

# Vodafone Group Plc Preliminary Results

For the year ended 31 March 2010

18 May 2010



Vodafone Group Plc – Preliminary results for the year ended 31 March 2010 | 18 May 2010

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## Agenda

- Overview
- FY 09/10 Financial Review & Guidance
- A Stronger Vodafone
- Increasing Shareholder Returns
- Q&A



## Overview



## Stronger financial performance

|                                  | £bn           | FY 09/10<br>Growth<br>(%) | Q4<br>Growth<br>(%) |
|----------------------------------|---------------|---------------------------|---------------------|
| <b>Group service revenue</b>     | <b>41.7</b>   | <b>(1.6)</b>              | <b>(0.2)</b>        |
| Europe                           | 28.3          | (3.5)                     | (1.7)               |
| Africa & Central Europe          | 7.4           | (1.2)                     | +2.4                |
| Asia Pacific & Middle East       | 6.1           | +9.8                      | +5.0                |
| <b>Group EBITDA</b>              | <b>14.7</b>   | <b>+1.7<sup>1</sup></b>   |                     |
| <b>Adjusted operating profit</b> | <b>11.5</b>   | <b>(2.5)<sup>1</sup></b>  |                     |
| <b>Free cash flow</b>            | <b>7.2</b>    | <b>+26.5<sup>1</sup></b>  |                     |
| <b>Adjusted EPS</b>              | <b>16.11p</b> | <b>(6.2)<sup>1</sup></b>  |                     |
| <b>Dividend per share</b>        | <b>8.31p</b>  | <b>+7</b>                 |                     |

### Service revenue trend improvement:

- Second sequential quarterly improvement
- FY 09/10: data +19.3%; fixed line +7.9%

### EBITDA margin in line with expectations

### Strong free cash flow generation

Underlying EPS +6.6%

Dividend per share +7%

All revenue growth figures are organic service revenue growth unless otherwise stated

1. Growth figures for Group EBITDA, adjusted operating profit, free cash flow and adjusted EPS are presented on a reported, rather than organic, basis

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## Guidance exceeded

|  | May 2009<br>guidance | Feb 2010<br>upgraded guidance | FY 09/10<br>reported at guidance rates <sup>2</sup> |
|--|----------------------|-------------------------------|---|
| <b>Adjusted operating profit<sup>1</sup> (£bn)</b> | <b>11.0 - 11.8</b>   | <b>11.4 - 11.8</b>            | <b>11.9</b>   |



|                             | May 2009<br>guidance | Feb 2010<br>upgraded guidance | FY 09/10<br>reported at guidance rates <sup>2</sup> |
|-----------------------------|----------------------|-------------------------------|---|
| <b>Free cash flow (£bn)</b> | <b>6.0 - 6.5</b>     | <b>6.5 - 7.0</b>              | <b>7.3</b>  |



- Maintained investment - capital expenditure £6.2bn
- Working capital improvement programme drives free cash flow above guidance range

FY 09/10 guidance principal currency assumptions: €/£1.12 and US\$/£1.50.

1. Before Alltel restructuring costs of £0.2bn

2. FY 09/10 actual results translated at guidance FX

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## **FY 09/10: A Stronger Vodafone**

1. More commercially focused, executing on turnarounds and regaining competitiveness in H2
2. Growing revenue beyond 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

# **FY 09/10 Financial Review & Guidance**

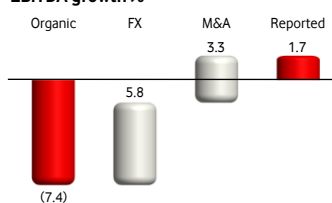
## Group income statement

|  | FY 09/10<br>£m | Reported<br>growth<br>% | Organic<br>growth<br>% |
|--|----------------|-------------------------|------------------------|
| <b>Revenue</b>                               | <b>44,472</b>  | <b>+8.4</b>             | <b>(2.3)</b>           |
| EBITDA                                       | 14,735         | +1.7                    | (7.4)                  |
| <i>EBITDA margin (%)</i>                     | <i>33.1</i>    | <i>(2.2)pp</i>          | <i>(1.9)pp</i>         |
| <b>Adjusted operating profit<sup>1</sup></b> | <b>11,466</b>  | <b>(2.5)</b>            | <b>(7.0)</b>           |
| Net financing costs                          | (902)          |                         |                        |
| Tax  | (2,120)        |                         |                        |
| Non-controlling interests                    | (27)           |                         |                        |
| Adjusted net profit <sup>2</sup>             | 8,471          | (6.5)                   |                        |
| Impairment                                   | (2,100)        |                         |                        |
| German tax settlement & other                | 2,274          |                         |                        |
| Profit for the period <sup>2</sup>           | 8,645          |                         |                        |
| <b>Adjusted EPS<sup>1</sup></b>              | <b>16.11p</b>  | <b>(6.2)</b>            |                        |
| <b>Underlying adjusted EPS</b>               | <b>16.11p</b>  | <b>+6.6</b>             |                        |

### Revenue growth %



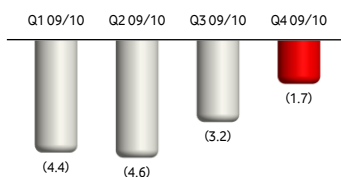
### EBITDA growth %



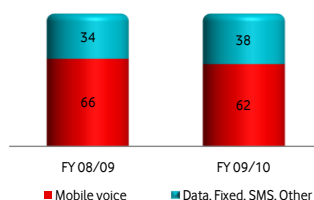
- Adjusted operating profit and profit for adjusted EPS exclude other income and expense, non-operating income and expense, impairment losses, certain foreign exchange movements, certain tax settlements, amounts in relation to put rights and similar arrangements and tax thereon
- Attributable to equity shareholders

## Europe: revenue trends are improving

### Service revenue growth (%)



### Europe service revenue mix (%)



### Q4 service revenue growth of -1.7%:

- Underlying<sup>1</sup> Q4 service revenue growth of -2.4%

### Improving trends in Q4 across all markets:

- Higher usage growth
- Better roaming trend
- Improving enterprise performance

### Q4 data: strong revenue growth +19%:

- Mobile internet +37%; PC connectivity +17%

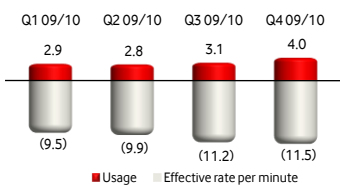
### Q4 fixed line: growth continues +6.2%:

- Broadband customers 5.4 million, up 1 million year on year

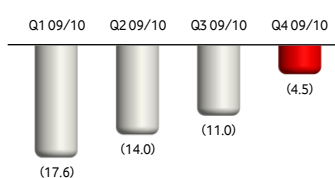
All growth figures are organic unless otherwise stated  
 1. Impact of IFRIC 13 'Customer Loyalty Programmes'

## Europe: key revenue drivers

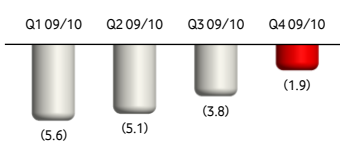
### Outgoing voice growth - improving volumes (%)



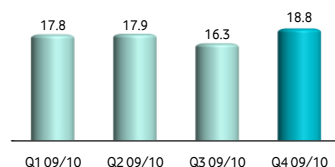
### Voice roaming revenue growth - trend improves (%)



### Enterprise revenue growth - trend improves (%)



### Data revenue growth - sustained (%)

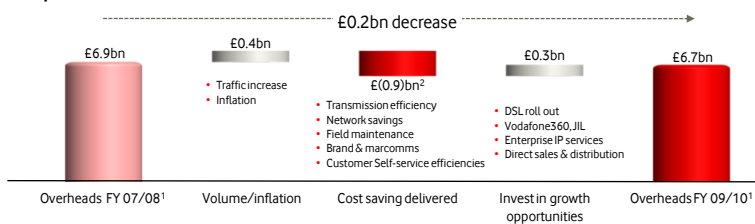


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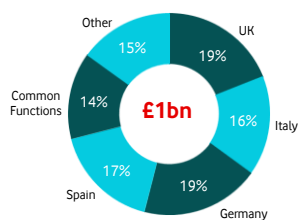


## £1 billion cost reduction programme delivered 12 months early

### Europe & common functions



### By market



### Key achievements

- 2,300 FTE reduction across Europe
- 7 of top 10 most efficient data networks<sup>3</sup>
- Supply chain savings exceed competitors by 4%<sup>3</sup>
- 75% of European transmission self managed (4 years ago - 30%)

All costs and FTE headcount numbers are on an organic basis

1. Opex and non-A&R customer costs, adjusted to exclude restructuring provisions and other exceptional items
2. Further £100m cost savings delivered by business outside Europe & common functions
3. Externally benchmarked



## Further £1 billion of operating cost savings now in progress

### Examples

#### Streamlining

- FTE reduction in support functions
- Rationalise product portfolio

#### Outsourcing & off-shoring

- Field operations outsourcing
- Leveraging footprint in low cost countries to support Europe

#### Simplification & standardisation

- Increasing self-service in customer care
- Exploring more sophisticated data warehousing capabilities

#### Integration

- Further integrate European network, increased network sharing
- Further centralisation of IT infrastructure

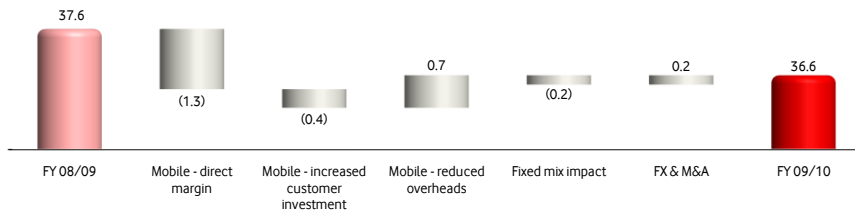
£0.5bn to offset inflationary & volume pressure

£0.5bn for commercial reinvestment & margin enhancement



## Europe: cost savings fund commercial competitiveness

### EBITDA margin (%)

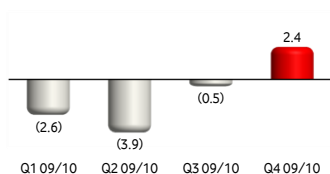


- Organic revenue decline partially offset by reduced direct costs
- Mobile cost savings completely fund increased mobile customer investment
- Faster fixed line revenue growth with stable margin c.14%

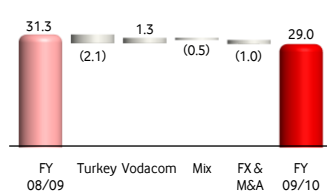


## Africa & Central Europe: back to revenue growth

Service revenue growth (%)



EBITDA margin analysis (%)



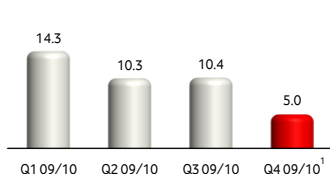
- Turkey: turnaround plan drives Q4 service revenue improvement +31%; small EBITDA loss for the year as expected
- Vodacom: S.A. Q4 service revenue growth +7%; improving Vodacom FY EBITDA margin
- Central Europe: economic pressure continues, cost savings reduce margin impact, strong operating free cash flow generation at €0.5 billion

All growth figures are organic unless otherwise stated

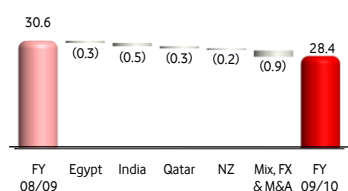


## Asia Pacific & Middle East: revenue growth continues

Service revenue growth (%)



EBITDA margin analysis (%)



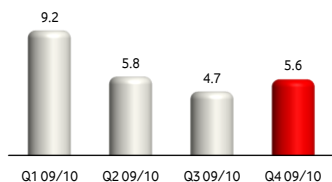
- India: Q4 service revenue +7% and record 9.5m net customer adds; growing market share
- Egypt: Q4 stable service revenue and customers +31%; significant price competition; FY EBITDA margin broadly stable at 50%
- Australia: JV performing well; Q4 pro forma service revenue +8%; cost synergies on track

All growth figures are organic unless otherwise stated  
 1. Q4 growth impacted by start up of Indus Towers

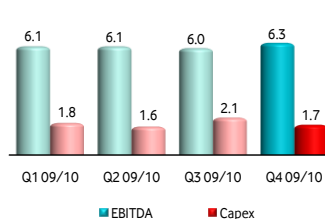


## Verizon Wireless<sup>1</sup>: strong performance and cash generation

Service revenue growth (%)<sup>2</sup>



EBITDA less capex (US\$bn)<sup>3</sup>



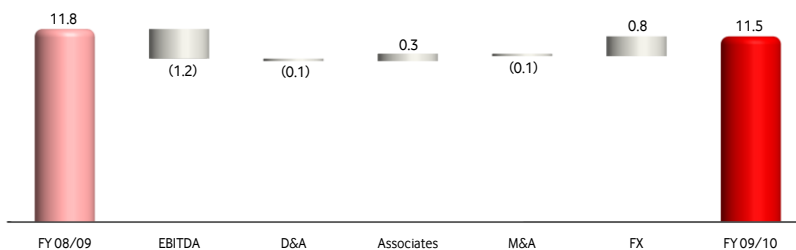
- Service revenue +5.6% driven by data growth from mobile broadband applications
- Continued pricing pressure; new tariffs Jan 2010
- 1.6m net adds; 92.8m customer base
- Increasing smartphone penetration; 36% of direct device sales
- Maintaining strong cashflow

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



## Adjusted operating profit stable

(£bn)



- FX benefit and positive Verizon Wireless contribution offset by Europe EBITDA decline



## Adjusted net financing costs down 20%

|                                       | FY 09/10<br>£m | FY 08/09<br>£m |
|---------------------------------------|----------------|----------------|
| <b>Underlying net financing costs</b> | <b>(897)</b>   | <b>(1,126)</b> |
| Mark to market losses                 | (127)          | (354)          |
| Dividends from investments            | 145            | 110            |
| Potential interest on tax             | (23)           | 81             |
| <b>Adjusted net financing costs</b>   | <b>(902)</b>   | <b>(1,289)</b> |
| <br>                                  |                |                |
| <b>Average cost of debt (%)</b>       | <b>3.9</b>     | <b>4.7</b>     |

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## Effective tax rate remains in mid-20s

|   | FY 09/10<br>% | FY 08/09<br>% |
|---|---------------|---------------|
| <b>Underlying adjusted effective tax rate</b> | <b>24.0</b>   | <b>24.5</b>   |
| Reversal of tax provisions                    | -             | (7.0)         |
| Reversal of potential interest on tax         | -             | (0.8)         |
| <b>Adjusted effective tax rate</b>            | <b>24.0</b>   | <b>16.7</b>   |

- Excludes £2.1bn benefit on settlement of German tax loss claim
- Adjusted effective tax rate to remain in the mid-20s for the medium-term

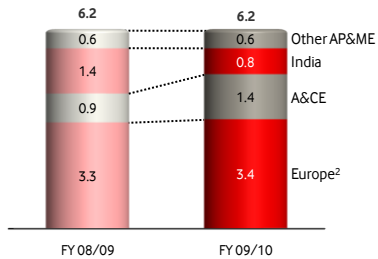
All growth figures are organic unless otherwise stated

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## Targeted capital investment to drive returns

Fixed asset additions by region (£bn)<sup>1</sup>



### Europe<sup>2</sup>:

- Investment targeted at fixed and mobile broadband opportunity
- Fixed capex c. £450m

### Africa & Central Europe:

- Full consolidation of Vodacom
- Turkey 2G & 3G network development

### Asia Pacific & Middle East:

- India targeted capex; increased network sharing

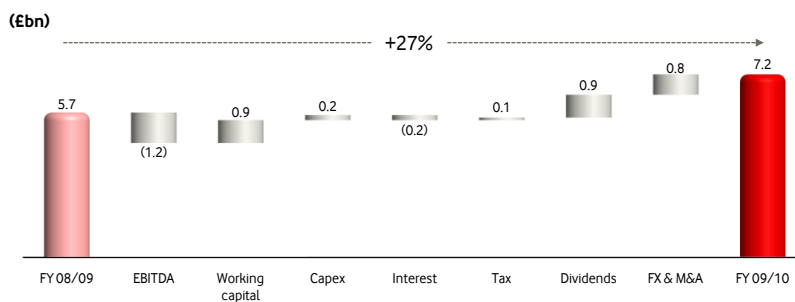
### FY 10/11 capex:

- Broadly in line with FY 09/10<sup>3</sup>

1. Fixed asset additions shown on a constant currency basis  
 2. Includes common functions  
 3. At guidance rates



## Strong free cash flow generation



- Working capital boost reflects benefits from Group programme
- Higher dividends includes £0.2bn VZW deferral dividend from FY 08/09
- Free cash flow 13.8 pence per share – dividend well covered



## Net debt stable

|                                    | FY 09/10<br>£bn |
|------------------------------------|-----------------|
| <b>Opening net debt</b>            | <b>(34.2)</b>   |
| Free cash flow                     | 7.2             |
| Equity dividends paid              | (4.1)           |
| Acquisitions and disposals         | (2.7)           |
| Licences and spectrum <sup>1</sup> | (0.4)           |
| Foreign exchange                   | 1.0             |
| Other                              | (0.1)           |
| <b>Closing net debt</b>            | <b>(33.3)</b>   |

### Acquisition and disposals:

- £2.2bn Vodacom acquisition
- £0.3bn Australia JV net debt impact
- £0.2bn other

### Licences and spectrum in Turkey, Egypt, Italy

### Foreign exchange impact from both US\$ & Euro

### Net debt includes £3.3bn India options

### Low single 'A' credit rating maintained

1. Excludes Qatar spectrum offset by IPO proceeds

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## Guidance FY 10/11<sup>1</sup>

**Adjusted operating profit**  
**£11.2bn-£12.0bn**

**Free cash flow**  
**> £6.5bn**

### Environment

- Europe: modest GDP growth
- India, Africa: penetration growth
- Exchange rates vs. GBP
 

|      |      |
|------|------|
| Euro | 1.15 |
| US\$ | 1.50 |

### Group operating metrics

- Return to low level of organic revenue growth during the year
- EBITDA margin decline at significantly lower rate than FY 09/10
- Capital expenditure similar to FY 09/10<sup>2</sup>

1. Annual guidance is based upon a number of assumptions regarding exchange rates, future business development and economic development and may be subject to change in case of unforeseen risks and circumstances beyond Vodafone's control

2. At guidance rates

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## **Strong cash flow, maintained investment, trends improving**

- Improving revenue trends in key markets
- Delivered £1 billion of cost savings, further £1 billion in progress
- Good cash conversion and strong working capital management
- Efficient debt financing and low cost of debt



## **A Stronger Vodafone**



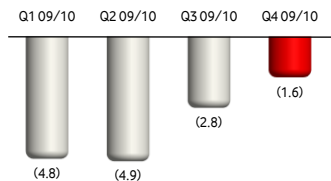
## FY 09/10: A Stronger Vodafone

1. More commercially focused, executing on turnarounds and regaining competitiveness in H2
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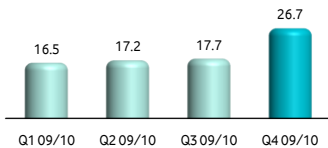
27

## Germany: improving trends

### Service revenue growth (%)



### Data revenue growth (%)



### Q4 service revenue trend improved +1.2pp:

- Economy stable; competition aggressive
- Enterprise growth +1.2% continues; data strong +26.7%
- Improving voice usage and roaming

### FY EBITDA margin of 39.0%, -2.1pp year on year:

- Strong cost control; increased customer investment
- 600 FTE reduction; 2% opex reduction

### Increased commercial focus:

- Invest in higher ARPU services
- Smartphone, Netbooks and SuperFlat Internet

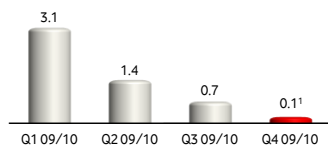
### Arcor integration complete, further restructuring

All growth figures are organic unless otherwise stated

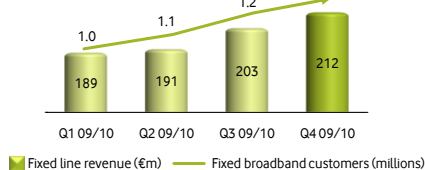
28

## Italy: growth from data and fixed line

### Service revenue growth (%)



### Fixed line revenue & customer growth<sup>2</sup>



All growth figures are organic unless otherwise stated  
 1. IFRIC 13 'Customer Loyalty Programmes' benefit c. 2.2%, reported growth 2.3%  
 2. Reported on a 100% basis

### Q4 underlying service revenue growth flat:

- Economy weak; intense price competition
- Data, fixed, enterprise growth
- SMS pressure; defending market share
- Excludes benefit of loyalty points expiry

### FY EBITDA margin of 47.2%, +0.9pp year on year:

- Cost reduction programme funding investment in fixed line, customer care and advertising

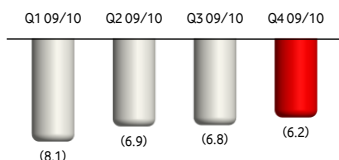
### Increased commercial focus:

- Smartphone volumes; data attach rates
- Enhance online services
- Fixed broadband
- Micro-business segment: converged services

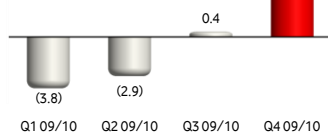


## Spain: stable trend in a difficult environment

### Service revenue growth (%)



### Outgoing voice usage (%)



All growth figures are organic unless otherwise stated

### Q4 service revenue trends stable:

- Challenging economic environment
- Voice usage improvement
- Fixed line growth continues at 8%, data weak

### FY EBITDA margin of 34.2%, -0.8pp year on year:

- Strong cost control limits impact of revenue decline

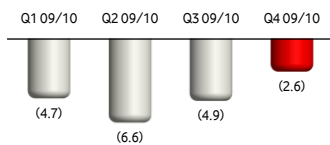
### Increased commercial focus:

- Exploit commercial success of Tarifas Planas
- Smartphone volumes, data attach rates
- Fixed/mobile cross-sell
- SME/SoHo: converged services

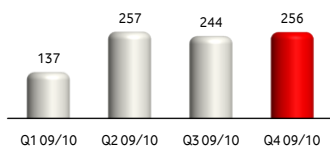


## UK: revenue trend improving

### Service revenue growth (%)



### Contract net adds ('000)



### Q4 service revenue trend improved by +2.3pp:

- Market remains very competitive
- Data growth, improved roaming and enterprise trend

### FY EBITDA margin of 22.7%, -2.7pp year on year:

- Significant business restructuring
- 1,400 FTE reduction

### Driving the turnaround:

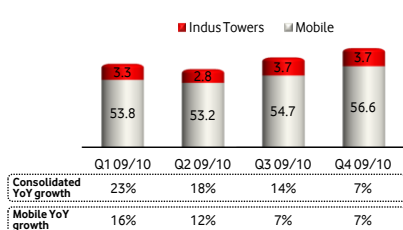
- Maintain network advantage  
"Metrico and Mobile News awards in 2010"
- Enhanced device offering
- Smartphone penetration, data attach rates
- Enterprise converged services
- Centrica: largest M2M deal in Europe

All growth figures are organic unless otherwise stated

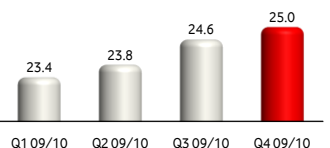


## India: securing no. 2 position in a competitive market

### Service revenue (Rs bn)



### Service revenue market share (%)<sup>1</sup>



### Q4 service revenue +7%; +3% QoQ:

- 100 million customer mark
- Increased market share
- New tariffs now being used by c.75% of customer base

### FY EBITDA margin of 25.9%, -0.8pp

- New circles; Indus Towers start up

### Increased commercial focus:

- Effective response to aggressive price competition
- Efficient capex: maximise sharing, lower intensity

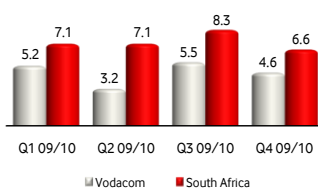
### Operating free cash flow positive in H2

All growth figures are organic unless otherwise stated  
1. Share of big four operators



## Vodacom: South African leadership supported by data growth

### Service revenue growth (%)



### South Africa Q4 service revenue growth of 6.6%:

- Economy recovering slowly
- MTR rates reduced March 2010, further cuts proposed

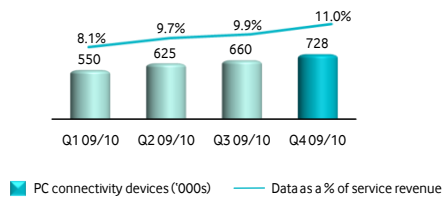
### Vodacom FY EBITDA margin of 34.3%, +0.2pp year on year:

- Cost savings and licence fee reduction

### Increased commercial focus:

- Accelerate mobile broadband infrastructure deployment
- Investment in fibre line transmission
- Enhanced value offerings
- Increase cost saving co-operation

### South Africa data – revenue & devices

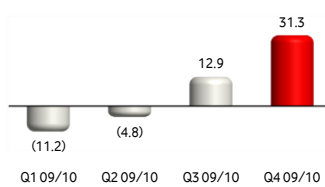


All growth figures are organic unless otherwise stated



## Turkey: gaining share in growing market

### Service revenue growth (%)



### Q4 service revenue +31 %:

- Positive macro-economic indicators
- Growing revenue share: ARPU increase and contract base improvement

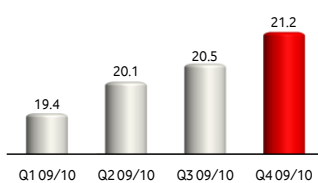
### FY EBITDA margin of (0.7)%:

- Planned investment in network, IT, distribution and brand

### Driving the turnaround:

- Controlled distribution
- Brand visibility; TV advertising
- Acceleration of data service revenue and 3G investment
- Enhanced 2G network quality
- Segmented customer opportunities

### Total revenue market share (%)



All growth figures are organic unless otherwise stated

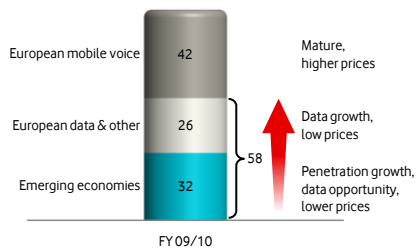


## FY 09/10: A Stronger Vodafone

1. More commercially focused, executing on turnarounds and regaining competitiveness in H2
2. Growing revenue beyond European Voice
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4. Simplified organisation driving cost, efficiency and speed
5. Delivering company-wide focus on free cash flow generation to support increased shareholder returns

## Growing revenue beyond 'European Voice'

Group revenue breakdown FY 09/10<sup>1</sup>(%)



### Increasing contribution beyond mature voice

| Europe:                             | FY 09/10 Q4 % | FY 12/13 Goal % |
|-------------------------------------|---------------|-----------------|
| Data penetration <sup>2</sup>       | 34            | ≥50             |
| Smartphone penetration <sup>2</sup> | 11            | ≥35             |
| Smartphone sales mix %              | 30            | ≥70             |

### Drive fixed broadband market share

#### Develop more consumer & business data services:

- Converged offers
- VGE global mobility
- M2M
- 360 services

#### Exploit data opportunity with 3G/low cost smartphones in emerging economies

1. Percentage of service revenues  
2. Based on active customer base

## Capturing market share in fixed broadband

| FY 09/10           | Fixed line revenue<br>£bn | Broadband customers<br>m | Population coverage<br>% |
|--------------------|---------------------------|--------------------------|--------------------------|
| <b>Europe</b>      | <b>3.0</b>                | <b>5.4</b>               |                          |
| Germany            | 1.9                       | 3.5                      | 68                       |
| Italy <sup>1</sup> | 0.5                       | 1.0                      | 50                       |
| Spain              | 0.3                       | 0.6                      | 60                       |
| Other              | 0.3                       | 0.3                      | >50                      |

### FY 09/10:

- Revenue +8%
- EBITDA margin stable at c.14%
- Capex stable at c.£450m
- Broadly cash neutral

Successful in-market transactions



1. Including TeleTu and reflecting 76.9% stake

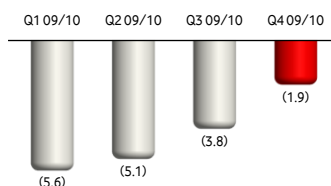


## Enterprise: growing share through value added services

Revenue<sup>1</sup>  
**£8.3bn**

Market share<sup>2</sup>  
**c.35%**

### Enterprise revenue growth trend<sup>1</sup> - improves (%)



### Vodafone Global Enterprise (VGE)

- Total mobility solutions across geographies
- Revenue £1.1bn + 2.3%<sup>3</sup>
- 550 MNC customers

### Vodafone Business Services (VBS)

- Tailored converged services for SoHo/SME  
- Vodafone One Net, Rete Unica, Officina
- 800k users in Italy, Spain, Czech Republic, Portugal
- Germany and UK launch 2010

All growth figures are organic unless otherwise stated

1. Europe Enterprise service revenue
2. Vodafone estimate: FY 09/10 – Europe top 8 markets, enterprise mobile revenue
3. Like-for-like basis

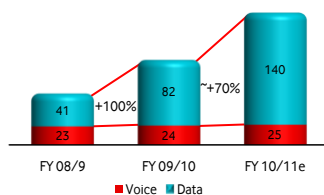


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## Europe: maintained network investment to support data growth

Europe traffic (Petabytes)



### Data volume growth remains robust:

- 85% of volume is PC connectivity
- PC connectivity users +54% to 8.2m
- Mix shifting to smartphones

### Europe network performance

|   | FY 08/09 | FY 09/10 |
|---|----------|----------|
| Average busy hour utilisation (%)         | 35       | 38       |
| Busy hour utilised sites (%) <sup>1</sup> | 7        | 7        |

### Maintained network investment:

- Network quality proven by independent drive-by tests
- Low utilisation
- >3,500 new sites in FY 09/10; 3G outdoor coverage 80-95%
- Enhanced peak and user speeds; further upgrades to 43.6 Mbps in hotspots in FY10/11

1. Share of sites 90% utilised during busy hour

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## Simplified organisation to drive competitive performance

### Lean

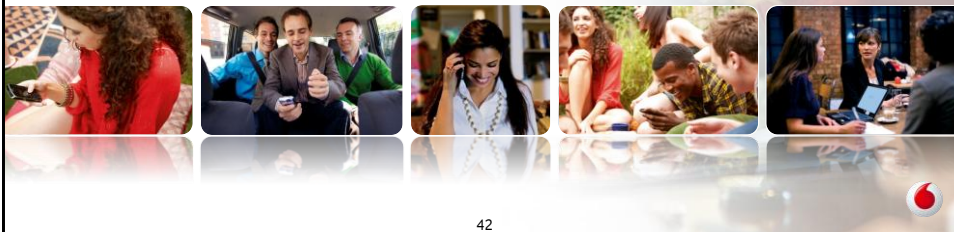
- Increasing spans, reducing layers
- Reduced HQ staff headcount
- Simplified organisation
  - 3 regions / 2 functions
  - Managed increase in staff turnover

### Competitive

- Rigorous performance criteria
- Changed short-term incentive scheme to reward competitive performance
- Changed long-term incentive to reward cash flow generation

### Customer orientated

- Net promoter score as measure for all units
- Brand focus and strengthening



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## Strong FCF generation underpins enhanced shareholder returns



Dividend per share growth until FY 12/13

**7% p.a.**

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## A Stronger Vodafone

**More commercially focused, more efficient**

**Growth beyond European Voice**

**Exceeded guidance, increasing mid-term free cash flow guidance**

**Improving shareholder returns through increased dividend commitment**



## Forward looking statement

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 outlook contained in slide 24, the guidance in relation to free cash flow and expected dividend per share growth contained in slide 44 and the statements relating to the Group's future performance generally; statements relating to the development and launch of certain products, services and technologies, including 3G and 4G services and increased data speeds; expectations regarding growth in customers and usage and mobile data growth and technological advancements; statements relating to movements in foreign exchange rates; expectations regarding adjusted operating profit, free cash flows, costs, tax rates, tax settlements, mobile termination rates and capital expenditures; expectations regarding the new £1 billion cost programme and other cost efficiency programmes; and expectations regarding the integration or performance of current and future investments, associates, joint ventures and newly acquired businesses.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as "will", "anticipates", "aims", "could", "may", "should", "expects", "believes", "intends", "plans" or "targets". By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. 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, the following: changes in economic or political conditions in markets served by operations of the Group that would adversely affect the level of demand for mobile services, and changes to the associated legal, regulatory and tax environments; greater than anticipated competitive activity, from both existing competitors and new market entrants (including mobile virtual network operators), which could require changes to the Group's pricing models, lead to customer churn or make it more difficult to acquire new customers; levels of investment in network capacity and the Group's ability to deploy new technologies, products and services in a timely manner, particularly data content and services, or the rapid obsolescence of existing technology; higher than expected costs, mobile termination rates or capital expenditures; and rapid changes to existing products and services and the inability of new products and services to perform in accordance with expectations, including as a result of third party or vendor marketing efforts. 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 Information – Forward-looking Statements" in Vodafone Group Plc's Preliminary Results Announcement for the year ended 31 March 2010, which can be found on the Group's website ([www.vodafone.com/investor](http://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:** 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

**EBITDA:** Operating profit excluding share in results of associates, depreciation and amortisation, gains/losses on the disposal of fixed assets, impairment losses and other operating income and expense

**Emerging Economies:** Africa & Central Europe and Asia Pacific & Middle East

**FCF:** 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

**FTE:** Full time equivalent. A pro-rated measure of headcount, including part time employees at the proportion of their hours work to the equivalent full time hours for the position

**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

**M2M:** Machine-to-machine communication allows businesses to automate the capture of data, perform real-time diagnostics and repairs and to control assets remotely

**Marcomms:** Marketing Communications

**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

**MNC:** Multinational corporations

**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

**PC connectivity:** 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



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