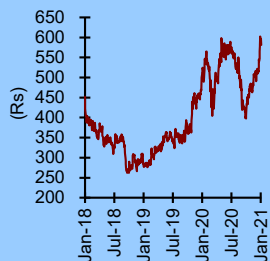


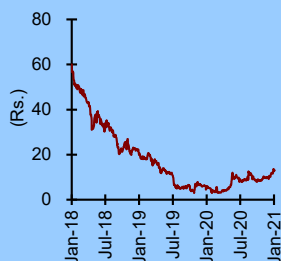
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Q2FY21 performance indicator

Bharti Airtel (BUY)



Vodafone Idea (SELL)



Research Analysts:

Sanjesh Jain

sanjesh.jain@icicisecurities.com
+91 22 6637 7153

Sameer Pardikar

sameer.pardikar@icicisecurities.com
+91 22 2277 7637

INDIA

Telecom

Bharti gaining market share across parameters

In Q2FY21, consumer spend on mobile services (post GST) rose 4.5% QoQ / 23.9% YoY to Rs373bn on relaxation of lockdown. Postpaid net revenue improved 3.6% YoY, but is still down 1.4% YoY due to no material tariff hike unlike in the prepaid segment. Prepaid net revenue grew 7.5% QoQ / 35.8% YoY and ARPU rose 7.1% QoQ / 34.3% YoY to Rs90. 4G subscriber (sub) addition accelerated to 4.6% QoQ (net add: 29.5mn) to 676mn on higher shipment of smartphones. RJio's 4G sub market share dipped 170bps QoQ (down 400bps YoY) to 59.8%. Bharti Airtel's 4G sub market share improved to 22.6%, up 120bps QoQ / 400bps YoY, and the company has been gaining market share in data usage, which rose 110bps QoQ / 600bps YoY to 30.3% (significantly narrowed gap with its AGR market share, which is a positive).

The Telecom Regulatory Authority of India (Trai) has released the sector's performance indicator report for Q2FY21. Highlights:

- ▶ **Consumer spend on mobile services (post-GST) rose 4.5% QoQ / 23.9% YoY** to Rs373bn in Q2FY21 and net revenue (deducting inter-company settlements) rose 7.1% QoQ / 30.4% YoY to Rs333bn. ARPU (based on consumer spend) rose 5% QoQ / 26.6% YoY to Rs109 (Rs132 including GST) on tariff hikes taken in Dec'19. Postpaid net revenue grew 3.6% QoQ / fell 1.4% YoY to Rs37bn in Q2FY21. Prepaid net revenue rose 7.5% QoQ (35.8% YoY) to Rs296bn. Postpaid ARPU (based on net revenue) rose 4.5% QoQ (fell 5.3% YoY) to Rs234 and prepaid ARPU was up 7.1% QoQ (34.3% YoY) to Rs90. Prepaid revenue also benefited on shift from 2G to 4G.

Data revenue (not comparable on YoY basis due to reclassification of rental revenue) rose 5.5% QoQ to Rs290bn (77.7% of consumer spend). Outgoing voice revenue grew 2% QoQ to Rs65bn.

- ▶ **4G sub base grew 4.6% QoQ (29.5mn net add) to 676mn** and RJio's 4G sub market share fell to 59.8% (down 170bps QoQ) while Bharti Airtel's improved 120bps to 22.6%. VIL's sub market share shrunk 50bps to 15.7%. Industrywide 3G subs continue to decline fast and were down 2.7mn QoQ to 29mn. In mobile broadband category (including 3G and 4G), RJio still enjoys 57.4% sub market share.

Total sub-base expanded 0.7% QoQ (net add: 8mn) to 1,149mn. Postpaid subs rose 2.7% QoQ (net add: 1.4mn subs) to 53mn. Bharti's postpaid sub market share rose to 28.9%, up 60bps QoQ, while that for VIL reduced to 40%, down 180bps.

- ▶ **Data usage market share rose 110bps QoQ for Bharti Airtel.** Data usage grew 1.8% QoQ to 25,227-bn MB led by 4G segment growth of 2.2% QoQ to 24,339-bn MB (and contributed 96.5% to total data usage). 2G data volume rose 16.9% QoQ and 3G data volume was down 12% QoQ. Bharti Airtel and VIL's data usage market shares were 30.3% (up 110bps QoQ) and 17.2% (down 110bps QoQ) respectively.

Industry minutes rose 1.9% QoQ to 2,613bn. Bharti Airtel's minute market share improved to 32.9%, up 100bps QoQ, while VIL's stood at 21.2%, down 130bps QoQ. RJio's minute market share rose 100bps QoQ to 35.7%.

Table 1: Consumer spend on mobile services rose 4.5% QoQ and 23.9% YoY

(Rs mn)	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	QoQ (%)	YoY (%)
Consumer spend	300,670	322,202	355,661	356,422	372,616	4.5	23.9
<i>Incremental revenue (QoQ)</i>	<i>(4,958)</i>	<i>21,531</i>	<i>33,460</i>	<i>761</i>	<i>16,194</i>		
Inter-company settlement	(45,509)	(47,887)	(38,725)	(45,716)	(40,005)	(12.5)	(12.1)
<i>% of consumer spend</i>	<i>(15.1)</i>	<i>(14.9)</i>	<i>(10.9)</i>	<i>(12.8)</i>	<i>(10.7)</i>		
Net revenue (circle wise AGR)	255,161	274,314	316,936	310,706	332,611	7.1	30.4
<i>Incremental revenue (QoQ)</i>	<i>(4,178)</i>	<i>19,153</i>	<i>42,622</i>	<i>(6,231)</i>	<i>21,905</i>		
Net revenue							
Pre-paid	217,939	234,212	278,100	275,293	295,928	7.5	35.8
Post-paid	37,222	40,103	38,837	35,413	36,683	3.6	(1.4)
Net revenue contribution (%)							
Pre-paid	85.4	85.4	87.7	88.6	89.0		
Post-paid	14.6	14.6	12.3	11.4	11.0		
Consumer spend							
Outgoing voice	157,826	136,965	77,727	63,955	65,245	2.0	(58.7)
Data	142,037	180,772	262,312	274,367	289,515	5.5	103.8
Others	807	4,464	15,622	18,100	17,856	(1.3)	2,112.6
Consumer spend (%)							
Outgoing voice	52.5	42.5	21.9	17.9	17.5		
Data	47.2	56.1	73.8	77.0	77.7		
Others	0.3	1.4	4.4	5.1	4.8		

Source: TRAI, I-Sec research

Table 2: ARPU (based on consumer spend) grew 5.0% QoQ / 26.6% YoY

Rs	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	QoQ (%)	YoY (%)
Consumer spend (post GST)	86	92	103	103	109	5.0	26.6
<i>Inter-company settlement</i>	<i>(13)</i>	<i>(14)</i>	<i>(11)</i>	<i>(13)</i>	<i>(12)</i>	<i>(12.1)</i>	<i>(10.2)</i>
Net ARPU (circle wise AGR basis)	73	79	92	90	97	7.5	33.2
Net ARPU (circle wise AGR basis)							
Pre-paid	67	70	84	84	90	7.1	34.3
Post-paid	247	262	244	224	234	4.5	(5.3)

Source: TRAI, I-Sec research

Table 3: Postpaid subscriber-base rose 1.4mn to 53mn

mn	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	QoQ (%)	YoY (%)
Pre-paid	1,124	1,099	1,104	1,089	1,096	0.6	(2.5)
<i>Net add</i>	<i>9.2</i>	<i>(24.8)</i>	<i>4.8</i>	<i>(14.8)</i>	<i>6.5</i>		
Post-paid	50	52	54	52	53	2.7	6.4
<i>Net add</i>	<i>(0.9)</i>	<i>2.5</i>	<i>1.6</i>	<i>(2.3)</i>	<i>1.4</i>		
Total Subs	1,174	1,151	1,158	1,141	1,149	0.7	(2.1)
Post-paid subs	50	52	54	52	53	2.7	6.4
Bharti Airtel	14.2	14.4	14.8	14.6	15.3	4.8	7.7
VIL	22.7	23.1	23.0	21.5	21.2	(1.6)	(6.6)
Others	12.8	14.7	16.1	15.4	16.4	6.7	28.0
Post-paid subs market share (%)							
Bharti Airtel	28.6	27.6	27.4	28.3	28.9		
VIL	45.6	44.2	42.7	41.8	40.0		
Others	25.8	28.2	29.9	29.9	31.1		

Source: TRAI, I-Sec research

Table 4: 4G subscriber-base rose by 29.5mn, or 4.6% QoQ

mn	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	QoQ (%)	YoY (%)
2G	59	54	53	48	47	(1.5)	(20.5)
<i>Net add</i>	<i>(8.5)</i>	<i>(5.4)</i>	<i>(1.0)</i>	<i>(4.9)</i>	<i>(0.7)</i>		
3G	49	39	34	32	29	(8.6)	(41.0)
<i>Net add</i>	<i>(9.1)</i>	<i>(10.1)</i>	<i>(5.3)</i>	<i>(2.0)</i>	<i>(2.7)</i>		
4G	557	603	634	646	676	4.6	21.3
<i>Net add</i>	<i>39.3</i>	<i>46.5</i>	<i>30.8</i>	<i>12.1</i>	<i>29.5</i>		
Total data subs	665	696	720	725	751	3.6	13.0
<i>Net add</i>	<i>21.7</i>	<i>30.9</i>	<i>24.4</i>	<i>5.2</i>	<i>26.1</i>		
4G data subs							
Reliance Jio	355	370	388	397	404	1.7	13.8
Bharti Airtel	103	124	136	138	153	10.4	48.1
VIL	90	104	106	105	106	1.4	17.5
Others	8	5	5	6	13	112.6	55.6
4G data subs market share (%)							
Reliance Jio	63.8	61.3	61.1	61.5	59.8		
Bharti Airtel	18.5	20.5	21.5	21.4	22.6		
VIL	16.2	17.3	16.7	16.2	15.7		
Others	1.5	0.9	0.7	0.9	1.9		

Source: TRAI, I-Sec research

Table 5: Bharti Airtel's minute market share improved 100bps QoQ to 32.9%

mn	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	QoQ (%)	YoY (%)
Industry mins	2,424,591	2,483,303	2,597,839	2,565,081	2,613,225	1.9	7.8
<i>Net add</i>	<i>(22,533)</i>	<i>58,712</i>	<i>114,536</i>	<i>(32,757)</i>	<i>48,143</i>		
MOU/subs (mins)	691	712	750	744	761	2.3	10.1
Pre-paid	694	716	757	748	765	2.3	10.2
Post-paid	617	632	611	648	680	4.9	10.2
Minutes							
Bharti Airtel	716,642	758,897	821,900	820,246	860,854	5.0	20.1
VIL	630,688	624,289	615,684	578,548	555,000	(4.1)	(12.0)
Reliance Jio	812,620	826,400	876,340	889,440	932,230	4.8	14.7
Others	264,641	273,717	283,915	276,847	265,140	(4.2)	0.2
Minutes market share (%)							
Bharti Airtel	29.6	30.6	31.6	32.0	32.9		
VIL	26.0	25.1	23.7	22.6	21.2		
Reliance Jio	33.5	33.3	33.7	34.7	35.7		
Others	10.9	11.0	10.9	10.8	10.1		

Source: TRAI, I-Sec research

Table 6: Bharti Airtel's data usage market share rose 110bps QoQ to 30.3%

mn MB	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	QoQ (%)	YoY (%)
Data usage							
2G	123,970	148,124	153,716	158,094	179,000	13.2	44.4
3G	1,135,597	934,401	798,322	825,081	709,000	(14.1)	(37.6)
4G	18,579,319	19,817,406	21,902,093	24,386,505	24,339,000	(0.2)	31.0
Total	19,838,886	20,899,931	22,854,131	25,369,680	25,227,000	(0.6)	27.2
Data usage (%)							
2G	0.6	0.7	0.7	0.6	0.7		
3G	5.7	4.5	3.5	3.3	2.8		
4G	93.7	94.8	95.8	96.1	96.5		
Data usage							
Bharti Airtel	4,828,577	5,547,223	6,452,825	7,239,836	7,639,997	5.5	58.2
VIL	3,491,899	3,790,390	4,090,337	4,522,721	4,340,000	(4.0)	24.3
Reliance Jio	12,020,000	12,080,000	12,840,000	14,200,000	14,420,000	1.5	20.0
Data usage market share (%)							
Bharti Airtel	24.3	26.5	28.2	28.5	30.3		
VIL	17.6	18.1	17.9	17.8	17.2		
Reliance Jio	60.6	57.8	56.2	56.0	57.2		

Source: TRAI, I-Sec research

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