



Vodafone Group Results:

for the quarter ended 30 June 2018

25 July 2018



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Overview and
Strategic progress

Vittorio Colao
Group Chief Executive

Q1 18/19 highlights: ongoing momentum

Service revenue growth	Leading network	Strong data growth	Fastest growing fixed broadband provider	Leveraging scale and reach in Enterprise	Clear NPS leadership
0.3%/1.1% (IAS 18/IFRS 15 basis)	94% 4G population coverage ¹	57% growth in mobile data traffic	196k fixed broadband net adds	0.9% Enterprise service revenue growth (2.0% underlying ³)	17/20 markets as consumer NPS co/leader
Group service revenue €9.9bn (IAS 18 basis)	70% NGN household coverage reaching 115m homes ¹		289k ² Converged net adds		

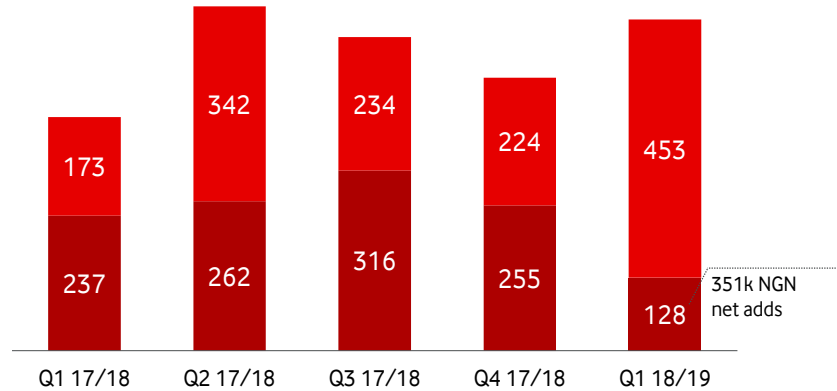
All growth rates in this document are on an IAS 18 basis, organic and year-on-year, unless otherwise stated, with Vodafone India and Vodafone Qatar excluded from organic growth calculation

1. Europe. NGN coverage is pro-forma for the announced acquisition of Liberty Global's assets in Germany and Central and Eastern Europe
2. Excludes the first time recognition in Germany of 205,000 prepaid mobile customers with fixed products in Q1 18/19
3. Excluding EU regulation (the net impact of out-of-bundle roaming & international visitors, and mobile termination rate changes)

Solid commercial momentum

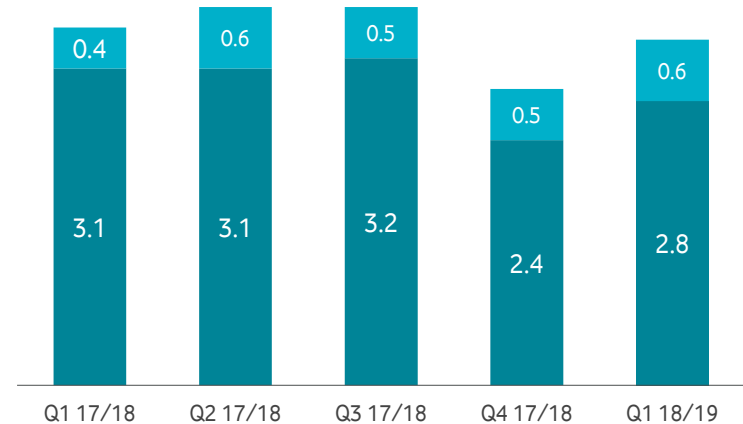
Europe: customer net adds (000s)

■ Mobile contract¹ ■ Fixed broadband



AMAP: customer net adds (m)

■ Mobile contract ■ Mobile prepaid⁴

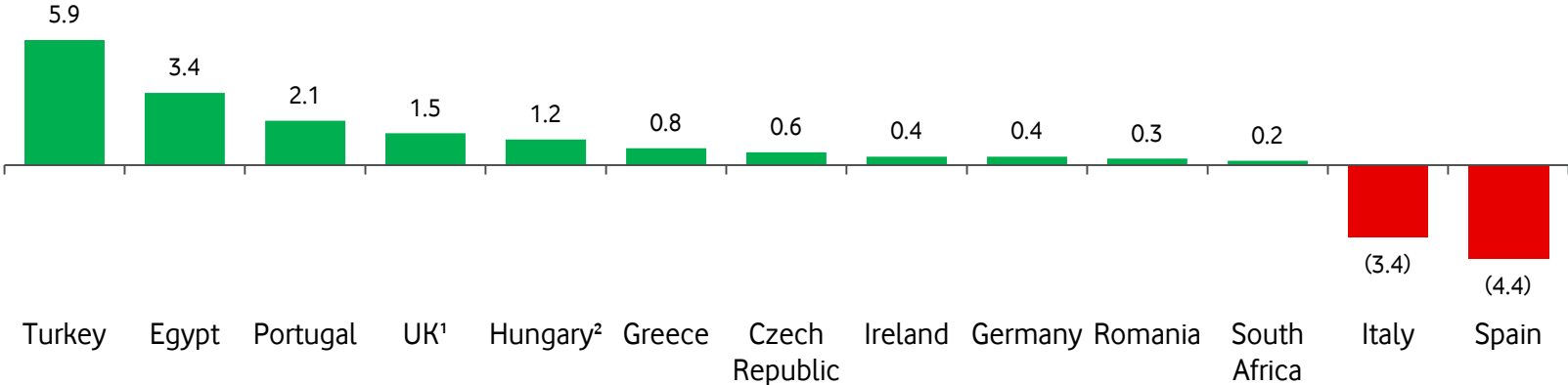


Service revenue growth (underlying ³)	Q1 17/18	Q2 17/18	Q3 17/18	Q4 17/18	Q1 18/19
Service revenue growth	0.8%	0.8%	0.3%	0.4% ²	(1.3)%
(underlying ³)	1.8	2.4	1.9	1.7	0.5

- Adjusted for the phasing out of Talkmobile customers in the UK since Q1 17/18
- Excludes a legal settlement in Germany in Q4 17/18
- Excluding EU regulation, UK handset financing, and a German legal settlement in Q4 17/18
- Includes adjustments in Vodacom in H2 17/18 relating to changes in disconnection rules and in Egypt since Q3 17/18 due to regulator mandated changes in distribution policies

Reducing churn in most markets

Q1 18/19 mobile contract churn improvement YoY (pp)

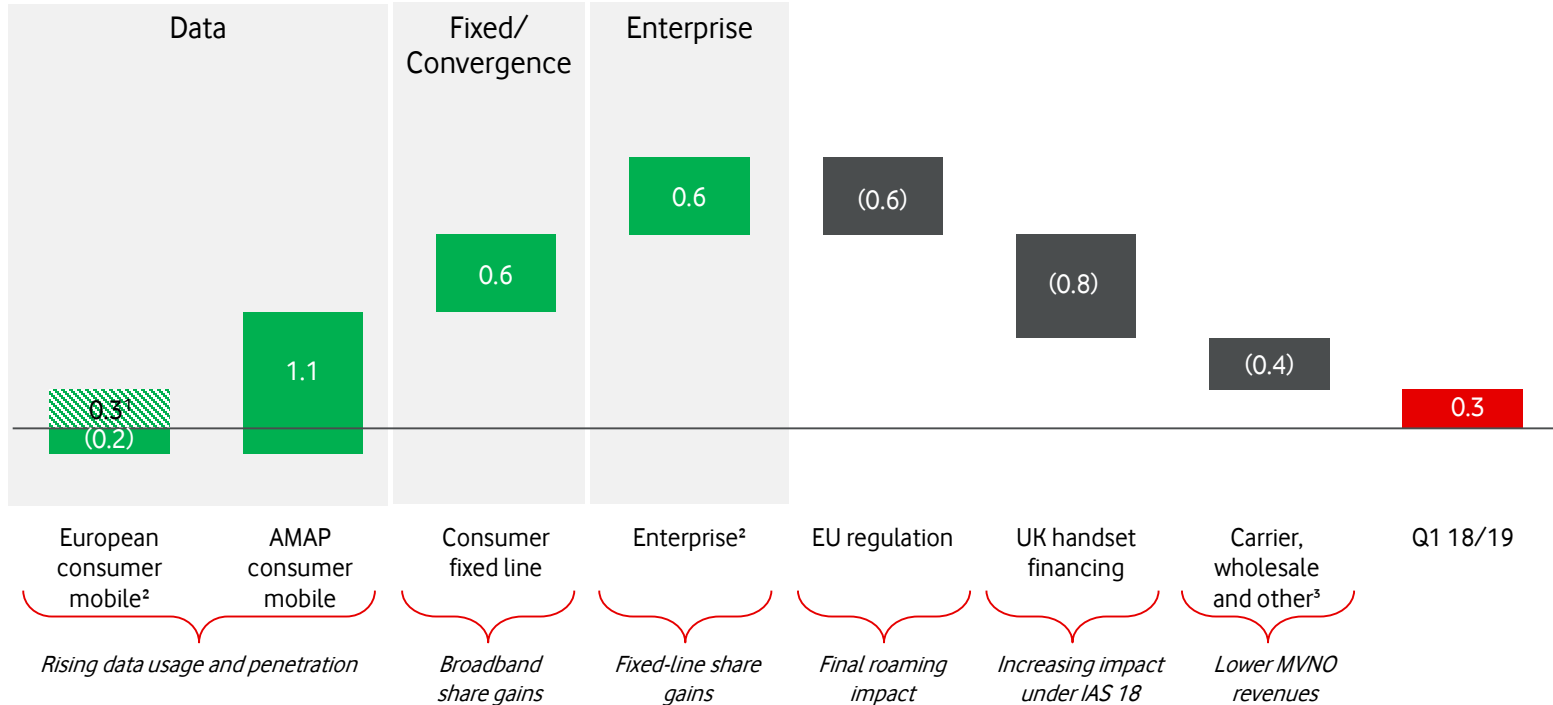


Market	Annualised Churn (%)
Turkey	18.9
Egypt	9.7
Portugal	9.6
UK ¹	13.2
Hungary ²	8.3
Greece	10.4
Czech Republic	8.9
Ireland	9.3
Germany	12.9
Romania	12.3
South Africa	4.6
Italy	19.3
Spain	23.5

1. Adjusted for the phasing out of Talkmobile customers in the UK since Q1 17/18; 14.0% on a reported basis
 2. Underlying improvement following the loss of an Enterprise account in the prior year

All three growth engines contributing

Q1 18/19 organic service revenue growth contribution (pp)



1. Includes a 0.5pp adjustment for the delay to Italian re-pricing following the move from 28-day to monthly billing
2. Excludes the impact of EU regulation and UK handset financing
3. Other includes common functions and eliminations

EU Electronic Communication Code: a clear positive for Vodafone

Fixed access

Passive infrastructure access as a key priority



De-regulation of FTTH/P only possible with credible co-investment partners



Genuine wholesale-only operators will not be regulated



'Symmetrical' access regulation on cable only if competition is at risk, and subject to an EC veto



Other areas

20 years minimum spectrum licences / harmonisation of availability



Intra-EU international calls subject to a cap of 19c/minute from May 2019

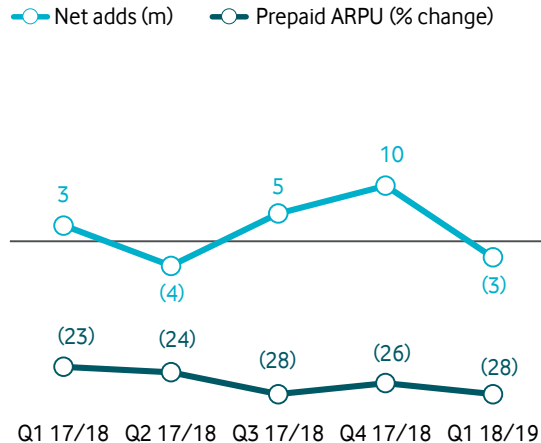


OTT communications services subject to the same security and privacy obligations as operators



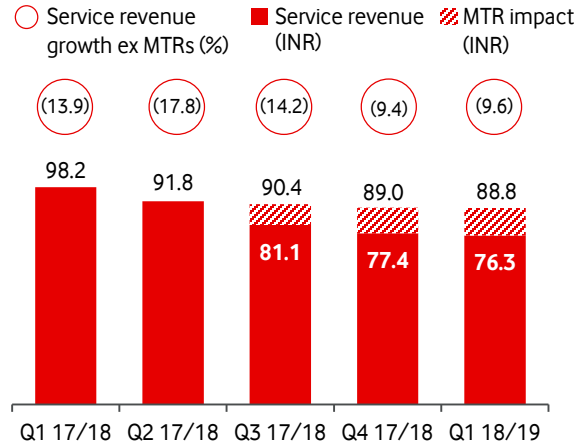
India: revenue declines moderating, merger on-track to close shortly

Customer and ARPU growth



- Retaining high-value customers at lower price points; SIM consolidation impacting net adds
- Improved revenue market share in Q4
- NPS leader: +7 vs. next best; +10 in 12 leadership circles

Service revenue growth



- Continued intense price competition
- Service revenue QoQ ex. MTRs -0.2% (Q4 -1.6%)

Vodafone-Idea merger



- DOT conditional approval received; targeting to close merger before the end of August
- Pre-integration work well advanced, ensuring a fast start on synergy capture
- CCI¹ and SEBI² approval received for Indus/Infratel merger

1. Competition Commission of India
2. Securities and Exchange Board of India



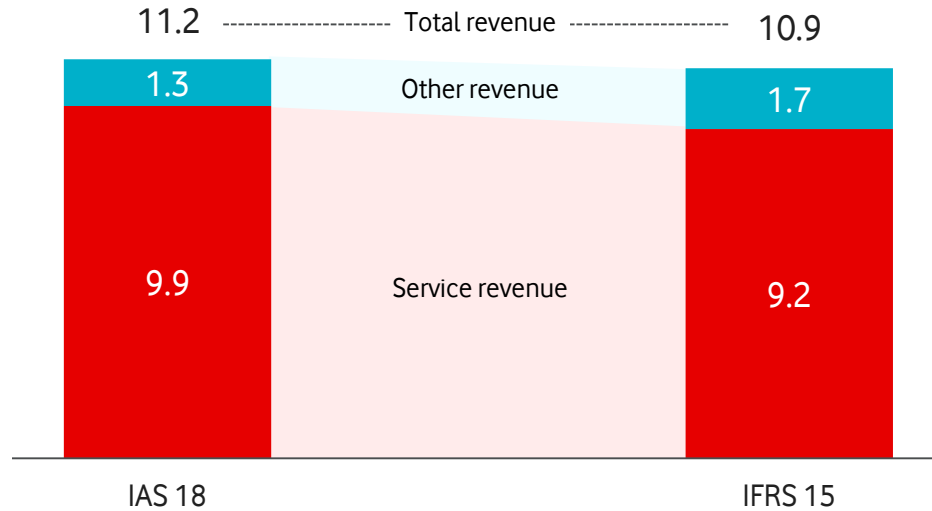
Financial review

Nick Read
Group Chief Financial Officer



Adopting IFRS 15¹

IFRS 15 vs. IAS 18 revenue analysis Q1 18/19 (€bn)



IFRS 15 impacts vs. IAS 18:

- Total revenue decreased vs. IAS 18 due to accounting treatment for dealer commissions
- Higher service revenue growth due to reduced drag from UK handset financing
- Removes handset financing impact on EBITDA. However, the guidance basis for EBITDA growth already excludes handset financing
- **No impact on free cash flow**

Service revenue growth

+0.3%

+1.1%

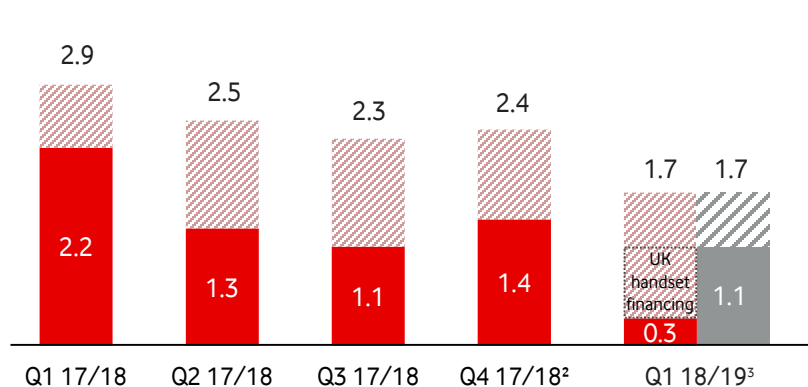
1. IFRS 15 was adopted on 1 April 2018 for our statutory reporting, without restating prior year figures.



Service revenue growth

Group service revenue growth (%)

■ Reported ■ Underlying¹ ■ IFRS 15 basis



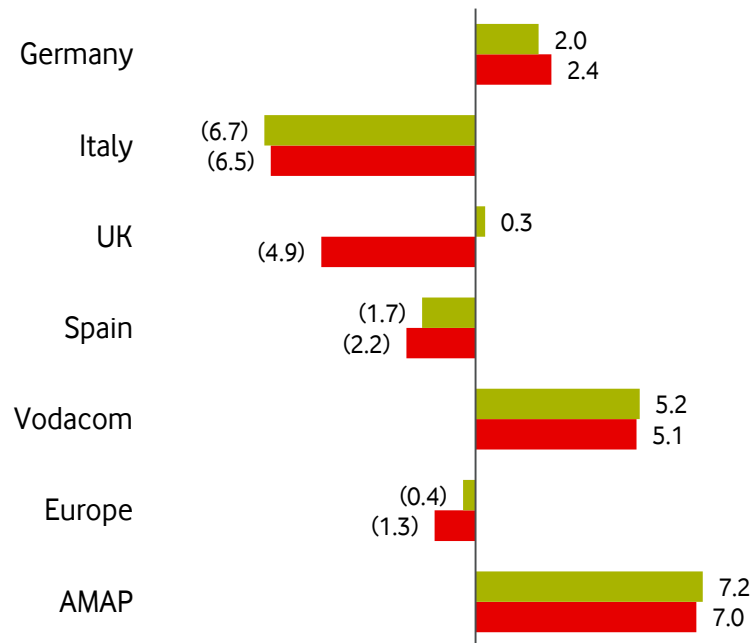
Drivers of Q1 sequential performance:

- **Italy:** delayed repricing post move to monthly billing
- **EU regulation:** final quarter of roaming drag
- **Spain:** commercial actions to reposition pricing

1. Excluding EU regulation and UK handset financing
2. Excluding the benefit of a German legal settlement in Q4 17/18
3. From Q1 18/19 and onwards wholesale voice transit revenue is excluded from organic growth.

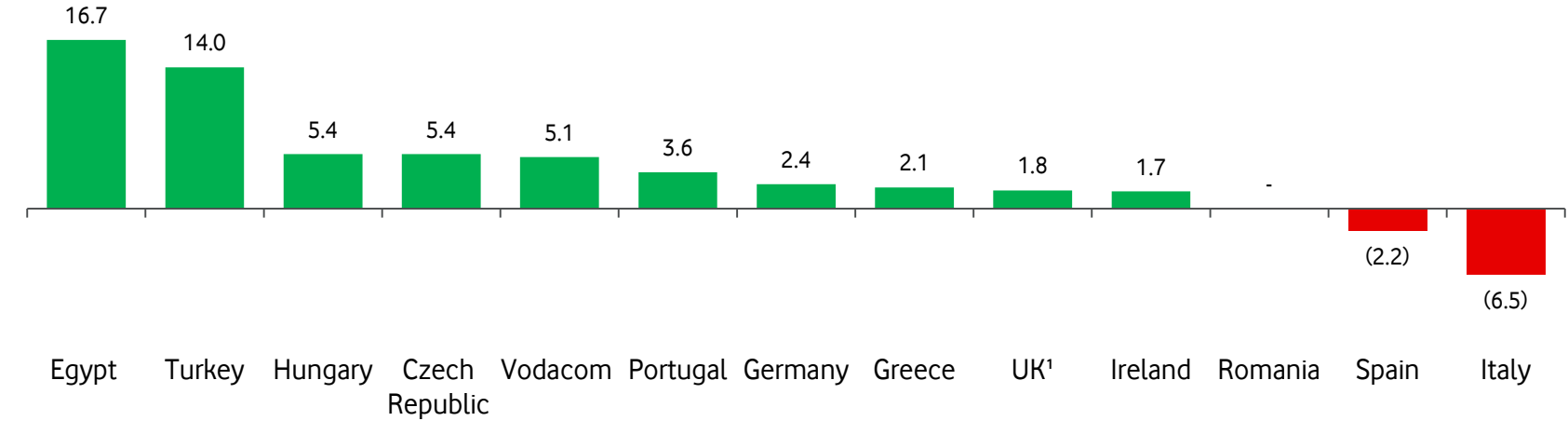
IFRS 15 impact on service revenue growth (%)

■ IFRS 15 ■ IAS 18



Healthy growth across most markets

Q1 18/19 service revenue growth (%)

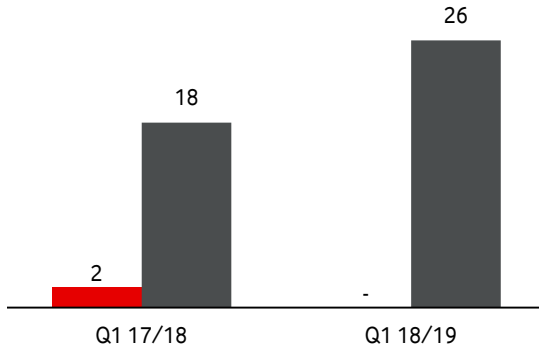


1. Excluding UK handset financing and regulation
 2. Sums to 96%, as it excludes the smaller markets in Europe (Albania and Malta), AMAP (Ghana and New Zealand), Common functions and Qatar (which was sold last year)

Germany: consistent growth in a stable competitive environment

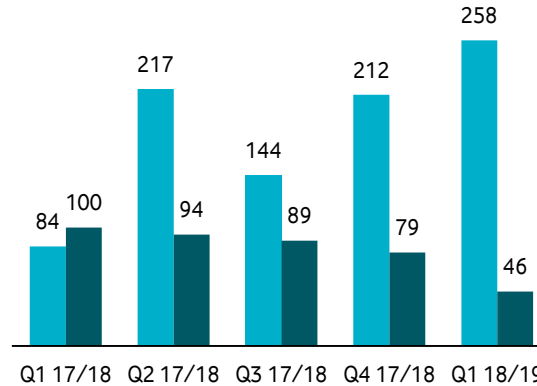
Consumer NPS (points)

■ Gap to next best ■ Gap to third

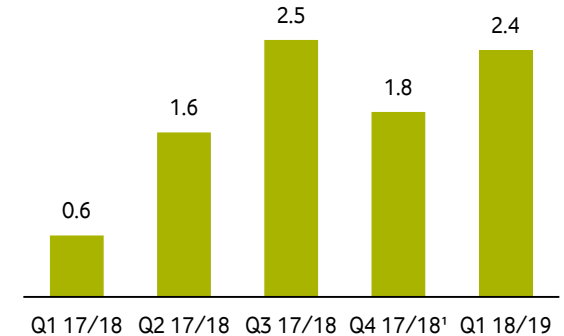


Customer net adds (000s)

■ Mobile contract ■ Fixed broadband



Service revenue growth (%)



- 4G up to 500Mbps to over 40 cities

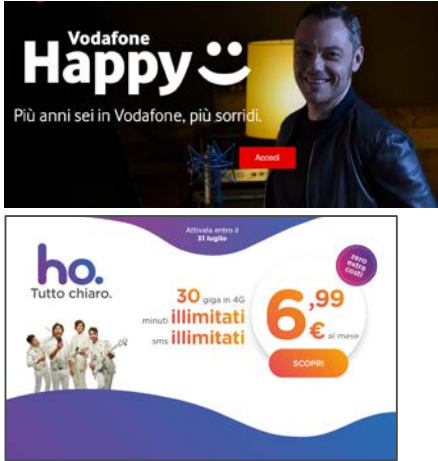
- Low contract churn at 12.9%
- Promotional competition in broadband

- Mobile: +1.7%; due to customer growth and lower wholesale drag than in Q4
- Fixed: +3.4% led by customer growth

1. Excludes the impact of a €0.1bn legal settlement in Germany in Q4 17/18

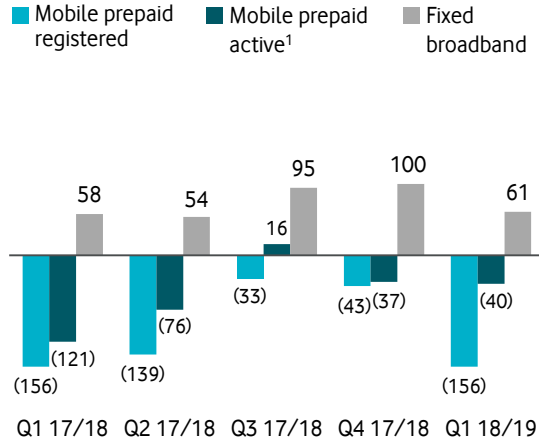
Italy: intense mobile competition

Commercial actions



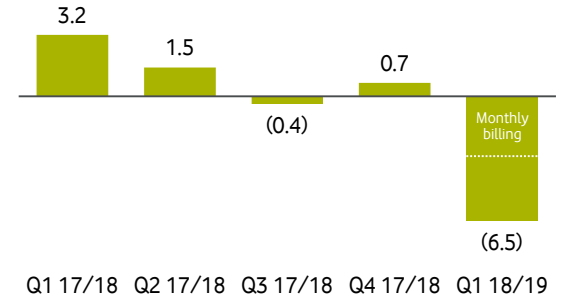
- Targeted retention activity using data analytics and convergence
- New 2nd brand 'Ho' launched for value segment

Customer net adds (000s)



- Mobile: increase in MNP activity post Iliad entry
- Active customer base remained broadly stable
- Maintained leading network and NPS position

Service revenue growth (%)



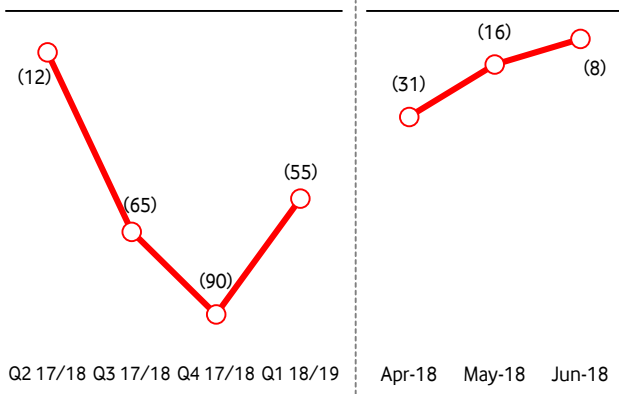
- Mobile: -9.5%: delay in planned price adjustment (-3.2pp QoQ impact), lapping prior year price rises and intense competition
- Fixed: +7.1%: strong customer growth, re-pricing

1. Consumer prepaid



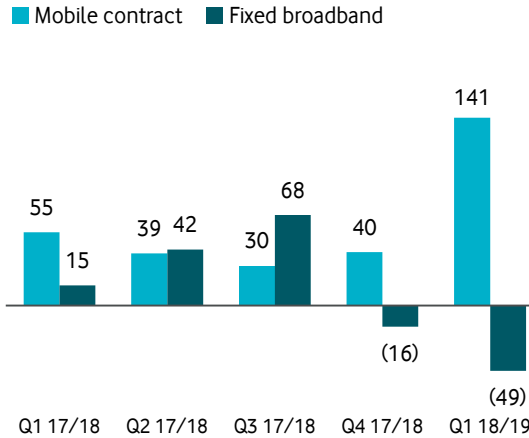
Spain: early impact of commercial repositioning

Mobile contract net portability (000s)



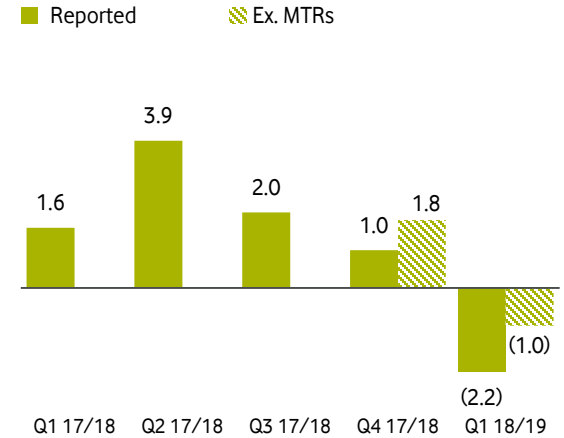
- Clear improvement in net ports in May & June
- Maintained leading network and NPS position

Customer net adds (000s)



- Fixed: highly competitive value segment, leading to higher churn
- Mobile: higher secondary SIMs

Service revenue growth (%)



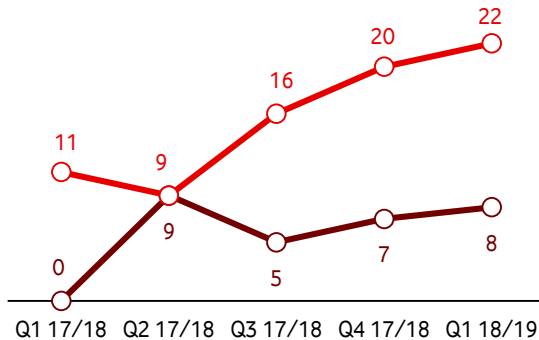
- Repositioning actions and MTR cut



UK: improving trends, strong momentum in consumer fixed

Customer Experience

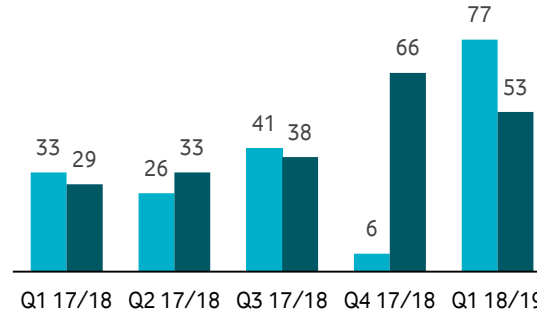
○ Consumer ○ Enterprise
NPS (points)



- Strong operational performance driving record consumer NPS
- 4G coverage now 99%

Customer net adds (000s)

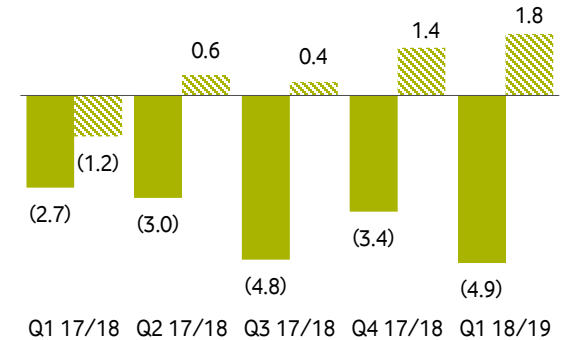
■ Mobile contract¹ ■ Fixed broadband



- Mobile: record low contract churn, 13.2%¹
- Fixed broadband base now 435,000

Service revenue growth (%)

■ Reported ■ Ex. handset financing and regulation








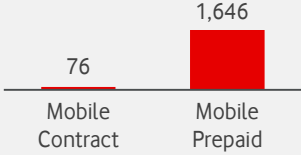
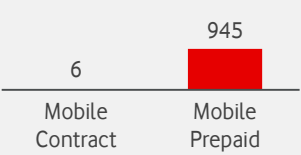
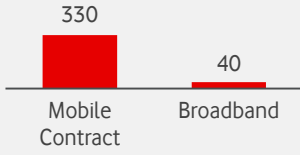
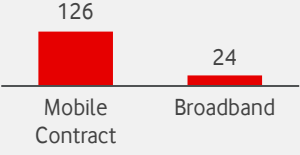



- Mobile: +0.8%² driven by customer growth and RPI-linked price increases
- Fixed +5.3%: stabilisation in Enterprise, strong consumer growth

1. Excludes the phasing out of Talkmobile customers. Reported contract net adds in FY 17/18: Q1 -2k, Q2 -3k, Q3 +6k, Q4 -14k, and in Q1 18/19 +60k. Reported contract churn, 14.0%
 2. Excludes the impact of handset financing and regulation. Reported growth -7.9%



AMAP: good growth, ahead of inflation in key markets

	 South Africa	 Vodacom Int.	 Turkey	 Egypt
Consumer NPS rank 	#1	#1 ¹	#2	#1
Environment 	Stable	Stable	Rising inflation	Stable
Q1 customer net adds (000s) 				
Q1 service revenue growth (%) 	+4.9	+9.4	+14.0	+16.7

1. In all Vodacom International markets except the DRC.



Summary of the quarter

- In line with our expectations
- Majority of markets showing solid growth, including good Germany and UK performances
- Competitive markets in Italy and Spain, but commercial actions taken
- Revenue declines moderating, plans to ensure a fast start to synergy capture in India
- Confident in full year guidance of 1-5% underlying EBITDA growth and free cash flow of at least €5.2bn (pre-spectrum)¹

1. Adjusted organic EBITDA growth excluding settlements and UK handset financing



Priorities for FY 18/19

Focus on execution



Enhance customer experience and commercial performance to **lower churn**



Drive fixed momentum to capture convergence opportunity



Accelerate Digital Vodafone transformation and cost reduction



Secure EC approvals for acquisition of Unity Media & CEE cable assets



Close India JV (**fast start on synergy capture**) and Indus /Infratel merger

to drive operating performance



Q&A



Appendix



IFRS 15 impacts

IAS 18

Q1 18/19	Service revenue (€m)	Other revenue (€m)	Revenue (€m)
Germany	2,550	118	2,668
Italy	1,231	200	1,431
UK	1,459	236	1,695
Spain	1,114	101	1,215
Other Europe	1,166	82	1,248
Eliminations	(26)	(2)	(28)
Europe	7,494	735	8,229
Vodacom	1,182	248	1,430
Other AMAP	1,041	237	1,278
AMAP	2,223	485	2,708
Other/eliminations	133	159	292
Group	9,850	1,379	11,229

IFRS 15

Service revenue (€m)	Other revenue (€m)	Revenue (€m)
2,292	274	2,566
1,245	180	1,425
1,256	294	1,550
1,094	112	1,206
1,103	143	1,246
(26)	(1)	(27)
6,964	1,002	7,966
1,113	258	1,371
1,019	262	1,281
2,132	520	2,652
133	159	292
9,229	1,681	10,910

Service revenue growth

IAS 18 (%)	IFRS 15 (%)
2.4	2.0
(6.5)	(6.7)
(4.9)	0.3
(2.2)	(1.7)
2.6	3.3
n/a	n/a
(1.3)	(0.4)
5.1	5.2
9.4	9.6
7.0	7.2
n/a	n/a
0.3	1.1



Customer experience and commercial KPIs

Europe

	Q1 17/18	Q2 17/18	Q3 17/18	Q4 17/18	Q1 18/19
4G customers (m) ¹	50.6	53.3	56.8	58.9	60.7
Broadband customers (m) ¹	16.8	17.1	17.5	17.8	17.9
Converged customers (m) ¹	4.4	4.7	5.0	5.3	5.9
Contract churn (%)	15.1	15.4	17.2	15.8	15.1
4G % outdoor population coverage(%) ¹	92	93	93	94	94
% of data sessions >3Mbps	91	91	91	92	92
% of dropped calls	0.39	0.41	0.36	0.34	0.36

AMAP

	Q1 17/18	Q2 17/18	Q3 17/18	Q4 17/18	Q1 18/19
4G customers (m) ²	33.4	40.1	53.4	62.8	68.4
Broadband customers (m) ²	1.7	1.7	1.8	1.9	2.0
Converged customers (m)	0.1	0.1	0.1	0.1	0.1
Contract churn (%)	17.7	15.6	16.1	15.6	13.6
3G/4G outdoor coverage (%)	86	86	86	87	87
% of data sessions >3Mbps	86	87	88	88	87
% of dropped calls	0.51	0.56	0.52	0.51	0.50

All figures exclude India and VodafoneZiggo unless otherwise stated

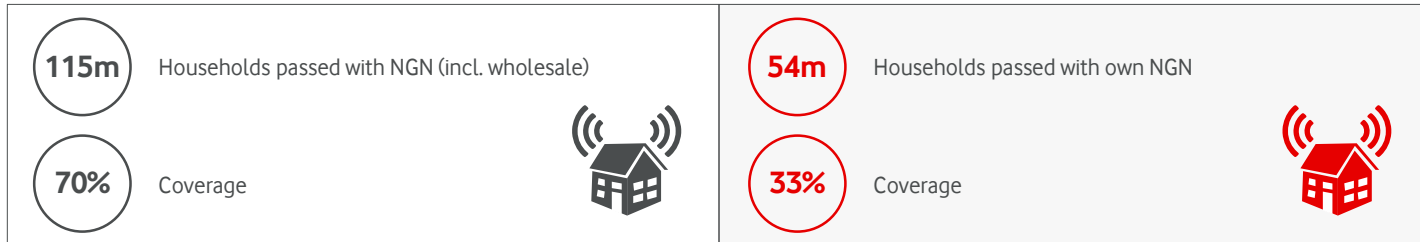
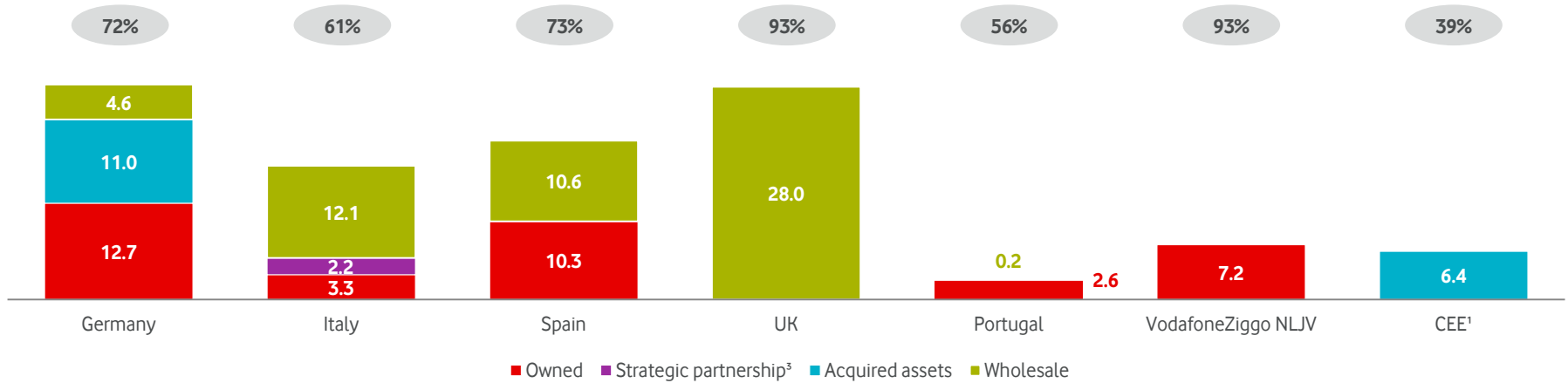
1. Includes VodafoneZiggo

2. Includes India and associates



Vodafone pro forma NGN footprint by country¹

Household coverage (m)²

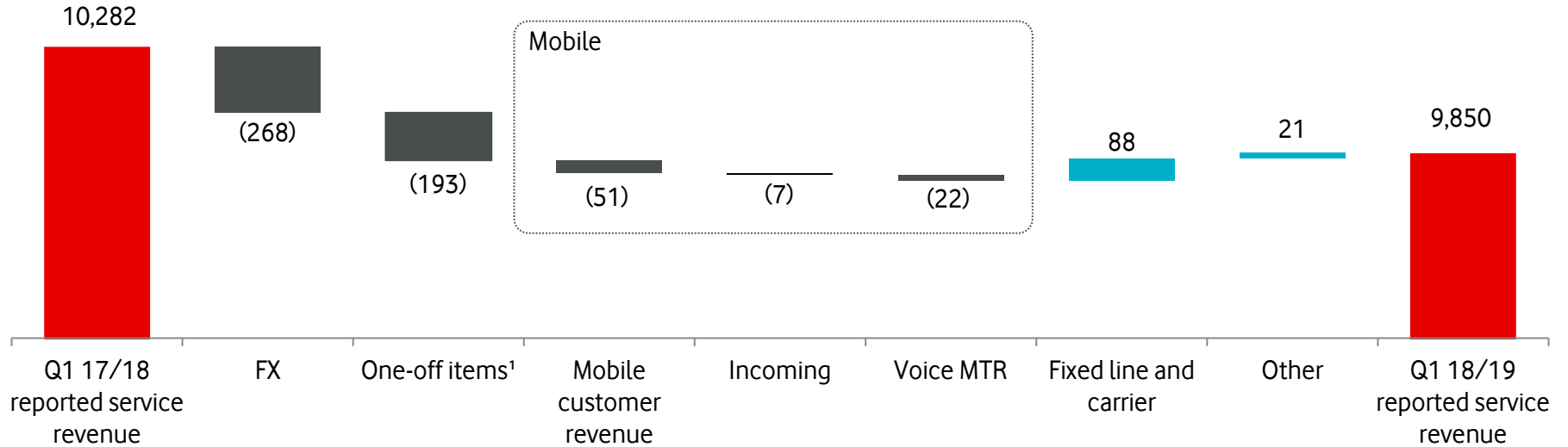


1. Includes VodafoneZiggo and proforma adjustments for the announced acquisition of Liberty Global's Unitymedia asset in Germany and UPC assets in Central and Eastern Europe
2. As of 30 June 2018. Excludes 3.7m wholesale & self built NGN homes passed in Greece and Ireland
3. Of the 3.1m homes passed by Open Fiber, 2.2m were marketable by Vodafone at the end of June 2018 (up from 2.1m at the end of March 2018)



Service revenue bridge

(€ millions)



1. Excludes the results of both Vodafone Qatar and Wholesale transit revenue from Q1 18/19 and onwards



Forward-looking statements

This presentation, along with any oral statements made in connection therewith, contains "forward-looking statements" within the meaning of the US Private Securities Litigation Reform Act of 1995 with respect to the Vodafone Group's financial condition, results of operations and businesses and certain of the Vodafone Group's plans and objectives.

In particular, such forward-looking statements include, but are not limited to, statements with respect to: expectations regarding the Vodafone Group's financial condition or results of operations; expectations for the Vodafone Group's future performance generally, including growth and capital expenditure; expectations regarding the Vodafone Group's operating environment and market conditions and trends, including customer usage, competitive position and macroeconomic pressures, price trends and opportunities in specific geographic markets; intentions and expectations regarding the development, launch and expansion of products, services and technologies, either introduced by Vodafone or by Vodafone in conjunction with third parties or by third parties independently; expectations regarding free cash flow, adjusted EBITDA and foreign exchange rate movements; expectations regarding the integration or performance of current and future investments, associates, joint ventures, non-controlled interests and newly acquired businesses, including VodafoneZiggo; expectations regarding MTR rates in the jurisdictions in which Vodafone operates; expectations regarding Vodafone India; the outcome and impact of regulatory and legal proceedings involving Vodafone and of scheduled or potential legislative and regulatory changes, including approvals, reviews and consultations.

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", "prepares" or "targets" (including in their negative form or other variations). 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 or may not 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: general economic and political conditions of the jurisdictions in which the Vodafone Group operates and changes to the associated legal, regulatory and tax environments; increased competition; levels of investment in network capacity and the Vodafone Group's ability to deploy new technologies, products and services; rapid changes to existing products and services and the inability of new products and services to perform in accordance with expectations; the ability of the Vodafone Group to integrate new technologies, products and services with existing networks, technologies, products and services; the Vodafone Group's ability to generate and grow revenue; a lower than expected impact of new or existing products, services or technologies on the Vodafone Group's future revenue, cost structure and capital expenditure outlands; slower than expected customer growth, reduced customer retention, reductions or changes in customer spending and increased pricing pressure; the Vodafone Group's ability to expand its spectrum position, win 3G and 4G allocations and realise expected synergies and benefits associated with 3G and 4G;

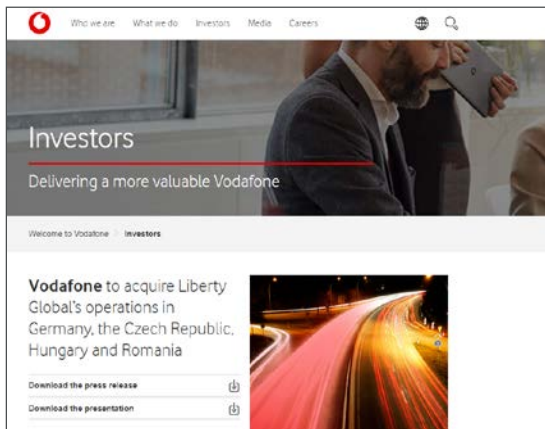
the Vodafone Group's ability to secure the timely delivery of high quality products from suppliers; loss of suppliers, disruption of supply chains and greater than anticipated prices of new mobile handsets; changes in the costs to the Vodafone Group of, or the rates the Vodafone Group may charge for, terminations and roaming minutes, the impact of a failure or significant interruption to the Vodafone Group's telecommunications, networks, IT systems or data protection systems; the Vodafone Group's ability to realise expected benefits from acquisitions, partnerships, joint ventures, franchises, brand licences, platform sharing or other arrangements with third parties; acquisitions and divestments of Vodafone Group businesses and assets and the pursuit of new, unexpected strategic opportunities; the Vodafone Group's ability to integrate acquired businesses or assets; the extent of any future write downs or impairment charges on the Vodafone Group's assets, or restructuring charges incurred as a result of an acquisition or disposition; a developments in the Vodafone Group's financial condition, earnings and distributable funds and other factors that the Board takes into account in determining the level of dividends; the Vodafone Group's ability to satisfy working capital requirements; changes in foreign exchange rates; changes in the regulatory framework in which the Vodafone Group operates; the impact of legal or other proceedings against the Vodafone Group or other companies in the communications industry and changes in statutory tax rates and profit mix.

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 the headings "Risk Factors" and "Other Information – Forward-looking statements" in the Vodafone Group's Half-Year Financial Report for the six months ended 30 September 2017 and "Forward-looking statements" and "Risk Management" in the Vodafone Group's Annual Report for the financial year ended 31 March 2017. The Half-Year Financial Report and the Annual Report can be found on the Vodafone Group's website (vodafone.com/investor). All subsequent written or oral forward-looking statements attributable to the Company, to any member of the Vodafone Group or to any persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. No assurances can be given that the forward-looking statements in or made in connection with this presentation will be realised. Subject to compliance with applicable law and regulations, Vodafone does not intend to update these forward-looking statements and does not undertake any obligation to do so.



More information

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+44 (0) 7919 990 230

Upcoming FY 18/19 dates

AGM

27 July

H1 18/19
results

13 Nov

Q3 18/19
results

25 Jan

For definitions of terms please see www.vodafone.com/content/index/investors/glossary

