Strong governance committees



Externally verified Eco-label methodology



01

Grow

Optical Networking



- Increase **OFC market share** and **Optical Connectivity attach rate**
- Drive cost leadership and pursue our ambition to be the 'Global Top 3'

02

Build

STL Digital



- Consciously invest in building technology and capability
- Continue to grow revenue and achieve profitability

03

Consolidate

Global Services



- Build capability for value added services
- Focus on select projects to improve profitability
- Demerge Services Business

A large audience is seated in a conference hall, with many people raising their hands in the air, suggesting an interactive session or a Q&A period. The image has a blue tint.

Lets answer your questions...

Thank You