Investor Presentation

Bharti airtel limited

November 2011

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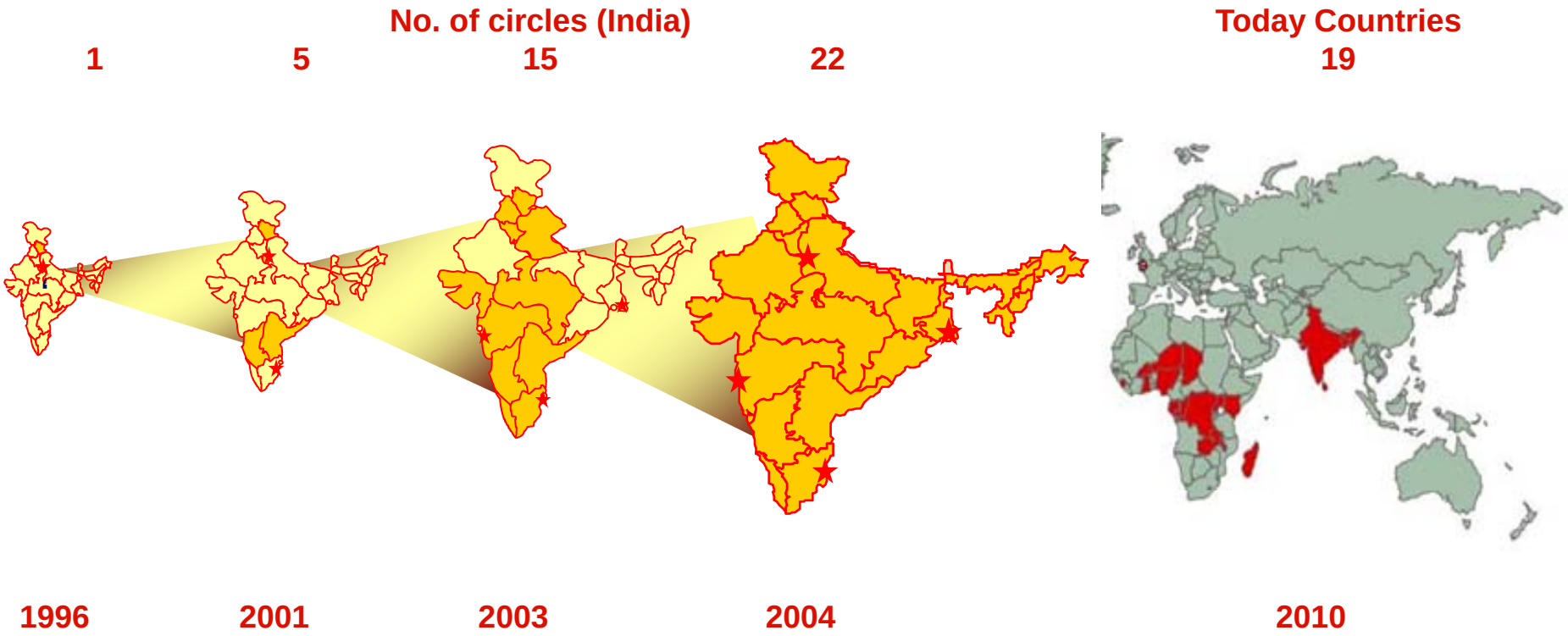
Investor Relations :- http://www.airtel.in
For any queries, write to: ir@bharti.in

The Company...Bharti airtel – An Integrated Telco

- **Wireless Services**
  - ✓ 2G
  - ✓ 3G
  - ✓ Rural Market
- **Telemedia Services**
  - ✓ Fixed Line
  - ✓ Broadband
  - ✓ IPTV
- **Enterprise Services**
  - ✓ Carriers
  - ✓ Corporates
- **Passive Infrastructure Services**
  - ✓ Infratel
  - ✓ Indus
- **DTH**
  - ✓ Pay per view / HD
  - ✓ Interactive Services including Gaming

Fully integrated telecom player offering end to end solutions and entering new geographies

The Company…Bharti airtel



Fully integrated telecom player offering end to end solutions and entering new geographies

Growth trajectory reflected in the numbers

1996		2011
Single Circle Operator	*Company Profile*	Largest integrated private telecom operator
< 25k	*Customers*	~ 221 mn
~ USD 17 mn	*Revenue*	~ USD 13 bn
~ USD 2.5 mn	*EBITDA*	~ USD 4 bn
~ USD 1.4 mn	*Cash Profit*	~ USD 4 bn
~ USD 16 mn	*Market Capitalization*	~ USD 30 bn

Continuing on our journey of Value Creation

Note: 1) 2011 financials are as per FY 2011 results. 2) Exchange rate: Financials as of 31st Mar 11 : Rs 44.65

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Financials & Positioning

Key financial metrics

	FY 11 (in Mn)
Customers	220.9
Revenue	$ 13,319
EBITDA	$ 4,472
Cash Profit	$ 3,983
Net Income	$ 1,354
EBITDA Margin (%)	34.6
ROCE (%)	10.8

Positioning in the world & in India

- 3rd LARGEST in -country wireless operator in the world [(1)]
- LARGEST private INTEGRATED telecom company in India
- 5th LARGEST Mobile telecom operator in the world
- Amongst the largest providers of Passive infrastructure (by towers) [(2)]

Note: FY11 numbers are as per IFRS as per March11 quarterly report. Exchange rate for Re to $ conversion: 44.65.
(1) 3rd largest wireless operator in the world refers to in-country (single country) operator based on the number of subscribers. 5th largest mobile operator on basis of number of subscribers.(2) Through its subsidiary Bharti Infratel & Indus Towers in which Bharti Infratel owns 42% stake.

Latest Results – 2Q'12

Key operating and financial metrics

	Q2 FY 12*	Y-on-Y
Customers	236.9 mn	21.6.%
Revenue	$ 3,782 mn	13%
EBITDA	$ 1,273 mn	13%
Cash Profit	$ 1,028 mn	-2%
Net Income	$ 225 mn	-38%
EBITDA Margin	33.7%	
ROCE	7.9%	

Continued Strong Performance

- Wireless CMS 19.9%
- Wireless RMS 30.8%
- Total MOU carried in Qtr 250.4 bn
- Balance sheet strength:
  - Assets $ 31.5 bn
  - Net debt $ 13.2 bn
  - Net debt to EBITDA 2.7 Times (annualized)
- Continues to be FCF positive on at South Asia Level.

•Includes full quarter numbers for Africa
•Exchange rate as of 30th Sep 2011: 48.93
*•**RMS as per Jun quarter released by TRAI (UBS report dated 24th Aug'11)*

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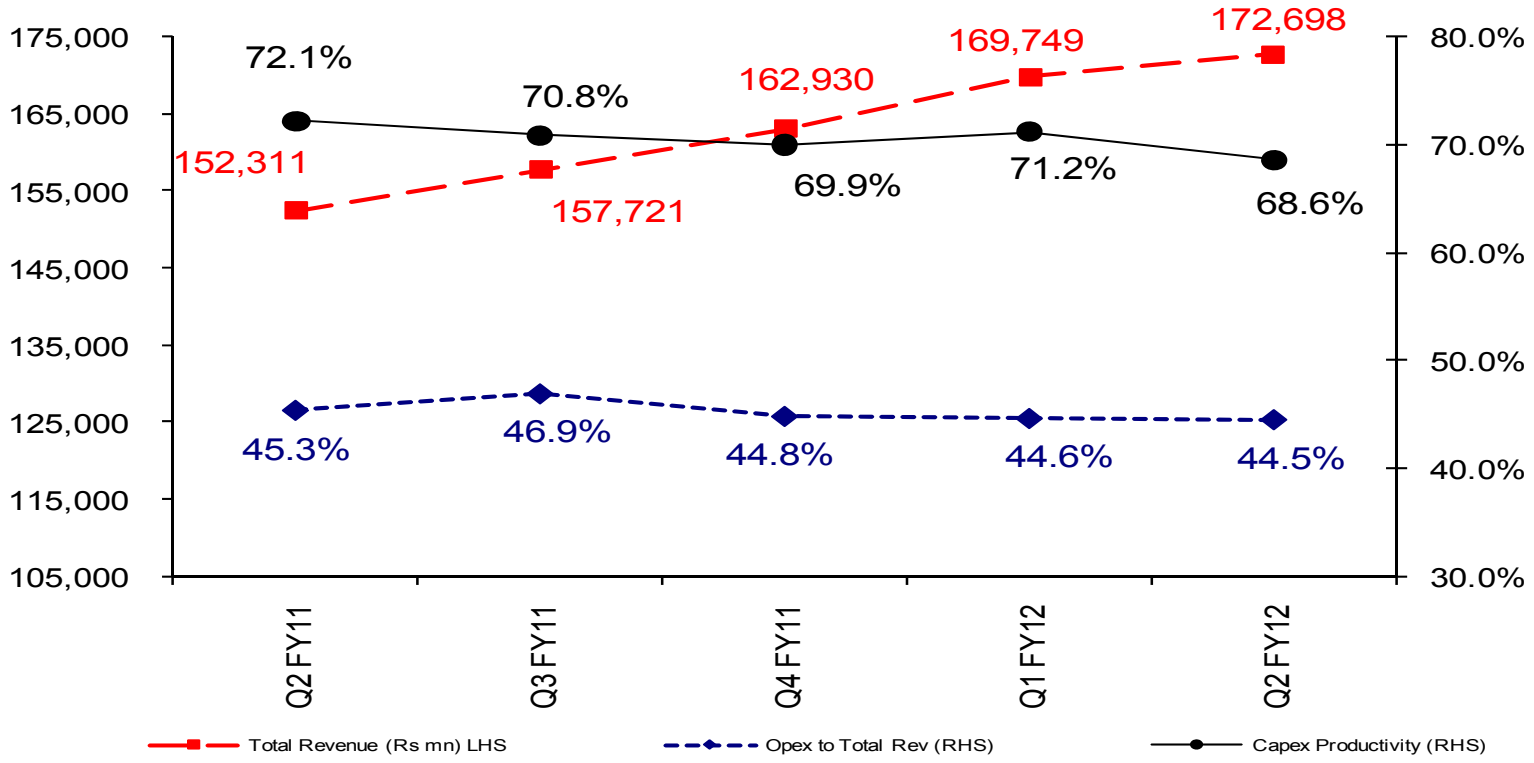
Performance dashboard - 3 line graph



Productivity Indicators = growing revenues + cost efficiencies + capital productivity

The above chart is for Airtel Consolidated including Africa

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Wireless Services

Indian Market

Overall Telecom Market

- **Population** — **1.2 billion**

  → ***Relatively large youth population***

- **Telecom penetration** — ***c.*74.96%**

  (~899.78 mn telecom subs)

  Sub number should go upto 1 Billion by 2015

- **Broadband penetration** — **37.2% (12.69 mn)**

  → ***Govt. target to reach 20 mn. Broadband subs by 2011***

Wireless Market

- **Sub Base** — **c.865.71 mn**
- **Wireless Penetration** — ***c.*72.05%**
- **Operational metrics per month**
  - **Usage per user** — **345 min**
  - **ARPU** — **~ US$ 3.51**
  - **Rate per minute** — **~ US$ 0.01**
- **VAS** — **~ 13.3%**

Lot of opportunity ahead….

Note: (1) Subscriber numbers and wireless penetration numbers as on August 30, 2011 are as per TRAI
(2) Other indicators on the slide are based on Global Wireless Matrix 3Q11 dated 28th September 11 by Merrill Lynch, and reflective of Industry numbers.

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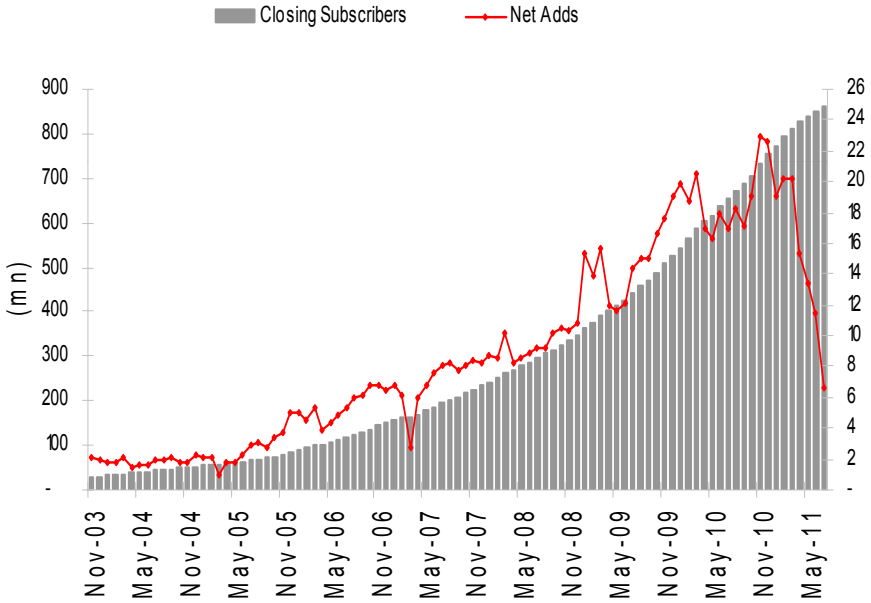
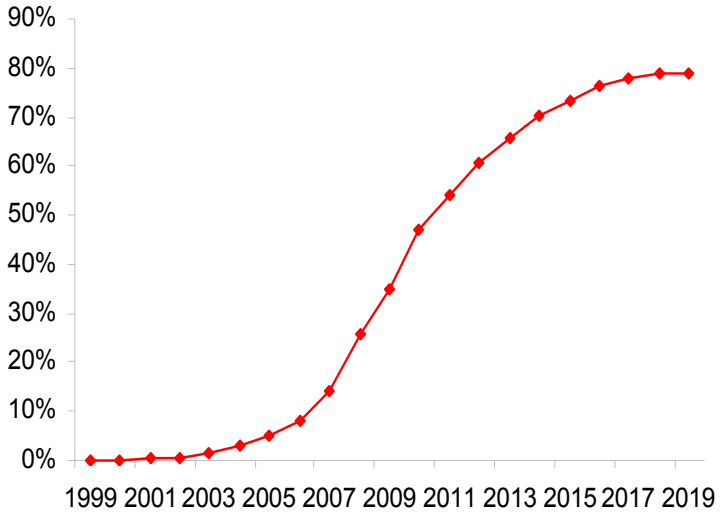
Rapidly Growing Indian Wireless Market

Net Adds in Aug 7.3 Mn…lesser than over last 3 months average run rate of 10.5 Mn



S-curve triggered



India - Fastest Growing Market in the World

Note: (1) Actual Data as per Industry Association Releases and Industry Estimates in India.

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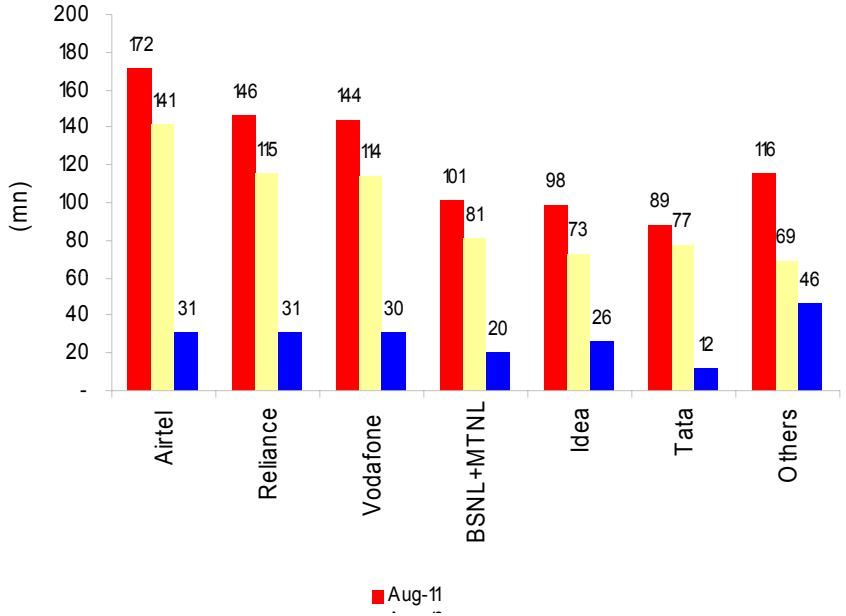
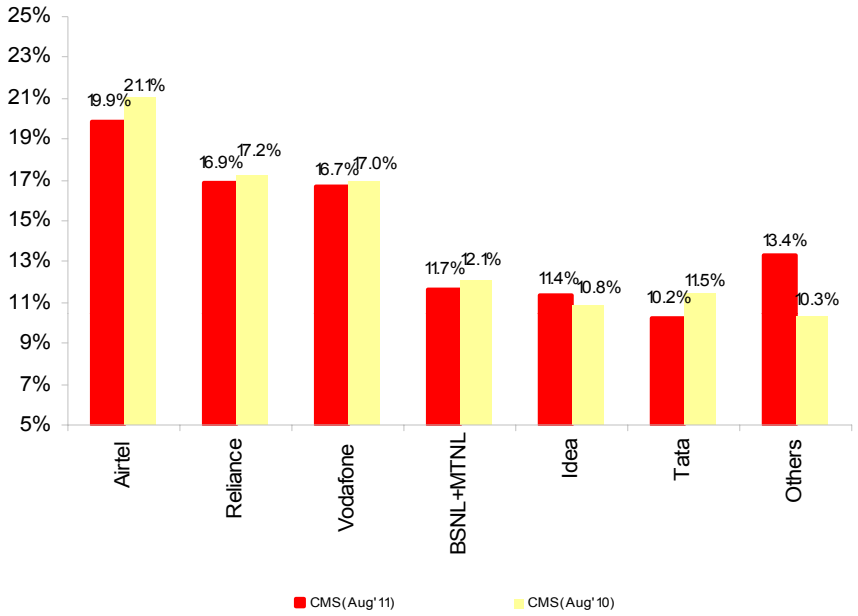
Wireless Market Structure in India

Subscriber Trends



Customer Market Share – CMS (%)



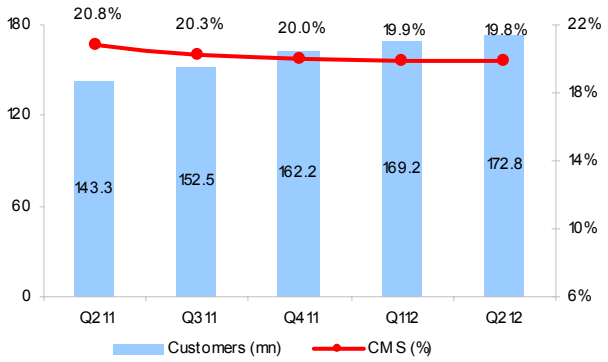
- Airtel continuously consolidating its market leadership position despite intense competition
- Airtel current monthly net adds at 1.1 million vs. 2.0 million a year ago
- Airtel ranks 1& 2 in 16 circles in terms of number of subscribers
- Over 65% of net adds coming from B&C circles (rural India)

Airtel Continues to lead on Revenue Market Share

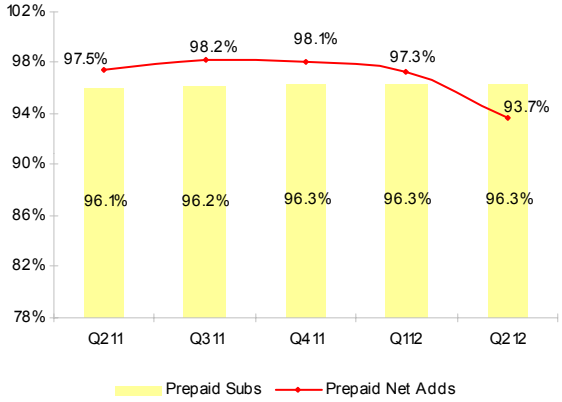
Note: Based on subscriber data for India as on August 30 2011 as per TRAI press release.

Airtel…Performance Indicators (Operational)

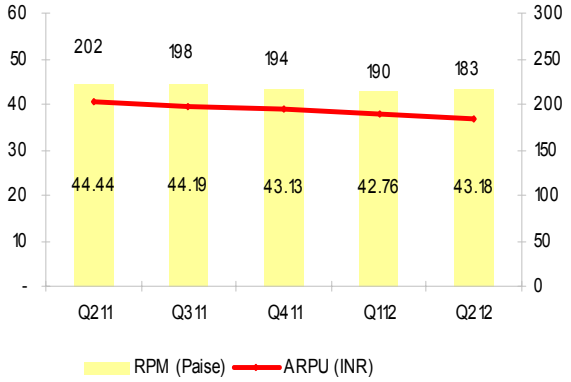
Customers & Market Share



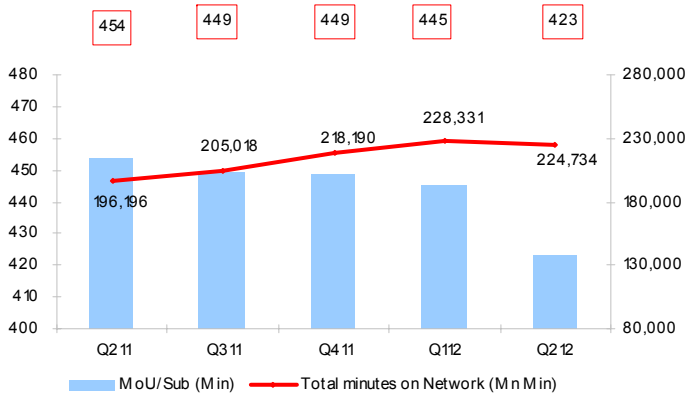
Prepaid/Postpaid



ARPU & RPM

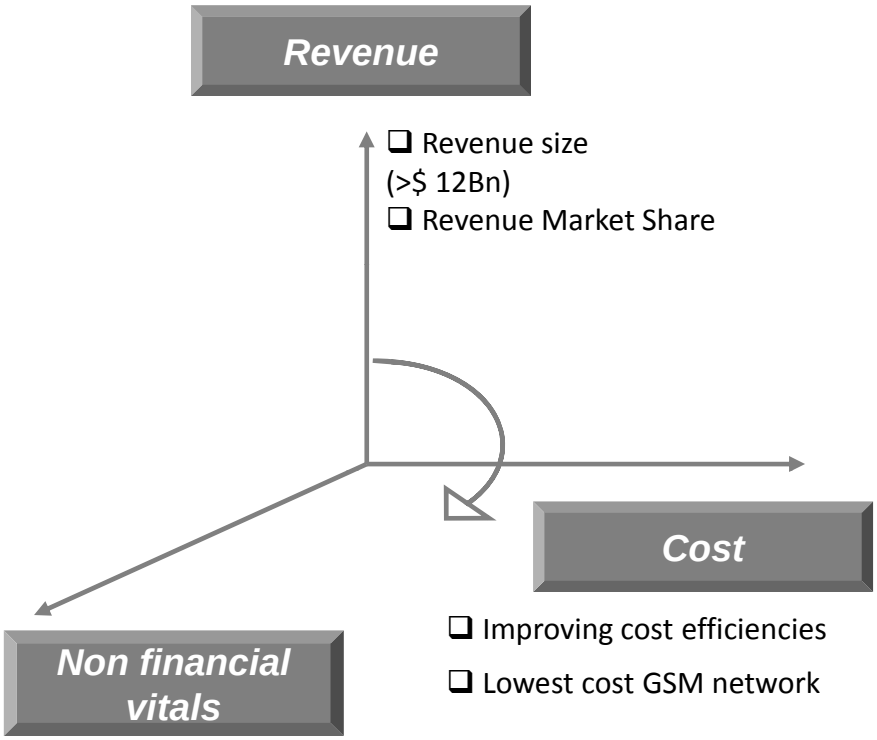


MoU/Sub/Month & MON

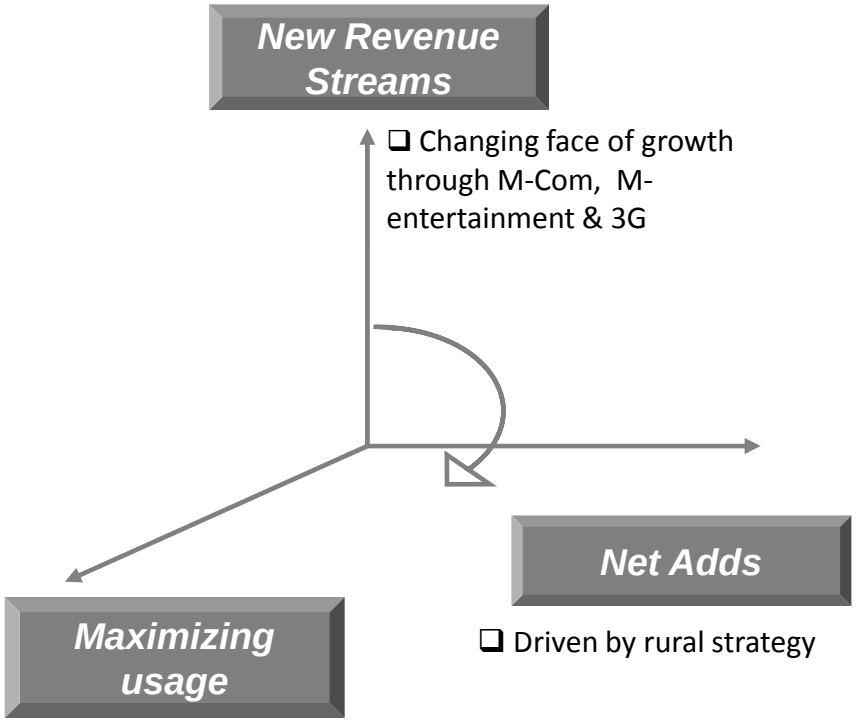


Current positioning and way forward…

Leadership Positioning



Growth strategy and plans



Telemedia Services

A Snapshot

- *Largest private operator having presence in the voice , broadband , IPTV and data.*
- *Focus on SMB segment & Broadband at Homes*
- *Key Performance Indicators*

1. Voice (wire-line) and Data (DSL) Presence in 87 top cities of India.
2. Target Segment : Retail and Small and Medium Enterprises.
3. Customer base: 3.3 million (end Sept 2011)
4. Broadband (DSL with speeds>256 kbps) penetration at 43.1% of customer base.
5. Average ARPU for Quarter ended Jun'11 $ 20.9 per month.
6. Segment contributing to 8% of overall revenues of the company.
7. EBITDA margin of over 44.2%.

Broadband revolution to follow wireless revolution in India

SMB opportunity across ICT stream

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Enterprise Services

A Snapshot

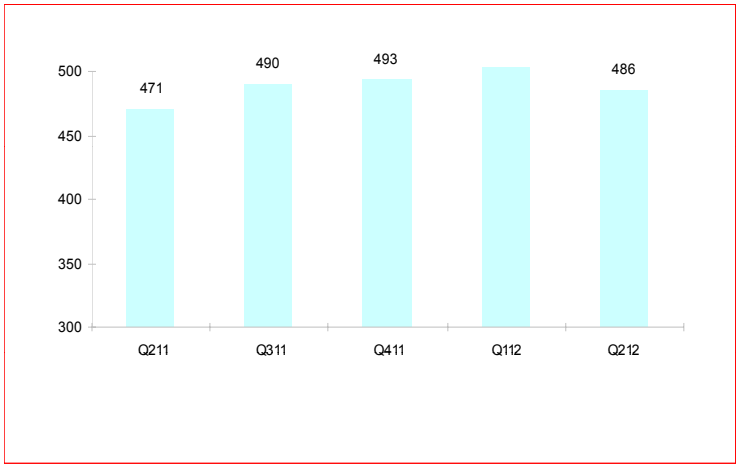
- *Enterprise Services provides a broad portfolio of services to large Enterprise and Carrier customers*
  - *Corporates: Single point of contact for all telecommunication needs for Top 2500 corporate customers, providing full suite of voice, data, and managed communications solutions*
  - *Carriers: Wholesale voice and data services to over 130 domestic and 450 international telecommunications carriers, as well as ILD and NLD carriage for Airtel's own customers*
- *Extensive national and international infrastructure*
  - *Pan-India network with 151,719 Route kms of optical fiber, over 4,150 MPLS and SDH POPs*
  - *Access network (terrestrial) in 87 cities, Wimax network in 143 cities, and over 1,500 local POIs*
  - *International network with 225,000 Route Kms, connecting over 50 countries and 5 Continents.*
- *Key Performance Indicators (Q2'12)*
  - *NLD Minutes Carried: 20.3 Billion ; ILD Minutes Carried: 3.5 Billion*
  - *Revenue: Rs.11,042 Million (9% Segment Contribution Share)*
  - *EBITDA: Rs. 2,371 Million (21.4% EBITA Margin)*

Emerging Growth Engines

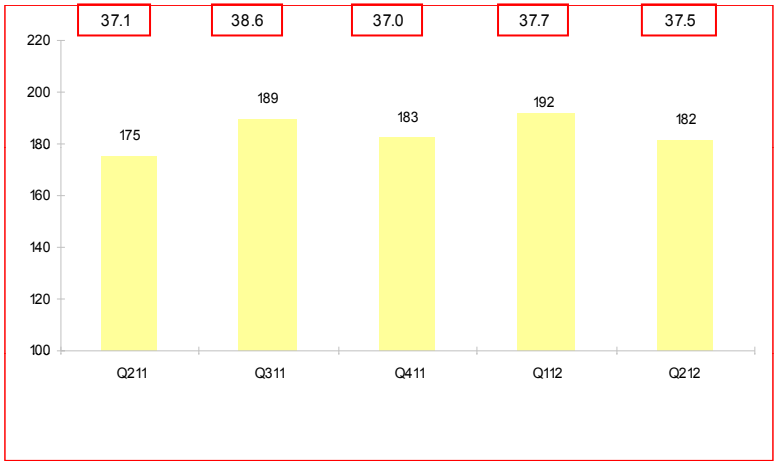
Passive Infra Africa

Financial Performance – Passive Infra

Revenue



EBITDA



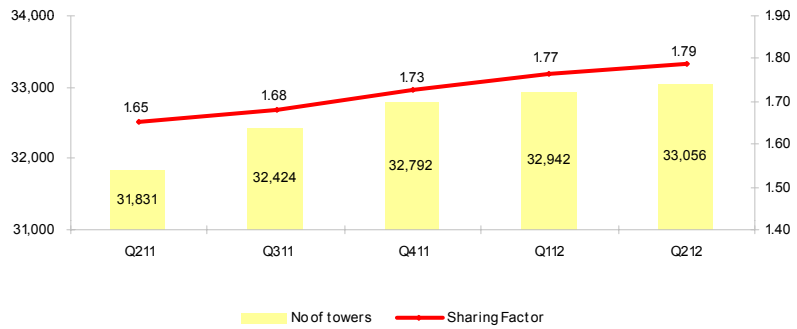
Focus on tenancy enhancement…driving Revenue & Profitability

The above nos for Revenue & EBITDA are in IFRS as per Quarterly Report & includes proportionate share (42%) in Indus .

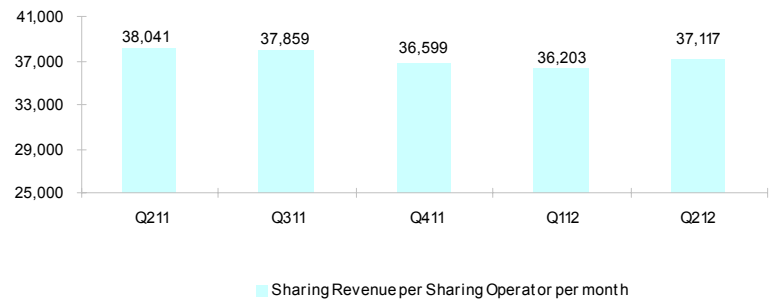
Operational Performance – Passive Infra

Infratel

Towers (nos) & Sharing Factor

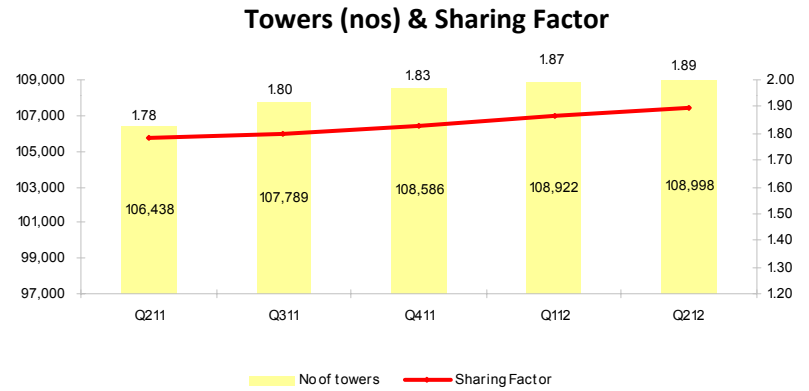


Sharing Revenue per Sharing Operator per Month (Rs)

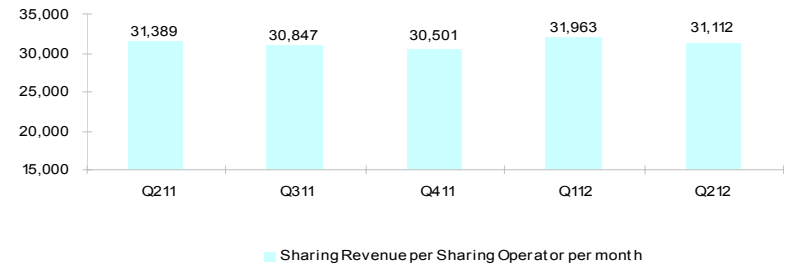


Indus

Towers (nos) & Sharing Factor

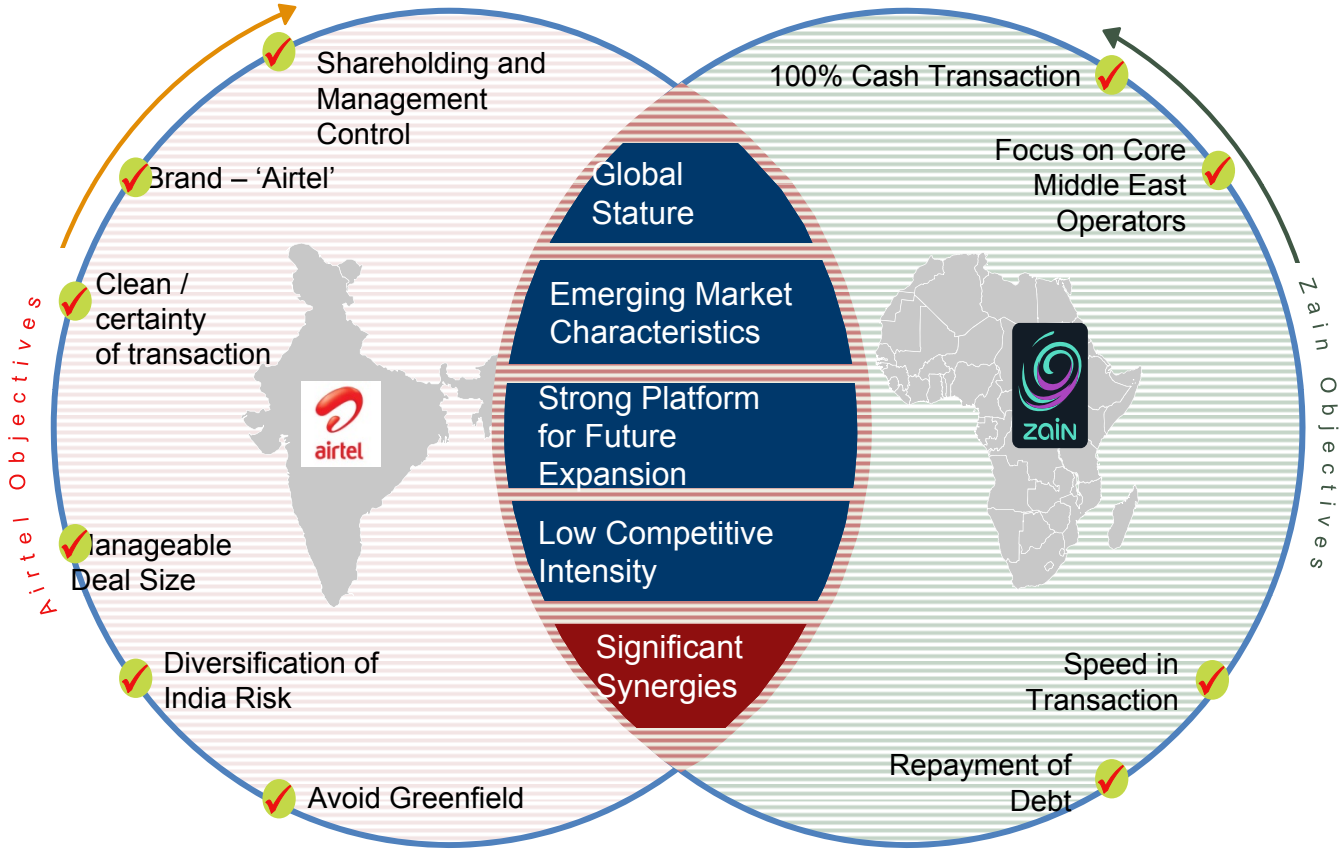


Sharing Revenue per Sharing Operator per Month (Rs)



Aims to enhance the tenancy ratio & be the preferred choice of vendor for all existing and new operators

Transaction Rationale



The transaction meets the objectives of Airtel with long term strategic benefits and creates tremendous shareholder value

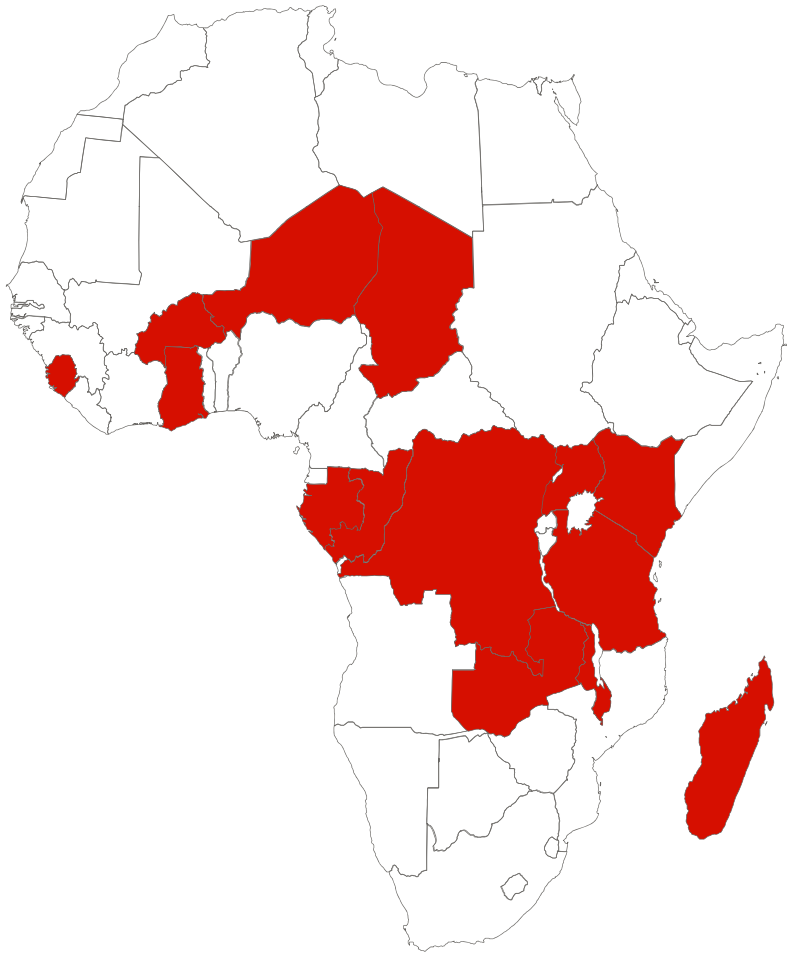
Differences between the two markets

	India	Africa[1]
Mobile Penetration	72%	40%
Average Number of Competitors	10-12	3-5
Business Model	High usage, low pricing model	Low usage, high pricing model
Minutes of Usage	~423	~128
ARPU (US$)	~$4	~$7
ARPM (US cents ¢)	1¢	6¢

And therefore huge opportunity space

Source: Global Insight, annual / quarterly reports.
1. *Data pertaining to the 16African countries where Zain Africa has operations.*

Another Growth Engine - Africa



- ***Customer Base :*** 48.4 Mn
- ***Performance Indicators (CY 2011):***

  Revenue: *$ 2,878 Mn*

  EBITDA: *$ 6,30 Mn*

- ***Prepaid Base:*** *99.3%*

  →one of the highest in the world

- ***Usage per sub per month:*** *128 Minutes*

  →one of the lowest

- ***ARPU:*** *~ US$ 7.3*
- ***Rate per minute:*** *~ US¢ 6.1*

  → one of the highest

- ***VAS:*** *~ 8.5%*

  →One of the lowest

Note: Above numbers based on Quarterly report ended 30 Sept ,2011.

Recent Honors

Bharti airtel – Leadership in business

Recent Honours

- **Economic Times Telecom Awards 2011**
  - ✓ Innovative Product Value Added Service
  - ✓ Customer Experience Enhancement
- **Frost & Sullivan 2011 Asia Pacific ICT Awards**
  - ✓ Enterprise Telecom Service Provider of the Year
  - ✓ Wholesale Data Service Provider of the year
  - ✓ Mobile VAS Provider of the Year
- **India's Most Innovative company - Wall Street Journal**
- **Telecom Operator award 2011 -** Won in 5 categories.
  - ✓ Most Admired company
  - ✓ Best National Mobile operator
  - ✓ Operator with Rural performance
  - ✓ Best VAS provider
  - ✓ Best Enterprise services
- **DSCI Excellence Award 2011 for Security in Telecom- 'Security Leader of the Year'**
- **Bharti Airtel rated as India's Best Enterprise Connectivity Provider- Users choice award Instituted by PC Quest**
- **Sunil Bharti Mittal : – Global Game changer at Economic Times Telecom Awards 2011**
  – Global Telecom Leader - Voice & Data magazine
- **Akhil Gupta, Deputy Group CEO and MD - CFO India Hall of Fame by CFO India**
- **Manoj Kohli, CEO(International) & Joint MD - Telecom Man of the year - Tele.net**
- **Business world – FICCI – SEDF Corporate Social Responsibility Awards 2009-10**

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thank you