

News Release

Delhi, November 12, 2013

VODAFONE INDIA HALF YEAR FY14 RESULTS

Continued strong revenue growth, significant margin improvement and robust cash flows

Exponential growth in Data

India becomes third largest contributor to Group Service Revenues

REVENUES AT INR 184,809 MN, UP BY 13.5 %	DATA (BROWSING) REVENUES AT INR 15,419 MN, UP BY 76.5 %
EBITDA MARGIN AT 31.8%, GROWS BY 3.4 PPT	OPERATING FREE CASH FLOW AT INR 47,706 MN, UP BY 41.2 %

Vodafone India, one of India's leading telecommunication service providers announces its Half Year IFRS results for the six months period **ending September 30, 2013**

Key Financial Highlights: Vodafone India

STRONG FINANCIAL PERFORMANCE

- Continued strong revenue growth; Service revenue of **INR 184,809 million** in **H1FY14** vs. **INR 162,826 million** in **H1FY13**, a growth of **13.5 %**
- Revenue performance driven by price hardening, strong growth in voice minutes and data revenues; partially offset by the effect of seasonality and regulatory changes
- EBITDA at **INR 65,191 million** in **H1FY 14** vs. **INR 49,930 million** in **H1FY13**, EBITDA margin at **31.8%** a significant margin improvement of **3.4ppt** YoY (**H1FY14**)
- Healthy Operating Free Cash Flow (OFCF) at **INR 47,706 million** in **H1FY14** vs. **INR 33,779million** in **H1FY13**, growth by **41.2 %**
- Margin improvement and OFCF driven by scale benefits, operating efficiencies and lower acquisition costs
- Capex spend of **INR 19,087 million** in **H1FY14** (**12.0%** up vs. **H1 FY13**) with focus on future growth areas like data and strategic focus areas like delivering unmatched customer experience

ROBUST MOMENTUM IN OPERATIONS

- Ending the half-year with a base of **155.5 million** customers serviced through a network of over **116,500** sites
- Continued focus on strong rural presence; customer base of **83.2 million** in **Sep'13** (*over 50% of total sub base*)
- Revenue Market Share at **21.9 %** in **Q1 FY14**, growth of **0.9%** YoY

- Strong growth in voice minutes along with strengthened ARPM at **46.7 paise (H1FY14)** vs. **44.0 paise (H1FY13)**
- ARPU at **INR 200** in **H1FY14**; driven by focus on quality of subscribers, active subscriber base (**VLR**) around **96% (Sep'13 exit)**
- **Vodafone Business Services** now contributes to around **10%** of Vodafone India service revenues
 - Serving over **4.5 million** customers
 - Big step in Machine to Machine solutions with Mahindra Reva, first connected car in India on Vodafone network

ACCELERATED DATA GROWTH

- Strong uptake of Data; Data users at **42.5 million** (27.3% of base) of which **4.5 million** are 3G customers
 - *3G usage/sub gaining traction at **634 MB/sub** in **Q2 FY14** v **419 MB/sub** in **Q2 FY13**, a growth of over **51%***
- Data (Browsing) revenue at **INR 15,419 million** in **H1FY14**, **76.5%** growth YoY, browsing revenues now account for **9.0%** of service revenues (**Q2FY14**)
- Data usage and revenue growth led by increasing smartphone penetration at **10.7%** of total base (**exit Sept 2013**)

OTHER HIGHLIGHTS

- Ranked among **Top 3** in **17** circles (**Q1FY14**)
- Only **3** circles are **less than 10%** Revenue Market Share (**Q1FY14**)
- Largest Post-paid base at **9.6 million**
- Launched '**Vodafone Cares**' - a platform for all the good that we do for the society (*refer annexure for details*)
- **M-Pesa** (*mobile money wallet and payment transfer service*) is now **live in 10 circles**
 - Available across more than **30,000 authorized agents**

MARTEN PIETERS, MANAGING DIRECTOR & CEO, VODAFONE INDIA commented:

"We continue to show a healthy revenue growth driven by price hardening, an exponential growth in data and a solid subscriber base. Our focus on profitable growth has led to a strong margin improvement and to a strong operating free cash flow. We will continue to invest in our future growth areas of democratizing data and driving financial inclusion through M-Pesa"

Notes to Editors:

- Vodafone India represents Vodafone India standalone and its subsidiaries. It includes proportionate consolidation of Indus (@42%)
- Includes the impact of upward revenue adjustment because of Indus' revision of its accounting for energy cost recharges to operators from a net to a gross basis
- Revenue from network infrastructure is no longer recorded in service revenue. Comparative periods have been restated on a comparable basis
- Definition of Data users: Subscribers with > 0Kb data usage on GPRS or 3G network in the last month
- 'M-Pesa' is the trademark of Vodafone
- M-Pesa live in Delhi, Mumbai, Kolkata, West Bengal, Bihar-Jharkhand, Rajasthan, UP East, UP West, Maharashtra & Goa and Assam & North East

ANNEXURE 1
KEY FINANCIAL SUMMARY

Vodafone India			
INR million	H1FY13	H1FY14	YoY%
Service revenue	162,826	184,809	13.5%
Total revenue	175,813	204,763	16.5%
EBITDA	49,930	65,191	30.6%
EBITDA margin (%)	28.4%	31.8%	3.4ppt
Capital expenditure	17,047	19,087	12.0%
OFCF	33,779	47,706	41.2%

* Net Debt for Vodafone (excluding Indus) for H1FY14 is around **INR 290 billion**

Vodafone India			
Service revenue breakup (INR million)	H1FY13	H1FY14	YoY%
Voice	136,462	152,539	11.8%
Messaging	6,393	5,943	-7.0%
Data	14,511	21,214	46.2%
<i>Data- Browsing</i>	<i>8,737</i>	<i>15,419</i>	<i>76.5%</i>
<i>Data- Others</i>	<i>5,774</i>	<i>5,795</i>	<i>0.4%</i>
Fixed line	767	1,119	45.9%
Others	4,692	3,995	-14.9%
Service revenue	162,826	184,809	13.5%

Customers	H1FY13	H1FY14	YoY%
Mobile customers in '000s (exit)	152,665	155,543	1.9%
Churn% (annualized)			
Contract	21.0%	18.2%	-2.8ppt
Prepaid	77.6%	53.1%	-24.5ppt
Total	74.8%	51.1%	-23.7ppt

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ABOUT VODAFONE INDIA

Vodafone India is a member of the Vodafone Group and commenced operations in 1994 when its predecessor Hutchison Max acquired the cellular license for Mumbai. The company has operations across the country serving over 150 million customers. This journey is a strong testimony of Vodafone's success in a highly competitive and price sensitive market. Vodafone India in its long-term commitment to India has been providing innovative, customer friendly and reliable products and services by continuously differentiating itself with a strong brand, best quality network, unique distribution and great customer service.

Vodafone has been receiving several awards and recognition across different segments. At the Aegis Graham Bell Awards 2013, the company was awarded for excellence in 'Service Innovation' and 'Innovation in Training and Learning' categories. The company also received the 'Best 3G services operator' at the recent tele.net Telecom awards. In a survey conducted by Nielsen; Vodafone India has been recognized as the 'Most Likeable Brand' in the consumer services category. Vodafone India has also been making significant strides with its wide retail presence in the country. The company won the award for innovation in Retail, at International women leadership forum for the concept of Angel (all women) stores across the country. The company has been recognized as one of the 'Best Employer of Choice' in telecom sector by 'Great Places to Work' and Vodafone Business Services has been awarded the "Best Enterprise Service Provider" at the Frost & Sullivan Awards for three consecutive years in 2011, 2012 and 2013. On the technology front, the company has also won the Enterprise & IT Infrastructure Global Excellence Award for its Business Intelligence (BI) transformation project.

As a value based organization, Vodafone is committed to achieving the highest standards of Health, Safety and Well-being not only for its employees but also for all its partners. For creating such a responsible culture in the organization, the company recently received the Golden Peacock Occupational Health & Safety Award 2013. At Vodafone, sustainability is an integral part of the company's mission and strategy, shaping the conduct of business every day. 'Vodafone Cares' is a platform to showcase all the good that we do for the society and we have championed several projects and initiatives under the three pillars of Education, Environment and Empowerment. Through the Vodafone Foundation, we are committed to enable people and use technology to address some of India's most pressing challenges relating to education, health, equality and access. All our activities focus on the 4Ms of empowering individuals – m Health, m Education, m Agriculture and m Women.

Since 2011, in line with its Group philosophy, Vodafone India became the first telecom operator in India to release an annual Corporate Sustainability Report for India – Footprints. Vodafone India was awarded the 'Green Telecom Company of the Year' at the Telecom Leadership Awards 2012 by a renowned media group recently and has also received the "Golden Peacock Award" for corporate social responsibility for 2012 and for Innovation in Product/Service in Telecom category for 2013.

Vodafone is one of the world's largest telecommunications companies with approximately 411 million customers in its controlled and jointly controlled markets as of 30 September 2013. Vodafone has equity interests in telecommunications operations in nearly 30 countries and around 50 partner networks worldwide. For more information, please visit: www.vodafone.com. Follow us on twitter @VodafoneIN

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