Media Release

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Idea Cellular announces un-audited results for the Third Quarter (Q3) and Nine Months ended December 31, 2015

Highlights – Q3 FY16

- Idea – Standalone[1] – Revenue Rs. 90,089mn, EBITDA Rs. 28,513mn, PAT Rs. 6,614mn
- Idea – Consolidated[2] – Revenue Rs. 90,097mn, EBITDA Rs. 31,285mn, PAT Rs. 7,642mn

INR million

	Idea Standalone[1]				Idea Consolidated[2]			
	Q3FY16	Q2FY16	YTD Q3FY16	YTD Q3FY15	Q3FY16	Q2FY16	YTD Q3FY16	YTD Q3FY15
Revenue - Established Service Areas[3]	84,063	81,045	2,47,625	2,18,526				
Revenue - New Service Areas[4]	6,026	5,754	17,228	12,857				
Total Revenue	90,089	86,799	2,64,853	2,31,383	90,097	86,891	2,64,971	2,31,484
EBITDA - Established Service Areas[3]	30,295	29,548	91,153	75,258				
EBITDA - New Service Area[4]	(1,782)	(1,775)	(5,254)	(5,407)				
Total EBITDA	28,513	27,773	85,899	69,851	31,285	30,570	94,139	77,473
EBITDA% - Established Service Areas[3]	36.0%	36.5%	36.8%	34.4%				
EBITDA% - New Service Areas[4]	-29.6%	-30.9%	-30.5%	-42.1%				
Total EBITDA%	31.6%	32.0%	32.4%	30.2%	34.7%	35.2%	35.5%	33.5%
Depreciation & Amortisation	15,206	14,327	43,660	35,152	16,231	15,381	46,771	38,159
EBIT	13,307	13,446	42,239	34,699	15,054	15,190	47,369	39,314
Interest and Financing Cost (Net)	3,175	2,516	8,251	3,901	3,349	2,726	8,867	4,703
Dividend from Indus			-	4,648				
PBT	10,132	10,930	33,988	35,446	11,705	12,464	38,501	34,611
PAT	6,614	7,102	22,116	24,695	7,642	8,093	25,043	22,512
Cash Profit[5]	23,493	25,318	74,342	58,671	25,512	27,360	80,309	59,560

Consumer preference for brand Idea continues to rise as company added 29.7 million incremental subscribers (on VLR) in the calendar year 2015, now serving 182 million quality customers, providing Idea a unique platform for future growth in Mobile Voice, Wireless Broadband, Digital Content and Mobile banking services etc. The company's subscriber market share (on VLR) has raced past 19.1% (October 2015 TRAI Report) and Revenue Market Share at 18.5% for Q2FY16; an improvement of 1.2% share (VLR & RMS) over the last one year.

In contrast to higher subscriber market size, estimated Industry revenue growth in the first nine months of FY16 vs FY15 is trending to as low as 5.5% - 6.5% against 10.9% growth in the same period previous year. This lower revenue growth is primarily due to fall in Voice Realised rate led by reduction in TRAI regulated Mobile incoming IUC charge settlement rate from earlier 20p to 14p/min effective from March 01, 2015, lowering of cap for national roaming call & SMS charges effective from May 01, 2015, and intense pressure on Mobile data realised rate, as wireless broadband consumer demand growth is slower than increased supply from operators launching/expanding 3G/4G footprints.

In comparison, Idea's long term business trends remain robust as standalone revenue for the quarter has grown by 12.4% (16.4% post normalization of IUC settlement change) to Rs. 90,089 million against Rs. 80,148 million in Q3FY15. The factors driving revenue growth were volume led including YoY expansion of a) Voice Minutes @ 16.7% to 199.2 billion minutes and b) Mobile Data (2G+3G+4G) @ 75.8% to 81.0 billion MB, in Q3FY16. However, YoY decline in Voice Realised Rate @ 10.6% (Including IUC impact) and Mobile Data Realised rate @17.2%, depressed overall gross revenue growth.

During calendar year 2015, Idea supported its consumer centricity vision by integrating highest ever 32,385 (2G+3G+4G) cell sites, expanding Idea 2G services population coverage to nearly 974 million Indians and wireless broadband 3G and 4G services footprint to cover 340 million Indian population, while its fibre network expanded beyond 105,000 KMs, helping the company to gear itself for next wave of mobile internet revolution. The capex spend in Q3FY16 of Rs. 23,135 million was financed by Cash Profit of Rs. 23,493 million for the quarter.

The standalone quarterly EBITDA of Rs. 28,513 million grew annually by 14.7% (Rs. 24,860 million in Q3FY15) at 31.6% margin, an improvement of 0.6% over Q3FY15.

During December 2015, the expired 900 MHz spectrum (1995-2015 licenses) for 7 established service areas was replaced with New 900 MHz liberalised spectrum won in March 2015 spectrum auction (spectrum in remaining two service areas of Karnataka and Punjab would be replaced with new 900 MHz liberalised spectrum in April 2016). In the month of December Idea launched its own 3G services in the 13th circle of Kolkata metro service area, extending own 3G spectrum coverage to 79% of Idea revenue base. Also, in the same month, company launched its 4G services in four south Indian telecom service areas. Consequently, the 'Depreciation & Amortisation' charge of Rs. 15,206 million and 'Interest & Finance Cost (net)' of Rs. 3,175 million include additional charges related to above new spectrum from date of shift/ launch.

Idea standalone 'Profit after Tax' stands at Rs. 6,614 million against Rs. 6,783 million in Q3FY15. The Net Debt now at Rs. 376.9 billion, includes almost all Deferred Payment Liability from past spectrum auctions, including March 2015 auction. The Net Debt to annualised Q3FY16 EBITDA stands at 3.30.

The Net mobile data customer base (2G+3G+4G) has remained flat at 41.4 million (41.3 million in Q2FY16) as company tightened its Data Subscriber reporting. The higher Mobile data usage per data customer @ 653 MB (470 MB in Q3FY15) helped improve blended mobile data ARPU to Rs. 145 in Q3FY16 (vs Rs. 126 in Q3FY15). The Non Voice Revenue contribution improved to 28.1% this quarter against 23.1% a year earlier.

Over the last one year, the 3G data subscriber base for the company has increased by 8.2 million to 21.2 million in Q3FY16, still at a low penetration of 12.3% on EoP subscribers, while in comparison 55.5 million (annual increase of 27.3 million) of Idea's strong 172 million subscriber base has upgraded their phones to 3G/4G smartphone/devices. The Data ARPU of a 3G Data customer is at a healthy level of Rs. 196 during Q3FY16, in addition to customer spend on Voice and Non data VAS.

On December 23, 2015 Company announced the next important historic step in Idea's telecom journey with launch of its High Speed 4G network across four south Indian service areas of Andhra Pradesh (incl. Telangana), Karnataka, Kerala and Tamil Nadu. Idea, further, on January 14, 2016 has extended its 4G services to telecom circles of Madhya Pradesh & Chhattisgarh, Punjab and Haryana, now covering 183 towns across 7 circles for high speed LTE services. Idea currently holds 1800 MHz 4G spectrum in 10 telecom circles which covers 50% of Indian telecom market but over 60% of Idea's Revenue. The company is poised to launch its 4G services in remaining 3 telecom service areas of Maharashtra & Goa, Orissa and North East by March 2016 and plans to extend 4G footprint to over 750 Towns by June 2016. Idea's own 3G and /or 4G wireless broadband spectrum covers 87% of its revenue base.

Additionally, Idea has recently signed an agreement with Videocon Telecommunications Limited for transfer of ' Right to Use' 1800 MHz spectrum in two of Idea's key telecom leadership markets of Gujarat and Uttar Pradesh (West). Post completion of this transaction, Idea 4G services will be extended to 12 service areas covering 75% of Idea's revenue base. To augment the usage of mobile data services, the company has recently announced launch of Idea Digital Content Services with attractive subscription plans in partnership with leading content providers including latest and wide range of content for Music, Movies and Gaming etc.

At consolidated level including 16% of Indus contribution, Idea gross revenue in Q3FY16 has grown by 12.4% YoY to Rs. 90,097 million, the EBITDA at Rs. 31,285 million grew by 13.7%, EBITDA margin improved by 0.4% to 34.7% and this quarter PAT stands at Rs. 7,642 million.

The growing consumer demand and brand affinity, accelerated wireless infrastructure expansion and strong cash flows of company reaffirms Idea's ability to remain on course of its slated mission of consistent, competitive, responsible and profitable growth. The brand with its enviable track record of the fastest growing telecom service provider for last 8 years is fully capable to meet all volatile, uncertain, complex and ambiguous developments, as its strengthens its market standing both in Mobile Voice and Data Market.

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 18.5% (Q2FY16). 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.

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