Bharti Airtel

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Management Presentation – Aug 2015

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

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Agenda

- Introduction to Bharti Airtel
- Industry Themes
- Bharti Airtel: Growth Opportunities
- Key Performance Indicators
- Other Businesses
- Financial Overview
- Leadership

BHARTI AIRTEL:

WHO WE ARE

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Bharti Airtel

2.02bn Addressable Population [4]

Present in 20 Countries

US$15.1bn Revenue [3]

#1 Operator In India [1]

#2 Operator In Africa [5]

#3 Operator in the World [1]

#3 in-country wireless service operator in the world [2]

Source: TRAI and Informa Telecoms and Media

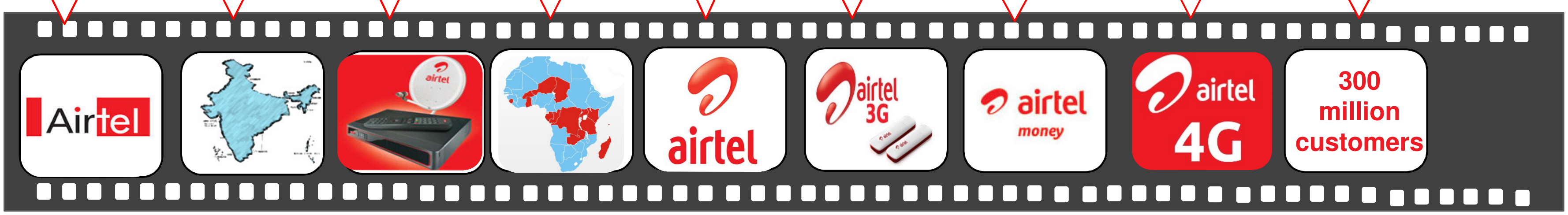
Notes:

1. As of Mar 31, 2015
2. Based on proportionate equity subscriptions with data from Informa Telecoms and Media. In-country wireless operator refers to single country subscribers
3. FY2015 Revenue
4. Combined population for the regions in which Airtel has a footprint
5. As measured by proportionate equity subscription in a single country, according to 2014 Informa Telecoms and Media

Journey Through The Times

Start up (1995 - 2000) → **Land Grab (2001 - 2010)** → **Multiple Plays (2011 onwards)**

- **1998** – First launched in Delhi and HP
- **2004** – Pan India footprint; India's largest telco
- **2008** – Launch direct to home services (DTH)
- **2010** – Acquired Zain; Present in over 20 countries
- **2010** – New brand launch
- **2011** – 3G services launched
- **2012** – Launch of Airtel Money in India
- **2013** – First operator to launch 4G in India
- **2014** – Crossed 300 million customers



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Source: Company Filings

Global Services Portfolio

Mobile Services across 20 countries

- 318 mn[1] wireless subscribers globally
- Over 1.23 trillion minutes of calls in FY 2015
- Over 333 petabytes of data over the last year
- Over 173,000 base station sites

Telemedia Services (Fixed Line & Broadband)

- 3.4 mn[1] broadband & internet customers
- Services provided across 87 cities

Tower Infrastructure Services

- Bharti Infratel – 37,486 towers[1] across 11 circles
- 42% stake in Indus Tower which has 116,454 towers[1] across 15 circles
- Current market cap: US$13.3 bn[2]

Digital TV

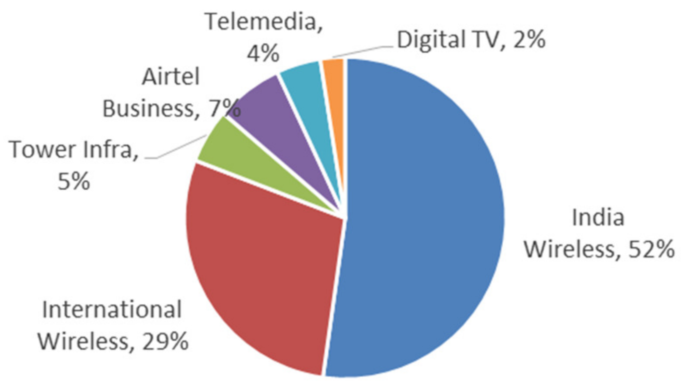
- Pan India DTH, 10.4 mn[1] subscribers – top 3 player
- Coverage across 639 districts[1]

Airtel Business (Large enterprises and carriers)

- Over 225,000 Rkms[1] across 50 countries, 5 continents

Over **324 million** customers

FY15 Revenue: $15.1 bn[3]



Uniquely positioned with strong asset base

Five key businesses creating an end-to-end global telecom company

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Source: TRAI and Informa Telecoms and Media

1. Bharti Airtel Quarterly Report for quarter ending June 30, 2015
2. Market Cap data as on Jun 30, 2015, closing exchange USD/INR rate = 63.75
3. Revenue pie chart based on pre inter-segment eliminations

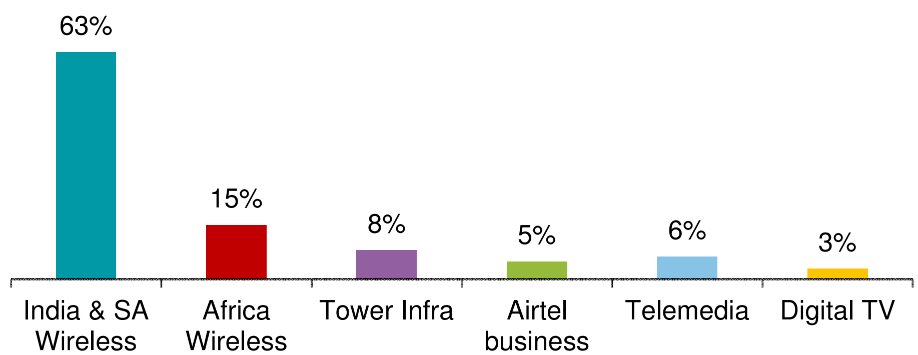
Scale and Profitability across Diversified Segments

	FY15	YoY Growth	1QFY16
Revenue	$15.1 bn	*6.5%*	$3.7 bn
EBITDA	$5.1 bn	*12.0%*	$1.3 bn
EBIT	$2.6 bn	*29.0%*	$0.7 bn
Capex	$3.1 bn		$0.6 bn
Interest & Taxes	$1.5 bn	*-1.0%*	$0.4 bn
FCF*	$1.3 bn		$0.3 bn
Enterprise Value	$35.8 bn	*14.6%*	$37.7 bn

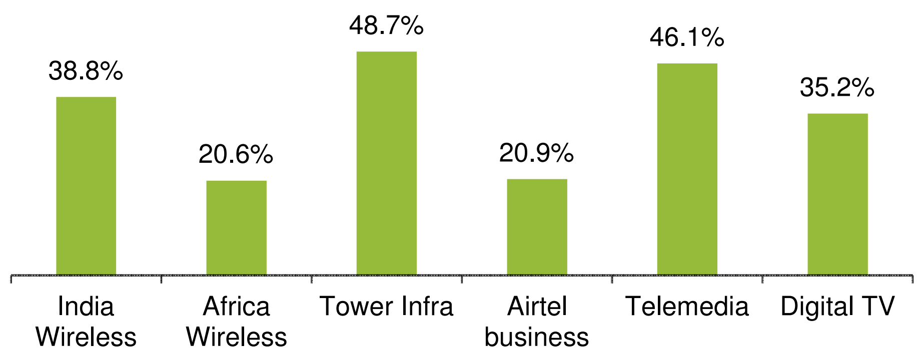
International Operations contributed 28% of 1QFY16 revenues

Diversified suite of offerings with non-wireless segments contributing 22% to operating profit (1QFY16)

Segment Wise Contribution to EBITDA (1QFY16)



Segment Wise EBITDA Margins (1QFY16)



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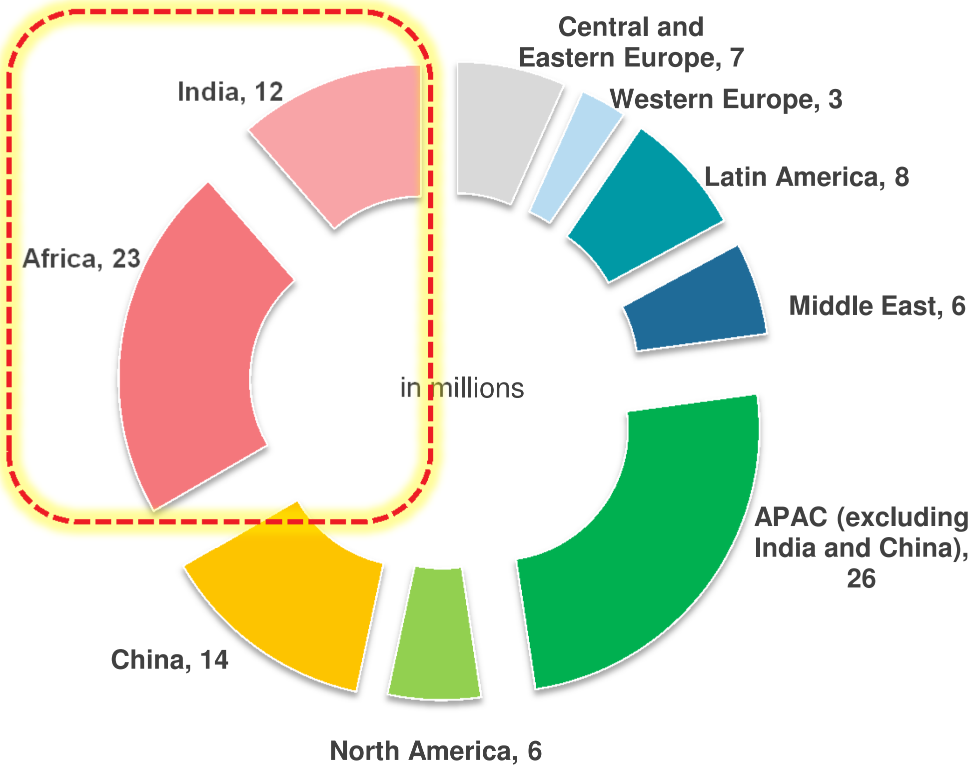
*excludes Working Capital changes, includes the Cash flow from Infratel OFS and Secondary Sale during the year
Source: Company Filings (NSE, BSE)
Note:
1. EBITDA pie chart are based on pre inter-segment eliminations

WELL POSITIONED IN KEY GROWTH MARKETS

Present in Growth Markets

105 million new mobile subscriptions globally

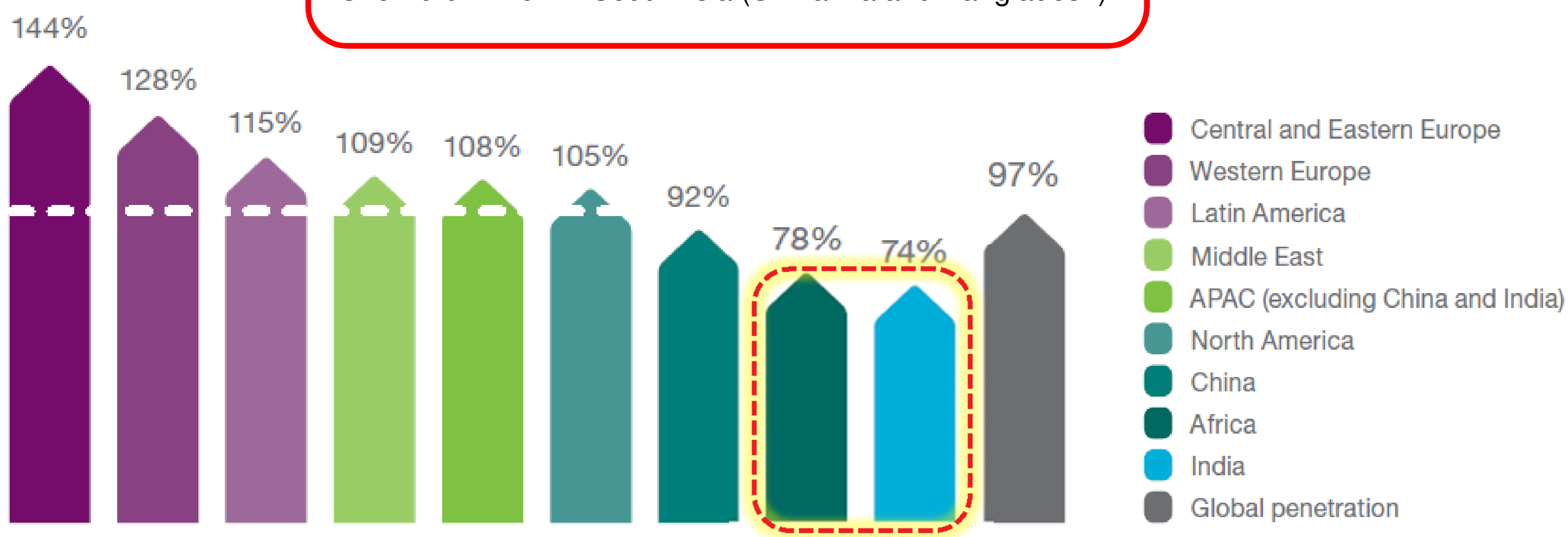
Growth markets contribute over a third of new subs
- India
- Bangladesh
- Sri Lanka
- 17 in Africa



Source: Ericsson, as of Q4 2014
Note 1: As of Quarter ended Jun 2015, revenue growth on constant currency basis

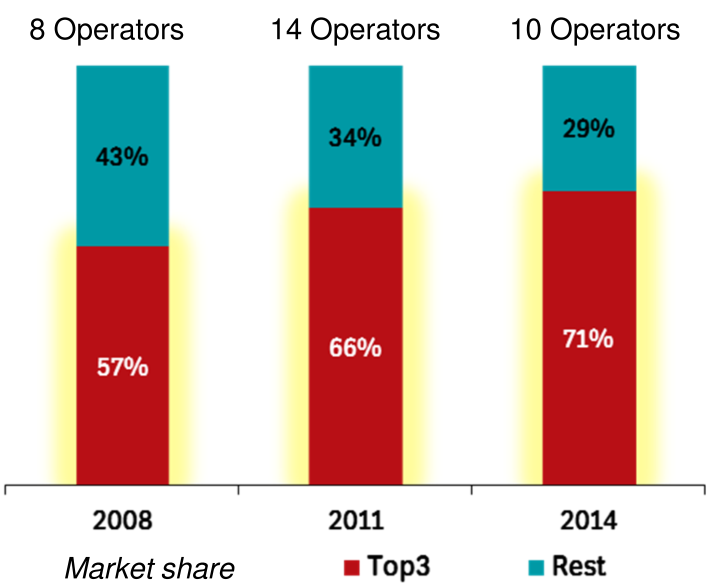
… And Under-Penetrated Geographies

Airtel's span: [1]
Over 230.6 million customers in India
Over 78.3 million in Africa
Over 9.0 million in South Asia (Sri Lanka and Bangladesh)



Source: Ericsson, as of Q4 2014
Notes:
1. Company filings, as of Quarter ended Jun 2015

India: Industry Consolidation Underway Through Revenue Shares



- Industry consolidation via market share gains, with top 3 now accounting for over 71% 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

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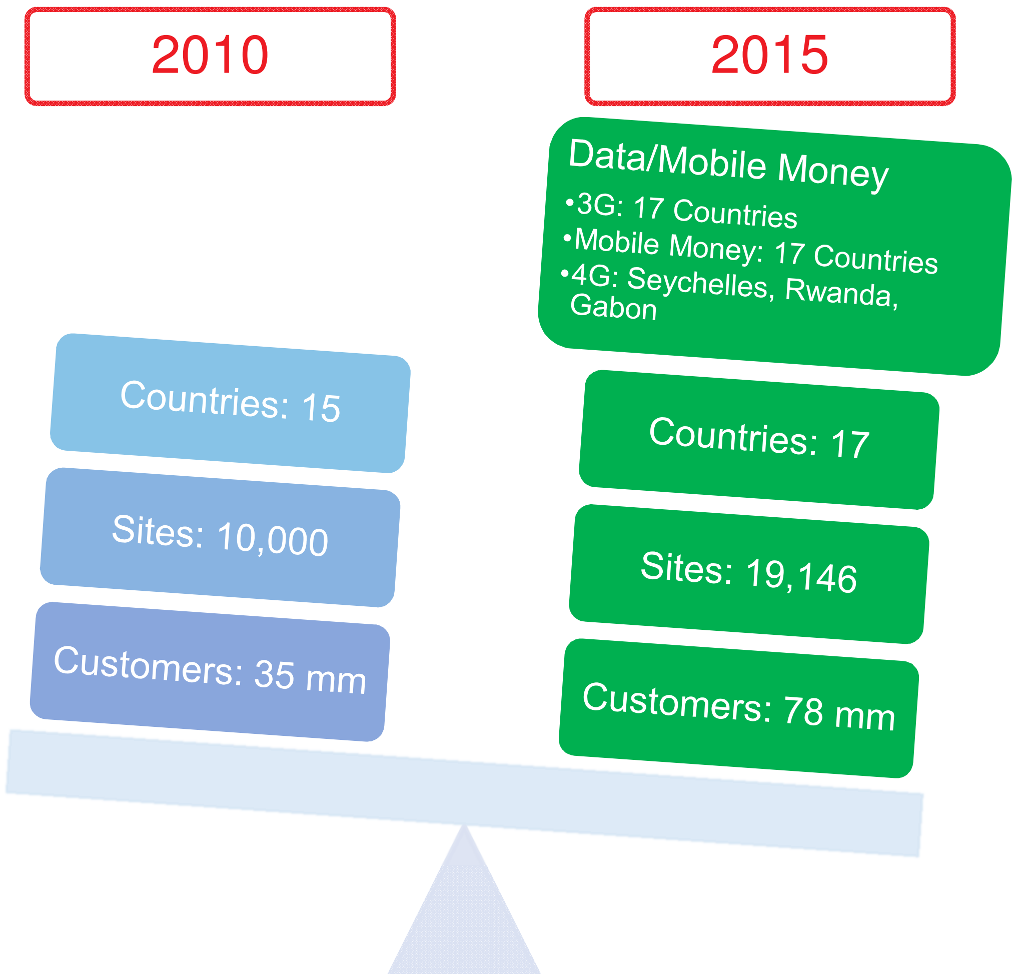
Source: As per company's reported numbers

Africa: Then and Now



Invested for Growth in Africa

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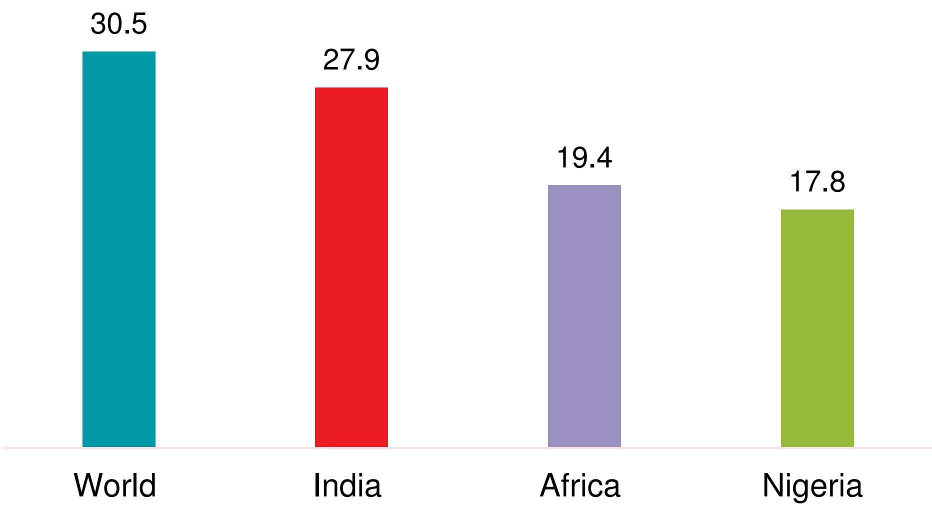
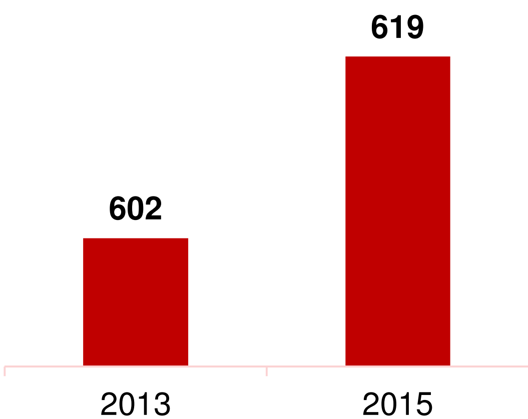
The Demographic Dividend

Median Age Projected in 2020 (years) [1]



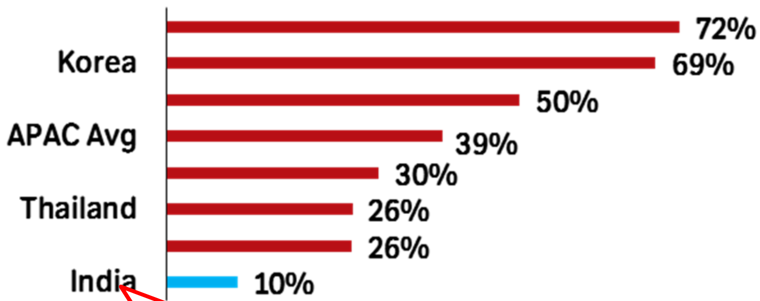
17 mn more Indians between 15 to 44 years [1]



Source: UN Statistics; Euromonitor

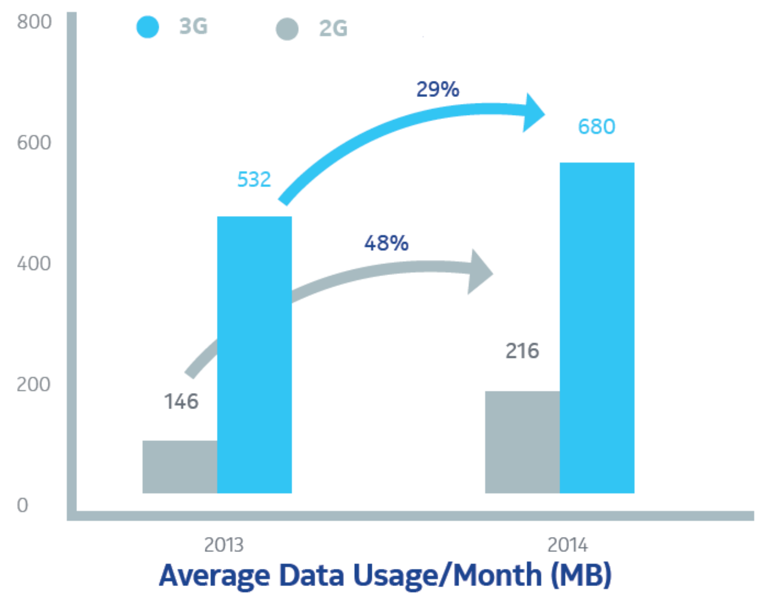
Triggers To Bolster Data Uptake

Smartphone penetration in Asia [1]



Smartphone shipments to India have doubled from 43.23 mn to 81.6 mn year over year (2014 vs 2013).
During **Q2 2015 26.5 mn s**martphones were shipped **up 44% YoY**

Driving 2G to 3G Growth [2]



India is expected to have one of the fastest growth rates in the data segment driven by low cost mobile handsets and new technologies (3G/4G)

Notes:
1. IDC, Avendus estimates 2013, IDC shipments data 2015
2. Nokia MBiT 2015

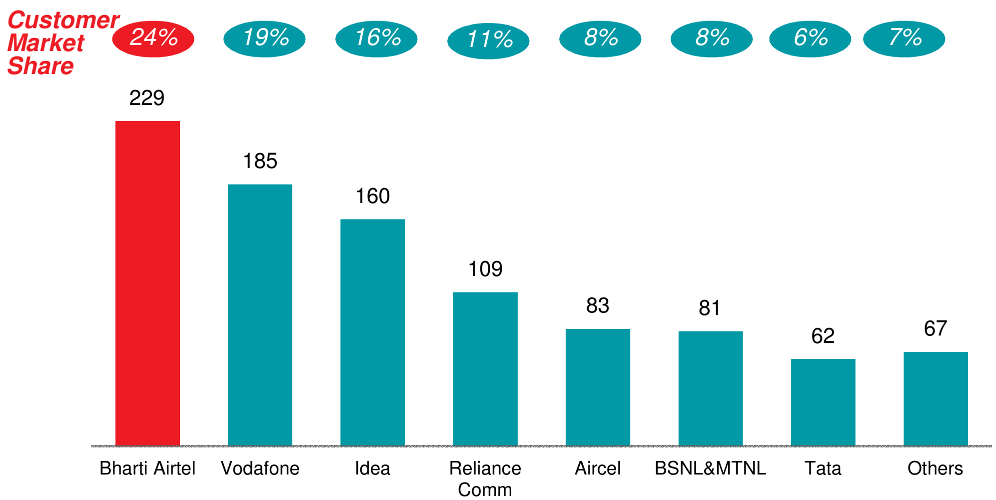
AIRTEL: GROWTH OPPORTUNITIES

Investment Highlights

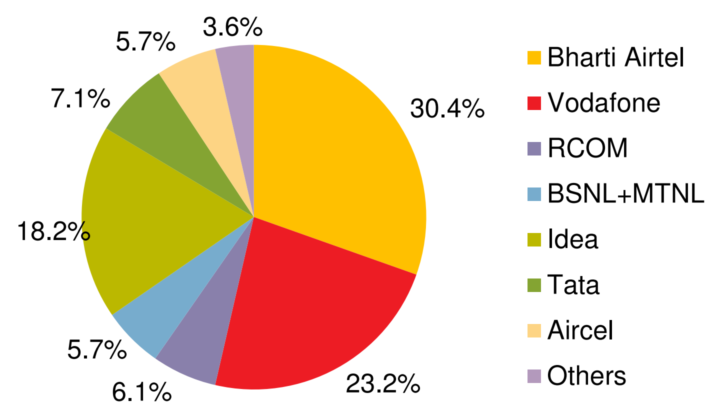
1. Diversified operator with dominant position in marketplace
2. Large residual opportunity with bulk investments in place
3. Growth Strategy: Voice Secularity, Mobile Data and New Services
4. Focus on customer stickiness with increasing postpaid share
5. Focus on generating efficient utilization on operating and capital expenditures

1 The Leading Indian Wireless Operator

24% Wireless Subscriber Market Share[1]



30% Wireless Revenue Market Share[2]



Airtel has leadership in 17 circles of the total 22 circles (rank 1 or 2) with average RMS of 36.4% in these circles

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Source: TRAI
Notes:
1. As of May 31, 2015
2. For quarter ended Mar 31, 2015. Calculated on the basis of Gross Revenue for UASL + Mobile +CMTS licenses

1 Multiple Plays, Multiple Opportunities

Integrated Telco

Telemedia: One of four customers on Airtel, DSL ARPU> Rs 1000

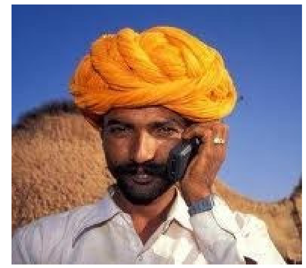
DTH: EBIT positive, generating significant OFCF

Wireless: 20 growth markets

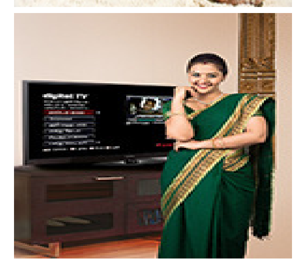
Tower Co: Consolidating the data growth, sharing factor>2

Airtel Business: 50 countries, 5 continents

Airtel Money: Building Scale





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Source: Company Filings

2 India: Investments To Yield Results

- Nominal Value of liberalized spectrum at USD 12 billion[1]
- Industry leading revenue[2] yield/MHz at 2x avg with same cost/MHz
- Wide spectrum presence: 16.1%[3] spectrum market share
- Largest optical fiber network amongst private players
- Prime spectrum to yield data growth: Virtually Pan India 3G & 4G

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Source:
1. Including Qualcomm licenses, excluding administered spectrum
2. Annualized 9M Revenues for FY15, Utilization based on 2G/3G spectrum
3. Ex 20 MHz BWA spectrum holding in 8 circles

2 India: Strong Spectrum Position

Bharti Airtel's 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	439.6	295.2	116.4	39.4%
1800	955.3	877.3	177.1	20.2%
2100	535.0	425.0	100.0	23.5%
2300	660.0	440.0	80.0	18.2%

Spectrum Holdings

- ✓ Spectrum across 900/1800/2100/2300 bands, more or less fungible across technologies
- ✓ Hold 553.5 MHz (393.45 MHz paired & 160 MHz unpaired) spectrum
- ✓ During Mar'15 auctions, the company spent ~58% of the overall spend on acquiring growth spectrum
- ✓ Only operator with pan India 3G & 4G footprint - widest broadband footprint in India.
- ✓ Bharti has rolled out 3G and 4G services - with over 17 million 3G customers and close to 300,000 customers in 4G LTE across 19 cities

Bharti Airtel plans to leverage its existing network and superior spectrum position for data roll-outs

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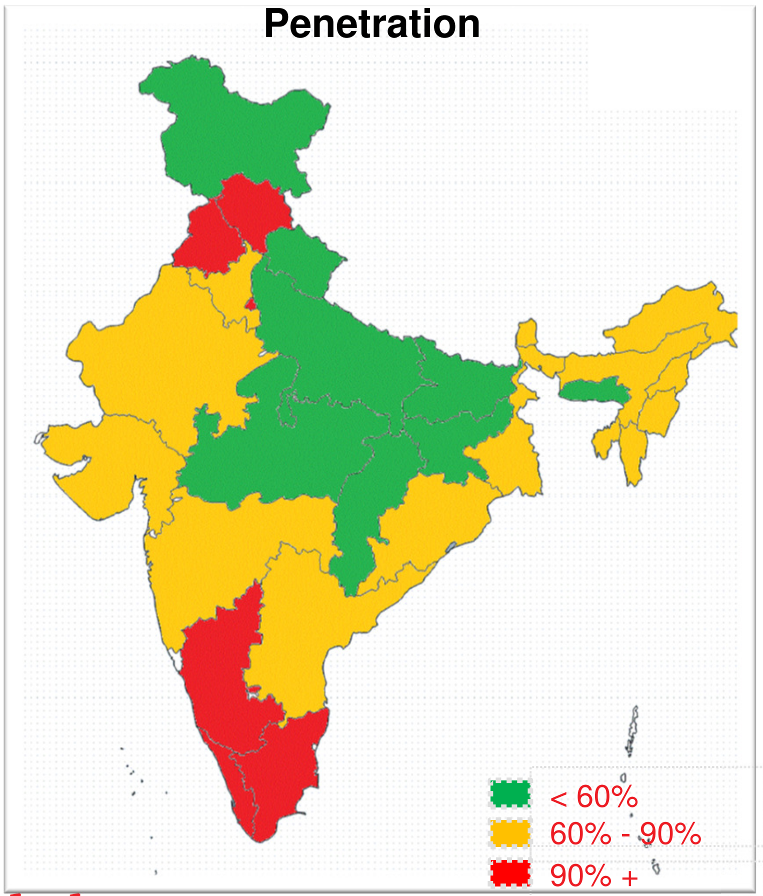
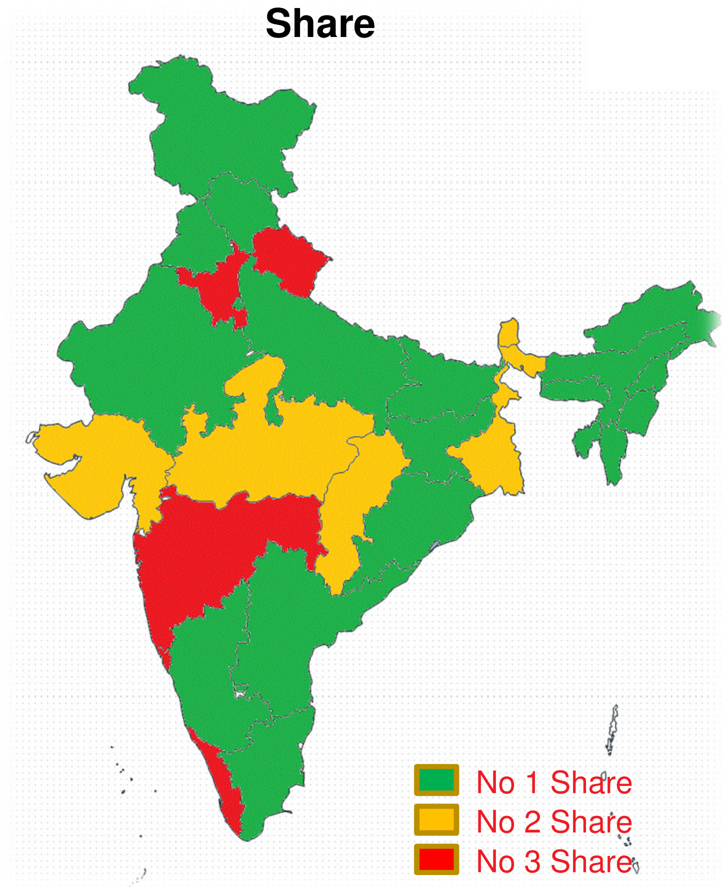
Source: TRAI, Department of Telecom, Company Filings

India: Incumbent with Growth Opportunity





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2

Africa: Geographical Opportunity & Performance

Mobile Penetration(%)	Number of Countries
< 60%	8
60% - 90%	6
> 90%	3

Market Position	Number of Countries
# 1	8
# 2	6
# 3	3

Number of competitors	<=2	3	>=4
No. of countries[1]	9	6	2

Through organic as well as in-country acquisitions we are #1 or #2 in 14 markets

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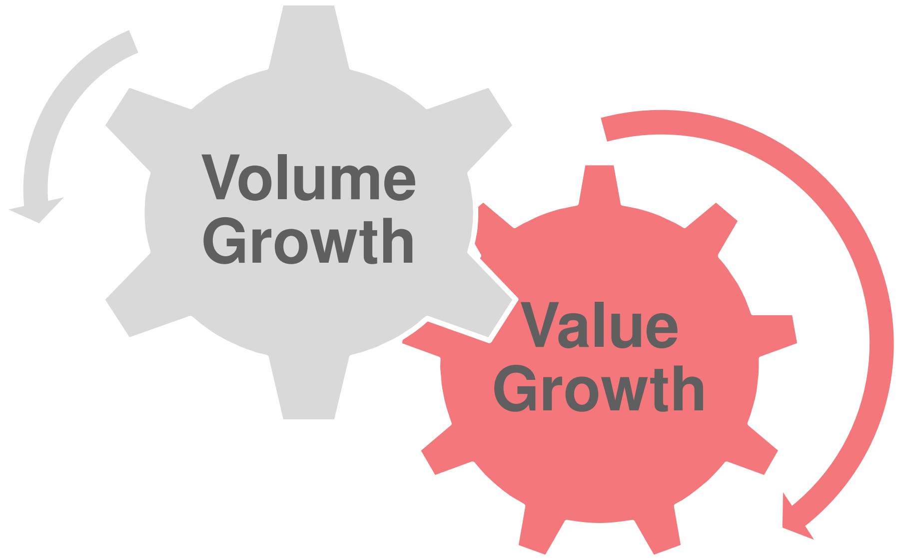
Source: Company data, CIA World Factbook, World Bank
Note: 1. Only GSMA telecoms considered

3 Growth Lever: Voice Secularity



Carries over 1 trillion minutes

Secular Volume growth Y-o-Y

Significant gap between realized and rack rates

1 paisa upside adds $200 mn to top line

Significant headroom for value as well as volume upside on a secular basis

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3 Growth Lever: Data Across 2G/3G/4G

Converged opportunity across technologies	India's first 4G network
Industry first initiatives	Sole operator to be part of Google's Android One devices strategy

Data comes at incrementally higher EBITDA margins as compared to voice

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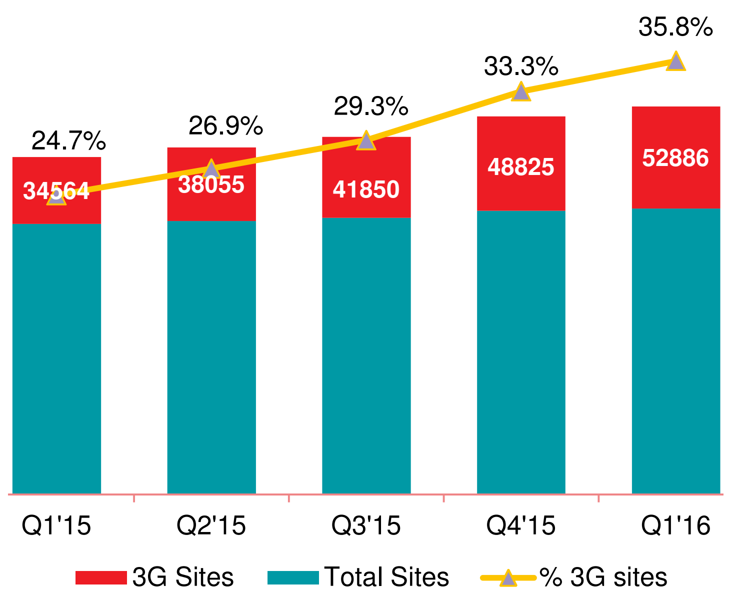
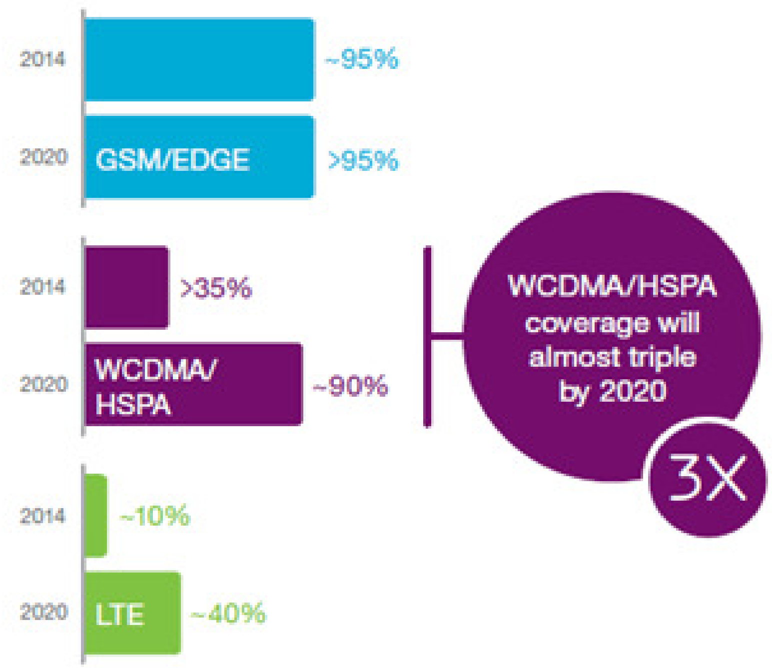
3 Largest 3G Network In India

3G sites up 53.0% YoY [1]



Expected Population Coverage Growth [2]



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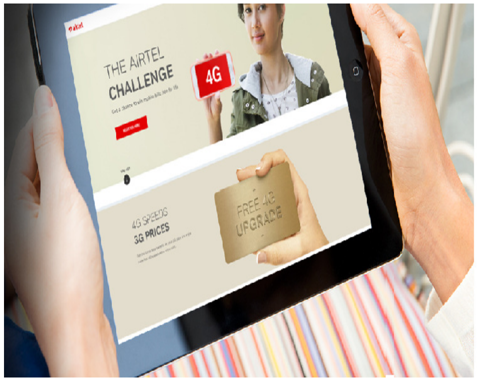
Source:
1. Company filings
2. Ericsson

3 4G Services Launched

Key to tap into the data opportunity

Launched in 296 cities in India on mobiles, mifi, dongles, home wifis

4G launch Africa in the Seychelles, Gabon, Rwanda



Unmatched value and seamless customer experience
- 4G at 3G prices
- Infinity plans: offer unlimited voice on mobile along with data
- Flexpage: automated platform allows users to track data usage

Innovative alliances
- Unique alliances with Flipkart and Samsung
- Quick transition to Airtel 4G: SIM swap/home delivery of Airtel SIM

Mega Airtel 4G brand campaign
- Airtel Challenge
- Demonstrates superior internet experience

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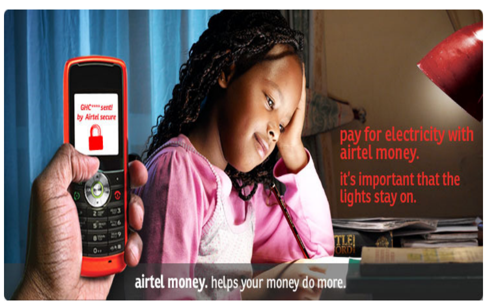
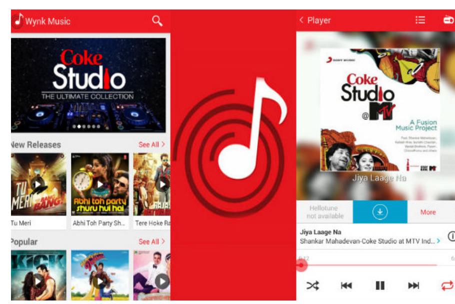
3 Growth Story: Airtel Money, Wynk, Industry First Initiatives

Airtel Money	• **Offered in India and all 17 opcos in Africa** • KPI: Africa (Q1FY16) • Sub base of 7 million (up 1.6x YoY), transaction Value: $3,325 million (up 72% YoY)
Wynk Music & Video	• **Carrier agnostic music and video apps with a curated library of 1.8 million songs and over 5000 movies & 20,000 other video content** • Wynk Music: 5 million downloads in just 6 months of launch
One Touch Internet	• **Makes internet discovery easy for first time users** • 53 million page views within 4 months of launch • Accredited as "Best Mobile Service of the Year for customers" at GSMA Global Mobile Awards 2015 at Barcelona





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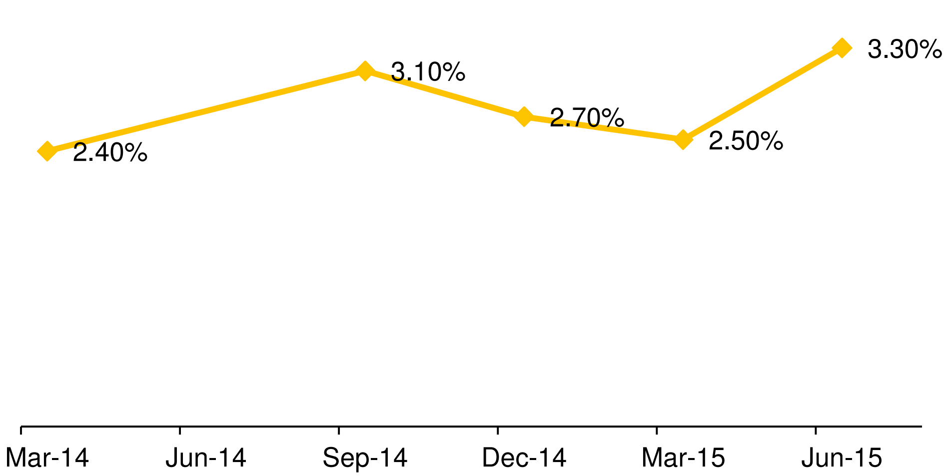
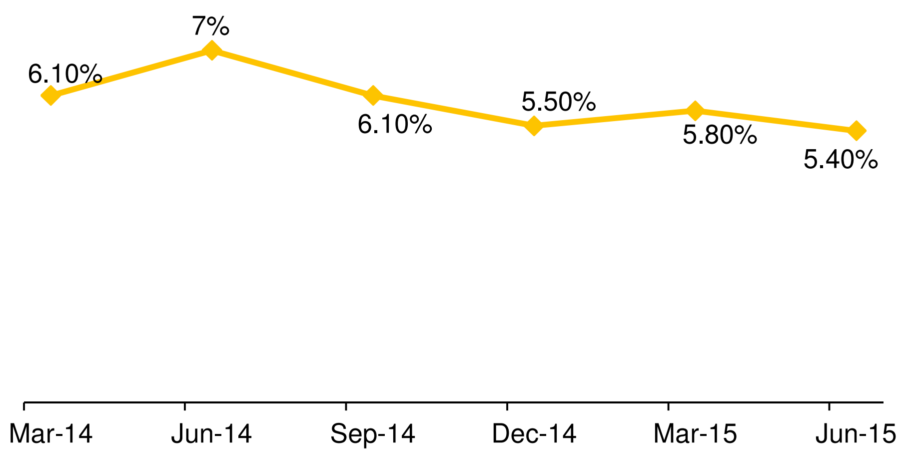
4 Quality Subscriber Acquisitions

India: Churn %



Africa: Churn %



- Airtel has industry wide lowest churn at 3.3%
- Led to rationalization of Gross Acquisition Costs driving INR 10bn savings

- In Africa, churn % decreased from 7% to 5.4% YoY

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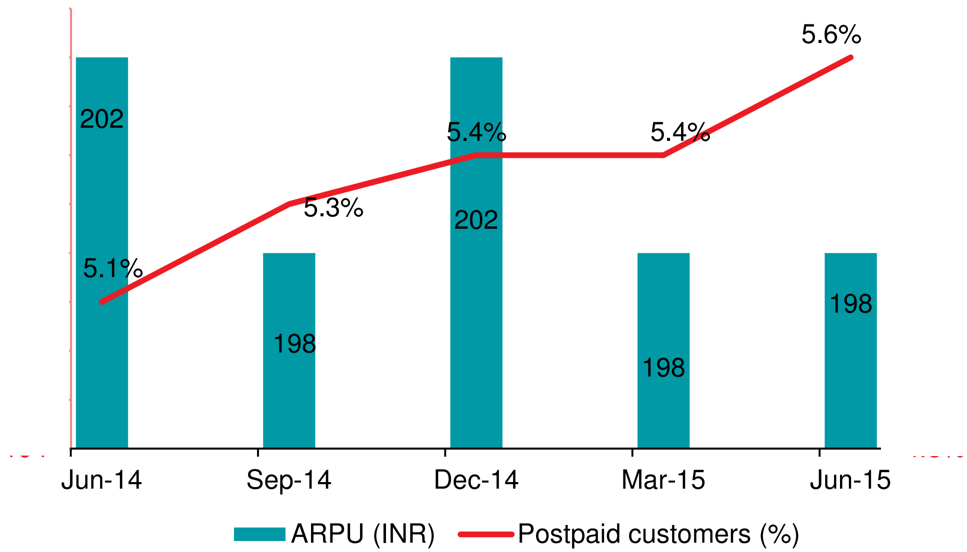
Source: As per company's reported numbers

4 Increasing High Value Customers



- Postpaid Myplan for customers and enterprise
- Extended Myplan for prepaid customers
- Expand company owned retail stores
- Strengthen DTH & Enterprise businesses

Postpaid subscriber base inching up

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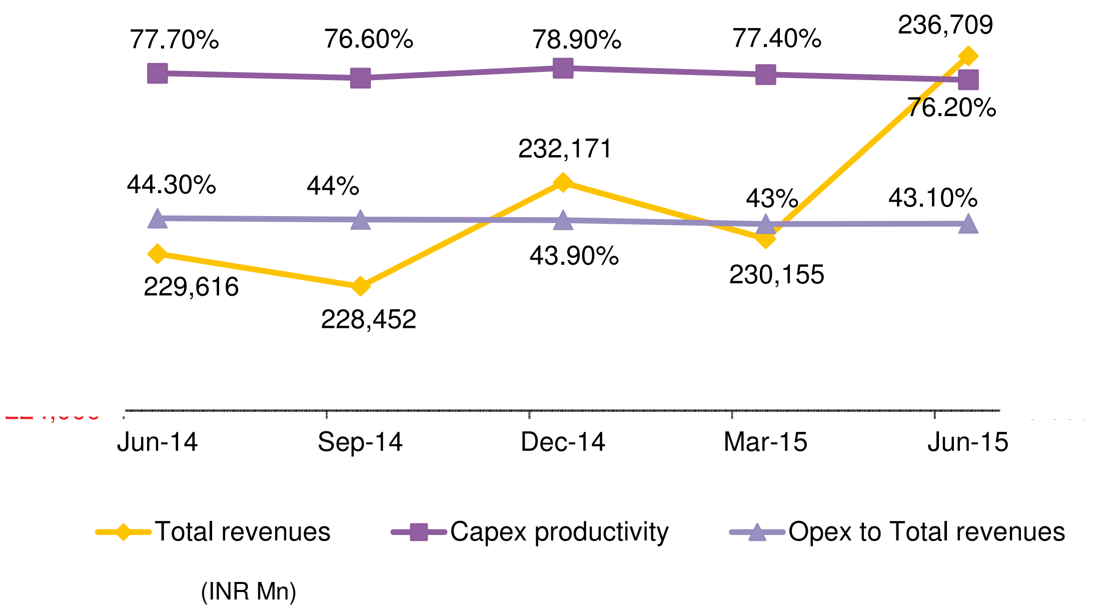
5 Focus On Efficient Utilization Of Opex/Capex



- Invested for growth -> yielding results
- Passive Infrastructure sharing
- Divestment of towers in Africa underway

Increasing Operating and Capital expenditure productivity

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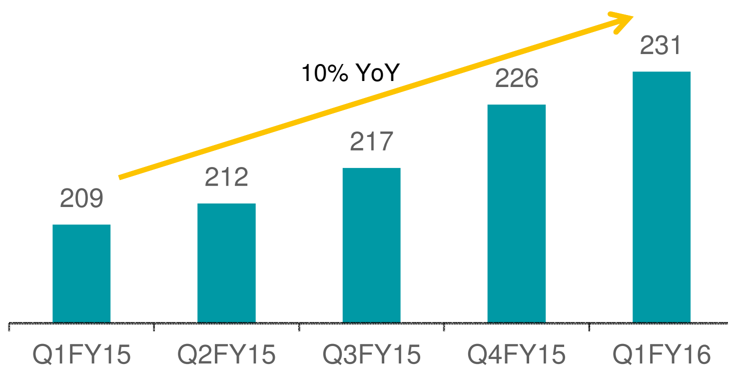
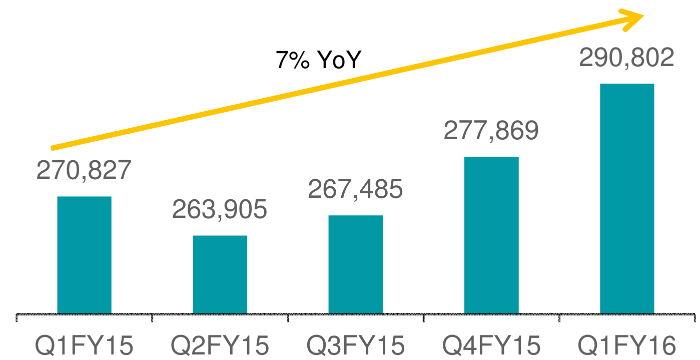
KEY PERFORMANCE INDICATORS

India Performance Indicators

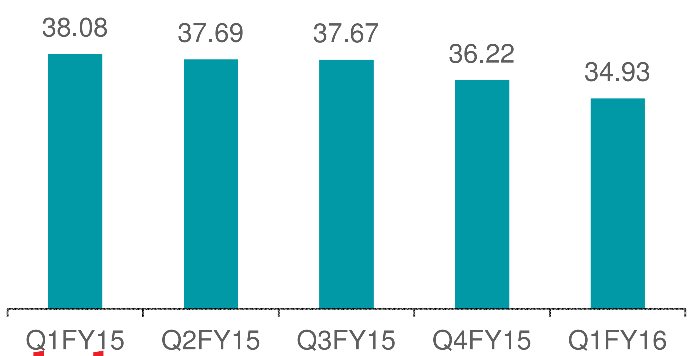
Total Subscribers (mn)



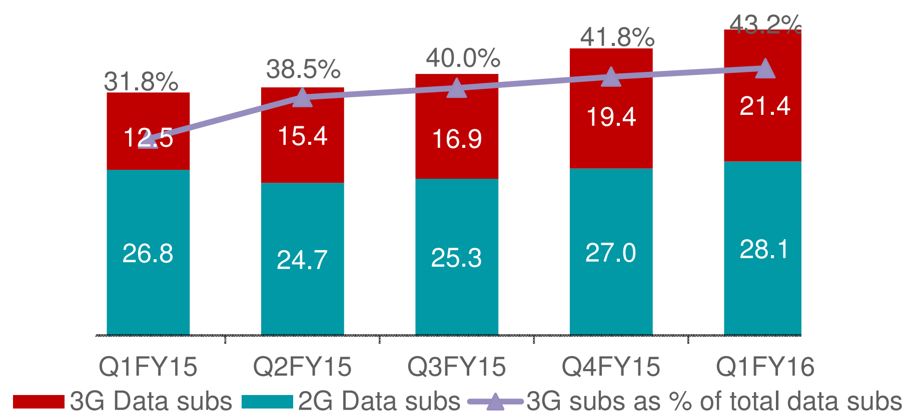
Minutes on Network (mn)



Voice Realization per minute (paisa)



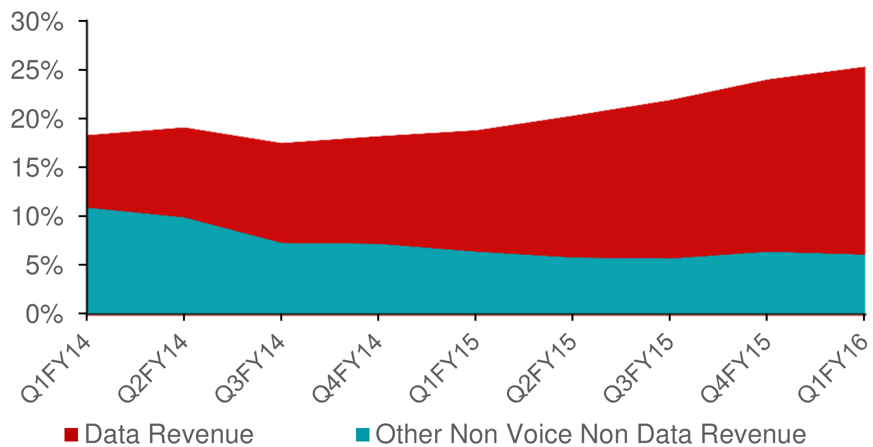
Bharti Airtel's Data and 3G Base (mn)



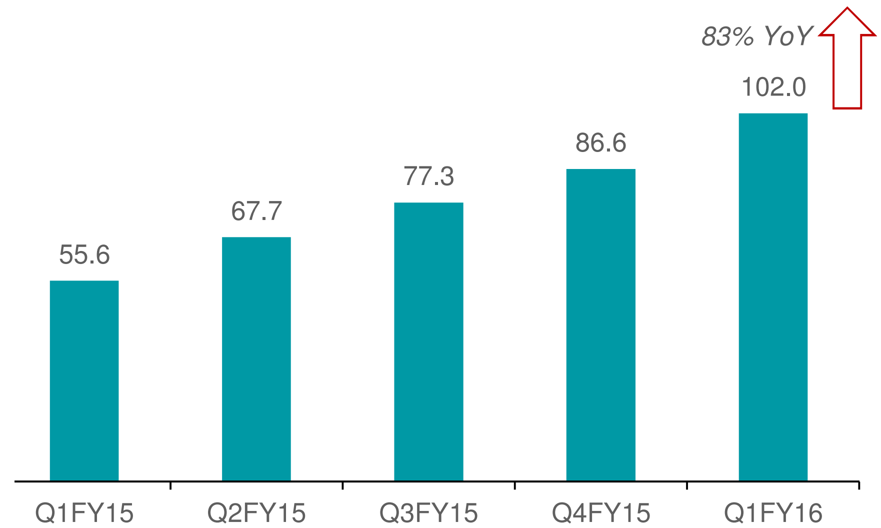
Source: Company Filings

India: Significant Upside From ‘Data’

Bharti Airtel’s Non Voice Revenues as a % of Mobile Revenues [1]



Volumes doubling YoY (bn MBs)



Annualized data revenues have surpassed USD 1.6 billion

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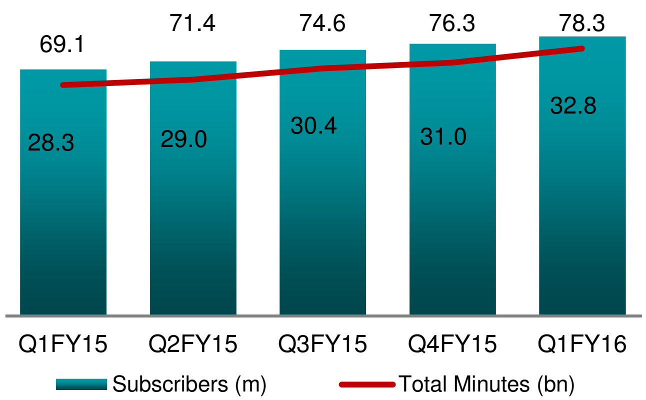
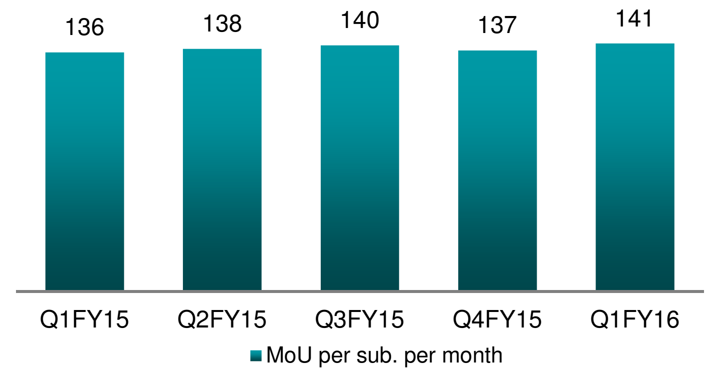
Source: Company filings
Note:
1. For Mobile Services India

Africa Performance Indicators

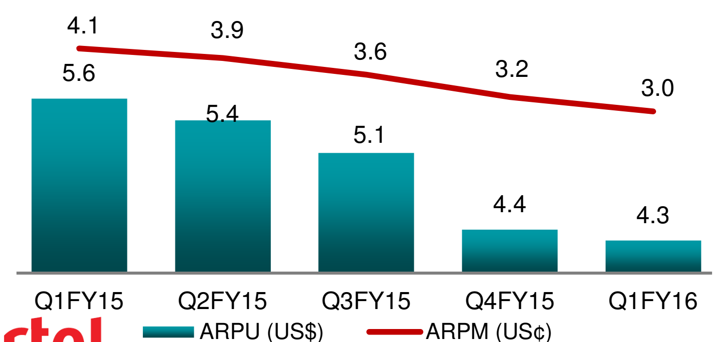
Total Subscribers (mn) and Total Minutes (bn)



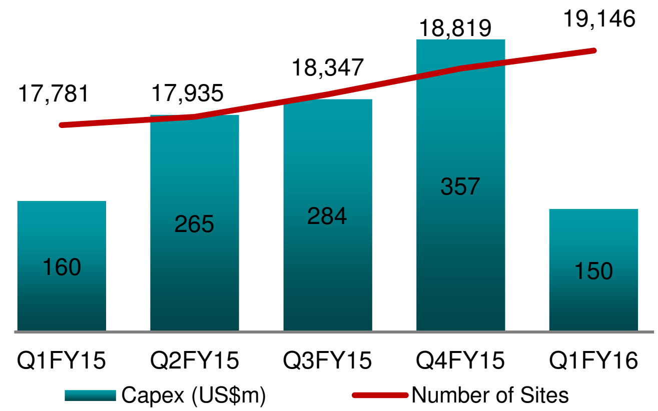
Minutes of Usage per sub



ARPU (USD) and ARPM (Usc)



Capex (USDm) and Number of Sites



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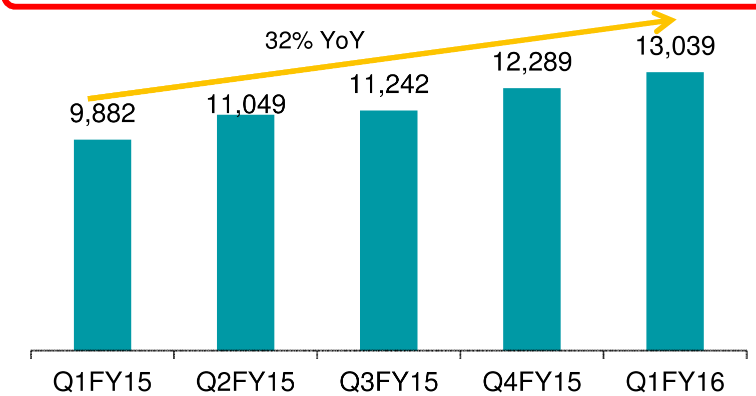
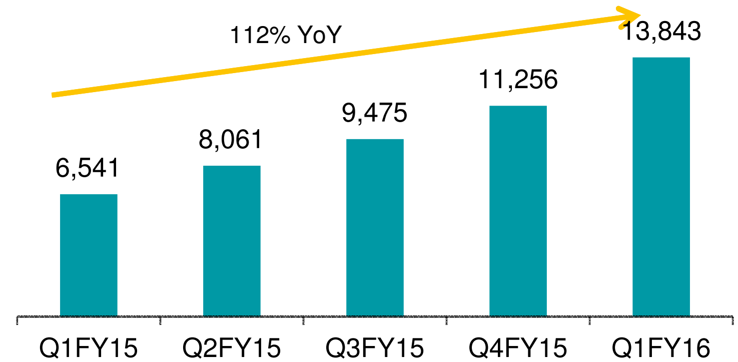
Source: Company Filings

Africa: Data and Mobile Money Are The Stars

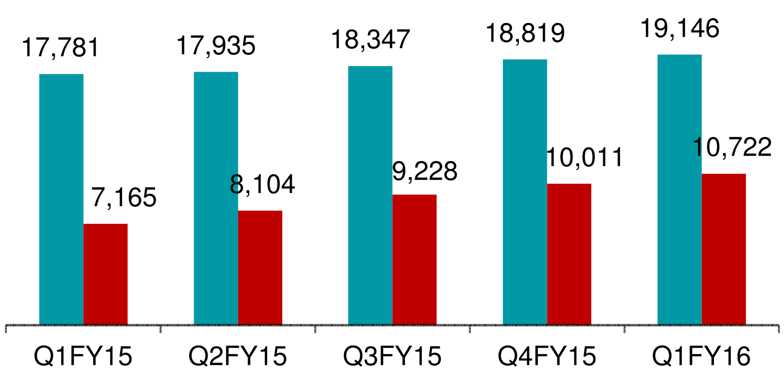
Data Customer Base (‘000s)



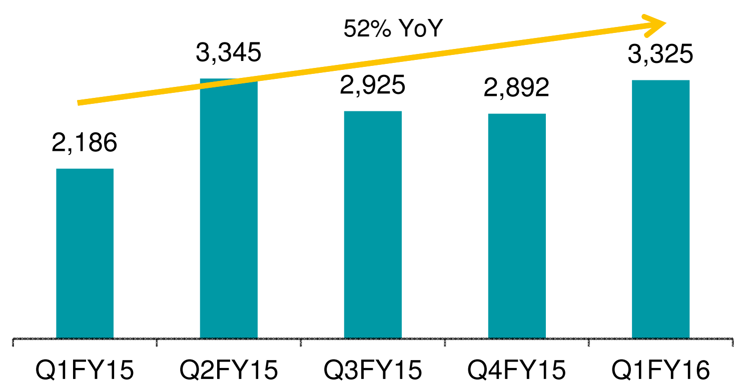
Volumes up 112% YoY (Mn MBs)



3G sites up 50% YoY [1]



Mobile Money: Transactions Value (USD mn)



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OTHER BUSINESSES

Telemedia Services

- 1QFY16: 7% YoY revenue growth, 33% YoY EBITDA growth
- Pan-India presence of 90 cities
- Operates in the entire broadband continuum - fixed line voice and high speed broadband across Homes and Office segments, broadband (via DSL), IPTV, internet leased line and MPLS services
- Key Performance Indicators
  - Customer base: 3.4 million
  - Broadband penetration at 44.8% of customer base
  - Average ARPU of $16.5 per month for quarter ended Jun 30, 2015

Leading private operator with market share of 12.41%[1]

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Source: Company Filings
Note 1: As of Oct 2014

Airtel Business

India's leading and most trusted provider of ICT services

- 1QFY16: 22% YoY revenue growth, 26% YoY EBITDA growth
- Customer base across - enterprises, governments, carriers and small and medium business.
- Diverse portfolio of services - voice, data, video, network integration, data centers, managed services, enterprise mobility applications and digital media.
- Strategically located submarine cables and satellite network - global network running across 225,000 Rkms, covering 50 countries and 5 continents.

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Source: Company Filings
Note:
1. Post FY09 this segment was reclassified

Digital TV Services

- 1QFY16: 16% YoY revenue growth, 67% YoY EBITDA growth
- First Company in India which provides real integration of all the three screens viz. television, mobile and computer enabling our customers to record their favorite TV programs through mobile and web
- Launched “Airtel Digital TV” service in October 2008 as fifth operator providing Direct-to-Home (DTH) services in India
  - Subscriber base of ~10.4 million subscribers
  - Lowest industry churn of 1%
  - Present across 639 districts
  - Offer 430 channels including 22 HD channels and 4 interactive services
  - Also offers High Definition (HD) Set Top Boxes and Digital TV Recorders with 3D capabilities delivering superior customer experience
- Key Performance Indicators (Q1FY16)
  - Average ARPU of $3.5 per month for quarter ended Jun 30, 2015

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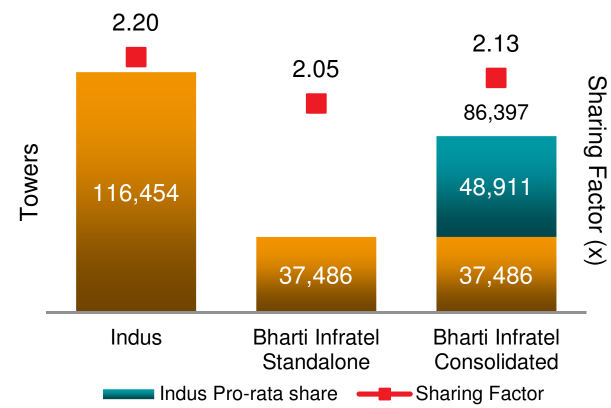
Tower Infrastructure

- 5% YoY revenue growth, 12% YoY EBITDA growth
- Holds a 42% stake in Indus Towers, amongst the largest tower companies in the world, operating in 15 circles, thereby enabling the Company to provide leading pan-India passive infrastructure services
- Sharing factor (Tenancy ratio) of ~2.05x per tower
- Bharti Infratel conducted its Initial Public Offering in December 2012, raising $761m for a 10% stake
- Current market capitalization of US$13.3 bn[1]



Bharti Infratel owns 42% stake in Indus Towers

– one of the world's largest passive infrastructure providers

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Source: Company Filings
Note
1 As of Jun 30, 2015

FINANCIAL OVERVIEW

Steadily Improving Financials (Consolidated) [1]

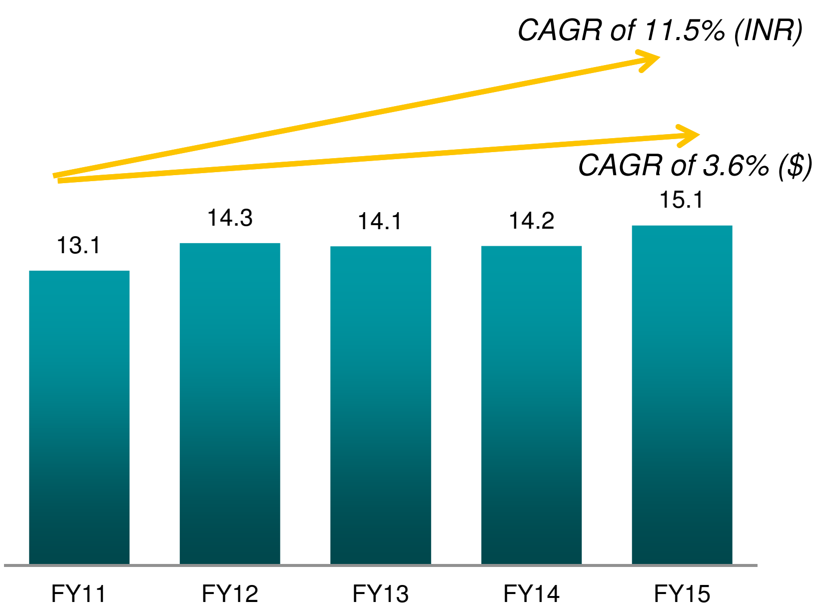
KPI	FY Ending 31st March, 2014	FY Ending 31st March, 2015
Revenue Growth	11.5%	7.3%*
Net Revenue Growth	13.7%	8.3%
EBITDA Growth	19.3%	13.0%
EBITDA Margin (%)	*32.5%*	*34.2%*
EBIT Growth	43.1%	30.0%
EBIT Margin (%)	*14.2%*	*17.2%*
PBT Growth	63.2%	48.0%
PBT Margin (%)	*9.1%*	*12.6%*
note: in INR terms		

Continued margin improvement

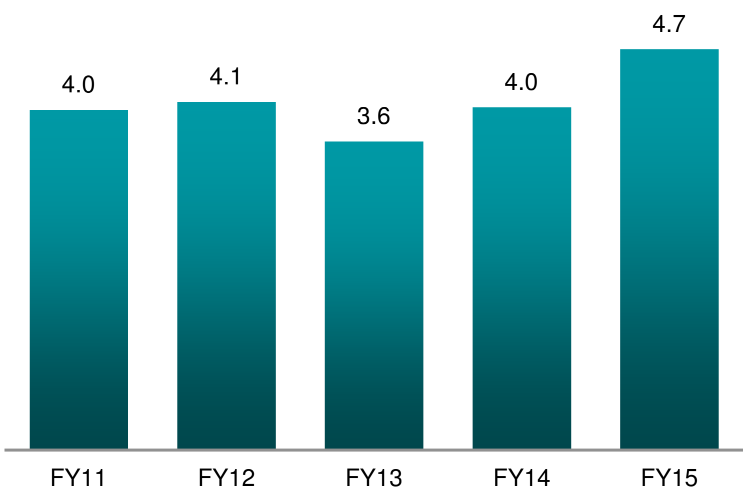
*Net of Mobile Termination cuts
Source: Company Filings
Note:
1. Africa operations consolidated starting from 8th June 2010

Steadily Improving Financials (Consolidated) [1]

Total Revenues (US$bn)

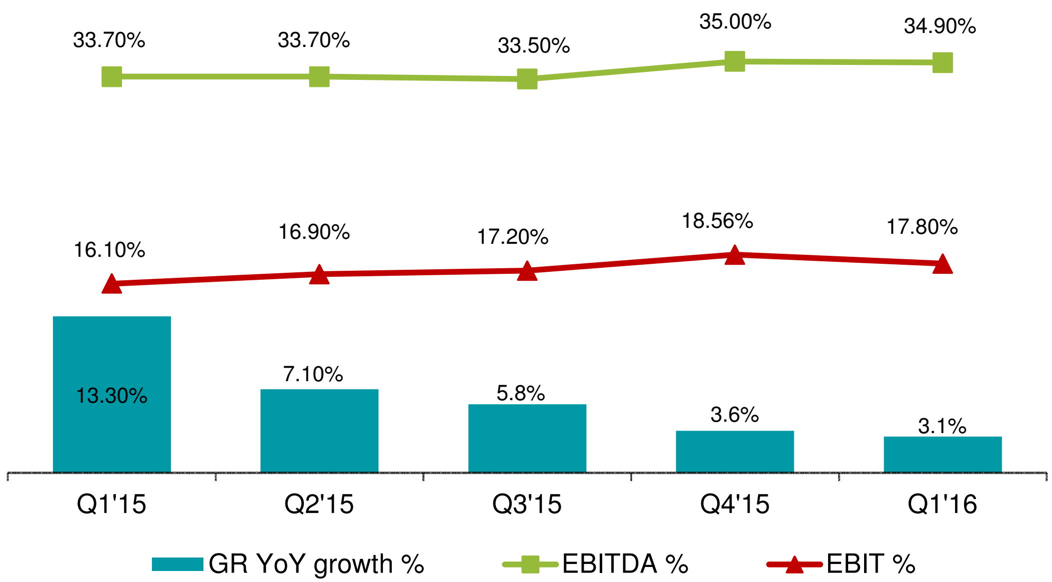


Cash Flow from Operations (US$bn)



Source: Company Filings
Note:
1. Africa operations consolidated starting from 8th June 2010

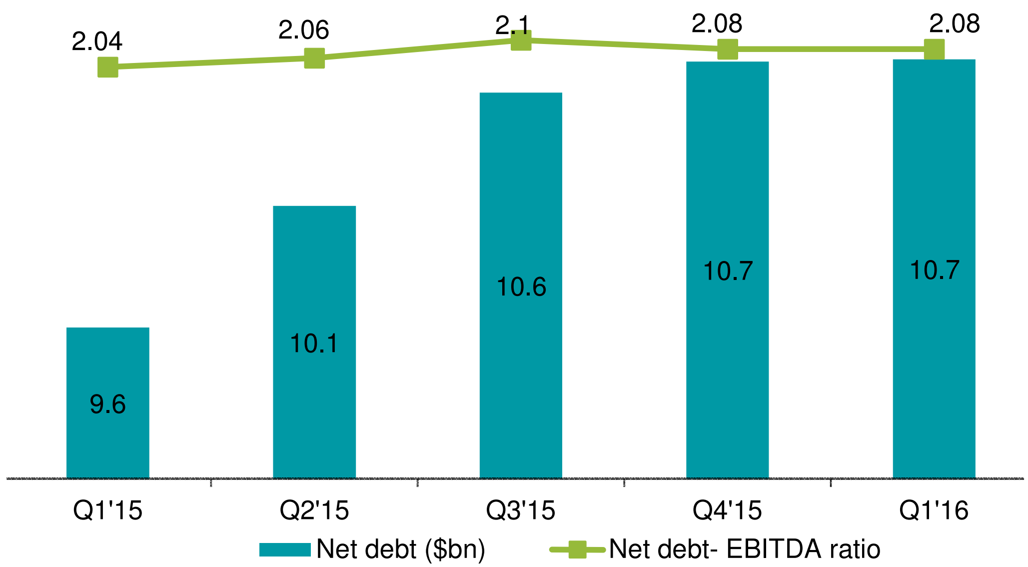
Stable Margin Growth



Source: Company Filings
Note:
1. Africa operations consolidated starting from 8th June 2010

Diversified debt profile; focus on deleveraging

Leverage ratios improving



Many strategic initiatives undertaken, further deleveraging through Africa tower sale and four countries hive off to Orange underway

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Note:
1. As of Jun 30, 2015

LEADERSHIP

Leadership in Business

Amongst top 100 most valuable brands globally
Study by Millward Brown, May 2012

Estimated brand value of over USD 11 bn, 2012
Published in Financial Times

Number 1 service brand in India
Brand Equity's most trusted brands annual survey, 2013

Top Treasury Team, Asia; Adam Smith Award, EuroFinance

"Brand Leadership award in Telecom, 2012"
Brand Leadership Awards

Bags five awards, tele.net Telecom Operator Awards 2013
Including most admired telecom operator

One of top ten brands in Africa
Within 3 years of operations there

Airtel Nigeria won 3 industry awards at Nigerian Telecom Awards
Including telecom brand of the year

Sunil Bharti Mittal, Chairman

- **Honorary Degree awarded by Newcastle University** - 2012
- **'Business Leader for the World Award'** from INSEAD in 2011

Rajan Bharti Mittal, Vice Chairman & MD

- **'Indian Business Leaders of the Year'** award at the Global India Business Meeting, 2011

Akhil Gupta, Deputy Group CEO & MD

- **'Outstanding Contribution to the Sector'** award at the Telecom Operator Awards 2012
- **CFO India Hall of Fame** by CFO India, 2011

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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 IFRS, IGAAP basis

IG rating from 3 International Rating Agencies

Diversified Board – 50% independent directors

SingTel representatives on the Board of the company

Professional organization with empowerment to operating team

THANK YOU

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