



December 31, 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 Regulations 30 and 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed a presentation titled "Proposed Merger with Indus Towers".

Kindly take the same on record.

Thanking you,

Sincerely yours,
For Bharti Infratel Limited

Samridhi Rodhe
Company Secretary



Encl: As above



Proposed Merger with Indus Towers

Dec 2018

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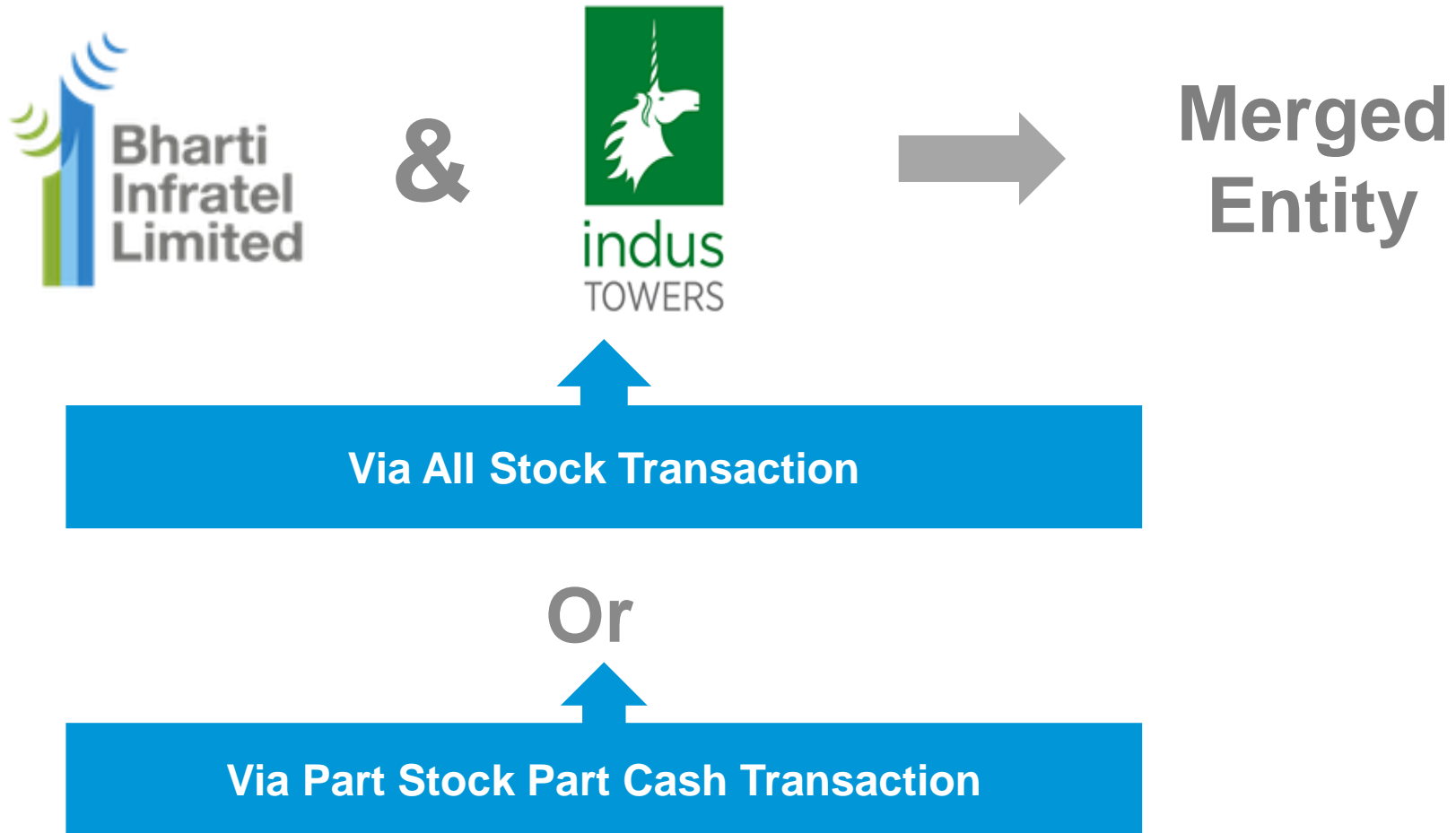
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Merger with Indus Towers



Note:

- 1. The merged entity will fully own the respective businesses of Bharti Infratel and Indus Towers, will change its name to Indus Towers Limited and will continue to be listed on the Indian Stock Exchanges.*
- 2. Vodafone-Idea and Providence have the option to elect to receive cash or shares*

Merger with Indus Towers



All Stock
Transaction

Issues shares to Vodafone Group for 42% of Indus

Issues shares to Vodafone-Idea for 11.15% of
Indus

Issues shares to Providence (PEP) for 4.85% of
Indus

Or

Part Stock Part
Cash Transaction

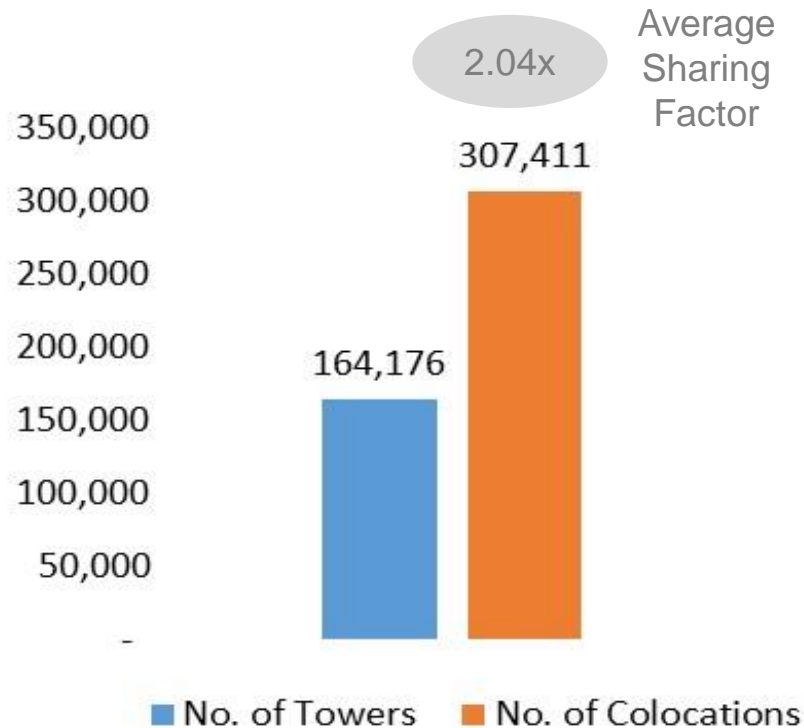
Issues shares to Vodafone Group for 42% of Indus

Issues shares to PEP for 1.5% of Indus

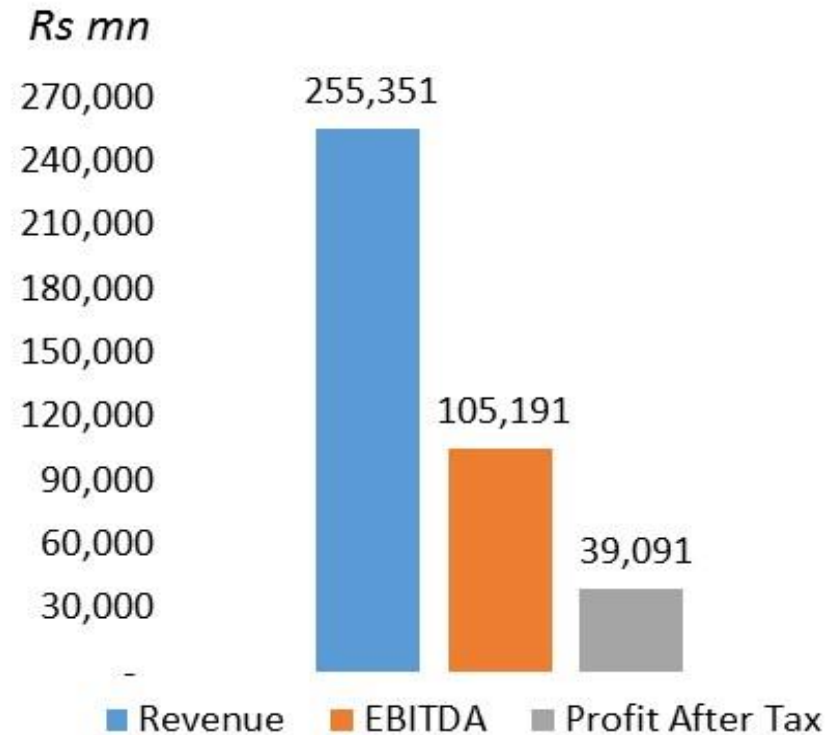
Vodafone-Idea and/or PEP take cash for 11.15%
and 3.35% stakes in Indus respectively

Merged Entity: Operational and Financial Snapshot

Towers, Co-locations and Sharing Factor (1)



Revenue, EBITDA and Profit After Tax (2)



1) Data as of 30 September 2018

2) Estimates based on LTM data ending 30 September 2018, assuming merger was effective on 1 October 2017 and assuming cash election for Vodafone-Idea (11.15%) and PEP (3.35%), stock for Vodafone Group, additional interest costs @~8% p.a. and related adjustments. Above scenario is for illustration, other combinations of stock and cash may be possible

Rationale for the Transaction



indus
TOWERS

Attractive valuation for existing Infratel shareholders, Indus @5.2% discount on relative valuations for share election and 10% discount for cash election

Enhancement in Return on Equity (ROE) due to improvement in capital structure

Up to 0.6x Net Debt/EBITDA vs. Net Cash position currently

Tax efficient transaction leading to accretion in Earning Per Share (EPS) and consequently higher possible Dividend per share (DPS)

Removal of holdco discount

Rationale for the Transaction (contd.)



indus
TOWERS

Simplified shareholding structure with no single operator holding majority in the merged entity

Shares in a listed entity provides exit opportunity to shareholder operators of Indus

Operational synergies in the form of capex/opex envisioned

Creating the largest in-country towerco outside China

Single entity with one set of Board of Directors, leadership and senior management to focus on nationwide growth and liaise with stakeholders in a unified manner

Continue to offer passive infrastructure services to all customers on a non-discriminatory basis and support the Government of India's "Digital India" vision

Attractive Valuation for Existing Infratel Shareholders

Construct for Issuance of Shares: Discount of 5.2% on relative valuations

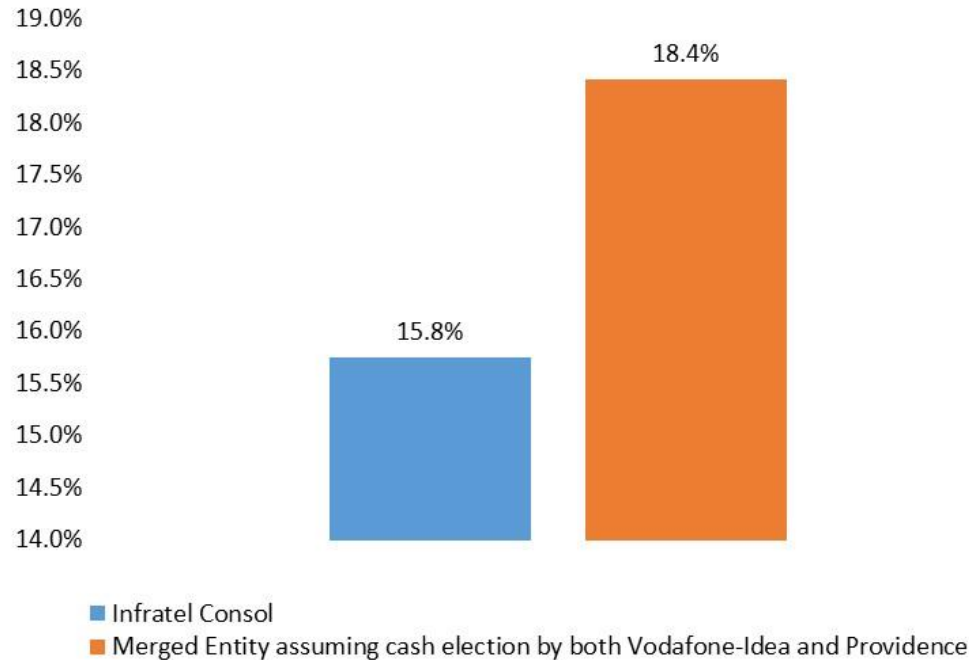
- The merger ratio as at the date of agreement is 1,565 shares in Infratel for every one Indus share.
- The merger ratio has been based on agreed relative Enterprise Valuations (EV) and adjusted net debts where Indus was valued at a 5.2% discount to Infratel's EV/LTM EBITDA.
- The final merger ratio 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 Election: Discount of 10% on relative valuations

- 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 and Indus on the date of closing.
- The resultant EV/EBITDA for Infratel shall be discounted by 10% to arrive at the equity value for Indus.

Enhancement in Return on Equity due to Improvement in Capital Structure

Return on Equity (%)

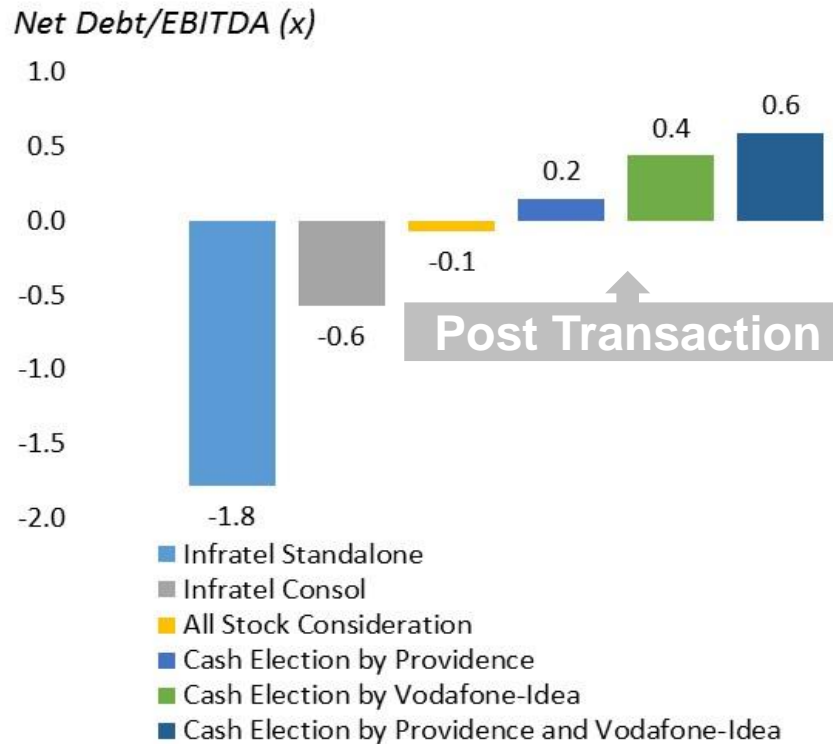


ROE improves by 265 bps to 18.4% post transaction driven by improvement in capital structure

Notes:

- Infratel Consol refers to pre-merger entity with 42% ownership in Indus
- Data for Infratel Consol is actual for quarter ending 30 September 2018.
- Data for the merged entity is estimated where merger adjustments are based on data for the quarter ending 30 September 2018
- Assuming scenario of cash election by Vodafone-Idea (11.15%) and Providence (3.35%), stock for Vodafone Group. Above scenario is for illustration, other combinations of stock and cash may be possible
- ROE refers to Return on Shareholder's Equity (LTM) Post tax with the assumption of merger as above on 30 September 2018

Up to 0.6x Net Debt/EBITDA vs. Net Cash position currently

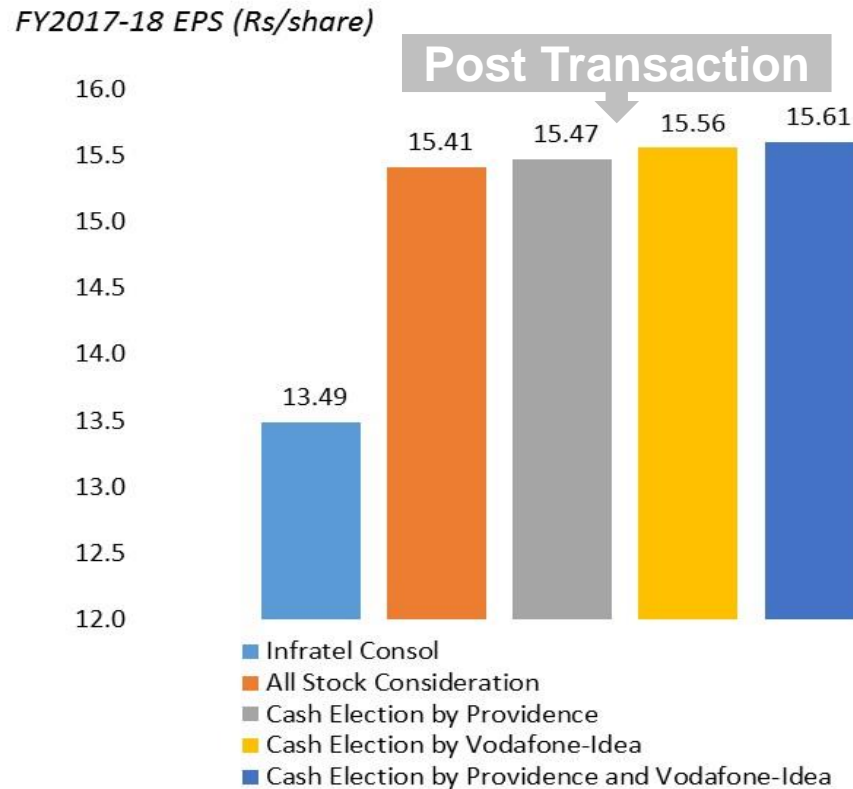


Transaction to improve capital structure by bringing higher leverage to the merged entity

Notes:

- Infratel Consol refers to pre-merger entity with 42% ownership in Indus
- Data for Infratel Consol are actuals based on closing Net Debt/Cash and LTM EBITDA for the quarter ending 30 September 2018
- Data for the merged entity are estimates under various scenarios based on data for the quarter ending 30 September 2018, assuming merger was effective 1 October 2017
- Estimates include additional interest costs @~8% p.a. and related adjustments
- Above scenarios are for illustration, other combinations of stock and cash may be possible

Accretion in Earnings Per Share...



EPS accretive in all scenarios despite dilution driven by lower effective tax rate

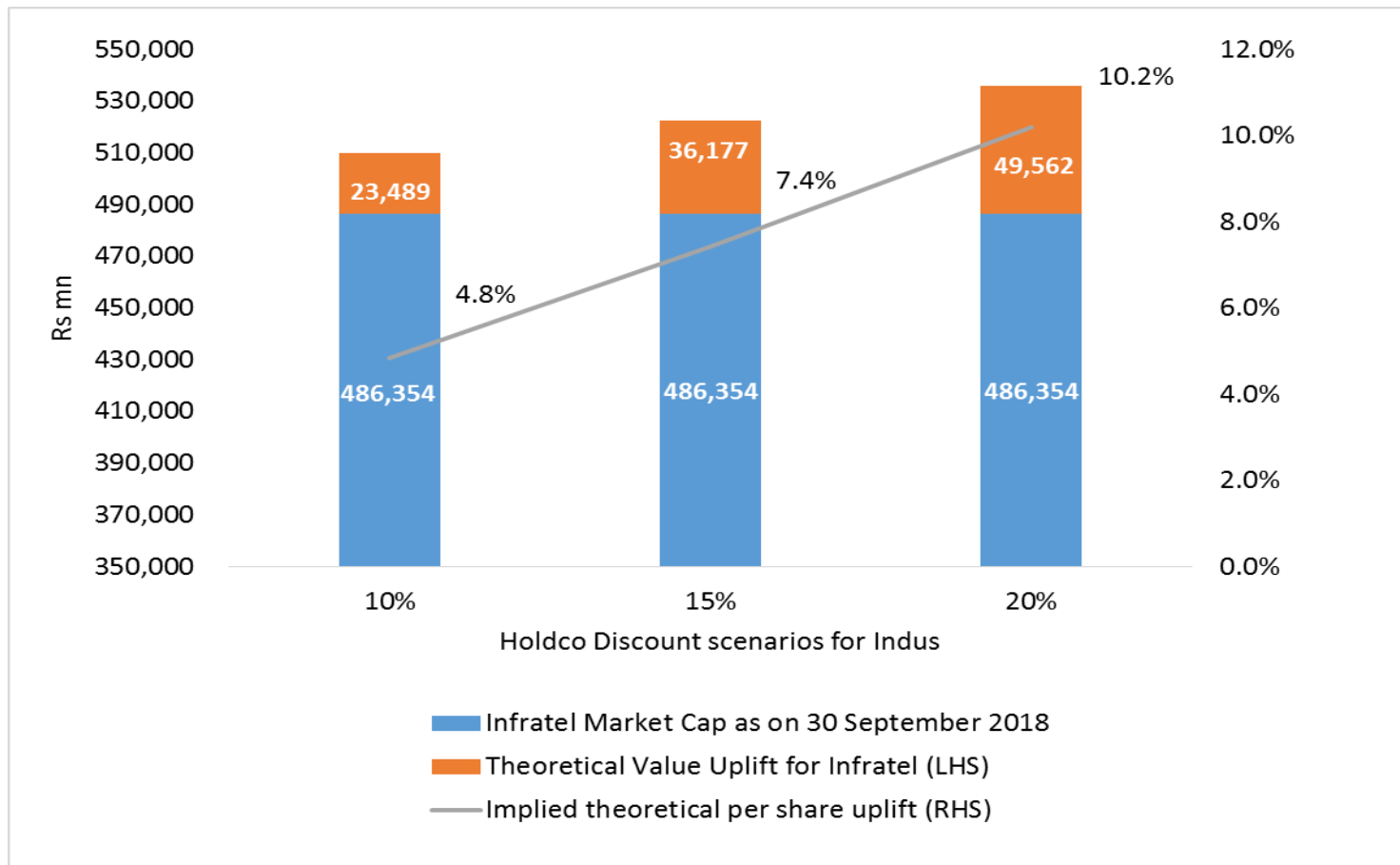
Notes:

- Infratel Consol refers to pre-merger entity with 42% ownership in Indus
- Data for Infratel Consol is actual for the financial year ending 31 March 2018
- Data for the merged entity are estimates based on data for the financial year ending 31 March 2018, assuming merger was effective on 1 April 2017. Additional interest costs assumed @~8% p.a. where applicable along with related adjustments
- Above scenarios for illustration, the final number will vary with adjustments including but not limited to final number of shares issued to Vodafone Group and the cash paid or shares issued to Vodafone-Idea and Providence, which will be subject to closing adjustments, including but not limited to movements in net debt and working capital for Bharti Infratel and Indus Towers.

...and correspondingly possible increase in Dividend Per Share

- Payouts made by the merged entity will be more tax efficient as currently there is a dual incidence of Dividend Distribution Tax (first paid by Indus and subsequently by Infratel on declaration of dividend to its shareholders) which will be eliminated.
- For the Financial year ended March 31, 2018, EPS in different scenarios i.e. share election by all parties, part cash part share election and cash election can go up from Rs. 13.49 per share (diluted) to a low of Rs.15.41 per share and high of Rs.15.61 per share, representing an increase of 14.3% to 15.7% respectively, with corresponding possible increase in Dividend per share (DPS). This assumes merger being effective on April 1, 2017.
- As per the agreed capital structure and dividend policy which is expected to be implemented post completion, the merged entity 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.

Removal of Holdco Discount



Removal of holdco discount for Indus could theoretically uplift Infratel equity value by ~5-10%

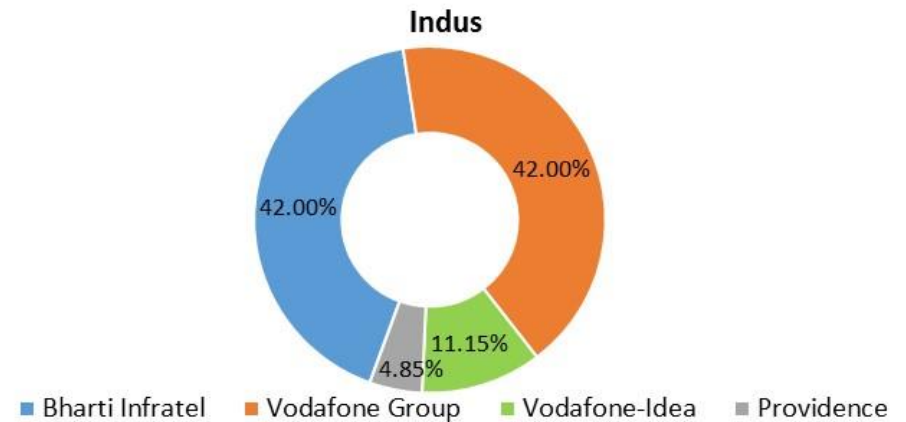
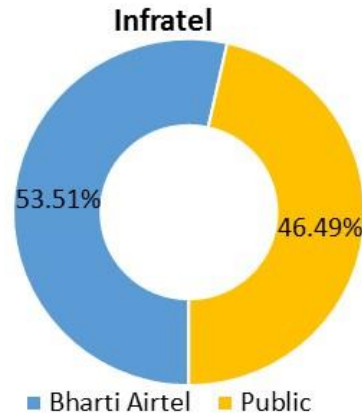
Notes:
Data using EV/EBITDA LTM Sep'18 multiple of 7.22x for Bharti Infratel

Simplified Shareholding Structure

- No single operator owning majority stake in the merged entity
- Provides global investors direct access to the ~124k towers of Indus
- Shares in listed entity provide exit opportunity to shareholder operators of Indus
- Single entity with one set of Board of Directors, leadership and senior management to focus on nationwide growth and liaise with stakeholders in a unified manner

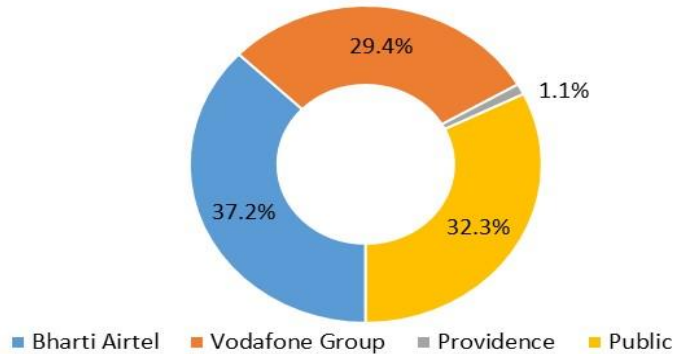
Shareholding Structures

Current: Indus and Infratel

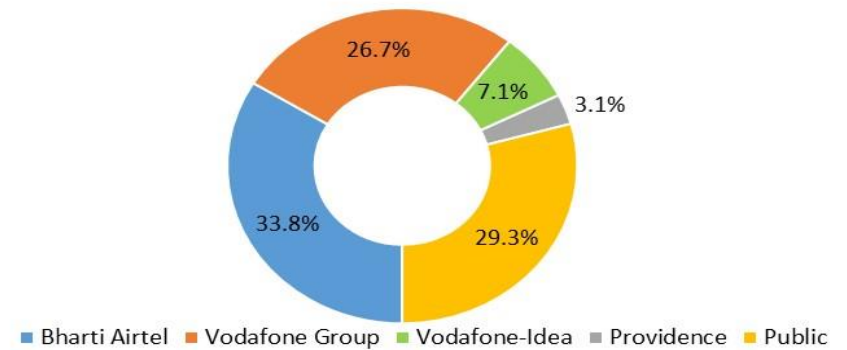


Post Transaction: Merged Entity

Part Stock Part Cash Consideration



All Stock Consideration



- 1) Current Infratel public shareholding includes 10.34% held by Silverview Portfolio Investments Pte. Ltd. (KKR) and Canada Pension Plan Investment Board (CPPIB)
- 2) Bharti Airtel shareholding in the Company as on Sep 30, 2018, includes 3.18% held by its wholly owned subsidiary Nettle Infrastructure Investments Ltd.
- 3) Post transaction shareholding structures are indicative as mentioned in Press Release dated 25 Apr 2018. The final number of shares issued to Vodafone Group and the cash paid or shares issued to Vodafone-Idea 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

Capex and Opex Synergies Envisioned

Opex Related Synergies

- Likelihood of saving by way of lower administrative cost, savings on account of common expenses, tower operating center costs etc.
- The head office cost for the merged entity was in the vicinity of Rs.3-4bn during FY 2017-18.

Capex Related Synergies

- Volume discounts anticipated due to combined buying
- Savings on common investments such as IT, facilities like corporate headquarters, tower operating center, etc.
- Consolidated capex for the merged entity was Rs. 35,953 mn during FY 2017-18

Creating the largest in-country towerco outside China

Key Indian Tower Companies⁽¹⁾

Key Global Listed Tower Companies⁽¹⁾

Sharing Factor

2.04⁽²⁾

1.5

NA

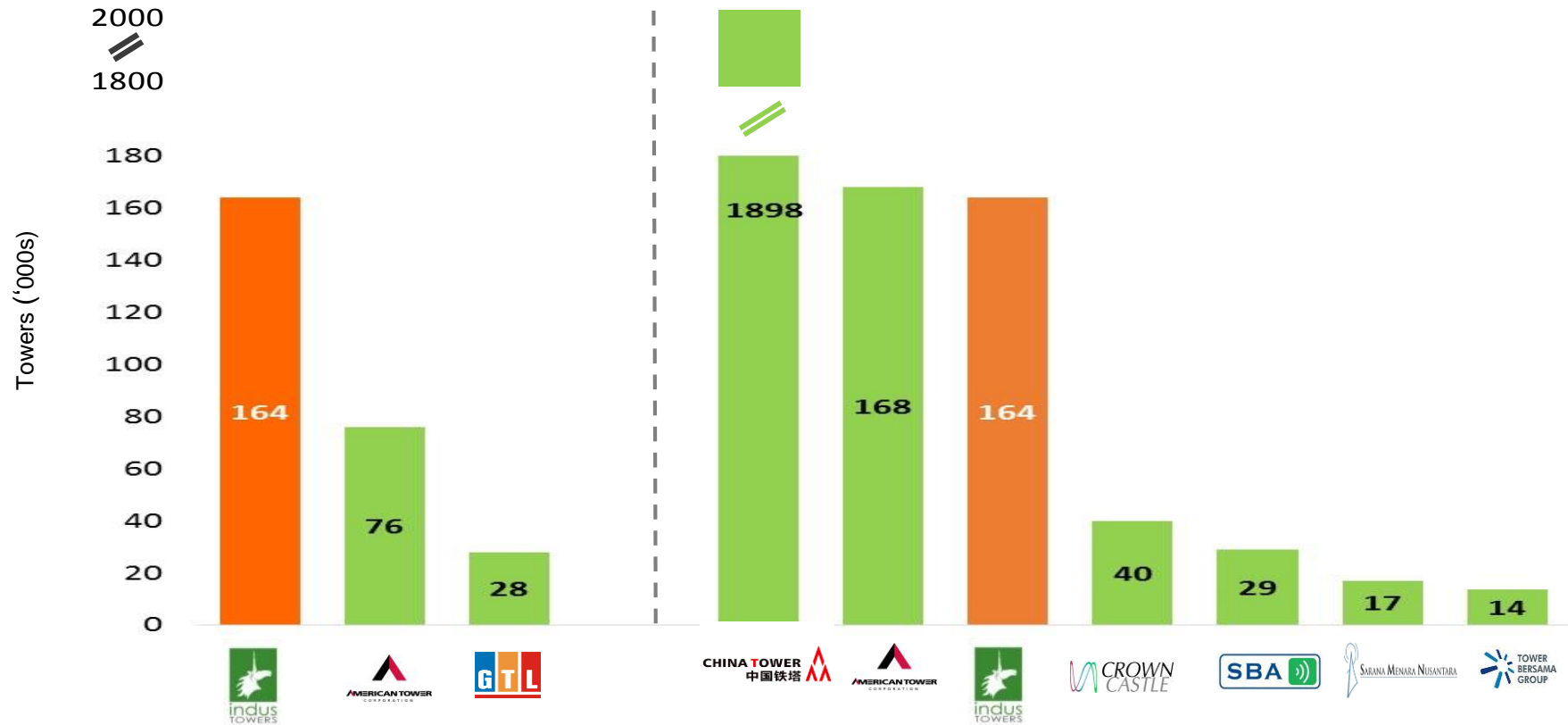
2.04⁽²⁾

2.2

1.59

1.63

1.73



For the purpose of this chart, Indus refers to the merged entity and includes Bharti Infratel and Indus towers and co-location sharing factor as at September 30, 2018
 CCI: Crown Castle International, SBA: SBA Communications, ATC: American Tower, TBIG: Tower Bersama; SMN: Sarana Merana Nusantara

1. Source: Company Websites, Stock Exchange filings, Company Annual and Quarterly reports; For China Tower, ATC, SBA, CCI, SMN, Tower Bersama tower/tenancy/sharing factor data is as of September 30, 2018; for GTL tower data is as of March 31, 2018
2. Average sharing factor calculated for the merged entity

Details of Merger and Valuation Construct

Basic Construct

- Vodafone Group 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 Group
- 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 Group or
 - Get cash as per valuation construct

Valuation Construct

Valuation Construct for Issuance of Shares (Vodafone Group 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 agreed relative Enterprise valuations and adjusted net debts where Indus was valued at a 5.2% discount to Infratel's EV/LTM EBITDA.
- 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 (Vodafone-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 and Indus on the date of closing.
- The resultant EV/EBITDA for Infratel shall be discounted by 10% to arrive at the equity value for Indus.

Governance, Dividend Policy and Other Highlights

Joint Governance and Management

- Bharti Airtel and Vodafone Group will have equal rights in the combined company

Board of Directors and Management

- 11 member Board of whom:
 - 3 will be appointed by each of Bharti Airtel and Vodafone Group
 - 1 will be appointed by KKR/Canada Pension Plan Investment Board
 - 4 (including the Chairman) will be independent
- The management team will be confirmed prior to closing

Lock-in

- None of Bharti Airtel, Vodafone Group or Vodafone-Idea (if it elects to receive shares), will be subject to a lock-in on their shareholdings in the combined company

Dividend policy

- Bharti Airtel and Vodafone Group have agreed a capital structure and dividend policy which is expected to be implemented post completion. 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

Capital structure

- Cash consideration paid to Vodafone-Idea and/or Providence will be financed through new debt facilities and the existing cash resources of Bharti Infratel
- On the basis that Vodafone-Idea and Providence elect to receive the maximum possible cash consideration, the pro forma net debt of the combined company would have been INR63bn (US\$0.9bn) as at 30 September 2018. This is equivalent to 0.6x net debt/EBITDA LTM Sep'18

Closure and approvals

- The transaction is conditional on regulatory and other approvals, including from Bharti Infratel shareholders, National Company Law Tribunal (NCLT), Department of Telecommunications (DOT) for Foreign Direct Investment (FDI) approval. Approvals from Competition Commission of India (CCI) and Stock Exchanges/ Securities and Exchange Board of India (SEBI) have already been received.

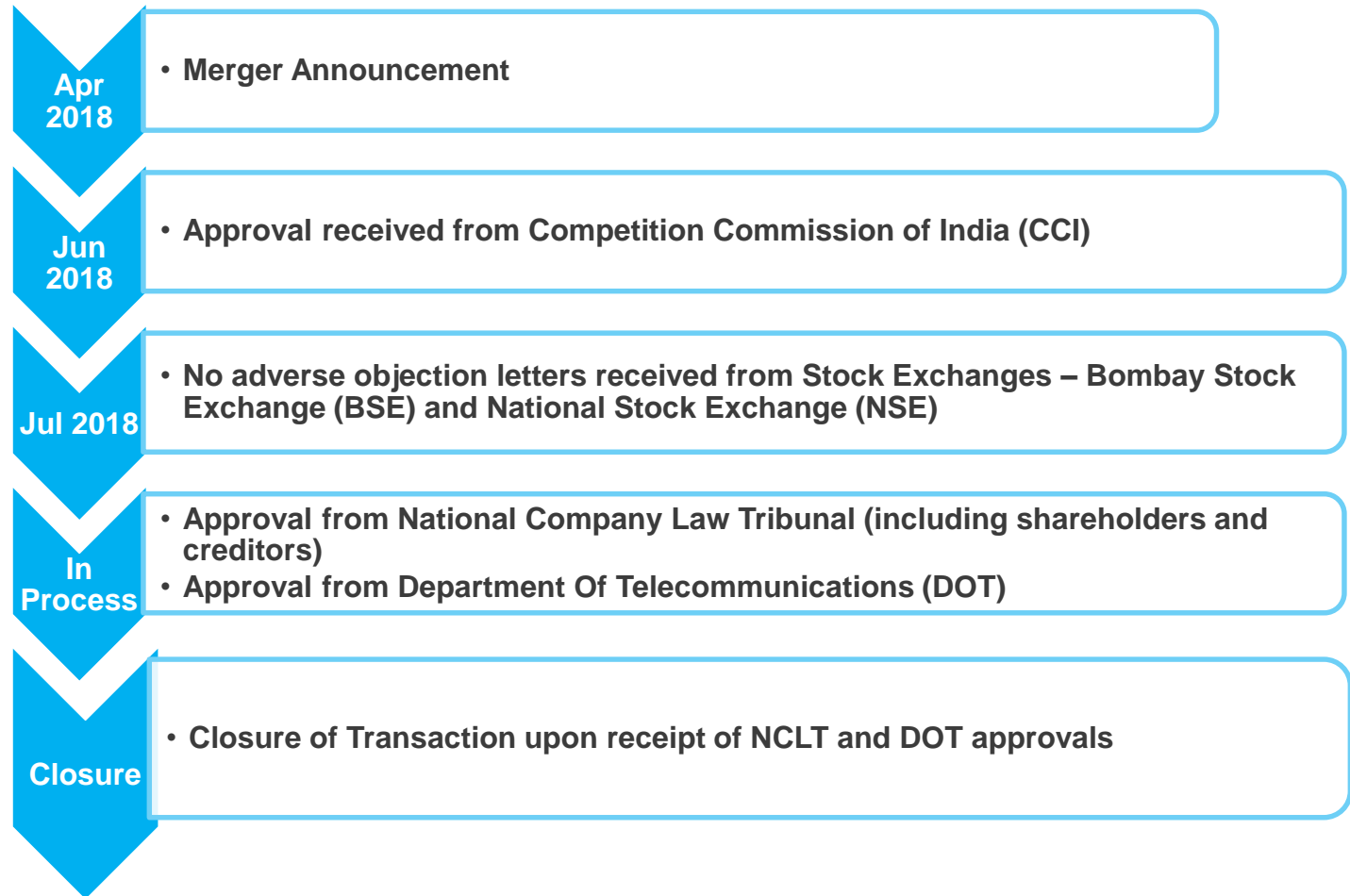
Mitigating the renewal risk and securing future cash flows

- Right of first refusal from Bharti Airtel and Vodafone-Idea to continue for a period of five years for availing passive infrastructure services from the merged entity with some carve outs/exemptions and commitments.
- Large part of the co-locations' base of the merged entity will be due for renewal in FY 2022 and 2023.
- In an endeavor to mitigate the renewal risk and secure the future cash flows, in lieu of the commitment from the shareholder operators to renew at least 33% of their respective tenancies under their respective Master Service Agreements (MSAs), that are expiring in a financial year, the merged entity will renew all tenancies of such operators expiring in such financial year that are elected to be renewed by the operator, on the same terms and conditions as agreed in the relevant MSAs applicable as of the effective date, provided that each such renewal shall be for a minimum period of 5 years.
- This shall be applicable to all tenancies existing as of the effective date or any tenancies entered into during the period of 5 years from the effective date.
- Same terms and conditions as per the MSAs as on the effective date means sharing revenue per co-location per month per sharing operator, taking into account the annual escalation, if any, as per the MSA terms applicable as of the effective date.

Merger Timelines



indus
TOWERS



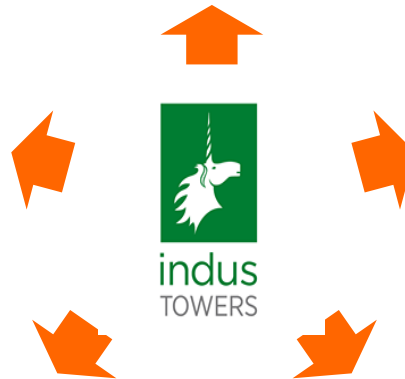
In Summary

Strategy for the Merged Entity

Promote Nationwide Passive
Infrastructure Sharing

Organic Growth and Acquisition
Opportunities

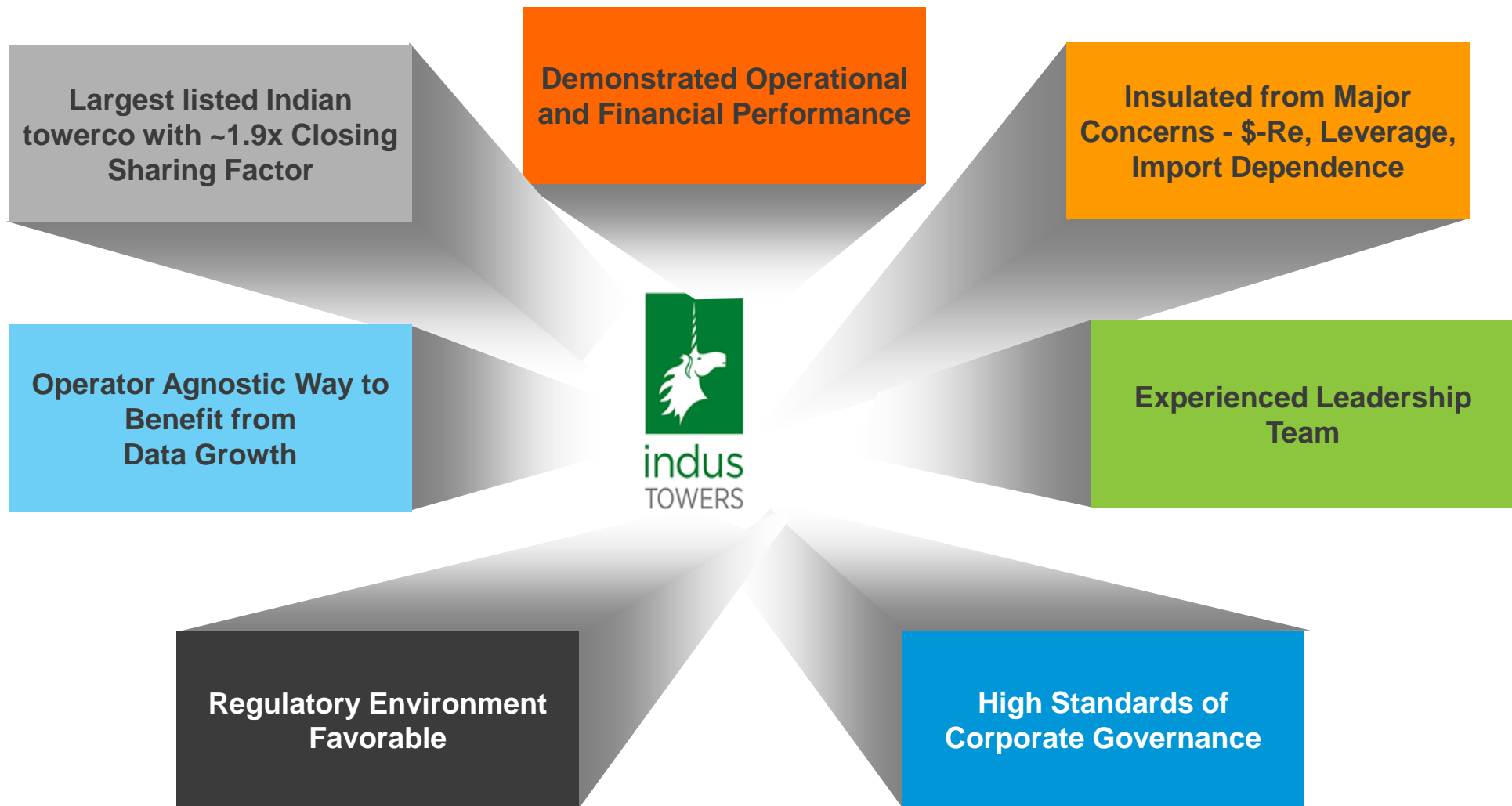
Capitalize on opportunities due to
data growth, Digital India, Smart
Cities' Initiatives of Government



Achieving Cost Efficiencies

Increasing Revenue and Capital
Productivity

Investment Thesis



Thank You