Cash offer for Kabel Deutschland

Investor presentation

24 June 2013

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No offer

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In-market transaction with strong strategic and financial rationale

1	Highly attractive business with significant growth prospects	• Largest cable network in Germany with 15.3m homes passed in 13 of the 16 federal states • 7.6m total direct subscribers of which ~60% on long term contracts with housing associations[1] • Significant revenue and EBITDA growth of ~8% over the last 12 months[2] • Substantial upside due to low penetration of broadband (16%)[3] and pay TV services (12%)[3]
2	Creates a leading integrated player in Vodafone's largest European market	• Consistent with Vodafone's convergence strategy • Achieves scale in consumer fixed line with 5.0 million broadband customers and 7.2 million TV homes, almost doubling revenues in fixed, in addition to 32.4 million mobile customers • Combination with Kabel Deutschland will create a leading integrated operator (€11.5bn pro-forma revenues) with the ability to offer premium unified communications services
3	Strong and experienced management team	• Will be responsible for the combined consumer fixed line business throughout Germany • Combined management team with significant expertise across mobile, broadband, TV and fixed telephony
4	In-market consolidation with significant cost/capex synergies	• Low operational execution risk • Total run-rate cost and capex synergies by year 4 of >€300m (£260m) before integration costs • Total NPV of cost and capex synergies of >€3.0bn (£2.6bn) after integration costs
5	Significant potential to accelerate Vodafone's and Kabel Deutschland's growth	• Leverage Vodafone's strong brand, extensive distribution network and mobile scale • Significant further upside potential from revenue synergies including >€1.5bn (£1.3bn) of NPV from cross-selling in each other's footprints and improved customer loyalty
6	Value accretive transaction	• Meets Vodafone's M&A criteria • Accretive to EPS and FCF per share from the first and second full year post completion, respectively, after cost and capex synergies and before integration costs • 13.8x FY2014 OpFCF based on consensus forecasts, adjusted for Kabel Deutschland's pull forward capex programme (Project Alpha), and year 4 run-rate cost and capex synergies before integration costs

Notes:
1. ~4.5m B2B contracts as % of total direct subscribers (including Internet & Phone only)
2. 12 months to 31 March 2013
3. As a % of homes currently marketable for triple-play

Strategy for convergence in Europe

Progress in implementing access to NGN infrastructure via flexible market-by-market approach

Strategic options	Benefits	Conditions	Vodafone
Wholesale	Low capital Fast time to market	Regulatory clarity and competitive conditions	• Germany: Wholesale NGN agreement with DTAG • Netherlands: Reggefiber; ~20% coverage • Italy: Metroweb consortium, Milan
Fibre deployment	Full control Backhaul synergies	Appropriate duct sharing / access conditions	• Portugal: co and self build; 12% coverage • Spain: co-build commercial launch by March 2014
M&A	High synergies Fast time to market	Where value creating and sufficient scale	• Germany: Acquisition of Kabel Deutschland • UK: CWW acquisition; 20,500km of fibre

Cable's superior infrastructure and reach in Germany

1 Attractive platform for the German TV and fixed broadband market

- Cable can market triple play services to 58% of German homes today compared to <2% for FTTH
- Best-in-class TV/broadband proposition

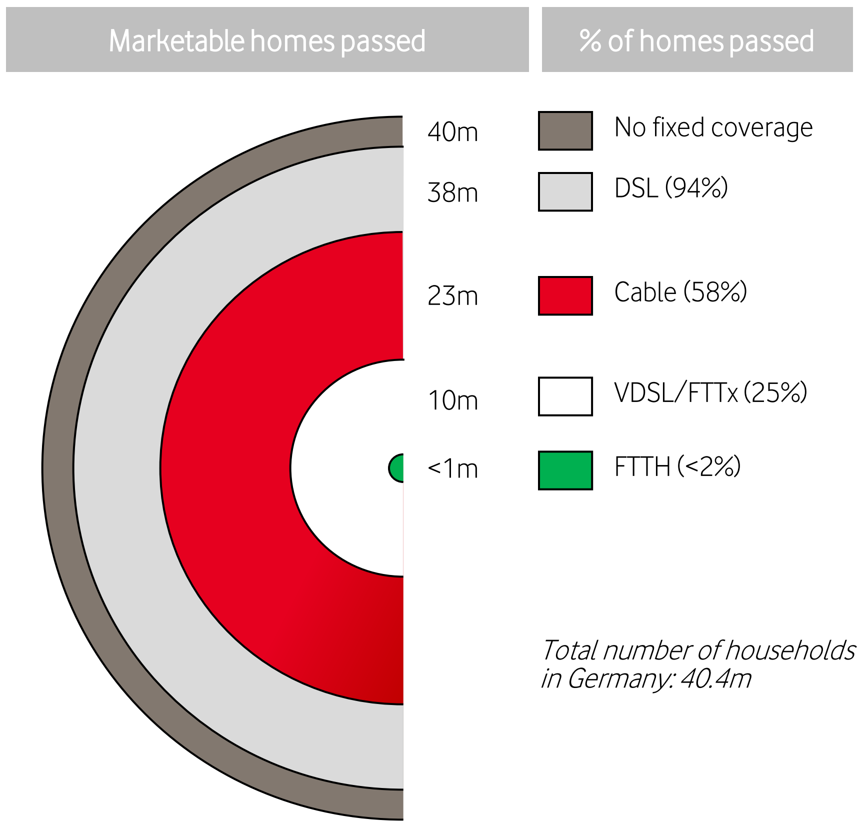
2 Long-term contracts with housing associations

- Represent ~60% of Kabel Deutschland's total direct subscribers[2]
- Payment for basic cable TV forms part of the rent
- Very low churn levels, 5-10 year contracts

3 Future proof technology for advanced services

- Capable of 400Mbps broadband speeds today
- Demand-led broadband upgrade path to gigabit speeds
- 100's of TV channels with unrivalled HD capacity and interactivity

Marketable homes by fixed broadband technology[1]



Notes:
1. Estimates as of end 2012
2. ~4.5m B2B contracts as % of total direct subscribers (including Internet & phone only)

Kabel Deutschland is the largest cable operator in Germany

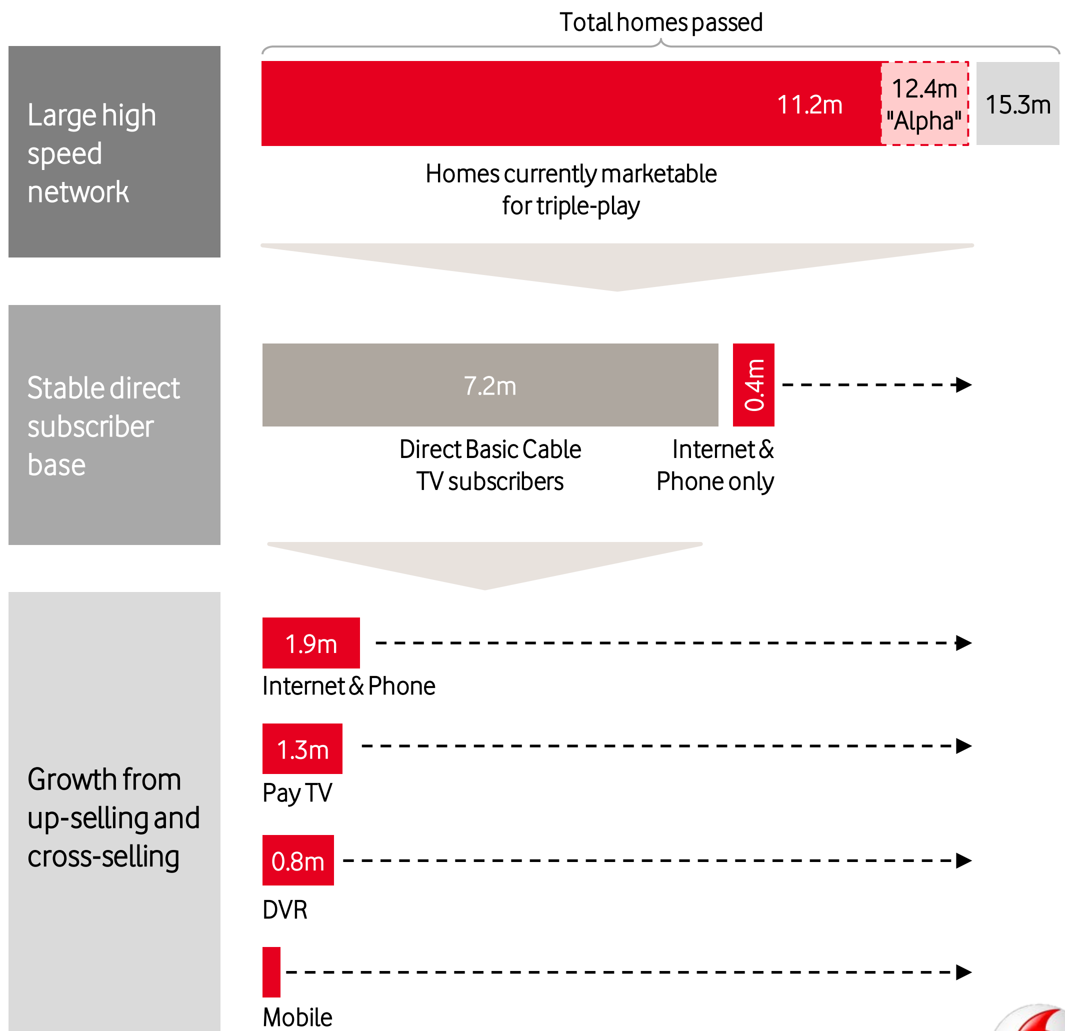
Significant upside potential from growth in customer base and increased penetration of multi-play services

Present in 13 of 16 federal states

Kabel Deutschland network

Largely addressable through VDSL agreement with DTAG

Significant scale and growth potential[1]

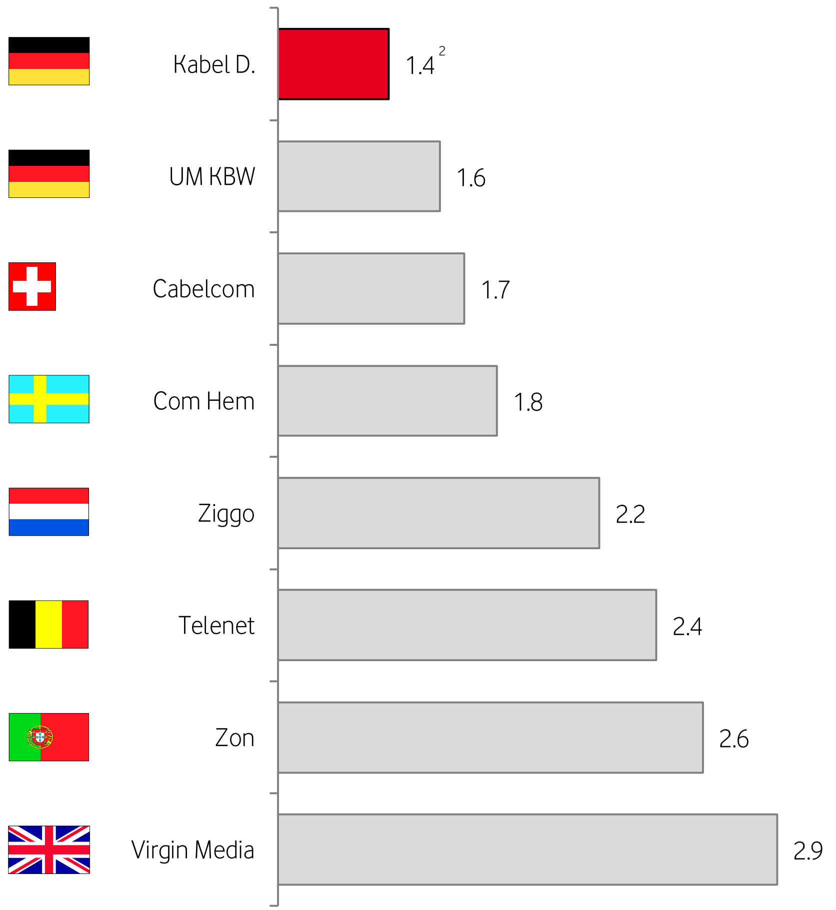


Note:
1. As of 31 March 2013

German cable market offers significant growth potential

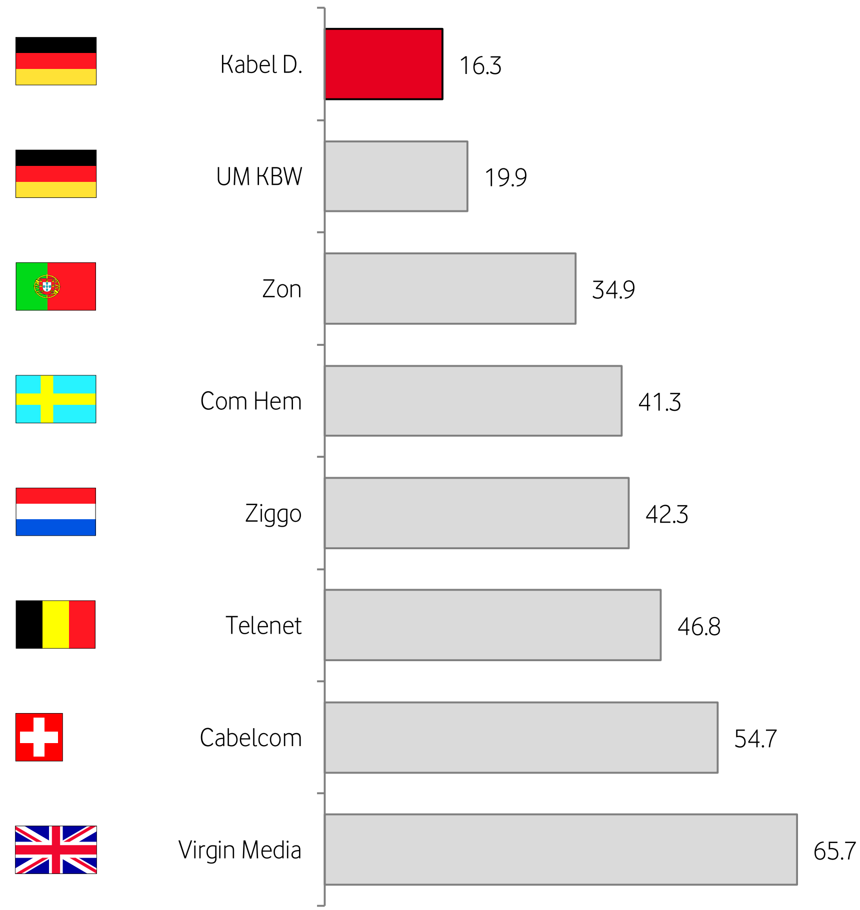
Significant multi-play upside potential

RGUs per customer (x)[1]



Significant ARPU upside potential

ARPU (€/month)[1]



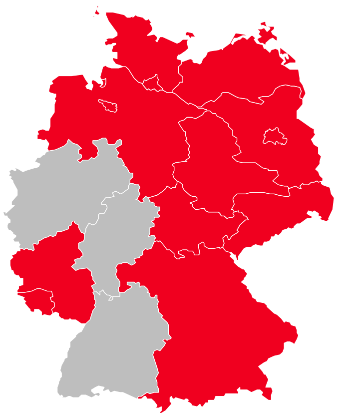
Source: Company filings, exchange rate as of 21 June 2013

Notes:

1. RGU – revenue generating unit, ARPU – average revenue per unit, both as of 31 March 2013
2. On a reported basis, Kabel Deutschland's RGUs/Sub are 1.9x as basic cable and premium TV services are counted as separate RGUs. For comparability purposes with other cable operators, basic cable and premium TV service have been counted as one RGU

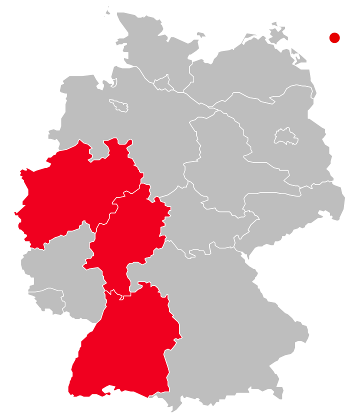
Creating a nationwide fixed next generation player

Nationwide
vodafone
branding



- Use the Kabel Deutschland cable platform
  - 11.2m marketable households for triple play services
  - expected to increase to 12.4m by 2017

Kabel Deutschland regions
(23.7m households in region)



- Use VDSL agreement with DTAG
  - 4.8m marketable households for triple play services
  - expected to increase to ~12m by 2018

Non-Kabel Deutschland regions
(16.7m households in region)

Leverage LTE and continue to use xDSL nationally

Combining Vodafone and Kabel Deutschland will accelerate growth

		Kabel Deutschland	vodafone
Strong brand	Unaided brand awareness	21%	43%
Distribution scale	Branded stores	145	922[1]
Fixed line scale	Customers	7.6m	3.1m
	Revenues[2]	€1.8bn	€2.1bn
Mobile scale	Customers	<0.2m	32.4m
Enterprise scale	Revenues	-	€3.0bn
Management	Experience	Cable TV, Broadband	Mobile, DSL

Substantial revenue synergies, including >€1.5bn NPV from cross-selling and improved customer loyalty

Source: Company information, GFK, Musiol Munzinger Sasserath
Notes:
1. Shops in the 13 states served by Kabel Deutschland
2. Revenue period is 12 months to 31 March 2013

Significant in-market cost and capex synergies

Area	Description	Run-rate in year 4 (€m)[1]	NPV (€bn)[2]
Network / IT	• Leverage Kabel Deutschland's infrastructure for mobile backhaul • Merge national and regional backbones • Consolidate and simplify IT stacks • Close down central offices used for DSL services where Vodafone fixed line customers have migrated onto Kabel Deutschland's cable infrastructure	>120	>1.1
ULL / bitstream	• Save ULL and bitstream fees from migration of Vodafone's fixed line customers to Kabel Deutschland's cable infrastructure	>120	>1.2
Central functions	• Combine overlapping functions • Generate efficiencies in property and procurement	>60	>0.7
Total cost and capex synergies		>300	>3.0

Notes:
1. Savings achieved in the fourth full year following completion, before integration costs assuming full integration of Kabel Deutschland
2. NPV after integration costs

Transaction overview

Value

- €87.0 per share in cash, comprising
  - voluntary public offer for €84.5 per share in cash, plus
  - €2.5 dividend per share announced on 20 February 2013
- Equity value of €7.7bn (£6.6bn) and enterprise value of €10.7bn (£9.1bn)

Support

- The Management Board and Supervisory Board of Kabel Deutschland welcome and support the strategic merits of a combination
  - Management Board and Supervisory Board intend to recommend the offer
  - Management Board intends to accept the offer in respect of their entire beneficial shareholdings

Conditions

- Subject to satisfactory regulatory approvals
- Minimum acceptance condition of 75%

Business Combination Agreement

- Non-solicitation obligation for Kabel Deutschland in relation to a third party transaction
- Matching right for Vodafone in the event of a competing offer
- Cooperation in relation to securing merger control approvals
- Guiding principles for integration
- Respects the rights of employees, works councils and unions

Transaction overview (cont.)

M&A criteria	• IRR exceeds market WACC by more than 200bps • ROIC exceeds market WACC within 3 to 5 years
Financial effects	• Accretive to EPS and FCF per share from the first and second full year post completion, respectively, after cost and capex synergies and before integration costs
Financing	• Total consideration to be funded from existing cash resources and credit facilities • Pro-forma March 2013 leverage of 2.4x net debt / EBITDA[1]
Timetable	• Deal announcement: 24 June 2013 • Publication of offer document and start of offer period: early July 2013 • Expected length of offer period: up to 10 weeks • Expected clearance from the European Commission and closing of the transaction: Q4 2013

Note:
1. Pro-forma post payment of announced £2.1bn dividend from Verizon Wireless

Q&A

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