

# Investor Presentation

Jan 2023



**TATA** COMMUNICATIONS

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**TATA** COMMUNICATIONS





# 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 solution 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

---

**190+**  
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

---

**80%**

Cloud giants are connected to  
their businesses through us

---

**4 of 5**

Global mobile subscribers  
connected through our  
network

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**Leader**

In Gartner's Magic Quadrant  
for Network Services (Global)  
2022 - 9 years in a row

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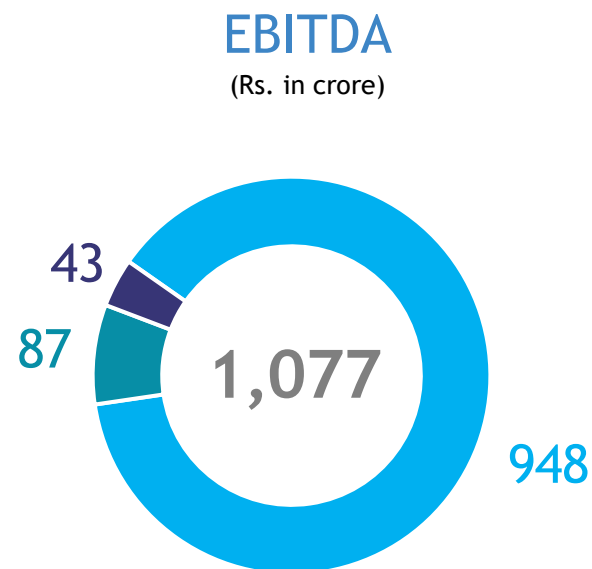
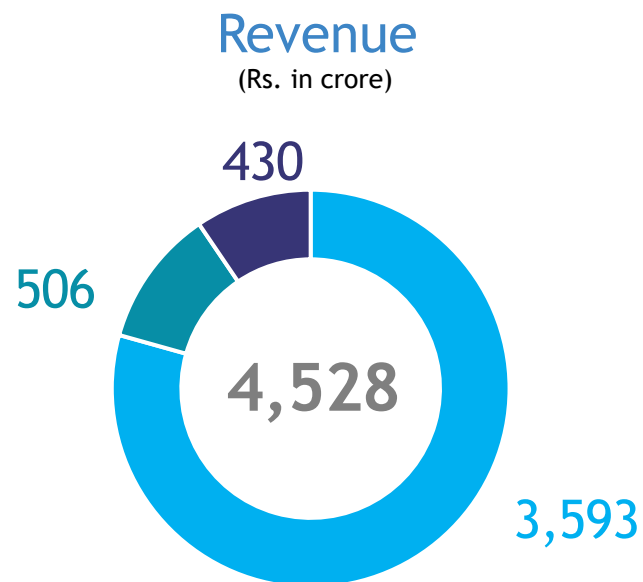
**#1**

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

---

# Numbers that matter | Q3 FY23

Our Data business remains instrumental to our overall revenue. Data Revenue continues to improve sequentially reporting positive growth for the third consecutive quarter.



■ Data ■ Voice ■ Others

**Rs. 394 Crores**

PAT

**Rs. 440 Crores**

CAPEX

**1.4 times**

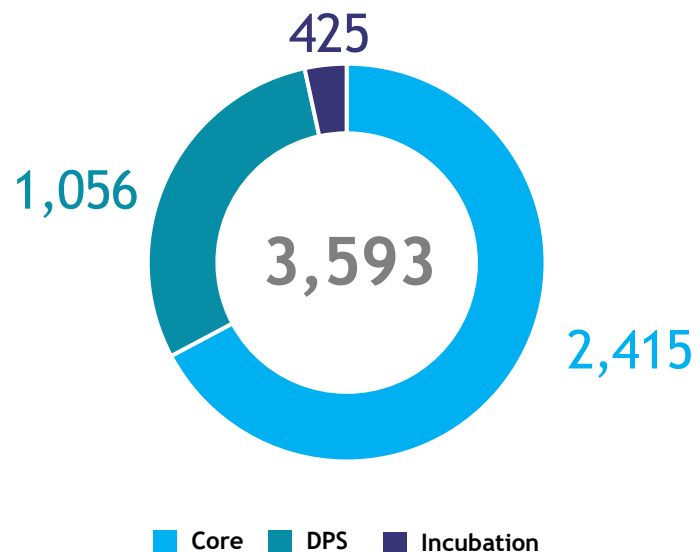
Net debt/EBITDA

# Numbers that matter | Data Portfolio Performance

Our Data business remains instrumental to our overall revenue. Data Revenue continues to improve sequentially reporting positive growth for the third consecutive quarter.

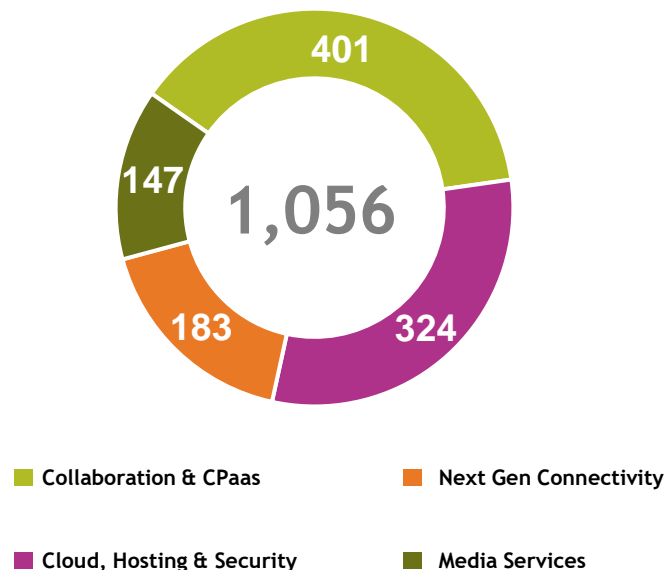
### Gross Revenue (Data)

(Rs. in crore)



### Gross Revenue (Digital Platforms & Services)

(Rs. in crore)



**6% YoY Growth**

Core Connectivity

**17.2% YoY Growth**

Digital Platforms & Services

**125.3% YoY Growth**

Incubation

Our evolution

# Transformation is in our DNA

2002

Tata group  
acquires 25% stake  
in VSNL (India)

2005-06

- Acquired Tyco and Teleglobe, establishing a global presence
- Launched next-generation dedicated global Ethernet service connecting North America, Europe and Asia

2008

- Established as Tata Communications
- Diversified into enterprise segment

2010

Launched managed services portfolio for enterprises

2014

Launched the most comprehensive cloud enablement platform, IZO™

2017

Launched NetFoundry, a revolutionary SaaS start-up platform and MOVE™, a mobility and IOT platform

2018-20

Getting ready for the next wave of growth as a global digital ecosystem enabler

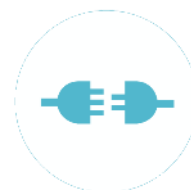
2021

Gol exits TCL by divesting its 26% stake in the company

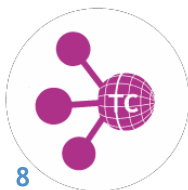
## Diversification



## Innovation



## Inception



8

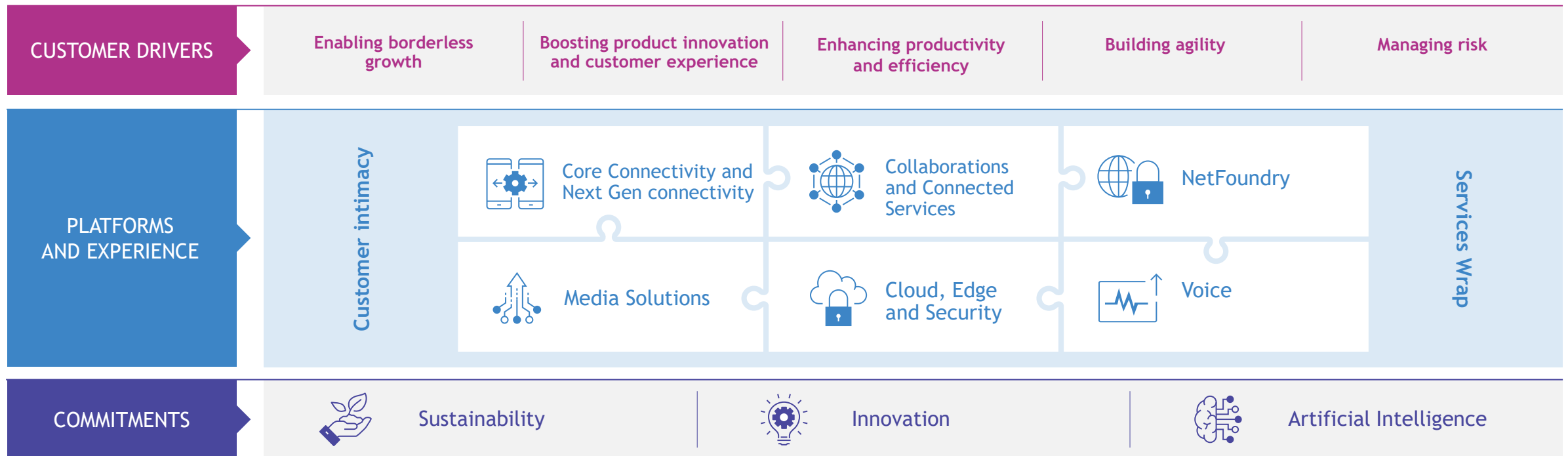
**TATA** COMMUNICATIONS



# 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

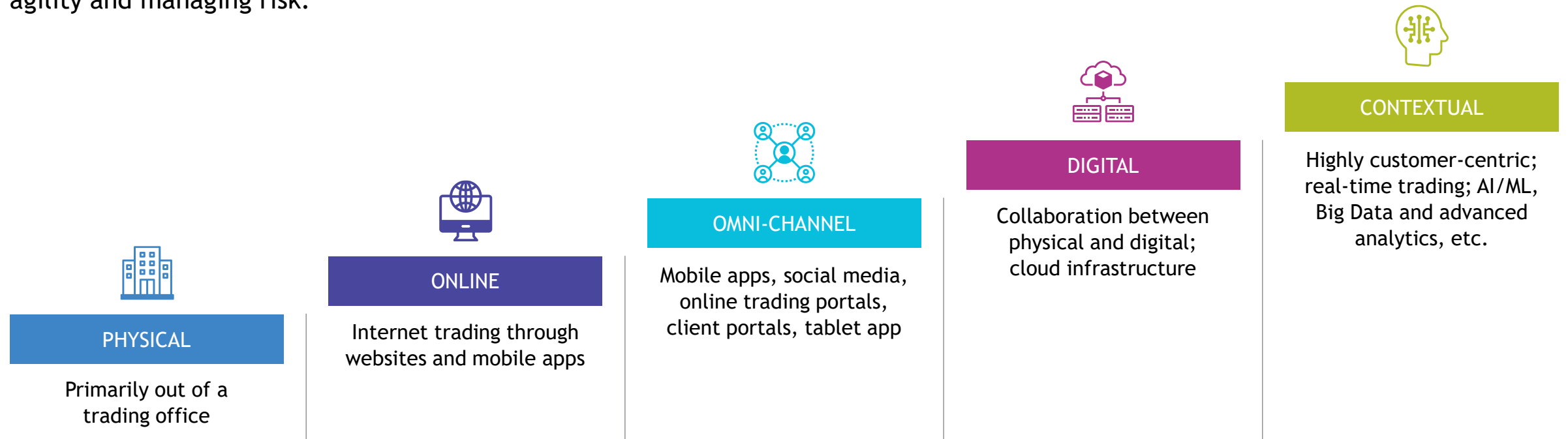
### Our DRIVE culture

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

Tata Communications has the **largest wholly owned** and most advanced subsea fibre network which underpins the internet backbone.

Seamless Connectivity services across major business hubs through the **Tata Communications**

Our IZO™ Hybrid WAN is available over **190 countries** connecting to Top 9 global End-to-End predictable

and most advanced subsea fibre network which underpins the internet backbone.

Seamless  
Connectivity services across  
major business hubs through  
the **Tata Communications  
Global Network** ('TGN'),  
partner and  
consortium investments

Our IZO™ Hybrid WAN is available over **190 countries** connecting to Top 9 global public Cloud platforms.

End-to-End predictable  
Internet delivery in over  
**150 countries**



# Strategic overview



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# 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

12.4%

Growth of global managed services between 2022 and 2027

(Source: [Mordor Intelligence](#))

## Enterprise mobility

5.7 billion

Mobile subscriptions by 2025

(Source: [GSMA Intelligence](#))

## Internet of Things (IoT)

73.1 ZB

Data will be generated globally, by 55.7 billion IoT devices by 2025

(Source: [IDC](#))

## Cloud computing

51%

Of the IT spending will shift to the cloud by 2025

(Source: [Gartner](#))

## Hybrid SDN

60%

Of enterprises will have implemented SD-WAN by 2024

(Source: [Gartner](#))

## Cybersecurity awareness

11.2%

CAGR (2020-25) for End-user spend for information security & risk mgmt

(Source: [Gartner](#))

## Artificial Intelligence (AI)

70%

of organizations planned to increase AI investments by 2025

(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.



## CORE CONNECTIVITY



## NEXT GENERATION CONNECTIVITY



## COLLABORATION & CPaaS



## CONNECTED SERVICES



## CLOUD, HOSTING, SECURITY & SD-WAN



## VOICE

## Available Market 2024

### Core Connectivity

CAGR	(1.9%)
2024	\$132Bn
2020	\$136Bn

### Next Generation Connectivity

CAGR	14.5%
2024	\$18Bn
2020	\$11Bn

### Collaboration and CPaaS

CAGR	+14.9%
2024	\$68Bn
2020	\$39Bn

### Connected Services

CAGR	+24.2%
2024	\$28Bn
2020	\$12Bn

### Cloud, Hosting, Security & SDWAN

CAGR	+18.4%
2024	\$30Bn
2020	\$15.4Bn

### Voice

CAGR	(5.9%)
2024	\$9Bn
2020	\$11Bn



# Our key stakeholders



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# 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 maximizing 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

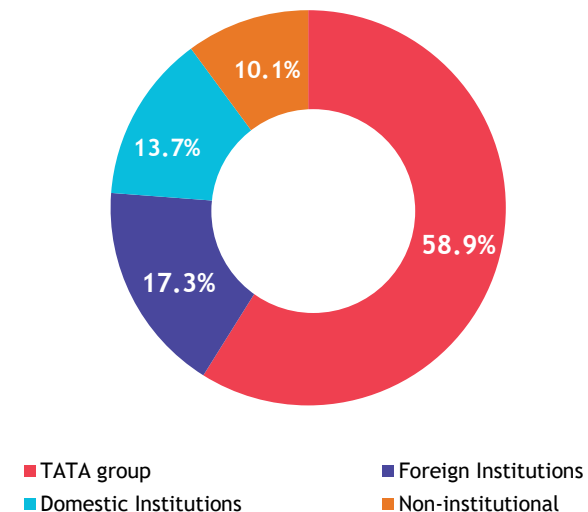
- Reshape portfolio
- Invest in new services/ innovation to differentiate and accelerate growth



### 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 31 Dec 2022





# 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.
- Maintaining transparency and communicating our progress to stakeholders - **Sustainable Development Report, Carbon Disclosure Project, Website, Annual Report etc.**



People

**H&S Management System (ISO 45001) certification**

16 major/strategic facilities certified

**MULTIPLE BEST EMPLOYER RECOGNITIONS**

'Great Place to Work' in India, Hongkong, Canada, US, UK, SG and Australia

Kincentric Best Employers - India 2021 for the sixth year in a row

**22% Women in the workforce**

Diversity mix among our new hires increased from 19% (FY20) to 21.7% (FY22)

**4,800+**

**CERTIFICATIONS COMPLETED BY EMPLOYEES** with minimum 16 hours of effort



Planet

**5.60 MU OF ENERGY CONSERVATION GLOBALLY**

Power consumption reduced globally due to energy conservation projects and implementation of business continuity plans

**~21 MU**

Renewable energy sourced

**9% Decrease**

In water consumption as compared to FY21



Community

**6,80,409 LIVES IMPACTED**

65% women and girls  
54% - affirmative action communities

**19 long term projects**

Presence across 14 states in India  
International presence - Singapore

**300+**

Touchpoints with investors and analysts

**20,472 VOLUNTEERING HOURS**

Contributed by 4,039 volunteers to reach 92,269 lives

## Our People

# Our DRIVE culture

Despite 2021 being a difficult year, we saw an improvement in per employee learning days, translating into a **35% increase** in total learning person-days to 112,782. 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

**100%** (FY2021-22)

Learning via digital mode in Tata Communications Learning Academy

**4778** (FY2021-22)

Certifications completed by employees with minimum 16 hours of effort

Total outreach, impacting  
**6,80,409 lives**

which is also a result of community action undertaken by our employees. A total of 20,472 hours were channelized to improve the lives of the communities we serve as part of our CSR initiatives

### Certified as a Great Place to Work by Great Place to Work Institute

(Australia, Canada, Hong Kong, India, UK, Singapore and USA)

- Best Employers in India for 2021 by Kincentric (erstwhile Aon) - 6<sup>th</sup> year in a row
- Best Workplaces in Telecommunications in India for 2021 by Great Place to Work Institute
- Best Organizations for Women for 2022 by The Economic Times
- Best Companies for Women in India for 2021 by Working Mother and Avtar - 6<sup>th</sup> year in a row
- Best Workplaces for Women in India for 2021 by Great Place to Work Institute

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# Performance overview

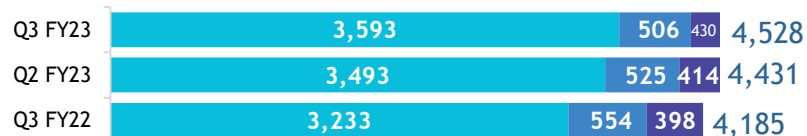


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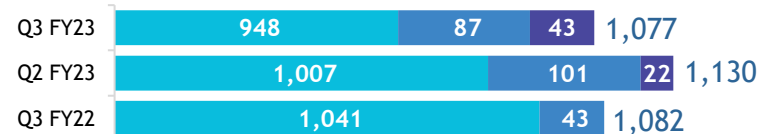
# Key financials (Quarterly)

## Revenue | EBITDA | FCF

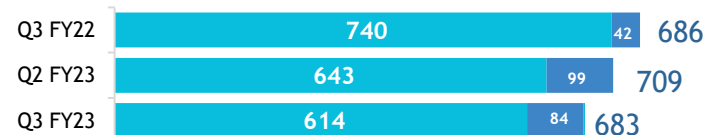
### REVENUE\*



### EBITDA\*



### FCF\*



\*All figures in Rs. crore

FCF = EBITDA less Committed Capex

- Consolidated revenues increased by 8.2% YoY. Data revenue grew by 2.9% QoQ and 11.1% YoY backed by growth across all the segments. Data revenue posted double digit YoY growth for second consecutive quarter.
- EBITDA stood at INR 1,077 Crores on the back of continuous focus on improving profitability. Margin came in at 23.8%.
- Profit for the quarter was INR 394 crore as compared to INR 395 crore in the last year

■ Data ■ Voice ■ Others

Revenue Growth %	QoQ	YoY
Data	↑ 2.9%	↑ 11.1%
Voice	↓ (3.6%)	↓ (8.7%)
Others	↑ 3.9%	↑ 8%
Consol	↑ 2.2%	↑ 8.2%

EBITDA Growth %	QoQ	YoY
Data	↓ (5.9%)	↓ (9.0%)
Voice	↓ (13.5%)	↑ 104.5%
Others	↑ 96.5%	n/a
Consol	↓ (4.6%)	↓ (0.5%)

FCF* Growth %	QoQ	YoY
Data	↓ (4.4%)	↓ (17%)
Voice	↓ (15.5%)	↑ 100.2%
Consol	↑ 0.6%	↓ (3.1%)

# Key financials (Annual)

## Revenue | EBITDA | FCF

### REVENUE\*

FY 22	12,779	2,286	1,660	16,725
FY 21	12,599	2,791	1,710	17,100
FY 20	11,875	3,376	1,817	17,068

### EBITDA\*

FY 22	3,989	153	15	4,227
FY 21	3,973	170	12	4,261
FY 20	2,871	263	155	3,289

### FCF\*

FY 22	2,630	148	148	2,619
FY 21	2,811	148	148	2,840
FY 20	1,641	252	252	1,693

\*All figures in Rs. crore

FCF= EBITDA less Capex

- 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 improvement
- Net Income of INR 1,482 Crs for FY22 translated into an EPS of INR 52/share and a dividend payout of INR 20.7 per share

■ Data ■ Voice ■ Others

Revenue Growth %	FY 20	FY 21	FY 22
Data	↑ 7.4%	↑ 6.1%	↑ 1.4%
Voice	↓ (12.8%)	↓ (17.3%)	↓ (18.1%)
Others	↑ 13.7%	↓ (5.9%)	↓ (3%)
Consol	↑ 3.3%	↑ 0.2%	↓ (2.2%)

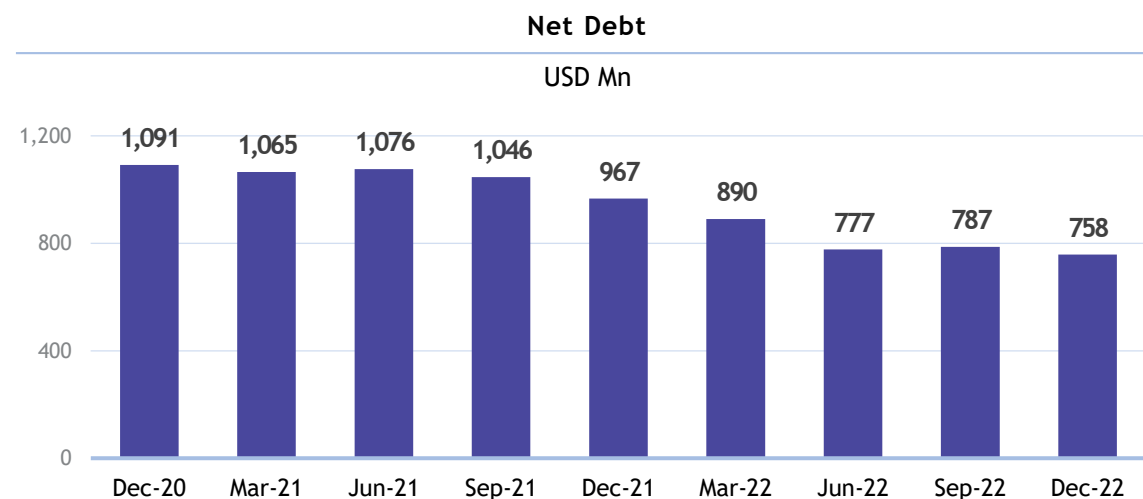
EBITDA Growth %	FY 20	FY 21	FY 22
Data	↑ 30%	↑ 38.4%	↑ 0.4%
Voice	↓ (21.6%)	↓ (35.3%)	↓ (10.2%)
Others	↓ (22.9%)	↓ (24.1%)	↓ (27.4%)
Consol	↑ 19.8%	↑ 29.5%	↓ (0.8%)

FCF Growth %	FY 20	FY 21	FY 22
Data	↑ 147.1%	↑ 71.3%	↓ (6.4%)
Voice	↓ (23.8%)	↓ (41.4%)	↑ 0.2%
Consol	↑ 92.3%	↑ 67.7%	↓ (7.8%)

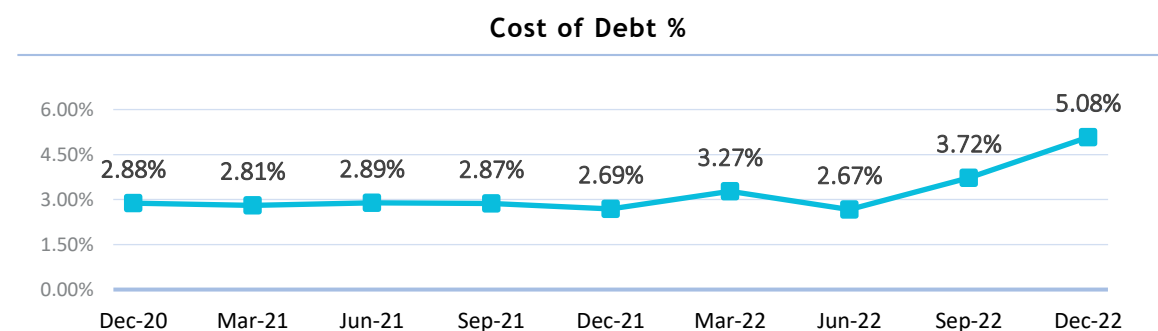
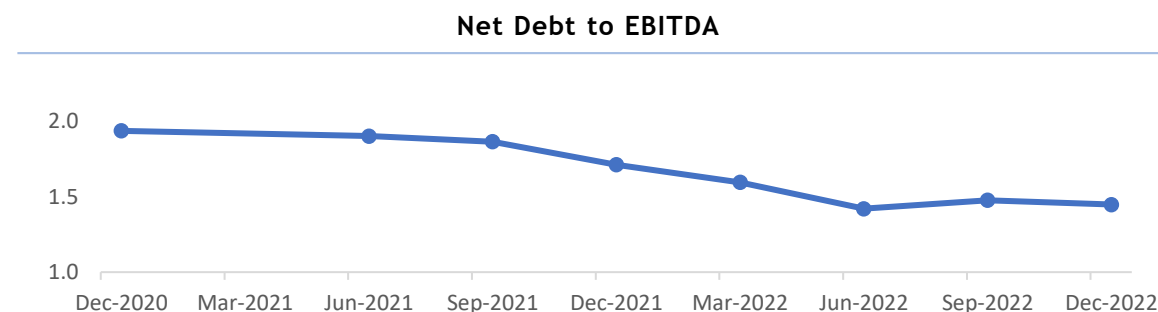


# Key financials (Annual)

## Performance Highlights | Net DEBT



- Net debt was at USD 758 Mn, witnessing a decrease of USD 29 Mn over last quarter, due to strong operational performance and working capital improvement
- Average cost of borrowing for Q3 FY23 was 5.08% against 3.72% in Q2 FY23, primarily due to increase in interest rates globally

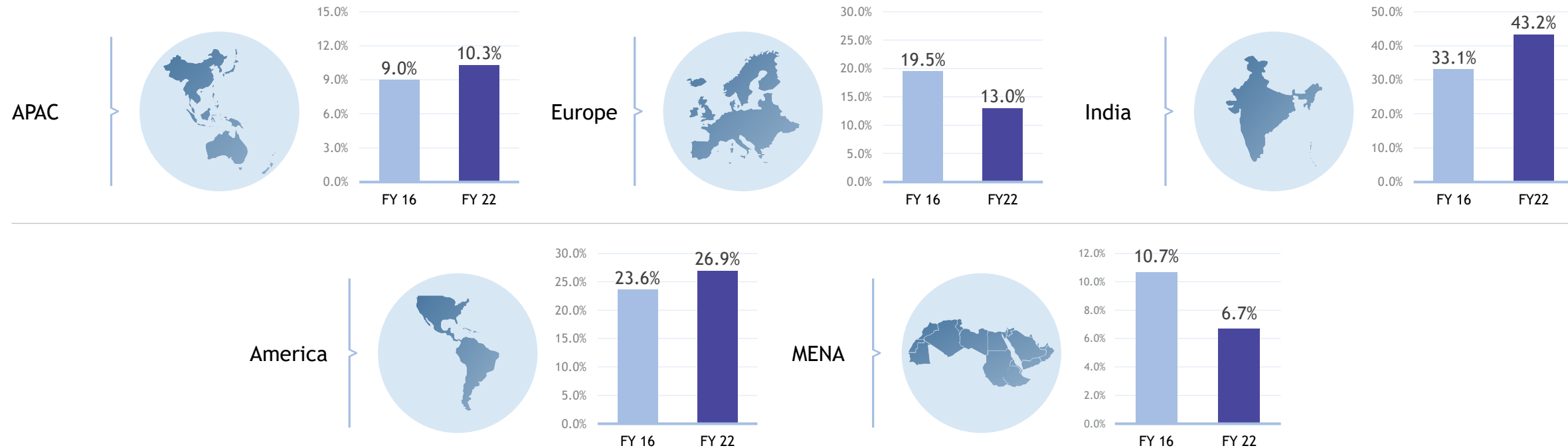


Note: USD-Rs FY17 - 67.07; FY18 - 64.47, FY19 - 69.91; FY20- 70.89; Q1 FY21- 75.88; Q2 FY21- 74.42; Q3 FY21- 73.82; Q4 FY21- 72.89; FY21- 74.25; Q1 FY22- 73.76, Q2 FY22 - 74.11; Q3 FY22 - 74.93, Q4 FY22 - 75.19; FY22 - 74.50

# Key financials (Annual)

## Geographical spread

### Gross Revenue Share by Geography\* -



\* Data Revenue for all geographies excluding subsidiaries and rentals.

## Concluding remarks

# Key reflections

Riding on global Data growth	Rising cloud adoption, demand for Intelligent connectivity and need for engaging customer experience 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 9 <sup>th</sup> consecutive year	Developing platform play across offerings to create a service-oriented enterprise
<p>Witnessing an improvement both in funnel adds as well as in closed sales.</p> <p>Product penetration ratio (which is the number of products sold to each customer) of Top 300 customer has improved from 5.96 in Q3 FY22 to 6.1 in Q3 FY23</p>	FY22 Dividend of Rs.20.7/- share which is 207% of face value of each share, and a payout of 40% of Net Profit	Significant land bank with the company (~740 acres) post transfer of surplus land to HPIL	The Government of India, which earlier used to hold a promoter stake of 26% in the company, has exit its entire shareholding in Q4 FY21.	



# Thank you

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

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