



Vodafone Group Plc Results

For the quarter ended 30 June 2017

21 July 2017



Disclaimer

By reading these slides you agree to be bound by the following conditions.

Information in the following presentation relating to the price at which relevant investments have been bought or sold in the past or the yield on such investments cannot be relied upon as a guide to the future performance of such investments. This presentation does not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire or dispose of securities in any company within the Vodafone Group.

No person is under any obligation to update, complete, revise or keep current the information contained in this presentation.

The presentation contains forward-looking statements, including within the meaning of the US Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties because they relate to future events. These forward-looking statements include, without limitation, statements in relation to the Vodafone Group's financial outlook and future performance. Some of the factors which may cause actual results to differ from these forward-looking statements are discussed on the final slide of the presentation.

The presentation also contains non-GAAP financial information which the Vodafone Group's management believes is valuable in understanding the performance of the Vodafone Group or the Vodafone Group's businesses. However, non-GAAP information is not uniformly defined by all companies and therefore it may not be comparable with similarly titled measures disclosed by other companies, including those in the Vodafone Group's industry. Although these measures are important in the assessment and management of the business, they should not be viewed in isolation or as replacements for, but rather as complementary to, the comparable GAAP measures

Vodafone, the Vodafone Speech Mark, the Vodafone Portrait, Vodacom, RED, Vodafone One Net, Vodafone One and M-Pesa are trademarks of the Vodafone Group. The Vodafone Rhombus is a registered design of the Vodafone Group. Other product and company names mentioned herein may be the trademarks of their respective owners.



Q1 17/18 highlights



Maintaining
growth
momentum

2.2%
Group service
revenue growth
to
€10.3bn



Leading
network

92%
4G coverage¹
60%
NGN coverage¹



Strong data
growth

63%
growth in
mobile data
traffic



Fastest growing
fixed broadband
provider

300k
fixed broadband
net adds



Leveraging scale
and reach in
Enterprise

1.5%
Enterprise
revenue growth



Clear NPS
leadership

19/21
markets as
consumer NPS
co/leader

All growth rates in this document are organic unless otherwise stated, and are shown on a year on year basis, with Vodafone India and Vodafone Netherlands excluded from organic growth calculations

1. Europe



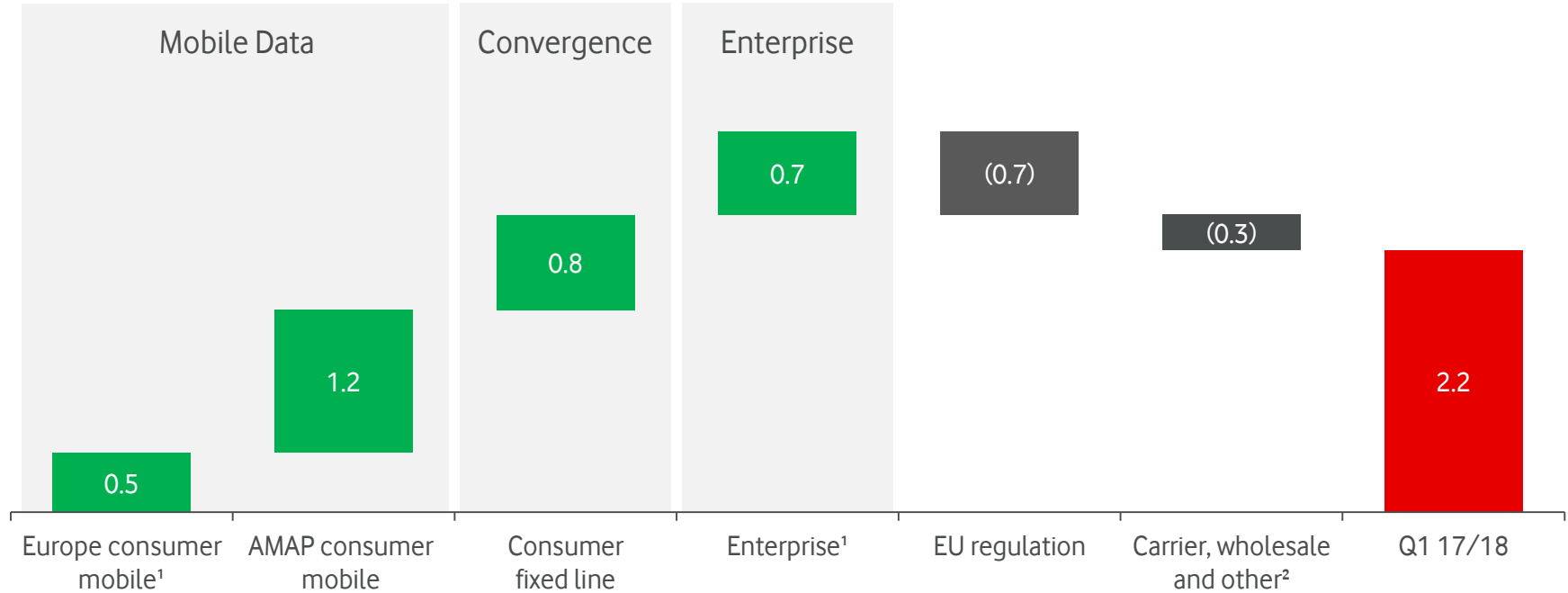


Trading update

Nick Read
Group Chief Financial officer

All three growth engines contributing

Q1 17 /18 organic service revenue growth contribution YoY (pp)



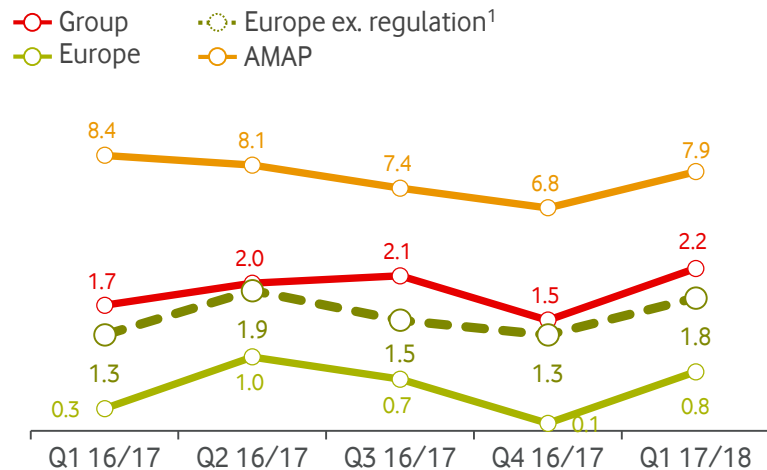
1. Excludes the impact of EU regulation. This is defined as out-of-bundle roaming declines and mobile termination rate changes
2. Other includes mobile and fixed wholesale, common functions and eliminations



Good commercial performance

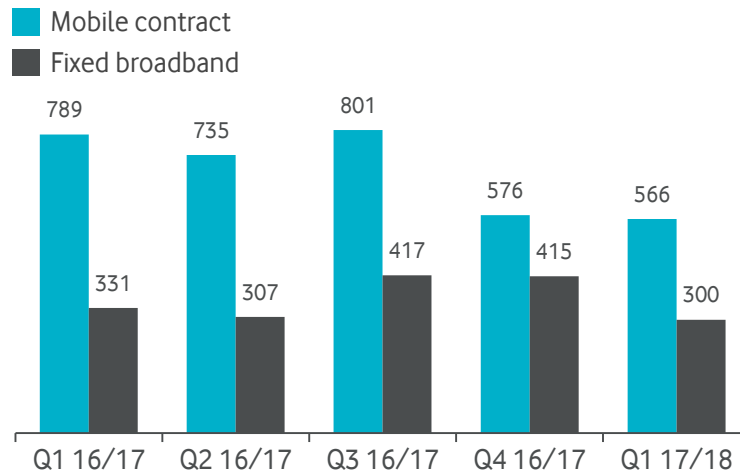
Group service revenue growth YoY

(%)



Customer net adds²

(000s)



Q1 17/18 drivers:

- Easier service revenue comparison vs. Q4 and underlying momentum improving
- Sustained customer growth in large markets, slower growth in Ghana, Hungary, Turkey
- Peak roaming impact in Q2, tougher comparison in Italy

1. Excludes the impact of EU regulation. This is defined as out-of-bundle roaming declines and mobile termination rate changes

2. Excludes Vodafone Netherlands and VodafoneZiggo in all periods



Key markets: Europe



Germany



UK

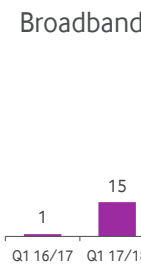
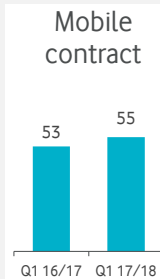
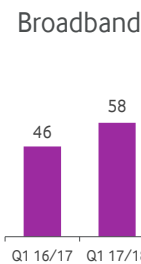
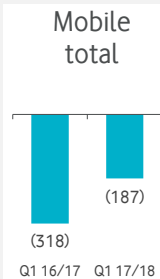
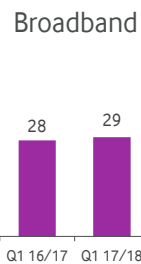
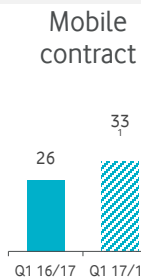
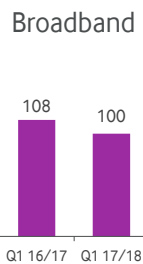


Italy

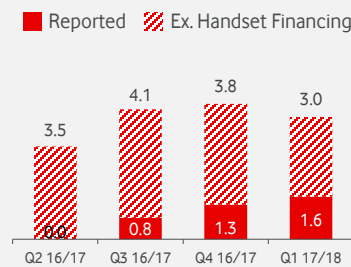
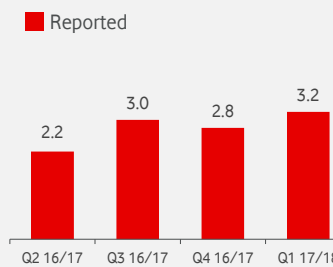
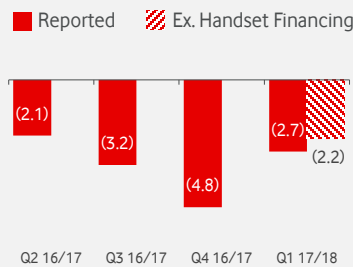
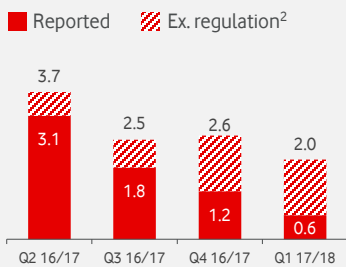


Spain

Customer net additions (000s)



Service revenue growth (%)



1. Excludes the phasing out of the Talkmobile brand. Reported mobile contract net adds in Q1 17/18 -2k
2. Excludes the impact of EU regulation. This is defined as out-of-bundle roaming declines and mobile termination rate changes



Key markets: **AMAP**



South Africa



Vodacom International

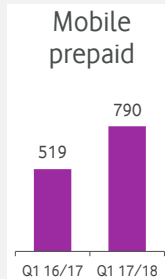
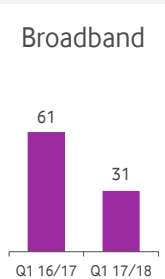
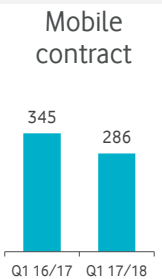
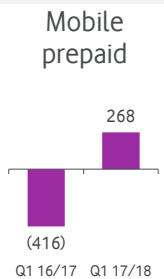
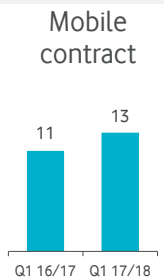
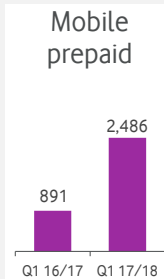
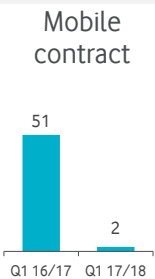


Turkey

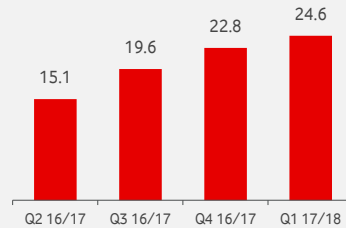
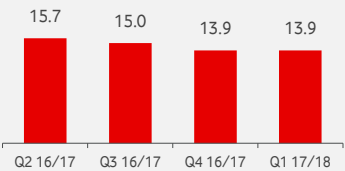
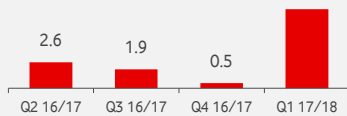
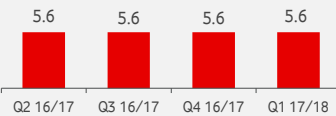


Egypt

Customer net additions (000s)



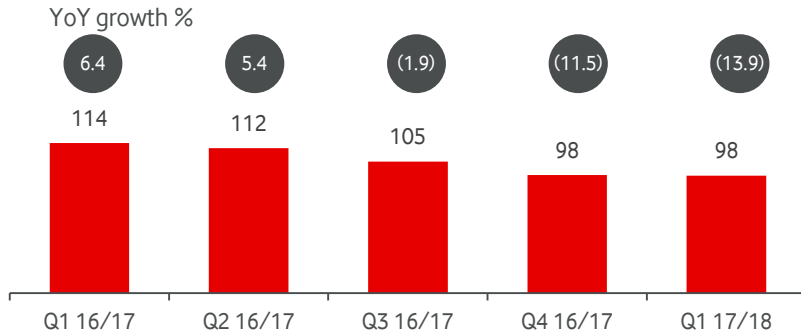
Service revenue growth (%)



India: signs of stabilisation

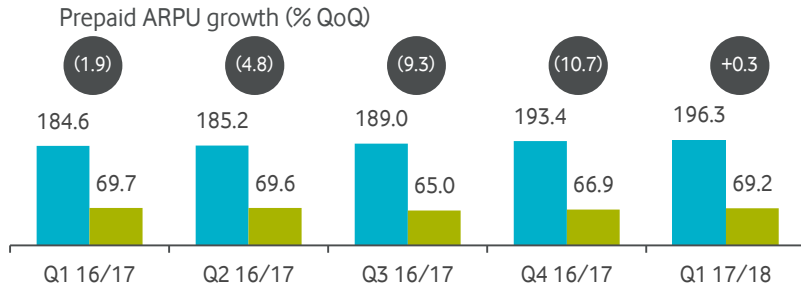
Service revenue

(INR bn)



Users and ARPU growth

■ Prepaid customers (m) ■ Data users (m)

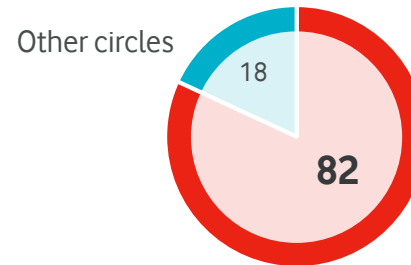


1. Revenue market share

- Continued significant decline in voice and data unitary pricing, down 32% and 67% respectively
- Retaining high-end users with larger data bundles; gaining low-end share
- Smaller players losing RMS¹ in Q4 (-3.4pp YoY to 26.2%)
- Investment focus on leadership circles; gaining RMS in Q4 (+1.1pp YoY)

Capital additions mix in FY 16/17

(%)



Leadership circles

- 20% capital intensity in FY 16/17, "high teens" outlook for FY 17/18





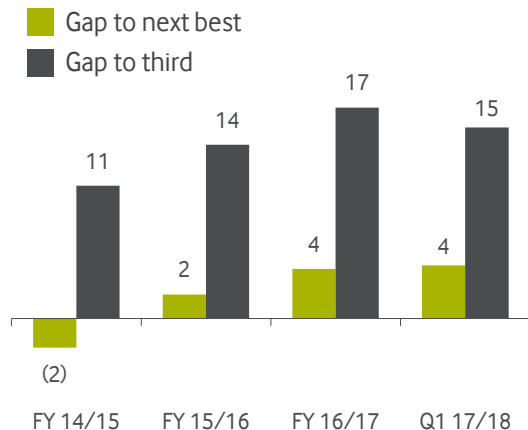
Strategic progress

Vittorio Colao
Group Chief Executive

Monetising our leading customer experience

Market leading NPS

Consumer NPS (points)¹



- Best/co-best data network in 14/21 markets

1. Gap to next best based on 21 markets, gap to third based on 20 markets

2. Consumer prepaid

3. Adjusted for out-of-bundle roaming declines, mobile termination rate changes and handset financing where applicable

More-for-more actions

Typical changes, April 2017



- +€2
- Extra 1 - 5GB
- Data rollover



- +£1 - 5
- Extra 1-3GB
- Flexible upgrades



- Mobile +€2
- Convergent +€3
- Extra 6 - 10GB



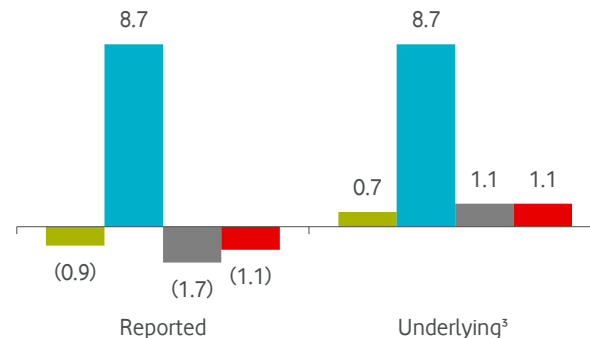
- Personalised offers

- Further opportunities from leveraging data analytics capability

Mobile ARPU stabilising

Consumer contract ARPU
(% change Q1 17/18 local currency)

Germany Italy² UK Spain

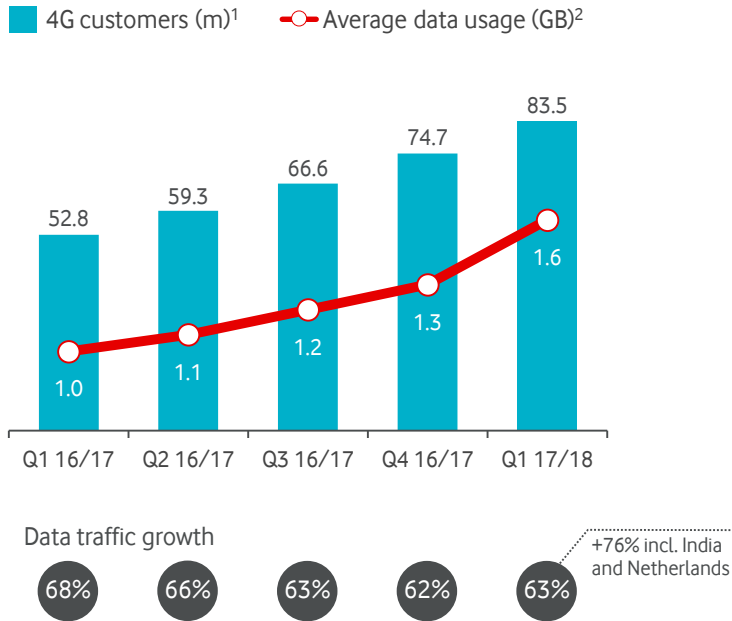


- Reported ARPU is suppressed by MTR cuts, SIM-only/handset financing and roaming regulation



Growth engines: **mobile data**

Group data usage is growing rapidly



Market context



Video demand surging

~60% of data usage is via video/social apps³



4G /4G+ quality exceeding Wi-Fi

~75% of mobile usage is still via Wi-Fi⁴



Compression techniques improving

>50% reduction in traffic load at 480p



Desire for worry-free usage...

>60% of customers want worry-free plans

1. Includes 4G customers from India, JVs and associates
 2. Average monthly iPhone and Android smartphone data usage including India and Netherlands
 3. EU 4 markets: Video, social and music applications
 4. EU 8 markets



Growth engines: mobile data - Vodafone Pass

Market research insights

App categories

are easier to understand than Bytes...

... 'worry-free' stimulates greater usage and customer satisfaction than data bundles...

... encouraging low-spending users to trade up...

... and retaining spend by higher-end users

An innovative pricing model, targeting ARPU accretion¹

Vodafone Pass: Italy



Current markets



Spain



Italy



Romania



Hungary



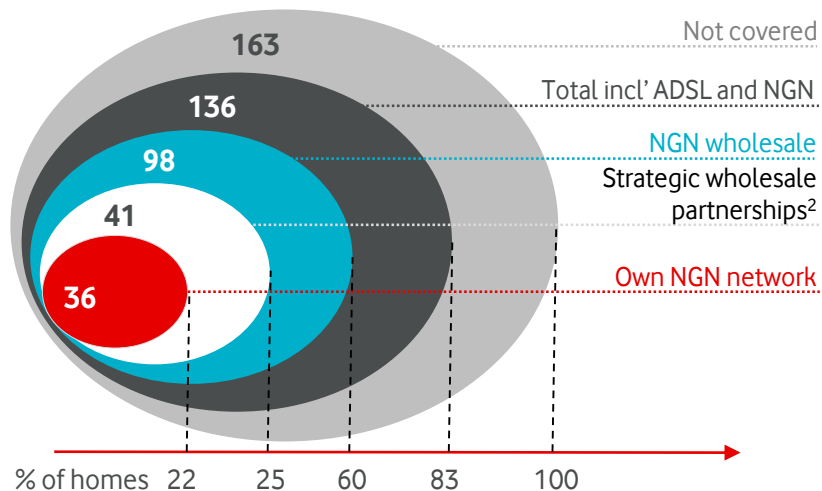
Greece

1. Allows customers to buy passes that give worry-free access to video, music and social/chat apps, without using up their data allowance



Growth engines: fixed/convergence

European homes marketable Q1 17/18¹ (m)

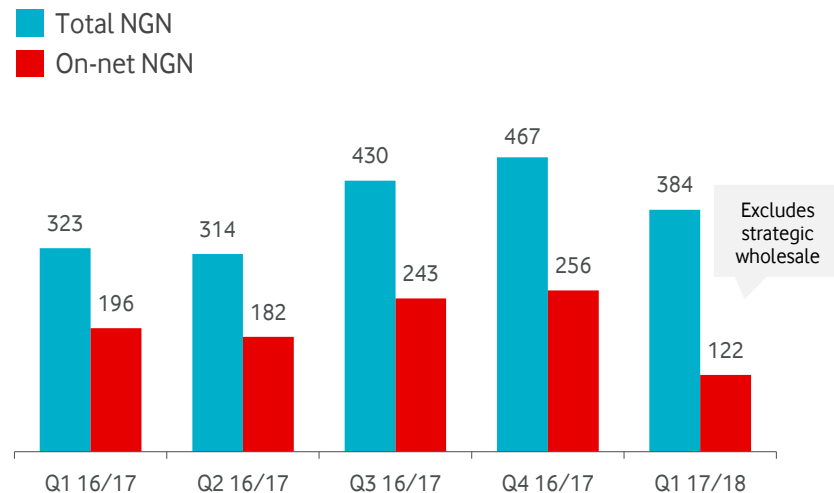


Build progress:

- Open Fiber: 1.5m homes marketable/ 1.7m passed; C&D area wins
- New strategic partnership in Turkey, 2.7m homes marketable
- Exploring fibre build business cases with high IRR thresholds

1. Includes VodafoneZiggo as of Q4 16/17
 2. Includes Telefonica (selected areas in Spain), Open Fiber (Italy) and Siro (Ireland)
 3. Excludes Vodafone Netherlands and VodafoneZiggo

Europe NGN broadband net adds³ (000s)



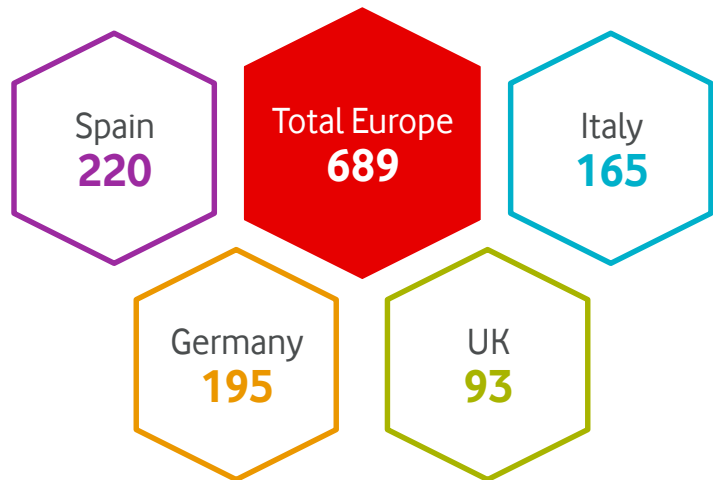
Driving revenue:

- EU broadband base 16.8m, including 11.3m NGN¹
- On-net penetration 27%¹; off-net 2.7%



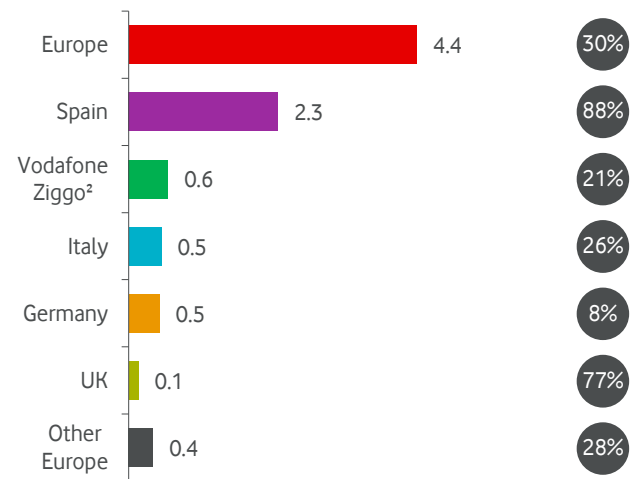
Growth engines: **fixed/convergence**

Europe converged consumer net adds (LTM)¹ (000s)



Europe consumer converged customers (Q1 17/18) (m)

Fully converged customers and penetration of consumer broadband base



- ~60% of European broadband net adds are converged over the last 12 months

- On average 2 SIMs per customer
- Significant penetration potential

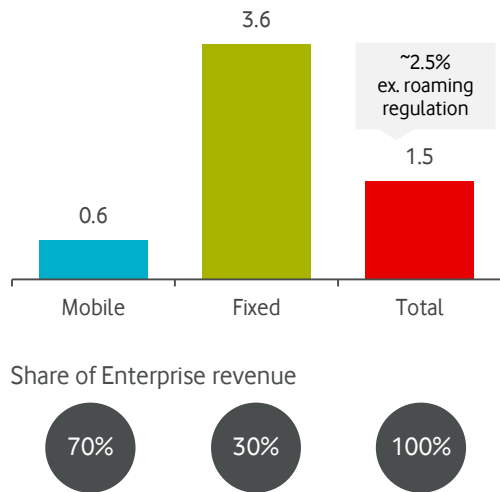
1. Last 12 months (Q216/17 to Q1 17/18). Excludes VodafoneZiggo

2. VodafoneZiggo stated as at 3 April 2017



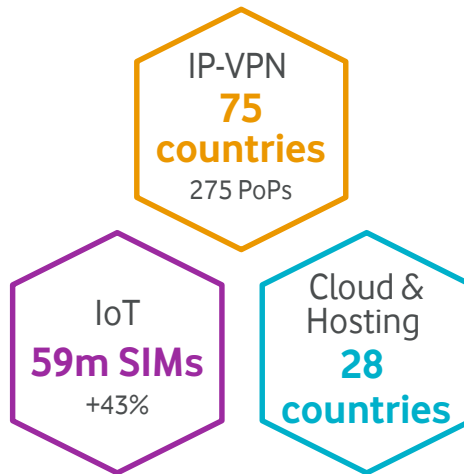
Growth engines: Enterprise

Service revenue growth Q1 17/18 (%)



- Mobile: ARPU -3.7%, customers +3.8%; IoT revenue +15%
- Fixed: share gains continue; led by IP-VPN

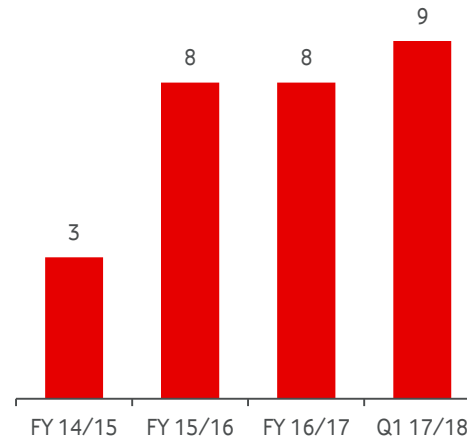
Strong platforms



- Market leading position in IoT; Internet in the car in 18 markets

Net Promoter Score

(Points)



- NPS co/ lead in 13/20 markets
- Increasing focus on building a digital business



Summary: a good start to the year

- Robust commercial performance
- Continued momentum in Europe; AMAP accelerated; India signs of stabilisation
- All three growth engines contributing:
 - **Mobile data:** Vodafone Pass – unlocking 'worry-free' data demand, targeting ARPU accretion
 - **Convergence:** strong broadband growth, increasing convergence penetration
 - **Enterprise:** continued outperformance vs. peers
- 'Fit for Growth' execution progressing in line with plans

Outlook

- FY 17/18 guidance reiterated: 4-8% organic EBITDA growth, FCF c.€5 billion





Appendix



Customer experience and commercial KPIs

Europe

	Q1 16/17	Q2 16/17	Q3 16/17	Q4 16/17	Q1 17/18
4G customers (m) ¹	36.0	39.3	43.3	47.0	50.1
Broadband customers (m) ¹	12.5	12.7	16.2	16.6	16.8
Converged customers (m) ¹	3.1	3.2	3.4	4.3	4.4
Contract churn (%)	15.4	15.5	16.7	15.3	15.1
4G % outdoor population coverage(%) ¹	89	90	91	92	92
% of data sessions >3Mbps	91	90	91	92	91
% of dropped calls	0.47	0.48	0.41	0.38	0.39

AMAP

	Q1 16/17	Q2 16/17	Q3 16/17	Q4 16/17	Q1 17/18
4G customers (m) ²	16.5	19.6	23.2	27.7	33.4
Broadband customers (m) ²	1.1	1.2	1.3	1.3	1.7
Converged customers (m)	0.1	0.1	0.1	0.1	0.1
Contract churn (%)	16.7	16.4	17.7	18.7	17.7
3G/4G outdoor coverage (%)	85	85	86	86	86
% of data sessions >3Mbps	90	86	85	86	86
% of dropped calls	0.50	0.49	0.51	0.48	0.51

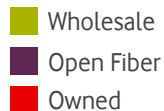
All figures exclude India and VodafoneZiggo unless otherwise stated

1. Includes VodafoneZiggo from Q3 16/17, data for Q1 17/18 is stated as of Q4 16/17

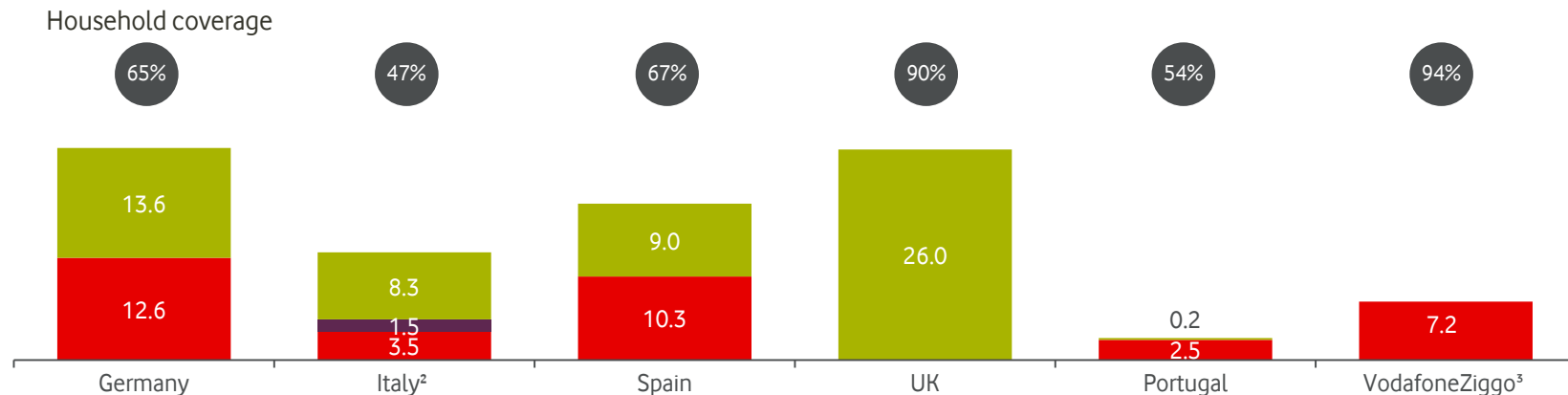
2. Includes India JVs, and associates (Kenya, Australia)



European homes marketable with NGN (Q1 17/18)¹



(millions)



98m marketable including wholesale
60% coverage



36m marketable on-net
22% coverage



1. Excludes 3.6 m wholesale NGN homes marketable in Greece and Ireland
2. Open Fiber has 1.5m homes marketable / 1.7m homes passed
3. VodafoneZiggo as at Q4 16/17



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 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 with respect to: expectations regarding the Group’s financial condition or results of operations including the confirmation of the Group’s guidance for the 2018 financial year; expectations for the Group’s future performance generally; expectations regarding the Group’s operating environment and market conditions and trends; intentions and expectations regarding the development, launch and expansion of products, services and technologies; growth in customers and usage; expectations regarding spectrum licence acquisitions; and expectations regarding, service revenue, adjusted EBITDA, free cash flow, capital expenditure, and foreign exchange movements.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as “ongoing”, “lead”, “surge”, “exceed”, “stabilise”, “maintain”, “sustain”, “improve”, “plans”, “targets”, “gain”, “grow”, “continue”, “retain” or “accelerate” (including in their negative form). 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: changes in general economic or political conditions in markets served by the Group and changes to the associated legal, regulatory and tax environments; increased competition; the impact of investment in network capacity and the deployment of 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 expectation; the ability of the Group to integrate new technologies, products and services with existing networks, technologies, products and services; the Group’s ability to grow and generate revenue; 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 and reduced customer retention; changes in the spending patterns of new and existing customers and increased pricing pressure; the Group’s ability to expand its spectrum position or renew or obtain necessary

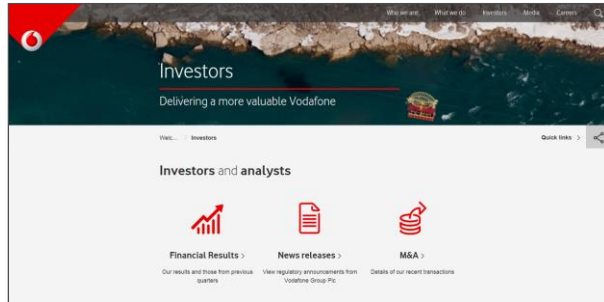
licences and realise expected synergies and associated benefits; the Group’s ability to secure the timely delivery of high-quality products from suppliers; loss of suppliers, disruption of supply chains and greater than anticipated prices of new mobile handsets; changes in the costs to the Group of, or the rates the Group may charge for, terminations and roaming minutes; the impact of a failure or significant interruption to the Group’s telecommunications, networks, IT systems or data protection systems; changes in foreign exchange rates, as well as changes in interest rates; the Group’s ability to realise benefits from entering into acquisitions, partnerships or joint ventures and entering into service franchising, brand licensing and platform sharing or other arrangements with third parties; acquisitions and divestments of Group businesses and asset and the pursuit of new, unexpected strategic opportunities; the Group’s ability to integrate acquired business or assets; 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; the impact of legal or other proceedings against the Group or other companies in the mobile telecommunications industry; the Group’s ability to execute its strategy in fibre deployment, network expansion, new product and service roll-outs, mobile data, Enterprise and broadband in emerging markets; developments in the Group’s financial condition, earnings and distributable funds and other factors that the Board takes into account when determining levels of dividends; the Group’s ability to satisfy working capital and other requirements; and/or 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 “Forward-looking statements” and “Risk management” in the Group’s Annual Report for the year ended 31 March 2017. The Annual Report can be found on the Group’s website (vodafone.com/investor). All subsequent written or oral forward-looking statements attributable to the Company, to any member of the 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

Visit our website for more information



www.vodafone.com/investor

Contact us

ir@vodafone.co.uk

+44 (0) 7919 990 230

2017 upcoming dates

AGM
28 July

Final
dividend
payment
4 Aug

Half-year results
14 Nov

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

