



Bharti Airtel



**Management Presentation – Singtel
Investor Day**



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Certain numbers in this presentation have been rounded off for ease of representation

Investor Relations :- <http://www.airtel.in>
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What Guides Us

Customer Centricity

- Win customers for life through differentiated experience, products and world class technology

Performance Excellence

- Growth despite challenges
- Grow market share, strip out waste
- Accelerate non-mobile businesses

Transparency & Ethical Governance

- Highest corporate governance and disclosure rankings

Investment Highlights



1. LARGE RESIDUAL OPPORTUNITY

Voice Secularity

- Under-penetrated geographies
- Unique mobile users at c. 50% of total SIMs (large dual-SIM user base)
- Declining age dependency
- Industry consolidation, top 3 operators account for 75% RMS

Data

- India mobile broadband (3G/4G) penetration under 13%
- Smartphone shipments show tremendous growth
- Data traffic growth forecasted to grow 22x over 6 years

Untapped Opportunities

- Payments Bank and other non-mobile businesses



2. BULK INVESTMENTS IN PLACE

Spectrum Bank

- Successful re-farming of sub-GHz spectrum for 3G
- 3G gap circles covered
- 4G coverage pan-India

Largest network of towers and base stations

- 95.6% voice population coverage
- Mobile broadband towers up 2.3x over the last year

Largest network of optic fiber

- Global and national long distance fiber – over 435,000 RKms
- Added c. 13,000 RKms over the past year

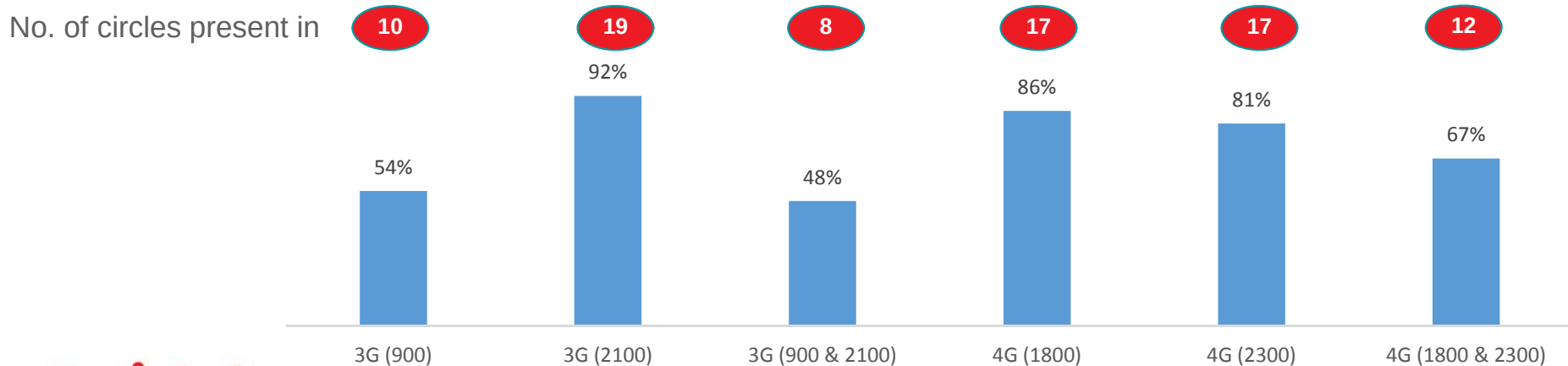


India: Superior Spectrum Position

Spectrum Band	Industry Spectrum (MHz)	Industry Spectrum ex BSNL/MTNL (MHz)	Spectrum held by Bharti (MHz)	Bharti spectrum Market Share ex BSNL/MTNL
900	421.0	282.8	110.2	39.0%
1800	991.5	925.3	213.3	23.0%
2100	520.0	410.0	100.0	24.4%
2300	580.0	440.0	170.0	38.6%

- ✓ Pan India 4G, 3G available in 21 circles
- ✓ 3G sub-Ghz available in 10 circles covering 50% of own revenues and 45% of industry revenue
- ✓ 4G Carrier aggregation covers 67% of own revenues and 61% industry revenues

Spectrum holdings across bands; % of own revenues covered¹



Source: TRAI, Department of Telecom, Company Filings

1. Including Qualcomm, Videocon, Aircel licenses, excluding administered spectrum

Africa: Invested for Growth

2010

2016

Data/Mobile Money

- 3G: All 17 Countries
- Mobile Money: All 17 Countries
- 4G: Seychelles, Rwanda, Gabon

Countries: 15

Sites: 10,000

Customers: 35 mm

Countries: 17

Sites: 20,196

Customers: 80 mm



- ✓ Capex Investments till date: \$ 5.0 bn
- ✓ Well funded out of EBITDA: \$ 5.8 bn till date
- ✓ **Thus OFCF = \$ 0.8 bn**

Further focus on business re-contouring

- ✓ Tower Sales in 9 countries
 - ✓ Already received: \$ 1.8 bn
 - ✓ To be closed: \$ 0.5 bn - \$ 0.7 bn (*industry estimates*)
- ✓ Divestment of 2 countries to Orange: \$ 0.9 - \$ 1.0 bn (*industry estimates*)
- ✓ **Total proceeds: \$ 3.2 - \$ 3.5 bn**

3. AIRTEL: DIVERSIFIED WITH SCALE OPERATOR

Profitability and scale across diversified segments

- Dominant position to capitalize with bulk investments in place
- Only operator with diversified portfolio
- Scale leading to operating leverage
- Generating c. \$1 bn yearly organic free cash

Leadership across geographies

- Leader in India, #1 or #2 in 14 African countries

Leading market shares

- Highest revenue market share and subscriber market share
- Incremental RMS 55.2%
- Incremental subscriber share 38.7%



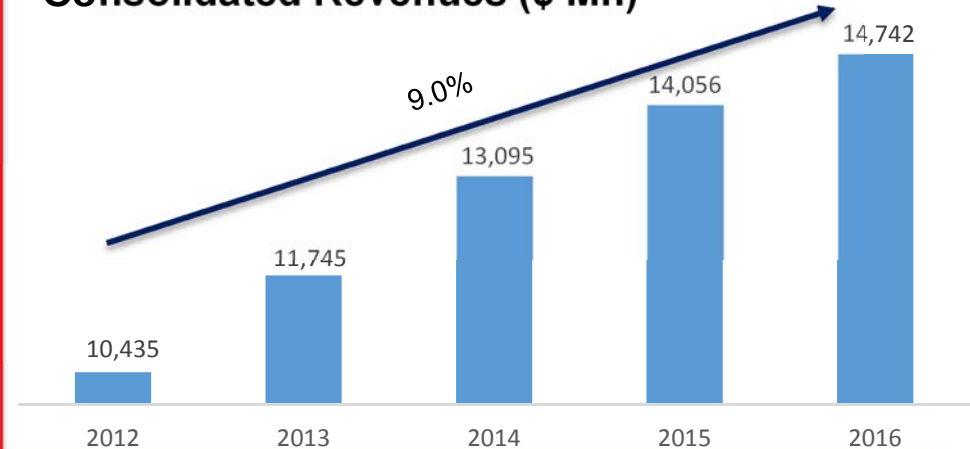
Scale brings Operating Leverage

Scale

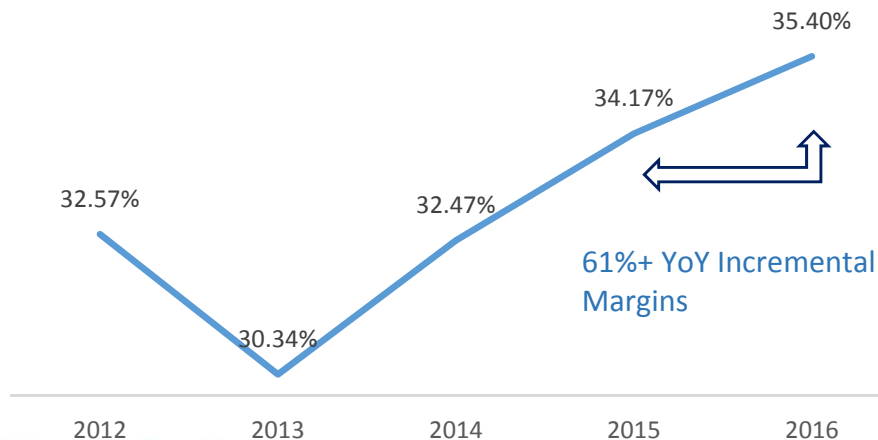
Overview

- ✓ Presence in 20 countries
- ✓ #3 Operator in the World
- ✓ #1 in India & #1 or #2 in 14 countries in Africa
- ✓ US\$ 14.74 bn Revenue
- ✓ US\$ 5.22 bn EBITDA
- ✓ 2.02 addressable population
- ✓ Only operator with Pan India 3G & 4G

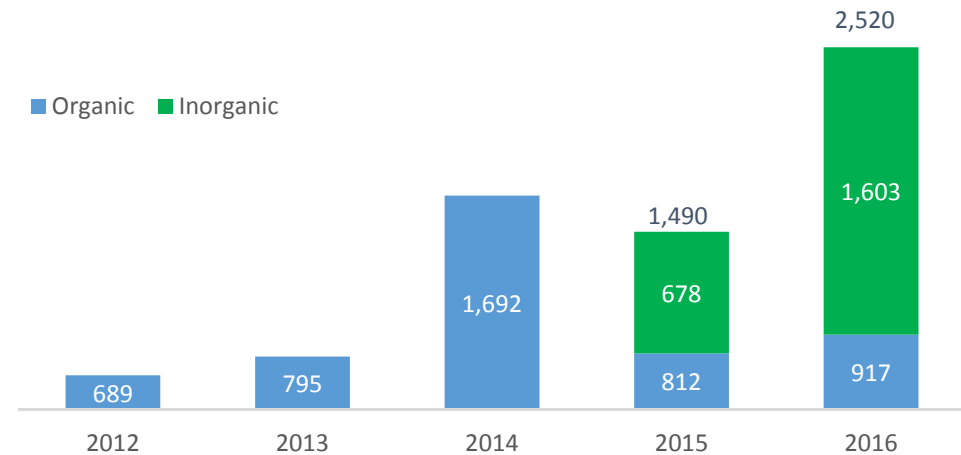
Consolidated Revenues (\$ Mn)¹



Significant Margin Expansion

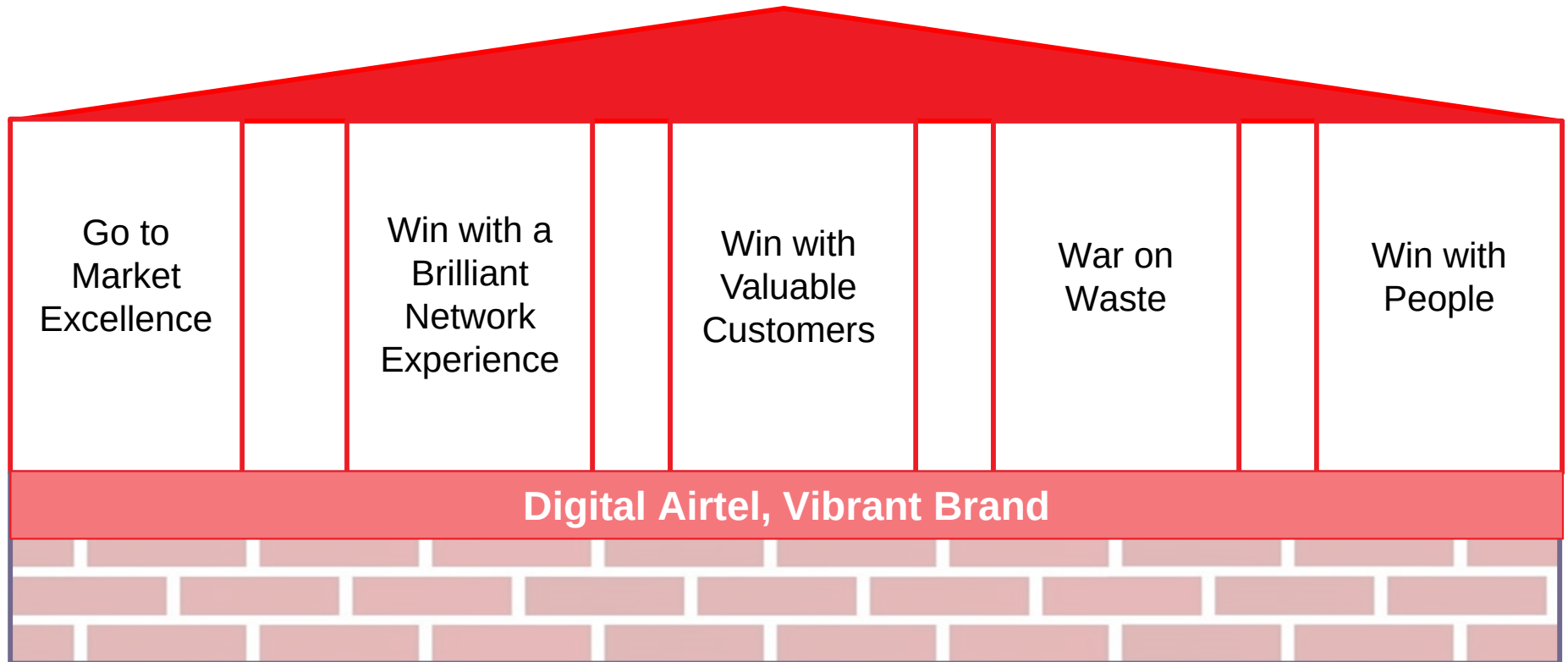


Operating Free Cash (\$ Mn)



Source: Company filings
1. Adjusted for constant currency

4. BEST IN CLASS EXECUTION



Strategic Pillars: Go to Market Excellence

Game changing innovations

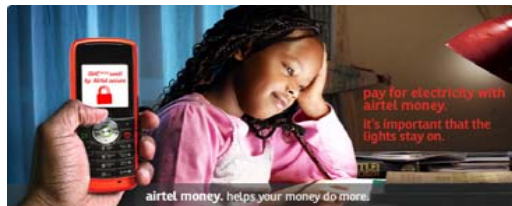
Creating opportunities

- Night cash back, night plans – Reduced rates during night usage
- Myplan – Customized plans as per customer usage
- Family – Tailor made plan and share benefits with family
- Infinity – Options with unlimited benefits
- Wynk – Music, movies, games
- Payments Bank, Airtel Money

Strategic Partnerships

- Airtel + Uber – Integrated mobile money wallet & free 4G internet usage in parts of the country
- Airtel + Oyo – Partners for WiFi and DTH services

Understanding data plan impacts usage



airtel

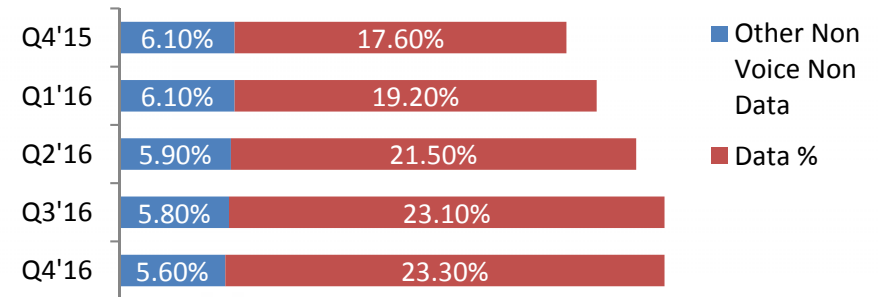


Source: Ericsson Mobility Report

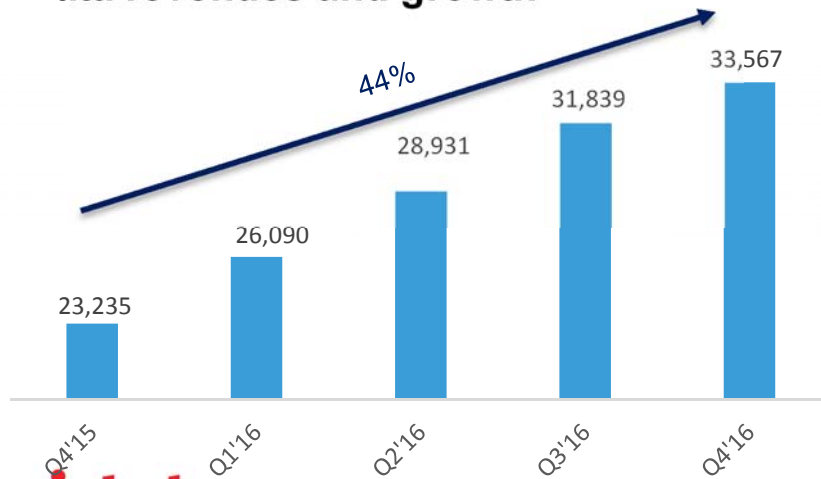
Fastest Growing Data Business in India

- ✓ First brand to own and launch 4G in India
- ✓ 4G services Pan India post spectrum deals with Aircel and Videocon
- ✓ 4G at 3G prices
- ✓ Annualized data revenues c. \$2.05 bn
- ✓ Airtel recognized as the smartphone network
- ✓ Data usage per customer up 31% YoY

Data as a % of Mobile revenues

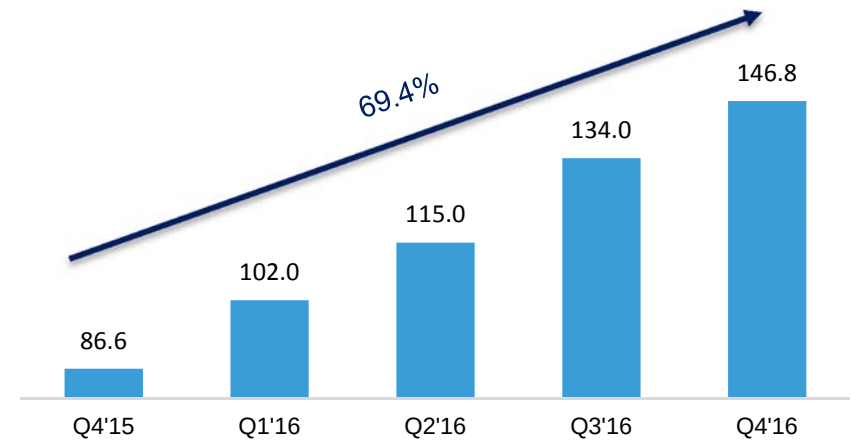


Data revenues and growth



Source: Company Filings

Data volumes growth (bn MBs)



Strategic Pillars: Win with Brilliant Network Experience



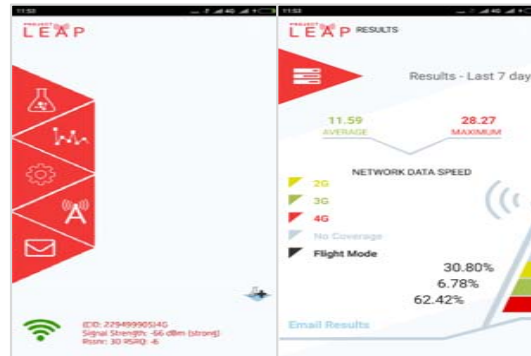
Eliminate frustration

Blocked calls Repeat calls Dropped

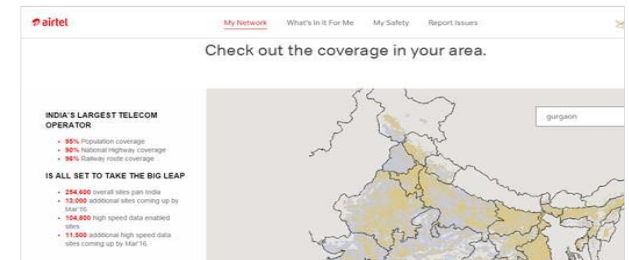


Frustration index

Invest in tools



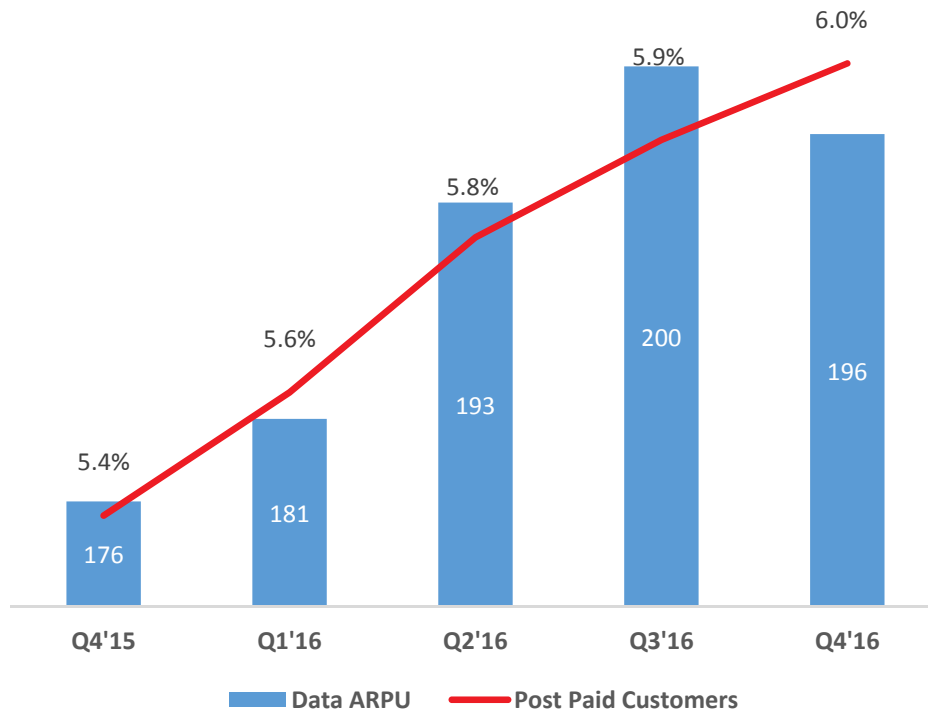
An open network



Capex Outflow	FY'16 (mn)	Guidance (bn)
India & SA	\$2,379	\$2.2 - \$2.4
Africa	\$771	\$0.7 - \$0.8

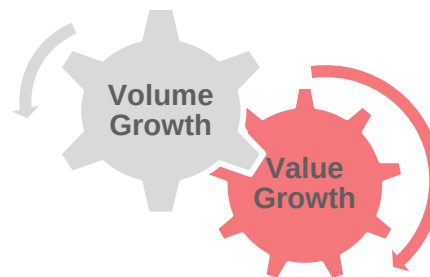
- ✓ Largest capital expenditure of Rs. 60,000 crore over 3 years towards a comprehensive network transformation

Strategic Pillars: Win with Valuable Customers



✓ **Airtel India:** Postpaid subscriber base inching up, Data ARPU up 12% YoY

Airtel carries over 1.35 trillion minutes
Secular volume growth 11.1% Y-o-Y

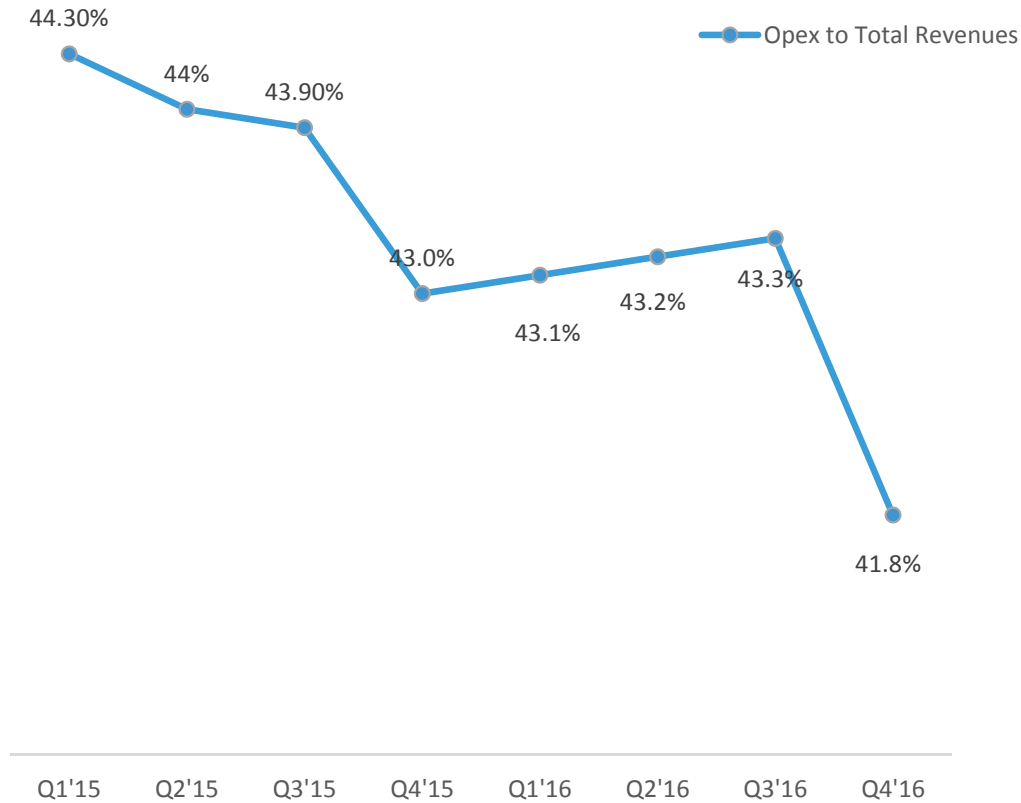


Significant gap b/w realized & rack rates;
1 paisa upside adds \$200 mn to top line



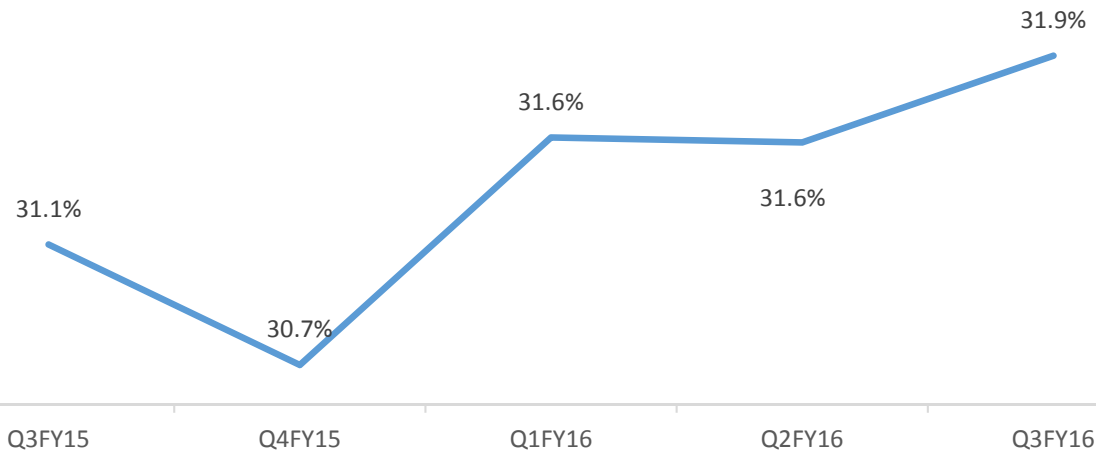
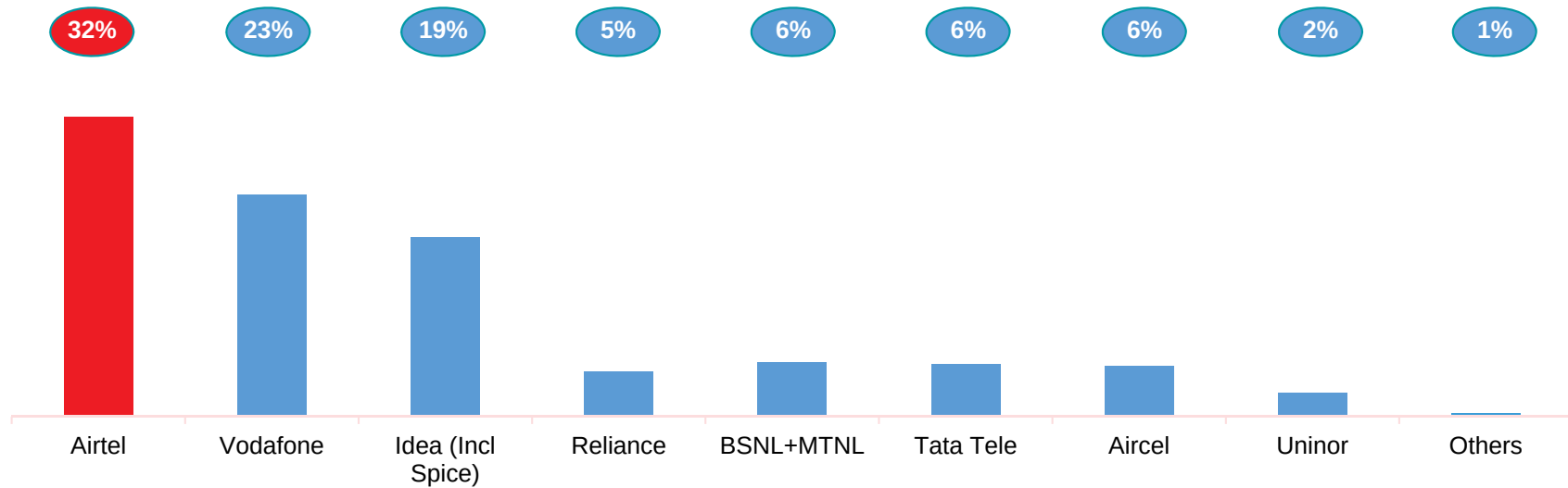
Source: Company Filings

Strategic Pillars: War on Waste



- Increasing Opex Productivity
- Smart procurement
- Frugal cost structure
- Maximizing sharing
- Network re-design
- Divestment of towers

Leader in India Revenue Market Share¹



Airtel
Incremental
revenue
market share
55.2% YoY



1. RMS is calculated on the basis of gross revenues. Source: TRAI
2. RMS is as of Q3'16

BALANCE SHEET FOCUS

Diversified debt profile; focus on deleveraging

Over last 3 years:

-  **Leverage:** Net Debt to EBITDA down from 3x to 2.5x
-  **Average Maturity:** Average tenors pushed out from 2 years to 6 years
-  **Diversified debt mix:** 100% bank to a mix of bonds, bank, ECA and DoT debt
-  **Currency diversification:** 75% USD to a mix of USD (43%), INR (34%), EUR (14%), Rest (8%)
-  **Interest:** 100% floating to a balanced mix of fixed and floating

*Strategic initiatives undertaken include Airtel QIP, Infratel IPO & further sell down
Deleveraging in Africa via tower sales and divestment of 2 countries to Orange*

THANK YOU