



Half year results and strategy update

12 November 2013

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Agenda

H1 financial review

Strategy overview

Vodafone differentiation

Network

Q&A

Break

Europe review

AMAP review

Enterprise

Q&A

Wrap up

Andy Halford

Vittorio Colao

Paolo Bertoluzzo

Steve Pusey

Philipp Humm

Nick Read

Nick Jeffery



Highlights

Financial performance

- H1 Group service revenue **-4.2%**, affected by ongoing challenges in Europe (N&C Europe **-3.9%**, S Europe **-14.9%**)
- Continued strong growth in data and AMAP, **+5.8%**
- Full year guidance for pro forma AOP and FCF confirmed
- Interim DPS **+8%** to **3.53p**

Strategic progress

- Success with Vodafone Red: **7.5m** customers, product evolution
- Progress on enterprise, creation of discrete organisational structure
- Acquisition of Kabel Deutschland, successful integration of CWW
- Announced **\$130bn** VZW transaction, **\$84bn** return to shareholders
- Commitment to annual DPS growth, improved dividend cover

Project Spring

- Opportunity to establish even stronger network and service differentiation
- Increased and accelerated investment: **around £7bn** by March 2016
- Incremental free cash flow of above **£1bn** in FY 18/19





H1 13/14

Financial review

Andy Halford

Group Chief Financial Officer

Results are presented on a management basis unless otherwise stated. Management basis includes the results of Vodafone Italy, Vodafone Hutchison Australia, Vodafone Fiji and Indus Towers, the Group's joint ventures, on a proportionate basis. It also includes five months profit contribution from Verizon Wireless in FY 13/14.

Top line pressures, stable underlying margin

	H1 13/14 £m	Reported growth %	Organic growth %	Q2 13/14 growth %
Group revenue	22,034	1.2	(3.2)	(3.6)
Group service revenue	20,040	0.1	(4.2)	(4.9)
Group EBITDA¹	6,609	(1.4)	(4.1)	
<i>EBITDA margin (%)</i>	<i>30.0</i>	<i>(0.8)ppt</i>	<i>(0.3)ppt</i>	
Associate income	3,192	(0.9)	19.5	
Adjusted operating profit¹	5,709	(8.3)	0.5	

Underlying service revenue

- Q2 -2.2% excluding MTR impact
- H1 -1.5% excluding MTR impact
- Strong growth from AMAP
- Intense price competition in Europe

Adjusted operating profit

- VZW 5 months contribution

All growth rates shown are organic unless otherwise stated

1. Now reported excluding the impact of restructuring costs and significant one-off items. Restructuring costs were £121m in H1 13/14 and £63m in 12/13. One-off costs of £107m in H1 13/14 relate to an asset write-off in Spain in relation to a tax case.



Growing dividends, robust cash generation

	H1 13/14 £m	H1 12/13 £m	Reported growth (%)
Adjusted operating profit ¹	5,709	6,225	(8.3)
Net financing costs	(588)	(829)	
Tax	(1,316) ²	(1,395)	
Non-controlling interests	(88)	(84)	
Adjusted net profit	3,717	3,917	(5.1)
Other net (losses)/gains ²	(416)	-	
Deferred taxation	14,653	-	
Impairments	-	(5,900)	
Profit/(loss) for the period	17,954	(1,983)	
Adjusted earnings per share³	7.85	8.06	(2.6)
Ordinary dividend per share	3.53p	3.27p	8.0
Free cash flow	2,020	2,178	(7.3)

All growth rates shown are organic unless otherwise stated

1. Now reported excluding the impact of restructuring costs and significant one-off items
2. H1 13/14 tax expense includes five months US taxation, one month of US taxation is included within other net losses
3. Now reported excluding amortisation of acquired intangible customer base and brand

Finance costs and tax

- Mark-to-market benefits financing costs
- US profit mix increases taxation
- Significant deferred tax recognition

Earnings per share

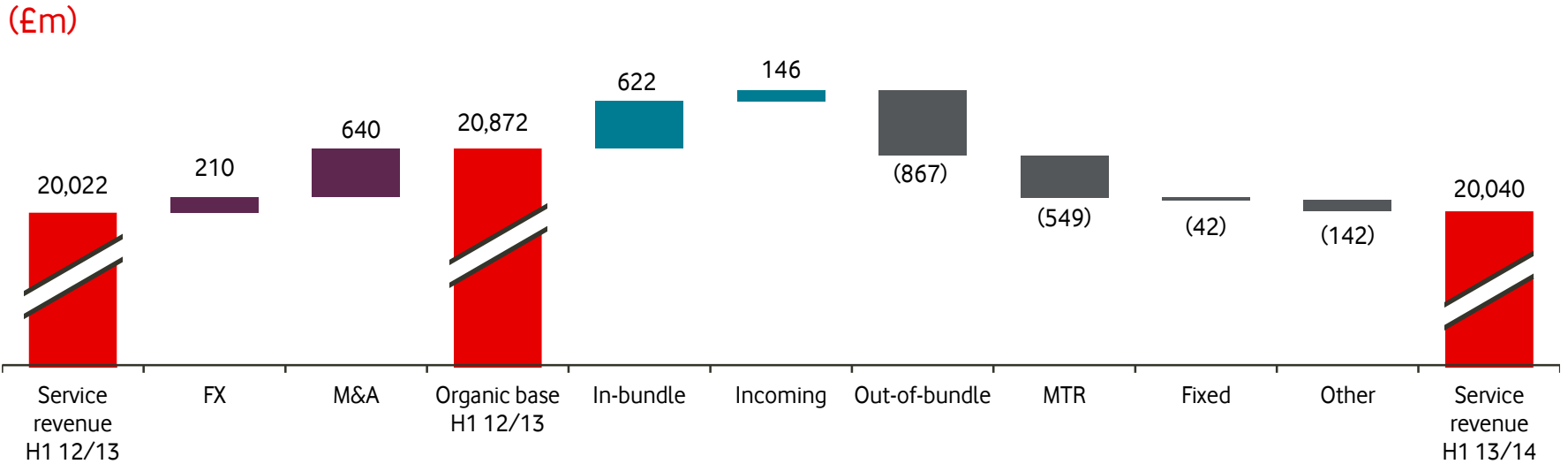
- -2.6%, or +10.4% underlying

Dividends

- 8.0% growth
- Commitment to future growth



Group: decline in underlying service revenue

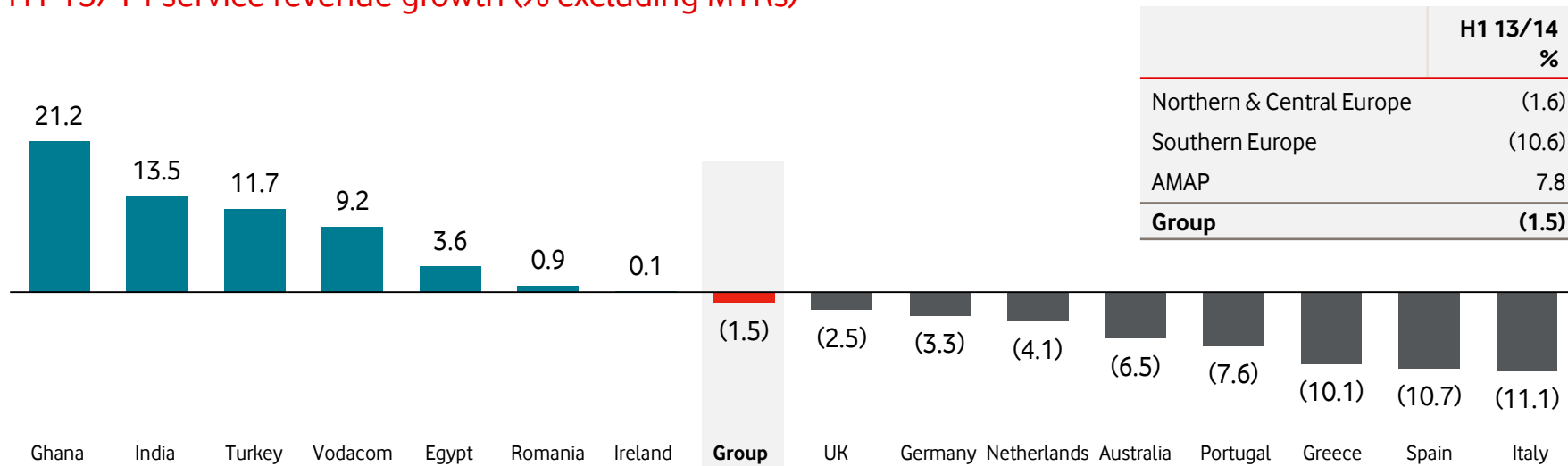


- In-bundle customer revenue now 57% of Q2 Europe mobile service revenue



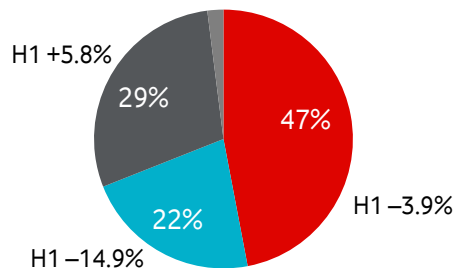
Emerging markets continue to grow strongly

H1 13/14 service revenue growth (% excluding MTRs)

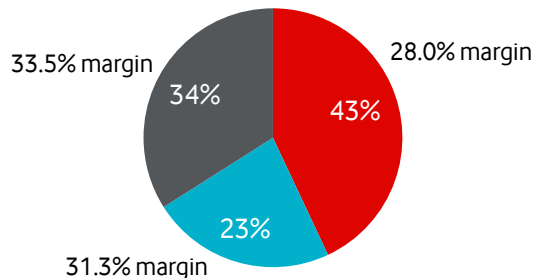


Regional overview

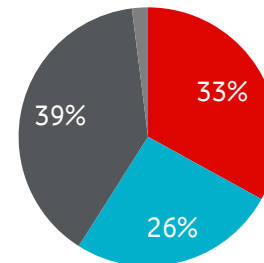
Service revenue



EBITDA



Operating free cash flow



Europe

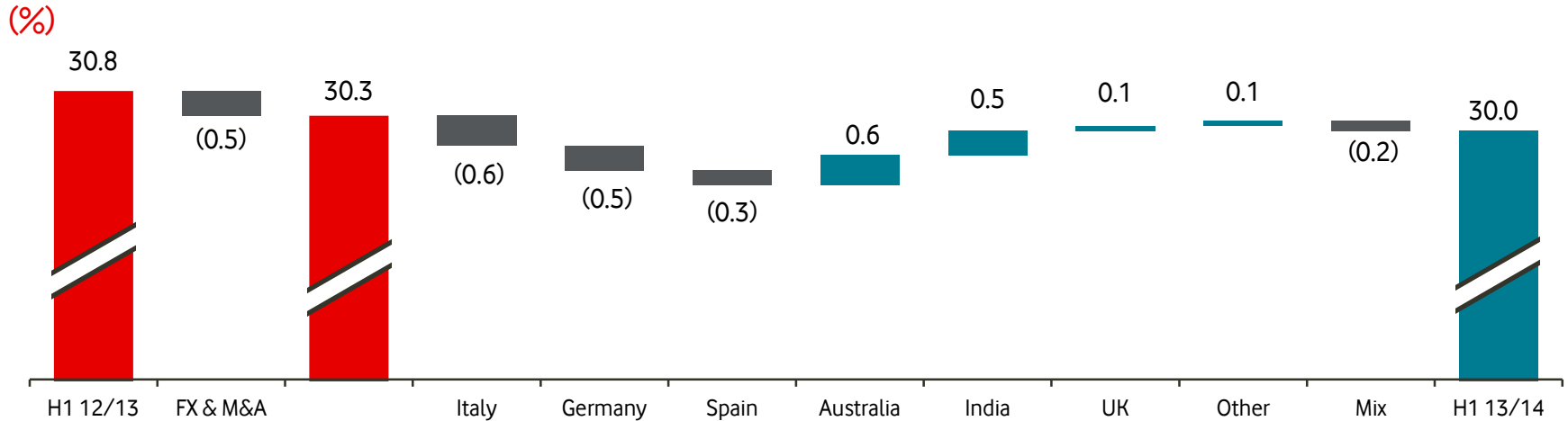
- 39% smartphone penetration
- In-bundle revenues +6.4% in Q2

AMAP

- Data volumes +108%
- Strong margin improvement



EBITDA margin: AMAP growth offsets revenue decline in Europe

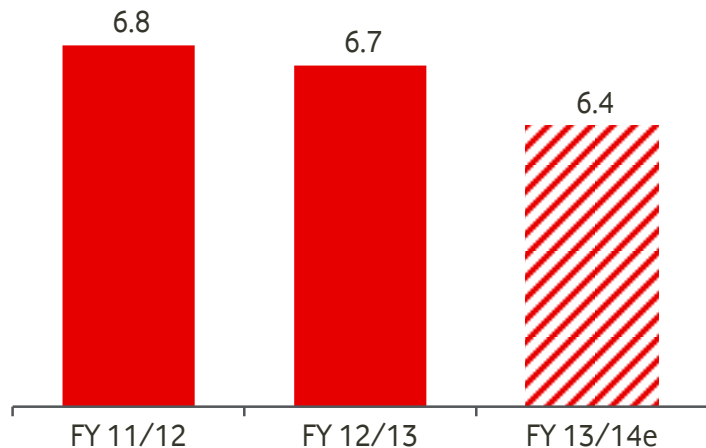


- Margin -0.8ppt due to lower revenues; underlying decline 0.3ppt
- Tough trading environment in Europe, lower revenues
- Strong revenue growth and cost control in AMAP



On target to deliver reduction in European opex

European opex¹ (£bn)



Target: £0.3bn absolute reduction
in FY 13/14

- Network & IT
 - Reduced European network operations centres from 13 to 2
 - Active network sharing in the UK, Spain, Greece & Romania
 - 47% of European sites shared today, 65% of new sites
- Continue move to shared services
 - Now 8,700 FTEs, 10,500 targeted by March 2014
 - Over £100m net savings in FY 13/14
- Increase central procurement
 - €6.9bn spend in FY 12/13 (FY 11/12: €5.3bn)
 - €10bn+ in FY 13/14
- > 10% targeted reduction in support costs in FY 13/14

All growth rates shown are organic unless otherwise stated

1. Organic opex includes Northern & Central Europe, Southern Europe and Common Functions, excludes restructuring costs and Project Spring



Deferred tax asset recognition, higher effective tax rate

	31 March 2013 £bn	Additional recognition £bn	Other £bn	30 September 2013 £bn
Deferred tax assets	2.8	17.7	(0.3)	20.2

	H1 13/14 %	H1 12/13 %
Effective tax rate	31.3	28.9
<i>Continuing</i>	27.9	
<i>Discontinuing</i>	33.5	

Deferred tax

- £17.7bn asset recognised
- Nil cash impact
- Greater tax expense going forward

Effective tax rate

- Higher due to increased US weighting

Pending US transaction

- \$5.0bn / £3.0bn liability arising on US reorganisation prior to sale



Industry leading financing costs

	H1 13/14 £m	H1 12/13 £m	Reported growth %
Underlying net financing costs	(806)	(752)	7.2
Mark to market gains/(losses)	165	(109)	
Potential interest on tax	53	32	
Net financing costs	(588)	(829)	(29.1)
Average cost of debt¹	5.2%	5.5%	

- Higher average net debt
- Benefit of rising interest rates on mark to market
- Excluding India, effective rate falls 1.0ppt to 4.2%
- H2 13/14 KDG acquisition

All growth rates shown are organic unless otherwise stated

1. Excludes interest payable to Piramal



Robust free cash flow

	H1 13/14 £m	H1 12/13 £m
EBITDA	6.6	6.7
Capital additions	(2.7)	(2.5)
Working capital	(0.7)	(1.0)
Net interest	(0.7)	(0.6)
Taxation	(1.6)	(1.3)
VZW tax distribution	1.4	1.1
Net dividends excl. VZW	(0.2)	(0.2)
Other	(0.1)	-
Free cash flow	2.0	2.2
Free cash flow per share	4.16p	4.42p

- Slightly reduced EBITDA
- Continuing capital investment
- US neutral impact - offsetting increases in taxation and dividends received



Strong balance sheet, supports significant investment

	£bn
Opening net debt 31 Mar 13	(27.0)
Free cash flow	2.0
Share buyback	(1.0)
Verizon Wireless dividend received	2.1
Equity dividends paid	(3.4)
Spectrum	(0.3)
Foreign exchange	2.2
Other	(0.3)
Closing net debt 30 Sept 13	(25.7)
Closing net debt excluding joint ventures	(23.9)

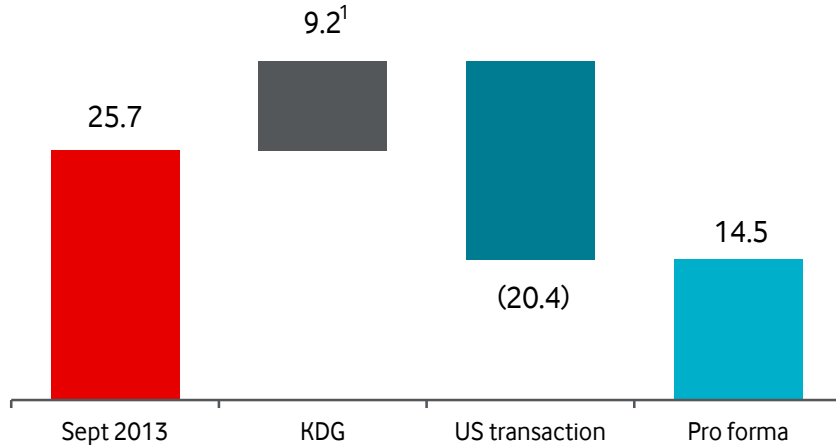
- £1.5bn share buyback programme completed
- Spectrum spend in Australia & Romania
- £275m KDG spend to date¹
- H2 13/14 cash flows
 - KDG acquisition, 76.6%
 - VZW transaction, Q4 completion
- Continue to target low single A rating

1. 4.27% owned at 30 September 2013



Strong financial position and growing dividend per share

Pro forma net debt (£bn)



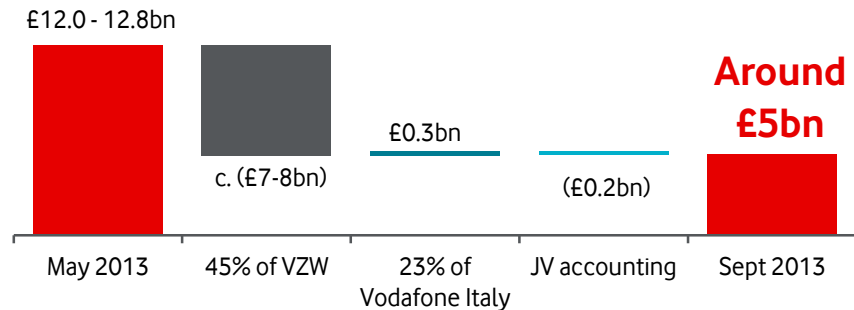
- 3.53p interim dividend per share announced today
- Proposed FY 13/14 dividend per share of 11p (+8.0% YoY) and intention to grow it annually thereafter
- FCF dividend cover significantly improved
- US transaction accretive to FCF per share

1. 100% acquisition of KDG. At 30 September, 4.27% was held, stake increased to 76.57% on 14 October 2013.

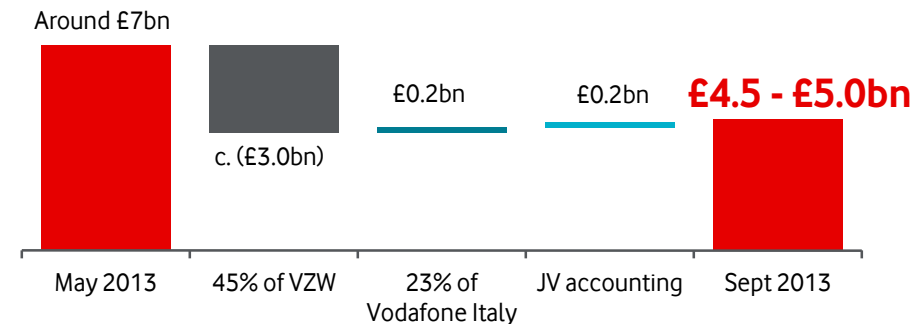


FY 13/14 guidance^{1,2} and cash outlook confirmed

Adjusted operating profit



Free cash flow³



- Free cash flow guidance excludes £2.1bn VZW dividend received
- Capital expenditure to remain broadly stable on a constant currency basis, excludes £0.5bn impact of Project Spring
- H2 margin⁴ decline slightly higher than H1
- KDG excluded

1. Pro forma guidance excludes VZW and includes 100% of Vodafone Italy, both for the whole year. Vodafone's remaining joint ventures (principally Australia, Fiji and Indus Towers) are included on an equity accounted basis, consistent with IFRS requirements. Also excludes purchase accounting adjustments on the Vodafone Italy Transaction and impact of Project Spring.
2. Guidance for FY 13/14 assumes foreign exchange rates of £1:€1.17, £1:INR84.9 and £1:ZAR14.3 and assumes no material change to the current structure of the Group
3. Free cash flow guidance excludes the impact of licence and spectrum purchases, material tax settlement related payments, restructuring costs and impact of Project Spring.
4. Organic basis, excluding M&A, restructuring costs and impact of Project Spring



Continued investment and strong shareholder returns

- Attractive controlled businesses across broad geographic footprint
- £2.0 billion free cash flow, £4.1 billion including VZW dividend
- Reconfirmed financial outlook¹; around £5.0 billion adjusted operating profit, £4.5 - £5.0 billion free cash flow
- Strong balance sheet, financial flexibility for the future
- Continued focus on shareholder returns
 - 8% growth in dividend per share this year
 - Intention to grow dividend per share annually thereafter
 - Scope for additional shareholder returns in the medium term, depending on operating performance and the availability of value creating investment opportunities



1. Pro forma guidance excludes VZW and includes 100% of Vodafone Italy, both for the whole year. Vodafone's remaining joint ventures (principally Australia, Fiji and Indus Towers) are included on an equity accounted basis, consistent with IFRS requirements. Also excludes impact of Project Spring.



Strategy update

Vittorio Colao
Group Chief Executive



We are now starting Chapter 3 of the Vodafone story

1996-2002

CHAPTER 1

VODAFONE

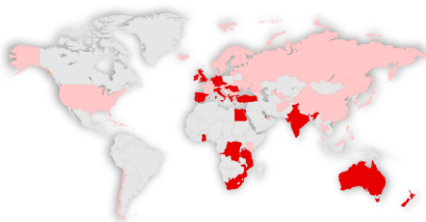


mannesmann

- Ride wave of mobile penetration/voice
- International expansion

2002-2012

CHAPTER 2



- Emerging market expansion
- Portfolio rationalisation and move to control positions
- Focussed effort on scale synergies

2013 onwards

CHAPTER 3



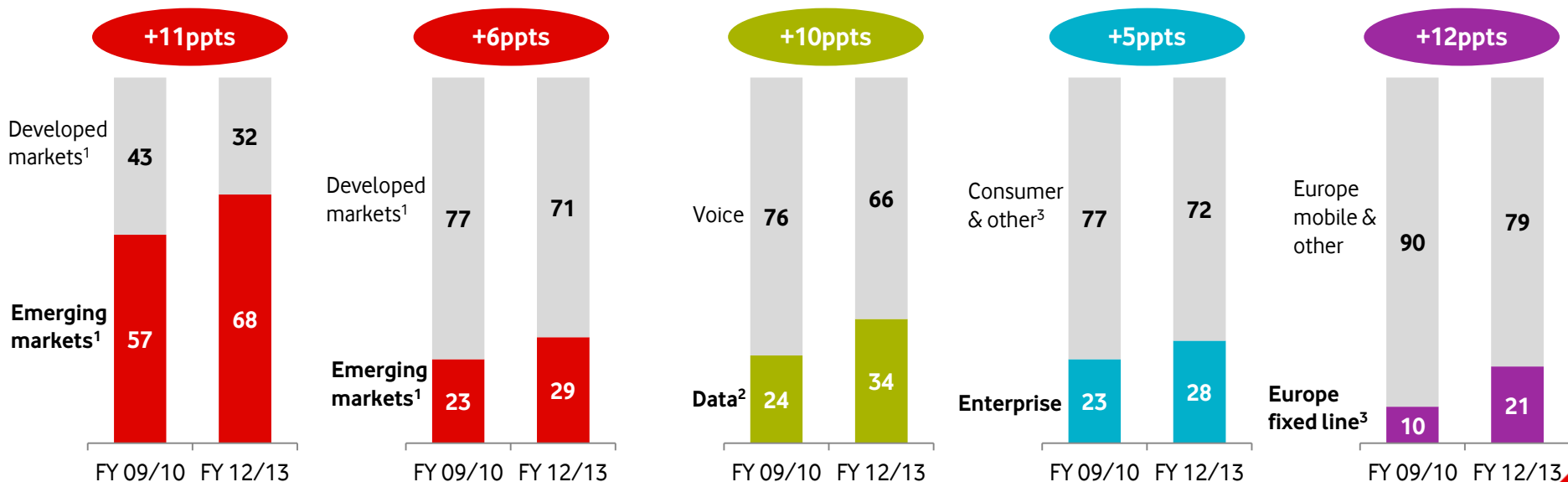
- **A data company**
- **Deeper and stronger in existing markets**
- **Enterprise expansion**
- **Continue to leverage group synergies**



Our strategy is already changing the profile of Vodafone

Vodafone Group customers (m)

Vodafone Group service revenue (reported, % split)

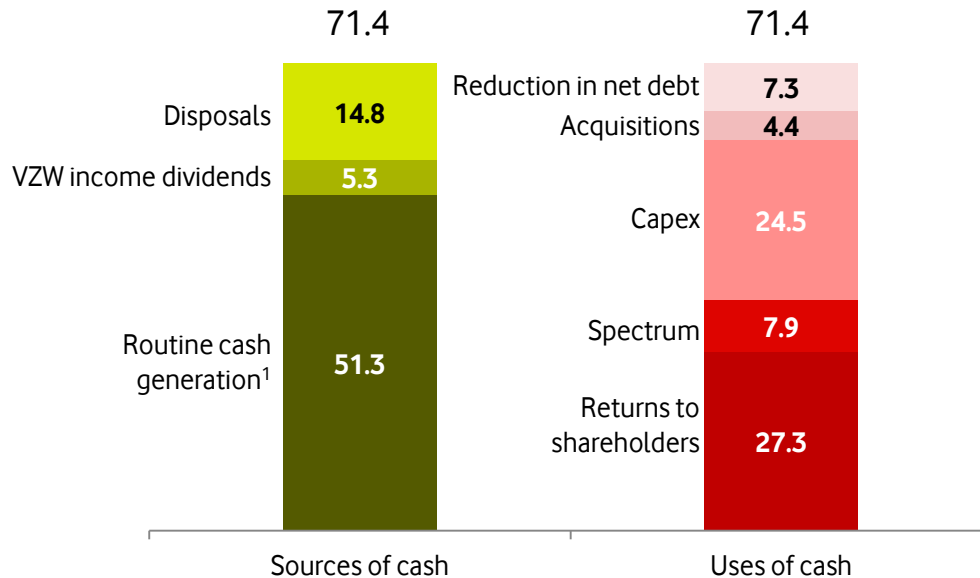


1. Emerging markets: AMAP (excluding Australia and New Zealand) plus Turkey; Developed markets: Europe plus Australia and New Zealand
2. Includes messaging revenue; excludes fixed line, visitor and wholesale revenue
3. Includes CWW and KDG on a pro forma basis for FY 12/13



We have been investing significantly and delivering strong shareholder returns

Cash movements, four years to March 2013 (£bn)

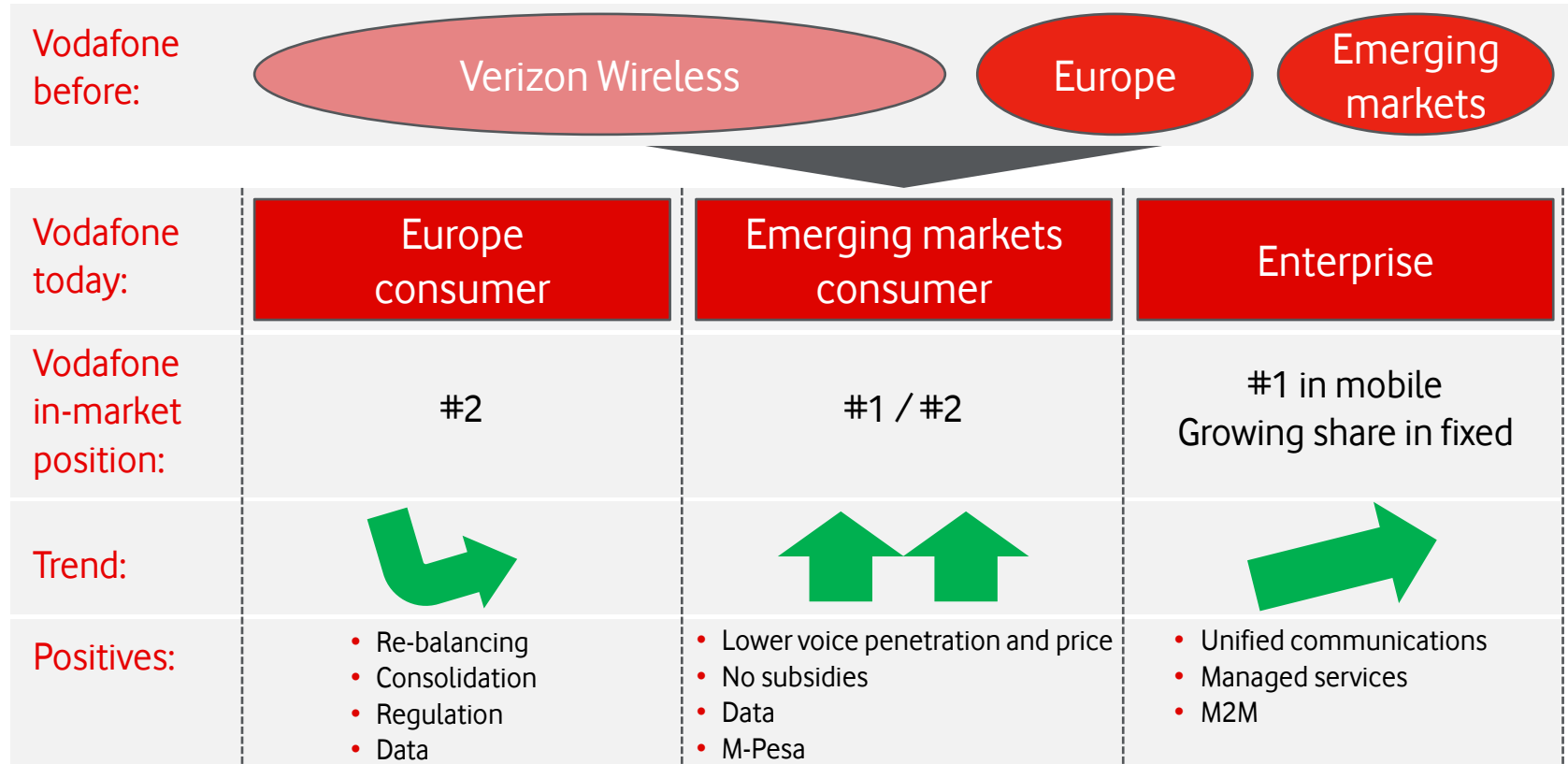


- Strong cash inflows from operations and VZW dividends
- Disposals of material non-controlling interests (SFR, China Mobile, Polkomtel, Softbank) for a total of £14.8bn
- Substantial investments in mobile networks, unified communications, enterprise and spectrum
- Over £27bn cash returned to shareholders in the last 4 years
- Consistent track record of achieving or exceeding AOP and free cash flow guidance

1. Includes tax and interest payments, non-VZW dividends and foreign exchange



Vodafone Group evolution



Where we will be five years from now

Europe consumer

- Converged in all our key markets
- Leader in mobile

Emerging markets consumer

- Strong leader
- First choice for data

Enterprise

- Major international player with full service offering

Project Spring: turbo-charging differentiation

Always best connected

- Best mobile voice and data (coverage and quality) – 4G/HSPA+
- Competitive in fixed and best converged experience

Unmatched customer experience

- Number one in customer experience – in store, online, on the phone
- Consistent execution across markets

Integrated worry-free solutions

- Simplest connectivity and price plans
- Converged Enterprise product suite
- Innovator in M2M, IP Comms, mCommerce

Cost efficient organisation

- Operating with efficient and effective processes and systems



Vodafone 2015 progressing well

Strategy

Progress

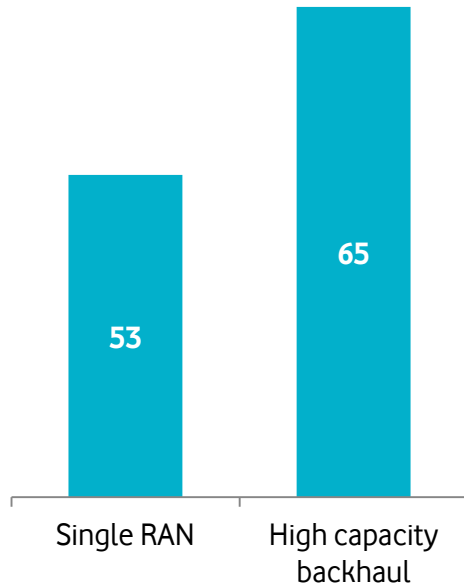
Consumer 2015	<ul style="list-style-type: none">• 7.5m Vodafone Red customers• Per customer data usage +39%¹• In-bundle now 57% of European mobile service revenue• M-Pesa now in nine Vodafone markets including India
Enterprise 2015	<ul style="list-style-type: none">• Creation of discrete organisational structure• Successful integration of CWW• New Carrier Services & Cloud/Hosting businesses established• Market leader in M2M (25% European market share)
Networks 2015	<ul style="list-style-type: none">• 4G now in 14 markets• Unified comms capability in 12 markets• Over 80% of European data sessions at 1 Mbps floor• HSPA 43.2Mbps at 56% of European 3G footprint
Operations 2015	<ul style="list-style-type: none">• Continuing cost reduction, strong performance in S Europe• Nearly 9k employees now in shared services across Europe and AMAP• On track to deliver £0.3bn opex reduction in Europe this year

1. Android and iOS smartphones



We have invested in a strong asset base

4G network readiness (% of European sites¹)



1. Excludes Turkey
2. Independent survey by P3 conducted in September 2013

3G/4G spectrum readiness

Market position





	Spectrum < 1GHz	Average downlink speeds ²
Germany 	=1	2
Italy 	=1	1
UK 	1	=1
Spain 	2	1
India 	2	1
South Africa 	=1	1



The European telecoms market is approaching a turning point

Growth drivers

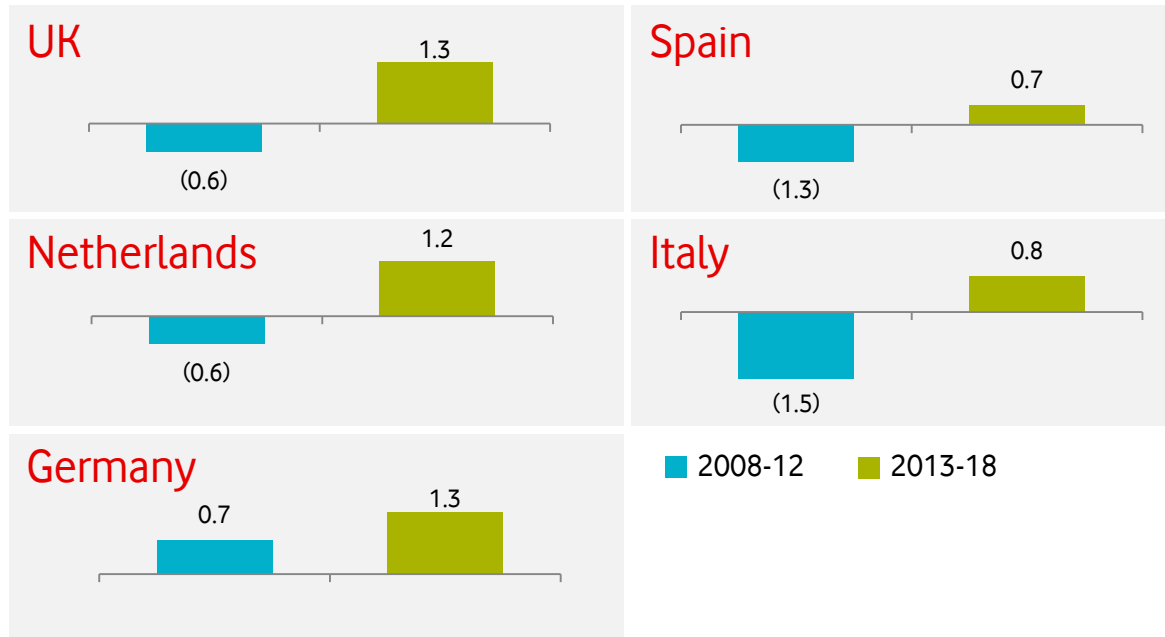
Trends

Economic environment	<ul style="list-style-type: none">• Return to economic growth in 2013/14<ul style="list-style-type: none">– Northern Europe in 2013– Southern Europe in 2014	
Demand	<ul style="list-style-type: none">• Rapid growth of mobile data usage• Shift to multiple mobile devices• Increase in demand for unified services	
Supply	<ul style="list-style-type: none">• 4G spectrum finally widely available• Richer supply of content for streaming	
Regulation	<ul style="list-style-type: none">• Regulatory focus shifting towards incentivising investment• Potentially more positive stance on in-market consolidation	



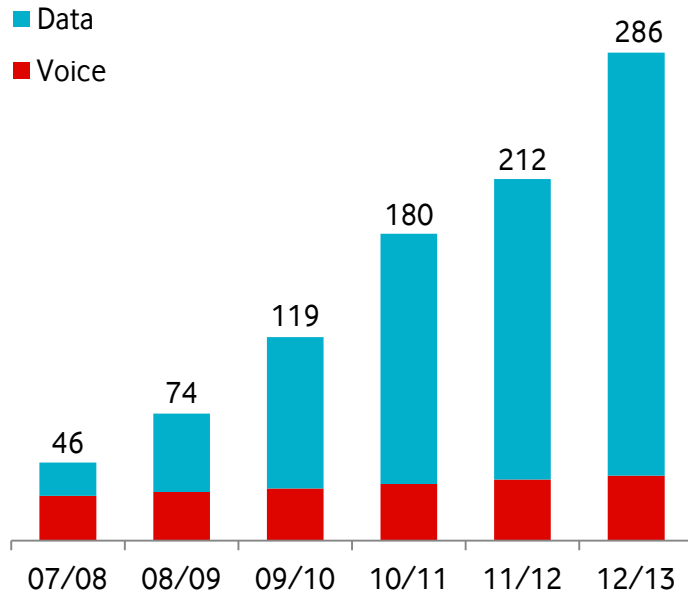
Economic environment: Europe

Real GDP growth rates across major European markets,
CAGR 2008-12 vs. 2013-18 (%)

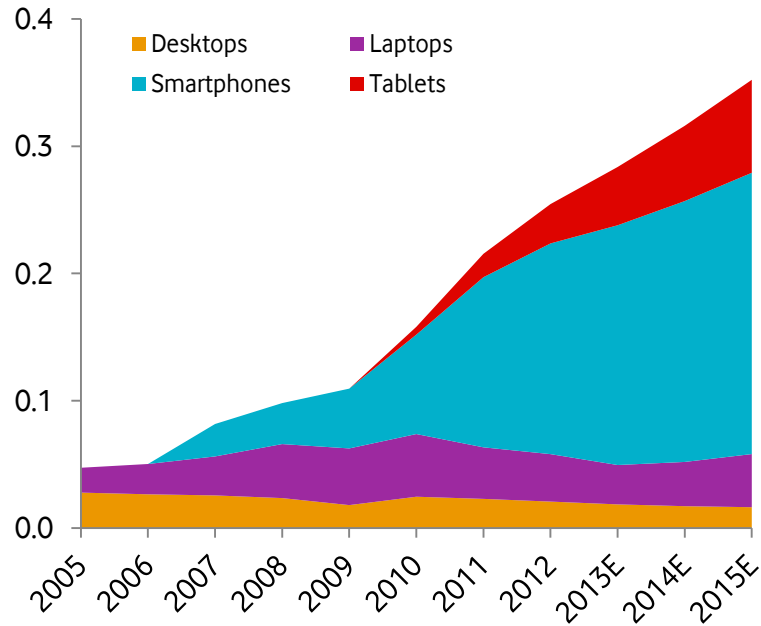


Demand: growth in mobile data and multiple mobile devices

Vodafone mobile voice and data traffic
(Petabytes, European markets)



Smartphone and tablet growth¹
(Billion units sold, Western Europe)

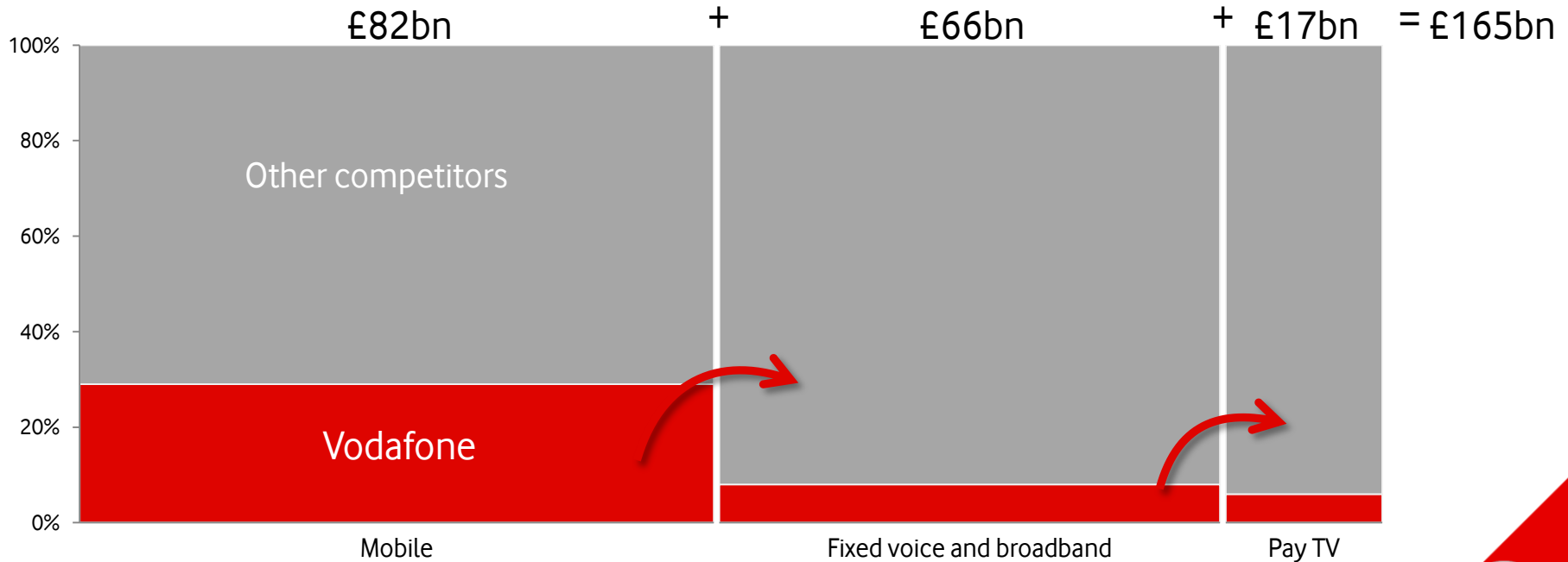


1. Source: Gartner



Demand: unified communications creates market opportunities

European telecoms market by technology¹
(£bn, Vodafone European markets, 2012)



1. Mobile and fixed markets include Germany, UK, Italy, Spain, Netherlands, Portugal, Greece, Romania, Czech Republic, Hungary, Turkey and Ireland; Pay TV markets include Germany, UK, Italy, Spain, Netherlands, Romania, Czech Republic, Hungary and Ireland; Source: IDC



Regulation: outlook stabilising after years of headwinds

Factor	Issue	Outlook
Regulated rates	<ul style="list-style-type: none">• Regulation on MTRs and roaming has had a material impact on mobile service revenue in Europe• Equivalent to around 75% of the total decline in the last 3 years¹	<ul style="list-style-type: none">• MTRs now generally at or close to €0.01; future impact reducing• Roaming glide path in place to 2016; significant opportunity in daily packages
Artificial competition	<ul style="list-style-type: none">• Asymmetric auction structures lower costs of entry• Mandated MVNOs	<ul style="list-style-type: none">• More consistent and long-term regime on spectrum proposed
Consolidation	<ul style="list-style-type: none">• Disproportionate remedies (e.g. Austria)• Failed Yoigo sale (Spain)	<ul style="list-style-type: none">• More favourable view towards cross-border scale• Potentially more positive stance on in-market consolidation

1. Source: Analysis Mason/Vodafone



Emerging market positive trends will continue

Drivers

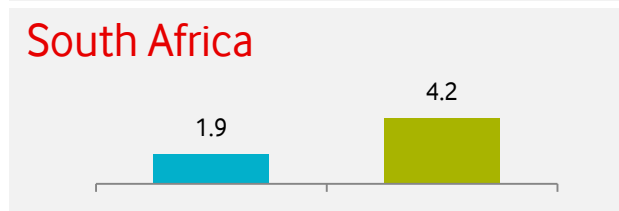
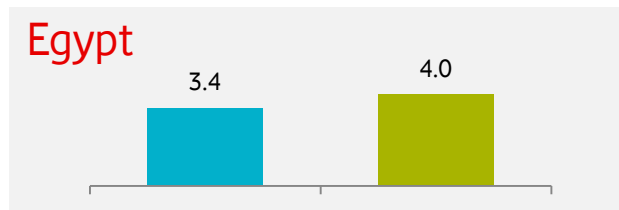
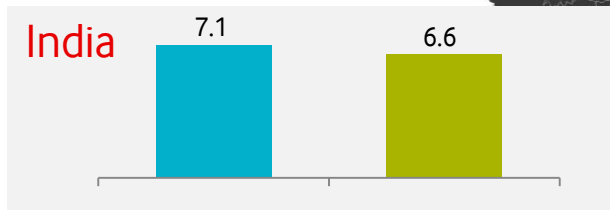
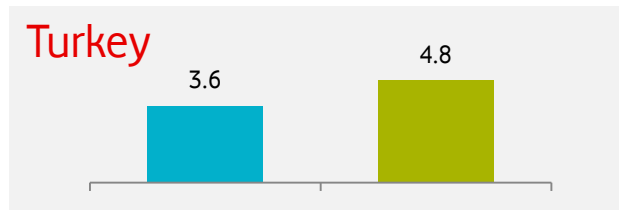
Trends

Economic environment	<ul style="list-style-type: none">• Growth to re-accelerate in 2014, following 2012/13 slow down
Demand	<ul style="list-style-type: none">• Voice penetration and minutes of use still growing• Strong demand for new services: M-Pesa transfers up 29% YoY• Data traffic growth 108% YoY
Regulation	<ul style="list-style-type: none">• Foreign investment restrictions becoming less common• Partnership model with local institutions successful (e.g. Kenya, Egypt, Ghana, Qatar)
Industry structure	<ul style="list-style-type: none">• Expected consolidation and focus on improving economics

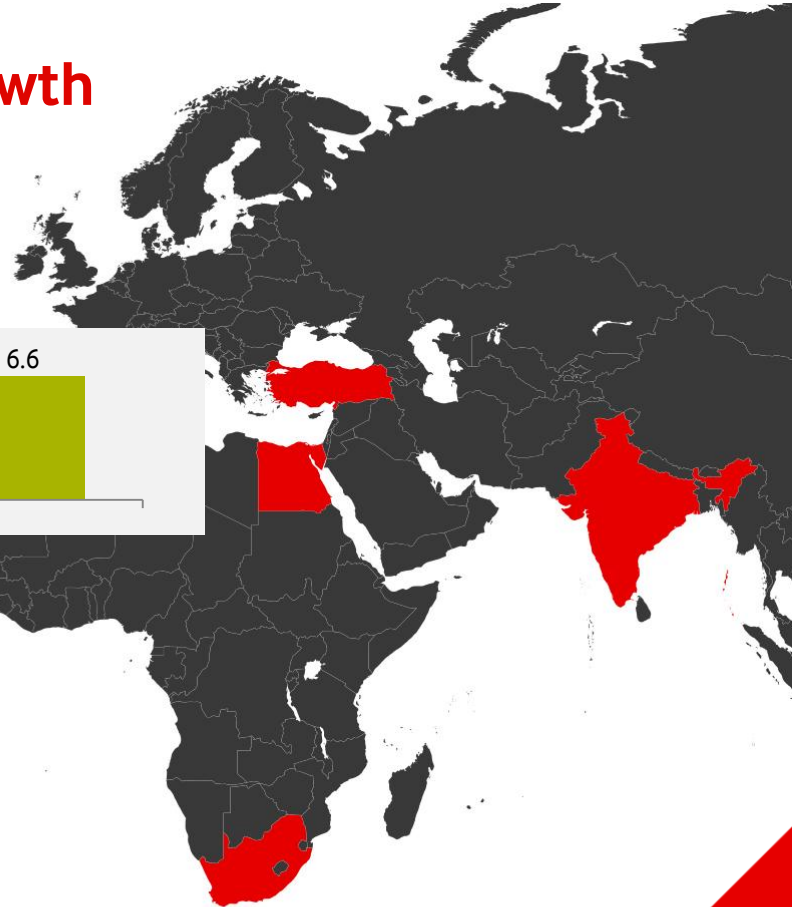


Economic environment: continued growth expected across emerging markets

Real GDP growth rates across major emerging markets, CAGR 2008-12 vs. 2013-18

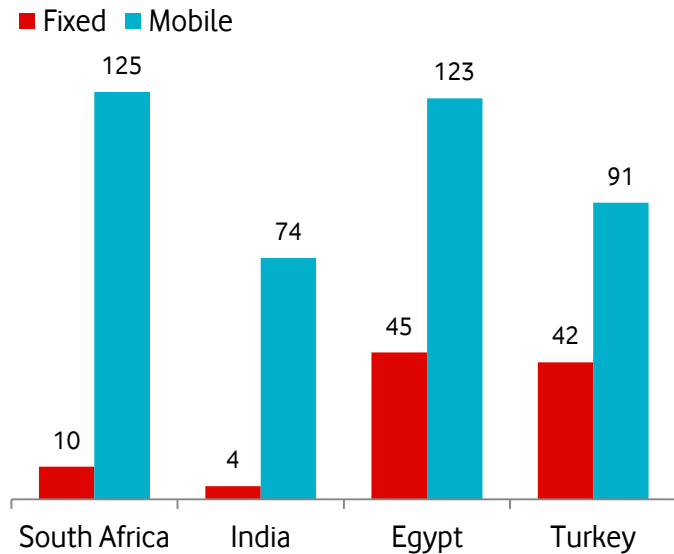


■ 2008-12 ■ 2013-18

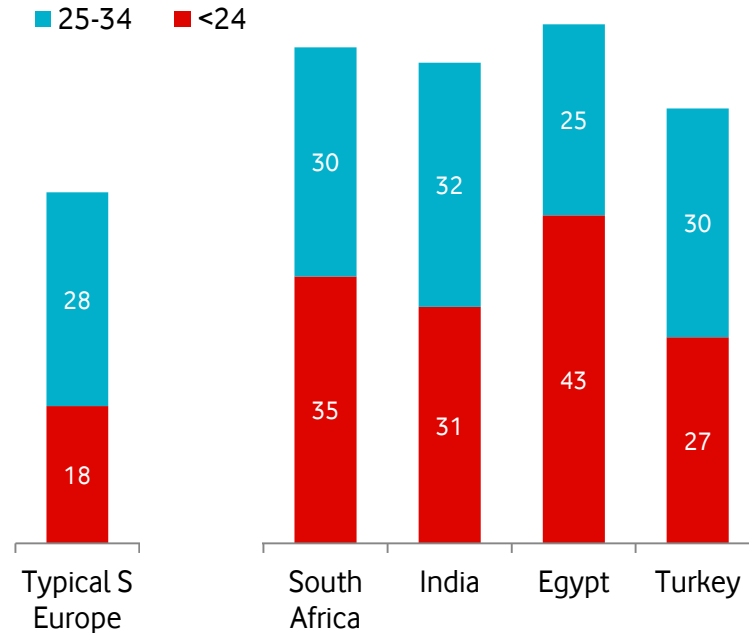


Demand: emerging markets offer structural long-term growth

Mobile penetration exceeds
(and often replaces) fixed
(Penetration by telecom type %)



Better demographics
(Age distribution (%) of smartphone users)



Note: 2012 data

Source: TeleGeography, GlobalComms Database, OECD, Egyptian ministry of Communications and Information Technology



Project Spring accelerates & extends our Vodafone 2015 strategy

Always best
connected

Unmatched customer
experience

Integrated worry-free
solutions

Cost efficient
organisation

Europe
consumer

Emerging markets
consumer

Enterprise

Project Spring: acceleration and extension of Vodafone 2015

- Network differentiation
- 4G
- Unified communications
- Customer experience

- Wireless data
- 3G+
- New services

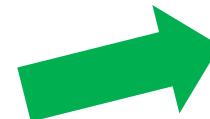
- Unified communications
- Hosting
- VGE in Asia/USA



'Recovery'



'Accelerated growth'



'Steady expansion'



Project Spring accelerates & extends our Vodafone 2015 strategy

	Goals	Incremental deliverables include:	Approx. spend (£bn)
European mobile	<ul style="list-style-type: none"> • Perfect voice • Best 4G, competitive in 3G • High-speed transport 	<ul style="list-style-type: none"> • 36k 4G sites • 15k modernised sites • >500 enterprise installations • 18k small cells 	3.0
AMAP mobile	<ul style="list-style-type: none"> • Perfect voice • Best urban data; best/co-best nationwide • High-speed transport 	<ul style="list-style-type: none"> • 11k new physical sites • 22k 3G sites • 36k WiFi access points • 15k high capability backhaul sites 	1.5
Unified communications	<ul style="list-style-type: none"> • Strengthen convergence position through extended fibre build • Targeted xDSL coverage expansion 	<ul style="list-style-type: none"> • Italy FTTC footprint in 150 cities • 14,000km fibre in India • Portugal additional 500k FTTH 	1.0
Enterprise	<ul style="list-style-type: none"> • Invest in growth areas: IP-VPN, Hosting & Cloud, M2M • Leverage carrier services platform • International expansion 	<ul style="list-style-type: none"> • Expand GDSP platform (M2M) to 75 markets • IP-VPN in 11 new markets 	0.5
Unmatched customer experience	<ul style="list-style-type: none"> • Accelerate retail redesign • Selectively increase direct distribution • Enhance online/mCare capabilities • Create consistently strong contact centre experience • Faster deployment of mobile payment services 	<ul style="list-style-type: none"> • Additional 6,500 outlets redesigned 	1.0



Project Spring has an attractive returns profile

- £7bn capex by March 2016
 - Slightly weighted to FY 14/15
 - c.£0.5bn committed in current year
- EBITDA neutral by FY 16/17
 - Capex effect on network and retail opex
 - Short-term EBITDA impact of -£0.6bn in FY 14/15
- Incremental FCF of over £1bn in FY 18/19
 - ARPU accretion in high value segment
 - Enterprise expansion
 - Broadband and services market share
- Cash payback c.7 years¹

1. Cumulative incremental EBITDA – capex



Over £19 billion of investment by March 2016

£bn	Mobile network Europe	Mobile network AMAP	Unified communications	Enterprise	Customer experience and other	Total
Existing plans	5.0	3.0	1.1	0.5	2.5	12.1
Project Spring (approx.)	3.0	1.5	1.0	0.5	1.0	7.0
Total	8.0	4.5	2.1	1.0	3.5	19.1

Plus inorganic investment if opportunities arise



Summary

Financial performance

- Europe approaching turning point
- AMAP growing strongly, margins improving
- Strong cash flow and dividends

Strategic progress

- Continued shift from voice to data
- Significant progress in unified comms capability
- Enterprise leadership strengthening

Project Spring

- Accelerates and extends Vodafone 2015
- Further strengthens network and service differentiation
- Timed to align with medium term improvement in market conditions



Vodafone differentiation

Paolo Bertoluzzo

Group Chief Commercial
and Operations Officer



Confidently connecting our customers, with clear network differentiation



Worry-free solutions: Vodafone Red ahead of plan

Red is...

Unlimited voice & text
Generous data



Device flexibility



Safe & secure data
experience



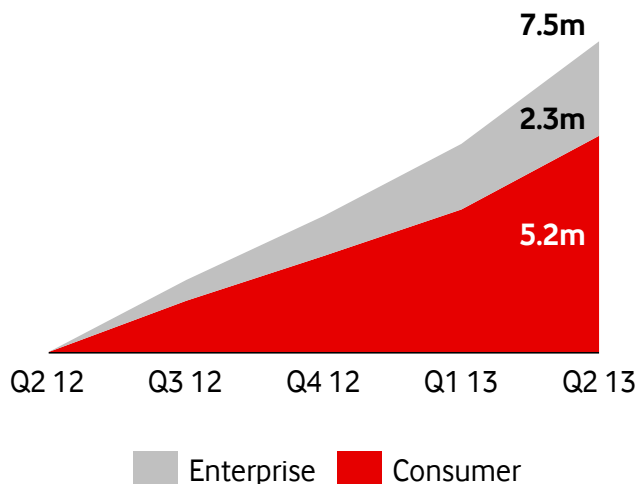
Accessible expert
support



Family plans, roaming,
multi-devices



Red closing customer base



- Available in **17 markets**
- **29%** of contract gross adds¹
 - 35% consumer, 21% enterprise
- Main European markets
 - **18%** of consumer customers and **27%** of mobile service revenue²
 - **12%** of enterprise customers and **17%** of mobile service revenue³

Increased target to 11 - 12m customers by March 2014

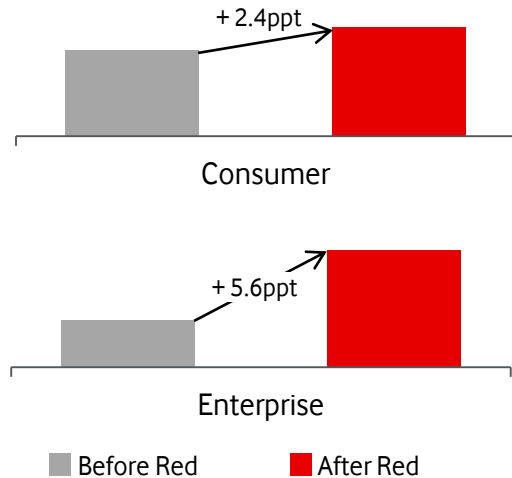
1. Across 11 markets, September 2013
2. EU4 consumer contract mobile base excluding data only SIMs, September 2013
3. EU4 enterprise mobile base excluding data only SIMs, September 2013



Vodafone Red: increasing share of higher value customers, improved ARPU trend

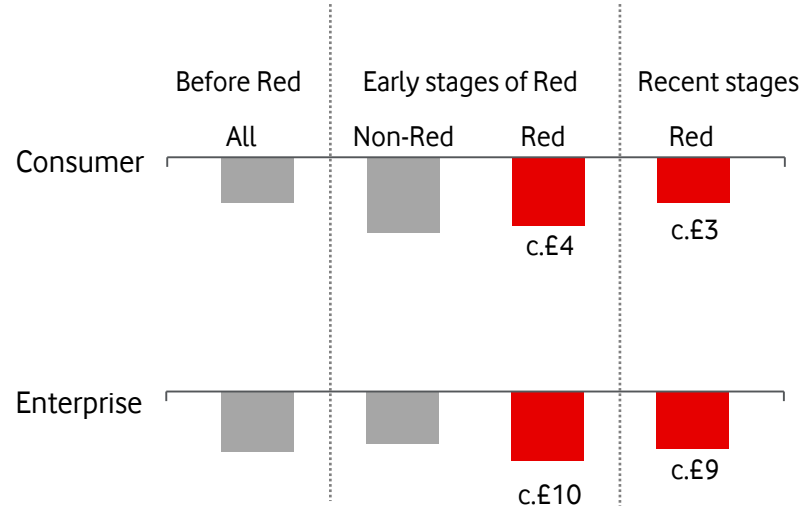
Improved mix of gross adds

Share of high value gross adds
(EU4, blended average)



Improved ARPU trend

ARPU dilution on migrations (EU4)¹



1. Early stages: Jan-Mar 2013; Recent stages: Apr-Jun 2013

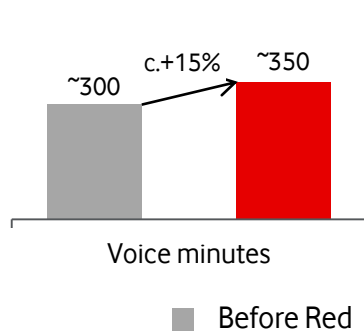


Vodafone Red: worry-free communication leading to more satisfied and loyal customers

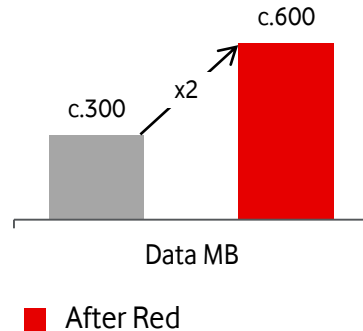
Unlocking usage

- Significant increase in voice and data usage
- More protected from IP cannibalisation and WiFi

Monthly average voice MoU per user¹



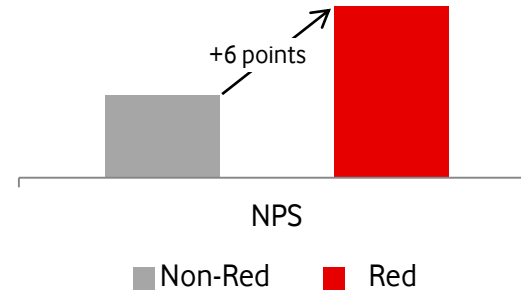
Monthly average data usage per user (MB)¹



Improved NPS and loyalty

- Significant improvements in NPS
- Early signs of churn improvement

NPS improvement²



1. EU4 consumer contract, August 2013

2. Red consumer NPS vs. comparable control group, weighted average improvement across 14 markets, August 2013



Vodafone Red: a platform for customer and account value growth

Approach

Status



- **Red Family:** All benefits of Red to members of the family, driving household share

- Available in 12 markets
- 450K+ customers to date
- 10% attachment on Red Consumer



- **Multi-device:** Share data plan between multi-devices, driving more data-only SIMs

- Available in 13 markets
- c.100k additional data SIMs on Red (multi-SIM)



- **Insurance:** Bundle and up-sell device protection

- Available in 12 markets
- Over 1m customers
- 17% attachment on handsets sold¹



- **Data add-ons:** Up-sell data add-ons to customers nearing end of data bundle; monetise data

- Available across all markets
- 20%+ attachment in Italy

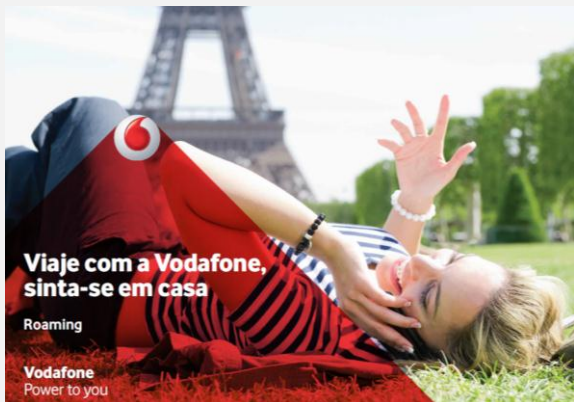
1. Across six markets, September 2013



Vodafone roaming: market-leading worry-free offer

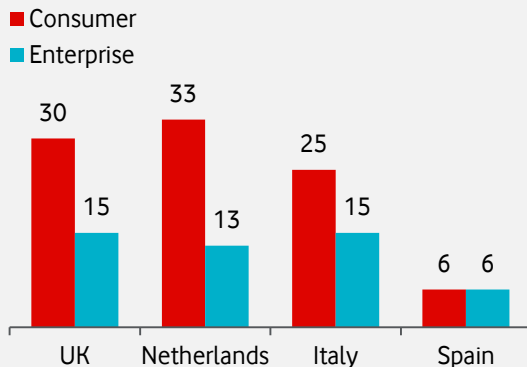
What do we do

- Stimulate 'worry-free' roaming
- Daily offer for a small fee



Progress so far

Daily offer penetration (%)¹



- Launched in all European markets
- 8.2m customers

Results²

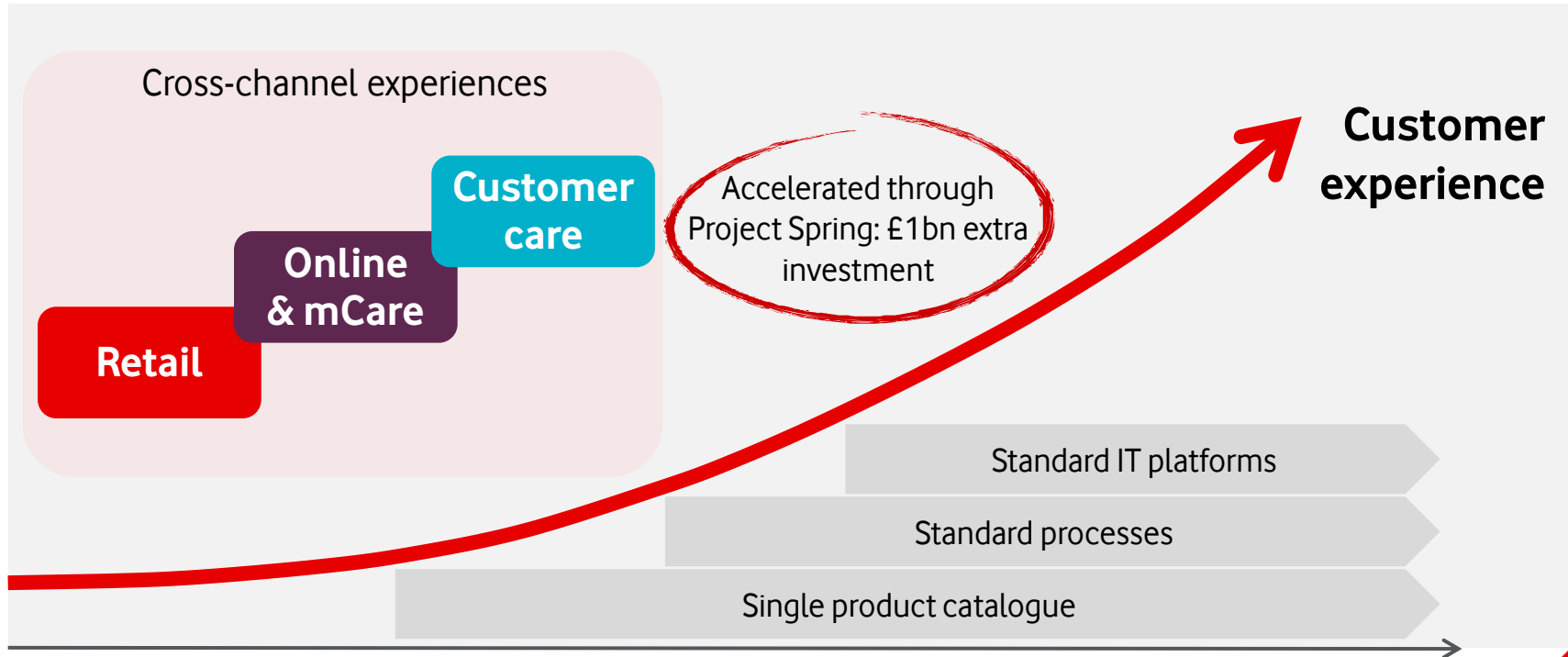
	Netherlands	Spain
Roaming days	+0.9	+1.5
Data usage	3x	3x

- Material reduction (from 54% to 31%) in customers switching off data across Daily offer users in Italy
- NPS improvement of up to 14 points vs. standard rate users

1. August 2013
2. Cohort analysis, before vs. after



Unmatched customer experience: improving across all touch points



We are transforming our retail experience

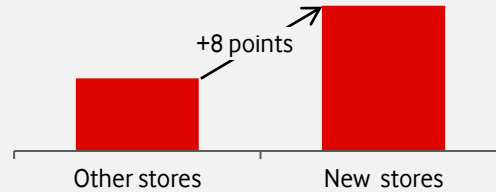
Retail transformation programme

- Common and consistent store concept
- People transformation
- IT capabilities enhancement

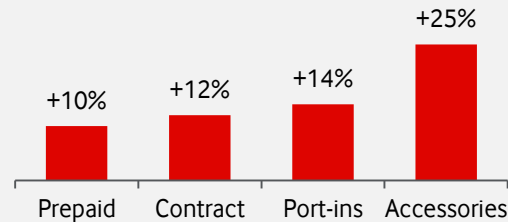


Generating positive results

NPS improvement¹

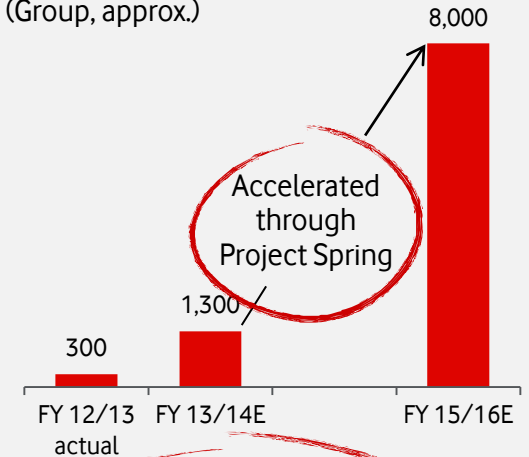


Increase in the number of sales transactions vs. other stores¹



Spring to accelerate rollout

Number of stores transformed (Group, approx.)



- Selectively increase direct distribution

1. Based on impact assessment studies on new store rollouts across 3 markets. Trends versus other stores



We will excel in mCare, the future core channel for customer care and management

World-class mCare

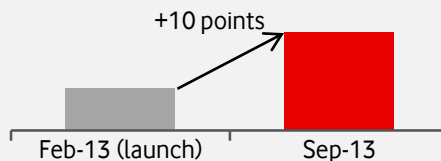
e.g. 'Smart Service' in Italy

- Profiled, engaging interface
- Virtual assistant, live chat

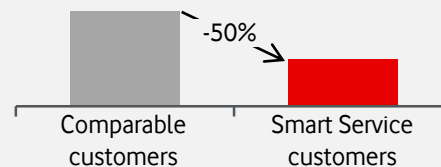


Positive impacts

Smart Service has improved touch point NPS in Italy¹

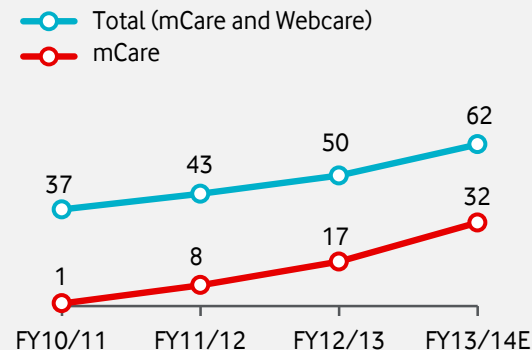


and reduced frequency of contact (monthly contacts)²



mCare will overtake online care

mCare users (millions)



1. Measured on chat & click to call

2. Cohort analysis based on smartphone customers in Italy subscribing to a new integrated tariff, frequency of contact refers to the first three months of life cycle



Customer care excellence will remain key for assistance and revenue generation

Improving the experience

- **24/7 support:** live in all European markets
- **Call back service:** live in UK and Turkey, all European markets by June 2014
- **SMS follow up:** live in five markets, all European markets by March 2014
- **Segmented** approach
- **Personalised** relationship

1st call resolution¹

+2ppt YoY

Touch point NPS²

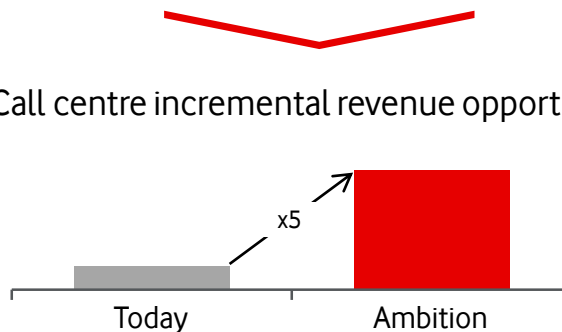
+3ppt YoY

1. Consumer mobile across most European markets, Sept 2013 vs Sept 2012
2. For call centres across most European markets, Sept 2013 vs. Sept 2012

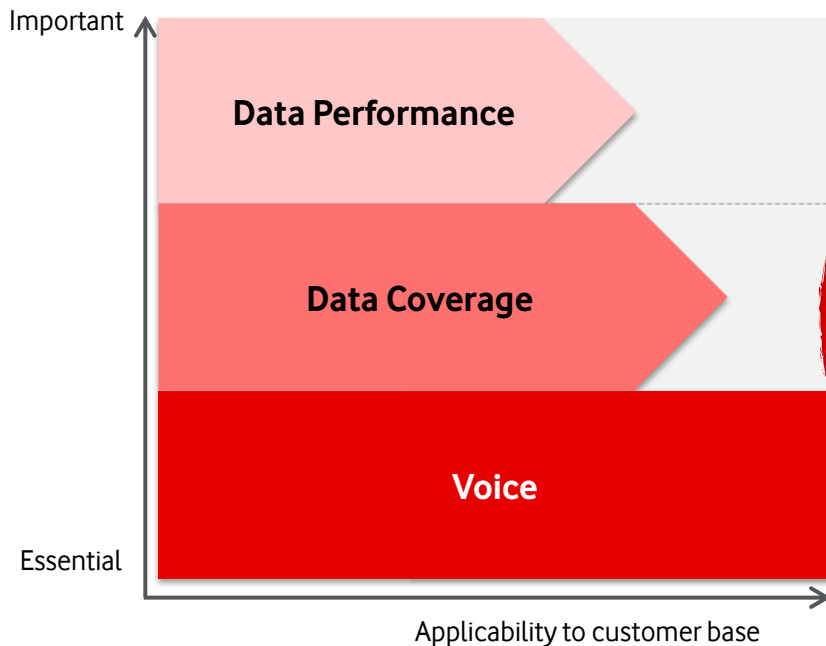
Revenue opportunity

- Utilise inbound opportunity to up-sell/cross-sell our products
- Drive product penetration into our base e.g. family, fixed, roaming, etc.
- Grow touch point NPS

Call centre incremental revenue opportunity



Network differentiation: always best connected



What it means to customers

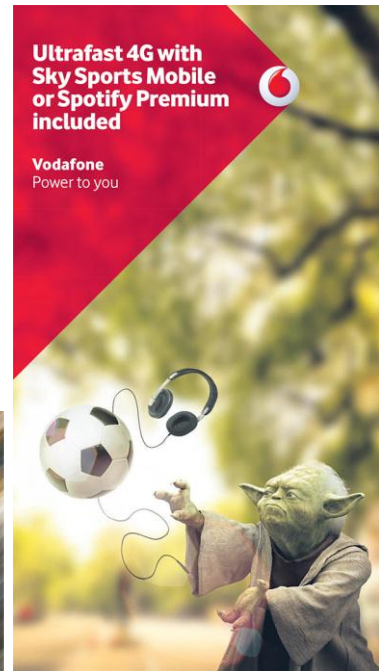
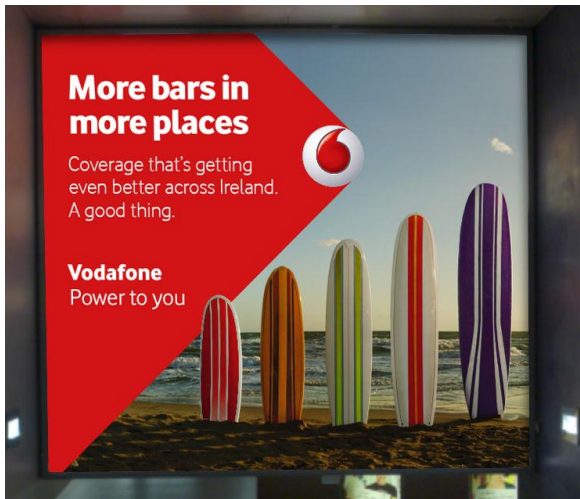
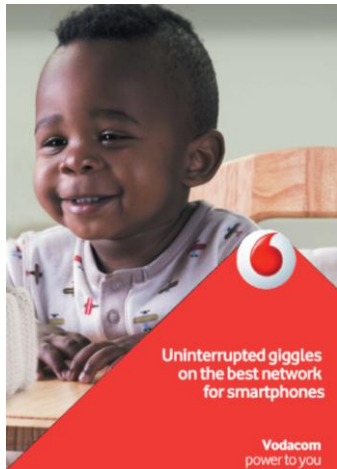
- Best video experience, including HD
- Very fast download speeds
- Immediate Internet experience
- 4G availability
- Data where there is voice
- >1Mbps indoor and outdoor data
- Fast/dependable browsing and good streaming/downloading
- Perfect voice
- Best voice coverage



We will communicate our network differentiation more and more



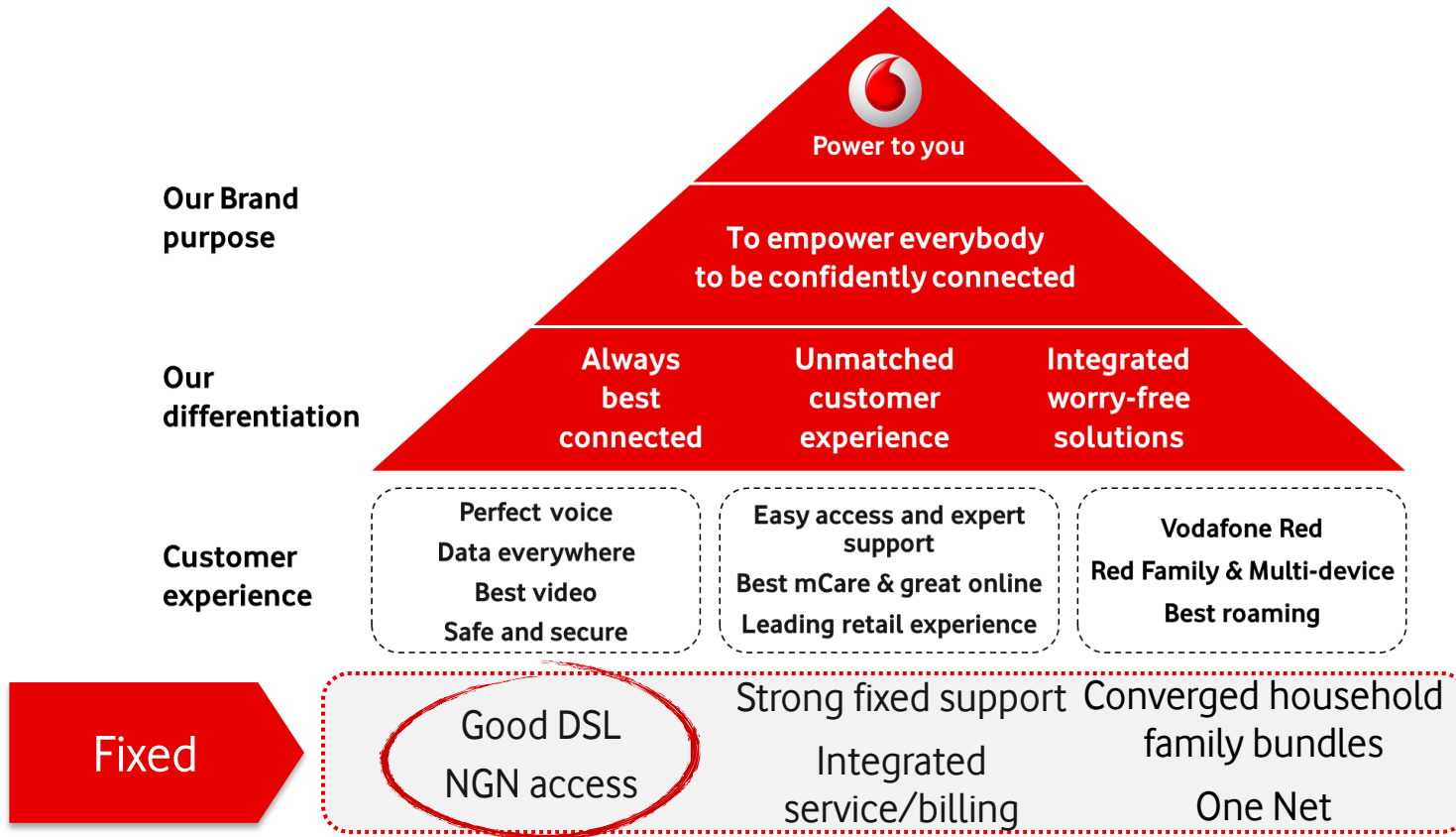
Increasing media spend on network differentiation



Network differentiation: South Africa TV campaign



Differentiation extends to unified communications



Acceleration through Project Spring:
£1.0bn extra investment



Summary

- A clear Brand purpose: empowering everybody to be confidently connected
- Vodafone differentiation focussed on three pillars:
 - Best network: perfect voice and data advantage
 - Unmatched customer experience across touch points
 - Worry-free communications
- Vodafone Red: ahead of plan, strong platform for the future
- Vodafone roaming: worry-free usage and protecting revenue
- Extending differentiation to unified communications



Network

Steve Pusey

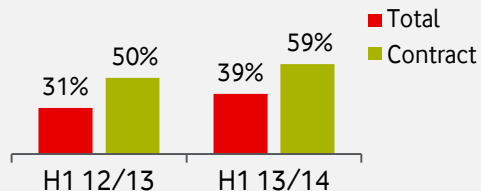
Chief Technology Officer



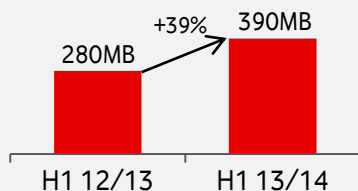
Customer trends: growing data usage

Smartphone penetration & usage growing (Europe)

Smartphone penetration (%)

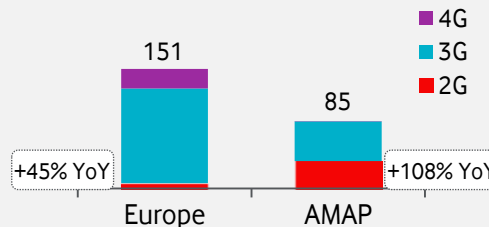


Average monthly usage¹



Continued data traffic growth

Group (Petabytes) H1 13/14

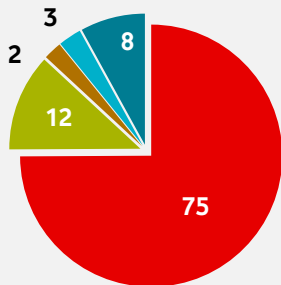


- 4G now 16% Europe data
- India more than doubled YoY (now 2nd highest in the Group)

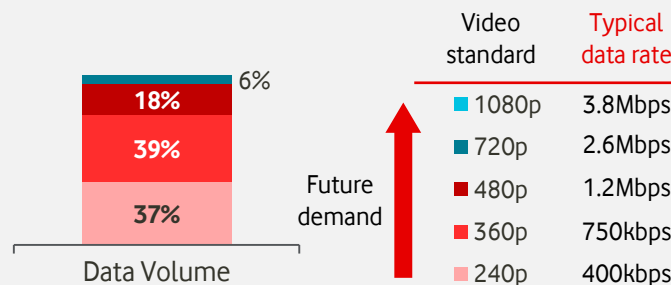
75% of data traffic is video and browsing (%)

Europe Sep 2013

- Video & browsing
- Downloading files (e.g. apps/music)
- Voice calling over Internet
- Sharing content (files) between 2 devices
- Other (VPN, gaming, IP messaging, etc.)



Video usage and resolution (%)



1. iOS+Android smartphones

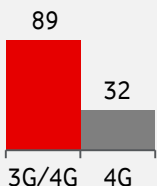


Strong network progress

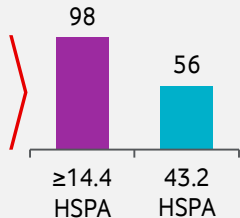
High speed networks to stay ahead of devices

(Europe Sep 2013)

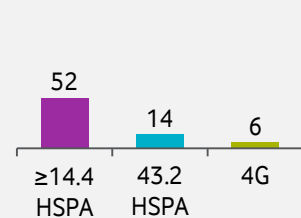
1Mbps coverage
outdoor population (%)



Network capability
(% 3G sites)

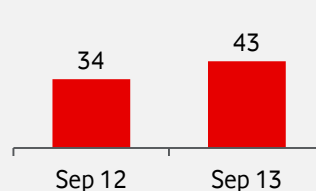


Smartphone penetration /
capability (%)

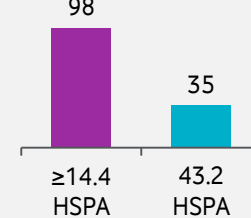


Expanding 3G footprint in AMAP (Sep 2013)

3G site numbers (000s)

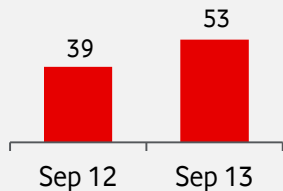


Network capability (% 3G sites)

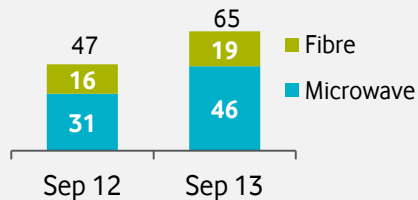


Building solid foundations (% European sites)

Single RAN

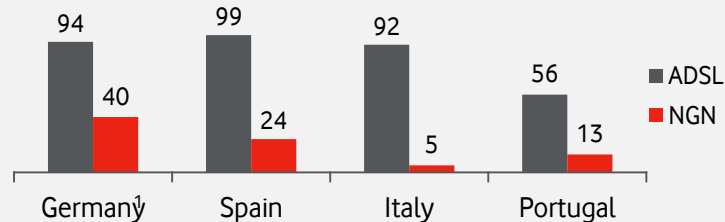


High capacity backhaul



Fixed access in 17 markets (% households)

(Self-build and/or bitstream, Sep 2013)



Europe: excludes Turkey

1. Includes KDG



Project Spring: driving clear network differentiation

**Always
best
connected**

European
mobile

- Perfect voice
- Best 4G, competitive in 3G
- High-speed transport

AMAP
mobile

- Perfect voice
- Best urban data; best/co-best nationwide
- High-speed transport

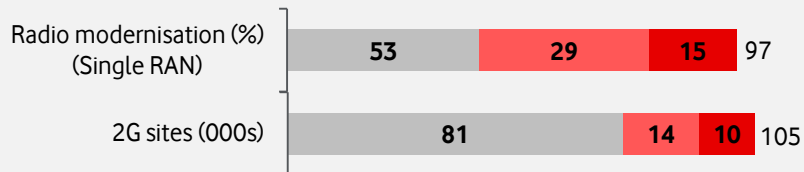
Unified
communications

- Extend fibre build
- Targeted xDSL coverage expansion



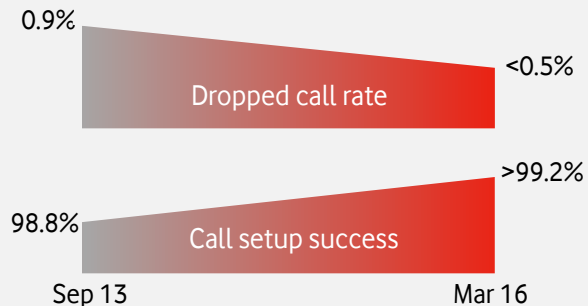
Spring investment: c.£3 billion in European mobile

Perfect voice

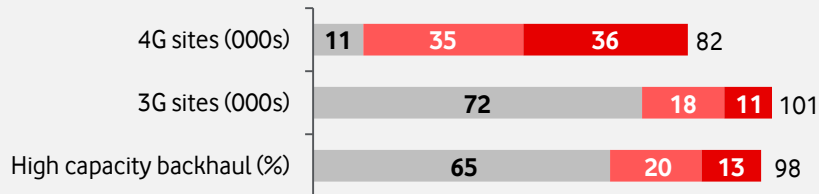


- Volume deployment of Enterprise indoor coverage solutions
- HD voice deployment

Voice quality improvements

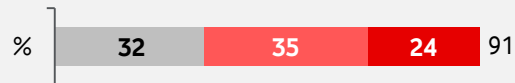


Best 4G, competitive 3G

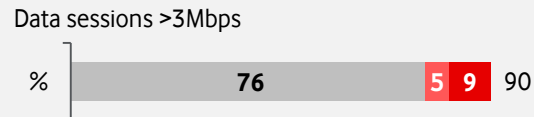


- 4G carrier aggregation in major cities
- Volume small cell deployment

Grow 4G outdoor coverage



Improve 3G/4G data experience



■ Sep 13

■ Mar 16 plan

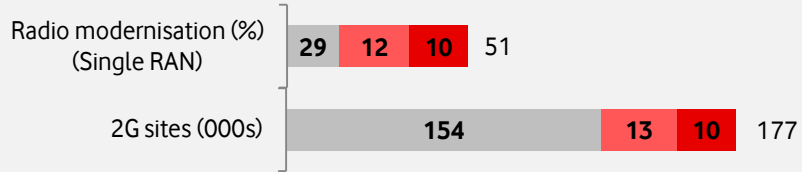
■ Mar 16 Spring

Europe: excludes Turkey



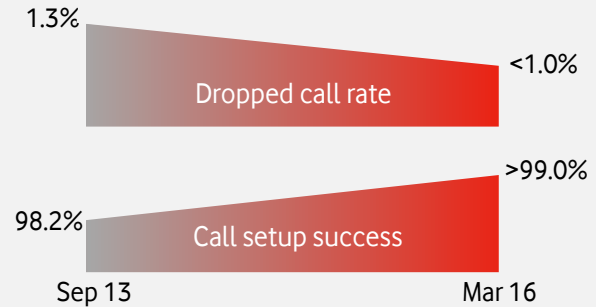
Spring investment: c.£1.5 billion in AMAP mobile

Perfect voice

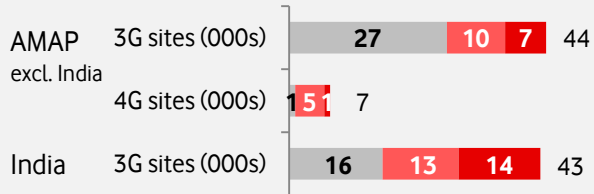


- Volume deployment of Enterprise indoor coverage solutions

Voice quality improvements

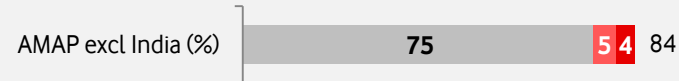


Best urban data; best/co-best nationwide

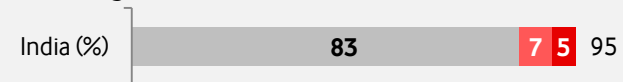


- Volume small cell deployment; 4G carrier aggregation in major cities

Grow 3G/4G outdoor coverage



Expand India 3G outdoor coverage Targeted 3G urban areas



Sep 13

Mar 16 plan

Mar 16 Spring

AMAP: includes Turkey



Spring investment: c.£1 billion to accelerate unified communications

Europe

- Accelerate and extend self-build fibre
- Self-build DSL expansion

Details

- **Italy:** build FTTC to reach 6.4m households
- **Portugal:** accelerate and extend FTTH build to over 1.5m households
- **Spain:** DSL self-build coverage increased from 68% to 82%, supplementing fibre footprint

AMAP

- Enabled converged services in India
- Establish a fibre footprint in South Africa

Details

- Additional 14,000km fibre across 40 cities, targeting enterprise and transmission
- Build FTTB coverage to 15,000 enterprise customers



Significant delivery programme

Build plan for March 2016

47,000

new 2G sites
for perfect voice

70,000

new small cell / WiFi sites
for micro coverage

73,000

new 3G sites
competitive 3G

77,000

new 4G sites
grow 4G outdoor coverage

106,000

**new single RAN
installations**
radio modernisation

87,000

**new high capacity backhaul
sites** for improved data
experience

- Volume delivery confirmed with all suppliers
- Supplier in-country delivery capability for installation and commissioning confirmed
- Vodafone project management and engineering being strengthened in selective markets
- Main challenges are site acquisition and fibre build ramp up



Summary

Project Spring: will enable us to deliver network differentiation

£5.5bn incremental network investment, total of c.£15bn over 2 years



Q&A



Coffee break





Half year results and strategy update

12 November 2013

Europe

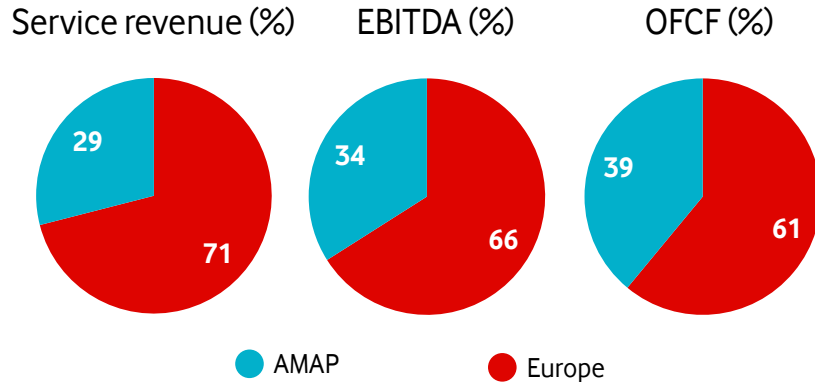
Philipp Humm

CEO Europe



Vodafone Europe region overview

Europe: contribution to Group (H1 13/14)



Structurally well positioned

- Market share No.1 or 2 in 9 of 12 markets
- Best/co-best network for data in 10 of 14 markets
- Consumer NPS leader in 8 of 14 markets
- 7.5m Vodafone Red customers

Market under pressure

- MTR/roaming price cuts
- Price competition; no frills/MVNOs
- Weak economies

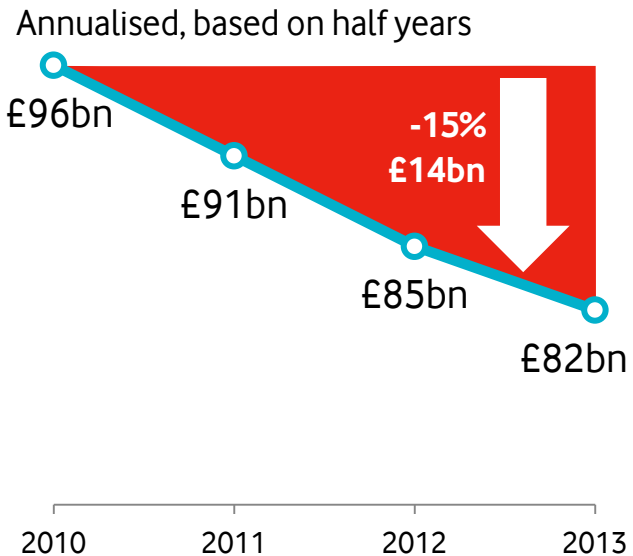
Market stabilisation expected

- Less regulatory price pressure
- Improving macro environment
- Market consolidation, price/quality focus



Regulation has driven the majority of revenue decline

European mobile market service revenue Vodafone footprint



1 MTR¹ ~65% impact
MTR decline

2 Roaming¹ ~10% impact
Rate cuts

3 Competition/other ~25% impact
Price wars, MVNO impact

Analysis Mason/Vodafone analysis

1. MTR and roaming impact is not at constant usage basis



Strategic priorities for Europe

Differentiation



Unified communications



Cost reduction



Returning to growth



Differentiation in Europe – accelerated by Spring

Differentiation levers

Consumer

Enterprise

Accelerate through
Project Spring

1 Always best
connected

- Enhance network performance, perception (publicity)

- IP-VPN

2 Unmatched
customer
experience

- Retail redesign, increase direct distribution
- Standardise IT/processes

- Follow MNCs
- Standardise IT/processes

3 Integrated
worry-free
solutions

- Vodafone Red, family plans, roaming

- Vodafone One Net, VOGÉ¹, Hosting & Cloud, M2M

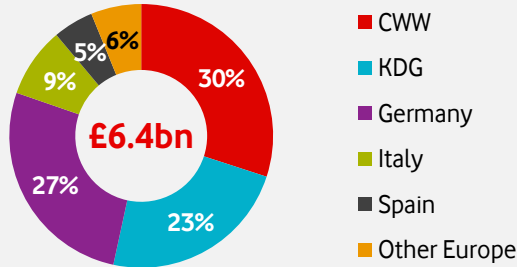
Additional capex in Europe

- Mobile £3bn perfect voice and best 4G
- Fixed: £0.6bn extend fibre build, targeted xDSL expansion
- Retail £0.3bn retail enhancement



Unified communications: significant opportunities

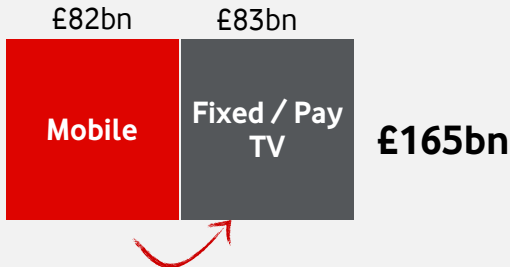
Vodafone Europe pro forma fixed revenue (FY 12/13)¹



Significant synergies

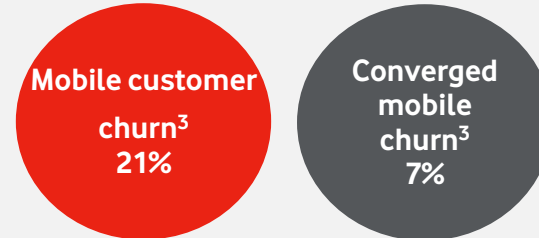
- CWW: cash flow synergies, NPV ~£1.3bn
- KDG: cost & capex synergies, NPV >£3bn; revenue synergies >€1.5bn

Doubles addressable market²



Defends core mobile business

- Low convergent churn



1. Assumes full integration of Kabel Deutschland
2. Vodafone European footprint¹ 2012. Mobile and fixed markets include Germany, UK, Italy, Spain, Netherlands, Portugal, Greece, Romania, Czech Republic, Hungary, Turkey and Ireland; Pay TV markets include Germany, UK, Italy, Spain, Netherlands, Romania, Czech Republic, Hungary and Ireland; Source: IDC.
3. Vodafone Spain at September 2013. Consumer contract



Unified communications: increasing NGN access

Accelerate through
Project Spring

Continuing our flexible market by market approach

Approach		Market progress to date	Targets
1 NGN wholesale	Italy	34 cities (FTTH Milan + VDSL other cities)	➔ Match incumbent in non-self-build areas
	Germany	VDSL, 26% coverage	➔ Vectoring in 2014, 60% VDSL coverage by 2016
	Netherlands	Reggefiber; 20% coverage (1.5m HH)	➔ Increase fibre coverage
2 Fibre deployment	Italy	Prepare self-build FTTC	➔ 6.4m HH covered by FTTC by 2016
	Portugal	Co and self-build, 580k HH passed, 13% coverage	➔ >1.5m HH passed (accelerated to 2015)
	Spain	Co-build on track for 800k HH by March 2014	➔ 6m HH by March 2017
3 M&A	UK	CWW acquisition in 2012; successful integration	➔ Deliver integration synergies by 2016
	Germany	KDG acquisition in 2013; 28% coverage ¹	➔ Deliver integration synergies by 2018

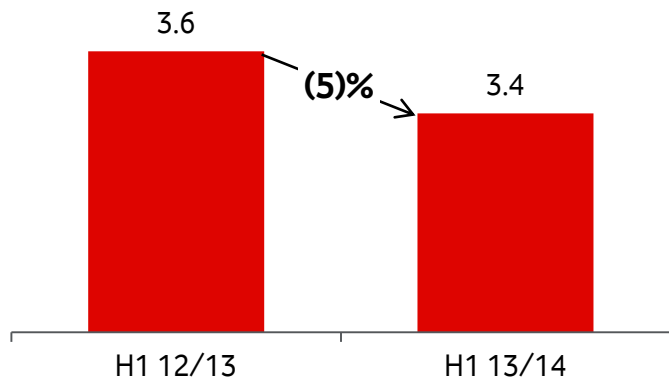
NGN = Next generation Network. HH = Households or premises

1. Assumes full integration of Kabel Deutschland



Cost focus ongoing reductions to mitigate revenue pressures

European opex¹ (£bn)



- £175m savings, -5%
- Savings in S Europe, -9%; N&C Europe, -2%³
- On track to reduce opex by £0.3bn in FY 13/14¹
- Further reductions planned

Drivers

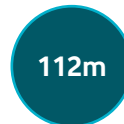
H1 12/13



Headcount²



Shared service employees



Calls to customer service

H1 13/14

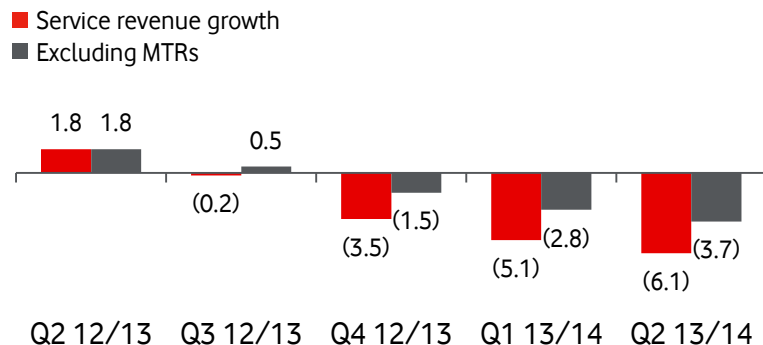


1. Organic opex, excluding restructuring costs, include Northern & Central Europe, Southern Europe and Common Functions
2. FTE + Contractors
3. Opex excluding Turkey

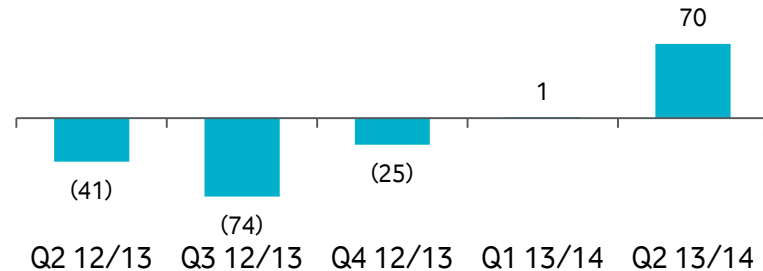


Germany: market re-pricing; return to customer growth

Service revenue growth (%)



Contract net adds ('000s)



Performance

- Pricing under pressure from no-frills providers
- Contract net adds positive since launch of SMART rate plans/step-up of A&R
- 1.8m Vodafone Red customers: 13% of contract base
- 4G roll-out on target: 66% population coverage
- H1 EBITDA margin 34.1%, -2.5ppt YoY

Strategic priorities

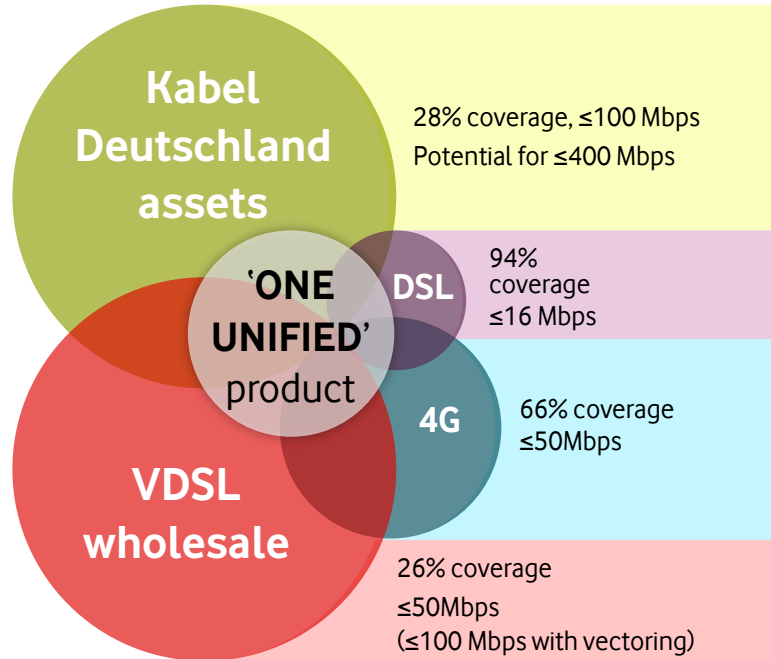
- Regain market share
- Differentiation
 - Perfect voice
 - Over 90% 4G outdoor coverage by March 2016
 - New store design to ~1,300 stores
 - VDSL rollout to 60% coverage by 2016
- Further cost savings
- Kabel Deutschland integration

All growth rates shown are organic

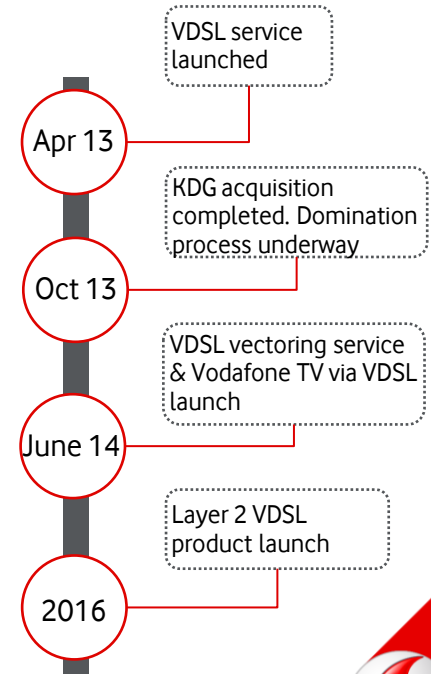


Unified communications in Germany

Creating a market-leading integrated player with nationwide reach



Timeline

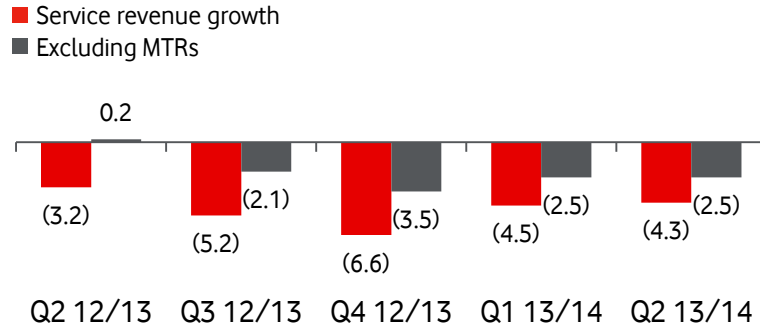


Coverage = population coverage. Speeds shown are typical user peak downlink speeds

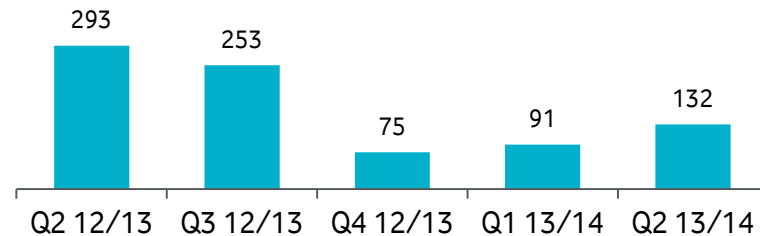


UK: revenue decline stabilising; focus on growing enterprise

Service revenue growth (%)



Contract net adds ('000s)



All growth rates shown are organic
1. At November 2013

Performance

- Growing contract base; churn improved +0.5ppt QoQ
- 1.8m Vodafone Red customers; 16% of contract base
- Successful 4G launch in August; >200k¹ customers, differentiated content (Spotify / Sky Sports)
- Accelerated CWW integration
- H1 EBITDA margin 21.8%, -0.8ppt YoY due to CWW integration, organic margin +0.5ppt

Strategic priorities

- Ramp-up of integrated Enterprise sales team
- Differentiation
 - Best network, particularly in London
 - 99% 4G outdoor coverage by March 2016
 - Strengthen branded distribution
 - Best customer experience with new IT stack
- Further cost savings



Unified communications in the UK: CWW integration

Operational improvements¹



Material customer service issues



Major network incidents



Mean time to restore

Clear benefits...

..today

- Carrier and Hosting services launched
- Integration cost and synergies on track
- Integrated fixed/mobile sales channel
- >50% of international IP traffic on-net

..and next

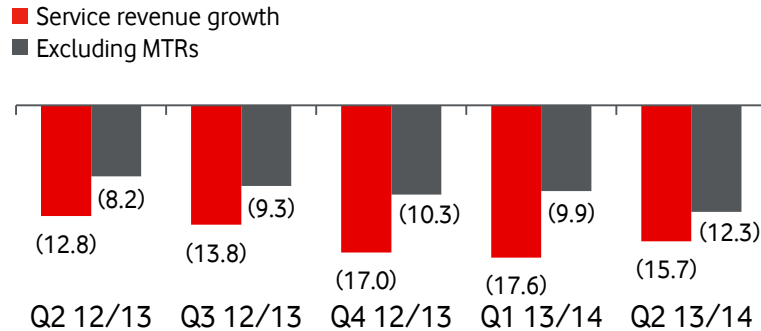
- India and Europe integrations
- Single Vodafone ERP; IT / product rationalisation
- Cross sell new and enhanced products
- 100% of international IP traffic on-net

1. 6 months from Oct 12 - Mar 13 vs. 5 months Apr 13 - Aug 13

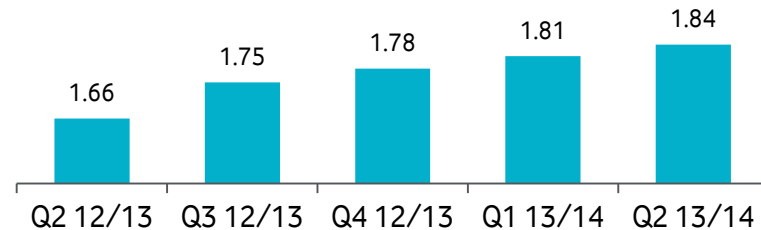


Italy: revenue impacted by price war; focus on driving prepaid revenue

Service revenue growth (%)



Consumer contract customer base (m)



All growth rates shown are organic

1. 100% basis

Performance

- Summer prepaid price war and economic downturn
- Main operators raised prices in September for new adds
- Contract base +3% YoY; prepaid declining
- 1.3m Vodafone Red customers¹, 46% of contract base
- Fixed broadband growing
- H1 EBITDA margin 36.9%, -5.7ppt; opex -4%

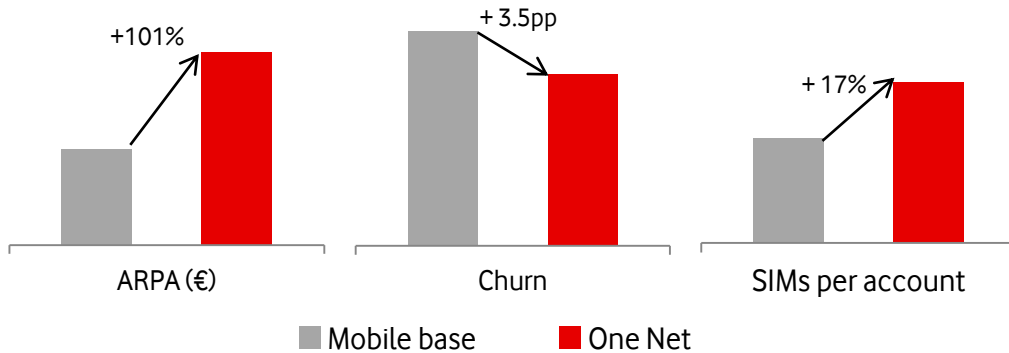
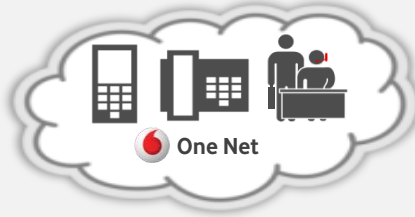
Strategic priorities

- Drive prepaid revenue
- Continue momentum on contract growth
- Differentiation
 - 4G rollout to over 90% outdoor coverage by March 2016
 - Self-build FTTC-VDSL to 150 cities, 6.4m households
 - Redesign 900 stores
- Further cost savings

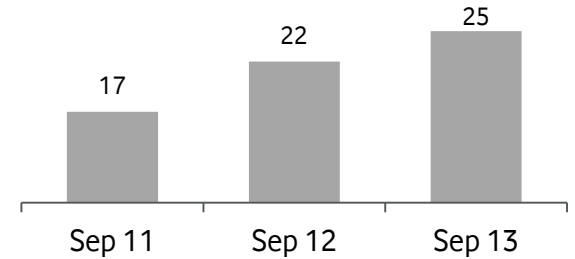


Unified communications in Italy: Vodafone One Net for SMEs

Cloud-based communications system; connects fixed phones, mobiles and voicemail

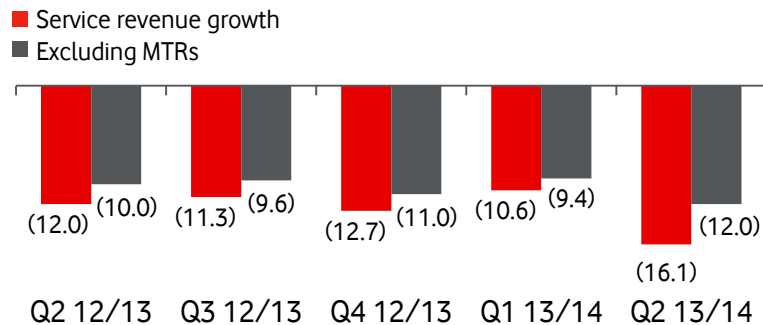


Vodafone One Net penetration of SME accounts (%)

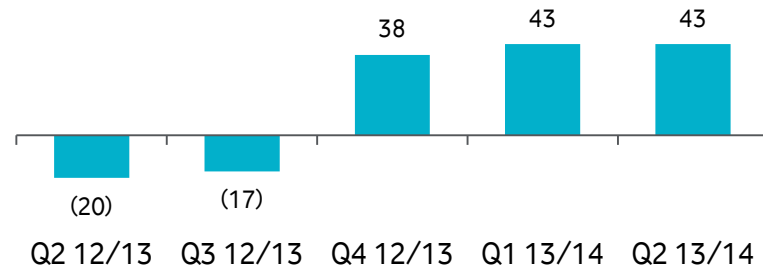


Spain: revenue still weak; gaining traction with convergence

Service revenue growth (%)



Fixed broadband net adds ('000s)



All growth rates shown are organic

Performance

- Economy out of recession
- Price/churn pressure from converged offers
- Sustained operational improvement; contract churn +2.8ppt QoQ; positive broadband net adds
- 4G market leader; present in 15 cities
- Fibre co-build on track for 800k HH by March 2014
- H1 EBITDA margin 23.0%, -4.2ppt YoY; opex -10%

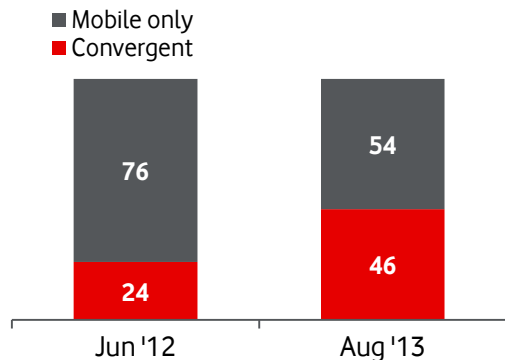
Strategic priorities

- Continue to push converged offers
- Differentiation with Spring
 - Accelerate 4G coverage to maintain leadership position
 - Redesign 1,000 retail stores
- FTTH to 6m households by 2017
- Further cost savings



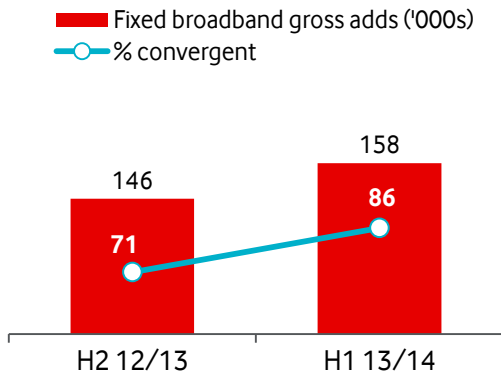
Unified communications in Spain: growth through converged offers

Market gross adds, consumer contract ('000s)



The market is moving to convergence

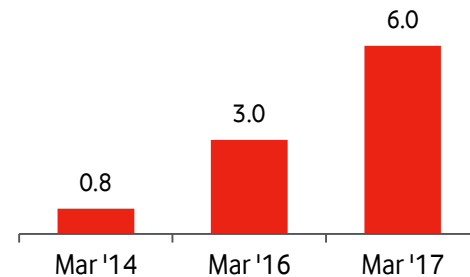
Vodafone Integral, consumer contract



Vodafone Integral (Vodafone Red + DSL) launched Apr '13

DSL NPS +9ppt in H1 13/14

FTTH homes passed (m)



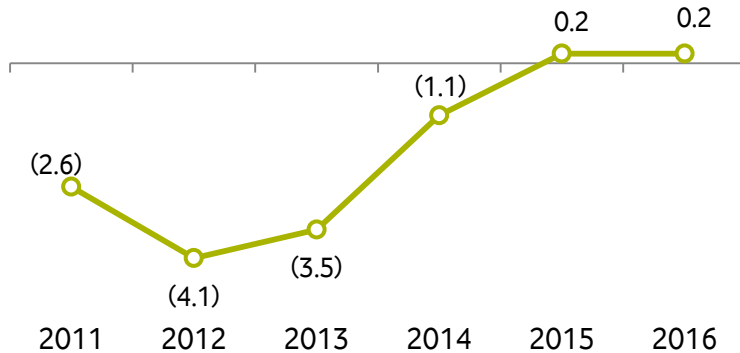
Vertical fibre access agreement in place

Expand DSL self-build coverage from 68% to 82% by 2016



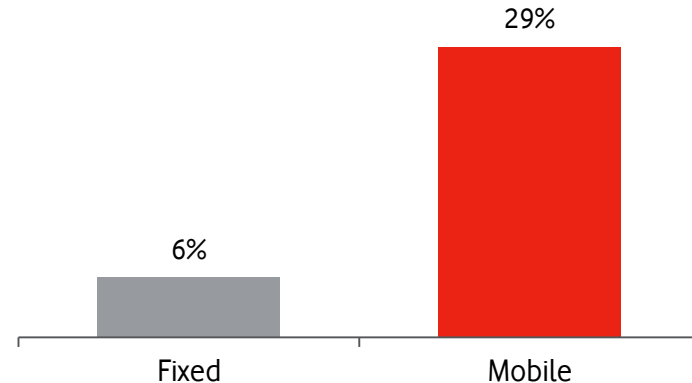
The future: mobile market recovery and fixed share gains

European mobile market revenue growth forecasts¹



Vodafone Europe service revenue market share²

- A +1ppt gain in fixed share drives 2.5% service revenue growth for Vodafone



1. Source IDC/ Screen Digest
2. Excludes KDG



Summary

- Mobile market service revenue expected to recover
- Improving operational performance in a challenging market
- Investing with Spring to gain **differentiation** in networks and customer experience
- Increasing **unified communications** capability; NGN wholesale and fibre build out; and M&A integration
- Further ambitious **cost reductions** planned

... to benefit from mobile market recovery and fixed share gains

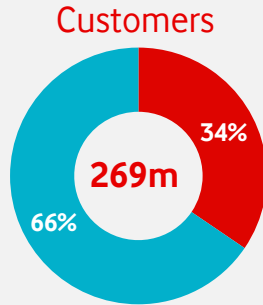


AMAP

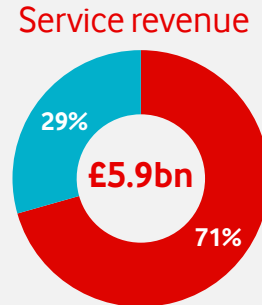
Nick Read
CEO AMAP



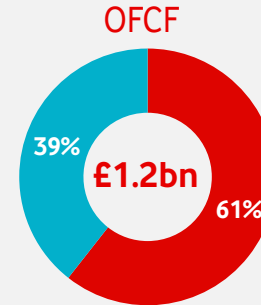
AMAP now a material part of the Group



+22ppt since 2008



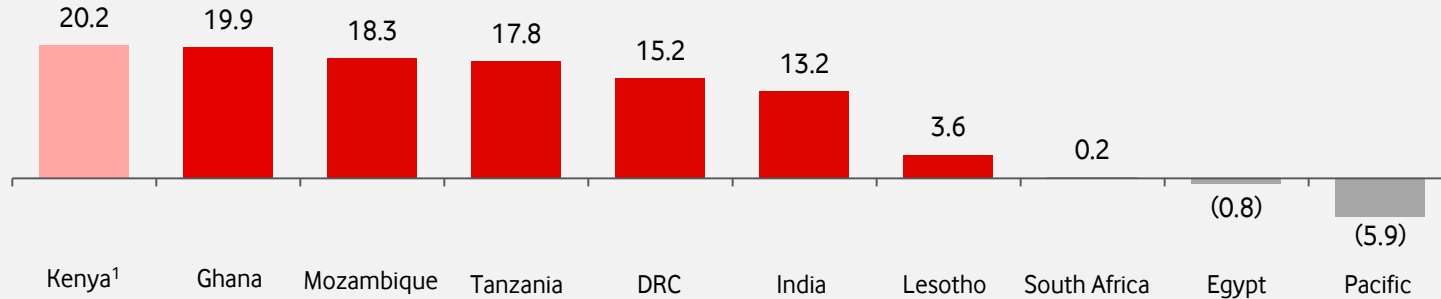
+9ppt CAGR since 2008



+33ppt CAGR since 2008



Q2 service revenue growth (%) – AMAP +5.7%



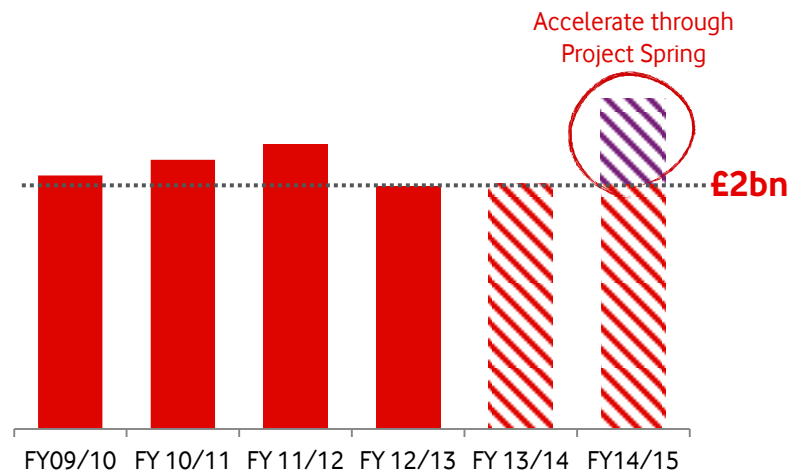
1. Kenya is an associate and not consolidated in the Group numbers
Europe includes common functions



AMAP strong free cash flow growth, with continued investment

	H1 13/14	Growth	
Service revenue	£5.9bn	+5.8%	↑
EBITDA	£2.2bn	+20.1%	↑
EBTIDA margin	33.5%	+3.2ppt	↑
Adjusted operating profit	£1.0bn	+35.8%	↑
Operating free cash flow	£1.2bn	+20.4%	↑

Continued capex investment (£bn)













Vodafone's strong emerging markets footprint

Healthy industry dynamics

- Mobile vs. fixed infrastructure
- GDP growth
- Low mobile penetration
- 3 to 4 player markets
- Spectrum
- No MVNOs
- Pricing
- Regulation

We are a strong number 1 or 2 player

	NPS	Network	Service	Innovative	Value	RMS ¹	Q1
 India	1	1	1	1	1	2	↑
 South Africa	1	1	1	1	1	1	↑
 Egypt	=1	1	1	2	2	1	↑
 Ghana	1	=1	1	1	2	2	↑
 Qatar	1	2	1	1	1	2	—
 Tanzania	1	2	1	-	3	1	↑
 DRC	1	1	2	1	1	2	↑
 Mozambique	1	2	2	-	1	2	↑
 Lesotho	1	1	1	1	1	1	↓
 Kenya	2	1	2	-	-	1	—



Our formula for differentiation

Accelerate through
Project Spring

Strategic priorities

Our ambition

Case studies

Always best
connected

- Best mobile data network
- Best unified communications for enterprise

- >  India
- >  South Africa

Unmatched
customer
experience

- Best controlled branded distribution
- Best understanding of customers
- Best bank for the unbanked

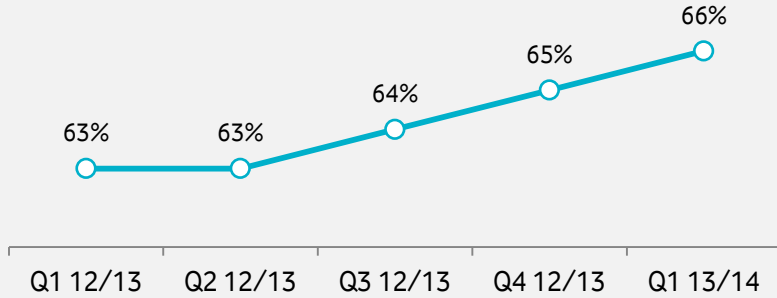
- >  Egypt
- >  M-Pesa

...with the best marketing communications

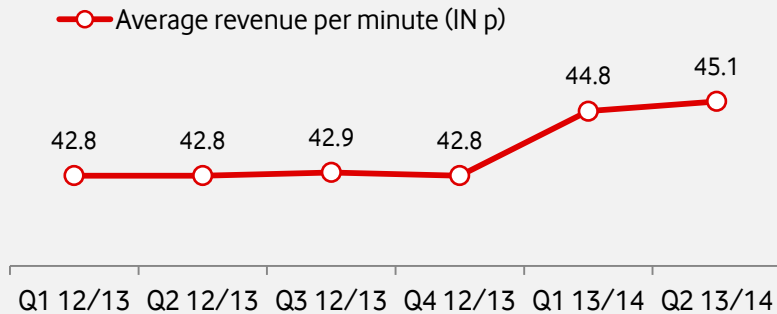


India market: effective consolidation

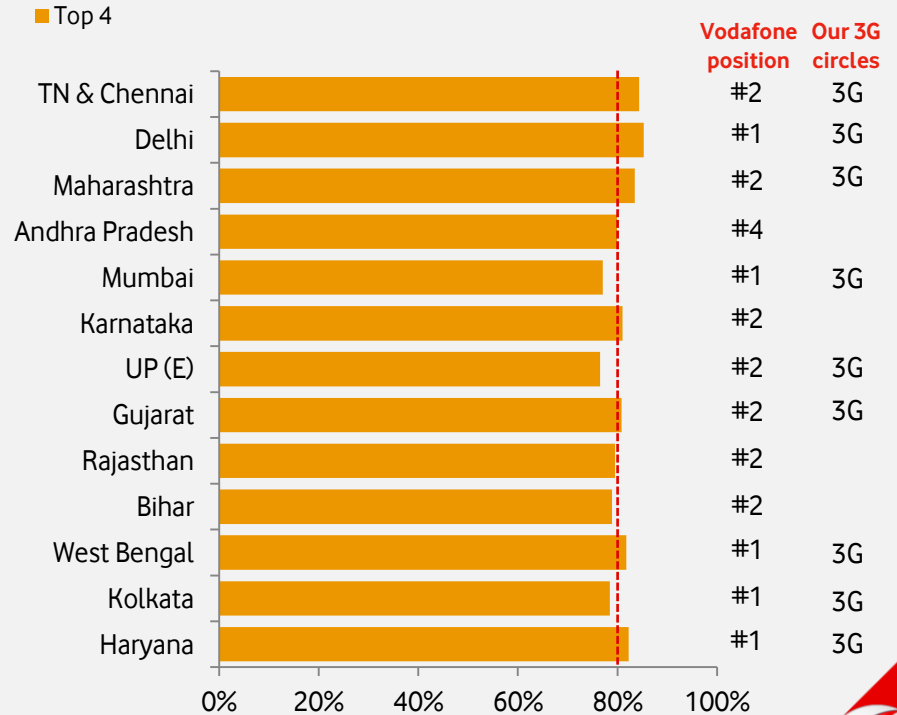
Top 3 operators winning revenue market share



Top 3 operators revenue per minutes growth



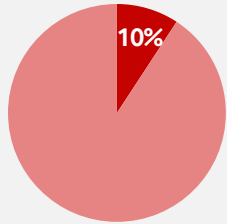
Key 13 circles represent >90% of our service revenues



India: 4th largest EBITDA contributor to the Group

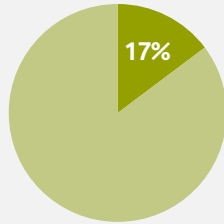
Vodafone India H1 contribution to the Group

Service revenue



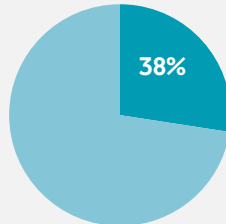
+4ppt (2008)

Operating FCF



+22ppt (2008)

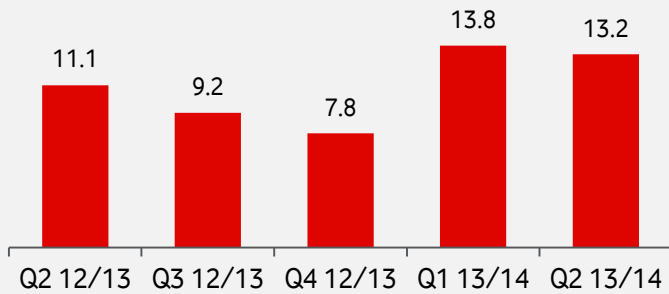
Customers



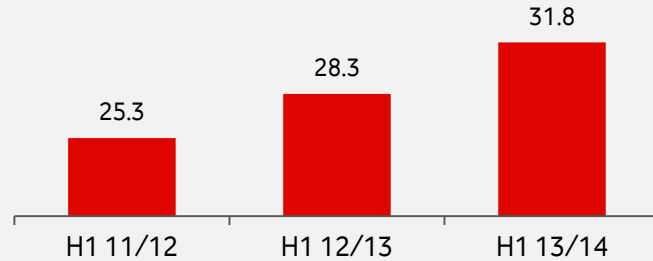
+17ppt (2008)

- Q2 service revenue +13.2%; voice +12.3%, data browsing +80.4%
- H1 EBITDA margin +3.5ppt to 31.8%
 - Revenue per minute +4.9%
 - Lower acquisition costs
 - Churn improved 22.7ppt
 - Scale benefits

Service revenue growth (%)

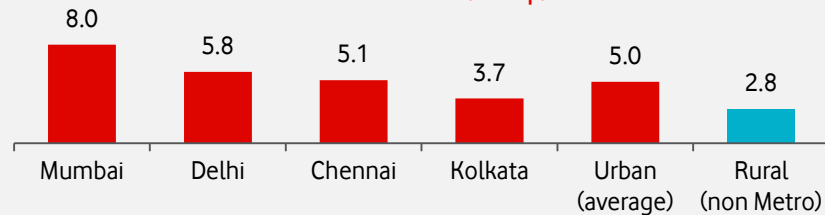


EBITDA margin (%)



India case study: targeting 3G urban leadership

Urban vs. rural total ARPUs (US\$)



Data through mobile

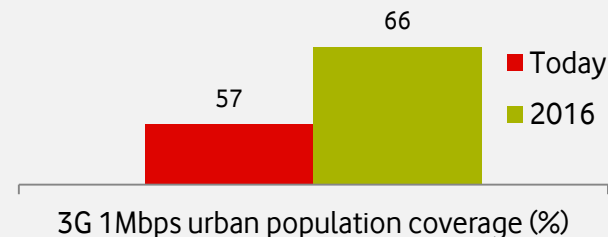
- Q2 data customers +32.8% to 42.5m; of which 4.5m 3G
- 10% of base has HSPA enabled handsets; 40% use 3G data
- 3G is around 30% of data traffic

Enterprise

- Enterprise market is £3.2bn¹; 66% fixed and 34% mobile
- Top 100 cities account for almost 80%³ of total comms spend

1. Frost & Sullivan Market Size Report on India Enterprise Market, 2013
2. TRAI Financial Report (Q1' 13/14)
3. TRAI Performance Indicator Report (JFM'13) and assumption based Estimates

Accelerate through Project Spring



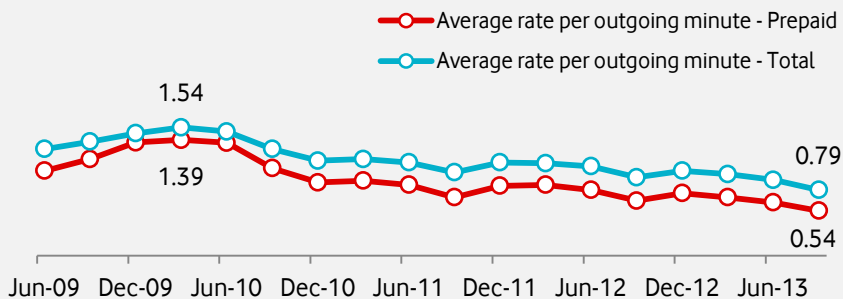
- Targeted 3G urban coverage to reach 95%
- Extend 2G base stations by 14,000
- Start to roll out small cells to 46,000; to enable WiFi
- Extend fibre to the enterprise and base stations

Become market leader in data
4G ready backhaul
Competitive enterprise reach

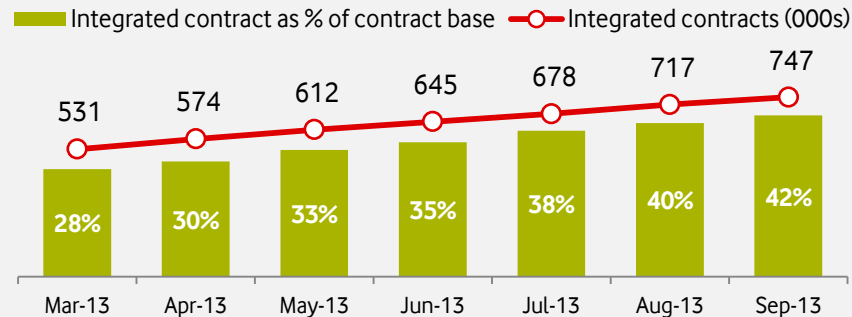


South Africa market: strategic ARPU management

Pricing pressure on voice (ZAR)

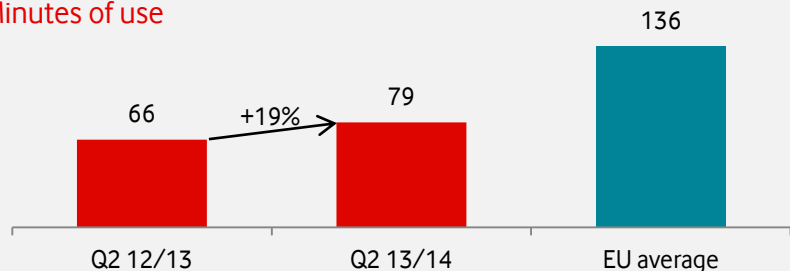


Successful execution of integrated plans

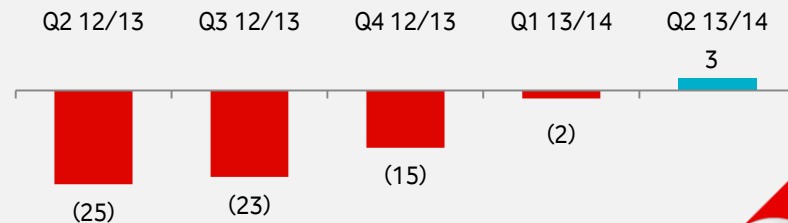


Segmented propositions to drive elasticity

Minutes of use



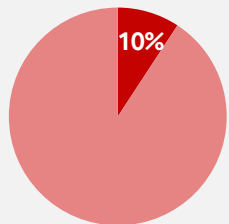
ARPU growth through segmented value and data (%)



South Africa: 2nd largest EBITDA contributor to the Group

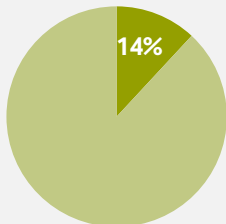
Vodacom H1 contribution to the Group

Service revenue



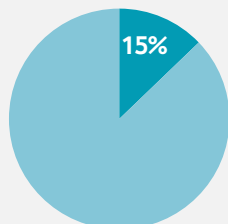
+3ppt (2008)

Operating FCF



+6ppt (2008)

Customers



+1ppt (2008)

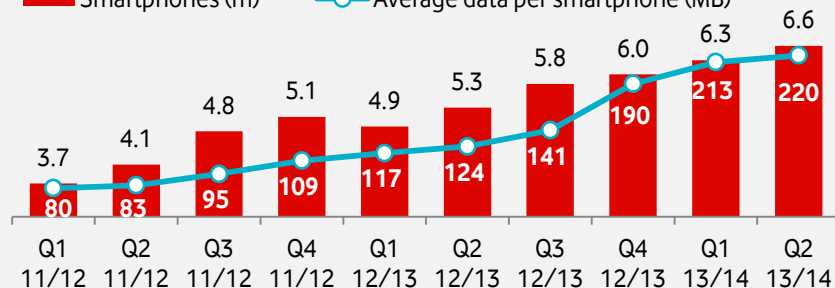
Vodacom

- Q2 Vodacom service revenue +10.5% (excl. MTRs)
- Q2 SA returned to growth +0.2% (+3.1% excl. MTRs)
- SA Q2 data service revenue growth +19.6%; 15m active data users
- Internationals strong service revenue growth +17.9%

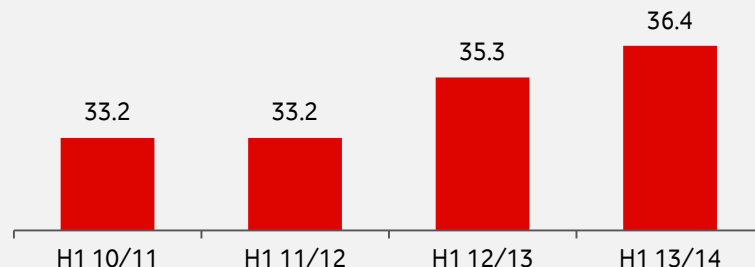
SA Smartphone and data growth

Smartphones (m)

Average data per smartphone (MB)



Vodacom EBITDA margin (%)

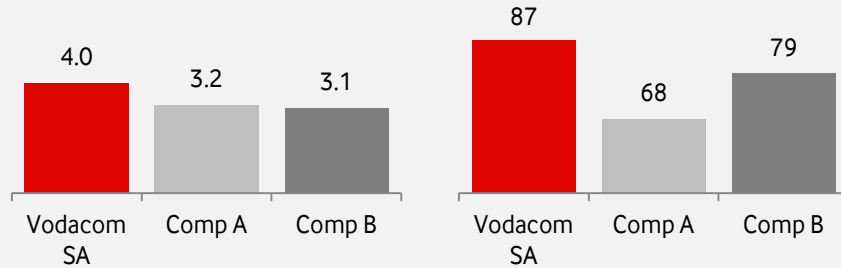


South Africa case study: unified communications for Enterprise

Best data network

Smartphone download speed
Mbps (3 months)¹

3G population
coverage (%)

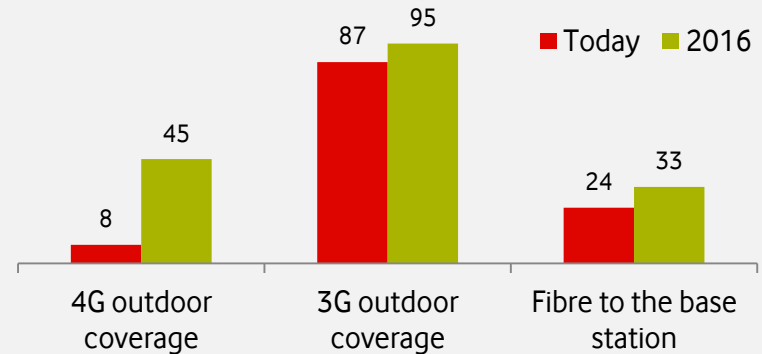


Fastest speeds and widest coverage

Unified comms for Enterprise customers

- Enterprise market £2.9bn², 64% fixed and 36% mobile
- Potential Neotel transaction accelerates unified communications

Accelerate through Project Spring



- Extend fibre to the business to 15,000 enterprises

Market leader in data

High speed backhaul

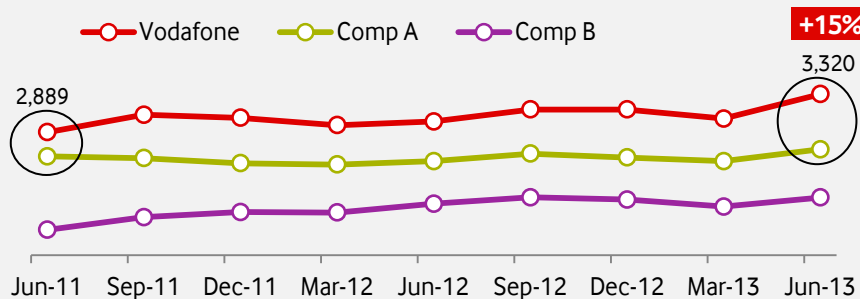
Unified communications for Enterprise

1. Source P3 independent drive tests
2. IDC European Telecommunications Research, 2013 and TNT research, FX ZAR 15.04

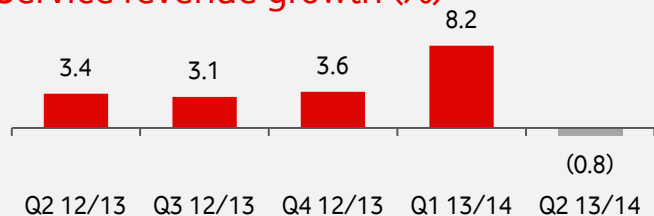


Egypt market: Vodafone a clear leader

Total revenue growth



Service revenue growth (%)



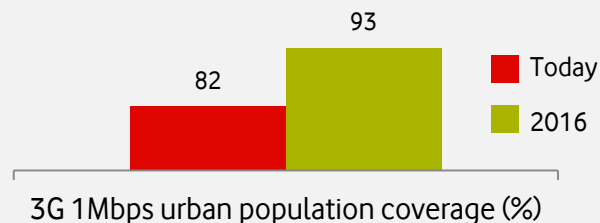
- Customer growth 7.9%, data usage growth doubled
- Unified comms opportunity through unified licence

Controlled branded stores for high value customers

- 95% of postpay sales through Vodafone branded stores
- ARPU from Vodafone stores double vs. exclusive dealers
- Top 10% of high value customers ('HVC') represent 56% of service revenue

Accelerate through Project Spring

- Expand coverage to 100% of HVC within 2 miles of a controlled branded store
- Accelerate 3G network investment

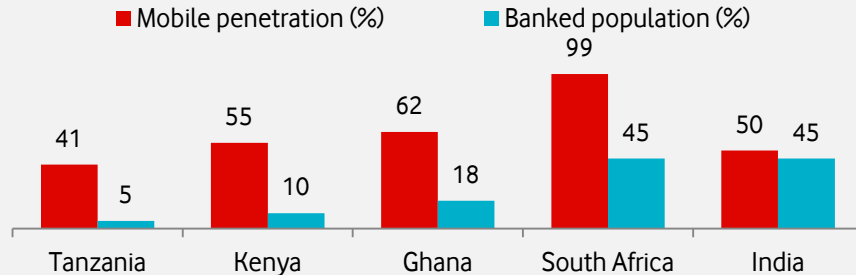


- Additional 2G capacity



Emerging markets: our M-Pesa ambition

Unbanked opportunity¹



Tanzania case study; right formula

- 5 years since launch
- H1 18% service revenue contribution; +6ppt
- H1 customers +29% to 5.5m; 50% of base
- 19% airtime purchased through M-Pesa
- Revenue market share +5ppt over last 2 years
- Margin +7ppt over last 2 years

Launched in all our emerging markets by end of year²

Accelerate through Project Spring



- Rapid expansion of M-Pesa distribution network
- Innovation in M-Pesa product and services

1. GSMA 2012
2. Excludes Turkey



Summary: brand leadership

- Created differentiation in our emerging markets
- Innovative operating model
- Benefit from Vodafone Group scale and expertise
- Spring accelerates strategic growth drivers

Increasing contribution to the Group



Enterprise

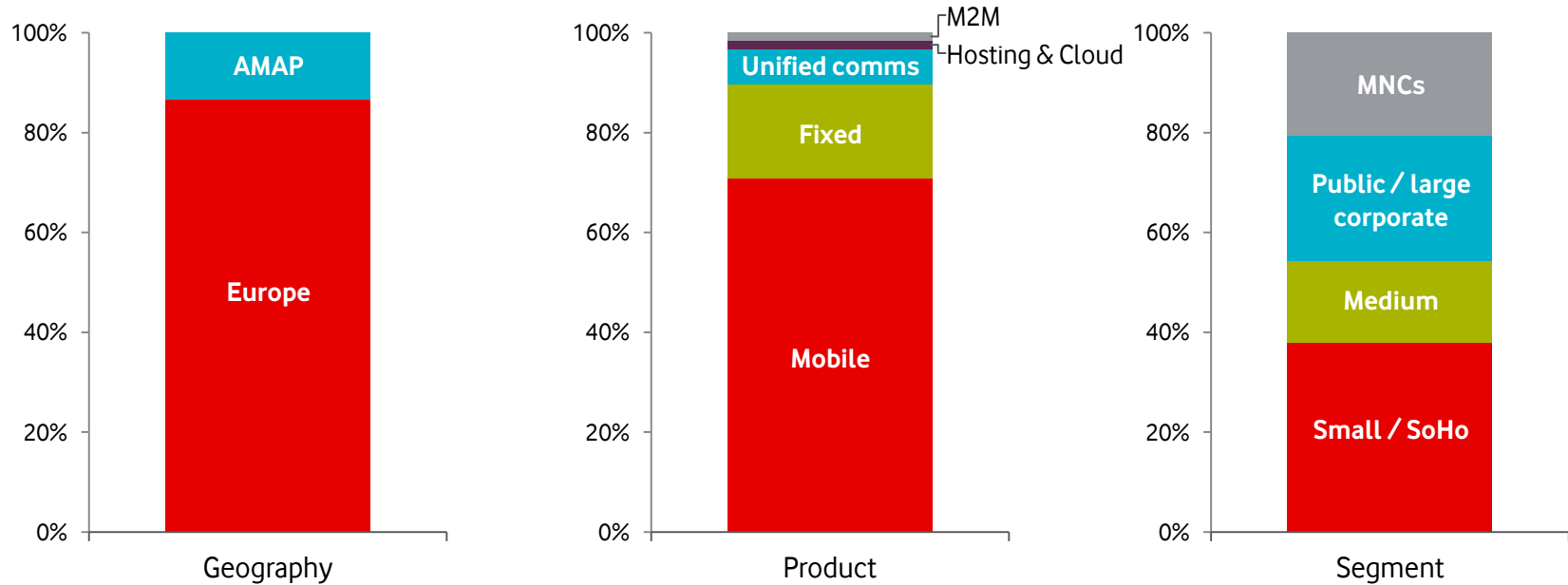
Nick Jeffery

Group Enterprise Director










We have built a £11 billion business in Enterprise

Vodafone Enterprise revenue (%)



A broad Enterprise portfolio

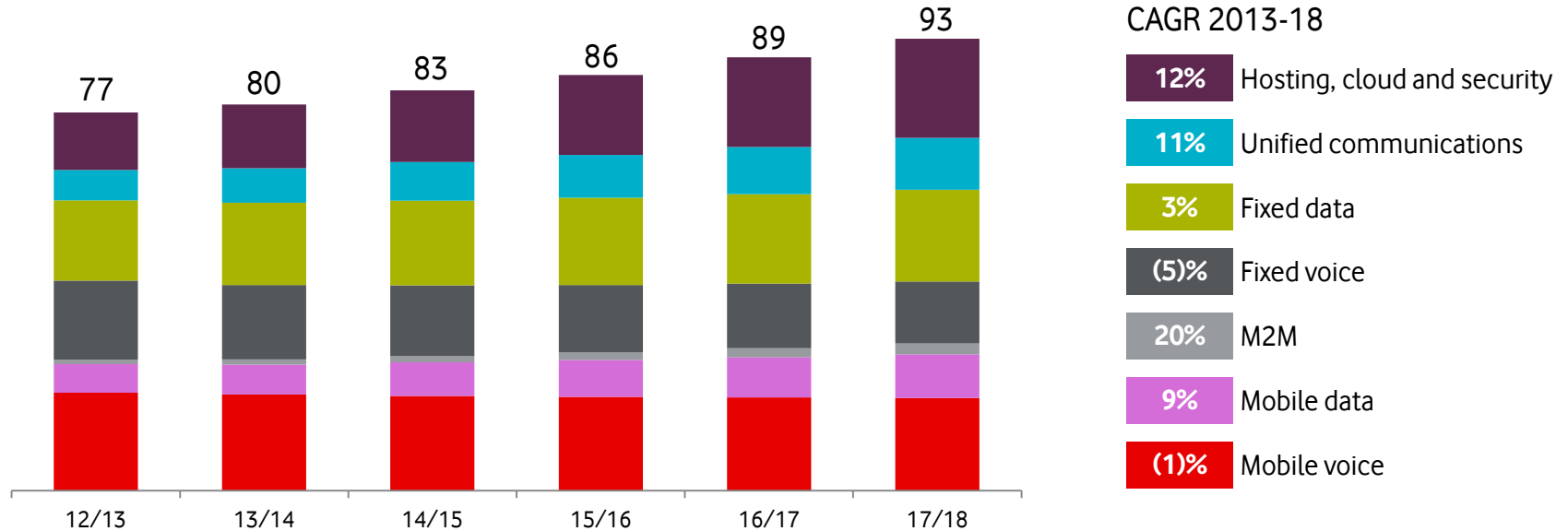
Mobile		<ul style="list-style-type: none">• 32m mobile enterprise customers• 78% of Enterprise service revenue¹
Fixed		<ul style="list-style-type: none">• Revenue £2.4bn (including £1.2bn of CWW¹)• Revenue growth +6%
Unified communications		<ul style="list-style-type: none">• 3.2m Vodafone One Net customers (+37%)• One Net is now available in 10 markets
Hosting and cloud		<ul style="list-style-type: none">• Broad capabilities via acquisitions of CWW and TelstraClear• Awarded EMC service provider of the year
Machine-to-machine (M2M)		<ul style="list-style-type: none">• Revenue growth 22%• 13.9m connections (+42%) 
Carrier services		<ul style="list-style-type: none">• £1.1bn revenue business• Second largest carrier in terms of international voice

1. Excludes carrier business
All growth rates shown are organic unless otherwise stated



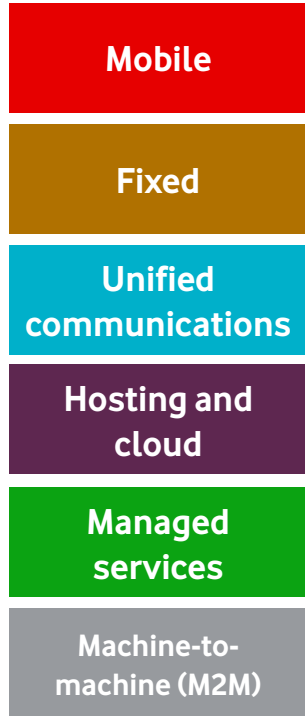
Market overview: strong growth opportunities

Telecom Enterprise market by product, all Vodafone geographies (£bn)



We have multiple options for growth

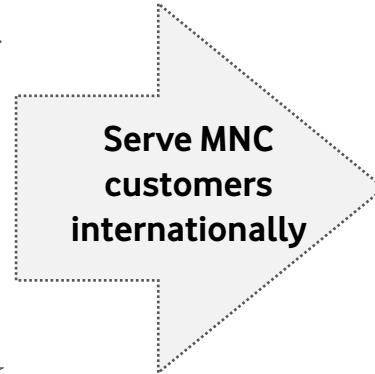
Products



Core markets



Serving MNCs



Strategic focus areas

- Unified communications
- Hosting and cloud
- Machine-to-machine (M2M)
- SMEs
- MNCs
- Carrier services



Fixed and unified communications

Situation

£32bn market for fixed/unified communications in top 7 Enterprise markets¹

Vodafone has 33% share of mobile & 7% share of fixed / unified communications²

Acquired CWW, TelstraClear, KDG and have access to NGN infrastructure

Strategy

- **Scale** our converged communications offer **Vodafone One Net**
- Extend fibre access coverage to **business areas outside our existing cable or fibre footprint**
- Build out consumer convergence plans (e.g. KDG) to reach **~40% of Enterprise market**

1. Vodafone market model (based on IDC, Ovum data) 08/2013 for top 7 Enterprise markets
2. Vodafone model (based on IDC, Ovum data) 08/2013; EBU Service Revenue by market (for Mobile and Fixed figures)



Hosting & cloud

Situation

The Hosting market is growing strongly, at up to 35% p.a.¹

Fragmented market

Customers view telcos as competitive hosting providers with strong capabilities

Strategy

- Build scale in managed hosting / Infrastructure as a service (IaaS) in our key markets
- Use CWW infrastructure and expertise as a foundation for geographic expansion
- Selective in-country acquisitions and partnerships to build expertise and scale

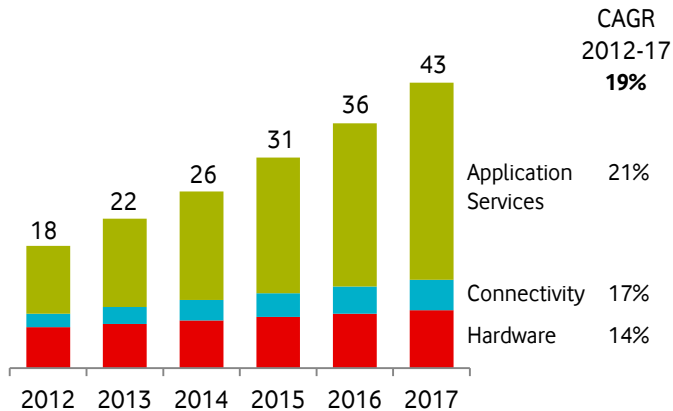


Machine-to-machine (M2M)

Situation

The M2M market is growing strongly, in connectivity and application services

Total M2M market value by segment (£bn)¹



Strategy

- Maintain leadership position on connectivity
- Expand geographic coverage of Vodafone's M2M connectivity platform
- Expand scale / presence in application services (data processing & reporting)

1. Vodafone M2M Market Sizing analysis Dec 2012, based on input from leading M2M Market Analyst forecasts



M2M solutions

BMW

- Provides customers with access to innovative in-car connectivity services
- BMW online services and ConnectedDrive



Globe Tracker

- Vodafone global SIM enabling smart asset solution
- Central management of M2M deployments across multiple territories



Amazon

- Exclusive partnership to provide connectivity for the Amazon Kindle Fire HDX 4G
- Ultrafast access, initially covering UK and Germany

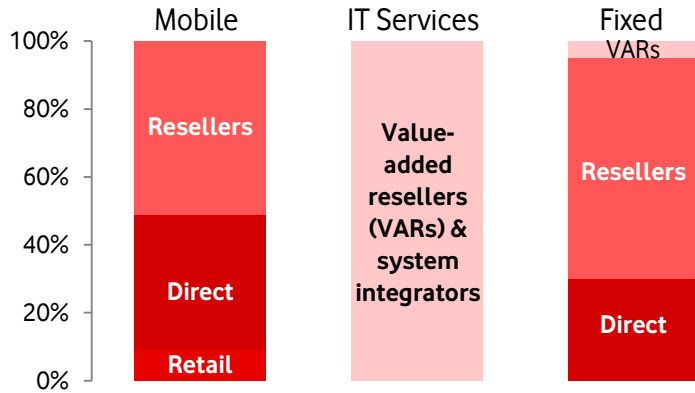


SMEs

Situation

Strong converged offer in ten markets

Typical SME channel mix



Strategy

- Complete roll-out of **Vodafone One Net** to key **SME markets**
- **Add new product features** and integrate portfolio of applications across Vodafone footprint
- Extend go to market channels to include resellers, IT VARs and ITW



MNCs

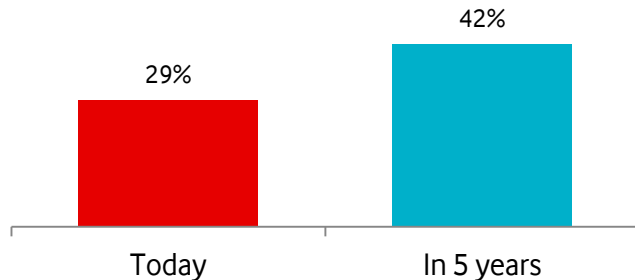
Situation

c.1,700 MNC customers

Presence in over 70 countries

Shift to greater cross-border purchasing

Shift in proportion of Enterprise organisations purchasing IT & telecoms services globally



Strategy

- Selectively add fixed and hosting product capabilities to our portfolio for MNCs
- Extend our pan-Asia Africa MNC business and deploy wider product set
- Expand our US-based MNC business

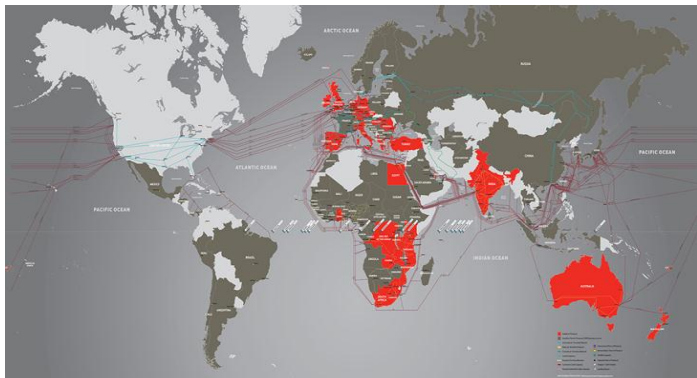
ThyssenKrupp

LUXOTICA



Carrier services

Situation

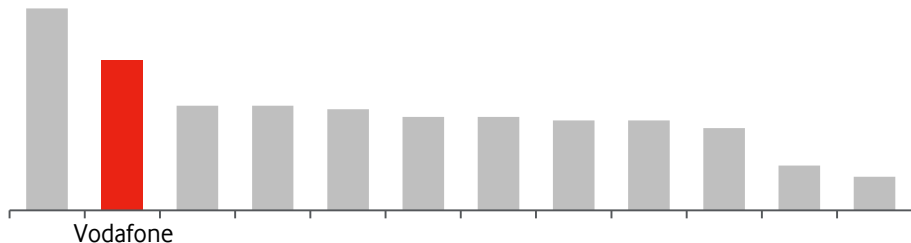


Strategy

- Created new carrier services business
- 2nd largest portfolio of fibre assets
- Automate & optimise traffic routing capability

#2 largest international voice carrier in the world

International voice volume (bn minutes p.a.)



Summary

- Group Enterprise structure established
- Broad enterprise product portfolio, focus on converged offers
- Strong growth opportunities
- New carrier services and cloud & hosting businesses established
- Strategy and investment focused on market differentiation, efficiency and growth



Q&A



Summary

Financial performance

- Europe approaching turning point
- AMAP growing strongly, margins improving
- Strong cash flow and dividends

Strategic progress

- Continued shift from voice to data
- Significant progress in unified comms capability
- Enterprise leadership strengthening

Project Spring

- Accelerates and extends Vodafone 2015
- Further strengthens network and service differentiation
- Timed to align with medium term improvement in market conditions



Forward-looking statements

This presentation 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: targets for free cash flow, adjusted operating profit and credit ratings; statements relating to the Group's future performance generally; statements relating to shareholder returns; statements relating to Vodafone's on-going efficiency programme to deliver £300 million in net savings; expectations regarding growth in customers and usage, especially in emerging markets; statements relating to future accounting changes; statements in relation to smartphone adoption, adoption of multiple devices, mobile data, SMS and fixed growth, and technological advancements; statements in relation to regulatory developments; statements in relation to the global economic climate; statements in relation to the launch of new products and service offerings, including those contemplated by Vodafone 2015; statements relating to Product Spring; statements related to Vodafone Red; expectations regarding the impact of movements in mobile termination rates on the Group's results; assumptions relating to foreign exchange rates; expectations regarding the integration and performance of newly acquired businesses, including Kabel Deutschland; expectations regarding the sale of Vodafone's US Group whose principal asset is its interest in VZW, and associated expected return to shareholders; statements in relation to the M-Pesa roll-out; and expectations regarding adjusted operating profit, service revenue growth, EBITDA, EBITDA margin and margins generally, cash generation and free cash flow, costs (including spend managed through Vodafone Procurement Company), taxes, data growth, and capital and operating expenditures.

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". 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 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 macroeconomic or political conditions in markets served by operations of the Group that would adversely affect the level of demand for mobile services, and changes to the associated legal, regulatory and tax environments; greater than anticipated competitive activity, from both existing competitors and new market entrants, which could require changes to the Group's pricing models, lead to customer churn and/or make it more difficult to acquire new customers; levels of investment in network capacity and the Group's ability to deploy new technologies, products and services in a timely manner, particularly mobile data content and services, or the rapid obsolescence of existing technology; higher than expected costs or capital expenditures; rapid changes to existing products and services and the inability of new products and services to perform in accordance with expectations, including as a result of third party or vendor marketing efforts; the ability of the Group to integrate new technologies, products and services with existing networks, technologies, products and services; the Group's ability to generate and grow revenue from both voice and non-voice services and achieve expected cost savings; 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, reduced customer retention, reductions or changes in customer spending and increased pricing pressure; the Group's ability to expand its spectrum position, win 4G/3G allocations and realise expected synergies and benefits associated with 4G/3G; the Group's ability to secure the timely delivery of high quality, reliable handsets, network equipment and other key 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 Group's ability to realise expected benefits from acquisitions, partnerships, joint ventures, franchises, brand licences or other arrangements with third parties, particularly those related to the development of data and internet services; acquisitions and divestments of Group businesses and assets and the pursuit of new, unexpected strategic opportunities, which may have a negative impact on the Group's financial condition and results of operations; the Group's ability to integrate acquired business or assets and the imposition of any unfavourable conditions, regulatory or otherwise, on any pending or future acquisitions or dispositions; 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; developments in the Group's financial condition, earnings and distributable funds and other factors that the Group's Board of Directors takes into account in determining the level of dividends; the Group's ability to satisfy working capital requirements through borrowing in the capital markets, bank facilities and operations; changes in foreign exchange rates, including, particularly, the exchange rate of pounds sterling to the euro and the US dollar; changes in the regulatory framework in which the Group operates, including the commencement of legal or regulatory action seeking to regulate the Group's permitted charging rates; the impact of legal or other proceedings against the Group or other companies in the mobile communications industry; and changes in statutory tax rates and profit mix, the Group's ability to resolve open tax issues and the timing and amount of any payments in respect of tax liabilities.

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 by referring to the information contained under the headings "Forward-looking statements" and "Principal risk factors and uncertainties" in Vodafone Group Plc's Annual Report for the year ended 31 March 2013 and under the headings "Forward-looking statements" and "Risk Factors" in Vodafone Group Plc's half-yearly results announcement for the six months ended 30 September 2013. The Annual Report and the half-yearly results announcement can both be found on the Group's website (www.vodafone.com/investor). All subsequent written or oral forward-looking statements attributable to the Company or any member of the Group or 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 this presentation will be realised. Except as otherwise stated herein and as may be required to comply with applicable law and regulations, Vodafone does not intend to update these forward-looking statements and does not undertake any obligation to do so.



Appendix



Effective tax rate

	H1 13/14 £m		H1 12/13 £m	
Adjusted operating profit	5,709		6,225	
Amortisation	125		105	
Net financing costs	(588)		(829)	
Share of associate tax and MI	120		121	
Adjusted profit before tax	5,366		5,622	
Elimination of September 2012 results	-		(658)	
Adjusted profit on organic basis	5,366		4,964	
Tax expense	(1,316)		(1,395)	
Tax on amortisation	(32)		(29)	
Add associate tax	(43)		(73)	
Adjusted tax expense	(1,391)	25.9%	(1,497)	26.6%
Remove non-recurring items	(288)		(77)	
Elimination of September 2012 results	-		141	
Underlying tax expense	(1,679)	31.3%	(1,433)	28.9%

1. H1 adjusted tax expense of £1,391m excludes 1 month of US taxation of £181m. Including this amount would give an adjusted tax expense of £1,572m, and an effective tax rate of 29.3%



Adjusted earnings per share

	H1 13/14 £m	H1 12/13 £m	
Adjusted net profit	3,717	3,917	
Amortisation of acquired intangibles ¹	98	57	
Net profit for adjusted EPS	3,815	3,974	
Remove post 31 August impact	(48)	(514)	
Net profit for underlying EPS	3,767	3,460	
Average share count	48,600	49,310	
Adjusted earnings per share (p)	7.85	8.06	-2.6%
Underlying adjusted earnings per share (p)	7.75	7.02	10.4%

Adjusted earnings per share

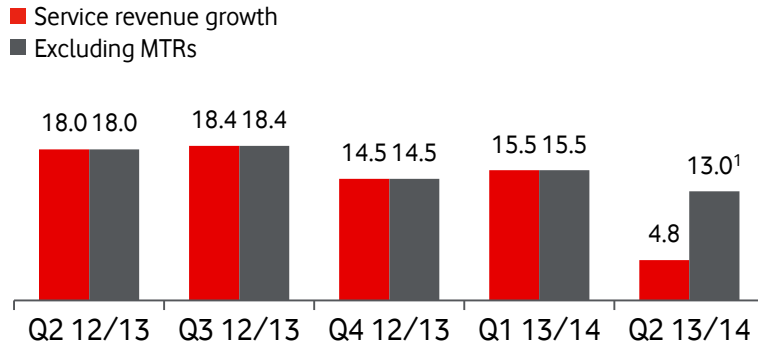
- New definition
- Excludes acquired intangible asset amortisation for customer base and brand
- Aligned with peers

1. Customer base and brand

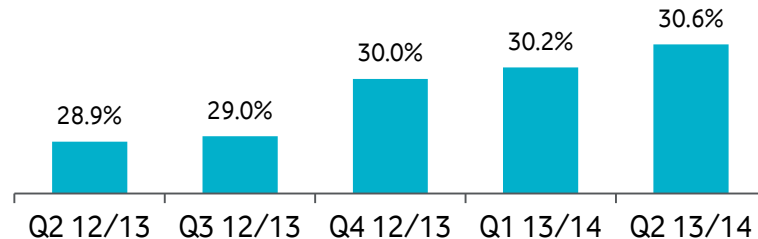


Turkey: winning market share in a growing market

Service revenue growth (%)



Total mobile revenue market share (%)



Performance

- Continued double digit underlying service revenue growth
- Smartphone penetration up 10ppt to 28%
- Successful brand differentiation; NPS leadership maintained
- Customer base: +313k net adds (+212k contract)
- Churn improved +3.4ppt
- Mobile enterprise service revenue +18% excl MTRs
- EBITDA +24%; margin up to 17.5% (33.5% excl telco-taxes)

Strategic priorities

- Deepen voice and data coverage
- Extend rollout of new store design
- Enterprise acceleration

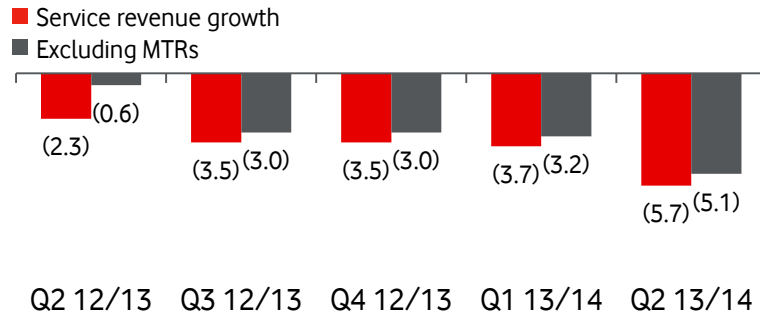
All growth rates shown are organic

1. Excludes 5ppt impact from 75% cut in SMS MTR and 3ppt impact from 20% cut in voice MTR

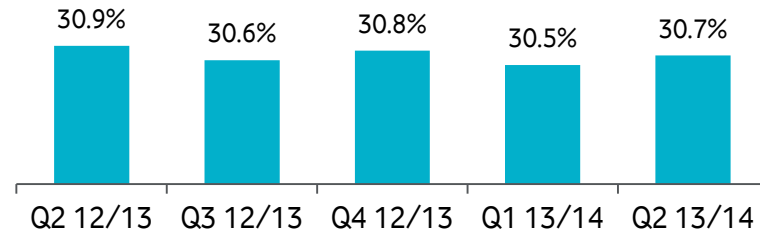


Netherlands: defended market position in a declining market

Service revenue growth (%)



Service revenue market share (%)



Performance

- 60% of market gross-adds from no-frills segment
- Competitive market share in all segments
- Consumer NPS leadership
- 4G services launched August
- H1 EBITDA margin improved to 34.5%

Strategic priorities

- Invest in unified comms (fibre unbundling)
- Increase Vodafone branded market share
- Acceleration of 4G rollout
- Improved indoor coverage for Top 200 Enterprise customers

All growth rates shown are organic



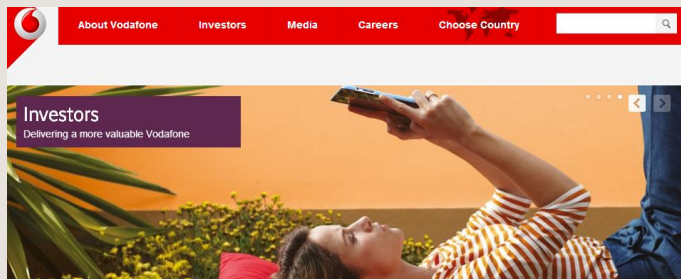
MTR impact

	FY 12/13		H1 13/14		FY 13/14e
	£bn	%	£bn	%	%
Northern & Central Europe					
Service revenue	(0.31)	(1.8)	(0.21)	(2.3)	(2.1)
EBITDA	(0.08)		(0.04)		
Southern Europe					
Service revenue	(0.35)	(3.2)	(0.23)	(4.3)	(3.9)
EBITDA	(0.07)		(0.02)		
AMAP					
Service revenue	(0.19)	(1.6)	(0.11)	(2.0)	(1.6)
EBITDA	(0.07)		(0.04)		
Group					
Service revenue	(0.85)	(2.1)	(0.55)	(2.7)	(2.4)
EBITDA	(0.22)		(0.10)		



More information

Visit our website for more information



www.vodafone.com/investor

Upcoming dates

Interim dividend
ex-dividend
20 Nov '13

Netherlands
webinar
Dec '13

Q3 results
6 Feb '14

Preliminary
results
20 May '14

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