

# Investor Presentation

November 2021



**TATA** COMMUNICATIONS

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# Business overview

**TATA** COMMUNICATIONS

# We are Tata Communications

A digital ecosystem enabler, part of India's multibillion-dollar conglomerate, the prestigious Tata Group.

We enable the digital transformation of enterprises, globally - unlocking opportunities for businesses by enabling borderless growth, boosting product innovation and customer experience, improving productivity and efficiency, embedding agility and managing risk. Both today and in the future.

With a customer solution orientated approach, proven managed service capabilities and cutting-edge infrastructure, we drive the next level of intelligence powered by cloud, mobility, IoT, collaboration, security and network services.

**12,000+**  
employees  
worldwide

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**190+**  
countries  
of operation

---

**50+**  
entities across  
the globe

---

**37+**  
diverse  
nationalities

---

**~7,000+**  
customers (including  
300 of the Fortune 500)

---

**Top**  
percentile  
of NPS®

---

# Providing connectivity to the world

**30%**

Global internet routes  
carried by us

---

**#1**

Enterprise data and  
colocation services in India

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**80%**

Cloud giants are connected to  
their businesses through us

---

**4 of 5**

Global mobile subscribers  
connected through our  
network

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**Leader**

In Gartner's Magic Quadrant  
for Network Services (Global)  
2021 - 8 years in a row

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**#1**

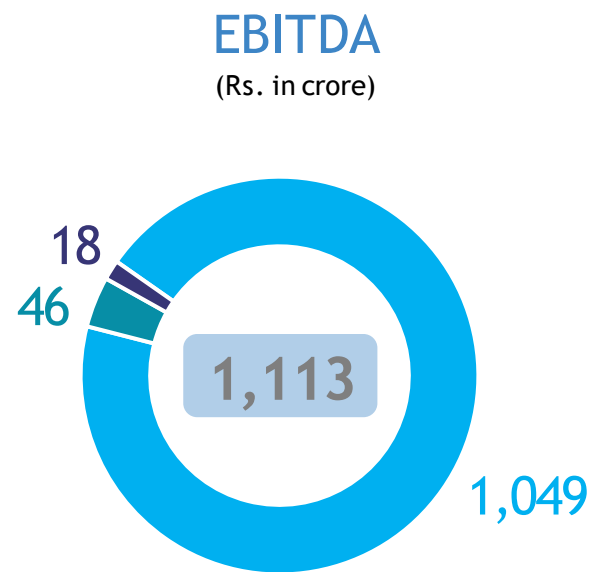
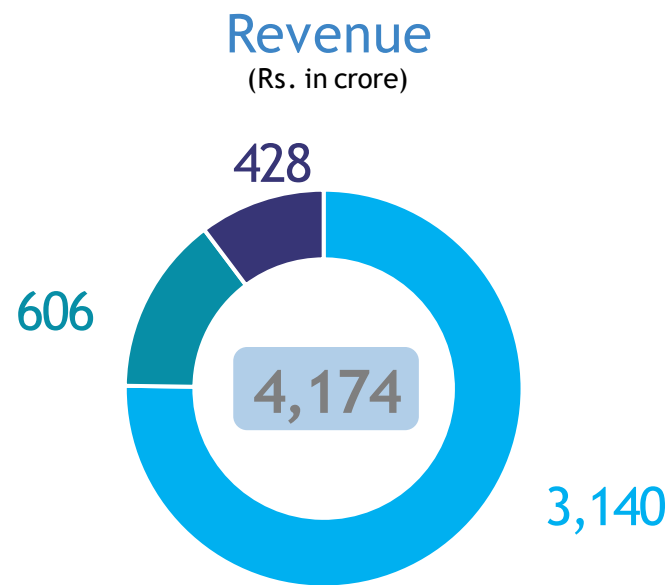
Wholesale voice provider  
submarine cable owner on-net  
mobile signaling (globally)

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# Key Performance Indicators

## Numbers that matter

Our Data business remains instrumental to our overall revenue. As we grow scale, we are confident of an upward momentum in our profit trajectory in the coming quarters.



■ Total ■ Data ■ Voice ■ Others

**Rs. 425 crores**

PAT

**Rs. 392 crores**

CAPEX

**1.9 times**

Net debt/EBITDA

Our evolution

# Transformation is in our DNA

2002

Tata group acquires 25% stake in VSNL (India)

Inception



7

2005-06

- Acquired Tyco and Teleglobe, establishing a global presence
- Launched next-generation dedicated global Ethernet service connecting North America, Europe and Asia

Diversification



2008

- Established as Tata Communications
- Diversified into enterprise segment

2010

Launched managed services portfolio for enterprises

2014

Launched the most comprehensive cloud enablement platform, IZO<sup>(TM)</sup>

2017

Launched NetFoundry, a revolutionary SaaS start-up platform and MOVE<sup>(TM)</sup>, a mobility and IOT platform

2018-20

Getting ready for the next wave of growth as a global digital ecosystem enabler

2021

Gol exits Tata Communications by divesting its 26% stake in the company

Innovation

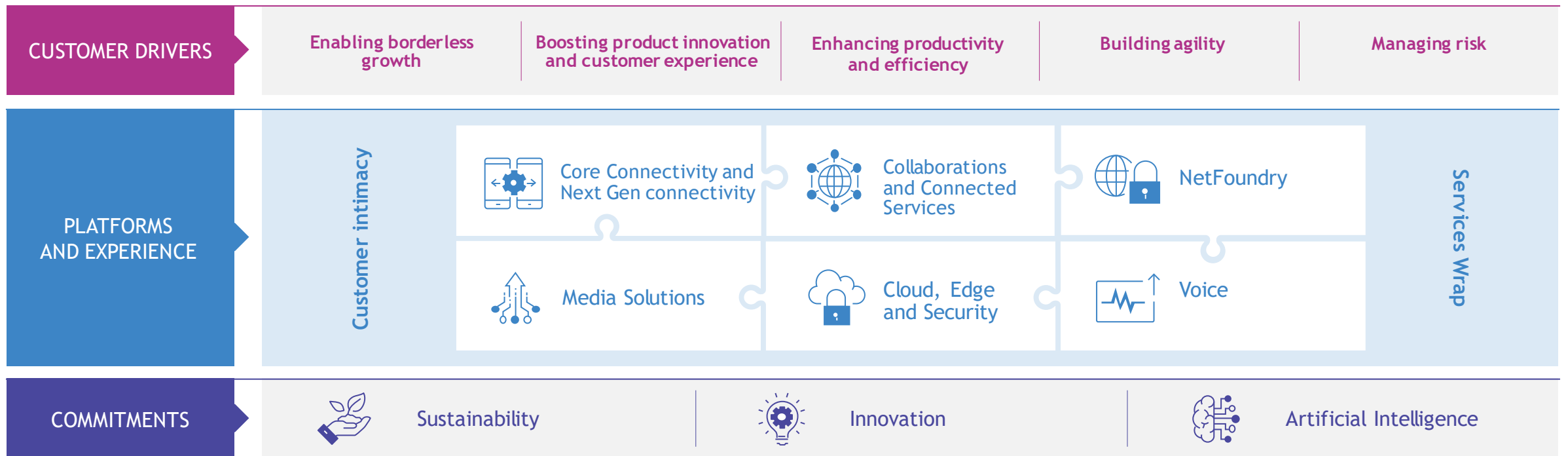


TATA COMMUNICATIONS

# What, why and how Tata Communications at a glance

## Why we exist

Deliver a new world of communications to the industry and our customers



## How we do it

### Our DRIVE culture

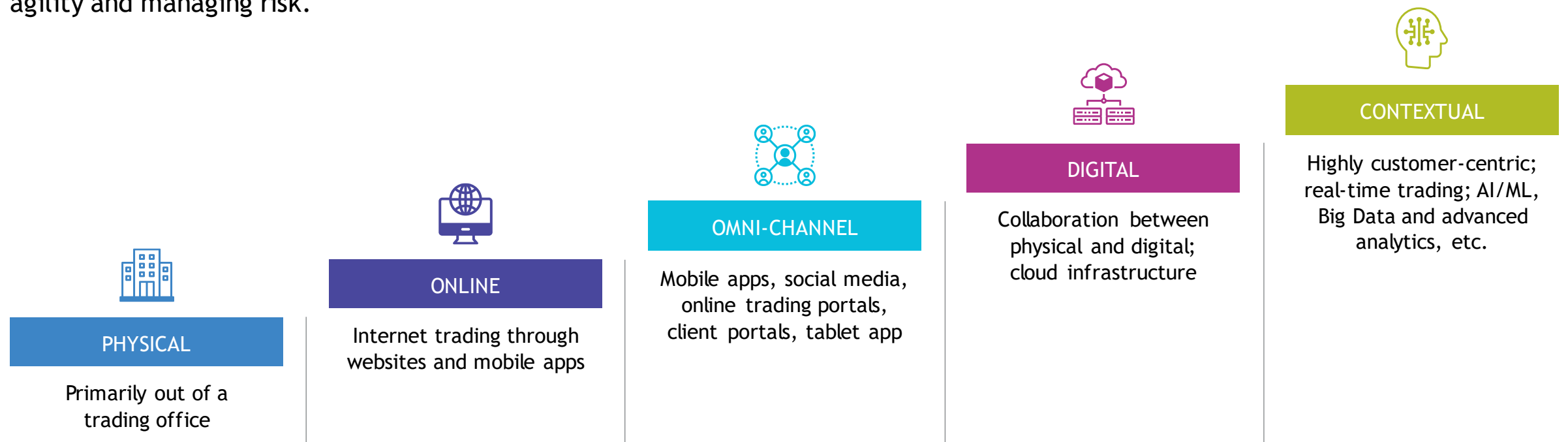
Daring | Responsive | Inclusivity | Venturing | Ethical



What we do

# Providing solutions for every stage of digital maturity

Helping customers unlock opportunities through digital transformation - enabling borderless growth, boosting product innovation and customer experience, improving productivity and efficiency, building agility and managing risk.



Our customers

# We cater to multiple industries

 AUTOMOTIVE	 MEDIA & ENTERTAINMENT	 SPORTS	 MANUFACTURING	 PHARMACEUTICAL	 INSURANCE	 HEALTHCARE
 TELECOM	 BANKING	 CONSTRUCTION	 SERVICES	 FINANCE	 ENERGY	
 RETAIL	 IT/ITES	 CONSULTING	 REAL ESTATE	 E-LEARNING	 E-COMMERCE	 GOVERNMENT

Our customers

# Representing some of the biggest brands



**HCL**

Petrofac 



Official Global  
Connectivity  
Supplier



**FEDERAL BANK**  
YOUR PERFECT BANKING PARTNER



**Hewlett Packard  
Enterprise**



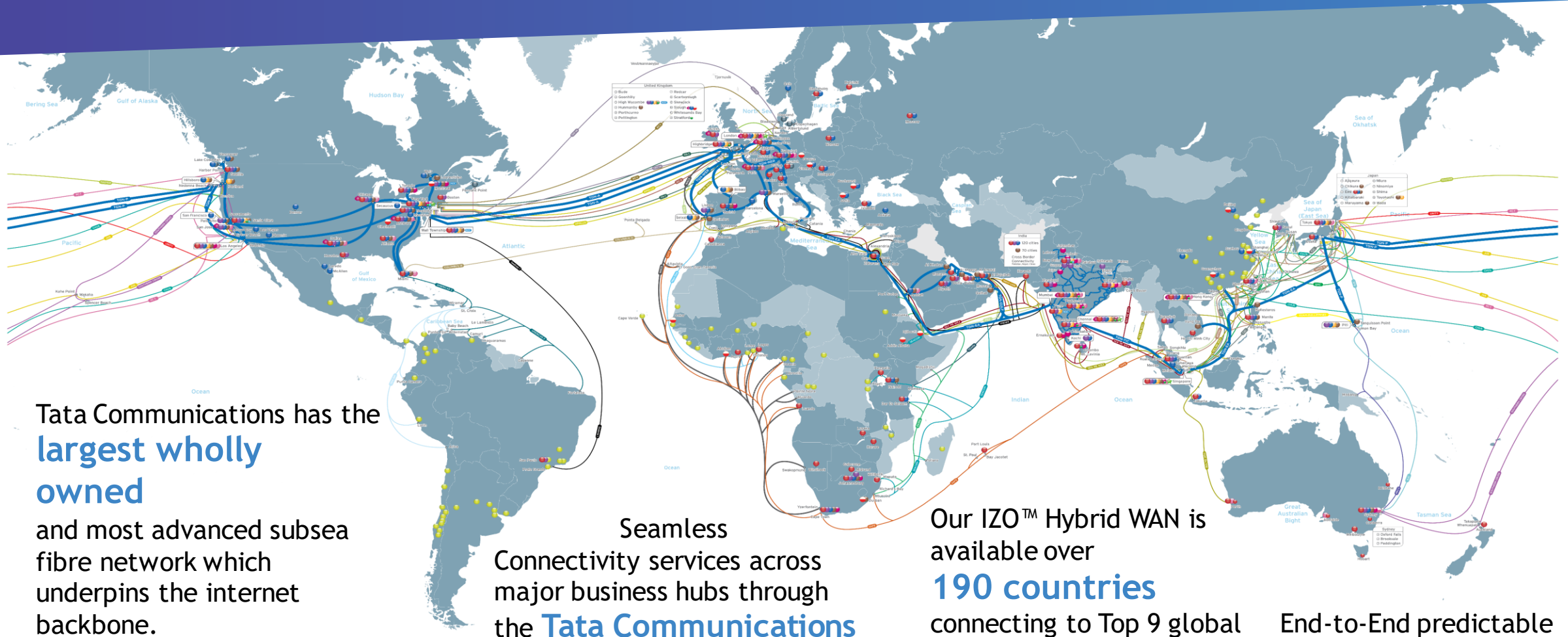
**Indiabulls**

**DEVYANI**  
INTERNATIONAL LIMITED



# How we do it

## Our globally local digital infrastructure



Tata Communications has the **largest wholly owned** and most advanced subsea fibre network which underpins the internet backbone.

Seamless Connectivity services across major business hubs through the **Tata Communications Global Network (TGN)** and consortium investments

Our IZO™ Hybrid WAN is available over **190 countries** connecting to Top 9 global public Cloud platforms.

End-to-End predictable Internet delivery in over **130 countries**



# Strategic overview

**TATA** COMMUNICATIONS



# Trends shaping the industry

We facilitate businesses to pursue digital transformation through navigating new and emerging technologies, to transition seamlessly into a more intelligent future.

### Platform economy

**7 of 10**

Most valuable companies based on platforms

(Source: [Bloomberg and Google](#))

### Managed services

**11.2%**

Growth of global managed services between 2021 and 2026

(Source: [Mordor Intelligence](#))

### Enterprise mobility

**5.8 billion**

Mobile subscriptions by 2025

(Source: [GSMA Intelligence](#))

### Internet of Things (IoT)

**73.1 ZB**

Data will be generated globally, by 55.7 billion IoT devices by 2025

(Source: [IDC](#))

### Cloud computing

**45%**

Of the IT spending will shift to the cloud by 2024

(Source: [Gartner](#))

### Hybrid SDN

**60%**

Of enterprises will have implemented SD-WAN by 2024

(Source: [Gartner](#))

### Cybersecurity awareness

**10.1%**

CAGR (2020-25) for End-user spend for information security & risk mgmt

(Source: [Gartner](#))

### Artificial Intelligence (AI)

**30%**

of organizations planned to increase AI investments in 2020

(Source: [Gartner](#))

Market we address

# Our opportunity landscape

While all areas of our portfolio are expected to grow, 6 key pillars have been identified to significantly contribute to our growth in revenue.



**CORE CONNECTIVITY**



**NEXT GENERATION CONNECTIVITY**



**COLLABORATION & CPaaS**



**CONNECTED SERVICES**



**CLOUD, HOSTING, SECURITY & SD-WAN**



**VOICE**

## Available Market 2024

Core Connectivity	
CAGR	(1.9%)
2024	\$132Bn
2020	\$136Bn

Next Generation Connectivity	
CAGR	14.5%
2024	\$18Bn
2020	\$11Bn

Collaboration and CPaaS	
CAGR	+14.9%
2024	\$68Bn
2020	\$39Bn

Connected Services	
CAGR	+24.2%
2024	\$28Bn
2020	\$12Bn

Cloud, Hosting, Security & SDWAN	
CAGR	+18.4%
2024	\$30Bn
2020	\$15.4Bn

Voice	
CAGR	(5.9%)
2024	\$9Bn
2020	\$11Bn

15 Cloud and Hosting are primarily India based and the relevant market share has been stated

# Recognised for excellence

We're positioned as a Leader in the 2021 Gartner Magic Quadrant for Network Services, Global - 8 years in a row



## Analyst take on Tata Communications

- Tata Communications' IZO internet WAN offer provides an enhanced internet service with end-to-end SLAs based on the backbone of Tata, combined with access from local ISP partners in more than **125 countries**.
- Tata Communications has strong coverage of the APAC region, Africa and the Middle East, combined with good coverage in Europe.
- Tata is working with its NetFoundry subsidiary to develop an application-aware, secure, zero-trust WAN offer.

# Industry accolades Recognised for excellence



APAC Top 10 IoT Solution  
Companies 2019



- Most Innovative IoT Project
- Most Innovative Telecom Project



Leader in IDC Asia/pacific:  
communications SP SD-WAN  
managed services 2020



Great Place to Work-Certified™ from April 2020 -  
March 2021. Certified for 4 years in a row!

F R O S T & S U L L I V A N

Enterprise Telecom service provider  
Company of the Year - Large  
Enterprise Segment

Enterprise Data Service Provider  
Company of the Year

Managed Multi Cloud Service  
Provider Company of the Year

SDWAN Service Provider Company of  
the Year

Unified Communications Service  
Provider Company of the Year

Managed Security Service Provider  
Telecom Company of the Year

Cloud Interconnect Service  
Provider Company of the Year

Video Managed Service Provider  
Company of the Year



# Our key stakeholders



**TATA** COMMUNICATIONS



# Our shareholders

## Maximising long-term intrinsic value

The sustained trust and confidence of our shareholders enable us to remain focused on achieving our strategic objectives and maximizing long-term returns.



### Drive capital efficiency

- Recalibrate investments
- Co-create with partners
- Inculcate 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 long-term growth

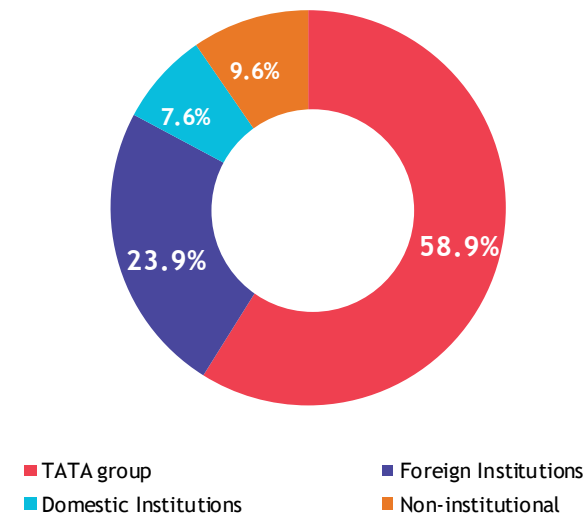
- Reshape portfolio
- Invest in new services/ innovation to differentiate and accelerate growth



### Create strategic flexibility

- Generate free cash flow and deleverage balance sheet
- Pursue opportunities to unlock intrinsic value
- Rationalise businesses with sub-par return profiles

Shareholding pattern as of 30 Sept 2021



Our community

# Sustainability and CSR

## ENABLING SUSTAINABILITY AS KEY DRIVER FOR BUSINESS INNOVATION & GROWTH



- We are uniquely positioned to deliver the digital future now while doing good for **People**, the **Planet** and **Communities**
- Our goal is to make a positive, tangible impact on the environment and society through our actions and through our products and services for our customers.
- Maintaining transparency and communicating our progress to stakeholders - **Sustainable Development Report, Carbon Disclosure Project, Website, Annual Report, EcoVadis assessment.**



<b>H&amp;S Management System (ISO 45001) certification</b>	15 facilities certified. Singapore (2), Canada (3), and India (10).
<b>MULTIPLE BEST EMPLOYER RECOGNITIONS</b>	'Great Place to Work' in India, Hongkong, Canada, US and Australia Kincentric Best Employers - India 2020 for the fifth year in a row
<b>22% Women in the workforce</b>	Diversity mix among our new hires increased from 19% (FY20) to 27.3% (FY21)
<b>3,722+ CERTIFICATIONS COMPLETED BY EMPLOYEES</b>	with minimum 16 hours of effort



<b>Received 'A-' leadership score in Climate Disclosure Project</b>	for implementing best practices in sustainability for climate change. Score is higher than the global average of 'C'
<b>61% increase</b>	in Renewable Energy sourcing globally compared to FY 2019-20.
<b>21% decrease</b>	in Water consumption w.r.t FY 20 baseline
<b>Environmental Management System (ISO 14000:2015) certification</b>	All major facilities in India certified



<b>4,30,973 LIVES IMPACTED</b>	72% women and girls 51% - affirmative action communities
<b>16 long term projects</b>	Presence across 10 states in India International presence - Singapore
<b>300+</b>	Touchpoints with investors and analysts
<b>31,013 VOLUNTEERING HOURS</b>	Contributed by 7,572 volunteers to reach 1,99,29 lives

# Our People

## Our DRIVE culture

Despite 2020 being a difficult year, we saw an improvement in per employee learning days, translating into a **35% increase** in total learning person-days to 112,782. We view our success as a result of the unstinting commitment of our people and their efforts.

### Our greatest asset? Our people.

Can-do attitude	Collaboration	Continuous learning	Innovation
Mindset for growth and agility	Ownership and accountability	Problem solving	Skills transformation

**100%** (FY2020-21)

Learning via digital mode in Tata Communications Learning Academy

**3722** (FY2020-21)

Certifications completed by employees with minimum 16 hours of effort

Total outreach, impacting  
**2,29,806 lives**

which is also a result of community action undertaken by our employees. A total of 4,679 hours were channelised to improve the lives of the communities we serve as part of our CSR initiatives

Certified as a Great Place to Work  
by Great Place to Work Institute  
(Australia, Canada, Hong Kong, India, and USA)

- 'Best Workplaces in Asia' for the year 2020 (Hong Kong) - 2<sup>nd</sup> year in a row
- Best Employers in India for 2020 by Kincentric (erstwhile Aon) - 5<sup>th</sup> year in a row
- Best Companies for Women in India for 2020 by Working Mother and Avtar - 5<sup>th</sup> year in a row
- Best Workplaces for Women by Great Place to Work Institute (Canada) in 2020



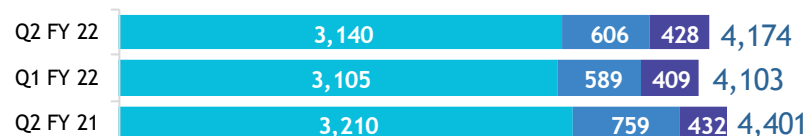
# Performance overview

**TATA** COMMUNICATIONS

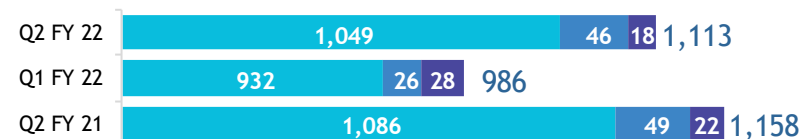
# Key financials (Quarterly)

## Revenue | EBITDA | FCF

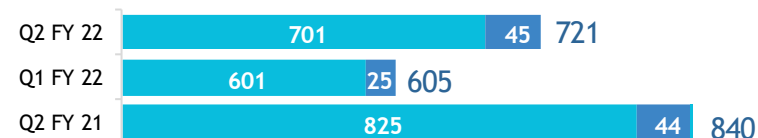
### REVENUE\*



### EBITDA\*



### FCF\*



\*All figures in Rs. crore

FCF = EBITDA less Capex

- Consolidated revenue increased 1.7% sequentially post 4 quarters of decline on the back of improved business outlook. Both Data and Voice business contributed to the growth
- EBITDA grew 12.9% sequentially on the back of continuous focus on improving profitability. Margin came in at 26.7% improving 40 BPs on YoY basis and 260 BPs sequentially
- Profit for the quarter was INR 425 crore as compared to INR 384 crore in the last year, witnessing a 11% growth.

■ Data ■ Voice ■ Others

Revenue Growth %	QoQ	YoY
Data	↑ 1.1%	↓ (2.2%)
Voice	↑ 2.9%	↓ (20.1%)
Others	↑ 4.6%	↓ (1.0%)
Consol	↑ 1.7%	↓ (5.2%)

EBITDA Growth %	QoQ	YoY
Data	↑ 12.6%	↓ (3.4%)
Voice	↑ 74%	↓ (7.1%)
Others	↓ (36%)	↓ (19.8%)
Consol	↑ 12.9%	↓ (3.9%)

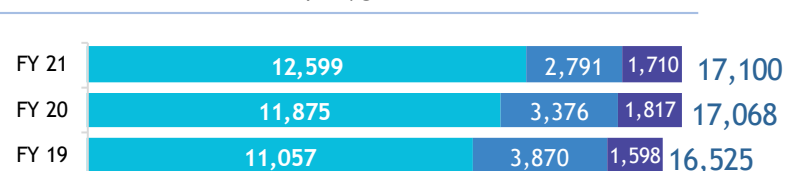
FCF Growth %	QoQ	YoY
Data	↑ 16.8%	↓ (15.1%)
Voice	↑ 83.9%	↑ 2.1%
Consol	↑ 19.2%	↓ (14.2%)



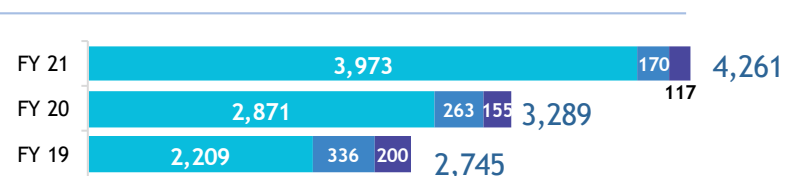
# Key financials (Annual)

## Revenue | EBITDA | FCF

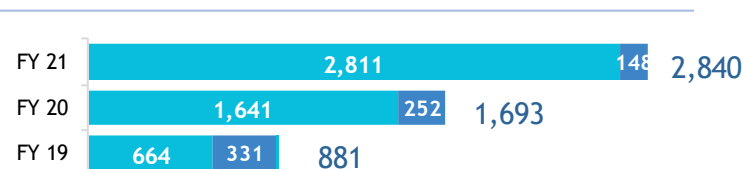
### REVENUE\*



### EBITDA\*



### FCF\*



\*All figures in Rs. crore

FCF= EBITDA less Capex

- Consistent strong growth in Data Business despite industry challenges
- Data business growth is compensating for the decline in Voice business
- Voice business is declining in-line with industry and technology trends
- Shift towards more profitable data business leading to EBITDA growth and margin expansion
- Net Income of INR 1,251 Crs for FY21 translated into an EPS of INR 44/share and contributed to the Net worth turning positive.

■ Data ■ Voice ■ Others

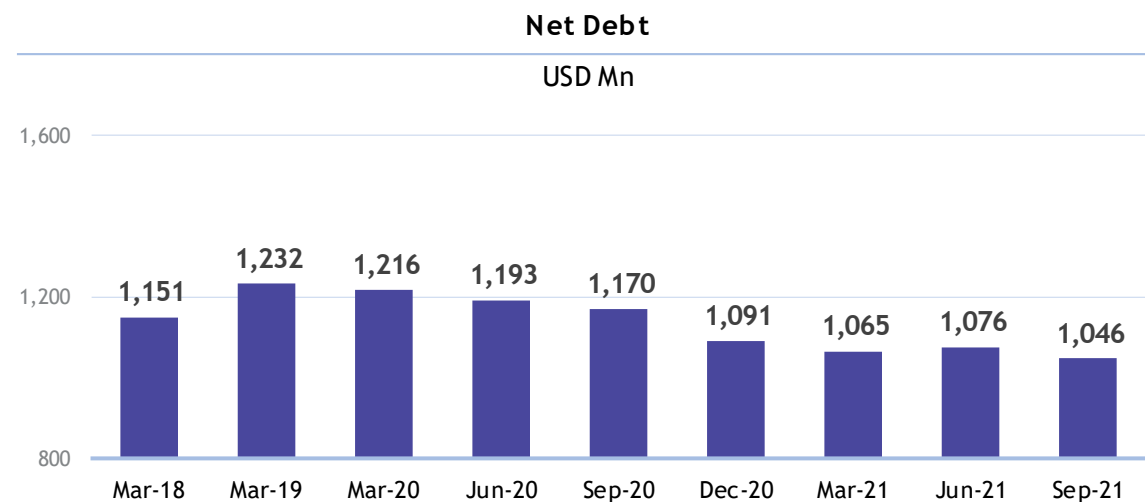
Revenue Growth %	FY 19	FY 20	FY 21
Data	↑ 10.8%	↑ 7.4%	↑ 6.1%
Voice	↓ (27.1%)	↓ (12.8%)	↓ (17.3%)
Others	↑ 7.6%	↑ 13.7%	↓ (5.9%)
Consol	↓ (1.5%)	↑ 3.3%	↑ 0.2%

EBITDA Growth %	FY 19	FY 20	FY 21
Data	↑ 18.9%	↑ 30%	↑ 38.4%
Voice	↓ (3.1%)	↓ (21.6%)	↓ (35.3%)
Others	↓ (4%)	↓ (22.9%)	↓ (24.1%)
Consol	↑ 13.8%	↑ 19.8%	↑ 29.5%

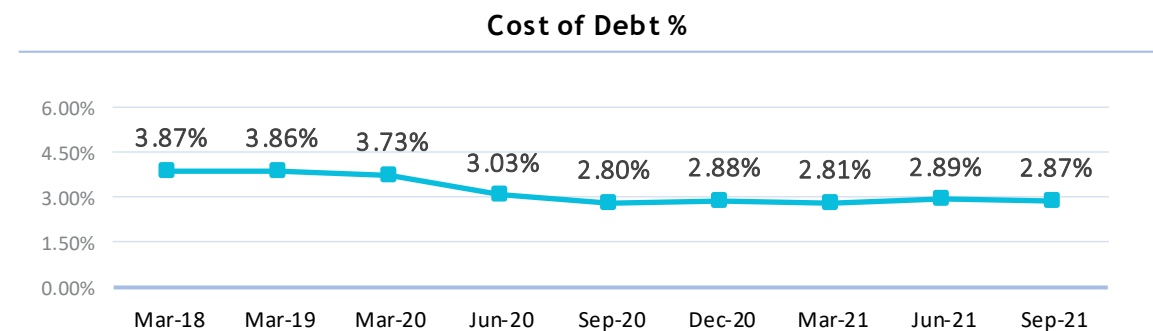
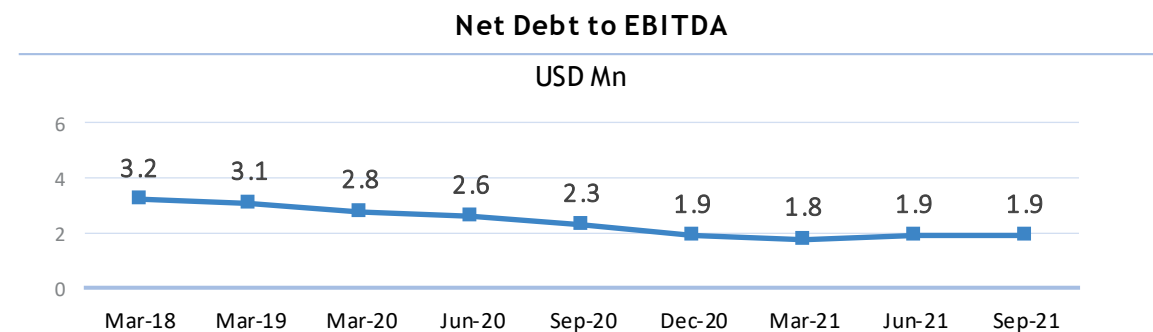
FCF Growth %	FY 19	FY 20	FY 21
Data	↓ (7%)	↑ 147.1%	↑ 71.3%
Voice	↓ (2.1%)	↓ (23.8%)	↓ (41.4%)
Consol	↓ (1.9%)	↑ 92.3%	↑ 67.7%

# Key financials (Annual)

## Performance Highlights | Net DEBT



- Net debt was at USD 1,046 Mn, witnessing a decrease of USD 30 Mn over last quarter, due to strong operational performance and working capital improvement
- Average cost of borrowing for Q2 FY22 was 2.87%, a decrease of 2 BPS over Q1 FY22

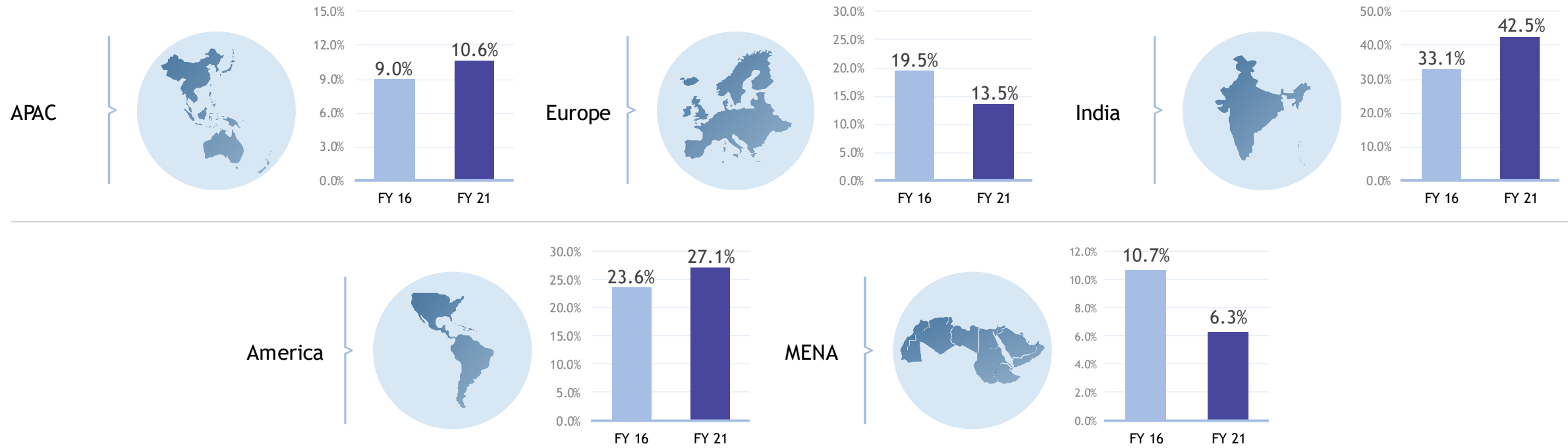


Note: USD-Rs FY17 - 67.07; FY18 - 64.47, FY19 - 69.91; FY20 - 70.89; Q1 FY21 - 75.88; Q2 FY21 - 74.42; Q3 FY21 - 73.82; Q4 FY21 - 72.89; FY21 - 74.25; Q1 FY22 - 73.76, Q2 FY22 - 74.11

# Key financials (Annual)

## Geographical spread

### Gross Revenue Share by Geography -



# Concluding remarks

## Key reflections

<p>Riding on global Data growth</p>	<p>Rising cloud adoption, demand for Intelligent connectivity and need for engaging customer experience to drive the business growth</p>	<p>Transformation driving demand for hosting, SD WAN and network virtualisation services</p>	<p>Positioned as “Leader” in Gartner magic quadrant for network services, global for 8<sup>th</sup> consecutive year</p>	<p>Developing platform play across offerings to create a service-oriented enterprise</p>
<p>Witnessing an improvement both in funnel adds as well as in closed sales.</p> <p>Product penetration ratio (which is the number of products sold to each customer) of Top 300 customer has improved from 5.43 in Q2 FY21 to 5.90 in Q2 FY22</p>	<p>FY21 Dividend of Rs.14/- share which is 140% of face value of each share, and a payout of 32% of Net Profit</p>	<p>Significant land bank with the company (~740 acres) post transfer of surplus land to HPIL</p>	<p>The Government of India, which earlier used to hold a promoter stake of 26% in the company, has exit its entire shareholding in Q4 FY21.</p>	



# Thank you

[www.tatacommunications.com](http://www.tatacommunications.com)

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