Vodafone Group Plc Trading Update

for the quarter ended 31 December 2018

25 January 2019

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Q3 18/19 highlights: ongoing momentum in value drivers

Service revenue

0.1%
growth ex. UK handset financing

Deepening customer engagement

+201k
Europe mobile contract net adds[1]

+1.4pp
Europe contract churn improvement YoY

+226k
Europe broadband net adds

+188k
Europe converged net adds

+8%
Rest of World mobile data users

+27%
IoT SIM connections

Accelerating digital transformation

On track
for €400m net opex savings this year[2]

Improving asset utilisation

5G active network sharing
in the UK

IBM Cloud
partnership

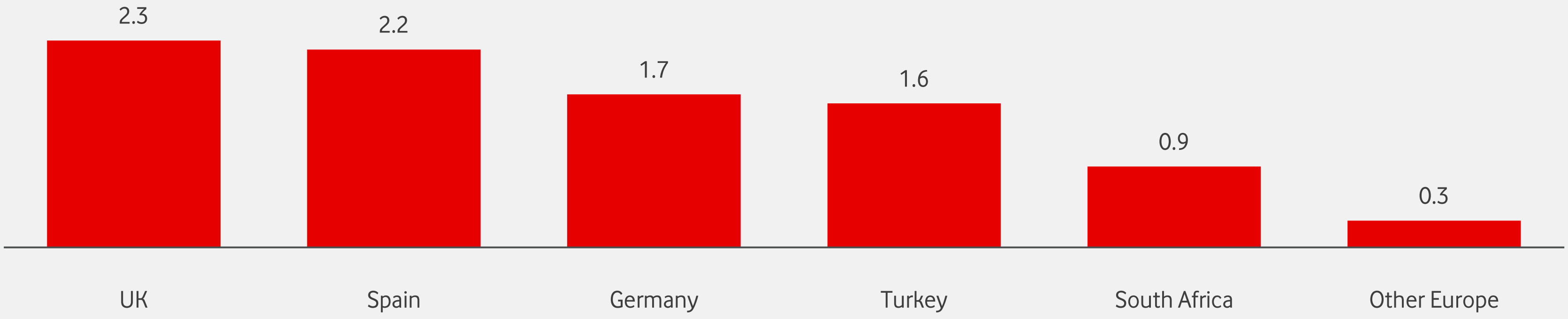
Confident in our full year guidance

All growth rates in this document are on an IAS 18 basis, organic and year-on-year, unless otherwise stated, with Vodafone India and Vodafone Qatar excluded from organic growth calculations

1. Adjusted for the phasing out of Talkmobile customers in the UK since Q1 17/18
2. Europe and Common Functions

Deepening customer engagement: reducing mobile churn

Q3 18/19 mobile contract churn improvement YoY (pp)[1]

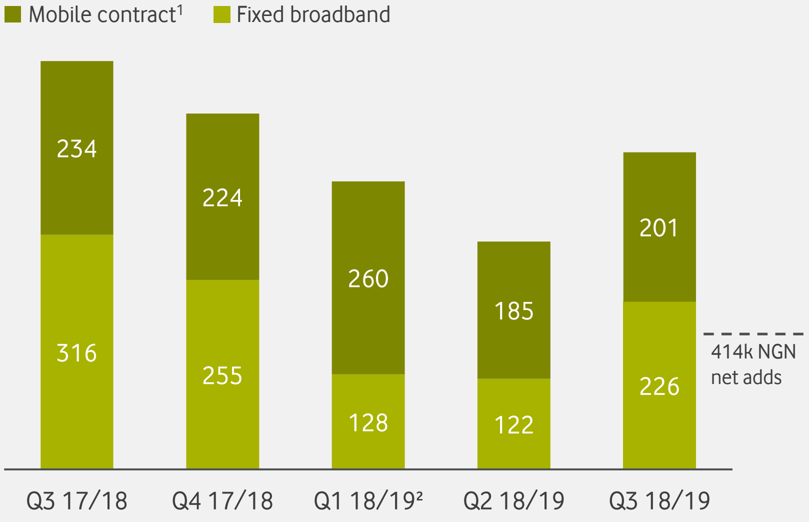


	UK	Spain	Germany	Turkey	South Africa	Other Europe
Annualised Churn (%)	15.3	23.5	13.4	17.3	3.9	10.7

1. Excludes Italy which is predominantly a prepaid market

Europe Consumer: improving commercial momentum

Europe customer net adds (000s)



Q3 17/18	Q4 17/18	Q1 18/19	Q2 18/19	Q3 18/19	
174	266	289[3]	119	188	Converged net adds (k)

Europe[4] customer quality indicators (Q3 17/18 – Q3 18/19)

	Q3 17/18	Q3 18/19
NGN base (m)	12.3	14.0
On-net/strategic wholesale NGN users (m)	10.3	10.7
% of cable sales in Germany >100 Mbps	66	73
Convergence penetration (%)	29	34

1. Adjusted for the phasing out of Talkmobile customers in the UK since Q1 17/18
2. Excludes 193,000 low usage SIMs added in Spain in Q1 18/19
3. Excludes the first time recognition in Germany of 205k prepaid mobile customers with fixed products in Q1 18/19. Reported basis 492k
4. Includes VodafoneZiggo

Vodafone Business: growth from IoT and fixed; ongoing mobile price pressure

Service revenue growth Q3 18/19 YTD (%)[1]

Mobile: pricing pressure

- 4% customer growth, offset by 5% ARPU decline
- Ongoing pressure in SoHo /Corporate

IoT: annualised revenue €0.8bn

- Connectivity revenue, +17%[3]
- Automotive slowdown

Fixed line growth from share gains

- Several early account wins in SD-WAN[4]
- Cloud revenue +23%

Strategic Cloud partnership with IBM

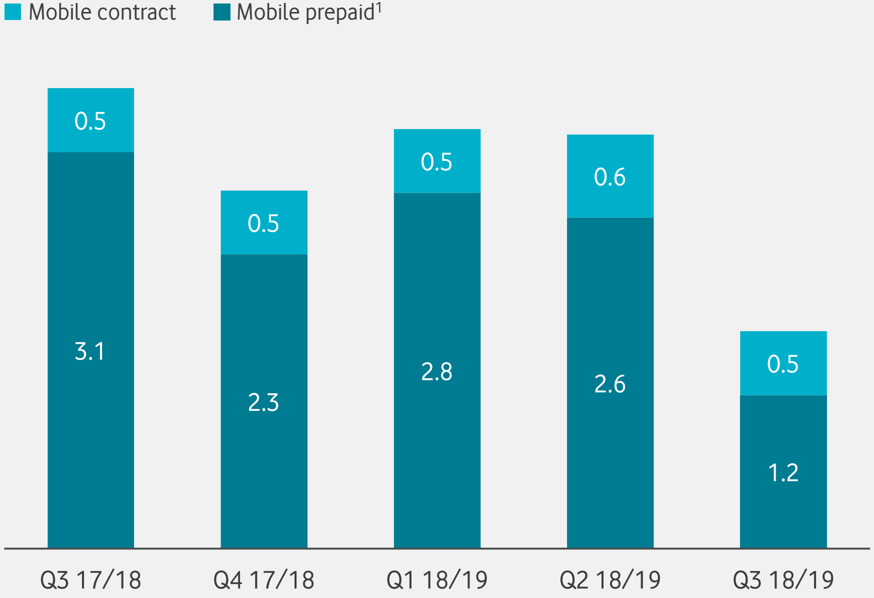
Improves capability:
full access to IBM's Multicloud offering

Simplification of business model:
reduce exposure to capital intensive legacy data centres

1. All growth rates are year to date, unless stated
2. Underlying performance
3. Underlying excluding one-offs in prior year
4. Software Defined - Wide Area Networks

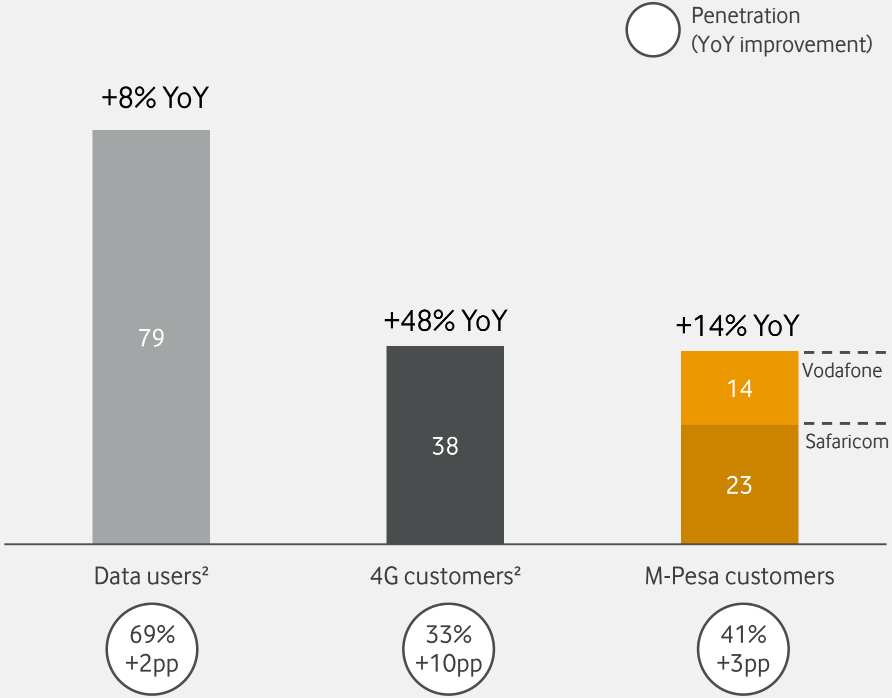
Emerging Consumer: continued customer growth, Data momentum

Customer net adds (m)



- Initiatives in South Africa to reduce 'one-off' use of SIM cards in Q3

Customer quality indicators Q3 18/19 (m)



1. Includes adjustments in Vodacom in H2 17/18 relating to changes in disconnection rules and in Egypt since Q3 17/18 due to regulator mandated changes in distribution policies
2. Includes Turkey, Vodacom, Egypt and Ghana

Improving asset utilisation: 5G active network sharing

Group principles

Passive and active sharing for 5G

5G rollout at lower costs and capex

High quality partners

maintaining differentiation

Outside major cities

Lowers complexity

Market-by-market approach to tower ownership

Strategic & financial considerations

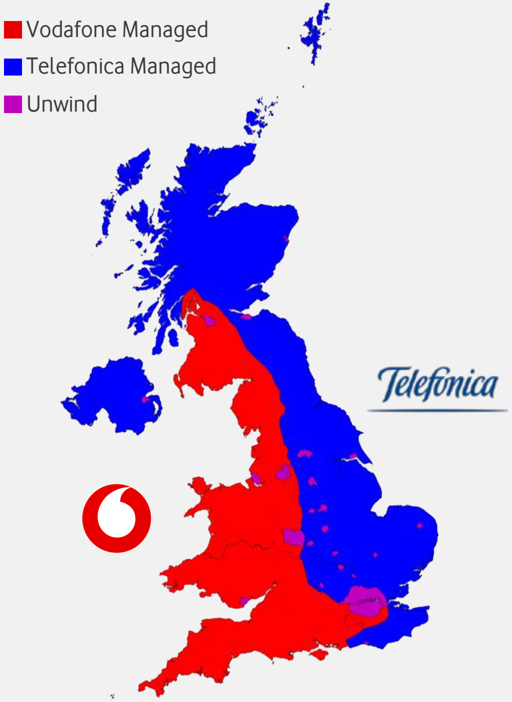
UK agreement with O2[1]

Active 5G sharing across 14k[2] sites; exploring transmission options

O2

Unwinding active sharing in ~2,500 sites in major cities outside London

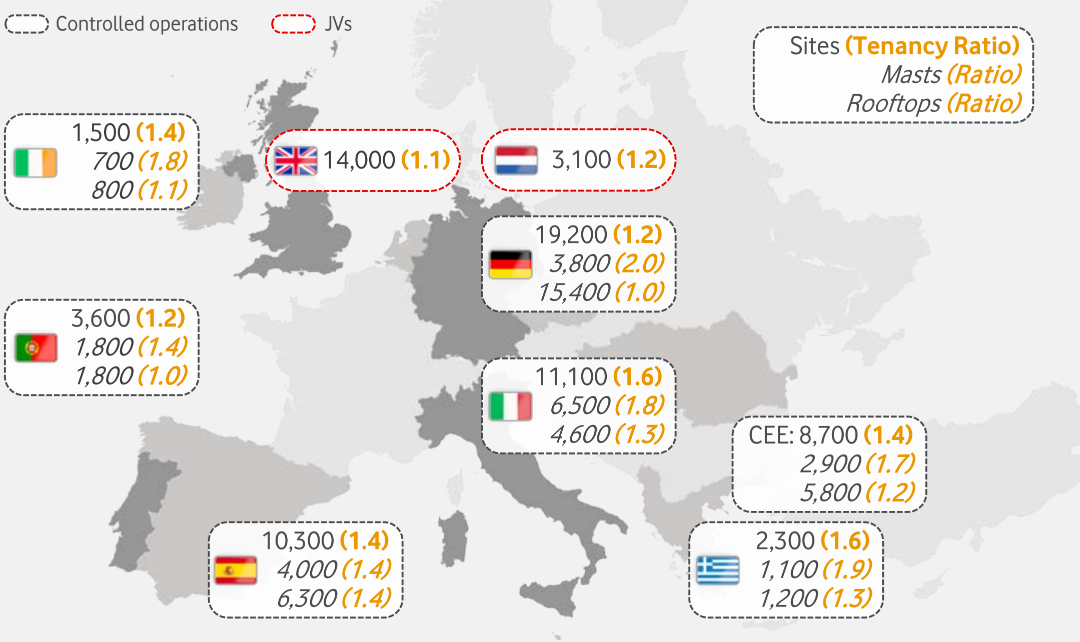
Explore potential monetisation of towers post finalisation of sharing agreement



1. Non-binding heads of terms
2. Excludes 5,000 sites in London and other major cities

Improving asset utilisation: towers update

Number of sites (tenancy ratio)[1]



Virtual TowerCo planning

- Further due diligence into operational, strategic & financial considerations
- 57,000 controlled sites in scope
- Average tenancy ratio 1.4, (Rooftops 1.2 Ground masts 1.7) and rising
- Visibility on active sharing agreements needed before exploring potential monetisation opportunities

Exploring industrial and financial opportunities on a market-by-market basis

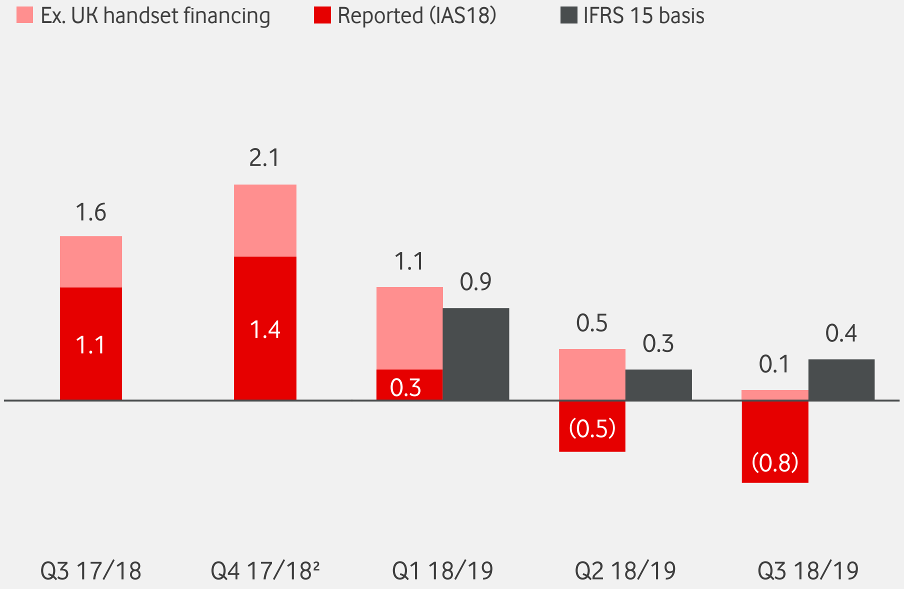
1. Controlled sites, excluding third party sites. Figures are indicative only and subject to further due diligence

Financial review

Margherita Della Valle
Group Chief Financial Officer

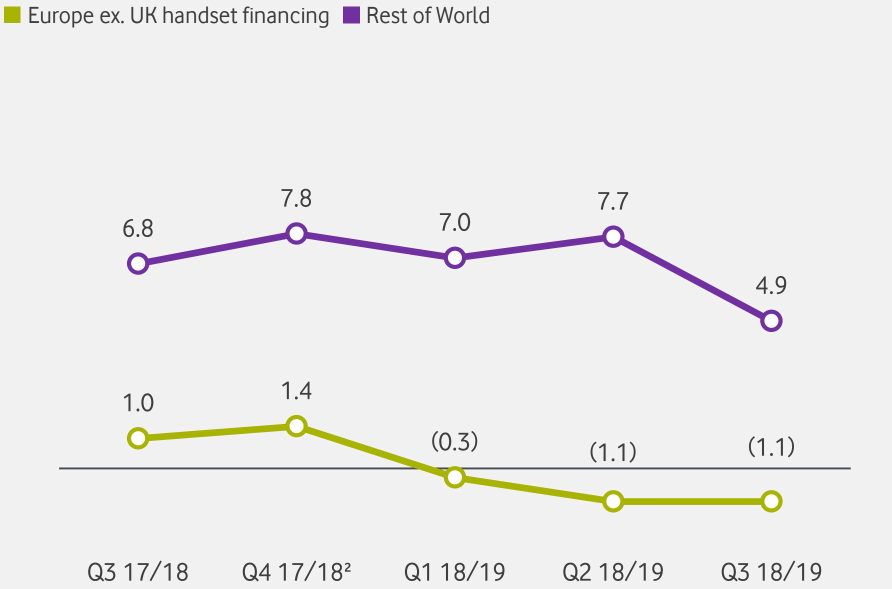
Service revenue growth

Group[1] (%)



- Q4: tougher comparison in UK Business, ongoing ARPA dilution from the commercial reset in Spain

Regions (%)



- Europe similar: Italy better, Germany slightly slower, UK & Spain similar
- RoW: decline in South Africa, good growth elsewhere

1. From Q1 18/19 and onwards wholesale voice transit revenue is excluded from organic growth
2. Excluding the benefit of a German legal settlement

Italy: competitive intensity moderating

-4.6% Service revenue growth (Q2 -6.3%)

Market porting activity returning to 'pre-new entrant' levels

50% lower in December than Q2 peak

Good progress on 2nd brand to address value segment

~1 million customers on 'ho.'

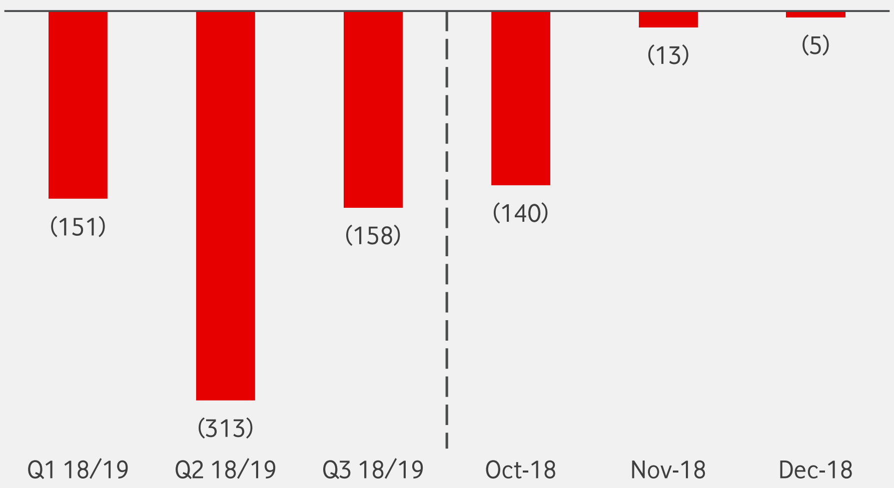
More-4-More price actions mitigating ARPU dilution

Prepaid ARPU -3.3% (Q2 -5.1%)

Strong Fixed momentum

+78k broadband net adds, price increase

Vodafone mobile net ports (000s)



Spain: commercial performance stabilising

-7.4% Service revenue growth (Q2 -7.2%)

Market portability volumes reducing YoY

Cessation of 50%-off, 12 month promos

Vodafone port neutral in December

Lowest ports to MásMóvil of main operators in Q3

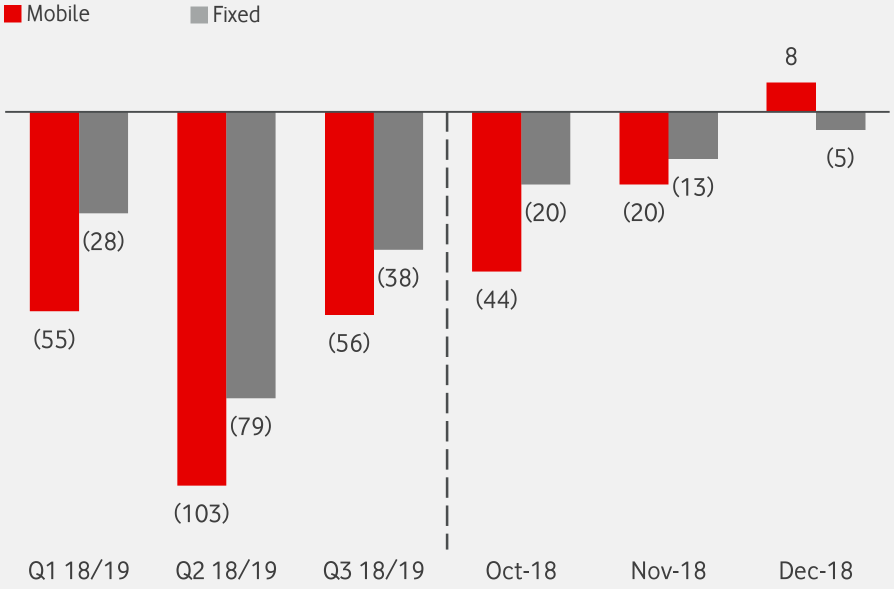
Base adoption of new offers ongoing

ARPA dilution -4.9%

Radically simpler operating model announced

Consulting with unions in Jan/Feb

Vodafone mobile contract net ports (000s)



Vodacom: slowdown in South Africa, strong growth in Internationals

+1.5% Service revenue growth (Q2 +4.6%[1])

Data pricing transformation initiatives in South Africa

Including aggressive summer promotions

Macro weighs on usage

Data revenues -0.4% in SA (Q2 +3.9%)

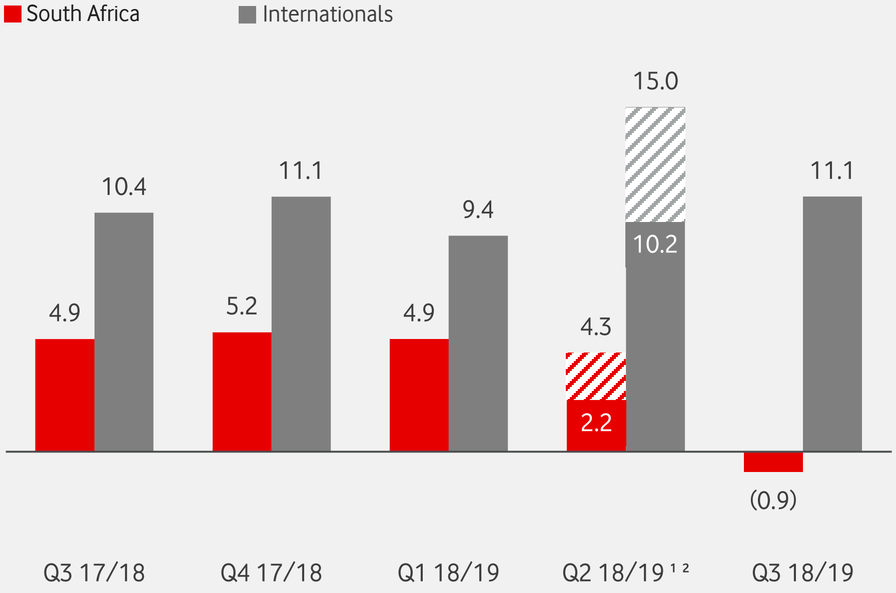
Spectrum auction expected to unlock additional capacity

Potential for significant usage growth

International markets remain strong

Data and M-Pesa growth

Service revenue growth (%)



1. Underlying growth in Q2 18/19 excluding the impact of a one-off benefit relating to a change in revenue deferral policy for new 'plus' plans. Reported growth was 6.3% in Vodacom and 4.3% in South Africa
2. Underlying growth of 10.2% in Q2 18/19 excluding the impact of lapping the devaluation of the Congolese Franc in the prior year. Reported growth was 15.0%

Germany: retail revenue growth, wholesale decline

+1.1% Service revenue growth (Q2 +1.7%)

Robust retail revenue growth

Masked by wholesale MVNO/ FVNO decline

Revenue slowdown due to business ARPU

Mobile pricing pressure in large corporates/SoHo

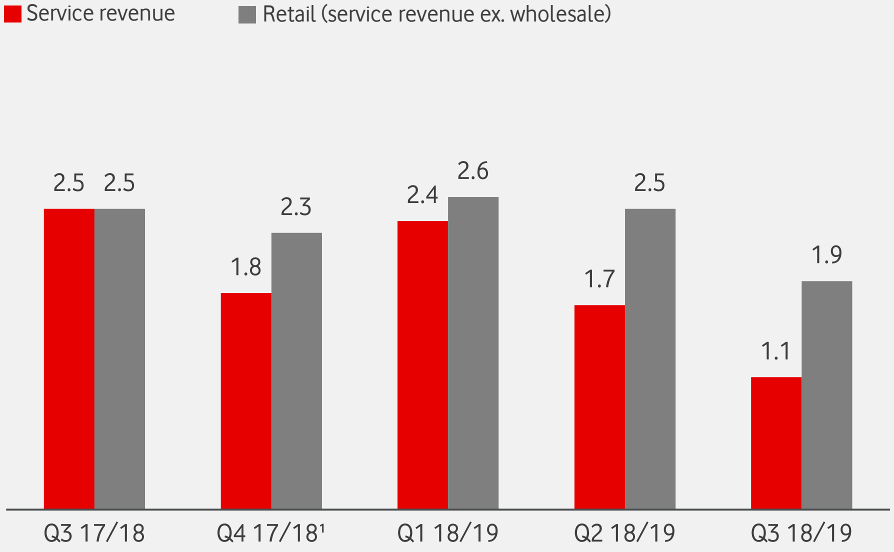
Continued commercial momentum

Mobile contract net adds +165k, broadband +73k

Enhancing fixed capability

1Gbps now in 50% of cable footprint

Service revenue growth (%)



1. Excluding the benefit of a German legal settlement

UK: maintaining commercial and financial momentum

+0.9%[1] Service revenue growth (Q2 +1.1%[1])

Good customer growth in mobile and broadband

Consumer service revenue +2.1%[1]

Successful commercial initiatives

Churn reducing: 1.2m 'VeryMe' loyalty scheme users

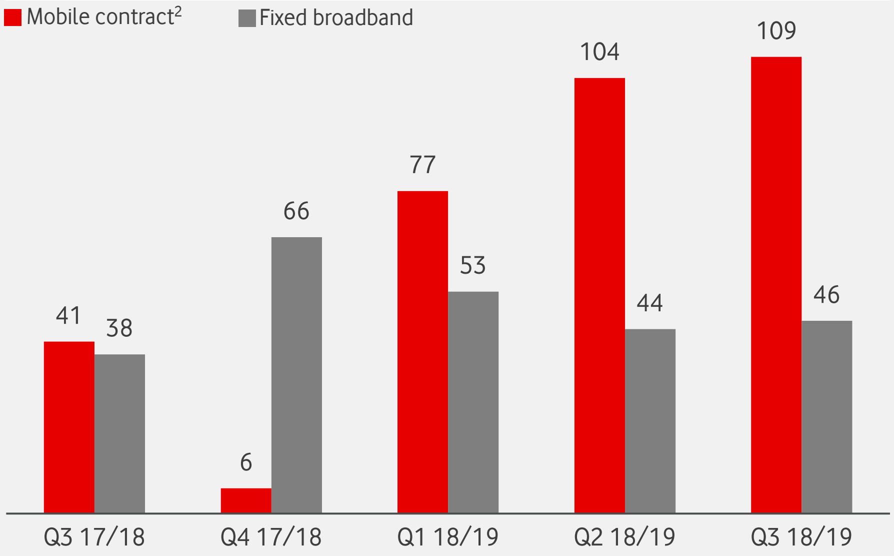
New spend capping regulation

Contract mobile ARPU -0.3%[1]

Business fixed growth partly offset mobile pricing pressure

Fixed service revenue +2.5%

Mobile contract and broadband net adds (000s)



1. Excluding handset financing
2. Excludes the phasing out of Talkmobile customers. Reported contract net adds in FY 17/18: Q3 +6k, Q4 -14k, and in FY 18/19: Q1 +60k, Q2 +86k, Q3 +92k

Other Europe: continued strong growth

+2.2% Service revenue growth (Q2 +2.3%)

The fifth European Opco[1]

12% of Group service revenue

Consistent service revenue growth

Portugal +2.9%, Ireland +1.4%, Greece +3.0%

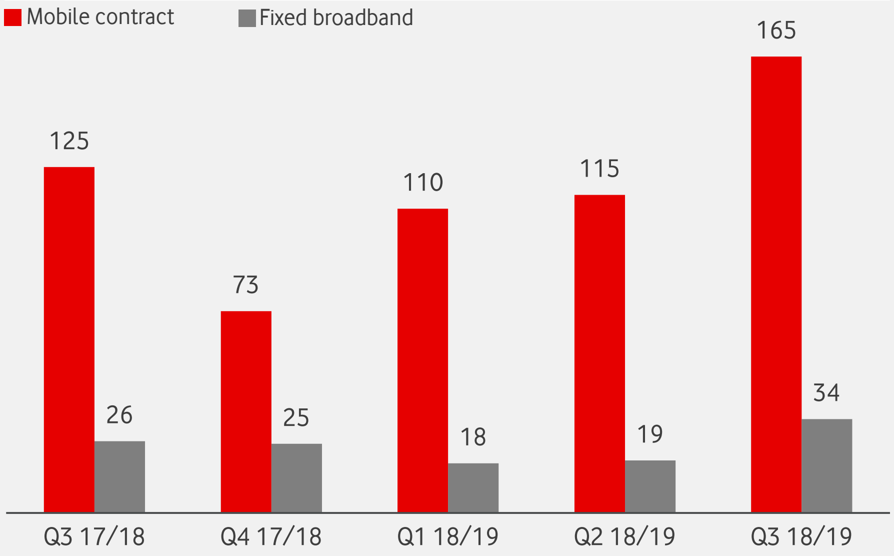
Romania under pressure due to regulation/unlimited offers

Service revenue +0.6% ex MTRs

Single digit mobile churn in four markets

Leading Consumer and Enterprise NPS

Customer net adds (000s)



Service revenue growth (%)

Q3 17/18	Q4 17/18	Q1 18/19	Q2 18/19	Q3 18/19
+2.9	+3.3	+2.6	+2.3	+2.2

1. Consists of the following markets, ranked in order of service revenue - largest to smallest: Portugal, Ireland, Greece, Romania, Czech Republic, Hungary, Albania, Malta

Summary: executing with pace

Q3 18/19 progress

Commercial momentum

- Lower mobile contract churn
- Strong mobile and broadband customer growth
- Stabilising portability in Italy and Spain

Digital transformation

- On track to deliver €400m net opex savings in FY 19
- Initiatives for a radically simpler operating model underway in the UK & Spain

Asset utilisation

- 5G active network sharing in the UK
- Strategic IBM Cloud partnership
- Progressing Virtual Towerco

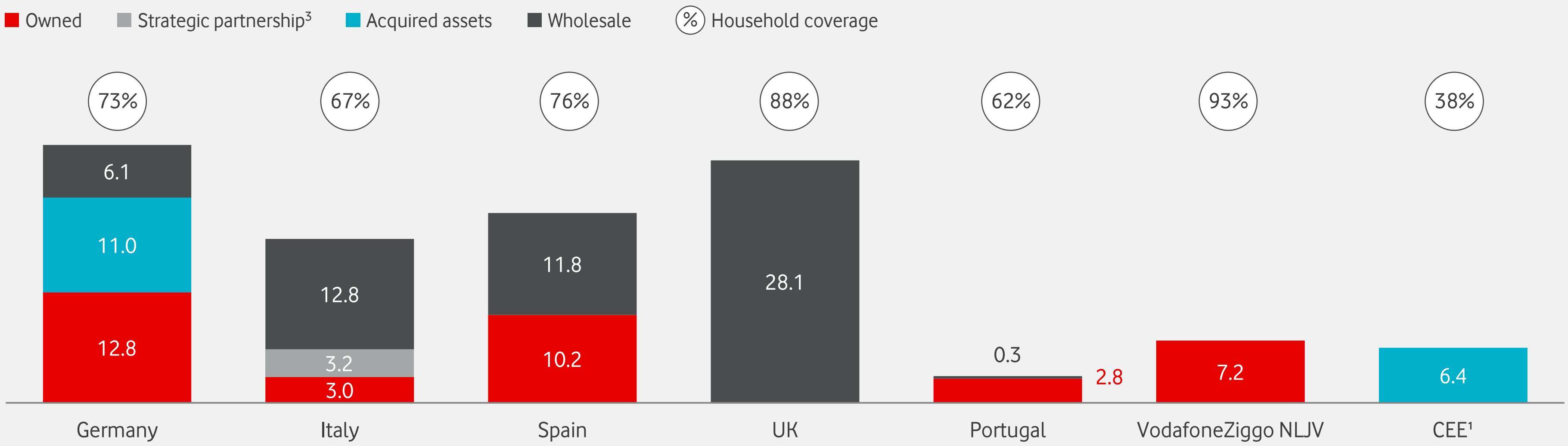
Full year guidance reiterated

Q&A

Appendix

Pro-forma European NGN footprint[1]

Household coverage (m)[2]



120m Households passed with NGN (incl. wholesale)

71% Coverage

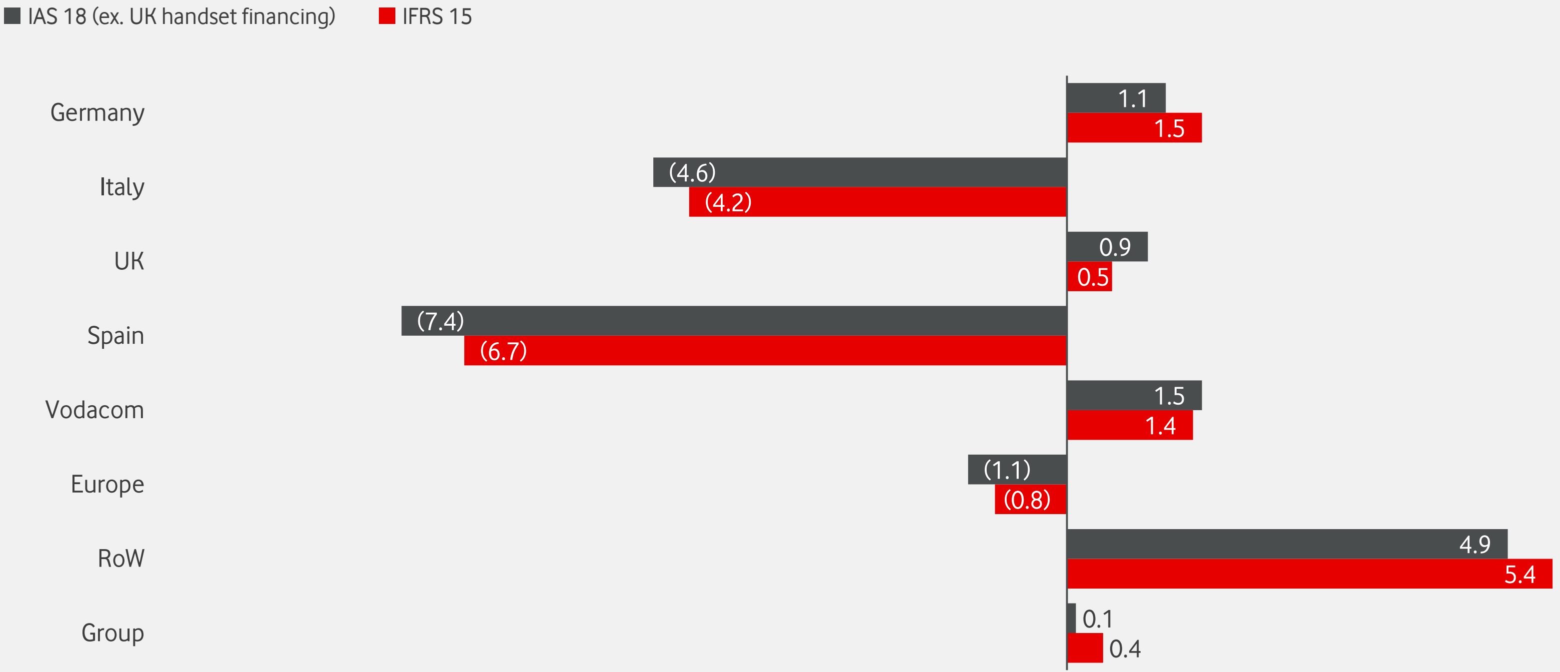
54m Households passed with own NGN

32% Coverage

1. Includes VodafoneZiggo and pro-forma adjustments for the announced acquisition of Liberty Global's Unitymedia asset in Germany and UPC assets in Central and Eastern Europe
2. As of 31 December 2018. Excludes 3.9m wholesale & self built NGN homes passed in Greece and Ireland
3. Of the 3.6m homes passed by Open Fiber, 3.2m were marketable by Vodafone at the end of December 2018

Impacts of IFRS 15

Q3 18/19 (%)



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In particular, such forward-looking statements include, but are not limited to, statements with respect to: expectations regarding the Group's financial condition or results of operations; 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.

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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 "Risk factors" and "Other information – Forward-looking statements" in the Vodafone Group's Half-Year Financial Report for the six months ended 30 September 2018 and "Forward-looking statements" and "Risk management" in the Group's Annual Report for the year ended 31 March 2018. The Half-Year Financial Report and 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. Any forward-looking statements are made as of the date of this presentation. 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.

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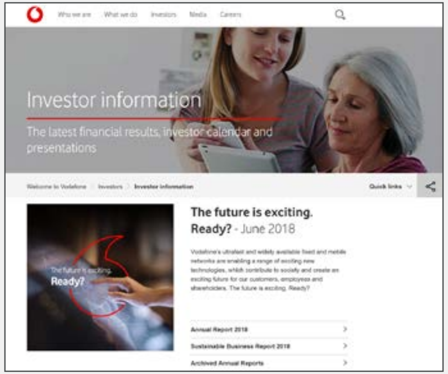

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2019 upcoming dates

Interim dividend paid
1 Feb

Prelim results
14 May

Q1 IMS
22 July

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