Vodafone Netherlands Webinar
10 December 2013
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The Netherlands at a glance
Strong economy, good demographics, improving macro trends

• **17m people** with **high GDP per capita** of €36k

• **8th most competitive economy** according to World Economy Forum ranking

• **High smartphone penetration** of 72%, above European average (47%)*

• One of most **advanced telecom markets** in Europe with **two NGA** and **three 4G** networks

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### Key Macro-economic Data

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013e</th>
<th>2014 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP growth (%)</td>
<td>-1.2</td>
<td>-1.3</td>
<td>0.4</td>
</tr>
<tr>
<td>Inflation (%)</td>
<td>2.5</td>
<td>2.7</td>
<td>2.0</td>
</tr>
<tr>
<td>Consumer confidence index</td>
<td>-35</td>
<td>-32</td>
<td>-18**</td>
</tr>
<tr>
<td>Export growth (%)</td>
<td>0.7</td>
<td>1.0</td>
<td>3.5</td>
</tr>
<tr>
<td>Business investment growth (%)</td>
<td>-2.9</td>
<td>-11</td>
<td>1.8</td>
</tr>
<tr>
<td>Unemployment (12m av, %)</td>
<td>5.3</td>
<td>6.9</td>
<td>7.6</td>
</tr>
</tbody>
</table>

* Consumer contract only  
** Based on latest November 2013 figure

Sources: NL Central Bureau of Statistics, CPB, Telecompaper, Wireless Smartphone Strategies
Vodafone Netherlands
Well positioned in the market

- **Strong number 2 player**, closing gap to the incumbent
- Commercial flexibility with two retail formats and **hollandsnieuwe** as no-frills brand
- Extensive **own direct sales** channels (250 stores)
- Excellent network coverage with 3G advantage, **4G (Randstad)** and **Project Spring acceleration**
- Growing **unified communications** presence in an increasingly converged market
- Leading **net promoter scores** in consumer, SOHO and corporate segments

### Key Figures (H1 13/14)

<table>
<thead>
<tr>
<th></th>
<th>Consumer contract</th>
<th>Consumer prepaid</th>
<th>SOHO</th>
<th>SME</th>
<th>Corporate</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer base (m)</td>
<td>2.2</td>
<td>1.6</td>
<td>0.5</td>
<td>0.4</td>
<td>0.6</td>
<td>5.3</td>
</tr>
<tr>
<td>Mobile market share (%)</td>
<td>30</td>
<td>27</td>
<td>38</td>
<td>35</td>
<td>42</td>
<td>31</td>
</tr>
</tbody>
</table>
Strong financial performance in a tough market

- Maintained revenue market share in a declining market
- Healthy and stable EBITDA margin due to good cost discipline
- Increasing share of data revenue
- Additional investment of c.€250m from Project Spring

### Contribution to Europe (H1 13/14)

- **Service revenue (%)**
  - Netherlands: 6%
  - Europe other: 94%

- **AOP (%)**
  - Europe other: 91%

### Data revenue growth (£m)

- H1 12/13: 138
- H2 12/13: 165
- H1 13/14: 186

+35% YoY

### EBITDA margin (%)

- FY 11/12: 33.8
- FY 12/13: 35.6
- H1 13/14: 34.5
Dutch total telecom market
Vodafone: strong #2 in mobile – growth potential in fixed

€5.7bn

T-Mobile

KPN

Vodafone

0%

R

80%

60%

40%

20%

Mobile

Fixed voice and broadband

Other

UPC

Ziggo

KPN

€1.6bn

Pay TV

Other

KPN

UPC

Ziggo

€11.9bn*

* Excludes wholesale/other
Source: Telecompaper, Company Fillings (Published Reports, Websites and Press), IDC, Screen Digest, Telegeography
Recent market trends

Recession driving growth in no-frills segment...
Consumer contract gross adds

- Q1 11/12: 71% Premium, 29% No frills
- Q2 11/12: 75% Premium, 25% No frills
- Q3 11/12: 67% Premium, 33% No frills
- Q4 11/12: 67% Premium, 33% No frills
- Q1 12/13: 60% Premium, 40% No frills
- Q2 12/13: 57% Premium, 43% No frills
- Q3 12/13: 54% Premium, 46% No frills
- Q4 12/13: 46% Premium, 50% No frills
- Q1 13/14: 40% Premium, 60% No frills
- Q2 13/14: 38% Premium, 62% No frills

... however appetite for high end devices still strong...
Consumer contract smartphone penetration*

- H1 10/11: 33%
- H2 10/11: 44%
- H1 11/12: 55%
- H2 11/12: 65%
- H1 12/13: 72%
- H2 12/13: 77%
- H1 13/14: 79%

* Vodafone figures

Sources: GfK, ACM, Panelclix, Telecompaper, Direct Research, Competitive Radar, Published Annual Reports

... and one of the first markets to experience OTT threat
SMS volumes (bn)

- Q4 2011: 2.6
- Q2 2013: 1.3

... and demand for data continues to grow
Mobile data growth (PB)

- H1 10/11: 33%
- H2 10/11: 44%
- H1 11/12: 55%
- H2 11/12: 65%
- H1 12/13: 72%
- H2 12/13: 77%
- H1 13/14: 79%
Our strategy

1. Differentiate through network
2. Market leading customer management
3. Focused commercial strategy
4. Grow in unified communications
Differentiate through network

#Fast Forward programmes...

...with 4G roll out acceleration...

Current Status

- Nationwide coverage on 800 & 1,800 MHz
- c.2.6k 4G sites

End of FY14/15

...to differentiate our brand through our network...

...and additional Project Spring investments

- 4G roll out acceleration including VOLTE and LTE roaming
- Further build out high capacity backhaul
- Improved indoor coverage for Top 200 enterprise customers
- Investment in small cells deployment
**Market leading customer management**

**Track record in outperforming the market...**

- Vodafone
- Operator 1
- Operator 2
- Other Operators

**... delivering improved customer satisfaction...**

NPS gap to ranked 2 operator

**... with renewed focus on customer experience...**

1. Market leading offers
   - Roaming
   - Cost Control
   - Buy and Get

2. Online care

3. My Vodafone Apps

**... and justifying our premium positioning**

Price perception vs. Brand quality

Sources: Internal Market Insight, Millward Brown, TNS NIPO
# Focused commercial strategy

<table>
<thead>
<tr>
<th>Focus area</th>
<th>Consumer</th>
<th>Enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low (€0-20)</td>
<td>Youth Data Hybrid</td>
<td>Corporate (&gt;200 FTE)</td>
</tr>
<tr>
<td>Mid (€20-40)</td>
<td>Multi-brand Strong value play Own distribution</td>
<td>Converged M2M and Healthcare Indoor Coverage</td>
</tr>
<tr>
<td>High (&gt;€40)</td>
<td>Vodafone RED/4G Attachments (add-on) Support and devices</td>
<td>One Business</td>
</tr>
<tr>
<td>SOHO (1-30 FTE)</td>
<td>Vodafone RED/4G Attachments (add-on) Business specialists</td>
<td>One Net Express</td>
</tr>
<tr>
<td>SME (30-200 FTE)</td>
<td>Converged Business Partners Easy experience</td>
<td>Customised</td>
</tr>
</tbody>
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## Portfolio

- **Hybrid**
  - Prepaid
  - Vodafone RED and Vodafone Thuis
  - One Net Express

- **Basic**
  - Vodafone RED and Vodafone Thuis
  - One Net Express

## Brands

- **hollands nieuwe.**
  - Vodafone RED/4G Attachments
  - Vodafone RED/4G Attachments (add-on)
  - Vodafone RED/4G Attachments (add-on) Business specialists

- **VOGE**
  - One Business
  - One Net Express

- **Customised**
  - Converged Business Partners Easy experience
  - Converged M2M and Healthcare Indoor Coverage
<table>
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<tr>
<th>Current Status</th>
<th>Consumer</th>
<th>Enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Products</strong></td>
<td>Triple play on fibre; all wholesale from incumbent</td>
<td>Data, fixed voice, converged and managed services</td>
</tr>
<tr>
<td><strong>Customers (#)</strong></td>
<td>36k fibre</td>
<td>35k seats</td>
</tr>
<tr>
<td><strong>Market share (%)</strong></td>
<td>&lt;1%</td>
<td>c.3%</td>
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**Strategy**

**Consumer**
1. Build own Internet Service Provider
2. Migrate customer base from incumbent
3. Focus unbundling on fibre (ODF)
4. Extend triple play on (V)DSL

**Enterprise**
1. Launch One Net Express
2. Accelerate corporate converged (VOGE)
3. Automate operations for scaling
4. Strengthen brand and positioning

**Grow in unified communications**

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<th>Strategy</th>
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**Campaign**

- Vodafone Thuis via glasvezel
- Grow in unified communications
- Products: 12
- Customers (#): 36k fibre
- Market share (%): <1%
- Current Status: Strategy
- Launch One Net Express
- Accelerate corporate converged (VOGE)
- Automate operations for scaling
- Strengthen brand and positioning
Summary

Solid & improving economy

Commercial strength, brand and scale

Opportunities in a converging world

Disciplined execution of our strategy

1. Differentiate through network
2. Market leading customer management
3. Focused commercial strategy
4. Grow in unified communications
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 related to Project Spring; expectations regarding growth in customers and usage; expectations related to competitive position; statements in relation to smartphone adoption, mobile data, SMS and fixed growth and technological advancements; statements in relation to the launch of new products and service offerings, including the 4G roll out; and expectations regarding adjusted operating profit, service revenue growth, EBITDA, EBITDA margin and margins generally, cash generation and free cash flow, costs, data growth, and capital and operating 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 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). 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.