

February 26, 2019

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 Presentation

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

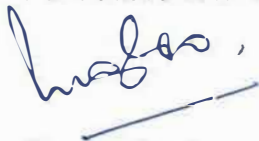
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The above is for your information and dissemination to the public.

Thanking you,

Yours truly,

For **Vodafone Idea Limited**



Pankaj Kapdeo
Company Secretary

Encl: As above

**STRONGER TOGETHER.
FOR YOU.**

Vodafone Idea Limited

India's Leading Telecom company



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Introduction to Vodafone Idea



Vodafone Idea Limited: A leading telecom operator

1,850 MHz



Spectrum holding

> 198,000



Unique GSM Cell sites

>376,000



Broadband sites

>340,000 Kms¹



Fibre

> 480,000



Enhanced coverage
Across towns & villages

1.4 million



Retail touchpoints

387 million



Subscriber base

11,100



Branded stores

38%

Customer market share²

32%

Revenue market share

With our strong assets we are well positioned to compete

Note: TRAI Financial Report as of Dec-2018; TRAI Telecom Report on Subscription Data as of Dec-2018; other Data (Company Disclosures) as of Dec-2018

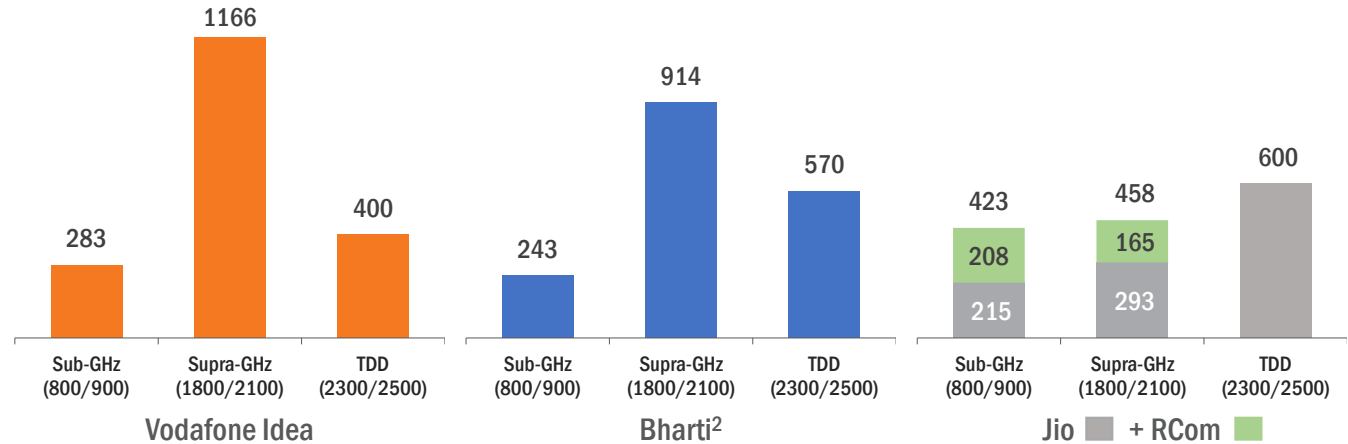
1. Includes own fibre of ~158k kms and IRU fibre; Including overlap 2. Active customer market share - VLR (Visitor location register)

Well positioned to compete: Two complementary brands



Well positioned to compete: Largest spectrum portfolio

Spectrum holdings - unpaired basis (MHz)¹

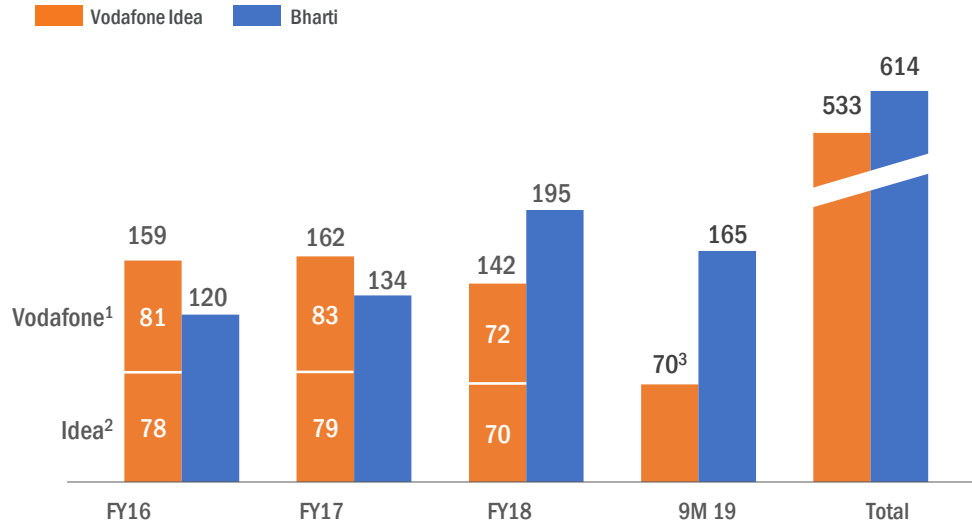


Total holdings	1850 MHz	1727 MHz	1480 MHz
Total liberalized holdings	1715 MHz	1537 MHz	1480 MHz

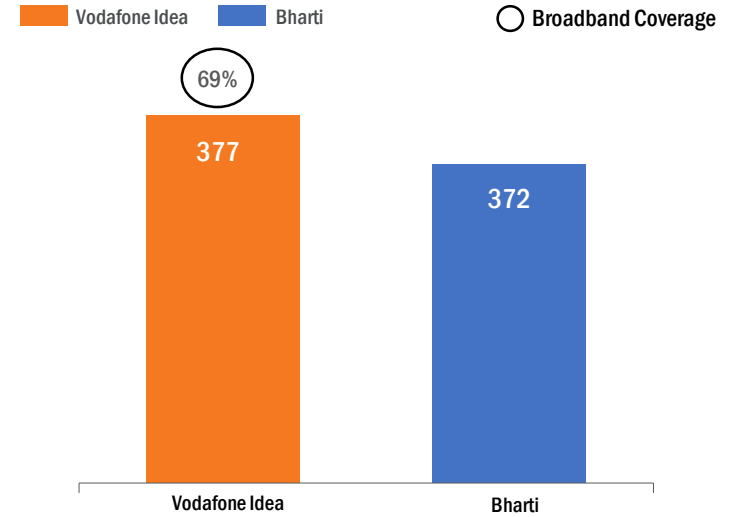
1. Source: Department of Telecommunications; administered spectrum holdings: VIL 135 MHz (in 900 and 1800 MHz band), Bharti 190 MHz (in 900 and 1800 MHz band)
2. Includes Tata

Well Invested Network: Capex at par with peers historically

Capital expenditure (Rs. bn)



Broadband Sites ('000) (Dec-18)



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

1. Capital expenditure for Vodafone has been derived by addition of the change in work in progress for tangible and intangible assets excluding spectrum during the relevant period
2. Capital Expenditure for Idea has been derived on the basis of addition to the gross block of assets (excluding spectrum) during the relevant period as adjusted by change in working capital progress and forex and interest capitalization / decapitalization during the relevant period
3. Capital expenditure for Vodafone Idea for the 9 months represents gross additions to gross block and change in capital work in progress

Note: Quarterly disclosures of companies

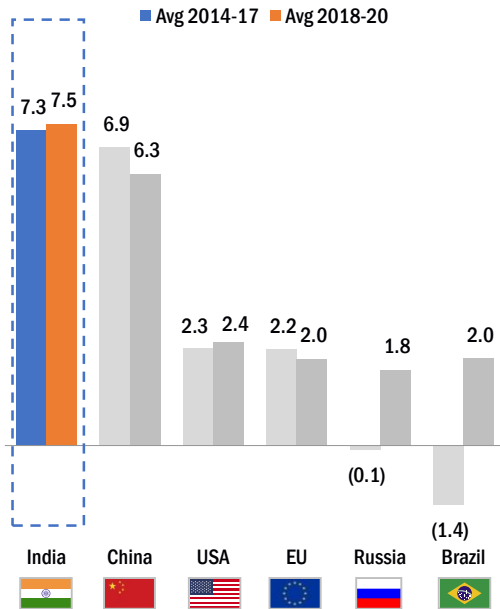
Growth opportunities



Growth opportunity: Large population, fastest growing economy

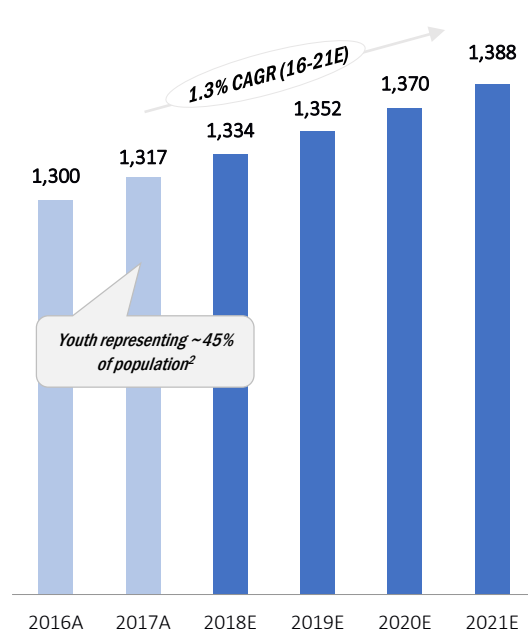
Fastest growing major economy

Real GDP growth (%)¹



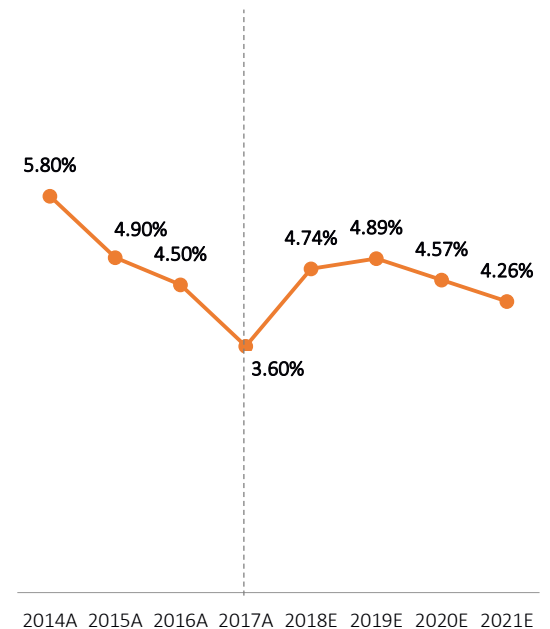
Growing population and high demographic dividend

India's population (mn)¹



Easing inflationary environment

Consumer Price Index growth (%)¹

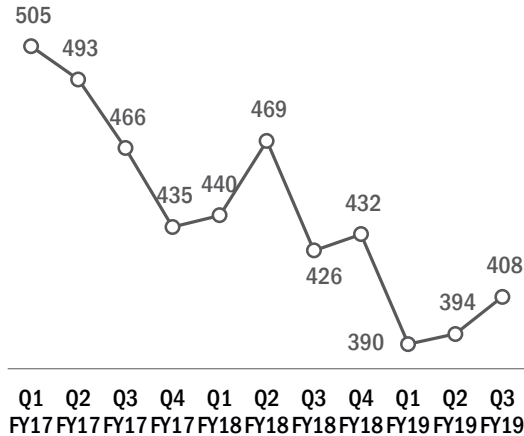


1. IMF as of Oct-2018
2. Defined as individuals aged less than 25 years of age

Growth opportunity: Significant ARPU recovery potential

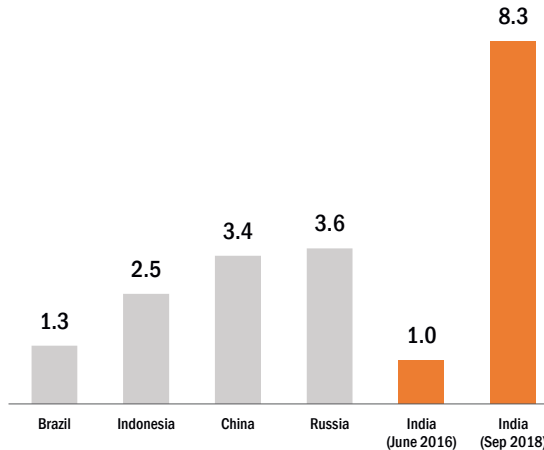
Significant revenue decline

Wireless Industry gross revenue (Rs. bn)¹



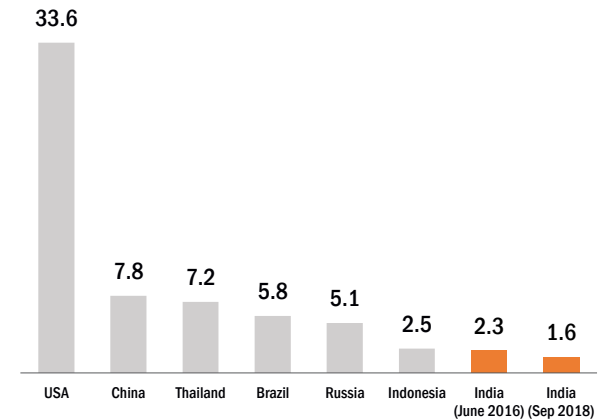
Exponential data growth

Data usage per data subscriber per month (GB) - September 2018^{1,2}



Significant ARPU compression

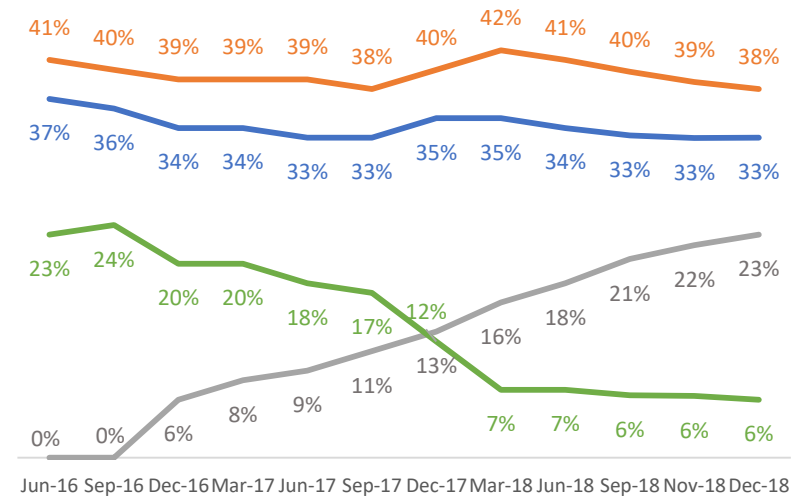
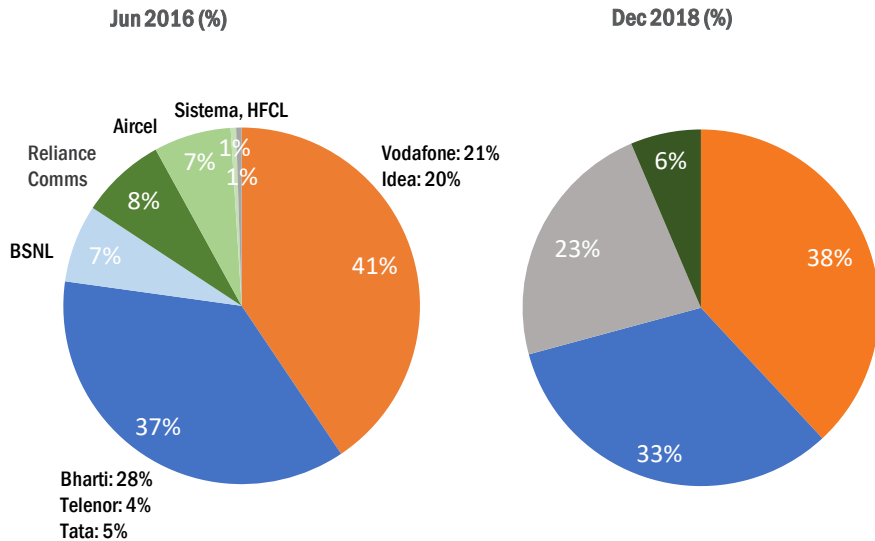
Blended mobile ARPU (US\$) - September 2018^{1,2,3}



1. Source (India): TRAI Financial Report
2. Source (For countries other than India): Ovum Report extract (As of September 2018)
3. ARPU = TRAI Gross Revenue/Average Subscriber Base; US\$1 = INR 71

Growth opportunity: India now has three main players

Active customer market share (%)¹



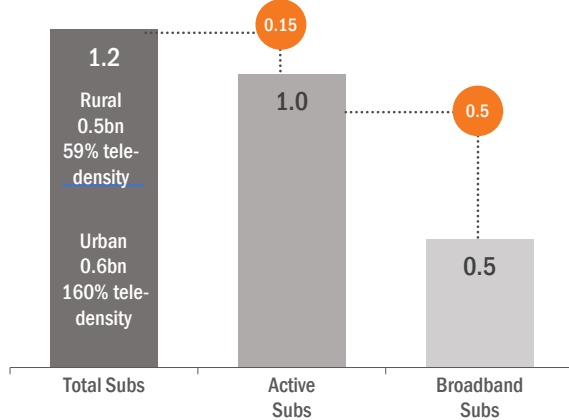
■ Vodafone Idea
 ■ Bharti + acquisitions²
 ■ Jio
 ■ Others

1. VLR (Visitor location register): Source - TRAI Telecom Reports on Subscription Data. 2 Bharti including Tata and Telenor

Growth opportunity: To upsell 2G subscriber base

Under-penetrated market

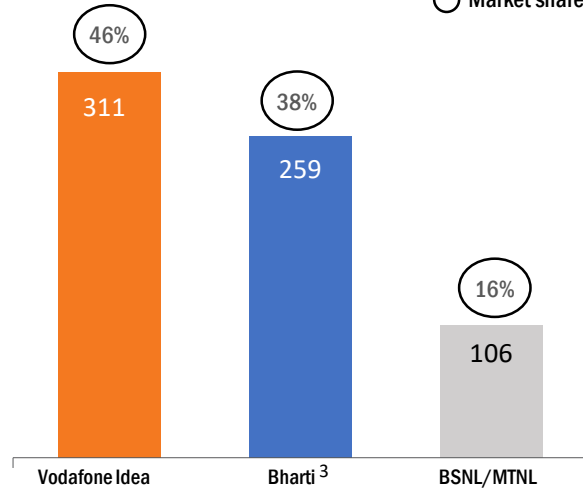
India subscribers (bn)¹



Our fair share of growth is a significant opportunity

Two main players 2G market

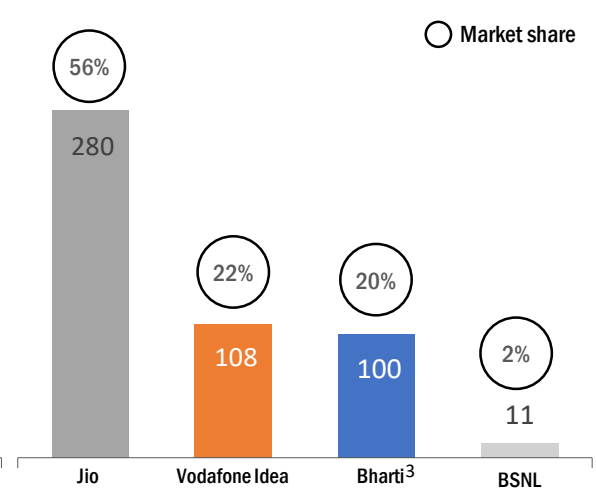
2G subs (mn)^{1,2}



Well placed to upsell customers to 4G

Three main players mobile broadband market

Broadband subs (mn)

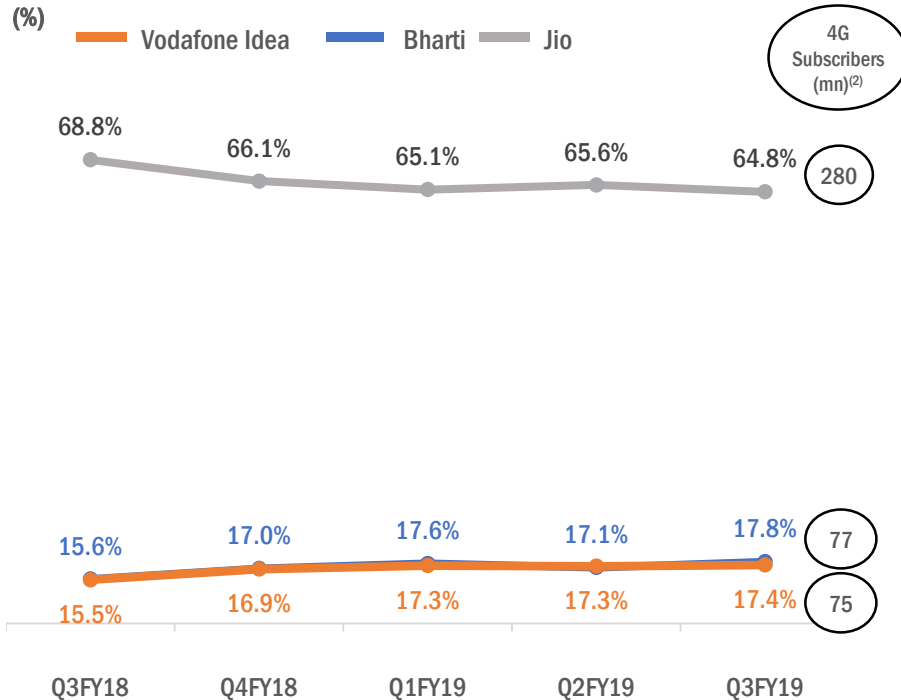


Competitively placed

1. Source: TRAI Telecom Report on Subscription Data (December 2018) 2. 2G subscribers = Total subscribers - Broadband subscribers 3. Includes Tata

Growth opportunity: Substantial 4G potential

4G subscriber market share¹

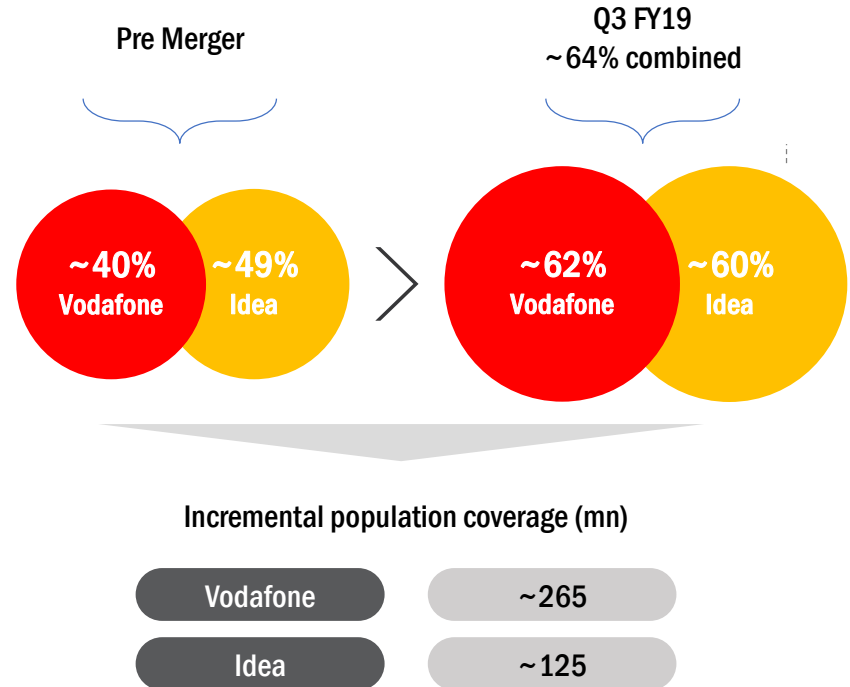


Source: Quarterly disclosures published by the Companies

1. Please note that the subscriber definition may vary for each Company

2. As of Dec-2018

Expanding 4G population coverage



Strategy



Vision

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

The strategy for Vodafone Idea

1 Radically accelerate integration to reduce cost of production	2 Prioritising investments in key profitable districts	3 Drive ARPU via simplification, rationalisation & upselling	4 Fast growing revenue streams, partnerships to drive value	5 Strengthen balance sheet
				
<ul style="list-style-type: none">• Bring forward synergy targets• Optimise capex through equipment reuse leading to improved 4G coverage• Create a 'fit for future' organisation	<ul style="list-style-type: none">• Investment focused on key and profitable districts• Network expansion for both brands based utilising existing investments• Improve 4G capacity in key districts to enhance customer experience	<ul style="list-style-type: none">• Reduce number of price plans• Low value recharges for non unlimited customers• Digitalization of customer acquisition / servicing process• Utilise Big Data & Analytics to improve ARPU	<ul style="list-style-type: none">• Business services• Partnerships for Digital Content• Partnerships to enhance return from our assets	<ul style="list-style-type: none">• Capital raise of up to Rs. 250 bn / ~US\$3.5bn• Monetise 11.15% stake in Indus Towers• Monetise fibre assets
Focused investments to improve customer experience and in turn, profitability				

1 Integration: Progressing ahead of plan, accelerating synergies

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 integration benefits starting Sept' 18



Today

- Network vendor selection, equipment ordering completed
- Circle & Zone infrastructure consolidation completed
- Product harmonization done
- Organisational structure in place
- Unified network experience to customers of both brands in 8 circles
- Started exiting low utilization sites, optimized loading on co-located sites



Accelerating synergies

- Prioritisation of low utilisation site exits
- Quicker real-estate rationalisation
- Managed services RFP being fast tracked
- Faster store rationalization
- Integration of Distributors and retail footprint
- Customer service operations to be completed shortly

1 Integration: Overview of network integration activities

Integration activities

Physical activities

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

Software upgrade & configuration

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

Spectrum Refarming

- L-900 Refarm
- L-2100 Refarm

Key levers supporting accelerated integration

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

146k sites rolled out between Apr-17 to Sep-18;
62k sites shared (ICR/MORAN) between Apr-18 to Jun-18

Unified network experience for 8 circles completed by Jan-2019

Targeting to complete integration activities within 18-24 months from the date of merger

1 Integration: Network opex and capex synergies

Site exits rental savings and loading savings

- Day 0, tenancy exits of ~66k co-located sites resulted in an immediate monthly cost saving from Sept '18
- Prioritisation of low utilization site exits from overlapping networks resulting in rental savings
- Network integration and optimisation of loading, and reduction in energy costs

AMC, O&M & other network opex reduction

- Managed service scope reduction due to site exits
- Equipment removed from sites will be used as spare equipment and will reduce AMC to vendors
- Off-net lease line will be converted to On-net

IT opex synergy

- Application, operation, IT facility consolidation
- Modernisation to the Cloud leading to savings in AMC & energy

Capex synergy

- Spectrum consolidation creates significant capacity
- Capex avoidance and efficiencies
- Scale of procurement post merger results in better pricing and credit terms

1 Integration: Operations integration ahead of plan; structure & organisation completed

Circle Operations

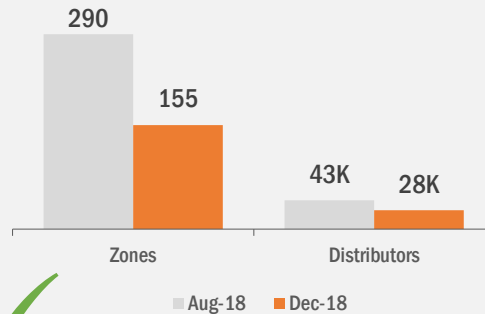


Circle and zonal office infrastructure consolidated



Achieved

Sales & Distribution



Achieved

In progress

Urban Branded Retail Stores



Aug'18
~5,900

Dec'18
~4,900

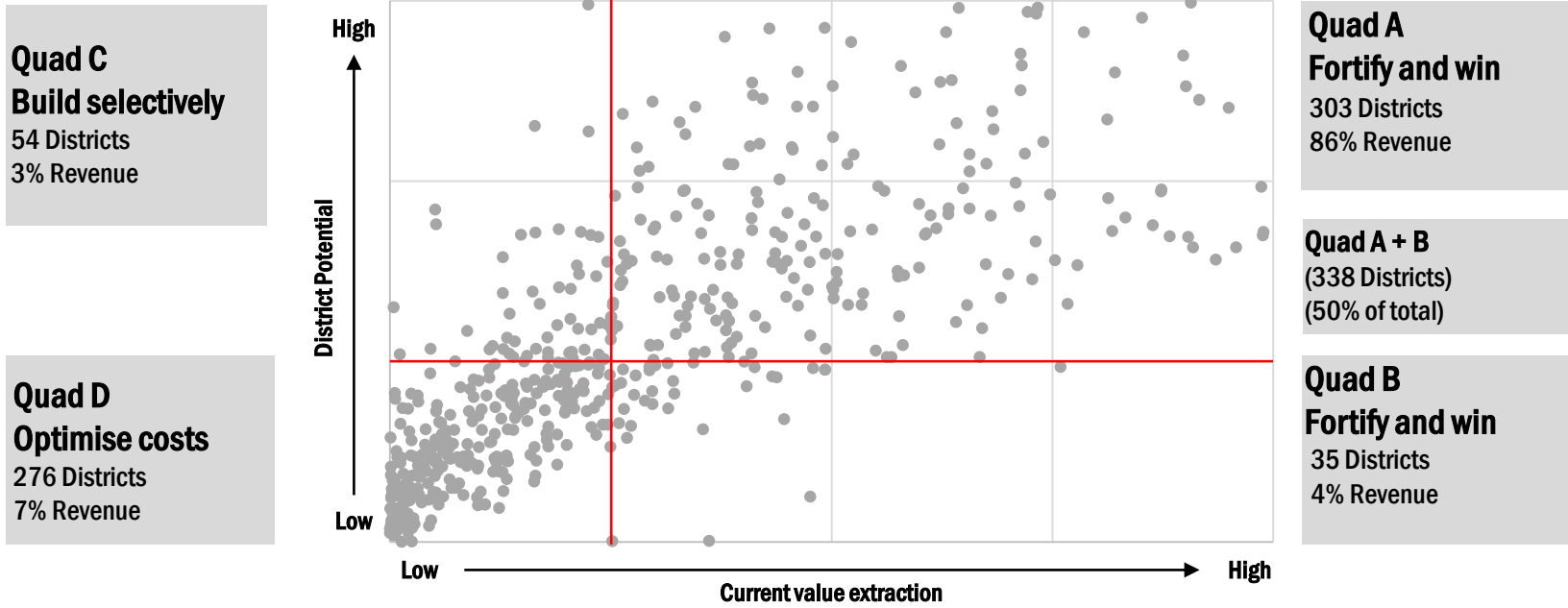
In progress

1 Integration: Other opex synergies

Acquisition	<ul style="list-style-type: none">• Change in acquisition mix with focus on higher value customers• Distribution consolidation• Closure of high cost - low quality channels
Servicing	<ul style="list-style-type: none">• Harmonisation of retail stores & service centre consolidation• Increase in acquisitions through digital channels• Centralised credit and collection (lower cost, bad debt and churn)• Simplified portfolio resulting in lower calls per customer
Advertising & promotions	<ul style="list-style-type: none">• Combined advertising and business promotion• Unified distribution and retail infrastructure• Product simplification

2 Prioritising Investments: Moving focus from circles to key districts

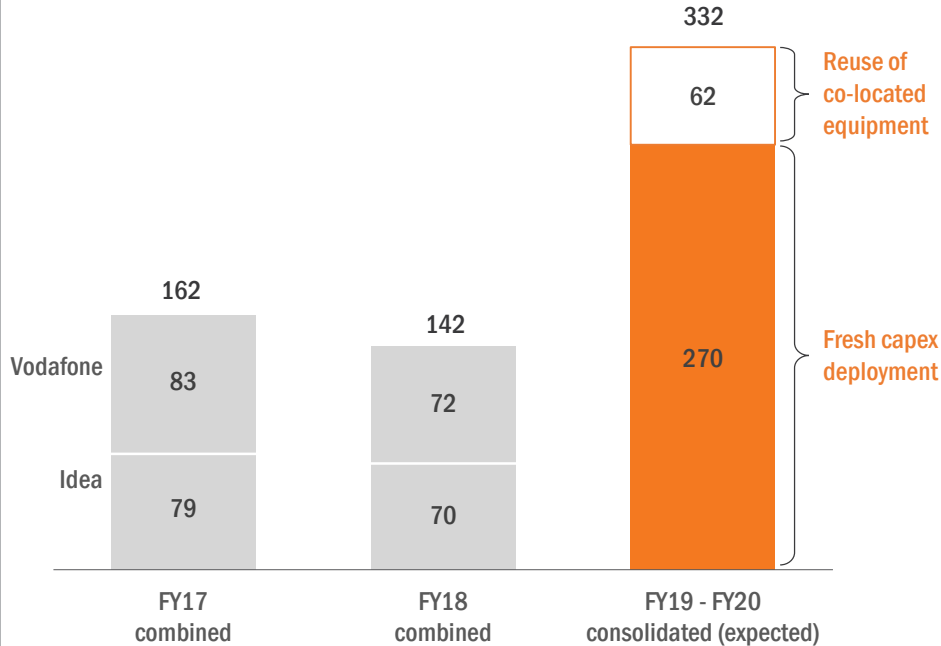
Revenue per District per month for 650+ Districts¹ (Q2 FY19)



1. Census 2011, Company's internal analysis

2 Prioritising Investments: Capex guidance

Capex (Rs. bn)



• Sources of capex synergy

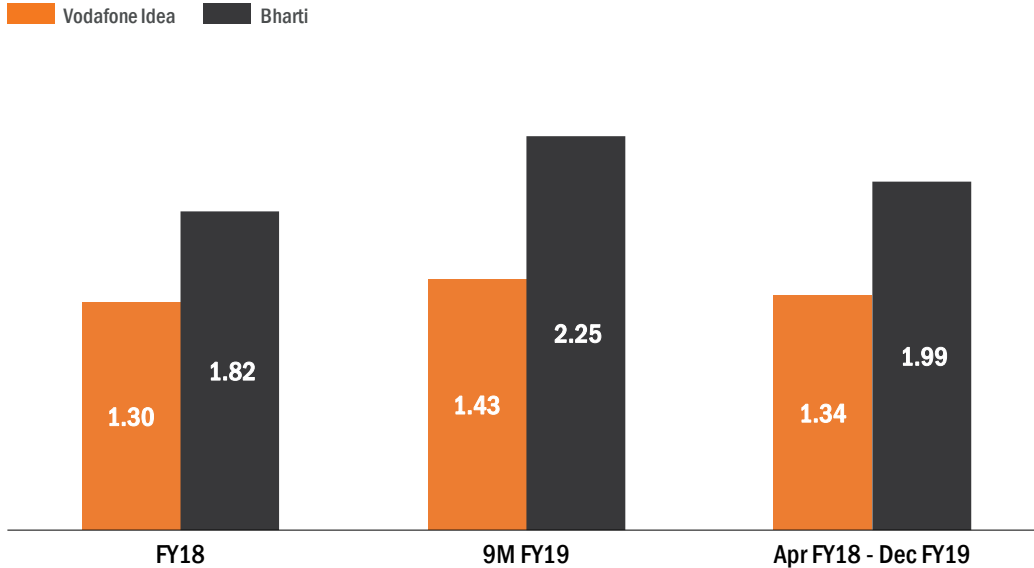
- existing co-located equipment to be redeployed
- spectrum consolidation creates significant capacity
- capex avoidance and efficiencies

• 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

2 Prioritising Investments: Capex Efficiency

Capex per site (Rs. mn)



Deployment in last 21 months

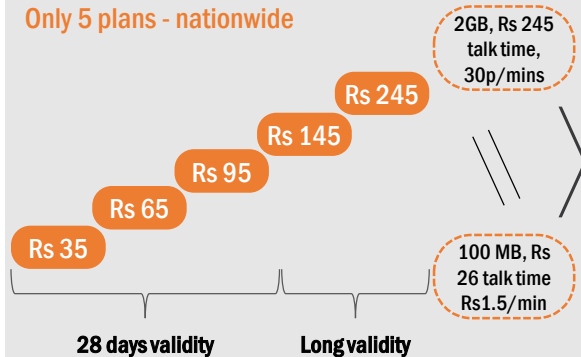
	Capex (Rs. bn)	Incr. BB sites (No.s '000)	Incr. OFC (Km '000)
Bharti	360	181	44
Vodafone Idea	212	157	25
Vodafone Idea as % of Airtel	59%	87%	

Source: Quarterly disclosures of companies

3 Simplification of prepaid plans: Driving ARPU improvement

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

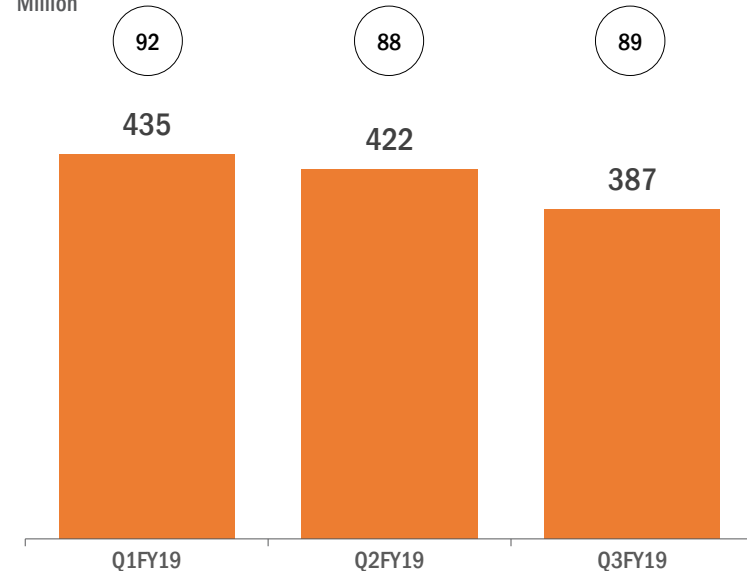
Rs 76

- Only 1 plan in Non-unlimited

Subscriber Base

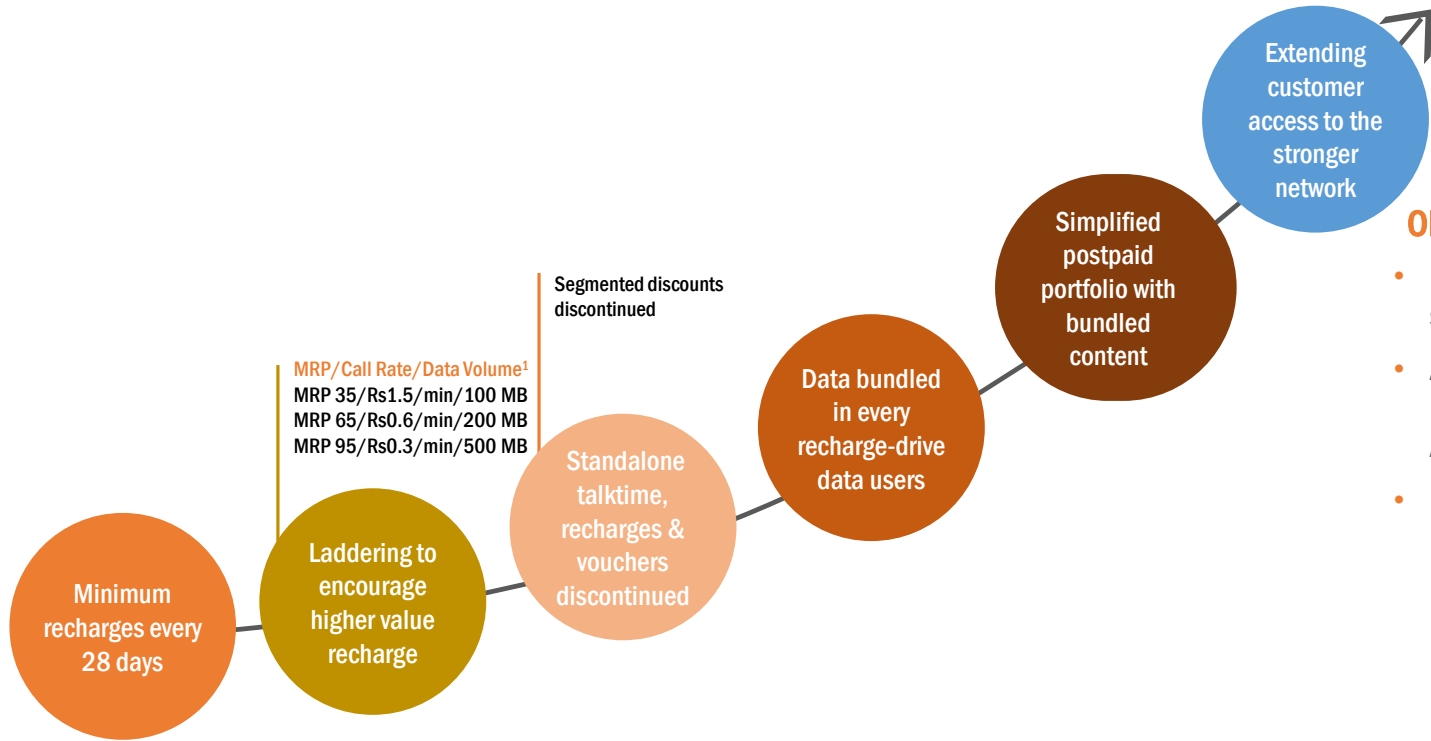
○ ARPU (INR)

Million



Simplification to drive ARPU, reduce costs and improve customer experience

3 Simplification of prepaid plans: Driving ARPU improvement



Objectives

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

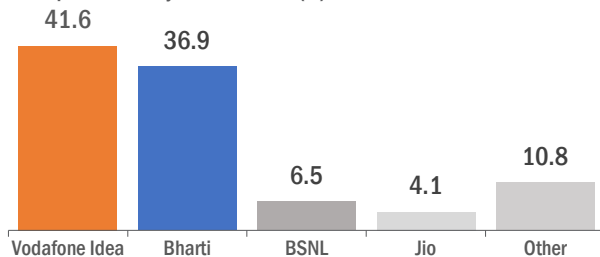
Actions resulted in growth in daily revenues on a month-on-month basis during Dec 2018 which continued into Jan 2019

1. As of Feb 22, 2019

4 Driving value: Leadership positions in Business Services

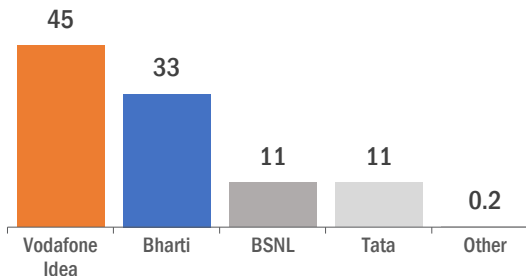
Leader in mobility market share

Enterprise mobility market share (%)



Number 1 in Internet of Things

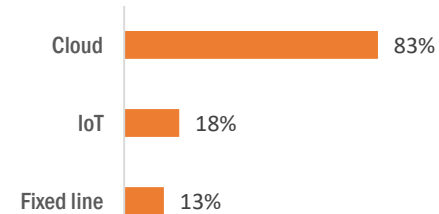
IoT RMS (%)



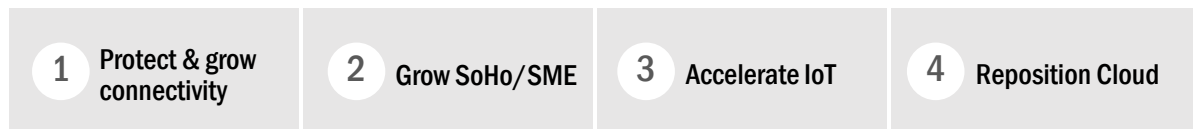
5bn - IoT market volume by FY22
 - Benefit of Vodafone Group leadership: 60mn IoT connections

Non-Mobility: the growth engine¹

Revenue growth (Apr to Dec 2018 YoY)



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



Source: Frost and Sullivan mobile services report for Q1 FY 19; Department of Telecommunications

1. Data is from Company's internal reporting

4 Driving value: Partnerships for Growth

Our Assets

387mn customers

11k stores

Carrier billing

Digital assets

Distribution reach 1.4mn

Customer intelligence

Our Arrangements with

Global Content Providers

Regional Content Providers

Financial Institutions and NBFCs

E-Commerce

Leading Handset Manufacturers

Social Media Platforms

Co-creating value for our customers and partners

5 Strengthen Balance Sheet

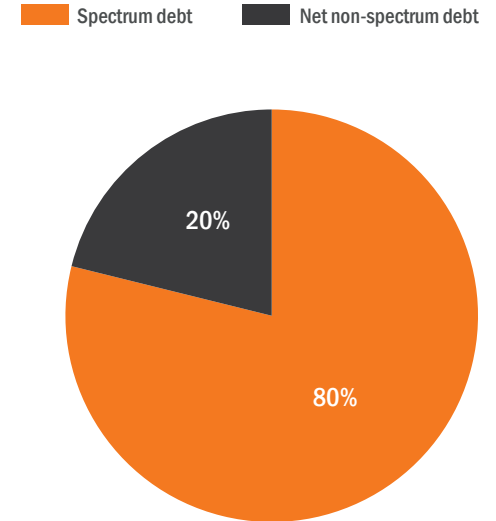
Net debt breakdown (Dec-18)

Current Position

- 80% of current net debt to DoT for spectrum
- Debt : equity ratio @1.78: post proposed equity issue ~ 1.0

Initiatives

- Up to Rs. 250 bn (~US\$3.5bn) 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) for cash at completion¹
- Fibre monetisation being actively explored as an option to increase financial flexibility
- Significant acceleration of synergies
- Initiatives for ARPU improvement



Note: US\$1 = INR 71

1. Based on Bharti Infratel VWAP for last 60 trading days as of December 31, 2018 (subject to completion of Bharti Infratel and Indus merger)

5 Strengthen Balance Sheet: Fibre monetisation opportunity

Business Overview

- Fibre assets used for backhaul capacity
- ~180k km of fibre under IRUs and which will continue to remain in the mobile business¹

<i>Km</i>	
Intra - city	> 38 k
Inter - city	> 120 k
Total	> 158 k

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

1. Including overlaps

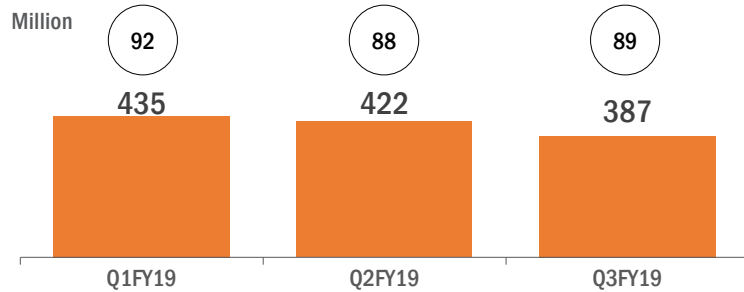
Q3 FY19 Performance Review



Key Operating Trends

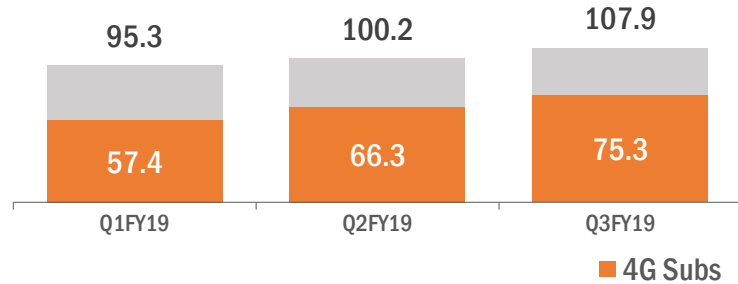
Rationalization in Subscriber Base

○ ARPU (INR)

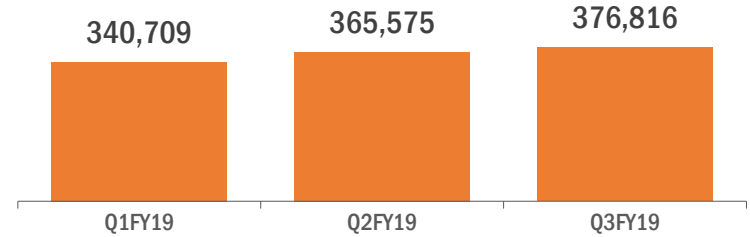


Consistent Growth in Broadband Subscribers

Million

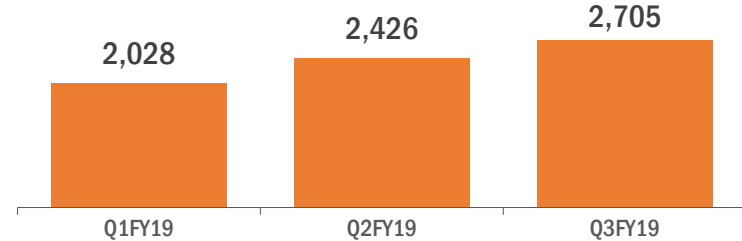


Expanding Broadband Sites



Rapid Data Volume Growth

bn MB



Source : Company filings

Note: 1. Q1 FY19 is a consolidation of erstwhile Vodafone and Idea 2. Q2 FY19 is on a pro forma basis

Finance: Results and merger accounting

Rs. bn	FY18	9MFY19
Revenue	603	367
EBITDA	118	37
Capex	143	70
Net debt		1,149
Net worth		645
Debt : Equity		1.78

- Pro-forma Revenue and EBITDA for FY18 and 9M FY19 have been computed assuming merger is effective 1st April 2017

Summary



Summary: We are creating the leading telco

1

The Indian market is a large under-penetrated growth opportunity

2

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

3

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

4

We are accelerating the delivery of merger synergy benefits

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

