Market Overview

Jürgen von Kuczkowski
Chief Executive Officer, Vodafone Germany

Vodafone Germany Investor & Analyst Day
14 07 2005
Agenda

- Market Overview
- Commercial Strategy
- Financial Review

Vodafone Germany – History

- 1989 - 1995: Launch of the first commercial GSM network in Germany
- 1992: One million customers
- 1995: One million customers
- 2000: UMTS license granted
  - 15 million customers
  - Turnover: €6.7 billion
- 2001: Launch of GPRS technology
- 2001: First UMTS data transmission
- 2004: Feb: launch of UMTS with Vodafone Mobile Connect 3G data card
- 2004: Nov: launch of UMTS for consumers
- 2005: 27 million customers, €8.3 billion turnover
  - UMTS network coverage > 60% of the population
- 2000: First UMTS data transmission
- 2004: Launch of UMTS with Vodafone Mobile Connect 3G data card
- 2004: Nov: launch of UMTS for consumers
- 2005: 27 million customers, €8.3 billion turnover
  - UMTS network coverage > 60% of the population
**Vodafone Germany – Integral Part of the Group**

**Strong position within Vodafone Group (FY 2004/05)**

<table>
<thead>
<tr>
<th></th>
<th>Customers</th>
<th>EBITDA</th>
<th>Operating Free Cash Flow</th>
</tr>
</thead>
<tbody>
<tr>
<td>VF Group</td>
<td>154.8m</td>
<td>€19.1bn</td>
<td>€11.5bn</td>
</tr>
<tr>
<td>VF Germany</td>
<td>27.2m</td>
<td>€3.9bn</td>
<td>€2.7bn</td>
</tr>
<tr>
<td></td>
<td>18%</td>
<td>20%</td>
<td>23%</td>
</tr>
</tbody>
</table>

The Group reports its financial results in pounds sterling. The Group figures for the 12 months to 31 March 05 have been translated, solely for illustrative purposes, at the average exchange rate during the financial year of 1.467 Euro:£.

---

**The German Telecommunications Market**

Telecommunication revenues in Germany: €64.5bn in FY 2004

- **mobile** €22.1bn
- **fixed line** €23.0bn
- **Other*** €19.4bn

Telecommunication minutes of use in Germany: 363bn in FY 2004

- **mobile** 37bn minutes
- **fixed line** 326bn minutes

* Other includes interconnection, leased lines, data communication services, broadcasting services, radio data transmission etc.
The German Mobile Communications Market

Mobile communication service revenues in Germany: €20.3bn in FY 2004/05

- Vodafone Germany: €7.802bn
- T-Mobile Germany: €7.679bn
- O₂ Germany: €2.474bn
- E-Plus: €2.341bn

Source: External & Company data
Competitive Positioning

Vodafone is well positioned in the German mobile market

![Diagram showing competitive positioning]

- **Vodafone**
  - incumbent with fixed line operations
  - reliable, good network
- **O₂**
  - aggressive pricing
  - less innovative
- **e-plus**
  - simplicity
  - home zone targets fixed mobile substitution

Vodafone Germany

Market leader in net additions

<table>
<thead>
<tr>
<th>Net additions ('000) April '04 to March '05</th>
<th>Customer market share ('000) 31 March '05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vodafone Germany</td>
<td>38%</td>
</tr>
<tr>
<td>T-Mobile</td>
<td>13%</td>
</tr>
<tr>
<td>E-Plus</td>
<td>11%</td>
</tr>
<tr>
<td>O₂</td>
<td>38%</td>
</tr>
</tbody>
</table>

Source: External & Company data
Positioning for Future Growth

<table>
<thead>
<tr>
<th>Threats</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Pricing</td>
<td>• Large Market</td>
</tr>
<tr>
<td>• New models/new players</td>
<td>• Leading market position</td>
</tr>
<tr>
<td>• Regulation</td>
<td>• 3G growth engine</td>
</tr>
<tr>
<td></td>
<td>• Fixed network revenue potential</td>
</tr>
</tbody>
</table>

Pricing

Voice – revenue per minute* benchmarking

Source: Company data

* Revenue per minute includes monthly fees, outgoing and incoming charges
New Models and New Players

Two new types of non network based competition

Price \(\Delta\) from
Market Mean

Low frills
SIM only

"Branded
Reseller"

\(\Delta\) from "Normal"
Mobile Business
Model

Regulation

Considerable decrease in termination rates

Termination rates: Vodafone from fixed network operators
(€-Cent/min)

* As from Dec 2004
** Agreed with T-Com as from Dec 2005; subject to review by RegTP
Positioning for Future Growth

<table>
<thead>
<tr>
<th>Threats</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Pricing</td>
<td>• Large market</td>
</tr>
<tr>
<td>• New models/</td>
<td>• Leading market position</td>
</tr>
<tr>
<td>new players</td>
<td>• 3G growth engine</td>
</tr>
<tr>
<td>• Regulation</td>
<td>• Fixed network revenue</td>
</tr>
<tr>
<td></td>
<td>potential</td>
</tr>
</tbody>
</table>

Large Market

The German mobile communications market still offers growth potential

Annual minutes of use per customer for the year ended March 2005

Penetration rates as at March 2005

Source: Company data
Market Share

Strong improvement in profitability

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Additions Total ('000)</strong></td>
<td>2,072</td>
<td>2,211</td>
<td>1,796</td>
<td>1,002</td>
</tr>
<tr>
<td><strong>EBITDA €m</strong></td>
<td>3,587</td>
<td>3,872</td>
<td>3,662</td>
<td>625</td>
</tr>
<tr>
<td><strong>EBITDA-Margin (% Total Revenue)</strong></td>
<td>45.0%</td>
<td>46.4%</td>
<td>41.3%</td>
<td>25.0%</td>
</tr>
</tbody>
</table>

Source: External and Company data

The 3G World: unlimited

- DVB-H, mobile TV & streaming
- Video telephony & conference
- Music devices & interactive players
- Mobile network gaming
- HSDPA
- UMTS inside: Embedded modules
- Senate

Source: Vodafone Germany Investor & Analyst Day 14 July 2005