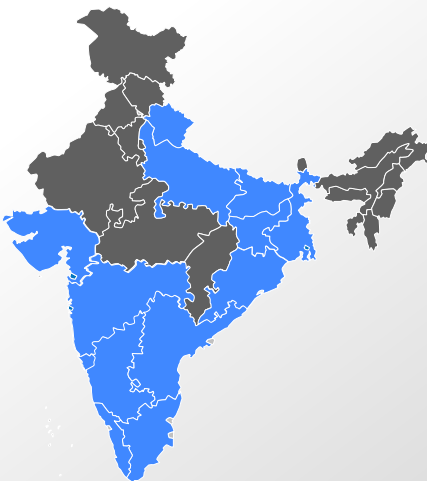


## Bringing affordable mobile to the Indian mass market



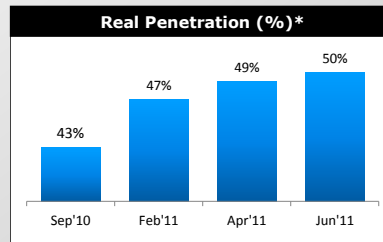
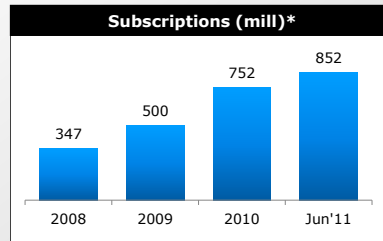
- 23 million subscribers\*
- 13 circles and 27,000 sites
- Proven market and distribution model
  - 1,800 distributors
  - 330,000 points of sale
- Operating cash flow on track
- Focus on ultra low cost operations

\*) Subscribers as of August 2011, based on 30 days activity



## The Indian wireless market continues to grow

- 70% SIM penetration translating into 50% real penetration
- Industry monthly churn of 9-10% gives opportunity for newcomers
- Still a very competitive market

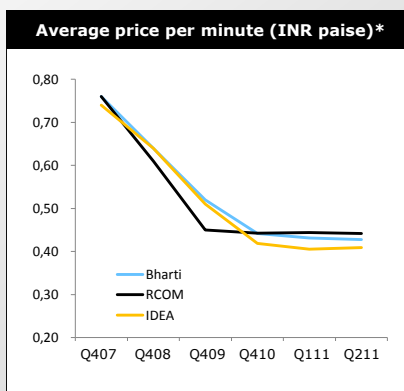


\*) Source: TRAI. Real penetration estimated by Uninor




## Pricing: Early signs of rationality?

- Incumbents' price per minute stable for the last five quarters
- Recent moves by incumbents to increase prices
  - 20% increase in tariffs on selected prepaid plans
  - Early days to see real benefit
- Still very competitive on acquisition
  - High cost of acquisition
  - Free airtime offered on acquisition



\*) Source: Company reports






## Clarity on regulatory framework required

New **National Telecom Policy**

- Spectrum policy
- Rural rollout obligations
- M&A framework

Revised **Interconnect rates**



## Investigation into 2G licence allocation ongoing

**Supreme Court case:**

More rationality visible

**Central Bureau of Investigation:**

Awaiting framing of charges, may take more time

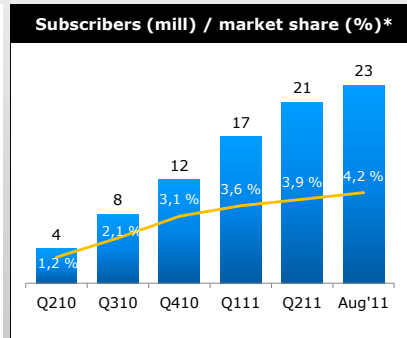
**Parliament investigation:**

Investigating government policies on allotment of licence and spectrum



## Uninor confirming its position as most successful new entrant

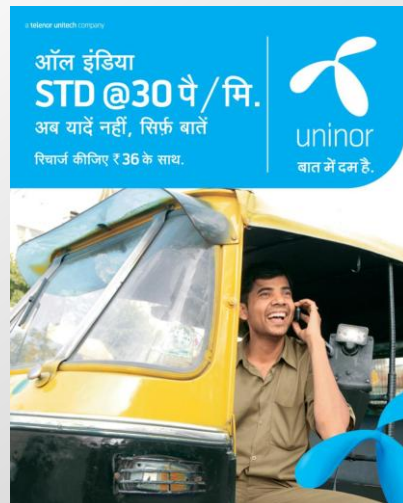
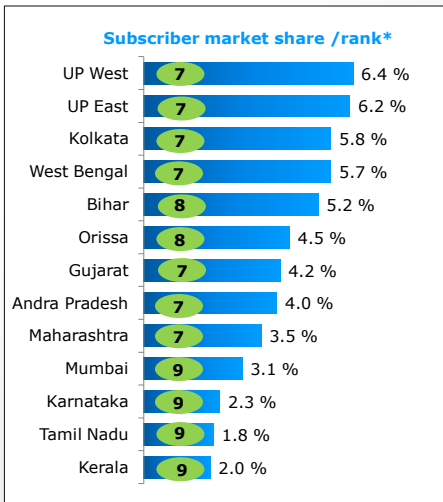
- 4 million net adds per quarter
- Performance in 13 operational circles
  - 12% share of net adds
  - 15% revenue growth QoQ
  - 4% subscriber market share
- Stable ARPU around INR 100
- Proven go-to-market model



\*)Based on subscriber market share, as reported by TRAI for June 2011 for 13 circles. Subscribers based on 30 days activity.



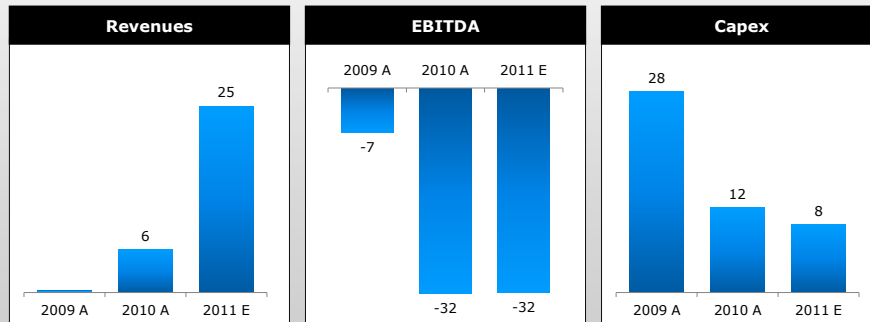
## Already in decent positions in best performing circles



\* Ranking based on revenue market share as reported by TRAI for June 2011



## Cash flow profile according to plan

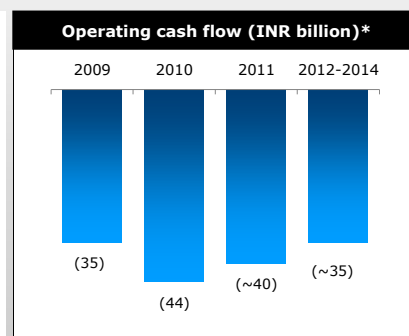


All numbers in INR billion



## Financial targets unchanged

- EBITDA breakeven approx. 3 years after launch
- Operating cash flow breakeven approx. 5 years after launch
- Peak funding within INR 155 billion



\*) Operating cash flow defined as EBITDA before other items less capex. Actuals 2009-2010, outlook 2011 and forecast 2012-2014. Exchange rate INR/NOK = 0.116 end of Aug 2011.





**What does ultra low cost operations mean?**

	<b>Uninor</b>		<b>Incumbent</b>
1	Basic ✓	Vs.	Broad
2	Clusters ✓	Vs.	Expansive
3	Volume ✓	Vs.	Premium service
4	Multi-SIM ✓	Vs.	Single SIM
5	Functional ✓	Vs.	Emotional

Simplification, standardization and continuous improvement






## Mass market distribution as a distinct capability

- More than 50% of customers influenced at point of retail
- Direct link to retailer ensures payment and relationship
- Processes and IT to drive daily targets and network utilization
- Best practise across Asia



## Cluster approach

- Scale matters in clusters – not Pan-India
- Uninor positioned as best price on local voice
  - 80% of revenues are local voice
- Dual-SIM handsets allow for handover for customers
  - 30% of handsets are dual-SIM
  - 50% of new handsets are dual-SIM



**Position brand as best price on local voice**

- Build on-net communities
- Preferred second SIM in cluster
- Basic VAS services
- Network capacity-based pricing

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## Reduction in churn and subscriber acquisition costs

- **SAC reduction** through
  - From acquisition to usage focus
  - Distributor and retail support linked to KPI and quality acquisitions
  - Focus on the most profitable retail
- **Churn reduction** through
  - Improving quality of acquisition
  - Proposition better understood by customers
  - Utilising business intelligence experience from other Asian markets

**Customer Acquisition Cost (INR)**

Period	Customer Acquisition Cost (INR)
Q1'11	~100
Q2'11	~90
Q3'11	~80
Q4'11	~75
2012	~70

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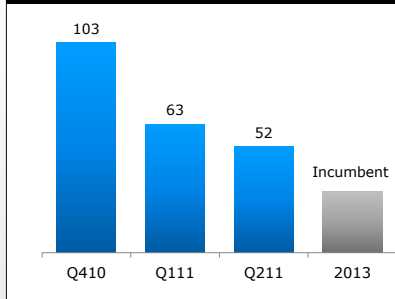
## Ultra low cost operating model

- Capacity enhancement
- Energy efficiency
- Transmission optimisation
- Managed service transformation
- IT simplification
- Process simplification



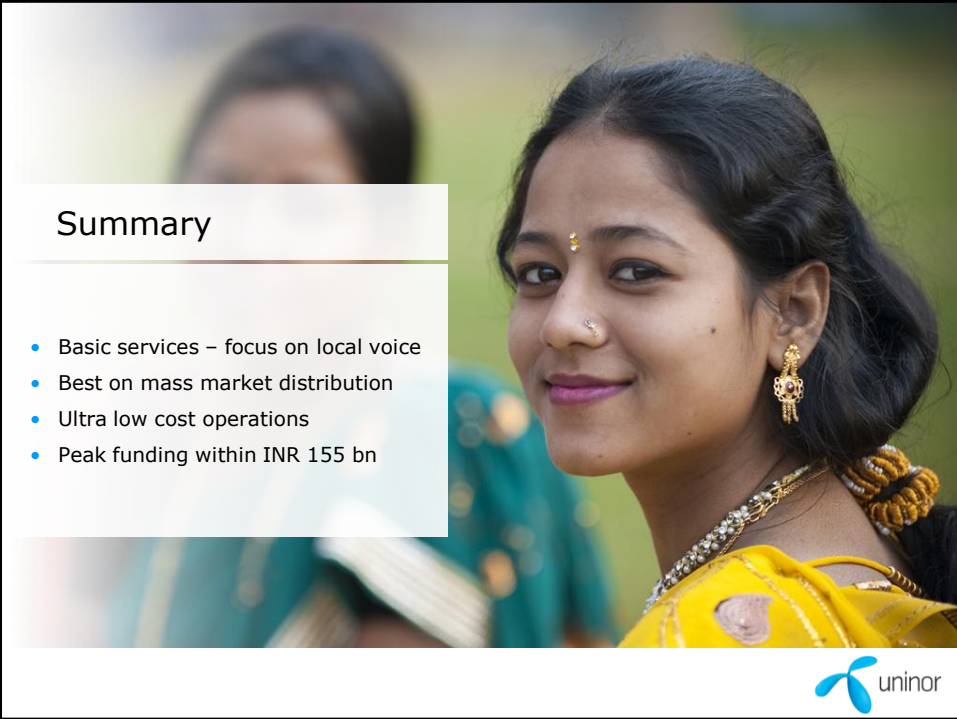
## Ultra low cost execution will bring Uninor at par with incumbents

Average cost per minute (INR paise)\*



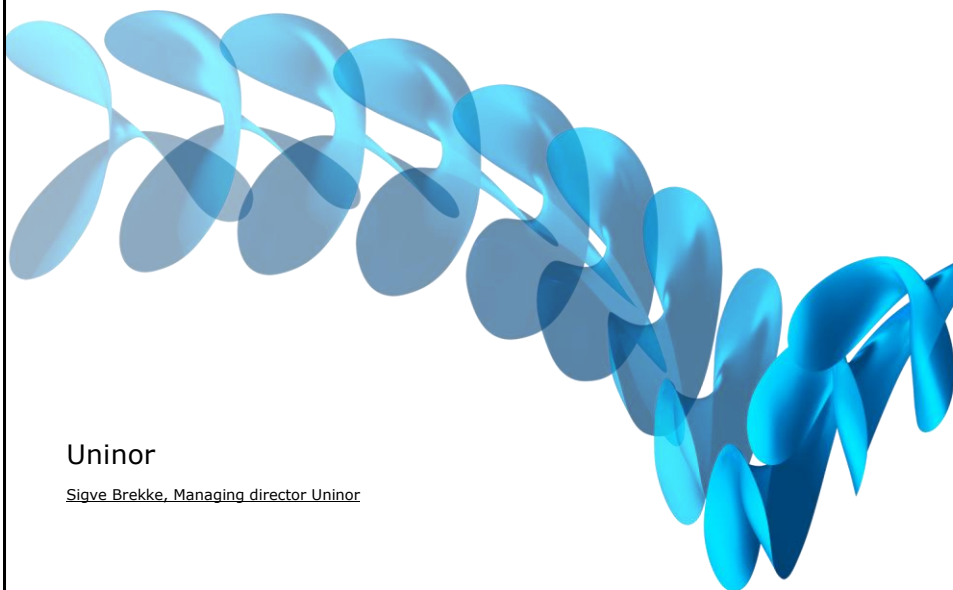
\*) Computations based on total minutes as reported by TRAI.





## Summary

- Basic services – focus on local voice
- Best on mass market distribution
- Ultra low cost operations
- Peak funding within INR 155 bn



Uninor

[Sigve Brekke, Managing director Uninor](#)