



**vodafone**



**Sir Christopher Gent**  
**Chief Executive**

# Agenda

- **Company update**
- **Long term industry view**
- **Vodafone's strategic development**
- **Vodafone an integrated global leader**

# Stated Expectations For 2003\*

- Net customer growth just under 10%
- Continuing improvement in customer mix
- Modest but real improvement in ARPU

 **Double digit revenue growth**

\* Financial year ending March 2003

# Stated Expectations For 2003\*

- ➔ **Improvement in average EBITDA margins**
- ➔ **Better operating cash flow**
- ➔ **Similar free cash flow**

\* Financial year ending March 2003

# Comments Regarding KPIs

- **KPIs showed positive start**
- **Consistent with expectations**

<b>KPI Release for Quarters Ending</b>	
<b>June &amp; December</b>	<b>March &amp; September</b>
<b>Last week of following month</b>	<b>Coincident with financial results</b>

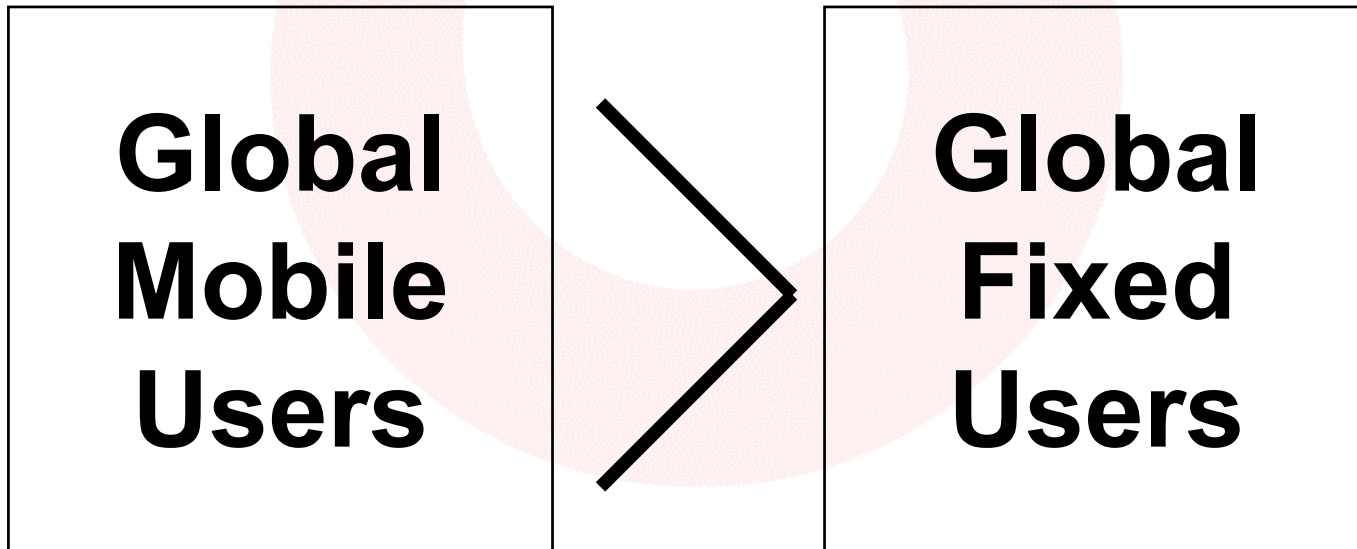
# Expectations for 2003

- **Customer growth > 10%**
  - Stake increases in China & subsidiaries
  - Slightly better organic growth
- **Confident about prospects for:**
  - Turnover growth
  - EBITDA margin
  - Free cash flow



**Continued confidence in prospects**

# Mobile - A Transforming Technology



# Customer Growth Potential

- **Europe: active customers below reported levels**
  - Inactive SIMs & dual SIMs
- **US & Japan: further growth potential**
- **ROW: mobile to overtake fixed**
- **Expected cost reductions through 3G**
  - Handset manufacturers & network operators



**Catalyst for further growth**

# Usage Growth Potential

Lower cost economics of 3G



Additional Capacity



Lower Tariffs



Stimulate  
more traffic

Capture  
non users



More mobile substitution for fixed

# Data Growth Potential

- **Sophistication of mobile terminals**
- **New applications and services**
- **Simple user interfaces**
- **Affordable event & transaction charging**

# The Transforming Technology

**Universal adoption  
of voice**

**Expansion of  
applications &  
mobile capability**

**Transforming impact  
on society**

# Issues for Investors

**Mobile  
Value  
Chain**

- ➔ **What is the scale?**
- ➔ **Who will gain the most?**
- ➔ **When will it take off?**
- ➔ **Who has sustainable competitive advantage?**

# Development of Strategy

- **Build a sustainable relationship with customers**
  - friendly, affordable, rich in content & seamless user experience
- **The Vodafone brand experience**
  - consumers & enterprise customers
  - point of difference
  - brand preference
  - partner of choice

# Vodafone's Strategy

- **Set 5 years ago**

<b>1</b>	<b>Accelerated customer growth</b>
<b>2</b>	<b>Geographic expansion</b>
<b>3</b>	<b>New service development</b>

# Vodafone's Evolved Strategy

**Customer growth**



**Growing new revenues from established customer base**

**Geographic expansion**



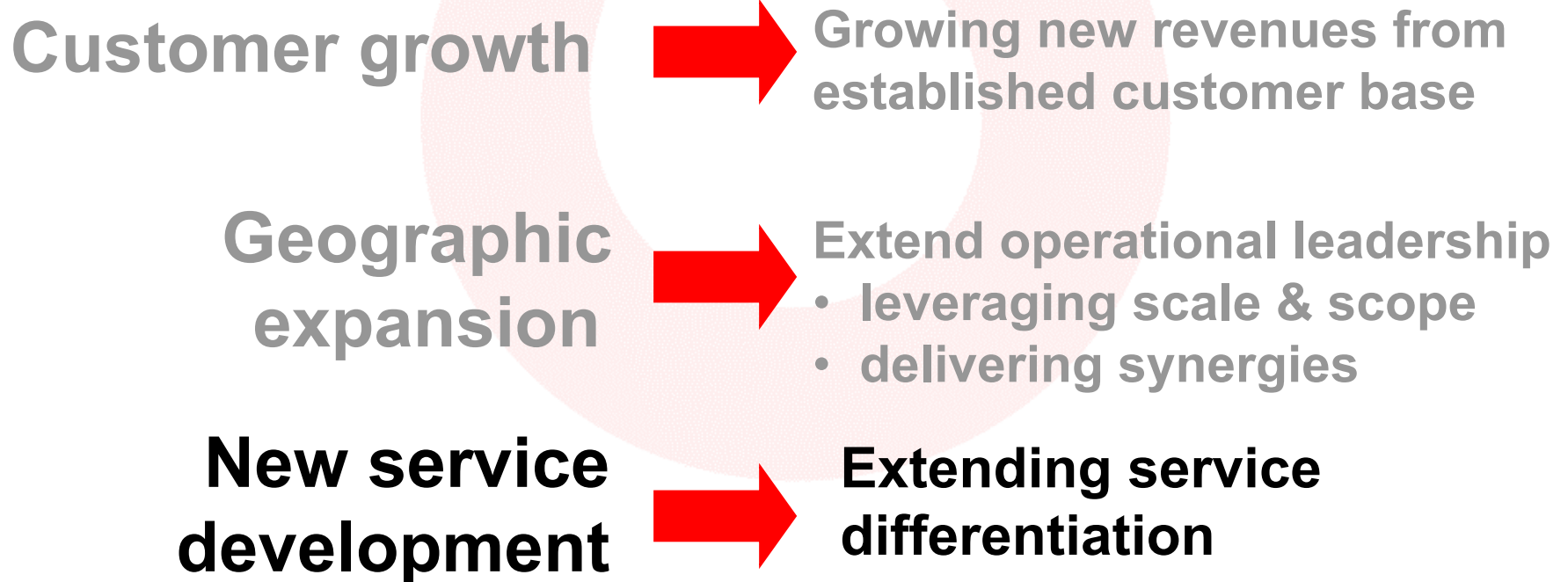
**Extend operational leadership**

- leveraging scale & scope
- delivering synergies

# Geographic Expansion

- **Increase ownership in existing territories**
- **Must make sense for shareholders**
- **Possible transaction in France**
  - **Based on market multiples**
  - **Not DCF value**
  - **Control is not essential**
- **Do not envisage further geographic expansion over next 2/3 years**

# Vodafone's Evolved Strategy



# Service Differentiation

- **Vodafone live! & Vodafone Office**
  - Next stage of growth
  - Launched on GPRS
- **3G**
  - European field trialling next month
  - Subject to good supply of high quality dual mode terminals

# Vodafone live!

- **Ease of use**
- **Icon driven user experience**
- **“Out of the box”**
- **Simple event & transaction charges**
- **User experience independent of handset**
- **Consistent in all Vodafone networks**

# Significance of New User Interface

- **Shift from technology to services**
- **Important step for Vodafone Group**
- **Define Vodafone service for customers**
- **Enhance progress of single brand**

# Vodafone Brand

- Present in 14 of 16 controlled markets
- Italy ➡ Vodafone by Easter
- Japan ➡ Vodafone by end of 2003
- Vizzavi brand ➡ part of Vodafone live!
- Vodafone ranking in world's top brands
- Sponsorship extends brand recognition
- Brand awareness ➡ brand preference

# Conclusion

- **Past 5 years: transformation and expansion**
- **Laid foundations for future growth**
- **Strong track record for delivery**
- **Aim to produce enhanced sustainable returns for shareholders**
- **Maximise Vodafone's position in business growth opportunity**

# Cautionary Statement Regarding Forward-Looking Statements

These slides contain “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 with respect to these items. In particular, forward-looking statements include statements with respect to Vodafone’s expectations as to field trialling, launch and roll-out dates for products and services, including 3G services and Vodafone Live! and Vodafone Office, the ability to integrate our operations, including the implementation of Vodafone live! and Vodafone Office throughout the Group in the same format and on the same technical platform, the development and impact of new mobile technology, including the expected benefits of 3G and other services and demand for such services, the completion of Vodafone’s brand migration programme, growth in customers and usage, including improvements in customer mix, future performance, including turnover, ARPU, EBITDA, cash flows, costs, capital expenditures and improvements in margin, non-voice services and their revenue contribution, the ability to realise operational synergies and cost savings, future acquisitions, including increases in ownership in existing investments, mobile penetration rates, overall market trends and other trend projections.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as “anticipates”, “aims”, “due”, “could”, “may”, “should”, “expects”, “believes”, “intends”, “plans”, “targets”, “goal” or “estimates”.

## **Cautionary Statement Regarding Forward-Looking Statements (cont.)**

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, including 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; greater than anticipated competitive activity requiring reduced pricing and/or new product offerings or resulting in higher costs of acquiring new customers, or slower customer growth or reduced customer retention; the impact on capital spending from investment in network capacity and the deployment of new technologies, or the rapid obsolescence of existing technology; the possibility that technologies, including mobile internet platforms, and services, including 3G services, Vodafone Live! and Vodafone Office, will not perform according to expectations or that vendors' performance will not meet the Group's requirements; and the possibility that new, unexpected strategic opportunities may arise in the next two to three years, the pursuit of which could be in the best interests of Vodafone's shareholders.

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 under "Risk Factors" on pages 29 and 30 of Vodafone's Annual Report & Accounts and Form 20-F for the year ended 31 March 2002.



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