Vodafone India- Media Meet

Results 2014 - 15

19th May 2015

Sunil Sood - MD & CEO

Thomas Reisten - CFO

Disclaimer

The presentation contains certain non-GAAP financial information which the Group's management believes provides valuable additional information in understanding the performance of the Group's businesses because they provide measures used by the Group to assess performance. Although these measures are important in the management of the business, they should not be viewed in isolation or as replacements but rather as complimentary to, the comparable GAAP measures. To align with Vodafone Group disclosures, from FY15, Vodafone India financials will represent Vodafone India standalone only.

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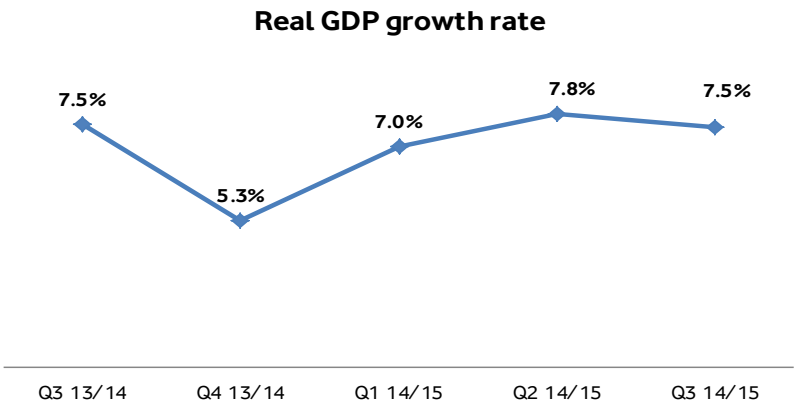
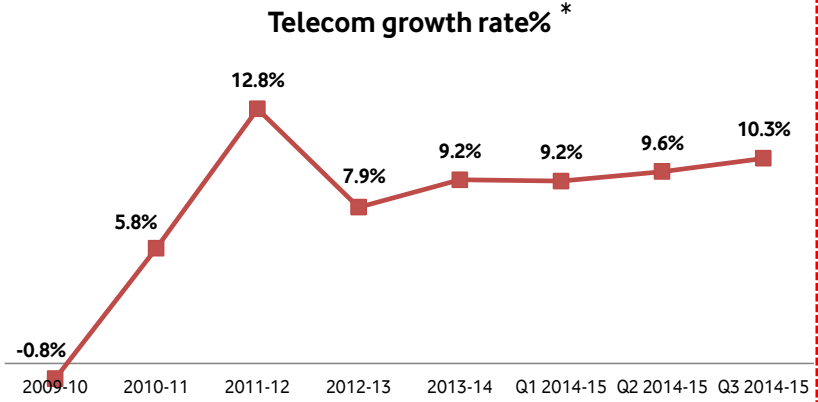
Economy and Industry update



Economy back on the path of recovery

- Inflationary pressure reducing
- Positive sentiment prevailing



Industry growth stable

- Revenue growth at 10.3% YoY in Q3 14-15
- Active subscribers grew by 9.2% YoY (Feb 14-15)

Growth momentum continues in telecom sector

Source :CSO and TRAI financial performance report. Q3 2014-15 GDP growth % is at a base of 2011-12
** Includes Mobile + UASL revenue*

Regulation

Dynamic Regulatory environment

Spectrum Auction Mar'15 in 800/900/1800/2100 MHz bands

- Earning to Government approximately INR 109,875 crores
- VIL re-acquired 900/1800MHz spectrum in 6 circles & also increased 3G footprint with more 2100MHz spectrum

Spectrum trading and sharing guidelines awaited

- Trading and Sharing Recommendations submitted by TRAI to DoT, awaiting final decision

3G ICR continues

- Intra circle 3G roaming upheld by TDSAT; appeal filed by DoT in Supreme Court, no stay granted

Mobile Termination and carriage charges reduced from March 2015

- MTR reduced to 14p /min from 20p/min; Ceiling on carriage charges for national long distance revised to 35p/min from 65p/min

Tariffs for National Roaming reduced w-e-f May 2015

- Local outgoing reduced by 20%, STD by 23% and incoming by 40% & SMS by 75%

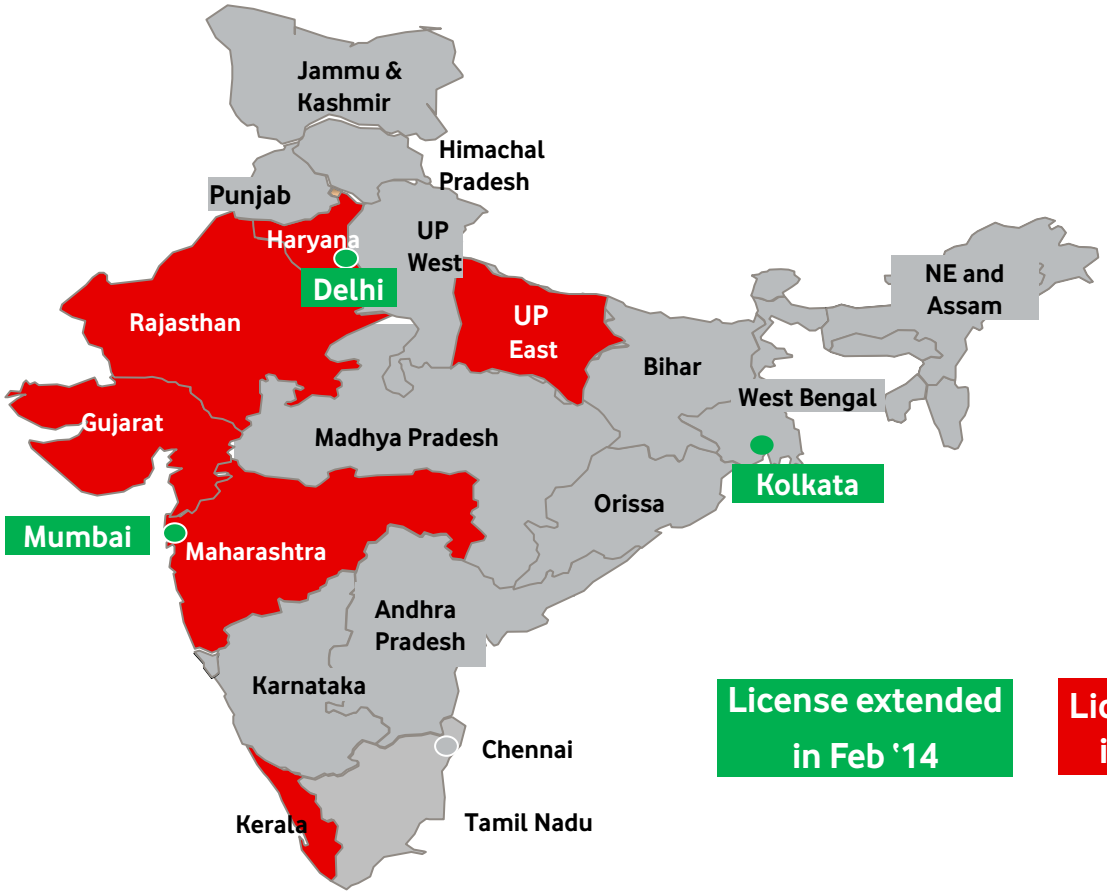
All India Mobile Number Portability

- Extension of 2 months given by DoT - to be implemented by 03rd July 2015

Finance Bill 2015-16

- As per the proposed Union Budget 2015, Service tax to increase from 12.36% to 14%

Spectrum: Extended Licenses in 6 circles & 3 Metros in last two years

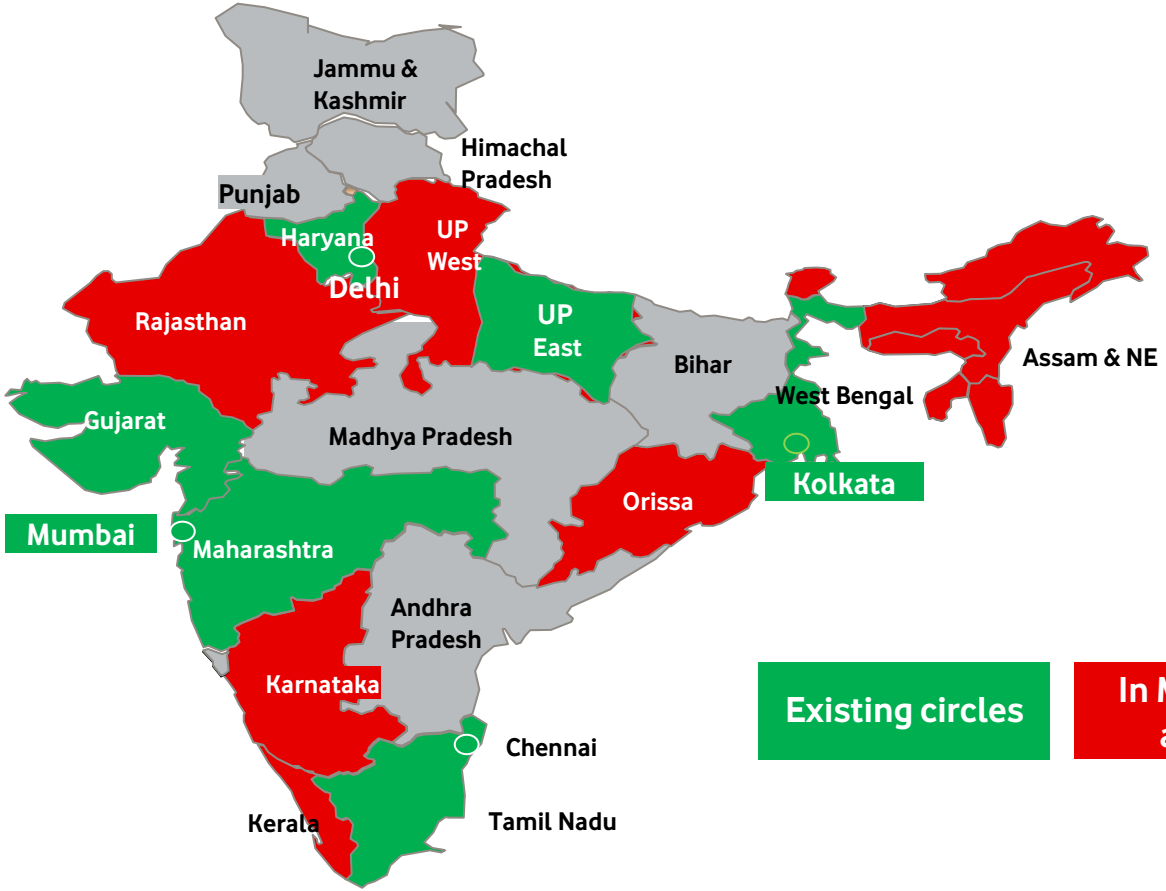


License extended in Feb '14

License Extended in March 2015

Safeguarded business for 20 years

Spectrum : Expanded 3G footprint from 9 to 16 circles



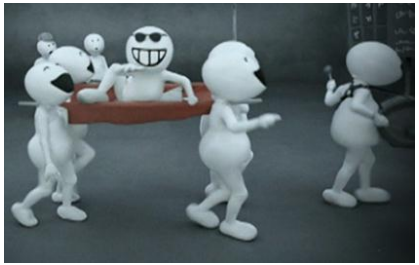
Existing circles

In March 2015 auctions

Ready for continued data acceleration

Vodafone India – Performance highlights FY15

- Strong service revenue growth @12.6% YoY
- Robust data* performance: 65.5% YoY growth
- Improving EBITDA margin @ 29.6%
- Growing subscriber base ~ 184mn: 10.4% YoY growth
- Tripled M-Pesa base to over 3mn registered customers



Holistic growth, continue to grow Revenue Market Share

Vodafone India standalone
**Data revenue is pure browsing revenue*

Strategic priorities

Driving Mobile Internet

Enrich Enterprise Portfolio

Superior Customer Experience

Empowering customers

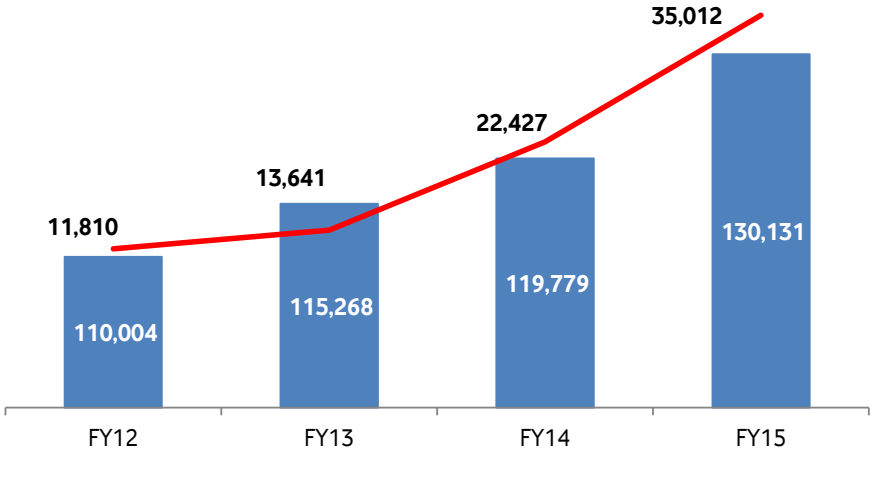
Financial Inclusion

M-Pesa

Superior customer experience

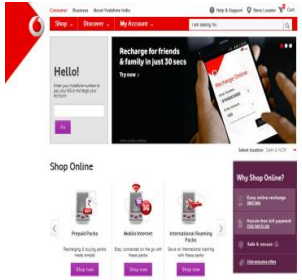
Investing for the future

- Rolled out 10,352 2G sites and 12,585 3G sites in FY15
- Large fiber footprint with 149,800 kms



Increasing customer connect

- Largest exclusive retail footprint of more than 9,800 stores
- Driving digital simplicity with a new, responsive, easy-to-use website



Focusing on customer centricity

Growing mobile internet penetration

Increasing smartphone penetration

- Smartphone users up by 78% in FY15
- Penetration @ 24%; growing rapidly

Strategic device tie-ups

- Partnerships with leading device brands to upgrade data customers

High 3G contribution

- 140% YoY revenue growth
- Over 50% to data revenue and volume

Data traffic emulating Europe

- Largest data traffic in group
- c.86% YoY growth in total data volume

Data driving growth

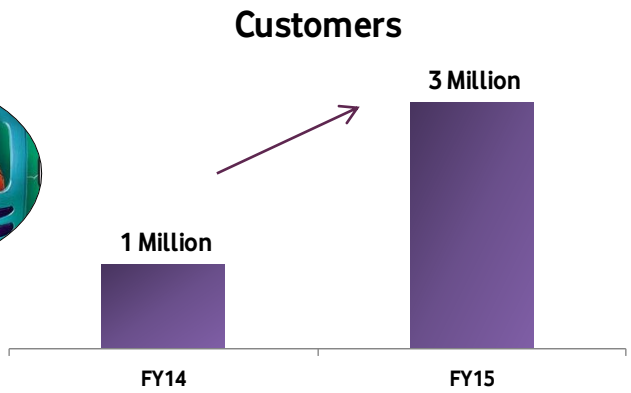
Strong enterprise portfolio

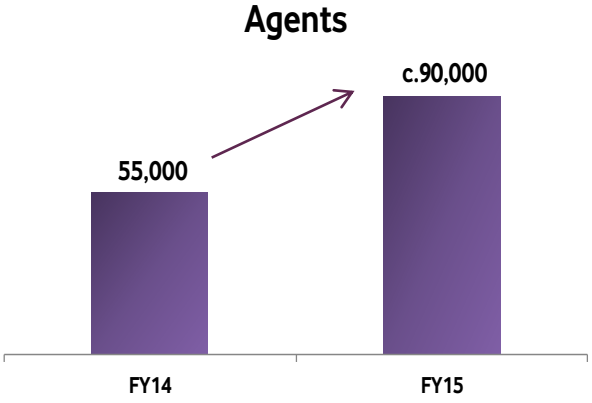
- Over **6 million** VBS* mobility customers
- Contributing to **13%** of VIL service revenue
- **Best Enterprise Mobility Service Provider** Award by Frost & Sullivan for 4 years in a row (2011-14)
- Awarded **'Telecom Leadership Award 2014'** for Customer Service by Voice & Data

Moving towards a total solutions provider

**VBS : Vodafone Business Services*

Expanding M-Pesa reach





- Pan India presence with footprint with c. 90,000 agents
- Largest Business Correspondent network in the country
- Over 3mn registered customers
- Increased adoption by customers and institutions

Driving financial inclusion

Commitment to India (since 2007-08)

Invested close to INR 83,000* crores

Contributed over INR 90,000 crores to the Exchequer

Added more than 82,000 sites, totalling to over 130,000 sites now

Quadrupled customer base to 183.8 million subscribers

7x increase in rural base reaching 98 million rural subscribers

India's largest MNC investor

*Note: *Investments include capex and spectrum acquisition cost (Feb 14 auctions) for Vodafone India standalone*

Commitment to India

Large equity infusion of

INR 6,000 crores

reaffirming Vodafone's commitment to the country

Awards

Excellence in Customer Experience - IDC Insights 2014

AONHewitt Top Company for Leaders
No.2 MNC for Leaders

Great Place to Work
No.1 Telecommunication Company
No.2 Best Large Organization

India's Most Admired Marketer – Economic Times

Innovation in Enabling Digital Financial Inclusion – CSI awards

AGENCY RECKONER MOST ADMIRED MARKETERS

Most Inclusive Digital Wallet – BFSI leadership summit

Vodafone India
Financial Performance

Financial performance

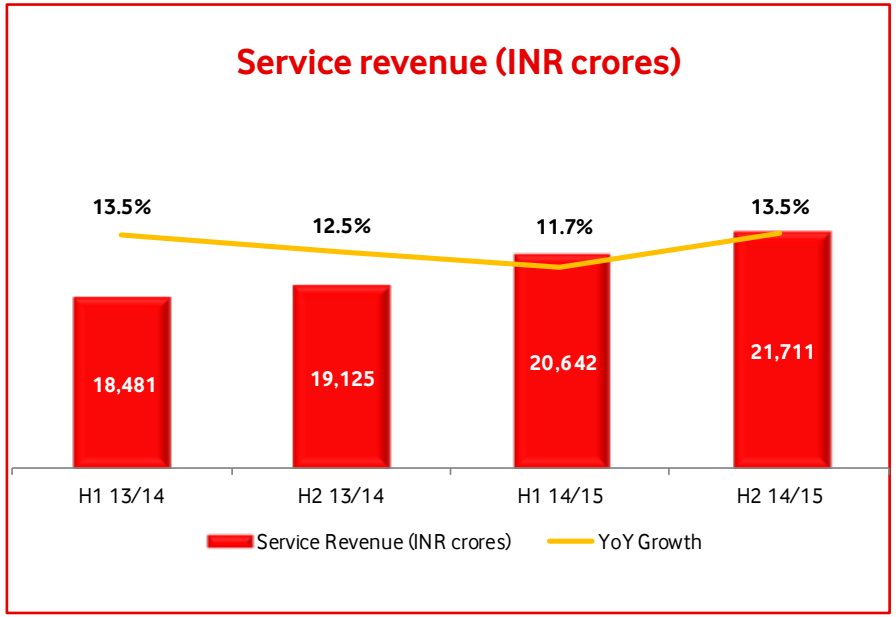
	Vodafone (Standalone)		
INR crores	**FY14**	**FY15**	**YoY growth (%)**
Service Revenue	37,606	42,352	12.6%
Total Revenue	37,777	42,526	12.6%
EBITDA	10,847	12,605	16.2%
EBITDA Margin	**28.7%**	**29.6%**	**0.9ppt**
Capex	6,255	8,598	37.4%
Capex intensity (%)	16.6%	20.2%	3.7ppt
Operating free cash flow	**7,647**	**3,228**	

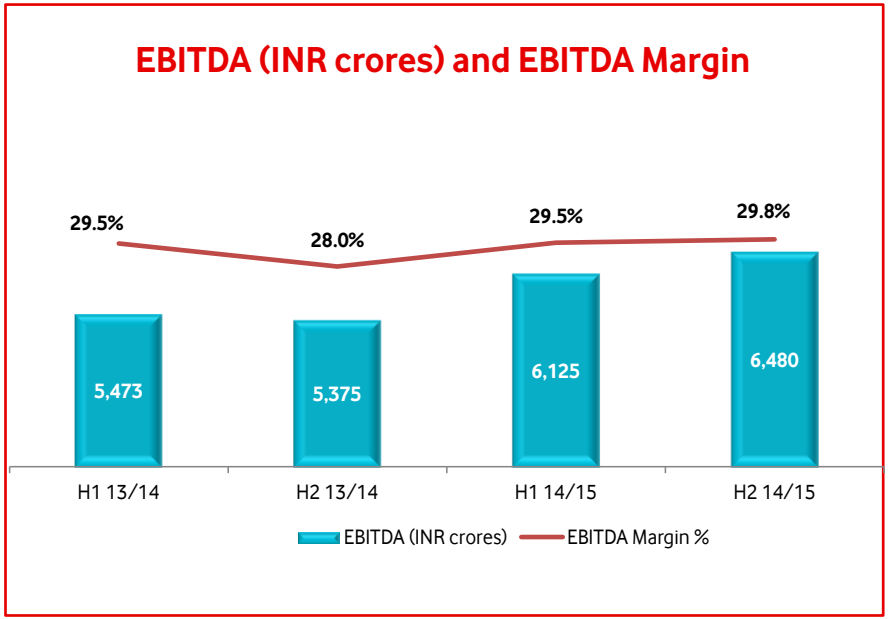
- 12.6% growth in service revenue YoY driven by strong subscriber addition and robust growth in data revenue
- EBITDA margin including Indus is 32.8%: +3.1ppt YoY
- 37.4% higher capital expenditure in FY15 focusing on network expansion and future growth areas
- OFCF is lower on account of higher capital expenditure and an exceptional financial settlement with Indus

Strong financial performance

Note: All the above figures are based on standalone results

Revenue and EBITDA trend

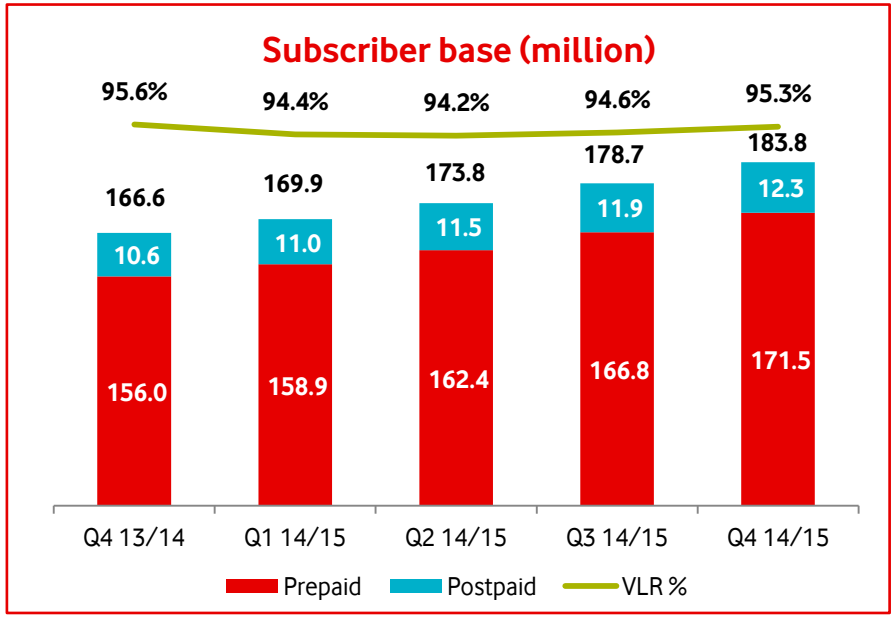


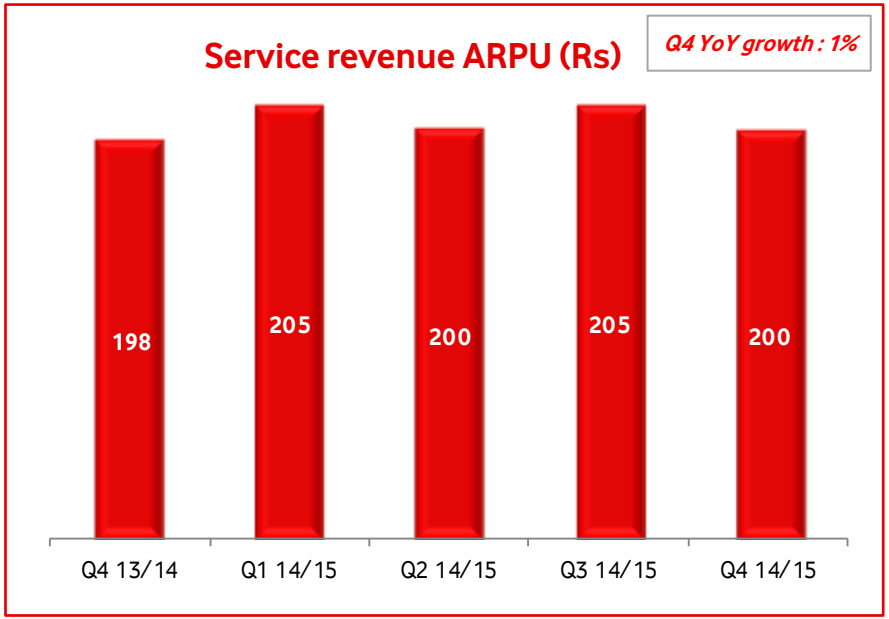


Healthy EBITDA margin

Note: All the above figures are based on standalone results

Subscriber base and Average revenue per user (ARPU)

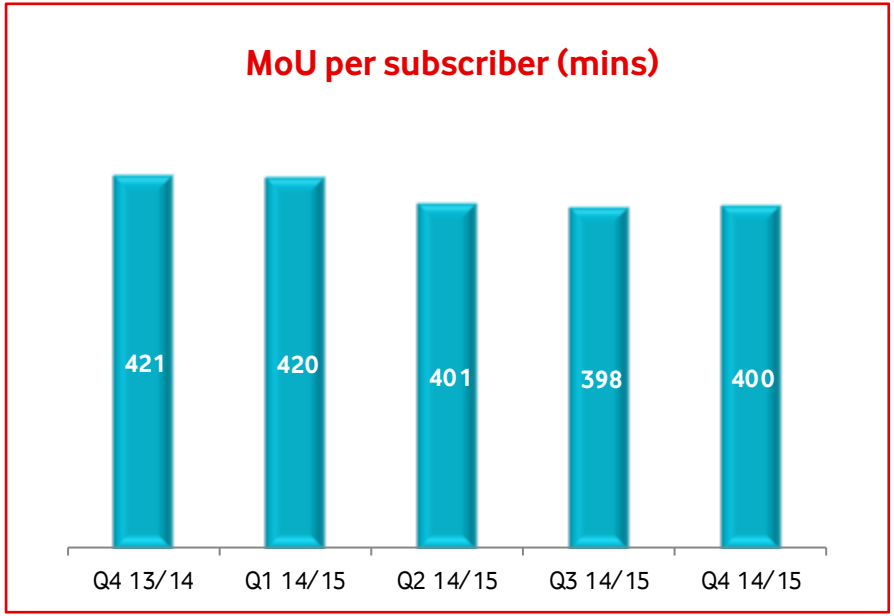


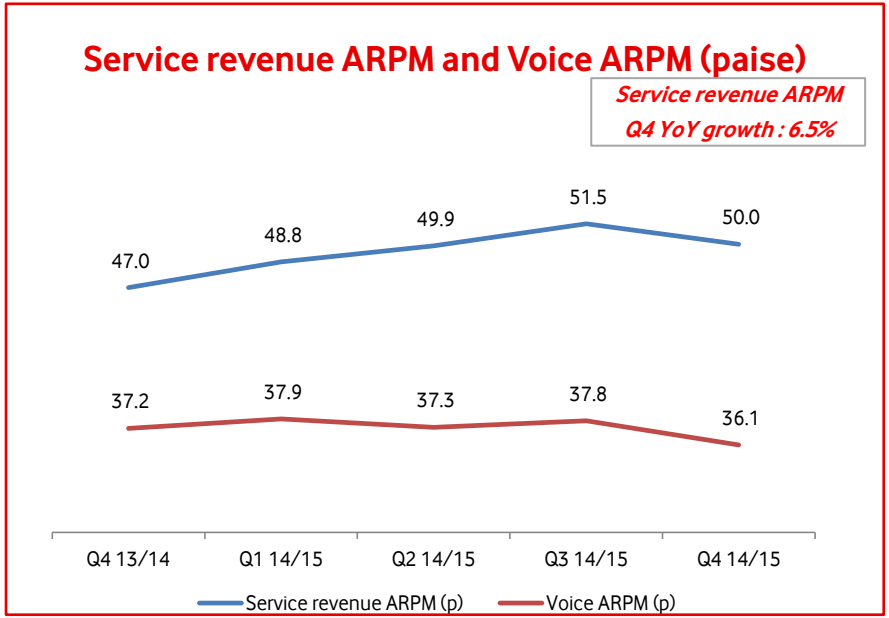


Higher subscriber additions along with stable ARPU

Note::
- *All the above figures are based on standalone results*
- *VLR means active subscribers on the network (based on peak in the month)*

Minutes of usage and Average realization per minute (ARPM)

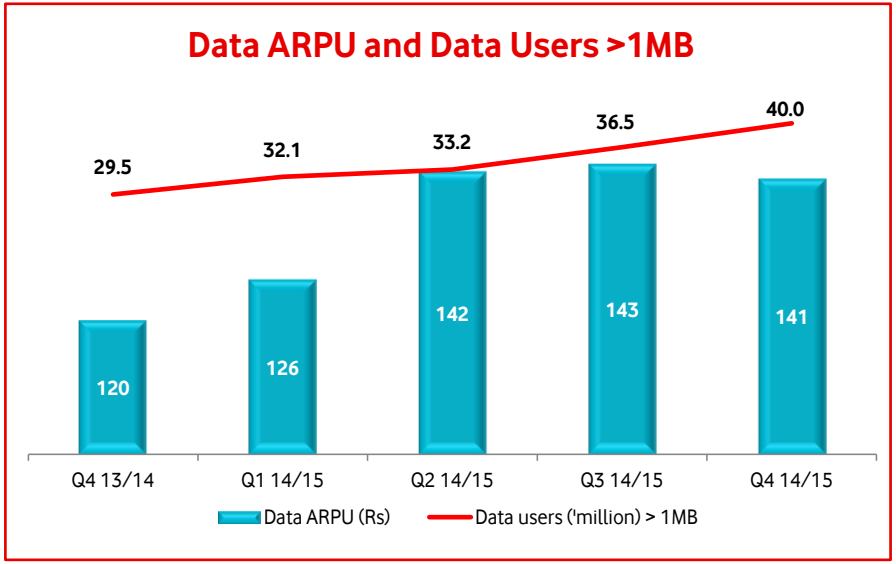


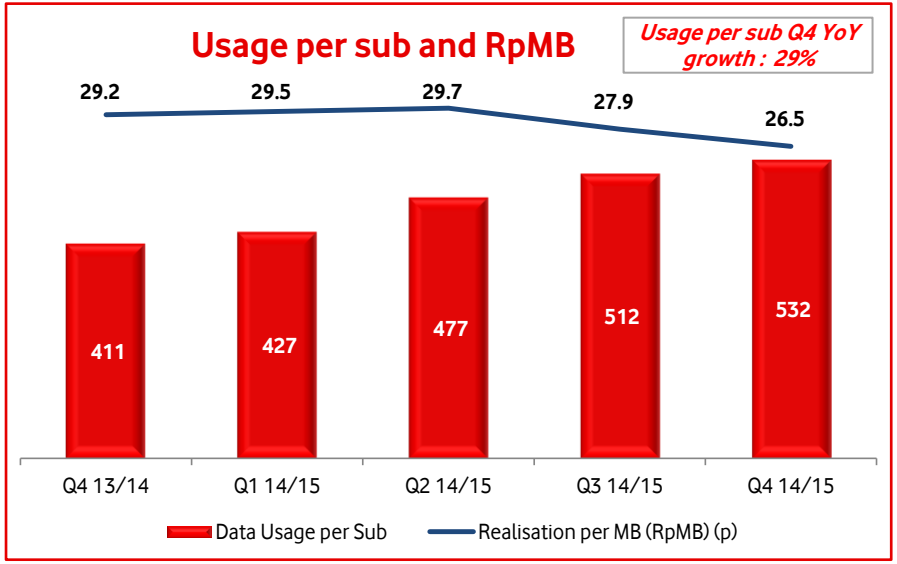


Voice usage continues under pressure; ARPM declining

Note::
- *All the above figures are based on standalone results*
- *Voice ARPM is mobile voice revenue divided by total mobile minutes*

Data performance





- 63.8 million total data users*, of which 40m use >1MB and 19.4 million are 3G data users
- Data contributes 15% of service revenue (Q4 14/15)

Strong uptake of data continues

Note:
- *Data KPIs' are restated for >1MB data users i.e. with > 1MB data usage on GPRS or 3G network in the last month*
- *Data here refers to pure browsing revenue*
- ** Users with > 0Kb data usage on GPRS or 3G network in the last month*

Contribution to society

Mobile for Good

Vodafone Cares

- **Raise Your Hand:** **1100+ employees** volunteered to teach **30,000 + children** ways of 'Conserving our Environment' in 4 months
- **Sustainability Report Launched:** Vittorio Colao, Group CEO, released **Footprints IV**-the fourth edition of Vodafone India's annual Sustainability Report

Vodafone Foundation

- **Giving Championships** educated ***60,000 girls in rural,*** remote and tribal communities of Bundi district of Rajasthan
- **Red Rickshaw Revolution 2**
  - Set up **20** digital Community Information Resource Centres across **9 States** in India
  - Launched ' Women of pure strength' a coffee table book
- **World of difference** **50 Vodafone employees** donated 18,410 hours working with 25 governance focused NGOs

Empowering lives and mobilising social change