

Investor Presentation

October 2020



TATA COMMUNICATIONS

Index



Business overview	3
Strategic overview	15
Our key stakeholders	21
Performance highlights	24



Business overview

TATA COMMUNICATIONS

We are Tata Communications

A digital ecosystem enabler, part of India's multibillion-dollar conglomerate, the prestigious Tata Group.

We enable the digital transformation of enterprises, globally - unlocking opportunities for businesses by enabling borderless growth, boosting product innovation and customer experience, improving productivity and efficiency, embedding agility and managing risk. Both today and in the future.

With a customer solutions orientated approach, proven managed service capabilities and cutting edge infrastructure, we drive the next level of intelligence powered by cloud, mobility, IoT, collaboration, security and network services.

12,000+
employees
worldwide

200+
countries
of operation

50+
entities across
the globe

37+
diverse
nationalities

~7,000+
customers (including
300 of the Fortune 500)

Top
percentile
of NPS®

Providing connectivity to the world

30%

Global internet routes
carried by us

#1

Enterprise data and
colocation services in India

60%

Cloud giants are connected to
their businesses through us

4 of 5

Global mobile subscribers
connected through our
network

Leader

In Gartner's Magic Quadrant
for Network Services (Global)
2020 - 7 years in a row

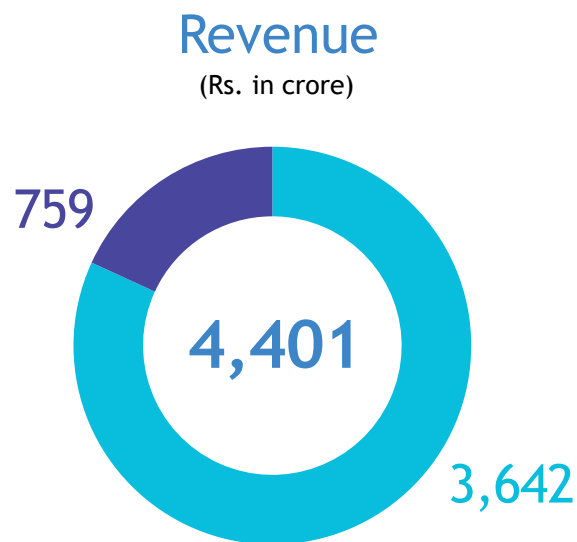
#1

Wholesale voice provider
submarine cable owner on-net
mobile signaling (globally)

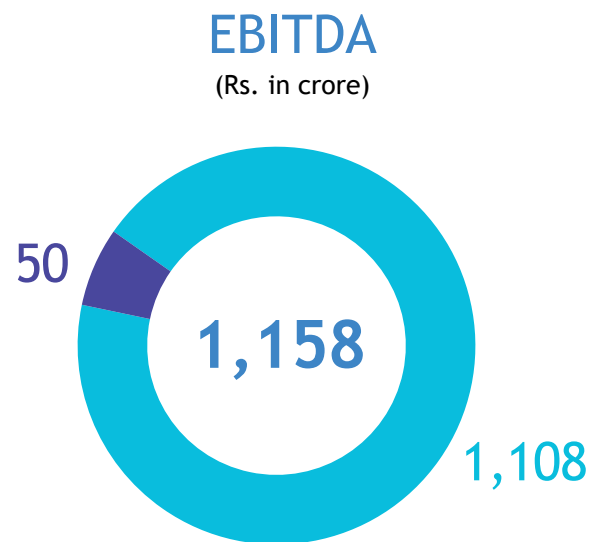
Key Performance Indicators

Numbers that matter

Our voice business continues to be strong and our data business remains instrumental to our overall revenue. As we grow scale, we are confident of an upward momentum in our profit trajectory in the coming quarters.



■ Data ■ Voice



Rs. 384 crore

PAT

Rs. 318 crore

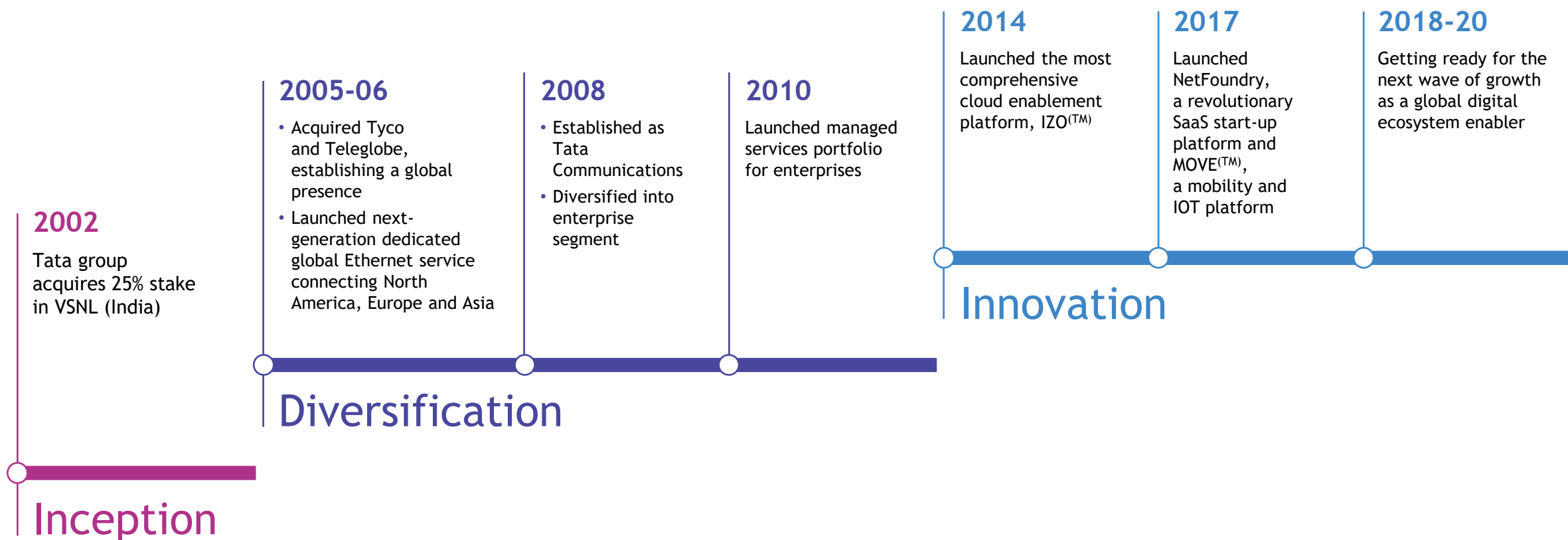
CAPEX

2.3 times

Net debt/EBITDA

Our evolution

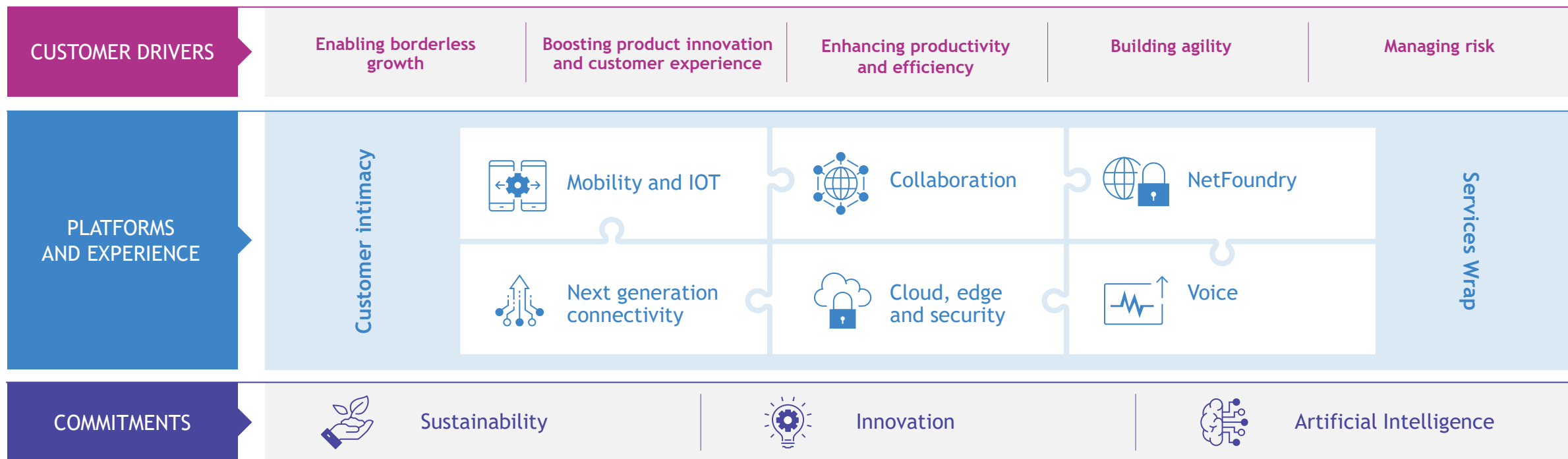
Transformation is in our DNA



What, why and how Tata Communications at a glance

Why we exist

Deliver a new world of communications to the industry and our customers



How we do it

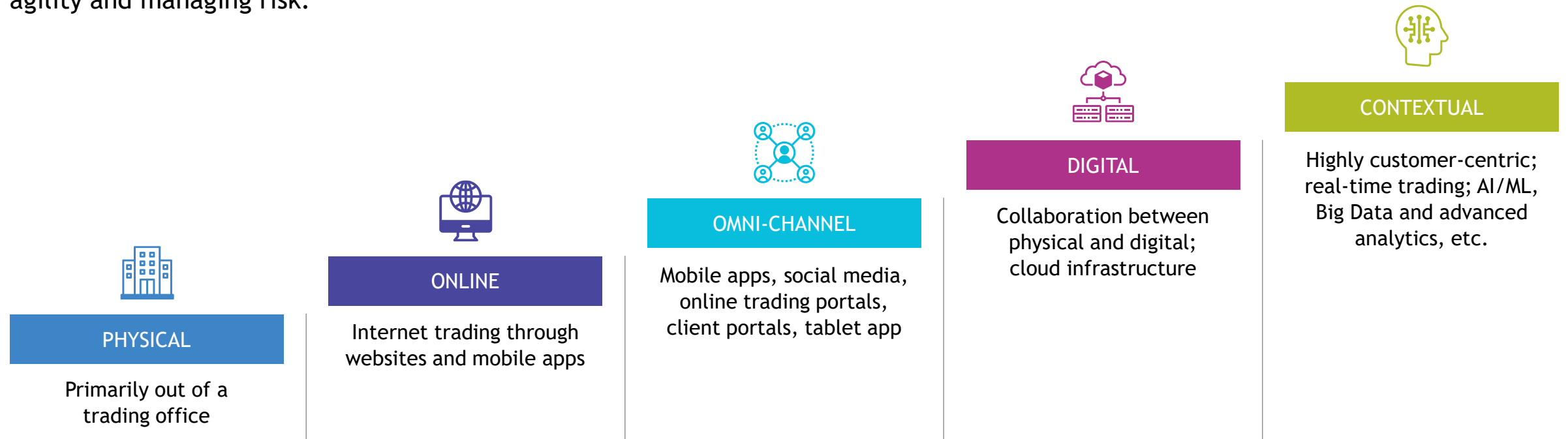
Our DRIVE culture

Daring | Responsive | Inclusivity | Venturing | Ethical

What we do

Providing solutions for every stage of digital maturity

Helping customers unlock opportunities through digital transformation - enabling borderless growth, boosting product innovation and customer experience, improving productivity and efficiency, building agility and managing risk.



Our customers

We cater to multiple industries

 AUTOMOTIVE	 MEDIA & ENTERTAINMENT	 SPORTS	 MANUFACTURING	 PHARMACEUTICAL	 INSURANCE	 HEALTHCARE
 TELECOM	 BANKING	 CONSTRUCTION	 SERVICES	 FINANCE	 ENERGY	
 RETAIL	 IT/ITES	 CONSULTING	 REAL ESTATE	 E-LEARNING	 E-COMMERCE	 GOVERNMENT

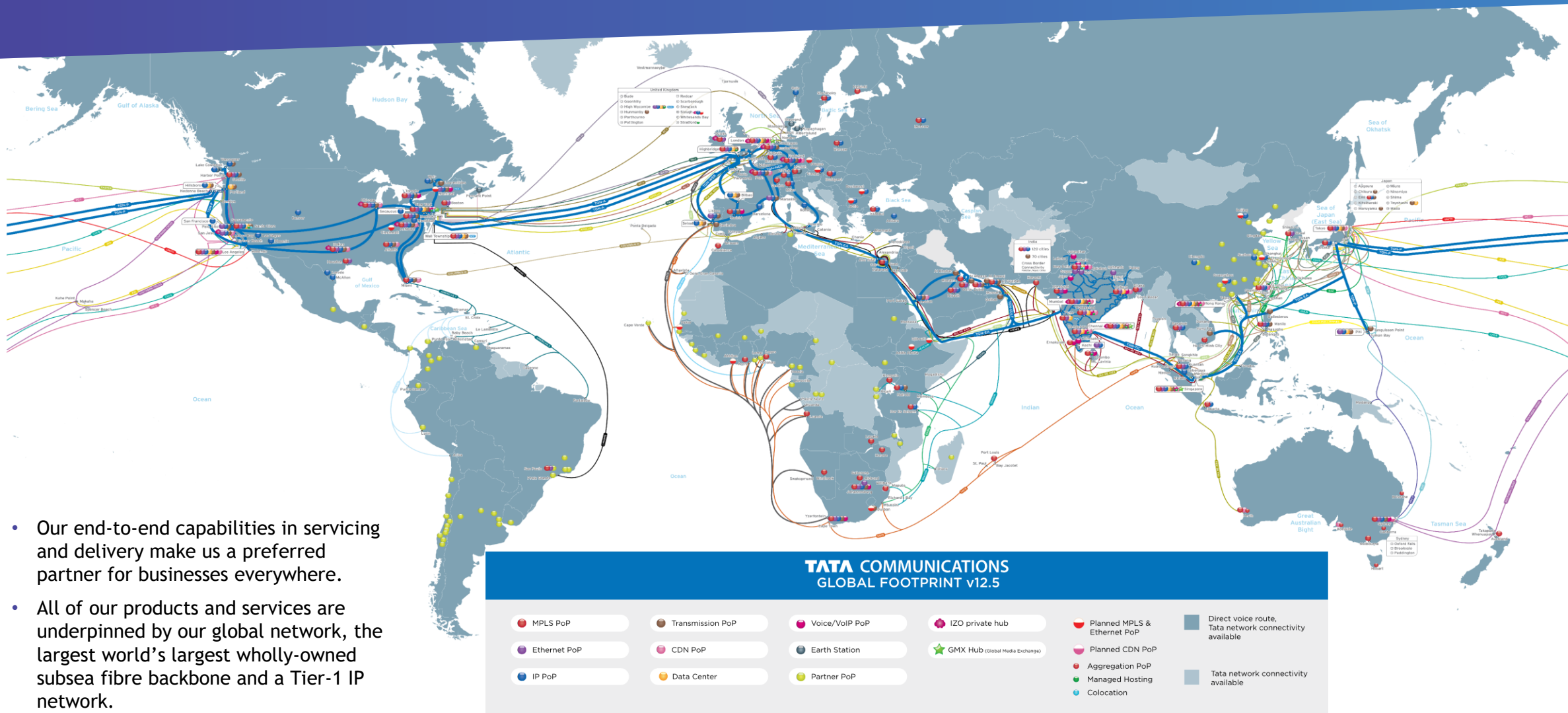
Our customers

Representing some of the biggest brands



How we do it

Our globally local digital infrastructure



- Our end-to-end capabilities in servicing and delivery make us a preferred partner for businesses everywhere.
- All of our products and services are underpinned by our global network, the largest world's largest wholly-owned subsea fibre backbone and a Tier-1 IP network.

How we do it

Our DRIVE culture

We view our success as a result of the unstinting commitment of our people and their efforts.

Our greatest asset? Our people.

Can-do attitude	Collaboration	Continuous learning	Innovation
Mindset for growth and agility	Ownership and accountability	Problem solving	Skills transformation

90%

Learning via digital mode in Tata Communications Learning Academy

5,300+

Certifications completed by employees with minimum 16 hours of effort

Our people reflect our ethos

1,64,000

Lives impacted by our employees, through 59,184 volunteering hours as part of our CSR initiatives

Certified as a Great Place to Work by Great Place to Work Institute (India, Hong Kong, Canada and USA)

- 'Best Workplaces in Asia' for the year 2019 (Hong Kong)
- 2019 Best Employer in India by Aon
- Best Companies for Women in India - Working Mother and Avtar
- Best Workplaces for Women by Great Place to Work Institute (India and Canada)

How we do it

Our commitments



Sustainability

We strive to make a positive, tangible impact on the environment and wider society through our actions, and through our products & services for our customers.



Innovation

We continue to innovate to stay relevant for our customers as a long-term partner in their digital transformation journeys.



Artificial Intelligence

We are bringing enhanced focus on leveraging the power of AI and ML technologies and embedding a framework to make AI an integral part of our capability and offerings.

Strategic overview



TATA COMMUNICATIONS

Trends shaping the industry

We facilitate businesses to pursue digital transformation through navigating new and emerging technologies, to transition seamlessly into a more intelligent future.

Platform economy

7 of 10

Most valuable companies based on platforms

(Source: [Bloomberg and Google](#))

Managed services

11.5%

Growth of global managed services between 2018 and 2023

(Source: [Mordor Intelligence](#))

Enterprise mobility

6 billion

Mobile subscriptions by 2025

(Source: [GSMA Intelligence](#))

Internet of Things (IoT)

79.4 ZB

Data will be generated globally, by 41.6 billion IoT devices by 2025

(Source: [IDC](#))

Cloud computing

28%

Of the IT spending will shift to the cloud by 2022, affecting US\$1.3 trillion

(Source: [Gartner](#))

Hybrid SDN

60%

Of enterprises will have implemented SD-WAN by 2023

(Source: [Gartner](#))

Cybersecurity awareness

41.2%

Growth in spending on cloud security over the next 5 years

(Source: [Gartner](#))

Artificial Intelligence (AI)

37%

of organizations adopted AI in some form in 2019

(Source: [Gartner](#))

Market we address

Our opportunity landscape

While all areas of our portfolio are expected to grow, 6 key pillars have been identified to significantly contribute to our growth in revenue.



MOBILITY & IoT



COLLABORATION



**NEXT GENERATION
CONNECTIVITY**



**CLOUD, EDGE &
SECURITY**



VOICE



NETFOUNDRY

Available Market 2023

Mobility & IoT	
CAGR	+3.9%
2022	\$243Bn
2019	\$217Bn

Collaboration	
CAGR	+12.2%
2022	\$35Bn
2019	\$25Bn

Voice	
CAGR	(6.6)%
2022	\$8Bn
2019	\$7Bn

NetFoundry	
CAGR	+25.5%
2022	\$109Bn
2019	\$55Bn

Next Generation Connectivity	
CAGR	+0.2%
2022	\$145Bn
2019	\$145Bn

Cloud, Edge & Security	
CAGR	+12.0%
2022	\$224Bn
2019	\$159Bn

What helps us turn opportunities into a reality

Our own agility in adopting digitally transformative technologies in order to provide the same to our customers is the key to our consistent business growth.



Prudent foresight

Our ability to anticipate change and transform to meet and exceed the expectations of the business and the industry has paved the way for sustained growth.



Customer centricity

We help our customers make the most of the latest digital innovations and be agile, flexible and responsive.



Skilled, engaged teams

We believe it is critical for employees to continuously learn and re-educate themselves; and we provide the right platforms for employees to be able to do so.



Continuous innovation

Technology is constantly evolving; thus, we need to constantly challenge ourselves and innovate to invest in our future.

Recognised for excellence

Tata Communications Positioned as a Leader in the 2020 Gartner Magic Quadrant for Network Services, Global - 7 years in a row



1. Orange Business Services
2. NTT
3. AT&T
4. Verizon
5. BT
6. Vodafone
7. **Tata Communications**
8. T-Systems
9. Telefonica
10. CenturyLink
11. Masergy
12. Colt Technology Services
13. GTT
14. Telia
15. Telstra
16. Global Cloud Xchange
17. Singtel
18. Sprint
19. PCCW Global
20. China Telecom Global

Ability to Execute

Our emphasis is on a vendor's service quality, pricing and track record.

These elements are particularly important for global networks because the issues of infrastructure, language and culture are more challenging than if applicable to only one country.

Completeness of Vision

Visionary providers should have a clearly articulated strategy in evolving areas of enterprise networking, including networking for cloud services, SD-WAN, SDN, NFV and vCPE.

The portfolio should be broad enough to satisfy the evolving requirements of most enterprises, and not just a specific vertical, industry or customer size.

Source: Gartner (February 2020)

Industry accolades

Recognised for excellence



APAC Top 10 IoT Solution
Companies 2019



- Most Innovative IoT Project
- Most Innovative Telecom Project



Magic Quadrant for Network Services,
Global



Enterprise Telecom service provider
Company of the Year - Large
Enterprise Segment

Enterprise Data Service Provider
Company of the Year

Managed Multi Cloud Service
Provider Company of the Year

SDWAN Service Provider Company of
the Year

Unified Communications Service
Provider Company of the Year

Managed Security Service Provider
Telecom Company of the Year

Cloud Interconnect Service
Provider Company of the Year

Video Managed Service Provider
Company of the Year

Our key stakeholders



TATA COMMUNICATIONS

Our shareholders

Maximising long-term intrinsic value

The sustained trust and confidence of our shareholders enable us to remain focused on achieving our strategic objectives and maximising long-term returns.



Drive capital efficiency

- Recalibrate investments
- Co-create with partners
- Inculcate strong discipline and governance around capital allocation and expenditure



Improve margin profile

- Improve operating efficiency and drive operating leverage
- Accelerate growth in high margin data segment and new services



Invest for long-term growth

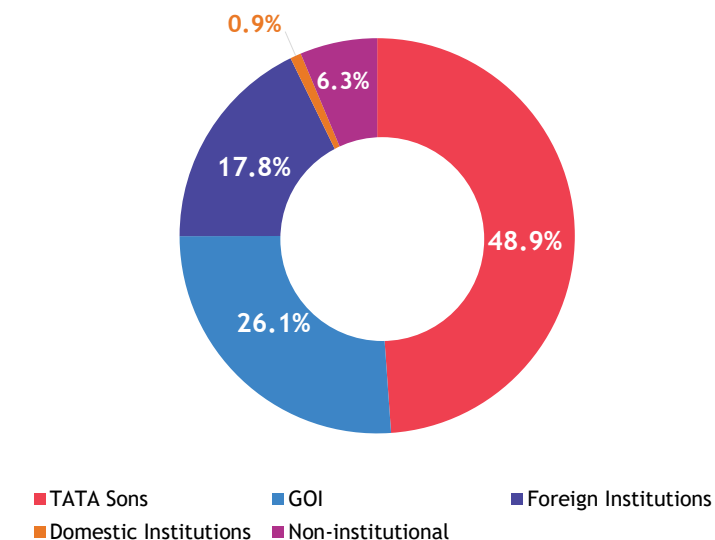
- Reshape portfolio
- Invest in new services/ innovation to differentiate and accelerate growth



Create strategic flexibility

- Generate free cash flow and deleverage balance sheet
- Pursue opportunities to unlock intrinsic value
- Rationalise businesses with sub-par return profiles

Shareholding pattern as of 30 September 2020



Our community

Sustainability and CSR

ENABLING SUSTAINABILITY AS KEY DRIVER FOR BUSINESS INNOVATION & GROWTH

- We are uniquely positioned to deliver the digital future now while doing good for **People**, the **Planet** and **Communities**
- Our goal is to make a positive, tangible impact on the environment and society through our actions and through our products and services for our customers



Zero
FATAL/MAJOR INCIDENTS

Since last 3 years

MULTIPLE BEST EMPLOYER RECOGNITIONS

32.7%
DIVERSITY

mix for new hires
increased from 19% (FY14)

5,300+ CERTIFICATIONS
COMPLETED BY EMPLOYEES

with minimum 16 hours
of effort



9 lakh
UNITS OF ENERGY
CONSERVATION GLOBALLY

Focused solutions (IoT, Mobility,
MOVE, Cloud and UCC) for
customers leading to cost saving,
business optimisation, avoidance
of travel, automation etc.

~15 Million UNITS' Renewable energy sourced

49% increase In water recycling as compared to
FY20



2,19,166
LIVES IMPACTED

62% women and girls
62% - affirmative action
communities

16
LONG-TERM
PROJECTS

Presence across 9 states in India
International presence -
Singapore

59,194
VOLUNTEERING HOURS

Contributed by 11,030
volunteers to reach 50,000 lives

Performance overview



TATA COMMUNICATIONS

Key financials (Quarterly)

Revenue | EBITDA | FCF

REVENUE*

Q2 FY 21	3,642	759	4,401
Q1 FY 21	3,604	799	4,403
Q2 FY 20	3,399	874	4,273

EBITDA*

Q2 FY 21	1,108	50	1,158
Q1 FY 21	975	67	1,042
Q2 FY 20	752	81	834

FCF*

Q2 FY 21	828	45	840
Q1 FY 21	664	54	670
Q2 FY 20	379	72	380

*All figures in Rs. crore

- Consolidated revenues were up 3.0% YoY and flat sequentially, despite economic uncertainties.
- EBITDA grew by 38.9% YoY and 11.1% QoQ with a margin of 26.3% which expanded by 680BPs YoY on the back of strong profitable growth in data business and focus on cost efficiencies. We continued to receive Covid-related operating cost benefits in Q2.
- Profit for the quarter was INR 384 crore as compared to a profit of INR 258 crore in the previous quarter, this profit is on the back of strong EBITDA performance.

■ Data ■ Voice ■ Consol

Revenue Growth %	QoQ	YoY
Data	↑ 1.1%	↑ 7.2%
Voice	↓ (5.1%)	↓ (13.2%)
Consol	↓ (0.0%)	↑ 3.0%

EBITDA Growth %	QoQ	YoY
Data	↑ 13.7%	↑ 47.2%
Voice	↓ (25.7%)	↓ (38.6%)
Consol	↑ 11.1%	↑ 38.9%

FCF Growth %	QoQ	YoY
Data	↑ 24.6%	↑ 118.4%
Voice	↓ (18.0%)	↓ (38.3%)
Consol	↑ 25.3%	↑ 121.2%

Key financials (Annual)

Revenue | EBITDA | FCF

REVENUE*

FY 20	13,692	3,376	17,068
FY 19	12,655	3,870	16,525
FY 18	11,460	5,311	16,772

EBITDA*

FY 20	3,026	263	3,289
FY 19	2,409	336	2,745
FY 18	2,066	347	2,412

FCF*

FY 20	1,742	252	1,693
FY 19	820	331	881
FY 18	882	338	898

*All figures in Rs. crore

- Consistent strong growth in Data Business despite industry challenges
- Data business growth is compensating for the decline in Voice business
- Voice business is declining in-line with industry and technology trends
- Shift towards more profitable data business leading to EBITDA growth and margin expansion
- Voice business continues to generate healthy cash flow despite decline in revenue

■ Data ■ Voice ■ Consol

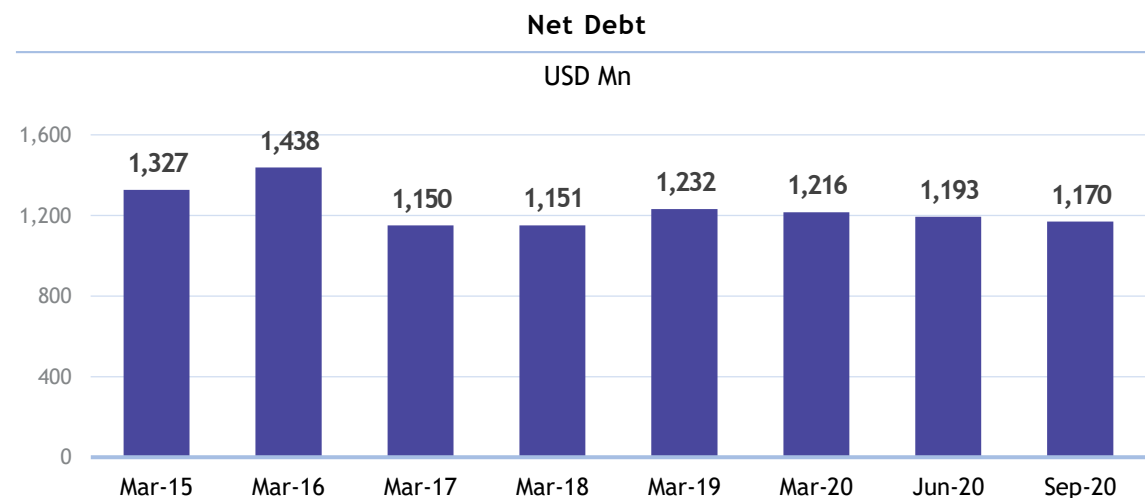
Revenue Growth %	FY 18	FY 19	FY 20
Data	↑ 5.5%	↑ 10.4%	↑ 8.2%
Voice	↓ (21.4%)	↓ (27.1%)	↓ (12.8%)
Consol	↓ (4.8%)	↓ (1.5%)	↑ 3.3%

EBITDA Growth %	FY 18	FY 19	FY 20
Data	↑ 6.2%	↑ 16.6%	↑ 25.6%
Voice	↓ (16.3%)	↓ (3.1%)	↓ (21.6%)
Consol	↑ 2.2%	↑ 13.8%	↑ 19.8%

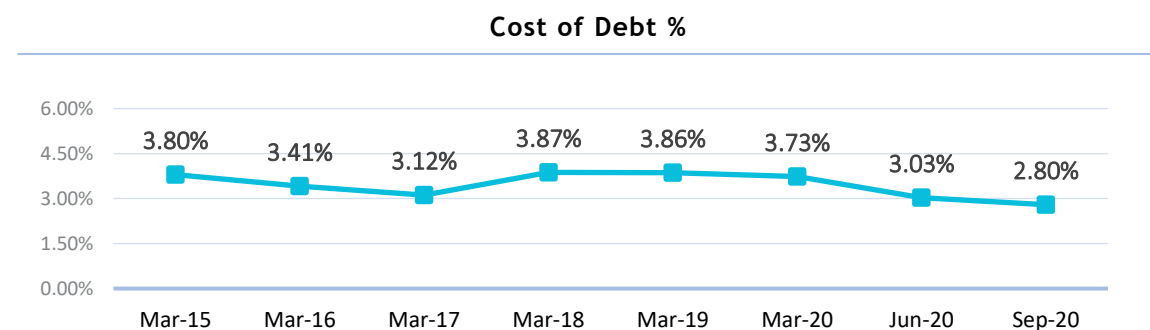
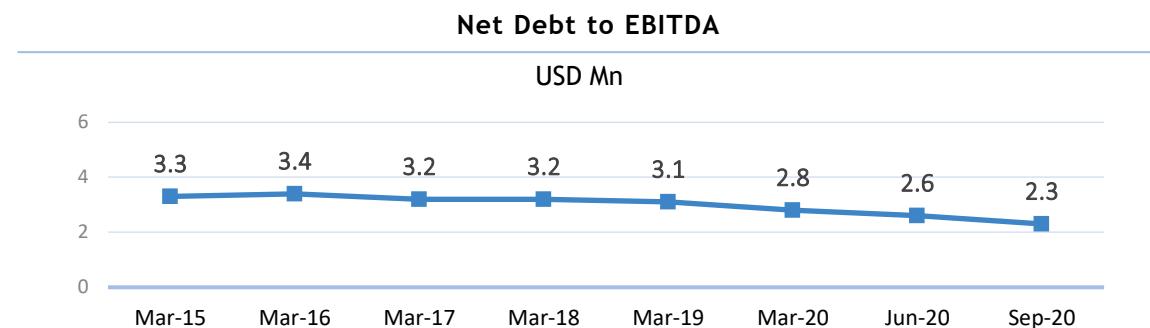
FCF Growth %	FY 18	FY 19	FY 20
Data	↑ 42.2%	↓ (7%)	↑ 112.4%
Voice	↓ (14.9%)	↓ (2.1%)	↓ (23.8%)
Consol	↓ 16.2%	↓ (1.9%)	↑ 92.3%

Key financials (Annual)

Performance Highlights | Net DEBT



- Net debt was at USD 1,170 Mn, a decrease of USD 23 Mn over last quarter, despite dividends and employee bonus payments, aided by strong operating cashflows.
- Average cost of borrowing for Q2 was 2.80%, a decrease by 23 BPS over Q1 FY21 primarily due to decline in Average LIBOR from 0.37% in Q1 to 0.26% in Q2 FY21.

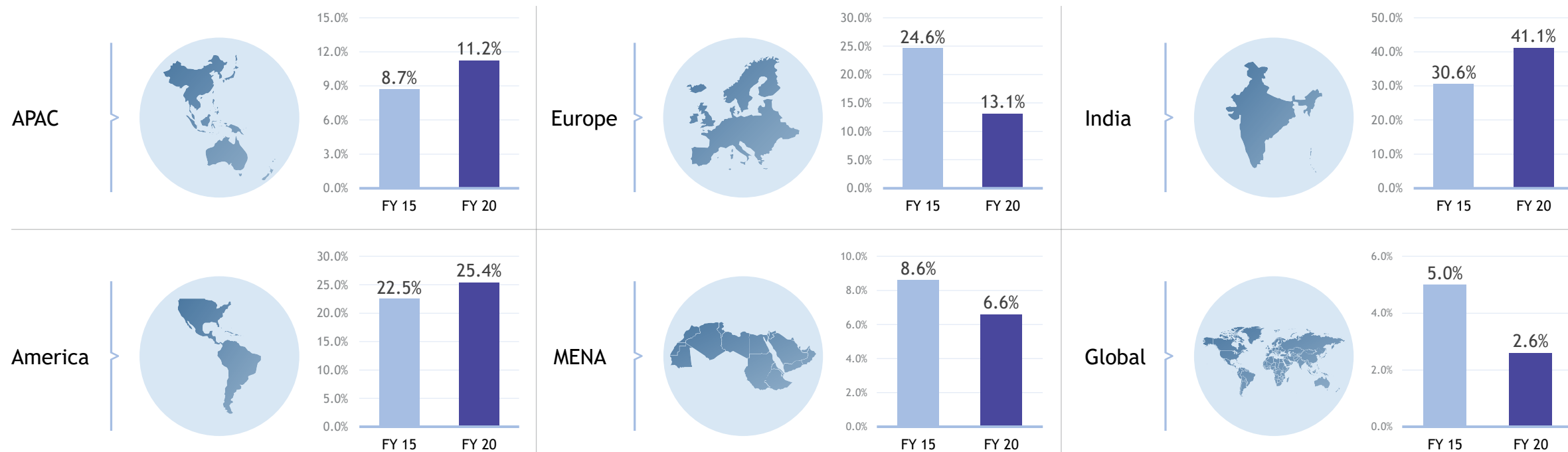


Note: USD-Rs.: FY15 - 61.13; FY16 - 65.44; FY17 - 67.07; FY18 - 64.47, FY19 - 69.9; Q1FY18 - 64.48; Q2FY18 - 64.30; Q3FY18 - 64.77; Q4FY18 - 64.35; Q1FY19 - 66.94; Q2 FY19 - 70.10; Q3 FY19 - 72.13, Q4 FY19 - 70.47; Q1 FY20 - 69.6; Q2 FY20 - 70.4; Q3 FY20- 71.24; Q4 FY20- 72.32; Q1 FY21- 72.32; Q2 FY21- 73.77 FY15, FY16 are reported numbers, and include Data centre business

Key financials (Annual)

Geographical spread

Gross Revenue Share by Geography -



Concluding remarks

Key reflections

Riding on global data growth	Digital Transformation and Cloud adoption to drive the business growth	Transformation driving demand for hosting, SD WAN and network virtualisation services	Positioned as “Leader” in Gartner magic quadrant for network services, global for 7 th consecutive year	Digital push through partnerships with Microsoft, Cisco, Amazon
The revamped GTM strategy has started to show positive results with an improvement both in funnel adds as well as in closed sales. Product penetration ratio * (which is the number of products sold to each customer) of Top 300 customer has improved from 5.53 in Q2 FY20 to 5.73 in Q2 FY21	FY20 Dividend of Rs. 4/- share which is 40% of face value of each share	Significant land bank with the company (~740 acres) post transfer of surplus land to HPIL	The Scheme for Demerger of Surplus Land has been approved by the NCLT, Mumbai on July 12, 2018. The Scheme filed by HPIL, has been approved by the Ministry of Corporate Affairs, New Delhi on 5 August 2019. The Record Date for the Scheme was September 18, 2019. HPIL has allocated the shares to all its eligible shareholders. The company shares were listed publicly, on 22nd October 2020	



Thank you

www.tatacommunications.com

Contact for investor queries:

investor.relations@tatacommunications.com

©2020 Tata Communications. All rights reserved.
TATA COMMUNICATIONS and TATA are trademarks of Tata Sons Private Limited.

TATA COMMUNICATIONS