



Vodafone Group Results:
for the year ended 31 March 2018

15 May 2018



Disclaimer

By watching this webcast, you agree to be bound by the following conditions. You may not disseminate these slides or this recording, in whole or in part, without the prior consent of Vodafone.

Information in this presentation relating to the price at which relevant investments have been bought or sold in the past or the yield on such investments cannot be relied upon as a guide to the future performance of such investments.

This presentation does not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire or dispose of securities in any company within the Vodafone Group.

This presentation contains forward-looking statements, including within the meaning of the US Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties because they relate to future events. These forward-looking statements include, without limitation, statements in relation to Vodafone Group's financial outlook and future performance. Some of the factors which may cause actual results to differ from these forward-looking statements are discussed on the final slide of this presentation.

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

Vodafone, the Vodafone Portrait, the Vodafone Speechmark, Vodafone Broken Speechmark Outline, Vodacom, Vodafone One, The future is exciting. Ready? and M-Pesa, are trademarks of the Vodafone Group. Other product and company names mentioned herein may be the trademarks of their respective owners.





Overview of the year

Vittorio Colao
Group Chief Executive



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

Maintaining
growth
momentum



1.6%¹

Group service
revenue growth
to **€41.1bn**

Leading
network



94%

4G coverage²

65%

Homes passed
with NGN²

Strong data
growth



63%

growth in mobile
data traffic

Fastest growing
fixed broadband
provider



1.3m

fixed broadband
net adds

0.8m

converged net
adds

Leveraging scale
and reach in
Enterprise



2.1%

Enterprise service
revenue growth³

Clear NPS
leadership



17/20

markets as
consumer NPS
co/leader

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

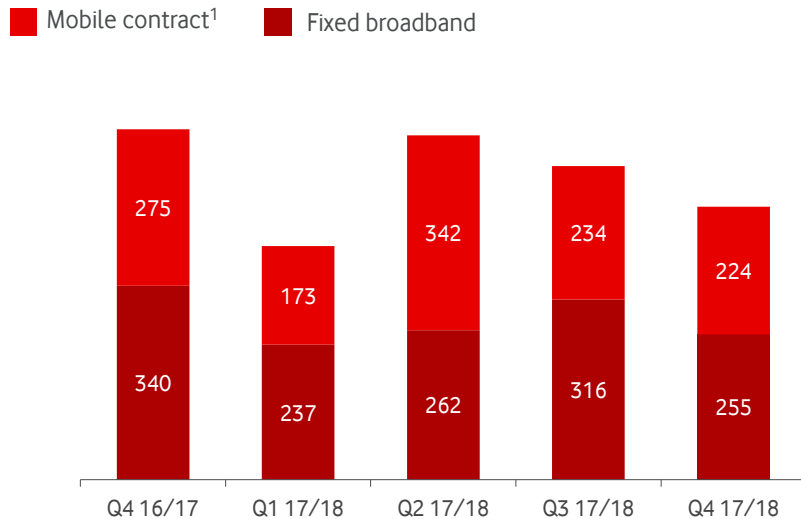
2. Europe including VodafoneZiggo

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)



Service revenue growth

0.1%

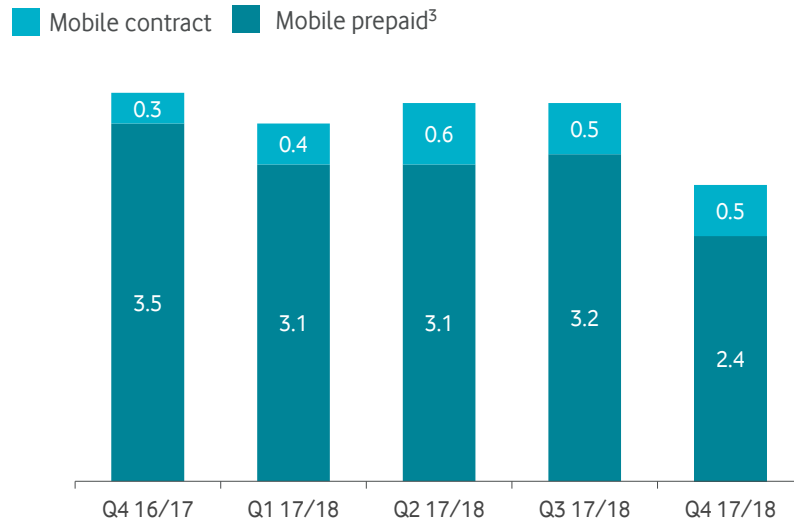
0.8%

0.8%

0.3%

0.4%²

AMAP - Customer net adds (m)



6.8%

7.9%

6.2%

6.8%

7.8%









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

	 Germany	 Italy	 UK	 Spain
 Consumer NPS rank	#1	#1	#1 (Enterprise)	#1
 Competitive environment	Stable	Intense	Stable	Low-mid end intense
 Q4 service revenue growth (%)	+1.8¹ Strong customer growth and wholesale drag	+0.7 Broadband growth offsetting mobile competition	+1.4¹ Consumer growth aided by record broadband net adds	+1.0 Competitive pressure, broadband losses
 FY EBITDA growth (%)	+8.3¹	+4.6	+1.4¹	+5.0

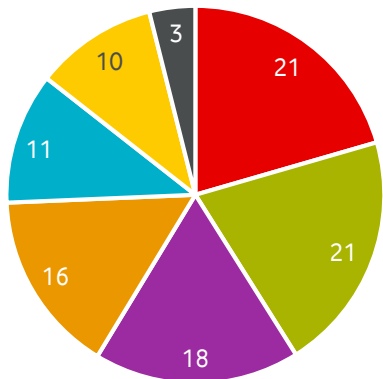
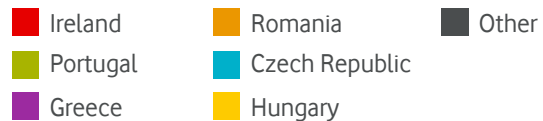
1. Underlying growth rates which exclude various factors. See Appendix pages 40-43 for more details on each country

Key markets: **AMAP** and India

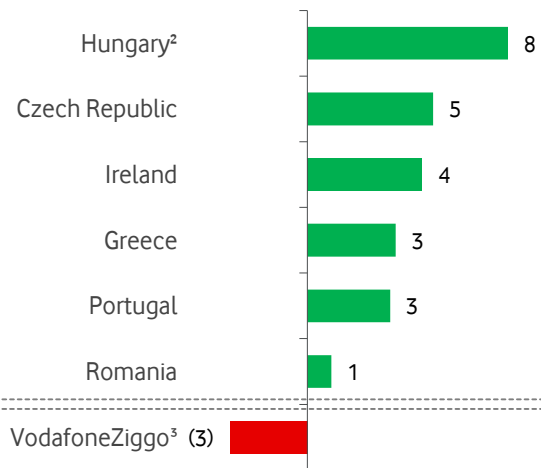
	 South Africa	 Turkey	 Egypt	 India
 Consumer NPS rank	#1	#2	#1	#1
 Environment	Stable	Stable	Stable	Intense
 Q4 service revenue growth (%)	+5.2 Driving bundles with Big Data and personalised offers	+14.3 Customer growth, beating inflation	+18.7 Customer growth, beating inflation	(21.2) Retaining customers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

Key markets: Europe cluster

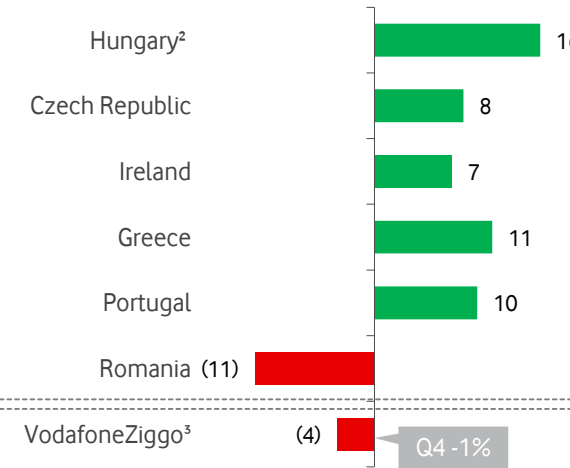
FY 17/18 service revenue mix (%)¹



Q4 17/18 service revenue growth (%)



FY 17/18 EBITDA growth (%)



€4.6bn of service revenue

Growing in most markets

Improving margins

1. FY 17/18 share of Europe cluster service revenue
2. Adjusted for handset financing in Hungary
3. Presented under US GAAP

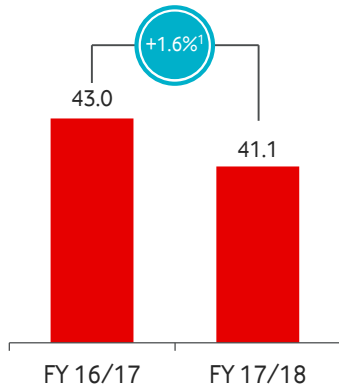


Financial review

Nick Read
Group Chief Financial Officer

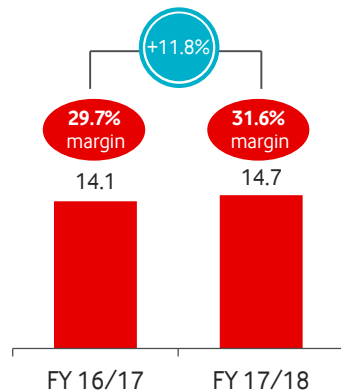
Full year financial highlights

Service revenue (€bn)



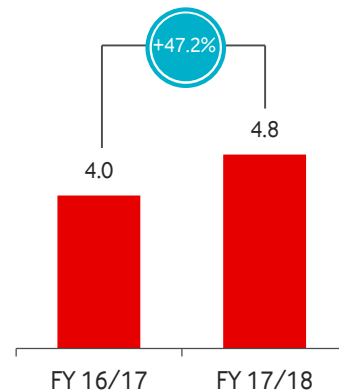
Underlying **+2.6%**³

Adjusted EBITDA (€bn)



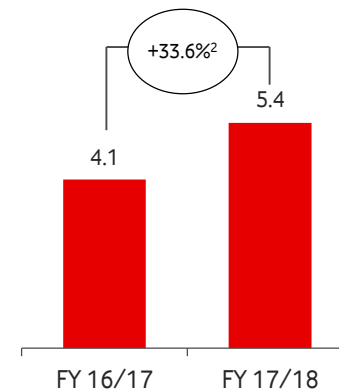
Underlying⁴ **+7.9%**
operating leverage & cost actions

Adjusted EBIT (€bn)



Strong EBITDA growth, lower D&A

Free cash flow (pre-spectrum) (€bn)



Supporting **2.0%** growth in DPS

Exceeded full year guidance⁵

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

	FY 17/18 (€m)	FY 16/17 (€m)	Growth (%)
Adjusted EBIT	4,827	3,970	21.6
Associates	389	164	
Restructuring	(156)	(415)	
Amortisation of brand assets/other	(974)	(1,046)	
Other income and expense	213	1,052	
Operating profit	4,299	3,725	
Financing costs/income	(389)	(932)	
Tax expense	879	(4,764)	
Non-controlling interests	(349)	(218)	
Non-operating income and expense	(32)	(1)	
India (excl. Indus)	(1,969)	(4,107)	
Profit/(loss) for the period	2,439	(6,297)	n/a
Adjusted earnings¹	3,218	2,249	43.1
Weighted average number of shares ² (m)	27,770	27,971	
Adjusted earnings per share (eurocents)¹	11.59	8.04	44.2

- €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

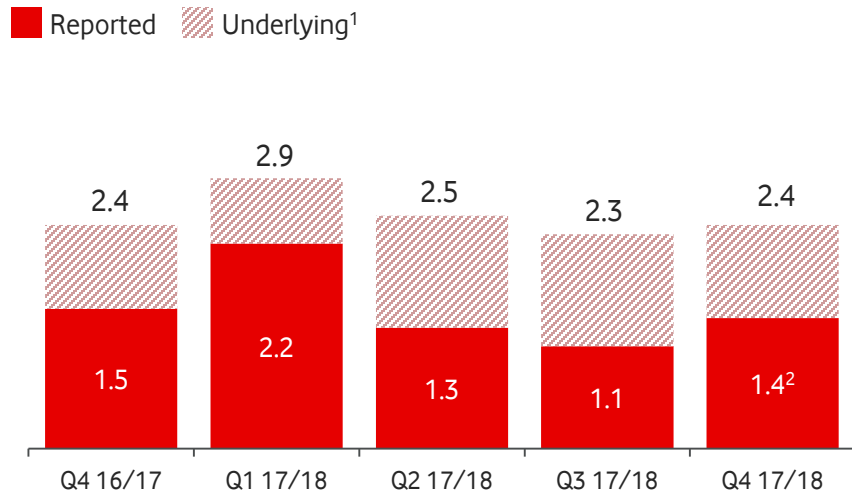
1. Reported excluding the impact of restructuring costs, significant one-off items and amortisation of acquired intangible customer bases and brand intangible assets

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



Sustained service revenue growth

Group organic service revenue growth (%)

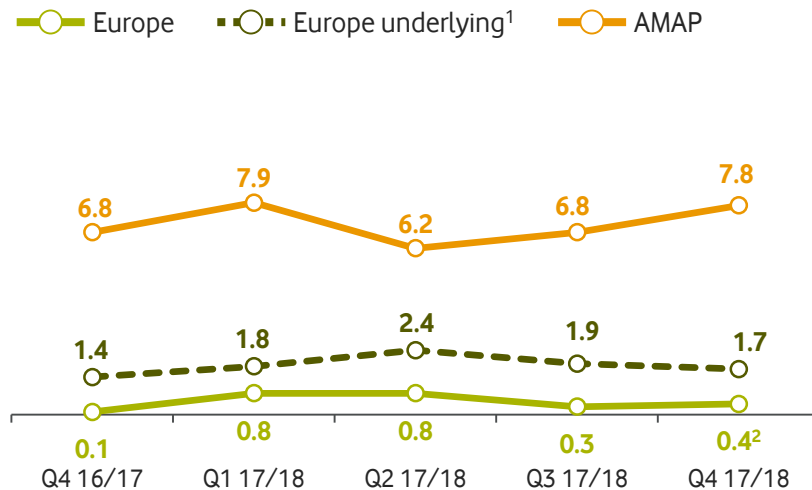


Q1 18/19 outlook:

- **Italy:** Q1 impact from shift to 'solar' billing
- **UK:** increased handset financing drag (IAS18 basis)
- **Spain:** actions taken to reposition pricing

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

Growth by region (%)

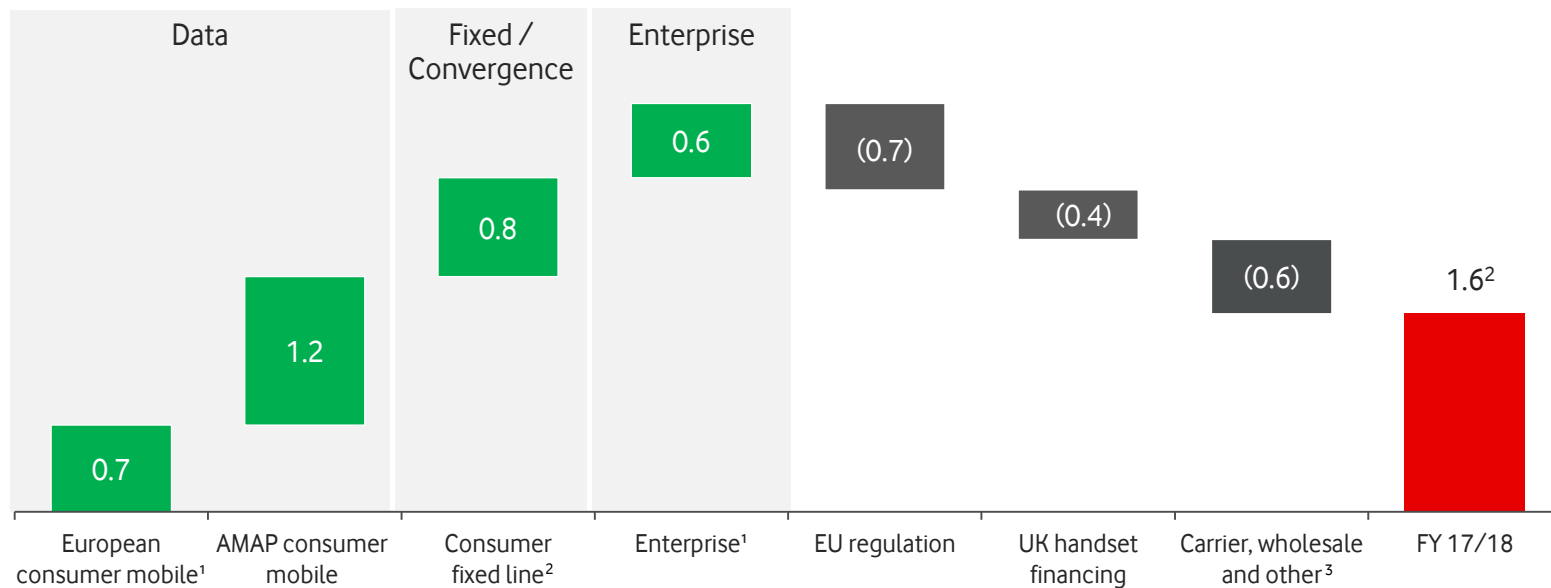


Key drivers of Q4 performance:

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

All three growth engines contributing

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



FY 18/19 Outlook (IAS18):

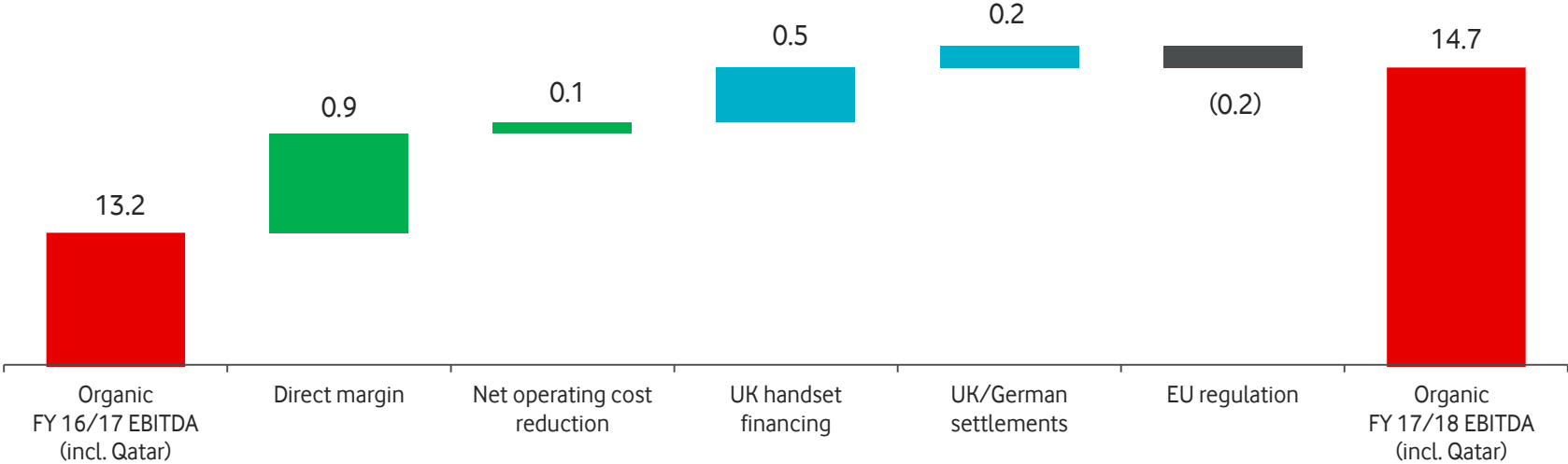


1. Excludes the impact of EU regulation and UK handset financing
2. Excluding the benefit of a German legal settlement in Q4 17/18
3. Other includes common functions and eliminations



EBITDA growth supported by Fit for Growth

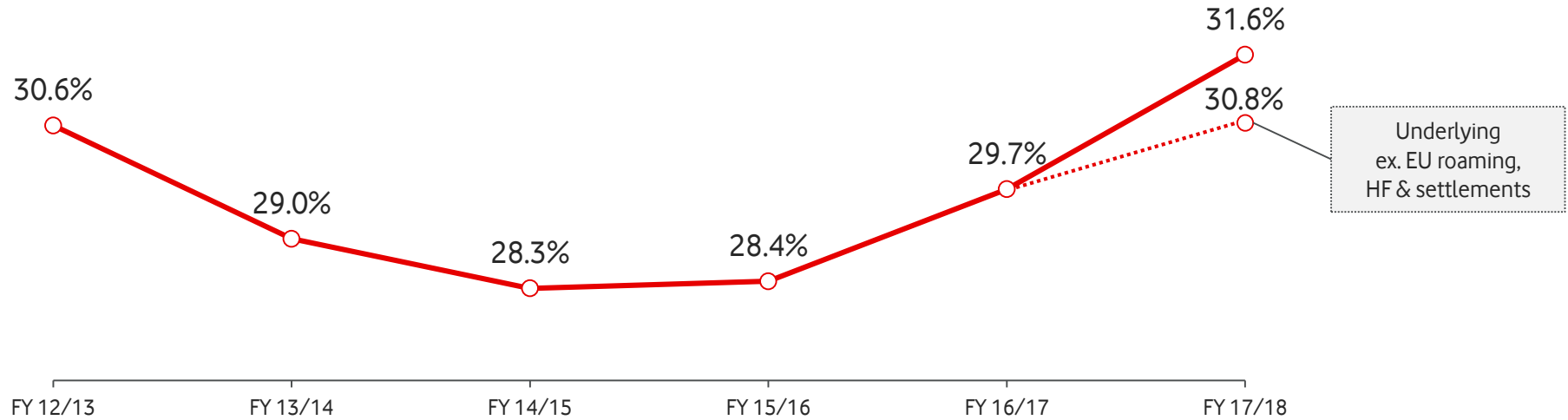
(€bn)



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 (%)



Markets growing EBITDA faster than service revenue:

12

15

15

17

20

3yr plan:

22



Digital opportunity to sustain cost momentum



Digital customer management

€2.5bn¹
Commissions

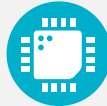
€1.0bn¹
Retail footprint

€1.5bn¹
Customer operations

Differentiating the customer experience
(AI digital support)



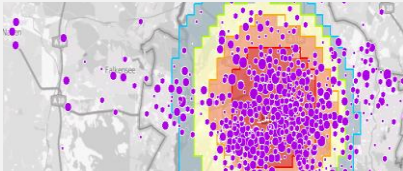
UK Chatbot trial (TOBi)
15% of calls by the end of FY 18/19



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

€3.0bn¹
Operations

Simplify and automate standard processes



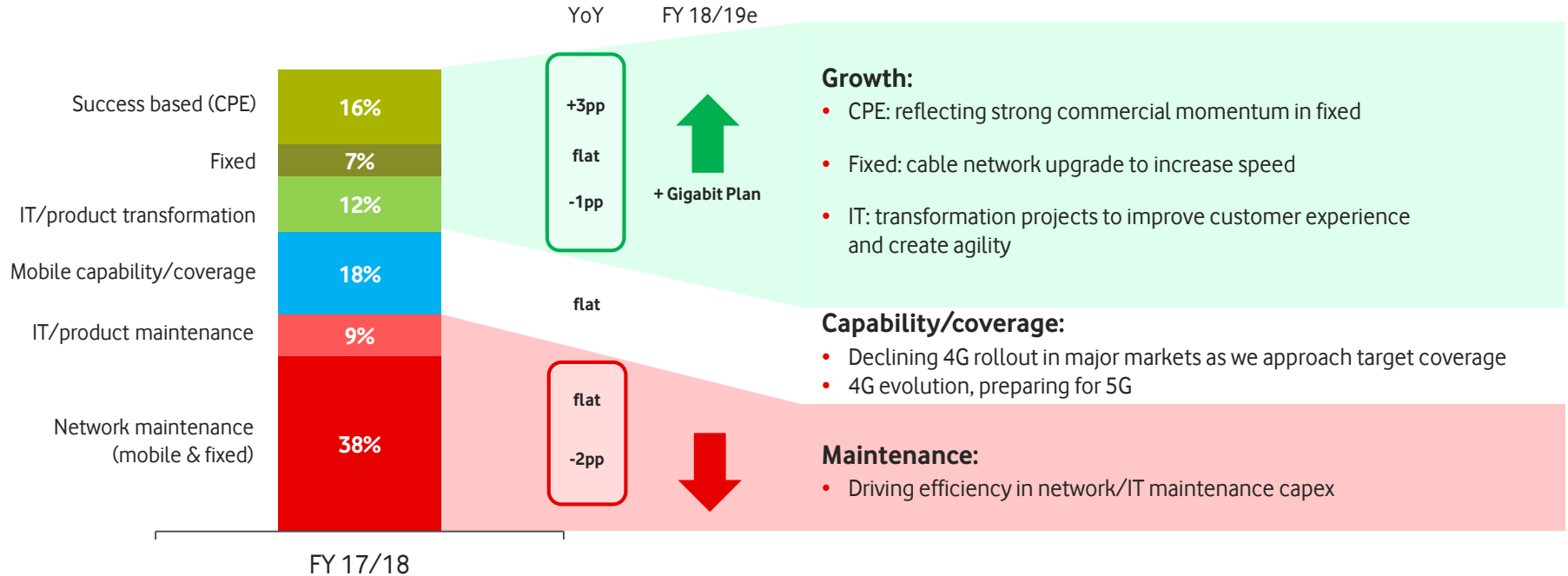
200 bots active in Shared Services

Total addressable cost base¹ **€8.0bn** + capex optimisation

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 (%)¹

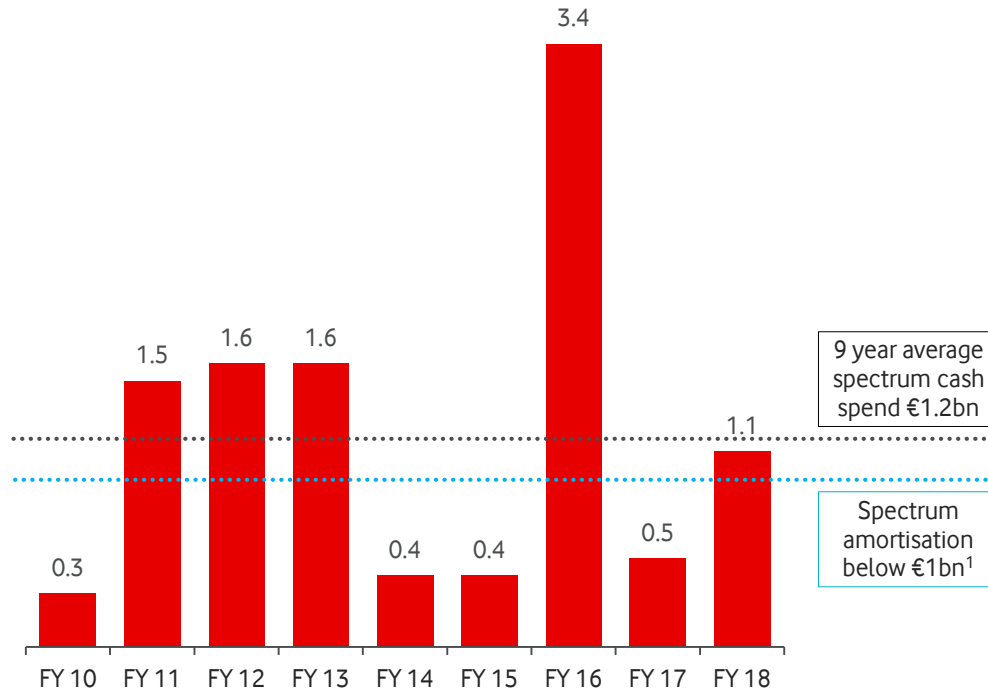


FY 17/18 Group capital intensity: 15.7% (-0.4pp YoY) or 14.1% ex. CPE
 Medium-term outlook 'mid-teens' excl. Gigabit Plan

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

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

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

Greater than our cash dividend obligation in FY 17/18

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

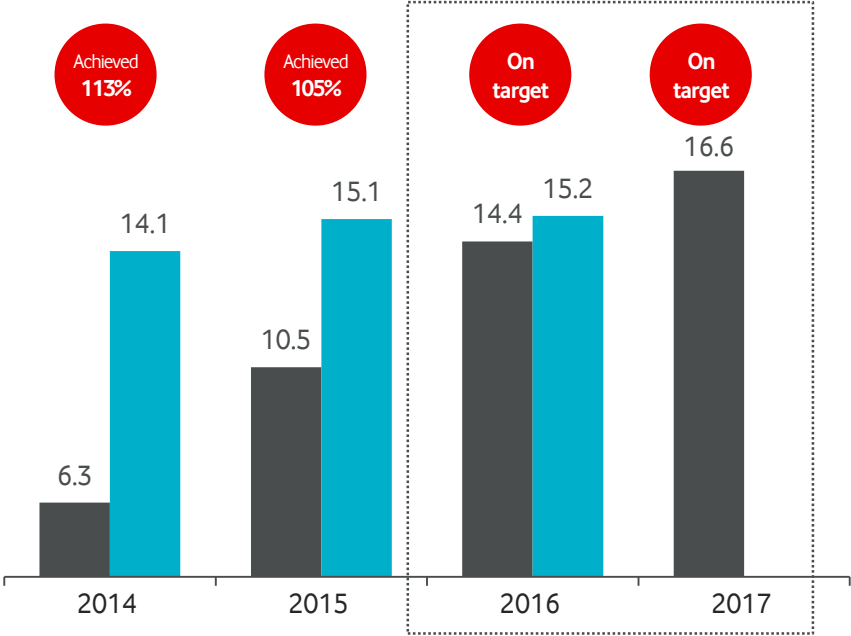


Delivering FCF growth targets

Long Term Incentive Plan goals¹

Cumulative 3yr FCF pre-spectrum (€bn)

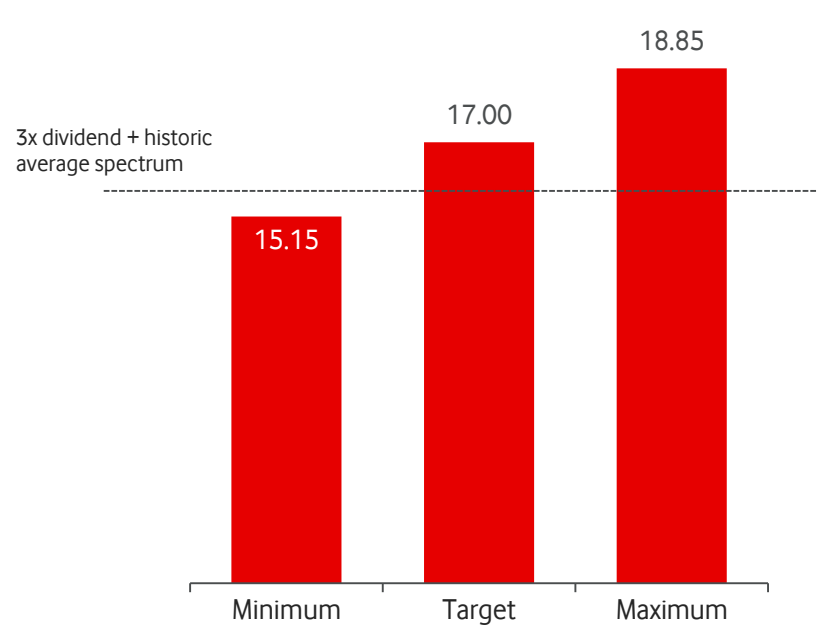
■ Reported targets ■ Adjusted for Project Spring



Scheme year

New LTIP target

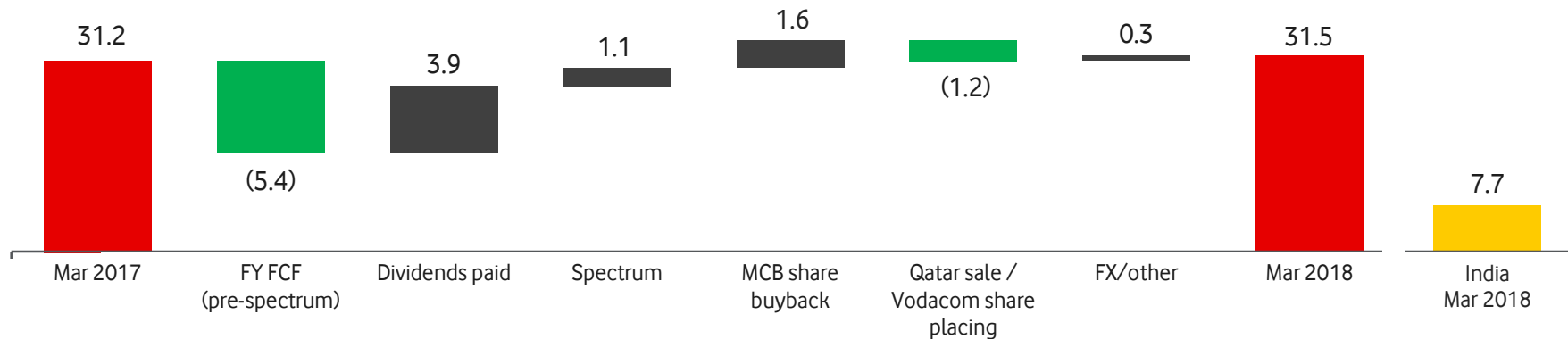
Cumulative 3yr FCF pre-spectrum (€bn)



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

Reported leverage and balance sheet position

Net debt (€bn)



Liberty Global transaction:

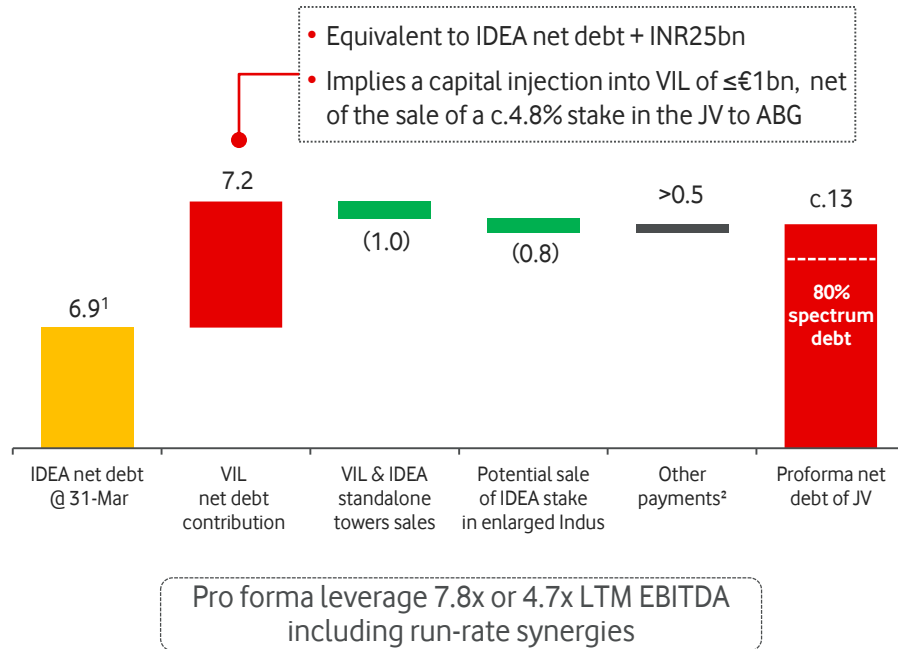
- Increasing target leverage range to 2.5x-3.0x (2.0x-2.5x previously); pro forma FY2018 leverage 3.0x
- Financing to include c.€5-7bn of equity credit, including c.€3bn of MCBs, maintaining a solid investment grade credit rating

	FY 17/18	FY 16/17
Net cost of debt (%)	2.5	2.5
Average life of bond debt	9.4yrs	9.6yrs
Net debt/EBITDA excl. India	2.1x	2.2x



Vodafone-Idea: leverage and priorities post-completion

Vodafone-Idea pro forma net debt (€bn)



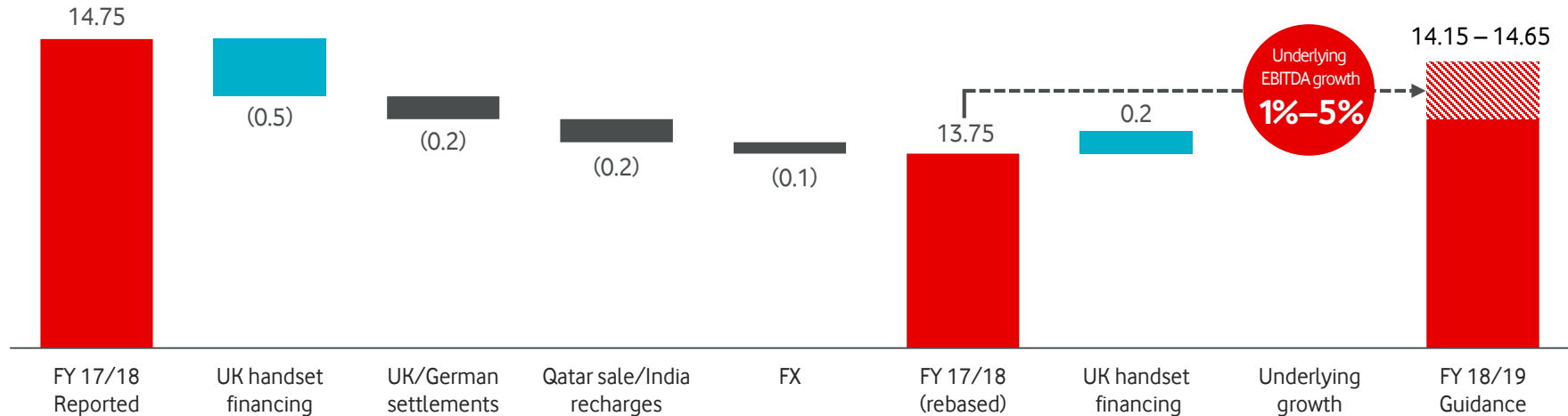
Key priorities

- 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

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

Guidance¹ for FY 18/19

FY 18/19 adjusted EBITDA drivers (€bn)



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





Strategy & Progress

Vittorio Colao
Group Chief Executive



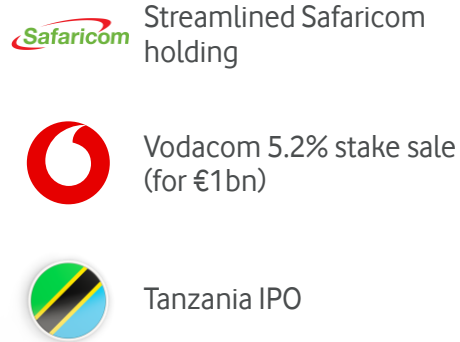
Transforming Vodafone: **strategic capital allocation**

A converged leader in Europe

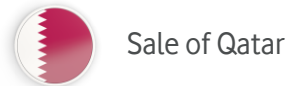


Infrastructure owner

Data leader in Africa

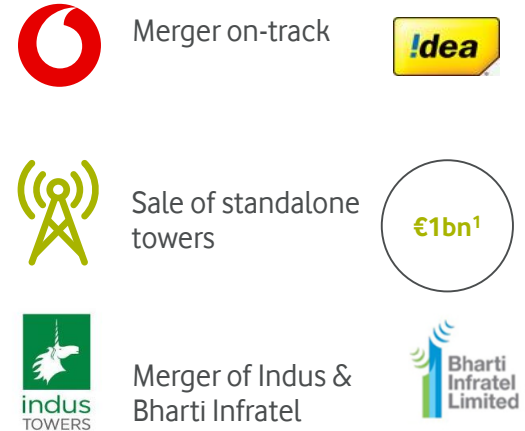


Other AMAP



Simplification

Scaled leader in India



Self-supported scale

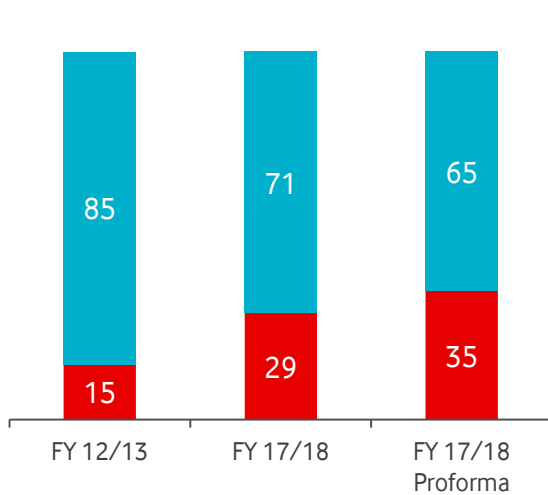
1. The sale of Vodafone India's and Idea's standalone towers for €1.0 billion



Transforming Vodafone

Europe service revenue mix (%)

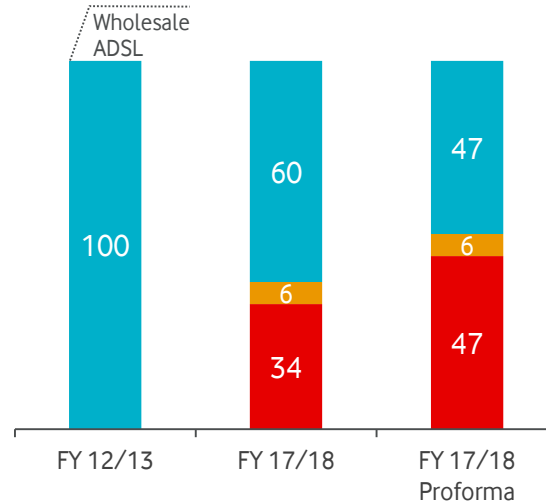
Europe Mobile Europe Fixed



More fixed/converged

Europe NGN homes coverage mix (%)¹

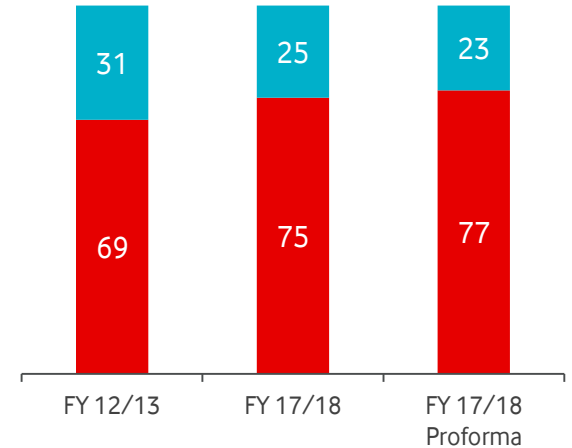
On-net Strategic partnership Wholesale



Infrastructure owner

EBITDA mix (%)²

Europe AMAP



More focused on Europe

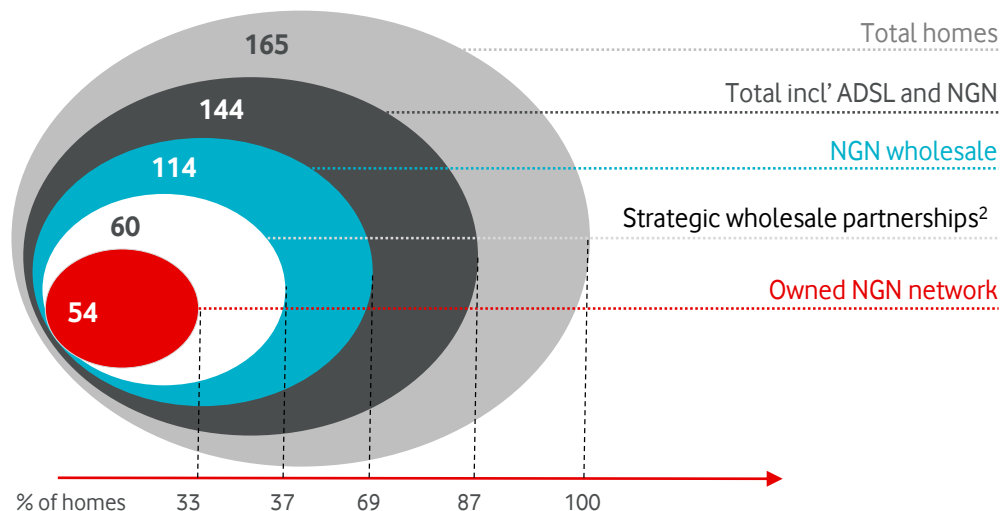
FY 17/18 proforma for the acquisition of Liberty Global's Unitymedia asset in Germany and UPC assets in Central and Eastern Europe

1. Includes VodafoneZiggo
2. Europe includes Common Functions and eliminations

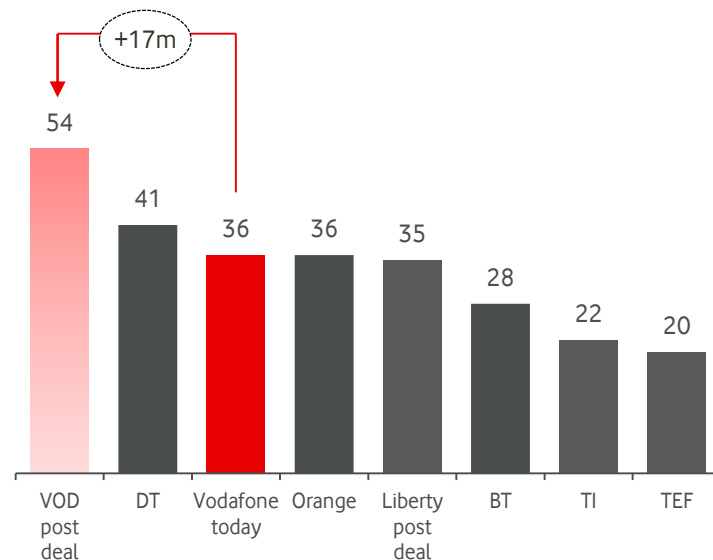


Fixed & Convergence: **Unitymedia/UPC CEE acquisition supercharges our fixed strategy**

European homes marketable (proforma)¹ (m)



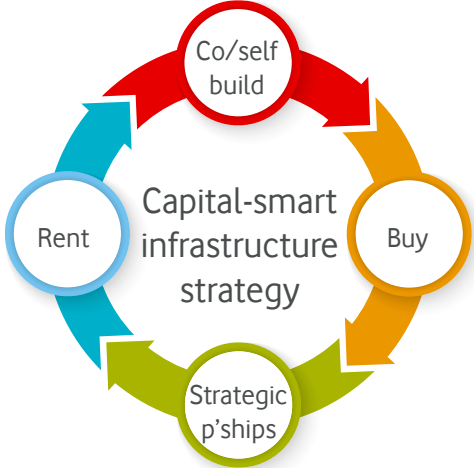
NGN infrastructure in Europe (m)³



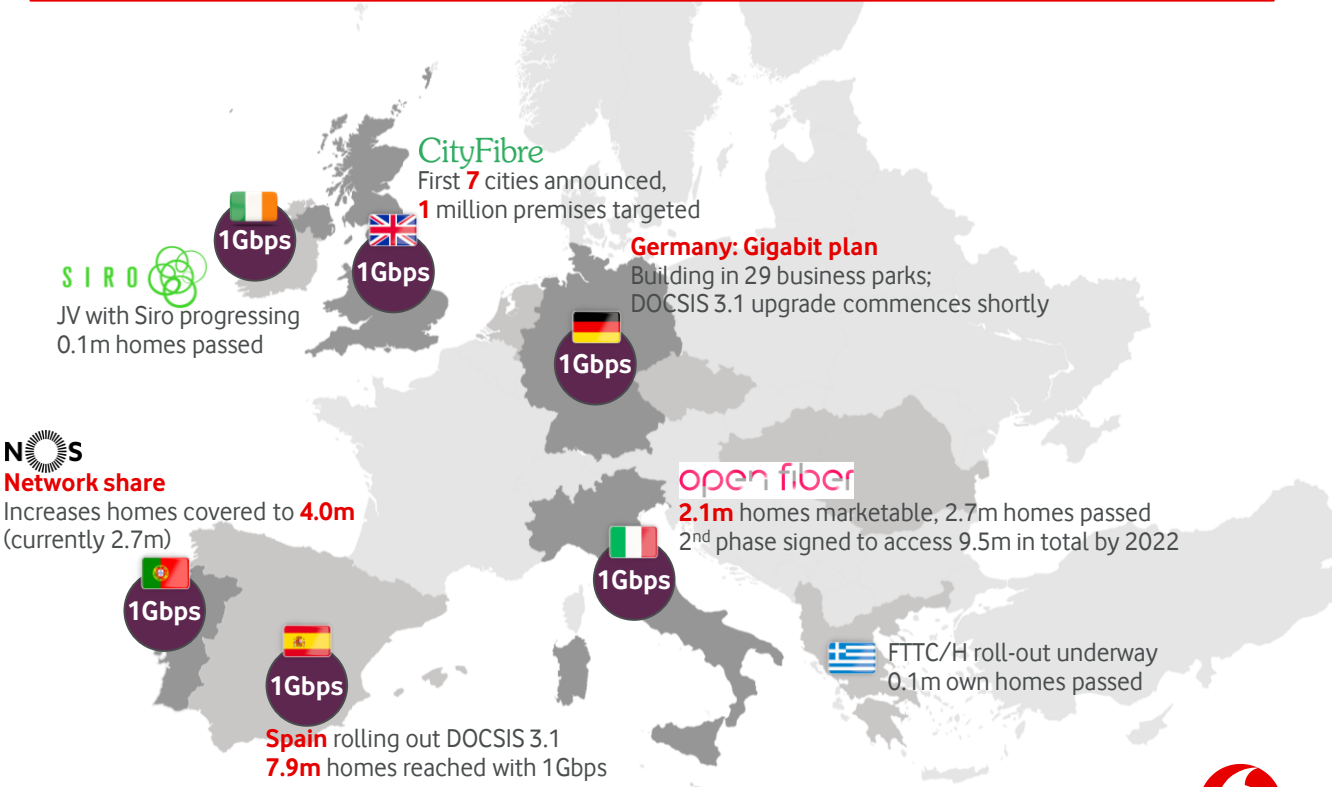
Vodafone becomes the leading NGN infrastructure owner in Europe

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**



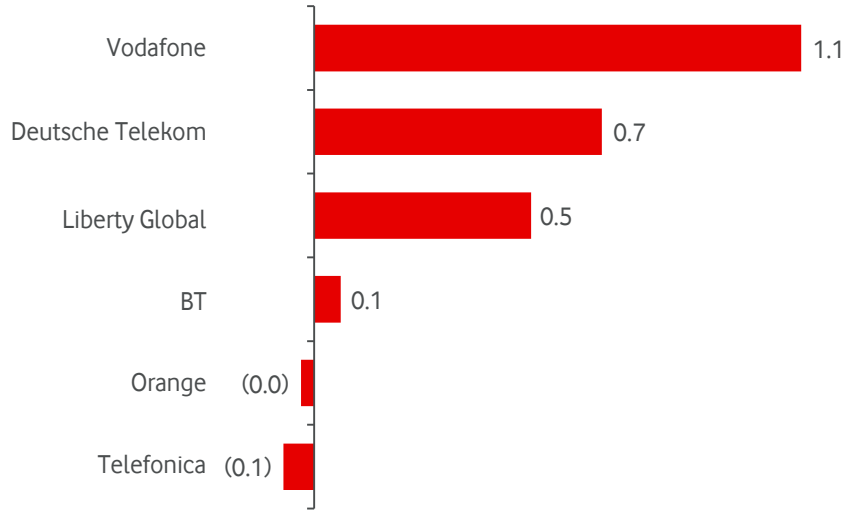
Europe NGN footprint expansion continues¹



1. Q4 17/18

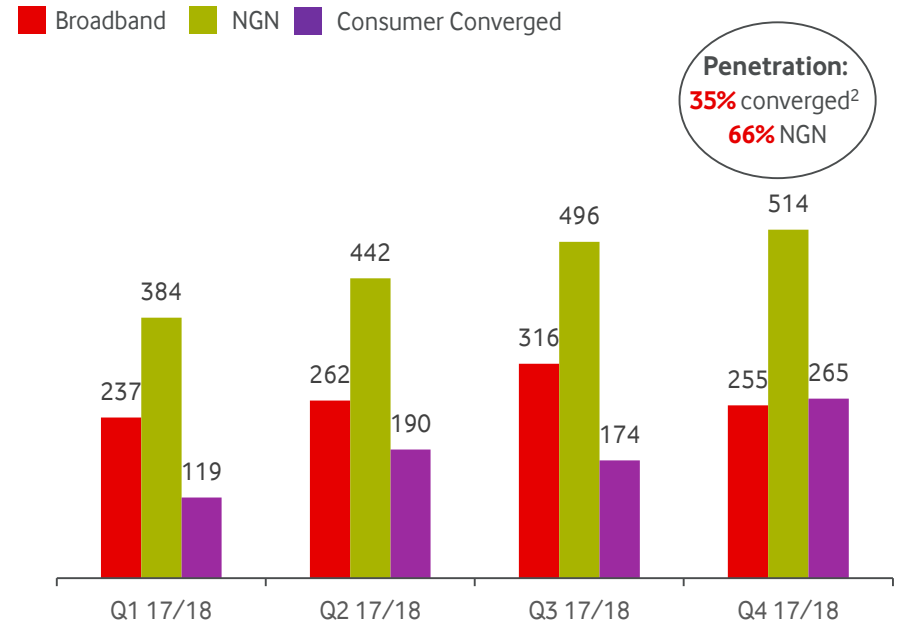
Fixed & Convergence: **delivering growth**

European broadband net adds LTM (m)¹



Leading broadband net adds

Europe broadband net adds (%)



Record NGN and converged net adds

1. Last 12 months. Based on company reports. VodafoneZiggo JV is included within Liberty Global
2. Consumer converged customers divided by consumer broadband customers

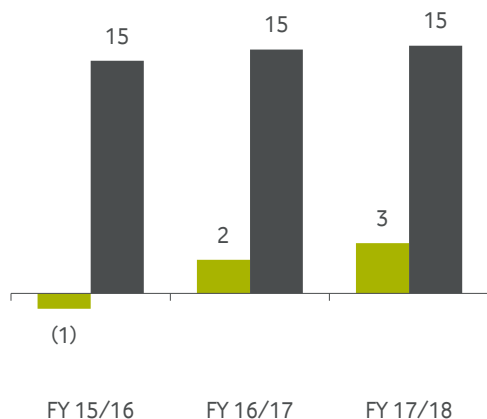


Mobile data: leading data networks

Quality and experience leadership

Network NPS (points)

■ Gap to next best ■ Gap to third



Network co/leader in 14/20 markets

Leading network infrastructure

92% data sessions >3mbps¹

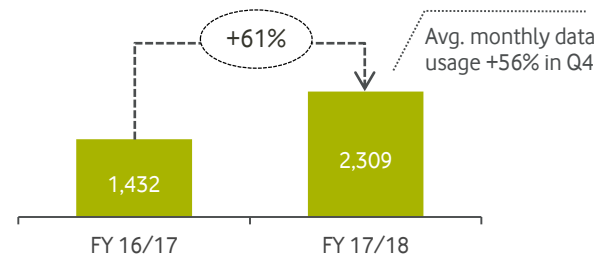
0.34% dropped call rate¹
Record low

Only 3% of 4G sites fully utilised
in busy hour¹

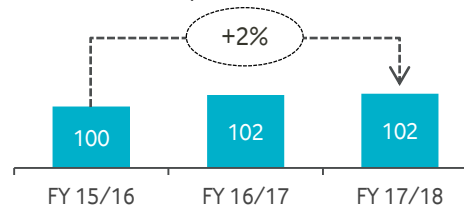
Deep spectrum positions
across all markets

Driving data usage and cost efficiency

Europe data traffic (PB)



Europe network costs²



Cost per GB declining ~35% p.a.

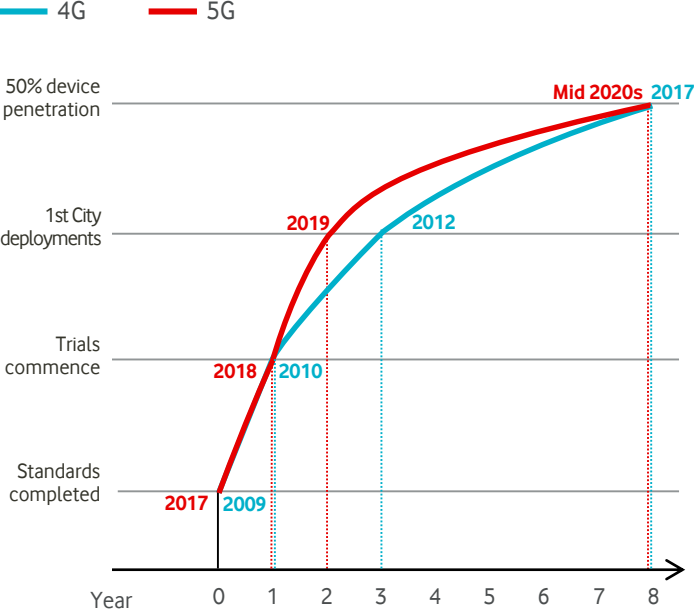
Data above includes Vodafone India and JVs

1. Europe
2. Opex and depreciation



Mobile data: 5G vision and phasing

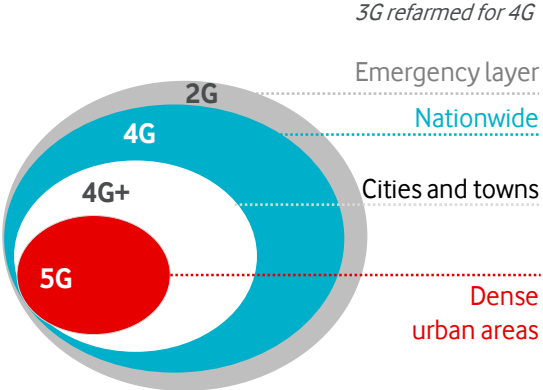
Industry adoption likely to be similar to 4G



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

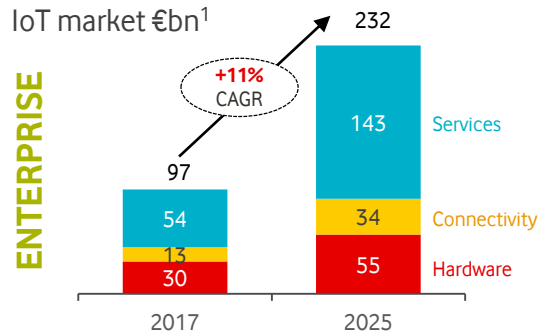


- Microwave is an effective backhaul solution for 5G, given latency <0.25ms per hop

Consistent within current mid-teens capital expenditure guidance

Mobile data: IoT

Market opportunity

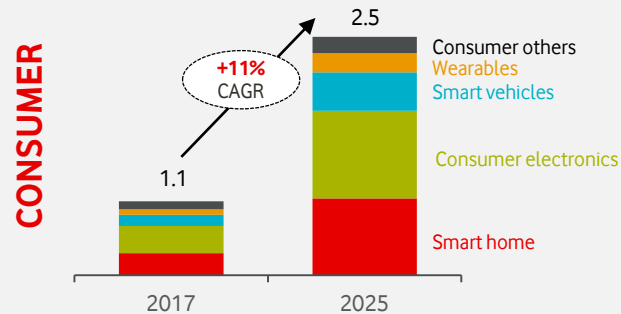


Vodafone IoT

- 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



- 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

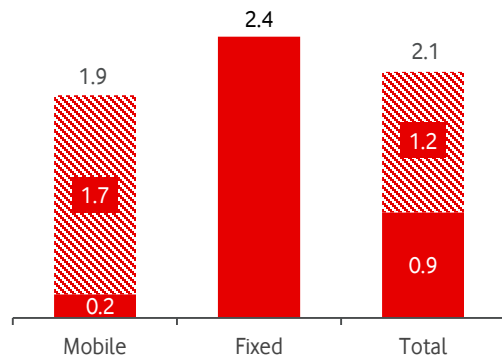


Enterprise: growing revenues and margins

Service revenue growth (%)

FY 17/18

■ Reported ▨ Ex. regulation¹



- Market-leading IoT platform
- Significant exposure (17% of revenue) to fast growing AMAP markets, **+5%**
- Low exposure to legacy fixed voice, **<5%** of revenue

Improving margin

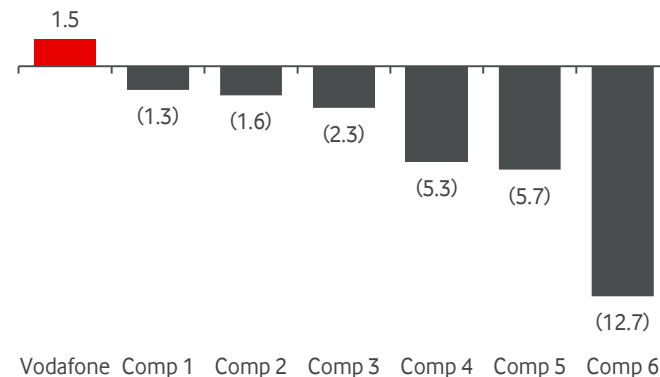
Contribution margin improvement



- Proactive review of account profitability
- Margin optimisation and cost control initiatives
- Closure of legacy networks in UK

Outperforming peers² (%)

Q4 17/18 revenue growth



- 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



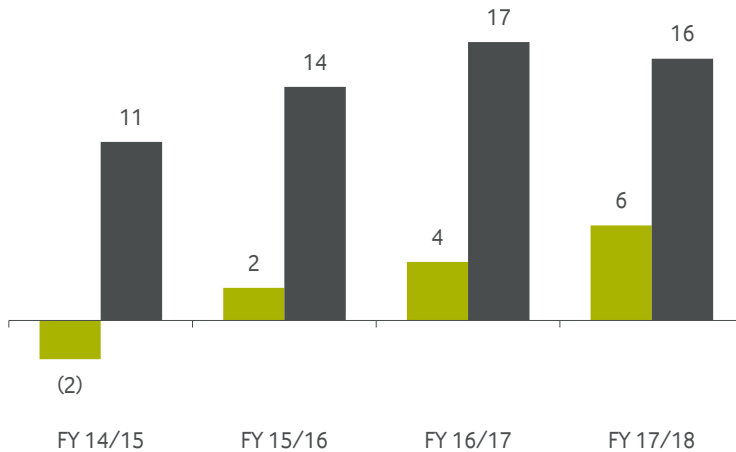
Customer experience excellence: **NPS improvement**

Quality and experience leadership

Consumer NPS (points)

■ Gap to next best

■ Gap to third



Improving score vs. next best
and maintaining gap to third operators

NPS improvement over the last 3 years

NPS score improved

15
out of
20
markets

Gap to next best improved

17
out of
20
markets

Average score improvement to
next best

+8points

Further progress to come
from digital channels and platforms



Digital Vodafone: transforming our commercial model

Marketing

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

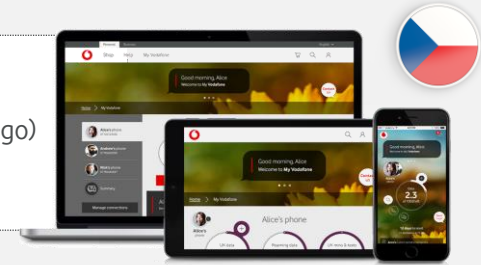
My Vodafone App
penetration, **87%**
10 visits/month (vs. 3 retail visits per year)



Sales

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

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



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



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

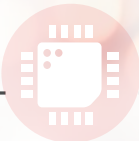
1. At Q4 17/18 YoY



Digital Vodafone: measuring commercial progress



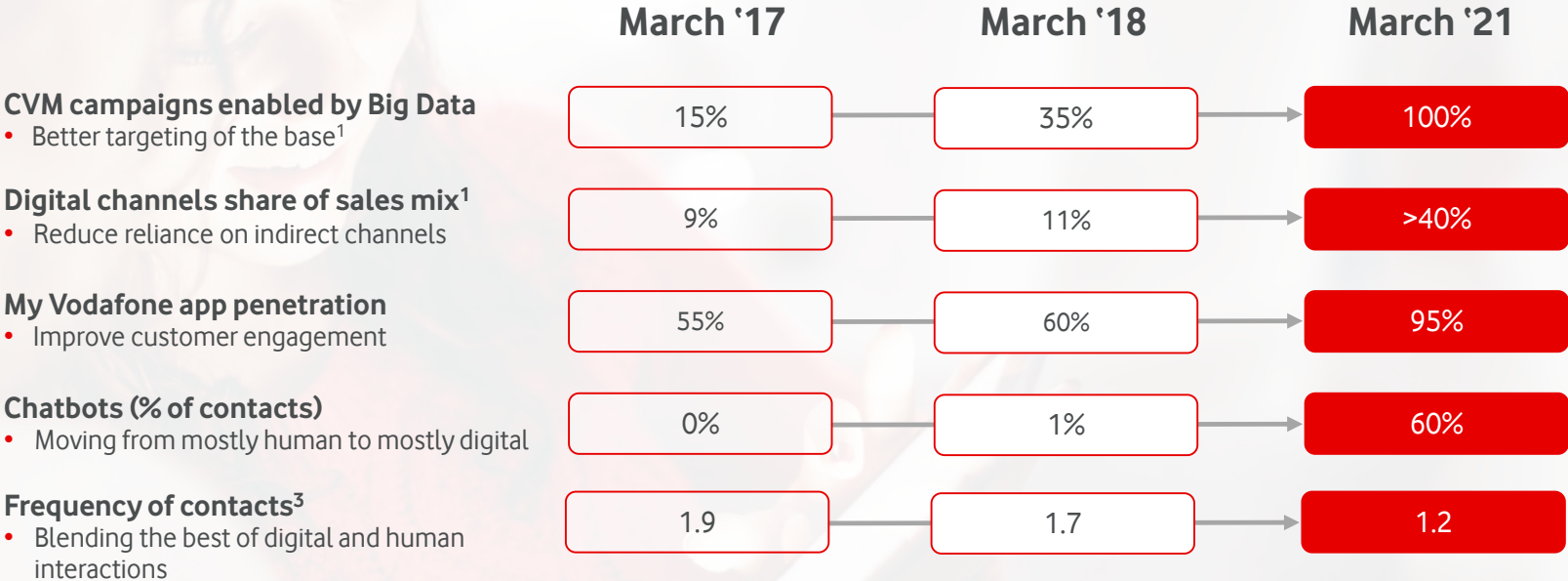
Digital Customer management



Digital Technology



Digital Operations



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

Q&A



Appendix

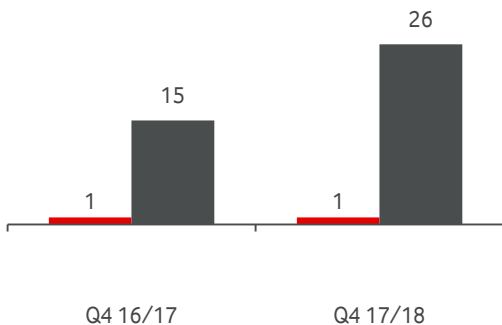


Germany: strong customer growth offsetting wholesale headwinds

Customer experience

Consumer NPS (points)

- Gap to next best
- Gap to third

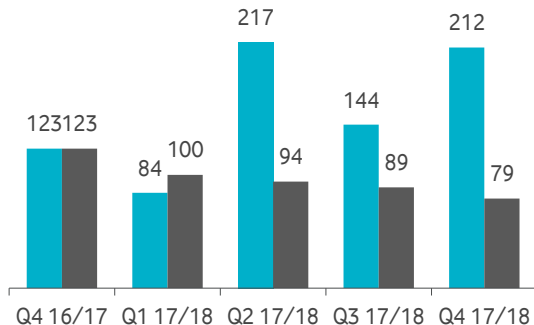


- **#1 NPS, #1 service** in Connect tests
- 4G up to 500Mbps in **40** cities
- **70%** of cable gross adds \geq 200Mbps (PY 48%)

KPIs

Customer net adds (000s)

- Mobile contract
- Fixed broadband

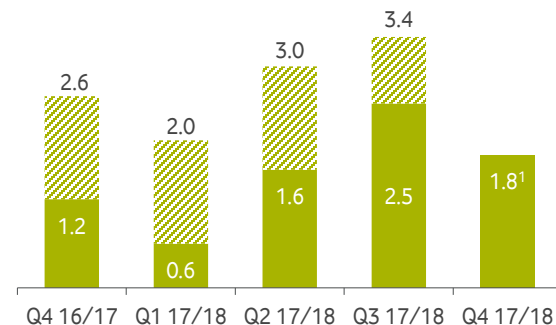


- Mobile: continued momentum in direct channels, GigaCube sales, lower churn
- Fixed users moving to higher speeds: NGA customers up **209k** to **4.6m** (total 6.6m)
- **700k** converged consumers (**+112k** QoQ)

Financial results

Service revenue growth (%)

- Reported
- Growth ex. regulation impact



- Mobile: **+0.3%** (Q3 +1.8%); lower MVNO revenue and ARPU (SIM-only mix), offset lapping of MTR cut
- Fixed: **+4.2%**¹; consumer customer and ARPU growth
- FY EBITDA: **+8.3%**, margin 36.5%, +2.4pp¹; 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%

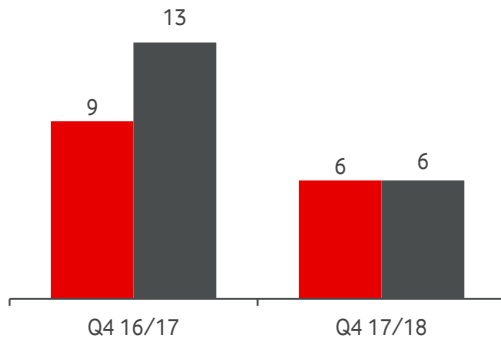


Italy: price competition in prepaid continues, record fixed net adds

Customer experience

Consumer NPS (points)

- Gap to next best
- Gap to third

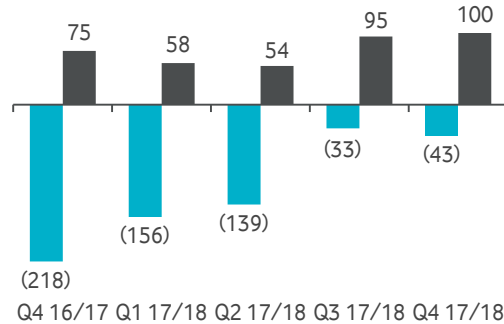


- Maintained **market leading NPS**
- Leading 4G network coverage **98%**
- 16.7m NGN homes marketable, o/w **5.3m** on-net/Open Fiber
- Extended agreement with Open Fiber to 9.5m households (271 cities) by 2022

KPIs

Customer net adds (000s)

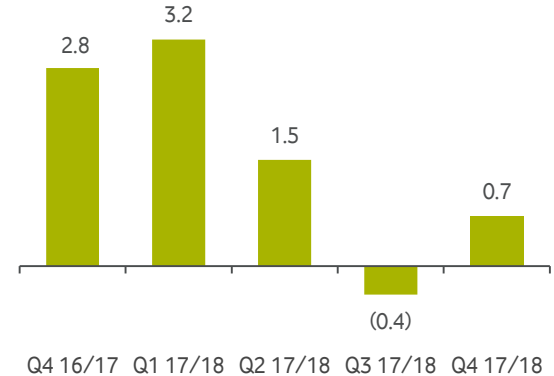
- Mobile Prepaid
- Fixed broadband



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

Financials

Service revenue growth (%)

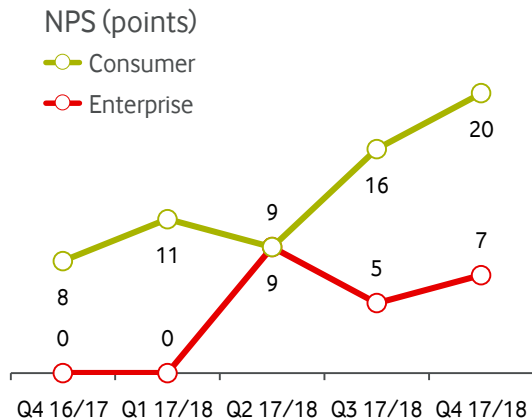


- Mobile: **-1.5%** (Q3 -2.9%); ongoing price competition
- Fixed: **+11.1%** (Q3 +12.0%); strong customer growth
- FY EBITDA **+4.6%**, margin +1.0pp to 37.5%; tight cost control delivering -6.0% reduction in opex



UK: improving trends, strong momentum in consumer fixed

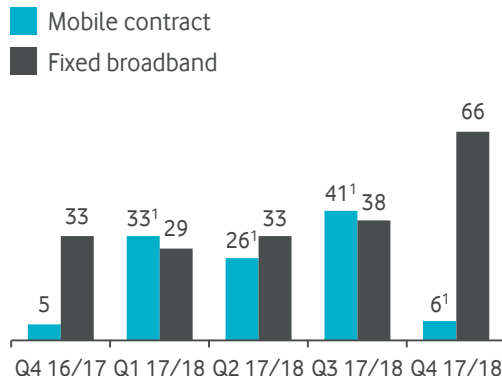
Customer experience



- **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

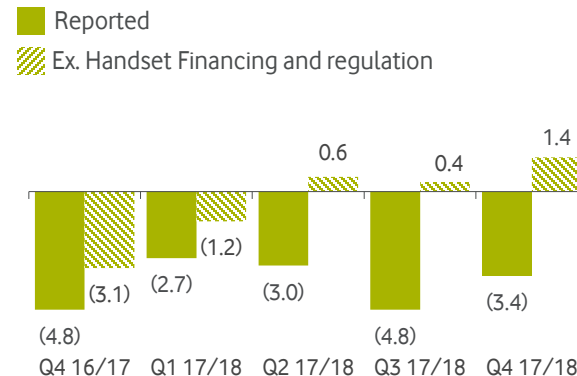
Customer net adds (000s)



- Mobile: lower net adds due to market slowdown & reduced commercial activity
- Fixed: **record** consumer broadband adds, total broadband base now **382,000**

Financials

Service revenue growth (%)



- Mobile: **+0.7%**² driven by Consumer segment: M4M, better customer mix, and RPI-linked price rises
- Fixed: back to growth, **+3.6%**; timing of Enterprise project work and consumer customer growth
- FY EBITDA **+1.4%**³. Margin 17.9%³, +0.4pp; Fit for Growth cost actions deliver 4.9% opex savings

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%

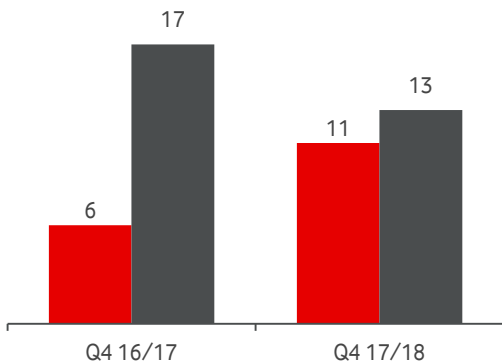


Spain: increased competitive pressure in value segment

Customer experience

Consumer NPS (points)

- Gap to next best
- Gap to third

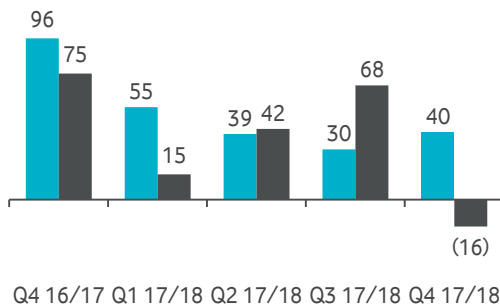


- Maintained **market leading NPS**
- Strong network position, **96%** 4G coverage
- 20.5m NGN homes marketable, o/w **10.3m** on-net

KPIs

Customer net adds (000s)

- Mobile contract
- Fixed broadband

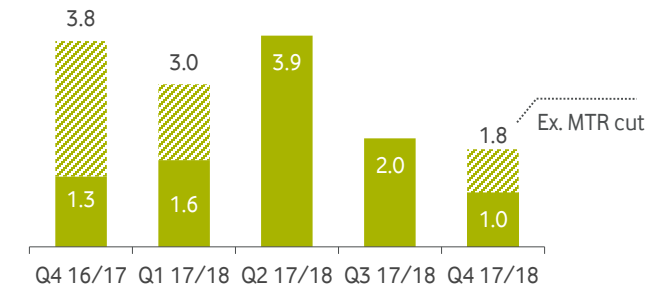


- High-end promotional activity moderated in Q4
- Highly competitive low-mid segment, leading to higher churn and lower net adds
- Growing convergence base: **2.5m** Vodafone One users, +154k YoY

Financials

Service revenue growth (%)

- Reported
- Ex. Handset Financing and regulation



- 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

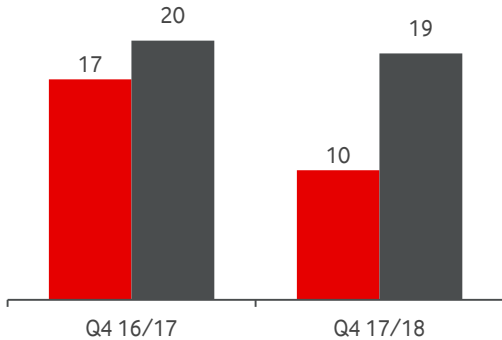


Vodacom: strong momentum across the Group

Customer experience

South Africa consumer NPS (points)

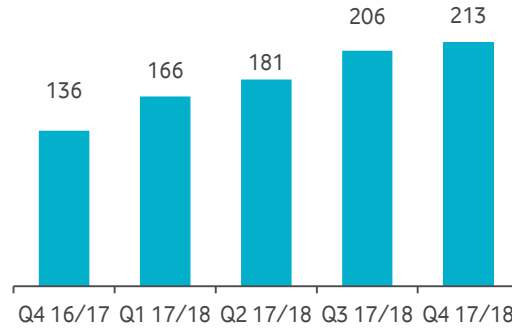
- Gap to next best
- Gap to third



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

KPIs

South Africa data bundles sold (m)

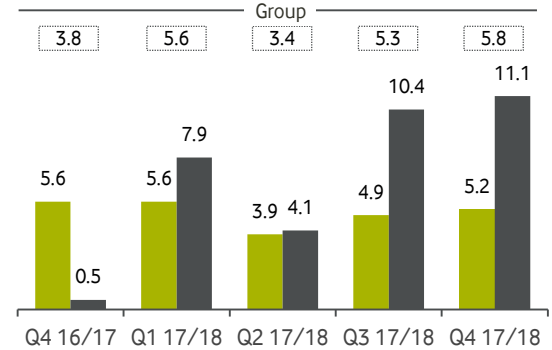


- Segmentation and personalisation strategy driving bundle users to 18.7m (+13.9%)
- Data volumes per smart device **+18.4%**, effective price per MB **-21.6%**

Financials

Vodacom service revenue growth (%)

- South Africa
- Internationals



- 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

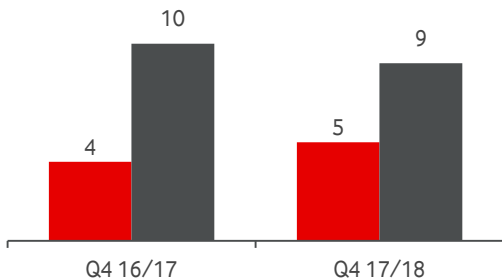


India: intense price competition, growing data usage

Customer experience

Consumer NPS (points)

- Gap to next best
- Gap to third

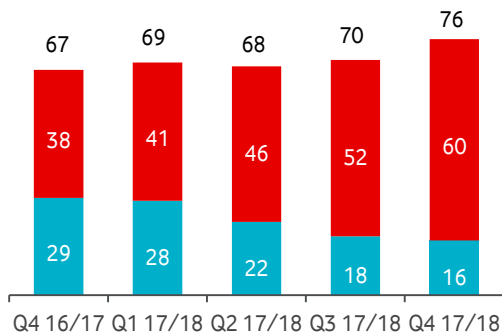


- Maintained **market leading NPS**
- Continued focus on leadership circles: >90% of Vodafone India capex
- Merger with Idea on track

KPIs

Data users (m)

- 3G/4G
- 2G

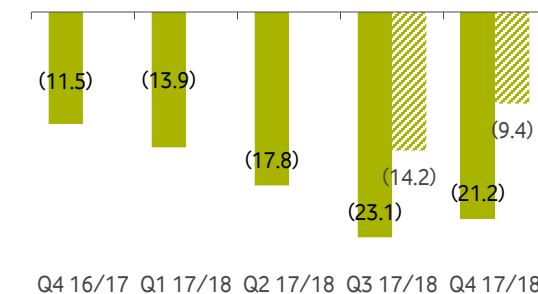


- Attracting data users and improving mix
- Unlimited offers driving average data usage to 3.5GB (**up 6x** YoY), o/w **6.4GB** for 4G
- Total customer net adds **+10.2m** reflecting market share gains as smaller players exit

Financials

Service revenue growth (%)

- Reported
- Ex. MTRs¹



- Intense competitive pressure; data prices **-86%**, voice **-40%**; international MTRs cut on 1 Feb
- FY EBITDA **-34.5%**, margin -5.2pp to 22.1%²; 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

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

AMAP

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

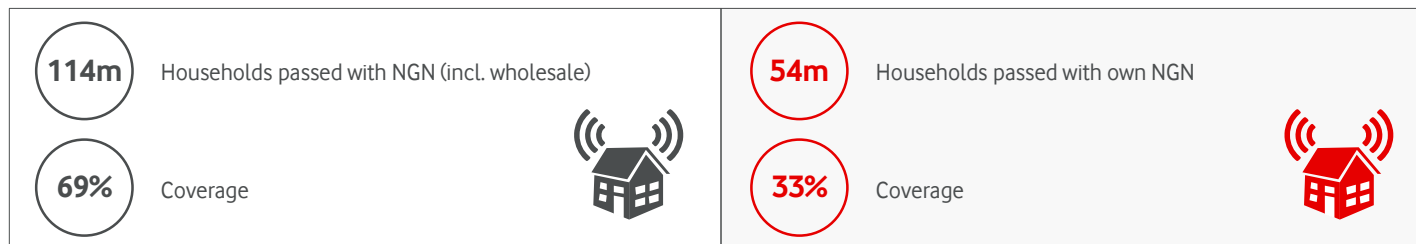
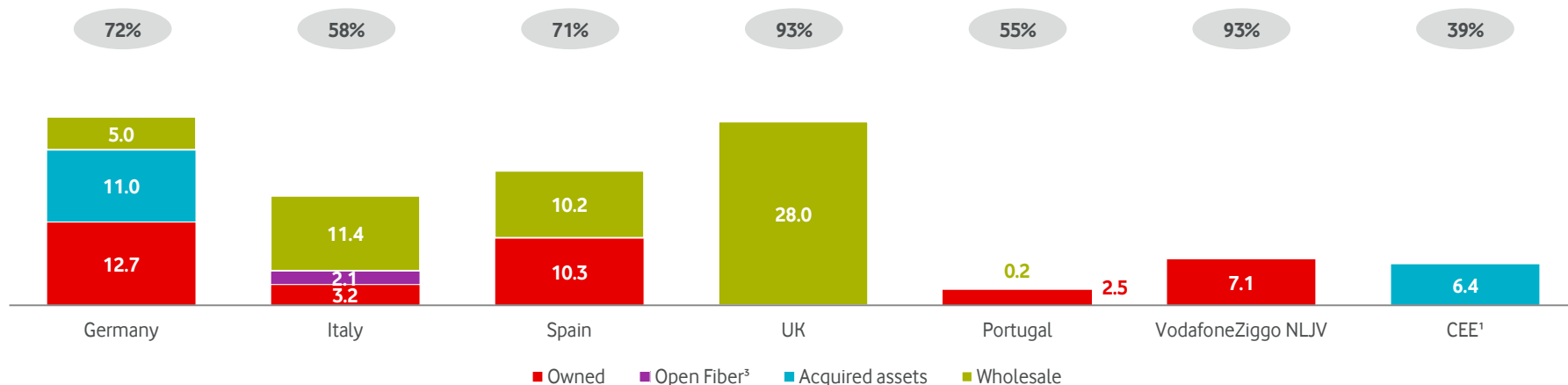
All figures exclude India and VodafoneZiggo unless otherwise stated

1. Includes VodafoneZiggo
2. Includes India and associates



Vodafone pro forma NGN footprint by country¹

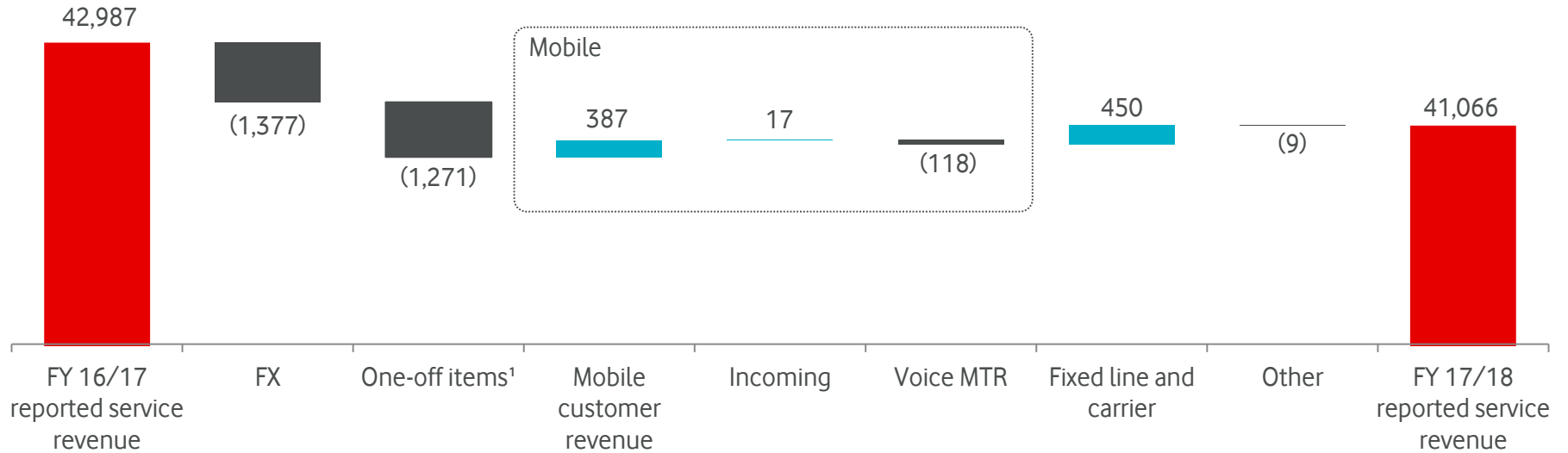
Households coverage (m)²



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

(€ millions)



1. Excludes the results of Vodafone Netherlands and Qatar

Voice MTR impact

	FY 17/18		FY 16/17		
	€m	pp	€m	pp	
Europe					
Service revenue	(106)	(0.3)	(92)	(0.3)	FY 17/18: Germany €75m, Ireland €14m, Spain €9m
Adjusted EBITDA	(22)		(22)		
AMAP					
Service revenue	(12)	(0.2)	(21)	(0.2)	FY 17/18: South Africa €9m, Tanzania €3m
Adjusted EBITDA	-		(11)		
Group					
Service revenue	(118)	(0.3)	(113)	(0.3)	
Adjusted EBITDA	(22)		(33)		



Taxation

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



Financing costs

	FY 17/18 (£m)	FY 16/17 (£m)
Net financing costs	(389)	(932)
Mark to market - Mandatory convertible bonds	(134)	40
FX ¹	(322)	(28)
Adjusted net financing costs	(845)	(920)
Other mark to market of derivative positions	107	(106)
Interest expense arising on settlement of outstanding tax issues	(11)	47
Net financing costs before settlement of outstanding tax issues	(749)	(979)
FX impact on intragroup lending	43	167
Bond delta and FV/FX on Share buyback irrevocable ²	(84)	58
Other	(8)	(65)
Underlying net financing costs (a)	(798)	(819)
Average net debt (b)	(31,862)	(33,020)
Net cost of debt³	2.5%	2.5%

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

Currency	FY 17/18 closing net debt (€bn)
EUR	28.7
ZAR	2.1
GBP	(2.9)
Other	3.6
Net debt excl. India	31.5
Net debt incl. India	39.2

Currency	FY 17/18 closing adjusted EBITDA (€bn)
EUR	8.8
ZAR	1.9
GBP	1.8
Other	2.2
Total	14.7



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,

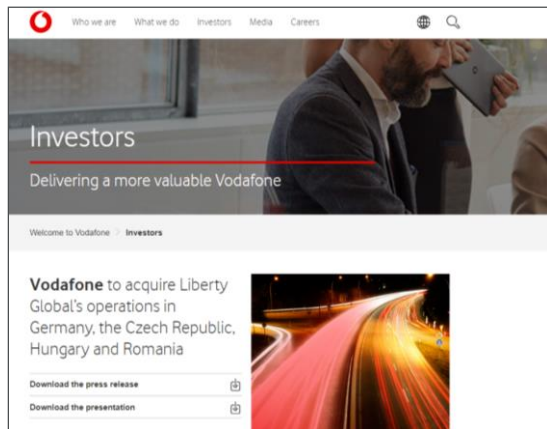
IT systems or data protection systems; changes in foreign exchange rates, as well as changes in interest rates; the Group’s ability to realise benefits from entering into acquisitions, partnerships or joint ventures and entering into service franchising, brand licensing and platform sharing or other 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

Visit our website for more information



www.vodafone.com/investor

Contact us

ir@vodafone.co.uk

+44 (0) 7919 990 230

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

