



Investor Presentation

May 2014

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Company Overview

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A Leading Tower Infrastructure Operator

Pan India Presence across all 22 Telecommunications Circles

Indus Towers – JV between Bharti Infratel, Vodafone and Aditya Birla Telecom

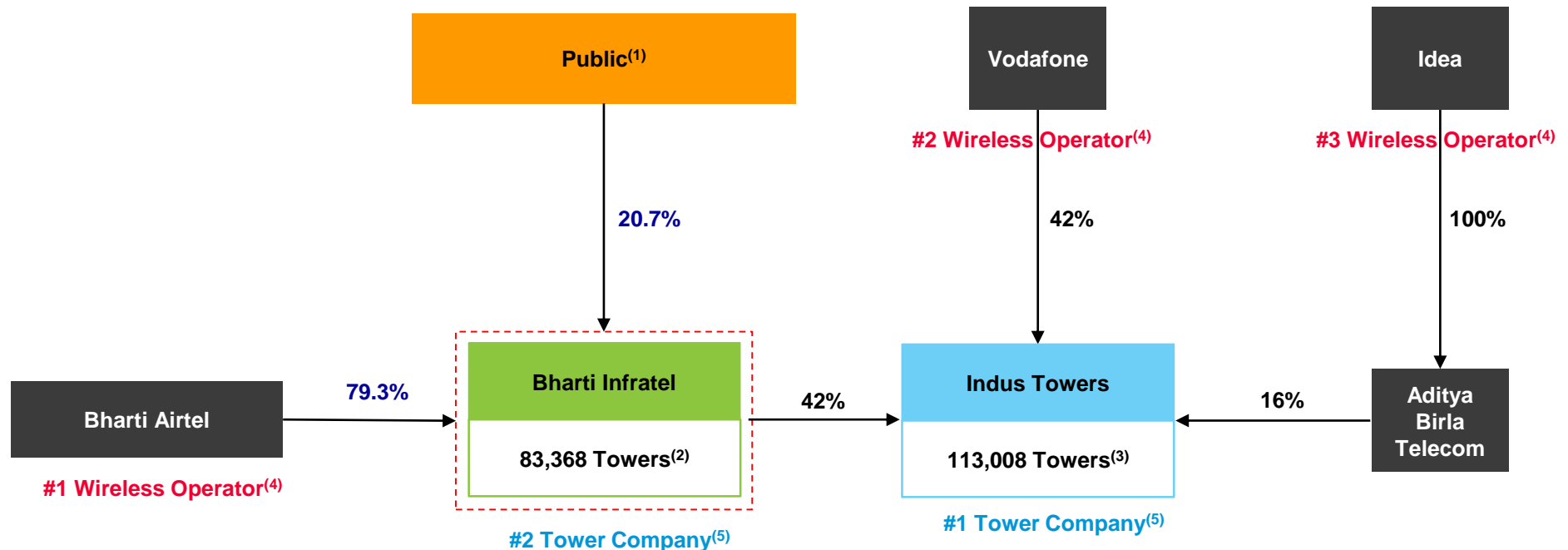
Top 3 Operators – Anchor Customers & Relationships with all other Operators

Marquee promoter and investors

Bharti Infratel Overview



Corporate Structure



Together with Indus Towers, Bharti Infratel is a leading tower company in India

(1) Public includes the PE as well as IPO investors

(2) As at Mar 31, 2014; No. of towers for Bharti Infratel is consolidated including 42% stake in Indus Towers

(3) As at March 31, 2014

(4) Ranking as per India revenue market share for the quarter ended Dec 31, 2013 (Source: TRAI)

(5) Based on tower count (Source: Analysys Mason); Bharti Infratel is #2 tower company including proportionate towers based on 42% economic interest in Indus; Bharti Infratel standalone has 35,905 towers as of March 2014

Performance at a Glance



83,368 towers and 167,202 co-locations⁽¹⁾

35,905 towers of Bharti Infratel and 47,463 towers from 42% stake in Indus⁽¹⁾

FY14 Consolidated Revenue of **US\$1,787 m⁽²⁾**

FY14 Consolidated EBITDA of **US\$728.0m**

FY14 EBITDA Margin⁽³⁾ of **67.1%**

FY14 Profit after Tax of **US\$251m**

FY14 Profit Margin of **14.0%⁽⁴⁾**

FY14 Net Debt / EBITDA of **-0.98x**

FY14 Consolidated Operating free cash flow⁽⁵⁾ of **US\$437m**

Exchange Rate Used: US\$ 1 = Rs. 60.59; Note: Financials for Bharti Infratel for year ending March 31, 2014

(1) As of March 31, 2014

(2) Includes pass through costs

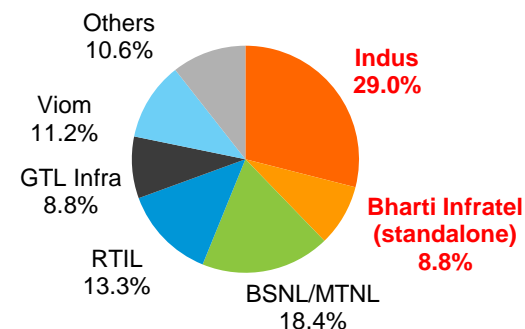
(3) EBITDA for Bharti Infratel has been calculated using revenue less pass through costs and excluding Other Income

(4) PAT margin calculated as PAT divided by Rental Revenue & pass through costs

(5) Calculated as EBITDA less Capex adjusted for RE and change in ARO estimates

Market share in terms of installed tower base, FY12

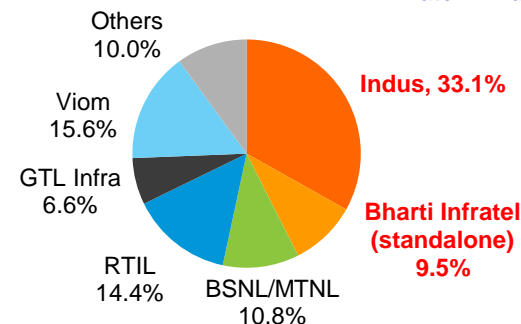
Infratel + Indus⁽¹⁾ : 37.8%



Total no. of towers = 376,000

Market share in terms of co-locations, FY12

Infratel + Indus⁽¹⁾ : 42.5%



Total co-locations BTS = 640,000

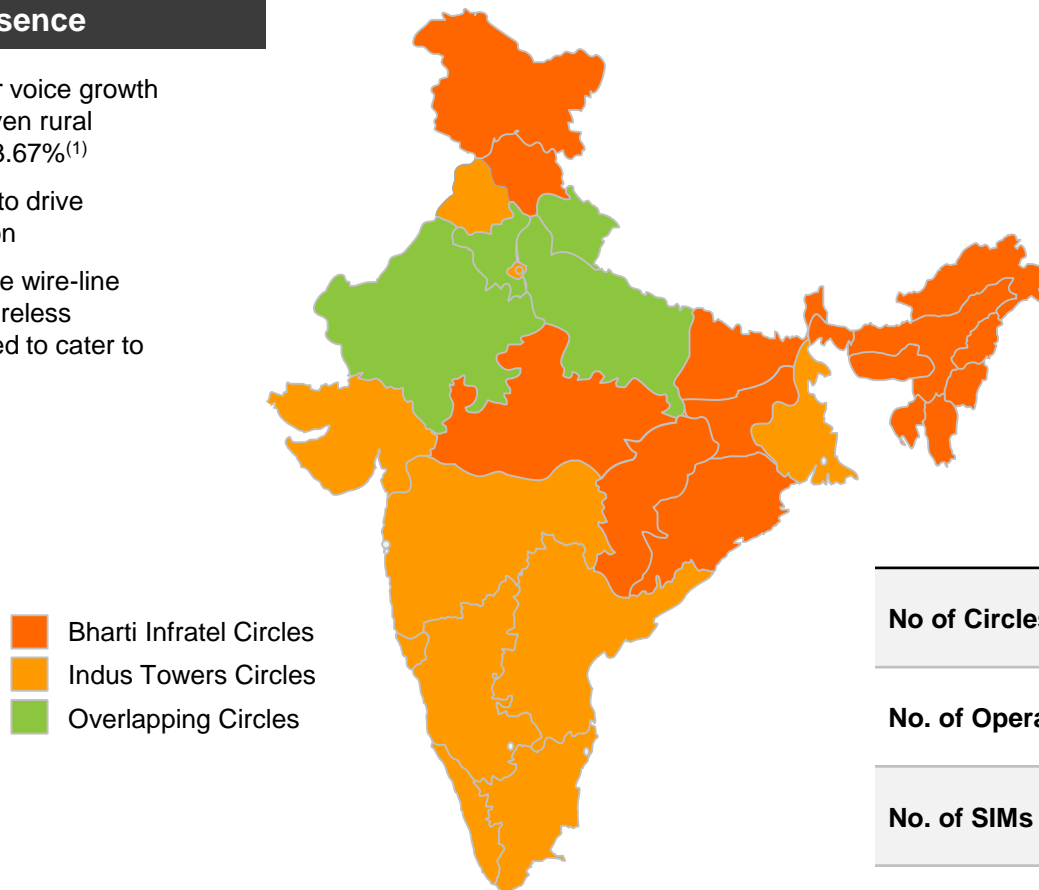
Source for Market Share: Analysys Mason, March 2012

Pan India Footprint : Leading Positions Across India



Pan India presence

- Opportunities for voice growth in rural areas given rural penetration of 43.67%⁽¹⁾
- 3G/4G services to drive data consumption
- Given inadequate wire-line infrastructure, wireless services expected to cater to new demand



	Bharti Infratel Circles	Indus Towers Circles	Overlapping Circles
No of Circles	7	11	4
No. of Operators ⁽²⁾	6 - 10	8 - 10	8 - 10
No. of SIMs (mn) ⁽²⁾	176.2	504.4	192.8
Teledensity (%) ⁽²⁾	61.1%	95.0%	63.9%

In the computation of wireless teledensity, following assumptions have been made:

A. Since only UP state teledensity was available, it was assumed to be the same between UP(E) and UP(W); B. Since teledensity was reported for West Bengal including Kolkata, the same teledensity was assumed for both circles; C. Since teledensity was reported for Maharashtra including Mumbai, the same teledensity was assumed for both circles; D. Delhi includes Ghaziabad, Noida, Gurgaon and Faridabad; E. Operator refers to wireless operators providing service as of 31 Mar 2012;

F. No. of SIMs refers to wireless subscribers

⁽¹⁾ Source: TRAI as of Feb 28, 2014

⁽²⁾ Source: TRAI as of June 30, 2013

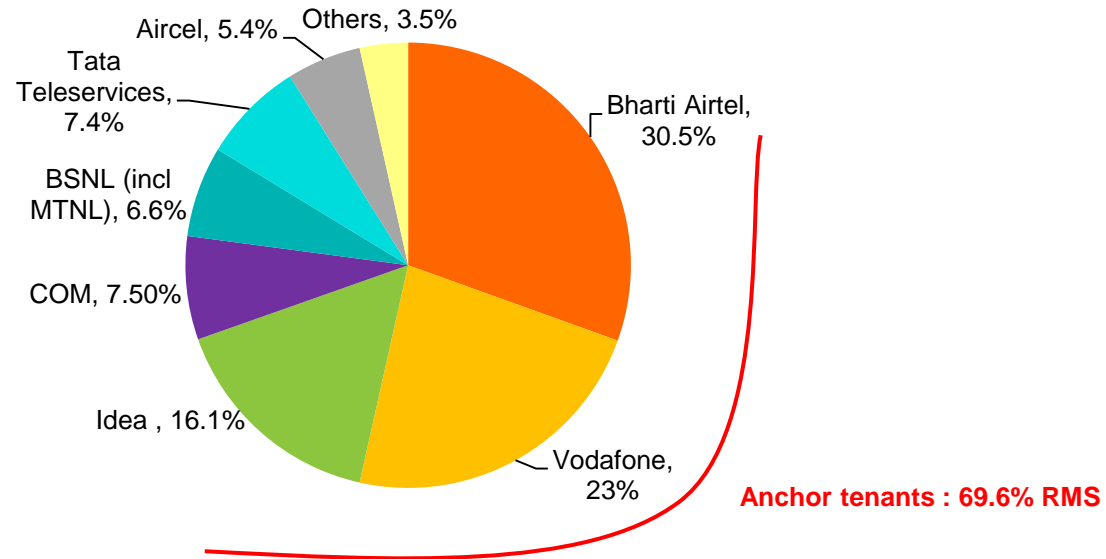


Industry Overview



Market Concentrated in Hands of Select Players

Market has a large number of players however the top 3 operators constitute c70% of the total telecom market



Non-discriminatory nature

RoFRs from Anchor Operators

All operators are customers

Source: (1) TRAI , for the quarter ended Dec 31, 2013; Others includes Loop Mobile, Loop Telecom, Videocon, HFCL, Uninor and Sistema Shyam

Continuing Voice Led Growth



Growth opportunities remain in rural and semi urban voice market

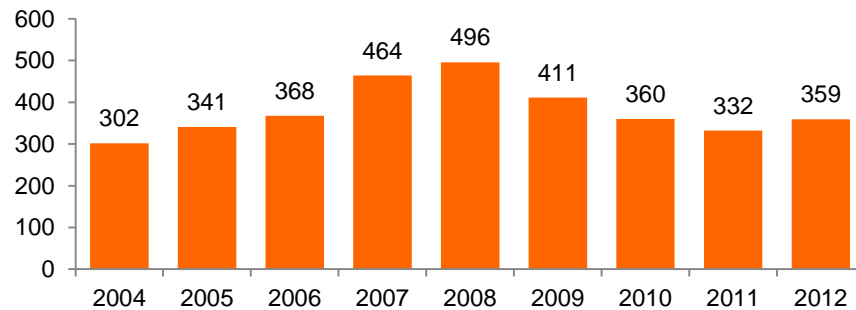
Rural penetration still ~ 40% - significant headroom

Both coverage and capacity requirements to fuel tower and co-location demand

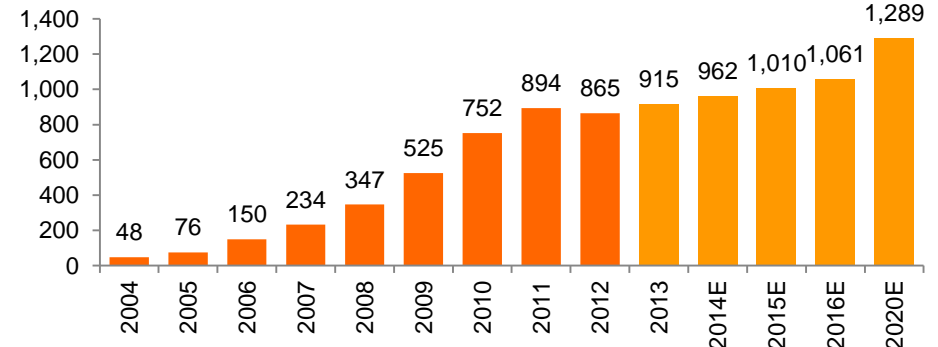
Lower ARPUs further necessitate sharing for ensuring operational efficiency

Wireless Base continues to rise – while MOU/ Sub has held steady

MOU/month/Sub¹ (minutes)



India: Wireless Subscriber Base and Projections¹ (mn)



Source: (1) COAI Estimates

Data Revolution Unfolding

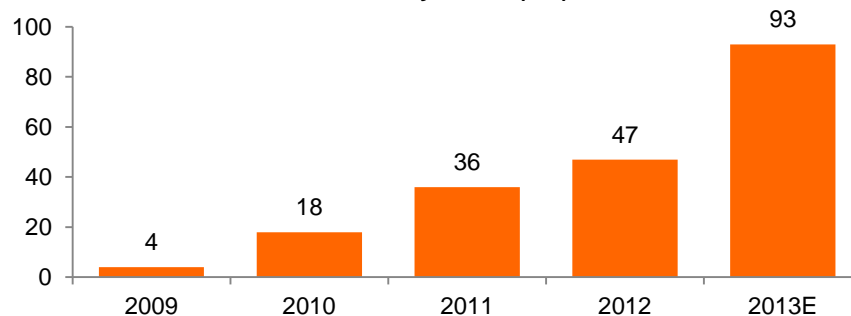


- Favorable demographics –Median Age of India's population ~26 years
- Broadband penetration ~1%¹
- Urban Internet penetration ~6%²

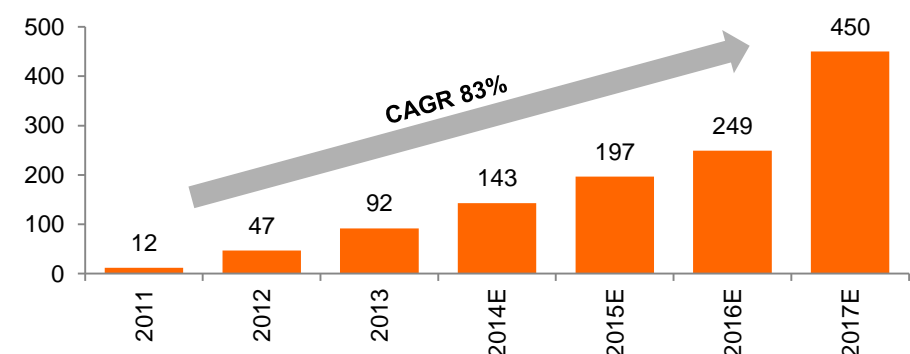
India added 27.1 mn users to overtake Japan as the world's third largest internet population during Q4 FY14

Wireless: Preferred access for Data: Users grew more than 23 times in last 4 years

Estimates of Mobile Internet Users by IMRB³ (mn)



Data Subscribers: COAI Estimates⁴ (Mln)



Source:

(1) And (2): TRAI Report

(3) IMRB estimates, (4) Cellular Operators Association of India Estimates




Increasing Operator Focus on Data



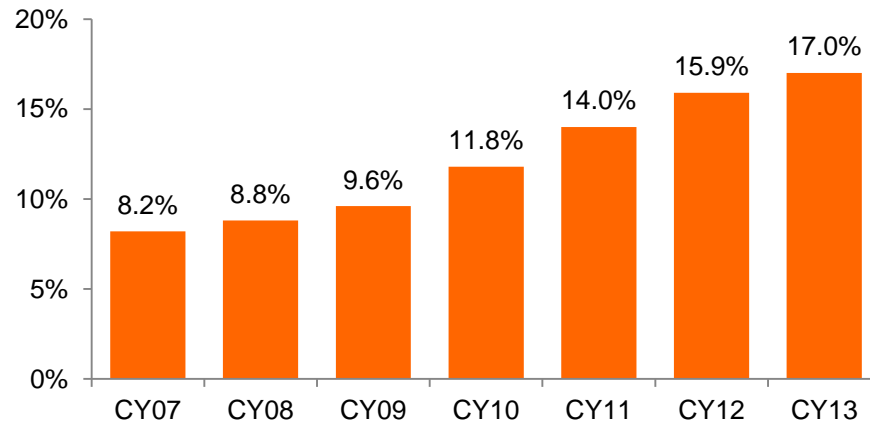
Operator Investment in Licenses

- 3G/4G auctions held in June 2010 led to significant investments of over \$20.1bn⁽¹⁾ by telecom operators.
- 2G auctions which concluded in February 2014 also saw another c\$10bn⁽⁶⁾ investment in licenses by telecom operators.
- Bharti Infratel's /Indus Towers' anchor tenants have invested ~US\$7.2bn in 3G/4G licenses ⁽²⁾

Investments by Anchor Operators

	3G Circles	4G Circles
 airtel	13	4 + 4 ⁽⁵⁾
 vodafone	9	-
 idea	11	-

Non Voice contribution ~ 17% of Operator's Revenues³



Findings from NSN MBIT Index⁴

87% growth in mobile data traffic in India between Dec'12 & Dec'13

3G grew threefold & clocked a 146% growth while 2G grew by 59%

3G users consume 3.6 times more data than 2G users

Smartphones generate half of all mobile data in India

(1) Source: Press Information Bureau, Government of India- Data converted at US\$=INR 52.78

(2) Source: TRAI; Includes 4G investment by Qualcomm – Data converted at USD\$=INR 52.78

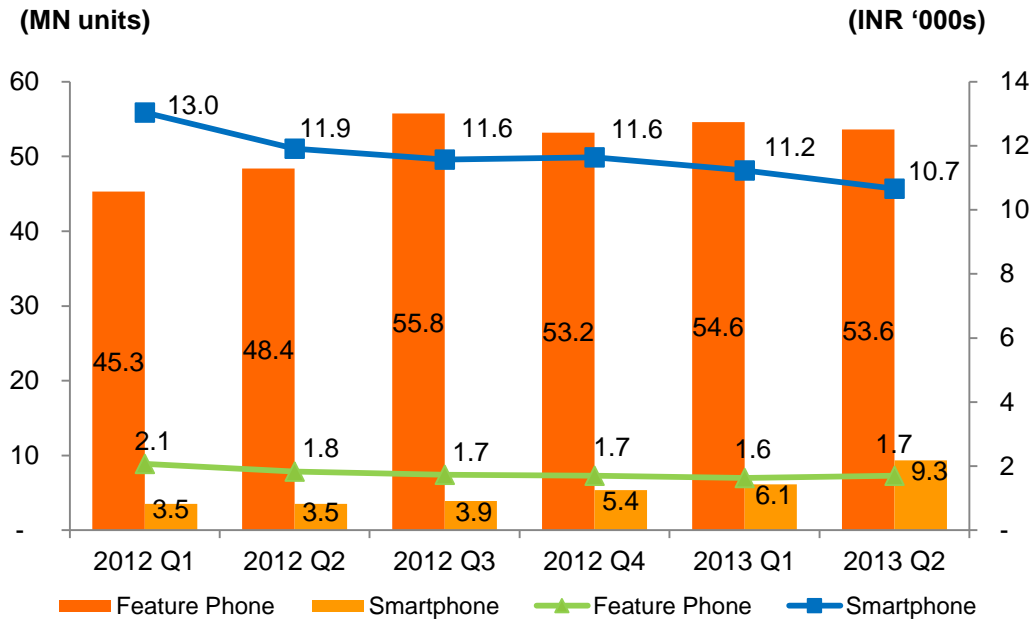
(3) NSN MBIT Index

(4) Operator reported numbers

(5) Airtel's circle count includes the 4 licenses of Qualcomm India, 100% of which was acquired by Bharti Airtel; Licenses in 4 circles were directly acquired by Bharti Airtel

(6) Source: Department of Telecom, Government of India- Data converted at US\$=INR 61.85

Growing Smartphone Penetration



The India smartphone market grew by 229% year YoY in the 3Q13, with a total volume of 12.8mln shipped

Price points to bring penetration higher– smartphone penetration to increase to 60% by 2017

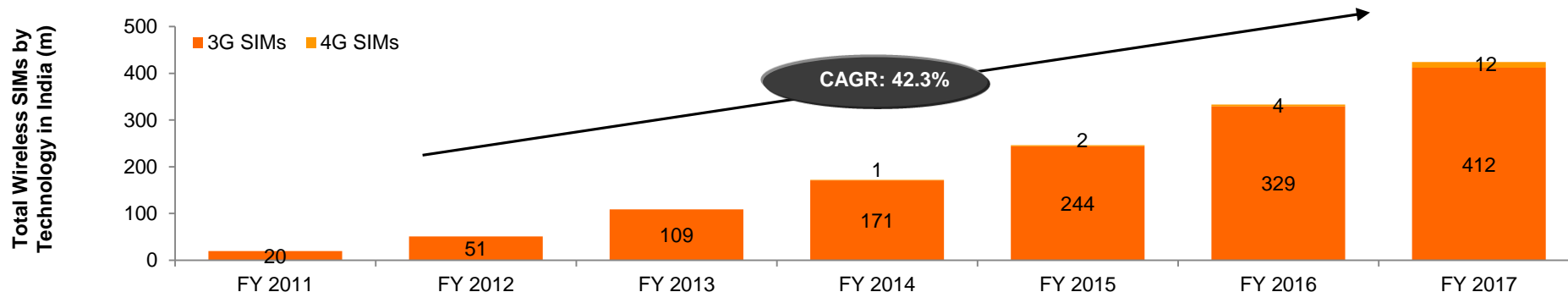
India to become the third largest smartphone market by 2017

Data Growth Forecasts

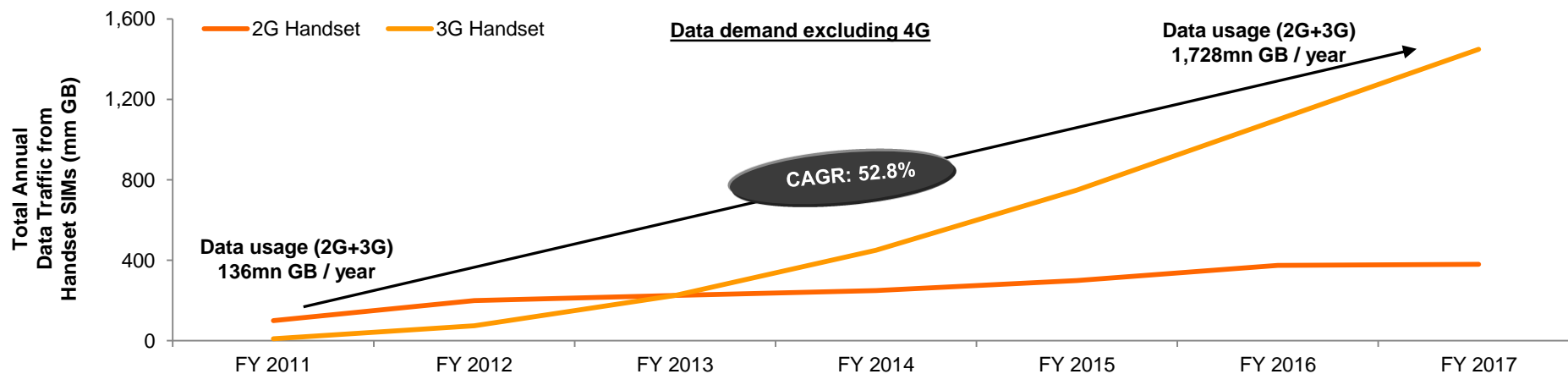


Growth in Data Volumes Could Lead to Significant Upside

- Decreasing smartphone prices, availability of affordable data plans will lead to growth in data users by 42%



- Increased 3G/4G users will lead to exponential growth in total data consumption
- 3G data demand expected to increase at a CAGR of 104% to 1,427mn GBs/year in FY2017, from an estimated 20mn GBs/year currently



Source: Analysys Mason

Impact of Data Growth on Tower Industry



- Expansion of 3G / 4G Networks by Operators will necessitate demand for towers
- Propagation on higher frequency band weaker
 - Data usage to drive co-location growth
 - 3G/4G only sites to drive tower demand

Propagation effects in different bands

Tower Multiplier when Switching Frequencies		New Frequency Band				
		900 MHz	1800 MHz	2100 MHz	2300 MHz	2600 MHz
Base Frequency Band	900 MHz	1.0x	1.6x	1.9x	3.2x	3.7x
	1800 MHz		1.0x	1.2x	2.0x	2.3x
	2100 MHz			1.0x	1.7x	2.0x
	2300 MHz				1.0x	1.1x
	2600 MHz					1.0x

All operators are customers of Bharti Infratel ~ Operator Agnostic Exposure to Secular Data Growth

Source: Analysys Mason



Business Model Strengths

Business Model Strengths



1

A Leading Tower Infrastructure Operator

2

Visibility of Future Revenues Through Long Term Contracts

3

Demonstrated Operational and Financial Performance

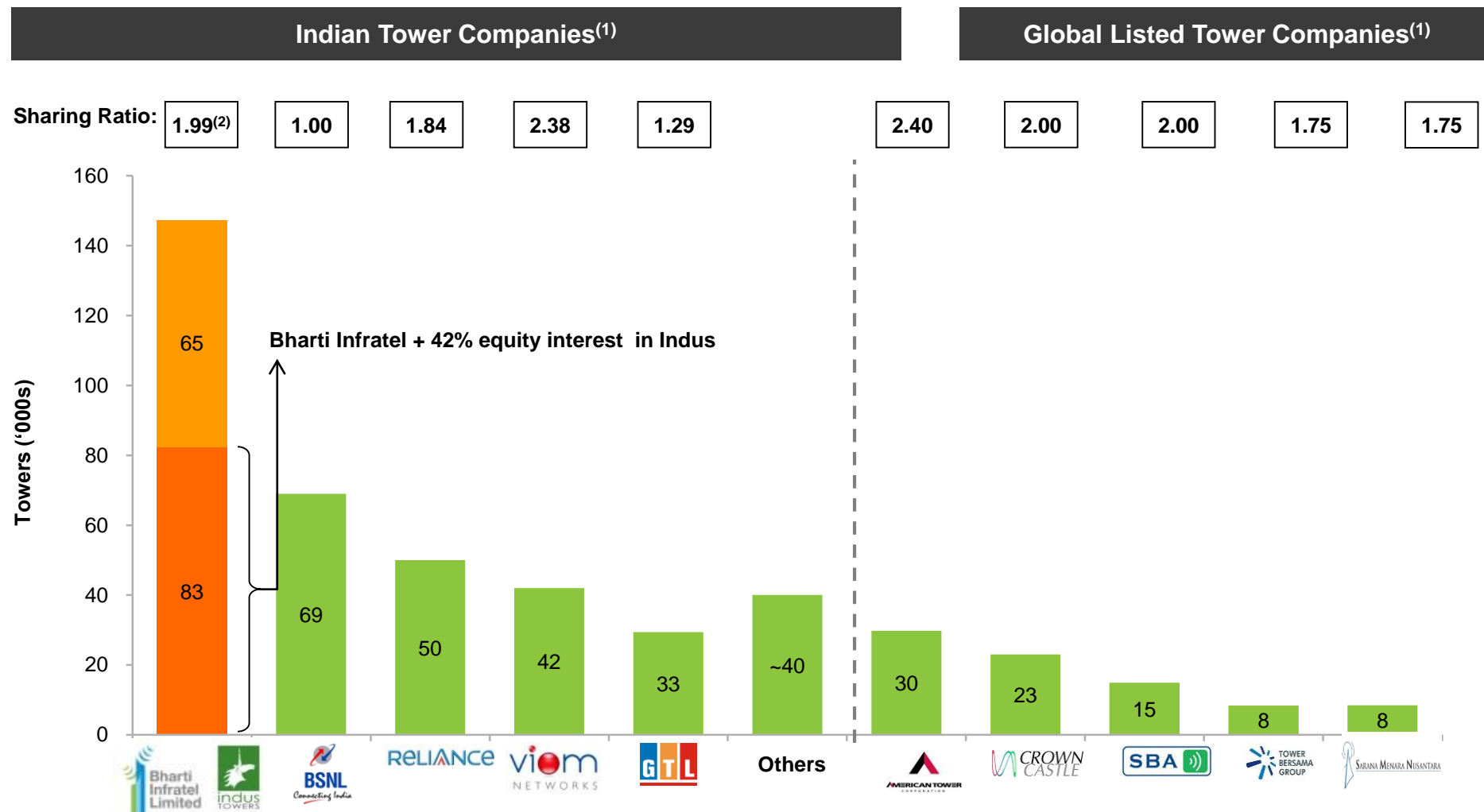
4

Regulatory Environment Favorable

5

Experienced Management

A Leading Global Tower Infrastructure Operator



Source: Analysys Mason, Company reports Note: BSNL includes MTNL's towers

CCI: Crown Castle International, SBA: SBA Communications, ATC: American Tower, TBIG: Tower Bersama;

Source: Analysys Mason; For CCI, AMT and SBA data corresponds to US markets only for year ended December 2012 for SBA and June 30 2013 for AMT and CCI; For Bharti Infratel, data corresponds to March 31, 2014, For other Indian tower companies data corresponds to March 31, 2012

1. Bharti Infratel and Indus tower and co-locations as at March 31, 2014; Sharing factor for Bharti Infratel standalone and Indus combined

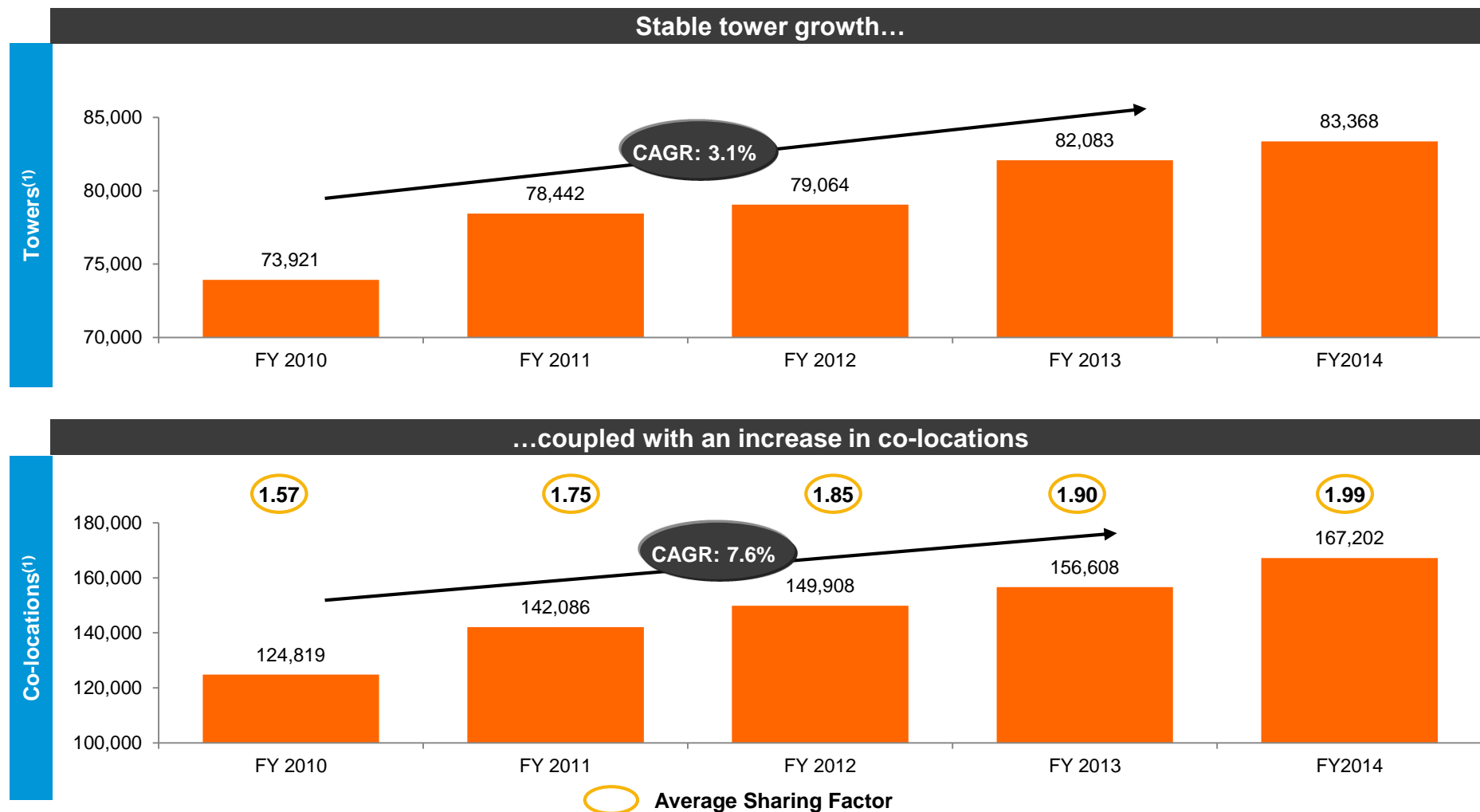
2. Combined sharing factor for Bharti Infratel including 42% stake in Indus. Unconsolidated co-locations for Bharti Infratel is 1.90 and for Indus is 2.05, data as of March 31, 2014



Key Features of Master Service Agreements (MSAs)		
Tenor		<ul style="list-style-type: none"> Long term (5 to 15 years) with built in escalations (2.5% p.a)
Termination Penalty		<ul style="list-style-type: none"> Significant exit penalties
Rentals	Base Rental	<ul style="list-style-type: none"> A base rental rate is applicable, based on the following factors: <ul style="list-style-type: none"> Total number of service providers at the site Ground Based Tower or Roof Top Tower
	Premium	<ul style="list-style-type: none"> A variety of premiums can be levied <ul style="list-style-type: none"> Rental premium Strategic premium Active infrastructure charges Contract term
	Fuel Cost	<ul style="list-style-type: none"> Energy costs (electricity and fuel charges) are treated as pass through in two ways: <ul style="list-style-type: none"> As per the amounts incurred Based on a rate card per circle
Service Agreement		<ul style="list-style-type: none"> Specifies service levels applicable Site access service level sets out time period within which the service provider is to be provided access to the site

**Weighted Average Life of Contracts is 6.70 years;
Contracted Revenues of Rs 485.5 bn (as of Q4 FY14 exit)**

Source: Company Filings



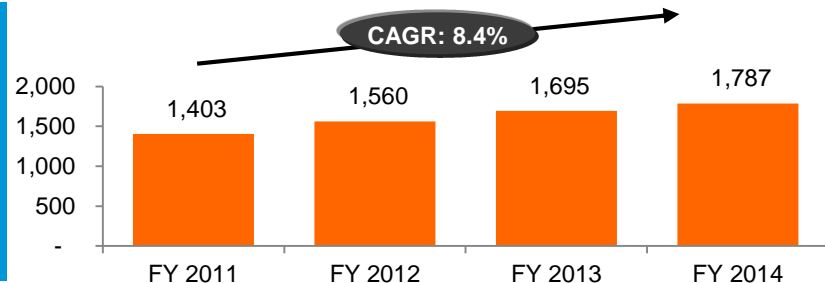
FY refers to fiscal year ending March 31

(1) Consolidated figures for Bharti Infratel include 42% economic interest in Indus Towers



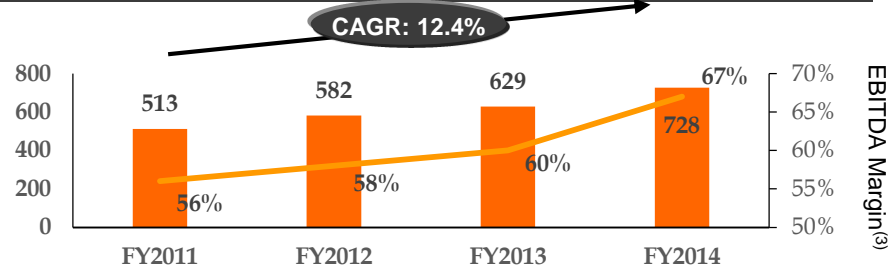
Strong revenue growth...

Revenues⁽¹⁾⁽²⁾ (US\$m)



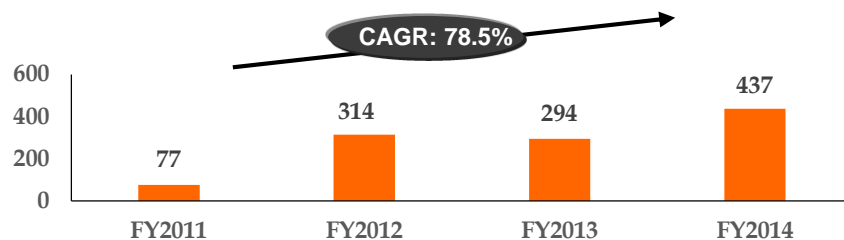
... expanding margins...

EBITDA⁽¹⁾⁽³⁾ (US\$m)



...significant operating free cash flow⁽⁵⁾ generation and...

EBITDA less Capex⁽¹⁾⁽⁴⁾ (US\$m)

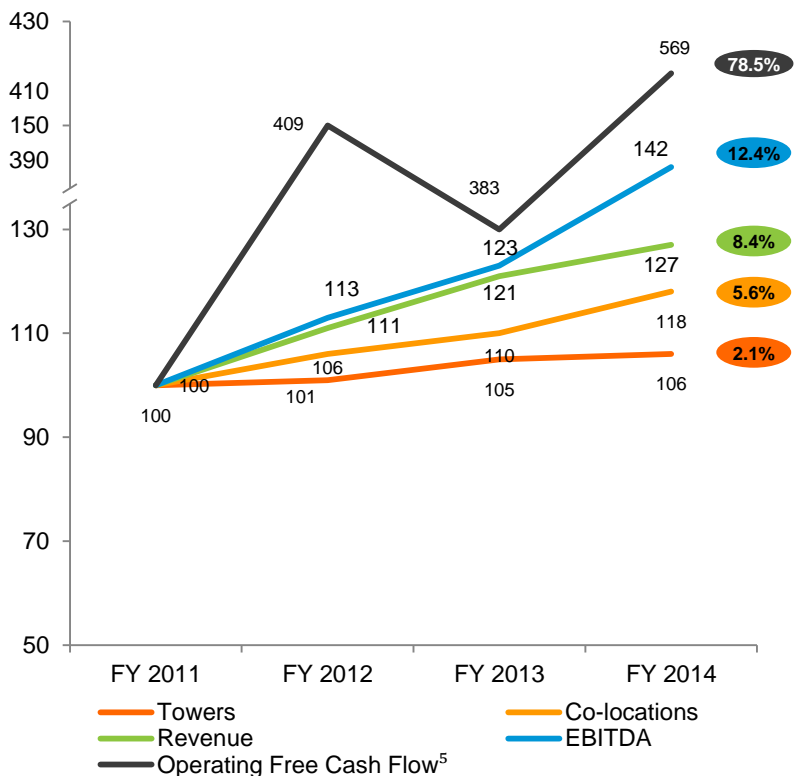


Strong Operating Leverage

Normalized to 100

Y-o-Y Growth

CAGR



Note: Constant exchange rate of US\$ 1 = INR 60.59 has been used

(1) Revenue, EBITDA and Operating Free Cash Flow are excluding Other Income

(2) Consolidated figures for Bharti Infratel include 42% economic interest in Indus Towers

(3) Only consolidated Rental revenues considered for calculation ; excludes pass through costs like energy costs and Other Income.

(4) EBITDA for Bharti Infratel has been calculated using revenue less pass through costs and excluding Other Income

(5) Operating Free Cash Flow calculated as EBITDA – Capex; Capex is defined as the additions to the Tangible Assets during the period



...Coupled with a Well Defined Dividend Policy

- Aim to balance growth capital needs and distribution to shareholders
- Target payout to be higher of –
 - 100% Dividends received from Indus, or
 - 60-80% of Bharti Infratel PAT (excluding DDT)

Subject to adequate liquidity for planned business activities and capital expenditure and other uses including debt servicing requirements, acquisitions and ensuring an acceptable credit rating

...Already a Dividend Paying Company

	FY13 ⁽¹⁾			FY14 ⁽²⁾
	Special	Interim	Final	Final
Total Dividend Payment (US\$m)	56	37	122	161
Dividend (Rs per share)	1.5	1.0	3.0	4.4

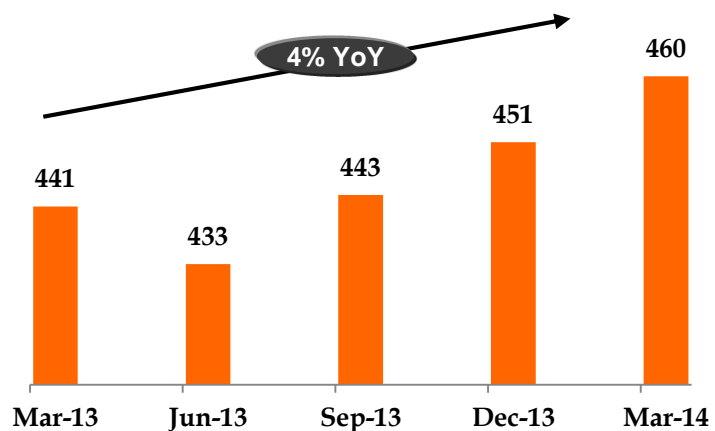
Note: (1)- Constant exchange rate of US\$ 1 = INR 54.43 has been used

(2) - Constant exchange rate of US\$ 1 = INR 60.59 has been used

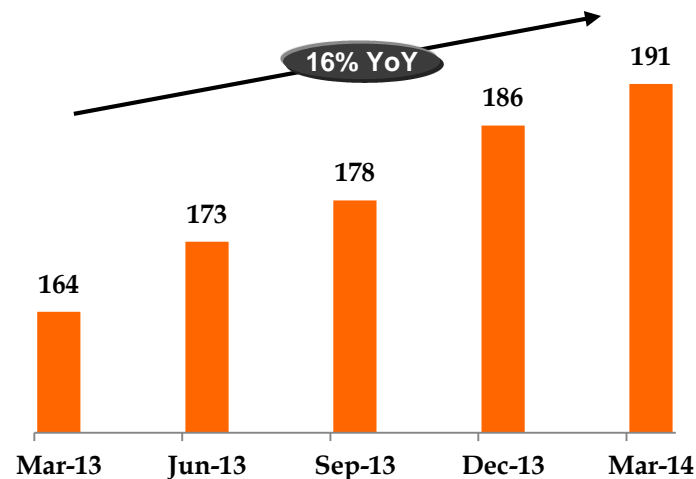
...Total Payout Ratio : 90% in FY14 including DDT



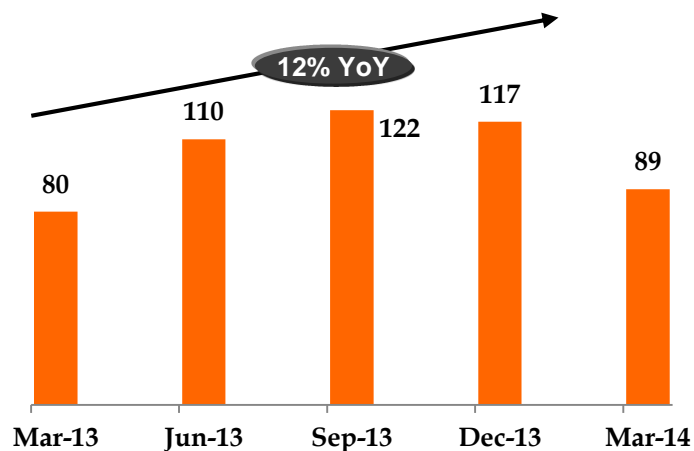
Revenue¹ (US\$m)



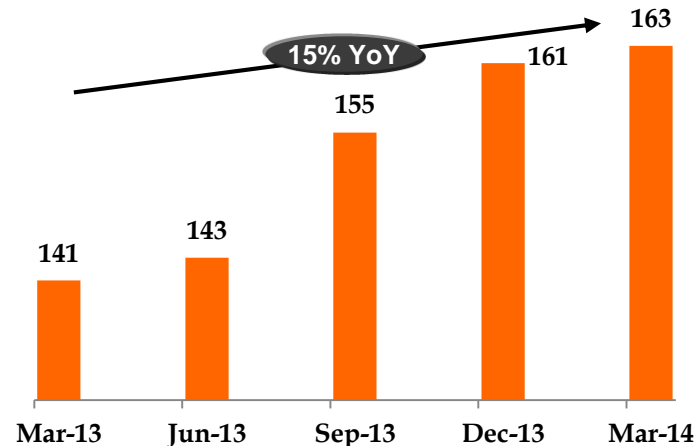
EBITDA¹ (US\$m)



OFCF^{1,3} (US\$m)



AFFO^{1,4} (US\$m)



Note: Constant exchange rate of US\$ 1 = INR 60.59 has been used, which is the closing exchange rate for quarter ended March 31, 2014

(1) Revenue, EBITDA, Operating Free Cash Flow and AFFO are excluding Other Income

(2) Consolidated figures for Bharti Infratel include 42% economic interest in Indus Towers

(3) Operating Free Cash Flow calculated as EBITDA – Capex; Capex is defined as the additions to the Tangible Assets during the period

(4) Adjusted Fund from operations, AFFO is calculated as EBITDA – Maintenance Capex



The Cabinet Committee on Infrastructure has included “Telecommunication towers” as a infrastructure sub-sector in the master list

Potential Benefits	Impact
Accelerated depreciation	Encourages further investments in expanding the telecom infrastructure to rural areas
Higher ECB limit	Infrastructure status raises the limit of external commercial borrowing (ECB).
Eligible for viability gap funding (VGF)	Public Private Partnership (PPP) expected to infuse fresh funds
Lower import duties and certain excise exemption	<ul style="list-style-type: none"> ■ Levy the lowest import duties ■ Exemption of excise duties would boost local manufacturing and thereby, reducing the cost
Lower lending rates	<ul style="list-style-type: none"> ■ Leads to extension in bank loan repayment period ■ Interest rates would settle lower
Tax holiday	<ul style="list-style-type: none"> ■ Tax holiday under section 80IA of the Income Tax Act, 1961 ■ Tax incentives will play a significant role in attracting private sector investments.

DoT has issued guidelines for installation of Mobile Towers – Bringing Standardization



Akhil Gupta
Chairman

- Joined Bharti Infratel in March 2008 as Director
- Work experience of 29 years
- Certified Chartered Accountant and fellow member of ICAI. Completed an advanced management program at Harvard Business School.
- Has received various awards including 'CEO of the Year' at the National Telecom Awards 2012, and the 'CA Business Achiever Award' at the ICAI Awards 2008



Devender Singh Rawat
Managing Director & CEO

- Joined Bharti Infratel in July 2010 as Chief Executive Officer
- Work experience of 24 years
- B.E. (Electronics & Communication)



Pankaj Miglani
Chief Financial Officer

- Joined Bharti Infratel in August 2011 as Chief Financial Officer
- Work experience of 19 years
- Chartered Accountant, certified Cost and Works Accountant and Certified Company Secretary



Biswajit Patnaik
Chief Sales and Marketing Officer

- Joined Bharti Infratel in October 2008 as Chief Sales & Marketing Officer
- Work experience of 17 years
- Bachelors Degree from Behrampur Univ. & Diploma in Sales & Marketing Management from National Institute of Sales



Dhananjay Joshi
Chief Operations Officer

- Joined Bharti Infratel in February 2014
- Work experience of 27 years
- Bachelors Degree in Electronics & telecommunications Engineering from Mysore University (India)

The top management has an average experience of over 20 years in various sectors including telecom



Awards and Recognition

"Renewable Energy Solutions for Telecom Tower Sites" was awarded at 14th National Award for Excellence in Energy Management 2013

- Awarded the "Most Innovative Energy Saving Product" by the Confederation of Indian Industry

Consumer Service Innovation Award at Global Telecoms Business Innovation Awards 2013

- Bharti Infratel and OMC Power's joint initiative in developing the RESCO (Renewable Energy Service Company) model was awarded

Top Infrastructure Company Award 2013

- D&B conferred upon Bharti Infratel the Award under Telecom Infrastructure Category

Green Mobile Award 2011

- Bharti Infratel bagged the award at the GSMA Annual Global Mobile Awards which is one of the most prestigious awards in the industry.

Corporate Responsibility

1) Green Towers Program

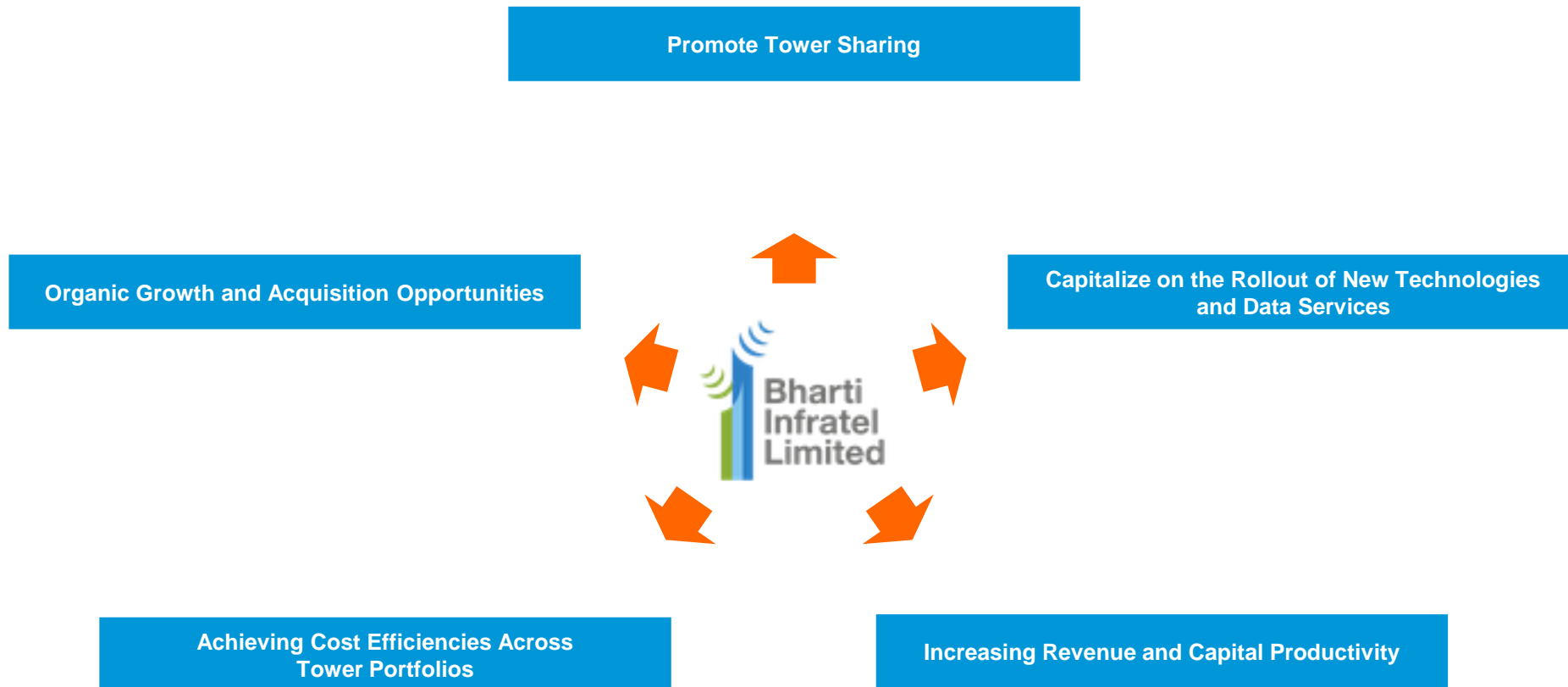
- GreenTowers P7 program
- Comprehensive energy management plan
- Aimed at using alternative, renewable and energy efficient technologies
- "Go Green" Initiative

2) AIDS Awareness Programs

- Over 45 camps organised in North East India, covering almost 10% of the Mokokchung district's population



In Summary







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May 2014