

RELIANCE



Investors' Presentation

February 2017


RELIANCE


 Leading integrated telecommunications operator in India with presence across wireless, enterprise, broadband, passive infrastructure, and DTH

 Leading global data communications business under GCX, with sub-sea cable network of 68,698 km



 Pan-India operator with long dated spectrum offering voice and data across 4G /3G/2G services

 Integrated nationwide network with ~43,000 towers, ~62,000 cell sites, 190,000 Km optical fibre network and 1.1 mn sq ft data centre space

 Nearly 87 mn total wireless subscribers including 32 mn data subscribers of which ~23 mn are 3G / 4G subscribers

Leading Player in the Indian Telecom Sector

CDMA Migration to 4G LTE Successfully Completed

Pan India 4G LTE Services Launched at Minimal Capex & Opex

Consolidation of Wireless Business with SSTL and Aircel

Deleveraging Strategy Under Execution

Stronger RCOM post Corporate Transactions

Contents



- ❑ Indian Telecom Scenario
- ❑ RCOM – Growth Strategy
- ❑ Corporate Transactions – SSTL & Aircel Merger, Tower Sale
- ❑ RCOM – Post Transactions
- ❑ Financial Information



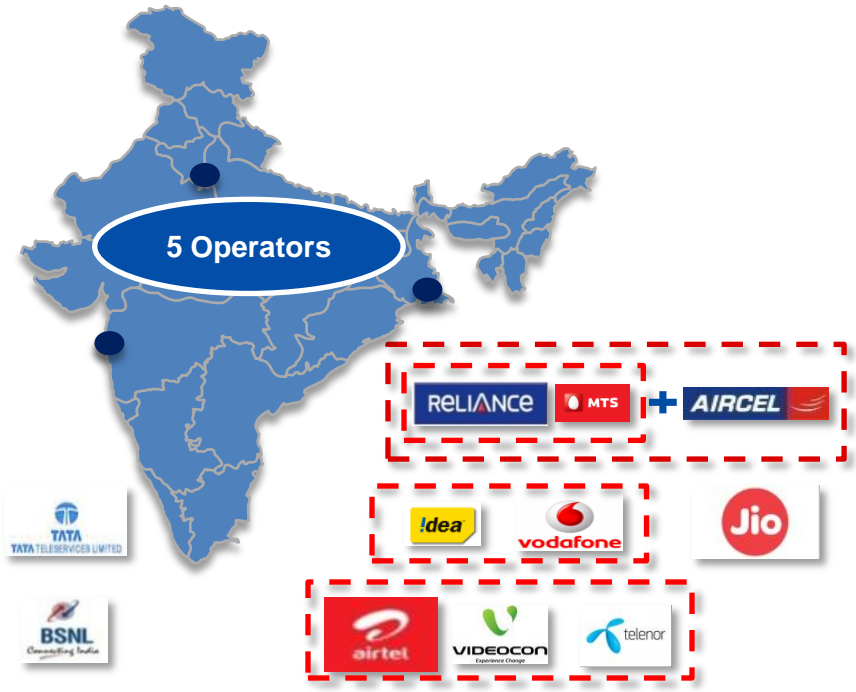
Sector consolidation to usher in medium to long term pricing stability

Competitive Landscape Earlier



❑ Hyper competition led to low tariffs, impacting viability

Competitive Landscape Now

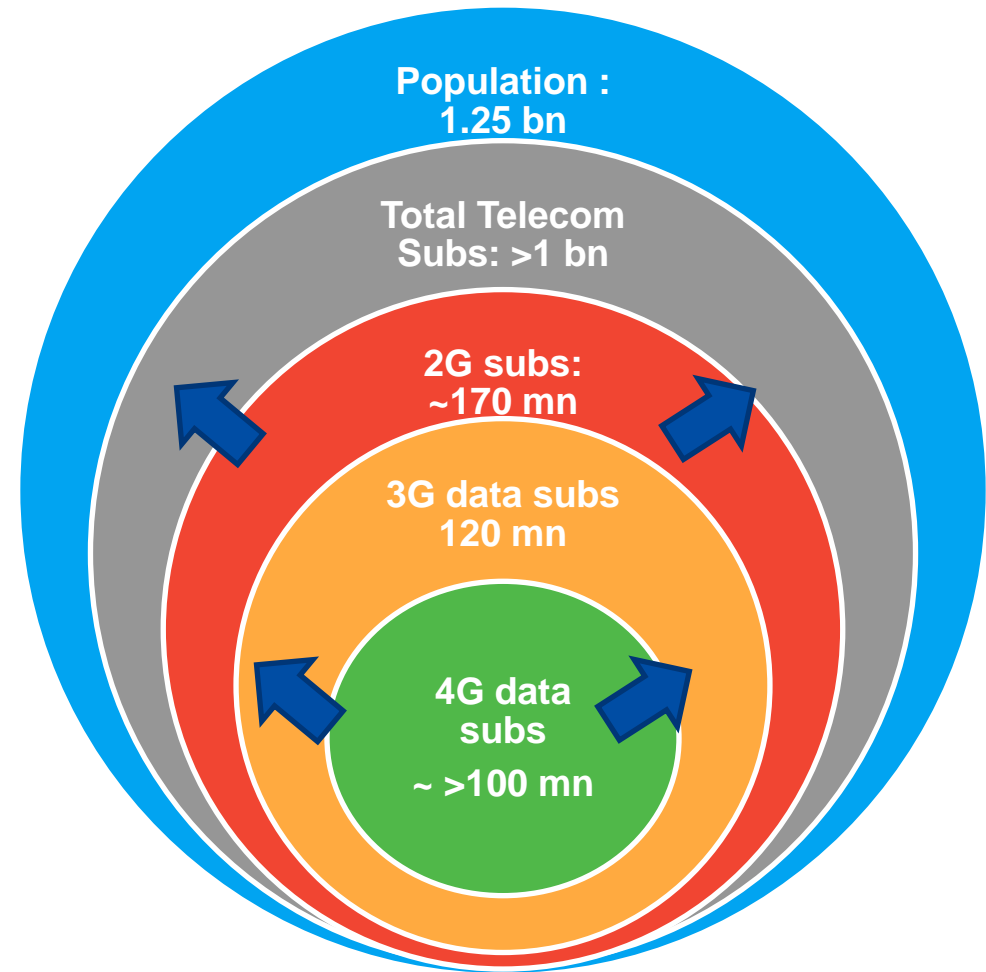


- ❑ Top 5 operators account for >90% of the revenue market share
- ❑ Regional operators have rolled back operations in select circles, / consolidated with larger operators / exited

Industry getting Consolidated Among 5 Pan-India Players

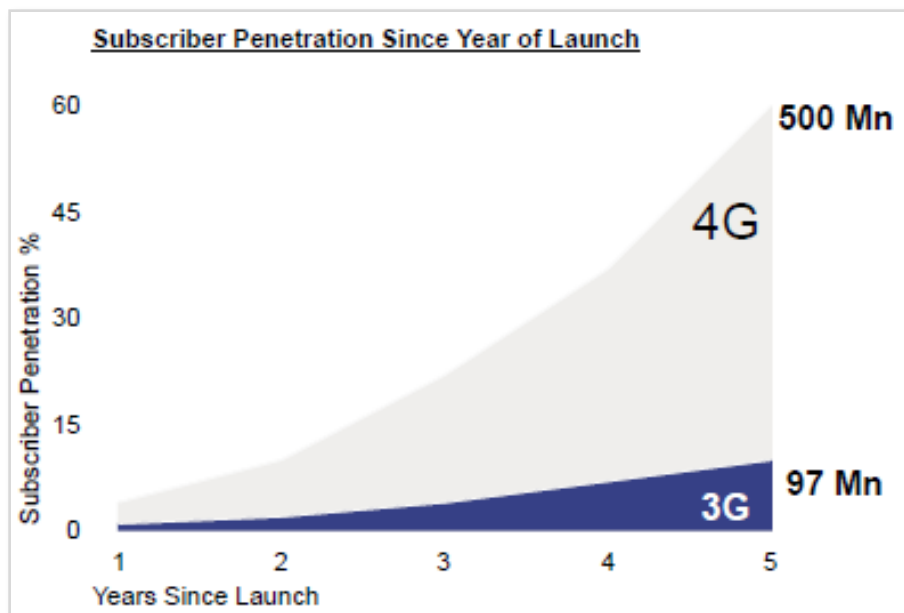
Indian Data Subscribers – A Very Large Opportunity

- ❑ Wireless remains the primary means of data access in India
- ❑ Negligible wire line broadband infrastructure in the country, now being augmented as a part of Govt's BharatNet Project
- ❑ Only 20% total wireless subscribers are broadband internet users
- ❑ Next generation of subscribers will demand faster 3G/4G services



Source: TRAI

Data subscriber base to grow as Digital services become more common



Factors for Higher Adoption – Comparison of industry-wide status at the time of launch of services

1. Cost of Device: entry level price

- 3G : \$ 225
- 4G : \$ 45

2. Network

- **3G** : 10% population coverage with poor indoor coverage
 - Average speeds of 2 ~ 3 Mbps due to poor backhaul
- **4G** : 80% population coverage with best indoor coverage
 - Average speed of 15 ~ 20 Mbps with most sites fiberised

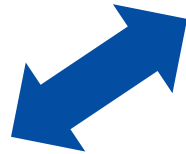
3. Tariff / Affordability

- **3G** : 2x of 2G data pricing and 1.4X of ARPU
- **4G** : Lower than 2G

Faster growth in 4G data adoption to compensate the falling voice revenues



Digital Lifestyle



Content and Services



Technology

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			Incumbent 1	Incumbent 2	Incumbent 3
800Mhz	✓	✓			
1800Mhz	✓	✓	✓	✓	✓
2300Mhz	✓	✓	✓		
2500Mhz				✓	✓

800Mhz Spectrum with one of the Largest 4G network in the country & one of the largest globally

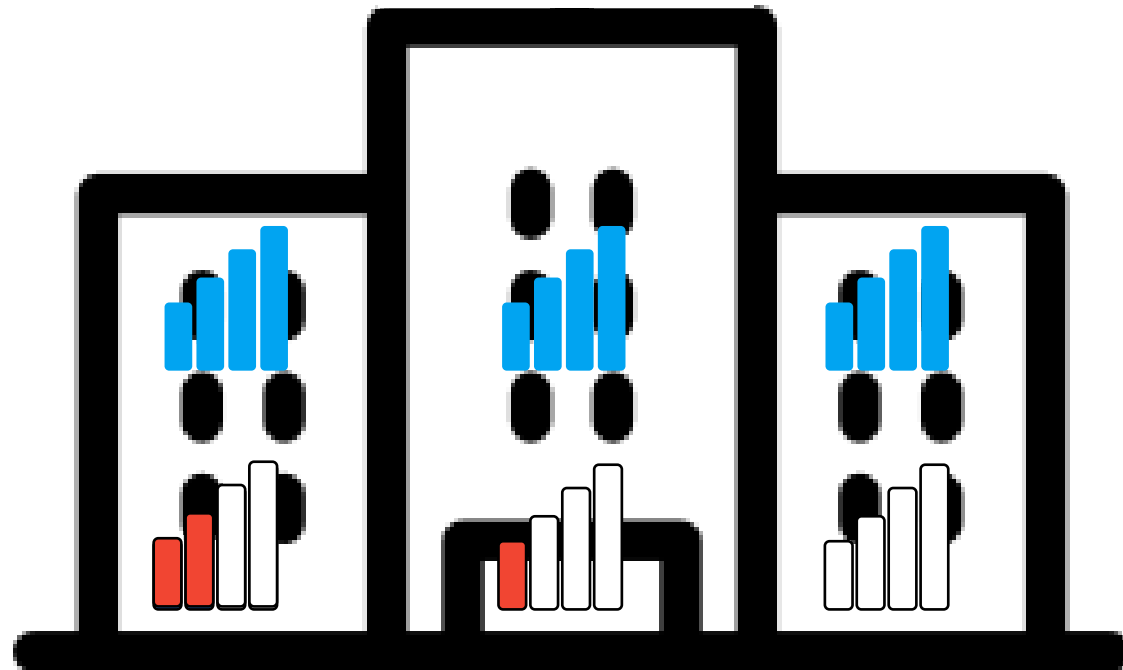
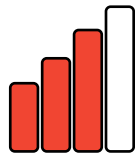
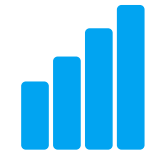
RCOM's Distinct Advantage – 800Mhz Spectrum + Network Coverage

- ❑ 800/850 MHz Spectrum can penetrate deep indoors where over 75% of data consumption happens
- ❑ 800/850 band is to 4G era, what 900 band was for 2G era



RCOM

Others



800Mhz Spectrum - Better in-building Signal Strength

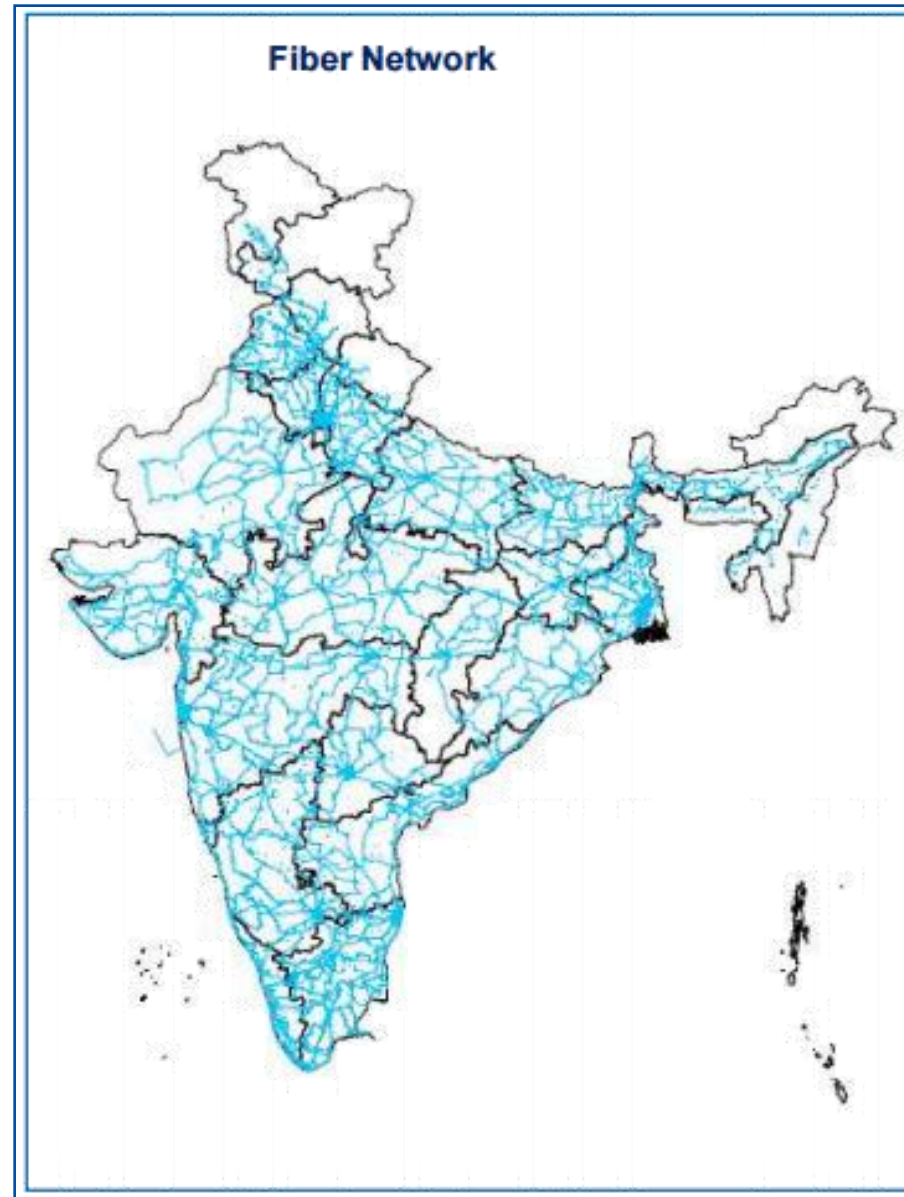
- ❑ Nationwide Spectrum Sharing Arrangements Completed
- ❑ Shared spectrum arrangements to yield spectral efficiency advantage
- ❑ RCOM's access to Jio's state-of-the-art 4G network
- ❑ **Ample spectrum in 18 circles* :**
 - **≥ 10 MHz in 11 circles and 8.75MHz in 7 circles**

Distinct sub-1 GHz Spectrum Advantage

- ❑ One of the largest network globally, at launch, with pop coverage ~80%
 - ~18,000 cities and
 - ~2,00,000 villages

- ❑ Network with Macro cells and Small cells, and IBS backed by fiber network over 250,000 Kms

Strong Backhaul Capacity





Voice + Data + VAS plan ❌



Single Recharge

Only connectivity plans ❌



Content + Connectivity

Physical channels ❌



Electronic and Online

Paper based forms ❌

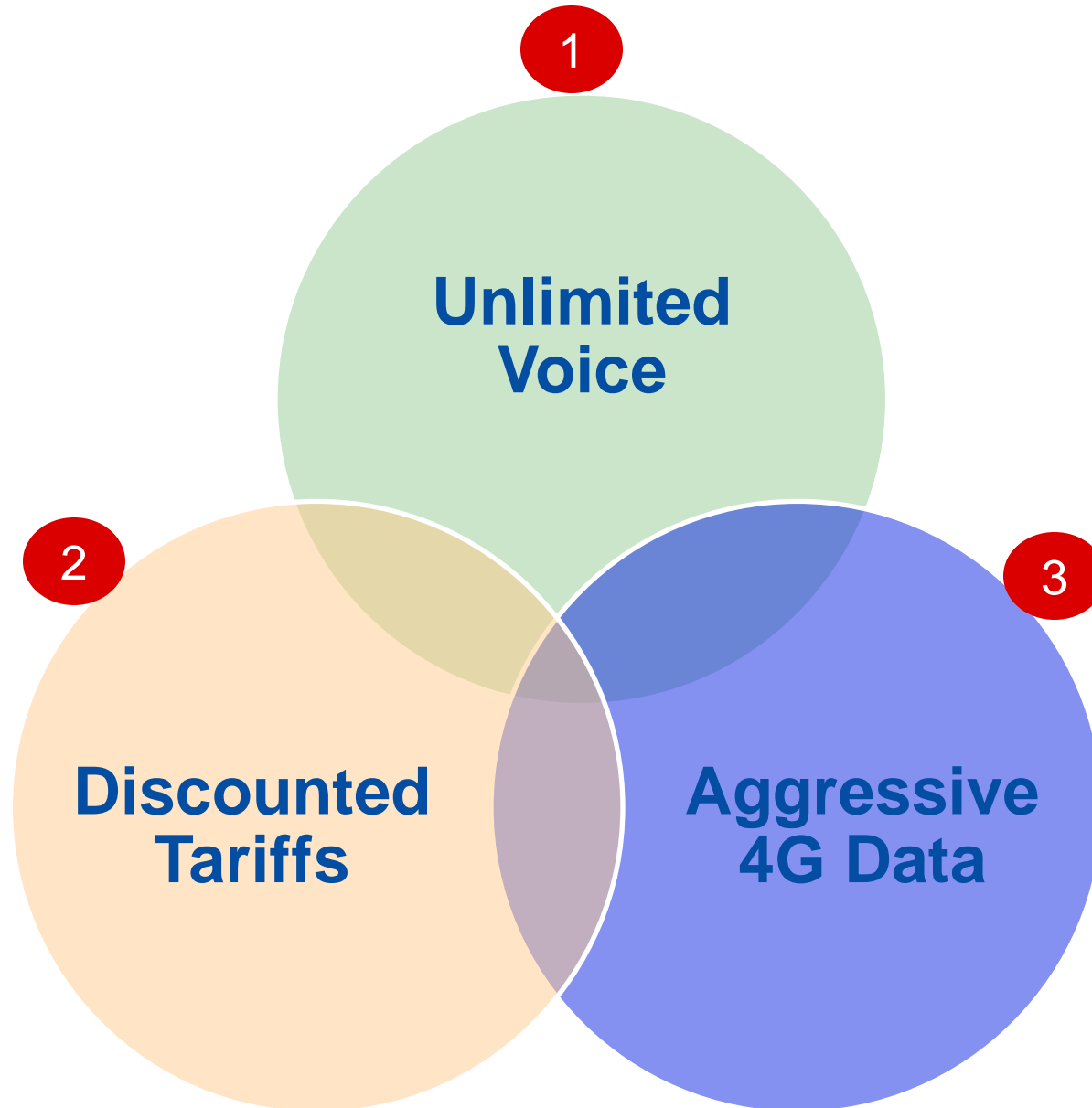


e-KYC

Call centers ❌



Instant multi-channel support



1

INR 149 Product with unlimited on-net calls and 300 MB 4G Data

➤ **Target Segment**

- ❑ Voice Users

➤ **Product Features**

- ❑ Unlimited on-net calls
- ❑ Fair usage off-net calls
- ❑ 28 days Validity
- ❑ 300 MB Data

2

INR 19 Product with INR 0.20 for all calls

➤ **Target Segment**

- ❑ Migrants
- ❑ STD users

➤ **Product Features**

- ❑ 20p Tariff
- ❑ 28 Days Validity
- ❑ 500 MB Data

3

INR 99 product offering 1 GB 4G data

➤ **Target Segment**

- ❑ Youth / College Students
- ❑ Young Executives

➤ **Product Features**

- ❑ 1GB 4G Data at competitive price in the industry
- ❑ Built in tariff of INR 0.20/min for all local & STD calls

No Handset Limitation, Invitation To All 2G / 3G / 4G Handset Owners

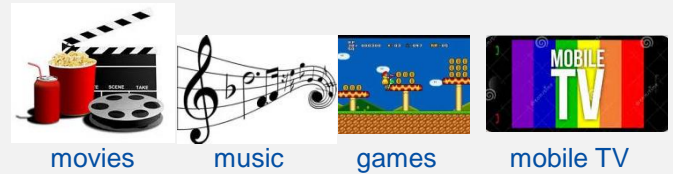
- ❑ RCOM to offer content services as the market moves from “dumb data” to more “smart data based plans”

From today's 'Dumb Pipe' based Data Plans

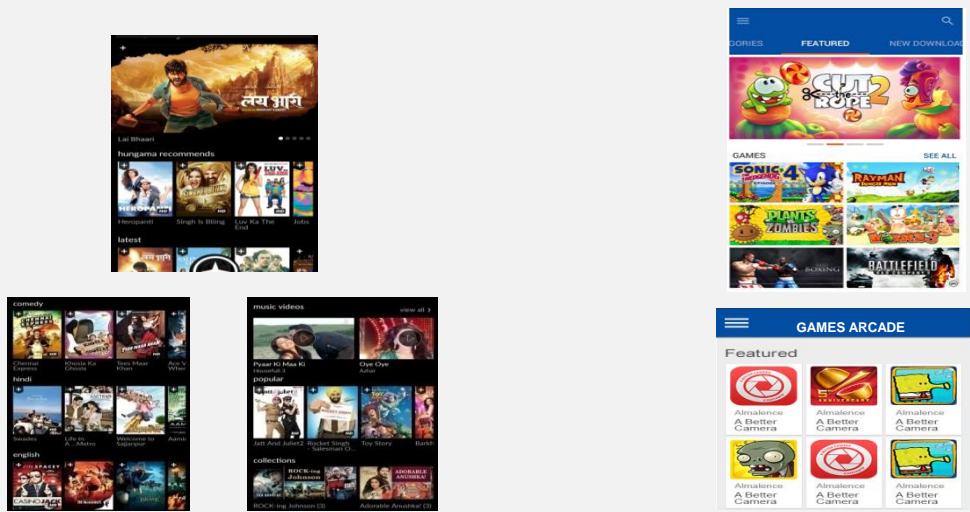
GBs



'Smart Pipe' based Data Plans



- ❑ RCOM offers a wide range of content - movies, music, games and mobile TV



Dumb Data to Smart Data

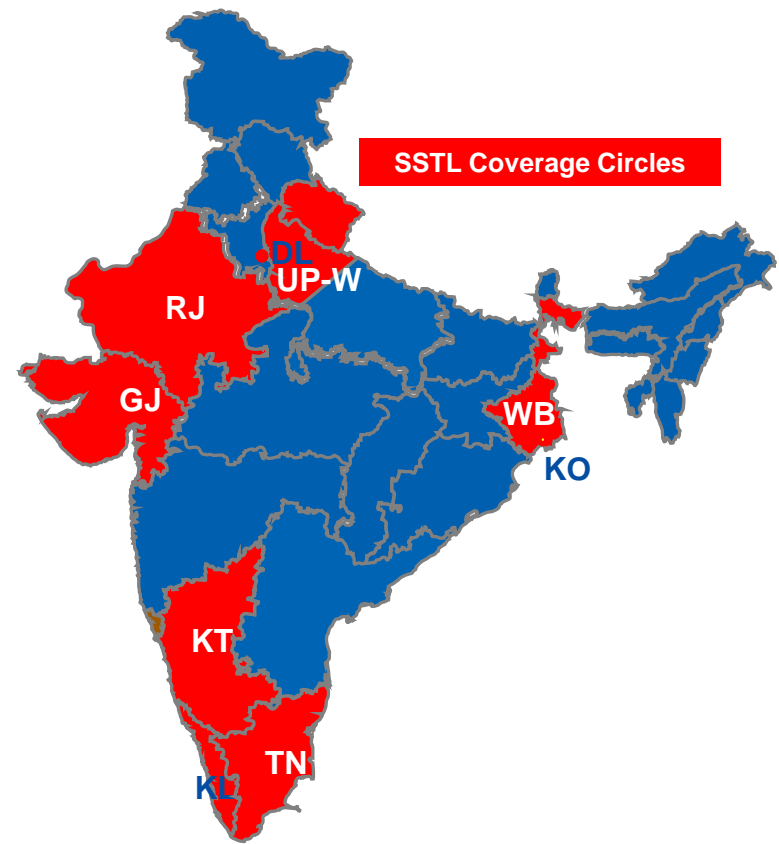
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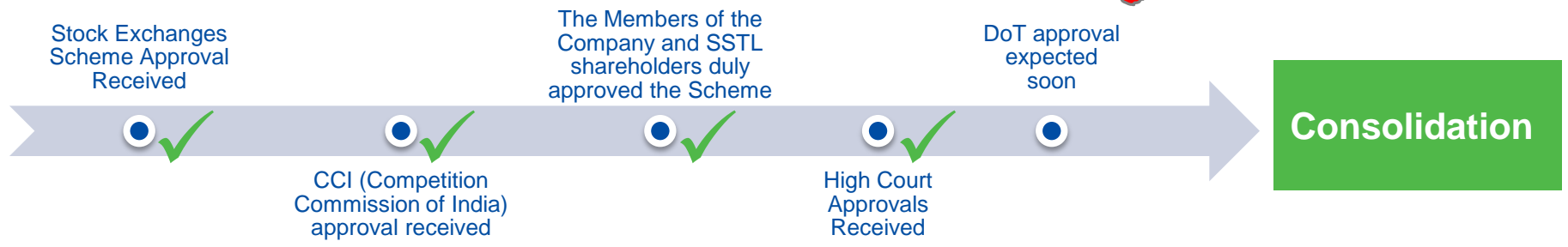
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- ❑ RCOM to acquire SSTL's operating wireless business
- ❑ RCOM to acquire most valuable and superior 800 / 850 MHz band
- ❑ RCOM to extend validity of 800 / 850 MHz band spectrum in 8 key circles
- ❑ Consideration to be paid in RCOM stock and liability of DoT installments for SSTL spectrum payable over 10 years



Transaction Completion – Key milestones

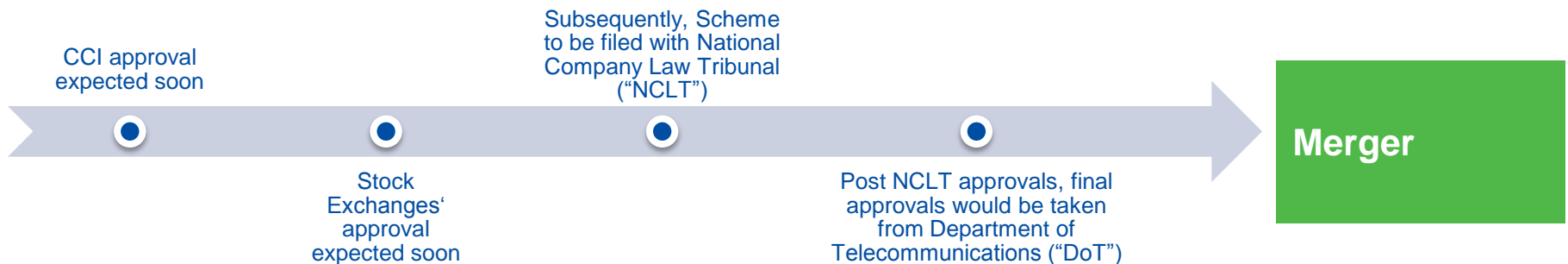


RCOM Spearheading Consolidation In Indian Telecom Sector

- ❑ Wireless business of RCOM to be combined with Aircel Ltd. through court approved process of demerger
- ❑ RCOM and Maxis Communications Berhad (MCB) to hold 50% each in 'MergedCo' with equal representation on board and committees
- ❑ MergedCo to rank amongst the top operators in India on customer base and revenues
- ❑ MergedCo to rank amongst top 3 operators by revenues in 12 important circles
- ❑ Strong spectrum portfolio across India having 850, 900, 1800 and 2100 Mhz bands, with 2G, 3G & 4G operations across the country, especially strengthened by the sub-1 GHz spectrum, 850MHz spectrum, available across all the circles for offering the fast growing 4G service in India

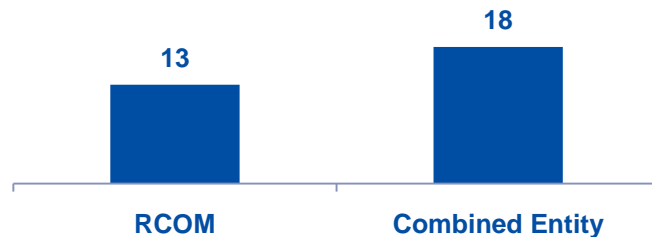
- ❑ Transaction will reduce RCOM debt by INR 20,000 crore (US\$ 3 bn) or over 40% of total debt
- ❑ MergedCo to rank among top corporates in India with assets of INR 65,000 crore (US\$ 9.7 bn) and net worth of INR 35,000 crore (US\$ 5.2 bn)
- ❑ NPV of capex and opex synergies estimated at ~ INR 20,000 crore (US\$ 3 bn)
- ❑ RCOM will continue to own and operate its high growth businesses in the domestic and global enterprise space, Data Centers, optic fibre and related telecom infrastructure, besides owning valuable real estate.

Transaction Completion – Key milestones



3G – in 18 circles

2100 MHz 3G Spectrum (No. of Circles)



- ❑ 10 MHz spectrum in 2100 MHz band in 8 Circles

2G – Pan India & Better Coverage

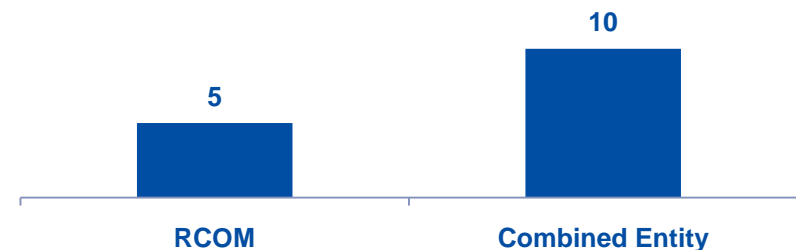
- ❑ Combined network would improve nationwide coverage
- ❑ The merger will help in filling GSM coverage gaps in West Bengal, Bihar, and Assam, where RCOM did not renew its 900MHz spectrum

4G - Pan-India capability

- ❑ Pan India 4G capable spectrum in 800 MHz band
- ❑ All Metros, A and B Circles have 5 MHz+ Spectrum in 1800 MHz band for possible 4G rollout in 1800 MHz band
- ❑ 4G arrangement with Jio to continue

RCOM 's1800MHz spectrum renewal pushed to CY26

Residual Spectrum Life in 14 Circles in 1800 MHz Band (Years)



14 circles (Metro, A' & B' circles except MP and WB)

Unique Spectrum Capability across bands for Pan India Wireless Broadband play

Key Highlights

Reliance Tower Assets

- 1 Largest standalone tower portfolio in India with a single controlling shareholder
- 2 Best positioned passive infrastructure player
- 3 GBT Heavy Tower Portfolio – Higher Tenancies and Better Range
- 4 High quality cell sites built to support tenancies upto 4x and beyond
- 5 Best suited to attract data led tenancies
- 6 Established anchor tenants
- 7 De-risked model with long term business visibility
- 8 Successful track record of increasing 3rd party tenancies
- 10 Experienced Management Team

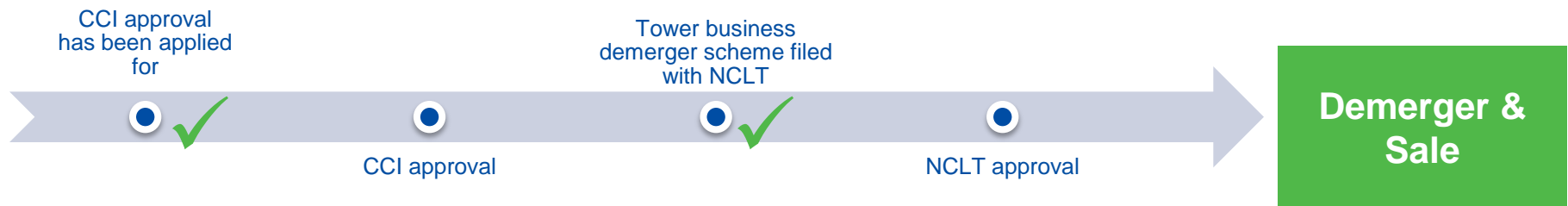
Sale Of Tower Business At An Advanced Stage

- ❑ RCOM signed Definitive Agreements with Brookfield for sale of its Telecom Towers Business
- ❑ RCOM will receive an upfront cash payment of ~INR 11,000 crore (~US\$ 1.7 bn) from the proposed transaction
- ❑ RCOM will also enjoy 49% future economic upside in the towers business, based on certain conditions
- ❑ RCOM intends to utilize the proceeds of the proposed transaction solely to reduce its debt

About Brookfield

- ❑ Brookfield is a leading global alternative asset manager with assets over US\$ 250 bn
- ❑ Brookfield has a history of more than 100 years of owning and operating real assets with a focus on property, renewable energy, infrastructure and private equity
- ❑ Brookfield has presence in ~30 countries around the world

Transaction Completion – Key milestones



Proceeds To Be Used For Deleveraging

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B2B Business

Enterprise

- Data Centers
- Office Centrex
- Broadband
- MPLS and VPN
- Domestic Leased Line
- Business Internet

Carrier Business

- NLD Data
- National OFC Network

Global Operations

- Subsea cable
- IP Services
- Private Line
- Managed Network Services

Indian Operations
 Global Operations

Stakeholding

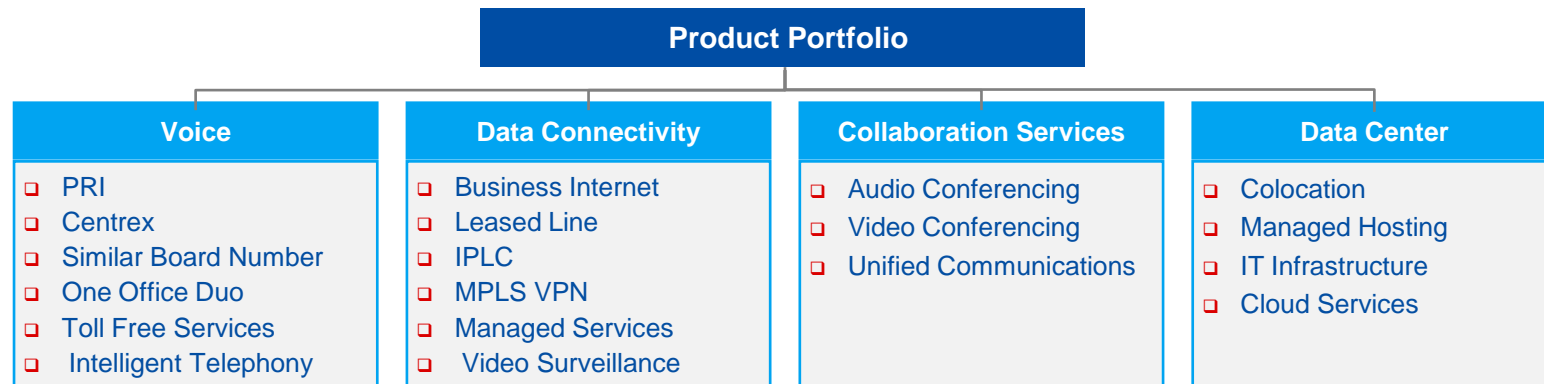
- 50% equity stake in Merged Wireless Entity
- 49% Economic interest in Tower Company

B2C Business

- Fiber To The Home business
- Direct To Home (DTH) business

- Cash flows of remaining businesses are annuity-like and sticky in nature
 - Enterprise and Data Centre – sticky and stable customer contracts; most of the revenue under contracts
 - OFC – inherent business capacity and long term contracts
 - GCX – the emerging market’s largest and highest capacity subsea cable system
 - Real estate – long term lease arrangements / monetisation opportunities

- Operations in 180 cities in India, 1.1mn+ buildings connected directly to network, serves nearly 1.2mn access lines
- Integrated ICT player with a comprehensive product range of 38+ enterprise voice, data, video, internet and IT infrastructure services
- Our enterprise clientele includes over 39,000 Indian and multinational corporations including SMEs and many prominent enterprises in India



Key Services

- MPLS / VPN**
 - Provide access to organization's network using public telecom infrastructure
 - Dominant growth driver of the enterprise data market
- Internet**
 - Critical to integration of IT and telecom infrastructure
- DLC**
 - Point-to-point private line communication domestically
- Toll Free**
 - Enables calls free of cost to end user
 - Key demand from Services, BFSI, IT, ITeS
- Data Center**
 - Co-location
 - Cloud Offerings

Scalability

- ❑ Largest footprint of Data Centers across India with ~1.1 million sq.ft of gross data center space, including one IDC under construction
- ❑ Hosting 7,000+ servers racks, 300+ firewalls and 1,600+ terabytes of storage capacity
- ❑ Modular and high capacity design
 - Ring topology designed for the Data Center with each fiber capable of terabit capacity
 - Fiber & Cat 6 cabling to the customers' racks and cabinets within the Data Center to meet future traffic growth

Reliability & Security

- ❑ Tier III+ Data Center and redundancies in all critical equipments
- ❑ Multiple DR site availability across metro cities
- ❑ Carrier neutral option to choose any BSO for point-to-point connectivity
- ❑ All Data Centers are ISO 9001:2008, ISO 20000-1:2005 and ISO 27001 certified
- ❑ 5 levels of security
 - ❑ Data security
 - Deployment of Firewall, anti-spam, anti-virus, IPS, secure VPN etc. to safeguard data

Connectivity

- ❑ Network Operations Center (NOC)
 - Two Centralized NOCs
 - 24/7 monitoring and fault tracking of network
- ❑ National backbone
 - 1,90,000 Km nationwide optical fiber backbone
 - DWDM core, SDH on access
 - Each fiber capable of terabit capacity
 - Multiple ducts laid in the backbone
 - MPLS IP VPN backbone of high core capacity, with Metro Ethernet services
 - Fiber to the building in ring topology

National Footprint of Connected Buildings

- ❑ Access to Buildings and households
- ❑ Headroom in Fiber, Duct infra to create further capacities
- ❑ RCOM has an extensive fiber operation setup being managed by Ericsson
- ❑ The fiber network has one of the best availability parameters such as
 - ❑ Faults per thousand Km
 - ❑ Low DB loss /Km to support 100 G Long haul lit routes

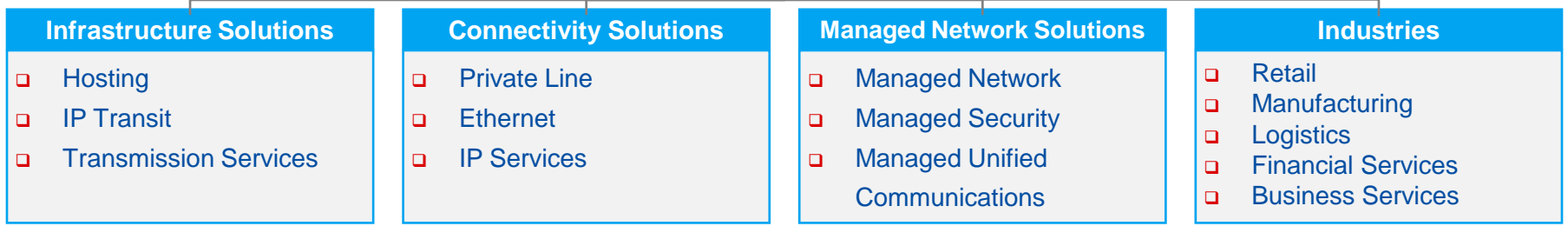
Fiber Network

- ❑ Intercity Fiber Network : ~120,000 Kms
- ❑ Intra-city Fiber Network : ~70,000 Kms
- ❑ Fiber easily upgradable to lit 100/400G Bandwidth

RCOM's Optical Fiber Footprint Is Future Ready For Data Explosion

- One of the leading global data communications service providers with one of the largest global subsea cable and terrestrial networks
- Owned Subsea cable systems with a total length of 68,698 route kilometres and landed at 46 landing stations in 27 countries
- Scalable global IP and multi-protocol label switching (“MPLS”) network provided over 27 diverse owned and leased international subsea and terrestrial cable routes with 836 direct inter-connections to 342 third party networks


Product Portfolio



Key Services

- 1 Infrastructure Solutions**
 - Layer 1 infrastructure and bandwidth
 - Carrier class capacity; Colocation power and cooling
- 2 Connectivity Solutions**
 - Dedicated end-to-end global connectivity solutions for both enterprises and network operators that can be delivered wires only or with simple managed service
- 3 Managed Network**
 - Outsourced solutions aimed primarily at enterprises who expertise is in their own business rather than networking and IT
- 4 Industries**
 - Expertise and capabilities to build innovative, commercially attractive solutions backed by outstanding managed services and Service Level Agreements to give edge within industry

One Of The Largest Global Subsea Cable And Terrestrial Networks


 Nationwide network with 190k Km optical fibre and 1.1mn sq ft data centre space – one of the largest among the private players

 Deleveraged balance sheet providing value for shareholders & lenders



 Asset Light Business

 Stake in consolidated Wireless business more valuable than the current Wireless business

 Leading global data communications business under GCX, with sub-sea cable network of 68,698 km

Stable Business With Improved Credit Profile

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Key Financials

In INR crore	Qtr ending Sep 2016	Qtr ending Dec 2016
Particulars	2Q FY17	3Q FY17
Revenue	5,142	4,922
EBITDA	1,542	1,206
<i>EBITDA margin</i>	30.0%	24.5%
PAT	39	-531
India Operations	4,488	4,267
- Voice	2,791	2,486
- Non-Voice	1,573	1,591
- Others	124	190
EBITDA	1,297	957
<i>EBITDA margin</i>	28.9%	22.4%
Global Operations	1,089	1,132
- Data	744	712
- Voice	345	420
EBITDA	245	249
<i>EBITDA margin</i>	22.5%	22.0%

In US\$ Mn	Qtr ending Sep 2016	Qtr ending Dec 2016
Particulars	2Q FY17	3Q FY17
Revenue	772	725
EBITDA	231	177
<i>EBITDA margin</i>	30.0%	24.5%
PAT	6	-78
India Operations	674	628
- Voice	419	366
- Non-Voice	236	234
- Others	19	28
EBITDA	195	141
<i>EBITDA margin</i>	28.9%	22.4%
Global Operations	163	167
- Data	112	105
- Voice	52	62
EBITDA	37	37
<i>EBITDA margin</i>	22.5%	22.0%

2QFY17: 1US\$ = INR 66.62

3QFY17: 1US\$ = INR 67.93

Q-o-Q Performance Review

❑ Revenue & Profitability: Q-o-Q down due to-

- Unprecedented competitive intensity
- First full quarter post shutdown of profitable CDMA business
- Increase in amortisation and interest expense aggregating INR 278 crore (US\$ 41 mn) on account of capitalisation of 850 MHz spectrum liberalisation fee

❑ India Operations:

- Voice revenue impacted due to discounted tariffs in the industry
- Non-Voice improved due to improved performance by non-wireless businesses

❑ Global Operations:

- Improved due to addition of new clients and expansion of revenue with existing clients
- Stable business

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Thank You

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