

Vodafone Turkey Webinar

12 September 2013



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Turkey at a glance

- **76m people** with a technology savvy **young population**, 42% of people under 25
- **Strong growing economy**, aiming to be in top10 economies with ICT market at 8% of GDP by 2023
- **24th largest FDI recipient** country, expected to rank 19th in 3 years
- **Investment-grade** credit rating both by Fitch and Moody's

Key macro-economic data	2002	----▶ 2009	2010	2011	2012	2013e	----▶ 2023 forecast
GDP (US\$bn)	230	617	732	774	786	858	2,000
Real GDP growth (%)	6.2	-4.8	9.2	8.8	2.2	4.0	7.0
CPI (year-end, %)	29.8	6.5	6.4	10.5	6.2	6.2	single-digit
Unemployment (12m av, %)	10.3	14.0	11.9	9.8	9.2	8.9	5.0

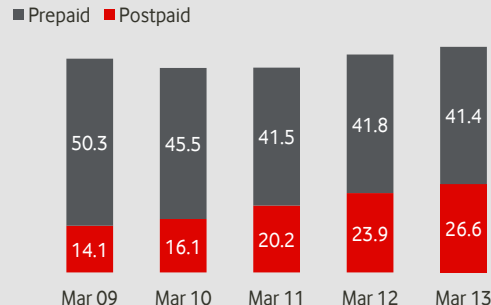


Strong market growth and good future prospects

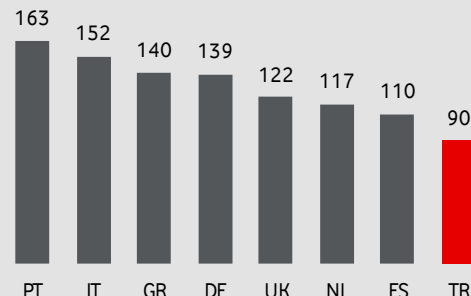
Mobile market growth (%)
(excl. MTR cut)



Mobile customers (m)



Mobile customer penetration (%)



- Mobile market total revenue at **£6.3bn¹** with **+11.8%** growth in FY 2012/13
- **68m** mobile customers, **45m** of who are 3G subscribers²
- Increasing proportion of **postpaid customers**, corresponding to **40%** of total base² (**+18ppt** since Mar'09)
- Introduction of **mobile number portability** in November 2008
- Untapped opportunities in **data**, **14%** of mobile market revenue with **25%** smartphone penetration

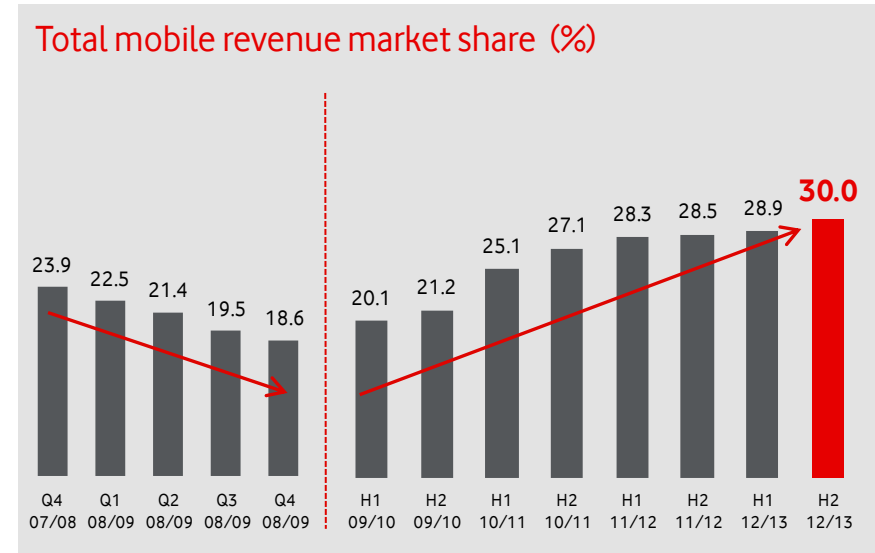
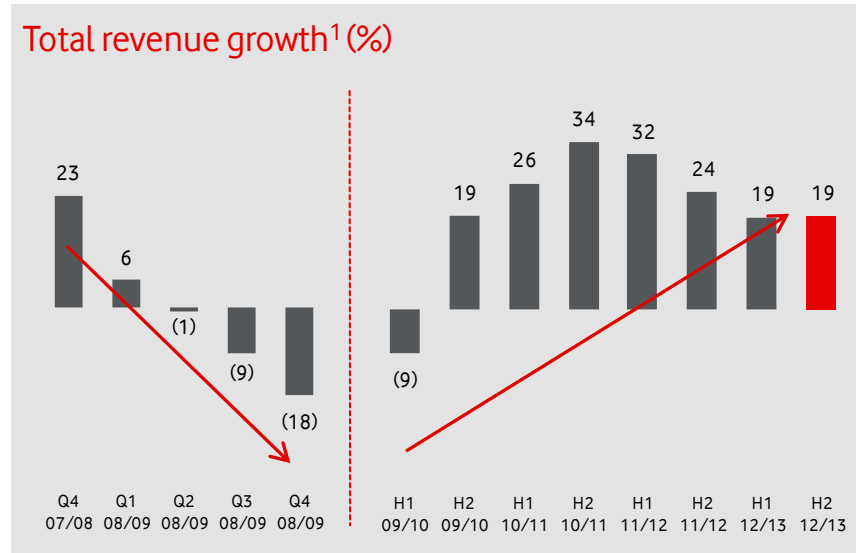
1. Mobile market total revenue converted to GBP with average TL/GBP FX rate in FY 2012/13

2. As of Q1 13/14

Source: Information and Communication Technologies Authority



Vodafone Turkey: A success story



- **Well-executed turnaround** starting from March 2009
- Continuous **double-digit revenue growth** resulting in **30% mobile revenue market share**

1. Year-over-year organic growth rates



Turnaround strategy: focus on end-to-end segmented customer experience to drive growth

Objective: Become the strong challenger brand in Turkey

- 1 Build a **customer centric brand** that wins the hearts and minds of the Turkish community
- 2 **Divide and conquer** by targeted segmentation
- 3 Step change in **quality of service** provided to customers
- 4 Operate as a reliable mobile-centric **total communications provider**



1 Build a customer-centric brand

- **Repositioning of brand** as a strong challenger:

- Customer Hero
- Simple, Honest
- Reliable, Confident

First in
Turkey



Money Back
Guarantee

First in
Turkey



Reimbursement
Guarantee

- Local affinity via **Corporate Social Responsibility** & building **Social Business Models**



Disabled

Farmers

Women

- **Sustainability agenda** through environmental protection activities and dialogue with our stakeholders



Sustainability

Green Office



2 Divide and conquer by targeted segmentation

Postpaid "Simplicity"



All-net Tariffs

- Simple choices

Hybrid Tariffs

- Combine cost control advantage of prepaid with ease-of-use advantage of postpaid

Smartphone for Everyone

- Affordable Vodafone branded smartphones with free data trial

First in Turkey

First in Turkey

High Value Customer "Worry Free"



Vodafone Red

- Unlimited on-net & PSTN voice with generous all-net voice, SMS and data
- Enhancing higher value focus through:
 - Integrated tariffs
 - Family offers
 - Roaming & International
 - Non-GSM lifestyle benefits

First in Turkey

Youth "Freedom"



Vodafone Freezone

- Turkey's largest cinema campaign in more than 40 cities
- High School Music Contest with the participation of 424 schools in 53 cities

First in Turkey

Enterprise "Trusted Business Partner"



Innovative customized services

- M2M: tailored innovation for efficiency
- Red Cloud: VF Locate, Microsoft Office 365

Profession-based applications

- Fulfill professions' specific needs through specialized services

Global expertise

- Enabling to talk abroad with peace of mind

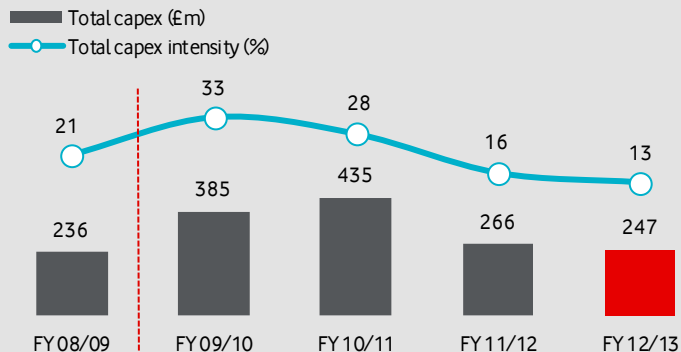
First in Turkey

First in Turkey

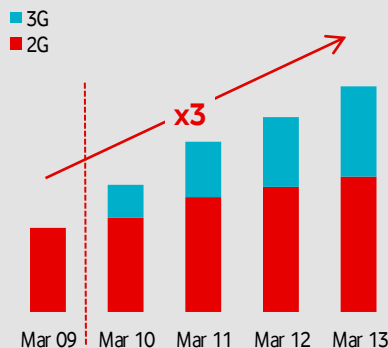


3 Step change in quality of service through investing in customer touch points

Capital expenditures



Network sites



Number of shops (k)



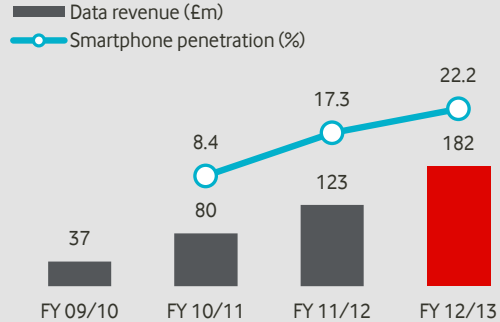
- **Mobile population coverage** >99.045%¹
- **3G coverage** in all cities and districts of Turkey
- Swapped sites to **Single RAN** and currently investing in **future proof network** (LTE ready)
- Shops relaunched in primary locations with new design, along with **new regional distribution structure**
- Continuously improving **call centre capability** and customer satisfaction
- Innovative services through our R&D centre «**Oksijen**»

1. 2G population coverage ratio based on ICTA's criteria



4 Operate as a mobile-centric total communications provider

Data revenue

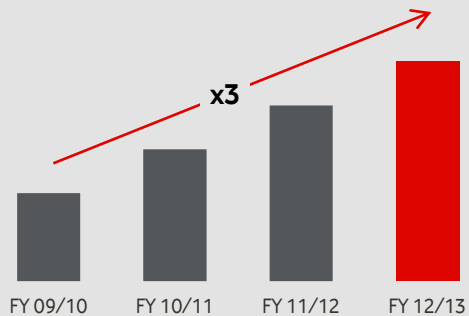


+51%
YoY¹

- Rapid growth in data driven by increasing **smartphone penetration** at 25% with +8ppt YoY (as of Q1 13/14)
- Launched Turkey's first **operator branded tablets** and introduced **Facebook Self Service**
- Providing **total telco solutions** with «**Vodafone.net**» through acquisition of 2 fixed line companies

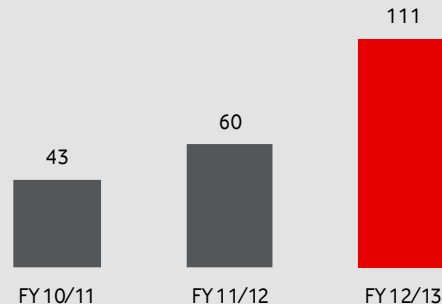
First in
Turkey

Enterprise service revenue



+36%
YoY¹

Fixed line service revenue (€m)

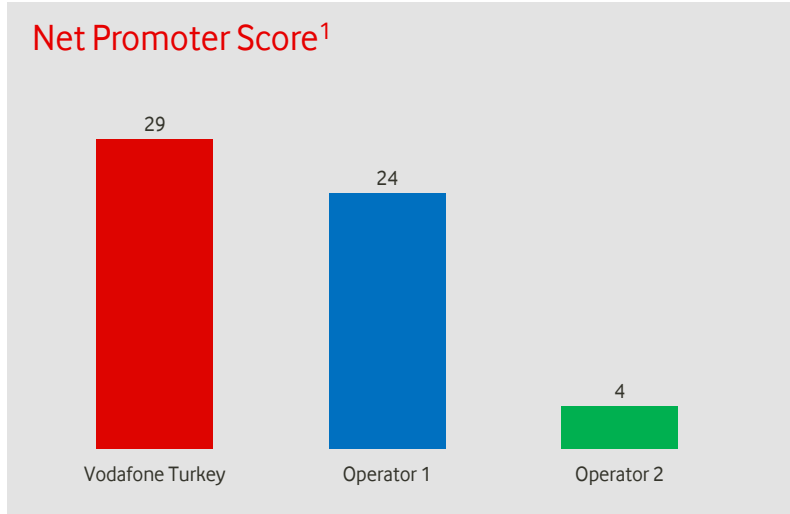


+86%
YoY¹

1. Year-over-year growth rate calculated based on local currency



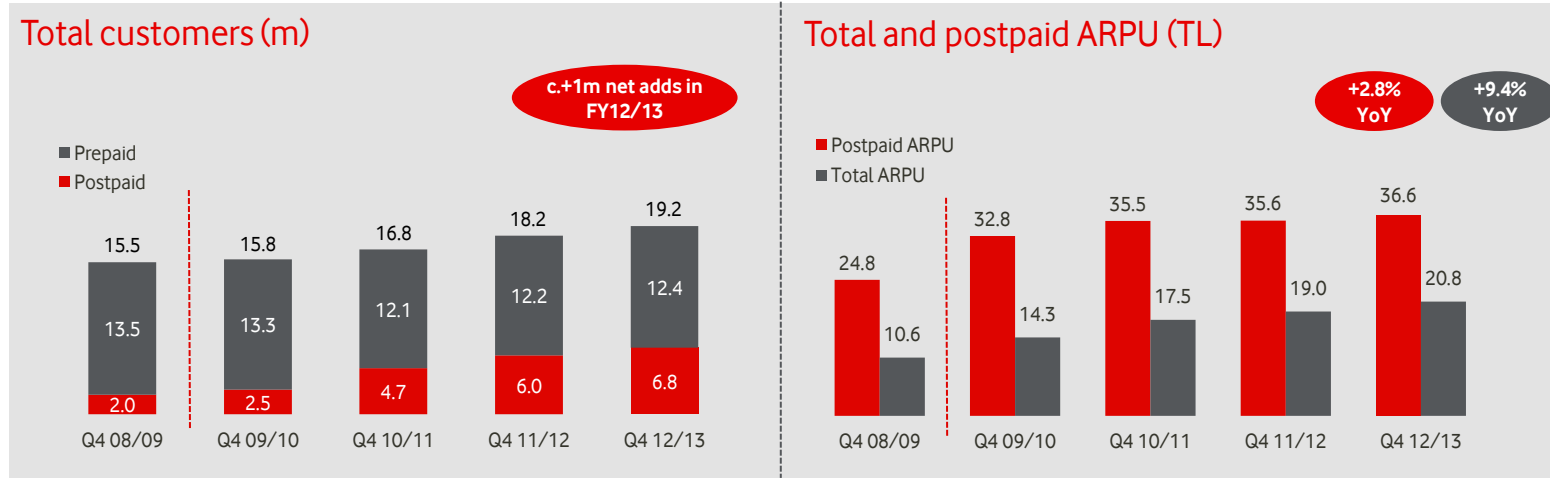
Leader in Net Promoter Score for 9 consecutive quarters



1. Taken from the Net Promoter Score Tracking survey carried out by GfK Turkey Market Survey Company and displays the net promoter score -the ratio of promoters to detractors- calculated by asking a statistically valid sample of customers a question in relation with their recommendation to their family, friends or colleagues that enables the operators to monitor their recommendation performance as of Q4 12/13



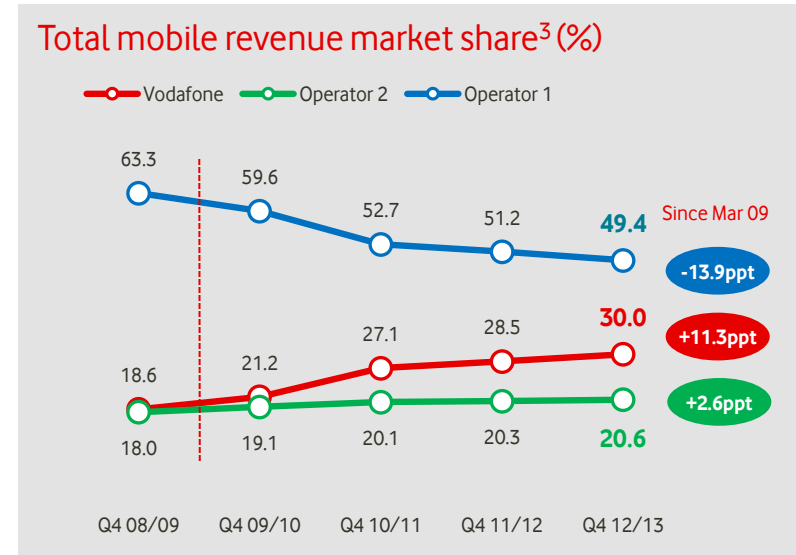
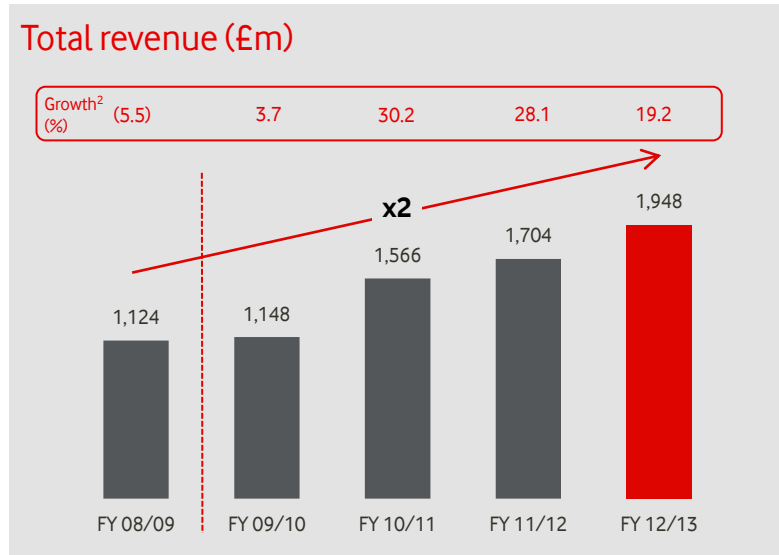
Improved customer mix driving increased ARPU



- **19.3m** total customers with **+3.8m** net adds since Mar '09, as opposed to 3.4m net adds in the market (as of Q1 13/14)
- Postpaid customers corresponding to **36%** of total base, +23ppt since Mar '09 (as of Q1 13/14)
- Increasing **total ARPU** trend supported by improvement of customer mix



Doubled total revenue with 11 ppt market share gain¹



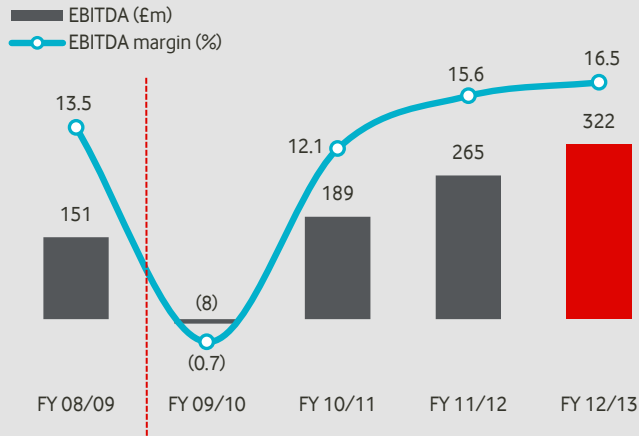
- Record highest total revenue of **£2billion** with **sustained double-digit** growth in the last 3 years
- **Highest growing operator** in Turkish mobile market over the last 3 years
- Reached a milestone of **30% total mobile revenue market share**

1. Doubled total revenue in local currency and total mobile revenue market share gain since Mar'09
2. Year-over-year organic growth rates
3. Market shares based on operators result announcements

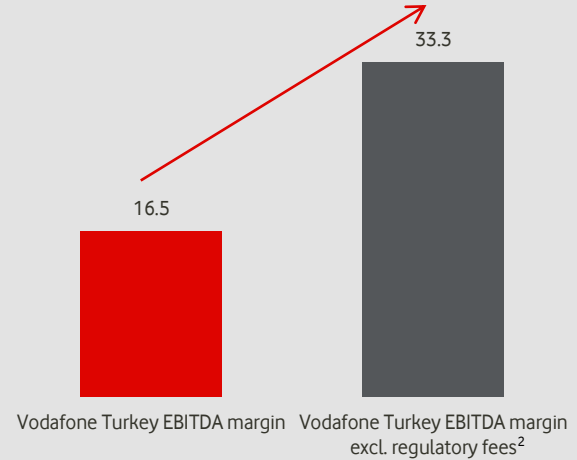


Built profitability through scale growth and cost efficiency

EBITDA and EBITDA margin



EBITDA margin in FY12/13 (%)



- **All time high EBITDA** at £322m with 35% growth¹ in FY 2012/13
- **Positive adjusted operating profit** for the first time over the last 5 years
- **Positive operating free cash flow** in FY 2012/13

1. Year-over-year organic growth rate

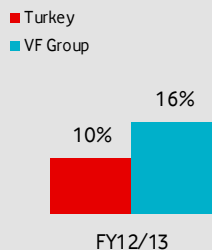
2. Regulatory fees include treasury share, usage fee and acquisition taxes



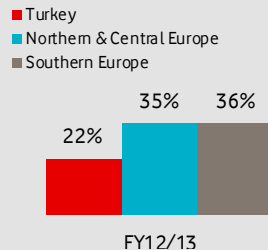
Future prospects: Sustainable growth by focusing on untapped opportunities

1 Significant opportunities in Data

Data as a % of service revenue



Smartphone penetration (%)



- Digitalise consumers with **simple & accessible mobile life**
- Continue to focus on **integrated data offers** to further increase smartphone penetration
- Increase **smartphone and tablet penetration** leading to further growth in data

2 Maximise further opportunities in Enterprise

- Leverage our global **M2M** experience
- Focus on convergence offers to SMEs through **One Net**
- Continue on **selective fibre investments** for converged offers to corporates
- Leverage **Vodafone Global Enterprise** customers

3 Continue to focus on segmented propositions in Consumer

- Continued focus on high value through **Vodafone Red**
- Further investments in youth through **Vodafone Freezone**
- **Innovative offers** focusing on different segments





Q&A

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 and usage, especially in emerging markets, and mobile data, SMS and fixed growth and technological advancements; statements relating to the impact of MTRs and spectrum spend; statements in relation to the launch of new products and service offerings; statements and expectations in relation to existing and proposed network sharing initiatives, and the anticipated benefits associated therewith; statements and assumptions relating to movements in foreign exchange rates; and expectations regarding adjusted operating profit, service revenue growth, EBITDA, EBITDA margin, free cash flow, costs, tax settlements and capital expenditures.

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.

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 by referring to the information contained under the heading “Forward-looking statements” and “Principal risk factors and uncertainties” in Vodafone Group Plc’s Annual Report for the year ended 31 March 2013. The Annual Report can be found on the Group’s website (www.vodafone.com/investor). All subsequent written or oral forward-looking statements attributable to the Company or any member of the Group or 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 this presentation will be realised. Except as otherwise stated herein and as may be required to comply with applicable law and regulations, Vodafone does not intend to update these forward-looking statements and does not undertake any obligation to do so.



Thank you



Supplementary Information



Vodafone Turkey at a glance



 Vodafone offices  Vodafone call centers

- Operating under Vodafone Group since **2006**
- **No.2** mobile market player with **30% total mobile revenue market share** and **19.3m** customers
- **2G licence** since 1998 and **3G licence** since 2009
- Providing **fixed line services** through acquisitions since 2010

£1,948m

Total Revenue
(FY12/13)

+19.2%

Total revenue
growth¹ (FY12/13)

1.2k

Exclusive shops
(Q1 13/14)

14.5k

Non-exclusive shops
(Q1 13/14)

£322m

EBITDA
(FY12/13)

16.5%

EBITDA margin
(FY12/13)

40

Regional
distribution centers

5

Call centers

1. Year-over-year organic growth rate



Glossary

- FDI – Foreign Direct Investment
- GSM – Global System for Mobile Communications
- ICT – Information and Communications Technology
- ICTA – Information and Communications Technologies Authority
- PSTN – Public Switched Telephone Network
- UNCTAD – United Nations Conference on Trade and Development

