

RJio steadily adding active subs; growing MBB market share

Bharti/VIL focus on subs clean up

The Telecom Regulatory Authority of India (TRAI) has released subscriber data for the month of Feb'19. Key highlights:

- The net active subscriber base stood flat MoM at 1,023m in the month. Bharti/Vodafone Idea lost 3.2m/7.2m active subscribers; RJio continued its strong momentum, gaining 9.3m active subscribers.
- RJio's strong gains can be attributed to the series of Jiophone offtake. Bharti and Vodafone Idea are potentially witnessing the impact of the rollout of minimum recharge plans on a pan-India basis.
- Broadband subscriber adds stood at a healthy 10.2m (+21.4m in Jan-19), reaching 532m (52% of active subscriber base).
- RJio accounted for the lion's share (78%) of incremental MBB adds by the top three players. Bharti gained ~18% share, while Vodafone Idea accounted for a meager 4%.

Rio's – only telco to add active subs

Net active subscriber base remains flat MoM

Active subscriber base for the industry stood flat MoM (-3.8m in Jan-19) at 1,023m in Feb'19. RJio continued registering strong active subscriber growth, with 9.3m adds (gaining a healthy 90bp market share). Bharti/Vodafone Idea lost 3.2m/7.2m active subscribers, potentially on account of the implementation of the minimum APRU plans – their market share contracted by 30bp/70bp MoM.

Bharti's active subscriber base down by 3.2m; market share contracts by 30bp

Bharti reported a fourth consecutive month of a decline in its active subscriber base (down by 3.2m); its market share contracted by 30bp MoM to 32.1%. This can be attributed to the implementation of the minimum APRU plans on a pan-India basis. However, its gross subscriber base stood flat MoM (flat in Jan-19) at 340m in Feb'19.

RJio adds 9.3m active subscribers; market share expands by a healthy 90bp

RJio again was the only telco to add active subscribers (+9.3m after adding 6.3m in Jan'19). Its market share expanded 90bp MoM to 24.4%. This could partly be attributed to the Jiophone offtake. It added 7.8m gross subscribers on an MoM basis.

Vodafone Idea's active subscriber base declines by 7.2m; loses 70bp market share

Vodafone Idea has continued losing active subscribers for almost 10 consecutive months now. It lost 7.2m (-6.2m in Jan-19) active subscribers, with 70bp MoM market share contraction to 36.9%. Vodafone Idea is losing potentially due to (a) implementation of minimum APRU plans and (b) deteriorating network quality, possibly due to the network integration issues. VIL has cumulatively lost ~530bp active subscriber market share over the last nine months. It lost 5.8m (-3.6m in Jan-19) gross subscribers on an MoM basis.

Industry adds healthy 10.2m MBB subscribers, reaching 532m (52% of active subscribers)

- **10.2m industry MBB subscriber adds:** Industry MBB subscriber adds stood at 10.2m (+21.4m in Jan-19), reaching 532m (52% of the total active subscribers in the market). The uptick in MBB subscriber adds is largely driven by RJio.
- **Bharti adds 1.8m subs:** Bharti saw 1.8m MBB subscriber adds (+10.0m in Jan-19) with a flat subscriber market share (20.7%). It accounted for 18% of the (top 3 players) incremental MBB subscribers.
- **RJio takes lion's share:** RJio registered healthy 7.8m MBB subscriber adds on a MoM basis, albeit at a slower pace v/s +9.3m in Jan-19. Its market share expanded 40bp MoM to 55.9%. The company accounted for ~78% (v/s 44% in Jan-19) of the (top 3 players) incremental MBB subscribers. This could partly be attributed to Jiophone, which is predominantly used for voice calls but classified as broadband subscribers by RJio.
- **Vodafone Idea added miniscule 0.4m MBB subscribers MoM (+1.9m in Jan-19),** with its MBB market share contracting by 30bp to 20.7%. It accounted for a meager 4% of the (top 3 players) incremental MBB subscribers.

Our view

Bharti/Vodafone Idea's estimated churn stands at 24m/35m in 4QFY19 on minimum recharge rollout

Bharti had rolled out minimum recharge plans on a pan-India basis in the second week of Oct'18, while VIL had spread the implementation till end-Nov'18. Given the requirement to recharge minimum INR35/month, some of the subscribers (using only incoming call service) with current ARPU of a meager INR10-15 may churn out.

RJio's focus on subscriber growth to keep competitive intensity high

Out of the total 450-500m feature phone subscribers, we estimate Jiophone subscribers of ~50m by Dec'19 (10% market share), which is indicative of the high growth opportunity. The company's focus on chasing feature phone subscriber growth has led to low ARPU plans, which we believe may continue. However, the slowing monthly smartphone subscriber adds run-rate may provide opportunity for selective ARPU accretion in 2-3 quarters once Vodafone Idea, too, stabilizes its network.

Exhibit 1: Active subscriber base: Bharti/Vodafone Idea continue to lose active subscribers (m)

| | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Feb-19 |
|----------------------|--------------|--------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Bharti | 325 | 328 | 328 | 344 | 343 | 341 | 337 | 340 | 340 | 336 | 331 | 328 |
| Vodafone Idea | 417 | 420 | 415 | 412 | 409 | 407 | 403 | 400 | 400 | 391 | 385 | 377 |
| RJio | 160 | 168 | 172 | 178 | 187 | 198 | 208 | 216 | 226 | 234 | 240 | 250 |
| Top 3 players | 902 | 916 | 915 | 933 | 939 | 946 | 947 | 956 | 965 | 961 | 956 | 955 |
| Other players | 141 | 94 | 69 | 68 | 67 | 67 | 66 | 66 | 66 | 66 | 66 | 67 |
| Total | 1,044 | 1,011 | 984 | 1,001 | 1,006 | 1,013 | 1,013 | 1,022 | 1,031 | 1,026 | 1,023 | 1,023 |

Source: TRAI, MOFSL

Exhibit 2: Active subscriber net adds: RJio's stages a comeback with strong subs adds (m)

| | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Feb-19 |
|----------------------|-------------|--------------|--------------|-------------|------------|------------|------------|------------|------------|-------------|-------------|-------------|
| Bharti | 5.3 | 3.3 | 0.1 | 15.4 | -0.9 | -2.3 | -3.8 | 3.4 | -0.3 | -4.1 | -4.6 | -3.2 |
| Vodafone Idea | 6.1 | 2.6 | -5.0 | -3.4 | -2.9 | -1.3 | -4.6 | -2.9 | -0.3 | -8.8 | -6.2 | -7.2 |
| RJio | 7.6 | 8.3 | 3.4 | 5.9 | 9.7 | 10.6 | 9.7 | 8.5 | 9.9 | 8.1 | 6.3 | 9.3 |
| Top 3 players | 19.1 | 14.2 | -1.5 | 17.9 | 5.9 | 7.1 | 1.3 | 8.9 | 9.3 | -4.7 | -4.5 | -1.1 |
| Other players | -5.1 | -47.2 | -25.2 | -1.0 | -0.6 | -0.2 | -1.3 | -0.4 | 0.3 | -0.2 | 0.7 | 1.1 |
| Total | 14.0 | -32.9 | -26.6 | 17.0 | 5.3 | 6.9 | 0.0 | 8.5 | 9.5 | -4.9 | -3.8 | 0.0 |

Source: TRAI, MOFSL

Exhibit 3: Active subscriber market share: RJio narrowing gap with incumbents (%)

| | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Feb-19 |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Bharti | 31.1 | 32.5 | 33.4 | 34.3 | 34.1 | 33.6 | 33.2 | 33.3 | 33.0 | 32.7 | 32.4 | 32.1 |
| Vodafone Idea | 40.0 | 41.6 | 42.2 | 41.1 | 40.6 | 40.2 | 39.8 | 39.1 | 38.7 | 38.1 | 37.6 | 36.9 |
| RJio | 15.3 | 16.7 | 17.5 | 17.7 | 18.6 | 19.5 | 20.5 | 21.2 | 21.9 | 22.8 | 23.5 | 24.4 |
| Top 3 players | 86.5 | 90.7 | 93.0 | 93.2 | 93.3 | 93.4 | 93.5 | 93.6 | 93.6 | 93.6 | 93.5 | 93.4 |
| Other players | 13.5 | 9.3 | 7.0 | 6.8 | 6.7 | 6.6 | 6.5 | 6.4 | 6.4 | 6.4 | 6.5 | 6.6 |
| 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)

| | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Feb-19 |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Bharti | 304 | 309 | 345 | 345 | 345 | 346 | 344 | 342 | 342 | 340 | 340 | 340 |
| Vodafone Idea | 434 | 439 | 437 | 443 | 444 | 442 | 435 | 428 | 421 | 419 | 415 | 409 |
| RJio | 187 | 196 | 206 | 215 | 227 | 239 | 252 | 263 | 272 | 280 | 289 | 297 |
| Top 3 players | 925 | 944 | 987 | 1003 | 1016 | 1027 | 1031 | 1032 | 1034 | 1039 | 1045 | 1047 |
| Other players | 259 | 181 | 144 | 143 | 141 | 140 | 139 | 138 | 137 | 137 | 137 | 137 |
| Total | 1,183 | 1,125 | 1,131 | 1,146 | 1,157 | 1,167 | 1,169 | 1,170 | 1,172 | 1,176 | 1,182 | 1,184 |

Source: TRAI, MOFSL

Exhibit 5: Gross subscriber net adds: RJio only player to add subscribers (m)

| | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Feb-19 |
|----------------------|-------------|--------------|-------------|-------------|-------------|-------------|------------|------------|------------|------------|------------|------------|
| Bharti | 8.4 | 4.5 | 35.9 | 0.0 | 0.3 | 1.0 | -2.4 | -1.9 | 0.1 | -1.5 | 0.1 | 0.0 |
| Vodafone Idea | 14.8 | 4.9 | -2.1 | 6.6 | 0.6 | -2.3 | -6.7 | -7.4 | -6.5 | -2.3 | -3.6 | -5.8 |
| RJio | 9.4 | 9.6 | 9.4 | 9.7 | 11.8 | 12.2 | 13.0 | 10.5 | 8.8 | 8.6 | 9.3 | 7.8 |
| Top 3 players | 32.6 | 19.0 | 43.1 | 16.4 | 12.7 | 10.9 | 4.0 | 1.3 | 2.4 | 4.7 | 5.8 | 2.0 |
| Other players | -6.1 | -77.4 | -37.2 | -0.9 | -2.2 | -1.0 | -1.6 | -0.6 | -0.6 | -0.5 | 0.1 | -0.2 |
| Total | 26.5 | -58.3 | 5.9 | 15.5 | 10.6 | 9.9 | 2.4 | 0.7 | 1.7 | 4.2 | 6.0 | 1.7 |

Source: TRAI, MOFSL

Exhibit 6: Gross subscriber market share: RJio narrowing gap with incumbents (%)

| | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Feb-19 |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Bharti | 25.7 | 27.4 | 30.5 | 30.1 | 29.8 | 29.6 | 29.4 | 29.2 | 29.2 | 28.9 | 28.8 | 28.8 |
| Vodafone Idea | 36.7 | 39.0 | 38.6 | 38.7 | 38.4 | 37.8 | 37.2 | 36.5 | 35.9 | 35.6 | 35.1 | 34.6 |
| RJio | 15.8 | 17.4 | 18.2 | 18.8 | 19.6 | 20.5 | 21.6 | 22.5 | 23.2 | 23.8 | 24.5 | 25.1 |
| Top 3 players | 78.1 | 83.9 | 87.2 | 87.5 | 87.8 | 88.0 | 88.2 | 88.2 | 88.3 | 88.4 | 88.4 | 88.4 |
| Other players | 21.9 | 16.1 | 12.8 | 12.5 | 12.2 | 12.0 | 11.8 | 11.8 | 11.7 | 11.6 | 11.6 | 11.6 |
| 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)

| | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Feb-19 |
|--------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Bharti | 83 | 88 | 89 | 93 | 93 | 96 | 97 | 99 | 102 | 98 | 108 | 110 |
| Vodafone Idea | 100 | 102 | 103 | 106 | 107 | 95 | 100 | 101 | 105 | 108 | 110 | 110 |
| RJio | 187 | 196 | 206 | 215 | 227 | 239 | 252 | 263 | 272 | 280 | 289 | 297 |
| Top 3 total | 370 | 386 | 398 | 414 | 427 | 431 | 449 | 463 | 479 | 486 | 507 | 517 |
| Other players | 25 | 15 | 15 | 15 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 |
| Total | 394 | 401 | 414 | 429 | 442 | 445 | 463 | 477 | 493 | 500 | 521 | 532 |

Source: TRAI, MOFSL

Exhibit 8: MBB subscriber net adds: RJio adds 7.8m MBB subscriber adds (m)

| | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Feb-19 |
|--------------------|-------------|-------------|-------------|-------------|-------------|------------|-------------|-------------|-------------|------------|-------------|-------------|
| Bharti | 5.4 | 4.0 | 1.9 | 3.7 | 0.0 | 3.0 | 0.9 | 2.1 | 3.3 | -4.5 | 10.0 | 1.8 |
| Vodafone Idea | 5.5 | 2.7 | 1.2 | 2.3 | 1.5 | -11.8 | 4.2 | 1.6 | 4.1 | 2.5 | 1.9 | 0.4 |
| RJio | 9.4 | 9.6 | 9.3 | 9.7 | 11.8 | 12.2 | 13.0 | 10.5 | 8.8 | 8.6 | 9.3 | 7.8 |
| Top 3 total | 20.4 | 16.4 | 12.4 | 15.7 | 13.3 | 3.4 | 18.2 | 14.2 | 16.3 | 6.5 | 21.2 | 10.0 |
| Other players | -0.1 | -9.1 | -0.2 | -0.6 | -0.3 | 0.0 | -0.4 | 0.1 | -0.1 | 0.0 | 0.2 | 0.2 |
| Total | 20.3 | 7.2 | 12.2 | 15.2 | 13.0 | 3.3 | 17.7 | 14.3 | 16.2 | 6.6 | 21.4 | 10.2 |

Source: TRAI, MOFSL

Exhibit 9: MBB subscriber market share: RJio leading the pack (%)

| | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Feb-19 |
|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Bharti | 21.2 | 21.8 | 21.6 | 21.7 | 21.1 | 21.6 | 21.0 | 20.8 | 20.8 | 19.6 | 20.7 | 20.7 |
| Vodafone Idea | 25.3 | 25.5 | 25.0 | 24.7 | 24.3 | 21.4 | 21.5 | 21.2 | 21.4 | 21.6 | 21.1 | 20.7 |
| RJio | 47.3 | 48.9 | 49.7 | 50.2 | 51.4 | 53.7 | 54.5 | 55.1 | 55.0 | 56.0 | 55.5 | 55.9 |
| Top 3 total | 93.8 | 96.2 | 96.3 | 96.6 | 96.7 | 96.8 | 97.0 | 97.1 | 97.2 | 97.2 | 97.3 | 97.3 |
| Other players | 6.2 | 3.8 | 3.7 | 3.4 | 3.3 | 3.2 | 3.0 | 2.9 | 2.8 | 2.8 | 2.7 | 2.7 |
| 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 10: Incremental MBB subscriber market share: RJio takes lion's share (%)

| | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Feb-19 |
|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Bharti | 26.6 | 24.6 | 15.2 | 23.6 | 0.0 | 89.3 | 5.1 | 14.7 | 20.6 | -68.8 | 47.0 | 18.4 |
| Vodafone Idea | 27.1 | 16.6 | 9.6 | 14.6 | 11.4 | -350.7 | 23.2 | 11.4 | 25.3 | 37.8 | 9.1 | 3.9 |
| RJio | 46.3 | 58.9 | 75.2 | 61.8 | 88.6 | 361.4 | 71.7 | 73.9 | 54.1 | 131.0 | 43.9 | 77.7 |
| 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

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