

The logo for STL, consisting of the letters 'STL' in a bold, white, sans-serif font. A small green arrow points to the right from the top of the letter 'L'.

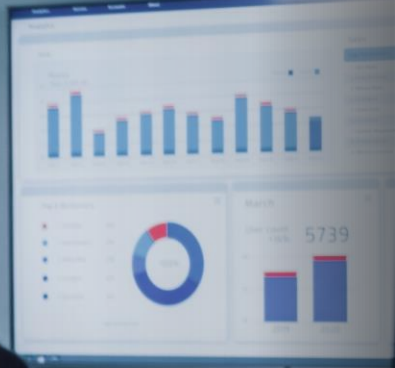
STL

stl.tech

Earnings Presentation

Earnings Call Q4 FY24

8th May 2024



Safe Harbour



Certain words and statements in this communication concerning Sterlite Technologies Limited (“the Company”) and its prospects, and other statements relating to the Company’s expected financial position, business strategy, the future development of the Company’s operations and the general economy in India & global markets, are forward looking statements.

Such statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements of the Company, or industry results, to differ materially from those expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future.

The important factors that could cause actual results, performance or achievements to differ materially from such forward-looking statements include, among others, changes in government policies or regulations of India and, in particular, changes relating to the administration of the Company’s industry, and changes in general economic, business and credit conditions in India.

The information contained in this presentation is only current as of its date and has not been independently verified. No express or implied representation or warranty is made as to, and no reliance should be placed on, the accuracy, fairness or completeness of the information presented or contained in this presentation. None of the Company or any of its affiliates, advisers or representatives accepts any liability whatsoever for any loss howsoever arising from any information presented or contained in this presentation. Please note that the past performance of the Company is not, and should not be considered as, indicative of future results. Furthermore, no person is authorized to give any information or make any representation which is not contained in, or is inconsistent with, this presentation. Any such extraneous or inconsistent information or representation, if given or made, should not be relied upon as having been authorized by or on behalf of the Company.

The Company may alter, modify or otherwise change in any manner the contents of this presentation, without obligation to notify any person of such revision or changes.

Persons should consult their own financial or tax adviser if in doubt about the treatment of the transaction for themselves

These materials are confidential, are being given solely for your information and for your use, and may not be copied, reproduced or redistributed to any other person in any manner. The distribution of this presentation in certain jurisdictions may be restricted by law. Accordingly, any persons in possession of this presentation should inform themselves about and observe any such restrictions

Ankit Agarwal

Managing Director



A believer in purpose-led organizations, Ankit has been leading STL's growth journey as it transforms billions of lives by connecting the world. He holds sustainability very close to his heart and is leading the company's ambitious Net-Zero by 2030 target, from the front.

Ankit is extremely passionate about improvement in health, education and the environment through digital inclusion. Recognized as a 40 under 40 leader, Ankit is a strong supporter of young and entrepreneurial talent. He is a fitness enthusiast, an athlete, and a long-distance runner and encourages his teams to work towards solid all-round growth at work and in life.

Strategic Priorities for FY25



1

Strategic Priorities for FY25

2

Focus on gaining market share in Optical business

3

Focus on Profitable order wins in Global Services

4

Strong growth in STL Digital

5

Robust Financials

Delivered on strategic priorities of FY24



Strengthened Optical Networking

Momentum in optical connectivity

Secured first order in North America

Optimised cost structure

y-o-y reduction in major cost components



Pivoted Services Business Scaled Digital Business

Improved profitability in Global Services

EBITDA increase from 3.1% to 7.6%

Scaled Digital Business

4.25x Revenue growth y-o-y



Crossed Strategic milestones

Capex cycle completion

Operationalised US OFC Capacity

Successful QIP

On-boarding of quality investors signifies investor confidence



Clear Focus on Cash generation

Reduced debt

Net Debt reduction by 334 Crore

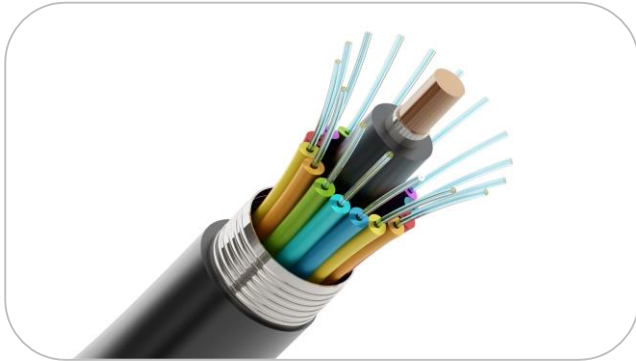
MB Manshaan divestment

at Euro 5.95 mn. consideration

01

Grow

Optical Networking



- Increase OFC market share and optical connectivity attach rate
- Drive cost leadership

02

Consolidate

Global Services



- Build capability for value added services
- Focus on project mix to improve profitability
- Demerge Services Business

03

Build

STL Digital



- Consciously invest in building technology and domain capability
- Focus on profitable growth

Committed to net-zero emissions by 2030

MSCI * ESG rating at A



ENVIRONMENTALLY SUSTAINABLE

Eco-labelled products

245,000+ MT

Waste diverted from landfills (FY19 – FY24)

30,000+ tCO₂e

Reduced through energy efficiency initiatives (FY21 – FY24)

830,000+ m³

of water recycled (FY19 – FY24)

43%

Procurement (by value) done from MSME (FY23)

Collaborated with Hygenco for supply of Green Hydrogen



SOCIALLY RESPONSIBLE

Committed to the UN SDGs¹

16

Aligned with 16 of the 17 SDGs

900,000+

Lives benefitted through STL's ed-tech & women empowerment programmes (FY19 – FY24)

2.7 mn.+

Lives benefitted through STL's healthcare programmes (FY19 – FY24)



GOVERNED WITH CARE

Strong internal governance

Two of the Big Four

as statutory & internal auditors

Executive and Management committees in place

100+ ESG awards won (FY19 – FY24)

STL becomes world's first optical player to launch externally verified Eco-label methodology

* MSCI - Morgan Stanley Capital International

Optical Business navigating short-term softness; STL's focus on gaining market share



1 Strategic
Priorities for
FY25

**2 Focus on gaining
market share in Optical
business**

3 Profitable order wins
in Global Services

4 Strong growth
in STL Digital

5 Robust
Financials

Near-term demand softness, robust growth in medium to long term

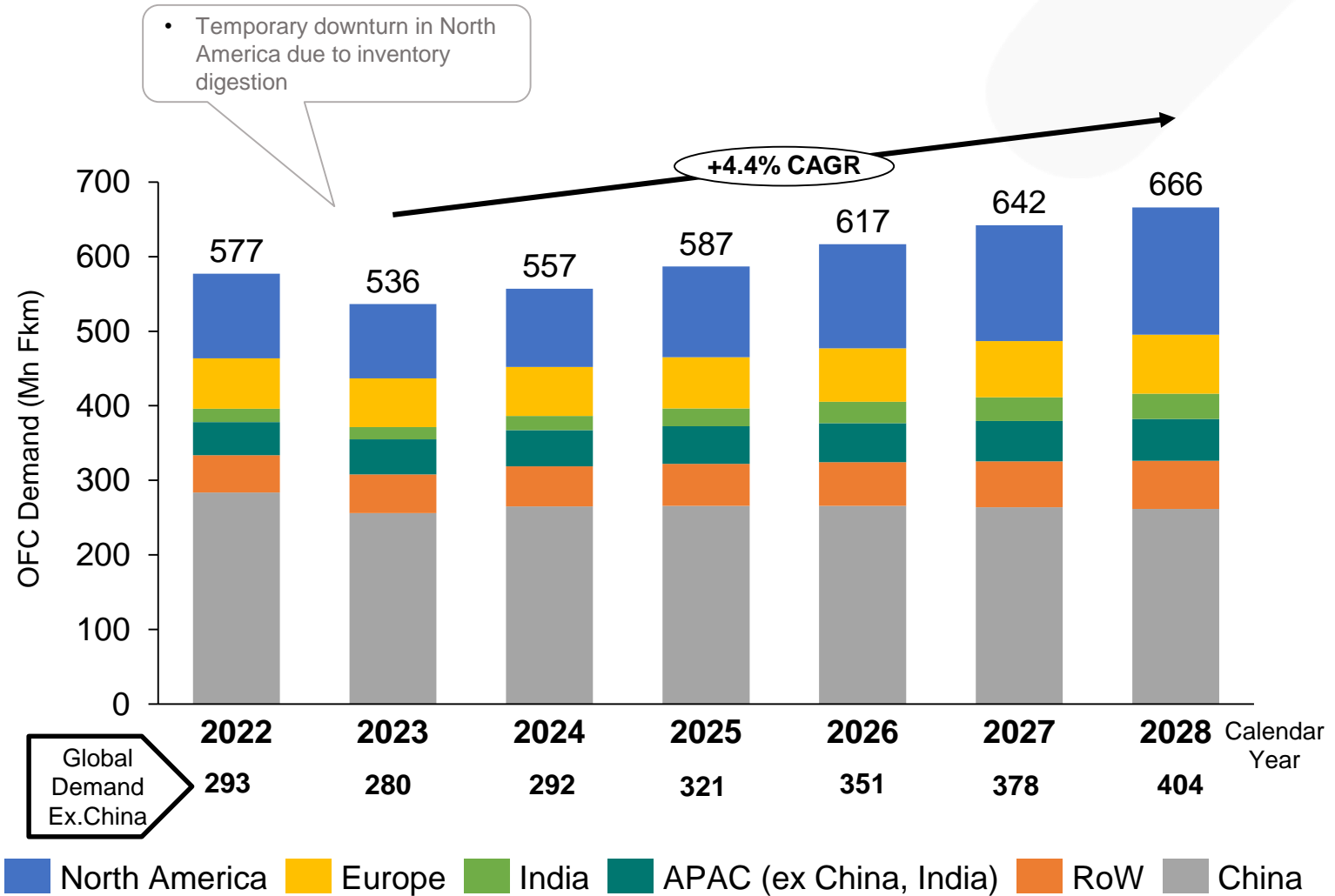


FY24 Reflections:

- OFC consumption for 2023 declined by **7%** globally, led by **~12%** decline in North America
- Inventory played a major role, suboptimal factory utilization was a trend across industry

FY25 & beyond:

- Observing continued deployment and healthy inventory digestion
- Analysts suggest demand improvement from 2024 and robust demand for coming years
- Continued client commitments on increasing fiber deployment and STL order book surge in Q4 FY24 indicate recovery



STL's focus markets *North America, Europe & India* are projected to grow faster

Fiber, a necessity for AI led Digital Society



Digital Society

Cloud Computing

Projected to grow at **15%** CAGR from \$626 Bn to \$1.26 Tn by 2028

AR | VR

Projected growth at **32%** CAGR from 2022 to 2026, reaching \$50.9 Bn market size

IoT

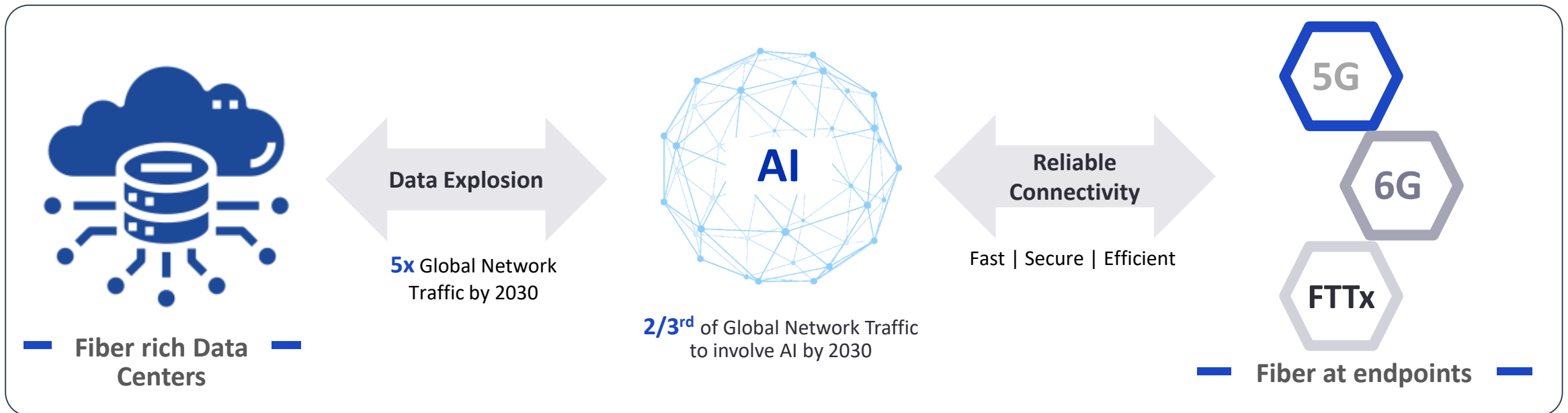
24% CAGR projected growth from 2024 to 2032, reaching \$4.06 Tn market size

Video | Online Gaming

Network intensive leisure activities e.g Video (~70%), key drivers of network traffic growth

Connecting the unconnected

1/3rd of global population remains offline and yet to be connected



Fiber-rich data centres and fiber-led connectivity, necessity for AI revolution

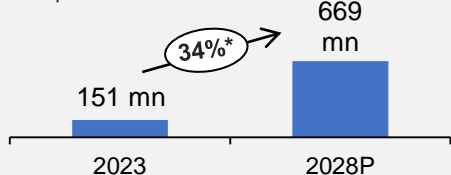
Three investments cycles coinciding



Multi-year network build cycle

5G

Subscriptions Growth

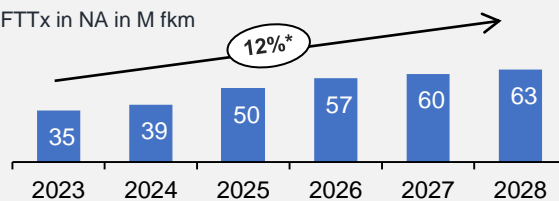


Projected penetration for 2029E at **92%**

FTTx

North America

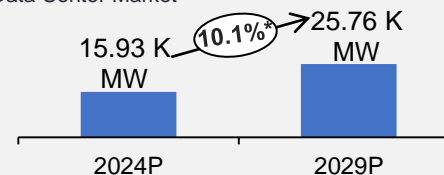
FTTx in NA in M fkm



>100 Mn US homes await FTTH, **12 Mn homes** to be deployed in 2024 (FBA)

Data Centers

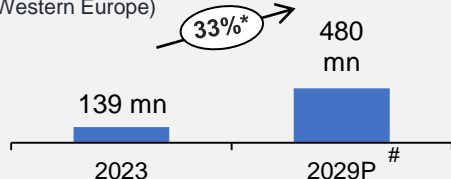
Data Center Market



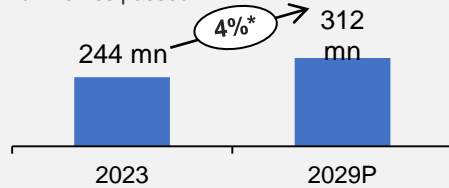
Data Centre market at **\$139 Bn by 2028**

Europe

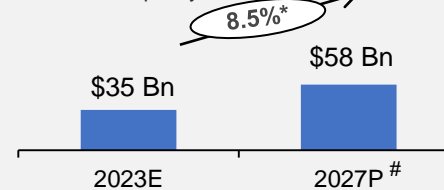
Subscriptions Growth (Western Europe)



FTTH/B homes passed

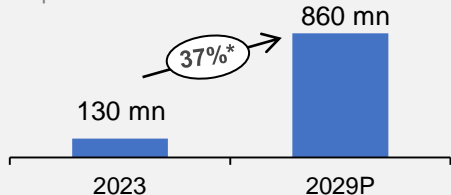


Data Center Capacity



India

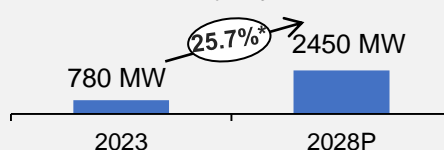
Subscriptions Growth



2nd largest fiber broadband market by 2030

To lead global growth in installations with **26% CAGR** (2023-28)

Installed Data Center Capacity



>**INR 45,000 Cr** investments till FY26 (CRISIL)

Additionally supported by

Government policy

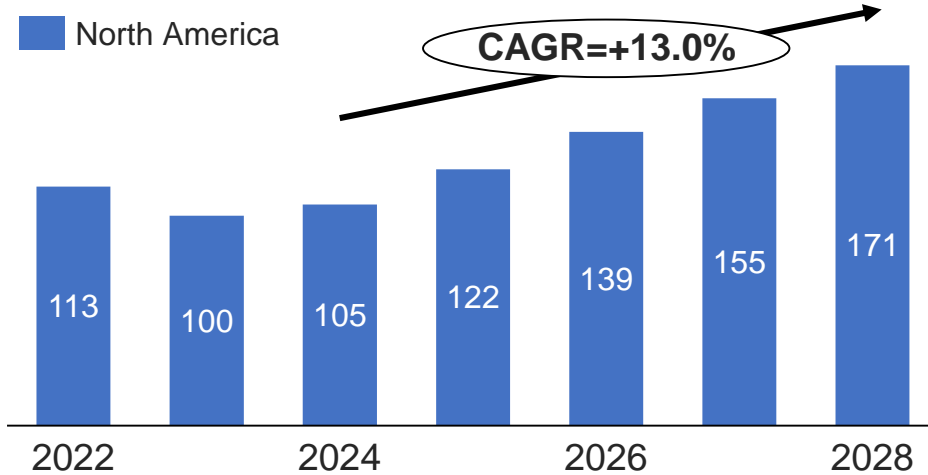
- USA Govt Funding of **~\$97 bn** for broadband infra (BEAD program \$42.5 Bn)
- **1.39 L Cr** BharatNet Program. **65k Cr** Tender out

Impact of anti dumping duties on Chinese exports

- **India - 97% reduction** from Apr 23 to March 24
- **EU & UK - 56% reduction** from Apr 23 to Sep 23

Strong tailwinds in US on optical demand

North America optical cable demand, mfkms



Rapid FTTx deployment in US

9 Mn homes passed in 2023. 9mn to 12mn home passes could be added in 2024

US government push for OFC infra



BEAD

- \$ 42.5 Bn Program
- State of Louisiana expected to begin utilizing funds by April, 24
- Most states are likely to receive funding in **2025**.

In medium term;

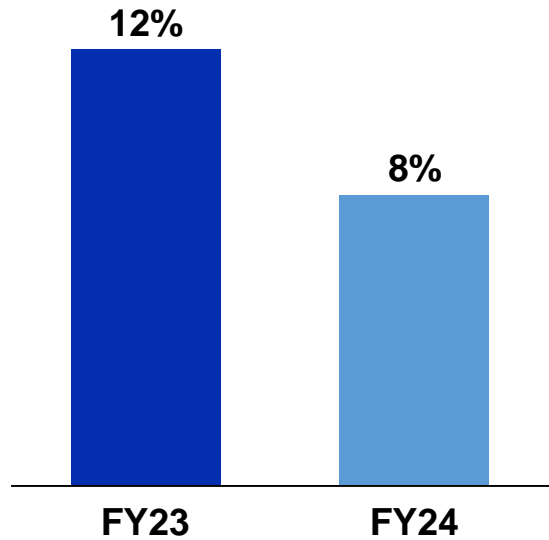
- AT&T plans to deploy **~19 Mn** home passes
- Lumen plans to add **>9 Mn** home passes
- Frontier plans to add **5 Mn** home passes

Fiber deployment in next 5 years is expected to be nearly as much as it has been deployed throughout history

Observing decline in market share; improvement in optical attach rate



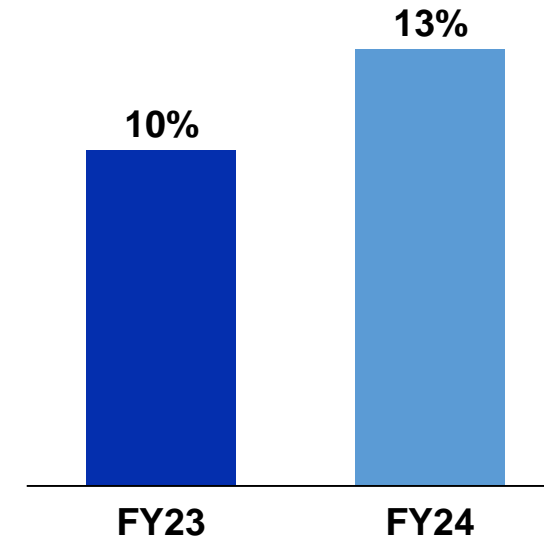
Global (ex-China) OFC market share



Market Share = STL Sales Volume / Total Market Demand

Observing OFC market share decline during FY24

Optical connectivity attach rate



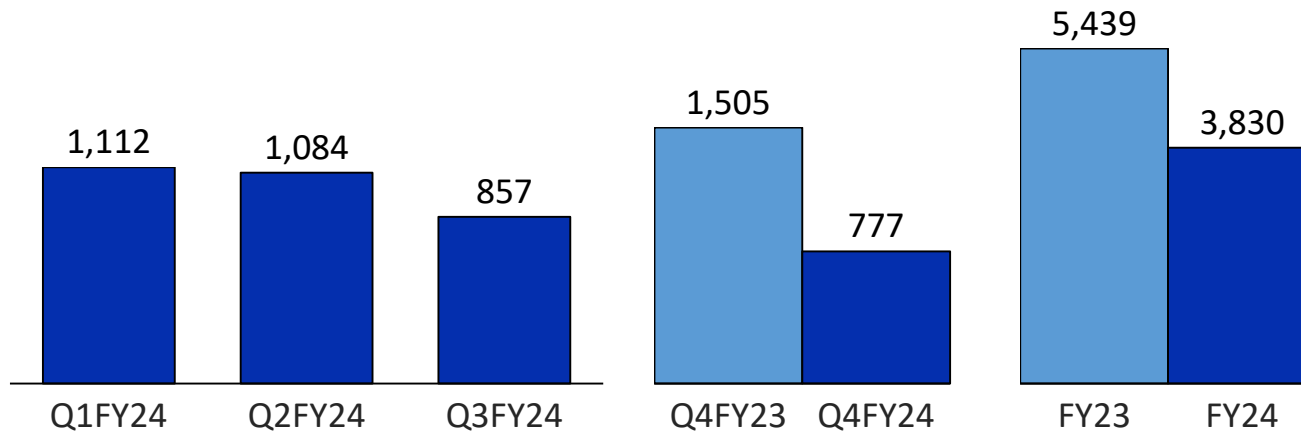
Attach rate = Optical connectivity revenue / OFC revenue

New products commercialisation to further increase attach rates

Optical Networking Business financial highlights



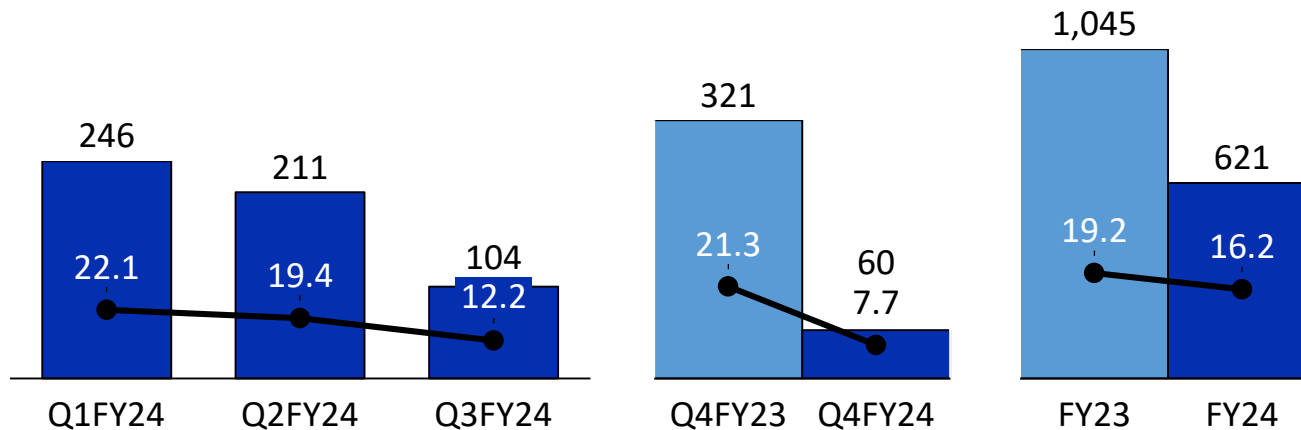
Revenue* (INR Cr.)



FY24 revenue at INR 3,830 Cr.

- OFC volume lower on y-o-y basis

EBITDA* (INR Cr.) —●— EBITDA %



FY24 EBITDA margin at 16.2%

- Reduction in 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

Profitable order wins in Global Services



1 Strategic Priorities for FY25

2 Focus on gaining market share in Optical business

3 Profitable order wins in Global Services

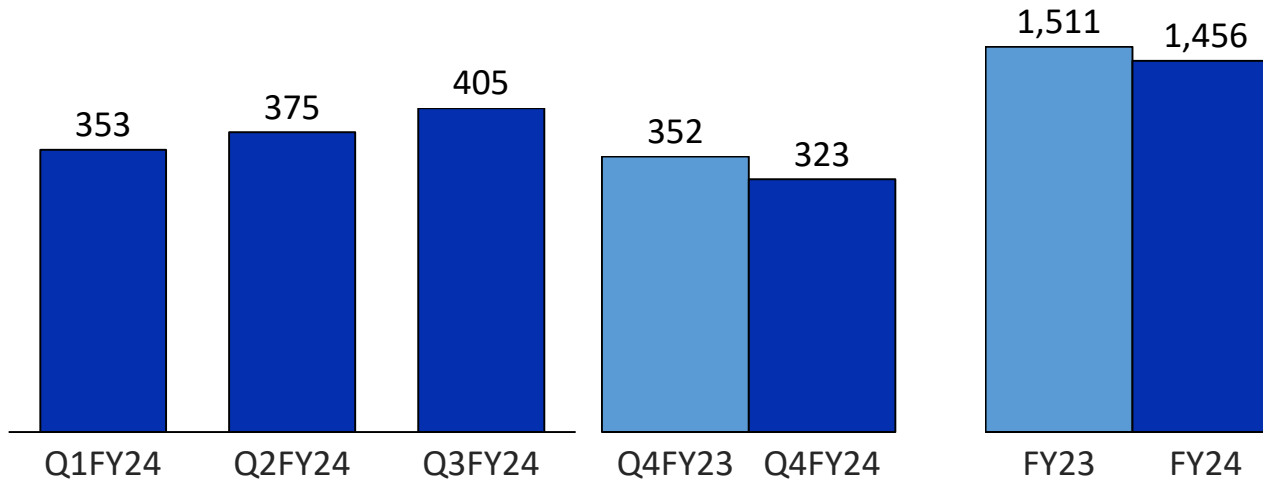
4 Strong growth in STL Digital

5 Robust Financials

Global Services business financial highlights



Revenue* (INR Cr.)

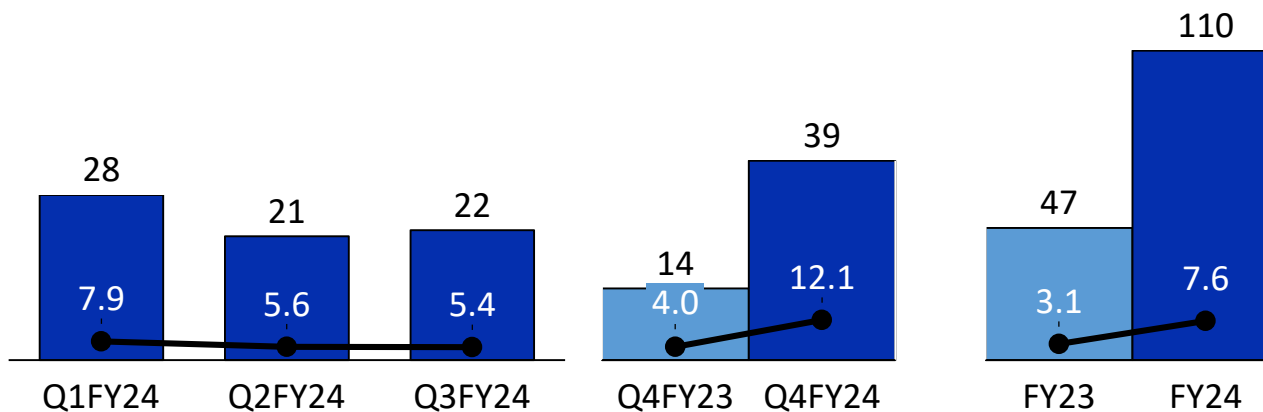


FY24 revenue at INR 1,456 Cr.

- Selective order intake & execution

EBITDA* (INR Cr.)

● EBITDA %



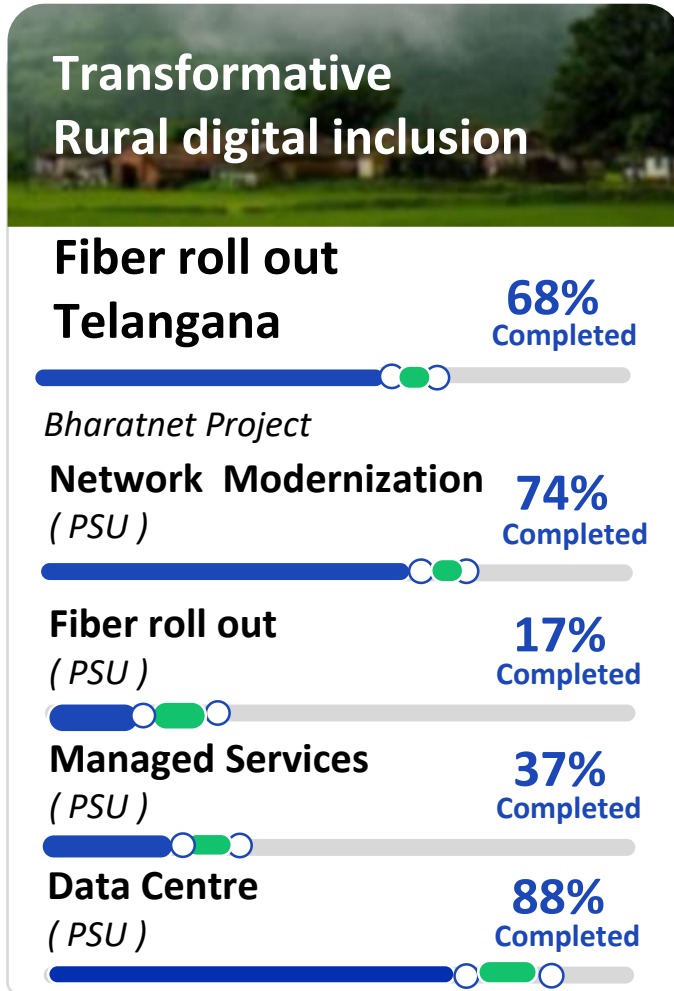
FY24 EBITDA at INR 110 Cr.

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

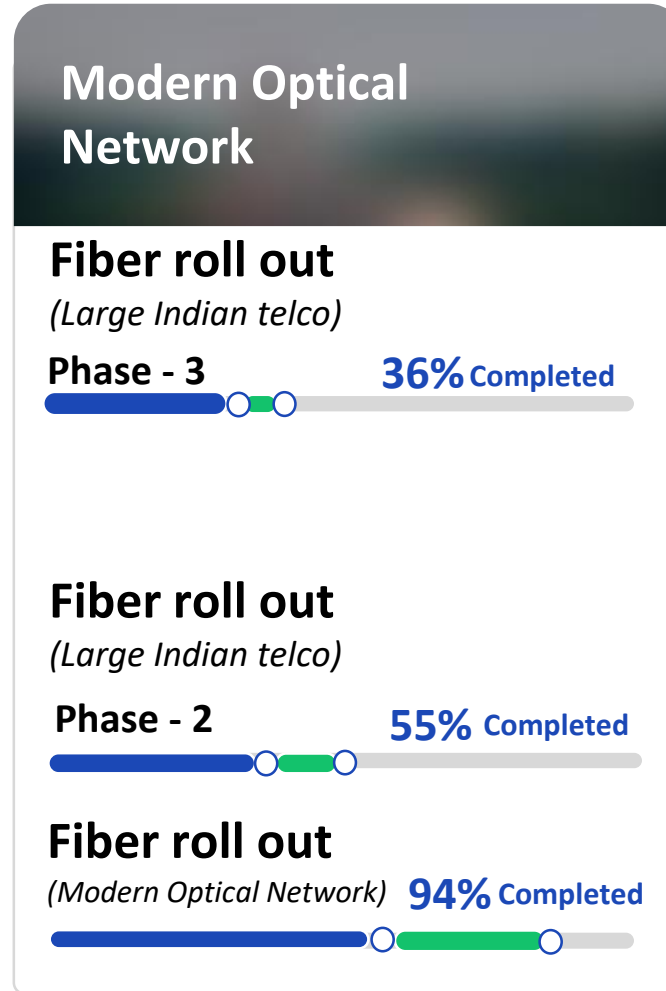
Project execution on track



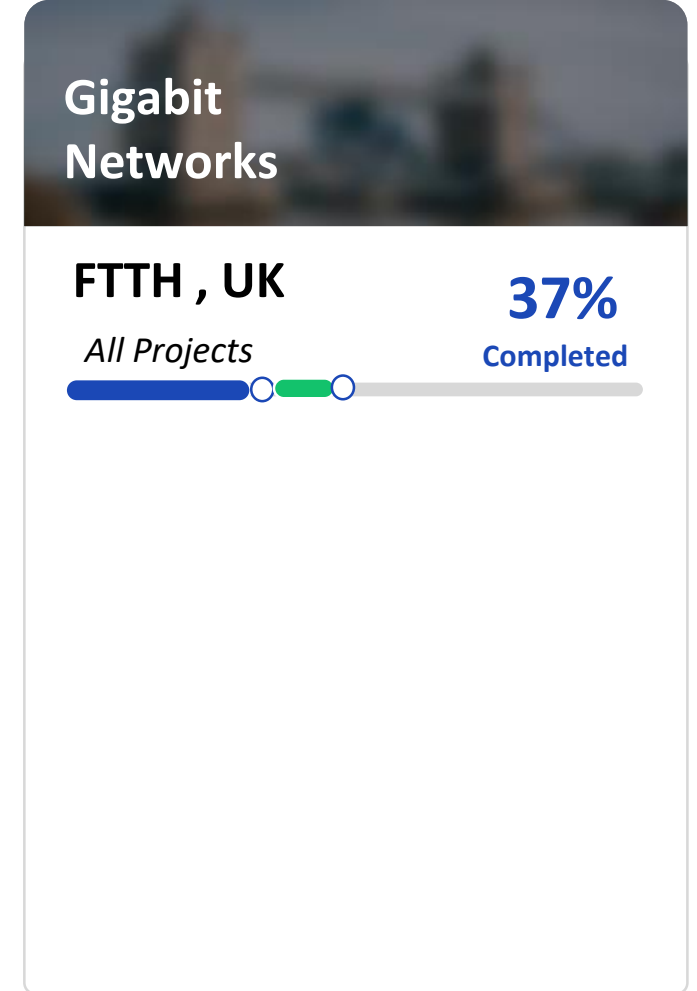
India - Public



India - Private



UK



Progress till previous Qtr. Progress in current Qtr.

Growth in STL Digital continues



1

Strategic
Priorities for
FY25

2

Focus on gaining market
share in Optical business

3

Profitable order wins
in Global Services

4

**Strong growth
in STL Digital**

5

Robust
Financials

Continued growth momentum in STL Digital



Identity



- Delivery centre in Bangalore
- Offices in India, US & UK

Service offerings

- Enterprise saas services
- Product engineering
- Cloud & cyber security
- Data analytics & AI

Industry vertical

- Technology
- Life sciences & healthcare
- Manufacturing
- Energy, resources & utilities

Customers

25

Global customers



Team



1000+ Consultants



22% Women

Financials

Order Book **INR. 660 Cr+**

FY24 Revenue **INR. 298 Cr**

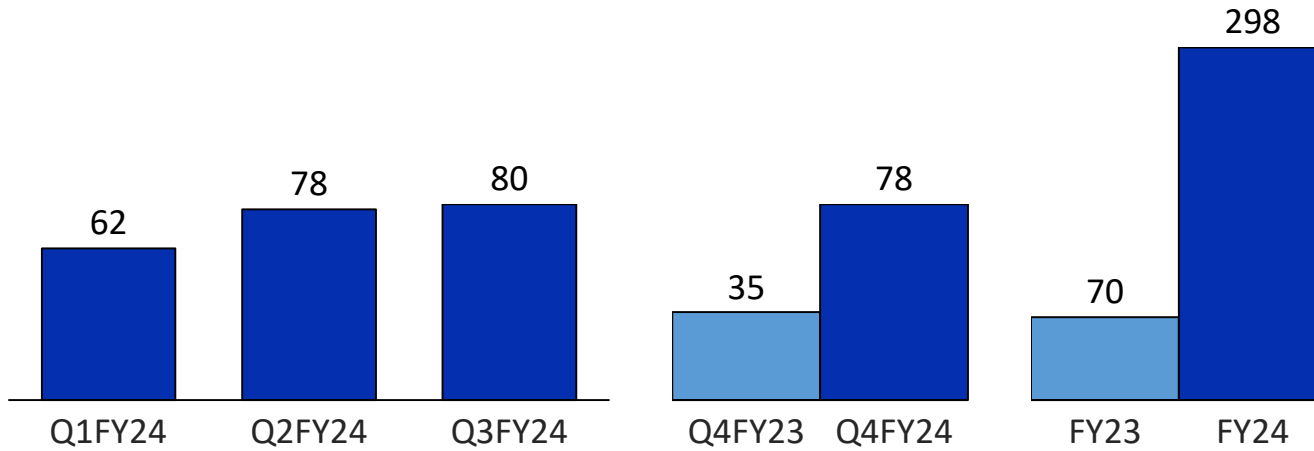
- **Strong deal flow, new customer acquisitions** in US and India across Technology & Services Industry verticals during FY24
- **Robust partnership ecosystem.** Strategic partnerships signed with **SAP & Google** .Active technology partners : **40+**

Growth driven by robust order book and right team of leadership + consultants

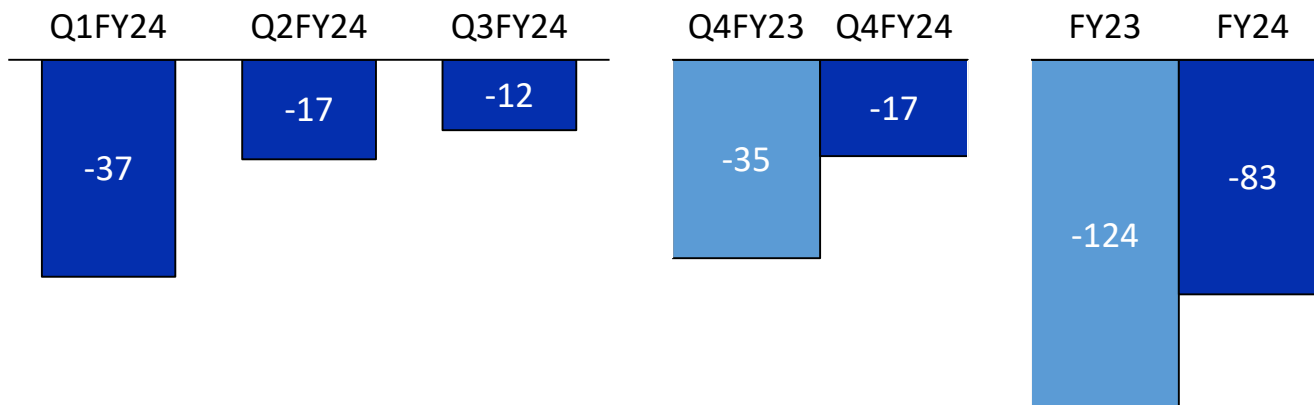
Digital business financial highlights



Revenue* (INR Cr.)



EBITDA* (INR Cr.)



FY24 Revenue up at INR 298 Cr.

- Revenue growth continued

FY24 EBITDA loss at INR 83 Cr.

- EBITDA losses trending downwards

Tushar Shroff

Group CFO



Tushar has a rich experience of nearly three decades and is highly focused on building resilient and value-creating organizations. Tushar has deep expertise in the areas of fundraising, capital structuring, merger & acquisition, treasury management, taxation, financial accounting and planning, Investor Relations, and Business partnering. He has served as the Finance committee member of GCCI (Gujarat Chamber of Commerce & Industry).

As the Chief Financial Officer at STL, his vision is to bolster the company's strategy to deliver consistent shareholder value and profitable growth.

He holds the cause of all-round development and well-being of specially-abled children, close to his heart and actively dedicates his time and energy towards this.

Focus on maintaining operating profitability & reducing debt



1 Strategic Priorities for FY25

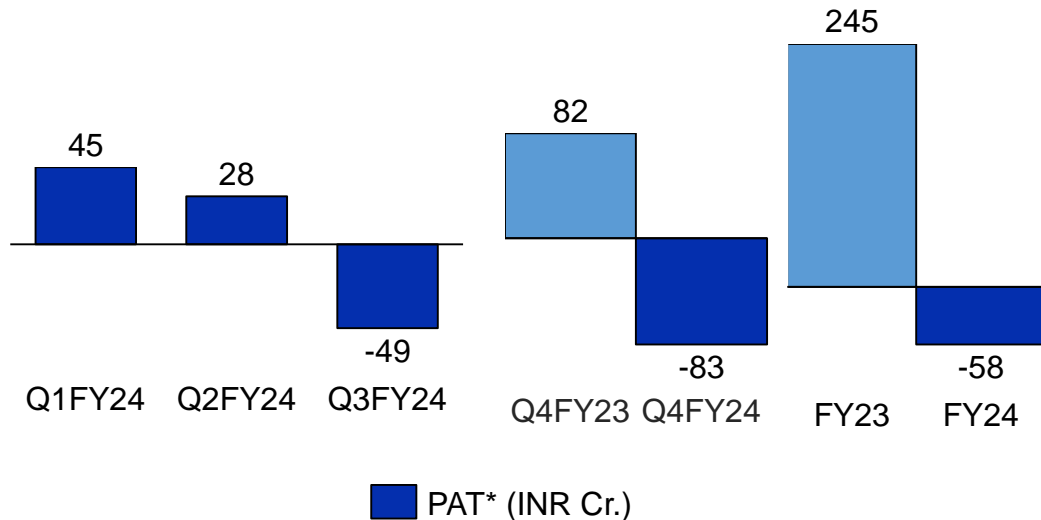
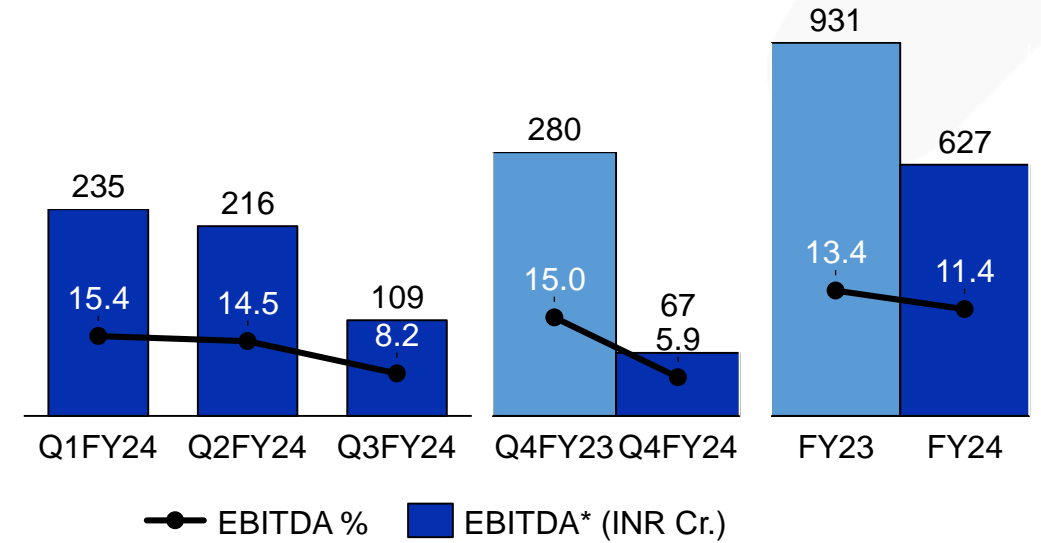
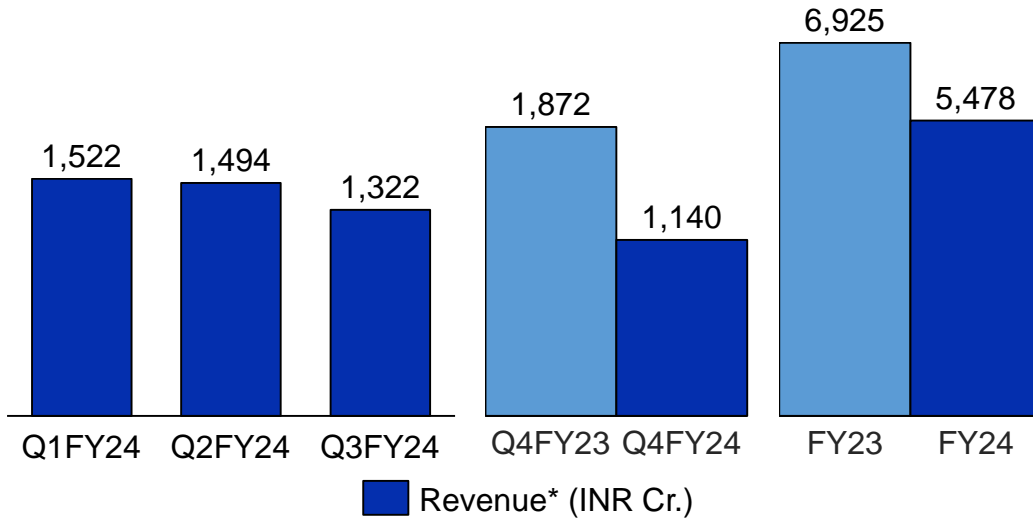
2 Focus on gaining market share in Optical business

3 Profitable order wins in Global Services

4 Strong growth in STL Digital

5 Robust Financials

STL financial highlights



FY24 Revenue at INR 5,478 Cr

- OFC volumes lower on y-o-y basis

FY24 EBITDA margin at 11.4%

- Margins dropped due to lower OFC volumes

FY24 PAT loss at INR 58 Cr

- Owing to lower EBITDA, higher Interest & depreciation

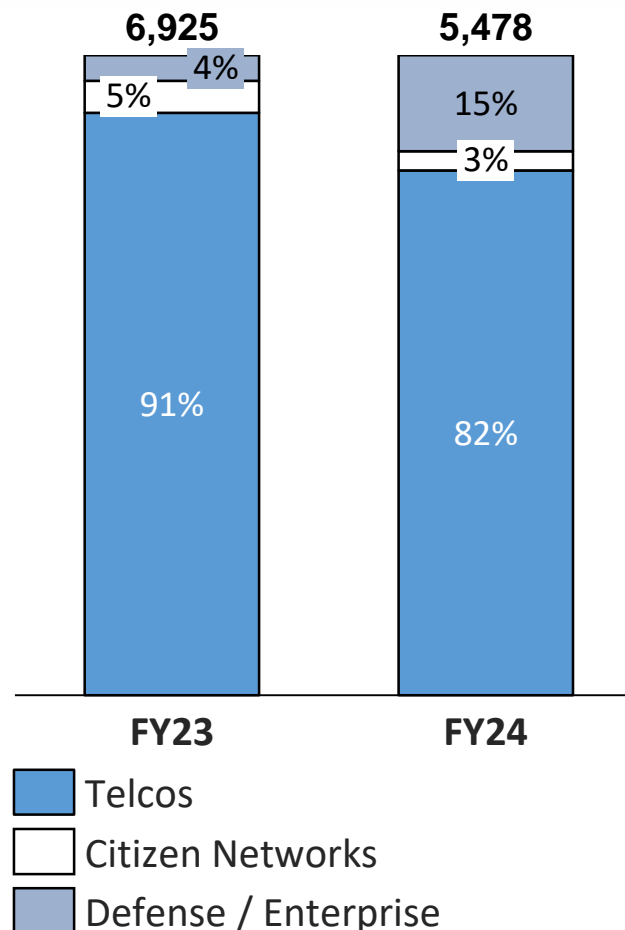
Diversified revenue mix



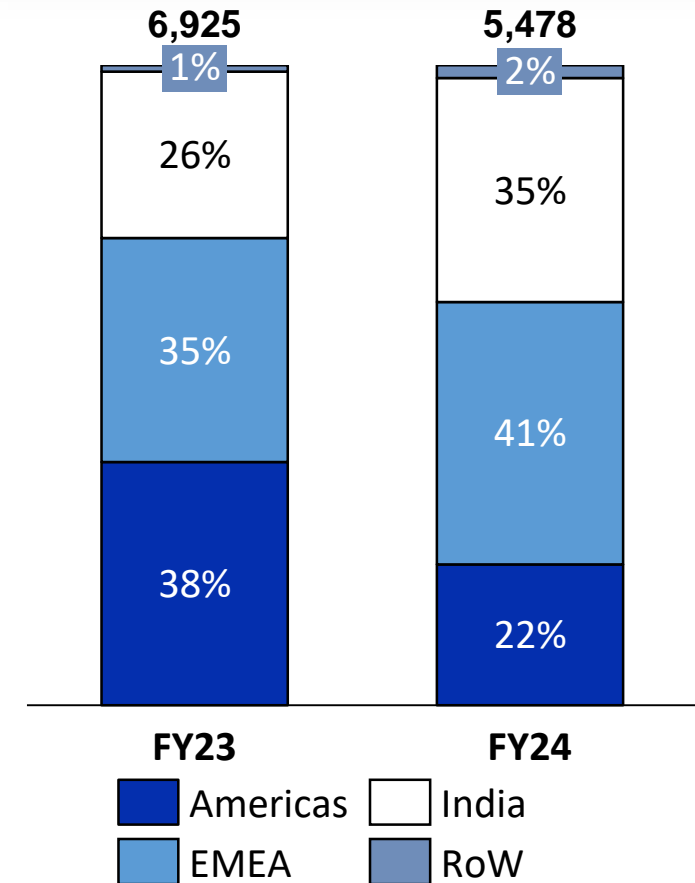
Multi million dollar order wins in Q4 FY24

- **Large UK telecom player** for optical fiber cable
- **Long term** large orders for fiber cable supply & roll out for a **Large Indian private telecom player**
- **Indian public sector enterprise** for services business
- **Orders from UK based telecom player** for connectivity & fiber solutions
- **Fiber-optic network operator in Italy** for connectivity & fiber solutions

Customer segment split
Revenues* (INR Cr.)



Geographical distribution
Revenues* (INR Cr.)

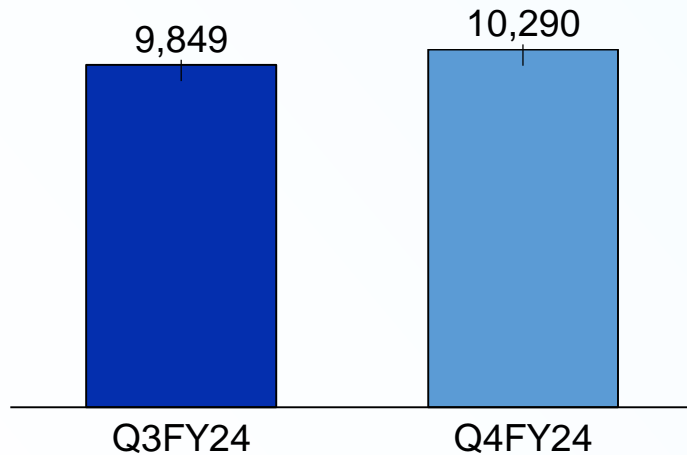


* from continued operations

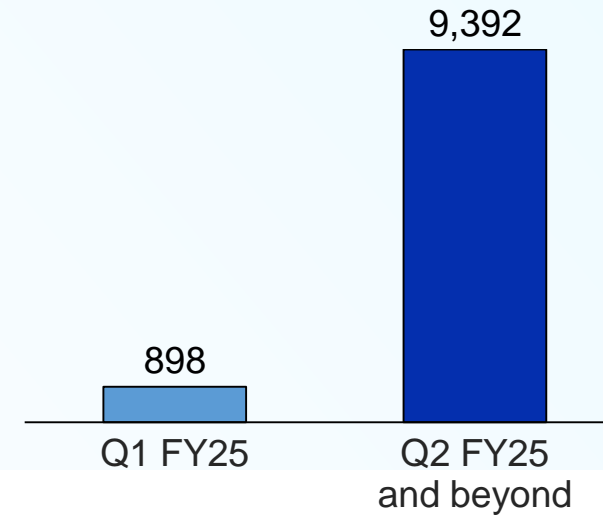
Order Book Highlights



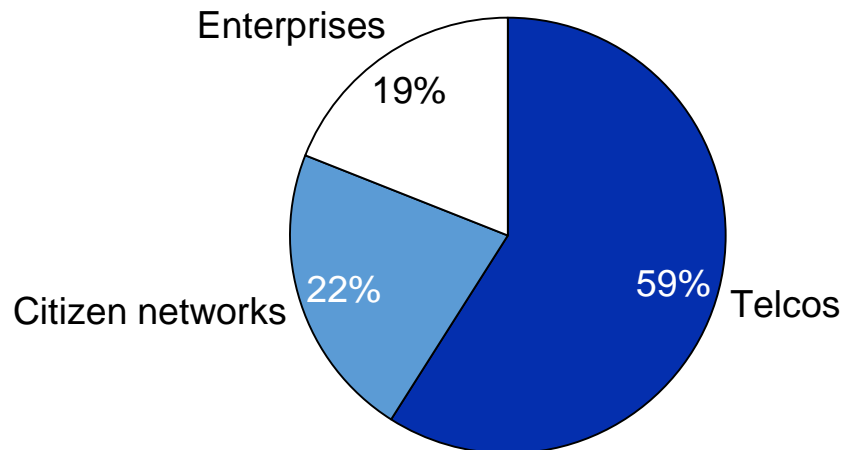
Open order book (INR Cr.)



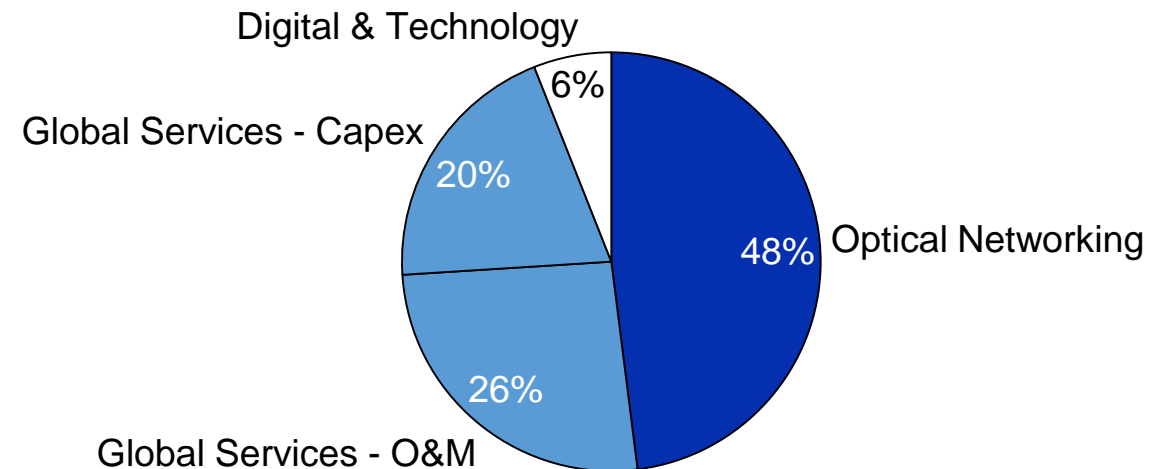
Order book spread (INR Cr.)



Customer wise open order book



Open order book BU wise



Consolidated financials: abridged version



P&L (INR Cr.)	Q4 FY23	Q3 FY24	Q4 FY24	FY23	FY24
Revenue*	1,872	1,322	1,140	6,925	5,478
EBITDA*	280	109	67	931	627
<i>EBITDA %</i>	15.0%	8.2%	5.9%	13.4%	11.4%
Depreciation	78	84	85	309	335
EBIT*	201	25	-18	622	291
Interest	89	94	88	311	369
PBT* (Before share of Associates and JV)	113	-69	-107	311	-77
Exceptional Items	0	0	0	0	0
Tax	34	-17	-23	84	-9
Net Profit* (After minority Interest & share of JV)	82	-49	-83	245	-58
Profit (loss) from discontinued operations	-17	-8	1	-104	7
Net Profit	65	-57	-82	141	-51

Key Updates

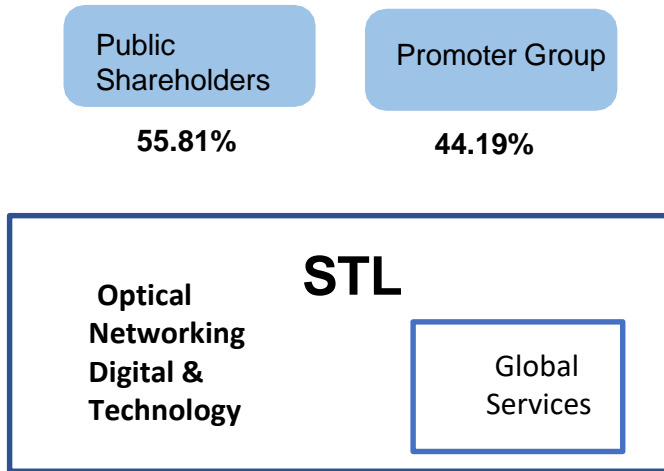
- Net Debt has reduced by INR 334 Cr from FY23

Global Services demerger status

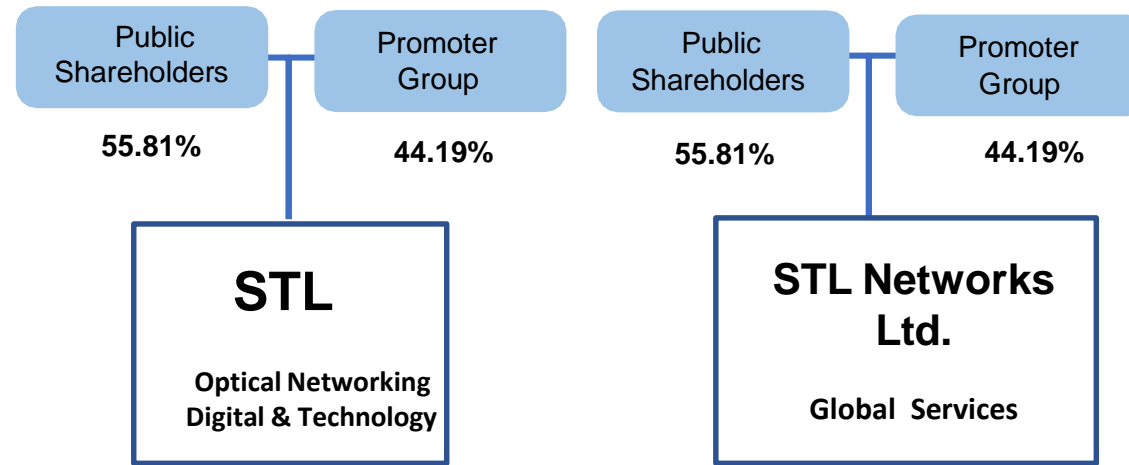


Current Structure

Shareholding as on May 3rd, 2024



Proposed Structure



Current Updates

- ✓ First NCLT hearing conducted in April 2024.
- ✓ The NCLT has directed us to convene meetings of Shareholders, Secured and Un Secured Creditors to approve the scheme of demerger.

- 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

Summary focus areas



Optical Business

- Drive **cost leadership** and pursue our ambition to be the '**Global Top 3**'
- Increase sales in **focused markets** to fill the short-term volume gap
- Increase **optical connectivity** growth and attach rate

Services Business

- Continued focus on select projects to **improve profitability** and **optimise net fund involvement**

Digital Business

- Continue to **grow revenue** with **focus on profitability**

A large, out-of-focus audience of people sitting at tables in a conference room, with many of their hands raised in the air. The scene is dimly lit with a blue color cast.

Lets answer your queries!



beyond tomorrow