

## News Release

National, November 14, 2017

### VODAFONE INDIA HALF YEAR FY18 RESULTS

- *Stabilizing margins and targeted capital investments*
- *Data usage quadruples in H1FY18 vs H1FY17*
- *Enterprise business growing faster than industry rate*
- *RMS gain of 0.6ppt in Q1FY18 vs Q1FY17*
- *Idea merger on track: CCI and SEBI approvals received, awaiting NCLT and DOT approvals*
- *Sale of standalone towers to American Tower expected to take place during first half of calendar year 2018*

KEY H1 FY18 KPIs
SERVICE REVENUE AT <b>INR 19,002 crores</b>
EBITDA MARGIN AT <b>21.4%</b>

Vodafone India, one of the leading total telecommunication service providers in the country announced its Half Year financial results (IFRS) for the year ended **September 30, 2017**

#### **Key Financial Highlights: [Vodafone India Standalone figures](#)**

##### **Financial Performance**

- Due to the continued price competition from new operator and incumbents, seasonality and GST, Vodafone service revenue at **INR 19,002 crores** in H1 FY18 (down by 15.8%)
- EBITDA at **INR 4,075 crores** in H1 FY18; strong performance on cost delivering EBITDA margin of **21.4%**
- Operating Free Cash Flow (OFCF) at **INR 1,543 crores** in H1 FY18; Continuous targeted capital investments and reduced margins due to competitive intensity impacting cash flow
- Sustained and prioritized capital investments of **INR 2,915 crores** in H1 FY18; (**Capex intensity of 15.3%**)

##### **Operational Performance**

- A base of **207 million** customers (**up 3.3% YoY**) serviced through a network of **~140,000 total sites** (including **~128,000 3G/4G sites**)
- Substantial rural presence with a customer base of **114 million** in Sep17
- Growing Revenue Market Share (RMS) at **23.1% (Q1FY18)**; gain of **0.6ppt vs Q1FY17**
- Service Revenue ARPU at **INR 146** in Q2 FY18; stiff price competition impacting ARPU
- Robust performance by strategic business areas with **Data usage growing by c.250% Q2FY18 YoY**; **Vodafone Business Services** now contributing to **c.19%** of Service revenues (**H1FY18**)

##### **Vodafone Business Services (VBS) –a Total Telecommunications Solution Provider; Powering Digital India**

- VBS growing more than the industry growth, led by strong enterprise portfolio catering to large enterprises, SME, Start Up and Government segments.
- Strong foray into Internet of Things (IoT) solutions and investing in Cloud (SaaS) with the addition of Workforce Essentials and Vodafone CRM
- Actively engaged with Public Sector Enterprises and State Governments contributing to the vision of Digital India and setting up of smart cities
- Expanded wireline services with the introduction of SuperWifi, enterprise grade managed wifi service
- Launched Ready Start-up proposition to empower start-ups on their growth and innovation journey

##### **Stable Performance in Data Driving Growth**

- **67.7million** data users, of which **44.6million** use >1MB
- Added 10 million broadband users YoY to close at **46million** 3G/4G subscribers
- Data usage exploding and usage/sub (*for users >1MB for Q2FY18*) at **2.7GB**
- Data usage growth led by higher smartphone penetration at over **38%** of total customer base(**Sep'17 exit**)

- Driving data usage with innovative value propositions, strong content offerings with Vodafone Play, Netflix and Magzter in addition to strategic partnerships with handset manufacturers and application providers

#### Driving Digital

- New **MyVodafone App** launched to reenergize customer experience through digital interface - intuitive and feature rich to access services on the go; convenience to discover, access, self-manage and avail all Vodafone services via the mobile; and a zero scroll journey for a quick recharge
- **IoT**- Offering the rich experience and benefits of our global platform to Start-ups and SMEs, in addition to large and global corporates
- **Future Ready Technology** - Upgraded entire radio network to all-IP technology, ready even for 5G
- Started **Massive MIMO trials**- Massive MIMO ramps up a base station by five to seven times and reduces interference substantially helping boost transmission signal to the devices, resulting in much higher data speeds

#### Driving Content

- **Vodafone Play** - your one window to the world of entertainment with 300+ Live Streaming of HD & SD TV Channels in 14 languages; International & Indian TV Shows; a huge catalogue of over 14,000 movies across languages; rich content from original creators and assimilators Eros Now, Ditto TV, Hooq, Hungama play, AltBalaji, Yupp TV etc.
- **Vodafone Red – Netflix** - Partnership with Netflix to exclusively offer Vodafone Red postpaid customers a complimentary Netflix subscription of up to one year on select Red Plans.
- **Vodafone – Magzter** - Partnership with Magzter, *the world's largest digital magazine newsstand* – for Vodafone customers to access over 100,000 issues of 4,000+ best-selling International, Indian and Regional magazines across the globe.
- **Vodafone Games** - Partnered with Opera to launch Vodafone Games – an online gaming platform that lets customers access a premium catalogue of 400+ popular games.

#### Driving Convergence

- Successfully completed acquisition of **You Broadband**. Brings several synergies and complementing strengths with its fixed line network that offers high speed data and content to a rich customer base of ~219,000 customers across 16 cities including Ahmedabad, Bangalore, Chennai, Gurgaon, Hyderabad, Mumbai, Pune, Surat, Vadodara and Vishakhapatnam.

#### Driving Financial Inclusion- M-Pesa, a new currency for India

- Pan-India footprint, largest business correspondent in the country with **over 141,000** authorized agents (*equivalent to all bank branches in India, Sep'17 exit*)
- A base of **~13.85 million** registered customers

#### Awards and Recognitions

- Won Excellence in Compensation and benefits, Excellence in Talent Acquisition and Best HR Team Of The Year (Jury's choice) awards at the **Businessworld HR EXCELLENCE AWARDS 2017**
- Won the coveted Client of the Year award at **Emvies 2017**
- Awarded India's No 1 telecom brand in 2017 by International Brand Corporation USA
- Vodafone wins Gold for **#MakeMostOfNow** at the **IndIAA 2017 awards (India Chapter of the International Advertising Association)**
- Vodafone India ranked 20th in the **LinkedIn Top Attractors 2017 Award** - only telecom service provider to be featured
- Won **Silver for the Best Farmer Connect initiative** and **Bronze for the Best use of Social Media** at the "Flame Awards Asia 2017" for **#Saluteourfarmers campaign**

#### Merger update

On 20th March, 2017 Vodafone Group Plc and Idea Cellular announced an agreement to combine their operations in India (excluding Vodafone's 42% stake in Indus Towers) to create India's largest telecom operator with complementary footprint and amongst highest overall spectrum holding of 1,850 MHz across multiple bands. The merger transaction is subject to approval from the relevant regulatory authorities. During the quarter, approvals were received from (a) 'Competition Commission of India' (CCI) and (b) SEBI & Stock Exchanges. The merger is on track and is expected to complete in calendar year 2018.

As a part of the Idea & Vodafone India merger announcement of 20th March, 2017 both the parties had announced their intention to sell their standalone tower businesses to strengthen the balance sheet of the combined entity. Yesterday, Idea and Vodafone, through a joint press release announced the companies have separately agreed to sell their respective standalone tower businesses in India to ATC Telecom Infrastructure Private Limited ("American Tower") for an aggregate enterprise value of Rs. 78.5 billion. In the event that the completion of the sale of the standalone tower businesses precedes the completion of the proposed merger, Vodafone will receive Rs. 38.5 billion.



**Sunil Sood, Managing Director and CEO, Vodafone India** commented:

*“Amidst continuing intense competition, we recorded a gain of 0.6ppt in RMS in Q1FY18 (YoY) and delivered a stable performance overall. We see signs of positive developments with consolidation of smaller operators. We are making good progress in securing requisite approvals for our merger with Idea Cellular and in monetizing our tower assets. We remain committed to playing our due role in enabling Digital India by fulfilling the evolving needs of increasing volumes, speed and connectivity solutions from both retail and enterprise customers.”*

Key Financial Summary			
INR crores	H1FY18	H1FY17	YoY%
Service revenue	19,002	22,579	-15.8%
EBITDA	4,075	6,704	-39.2%
EBITDA margin (%)	21.4%	29.6%	-8.2pp
Capital expenditure	2,915	3,356	-13.1%
Capital Intensity	15.3%	14.8%	+0.5pp
OFCF	1,543	3,307	-53.3%

\* Net Debt for Vodafone India standalone for H1FY18 is c. **INR 618 billion**

Customers	H1FY18	H1FY17	YoY%
<b>Mobile customers (million)</b>	207.4	200.7	3.3%
<b>Data users (million) (&gt;1MB usage)</b>	44.6	47.5	-5.9%
<b>Data users (million) (&gt;0Kb usage)</b>	67.7	69.6	-2.7%
3G+4G users (million)	46.0	35.9	27.9%
<b>Churn%</b>			
Contract	2.1	1.7	0.5pp
Prepaid	5.4	5.0	0.5pp
<b>Total</b>	<b>5.2</b>	<b>4.7</b>	<b>0.5pp</b>

#### Notes to Editors:

- Vodafone India financials represent Vodafone India standalone only
- The Financial results for Vodafone India has been derived from the consolidated financial results of Vodafone Group Plc. and this may differ from Vodafone India’s financial statements prepared in Indian GAAP, Ind (AS) or IFRS
- From FY17, Vodafone Group changed the reporting of certain dealer commissions in India. The impact on revenues for the current and prior half year and quarters was not material and this had no effect on earnings or cash flows. Past years have been restated
- Data KPIs’ are restated for >1MB data users i.e. with > 1MB data usage on GPRS/3G/4G network in the last month
- Data revenue refers to pure browsing revenue now includes international outroaming data revenue
- Net Debt is inclusive of intercompany loans from shareholder
- M-Pesa, Vodafone RED are the trademarks of Vodafone Group

#### About Vodafone India:

Vodafone India is a 100% fully owned subsidiary of the Vodafone Group Plc. with operations across the country serving over 207 million customers (over 114 million in rural areas). Commencing operations in 2007, Vodafone is today India’s largest foreign direct investor, with a robust, award winning business and committed for the long term. Vodafone Business Services serves the needs of enterprises and government by providing total telecommunications (Voice and Data) solutions across mobility and wireline platforms. Our mobile wallet, M-Pesa is a unique and innovative money transfer service from Vodafone that fosters financial inclusion.

Committed to optimizing the near ubiquitous reach of mobile telephony to address national developmental priorities, the Vodafone Foundation partners is actively engaged in community development initiatives especially in the domains of m-Women, m-Agriculture, m-Education and Disaster Relief. Building on its global experience and expertise, an outreach across India and offering a comprehensive portfolio of technologies- 2G, 3G & 4G, Vodafone is uniquely positioned to actualize the vision of Digital India

Globally, Vodafone Group is one of the world’s largest telecommunications companies and provides a range of services including voice, messaging, data and fixed communications. Vodafone Group has mobile operations in 26 countries, partners with mobile networks in 48 more, and fixed broadband operations in 19 markets. As of 30 September 2017, Vodafone Group had 522.8 million mobile customers and 18.8 million fixed broadband customers, including India and all of the customers in Vodafone’s joint ventures and associates. For more information, please visit: [www.vodafone.com](http://www.vodafone.com)

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