

Vodafone Idea

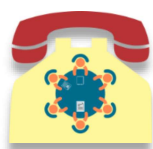
BSE SENSEX
80,598

S&P CNX
24,631

CMP: INR 6.2
Sell

Broadly in-line results, subscriber losses moderate further

Conference Call Details


Date: 18th August 2025

Time: 02:30pm IST

Financials & Valuations (INR b)

INR b	FY26E	FY27E	FY28E
Net Sales	451	492	536
EBITDA	185	208	232
Adj. PAT	-316	-309	-276
EBITDA Margin (%)	40.9	42.3	43.4
Adj. EPS (INR)	-23.8	-2.2	-10.9
BV/Sh. (INR)	-20.2	-29.9	-38.5

Ratios

Net D:E	-2.9	-2.4	-2.0
RoE (%)	NM	NM	NM
RoCE (%)	-2.8	-1.2	1.3
Payout (%)	0.0	0.0	0.0

Valuations

EV/EBITDA (x)	12.0	12.3	11.8
P/E (x)	-2.1	-2.2	-2.4
P/B (x)	-0.3	-0.2	-0.2
Div. Yield (%)	0.0	0.0	0.0

- Vodafone Idea's (Vi) overall revenue at INR110b (flat QoQ, +5% YoY) was **in line with our estimate**.
- Reported EBITDA at INR46.1b (-1% QoQ, +10% YoY, vs. ~3%/5% QoQ for Bharti-India wireless and RJio) was **~1% above** our estimate on account of lower network opex (+1% QoQ, 4% below), offset by higher SG&A expenses (+8% QoQ, 8% above).
- Reported EBITDA margin contracted ~50bp QoQ to 41.8% (up 185bp YoY, +20bp/+125bp QoQ for Bharti-India wireless and RJio) and **was ~35bp above** our estimate.
- Pre Ind-AS 116 EBITDA at INR21.8b declined ~6% QoQ (+4% YoY) and was **in line with** our estimate. Pre Ind-AS 116 EBITDA margin contracted ~130bp QoQ to 19.8% (-20bp YoY, in line with our estimate).
- Vi's reported losses narrowed to INR66b (vs. INR72b QoQ, and our estimate of INR75b), primarily due to lower interest costs (-8% QoQ, likely due to interest savings from recent GoI equity conversions).
- Reported net debt (excluding leases, but including interest accrued and not due) **increased by INR69b QoQ to INR1.94t**. Vi still owes ~INR1.99t to GoI for deferred spectrum and AGR dues. External/banking debt declined to ~INR19.3b (vs. INR23b QoQ).
- Capex moderated **to INR24.4b (vs. record high of INR42b in 4QFY25)**.

Subscriber losses moderate, but wireless revenue up modest 6% YoY despite tariff hike boost

- Wireless ARPU was **up 0.6% QoQ** at INR165 (+13% YoY, vs. +1%/+2% QoQ for RJio/Bharti) and **was in line with** our estimate, driven largely by one extra day QoQ.
- Vi indicated that customer ARPU (excluding M2M) was up ~1% QoQ at **INR177** (vs. +2% QoQ at INR250 for Bharti).
- Vi's overall subscriber base at 197.7m **declined by 0.5m QoQ** (significant moderation vs. 1.6m net declines in 4QFY25, and **better than our expectation** of 1.2m QoQ decline).
- Monthly churn **was stable QoQ at 4.1%** (vs. 40bp QoQ uptick for Bharti at 2.7%) and remains a key monitorable.
- Postpaid subscriber base (including M2M) further improved by ~1m QoQ to 26.6m, largely driven by ~0.8m M2M net adds. 4G/5G subscriber base inched up ~1m QoQ, while data subs rose ~0.7m QoQ. We believe Vi has lost ~0.1m pure-play data subs (excl. M2M subs).
- Wireless revenue at INR98b (+6% YoY, **in line**) was **flat QoQ** (vs. ~3% QoQ increase for Bharti/RJio) as slightly higher ARPU was offset by modest subscriber declines.

Other highlights: Data usage improves, driven by IPL and unlimited data offerings, but remains well below peers

- Enterprise revenue at INR12.1b (+5% QoQ, -2% YoY) was ~2% above our estimate.
- Vi's data volume grew ~9% QoQ (+5% QoQ in 4QFY25), driven by IPL boost, and trended largely in line with 8%/12% QoQ growth for Bharti/RJio, including FTTH, albeit on a much lower base.
- Data usage per data subscriber increased to 16.3GB/month (from 15.3GB QoQ), but remained significantly below RJio (37GB including FTTH contribution) and Bharti (26.9GB).
- Voice usage on Vi network declined ~2% QoQ (vs. -1% QoQ in 4QFY25, weaker vs. flat to -1% QoQ for Bharti and RJio).
- Implied minute of usage per subscriber declined to 590min/month (vs. 598min QoQ), but remained significantly below 1,143mins/1,007mins for Bharti/RJio.
- Vi's trade payables were stable QoQ at INR107b, primarily comprising dues to tower and network vendors such as Indus Towers.

5G services expanded to 22 cities; network rollout slightly moderated (from record levels in 4QFY25)

- After the largest-ever quarterly rollout since the merger, Vi's network rollout moderated to ~1.9k towers (~4.6k MBB towers) and ~21.6k net broadband sites in 1Q.
- Vi's 4G population coverage increased further to ~84% by Jun'25 (vs. 77% in Mar'24).
- Management indicated that 4G population coverage would be further ramped up to ~1.2b (or 90% of overall population).
- Vi has expanded its 5G services to 22 cities across 13 circles and plans to expand 5G services to all key cities in 17 priority circles by Sep'25.

Bharti was once again the biggest gainer on RMS in 1QFY26

- On our estimates, Bharti was once again the biggest gainer on revenue market share (RMS) in 1QFY26, gaining 28bp QoQ (+206bp YoY), with RJio gaining modest 3bp QoQ (but losing 67bp YoY) and Vi losing further 31bp QoQ RMS in 1QFY26 (and -139bp YoY), among the three private telcos.
- On subscriber market share (SMS), RJio was the biggest gainer in 1QFY26 with 35bp QoQ gain (+22bp YoY) as Bharti lost 15bp QoQ (but gained 91bp YoY) and Vi lost further 19bp QoQ (and 113bp YoY), among the three private telcos.

Vodafone Idea (INR m)	1QFY25	4QFY25	1QFY26	YoY	QoQ	1QFY26E	vs. est
Revenue	1,05,083	1,10,135	1,10,225	4.9	0.1	1,09,997	0.2
Interconnection costs	10,852	11,961	11,139	3	(7)	11,611	(4.1)
License fee and spectrum charges	8,924	9,283	9,473	6	2	9,273	2.2
Network operating costs	23,935	23,255	23,493	(2)	1	24,481	(4.0)
Employee costs	5,467	5,495	5,435	(1)	(1)	5,494	(1.1)
SG&A expenses	13,858	13,544	14,564	5	8	13,477	8.1
Total costs	63,036	63,538	64,104	2	1	64,336	(0.4)
EBITDA	42,047	46,597	46,121	9.7	(1.0)	45,661	1.0
EBITDA margin (%)	40.0	42.3	41.8	183	(47)	41.5	33
Pre-INDA AS EBITDA	21,000	23,200	21,800	3.8	(6.0)	21,761	0.2
Pre Ind-AS EBITDA margin (%)	20.0	21.1	19.8	(21)	(129)	19.8	(1)
D&A	53,691	55,713	54,721	1.9	(1.8)	56,507	(3.2)
EBIT	(11,644)	(9,116)	(8,600)	26.1	5.7	(10,846)	20.7
Net interest income/(expense)	52,623	62,565	57,511	9.3	(8.1)	63,754	(9.8)
PBT	(64,267)	(71,681)	(66,111)	(2.9)	7.8	(74,600)	11.4
Taxes	(55)	-	30			—	
MI and share of associates	1	20	-			—	
PAT	(64,321)	(71,661)	(66,081)	(2.7)	7.8	(74,600)	11.4
Extraordinaries	-	—	—			—	
Reported net income	(64,321)	(71,661)	(66,081)	(2.7)	7.8	(74,600)	11.4
Key performance indicators							
Subscriber base (EoP) (m)	210.1	198.2	197.7	(5.9)	(0.3)	197.0	0.4
Net adds/(declines) (m)	(5.1)	(6.8)	(0.5)			(1.2)	
Data subscribers(EoP) (m)	136.9	134.1	134.8	(1.5)	0.5	134.1	0.5
Reported ARPU (INR/month)	146	164	165	13.0	0.6	165	(0.1)
Total minutes of use (b)	385	357	350	(9.1)	(2.0)	353	(1.0)
Average MoU (min/month)	607	598	590	(2.8)	(1.3)	596	(1.0)
Data volume (Petabyte)	6,111	6,166	6,748	10.4	9.4	6,228	8.4
Implied data usage (GB/month)	14.9	15.3	16.7	12.6	9.2	15.5	8.1
Wireless revenue	92,571	97,908	97,985	5.8	0.1	97,940	0.0
Enterprise revenue	12,298	11,575	12,094	(1.7)	4.5	11,807	2.4
Other operating revenue	214	652	146	(31.8)	(77.6)	250	(41.6)
Debt and capex (INRb)							
Gross debt	2,210	1,973	2,011	(9.0)	1.9		
Gol debt	2,162	1,949	1,991	(7.9)	2.2		
Spectrum debt	1,458	1,190	1,217				
AGR dues	703	759	775				
External debt	46	23	19	(58.2)	(17.1)		
OCDs to ATC	1.6	-					
Cash and equivalents	181.5	99.3	68.3	(62)	(31.2)		
Net debt	2,028	1,873	1,943	(4.2)	3.7		
Capex	7.6	42.3	24.4	221.1	(42.3)	38.2	(36.1)

Telecom comparisons	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	QoQ	YoY
Wireless subs, EOP (m)								
Bharti	352.3	354.5	351.6	356.6	361.6	362.8	0.3	2.3
Vodafone Idea	212.6	210.1	205.0	199.8	198.2	197.7	(0.3)	(5.9)
RJio (inc. FTTH)	481.8	489.7	478.8	482.1	488.2	498.1	2.0	1.7
RJio - wireless	470.5	477.3	464.6	465.9	470.8	478.1	1.5	0.2
Wireless revenues (INR b)								
Bharti - wireless	218.2	223.1	246.3	260.8	264.2	271.8	2.9	21.8
Vodafone Idea - wireless	93.7	92.6	97.1	99.0	97.9	98.0	0.1	5.8
RJio (inc. FTTH)	259.6	264.8	283.4	293.1	300.2	308.8	2.9	16.6
RJio - wireless	246.6	251.2	267.4	274.9	280.1	286.4	2.3	14.0
Wireless ARPU (INR/sub/month)								
Bharti	208.9	210.6	233.0	245.3	245.0	250.3	2.1	18.8
Vodafone Idea	146.0	146.0	156.0	163.0	164.0	165.0	0.6	13.0
RJio (inc. FTTH)	181.7	181.7	195.1	203.3	206.2	208.7	1.2	14.9
RJio - wireless	176.6	176.7	189.3	196.9	199.3	201.2	0.9	13.9
Wireless EBITDA (INR b)								
Bharti	121.6	125.3	141.7	154.6	157.5	162.7	3.3	29.9
Vodafone Idea	43.4	42.0	45.5	47.1	46.6	46.1	(1.0)	9.7
RJio (inc. FTTH)	136.1	139.2	150.4	154.8	158.5	166.9	5.3	19.9
Wireless EBITDA margin (%)								
Bharti	55.1	55.6	57.1	58.8	59.2	59.4	22	379
Vodafone Idea	40.9	40.0	41.6	42.4	42.3	41.8	(47)	183
RJio (inc. FTTH)	52.4	52.6	53.1	52.8	52.8	54.0	124	147
Wireless EBIT (INR b)								
Bharti	48.3	48.4	61.9	75.0	78.4	84.1	7	56
Vodafone Idea	(14.2)	(11.6)	(8.5)	(9.2)	(9.1)	(8.6)	(6)	27
RJio (inc. FTTH)	80.5	83.1	93.0	96.5	99.3	104.9	6	23
Wireless EBIT margin (%)								
Bharti	21.9	21.5	24.9	28.5	29.5	30.7	125	923
Vodafone Idea	(13.3)	(11.1)	(7.8)	(8.2)	(8.3)	(7.8)	47	328
RJio (inc. FTTH)	31.0	31.4	32.8	32.9	33.1	34.0	88	256
Wireless revenue market share among private telcos (%)								
Bharti	39.1	39.4	40.3	41.1	41.1	41.4	28	206
Vi	16.8	16.3	15.9	15.6	15.2	14.9	(31)	(139)
RJio - wireless	44.2	44.3	43.8	43.3	43.6	43.6	3	(67)
Wireless paying subs market share among private telcos (%)								
Bharti	34.0	34.0	34.4	34.9	35.1	34.9	(15)	91
Vi	20.5	20.2	20.1	19.5	19.2	19.0	(19)	(113)
RJio - wireless	45.4	45.8	45.5	45.6	45.7	46.0	35	22

Note:

RJio (ex-FTTH) metrics are our estimates