



Bharti Airtel

**Investor Conference Presentation –
February 2017**



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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



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)¹
- Declining age dependency²
- Industry consolidation, top 3 operators account for 75% RMS³

Data

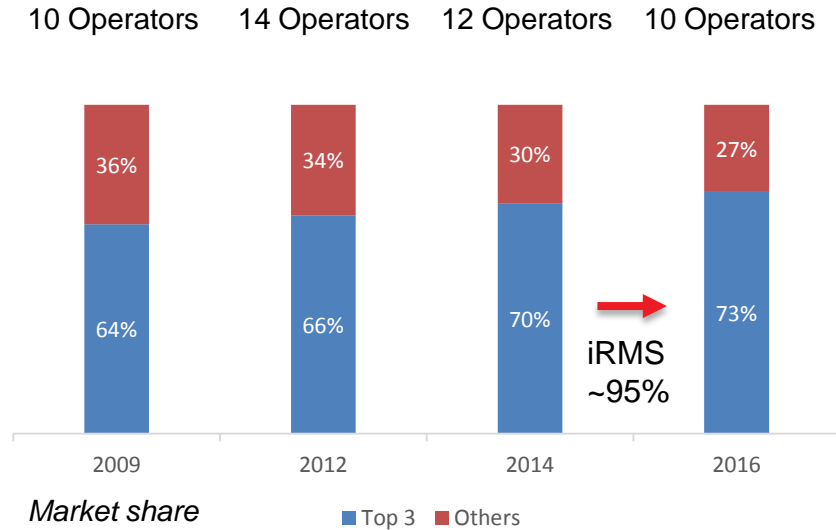
- India mobile broadband (3G/4G) penetration at 15%⁴
- Smartphone shipments show tremendous growth. Smartphone penetration at 24%⁴
- Data traffic to grow by a CAGR of 63% over the period 2015 - 2020⁴

Untapped Opportunities

- Payments Bank and other non-mobile businesses



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 as of FY2016
- Exits by many operators post Feb 2012 SC verdict (122 licenses cancelled), many rationalized their footprints
- Spectrum auctions fortified consolidation story
- Even further consolidation WIP
 - Small players combining
 - Other players evaluating

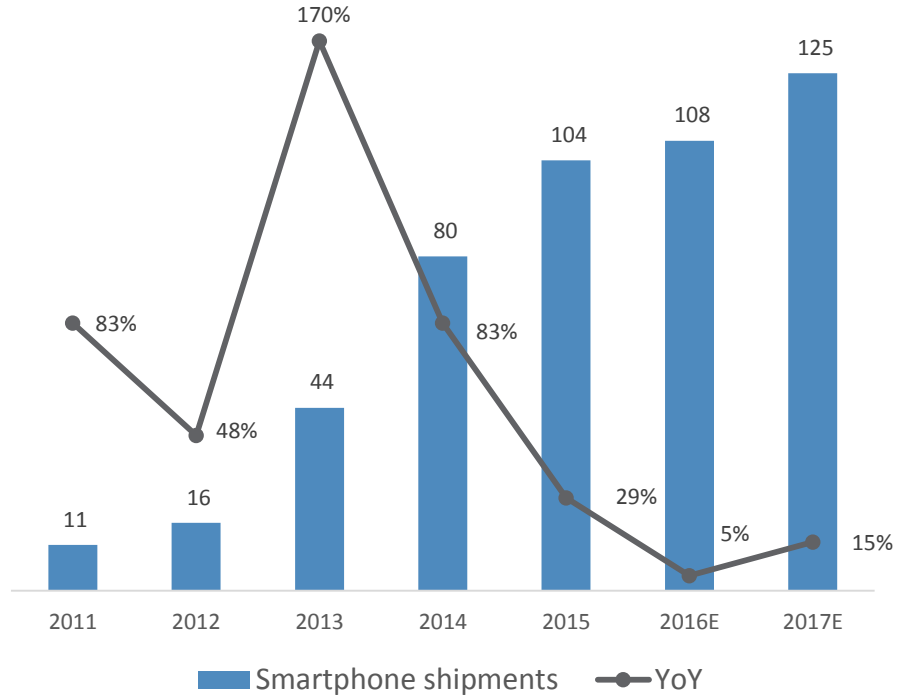
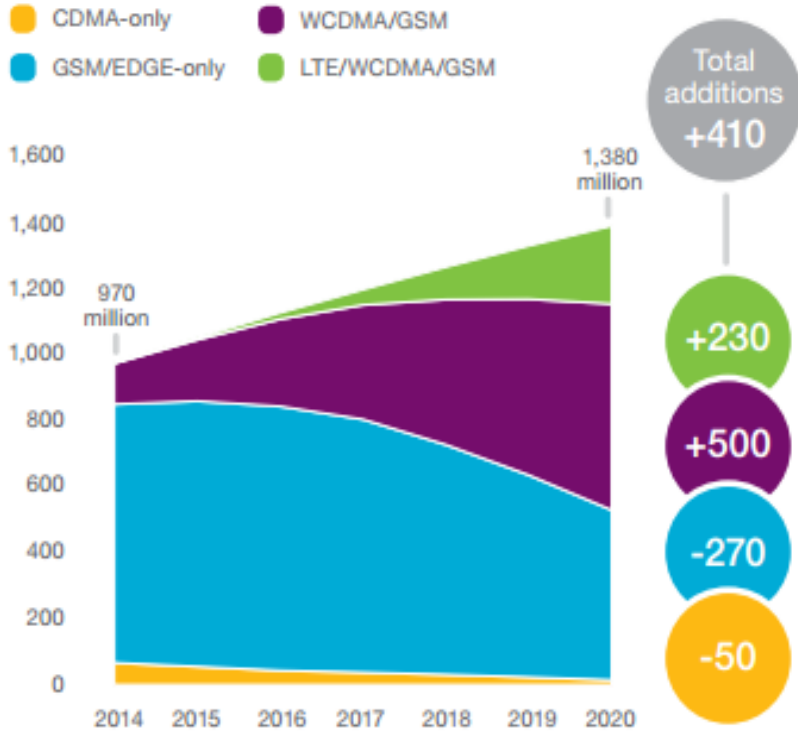


Industry wide focus on improving operational and financial health

Source: TRAI

1. Revenue shares are based on Financial Year Gross Revenues

India: Transitioning to a Smartphone Market



7 out of 10 smartphones shipped in Q2 FY2016 were 4G enabled and 9 out of 10 smartphone sold by eTailers were 4G.

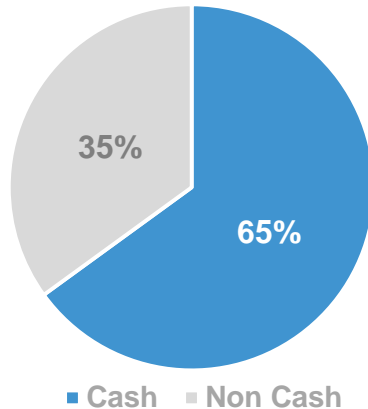


Source: Ericsson Mobility Report; GSMA Intelligence, JPM estimates

Payments Bank –Untapped Opportunity

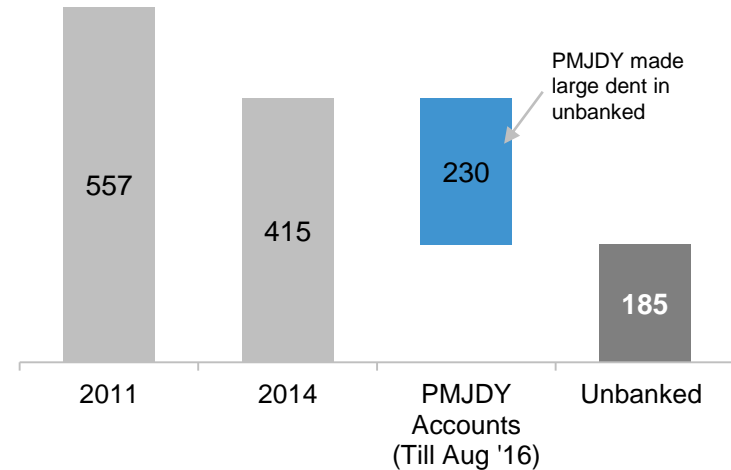
There is a need to drive Financial Inclusion in India to digitize cash and bring the unbanked in the folds for organized banking sector

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/4G coverage pan-India
- Highest spectrum market share ex-MTNL/BSNL

Largest network of towers and base stations

- 95.3% voice population coverage
- Mobile broadband towers up 28.3% over the last year

Largest network of optic fiber

- Global and national long distance fiber – over 453,607 RKms
- Added c. 4,808 RKms over the past quarter

India: Investments to Yield Results

Nominal value of liberalized spectrum at USD 15.5 billion¹

Industry leading revenue yield/MHz at 2x industry avg with same cost/MHz²

Wide spectrum presence: ~21% spectrum market share

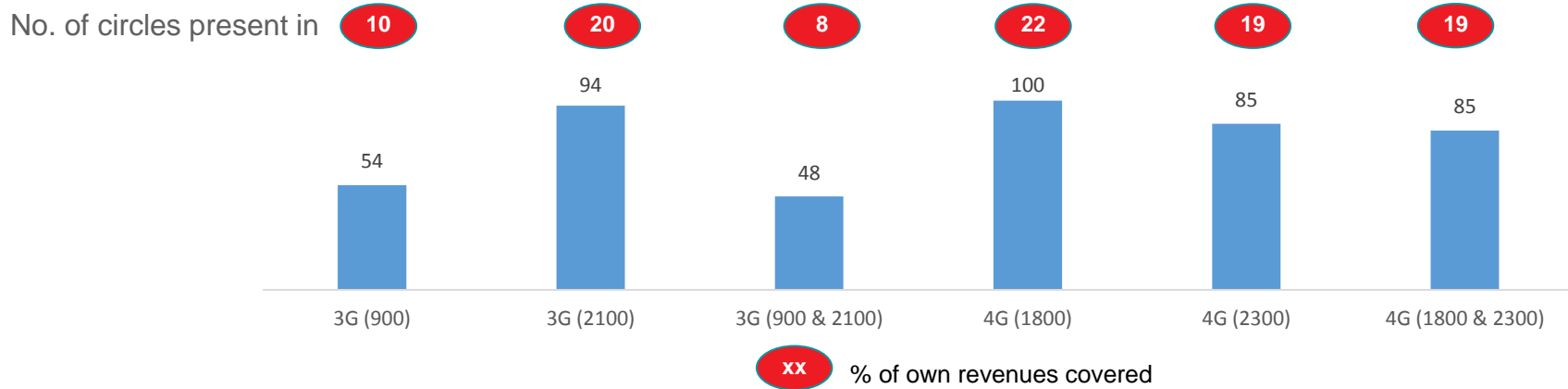
Largest optical fiber network amongst private players

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

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

India: Superior Spectrum Position

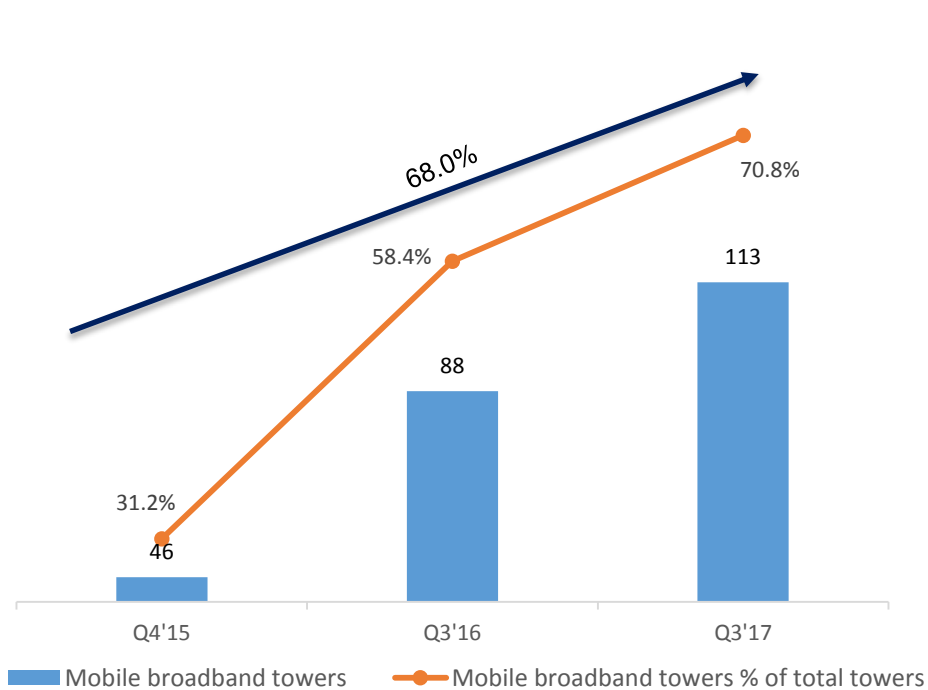
Spectrum holdings across bands; % of own revenues covered¹



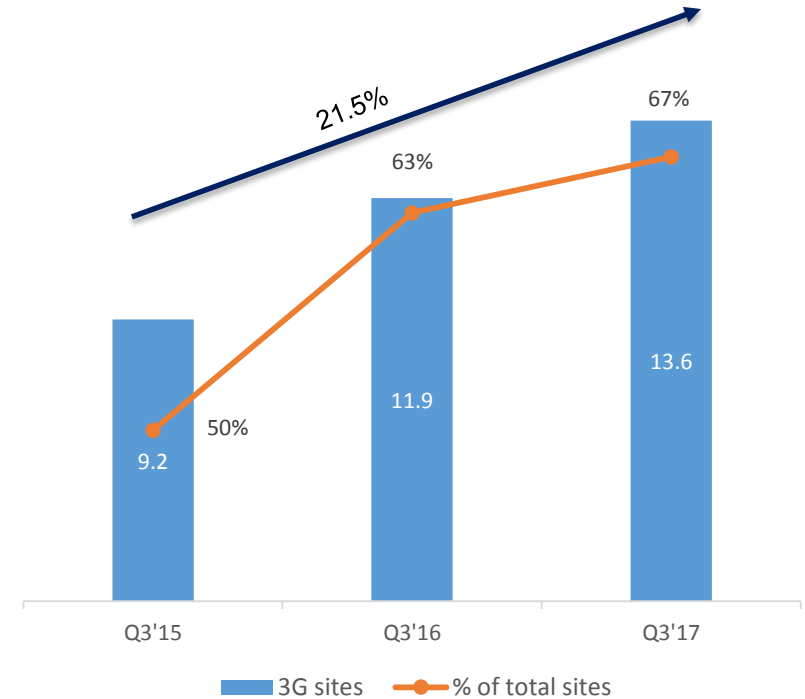
- ✓ 3G sub-GHz available in 10 circles covering ~54% of own revenues and ~45% of industry revenue
- ✓ Pan India 3G and 4G – No Gaps
- ✓ 4G Carrier aggregation covers ~85% of own revenues and ~85% industry revenues
- ✓ 4G capability on 900Mhz is in 10 circle

Aggressive Network Build - Monetize Spectrum

Mobile broadband towers ('000) - India



Total 3G Network Sites ('000) – Africa¹



Africa: Invested for Growth

2010

3Q'17

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: 20,240

Customers: 80 mn

- ✓ Capex Investments till date: \$ 5.3 bn
- ✓ Well funded out of EBITDA: \$ 6.4 bn till date
- ✓ **Thus OFCF = \$ 1.1 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: ~\$3.1 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 significant organic free cash

Leadership across geographies

- Leader in India, #1 or #2 in 11 African countries

Leading market shares

- Highest revenue market share and subscriber market share¹
- Incremental RMS 71.2%¹ Y-o-Y
- Incremental VLR subscriber share 42.7%¹ Y-o-Y

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



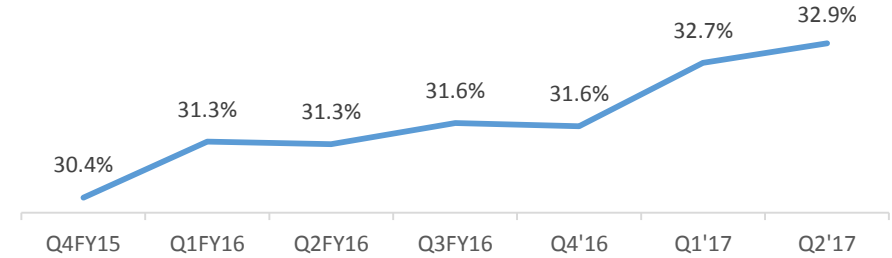
Source: 1. TRAI. Incremental based on Sept'15-Sept'16; only India

Scale brings Operating Leverage

Overview

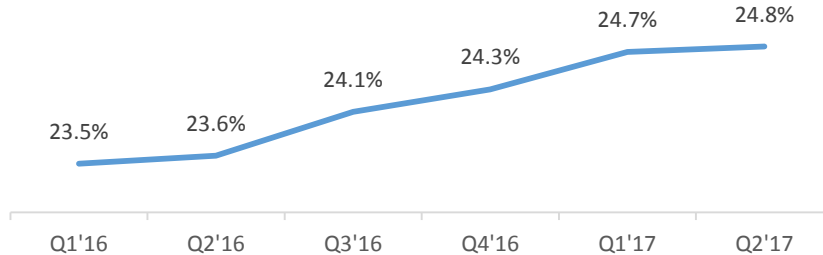
- ✓ Presence in 17 countries
- ✓ #3 Operator in the World
- ✓ #1 in India & #1 or #2 in 11 countries in Africa
- ✓ US\$ 14.74 bn Revenue¹
- ✓ US\$ 5.22 bn EBITDA¹
- ✓ 2.02 addressable population¹
- ✓ Only operator with Pan India 3G & 4G

Revenue Market Share - India



Incremental revenue market share 71.2% YoY

Customer Market Share - India



Incremental customer market share 46.6% YoY



Source: Company filings

1. As of FY 2016

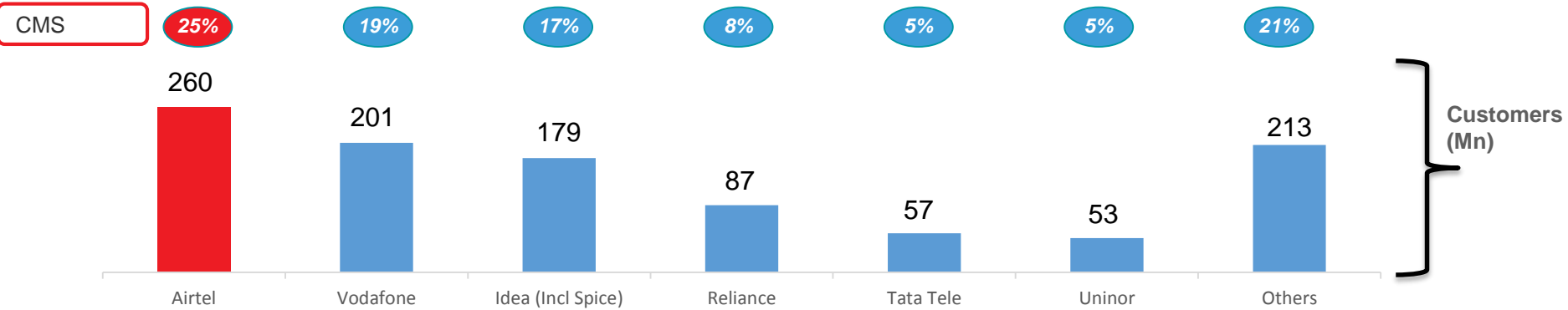
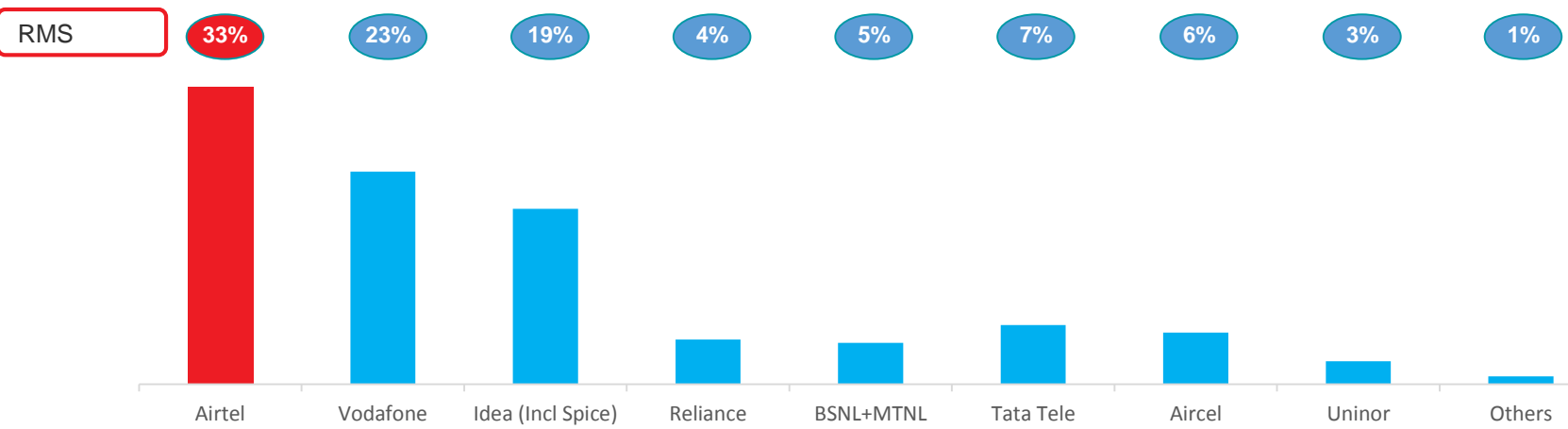
2. YoY refers to Sept'15-Sept'16

Spectrum Scale - India

Spectrum Band	Industry Spectrum (MHz)	Industry Spectrum ex-MTNL/BSNL (Mhz)	Spectrum held by Bharti (Mhz)	Bharti Spectrum Market Share ex-MTNL/BSNL
900	427	289	116	40.3%
1800	1143	1077	234	21.7%
2100	605	495	125	25.3%
2300	600	600	235	39.2%
Total	3400	2901	710	24.5%

Multi layer data spectrum in key cities

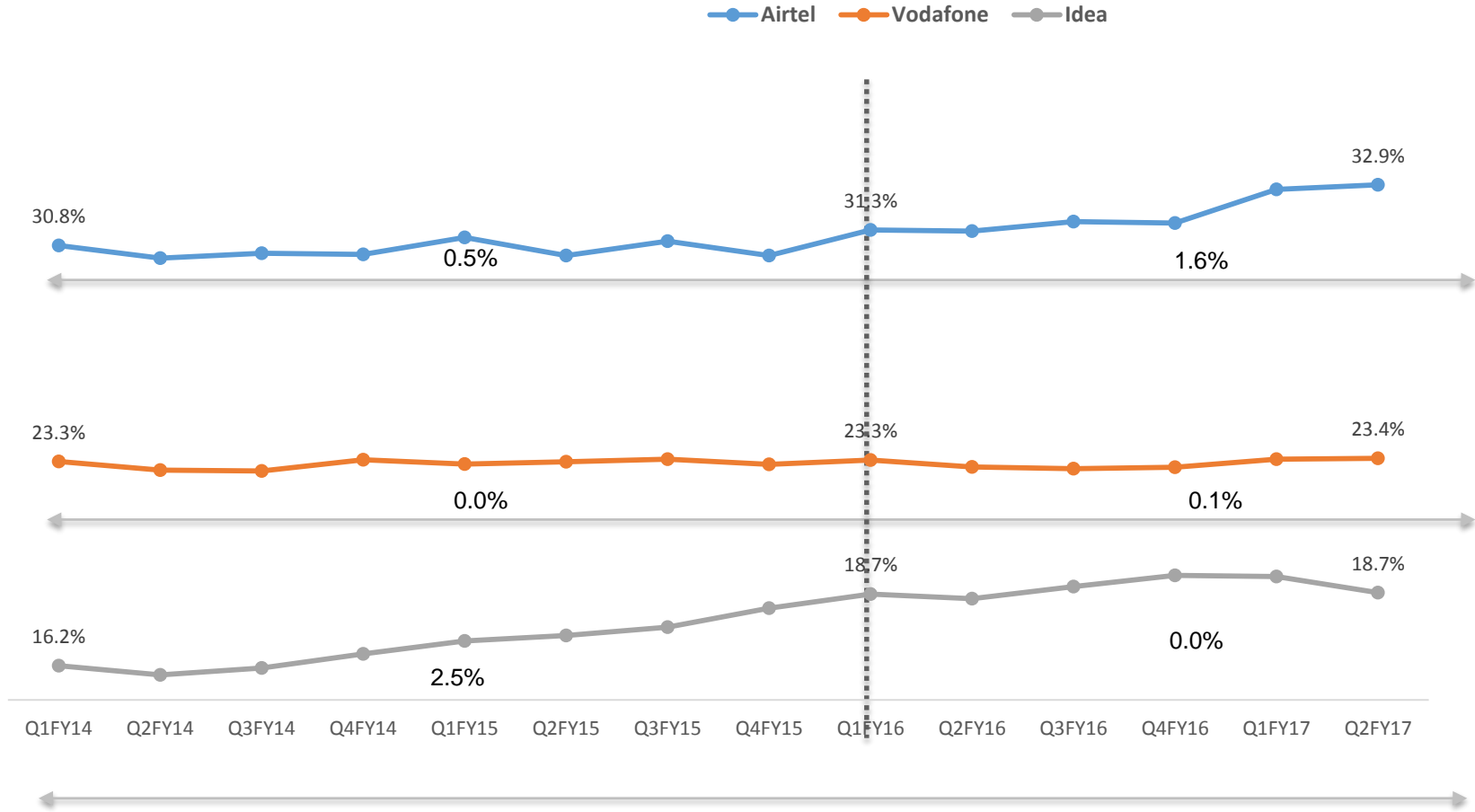
4. Leader in India Revenue and Customer Market Share¹



1. RMS is calculated on the basis of gross revenues. Source: TRAI
 2. RMS and CMS is as of Q2'17

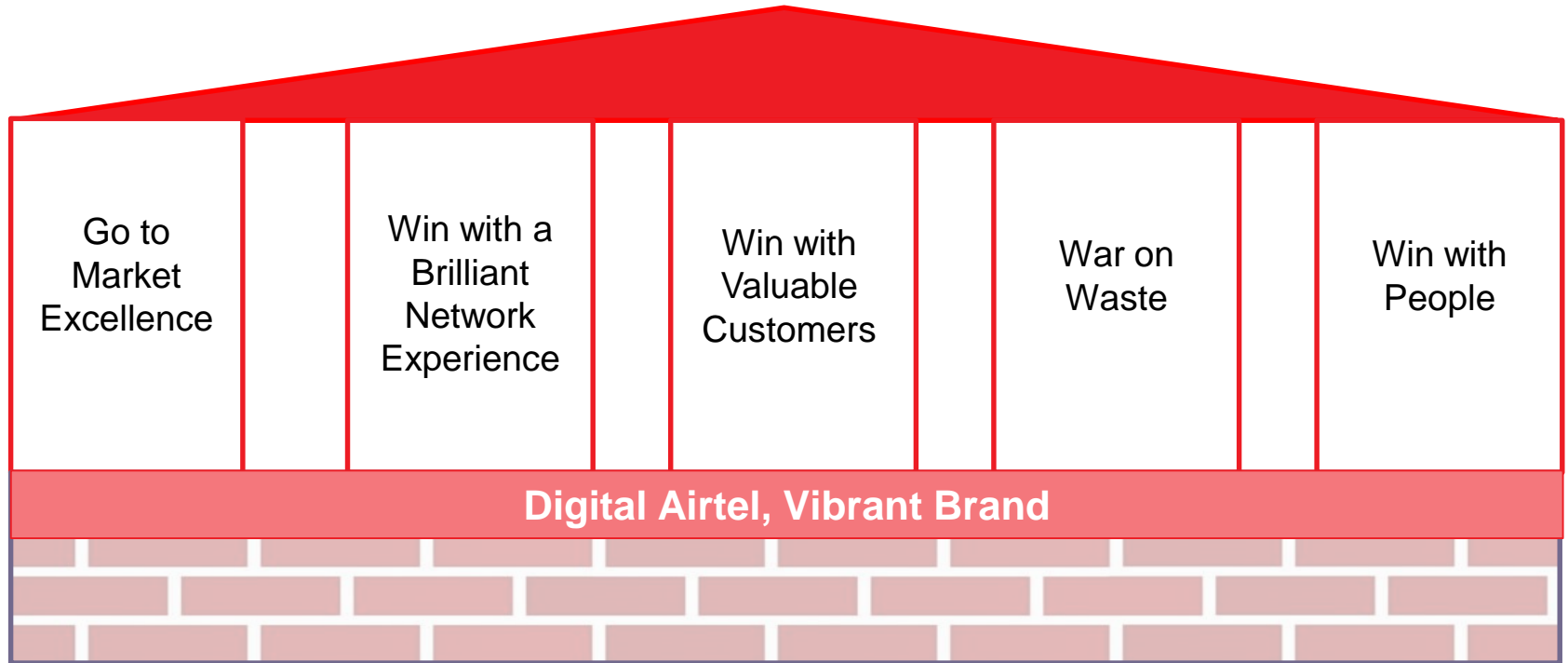
0.4%

Increasingly gaining revenue market share



Source: TRAI

Strategic Pillars for execution



Strategic Pillars: Go to Market Excellence

Game changing innovations

Creating opportunities

- Unlimited voice packs
- Simplified Pricing. From 6500 Postpaid plans to
 - Myplan – Customized plans as per customer usage
 - Infinity – Options with unlimited benefits
- Wynk – Music, games. Airtel Movies
- Ditto TV, Juggernaut
- Payments Bank, Airtel Money

Strategic Partnerships

- Wynk + Samsung – presence in all new Samsung shipments

Understanding data plan impacts usage



Brand Equity's Most Trusted Brands 2016

Airtel continues to be no. 1 in Telecom

Jumps eight spots to no. 3 across all sectors and brand



Airtel launches India's first payments bank

Highlights

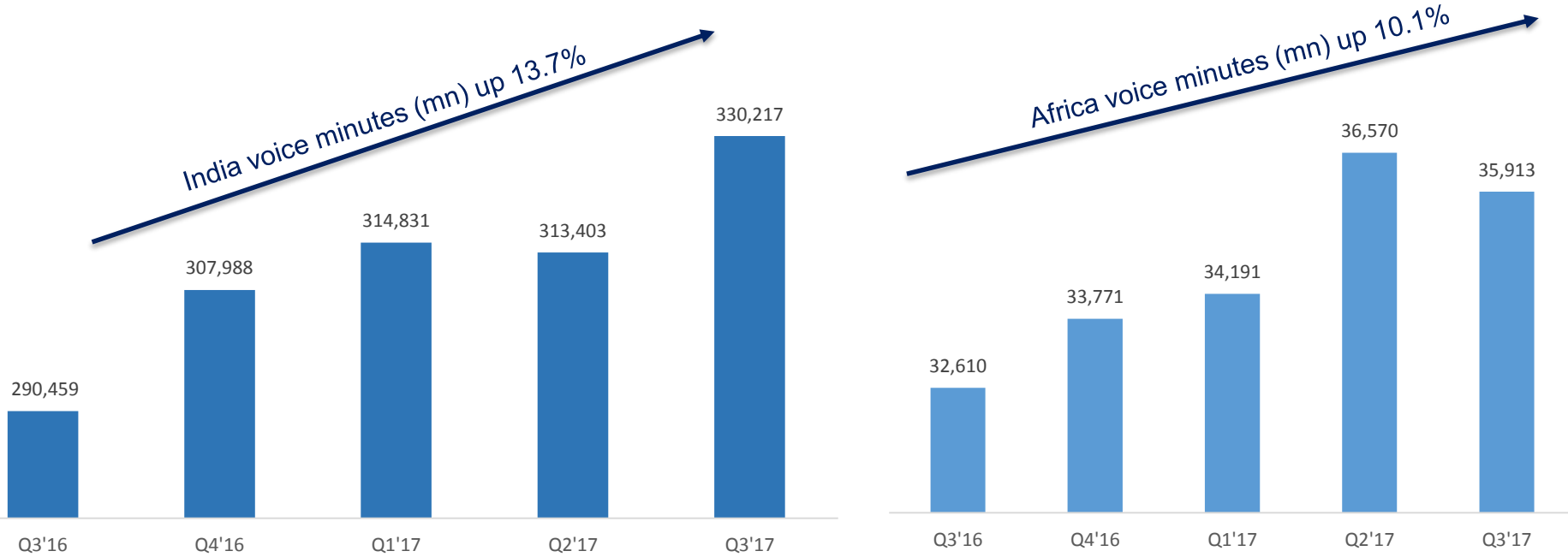
- Committed to an investment of Rs 3,000 crore across its national operations
- Completely digital and paperless bank. Account opened within minutes using Aadhaar based e-KYC
- 250,000 airtel retail outlets will act as Banking Points, more than the total ATMs in the country. Expected to scale to over 600,000 Banking Points in coming months
- Plan to develop a nationwide merchant ecosystem of over 5 million merchants, more than a million merchants already on boarded
- Launched Airtel Payments Bank app and Online Card in collaboration with MasterCard for convenient banking and cashless payments
- More than 1 Mn accounts already opened

Benefits

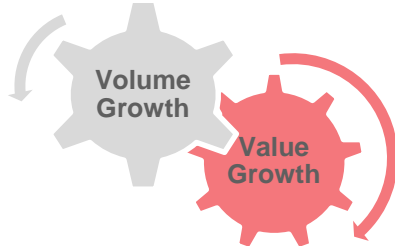
- Interest rate of 7.25 % p.a. on deposits in savings accounts
- The customer's mobile number will be his/her bank account number
- Free Personal Accidental Insurance of Rs. 1 Lac with every Savings Account
- One minute of Airtel mobile talk-time for every Rupee deposited at the time of opening a savings account.
- Easy deposit and withdrawal facility across a wide network of Airtel retail outlets
- USSD and IVR in 12 languages for non-smartphone customers



Voice: Significant growth



SIM consolidation in the industry due to unlimited voice offers



Airtel carries over 1.48 trillion minutes¹
 Secular volume growth 10.8% Y-o-Y

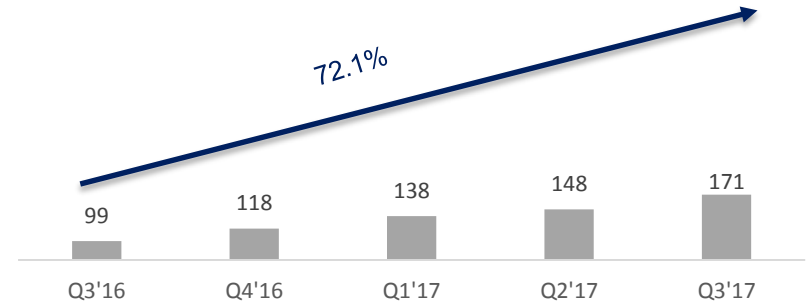


Source: Company Filings
 1. LTM Dec 2016

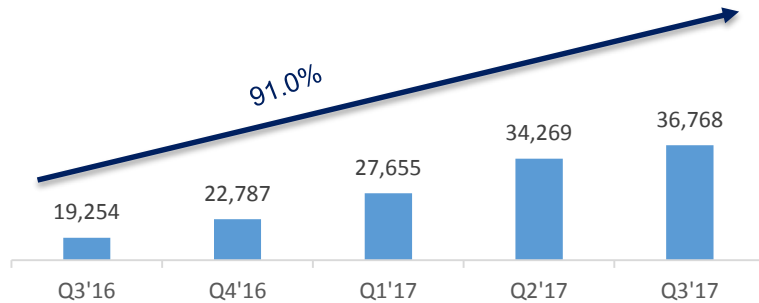
Fast growing data business

- ✓ First brand to own and launch 4G in India
- ✓ 3G and 4G Pan India
- ✓ Annualized data revenues c. \$2 bn (India)
- ✓ Airtel recognized as the smartphone network

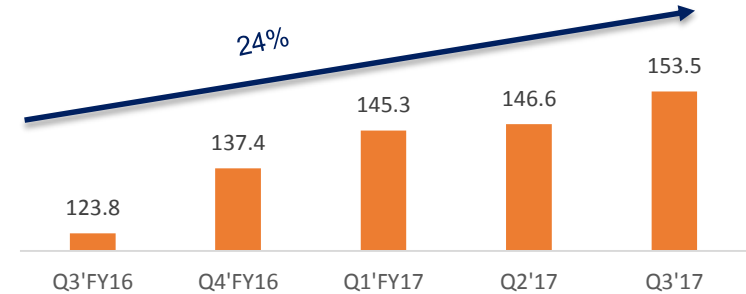
Mobile broadband base stations ('000) - India



Africa data volumes (mn MBs)



Africa data revenues (USD mn¹)



Source: Company filings
1. In Constant Currency

Strategic Pillars: Win with Brilliant Network Experience

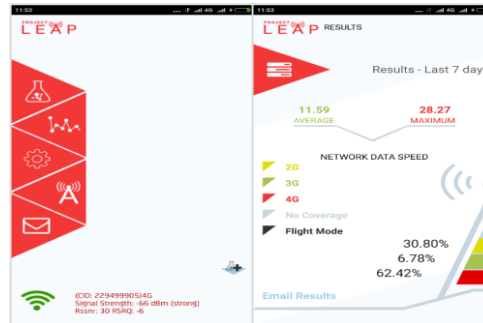
PROJECT LEAP

Eliminate frustration

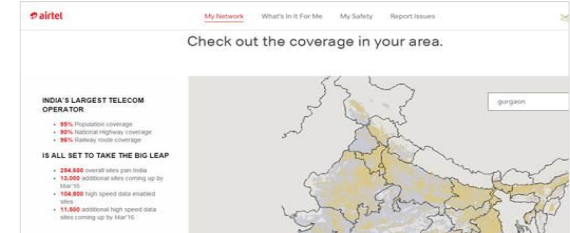


Frustration index

Invest in tools



An open network

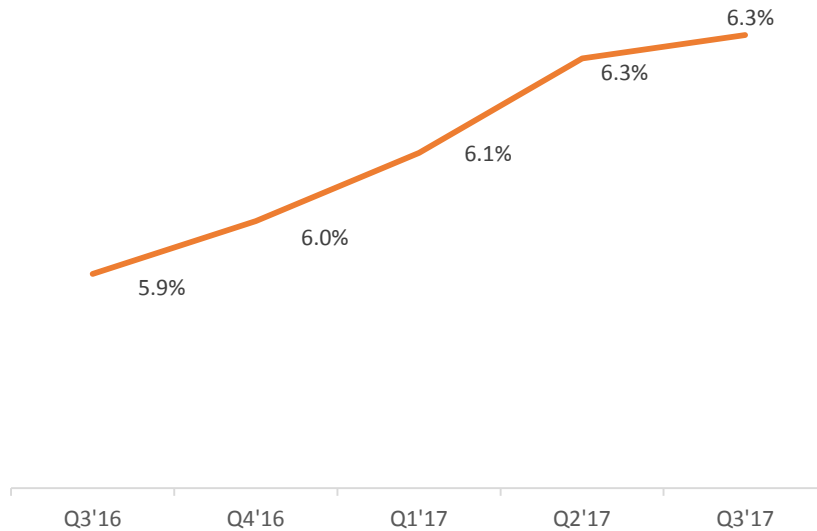


Capex Outflow	FY'16 (mn)	Guidance (bn)	9M'17
India & SA	\$2,379	\$2.2 - \$2.4	~ \$2.1 bn
Africa	\$771	\$0.6 - \$0.7	\$275 mn

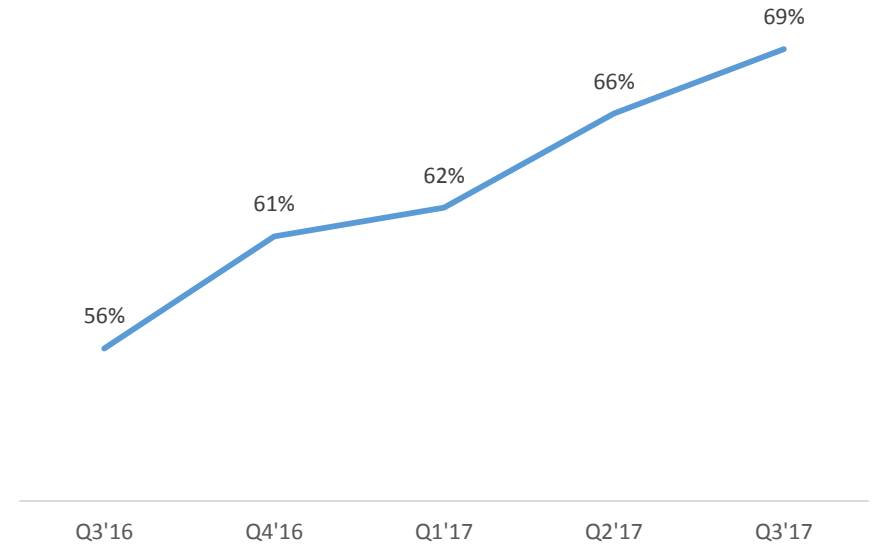
- ✓ Largest capital expenditure of Rs. 60,000 crore over 3 years towards a comprehensive network transformation

Strategic Pillars: Win with Valuable Customers

Post-Paid (as % of total Customer Base)

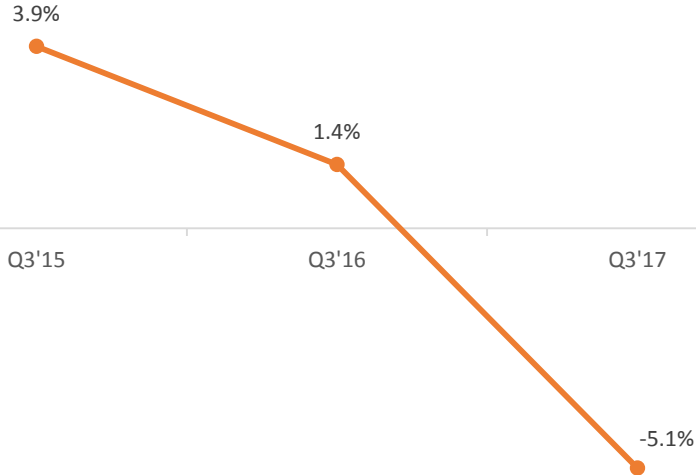


Mobile Broadband Customer as a % of total data customers

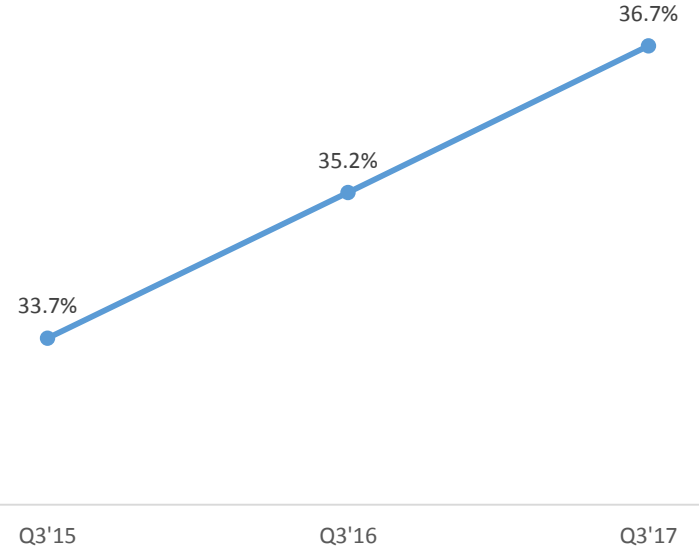


Strategic Pillars: Win with War on Waste

Opex Growth YoY



EBITDA %



Increasing Opex Productivity

Smart procurement

Frugal cost structure

Maximizing sharing

Network re-design

Divestment of towers



Source: Company Filings
 Note: Q3'15 numbers are based on IFRS accounting

BEST IN CLASS EXECUTION

Q3'17 highlights

- **India**

- Broad based revenue growth across DTH, Homes, Enterprise segments. Mobile revenues hit in the quarter due to competition and demonetization
- Continue healthy customer acquisitions in Mobile India; added 5.9mn customers in Q3'17
- Data volumes up 28.3% YoY
- Voice volumes grew 13.7% YoY

- **Africa**

- Revenue growth 5.4% YoY in constant currency
- Data volumes up by 91.0% YoY, now 16.7% of mobile revenues
- Voice volumes up 10.1% YoY
- Airtel Money has 8.8 mn active customers, up 6.6% YoY, transacting c. \$4.0 bn / quarter



STRONG
CORPORATE
PROFILE

Financial flexibility & Balance Sheet Focus

Diversified debt profile; focus on deleveraging

Over last 3 years:

Leverage: Net Debt (ex-DOT) to EBITDA down from 2.51x as of Mar 2013 to 1.45. Net Debt to EBITDA down from 3x to 2.7x (with fully loaded all spectrum auctions)

Average Maturity: Average tenors pushed out from 2 years to ~5 years

Diversified debt mix: 100% bank to a balanced mix of bonds, bank, ECA and DoT debt

Currency diversification: >75% USD weight to a mix of USD (41%), INR (37%), EUR (15%), Rest (7%)

Interest: 100% floating portfolio 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 significant 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