



# Idea – Vodafone India Merger

Investor Presentation

20<sup>th</sup> March 2017



ADITYA BIRLA GROUP

# Disclaimer



This presentation has been prepared by Idea Cellular Limited (a Aditya Birla Group company) (“Idea”) solely for information purposes in relation to a potential arrangement between Idea and Vodafone India Limited (a group company of Vodafone Group Plc) pursuant to scheme of arrangement without any regard to any specific need of any particular person. By reviewing this presentation, or by attending the meeting where this presentation is made, or by reading the slides of this presentation, you agree to be bound by the trailing restrictions regarding the information disclosed in these materials. Failure to comply with this directive may result in a violation of the applicable law in certain jurisdictions.

This presentation and its contents are confidential and should not be distributed, published or reproduced, in whole or part, or disclosed by recipients, either directly or indirectly, to any other person. The release, presentation, publication or distribution of this presentation in jurisdiction other than India may be restricted by law and accordingly, recipients of this presentation represent that they are able to receive this presentation without any contravention of any unfulfilled registration requirement or other legal requirement in the jurisdiction in which they reside or conduct business or have received this presentation.

This presentation does not constitute or form part of and should not be construed, either directly or indirectly, as any offer or invitation or inducement to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities of Idea by any person in any jurisdiction, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any investment decision or any contract or commitment therefore.

This presentation is not a complete description of Idea and may not be all inclusive and may not contain all of the information that you may consider material. Past performance should not be taken as an indication or guarantee of future performance. No representation, warranty, guarantee or undertaking, express or implied, is or will be made as to, and no reliance should be placed on, the accuracy, completeness, correctness or fairness of the information, estimates, projections and opinions contained in this presentation. Any opinions expressed in this presentation or the contents of this presentation are subject to change without notice. This presentation should not be construed as legal, tax, accounting, investment or other advice. Potential investors must make their own assessment of the relevance, accuracy and adequacy of the information contained in this presentation and must make such independent investigation including obtaining independent tax advice as they may consider necessary or appropriate for such purpose.

This presentation contains statements that constitute ‘forward-looking statements’. These statements include descriptions regarding the intent, belief or current expectations of Idea or its directors and officers with respect to the results of operations and financial condition of Idea. These statements can be recognized by the use of words such as “expects”, “plans”, “will”, “estimates”, “projects”, or other words of similar meaning. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in such forward-looking statements as a result of various factors and assumptions which Idea believes to be reasonable in light of its operating experience in recent years. The risks and uncertainties relating to these statements include, but not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, competition, government policies, regulations, etc. Idea does not undertake any obligation to revise or update any forward-looking statement that may be made from time to time by or on behalf of the Company including to reflect actual results, changes in assumptions or changes in factors affecting these statements (except to the extent required by applicable law or regulation or any appropriate regulatory authority). Given these risks, uncertainties and other factors, viewers of this presentation are cautioned not to place undue reliance on these forward-looking statements.

Any person placing reliance on the information contained in this presentation or any other communication by Idea does so at his or her own risk and none of Idea nor any of its affiliates, advisers or representatives, any placement agent, promoters or any other persons that may participate in any offering of any securities of Idea shall have any responsibility or liability whatsoever, whether arising in tort, contract or otherwise, for any errors, omissions, insufficiencies or inaccuracies in such information or opinions or for any loss, cost or damage suffered or incurred howsoever arising, directly or indirectly, from any use of this presentation or its contents or otherwise in connection with this presentation.

This presentation may contain certain currency exchange rates and the same have been provided only for the convenience of readers. No representation is made that the Rupee amounts actually represent such USD amounts or could have been, or could be, converted into USD at the indicated rates.

No person is authorised to give any information or to make any representation not contained in and not consistent with this presentation and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of Idea, any of its affiliates, advisers or representatives.

This presentation is not a prospectus, a statement in lieu of a prospectus, an offering circular, an advertisement or an offer document under the Companies Act, 2013, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, or any other applicable law in India.

This presentation is not for publication or distribution, directly or indirectly, in or into the United States, Canada or Japan. These materials are not an offer of securities for sale in or into the United States, Canada or Japan.

# Merger of Idea and Vodafone India



*A strong proposition for all stakeholders*



Realizing the 'Digital India' vision



Delivering benefits for consumers

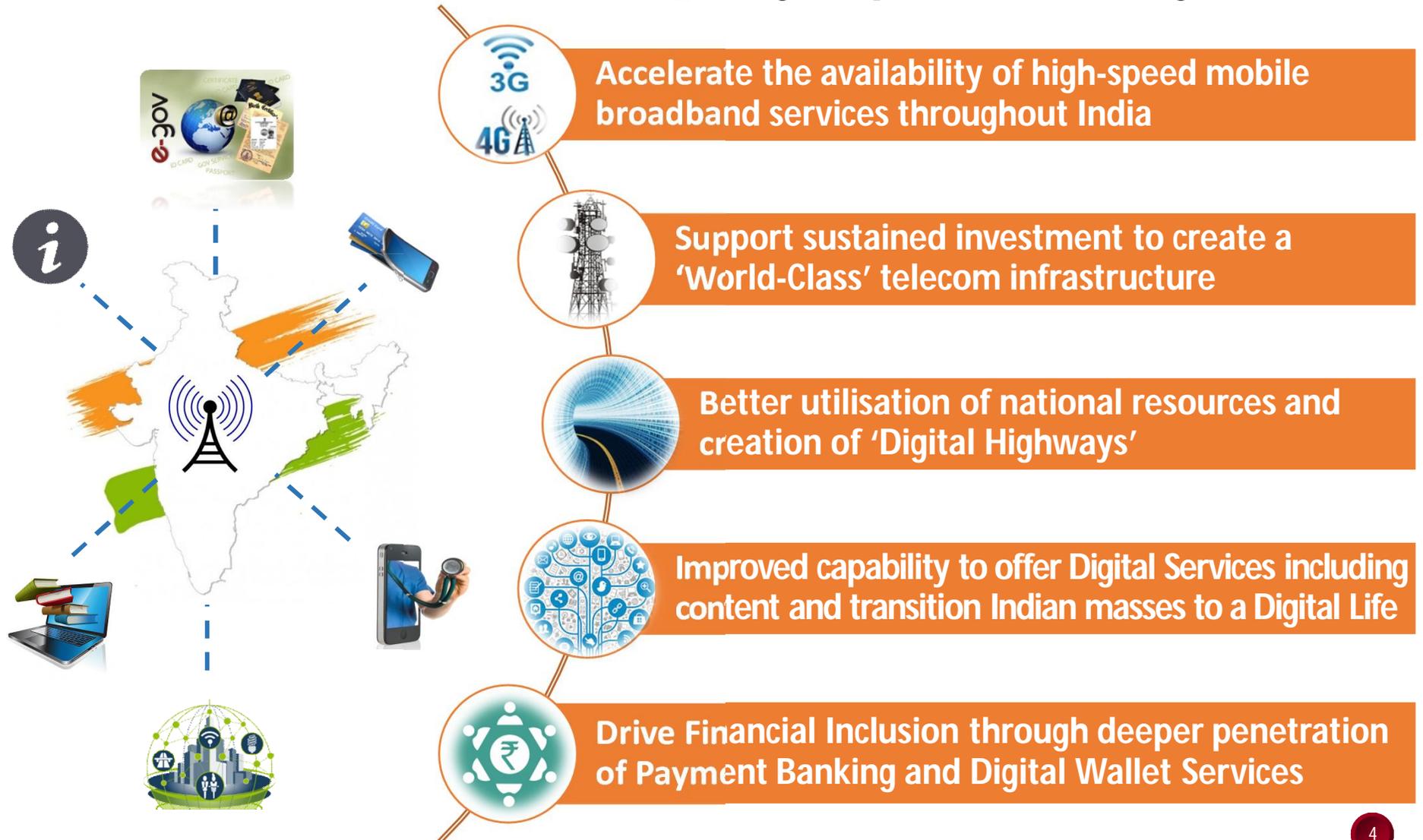


Creating value for shareholders

# Realizing the 'Digital India' vision

**!dea**

***Transform India into a digitally empowered society***



# Delivering benefits for consumers

**!idea**

***Deliver consumer benefits through combination of networks & spectrum holdings***



Excellent consumer experience & industry leading coverage on back of complementary footprint



Largest broadband and voice capacity to market unlimited voice plans & very large mobile broadband bundles



Offer attractively priced services and innovative products in a competitive telecom market



Best-in-class National & International Roaming experience

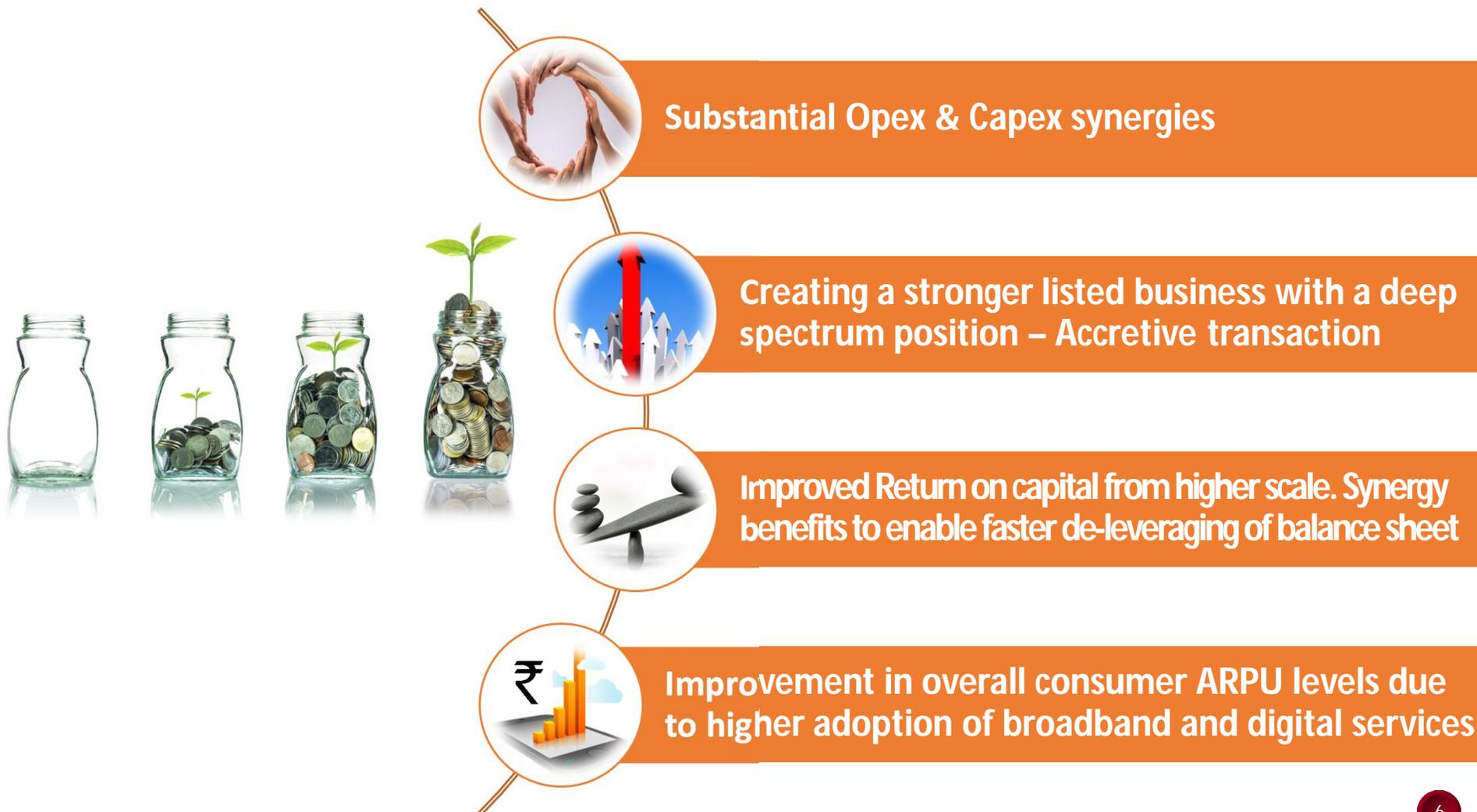


Better offerings for Enterprises across the country

# Creating value for shareholders

**!dea**

## *Ability to generate better returns*



# Key highlights



1

**Creation of India's largest telecommunications company**

2

**Equal partnership between Aditya Birla Group and Vodafone Group**

3

**Strategic fit and complementary assets**

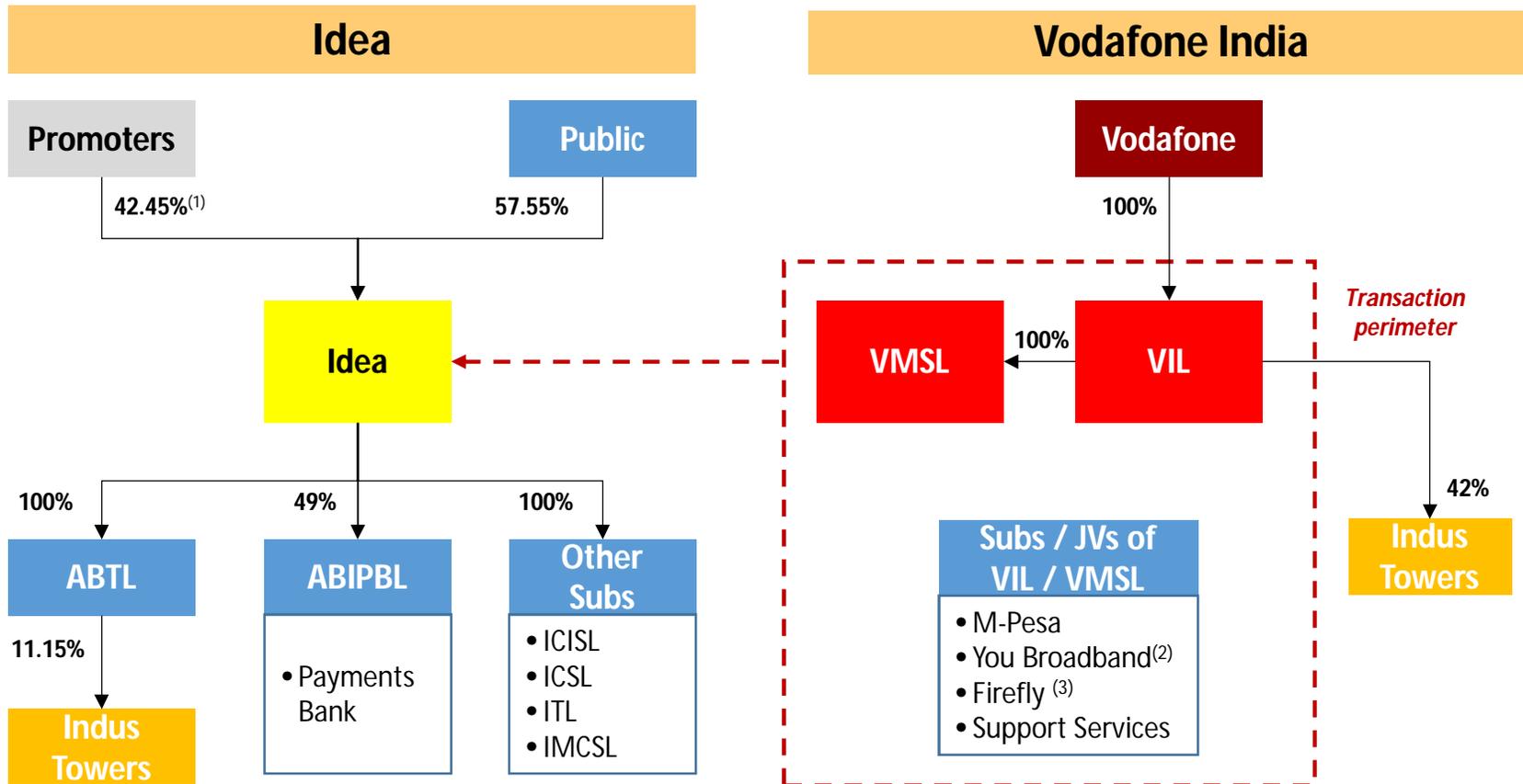
4

**Significant synergies**

5

**Unlocking further value through monetisation of tower assets**

# Current holding structure



## Composite scheme of merger

- 1 Merger of VMSL into Idea
- 2 Merger of VIL into Idea

### Notes:

Please refer to detailed structure chart in Supporting Materials section

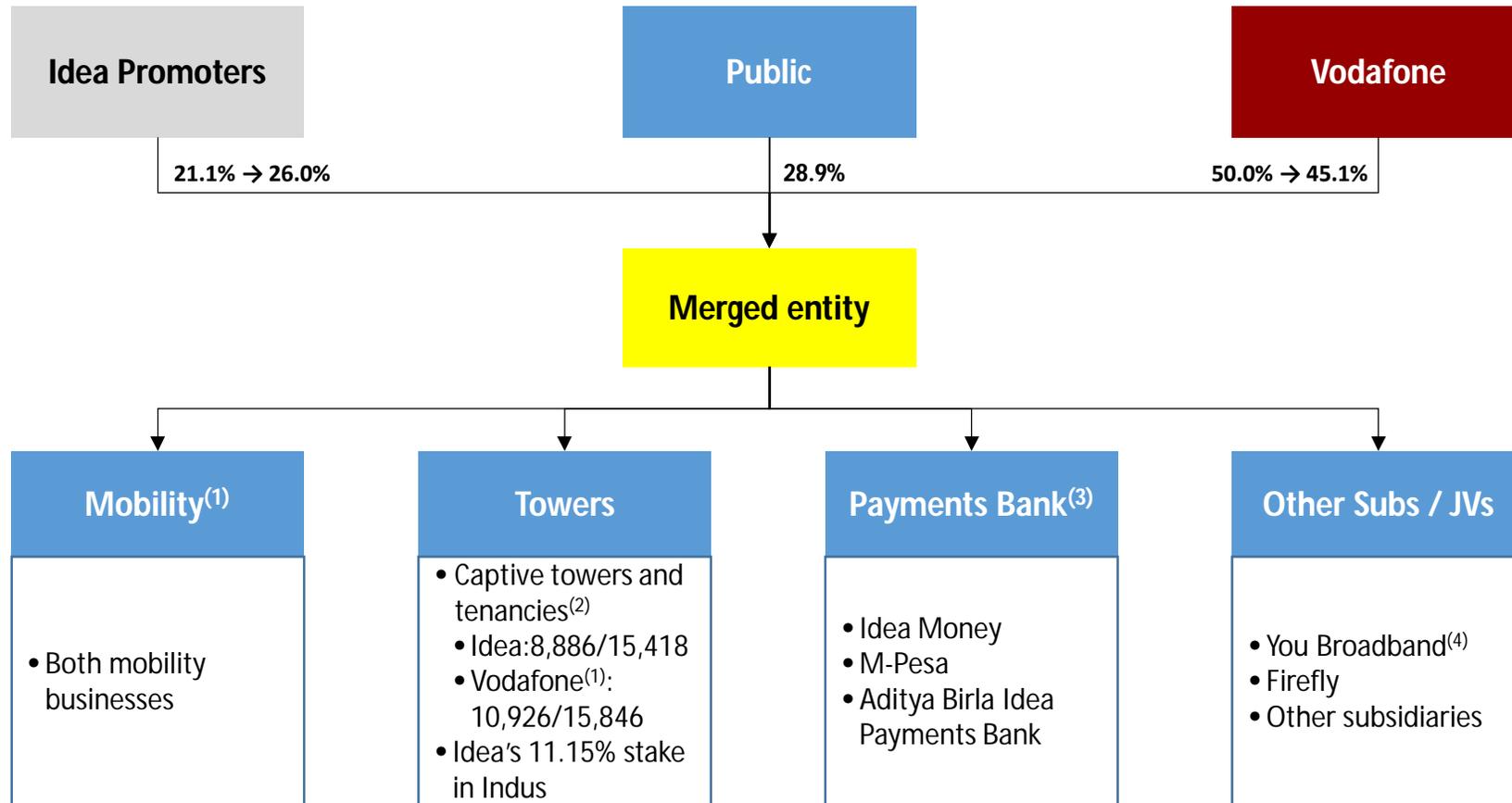
1. Idea Cellular shareholding as on 31 December 2016
2. Vodafone has acquired You Broadband. The transaction is subject to completion
3. Firefly: JV between Vodafone and Bharti Airtel to provide WiFi hotspots

### Abbreviations:

ABTL: Aditya Birla Telecom Limited  
 ABIPBL: Aditya Birla Idea Payments Bank Limited  
 ICISL: Idea Cellular Infrastructure Services Limited  
 ICSL: Idea Cellular Services Limited

IMCSL: Idea Mobile Commerce Services Ltd.  
 VMSL: Vodafone Mobile Services Limited  
 VIL: Vodafone India Limited

# Resulting structure



- Aditya Birla Group to acquire 4.9% stake of merged entity from Vodafone for ~INR 39bn in cash, concurrent with completion – reaching a shareholding of 26.0%
- Aditya Birla Group has the right to acquire up to 9.5% additional shareholding from Vodafone Group
- Captive towers and Idea's 11.15% stake in Indus Towers to be monetized to unlock value

**Notes:**

1. Represent divisions
2. Towers and tenancies as of December 2016, excluding IBS / CoW / MSCs
3. The final merged entity will hold one payment bank license (including digital wallets) as per present guidelines. The exact structure and shareholding is under discussion and will be announced separately
4. Vodafone has acquired You Broadband. The transaction is subject to completion

# Aditya Birla Group and Vodafone: A strong partnership



## Aditya Birla Group

### Leading conglomerate

- One of India's most respected and largest conglomerates with over 150 years of heritage
- Aggregate revenues of US\$ 41bn

### Diversified profile

- Proven track-record of building leadership businesses across diverse industries including telecom, metals, cement, retail, fashion & lifestyle, financial services, etc.

### Global Presence

- Operations across 30+ countries
- Large and diverse manpower of over 120,000 employees belonging to 42 nationalities



ADITYA BIRLA GROUP



vodafone

## Vodafone Group

### Enterprise

- Leader in enterprise mobility internationally, PoP in 73 countries
- Global market leader in IoT

### Technology

- Key shaper of technology standards, chairman of the NGMN alliance
- Expertise in mobile payments (M-Pesa)

### Procurement

- Best-in-class purchasing capability reflecting leading multi-country scale

# Principles of partnership



1

## Equal Partnership

- Idea promoters and Vodafone Group will be joint promoters of the combined entity
- Equal affirmative rights to both promoters on key matters

2

## Board Composition

- 12 member board with 6 independent directors
- Equal representation from Aditya Birla Group and Vodafone Group
- Chairman: Mr Kumar Mangalam Birla

3

## Key Management

- CEO & COO – “Best person for the job” – joint appointment
- CFO – Vodafone to appoint

4

## Shareholding Equalisation

- Aditya Birla Group has the right to acquire up to 9.5% additional shareholding from Vodafone Group
- If equalization is not achieved, Vodafone Group to sell excess stake
- Till equalisation, voting on excess stake held by Vodafone to be restricted and exercised jointly as per the agreement

# Highlights of combination



1

## Largest Telecom Operator

- Creating **India's largest telecommunications company**
- Combined **Subscriber base of nearly 400 million**<sup>1</sup>
- Combined **RMS of 40.7%**<sup>2</sup> and **CMS of 35.1%**<sup>1</sup>
- **Leadership** position (#1 / #2 rank)<sup>2</sup> in **21** (out of 22) **telecom circles**

2

## Complementary Footprint

- Largest existing **Mobile Voice population coverage of 1.1bn Indians**
- Pan India Broadband<sup>3</sup> currently covering ~650mn Indians; committed to reach 1.1bn
- Strong brand appeal across metro, urban, rural & deep interior markets
- New leadership positions in 7 markets (incl. Delhi, UP (W), UP (E) & Punjab)

3

## Wide Scale Network

- Deepest Pan India GSM network infrastructure of **273,000 GSM sites**<sup>4</sup>
- Rapidly expanding existing **Mobile Broadband** network spread of over **189,000 sites**<sup>4</sup>
- Release of overlapping equipment for expansion of mobile broadband services to uncovered geographies

Notes:

<sup>1</sup> Subscriber base and Customer market share: based on TRAI Dec 2016 report

<sup>2</sup> Revenue market share: Based on TRAI Oct-Dec 2016 report, derived by summation of Idea and Vodafone current RMS and may get reduced due to a) compliance with M&A guidelines, and b) revenue eliminations after merger

<sup>3</sup> Mobile broadband: 3G / 4G services

<sup>4</sup> Based on current footprint, site numbers likely to fall post completion due to rationalisation

# Highlights of combination (cont'd)



4

## Largest Spectrum Portfolio

- Substantial overall spectrum holding of 1,850 MHz<sup>1</sup> across multiple bands
- Auction acquired liberalised spectrum quantum of 1,645 MHz<sup>1</sup>
- Large broadband (3G/4G) spectrum portfolio of 1,429 MHz<sup>2</sup>
- Premium 900 MHz band in 17 circles<sup>3</sup>

5

## Highest Broadband Capacity

- 163 mobile broadband carriers<sup>4</sup> – highest amongst all operators
- 3G - Pan India 34<sup>4</sup> carriers with 2 carriers in 11 leadership telecom markets
- 4G - Pan India 129<sup>4</sup> carriers & capability to offer up to 250 Mbps\* in 12 markets
- Large fibre network of approximately 2,50,000<sup>^</sup> kms
- Ability to build large broadband capacity on existing spectrum

6

## Extensive Distribution Channel

- Widest pre-paid reach through over 2 mn<sup>^</sup> retailers
- Post-paid reach to Enterprise & Retail through 30,000 'Field Sales Team'
- Brand strategy will be developed in due course and will leverage customers' affinity for both existing brands, built up over the past decade

Notes:

<sup>1</sup> For calculating total quantum of spectrum, FDD quantum has been multiplied by 2 for equivalence with TDD quantum; spectrum holding is before considering spectrum caps and may get reduced in compliance with M&A guidelines

<sup>2</sup> Broadband spectrum portfolio on 900 / 1800 / 2100 / 2300 / 2500 MHz frequency bands; spectrum holding is before considering spectrum caps and may get reduced in compliance with M&A guidelines

<sup>3</sup> Includes all Metro, Category A, Category B and 1 Category C circle (Orissa) as per 'Department of Telecommunications (DoT) classification

<sup>4</sup> Maximum of 2 carriers are considered under 3G for combined entity (except Maharashtra), extra 3G carriers are considered as deployed towards 4G. Considering additional carrier on 1800 MHz in 12 markets post combination & additional carrier in 4 markets of Delhi, UPE, Rajasthan and HP post liberalisation/renewal of Idea 1800 MHz spectrum. 5 MHz of paired FDD spectrum equivalent to 1 carrier, 10 MHz of unpaired TDD spectrum equivalent to 1.5 carrier.

\*Under Carrier Aggregation

<sup>^</sup> Based on preliminary company estimates

# Highlights of combination (cont'd)



Notes:

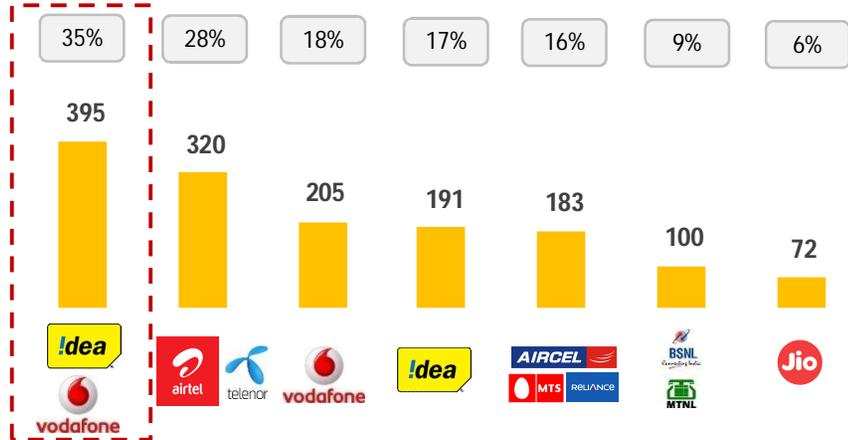
<sup>1</sup> NPV of cost and capex synergies post integration costs and spectrum liberalisation fees

# Creating the leading Indian mobile operator



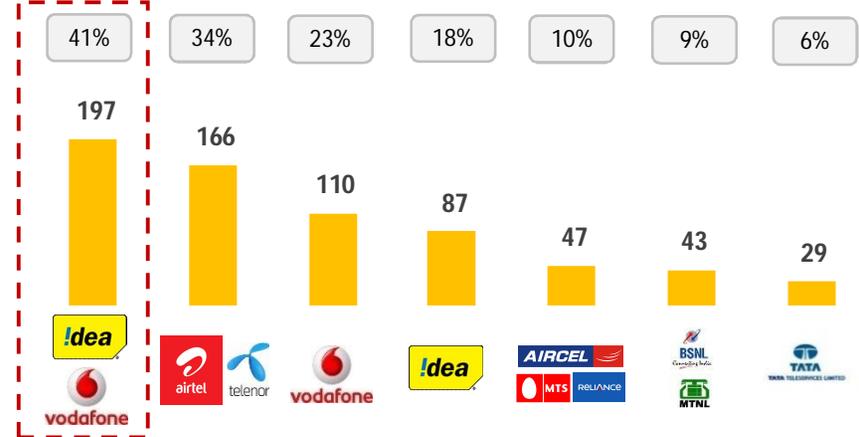
## Customers (in Mn.)

Customer market share (%)<sup>1</sup> As of Dec 16



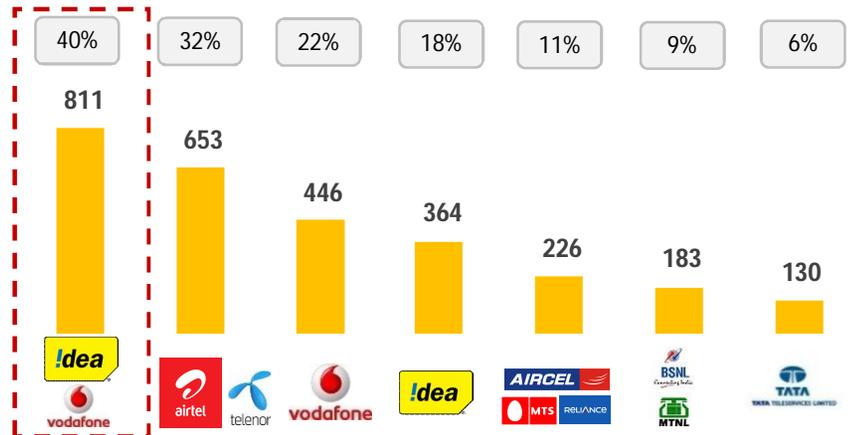
## Gross Revenue (in INR Bn.)

Revenue market share (%)<sup>2</sup> For Q3 FY17



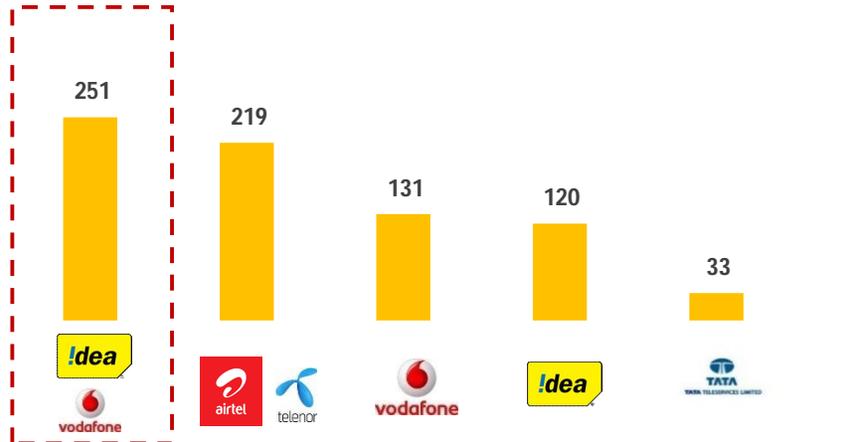
## Gross Revenue (in INR Bn.)

Revenue market share (%)<sup>2</sup> For FY16



## EBITDA (in INR Bn.)

EBITDA<sup>3</sup> For FY16



<sup>1</sup> Based on TRAI report for December 2016

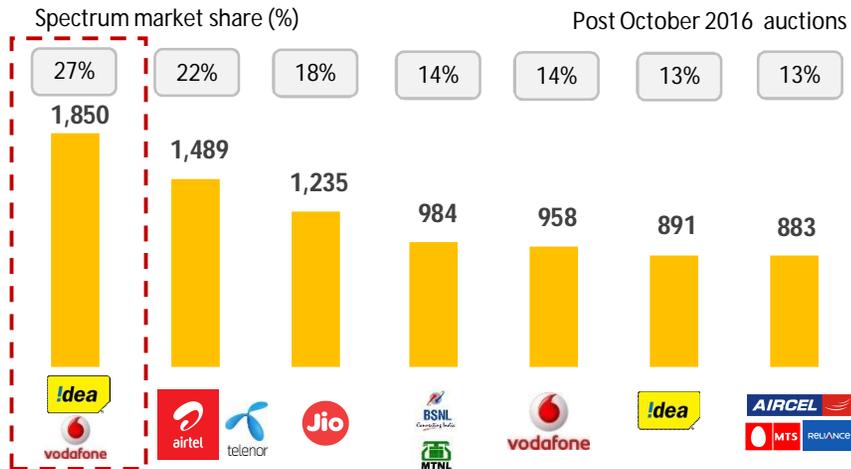
<sup>2</sup> Based on TRAI reports. RMS for combination of Idea & Vodafone derived by summation of Idea and Vodafone current RMS and may get reduced due to a) compliance with M&A guidelines, and b) revenue eliminations after merger

<sup>3</sup> Based on quarterly results disclosures

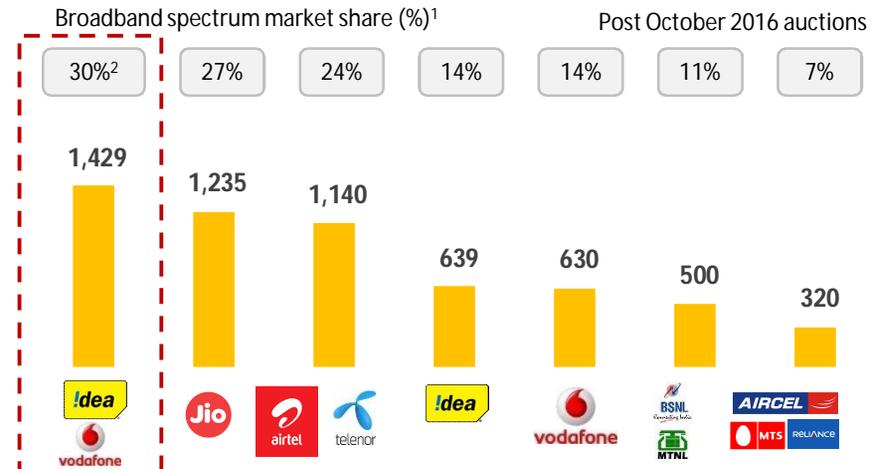
# Creating the leading Indian mobile operator (cont'd)



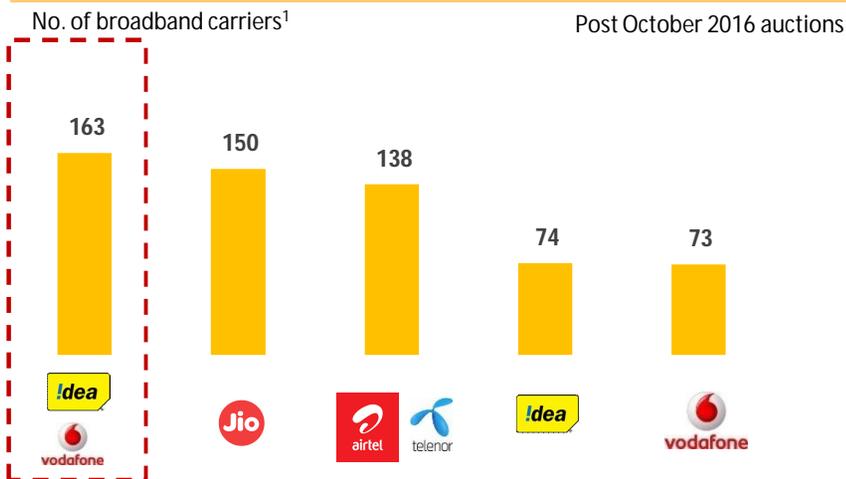
## Total Spectrum holding (in MHz)



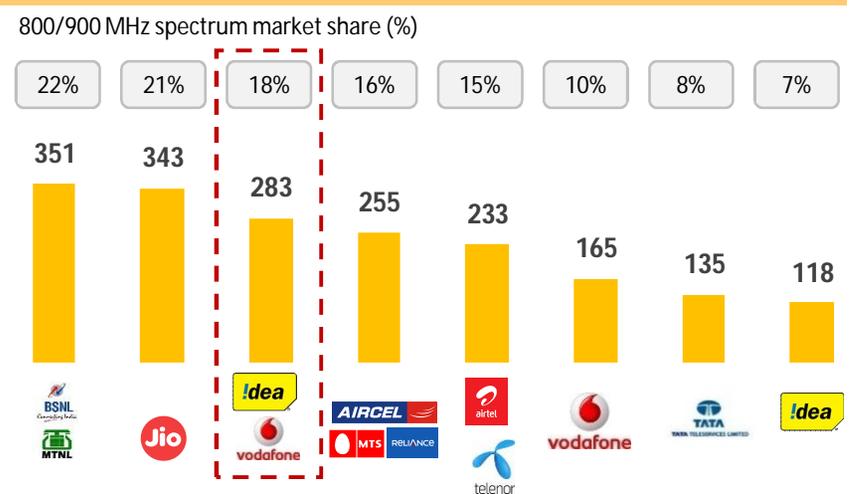
## Broadband spectrum holding (in MHz)



## Broadband carriers



## 800/900 MHz spectrum (in MHz)



Note:

For calculating total quantum of spectrum, FDD quantum has been multiplied by 2 for equivalence with TDD quantum; Includes spectrum sharing quantum for Jio with RCom.

Spectrum quantity for combined entity is based on summation of Idea and Vodafone current holding and may get reduced in compliance with M&A guidelines

<sup>1</sup> 5 MHz of paired FDD spectrum = 1 carrier, 10 MHz of unpaired TDD spectrum = 1.5 carrier. For combined entity - considering additional carrier on 1800 MHz in 12 markets post combination and additional carrier in 4 markets of Delhi, UPE, Rajasthan & HP post liberalisation/renewal of Idea 1800 MHz spectrum. Information for other operators based on company estimates & may differ from actual deployment

# Creating the leading Indian mobile operator (cont'd)



Subs (mn)	190.5	204.7	395.2	320.3	72.2
RMS (Q3FY17)	18.1%	22.7%	40.7%	34.3%	0.3%
CMS (Q3FY17)	16.9%	18.2%	35.1%	28.4%	6.4%
# 3G / 4G circles	15 / 20	16 / 17	22 / 22	22 / 22	NA / 22
GSM / BB sites ('000s)	132 / 100	141 / 89	273 / 189	185 / 171	NA / 249
OFC ('000s KM)	134	171	250*	224	250
GSM spectrum (MHz)	252	328	421	349	NA
Broadband spectrum (MHz)	639	630	1,429	1,140	1,235^
# 3G / 4G BB carriers	17 / 57	17 / 56	34 / 129	33 / 105	NA / 150
# of BB carriers	74	73	163	138	150

**Notes:**

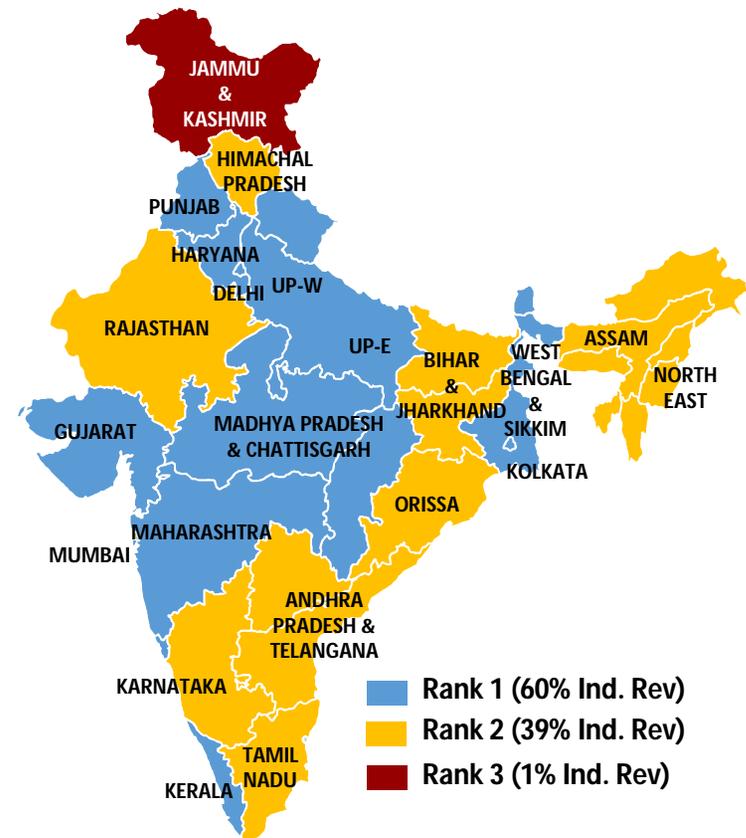
- Cell Site information is as of 31 Dec'16. Sites and OFC data for other operators is based on company estimates. Current footprint for Idea & Vodafone is shown, site nos. likely to fall post completion due to rationalization
- For calculating total quantum of spectrum, FDD quantum has been multiplied by 2 for equivalence with TDD quantum. 5 MHz of FDD spectrum (paired) = 1 Carrier / 10 MHz of TDD Spectrum (unpaired) = 1.5 carrier
- Spectrum quantity for combined entity is based on summation of Idea and Vodafone current holding and may get reduced in compliance with M&A guidelines
- For Combined Entity, maximum of 2 carriers are considered under 3G for (except Maharashtra), extra 3G carriers are considered as deployed towards 4G. Considering additional carrier on 1800 MHz in 12 markets post combination and additional carrier in 4 markets of Delhi, UPE, Rajasthan and HP post liberalisation/renewal of Idea 1800 MHz spectrum. Deployment of 900 MHz in GSM assumed to remain same
- Information for other operators based on company estimates & may differ from actual deployment

\*Based on preliminary company estimates ^ Quantum shown includes spectrum sharing

# Competitive revenue position across 21 circles



Circles	Circle share in Industry Revenue	Idea RMS	Vodafone RMS	Combined RMS	Idea RMS Rank	Vodafone RMS Rank	Combined Rank
Maharashtra	8%	31.7%	24.3%	56.0%	1	2	1
Delhi	8%	11.7%	26.7%	38.4%	3	2	1
Mumbai	7%	8.9%	33.0%	41.9%	6	1	1
Uttar Pradesh (East)	6%	13.7%	28.0%	41.7%	3	2	1
Gujarat	6%	21.7%	36.9%	58.6%	3	1	1
Kerala	5%	38.7%	22.5%	61.2%	1	2	1
Madhya Pradesh	4%	41.7%	9.5%	51.2%	1	3	1
Uttar Pradesh (West)	4%	30.0%	21.8%	51.7%	2	3	1
Punjab	4%	23.7%	16.1%	39.8%	2	3	1
West Bengal	3%	9.2%	37.2%	46.3%	5	1	1
Kolkata	2%	7.8%	34.3%	42.1%	5	1	1
Haryana	2%	27.0%	28.2%	55.2%	2	1	1
Tamil Nadu	8%	6.4%	23.8%	30.2%	5	2	2
Karnataka	8%	11.3%	14.8%	26.1%	4	2	2
Andhra Pradesh	8%	23.0%	9.9%	32.9%	2	3	2
Bihar	5%	13.9%	14.3%	28.2%	3	2	2
Rajasthan	5%	12.9%	21.8%	34.7%	3	2	2
Orissa	2%	5.9%	16.6%	22.5%	6	2	2
Assam	2%	5.1%	22.7%	27.8%	5	3	2
North East	1%	4.2%	18.4%	22.6%	5	3	2
Himachal Pradesh	1%	11.8%	9.8%	21.6%	4	5	2
Jammu and Kashmir	1%	6.0%	10.0%	16.1%	5	4	3
<b>Total</b>	<b>100%</b>	<b>18.1%</b>	<b>22.7%</b>	<b>40.7%</b>	<b>3</b>	<b>2</b>	<b>1</b>



Pre Reliance Jio charging

## Market leadership in 12 markets contributing 60% of industry revenue

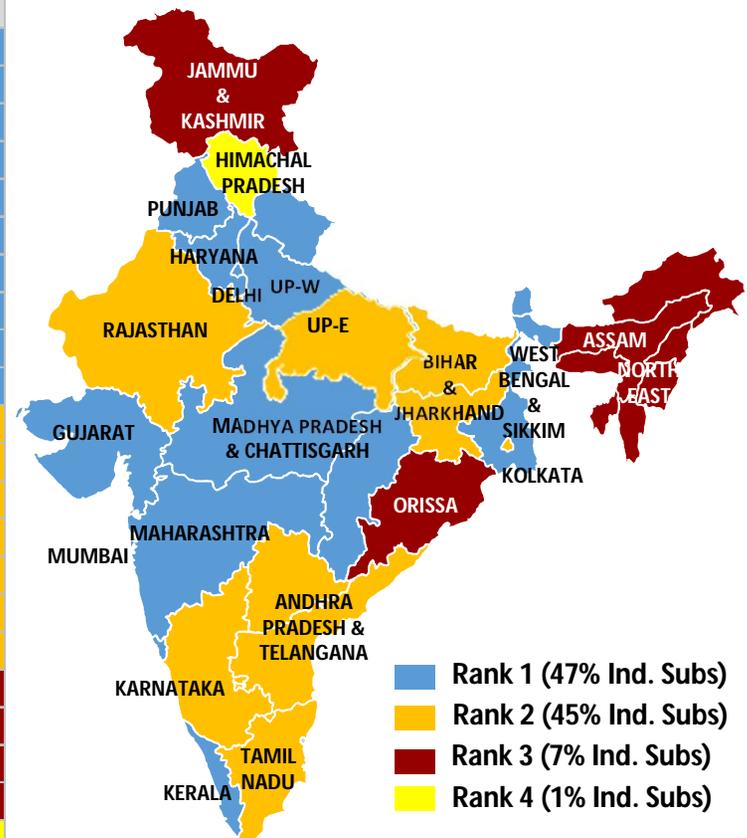
Notes:

Source: TRAI and company estimates based on Q3FY17 reporting. Rankings determined considering combination of - Bharti & Uninor operations and RCOM, MTS & Aircel operations  
 Combined RMS is a summation of RMS and does not take into account market share cap as per M&A guidelines and revenue elimination on merger

# World's 2<sup>nd</sup> largest mobile telecom operator<sup>^</sup>: servicing ~400mn subscribers



Circles	Circle share in Industry Subscribers	Idea CMS	Vodafone CMS	Combined EoP (Mn.)	Combined CMS	Idea CMS Rank	Vodafone CMS Rank	Combined Rank
Maharashtra	8%	28.1%	20.8%	44.4	48.9%	1	3	1
Gujarat	6%	18.8%	28.9%	32.6	47.7%	3	1	1
Madhya Pradesh	6%	35.3%	10.2%	30.2	45.5%	1	4	1
Uttar Pradesh (West)	6%	24.8%	18.8%	27.5	43.6%	2	3	1
West Bengal	5%	11.2%	34.6%	25.4	45.8%	4	1	1
Delhi	5%	12.5%	20.7%	16.9	33.2%	4	3	1
Kerala	3%	29.1%	20.3%	18.7	49.4%	1	3	1
Punjab	3%	18.2%	14.5%	11.9	32.6%	2	3	1
Mumbai	3%	12.8%	25.9%	13.4	38.7%	4	1	1
Haryana	2%	21.1%	24.2%	10.8	45.3%	2	1	1
Uttar Pradesh (East)	9%	11.6%	19.4%	31.5	31.0%	4	2	2
Tamil Nadu	8%	7.4%	18.9%	22.8	26.3%	5	3	2
Bihar	7%	14.6%	11.8%	21.7	26.4%	2	4	2
Andhra Pradesh	7%	21.4%	8.6%	24.5	30.0%	2	4	2
Karnataka	6%	14.3%	11.8%	17.5	26.1%	2	4	2
Rajasthan	6%	12.4%	18.6%	20.2	31.1%	4	3	2
Kolkata	2%	9.0%	19.9%	8.1	28.9%	6	2	2
Orissa	3%	6.2%	13.3%	6.4	19.5%	5	4	3
Assam	2%	6.2%	18.7%	5.2	24.9%	5	3	3
North East	1%	5.0%	13.1%	2.2	18.0%	5	4	3
Jammu and Kashmir	1%	5.5%	8.7%	1.6	14.2%	6	4	3
Himachal Pradesh	1%	8.2%	7.5%	1.6	15.8%	4	5	4
<b>Total</b>	<b>100%</b>	<b>16.9%</b>	<b>18.2%</b>	<b>395.2</b>	<b>35.1%</b>	<b>3</b>	<b>2</b>	<b>1</b>



## Market leadership in 10 markets contributing 47% of industry subscribers

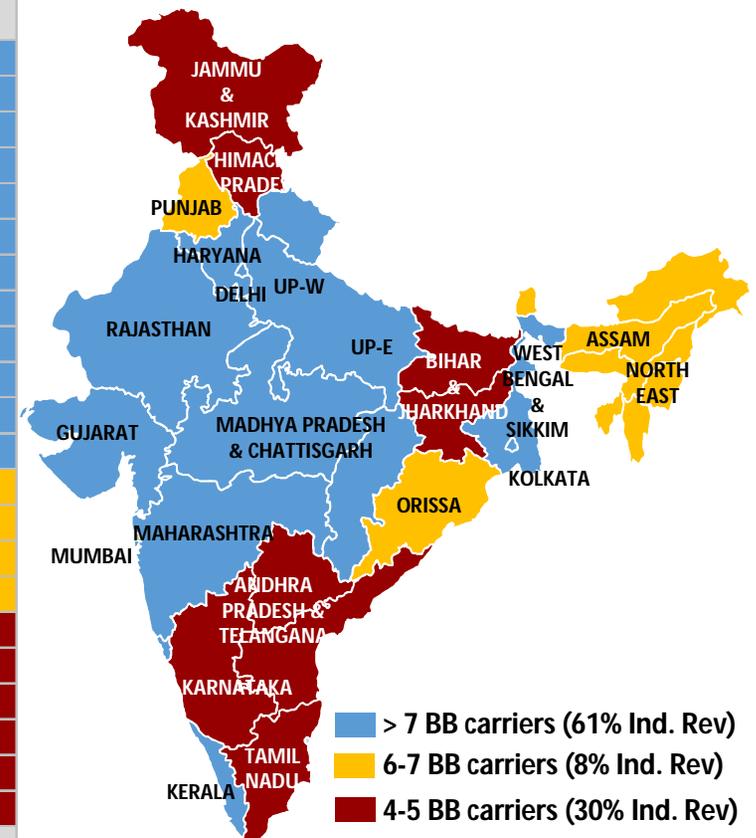
Notes: ^ Source: GSMA

Source: TRAI based on December 2016 reporting. Rankings determined considering combination of - Bharti & Uninor operations and RCOM, MTS & Aircel operations  
 Combined CMS is a summation of CMS

# Enhanced spectrum position: Pan India 3G and 4G offerings



Circles	Total Spectrum Holding (in MHz)	No of Carriers				
		GSM	3G	4G FDD	4G TDD	3G+4G
Maharashtra	122.8	22.8	3	3	6	12
Kerala	114.8	24.8	2	4	5	11
Gujarat	113.6	23.6	2	4	5	11
Haryana	106.0	26.0	2	4	3	9
Uttar Pradesh (East)	100.8	20.8	2	4	3	9
Rajasthan	95.2	15.2	2	4	3	9
Madhya Pradesh	92.0	22.0	2	2	5	9
West Bengal	90.0	20.0	1	4	3	8
Mumbai	91.2	21.2	2	3	3	8
Kolkata	84.0	14.0	2	3	3	8
Delhi	87.2	17.2	2	3	3	8
Uttar Pradesh (West)	91.2	22.4	2	3	3	8
North East	81.6	21.6	1	3	3	7
Assam	80.0	20.0	1	3	3	7
Orissa	74.0	14.0	1	3	3	7
Punjab	83.6	23.6	1	4	2	7
Tamil Nadu	67.2	17.2	1	4	0	5
Bihar	55.6	15.6	1	2	2	5
Jammu and Kashmir	54.0	14.0	1	2	2	5
Andhra Pradesh	55.6	15.6	1	2	2	5
Himachal Pradesh	51.2	11.2	1	2	2	5
Karnataka	58.0	18.0	1	3	0	4
<b>No. of Carriers<sup>1</sup></b>			<b>34</b>	<b>69</b>	<b>60</b>	<b>163</b>
<b>Spectrum Holding (MHz)<sup>1</sup></b>	<b>1850</b>	<b>421</b>	<b>340</b>	<b>689</b>	<b>400</b>	<b>1429</b>



## Highest number of broadband carriers, well positioned to meet future capacity requirement

<sup>1</sup> For calculating total quantum of spectrum, FDD quantum has been multiplied by 2 for equivalence with TDD quantum. 5 MHz of FDD spectrum (paired) = 1 Carrier / 10 MHz of TDD Spectrum (unpaired) = 1.5 carrier. Spectrum quantity for combined entity is based on summation of Idea & Vodafone current holding and may get reduced in compliance with M&A guidelines. For combined company, maximum of 2 carriers are considered under 3G (except Maharashtra) for combined entity, extra 3G carriers are considered as deployed towards 4G. Considering additional carrier in on 1800 MHz in 12 markets post combination and additional carrier in 4 markets of Delhi, UPE, Rajasthan and HP post liberalisation/renewal of Idea 1800 MHz spectrum. Deployment of 900 MHz in GSM assumed to remain same



## Digital Services

- Bouquet of digital services to catalyse mobile data demand
- **Strong offerings across categories such as Digital Entertainment** (incl. Movies, Music, Games, Live TV), **VoIP and VoLTE, Information and Cloud & Storage Services**

## Payments Bank

- **Launch of Payments Bank services, with power of domain expertise**
- **Canvas of 400mn customers and global expertise of M-pesa** available for Digital Wallets

## Fixed Line Offerings

- Expansion of Fixed line offerings – Enterprise Wireline, ILL, MPLS, etc.
- Introduction of latest broadband solutions such as FTTH, Wi-Fi, etc.
- **Deeper penetration in Enterprise Segment** across MNC, Large & SME clients

# Significant estimated synergies of ~INR 670bn<sup>1</sup>



<b>OPEX related</b>	<b>Network</b>	<ul style="list-style-type: none"> <li>• Rationalisation of co-located sites following network consolidation (~20%)</li> <li>• Energy savings &amp; operational efficiencies with elimination of older GSM sites</li> <li>• Savings related to small cells, IBS and connectivity cost</li> </ul>
	<b>Customer Acquisition &amp; Servicing</b>	<ul style="list-style-type: none"> <li>• Service centres, back office and distribution efficiencies</li> </ul>
	<b>IT</b>	<ul style="list-style-type: none"> <li>• Infrastructure sharing resulting in lower cost</li> </ul>
	<b>Brand &amp; Advertising</b>	<ul style="list-style-type: none"> <li>• Combined advertising &amp; business promotion</li> <li>• Leverage strong affinity of two powerful decade old brands</li> </ul>
	<b>Others</b>	<ul style="list-style-type: none"> <li>• Reduction in General &amp; Other administrative expenses</li> </ul>
<b>CAPEX related</b>	<b>Network</b>	<ul style="list-style-type: none"> <li>• Higher spectrum availability &amp; high capacity SRAN* deployment resulting in lower capex</li> <li>• Re-deployment of overlapping broadband equipment &amp; avoidance of duplicate 4G network expansion and upgrades</li> <li>• Lower fibre and electronic rollout needed for building large broadband capacity</li> </ul>
	<b>IT</b>	<ul style="list-style-type: none"> <li>• Large scale to drive cost efficiencies for IT platforms</li> <li>• Common IT systems for the combined entity</li> </ul>

**Annual synergy run-rate of INR ~140bn<sup>2</sup> (60% opex) from 4<sup>th</sup> year of full operations**

**Synergy of INR 670bn net of dis-synergy due to spectrum liberalisation & other regulatory compliances<sup>3</sup>**

<sup>1</sup> NPV of cost and capex synergies post integration costs and spectrum liberalisation fees.

Includes total integration costs amounting to ~Rs 133bn from completion until end of the fourth full year.

<sup>2</sup> On an annual basis before integration costs and other regulatory compliances in the fourth full year after completion

<sup>3</sup> Excluding other areas of dis-synergy such as potential revenue loss as a result of breaches in revenue market share caps and others

\* SRAN – Single Radio Access Network

# Pro-forma Financials (LTM December 2016)



All figures in  
INR bn

			Aggregate
Revenue	369	447	816
EBITDA	114	130	244
Net debt	527 <sup>(1)</sup>	552 <sup>(2)</sup>	1,079
Net debt / EBITDA	4.6x	4.2x	4.4x
Capex	75	79	153
Total Spectrum investment	617	788	1,405

**Net Debt : LTM EBITDA at ~3x on pro forma basis**

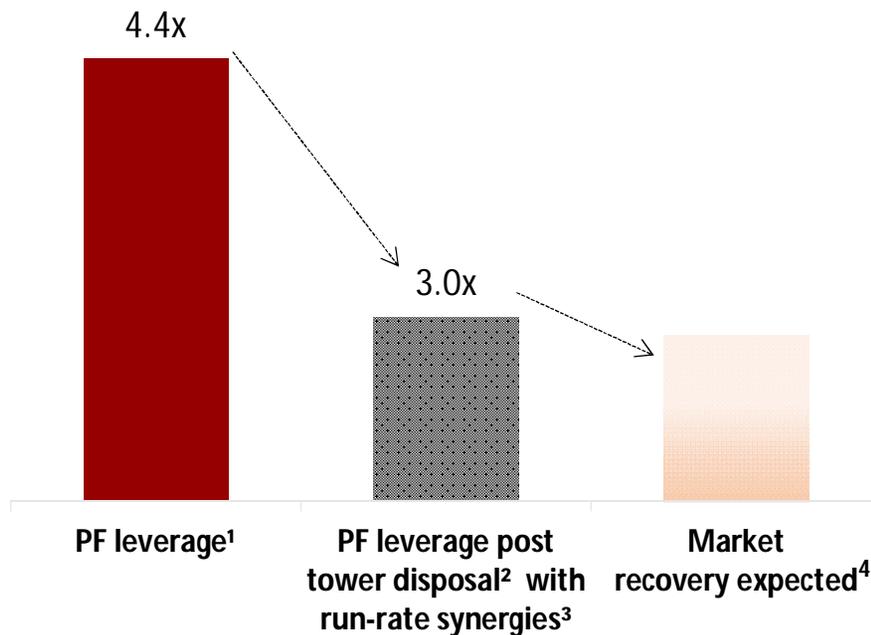
Post sale of Idea & Vodafone standalone towers, Idea's 11.15% Indus stake & including estimated run rate opex synergies<sup>3</sup>

- 1) Based on Idea's net debt (based on pro forma adjustments as per transaction definitions) as at 31 December 2016.
- 2) Vodafone's net debt= Idea's adjusted net debt of INR527 billion (US\$7.9 billion) as at 31 December 2016 (+ INR25 billion (US\$369 million)
- 3) In fourth full year of operations post completion

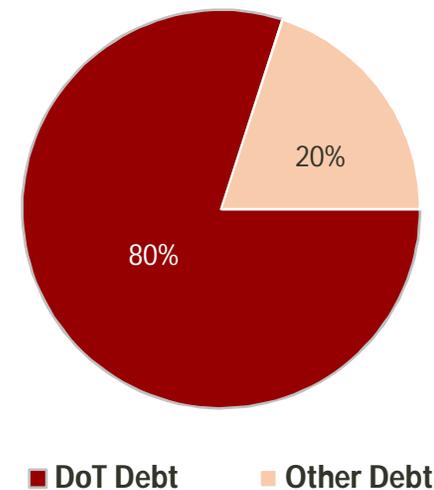
# Rapid de-leveraging for Merged Co



## Net debt / LTM EBITDA (as at Dec 16)

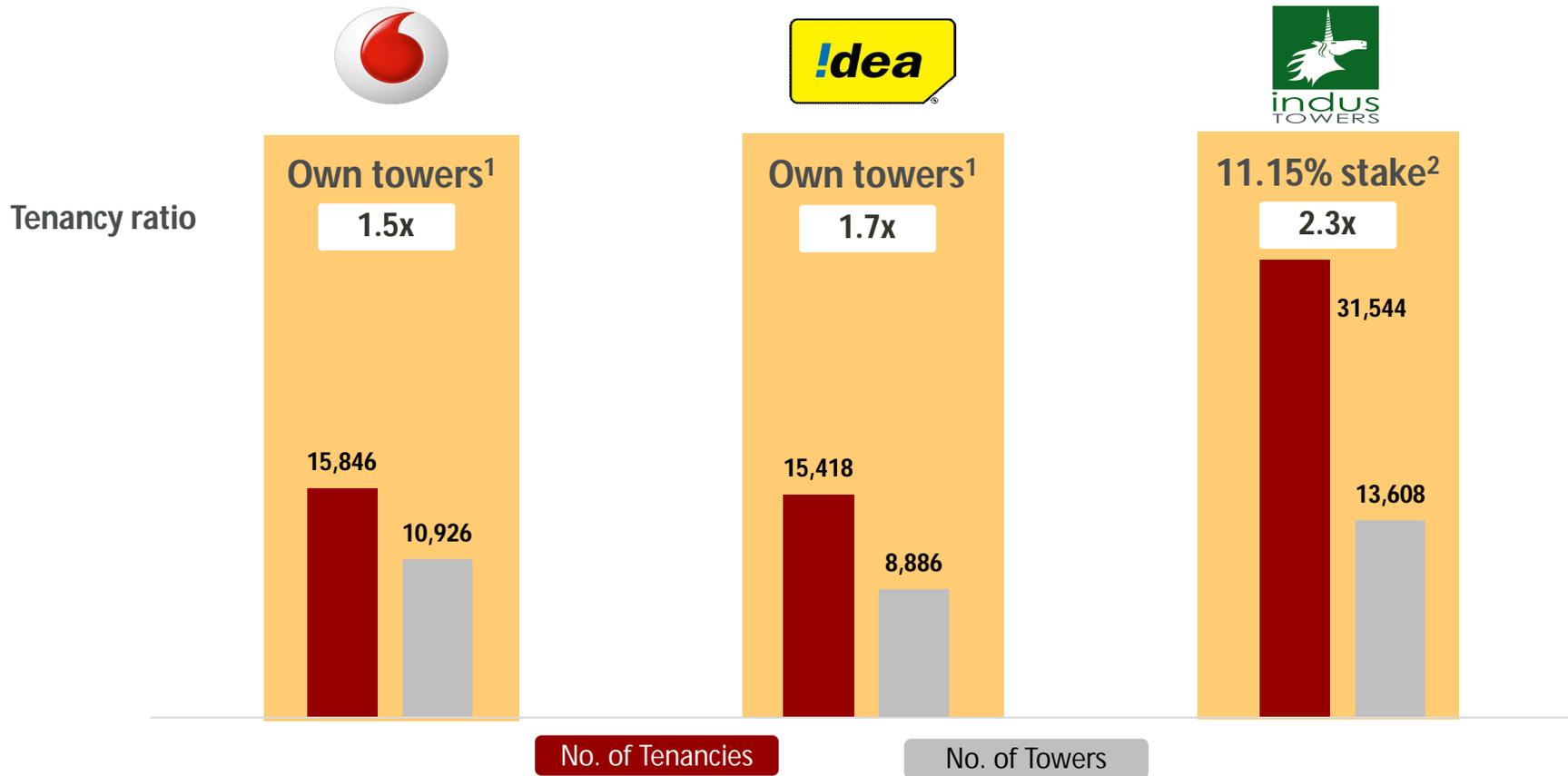


## Debt Breakdown (as at Dec 16)



1. Based on 2 x Idea's net debt of INR527 bn (US\$7.9bn) as at 31 December 2016 + INR 25 bn (US\$369m). PF denotes Pro forma. Pro forma net debt for combined company at INR 1,079 bn (US\$16.1 Bn) as at 31<sup>st</sup> December 2016  
2. Post sale of standalone Tower Assets and Idea's stake of 11.15% in Indus Towers  
3. Pro-forma for the estimated run-rate opex synergies of INR 87 bn (US\$1.3bn) in fourth full year post completion  
4. The market is expected to be less volatile with the decision of new entrant to start charging its customers for its services

# Unlocking further value through tower assets



**Strong monetisation potential for both combined entity's captive towers & Idea's 11.15% Indus stake**

1. Excludes tenancies in IBS, COW and MSC towers  
 2. Proportionate number of tenancies based on Idea's 11.15% stake in Indus Towers

# Overview of key approvals



Key activities

- Filing of Scheme with Stock Exchanges and SEBI for approval
- Apply for regulatory approvals (CCI, DoT, RBI, FIPB (if applicable))
- Filing of Scheme with NCLT
- Shareholder and creditor meetings
- Scheme approved by NCLT
- Regulatory approval
- Listing approval

**The transaction is subject to regulatory approvals and is likely to be completed during CY 2018**

Proposed combination will be the eighth applicant in recent times to seek approval of Department of Telecommunications (DoT) under Government policy initiatives such as spectrum sharing, spectrum trading and revised M&A guidelines announced since 2014. The DoT has already approved four spectrum sharing / trading transactions and three other M&A transactions are in various stages of regulatory approval.



1

## **Creation of India's largest telecommunications company**

*with nearly 400 mn subscribers, combined RMS of 40.7% and CMS of 35.1%*

2

## **Combination a strong proposition for all stakeholders**

*realize 'Digital India' vision, deliver benefit to consumers and create shareholder value*

3

## **Equal partnership between Aditya Birla Group and Vodafone Group**

4

## **Strategic fit and complementary assets**

*pan India broadband (3G/4G) with robust spectrum profile, #1 / #2 position in 21 circles*

5

## **Significant synergies**

*substantial cost and capex synergies with an estimated NPV of ~INR 670 billion<sup>1</sup>*

<sup>1</sup> NPV of cost and capex synergies post integration costs and spectrum liberalisation fees.



Thank You



ADITYA BIRLA GROUP

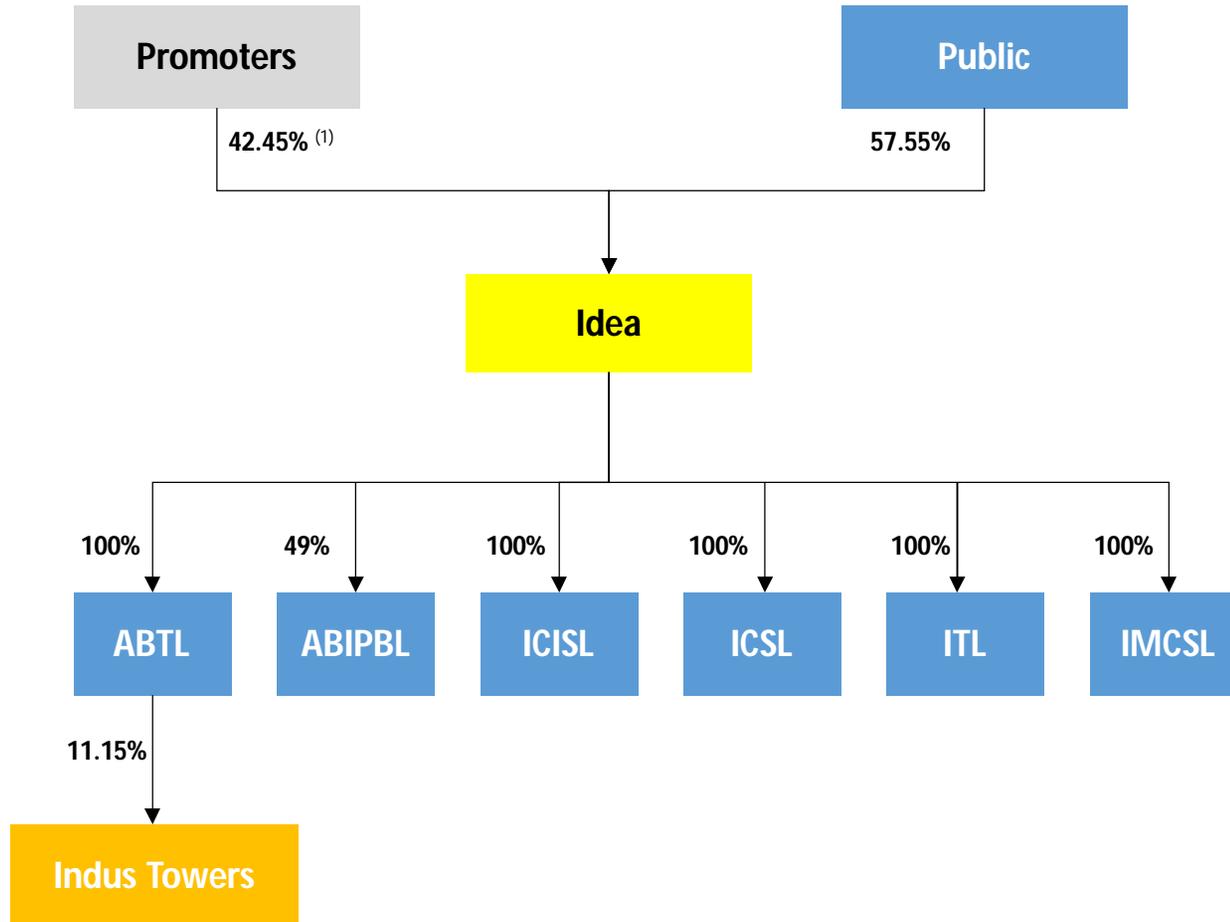


# Supporting materials



ADITYA BIRLA GROUP

# Idea: Current holding structure



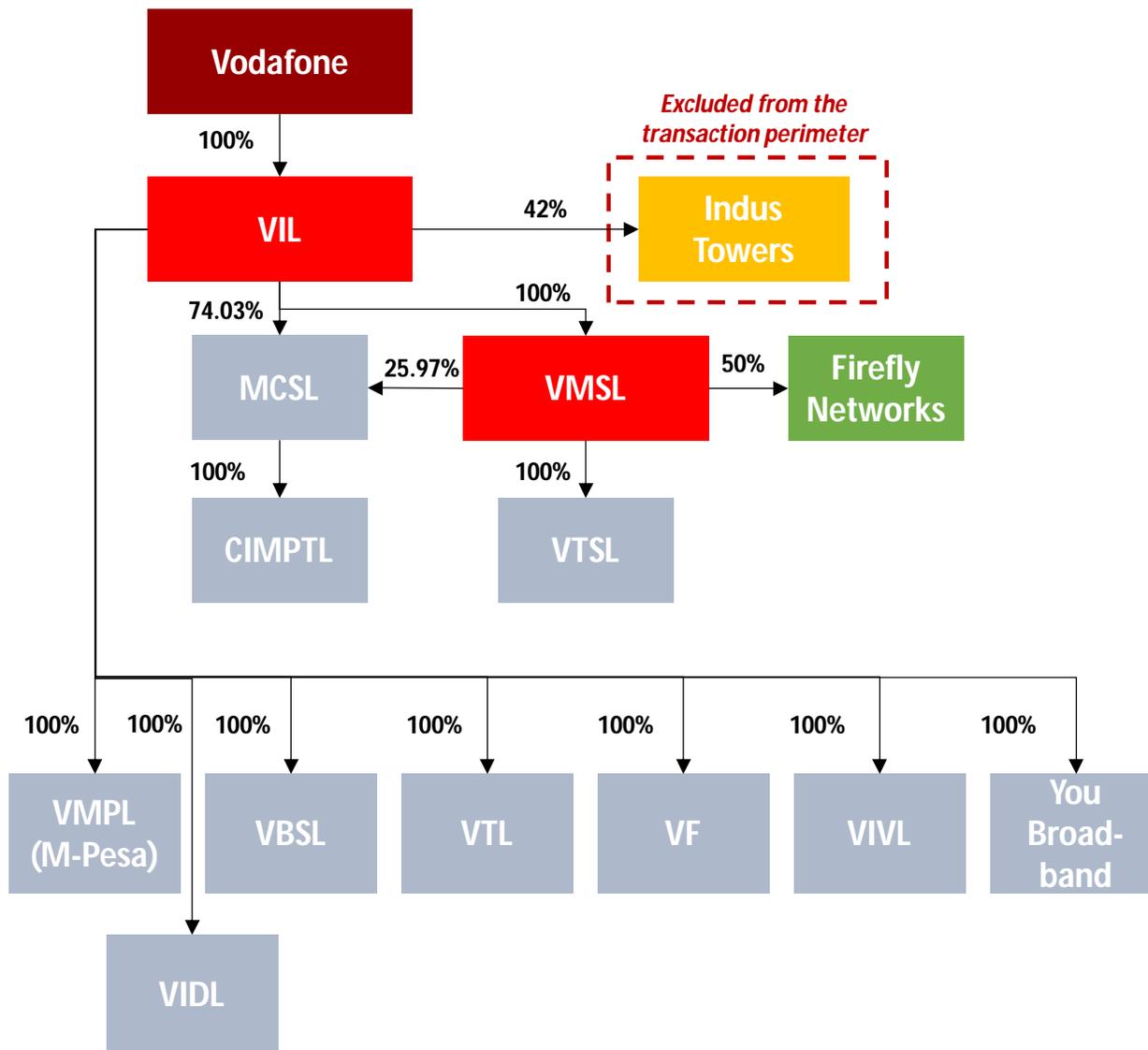
## Description

- ABTL (Aditya Birla Telecom Ltd): Holds 11.15% stake in Indus Towers and is engaged in the business of sale and purchase of communication devices
- ABIPBL (Aditya Birla Idea Payments Bank Ltd): An association with Aditya Birla Nuvo Ltd (ABNL). ABNL has in-principle approval from RBI for Payments Bank
- ICISL (Idea Cellular Infrastructure Services Ltd): Owns all of Idea's tower assets
- ICSL (Idea Cellular Services Ltd): Provides manpower services to Idea
- ITL (Idea Telesystems Ltd): Engaged in the business of sale and purchase of communication devices
- IMCSL (Idea Mobile Commerce Services Ltd): Promotes mobile banking related initiatives (wallet business) but in process of merger with ABIPBL

*Notes:*

1. Idea Cellular shareholding as on 31 December 2016

# Vodafone India: current holding structure



## Description

- **VIL (Vodafone India Ltd):** Mumbai mobile circle operations
- **VMSL (Vodafone Mobile Services Ltd):** Other mobile circles excluding Mumbai. Includes ILD, NLD and ISP
- **VMPL (Vodafone M-Pesa Ltd):** Operates the mobile wallet business
- **MCSL (Mobile Commerce Solutions Ltd):** Trading in handsets, data cards & related accessories
- **VF (Vodafone Foundation):** CSR Activities
- **VTL (Vodafone Towers Ltd):** Presently no business conducted
- **VIVL (Vodafone India Ventures Ltd):** Presently no business conducted
- **VBSL (Vodafone Business Services Ltd):** Shared Services
- **CIMPTL (Connect (India) Mobile Technologies Private Ltd):** Discontinued hand-set business
- **VTSL (Vodafone Technology Solutions Ltd):** Presently no business conducted
- **Firefly Networks:** JV between Vodafone and Bharti Airtel to provide Wi-Fi hotspots
- **You Broadband:** Broadband internet services. The transaction is subject to closure
- **VIDL (Vodafone India Digital Limited):** Under incorporation



ADITYA BIRLA GROUP