

A close-up photograph of two hands, one from a darker-skinned person and one from a lighter-skinned person, holding a golden, cylindrical object. The hands are positioned as if they are about to shake hands or are in the process of shaking hands. The background is dark and out of focus.

# INVESTOR PRESENTATION

1<sup>ST</sup> QUARTER - FY2019

## SAFE HARBOUR

SOME OF THE STATEMENTS HEREIN CONSTITUTE “FORWARD-LOOKING STATEMENTS” THAT DO NOT DIRECTLY OR EXCLUSIVELY RELATE TO HISTORICAL FACTS. THESE FORWARD-LOOKING STATEMENTS REFLECT OUR INTENTIONS, PLANS, EXPECTATIONS, ASSUMPTIONS AND BELIEFS ABOUT FUTURE EVENTS AND ARE SUBJECT TO RISKS, UNCERTAINTIES AND OTHER FACTORS, MANY OF WHICH ARE OUTSIDE OUR CONTROL. IMPORTANT FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THE EXPECTATIONS EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS INCLUDE KNOWN AND UNKNOWN RISKS. BECAUSE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM OUR INTENTIONS, PLANS, EXPECTATIONS, ASSUMPTIONS AND BELIEFS ABOUT THE FUTURE, YOU ARE URGED TO VIEW ALL FORWARD-LOOKING STATEMENTS CONTAINED HEREIN WITH CAUTION. TATA COMMUNICATIONS DOES NOT UNDERTAKE ANY OBLIGATION TO UPDATE OR REVISE FORWARD LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

## AGENDA

- BUSINESS OVERVIEW
- FINANCIAL OVERVIEW

# BUSINESS OVERVIEW



# DELIVERING A NEW WORLD OF COMMUNICATIONS™

POWERING THE PLATFORM ECONOMY, THE INTERNET AND GLOBALISATION

Over 25% of the world's internet traffic uses our network (Over 12,000 petabits)



We have the only wholly-owned subsea cable network that circles the globe



We're a leading player in managed hosting and cloud services globally



We handle 1 in 10 of all international voice calls

We connect businesses to providers who account for almost 50% of cloud computing



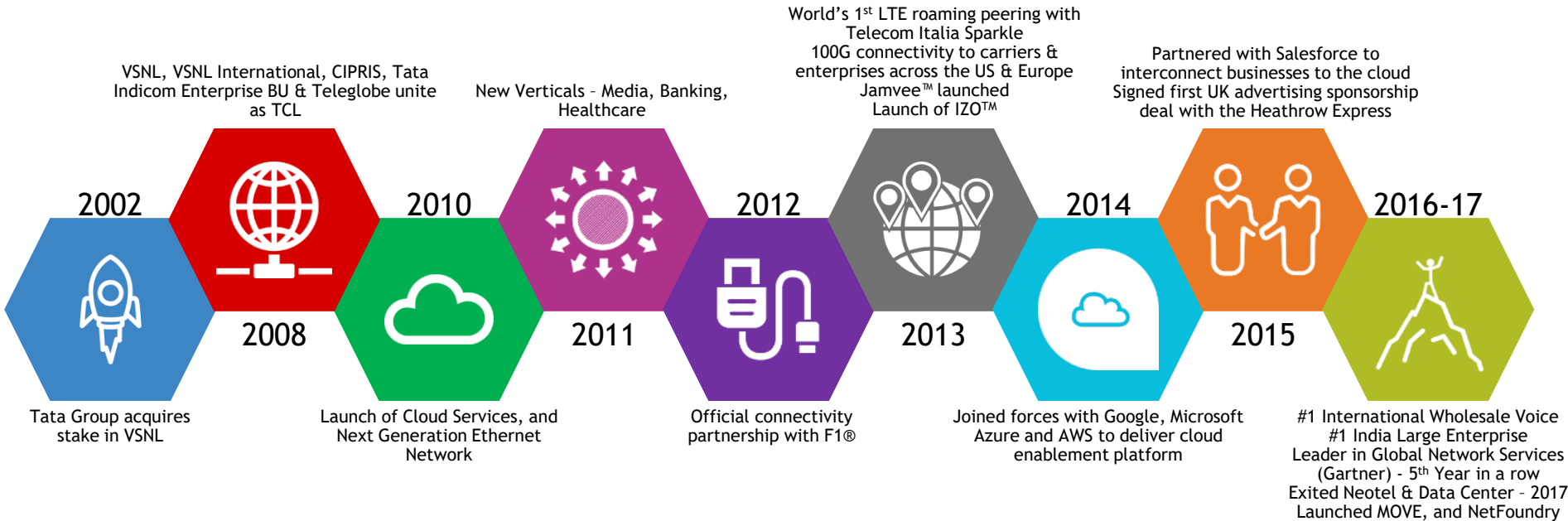
20 terabits of international bandwidth lit capacity



85 million voice transactions handled every day

# GROWTH STORY

TRANSFORMING FROM AN INDIAN PSU TO A DIGITAL ENABLEMENT PLAYER



# GLOBAL REACH - PROVIDING CONNECTIVITY ACROSS THE WORLD

Over 40 Entities across the globe

Global Backbone

“Ring Around the World”

25% of World's internet routes

Leadership in Global SIP Trunking

Tata Communications Global Footprint v12.1

- Live PoP
- Data Center
- Planned PoPs
- ▲ Partner PoPs
- Aggregation PoP
- Tata Communications Global Network (TGN)
- Consortium cable assets

# PRODUCTS AND SERVICES

PROVIDER OF ENTERPRISE & WHOLESALE DATA SERVICES & WHOLESALE LONG DISTANCE VOICE SOLUTIONS



## Data Services

Traditional Services

Virtual Private Network

Intl Private Line

Internet Leased Line

Mobility

Inmarsat

Ethernet

National Private Line

Internet Protocol - Transit

IZO & IZO SDWAN

Managed Hosting/ Cloud/GHCC

Managed Security Services

Broadcast

Video Connect

UCC/ SIP - Trunking

Video Streaming

Healthcare

Media Management

MOVE & IOT

Subsidiaries

TC Transformation Services Ltd

TC Payment Services Ltd

Voice Solutions

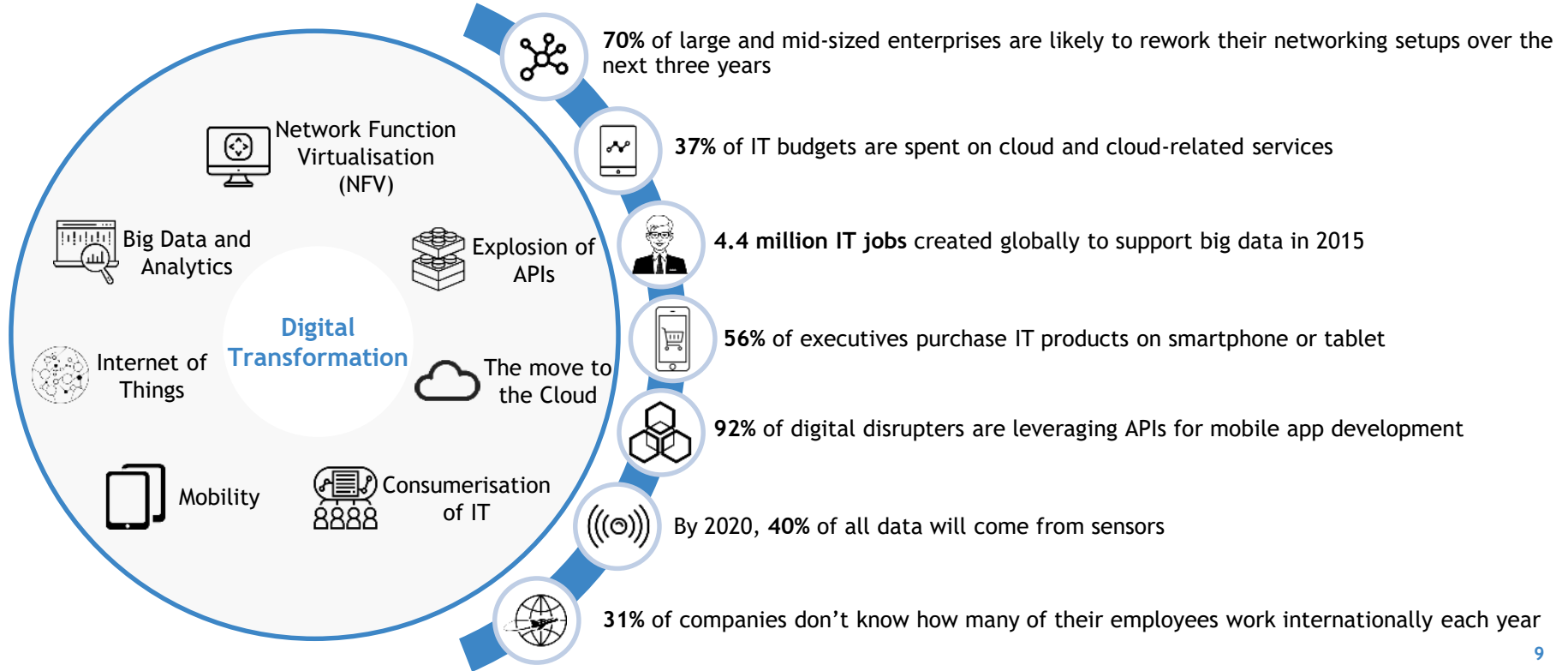
International Long Distance

National Long Distance



# MARKET OVERVIEW

TECHNOLOGY IS A GAME CHANGER



# BUSINESS THEMES SUPPORTING DIGITAL TRANSFORMATION

DIGITAL TYPICALLY DELIVERS VALUE ACROSS 4 IMPACT AREAS FOR BUSINESSES



## Borderless Growth

Driving their digital transformation on a global scale, organisations need best-in-class global infrastructure and tools. They will power organisations' expansion into new markets and geographies, and allow them to innovate through new products, services and business models to generate new revenue streams with agility.



## Productivity and Efficiency

Boosting productivity and drive efficiencies via digital, organisations need to pave the way for seamless multi-platform collaboration amongst their employees, partners and customers, and empower them with ubiquitous access to data and applications.



## Customer Experience and Engagement

Offering their digitally-savvy customers the seamless experiences they crave, organisations need to embrace an omni-channel approach, which enables them to enhance customer engagement, awareness and loyalty.

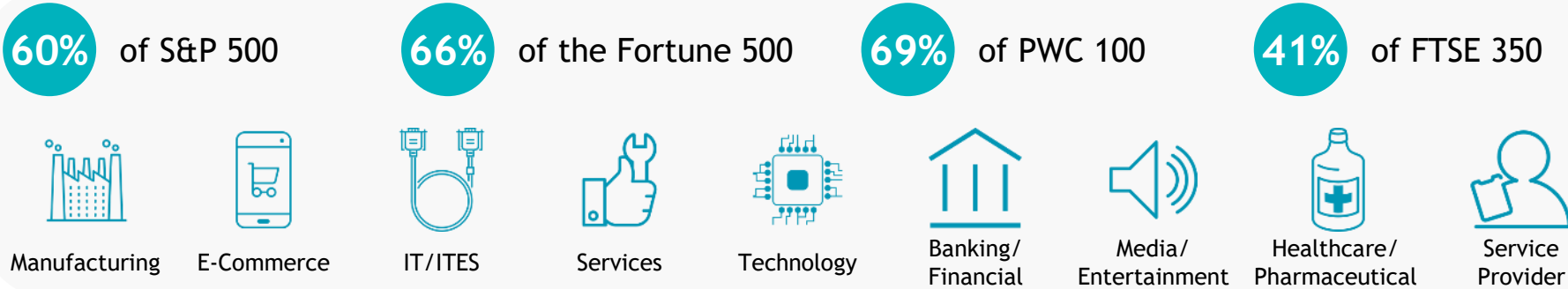


## Managing Business Risk

Managing business risk, organisations must secure their data and applications - which fuel their growth in today's digital economy - against external threats, and ensure reliability and near-zero business disruption.

# OUR CUSTOMERS

~ 7,000 CUSTOMERS GLOBALLY: ~2,000 SERVICE PROVIDER CUSTOMERS & ~5,000 ENTERPRISE CUSTOMERS



## Some Key Customers

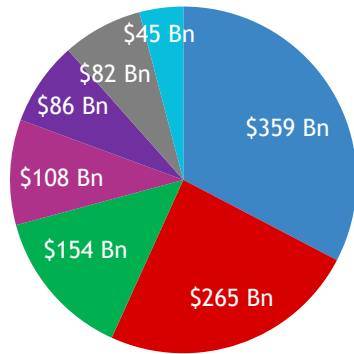


TATA TECHNOLOGIES

# WE ADDRESS ~\$46 BN OUT OF A \$1.1 TN TELECOM MARKET

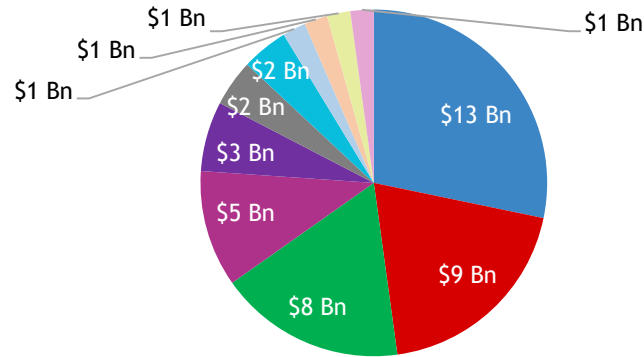
SERVICEABLE ADDRESSABLE MARKET REPRESENTS PORTION OF THE TELECOM MARKET WHICH WE CAN CAPTURE

**Telecom:  
\$1,100Bn**



- Total Carrier Outsourcing
- Fixed N/W Data
- International Voice
- Mobile Services
- Fixed N/W Voice
- Managed Services

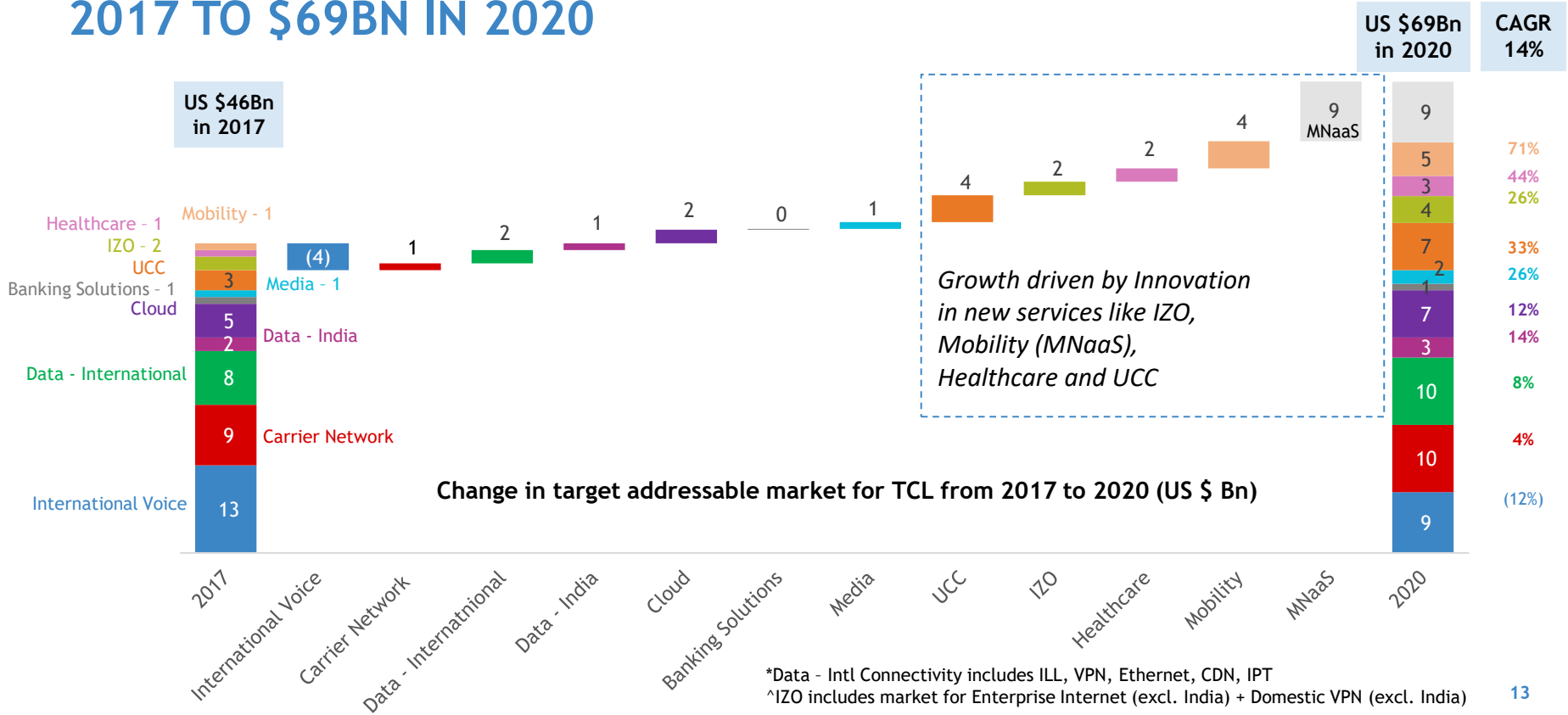
**SAM:  
\$46Bn**



- International Voice
- Carrier N/W O/S
- Data - Intl
- Collaboration
- Media
- Data - India
- Mobility

Source: Gartner, F&S, Telegeography, CISCO-VNI, Internal Estimates  
 Notes: Managed Services includes Media Services; Data Intl Connectivity includes CDN and IP-T

# OUR TARGET ADDRESSABLE MARKET IS EXPANDING FROM \$46BN IN 2017 TO \$69BN IN 2020



\*Data - Intl Connectivity includes ILL, VPN, Ethernet, CDN, IPT  
 ^IZO includes market for Enterprise Internet (excl. India) + Domestic VPN (excl. India)

# HELPING CONSUMERS REMAIN AGILE, ADAPTABLE, AND RESPONSIVE

POWERING THE DIGITAL ECONOMY AND HELPING OUR CUSTOMERS AND PARTNERS ACCELERATE THEIR GROWTH BY DEVELOPING INNOVATIVE BUSINESS SOLUTIONS

## Innovating Together



# INVESTING FOR THE FUTURE

## MOVE is 3 Products built on the Tata Global Network



### SIM CONNECT

Global Mobile Connectivity for Humans - Providing Global Visibility, Security and Control to MNCs



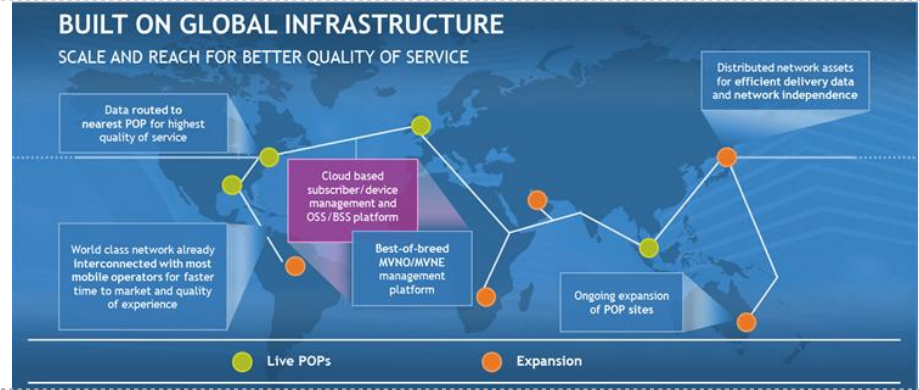
### IOT CONNECT

Global Connectivity for Machines and Things - Fully Programmable Global IoT connectivity and services



### MOBILE NETWORK ENABLEMENT

MNOs can leverage our MVNE “platform as a Service” and launch sophisticated local or global MVNOs rapidly



## Other Innovative Products in our Portfolio

### MOBILE CUSTOMER ENGAGEMENT



Mobile Messaging Exchange  
SMS Firewall  
API Suite

Mobile Local Number Services  
Sponsored Data Exchange



### ROAMING AND INTERCONNECT SERVICES

Business Intelligence  
WiFi+  
Steering and Routing

Clearing and Settlement  
VoLTE Interconnect, IPX+  
SS7 & Diameter Signalling



### LoRa LP-WAN (Low Power, Long Range Network)

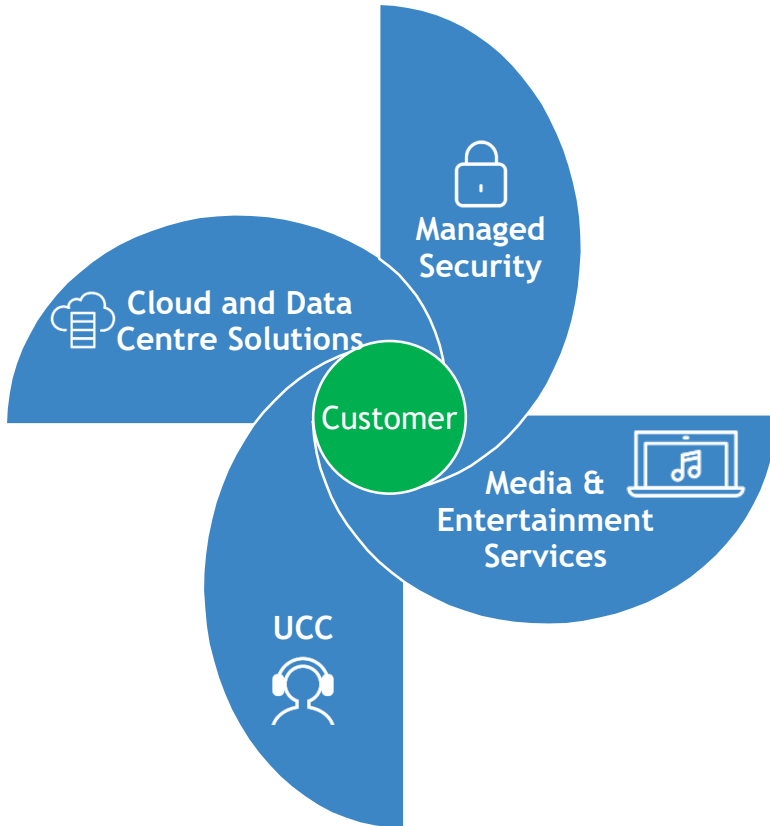
IOT infrastructure and developer ecosystem in India



### Digital Transformation

Revamping systems and processes to enhance long term productivity and enrich customer experience

# LEVERAGING OUR POSITIONING



## Cloud and Data Centre Solutions

- Connecting businesses to 8 main cloud platforms in 20 locations across 3 continents
- Our data centres meet and exceed TIA 942 standards and offer 99.982% uptime
- 10,000+ installed racks, and more than 5,000 virtual instances

## Managed Security

- One of the largest cloud-based DDoS mitigation and scrubbing services with 17 scrubbing farms across the globe
- Provide 24x7x365 proactive monitoring of security devices for over 700 customers
- Acknowledged as a 'notable vendor' in Gartner's Magic Quadrant for MSSPs

## Media and Entertainment Services

- Global network that can transfer 1TB data/second for HD video without buffering
- Video network that reaches 300 media hotspots globally
- Offers OTT platform-as-a-service which enables delivery of live, linear, catch-up & VOD content

## Unified Communication and Collaboration (UCC)

- End-to-end global managed services and support
- Named Microsoft High Potential Partner for Skype for Business
- Cisco powered Cloud Contact Centre Solution Provider



# THIRD PARTY ENDORSEMENTS, AWARDS AND RECOGNITION

## CONTINUOUS IMPROVEMENT

### India's largest corporations: Tata Communications at #68

Transparency International, a global civil society organization, conducted research into the public reporting practices of 100 emerging market companies based in 16 countries in 2016



### Tata Communications ranks #2 in the 'Transparency in Corporate Report'

8 page feature story on the Leadership Profile of Tata Communications in the December edition of Fortune India

<http://fortuneindia.com/2016/december/the-importance-of-being-global-1.10468>



Named an **Aon Best Employer India**, 3<sup>rd</sup> year in row. Recognised for **high employee engagement, compelling employer brand, effective leadership and a culture that enables high performance**

### Frost & Sullivan India ICT Awards:

- **Enterprise Data Service Provider** of the Year (10<sup>th</sup> Year in a row)
- **Enterprise Telecom Service Provider** of the Year - Large Enterprises (4<sup>th</sup> Year in a row)
- **IoT New Product/Service Innovation Award** (2<sup>nd</sup> Year in a row)
- **Third Party Managed Hybrid Cloud Provider of the Year** (First time winner)
- **SDWAN (Software-defined WAN) New Product/Service Innovation Award** (First time winner)
- **Conferencing Service Provider of the Year**

Recognised for building a high trust, high performance culture and a Great Place to Work-Certified™ - **2nd year in row**

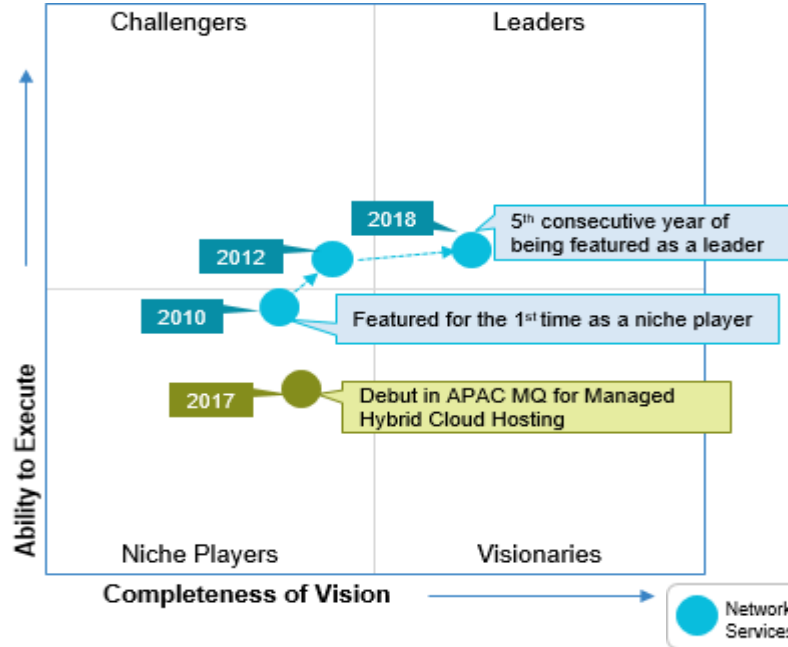


#19 best company in India at attracting and retaining top talent



# POSITIONED IN THE LEADERS' QUADRANT

“LEADER” IN GARTNER MAGIC QUADRANT FOR NETWORK SERVICES, GLOBAL FOR 5<sup>TH</sup> CONSECUTIVE YEAR



- Our products have been getting analyst recognition and are consistently featured in Gartner Magic Quadrant
- This year we debuted as a niche player in MQ for managed hybrid cloud hosting in Asia Pacific

Source: Gartner, Inc. “Magic Quadrant for Network Services, Global” by Danellie Young, Katja Ruud, Bjarne Munch, Takeshi Ikeda, Neil Rickard, Lisa Pierce, February 27, 2018

This graphic was published by Gartner, Inc. as part of a larger research document and should be evaluated in the context of the entire document. The Gartner document is available upon request from Tata Communications. Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

# SHAREHOLDER VALUE CREATION

FOCUS ON MAXIMIZING LONG TERM INTRINSIC VALUE FOR SHAREHOLDERS

**Drive Capital Efficiency**

- Recalibrate Investments
- Co-create with partners
- Strong discipline and governance around capital allocation and expenditure

**Improve Margin Profile**

- Improve operating efficiency and drive operating leverage
- Accelerate growth in high margin data segment and new services

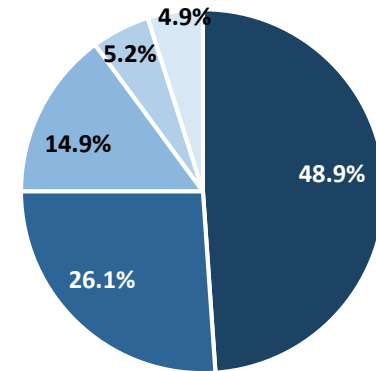
**Invest for Sustainable Long-Term Growth**

- Reshape portfolio
- Invest in new services/ innovation to differentiate and accelerate growth

**Create Financial & Strategic Flexibility**

- Key priority is to generate free cash flow and deleverage balance sheet
- Pursuit of opportunities to unlock intrinsic value
- Rationalize businesses with sub-par return profiles

*Shareholding pattern*



■ Tata Group     
 ■ GOI     
 ■ Foreign Institutions  
■ Domestic Institutions   
 ■ Non-Institutions

**As on June 30, 2018**

# CORPORATE SOCIAL RESPONSIBILITY

## TECHNOLOGY DRIVING SOCIAL CHANGE

“By financially including women around the globe, we take an important step towards poverty alleviation, equality and economic prosperity.”

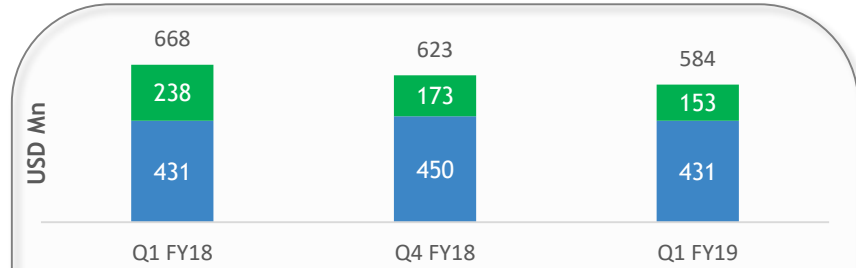
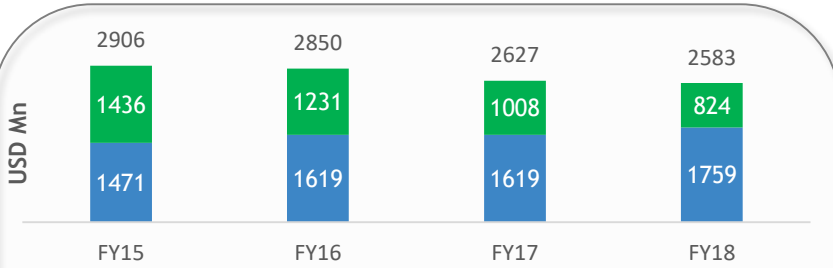
**Walt Macnee, Vice Chairman, Mastercard**

- Tata Communications and MasterCard joined forces to empower 100 million women in the developing world. Working with a unique network of partners, we aim to bring our shared vision to life through access to transformative mobile platforms across a range of financial, health and education applications and service
- We're committed to improving the quality of life of communities through programmes such as health, education and vocational training
- Sustainability is built into our business processes
- We have impacted more than 150,000 lives in the last 3 years through 14 CSR programs.
- Employees have contributed 70,000 hours globally in the last 3 years towards community action.
- In FY18, 98% of our employees have undergone 69,081 days of skill development training through 805 workshops
- Further, our employee engagement score remains very high at 81% in 2018. This helps us stay very high up in the top quartile of the Aon Hewitt global telecom database

# FINANCIAL PERFORMANCE



# PERFORMANCE HIGHLIGHTS | CORE - GROSS REVENUE



Y-o-Y >>>

<<< Q-o-Q

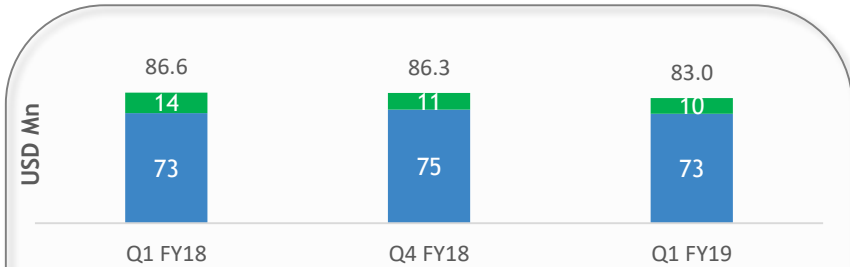
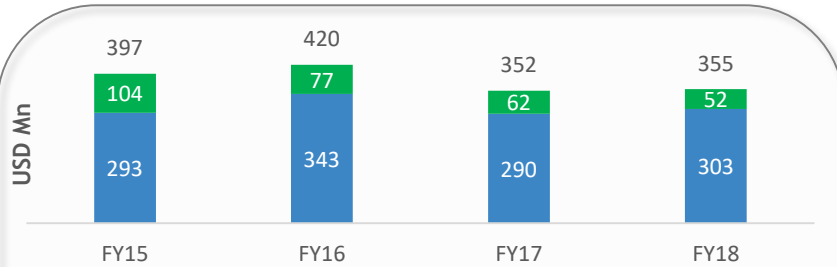
Growth %	FY16	FY17	FY18
Data	↑ 10.1%	↑ 0.0%	↑ 8.6%
Voice	↓ (14.2%)	↓ (18.2%)	↓ (18.2%)
Core	↓ (1.9%)	↓ (7.8%)	↓ (1.7%)

Growth %	YoY	QoQ
Data	↑ 0.1%	↓ (4.2%)
Voice	↓ (35.5%)	↓ (11.4%)
Core	↓ (12.6%)	↓ (6.2%)

- Q1 FY19 revenues declined by 12.6% YoY & 6.2% QoQ primarily due to 1) de-growth in Voice minutes & price compression 2) Impact of India operator consolidation and 3) IND AS 115 impact
- The pressure on voice business continues in-line with global trends; this quarter Voice revenue declined by 11.4% QoQ and 35.5% YoY
- Q1 Data business revenue increased by 0.1% YoY but declined 4.2% on QoQ basis; the data business was impacted by India operator consolidation

Note: USD-INR: FY15 - 61.13; FY16 - 65.44; FY17 - 67.07; FY18 - 64.47; Q4FY17 - 67.09; Q1FY18 - 64.48; Q2FY18 - 64.30; Q3FY18 - 64.77; Q4FY18 - 64.35; Q1FY19 - 66.94

# PERFORMANCE HIGHLIGHTS | CORE - EBITDA



Y-o-Y >>>

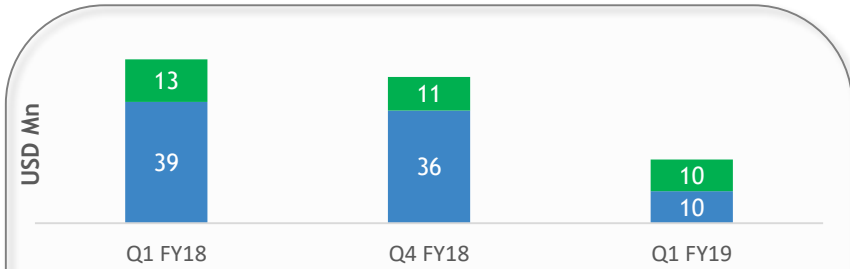
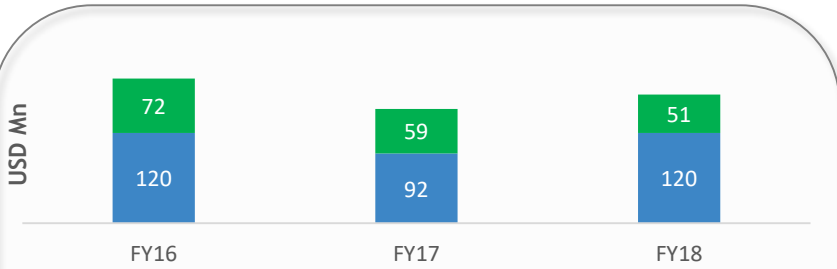
<<< Q-o-Q

	Margin %	FY15	FY16	FY17	FY18
Data	19.9%	↑ 21.2%	↓ 17.9%	↓ 17.2%	
Voice	7.2%	↓ 6.3%	↓ 6.1%	↑ 6.3%	
Core	13.6%	↑ 14.7%	↓ 13.4%	↑ 13.8%	

	Margin %	Q1FY18	Q4FY18	Q1FY19
Data	17%	16.7%	↑ 16.8%	
Voice	5.7%	6.4%	↑ 6.8%	
Core	13.0%	13.9%	↑ 14.2%	

- Despite decline in revenue, EBITDA margins expanded. The margins expanded by 30 BPS sequentially and 120 BPS on YoY basis due to cost optimization initiative underway. Q1 FY19 EBITDA declined 3.9% QoQ & 4.2% YoY due to lower Voice EBITDA and de-growth in Transformation Services business due to TTL closure.
- We have been able to maintain Voice EBITDA margins in the range of 6% by bringing efficiencies into business

# PERFORMANCE HIGHLIGHTS | CORE - OPERATING FCF



Y-o-Y >>>

<<< Q-o-Q

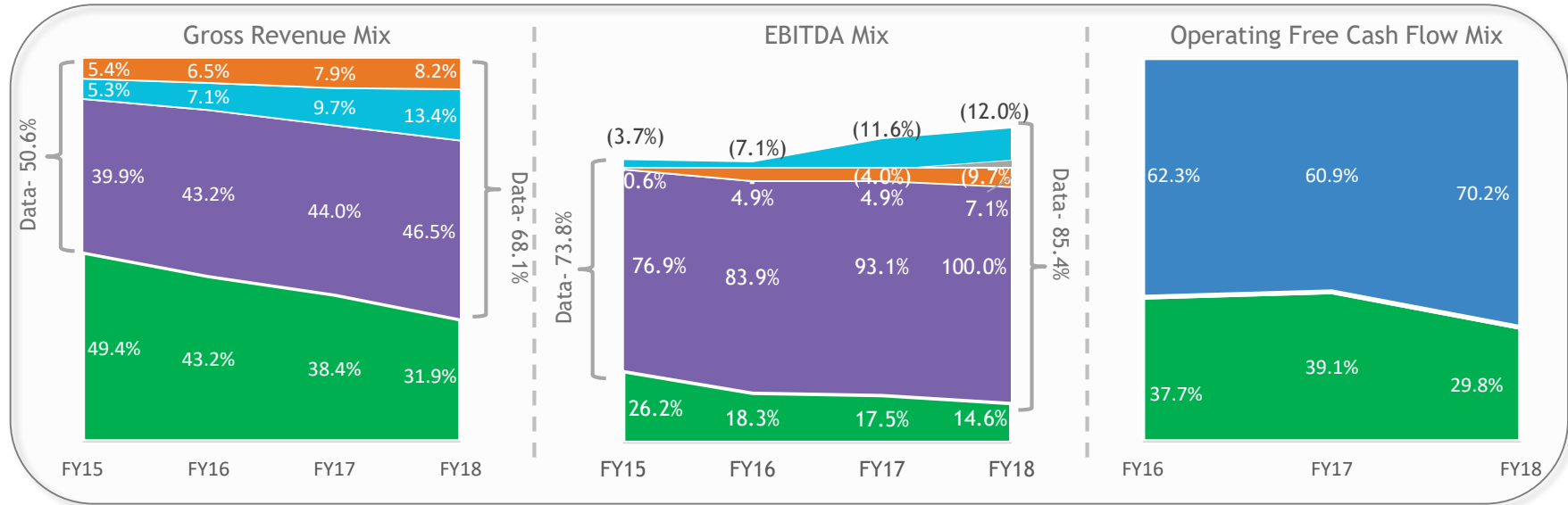
EBITDA to FCF	FY16	FY17	FY18
Data	34.9%	↓ 31.9%	↑ 39.5%
Voice	93.9%	↑ 95.9%	↑ 97.5%
Core	37.4%	↓ 32.7%	↑ 33.9%

EBITDA to FCF	Q1FY18	Q4FY18	Q1FY19
Data	52.9%	47.8%	↓ 14.1%
Voice	99.3%	96.4%	↑ 96.6%
Core	41.1%	40.0%	↓ 12.9%

- The Voice business continues to generate healthy cashflow in the range of 35 MN-45 MN annually
- Cashflow in Data business reduced due to higher capex due to expansion of India access network.
- The underlying business levers are in place and the free cash flow growth momentum will continue as we grow scale



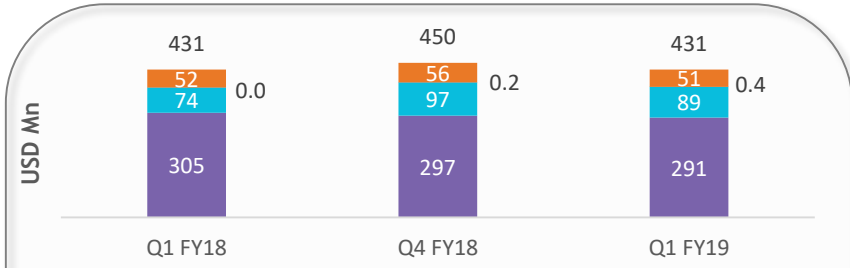
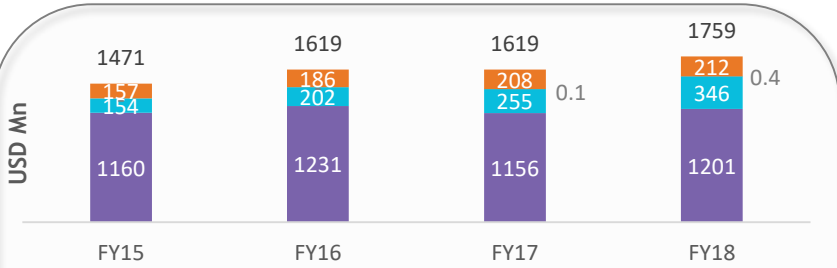
# PERFORMANCE HIGHLIGHTS | PORTFOLIO MIX



● Data   
 ● Voice   
 ● Traditional Services   
 ● Growth Services   
 ● Subsidiaries

- There has been a significant shift in the mix of our business, with Data dominating both in terms of Revenue, EBITDA and Free Cash Flow, and the declining importance/ dependence on Voice can be clearly seen above
- Traditional Connectivity services is our mainstay as of now, and represents a majority portion of both our Revenue and EBITDA
- However, our investment in Growth Services will drive the business in the future

# PERFORMANCE HIGHLIGHTS | DATA - GROSS REVENUE



Y-o-Y

	Growth %	FY16	FY17	FY18
Traditional		↑ 6.1%	↓ (6.1)%	↑ 3.9%
Growth		↑ 31.2%	↑ 26.3%	↑ 35.6%
Innovation		n/a	n/a	↑
Subsidiaries		↑ 18.7%	↑ 11.6%	↑ 1.8%

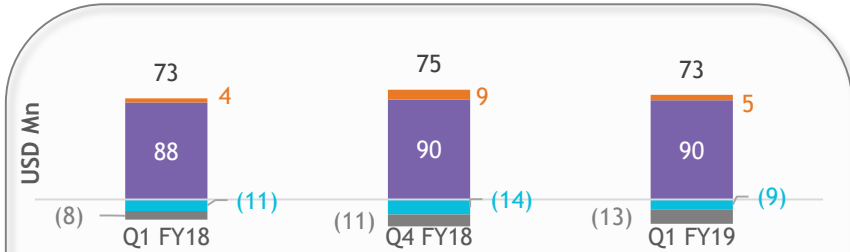
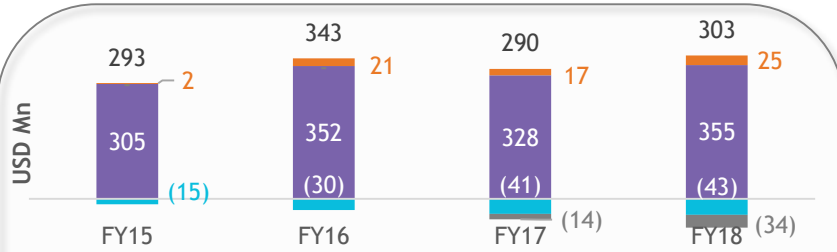
Q-o-Q

	Growth %	YoY	QoQ
Traditional		↓ (4.6%)	↓ (1.8)%
Growth		↑ 20.8%	↓ (8.5)%
Innovation		↑	↑ 80.4%
Subsidiaries		↓ (2.4%)	↓ (9.6)%

- Data business was steady this quarter despite industry headwinds
- Traditional services declined 4.6% YoY & 1.8% QoQ due to operator consolidation in India
- Growth services witnessed a growth of 20.8% YoY. Within this portfolio, IZO services grew by 188% and Media services grew by 44% YoY.
- Change in treatment of one-time service revenue in accordance with IndAS 115 has impacted our data services portfolio including Growth Services. Going forward one-time service revenue will be amortised over the life of contract which is in the range of 3-5 years in case of Growth Services.

Note: USD-INR: FY15 - 61.13; FY16 - 65.44; FY17 - 67.07; FY18 - 64.47.; Q4FY17 - 67.09; Q1FY18 - 64.48; Q2FY18 - 64.30; Q3FY18 - 64.77; Q4FY18 - 64.35; Q1FY19 - 66.94; Quarterly data has been re-cast for like to like comparison

# PERFORMANCE HIGHLIGHTS | DATA - EBITDA



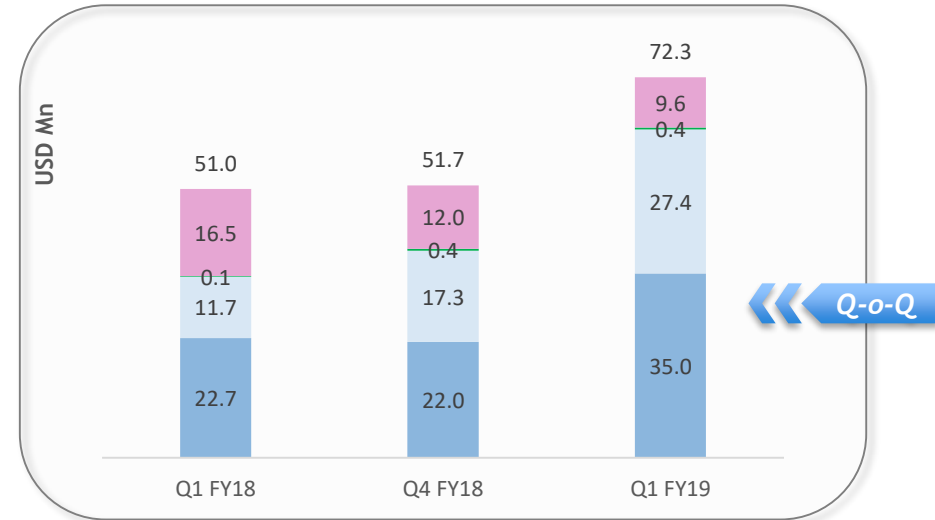
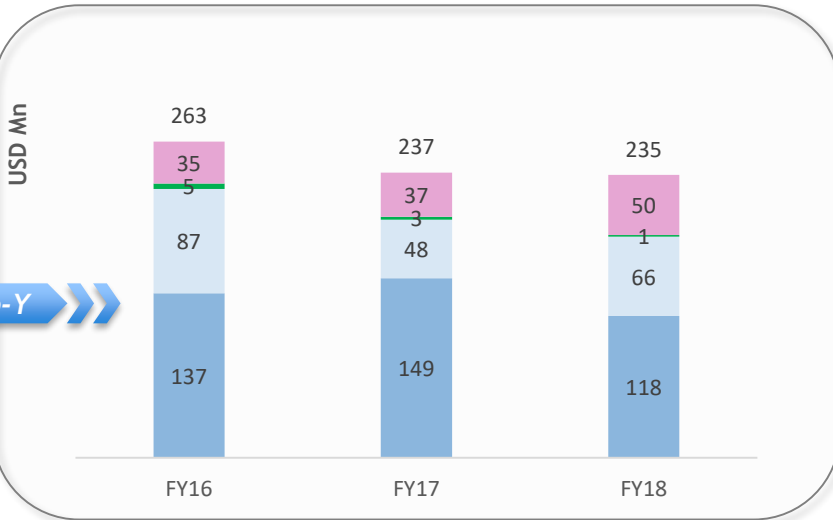
Y-o-Y	Margin %	FY15	FY16	FY17	FY18
Traditional		26.3%	↑ 28.6%	↓ 28.3%	↑ 29.6%
Growth		(9.6)%	↓ (14.8%)	↓ (16.0%)	↑ (12.4%)
Innovation		n/a	n/a	↓	↓
Subsidiaries		1.5%	↑ 11.0%	↓ 8.3%	↑ 11.9%

	Margin %	Q1FY18	Q4FY18	Q1FY19	Q-o-Q
Traditional		28.7%	30.4%	↑ 30.8%	
Growth		(14.3%)	(14.1%)	↑ (10.5%)	
Innovation		n/a	n/a	↑	
Subsidiaries		7.1%	16.4%	↓ 9.9%	

- Despite decline in revenue; Q1 FY19 Data EBITDA was flat on YoY basis with margins improving by 10 Bps due to cost efficiencies
- For Traditional Services, the EBITDA for the quarter came in at USD 89.6 MN; EBITDA margin was 30.8% for the quarter and expanded by 210 bps on a YoY basis and 40 bps on a QoQ basis on the back of sustained productivity initiatives.
- For Growth Services, EBITDA loss declined to USD 9.4 Mn in Q1FY19 as compared to USD 13.7 Mn in Q4FY18

Note: USD-INR: FY15 - 61.13; FY16 - 65.44; FY17 - 67.07; FY18 - 64.47; Q4FY17 - 67.09; Q1FY18 - 64.48; Q2FY18 - 64.30; Q3FY18 - 64.77; Q4FY18 - 64.35; Q1FY19 - 66.94

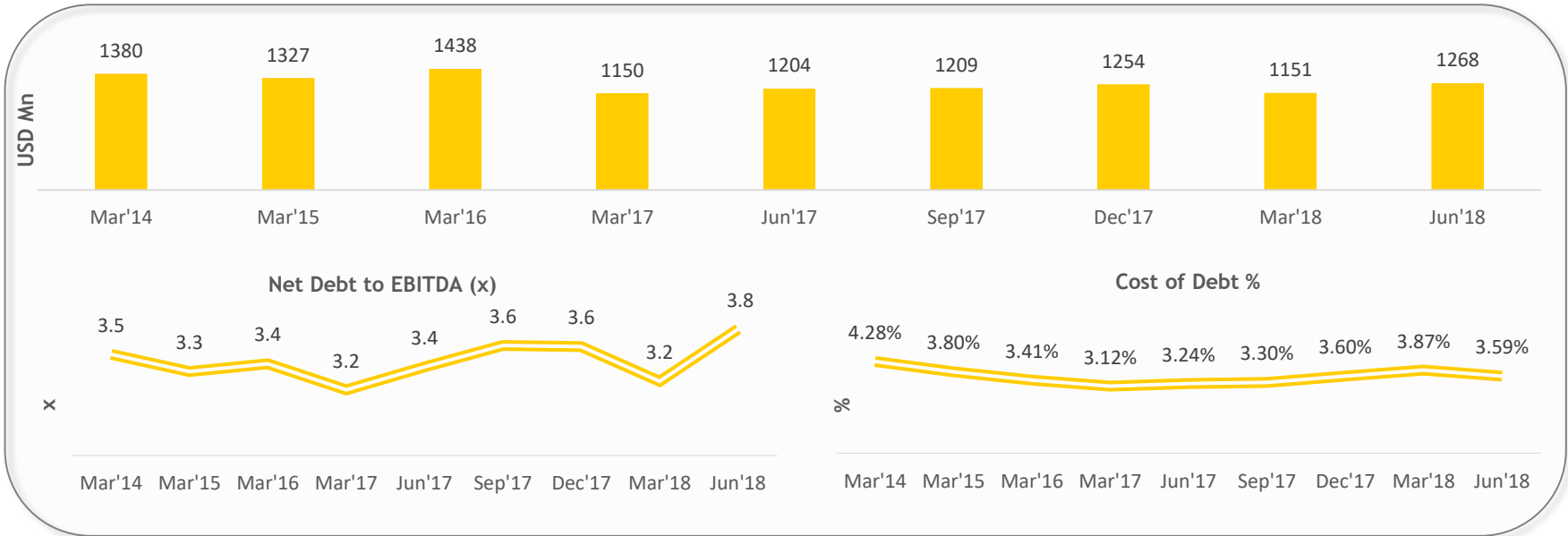
# PERFORMANCE HIGHLIGHTS | CAPITAL EXPENDITURE



● Data Sustenance 
 ● Data Growth 
 ● Voice 
 ● Others

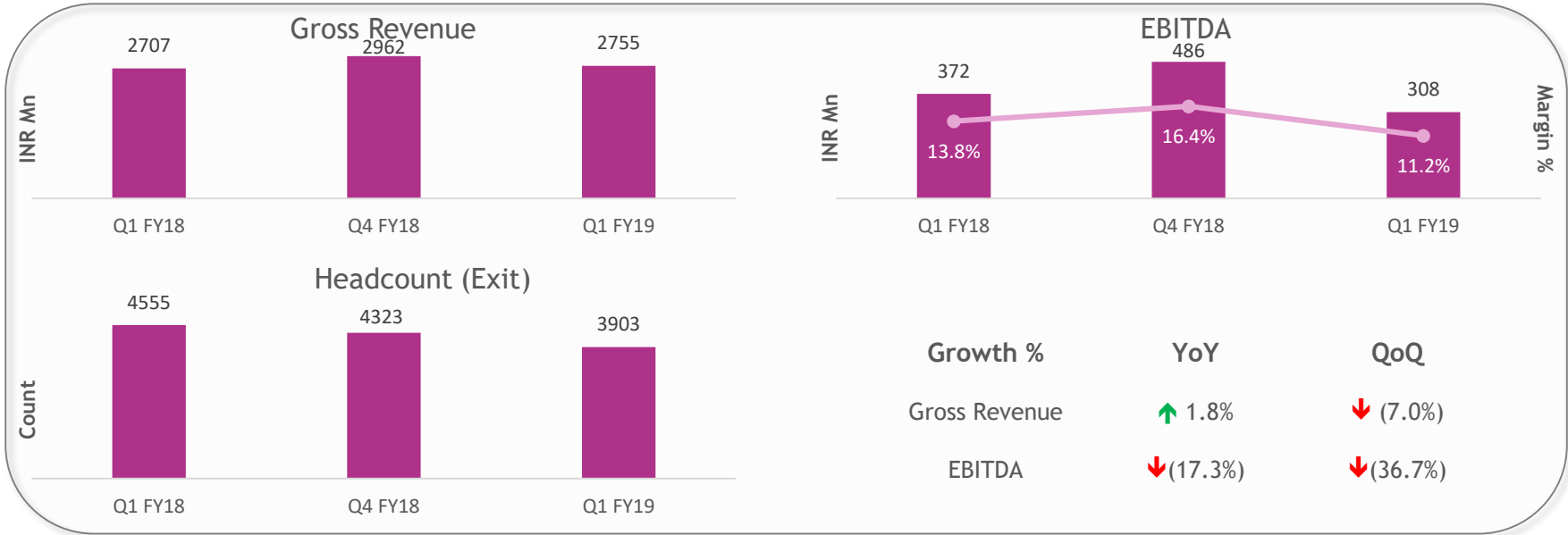
- Q1 capex was at USD 72 Mn; increase in capex was due to spend on expansion of India access network and investment in BBG cable.
- Around 80% of the Capex is spent on Data Business
- Capex spent on Others include sustenance capex towards network engineering, IT, customer service operations etc

# PERFORMANCE HIGHLIGHTS | NET DEBT



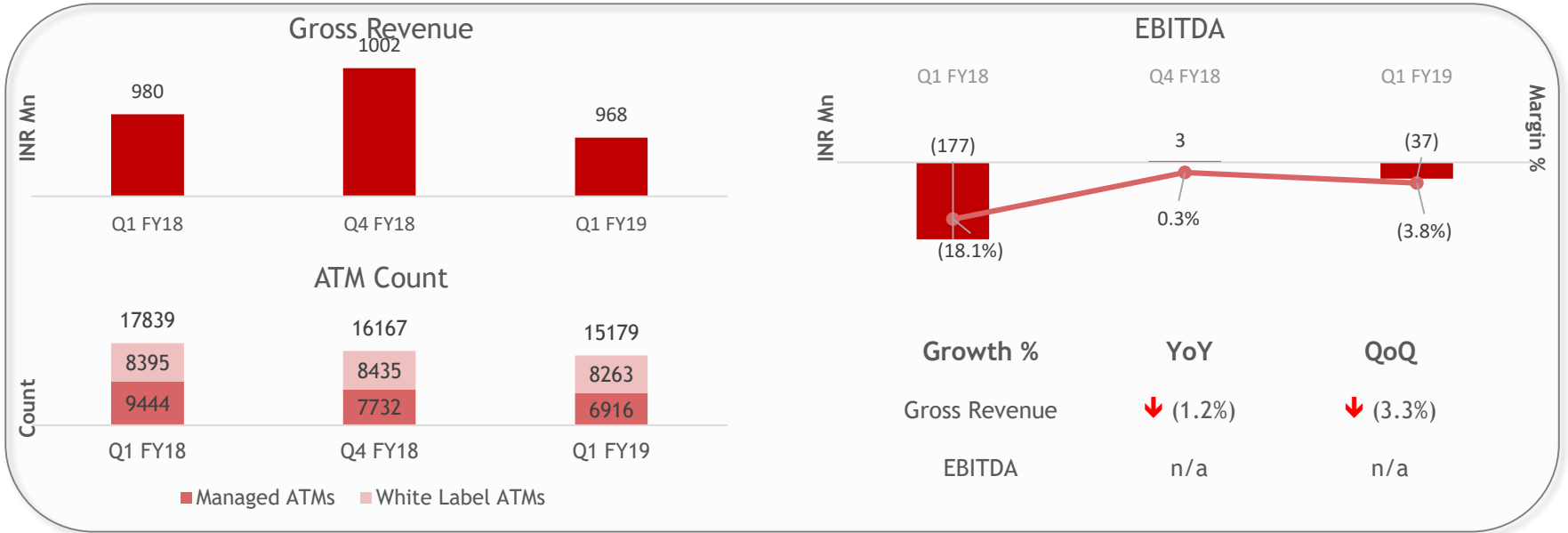
- Net debt at the end of quarter was at USD 1,268 Mn, an increase of USD 117 Mn over last quarter. Increase is on account of working capital movement and high capex spend during the quarter.
- Cost of debt In Q1 was at 3.59% lower by 28 Bps QoQ as Q4FY18 had a one-time impact of arrangement fees in refinancing Long-Term loan

# PERFORMANCE HIGHLIGHTS | TCTSL - STANDALONE



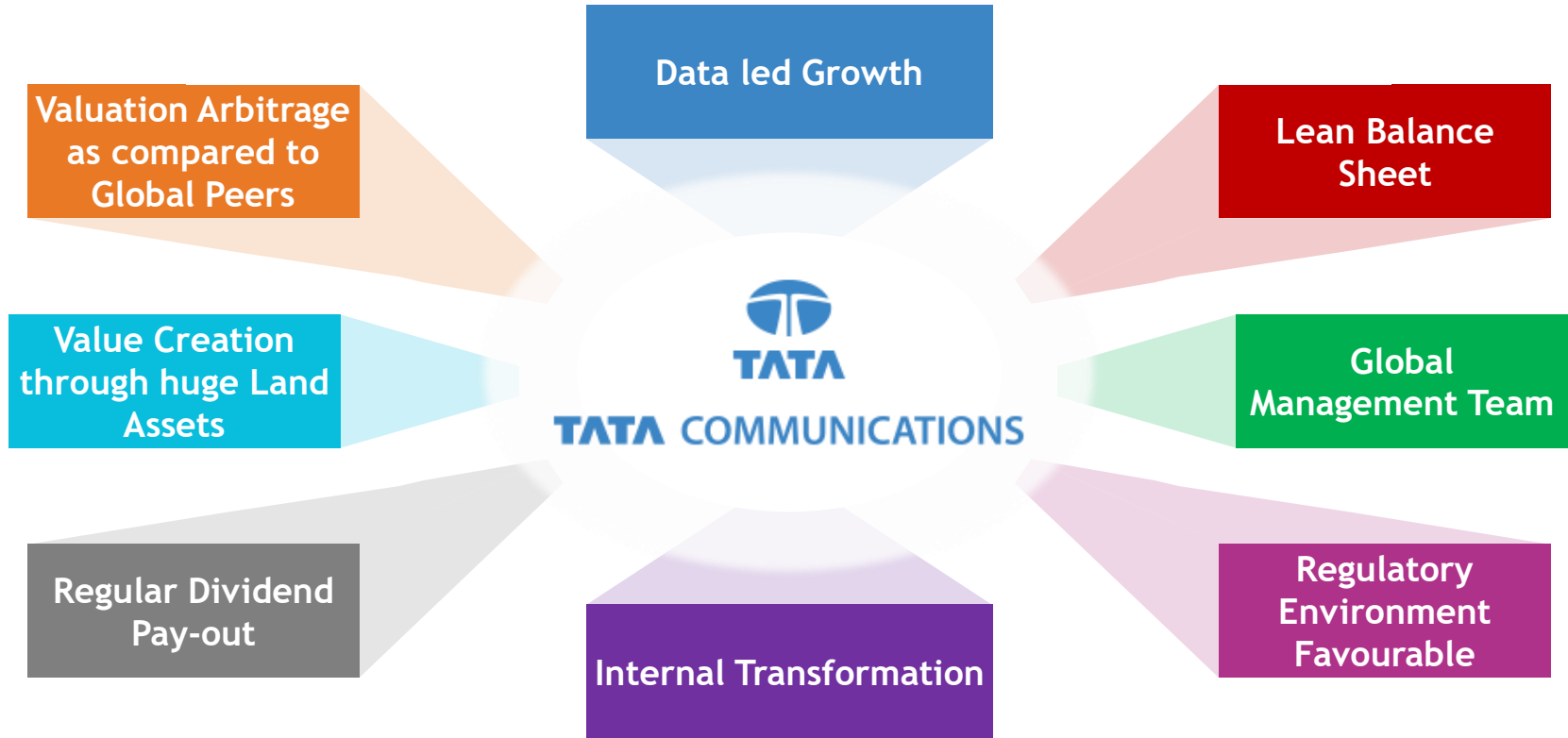
- Transformation services revenue witnessed a growth of 1.8% YoY and a decline of 7% on QoQ basis. The decline in revenue was on account of closure of Tata tele business operations

# PERFORMANCE HIGHLIGHTS | TCPSL - STANDALONE



• *Payment solutions business was affected by lower daily transactions as we are consolidating our ATM portfolio by closing some of the less profitable ATMs. Both revenue and EBITDA declined leading to a marginal EBITDA loss this quarter, including impact of provision for doubtful debts of INR 4.9 crores.*

# INVESTMENT THESIS





## KEY TAKE AWAY

- ❑ Riding on global data growth
- ❑ Digital Transformation and Cloud adoption to drive the business growth
- ❑ Transformation driving demand for SD WAN and network virtualisation services
- ❑ Positioned for the first time by Gartner in its 2017 Magic Quadrant for Managed Hybrid Cloud Hosting, Asia/Pacific as a niche player
- ❑ Positioned as “Leader” in Gartner magic quadrant for network services, global for 5th consecutive year.
- ❑ Digital push through partnerships
  - ❑ Partnership with Microsoft Teams, My Republic, NEP, Doki Technologies
- ❑ The revamped GTM strategy has started to show positive results with an improvement both in funnel adds as well as in closed sales. Product penetration ratio (which is the number of products sold to each customer) of Top 300 customer has improved from 4.93 in Q1 FY18 to 5.22 in Q1 FY19.
- ❑ Growth services continued to witness strong momentum with a YoY growth of 20.8%.
- ❑ FY18 Dividend of INR 4.5/share which is 45% of face value of each share
- ❑ Demerger of surplus land approved by shareholders and NCLT - After the transfer of surplus land, the company still holds close to 850 acres of land across various states, and the de-merger will enable evaluation of options to monetise this land at a later stage
- ❑ Awarded as one of the ‘Best Companies to Work For®’ in Hong Kong, 2018, as per the Great Place to Work® Trust Index© and Culture Audit© 2017 - 2018.

# THANK YOU

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