



## **FY2013 Annual Update**

**Presented By:**

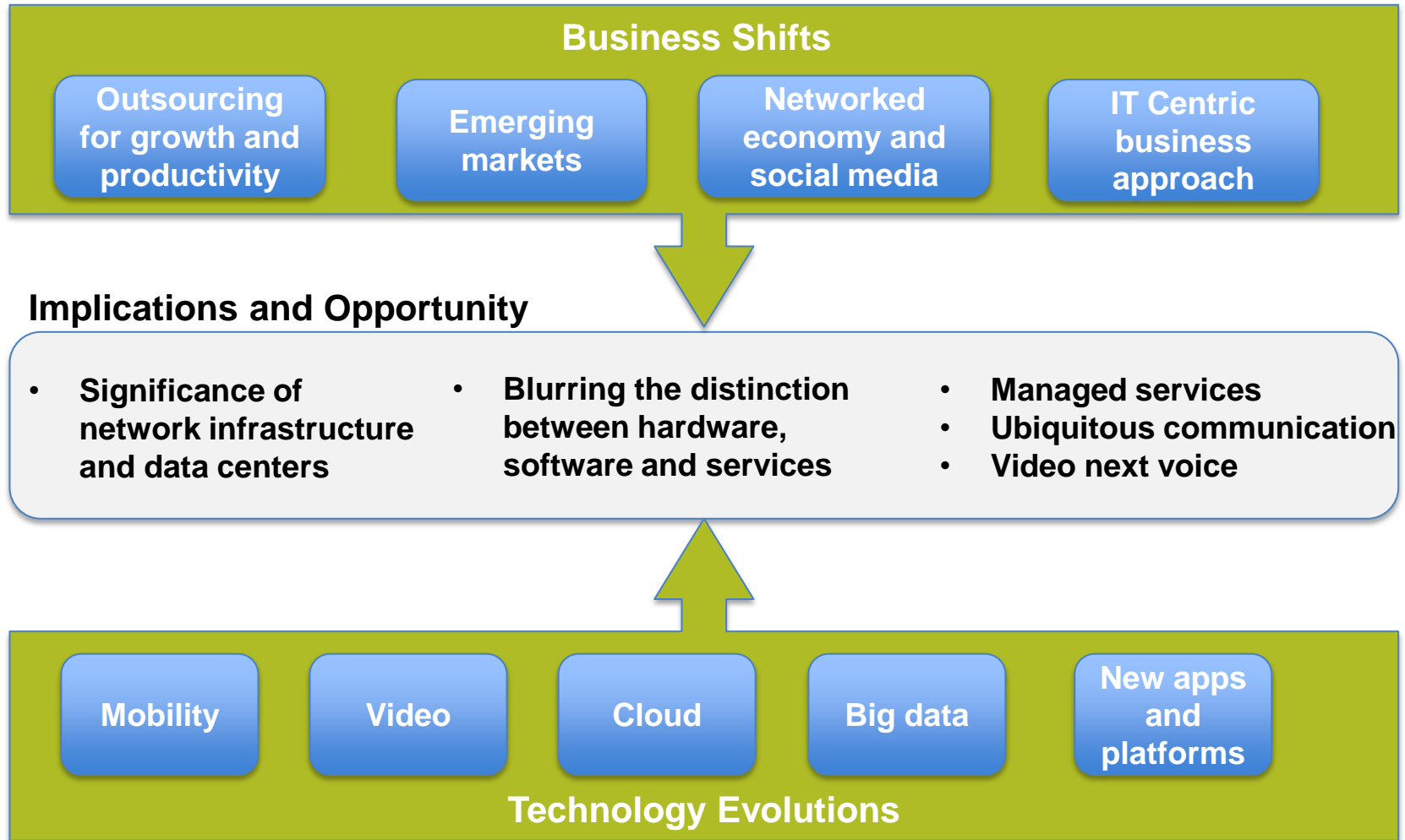
Vinod Kumar, MD & Group CEO

**July 26<sup>th</sup>, 2013**

# Safe Harbor Statement

Some of the statements herein constitute “forward-looking statements” that do not directly or exclusively relate to historical facts. These forward-looking statements reflect our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from our intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained herein with caution. Tata Communications does not undertake any obligation to update or revise forward looking statements, whether as a result of new information, future events or otherwise.

# The landscape we operate in



# Our Vision



[www.tatacommunications.com](http://www.tatacommunications.com) | [@tata\\_comm](https://twitter.com/tata_comm)  
<http://tatacommunications-newworld.com> | [www.youtube.com/user/tatacomms](https://www.youtube.com/user/tatacomms)

© 2012 Tata Communications Ltd. All rights reserved. TATA COMMUNICATIONS and TATA are trademarks of Tata Sons Limited in certain countries.

**TATA COMMUNICATIONS**

# Leadership and scale

## Industry leadership

- #1 international wholesale voice carrier by minutes
- #1 submarine cable owner by length
- #1 in enterprise data in India by revenue
- #2 network operator in South Africa (enterprise and wholesale)

## Global Infrastructure

- Over 200,000 kms of owned fiber
- 400 Points of Presence
- Over 20% of the world's lit international capacity
- 42 data centres with more than 10,000 racks and 1 mn square feet of space

## Key Enabler of Communications

- 19% market share in international wholesale voice minutes
- World's largest and only round-the-world sub-sea cable network. Tata Communications' network carries nearly 10% of global internet traffic
- Only global tier 1 ISP with a top five position in all continents – leading international internet backbone

## Customers

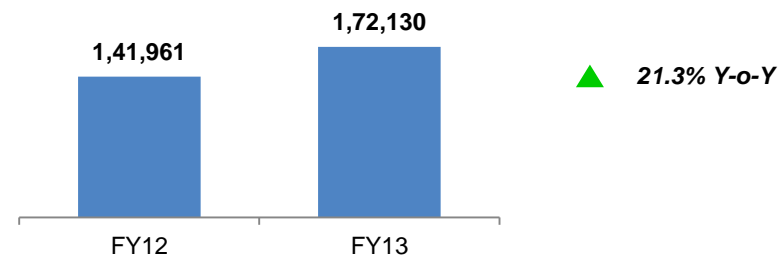
- 3,000 large corporates including 260 Forbes 2,000 MNCs
- 1,600 carriers and 700 mobile operators

# Consolidated Financial Performance – FY2013

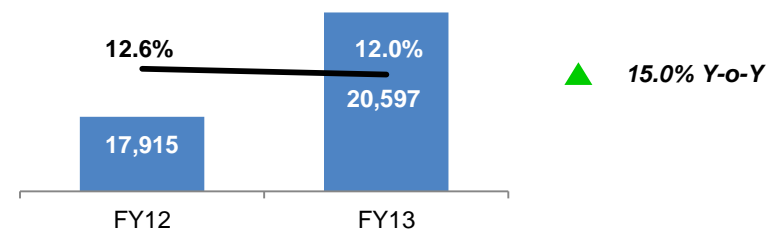
INR Mn

| Particulars                             | FY 2012      | FY 2013      |
|---|--------------|--------------|
| Revenue from operations                 | 141,961      | 172,130      |
| Operating EBITDA                        | 17,915       | 20,597       |
| <i>Operating EBITDA %</i>               | <i>12.6%</i> | <i>12.0%</i> |
| Operating EBIT                          | (285)        | 327          |
| <i>Operating EBIT %</i>                 | <i>-0.2%</i> | <i>0.2%</i>  |
| Profit Before Tax and Exceptional Items | (7,180)      | (5,349)      |
| Exceptional Items                       | -            | (1,042)      |
| PBT                                     | (7,180)      | (4,307)      |
| <i>PBT (% of total income)</i>          | <i>-5.0%</i> | <i>-2.5%</i> |
| PAT                                     | (7,946)      | (6,233)      |
| <i>PAT (% of total income)</i>          | <i>-5.5%</i> | <i>-3.6%</i> |

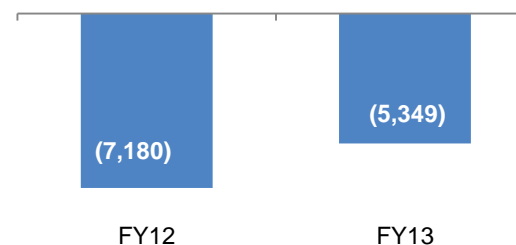
## Revenue from Operations



## Operating EBITDA and margins (% of gross revenue)



## Profit Before Tax and Exceptional Items



## Financial Performance by Segment – FY 2013

INR Mn

|  | CORE*   |                | STARTUP |             | CONSOLIDATED |                |
|--|---------|----------------|---------|-------------|--------------|----------------|
|  | FY 2012 | FY 2013        | FY 2012 | FY 2013     | FY 2012      | FY 2013        |
| <b>Gross Revenues</b>                              | 124,580 | <b>153,181</b> | 17,381  | 18,948      | 141,961      | <b>172,130</b> |
| <b>Y-o-Y Growth</b>                                |         | <b>23.0%</b>   |         | <b>9.0%</b> |              | <b>21.3%</b>   |
| <b>EBITDA</b>                                      | 18,050  | <b>18,649</b>  | (135)   | 1,949       | 17,915       | <b>20,597</b>  |
| <b>Y-o-Y Growth</b>                                |         | <b>3.3%</b>    |         |             |              | <b>15.0%</b>   |
| <b>EBIT</b>  | 2,563   | <b>1,006</b>   | (2,849) | (679)       | (285)        | <b>327</b>     |
| <b>Profit Before Tax and<br/>Exceptional Items</b> | 1,184   | <b>(1,272)</b> | (8,364) | (4,077)     | (7,180)      | <b>(5,349)</b> |
| <b>PBT</b>   | 1,184   | <b>(230)</b>   | (8,364) | (4,077)     | (7,180)      | <b>(4,307)</b> |
| <b>PAT after Minority Interest</b>                 | 493     | <b>(2,463)</b> | (8,439) | (3,770)     | (7,946)      | <b>(6,233)</b> |

\* Global Voice (GVS) and Global Data (GDS) are collectively referred as Core business

Average Rs/\$ Exchange rate: FY12 at 47.91; FY13 at 54.38

Average ZAR/\$ Exchange rate: FY12 at 7.45; FY13 at 8.50

[www.tatacommunications.com](http://www.tatacommunications.com) | [@tata\\_comm](https://twitter.com/tata_comm)

<http://tatacommunications-newworld.com> | [www.youtube.com/user/tatacomms](https://www.youtube.com/user/tatacomms)

© 2012 Tata Communications Ltd. All rights reserved. TATA COMMUNICATIONS and TATA are trademarks of Tata Sons Limited in certain countries.

**TATA COMMUNICATIONS**

# Segmental Highlights and Achievements

## Global Voice (GVS) Highlights

- **Outpaced the market** and further strengthen wholesale voice leadership position
- Maintained mix of **long-term contracts in the ILD business at 50%**, helping mitigate volatility associated with traditional spot business
- **Improved quality of growth** - greater weightage of carriers routing retail traffic directly; including traditional carriers, Cable Companies and OTT players
- **Continued focus on new offerings** - International HD voice termination services, first carrier to launch Voice Business Apps

## Global Data (GDS) Highlights

- Managed services (up 33% YoY), India MPLS/GVPN (up 31% YoY) and next gen network services (up 20%% YoY) continued to lead growth in FY13
- Created a **Growth Ventures Group** within GDS to drive data centre, cloud security, media and entertainment portfolio
- **Significant traction on new services** – payment services, business video
- **Increased recognition** in the marketplace - positioned in the Leaders' Quadrant in the Gartner Magic Quadrant for Asia Pacific Network Service Providers

## Neotel Highlights

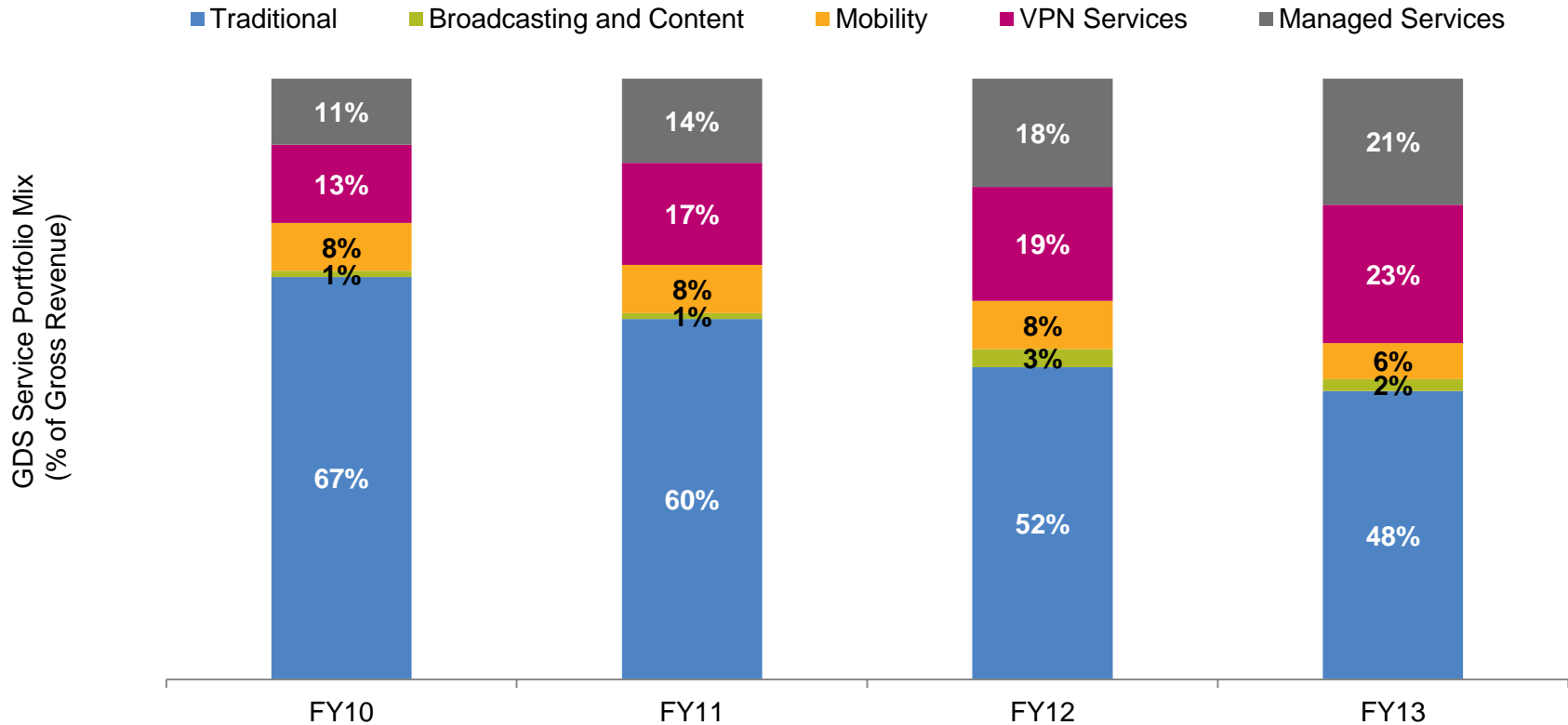
- **Gained about 1.5% market share** in the South African market
- **Strong EBITDA performance**; optimal cost structure established - productivity enhancements, rationalizing costs and realizing value through greater outsourcing

[www.tatacommunications.com](http://www.tatacommunications.com) | [@tata\\_comm](https://twitter.com/tata_comm)  
<http://tatacommunications-newworld.com> | [www.youtube.com/user/tatacomms](https://www.youtube.com/user/tatacomms)

© 2012 Tata Communications Ltd. All rights reserved. TATA COMMUNICATIONS and TATA are trademarks of Tata Sons Limited in certain countries.



# GDS – moving beyond traditional services



**Service Portfolio Traditional Services:** IPL, NPL, IP-T, IRUs, ILL, DIA **Managed Services:** Messaging, Colo, InstaCC, MVOIP, Telepresence, Audio-Web Conf, Voice VPN, TCTS, TCPSL **Mobility :** WGR, SCCP **VPN Services :** MPLS,VNO, Ethernet

# Governing Objectives and Way Forward



Maximize long term intrinsic value for our shareholders by :

## Strategic Focus Areas

### Driving Capital Efficiency

- Strong discipline and governance around capital allocation and expenditure
- Higher hurdle rates for new investments
- Accelerated payback

### Investing for Sustainable Long-term Growth

- Build sustainable competitive advantage and scale
- Selectively expand in to attractive value chain adjacencies and Invest to secure future growth
  - Payment Services, Data Centre, UCC (Business video), Transformation Services

### Improving Margin Profile

- Attain benchmark cost structure and cost leadership
- Extract full value from core assets and initial investments
- Accelerate GDS and managed services growth

### Creating Financial and Strategic Flexibility

- Free cash flow (FCF) generation and balance sheet deleveraging is a key priority
- Monetization of non-core assets
- Pursue surplus land demerger with authorities
- Create flexibility to raise capital for specific businesses, if needed

Significant work underway on each of these strategic focus areas



# Thank you

Visit [tatacommunications.com](http://tatacommunications.com)

Follow us on Twitter, our New World Blog and YouTube:



@tata\_comm



<http://tatacommunications-newworld.com>



[www.youtube.com/user/tatacomms](http://www.youtube.com/user/tatacomms)