Vodafone Group Results:
for the year ended 31 March 2018

15 May 2018
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An exceptional year of progress and transformation

**Strategic Progress**
- Acquisition of leading cable assets in Germany & CEE
- Strategic fixed broadband partnerships in Italy / UK
- India merger on track

**Operating momentum**
- Record NGN and converged customer additions
- Third consecutive year of EBITDA margin expansion
- Accelerating Digital Vodafone to create incremental value

**Market outlook**
- Positive momentum in Germany, UK, EU cluster and AMAP
- More challenging conditions in Italy and Spain

Exceeded guidance

Dividend per share +2%
Operating highlights of the year

<table>
<thead>
<tr>
<th>Maintaining growth momentum</th>
<th>Leading network</th>
<th>Strong data growth</th>
<th>Fastest growing fixed broadband provider</th>
<th>Leveraging scale and reach in Enterprise</th>
<th>Clear NPS leadership</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.6%&lt;sup&gt;1&lt;/sup&gt; Group service revenue growth to €41.1bn</td>
<td>94% 4G coverage&lt;sup&gt;2&lt;/sup&gt;</td>
<td>63% growth in mobile data traffic</td>
<td>1.3m fixed broadband net adds</td>
<td>2.1% Enterprise service revenue growth&lt;sup&gt;3&lt;/sup&gt;</td>
<td>17/20 markets as consumer NPS co/leader</td>
</tr>
<tr>
<td>65% Homes passed with NGN&lt;sup&gt;2&lt;/sup&gt;</td>
<td></td>
<td></td>
<td>0.8m converged net adds</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

All growth rates in this document are organic and year-on-year, unless otherwise stated, with Vodafone India, Vodafone Netherlands and Vodafone Qatar excluded from organic growth calculations.

1. Excluding a German legal settlement in Q4 17/18
2. Europe including VodafoneZiggo
3. Excluding the impact of EU regulation (the net impact of out-of-bundle roaming & international visitors, and mobile termination rate changes)
Ongoing commercial momentum

Europe - Customer net adds (000s)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Mobile contract</th>
<th>Fixed broadband</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 16/17</td>
<td>275</td>
<td>340</td>
</tr>
<tr>
<td>Q1 17/18</td>
<td>173</td>
<td>237</td>
</tr>
<tr>
<td>Q2 17/18</td>
<td>342</td>
<td>262</td>
</tr>
<tr>
<td>Q3 17/18</td>
<td>234</td>
<td>316</td>
</tr>
<tr>
<td>Q4 17/18</td>
<td>224</td>
<td>255</td>
</tr>
</tbody>
</table>

AMAP - Customer net adds (m)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Mobile contract</th>
<th>Mobile prepaid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 16/17</td>
<td>0.3</td>
<td>6.8</td>
</tr>
<tr>
<td>Q1 17/18</td>
<td>3.5</td>
<td>7.9</td>
</tr>
<tr>
<td>Q2 17/18</td>
<td>3.1</td>
<td>6.2</td>
</tr>
<tr>
<td>Q3 17/18</td>
<td>0.6</td>
<td>6.8</td>
</tr>
<tr>
<td>Q4 17/18</td>
<td>0.5</td>
<td>7.8</td>
</tr>
</tbody>
</table>

Service revenue growth:
- Q4 16/17: 0.1%
- Q1 17/18: 0.8%
- Q2 17/18: 0.8%
- Q3 17/18: 0.3%
- Q4 17/18: 0.4%

1. Adjusted for the phasing out of Talkmobile in the UK during FY 17/18
2. Excludes a legal settlement in Germany in Q4 17/18
3. Includes adjustments in H2 17/18 relating to changes in disconnection rules and regulator mandated changes in distribution policies, which affected Vodacom and Egypt
## Key markets: Europe

<table>
<thead>
<tr>
<th></th>
<th>Germany</th>
<th>Italy</th>
<th>UK</th>
<th>Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consumer NPS rank</strong></td>
<td>#1</td>
<td>#1</td>
<td>#1 (Enterprise)</td>
<td>#1</td>
</tr>
<tr>
<td><strong>Competitive environment</strong></td>
<td>Stable</td>
<td>Intense</td>
<td>Stable</td>
<td>Low-mid end intense</td>
</tr>
<tr>
<td><strong>Q4 service revenue growth (%)</strong></td>
<td>+1.8&lt;sup&gt;1&lt;/sup&gt;</td>
<td>+0.7</td>
<td>+1.4&lt;sup&gt;1&lt;/sup&gt;</td>
<td>+1.0</td>
</tr>
<tr>
<td></td>
<td>Strong customer growth and wholesale drag</td>
<td>Broadband growth offsetting mobile competition</td>
<td>Consumer growth aided by record broadband net adds</td>
<td>Competitive pressure, broadband losses</td>
</tr>
<tr>
<td><strong>FY EBITDA growth (%)</strong></td>
<td>+8.3&lt;sup&gt;1&lt;/sup&gt;</td>
<td>+4.6</td>
<td>+1.4&lt;sup&gt;1&lt;/sup&gt;</td>
<td>+5.0</td>
</tr>
</tbody>
</table>

1. Underlying growth rates which exclude various factors. See Appendix pages 40-43 for more details on each country
## Key markets: AMAP and India

<table>
<thead>
<tr>
<th></th>
<th>South Africa</th>
<th>Turkey</th>
<th>Egypt</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consumer NPS rank</strong></td>
<td>#1</td>
<td>#2</td>
<td>#1</td>
<td>#1</td>
</tr>
<tr>
<td><strong>Environment</strong></td>
<td>Stable</td>
<td>Stable</td>
<td>Stable</td>
<td>Intense</td>
</tr>
<tr>
<td><strong>Q4 service revenue growth (%)</strong></td>
<td>+5.2</td>
<td>+14.3</td>
<td>+18.7</td>
<td>(21.2)</td>
</tr>
<tr>
<td></td>
<td>Driving bundles with Big Data and personalised offers</td>
<td>Customer growth, beating inflation</td>
<td>Customer growth, beating inflation</td>
<td>Retaining customers at lower price points</td>
</tr>
<tr>
<td><strong>FY EBITDA growth (%)</strong></td>
<td>+5.2</td>
<td>+22.6</td>
<td>+14.9</td>
<td>(34.5)</td>
</tr>
</tbody>
</table>

See Appendix for more details on Vodacom (page 44)
Key markets: Europe cluster

FY 17/18 service revenue mix (%)\(^1\)

- Ireland
- Romania
- Portugal
- Greece
- Czech Republic
- Hungary
- Other

Q4 17/18 service revenue growth (%)

- Hungary: 8%
- Czech Republic: 5%
- Ireland: 4%
- Greece: 3%
- Portugal: 3%
- VodafoneZiggo\(^3\): 3%

FY 17/18 EBITDA growth (%)

- Hungary: 16%
- Czech Republic: 8%
- Ireland: 7%
- Greece: 11%
- Portugal: 10%
- VodafoneZiggo\(^3\): 4%

Growing in most markets

€4.6bn of service revenue

Improving margins

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1. FY 17/18 share of Europe cluster service revenue
2. Adjusted for handset financing in Hungary
3. Presented under US GAAP
Financial review
**Full year financial highlights**

**Service revenue (€bn)**
- FY 16/17: 43.0
- FY 17/18: 41.1

**Underlying +2.6%**

**Adjusted EBITDA (€bn)**
- FY 16/17: 14.1
- FY 17/18: 14.7

**Underlying +7.9% operating leverage & cost actions**

**Adjusted EBIT (€bn)**
- FY 16/17: 4.0
- FY 17/18: 4.8

**Strong EBITDA growth, lower D&A**

**Free cash flow (pre-spectrum) (€bn)**
- FY 16/17: 4.1
- FY 17/18: 5.4

**Supporting 2.0% growth in DPS**

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All percentage growth rates in this document are organic unless otherwise stated, with Vodafone Netherlands, Vodafone India and Vodafone Qatar excluded from organic growth.

1. Excluding the benefit of a German legal settlement in Q4 17/18
2. Reported percentage growth in free cash flow pre-spectrum
3. Excludes the impact of EU regulation (the net impact of out-of-bundle roaming & international visitors, and mobile termination rate changes), UK handset financing, and a German legal settlement
4. Excludes the net impact of EU regulation (~€0.2 billion), the benefit from UK handset financing (~€0.5 billion), and settlements in UK and Germany (~€0.2 billion)
5. Based on the Group's revised guidance range of organic EBITDA growth of 'around 10%' and free cash flow pre-spectrum 'to exceed €5bn' set in November 2017
Bridge from adjusted to reported earnings

<table>
<thead>
<tr>
<th></th>
<th>FY 17/18 (€m)</th>
<th>FY 16/17 (€m)</th>
<th>Growth (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adjusted EBIT</strong></td>
<td>4,827</td>
<td>3,970</td>
<td>21.6</td>
</tr>
<tr>
<td>Associates</td>
<td>389</td>
<td>164</td>
<td></td>
</tr>
<tr>
<td>Restructuring</td>
<td>(156)</td>
<td>(415)</td>
<td></td>
</tr>
<tr>
<td>Amortisation of brand assets/other</td>
<td>(974)</td>
<td>(1,046)</td>
<td></td>
</tr>
<tr>
<td>Other income and expense</td>
<td>213</td>
<td>1,052</td>
<td></td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>4,299</td>
<td>3,725</td>
<td></td>
</tr>
<tr>
<td>Financing costs/income</td>
<td>(389)</td>
<td>(932)</td>
<td></td>
</tr>
<tr>
<td>Tax expense</td>
<td>879</td>
<td>(4,764)</td>
<td></td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(349)</td>
<td>(218)</td>
<td></td>
</tr>
<tr>
<td>Non-operating income and expense</td>
<td>(32)</td>
<td>(1)</td>
<td></td>
</tr>
<tr>
<td>India (excl. Indus)</td>
<td>(1,969)</td>
<td>(4,107)</td>
<td></td>
</tr>
<tr>
<td><strong>Profit/(loss) for the period</strong></td>
<td>2,439</td>
<td>(6,297)</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Adjusted earnings</strong>¹</td>
<td>3,218</td>
<td>2,249</td>
<td>43.1</td>
</tr>
<tr>
<td>Weighted average number of shares² (m)</td>
<td>27,770</td>
<td>27,971</td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted earnings per share</strong> (eurocents)¹</td>
<td>11.59</td>
<td>8.04</td>
<td>44.2</td>
</tr>
</tbody>
</table>

1. Reported excluding the impact of restructuring costs, significant one-off items and amortisation of acquired intangible customer bases and brand intangible assets
2. Weighted average number of shares includes a dilution of 1,013 million shares (2016: 1,369 million shares) following the issue of £2.9 billion of mandatory convertible bonds (‘MCB’) in February 2016

- €1.9bn Luxembourg deferred tax asset write up
- Underlying effective tax rate 20.6%, reflecting mix of profits
- Medium-term rate now ‘low to mid 20s’ (previously mid-20s)
- Net India writedowns/impairments: FY 17/18: €2.2bn, FY 16/17: €3.7bn
- 26,757m ex. mandatory convertible bond (MCB)
- 729.1m shares purchased via MCB buyback
Sustained service revenue growth

Group organic service revenue growth (%)

<table>
<thead>
<tr>
<th></th>
<th>Reported</th>
<th>Underlying¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 16/17</td>
<td>2.4</td>
<td>1.5</td>
</tr>
<tr>
<td>Q1 17/18</td>
<td>2.9</td>
<td>2.2</td>
</tr>
<tr>
<td>Q2 17/18</td>
<td>2.5</td>
<td>1.3</td>
</tr>
<tr>
<td>Q3 17/18</td>
<td>2.3</td>
<td>1.1</td>
</tr>
<tr>
<td>Q4 17/18</td>
<td>2.4</td>
<td>1.4²</td>
</tr>
</tbody>
</table>

Growth by region (%)

- **Europe**
  - Q4 16/17: 6.8%
  - Q1 17/18: 7.9%
  - Q2 17/18: 6.2%
  - Q3 17/18: 6.8%
  - Q4 17/18: 7.8%

- **Europe underlying¹**
  - Q4 16/17: 1.4%
  - Q1 17/18: 1.8%
  - Q2 17/18: 2.4%
  - Q3 17/18: 1.9%
  - Q4 17/18: 1.7%

- **AMAP**
  - Q4 16/17: 0.1%
  - Q1 17/18: 0.8%
  - Q2 17/18: 0.8%
  - Q3 17/18: 0.3%
  - Q4 17/18: 0.4²%

Q1 18/19 outlook:
- **Italy**: Q1 impact from shift to ‘solar’ billing
- **UK**: increased handset financing drag (IAS18 basis)
- **Spain**: actions taken to reposition pricing

Key drivers of Q4 performance:
- **Europe¹**: good fixed growth +5.3%, mobile +0.3%
- **AMAP**: strong commercial momentum in South Africa, Turkey and Egypt

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1. Excluding EU regulation, UK handset financing, and a German legal settlement
2. Excluding the benefit of a German legal settlement in Q4 17/18
All three growth engines contributing

FY 17/18 organic service revenue growth contribution (pp)

1. Excludes the impact of EU regulation and UK handset financing
2. Excluding the benefit of a German legal settlement in Q4 17/18
3. Other includes common functions and eliminations
EBITDA growth supported by Fit for Growth

(€bn)

Organic FY 16/17 EBITDA (incl. Qatar) 13.2
Direct margin 0.9
Net operating cost reduction 0.1
UK handset financing 0.5
UK/German settlements 0.2
EU regulation (0.2)
Organic FY 17/18 EBITDA (incl. Qatar) 14.7

Expect to reduce net operating costs in FY18/19 for a 3rd consecutive year
Third consecutive year of EBITDA margin expansion

Group adjusted EBITDA margin (%)

30.6%  
29.0%  
28.3%  
28.4%  
29.7%  
30.8%  
31.6%

Underlying ex. EU roaming, HF & settlements

Markets growing EBITDA faster than service revenue:

FY 12/13  FY 13/14  FY 14/15  FY 15/16  FY 16/17  FY 17/18

3yr plan:

12  15  17  20  
15  22
Digital opportunity to sustain cost momentum

Digital customer management
- €2.5bn\(^1\) Commissions
- €1.0bn\(^1\) Retail footprint
- €1.5bn\(^1\) Customer operations

Differentiating the customer experience (AI digital support)
- UK Chatbot trial (TOBi)
- 15% of calls by the end of FY 18/19

Digital technology management
- Efficiency gains/capex optimisation

Real time analytics to enable smarter network planning
- €170m saved in FY 18/19 through ‘smart network’ planning & prioritisation

Digital operations
- €3.0bn\(^1\) Operations

Simplify and automate standard processes
- 200 bots active in Shared Services

Total addressable cost base\(^1\) €8.0bn + capex optimisation

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1. Addressable cost base: total identified spend within which savings can be made through the Digital Vodafone
Capital mix – efficiencies driving increased investment in growth

Capital allocation (%)

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 17/18</th>
<th>FY 18/19e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Success based (CPE)</td>
<td>16%</td>
<td>+3pp</td>
</tr>
<tr>
<td>Fixed</td>
<td>7%</td>
<td>flat</td>
</tr>
<tr>
<td>IT/product transformation</td>
<td>12%</td>
<td>-1pp</td>
</tr>
<tr>
<td>Mobile capability/coverage</td>
<td>18%</td>
<td>flat</td>
</tr>
<tr>
<td>IT/product maintenance</td>
<td>9%</td>
<td>flat</td>
</tr>
<tr>
<td>Network maintenance (mobile &amp; fixed)</td>
<td>38%</td>
<td>-2pp</td>
</tr>
</tbody>
</table>

**Growth:**
- CPE: reflecting strong commercial momentum in fixed
- Fixed: cable network upgrade to increase speed
- IT: transformation projects to improve customer experience and create agility

**Capability/coverage:**
- Declining 4G rollout in major markets as we approach target coverage
- 4G evolution, preparing for 5G

**Maintenance:**
- Driving efficiency in network/IT maintenance capex

**FY 17/18 Group capital intensity:** 15.7% (-0.4pp YoY) or 14.1% ex. CPE

Medium-term outlook ‘mid-teens’ excl. Gigabit Plan

1. Based on top five major markets
Spectrum costs – upcoming 5G auctions in FY19 & FY20

Historical cash spectrum spend ex. India and NL (€bn)

- FY 17/18: Italy (€0.6bn), UK (€0.3bn), Germany (€0.1bn)
- 5G auctions across Europe during FY19 & FY20
  - 700MHz and 3.4-3.7GHz bands
- Greater choice than in the past, opportunities to re-farm existing spectrum
- Long-term average annual cash spend unlikely to change

1. Annual spectrum amortisation charge, adjusted for the assumption that the 3G auctions in 2000 in Germany, Italy and UK had taken place at the average price /MHz/pop for European 3G auction since 2008
## Free cash flow covering the dividend

<table>
<thead>
<tr>
<th></th>
<th>FY 17/18 (€m)</th>
<th>FY 16/17 (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted EBITDA</td>
<td>14,737</td>
<td>14,149</td>
</tr>
<tr>
<td>Capital additions</td>
<td>(7,321)</td>
<td>(7,675)</td>
</tr>
<tr>
<td>Capital creditors</td>
<td>171</td>
<td>(822)</td>
</tr>
<tr>
<td>Working capital</td>
<td>(755)</td>
<td>(162)</td>
</tr>
<tr>
<td>Net interest</td>
<td>(753)</td>
<td>(830)</td>
</tr>
<tr>
<td>Taxation</td>
<td>(1,010)</td>
<td>(761)</td>
</tr>
<tr>
<td>Dividends received from associates &amp; investments</td>
<td>489</td>
<td>433</td>
</tr>
<tr>
<td>Dividends to non-controlling interests</td>
<td>(310)</td>
<td>(413)</td>
</tr>
<tr>
<td>Other¹</td>
<td>169</td>
<td>137</td>
</tr>
<tr>
<td><strong>Free cash flow (pre-spectrum)</strong></td>
<td><strong>5,417</strong></td>
<td><strong>4,056</strong></td>
</tr>
<tr>
<td>Spectrum</td>
<td>(1,123)</td>
<td>(474)</td>
</tr>
<tr>
<td>Restructuring</td>
<td>(250)</td>
<td>(266)</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td><strong>4,044</strong></td>
<td><strong>3,316</strong></td>
</tr>
<tr>
<td>Dividends to shareholders</td>
<td>(3,920)</td>
<td>(3,714)</td>
</tr>
</tbody>
</table>

1. Relates to non-cash movements on share based payments and disposal of capital assets

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Greater than our cash dividend obligation in FY 17/18

Lower capital creditors: reflecting final payments for Project Spring in FY 16/17

Includes reversal of €0.5bn UK handset financing benefit in FY 17/18
Delivering FCF growth targets

Long Term Incentive Plan goals\(^1\)

<table>
<thead>
<tr>
<th>Scheme year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported</td>
<td>6.3</td>
<td>10.5</td>
<td>14.4</td>
<td>14.1</td>
</tr>
<tr>
<td>Adjusted for Project Spring</td>
<td>14.1</td>
<td>15.1</td>
<td>15.2</td>
<td>16.6</td>
</tr>
</tbody>
</table>

1. Restated excluding India, in order to provide a comparable basis

Achieved:
- 113% in 2014
- 105% in 2015
- On target in 2016
- On target in 2017

New LTIP target

Cumulative 3yr FCF pre-spectrum (€bn)

<table>
<thead>
<tr>
<th>Scheme year</th>
<th>Minimum</th>
<th>Target</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15.15</td>
<td>17.00</td>
<td>18.85</td>
</tr>
</tbody>
</table>

3x dividend + historic average spectrum
### Reported leverage and balance sheet position

**Net debt (€bn)**

<table>
<thead>
<tr>
<th>Item</th>
<th>Mar 2017</th>
<th>FY FCF (pre-spectrum)</th>
<th>Dividends paid</th>
<th>Spectrum</th>
<th>MCB share buyback</th>
<th>Qatar sale / Vodacom share placing</th>
<th>FX/other</th>
<th>Mar 2018</th>
<th>India Mar 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31.2</td>
<td>(5.4)</td>
<td>3.9</td>
<td>1.1</td>
<td>1.6</td>
<td>(1.2)</td>
<td>0.3</td>
<td>31.5</td>
<td>7.7</td>
</tr>
</tbody>
</table>

**Liberty Global transaction:**

- Increasing target leverage range to 2.5x-3.0x (2.0x-2.5x previously); pro forma FY2018 leverage 3.0x
- Financing to include c.€5-7bn of equity credit, including c.€3bn of MCBs, maintaining a solid investment grade credit rating

<table>
<thead>
<tr>
<th></th>
<th>FY 17/18</th>
<th>FY 16/17</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net cost of debt (%)</strong></td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td><strong>Average life of bond debt</strong></td>
<td>9.4yrs</td>
<td>9.6yrs</td>
</tr>
<tr>
<td><strong>Net debt/EBITDA excl. India</strong></td>
<td>2.1x</td>
<td>2.2x</td>
</tr>
</tbody>
</table>
Vodafone-Idea: leverage and priorities post-completion

Vodafone-Idea pro forma net debt (€bn)

- Equivalent to IDEA net debt + INR25bn
- Implies a capital injection into VIL of ≤€1bn, net of the sale of a c.4.8% stake in the JV to ABG

Key priorities
- New management team appointed
- Integration planning well advanced
- Fast start on synergies:
  - Immediate c.20% site rationalisation
  - Avoid duplication of spend
  - Rapid spectrum refarming to add 4G capacity
  - ~US$2.1bn cost & capex run-rate savings in the 4th year

Pro forma leverage 7.8x or 4.7x LTM EBITDA including run-rate synergies

1. Idea net debt as at 31 March 2018 including certain pro-forma adjustments at the time of the merger announcement as per transaction definitions. Based on FX rate of EUR/INR 80.48
2. Includes potential payments for spectrum liberalisation and for site exits, as per the requirements of the business
**Guidance**\(^1\) for FY 18/19

**FY 18/19 adjusted EBITDA drivers (€bn)**

<table>
<thead>
<tr>
<th>FY 17/18 Reported</th>
<th>UK handset financing</th>
<th>UK/German settlements</th>
<th>Qatar sale/India recharges</th>
<th>FX</th>
<th>FY 17/18 (rebased)</th>
<th>UK handset financing</th>
<th>Underlying growth</th>
<th>FY 18/19 Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.75</td>
<td>(0.5)</td>
<td>(0.2)</td>
<td>(0.2)</td>
<td></td>
<td>13.75</td>
<td>0.2</td>
<td>14.15 – 14.65</td>
<td></td>
</tr>
</tbody>
</table>

*Underlying adjusted EBITDA growth of between 1-5\(^2\)*

*Free cash flow pre-spectrum of at least €5.2bn*

---

1. We have based guidance for the financial year ending 31 March 2019 on our current assessment of the global macroeconomic outlook and assume foreign exchange rates of €1:ZAR 15.1, €1:£0.87, €1:TRY 5.1 and €1:EGP 22.1. Guidance excludes the impact of licence and spectrum payments, material one-off tax-related payments, restructuring payments, changes in shareholder recharges from India and any fundamental structural change to the Eurozone. It also assumes no material change to the current structure of the Group. Actual foreign exchange rates may vary from the foreign exchange rate assumptions used.

2. Adjusted organic EBITDA growth excluding settlements and UK handset financing.
Transforming Vodafone: **strategic capital allocation**

**A converged leader in Europe**
- Germany acquisition
- Romania acquisition
- Hungary acquisition
- Czech Republic acquisition

**Data leader in Africa**
- Streamlined Safaricom holding
- Vodacom 5.2% stake sale (for €1bn)
- Tanzania IPO

**Scaled leader in India**
- Merger on-track
- Sale of standalone towers
- Merger of Indus & Bharti Infratel

**Other AMAP**
- Sale of Qatar

**Infrastructure owner**

**Simplification**

**Self-supported scale**

1. The sale of Vodafone India’s and Idea’s standalone towers for €1.0 billion
Transforming Vodafone

Europe service revenue mix (%)
- Europe Mobile
- Europe Fixed

Europe NGN homes coverage mix (%)
- On-net
- Strategic partnership
- Wholesale

EBITDA mix (%)
- Europe
- AMAP

FY 17/18 proforma for the acquisition of Liberty Global’s Unitymedia asset in Germany and UPC assets in Central and Eastern Europe
1. Includes VodafoneZiggo
2. Europe includes Common Functions and eliminations

More focused on Europe
Infrastructure owner
More fixed/converged
Fixed & Convergence: **Unitymedia/UPC CEE acquisition supercharges our fixed strategy**

European homes marketable (proforma)$^1$ (m)

- **Total homes**: 165
- **Total incl’ ADSL and NGN**: 144
- **NGN wholesale**: 114
- **Strategic wholesale partnerships**: 60
- **Owned NGN network**: 54

% of homes
- 33
- 37
- 69
- 87
- 100

NGN infrastructure in Europe (m)$^3$

- **Total homes**: 54
- **Total incl’ ADSL and NGN**: 41
- **Strategic wholesale partnerships**: 36
- **Owned NGN network**: 36
- **NGN infrastructure in Europe**: 35

Vodafone becomes the leading NGN infrastructure owner in Europe

---

1. Includes VodafoneZiggo and proforma for the acquisition of Liberty Global’s Unitymedia asset in Germany and UPC assets in Central and Eastern Europe
2. Includes Telefonica (selected areas in Spain) and Open Fiber (Italy)
3. Owned network based on Vodafone estimates as at Q4 17/18
Fixed & Convergence: significant organic progress

Europe NGN footprint expansion continues

Germany: Gigabit plan
Building in 29 business parks; DOCSIS 3.1 upgrade commences shortly

2.1m homes marketable, 2.7m homes passed
2nd phase signed to access 9.5m in total by 2022

CityFibre
First 7 cities announced, 1 million premises targeted

NOS
Network share
Increases homes covered to 4.0m (currently 2.7m)

Spain
rolling out DOCSIS 3.1
7.9m homes reached with 1Gbps

SiRO
JV with Siro progressing 0.1m homes passed

FTTC/H roll-out underway
0.1m own homes passed

Strategic p’ships
Rent
Co/self build
Buy
Capital-smart infrastructure strategy
Fixed & Convergence: delivering growth

European broadband net adds LTM (m)\textsuperscript{1}

<table>
<thead>
<tr>
<th>Operator</th>
<th>Q1 17/18</th>
<th>Q2 17/18</th>
<th>Q3 17/18</th>
<th>Q4 17/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vodafone</td>
<td>0.1</td>
<td>0.5</td>
<td>0.7</td>
<td>1.1</td>
</tr>
<tr>
<td>Deutsche Telekom</td>
<td>0.1</td>
<td>0.5</td>
<td>0.7</td>
<td>1.1</td>
</tr>
<tr>
<td>Liberty Global</td>
<td>0.0</td>
<td>0.1</td>
<td>0.5</td>
<td>1.1</td>
</tr>
<tr>
<td>BT</td>
<td>0.0</td>
<td>0.1</td>
<td>0.7</td>
<td>1.1</td>
</tr>
<tr>
<td>Orange</td>
<td>0.1</td>
<td>0.5</td>
<td>0.7</td>
<td>1.1</td>
</tr>
<tr>
<td>Telefonica</td>
<td>0.1</td>
<td>0.5</td>
<td>0.7</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Europe broadband net adds (%)

- Broadband
- NGN
- Consumer Converged

Leading broadband net adds

- Vodafone
- Deutsche Telekom
- Liberty Global
- BT
- Orange
- Telefonica

Record NGN and converged net adds

- Q1 17/18:
  - Broadband: 237
  - NGN: 384
  - Converged: 119
- Q2 17/18:
  - Broadband: 262
  - NGN: 442
  - Converged: 190
- Q3 17/18:
  - Broadband: 316
  - NGN: 496
  - Converged: 174
- Q4 17/18:
  - Broadband: 255
  - NGN: 514
  - Converged: 265

Penetration:
- 35\% converged\textsuperscript{2}
- 66\% NGN

\textsuperscript{1} Last 12 months. Based on company reports. VodafoneZiggo JV is included within Liberty Global.

\textsuperscript{2} Consumer converged customers divided by consumer broadband customers.
Mobile data: **leading data networks**

**Quality and experience leadership**

<table>
<thead>
<tr>
<th>Network NPS (points)</th>
<th>Gap to next best</th>
<th>Gap to third</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 15/16</td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>FY 16/17</td>
<td>15</td>
<td>2</td>
</tr>
<tr>
<td>FY 17/18</td>
<td>15</td>
<td>3</td>
</tr>
</tbody>
</table>

**Leading network infrastructure**

- **92%** data sessions >3mbps\(^1\)
- **0.34%** dropped call rate\(^1\)
  
  **Record low**

- Only **3%** of 4G sites fully utilised in busy hour\(^1\)

**Driving data usage and cost efficiency**

- **Europe data traffic (PB)**
  - FY 16/17: 1,432 PB
  - FY 17/18: 2,309 PB
  - **+61%**
  - Avg. monthly data usage +56% in Q4

- **Europe network costs**\(^2\)
  - FY 15/16: 100
  - FY 16/17: 102
  - FY 17/18: 102
  - **+2%**

**Network co/leader in 14/20 markets**

**Deep spectrum positions across all markets**

**Cost per GB declining ~35% p.a.**

---

Data above includes Vodafone India and JVs

1. Europe
2. Opex and depreciation
Mobile data: 5G vision and phasing

Industry adoption likely to be similar to 4G

Lower costs

- **Spectral efficiency** up to 4x today’s 4G
- **Radio latency** up to 10x less than 4G
- **Re-use existing site grid** with active Antennae/Massive MIMO
- **Opportunities**: New IoT services, selective FWA

Initial focus on high density areas

- Microwave is an effective backhaul solution for 5G, given latency <0.25ms per hop

Consistent within current mid-teens capital expenditure guidance
Mobile data: IoT

**Market opportunity**

IoT market €bn¹

<table>
<thead>
<tr>
<th>Year</th>
<th>Connectivity</th>
<th>Services</th>
<th>Hardware</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>30</td>
<td>54</td>
<td>30</td>
</tr>
<tr>
<td>2025</td>
<td>55</td>
<td>143</td>
<td>55</td>
</tr>
</tbody>
</table>

**Vodafone IoT**

- Leading platform, footprint in 180 countries
- 68m SIMs; €747m revenues (+14% YoY)
- 14m connected cars
- Narrowband IoT in 9 markets

**Europe Consumer IoT devices (bn)²**

- Smart home
- Consumer electronics
- Wearables
- Smart vehicles

- Launched ‘Smart home’ services, in partnership with Samsung
- Extended to non-Vodafone customers and channels in April
- More markets, products and on-line market-place for developers launching in 2018

1. Source: Analysys Mason Feb 2017 global forecast IoT B2B market; includes fixed, mobile and LPWA communication based services
2. Source: GSMA April 2018

CAGR = Compound Annual Growth Rate
Enterprise: growing revenues and margins

**Service revenue growth (%)**

<table>
<thead>
<tr>
<th>FY 17/18</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile</td>
<td>1.9</td>
<td>1.7</td>
<td>0.2</td>
</tr>
<tr>
<td>Fixed</td>
<td>2.4</td>
<td>2.1</td>
<td>0.9</td>
</tr>
<tr>
<td>Total</td>
<td>2.1</td>
<td>1.2</td>
<td>0.9</td>
</tr>
</tbody>
</table>

**Improving margin**

Contribution margin improvement

+170 bps YoY

**Outperforming peers (%)**

Q4 17/18 revenue growth

- **Vodafone**
- Comp 1
- Comp 2
- Comp 3
- Comp 4
- Comp 5
- Comp 6

- (1.3)
- (1.6)
- (2.3)
- (5.3)
- (5.7)
- (12.7)

**Key Points**

- Market-leading IoT platform
- Significant exposure (17% of revenue) to fast growing AMAP markets, +5%
- Low exposure to legacy fixed voice, <5% of revenue
- Proactive review of account profitability
- Margin optimisation and cost control initiatives
- Closure of legacy networks in UK
- Global reach: IP-VPN platform in 77 markets, reaching 275 PoPs
- NPS co/leadership in 19/20 markets

---

1. European roaming regulation and MTRs
2. Competitors in alphabetical order: AT&T Business Solutions, BT Business & Public Sector, BT Global Services, Deutsche Telekom T-Systems, Orange Enterprise, Verizon Enterprise Solutions
Customer experience excellence: NPS improvement

Quality and experience leadership

Consumer NPS (points)

<table>
<thead>
<tr>
<th>Year</th>
<th>Gap to next best</th>
<th>Gap to third</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 14/15</td>
<td>11</td>
<td>2</td>
</tr>
<tr>
<td>FY 15/16</td>
<td>14</td>
<td>4</td>
</tr>
<tr>
<td>FY 16/17</td>
<td>17</td>
<td>6</td>
</tr>
<tr>
<td>FY 17/18</td>
<td>16</td>
<td></td>
</tr>
</tbody>
</table>

NPS improvement over the last 3 years

- NPS score improved
- Gap to next best improved
- Average score improvement to next best
  - +8 points

Further progress to come from digital channels and platforms

Improving score vs. next best and maintaining gap to third operators
**Digital Vodafone: transforming our commercial model**

**Marketing**

*From* traditional ATL/BTL... *to* applied Digital Marketing: real-time, contextual and personal

- My Vodafone App
  - penetration, 87%
  - 10 visits/month (vs. 3 retail visits per year)

**Customer value management**

*From* clustered/campaign based... *to* real-time, personalised, relevant

- Powered by Big Data
  - 213m data bundles sold, +57%¹
  - Data revenue +13%¹

**Sales**

*From* silos... *to* seamlessly connected channels

- Mobile acquisition digital mix 25% (from 6% 3 years ago)

**Service**

*From* reactive... *to* proactive, predictive and adaptive

- Tobi chatbot
  - 805k interactions/month
  - 70% resolution rate

Driving better customer experience, incremental value and lower costs
### Digital Vodafone: measuring commercial progress

#### Digital Customer management

- **Digital Technology**
- **Digital Operations**

<table>
<thead>
<tr>
<th>Metric</th>
<th>March '17</th>
<th>March '18</th>
<th>March '21</th>
</tr>
</thead>
<tbody>
<tr>
<td>CVM campaigns enabled by Big Data</td>
<td>15%</td>
<td>35%</td>
<td>100%</td>
</tr>
<tr>
<td>Digital channels share of sales mix</td>
<td>9%</td>
<td>11%</td>
<td>&gt;40%</td>
</tr>
<tr>
<td>My Vodafone app penetration</td>
<td>55%</td>
<td>60%</td>
<td>95%</td>
</tr>
<tr>
<td>Chatbots (% of contacts)</td>
<td>0%</td>
<td>1%</td>
<td>60%</td>
</tr>
<tr>
<td>Frequency of contacts</td>
<td>1.9</td>
<td>1.7</td>
<td>1.2</td>
</tr>
</tbody>
</table>

1. Average of EU4
2. Mobile and Fixed acquisitions and upgrades
3. FOC requiring human intervention per year
Summary

An exceptional year of progress and transformation

• Vodafone to become the leading next generation infrastructure owner in Europe by acquiring Liberty Global’s cable assets in Germany and Central Europe
• Merger with Idea in India remains on track. Indus/Infratel merger agreed

Robust operating momentum

• Record NGN and converged net adds
• Third consecutive year of margin expansion
• Accelerated progress on Digital Vodafone

Positive momentum in Germany, UK, EU cluster and AMAP; more challenging conditions in Italy and Spain

Growing dividends per share, +2% to 15.07 eurocents

Outlook

2018/19 guidance: underlying EBITDA +1-5%; Free cash flow (pre-spectrum) at least €5.2bn
Appendix
Germany: strong customer growth offsetting wholesale headwinds

**Customer experience**

- **Consumer NPS (points)**
  - #1 NPS, #1 service in Connect tests
  - 4G up to 500Mbps in 40 cities
  - 70% of cable gross adds ≥200Mbps (PY 48%)

**KPIs**

- **Customer net adds (000s)**
  - Mobile contract
  - Fixed broadband

**Financial results**

- Service revenue growth (%)
  - Reported
  - Growth ex. regulation impact

- **Mobile: continued momentum in direct channels, GigaCube sales, lower churn**
- Fixed users moving to higher speeds: NGA customers up 209k to 4.6m (total 6.6m)
- 700k converged consumers (+112k QoQ)

- **#1 NPS**
- **#1 service** in Connect tests
- **70%** of cable gross adds ≥200Mbps

- **FY EBITDA:** +8.3%, margin 36.5%, +2.4pp<sup>1</sup>; focus on direct channels and operational efficiencies

---

1. Excludes the impact of a €0.1bn legal settlement in Germany. On a reported basis Q4 17/18 service revenue increased 5.9% and FY 17/18 EBITDA rose 10.7% and the margin increased 2.9pp to 37.0%
Italy: price competition in prepaid continues, record fixed net adds

Customer experience

- Maintained **market leading NPS**
- Leading 4G network coverage **98%**
- 16.7m NGN homes marketable, o/w **5.3m** on-net/Open Fiber
- Extended agreement with Open Fiber to 9.5m households (271 cities) by 2022

KPIs

- Mobile: prepaid competitive pressure, driven by aggressive BTL offers
- Fixed: **record Q4 broadband net adds**, base now 2.5m

Financials

- Mobile: **-1.5%** (Q3 -2.9%); ongoing price competition
- Fixed: **+11.1%** (Q3 +12.0%); strong customer growth
- FY EBITDA **+4.6%**, margin +1.0pp to 37.5%; tight cost control delivering -6.0% reduction in opex
UK: improving trends, strong momentum in consumer fixed

**Customer experience**

- **Best ever consumer NPS**, #1 in Enterprise NPS (mobile & fixed)
- **Strong network performance**
  - 4G coverage **99%**, 50 MHz of 3.4GHz spectrum acquired for 5G
- **CityFibre** FTTH build underway, 1 million premises targeted

**KPIs**

- **Customer net adds (000s)**
  - Mobile contract
  - Fixed broadband

**Financials**

- **Service revenue growth (%)**
  - Reported
  - Ex. Handset Financing and regulation

**UK: improving trends, strong momentum in consumer fixed**

- **Best ever consumer NPS**, #1 in Enterprise NPS (mobile & fixed)
- **Strong network performance**
  - 4G coverage **99%**, 50 MHz of 3.4GHz spectrum acquired for 5G
- **CityFibre** FTTH build underway, 1 million premises targeted
- **Mobile: lower net adds due to market slowdown & reduced commercial activity**
  - **Fixed:** record consumer broadband adds, total broadband base now **382,000**
  - **Best ever consumer NPS**, #1 in Enterprise NPS (mobile & fixed)
  - **Strong network performance**
    - 4G coverage **99%**, 50 MHz of 3.4GHz spectrum acquired for 5G
  - **CityFibre** FTTH build underway, 1 million premises targeted
  - **Mobile: lower net adds due to market slowdown & reduced commercial activity**
  - **Fixed: record** consumer broadband adds, total broadband base now **382,000**

1. Excludes the phasing out of the Talkmobile brand. Reported contract net adds in FY 17/18: Q1 -2k, Q2 -3k, Q3 +6k, Q4 -14k
2. Excludes the impact of handset financing and regulation
3. Excludes the impact of handset financing and regulatory settlements. Reported organic EBITDA +51.8% and margin 24.9%
Spain: increased competitive pressure in value segment

**Customer experience**

- **Consumer NPS (points)**
  - Red: Gap to next best
  - Black: Gap to third
  - Q4 16/17: 17
  - Q4 17/18: 13

  - Maintained **market leading NPS**
  - Strong network position, 96% 4G coverage
  - 20.5m NGN homes marketable, o/w **10.3m** on-net

**KPIs**

- **Customer net adds (000s)**
  - Mobile contract
  - Fixed broadband
  - Q4 16/17: 96
  - Q1 17/18: 75
  - Q2 17/18: 55
  - Q3 17/18: 42
  - Q4 17/18: 30

  - Q4 16/17: 11
  - Q1 17/18: 15
  - Q2 17/18: 30
  - Q3 17/18: 40
  - Q4 17/18: (16)

- **Service revenue growth (%)**
  - Ex. Handset Financing and regulation
  - Q4 16/17: 3.8
  - Q1 17/18: 3.0
  - Q2 17/18: 3.9
  - Q3 17/18: 2.0
  - Q4 17/18: 1.8

  - **Ex. MTR cut**

**Financials**

- **Ex. MTR cut**
- **Q4 competitive pressure and drag from MTR cut on 1 Feb**
- **Consumer converged revenue now 59% of consumer revenue**
- **FY EBITDA +5.0%, margin +1.2pp to 28.5%; revenue growth and cost actions offset higher content and wholesale fixed access costs**
Vodacom: strong momentum across the Group

Customer experience

- **NPS Leadership** in all markets
- **First operator** in Africa to exceed 80% 4G coverage

KPIs

- Segmentation and personalisation strategy driving bundle users to 18.7m (+13.9%)
- Data volumes per smart device **+18.4%**, effective price per MB **-21.6%**

Financials

- **SA: strong customer growth and data revenue +13.1%**
- Internationals: improved trends supported by data and M-Pesa revenue growth
- FY EBITDA **+6.5%**; margin 38.7%, -0.3pp impacted by handset sales
India: intense price competition, growing data usage

Customer experience

- Maintained market leading NPS
- Continued focus on leadership circles: >90% of Vodafone India capex
- Merger with Idea on track

KPIs

- Attracting data users and improving mix
- Unlimited offers driving average data usage to 3.5GB (up 6x YoY), o/w 6.4GB for 4G
- Total customer net adds +10.2m reflecting market share gains as smaller players exit

Financials

- Intense competitive pressure; data prices -86%, voice -40%; international MTRs cut on 1 Feb
- FY EBITDA -34.5%, margin -5.2pp to 22.1%; cost actions (opex -5% YoY) offset by revenue reduction

1. Excluding the impact of domestic and international termination rate cuts
2. Includes the benefit of a provision release of €0.1 billion in Q4 17/18
## Customer experience and commercial KPIs

### Europe

<table>
<thead>
<tr>
<th></th>
<th>Q4 16/17</th>
<th>Q1 17/18</th>
<th>Q2 17/18</th>
<th>Q3 17/18</th>
<th>Q4 17/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>4G customers (m) ¹</td>
<td>47.0</td>
<td>50.6</td>
<td>53.3</td>
<td>56.8</td>
<td>58.9</td>
</tr>
<tr>
<td>Broadband customers (m) ¹</td>
<td>16.6</td>
<td>16.8</td>
<td>17.1</td>
<td>17.5</td>
<td>17.8</td>
</tr>
<tr>
<td>Converged customers (m) ¹</td>
<td>3.7</td>
<td>4.4</td>
<td>4.7</td>
<td>5.0</td>
<td>5.3</td>
</tr>
<tr>
<td>Contract churn (%)</td>
<td>15.3</td>
<td>15.1</td>
<td>15.4</td>
<td>17.2</td>
<td>15.8</td>
</tr>
<tr>
<td>4G % outdoor population coverage(%) ¹</td>
<td>92</td>
<td>92</td>
<td>93</td>
<td>93</td>
<td>94</td>
</tr>
<tr>
<td>% of data sessions &gt;3Mbps</td>
<td>92</td>
<td>91</td>
<td>91</td>
<td>91</td>
<td>92</td>
</tr>
<tr>
<td>% of dropped calls</td>
<td>0.38</td>
<td>0.39</td>
<td>0.41</td>
<td>0.36</td>
<td>0.34</td>
</tr>
</tbody>
</table>

### AMAP

<table>
<thead>
<tr>
<th></th>
<th>Q4 16/17</th>
<th>Q1 17/18</th>
<th>Q2 17/18</th>
<th>Q3 17/18</th>
<th>Q4 17/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>4G customers (m) ²</td>
<td>27.8</td>
<td>33.4</td>
<td>40.1</td>
<td>53.4</td>
<td>62.8</td>
</tr>
<tr>
<td>Broadband customers (m) ²</td>
<td>1.3</td>
<td>1.7</td>
<td>1.7</td>
<td>1.8</td>
<td>1.9</td>
</tr>
<tr>
<td>Converged customers (m) ²</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Contract churn (%)</td>
<td>18.7</td>
<td>17.7</td>
<td>15.6</td>
<td>16.1</td>
<td>15.6</td>
</tr>
<tr>
<td>3G/4G outdoor coverage (%)</td>
<td>86</td>
<td>86</td>
<td>86</td>
<td>86</td>
<td>87</td>
</tr>
<tr>
<td>% of data sessions &gt;3Mbps</td>
<td>86</td>
<td>86</td>
<td>87</td>
<td>88</td>
<td>88</td>
</tr>
<tr>
<td>% of dropped calls</td>
<td>0.48</td>
<td>0.51</td>
<td>0.56</td>
<td>0.52</td>
<td>0.51</td>
</tr>
</tbody>
</table>

All figures exclude India and VodafoneZiggo unless otherwise stated

1. Includes VodafoneZiggo
2. Includes India and associates
Vodafone pro forma NGN footprint by country\(^1\)

Households coverage (m)\(^2\)

<table>
<thead>
<tr>
<th>Country</th>
<th>Owned</th>
<th>Open Fiber(^3)</th>
<th>Acquired assets</th>
<th>Wholesale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>5.0</td>
<td></td>
<td></td>
<td>11.0</td>
</tr>
<tr>
<td></td>
<td>11.0</td>
<td></td>
<td></td>
<td>12.7</td>
</tr>
<tr>
<td></td>
<td>12.7</td>
<td>2.1</td>
<td></td>
<td>11.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3.2</td>
<td></td>
</tr>
<tr>
<td>Italy</td>
<td>10.2</td>
<td></td>
<td></td>
<td>11.4</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11.4</td>
</tr>
<tr>
<td>Spain</td>
<td>28.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>0.2</td>
<td></td>
<td></td>
<td>2.5</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>7.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6.4</td>
</tr>
<tr>
<td>Portugal</td>
<td>10.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VodafoneZiggo NLJ(V)</td>
<td>2.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CEE(^1)</td>
<td>6.4</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Includes VodafoneZiggo and proforma adjustments for the acquisition of Liberty Global’s Unitymedia assets in Germany and UPC assets in Central and Eastern Europe
2. As of 31 March 2018, excludes 3.6m wholesale & self built NGN homes passed in Greece and Ireland
3. Of the 2.7m homes passed, 2.1m were marketable at the end of March 2018 (up from 1.9m at the end of December 2017)
Service revenue bridge

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 16/17</th>
<th>FY 17/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported service revenue</td>
<td>42,987</td>
<td>41,066</td>
</tr>
<tr>
<td>FX</td>
<td>(1,377)</td>
<td>(9)</td>
</tr>
<tr>
<td>One-off items¹</td>
<td>(1,271)</td>
<td></td>
</tr>
<tr>
<td>Mobile customer revenue</td>
<td>387</td>
<td></td>
</tr>
<tr>
<td>Incoming</td>
<td>17</td>
<td></td>
</tr>
<tr>
<td>Voice MTR</td>
<td>(118)</td>
<td></td>
</tr>
<tr>
<td>Fixed line and carrier</td>
<td>450</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td>(118)</td>
</tr>
</tbody>
</table>

1. Excludes the results of Vodafone Netherlands and Qatar
## Voice MTR impact

<table>
<thead>
<tr>
<th></th>
<th>FY 17/18</th>
<th></th>
<th>FY 16/17</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€m</td>
<td>pp</td>
<td>€m</td>
<td>pp</td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service revenue</td>
<td>(106)</td>
<td>(0.3)</td>
<td>(92)</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>(22)</td>
<td></td>
<td>(22)</td>
<td></td>
</tr>
<tr>
<td><strong>AMAP</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service revenue</td>
<td>(12)</td>
<td>(0.2)</td>
<td>(21)</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>-</td>
<td></td>
<td>(11)</td>
<td></td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service revenue</td>
<td>(118)</td>
<td>(0.3)</td>
<td>(113)</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>(22)</td>
<td></td>
<td>(33)</td>
<td></td>
</tr>
</tbody>
</table>

FY 17/18: Germany €75m, Ireland €14m, Spain €9m

FY 17/18: South Africa €9m, Tanzania €3m
### Taxation

<table>
<thead>
<tr>
<th></th>
<th>17/18 (€m)</th>
<th>16/17 (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Taxation</strong></td>
<td>879</td>
<td>(4,764)</td>
</tr>
<tr>
<td>Deferred tax assets - Luxembourg</td>
<td>(330)</td>
<td>(328)</td>
</tr>
<tr>
<td>Deferred tax following revaluation of investments in Luxembourg and impact of lower interest rates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional deferred tax assets recognised</td>
<td>(1,603)</td>
<td>1,603</td>
</tr>
<tr>
<td>Recognition of tax assets in Luxembourg to be utilised within 60 years</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortisation of deferred tax assets</td>
<td>304</td>
<td>369</td>
</tr>
<tr>
<td>Use of tax asset in Luxembourg</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax on the Safaricom transaction</td>
<td>110</td>
<td>-</td>
</tr>
<tr>
<td>CGT on sale of Safaricom to Vodacom</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in Luxembourg tax rate</td>
<td>-</td>
<td>2,651</td>
</tr>
<tr>
<td>Impact of the reduction in the Luxembourg tax rate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>(188)</td>
<td>(320)</td>
</tr>
<tr>
<td>Adjusted tax expense</td>
<td>(828)</td>
<td>(789)</td>
</tr>
<tr>
<td>Adjusted effective tax rate</td>
<td>20.6%</td>
<td>25.4%</td>
</tr>
</tbody>
</table>
## Financing costs

<table>
<thead>
<tr>
<th></th>
<th>FY 17/18 (€m)</th>
<th>FY 16/17 (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net financing costs</strong></td>
<td>(389)</td>
<td>(932)</td>
</tr>
<tr>
<td>Mark to market - Mandatory convertible bonds</td>
<td>(134)</td>
<td>40</td>
</tr>
<tr>
<td>FX$^1$</td>
<td>(322)</td>
<td>(28)</td>
</tr>
<tr>
<td><strong>Adjusted net financing costs</strong></td>
<td>(845)</td>
<td>(920)</td>
</tr>
<tr>
<td>Other mark to market of derivative positions</td>
<td>107</td>
<td>(106)</td>
</tr>
<tr>
<td>Interest expense arising on settlement of outstanding tax issues</td>
<td>(11)</td>
<td>47</td>
</tr>
<tr>
<td><strong>Net financing costs before settlement of outstanding tax issues</strong></td>
<td>(749)</td>
<td>(979)</td>
</tr>
<tr>
<td>FX impact on intragroup lending</td>
<td>43</td>
<td>167</td>
</tr>
<tr>
<td>Bond delta and FV/FX on Share buyback irrevocable$^2$</td>
<td>(84)</td>
<td>58</td>
</tr>
<tr>
<td>Other</td>
<td>(8)</td>
<td>(65)</td>
</tr>
<tr>
<td><strong>Underlying net financing costs (a)</strong></td>
<td>(798)</td>
<td>(819)</td>
</tr>
<tr>
<td>Average net debt (b)</td>
<td>(31,862)</td>
<td>(33,020)</td>
</tr>
<tr>
<td><strong>Net cost of debt$^3$</strong></td>
<td>2.5%</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

1. Comprises foreign exchange rate differences reflected in the income statement in relation to certain sterling and US dollar balances
2. Mostly related to amortisation of bonds carried above par
3. Cost of debt: (a/b) x 100
## Currency mix of net debt and EBITDA

<table>
<thead>
<tr>
<th>Currency</th>
<th>FY 17/18 closing net debt (€bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>28.7</td>
</tr>
<tr>
<td>ZAR</td>
<td>2.1</td>
</tr>
<tr>
<td>GBP</td>
<td>(2.9)</td>
</tr>
<tr>
<td>Other</td>
<td>3.6</td>
</tr>
<tr>
<td><strong>Net debt excl. India</strong></td>
<td><strong>31.5</strong></td>
</tr>
<tr>
<td><strong>Net debt incl. India</strong></td>
<td><strong>39.2</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Currency</th>
<th>FY 17/18 closing adjusted EBITDA (€bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>8.8</td>
</tr>
<tr>
<td>ZAR</td>
<td>1.9</td>
</tr>
<tr>
<td>GBP</td>
<td>1.8</td>
</tr>
<tr>
<td>Other</td>
<td>2.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14.7</strong></td>
</tr>
</tbody>
</table>


Forward-looking statements

This presentation, along with any oral statements made in connection therewith, contains “forward-looking statements” including 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: 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.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as “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: external cyber attacks, insider threats or supplier breaches; 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; increased disintermediation; 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 assets and the pursuit of new, unexpected strategic opportunities; the Group’s ability to integrate acquired businesses 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; loss of suppliers or disruption of supply chains; 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 “Risk factors” and “Other information – Forward-looking statements” in the Vodafone Group’s Half-Year Financial Report for the six months ended 30 September 2017 and “Forward-looking statements” and “Risk management” in the Group’s Annual Report for the year ended 31 March 2017. 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.
More information

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For definitions of terms please see www.vodafone.com/content/index/investors/glossary

Upcoming 2018 dates

Q1 18/19 results
25 July

AGM
27 July

H1 18/19 interim results
13 Nov