



Vodafone Group Plc Results

For the year ended 31 March 2016

17 May 2016



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Business review

Vittorio Colao
Group Chief Executive

Full year highlights

Financial performance

- **Return to full year service revenue +1.5% and EBITDA +2.7% growth**
- Q4 Group service revenue **+2.5%**; underlying +1.8%
- Stabilisation in Europe, Q4 service revenue **+0.5%**
- Strong execution continues in AMAP, Q4 service revenue accelerated to **+8.1%**
- Good cost control, raising synergy targets for KDG and Ono
- **Full year guidance met:** EBITDA £11.9 billion and free cash flow £1.0 billion on guidance basis

Strategic progress and commercial momentum

- **Successful completion of Project Spring build**
- Significant improvement in net promoter score: leader in **13/21** markets, improving in 15 markets
- Driving data: **47m** 4G customers +126%, **73m** 3G data users in emerging markets, data volumes **+71%**
- Enterprise continues to outperform peers, FY 15/16 **+2.1%**
- Unified communications: record fixed broadband growth, **30m** EU households on-net NGN, strategic agreements in Netherlands and Italy; **21%** of Group revenues from fixed



Vodafone's strategy

A converged communications leader

1 Core footprint

Europe, Africa and India

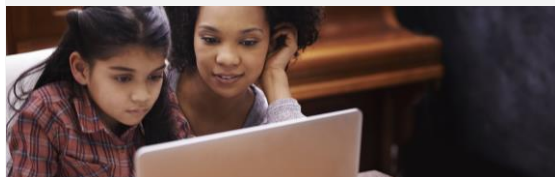


Deeper and stronger in existing markets

- Organic investment
- Spectrum
- Acquisitions

2 Number 1 or 2 in mobile

Path to **Unified communications**

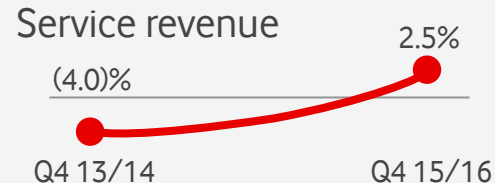


Leading data network quality in **15/20** markets

UC assets in all key **markets**

3 Four growth engines

1. Data
2. Fixed
3. Emerging markets
4. Enterprise



Vodafone's strategy: **substantial investments**

Total
£47bn
Last 3 years



Capex¹
(o/w **£19bn**
Project Spring)

203,000

new and upgraded
base stations to improve
coverage and quality

102,000

new high capacity backhaul
links for improved data
experience

£24.1bn



Spectrum
and licences²

17

markets have 800/700
spectrum for 4G
(vs. 4 in 2013)

16

circles in India with 3G/4G
to increase data quality

£7.7bn



Acquisitions

**KDG, Ono,
Hellas Online,
Cobra**

acquired leading fixed and
IoT³ companies to become a
fully converged operator

£14.7bn

1. Accrued capital expenditure
2. Renewals and acquisitions
3. Internet of Things (IoT) previously called Machine-to-Machine



Vodafone strategy: **key programmes**

1

PROJECT SPRING

FY 13 /14
Verizon
Wireless
disposal

2

**CUSTOMER EXPERIENCE:
CARE**

3

FIT FOR GROWTH / ZBB



Enhancing the customer experience: **Project Spring**

Mobile

■ Sept 2013 ■ Mar 2016



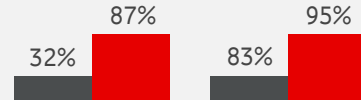
Fully modernised network

Single RAN sites



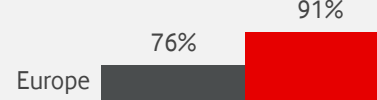
Broad reach

EU 4G coverage India 3G coverage¹

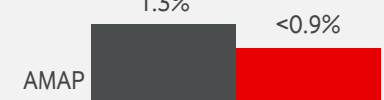


Enhanced customer experience

3G/4G data sessions >3Mbps



Dropped call rate



Fixed

■ Sept 2013 ■ Mar 2016



Converged service in all key markets

Homes reached with own NGN



Fixed broadband customers



Enterprise

■ Sept 2013 ■ Mar 2016

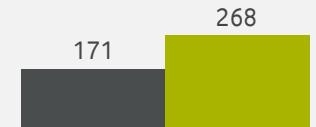


Enhanced capability

Countries IoT platform available²



IP-VPN PoPs³



1. Targeted urban areas
2. IoT Global SIM available in over 200 countries
3. Points of Presence



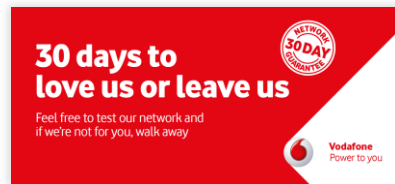
Enhancing the customer experience: CARE

C Connectivity that is reliable and secure



Network satisfaction guaranteed

30 day satisfaction guarantee



R Reward loyalty

Extra rewards and service

50% discount on prepaid value bundles



A Always in control



Cost control with no surprises

EU & US roaming included in new Red tariffs



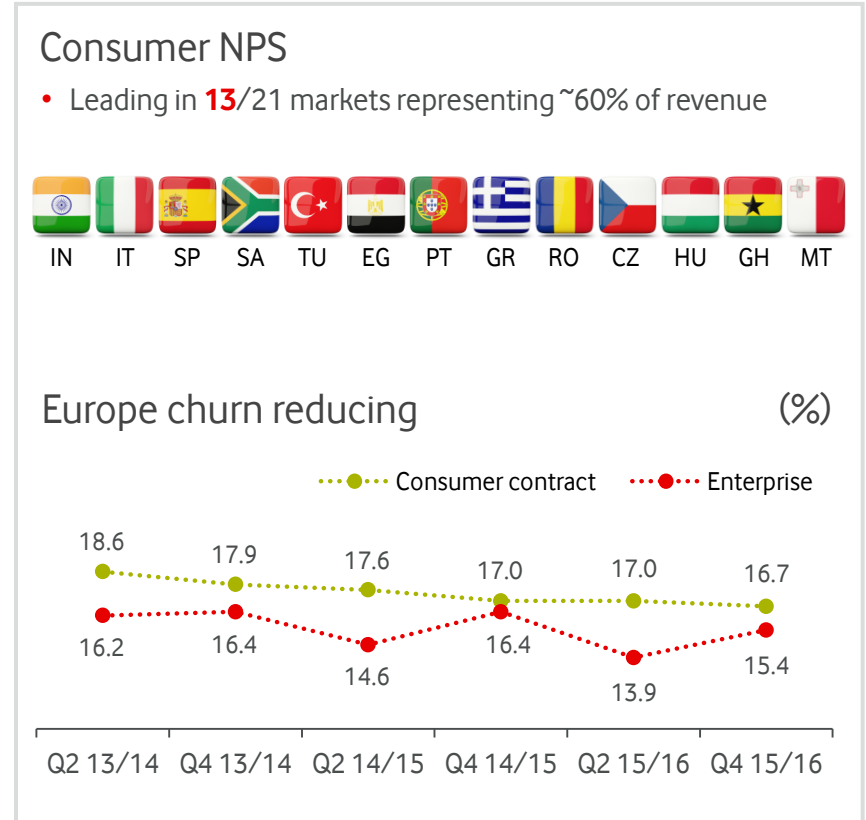
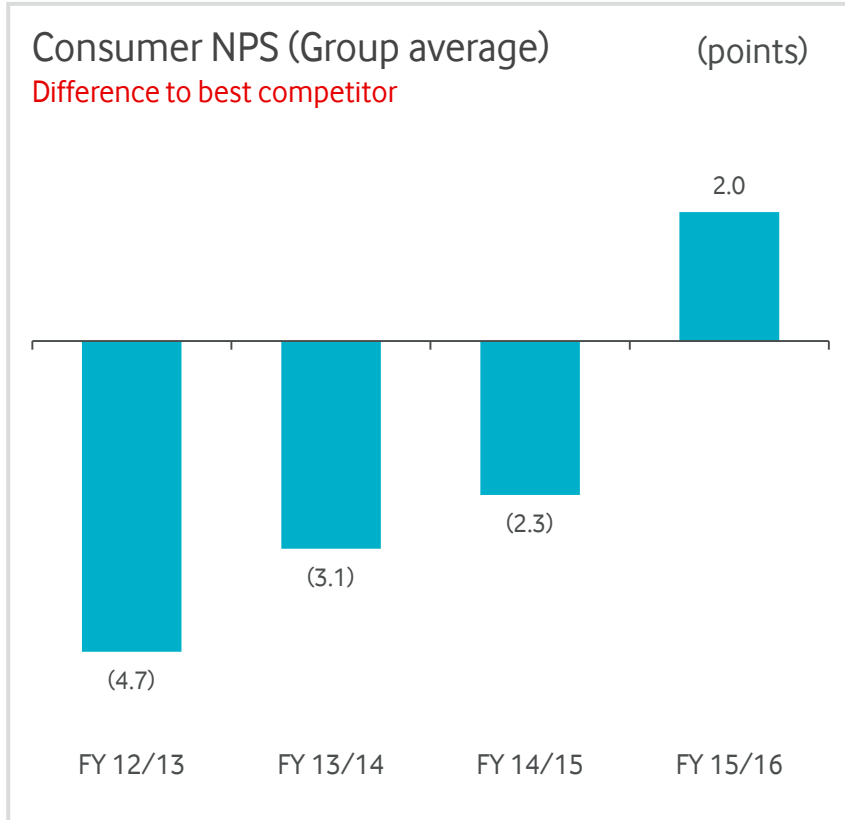
E Easy access

Always available, ask only once

In-store experts providing technical expertise

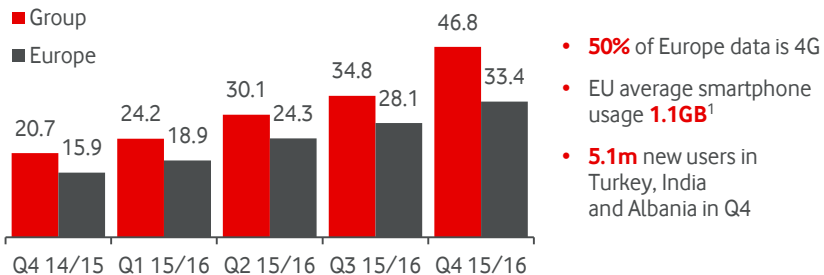


Enhancing the customer experience: **NPS leadership**



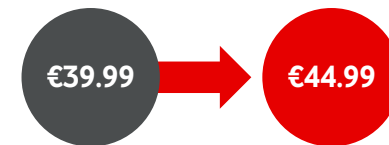
Driving growth: data

Increasing penetration of 4G customers (m)



Higher ARPU at lower unit prices

'More for more' in Germany (April 2016)



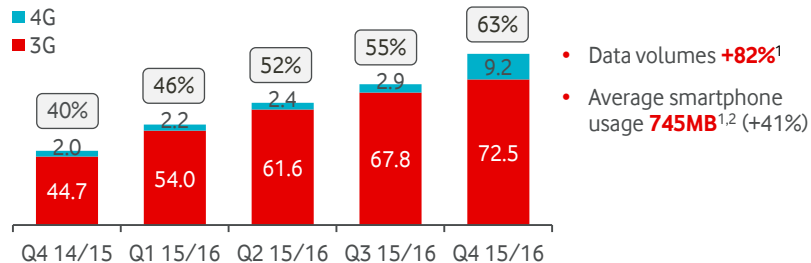
- ✓ Unlimited EU roaming
- ✓ Extra 1GB
- ✓ LTE max

Other moves:

- Italy (Sept 2015)
- Spain (April 2016)
- UK (May 2016)

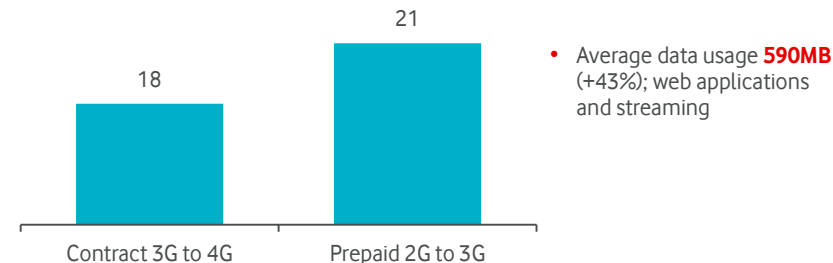
Strong data adoption in emerging markets

3G and 4G data users (m) as a % of total data users



Monetising data growth

South Africa ARPU uplift from device migration (%)



1. iOS and Android
2. AMAP



Driving growth: **enterprise**

Project Spring achievements



268 PoPs (+57%)
in 70 countries



Cloud & Hosting in
12 countries



IoT platform in
30 countries¹



One Net² in
30 countries

Financial performance

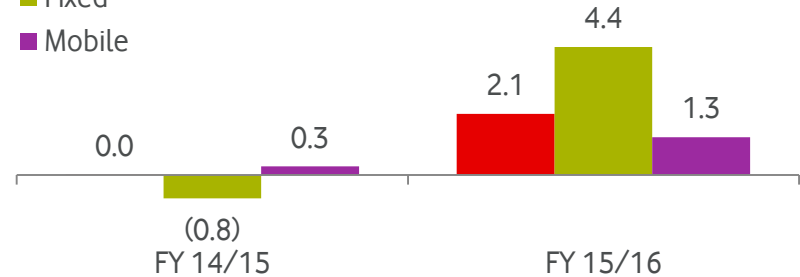
Organic service revenue growth

(%)

■ Total Enterprise

■ Fixed

■ Mobile



FY 15/16

- Fixed: IP-VPN +8.0%
- Mobile: customers +7.4%, ARPU -7.7%
- VGE service revenue +5.9%
- IoT service revenue +29%; 38m connections +37%

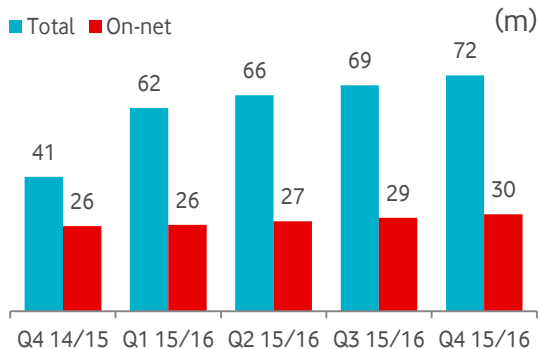
1. IoT Global SIM available in over 200 countries
2. One Net for SMEs, Corporates and multinationals



Driving growth: fixed and convergence

Expanding reach

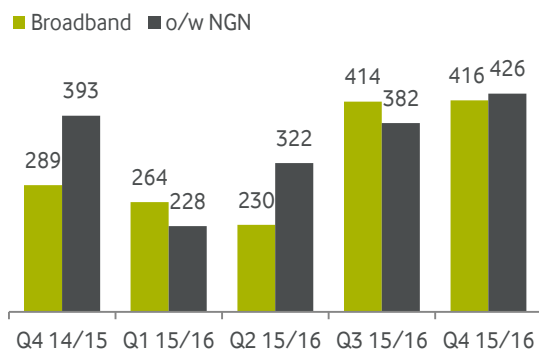
Homes reached with NGN broadband¹



- **48%** household coverage in Europe
 - o/w **41%** on-net
 - +246,000km^{1,2} of fibre since Sept 13, Group total now **1 million km³**

Building scale

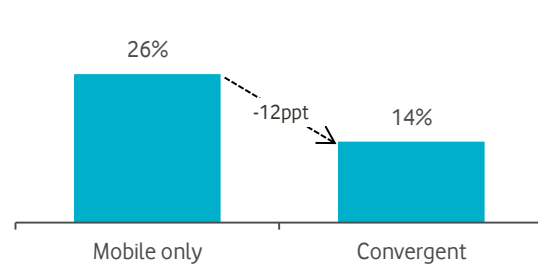
Fixed broadband net adds (000s)



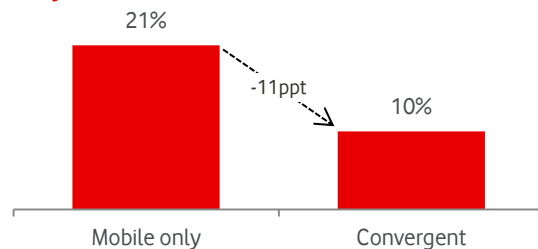
- **Record fixed net adds;**
 - **13.4m** broadband users, **6.4m** NGN
- **9.5m** TV customers
 - UK and Italy launch in 2016
- **21%** of revenue from fixed

Lowering churn via convergence

Spain churn⁴ (%)



Italy churn⁴ (%)



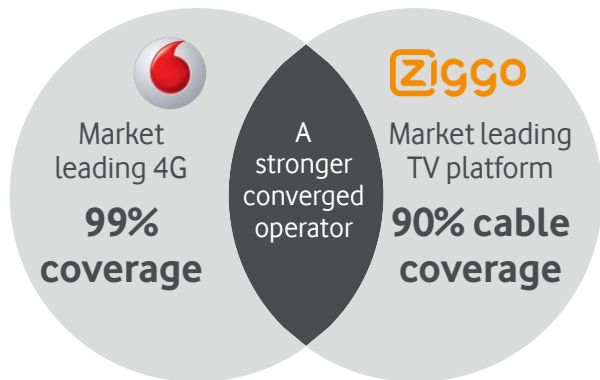
- **2.9m** converged service customers

1. Europe
2. Fixed access to premises and mobile backhaul
3. Including CWW and international links
4. Cohort analysis at March 2016. Differs from reported churn which includes converged customers



Convergence: strengthening strategic positions

Netherlands: JV with Ziggo

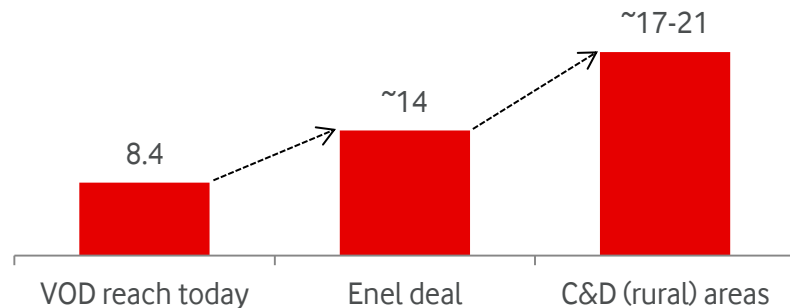


- Merger expected around end 2016
- NPV of synergies **€3.5bn**
- Integration planning underway

Italy: NGN agreement with Enel

Italian homes reached with NGN

(m)



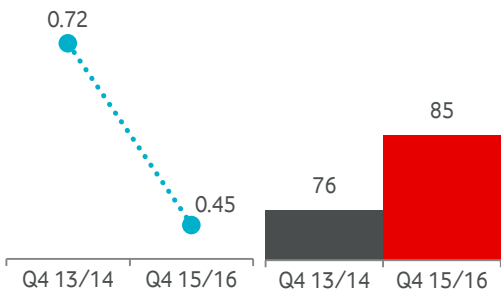
- Enel: cost effective roll-out of FTTH to 224 cities (**7.5m** households) by 2020
- FTTC roll-out (2.7m to date)
- Metroweb access continues (0.9m to date)



Germany: improved network and commercial execution

Network and NPS

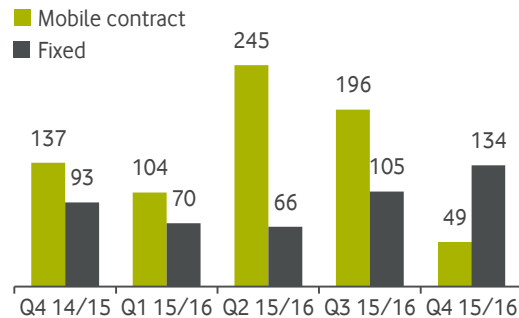
Dropped call rate (%) Data sessions >3Mbps (%)



- **Record low** dropped call rate; leading voice quality
- 4G coverage **87%**; +10ppts YoY
- Network rating: P3 #2, NPS #2

Commercial performance

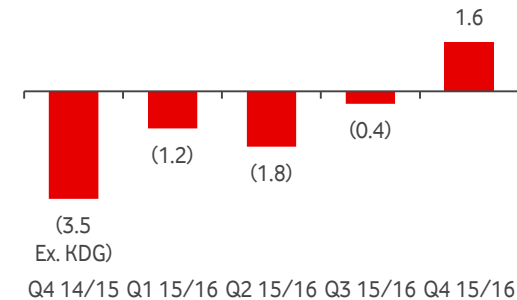
Customer net adds (000s)



- **Fixed remains strong**; DSL net adds +39k (Q3 +9k); KDG stable at +96k
- Higher mobile churn in indirect channels
- Consumer contract ARPU stabilising
 - -2.3% (Q3 -3.9%)

Financial results

Service revenue growth (%)



- Mobile revenue **+0.3%** (Q3 -1.7%)
 - consumer contract +1.2% (Q3 +0.2%)
 - Enterprise -3.3%; ARPU pressure
- Fixed revenue **+3.8%** (Q3 +1.7%)
 - KDG **+9.3%**¹ (Q3 +7.0%), DSL declining
- FY '16 EBITDA **+2.1%**; margin **32.6%**
 - M&A synergies, A&R efficiency

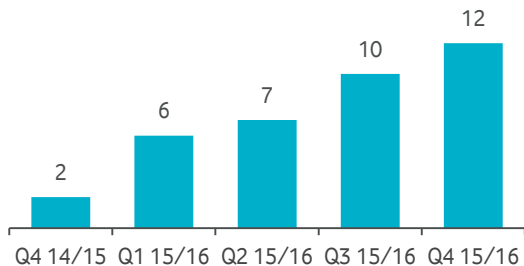
1. 8.0% after one-off from reclassification of CPE revenue from non-service revenue to service revenue



Italy: network leadership supporting return to growth

Network and NPS

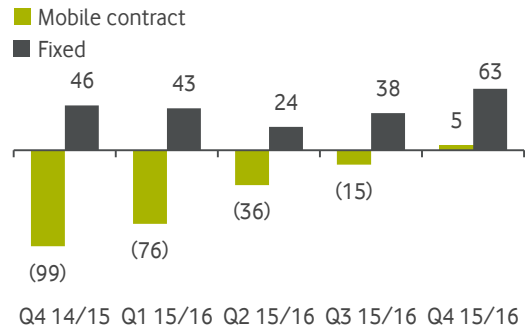
Customer network perception (points)
Relative score (gap to best competitor)



- **3.6m** NGN homes passed
 - Enel: fibre access on competitive terms
- Leading mobile network; 4G coverage **95%**
- Network rating: P3 #1, NPS #1

Commercial performance

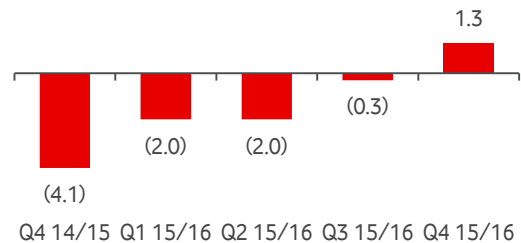
Customer net adds (000s)



- Consumer mobile continues to improve
 - MNP¹ -67k vs. -351k in FY '15
- Fixed momentum remains strong
 - **50% of gross adds taking fibre** (total base: 297k)
 - prices remain under pressure

Financial results

Service revenue growth (%)



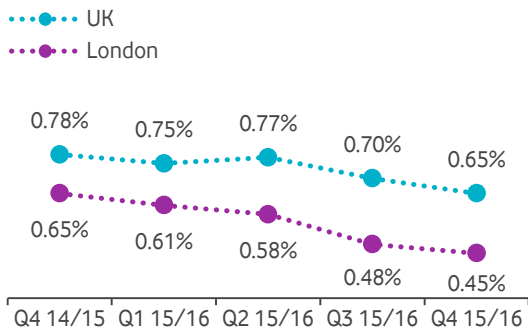
- Mobile revenue **+1.6%** (Q3 +0.1%)
 - Consumer prepaid ARPU **+12.6%**
- Fixed revenue **-0.2%** (Q3 -2.5%)
 - increased store sales and brand association
- FY '16 EBITDA **+3.1%**; margin **33.5%**
 - revenue decline offset by cost saving



UK: leading network in London, enterprise improved

Network and NPS

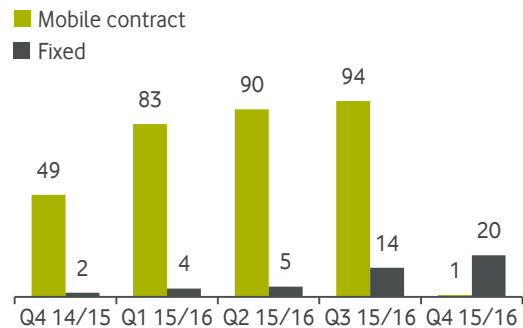
Dropped call rate (%)



- Dropped call rate improving, further progress expected
- 4G coverage **91%**¹, **99.5%** in London
- Network rating: Overall NPS #3, o/w Enterprise #1

Commercial performance

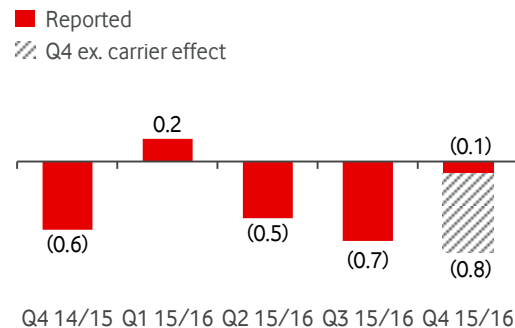
Customer net adds (000s)



- Contract net adds impacted by billing system migration issues
- Q4 churn:
 - consumer contract 18.9% (+1.1ppt)
 - enterprise: 16.5% (-1.2ppt)
- **7.0m** 4G customers, +0.7m QoQ
- Consumer broadband: 38k customers

Financial results

Service revenue growth (%)



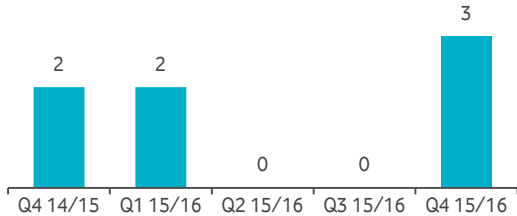
- Mobile revenue **-1.9%** (Q3 -1.0%)
 - OOB spend, 08XX regulation, higher churn
- Fixed revenue **+5.5%** (Q3 +0.2%)
 - strong carrier and improved execution
- FY '16 EBITDA **+1.2%**; margin **20.9%**
 - lower A&R on improved channel mix, opex savings



Spain: market leading NPS and brand consideration

Network and NPS

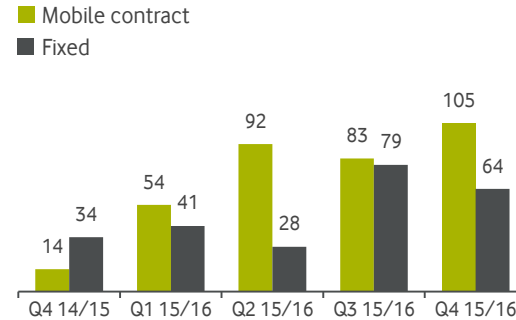
Customer network perception (points)
Relative score (gap to best competitor)



- Dropped call rate -24% to 0.44%, **91%** 4G coverage
- Network rating: P3 #1, NPS #1
- Fibre: **8.5m** homes passed
 - supportive of new regulated fibre access terms

Commercial performance

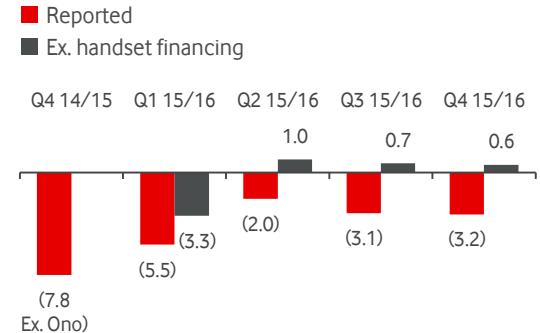
Customer net adds (000s)



- Strong commercial momentum
 - **5.4m** 4G customers
 - Vodafone One: **1.5m** users; **1.1m** TV users
- Football content rights secured
- Ono: 100% of synergies secured
 - now targeting €300m by year 4 (NPV €2.8bn)

Financial results

Service revenue growth (%)



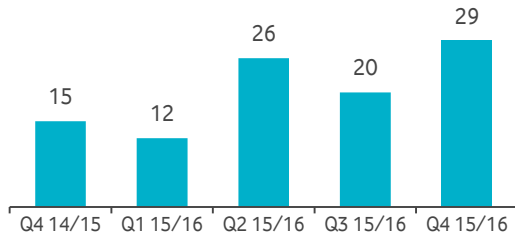
- ARPU trends stabilising
- Strong customer growth
 - contract mobile +3%, fixed +8%
- FY '16 EBITDA **+4.2%**; margin **25.2%**
 - cost control, handset financing benefit and Ono synergies offset higher content costs



Vodacom: leveraging leading network, growing data demand

Network and NPS

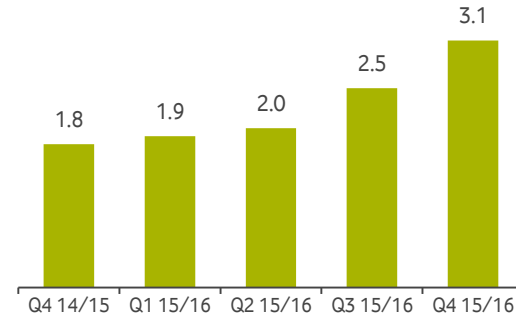
SA customer network perception (points)
Relative score (gap to best competitor)



- Data leadership: 19m customers, +13%
- Coverage: 3G **99%**, 4G **58%**
- Network rating: P3 #1, NPS #1

Commercial performance

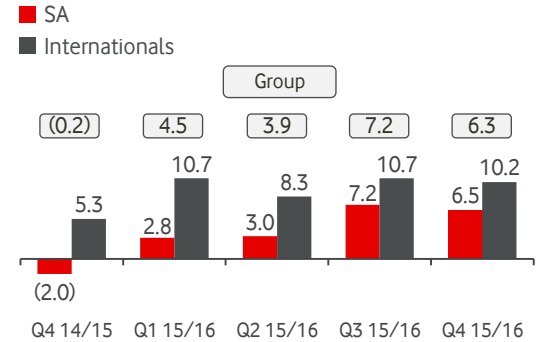
South Africa 4G customers (m)



- Customer growth **+11.0%** to 43m
– record low contract churn **6.9%**
- Data bundles +70%, data revenue 36% of service revenue
- Contract ARPU **+7.9%**, voice ARPU trends improving

Financial results

Vodacom service revenue growth (%)



- SA: Consumer and Enterprise growth
- Int'l's: data and M-Pesa driving growth
- Group FY '16 EBITDA **+12.7%**; margin **38.2%**, +3.6ppt
– tight cost control / accounting change

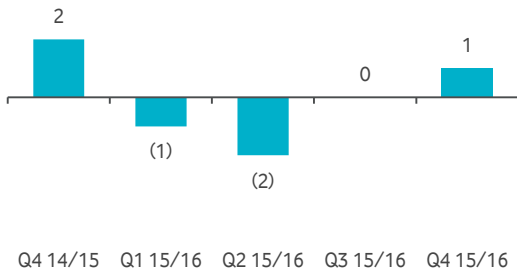


India: re-accelerating; voice stabilisation, data growth

Network and NPS

Customer network perception (points)

Relative score (gap to best competitor)



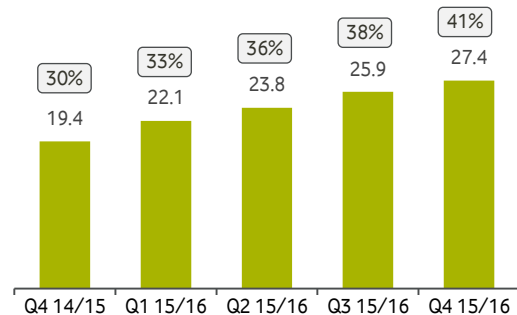
- 3G coverage **95%**¹, Spring target met
- **+40k** 3G sites since Sep 2013 to 55k
- Network rating: NPS #1, #2 in sites

1. In targeted urban areas
2. In the four metro circles
3. Regulatory factors include MTRs, service tax, roaming price caps and other items

Commercial performance

3G customers (m)

3G % of data users



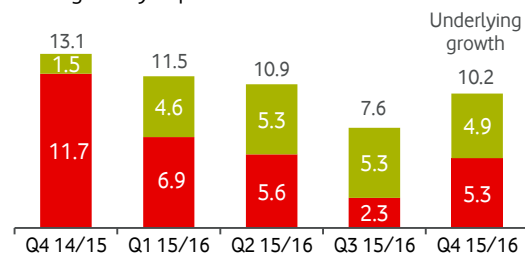
- Total net adds **+4.3m**, quality improving:
 - 54% smartphone penetration (PY 44%)²
 - avg. 3G usage ~800MB (4x 2G)
- Focusing 4G on high value circles
 - 4G circles account for **45%** of data revenues, >60% by year end

Financial results

Service revenue growth (%)

■ Reported

■ Regulatory impact³



- Moderation in price competition
 - voice prices -7% (Q3 -10%) +1% QoQ
 - data prices -9% (Q3 -16%)
- FY '16 EBITDA **+4.1%**; growth and opex savings, mitigated by regulatory impacts



Other key markets

Network
NPS rank¹

Commercial
performance
(in Q4)

Financial
results



Turkey

#1

- Contract net adds **+325k**,
- Data: revenue +89%, volumes +129%
- Fixed broadband +83k
- 4G launched; 4.6m users

Q4
service revenue
+22.3%



Netherlands

#2

- 4G users +0.5m to **2.0m**
- Increased convergence price pressure
- JV agreement with Ziggo

Q4
service revenue
-1.3%



Egypt

#1

- Market share leader **40%**
- Data: revenue +37%, volumes +73%

Q4
service revenue
+11.2%



Portugal

#1

- Strong broadband +26k and mobile contract growth
- **2.4m** HH fibre reach

Q4
service revenue
+3.5%

1. Turkey; consumer NPS



What's next: **Vodafone strategy 2020**

FY 13/14
Verizon
Wireless
disposal

1

PROJECT SPRING

2

**CUSTOMER EXPERIENCE:
CARE**

3

FIT FOR GROWTH / ZBB

- Mobile 4G+/5G
- Converged
- Virtualised / Cloud based

- Best in class service
- Digital marketing and care
- Leader/co-leader in each market

- Efficient & agile organisation





Technology roadmap

Johan Wibergh
Group Chief Technology Officer

Our vision for 2020

4G+/5G

Fiberisation

Cloud

Internet of Things

Gigabit Vodafone

The central text "Gigabit Vodafone" is prominently displayed in red, with the Vodafone logo to its left. The background is a collage of four images: top-left shows hands holding a VR headset; top-right shows a wall of fiber optic cables; bottom-left shows a hand holding a cloud icon with network symbols; bottom-right shows a futuristic car with sensor waves.



Our strategy to maintain leadership



Mobile

- Video everywhere
- High speed
- Low latency
- Internet of Things



Fixed

- Gigabit speed
- Rapid deployment for Enterprise



IT

- Flexible and agile
- Low cost systems
- Digital company

Services

Converged services

Cloud

Leverage scale advantage through Cloud technologies



2020 technology goals



Mobile

- 5G launched and 3G shutdown in Europe
- **>95%** of sites with fibre in European cities¹
- All 4G sites with NB-IoT²



Fixed

- DOCSIS 3.1
- FTTH enabled with Next Generation PON
- Virtual CPE



IT

- Transform to converged modern billing & CRM
- **50%** Time-to-market improvement
- Vendors reduced by two thirds

Services

Cloud-based TV available for all markets

Customer journeys across all digital channels

Cloud

- **50%** network functions virtualised, supported by Software Defined Networks
- End-to-end service provisioning time reduced <1 week
- **65%** IT applications in the Cloud through Vodafone Cloudstore

1. European cities >100k population

2. Narrow Band Internet of Things



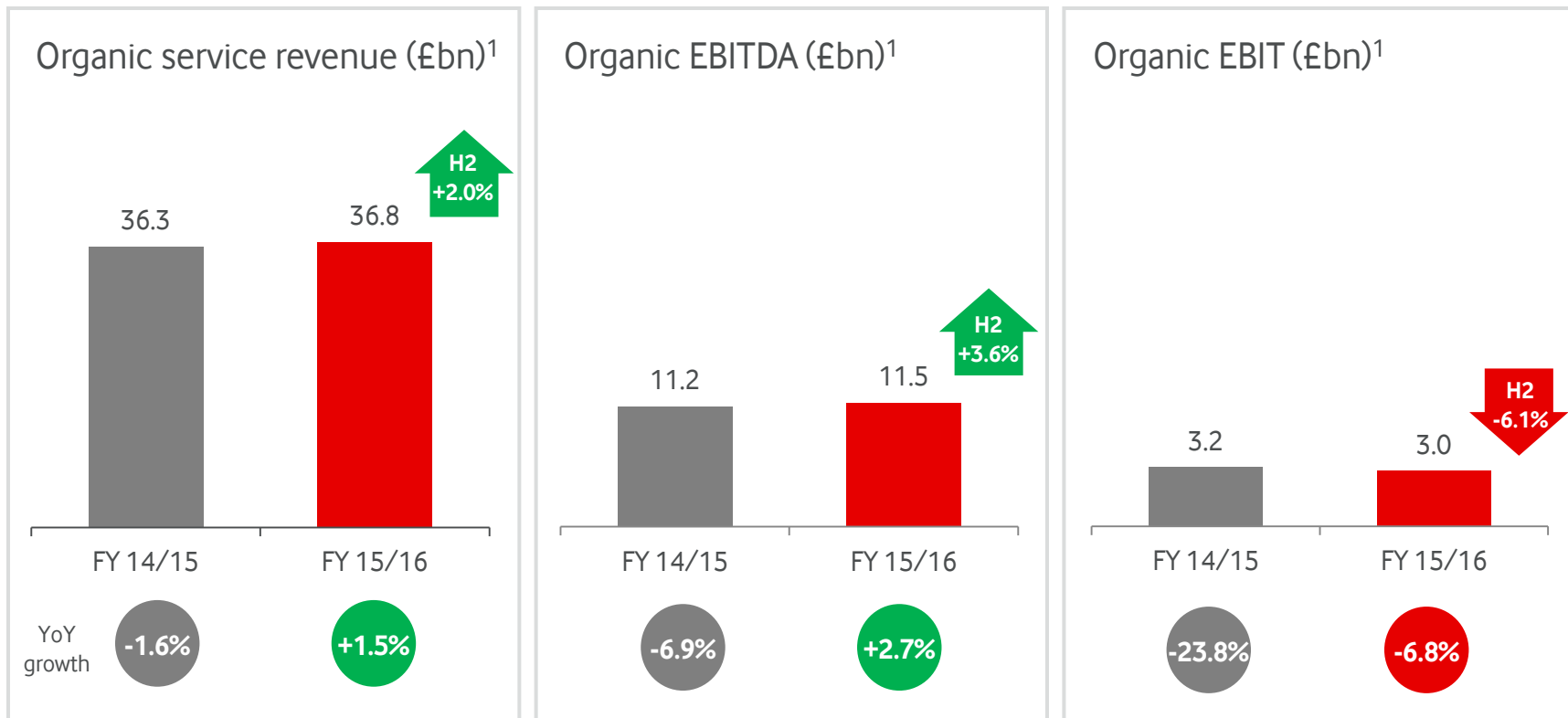


Financial review

Nick Read
Group Chief Financial Officer



Organic EBITDA growing faster than revenue, acceleration in H2

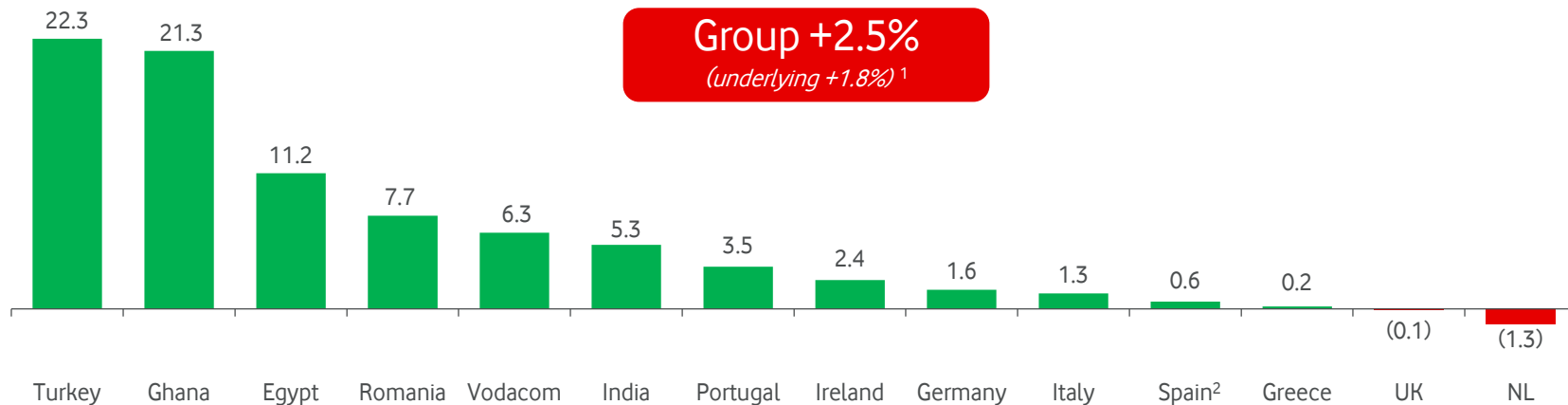


1. Excluding acquisitions; FY 14/15 restated for FY 15/16 foreign exchange rates



Broad based underlying service revenue improvement

Q4 15/16 organic service revenue (%)



FY 15/16 organic service revenue (%)

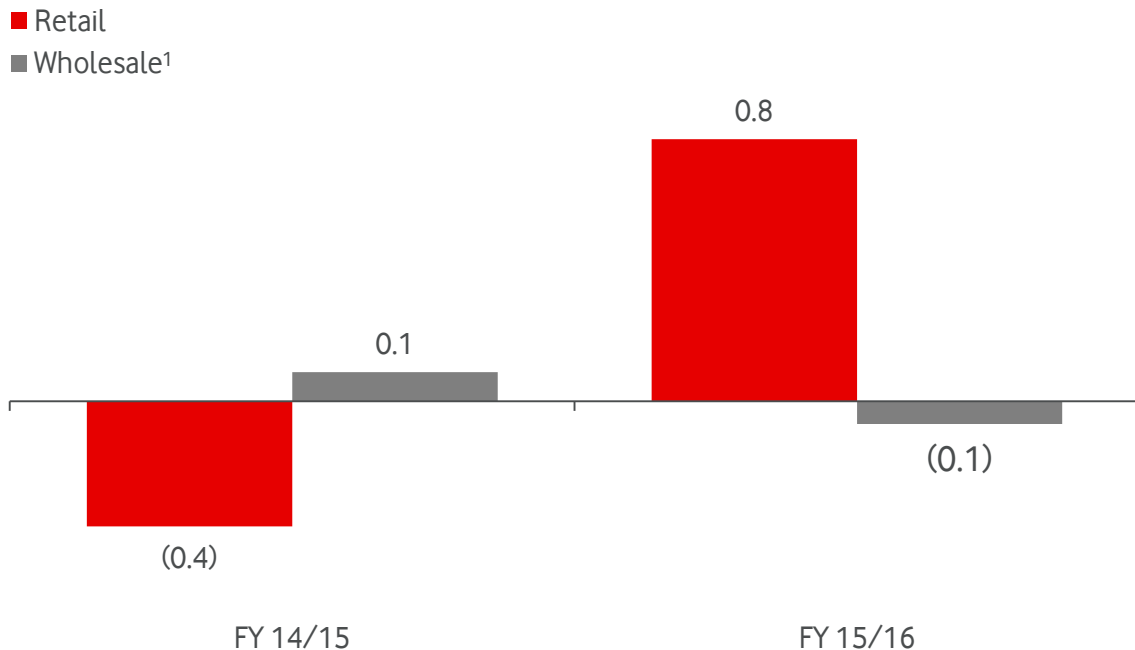


1. Underlying growth excludes leap year benefit and accounting reclassifications
2. Excluding impact of handset financing



Quality of revenues improving

Absolute organic service revenue growth YoY (£bn)



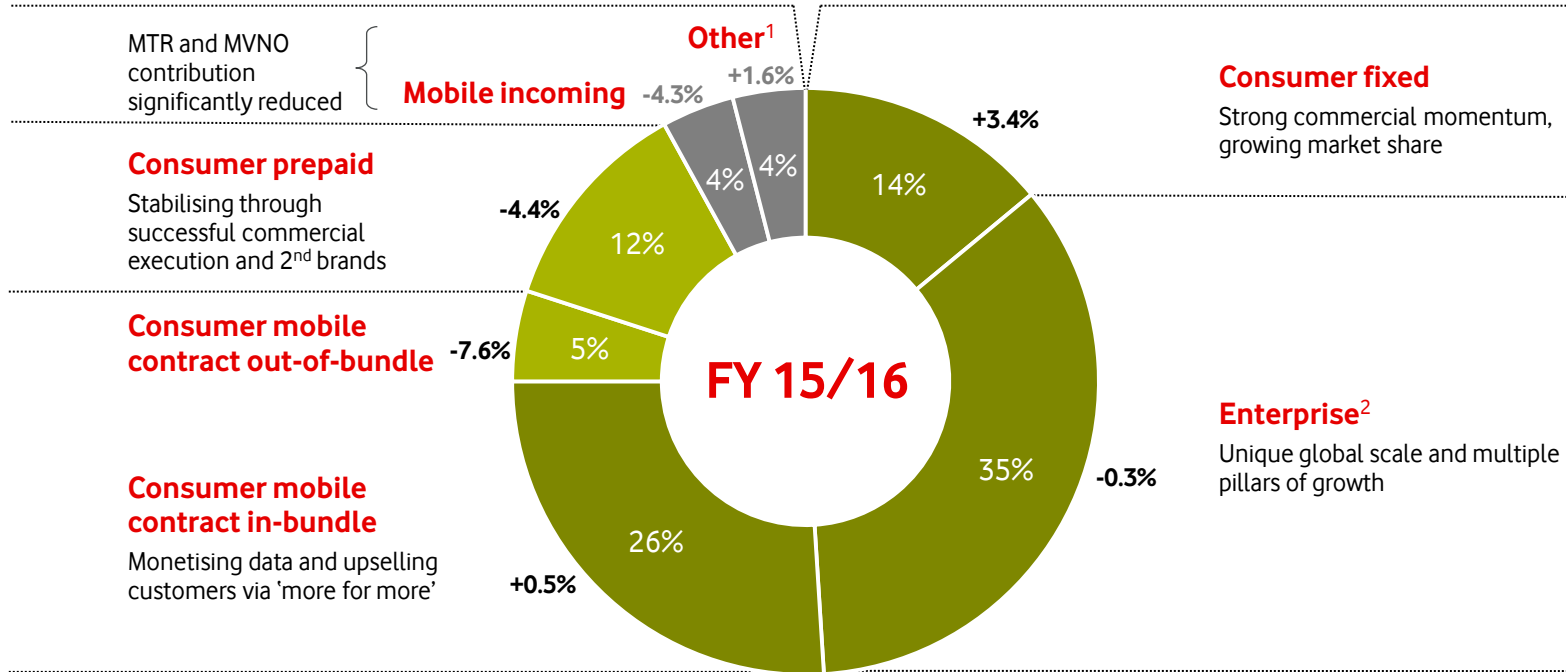
Drivers of improvement

- Greater emphasis on branded channels
- Strong fixed line performance
- Disciplined approach to MVNOs

1. Wholesale includes MVNO, Carrier Services and visitor revenue, excludes incoming revenues



Resilience of our European service revenue



1. Includes wholesale, visitor and other revenue
 2. Includes Carrier Services



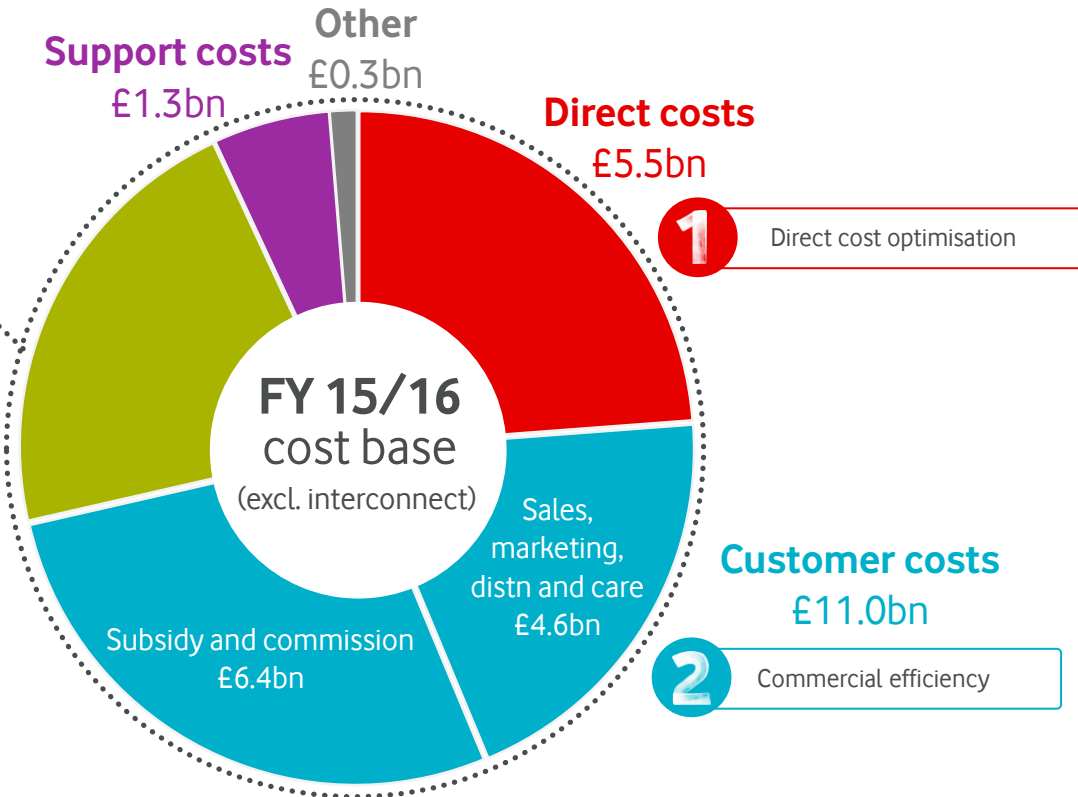
Delivering operational leverage – Fit for Growth

- 4 Centralised procurement and Shared Services
- 5 ZBB / productivity targeting
- 6 M&A synergy capture

Technology costs
£5.0bn

3 Network & IT transformation

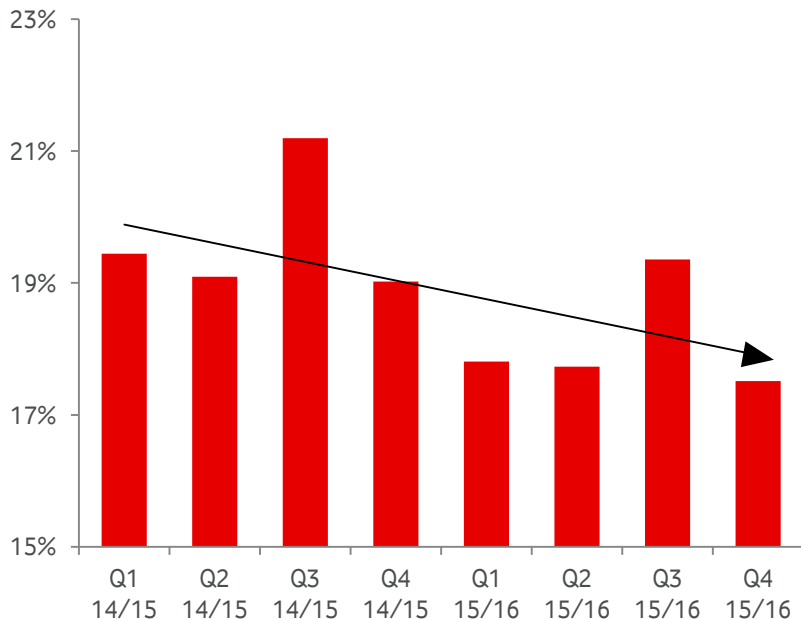
Scope: Total Fit for Growth costs
£23.1bn + capex



Delivering operational leverage – Fit for Growth




2 Commercial efficiency

European A&R intensity falling



1. Direct channel share of consumer contract gross adds
2. Average mobile subsidy per gross add

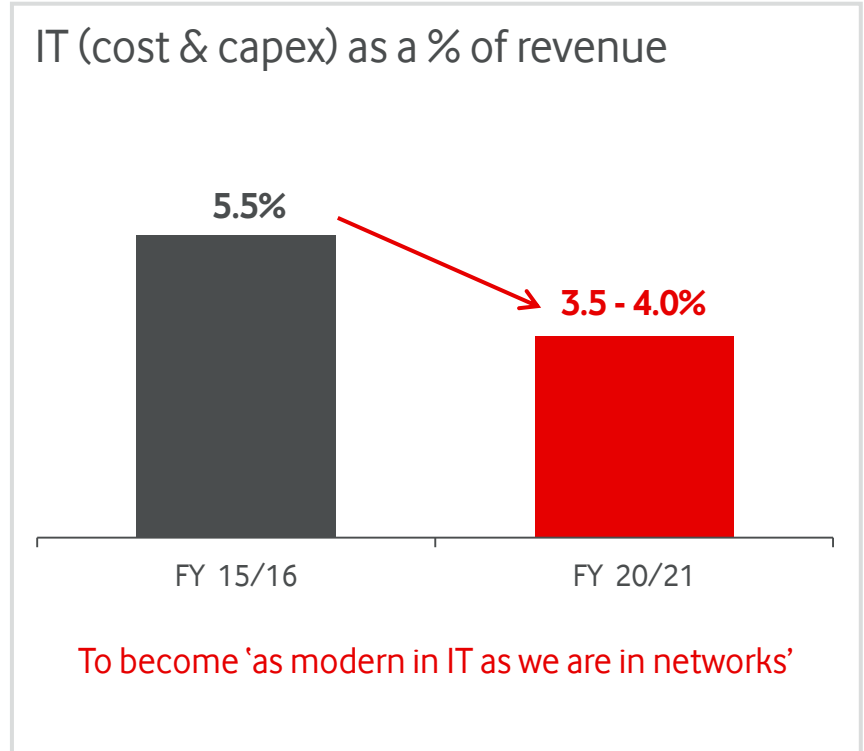
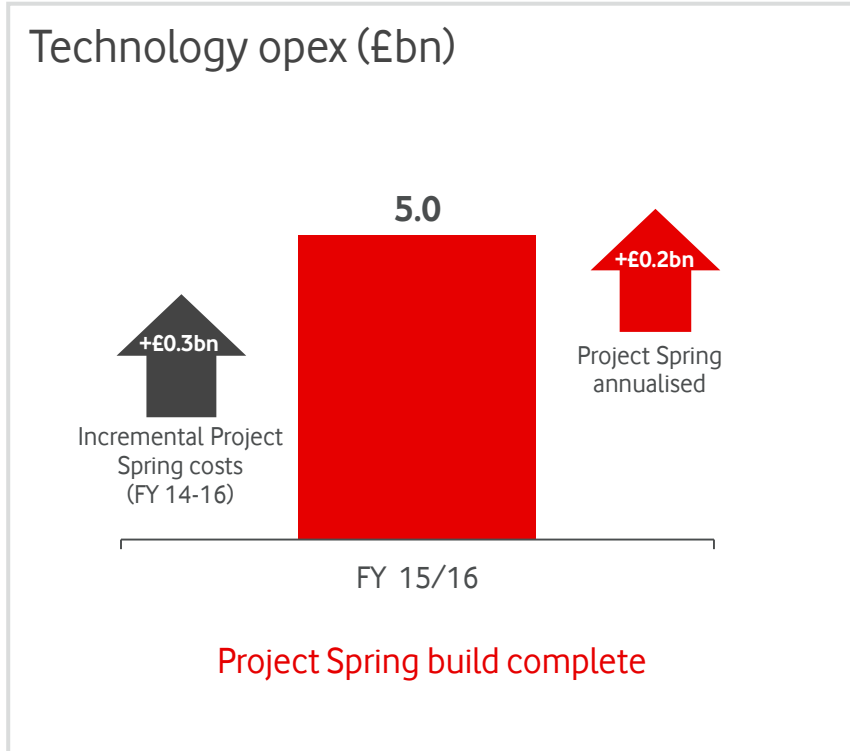
Efficiency improvements

		FY 15/16
Channel productivity and quality	Mobile gross adds ¹ (branded channels) 	36% +5ppt
		60% +3ppt
	Group broadband net adds	1.3m +11%
Lower subsidies²		-75%
Increasing online penetration	My Vodafone app	36% +11ppt FY 16/17 target: 60%



Delivering operational leverage – Fit for Growth

3 Network and IT transformation

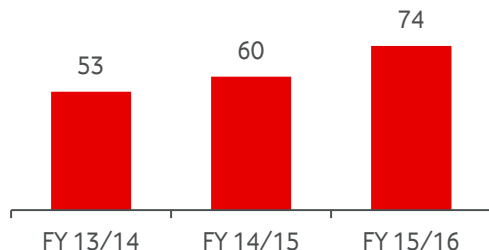


Delivering operational leverage – Fit for Growth

4 Centralised procurement and Shared Services

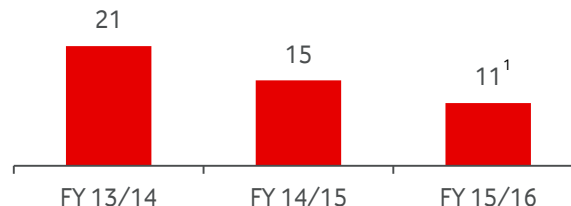
Increasing centralised spend

% of total spend through VPC

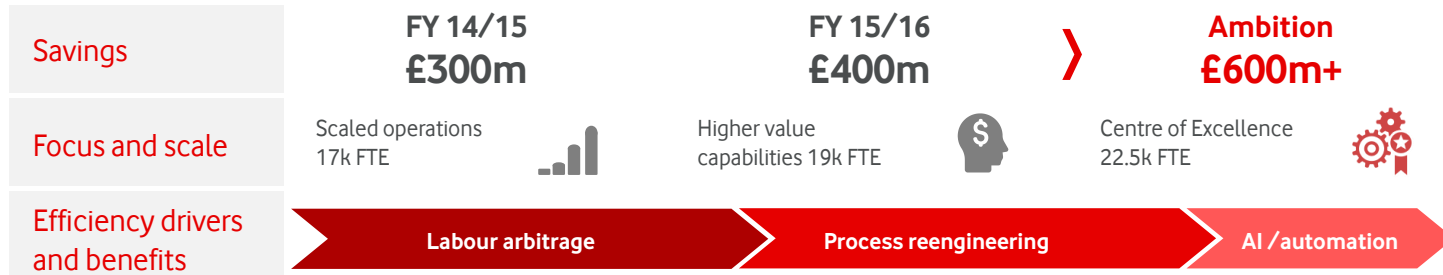


- FY 18/19 target **80%**
- Exceeding world class benchmarks
- Moving from **price discount** to **cost component build up**

Consolidating our supplier base (000s)



Shared Services



1. Excluding M&A activity



Delivering operational leverage – Fit for Growth

5 Zero-based budgeting

Group support functions

Case study

£100m

Absolute net cost savings
achieved in year 1

Group Operations

Productivity targets set

Multi-year margin targets

Countries growing EBITDA > service revenue

10

FY 12-15

15

FY 15/16

24

Current 3 year target

Out of 26 countries



Delivering operational leverage – Fit for Growth

6 Cost & capex synergies raised to €6.3bn (+€1.3bn over acquisition business case)



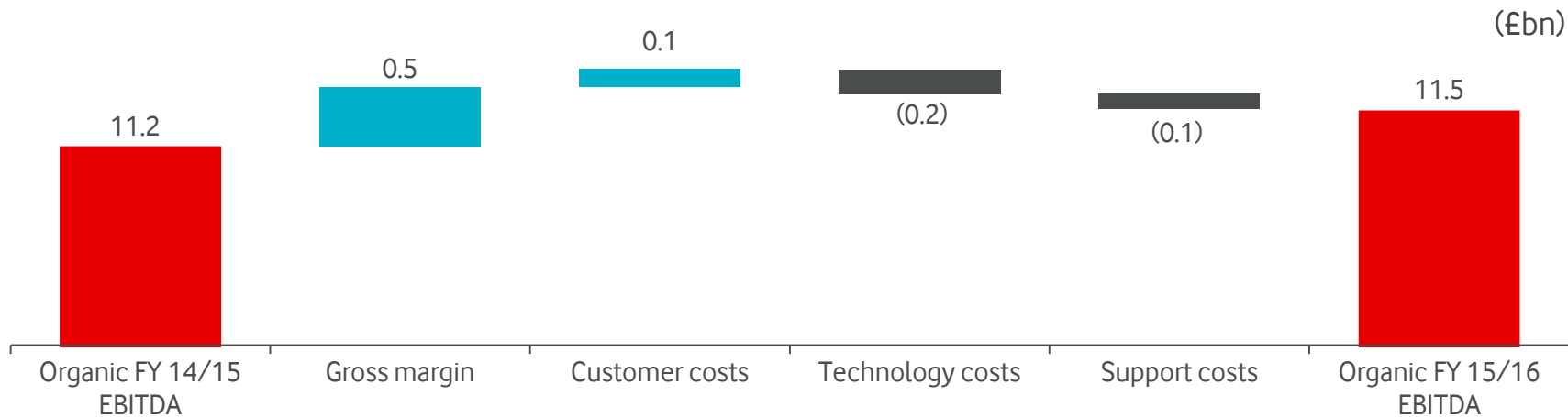
	Original target	New target	Original target	New target
Cost & capex synergies Yr4	€240m 100% secured	€300m	€300m 80% secured	€300m
NPV	€2.0bn	€2.8bn	€3.0bn	€3.5bn ¹
Network	<i>Ahead</i>		<i>Slightly behind</i>	
Cost & capex one-offs	<i>FTTH capex avoidance and MVNO migration complete</i>		<i>ULL avoidance on-track migrations slightly behind</i>	
Procurement and central functions	<i>Ahead</i>		<i>Ahead</i>	
Revenue synergies	<i>Cross sell performance on-track Early launch of Vodafone One</i>		<i>Strong momentum maintained +7.5% FY 15/16 growth</i>	

1. NPV increases given higher savings run-rate in year 5 and beyond driven by higher procurement savings



Composition of organic FY EBITDA growth

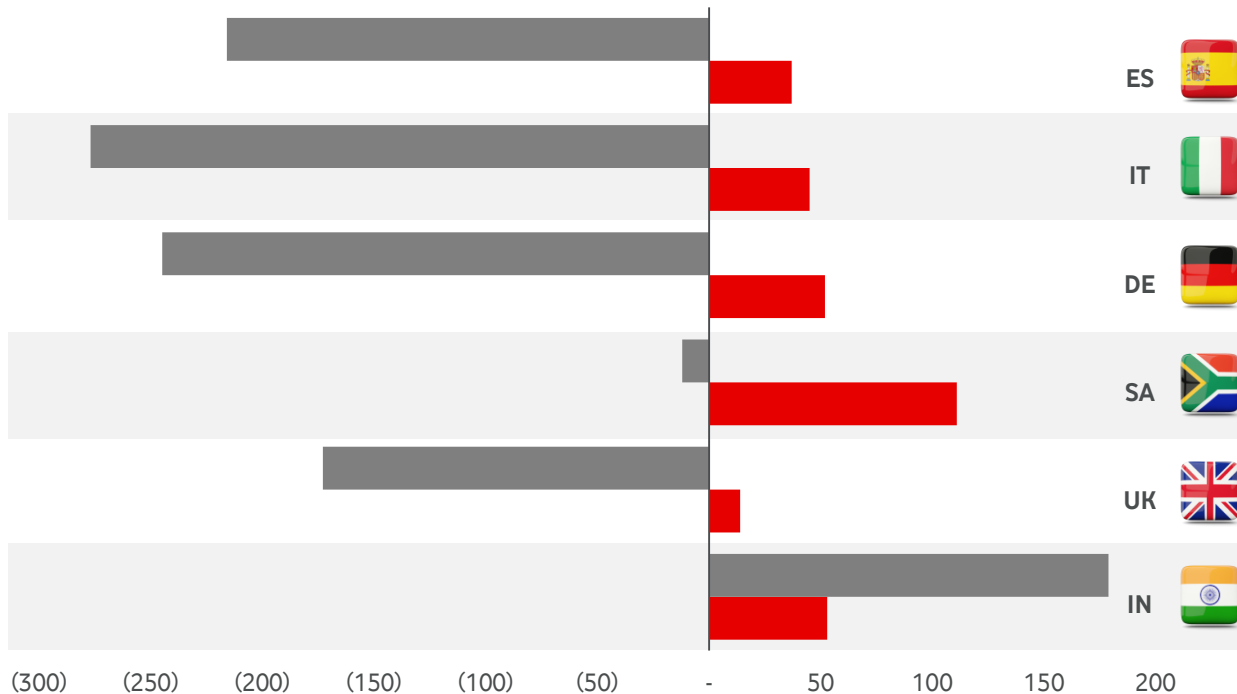
	FY 15/16	FY 14/15	Improvement
EU mobile contract net adds (000s)	1,826	1,209	+617
Fixed broadband net adds (000s)	1,324	928	+396
Consumer contract churn	18.1%	18.7%	0.6ppt
Enterprise churn	16.1%	16.9%	0.8ppt



Broad based EBITDA improvements across our top markets

Absolute organic EBITDA growth YoY (£m)

FY 14/15
-7% YoY
c.-£800m

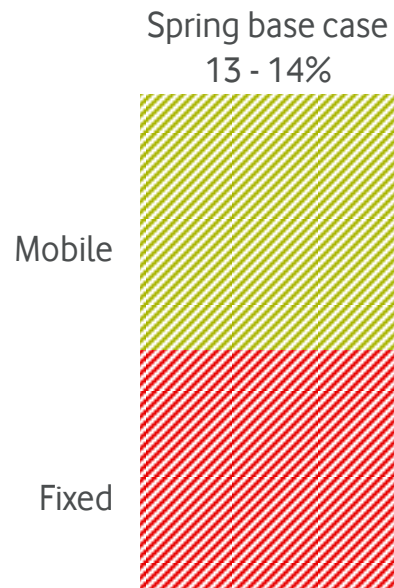


FY 15/16
+2.7% YoY
c.+£300m



Investing to sustain leading network quality & growth

Capital intensity (% of revenue)



New Post-Spring target

'Mid-teens'

Drivers:

Mobile

EU: further 4G densification / preparing to lead in 5G

- >95% sites with fibre in European cities

AMAP: accelerate 4G expansion

Fixed

Gigabit technology leader

- New fibre footprint expansion (Southern Europe)
- Rapid DOCSIS 3.1 deployment
- Customer success led CPE

IT Transformation



Free cash flow reflecting Project Spring investment

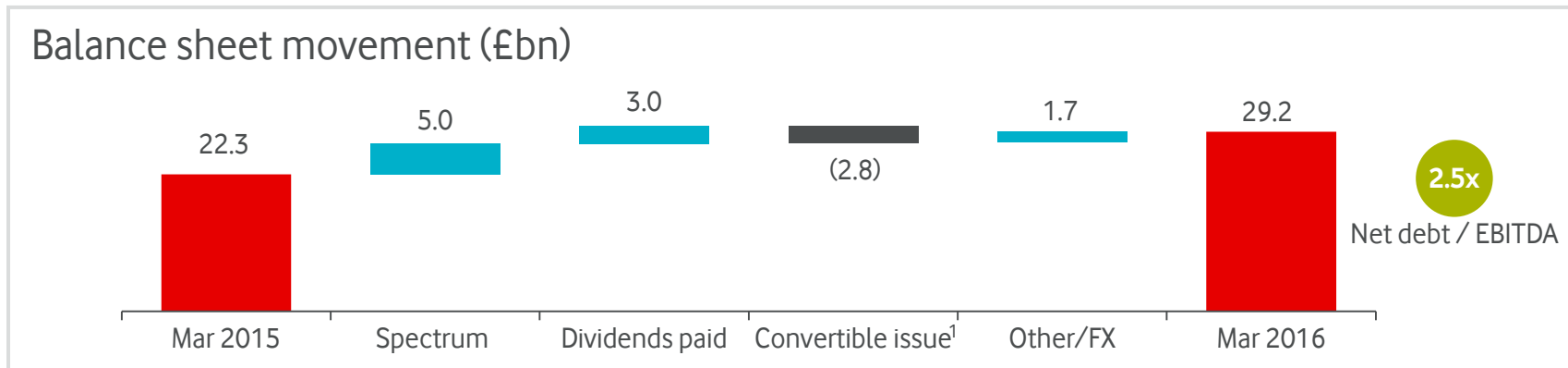
	FY 15/16 (£m)	FY 14/15 (£m)
EBITDA	11,612	11,915
Capital expenditure	(8,599)	(9,197)
Working capital	(386)	(121)
Net interest	(1,026)	(994)
Taxation	(689)	(758)
Dividends received ¹	67	224
Dividends to non-controlling interests	(223)	(247)
Other ²	257	266
Free cash flow	1,013	1,088

- Project Spring investment complete
- Underlying effective tax rate 28.8%, medium-term rate now expected to be mid-20s

1. Principally relating to Safaricom (Safaricom and Indus in FY 14/15)
 2. Relates to cash movements on share based payments and disposal of capital assets



Our Balance sheet is robust



Headroom created and life of facilities extended

BBB+
credit rating

Actions:

- **Mandatory convertible bonds (£2.9bn)**
- aligning with VZW loan notes
- **€6bn** of EMTN bonds raised
- avg. life **6.6yrs**, weighted avg. interest cost of **1.55%**
- Continued focus on **portfolio management**

FY 15/16

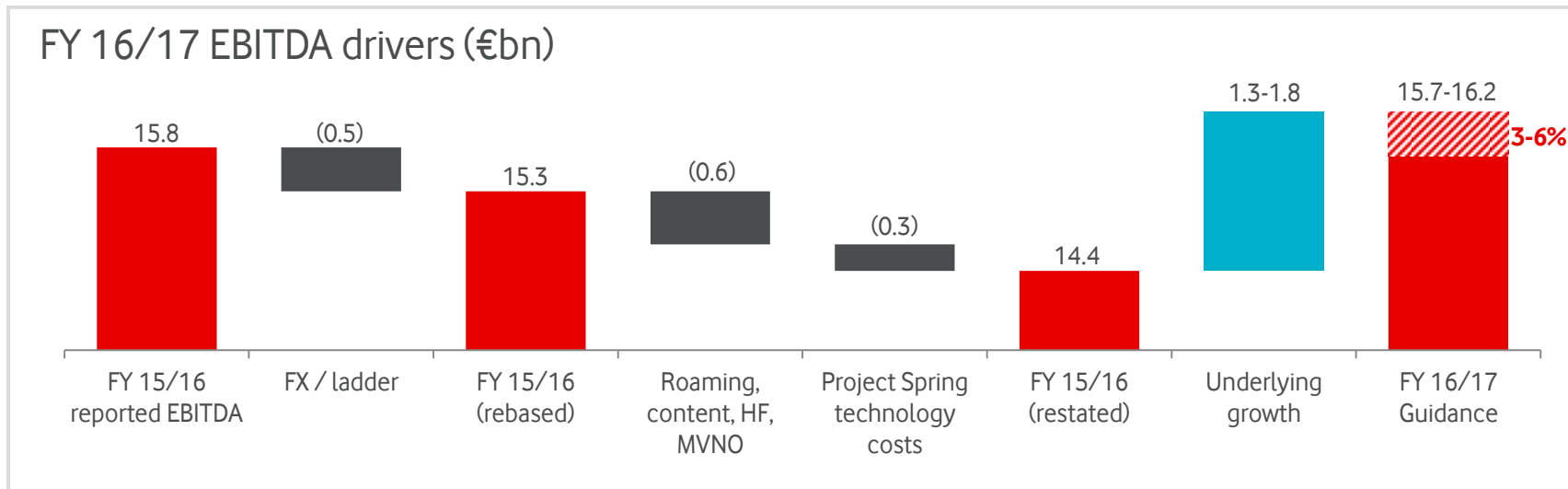
Average cost of net debt 4.7%

Average life of debt 6.3yrs

1. Includes the cost of future coupon payments



Guidance for FY 16/17



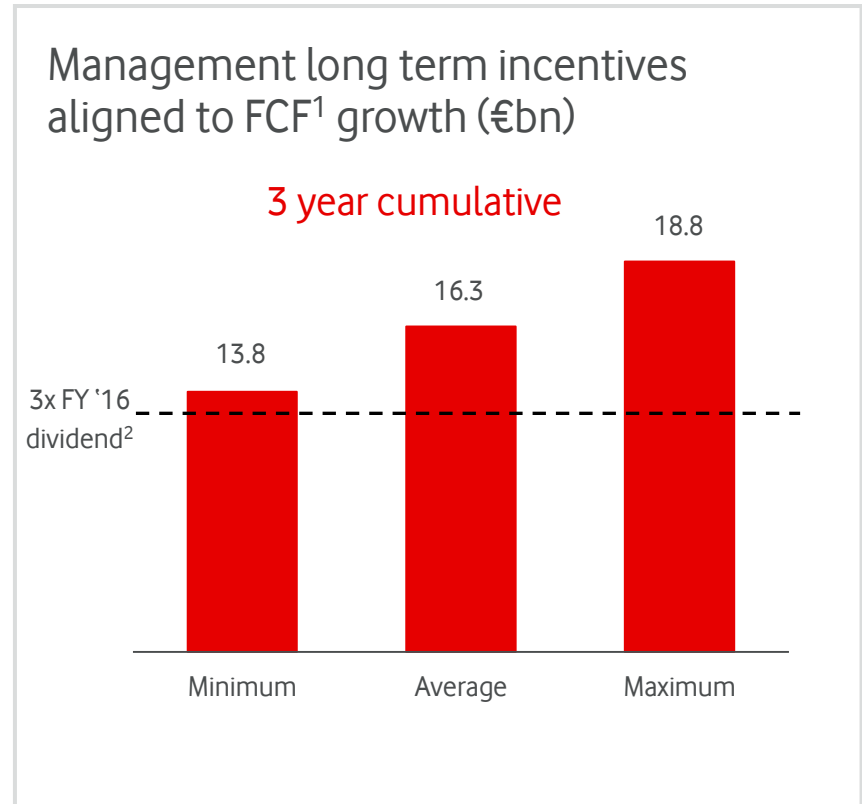
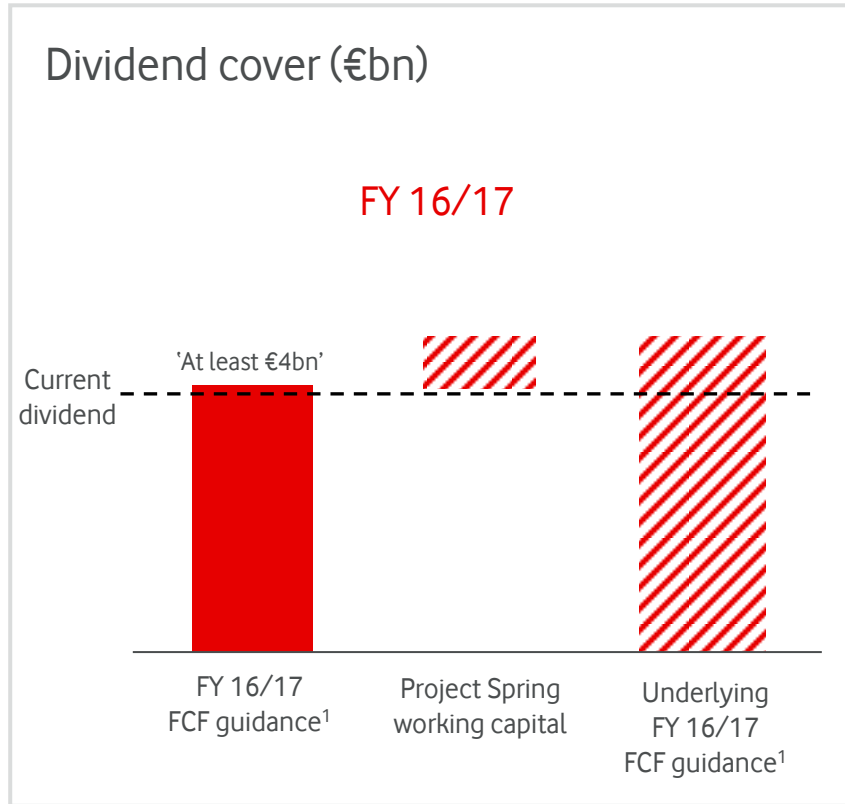
Guidance¹ for FY 16/17

Organic EBITDA growth of **3% - 6%**
 Free cash flow of at least **€4bn**

1. Guidance for FY 16/17 is based on our current assessment of the global macroeconomic outlook and assume foreign exchange rates of €1: £0.79 €1:INR 76.4, €1:ZAR 16.5, €1:TRY 3.2 and €1:EGP 9.8. It excludes the impact of licences and spectrum payments, material one-off tax-related payments, restructuring costs and any fundamental structural change to the Eurozone, including a potential decision by the United Kingdom to leave the European Union. It also assumes no material change to the current structure of the Group.



We intend to grow the dividend



1. FCF: Operating free cash flow after cash flows in relation to taxation, interest, dividends received from associates and investments and dividends paid to non controlling shareholders in subsidiaries, but before restructuring costs and licence and spectrum payments.
2. FY 15/16 dividend per share of €14.48c/share (based off year end FX rate of 1.2647 €/€)



Summary

FY 15/16 achievements

- Project Spring build completed
- NPS leadership improved
- Record fixed broadband growth
- Strategic position enhanced in Italy / Netherlands
- Group service revenue +1.5%, Europe stabilised
- Organic EBITDA growth faster than revenues (+2.7%)
- Dividend per share +2.0% to 11.45p

Priorities FY 16/17 and beyond

- Customer 'CARE'
- Monetise data growth, 'More4More'
- Technology roadmap
- Engage regulators, Incumbent re-monopolisation risk
- Efficiency and margin expansion
- Portfolio optimisation; India IPO
- Shareholder returns



Q&A





Appendix



Project Spring | Mobile build programme 108% delivered

Build progress from Sept 2013 to March 2016

Europe

- 4G outdoor coverage +55ppt to **87%** (target 91%)
- Single RAN +40ppt to **93%** (target 97%)
- High capacity backhaul +25ppt to **90%** (target 98%)

AMAP

- 3G/4G outdoor coverage (excl. India) +10ppt to **85%** (target 84%)
- 4G coverage +36ppt to 37% (excl. India)
- India 3G coverage in targeted urban areas now 95% (target 95%) + additional circles
- Single RAN +29ppt to **58%** (target 51%)
- High capacity backhaul +28ppt to **63%** (target 52%)

March 2016 delivery against Sept 2013 targets

	Target	Delivered
4G sites	77,000	76,000
3G sites	73,000	77,000
2G sites	47,000	50,000
Single RAN	106,000	115,000
High capacity backhaul	87,000	102,000



Project Spring | Mobile customer experience targets achieved

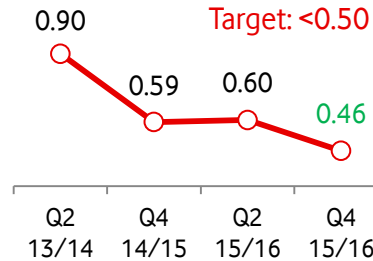
Customer experience progress since Sept 13

Europe

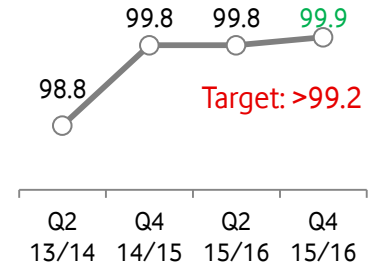
- 4G live in all 13 markets; 4G+ live in 12 markets
- Data sessions >3Mbps +15ppt to **91%** (target 90%)

Voice quality improvements since Sept 13

Dropped Call Rate (%)



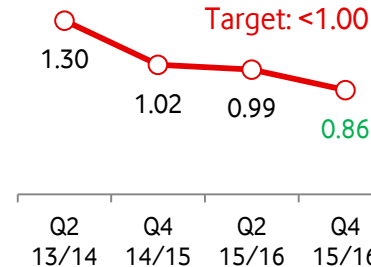
Call Setup Success (%)



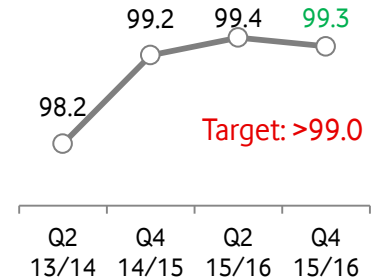
AMAP

- 4G live in 8 markets; 4G+ live in 5 markets
- HD Voice live in 8 markets

Dropped Call Rate (%)



Call Setup Success (%)



Project Spring KPIs

Germany

	Q1 15/16	Q2 15/16	Q3 15/16	Q4 15/16
Deployment and experience				
4G % outdoor population coverage	78%	81%	84%	87%
% of data sessions >3Mbps	82%	82%	84%	85%
% of dropped calls	0.54%	0.58%	0.48%	0.45%
% homes reached by owned NGN	35%	35%	35%	35%
% of targeted stores refitted	28%	39%	49%	50%

Commercial impact

4G customers (m)	5.5	6.5	6.9	7.9
Contract churn (%)	13.8%	15.5%	16.2%	15.4%
Contract mobile ARPU (EUR)	25.9	25.7	25.4	24.9
Average smartphone data usage (MB)	593	632	685	764

UK

	Q1 15/16	Q2 15/16	Q3 15/16	Q4 15/16
Deployment and experience				
4G % outdoor population coverage	68%	75%	79%	84%
% of data sessions >3Mbps	86%	87%	89%	89%
% of dropped calls	0.75%	0.77%	0.70%	0.65%
% homes reached by owned NGN	-	-	-	-
% of targeted stores refitted	55%	70%	81%	88%

Commercial impact

4G customers (m)	4.0	5.3	6.3	7.0
Contract churn (%)	15.8%	15.6%	16.9%	17.9%
Contract mobile ARPU (GBP)	26.6	26.4	26.1	25.9
Average smartphone data usage (MB)	1,014	1,183	1,363	1,389



Project Spring KPIs

Italy

	Q1 15/16	Q2 15/16	Q3 15/16	Q4 15/16
Deployment and experience				
4G % outdoor population coverage	88%	91%	94%	95%
% of data sessions >3Mbps	94%	92%	94%	94%
% of dropped calls	0.60%	0.62%	0.53%	0.46%
% homes reached by owned NGN	5%	7%	10%	13%
% of targeted stores refitted	94%	96%	97%	97%

Commercial impact

4G customers (m)	2.7	4.0	5.0	6.5
Prepaid churn (%)	32.4%	32.1%	32.2%	30.3%
Prepaid mobile ARPU (EUR)	11.4	12.2	12.7	12.4
Average smartphone data usage (MB)	981	1,254	1,313	1,461

Spain

	Q1 15/16	Q2 15/16	Q3 15/16	Q4 15/16
Deployment and experience				
4G % outdoor population coverage	78%	80%	86%	91%
% of data sessions >3Mbps	83%	81%	86%	87%
% of dropped calls	0.58%	0.60%	0.50%	0.44%
% homes reached by owned NGN	46%	46%	47%	49%
% of targeted stores refitted	30%	34%	40%	41%

Commercial impact

4G customers (m)	3.3	4.3	4.8	5.4
Contract churn (%)	18.1%	20.1%	19.6%	18.7%
Contract mobile ARPU (EUR)	20.1	20.5	19.6	18.8
Average smartphone data usage (MB)	1,097	1,063	1,254	1,537



Project Spring KPIs

India

	Q1 15/16	Q2 15/16	Q3 15/16	Q4 15/16
Deployment and experience				
3G % outdoor population coverage (targeted urban areas)	91%	94%	94%	95%
% of data sessions (>400kbps)	74%	75%	79%	83%
% of dropped calls	1.02%	1.08%	1.03%	0.93%
% of targeted stores refitted	45%	55%	64%	67%

Commercial impact

3G customers (m)	22.1	23.8	25.9	27.4
Prepaid mobile ARPU (INR)	149	144	141	144
Average data usage (MB)	357	393	438	454

Vodacom (South Africa)

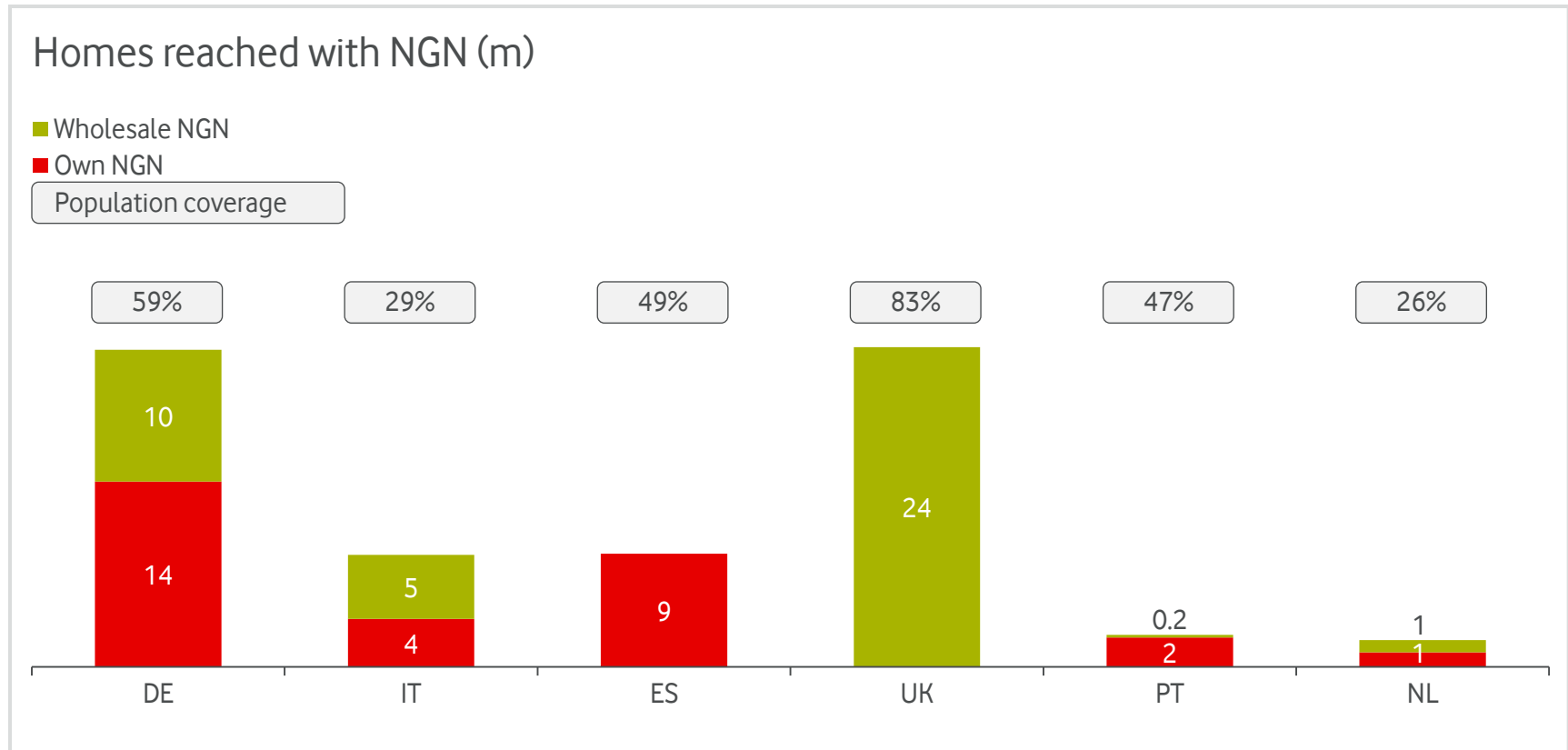
	Q1 15/16	Q2 15/16	Q3 15/16	Q4 15/16
Deployment and experience				
4G % outdoor population coverage	41%	47%	54%	58%
% of data sessions >3Mbps	85%	86%	86%	86%
% of dropped calls	0.67%	0.49%	0.40%	0.40%
% of targeted stores refitted	76%	80%	83%	87%

Commercial impact

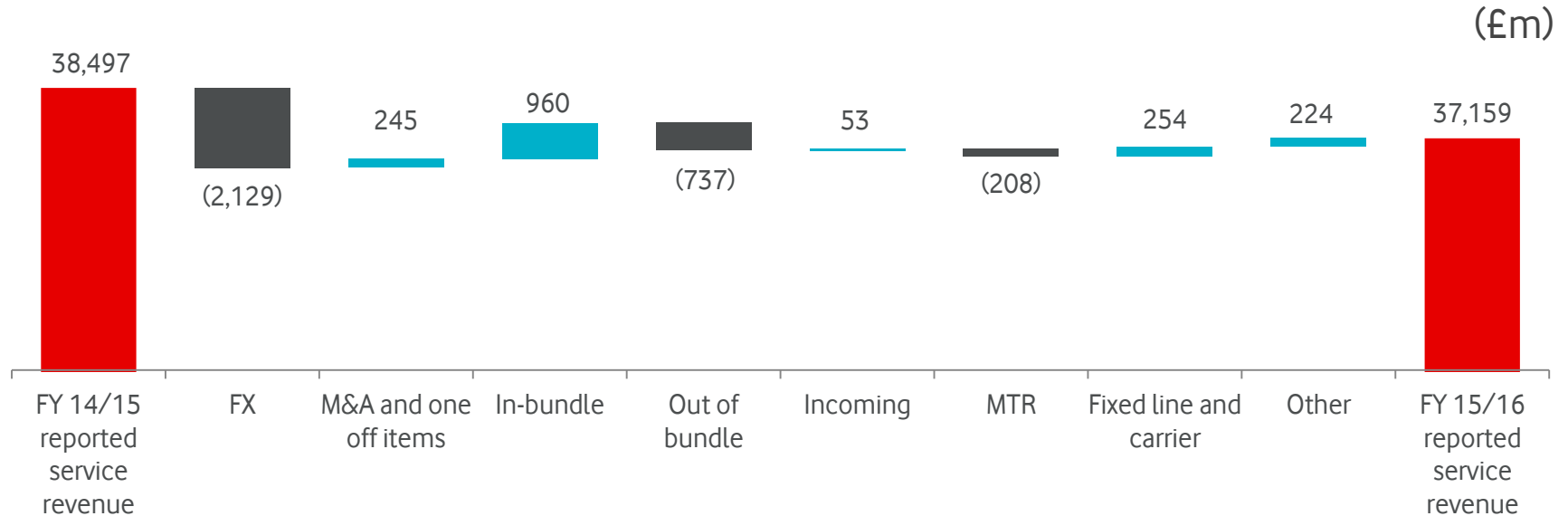
4G customers (m)	1.9	2.0	2.5	3.1
Contract mobile ARPU (ZAR)	381	393	409	404
Average smartphone data usage (MB)	501	541	569	588



Significant high speed NGN broadband reach in key markets



Service revenue bridge



- M&A and one-off items relates primarily to £0.4bn of service revenue from Ono, HOL and Vodafone Automotive offset by the UK ladder settlement / other (£0.1bn)



Voice MTR impact

	FY 15/16 (£m)	FY 15/16 (%)	FY 14/15 (£m)	FY 14/15 (%)
Europe				
Service revenue	(56)	(0.2)	(154)	(0.6)
EBITDA	-		(36)	
AMAP				
Service revenue	(152)	(1.4)	(146)	(1.3)
EBITDA	(40)		(67)	
Group				
Service revenue	(208)	(0.6)	(300)	(0.8)
EBITDA	(40)		(103)	



Profit

	FY 15/16 (£m)	FY 14/15 (£m)
Adjusted operating profit¹	3,117	3,507
Net financing costs	(1,824)	(853)
Taxation	(162)	(703)
Deferred taxation	(3,207)	5,468
Customer & brand amortisation ²	(979)	(1,269)
Restructuring costs	(236)	(157)
Impairment loss	(450)	-
Profit for the year from discontinued operations	-	57
Other	(77)	(133)
Profit for the year	(3,818)	5,917
Non controlling interests	(206)	(156)
(Loss)/Profit attributable to owners of parent	(4,024)	5,761

1. Now reported excluding the impact of restructuring costs, significant one-off items and amortisation of acquired intangible customer bases and brand intangible assets
2. Customer amortisation relate primarily to Italy (FY 15/16 £319m, FY 14/15 £443m), KDG (FY 15/16 £325m, FY 14/15 £465m) and Ono (FY 15/16 £207m, FY 14/15 £183m)



Adjusted EPS reconciliation

	FY 15/16 (£m)	FY 14/15 (£m)	Reported growth (%)
(Loss)/Profit attributable to owners of parent	(4,024)	5,761	
Taxation	3,194	(5,334)	
Net financing costs	449	(437)	
Customer & brand amortisation	979	1,269	
Non controlling interests	(17)	(21)	
Restructuring costs	236	157	
Impairment loss	450	-	
Profit for the year from discontinued operations	-	(57)	
Other	77	133	
Adjusted profit for the year	1,344	1,471	
Weighted average shares (m)¹	26,692	26,489	
Adjusted EPS (p)	5.04	5.55	(9.2)

1. Note: Excluding the issuance of £2.9 billion of mandatory convertible bonds in February, the weighted average basic and fully diluted share count for the year was 26.542 billion; £2.754 billion of these bonds were classified as equity after taking into account the cost of future coupon payments



Adjusted earnings impacted by Project Spring

	FY 15/16 (£m)	FY 14/15 (£m)	Reported growth (%)
EBIT¹	3,073	3,570	(13.9)
Share of results from associates	44	(63)	
Adjusted operating profit¹	3,117	3,507	(11.1)
Net financing costs	(1,375)	(1,290)	
Taxation	(175)	(569)	
Non controlling interests	(223)	(177)	
Adjusted earnings¹	1,344	1,471	
Adjusted earnings per share¹	5.04p	5.55p	(9.2)
Full year dividend per share	11.45p	11.22p	2.0%

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

Note: Excluding the issuance of £2.9 billion of mandatory convertible bonds in February, the weighted average basic and fully diluted share count for the year was 26.542 billion; £2.754 billion of these bonds were classified as equity after taking into account the cost of future coupon payments



Taxation

	FY 15/16 (£m)	FY 14/15 (£m)	
Taxation	3,369	(4,765)	
Deferred tax assets	(3,207)	2,127	Deferred tax following revaluation of investments in Luxembourg
Recognition of deferred tax assets	-	3,341	Recognition of deferred tax asset for losses in Luxembourg
Amortisation of deferred tax assets	(423)	(439)	
Other	436	305	
Adjusted tax expense	175	569	
Effective tax rate	15.1%	29.4%	



Financing costs

	FY 15/16 (£m)	FY 14/15 (£m)	
Net financing costs	(1,824)	(853)	
Mark to market (gains)/losses	247	134	
Potential interest on tax	15	(4)	
Non-EPS FX revaluation	455	(437)	
Underlying net financing costs	(1,107)	(1,160)	Primarily favourable FX movements YoY
FX	86	160	
Capitalised interest	(179)	(142)	
Other	(20)	221	
Adjusted underlying net financing costs	(1,220)	(921)	
Average net debt	(25,864)	(19,814)	
Adjusted underlying net financing costs as a percentage of net debt	4.7%	4.7%	



Cost of debt

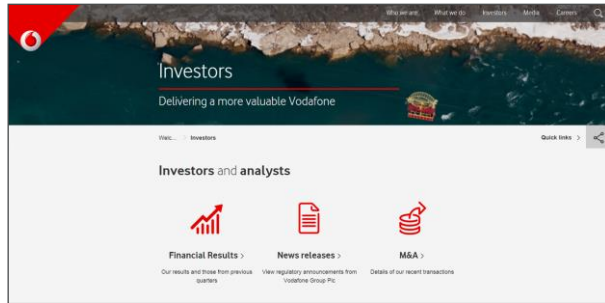
Currency	Closing Gross Debt (£bn)	Closing Net Debt (£bn)
EUR	26.0	18.1
USD	11.4	2.9
GBP	2.4	(3.5)
INR	6.6	6.5
Other	0.5	5.2
Total	46.9	29.2

	FY '16 £bn	FY '15 £bn
Average gross debt	39.4	32.4
Average cash and short term investments	(13.5)	(12.6)
Average net debt	25.9	19.8
Adjusted underlying net financing costs as a percentage of gross debt	3.1%	2.8%
Adjusted underlying net financing costs as a percentage of net debt	4.7%	4.7%



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2016 upcoming dates

Annual report
3 June

Q1 results
22 July

AGM
29 July

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This presentation, along with any oral statements made in connection therewith, contains “forward-looking statements” 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, 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 “will”, “anticipates”, “aims”, “could”, “may”, “should”, “expects”, “believes”, “intends”, “plans” or “targets” (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: changes in economic or political conditions in markets served by operations of the Group; greater than anticipated competitive activity; the impact of investment in network capacity and the deployment of new technologies, or the rapid obsolescence of existing technology; higher than expected costs or capital expenditures; slower than expected customer growth and reduced customer retention; changes in the spending patterns of

new and existing customers; the Group’s ability to expand its spectrum position or renew or obtain necessary licences; the Group’s ability to execute its strategy; changes in foreign exchange rates and interest rates; the Group’s ability to realise benefits from entering into partnerships or joint ventures and entering into service franchising and brand licensing; unfavourable consequences to the Group of making and integrating acquisitions or disposals; changes to the regulatory framework in which the Group operates; 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 or unfavourable developments in the availability or prices of commodities and raw materials; developments in the Group’s financial condition 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; changes in statutory tax rates or profit mix; and/or changes in tax legislation or final resolution of open tax issues.

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 “Forward-looking statements” and “Risk management” in the Group’s Annual Report for the year ended 31 March 2015. 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. 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.

