Vodafone Group Plc
Creating a valuable data future
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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 sales

Vodafone grabs 40% M2M share

Mobile data traffic explosion

210k Android phones activated per day

Look how far we have come

Google’s Android mobiles overtake global iPhone sales

Emerging markets and smartphones

iPhone pre-orders overwhelming

MediaTek sees emerging market breakthrough for smartphones

Smartphones for everyone
... and so are our insights
Vodafone active data customers - June 2010

1/3 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: 

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

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

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\(^1\) 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

Network capacity
- Carriers
- Spectrum refarming
- Auctions

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

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

Wide coverage
80-90% 3G outdoor coverage\(^1\)

Ample capacity
Only 7% of sites near capacity in busy hour\(^1\)

High Speed
45% of network \(\geq 14.4\text{Mbps}\)^1

1. Europe
Delivering profitable growth

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

**Data profitability**

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

Increased penetration enabled by more segmentation

Opportunity to improve revenues and margins

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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**

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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