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Data will drive global telecoms growth...

Source: IDC Worldwide Black Book 2010

1. 5 year CAGR
The evidence is compelling...

- Tablets start to bite into laptop
- Vodafone grabs 40% M2M share
- Mobile data traffic explosion
- 210k Android phones activated per day
- Google’s Android mobiles overtake global iPhone sales
- iPhone pre-orders overwhelming
- Smartphones for everyone
- MediaTek sees emerging market breakthrough for smartphones
- Look how far we have come
- But smartphones, particularly the latest generation of handsets – such as the iPhone 4, Motorola’s Droid 2 or the BlackBerry Torch – embody the pace of change and sheer inventiveness of the always-innovating personal technology market.
... and so are our insights
Vodafone active data customers - June 2010

⅓ browse
25% play games
20% email
15% social networking
11% maps

30% of businesses on smartphones
Video and music growing fast
Positive outlook for healthy growth

- **Increasing smartphone share of industry handset shipments**
  - 2006: 8%
  - 2010: 20%

- **Wider range of smart devices**
  - 2006: 
  - 2010: 

- **Increased app range and functionality**
  - 2006: 
  - 2010: 

- **Greater speeds**
  - 2006: 1.8 mbps
  - 2010: 43.2 mbps

---

1. Peak downlink speeds
... and penetration has significant room to grow

Europe
- Data users: 32.8m
- Data penetration: 35.2%

Asia Pacific & Middle East
- Data users: 5.5m
- Data penetration: 4.8%

Africa & Central Europe
- Data users: 13.2m
- Data penetration: 22.7%

Data based on Q1 10/11
1. Total active data users
2. Active data user penetration
Vodafone is well positioned to exploit the data explosion

£4.5bn\textsuperscript{1} mobile data revenue

+25.4% data revenue growth

51.5m active data users

Data based on Q1 10/11
1. Annualised organic data based on Q1 FY 10/11
Vodafone is creating a profitable data future

1. Technology: speeds, quality and management capabilities
2. Smart devices segmentation
3. Future-proof data pricing
Vodafone is building technology advantage

**Billing / CRM**
- Data billing
- 3rd party payments

**Network speed**
- HSPA upgrades
- IP backhaul ethernet microwave
- LTE

**Traffic management**
- Quality of service capabilities
- Flexible tiering
- Content optimisation

**Network capacity**
- Carriers
- Spectrum refarming
- Auctions

**Cost efficiency**
- Site build
- Additional carriers
- Network sharing
- Femto/WiFi offload

**Wide coverage**
- 80-90% 3G outdoor coverage

**Ample capacity**
- Only 7% of sites near capacity in busy hour

**High Speed**
- 45% of network
- ≥14.4Mbps

1. Europe
## Delivering profitable growth

<table>
<thead>
<tr>
<th>FY 09/10</th>
<th>FY 12/13¹</th>
<th>Data profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td>≥70%</td>
<td></td>
</tr>
<tr>
<td>Smartphone sales mix</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11%</td>
<td>≥35%</td>
<td></td>
</tr>
<tr>
<td>Smartphone penetration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>34%</td>
<td>≥50%</td>
<td></td>
</tr>
<tr>
<td>Data penetration</td>
<td></td>
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</tbody>
</table>

**Increased penetration enabled by more segmentation**

**Opportunity to improve revenues and margins**

### Data profitability

<table>
<thead>
<tr>
<th></th>
<th>Usage</th>
<th>A&amp;R</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Non smartphone</td>
<td>Low</td>
<td>Medium</td>
<td>Similar profitability</td>
</tr>
<tr>
<td>High tier smartphone</td>
<td>Medium/High</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Mid tier smartphone</td>
<td>Low/Medium</td>
<td>Medium</td>
<td>Higher profitability</td>
</tr>
<tr>
<td>Mobile broadband</td>
<td>Very high</td>
<td>Low</td>
<td>Lowest profitability</td>
</tr>
</tbody>
</table>

1. Europe targets published in the preliminary results presentation on 18 May 2010
Future-proof data pricing

**Today**
Fair usage / capped plans

- 500MB
- 1GB

**Tomorrow**
Tiered plans (Mbps) + Quality of service segmentation (Mbps)

**Fixed price**
- Ambiguous fair usage limits
- Discourages data adoption
- Benefits high users - 2% generate 75% of traffic

**Variable price on quantity and quality**
- Increased transparency for users
- Choice and self-segmentation
- Usage/app friendly
- Upgrade opportunity

**Market by market approach – from Q3 10/11**

1. Based on European OpCo sample data (June 09/10)
The data future will be profitable.

Vodafone is investing to create a commercial and technological advantage.
Question and Answer Session