



**Media Release – February 13, 2021**

## **Revenue growth and improved subscriber mix with higher 4G additions supported by Vi GIGAnet - India's fastest 4G network**

### **Highlights for the Quarter**

- Revenue up 1.0% QoQ to Rs. 108.9 billion, supported by improving subscriber mix with higher 4G additions
- Superior network performance and launch of unified brand “Vi” helped in improving subscriber retention
- Vi GIGAnet remains the fastest 4G network in India, as per Ookla
- Vodafone Idea has the best voice quality in the country for latest 3 months consecutively – November 2020, December 2020 and January 2021, as per TRAI
- Continued network capacity expansion supported by spectrum refarming and network upgrade to 4G
- Cost optimization underway with target to achieve **Rs. 40 billion annualized opex savings** by December 2021; achieved ~50% of targeted opex efficiency on run rate basis
- Board approval received for fund raise of upto Rs. 250 billion through a mix of debt and equity; currently in active discussions with potential investors

### **Financial Highlights**

<b>Consolidated (Rs Mn)</b>	<b>Q2FY21</b>	<b>Q3FY21</b>
Revenue	107,912	108,941
EBITDA	41,524	42,862
EBITDA%	38.5%	39.3%
Depreciation & Amortisation	60,286	58,241
EBIT	(18,762)	(15,379)
Interest and Financing Cost (Net )	46,609	47,480
Exceptional Items		
- Impairment (non-cash)	(2,937)	(1,142)
- Others	(4,734)	18,107
Share of Profit/(Loss) from Indus	857	570
PBT	(72,185)	(45,324)
<b>PAT</b>	<b>(72,182)</b>	<b>(45,321)</b>
Other Comprehensive Income (net of Tax)	148	(87)
<b>Total Comprehensive Income (Consolidated)</b>	<b>(72,034)</b>	<b>(45,408)</b>

**Ravinder Takkar, MD & CEO, Vodafone Idea Limited**, said “In Q3FY21, we improved subscriber retention and operating performance, supported by Vi GIGAnet, which remains the fastest 4G network in India, as per Ookla as well the network with highest rated voice quality as per TRAI - a testimony to our superior network. We remain focused on executing our strategy, and our cost optimization plan remains on track to deliver the targeted savings. The Board has approved funds raising to support our strategic intent and we are in active discussions with potential investors.”



## **Operational highlights**

We continue to invest in 4G to increase our coverage and capacity. We have also started to actively upgrade our 3G network to 4G. During the quarter, we added ~12,000 4G FDD sites primarily through refarming of 2G/3G spectrum to expand our 4G capacity. We continue to expand our LTE 900 presence in select locations, including through dynamic spectrum refarming, to improve customer experience. Till date, we have deployed ~61,000 TDD sites in addition to the deployment of ~12,900 Massive MIMO sites and ~11,800 small cells. Our overall broadband site count stood at 447,936 as of Q3FY21, lower compared to 457,386 in Q2FY21, as we have aggressively started to refarm our 3G sites to 4G. Our 4G network covers over 1 billion Indians as of December 31, 2020 (4G coverage is the population reached/covered by Vi with its 4G network).

These network investment initiatives continue to deliver a significant capacity uplift and enable us to offer superior customer experience. Our relentless pursuit to have the best 4G network in the country, through integration and incremental network investments post-merger, are clearly visible through our top rankings in various third party reports. As per Ookla\*, the global leader in Internet Performance Testing, we remain the fastest 4G network in the country for two consecutive quarters. We also have the highest rated voice quality in the country as per TRAI's "MyCall" app data for latest 3 months consecutively – November 2020, December 2020 and January 2021.

We launched our unified brand "Vi" on September 07, 2020, on the back of the world's largest integration, which has several unique offerings. This coupled with our superior network performance has started to yield results with various subscriber KPIs showing significant improvement compared to last quarter. The subscriber base stands at 269.8 million in Q3FY21, a QoQ decline of 2.0 million (vs 8.1 million decline in Q2FY21). The gross additions continued to improve and subscriber churn has reduced to 2.3% in Q3FY21 (vs 2.6% in Q2FY21). ARPU for Q3FY21 improved to Rs. 121 compared to Rs. 119 in Q2FY21.

At the end of the quarter, the 4G subscriber base was 109.7 million (vs 106.1 million in Q2), an increase of 3.6 million in the quarter. The data volumes grew by 3.4% QoQ, driven by higher 4G additions. Total minutes on the network declined by 1.5% during the quarter compared to 4.0% decline in Q2FY21.

## **Financial highlights**

Revenue for the quarter improved to Rs. 108.9 billion, a growth of 1.0% QoQ, supported by higher 4G additions. On a reported basis, EBITDA for the quarter was Rs. 42.9 billion, with EBITDA margins at 39.3% vs 38.5% in Q2FY21. EBITDA excluding IndAS 116 of Rs. 21.1 billion was positively impacted due to the amortisation of subscriber acquisition cost over the average expected customer life. Additionally, EBITDA improvement was driven by higher revenue as well as incremental opex savings from our cost optimization initiatives.

Capex spend in Q3FY21 was Rs. 9.7 billion vs Rs. 10.4 billion in Q2FY21. Gross debt (excluding lease liabilities) as of

*\*Based on analysis by Ookla® of Speedtest Intelligence® data of average 4G download speeds on 4G LTE devices in India for Q3 and Q4 2020. Ookla trademarks used under license and reprinted with permission. Visit myvi.in for more details.*



December 31, 2020 was Rs. 1,173.7 billion, comprising of deferred spectrum payment obligations due to the Government of Rs. 942.0 billion and debt from banks and financial institutions of Rs. 231.7 billion. Cash & cash equivalents were Rs. 2.9 billion and net debt stood at Rs. 1,170.8 billion (vs Rs. 1,145.1 billion in Q2FY21).

### **Cost optimization initiative underway**

After successfully achieving targeted merger opex synergies of Rs. 84 billion, we embarked on a cost optimization exercise across the company in line with the evolving industry structure and business model. We target to achieve Rs. 40 billion of annualized cost savings by end of this calendar year. Through several initiatives, we have already achieved ~50% of the targeted annualised savings on a run-rate basis by the end of Q3FY21.

### **Fund Raising Initiatives**

On September 04, 2020, the Board of Directors approved the raising of funds – (1) issue of equity shares or securities convertible into equity shares, Global Depository Receipts, American Depository Receipts, foreign currency convertible bonds, convertible debentures, warrants, composite issue of non-convertible debentures and warrants entitling the warrant holder(s) to apply for equity shares or a combination thereof up to an aggregate amount of Rs. 150 billion by way a public issue, preferential allotment, private placement, qualified institutions placement or through any other permissible mode in one or more tranches; and (2) issuance of unsecured and / or secured, non-convertible debentures up to an aggregate amount of Rs. 150 billion, by way of public offering or private placement basis or otherwise, in one or more tranches. The total fund raising shall not exceed Rs. 250 billion. We are currently in active discussions with potential investors.

### **Indus-Bharti Infratel merger update**

On August 31, 2020, Vodafone Idea, along with other parties (Vodafone Group, Bharti Airtel, Indus Towers and Bharti Infratel) agreed to proceed with the completion of the Indus-Infratel merger. On November 19, 2020, the scheme became effective and the merger of Indus and Infratel was completed. VIL sold its 11.15% stake in Indus on completion of the merger for a cash consideration of Rs. 37.6 billion in accordance with the terms of the agreement. Out of the considerations received from Infratel, VIL has made a prepayment of Rs. 24.0 billion to the merged tower entity, which will be adjusted in line with the terms of the agreement.

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

Vodafone Idea Limited is an Aditya Birla Group and Vodafone Group partnership. It is amongst India's leading telecom service provider. The company provides pan India Voice and Data services across 2G, 3G and 4G platforms. 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. The company is developing 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. The company's equity share are listed on National Stock Exchange (NSE) and the BSE in India.

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**Vodafone Idea Limited (formerly Idea Cellular Limited)**  
**An Aditya Birla Group & Vodafone partnership**  
Birla Centurion, 10th to 12th Floor, Century Mills Compound,  
Pandurang Budhkar Marg, Worli, Mumbai - 400030.  
T: +91 95940 04000 | F: +91 22 2482 0095

**Registered Office:**  
Suman Tower, Plot no. 18, Sector 11,  
Gandhinagar - 382011, Gujarat.  
T: +91 79667 14000 | F: +91 79 2323 2251  
CIN: L32100GJ1996PLC030976