



September 22, 2016

National Stock Exchange of India Limited  
Exchange Plaza, C-1 Block G  
Bandra Kurla Complex, Bandra (E),  
Mumbai-400051

BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street,  
Mumbai-400001

**Ref: Bharti Airtel Limited (532454 / BHARTIARTL)**

**Sub: Presentation to Analysts**

Dear Sir/ Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, we hereby submit that Bharti Airtel Limited had attended the CLSA Conference held in Hong Kong on September 21 and 22, 2016. The presentation made by the Company to the Institutional investors / analysts is enclosed.

Kindly take the same on record.

Thanking you,

Sincerely Yours

**For Bharti Airtel Limited**



**Rajendra Chopra**  
**Sr. Vice President & Company Secretary**

**Bharti Airtel Limited**  
(a Bharti Enterprise)

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CIN: L74899DL1995PLC070609



# Bharti Airtel



Investor Conference Presentation –  
September 2016



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

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

For any queries, write to: [ir@bharti.in](mailto:ir@bharti.in)



# 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)<sup>1</sup>
- Declining age dependency<sup>2</sup>
- Industry consolidation, top 3 operators account for 73% RMS<sup>3</sup>

## Data

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

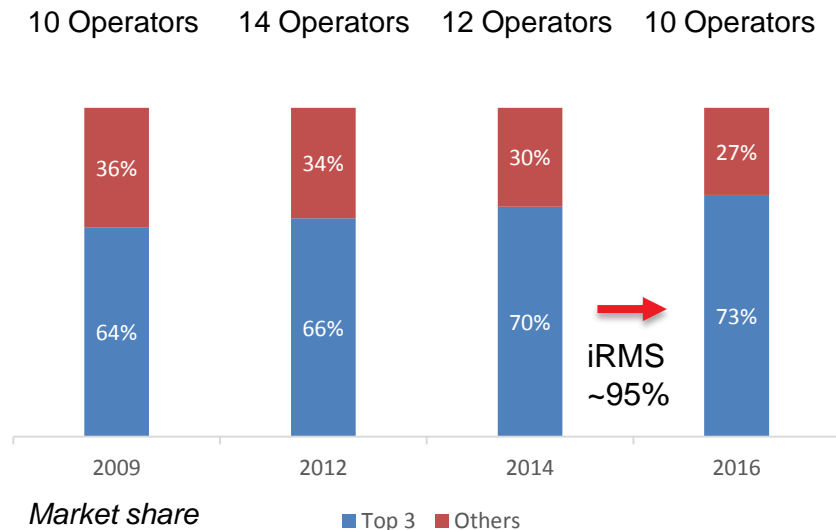
## Untapped Opportunities

- Payments Bank and other non-mobile businesses



Source: 1. Cisco VNI forecasts, Ericsson Mobility Report 2. UN estimates, 3. TRAI, 4. Ericsson Mobility Report

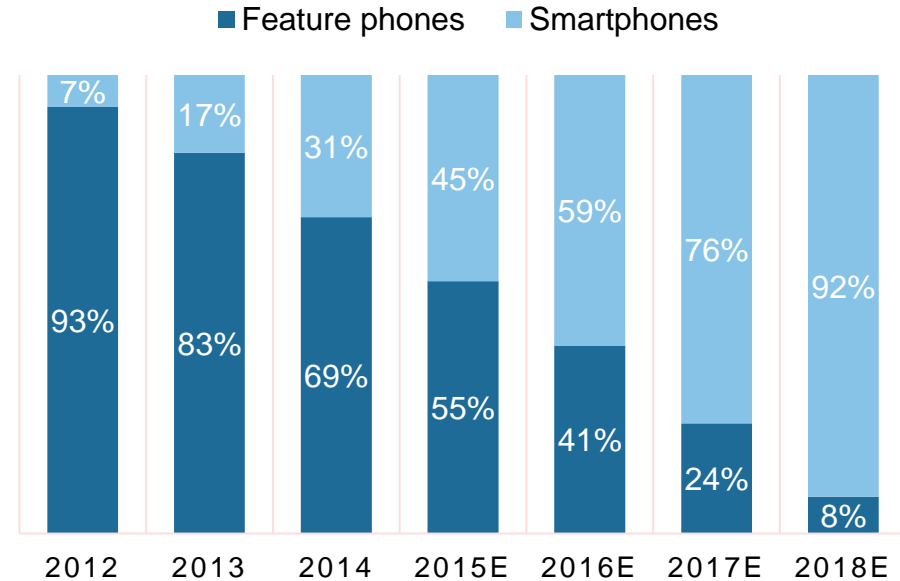
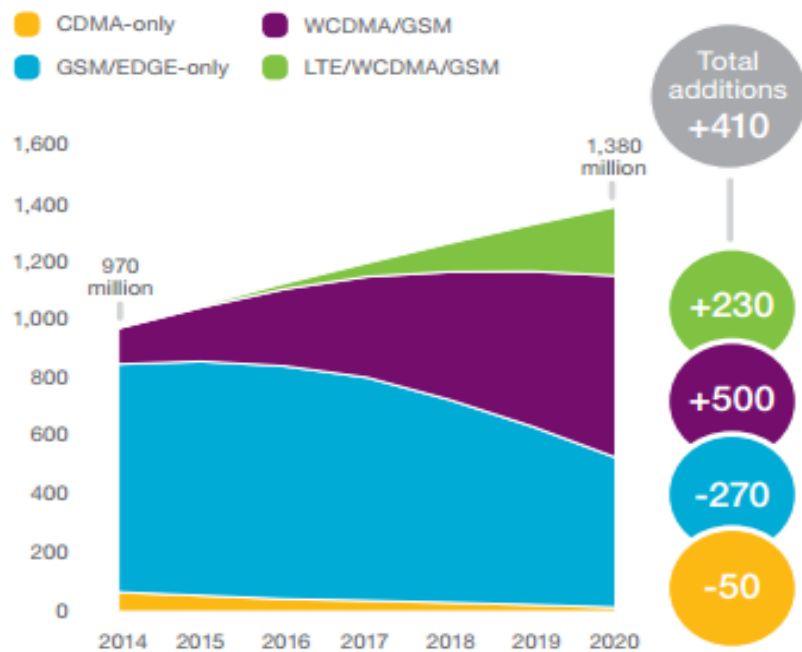
# India: Industry Consolidation Underway via Revenue Shares



- Industry consolidation via market share gains, with top 3 now accounting for over 73% of the industry revenues
- Exits by many operators post Feb 2012 SC verdict (122 licenses cancelled), many rationalized their footprints
- Spectrum auctions fortified consolidation story

***Industry wide focus on improving operational and financial health***

# India: Transitioning to a Smartphone Market



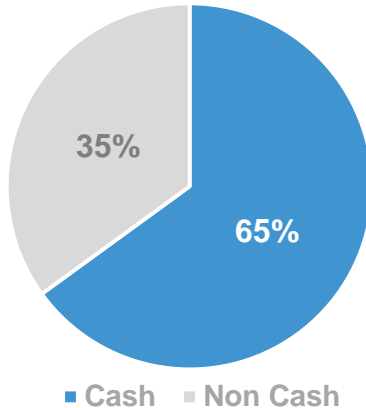
**148M smartphones expected in 2016 - 60% would be 4G capable**



# Payments Bank –Untapped Opportunity

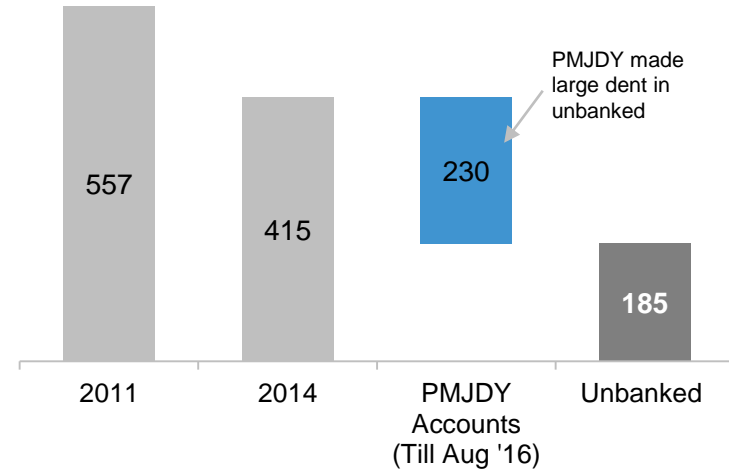
***There is a need to drive Financial Inclusion in India to digitize cash and bring the unbanked in the folds for organized banking sector***

Cash v/s non-cash transaction value



~65% percent consumer transaction by value are currently in cash

Unbanked Population (Mn)



Out of 230 Mn accounts opened in PMJDY, 25% are zero balance accounts and a higher number are non transacting

# 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**

- 95.1% voice population coverage
- Mobile broadband towers up 89% over the last year

## **Largest network of optic fiber**

- Global and national long distance fiber – over 444,031 RKms
- Added c. 8,876 RKms over the past quarter

# India: Investments to Yield Results

Nominal value of liberalized spectrum at USD 13.4 billion<sup>1</sup>

Industry leading revenue yield/MHz at 2x avg with same cost/MHz<sup>2</sup>

Wide spectrum presence: 21.0% spectrum market share

Largest optical fiber network amongst private players

Prime spectrum to yield data growth: Virtually Pan India 3G & 4G

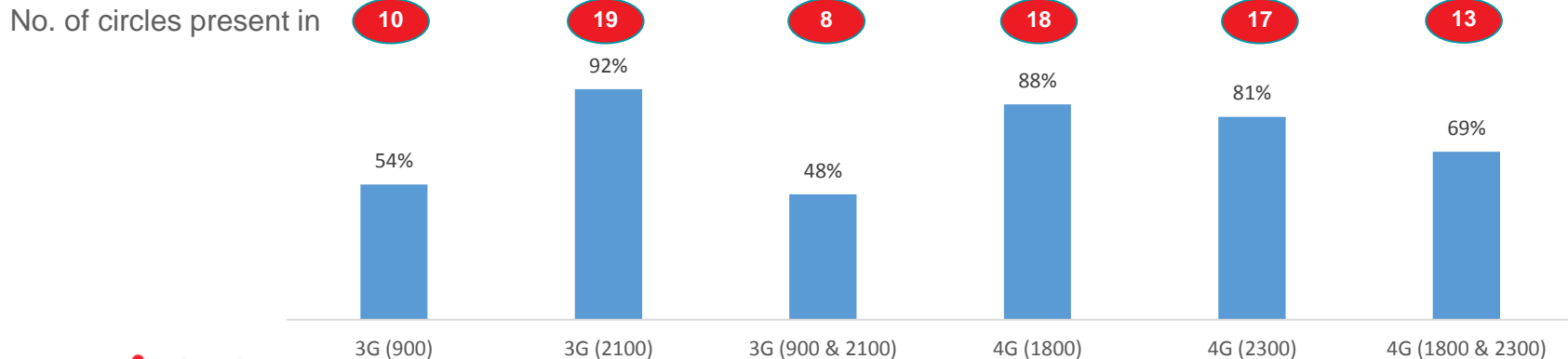
1. Including Qualcomm, Videocon, Aircel licenses, excluding administered spectrum
2. Based on 2015 auctions

# 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	212.1	22.9%
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 69% of own revenues and 64% industry revenues

## Spectrum holdings across bands; % of own revenues covered<sup>1</sup>

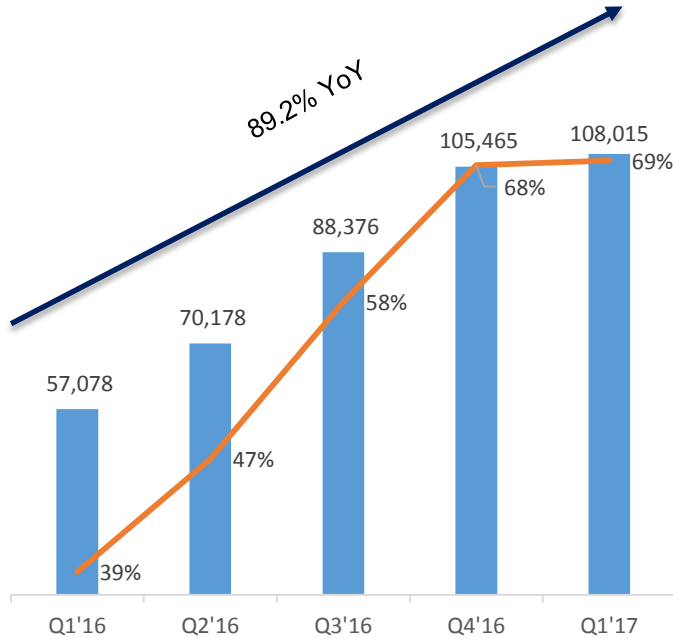


Source: TRAI, Department of Telecom, Company Filings

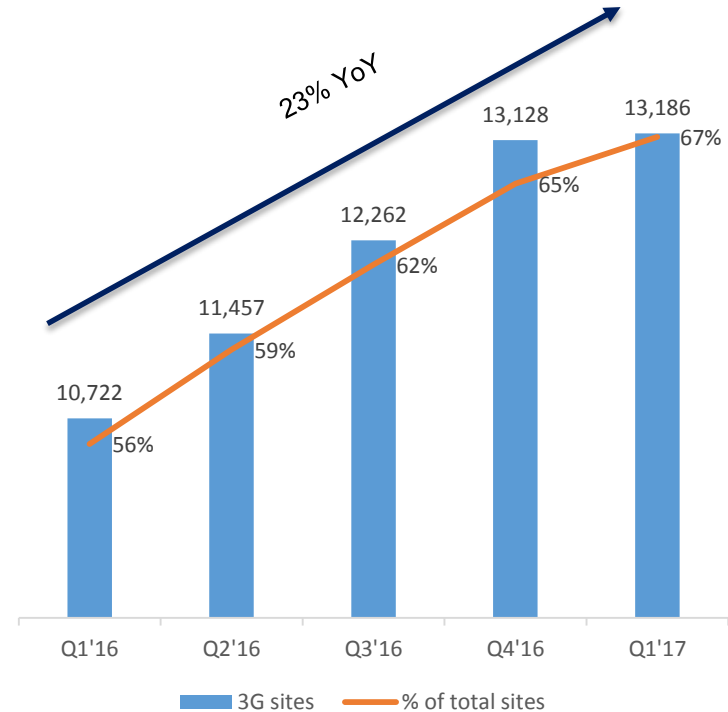
1. Including Qualcomm, Videocon, Airtel licenses, excluding administered spectrum

# Aggressive Network Build - Monetize Spectrum

## Mobile broadband network towers - India



## Total 3G Network Sites - Africa



# Africa: Invested for Growth

2010

2016

## Data/Mobile Money

- 3G: All 15 Countries
- Mobile Money: All 15 Countries
- 4G: Seychelles, Rwanda, Gabon

Countries: 15

Sites: 10,000

Customers: 35 mm

Countries: 15

Sites: 19,793

Customers: 77 mm

- ✓ Capex Investments till date: \$ 5.1 bn
- ✓ Well funded out of EBITDA: \$ 6.0 bn till date
- ✓ **Thus OFCF = \$ 0.9 bn**

Further focus on business re-contouring

- ✓ Tower Sales in 11 countries
- ✓ Divestment of 2 countries to Orange
- ✓ **Total proceeds: \$ 3.25 bn**
- ✓ **Already received: \$ 2.8 bn**

# 3. AIRTEL: DIVERSIFIED OPERATOR WITH SIGNIFICANT SCALE

## 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 12 African countries

## Leading market shares

- Highest revenue market share and subscriber market share<sup>1</sup>
- Incremental RMS 53.4%<sup>1</sup> Y-o-Y
- Incremental subscriber share 39.3%<sup>1</sup> Y-o-Y

Allowing Airtel the best chance to capitalize on the opportunities ahead, with bulk of investments already done



Source: 1. TRAI. Incremental RMS is Mar'15-Mar'16. Incremental CMS is Apr'15 – Apr'16

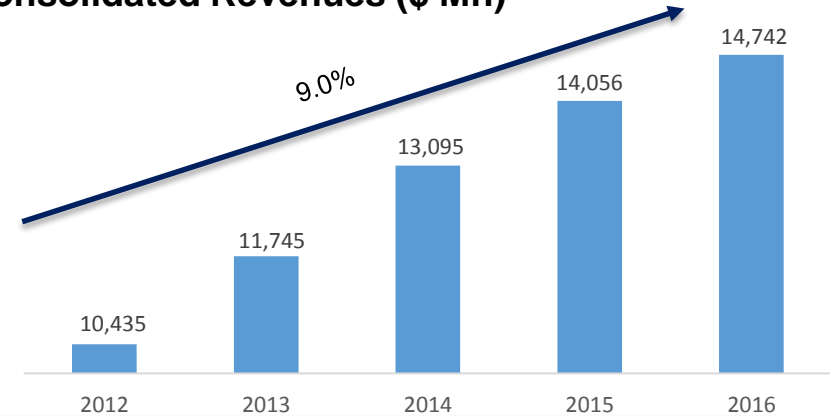
# Scale brings Operating Leverage<sup>1</sup>

Scale

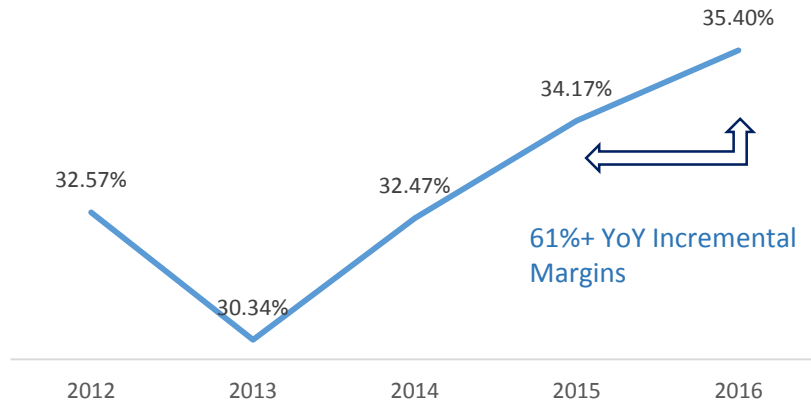
## Overview

- ✓ Presence in 18 countries
- ✓ #3 Operator in the World
- ✓ #1 in India & #1 or #2 in 12 countries in Africa
- ✓ US\$ 14.74 bn Revenue
- ✓ US\$ 5.22 bn EBITDA
- ✓ 2.02 addressable population
- ✓ Only operator with Pan India 3G & 4G

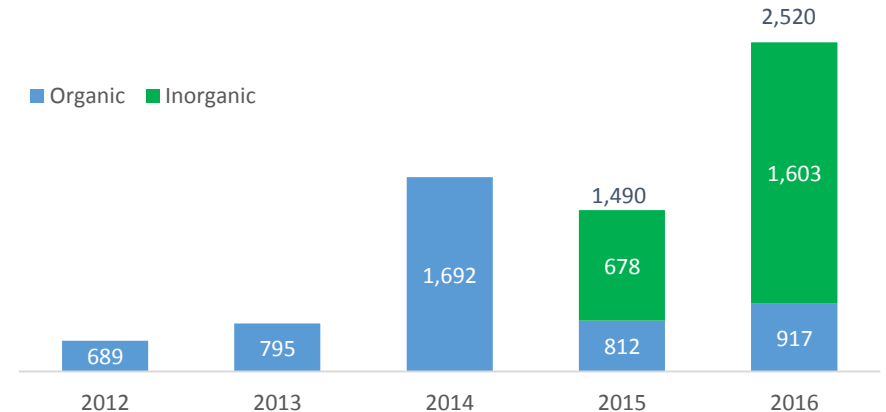
## Consolidated Revenues (\$ Mn)<sup>2</sup>



## Significant Margin Expansion



## Operating Free Cash (\$ Mn)



Source: Company filings

1. As of FY 2016

2. Adjusted for constant currency

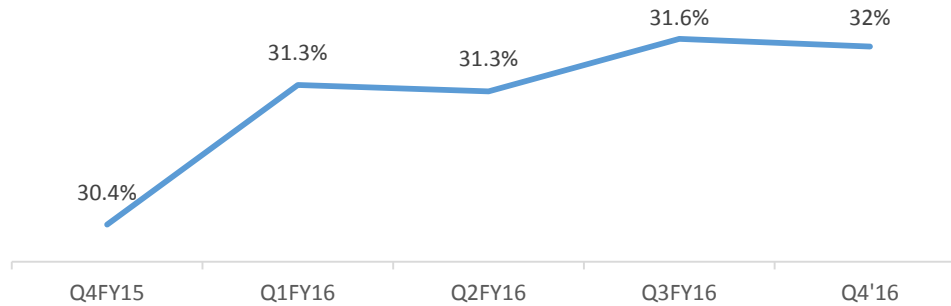
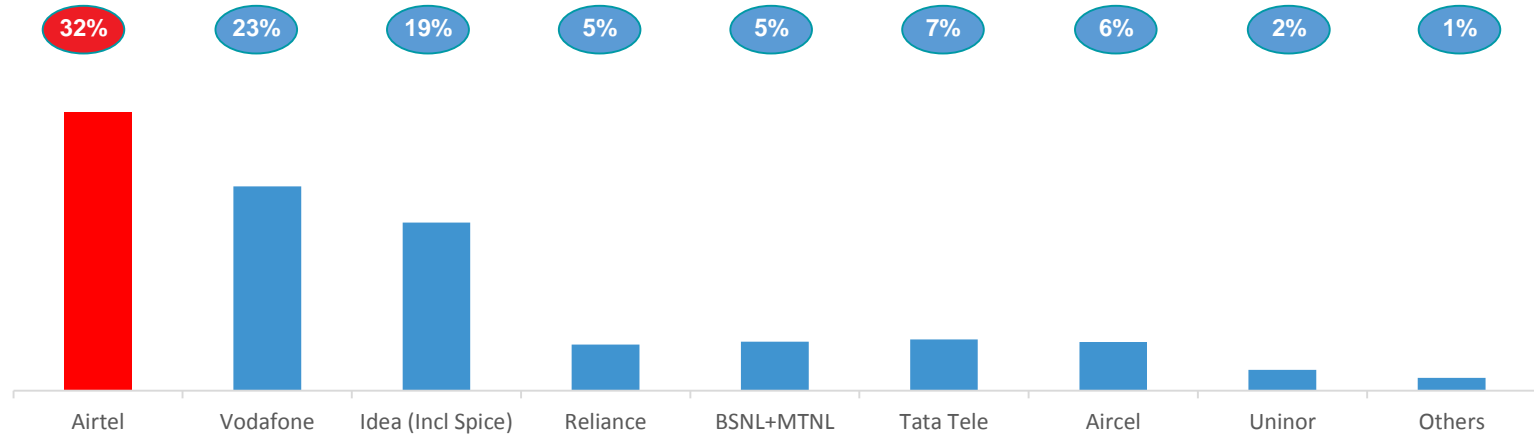


# 4. BEST IN CLASS EXECUTION

## Q1'17 highlights

- **India**
  - Broad based revenue growth across mobile, DTH, Homes, Enterprise segments
  - Mobile revenue up 9.1% YoY via industry leading net subscriber additions, incremental RMS
  - Data volumes up 55%, Data ARPU up 12% YoY
  - Voice volumes grew 8.3% YoY
- **Africa**
  - Revenue growth 3.8% YoY
  - Data volumes up by 106% YoY, now 16.5% of mobile revenues
  - Voice volumes up 7.6% YoY
  - Airtel Money has 8.6 mn active customers, up 23% YoY, transacting c. \$5 bn / quarter
- **Strong operating leverage**
  - EBITDA margin expansion of 310 bps YoY
  - Net Income before exceptional items up 25.5% YoY

# Leader in India Revenue Market Share<sup>1</sup>

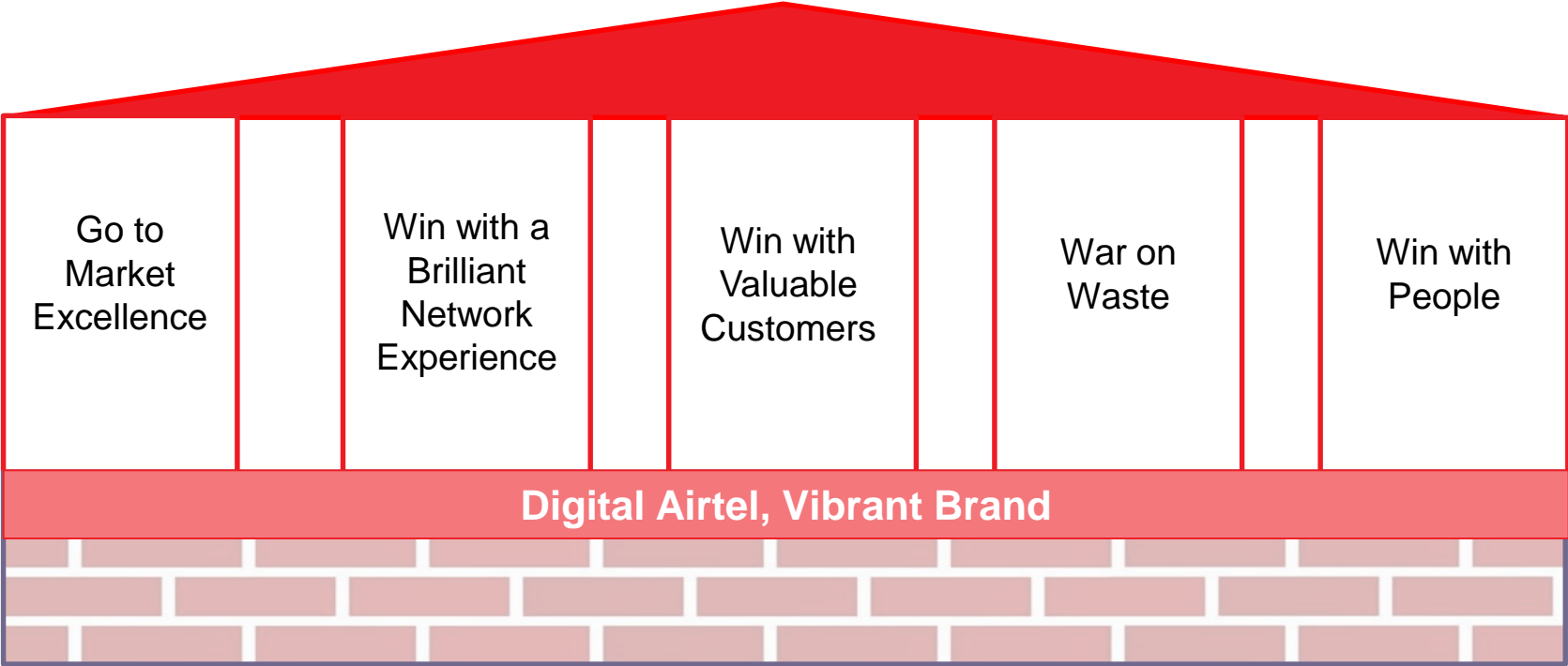


**Airtel**  
Incremental  
revenue  
market share  
53.4% YoY



1. RMS is calculated on the basis of gross revenues. Source: TRAI
2. RMS is as of Q4'16

# Strategic Pillars for execution



# Strategic Pillars: Go to Market Excellence

## Game changing innovations

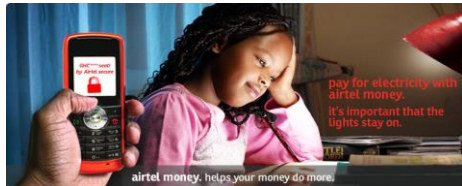
### Creating opportunities

- 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

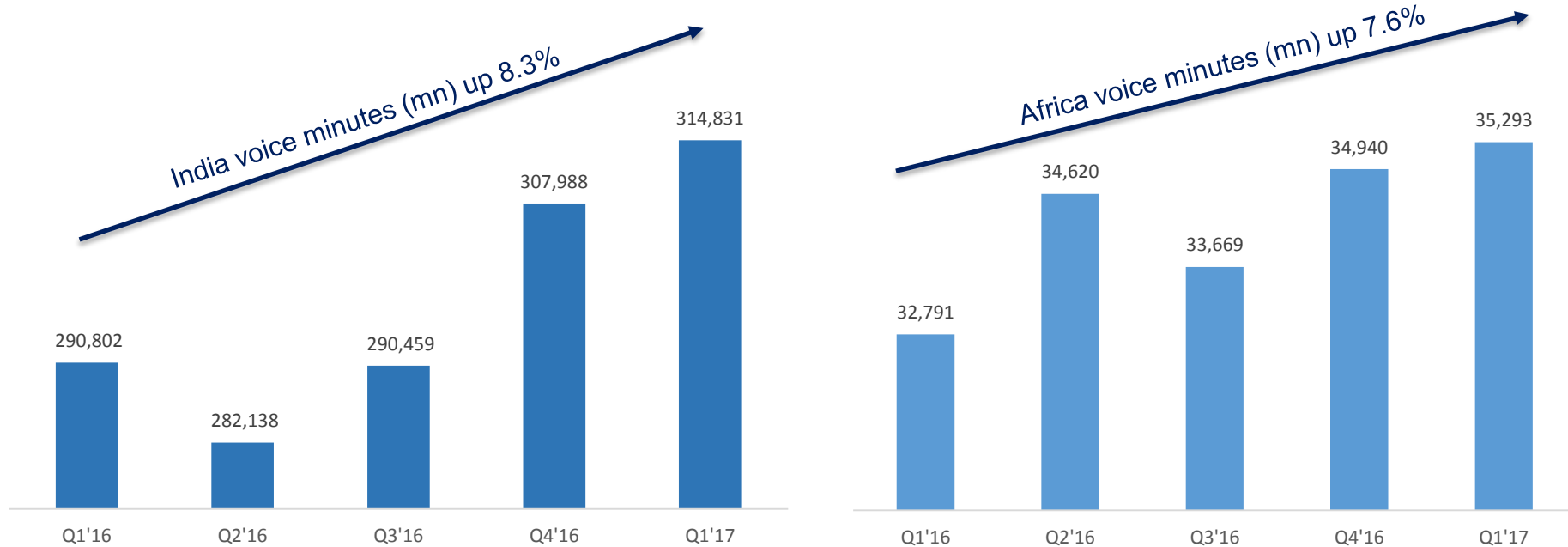
- Airtel + Uber – Integrated mobile money wallet & free 4G internet usage in parts of the country
- Airtel + Oyo – Partners for WiFi and DTH services

Understanding data plan impacts usage

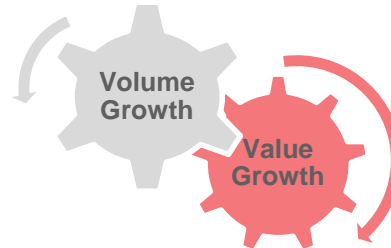


Source: Ericsson Mobility Report

# Voice: Significant growth



Airtel carries over 1.41 trillion minutes  
Secular volume growth 8.2% Y-o-Y

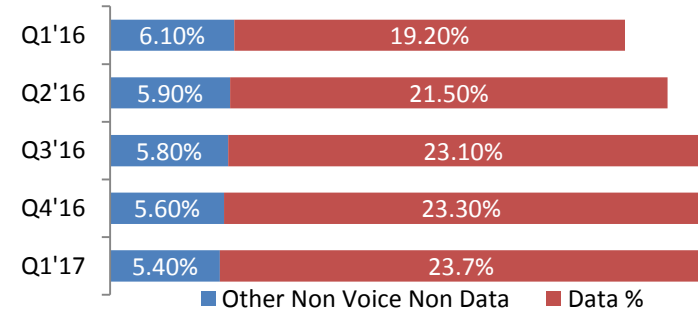


Significant gap b/w realized & rack rates;  
1 paisa upside adds \$200 mn to top line

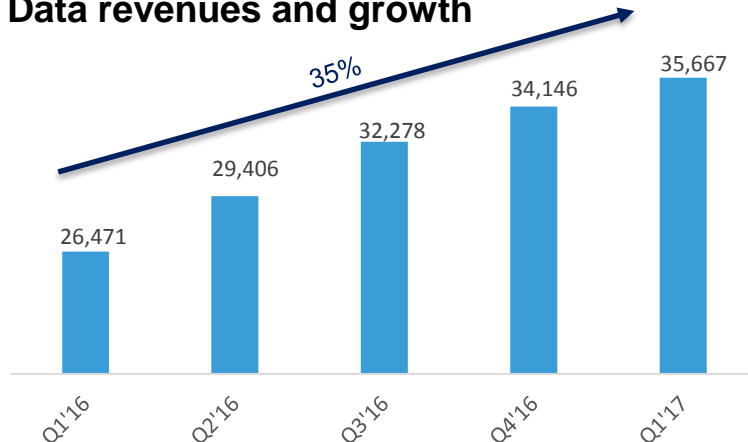
# Fastest Growing Data Business in India

- ✓ 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. \$2.12 bn
- ✓ Airtel recognized as the smartphone network
- ✓ Data usage per customer up 28% YoY

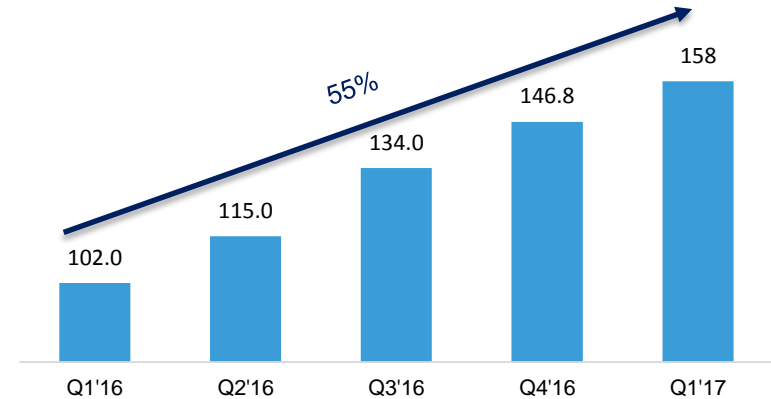
## Data as a % of Mobile revenues



## Data revenues and growth

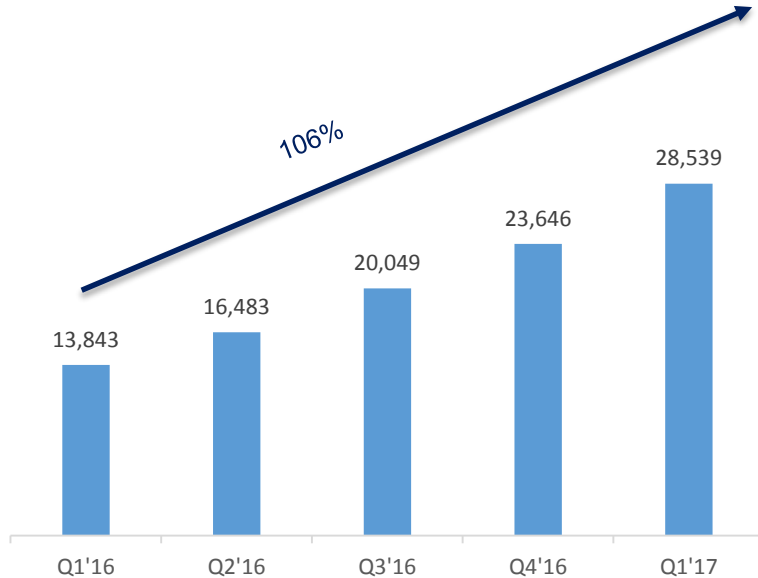


## Data volumes growth (bn MBs)

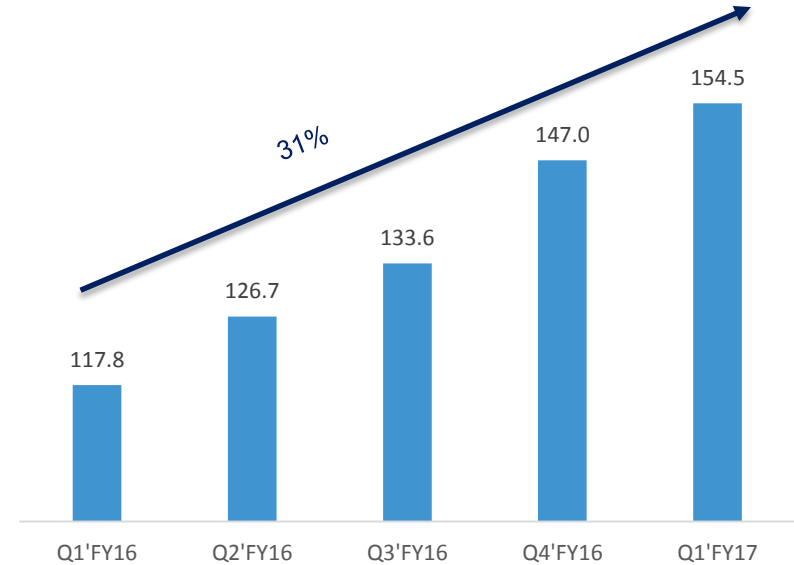


# Data Growing Exponentially in Africa

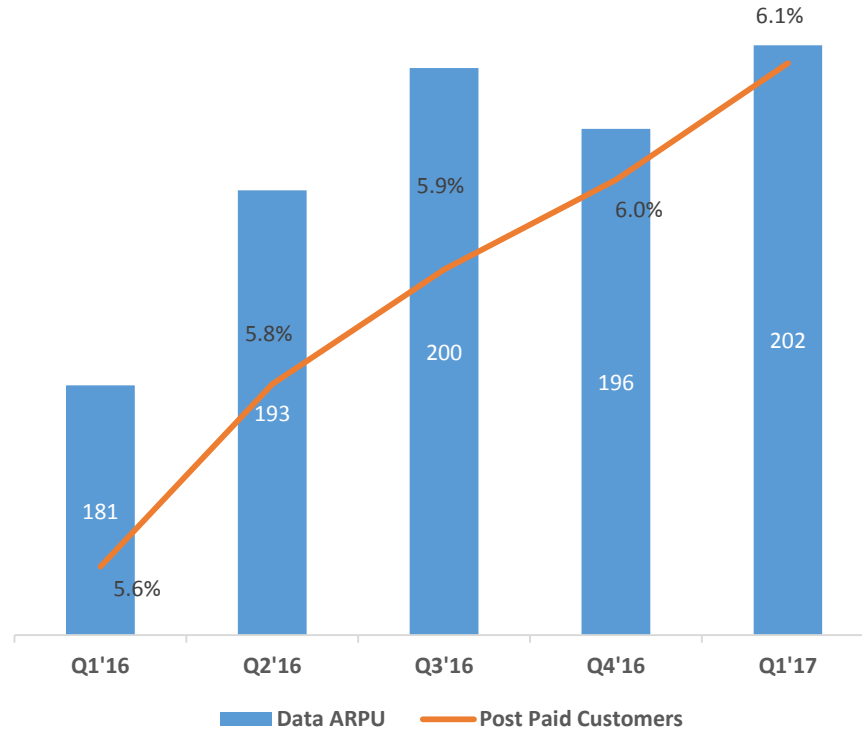
Africa data volumes (mn MBs)



Africa data revenues (USD mn<sup>1</sup>)



# Strategic Pillars: Win with Valuable Customers



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



# Strategic Pillars: Win with Brilliant Network Experience

## PROJECT LEAP

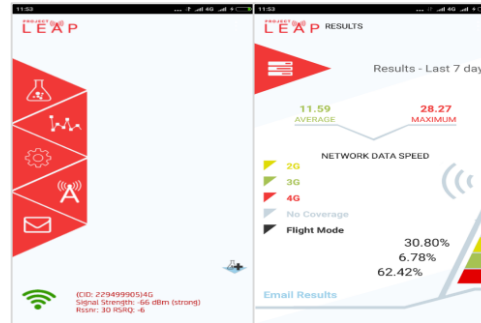
### Eliminate frustration

Blocked calls Repeat calls Dropped

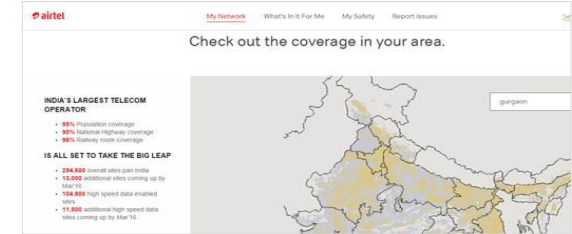


Frustration index

### Invest in tools



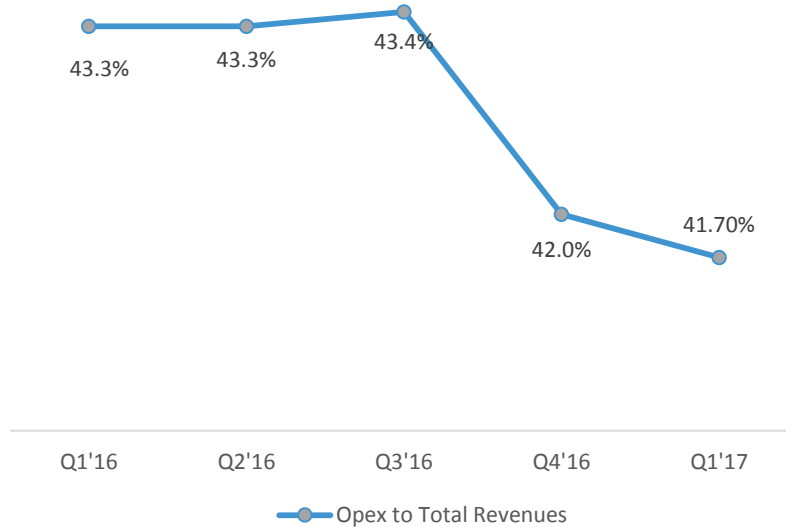
### An open network



Capex Outflow	FY'16 (mn)	Guidance (bn)	Q1'17
India & SA	\$2,379	\$2.2 - \$2.4	~ \$620mn
Africa	\$771	\$0.7 - \$0.8	\$112mn

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

# Strategic Pillars: Win with War on Waste








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

STRONG  
CORPORATE  
PROFILE

# Financial flexibility & Balance Sheet Focus

## Diversified debt profile; focus on deleveraging

*Over last 3 years:*

-  *Leverage:* Net Debt to EBITDA down from 3x to 2.4x
-  *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 (40%), INR (37%), EUR (16%), Rest (7%)
-  *Interest:* 100% floating to predominantly a fixed portfolio

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

# Highest Standards of Corporate Governance



Credit Rating and Information Services of India (“CRISIL”) has assigned its Governance and Value Creation rating “CRISIL GVC Level 1” to the corporate governance and value creation practices of Bharti Airtel

Quarterly financials audited on Ind-AS basis

IG rating from 3 International Rating Agencies

Diversified Board – 50% independent directors

SingTel representatives on the Board of the company

Ranked first in a listing of 100 emerging market multinational companies as part of a study on corporate transparency and reporting by Transparency International

Ranked #1 in FTI Consulting’s “India Disclosure Index” for Mandatory & Voluntary disclosure practices, for the second year in a row

# Summary

**India & Africa remain attractive markets, with large opportunities**

**Bulk investments in place, asset restructuring in progress**

- Spectrum
- Network
- Deleveraging via asset monetization (Tower sales, sale to Orange, Bangladesh merger)

**We are extremely well positioned**

- Large customer base
- Only operator with diversified portfolio
- Scale leading to operating leverage
- Generating c. \$1 bn yearly organic free cash

**We have to continue to drive best in class execution**

**.....while maintaining strong balance sheet focus for returns as well as enhanced financial flexibility**

**THANK YOU**