

Vodafone Group Plc Interim Management Statement

For the 3 months ended 31 December 2014

5 February 2015



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Vittorio Colao

Group Chief Executive

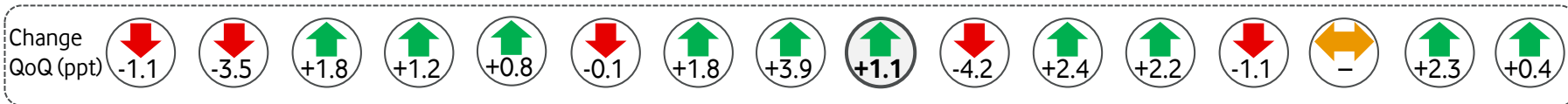
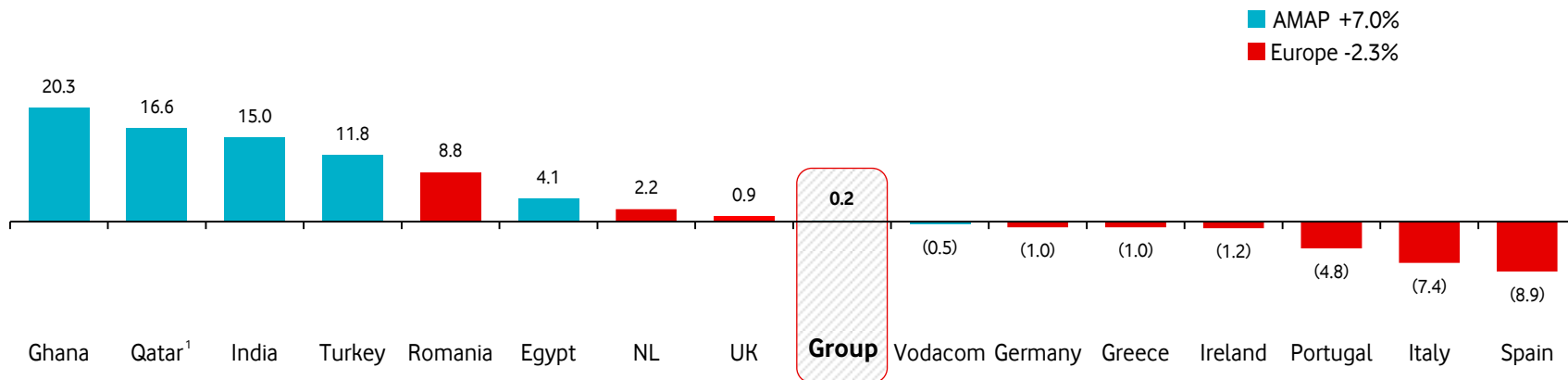
Q3 14/15 highlights

- **Group service revenue -0.4%**; continued growth in **AMAP +5.9%**; steady recovery in **Europe -2.7%**
- 4G available in 18 markets, 13.7m active users; **data traffic growth accelerating - Europe +67%, Group +84%**
- Strong progress on Project Spring: **mobile build 50% complete, Europe 4G coverage 65%**
- Continued good momentum in fixed; 233k net adds in Europe, KDG and Ono integrations on track, Hellas Online acquisition complete
- **Net debt £22.3bn**; free cash outflow £11m
- Full year guidance confirmed



Group returns to growth ex MTRs

Q3 14/15 service revenue growth (excl. MTRs) (%)



- AMAP: continued growth driven by increased customer base +8%, and data users +24% to 109m
- Europe: mobile contract base +12.5%² and strong fixed customer growth +8%²

1. Qatar based on total revenue
 2. Excludes Ono and HOL customer bases



Project Spring: mobile build programme 50% complete

Cumulative build since Sept 2013 ('000s)

	June 2014	Sept 2014	Dec 2014	March 2016 target	Penetration (%)	
					EU	AMAP
New 2G sites	14	21	26	→ 47		
New 3G sites	20	27	34	→ 73		
New 4G sites	13	21	26	→ 77		
New single RAN installations	36	49	61	→ 106	77	45
New high capacity backhaul sites	27	38	50	→ 87	79	49

Customer experience progress since Sept 2013

Europe

- ✓ Dropped calls -0.26ppt to **0.64%** (target 0.50%)
- ✓ Call set up success rate +0.9ppt to **99.7%** (target 99.2%)
- ✓ 4G outdoor coverage +33ppt to **65%** (target 91%)
- ✓ Data sessions >3Mbps +11ppt to **87%** (target 90%)

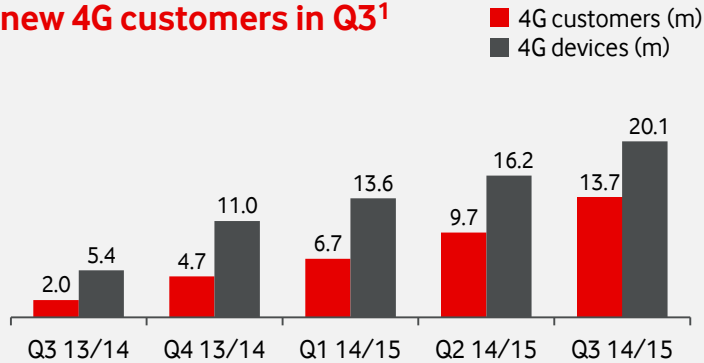
AMAP

- ✓ Dropped calls -0.22ppt to **1.08%** (target 1.00%)
- ✓ Call set up success rate +1.1ppt to **99.3%** (target 99.0)
- ✓ 3G/4G outdoor coverage (excl. India) +5ppt to **80%** (target 84%)
- ✓ India 3G coverage in targeted urban areas now **90%** (target 95%)

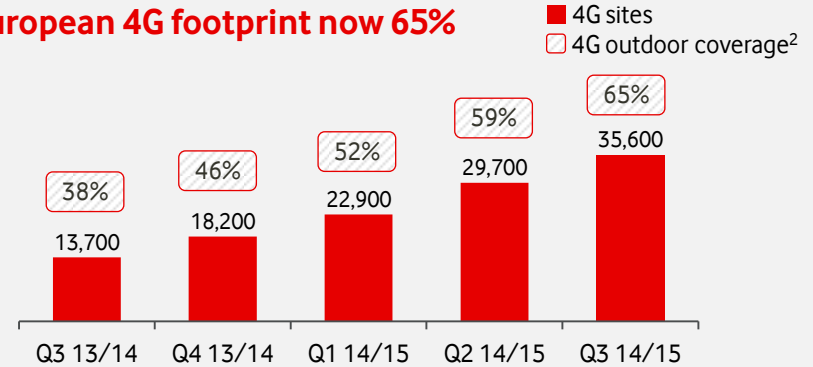


4G adoption stimulating data demand

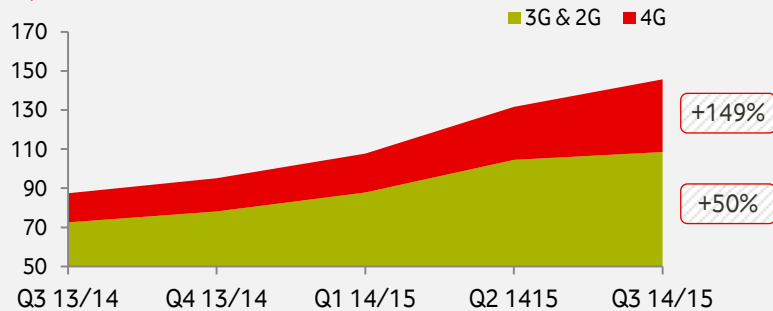
4m new 4G customers in Q3¹



European 4G footprint now 65%



Europe data growth of 67% driven by 4G usage (PB)



Further service enhancements

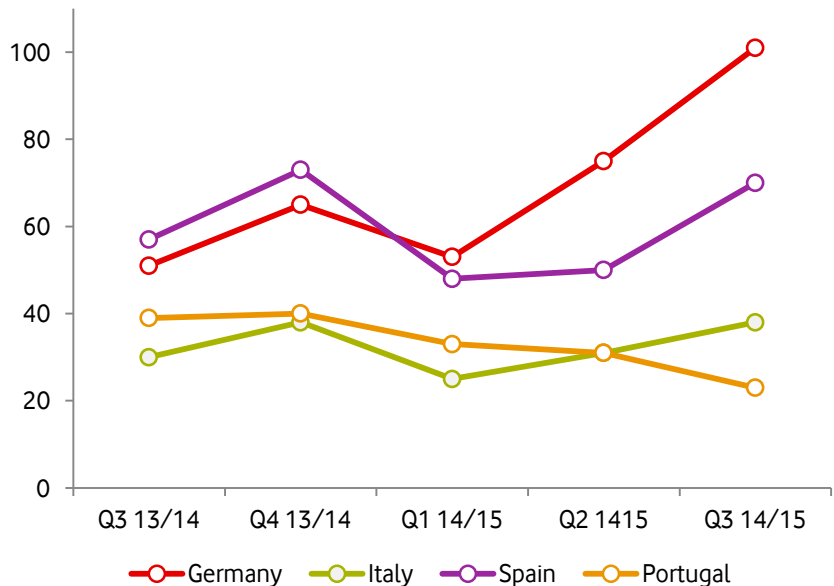
- 4G carrier aggregation deployment initiated in 10 markets
- HD voice now in 15 markets
- Content packages available in 10 markets; new launches:



1. Q3 14/15 includes tablets
2. 4G >1 Mbps outdoor coverage

Unified communications: continued progress and strong net adds

Fixed broadband net adds ('000s)¹



Increased capabilities

- Spain: Joint FTTH 0.9m homes passed
- Italy: FTTC 1,800 cabinets built
- Portugal: FTTH 1.4m homes passed
- Greece: HOL acquisition: 38% VDSL, 78% ADSL coverage
- UK: preparation for broadband launch in Spring 2015

New fixed bundled services launched

Netherlands
"Vodafone Thuis"



Germany
"All-in-One"



1. Includes KDG for all periods and Ono from Q3 14/15



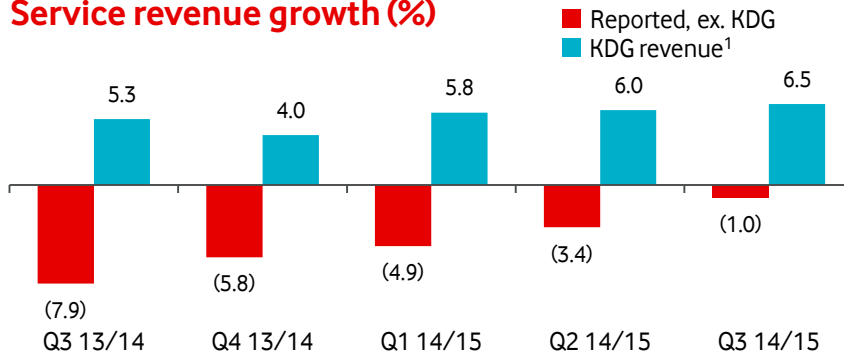


Nick Read

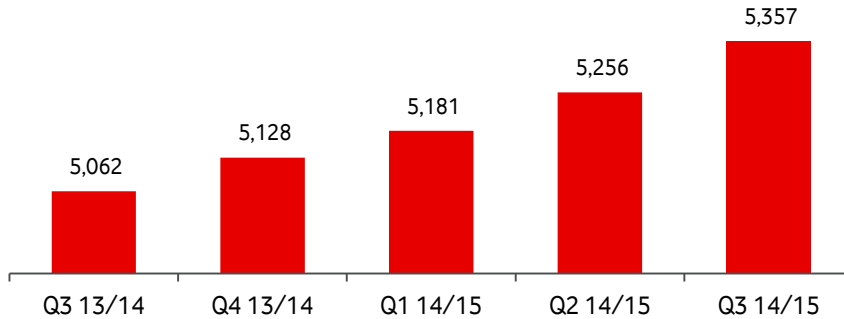
Group Chief Financial Officer

Germany: network improvement, continued commercial momentum

Service revenue growth (%)



Fixed broadband customers incl. KDG ('000)



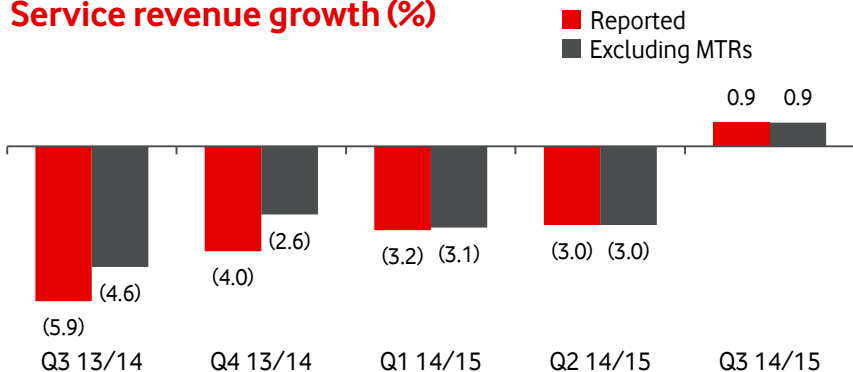
- Mobile service revenue -1.5% (Q2: -3.6%); network and commercial improvements
- Contract net additions +235k; churn improved 1.6ppt
- Fixed revenue returns to growth +0.5%², boosted by carrier services; price pressure in underlying business
- Significant YoY improvement in the network 'Connect Test'
- Project Spring: 4G coverage 73%; best dropped call rate in 3 years to 0.66%
- KDG: +136k³ broadband net adds (post migration); integration on track:
 - National and regional backbone integration commenced
 - Begun using KDG network for mobile backhaul

1. Based on KDG accounting policies, pro forma excluding carriage fees in FY 2013/14
2. Excluding KDG
3. Includes 25k migrations

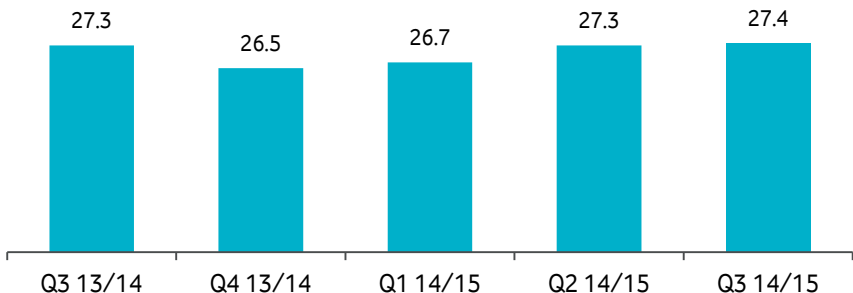


UK: returned to growth

Service revenue growth (%)



Contract ARPU (£)

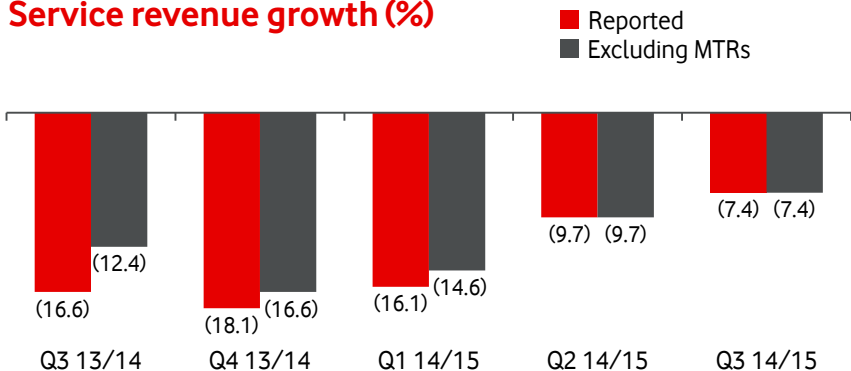


- Mobile service revenue +2.0%; stable ARPU and growth in consumer and enterprise
- Consumer contract service revenue +5.2%; contract net additions +98k supported by sales campaigns and iPhone 6
- 2.2m 4G customers, 3.5x higher data usage vs 3G, higher ARPU and better NPS
- Fixed revenue -2.0% (Q2: -10.6%); improvement in carrier services +16ppt QoQ and enterprise +6ppt QoQ
- Project Spring: 4G coverage 57%, 390 cities and towns
- Phones 4U stores rebranded

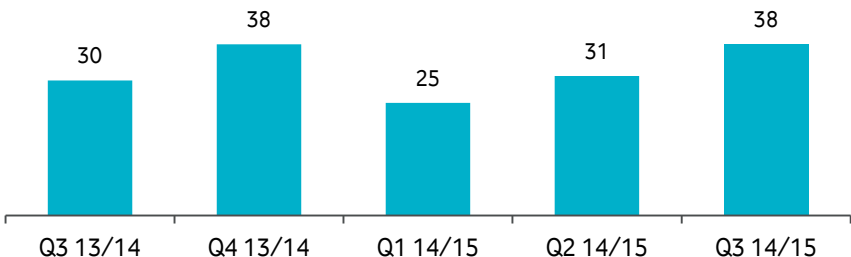


Italy: improving performance in fixed and enterprise

Service revenue growth (%)



Broadband net additions ('000s)

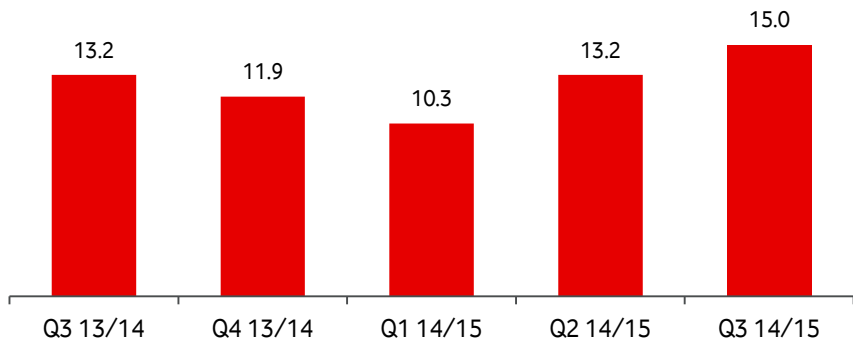


- Further service revenue recovery QoQ (+2.3ppt), led by enterprise and fixed broadband
- Enterprise service revenue returned to growth in fixed and mobile
- Fixed revenue +5.0%; broadband customers +38k
- Consumer market remains challenging: prepaid ARPU stabilised but customer base still in decline
- Project Spring: 4G coverage 76%, 1.2m 4G customers
- FTTC build-out: 1,800 cabinets installed, targeting 4,000 by March 2015

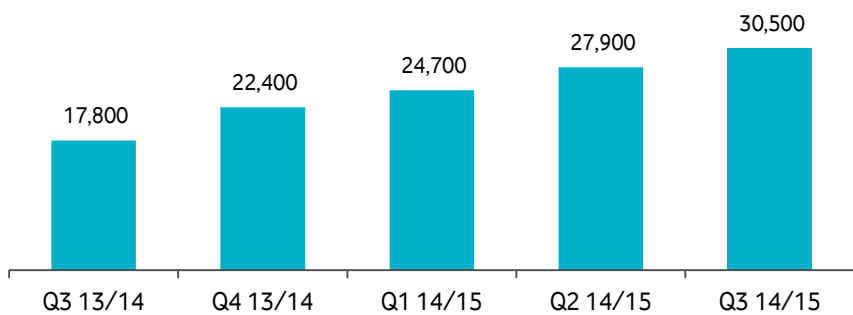


India: customer growth and data usage drive revenue

Service revenue growth (%)



3G base station sites



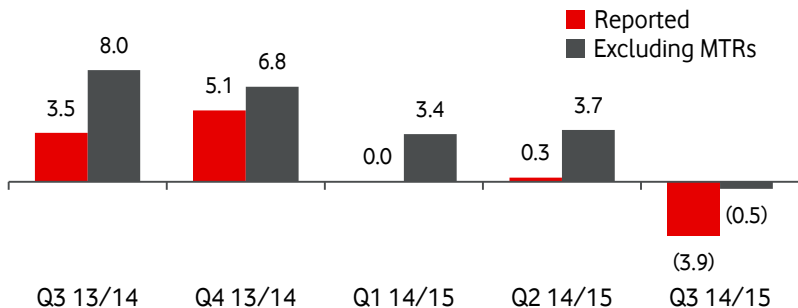
- +1.8ppt service revenue improvement; data usage and customer growth, net additions 4.8m
- Data users +30% to 59m, 17m 3G users, average data usage +40%
- Mobile internet revenue +70% (3G +143%)
- Voice yields flat; MOU per customer down 6.6%
- Project Spring: 5,500 radio sites added, 3G coverage 90%¹, retail store expansion on track
- Nationwide M-Pesa coverage with 85k agents

1. Targeted urban areas

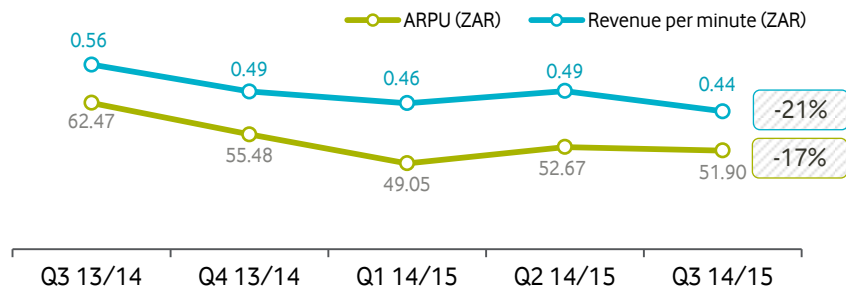


Vodacom: increased competition

Vodacom service revenue growth (%)



South Africa prepaid trend



South Africa

- Service revenue -5.8% (excl. MTRs -1.6%); decline in prepaid ARPU and churn trends worse
- Aggressive competition in prepaid segment
- Strong contract net additions +93k; customer base +3%, record low churn
- Data revenue +19%; higher usage +86%
- Project Spring: 4G coverage 34%, 78% of sites with high capacity backhaul
- Neotel: waiting on ICASA and CC for approval

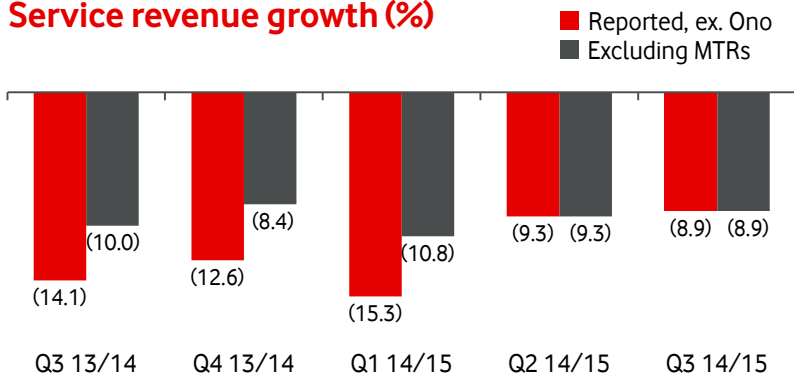
International

- Service revenue slowed to +1.9%; increased price pressure
- Strong customer growth +18.6% to 29.7m
- Continued M-Pesa success; over 5m active users

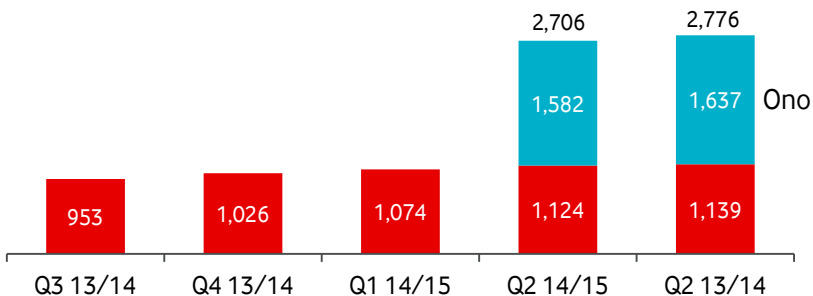


Spain: aggressive convergence pricing

Service revenue growth (%)



Fixed broadband customers ('000s)



- ARPU under pressure from both high and low end converged offers
- Contract base stabilising, net additions: +28k¹ (Q2: +14k¹)
- Second brand Lowi launched at mobile entry level segment
- Fixed revenue up 9.9%; +40k broadband net adds (pre migrations)
- Project Spring: 4G coverage 69%. 0.9m homes passed with joint fibre build
- Ono: service revenue -1.3%²; integration on track:
 - 25,000 DSL customers migrated
 - Cross-selling offer ahead of plans
 - Organisation and offices integrated

1. Excludes Ono
2. Excludes wholesale revenue



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Vittorio Colao

Group Chief Executive

Summary

- Steady recovery in Europe; UK and NL returned to growth
- Continued growth momentum in AMAP; strong customer growth and data take-up, voice prices under pressure in Africa
- Project Spring; mobile build 50% complete, 65% Europe 4G coverage
- Good progress on unified communications strategy
- Full year 14/15 guidance confirmed



Q&A

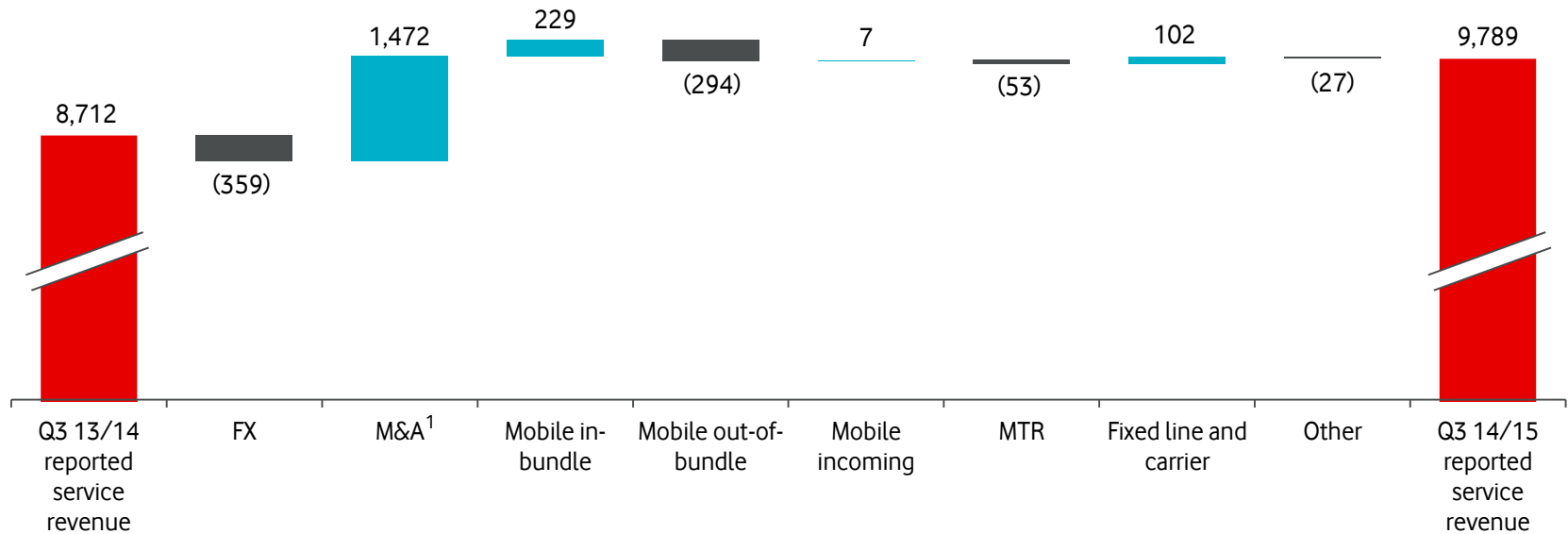


Appendix



Service revenue

(£m)



1. M&A includes Italy, KDG, Ono, Cobra and HOL



Project Spring KPIs

Germany

	Q4 13/14	Q1 14/15	Q2 14/15	Q3 14/15
Deployment and experience				
4G % outdoor population coverage	68%	70%	71%	73%
% of data sessions >3Mbps	76%	76%	78%	82%
% of dropped calls	0.72%	0.77%	0.81%	0.66%
% homes reached by owned NGN	34%	34%	35%	35%
% of targeted stores refitted	1%	6%	12%	16%

Commercial impact

4G customers (m)	1.3	1.5	2.3 ¹	3.4 ¹
Contract churn (%)	15.9%	16.5%	16.2%	15.0%
Contract mobile ARPU (EUR)	27.6	27.7	27.7	27.1
Average smartphone data usage (MB)	420	444	511	550

UK

	Q4 13/14	Q1 14/15	Q2 14/15	Q3 14/15
Deployment and experience				
4G % outdoor population coverage	35%	41%	48%	57%
% of data sessions >3Mbps	77%	78%	80%	84%
% of dropped calls	0.97%	0.95%	0.94%	0.86%
% homes reached by owned NGN	-	-	-	-
% of targeted stores refitted	2%	6%	19%	29%

Commercial impact

4G customers (m)	0.6	0.9	1.4	2.2
Contract churn (%)	16.2%	16.3%	17.4%	19.0%
Contract mobile ARPU (GBP)	26.5	26.7	27.3	27.4
Average smartphone data usage (MB)	417	501	628	704

1. Includes 4G mobile broadband plans, tablets and other data devices



Project Spring KPIs

Italy

	Q4 13/14	Q1 14/15	Q2 14/15	Q3 14/15
Deployment and experience				
4G % outdoor population coverage	35%	48%	64%	76%
% of data sessions >3Mbps	77%	81%	83%	90%
% of dropped calls	0.64%	0.63%	0.67%	0.63%
% homes reached by owned NGN	0%	0%	1%	2%
% of targeted stores refitted	77%	81%	85%	85%

Commercial impact

4G customers (m)	0.2	0.4	0.9	1.2 ¹
Contract churn (%)	23.5%	21.2%	19.1%	21.4%
Contract mobile ARPU (EUR)	26.0	25.2	24.8	23.9
Average smartphone data usage (MB)	596	764	899	922

Spain

	Q4 13/14	Q1 14/15	Q2 14/15	Q3 14/15
Deployment and experience				
4G % outdoor population coverage	48%	58%	64%	69%
% of data sessions >3Mbps	82%	82%	80%	81%
% of dropped calls	0.65%	0.65%	0.66%	0.66%
% homes reached by owned NGN	24%	25%	48%	48%
% of targeted stores refitted	9%	13%	15%	20%

Commercial impact

4G customers (m)	0.8	1.1	1.6	2.2 ¹
Contract churn (%)	21.9%	19.6%	17.4%	20.2%
Contract mobile ARPU (EUR)	24.6	23.4	23.1	22.0 ²
Average smartphone data usage (MB)	571	577	738	966

1. Includes tablets and other data devices
2. Spain ARPU includes Ono from Q3 14/15



Project Spring KPIs

India

	Q4 13/14	Q1 14/15	Q2 14/15	Q3 14/15
Deployment and experience				
3G % outdoor population coverage (targeted urban areas)	89%	89%	89%	90%
% of data sessions (>400kbps)	62%	63%	67%	70%
% of dropped calls	1.06%	1.04%	1.17%	1.14%
% of targeted stores refitted	0%	1%	12%	23%

Commercial impact

3G customers (m)	7.0	10.3	13.6	16.6
Blended mobile ARPU (INR)	192	193	187	189
Average data usage (MB)	234	238	275	310

Vodacom (South Africa)

	Q4 13/14	Q1 14/15	Q2 14/15	Q3 14/15
Deployment and experience				
4G % outdoor population coverage	12%	22%	30%	34%
% of data sessions >3Mbps	83%	84%	84%	84%
% of dropped calls	0.93%	0.83%	0.77%	0.80%
% of targeted stores refitted	27%	39%	56%	64%

Commercial impact

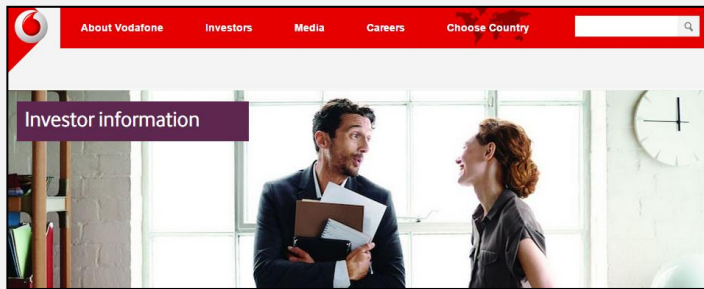
4G customers (m)	0.3	0.4	0.8	1.2 ¹
Contract mobile ARPU (ZAR)	379	372	388	383
Contract smartphone data usage (MB)	405	447	449	445

1. Includes tablets and other data devices



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2015 upcoming dates

Full year results

19 May

Q1 results

25 July

AGM

28 July

Contact us

ir@vodafone.co.uk

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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 our half year financial report for the six months ended 30 September 2014 which can be found on the Group's website (vodafone.com/investor). All subsequent written or oral forward-looking statements attributable to the Company, to any member of the Group or to any persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. No assurances can be given that the forward-looking statements in or made in connection with this presentation will be realised. Subject to compliance with applicable law and regulations, Vodafone does not intend to update these forward-looking statements and does not undertake any obligation to do so.



