Vodafone Group Plc
Interim Management Statement

For the 3 months ended 31 December 2013

6 February 2014
Information in the following presentation relating to the price at which relevant investments have been bought or sold in the past or the yield on such investments cannot be relied upon as a guide to the future performance of such investments. This presentation does not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire or dispose of securities in any company within the Group.

The presentation contains forward-looking statements 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 non-GAAP financial information which the Group’s management believes is valuable in understanding the performance of the Group or the Group’s businesses. However, non-GAAP information is not uniformly defined by all companies and therefore it may not be comparable with similarly titled measures disclosed by other companies, including those in the Group’s industry. Although these measures are important in the assessment and management of the business, they should not be viewed in isolation or as replacements for, but rather as complementary to, the comparable GAAP measures.

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Q3 13/14 highlights

Financial performance

• Q3 Group service revenue -4.8%, continued challenges in Europe -9.6%
• AMAP grew +5.5%; India +13.2% and Vodacom +3.5%, supported by strong data growth
• Strong Europe contract net additions driven by Red and 4G commercial strategy
• Improving fixed line trends, customer base +4.5% to 6.5m
• Full year guidance confirmed: pro forma AOP around £5.0bn and FCF £4.5bn-£5.0bn

Strategic progress

• 9.8m Vodafone Red customers, well on track for 11-12m by year end
• 4G available in 13 countries with 2m customers, data usage double that of 3G plans
• Enterprise acceleration in growth areas: M2M +30%, VGE +4.5%
• Project Spring underway; accelerated network build-out in selected markets
• Unified communications: Portugal fibre build on-track; Spain commercial launch in April
• Acquisition of 76.6% of Kabel Deutschland, domination agreement process on-going
• US transaction expected to complete 21 February 2014

Includes joint ventures on a proportionate basis and all growth rates shown are organic unless otherwise stated
Group: similar service revenue trends to prior quarter

<table>
<thead>
<tr>
<th></th>
<th>Q3 13/14 £bn</th>
<th>Q3 13/14 YoY growth (%)</th>
<th>Q2 13/14 YoY growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group service revenue</strong></td>
<td>9.9</td>
<td>(4.8)</td>
<td>(4.9)</td>
</tr>
<tr>
<td><strong>By region</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>6.5</td>
<td>(9.6)</td>
<td>(9.6)</td>
</tr>
<tr>
<td>AMAP</td>
<td>3.2</td>
<td>5.5</td>
<td>5.6</td>
</tr>
<tr>
<td><strong>By service</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mobile in-bundle revenue</td>
<td>4.0</td>
<td>6.6</td>
<td>7.3</td>
</tr>
<tr>
<td>Mobile out-of-bundle revenue</td>
<td>3.0</td>
<td>(11.8)</td>
<td>(11.6)</td>
</tr>
<tr>
<td>Mobile incoming revenue</td>
<td>0.8</td>
<td>(19.5)</td>
<td>(21.0)</td>
</tr>
<tr>
<td>Fixed line revenue</td>
<td>1.7</td>
<td>(1.1)</td>
<td>(1.4)</td>
</tr>
<tr>
<td>Other service revenue</td>
<td>0.4</td>
<td>(19.5)</td>
<td>(18.0)</td>
</tr>
</tbody>
</table>

- Q3 service revenue excluding MTRs:
  - Group: -2.4%
  - Europe: -7.0%
  - AMAP: +7.4%

- Capex £1.8bn; +12% year to date

- FCF £1.0bn; slight reduction due to higher capex

- Net debt £31.5bn, will reduce following completion of the US transaction

Includes joint ventures on a proportionate basis and all growth rates shown are organic unless otherwise stated
• In-bundle revenues +7ppt to 59% of Europe mobile service revenue, driven by integrated plans
• Other service revenue: decline in visitor revenues and reduced involvement with MVNOs

Includes joint ventures on a proportionate basis and all growth rates shown are organic unless otherwise stated
1. M&A is principally KDG
2. Other includes fixed line service revenue
Commercial strategy driving Europe contract net additions

(‘000s)

• Growth in Europe contract net additions driven by:
  – Increasing 4G and Red penetration
  – Additional customer investment

• Improving consumer contract churn

• Europe consumer contract base +1.6%

• Contract customers now 45% of total Europe customer base, +2ppt
Increased investment in Germany; signs of price recovery in Italy

**Germany**

Service revenue growth (%)

- Excluding MTRs
- Service revenue growth

<table>
<thead>
<tr>
<th>Q3 12/13</th>
<th>Q4 12/13</th>
<th>Q1 13/14</th>
<th>Q2 13/14</th>
<th>Q3 13/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>(0.2)</td>
<td>(1.5)</td>
<td>(5.1)</td>
<td>(6.1)</td>
<td>(7.9)</td>
</tr>
</tbody>
</table>

- 1,040 sites upgraded to high capacity backhaul
- 4G leadership; 67% coverage
- Increased A&R spend; improving commercial performance, contract net additions 123k
- 62% contract smartphone penetration, +11ppt
- KDG strong broadband net additions performance 88k

**Italy**

Service revenue growth (%)

- Excluding MTRs
- Service revenue growth

<table>
<thead>
<tr>
<th>Q3 12/13</th>
<th>Q4 12/13</th>
<th>Q1 13/14</th>
<th>Q2 13/14</th>
<th>Q3 13/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>(9.3)</td>
<td>(10.3)</td>
<td>(9.9)</td>
<td>(12.3)</td>
<td>(12.4)</td>
</tr>
</tbody>
</table>

- 4G available in 27 cities
- Data users +13% to 9.8m
- Signs of price recovery after summer 2013 promotions
- 1.4m Red users\(^1\); 97% of consumer contract gross additions, in-bundle revenue +10.6%
- Fixed line revenue +1.8%; 28k net broadband additions\(^1\)

Includes joint ventures on a proportionate basis and all growth rates shown are organic unless otherwise stated

1. 100% basis
UK 4G boosting data usage; Spain contract base stabilising

UK
Service revenue growth (%)
- Service revenue growth
- Excluding MTRs

<table>
<thead>
<tr>
<th></th>
<th>Q3 12/13</th>
<th>Q4 12/13</th>
<th>Q1 13/14</th>
<th>Q2 13/14</th>
<th>Q3 13/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>(2.1)</td>
<td>(2.5)</td>
<td>(2.5)</td>
<td>(2.5)</td>
<td>(3.3)</td>
</tr>
<tr>
<td>Service revenue growth (%)</td>
<td>(5.2)</td>
<td>(6.6)</td>
<td>(4.5)</td>
<td>(4.3)</td>
<td>(5.1)</td>
</tr>
</tbody>
</table>

- 4G available in 13 cities with over 370,000 users; 90% outdoor coverage in London\(^1\)
- 2.3m Red customers (36% of consumer contract base)
- Red 4G data usage double that of 3G
- 77% contract smartphone penetration, +4ppt
- Over 2,700 sites now connected to CWW network

Spain
Service revenue growth (%)
- Service revenue growth
- Excluding MTRs

<table>
<thead>
<tr>
<th></th>
<th>Q3 12/13</th>
<th>Q4 12/13</th>
<th>Q1 13/14</th>
<th>Q2 13/14</th>
<th>Q3 13/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spain</td>
<td>(11.3)</td>
<td>(12.1)</td>
<td>(10.6)</td>
<td>(12.0)</td>
<td>(10.0)</td>
</tr>
<tr>
<td>Service revenue growth (%)</td>
<td>(9.6)</td>
<td>(11.0)</td>
<td>(9.4)</td>
<td>(14.1)</td>
<td>(6.6)</td>
</tr>
</tbody>
</table>

- Fast 4G rollout; now available in 19 cities
- FTTH: commercial launch in April
- Stabilising contract base; 1.0m Red customers; 30% include fixed line
- Fixed service revenue +5.7%, boosted by Red convergent offers; 57k net broadband adds
- MVNO players remain competitive in convergent offers

Includes joint ventures on a proportionate basis and all growth rates shown are organic unless otherwise stated

1. Based on independent sampling of our signal strength across the city
AMAP: strong customer net adds; growing demand for data

India
Service revenue growth (%)

- 4.9m net additions, over 160m customers
- Blended ARPU +9.6%
- Browsing: 10% of service revenues; of which 39% is 3G
- Data users +38% to 46m; 5m 3G users, average usage 730MB
- Accelerated 3G site rollout; over 2,200 sites in Q3
- Spectrum auction on-going

Vodacom
Service revenue growth (%)

- Successful summer promotions; 1.3m net additions
- Data users +17% to 16m; 7.2m smartphone users
- Continued negotiations to acquire Neotel
- Legal challenge to proposed MTR cuts

International
- Service revenue +15.1%; customer growth driven by successful bundle price plans
- 1.3m prepaid net additions

Includes joint ventures on a proportionate basis and all growth rates shown are organic unless otherwise stated
Strong financial position – continue to target low single A rating

<table>
<thead>
<tr>
<th>Q3 13/14</th>
<th>£bn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening net debt 30 Sept 13</td>
<td>(25.7)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>1.0</td>
</tr>
<tr>
<td>KDG acquisition&lt;sup&gt;3&lt;/sup&gt;</td>
<td>(7.0)</td>
</tr>
<tr>
<td>Spectrum</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Foreign exchange</td>
<td>0.4</td>
</tr>
<tr>
<td>Other</td>
<td>(0.1)</td>
</tr>
<tr>
<td><strong>Closing net debt 31 Dec 13</strong></td>
<td><strong>(31.5)</strong></td>
</tr>
</tbody>
</table>

*Closing net debt excluding JVs* (29.8)

Pro forma net debt post US transaction (£bn)

1. Includes joint ventures on a proportionate basis
2. Calculated at £1 = US$1.62 as at Dec 13
3. Prior to acquisition of remaining 23.4% of KDG
4. Including acquired debt
### Expected timetable for US transaction

<table>
<thead>
<tr>
<th>February 2014</th>
<th>March 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>19th</td>
<td>4th</td>
</tr>
<tr>
<td>Announcement of number of Verizon Consideration Shares</td>
<td>Cash payment settled</td>
</tr>
<tr>
<td>21st</td>
<td></td>
</tr>
<tr>
<td>Closing of Transactions</td>
<td></td>
</tr>
<tr>
<td>24th</td>
<td></td>
</tr>
<tr>
<td>Share consolidation and commencement of trading of new ordinary shares and ADSs</td>
<td></td>
</tr>
<tr>
<td>24th</td>
<td></td>
</tr>
<tr>
<td>Ex-date and settlement of Verizon shares</td>
<td></td>
</tr>
</tbody>
</table>

### Material conditions

- ✔ Vodafone shareholder approval
- ✔ Verizon shareholder approval
- ✔ Regulatory approvals and consents
  - • UK court approval (for Return of Value)
  - • Implementation of pre-completion reorganisation
Accelerating data growth

Data traffic growing (Petabytes)

- 4G 17% of Europe data traffic
- AMAP 40% of Group data traffic, +10ppt
- AMAP 3G +135%

...Supported by wider 3G & 4G footprint (number of sites '000s)

- Around 14,000 4G sites across Europe
- 60% of 3G sites at 43.2Mbps
- AMAP 3G sites +31%

Data experience improving quickly... (% of data sessions)

- 80% of data sessions on top tier devices reach >3Mbps

Accelerated rollout of 3G sites in India (number of sites '000s)

- 2,000+ 3G sites deployed in Q3
- 3G now 16% of AMAP traffic, +5ppt
- 2nd highest data consumption across the Group
4G case studies: around 2m\(^1\) 4G customers in Europe

Data usage UK and Italy (MB)

UK: sports and music included in 4G offer (Data usage)

UK: apps used daily (% of users)

ARPU uplift\(^2\)

1. Customers with a 4G handset and on a 4G plan in 9 European markets
2. ARPU calculated at £1 = €1.19 as at Dec 13
3. Germany ARPU is for 4G device only
Red: protecting in-bundle service revenue; encouraging data usage

**Consumer and Enterprise customer base**

- 18 markets
- Main four European markets: 23% of customers¹ and 34% of revenue¹
- On track to achieve 11-12m customers by March 2014

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**Consumer ARPU dilution stabilising²**

<table>
<thead>
<tr>
<th>Before Red</th>
<th>Early stages of Red</th>
<th>Recent trends</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>Non-Red</td>
<td>Red Q2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Red Q3</td>
</tr>
<tr>
<td>-£2</td>
<td>-£5</td>
<td>-£1</td>
</tr>
<tr>
<td>-£3</td>
<td>-£3</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>-£1</td>
<td>£1</td>
</tr>
</tbody>
</table>

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**Red driving growth of in-bundle mobile service revenue (%)**

- Q3 12/13: DE 63, IT 36, UK 53, ES 57, Europe 52
- Q3 13/14: DE 69, IT 49, UK 56, ES 67, Europe 59

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**Encouraging signs in both voice and data usage**

- Monthly average voice MoU per user³ +20%
- Protected against disintermediation
- Roaming data usage +137%

**Monthly average data usage per user (MB)³**

- Before Red: DE 380, IT x2, UK, ES, Europe
- After Red: DE 750

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1. EU4 consumer contract mobile base excluding data only SIMs, as at December 2013
3. EU4 consumer contract, as at December 2013
## Unified communications and fixed line progress

### Approach

<table>
<thead>
<tr>
<th>NGN wholesale</th>
<th>Q3 status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td><strong>37 cities</strong> (FTTH Milan + VDSL other cities)</td>
</tr>
<tr>
<td>Germany</td>
<td>VDSL, 27% coverage</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Reggefiber; 21% coverage</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fibre deployment</th>
<th>Q3 status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Italy</td>
<td>Preparing self-build FTTC</td>
</tr>
<tr>
<td>Portugal</td>
<td>Co and self-build, <strong>over 700k HH passed</strong></td>
</tr>
<tr>
<td>Spain</td>
<td><strong>Commercial launch April 2014</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>M&amp;A</th>
<th>Q3 status</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>CWW acquisition in 2012; successful integration</td>
</tr>
<tr>
<td>Germany</td>
<td><strong>KDG acquisition</strong></td>
</tr>
</tbody>
</table>

### Improving fixed line net adds (‘000s)

- **DE**
- **IT**
- **ES**
- **PT**
- **KDG**

<table>
<thead>
<tr>
<th>Period</th>
<th>DE</th>
<th>IT</th>
<th>ES</th>
<th>PT</th>
<th>KDG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 12/13</td>
<td>85</td>
<td>65</td>
<td>45</td>
<td>25</td>
<td>5</td>
</tr>
<tr>
<td>Q1 13/14</td>
<td>65</td>
<td>45</td>
<td>25</td>
<td>15</td>
<td>5</td>
</tr>
<tr>
<td>Q2 13/14</td>
<td>45</td>
<td>25</td>
<td>15</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Q3 13/14</td>
<td>25</td>
<td>15</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
</tbody>
</table>

NGN = Next generation Network. HH = Households or premises

1. Internet and phone business
Summary

Financial performance

- AMAP growing strongly, accelerating data demand
- Europe conditions remain difficult, grounds for optimism
- Strong balance sheet and improving dividend cover post US transaction
- Full year pro forma guidance confirmed

Strategic progress

- Establishing a stronger network and service differentiation
- 4G and Red plans gaining momentum
- Continued progress in unified communications capability
- Enterprise leadership strengthening
- Project Spring underway and on-track
Q&A
### Other markets

**Q3 organic service revenue growth**

<table>
<thead>
<tr>
<th>Country</th>
<th>Change</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Turkey</strong></td>
<td>3.9%</td>
<td>- Continued strong underlying growth, +11.0% excl. MTRs&lt;br&gt;- Data revenue +47%; smartphone penetration +11ppt to 30.1%&lt;br&gt;- Continued success with Red: both in consumer and enterprise</td>
</tr>
<tr>
<td><strong>Netherlands</strong></td>
<td>(6.6%)</td>
<td>- Mobile in-bundle service revenue +4.3%; driven by Red plans&lt;br&gt;- 4G rollout according to plan&lt;br&gt;- Continued popularity of no frills segment, c.60% of market gross adds</td>
</tr>
<tr>
<td><strong>Egypt</strong></td>
<td>1.1%</td>
<td>- New ‘worry-free’ integrated tariffs launched including Vodafone Red&lt;br&gt;- Usage stabilised following end of curfews</td>
</tr>
<tr>
<td><strong>Australia</strong></td>
<td>(8.0%)</td>
<td>- Improved level of performance in operational KPIs&lt;br&gt;- Focussed customer base management&lt;br&gt;- NPS improving in both prepaid and contract</td>
</tr>
<tr>
<td><strong>Portugal</strong></td>
<td>(5.2%)</td>
<td>- Progress in unified comms: now cover over 700k homes with FTTH&lt;br&gt;- Fixed revenue +30% led by customer growth&lt;br&gt;- Increased competitive pressures around converged offers</td>
</tr>
<tr>
<td><strong>Ireland</strong></td>
<td>(6.5%)</td>
<td>- Strong growth in consumer contract&lt;br&gt;- 4G services launched in 6 cities and 31 towns&lt;br&gt;- Prepaid market continued to decline</td>
</tr>
</tbody>
</table>
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Upcoming dates

Full year results 20 May
Q1 IMS 25 July
AGM 29 July

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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: statements relating to the Group’s future performance generally; expectations regarding growth in customers and usage, especially in emerging markets and mobile data, and technological advancements generally; statements relating to the impact of MTRs and spectrum spend; statements in relation to the launch of new products and service offerings; statements and expectations in relation to the acquisition of CWW and Kabel Deutschland, and in relation to Project Spring, as well as existing and proposed network sharing initiatives, and the anticipated benefits associated therewith; statements in relation to the US transaction; statements and assumptions relating to movements in foreign exchange rates; and expectations regarding adjusted operating profit, service revenue growth, anticipated cost reductions, EBITDA, EBITDA margin, free cash flow, costs), tax settlements, especially in India, and capital expenditures.

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 may 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 macroeconomic 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, which could require changes to the Group’s pricing models, lead to customer churn and/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 mobile data content and services, or the rapid obsolescence of existing technology; higher than expected costs or capital expenditures; 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; the ability of the Group to integrate new technologies, products and services with existing networks, technologies, products and services; the Group’s ability to generate and grow revenue from both voice and non-voice services and achieve expected cost savings; 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, reduced customer retention, reductions or changes in customer spending and increased pricing pressure; the Group’s ability to expand its spectrum position, win 4G/3G allocations and realise expected synergies and benefits associated with 4G/3G; the Group’s ability to secure the timely delivery of high quality, reliable handsets, network equipment and other key 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 Group’s ability to realise expected benefits from acquisitions, partnerships, joint ventures, franchises, brand licences or other arrangements with third parties, particularly those related to the development of data and internet services; acquisitions and divestments of Group businesses and assets and the pursuit of new, unexpected strategic opportunities, which may have a negative impact on the Group’s financial condition and results of operations; the Group’s ability to integrate acquired business or assets and the imposition of any unfavourable conditions, regulatory or otherwise, on any pending or future acquisitions or dispositions; 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; developments in the Group’s financial condition, earnings and distributable funds and other factors that the Group’s Board of Directors takes into account in determining the level of dividends; the Group’s ability to satisfy working capital requirements through borrowing in the capital markets, bank facilities and operations; changes in foreign exchange rates, including, particularly, the exchange rate of pounds sterling to the euro and the US dollar; changes in the regulatory framework in which the Group operates, including the commencement of legal or regulatory action seeking to regulate the Group’s permitted charging rates; the impact of legal or other proceedings against the Group or other companies in the mobile communications industry; and changes in statutory tax rates and profit mix, the Group’s ability to resolve open tax issues and the timing and amount of any payments in respect of tax liabilities.

Furthermore, a review of the reasons why actual results and developments may differ materially from the expectations disclosed or implied within forward-looking statements can be found by referring to the information contained under the heading “Forward-looking statements” in the Group’s half-year financial report for the six months ended 30 September 2013 and under the headings “Forward-looking statements” and "Principal risk factors and uncertainties" in Vodafone Group Plc's annual report for the year ended 31 March 2013. 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.