



Media Release – August 14, 2021

Q1 impacted by COVID related disruptions; Strong data volume growth reflects improving consumer engagement and seamless connectivity

Highlights for the Quarter

- Revenue declined by 4.7% QoQ to Rs. 91.5 billion on account of slowdown in economic activities due to lockdown/restrictions in several districts during the severe second wave of COVID
- Strong data volume growth of 13.2% QoQ reflects robust consumer engagement
- Continued network capacity expansion supported by spectrum refarming and network upgrade to 4G
- Vi GIGAnet continued to offer superior network experience on both, data and voice, as reflected in independent external reports
- Cost optimization underway with target to achieve **Rs. 40 billion annualized opex savings** by December 2021; achieved ~70% of targeted opex efficiency on run rate basis
- On fund raising, the company is currently in active discussion with potential investors
- The Hon'ble SC dismissed the modification application filed by the Company and Other Telecom Operators for correction of the manifest/clerical/arithmetical errors in AGR calculation. Subsequently, the company has filed a review petition with the SC.

Financial Highlights

| Consolidated (Rs Mn) | Q4FY21 | Q1FY22 |
|--|-----------------|-----------------|
| Revenue | 96,076 | 91,523 |
| EBITDA | 44,087 | 37,077 |
| EBITDA% | 45.9% | 40.5% |
| Depreciation & Amortisation | 58,101 | 60,098 |
| EBIT | (14,014) | (23,021) |
| Interest and Financing Cost (Net) | 46,664 | 51,949 |
| Exceptional Items | | |
| - Impairment (non-cash) | (9,185) | - |
| - Others | (558) | 1,779 |
| Share of Profit/(Loss) from JV & associates | (2) | 5 |
| PBT | (70,423) | (73,186) |
| PAT | (70,228) | (73,191) |
| Other Comprehensive Income (net of Tax) | 377 | 62 |
| Total Comprehensive Income (Consolidated) | (69,851) | (73,129) |

Ravinder Takkar, MD & CEO, Vodafone Idea Limited, said *“The severe second wave of COVID caused significant disruptions and slowdown in economic activities. During these challenging times, VIL continued to serve its customers and community at large by providing seamless connectivity as well as maintaining superior quality of services. Vi GIGAnet’s superior network experience on both data and voice, is testified through top rankings in independent external reports. We continue to focus on executing our strategy to keep our customers ahead, and our cost optimization plan remains on track to deliver the targeted savings. We are in active discussion with potential investors for fund raising, to achieve our strategic intent.”*



Financial highlights

Revenue for the quarter was Rs. 91.5 billion, a decline of 4.7% QoQ, on account of slowdown in economic activities due to lockdown or restrictions in most of the districts during the severe second wave of COVID. On a reported basis, EBITDA for the quarter was Rs. 37.1 billion, with EBITDA margins at 40.5% vs 45.9% in Q4FY21. EBITDA excluding IndAS 116 impact declined to Rs. 12.8 billion, adjusted for one-off of Rs. 1.0 billion, compared to Rs. 17.2 billion in Q4FY21 (adjusted for one-off of Rs. 4.5 billion), on account of lower revenue during the quarter. Capex spend for Q1FY22 was Rs. 9.4 billion vs Rs. 15.4 billion in Q4FY21.

The total gross debt (excluding lease liabilities and including interest accrued but not due) as of June 30, 2021 stands at Rs. 1,915.9 billion, comprising of deferred spectrum payment obligations of Rs. 1,060.1 billion and AGR liability of Rs. 621.8 billion that are due to the Government and debt from banks and financial institutions of Rs. 234.0 billion. Cash & cash equivalents were Rs. 9.2 billion and net debt stood at Rs. 1,906.7 billion.

Operational highlights

We continue to invest in 4G to increase our coverage and capacity. During the quarter, we added ~6,400 4G FDD sites primarily through refarming of 2G/3G spectrum to expand our 4G coverage and capacity. Our overall broadband site count stood at 447,114, lower compared to 452,650 in Q4FY21 as we continue to actively shutdown 3G sites. Till date, we have deployed nearly 63,000 TDD sites in addition to the deployment of ~13,800 Massive MIMO sites and ~12,800 small cells. We continue to expand our LTE 900 presence in 12 circles at select locations, including through dynamic spectrum refarming, to improve customer experience. Our 4G network covers over 1 billion Indians as of June 30, 2021 (4G coverage is the population reached/covered by VIL with its 4G network).

These network investment initiatives continue to deliver a significant capacity uplift, enabling us to offer superior customer experience. Our relentless pursuit to have a superior 4G network in the country, through integration and incremental network investments post-merger, are clearly visible through our top rankings on 4G download speeds in independent external reports. We also have the highest rated voice quality in the country as per TRAI's "MyCall" app data between November 2020 and June 2021 (except in month of May).

Our unified brand "Vi", which was launched in September 2020, has already garnered strong awareness and continues to build brand affinity across all customer segments in the country. The subscriber base however declined by 12.3 million as the second wave of COVID disrupted economic activity, with lockdowns or restricted store timings impacting the gross additions during the quarter. The subscriber base stands at 255.4 million in Q1FY22 vs 267.8 million in Q4FY21. However, the 4G subscriber base remained resilient at 112.9 million vs 113.9 million in Q4FY21.

Subscriber churn was 3.5% in Q1FY22 vs 3.0% in Q4FY21. ARPU declined to Rs. 104 vs Rs. 107 in Q4FY21. The data volumes witnessed strong growth of 13.2% QoQ, driven by higher data demand during the lockdown. Data usage per broadband subscriber surged to 14.6 GB/month vs 12.8 GB/month in Q4FY21.



Vi Business has launched Integrated IoT platform, offering end-to-end IoT Solutions, which is a pioneer offer in the market. The company has started the journey of integrated IoT with proposition of Smart Infrastructure, Smart Mobility and Smart Utilities to address the need of these industries, which will be further expanded gradually. The secure end-to-end IoT solution comprises of connectivity, hardware, network, application, analytics, security and support. This is a strategic step towards making Vi Business – an IoT ecosystem integrator for Indian enterprises and positioning VIL to have an ecosystem play driving our transformation from a ‘Telco’ to ‘Techco’.

Cost optimization initiative

After successfully achieving targeted merger opex synergies of Rs. 84 billion, we have undertaken the 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 ~70% of the targeted annualised savings on a run-rate basis by the end of Q1FY22.

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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