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Bharti's performance shines again

In Q3FY21, consumer spend on mobile services (post GST) rose 4.6% QoQ / 20.9% YoY to Rs390bn on benefit of price hike and 4G penetration. Postpaid net revenue dipped 8.1% YoY, while it was up 0.4% QoQ on rising subs. Prepaid net revenue grew 6.2% QoQ / 34.1% YoY and ARPU rose 5.6 QoQ / 35.7% YoY to Rs95. 4G subscriber (sub) addition was strong at 3.3% QoQ (net add: 22.4mn) to 698mn. RJio's 4G sub market share dipped 125bps QoQ (down 275bps YoY) to 58.6%. Bharti Airtel's 4G sub market share improved to 23.7%, up 110bps QoQ / 320bps YoY, and the company has been gaining market share in data usage, which rose 170bps QoQ / 550bps YoY to 32% (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 Q3FY21. Highlights:

► **Consumer spend on mobile services (post-GST) rose 4.6% QoQ / 20.9% YoY** to Rs390bn in Q3FY21 and net revenue (deducting inter-company settlements) rose 5.5% QoQ / 27.9% YoY to Rs351bn. ARPU (based on consumer spend) rose 4% QoQ / 22.1% YoY to Rs113 (Rs138 including GST) on tariff hikes taken in Dec'19. Postpaid net revenue grew 0.4% QoQ / fell 8.1% YoY to Rs37bn in Q3FY21. Prepaid net revenue rose 6.2% QoQ (34.1% YoY) to Rs314bn. Postpaid ARPU (based on net revenue) dipped 3% QoQ (fell 13.4% YoY) to Rs227 and prepaid ARPU was up 5.6% QoQ (35.7% YoY) to Rs95. Prepaid revenue also benefited on shift from 2G to 4G.

► **4G sub base grew 3.3% QoQ (22.4mn net add) to 698mn** and RJio's 4G sub market share fell to 58.6% (down 125bps QoQ) while Bharti Airtel's improved 110bps to 23.7%. VIL's sub market share was stable at 15.7%. Industrywide 3G subs continue to decline fast and were down 2.5mn QoQ to 26mn.

Total sub-base expanded 0.5% QoQ (net add: 5mn) to 1,154mn. Postpaid subs rose 4.4% QoQ (net add: 2.3mn subs) to 55mn. Bharti's postpaid sub market share rose to 29%, up 10bps QoQ, while that for VIL reduced to 37.6%, down 240bps.

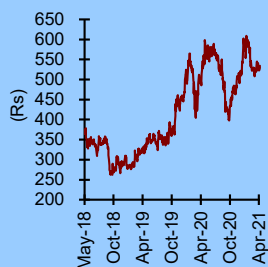
► **Data usage market share rose 170bps QoQ for Bharti Airtel.** Data usage grew 4.7% QoQ to 26,405-bn MB led by 4G segment growth of 5.3% QoQ to 25,631-bn MB (and contributed 97.1% to total data usage). 2G data volume dipped 13.4% QoQ and 3G data volume was down 12.7% QoQ. Bharti Airtel and VIL's data usage market shares were 32% (up 170bps QoQ) and 17.0% (down 20bps QoQ), respectively.

Industry minutes rose 3.7% QoQ to 2,711bn. Bharti Airtel's minute market share improved to 34.1%, up 120bps QoQ, while VIL's stood at 20.2%, down 100bps QoQ. RJio's minute market share rose 30bps QoQ to 36%.

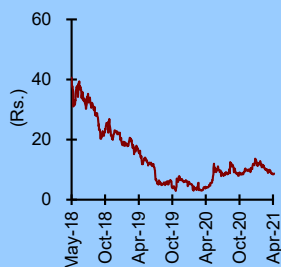
► **Fixed broadband subs rose strong 5.5% QoQ (16.5% YoY, net add: 1.17mn) to 22.3mn.** This was led by 25% QoQ / 156% growth in FTTH subs to 6.9mn, while DSL continues to decline at 8.8mn, down 5.2% QoQ / 21.5% YoY. RJio's market share inches to 9.3% of total FBB subs, while it is 30% of FTTH subs. Bharti's market share in FBB has been stable at 12.6% despite RJio's aggression. BSNL's market share dipped 930bps to 34.5% in the past one year.

Q3FY21 performance indicator

Bharti Airtel (BUY)



Vodafone Idea (SELL)



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Table 1: Consumer spend on mobile services rose 4.6% QoQ and 20.9% YoY

(Rs mn)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	QoQ (%)	YoY (%)
Consumer spend	3,22,202	3,55,661	3,56,422	3,72,616	3,89,696	4.6	20.9
<i>Incremental revenue (QoQ)</i>	21,531	33,460	761	16,194	17,079		
Inter-company settlement	(47,887)	(38,725)	(45,716)	(40,005)	(38,714)	(3.2)	(19.2)
<i>% of consumer spend</i>	(14.9)	(10.9)	(12.8)	(10.7)	(9.9)		
Net revenue (circle wise AGR)	2,74,314	3,16,936	3,10,706	3,32,611	3,50,982	5.5	27.9
<i>Incremental revenue (QoQ)</i>	19,153	42,622	(6,231)	21,905	18,371		
Net revenue							
Pre-paid	2,34,212	2,78,100	2,75,293	2,95,928	3,14,134	6.2	34.1
Post-paid	40,103	38,837	35,413	36,683	36,847	0.4	(8.1)
Net revenue contribution (%)							
Pre-paid	85.4	87.7	88.6	89.0	89.5		
Post-paid	14.6	12.3	11.4	11.0	10.5		
Consumer spend							
Outgoing voice	1,36,965	77,727	63,955	65,245	67,689	3.7	(50.6)
Data	1,80,772	2,62,312	2,74,367	2,89,515	3,04,532	5.2	68.5
Others	4,464	15,622	18,100	17,856	17,475	(2.1)	291.4
Consumer spend (%)							
Outgoing voice	42.5	21.9	17.9	17.5	17.4		
Data	56.1	73.8	77.0	77.7	78.1		
Others	1.4	4.4	5.1	4.8	4.5		

Source: TRAI, I-Sec research

Table 2: ARPU (based on consumer spend) grew 4.0% QoQ / 22.1% YoY

Rs	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	QoQ (%)	YoY (%)
Consumer spend (post GST)	92	103	103	109	113	4.0	22.1
<i>Inter-company settlement</i>	(14)	(11)	(13)	(12)	(11)	(3.8)	(18.4)
Net ARPU (circle wise AGR basis)	79	92	90	97	102	4.9	29.2
Net ARPU (circle wise AGR basis)							
Pre-paid	70	84	84	90	95	5.6	35.7
Post-paid	262	244	224	234	227	(3.0)	(13.4)

Source: TRAI, I-Sec research

Table 3: Postpaid subscriber-base rose 1.2mn to 55mn

mn	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	QoQ (%)	YoY (%)
Pre-paid	1,099	1,104	1,089	1,096	1,099	0.3	(0.1)
<i>Net add</i>	(24.8)	4.8	(14.8)	6.5	2.9		
Post-paid	52	54	52	53	55	4.4	5.7
<i>Net add</i>	2.5	1.6	(2.3)	1.4	2.3		
Total Subs	1,151	1,158	1,141	1,149	1,154	0.5	0.2
Post-paid subs	52	54	52	53	55	4.4	5.7
Bharti Airtel	14.4	14.8	14.6	15.3	16.0	4.5	10.9
VIL	23.1	23.0	21.5	21.2	20.8	(2.0)	(10.1)
Others	14.7	16.1	15.4	16.4	18.5	12.4	25.5
Post-paid subs market share (%)							
Bharti Airtel	27.6	27.4	28.3	28.9	29.0		
VIL	44.2	42.7	41.8	40.0	37.6		
Others	28.2	29.9	29.9	31.1	33.5		

Source: TRAI, I-Sec research

Table 4: 4G subscriber-base rose by 22.4mn, or 3.3% QoQ

mn	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	QoQ (%)	YoY (%)
2G	54	53	48	47	45	(5.1)	(16.9)
<i>Net add</i>	<i>(5.4)</i>	<i>(1.0)</i>	<i>(4.9)</i>	<i>(0.7)</i>	<i>(2.4)</i>		
3G	39	34	32	29	26	(8.6)	(32.0)
<i>Net add</i>	<i>(10.1)</i>	<i>(5.3)</i>	<i>(2.0)</i>	<i>(2.7)</i>	<i>(2.5)</i>		
4G	603	634	646	676	698	3.3	15.7
<i>Net add</i>	<i>46.5</i>	<i>30.8</i>	<i>12.1</i>	<i>29.5</i>	<i>22.4</i>		
Total data subs	696	720	725	751	769	2.3	10.5
<i>Net add</i>	<i>30.9</i>	<i>24.4</i>	<i>5.2</i>	<i>26.1</i>	<i>17.5</i>		
4G data subs							
Reliance Jio	370	388	397	404	409	1.1	10.5
Bharti Airtel	124	136	138	153	166	8.5	33.8
VIL	104	106	105	106	110	3.4	5.3
Others	5	5	6	13	14	9.4	163.2
4G data subs market share (%)							
Reliance Jio	61.3	61.1	61.5	59.8	58.6		
Bharti Airtel	20.5	21.5	21.4	22.6	23.7		
VIL	17.3	16.7	16.2	15.7	15.7		
Others	0.9	0.7	0.9	1.9	2.0		

Source: TRAI, I-Sec research

Table 5: Bharti Airtel's minute market share improved 120bps QoQ to 34.1%

mn	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	QoQ (%)	YoY (%)
Industry mins	24,83,303	25,97,839	25,65,081	26,13,225	27,11,017	3.7	9.2
<i>Net add</i>	<i>58,712</i>	<i>1,14,536</i>	<i>(32,757)</i>	<i>48,143</i>	<i>97,793</i>		
MOU/subs (mins)	712	750	744	761	785	3.2	10.3
Pre-paid	716	757	748	765	793	3.7	10.8
Post-paid	632	611	648	680	631	(7.2)	(0.2)
Minutes							
Bharti Airtel	7,58,897	8,21,900	8,20,246	8,60,854	9,24,911	7.4	21.9
VIL	6,24,289	6,15,684	5,78,548	5,55,000	5,46,900	(1.5)	(12.4)
Reliance Jio	8,26,400	8,76,340	8,89,440	9,32,230	9,74,960	4.6	18.0
Others	2,73,717	2,83,915	2,76,847	2,65,140	2,64,246	(0.3)	(3.5)
Minutes market share (%)							
Bharti Airtel	30.6	31.6	32.0	32.9	34.1		
VIL	25.1	23.7	22.6	21.2	20.2		
Reliance Jio	33.3	33.7	34.7	35.7	36.0		
Others	11.0	10.9	10.8	10.1	9.7		

Source: TRAI, I-Sec research

Table 6: Bharti Airtel's data usage market share rose 170bps QoQ to 32%

mn MB	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	QoQ (%)	YoY (%)
Data usage							
2G	1,48,124	1,53,716	1,54,000	1,79,000	1,55,000	(13.4)	4.6
3G	9,34,401	7,98,322	8,06,000	7,09,000	6,19,000	(12.7)	(33.8)
4G	1,98,17,406	2,19,02,093	2,38,15,000	2,43,39,000	2,56,31,000	5.3	29.3
Total	2,08,99,931	2,28,54,131	2,47,75,000	2,52,27,000	2,64,05,000	4.7	26.3
Data usage (%)							
2G	0.7	0.7	0.6	0.7	0.6		
3G	4.5	3.5	3.3	2.8	2.3		
4G	94.8	95.8	96.1	96.5	97.1		
Data usage							
Bharti Airtel	55,47,223	64,52,825	72,39,836	76,39,997	84,53,706	10.7	52.4
VIL	37,90,390	40,90,337	45,22,721	43,40,000	44,89,000	3.4	18.4
Reliance Jio	1,20,80,000	1,28,40,000	1,42,00,000	1,44,20,000	1,49,96,800	4.0	24.1
Data usage market share (%)							
Bharti Airtel	26.5	28.2	29.2	30.3	32.0		
VIL	18.1	17.9	18.3	17.2	17.0		
Reliance Jio	57.8	56.2	57.3	57.2	56.8		

Source: TRAI, I-Sec research

Table 7: FBB subs grew strong 5.5% QoQ / 16.5% YoY

	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	QoQ (%)	YoY (%)
FBB subs (mn)	19.1	19.2	19.8	21.1	22.3	5.5	16.5
<i>Net add (mn)</i>	<i>0.13</i>	<i>0.04</i>	<i>0.64</i>	<i>1.30</i>	<i>1.17</i>		
<i>Of which</i>							
FTTH	2.7	3.0	4.3	5.5	6.9	25.0	155.9
<i>Net add (mn)</i>	<i>0.36</i>	<i>0.25</i>	<i>1.38</i>	<i>1.20</i>	<i>1.38</i>		
DSL	11.2	10.8	9.7	9.3	8.8	(5.2)	(21.5)
Ethernet/LAN/Leased line	4.1	4.2	4.6	5.2	5.5	6.2	35.1
FBB subs (mn)							
BSNL	8.4	8.1	7.9	7.8	7.7	(1.3)	(8.2)
Bharti	2.4	2.5	2.5	2.6	2.8	8.1	16.1
RJIO	-	-	1.1	1.5	2.1	36.2	
Others	8.3	8.6	8.4	9.2	9.7	5.5	16.6
Market share (%)							
BSNL	43.8	42.1	39.9	36.9	34.5		
Bharti	12.6	12.9	12.5	12.3	12.6		
RJIO	-	-	5.3	7.2	9.3		
Others	43.5	45.0	42.3	43.6	43.6		
RJIO's market share in FTTH	-	-	24.5	27.5	30.0		

Source: TRAI, I-Sec research

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