



Media Release

Mumbai – October 24, 2013

Idea Cellular announces un-audited results for the Second Quarter (Q2) and Half Year ended September 30, 2013

Highlights – Q2 FY14

- Idea – Standalone¹ – Revenue Rs. 63,170mn, EBITDA Rs. 17,430mn, PAT Rs. 3,985mn
- Idea – Consolidated² – Revenue Rs. 63,233mn, EBITDA Rs. 19,715mn, PAT Rs. 4,476mn

	INR mn							
	Idea Standalone ¹				Idea Consolidated ²			
	Q2FY14	Q1FY14	H1FY14	H1FY13	Q2FY14	Q1FY14	H1FY14	H1FY13
Revenue - Established Service Areas ³	59,853	61,965	121,818	95,878				
Revenue - New Service Areas ⁴	3,317	3,390	6,707	12,985				
Total Revenue	63,170	65,355	128,525	108,862	63,233	65,388	128,620	108,177
EBITDA - Established Service Areas ³	18,689	19,750	38,439	28,952				
EBITDA - New Service Areas ⁴	(1,259)	(1,314)	(2,573)	(3,448)				
Total EBITDA	17,430	18,436	35,866	25,504	19,715	20,763	40,478	28,581
EBITDA% - Established Service Areas ³	31.2%	31.9%	63.1%	30.2%				
EBITDA% - New Service Areas ⁴	-37.9%	-38.8%	-76.7%	-26.6%				
Total EBITDA%	27.6%	28.2%	27.9%	23.4%	31.2%	31.8%	31.5%	26.4%
Depreciation & Amortisation	9,811	10,407	20,218	15,567	10,795	11,353	22,148	16,850
EBIT	7,619	8,030	15,649	9,937	8,920	9,410	18,330	11,730
Interest and Financing Cost (Net)	1,575	1,832	3,407	4,201	1,949	2,211	4,160	4,834
Dividend from Indus	-	838	838	1,543	-	-	-	-
PBT	6,044	7,036	13,080	7,280	6,971	7,199	14,171	6,896
PAT	3,985	4,829	8,813	5,500	4,476	4,627	9,103	4,742
Cash Profit ⁵	14,556	17,438	31,993	22,816	16,165	18,264	34,429	23,379

Note: Mumbai and Bihar service areas have been included in Established Service Areas from Q1FY14, previous quarters figures have not been restated.

With increasing proportion of rural subscribers, the seasonal slowdown in the second quarter has become more pronounced resulting in sharp contraction in the 'Voice Minutes of Use' by 5.8% to 138.8 billion minutes compared to 147.3 billion minutes in Q1FY14.

The long term business trends remain robust and company is on course of its mission of consistent, competitive, responsible and profitable growth. This quarter Idea standalone revenue has grown by 18.1% on YoY basis to Rs. 63,170 million against Rs. 53,481 million revenue in Q2FY13. The company further strengthened its 'Revenue Market Share' to 16.2% and 'VLR subscriber Market Share' to 16.7% in Q1FY14, an improvement of over 1% in one year. Idea continues to invest in long term value creators – launched 4,312 new sites (2G+3G) to reach network site EoP of 114,001 sites (2G+3G) and expanded optical fibre network to 77,000 km. In spite of higher network rollout, Idea is pleased to record sharp YoY standalone EBITDA growth of 38.2%.

The 'Voice Minutes' expansion by 10.5% on YoY basis from 125.6 billion minutes in Q2FY13 was ably supported by annual active Idea customer addition of 13.1 million, recording industry highest incremental VLR subscriber share@ 39.5% (July'12 to July'13).



With company clamping down on promotional minutes for 'New and Existing Customers', the 'Average Realised Rate per Minute' improved over the year by 3.4 paisa/minute (8.3%) to 44.7 paisa/minute. The 'Value Added Services' (VAS) contribution also increased to 16.1% (15.6% in Q2FY13) further improving overall ARPM.

The VAS services growth is primarily led by higher 'Mobile Data' adoption. The Data revenue as a % of 'Service Revenue' improved by 3.3% on YoY basis to 8.7%. With 14.7 million additional Idea subscribers initiating mobile data usage, EoP of data subscribers increased to 33.6 million (2G+3G). The blended per user data usage grew to 178 Megabytes, thereby data volume exploded @99.6% to 17.5 billion Megabytes in Q2FY14 over last year. However, the realised rate (ARMB) is under competitive pressure falling by 1.0 paisa per MB (3.2%) on YoY basis to 31.0 paisa per MB.

In comparison, the 'Non Data VAS' revenue as a % of 'Service Revenue' has fallen to 7.4%, drop of 2.8% contribution over the year. The 'Non Data VAS' services are under pressure due to TRAI new regulation of double confirmation and threat emerging from free messenger & chat 'OTT' applications/services.

The company remains focused on efficient cost management with overall 'Subscriber Acquisition and Marketing Costs' reduction by 1.6% on YoY basis, primarily due to lower blended subscribers churn at 5.3% in Q2FY14 vs 10.1% in Q2FY13.

The revenue growth and scale benefit translated into healthy standalone EBITDA margin of 27.6%, YoY improvement by 4.0%. This helped company generate Cash Profit of Rs. 14,556 million, a growth of 18.2% over Q2FY13, further strengthening Idea's Balance Sheet.

The 'Net Interest & Finance Cost' was lower by Rs. 257 million at Rs. 1,575 million. Company's Net Debt further fell from Rs. 102,199 million in Q1FY14 to Rs. 92,864 million in Q2FY14, helping 'Net Debt to Annualised EBITDA' ratio reach enviable 1.33.

The double bottom line drivers Voice and Data Business, helped Idea reach a standalone PAT to Rs. 3,985 million, 13.2% growth on Q2FY13 PAT of Rs. 3,519 million (despite including Rs. 1,543 million dividend from Indus).

At consolidated level Idea revenue including 16% Indus contribution has grown by 19.0% on YoY basis and consolidated EBITDA by 38.6% to Rs. 19,715 million in Q2FY14. The consolidated EBITDA margin of 31.2% is a YoY improvement of 4.4%. The consolidated PAT of Rs. 4,476 million grew by 86.5% compared to Q2FY13 PAT of Rs. 2,400 million.

As competitive intensity declines and overcapacity phase comes to an inevitable end, visibility of spectrum quantum and pricing improves, Idea expects to further consolidate its position in the telecom voice and data market.

Notes:

1. Idea Standalone represents Idea, and its 100% subsidiaries. Effectively, this encompasses all operations, excluding the Joint Venture i.e. Indus.
2. Idea Consolidated represents Idea Standalone and proportionate consolidation of Indus (@16%).
3. Established Service Areas represent 15 service areas namely Maharashtra & Goa, Gujarat, Andhra Pradesh, Madhya Pradesh & Chhattisgarh, Delhi, Kerala, Haryana, Uttar Pradesh West & Uttaranchal, Uttar Pradesh East, Rajasthan, Himachal Pradesh, Punjab, Karnataka as well as Mumbai and Bihar service areas from Q1FY14 onwards. For FY13 Established Service Areas were 13, not including Mumbai and Bihar
4. New Service Areas represent 7 service areas of Orissa, Tamil Nadu, J&K, Kolkata, West Bengal, Assam and North East from Q1FY14 onwards. For FY13 New Service Areas were 9, including Mumbai and Bihar.
5. Cash Profit is calculated as summation of PAT, Depreciation & Amortisation, charge on account of ESOPs and Deferred tax, for the relevant period.
6. Figures for past periods have been regrouped, wherever necessary.



About Idea Cellular Ltd.

Idea Cellular is the third largest wireless operator in India with a Revenue Market Share of 16.2% (Q1FY14). Idea is listed on the National Stock Exchange (NSE), and the Bombay Stock Exchange (BSE) in India. Idea is part of the Aditya Birla Group, India's first truly multinational group. The group operates in 36 countries, is anchored by an extraordinary force of over 136,000 employees belonging to 42 nationalities, and derives over 50% of its revenues from operations outside India.