

**AMAP**

Nick Read  
CEO AMAP



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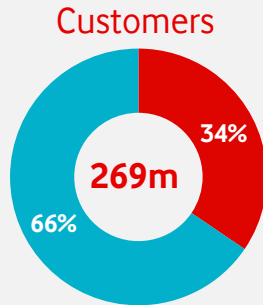
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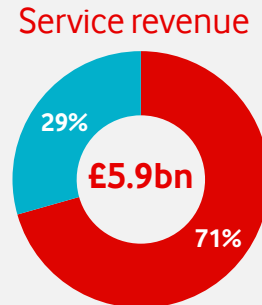
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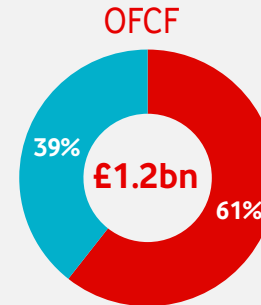
# AMAP now a material part of the Group



+22ppt since 2008



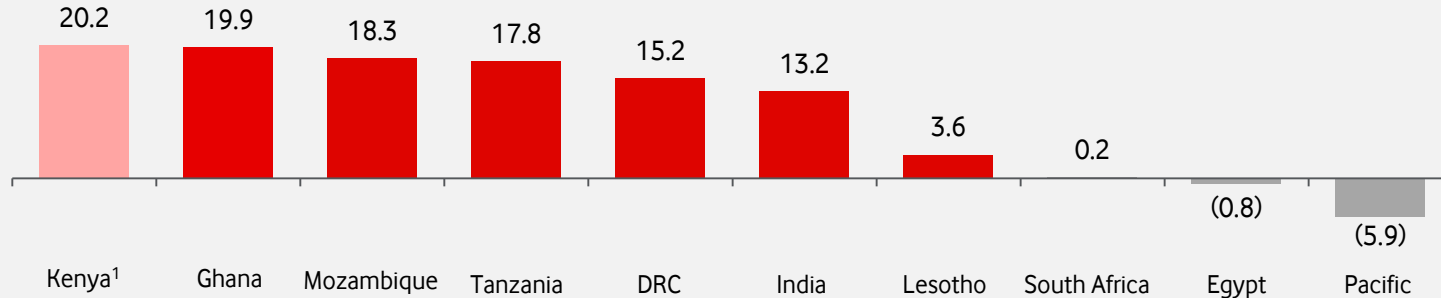
+9ppt CAGR since 2008



+33ppt CAGR since 2008



## Q2 service revenue growth (%) – AMAP +5.7%



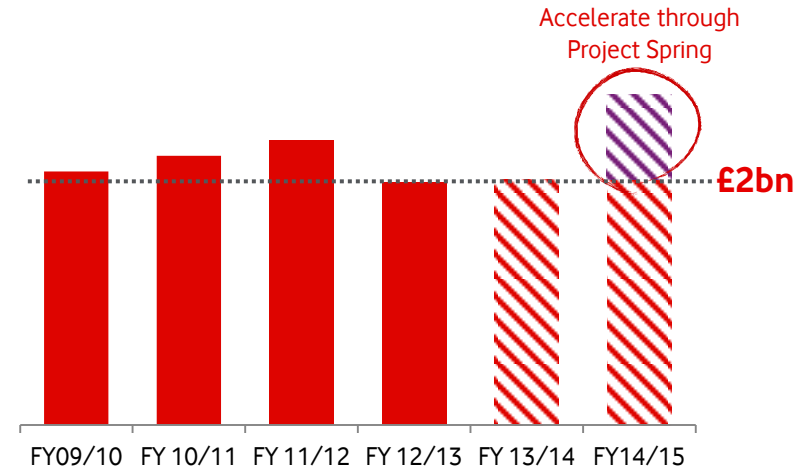
1. Kenya is an associate and not consolidated in the Group numbers  
Europe includes common functions



# AMAP strong free cash flow growth, with continued investment

|                           | H1 13/14 | Growth    |
|---------------------------|----------|-----------|
| Service revenue           | £5.9bn   | +5.8% ↑   |
| EBITDA                    | £2.2bn   | +20.1% ↑  |
| EBTIDA margin             | 33.5%    | +3.2ppt ↑ |
| Adjusted operating profit | £1.0bn   | +35.8% ↑  |
| Operating free cash flow  | £1.2bn   | +20.4% ↑  |

## Continued capex investment (£bn)













# Vodafone's strong emerging markets footprint

## Healthy industry dynamics

- Mobile vs. fixed infrastructure
- GDP growth
- Low mobile penetration
- 3 to 4 player markets
- Spectrum
- No MVNOs
- Pricing
- Regulation

## We are a strong number 1 or 2 player

|  | NPS | Network | Service | Innovative | Value | RMS <sup>1</sup> | Q1 |
|--|-----|---------|---------|------------|-------|------------------|----|
|  India        | 1   | 1       | 1       | 1          | 1     | 2                | ↑  |
|  South Africa | 1   | 1       | 1       | 1          | 1     | 1                | ↑  |
|  Egypt        | =1  | 1       | 1       | 2          | 2     | 1                | ↑  |
|  Ghana        | 1   | =1      | 1       | 1          | 2     | 2                | ↑  |
|  Qatar        | 1   | 2       | 1       | 1          | 1     | 2                | —  |
|  Tanzania     | 1   | 2       | 1       | -          | 3     | 1                | ↑  |
|  DRC          | 1   | 1       | 2       | 1          | 1     | 2                | ↑  |
|  Mozambique   | 1   | 2       | 2       | -          | 1     | 2                | ↑  |
|  Lesotho      | 1   | 1       | 1       | 1          | 1     | 1                | ↓  |
|  Kenya        | 2   | 1       | 2       | -          | -     | 1                | —  |

1. Revenue market share, internal analysis



# Our formula for differentiation

Accelerate through  
Project Spring

## Strategic priorities

## Our ambition

## Case studies

Always best  
connected

- Best mobile data network
- Best unified communications for enterprise

- >  India
- >  South Africa

Unmatched  
customer  
experience

- Best controlled branded distribution
- Best understanding of customers
- Best bank for the unbanked

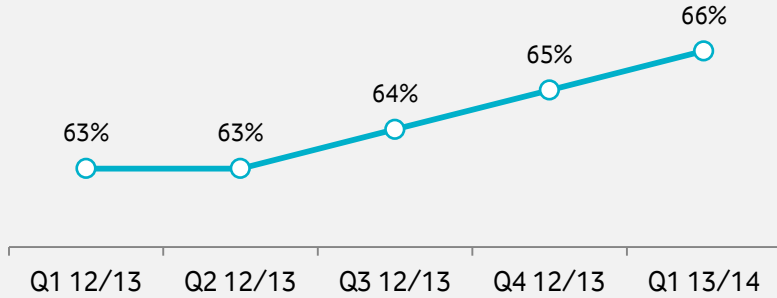
- >  Egypt
- >  M-Pesa

...with the best marketing communications

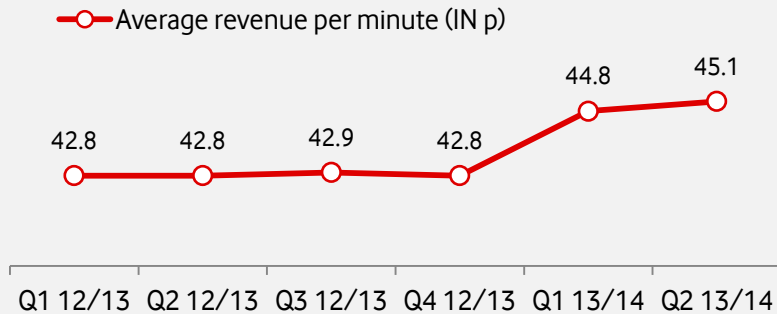


# India market: effective consolidation

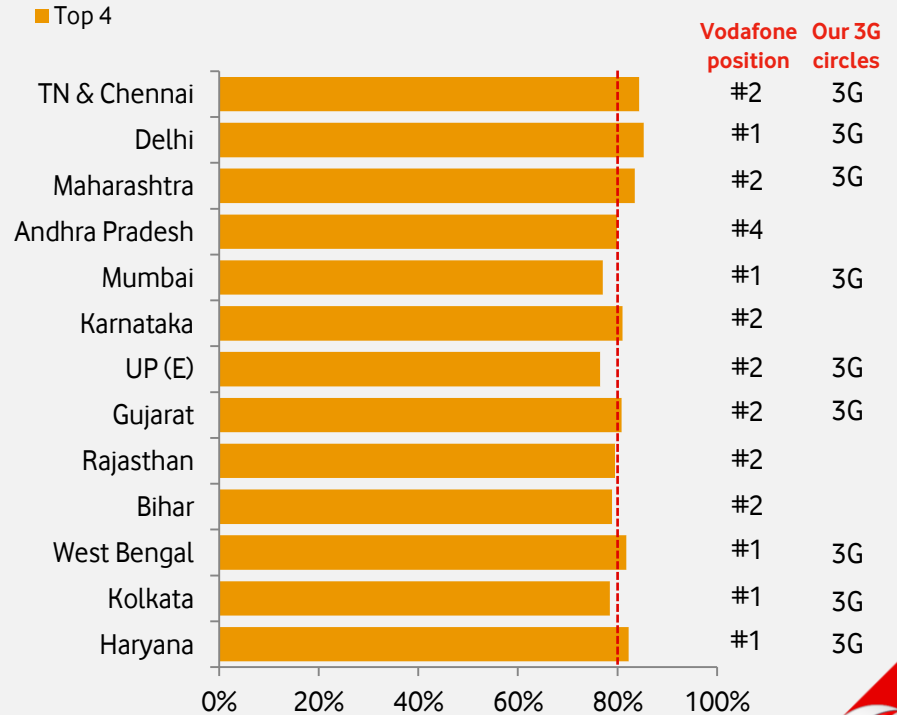
## Top 3 operators winning revenue market share



## Top 3 operators revenue per minutes growth



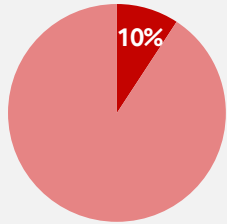
## Key 13 circles represent >90% of our service revenues



# India: 4<sup>th</sup> largest EBITDA contributor to the Group

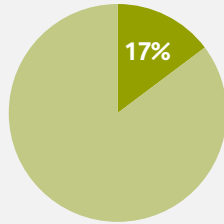
## Vodafone India H1 contribution to the Group

Service revenue



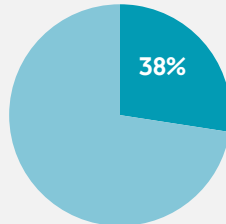
+4ppt (2008)

Operating FCF



+22ppt (2008)

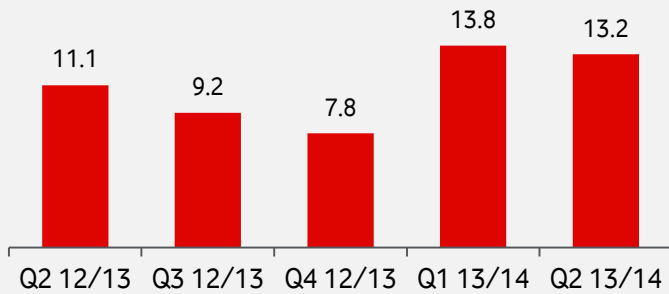
Customers



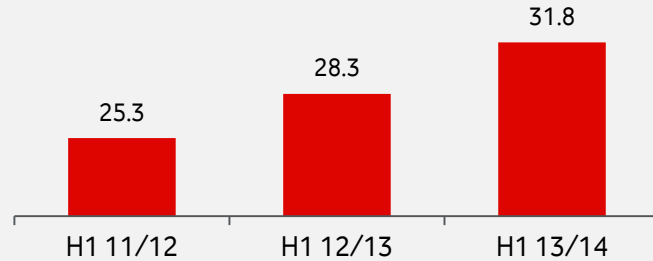
+17ppt (2008)

- Q2 service revenue +13.2%; voice +12.3%, data browsing +80.4%
- H1 EBITDA margin +3.5ppt to 31.8%
  - Revenue per minute +4.9%
  - Lower acquisition costs
  - Churn improved 22.7ppt
  - Scale benefits

## Service revenue growth (%)



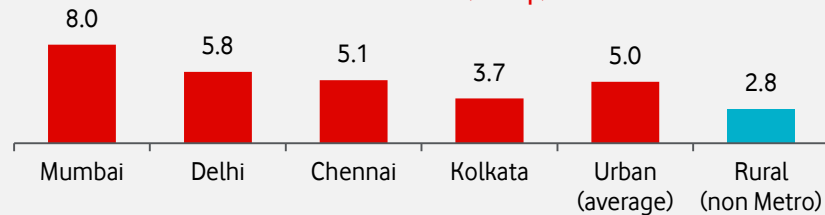
## EBITDA margin (%)





# India case study: targeting 3G urban leadership

## Urban vs. rural total ARPUs (US\$)



## Data through mobile

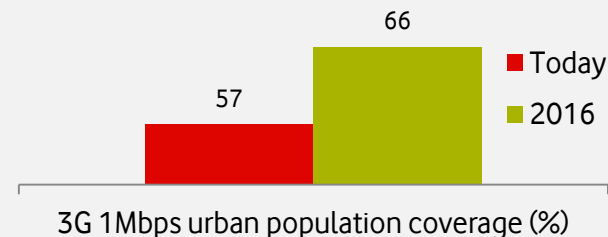
- Q2 data customers +32.8% to 42.5m; of which 4.5m 3G
- 10% of base has HSPA enabled handsets; 40% use 3G data
- 3G is around 30% of data traffic

## Enterprise

- Enterprise market is £3.2bn<sup>1</sup>; 66% fixed and 34% mobile
- Top 100 cities account for almost 80%<sup>3</sup> of total comms spend

1. Frost & Sullivan Market Size Report on India Enterprise Market, 2013
2. TRAI Financial Report (Q1' 13/14)
3. TRAI Performance Indicator Report (JFM'13) and assumption based Estimates

## Accelerate through Project Spring



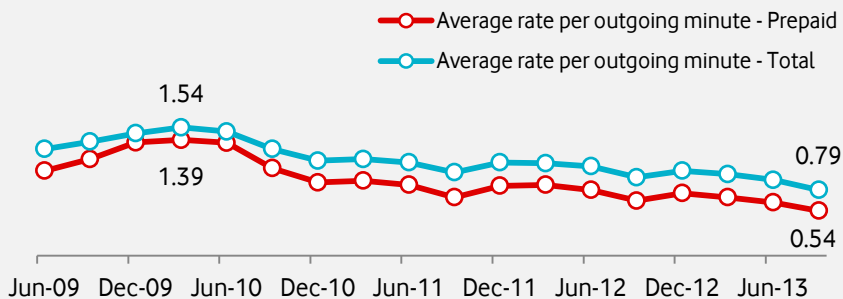
- Targeted 3G urban coverage to reach 95%
- Extend 2G base stations by 14,000
- Start to roll out small cells to 46,000; to enable WiFi
- Extend fibre to the enterprise and base stations

Become market leader in data  
4G ready backhaul  
Competitive enterprise reach

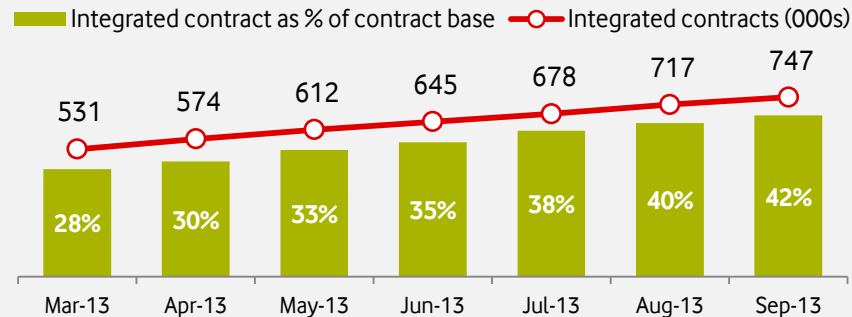


# South Africa market: strategic ARPU management

## Pricing pressure on voice (ZAR)

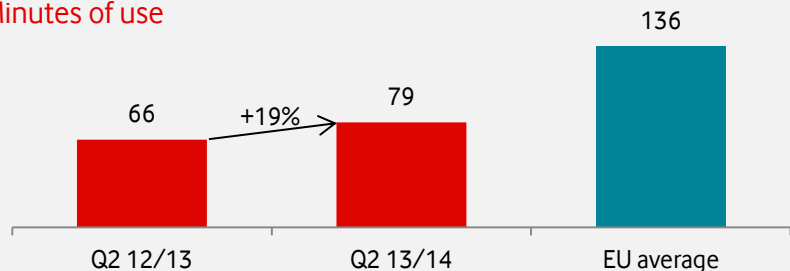


## Successful execution of integrated plans

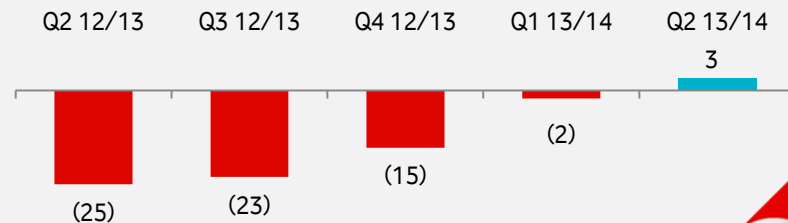


## Segmented propositions to drive elasticity

Minutes of use



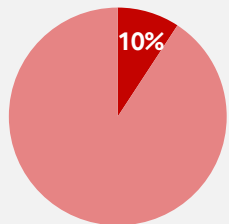
## ARPU growth through segmented value and data (%)



# South Africa: 2<sup>nd</sup> largest EBITDA contributor to the Group

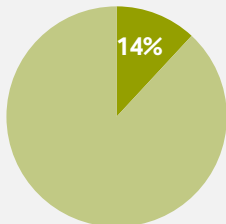
## Vodacom H1 contribution to the Group

Service revenue



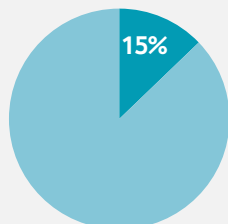
+3ppt (2008)

Operating FCF



+6ppt (2008)

Customers



+1ppt (2008)

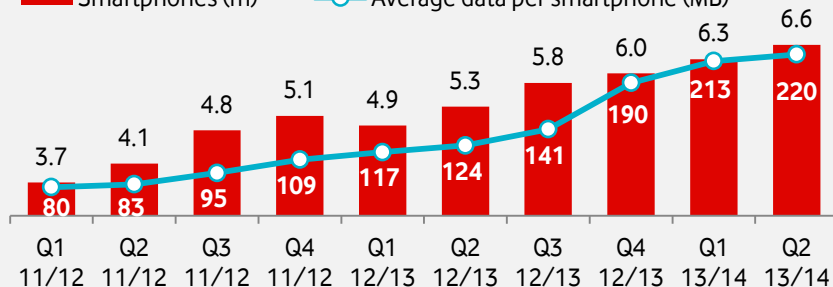
## Vodacom

- Q2 Vodacom service revenue +10.5% (excl. MTRs)
- Q2 SA returned to growth +0.2% (+3.1% excl. MTRs)
- SA Q2 data service revenue growth +19.6%; 15m active data users
- Internationals strong service revenue growth +17.9%

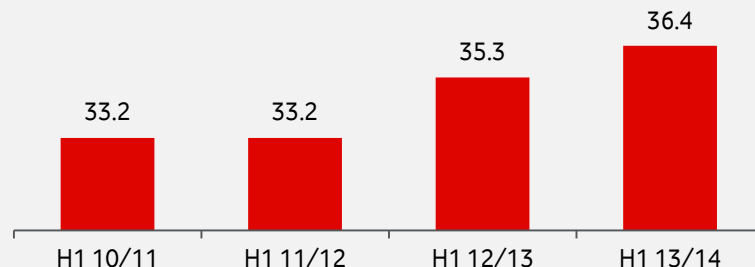
## SA Smartphone and data growth

Smartphones (m)

Average data per smartphone (MB)



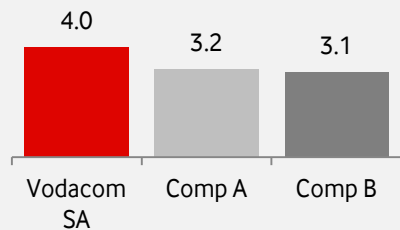
## Vodacom EBITDA margin (%)



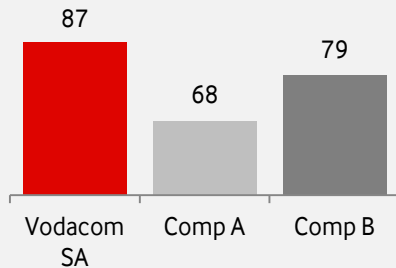
# South Africa case study: unified communications for Enterprise

## Best data network

Smartphone download speed  
Mbps (3 months)<sup>1</sup>



3G population coverage (%)



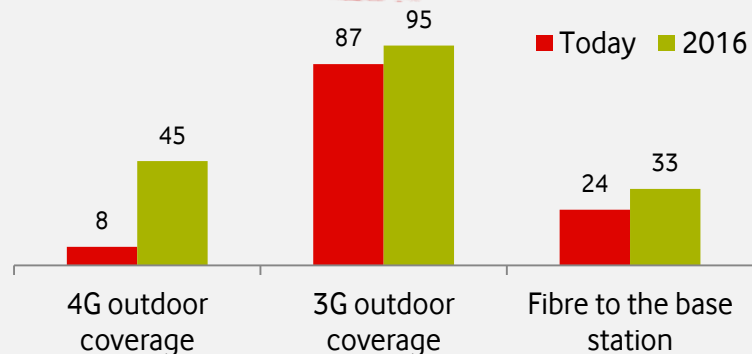
Fastest speeds and widest coverage

## Unified comms for Enterprise customers

- Enterprise market £2.9bn<sup>2</sup>, 64% fixed and 36% mobile
- Potential Neotel transaction accelerates unified communications

1. Source P3 independent drive tests  
2. IDC European Telecommunications Research, 2013 and TNT research, FX ZAR 15.04

## Accelerate through Project Spring



- Extend fibre to the business to 15,000 enterprises

Market leader in data

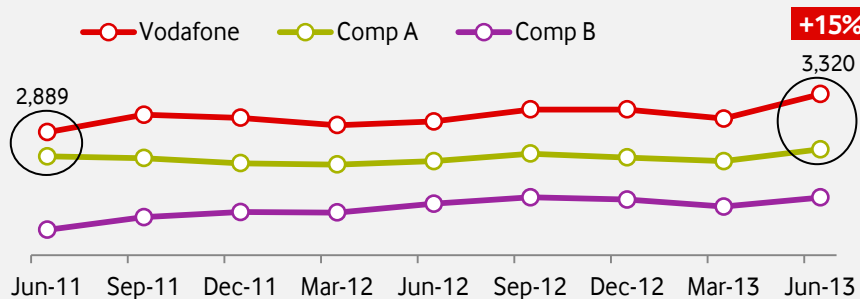
High speed backhaul

Unified communications for Enterprise

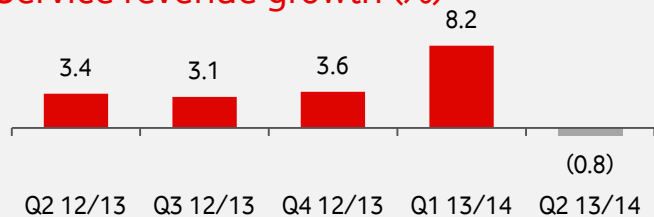


# Egypt market: Vodafone a clear leader

## Total revenue growth



## Service revenue growth (%)



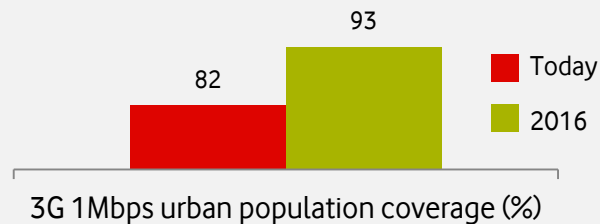
- Customer growth 7.9%, data usage growth doubled
- Unified comms opportunity through unified licence

## Controlled branded stores for high value customers

- 95% of postpay sales through Vodafone branded stores
- ARPU from Vodafone stores double vs. exclusive dealers
- Top 10% of high value customers ('HVC') represent 56% of service revenue

## Accelerate through Project Spring

- Expand coverage to 100% of HVC within 2 miles of a controlled branded store
- Accelerate 3G network investment

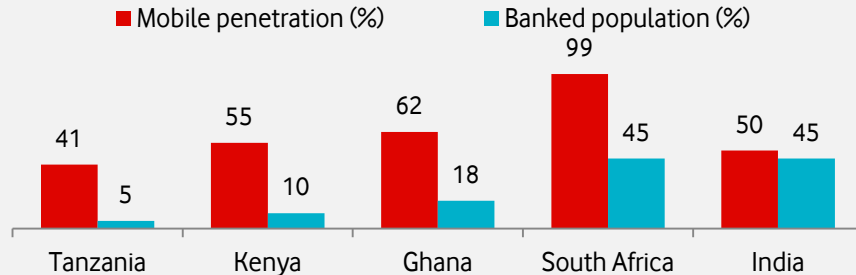


- Additional 2G capacity



# Emerging markets: our M-Pesa ambition

## Unbanked opportunity<sup>1</sup>



## Tanzania case study; right formula

- 5 years since launch
- H1 18% service revenue contribution; +6ppt
- H1 customers +29% to 5.5m; 50% of base
- 19% airtime purchased through M-Pesa
- Revenue market share +5ppt over last 2 years
- Margin +7ppt over last 2 years

Launched in all our emerging markets by end of year<sup>2</sup>

Accelerate through Project Spring



- Rapid expansion of M-Pesa distribution network
- Innovation in M-Pesa product and services

1. GSMA 2012  
2. Excludes Turkey



## Summary: brand leadership

- Created differentiation in our emerging markets
- Innovative operating model
- Benefit from Vodafone Group scale and expertise
- Spring accelerates strategic growth drivers

## Increasing contribution to the Group



# 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, but are not limited to: statements relating to the Group's future performance generally; statements relating to shareholder returns; statements in relation to smartphone adoption, adoption of multiple devices, mobile data, SMS and fixed growth, and technological advancements; statements in relation to the launch of new products and service offerings, including those contemplated by Vodafone 2015; statements relating to the M-Pesa roll-out; and statements relating to Project Spring and expectations regarding service revenue growth.

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 headings "Forward-looking statements" and "Principal risk factors and uncertainties" in Vodafone Group Plc's Annual Report for the year ended 31 March 2013 and under the headings "Forward-looking statements" and "Risk Factors" in Vodafone Group Plc's half-yearly results announcement for the six months ended 30 September 2013. The Annual Report and the half-yearly results announcement can both be found on the Group's website ([www.vodafone.com/investor](http://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.

