

**November 21, 2018**

**National Stock Exchange of India Limited**  
"Exchange Plaza",  
Bandra - Kurla Complex,  
Bandra (E),  
Mumbai – 400 051

**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001

Dear Sirs,

**Sub: Investor and Analyst Meet**

**Ref: "Vodafone Idea Limited" (IDEA / 532822)**

Pursuant to regulation 30 and 46 of the SEBI (LODR) Regulations, 2015, this is to inform that the Company had organized an investor and analyst meet today, i.e. Wednesday, November 21, 2018 at Birla Centurion, 4<sup>th</sup> Floor, Century Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai – 400 030.

The presentation made at the aforesaid meet is enclosed herewith.

The above is for your information and dissemination.

Thanking you,

Yours truly,

For **Vodafone Idea Limited**



**Pankaj Kapdeo**  
**Company Secretary**



Encl: As above

**STRONGER TOGETHER.  
FOR YOU.**

**Vodafone Idea Limited**

India's #1 Telecom company



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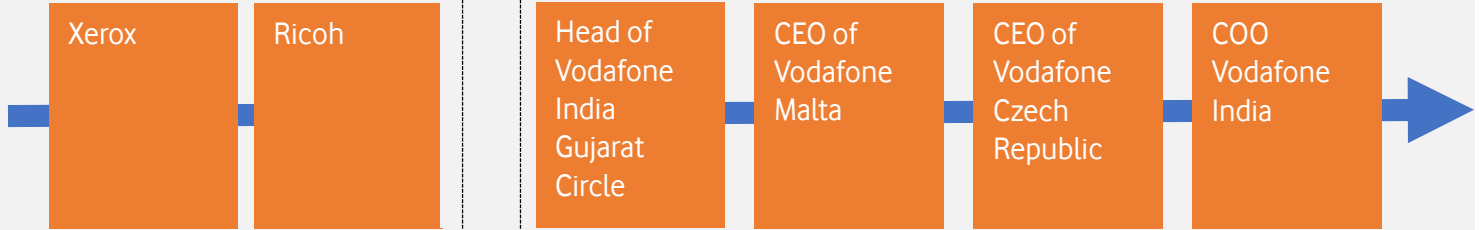
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# Welcome



**Balesh Sharma**  
Chief Executive Officer



# Presenters and agenda



**Balesh Sharma**  
Chief Executive Officer

Introduction to  
Vodafone Idea  
Growth drivers  
Strategy



**Vishant Vora**  
Chief Technology Officer

Spectrum position  
Prioritising capex  
Innovation to  
maximise efficiency  
Network integration &  
synergies



**Ambrish Jain**  
Chief Operations Officer

Driving ARPU  
Operations  
Synergies



**Akshaya Moondra**  
Chief Financial Officer

Financial results  
Synergies  
Capex guidance  
Deleveraging plan

# Introduction to Vodafone Idea

Balesh Sharma  
Chief Executive Officer



# Vodafone Idea Limited: a leading telecom operator

1,850 MHz



Spectrum holding

>200,000



Unique GSM Cell sites

>365,000



Broadband sites

>335,000 Kms



Fibre

~500,000



Enhanced coverage  
Across towns & villages

1.5 million



Retail touchpoints

>200,000



Enterprise customers

13,200



Branded stores

422 million



Subscriber base

40%

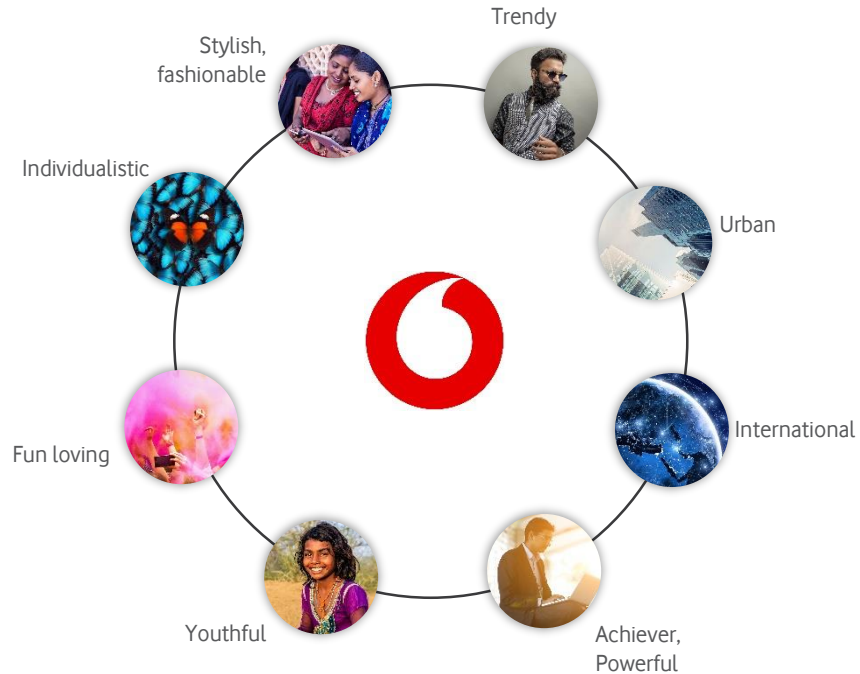
Customer market share

37%

Revenue market share

With our strong assets we are well positioned to compete

# Well positioned to compete: two complementary brands

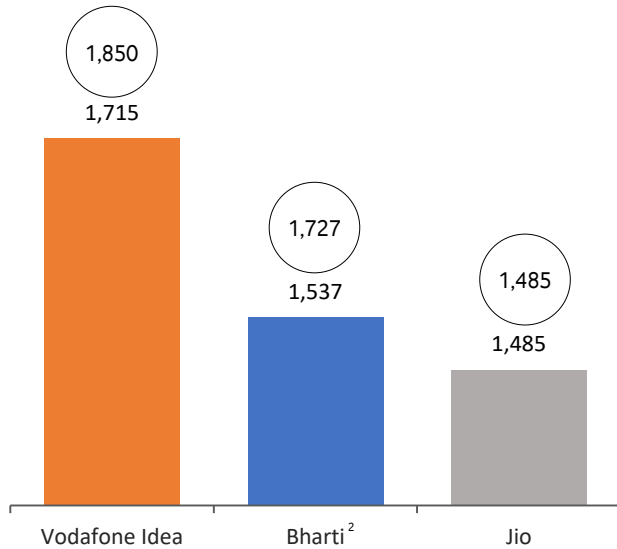




# Well positioned to compete: leading spectrum

Liberalised spectrum holdings<sup>1</sup>

(MHz) ○ Total spectrum



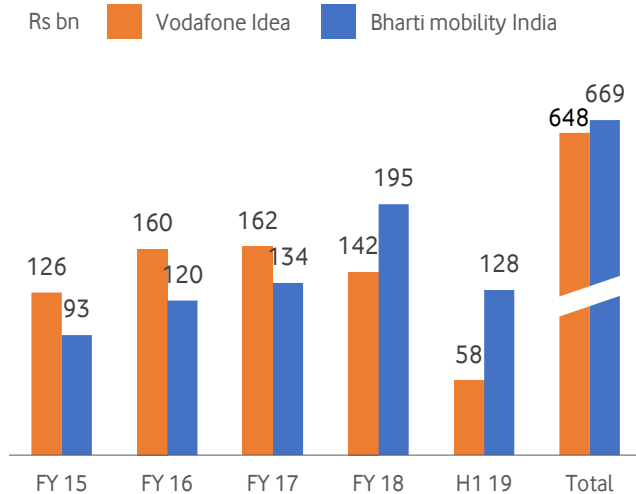
## Leading spectrum position

- Leader on total and liberalised spectrum
- Longest remaining duration
- Levers to boost capacity:
  - Spectrum consolidation
  - TDD Spectrum
  - Dynamic Spectrum Refarming to lower costs

1. Source: Department of Telecommunications  
2. Includes Tata and Telenor

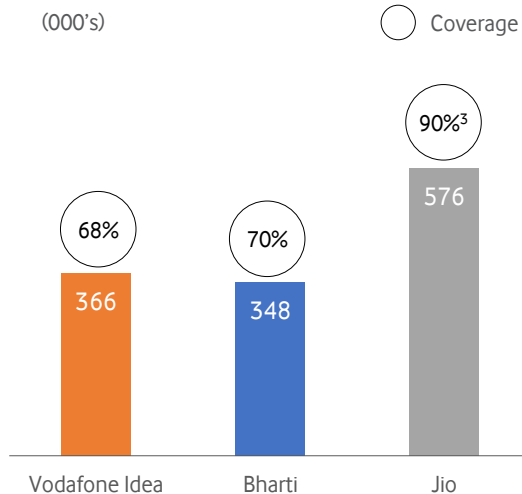
# Well positioned to compete: well invested network

Aggregate capex on par with peers historically<sup>1</sup>



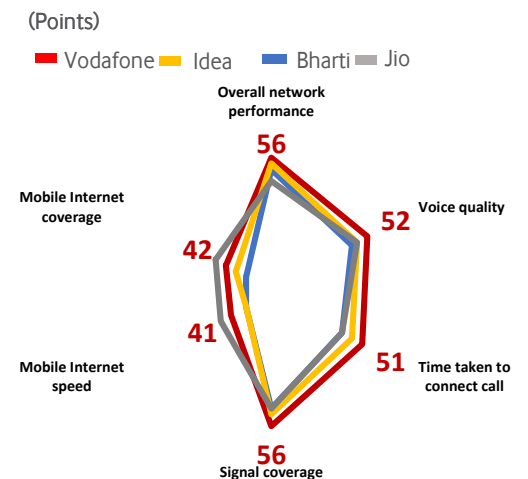
Higher capex in early years

Broadband sites on par with peers<sup>2</sup>



Well positioned to compete  
178k 4G sites

Leading network Net Promoter Score<sup>4</sup>



Vodafone or Idea leading in  
17 out of 22 circles

Sources: 1. Company reports 2. EMF and company reports 3. Company estimates, 4. Vodafone Group based on third party survey

# Growth opportunities

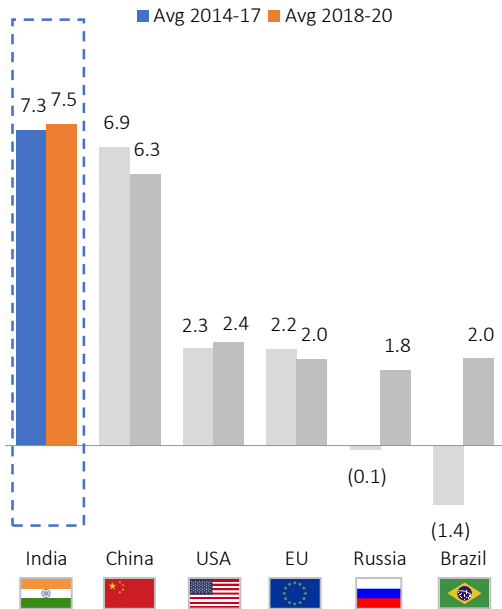
Balesh Sharma  
Chief Executive Officer



# Growth opportunity: large population, fastest growing economy

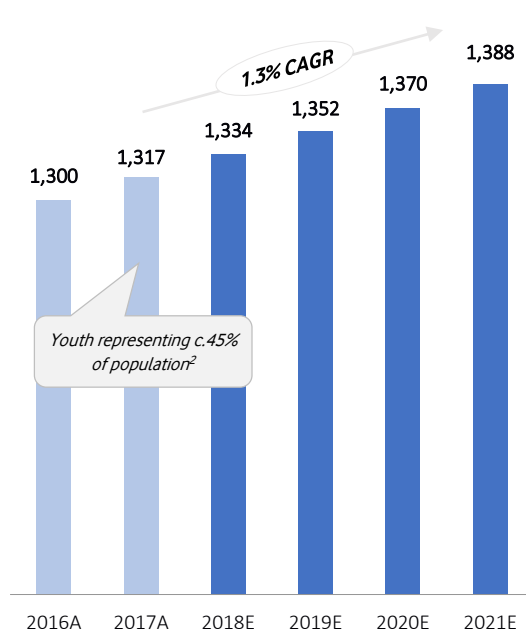
## Fastest growing major economy

Real GDP growth (%)<sup>1</sup>



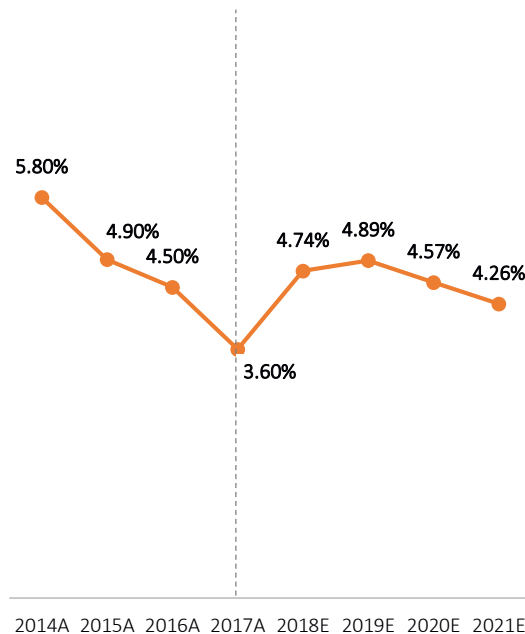
## Growing population and high demographic dividend

India's population (mn)<sup>1</sup>



## Easing inflationary environment

Consumer Price Index growth (%)<sup>1</sup>

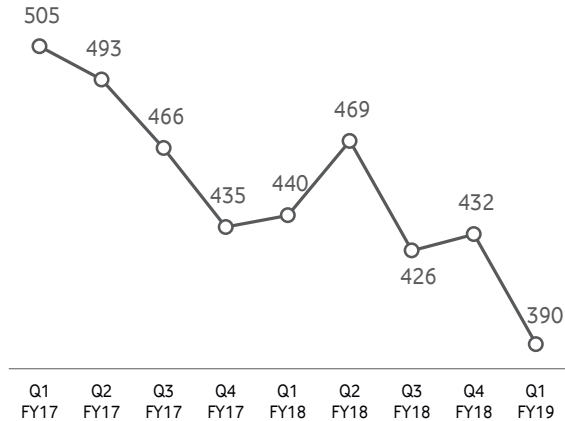


1. IMF as of Oct-2018
2. Defined as individuals aged less than 25 years of age

# Growth opportunity: significant ARPU recovery potential

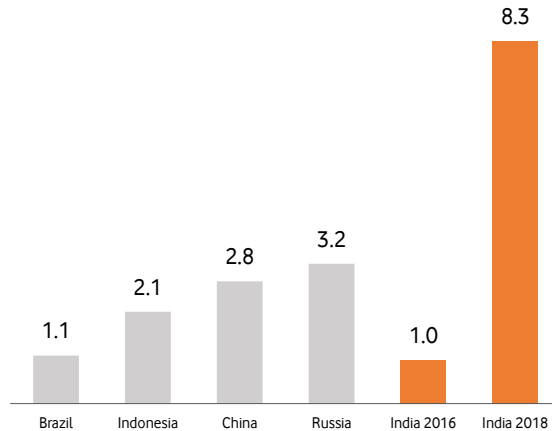
## Significant revenue decline

Industry gross revenue (Rs. bn)<sup>1</sup>



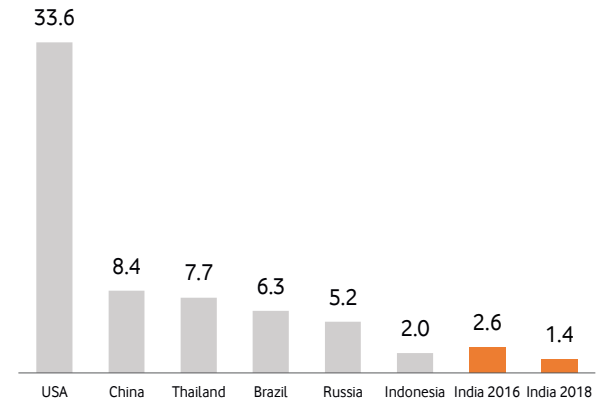
## Exponential data growth

Data usage per data subscriber per month (GB) – June 2018<sup>2</sup>



## Significant ARPU compression

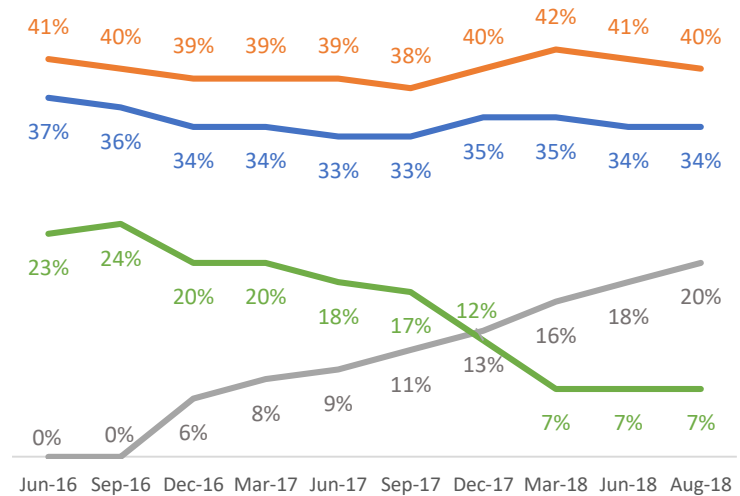
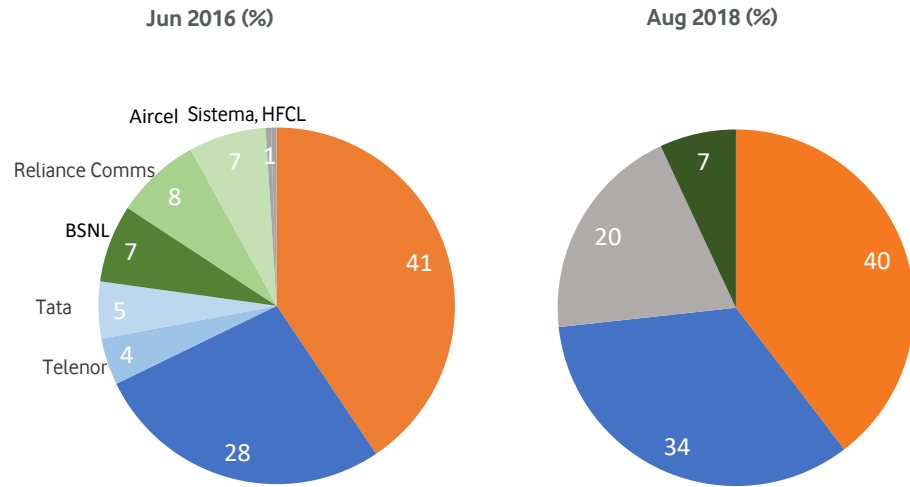
Blended mobile ARPU (US\$) – June 2018<sup>3</sup>



1. TRAI report
2. WCIS for other countries; TRAI for India
3. WCIS for other countries; company reports for India

# Growth opportunity: India now has three main players

Active customer market share (%)<sup>1</sup>



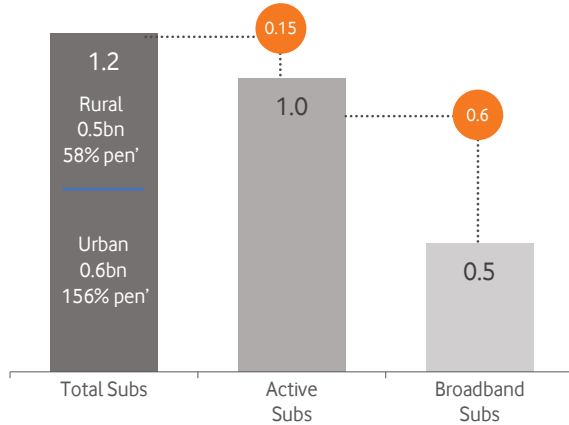
■ Vodafone Idea   
 ■ Bharti + acquisitions<sup>2</sup>   
 ■ Jio   
 ■ Others

1. VLR (Visitor location register): Source TRAI. 2 Bharti including Tata and Telenor

# Growth opportunity: to upsell 2G and 3G subscriber base

## Under-penetrated market

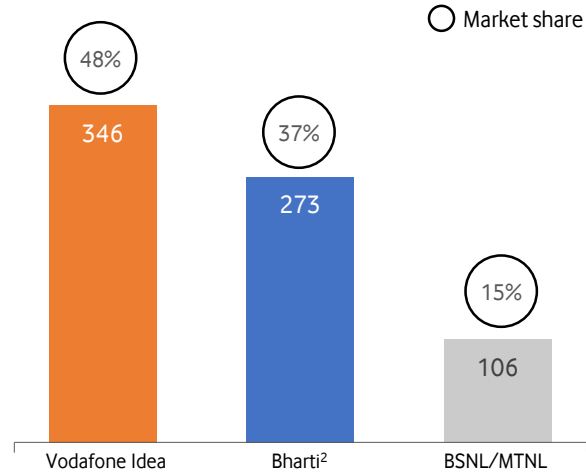
India subscribers (bn)<sup>1</sup>



Our fair share of growth is a significant opportunity

## Two main players 2G market

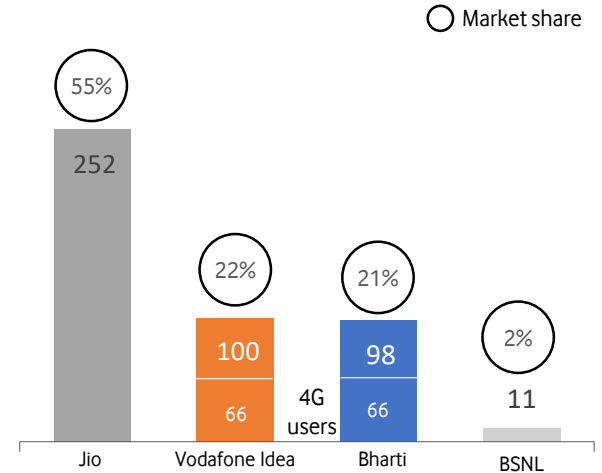
2G subs (mn)<sup>1</sup>



Best placed to upsell customers to 4G

## Three main players mobile broadband market

Broadband subs (mn)<sup>2</sup>

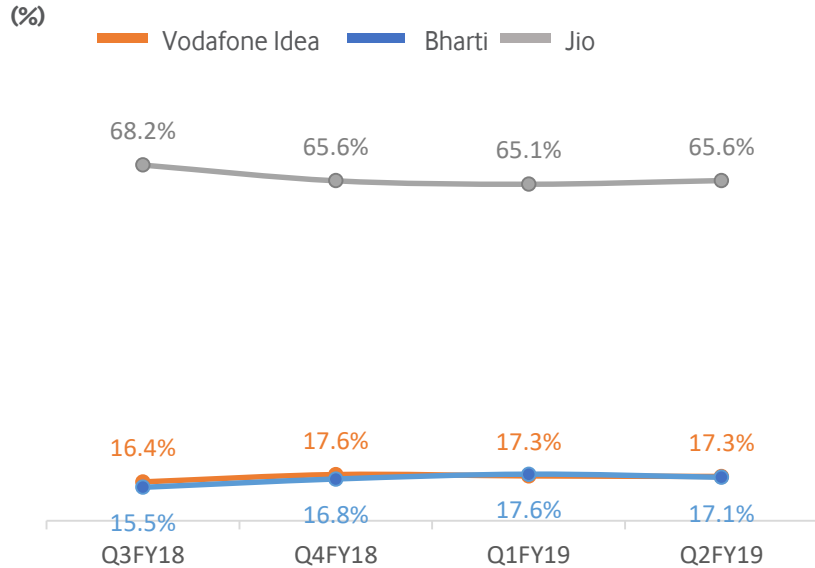


Competitively placed

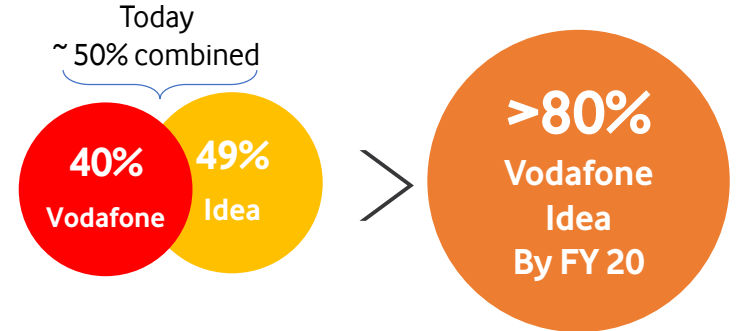
1. Source: TRAI August 2018. 2. Company reports (Bharti includes Tata); BSNL broadband subs based on TRAI Aug 2018

# Growth opportunity: huge 4G potential

## 4G subscriber market share



## Expanding 4G population coverage



## Incremental population coverage (mn)

	Vodafone	Idea
By March 2019	>350	>250
By March 2020	>500	>400

Source: Company reports



# Strategy

Balesh Sharma  
Chief Executive Officer



# Vision

**Create world class digital experiences to connect and inspire every Indian to build a better tomorrow**

# The strategy for Vodafone Idea

Radically accelerate integration to reduce cost of production



- Bring forward synergy targets
- Optimise capex through equipment reuse
- Create a 'fit for future' organisation

Prioritising investments in profitable areas



- Investment focused on key and profitable districts
- Network expansion for both brands based utilising existing investments
- Improve 4G coverage and capacity in key areas to enhance customer experience

Drive ARPU via simplification, rationalisation and upselling



- Reduce # of price plans
- Low value recharges for non unlimited customers
- Digitilisation of customer acquisition / servicing process
- Utilise Big Data & Analytics to improve ARPU

Fast growing revenue streams, partnerships to drive value



- Business services
- Partnerships for Digital Content
- Partnerships to enhance return from our assets

Strengthen balance sheet



- Potential capital raise of up to Rs. 250 bn / US\$3.5bn
- Monetise 11.15% stake in Indus Towers
- Monetise fibre asset

Focused investments to improve customer experience and in turn, profitability

# Integration: progressing ahead of plan, accelerating synergies

Original synergy target brought forward by two years – Rs140bn<sup>1</sup> of run-rate costs & capex synergies (Rs84bn opex and Rs56bn capex) on an annual basis by the second full year post completion

Target synergy completion date FY 2021

Previously FY 2023



## Day 0

- Executed smoothly
- Meticulous planning before completion
- Organisational decisions made and implemented
- Exit notices for ~66k co-located sites delivering **Rs 1.5 bn** of integration benefits in Sept' 18



## Today

- Vendor selection completed
- Circle & Zone infrastructure consolidation completed
- Product harmonisation
- Organisational structure in place



## Accelerating synergies

- Prioritisation of low utilisation site exits
- Quicker real-estate rationalisation
- Managed services RFP being fast tracked
- Faster store rationalisation

# Moving focus from circles to key districts

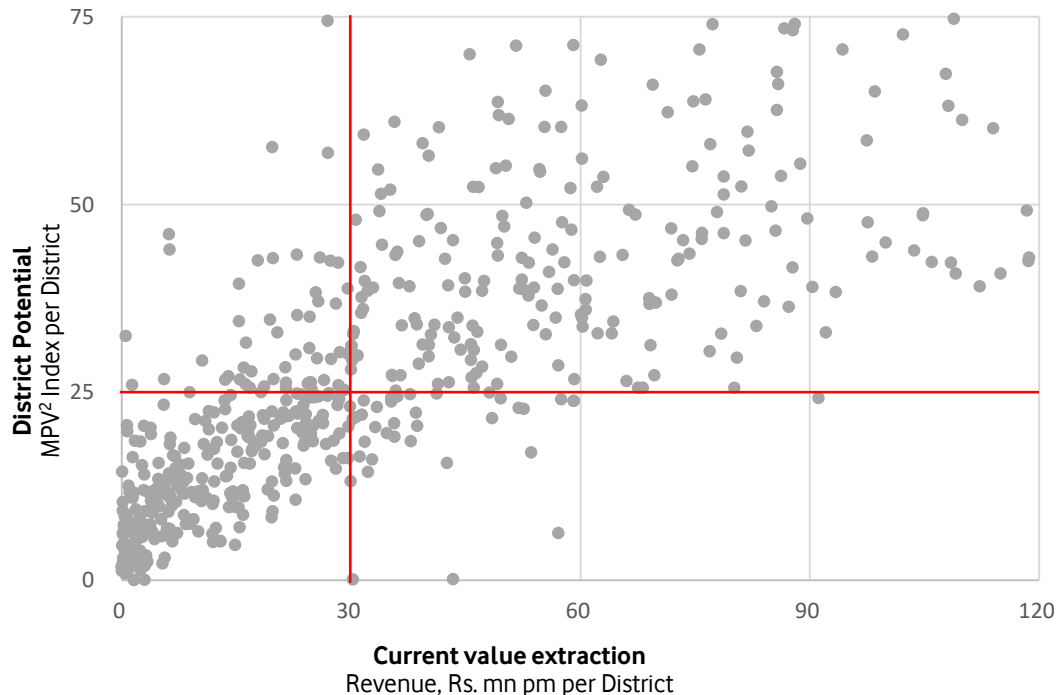
Revenue per District per month for 650+ Districts<sup>1</sup> (Q2 FY 19)

## Quad C Build selectively

54 Districts  
3% Revenue  
(12%) EBITDA

## Quad D Optimise costs

276 Districts  
7% Revenue  
(29%) EBITDA



## Quad A Fortify and win

303 Districts  
86% Revenue  
138% EBITDA

## Quad B Fortify and win

35 Districts  
4% Revenue  
3% EBITDA

1. Census 2011, Banking report, Proprietary report, Team analyses
2. Market Potential Value by District estimates based on RK Swamy BBDO research, internal company data

# Partnerships for growth

## Our assets

422mn customers

13k stores

Carrier billing

Digital assets

Distribution reach, 1.5mn

Customer intelligence

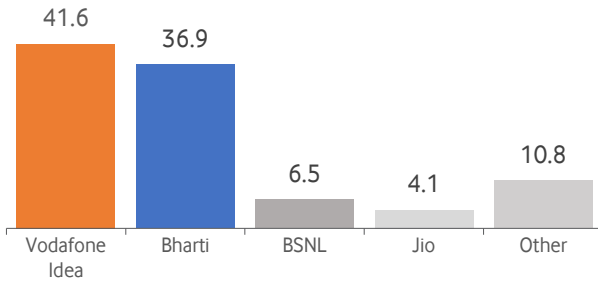


Co-creating value for our customers and partners

# Business: leadership positions in an attractive market

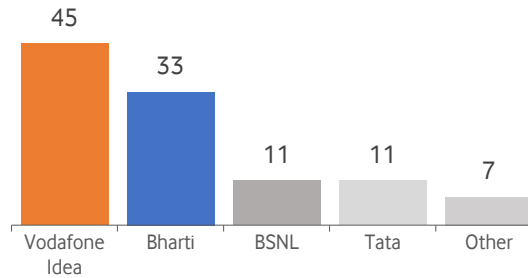
## Leader in mobility market share

Enterprise mobility market share (%)



## Number 1 in Internet of Things

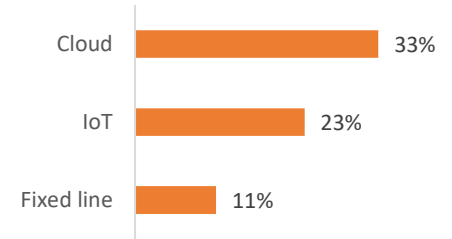
IoT RMS (%)



5bn - IoT market volume by FY22  
 - Benefit of Vodafone Group leadership: 77mn IoT sims

## Non-Mobility: the growth engine

Revenue growth (Apr to Sep 2018 YoY)



**Strategic focus:** Trusted and valued partner for business in a digital world

1 Protect & grow connectivity	2 Grow SoHo/SME	3 Accelerate IoT	4 Reposition Cloud
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Source: Frost and Sullivan demand report for Q1 FY 19

# Network

Vishant Vora

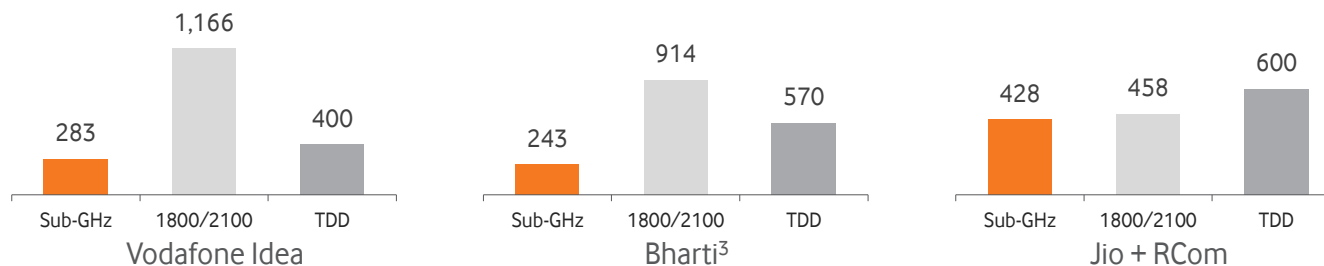
Chief Technology Officer





# Network: largest spectrum portfolio

Spectrum holdings - unpaired basis (MHz)<sup>1</sup>



Total holdings		1,850 MHz	1,727 MHz	1,485 MHz
Total liberalized holdings		1,715 MHz	1,537 MHz	1,485 MHz
Years remaining <sup>2</sup>	for sub-GHz	16	14	8
	TDD	18	14	14

World's first deployment of Dynamic Spectrum Reforming ("DSR") in Dec'16



Key targets by March 2020

100%

% of sites with DSR in 900 & 1800 band

20%

Ultra Broadband Radios ("UBR") % of sites

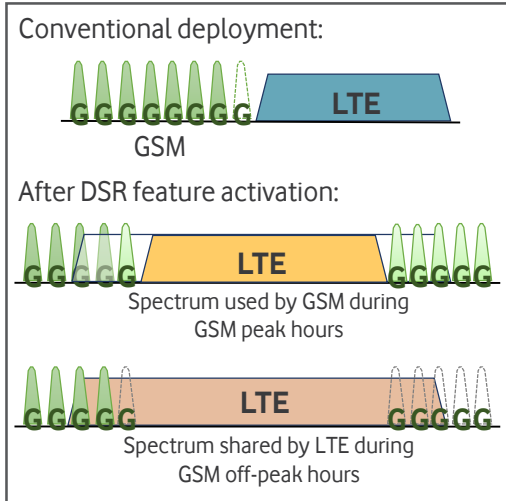
18%

Beamforming % of sites

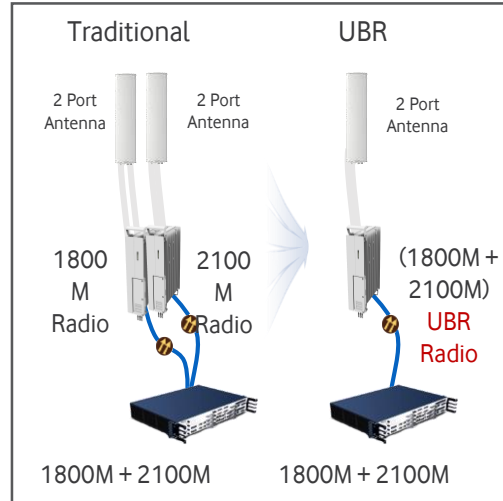
1. Source: Department of Telecommunications; administered spectrum holdings: VIL135 MHz, Bharti 190 MHz (in 1800 MHz band)
2. Years remaining weighted by cost of spectrum based on most recent price benchmark
3. Includes Tata

# Network: illustration of DSR, UBR, Beamforming

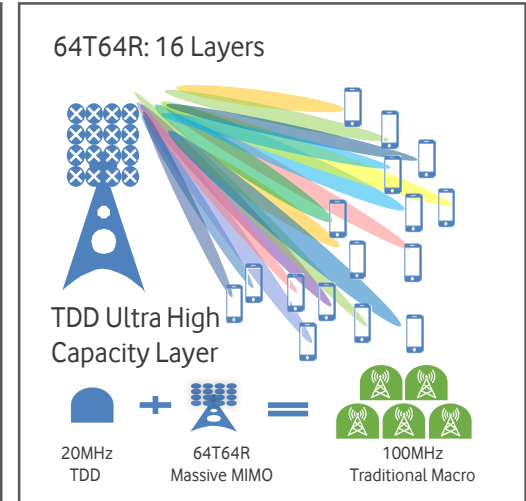
## Dynamic Spectrum Refarming



## Ultrabroadband



## Beamforming



Impact on customer experience



Better indoor experience  
Available for LTE (40% of the time) & will improve further with shift to VOLTE

Impact on operating efficiency



DSR enables utilisation of sub-GHz spectrum for LTE without impacting 2G voice



One box to serve 2 bands; saves Capex and Opex



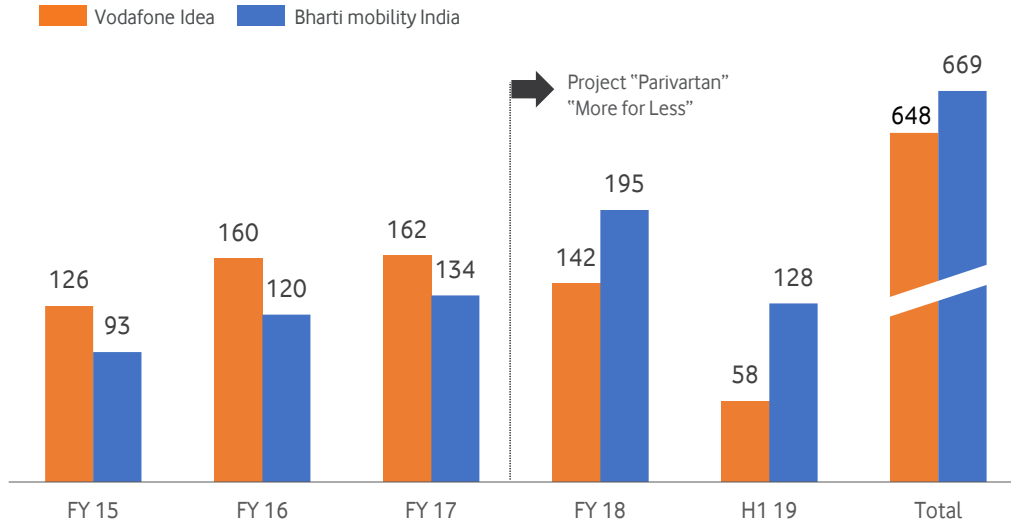
Extra capacity, coverage  
Addressing congested locations



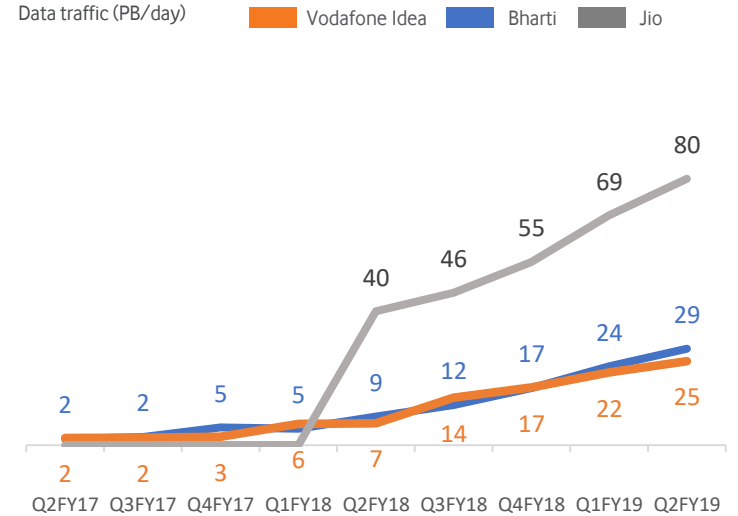
Massive MIMO Beamforming – ~3x to 5x capacity in the same spectrum

# Network: capex at par with peers historically

Capital expenditure (Rs. bn)<sup>1</sup>



Data volume growth<sup>1,2</sup>



Early investment for 4G rollout and focus on network innovation since merger announcement

1. Company reports
2. Based on 1,000 Bytes per KB for Vodafone Idea and Bharti

# Project Parivartan: 9/30 network innovation initiatives completed

## Edge Core on Cloud 2.5

1 Capex / MB for Core  
Smart Edge Core Cloud 2.5  
• Multiple Apps on One Cloud  
• 34 Data Core Cloud (DCC) locations  
72%

2 Capex / MOU for Core  
New Voice Core  
• VOLTE / IMS on cloud  
• Leaf and Spine design  
• 2G,3G Voice Core on Cloud  
61%

3 Traffic offload  
Private Internet, CDN  
• Best in Industry latency  
• 60%+ Traffic cached locally  
60%

## Hyper-scale inspired Transmission

4 IP Capex  
Flow, Service aware IP  
• Interoperability in 20 circles  
• 72 Hours Go Live (Core MPLS) with full automation  
50%

5 Capex / GB  
Hyper-Scale Optics  
• De-layering, de-specifications  
• Layer 0 control plane  
60%

6 Capex / Access PTN  
Lean Deep L3 Access  
• Deep L3  
• Controller enabled lean Specs  
35%

## Fluid Access, Spectral capacity

7 Mbps / MHz  
Ultra in Spectral Capacity  
• 18% Sites Beamforming  
• 20% Sites 4T4R, 8T8R  
150%

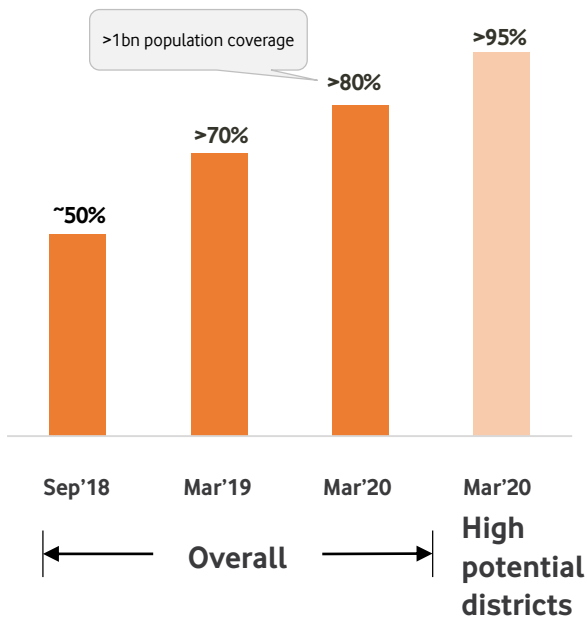
8 Spectral Efficiency  
Dynamic Spectrum (G/L)  
• 100% FDD Sites  
• Available for LTE (40% of the time)  
40%

9 900 Mbps  
Microwave = New Fiber  
• 4+0 Microwave (XPIC, HQAM)  
• Ultra High QAM, L3 Microwave  
4X

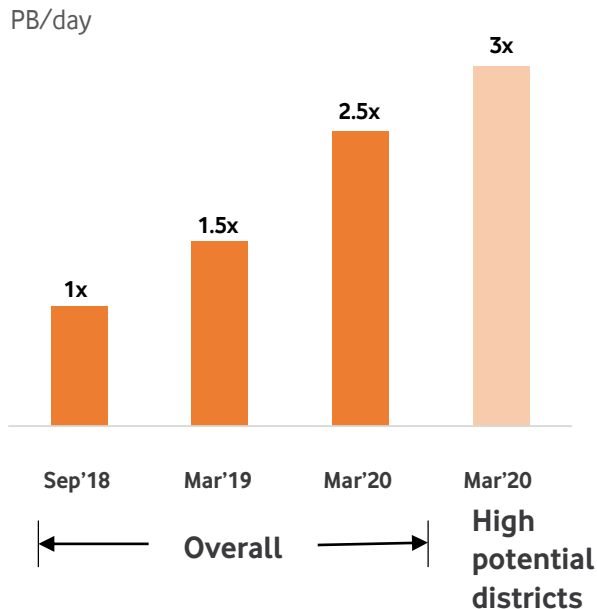
Program well on track, expected to complete by March 2020

# Network: enhanced 4G coverage and capacity

## 4G coverage



## Network build capacity



## Key actions / targets by FY 20

- TDD spectrum >70% of sites
- Re-farming 900 & 2100 band for 4G
- De-commissioning of 3G spectrum starts within the next 6-9 months
- Significant Massive-MIMO roll-out
- Rs18bn reconstruction capex generates 1.3x capacity boost and 1.7x Coverage improvement
- 5G ready architecture

50% capacity boost in the next 4 months

# Network: committed to the best network experience

Targeted improvements by FY 20

10%

Improvement in latency

50%

Improvement in downlink speed

15%

Reduction in dropped call rate

Network Customer experience excellence approach

CXX Tools / Analytics

Central War room

M

Central CXX reviews

W / F / M

Circle War room

Weekly

NPS surveys administered by 3<sup>rd</sup> party

Touch Point NPS analysis for every Customer Interaction

Facebook Analytics

Google Analytics

Crowd sourced data

Network Analytics

Customer Experience is at the CENTRE of everything we do

# Network: overview of network integration activities

## Integration activities – next 18-24 months

### Physical activities

24%

- Physical sites consolidation
- 3G/4G sites relocation
- Microwave Hop re-engineering

### Software upgrade & configuration

49%

- 4G -bandwidth upgrade (5-10,10-15,15-20, 10-20 MHz)
- GSM software configuration
- Second carrier addition-3G

### Spectrum refarming

27%

- L-900 Refarm
- L-2100 Refarm

## Key levers in our execution

- Already completed similar activities in BAU activities
- Sufficient spectrum
- Coherent Radio Frequency grid across all circles
- Dynamic Spectrum Refarming
- Orchestrated & executed through the Advanced SNOC in Pune

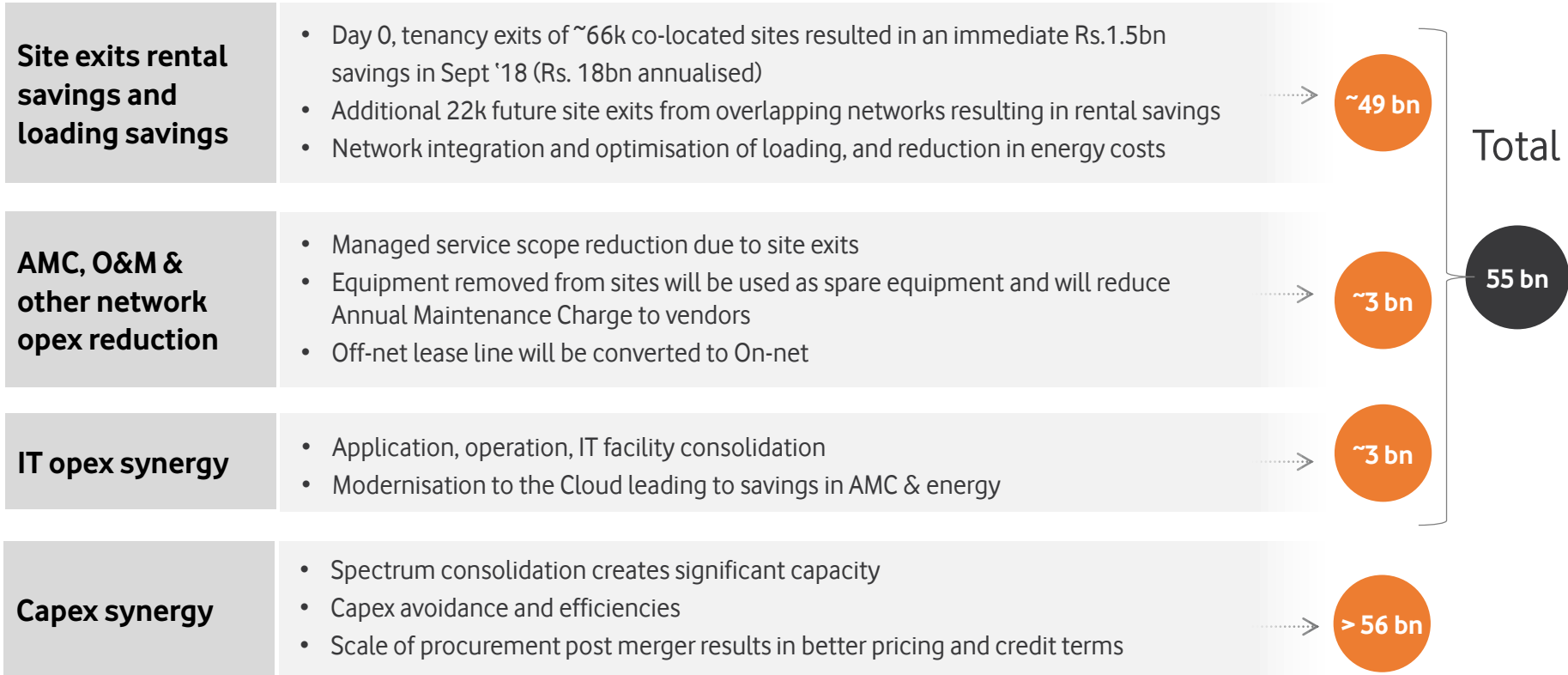
146k sites rolled out in the last 18 months  
62k sites shared (ICR, MORAN) in the last 6 months

Spectrum refarming completed in 8 circles in the last 6 months

Targeting to complete integration within the next 18-24 months

# Network: network opex and capex synergies

FY21 run rate  
(Rs.bn)





# Future proofing our network



## 5G

- 90% of TDD radios will be 5G ready
- All new base bands will be 5G capable
- 5G ready Core and Transport

## Radio

- Dynamic Spectrum Refarming
- 900 MHz Spectrum Re-farm
- Large scale deployment of Massive MIMO's, UBR's

## Transport

- Interoperability across vendors, OTT inspired design innovations
- Aggressive automation (system upgrades & policy / config changes)

## Voice Core

- All new 2G, 3G Voice Core will be on future ready CLOUD
- All VOLTE, IMS, SBC will be on 'next gen' Cloud 3.0

## Data Core

- Early mover advantage on Cloud 2.5: 46% of capacity already on cloud
- Open sourced, Open systems driving unprecedented efficiencies

# Network: summary

- Value centric investments
- Wide use of spectrally efficient solutions
- All investments future proof
- Rapid and tailor made integration leading to quicker synergy realisation

We will build the most advanced, secure network with enormous capacity and a significant reduction in Capex per MB



4G coverage to reach  
>1bn population



2.5x capacity



50% higher  
speeds



Best in class  
Latency @35 ms

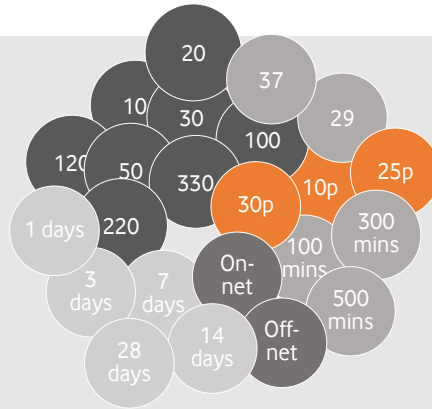
# Operations

Ambrish Jain  
Chief Operations Officer



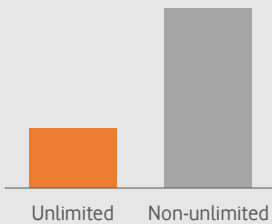
# Consumer prepaid plans: Sep18 status

100s of different Recharges and Acquisition plans

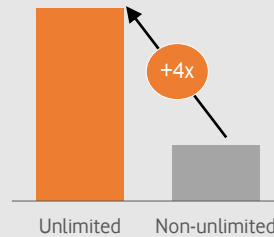


- Separate Vouchers for Talk-time, Data, Tariff, Validities, Sachets
- Confusing to customers
- Customer complaints
- High IT cost

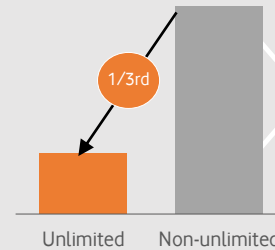
Prepaid subscribers



Prepaid ARPU (Rs)



Churn (%)

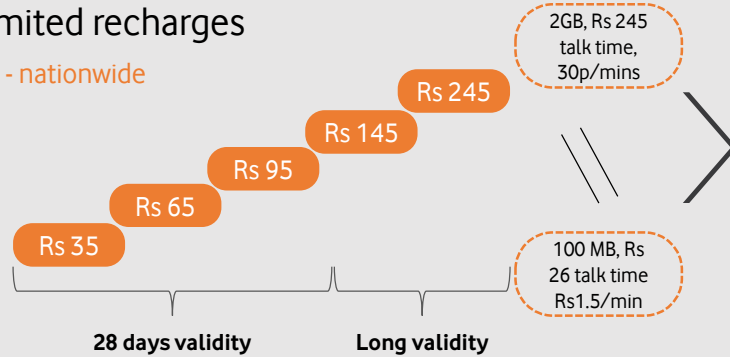


- Large number of customers on Non-unlimited plans, including incoming only users
- Unlimited customers have higher ARPU and lower churn
- High cost of maintenance of low ARPU customers

# Radical simplification of prepaid plans: current status

New: simplified portfolio:  
non-unlimited recharges

Only 5 plans - nationwide



## Integrated products with bundled Talk time, Data, Tariff

- Common price points across all 22 circles
- Easier to understand
- All vouchers with validity
- Reduction in customer complaints
- Positive trade feedback
- Lower cost to serve - IT systems, Call Centres, Back Offices

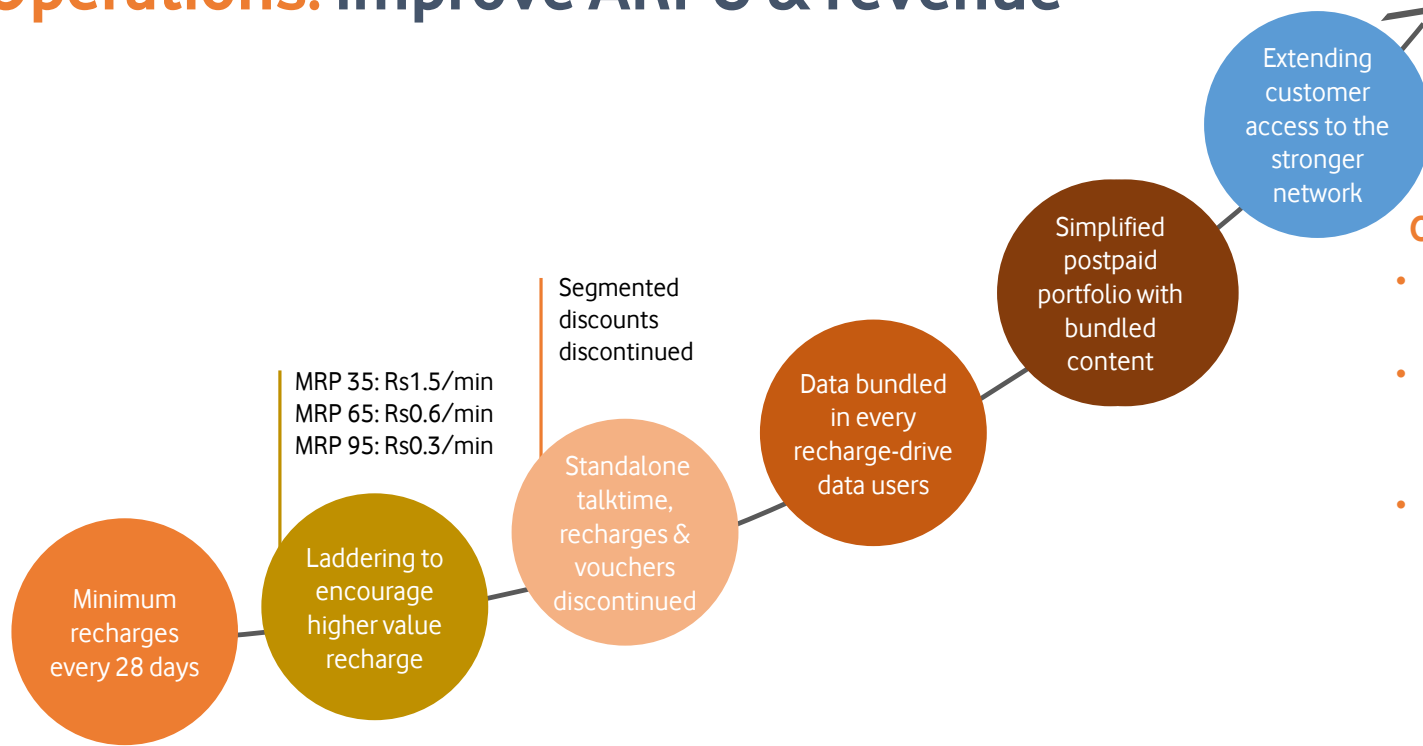
Acquisition plan

Rs 76

- Only 1 plan in Non-unlimited

Radical simplification to drive ARPU, reduce costs and improve customer experience

# Operations: improve ARPU & revenue



## Outcomes

- Minimum ARPU Rs. 35 to stay on the network
- Accelerated migration to Unlimited, to improve blended ARPU and reduce churn
- Significant reduction in incoming-only and inactive base

Actions to drive ARPU, revenue and lower churn

# Operations: integration ahead of plan; structure & organisation completed

## Circle Operations

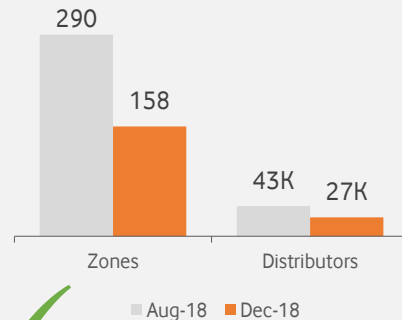


Circle and zonal office infrastructure consolidated



Achieved

## Sales & Distribution



Achieved

In progress

## Urban Branded Retail Stores

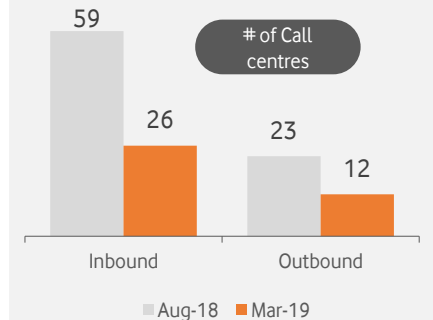


Aug'18  
c.6,000

Mar'19  
≤4,000

In progress

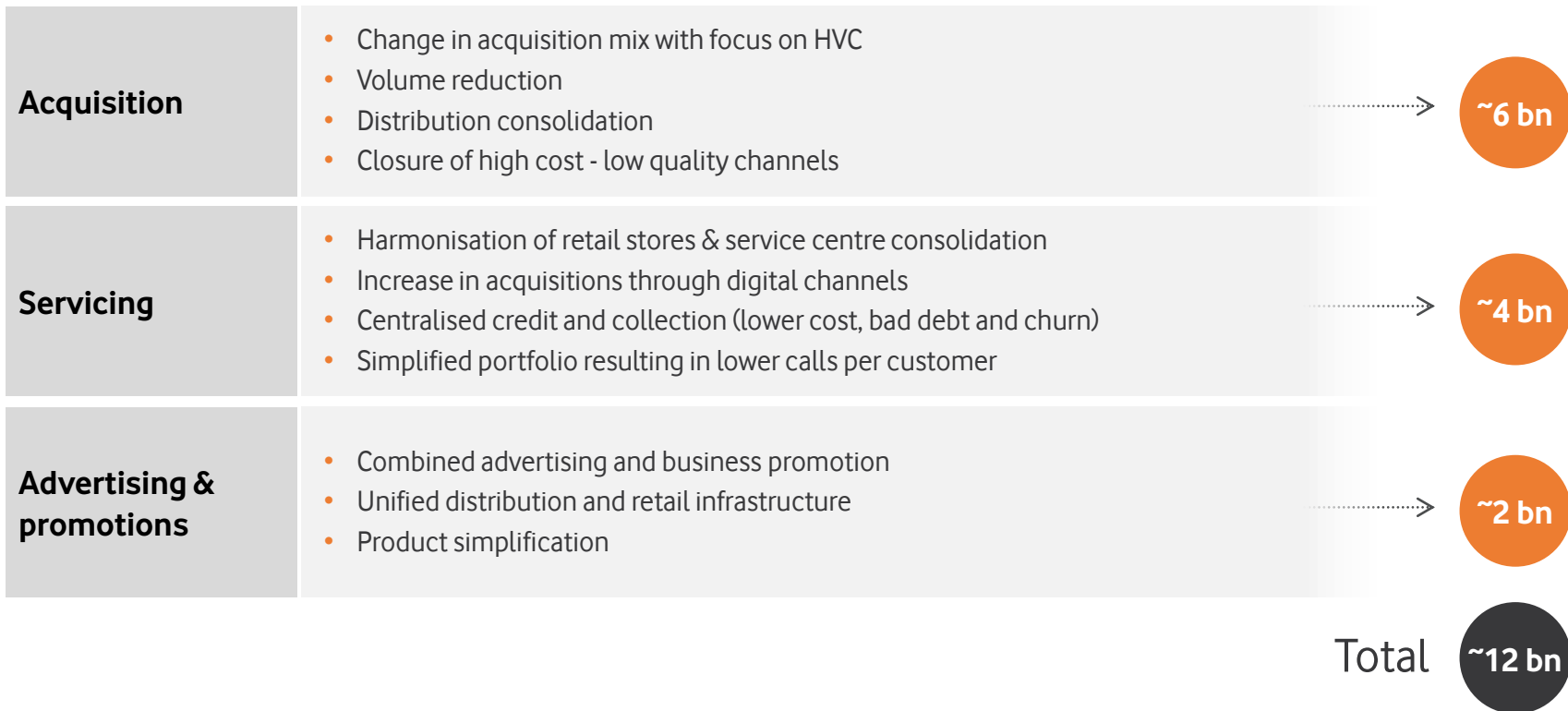
## Customer Service



In progress

# Operations: opex synergies

FY21 run rate  
(Rs. bn)



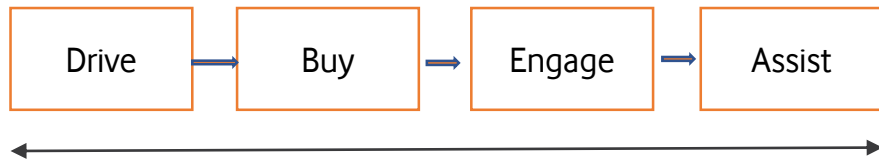


# Operations: Digital Transformation



## Digital Customer Management

*Engage with consumers in new way*



- Digital First approach to change consumer behavior
- Build new business models with deeper customer understanding



## Digital Operations

*Enable intelligent sensing operations*

- Digitisation & Automation of critical operations and processes
- Digital First Employee Journeys
- Use of technologies, e.g.RPA, Machine Learning & AI

Improving customer experience, efficiencies and costs

# Operations: summary

- Radical simplification of product portfolio
- Initiatives for ARPU and revenue enhancement
- Integration ahead of plan
- Digital Transformation to improve customer experience, build operational efficiency and reduce costs



# Finance

Akshaya Moondra  
Chief Financial Officer



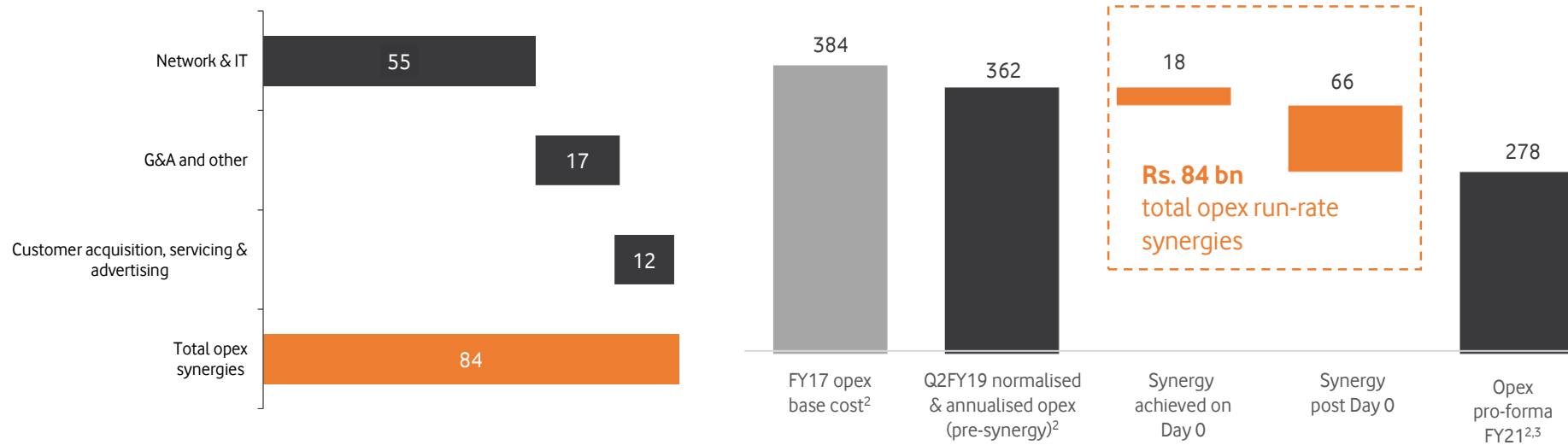
# Finance: results and merger accounting

Rs. bn (Pro-forma)	Q1FY19	Q2FY19	H1FY19	LTM Sep18
Revenue	129.4	120.2	249.7	526.1
EBITDA	13.7	9.8	23.5	80.4
Capex	25	33	58	140
Net debt	1,092	1,125	1,125	
Net worth			695	
Debt : Equity			1.62	

- Accounting for the merger has been done under the 'pooling of interest' method and all assets, liabilities and reserves of Vodafone have been recorded at their respective book values
- Q2 reported figures includes Vodafone India from August 31, 2018 to September 30, 2018
- Pro-forma revenue and EBITDA along with key performance indicators provided for Q1 & Q2 FY19
- Synergy of Rs. 1.5 bn (annualised Rs. 18 bn) achieved in Sep'18 on account of conversion of tenancy into loading on co-located towers

# Finance: opex synergies

Full opex synergy run-rate delivered in FY21 (Rs. bn)<sup>1</sup>



Acceleration of run-rate synergies from FY23 to FY21

1. Excluding integration costs
2. Excluding license fee, spectrum usage charge and roaming & access charge
3. No inflation impact and no change in business scale compared to Q2FY19 (except synergy)

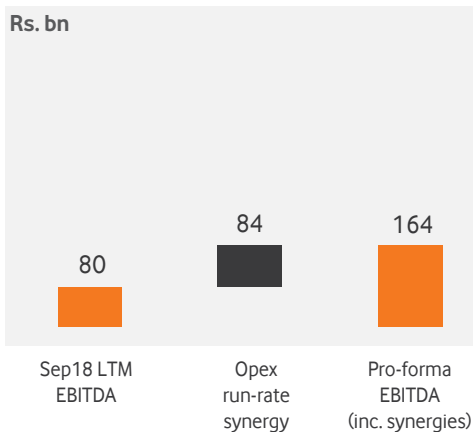
# Finance: EBITDA margin enhancement

Opportunity for ARPU recovery towards historical levels with much higher offerings...

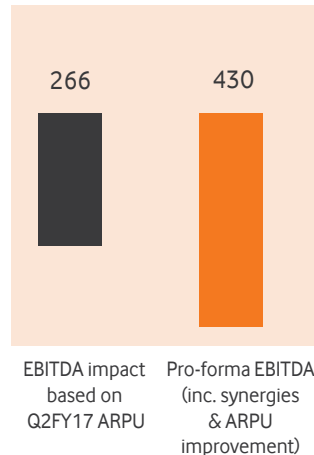
Period	ARPU (Rs)	Voice per sub (min)	Data per sub (GB)
Q2FY17 (pre-Jio entry)	170	~375	~0.6GB
Sep18 LTM	95	~570	~6GB
Possible	170	~570	~6GB

... along with synergy acceleration could drive significant EBITDA margin upside

Synergy impact



ARPU improvement sensitivity (Rs.75)<sup>2</sup>

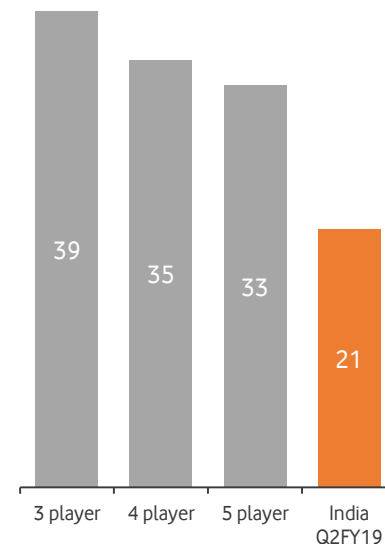


Potential EBITDA margin (%)



Margins are low today, 3 player markets are typically attractive

Average EBITDA margins (%)<sup>1</sup>



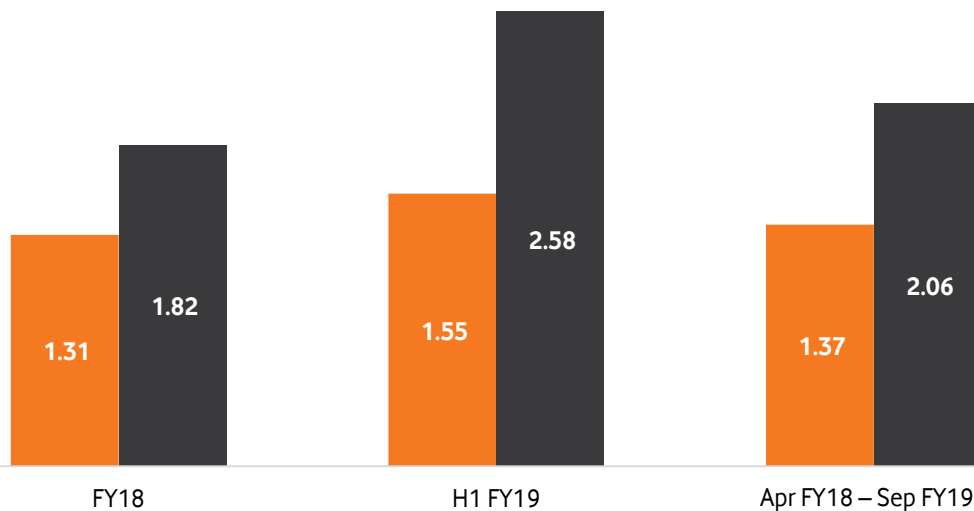
1. Bernstein Research (Oct 2018)

2. Calculation based on Sep-18 subscribers of 422mn and Q2FY17 ARPU of Rs. 170 vs Sep18 LTM ARPU of Rs. 95 (assuming 70% flow through to EBITDA) on an illustrative basis

# Finance: capex efficiency

Capex per site (Rs. mn)

Vodafone Idea    Bharti



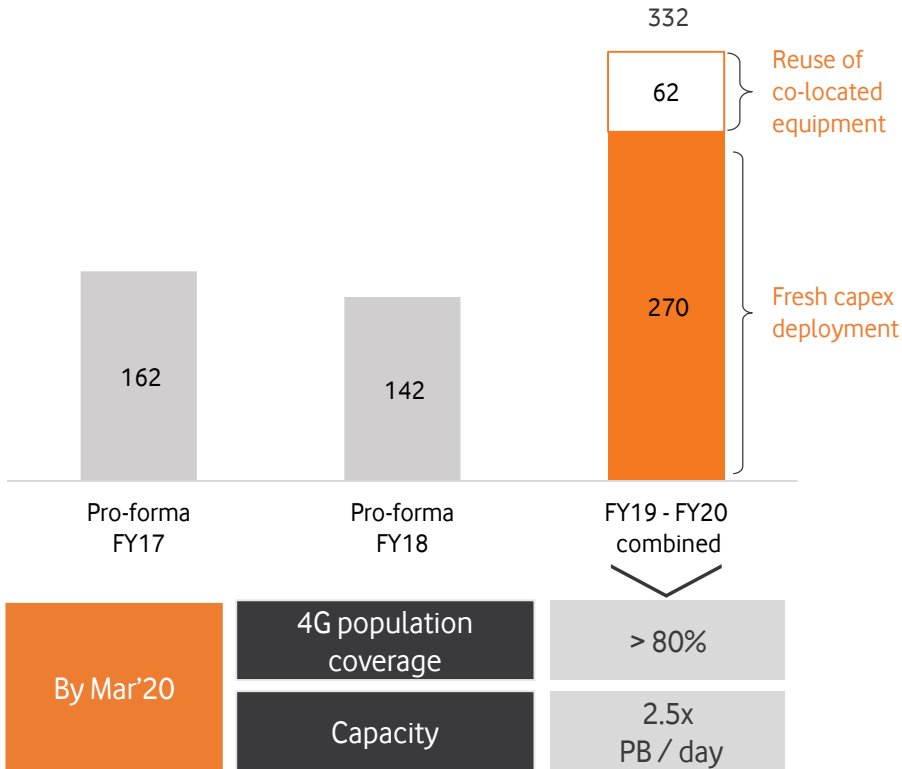
Deployment in last 18 months

	Capex (Rs. bn)	Incr. BB sites (No.s '000)	Incr. OFC (Km '000)
Bharti	323	157	34
Vodafone Idea	200	146	21
Vodafone Idea as % of Airtel	62%	93%	

Source: Bharti quarterly report Mobile services India

# Finance: capex guidance

Capex (Rs. bn)



- Sources of capex synergy

- existing co-located equipment to be redeployed (gross savings - Rs. 66 bn, net savings Rs. 62 bn)
- spectrum consolidation creates significant capacity
- capex avoidance and efficiencies

- Investments focused on profitable districts

- Cumulative fresh capex deployment in FY19 & FY20 of Rs. 270bn

- Scale of procurement post merger results in better pricing and credit terms



# Finance: Fibre monetisation opportunity

Extensive reach

*Km*

Intra – city



37 k

Inter – city



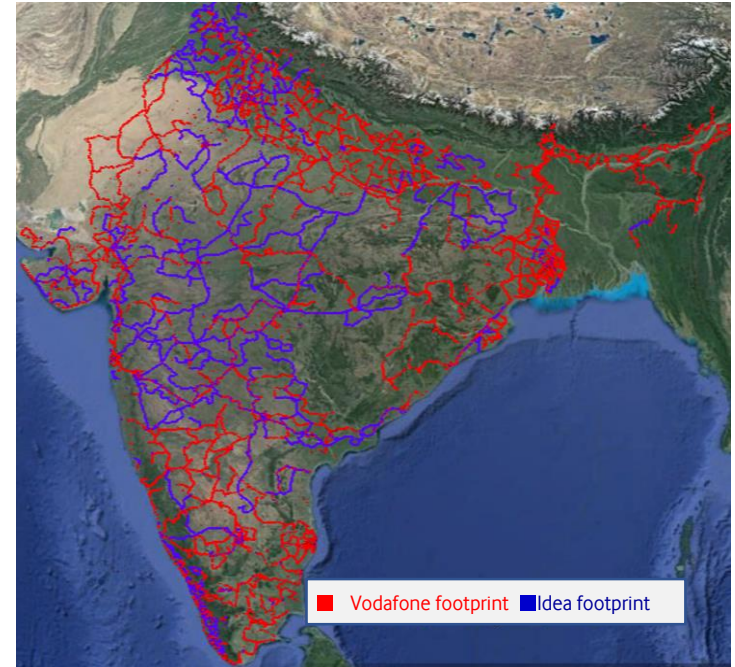
119 k

Total



156 k

- Fibre assets used for backhaul capacity
- c.180 k km of fibre under IRUs and which will continue to remain in the mobile business



# Finance: Fibre monetisation strategic rationale

## Increasing value through sharing

- Dedicated focus increases value:
  - Driving sharing
  - Utilising unused capacity
  - Building optimal routes
  - Delivering operational efficiencies

## Release of capital

- Creates incremental financial flexibility

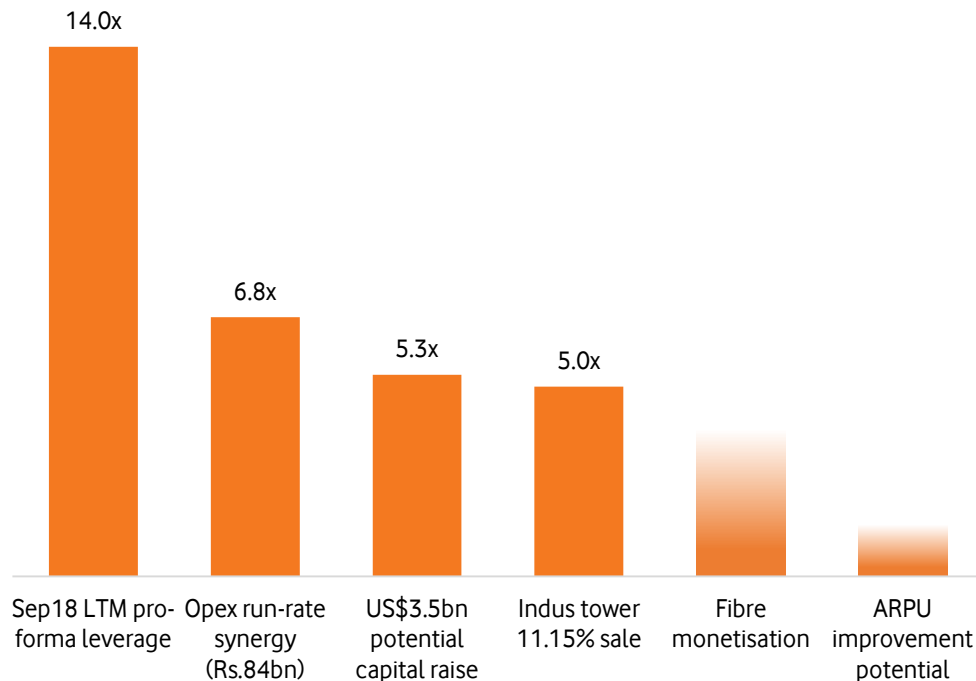
## Future capex avoidance

- New fibre roll-out will be in a FibreCo, resulting in fibre capex avoidance for mobility business

Creating value by separating the fibre business from the mobility business

# Finance: clear deleveraging plan

## Pro-forma leverage

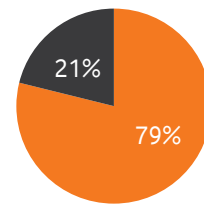


## Net debt breakdown (Sep18)

■ Spectrum debt
 ■ Net non-spectrum debt

### Current Position

- 79% of current net debt to DoT for spectrum
- Debt : equity ratio @1.62: post proposed equity issue <1.0



### Initiatives

- Up to Rs. 250 bn (US\$3.5bn) potential equity raise with promoter shareholders indicating support up to Rs. 182.5 bn (US\$2.5bn)
- Indus Towers 11.15% sale proceeds of Rs. 50 bn (US\$0.7bn)<sup>1</sup>
- Fibre monetisation being actively explored as an option to increase financial flexibility
- Significant acceleration of synergies
- Initiatives for ARPU improvement

1. Based on Bharti Infratel VWAP for last 60 days as of 16<sup>th</sup> November 2018 and FX USD / INR of 72.0 (subject to completion of Bharti Infratel and Indus merger)

# Finance: key messages

## Operations

- Acceleration of opex synergies of Rs. 84 bn by two years to drive EBITDA improvement
- EBITDA is highly sensitive to ARPU recovery – consumer willing to pay if competition is rational
- Capex guidance of Rs. 270 bn in FY19 - FY20 (combined) supported by
  - existing co-located equipment to be redeployed (net savings Rs. 62 bn)
  - spectrum consolidation
  - capex avoidance and efficiencies

## Funding

- Clear deleveraging plan supported by potential capital raise, Indus stake proceeds and potential to monetise fibre assets
- Potential equity issue of Rs. 250 bn is higher than net non- spectrum debt of Rs. 235 bn

# Summary

Balesh Sharma  
Chief Executive Officer



# Summary: we are creating the best telco

1

The Indian market is a large under-penetrated growth opportunity

2

Vodafone Idea has leading assets – the best spectrum, network quality, distribution reach, customer service and two strong brands

3

We are accelerating the delivery of merger synergy benefits (Rs. 140 bn), to achieve these in 2 years (by FY21) rather than 4 years

4

Our strategic focus is on our strong positions in the most profitable and attractive areas of the market

5

We will strengthen our financial position via a potential capital raise with promoter support and asset monetisation

A winning strategy for Digital India, customers and shareholders

# Q & A