



September 20, 2018

BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai-400001

National Stock Exchange of India Limited  
Exchange Plaza, C -1, Block G, Bandra kurla Complex,  
Bandra (E), Mumbai 400 051

**Ref: Bharti Infratel Limited (534816 / INFRATEL)**

**Sub: Investor Presentation**

Dear Sir/ Madam,

Pursuant to Regulation 30 and 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find the enclosed presentation made by the Company to the investors at the following conference:

Name	Date	Venue
JP Morgan India Investor Summit 2018	September 19, 2018	Delhi

Kindly take the same on record.

Thanking you,

Sincerely yours,  
**For Bharti Infratel Limited**

  
**Samridhi Rodhe**  
Company Secretary



Encl: As above



# Investor Presentation

Sep 2018

# Disclaimer

By attending the meeting where this presentation is made, or by reading the presentation materials, you agree to be bound by the following limitations:

The information in this presentation has been prepared by Bharti Infratel Limited (the "Company") for use in presentations by the Company at investor meetings and does not constitute a recommendation regarding the securities of the Company.

No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information, or opinions contained herein. Neither the Company nor any of its advisors or representatives shall have any responsibility or liability whatsoever (for negligence or otherwise) for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection with this presentation. The information set out herein may be subject to updating, completion, revision, verification and amendment and such information may change materially. Neither the Company nor any of its advisors or representatives is under any obligation to update or keep current the information contained herein.

The information communicated in this presentation contains certain statements that are or may be forward looking. These statements typically contain words such as "will", "expects" and "anticipates" and words of similar import. By their nature forward looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Any investment in securities issued by the Company will also involve certain risks. There may be additional material risks that are currently not considered to be material or of which the Company and its advisors or representatives are unaware. Against the background of these uncertainties, readers should not unduly rely on these forward-looking statements. The Company, its advisors and representatives assume no responsibility to update forward-looking statements or to adapt them to future events or developments.

This presentation has been prepared for informational purposes only. This presentation does not constitute a prospectus under the (Indian) Companies Act, 1956 and will not be registered with any registrar of companies. Furthermore, this presentation is not and should not be construed as an offer or a solicitation of an offer to buy securities for sale in the India.

This presentation and the information contained herein does not constitute or form part of any offer for sale or subscription of or solicitation or invitation of any offer to buy or subscribe for any securities of the Company, nor should it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever. The securities of the Company have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered, sold or delivered within the United States or to U.S. persons absent from registration under or an applicable exemption from the registration requirements of the United States securities laws. This presentation and the information contained herein is being furnished to you solely for your information and may not be reproduced or redistributed to any other person, in whole or in part. In particular, neither the information contained in this presentation nor any copy hereof may be, directly or indirectly, taken or transmitted into or distributed in the U.S., Canada, Australia, Japan or any other jurisdiction which prohibits the same except in compliance with applicable securities laws. Any failure to comply with this restriction may constitute a violation of the United States or other national securities laws. No money, securities or other consideration is being solicited, and, if sent in response to this presentation or the information contained herein, will not be accepted.

By reviewing this presentation, you are deemed to have represented and agreed that you and any person you represent are either (a) a qualified institutional buyer (within the meaning of Regulation 144A under the Securities Act) and a qualified purchaser (within the meaning of the U.S. Investment Company Act of 1940, as amended), or (b) not a U.S. person (as defined in Regulation S under the Securities Act) and are outside of the United States and not acting for the account or benefit of a U.S. person.

# Table of Contents

Company Overview

Industry Overview

Business Model Strengths

Proposed Merger with Indus

In Summary

# Company Overview

# Bharti Infratel – Who We Are?



A Leading Tower Infrastructure Operator

Pan India Presence across all 22 Telecommunications Circles

Indus Towers – JV between Bharti Infratel, Vodafone and Aditya Birla Telecom

Top 3 Operators Anchor Customers & Relationships with all other Operators

Marquee promoter and investors

# Performance at a Glance

91,759 towers and 200,778 co-locations<sup>(1)</sup>

39,719 towers of Bharti Infratel and 52,040 towers from 42% stake in Indus <sup>(1)</sup>

Net decline in co-locations during Q1 FY19 and FY18 at 4,818 and 5,010 respectively

FY18 Consolidated Revenue of US\$2,223m

Q1 FY19 Consolidated Revenue of US\$536m

FY18 Consolidated EBITDA of US\$986m<sup>(2)</sup> and Q1 FY19 Consolidated EBITDA of US\$222m

FY18 EBITDA Margin<sup>(3)</sup> of 44.4% and Q1 FY19 EBITDA Margin of 41.4%

FY18 Profit after Tax of US\$383m and Q1 FY19 Profit after Tax of US\$93m

FY18 Profit Margin of 17.2%<sup>(4)</sup> and Q1 FY19 Profit Margin of 17.4%

Q1 FY19 Net Cash of US\$810Mn

FY18 Consolidated Operating free cash flow<sup>(5)</sup> of US\$645m

Q1 FY19 Consolidated Operating free cash flow of US\$145m

Exchange Rate Used for FY18: US\$1 = Rs.65.17 as on March 31, 2018  
and for Q1'19: US\$1 = Rs.68.48 as on June 30, 2018

Note: Financials for Bharti Infratel for year ending March 31, 2018 and quarter ending June 30, 2018

(1) As of June 30, 2018

(2) Includes pass through costs

(3) Revenue and EBITDA for Bharti Infratel has been calculated excluding Other Income

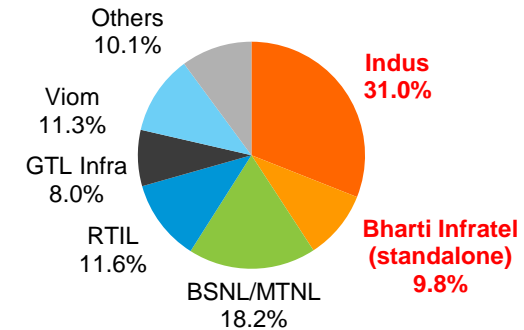
(4) Profit margin calculated as PAT divided by Rental Revenue & pass through costs

(5) Calculated as EBITDA less Capex

(6) Based on proforma consolidated financials as per proportionate consolidation method as per IND AS

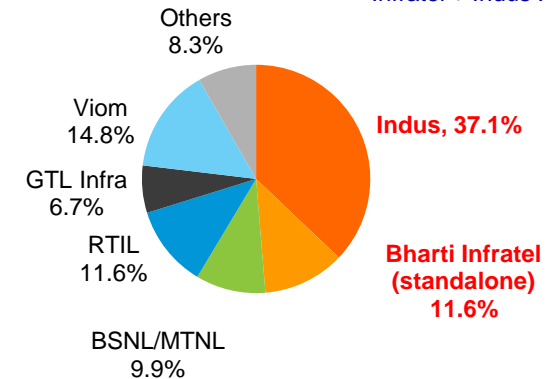
## Market share in terms of installed tower base, FY15

Infratel + Indus: 40.8%



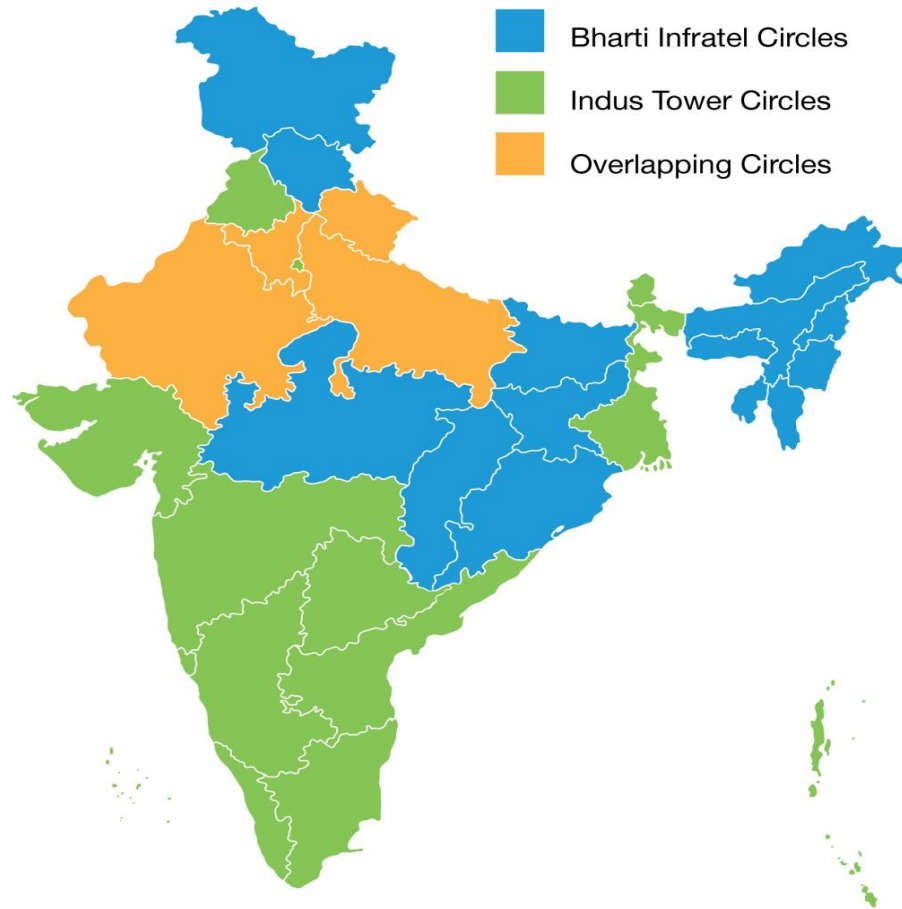
## Market share in terms of co-locations, FY15

Infratel + Indus : 48.7%



Source for Market Share: Deloitte, June 2015

# Pan India Footprint : Leading Positions Across India



## Pan India presence

- Opportunities for voice growth in rural areas given rural penetration of 57.63%<sup>(1)</sup>
- Data services to drive data consumption
- Given inadequate wire-line infrastructure, wireless services expected to cater to new demand

	Bharti Infratel Circles	Indus Towers Circles	Overlapping Circles
<b>No of Circles</b>	7	11	4
<b>No. of Operators</b>	6 - 9	8 - 9	7 - 9
<b>No. of Subs. (m) <sup>(2)</sup></b>	255	670	258
<b>Teledensity (%) <sup>(2)</sup></b>	88.7%	118.8%	80.2%

Note: Map not to scale. Map for representative purpose only

In the computation of wireless teledensity, following assumptions have been made:

A. Since only UP state teledensity was available, it was assumed to be the same between UP(E) and UP(W); B. Since teledensity was reported for West Bengal including Kolkata, the same teledensity was assumed for both circles; C. Since teledensity was reported for Maharashtra including Mumbai, the same teledensity was assumed for both circles; D. Delhi includes Ghaziabad, Noida, Gurgaon and Faridabad; E. Operator refers to wireless operators providing service as of 31 Dec 2016; F. No. of SIMs refers to wireless subscribers

(1) Source: Wireless Penetration as per TRAI as of June 30, 2018

(2) Source: TRAI Performance Indicator Report Jan-Mar 2018

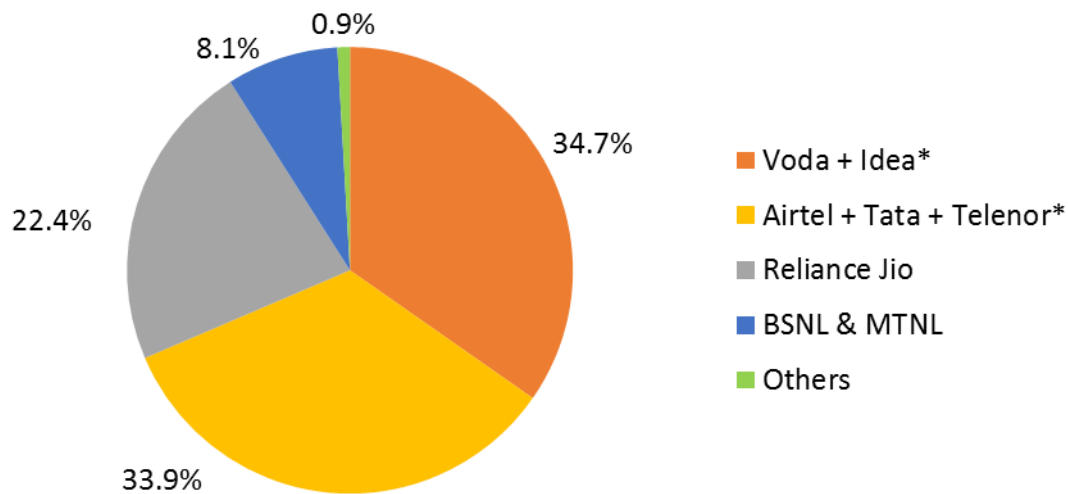


# Industry Overview

# Operator Industry Dynamics

**Market Concentrated in Hands of Select Players**

**Post consolidation the Indian market expected to be dominated by three operators**



**Top 3 operators (post consolidation) have 91.0% Revenue Market Share (RMS)**

**Non-discriminatory nature**

**Right of First Offer (RoFOs) from Shareholder Operator(s)#**

**All operators are customers**

RMS is calculated on the basis of adjusted gross revenues including NLD.  
 Source: TRAI Financial Data for the quarter ended June 30, 2018; Others includes Reliance Communications, Quadrant, Sistema Shyam, etc.  
 Note: \* Operators have been clubbed together based on their announced transactions. These are subject to regulatory and other approvals  
 # Shareholder operators refers to Airtel for Bharti Infratel and Airtel, Vodafone, Idea for Indus

# Increasing Operator Focus on Networks

An operator agnostic business model, superior network footprint and service quality standards allow Bharti Infratel to capitalize on the growth in the data and voice market

## Operator Investment in Licenses<sup>1</sup>

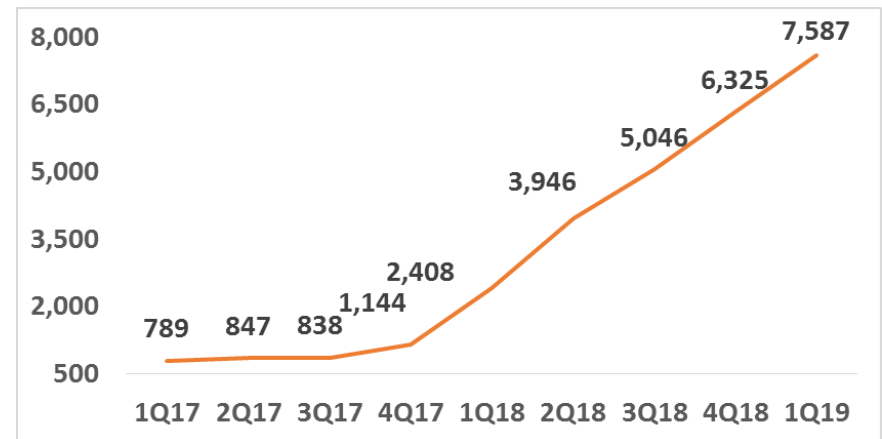
- 3G/4G auctions held since 2010 led to significant investments of over \$53bn by telecom operators
- Most of this spectrum has been acquired for data networks rollout
- Airtel 4G services are currently available in 22 circles across India
- Idea Cellular has launched 4G in 20 circles
- Reliance Jio has launched 4G in 22 circles across the country

Spectrum Outlay	2010	2012	2014	2015	2016	Cumulative
(Rs bn)	1,063	94	672	1,099	658	3,585
(USD bn)	15.9	1.4	10.1	16.4	9.8	53.7

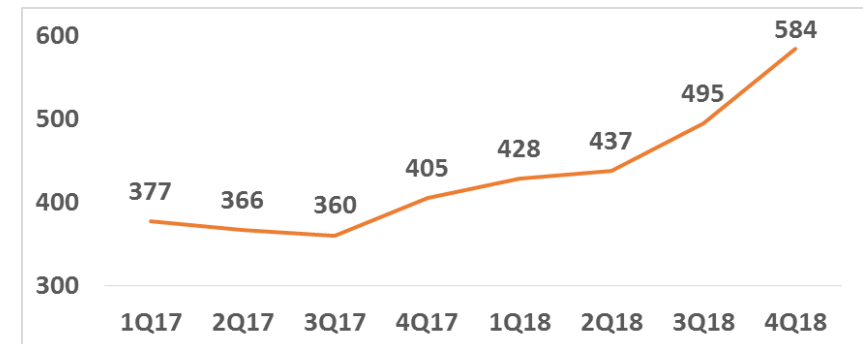
## Investments by Anchor Operators<sup>3</sup>

No. of circles	Pre 2016 Auctions		Post 2016 Auctions	
	3G	4G	3G	4G
Bharti	21	22	22	22
Vodafone	16	7	18	18
Idea	13	10	15	20

## Data Usage per customer (MB/month)<sup>2</sup>



## Minutes of Usage (per subscriber per month)<sup>4</sup>



(1) Source: Morgan Stanley, Data converted at US\$=INR 66.8

(2) Average of Airtel and Idea

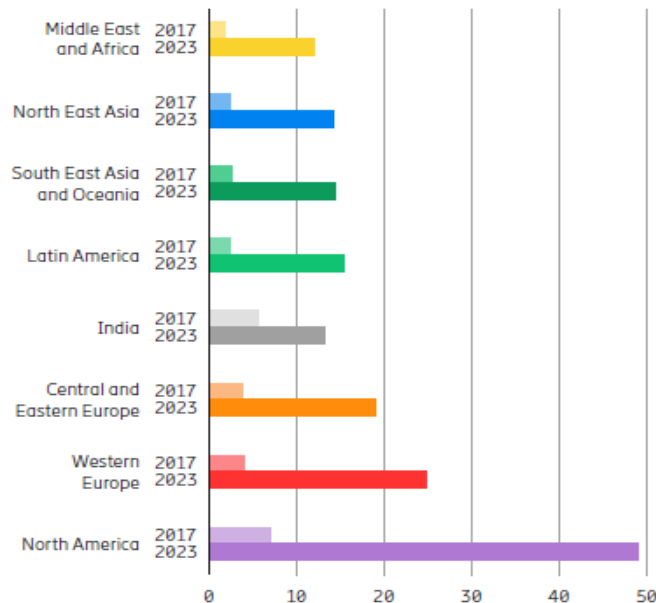
(3) 3G on either 900 or 2100 and 4G services through 1800 or 2300 or 2500 MHz spectrum; Data Capability is calculated in the circles where either 3G or 4G spectrum is available.

(4) Source: TRAI Performance Indicator Report Jan-Mar 2018

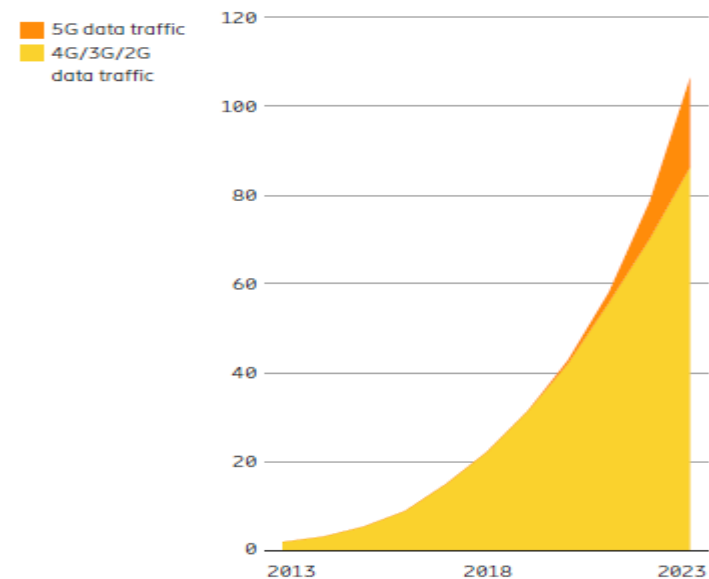
# Data Revolution Unfolding

- Favorable demographics –Median Age of India’s population ~26 years
- Broadband penetration ~32%<sup>1</sup> & Internet penetration ~38%<sup>2</sup>
- Availability of cheaper handsets, affordable price plans, introduction of new technologies and availability of rich content driving data uptake in India

## Rising mobile data traffic per active smartphone (GB/Month)<sup>3</sup>



## 5G to carry 20% of mobile data traffic worldwide by 2023<sup>4 & 5</sup>

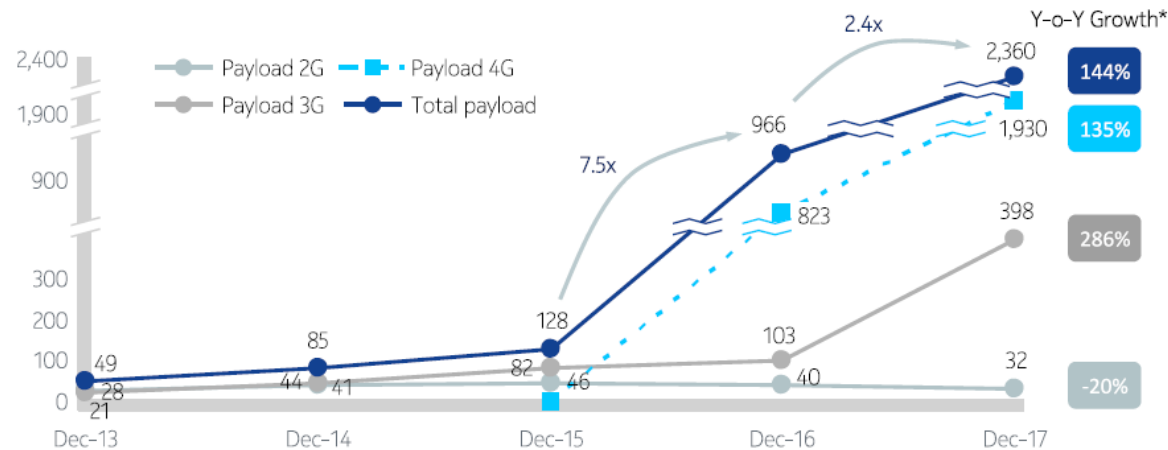


Source: (1) and (2) TRAI Performance Indicator Report Jan-Mar 2018; (3) and (4) Ericsson Mobility Report – June 2018  
 Note: (5) Global mobile data traffic (exabytes per month)

# India Mobile Data Trends

## Findings from NSN MBIT Index

Pan-India mobile data usage – in Petabytes PB per month, December<sup>1</sup>



Source: Nokia

1 PB = 1024<sup>3</sup> MB

- The Indian telecom market witnessed a paradigm shift in data consumption, with 4G traffic capturing 82% share of total data traffic in December 2017
- Increase in 4G device penetration, aggressive 4G network rollout, lower data prices, and development of video and locally relevant content ecosystem have all contributed to the rise in 4G traffic
- Falling data prices, bundled data plans, better coverage footprint, offload of 4G on to 3G, and better device availability have contributed to growth in 3G payload
- Overall data traffic grew 144% in 2017, driven by surge in 3G and 4G data consumption. Access to high-speed 4G internet increased appetite for overall data consumption in the country
- A significant increase in data consumption with 4G usage reaching ~11GB/user/month

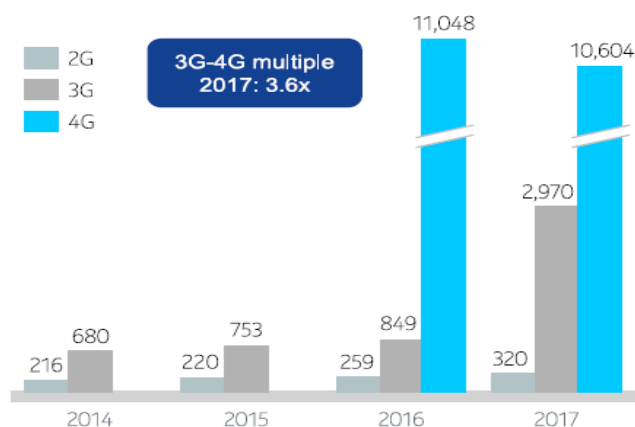
# Network & Data Growth Forecasts and Recent Trends

## Exponential Growth expected in Data over the next six years<sup>1</sup>

	2017	2023e	CAGR
Mobile Subscriptions (mn)	1,200	1,390	2%
Smartphone subscriptions (mn)	380	970	17%
Data traffic per smartphone (GB/Month)	5.7	13	15%
Total mobile data traffic (EB/month)	1.9	10	32%

## Current Data usage trends indicate significant incremental opportunity<sup>2</sup>

Average data usage/month (MB)



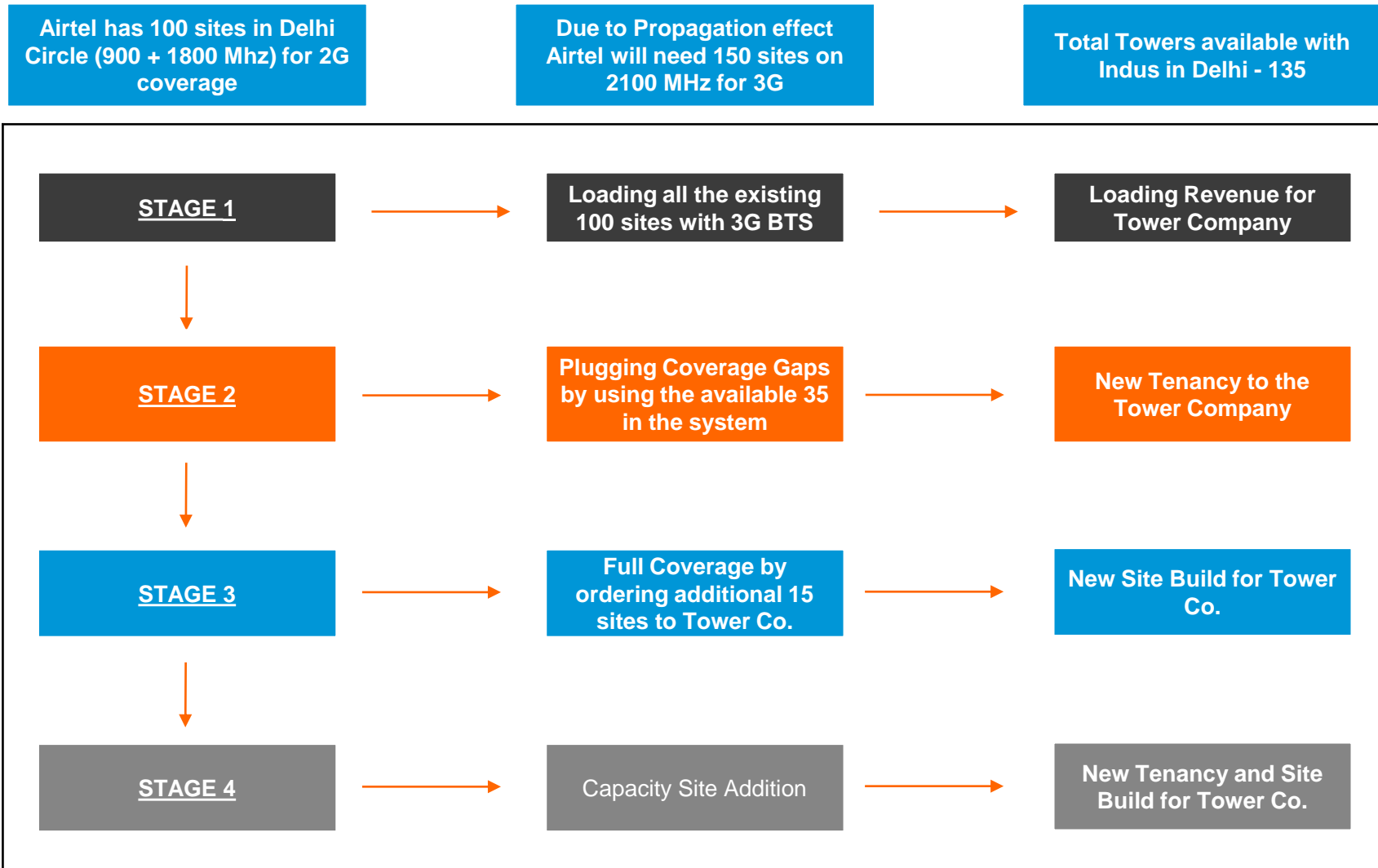
Source: Nokia, Analysys Mason

- 4G data consumption at ~11GB per user sustained the usage levels seen in 2016 (when 4G data was not fully monetized)
- Increased appetite for data consumption in 2017 resulted in an increase in 3G data usage
- The growth in usage is driven by affordable data packs, better network coverage, device capabilities and availability of relevant content

(1) Source: Ericsson Mobility Report – June 2018, data for India, Nepal and Bhutan

(2) Source: Nokia MBit Index 2018

# Phases of Data led Tower Revenue Growth



- Indicative numbers and Coverage Ratios
- Please refer to slide 41 for the Ansys Mason table on Propagation effect of frequencies

# Business Model Strengths



# Business Model Strengths



1

**A Leading Tower Infrastructure Operator**

2

**Visibility of Future Revenues Through Long Term Contracts**

3

**Demonstrated Operational and Financial Performance**

4

**Implementation of Green Initiatives**

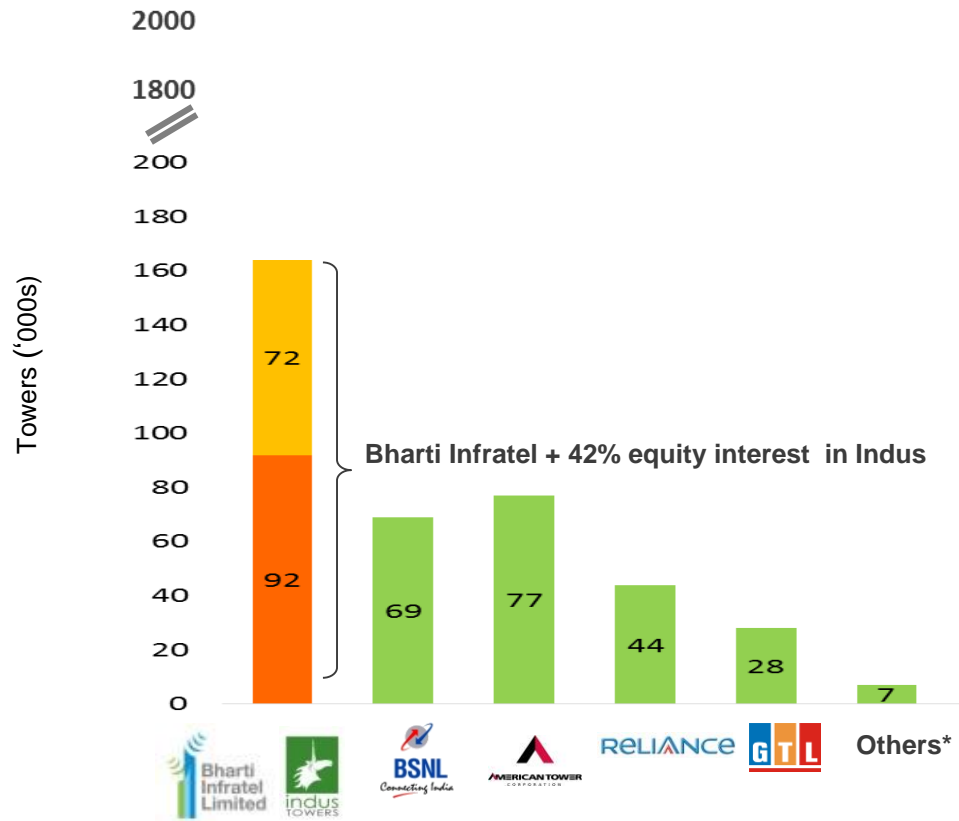
5

**Experienced Management**

# A Leading Global Tower Infrastructure Operator

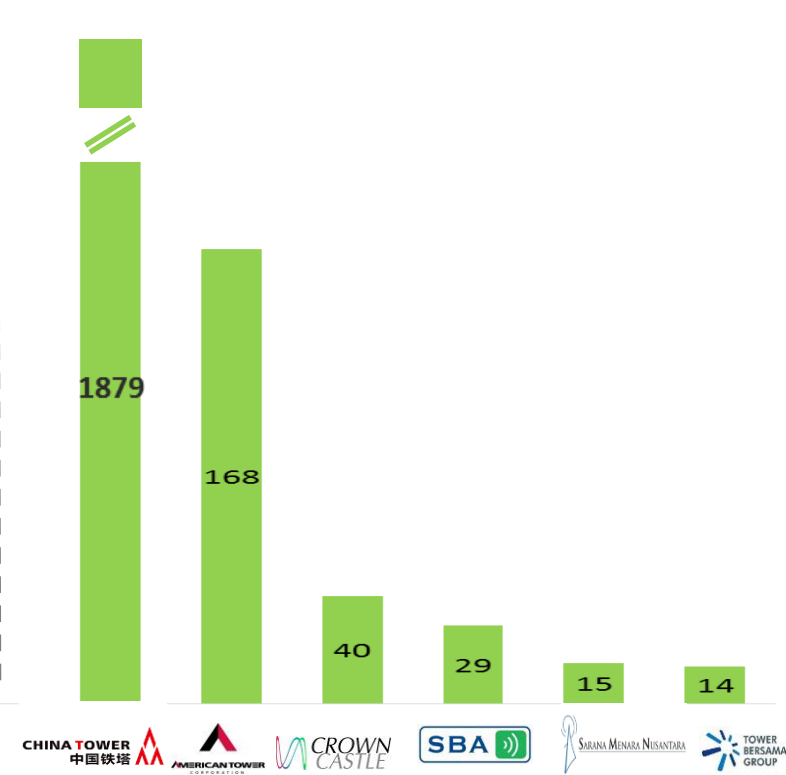
## Indian Tower Companies<sup>(1)</sup>

Sharing Factor	2.22 <sup>(2)</sup>	1.00	2.2	1.74	1.83
----------------	---------------------	------	-----	------	------



## Key Global Listed Tower Companies<sup>(1)</sup>

Sharing Factor	1.4	2.2	2.2	1.74	1.69	1.75
----------------	-----	-----	-----	------	------	------



CCI: Crown Castle International, SBA: SBA Communications, ATC: American Tower, TBIG: Tower Bersama; SMN: Sarana Merana Nusantara

Source: Deloitte, SEC filings, Annual and quarterly reports, company websites; For GTL tower data corresponds to December 31, 2017; for China Tower, ATC, SBA tower data corresponds to June 30, 2018; for CCI, SMN, Tower Bersama data corresponds to March 31, 2018. All other data corresponds to March 31, 2015 as per Deloitte Report. \*Others do not include any proprietary towers of Reliance Jio; ~10k Vodafone owned towers, ~9k Idea owned towers have been adjusted from Others following completion of sale to ATC in 4Q18 and 1Q19 respectively

1. Bharti Infratel and Indus tower and co-locations as at June 30, 2018; Sharing factor for Bharti Infratel standalone and Indus combined
2. Combined quarterly average sharing factor for Bharti Infratel including 42% stake in Indus. Unconsolidated sharing factors for Bharti Infratel is 2.20 and for Indus is 2.23, data as of June 30, 2018

# Long Term Contracts with Visibility of Future Growth

Key Features of Master Service Agreements (MSAs)		
<b>Tenor</b>	<ul style="list-style-type: none"> <li>Long term (10 to 15 years) with built in escalations (2.5% p.a)</li> </ul>	
<b>Termination Penalty</b>	<ul style="list-style-type: none"> <li>Significant exit penalties</li> </ul>	
<b>Rentals</b>	<b>Base Rental</b>	<ul style="list-style-type: none"> <li>A base rental rate is applicable, based on the following factors:               <ul style="list-style-type: none"> <li>Total number of service providers at the site</li> <li>Ground Based Tower or Roof Top Tower</li> </ul> </li> </ul>
	<b>Premium</b>	<ul style="list-style-type: none"> <li>A variety of premiums can be levied               <ul style="list-style-type: none"> <li>Rental premium</li> <li>Strategic premium</li> <li>Active infrastructure charges</li> <li>Contract term</li> </ul> </li> </ul>
	<b>Fuel Cost</b>	<ul style="list-style-type: none"> <li>Energy costs (electricity and fuel charges) are treated as pass through in two ways:               <ul style="list-style-type: none"> <li>As per the amounts incurred</li> <li>Based on a rate card per circle</li> </ul> </li> </ul>
<b>Service Agreement</b>	<ul style="list-style-type: none"> <li>Specifies service levels applicable</li> <li>Site access service level sets out time period within which the service provider is to be provided access to the site</li> </ul>	

**Weighted Average Life of Contracts is 5.14 years;  
Contracted Revenues of US\$6.71bn (as of Q1 FY19 exit)**

Source: Company Filings  
Exchange Rate Used: US\$1 = 68.48 as on June 30,2018

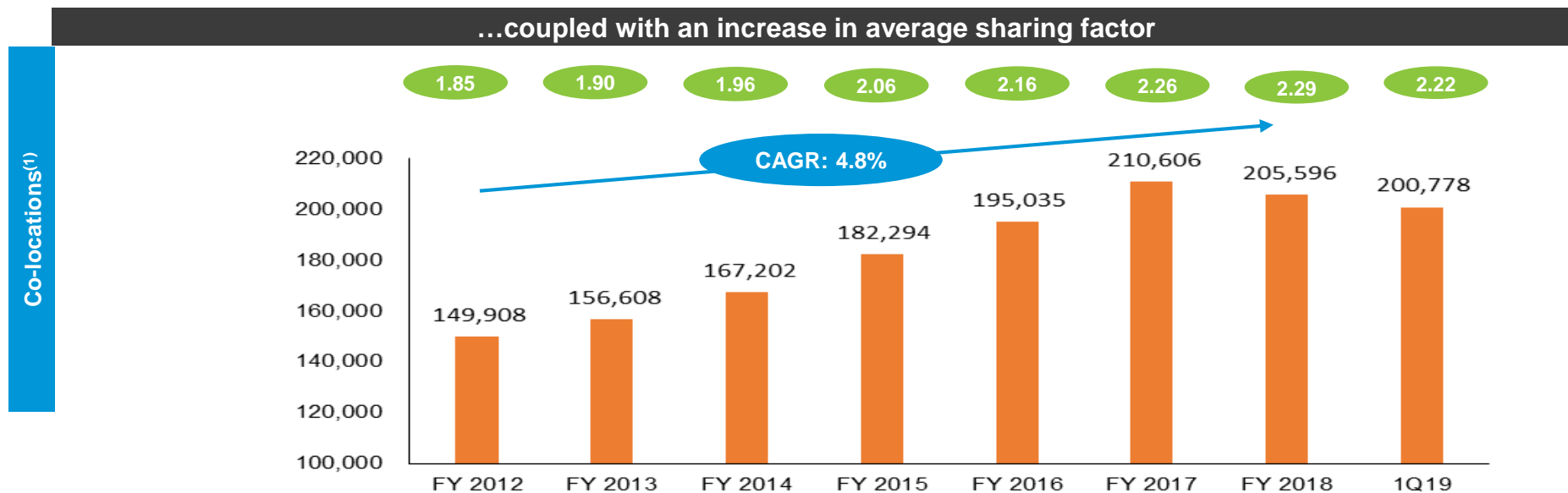
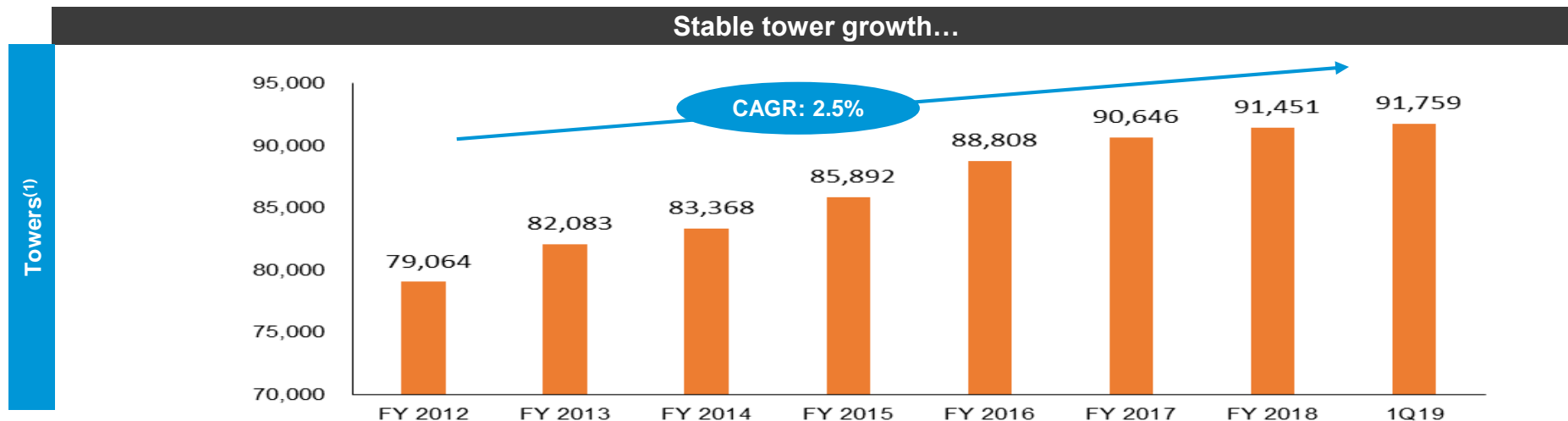
# Business Model Unique to India

## Key Features of Master Service Agreements unique to India unlike US Tower Cos

Purpose	Key Feature	Result
Disarming The Operators	<ul style="list-style-type: none"> <li>It is not economically rewarding for the operators to build new towers themselves</li> </ul>	Most operators in India are not building towers on their own now
Create Natural Entry Barrier	<ul style="list-style-type: none"> <li>Sliding scale of rent</li> <li>Sharing Energy Cost</li> </ul>	It is economically unviable to erect a new tower at a location where a tower is already present
Volume vs. Value	<ul style="list-style-type: none"> <li>By sharing minimal value gain the model has ensured huge volume of towers, virtually entirely built in the Tower Cos</li> </ul>	<ul style="list-style-type: none"> <li>Having over 163k towers and &gt;359k tenancies gives tower company a huge volume play going forward<sup>(1)</sup></li> </ul>

(1) As at June 30, 2018; No. of towers and tenancies for Bharti Infratel and Indus Towers (100%) combined

# Demonstrated Operational and Financial Performance



FY refers to fiscal year ending March 31.

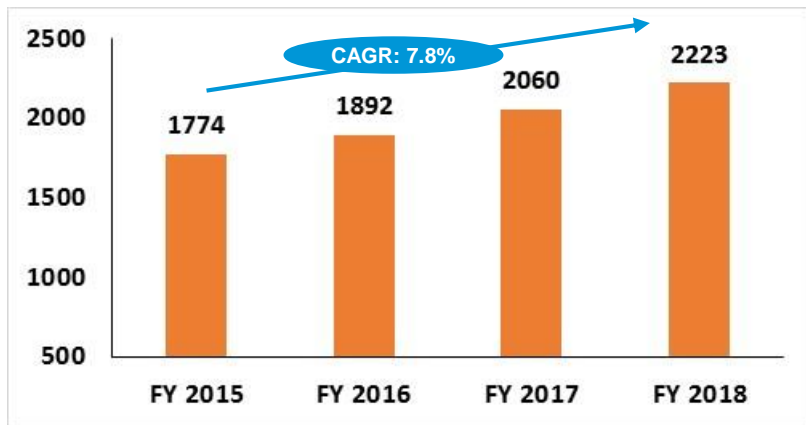
(1) Consolidated figures for Bharti Infratel include 42% economic interest in Indus Towers

 Average Sharing Factor

# Demonstrated Operational and Financial Performance

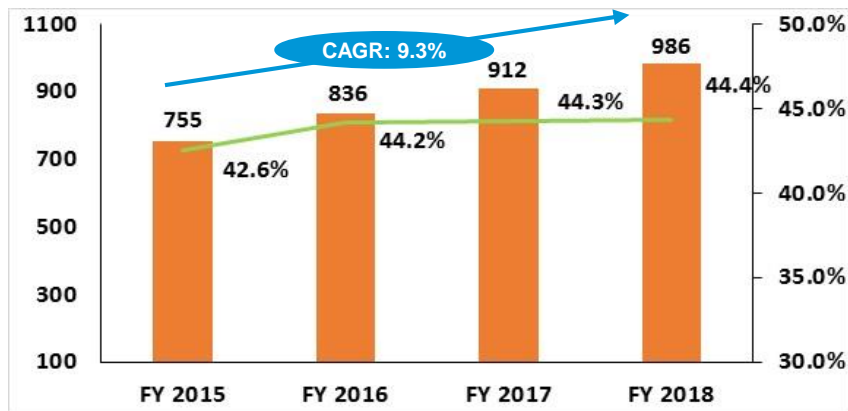
## Strong revenue growth...

Revenues<sup>(1)(2)</sup> (US\$m)

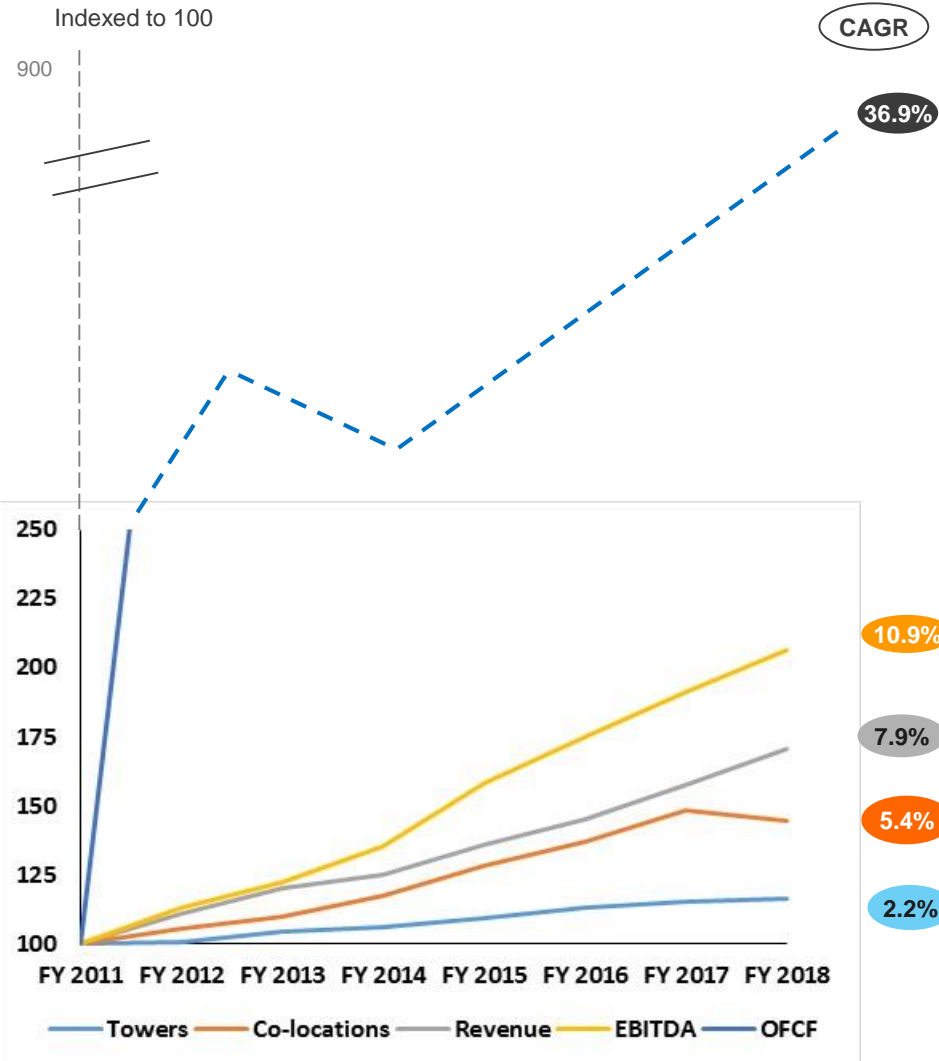


## ...faster EBITDA growth

EBITDA<sup>(1)(3)</sup> (US\$m)



## Strong Operating Leverage



Exchange Rate Used US\$1 = 65.17 as on 31<sup>st</sup> March, 2018

Note: Based on proforma consolidated financials as per proportionate consolidation method as per IND AS except Operating leverage chart financial information for F2010-2013 based on Indian GAAP

(1) FY refers to fiscal year ending March 31

(2) Includes pass through costs

(3) Revenue and EBITDA for Bharti Infratel has been calculated excluding Other Income

# Focus on Delivering Shareholder Value

Bharti Infratel is focused on delivering return to its shareholders through multi-pronged strategy

- Pursuit of viable value accretive inorganic growth
- Leverage Diversified Customer Base to Capitalize on Data Growth
- Explore Opportunities to Return Cash to Shareholders

## Dividend Philosophy:

### Dividend Philosophy:

- Aim to balance capital needs and distribution to shareholders
- Target payout to be higher of <sup>(1)</sup> –
  - 100% Dividends received from Indus, or
  - 60-80% of Bharti Infratel PAT (including DDT)

## Total Payout Ratio of 125% in FY18 <sup>(2)</sup>

	FY2014	FY2015	FY2016	FY2017	FY2018
<b>(Rs/share)</b>					
Interim Dividend	-	4.5	-	12.0	-
Final Dividend	4.4	6.5	3.0	4.0	14.0
<b>(Rs mn)</b>					
<b>Total Profit Distribution</b>	<b>9,726</b>	<b>24,770</b>	<b>26,679</b>	<b>35,618</b>	<b>31,217</b>
Consolidated Profit	13,332	22,027	22,474	27,470	24,937
% payout	73%	112%	119%	130%	125%

Note:

FY refers to fiscal year ending March 31

\*Profit distribution for 2016 includes buyback of Rs.20,000mn

(1) Subject to adequate liquidity for planned business activities and capital expenditure and other uses including debt servicing requirements, acquisitions and ensuring an acceptable credit rating

(2) Amounts in Rs mn Include Dividend Distribution Tax where applicable

# New opportunities for Telecom Infrastructure development under 'Smart Cities' Project

## Development of Smart Cities key for 'Digital India' Program

- Government has announced the creation of 100 Smart Cities

## Communication backbone is key to a Smart City

- Entails setting up of telecom infrastructure which will include towers, micro sites and fiberized backhaul
- Essentials include 100% coverage of area by cell phone towers coupled with fiber as a backhaul
- Expectations from Smart City also include wide availability of Wi-Fi, fiber optic connectivity to home, etc.
- Smart City usual business activity for Infratel, however counterparty and business model may vary from project to project

## Infratel and Indus have won Smart City bids and are working towards successful project deliveries

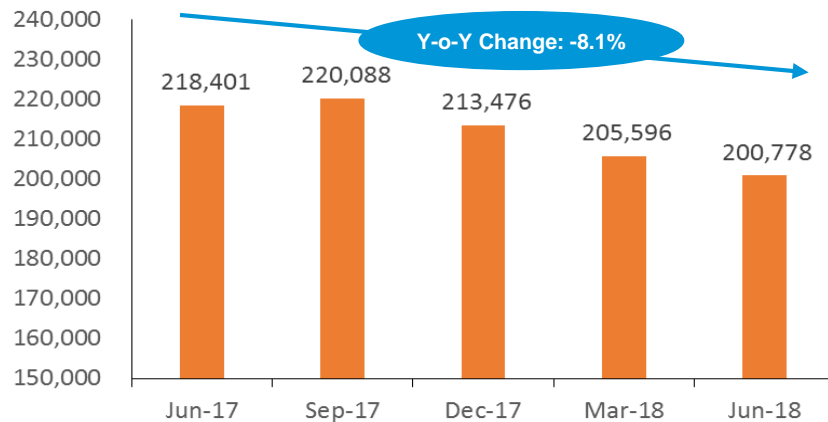
- Infratel led Consortium is executing Bhopal Smart City project where acceptance testing has been initiated in phases
- Indus is also rolling out Smart city projects in Vadodara and New Delhi Municipal Corporation area
- Paves the way for both companies to participate in similar bids in the future
- Opening up new business avenues wherein benefits of the shared infrastructure model can be replicated
- Shall assess opportunities in accordance with the Company philosophy and are value accretive

**Best positioned given large footprint, strong balance sheet, relationship with leading operators and proven skills to manage distributed operations**

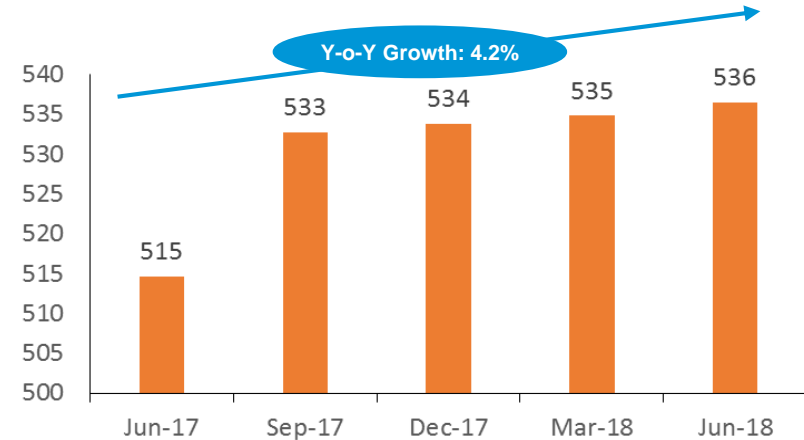


# Quarterly Performance Impacted by Recent Exits

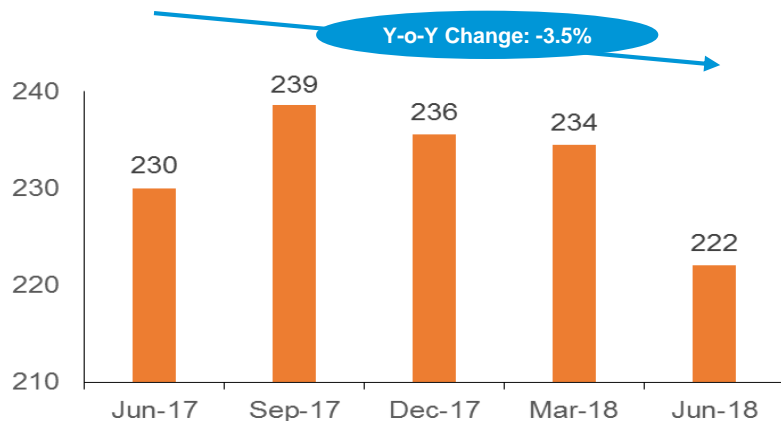
### Co-locations



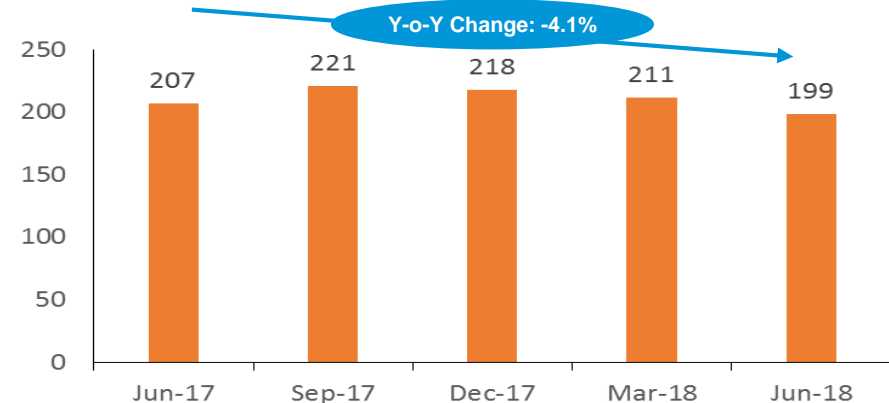
### Revenue<sup>1</sup> (US\$m)



### EBITDA<sup>1</sup> (US\$m)



### AFFO<sup>1,4</sup> (US\$m)



Note: Constant exchange rate of US\$ 1 = INR 68.48 has been used, which is the closing exchange rate as on June 30, 2018

(1) Revenue, EBITDA, Operating Free Cash Flow and AFFO are excluding Other Income

(2) Consolidated figures for Bharti Infratel include 42% economic interest in Indus Towers

(3) Operating Free Cash Flow calculated as EBITDA – Capex; Capex is defined as the additions to the Tangible Assets during the period

(4) Adjusted Fund from operations, AFFO is calculated as EBITDA – Maintenance Capex

(5) Based on proforma consolidated financials as per proportionate consolidation method as per IND AS

# Implementation of Green Initiatives

- Bharti Infratel has institutionalized 'GreenTowers P7' programme, aimed at minimizing dependency on diesel consumption and thereby, reducing the carbon footprint
- The 'GreenTowers P7' programme is based on seven innovative ideas deploying cleaner energy technologies
- We have adopted a three-pronged strategy to run this programme:

## 1 Solar Installations and Diesel Free Towers

- Close to ~3,000 solar powered towers
- Over 39,000 (~42% of the Portfolio) towers across the network are Green towers

## 2 Improving Energy Efficiency of Towers

- Implemented hybrid battery bank solutions in towers across the country

## 3 Reduction of Power Consumption via Free Cooling Units (FCU)

- FCUs utilize the outside ambient air for cooling the shelter

# Experienced Management Team



Akhil Gupta  
*Chairman*

- Joined Bharti Infratel in March 2008 as Director
- Work experience of over 31 years
- Certified Chartered Accountant and fellow member of ICAI. Completed an advanced management program at Harvard Business School.
- Has received various awards including 'CEO of the Year' at the National Telecom Awards 2012, and the 'CA Business Achiever Award' at the ICAI Awards 2008



Devender Singh  
Rawat  
*Managing Director  
& CEO*

- Joined Bharti Infratel in July 2010 as Chief Executive Officer
- Work experience of 27 years
- B.E. (Electronics & Communication)
- Completed an advanced management program at Wharton Business School.



S Balasubramanian  
*Chief Financial  
Officer*

- Joined Bharti Infratel in August 2018 as Chief Financial Officer
- Work experience of 28 years
- Chartered Accountant and Cost Accountant



Biswajit Patnaik  
*Chief Sales and  
Marketing Officer*

- Joined Bharti Infratel in October 2008 as Chief Sales & Marketing Officer
- Work experience of 23 years
- Bachelors Degree from Behrampur Univ. & Diploma in Sales & Marketing Management from National Institute of Sales



Sachin Naik  
*Chief Operations  
Officer & Chief O&M  
Officer*

- Joined Bharti Infratel in August 2016
- Work experience of 28 years
- Bachelors Degree in E&C from Karnataka Regional Engineering college, Surathkal

*The top management has an average experience of over 20 years in various sectors including telecom*

# CSR, Awards and Recognition

## Awards and Recognition

### ET NOW CSR Leadership Award 2018

- Bharti Infratel received the "ET NOW CSR Leadership Award 2018" for its efforts towards building an inclusive world, by supporting inclusion of differently abled people into the mainstream through the Bharti Infratel Scholarship Program.

### Gold Award - Business Excellence Framework-2018

- Bharti Infratel has won the "Gold Award - Business Excellence Framework-2018" by "RE Assets India". The award is about adopting a holistic approach to strengthen the management practices, systems and processes of an organization.

### Golden Peacock Awards 2017

- Bharti Infratel was felicitated with Golden Peacock Award for Risk Management at The Singapore Global Convention. It stimulates and helps organizations to rapidly accelerate the pace of improving Risk Assessment and Management System (RAM) in the organization

### National CSR & Sustainability Awards 2017

- Indus has won the Best Sustainability Report award at the 3rd edition of National CSR & Sustainability Awards 2017

### Dun & Bradstreet Infra Awards 2017

- Bharti Infratel has again excelled in Dun & Bradstreet India's Top 500 Companies listings and publication for the year 2017

### Best Employer Award 2017

- Aon Hewitt released the list and Bharti Infratel is one of the best Employers in India third time in row

### Golden Peacock Awards 2016

- Institute of Directors has awarded Golden Peacock Awards 2016 for Sustainability for our unique initiatives and significant contributions towards promoting sustainable development

## Corporate Responsibility

### 1. Green Towers Program

- GreenTowers P7 program
- Comprehensive energy management plan
- Aimed at using alternative, renewable and energy efficient technologies
- "Go Green" Initiative

2. Provide free quality education to underprivileged children in rural India with a special focus on girl child through Satya Bharti School Program

3. Sanitation initiatives in partnership with Bharti Foundation as part of 'Clean India Campaign'

4. Empower women through vocational and life skills training and employment through Aaghaaz program

Bharti Infratel was also conferred with 'Green Initiative of the Year 2016' title at the TowerXchange A&ME Meetup in Johannesburg for adopting green and sustainable practices in business and operations



# Proposed Merger with Indus

# Merger of Bharti Infratel and Indus Towers



indus  
TOWERS

Creating a listed pan-India tower company which will be the largest tower company in the world outside China with over 163,000 towers

Highly complementary footprints to continue to support the delivery of the Government of India's vision of 'Digital India'.

Continue to offer high quality passive infrastructure services to all telecom operators on a non-discriminatory basis

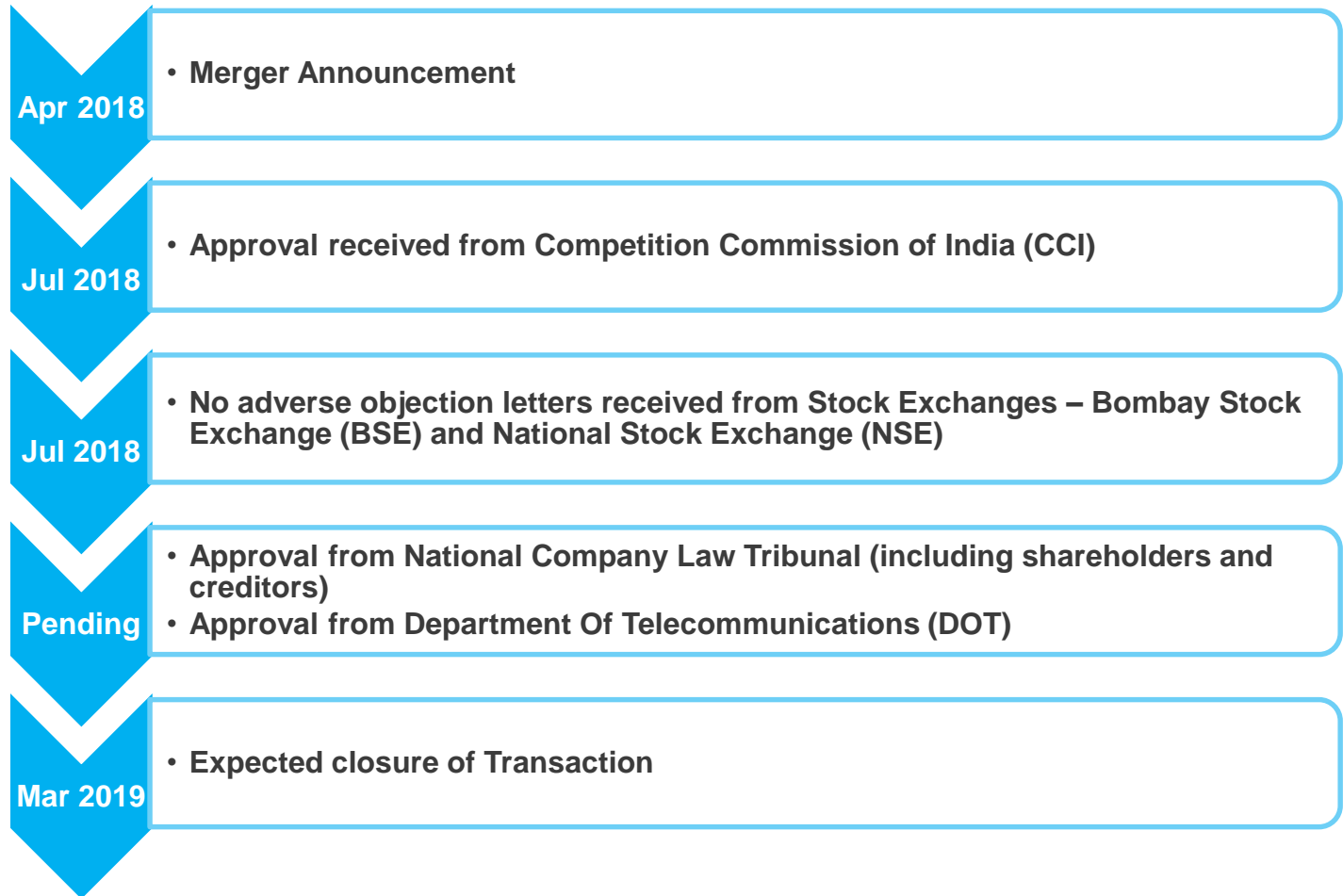
Operational synergies in the form of capex/opex/dividend distribution tax (DDT) savings; simplification of organization structure envisioned

Bharti Airtel and Vodafone to jointly control the combined company

# Merger Related Updates



indus  
TOWERS



# Key Highlights

## Basic Construct

- Vodafone shall swap its 42% in Indus against shares in combined entity as per valuation construct
- Providence or PEP shall swap its 1.5% in Indus against shares in combined entity on same basis as Vodafone
- Idea for its 11.15% in Indus & PEP for their 3.35% in Indus would have the option to either
  - Get shares in combined entity on same basis as Vodafone or
  - Get cash as per valuation construct

## Valuation Construct

### Valuation Construct for Issuance of Shares (Vodafone for 42% and PEP for 1.5% stake in Indus)

- The merger ratio as at the date of agreement is 1,565 shares in Infratel for every one Indus share.
- The merger ratio has been based on an agreed adjusted net debt figure as 30th September 2017 and agreed relative **Enterprise Values of Rs642bn and Rs731bn respectively for Infratel and Indus**. These imply an EV/LTM EBITDA of **9.47x for Indus** and EV/LTM EBITDA of **9.99x for Infratel**.
- The final merger ratio and hence number of shares issued will depend on the actual net debt and working capital at closing in Infratel and Indus.

### Construct for Cash (Idea for 11.15% Indus and PEP for 3.35% Indus)

- Enterprise Value of Infratel and Indus will be based on the last 12 months EBITDA as at Mar'18 i.e. FY17-18, VWAP of 60 days share price of Bharti Infratel at the date of closing and net debt of Infratel on the date of closing. The resultant EV/EBITDA for Infratel shall be discounted by 10% to arrive at the equity value for Indus.



# Other Highlights

<b>Joint Governance and Management</b>	<ul style="list-style-type: none"> <li>▪ Bharti Airtel and Vodafone will have equal rights in the combined company</li> </ul>
<b>Board of Directors and Management</b>	<ul style="list-style-type: none"> <li>▪ The Board of the combined company will comprise of 11 directors, of whom three will be appointed by each of Bharti Airtel and Vodafone, one will be appointed by KKR/Canada Pension Plan Investment Board and four (including the Chairman) will be independent.</li> <li>▪ The management team will be confirmed prior to closing.</li> </ul>
<b>Lock-in</b>	<ul style="list-style-type: none"> <li>▪ None of Bharti Airtel, Vodafone or Idea Group (if it elects to receive shares), will be subject to a lock-in on their shareholdings in the combined company</li> </ul>
<b>Dividend policy</b>	<ul style="list-style-type: none"> <li>▪ The combined company is expected to distribute any excess cash flow to its shareholders through dividends or share buybacks, without exceeding a maximum leverage ratio of 3.0x LTM EBITDA.</li> </ul>
<b>Capital structure</b>	<ul style="list-style-type: none"> <li>▪ It is intended that any cash consideration paid to Idea Group and/or Providence will be financed through new debt facilities and the existing cash resources of Bharti Infratel. On the basis that Idea Group and Providence elect to receive the maximum possible cash consideration, the pro forma net debt of the combined company would have been INR56bn (US\$0.8bn) as at 31 March 2018. This is equivalent to 0.5x net debt/LTM EBITDA</li> </ul>
<b>Closure and approvals</b>	<ul style="list-style-type: none"> <li>▪ The transaction is conditional on regulatory and other approvals, including from Bharti Infratel shareholders, CCI, SEBI, NCLT, DoT (FDI approval), and is expected to close before the end of the financial year ending 31 March 2019.</li> </ul>

# Illustrative Scenarios

## **Illustrative Scenarios for Issuance of Shares based on SEBI pricing guidelines:**

Illustratively, based on SEBI pricing guidelines for Bharti Infratel of INR 363 per share as at 23 April 2018 (date of agreement) and reported net debt as at 31 March 2018:

- The transaction values Indus Towers at an enterprise value of INR715bn or 9.27x EV/LTM EBITDA. For Infratel, the transaction implies an enterprise value of INR619bn. This gives an EV/EBITDA multiple for Infratel of 9.63x
- Vodafone will be issued with 783.1m new shares in the combined company, in exchange for its 42% shareholding in Indus Towers. On the basis that (a) Providence decides to sell 3.35% of its 4.85% shareholding in Indus Towers for cash, and (b) Idea Group decides to sell its full 11.15% shareholding in Indus Towers for cash
- PEP will be issued 28 Mn new shares in the combined company, assuming it elects to exchange 1.5% out of its 4.85% shareholding in Indus Towers for shares with the remaining 3.35% being taken in cash.
- Assuming Idea also elects to take cash this would imply that PEP has a resulting 1.1% shareholding in the combined entity. Vodafone's 783 Mn shares would give it a 29.4% shareholding, whilst Airtel would have 37.2% with the remaining shareholders holding 32.3%.

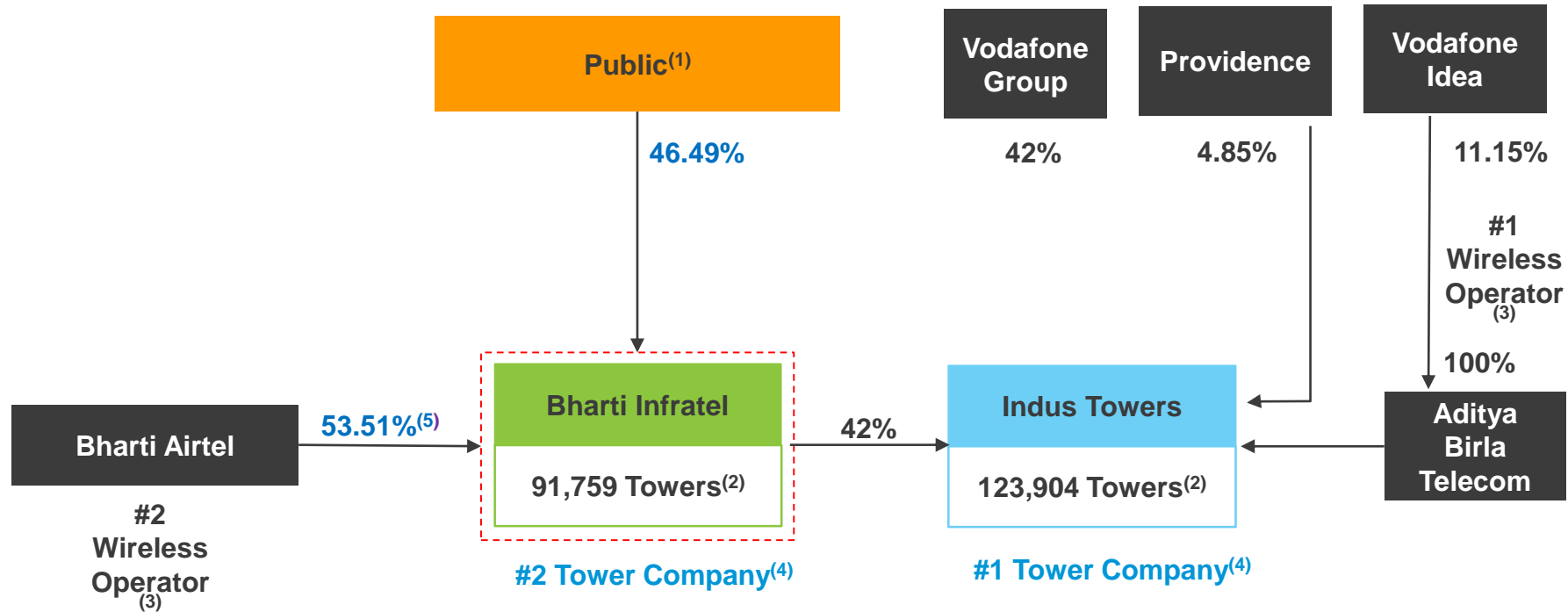
## **Illustrative Scenarios for cash consideration:**

- Idea Group has the option to either: (a) sell its 11.15% shareholding in Indus Towers for cash based on a valuation formula linked to the VWAP for Bharti Infratel's shares during the 60 trading days prior to completion of the merger, which, if calculated at the time of this announcement, would equate to a cash consideration of INR65bn (US\$1.0bn), or alternatively, (b) receive new shares in the combined company based on the Merger Ratio.
- The consideration for the remaining 3.35% of its shareholding in Indus Towers will be settled by Bharti Infratel in cash or shares at Providence's election. The valuation terms of the cash consideration will be identical to that for Idea Group and the valuation terms for the share consideration will be based on the Merger Ratio.

**The final number of shares issued to Vodafone and the cash paid or shares issued to Idea Group and Providence, will be subject to closing adjustments, including but not limited to movements in net debt and working capital for Bharti Infratel and Indus Towers.**

*Note: Above numbers are notional and final number of shares will be subject to closing adjustments as mentioned above*

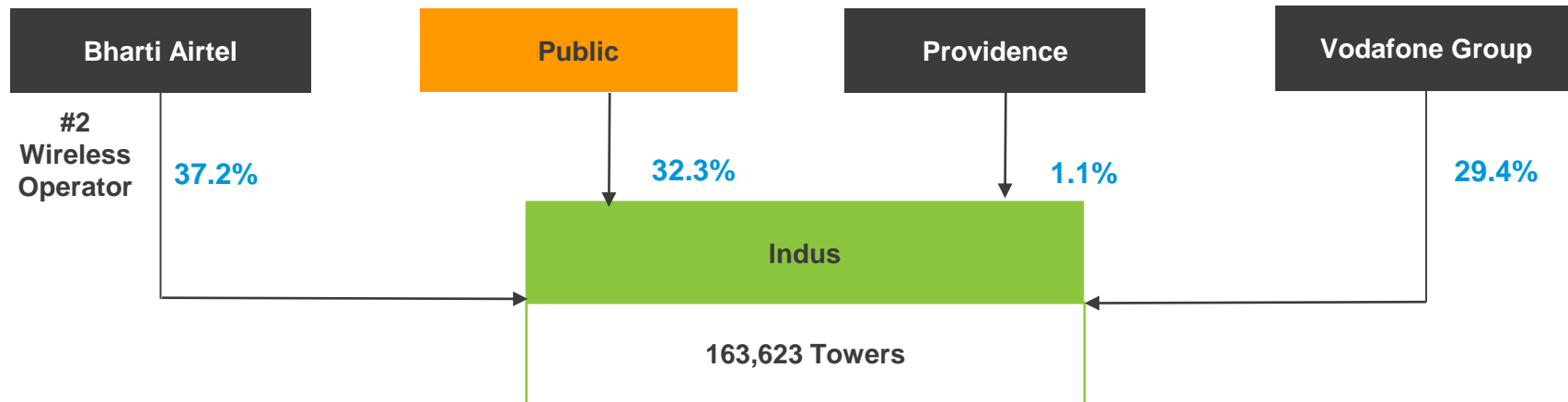
# Current Shareholding Structure



Together with Indus Towers, Bharti Infratel is a leading tower company in India

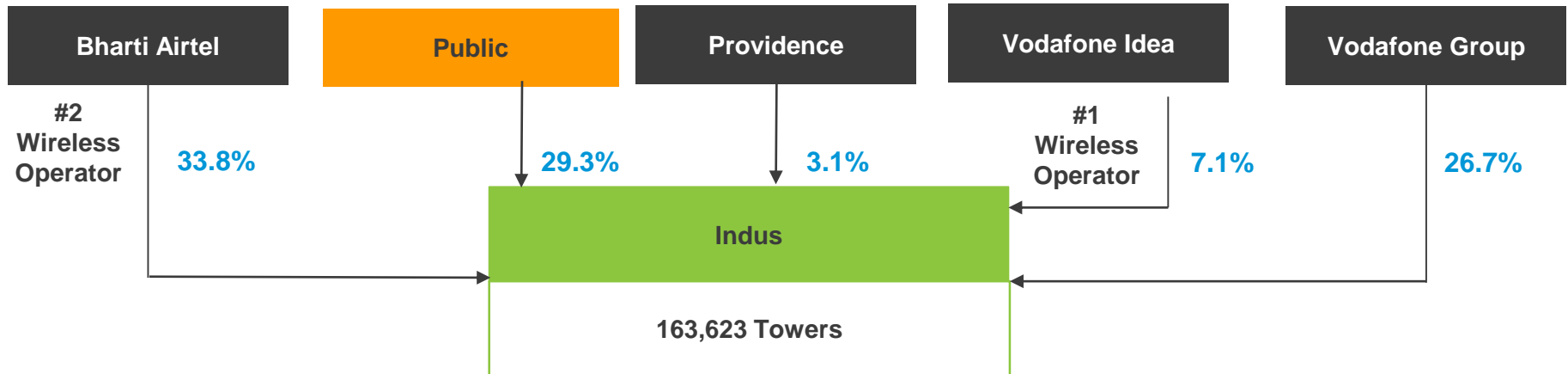
- 1) Public includes 10.34% held by Silverview Portfolio Investments Pte. Ltd. (KKR) and Canada Pension Plan Investment Board
- 2) As at June 30, 2018; No. of towers for Bharti Infratel is consolidated including 42% stake in Indus Towers
- 3) Ranking as per India revenue market share for the quarter ended June 30, 2018. Vodafone and Idea revenue market shares added, however their merger scheme became effective August 31, 2018 (Source: TRAI)
- 4) Based on tower count (Source: Deloitte, June 2015); Bharti Infratel is #2 tower company including proportionate towers based on 42% economic interest in Indus; Bharti Infratel standalone has 39,719 towers as of June 30, 2018.
- 5) Bharti Airtel shareholding as on June 30, 2018, includes 3.18% held by its wholly owned subsidiary Nettle Infrastructure Investments Ltd.

# Indicative Post Merger Shareholding Structures



- Based on the assumption that Idea group sells its 11.15% shares for cash and Providence elects to receive cash for its 3.35% shareholding in Indus Towers. The final number of shares issued will be subject to closing adjustments, including movements in net debt and working capital for Bharti Infratel and Indus Towers .
- Ranking as per India revenue market share for the quarter ended June 30, 2018. Vodafone and Idea revenue market shares added, however their merger scheme became effective August 31, 2018 (Source: TRAI)

# Indicative Post Merger Shareholding Structures



- Based on the assumption that Idea group and Providence elect to receive shares for their 11.15% and 4.85% shareholding in Indus Towers. The final number of shares issued will be subject to closing adjustments, including movements in net debt and working capital for Bharti Infratel and Indus Towers .
- Ranking as per India revenue market share for the quarter ended June 30, 2018. Vodafone and Idea revenue market shares added, however their merger scheme became effective August 31, 2018 (Source: TRAI)

# In Summary

# Company Strategy

Promote Passive Infrastructure Sharing

Organic Growth and Acquisition Opportunities

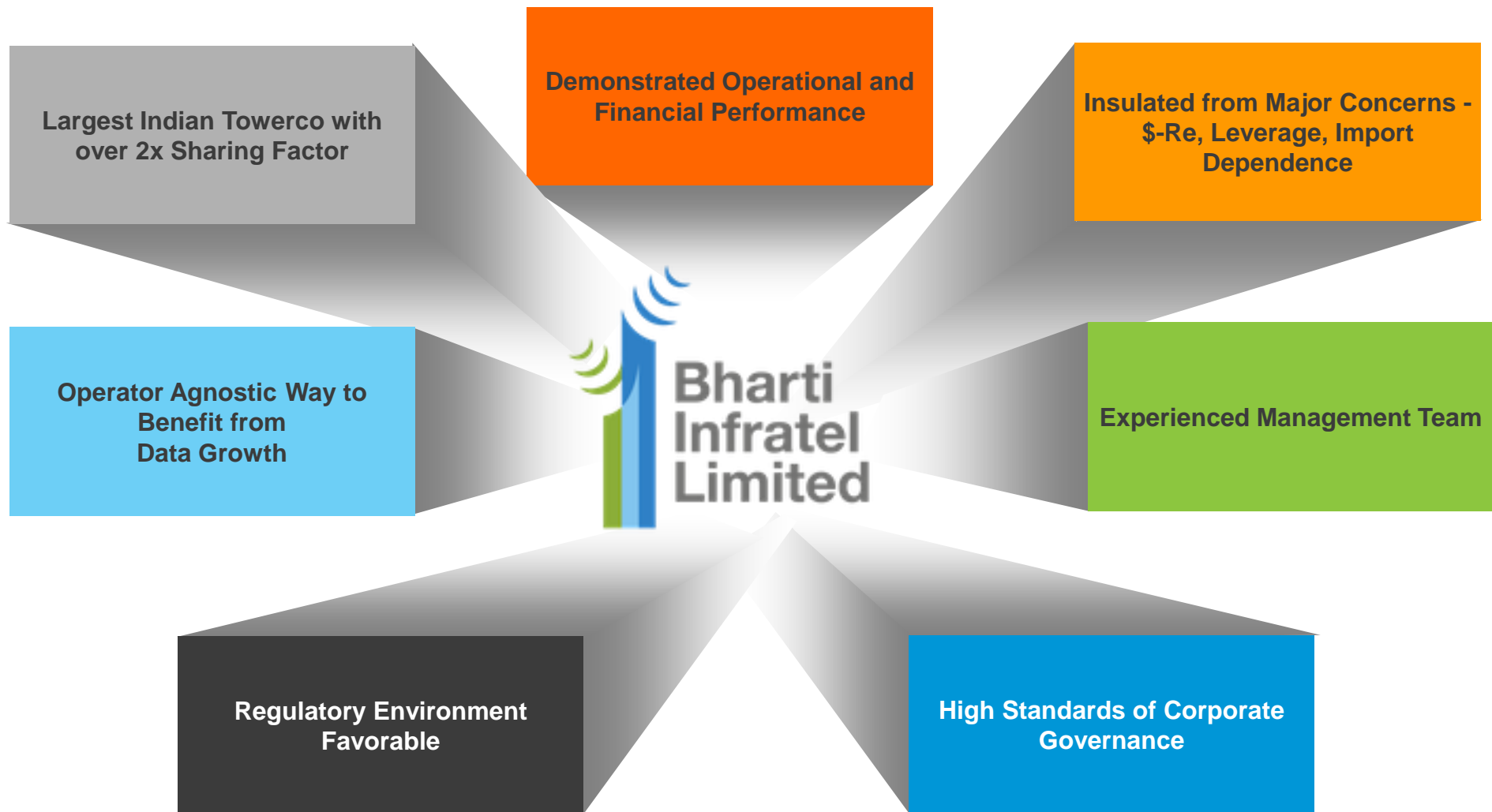
Capitalize on opportunities of Data growth, Digital India, Smart Cities Initiatives of Government



Achieving Cost Efficiencies Across Tower Portfolios

Increasing Revenue and Capital Productivity

# Investment Thesis





# Appendix

# Impact of Data Growth on Tower Industry

- Expansion of 3G / 4G Networks by Operators will necessitate demand for towers
- Propagation on higher frequency band weaker
  - Data usage to drive co-location growth
  - 3G/4G only sites to drive tower demand

## Propagation effects in different bands

Tower Multiplier when Switching Frequencies		New Frequency Band				
		900 MHz	1800 MHz	2100 MHz	2300 MHz	2600 MHz
Base Frequency Band	900 MHz	1.0x	1.6x	1.9x	3.2x	3.7x
	1800 MHz		1.0x	1.2x	2.0x	2.3x
	2100 MHz			1.0x	1.7x	2.0x
	2300 MHz				1.0x	1.1x
	2600 MHz					1.0x

***All operators are customers of Bharti Infratel ~ Operator Agnostic Exposure to Secular Data Growth***

Source: Analysys Mason



Thank You