

Vodafone Group Plc

Open Office - Enterprise

27 September 2012



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Agenda

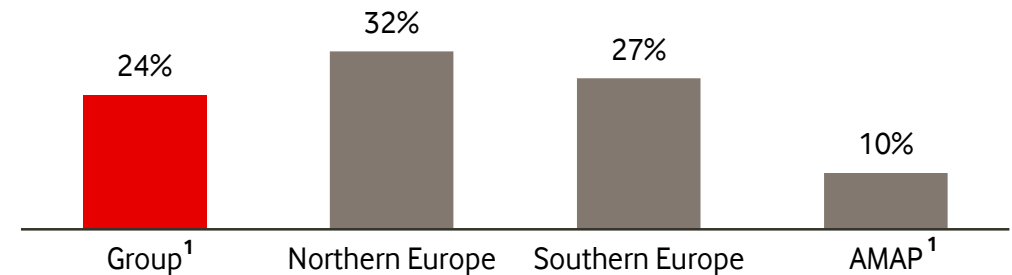
1. Enterprise Overview
2. Introduction to Cable & Wireless Worldwide (“CWW”)
 - About CWW
 - Integration costs and synergies
 - Integration plan



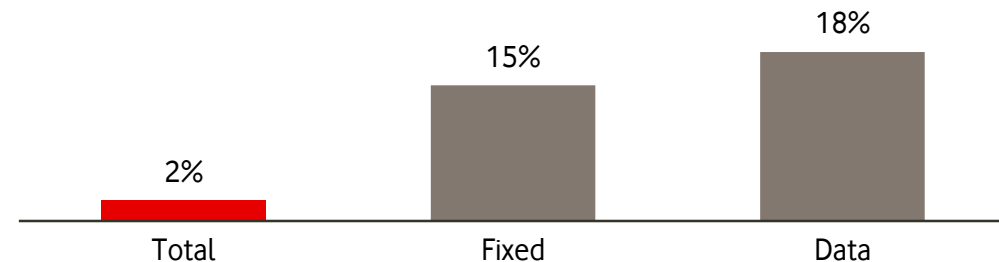
Enterprise

- Enterprise grew 2.2%² in FY 11/12
- Vodafone's key points of differentiation:
 - Global footprint
 - Consolidated enterprise service platforms
 - Network quality
 - High levels of customer service

Enterprise revenues as % of service revenues
FY 11/12



Enterprise service revenue growth
FY 11/12 (%)²



All growth rates shown are organic unless otherwise stated

1. Includes enterprise revenues for Vodacom

2. Excludes enterprise revenue for Vodacom



Key market trends

Increasing demand

Employee mobility

Multi device usage

Increasing data penetration

Cloud adoption

IT outsourcing

Focus on security

M2M



'Vodafone 2015': Enterprise services

Expand VGE

- World class and seamless customer experience
- Co-ordinated experience to truly integrated global offer
- Professional services capabilities in unified communications and telecom expense management

Increase One Net penetration

- Launch Vodafone One Net for VGE, the core of our multi-country MNC converged offer
- Drive One Net in all Europe markets, and selective AMAP markets
- Expand functionality for national corporates and MNCs

Develop security and software solutions

- Mobile security, \$3bn opportunity by 2015¹
- Vodafone Cloud and security applications for enterprise available in all markets

Accelerate M2M

- Focus on smart metering, automotive and consumer electronics sectors
- Leverage unique geographic footprint with global service delivery platform

Integration of Cable & Wireless Worldwide



Cable & Wireless Worldwide



A clear rationale for the acquisition

1. Creates the only UK integrated fixed/mobile player
 - Future of Enterprise Communications is converged
 - Gives scale & credibility to exploit Unified Communications opportunities
 - Strong & complementary customer base
2. CWW has a deep UK network infrastructure
 - Enables replacement of expensive third party connectivity
 - Provides transmission capacity to manage data growth
 - Reduced call termination costs
3. CWW has extensive International Network assets
 - Transit network savings
 - 'Tier 1' IP transit - 'zero cost' IP connectivity between networks
 - Strengthens global offerings e.g. IPVPN
4. Significant synergies from combined scale



A unique asset and an excellent fit with Vodafone UK



Reinforces Vodafone's Group strategy

Leadership focus	Europe, Africa, India
A growth strategy from data	Mobile data: accelerate across footprint
	Enterprise: exploit opportunity across footprint
	Emerging markets: drive penetration and data adoption
	Total Communications: continue to develop services in Europe
	New services: deliver growth opportunities
Value & efficiency from scale	Continue to enhance efficiency and realise scale benefits
Asset / portfolio strategy	Generate liquidity or free cash flow from all non-controlled assets
Capital discipline and financial objectives	Profitable investment and shareholder returns
	Continue to apply rigorous investment criteria to deployment of surplus capital and regular assessment of all assets



Breakdown of consideration

	£bn
Equity	1.05
Convertible bond	0.25
Cash / finance leases	0.01
Total consideration	1.31

- Pension deficit £0.1bn at 31 March 2012 on CWW accounting basis

 Meets our financial investment criteria

Expected to be accretive to EPS and FCF per share within the first 12 months post completion, after synergies and before integration costs



Overview of CWW

Services

IP and Data

- Wide area networks
- Local area networks
- IP voice solutions

Traditional voice and legacy

Hosting and Applications

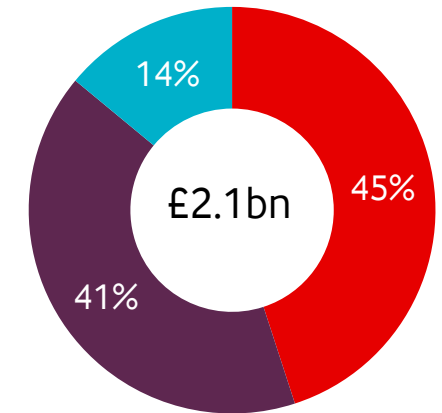
- Managed hosting solutions
- Co-location
- Server and website hosting
- Storage and security
- Hosted applications

Network

- One of the largest fibre networks in the UK, comprising c.20,500km in length
- International network spanning c.425,000km in length
- 127 global points of presence in 35 countries
- Member of several cable consortiums

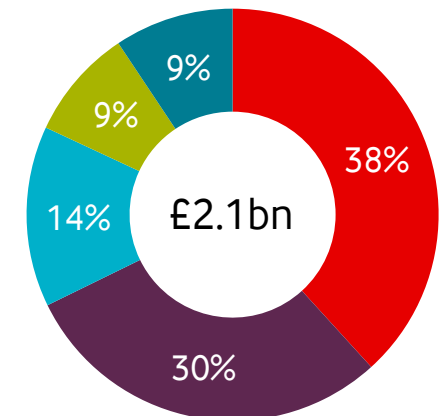
FY 11/12 revenue by product¹

- IP and data
- Traditional voice and legacy
- Hosting and applications



FY 11/12 revenue by customer¹

- National Corporate
- Carrier
- Public Sector
- SME
- Multinational Corporate



CWW reported financial results¹

Year to March	2010 (£m)	2011 (£m)	2012 (£m)
Revenue	2,265	2,257	2,149
EBITDA ²	431	442	378
EBITDA margin	19%	20%	18%
Capital expenditure	279	282	260
Trading cash flow ³	71	116	99
Free cash flow	(1)	61	(71)

- Revenue under pressure for some time
 - Poor pipeline and declining legacy business
 - Underinvestment in new services
- Business case assumes further deterioration over next 2 years

1. All amounts under CWW accounting policies and basis of preparation

2. Before exceptional items

3. Trading cash flow is defined as EBITDA, less cash exceptionals, less cash capex, adjusted for the movement in working capital and other items



Financial implications and synergy benefits

- We expect integration costs of £500m
- We aim to deliver annual cash flow synergies of £150 - £200m by FY 15/16
- Operating free cash flow in FY 15/16 of £250 - £300m from the acquisition



Integration costs, £500m over three years

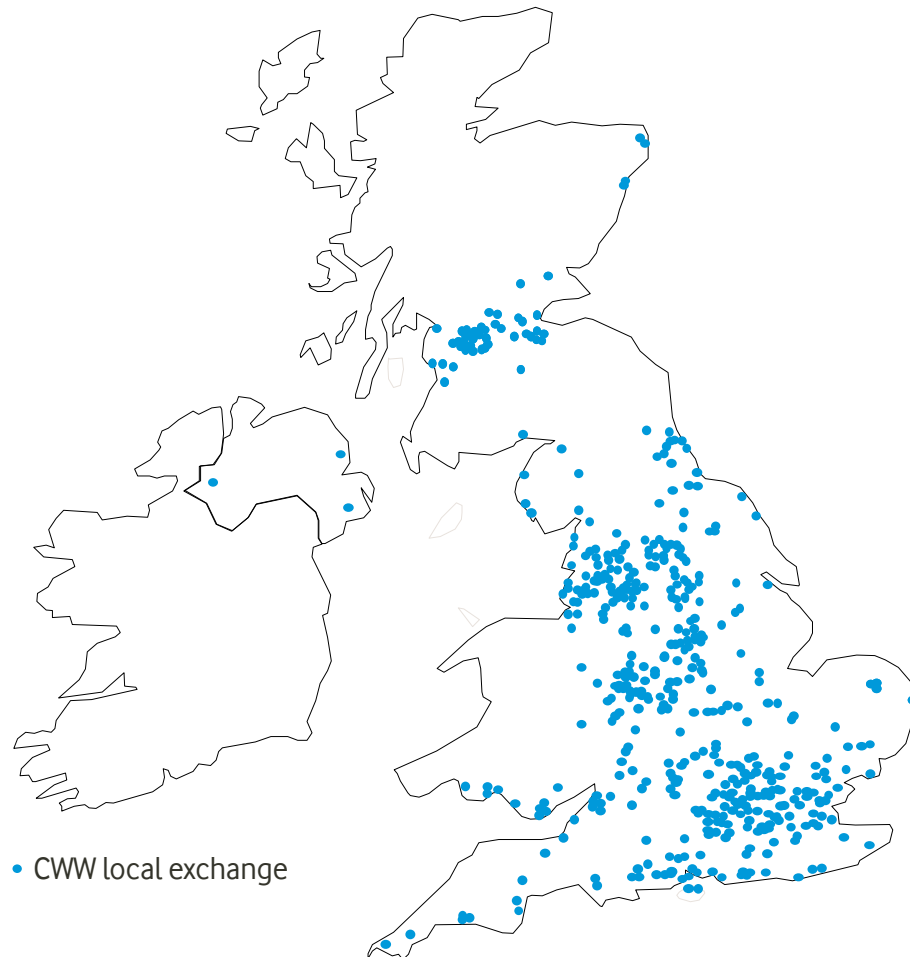


- Network
 - Invest to connect base stations
 - Over 1/3 of UK base stations within 100m of CWW fibre
 - Consolidation to a single IP network
- IT integration
 - Integration of IT stacks
 - Roll-out of Vodafone's Group-wide ERP system
- Hosting and applications investment
 - Invest to expand hosting capacity
 - Invest to develop and expand product range
- Opex
 - Reinvest to stabilise and grow the business



Cost saving opportunities: UK network and IT

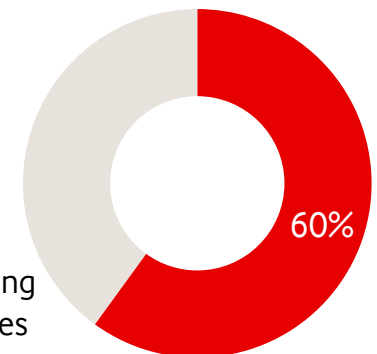
CWW UK network footprint



Cost saving opportunities

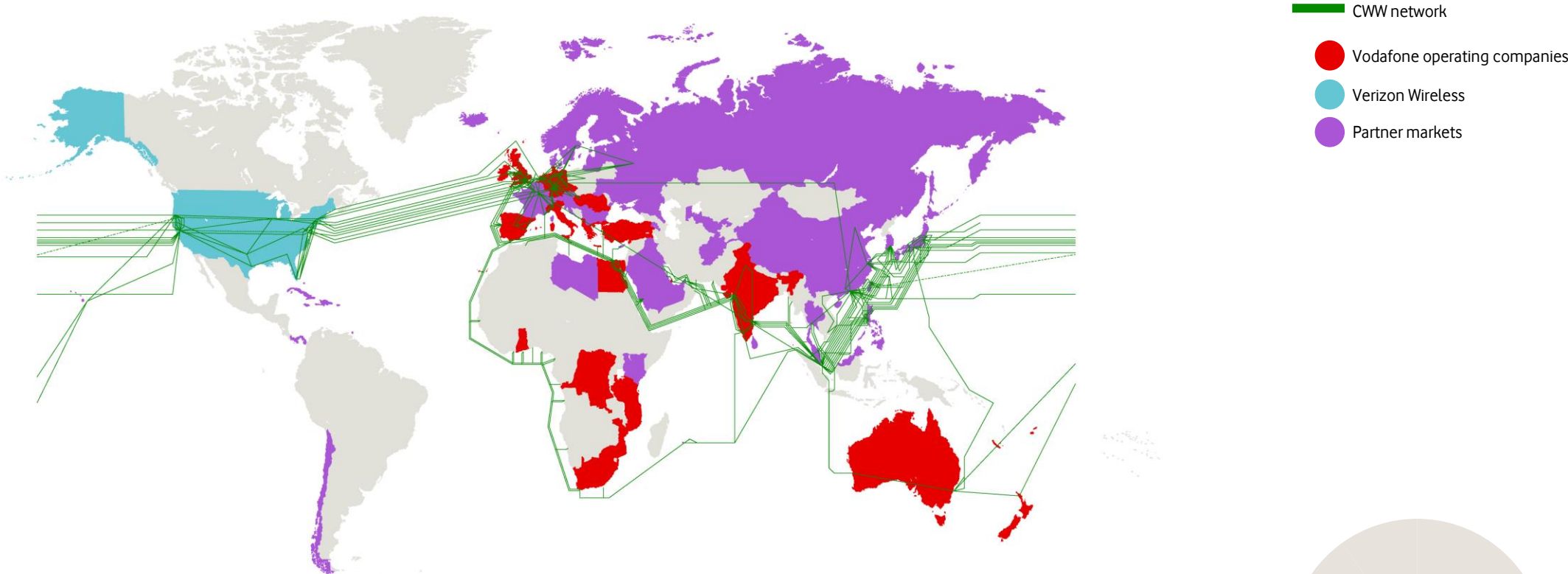
- Extensive fibre network, fits well with the location of Vodafone's mobile base stations
 - Backhaul to support demand for data traffic at considerably lower cost
 - Network rationalisation and consolidation
 - Reduced UK access transmission and IP transit/peering costs
 - Use of a single converged fixed/mobile Enterprise platform
- Procurement savings across Network, IT and services

% of FY 15/16 operating
free cash flow synergies

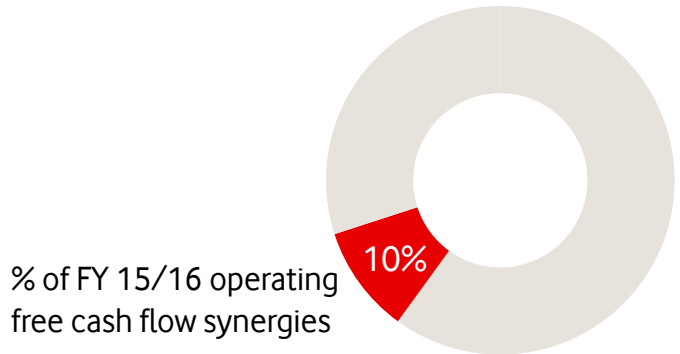


Cost saving opportunities: benefits across Vodafone's global footprint

CWW international network and Vodafone footprint



- CWW's high IP traffic volumes and peering status will provide further cost efficiencies
- International network capable of handling part of Vodafone's international traffic



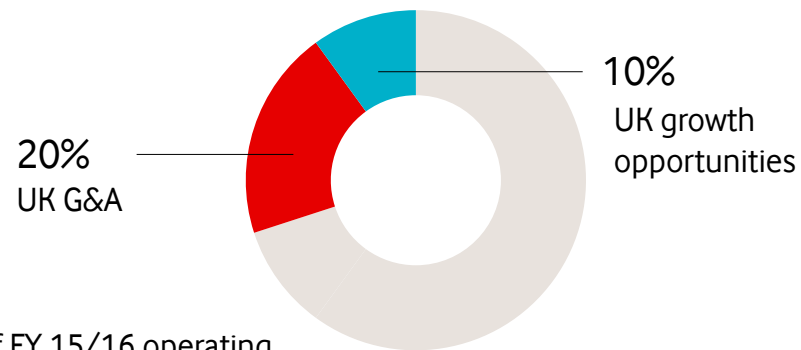
Other UK synergies

UK G&A cost saving opportunities

- Payroll savings
 - Use of Vodafone Shared Service centres
 - Customer operations efficiencies
- Corporate overhead functions
 - Savings from consultancy, office costs and statutory finance

UK growth opportunities

- Commercial bundling of fixed and mobile services
 - Increase in addressable market
 - Cross sell into existing customer base
- SoHo / SME market opportunities
 - Introduce converged product offering to both sales channels
- Public Sector opportunities
 - Grow market share and exploit CWW's sales channels
- Hosting and applications
 - Increase hosting sales through larger combined sales channel
 - Requires significant upfront investment

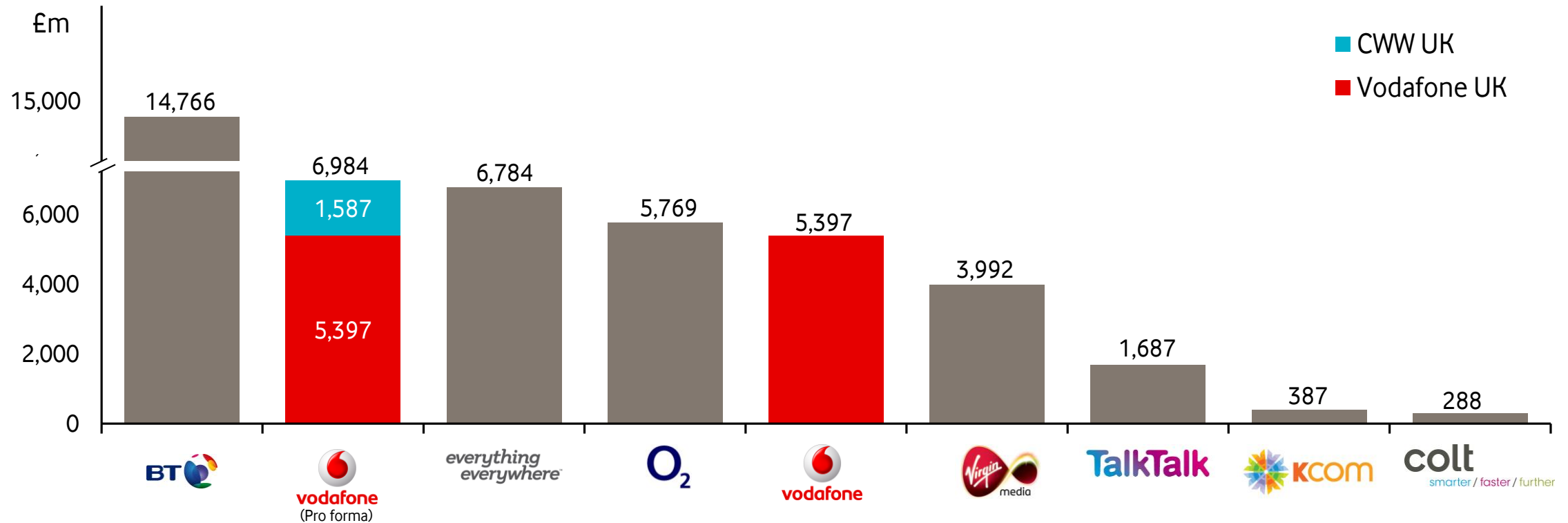


% of FY 15/16 operating free cash flow synergies



Now a leading integrated enterprise operator in the UK

UK telecoms operators' latest reported full year domestic revenue (€m)



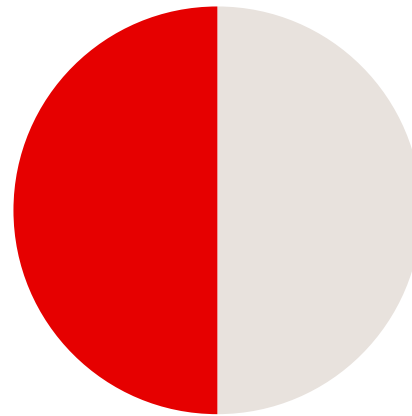
- Combined entity will be well positioned to capitalise on the growing demand for unified communications
- Opportunity for enterprise customers to purchase advanced total communications services from a single provider



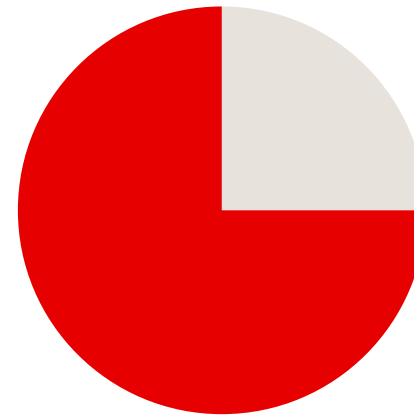
Complementary customer portfolio



**National
Corporate**



Public Sector



SoHo/SME

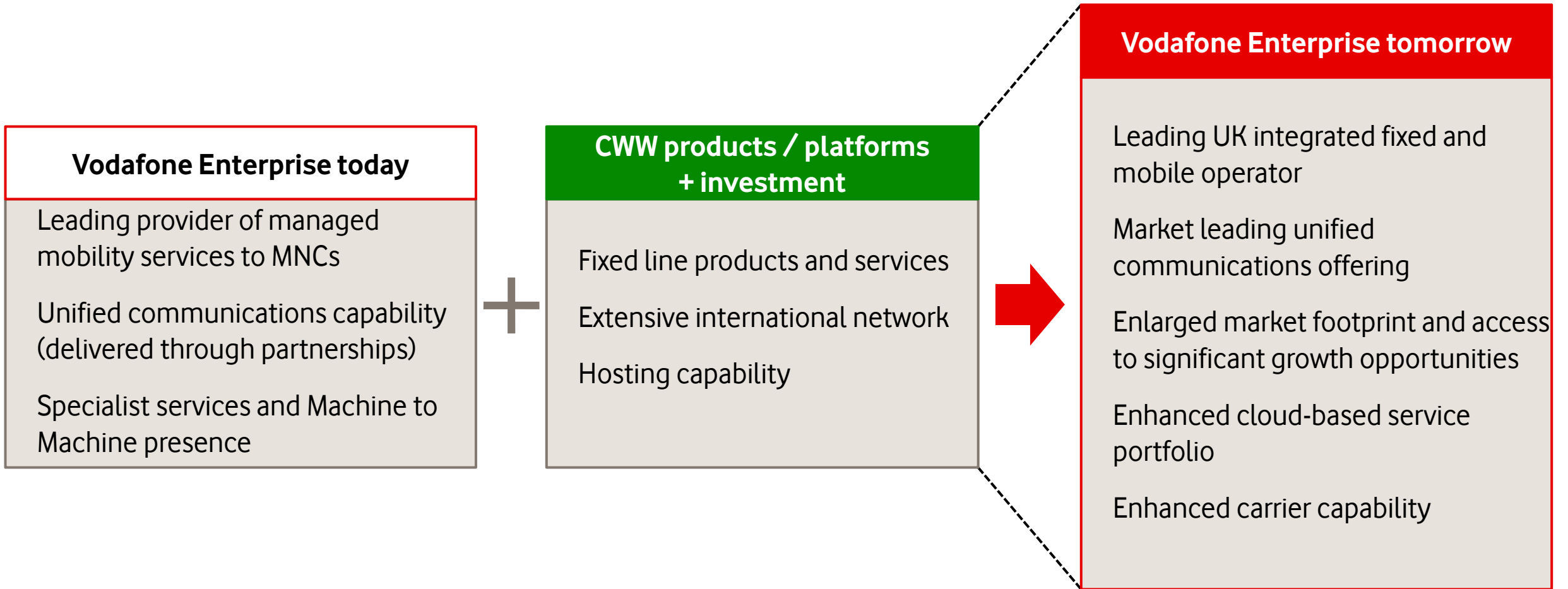


**Multinational
Corporate**

- Significant enhancement of Vodafone's position in National Corporate and Public Sector
- Adds to Vodafone's existing strength in SoHo, SME and Multinational Corporates



Global growth opportunities



The CWW Integration Plan has three guiding principles

Principle	Implication
1. Maintain value of underlying CWW business	Retain current CWW structure and stabilise BEFORE progressive integration into Vodafone
2. Early integration with Vodafone UK only where synergies outweigh disruption	FY 12/13 integration with Vodafone UK focusing on a small number of high-value activities
3. Delay full integration until relevant IT capability is available	Full integration during FY 15/16

CWW organisation stabilised prior to integration

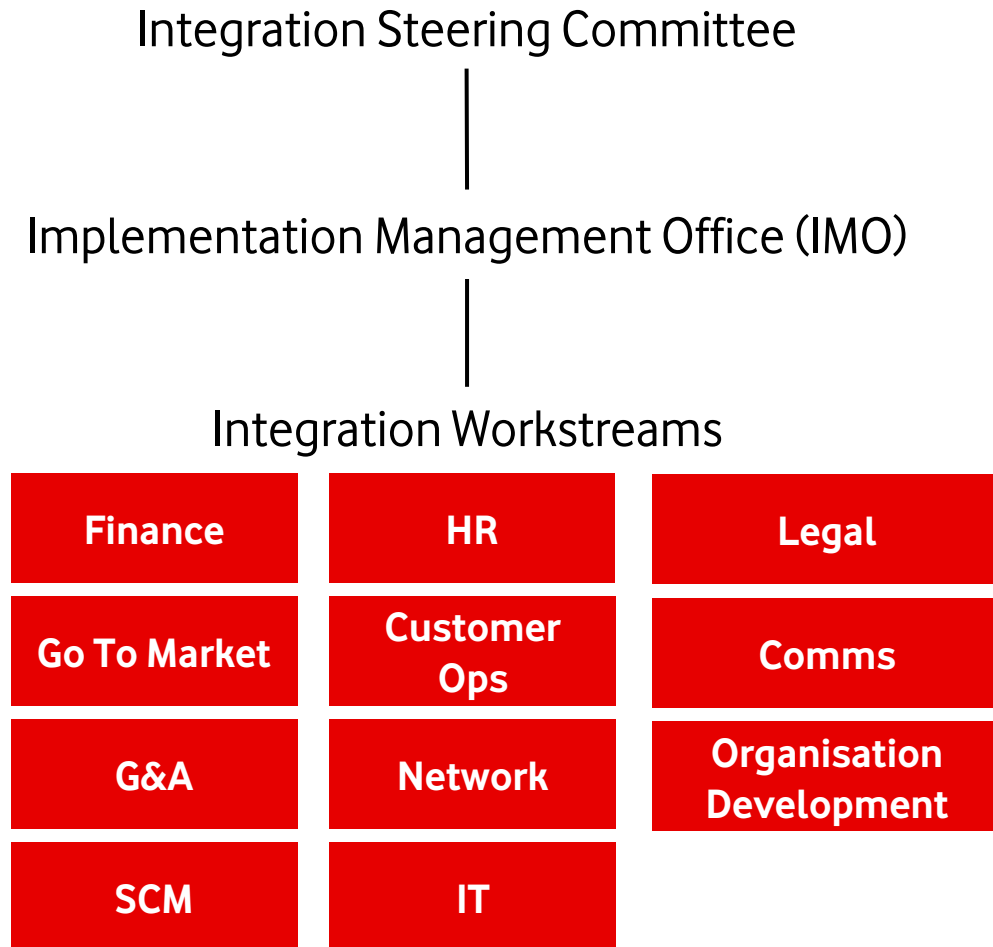


Experience of the first 60 days

Better than expected	Worse than expected	Immediate actions
<ul style="list-style-type: none">• Opportunities for growth• Customer relationships• Synergy potential• Willingness to embrace change• Quality of people	<ul style="list-style-type: none">• Customer service• Some operational performance• Focus of cost cutting• Property portfolio• Organisational complexity	<ul style="list-style-type: none">• Stop loss making activities & customers• Accelerate differentiated & profitable products• Reflate cost profile for growth• Fix property portfolio• Exploit opportunities in Hosting & Carrier Services




















The integration programme and governance are up and running



- Over 100 people across Vodafone and CWW
- SteerCo chaired by Group CTO, with Group HR Director, CIO and CEOs of UK and CWW
- Monthly operational reviews at Group Operating Committee








We are taking a phased approach to integration

Integration Workstream	FY 12/13	FY 13/14		FY 14/15		FY 15/16
	H2	H1	H2	H1	H2	FY
Customer Service Ops	Stabilise Customer Services 			Combined Vodafone & CWW customer service teams 		
Go to market	Immediate cross-sell opportunities actioned 	CWW rebranded to Vodafone  All sales channels integrated 				
Network & IT		All Vodafone internet traffic migrated to single global network 		Vodafone UK access migrated to CWW 		
				UK core consolidated on a single network 		
					International Core Network consolidated on single IP network 	
		Migrate to Vodafone's ERP system 				
		Design and install integrated BSS / OSS IT stack 				
Product	Integrated hosting product launched 					
		Integrated UC product set launched 				
G&A	Organisational integration, CWW plc costs removed 					
		Offshoring cost reduction to Vodafone Shared Service centre 				
	Quick win supplier savings 	Long term procurement savings 				



Summary

-  Great assets, good fit with Vodafone's strategy
-  Generating strong interest from enterprise customers
-  Significant and certain network cost savings
-  Focused investment to simplify and refresh platforms
-  Solid platform for a scale carrier services business



Q&A



Glossary

BSS: Billing Support System

Carrier service: The sale or lease of bandwidth to another provider for reselling to their own customers

ERP system: Enterprise Resource Planning system

G&A: General & Administration costs

Hosting: providing users space on a server, typically in a data centre

IPVPN: IP Virtual Private Network

IT stack: comprises all the IT software and applications that are required to support a business process or processes

Local area network: a network that covers a group of computers in close proximity to each other

M2M: Machine-to-Machine

Op FCF: Operating Free Cash Flow, cash generated from operations after cash payments for capital expenditure (excludes capital license and spectrum payments) and cash receipts from the disposal of intangible assets and property, plant and equipment

OSS: Operation Support System

Peering: The arrangement of settlement-free traffic exchanges between Internet service providers

SoHo: Small-Office-Home-Office businesses

Tier 1 IP transit: Communication over an IP network that participates in the Internet solely via settlement-free interconnection

Wide area network: A network that covers a broader area than local area networks



Forward-looking statements

This presentation contains “forward-looking statements” within the meaning of the US Private Securities Litigation Reform Act of 1995 with respect to the Group’s financial condition, results of operations and businesses and certain of the Group’s plans and objectives. In particular, such forward-looking statements include: statements relating to the Group’s future performance generally; expectations regarding growth in customers, global growth opportunities and key market trends; statements relating to “Vodafone 2015”; expectations regarding the anticipated benefits and synergies of the CWW acquisition, including EPS accretion and free cash flow per share, as well as the anticipated timing and process of the integration of CWW; and expectations regarding annual improvements to free cash flows and integration costs.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as “will”, “anticipates”, “aims”, “could”, “may”, “should”, “expects”, “believes”, “intends”, “plans” or “targets”. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following: changes in macroeconomic or political conditions in markets served by operations of the Group that would adversely affect the level of demand for mobile services, and changes to the associated legal, regulatory and tax environments; greater than anticipated competitive activity, from both existing competitors and new market entrants, which could require changes to the Group’s pricing models, lead to customer churn and/or make it more difficult to acquire new customers; levels of investment in network capacity and the Group’s ability to deploy new technologies, products and services in a timely manner, particularly mobile data content and services, or the rapid obsolescence of existing technology; higher than expected costs or capital expenditures; rapid changes to existing products and services and the inability of new products and services to perform in accordance with expectations, including as a result of third party or vendor marketing efforts; the ability of the Group to integrate new technologies, products and services with existing networks, technologies, products and services; the Group’s ability to generate and grow revenue from both voice and non-voice services and achieve expected cost savings; a lower than expected impact of new or existing products, services or technologies on the Group’s future revenue, cost structure and capital expenditure outlays; slower than expected customer growth, reduced customer retention, reductions or changes in customer spending and increased pricing pressure; the Group’s ability to expand its spectrum position, win 4G/3G allocations and realise expected synergies and benefits associated with 4G/3G; the Group’s ability to secure the timely delivery of high quality, reliable handsets, network equipment and other key products from suppliers; loss of suppliers, disruption of supply chains and greater than anticipated prices of new mobile handsets; changes in the costs to the Group of, or the rates the Group may charge for, terminations and roaming minutes; the Group’s ability to realise expected benefits from acquisitions, partnerships, joint ventures, franchises, brand licences or other arrangements with third parties, particularly those related to the development of data and internet services; acquisitions and divestments of Group businesses and assets and the pursuit of new, unexpected strategic opportunities, which may have a negative impact on the Group’s financial condition and results of operations; the Group’s ability to integrate acquired business or assets and the imposition of any unfavourable conditions, regulatory or otherwise, on any pending or future acquisitions or dispositions; the extent of any future write-downs or impairment charges on the Group’s assets, or restructuring charges incurred as a result of an acquisition or disposition; developments in the Group’s financial condition, earnings and distributable funds and other factors that the Group’s Board of Directors takes into account in determining the level of dividends; the Group’s ability to satisfy working capital requirements through borrowing in the capital markets, bank facilities and operations; changes in foreign exchange rates, including, particularly, the exchange rate of pounds sterling to the euro and the US dollar; changes in the regulatory framework in which the Group operates, including the commencement of legal or regulatory action seeking to regulate the Group’s permitted charging rates; the impact of legal or other proceedings against the Group or other companies in the mobile communications industry; and changes in statutory tax rates and profit mix, the Group’s ability to resolve open tax issues and the timing and amount of any payments in respect of tax liabilities.

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