Media Release

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Idea Cellular announces un-audited results for the Second Quarter (Q2) and Half Year ended September 30, 2015

Highlights – Q2 FY16

- Idea – Standalone[1] – Revenue Rs. 86,799mn, EBITDA Rs. 27,773mn, PAT Rs. 7,102mn
- Idea – Consolidated[2] – Revenue Rs. 86,891mn, EBITDA Rs. 30,570mn, PAT Rs. 8,093mn

INR million

	Idea Standalone[1]				Idea Consolidated[2]			
	Q2FY16	**Q1FY16**	**H1FY16**	**H1FY15**	**Q2FY16**	**Q1FY16**	**H1FY16**	**H1FY15**
Revenue - Established Service Areas[3]	81,045	82,517	1,63,562	1,42,984				
Revenue - New Service Areas[4]	5,754	5,448	11,202	8,252				
Total Revenue	86,799	87,965	1,74,764	1,51,236	86,891	87,983	1,74,874	1,51,309
EBITDA - Established Service Areas[3]	29,548	31,310	60,858	48,517				
EBITDA - New Service Area [4]	(1,775)	(1,697)	(3,472)	(3,527)				
Total EBITDA	27,773	29,613	57,386	44,991	30,570	32,284	62,854	49,946
EBITDA% - Established Service Areas[3]	36.5%	37.9%	37.2%	33.9%				
EBITDA% - New Service Areas[4]	-30.9%	-31.2%	-31.0%	-42.7%				
Total EBITDA%	32.0%	33.7%	32.8%	29.7%	35.2%	36.7%	35.9%	33.0%
Depreciation & Amortisation	14,327	14,128	28,454	21,360	15,381	15,159	30,540	23,333
EBIT	13,446	15,486	28,932	23,631	15,190	17,125	32,315	26,613
Interest and Financing Cost (Net)	2,516	2,559	5,075	3,181	2,726	2,792	5,518	3,720
Dividend from Indus				4,648				
PBT	10,930	12,926	23,857	25,098	12,464	14,333	26,796	22,894
PAT	7,102	8,401	15,503	17,911	8,093	9,308	17,401	14,841
Cash Profit [5]	25,318	25,531	50,849	38,386	27,360	27,437	54,797	37,344

With increasing proportion of rural subscribers, the seasonal slowdown in the second quarter is more pronounced this financial year resulting in sharp contraction on sequential quarterly basis in the ‘Voice Minutes of Use’ by 3.2% to 189.5 billion compared to 195.8 billion minutes in Q1FY16. Further, due to reduction in mobile incoming IUC charges settlement rate from 20p to 14p/min from March 01, 2015, reduction in national roaming call charges & SMS rate between 20%-75% effective from May 01, 2015 and pressure on Mobile Data realised rate as the competition intensifies in mobile broadband, the industry revenue growth rate in first six months of the Financial Year 2015-16 vs H1FY15 is trending to low 6 - 6.5% against 10.3% growth rate in H1FY15 vs H1FY14.

In comparison, Idea’s long term business trends remain robust and company is on course of its mission of consistent, competitive, responsible and profitable growth. This quarter Idea standalone revenue has grown by 14.7% on YoY basis (growth of 18.9% post normalization of IUC settlement) to Rs. 86,799 million against Rs. 75,673 million in Q2FY15. The primary factor for revenue growth was volume led drivers including a) 26.3 million active subscriber addition in the year, b) Expansion of YoY voice minutes @ 16.6% and c) Annual 82.6% Mobile Data (2G+3G) volume growth to 72 billion MB though decline in Voice Realised Rate @ 9.8% YoY (including IUC impact) and Mobile data realised rate @ 11.8%, depressed overall revenue growth.

In Q1FY16, the company further strengthened its 'Revenue Market Share' to 18.7% (YoY increase of 1.6%) and Subscriber VLR market share as on August 2015 to 19.1%, an improvement of 1.3% in last one year. Idea clocked 26.3 million net subscriber VLR addition between October 2014 to September 2015, against 20.9 million addition in the same period previous year, is now serving 170.8 million quality customers and confirming India's subscriber growth story is intact.

The company was able to contain, on sequential quarterly basis, voice rate decline to only 0.2p/minute, @ 32.7p/minute for Q2FY16 but the blended Mobile Data Average Realisation per MB (ARMB) fell by 1.2p/MB to 23.4p/MB in Q2FY16 from 24.6p/MB (Q1FY16). The Non-voice revenue contribution improved to 27.9% this quarter against 21.1% a year earlier.

The net mobile data customer base (2G+3G) has risen by 4.2 million to 41.3 million with 24.8% of overall Idea subscriber base using Idea 2G or 3G platform to access internet. While in last one year 23 million net new subscribers were added but only 10.4 million net existing Idea subscribers upgraded to Idea Mobile Data service usage. With expansion of Idea own 3G coverage in 12 circles and slated Idea 3G launch in Kolkata Metro service area shortly, net new data subscriber addition is expected to accelerate. The higher Mobile Data usage per data customer @615 MB (447 MB in Q2FY15) helped improve the blended Mobile Data ARPU to Rs. 144 in Q2FY16 (vs Rs. 119 in Q2FY15).

Over the last one year, the 3G data subscriber base for the company has grown by 86% with addition of 9.1 million new 3G data customers, now serving 19.6 million 3G data customers. The data ARPU of a 3G data customer is Rs. 202 in Q2FY16 in addition to consumer spends on Voice and Non-Data VAS. While Mobile data rate has been under pressure (11.8% YoY decline), the faster 3G adoption has led to robust volume growth of overall mobile data traffic (2G+3G) by nearly 1.83 times from 39.4 billion MB in Q2FY15 to 72 billion MB in Q2FY16.

To support this exponential Voice and Mobile Data growth & continue our network coverage expansion, Idea capex spend in Q2FY16 is Rs. 17,266 million (excluding interest & exchange rate difference capitalization), adding 9,947 (2G+3G) sites and ~5,300 km of OFC to reach 100,400 km of fibre spread across the country. Today Idea network spreads to 80% of Indian population at ~965 million for GSM services and ~305 million Indian population on its own spectrum 3G services (excl. Kolkata). The Cash profit of Rs. 25,318 million for the quarter was sufficient to support the capex spent.

Inspite of higher subscriber addition & Network expansion, Idea standalone EBITDA grew on YoY basis by 24% in Q2FY16 and stands at Rs. 27,773 million, helping EBITDA margin to improve YoY by 2.4% to 32%. But, due to seasonally weak quarter, the sequential quarterly EBITDA margin declined by 1.7%. The company delivered Rs. 7,102 million 'Profit After Tax' in comparison to PAT at Rs. 6,768 million (excl. Indus dividend of Rs. 1,026 million) in Q2FY15.

At consolidated level including 16% of Indus contribution, on YoY basis the gross revenue in Q2FY16 has grown by 14.8% to Rs. 86,891 million, the EBITDA at Rs. 30,570 million grew by 22.7%, EBITDA margin improved by 2.3% to 35.2% and Q2FY16 PAT stands at Rs. 8,093 million.

Having made prudent acquisition for mobile broadband spectrum on 1800 MHz during the last two spectrum auctions in February 2014 and March 2015, Idea is at a path defining juncture in its history as the company prepares to launch its 4G LTE services in 10 service areas. In its initial phase Idea intends to roll out its 4G services across 10 telecom service areas over 750 large & small towns by first half of 2016, including Idea's leadership markets of Maharashtra & Goa, Andhra Pradesh, Madhya Pradesh & Chhattisgarh, Kerala, Punjab and Haryana and 4 emerging markets of Karnataka, Orissa, Tamil Nadu and North East. This large built up of Mobile data 3G & 4G capacities is being augmented by providing consumers more internet avenues in form of digital services. The company plans to introduce from next financial year, Idea branded digital services applications like Idea Music, Idea Games, Idea Movies, Idea API & Idea Digital Wallets etc. with special focus on regional & vernacular content through planned investments in platforms & partnership in application & content.

Given the large Mobile Data & Rural voice opportunities, Idea with increasing consumer affinity, steady cash flows, deep rural 2G presence, expanding 3G network footprint & planned 4G LTE network launch the company remains confident to further strengthen its market competitive standing and emerge stronger.

Notes:

1. Idea Standalone represents Idea, and its 100% subsidiaries. Effectively, this encompasses all operations, excluding the Joint Venture i.e. Indus.
2. Idea Consolidated represents Idea Standalone and proportionate consolidation of Indus (@16%).
3. Established Service Areas represent 15 service areas namely Maharashtra & Goa, Gujarat, Andhra Pradesh, Madhya Pradesh & Chhattisgarh, Delhi, Kerala, Haryana, Uttar Pradesh West & Uttaranchal, Uttar Pradesh East, Rajasthan, Himachal Pradesh, Punjab, Karnataka, Mumbai and Bihar service areas.
4. New Service Areas represent 7 service areas of Orissa, Tamil Nadu, J&K, Kolkata, West Bengal, Assam and North East.
5. Cash Profit is calculated as summation of PAT, Depreciation & Amortisation, charge on account of ESOPs and Deferred tax, for relevant period.
6. Figures for past periods have been regrouped, wherever necessary.

About Idea Cellular Ltd.

Idea Cellular is the third largest wireless operator in India with a Revenue Market Share of 18.7% (Q1FY16). Idea is listed on the National Stock Exchange (NSE), and the Bombay Stock Exchange (BSE) in India. Idea is part of the Aditya Birla Group, which is one of the largest business groups in India. The Aditya Birla Group is a conglomerate with operations in more than 30 countries. The Aditya Birla group has a history of over 50 years and has businesses in, among others, mobile telecommunications, metals and mining, cement, carbon black, textiles, garments, chemicals, fertilizers, life insurance and financial services industries.