Financial Review
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Chief Financial Officer, Vodafone Germany

Vodafone Germany Investor & Analyst Day
14 07 2005
Agenda

- Market Overview
- Commercial Strategy
- Financial Review

Revenue Analysis

Consistent revenue growth

Service Revenue

<table>
<thead>
<tr>
<th>FY 2002/3</th>
<th>FY 2003/4</th>
<th>FY 2004/5</th>
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<tbody>
<tr>
<td>€b n</td>
<td>€b n</td>
<td>€b n</td>
</tr>
<tr>
<td>5,762</td>
<td>6,123</td>
<td>6,393</td>
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</tbody>
</table>

Data Revenue

<table>
<thead>
<tr>
<th>FY 2002/3</th>
<th>FY 2003/4</th>
<th>FY 2004/5</th>
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<tbody>
<tr>
<td>€b n</td>
<td>€b n</td>
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<tr>
<td>1,074</td>
<td>1,160</td>
<td>1,173</td>
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Revenue Analysis Chart:

- Voice revenue
- Data revenue
- Data % of service revenue

Consistent revenue growth

- Voice revenue: 16.4% in FY 2002/3, 17.4% in FY 2003/4, 18.1% in FY 2004/5
- Data revenue: 7.5% in FY 2002/3, 5.3% in FY 2003/4, 5.1% in FY 2004/5
- Data % of service revenue: 16.8% in FY 2002/3, 17.4% in FY 2003/4, 18.1% in FY 2004/5
Cost Analysis

Operating costs under control whilst maintaining market share

Customer base costs

Other direct costs

Cost Management

Strong focus on relative efficiency leading to outstanding efficiency gains
Cost Management

Strong focus on opex leading to outstanding efficiency gains

Net operating expenses

- FY 2002/3: €751m, €808m
- FY 2003/4: €773m, €756m
- FY 2004/5: €873m, €706m

% of Technology:
- FY 2002/3: 51.5%
- FY 2003/4: 49.3%
- FY 2004/5: 44.7%

* Technology is defined as networks, IT and billing (net of the respective capitalised overheads)

Cost Management

Improving efficiency by managing human resources

- FY 2002/3: 2,608 FTE, 8,798 Customers
- FY 2003/4: 2,673 FTE, 9,359 Customers
- FY 2004/5: 2,968 FTE, 9,172 Customers
Cost Management

Sustainable EBITDA growth

Margin improvement through:
- Higher revenues
- Controlling direct costs
- Stable cost to connect
- Stable opex

Driving Cash Flow

Stable investments and strongly increasing operating free cash flow

Tangible fixed asset additions

Operating free cash flow\(^{(1)}\)

\(^{(1)}\) EBITDA adjusted for exceptional items and working capital movements (excluding intercompany) less cash capital expenditure
One Vodafone

- One Vodafone is a major programme of change, designed to ensure our continued success and growth
- We all have a stake in One Vodafone, and it impacts all of us
  - it is something we are doing together
- We target “smart” rather than “crude” benefits of global scale
  - more rewarding, but more challenging to execute
- Executing fast and effectively is our key goal
  - we win, our customers win, our investors win

One Vodafone comprises six initiatives

<table>
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<tr>
<th>Service Delivery Platform</th>
<th>Networks &amp; Supply Chain</th>
<th>Customer Management</th>
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<tr>
<td>IT Delivery</td>
<td>Terminals</td>
<td>Roaming</td>
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</table>

One Vodafone – IT Delivery

Significant potential cost and revenue benefits

- Migration to a global IT organisation
- Initial focus on customer facing systems
- Vodafone Information Systems in Germany used as one main data centre
- Migration of VF Netherlands’ IT systems to German Data Centre in progress
- More potential areas under consideration
One Vodafone – Networks and Supply Chain

- Single Global planning and design function
- Former CTO of Vodafone Germany head of global networks
- Approx. 50 employees from VF Germany’s network planning department transferred to global unit on 1 April 2005
- VF Germany’s programmes:
  - single vendor strategy (MSCs)
  - Dark Fibre (Reduction of leased line costs)

One Vodafone – Service Delivery Platform

VF Germany both a customer and a supplier

- Overall about 450 people
- Management team and approx. 100 employees from Germany transferred to global unit on 1 October 2004
- 6 platforms presently hosted by global unit
- Complete migrations for 9 countries by March 2006
One Vodafone – Customer Management

Sharing best practice

- Best practice projects in implementation phase
- Outsourcing without risking quality
- Increase Customer Management related customer satisfaction
- Reduce service-related churn
- Increase ARPU through service-related selling
- Reduce unit cost of service and retention
- Increase customer facing staff satisfaction

One Vodafone - Terminals

Unique product differentiation

- Common portfolio of 3G handsets successfully launched in November 2004
- 14 different 3G handsets on offer since May 04
- Highest variety in the market for 3G handsets in Germany
- First 3G PDA (Motorola A1000) in Germany
One Vodafone - Roaming

Delivering on customer satisfaction

Germany is one of the most travel active countries in the world (average: 2.3m Vodafone roamers per month)

- Vodafone Passport launched on 1 June 2005
- Take your home tariff abroad to 18 countries
- Call set up charge of 75 Euro cents and then home tariff price per min thereafter

Thank you for your attention