

# Reliance Communications

## Investor Presentation

*May, 2014*



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- ☐ Indian Telecom Scenario
- ☐ RCOM Operational Strategy for Growth
  - India Operations
  - Global Operations
  - Financial Update
- ☐ Deleveraging and Asset Monetisation
- ☐ Key Takeaways

## Indian Telecom Landscape

### Pre - 2012

- ❑ Hyper competition and highly fragmented market with 15 pan-India operators
- ❑ Significant price wars
- ❑ Regulatory uncertainty

### Post 2012

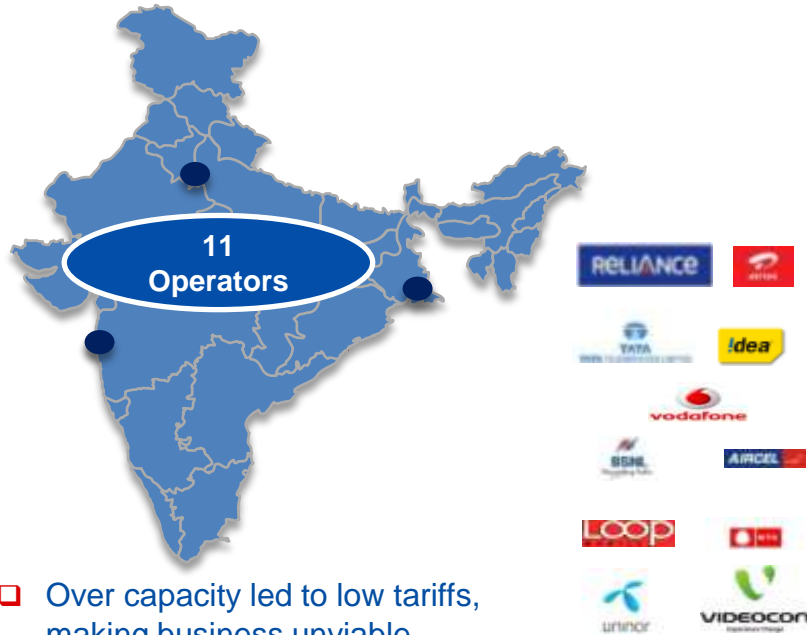
- ❑ Industry getting consolidated among top 5 players
- ❑ Regional players are getting marginalized
- ❑ Data expected to be the next growth engine
- ❑ Regulatory clarity on spectrum emerging

Improving Dynamics in the Indian Telecom Sector

## Recent Post Auction Consolidation has already Reduced Competition

### Pre-auction competitive landscape

#### Pan-India players



- Over capacity led to low tariffs, making business unviable

### Post-auction competitive landscape

#### Pan-India private players



- Top 5 operators account for ~85% of the revenue market share
- Regional operators have rolled back operations in select circles



Earlier: 21 circles, 99% Pop  
Now: 7 circles, 43% Pop



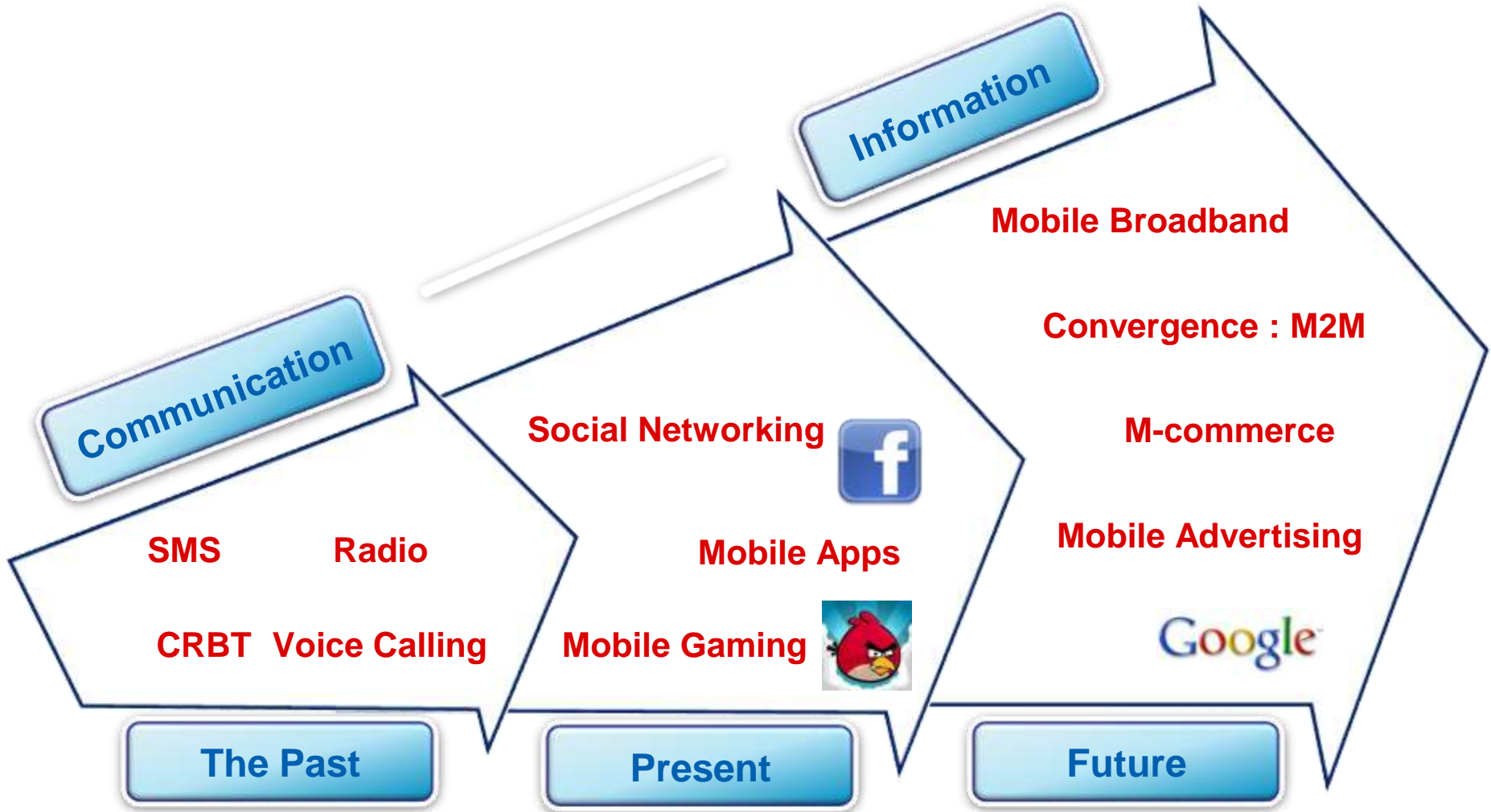
Earlier: 22 circles, 100% Pop  
Now: 17 circles, 74% Pop



Earlier: 20 circles, 96% Pop  
Now: 6 circles, 36% Pop

Industry Consolidated Among 5 Pan-India Private Players

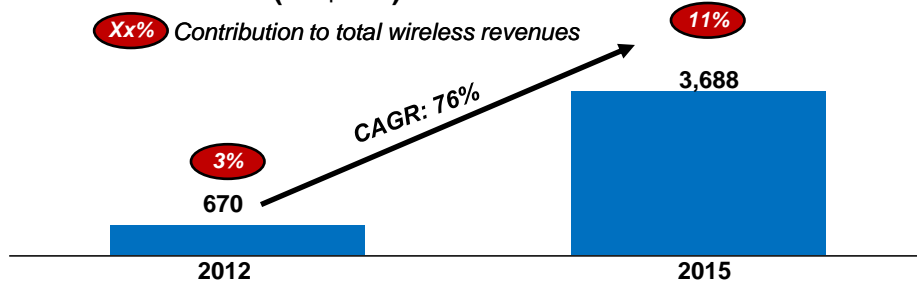
## Indian Telecom Industry: Moving from Voice to Data



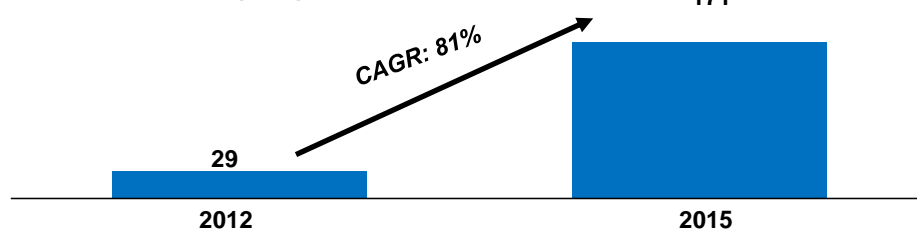
Mobile Broadband – Enabler for Future Growth

## Data to Drive Industry Revenue in Future

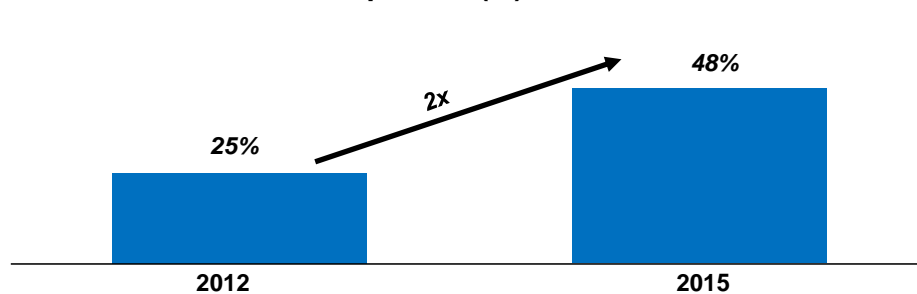
Wireless Data revenue in India (US\$ mn)



Smartphones users in India (mm)



Data revenue contribution from smartphones (%)



Source: Broker research; Fx: 1 US\$= INR 61

- Incremental revenue from data of ~US\$ 3 bn is expected to be added over 2012-15
  - Mobile data (2G + 3G) grew at 92% y-o-y in 2012
  - 3G grew three fold, growth of 196% y-o-y in 2012
- Small & large screen to drive future data revenue growth
- Smartphone, Feature Phone and USB Modem constitute 97% of data usage

Data to Account for ~40% of Incremental Revenue

## Regulatory Clarity has Fully Emerged; Regulatory Environment Likely to be Stable

### Spectrum

- ❑ All spectrum required for the Access Services is being allotted now through transparent auction process
- ❑ TRAI recommended the reserve price of spectrum in 800 MHz band in Feb-14
- ❑ TRAI has come out with Guidelines for Spectrum Trading. Government to take a decision soon
- ❑ Auction completed in 1800 MHz band on Pan India basis and 900 MHz band in 3 Metros in Feb-14

### FDI policy

- ❑ Foreign Direct Investment (FDI) is allowed up to 49% under automatic route and equity infusion beyond 49% up to 100% is with the approval of Foreign Investment Promotion Board

### M&A

- ❑ Clarity has emerged as Government issues guidelines for mergers & acquisitions in Feb-14. Industry may witness real consolidation

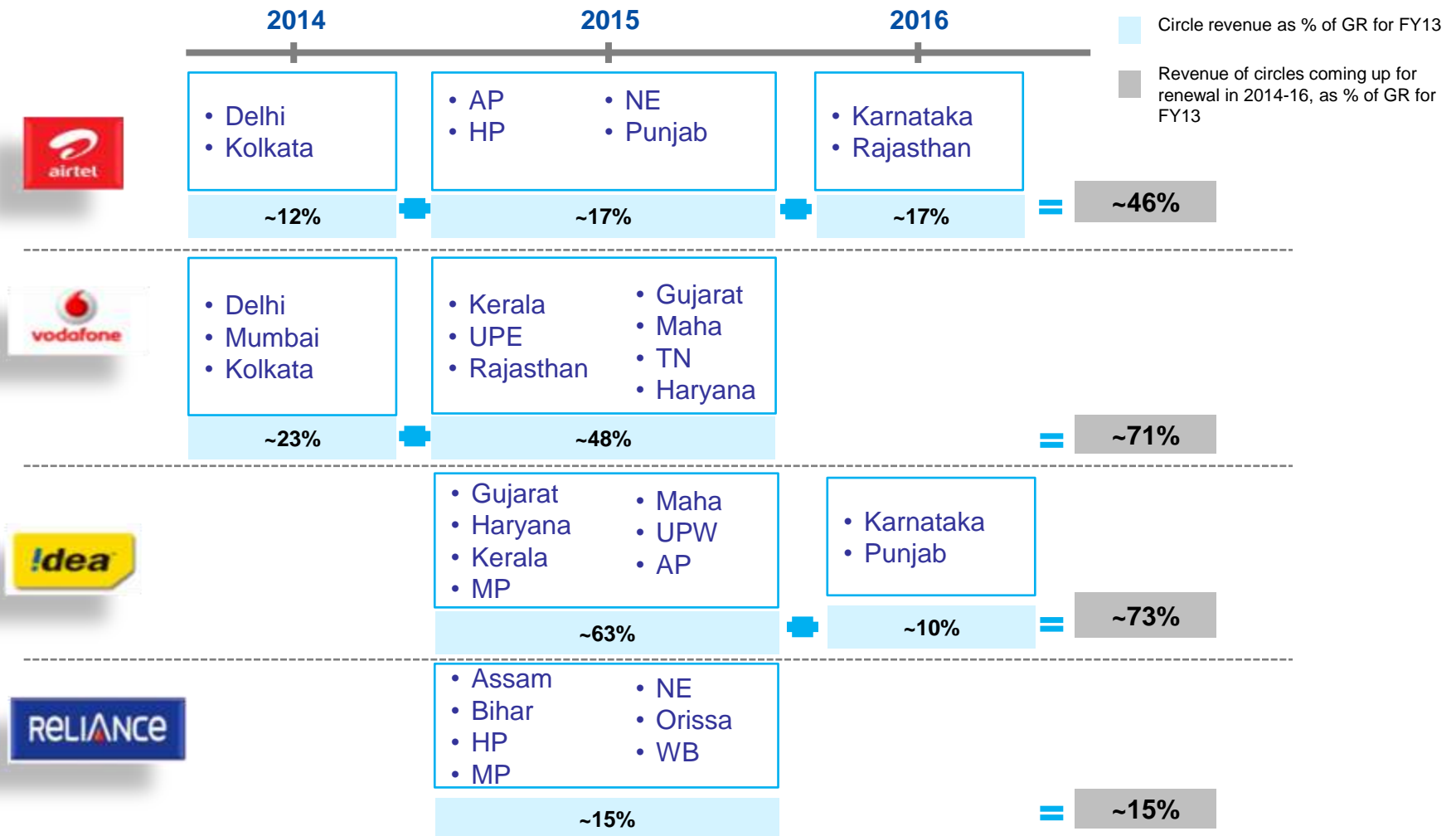
### UASL

- ❑ All future telecom licenses will be granted as Unified Licenses, which will allow the provision of all voice and data services
- ❑ All Unified Licenses to have the validity of 20 years

Positive Momentum in Addressing the Regulatory Issues



## License Renewals Impact over 2014-2016 for Select Operators



Source: TRAI

**RCOM Least Impacted by Upcoming Renewals**

## Recent Spectrum Winners and Payment Schedule (February, 2014)

# of Circles	15	11	11	14	5	5	1
PV of Spectrum	3,038	3,220	1,757	1,812	138	34	27
Part Payment Upfront *	889	915	531	598	46	11	9
<b>TOTAL PAYOUT *</b>	<b>5,120</b>	<b>5,455</b>	<b>2,944</b>	<b>2,989</b>	<b>228</b>	<b>57</b>	<b>44</b>

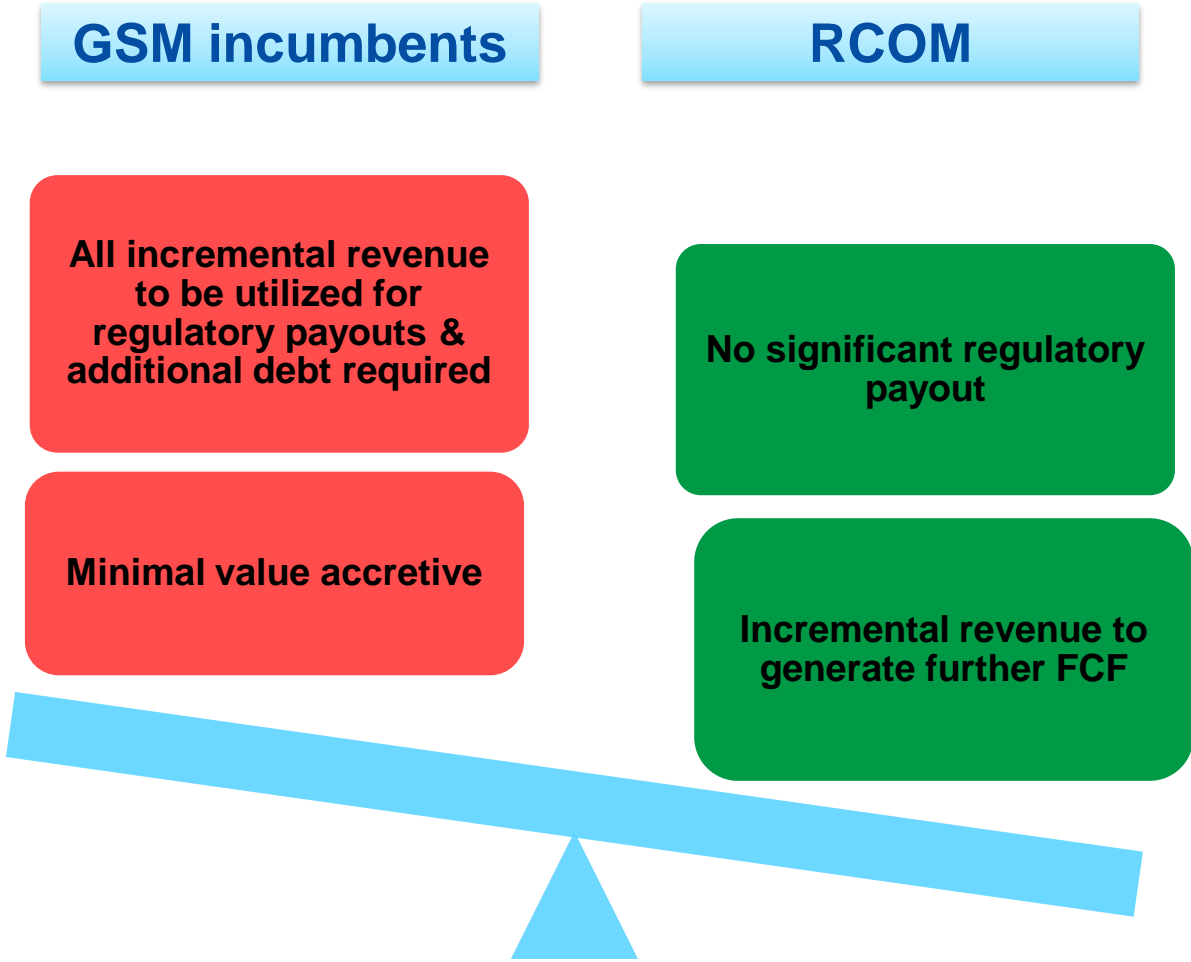
US\$ mn

\* Payouts if opted for 10 year payment schedule with 2 year moratorium after initial upfront part payment

Source: DoT; Fx: 1 US\$= INR 61

Large Payout Burden on Incumbent Players

## Post Auction, Industry / Incumbents View: Tariff Likely to Harden



For RCOM : Tariff Hike to be EBIDTA & Value Accretive

# Contents



- ❑ Indian Telecom Scenario
- ❑ RCOM Operational Strategy for Growth

## India Operations

- Global Operations
- Financial Update
- ❑ Deleveraging and Asset Monetisation
- ❑ Key Takeaways



## Key Message 1: Future Ready Spectrum Portfolio

Spectrum Band (MHz)	LTE Ecosystem *	RCOM LTE capable spectrum	R-Jio LTE capable spectrum
2300	Y	X	Y
2100	Y	Y	-
1800	Y	Y	Y
900	Y	Y	-
850	Y	Y	-

\* 2300 MHz band is for TDD, rest for FDD

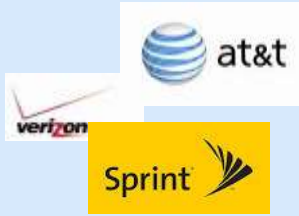


- ❑ All urban centers / major cities sites mostly fiberised
- ❑ Over 2/3<sup>rd</sup> of sites capable of high speed / broadband services including handling 4G services
- ❑ Benefits of “Reciprocity” arrangement with R- Jio
  - Access to R Jio built towers, fiber & others
  - Network expansion to increase footprint
  - Minimal capex requirement & high cost competitiveness

**RCOM has Spectrum Capability to Move Up on LTE Roadmap**


## Well developed LTE device ecosystem in 850 MHz....

**850+700**




46 Smart Phones

**850+1800**




54 Smart Phones

**850+900**

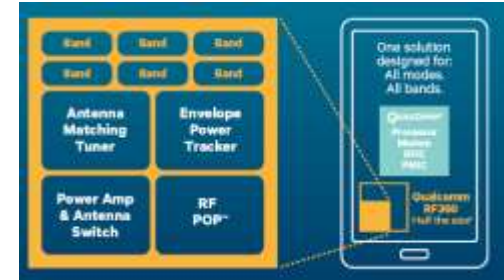


16 Smart Phones

**850+2100**



44 Smart Phones



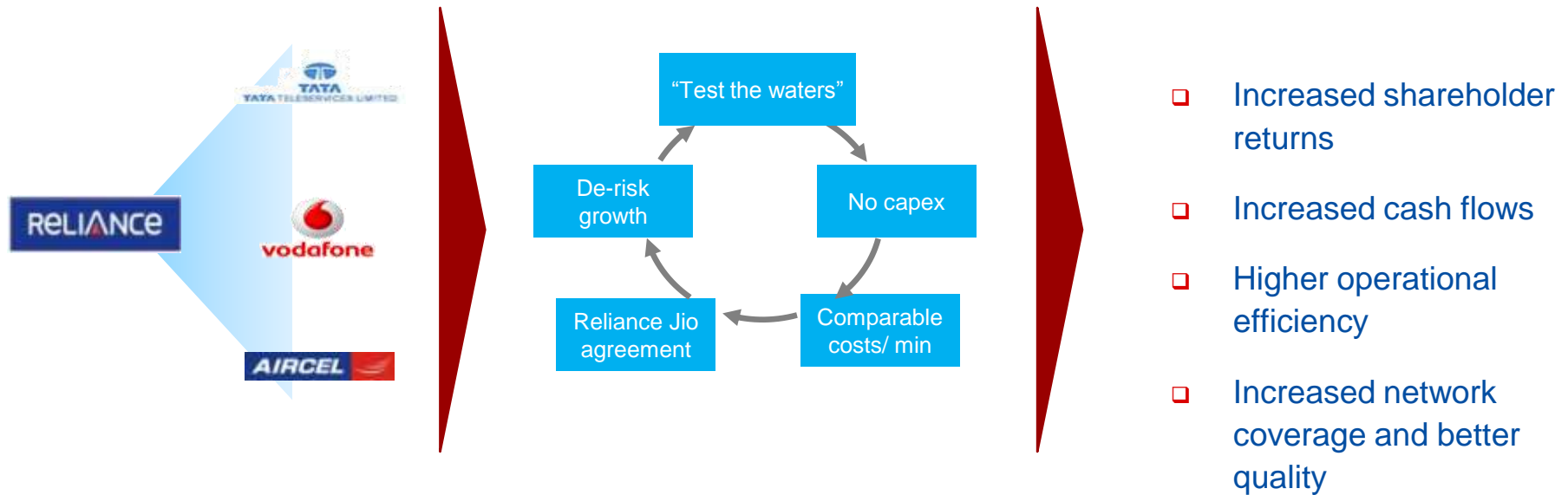
- ❑ Multi-technology Multi-band chipset supports 2G, 3G, 4G technologies in the same handset.
- ❑ Presently Lte Multi-band Chipset supports:  
 FDD: 700 / 800 / 850 / 900 / 1800 / 1900 / 2100  
 TDD: 1900 / 2300 / 2600



... RCOM Best Fit for Future Pan India LTE Implementation

## Key Message 2: Future Expansion at Least Cost

### RCOM's growth model



### 1) Intra-circle roaming arrangements: Building revenues ahead of capex

- ❑ Agreement to share infrastructure in select areas
- ❑ Typical tenure 12 – 18 months
- ❑ Access to 10,000+ sites
- ❑ “Pay as you use” model

### 2) Reciprocity arrangement with R Jio (with 45-50% cost saving) will give access for

- ❑ Expansion of footprint
- ❑ To convert “Bridge ICR” to our own network
- ❑ To shift, on expiry, IP Colo sites to R Jio

Faster Time to Market with Minimum Capital Investment & Increase in Shareholder Returns

**Key Message 3: RCOM has Minimal Regulatory Cash Outflow**

**Spectrum Renewal Payment in FY2016**



# of Circles

7

US\$ mn

PV of Spectrum

255

Part Payment - Upfront

64

**TOTAL PAYOUT**

**441**

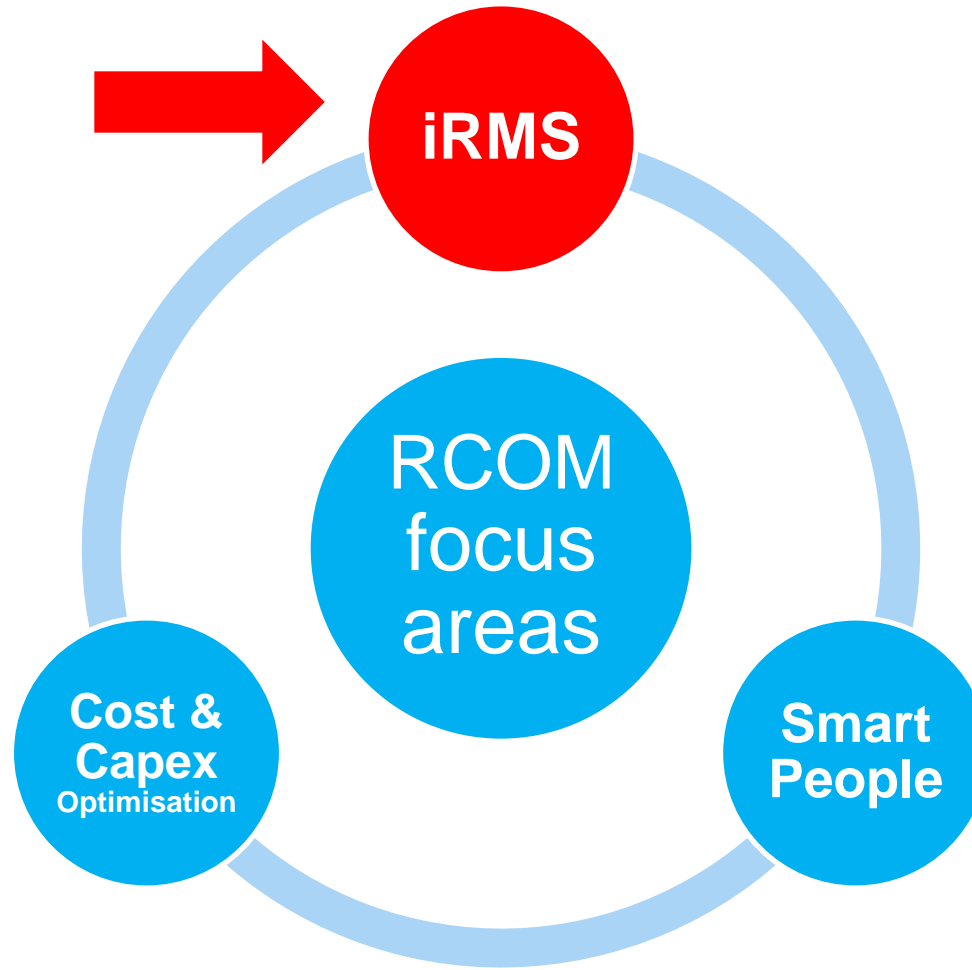
- ❑ Only 7 circles of RTL coming up for renewal in FY2016, where the spectrum is in 900MHz band
- ❑ For renewal of spectrum upto 5MHz in 900MHz band spectrum - Total Payout ~ US\$ 255mn
- ❑ Most of the other circles coming for renewal in FY22

•For 900MHz spectrum value - Feb'14 auction determined price of 1800MHz spectrum x 1.7times is considered

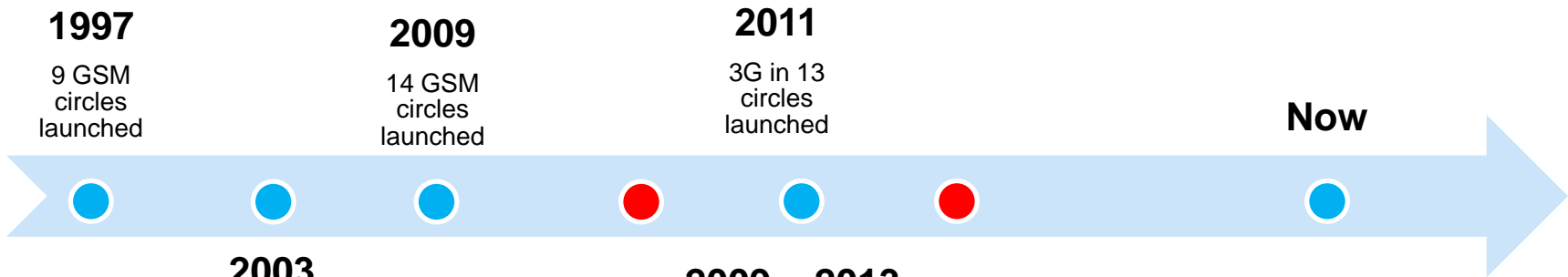
**RCOM Least Impacted by Upcoming Renewals**



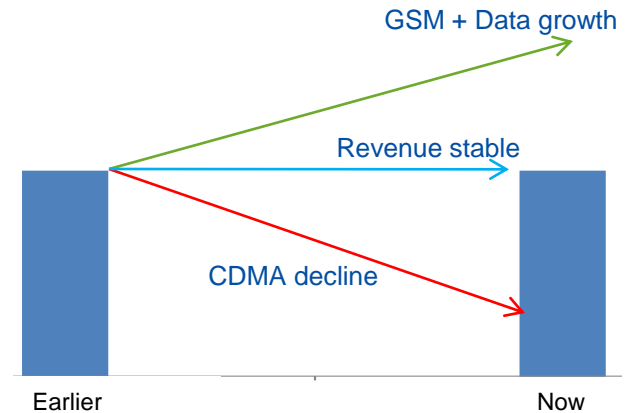
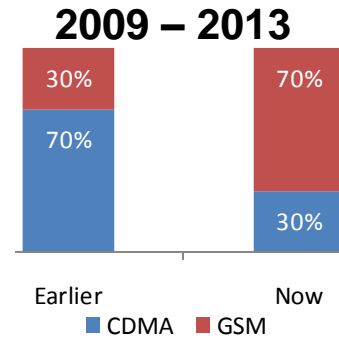
## RCOM's strategic focus areas....



## RCOM: A multi technology integrated telecom operator



**2003**  
Pan India CDMA launch



Successful rollout of 3G has enabled RCOM in maintaining leadership position in data

- Worldwide ecosystem for CDMA was not as evolved as 2G/ 3G
- Till recently, 2G & 3G (GSM) was preferred choice of technology worldwide driven by spectrum bands, operators acceptance & economies of scale
- Going forward, all technologies / standards will have roadmap to offer LTE (4G) services

Successfully Arrested the De-growth in CDMA Voice Revenue

## Unmatched Spectrum Assets & Robust Backhaul Network

Pan India presence and network deployment across technology platforms

Service Areas	Spectrum Holding (MHz*)			
	CDMA	2G GSM	3G	BWA
(highlighted with red dashed box)	22	22	13	22
	19	18	9	9
	22	13	8	8
	22	13	8	8
	22	11	11	11
	22	9	9	9
	<b>56.3</b>	<b>212.4</b>	<b>110.0</b>	<b>440.0</b>
	<b>92.5</b>	<b>113.6</b>	<b>65.0</b>	
	<b>50.0</b>	<b>79.2</b>	<b>45.0</b>	
		<b>112.2</b>	<b>65.0</b>	<b>160.0</b>
		<b>282.7</b>	<b>65.0</b>	<b>160.0</b>
		<b>204.5</b>	<b>55.0</b>	
		<b>244.2</b>	<b>45.0</b>	

Largest network of backhaul optical fiber amongst all private operators

Optical Fiber Layout for Operators (Kms)	
Network Provider	Length of Fiber Cable
RCOM	190,000
Airtel	178,884
Idea Cellular	80,000
Tata	25,000
Aircel	23,000

RCOM unique network differentiation vs. competition

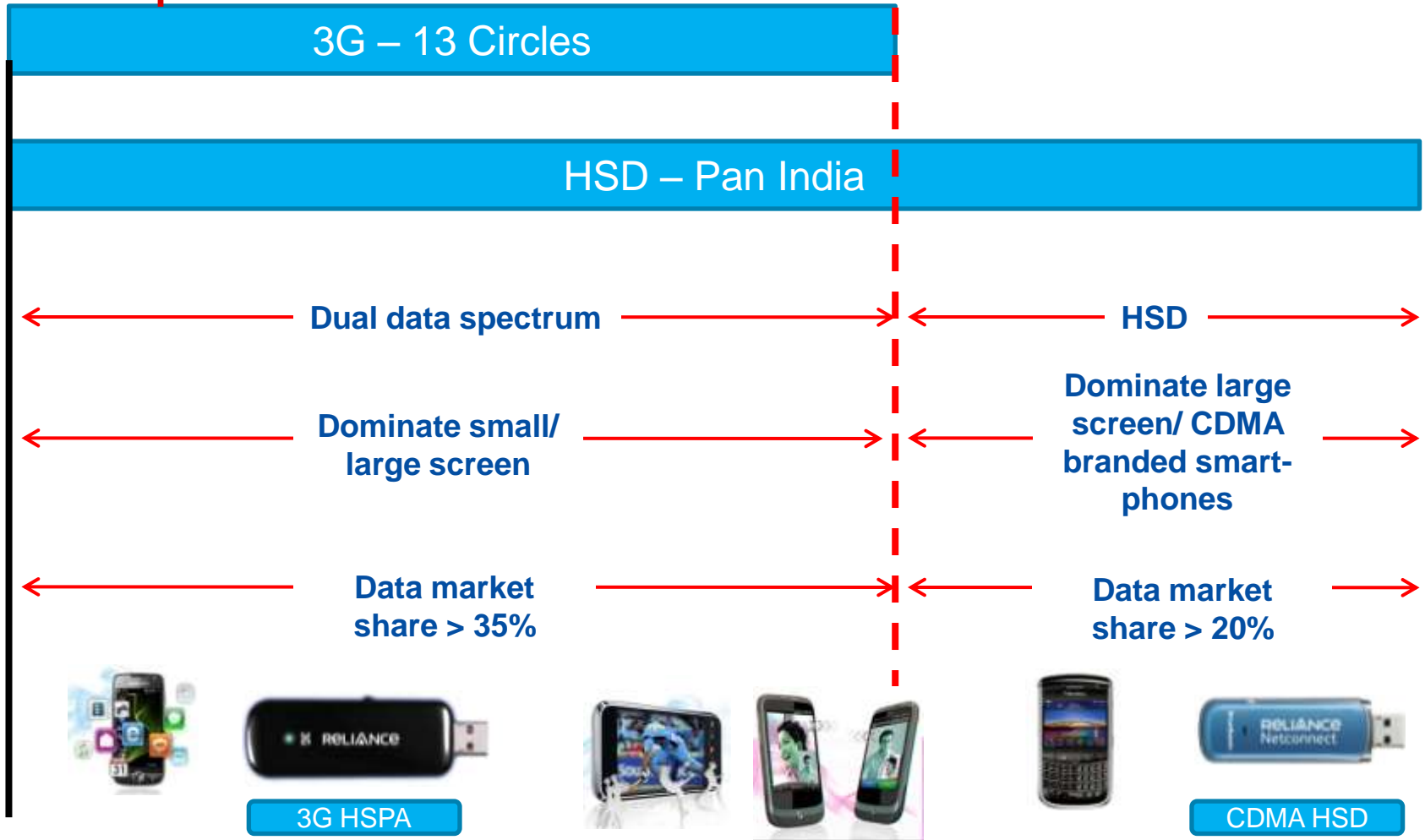
- ❑ RCOM has mesh network for optical backhaul
- ❑ All urban centers / major cities sites mostly fiberised
- ❑ Over 2/3<sup>rd</sup> of sites capable of high speed / broadband services including handling 4G services



Source : TRAI; \* includes overlapping of spectrum acquired in Feb-14 in licenses coming for renewal in 2015-16

## Comprehensive Backbone to Support Growing Demand

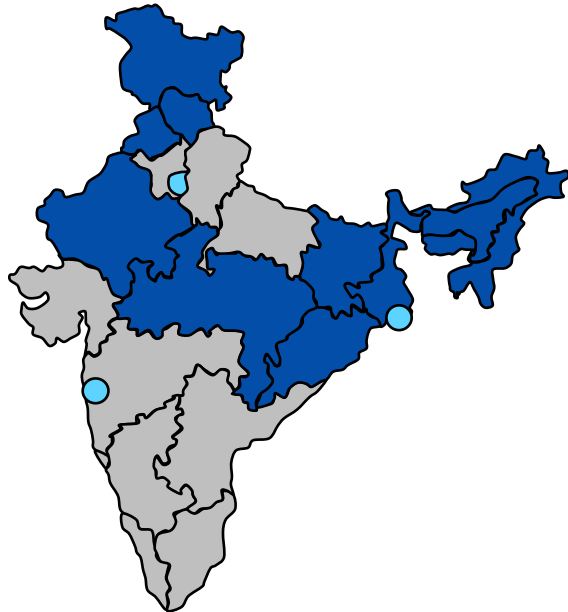
## Balanced Portfolio of GSM/3G & CDMA Spectrum helping RCOM maintain Data Leadership



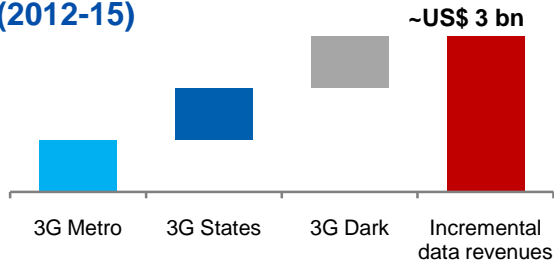
Gradually Convert CDMA to Data Network to Support Smart-phones/ Large Screens

## Spectrum based “Go to Market” Strategy

### 3G spectrum in key circles



Incremental Industry Data revenues (2012-15)



### Circle clusters

**3G Metro**

### Objectives

- Get fair share of iRMS - handheld, dongle and Voice

### Strategy

- Match competition coverage on 3G
- Prioritize – Metros (DEL, MUM, KOL)
- Tariff : L2
- Disruptive postpaid play
- Data dominance

**3G States**

- Market leadership on Voice and Data
- Get iRMS – both in Voice and Data

- Leadership in 3G network and coverage
- Prioritize - PB, RJ, JK, MP, BH, WB, then NE, AS, HP, OR
- CDMA spectrum for dongles
- Tariff : L1 in Voice, disruptor in Data
- Data dominance, Larger Footprint

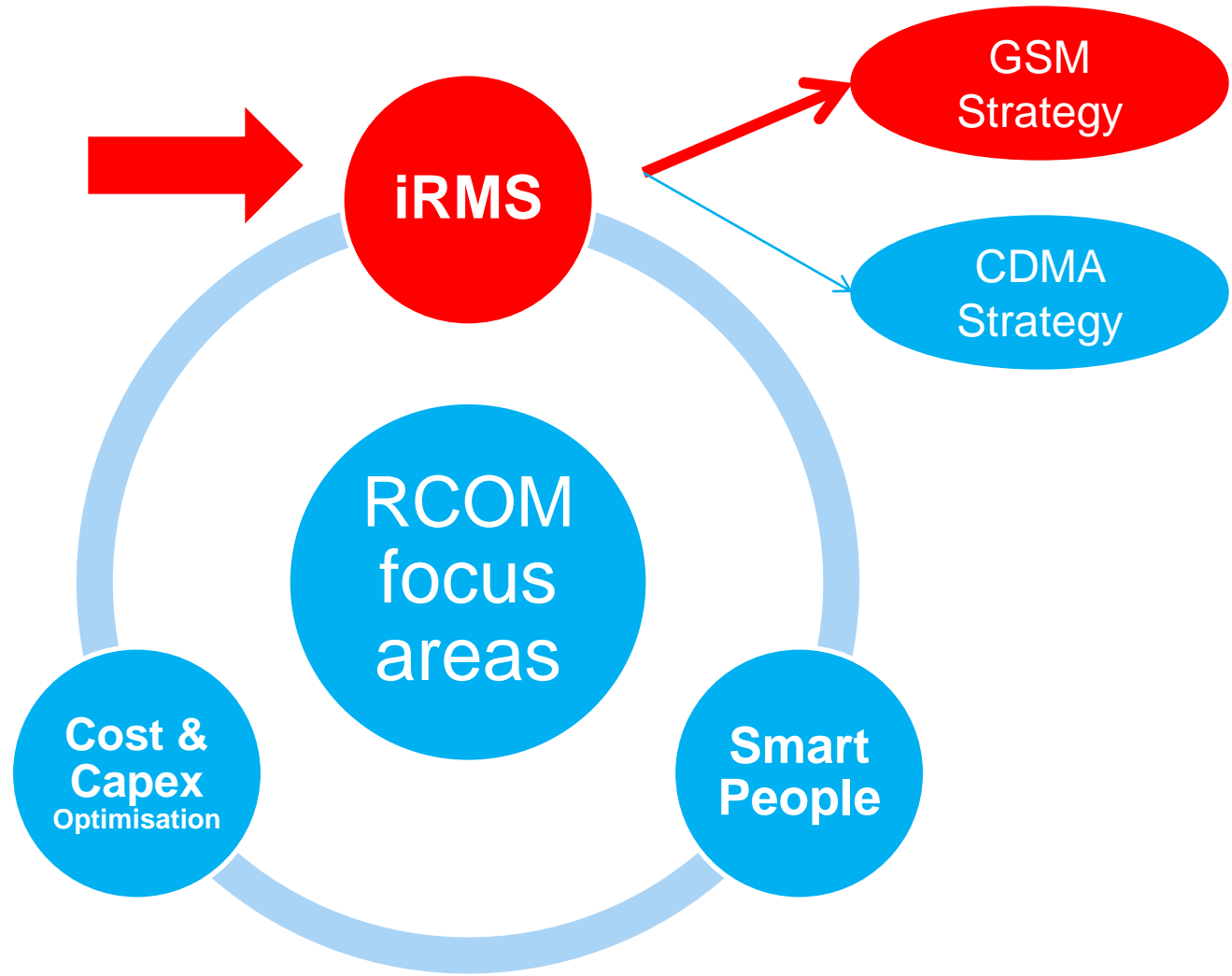
**3G Dark**

- Get iRMS – Voice
- Retain existing market share in handheld
- Get fair share of iRMS - dongle

- Wide coverage for HSD
- Tariff : L3
- Focus on Top Towns
- Target fair share of Data
- Focus on GSM + CDMA handsets, Branded CDMA Smartphones, Tablets, Dongles

Effective Strategy Tailored to Individual Circles

## RCOM's strategic focus areas....



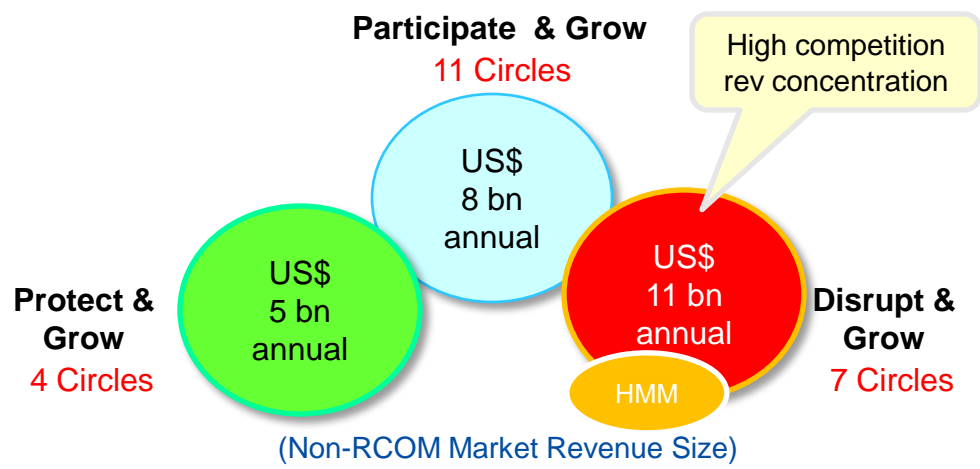
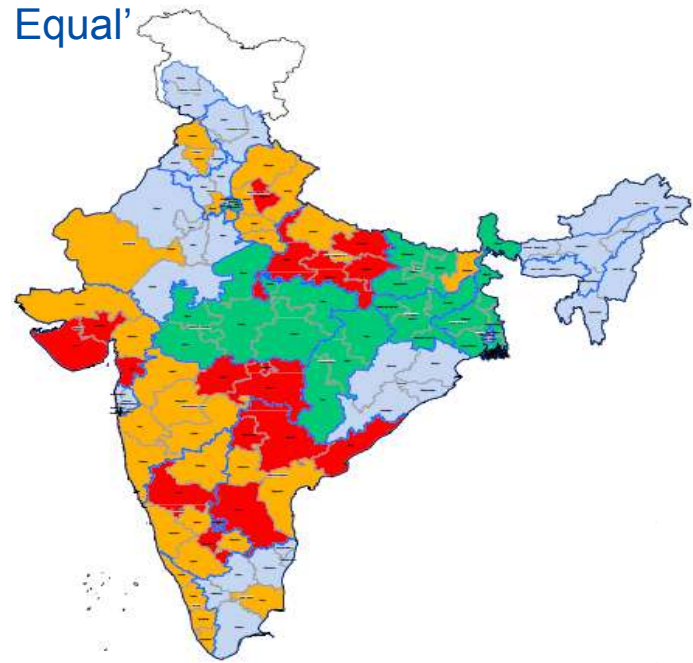
## GSM Voice Strategy: Market Portfolio Approach

National → Circles → Hot Micro Markets

### 3 Clusters of Circles and Current Revenue Size



'All Markets are not Equal'



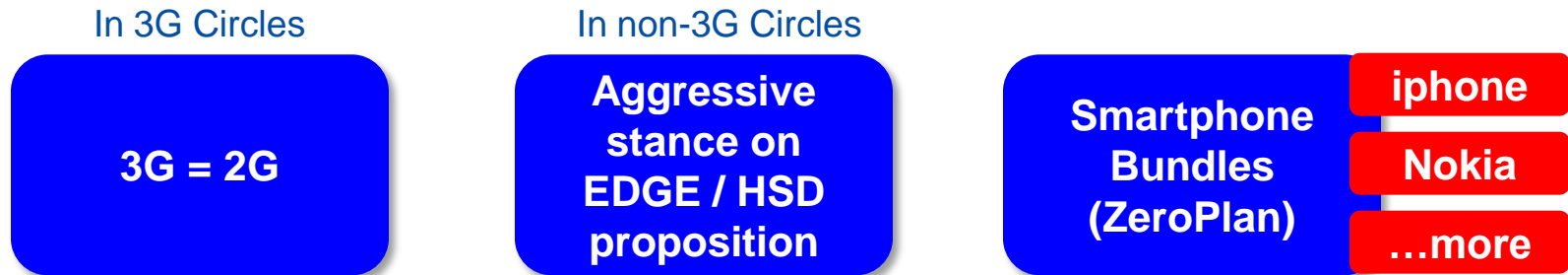
Market Interventions will be oriented to this Market Segmentation



Low Utilization , Low R-GSM Acquisition Share , High Market Adds Clusters  
'Disrupt & Grow' Strategy in Hot Micro-Markets

## GSM Data Strategy : Disruptive Value Story for Customers

- Play across both Small Screen and Large Screen



- Maximize customer acquisitions through MNP
- Drive Upgrade to Smartphones among existing base
- Customer lock-in through Zero Plan
- 3G Dongle play in B2B
- Target > 80% growth in Data Revenues

Attract Disproportionate Share (> 30%) of Smartphones & Tabs



## GSM Metros Strategy : Segmented Share Gain

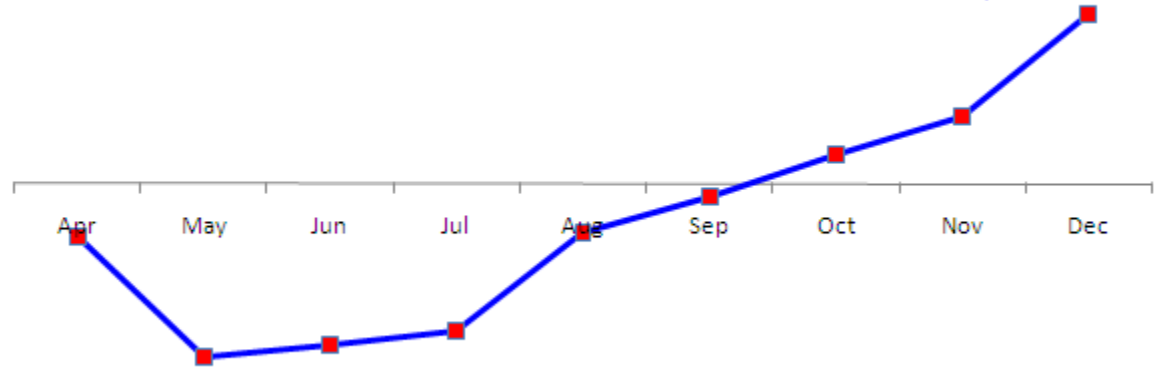
- Urban mobile penetration is > 140%

Target Revenue of non-3G  
Players in Delhi, Mumbai



(market revenue size)

Net Port-Ins in Delhi, Mumbai : +ve Swing



### Target Retail Customer Segments

1

Switchers

2

Netizens

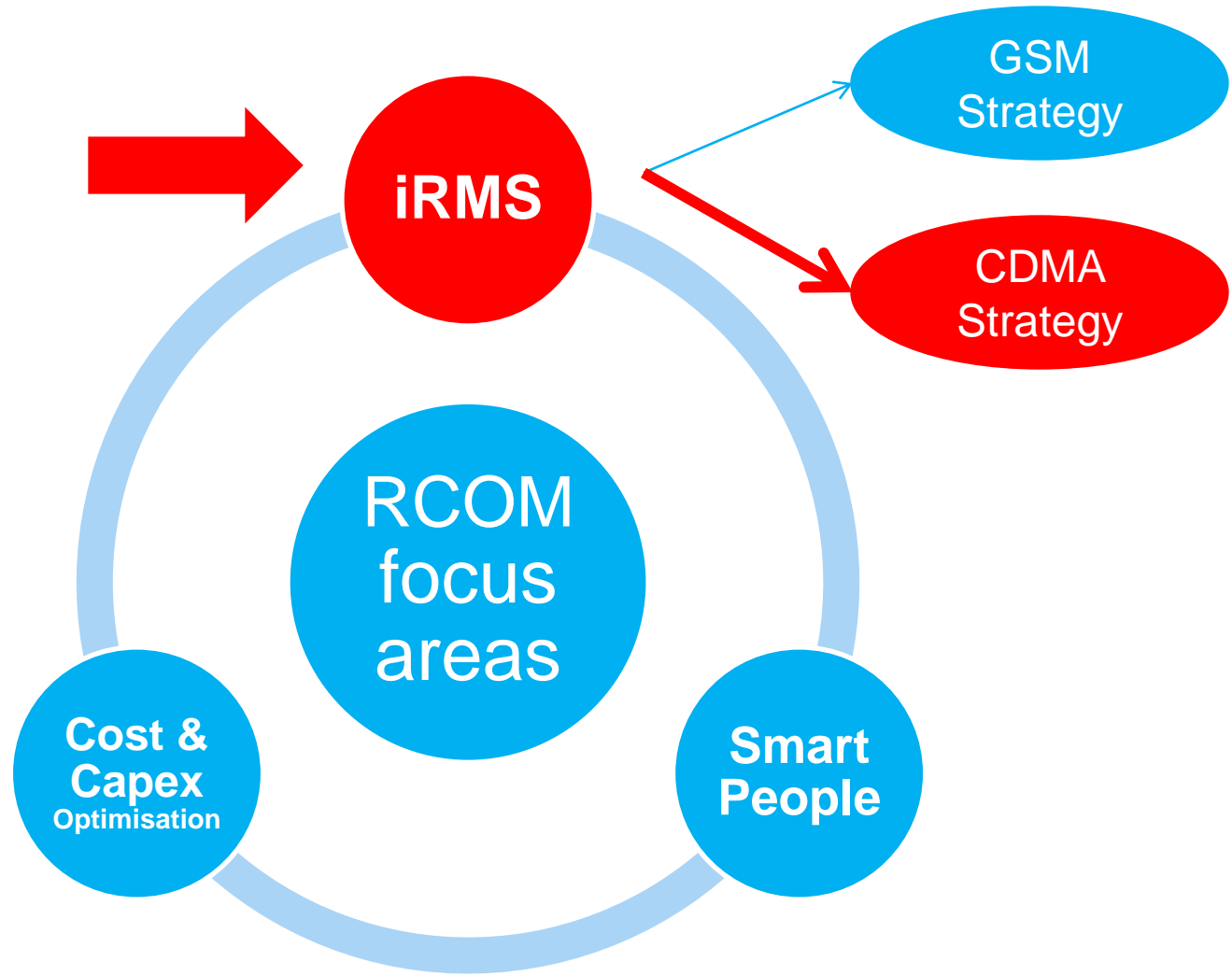
Differentiated offerings across Postpaid , Data and High ARPU Prepaid

3

B2B:  
Aggressive  
Play

Leverage MNP in a Highly Penetrated Market

## RCOM's strategic focus areas....



# CDMA Data Strategy: Focus on Core Data Markets

## Metro Markets

Delhi, Mumbai, Bangalore, Kolkata, Hyderabad, Pune, Chennai

- **100% network at 14.4 Mbps +++**

- 3 Markets with HSPA+ network
- 4 Markets with EVDO Rev B
- Only operator with all metros having 3G

## Category A Towns

Ahmedabad, Chandigarh, Jaipur, Vizag, Nasik etc

- **Ubiquitous Mobile Broadband**

- 10 Markets on 3G (HSPA+)
- 19 Markets on 3G (EVDO – Rev B)
- 39 Markets on 3G (EVDO – Rev A)

## Next 650 Towns

District HQ Towns, Urban Centre, CBD, Tourist Towns, Towns of Worship

- **Emerging Data Markets**

- 250 Towns on 3G (HSPA)
- 650 towns on 3G (Rev A)
- Widest mobile broadband coverage



Nation's Widest Mobile Broadband Coverage

## CDMA Device Strategy: Improving of Multimode Devices With Chipset Evolution

↑↑↑ US\$ 400

### **Multi Mode: LTE / HSPA / EVDO**

- Supports 7 Bands – 850, 900, 1800, 2100, 2300, 2600 + 1
- All ID's already operational in Verizon, Sprint, AT&T (US), Vodafone, Telstra (Australia), Singtel, Star Hub (Singapore) DTAC (Thailand), 3 (HK)



Apple iPhone

SAMSUNG

htc  
quietly brilliant

MOTOROLA

↑↑↑ US\$ 200

### **Multi Mode: HSPA / EVDO**

- Supports 7 Bands – 850, 900, 1800, 2100, 2300, 2600 + 1
- All ID's are live in China – China Telecom
- HTC, Lenovo, Micromax, Karbon are already live



SONY

LG  
Life's Good

lenovo

NOKIA

↑↑↑ US\$ 100

### **Multi Mode: GSM / EVDO**

- Supports 5 Bands – 850, 900, 1800, 2100, 2300
- Fastest Growing segment lead by local Indian brands
- Nokia, Samsung, Motorola, HTC expected to participate by October - 14



micromax  
bring something new

Karbonn  
Mobiles

LAVA  
Mobile Phones

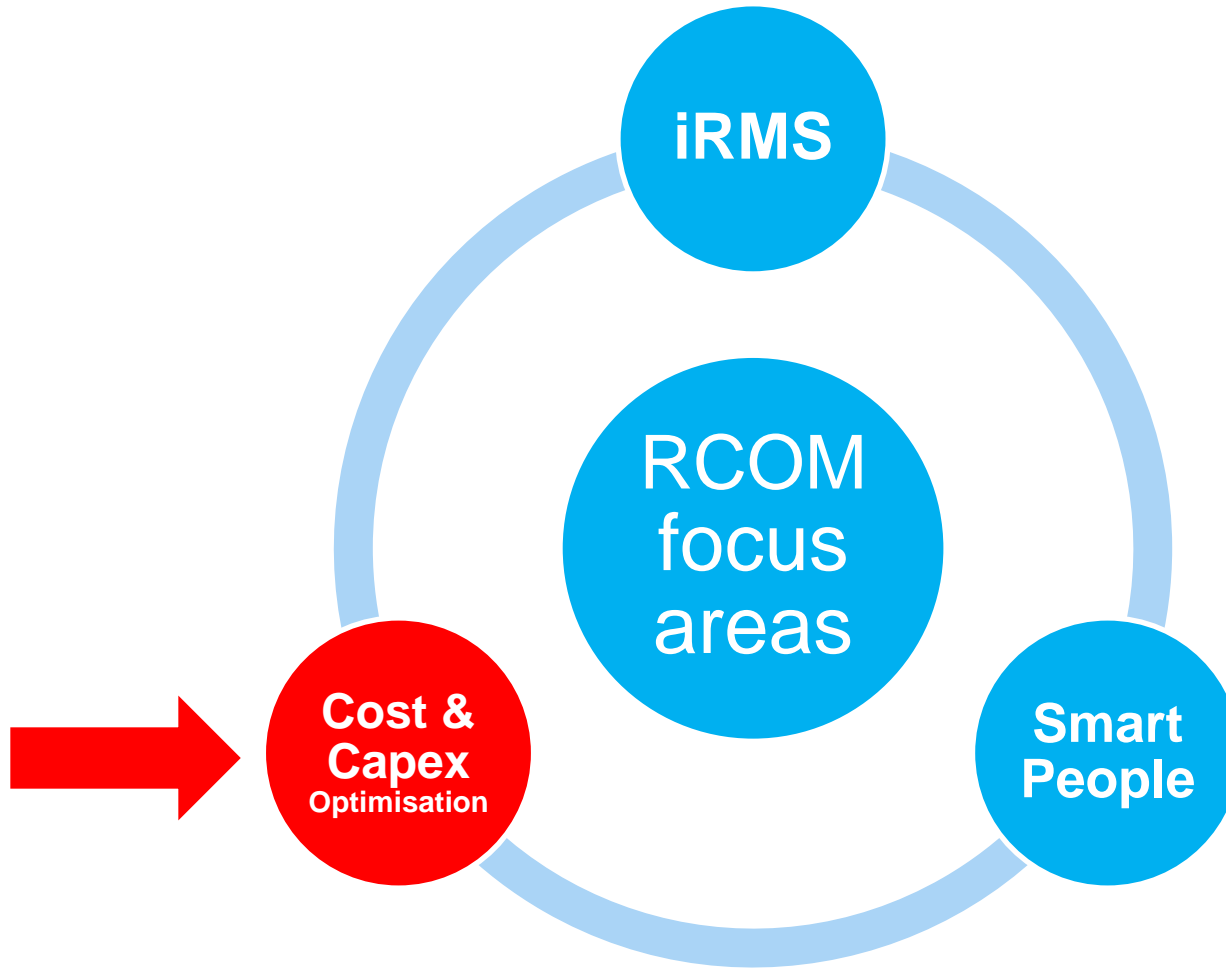
Wide Range of Global Devices Ecosystem on 850 CDMA & 850 LTE

## CDMA: Value For Money Customer Offers with Retailer Advocacy

Category	Product	Retailer Margin
<b>XL</b> Unlimited Corporate / SME	₹1599 onwards per month Talk: Unlimited Text: Unlimited Data: Unlimited Free Smartphone	↑ I n c r e a s i n g M a r g i n s
<b>L</b> Young Professional	₹299 per month Talk: ₹299 Text: 299 Data: 2 Gb	
<b>M</b> Student & Housewives	₹199 per month Talk: ₹199 Text: 199 Data: 1 Gb	
<b>S</b> Value Seeker	₹99 per month Talk: ₹99 Text: 99 Data: 500 Mb	



RCOM's strategic focus areas....



## Outsourcing of Network Management Services & Call Center Operations



- ❑ Outsourced Network Management Services to Ericsson and Alcatel-Lucent
- ❑ Comprehensive and value-enhancing management to RCOM's networks and services to deliver a world-class seamless voice and data services
- ❑ Helps create leaner organisation, moves ~9,500 employees to partner rolls, providing them global opportunities
- ❑ RCOM to shift 5,500 call centre staff to third-party BPOs
- ❑ Improve overall efficiency to serve customers, allowing greater focus on revenue enhancement
- ❑ Help in cross-sell and up-sell higher value products like data packs and 3G

Cost Effectiveness & Higher Retention of Customers through Introduction of Next Gen Processes, Tools and Integrated Management

## Cost Optimization Measures

<u>Cost lever</u>	<u>Target Reduction</u>	<u>Planned Activities</u>
Network cost	To be reduced by 10% - 12%	<ul style="list-style-type: none"><li>➤ Reduce consumable cost – batteries / solar power</li><li>➤ Managed services</li><li>➤ IP colocation sites</li></ul>
Gross Acquisition	To be reduced by 10% - 15%	<ul style="list-style-type: none"><li>➤ Downward revision of channel commission</li><li>➤ Control on indirect cost</li></ul>
Manpower	To be reduced by 3,500 - 5,500	<ul style="list-style-type: none"><li>➤ New organization structure: Hubs to Regions</li><li>➤ Customer facing org structure</li><li>➤ Greater empowerment</li></ul>

Strategic Focus on Cost Management and Margin Expansion



## Benefits of Comprehensive Arrangement with Reliance Jio

**RCOM passive infra shared with R Jio**

RCOM current donor to R Jio

- ❑ Inter city fiber: 1,20,000 km
- ❑ Tower sharing: ~45,000
- ❑ Possible Intra city fiber: 70,000 km

### Benefits

**Revenue / EBITDA accretive**

**Passive infra built by R Jio**

RCOM's reciprocal access from R Jio

- ❑ Access to additional Towers & Fiber
- ❑ Minimal Capex: Only incremental electronics
- ❑ High cost competitiveness: 45-50% cost savings

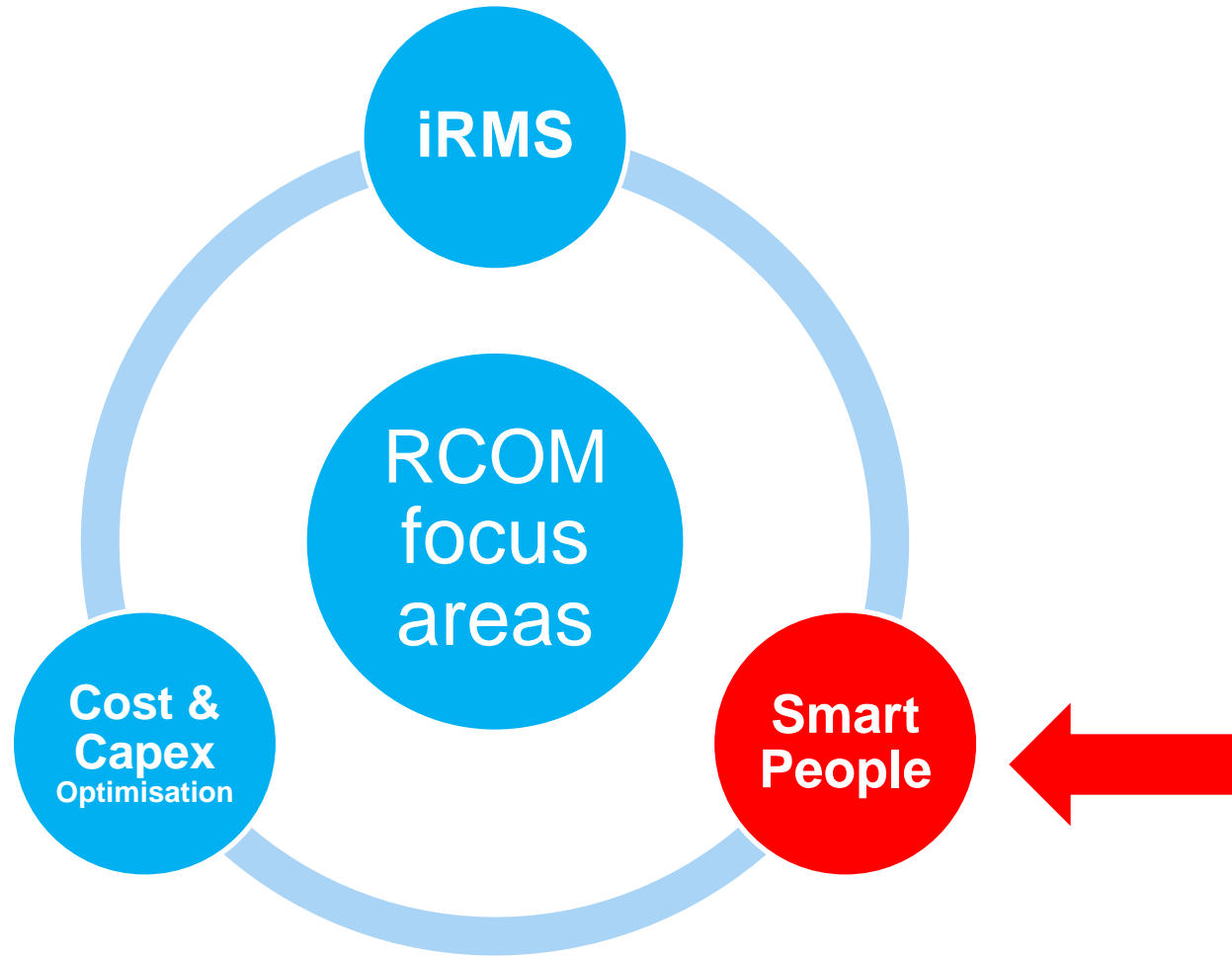
**EBITDA accretive  
Highly Cost Competitive**



**Increase in EBITDA / min**

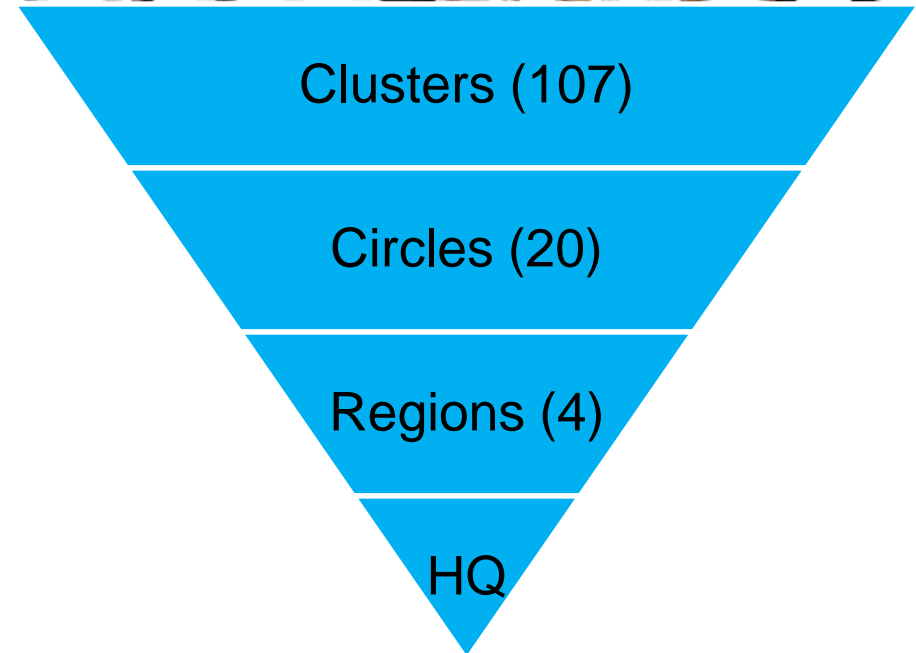
**Significant “Capex” and “Opex” Saving with Margin Uplift**

RCOM's strategic focus areas....



## Smart Organization: Circle as a “Country” Approach

- ❑ “Go To Market” basis
  - Micro segmentation
  - Clusters
  - Circle demographics
- ❑ Circle as P&L unit
- ❑ Empowered Ownership at field level
- ❑ Dedicated GSM & CDMA teams



**CEO  
Reliance Communications**



Mr. Vinod Sawhny

- Experience – 30 Yrs
- Worked with – Bharti Group as Member of Bharti Airtel Management Board, Jt. President, Airtel Enterprise, Executive Director & CEO, Airtel Mobility and President & COO, Bharti Airtel

**CEO  
Consumer Business**



Mr. Gurdeep Singh

- Experience – 30 Yrs
- Worked with – Airtel, Vodafone, National Panasonic, BPL India, Whirlpool, Kelvinator and Fusebase

**CEO  
Reliance GlobalCom**



Mr. William (Bill) Barney

- Experience – 15 Yrs (in Asia)
- Worked with – Pacnet and MCI Worldcom (Verizon)

**COO  
Reliance GlobalCom**



Mr. Wilfred Kwan

- Experience – 25 Yrs
- Worked with – Pacnet, AT&T, Global One, Lucent Technologies, Motorola, Nortel and Office of Communication Authority, Hong Kong

**President & CHRO**



Mr. Amit Das

- Experience – 25 Yrs
- Worked with – RPG Enterprises, Vodafone Group, ITW Signode India, Britannia Industries, Indian Hotels and TELCO

**Jt. President  
India Enterprise**



Mr. Deepak Khanna

- Experience – 27 Yrs
- Worked with – Bharti Airtel, Escotel Mobile Comm, DSS Mobile Comm, TATA and HCL Group

**Head GSM Operations  
Consumer Business**



Mr. Ramesh Menon

- Experience – 23 Yrs
- Worked with – Bharti Airtel, Neuert Metals LLC, Spencers Retail, PepsiCo, Sara Lee Bakery, Colgate Palmolive and ITC Ltd.

**Head Customer Services,  
Consumer Business**



Mr. Vivek Gangwar

- Experience – 21 Yrs
- Worked with – Vodafone, Sutherland technologies, GE Capital, Ford India, Schlumberger and Usha International

**SVP Marketing  
Wireless Business**



Mr. Munish Kanotra

- Experience – 17 Yrs
- Worked with – Bharti Airtel and Idea Cellular Ltd.

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- ❑ Key Takeaways

## Leadership in each of our businesses: Carrier, Enterprise and Voice

### Carrier

- ❑ World's largest private submarine cable system owner 70,000+ km of sub-sea fiber
- ❑ Serving top 200 carriers of the world

### Global Enterprise

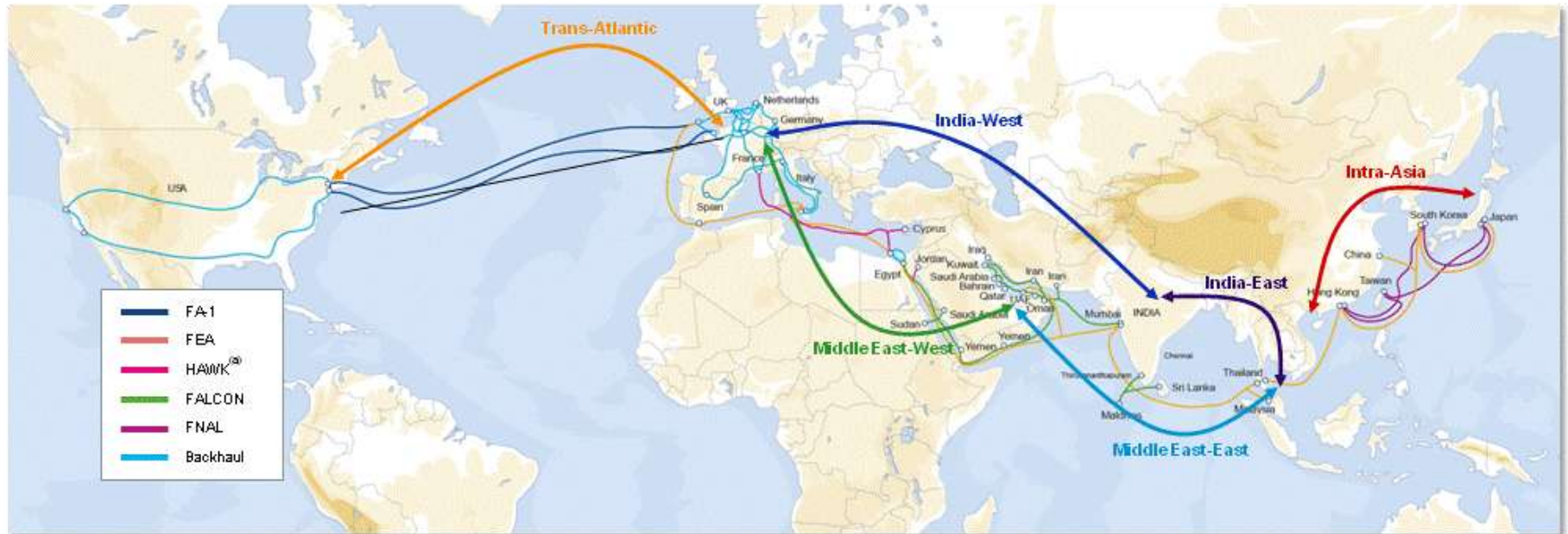
- ❑ Top 5 Managed Network Service provider globally
- ❑ Top 20 Ethernet services provider in the U.S.
- ❑ Data connectivity to over 160 countries
- ❑ Over 1,000 Enterprise customers served outside India

### Voice

- ❑ Top 15 largest international long distance carriers
- ❑ Carriage of 20 billion minutes of traffic
- ❑ 2.5 million retail customers for voice in 14 countries

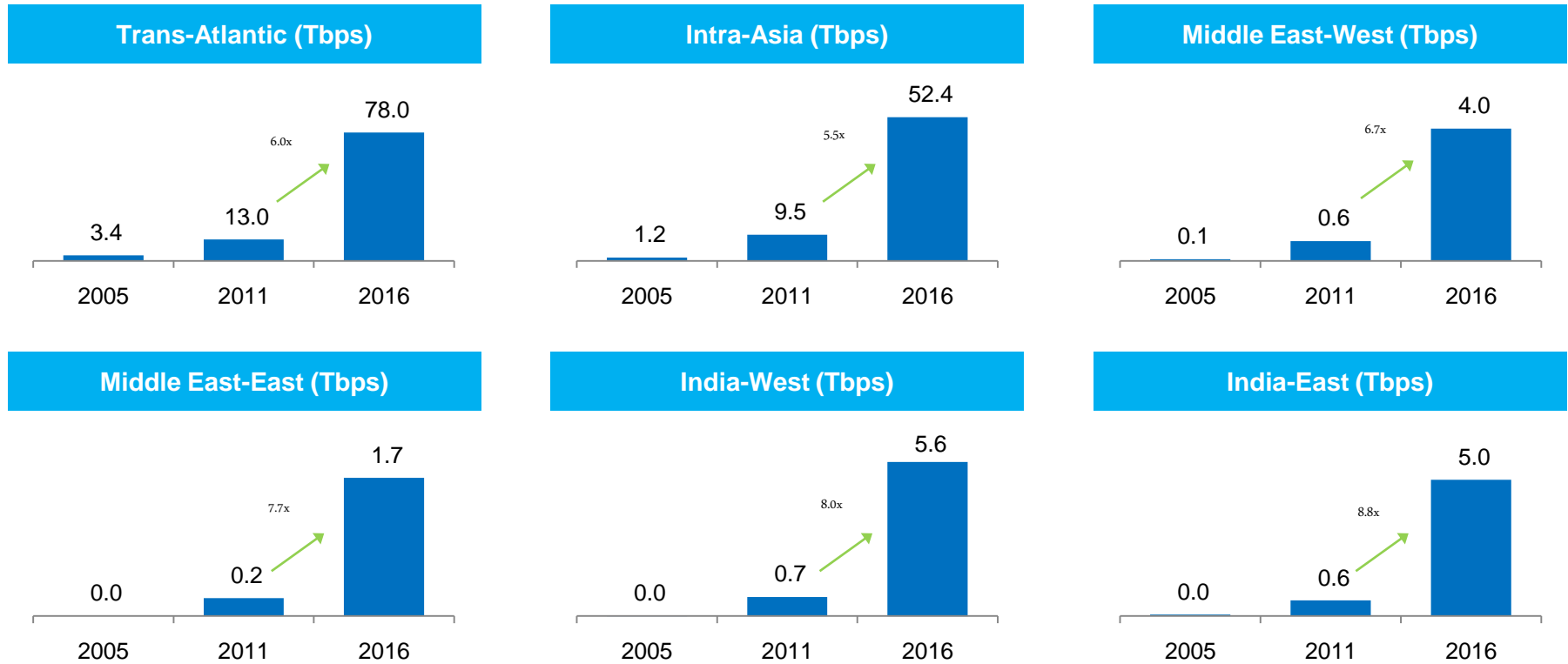


## Subsea cables on the right routes



The routes covered collectively account for 63% of the global data demand as measured by lit capacity

## Well positioned to capture increasing demand for international connectivity



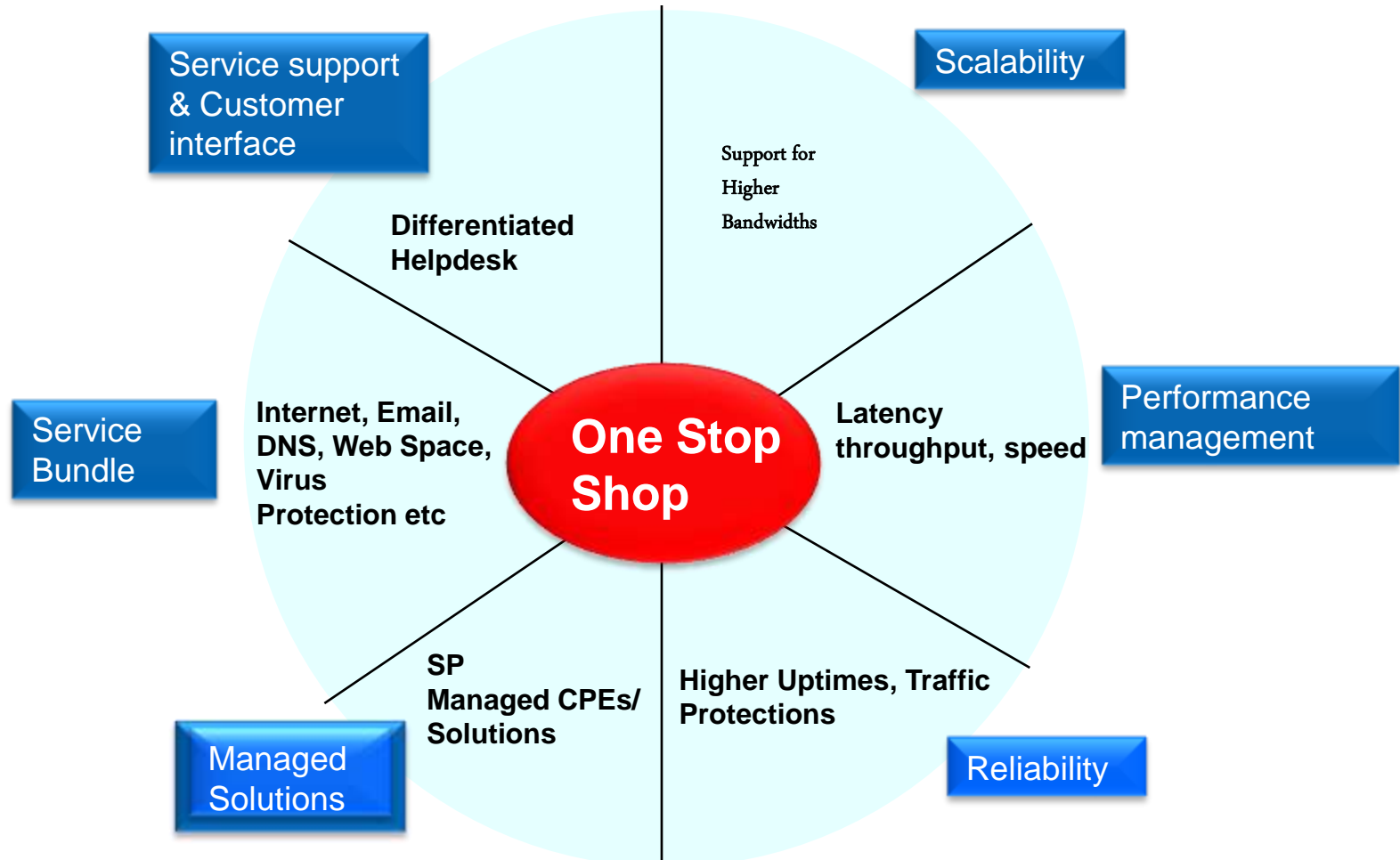
Rapidly increasing number of devices, growing internet user base, faster broadband speeds, cloud computing and more video downloads driving demand

Source: *TeleGeography*

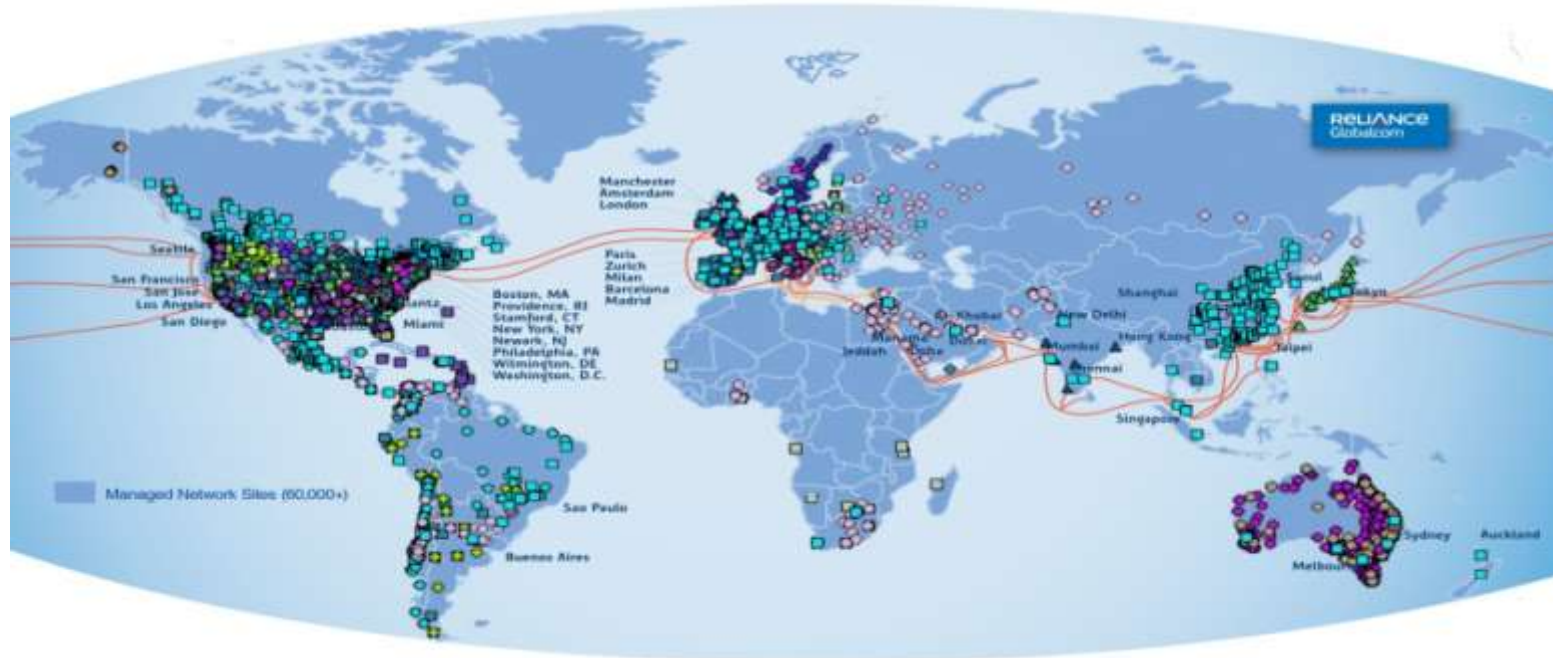


## Enterprises are outsourcing entire telecom-network services to proven service providers

- We understand and meet the CIO's business needs



## Own metro network in the U.S. and proven Managed Services and Ethernet service provider



- More than 22,000 route kilometer of metro Ethernet fiber in the U.S.
- Reach in more than 163 countries
- More than 30,000 managed sites being serviced
- Over 1,000 MNC customers

## Presence in key markets and strong regional connectivity



- More than 300 Enterprise and 2.5 million retail customers
- More than 200 carrier relationships

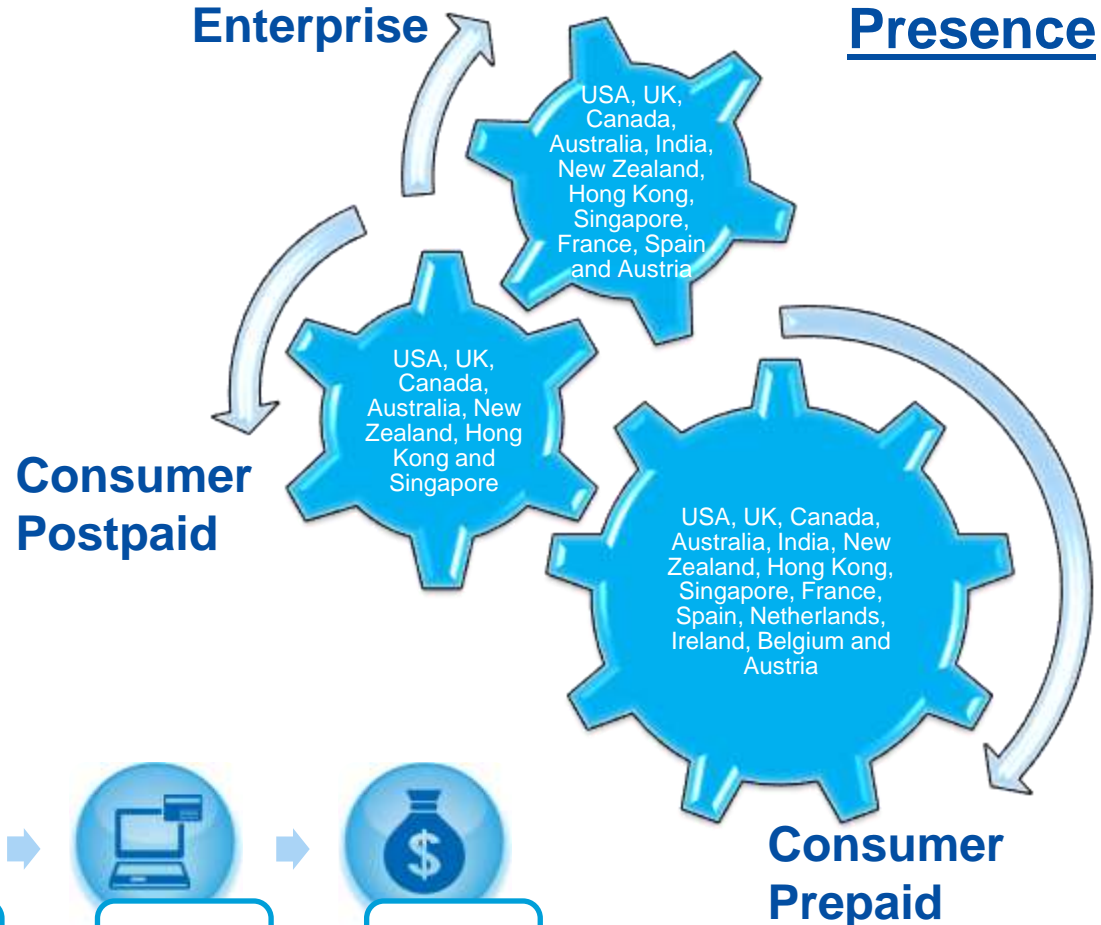
## Reliance Global Call

### Product

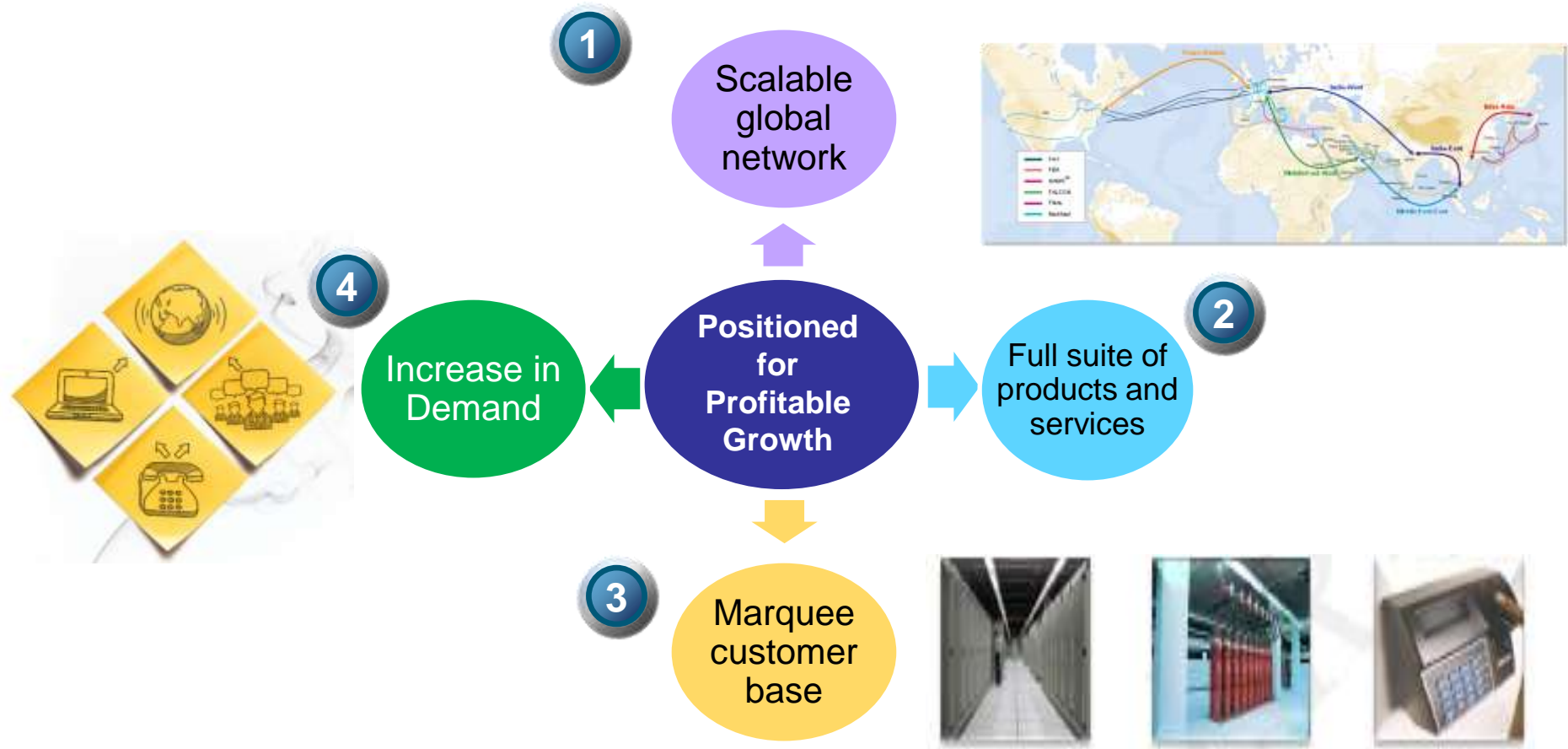
Reliance Global Call is a web based international calling service offering calls to over 230 countries

Reliance Global Call has over **2.5 million** users across America, Europe, Asia and Australia

### Features



In summary, Reliance is well positioned to capture demand for enterprise and voice services



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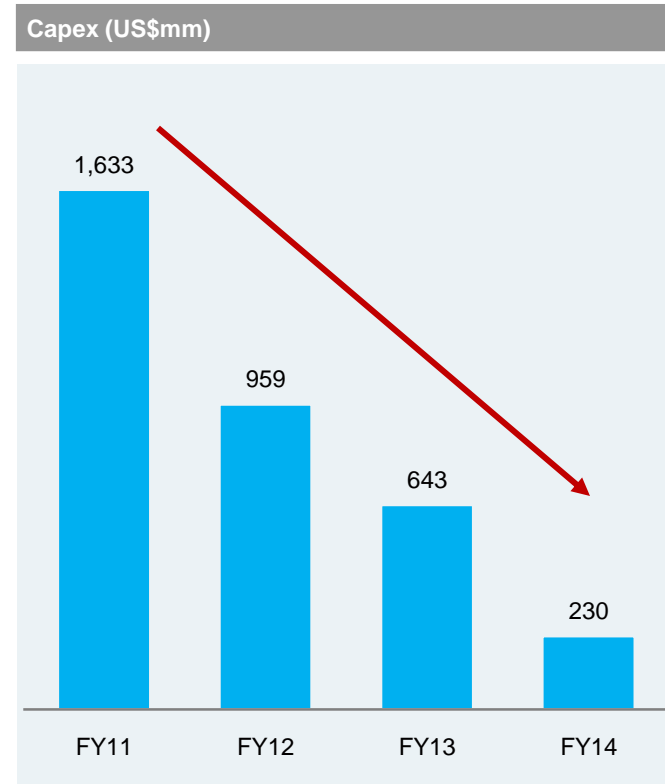
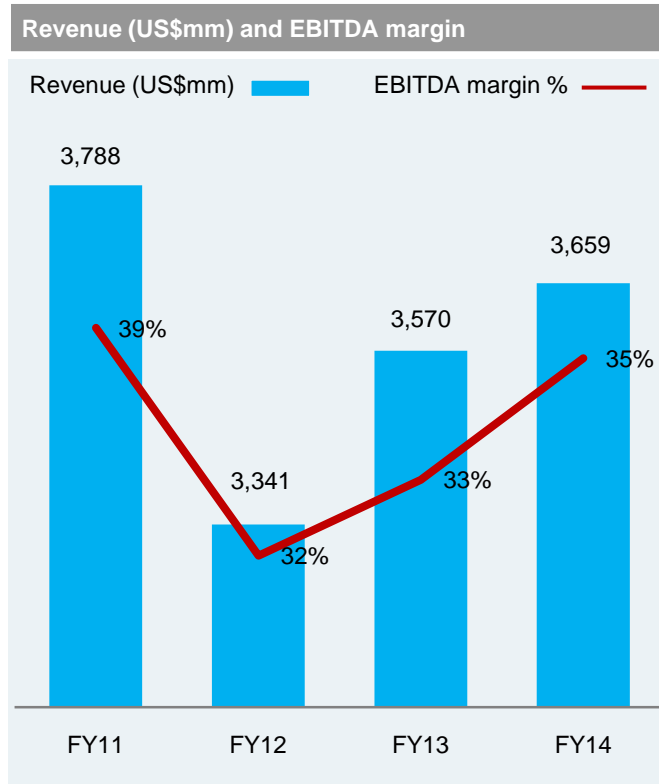
- ❑ Indian Telecom Scenario
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- ❑ Deleveraging and Asset Monetisation
- ❑ Key Takeaways



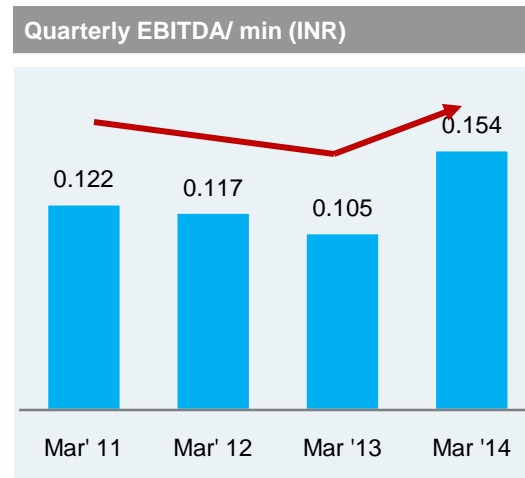
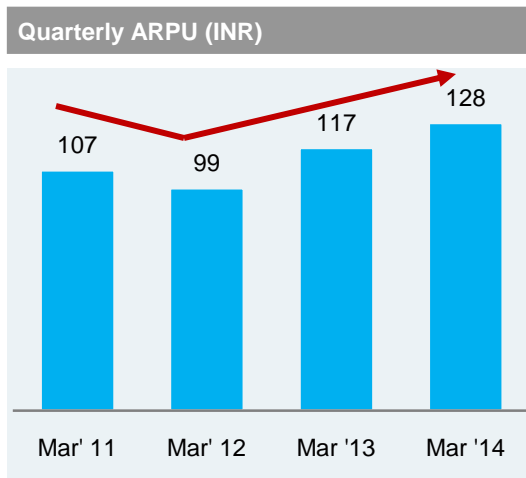
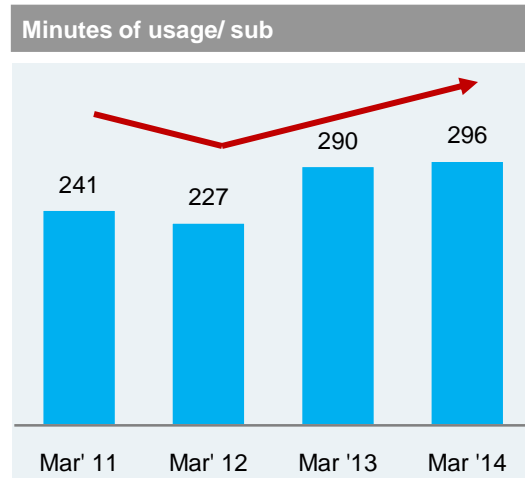
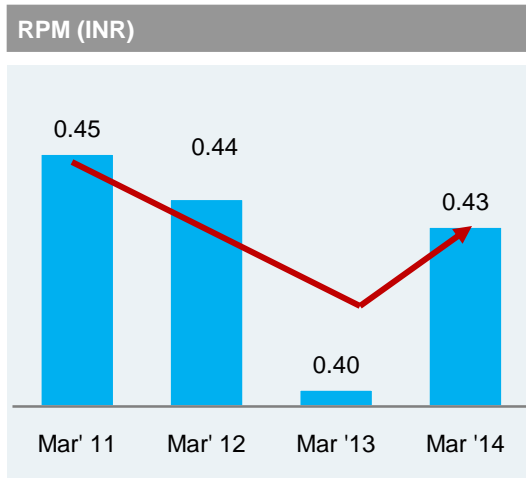
## RCOM Financial Performance



Fx: 1US\$=INR61

Margin Improvement Coupled with Lower Capex Intensity

## Operating Metrics have Seen a Sharp Turnaround



- ❑ Improved industry dynamics with pricing power coming back to operators
- ❑ Focus on high quality customers leading to increasing ARPU levels
- ❑ Improving RPM leading to a higher EBITDA realization

*Wireless Operations: Mar-11 & Mar-12; India Operations: Mar-13 & Mar-14  
EBITDA / min – Indian telecom operations RPM and Indian telecom margin*



## India Operations

US\$ mn

	Q4 FY13	Q3 FY14	Q4 FY14	Q-o-Q %	Y-o-Y%
<b>Revenue</b>	<b>743</b>	<b>760</b>	<b>762</b>	<b>0.3%</b>	<b>2.5%</b>
Voice	538	560	554	-1.1%	3.0%
Non-voice	164	167	170	2.0%	3.7%
Others	41	33	38	14.3%	-8.3%
<b>EBITDA</b>	<b>194</b>	<b>263</b>	<b>272</b>	<b>3.2%</b>	<b>40.4%</b>
<i>Margin %</i>	<i>26.0%</i>	<i>34.6%</i>	<i>35.7%</i>	<i>+110 bps</i>	<i>+970 bps</i>

## Global Operations

US\$ mn

	Q4 FY13	Q3 FY14	Q4 FY14	Q-o-Q %	Y-o-Y%
<b>Revenue</b>	<b>215</b>	<b>179</b>	<b>206</b>	<b>15.5%</b>	<b>-4.0%</b>
Data	148	124	157	26.8%	6.3%
Voice	67	55	49	-10.0%	-26.6%
<b>EBITDA</b>	<b>80</b>	<b>39</b>	<b>32</b>	<b>-18.6%</b>	<b>-60.0%</b>
<i>Margin %</i>	<i>37.1%</i>	<i>21.9%</i>	<i>15.5%</i>	<i>-640 bps</i>	<i>-2,160 bps</i>

Fx: 1US\$=INR61

## Voice

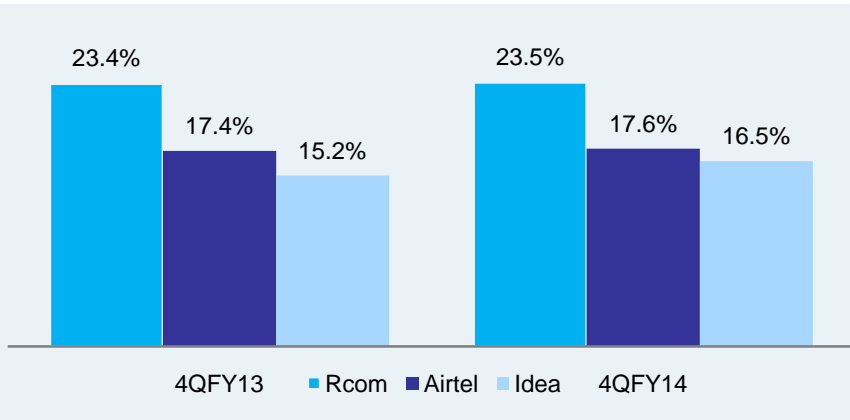
Voice KPIs	Q4 FY13	Q3 FY14	Q4 FY14	Q-o-Q %	Y-o-Y %
ARPU (INR)	117	125	128	2.4%	9.4%
RPM (INR)	0.403	0.435	0.432	-0.7%	7.1%
Total MoU (Bn. Min.)	106.2	101.9	102.3	0.4%	-3.7%
Voice Usage/ Cust/ Month (Min.)	290	288	296	2.8%	2.1%
Total Customer Base (Mn.)	124.2	118.5	112.1	-5.4%	-9.7%
Churn (%)	4.8	3.4	5.5	+210 bps	+70 bps
VLR (%)	86.8	93.5	99.4	+590 bps	+1,260 bps
Voice ARPU (INR)	90	96	98	2.1%	8.9%
Voice RPM (INR)	0.309	0.335	0.330	-1.5%	6.8%

## Non-Voice

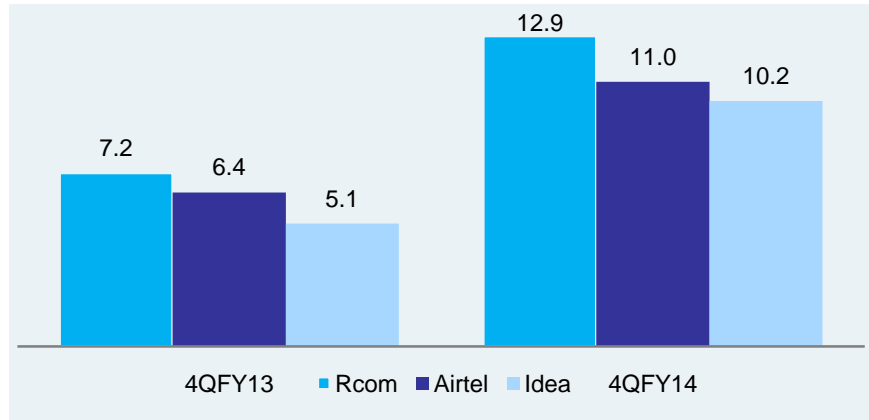
Non-Voice KPIs	Q4 FY13	Q3 FY14	Q4 FY14	Q-o-Q %	Y-o-Y %
Total Data Customer (Mn.)	29.4	36.2	37.4	3.3%	27.2%
3G customer (Mn.)	7.2	11.1	12.9	16.2%	79.2%
Total data traffic (Mn. MB)	27,240	41,702	50,251	20.5%	84.5%
Data usage/ Cust (MB)	319	396	455	14.9%	42.6%
Non voice as % of telecom revenue	23.4%	23.0%	23.5%	+50 bps	+10 bps

## RCOM is the Leader in the Wireless Data Market

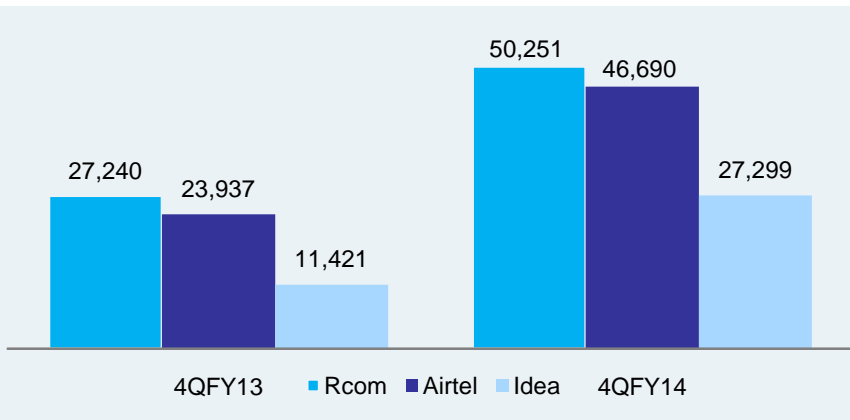
Non-voice as % of Total Revenue



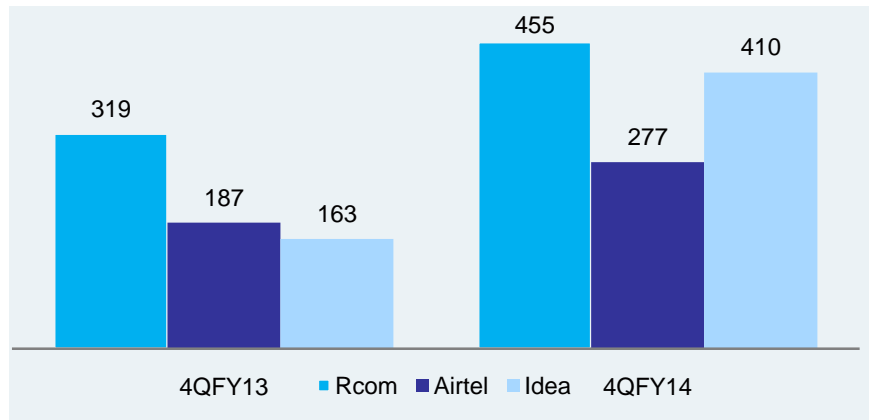
No. of 3G Active Subscriber (mm)



Total Data Traffic on Network (mm MBs)



Data usage per customer (MB)



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## Comprehensive Business Co-operation Framework Between RCOM & Reliance Jio

### Tower sharing agreement



- ❑ Nation-wide tower infrastructure sharing agreement with R Jio
- ❑ 45,000 tower to be shared
- ❑ Aggregate value of US\$ 2 bn during the tenure of agreement
- ❑ RCOM to have reciprocal access to tower infrastructure to be built by R Jio

### Inter-city fiber sharing agreement



- ❑ RCOM's 120,000 Kms. of Inter-city fiber optic network to be utilised by R Jio
- ❑ Deal value of approx. US\$ 200 mn as one time indefeasible right to use (IRU) fees
- ❑ RCOM to have reciprocal access to optic fiber to be built by R Jio

Tower Sharing Deal to be Significantly EBITDA and Value Accretive

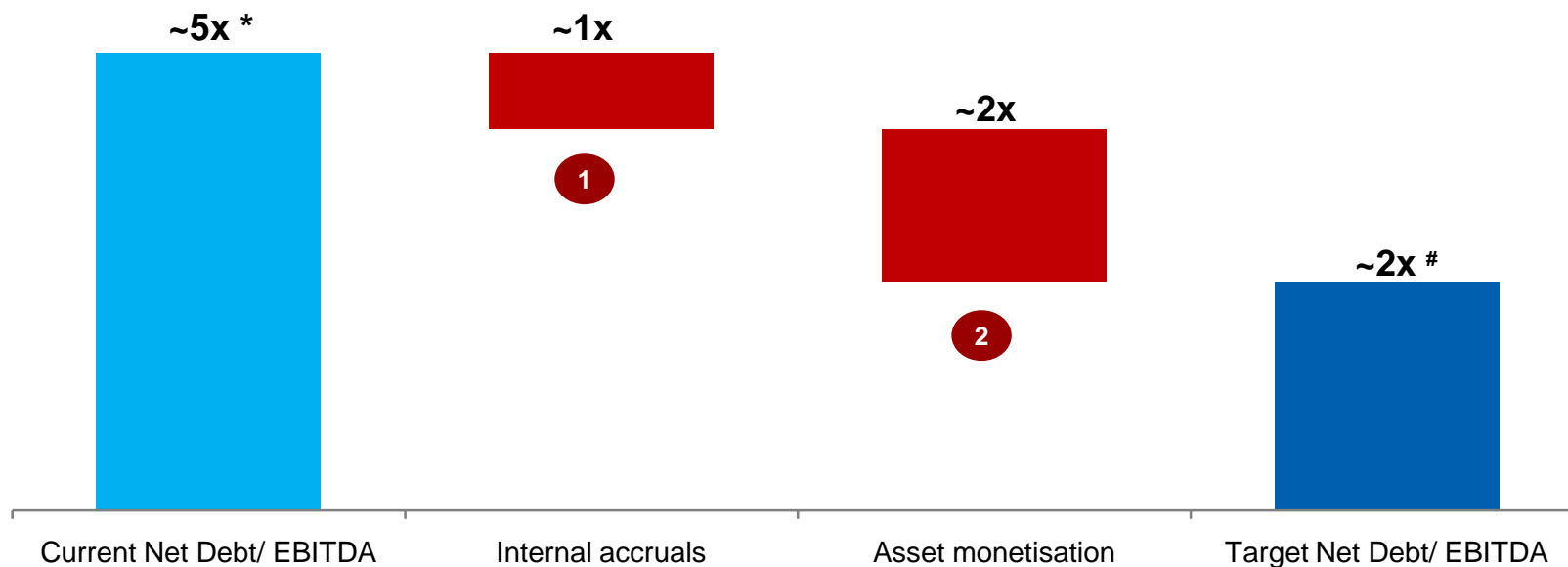
## Unlocking Value through De-merger of Real Estate

- ❑ In-principal approval on a demerger of the Real Estate held by RCOM into a separate unit
- ❑ Reliance Properties Ltd. will be a separate listed Company
- ❑ All shareholders of RCOM will receive fully tradable pro-rata shareholding, free of cost in Reliance Properties Ltd.
- ❑ The preliminary and indicative monetisable value on development is estimated at over US\$ 2 bn



Unlock Substantial Value for the Benefit of ~2 mn Shareholders

## Target leverage



- 1 Organic growth and free cash flow generation
- 2 Securitization of R Jio receivables and divestment of non-core assets

# Excluding the value unlocking from demerger of real estate assets

\* Based on FY14E Consensus Estimates

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**RCOM: Potential future risks & upsides**

Potential future risks	RCOM Impact	Potential future upside	
Regulatory spectrum payouts	Low	Data leadership capability	Ready
Capex Intensity	Low	Intercity fiber deal with R Jio	Done
Business operation downside	Low	Tower tenancy deal with R Jio	Done
CDMA revenue decline	Low (arrested the decline)	Monetisation of non core assets (Real Estate)	In progress
Technology Risk	Low (for future LTE roadmap)	Intracity fiber deal with R Jio	Done
		Stake sale in Global business	In discussion

Significant Higher Upside to Assist RCOM in Reducing Debt & Further Improve EBITDA & Cashflows

## Key Takeaways

- ❑ Industry getting consolidated among top 5 operators
- ❑ Data driving the next growth phase in India, RCOM well positioned to maintain data leadership
- ❑ RCOM
  - Future ready spectrum portfolio
  - Future expansion at least cost
  - Minimal regulatory cash outflow
  - Arrangement / cooperation and reciprocity with R Jio to assist revenue & margin growth
  - Focused plans for Deleveraging and Asset monetization

RELIANCE

Thank You

RELIANCE