

## **Media Release – November 14, 2018**

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### **Highlights for the Quarter (Pro-forma)**

- Total Revenue of Rs. 120.2 billion and EBITDA of Rs. 9.8 billion
  - Overall subscriber base of 422 million
  - Broadband subscribers base of 99.7 million, an increase of 4.4 million compared to last quarter
  - Integration progressing well, on track to deliver announced synergy targets
  - Committee of Board members to evaluate a potential capital raise of up to Rs. 250 billion, promoter shareholders have indicated to the Board that they would contribute up to Rs. 182.5 billion
  - Company to actively explore a potential sale of its fibre network
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*Vodafone Idea Ltd. (formerly Idea Cellular Ltd.) today announced unaudited results for the Second Quarter (Q2) ended September 30, 2018.*

The merger of Vodafone India with Idea cellular was completed on August 31, 2018. This quarter (Q2FY19) results include results for Idea Cellular up to August 30, 2018 and results for Vodafone Idea from August 31, 2018 to September 30, 2018 and hence these are not comparable to the earlier for earlier periods. The figures for Revenue, EBITDA and Key Performance Indicators for Q1FY19 and Q2FY19 are pro-forma figures and presented as if Vodafone Idea was a merged entity from April 01, 2018.

### **Quarterly update**

Headline tariffs remained stable during the quarter. However, customer migration to lower ARPU offerings, led to a 4.7% QoQ decline in ARPU to Rs. 88 for the quarter. This, coupled with the loss of 13 million customers during the period, resulted in a 7.1% decline in total revenue, compared to Q1FY19, to Rs. 120.2 billion for the quarter. The pro-forma EBITDA declined by 28.7% to Rs. 9.8 billion, mainly due to continued revenue pressure.

Data volumes expanded to 2,260 Petabytes during the quarter as the usage per data customer increased to 5.6 GB per month (vs 5.0 GB in Q1FY19) and the overall broadband customer base increased to 99.7 million, a net addition of 4.4 million. The broadband subscriber penetration now stands at 23.6%. Voice volume remained flat due to low seasonal demand during the quarter.

On the network front, we expanded our broadband network coverage and capacity by adding 24,866 broadband sites (3G+4G) during the quarter, taking the overall broadband site count to 365,575. All of our 4G sites are now VoLTE enabled. We have deployed TDD spectrum (2300 / 2500 MHz) in 16 out of 20 services areas where we hold TDD spectrum and plan to cover other remaining circles in the near future. The broadband coverage is now available in around 261,000 towns & villages, covering ~ 817 million Indians (67.6% of the population). The pro-forma Capex spend for the quarter was Rs. 33 billion.

Gross debt as at September 30, 2018 was Rs. 1,261 billion. The cash & equivalents was Rs. 136 billion, resulting in a net debt of Rs. 1,125 billion.

On a reported basis, the loss (PAT) for the quarter was Rs. 49.7 billion after accounting for exceptional items (net of tax) of Rs. 4.1 billion.

### **Integration Update**

The merger of Vodafone India with Idea Cellular was completed on August 31, 2018. Post-merger integration remains our key priority and we have moved fast on integration across all functions during last 75 days. We remain committed to announced synergy targets and are focusing on accelerating the delivery. Key milestones are

- **Realizing synergy from Network**
  - Network synergy realisation with notice given on ~ 66,000 co-located sites, where current rentals will be converted to lower loading charges for any equipment that remains on the sites.
- **Building a smarter & wider network for both brands**
  - Spectrum consolidation and network integration has started.
  - Circle level capex planning for the network integration has been completed, including vendor selection. Equipment Ordering is in the final stages.
- **Enhancing customer experience**
  - National roaming on both networks activated to offer seamless broadband coverage for both brands through ICR and Active Sharing solution across 92,000 sites.
  - Both brands now offer 4G service across 22 service areas.
- **Creating an agile and future-fit organisation**
  - Organisation structure and design in place.
  - Appointments for most of the roles are announced.

Further, Merger of Bharti Infratel and Indus Towers is progressing well. The merger has received approval from CCI and SEBI and is expected to close by around FY19 end. Company has an option to monetise its 11.15% stake in Indus, which currently has an implied value of ~Rs. 53.7 billion (based on the VWAP for Bharti Infratel's shares during last 60 trading days.)

### **Intention to raise up to Rs. 250 billion (approx. US\$3.5 billion) of new equity capital**

The Board of Directors has established a committee of Board members to evaluate a potential capital raise of up to Rs. 250 billion (approx. US\$3.5 billion).

The Board remains optimistic about the long-term outlook for the market and the future for the Business, and recognises that further equity funding is required in order to ensure that the Company has sufficient balance sheet flexibility to successfully execute its strategy. In light of these circumstances the Board has constituted a Committee of Directors to evaluate potential routes for raising up to Rs. 250 billion (approx. US\$3.5 billion) of equity.

The Promoter Shareholders, Vodafone Group and Aditya Birla Group, have indicated to the Board that they would contribute up to Rs. 110 billion (c.US\$1.5 billion) and up to Rs. 72.5 billion (c.US\$1 billion) respectively as part of such a capital raise.

The Committee will be evaluating various options including, but not limited to, a Rights Issue, Qualified Institutional Placement and/or a Preferential Share Issue. It is currently expected that any capital raise, if approved, is expected to complete in Q4 FY2019.

### **Fibre Asset Monetization**

Several parties have indicated a potential interest in acquiring the Company's fibre network, consisting of over 156,000 Km of intra- and inter-city fibre routes. The Company has decided to actively explore a potential sale of these assets in order to provide further balance sheet flexibility.

### **Investor & Analyst Meeting**

Vodafone Idea's management team will present the Company's results, and its commercial, network and financial strategy at an investor & analyst meeting in Mumbai on the 21<sup>st</sup> of November.

**Balesh Sharma, CEO Vodafone Idea limited**, said *"The merger of two large organizations with complementary strengths has opened multiple opportunities to draw synergies across the board. We have set on a strong course with meticulous pre-merger planning and rigorous post-merger execution. In just 75-days of operations, several milestones have been achieved, ahead of expected timeline. We are thus well on track to deliver the synergies envisaged at the time of merger. Going forward, we remain focused on accelerating integration momentum for higher synergy realization; expanding coverage and capacity of our 4G network; providing the best of customer experience to our retail and enterprise customers; and in creating an agile and future-fit organisation. Shareholders' support along with assets monetization puts us into a strong position to achieve our strategic intent."*

## Financial Highlights – As Reported

Consolidated (Rs Mn)	Q1FY19	Q2FY19
Revenue	58,892	76,636
EBITDA	6,595	4,614
EBITDA%	11.2%	6.0%
Depreciation & Amortisation	20,924	30,059
EBIT	(14,329)	(25,445)
Interest and Financing Cost (Net)	13,844	19,511
Gain on Sale of ICISL/ Exceptional Item	33,645	(5,658)
Share of Profit/(Loss) from Indus & ABIPBL	599	422
PBT	6,071	(50,192)
<b>PAT</b>	<b>2,565</b>	<b>(49,738)</b>
Other Comprehensive Income (net of Tax)	70	231
<b>Total Comprehensive Income</b>	<b>2,636</b>	<b>(49,507)</b>

## Quarterly Highlights Pro-forma

	Unit	Q1FY19	Q2FY19	QoQ
Revenue	Rs mn	129,441	120,238	-7.1%
EBITDA	Rs mn	13,722	9,778	-28.7%
EBITDA %	%	10.6%	8.1%	-2.5%
Capex	Rs mn	25,213	32,956	30.7%
ARPU	Rs	92	88	-4.7%
Minutes on Network	mn	732,837	731,195	-0.2%
Data Volume	Petabyte	1,889	2,260	19.6%

### Notes:

1. Pro-forma Revenue and EBITDA figures are derived without considering the alignment of accounting policies.
2. Figures for past periods have been regrouped, wherever necessary.

### About Vodafone Idea Ltd. (formerly Idea Cellular Ltd)

Vodafone Idea Limited is an Aditya Birla Group and Vodafone Group partnership. It is India's leading telecom service provider with over 422 million customers and Revenue (AGR) Market Share of 32.2% (Q1FY19 including wireline revenue). Company provides pan India Voice and Data services across 2G, 3G and 4G platform. With the large spectrum portfolio to support the growing demand for data and voice, the company is committed to deliver delightful customer experiences and contribute towards creating a truly 'Digital India' by enabling millions of citizens to connect and build a better tomorrow. Company is developing world-class infrastructure to introduce newer and smarter technologies, making both retail and enterprise customers future ready with innovative offerings, conveniently accessible through an ecosystem of digital channels as well as extensive on-ground presence. Company is listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India.