

Vodafone Group Plc Interim Management Statement

For the 3 months ended 31 December 2009

4 February 2010



Disclaimer

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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 of the 2010 financial year. Some 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 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 as replacements for, but rather as complementary to, the comparable GAAP measures.

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Agenda

- Highlights
- Business review
- Financial outlook
- Q&A



Highlights: Q3 09/10

	£bn	Growth (%)	
		Q3	Q2
Group service revenue	10.7	(1.2)	(3.0)
• Europe	7.2	(3.2)	(4.6)
• Africa & Central Europe	2.0	(0.5)	(3.9)
• Asia Pacific & Middle East	1.6	10.4	10.3
Data revenue	1.1	17.7	20.1
Fixed revenue	0.9	10.0	9.0
<hr/>			
Free cash flow (YTD)¹	5.8	24.5	29.1

- Improved revenue trends in all regions
- Good progress in total communications strategy
- Continued strong free cash flow generation
- FY 09/10 free cash flow range upgraded

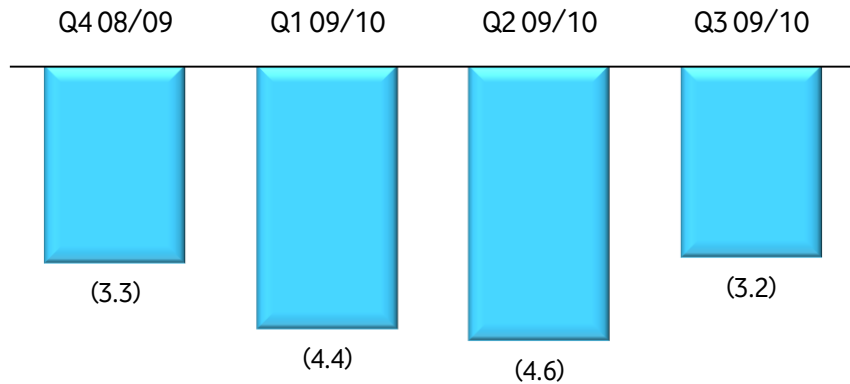
All growth figures are organic unless otherwise stated

1. Not organic

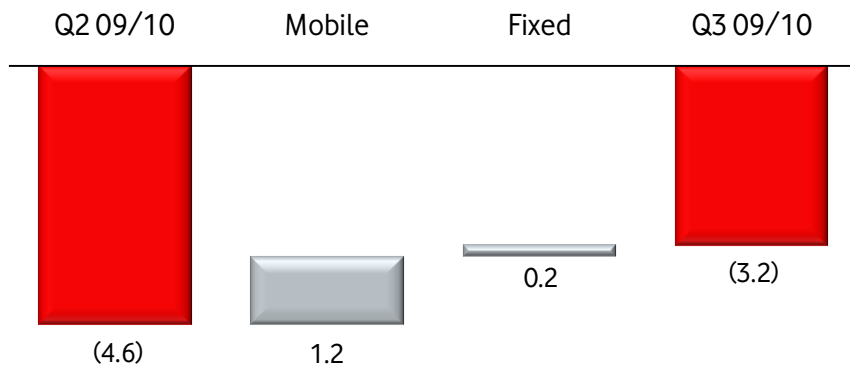


Europe: 1.4pp growth rate improvement

Service revenue growth (%)



Service revenue growth Q3 vs. Q2 (%)



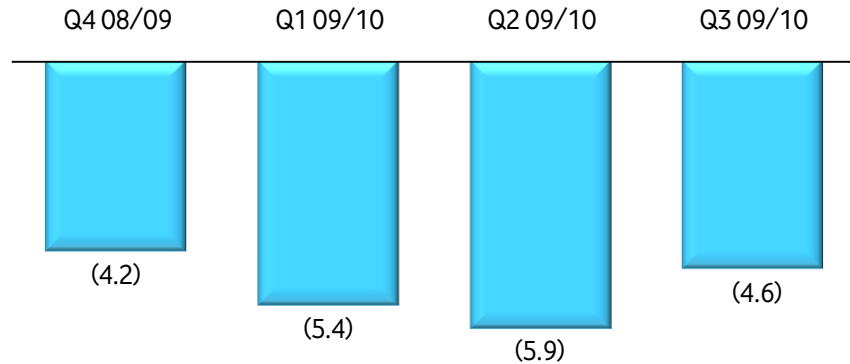
- Competitive intensity and economic environment unchanged
- Improved trend in UK and Germany, continued growth in Italy, stable trend in Spain
- Mobile -4.6%; decline slows vs. Q2
 - Smartphone focus on data attachment rates
 - Full rollout of value enhancement offers
 - Strong contract net adds 747k
 - Focused A&R supported by cost reduction programme
- Fixed Line +10%; positive trend continues
 - Strong net adds through own distribution
 - Vodafone Station success



Europe: key performance trends

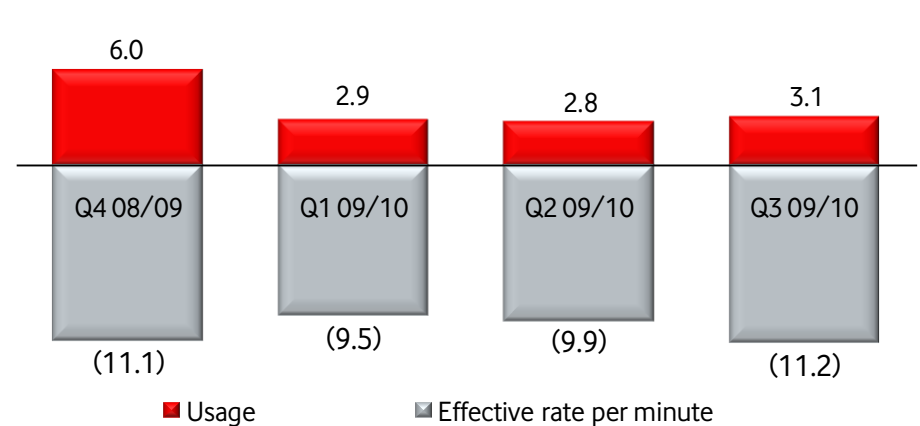
Mobile service revenue - decline slows

(%)



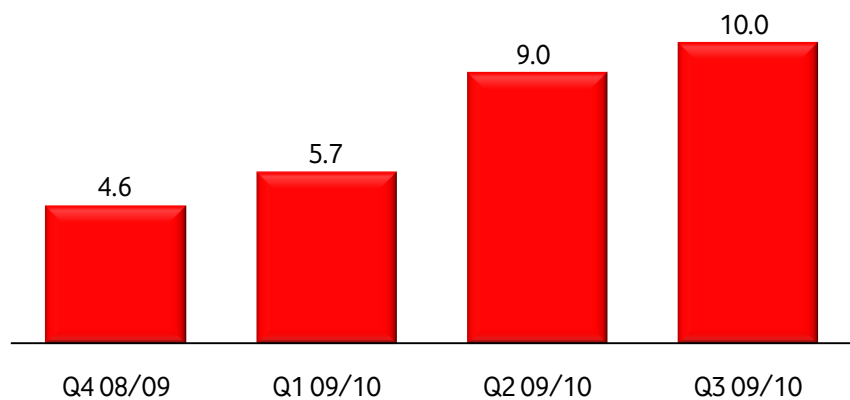
Outgoing voice growth - stabilisation

(%)



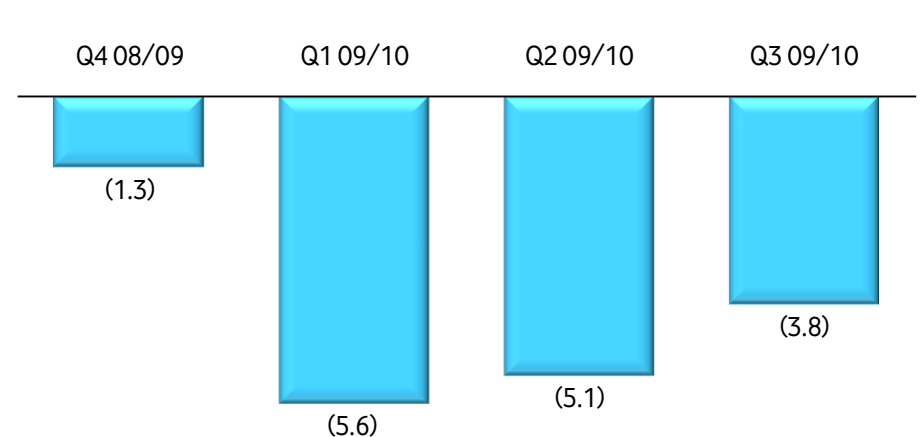
Fixed line revenue growth - positive trend continues

(%)



Enterprise service revenue growth - improving trend

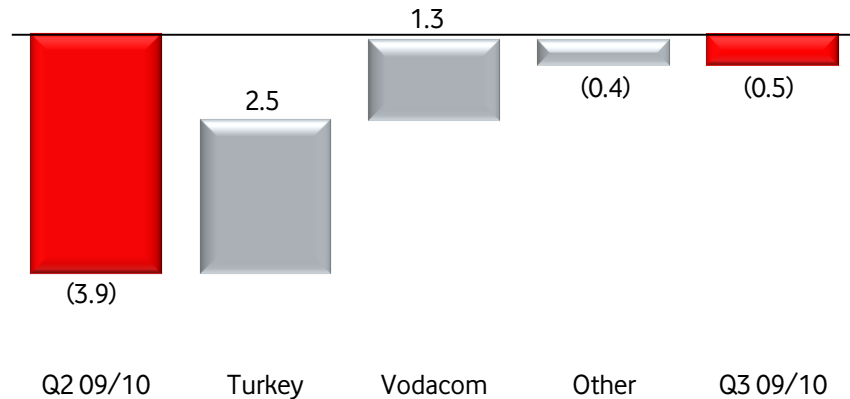
(%)



Regional performance

Africa and Central Europe

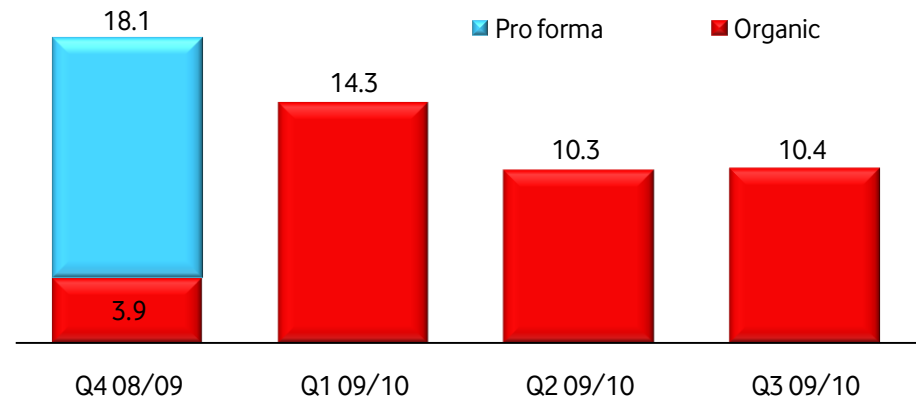
Service revenue growth (%)



- Turkey: return to growth
- South Africa: continued strong data growth
- Central Europe:
 - Challenging economic environment
 - Competitive pressure in Romania
 - Continued MTR impact

Asia Pacific and Middle East

Service revenue growth (%)



- India: increasing revenue market share amid significant price pressure
- Egypt: price reductions offset by data revenue and customer growth
- Qatar: successful growth of operations
- Australia: JV performing in line with expectations



Device portfolio: leading customer propositions

Smartphones

- Smartphone sales mix rising from 25% to 30-40% in FY 10/11
- ~60% average data attachment rate in Europe
- All leading brands represented (iPhone in 14 markets including UK)

Vodafone branded devices

- Cost from US\$15; 23m sold since launch
- Realising data opportunity in emerging markets (<5% of the base)
- Combining high-end features with low cost for European prepaid users

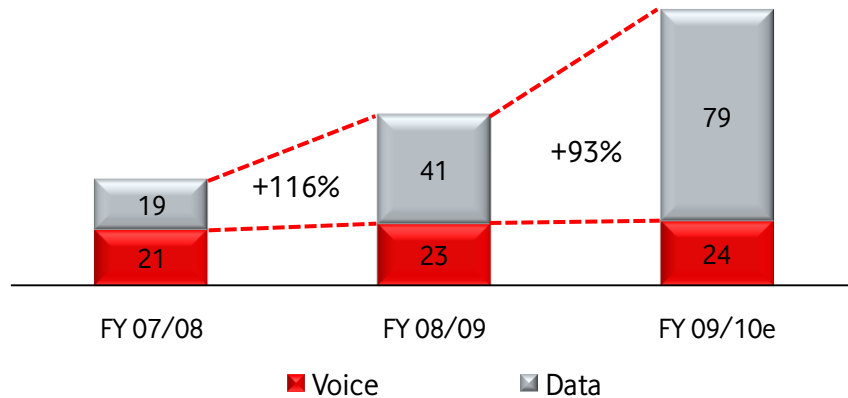
Mobile connectivity

- 7.6m PC connectivity users (+63% YoY)
- First to market with 21 Mbps USB sticks in Europe
- Continued innovation in device portfolio for consumer & enterprise



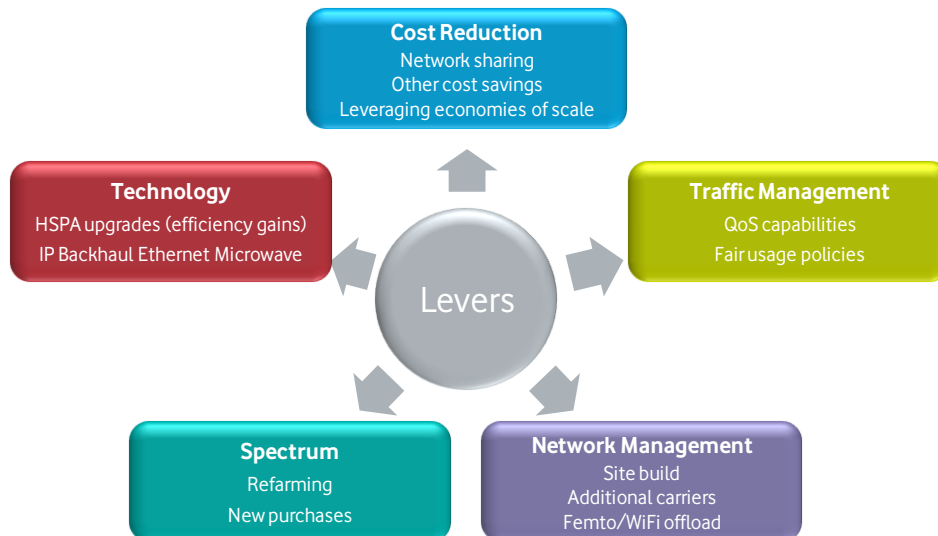
Europe: managing data growth to maintain a quality network

Traffic (Petabytes)



- Strong data traffic growth expected to continue
 - Increased data penetration and usage per customer
 - Data traffic mix shifting to smartphones
- Leading network
 - ~45% of 3G network at 7.2Mbps (March target 60%)
 - Average 35% utilisation in busiest hour
 - Only 7% of sites nearing capacity in busiest hour¹
 - Network quality proven by independent drive-by tests

Capacity management levers



- Continued strong investment in network capability
 - Over 3,000 new sites in FY 09/10
 - Traffic mgt and QoS optimisation tools across footprint
 - Femto/WiFi offload in 6 markets (1 nationwide)
 - Increased fixed broadband coverage (DSL and Fibre)
 - Further significant HSPA+ upgrades next year

1. Share of sites 90% utilised during busy hour



Q3 results: on track to deliver strategic goals in FY 09/10

Drive operational performance

- Value enhancement products across entire footprint
- Increased commercial investment
- Cost reductions: 100% of original £1bn target by end FY 09/10

Pursue growth opportunities in total communications

- Data +17.7% (34% data user penetration in Europe¹)
- Fixed +10.0% (5.3m broadband customers +1.1m YoY)
- Enterprise (3.8)%² (4 converged services across 8 markets)

Execute in emerging markets

- India gaining revenue market share
- Continued strong data led growth in South Africa
- Turkey returns to growth

Strengthen capital discipline

- £5.8bn YTD free cash flow
- Low single 'A' credit rating maintained
- Disciplined approach to M&A

Focus on free cash flow generation and commercial execution

All growth figures are organic unless otherwise stated

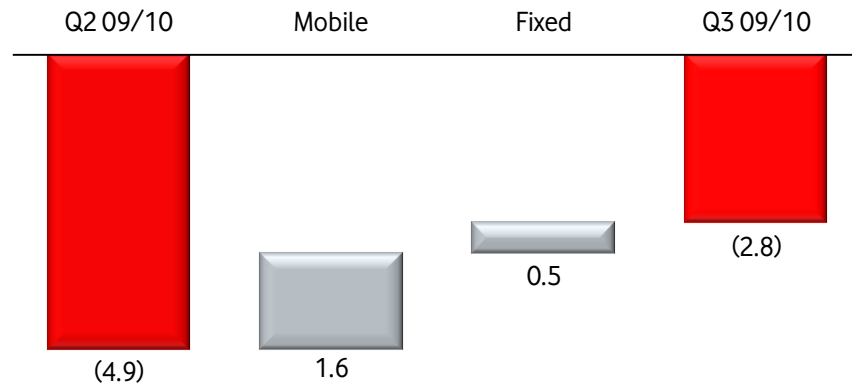
1. Active data users / active customers

2. Europe

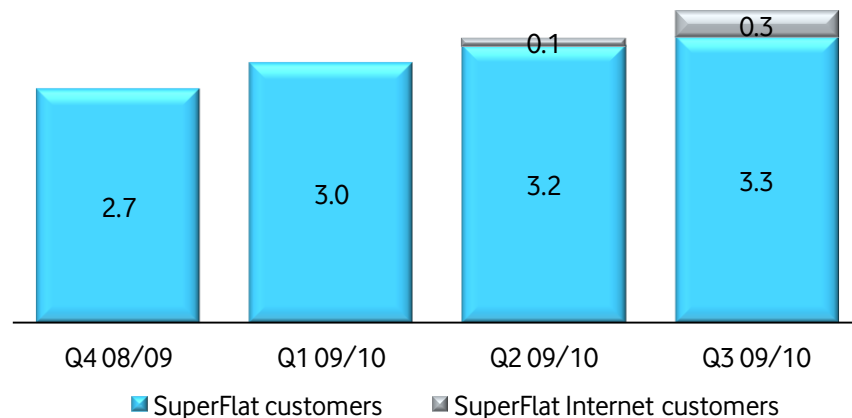


Germany: improved trends

Service revenue growth (%)



SuperFlat customers (millions)

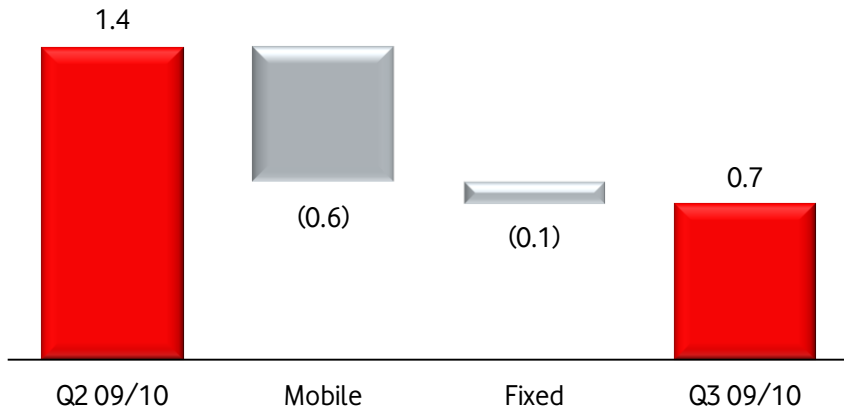


- Mobile service revenue -4.9%
 - 1.8pp improvement vs. Q2
 - Improved contract net adds, focused A&R
 - Data +18%: mobile internet +22%, PC connectivity +30%
- Fixed service revenue +4.1%
 - Stronger net adds, ARPU decline moderates
 - Wholesale contributes 2.4pp to growth
- Enterprise revenue returns to growth
- Key initiatives
 - Smartphones: >90% data attachment rates, Vodafone 360
 - Data: SuperFlat Internet delivering ARPU uplift
 - Prepaid: 'o.tel.o' no frills value brand launch, new pricing

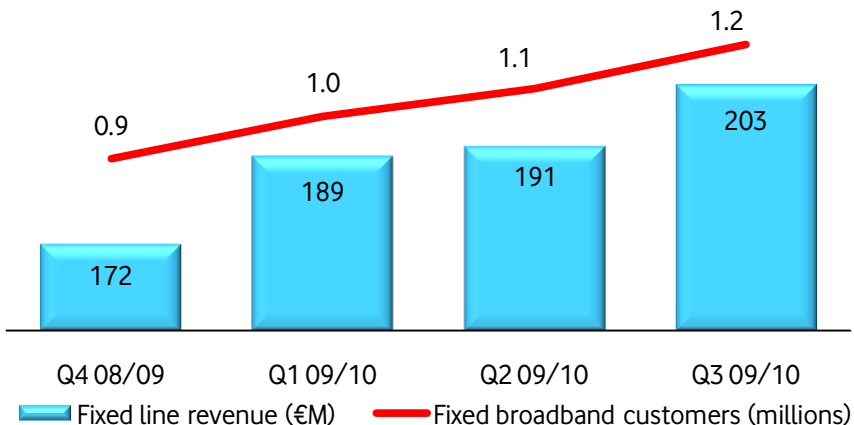


Italy: maintaining positive growth

Service revenue growth (%)



Fixed line growth¹



- Mobile service revenue -1.2%
 - Prepaid: aggressive competition, spend optimisation
 - Contract: strong net adds, customer base +19% YoY
 - Data +20%: mobile internet +56%
- Fixed service revenue +22.3%
 - Continued strong net adds
- Enterprise revenue +0.8%
 - Focus on micro-business segment
- Key initiatives
 - Tariffs: Christmas promos, prepaid “Autoricarica 10”
 - Data: HSDPA upgrades, PC connectivity services, smartphone penetration
 - Fixed line: driving volume through all sales channels
 - Converged offers in business segment

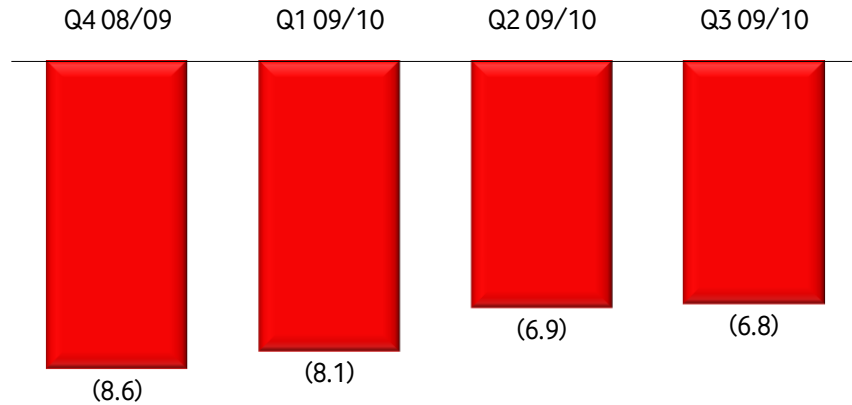
All growth figures are organic unless otherwise stated

1. 100% basis

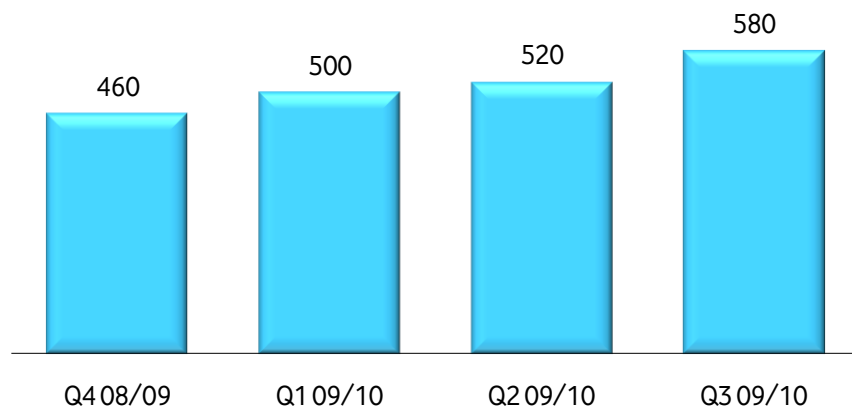


Spain: remains a challenging market

Service revenue growth (%)



Fixed broadband customers ('000s)

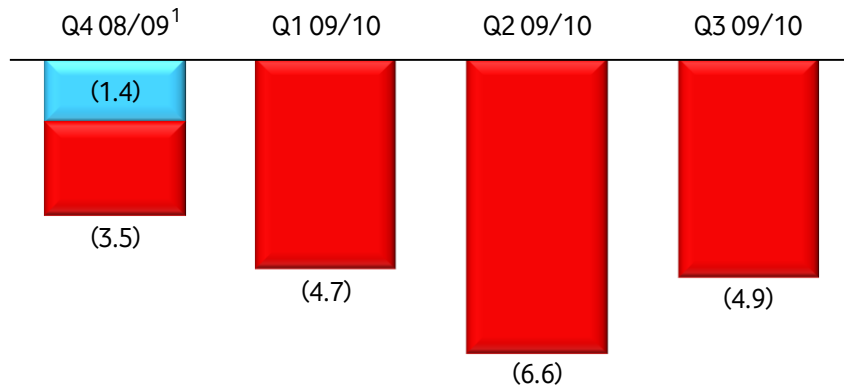


- Economy still weak, unemployment >19%
- Mobile service revenue -7.7%
 - Continued improvement quarter on quarter
 - Consumer contract +1% driven by Tarifas Planas
 - Data +11%: PC connectivity +17%
 - Continued pressure on enterprise and prepaid due to economic environment
- Fixed service revenue +10.7%
 - Strong net adds: Vodafone Station, national DSL offer
- Key initiatives
 - Value enhancement (Tarifas Planas)
 - Leveraging CRM for fixed / mobile cross-sell
 - Maintaining leadership in MVNO market for value segments

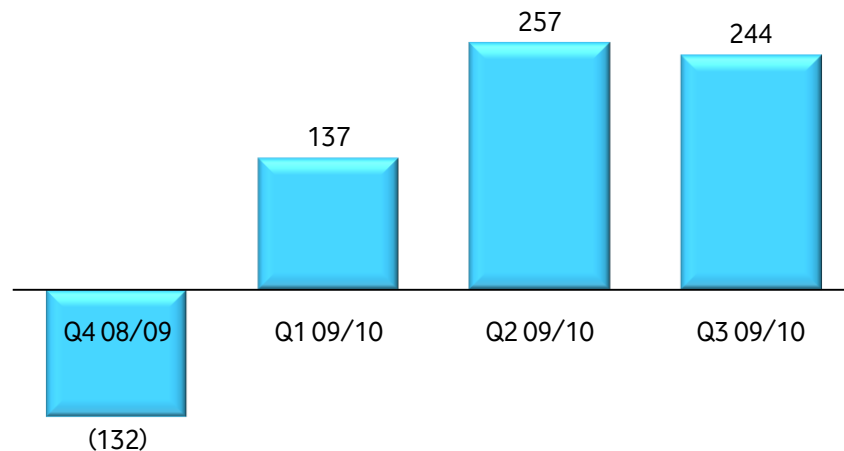


UK: strategy driving improved trends

Service revenue growth (%)



Contract net adds ('000s)



- Service revenue +1.7pp improvement on Q2
 - Continued competitive intensity
 - Strong net adds in both consumer and enterprise
 - Data +22%: mobile internet +49%
 - Messaging +12% driven by unlimited plans
- Steady progress on strategy
 - Smartphones: iPhone, Vodafone 360 devices, Nexus One
 - Differentiation: Sure Signal to boost indoor coverage
 - Indirect distribution: Carphone Warehouse volume uplift
- Continuous investment in network capability
 - Increased coverage of 7.2 Mbps and 14.4Mbps
 - 21.6 Mbps capability introduced
 - Further progress on network sharing

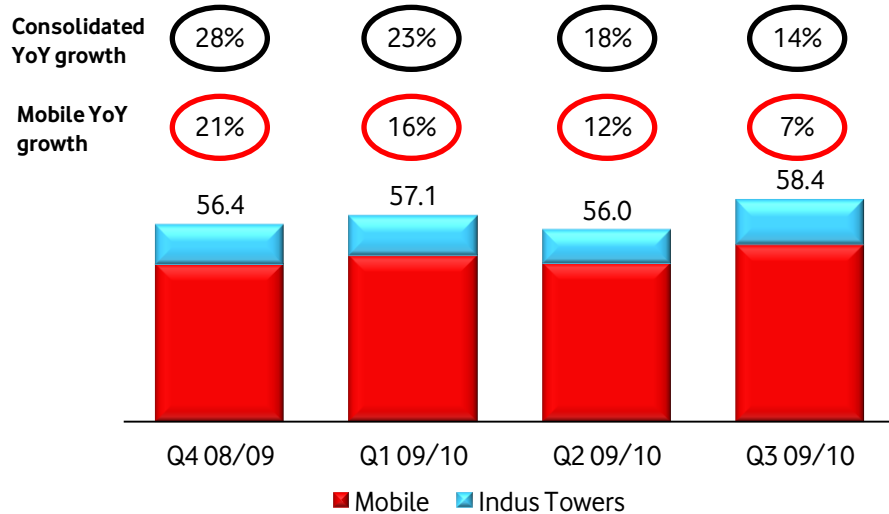
All growth figures are organic unless otherwise stated

1. Updated treatment of inbound revenues matched by the interconnect costs

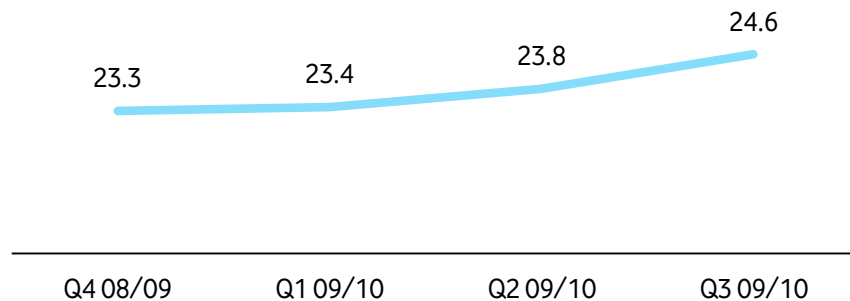


India: increased competitive pressure

Service revenue (Rs bn)



Service revenue market share (%)¹



- Increasing competition pressures
 - Nationwide per second billing, increase in multi-SIMs
- Strong commercial response
 - Targeted price cuts: ~50% of base on new tariffs
 - Service revenue +4% vs. Q2
 - Customers +51%, minutes +35%, MOU -11%, prices -21%
- Focused capex reductions
- Leveraging significant scale benefits
 - Strong brand and distribution presence
 - 93k base station sites, 72% population coverage
 - 42% of Indus Towers - the largest tower company
 - Attractive 900 MHz in 12 circles, scaling up in new circles

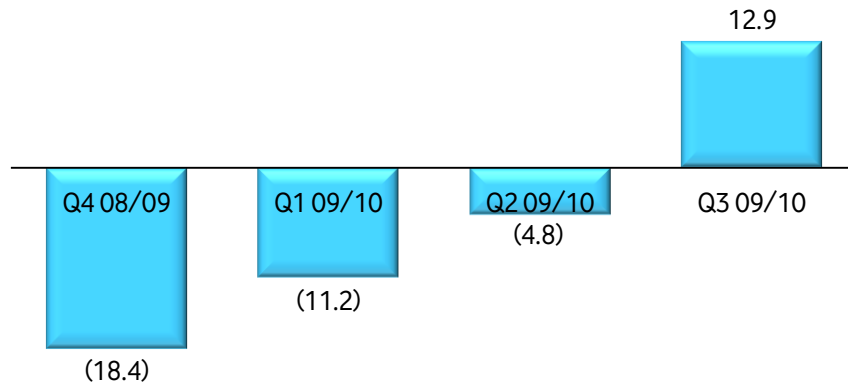
All growth figures are organic unless otherwise stated

1. Total revenue share of the four largest operators (Vodafone, Bharti, Reliance and Idea)

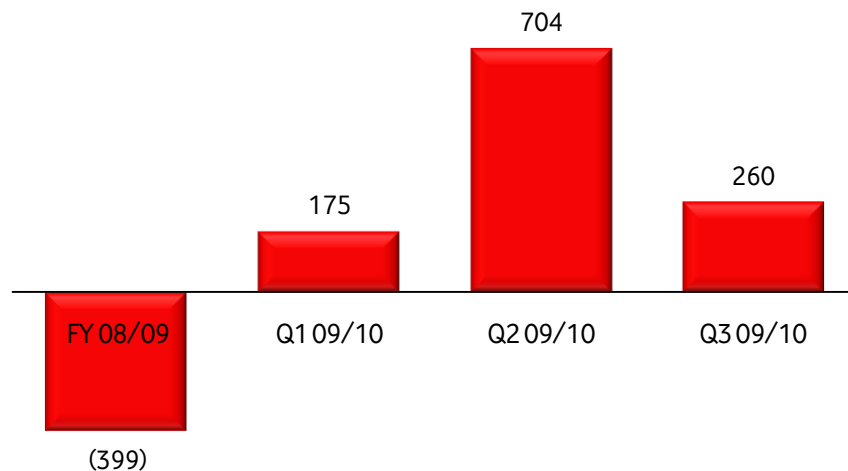


Turkey: turnaround continuing

Service revenue growth (%)



Net ports ('000s)



- Economic recovery continuing
 - Rating agencies' upgrade, outlook revised to stable
 - Positive GDP growth forecast for 2010¹
- Competitive climate stabilised
 - Multi-SIM customers consolidating usage
 - 3G roll-out continuing, strong mobile data adoption
- Encouraging competitive performance
 - Net MNP gains: market leadership since launch
 - Strong contract growth from well received tariffs
 - Stabilisation in active prepaid customer base
 - Strong ARPU growth across the base
- Turnaround initiatives ongoing
 - Call quality metrics continuing to improve
 - >3,000 3G sites added since launch, 60% pop coverage
 - 15,000 points of sale, over 900 exclusive

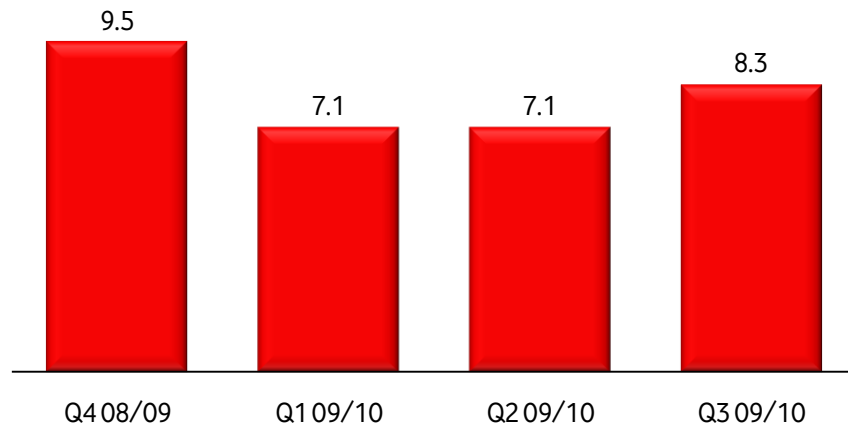
All growth figures are organic unless otherwise stated

1. Source: IMF

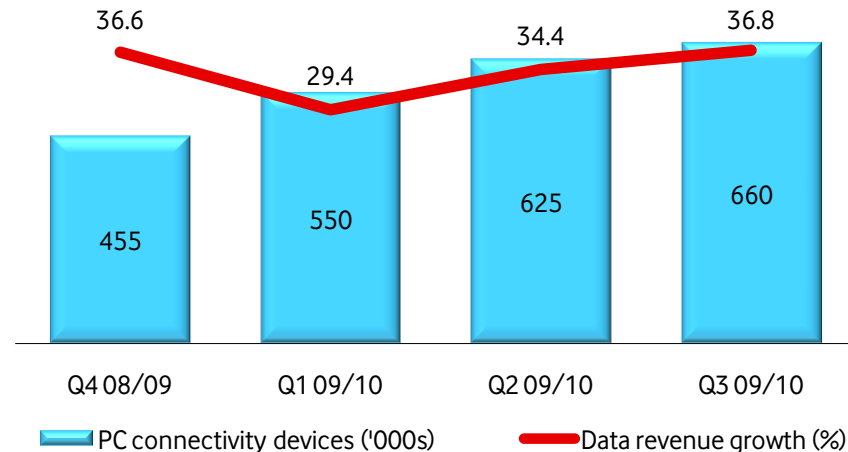


Vodacom: South Africa data driving revenue growth

South Africa service revenue growth (%)



South Africa data growth



- Signs of stabilisation in economy
 - Positive GDP growth expected in 2010¹
- Similar competitive intensity
- Data growth remains strong
 - Driven by increasing mobile internet penetration and usage
- ID law continues to impact net adds
- Challenging conditions in other Vodacom markets
 - Competitive pressures and tough economic environment

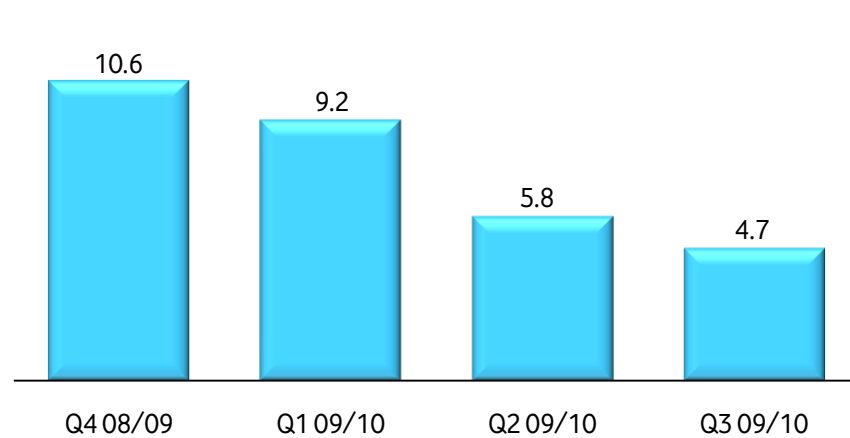
All growth figures are organic unless otherwise stated

1. Source IMF

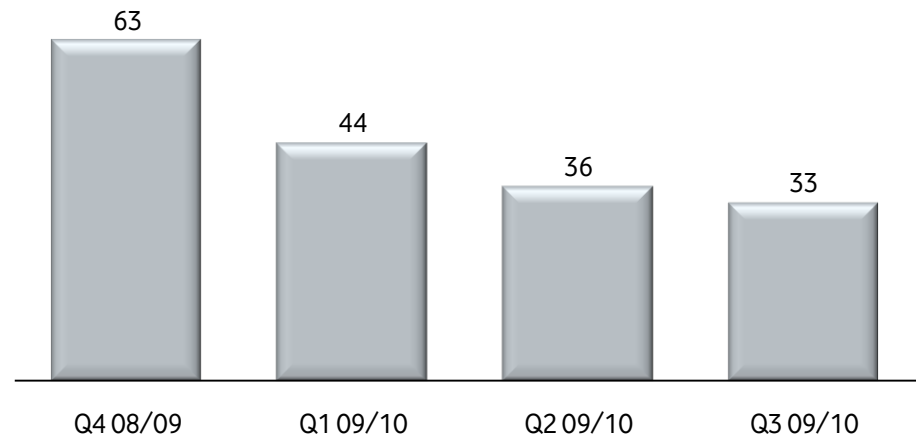


Verizon Wireless¹: driving growth through data

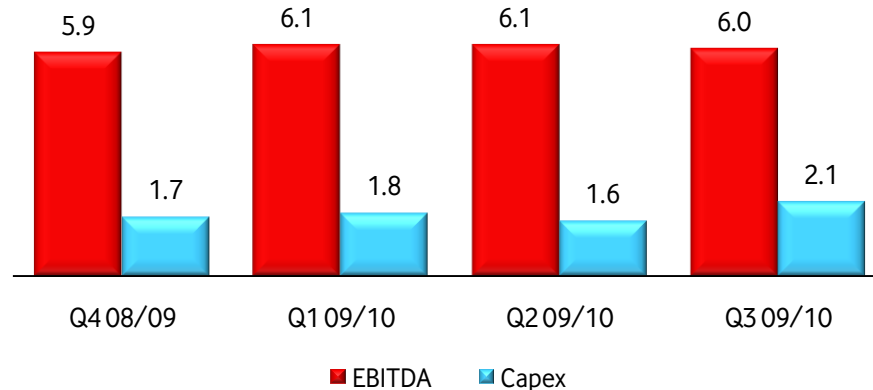
Service revenue growth (%)²



Data revenue growth (%)



EBITDA and capex (US\$bn)³



- Increased pricing pressure in voice and data
- Data growth driven by mobile broadband and applications
- 2.2m nets adds, customer base now 91.2m
- Leading retail postpaid net adds share
- Maintaining strong cash flow

All growth figures are organic unless otherwise stated

1. Financial highlights reported on a 100% IFRS basis

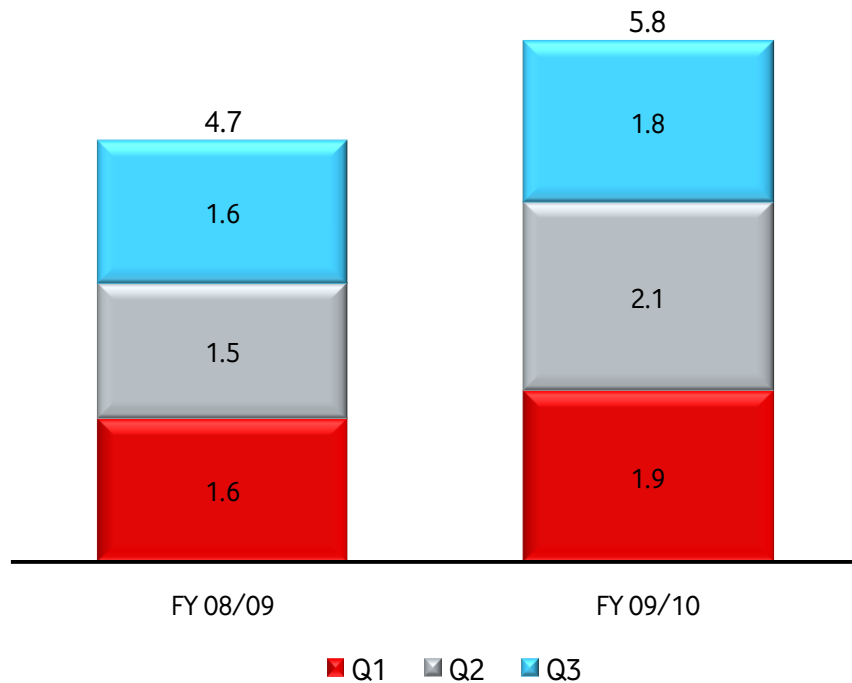
2. Organic revenue growth excludes divested properties

3. Includes divested properties



Free cash flow: cash generation remains robust

Cumulative free cash flow (£bn)



- YTD 09/10 free cash flow +25%
 - Verizon Wireless dividends
 - Working capital
- Q3 capex £1.3bn; YTD £4.0bn
 - Overall rate of investment maintained
 - Targeted reductions in India
 - Continued investment in Europe, supporting network quality and data growth
- Q4 free cash flow typically impacted by higher capex and tax payments
- FY 09/10 guidance upgraded



Net debt

	Q3 09/10
	£bn
Opening net debt (30/09/09)	(34.0)
Free cash flow	1.8
Foreign exchange	0.6
Other	(0.1)
Closing net debt (31/12/09)	(31.7)

- Foreign exchange impact from US Dollar
- Other: mainly mark-to-market derivatives
- Competitive refinancing in debt markets:
 - Dec '09: US\$0.5bn 2016, Libor + 70bp
 - Jan '10: €1.25bn 2022, Euribor +100bp
- Net debt includes £3.2bn India options



Financial outlook for FY 09/10

	May 2009	Nov 2009	Feb 2010
Adjusted operating profit¹	£11.0 - £11.8bn	£11.0 - £11.8bn	£11.4 - £11.8bn

- EBITDA margin decline consistent with expectations
- Cost saving programmes on track

	May 2009	Nov 2009	Feb 2010
Free cash flow	£6.0 - £6.5bn	Around £6.5bn	£6.5 - £7.0bn

- Lower capital expenditure in India
- Working capital improvement

1. Before Alltel integration costs of £0.2bn

FY 09/10 principal currency assumptions: €/£1.12 and US\$/£1.50. The impact on annual adjusted operating profit from a 1% change in €/£ is £60m and 1% change in US\$/£ is £40m



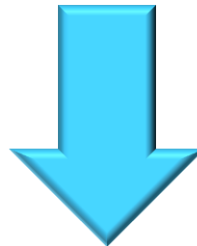
Summary

Improved revenue trend in Q3

Good progress across all strategic priorities



**Turnaround
plans delivering**



**£5.8 billion free
cash flow YTD**



**Guidance
upgraded**



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 slides 4, 19, 21 and 22 and statements relating to the Group’s future performance generally; statements relating to the development and launch of certain products, services and technologies; expectations regarding growth in customers, Smartphone sales penetration, usage and mobile data growth and technological advancements; statements relating to movements in foreign exchange rates; expectations regarding debt refinancing; expectations regarding adjusted operating profit, free cash flows, costs and capital expenditures; expectations regarding the 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 or political conditions in the markets in which the Group operates.

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 “Other – Forward-looking statements” in Vodafone Group Plc’s Half-Year Financial Report for the six months ending 30 September 2009 and “Forward-looking statements” and “Principal risk factors and uncertainties” in Vodafone Group Plc’s Annual Report for the year ended 31 March 2009. The Half-Year Financial Report and 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.



Definition of terms

- **ARPU:** average revenue per user - 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.
- **Capital intensity:** the aggregate of capitalised property, plant and equipment additions and capitalised software costs divided by total revenue
- **EBITDA:** operating profit excluding share of associates, depreciation and amortisation, gains/losses on the disposal of fixed assets, impairment losses and other operating income and expense.
- **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.
- **Interconnect costs:** a charge paid by Vodafone to other fixed line or mobile operators when a Vodafone customer calls a customer connected to a different network.
- **Net adds:** net customers acquired during the period.
- **Organic growth:** the percentage movements in organic growth are presented to reflect operating performance on a comparable basis, both in terms of merger and acquisition activity and foreign exchange rates.
- **Service revenue:** all revenue related to the provision of ongoing services, including, but not limited to, monthly access charges, airtime usage, roaming, incoming and outgoing network usage by non-Vodafone customers and interconnect charges for incoming calls.





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