

Vodafone Group Plc

Q1 FY22 Trading Update

23 July 2021



Our strategy : Growth in both Europe & Africa underpins our ambition

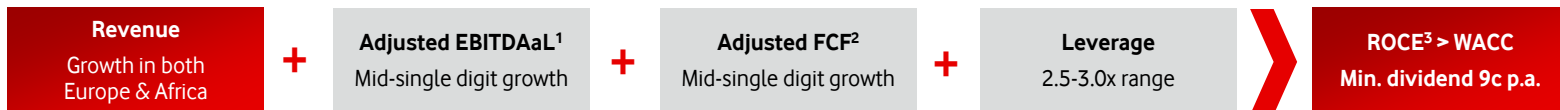
Vision

The new generation connectivity & digital services provider
for Europe & Africa, enabling an inclusive & sustainable digital society

Strategy

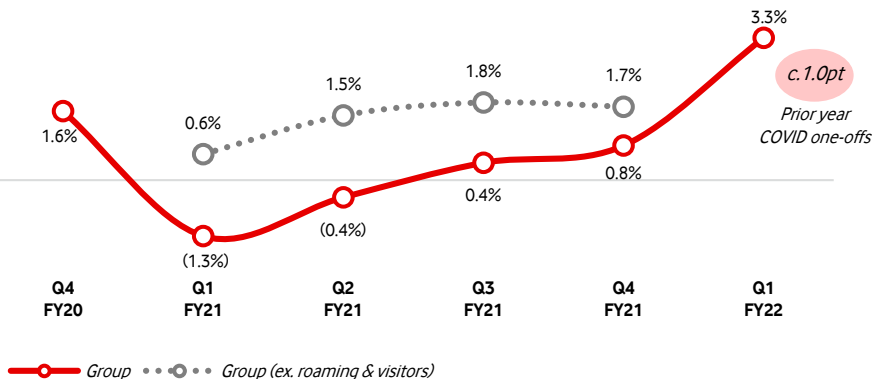


Medium-term ambition



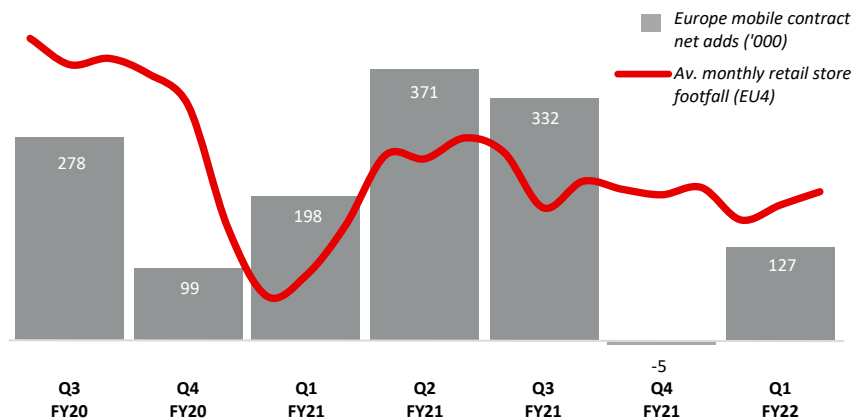
Highlights : Good start to the year with 3.3% service revenue growth

Group Service Revenue growth



- Q-o-Q growth improvement in all segments
- Roaming & visitor revenue – lapping prior year drag & now contributing to growth
- One-off benefits from PY COVID-19 disruption
 - lower prepaid & Business activity in prior year (c.1pt)

Commercial momentum

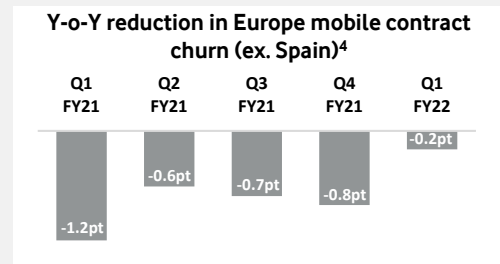
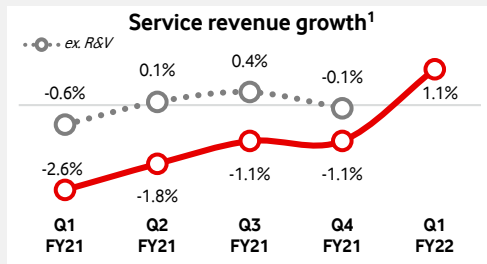


- European retail store network important for customer additions
- EU4 footfall yet to normalise – still 40% below pre-COVID levels, impacting sales volumes
- Germany – particularly low footfall in Q1 FY22

Service revenue : Growth across all parts of the Group

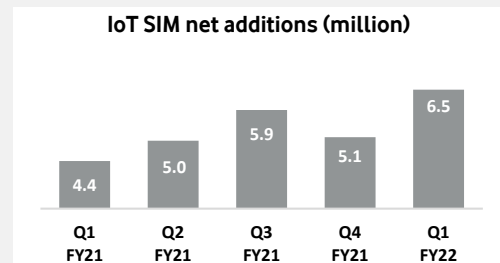
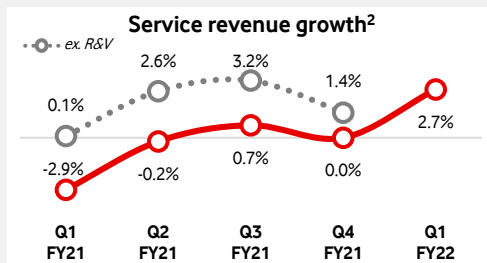
vodafone | Growth in Europe

- Growing in all markets except Italy
- Signs of commercial momentum returning as retail stores reopen



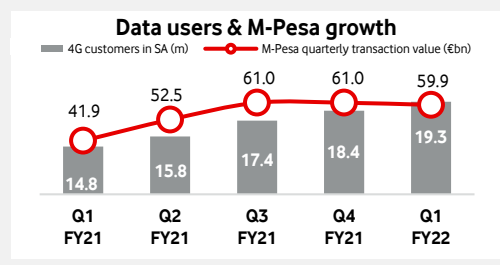
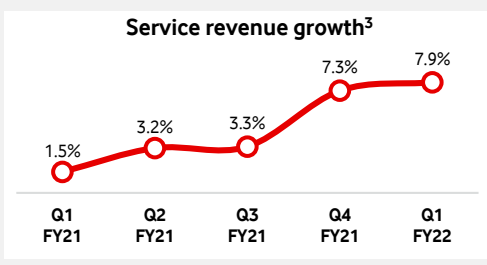
vodafone | Growth in Business

- Total connectivity growing
- Strong acceleration in digital services following project delays in prior year



vodafone | Growth in Vodacom

- Strong service revenue growth in all markets
- Financial services revenue growth of 34%



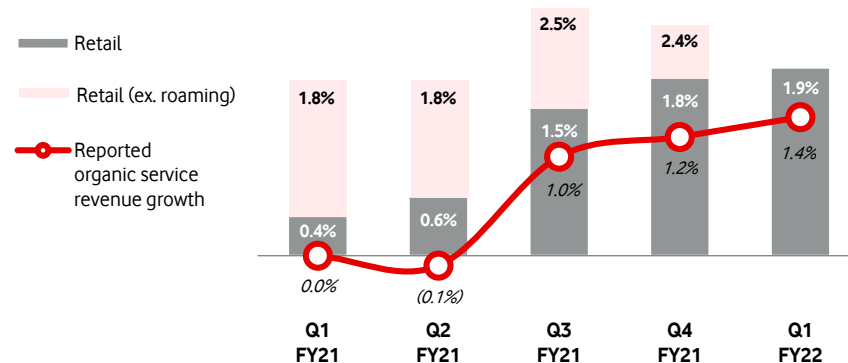
Growth in Europe : Germany

 31% Group Service Revenue

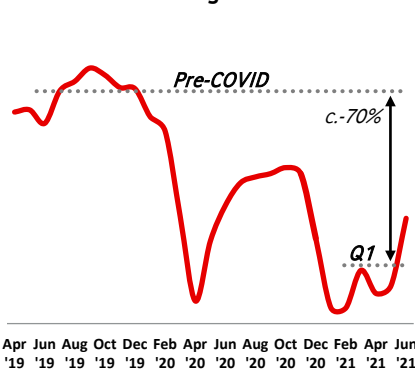
	Q1 FY22 growth	Contribution to Group
Service revenue growth	1.4%	+0.4pt

- Lapping roaming drag, but lower variable usage
- Retail activity still impacted by lockdown
 - restrictions eased in June
 - customer footfall c.-70% in Q1 vs. pre-pandemic
 - activity continuing to recover in July
- Launched new digital-only value brand 'SIMon mobile'
- Business – strong demand in public/health sector

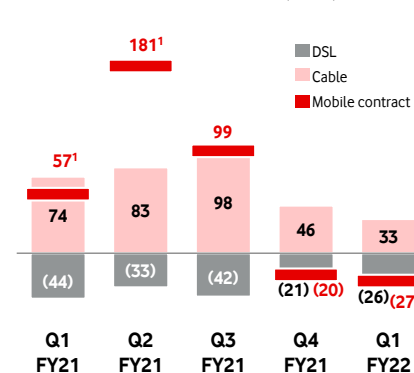
Service revenue growth







Retail store – average customer footfall








Net customer additions ('000)







Growth in Europe : Strong recovery in service revenues

	Service revenue growth	Market commentary	Our performance
 <p>13% Group Service Revenue</p>	<p>+2.5% (Q4 FY21 -0.6%) <i>+0.3pt contribution to Group OSR</i></p>	<ul style="list-style-type: none"> Retail activity recovering post lockdown, all stores open from mid-April Signed exclusive sales agreement with Dixons Carphone on improved terms 	<ul style="list-style-type: none"> Mobile contract net adds +65k Innovative new offers – ‘Vodafone EVO’ and ‘Pro broadband’
 <p>13% Group Service Revenue</p> <p>Other Europe</p>	<p>+4.2% (Q4 FY21 -0.2%) <i>+0.5pt contribution to Group OSR</i></p>	<ul style="list-style-type: none"> Lapping lower prepaid activity & roaming drags in prior year 	<ul style="list-style-type: none"> +97k mobile contract net adds UPC & ABCom integrations on-track
 <p>12% Group Service Revenue</p>	<p>-3.6% (Q4 FY21 -7.8%) <i>-0.4pt contribution to Group OSR</i></p>	<ul style="list-style-type: none"> Competition remains intense Fixed and convergence now impacted 	<ul style="list-style-type: none"> PostePay MVNO migration underway, to be completed by end of July Largest EU recovery funding beneficiary with €191 billion
 <p>10% Group Service Revenue</p>	<p>+0.8% (Q4 FY21 -1.3%) <i>+0.1pt contribution to Group OSR</i></p>	<ul style="list-style-type: none"> Price increases introduced across market Social contract: improved 5G spectrum terms & proposal to remove TV tax 	<ul style="list-style-type: none"> EU funding to support SME digitalisation starting in H2 #2 in retail service revenue market share

Growth in Business : Continued outperformance in all markets

	FY21 total service revenue	Q1 FY22 service revenue growth	Performance highlights
 Mobile	€5.8bn	(0.2%)	<ul style="list-style-type: none"> Lapping roaming drag, however limited international travel Customer base +4.5% YoY, offset by ARPU pressure
 Fixed	€3.1bn	3.7%	<ul style="list-style-type: none"> Good momentum on fixed connectivity and internet access
 Cloud & Security	€0.4bn	5.6%	<ul style="list-style-type: none"> Distributed MEC launch with AWS Wavelength making Vodafone the first operator to launch this service in Europe Cybersecurity: First large UK win; Cyber-as-a-Service ('CaaS') launched in Germany
 IoT	€0.8bn	22.3%	<ul style="list-style-type: none"> Lapping lower Automotive activity in Q1 FY20 +6.5 million IoT connections added in Q1, total base now 130 million
 Total Business	€10.1bn	2.7%	<ul style="list-style-type: none"> EU recovery funding distribution to commence in H2 FY22 Strong progress in building pan-Europe public sector pipeline

Growth in Africa & Turkey : Data traffic & financial services growth

	Service revenue growth	Market commentary	Our performance
 <p>9% Group Service Revenue</p> <p>Vodacom : South Africa</p>	<p>+5.2% (Q4 FY21 +8.6%) <i>+0.5pt contribution to Group OSR</i></p>	<ul style="list-style-type: none"> Increased restrictions as country enters third COVID wave Temporary spectrum licences extended 	<ul style="list-style-type: none"> Lapping strong PY growth supported by lockdown measures Financial services growth +19.2%; VodaPay 'super app' launching soon
 <p>3% Group Service Revenue</p> <p>Vodacom : Internationals</p>	<p>+14.5% (Q4 FY21 +4.8%) <i>+0.4pt contribution to Group OSR</i></p>	<ul style="list-style-type: none"> Limited COVID support measures Lapping P2P M-Pesa zero rating and Tanzania registration disconnections 	<ul style="list-style-type: none"> M-Pesa volumes +44% Y-o-Y Safaricom led consortium - won Ethiopia licence¹
 <p>4% Group Service Revenue</p> <p>Vodafone : Egypt</p>	<p>+17.6% (Q4 FY21 +10.7%) <i>+0.6pt contribution to Group OSR</i></p>	<ul style="list-style-type: none"> International travel resumed 20MHz of acquired spectrum available soon 	<ul style="list-style-type: none"> Improved service revenue trend as COVID restrictions eased Mobile data usage +47% Y-o-Y
 <p>4% Group Service Revenue</p> <p>Vodafone : Turkey</p>	<p>+19.6% (Q4 FY21 +16.7%) <i>+0.7pt contribution to Group OSR</i></p>	<ul style="list-style-type: none"> Gradual easing of COVID restrictions All operators increasing prepay prices 	<ul style="list-style-type: none"> Continue to migrate contract customers to higher plans Launched 100% digital service – 'Vodafone Simple' in July

Summary



Service revenue growth in both Europe & Africa



Service revenue growth in both Consumer & Business



Commercial momentum returning as retail stores reopen



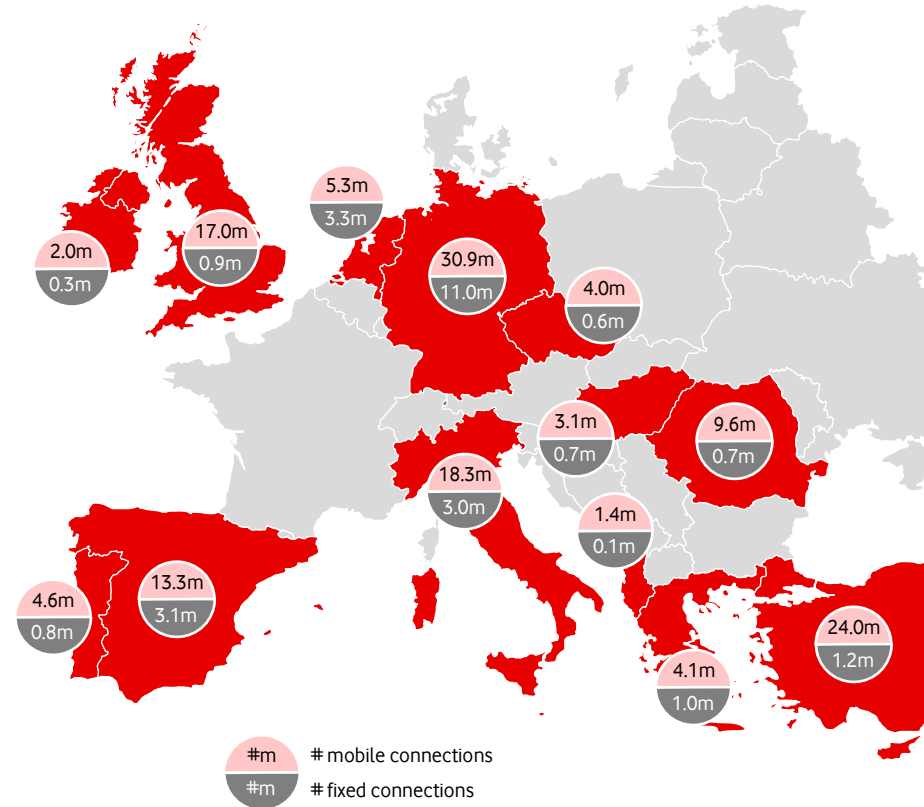
On-track for FY22 guidance: €15.0-15.4bn EBITDAaL¹ & >€5.2bn Adjusted FCF²

Appendices

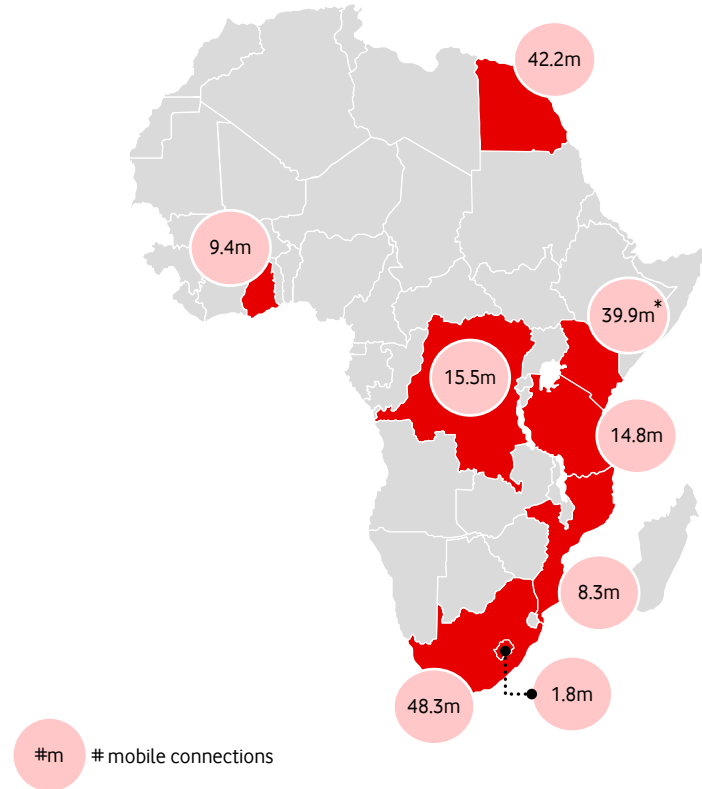
I	Our regional footprint	<i>p11</i>
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Appendix I : Our regional footprint

Europe : converged connectivity leader



Africa : leading data & payments provider



Appendix II : Definitions

Term	Definition
Adds	Number of new customers within a defined period
Adjusted EBITDA	Operating profit after depreciation on lease-related right of use assets and interest on leases but excluding depreciation, amortisation
Adjusted EBITDAaL	Renaming of Adjusted EBITDA. Equivalent in definition & calculation of Adjusted EBITDA
Adjusted Free Cash Flow	Free cash flow before spectrum, restructuring, Vantage Towers growth capital investment and any one-off material transactions
ARPU	Average revenue per user, defined as customer revenue and incoming revenue divided by average customers
CaaS	Cyber-as-a-Service
Churn	Total gross customer disconnections in the period divided by the average total customers in the period
Converged	A customer who receives both fixed and mobile services (also known as unified communications) on a single bill or who receives a discount across both bills
FCF	Free cash flow

Term	Definition
IoT	Internet of Things. Network of physical objects embedded with electronics, software, sensors & network connectivity, including built-in mobile SIM cards, that enables collection of data & exchange communications with one another or a database
MEC	Mobile edge computing
Organic growth	An alternative performance measure which presents performance on a comparable basis, in terms of M&A activity, movements in foreign exchange rates
OSR	Organic Service Revenue
PY	Prior Year
Roaming & Visitor (R&V)	Roaming: allows customers to make calls, send and receive texts and data on our and other operators' mobile networks, usually while travelling abroad. Visitors: revenue received from other operators or markets when their customers roam on one of our markets' networks
ROCE	Return on capital employed
Service revenue	Service revenue comprises all revenue related to the provision of ongoing services including, but not limited to, monthly access charges, airtime usage, roaming, incoming and outgoing network usage by non-Vodafone customers and interconnect charges for incoming calls
WACC	Weighted average cost of capital

Appendix III : Supporting information

1. Quarterly revenue
2. Adjusted income statement
3. Segmental information
4. Income statement information
5. Cash flow
6. Mobile customers
7. Fixed-line broadband customers
8. Marketable homes passed
9. TV & fixed-line voice customers
10. Converged customers
11. Mobile customer churn
12. Mobile data usage
13. Mobile ARPU
14. Average foreign exchange rates

The information opposite is available in spreadsheet format via investors.vodafone.com

Appendix IV : New segmental reporting structure & proforma financials

Proforma FY21 ¹	Revenue €m		Service revenue €m		Adjusted EBITDAaL €m		Adjusted EBITDAaL margin %		Capital additions €m	
	H1 21	FY21	H1 21	FY21	H1 21	FY21	H1 21	FY21	H1 21	FY21
Germany	6,371	12,984	5,723	11,520	2,685	5,323	42.1%	41.0%	1,110	2,504
Italy	2,506	5,014	2,249	4,458	800	1,597	31.9%	31.9%	297	773
UK	2,983	6,151	2,401	4,848	600	1,288	20.1%	20.9%	284	767
Spain	2,050	4,166	1,880	3,788	447	968	21.8%	23.2%	289	699
Other Europe	2,720	5,549	2,411	4,859	794	1,613	29.2%	29.1%	350	840
Vodacom	2,423	5,181	1,949	4,083	891	1,873	36.8%	36.2%	333	703
Other Markets	1,898	3,765	1,679	3,312	601	1,228	31.7%	32.6%	245	513
Vantage Towers	576	1,165	-	-	304	603	52.8%	51.8%	98	229
Common Functions	656	1,368	219	470	(119)	(117)	-	-	358	828
Eliminations	(729)	(1,496)	(93)	(197)	-	-	-	-	-	-
Group	21,454	43,847	18,418	37,141	7,003	14,376	32.6%	32.8%	3,364	7,856

Proforma FY20 ²	Revenue €m		Service revenue €m		Adjusted EBITDAaL €m		Adjusted EBITDAaL margin %		Capital additions €m	
	FY20	FY20	FY20	FY20	FY20	FY20	FY20	FY20	FY20	FY20
Germany	12,076	10,696	4,738	39.2%	2,114					
Italy	5,529	4,833	2,068	37.4%	697					
UK	6,484	5,020	1,426	22.0%	707					
Spain	4,296	3,904	928	21.6%	745					
Other Europe	5,541	4,890	1,584	28.6%	768					
Vodacom	5,531	4,470	2,088	37.8%	802					
Other Markets	4,386	3,796	1,400	31.9%	587					
Vantage Towers	1,139	-	587	51.5%	172					
Common Functions	1,567	494	1	-	821					
Eliminations	(1,517)	(232)	-	-	-					
Group	45,032	37,871	14,820	32.9%	7,413					

1. Revenue, Adjusted EBITDAaL and capital additions for the Group as presented are different to those disclosed in the FY21 annual report as a result of the inclusion of proforma effects for Wind Hellas and Vantage Towers incremental running costs.

2. Only full year figures available

Proforma FY21	Non-current assets ¹⁰ €m
Germany	43,755
Italy	10,707
UK	6,529
Spain	6,609
Other Europe	8,361
Vodacom	5,839
Other Markets	2,988
Vantage Towers	7,859
Common Functions	2,145
Group	94,792

1. Comprises goodwill, other intangible assets and property, plant and equipment in accordance with Note 2 to the consolidated financial statements in our FY21 Annual Report.

Notes:

- Vodafone owns 81.7% of the ordinary shares in Vantage Towers A.G.
- The Groups proforma segment for Vantage Towers reflects the pro-forma information released by Vantage Towers and is available at <https://www.vantagetowers.com/investors/results-report-and-presentation>, together with the contribution from Cornerstone Technologies Infrastructure Limited (CTIL); the Groups 50:50 joint venture with Telefonica in the UK). CTIL is reported as a joint operation in the Groups financial statements, but as a joint venture using the equity method in the Vantage Towers financial statements.
- The proforma view of our FY20 and FY21 financial results has been prepared for illustrative purposes only and shows a hypothetical situation and, therefore, does not represent the actual financial position or results of the Group if the new segmentation had occurred on 1 April 2019 for purposes of income statement line items and 31 March 2021 for purposes of non-current assets. The proforma view of our FY20 and FY21 financial results is based on factually supportable proforma adjustments, which we consider reasonable. Future results of operations may differ materially from those presented. The proforma view of our FY20 and FY21 financial results may not give a true picture of our financial results or non-current assets nor is it indicative of the results that may, or may not, be expected to be achieved in the future. The proformas have not been prepared in accordance with Regulation S-X under the United States Securities Exchange Act of 1934 and the auditing standards generally accepted in the United States, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or any other standards besides the standards mentioned above.

Appendix V : Important notice

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This report 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 and the guidance for Adjusted EBITDA and adjusted free cash flow for the financial year ending 31 March 2022; the Group’s sustainable business strategy and 2025 targets; expectations for the Group’s future performance generally; expectations regarding the operating environment and market conditions and trends, including customer usage, competitive position and macroeconomic pressures, price trends, commercial momentum 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 including digital and financial services such as VodaPay, sharing infrastructure and its benefits and sharing mobile networks in Europe and Africa; expectations regarding the integration or performance of current and future investments, associates, joint ventures, non-controlled interests and newly acquired businesses. Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as “will”, “anticipates”, “could”, “may”, “should”, “expects”, “believes”, “intends”, “plans” 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

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.

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 “Forward-looking statements” and “Risk management” in the Group’s annual report for the financial year ended 31 March 2021. The annual report can be found on the Group’s website (<https://investors.vodafone.com/reports-information/latest-annual-results>). 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 document will be realised. Any forward-looking statements are made of the date of this presentation. 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.

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Upcoming events



Annual General Meeting



Digital services & experiences
investor briefing



H1 FY22 Results