

Bharti Airtel Limited

December 2011



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Certain numbers in this presentation have been rounded off for ease of representation. Unless otherwise specified, conversion rates of 1 US\$ = INR 48.80, 1 US\$ = INR 40.02, 1 US\$ = INR 50.95, 1 US\$ = INR 45.15 and 1 US\$ = INR 44.65 has been adopted for numbers for FY02, FY08, FY09, FY10 and FY11 respectively for representation of numbers in US Dollars, which were the relevant exchange rate on 31st Mar 2002, 2008, 2009, 2010 and 2011 (as per the Reserve Bank of India).

Agenda

- 🌀 **Bharti Airtel – Who we are**
- 🌀 **Bharti Airtel – Unique Business Model**
- 🌀 **Bharti Airtel- India Wireless Overview**
- 🌀 **Bharti Airtel- India & SA – Other Businesses**
- 🌀 **Bharti Airtel- Africa**
- 🌀 **Financial Overview**
- 🌀 **Key Highlights and Conclusion**



Bharti Airtel – Who we are

- 🌀 **LARGEST private INTEGRATED telecom company in India**
- 🌀 **LARGEST WIRELESS service provider in India by subscribers**
 - **5th LARGEST MOBILE telecom operator in the world ⁽¹⁾**
 - **3rd LARGEST in-country wireless service operator in the world ⁽¹⁾**
- 🌀 **Amongst the LARGEST providers of passive infrastructure (by towers) ⁽²⁾**

Source: TRAI, TeleGeography

Note:

1) 5th largest mobile operator on basis of number of subscribers. 3rd largest in-country wireless operator in the world refers to single country operator based on the number of subscribers.

2) Through its subsidiary Bharti Infratel & Indus Towers in which Bharti Infratel owns 42% stake

An Integrated Global Telco



Mobile Services

- Cellular mobile services across 19 countries
- Customer and revenue market leader in India
- ~227 million wireless subscribers globally, as of Q2FY12



Telemedia Services

- Offers fixed telephony and broadband internet (DSL + IPTV)
- Customer base of 3.3 million; large base of broadband & internet customers
- Services provided across 87 cities



Enterprise Services

- Services to large enterprises and carriers
- Serves as single point of contact for all telecom needs
- Global infrastructure of over 151,000 Rkms covering 50 countries across 5 continents



Passive Infrastructure Services

- Bharti Infratel owns 33,056 towers across 11 circles
- Owns 42% stake in Indus Towers, amongst the largest independent tower companies in the world, with 108,998 towers across 15 circles
- Average tenancy ratio of ~1.89



Digital TV Services

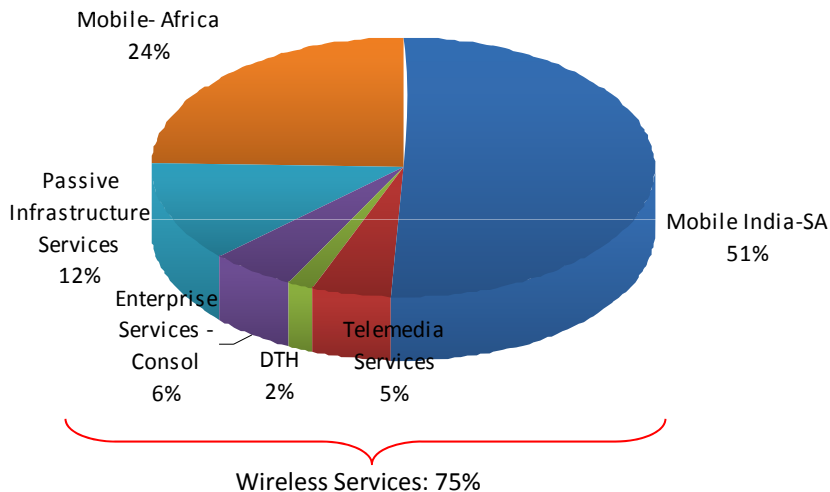
- Pan India DTH operations
- 6.61 mn customers
- Coverage across 582 districts

Fully integrated telecom player offering end-to-end solutions

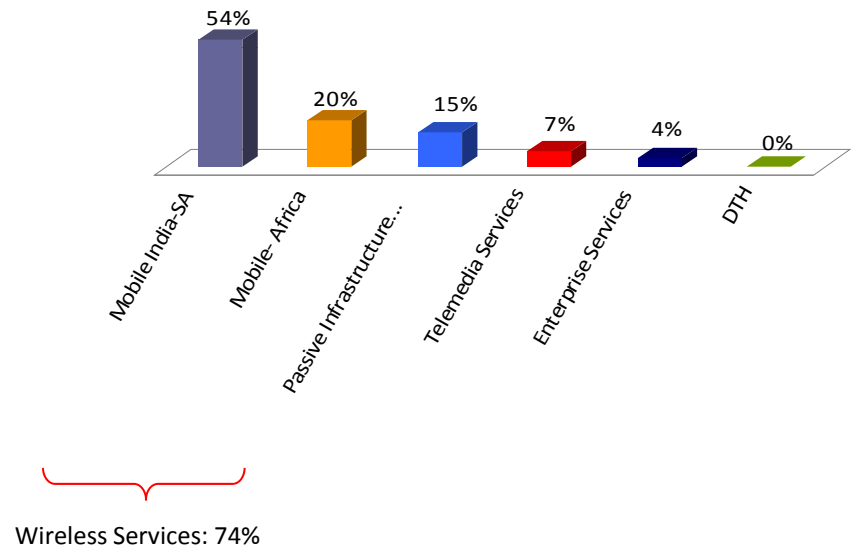
Scale and Profitability across Diversified Segments

- Q2FY12 annualized Revenues of \$15.13 bn (\$16.9 bn including inter-segment revenues) and EBITDA of \$5.1 bn
- Bharti Airtel Africa contributed 24% of Q2FY12 revenues ⁽¹⁾

Q2FY12 annualized Revenue: \$16.9 bn ⁽³⁾



Q2FY12 annualized EBITDA: \$5.1 bn ⁽³⁾



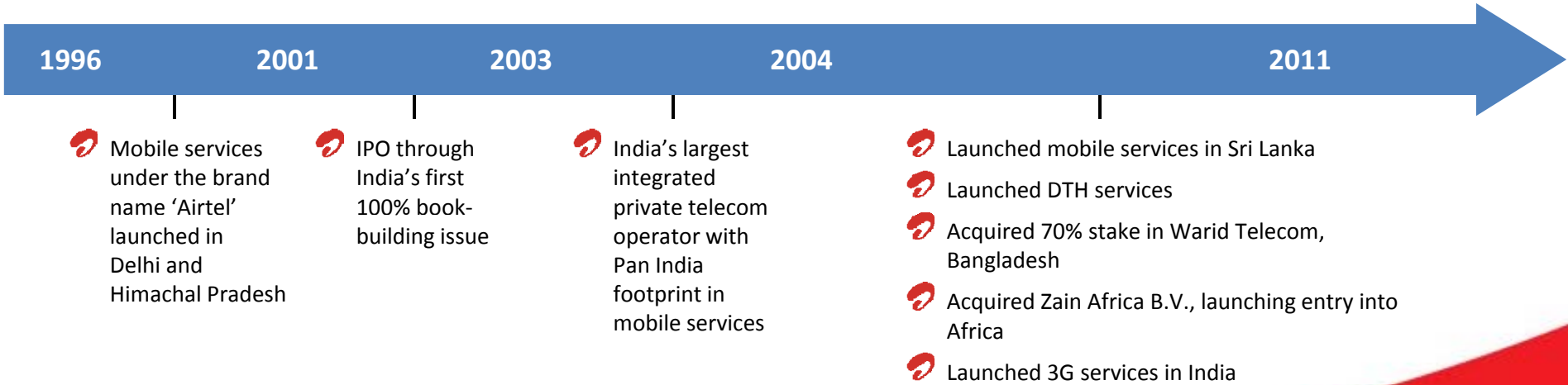
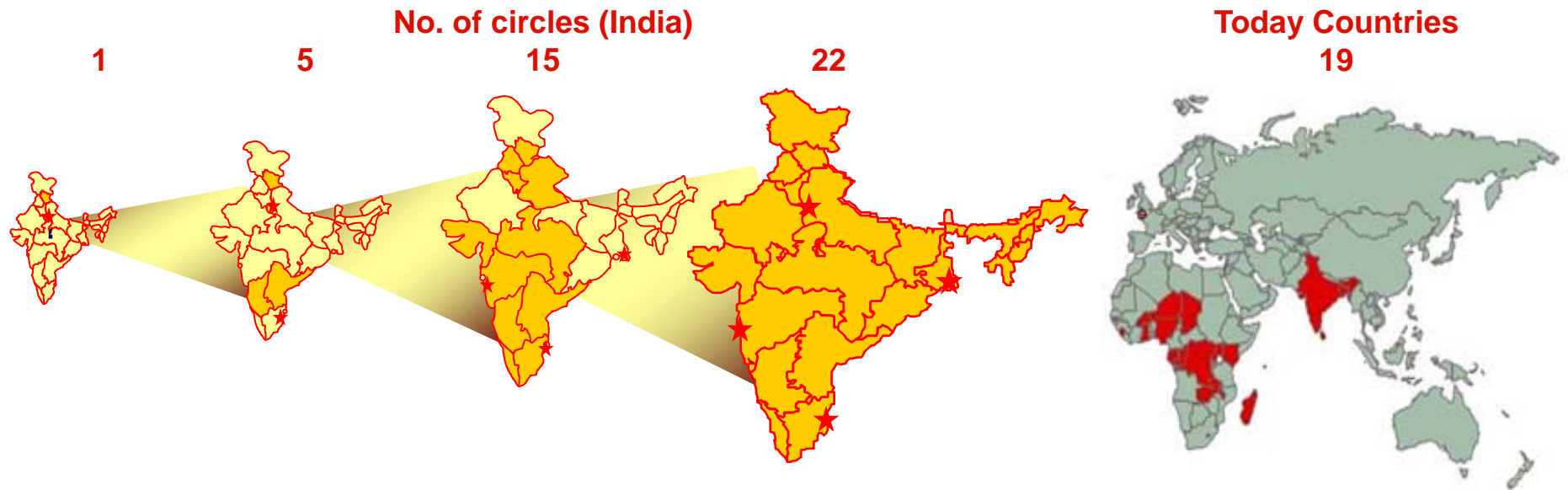
Diversified suite of telecom offerings with non-wireless segments contributing 26% to the profitability

Source: Company Filings

Note:

- Africa operations consolidated starting from 8th June 2010
- Others includes "Africa Others"
- Revenue and EBITDA pre inter-segment eliminations

The Company...Bharti Airtel



Source: Company Filings



Strong Growth Trajectory Since IPO

	2002	2011
Company Profile	Operations in five circles	Leading emerging markets telecom operator
Customer Base ⁽⁴⁾	1.6 mn	220.9 mn
Revenue	\$307.5 mn	\$13.1 bn
EBITDA	\$83.3 mn	\$4.4 bn
Cash Profit ⁽²⁾	\$60.4 mn	\$4.0 bn
Market Capitalization	~ \$1.5 bn ⁽³⁾	~ \$30.4 bn ⁽³⁾

Bharti Airtel has today emerged as a leading emerging markets telco

Source: Company Filings, Company website, BSE, NSE

Note:

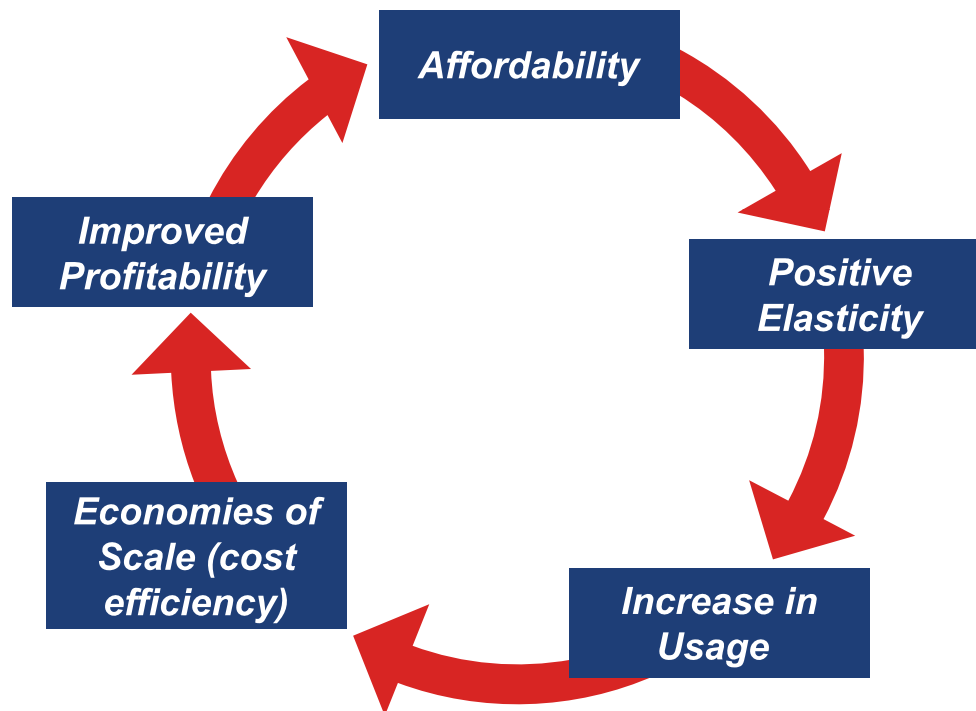
- 1) 2002 and 2011 reflect FY 2002 and FY2011 year end results
- 2) Cash profit defined as EBITDA – Net Finance Cost
- 3) 2002 market capitalization as on 31/03/02 (Source: BSE, NSE); 2011 market capitalization as on 31/03/11
- 4) Customer Base includes non-mobile customers (DTH, Enterprise, Telemedia, etc.)



Unique Business Model

Business Model – “Minutes Factory”

- Improving affordability to gain positive elasticity is at the heart of our Minutes Factory model



- Focus on producing the lowest cost minute whilst maintaining / growing margins
- Drive affordability
 - more users
 - more usage
- Increased scale of minutes; driving operating leverage

Bharti Airtel successfully used its “Minutes Factory” model to move towards a high usage environment, while building its customer base profitably

Strategic Partnerships as part of Business Model



Nortel, Avaya, Cisco, Wipro,
IBM Daksh, Mphasis,
Hinduja TMT, Aegis BPO
Teleperformance, Firstsource

> 1.6mn retail outlets

Indus Towers; Bharti Infratel



 Network management

 Information technology outsourcing

 Call centers / customer service

 Distribution

 Towers / passive infrastructure

The strategic partnership model has been a key enabler for Bharti Airtel to lower its costs



Bharti Airtel: India Wireless Overview


India Wireless Performance Indicators

 Sub Base

c.870.78 mn

 Wireless Penetration

c.72.39%

 Operational metrics per month

— Usage per user ~345 min

— ARPU ~ US\$ 3.51

— Rate per minute ~ US\$ 0.01

 VAS

~ 13.3%



Wireless Revenue


Lot of opportunity ahead....

Note: (1) Subscriber numbers and wireless penetration numbers as on September 30, 2011 are as per COAI, due to non publication of Subscriber numbers as per TRAI

14 (2) Other indicators on the slide are based on Global Wireless Matrix 3Q11 dated 28th September 1 by Merrill Lynch, and reflective of Industry numbers.


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Mobile Services

 Largest wireless operator in India both, in terms of customers and revenue

 Network presence

- In India: 5,115 census towns and 453148 non census towns and villages , covering approximately 86.8% of the country population
- Srilanka: In all 25 administrative districts
- Bangladesh: Across 64 districts

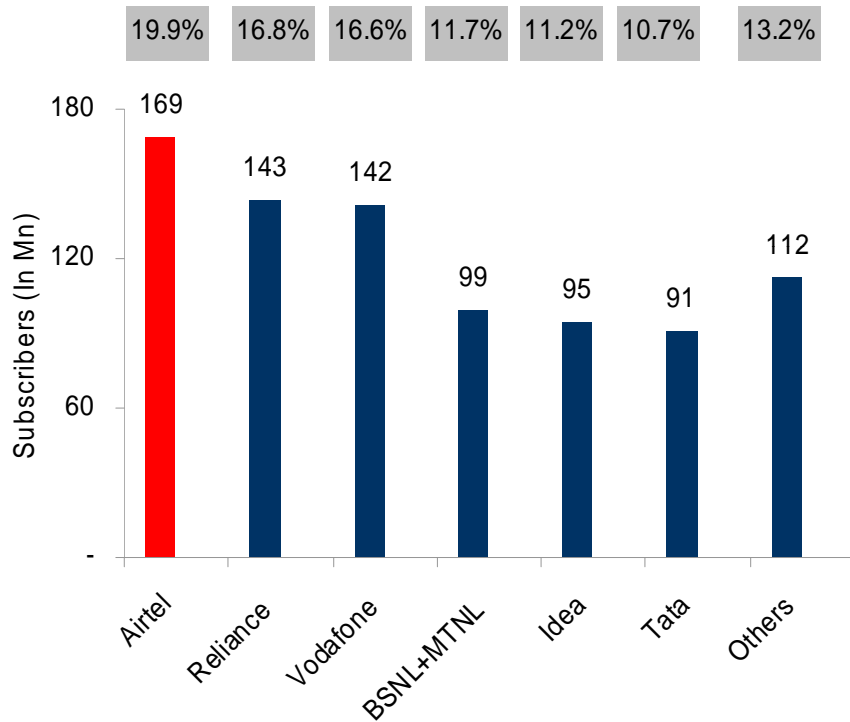
 Key performance Indicators (Q2'12)

- Customer base: 178.6 million
- Revenue: Rs.126,790 Million (77% Segment Contribution Share)
- EBITDA: Rs. 45,728 Million (36.1% EBITDA Margin)
- Usage per user ~423 min
- ARPU ~ US\$ 4.0
- Rate per minute ~ USc 0.9
- SMS Revenue ~ 9.5%

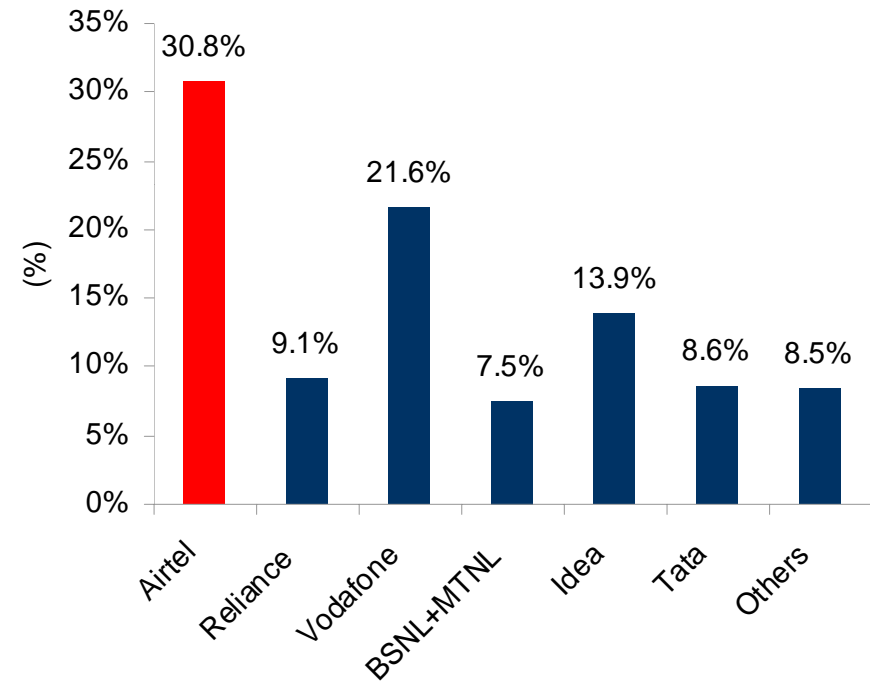


Bharti Airtel: The Leading Indian Wireless Operator

Wireless Subscriber Market Share (1)



Wireless Revenue Market Share (2)



86% nationwide coverage with 31% revenue market share and 20% customer market share

Source: TRAI, UBS

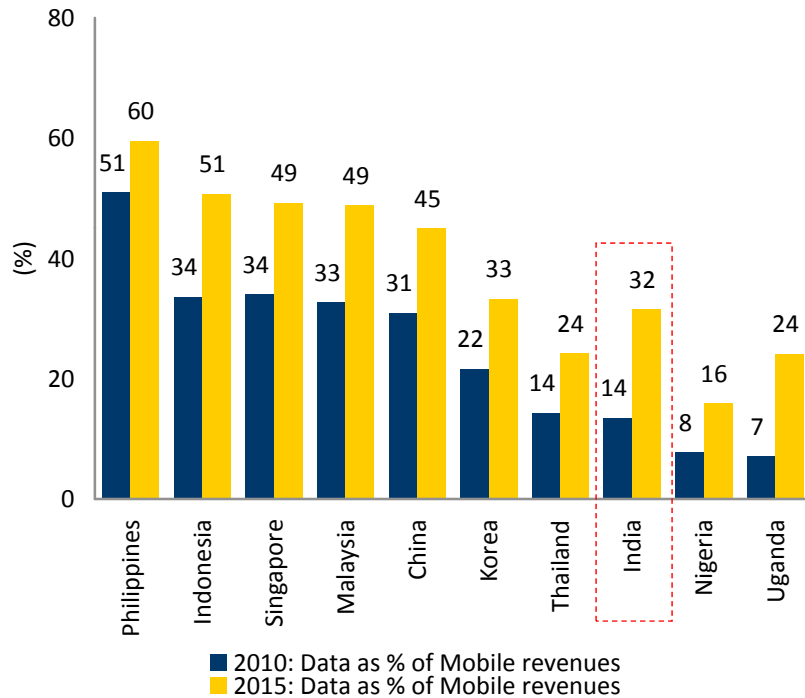
Note:

1) As of June 30th 2011

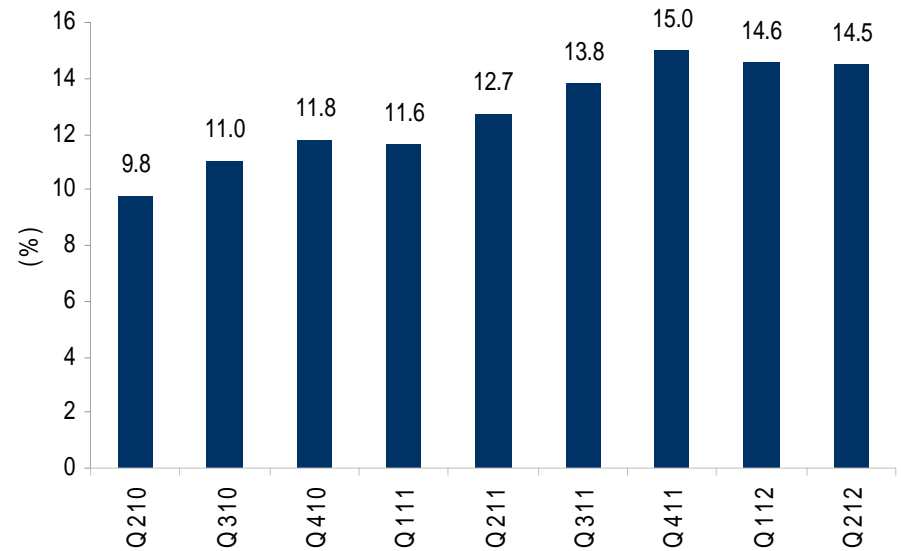
2) For quarter ended June 30th, 2010. Calculated on the basis of Gross Revenue for UASL + Mobile licenses

India Wireless – Significant Upside From “Data”

Data as a percent of Mobile Revenues across Emerging Markets



Bharti Airtel's Non-Voice Revenues as a % of Mobile Revenues

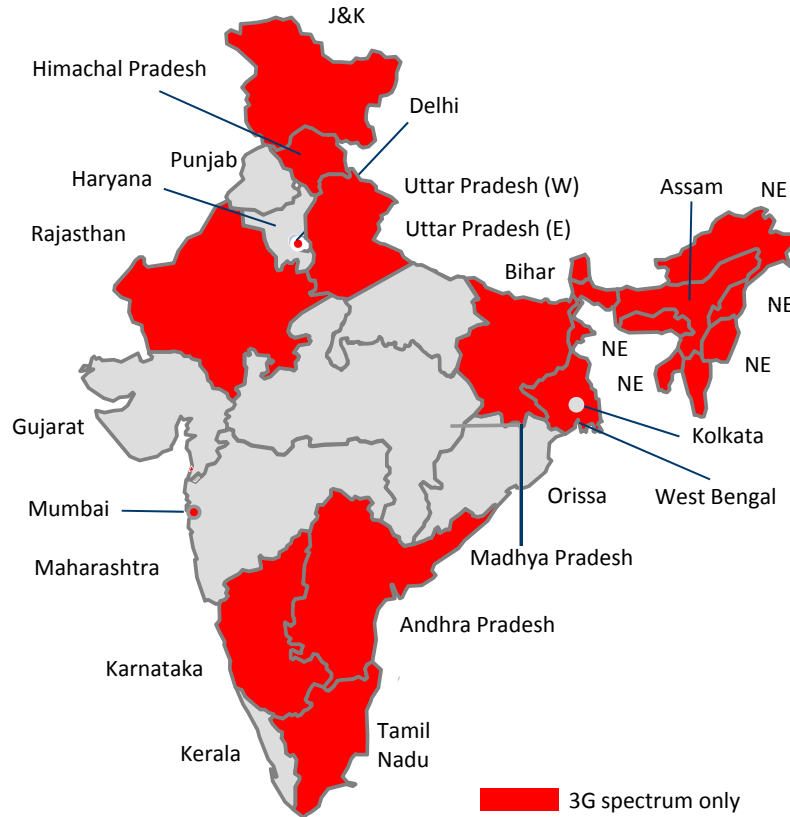


India is expected to have one of the fastest growth rates in the data segment over the next 5 years, to be driven by low cost mobile handsets and new technologies (3G)

Source: Informa, Company filings

3G and Evolving Technologies – Accelerators for Data demand

Bharti Airtel's 3G Position



3G Launch plans

- 3G auctions in India were completed, and spectrum was allocated in September 2010
- Allocated 3G licenses in 13 telecom circles and for a total consideration of ~\$2.6bn
 - Currently, these 13 circles contribute ~71% of Bharti's mobile revenues ⁽¹⁾
- Bharti Airtel launched its 3G network in India on January 24th 2011
 - Since then, added close to 7 million 3G customers
- ICR (Inter Circle Roaming) arrangements with other operators for 3G services in circles where Bharti Airtel does not currently have spectrum

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

Source: TRAI




Note:

1) Based on quarter ended Sept 30, 2011. Calculated on the basis of Gross Revenue for UASL + Mobile licenses



India SA – Other Businesses

Telemedia Services

-  Largest private telecom operator having presence in voice, broadband, IPTV and data
-  Focus on Retail and Small & Medium Business (“SMB”) segment
-  Key Performance Indicators
 - Voice (wire-line) and Data (DSL) Presence in 87 cities in India
 - Customer base: 3.3 million
 - Non – Voice services contributes over 52% of revenue
 - Average ARPU of \$20.9 per month for quarter ended Sept’11



Broadband revolution to follow wireless revolution in India

Source: Company Filings

Note:

1) Broadband defined as DSL with speeds > 256 kbps

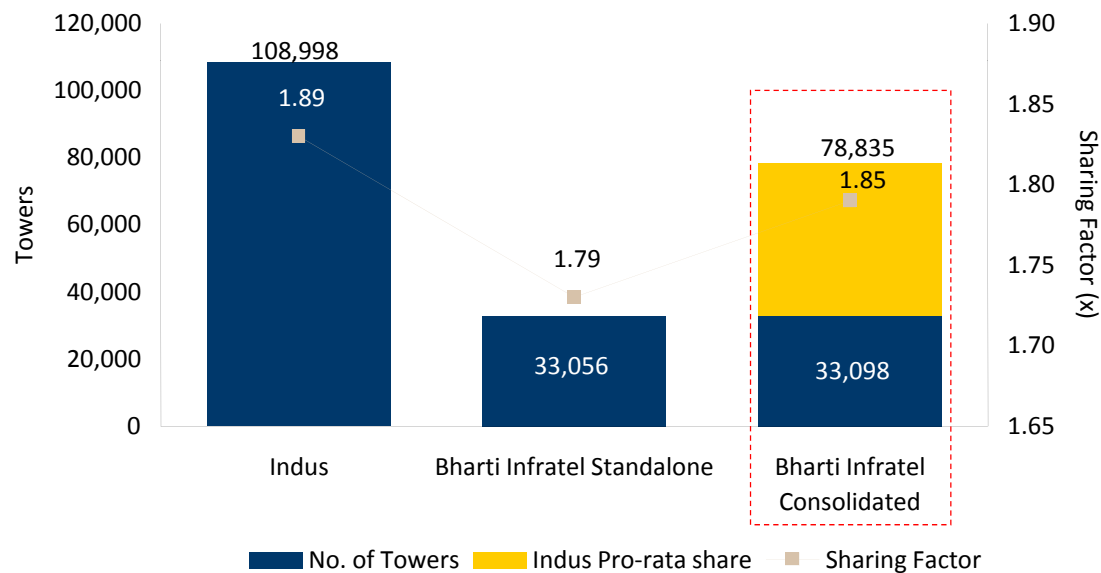
Enterprise Services

- 🌀 Enterprise Services provides a broad portfolio of services to large Corporates and Carrier customers:
- 🌀 Corporates: Single point of contact for all telecom needs for large corporate customers
- 🌀 Carriers: Wholesale voice and data services to domestic and international telecom carriers
- 🌀 Extensive national and international infrastructure
 - Pan-India network with 151,719 Route kms of optical fiber
 - International network with over 225,000 Route Kms, connecting over 50 countries and 5 Continents
- 🌀 *Key Performance Indicators (Q2'12)*
 - *NLD Minutes Carried: 20.3 Billion ; ILD Minutes Carried: 3.5 Billion*
 - *Revenue: Rs.11,042 Million (9% Segment Contribution Share)*
 - *EBITDA: Rs. 2,371 Million (21.4% EBITDA Margin)*



Passive Infrastructure

- Bharti Infratel is a passive infrastructure provider to telecom operators in 11 circles in India
- Bharti Infratel also 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 ~1.89x per tower



Bharti Infratel has exposure to Indus Towers – one of the world’s largest passive infrastructure providers

Source: Company filings

Digital TV Services

- 🌀 Launched “Airtel Digital TV” service in October 2008 as fifth operator providing Direct-to-Home (DTH) services in India
- 🌀 Current subscriber base of ~6.6 million customers
 - Adding 1 out of every 4 new customers joining the DTH platform
 - Currently offer a total of 258 channels including 7 HD channels and 5 interactive services
- 🌀 Present across 582 districts , partnering with local service partners to provide customer service and operate call centers
- 🌀 *Key Performance Indicators (Q2'12)*
 - Revenue: Rs.3,135 Million (2% Segment Contribution Share)
 - EBITDA: Rs. 116 Million (3.7% EBITDA Margin)
 - Average ARPU of \$3.53 per month for quarter ended Sept'11

Source: Company Filings





Venture Into Africa

Venture into Africa- Transaction Rationale

Bharti Airtel Objectives

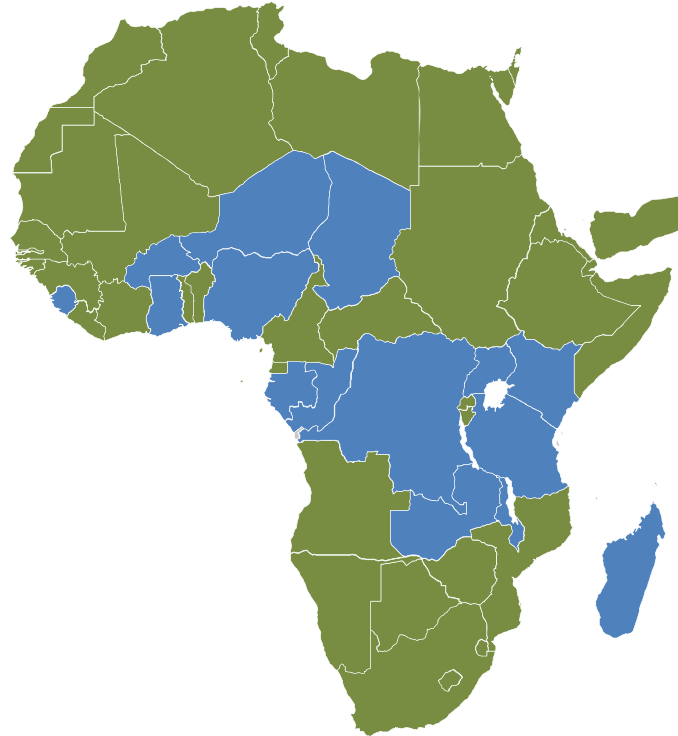
Shareholding and Full Management Control

Ability to use brand 'Airtel'

Manageable Deal Size

Diversification of India Risk

Avoid Greenfield



Transaction Achievements

Global Stature with focus on Emerging Markets

Significant Synergies

Strong Platform for Future Expansion

The transaction met the objectives of Bharti Airtel with long term strategic benefits

Africa- Opportunity for Growth

	India	Africa ⁽¹⁾
Mobile Penetration	~68%	~51%
Average Number of Competitors	10-14	3-5 ⁽²⁾
Business Model	High usage, low tariff model	Low usage, high tariff model
Minutes of Usage per sub ⁽²⁾	~423	~128
ARPU (US\$) ⁽³⁾	\$4.0	\$7.3
ARPM (US cents ¢) ⁽³⁾	< 1.0¢	5.7¢

Africa represented an opportunity where Bharti could replicate its “minute factory” model to replicate its success in India

Source: Company Filings, TRAI, TeleGeography

Note:

- 1) Data pertaining to the 16 African countries where Bharti Airtel Africa has operations.
Africa Mobile penetration calculated as average of 16 markets penetration as of December 2010
- 2) Competitors based on individual country basis
- 3) Bharti Airtel numbers for the quarter June- September 2011

Bharti Airtel Africa- Market Position

Leadership Position in African Markets

<u>No of markets</u>	<u>Positioning</u>
7	1st
5	2nd
3	3rd
1	4th

Well positioned to capture larger market share

Competition

<u>No of markets</u>	<u>No of competitors</u>
2	# 1
3	# 2
6	# 3
3	# 4
2	# 5 or more

Less than 4 competitors in 11 out of 16 countries

Licences & Spectrum

- 🔴 All 16 countries have 900 Mhz spectrum
- 🔴 Average 2G spectrum across 17 countries: 19 Mhz ⁽¹⁾
 - Average of 8 Mhz of 900 Mhz spectrum
 - Average of 12 Mhz of 1800 Mhz spectrum
- 🔴 Also has 3G spectrum across 10 countries
 - 20 Mhz of 2.1 Ghz spectrum in 2 markets
 - 15 Mhz of 2.1 Ghz spectrum in 2 markets
 - 10 Mhz of 2.1 Ghz spectrum in 5 markets
 - 5 Mhz of 2.1 Ghz spectrum in 1 market

Bharti Airtel has a leadership position in a large number of the 16 countries, and enjoys limited competition

Source: TeleGeography

Note:

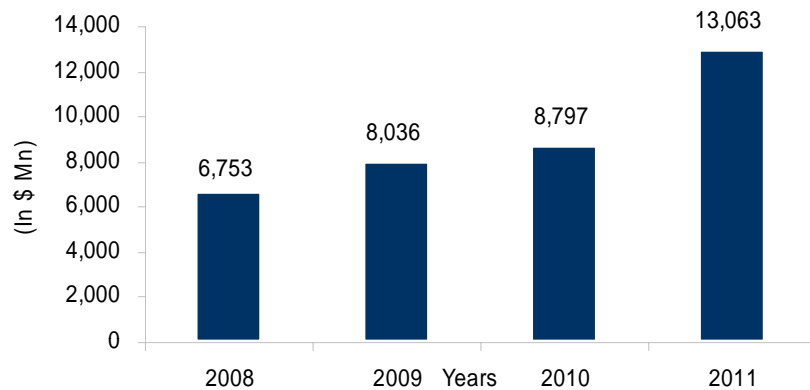
1 Includes GSM 900, E-GSM and 1800 MHz



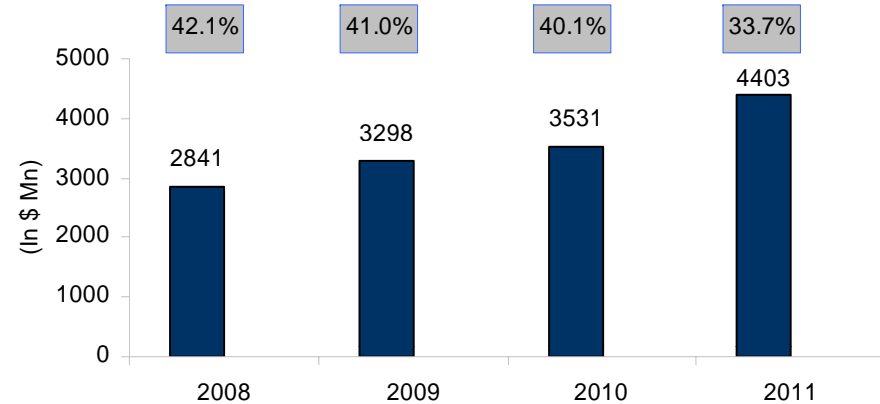
Financial Overview

Robust Financials (Consolidated) ⁽¹⁾

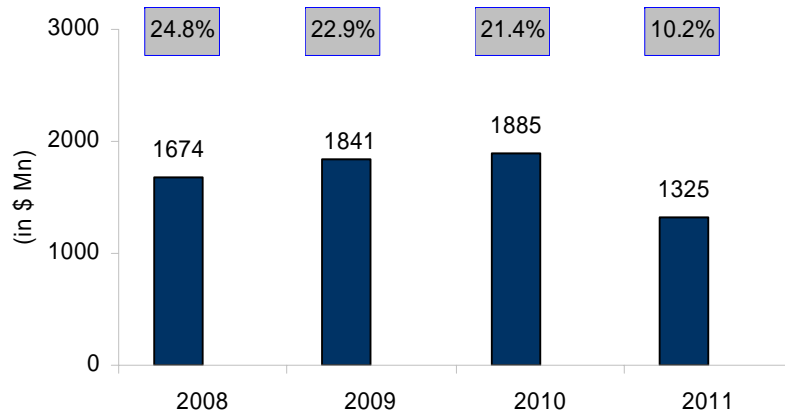
Total Revenues



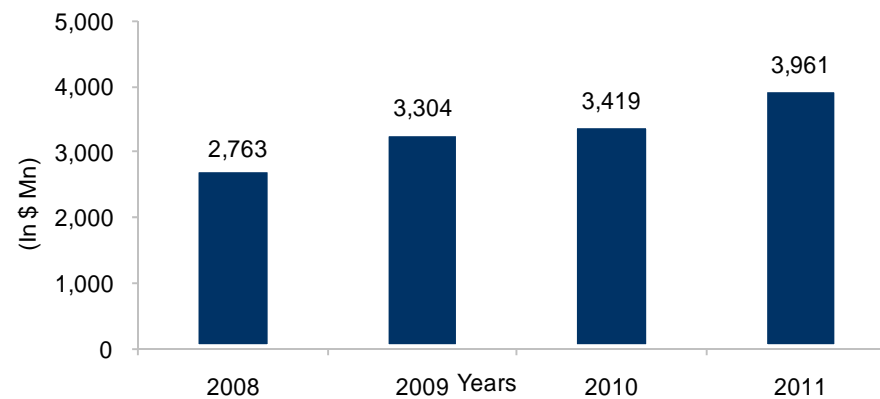
EBITDA and EBITDA margin



Net Profit and Net Profit Margin



Cash Profit from Operations ⁽²⁾



Source: Company Filings

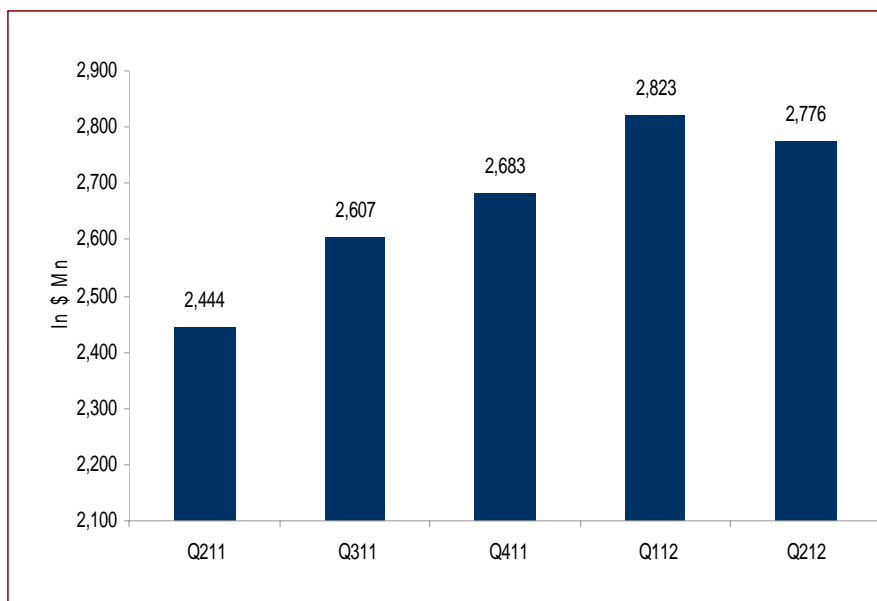
Note: Financials for FY08 and FY09 are audited and as per US GAAP. Those for FY10 and FY11 are audited as per IFRS

1) Africa operations consolidated starting from 8th June 2010

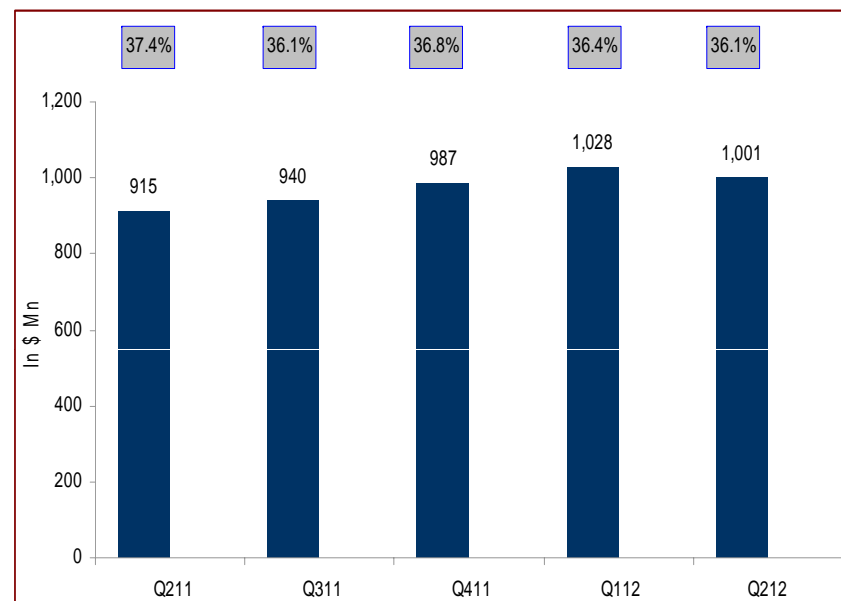
2) EBITDA- Actual Interest (Before derivative and exchange fluctuations)

Bharti Airtel... India & South Asia Performance Indicators

Total Revenues



EBITDA and EBITDA margin



Stable local currency growth trajectory

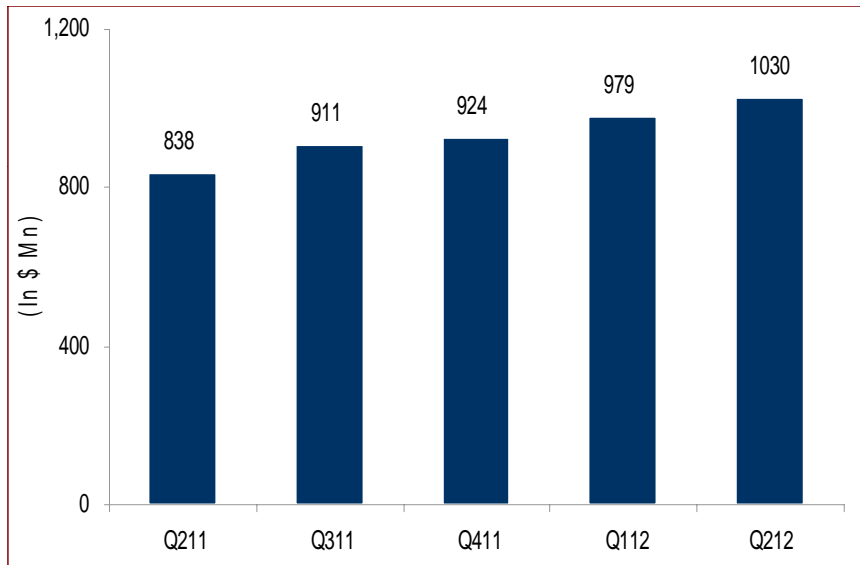
	Q211	Q311	Q411	Q112	Q212
INR Million					
Total revenues	113,473	117,374	121,471	126,306	126,790
EBITDA	42,470	42,344	44,674	46,006	45,728
EBITDA Margin (%)	37.4%	36.1%	36.8%	36.4%	36.1%

Source: Company Filings

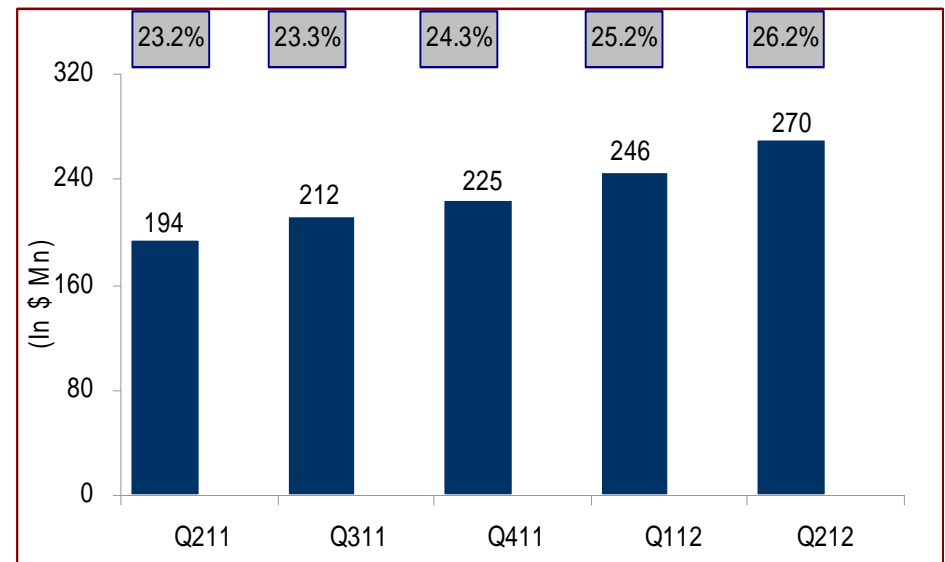
Note: Average exchange rates used for Rupee conversion to US\$ is (a) Rs. 46.42 for the quarter ended September 30, 2010, (b) Rs. 45.03 for the quarter ended December 31, 2010 (c) Rs. 45.28 for the quarter ended March 31, 2011 (d) Rs. 44.74 for the quarter ended June 30, 2011 (e) Rs. 45.67 for the quarter ended September 30, 2011 based on the RBI Reference rate.

Bharti Airtel...Africa Performance Indicators

Total Revenues



EBITDA and EBITDA margin



Huge opportunity space



Leadership and Corporate Governance

Leadership in Business

Rated as the **'Strongest Brand'** in the Economic Times- Brand Finance 'Brand Power for 2009' (the only corporate brand to be awarded the AAA rating)

Adjudged **Wireless Service Provider of the Year 2009** – Frost & Sullivan Asia Pacific ICT Awards

Voted as the **India's Most Innovative Company** in a survey conducted by Wall Street Journal

Rated as **India's Best Enterprise Connectivity Provider** for 2009 at the annual Users' Choice Awards instituted by PC Quest.

No.1 Service Brand and No.3 in the overall rankings in the annual Brand Equity's Most Trusted Brands Survey

Best Telecom Service Provider and Best VSAT, NLD Player & Cellular Service Provider at the 2009 Voice & Data 100 Awards

Best Global Wholesale Carrier for 2009 at the Telecoms World Awards Middle East.

Adjudged **Most Preferred Brand of Cellular Service Provider** award at the 2011 CNBC AWAAZ Storyboard Consumer Awards

Sunil Bharti Mittal, Chairman & Group CEO

- Honorary degree of **Doctor of Laws** by University of Leeds (UK) in 2009
- Tenth **Lal Bahadur Shastri National Award** by the Hon'ble President of India in 2009

Rajan Bharti Mittal, Vice Chairman & MD

- CA Business Achiever Award** by Institute of Chartered Accountants of India

Akhil Gupta, Deputy Group CEO & MD

- CA Business Achiever Award** in 2009
- Voted **Best CFO of the Year** at CNBC TV 18 CFO Awards in 2006

Manoj Kohli, CEO (International) & Joint MD

- Telecom Man of the year** by Tele.net in Apr'10

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

Diversified Board – 50% independent directors

SingTel representatives on the Board of the company

Professional organization with empowerment to operating team

Professional Entrepreneurial combination

Thank You



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