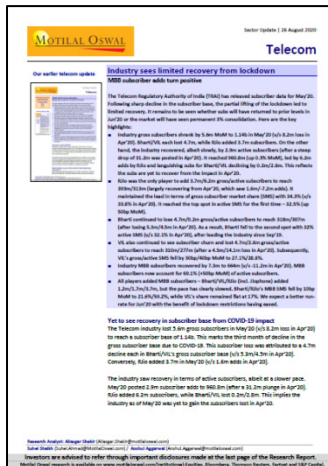


Our earlier telecom update



Active subs drop again post limited recovery in May'20

MBB subscriber addition in Jun'20 turns healthy

The Telecom Regulatory Authority of India's (TRAI) subscriber data for Jun'20 indicates that active subscriber base of telcos has declined again after the limited recovery witnessed in May'20. It remains to be seen whether the number of subscribers would return to the previous level with the opening up of the economy or it would permanently decline by 3% from the pre COVID-19 level. Key highlights below:

- Gross subscribers shrunk by 3.2m MoM to 1.14b in Jun'20 (v/s 5.6m loss in May'20). Bharti/VIL lost 1.1m/4.8m while RJio added 4.5m subscribers. Further, active subscriber base declined again by 2.8m in Jun'20 after limited recovery of 2.9m in May'20 to reach 958m, thereby, eroding the gains. This was led by 3.7m/2.1m decline in VIL/RJio's subscriber base, which was partially offset by 3.7m addition by Bharti.
- RJio continued to add gross subscribers at 4.5m (v/s 3.7m adds in May'20) to reach 397m. However, it lost 2.1m active subscribers (after adding 6.2m in May'20 post loss of 7.2m in Apr'20) to reach 310m. RJio continued to maintain its lead in terms of gross subscriber market share (SMS) with share of 34.8% in Jun'20 (v/s 34.3% in May'20). However, it slipped to the second spot after ranking #1 (for the first time in May'20) in active SMS with share of 32.4% (-10bp MoM).
- Bharti lost 1.1m gross subscribers (v/s 4.7m loss in May'20) to reach 317m while it added 3.7m active subscribers (v/s 0.2m/8m loss in May'20/Apr'20) to reach 311m in Jun'20. As a result, Bharti regained the top spot (after losing out in May'20) in terms of active SMS with share of 32.4% (+40bp MoM).
- VIL too continued to see subscriber churn and lost 4.8m/3.7m gross/active subscribers (after 4.7m/2.8m loss in May'20) to 305m/273m in Jun'20. Subsequently, VIL's gross/active SMS fell by 40bp/30bp MoM to 26.7%/28.5%.
- Industry added healthy 14m MBB subscribers (v/s 7.3m in May'20) to 678m. MBB subscribers now account for 70.8% (+170bp MoM) of active subscribers.
- All players contributed to MBB subscriber addition – Bharti/VIL/RJio (incl. Jiophone) added 5.3m/3.4m/4.5m. Bharti/VIL's MBB SMS increased by 40bp/20bp MoM to 22%/17.2% while RJio's MBB SMS dropped by 60bp to 58.6%.

Limited recovery in active subscriber base in May'20 eroded

The telecom industry lost 3.2m gross subscribers in Jun'20 (v/s 5.6m loss in May'20) to reach a subscriber base of 1.14b. Jun'20 was the fourth consecutive month of decline in gross subscriber base due to the COVID-19 crisis. This was led by 1.1m/4.8m decline in Bharti/VIL's gross subscriber base (v/s 4.7m for both in May'20) while RJio added 4.5m in Jun'20 (v/s 3.7m adds in May'20).

Furthermore, the industry witnessed 2.8m active subscriber churn in Jun'20 to reach 958m after gaining 2.9m subscribers in May'20. Thus, the benefit of limited recovery that happened in May'20 has eroded. This was led by 3.7m/2.1m decline in VIL/RJio's subscribers, which was partially offset by 3.7m adds by Bharti.

Bharti regains top spot in active subscriber market

Bharti added 3.7m active subscribers in Jun'20 (v/s 0.2m/8m decline in May'20/Apr'20) to reach 311m. This led Bharti to regain the top spot (after losing it to RJio in May'20) in active SMS with 32.4% share (+40bp MoM). Despite adding healthy active subscribers, Bharti has not reached its pre COVID-19 levels of 315m.

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Bharti's gross subscriber base declined 1.1m in Jun'20 (v/s 4.7m loss in May'20) to 317m. However, its gross SMS remained flat at 27.8% and it continues to rank #2 in terms of gross SMS.

RJio slips to second spot in active subscriber market

RJio continued to add gross subscribers; it added 4.5m subscribers (v/s 3.7m adds in May'20) to reach 397m in Jun'20. Subsequently, its gross SMS grew 34.8% (+50bp MoM) and it continues to retain the top spot. However, its active subscriber base declined by 2.1m (after addition of 6.2m in May'20 and loss of 7.2m in Apr'20) to reach 310m in Jun'20. As a result, it slipped to the second position in active SMS with 32.4% share after reaching the top spot in May'20 for the first time. Like Bharti, RJio is also yet to reach its pre COVID-19 levels of 314m.

VIL – subscriber loss continues

VIL continued to see subscriber churn and lost 4.8m/3.7m gross/active subscribers (v/s 4.7m/2.8m loss in May'20) to reach 305m/273m in Jun'20. VIL maintained its pace of gross subscriber reduction while the pace of active subscriber reduction increased to 3.7m in Jun'20 from 2.8m in May'20. Its market share has fallen in terms of both gross/active subscribers in Jun'20 by 40bp/30bp to 26.7%/28.5%. Furthermore, VIL stands at the last spot in terms of both active and gross SMS. We believe VIL's continuous loss of subscribers is primarily led by its weak network capabilities and speculation around its business continuity, given its massive outstanding AGR dues. However, how its subscriber trend pans out remains to be seen now that the SC has given its verdict on the AGR matter.

Broadband subs data – MBB subscriber adds turn healthy

- **Industry MBB subscribers increased by healthy 14m:** Industry MBB subscriber addition stood at a healthy 14m in Jun'20 to reach 678m (after witnessing steep decline of 11.2m in Apr'20 and recovery of 7.3m in May'20). MBB subscribers now account for 70.8% (+170bp MoM) of total active subscribers in the market, rising continuously from 59% in Jun'19. The subscriber adds has been led by all players – Bharti/VIL/RJio added 5.3m/3.4m/4.5m subscribers.
- **Bharti – market share inches up 40bp:** Bharti added 5.3m MBB subscribers (v/s 1.2m/-3.8m adds in May'20/Apr'20) to reach 149m in Jun'20. Bharti's SMS expanded by 40bp MoM to 22%.
- **RJio – pace of subscriber addition improves:** RJio clocked 4.5m MBB subscribers (v/s 3.7m in May'20), taking its total subscriber base to 397m. Despite adding healthy subscribers in Jun'20, its market share shrank by 60bp (after declining 10bp in May'20) to reach 58.6%.
- **VIL's subscriber base sees improvement:** After adding 1.7m MBB subscribers in May'20, VIL added 3.4m in Jun'20, taking its total subscriber base to 116m. Its market share inched up by 20bp to reach 17.2% – this is the first time, VIL's market share has improved since Sep'18.

Exhibit 1: Active subscriber base — subscriber base declined to 958m (m)

	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Bharti	312	306	303	310	313	315	313	314	315	307	307	311
Vodafone Idea	311	308	302	302	299	298	297	294	294	280	277	273
RJio	282	289	290	304	302	305	310	311	314	306	313	310
Top 3 players	905	904	895	916	914	917	920	920	923	893	896	894
Other players	67	66	66	66	65	66	66	67	67	65	64	64
Total	972.4	970.2	960.9	981.2	979.1	982.6	986.4	986.9	989.1	957.9	960.8	958.0

Source: TRAI, MOFSL

Exhibit 2: Active subscriber net adds – only Bharti's subscriber base grew (m)

	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Bharti	-3.6	-5.7	-3.5	6.8	3.7	1.4	-1.7	1.5	0.9	-8.0	-0.2	3.7
Vodafone Idea	-11.1	-2.9	-5.9	-0.7	-3.1	-1.1	-0.3	-2.8	-0.8	-14.1	-2.8	-3.7
RJio	4.0	7.2	0.5	14.3	-2.4	3.0	4.9	1.3	2.5	-7.2	6.2	-2.1
Top 3 players	-10.8	-1.5	-8.9	20.4	-1.7	3.2	2.9	0.0	2.5	-29.3	3.2	-2.2
Other players	-0.7	-0.8	-0.4	-0.1	-0.4	0.2	0.9	0.4	-0.3	-2.0	-0.3	-0.6
Total	-11.4	-2.2	-9.3	20.3	-2.1	3.5	3.8	0.5	2.2	-31.2	2.9	-2.8

Source: TRAI, MOFSL

Exhibit 3: Active subscriber market share – Bharti regains top position (%)

	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Bharti	32.1	31.6	31.5	31.5	32.0	32.0	31.7	31.9	31.9	32.1	32.0	32.4
Vodafone Idea	32.0	31.8	31.5	30.8	30.5	30.3	30.1	29.8	29.7	29.2	28.8	28.5
RJio	29.0	29.8	30.2	31.0	30.8	31.0	31.4	31.5	31.7	32.0	32.5	32.4
Top 3 players	93.1	93.2	93.2	93.3	93.3	93.3	93.3	93.2	93.3	93.3	93.3	93.3
Other players	6.9	6.8	6.8	6.7	6.7	6.7	6.7	6.8	6.7	6.7	6.7	6.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: TRAI, MOFSL

Exhibit 4: Trend in gross subscriber base (m)

	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Bharti	329	328	326	326	327	327	328	329	328	323	318	317
Vodafone Idea	380	375	372	373	336	333	329	326	319	315	310	305
RJio	340	348	355	364	370	370	377	383	388	389	393	397
Top 3 players	1048	1051	1053	1063	1033	1030	1034	1037	1034	1026	1020	1019
Other players	120	120	120	121	121	122	123	123	123	123	123	122
Total	1,168	1,171	1,174	1,183	1,155	1,151	1,156	1,161	1,158	1,150	1,144	1,141

Source: TRAI, MOFSL

Exhibit 5: Gross subscriber net adds (m)

	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Bharti	8.2	-0.6	-2.4	0.1	1.7	0.0	0.9	0.9	-1.3	-5.3	-4.7	-1.1
Vodafone Idea	-3.4	-5.0	-2.6	0.2	-36.4	-3.6	-3.6	-3.5	-6.4	-4.5	-4.7	-4.8
RJio	8.5	8.4	7.0	9.1	5.6	0.1	6.6	6.3	4.7	1.6	3.7	4.5
Top 3 players	13.3	2.9	2.0	9.4	-29.2	-3.6	3.8	3.7	-2.9	-8.2	-5.8	-1.5
Other players	-10.5	-0.3	0.8	0.3	0.3	0.4	1.2	0.5	0.0	0.0	0.2	-1.7
Total	2.9	2.6	2.8	9.7	-28.8	-3.2	5.0	4.2	-2.9	-8.2	-5.6	-3.2

Source: TRAI, MOFSL

Exhibit 6: Gross subscriber market share (%)

	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Bharti	28.1	28.0	27.7	27.5	28.3	28.4	28.4	28.4	28.3	28.1	27.8	27.8
Vodafone Idea	32.5	32.0	31.7	31.5	29.1	28.9	28.4	28.0	27.6	27.4	27.1	26.7
RJio	29.1	29.7	30.3	30.8	32.0	32.1	32.6	33.0	33.5	33.8	34.3	34.8
Top 3 players	89.7	89.8	89.7	89.8	89.5	89.4	89.4	89.4	89.4	89.3	89.2	89.3
Other players	10.3	10.2	10.3	10.2	10.5	10.6	10.6	10.6	10.6	10.7	10.8	10.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: TRAI, MOFSL

Exhibit 7: Trend in MBB subscriber base (m)

	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Bharti	124	127	125	130	138	138	142	144	146	142	144	149
Vodafone Idea	111	111	112	116	120	118	118	118	117	111	113	116
RJio	339.8	348	355	364	370	370	377	383	388	389	393	397
Top 3 total	575	586	593	611	627	626	637	645	651	643	649	663
Other players	10	11	13	14	14	16	17	17	17	14	14	15
Total	585	597	606	624	642	642	654	661	668	657	664	678

Source: TRAI, MOFSL

Exhibit 8: Trend in MBB subscriber net adds (m)

	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Bharti	2.5	2.8	-1.3	5.0	7.1	0.5	4.4	1.3	2.4	-3.8	1.2	5.3
Vodafone Idea	0.4	0.2	1.1	3.6	4.1	-1.4	-0.5	0.3	-0.8	-6.1	1.7	3.4
RJio	8.5	8.4	7.0	9.1	5.6	0.1	6.6	6.3	4.7	1.6	3.7	4.5
Top 3 total	11.4	11.4	6.8	17.7	16.8	-0.9	10.4	7.9	6.3	-8.3	6.6	13.2
Other players	-2.0	0.1	2.5	0.8	0.4	1.5	1.1	-0.1	-0.1	-2.9	0.7	0.8
Total	9.4	11.5	9.3	18.6	17.1	0.7	11.5	7.7	6.2	-11.2	7.3	14.0

Source: TRAI, MOFSL

Exhibit 9: Trend in MBB subscriber market share (m)

	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Bharti	21.2	21.2	20.7	20.9	21.4	21.5	21.8	21.7	21.9	21.7	21.6	22.0
Vodafone Idea	19.0	18.6	18.5	18.5	18.7	18.4	18.0	17.9	17.6	17.0	17.0	17.2
RJio	58.1	58.4	58.6	58.3	57.7	57.6	57.6	57.9	58.0	59.3	59.2	58.6
Top 3 total	98.2	98.2	97.8	97.8	97.8	97.5	97.4	97.5	97.5	97.9	97.8	97.7
Other players	1.8	1.8	2.2	2.2	2.2	2.5	2.6	2.5	2.5	2.1	2.2	2.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: TRAI, MOFSL

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