By reading these slides you agree to be bound by the following conditions.

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.

No person is under any obligation to update, complete, revise or keep current the information contained in this presentation.

The presentation contains forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties because they relate to future events. 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. However, these measures are not uniformly defined by all companies, including those in the Group's industry. Accordingly, they may not be comparable with similarly titled measures and disclosures by other companies. Additionally, although these measures are important in the management of the business, they should not be viewed in isolation or as replacements for, or alternatives to, but rather as complementary to, the comparable GAAP measures.

Vodafone and the Vodafone Speech Mark are trademarks of the Vodafone Group. The Vodafone Rhombus is a registered design of the Vodafone Group. Other product and company names mentioned herein may be the trademarks of their respective owners.
Fixed/Convergence: A significant growth opportunity

Nick Read
Group Chief Financial Officer
Key takeaways

1. We have created Europe's largest NGN footprint, thanks to our flexible infrastructure strategy.

2. The shift to NGN is a significant window of opportunity for Vodafone to achieve substantial and profitable market share gains.

3. Significant fixed-line scale and advanced TV/content capabilities allow us to unlock convergence benefits.

4. Fibre builds will bring incremental growth and attractive returns, given our disciplined investment criteria.
The shift to NGN creates a window of opportunity for substantial market share gains...

European fixed broadband customers (in Vodafone footprint)\(^1\) (m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Legacy Copper</th>
<th>NGN</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>42%</td>
<td></td>
<td>58%</td>
</tr>
<tr>
<td>2016</td>
<td>51%</td>
<td></td>
<td>49%</td>
</tr>
<tr>
<td>2017e</td>
<td>59%</td>
<td></td>
<td>41%</td>
</tr>
<tr>
<td>2018e</td>
<td>66%</td>
<td></td>
<td>34%</td>
</tr>
<tr>
<td>2019e</td>
<td>71%</td>
<td></td>
<td>29%</td>
</tr>
<tr>
<td>2020e</td>
<td>76%</td>
<td></td>
<td>24%</td>
</tr>
<tr>
<td>2021e</td>
<td>81%</td>
<td></td>
<td>19%</td>
</tr>
</tbody>
</table>

Source: Analysys Mason
Vodafone has created a significant NGN footprint

European homes marketable (Q1 17/18)                          (m)  Owned European NGN network vs. peers¹ (m)

<table>
<thead>
<tr>
<th>% of homes</th>
<th>22</th>
<th>25</th>
<th>60</th>
<th>83</th>
<th>100</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total incl’ ADSL and NGN</td>
<td>136</td>
<td>163</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NGN wholesale</td>
<td>36</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic wholesale partnerships²</td>
<td>41</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owned NGN network</td>
<td>98</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Not covered

Leading NGN marketable footprint in EU, #3 on-net

1. Vodafone estimates as at Q1 17/18
2. Includes Telefonica (selected areas in Spain), Open Fiber (Italy) and SIRO (Ireland)

Legend:
- Co/self build
- Rent
- Continuously optimising
- Buy
- Strategic p’ships

Bar chart:
- Liberty: 51
- DT: 38
- Vodafone: 36
- Orange: 31
- BT: 24
- TEF: 18
- TI: 17
We are Europe’s fastest growing broadband provider

European broadband net adds (FY 16/17)1 (m)

<table>
<thead>
<tr>
<th>Company</th>
<th>Net Adds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vodafone</td>
<td>1.3</td>
</tr>
<tr>
<td>ORA</td>
<td>0.8</td>
</tr>
<tr>
<td>LBTY</td>
<td>0.7</td>
</tr>
<tr>
<td>BT</td>
<td>0.2</td>
</tr>
<tr>
<td>DT</td>
<td>0.2</td>
</tr>
<tr>
<td>TEF</td>
<td>0.1</td>
</tr>
</tbody>
</table>

NGN on-net and off-net penetration (FY 16/17) (%)

- Europe: On-net 27%, Off-net 2.5%
- NL: On-net 44%, Off-net 0%
- DE: On-net 27%, Off-net 4%
- ES: On-net 22%, Off-net 1%
- PT: On-net 19%, Off-net 12%
- IT: On-net 8%, Off-net 5%
- UK: On-net 0%, Off-net 1%

Note: JV with Ziggo is included in Vodafone and Liberty Global, based on company reports
And have reached significant scale

Total broadband customer base in Europe (Q1 17/18)\(^1\)(m)

<table>
<thead>
<tr>
<th>Operator</th>
<th>DT</th>
<th>Orange</th>
<th>LBTY</th>
<th>Vodafone</th>
<th>BT</th>
<th>TEF</th>
<th>TI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>18.6</td>
<td>18.1</td>
<td>17.5</td>
<td>16.8</td>
<td>9.3</td>
<td>8.1</td>
<td>7.3</td>
</tr>
</tbody>
</table>

Revenue market share (Q1 17/18)\(^1\) (%)

<table>
<thead>
<tr>
<th>Country</th>
<th>Mobile</th>
<th>Fixed</th>
</tr>
</thead>
<tbody>
<tr>
<td>DE</td>
<td>33%</td>
<td>21%</td>
</tr>
<tr>
<td>UK</td>
<td>22%</td>
<td>4%</td>
</tr>
<tr>
<td>IT</td>
<td>32%</td>
<td>7%</td>
</tr>
<tr>
<td>PT</td>
<td>37%</td>
<td>8%</td>
</tr>
<tr>
<td>NL</td>
<td>39%</td>
<td></td>
</tr>
</tbody>
</table>

1. Vodafone includes VodafoneZiggo.
Source: Vodafone estimates and company reports
Fixed scale unlocks convergence opportunities

Non-converged to converged (FY 16/17) (m)

Consumer customers’ convergence pyramid

- 4 Upgrade
- 8 Households / SIMs fully converged on Vodafone
- 2 Cross-sell
- 3 Vodafone Household / SIMs not in integrated bundles
- 9 Fixed-only households
- 53 Mobile-only SIMs
- 104 Mass Market
- Acquire

Churn improvement (Q1 17/18) (%)

- 22% Vodafone Spain, consumer contract customer churn
- 9% Mobile only
- 7% 3P
- 4P (incl. TV)

1. Mobile active consumer SIMs; excludes Eastern Europe; SIMs per household calculation based on regional averages
Supported by our leading TV platforms and expertise

TV markets

TV customers (m)

- Competitive premium content portfolio
- Distributor/partnership model preferred to exclusive ownership
- TV drives ARPU growth (~20-50%)\(^1\)

Giga TV

1. When customers move from 2P to 3P (incl. TV)
Markets are moving to convergence at different speeds

Fixed-mobile convergence as % of total fixed broadband households

1. Analysys Mason – Multi-Play in Europe
2. Number of consumer broadband (RGUs) linked to a converged customer account relative to total consumer broadband customers
We have good momentum

Europe converged consumer net adds (LTM)\(^1\) (000s)

<table>
<thead>
<tr>
<th>Country</th>
<th>Net Adds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>220</td>
</tr>
<tr>
<td>Total Europe</td>
<td>689</td>
</tr>
<tr>
<td>Italy</td>
<td>165</td>
</tr>
<tr>
<td>Germany</td>
<td>195</td>
</tr>
<tr>
<td>UK</td>
<td>93</td>
</tr>
</tbody>
</table>

- ~60% of European broadband net adds are converged over the last 12 months

Europe consumer converged customers (Q1 17/18) (m)

- On average 2 SIMs per customer
- Significant penetration potential

<table>
<thead>
<tr>
<th>Region</th>
<th>Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>4.4</td>
</tr>
<tr>
<td>Spain</td>
<td>2.3</td>
</tr>
<tr>
<td>VodafoneZiggo(^2)</td>
<td>0.6</td>
</tr>
<tr>
<td>Italy</td>
<td>0.5</td>
</tr>
<tr>
<td>Germany</td>
<td>0.5</td>
</tr>
<tr>
<td>UK</td>
<td>0.1</td>
</tr>
<tr>
<td>Other Europe</td>
<td>0.4</td>
</tr>
</tbody>
</table>

1. Last 12 months (Q2 16/17 to Q1 17/18). Excludes VodafoneZiggo
2. VodafoneZiggo stated as at Q4 16/17
Vodafone Germany: Gigabit Investment Plan

Approx €2bn investment in fibre over the next 4 years...

1. **Giga-Business**
   - Targeting 100,000 companies in around 2,000 business parks in co-operation with strategic partners
   - €1.4bn-€1.6bn investment

2. **Giga-Municipality**
   - Partnering with local municipalities to reach around 1m rural homes
   - €0.2bn-0.4bn investment

3. **Giga-Cable**
   - Accelerating the upgrade of our cable infrastructure to deliver 1 Gbps across our 12.6m marketable homes
   - €0.2bn investment

... to drive attractive incremental growth and returns

4. **Under-served market:**
   - <2%¹ of homes have access to Gigabit speeds
   - 25%² of broadband connections are <50Mbps
   - Fibre demand in enterprise bids doubled YoY

5. **Opportunity to gain share:**
   - Enterprise fixed revenue market share <15%
   - Accretive to service revenue growth by 1-2pp
   - Attractive incremental EBITDA margins

6. **Value accretive investment:**
   - IRR >20% for Giga-business and Giga-municipality
   - Payback of <4 years per business park and <6 years per municipality

A success-based investment model, with limited execution risk and fast speed to market

---

1. Source: OECD 2016
2. Vodafone projections based on BMWI Breitbrandatlas
Summary

1. **We have created Europe's largest NGN footprint**, thanks to our flexible infrastructure strategy

2. **The shift to NGN is a significant window of opportunity** for Vodafone to achieve substantial and profitable market share gains

3. Significant fixed-line scale and TV/content capabilities allow us **to unlock convergence benefits**

4. **Fibre builds will bring incremental growth and attractive returns**, given our disciplined investment criteria:
   - IRR materially above WACC
   - Typical payback period 4-7 years
   - Predictable regulatory framework

---

1. Excludes Vodafone Netherlands in all periods
Vodafone
Fixed/Convergence
Open Office

Vodafone Italy
Market overview

Service revenue (FY 16/17) (€bn)

-Mobile customers (m)

Q1 17/18

<table>
<thead>
<tr>
<th>Operator</th>
<th>Vodafone</th>
<th>TIM</th>
<th>WindTre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 17/18</td>
<td>22.8</td>
<td>30.0</td>
<td>30.3</td>
</tr>
</tbody>
</table>

Mobile revenue share (FY16/17) (%)

Fixed revenue share (FY 16/17) (%)

-TV subscribers (000s)

Q1 17/18

<table>
<thead>
<tr>
<th>Operator</th>
<th>Vodafone TV</th>
<th>TIMvision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 17/18</td>
<td>10</td>
<td>590</td>
</tr>
</tbody>
</table>

1. Including M2M
Our fixed footprint

Homes marketable (Q1 17/18) (m)

<table>
<thead>
<tr>
<th>% HHs</th>
<th>12%</th>
<th>17%</th>
<th>47%</th>
<th>94%</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>28.6m</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26.9m</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13.3m</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.5m</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.0m</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Not covered
DSL (ULL + BS)
NGN Wholesale (FTTC)
Wholesale partnership (FTTH Open Fiber)
Build (FTTC)

Homes marketable with NGN (Q1 17/18) vs. peers

- TIM: 13.3m HHs
- Fastweb: 16.9m HHs
- Wind: 7.8m HHs
- Vodafone: 11.5m HHs

Build

FTTC

- 3.5m HHs
- Initial self-build programme; reviewed following Open Fiber agreement

Strategic partnership

FTTH

- 1.5m HHs incl. Metroweb
- Up to 9.5m HHs
  - By 2022, across 271 cities in A&B areas
  - Potential for a further 7m HHs in C&D areas

Wholesale

- Wholesale partnership (FTTH Open Fiber)
- FTTC VULA access via wholesale agreement with TIM

1. Vodafone estimate and company reports
Commercial momentum in fixed and increasing NGN mix

Net add performance (000s)

- Total broadband net adds
- NGN net adds

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Broadband</th>
<th>NGN Net Adds</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 14/15</td>
<td>140</td>
<td>7</td>
</tr>
<tr>
<td>FY 15/16</td>
<td>168</td>
<td>14</td>
</tr>
<tr>
<td>FY 16/17</td>
<td>224</td>
<td>66</td>
</tr>
</tbody>
</table>

Total broadband market share & share of net adds (LTM) (%)

- Market share (Q1 17/18)
- Share of customer net adds (LTM)

<table>
<thead>
<tr>
<th>Operator</th>
<th>FY 14/15</th>
<th>FY 15/16</th>
<th>FY 16/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIM</td>
<td>38</td>
<td>23</td>
<td>18</td>
</tr>
<tr>
<td>Vodafone</td>
<td>14</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>Fastweb</td>
<td>10</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>WindTre</td>
<td>14</td>
<td>13</td>
<td>1</td>
</tr>
<tr>
<td>Others</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

NGN broadband market share & share of net adds (LTM) (%)

- Market share (Q1 17/18)
- Share of customer net adds (LTM)

<table>
<thead>
<tr>
<th>Operator</th>
<th>FY 14/15</th>
<th>FY 15/16</th>
<th>FY 16/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIM</td>
<td>44</td>
<td>24</td>
<td>27</td>
</tr>
<tr>
<td>Vodafone</td>
<td>22</td>
<td>27</td>
<td>14</td>
</tr>
<tr>
<td>Fastweb</td>
<td>7</td>
<td>7</td>
<td>13</td>
</tr>
<tr>
<td>WindTre</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Others</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Company reports
FTTH delivering profitable growth

Acquisition rate (Index: Copper=100)

<table>
<thead>
<tr>
<th></th>
<th>Copper</th>
<th>FttC</th>
<th>FttH</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.6x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.0x</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Churn rate (Index: Copper=100)

<table>
<thead>
<tr>
<th></th>
<th>Copper</th>
<th>FttC</th>
<th>FttH</th>
</tr>
</thead>
<tbody>
<tr>
<td>-40%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>-50%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Annual sales expressed as a percentage of covered HHs (average)
Convergence still an untapped opportunity for Vodafone Italy

Convergence adoption still limited in Italy
(% of fixed BB HHs with fixed-mobile bundles)

3.5x

35%

5%

10%

Italy 2014  Italy 2016 EU Top 5 2016

Strategy on Convergence

Get 100% of family SIMs from fixed customers

Grow value with Vodafone TV and contents

Leverage on consumer IoT development

Increase ARPA and loyalty

Note: Internal market research
Our convergence proposition

### Performance and reliability
- IperFibra and Mobile 4.5G
- With Giga Vacanza take your broadband connection on holiday
- With Vodafone Always Connected you will never be left without Data or Voice services

### Best entertainment with Vodafone TV
-NOW TV Entertainment
- HD Experience
-Maximum personalisation

### Exclusive advantages for your family
- With Vodafone IoT, keep your most loved ones safe and connected
- Additional SIMs for your family at an exclusive price
Convergence progress

Converged customers and penetration

Converged BB RGUs as a % of consumer broadband customers

Converged customers

ARPU uplift
(Q1 17/18)

+28€

Mobile customer ARPU uplift

€27

Typical discount

(€7)

Customer churn reduction (%)
(Q1 17/18)

-50%

Mobile Only

29%

Converged

14%

Q1 16/17

Q1 17/18

Converged customers

20%

27%

1. Number of consumer broadband (RGUs) linked to a converged customer account relative to total consumer broadband customers
Market overview

Total Service revenue (FY 16/17) (%)

Vodafone consumer convergence revenue (%)

Mobile contract customers (m)
Q1 17/18

Fixed broadband customers (m)
Q1 17/18

TV subscribers (m)
Q1 17/18

Movistar

Vodafone

Orange

Other

€23.5bn

Convergence

Non-convergence

Vodafone

Movistar

Orange

Vodafone

Orange

Movistar

Vodafone

Orange

Movistar

11.6

11.4

13.3

3.2

4.2

6.0

1.3

0.5

3.7

19

19

10

52

53

47
Our fixed footprint

Homes marketable (Q1 17/18)  (m)

<table>
<thead>
<tr>
<th>% of homes</th>
<th>Total HH</th>
</tr>
</thead>
<tbody>
<tr>
<td>36%</td>
<td>27.7</td>
</tr>
<tr>
<td>66%</td>
<td>28.9</td>
</tr>
<tr>
<td>96%</td>
<td>19.2</td>
</tr>
<tr>
<td>100%</td>
<td>10.3</td>
</tr>
</tbody>
</table>

Homes marketable with NGN (Q1 17/18) vs. peers¹

<table>
<thead>
<tr>
<th></th>
<th>19.2 HHs</th>
<th>18.0m HHs</th>
<th>18.8m HHs (E)</th>
</tr>
</thead>
</table>

---

**Buy**

**Cable**

- **7.5m HHs**
  - Via Ono acquisition
- Evolving towards DOCSIS3.1
- 1Gbps upload/download and better experience

**FTTH**

- **3.5m HHs**
  - 690k overlap with cable
- FTTH co-build agreement with Orange

**Strategic partnership & wholesale**

- **8.9m HHs**
  - Regulated access + new strategic partnership with Telefonica

---

1. Vodafone estimate
Commercial momentum in fixed and improving mix

Net add performance (000s)

<table>
<thead>
<tr>
<th></th>
<th>FY 14/15</th>
<th>FY 15/16</th>
<th>FY 16/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total broadband net adds</td>
<td>227</td>
<td>212</td>
<td>209</td>
</tr>
<tr>
<td>NGN net adds</td>
<td>204</td>
<td>308</td>
<td>317</td>
</tr>
</tbody>
</table>

Total broadband market share & share of net adds (LTM) (%)

<table>
<thead>
<tr>
<th></th>
<th>Market Share (Q1 17/18)</th>
<th>Share of customer net adds (LTM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TEF</td>
<td>42</td>
<td>22</td>
</tr>
<tr>
<td>Vodafone</td>
<td>36</td>
<td>29</td>
</tr>
<tr>
<td>ORA</td>
<td>29</td>
<td>28</td>
</tr>
<tr>
<td>MM</td>
<td>2</td>
<td>36</td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
<td>2</td>
</tr>
</tbody>
</table>

NGN broadband market share & share of net adds (LTM) (%)

<table>
<thead>
<tr>
<th></th>
<th>Market Share (Q1 17/18)</th>
<th>Share of customer net adds (LTM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TEF</td>
<td>38</td>
<td>30</td>
</tr>
<tr>
<td>Vodafone</td>
<td>29</td>
<td>21</td>
</tr>
<tr>
<td>ORA</td>
<td>23</td>
<td>41</td>
</tr>
<tr>
<td>MM</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Other</td>
<td>8</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Company reports
1. Includes proforma ONO
## Convergence strategy: using our new TV platform as differentiator

<table>
<thead>
<tr>
<th>Basic TV</th>
<th>HBO ESPAÑA</th>
</tr>
</thead>
<tbody>
<tr>
<td>+65 channels</td>
<td>+120 channels</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Movies / TV series</th>
</tr>
</thead>
<tbody>
<tr>
<td>NETFLIX</td>
</tr>
<tr>
<td>HBO ESPAÑA</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Vodafone Football</th>
</tr>
</thead>
<tbody>
<tr>
<td>El Partidazo</td>
</tr>
<tr>
<td>beIN SPORTS</td>
</tr>
<tr>
<td>beIN SPORTS</td>
</tr>
<tr>
<td>LaLiga 123tv</td>
</tr>
</tbody>
</table>

### New

- **4K content**
- **Service and experience improvement**

<table>
<thead>
<tr>
<th>Vodafone Motor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formula 1</td>
</tr>
<tr>
<td>MotoGP</td>
</tr>
<tr>
<td>Motors TV</td>
</tr>
</tbody>
</table>

Cine 4k
### Vodafone One

#### 50Mb | S

- **Incluye:**
  - 50Mb Simétricos
  - 6GB Chat incluido
  - Lúmitadas Fibra

- **Además gratis:**
  - Otra línea móvil
  - 12 meses gratis

- **Precio:** 53 €/mes

#### 120Mb | M

- **Incluye:**
  - 120Mb Simétricos
  - 10GB Chat incluido
  - Lúmitadas Fibra

- **Además gratis:**
  - Vodafone TV Total
  - 3 meses gratis
  - HBO
  - Todas las temporadas de Juego de Tronos

- **Precio:** 72 €/mes

#### 300Mb | 2 líneas M | TV Total

- **Incluye:**
  - 300Mb Simétricos
  - Llamadas ilimitadas Roaming EE, UU y Europa
  - Llamadas ilimitadas Roaming EE, UU y Europa

- **Además gratis:**
  - Otra línea móvil
  - PlayStation Plus
  - 1 año gratis

- **Precio:** 124 €/mes
Convergence progress

Consumer converged customers and penetration

- Converged customers
- Converged BB RGUs as a % of consumer broadband customers

Consumer ARPU and churn impact

- Convergence ARPU uplift (Q1 17/18)
- €37.5
- €46.2
- Typical discount
- Mobile customer ARPU uplift

- Customer churn reduction (%)
  - Q1 17/18
  - 21.8%
  - 8.4%

1. Number of consumer broadband (RGUs) linked to a converged customer account relative to total consumer broadband customers
Market overview

Service revenue (€bn) — FY 16/17

- Fixed revenue: €18bn (50%)
- Mobile revenue: €18bn (50%)

Mobile service revenue share (%) — FY 16/17

- Telefonica: 30%
- Deutsche Telekom: 37%
- Vodafone: 33%

Fixed revenue share (%) — FY 16/17

- Telefonica: 7.7% (€1.3bn)
- Unitymedia: 52% (€10.6bn)
- Deutsche Telekom: 10.0% (€1.8bn)

Mobile customers1 (m) — Q1 17/18

- Vodafone: 45.2m
- Deutsche Telekom: 42.0m
- Telefonica: 45.2m

Fixed broadband customers (m) — Q1 17/18

- Vodafone: 6.4m
- Deutsche Telekom: 13.0m
- Telefonica: 2.1m
- United Internet: 4.4m
- Unitymedia: 3.4m

TV customers (RGUs m) — Q1 17/18

- Vodafone: 7.7m
- Deutsche Telekom: 3.0m
- Unitymedia: 6.3m

1. Includes IoT and MVNO customers
## Commercial momentum in fixed

### Net add performance (000s)

<table>
<thead>
<tr>
<th></th>
<th>FY 14/15(^1)</th>
<th>FY 15/16</th>
<th>FY 16/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total broadband net adds</td>
<td>322</td>
<td>376</td>
<td>433</td>
</tr>
<tr>
<td>NGN net adds</td>
<td>567</td>
<td>584</td>
<td>574</td>
</tr>
</tbody>
</table>

### Total broadband market share & share of net adds (LTM) (%)

<table>
<thead>
<tr>
<th></th>
<th>Total BB market share (Q1 17/18)</th>
<th>Share of BB net adds (LTM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DT</td>
<td>40</td>
<td>22</td>
</tr>
<tr>
<td>Vodafone</td>
<td>35</td>
<td>19</td>
</tr>
<tr>
<td>UI</td>
<td>14</td>
<td>5</td>
</tr>
<tr>
<td>UM</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>TEF</td>
<td>6</td>
<td>(2)</td>
</tr>
</tbody>
</table>

### NGN broadband market share & share of net adds (LTM) (%)

<table>
<thead>
<tr>
<th></th>
<th>NGN market share (Q1 17/18)</th>
<th>Share of NGN net adds (LTM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DT</td>
<td>31</td>
<td>25</td>
</tr>
<tr>
<td>Vodafone</td>
<td>25</td>
<td>17</td>
</tr>
<tr>
<td>UI</td>
<td>8</td>
<td>17</td>
</tr>
<tr>
<td>UM</td>
<td>21</td>
<td>6</td>
</tr>
<tr>
<td>TEF</td>
<td>6</td>
<td>6</td>
</tr>
</tbody>
</table>

Source: Company reports

1. Includes proforma Kabel Deutschland
Our convergence strategy

CONVERGENCE

DIFFERENTIATION

Become the leading converged operator – in an increasingly two-tier market

HH PENETRATION

Focus sales on own customers to increase share of wallet in own base

ARPU UPLIFT

Leverage Customer Base and foster Cross Sell in the FIXED & MOBILE Customer Base

CHURN

Bundle customers show less churn and value add
Vodafone GigaKombi

Our highspeed fixed & mobile combination for you and your family!

**4G|LTE MAX**

- Data flat with 4G|LTE Max up to 500 mbit/s
- Voice & SMS Flat
- GigaDepot
- GigaSharing for the whole family – with Red+ Allnet & Red+ Kids

**HOME SPEED**

- Highspeed Internet up to 500 mbit/s
- Fixed flat
- TV packages optional bookable

---

**Exclusive GigaKombi benefits**

- 10GB for New Customers
- €10 bundle discount on mobile bill
- Additional €5 discount on every Red+ Allnet
- Fixed to Mobile & Euro flat

- Special GigaKombi Hotline Team
- Instant Access for new Fixed Customers

---

Starting at **41,98 € per month**
Convergence progress

Converged consumer customers and penetration

- Converged consumer customers (000s)
- Converged BB RGUs as a % of consumer broadband customers

ARPU and churn impact

- ARPU uplift (Q1 17/18)
- Customer churn reduction (%)(Q1 17/18)

1. Number of consumer broadband (RGUs) linked to a converged customer account relative to total consumer broadband customers
Gigabit Investment Plan
Our fixed footprint

Homes marketable Q1 17/18 (m)

- 12.6m HHs
  - Acquired through KDG
  - Evolving Giga-Cable to DOCSIS 3.1 to deliver 1Gbps download speeds

- 26.2m HHs
  - Wholesale access with DT

- 40.0m HHs
  - Not covered

- 38.9m HHs
  - ADSL wholesale

- 13.6m HHs
  - Own NGN network

Homes marketable with NGN Q1 17/18 vs. peers

- T
  - 28m

- Vodafone
  - 26m

- Unitymedia
  - 13m

Recently announced fibre investment:

- Buy
  - 12.6m HHs

- Wholesale
  - 13.6m HHs
  - Layer 2 VDSL wholesale access with DT

- Own build & strategic partnership

FTTP

- Giga-Business
  - Around 2,000 business parks

- Giga-Municipality
  - Around 1m households

1. Source: company reports, and Vodafone estimates
Giga-Business: fibre to business parks

German business park opportunity

- Vodafone fixed enterprise market share <15%
- Fibre demand in enterprise bids doubled YoY
- <25% of Vodafone’s enterprise customers are converged

2,000 business parks selected on basis of:
- Revenue potential and existing infrastructure
- Proximity to existing infrastructure to optimize costs for construction and backhaul

KPIs per business park:
- Minimum 40% penetration required to build
- IRR >20%, Payback per park <4 years

€1.4-1.6bn investment

1. Source: German land registry office, Vodafone analysis
2. Excludes Soho customers
Giga-Business: partnerships built on telecom scale and expertise

**Vodafone Germany**

Strong market position and assets
- Number 1 challenger in fixed
- Own fixed access network (cable, DSL, fibre)
- Nationwide fixed footprint
- Best-in-class purchasing capability reflecting leading multi-country scale

Vodafone provides the service and owns the customer

---

**Business model**

Build out after successful pre-sales (>40%)

Synergies with mobile backhaul

Attractive cash-flow phasing through long-term contract

---

**Strategic partner**

Deutsche Glasfaser example:

Expertise
- Specialises in low-cost build out of fibre optic access networks
- Know-how transfer, scaling, speed, and cost effectiveness

Partner builds the passive network

---

Central Office

Vodafone backbone

Passive fibre network

Vodafone provides the service and owns the customer
**Giga-Municipality: co-investment with local government**

### Opportunity

- ~25% of HH without access to ≥50Mpbs\(^1\)
- Government expected to increase fibre subsidies
- Municipalities seeking higher speeds
- Rural areas particularly under-served

### Municipalities

- Builds and owns passive local access fibre network (after successful pre-sales)

### Vodafone

- Builds link from the local access network to our fibre backbone, and installs active equipment
- Pays rental fee per connected household

### KPIs:

- Targeting **around 1m** households, mostly rural areas
- **33%** minimum penetration per municipality
- IRR >**20%**, Payback <**6 years**

### Investment

€0.2-0.4bn investment

---

1. Vodafone projections based on BMWI Breitbrandatlas
Giga-Cable: accelerating the upgrade to 1Gbps

Vodafone household cable coverage and speeds

<table>
<thead>
<tr>
<th>Today</th>
<th>In FY 19/20</th>
<th>Future</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.6m</td>
<td>12.6m</td>
<td></td>
</tr>
</tbody>
</table>

Opportunity
- Half of new customers choosing ≥200Mbps in Q1 17/18

Strategic approach
- **12.6m** households upgraded to 1Gbps
- 2 year DOCSIS 3.1 roll-out starting 2018; acceleration of original 4 year plan
- In combination with analogue switch off leads to capacity capex savings
- Payback **<4 years**

Costs
- **€0.2bn investment**

1. Excludes CPE which will be funded within the existing capex envelope
Vodafone Germany

• Incremental accrued capex of approximately €2bn over four years (FY 18/19 to FY 21/22)\(^1\)
• Accretive to mid-term service revenue growth by 1-2pp, from the second full year of the plan (FY 19/20)
• Incremental EBITDA margins materially higher than the current average\(^2\)
• Giga-Business up-front cash outflows will be around one-third of accrued capital expenditure, with the balance paid over time

Vodafone Group

• Annual drag on Group cash-flows of €100-200m during the initial years of the plan
• No change to medium-term target of ‘mid-teens capex/sales’, excluding Gigabit Investment Plan capex which will be disclosed separately going forwards together with related KPIs

Success-based investment to drive attractive incremental growth and returns

---

1. In FY16/17 Vodafone Germany’s capital expenditure was €1.7bn (15.8% of revenue) and represented 22% of the Group’s total capex
2. In FY 16/17 Vodafone Germany’s EBITDA margin was 34.1%
Vodafone
Fixed/Convergence
Open Office

Vodafone Portugal
Market overview

Vodafone service revenue (%)
FY 16/17

Total retail revenue market share (%)

Convergent customers market share (bundles, %)

Mobile customers (SIMs m)
Q4 16/17

Fixed broadband customers (RGUs m)
Q4 16/17

TV subscribers (RGUs m)
Q4 16/17

European Mobile Telecoms

NOS
Vodafone
MEO

€0.9bn
+1.7% YoY

21
79

4.7
7.7
4.5

0.5
1.4
1.3

0.5
1.4
1.6

Other

Vodafone
MEO
NOS

Other

Vodafone
MEO
NOS

Other

Vodafone
MEO
NOS

Vodafone
MEO
NOS

Vodafone
MEO
NOS
Our fixed footprint

Homes marketable (Q1 17/18) (m)

- Own NGN network: 5.0
- NGN wholesale: 2.7
- Not covered: 2.5

% of homes marketable
50 54 100

Homes marketable with NGN (Q1 17/18) vs. peers

- NOS: 4.0m HHs
- MEO: 4.0m HHs
- Own NGN: 2.7m HHs

<table>
<thead>
<tr>
<th>Self-build</th>
<th>Acquired</th>
<th>Wholesale</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FTTH</strong></td>
<td><strong>FTTH</strong></td>
<td><strong>FTTH</strong></td>
</tr>
<tr>
<td>2.3m HHs</td>
<td>0.2m HHs</td>
<td>0.2m HHs</td>
</tr>
<tr>
<td>1.8m own-build driven by Project Spring, plus reciprocal access with Meo covering an incremental 450k HH</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Call option exercise on Optimus’ FTTH footprint (0.2m) as a remedy in the Optimus/ZON merger</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public funded rural network with access obligations</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
High 3P prices pursued by incumbents used to squeeze mobile ARPU; keeping them low helped Vodafone retain value in mobile

3P prices determine the value perception of mobile

Current public prices

<table>
<thead>
<tr>
<th>4P</th>
<th>3P</th>
<th>Mobile</th>
</tr>
</thead>
<tbody>
<tr>
<td>NOS</td>
<td>€56.9</td>
<td>€28.9</td>
</tr>
<tr>
<td>MEO</td>
<td>€44.9</td>
<td>€27.9</td>
</tr>
</tbody>
</table>

Two possible reactions from “fixed” competitors

- **Keep 3P prices**
  - ... and lose fixed to Vodafone (their first option)

  - **Reduce 3P prices**
  - ... and lose mobile acquisition via 3P to 4P conversion (their current option)

... Always resulting in a positive outcome for Vodafone

Phase 1 - substantial fixed growth (pay TV)

- Net Adds
- Customers EOP (m)

Phase 2 - substantial decline in mobile losses to convergence (net portouts)

Note: Consumer segment offers and numbers
## Commercial momentum in fixed

### Net adds performance (000s)

<table>
<thead>
<tr>
<th></th>
<th>FY 14/15</th>
<th>FY 15/16</th>
<th>FY 16/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total broadband net adds</td>
<td>118</td>
<td>112</td>
<td>96</td>
</tr>
<tr>
<td>NGN net adds</td>
<td>122</td>
<td>128</td>
<td>110</td>
</tr>
</tbody>
</table>

### Total broadband market share & share of net adds (LTM) (%)

#### Q4 16/17

<table>
<thead>
<tr>
<th></th>
<th>NGN</th>
<th>MEO</th>
<th>NOS</th>
</tr>
</thead>
<tbody>
<tr>
<td>FBB customer market share</td>
<td>18</td>
<td>40</td>
<td>38</td>
</tr>
<tr>
<td>FBB net adds market share</td>
<td>50</td>
<td>(4)</td>
<td>50</td>
</tr>
</tbody>
</table>

### NGN broadband market share & share of net adds (LTM) (%)

#### Q4 16/17

<table>
<thead>
<tr>
<th></th>
<th>Vodafone</th>
<th>MEO</th>
<th>NOS</th>
</tr>
</thead>
<tbody>
<tr>
<td>NGN customer market share</td>
<td>21</td>
<td>26</td>
<td>26</td>
</tr>
<tr>
<td>Net adds market share</td>
<td>33</td>
<td>38</td>
<td>47</td>
</tr>
</tbody>
</table>

Source: Company reports, competitors earnings statements, NRA and internal estimates; NGN excludes fixed over mobile solutions
Our convergence strategy: ready for 4P

Two-stage strategy

**Secure the Base**
- **FTTH Fast Roll-out**
  - No regulatory access; need to **speed up FTTH deployment** (self build or partnership)
- **3P Focus**
  - Get in customers’ premise
  - Gain scale
  - Retain value in **mobile**
- **Vodafone Red**
  - Red as the most important tool for **mobile retention**
  - Lead **mobile data experience**
- **Channels and HR**
  - Gain **capabilities** and fully readapt the **way of selling**

**Drive 4P**
- **Footprint and Fixed Base**
  - **Strong platform** to play convergence (footprint and customer base)
  - **Market is convergent** and reasons for not pushing 4P now diminished. Let’s play 4P!
- **Investments Monetisation**
  - 4P customers **churn less** and are better targets for **upsell opportunities**
  - Positioning Vodafone as a **Total Telecom provider**
Our convergence proposition

Vodafone Fiber (TV, Internet, Home Phone) + Mobile

TV, Smart router w/ 4X faster Wi-Fi & best 4G mobile network, in a single offer to satisfy all family’s needs

- TV
- 4X Faster Wi-Fi
- Fixed Phone

- Voice Calls
- Texts
- Mobile Data

# Performance and reliability

- Fiber – Fastest speed available (1Gbps), 4X faster Wi-Fi (powered by Vodafone Smart Router), lower latency
- Award winning Best 4G mobile network

# Best user experience with Vodafone TV

- TV interface renewed to a user centric experience; Fast Zapping
- Variety of 4K & HD content available
- Netflix, FOXPlay & 3rd parties TV Apps on the TV Box

# Exclusive advantages for families

- Additional SIMs with + GB data for family members at exclusive prices
- TV available in all screens, to take entertainment everywhere

Vodafone TV

Internet service
4X faster Wi-Fi

Add SIMs

- Calls
- Text
- Data

Fixed Phone
Unlimited calls

Vodafone Fiber
4X faster Wi-Fi

+ GB data for all family
Vodafone
Fixed/Convergence
Open Office

EU regulation
Vodafone – policy options for convergence investment

- Deeper gigabit coverage
- Differentiation, innovation
- Fairer industry profit distribution

- Copper loop unbundling
- Co-investment / ownership
- Equivalent passive access
- Long term commercial agreements
- Regulated bitstream or VULA

Supports outdated technology
Quality & price discrimination
Regulatory intensity
Using a flexible and capital smart infrastructure strategy

A market-by-market approach:

Buy
- Immediate access
- Potential to deliver sign synergies
- Time to integrate

Self or co-build
- Ability to differentiate
- Higher margin
- Capex intensive

Strategic partnerships
- Capex light
- Immediate access
- No/little ability to differentiate

Regulated wholesale access
- Capex light
- No/little ability to differentiate
- Low margin

Continuously optimising in every market
## Perspective on convergence regulation

<table>
<thead>
<tr>
<th>Control over own convergence infrastructure</th>
<th>Past 10 years</th>
<th>Next 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mainly cable - fibre emerging slowly</td>
<td>Support for Fibre Co-investment</td>
<td></td>
</tr>
<tr>
<td>Scale matters</td>
<td>Better access to passive infrastructures</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Regulated access (in remaining areas)</th>
<th>Fixed incumbent earns super normal profits and cross-subsidises mobile and content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allows for low risk market entry ...</td>
<td>Fixed incumbent earns super normal profits and cross-subsidises mobile and content</td>
</tr>
<tr>
<td>... but information asymmetry leads to endemic discrimination and value transfer to incumbent</td>
<td>Fixed incumbent earns super normal profits and cross-subsidises mobile and content</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deregulation of competitive markets</th>
<th>Deregulation of competitive fibre</th>
</tr>
</thead>
<tbody>
<tr>
<td>Encourage competitive fibre and 4G &amp; 5G build out</td>
<td>Deregulation of competitive fibre</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Access to must have audio visual content</th>
<th>Operator appetite varies by market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scale matters</td>
<td>Ineffective regulated access to content</td>
</tr>
<tr>
<td>Churn prevention</td>
<td>Regulation will need to address potential new access &amp; content bottlenecks</td>
</tr>
</tbody>
</table>
| Significant price inflation for football |"
<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access</td>
<td>Passive access prioritised: <strong>positive</strong>, pro fibre investment</td>
</tr>
<tr>
<td>Universal service</td>
<td>Funds to be raised from general taxation or all digital providers</td>
</tr>
<tr>
<td>Level playing field</td>
<td>Enhanced level playing field for all communications and IoT service providers</td>
</tr>
<tr>
<td>Institutions</td>
<td>More European harmonisation: <strong>positive</strong>, but opposed by Council and BEREC</td>
</tr>
<tr>
<td>Spectrum</td>
<td>Harmonisation and minimum 25 year spectrum licences: <strong>positive</strong>, but opposed by Council</td>
</tr>
</tbody>
</table>

**European Communications code status**

EC has committed to the idea that **investment and competition are key**, by...

**Supporting Gigabit investments**

- Ensuring competitive access conditions to very high capacity networks

**Institutions**

- More European harmonisation: **positive**, but opposed by Council and BEREC

**Spectrum**

- Harmonisation and minimum 25 year spectrum licences: **positive**, but opposed by Council

**Calendar**

- **Parliament & Council finalise their positions**: October 2017
- **Trialogue**: 6-12 months
- **Finalise Legal Text**: 3 months
- **Implementation into national legislation**: Up to 24 months
Forward looking statements

This presentation, along with any oral statements made in connection therewith, 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, but are not limited to: expectations regarding the Group’s financial condition or results of operations including the confirmation of the Group’s guidance for the 2018 financial year; expectations for the Group's future performance generally; expectations regarding the Group’s operating environment and market conditions and trends; intentions and expectations regarding the development, launch and expansion of products, services and technologies; growth in customers and usage; expectations regarding spectrum licence acquisitions; and expectations regarding, service revenue, adjusted EBITDA, free cash flow, capital expenditure, and foreign exchange movements.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as “ongoing”, “lead”, “surge”, “exceed”, “stabilise”, “maintain”, “sustain”, “improve”, “plans”, “targets” “gain”, “grow”, “continue”, “retain” or “accelerate” (including in their negative form). 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 may or may not 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 general economic or political conditions in markets served by the Group and changes to the associated legal, regulatory and tax environments; increased competition; the impact of investment in network capacity and the deployment of new technologies, products and services; rapid changes to existing products and services and the inability of new products and services to perform in accordance with expectation; the ability of the Group to integrate new technologies, products and services with existing networks, technologies, products and services; the Group’s ability to grow and generate revenue; a lower than expected impact of new or existing products, services or technologies on the Group’s future revenue, cost structure and capital expenditure outlays; slower than expected customer growth and reduced customer retention; changes in the spending patterns of new and existing customers and increased pricing pressure; the Group’s ability to expand its spectrum position or renew or obtain necessary licences and realise expected synergies and associated benefits; the Group’s ability to secure the timely delivery of high-quality products from suppliers; loss of suppliers, disruption of supply chains and greater than anticipated prices of new mobile handsets; changes in the costs to the Group of, or the rates the Group may charge for, terminations and roaming minutes; the impact of a failure or significant interruption to the Group’s telecommunications, networks, IT systems or data protection systems; changes in foreign exchange rates, as well as changes in interest rates; the Group’s ability to realise benefits from entering into acquisitions, partnerships or joint ventures and entering into service franchising, brand licensing and platform sharing or other arrangements with third parties; acquisitions and divestments of Group businesses and asset and the pursuit of new, unexpected strategic opportunities; the Group’s ability to integrate acquired business or assets; the extent of any future write-downs or impairment charges on the Group’s assets, or restructuring charges incurred as a result of an acquisition or disposition; the impact of legal or other proceedings against the Group or other companies in the mobile telecommunications industry; the Group’s ability to execute its strategy in fibre deployment, network expansion, new product and service roll-outs, mobile data, Enterprise and broadband in emerging markets; developments in the Group’s financial condition, earnings and distributable funds and other factors that the Board takes into account when determining levels of dividends; the Group’s ability to satisfy working capital and other requirements; and/or changes in statutory tax rates and profit mix.

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 the headings “Forward-looking statements” and “Risk management” in the Group’s Annual Report for the year ended 31 March 2017. The Annual Report can be found on the Group’s website (vodafone.com/investor). All subsequent written or oral forward-looking statements attributable to the Company, to any member of the Group or to 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 or made in connection with this presentation will be realised. Subject to compliance with applicable law and regulations, Vodafone does not intend to update these forward-looking statements and does not undertake any obligation to do so.