



Vodafone India – Idea merger

Investor presentation

20 March 2017

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Forward Looking Statements

Certain information contained in this document constitutes "forward-looking statements", which can be identified by the use of terms such as "may", "will", "should", "expect", "anticipate", "project", "estimate", "intend", "continue", "target" or "believe" (or the negatives thereof) or other variations thereon or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Such statements express the intentions, opinions, or current expectations of the parties with respect to possible future events and are based on current plans, estimates and forecasts, which the parties have made to the best of their respective knowledge, concerning, among other things, the respective business, results of operations, financial position, prospects, growth and strategies of Vodafone and Idea Cellular Limited ("Idea") (an Aditya Birla Group company), statements regarding the transaction and the anticipated consequences and benefits of the transaction, the future growth prospects of the combined company and the targeted closing date of the transaction, and the intended financing for the combined company (including the intended leverage). Due to various risks and uncertainties, actual events or results or the actual performance may differ materially from those reflected or contemplated in such forward-looking statements.

Such risks and uncertainties include, but are not limited to, regulatory approvals that may require acceptance of conditions with potential adverse impacts; risks involving the parties' respective ability to realise expected benefits associated with the transaction; the impact of legal or other proceedings; and continued growth in the market for telecommunications services and general economic conditions in the relevant market(s).

Furthermore, a review of the reasons why actual results and developments may differ materially from the expectations disclosed or implied within forward-looking statements can be found:

- under "Forward-looking statements" and "Principal risk factors and uncertainties" in the Vodafone Group Plc's annual report for the year ended 31 March 2016; and
- under "Other Information – Forward-Looking Statements" in Vodafone Group Plc's Half-Year Financial Report for the six months ended 30 September 2016.

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Vodafone India and Idea: benefits for all stakeholders

A new champion of 'Digital India'

- Accelerate 4G/4G+/5G services across India
- Sustained and efficient investment to create a world class Indian telecom infrastructure
- Stronger financial inclusion through mobile payments
- **Improved mass-market digital services in urban and rural areas**



Clear customer benefits

- Complementary footprint creates leading network coverage and capacity
- Scale ensures attractive prices and long-term, sustainable consumer choice
- Improved offerings for large enterprises, small businesses and the public sector
- **Best-in-class customer experience across all segments**

Creating shareholder value

- Stronger, listed asset in India, with a deep spectrum position to deliver the capacity to compete
- Improved returns on capital from higher scale and substantial opex and capex synergies
- De-leveraging of the combined company's and Vodafone Group's balance sheets
- **Improved returns to all shareholders of both companies**



Vodafone and Idea: the largest Indian telco

- 1** Largest telecom operator:
#1/#2 RMS in 21 out of 22 circles¹



- 2** Highly complementary footprint and coverage

- Metro, urban and rural markets
- Broadest coverage: 273k 2G sites², 189k 3G/4G sites²



- 3** Competitive spectrum portfolio and broadband coverage

- 1,850 MHz³, premium 900 MHz in 17 circles
- 163 3G/4G carriers³, up to 250mbps in 12 circles



- 4** Extensive distribution channels and unparalleled service infrastructure

- Over 2m retailers
- 19k branded stores and 28k contact centre agents



- 5** Full digital services to Indian consumers and businesses

- Mobile payments, IoT, advanced enterprise offerings and entertainment services



- 6** Substantial cost and capex synergies

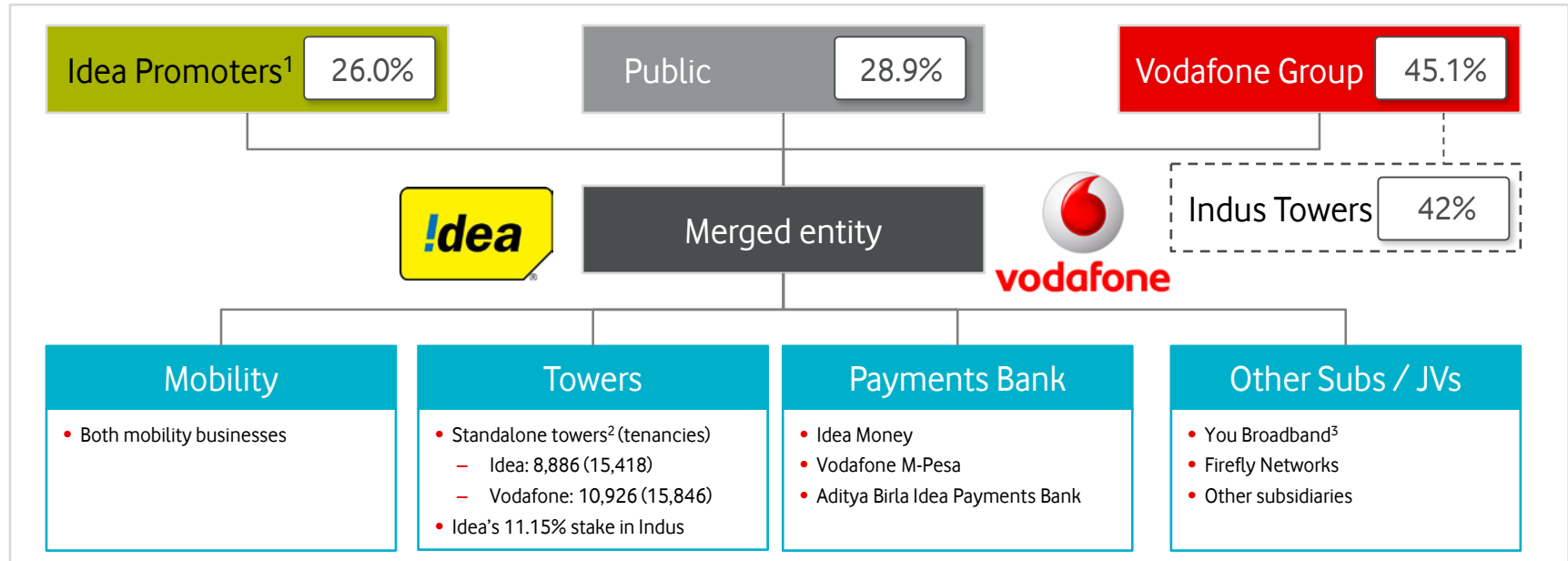
- Estimated NPV of US\$10bn⁴
- \$2.1bn annual run rate in 4th year⁴



1. Revenue market share based on Q3 FY 2017 gross revenue
2. Based on current footprint; 2G site numbers likely to fall post-completion due to rationalisation
3. Spectrum holdings are shown on a pro-forma combined basis and may need to be reduced to comply with M&A guidelines
4. NPV of cost and capex synergies after integration costs and spectrum liberalisation fees; run-rate savings on an annual basis before integration costs in the fourth full year after completion



Vodafone and Idea post completion



- Vodafone will own 45.1% of the combined company after transferring a 4.9% stake to the Aditya Birla Group for US\$579 million in cash, concurrent with completion of the merger. The Aditya Birla Group will then own 26.0% of the combined company
- Aditya Birla Group has a right to acquire up to a 9.5% additional shareholding from Vodafone
- Standalone towers and Idea's 11.15% stake in Indus Towers to be monetised

1. The Idea Promoters consist of companies controlled by the Aditya Birla Group
 2. Number of towers as at 31 December 2016. Excludes sites and tenancies in IBS (in-building solution), COW (cell-sites on wheels) and MSC (mobile switching centre) towers
 3. Vodafone signed an agreement to acquire You Broadband in 2016. The transaction is subject to completion



Partnership with international expertise and telecoms scale



vodafone

Technology

- Key shaper of technology standards, key GSMA decisions, chairmanship of the NGMN Alliance¹
- Innovator in mobile payments (M-Pesa in 10 countries)

Enterprise

- Leader in enterprise mobility internationally, PoPs in 73 countries
- Global leader in IoT
- 49 partner markets

Procurement

- Best-in-class purchasing capability reflecting leading multi-country scale



Joint Management Team & Governance

- Each Party to have 3 director appointment rights, 6 independent directors
- K. M. Birla to be Chairman as one of 12 Board members
- Vodafone to appoint the CFO
- CEO and COO selected jointly on a 'best person for the role' principle, shortly before closing



ADITYA BIRLA GROUP

Leading conglomerate

- One of India's most respected and largest conglomerates with over 150 years of heritage
- Aggregate revenues of US\$41bn

Diversified profile

- Proven track-record of building leading businesses across diverse industries and geographies

Global presence

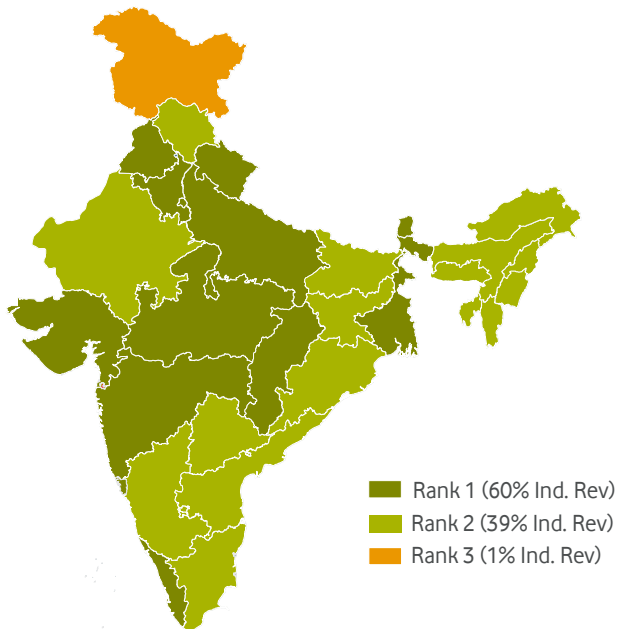
- Operations across 30+ countries
- Over 120,000 employees belonging to 42 different nationalities



Vodafone and Idea are highly complementary assets

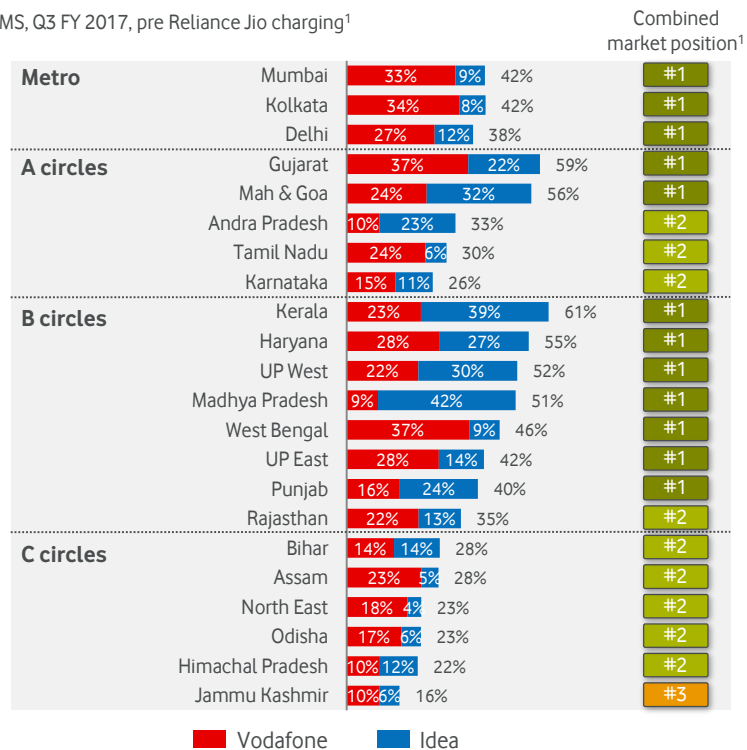
Leadership position across India...

Circles where Vodafone / Idea hold #1 or #2 positions based on RMS, Q3 FY 2017



...and across almost all circles

RMS, Q3 FY 2017, pre Reliance Jio charging¹



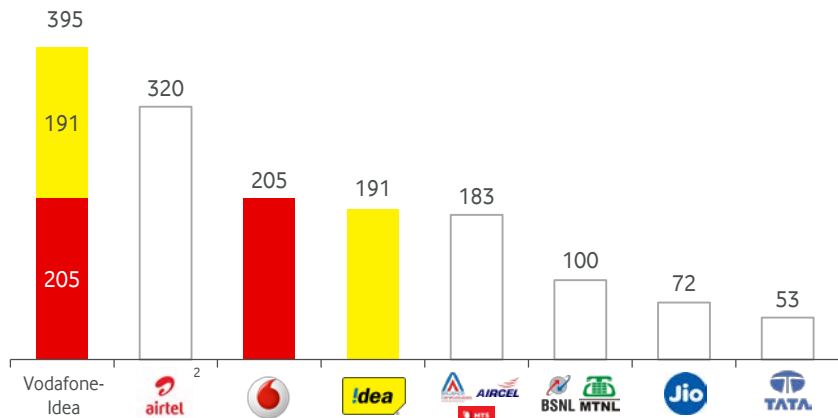
1. Revenue market share and market position based on operator gross revenue by circle, before complying with the thresholds in the M&A guidelines



Largest customer base with a competitive spectrum portfolio

Customers

As at Q3 FY 2017 (m)

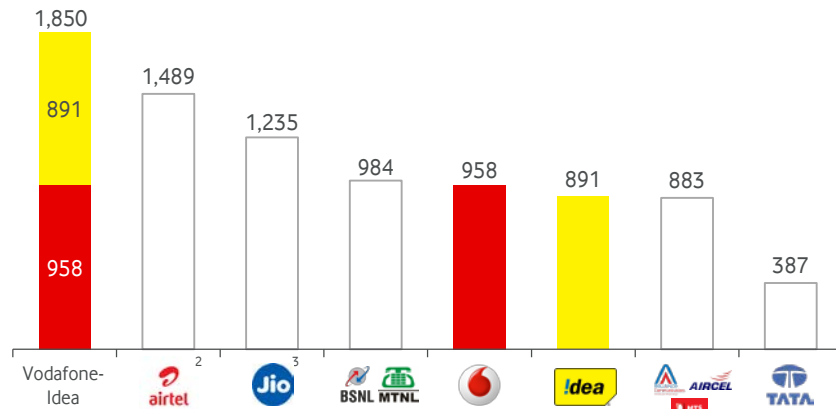


Customer market share (Q3 FY 2017)



Spectrum

Total spectrum holdings post Oct-2016 auction (MHz)¹



Share of spectrum¹



1. Spectrum holdings are shown on a pro-forma combined basis and may need to be reduced to comply with M&A guidelines

2. Includes Uninor

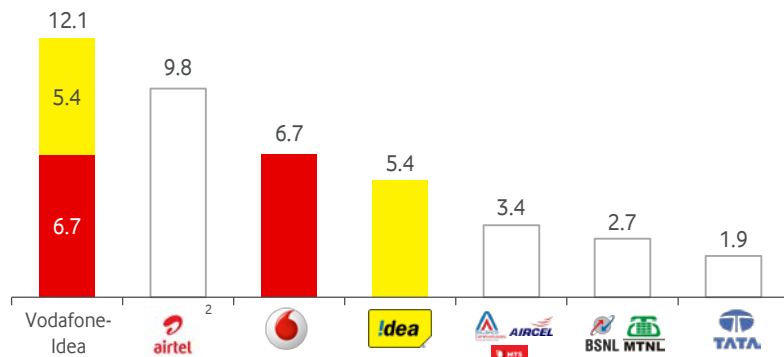
3. Includes spectrum sharing



Market leader in revenue and EBITDA

Gross revenue¹

FY 2016 (US\$bn)



Gross revenue market share (FY 2016)

40%

32%

22%

18%

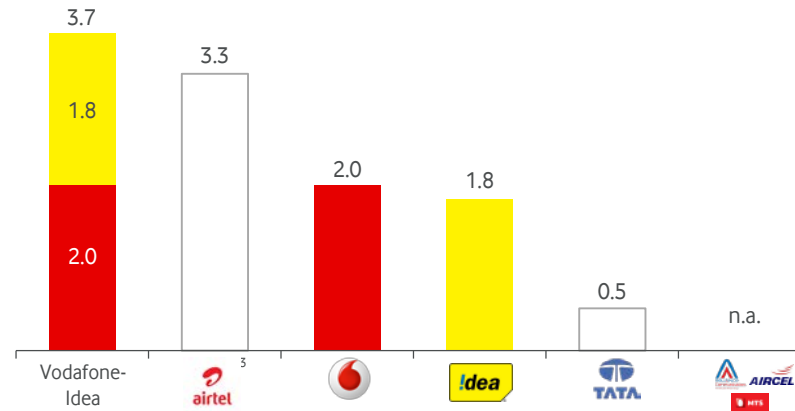
11%

9%

6%

EBITDA

FY 2016 (US\$bn)

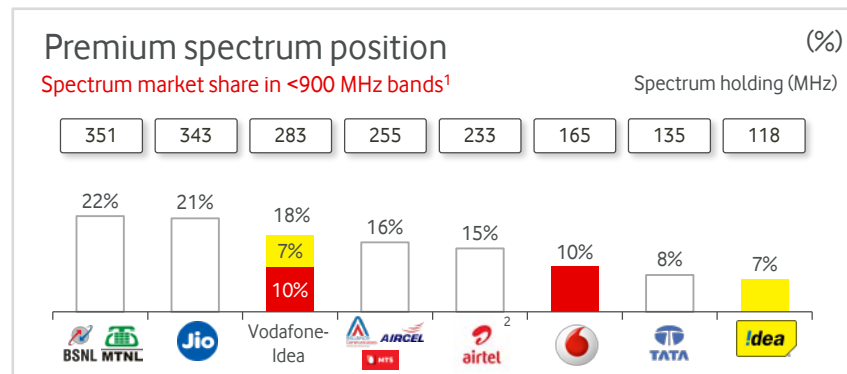
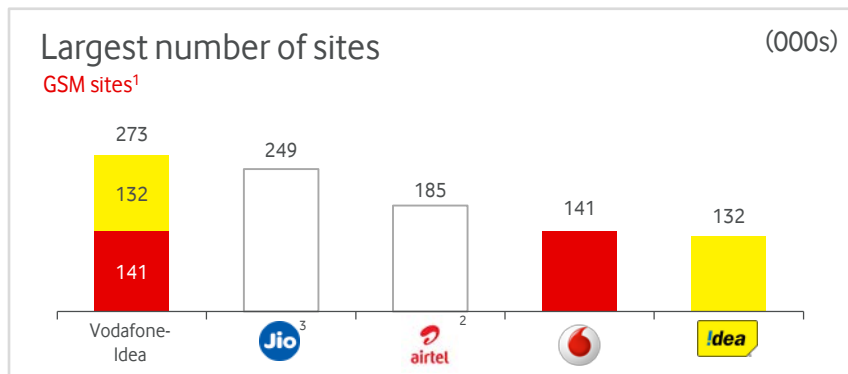
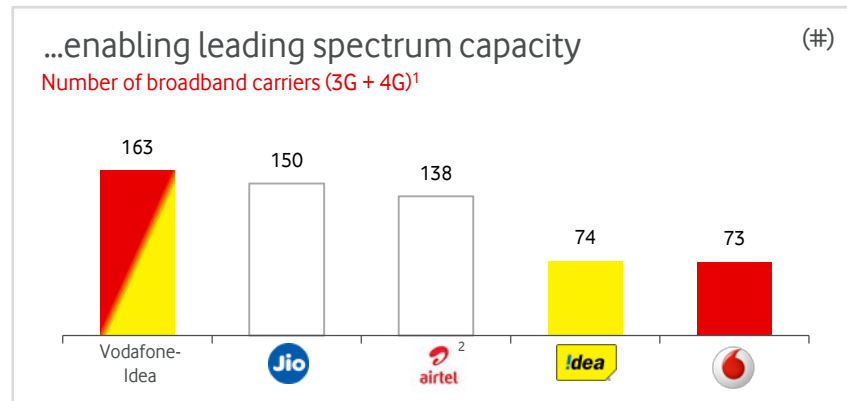
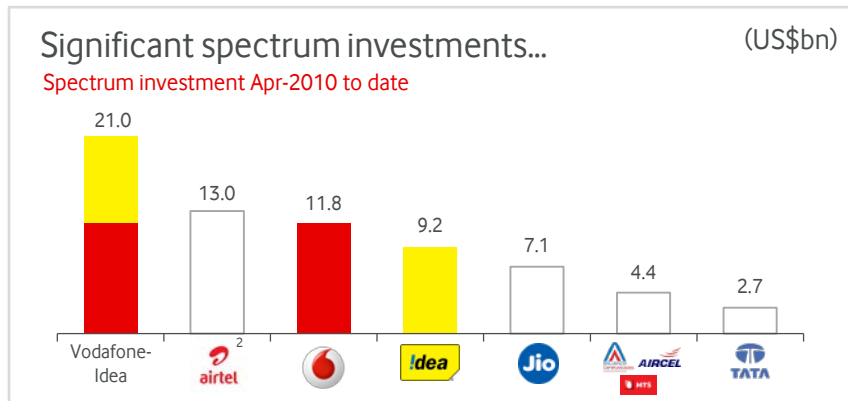


Scope for margin improvement through increased scale and synergies

1. Based on TRAI reporting
2. Includes Uninor
3. Bharti B2C mobile services India, also includes Uninor



Digital champion enabled by combined network and spectrum



1. Information for other operators based on company estimates and may differ from actual deployment; spectrum holdings are shown on a pro-forma combined basis and may need to be reduced to comply with M&A guidelines; based on current footprint, 2G site numbers likely to fall post completion due to rationalisation
 2. Includes Uninor
 3. Broadband sites



Substantial cost and capex synergies

Synergy areas	Description
Network & IT	<ul style="list-style-type: none">• Rationalisation of combined site requirements (more than 20%) following network consolidation• Avoidance of duplicative 4G network expansion and upgrades, re-deployment of over-lapping equipment• Material longer-term IT savings due to scale benefits, infrastructure sharing and system combination
Customer service & customer acquisition	<ul style="list-style-type: none">• Service centres, back office and distribution efficiencies• Scale efficiencies with channel and service partners
G&A and other	<ul style="list-style-type: none">• Rationalisation of combined marketing costs• Streamlining of overlapping activities

~ US\$2.1 billion run-rate cost and capex synergies in 4th year

NPV of cost and capex synergies¹ ~US\$10.5bn

1. Includes total integration costs amounting to c. US\$2 billion; excludes spectrum liberalisation costs, estimated at US\$0.5 billion NPV. The NPV of cost and capex synergies after spectrum liberalisation and integration costs is US\$10.0 billion



Limited regulatory dis-synergies

Dis-synergy areas	Description	NPV (US\$m)
Liberalisation of spectrum	<ul style="list-style-type: none">• Liberalisation cost on Vodafone India spectrum in 13 circles	~500
Breach of spectrum caps	<ul style="list-style-type: none">• Need for spectrum surrender or sale where spectrum caps are breached• Opportunity to sell excess spectrum or hand it back to the government	< 0
Potential breach of revenue market share caps	<ul style="list-style-type: none">• Potential revenue loss as a result of breaches in revenue market share caps (<50% compliance test, to be measured 12 months post closing)	?
Potential breach of customer market share caps	<ul style="list-style-type: none">• Potential revenue loss as a result of breaches in customer market share caps (<50% compliance test, to be measured 12 months post closing)	?



Transaction overview

Proposed transaction	<ul style="list-style-type: none">• Vodafone to combine its subsidiary Vodafone India (excluding its 42% stake in Indus Towers) with Idea Cellular• Immediately post merger, Vodafone to receive a 50% stake in Vodafone-Idea (approximately 3,630m¹ shares)• Concurrent with completion, Vodafone will transfer a 4.9% stake in the combined company to Aditya Birla Group for US\$579m in cash
Value equation	<ul style="list-style-type: none">• Vodafone India valued at an enterprise value of US\$12.4bn²<ul style="list-style-type: none">– Implied 6.4x LTM EBITDA³– Based on Idea market capitalisation of US\$3.9bn (6.3x LTM EBITDA excluding Idea's Indus Towers stake)⁴– Vodafone to contribute \$369 million more net debt than Idea at closing (approximately \$8.2 billion as at 31 December 2016)
Ownership split	<ul style="list-style-type: none">• Vodafone: 45.1%• Aditya Birla Group: 26.0%• Idea's minority shareholders: 28.9%• Equalisation mechanism to align the shareholdings of Vodafone and the Aditya Birla Group over time
Timeline	<ul style="list-style-type: none">• Transaction subject to prior regulatory approval and Idea shareholder approval• Completion anticipated during calendar 2018
Tower monetisation options	<ul style="list-style-type: none">• Vodafone India's standalone towers to be part of transaction, with the aim of selling them before closing• Vodafone to retain its 42% stake in Indus Towers• Exploring strategic options including a full or partial sale of Vodafone's stake in Indus Towers

1. Based on the fully diluted number of shares of Idea as at 31 January 2017

2. Based on the following value equation: (Idea market capitalisation of US\$3.9bn / 50%) x 45.1% + US\$579m (received for 4.9% stake sold) + Vodafone India net debt contribution of US\$8.2bn based on Idea's net debt as at 31 December 2016; Idea's market capitalisation based on 30 trading day VWAP as at 27 January 2017 (implied share price of INR 72.5); Idea's net debt based on pro forma adjustments as per transaction definitions

3. LTM EBITDA as at 31 December 2016

4. Idea mobile valuation calculated excluding its 11.15% stake in Indus Towers (valued at 8.8x LTM EBITDA, as per Bharti Infratel multiple as at 17 March 2017 close)



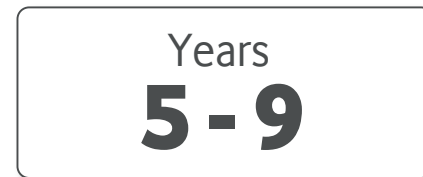
Equalisation mechanism: Vodafone and Aditya Birla Group



- Aditya Birla Group can buy up to 9.5% from Vodafone to equalise its shareholding at 35.5%
- Valuation of US\$14.1 billion for 100% of the combined companies' equity, equivalent to INR130 per Idea share
- Neither party can sell any shares to 3rd parties



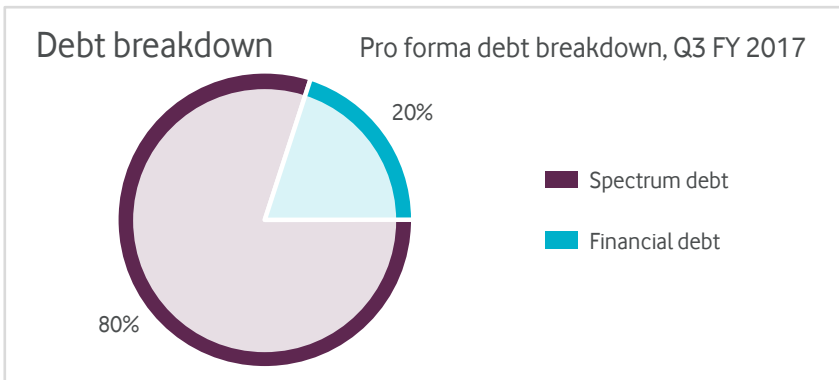
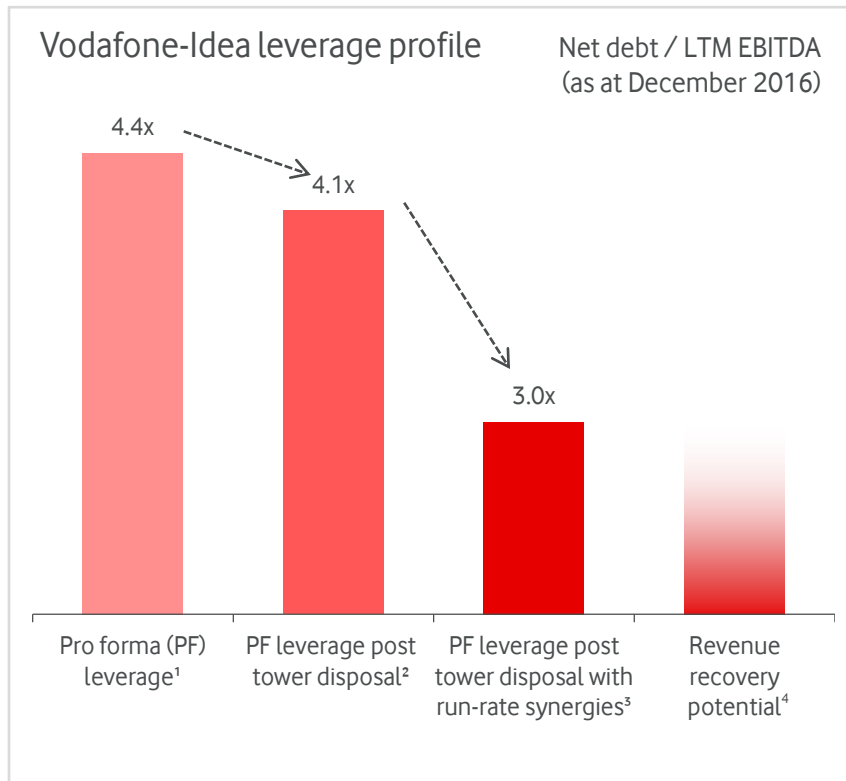
- Aditya Birla Group can commit to buy the remaining balance up to 9.5% at market price from Vodafone
- Must inform Vodafone at the start of the year how many shares it will buy and complete the purchase within 12 months
- Vodafone can sell shares not reserved for the Aditya Birla Group from the start of the year



- Vodafone to sell shares to equalise its shareholding with Aditya Birla Group over a 5 year period



De-leveraging expected before and after closing



Capital structure and dividend policy

- 1** Vodafone and the Aditya Birla Group committed to maintain appropriate leverage at closing and thereafter
- 2** All excess cash to be returned to shareholders

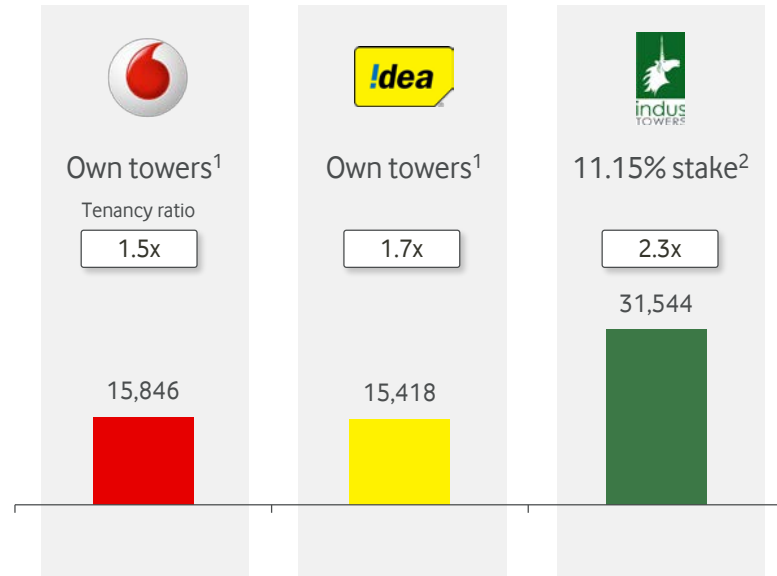
1. Based on 2 x Idea's net debt of US\$7.9bn as at 31 December 2016 + US\$369m; Idea's net debt based on pro forma adjustments as per transaction definitions
 2. Assuming tower assets sold at the Bharti Infratel multiple of 8.8x LTM EBITDA as at 17 March 2017 and CGT deducted from the proceeds
 3. Pro-forma for the estimated run-rate opex synergies of US\$1.3bn
 4. The decision by Reliance Jio to begin charging its customers for its services may result in an improved trading environment



Unlocking further value through tower assets

Vodafone-Idea

Number of tenancies¹ Q3 FY 17



Vodafone Group Indus Towers stake

Number of tenancies¹ Q3 FY 17



- Largest MNO shareholder in India's largest tower company
- Superior financial track record

42% stake²

Tenancy ratio

2.3x

118,822

7% FY14-16 revenue CAGR³

43% FY16 EBITDA margin

Revenue (US\$m)⁴

1,012

EBITDA (US\$m)⁴

439



Strong, tangible monetisation potential for both combined entity's towers and Vodafone's 42% stake in Indus Towers

1. Excludes sites and tenancies in IBS (in-building solution), COW (cell-sites on wheels) and MSC (mobile switching centre) towers
2. Proportionate number of tenancies based on respective 11.15% and 42% stakes in Indus Towers
3. CAGR based on IGAAP financials
4. Proportionate Indus Towers FY 2016 Ind AS financials (based on Vodafone's 42% stake)



Implications for Vodafone Group financial reporting

- IFRS requires de-consolidation of Vodafone India immediately post announcement¹
- After completion, India to be accounted for as a joint venture:
 - JV reported under the equity method
 - Net debt de-consolidated, improving pro-forma leverage ratios by around 0.3x²
 - Accretive to Group cash flow post spectrum payments from the first full year post closing
- FY2016/17 guidance unchanged, continues to include India
- Going forwards, guidance to exclude India, consistent with local market practice

1. The Vodafone Group's reported revenue, EBITDA, operating profit and profit before and after tax for the year ending 31 March 2017 will exclude Vodafone India, with the after tax result of Vodafone India being presented as a single line in the income statement. All previous years' financial results will be restated onto this basis

2. Based on expected Vodafone Group net debt/EBITDA at March 31 2017, pro-forma for the deconsolidation of Vodafone Netherlands. Net debt/EBITDA impact assumes deconsolidation of US\$8.2 billion of India net debt, calculated as US\$369 million more than Idea's adjusted net debt of US\$7.9 billion as of 31 December 2016, takes into account the cash payment of US\$579 million received from the Aditya Birla Group and is subject to closing adjustments



Summary

- 1** Creating a stronger champion for Digital India, enabling broadband access in both rural and metro areas to provide digital services to all Indians
- 2** Merging into a listed asset with a deep spectrum position to compete with other market leaders
- 3** US\$10 billion NPV from synergies drives significant value creation for all shareholders
- 4** Exploring strategic options including a full or partial sale of Vodafone's stake in Indus Towers
- 5** Group de-leveraging; US\$8.2bn¹ of net debt de-consolidated, US\$579mn of cash received on closing. Accretive to Group cash flow from the first full year

1. Based on Idea net debt of US\$7.9 billion as at 31 December 2016, plus US\$369 million; Vodafone's contribution of net debt will be subject to customary closing adjustments



Q&A



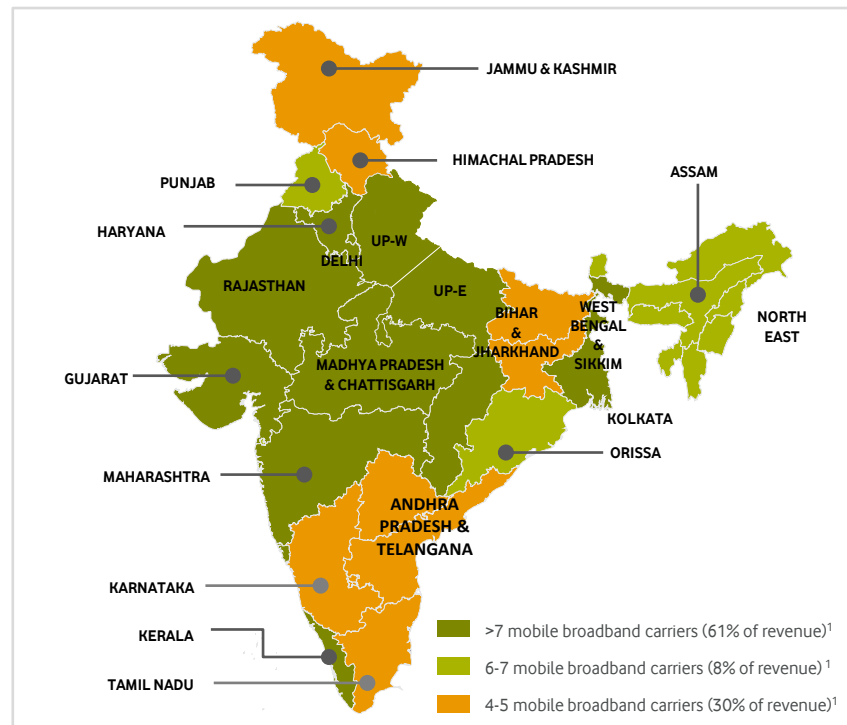
Appendix



Enhanced spectrum position to meet future capacity needs

Pan India 3G and 4G offerings

Circles	Circle share of industry gross revenue (%) ¹	Total Spectrum Holding (MHz)	No of Carriers				
			GSM	3G	4G FDD	4G TDD	3G+4G
Maharashtra	9%	122.8	22.8	3	3	6	12
Kerala	5%	114.8	24.8	2	4	5	11
Gujarat	6%	113.6	23.6	2	4	5	11
Haryana	2%	106.0	26.0	2	4	3	9
Uttar Pradesh (East)	6%	100.8	20.8	2	4	3	9
Rajasthan	5%	95.2	15.2	2	4	3	9
Madhya Pradesh	4%	92.0	22.0	2	2	5	9
West Bengal	3%	90.0	20.0	1	4	3	8
Mumbai	7%	91.2	21.2	2	3	3	8
Kolkata	2%	84.0	14.0	2	3	3	8
Delhi	8%	87.2	17.2	2	3	3	8
Uttar Pradesh (West)	4%	91.2	22.4	2	3	3	8
North East	1%	81.6	21.6	1	3	3	7
Assam	2%	80.0	20.0	1	3	3	7
Odisha	2%	74.0	14.0	1	3	3	7
Punjab	4%	83.6	23.6	1	4	2	7
Tamil Nadu	8%	67.2	17.2	1	4	0	5
Bihar	5%	55.6	15.6	1	2	2	5
Jammu and Kashmir	1%	54.0	14.0	1	2	2	5
Andhra Pradesh	8%	55.6	15.6	1	2	2	5
Himachal Pradesh	1%	51.2	11.2	1	2	2	5
Karnataka	8%	58.0	18.0	1	3	0	4
No. of Carriers²				34	69	60	163
Spectrum Holding (MHz)²		1,850	421	340	689	400	1,429



- Based on Q3 FY17 industry gross revenue
- Spectrum holdings are shown on a pro-forma combined basis and may need to be reduced to comply with M&A guidelines. For calculating the total spectrum holding, FDD spectrum has been multiplied by 2 for equivalence with TDD spectrum. 5 MHz of FDD spectrum (paired) is treated as 1 carrier, 10 MHz of TDD Spectrum (unpaired) is treated as 1.5 carriers. For the combined company, a maximum of 2-3 carriers are considered as being devoted to 3G services, extra 3G carriers are treated as being deployed for 4G services. Synergy leads to additional 1800 carrier(s) available for 4G across most circles.



Transaction economics

Implied valuations		
	Idea	Vodafone India
Equity value ¹	US\$3.9bn $\xrightarrow{x2 \times 45.1\% + US\$579m}$	US\$4.1bn
Net debt ²	US\$7.9bn $\xrightarrow{+ US\$369m}$	US\$8.2bn
Enterprise value	US\$11.8bn	US\$12.4bn
Value of Idea's 11.15% stake in Indus Towers ³	(US\$1.0bn)	
Mobile enterprise value	US\$10.8bn	US\$12.4bn

Implied multiples		
	Idea	Vodafone India
Mobile enterprise value	US\$10.8bn	US\$12.4bn
LTM EBITDA ⁴	US\$1.7bn	US\$1.9bn
EV/LTM EBITDA	6.3x	6.4x

- Idea's market capitalisation based on 30 trading day VWAP as at 27 January 2017 (implied share price of INR 72.5); Vodafone India's equity value based on (Idea's market capitalisation x 2) x Vodafone stake in Vodafone-Idea of 45.1% + US\$579m (received for 4.9% stake transferred)
- Vodafone India's net debt at completion will be equal to Idea's net debt at completion (before proceeds from expected disposals of tower assets) + US\$369m; based on Idea's net debt as at 31 December 2016 of US\$7.9bn; Idea's net debt based on pro forma adjustments as per transaction definitions
- Assuming Idea's 11.15% stake in Indus Towers valued at 8.8x LTM EBITDA, as per Bharti Infratel multiple as at 17 March 2017 close
- As at 31 December 2016



Vodafone Group financials excluding India

€m	FY 2016			H1 FY 2017		
	Group	India ⁽¹⁾	Group ex. India ⁽²⁾	Group	India ⁽¹⁾	Group ex. India ⁽²⁾
Key financials						
Revenue	55,930	6,161	49,825	27,054	3,015	24,058
<i>Organic Service Revenue Growth</i>	<i>1.5%</i>	<i>5.0%</i>	<i>1.1%</i>	<i>2.3%</i>	<i>5.9%</i>	<i>1.8%</i>
EBITDA	15,840	1,815	14,025	7,906	892	7,014
<i>EBITDA margin</i>	<i>28.3%</i>	<i>29.5%</i>	<i>28.1%</i>	<i>29.2%</i>	<i>29.6%</i>	<i>29.2%</i>
Depreciation	(9,314)	(823)	(8,491)	(4,552)	(422)	(4,130)
Amortisation of spectrum	(2,330)	(454)	(1,876)	(1,144)	(247)	(897)
EBIT	4,196	538	3,658	2,210	223	1,987
<i>EBIT margin</i>	<i>7.5%</i>	<i>8.7%</i>	<i>7.3%</i>	<i>8.2%</i>	<i>7.4%</i>	<i>8.3%</i>
Capex	(11,663)	(1,102)	(10,561)	(3,973)	(447)	(3,526)
<i>Capex intensity</i>	<i>20.9%</i>	<i>17.9%</i>	<i>21.2%</i>	<i>14.7%</i>	<i>14.8%</i>	<i>14.7%</i>

1. Excludes VCS
2. Post adjustments including intercompany revenue

