

Key performance indicators

Turning our strategic priorities into tangible performance indicators

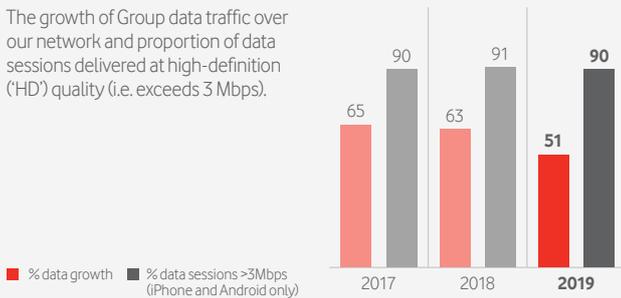
We measure our success by tracking key performance indicators that reflect our strategic, operational and financial progress and performance. These drive internal management of the business and our remuneration.

Leading Gigabit networks **Europe Consumer** **Vodafone Business** **Emerging Consumer**

Mobile data growth and network quality

Mbps

The growth of Group data traffic over our network and proportion of data sessions delivered at high-definition ('HD') quality (i.e. exceeds 3 Mbps).



European owned NGN coverage and strategic partnerships¹

million marketable households passed

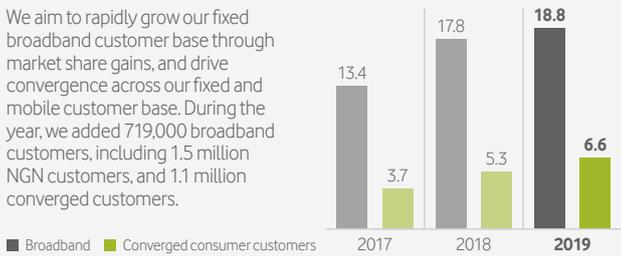
To meet the growing demand for NGN fixed and converged services we aim to continually optimise our NGN reach and penetration. On a pro forma basis for Liberty Global's assets, we will cover 122 million marketable households. This comprises of 54 million households on-net, and 9 million through strategic partnerships, and a further 59 million via wholesale access terms.



Broadband and converged consumer customers¹

million

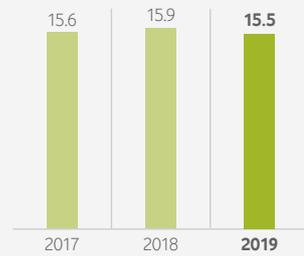
We aim to rapidly grow our fixed broadband customer base through market share gains, and drive convergence across our fixed and mobile customer base. During the year, we added 719,000 broadband customers, including 1.5 million NGN customers, and 1.1 million converged customers.



Mobile contract churn

%

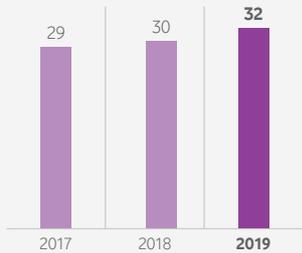
We are focused on deepening the customer relationship with our existing customers, in order to grow revenue and lower churn. By growing our converged customer base, we are seeing a clear reduction in mobile contract churn in Europe, which is now at a record low.



Fixed as a percentage of Business service revenue

%

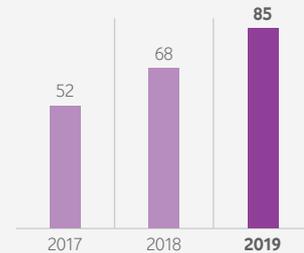
Our core European mobile business continued to face ARPU pressure reflecting ongoing price competition. As a result, we are seeking to diversify into fixed and business related services to offset this pressure. In fixed, we see a significant opportunity to take market share as the market moves from WAN to SDN.



IoT SIM growth

million

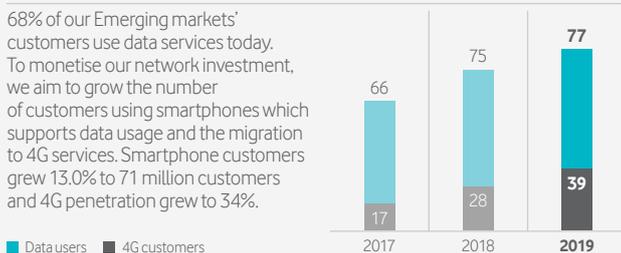
We are a market leader in the rapidly growing Internet of Things ('IoT') segment offering a diverse range of services to our Business customers including managed IoT connectivity, automotive and insurance services, smart metering and health solutions. This year we grew IoT SIMs on our network by 24.1% to 85 million.



Data and 4G data users⁴

million

68% of our Emerging markets' customers use data services today. To monetise our network investment, we aim to grow the number of customers using smartphones which supports data usage and the migration to 4G services. Smartphone customers grew 13.0% to 71 million customers and 4G penetration grew to 34%.



M-Pesa customers

million

M-Pesa our African payments platform continues to see rapid adoption with customers growing by 13% in the last year. Additionally our customer relationship continues to deepen with new services such as business payments, financial services and mobile commerce.



Notes: 1 Includes VodafoneZiggo. 2 Excluding the impact of one-off settlements. 3 Excluding the impact of UK handset financing. 4 Excluding JVs and associates.

Changes to KPIs this year

We have updated some of our KPIs to more accurately reflect our strategic priorities.

New KPIs

- European mobile contract churn
- European net operating expenses reduction
- Emerging Consumer data and 4G data users
- M-Pesa customers

KPIs removed

- 4G customers
- Average smartphone data usage per customer in Europe
- Consumer mobile net promoter score
- Grow adjusted EBITDA faster than service revenue

Financial performance

The Group achieved its financial guidance for the year, as good growth in most markets offset increased competition in Spain and Italy and headwinds in South Africa. As a result, we achieved the mid-point of our original guidance for 1–5% organic EBITDA growth, growing 3.1%^{2,3} in the year. This was supported by a net reduction in operating expense in Europe and common functions of €0.4 billion. We also delivered €5.5 billion of free cash flow pre-spectrum at guidance FX rates (€5.4 billion on a reported basis).

Paying for performance

The incentive plans used to reward the performance of our Directors and our senior managers, with some local variances, include measures linked to our KPIs. This year while we performed in line with our free cash flow target, our service revenue, EBIT, customer appreciation, and TSR performance was below target and therefore the Group's annual bonus was lower this year.



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Read more on rewards and performance in the Remuneration Report

Organic service revenue growth

%

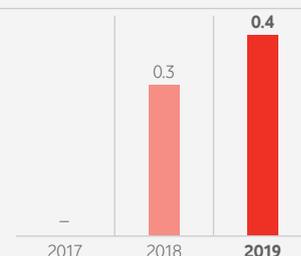
Growth in revenue demonstrates our ability to grow our customer base and/or ARPU. This year we continued to grow revenue despite tough competition in Italy and Spain. Overall, we delivered organic Group service revenue growth of 0.3%^{2,3} in the year.



European net operating expenses reduction

€bn

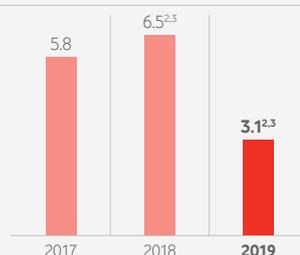
We are targeting a net reduction of over €1.2 billion in operating costs in Europe (including common functions) on an absolute organic basis by FY21, compared to FY18 levels. We expect to achieve this through the transformation of our operating model by being Digital 'First', Radically simpler, and Leveraging Group scale.



Organic adjusted EBITDA growth

%

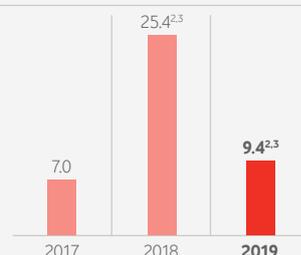
Growth in adjusted EBITDA supports our free cash flow which helps fund investment and shareholder returns. Our adjusted EBITDA grew organically by 3.1%^{2,3} this year and consequently the Group's adjusted EBITDA margin improved by 0.5 percentage points to 31.1%^{2,3}.



Organic adjusted EBIT growth

%

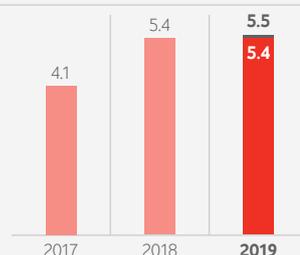
Adjusted EBIT is an important indicator of profitability and returns for the Group. Our organic adjusted EBIT grew by 9.4%^{2,3} principally driven by adjusted EBITDA growth and lower D&A.



Free cash flow pre-spectrum growth

%

Cash generation is a key driver of long-term shareholder returns. On a guidance basis, we delivered €5.5 billion of free cash flow pre-spectrum in the year, or €5.4 billion pre-spectrum on a reported basis.



■ Reported ■ Guidance basis

Dividends per share

eurocents

The ordinary dividend per share continues to be a key component of shareholder return.

Our new dividend policy will enable us to rebuild our financial headroom while providing investors with a sustainable, progressive dividend.

