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Telecom

Good growth in wireless revenue despite no tariff hike

In Q4FY21, consumer spend on mobile services (post GST) rose 2.6% QoQ / 12.4% YoY to Rs400bn despite no tariff hike in the past one year. This is good. Postpaid net revenue dipped 0.6% YoY, while it was up 4.7% QoQ on rising subs. Prepaid net revenue grew 3.2% QoQ / 16.6% YoY and ARPU rose 2.1 QoQ / 15.5% YoY to Rs97. 4G subscriber (sub) addition was strong at 4.5% QoQ (net add: 31.4mn) to 729mn. RJio's 4G sub market share dipped 60bps QoQ (down 315bps YoY) to 58.0%. Bharti Airtel's 4G sub market share improved to 24.6%, up 85bps QoQ / 310bps YoY, and the company has been gaining market share in data usage, which rose 110bps QoQ / 490bps YoY to 33.1%.

The Telecom Regulatory Authority of India (Trai) has released the sector's performance indicator report for Q4FY21. Highlights:

- **Consumer spend on mobile services (post-GST) rose 2.6% QoQ / 12.4% YoY** to Rs400bn in Q4FY21 and net revenue (deducting inter-company settlements) rose 3.4% QoQ / 14.5% YoY to Rs363bn. ARPU (based on consumer spend) rising 1.1% QoQ / 11.2% YoY to Rs114 (Rs139 including GST) despite no tariff hike is good. Postpaid net revenue grew 4.7% QoQ / fell 0.6% YoY to Rs38.5bn in Q4FY21. Prepaid net revenue rose 3.2% QoQ (16.6% YoY) to Rs324bn. Postpaid ARPU (based on net revenue) dipped 0.4% QoQ (fell 7.4% YoY) to Rs226 and prepaid ARPU was up 2.1% QoQ (15.5% YoY) to Rs97. Prepaid revenue also benefited on shift from 2G to 4G.
- **4G sub base grew 4.5% QoQ (31.4mn net add) to 729mn** and RJio's 4G sub market share fell to 58.0% (down 60bps QoQ) while Bharti Airtel's improved 85bps to 24.6%. VIL's sub market share was stable at 15.6% (down 10bps QoQ). Industry-wide 3G subs continue to decline fast and were down 1.2mn QoQ to 25mn.

Total sub-base expanded 2.4% QoQ (net add: 27mn) to 1,181mn. Postpaid subs rose 6% QoQ (net add: 3.3mn subs) to 59mn. Bharti's postpaid sub market share dipped to 28.4%, down 60bps QoQ, while that for VIL reduced to 35.7%, down 210bps.

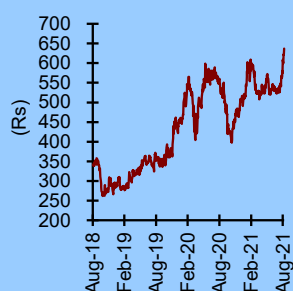
- **Data usage market share rose 110bps QoQ for Bharti Airtel.** Data usage grew 5.3% QoQ to 27,800-bn MB led by 4G segment growth of 5.7% QoQ to 27,094-bn MB (and contributed 97.5% to total data usage). 2G data volume dipped 9% QoQ and 3G data volume was down 8.7% QoQ. Bharti Airtel and VIL's data usage market shares were 33.1% (up 110bps QoQ) and 17.5% (up 50bps QoQ), respectively.

Industry minutes rose 5.7% QoQ to 2,864bn. Bharti Airtel's minute market share improved to 34.8%, up 70bps QoQ, while VIL's stood at 18.5%, down 170bps QoQ. RJio's minute market share rose 10bps QoQ to 36.1%.

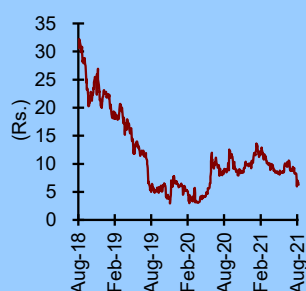
- **Fixed broadband subs rose strong 2.1% QoQ (18.6% YoY, net add: 0.46mn) to 22.3mn.** This was led by 21.6% QoQ / 185% YoY growth in FTTH subs to 8.4mn, while DSL continues to decline at 7.6mn, down 13.7% QoQ / 29.8% YoY. RJio's market share inches to 11.4% of total FBB subs, while it is 31% of FTTH subs. Bharti's market share in FBB was up 100bps to 13.6% despite RJio's aggression. BSNL's market share dipped 12.2pps to 30% in the past one year.

Q4FY21 performance indicator

Bharti Airtel (BUY)



Vodafone Idea (Under-review)



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Table 1: Consumer spend on mobile services rose 2.6% QoQ and 12.4% YoY

(Rs mn)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	QoQ (%)	YoY (%)
Consumer spend	3,55,661	3,56,422	3,72,616	3,89,696	3,99,694	2.6	12.4
<i>Incremental revenue (QoQ)</i>	33,460	761	16,194	17,079	9,998		
Inter-company settlement	(38,725)	(45,716)	(40,005)	(38,714)	(36,912)	(4.7)	(4.7)
% of consumer spend	(10.9)	(12.8)	(10.7)	(9.9)	(9.2)		
Net revenue (circle wise AGR)	3,16,936	3,10,706	3,32,611	3,50,982	3,62,782	3.4	14.5
<i>Incremental revenue (QoQ)</i>	42,622	(6,231)	21,905	18,371	11,800		
Net revenue							
Pre-paid	2,78,100	2,75,293	2,95,928	3,14,134	3,24,190	3.2	16.6
Post-paid	38,837	35,413	36,683	36,847	38,592	4.7	(0.6)
Net revenue contribution (%)							
Pre-paid	87.7	88.6	89.0	89.5	89.4		
Post-paid	12.3	11.4	11.0	10.5	10.6		
Consumer spend							
Outgoing voice	77,727	63,955	65,245	67,689	71,093	5.0	(8.5)
Data	2,62,312	2,74,367	2,89,515	3,04,532	3,14,523	3.3	19.9
Others	15,622	18,100	17,856	17,475	14,078	(19.4)	(9.9)
Consumer spend (%)							
Outgoing voice	21.9	17.9	17.5	17.4	17.8		
Data	73.8	77.0	77.7	78.1	78.7		
Others	4.4	5.1	4.8	4.5	3.5		

Source: TRAI, I-Sec research

Table 2: ARPU (based on consumer spend) grew 1.1% QoQ / 11.2% YoY

Rs	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	QoQ (%)	YoY (%)
Consumer spend (post GST)	103	103	109	113	114	1.1	11.2
<i>Inter-company settlement</i>	(11)	(13)	(12)	(11)	(11)	(6.0)	(5.7)
Net ARPU (circle wise AGR basis)	92	90	97	102	104	1.9	13.2
Net ARPU (circle wise AGR basis)							
Pre-paid	84	84	90	95	97	2.1	15.5
Post-paid	244	224	234	227	226	(0.4)	(7.4)

Source: TRAI, I-Sec research

Table 3: Postpaid subscriber-base rose 3.3mn to 59mn

mn	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	QoQ (%)	YoY (%)
Pre-paid	1,104	1,089	1,096	1,099	1,122	2.2	1.7
<i>Net add</i>	4.8	(14.8)	6.5	2.9	23.9		
Post-paid	54	52	53	55	59	6.0	8.8
<i>Net add</i>	1.6	(2.3)	1.4	2.3	3.3		
Total Subs	1,158	1,141	1,149	1,154	1,181	2.4	2.0
Post-paid subs	54	52	53	55	59	6.0	8.8
Bharti Airtel	14.8	14.6	15.3	16.0	16.6	3.9	12.6
VIL	23.0	21.5	21.2	20.8	20.9	0.5	(9.1)
Others	16.1	15.4	16.4	18.5	21.1	13.9	31.0
Post-paid subs market share (%)							
Bharti Airtel	27.4	28.3	28.9	29.0	28.4		
VIL	42.7	41.8	40.0	37.6	35.7		
Others	29.9	29.9	31.1	33.5	35.9		

Source: TRAI, I-Sec research

Table 4: 4G subscriber-base rose by 31.4mn or 4.5% QoQ

mn	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	QoQ (%)	YoY (%)
2G	53	48	47	45	44	(1.3)	(16.3)
Net add	(1.0)	(4.9)	(0.7)	(2.4)	(0.6)		
3G	34	32	29	26	25	(4.5)	(24.8)
Net add	(5.3)	(2.0)	(2.7)	(2.5)	(1.2)		
4G	634	646	676	698	729	4.5	15.0
Net add	30.8	12.1	29.5	22.4	31.4		
Total data subs	720	725	751	769	799	3.9	10.9
Net add	24.4	5.2	26.1	17.5	29.7		
4G data subs							
Reliance Jio	388	397	404	409	423	3.5	9.1
Bharti Airtel	136	138	153	166	179	8.3	31.5
VIL	106	105	106	110	114	3.8	7.9
Others	5	6	13	14	13	(4.4)	186.6
4G data subs market share (%)							
Reliance Jio	61.1	61.5	59.8	58.6	58.0		
Bharti Airtel	21.5	21.4	22.6	23.7	24.6		
VIL	16.7	16.2	15.7	15.7	15.6		
Others	0.7	0.9	1.9	2.0	1.8		

Source: TRAI, I-Sec research

Table 5: Bharti Airtel's minute market share improved 70bps QoQ to 34.8%

mn	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	QoQ (%)	YoY (%)
Industry mins	25,97,839	25,65,081	26,13,225	27,11,017	28,64,714	5.7	10.3
Net add	1,14,536	(32,757)	48,143	97,793	1,53,697		
MOU/subs (mins)	750	744	761	785	818	4.2	9.1
Pre-paid	757	748	765	793	829	4.5	9.5
Post-paid	611	648	680	631	597	(5.4)	(2.3)
Minutes							
Bharti Airtel	8,21,900	8,20,246	8,60,854	9,24,911	9,96,793	7.8	21.3
VIL	6,15,684	5,78,548	5,55,000	5,46,900	5,29,000	(3.3)	(14.1)
Reliance Jio	8,76,340	8,89,440	9,32,230	9,74,960	10,33,277	6.0	17.9
Others	2,83,915	2,76,847	2,65,140	2,64,246	3,05,644	15.7	7.7
Minutes market share (%)							
Bharti Airtel	31.6	32.0	32.9	34.1	34.8		
VIL	23.7	22.6	21.2	20.2	18.5		
Reliance Jio	33.7	34.7	35.7	36.0	36.1		
Others	10.9	10.8	10.1	9.7	10.7		

Source: TRAI, I-Sec research

Table 6: Bharti Airtel's data usage market share rose 110bps QoQ to 33.1%

mn MB	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	QoQ (%)	YoY (%)
Data usage							
2G	1,53,716	1,54,000	1,79,000	1,55,000	1,41,000	(9.0)	(8.3)
3G	7,98,322	8,06,000	7,09,000	6,19,000	5,65,000	(8.7)	(29.2)
4G	2,19,02,093	2,38,15,000	2,43,39,000	2,56,31,000	2,70,94,000	5.7	23.7
Total	2,28,54,131	2,47,75,000	2,52,27,000	2,64,05,000	2,78,00,000	5.3	21.6
Data usage (%)							
2G	0.7	0.6	0.7	0.6	0.5		
3G	3.5	3.3	2.8	2.3	2.0		
4G	95.8	96.1	96.5	97.1	97.5		
Data usage							
Bharti Airtel	64,52,825	72,39,836	76,39,997	84,53,706	92,07,030	8.9	42.7
VIL	40,90,337	45,22,721	43,40,000	44,89,000	48,56,000	8.2	18.7
Reliance Jio	1,28,40,000	1,42,00,000	1,44,20,000	1,49,96,800	1,55,00,975	3.4	20.7
Data usage market share (%)							
Bharti Airtel	28.2	29.2	30.3	32.0	33.1		
VIL	17.9	18.3	17.2	17.0	17.5		
Reliance Jio	56.2	57.3	57.2	56.8	55.8		

Source: TRAI, I-Sec research

Table 7: FBB subs grew strong 2.1% QoQ / 18.6% YoY

	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	QoQ (%)	YoY (%)
FBB subs (mn)	19.2	19.8	21.1	22.3	22.8	2.1	18.6
<i>Net add (mn)</i>	<i>0.04</i>	<i>0.64</i>	<i>1.30</i>	<i>1.17</i>	<i>0.46</i>		
<i>Of which</i>							
FTTH	3.0	4.3	5.5	6.9	8.4	21.6	184.7
<i>Net add (mn)</i>	<i>0.25</i>	<i>1.38</i>	<i>1.20</i>	<i>1.38</i>	<i>1.49</i>		
DSL	10.8	9.7	9.3	8.8	7.6	(13.7)	(29.8)
Ethernet/LAN/Leased line	4.2	4.6	5.2	5.5	5.7	4.4	35.4
FBB subs (mn)							
BSNL	8.1	7.9	7.8	7.7	6.8	(11.4)	(15.6)
Bharti	2.5	2.5	2.6	2.8	3.1	10.0	25.1
RJIO	-	1.1	1.5	2.1	2.6	25.6	
Others	8.6	8.4	9.2	9.7	10.2	5.5	18.7
Market share (%)							
BSNL	42.1	39.9	36.9	34.5	30.0		
Bharti	12.9	12.5	12.3	12.6	13.6		
RJIO	-	5.3	7.2	9.3	11.4		
Others	45.0	42.3	43.6	43.6	45.0		
RJIO's market share in FTTH	-	24.5	27.5	30.0	31.0		

Source: TRAI, I-Sec research

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