

Vodafone Group Plc

Interim Management Statement

For the 3 months ended 30 June 2010

23 July 2010



Disclaimer

Information in the following presentation relating to the price at which relevant investments have been bought or sold in the past or the yield on such investments cannot be relied upon as a guide to the future performance of such investments. This presentation does not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire or dispose of securities in any company within the Group.

The presentation contains forward-looking statements which are subject to risks and uncertainties because they relate to future events. These forward-looking statements include, without limitation, statements in relation to the Group's projected financial results for the 2011 financial year. Some examples of forward-looking statements and of the factors which may cause actual results to differ from these forward-looking statements are discussed on the final slide of the presentation.

The presentation also contains certain non-GAAP financial information. The Group's management believes these non-GAAP measures provide valuable additional information in understanding the performance of the Group or the Group's businesses because they provide measures used by the Group to assess performance. Although these measures are important in the management of the business, they should not be viewed in isolation or as replacements for, but rather as complementary to, the comparable GAAP measures.

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Agenda

- Overview
- Performance update
- Financial review
- Q&A



Q1 10/11 Overview

Group returns to organic revenue growth

Improving revenue trends in all regions - UK and Germany return to growth

Commercial actions driving faster data growth +25%

Accelerating growth in emerging markets

Strong cash flow generation funding investment and dividend growth policy

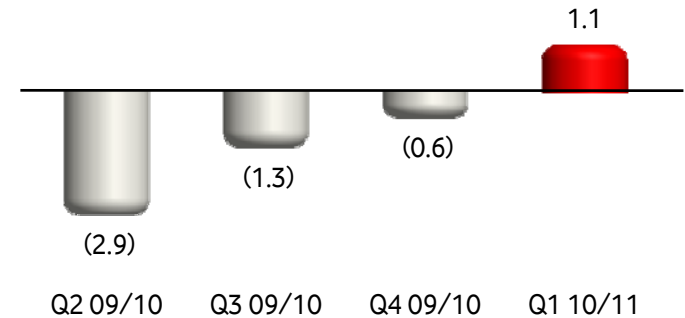
FY 10/11 outlook confirmed



Return to organic revenue growth

	Q1 10/11 £bn	Q1 10/11 Growth (%)	Q4 09/10 Growth (%)
Group service revenue	10.6	+1.1	(0.6)¹
Europe	6.8	(1.7)	(2.4) ¹
Africa & Central Europe	2.0	+3.7	+2.4
Asia Pacific & Middle East	1.8	+10.5	+5.0
Voice & messaging revenue	8.2	(3.0)	(4.2)
Data revenue	1.2	+25.4	+20.3
Fixed revenue	0.8	+4.5	+6.0
Capital expenditure²	1.0	(11.6)	+3.9
Free cash flow²	1.8	(6.8)	+35.3

Group service revenue growth (%)¹



- Third sequential quarterly improvement
- Europe +0.1% excluding 1.8pp MTR impact
- Emerging markets: India +14%, Turkey +24%
- Data and fixed growth compensate for voice & messaging

All growth figures are organic unless otherwise stated

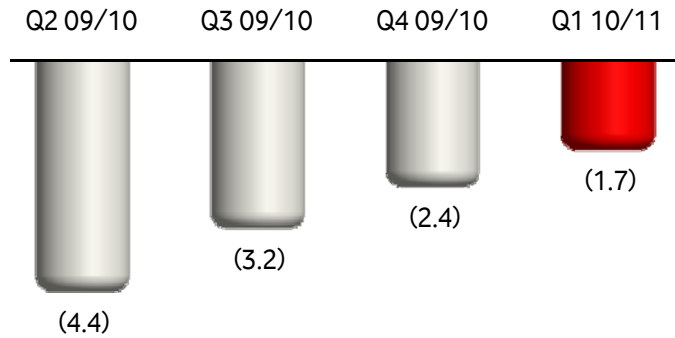
1. Adjusted for IFRIC 13 'Customer Loyalty Programmes'. Group reported growth: -3.0% in Q2 09/10, -1.2% in Q3 09/10, -0.2% in Q4 09/10. Europe reported growth: -1.7% in Q4 09/10

2. Not organic

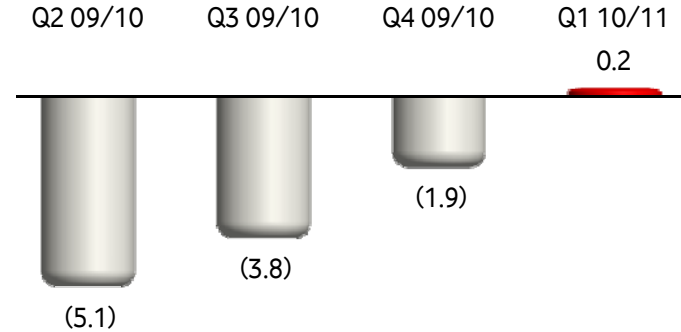


Europe: revenue trends continue to improve

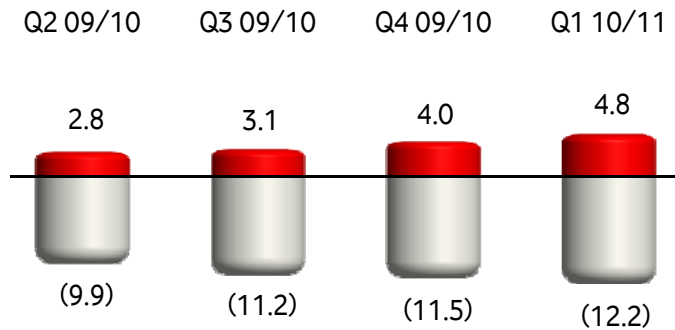
Service revenue growth - improving trend (%)¹



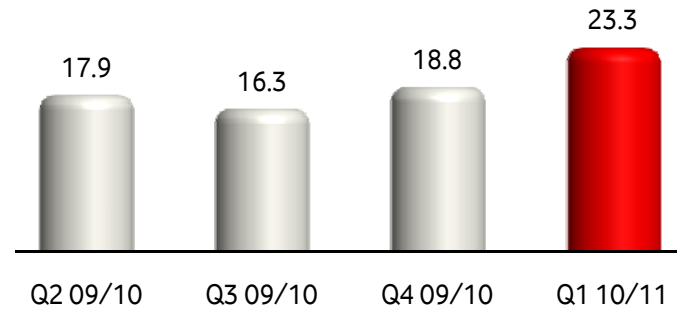
Enterprise service revenue growth - now positive (%)



Outgoing voice growth - improving volumes (%)



Data revenue growth - increases (%)



■ Usage ■ Effective rate per minute

All growth figures are organic unless otherwise stated

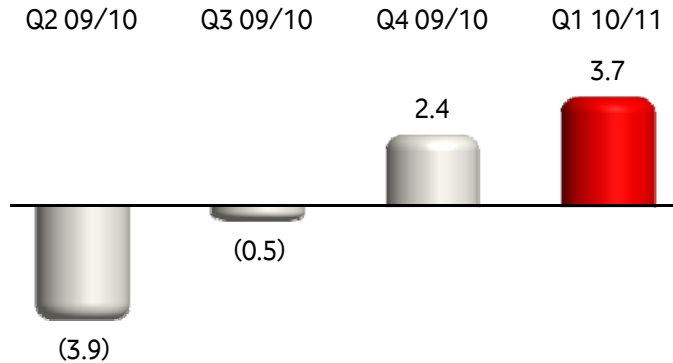
1. Adjusted for IFRIC 13 'Customer Loyalty Programmes'. Reported growth was -4.6% in Q2 09/10 and -1.7% in Q4 09/10



Emerging markets: growth remains strong

Africa & Central Europe

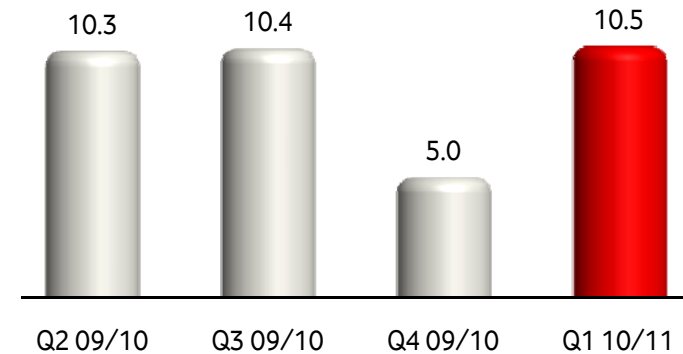
Service revenue growth (%)



- Turkey: turnaround delivering strong revenue growth
- South Africa: strong overall performance and excellent progress in data
- Central Europe: positive trends in a fragile economic environment, with large MTR cuts

Asia Pacific & Middle East

Service revenue growth (%)



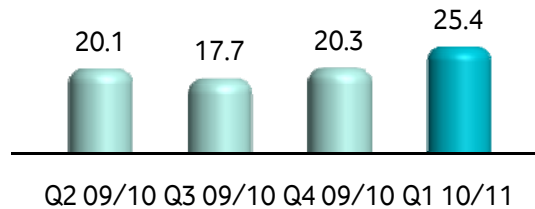
- India: stronger revenue growth; no major price moves by leading competitors
- Egypt: continued price pressure; stable revenue market share; strong data growth
- Australia: integration on track and strong revenue growth



Driving data growth and smartphone profitability

Increasing revenue

Group data revenue growth (%)

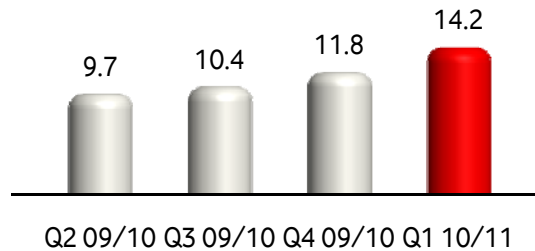


Group:

- 51m data users; mostly Europe
- Mobile internet revenue +57%
- Mobile broadband +24%

Driving penetration

Europe smartphone penetration (%)

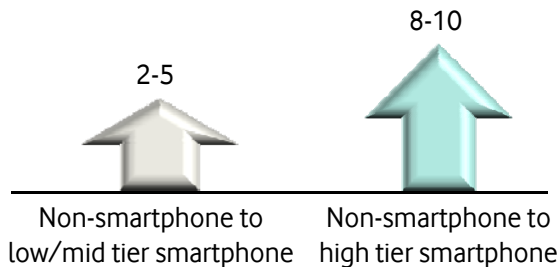


Europe:

- 35% of customers use a data product
- Smartphone data attach rates 51%
- Data volumes +115%; but average peak hour 3G utilisation broadly stable at ~38%

Smartphone ARPU uplift

Smartphone ARPU uplift (€)



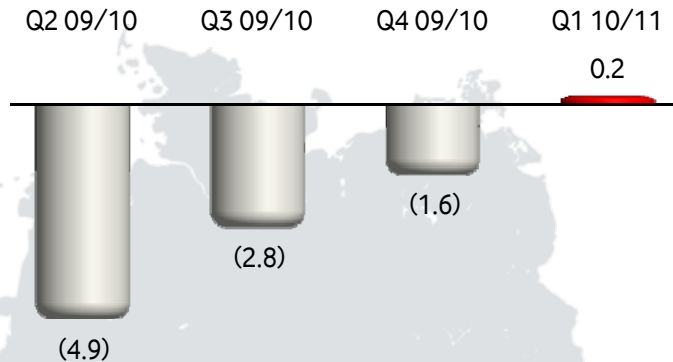
Smartphones:

- Aligning subsidy with customer spend
- Positive outlook assuming higher data attach rates and increased penetration of tiered plans

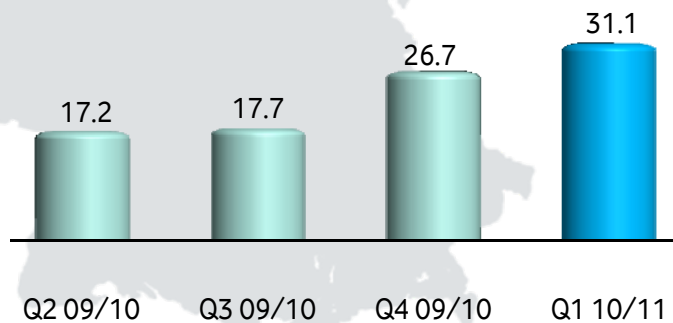


Germany: return to revenue growth

Service revenue growth (%)



Data revenue growth (%)



- Economy improving
- Service revenue:
 - Mobile +0.2%, including +1.2pp QoQ MTR benefit
 - Data +31%; smartphones, netbooks and iPads
 - Enterprise +2.6% driven by account wins and roaming
 - Fixed line +0.1%, stable amid stronger competition
- Commercial focus:
 - Investment in high value segments drives contract ARPU up +0.5%
 - Driving data with smartphones and high data attach rates
 - Strong prepaid net adds due to “o.tel.o” 2nd brand
 - Cost reduction: Field force outsourcing (650 FTEs)
- Commercial use of 800MHz for LTE expected in Q4¹

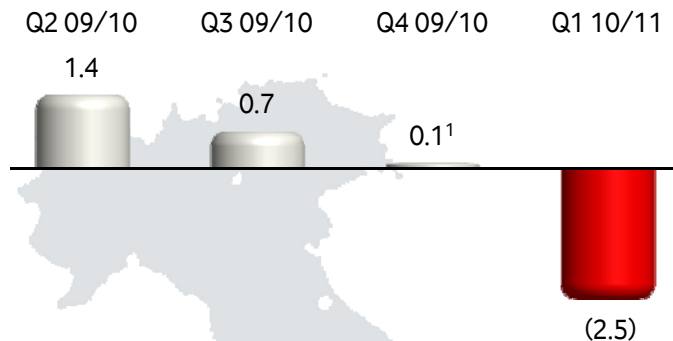
All growth figures are organic unless otherwise stated

1. Total spectrum acquired in May 2010: 2x10 800 MHz, 2x5 2.1GHz, 2x20 2.6GHz, 25 MHz 2.6GHz unpaired

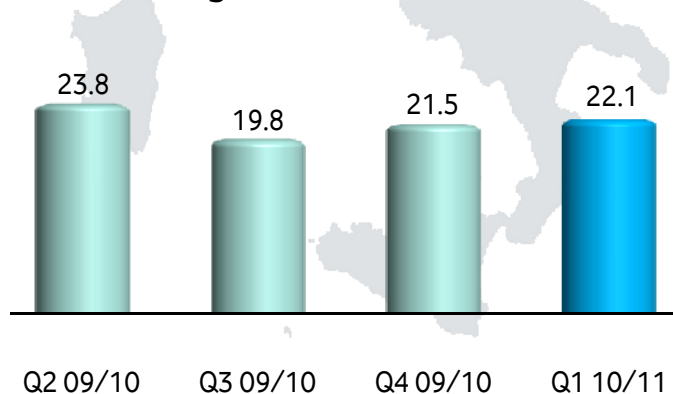


Italy: responding to competitive pricing pressure

Service revenue growth (%)



Data revenue growth (%)



- Challenging market environment:
 - Southern Europe economic issues impacting consumer sentiment
 - Significant increase in price-based competition
- Service revenue drivers:
 - Mobile -4%; voice & SMS impacted by price pressure
 - Data +22%; mobile internet +52%, mobile broadband +27%
 - Fixed +12%; 1.4m broadband customers (+90k²)
 - Enterprise +4%; driven by small business segment
- Commercial focus:
 - Remaining competitive in an aggressive pricing environment
 - Driving usage: “*Infinity*” offers and seasonal promos
 - Driving smartphone penetration and data attach rates - “*Smarter with Vodafone*” campaign
 - Enhanced enterprise customer base management

All growth figures are organic unless otherwise stated

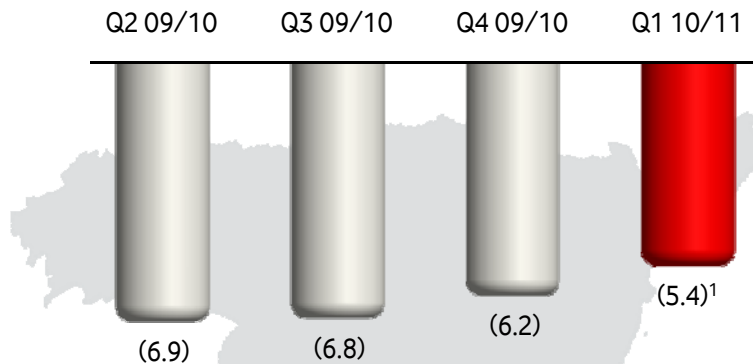
1. IFRIC 13 ‘Customer Loyalty Programmes’ benefit c.2.2pp, reported growth +2.3%

2. 100% basis

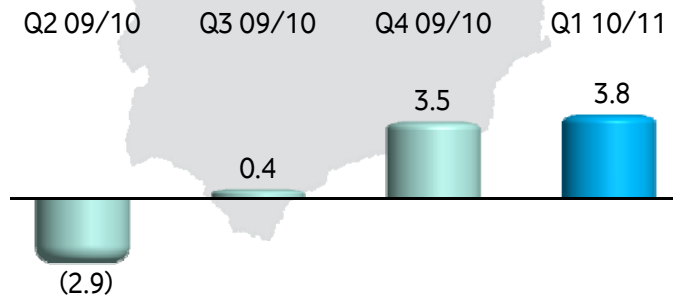


Spain: slight improvement in a challenging environment

Service revenue growth (%)



Outgoing voice usage growth (%)



- Difficult market conditions:
 - High unemployment; household incomes squeezed
- Service revenue drivers:
 - Mobile -6.2%¹; broadly stable consumer contract revenue offsetting continuing prepaid weakness
 - Outgoing voice usage continuing to improve
 - Data +14%; mobile broadband and mobile internet (+24% excluding content)
 - Fixed +7%; broadband revenue +8%
- Commercial focus:
 - Driving smartphone penetration (iPhone from end July) and data attach rates
 - Increased penetration of contract flat tariffs
 - High value customers: 15% of enterprise customers on QoS tariffs
 - New prepaid value tariffs from June

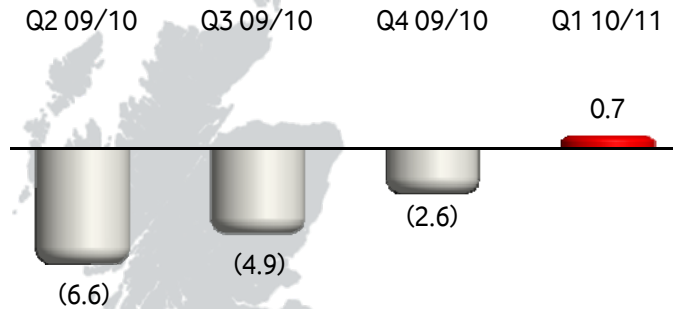
All growth figures are organic unless otherwise stated

1. Reported service revenue decline of 6.2% and mobile service revenue decline of 7.0% adjusted for contract settlement in Q1 09/10 as disclosed in Q1 09/10 IMS

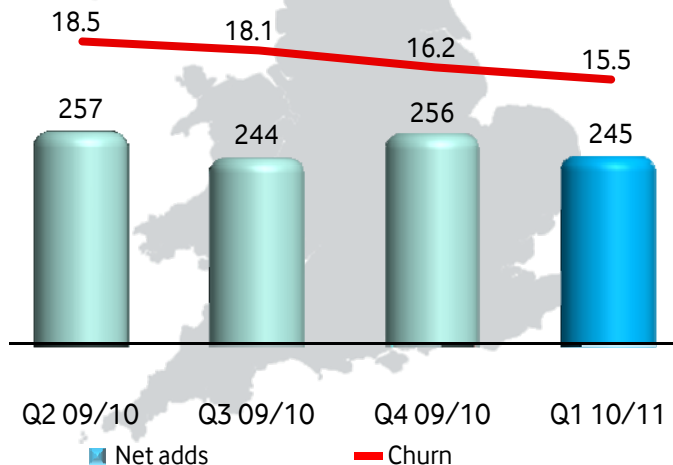


UK: return to revenue growth

Service revenue growth (%)



Contract: net adds ('000s) and churn (%)



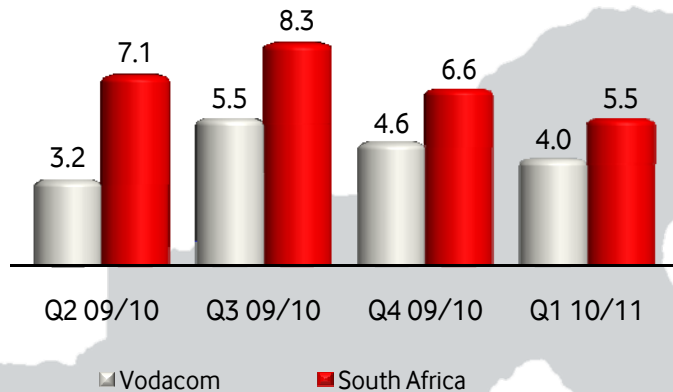
- Economy stabilising
- Service revenue drivers:
 - +3.3pp over Q4 driven by contract
 - Contract consumer and enterprise strong (1m net adds in last 12 months)
 - Focus on contract retention reducing churn to 15.5%
 - Data +28%; mobile broadband and mobile internet
 - Improved roaming trends
 - Enterprise returns to growth, +6pp higher than Q4
- Commercial focus:
 - Driving smartphone penetration; 17%
 - Vodafone VIP loyalty programme launch
 - Continued network enhancement; “Best Network” Mobile Industry award



Emerging markets: data growth in Vodacom; Turkey turnaround

Vodacom

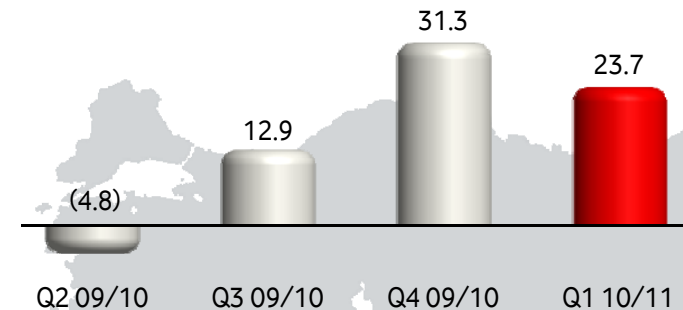
Service revenue growth (%)



- South Africa - excellent progress in data:
 - Improving economic conditions
 - Service revenue +8.3% excluding MTRs (Q4 +8.0%)
 - Data +34% driven by mobile broadband¹
 - Increased investment in 3G & fibre networks
 - Further MTR cuts expected
- Vodacom International - slowly recovering

Turkey

Service revenue growth (%)



- Record quarterly service revenue:
 - GDP recovering
 - Service revenue +43% excluding MTRs (Q4 +40%)
 - ARPU +17%; despite MTR reductions
 - Improved customer mix: contract base 3.1m (+1m YoY)
 - Launch of strategic initiatives in targeted segments
 - Continued distribution and network enhancement

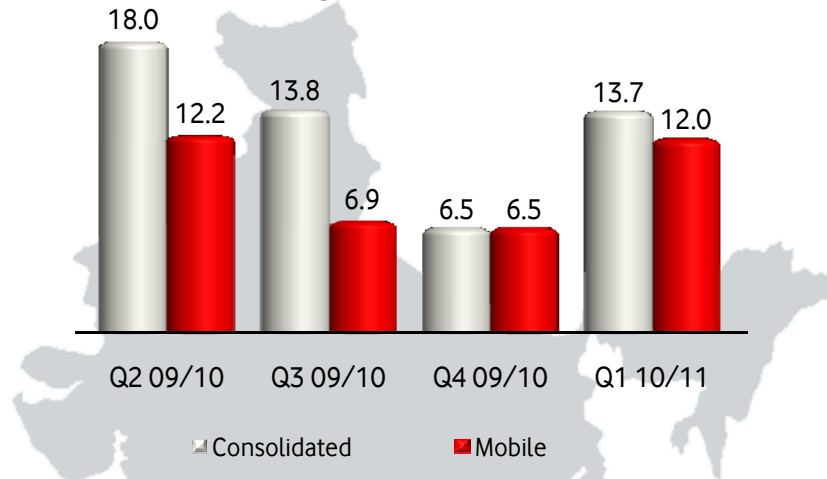
All growth figures are organic unless otherwise stated

1. Underlying service revenue reflecting the change in the data carry over rule, reported growth was 43%

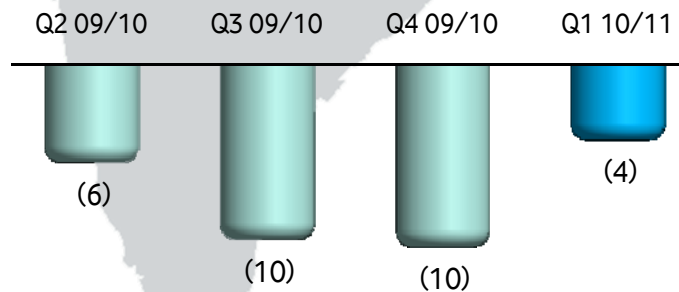


Emerging markets: strong performance in India

Service revenue growth (%)



Outgoing price trend (QoQ %)

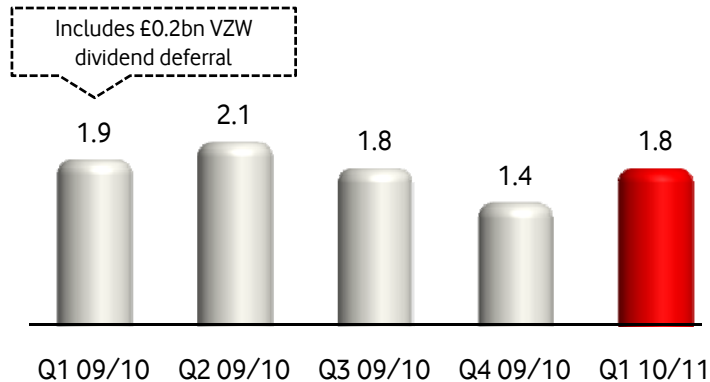


- Improving market trends:
 - No major price moves by leading competitors
 - ~90% of customer base on new tariffs
- Service revenue +14%:
 - +4pp QoQ due to MTR impact unwinding
 - Continued strong customer growth (109m base)
 - Improving usage and price trend
 - Indus Towers performing well (1.8 tenancy ratio)
- Operating free cash flow positive
- 3G services expected to commence in Q4¹:
 - Indus Towers as infrastructure provider

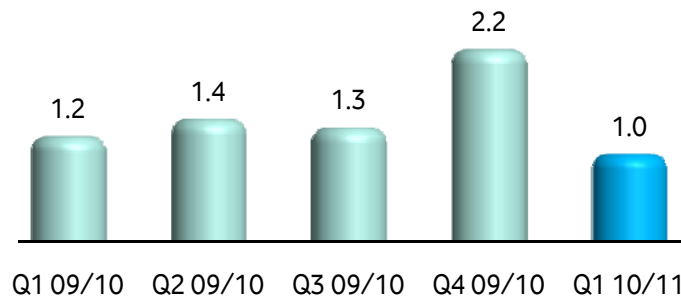


Strong cash generation funds investment and dividend policy

Free cash flow (£bn)



Capital expenditure (£bn)



- Q1 10/11 free cash flow £1.8bn
 - Broadly stable YoY after adjusting for foreign exchange
- Q1 10/11 capex £1.0bn
 - Europe: continued network investment
 - Turkey: network enhancement
 - India: continued network rollout
- Medium-term cash target supports dividend policy
 - £6-7bn p.a. free cash flow target until FY 12/13
 - At least 7% annual DPS growth targeted until FY 12/13



Net debt stable after spectrum investment; strong liquidity

	Q1 10/11 £bn
Opening net debt (31/03/10)	(33.3)
Free cash flow	1.8
Licences and spectrum	(2.9)
Foreign exchange	1.1
Other	0.6
Closing net debt (30/06/10)	(32.7)

- Licences and spectrum in India, Germany and the Netherlands
- Foreign exchange rate benefits
- Net debt includes £3.3bn India options¹
- Liquidity: fully financed for 2010
 - New €4bn 2015 credit facility
 - Existing facility of \$5bn matures 2012
- Settlement of UK CFC dispute with HMRC:
 - £1.25bn payment: £0.8bn in H210/11, remainder over 5 years
 - £3.1bn provision (tax and interest) at March 2010
 - Settles all outstanding issues from 2001 to date
 - No further liabilities under current legislation
 - Longer term, no liabilities expected following reforms of the regime

1. The Essar options are exercisable between 8 May 2010 and 8 May 2011



Progress on strategy

Increasing competitiveness and driving data in mature markets

- Delivering cost savings to fund increased commercial investment
- Network enhancements for faster data speeds and capability
- Enhancement of billing systems to support data pricing evolution
- Enhanced enterprise solutions for corporates
- Leveraging broadband capabilities to drive total communication services

Delivering growth in emerging markets

- Continued strong revenue growth in Africa and India
- Turnaround in Turkey delivering record revenue levels. Focus now on margin recovery
- Driving data opportunity

Enhancing shareholder returns / capital discipline

- At least 7% annual DPS growth targeted until FY 12/13, supported by £6-7bn p.a free cash flow target until FY12/13
- Value maximisation of controlled and non controlled businesses



Results of strategy update to be communicated in the Autumn



A stronger Vodafone

1. More commercially focused, executing on turnarounds and regaining competitiveness
2. Growing revenue beyond mature European voice
3. Maintaining investment in capacity and quality
4. Simplified organisation driving cost, efficiency and speed
5. Delivering company-wide focus on free cash flow generation to support increased shareholder returns



Question and Answer Session



Definition of terms

ARPU: Service revenue excluding fixed line revenue, fixed advertising revenue, revenue related to business managed services and revenue from certain tower sharing arrangements divided by average customers

Churn: Total gross customer disconnections in the period divided by the average total customers in the period

Data attach rates: The number of complementary data plans sold as a percentage of data capable handsets

DPS: Dividend per share

Emerging Markets: Africa & Central Europe and Asia Pacific & Middle East

Free cash flow: Operating free cash flow after cash flows in relation to taxation, interest, dividends received from associates and investments and dividends paid to non-controlling shareholders in subsidiaries

IFRIC: 13 'Customer loyalty programmes' - The interpretation addresses how companies that grant their customers loyalty award credits when buying goods and services should account for their obligations to provide free or discounted goods and services

Mark to Market: Mark-to-market or fair value accounting refers to accounting for the value of an asset or liability based on the current market price of the asset or liability

Mobile broadband: A connection device which provides access to 3G services to users with an active PC or laptop connection. This includes Vodafone Mobile Broadband data cards, Vodafone Mobile Connect 3G/GPRS data cards and Vodafone Mobile Broadband USB modems

Mobile Internet: Browser-based access to the Internet or web applications using a mobile device, such as a smartphone, connected to a wireless network

MTR: Mobile termination rate. A per minute charge paid by a telecommunications network operator when a customer makes a call to another mobile network operator

Net adds: The number of new customers acquired less the number of customer leaving during the period

Net debt: Long-term borrowings, short-term borrowings and mark-to-market adjustments on financing instruments less cash and cash equivalents

Operating free cash flow: Cash generated from operations after cash payments for capital expenditure (excludes capital licence and spectrum payments), and cash receipts from the disposal of intangible assets and property, plant and equipment

Organic growth: Presents performance on a comparable basis, both in terms of merger and acquisition activity and foreign exchange rates

QoS tariff: Quality of service tariff. A tariff that provides enhanced levels of service, this could include priority access to the network, faster downlink speeds or a higher usage allowance

Smartphone: A mobile phone offering advanced capabilities including access to email and the internet

Smartphone penetration: The number of smartphone devices divided by the number of registered sims excluding data only sims



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: the financial guidance contained within slide 4 and 15 and statements relating to the Group’s future performance generally; statements relating to the Group’s dividend per share growth policy contained on slides 4, 15 and 17; statements relating to the development and launch or enhancement of certain products, services and technologies, including network enhancement in Turkey and the launch of 3G services in India; expectations regarding growth in customers and usage, mobile data growth, data attach rates and technological advancements; statements relating to movements in foreign exchange rates; expectations regarding adjusted operating profit, free cash flows, costs, tax settlements and capital expenditures; expectations regarding cost efficiency programmes; and expectations regarding the integration or performance of current and future investments, associates, joint ventures and newly acquired businesses. 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, Vodafone’s ability to realise anticipated cost savings, the impact of legal or other proceedings, continued growth in the market for mobile services and general economic conditions .

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 heading “Forward-looking statements” and “Principal risk factors and uncertainties” in Vodafone Group Plc's Annual Report for the year ended 31 March 2010. The Annual Report can 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.

